

**Major Questions and Answers concerning the Fiscal Results  
for the 1st Quarter of FY2011 ending in March 2012**

**Q1: Forecast for the sales volume of commercial gas is downwardly revised. Please give us background information. Isn't it possible to achieve the estimated sales volume by promoting commercial gas air conditioners, etc?**

**A1:** During 1Q, the achievement of our business was below the initial plan. It can be attributed to the influence of complex factors related to the earthquake disaster, including the cancellation of lectures at educational institutions such as universities, a reduction in business hours of commercial facilities, and a drop in the sales of hotels and Japanese inns due to a plunge in the number of tourists. It is expected that results will be influenced also by the promotion of energy-saving initiatives in the future. Based on the actual results of 1Q, the estimated sales volume of commercial gas was revised for the 1st half and the full year.

As pointed out, we will actively promote commercial gas air conditioners also in the future and contribute to customers' energy-saving efforts. After the earthquake disaster, the number of inquiries for the cogeneration system is surely increasing. The system, however, requires rather longer timeline from design to installation. Therefore, it seems to take certain time for the system to contribute to revenue.

**Q2: As for electricity business, profits stay at the same level as in the previous fiscal year despite an increase in sales in 1Q. It is expected that gas power generation will gain momentum also in the future. What is your forecast for the 1st half and the full year?**

**A2:** There is a system also in the electricity business, whereby costs of raw materials can be converted to retail prices. Similar to the gas business, however, there is a time lag. When raw material prices rise remarkably, it strains the balance of payments temporarily. It is expected that the influence of this time lag will be alleviated for the 1st half and the full year. Depending on trends in the prices of raw materials, however, the balance of payments may be changed. It is considered that the situation is unclear.

**Q3: What are the sales of the household cogeneration system "ENEFARM"? It seems that subsidy for the purchase of the system will be terminated. What is the influence of this on future sales?**

**A3:** A new product with enhanced quality and more reasonable price came on the market in April. During 1Q, total of 926 pieces of the new product were already installed at customers' houses. In a contract basis, more than 4,000 orders were already placed. It can be said that the sales of the new product is doing well to achieve the goal of selling 5,000 pieces a year.

We assume that It is quite difficult to sell ENEFARM without subsidy for purchase, because it is still an expensive product in the process of penetration. For the smooth dissemination of ENEFARM, lobbying campaigns will be launched so that a purchase subsidy budget will be ensured through a supplemental budget, etc.