

Summary of Financial Results (Consolidated)

for the Fiscal 2008 Ending March 31, 2009

May. 15, 2009

| | |
|----------------------------------|---|
| Listed Company Name: | ESPEC CORP. |
| Securities Code: | 6859 |
| Listed Stock Exchange: | Tokyo, Osaka Stock Exchanges, First Section |
| Homepage: | http://www.espec.co.jp |
| Representative: | Nobuyoshi Shin, President |
| Contact: | Nobuyoshi Hiro, Director and Managing Executive Officer |
| Tel: | +81-6-6358-4741 |
| Dividends payment beginning day: | June 25, 2009 |
| U.S. GAAP Accounting standard: | Not Adopted |

(Rounded off to nearest million yen)

1. Consolidated financial results for the fiscal 2008, ending March 31, 2009 (April 1, 2008 ~ March 31, 2009)

(1) Consolidated operating results

(% figures are rates of change in comparison to the same period last year)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income (Loss) | |
|---------------------------|-----------|--------|------------------|--------|-----------------|--------|-------------------|--------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % |
| Year Ended March 31, 2009 | 34,914 | (14.7) | 509 | (83.7) | 766 | (74.2) | (561) | - |
| Year Ended March 31, 2008 | 40,918 | (3.9) | 3,129 | (20.4) | 2,971 | (27.4) | 1,216 | (51.8) |

| | Net Income Per Share | Net income Per Share, Diluted | Net Income to Shareholders' Equity | Ordinary Income to Total Assets | Operating Income to Net Sales |
|---------------------------|----------------------|-------------------------------|------------------------------------|---------------------------------|-------------------------------|
| | (Yen) | (Yen) | % | % | % |
| Year Ended March 31, 2009 | (23.67) | - | (1.9) | 1.9 | 1.5 |
| Year Ended March 31, 2008 | 51.36 | 51.29 | 3.9 | 6.7 | 7.6 |

(Reference) Equity in earnings of affiliates Year Ended March 31, 2009 ¥150million Year Ended March 31, 2008 ¥171million

(2) Financial Standing

| | Total Assets | Net Assets | Shareholders' Equity Ratio | Shareholders' Equity Per Share of Common Stock |
|----------------------|--------------|------------|----------------------------|--|
| | ¥ million | ¥ million | % | (Yen) |
| As of March 31, 2009 | 38,719 | 29,212 | 75.0 | 1,224.12 |
| As of March 31, 2008 | 43,810 | 31,127 | 70.6 | 1,305.43 |

(Reference) Shareholders' equity As of March 31, 2009 ¥29,050million As of March 31, 2008 ¥30,940million

(3) Status On Cash Flows

| | Cash Flow from Operating Activities | Cash Flow from Investing Activities | Cash Flow from Financing Activities | Cash and Cash Equivalents at End of Year |
|---------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| | ¥ million | ¥ million | ¥ million | ¥ million |
| Year Ended March 31, 2009 | 1,937 | (630) | (483) | 7,533 |
| Year Ended March 31, 2008 | 3,036 | (1,085) | (488) | 6,930 |

2. Dividends

| (Reference date) | Dividend Per Share | | | | | Total Cash Dividend (Annual) | Dividend Payout Ratio (Consolidated) | Dividend on Equity (Consolidated) |
|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|----------|--------|------------------------------|--------------------------------------|-----------------------------------|
| | End of 1 st quarter | End of 2 nd quarter | End of 3 rd quarter | Term-end | Annual | | | |
| | (Yen) | (Yen) | (Yen) | (Yen) | (Yen) | ¥ million | % | % |
| Year Ended March 31, 2008 | - | 12.00 | - | 12.00 | 24.00* | 568 | 46.7 | 1.8 |
| Year Ended March 31, 2009 | - | 9.00 | - | 5.00 | 14.00 | 332 | - | 1.1 |
| Year Ended March 31, 2010 (Forecast) | - | 5.00 | - | 5.00 | 10.00 | - | 118.7 | - |

*This contain 2 yen as commemorative dividend

3. Forecast of Consolidated Operating Results for the Fiscal 2009 Ending March 31, 2010 (April 1, 2009 ~ March 31, 2010)

(% figures for the whole term are rates of change in comparison to last year and % figures for the consolidated 2nd quarter are rates of change in comparison to the same quarter last year)

| | Net Sales | | Operating Income (Loss) | | Ordinary Income (Loss) | | Net Income (Loss) | | Net Income Per Share |
|---|-----------|--------|-------------------------|--------|------------------------|--------|-------------------|---|----------------------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % | (Yen) |
| Fiscal 2009 1st Half, Ending September 30, 2009 | 12,000 | (34.8) | (700) | - | (600) | - | (700) | - | (29.50) |
| Full-term | 28,000 | (19.8) | 200 | (60.8) | 400 | (47.8) | 200 | - | 8.43 |

4. Other

(1) Transfers of important subsidiaries during this quarter (transfers of specified subsidiaries entailing changes in the scope of consolidation) No
New (Company name:) Excluded (Company name:)

(2) Changes in the principles, procedures, and presentation methods, etc., of accounting methods related to the creation of quarterly consolidated financial statements (matters described in changes to important items fundamental to the creation of quarterly consolidated financial statements)

Changes associated with the revision of accounting standards: Yes

Changes other than those in 1): Yes

(3) Number of outstanding shares (ordinary shares)

Number of outstanding shares at As of March 31, 2009 23,781,394 shares As of March 31, 2008 23,750,394 shares
end of term (including treasury stock):Quantity of treasury stock at end As of March 31, 2009 49,746 shares As of March 31, 2008 49,166 shares
of term:

* Explanation of appropriate use of results forecasts and other matters of note

Statements concerning the future such as the results forecasts, etc., included in this document are based on currently available information and certain assumptions judged reasonable and actual results, etc., may differ due to various factors.

1. Business performance

(1) Analysis of business performance

1) Summary of performance as a whole

The fiscal year under review saw a rapidly deteriorating environment in terms of corporate revenue, employment and incomes and further uncertainty about the future of the Japanese economy as a result of the financial market disruption arising in the United States, slumping stock markets and the impact of exchange rate fluctuations.

Against this backdrop, the Group has strengthened its ability to respond to priority markets, such as the environmental and energy markets, and developed and invested in environmentally-friendly products, for which there is a high level of customer needs. At the same time, we have worked to strengthen our sales and service abilities in priority overseas regions. However, the performance of automotive, electronics, LCD and semi-conductor manufacturers, which make up the Group's major customer base, has deteriorated rapidly, and there has been a rapid increase in the trend towards halting or restricting capital investment during the second half of the year. Consequently, the Group has recorded a large year on year decline in both orders and sales.

In terms of income, there were large year on year declines in both operating income and ordinary income, as a result of a significant negative impact from rapidly declining sales and exchange rate fluctuations.

Regretfully, a net loss was recorded in the fiscal year under review. This was caused by the recording of losses on the disposal of fixed assets through the elimination and consolidation of offices and the screening of owned fixed assets carried out with the aim of implementing fundamental improvements to the profit structure, and losses on the devaluation of securities as a result of the downturn in the stock markets.

| | Year Ended March 31, 2008 (¥ million) | Year Ended March 31, 2009 (¥ million) | Rate of change (%) |
|-------------------|--|--|-----------------------|
| Orders-Received | 40,761 | 32,106 | (21.2) |
| Net Sales | 40,918 | 34,914 | (14.7) |
| Operating Income | 3,129 | 509 | (83.7) |
| Ordinary Income | 2,971 | 766 | (74.2) |
| Net Income (Loss) | 1,216 | (561) | |

(2) Situation in each business segment

<Environmental Test Business>

In terms of product sales, we have made efforts to strengthen our ability to respond to priority markets, such as the environmental and energy markets, through the establishment of a customer service department. We have also worked to strengthen our relationships with agencies, which are an important sales channel for the company, and to develop and invest in environmentally-friendly products, for which there is a high level of customer needs. In overseas markets, we have worked to strengthen the function of overseas affiliated companies in priority regions, particularly in newly emerging economies, and to improve our sales and service capabilities. However, there was a large year on year decrease in both orders and sales as a result of dramatic restrictions in companies' capital investment, especially at automotive and electronics manufacturers. There was also a large year on year drop in operating income as a result of declining sales, despite efforts by the entire company at reorganizing sales and production bases and strengthening profitability, including expansions in optimum personal placement in response to declining production volumes and self-manufacture, as well as ongoing cost-cutting activities.

Regarding the Maintenance Services and Engineering Business, solution strategies were developed in response to customer needs, such as the development and proposal of equipment management systems that utilize energy-saving systems and communication networks. However, customer restrictions in costs and capital investment led to a decline in regular visiting services and peripheral works, such as the relocation and refurbishment of test facilities, and both income and profits fell against the previous year.

Regarding the Commissioned Test and Facility Rental Business, customers' cost-cutting measures led to a year on year fall in both orders and sales. Operating income fell year on year due to lower profit ratios as a result of strategic investment in the new Yokohama test center and falling sales.

As a result, both overall sales and profits in the Environmental Test Business dropped on year on year basis, particularly affected by the Product Sales and the Commissioned Tests and Facility Rental Businesses.

| | Year Ended March 31, 2008 (¥ million) | Year Ended March 31, 2009 (¥ million) | Rate of change (%) |
|------------------|--|--|-----------------------|
| Orders-Received | 30,711 | 24,894 | (18.9) |
| Net Sales | 30,463 | 25,911 | (14.9) |
| Operating Income | 2,914 | 747 | (74.4) |

<Electronic Device Business>

In FPD Device Business, despite the extremely tough business environment, such as the cancellation or postponement of capital investment by LCD manufacturers, orders and sales increased against the previous year, partially as a result of a positive first half of the year in deliveries of heat treatment equipment for glass substrates destined mainly for Taiwanese manufacturers. However, in terms of profits, despite efforts to reduce cost by promoting product standardization and localization, the cost ratios deteriorated, leading to operating losses, as a result of lower profitability through the customers' postponement and division of delivery times and losses on reevaluation of inventories.

In Semi-Conductor Equipment Business, despite efforts to strengthen sales, including in semi-conductor characterization systems, the trend towards freezing capital investment by semi-conductor manufacturers, which have seen excess inventories of semi-conductors and slumping memory prices, led to large year on year declines in both orders and sales. Operating income, which was greatly affected by falling sales, also fell year on year.

Consequently, Electronic Device Business as a whole saw falling orders and sales against the previous year as a result of the poor performance in the Semi-Conductor Equipment Business, and in terms of profits, an operating loss was recorded due to the slump of the FPD Device Business.

| | Year Ended March 31, 2008 (¥ million) | Year Ended March 31, 2009 (¥ million) | Rate of change (%) |
|----------------------------|--|--|-----------------------|
| Orders-Received | 9,141 | 6,294 | (31.1) |
| Net Sales | 9,590 | 8,208 | (14.4) |
| Operating Income (Loss) | 171 | (275) | |

<Other Business>

In Other Business, the Company promoted environmental engineering, such as forest and waterfront development and urban greening. A similar level of orders and sales to the previous year was obtained thanks to the contribution of stronger urban greening business, but operating income fell year on year as a result of increased selling, general and administrative expenses.

| | Year Ended March 31, 2008 (¥ million) | Year Ended March 31, 2009 (¥ million) | Rate of change (%) |
|------------------|--|--|-----------------------|
| Orders-Received | 1,049 | 1,104 | 5.2 |
| Net Sales | 1,002 | 980 | (2.2) |
| Operating Income | 43 | 39 | (10.9) |

(3) Performance outlook for full fiscal year

Although economic conditions are expected to bottom out thanks to economic stimulus measures and an easing of finance, the business environment faced by the Company is expected to remain both uncertain and difficult, with poor corporate revenues and challenging procurement of financing leading to a protracted trend towards production adjustments and investment restrictions, especially at automotive and electronics manufacturers.

The Group will make every effort to obtain profits and switch to a business structure that allows a flexible response to the difficult business environment, at the same time as continuing to promote downsizing through the dual perspectives of “reforming the business structure” and “reforming the profit structure”.

In preparation for the company’s next leap forward when economic conditions recover, we will work hard to strengthen our competitiveness, including the promotion of training from a medium-term perspective.

In Environmental Testing Business, we will work to improve the company’s global competitiveness. Within Japan, we will strengthen our partnerships with affiliated companies and agencies and our customer service system, and outside Japan we will strengthen our sales and service systems in priority overseas regions, especially in newly emerging economies, and launch strategic products on overseas markets. The entire company will make every effort to obtain profits by implementing thorough cost-cutting and improving production efficiency. At the same time, we will actively work towards the expansion of future profits by developing new technologies and new products through a stronger product development system and promote the creation of new business ideas.

In Electronic Device Business, we will make every effort to increase income from FPD Device Business by working to improve profitability through cost-cutting brought about by thorough standardization and reviews of design and procurement processes. In Semi-Conductor Equipment Business, a difficult business environment is expected to continue as a result of the stagnant semiconductor market, but we will work hard to achieve a positive business performance by promoting stronger sales of test systems, particularly in the fields of power devices and energy.

Given the above, we forecast sales of 28.0 billion yen and operating income of 200 million yen in the next fiscal year.

Forecast of Consolidated Operating Results for the Fiscal 2009 Ending March 31, 2010(April 1, 2009 ~ March 31, 2010) (% figures for the whole term are rates of change in comparison to last year)

| | Net Sales | | Operating Income (Loss) | | Ordinary Income (Loss) | | Net Income (Loss) | | Net Income Per Share |
|---|-----------|--------|-------------------------|--------|------------------------|--------|-------------------|---|----------------------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % | Yen |
| Fiscal 2009 1st Half, Ending September 30, 2009 | 12,000 | (34.8) | (700) | - | (600) | - | (700) | - | (29.50) |
| Full-term | 28,000 | (19.8) | 200 | (60.8) | 400 | (47.8) | 200 | - | 8.43 |

Forecast of Consolidated Operating Results by Segment (Full-term)

(Millions of Yen)

| | Orders-Received | Net Sales | Operating Income |
|-----------------------------|-----------------|-----------|------------------|
| Environmental Test Business | 22,700 | 22,200 | 300 |
| Electronic Device Business | 5,500 | 5,000 | (100) |
| Other Business | 900 | 900 | - |
| Elimination | (100) | (100) | - |
| Total | 29,000 | 28,000 | 200 |

2. Management Policy

(1) Basic policy for management of the company

The Group's mission statement is "To provide a more reliable living environment through services built on environmental creation technology". We believe firmly that growth of the Group in itself serves to achieve this mission, and that this also improves value exchangeability between the Group's various stakeholders, including its shareholders. As a full member of society, one of the Group's key management policies is "respect for social norms and respect for laws", and we regard improvements to value exchangeability as one of our management strategies. We aim to become a company which possesses "outstanding service as a result of its broad-ranging technology and a concentration of knowledge that creates a new level of expectation in our customers", as well as to become "a highly social company that quickly adapts to social change and people's wishes through sensitivity and dynamic preparation". We intend to implement ongoing improvements to corporate value.

(2) Management index target

The Group uses the ratio of operating income to sales as an important management index from the perspective of improving business growth and profitability.

(3) The company's medium to long-term management strategy and challenges facing the company

<Medium-term Management Plan>

At the beginning of the fiscal year under review, the Group revised its 5-year medium term management plan, the "ESPEC G-Company Plan" (2006 to 2010), establishing the period 2008 to 2010 (the second stage) as "Further improve the company's strength-Three years of qualitative growth" and setting a consolidated performance target for fiscal 2010 of "sales of at least 48.0 billion yen and operating income to sales of at least 10%". However, we have been forced to implement emergency measures to secure profits and to review our performance targets as a result of the rapid economic slowdown in the second half of the year.

In response to this situation, we have outlined a management policy of "Implementing changes to restructure the management base and prepare for the next leap forwards", and we plan to implement "reforming the business structure" and "reforming of the profit structure". In this way, we shall secure profits by strengthening the management base and switching to a business structure that allows a flexible response to changes in the external environment. We will also implement training with the aim of bringing about growth in the medium term.

The challenges facing the company, including downsizing measures currently under implementation, are as follows.

■ Reforming the business structure

From April 2009, we concentrated the production, sales and technological functions, which were being duplicated by different areas of the business, by implementing structural reforms to create a business structure organized according function. In the future, we will improve efficiency and streamline management systems by strengthening the headquarters' function and promoting the optimum placement of human resources, with the aim of improving manageability, including more flexible decision-making and improved business conduct. Through these structural reforms, we aim to build a business portfolio that fits market conditions by accelerating the strategic shift of management resources away from equipment manufacturing business, which is particularly cyclical and currently has low profitability, towards testing and equipment characterization business, with a focus on environmental testing.

■ Reforming the profit structure

Through the elimination and consolidation of offices implemented in the fiscal year under review, it will become possible to implement optimum placement of personnel in line with fluctuating production volumes and to promote an expansion in self-manufacture, at the same time as implementing cost-cutting and improvements in sales and production efficiency. Moreover, by the compression of personnel expenses and thoroughgoing cost cutting, we shall work towards improving profits.

■ Preparations for the next leap forward

In preparation for the company's next leap forward when economic conditions recover, we will work hard to strengthen our competitiveness by strengthening our ability to provide a customized response in the environmental and energy markets and providing training to encourage growth and development in new products and new business development.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2008 | As of March 31, 2009 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,461 | 5,838 |
| Notes and accounts receivable-trade | 15,795 | 12,603 |
| Short-term investment securities | 1,649 | 1,500 |
| Inventories | 3,314 | - |
| Merchandise and finished goods | - | 279 |
| Work in process | - | 1,915 |
| Raw materials and supplies | - | 1,090 |
| Deferred tax assets | 521 | 381 |
| Other | 2,201 | 1,813 |
| Allowance for doubtful accounts | (26) | (28) |
| Total current assets | 28,916 | 25,395 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Building and structure | 9,155 | 8,986 |
| Accumulated depreciation | (4,992) | (5,211) |
| Buildings and structures , net | 4,162 | 3,774 |
| Machinery, equipment and vehicles | 1,130 | 1,058 |
| Accumulated depreciation | (809) | (822) |
| Machinery, equipment and vehicles , net | 321 | 235 |
| Tools, furniture and fixtures | 3,729 | 3,250 |
| Accumulated depreciation | (3,005) | (2,775) |
| Tools, furniture and fixtures , net | 724 | 474 |
| Land | 4,462 | 4,429 |
| Lease assets | - | 94 |
| Accumulated depreciation | - | (19) |
| Lease assets , net | - | 75 |
| Construction in progress | 3 | 12 |
| Total property, plant and equipment | 9,674 | 9,003 |
| Intangible assets | | |
| Other | 1,073 | 681 |
| Total Intangible assets | 1,073 | 681 |
| Investments and other assets | | |
| Investment securities | 2,471 | 1,717 |
| Deferred tax assets | 192 | 738 |
| Other | 1,670 | 1,376 |
| Allowance for doubtful accounts | (188) | (192) |
| Total investments and other assets | 4,145 | 3,639 |
| Total noncurrent assets | 14,893 | 13,324 |
| Total assets | 43,810 | 38,719 |

(Millions of yen)

| | As of March 31, 2008 | As of March 31, 2009 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 6,719 | 4,480 |
| Short-term loans payable | 421 | 539 |
| Current portion of long-term loans payable | 36 | 11 |
| Income taxes payable | 251 | 76 |
| Provision for bonuses | 523 | 262 |
| Provision for directors' bonuses | 31 | 3 |
| Provision for product warranties | 244 | 194 |
| Other | 2,161 | 1,977 |
| Total current liabilities | <u>10,390</u> | <u>7,545</u> |
| Noncurrent liabilities | | |
| Long-term loans payable | 416 | 207 |
| Deferred tax liabilities | 78 | 56 |
| Provision for retirement benefits | 130 | 80 |
| Provision for directors' retirement benefits | 85 | 59 |
| Negative goodwill | 91 | 58 |
| Deferred tax liabilities for land revaluation | 722 | 719 |
| Other | 766 | 781 |
| Total noncurrent liabilities | <u>2,292</u> | <u>1,961</u> |
| Total liabilities | <u>12,682</u> | <u>9,506</u> |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 6,884 | 6,895 |
| Capital surplus | 7,161 | 7,172 |
| Retained earnings | 17,741 | 16,694 |
| Treasury stock | (52) | (53) |
| Total shareholders' equity | <u>31,734</u> | <u>30,710</u> |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 95 | (15) |
| Revaluation reserve for land | (818) | (824) |
| Foreign currency translation adjustment | (70) | (820) |
| Total valuation and translation adjustments | <u>(793)</u> | <u>(1,660)</u> |
| Minority interests | 187 | 162 |
| Total net assets | <u>31,127</u> | <u>29,212</u> |
| Total liabilities and net assets | <u>43,810</u> | <u>38,719</u> |

(2) Consolidated Statements of Income

(Millions of yen)

| | Year Ended March 31, 2008 | Year Ended March 31, 2009 |
|--|---------------------------|---------------------------|
| Net sales | 40,918 | 34,914 |
| Cost of sales | 27,188 | 24,469 |
| Gross profit | 13,730 | 10,445 |
| Selling, general and administrative expenses | | |
| Salaries and allowances | 2,986 | 2,674 |
| Development and research expenses | 1,988 | 1,506 |
| Provision for bonuses | 173 | 79 |
| Provision for product warranties | 227 | 182 |
| Commission fee | 789 | 1,305 |
| Provision for directors' bonuses | 31 | 3 |
| Other | 4,402 | 4,184 |
| Total selling, general and administrative expenses | 10,600 | 9,935 |
| Operating income | 3,129 | 509 |
| Non-operating income | | |
| Interest income | 37 | 62 |
| Dividends income | 118 | 54 |
| Equity in earnings of affiliates | 171 | 150 |
| Other | 126 | 149 |
| Total non-operating income | 454 | 416 |
| Non-operating expenses | | |
| Interest expenses | 31 | 48 |
| Commission fee | 9 | 5 |
| Loss on abandonment of inventories | 118 | - |
| Loss on new business development | 219 | - |
| Foreign exchange losses | 137 | 67 |
| Other | 96 | 37 |
| Total non-operating expenses | 613 | 159 |
| Ordinary income | 2,971 | 766 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | - | 0 |
| Reversal of allowance for doubtful accounts | 2 | - |
| Gain on sales of investment securities | 6 | 0 |
| Gain on transition of retirement benefit plan | 102 | - |
| Other | 0 | - |
| Total extraordinary income | 112 | 0 |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 78 | 409 |
| Loss on valuation of investment securities | 255 | 592 |
| Provision of allowance for doubtful accounts | 109 | - |
| Impairment loss | 496 | 130 |
| Business structure improvement expenses | - | 196 |
| Other | 193 | 43 |
| Total extraordinary losses | 1,134 | 1,373 |
| Income (loss) before income taxes and minority interests | 1,948 | (605) |
| Income taxes-current | 472 | 293 |
| Income taxes-deferred | 227 | (356) |
| Total income taxes | 699 | (63) |
| Minority interests in income | 32 | 19 |
| Net income(loss) | 1,216 | (561) |

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

| | Year Ended March 31, 2008 | Year Ended March 31, 2009 |
|--|------------------------------|------------------------------|
| Shareholders' equity | | |
| Capital stock | | |
| Balance at the end of previous period | 6,837 | 6,884 |
| Changes of items during the period | | |
| Issuance of new shares-exercise of subscription rights to shares | 46 | 11 |
| Total changes of items during the period | 46 | 11 |
| Balance at the end of current period | 6,884 | 6,895 |
| Capital surplus | | |
| Balance at the end of previous period | 7,115 | 7,161 |
| Changes of items during the period | | |
| Issuance of new shares-exercise of subscription rights to shares | 46 | 11 |
| Disposal of treasury stock | 0 | (0) |
| Total changes of items during the period | 46 | 11 |
| Balance at the end of current period | 7,161 | 7,172 |
| Retained earnings | | |
| Balance at the end of previous period | 17,048 | 17,741 |
| Changes of items during the period | | |
| Dividends from surplus | (544) | (498) |
| Net income (loss) | 1,216 | (561) |
| Other | 20 | 13 |
| Total changes of items during the period | 692 | (1,046) |
| Balance at the end of current period | 17,741 | 16,694 |
| Treasury stock | | |
| Balance at the end of previous period | (51) | (52) |
| Changes of items during the period | | |
| Purchase of treasury stock | (0) | (0) |
| Disposal of treasury stock | 0 | 0 |
| Total changes of items during the period | (0) | (0) |
| Balance at the end of current period | (52) | (53) |
| Total shareholders' equity | | |
| Balance at the end of previous period | 30,949 | 31,734 |
| Changes of items during the period | | |
| Issuance of new shares-exercise of subscription rights to shares | 92 | 23 |
| Dividends from surplus | (544) | (498) |
| Net income (loss) | 1,216 | (561) |
| Purchase of treasury stock | (0) | (0) |
| Disposal of treasury stock | 0 | 0 |
| Other | 20 | 13 |
| Total changes of items during the period | 784 | (1,023) |
| Balance at the end of current period | 31,734 | 30,710 |

(Millions of yen)

| | Year Ended March 31, 2008 | Year Ended March 31, 2009 |
|--|------------------------------|------------------------------|
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | | |
| Balance at the end of previous period | 374 | 95 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (279) | (110) |
| Total changes of items during the period | (279) | (110) |
| Balance at the end of current period | 95 | (15) |
| Revaluation reserve for land | | |
| Balance at the end of previous period | (32) | (818) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (785) | (5) |
| Total changes of items during the period | (785) | (5) |
| Balance at the end of current period | (818) | (824) |
| Foreign currency translation adjustment | | |
| Balance at the end of previous period | 64 | (70) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (135) | (750) |
| Total changes of items during the period | (135) | (750) |
| Balance at the end of current period | (70) | (820) |
| Minority interests | | |
| Balance at the end of previous period | 179 | 187 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 7 | (24) |
| Total changes of items during the period | 7 | (24) |
| Balance at the end of current period | 187 | 162 |
| Total net assets | | |
| Balance at the end of previous period | 31,536 | 31,127 |
| Changes of items during the period | | |
| Issuance of new shares-exercise of subscription rights to shares | 92 | 23 |
| Dividends from surplus | (544) | (498) |
| Net income (loss) | 1,216 | (561) |
| Purchase of treasury stock | (0) | (0) |
| Disposal of treasury stock | 0 | 0 |
| Other | 20 | 13 |
| Net changes of items other than shareholders' equity | (1,192) | (891) |
| Total changes of items during the period | (408) | (1,914) |
| Balance at the end of current period | 31,127 | 29,212 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | Year Ended March 31, 2008 | Year Ended March 31, 2009 |
|--|------------------------------|------------------------------|
| Net cash provided by (used in) operating activities | | |
| Income (loss) before income taxes and minority interests | 1,948 | (605) |
| Depreciation and amortization | 1,124 | 1,112 |
| Impairment loss | 496 | 130 |
| Increase (decrease) in allowance for doubtful accounts | 120 | 12 |
| Increase (decrease) in provision for retirement benefits | (228) | (44) |
| Increase (decrease) in provision for directors' bonuses | (21) | (28) |
| Increase (decrease) in provision for directors' retirement benefits | 85 | (26) |
| Loss (gain) on valuation of investment securities | - | 592 |
| Interest and dividends income | (156) | (117) |
| Interest expenses | 31 | 48 |
| Loss (gain) on sales of securities | (2) | 9 |
| Equity in (earnings) losses of affiliates | (171) | (150) |
| Business structure improvement expenses | - | 196 |
| Decrease (increase) in notes and accounts receivable-trade | 1,989 | 2,909 |
| Decrease (increase) in inventories | (184) | (162) |
| Increase (decrease) in notes and accounts payable-trade | (990) | (2,110) |
| Other, net | 319 | (34) |
| Subtotal | 4,361 | 1,732 |
| Interest and dividends income received | 213 | 221 |
| Interest expenses paid | (30) | (48) |
| Income taxes (paid) refund | (1,508) | 32 |
| Net cash provided by (used in) operating activities | 3,036 | 1,937 |
| Net cash provided by (used in) investing activities | | |
| Payments into time deposits | (506) | (584) |
| Proceeds from withdrawal of time deposits | 250 | 930 |
| Purchase of trust beneficiary right | - | (1,028) |
| Proceeds from redemption of trust beneficiary right | - | 411 |
| Purchase of property, plant and equipment and intangible assets | (1,024) | (675) |
| Proceeds from sales of property, plant and equipment and intangible assets | - | 294 |
| Purchase of investment securities | (77) | (105) |
| Proceeds from sales and redemption of investment securities | 154 | 23 |
| Payments of loans receivable | (3) | (3) |
| Collection of loans receivable | 3 | 6 |
| Other, net | 117 | 100 |
| Net cash provided by (used in) investing activities | (1,085) | (630) |
| Net cash provided by (used in) financing activities | | |
| Increase in short-term loans payable | 977 | 1,258 |
| Decrease in short-term loans payable | (927) | (1,055) |
| Repayment of long-term loans payable | (60) | (168) |
| Cash dividends paid | (541) | (495) |
| Cash dividends paid to minority shareholders | (28) | (22) |
| Purchase of treasury stock | (0) | (0) |
| Proceeds from disposal of treasury stock | 0 | 0 |
| Proceeds from issuance of common stock | 92 | 23 |
| Other, net | - | (22) |
| Net cash provided by (used in) financing activities | (488) | (483) |
| Effect of exchange rate change on cash and cash equivalents | (70) | (299) |
| Net increase (decrease) in cash and cash equivalents | 1,391 | 524 |
| Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries | - | 78 |
| Cash and cash equivalents at beginning of period | 5,538 | 6,930 |
| Cash and cash equivalents at end of period | 6,930 | 7,533 |