

Introduction

Message from the President

To enrich the earth and its people

Worldwide environmental problems, such as global warming and the destruction of the ozone layer, are threatening the survival of the human race. We must build a sustainable society through technological advancement and social endeavors. I believe that the business community must harness its technologies and know-how for society and develop business from a global perspective.



Cherry blossoms at
Ikoinomura Harima

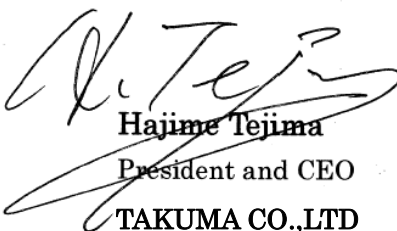
For the Mid-term Management Plan (fiscal years 2006~2008), we have chosen two basic strategies: “Group Management” and “Selection and Concentration,” each of which emphasizes three key areas: “Promotion of Compliance & CSR Management” “Reinforcement of Corporate Competence” and “Establishment of Best Business Strategy.” In addition, the “Compliance and CSR Promotion Division” was established this year in response to the increasingly keen interest in compliance and CSR management.

I believe that it is the ultimate corporate social responsibility of our company to contribute to our national goal of shaping a recycling-oriented society, and to meet its needs by reflecting its requirements and priorities in what we produce. We must therefore supply products and services that meet the needs of our customers while also targeting the long-term growth of the company to satisfy all the stakeholders.

This is the third year of our Environmental Report, compiled to update you on our efforts in tackling current environmental issues. From next year onwards, this report will grow into a new and fuller format “CSR Report.” Your feedback will be very helpful in determining the course of our activities.

Your continued patronage and guidance will be appreciated.

June 2006


Hajime Tejima
President and CEO
TAKUMA CO.,LTD



Introduction

Company Outline



Takuma Head office

Company Name: TAKUMA CO., LTD.
Head office: 2-2-33 Kinrakuji-cho, Amagasaki, Hyogo 660-0806
Date established: June 10, 1938
Representative: Hajime Tejima, President and CEO
Capitalization: ¥13,367,457,968 (as of March 31, 2006)
Number of employees: 703 (as of March 31, 2006)
Main business: Manufacturers of Machinery and Building Contractors
Major offices: Head Office (Hyogo Pref.), Headquarters (Osaka Pref.), Tokyo Office (Tokyo Metropolitan), Chubu Branch (Aichi Pref.), Kyushu Branch (Fukuoka Pref.), Hokkaido Branch (Hokkaido), Hokuriku Branch (Ishikawa Pref.), Taipei Branch (Taiwan), London Branch (United Kingdom)
Factories: Harima Factory (Hyogo Pref.), Kyoto Factory (Kyoto Pref.)
ISO-9001 certified: Head office, Headquarters, Tokyo office, other branches in Japan, Harima & Kyoto Factories
ISO-14001 certified: Harima and Kyoto Factories

[History] Takuma Boiler Works Ltd. was established in 1938 for the purpose of building boilers in Amagasaki, Hyogo Prefecture by Mr. Tsunekichi Takuma, one of the top ten inventors in Japan during the Meiji and Taisho periods (1868~1926).

In 1963, the company developed the technology to build a fully continuous large-scale waste incineration facility of its own design, and expanded its business scope into the design, manufacture, installation and supervision of this environmental equipment.

The company changed its name to the current TAKUMA CO., LTD. in 1972.

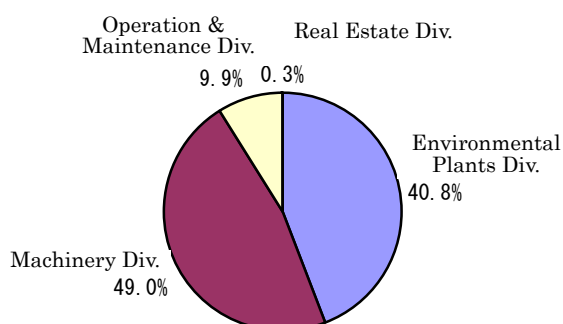
Our main business groups for the fiscal year 2005 included the environmental manufacturing group, the industrial machinery group that produces boilers and other machinery, the operation and maintenance group that operates and maintains environmental facilities and the real estate group that rents and manages real estate.

The business lines were reorganized in 2006 into "Environment and Energy," "Civil Energy," "Overseas Operations" and "Machinery and Equipment."

○ Profit and Loss Summary

	FY 2003		FY 2004		FY 2005	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Net Sales (million Yen)	95,182	63,379	103,720	60,494	94,339	51,441
Pretax Profit (Loss) (million Yen)	410	(1,276)	1,777	(211)	(2,801)	(1,758)

Sales breakdown by division, consolidated basis (FY 2005)



Sales breakdown by division, non-consolidated basis (FY 2005)

