

Summary of Financial Statements for the Third Quarter of the Fiscal Year Ending March 2009

February 12, 2009

Listed Company Name: KROSAKI HARIMA CORPORATION
 Listed on the Tokyo Stock Exchange and the Fukuoka Stock Exchange
 Securities Code: 5352 URL: <http://www.krosaki.co.jp/>
 Representative: Hideki Furuno, President

Scheduled date of submitting the quarterly financial statements: February 13, 2009

(Figures shown are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 2009 (April 1, 2008, to December 31, 2008)

(1) Consolidated Business Results (The percentages indicate the rates of increase or decrease compared with the preceding fiscal year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q FY Ending March 2009	77,197	--	3,507	--	2,986	--
3Q FY Ending March 2008	70,650	4.3	3,929	(17.4)	4,002	(18.5)

	Net income (loss)		Net income (loss) per share		Diluted net income per share	
	Millions of yen	%	Yen	Yen	Yen	Yen
3Q FY Ending March 2009	(4,604)	--	(52.25)	--	--	--
3Q FY Ending March 2008	2,481	(27.9)	27.83	--	--	--

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2008	85,931	26,219	29.1	295.96
March 31, 2008	79,017	33,245	40.7	362.66

Reference: Equity capital was ¥25,005 million as of December 31 2008, and ¥32,142 million as of March 31, 2008.

2. Dividends

(Record date)	Dividend per share				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
FY Ending March 2008	--	0.00	--	5.00	5.00
FY Ending March 2009	--	0.00	--	--	--
FY Ending March 2009 (Forecast)	--	--	--	5.00	5.00

Note: Revision of the above forecasts was not made in 3Q FY ending March 2009.

3. Forecast of Consolidated Business Results for the Year Ending March 31, 2009 (April 1, 2008, to March 31, 2009)

(The percentages indicate the rates of increase or decrease compared with the preceding fiscal year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	96,000	0.7	3,300	(33.9)	3,000	(37.4)

	Net income (loss)		Net income (loss) per share	
	Millions of yen	%	Yen	Yen
Full year	(4,500)	-	(50.99)	--

Note: Revision of the above forecasts was not made in 3Q FY ending March 2009.

4. Other Information

- (1) Changes in important subsidiaries involving a change in the scope of consolidation during the period: None
- (2) Adoption of simplified accounting methods and specific methods for quarterly accounting: Yes
For details, see "4. Other Information" on page 4 under the heading of Qualitative Information/Financial Statements.
- (3) Changes in accounting policies and procedures and the method of presentation for preparing quarterly consolidated financial statements (those stated in "Changes in Basis of Presentation of Quarterly Consolidated Financial Statements")
1. Changes associated with the revision of accounting standards: Yes
 2. Changes other than the above: Yes
- For details, see "4. Other Information" on page 4 under the heading of Qualitative Information/Financial Statements.
- (4) Number of shares issued and outstanding (common stock)
1. Number of shares issued and outstanding as of the period-end (including treasury shares):
3Q FY ending March 2009: 91,145,280 FY ending March 2008: 91,145,280
 2. Number of treasury shares as of the period-end:
3Q FY ending March 2009: 6,655,236 FY ending March 2008: 2,515,865
 3. Average number of shares outstanding:
3Q FY ending March 2009: 88,136,741 3Q FY ending March 2008: 89,443,659

Note: Statement regarding the proper use of financial forecasts and other special remarks:

- The above forecasts are based on certain assumptions available at present. Please understand that actual results may differ from those forecasts, depending on changes in business circumstances that may happen in the future. For details of the forecasts of business results, see "3. Qualitative Information on the Consolidated Performance Forecasts" on page 4 under the heading of Qualitative Information/Financial Statements.
- Effective from the fiscal year ending March 31, 2009, the Company has adopted the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12) and the Guidance on the Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). The Company prepares its quarterly consolidated financial statements in accordance with the "Regulations for Quarterly Consolidated Financial Statements."

Qualitative Information/Financial Statements

1. Qualitative Information on the Consolidated Business Performance

The Company's consolidated net sales for the nine months ended December 31, 2008, increased from the same period of the previous fiscal year to ¥77,197 million, despite a decrease in sales of refractories for overseas markets due to the rapid appreciation of yen arising from the worldwide financial crisis.

However, consolidated operating income decreased to ¥3,507 million and consolidated ordinary income fell to ¥2,986 million, affected by a continued rise in refractory material and procurement prices.

The Company reported a net loss of ¥4,604 million for the period under review, reflecting the above decreases in income and a loss on the revaluation of investment securities as a result of the impairment of the listed stock held by the Company. The net loss per share was ¥52.25.

Consolidated business performance by industry segment was as follows.

[Refractories]

The Refractories segment's net sales for the nine months ended December 31, 2008, were ¥58,534 million, and operating income was ¥3,299 million, reflecting a decrease in sales of refractories for overseas markets due to the rapid appreciation of yen and a continued rise in refractory material and procurement prices.

[Furnace Construction]

Owing to the completion of a large project, the Furnace Construction segment's net sales were ¥12,564 million and operating income was ¥934 million.

[Advanced Ceramics]

Due to the continued deterioration of the semiconductor manufacturing equipment market, a leading user of the Kurosaki Harima Group's ceramics products, the Advanced Ceramics segment's net sales were ¥3,142 million and operating income was ¥35 million.

[Real Estate]

The Real Estate segment's net sales were ¥760 million, and operating income was ¥219 million.

[Others]

As continued stagnation of investments in housing and other construction decreased sales of building and landscape materials, the Others segment's net sales were ¥2,194 million and operating income was ¥88 million.

Consolidated business performance by geographical segment was as follows.

[Japan]

The Group's net sales in Japan were ¥72,446 million, and operating income was ¥2,573 million.

[Other Regions]

The Group's net sales in areas other than Japan were ¥9,715 million, and operating income was ¥975 million.

2. Qualitative Information on the Consolidated Financial Position

The Group's consolidated total assets at the end of the third quarter of the fiscal year ending March 31, 2009, increased ¥6,913 million from the previous year-end to ¥85,931 million.

Current assets increased ¥5,547 million to ¥47,276 million, due to sales from a large construction

project, an increase in inventories and an increase in accounts receivable, as the end of the third quarter was a bank holiday. Fixed assets increased ¥1,366 million to ¥38,655 million, primarily due to an increase in construction in progress.

Current liabilities increased ¥15,195 million to ¥42,865 million, mostly due to an increase in short-term debt and an increase in accounts payable, as the end of the third quarter was a bank holiday. Long-term liabilities decreased ¥1,255 million to ¥16,846 million, primarily due to a decline in deposits received.

Net assets decreased ¥7,026 million to ¥26,219 million, reflecting a decrease in earned surplus due to the net loss reported as of the end of the third quarter, the purchase of treasury shares according to a resolution by the Board of Directors and a decrease in the net unrealized gain on available-for-sale securities due to a fall in the prices of shares held by the Group.

As a result, the Group's equity ratio at the end of the third quarter of the fiscal year ending March 31, 2009, was 29.1%.

The net assets per share decreased from ¥362.66 at the previous year-end to ¥295.96.

3. Qualitative Information on the Consolidated Performance Forecasts

Including a decline in demand for refractories resulting from a significant fall in crude steel output, the Group's business environments have quickly deteriorated, forcing us to recognize a loss on the revaluation of investment securities due to the impairment of the listed shares held by the Company. As a result, the Group's full-year consolidated performance forecasts released on May 15, 2008, were revised downward on January 5, 2009.

4. Other Information

(1) Changes in important subsidiaries involving a change in the scope of consolidation during the period

None

(2) Adoption of simplified accounting methods and specific methods for quarterly accounting

1) Simplified accounting methods

(i) Calculation of estimated loss on ordinary receivables

Because it was recognized that the credit loss ratio at the end of the third quarter of the fiscal year ending March 2009 did not significantly vary from the credit loss ratio at the end of the previous fiscal year, the loss on ordinary receivables for the third quarter of the fiscal year ending March 2009 was estimated using the credit loss ratio at the end of the previous fiscal year.

(ii) Valuation of inventories

For the valuation of inventories at the end of the third quarter of the fiscal year ending March 2009, a physical inventory was omitted and a reasonable calculation method based on the actual inventories at the end of the previous fiscal year or the end of the first half of the fiscal year ending March 2009 was applied.

(iii) Calculation of depreciation and amortization of fixed assets

With regard to the fixed assets that are depreciated or amortized by the declining-balance method, the depreciation and amortization expenses pertaining to the consolidated fiscal year are calculated using the method of dividing up the fiscal year into periods.

(iv) Calculation of income taxes and deferred tax assets and liabilities

Calculation of income taxes was limited to major taxable additions and subtractions and tax credits.

The recoverability of deferred tax assets was assessed based on the projections of future performance and the tax planning that were used in the previous fiscal year and significant changes made subsequently.

2. Specific methods for quarterly accounting

None

(3) Changes in accounting policies and procedures and the method of presentation for preparing quarterly consolidated financial statements

1. Adoption of the Accounting Standard for Quarterly Financial Reporting, etc.

Effective from the fiscal year ending March 2009, the Company adopted the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12) and the Guidance on the Accounting Standard for Quarterly Reporting (ASBJ Guidance No. 14). The Company prepares its quarterly consolidated financial statements in accordance with the “Regulations for Quarterly Consolidated Financial Statements.”

2. Changes in accounting policies and procedures

(i) Adoption of the Accounting Standard for Measurement of Inventories

Effective from the first quarter of the fiscal year ending March 2009, the Company adopted the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 issued on July 5, 2006). As a result, the valuation method for inventories has changed from “stated at cost” to “stated at cost, with write-downs according to decreased profitability of assets.”

This change resulted in a decrease of ¥101 million each in gross profit, operating income, and ordinary income and an increase of ¥101 million in net income before income taxes and minority interests compared with the results that would have been obtained under the previous valuation method.

The effects of this change to segment information are stated in the applicable notes.

(ii) Adoption of the Practical Solution on the Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective from the first quarter of the fiscal year ending March 2009, the Company adopted the Practical Solution on the Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (Practical Issues Task Force No. 18 issued by ASBJ on May 17, 2006).

This adoption had no effect on operating income, ordinary income and net income before income taxes and minority interests.

This adoption had no effect on segment information.

(iii) Change in the method of depreciation

Effective from the third quarter of the fiscal year ending March 31, 2009, the Company adopted the declining balance method, instead of the straight-line method, for the depreciation of some of the tangible fixed assets within the premises of a user associated with the Furnace Construction business.

According to an amendment of contract with that user during the third quarter of the fiscal year ending March 31, 2009, it was concluded that the declining balance

depreciation method could better reflect the period's profit and loss relating to the relevant tangible fixed assets acquired in and after said period.

This change had a negligible effect on the Company's consolidated operating income, ordinary income and income before income taxes and minority interests for the nine months ended December 31, 2008. This change had no effect on the Company's consolidated operating income, ordinary income and income before income taxes and minority interests for the six months ended September 30, 2008.

The effects of this change to segment information are stated in the applicable notes.

(Additional Information)

1. Changes in the useful life of tangible fixed assets

The useful life of the Company's machinery and equipment has been changed from 11 years to nine years, as a result of reviewing the reasonable estimates of useful economic life.

Regarding the machinery and equipment of the Company's domestic consolidated subsidiaries, the Company reviewed the use of such assets in response to the 2008 revision to the Corporation Tax Law, and changed the useful life of tangible fixed assets, effective from the first quarter of the fiscal year ending March 2009.

This change decreased gross profit by ¥177 million and operating income and ordinary income each by ¥188 million, and increased net income before income taxes and minority interests by 188 million, compared with the results that would have been obtained with the previous useful lives.

The effects of this change to segment information are stated in the applicable notes.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY Ending March 2009 Third Quarter (As of December 31, 2008)	Condensed Balance Sheet for FY Ending March 2008 (As of March 31, 2008)
ASSETS		
Current assets:		
Cash and deposits	2,184	2,572
Notes and accounts receivable	23,907	20,662
Marketable securities	1	209
Commodities and products	8,864	7,383
Work in progress	3,450	3,250
Raw materials and supplies	6,612	5,055
Deferred tax assets	920	1,111
Other current assets	1,387	1,537
Allowance for doubtful accounts	(53)	(54)
Total current assets	47,276	41,729
Fixed assets:		
Tangible fixed assets:		
Buildings and structures	33,959	33,828
Accumulated depreciation	(22,959)	(22,472)
Buildings and structures (net)	10,999	11,355
Machinery, equipment and vehicles	50,703	52,205
Accumulated depreciation	(41,207)	(41,911)
Machinery, equipment and vehicles (net)	9,495	10,293
Tools, furniture and fixtures	3,541	3,569
Accumulated depreciation	(2,744)	(2,664)
Tools, furniture and fixtures (net)	797	904
Land	7,272	7,291
Construction in progress	2,489	453
Total tangible fixed assets	31,054	30,299
Intangible fixed assets:		
Goodwill	131	174
Other intangible fixed assets	297	326
Total intangible fixed assets	428	501
Investments and other assets:		
Investment in securities	4,240	4,440
Long-term loans	226	105
Deferred tax assets	197	109
Other investments and other assets	2,730	2,057
Allowance for doubtful accounts	(222)	(224)
Total investments and other assets	7,172	6,487
Total fixed assets	38,655	37,288
Total assets	85,931	79,017

(Millions of yen)

	FY Ending March 2009 Third Quarter (As of December 31, 2008)	Condensed Balance Sheet for FY Ending March 2008 (As of March 31, 2008)
LIABILITIES		
Current liabilities:		
Notes and accounts payable	21,937	16,553
Short-term debt	14,062	3,598
Accrued expenses	1,798	2,371
Accrued income taxes, etc.	287	393
Accrued business office taxes	92	120
Accrued consumption taxes, etc.	149	235
Reserve for bonuses	985	1,954
Deferred tax liabilities	37	0
Other current liabilities	3,516	2,441
Total current liabilities	42,865	27,669
Long-term liabilities:		
Long-term debt	8,800	8,830
Deferred tax liabilities	719	1,258
Reserve for employees' retirement benefits	793	839
Reserve for officers' retirement benefits	320	278
Allowance for product warranty	46	40
Long-term deposits received	4,930	5,577
Negative goodwill	1,096	1,244
Other long-term liabilities	140	32
Total long-term liabilities	16,846	18,102
Total liabilities	59,712	45,772
NET ASSETS		
Shareholders' equity:		
Capital	5,537	5,537
Capital surplus	5,138	5,138
Earned surplus	15,369	20,423
Treasury stock	(1,540)	(702)
Total shareholders' equity	24,504	30,397
Valuation and translation adjustments:		
Net unrealized gain on available-for-sale securities	497	1,273
Deferred gain (loss) on hedging transactions	(122)	(10)
Foreign currency translation adjustments	126	481
Total valuation and translation adjustments	500	1,744
Minority interests	1,213	1,103
Total net assets	26,219	33,245
Total liabilities and net assets	85,931	79,017

(2) Quarterly Consolidated Statement of Income

(Millions of yen)

	FY Ending March 2009 Third Quarter (April 1, 2008, to December 31, 2008)
Net sales	77,197
Cost of sales	63,748
Gross profit	13,448
Selling, general and administrative expenses	9,941
Operating income	3,507
Non-operating income:	
Interest income	12
Dividend income	95
Amortization of goodwill	147
Equity in earnings of subsidiaries and affiliated companies	71
Other income	148
Total non-operating income	474
Non-operating expenses:	
Interest expense	224
Loss on transfer of receivables	184
Currency translation loss	414
Other expenses	172
Total non-operating expenses	995
Ordinary income	2,986
Special income:	
Gain on the previous fiscal term adjustment	10
Gain on sale of fixed assets	199
Gain on disposal of fixed assets	75
Gain on elimination of cross-held shares	34
Other income	35
Total special income	355
Special losses:	
Loss on the previous fiscal term adjustment	30
Loss on retirement of fixed assets	260
Loss on sale of fixed assets	1
Loss on revaluation of investment securities	5,954
Impairment loss	4
Advisory fee	83
Environmental measures	558
Other special losses	18
Total special losses	6,912
Income (Loss) before income taxes and minority interests	(3,570)
Income taxes	557
Prior-period income taxes	159
Deferred income taxes	195
Total income taxes	911
Minority interests	122
Net income (loss)	(4,604)

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	FY Ending March 2009 Third Quarter (April 1, 2008, to December 31, 2008)
Cash flows from operating activities:	
Income (Loss) before income taxes and minority interests	(3,570)
Depreciation	3,492
Impairment loss	4
Amortization of goodwill	43
Amortization of negative goodwill	(147)
Depreciation of long-term accrued expenses	21
Increase (Decrease) in allowance for doubtful accounts	2
Increase (Decrease) in allowance for bonuses	(969)
Increase (Decrease) in allowance for employees' retirement benefits	(46)
Increase (Decrease) in other allowances	47
Interest and dividend income	(107)
Interest payment	224
Currency translation (gain) loss	3
Equity in (earnings) loss of subsidiaries and affiliated companies	(71)
(Gain) Loss on the previous fiscal term adjustment	20
Loss on retirement of tangible fixed assets	260
(Gain) Loss on sale of tangible fixed assets	(198)
Advisory fee	83
(Gain) Loss on elimination of cross-held shares	(34)
(Increase) Decrease in accounts receivable	(3,475)
(Increase) Decrease in inventories	(3,527)
Increase (Decrease) in accounts payable	5,825
Loss (Gain) on revaluation of investment securities	5,954
Others	(235)
Subtotal	3,600
Interest and dividends received	122
Interest paid	(222)
Income taxes paid	(702)
Net cash used in operating activities	2,797
Cash flows from investing activities:	
Payments into time deposits	(1)
Proceeds from repayment of time deposits	18
Payments for purchases of tangible fixed assets	(4,390)
Proceeds from sale of tangible fixed assets	198
Payments for retirement of tangible fixed assets	(192)
Payments for purchases of intangible fixed assets	(13)
Payments for purchases of investment securities	(7,445)
Payments for investments in affiliated companies	(107)
Payments for providing loans	(66)
Proceeds from collection of loans	3
Proceeds from land expropriation	68
Advisory fee payments	(67)
Others	70
Net cash used in investing activities	(11,926)
Cash flows from financing activities:	
Proceeds from short-term borrowing	10,643
Payments for repayment of long-term debt	(117)
Payments for refunding deposits	(649)
Payments for purchases of treasury stock	(837)
Cash dividends paid	(440)
Dividends paid to minority shareholders	(3)
Others	(3)
Net cash provided by financing activities	8,591
Effect of exchange rate changes on cash and cash equivalents	(42)
Increase (Decrease) in cash and cash equivalents	(579)
Cash and cash equivalents at the beginning of the year	2,766
Increase in cash and cash equivalents due to a merger with non-consolidated subsidiaries	44
Cash and cash equivalents at the end of the term	2,231

Effective from the fiscal year ending March 31, 2009, the Company has adopted the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12) and the Guidance on the Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). The Company prepares its quarterly consolidated financial statements in accordance with the “Regulations for Quarterly Consolidated Financial Statements.”

(4) Notes on the premise of a going concern

Third Quarter of Fiscal Year Ending March 2009 (from October 1, 2008, to December 31, 2008):

None.

(5) Segment Information

[Business Segment Information]

Third Quarter of Fiscal Year Ending March 2009 (from April 1, 2008, to December 31, 2008):

(Millions of yen)

	Refractories	Furnace Construction	Advanced Ceramics	Real Estate	Others	Total	Eliminations/ Corporate	Consolidated
Net sales	58,534	12,564	3,142	760	2,194	77,197	--	77,197
Operating income (loss)	3,299	934	35	219	88	4,576	(1,068)	3,507

Notes:

- (1) Business segments were determined according to the categorization of sales.

(2) Primary sources of income in each segment:

 - Refractories: sale of refractory materials and technological know-how
 - Furnace Construction: work of furnace construction and related services, and sale of equipment
 - Advanced Ceramics: sale of fine ceramics for various industries
 - Real Estate: rent on real estate
 - Others: sale of landscape materials, lime products and building materials
- Until the previous year, income from technological know-how had been included in the segment of Furnace Construction because it involves the supply of services. Effective from the first quarter of the fiscal year ending March 2009, it is counted as income in the Refractories segment because the licensing of refractories manufacturing technologies, including the equity participation in MAGNESITA REFRATARIOS, is expected to have an increasing importance. This change increased net sales and operating income of the Refractories segment by ¥554 million and ¥513 million, respectively, while decreasing the net sales and operating income of the Furnace Construction segment by the same amounts, compared with the results that would have been obtained under the previous categorization.
- As stated in “Changes in accounting policies and procedures and the method of presentation for preparing quarterly consolidated financial statements,” the Company adopted the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 issued on July 5, 2006), effective from the first quarter of the fiscal year ending March 2009, and changed the valuation method for inventories from “stated at cost” to “stated at cost, with write-downs according to decreased profitability of assets.”

As a result, operating income of the Refractories segment decreased ¥101 million compared with the amount that would have been obtained under the previous valuation method.
- As stated in “Changes in accounting policies and procedures and the method of presentation for preparing the quarterly consolidated financial statements,” the Company adopted the declining balance method, instead of the straight-line method, for the depreciation of some of the tangible fixed assets within the premises of a user associated with the Furnace Construction business, effective from the third quarter of the fiscal year ending March 31, 2009.

According to an amendment of contract with that user during the third quarter of the fiscal year ending March 31, 2009, it was concluded that the declining balance depreciation method could better reflect the period’s profit and loss relating to the relevant tangible fixed assets acquired in and after said period.

This change had a negligible effect on the segment’s operating income for the nine months ended December 31, 2008. This change had no effect on the segment’s operating income for the six months ended September 30, 2008.
- As stated in “Additional Information,” the Company changed the useful life of its machinery and equipment from

11 years to nine years, as a result of reviewing the reasonable estimates of useful economic life. Regarding the machinery and equipment of the Company's domestic consolidated subsidiaries, the Company reviewed the use of such assets in response to the 2008 revision to the Corporation Tax Law and changed the useful life of tangible fixed assets, effective from the first quarter of the fiscal year ending March 2009. This change decreased operating income by ¥157 million in the Refractories segment, ¥0 million in the Furnace Construction segment, ¥13 million in the Advanced Ceramics million and ¥11 million in the Others segment compared with the results that would have been obtained with the previous useful lives.

[Geographical Segment Information]

Third Quarter of Fiscal Year Ending March 2009 (from April 1, 2008, to December 31, 2008):

(Millions of yen)

	Japan	Other Regions	Total	Eliminations/ Corporate	Consolidated
Net sales	72,446	9,715	82,162	(4,965)	77,197
Operating income	2,573	975	3,548	(41)	3,507

Notes:

- Geographical segments were determined by the mutual relevance of business operations.
- Major nations or regions included in "Other Regions": China, Spain and the United States
- As stated in "Changes in accounting policies and procedures and the method of presentation for preparing quarterly consolidated financial statements," the Company adopted the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 issued on July 5, 2006), effective from the first quarter of the fiscal year ending March 2009, and changed the valuation method for inventories from "stated at cost" to "stated at cost, with write-downs according to decreased profitability of assets."
As a result, operating income of the Japan segment decreased ¥101 million compared with the amount that would have been obtained under the previous valuation method.
- As stated in "Changes in accounting policies and procedures and the method of presentation for preparing the quarterly consolidated financial statements," the Company adopted the declining balance method, instead of the straight-line method, for the depreciation of some of the tangible fixed assets within the premises of a user associated with the Furnace Construction business, effective from the third quarter of the fiscal year ending March 31, 2009.
According to an amendment of contract with that user during the third quarter of the fiscal year ending March 31, 2009, it was concluded that the declining balance depreciation method could better reflect the period's profit and loss relating to the relevant tangible fixed assets acquired in and after said period.
This change had a negligible effect on the Japan segment's operating income for the nine months ended December 31, 2008. This change had no effect on the segment's operating income for the six months ended September 30, 2008.
- As stated in "Additional Information," the Company changed the useful life of its machinery and equipment from 11 years to nine years, as a result of reviewing the reasonable estimates of useful economic life.
Regarding the machinery and equipment of the Company's domestic consolidated subsidiaries, the Company reviewed the use of such assets in response to the 2008 revision to the Corporation Tax Law and changed the useful life of tangible fixed assets, effective from the first quarter of the fiscal year ending March 2009.
This change decreased operating income by ¥188 million in the Japan segment compared with the amount that would have been obtained with the previous useful lives.

[Overseas Sales]

Third Quarter of Fiscal Year Ending March 2009 (from April 1, 2008, to December 31, 2008):

	Asia	Europe	Other Regions	Total
I. Overseas sales (Millions of yen)	4,187	4,737	4,383	13,307
II. Consolidated net sales (Millions of yen)	--	--	--	77,197
III. Ratio of overseas sales to consolidated net sales (%)	5.4	6.1	5.7	17.2

Notes:

- The category of nation or region was determined by geographic proximity.
- Major nations or regions included in each category:
 - Asia: Taiwan, South Korea and China
 - Europe: Spain and the Netherlands
 - Other Regions: Brazil, Australia and the United States
- Overseas sales represent the sales of the Company and its consolidated subsidiaries in nations and regions outside Japan.

(6) Notes on a Significant Change in Shareholders' Equity

Third Quarter of Fiscal Year Ending March 2009 (from April 1, 2008, to December 31, 2008):

Mostly due to the acquisition of treasury shares according to a resolution at a meeting of the Board of Directors held on November 13, 2008, the amount of treasury shares increased ¥837 million from ¥702 million at the previous year-end to ¥1,540 million at the end of third quarter of the fiscal year ending March 2009.

As a result, total shareholders' equity at the end of the third quarter of the fiscal year ending March 31, 2009, decreased ¥5,892 million from ¥30,397 at the previous year-end to ¥24,504 million.

[Reference]

Financial Statements for the Third Quarter of the Previous Fiscal Year

(Condensed) Consolidated Statement of Income for the Third Quarter of the Previous Fiscal Year

(Millions of yen)

	FY Ending March 2008 Third Quarter (April 1, 2007, to December 31, 2007)
I. Net sales	70,650
II. Cost of sales	56,849
Gross profit	13,800
III. Selling, general and administrative expenses	9,871
Operating income	3,929
IV. Non-operating income	640
V. Non-operating expenses	568
Ordinary income	4,002
VI. Special income	201
VII. Special losses	536
Net income before income taxes and minority interests	3,666
Income taxes	944
Minority interests	241
Net income	2,481