

Reference translation



Financial Results for the Year Ended March 31, 2010

May 14, 2010

Company Name: Takasago Thermal Engineering Co., Ltd. Stock Exchange Listing: Tokyo
 Code Number: 1969 Company URL: <http://www.tte-net.co.jp>
 Representative: Atsushi Ouchi, 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 29, 2010 Scheduled date to commence dividend payment: June 30, 2010
 Scheduled date to submit the Securities Report: June 29, 2010

(Fraction less than one million yen has been omitted)

1. Consolidated Results for the Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(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, 2010	209,298	(2.3)	5,751	(25.1)	6,438	(21.1)	4,341	54.8
Year ended March 31, 2009	214,215	(12.0)	7,681	31.4	8,161	32.1	2,805	(5.8)

	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, 2010	54.03	—	5.3	3.3	2.7
Year ended March 31, 2009	34.27	—	3.3	4.0	3.6

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

Year ended March 31, 2010: ¥— million
 Year ended March 31, 2009: ¥15 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, 2010	188,151	82,713	43.9	1,064.33
Year ended March 31, 2009	196,879	81,218	41.1	1,004.87

(Reference) Shareholders' equity:

Year ended March 31, 2010: ¥82,565 million
 Year ended March 31, 2009: ¥80,985 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, 2010	8,604	472	(4,783)	27,091
Year ended March 31, 2009	2,430	1,260	(5,289)	22,759

2. Dividends

	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, 2009	—	12.50	—	12.50	25.00	2,040	73.0	2.4
Year ended March 31, 2010	—	12.50	—	12.50	25.00	1,976	46.3	2.4
Year ending March 31, 2011 (estimated)	—	12.50	—	12.50	25.00		54.3	

3. Forecast for the Consolidated Financial Results for the Year Ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(% 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	84,000	5.3	(1,400)	—	(1,000)	—	(500)	—	(6.22)
Full year	222,000	6.1	6,000	4.3	6,700	4.1	3,700	(14.8)	46.05

(Reference) Orders received (estimated): (Interim period) ¥120,000 million
(Full year) ¥222,000 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, 2010: 85,765,768 shares
 March 31, 2009: 85,765,768 shares
 (2) Number of treasury shares at fiscal year end
 March 31, 2010: 8,190,096 shares
 March 31, 2009: 5,172,618 shares

(References) Summary of Non-consolidated Financial Results

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

(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, 2010	188,742	(2.0)	5,073	(29.5)	5,960	(26.5)	4,353	32.5
Year ended March 31, 2009	192,647	(11.0)	7,199	63.6	8,107	57.1	3,285	29.2

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Year ended March 31, 2010	54.18	—
Year ended March 31, 2009	40.14	—

(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, 2010	174,682	77,706	44.5	1,001.68
Year ended March 31, 2009	184,575	76,165	41.3	945.06

(Reference) Shareholders' equity: Year ended March 31, 2010: ¥77,706 million
Year ended March 31, 2009: ¥76,165 million

2. Forecast for the Non-consolidated Financial Results for the Year Ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(% 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	74,000	4.2	(1,700)	—	(1,000)	—	(500)	—	(6.22)
Full year	200,000	6.0	5,200	2.5	6,200	4.0	3,500	(19.6)	43.56

(Reference) Orders received (estimated): (Interim period) ¥110,000 million
(Full year) ¥200,000 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 from the forecasts, depending on various factors.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2009 (as of March 31, 2009)	Year ended March 31, 2010 (as of March 31, 2010)
ASSETS:		
Current assets:		
Cash and time deposits	24,169	28,343
Notes receivable, accounts receivable from completed contracts	89,420	86,099
Marketable securities	499	-
Cost of uncompleted contracts	31,403	22,154
Deferred tax assets	1,015	1,171
Other current assets	6,038	6,489
Less allowance for doubtful accounts	(101)	(96)
Total current assets	152,447	144,162
Fixed assets:		
Property, plant and equipment—at cost		
Buildings and structures	7,584	7,964
Machinery and vehicles	695	699
Tools, furniture and fixtures	2,801	2,906
Land	2,319	2,328
Construction in progress	51	1
Less accumulated depreciation	(7,025)	(7,388)
Total property, plant and equipment	6,426	6,511
Intangible fixed assets	1,326	1,160
Investments and other assets		
Investment securities	24,206	24,805
Long-term debt	109	116
Prepaid pension cost	641	1,122
Deferred tax assets	1,831	553
Guarantee deposits paid	2,810	2,810
Insurance reserve fund	4,191	3,822
Other	3,299	3,593
Less allowance for doubtful accounts	(410)	(402)
Allowance for investment loss	-	(104)
Total investments and other assets	36,678	36,317
Total fixed assets	44,432	43,989
TOTAL ASSETS	196,879	188,151

(Millions of yen)

	Year ended March 31, 2009 (as of March 31, 2009)	Year ended March 31, 2010 (as of March 31, 2010)
LIABILITIES		
Current liabilities:		
Notes payable, accounts payable for construction contracts	57,685	53,641
Short-term debt	4,116	3,640
Accounts payable—other	25,842	19,636
Income taxes payable	1,762	2,189
Advances received on uncompleted contracts	16,204	16,345
Allowance for bonuses to directors and corporate auditors	127	102
Allowance for claim expenses	469	385
Allowance for losses on construction contracts	610	908
Other current liabilities	4,858	6,220
Total current liabilities	111,677	103,069
Non-current liabilities:		
Long-term debt	255	180
Employees' severance and retirement benefits	3,079	1,124
Allowance for accrued severance indemnities to directors and corporate auditors	528	528
Other non-current liabilities	121	535
Total non-current liabilities	3,984	2,368
TOTAL LIABILITIES	115,661	105,437
NET ASSETS		
Shareholders' equity:		
Common stock	13,134	13,134
Capital surplus	12,854	12,854
Retained earnings	58,909	61,236
Treasury stock	(4,148)	(6,339)
Total shareholders' equity	80,749	80,885
Valuation and translation adjustments:		
Net unrealized holding gains on securities	518	1,922
Foreign currency translation adjustments	(283)	(242)
Total valuation and translation adjustments	235	1,680
Minority interests	232	147
Total net assets	81,218	82,713
TOTAL LIABILITIES AND NET ASSETS	196,879	188,151

(2) Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)
Net sales	214,215	209,298
Cost of sales	189,419	186,907
Gross profit	24,795	22,391
Selling, general and administrative expenses:		
Employees' salaries and allowances	6,223	6,181
Employees' severance and retirement benefits	443	566
Provision for allowance for accrued severance indemnities to directors and corporate auditors	48	50
Stationery expenses	1,726	1,558
Provision of allowance for doubtful accounts	2	55
Rents	2,333	2,326
Depreciation	427	436
Other	5,908	5,465
Total selling, general and administrative expenses	17,114	16,639
Operating income	7,681	5,751
Non-operating income:		
Interest income	171	104
Dividends income	522	424
Insurance income	77	56
Insurance dividends income	133	131
Rent of real estate	-	168
Equity in earnings of affiliates	15	-
Other	133	107
Total non-operating income	1,051	991
Non-operating expense:		
Interest expense	114	82
Commission fee	71	43
Foreign currency exchange loss	150	-
Loss on sale of marketable securities	-	101
Write-down of marketable securities	171	-
Other	64	77
Total non-operating expense	571	304
Ordinary income	8,161	6,438
Extraordinary gains:		
Gain on prior-term adjustment	38	44
Gain on sale of investment securities	451	408
Gain on bad debts recovered	24	4
Gain on contribution of securities to retirement benefit trust	-	1,372
Other	0	3
Total extraordinary gains	515	1,833

(Millions of yen)

	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)
Extraordinary losses:		
Loss on sale of fixed assets	5	-
Loss on retirement of fixed assets	134	9
Write-down of investment securities	2,420	411
Loss from withdrawal of golf membership, etc.	10	10
Provision of allowance for investment loss	-	104
Provision of allowance for doubtful accounts	324	40
Other	59	12
Total extraordinary losses	2,954	588
Income before income taxes	5,721	7,684
Income taxes-current	2,564	3,147
Income taxes for prior periods	190	172
Income taxes-deferred	138	118
Total income taxes	2,893	3,438
Minority interests in income	22	(95)
Net income	2,805	4,341

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)
Cash flows from operating activities:		
Income before income taxes	5,721	7,684
Depreciation and amortization	695	804
Increase (decrease) in allowance for doubtful accounts	348	(12)
Increase (decrease) in allowance for claim expenses	(8)	(85)
Increase (decrease) in allowance for bonuses to directors and corporate auditors	14	(24)
Increase (decrease) in allowance for employees' severance and retirement benefits and allowance for accrued severance indemnities to directors and corporate auditors	(80)	349
Loss (gain) on securities contribution to employees' retirement benefits trust	-	(1,372)
Increase (decrease) in allowance for losses on construction contracts	(78)	295
Amortization of goodwill	19	31
Interest and dividends income	(693)	(528)
Interest expense	114	82
Foreign currency exchange loss (gain)	(0)	(1)
Increase (decrease) in allowance for investment loss	-	104
Equity in earnings of affiliates	(15)	-
Loss (gain) on sale of marketable securities	-	101
Write-down of marketable securities	171	-
Loss (gain) on sale of property, plant and equipment	5	-
Loss on retirement of property, plant and equipment	133	9
Gain on sale of investment securities	(451)	(408)
Write-down of investment securities	2,420	411
Decrease (increase) in trade receivable	12,230	3,241
Decrease (increase) in cost of uncompleted contracts	(13,053)	9,247
Increase (decrease) in notes and accounts payable—trade	(9,023)	(9,936)
Increase (decrease) in advances received on uncompleted contracts	8,645	128
Increase (decrease) in accrued consumption tax	2	(15)
Decrease (increase) in consumption tax receivable	10	(30)
Other	(2,539)	734
Subtotal	4,588	10,808
Interests and dividends income	713	527
Interest paid	(124)	(77)
Income taxes paid	(2,970)	(2,929)
Income taxes refund	224	274
Net cash provided by operating activities	2,430	8,604

(Millions of yen)

	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)
Cash flows from investing activities:		
Increase in time deposits	(1,967)	(1,229)
Decrease in time deposits	2,358	1,394
Decrease in long-term time deposits	-	100
Proceeds from redemption of marketable securities	0	500
Purchase of property, plant and equipment	(900)	(766)
Proceeds from sale of property, plant and equipment	12	-
Purchase of investment securities	(268)	(756)
Proceeds from sale of investment securities	930	1,056
Proceeds from redemption of investment securities	1,008	6
Purchase of subsidiaries' stocks with a change in scope of consolidation	(139)	-
Payments of guarantee deposits	(73)	(175)
Proceeds from collection of guarantee deposits	62	142
Payments of loans receivable	-	(51)
Payments of insurance reserve fund	(645)	(170)
Proceeds from refund of insurance reserve fund	921	442
Other payments	(45)	(79)
Other proceeds	9	57
Net cash provided by investing activities	1,260	472
Cash flows from financing activities:		
Net decrease in bank loans	(920)	(430)
Proceeds from long-term debt	290	-
Repayments of long-term debt	(566)	(121)
Repayments of lease debt	(0)	(23)
Purchase of treasury stock	(1,814)	(2,191)
Proceeds from sale of treasury stock	0	-
Cash dividends paid	(2,272)	(2,014)
Cash dividends paid to minority shareholders	(7)	(3)
Net cash used in financing activities	(5,289)	(4,783)
Effect of exchange rate changes on cash and cash equivalents	(416)	39
Net increase (decrease) in cash and cash equivalents	(2,014)	4,331
Cash and cash equivalents at beginning of year	24,773	22,759
Cash and cash equivalents at end of year	22,759	27,091

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2009 (as of March 31, 2009)	Year ended March 31, 2010 (as of March 31, 2010)
ASSETS		
Current assets:		
Cash and time deposits	20,834	23,752
Notes receivable—trade	2,764	3,065
Accounts receivable from completed contracts	80,418	76,805
Marketable securities	499	-
Cost of uncompleted contracts	30,559	21,316
Raw materials and supplies	87	56
Prepaid expenses	59	57
Deferred tax assets	810	978
Accounts receivables—other	2,398	3,363
Advances paid	1,482	1,863
Other	1,052	424
Less allowance for doubtful accounts	(87)	(85)
Total current assets	140,880	131,599
Fixed assets:		
Property, plant and equipment—at cost		
Buildings	6,670	7,039
Accumulated depreciation	(4,127)	(4,348)
Buildings (net)	2,542	2,691
Structures	315	326
Accumulated depreciation	(242)	(254)
Structures (net)	72	72
Machinery	35	35
Accumulated depreciation	(31)	(32)
Machinery (net)	3	2
Vehicles	10	10
Accumulated depreciation	(9)	(9)
Vehicles (net)	1	1
Tools, furniture and fixtures	2,134	2,143
Accumulated depreciation	(1,203)	(1,197)
Tools, furniture and fixtures (net)	930	945
Land	1,641	1,650
Construction in progress	51	1
Total property, plant and equipment	5,245	5,366
Intangible fixed assets		
Software	681	624
Telephone rights	94	94
Other	1	1
Total intangible fixed assets	776	720
Investment and other assets		
Investment securities	23,744	24,455
Stocks of affiliates	2,229	2,098
Investments in capital	1	2
Long-term debt	109	116
Bankruptcy claims and reorganization claims, etc.	400	372
Long-term prepaid expenses	95	105
Prepaid pension cost	641	1,122
Deferred tax assets	1,554	273
Guarantee deposits paid	2,678	2,633
Insurance reserve fund	4,156	3,786
Long-term time deposits	2,300	2,300
Other	172	234
Less allowance for doubtful accounts	(410)	(402)
Allowance for investment loss	-	(104)
Total investments and other assets	37,672	36,996
Total fixed assets	43,694	43,082
TOTAL ASSETS	184,575	174,682

	Year ended March 31, 2009 (as of March 31, 2009)	Year ended March 31, 2010 (as of March 31, 2010)
LIABILITIES		
Current liabilities:		
Notes payable—trade	13,632	8,863
Accounts payable for construction contracts	40,416	40,374
Short-term debt	3,286	2,740
Lease debt	0	6
Accounts payable	25,790	19,699
Accrued expenses	3,087	3,089
Income taxes payable	1,405	1,895
Advances received on uncompleted contracts	15,815	15,947
Deposits received	1,015	2,161
Allowance for bonuses to directors and corporate auditors	75	57
Allowance for claim expenses	399	314
Allowance for losses on construction contracts	579	900
Other	-	1
Total current liabilities	105,503	96,052
Non-current liabilities:		
Long-term debt	220	180
Lease debt	4	23
Employees' severance and retirement benefits	2,243	256
Allowance for accrued severance indemnities to directors and corporate auditors	433	452
Other	5	11
Total non-current liabilities	2,906	923
TOTAL LIABILITIES	108,409	96,975
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	6,043	8,382
Total retained earnings	53,802	56,140
Treasury stock	(4,148)	(6,339)
Total shareholders' equity	75,642	75,789
Valuation and translation adjustments:		
Net unrealized holding gains on securities	523	1,916
Total valuation and translation adjustments	523	1,916
Total net assets	76,165	77,706
TOTAL LIABILITIES AND ASSETS	184,575	174,682

(2) Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)
Net sales of completed contracts	192,647	188,742
Cost of completed contracts	172,315	170,939
Gross profit	20,331	17,803
Selling, general and administrative expenses:		
Compensation for directors and corporate auditors	435	413
Provision for allowance for bonuses to directors and corporate auditors	69	57
Employees salaries and allowances	4,235	4,305
Accrued severance indemnities to directors and corporate auditors	9	1
Provision for allowance for accrued severance indemnities to directors and corporate auditors	24	25
Employees' severance and retirement benefits	370	489
Legal welfare expenses	629	639
Welfare expenses	268	274
Repairs and maintenance expenses	146	117
Stationary expenses	1,484	1,323
Correspondence and transportation expenses	720	620
Power utilities expenses	118	108
Research study expenses	430	340
Advertising expenses	289	260
Provision of allowance for doubtful accounts	7	52
Entertainment expenses	372	279
Contribution	109	58
Rents	2,041	2,022
Depreciation	296	321
Taxes and dues	281	267
Insurance expenses	232	231
Miscellaneous expenses	558	520
Total selling, general and administrative expenses	13,132	12,730
Operating income	7,199	5,073
Non-operating income:		
Interest income	58	26
Interest on marketable securities	88	66
Dividends income	818	651
Insurance income	77	16
Insurance dividends income	131	129
Rent of real estate	101	268
Other	97	60
Total non-operating income	1,373	1,219

(Millions of yen)

	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)
Non-operating expense:		
Interest expense	91	64
Commission fee	71	43
Foreign currency exchange losses	62	14
Loss on sale of marketable securities	-	101
Write-down of marketable securities	171	-
Other	68	108
Total non-operating expense	465	332
Ordinary income	8,107	5,960
Extraordinary gains:		
Gain on prior-term adjustment	38	41
Gain on sale of investment securities	451	408
Gain on bad debts recovered	24	4
Gain on contribution of securities to retirement benefit trust	-	1,372
Other	-	3
Total extraordinary gains	514	1,830
Extraordinary losses:		
Loss on retirement of fixed assets	131	7
Write-down of investment securities	2,406	235
Loss on valuation of stocks of affiliates	-	175
Loss from withdrawal of golf membership, etc.	10	10
Provision of allowance for investment loss	-	104
Provision of allowance for doubtful accounts	324	40
Other	37	12
Total extraordinary losses	2,909	586
Income before income taxes	5,712	7,204
Income taxes-current	2,022	2,737
Income taxes for prior periods	190	-
Income taxes-deferred	213	114
Total income taxes	2,426	2,851
Net income	3,285	4,353

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

(i) Orders received

(Millions of yen; %)

		Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)		Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	146,604	62.0	147,560	71.6	956	0.7
	Industrial HVAC systems	82,648	34.9	52,247	25.4	(30,401)	(36.8)
	Subtotal	229,252	96.9	199,807	97.0	(29,444)	(12.8)
Equipment manufacturing and sales business		7,223	3.0	6,031	2.9	(1,191)	(16.5)
Other business		166	0.1	176	0.1	9	6.0
Total		236,642	100.0	206,016	100.0	(30,626)	(12.9)
[orders received overseas]		[9,808]	[4.1]	[11,652]	[5.7]	[1,844]	[18.8]

(ii) Sales

(Millions of yen; %)

		Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)		Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	126,485	59.0	140,807	67.3	14,321	11.3
	Industrial HVAC systems	80,758	37.7	62,283	29.7	(18,475)	(22.9)
	Subtotal	207,244	96.7	203,090	97.0	(4,153)	(2.0)
Equipment manufacturing and sales business		6,804	3.2	6,031	2.9	(773)	(11.4)
Other business		166	0.1	176	0.1	9	6.0
Total		214,215	100.0	209,298	100.0	(4,917)	(2.3)
[overseas sales]		[11,400]	[5.3]	[11,239]	[5.4]	[(161)]	[(1.4)]

(iii) Amount Carried Forward

(Millions of yen; %)

		Year ended March 31, 2009 (as of March 31, 2009)		Year ended March 31, 2010 (as of March 31, 2010)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	122,362	75.1	129,115	80.8	6,752	5.5
	Industrial HVAC systems	38,234	23.4	28,198	17.7	(10,035)	(26.2)
	Subtotal	160,596	98.5	157,313	98.5	(3,283)	(2.0)
Equipment manufacturing and sales business		2,401	1.5	2,402	1.5	0	0.0
Other business		—	—	—	—	—	—
Total		162,998	100.0	159,715	100.0	(3,282)	(2.0)
[overseas sales]		[4,125]	[2.5]	[4,538]	[2.8]	[413]	[10.0]

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

2. Beginning with the consolidated fiscal year under review, the "Accounting Standard for Construction Contracts," etc. are being applied. As a result, net sales in the consolidated fiscal year under review are 22,891 million yen (General-purpose HVAC systems: 12,346 million yen, Industrial HVAC systems: 10,544 million yen) higher than they would have been without this change.

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

(i) Orders received

(Millions of yen; %)

		Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)		Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	143,044	66.1	144,211	77.9	1,166	0.8
	Industrial HVAC systems	73,433	33.9	40,857	22.1	(32,575)	(44.4)
Total		216,478	100.0	185,069	100.0	(31,408)	(14.5)

(ii) Sales

(Millions of yen; %)

		Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)		Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	123,221	64.0	137,492	72.8	14,270	11.6
	Industrial HVAC systems	69,425	36.0	51,250	27.2	(18,174)	(26.2)
Total		192,647	100.0	188,742	100.0	(3,904)	(2.0)

(iii) Amount Carried Forward

(Millions of yen; %)

		Year ended March 31, 2009 (as of March 31, 2009)		Year ended March 31, 2010 (as of March 31, 2010)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	122,067	77.8	128,786	84.1	6,719	5.5
	Industrial HVAC systems	34,773	22.2	24,380	15.9	(10,393)	(29.9)
Total		156,841	100.0	153,167	100.0	(3,673)	(2.3)

(Note) Beginning with the fiscal year under review, the "Accounting Standard for Construction Contracts," etc. are being applied. As a result, net sales in the fiscal year under review are 22,891 million yen (General-purpose HVAC systems: 12,346 million yen, Industrial HVAC systems: 10,544 million yen) higher than they would have been without this change.

(4) Review of Operations (Consolidated)

(Financial results for the years ended March 31, 2006 to 2010)

(Financial forecasts for the year ending March 31, 2011)

(Fraction less than one million yen has been omitted)

(Millions of yen; %)

Item	Year		Results								Forecasts	
	Year ended March 31, 2006		Year ended March 31, 2007		Year ended March 31, 2008		Year ended March 31, 2009		Year ended March 31, 2010		Year ending March 31, 2011	
	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	193,556		217,482		243,376		214,215		209,298		222,000	
	(5.2)	100.0	12.4	100.0	11.9	100.0	(12.0)	100.0	(2.3)	100.0	6.1	100.0
Gross profit	17,828		21,165		22,293		24,795		22,391			
	32.3	9.2	18.7	9.7	5.3	9.2	11.2	11.6	(9.7)	10.7		
Selling, general and administrative expenses	14,277		15,488		16,446		17,114		16,639			
	7.3	7.4	8.5	7.1	6.2	6.8	4.1	8.0	(2.8)	8.0		
Operating income	3,550		5,677		5,846		7,681		5,751		6,000	
	—	1.8	59.9	2.6	3.0	2.4	31.4	3.6	(25.1)	2.7	4.3	2.7
Non-operating income	1,292		1,125		1,168		1,051		991			
Non-operating expense	269		253		835		571		304			
Non-operating income and expenses	+1,023		+872		+333		+479		+687			
Ordinary income	4,573		6,549		6,180		8,161		6,438		6,700	
	300.0	2.4	43.2	3.0	(5.6)	2.5	32.1	3.8	(21.1)	3.1	4.1	3.0
Extraordinary gains	1,898		329		274		515		1,833			
Extraordinary losses	258		966		842		2,954		588			
Extraordinary Gains and Losses	+1,640		(637)		(567)		(2,439)		+1,245			
Income before income taxes	6,214		5,911		5,612		5,721		7,684			
	353.9	3.2	(4.9)	2.7	(5.1)	2.3	2.0	2.7	34.3	3.7		
Income taxes —Current	1,954		2,498		2,284		2,755		3,319			
Income taxes —Deferred	1,490		107		304		138		118			
Minority interests in income (loss)	—		—		45		22		(95)			
Net income	2,769		3,305		2,978		2,805		4,341		3,700	
	498.0	1.4	19.3	1.5	(9.9)	1.2	(5.8)	1.3	54.8	2.1	(14.8)	1.7

Orders received	193,868		227,158		254,443		236,642		206,016		222,000	
	5.5		17.2		12.0		(7.0)		(12.9)		7.8	
Amount carried forward	119,828		129,504		140,571		162,998		159,715		159,715	
	0.3		8.1		8.5		16.0		(2.0)		0.0	

(5) Review of Operations (Non-consolidated)

(Financial results for the years ended March 31, 2006 to 2010)

(Financial forecasts for the year ending March 31, 2011)

(Fraction less than one million yen has been omitted)

(Millions of yen; %)

Item	Year	Results										Forecasts	
		Year ended March 31, 2006		Year ended March 31, 2007		Year ended March 31, 2008		Year ended March 31, 2009		Year ended March 31, 2010		Year ending March 31, 2011	
		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		180,375		197,306		216,446		192,647		188,742		200,000	
		(8.0)	100.0	9.4	100.0	9.7	100.0	(11.0)	100.0	(2.0)	100.0	6.0	100.0
Gross profit		13,448		16,103		17,103		20,331		17,803			
		30.9	7.5	19.7	8.2	6.2	7.9	18.9	10.6	(12.4)	9.4		
Selling, general and administrative expenses		11,497		12,428		12,702		13,132		12,730			
		4.3	6.4	8.1	6.3	2.2	5.9	3.4	6.9	(3.1)	6.7		
Operating income		1,950		3,675		4,400		7,199		5,073		5,200	
		—	1.1	88.4	1.9	19.7	2.0	63.6	3.7	(29.5)	2.7	2.5	2.6
Non-operating income		1,613		1,559		1,595		1,373		1,219			
Non-operating expense		250		230		836		465		332			
Non-operating income and expenses		+1,363		+1,328		+758		+907		+887			
Ordinary income		3,313		5,003		5,159		8,107		5,960		6,200	
		380.1	1.8	51.0	2.5	3.1	2.4	57.1	4.2	(26.5)	3.2	4.0	3.1
Extraordinary gains		1,898		420		273		514		1,830			
Extraordinary losses		243		963		833		2,909		586			
Extraordinary Gains and Losses		+1,654		(542)		(559)		(2,394)		+1,244			
Income before income taxes		4,968		4,460		4,599		5,712		7,204			
		432.7	2.8	(10.2)	2.2	3.1	2.1	24.2	3.0	26.1	3.8		
Income taxes —Current		1,396		1,830		1,711		2,213		2,737			
Income taxes —Deferred		1,450		179		344		213		114			
Net income		2,121		2,450		2,543		3,285		4,353		3,500	
		498.8	1.2	15.5	1.2	3.8	1.2	29.2	1.7	32.5	2.3	(19.6)	1.8

Orders received		176,515		207,726		225,351		216,478		185,069		200,000
		0.6		17.7		8.5		(3.9)		(14.5)		8.1
Amount carried forward		113,684		124,104		133,010		156,841		153,167		153,167
		(3.3)		9.2		7.2		17.9		(2.3)		0.0