

# Vending Systems Division

The Vending Systems Division is working to develop products based on four key development themes: "Creating environment-friendly products," "Creating products that meet consumer needs," "Creating products that are easy to use," and "Reducing life cycle cost." At present, our top priority is to accelerate various environmental initiatives to ensure the continued coexistence of vending machines and society in the future and to deliver products that will delight customers.

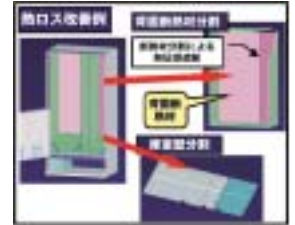
An overview of key initiatives and environmental accomplishments follows.

## Energy Conservation

In fiscal 2005, Sanden achieved its goal of meeting Top Runner targets for vending machines (on a weighted average basis) a full year ahead of schedule. In fiscal 2006, we will strive to make further progress in energy conservation and we expect to exceed our energy efficiency targets by 5%. Going forward, we will endeavor to raise the proportion of products that meet our eco-product standards with the objective of making all of our products eco-products by 2010.

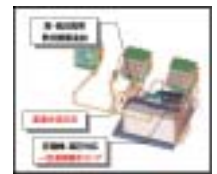
Sanden will work to meet Top Runner targets for all of its fiscal 2006 vending machine models by promoting energy conservation through the following key measures.

1. Promote the use and appropriate placement of vacuum insulation and improve insulation structure and heat loss by separating the cooling and heating sections of vending machines
2. Optimize cooling and heating control sequence
3. Use flow analysis to optimize airflow inside vending machines
4. Develop low-power fluorescent inverters and other new functional parts



## Developing Products That Use Natural Refrigerants

To help prevent global warming and ozone layer depletion, Sanden is moving forward with the development of cooling and heating units that use the safe and highly promising refrigerant CO<sub>2</sub>. In fiscal 2005, we conducted field tests of such products in Japan and overseas, commercially produced certain models, and amassed related technologies. We also worked to develop systems for the future that effectively use the unique properties of CO<sub>2</sub> refrigerant and technologies to enhance energy efficiency. In 2006, we plan to commence the full-fledged commercial production of products using CO<sub>2</sub> refrigerant and bring these products to market.



# Refrigeration Systems Division

In the Refrigeration Systems Division, Sanden's active development of environmentally advanced systems began with the adoption of new refrigerants with zero ozone depleting potential, and, as the Company gained an enhanced understanding of environmental preservation, it shifted its attention to preventing global warming by creating products that conserve energy via reduced power consumption.

In fiscal 2005, we focused on achieving major reductions in power consumption, promoting the use of rigid urethane foam that uses a type of freon with zero ozone depleting potential, and addressing End of Life Vehicles (ELV), Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS), Waste Electrical and Electronic Equipment (WEEE), and other EU directives related to reducing the use of hazardous substances that are expected to be applied in Japan in the future.

## Development of Environmentally Advanced Equipment for the 2005 World Exposition in Aichi, Japan

Sanden developed environmentally advanced equipment for the Aichi World Expo, which began in March 2005 and is based on the theme "Nature's Wisdom," in response to a request from one of our customers who was constructing an environment-friendly store at the Expo for equipment that saves energy and does not involve the use of hazardous substances. We helped this customer to create an environment-friendly store by not only developing environmentally advanced equipment but also making use of Store Master\*, a system that ensures the optimum operation of showcases throughout a store and winner of the Japan Machinery Federation's Chairman's Award for Energy-Conserving Machinery. In addition, this store was designed with resource recycling in mind. Equipment and parts used at this store are slated for reuse at a new store following its period of operation from March 25, 2005 to September 25, 2005.

\*Please refer to the Engineering Division section on p.XX for more information on Store Master

Development of this environmentally advanced equipment focused in particular on completely eliminating the use of hazardous substances. We examined all of the components involved in the construction of such refrigerator products as refrigerated multi-shelf showcases, freezer ice cream showcases, and walk-in showcases and worked to find alternatives for items containing hazardous substances. Examples of substitutions that were made are presented below.



Multi-shelf showcase