

Reference translation

Financial Results for the Year Ended March 31, 2009



May 15, 2009

Company Name: Takasago Thermal Engineering Co., Ltd. Stock Exchange Listing: Tokyo, Osaka
 Code Number: 1969 Company URL: <http://www.tte-net.co.jp>
 Representative: Eiichi Ishida, President and Director
 Contact: Yukiji Kinoshita, Managing Officer, General Manager, Business Division
 Phone: (03) 3255-8212
 Scheduled date to ordinary general meeting of shareholders: June 26, 2009 Scheduled date to commence dividend payment: June 29, 2009
 Scheduled date to submit the Securities Report: June 26, 2009

(Fraction less than one million yen has been omitted)

1. Consolidated Results for the Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(1) Consolidated Results of Operations

(% indicates changes from the previous term)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2009	214,215	(12.0)	7,681	31.4	8,161	32.1	2,805	(5.8)
Year ended March 31, 2008	243,376	11.9	5,846	3.0	6,180	(5.6)	2,978	(9.9)

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Year ended March 31, 2009	34.27	—	3.3	4.0	3.6
Year ended March 31, 2008	36.03	—	3.3	2.8	2.4

(Reference) Equity in earnings (losses) of affiliated companies:

Year ended March 31, 2009: ¥15 million

Year ended March 31, 2008: ¥29 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Year ended March 31, 2009	196,879	81,218	41.1	1,004.87
Year ended March 31, 2008	209,452	88,078	41.9	1,062.01

(Reference) Shareholders' equity:

Year ended March 31, 2009: ¥80,985 million

Year ended March 31, 2008: ¥87,757 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March 31, 2009	2,430	1,260	(5,289)	22,759
Year ended March 31, 2008	3,130	2,855	(3,062)	24,773

2. Dividends

(Record date)	Cash dividends per share					Total cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter end	Second quarter end	Third quarter end	Year-end	Annual			
Year ended March 31, 2008	—	10.00	—	15.00	25.00	2,065	69.4	2.3
Year ended March 31, 2009	—	12.50	—	12.50	25.00	2,040	73.0	2.4
Year ending March 31, 2010 (estimated)	—	12.50	—	12.50	25.00		42.6	

3. Forecast for the Consolidated Financial Results for the Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(% indicates changes from the previous corresponding term)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Interim period	94,000	18.2	(500)	—	(300)	—	(200)	—	(2.44)
Full year	245,000	14.4	7,800	1.5	8,700	6.6	4,800	71.1	58.64

(Reference) Orders received (estimated): (Interim period) ¥120,000 million
(Full year) ¥230,000 million

4. Other

(1) Changes in Important Subsidiary (Change in Specific Subsidiary Accompanying Change in Scope of Consolidation) During the Term: None

(2) Changes in Accounting Policies, Procedure or Presentation Method Pertaining to the Preparation of Consolidated Financial Statements (to be described in change in important matters to form the basis for preparation of consolidated financial statements)

- (i) Changes in accordance with the revision of accounting standard, etc.: Yes
(ii) Other changes: None

(3) Number of Issued Shares (Common Stock)

(1) Number of issued shares at fiscal year end (including treasury stock)

March 31, 2009: 85,765,768 shares

March 31, 2008: 85,765,768 shares

(2) Number of treasury shares at fiscal year end

March 31, 2009: 5,172,618 shares

March 31, 2008: 3,132,371 shares

(References) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(1) Non-consolidated Results of Operations

(% indicates changes from the previous term)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2009	192,647	(11.0)	7,199	63.6	8,107	57.1	3,285	29.2
Year ended March 31, 2008	216,446	9.7	4,400	19.7	5,159	3.1	2,543	3.8

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Year ended March 31, 2009	40.14	—
Year ended March 31, 2008	30.78	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Year ended March 31, 2009	184,575	76,165	41.3	945.06
Year ended March 31, 2008	196,192	81,973	41.8	992.01

(Reference) Shareholders' equity: Year ended March 31, 2009: ¥76,165 million
Year ended March 31, 2008: ¥81,973 million

2. Forecast for the Non-consolidated Financial Results for the Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(% indicates changes from the previous corresponding term)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Interim period	85,000	22.7	(800)	—	(300)	—	(200)	—	(2.44)
Full year	225,000	16.8	7,300	1.4	8,400	3.6	4,600	40.0	56.20

(Reference) Orders received (estimated): (Interim period) ¥110,000 million
(Full year) ¥210,000 million

* Explanation concerning proper use of the forecast for the financial results and other special instructions

(Notes to descriptions about the future)

Business forecasts and other descriptions on the future presented herein are based on information currently held by the Company and certain premises considered reasonable by the Company. Actual business results may differ considerably from the forecasts, depending on various factors.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2008 (as of March 31, 2008)	Year ended March 31, 2009 (as of March 31, 2009)
ASSETS:		
Current assets:		
Cash and time deposits	26,573	24,169
Notes receivable, accounts receivable from completed contracts	101,793	89,420
Marketable securities	0	499
Cost of uncompleted contracts	18,227	31,403
Deferred tax assets	968	1,015
Other current assets	6,872	6,038
Less allowance for doubtful accounts	(112)	(101)
Total current assets	154,324	152,447
Fixed assets:		
Property, plant and equipment—at cost		
Buildings and structures	7,488	7,584
Machinery and vehicles	696	695
Tools, furniture and fixtures	2,840	2,801
Land	2,330	2,319
Construction in progress	49	51
Less accumulated depreciation	(6,748)	(7,025)
Total property, plant and equipment	6,658	6,426
Intangible fixed assets	808	1,326
Investments and other assets		
Investment securities	36,984	24,206
Long-term debt	126	109
Prepaid pension cost	112	641
Deferred tax assets	243	1,831
Guarantee deposits paid	2,789	2,810
Insurance reserve fund	4,467	4,191
Other	2,987	3,299
Less allowance for doubtful accounts	(50)	(410)
Total investments and other assets	47,660	36,678
Total fixed assets	55,127	44,432
TOTAL ASSETS	209,452	196,879

(Millions of yen)

	Year ended March 31, 2008 (as of March 31, 2008)	Year ended March 31, 2009 (as of March 31, 2009)
LIABILITIES		
Current liabilities:		
Notes payable, accounts payable for construction contracts	84,825	57,685
Short-term debt	5,356	4,116
Accounts payable—other	8,327	25,842
Income taxes payable	1,757	1,762
Advances received on uncompleted contracts	7,564	16,204
Allowance for bonuses to directors and corporate auditors	112	127
Allowance for claim expenses	481	469
Allowance for losses on construction contracts	689	610
Other current liabilities	7,126	4,858
Total current liabilities	116,242	111,677
Non-current liabilities:		
Long-term debt	111	255
Deferred tax liabilities	1,522	—
Employees' severance and retirement benefits	2,807	3,079
Allowance for accrued severance indemnities to directors and corporate auditors	585	528
Other non-current liabilities	104	121
Total non-current liabilities	5,131	3,984
TOTAL LIABILITIES	121,373	115,661
NET ASSETS		
Shareholders' equity:		
Common stock	13,134	13,134
Capital surplus	12,853	12,854
Retained earnings	58,376	58,909
Treasury stock	(2,335)	(4,148)
Total shareholders' equity	82,029	80,749
Valuation and translation adjustments:		
Net unrealized holding gains on securities	5,542	518
Foreign currency translation adjustments	185	(283)
Total valuation and translation adjustments	5,727	235
Minority interests	320	232
Total net assets	88,078	81,218
TOTAL LIABILITIES AND NET ASSETS	209,452	196,879

(2) Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)
Net sales	243,376	214,215
Cost of sales	221,083	189,419
Gross profit	22,293	24,795
Selling, general and administrative expenses:		
Employees' salaries and allowances	6,072	6,223
Employees' severance and retirement benefits	341	443
Provision for allowance for accrued severance indemnities to directors and corporate auditors	34	48
Stationery expenses	1,637	1,726
Provision of allowance for doubtful accounts	58	2
Rents	2,290	2,333
Depreciation	321	427
Other	5,689	5,908
Total selling, general and administrative expenses	16,446	17,114
Operating income	5,846	7,681
Non-operating income:		
Interest income	276	171
Dividends income	504	522
Insurance income	81	77
Insurance dividends income	155	133
Equity in earnings of affiliates	29	15
Other	122	133
Total non-operating income	1,168	1,051
Non-operating expense:		
Interest expense	170	114
Commission fee	67	71
Foreign currency exchange loss	172	150
Write-down of marketable securities	360	171
Other	64	64
Total non-operating expense	835	571
Ordinary income	6,180	8,161
Extraordinary gains:		
Gain on prior-term adjustment	—	38
Gain on sale of fixed assets	6	—
Gain on sale of investment securities	228	451
Gain on bad debts recovered	38	24
Other	0	0
Total extraordinary gains	274	515

(Millions of yen)

	Year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)
Extraordinary losses:		
Loss on sale of fixed assets	0	5
Loss on retirement of fixed assets	178	134
Loss on impairment	18	—
Write-down of investment securities	348	2,420
Provision of allowance for doubtful accounts	—	324
Loss on liquidation of non-consolidated subsidiaries	237	—
Loss on sales of investment securities	1	—
Loss from withdrawal of golf membership, etc.	6	10
Other	50	59
Total extraordinary losses	842	2,954
Income before income taxes	5,612	5,721
Income taxes-current	2,284	2,564
Income taxes for prior periods	—	190
Income taxes-deferred	304	138
Total income taxes	2,588	2,893
Minority interests in income	45	22
Net income	2,978	2,805

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)
Cash flows from operating activities:		
Income before income taxes	5,612	5,721
Depreciation and amortization	538	695
Loss on impairment	18	—
Increase (decrease) in allowance for doubtful accounts	58	348
Increase (decrease) in allowance for claim expenses	51	(8)
Increase (decrease) in allowance for bonuses to directors and corporate auditors	16	14
Decrease in allowance for employees' severance and retirement benefits and allowance for accrued severance indemnities to directors and corporate auditors	(923)	(80)
Increase (decrease) in allowance for losses on construction contracts	(489)	(78)
Amortization of goodwill	—	19
Interest and dividends income	(780)	(693)
Interest expense	170	114
Foreign currency exchange loss (gain)	101	(0)
Equity in earnings of affiliates	(29)	(15)
Write-down of marketable securities	360	171
Loss (gain) on sale of property, plant and equipment	(6)	5
Loss on retirement of property, plant and equipment	178	133
Gain on sale of investment securities	(227)	(451)
Write-down of investment securities	348	2,420
Gain on bad debts recovered	(38)	—
Decrease (increase) in trade receivable	876	12,230
Decrease (increase) in cost of uncompleted contracts	4,662	(13,053)
Increase (decrease) in notes and accounts payable—trade	(3,308)	(9,023)
Increase (decrease) in advances received on uncompleted contracts	(3,348)	8,645
Loss on liquidation of non-consolidated subsidiaries	237	—
Increase (decrease) in accrued consumption tax	46	2
Decrease (increase) in consumption tax receivable	14	10
Other	960	(2,539)
Subtotal	5,101	4,588
Interests and dividends income	827	713
Interest paid	(194)	(124)
Income taxes paid	(2,604)	(2,970)
Income taxes refund	—	224
Net cash provided by operating activities	3,130	2,430

(Millions of yen)

	Year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)
Cash flows from investing activities:		
Increase in time deposits	(1,771)	(1,967)
Decrease in time deposits	2,276	2,358
Decrease in long-term time deposits	900	—
Purchase of marketable securities	(199)	—
Proceeds from redemption of marketable securities	699	0
Purchase of property, plant and equipment	(1,134)	(900)
Proceeds from sale of property, plant and equipment	46	12
Purchase of investment securities	(1,803)	(268)
Proceeds from sale of investment securities	1,388	930
Proceeds from redemption of investment securities	1,650	1,008
Purchase of subsidiaries' stocks with a change in scope of consolidation	—	(139)
Payments of guarantee deposits	(62)	(73)
Proceeds from collection of guarantee deposits	168	62
Payments of insurance reserve fund	(656)	(645)
Proceeds from refund of insurance reserve fund	1,338	921
Other payments	(35)	(45)
Other proceeds	50	9
Net cash provided by investing activities	2,855	1,260
Cash flows from financing activities:		
Net decrease in bank loans	(388)	(920)
Proceeds from long-term debt	—	290
Repayments of long-term debt	(976)	(566)
Repayments of lease debt	—	(0)
Purchase of treasury stock	(38)	(1,814)
Proceeds from sale of treasury stock	—	0
Cash dividends paid	(1,653)	(2,272)
Cash dividends paid to minority shareholders	(6)	(7)
Net cash used in financing activities	(3,062)	(5,289)
Effect of exchange rate changes on cash and cash equivalents	16	(416)
Net increase (decrease) in cash and cash equivalents	2,940	(2,014)
Cash and cash equivalents at beginning of year	21,547	24,773
Increase in cash and cash equivalents due to change in scope of consolidation	285	—
Cash and cash equivalents at end of year	24,773	22,759

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2008 (as of March 31, 2008)	Year ended March 31, 2009 (as of March 31, 2009)
ASSETS		
Current assets:		
Cash and time deposits	22,657	20,834
Notes receivable—trade	6,420	2,764
Accounts receivable from completed contracts	89,521	80,418
Marketable securities	0	499
Cost of uncompleted contracts	17,494	30,559
Raw materials and supplies	105	87
Prepaid expenses	70	59
Deferred tax assets	833	810
Accounts receivables—other	2,294	2,398
Advances paid	2,316	1,482
Other	699	1,052
Less allowance for doubtful accounts	(100)	(87)
Total current assets	142,315	140,880
Fixed assets:		
Property, plant and equipment—at cost		
Buildings	6,588	6,670
Accumulated depreciation	(3,935)	(4,127)
Buildings (net)	2,652	2,542
Structures	318	315
Accumulated depreciation	(232)	(242)
Structures (net)	85	72
Machinery	35	35
Accumulated depreciation	(30)	(31)
Machinery (net)	4	3
Vehicles	10	10
Accumulated depreciation	(8)	(9)
Vehicles (net)	2	1
Tools, furniture and fixtures	2,121	2,134
Accumulated depreciation	(1,191)	(1,203)
Tools, furniture and fixtures (net)	930	930
Land	1,653	1,641
Construction in progress	39	51
Total property, plant and equipment	5,367	5,245
Intangible fixed assets		
Software	331	681
Telephone rights	94	94
Other	0	1
Total intangible fixed assets	426	776
Investment and other assets		
Investment securities	36,323	23,744
Stocks of affiliates	1,784	2,229
Investments in capital	1	1
Long-term debt	126	109
Bankruptcy claims and reorganization claims, etc.	44	400
Long-term prepaid expenses	127	95
Prepaid pension cost	112	641
Deferred tax assets	—	1,554
Guarantee deposits paid	2,698	2,678
Insurance reserve fund	4,431	4,156
Long-term time deposits	2,300	2,300
Other	183	172
Less allowance for doubtful accounts	(50)	(410)
Total investments and other assets	48,082	37,672
Total fixed assets	53,876	43,694
TOTAL ASSETS	196,192	184,575

	Year ended March 31, 2008 (as of March 31, 2008)	Year ended March 31, 2009 (as of March 31, 2009)
LIABILITIES		
Current liabilities:		
Notes payable—trade	33,668	13,632
Accounts payable for construction contracts	47,961	40,416
Short-term debt	4,144	3,286
Lease debt	—	0
Accounts payable	8,324	25,790
Accrued expenses	3,027	3,087
Income taxes payable	1,276	1,405
Advances received on uncompleted contracts	7,456	15,815
Deposits received	2,796	1,015
Allowance for bonuses to directors and corporate auditors	78	75
Allowance for claim expenses	400	399
Allowance for losses on construction contracts	689	579
Total current liabilities	109,824	105,503
Non-current liabilities:		
Long-term debt	36	220
Lease debt	—	4
Deferred tax liabilities	1,522	—
Employees' severance and retirement benefits	2,262	2,243
Allowance for accrued severance indemnities to directors and corporate auditors	559	433
Other	14	5
Total non-current liabilities	4,394	2,906
TOTAL LIABILITIES	114,219	108,409
NET ASSETS		
Shareholders' equity:		
Common stock	13,134	13,134
Capital surplus		
Capital reserve	12,853	12,853
Total capital surplus	12,853	12,853
Retained earnings		
Legal reserve	3,283	3,283
Other retained earnings		
Dividend equalization reserve	656	656
Reserve for employees' severance and retirement benefits	940	940
General reserve	42,878	42,878
Retained earnings carried forward	5,030	6,043
Total retained earnings	52,788	53,802
Treasury stock	(2,334)	(4,148)
Total shareholders' equity	76,442	75,642
Valuation and translation adjustments:		
Net unrealized holding gains on securities	5,530	523
Total valuation and translation adjustments	5,530	523
Total net assets	81,973	76,165
TOTAL LIABILITIES AND ASSETS	196,192	184,575

(2) Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)
Net sales of completed contracts	216,446	192,647
Cost of completed contracts	199,342	172,315
Gross profit	17,103	20,331
Selling, general and administrative expenses:		
Compensation for directors and corporate auditors	454	435
Provision for allowance for bonuses to directors and corporate auditors	78	69
Employees salaries and allowances	4,159	4,235
Accrued severance indemnities to directors and corporate auditors	12	9
Provision for allowance for accrued severance indemnities to directors and corporate auditors	27	24
Employees' severance and retirement benefits	283	370
Legal welfare expenses	601	629
Welfare expenses	247	268
Repairs and maintenance expenses	158	146
Stationary expenses	1,427	1,484
Correspondence and transportation expenses	638	720
Power utilities expenses	113	118
Research study expenses	421	430
Advertising expenses	280	289
Provision of allowance for doubtful accounts	56	7
Entertainment expenses	360	372
Contribution	111	109
Rents	2,016	2,041
Depreciation	205	296
Taxes and dues	273	281
Insurance expenses	245	232
Miscellaneous expenses	529	558
Total selling, general and administrative expenses	12,702	13,132
Operating income	4,400	7,199
Non-operating income:		
Interest income	137	58
Interest on marketable securities	88	88
Dividends income	948	818
Insurance income	81	77
Insurance dividends income	154	131
Rent of real estate	124	101
Other	60	97
Total non-operating income	1,595	1,373

(Millions of yen)

	Year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)
Non-operating expense:		
Interest expense	116	91
Commission fee	67	71
Foreign currency exchange losses	226	62
Write-down of marketable securities	360	171
Other	65	68
Total non-operating expense	836	465
Ordinary income	5,159	8,107
Extraordinary gains:		
Gain on prior-term adjustment	—	38
Gain on sale of fixed assets	6	—
Gain on sale of investment securities	228	451
Gain on bad debts recovered	38	24
Total extraordinary gains	273	514
Extraordinary losses:		
Loss on retirement of fixed assets	170	131
Loss on impairment	18	—
Write-down of investment securities	348	2,406
Loss on liquidation of subsidiaries	237	—
Loss on sale of investment securities	1	—
Loss from withdrawal of golf membership, etc.	6	10
Provision of allowance for doubtful accounts	—	324
Other	50	37
Total extraordinary losses	833	2,909
Income before income taxes	4,599	5,712
Income taxes-current	1,711	2,022
Income taxes for prior periods	—	190
Income taxes-deferred	344	213
Total income taxes	2,056	2,426
Net income	2,543	3,285

(2) Conditions of Orders Received and Sales (Consolidated)

(i) Orders received

(Millions of yen; %)

		Year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)		Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	153,456	60.3	146,604	62.0	(6,852)	(4.5)
	Industrial HVAC systems	94,618	37.2	82,648	34.9	(11,969)	(12.7)
	Subtotal	248,075	97.5	229,252	96.9	(18,822)	(7.6)
Equipment manufacturing and sales business		6,204	2.4	7,223	3.0	1,019	16.4
Other business		164	0.1	166	0.1	2	1.3
Total		254,443	100.0	236,642	100.0	(17,800)	(7.0)
[orders received overseas]		[22,160]	[8.7]	[9,808]	[4.1]	[(12,352)]	[(55.7)]

(ii) Sales

(Millions of yen; %)

		Year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)		Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	145,091	59.6	126,471	59.0	(18,619)	(12.8)
	Industrial HVAC systems	91,939	37.8	80,758	37.7	(11,180)	(12.2)
	Subtotal	237,030	97.4	207,230	96.7	(29,800)	(12.6)
Equipment manufacturing and sales business		6,181	2.5	6,818	3.2	636	10.3
Other business		164	0.1	166	0.1	2	1.3
Total		243,376	100.0	214,215	100.0	(29,161)	(12.0)
[overseas sales]		[19,992]	[8.2]	[11,400]	[5.3]	[(8,592)]	[(43.0)]

(Notes) 1. Transactions made between segments with respect to orders received and sales are set off and deleted.

2. While the classification of the construction business has been revised from the consolidated financial year ended March 31, 2009, "Industrial HVAC systems" include HVAC systems ordered by the parties placing an order for construction works who belong to "Manufacturers" under the Japan Standard Industry Classification, from among HVAC systems for research facilities formerly categorized as "General-purpose HVAC systems"; provided that the figures for the previous consolidated financial year shall be described in the same manner for convenience of comparison.

3. As a result of this revision, orders received and sales for "Industrial HVAC systems" for the year ended March 31, 2009 increased by 18,078 million yen and 11,838 million yen, respectively, and those for "General-purpose HVAC systems" decreased by the same respective amounts.

Provided that, in comparison with the figures under the old classification, orders received and sales for "Industrial HVAC systems" for the year ended March 31, 2008 increased by 12,045 million yen and 7,064 million yen, respectively, and those for "General-purpose HVAC systems" decreased by the same respective amounts.

(iii) Amount Carried Forward

(Millions of yen; %)

		Year ended March 31, 2008 (as of March 31, 2008)		Year ended March 31, 2009 (as of March 31, 2009)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	102,243	72.7	122,376	75.1	20,132	19.7
	Industrial HVAC systems	36,344	25.9	38,234	23.4	1,889	5.2
	Subtotal	138,588	98.6	160,610	98.5	22,022	15.9
Equipment manufacturing and sales business		1,982	1.4	2,387	1.5	404	20.4
Other business		—	—	—	—	—	—
Total		140,571	100.0	162,998	100.0	22,427	16.0
[overseas sales]		[5,717]	[4.1]	[4,125]	[2.5]	[(1,591)]	[(27.8)]

(Note) Transactions made between segments with respect to orders received, sales and amounts carried forward are set off and deleted.

(3) Conditions of Orders Received and Sales (Non-consolidated)**(i) Orders received**

(Millions of yen; %)

		Year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)		Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	151,908	67.4	143,044	66.1	(8,863)	(5.8)
	Industrial HVAC systems	73,442	32.6	73,433	33.9	(9)	(0.0)
Total		225,351	100.0	216,478	100.0	(8,873)	(3.9)

(ii) Sales

(Millions of yen; %)

		Year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)		Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	143,543	66.3	123,221	64.0	(20,321)	(14.2)
	Industrial HVAC systems	72,902	33.7	69,425	36.0	(3,477)	(4.8)
Total		216,446	100.0	192,647	100.0	(23,799)	(11.0)

(Notes) 1. While the classification of the construction business has been revised from the consolidated financial year ended March 31, 2009, “Industrial HVAC systems” include HVAC systems ordered by the parties placing an order for construction works who belong to “Manufacturers” under the Japan Standard Industry Classification, from among HVAC systems for research facilities formerly categorized as “General-purpose HVAC systems”; provided that the figures for the previous consolidated financial year shall be described in the same manner for convenience of comparison.

2. As a result of this revision, orders received and sales for “Industrial HVAC systems” for the year ended March 31, 2009 increased by 18,078 million yen and 11,838 million yen, respectively, and those for the “General-purpose HVAC systems” decreased by the same respective amounts.

Provided that, in comparison with the figures under the old classification for the previous year, orders received and sales for “Industrial HVAC systems” for the year ended March 31, 2008 increased by 12,045 million yen and 7,064 million yen, respectively, and those for “General-purpose HVAC systems” decreased by the same respective amounts.

(iii) Amount Carried Forward

(Millions of yen; %)

		Year ended March 31, 2008 (as of March 31, 2008)		Year ended March 31, 2009 (as of March 31, 2009)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	102,243	76.9	122,067	77.8	19,823	19.4
	Industrial HVAC systems	30,766	23.1	34,773	22.2	4,007	13.0
Total		133,010	100.0	156,841	100.0	23,831	17.9

(4) Review of Operations (Consolidated)

(Financial results for the years ended March 31, 2005 to 2009)

(Financial forecasts for the year ending March 31, 2010)

(Fraction less than one million yen has been omitted)

(Millions of yen; %)

Item	Year	Results										Forecasts	
		Year ended March 31, 2005		Year ended March 31, 2006		Year ended March 31, 2007		Year ended March 31, 2008		Year ended March 31, 2009		Year ending March 31, 2010	
		Changes from the previous period	(%)	Changes from the previous period	(%)	Changes from the previous period	(%)	Changes from the previous interim period	(%)	Changes from the previous interim period	(%)	Changes from the previous period	(%)
Net sales		204,127		193,556		217,482		243,376		214,215		245,000	
		15.3	100.0	(5.2)	100.0	12.4	100.0	11.9	100.0	(12.0)	100.0	14.4	100.0
Gross profit		13,476		17,828		21,165		22,293		24,795			
		(22.5)	6.6	32.3	9.2	18.7	9.7	5.3	9.2	11.2	11.6		
Selling, general and administrative expenses		13,305		14,277		15,488		16,446		17,114			
		(5.9)	6.5	7.3	7.4	8.5	7.1	6.2	6.8	4.1	8.0		
Operating income		170		3,550		5,677		5,846		7,681		7,800	
		(94.7)	0.1	—	1.8	59.9	2.6	3.0	2.4	31.4	3.6	1.5	3.2
Non-operating income		1,297		1,292		1,125		1,168		1,051			
Non-operating expense		325		269		253		835		571			
Non-operating income and expenses		+972		+1,023		+872		+333		+479			
Ordinary income		1,143		4,573		6,549		6,180		8,161		8,700	
		(70.5)	0.6	300.0	2.4	43.2	3.0	(5.6)	2.5	32.1	3.8	6.6	3.6
Extraordinary gains		585		1,898		329		274		515			
Extraordinary losses		360		258		966		842		2,954			
Extraordinary Gains and Losses		+225		+1,640		(637)		(567)		(2,439)			
Income before income taxes		1,369		6,214		5,911		5,612		5,721			
		(65.4)	0.7	353.9	3.2	(4.9)	2.7	(5.1)	2.3	2.0	2.7		
Income taxes —Current		1,260		1,954		2,498		2,284		2,755			
Income taxes —Deferred		(354)		1,490		107		304		138			
Minority interests in income		—		—		—		45		22			
Net income		463		2,769		3,305		2,978		2,805		4,800	
		(76.7)	0.2	498.0	1.4	19.3	1.5	(9.9)	1.2	(5.8)	1.3	71.1	2.0

Orders received		183,805		193,868		227,158		254,443		236,642		230,000	
		(1.7)		5.5		17.2		12.0		(7.0)		(2.8)	
Amount carried forward		119,517		119,828		129,504		140,571		162,998		147,998	
		(14.5)		0.3		8.1		8.5		16.0		(9.2)	

(5) Review of Operations (Non-consolidated)

(Financial results for the years ended March 31, 2005 to 2009)

(Financial forecasts for the year ending March 31, 2010)

(Fraction less than one million yen has been omitted)

(Millions of yen; %)

Item	Year	Results										Forecasts	
		Year ended March 31, 2005		Year ended March 31, 2006		Year ended March 31, 2007		Year ended March 31, 2008		Year ended March 31, 2009		Year ending March 31, 2010	
		Changes from the previous period	(%)	Changes from the previous period	(%)	Changes from the previous period	(%)	Changes from the previous interim period	(%)	Changes from the previous interim period	(%)	Changes from the previous period	(%)
Net sales		196,123		180,375		197,306		216,446		192,647		225,000	
		14.2	100.0	(8.0)	100.0	9.4	100.0	9.7	100.0	(11.0)	100.0	16.8	100.0
Gross profit		10,275		13,448		16,103		17,103		20,331			
		(29.9)	5.2	30.9	7.5	19.7	8.2	6.2	7.9	18.9	10.6		
Selling, general and administrative expenses		11,022		11,497		12,428		12,702		13,132			
		(9.1)	5.6	4.3	6.4	8.1	6.3	2.2	5.9	3.4	6.9		
Operating income (loss)		(747)		1,950		3,675		4,400		7,199		7,300	
		—	(0.4)	—	1.1	88.4	1.9	19.7	2.0	63.6	3.7	1.4	3.2
Non-operating income		1,763		1,613		1,559		1,595		1,373			
Non-operating expense		325		250		230		836		465			
Non-operating income and expenses		+1,437		+1,363		+1,328		+758		+907			
Ordinary income		690		3,313		5,003		5,159		8,107		8,400	
		(78.9)	0.4	380.1	1.8	51.0	2.5	3.1	2.4	57.1	4.2	3.6	3.7
Extraordinary gains		590		1,898		420		273		514			
Extraordinary losses		347		243		963		833		2,909			
Extraordinary Gains and Losses		+242		+1,654		(542)		(559)		(2,394)			
Income before income taxes		932		4,968		4,460		4,599		5,712			
		(72.3)	0.5	432.7	2.8	(10.2)	2.2	3.1	2.1	24.2	3.0		
Income taxes —Current		901		1,396		1,830		1,711		2,213			
Income taxes —Deferred		(322)		1,450		179		344		213			
Net income		354		2,121		2,450		2,543		3,285		4,600	
		(78.8)	0.2	498.8	1.2	15.5	1.2	3.8	1.2	29.2	1.7	40.0	2.0

Orders received		175,418		176,515		207,726		225,351		216,478		210,000	
		(3.6)		0.6		17.7		8.5		(3.9)		(3.0)	
Amount carried forward		117,545		113,684		124,104		133,010		156,841		141,841	
		(15.0)		(3.3)		9.2		7.2		17.9		(9.6)	