

Reference translation**Financial Results for the Year Ended March 31, 2011**

May 13, 2011

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: Yasumitsu Shima, Managing officer, General Manager, Accounting Division and in charge of Business Division
 Phone: (03) 3255-8212
 Scheduled date to ordinary general meeting of shareholders: June 29, 2011 Scheduled date to commence dividend payment: June 30, 2011
 Scheduled date to submit the Securities Report: June 29, 2011
 Availability of supplementary briefing material on annual results: Available
 Schedule of annual results briefing session: Scheduled

(Fraction less than one million yen has been omitted)

1. Consolidated Results for the Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)**(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, 2011	213,175	1.9	5,205	(9.5)	5,910	(8.2)	3,003	(30.8)
Year ended March 31, 2010	209,298	(2.3)	5,751	(25.1)	6,438	(21.1)	4,341	54.8

(Note) Comprehensive income:

Year ended March 31, 2011: ¥1,015 million (-82.2%)
 Year ended March 31, 2010: ¥5,704 million (-%)

	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, 2011	38.72	—	3.7	3.3	2.4
Year ended March 31, 2010	54.03	—	5.3	3.3	2.7

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

Year ended March 31, 2011: ¥— million
 Year ended March 31, 2010: ¥— 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, 2011	175,166	81,786	46.6	1,052.62
Year ended March 31, 2010	188,151	82,713	43.9	1,064.33

(Reference) Shareholders' equity:

Year ended March 31, 2011: ¥81,655 million
 Year ended March 31, 2010: ¥82,565 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, 2011	(5,939)	1,443	(2,273)	20,232
Year ended March 31, 2010	8,604	472	(4,783)	27,091

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, 2010	(Yen) —	(Yen) 12.50	(Yen) —	(Yen) 12.50	(Yen) 25.00	(Millions of yen) 1,976	(%) 46.3	(%) 2.4
Year ended March 31, 2011	—	12.50	—	12.50	25.00	1,939	64.6	2.4
Year ending March 31, 2012 (estimated)	—	12.50	—	12.50	25.00		64.6	

3. Forecast for the Consolidated Financial Results for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(% 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	80,000	(10.8)	(600)	—	(200)	—	(100)	—	(1.29)
Full year	206,000	(3.4)	4,900	(5.9)	5,500	(6.9)	3,000	(0.1)	38.67

(Reference) Orders received (estimated):

(Interim period)
(Full year)

¥110,000 million
¥213,000 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

- (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, 2011: 85,765,768 shares

March 31, 2010: 85,765,768 shares

(2) Number of treasury shares at fiscal year end

March 31, 2011: 8,192,040 shares

March 31, 2010: 8,190,096 shares

(3) Average number of shares during the period

Year ended March 31, 2011: 77,574,933 shares

Year ended March 31, 2010: 80,351,723 shares

(References) Summary of Non-consolidated Financial Results

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

(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, 2011	192,203	1.8	4,483	(11.6)	5,450	(8.6)	2,856	(34.4)
Year ended March 31, 2010	188,742	(2.0)	5,073	(29.5)	5,960	(26.5)	4,353	32.5

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Year ended March 31, 2011	36.83	—
Year ended March 31, 2010	54.18	—

(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, 2011	162,541	76,731	47.2	989.15
Year ended March 31, 2010	174,682	77,706	44.5	1,001.68

(Reference) Shareholders' equity: Year ended March 31, 2011: ¥76,731 million
Year ended March 31, 2010: ¥77,706 million

2. Forecast for the Non-consolidated Financial Results for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(% 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	70,000	(12.4)	(1,000)	—	(400)	—	(200)	—	(2.58)
Full year	185,000	(3.7)	4,200	(6.3)	5,000	(8.3)	2,800	(2.0)	36.09

(Reference) Orders received (estimated): (Interim period) ¥100,000 million
(Full year) ¥190,000 million

*** Information regarding the audit implementation status**

This report is outside the scope of audit in accordance with the Financial Instruments and Exchange Law, and the audit of financial statements in accordance with the Law has not been completed as of the disclosure of this report.

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

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.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2010 (as of March 31, 2010)	Year ended March 31, 2011 (as of March 31, 2011)
ASSETS:		
Current assets:		
Cash and time deposits	28,343	21,367
Notes receivable, accounts receivable from completed contracts	86,099	99,884
Cost of uncompleted contracts	22,154	4,127
Deferred tax assets	1,171	2,165
Other current assets	6,489	7,293
Less allowance for doubtful accounts	(96)	(109)
Total current assets	144,162	134,728
Fixed assets:		
Property, plant and equipment—at cost		
Buildings and structures	7,964	7,983
Machinery and vehicles	699	695
Tools, furniture and fixtures	2,906	2,889
Land	2,328	2,328
Construction in progress	1	23
Less accumulated depreciation	(7,388)	(7,715)
Total property, plant and equipment	6,511	6,205
Intangible fixed assets	1,160	1,064
Investments and other assets		
Investment securities	24,805	20,976
Long-term debt	116	120
Prepaid pension cost	1,122	1,555
Deferred tax assets	553	1,214
Guarantee deposits paid	2,810	2,586
Insurance reserve fund	3,822	3,479
Other	3,593	3,793
Less allowance for doubtful accounts	(402)	(455)
Allowance for investment loss	(104)	(104)
Total investments and other assets	36,317	33,167
Total fixed assets	43,989	40,438
TOTAL ASSETS	188,151	175,166

(Millions of yen)

	Year ended March 31, 2010 (as of March 31, 2010)	Year ended March 31, 2011 (as of March 31, 2011)
LIABILITIES		
Current liabilities:		
Notes payable, accounts payable for construction contracts	53,641	52,250
Short-term debt	3,640	3,476
Accounts payable—other	19,636	20,114
Income taxes payable	2,189	1,787
Advances received on uncompleted contracts	16,345	2,728
Allowance for bonuses to directors and corporate auditors	102	42
Allowance for claim expenses	385	578
Allowance for losses on construction contracts	908	2,850
Reserve for guarantee loss	-	756
Other current liabilities	6,220	6,419
Total current liabilities	103,069	91,004
Non-current liabilities:		
Long-term debt	180	40
Employees' severance and retirement benefits	1,124	1,167
Allowance for accrued severance indemnities to directors and corporate auditors	528	402
Other non-current liabilities	535	764
Total non-current liabilities	2,368	2,374
TOTAL LIABILITIES	105,437	93,379
NET ASSETS		
Shareholders' equity:		
Common stock	13,134	13,134
Capital surplus	12,854	12,854
Retained earnings	61,236	62,300
Treasury stock	(6,339)	(6,341)
Total shareholders' equity	80,885	81,948
Accumulated other comprehensive income:		
Net unrealized holding gains on securities	1,922	24
Foreign currency translation adjustments	(242)	(317)
Total accumulated other comprehensive income	1,680	(293)
Minority interests	147	131
Total net assets	82,713	81,786
TOTAL LIABILITIES AND NET ASSETS	188,151	175,166

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)
Net sales	209,298	213,175
Cost of sales	186,907	191,154
Gross profit	22,391	22,021
Selling, general and administrative expenses:		
Employees' salaries and allowances	6,181	6,114
Employees' severance and retirement benefits	566	507
Provision for allowance for accrued severance indemnities to directors and corporate auditors	50	95
Stationery expenses	1,558	1,553
Provision of allowance for doubtful accounts	55	53
Rents	2,326	2,303
Depreciation	436	463
Other	5,465	5,725
Total selling, general and administrative expenses	16,639	16,816
Operating income	5,751	5,205
Non-operating income:		
Interest income	104	41
Dividends income	424	364
Insurance income	56	-
Insurance dividends income	131	149
Rent of real estate	168	262
Other	107	116
Total non-operating income	991	935
Non-operating expense:		
Interest expense	82	54
Commission fee	43	9
Foreign currency exchange loss	-	51
Loss on sale of marketable securities	101	-
Provision of allowance for doubtful accounts	-	40
Expenses on rent of real estate	-	34
Other	77	39
Total non-operating expense	304	229
Ordinary income	6,438	5,910
Extraordinary gains:		
Gain on prior-term adjustment	44	7
Gain on sale of investment securities	408	105
Gain on donation of investment securities	-	137
Gain on bad debts recovered	4	60
Gain on contribution of securities to retirement benefit trust	1,372	-
Gain on revision of retirement benefit plan	-	172
Other	3	77
Total extraordinary gains	1,833	559

(Millions of yen)

	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)
Extraordinary losses:		
Loss on retirement of fixed assets	9	8
Write-down of investment securities	411	296
Loss from withdrawal of golf membership, etc.	10	-
Provision of allowance for investment loss	104	-
Provision of allowance for doubtful accounts	40	-
Provision of reserve for guarantee loss	-	756
Other	12	60
Total extraordinary losses	588	1,121
Income before income taxes	7,684	5,349
Income taxes-current	3,147	2,690
Income taxes for prior periods	172	121
Income taxes-deferred	118	(454)
Total income taxes	3,438	2,357
Income before minority interests	-	2,991
Minority interests in loss	(95)	(11)
Net income	4,341	3,003

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)
Income before minority interests	-	2,991
Other comprehensive income:		
Net unrealized holding gains on securities	-	(1,898)
Foreign currency translation adjustments	-	(78)
Total other comprehensive income (loss)	-	(1,976)
Comprehensive income	-	1,015
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	-	1,030
Comprehensive income (loss) attributable to minority interests	-	(15)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)
Cash flows from operating activities:		
Income before income taxes	7,684	5,349
Depreciation and amortization	804	750
Increase (decrease) in allowance for doubtful accounts	(12)	65
Increase (decrease) in allowance for claim expenses	(85)	194
Increase (decrease) in allowance for bonuses to directors and corporate auditors	(24)	(60)
Increase (decrease) in allowance for employees' severance and retirement benefits and allowance for accrued severance indemnities to directors and corporate auditors	349	(82)
Loss (gain) on securities contribution to employees' retirement benefits trust	(1,372)	-
Increase (decrease) in allowance for losses on construction contracts	295	1,942
Increase (decrease) in reserve for guarantee loss	-	756
Amortization of goodwill	31	34
Interest and dividends income	(528)	(405)
Interest expense	82	54
Foreign currency exchange loss (gain)	(1)	7
Increase (decrease) in allowance for investment loss	104	-
Loss on retirement of fixed assets	9	8
Loss (gain) on sale of marketable securities	101	-
Gain on sale of investment securities	(408)	(95)
Write-down of investment securities	411	296
Gain on donation of investment securities	-	(137)
Decrease (increase) in trade receivable	3,241	(15,786)
Decrease (increase) in cost of uncompleted contracts	9,247	18,009
Increase (decrease) in notes and accounts payable—trade	(9,936)	(1,685)
Increase (decrease) in advances received on uncompleted contracts	128	(13,592)
Increase (decrease) in accrued consumption tax	(15)	694
Decrease (increase) in consumption tax receivable	(30)	(19)
Other	734	570
Subtotal	10,808	(3,132)
Interests and dividends income	527	425
Interest paid	(77)	(52)
Income taxes paid	(2,929)	(3,180)
Income taxes refund	274	-
Net cash provided by operating activities	8,604	(5,939)

(Millions of yen)

	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)
Cash flows from investing activities:		
Increase in time deposits	(1,229)	(1,168)
Decrease in time deposits	1,394	1,287
Decrease in long-term time deposits	100	-
Proceeds from redemption of marketable securities	500	-
Purchase of property, plant and equipment	(766)	(312)
Purchase of investment securities	(756)	(181)
Proceeds from sale of investment securities	1,056	799
Proceeds from redemption of investment securities	6	514
Payments of guarantee deposits	(175)	(117)
Proceeds from collection of guarantee deposits	142	314
Payments of loans receivable	(51)	(3)
Payments of insurance reserve fund	(170)	(178)
Proceeds from refund of insurance reserve fund	442	521
Other payments	(79)	(50)
Other proceeds	57	17
Net cash provided by investing activities	472	1,443
Cash flows from financing activities:		
Net decrease in bank loans	(430)	(293)
Proceeds from long-term debt	-	60
Repayments of long-term debt	(121)	(70)
Repayments of lease debt	(23)	(27)
Purchase of treasury stock	(2,191)	(1)
Cash dividends paid	(2,014)	(1,939)
Cash dividends paid to minority shareholders	(3)	(1)
Net cash used in financing activities	(4,783)	(2,273)
Effect of exchange rate changes on cash and cash equivalents	39	(89)
Net increase (decrease) in cash and cash equivalents	4,331	(6,858)
Cash and cash equivalents at beginning of year	22,759	27,091
Cash and cash equivalents at end of year	27,091	20,232

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2010 (as of March 31, 2010)	Year ended March 31, 2011 (as of March 31, 2011)
ASSETS		
Current assets:		
Cash and time deposits	23,752	17,420
Notes receivable—trade	3,065	2,895
Accounts receivable from completed contracts	76,805	91,477
Cost of uncompleted contracts	21,316	3,371
Raw materials and supplies	56	8
Prepaid expenses	57	100
Deferred tax assets	978	1,933
Accounts receivables—other	3,363	4,222
Advances paid	1,863	1,665
Other	424	301
Less allowance for doubtful accounts	(85)	(100)
Total current assets	131,599	123,297
Fixed assets:		
Property, plant and equipment—at cost		
Buildings	7,039	5,587
Accumulated depreciation	(4,348)	(3,580)
Buildings (net)	2,691	2,006
Structures	326	284
Accumulated depreciation	(254)	(224)
Structures (net)	72	60
Machinery	35	35
Accumulated depreciation	(32)	(33)
Machinery (net)	2	2
Vehicles	10	10
Accumulated depreciation	(9)	(10)
Vehicles (net)	1	0
Tools, furniture and fixtures	2,143	2,132
Accumulated depreciation	(1,197)	(1,231)
Tools, furniture and fixtures (net)	945	900
Land	1,650	1,493
Construction in progress	1	0
Total property, plant and equipment	5,366	4,464
Intangible fixed assets		
Software	624	626
Telephone rights	94	94
Other	1	1
Total intangible fixed assets	720	721
Investment and other assets		
Investment securities	24,455	20,642
Stocks of affiliates	2,098	2,251
Investments in capital	2	2
Long-term debt	116	120
Bankruptcy claims and reorganization claims, etc.	372	376
Long-term prepaid expenses	105	60
Prepaid pension cost	1,122	1,555
Deferred tax assets	273	909
Guarantee deposits paid	2,633	2,447
Insurance reserve fund	3,786	3,451
Long-term time deposits	2,300	2,300
Other	234	499
Less allowance for doubtful accounts	(402)	(455)
Allowance for investment loss	(104)	(104)
Total investments and other assets	36,996	34,058
Total fixed assets	43,082	39,244
TOTAL ASSETS	174,682	162,541

(Millions of yen)

	Year ended March 31, 2010 (as of March 31, 2010)	Year ended March 31, 2011 (as of March 31, 2011)
LIABILITIES		
Current liabilities:		
Notes payable—trade	8,863	7,839
Accounts payable for construction contracts	40,374	41,197
Short-term debt	2,740	2,230
Lease debt	6	20
Accounts payable	19,699	20,160
Accrued expenses	3,089	2,440
Income taxes payable	1,895	1,569
Advances received on uncompleted contracts	15,947	2,555
Deposits received	2,161	2,968
Allowance for bonuses to directors and corporate auditors	57	-
Allowance for claim expenses	314	476
Allowance for losses on construction contracts	900	2,667
Reserve for guarantee loss	-	756
Other	1	1
Total current liabilities	96,052	84,882
Non-current liabilities:		
Long-term debt	180	40
Lease debt	23	293
Employees' severance and retirement benefits	256	276
Allowance for accrued severance indemnities to directors and corporate auditors	452	304
Other	11	12
Total non-current liabilities	923	927
TOTAL LIABILITIES	96,975	85,809
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	8,382	9,299
Total retained earnings	56,140	57,058
Treasury stock	(6,339)	(6,341)
Total shareholders' equity	75,789	76,705
Valuation and translation adjustments:		
Net unrealized holding gains on securities	1,916	25
Total valuation and translation adjustments	1,916	25
Total net assets	77,706	76,731
TOTAL LIABILITIES AND ASSETS	174,682	162,541

(2) Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)
Net sales of completed contracts	188,742	192,203
Cost of completed contracts	170,939	174,887
Gross profit	17,803	17,316
Selling, general and administrative expenses:		
Compensation for directors and corporate auditors	413	434
Provision for allowance for bonuses to directors and corporate auditors	57	-
Employees salaries and allowances	4,305	4,227
Accrued severance indemnities to directors and corporate auditors	1	66
Provision for allowance for accrued severance indemnities to directors and corporate auditors	25	69
Employees' severance and retirement benefits	489	430
Legal welfare expenses	639	654
Welfare expenses	274	293
Repairs and maintenance expenses	117	120
Stationary expenses	1,323	1,408
Correspondence and transportation expenses	620	641
Power utilities expenses	108	120
Research study expenses	340	348
Advertising expenses	260	272
Provision of allowance for doubtful accounts	52	44
Entertainment expenses	279	295
Contribution	58	67
Rents	2,022	2,003
Depreciation	321	283
Taxes and dues	267	264
Insurance expenses	231	248
Miscellaneous expenses	520	535
Total selling, general and administrative expenses	12,730	12,832
Operating income	5,073	4,483
Non-operating income:		
Interest income	26	22
Interest on marketable securities	66	13
Dividends income	651	597
Insurance income	16	17
Insurance dividends income	129	149
Rent of real estate	268	312
Other	60	69
Total non-operating income	1,219	1,183

(Millions of yen)

	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)
Non-operating expense:		
Interest expense	64	39
Commission fee	43	9
Foreign currency exchange losses	14	46
Loss on sale of marketable securities	101	-
Provision of allowance for doubtful accounts	-	40
Expenses on rent of real estate	-	34
Other	108	45
Total non-operating expense	332	216
Ordinary income	5,960	5,450
Extraordinary gains:		
Gain on prior-term adjustment	41	-
Gain on sales of fixed assets	-	40
Gain on sale of investment securities	408	105
Gain on donation of investment securities	-	137
Gain on bad debts recovered	4	60
Gain on contribution of securities to retirement benefit trust	1,372	-
Gain on revision of retirement benefit plan	-	172
Other	3	73
Total extraordinary gains	1,830	589
Extraordinary losses:		
Loss on retirement of fixed assets	7	6
Write-down of investment securities	235	291
Loss on valuation of stocks of affiliates	175	-
Loss from withdrawal of golf membership, etc.	10	12
Provision of allowance for investment loss	104	-
Provision of allowance for doubtful accounts	40	-
Provision of reserve for guarantee loss	-	756
Other	12	50
Total extraordinary losses	586	1,117
Income before income taxes	7,204	4,922
Income taxes-current	2,737	2,352
Income taxes for prior periods	-	107
Income taxes-deferred	114	(394)
Total income taxes	2,851	2,065
Net income	4,353	2,856

7. Other

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

(i) Orders received

(Millions of yen; %)

		Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)		Year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	146,503	71.1	138,133	66.6	(8,369)	(5.7)
	Industrial HVAC systems	52,247	25.4	62,209	30.0	9,962	19.1
	Subtotal	198,750	96.5	200,343	96.6	1,592	0.8
Equipment manufacturing and sales business		7,088	3.4	6,779	3.3	(309)	(4.4)
Other business		176	0.1	161	0.1	(15)	(8.6)
Total		206,016	100.0	207,283	100.0	1,267	0.6
[orders received overseas]		[11,652]	[5.7]	[10,958]	[5.3]	[(694)]	[(6.0)]

(ii) Sales

(Millions of yen; %)

		Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)		Year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	139,600	66.7	147,718	69.3	8,117	5.8
	Industrial HVAC systems	62,283	29.8	58,475	27.4	(3,807)	(6.1)
	Subtotal	201,884	96.5	206,193	96.7	4,309	2.1
Equipment manufacturing and sales business		7,237	3.4	6,820	3.2	(416)	(5.8)
Other business		176	0.1	161	0.1	(15)	(8.6)
Total		209,298	100.0	213,175	100.0	3,877	1.9
[overseas sales]		[11,239]	[5.4]	[12,206]	[5.7]	[967]	[8.6]

(iii) Amount Carried Forward

(Millions of yen; %)

		Year ended March 31, 2010 (as of March 31, 2010)		Year ended March 31, 2011 (as of March 31, 2011)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	129,264	80.9	119,679	77.8	(9,584)	(7.4)
	Industrial HVAC systems	28,198	17.7	31,932	20.8	3,734	13.2
	Subtotal	157,462	98.6	151,612	98.6	(5,850)	(3.7)
Equipment manufacturing and sales business		2,252	1.4	2,211	1.4	(41)	(1.9)
Other business		—	—	—	—	—	—
Total		159,715	100.0	153,823	100.0	(5,892)	(3.7)
[overseas sales]		[4,538]	[2.8]	[3,290]	[2.1]	[(1,248)]	[(27.5)]

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

2. The business of Nippon Floda Co., Ltd., a consolidated subsidiary of the Company, had been included in "Construction business." However, beginning with the fiscal year under review, Financial Accounting Standard No.17, "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" and Financial Accounting Standards Implementation Guidance No.20, "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information" are being applied, and the business of the subsidiary is currently listed in "Equipment manufacturing and sales business" after reviewing its business composition.

As a result, with respect to General-purpose HVAC systems of the Construction business and its Subtotal in the consolidated fiscal year under review, orders received decreased 1,382 million yen, sales decreased 1,336 million yen, and amount carried forward decreased 213 million yen, all of which are higher than they would have been without this change, while all the items in the segment of Equipment manufacturing and sales business increased by the same amount.

In addition, the figures for the year ended March 31, 2010 are presented in the changed segments.

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

(i) Orders received

(Millions of yen; %)

		Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)		Year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	144,211	77.9	135,698	72.4	(8,512)	(5.9)
	Industrial HVAC systems	40,857	22.1	51,775	27.6	10,918	26.7
Total		185,069	100.0	187,474	100.0	2,405	1.3

(ii) Sales

(Millions of yen; %)

		Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)		Year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	137,492	72.8	145,343	75.6	7,851	5.7
	Industrial HVAC systems	51,250	27.2	46,859	24.4	(4,391)	(8.6)
Total		188,742	100.0	192,203	100.0	3,460	1.8

(iii) Amount Carried Forward

(Millions of yen; %)

		Year ended March 31, 2010 (as of March 31, 2010)		Year ended March 31, 2011 (as of March 31, 2011)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose HVAC systems	128,786	84.1	119,141	80.3	(9,644)	(7.5)
	Industrial HVAC systems	24,380	15.9	29,297	19.7	4,916	20.2
Total		153,167	100.0	148,438	100.0	(4,728)	(3.1)

(3) Review of Operations (Consolidated)

(Financial results for the years ended March 31, 2007 to 2011)

(Financial forecasts for the year ending March 31, 2012)

(Fraction less than one million yen has been omitted)

(Millions of yen; %)

Item	Year	Results										Forecasts	
		Year ended March 31, 2007		Year ended March 31, 2008		Year ended March 31, 2009		Year ended March 31, 2010		Year ended March 31, 2011		Year ending March 31, 2012	
		Changes from the previous period	(%)	Changes from the previous period	(%)	Changes from the previous period	(%)	Changes from the previous period	(%)	Changes from the previous period	(%)	Changes from the previous period	(%)
Net sales		217,482		243,376		214,215		209,298		213,175		206,000	
		12.4	100.0	11.9	100.0	(12.0)	100.0	(2.3)	100.0	1.9	100.0	(3.4)	100.0
Gross profit		21,165		22,293		24,795		22,391		22,021			
		18.7	9.7	5.3	9.2	11.2	11.6	(9.7)	10.7	(1.6)	10.3		
Selling, general and administrative expenses		15,488		16,446		17,114		16,639		16,816			
		8.5	7.1	6.2	6.8	4.1	8.0	(2.8)	8.0	1.1	7.9		
Operating income		5,677		5,846		7,681		5,751		5,205		4,900	
		59.9	2.6	3.0	2.4	31.4	3.6	(25.1)	2.7	(9.5)	2.4	(5.9)	2.4
Non-operating income		1,125		1,168		1,051		991		935			
Non-operating expense		253		835		571		304		229			
Non-operating income and expenses		+ 872		+ 333		+ 479		+ 687		+ 705			
Ordinary income		6,549		6,180		8,161		6,438		5,910		5,500	
		43.2	3.0	(5.6)	2.5	32.1	3.8	(21.1)	3.1	(8.2)	2.8	(6.9)	2.7
Extraordinary gains		329		274		515		1,833		559			
Extraordinary losses		966		842		2,954		588		1,121			
Extraordinary Gains and Losses		(637)		(567)		(2,439)		+ 1,245		(561)			
Income before income taxes		5,911		5,612		5,721		7,684		5,349			
		(4.9)	2.7	(5.1)	2.3	2.0	2.7	34.3	3.7	(30.4)	2.5		
Income taxes —Current		2,498		2,284		2,755		3,319		2,811			
Income taxes —Deferred		107		304		138		118		(454)			
Income before minority interests		—		—		—		—		2,991			
Minority interests in income (loss)		—		45		22		(95)		(11)			
Net income		3,305		2,978		2,805		4,341		3,003		3,000	
		19.3	1.5	(9.9)	1.2	(5.8)	1.3	54.8	2.1	(30.8)	1.4	(0.1)	1.5
Orders received		227,158		254,443		236,642		206,016		207,283		213,000	
		17.2		12.0		(7.0)		(12.9)		0.6		2.8	
Amount carried forward		129,504		140,571		162,998		159,715		153,823		160,823	
		8.1		8.5		16.0		(2.0)		(3.7)		4.6	

(4) Review of Operations (Non-consolidated)

(Financial results for the years ended March 31, 2007 to 2011)

(Financial forecasts for the year ending March 31, 2012)

(Fraction less than one million yen has been omitted)

(Millions of yen; %)

Item	Year		Results										Forecasts	
	Year ended March 31, 2007		Year ended March 31, 2008		Year ended March 31, 2009		Year ended March 31, 2010		Year ended March 31, 2011		Year ending March 31, 2012			
	Changes from the previous period	(%)	Changes from the previous period	(%)	Changes from the previous period	(%)	Changes from the previous period	(%)	Changes from the previous period	(%)	Changes from the previous period	(%)		
Net sales	197,306		216,446		192,647		188,742		192,203		185,000			
	9.4	100.0	9.7	100.0	(11.0)	100.0	(2.0)	100.0	1.8	100.0	(3.7)	100.0		
Gross profit	16,103		17,103		20,331		17,803		17,316					
	19.7	8.2	6.2	7.9	18.9	10.6	(12.4)	9.4	(2.7)	9.0				
Selling, general and administrative expenses	12,428		12,702		13,132		12,730		12,832					
	8.1	6.3	2.2	5.9	3.4	6.9	(3.1)	6.7	0.8	6.7				
Operating income	3,675		4,400		7,199		5,073		4,483		4,200			
	88.4	1.9	19.7	2.0	63.6	3.7	(29.5)	2.7	(11.6)	2.3	(6.3)	2.3		
Non-operating income	1,559		1,595		1,373		1,219		1,183					
Non-operating expense	230		836		465		332		216					
Non-operating income and expenses	+1,328		+758		+907		+887		+966					
Ordinary income	5,003		5,159		8,107		5,960		5,450		5,000			
	51.0	2.5	3.1	2.4	57.1	4.2	(26.5)	3.2	(8.6)	2.8	(8.3)	2.7		
Extraordinary gains	420		273		514		1,830		589					
Extraordinary losses	963		833		2,909		586		1,117					
Extraordinary Gains and Losses	(542)		(559)		(2,394)		+1,244		(528)					
Income before income taxes	4,460		4,599		5,712		7,204		4,922					
	(10.2)	2.2	3.1	2.1	24.2	3.0	26.1	3.8	(31.7)	2.6				
Income taxes —Current	1,830		1,711		2,213		2,737		2,459					
Income taxes —Deferred	179		344		213		114		(394)					
Net income	2,450		2,543		3,285		4,353		2,856		2,800			
	15.5	1.2	3.8	1.2	29.2	1.7	32.5	2.3	(34.4)	1.5	(2.0)	1.5		

Orders received	207,726		225,351		216,478		185,069		187,474		190,000	
	17.7		8.5		(3.9)		(14.5)		1.3		1.3	
Amount carried forward	124,104		133,010		156,841		153,167		148,438		153,438	
	9.2		7.2		17.9		(2.3)		(3.1)		3.4	