Summary of Financial Results for the Fiscal Year Ended March 31, 2010

May 13, 2010

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: Yasuo Hamamoto, President
Date to hold the Ordinary General Meeting of Shareholders to approve results: June 29, 2010
Date to start distributing dividends: June 30, 2010
Date to submit the Securities Report: June 29, 2009

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

1. Consolidated Financial Results for the Year Ended March 31, 2010 (April 1, 2009, to March 31, 2010)

(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	%
Fiscal Year Ended March 2010	82,874	(14.0)	2,935	(18.7)	3,020	(3.4)
Fiscal Year Ended March 2009	96,322	1.0	3,611	(27.7)	3,126	(34.8)

	Net income (loss)		Net income (loss) per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
Fiscal Year Ended March 2010	3,967	—	46.98	—
Fiscal Year Ended March 2009	(2,879)	—	(33.01)	—

	Return on equity	Ordinary income to total assets	Operating income to net sales
	%	%	%
Fiscal Year Ended March 2010	13.7	3.6	3.5
Fiscal Year Ended March 2009	(9.9)	3.9	3.7

Reference: Equity in earnings of affiliated companies was ¥116 million for the fiscal year ended March 2010, and ¥132 million for the fiscal year ended March 2009.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2010	86,280	33,269	37.3	381.50
March 31, 2009	83,284	26,815	31.0	305.26

Reference: Equity capital was ¥32,219 million as of March 31 2010, and ¥25,787 million as of March 31, 2009.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year Ended March 2010	8,668	(6,206)	(3,535)	3,258
Fiscal Year Ended March 2009	3,254	(14,173)	12,543	4,342

2. Dividends

	Dividend per share				
(Record date)	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 2009	—	0.00	—	2.00	2.00
Fiscal Year Ended March 2010	—	0.00	—	3.00	3.00
Fiscal Year Ending March 2011 (forecast)	—	0.00	—	4.00	4.00

(Record date)	Total dividends (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Millions of yen	%	%
Fiscal Year Ended March 2009	168	—	0.6
Fiscal Year Ended March 2010	253	6.4	0.9
Fiscal Year Ending March 2011 (forecast)		14.1	

3. Forecast of Consolidated Business Results for the Year Ending March 31, 2011 (April 1, 2010, to March 31, 2011)

(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	%
Interim	43,100	13.3	1,700	—	1,600	—
Full year	85,700	3.4	4,000	36.3	3,900	29.1

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
Interim	1,000	—	11.84
Full year	2,400	(39.5)	28.42

4. Other Information

(1) Changes in important subsidiaries involving a change in the scope of consolidation during the period: None

(2) Changes in accounting policies and procedures and the method of presentation for preparing consolidated financial statements (those stated in "Changes in Basis of Presentation of Consolidated Financial Statements")

1. Changes associated with the revision of accounting standards: Yes
2. Changes other than the above: No

For details, see "Changes in the Basis of Preparation of the Consolidate Financial Statements" on page 22.

(3) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding as of the period-end (including treasury shares):
   Fiscal Year Ended March 2010: 91,145,280 Fiscal Year Ended March 2009: 91,145,280
2. Number of treasury shares as of the period-end:
   Fiscal Year Ended March 2010: 6,690,606 Fiscal Year Ended March 2009: 6,666,944

Note: For the number of shares based on which to compute consolidated net income per share, see "Per Share Information" on page 30.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2010 (April 1, 2009, to March 31, 2010)

(1) Non-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	%
Fiscal Year Ended March 2010	76,649	(12.5)	2,126	30.8	2,270	83.8
Fiscal Year Ended March 2009	87,556	2.7	1,626	(37.4)	1,235	(49.7)

	Net income (loss)		Net income (loss) per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
Fiscal Year Ended March 2010	1,767	—	20.93	—
Fiscal Year Ended March 2009	(3,516)	—	(40.81)	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2010	68,606	24,709	36.0	292.53
March 31, 2009	68,863	20,664	30.0	244.58

Reference: Equity capital was ¥24,709 million as of March 31, 2010, and ¥20,664 million as of March 31, 2009.

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 "(1) Analysis of Business Performance" under "1. Business Performance" on page 4.

Qualitative Information/Financial Statements

1. Business Performance

(1) Analysis of Business Performance

1) Business performance for the year under review

The economic environment surrounding the Krosaki Harima Group remained harsh throughout the year under review, although the worst aspects of the global financial crisis, which particularly affected the first-half results, seem to be behind us.

In Japan, business is gradually picking up mainly led by exports and manufacturing, but the overall economic circumstances remained severe, whereas economic recovery or expansion continued in China and other areas of Asia, partly due to the effect of stimulative measures. However, in Europe and the United States, the severe economic status continued, including high unemployment rates, slowing the speed of economic recovery.

In Japan's steel industry, a major customer of the Group, steel demand recovered somewhat in the second half of the year, especially for steel to be exported. However, a significant demand decline in the first half resulted in an 8.6% decrease in the domestic crude steel output of the industry from the previous fiscal year to 96.45 million tons. This was the second consecutive year-over-year decline, and output fell below 100 million tons for the first time since the fiscal year ended March 2000.

The refractories industry in which the Group operates enjoyed a recovery in demand in response to recovering steel output during the second half of the year under review. However, a decrease in steel output in the first half due to the steel industry's curtailment of steel output significantly affected the performance of the Group throughout the year, causing it to fall below the previous year's results.

Under these circumstances, the Krosaki Harima Group carried out urgent measures to address the situation during the fiscal year under review, including thorough cost-cutting efforts and a squeeze on inventories to secure cash.

The Group also implemented growth strategies to secure profitability by establishing task forces to address specific problems relative to the streamlining of production and sales structures, sales expansion, material development and so on.

In addition, Krosaki Harima Corporation ("the Company") acquired 50% of the outstanding shares of Shinnikka Thermal Ceramics Corporation (now Shin-Nippon Thermal Ceramics Corporation), which manufactures and sells heat insulating materials, such as ceramic fibers, to provide customers with solutions that combine refractories with heat insulating materials.

The business performance of the Krosaki Harima Group in the fiscal year under review was as follows.

[Net Sales]

Consolidated net sales for the fiscal year ended March 31, 2010, decreased 14.0% from the previous fiscal year to ¥82,874 million, primarily because recovering refractory demand in response to a recovery in crude steel output in the second half could not offset the significant decline in refractory demand in the first half.

[Profit/Loss]

Despise a decrease in consolidated net sales, continuous measures to reduce raw material and other procurement expenses and labor costs were successful, leading to profitability for the year under review, although the first half ended with an operating loss and an ordinary loss. The Group's consolidated operating income declined 18.7%

from the previous year to ¥2,935 million, and consolidated ordinary income decreased 3.4% to ¥3,020 million.

In the previous fiscal year, the Company recorded a loss on revaluation of investment securities due to the impairment of listed shares held by the Company. In comparison, however, a gain on the transfer of the factory site of AMR Refractarios, S.A., a consolidated subsidiary, and other gains led to consolidated net income of ¥3,967 million for the period under review compared with a net loss of ¥2,879 million for the previous year.

As a result, the Group's consolidated net sales decreased for the first time in eight years, whereas it achieved record high consolidated net income for the first time in two years.

Consolidated business performance by industry segment was as follows.

[Refractories]

The Refractories segment's net sales for the fiscal year ended March 31, 2010, decreased 14.7% from the previous fiscal year to ¥62,107 million, primarily due to a decline in demand for refractories. However, continued cost-cutting measures proved successful, turning a loss until the second quarter into profit for the entire year. Compared with the previous year, however, the segment's operating income dropped 16.2% to ¥2,933 million.

[Furnace Construction]

The Furnace Construction segment's net sales declined 4.9% from a year earlier to ¥15,324 million, primarily due to a decrease in sales of large furnace construction projects. Operating income advanced 21.0% to ¥1,381 million, owing to continued cost-reduction efforts and an increase in the profitability of construction works.

[Advanced Ceramics]

Although the semiconductor manufacturing equipment market, a leading user of the Group's ceramics products, showed some signs of recovery, the significant weakness in the first half of the year resulted in a decrease of 39.8% in the Advanced Ceramics segment's net sales to ¥2,198 million. The segment recorded a net loss of ¥335 million compared with a net loss of ¥53 million for the previous year.

[Real Estate]

The Real Estate segment's net sales decreased 1.9% from the previous fiscal year to ¥993 million, although operating income increased 0.8% to ¥297 million.

[Others]

The Others segment's net sales fell 17.9% from the previous fiscal year to ¥2,249 million, whereas operating income jumped 78.3% to ¥128 million, owing to continued cost-cutting activities.

2) Outlook for the Next Fiscal Year

The future prospects for refractory demand continue to be unpredictable, mainly due to the uncertain movement in the steel output of the steel industry, which is a major customer of the Group.

Under these circumstances, the Group will put forth efforts to strengthen its earning structure for the domestic market and global operations under the slogan of "Survival & Growth." For this reason, we currently forecast increases in consolidated net sales, operating income and ordinary income for the fiscal year ending March 2011. However, a decrease in net income is predicted for the next fiscal year, because the increase for the year under review largely benefitted from the extraordinary gain on the transfer of a factory site of a consolidated subsidiary.

These performance forecasts, however, may significantly change according to the demand for refractories, which is subject to the status of steel output.

(2) Analysis of Financial Position

1) Status of assets, liabilities and net assets

(a) Assets

The Group's consolidated total assets at the end of the fiscal year ended March 2010 increased ¥2,996 million from the previous year-end to ¥86,280 million. Current assets decreased ¥1,044 million to ¥42,289 million. Noncurrent assets increased ¥3,997 million to ¥43,947 million.

A primary factor for the decrease in current assets was a decrease in inventories due to the Group-wide inventory-reduction efforts. Primary factors for the increase in noncurrent assets included an increase in investment securities as a result of acquiring the shares of Shin-Nippon Thermal Ceramics Corporation and a rise in the value of shares held by the Group.

(b) Liabilities

The Group's consolidated total liabilities at the end of the fiscal year ended March 2010 decreased ¥3,456 million from the previous year-end to ¥53,011 million. Current liabilities dropped ¥11,434 million to ¥28,353 million. Noncurrent liabilities advanced ¥7,977 million to ¥24,658 million.

A major factor for the decrease in current liabilities was the repayment of short-term loans payable. The increase in noncurrent liabilities resulted from the issuance of bonds.

(c) Net assets

The Group's consolidated net assets at the end of the fiscal year ended March 2010 rose ¥6,453 million to ¥33,269 million.

Primary factors for the increase in net assets were increases in retained earnings and the valuation difference on available-for-sale securities due to a rise in the value of shares held by the Group.

As a result, the Group's equity ratio at the end of the fiscal year ended March 2010 was 37.3%.

Net assets per share jumped from ¥305.26 at the previous year-end to ¥381.50.

2) Status of cash flows

The Group's cash and cash equivalents (hereinafter "cash") at the end of the fiscal year ended March 2010 decreased ¥1,083 million from the previous year-end to ¥3,258 million.

The status of consolidated cash flows for the fiscal year ended March 2010 and contributing factors were as follows.

(a) Cash flows from operating activities

The inflow of cash from operating activities amounted to ¥8,668 million compared with ¥3,254 million at the previous year-end.

This consisted primarily of ¥6,570 million in income before income taxes and minority interests, a decrease of ¥5,632 million in inventories, ¥4,552 million in depreciation, a ¥3,975 million gain on sales of noncurrent assets, an increase of ¥2,191 million in notes and accounts receivable—trade and a decrease of ¥2,119 million in notes and accounts payable—trade.

(b) Cash flows from investing activities

The outflow of cash from investing activities amounted to ¥6,206 million compared with ¥14,173 million at the previous year-end.

This was primarily due to the payment of ¥5,137 million for the purchase of noncurrent assets.

(c) Cash flows from financing activities

The outflow of cash from financing activities amounted to ¥3,535 million compared with a ¥12,543 million inflow of cash at the previous year-end.

This was chiefly due to a decrease of ¥13,597 million in short-term borrowings and proceeds of ¥9,947 million from the issuance of bonds.

(Reference) Cash flow indicators

For the year ended	March 2006	March 2007	March 2008	March 2009	March 2010
Equity ratio (%)	33.6	36.1	40.7	31.0	37.3
Market value–based equity ratio (%)	74.8	63.3	31.9	16.7	37.4
Ratio of interest-bearing debt to cash flows (years)	1.9	3.3	2.7	8.2	2.8
Interest coverage ratio (times)	47.0	26.0	29.0	11.2	21.3

Equity ratio = Equity capital/Total assets
Market value–based equity ratio = Market capitalization/Total assets
Ratio of interest-bearing debt to cash flows = Interest-bearing debt/Cash flows
Interest coverage ratio = Cash flows/Interest expense

Notes
1. All of the above cash flow indicators are calculated from amounts on the consolidated financial statements.
2. Market capitalization is calculated based on the total number of outstanding shares (excluding treasury common stock) as of the corresponding fiscal year-end.
3. Cash flow equals net cash provided by operating activities as stated in the consolidated statements of cash flows.
4. Interest-bearing debt refers to all debts that involve interest payments as stated in the consolidated balance sheets.

(3) Basic Policy on Profit Distribution and Dividends for the Fiscal Years Ended March 31, 2010 and Ending March 31, 2011

The Company makes it a policy to distribute a surplus, basically according to the consolidated and non-consolidated business performance for the period concerned, while taking into account its future business developments, financial position and business environment.

In principle, the Company adopts a consolidated payout ratio of around 20% and a non-consolidated payout ratio of around 30% as the targets for the distribution of profits.

The Company’s Articles of Incorporation state that the date of record for year-end dividends is March 31 and that the Company may also provide interim dividends with the date of record being September 30.

For the fiscal year ended March 31, 2010, the Company’s consolidated net income hit a record high for the first time in two fiscal years. However, because an extraordinary gain on the transfer of a factory site of a consolidated subsidiary significantly contributed to income, the Company intends to increase the year-end dividend by ¥1 per share to ¥3. Considering the continued uncertainty over future business prospects, the Company intends to suspend the payment of interim dividends for the next fiscal year and pay a year-end dividend of ¥4 per share.

(4) Business Risks

The following describe the risks involved with the businesses of the Krosaki Harima Group that could have material effects on the judgment of investors in the Group.

All statements relating to the future under this section are based on judgments at the end of the fiscal year under review (March 31, 2010).

1) Economic trends

Because the Group’s core refractory business is subject to the steel output of the steel industry, the reduction of steel output could adversely affect the business performance of the Group. The Group’s advanced ceramics segment chiefly engages in the manufacturing of products for the semiconductor-related industries. Therefore, the reduction of capital investments in said industries and a downturn in the semiconductor industry could adversely affect the business performance of the Group.

2) Business relationships with specific customers

The Group has a continuous relationship with Nippon Steel Corporation (NSC) as its major customer and has business transactions with the member companies of the NSC group.

Accordingly, the Group’s business performance is subject to the status of the NSC group’s steelmaking business and the business transactions with NSC and the NSC group companies.

3) Fluctuations in the prices of raw materials and fuels

The raw materials for refractories—the major products of the Group—are mainly imported from China. The rapid economic growth of China in the past several years has disturbed the supply-demand balance, causing a hike in raw material prices. The prices have remained flat since the financial crisis, but the recovering crude steel output of the steel industry will increase refractory demand, which could then elevate material prices again.

The Group has asked for customers’ understanding of upward product price revisions to absorb the elevated material prices. A protraction of the hike in materials prices, however, could adversely affect the Group’s business performance.

The hike in crude oil prices may raise the Group’s manufacturing and transportation costs as well as the prices of processed materials we purchase. Because we use fuel oil for burning to produce certain refractories—the core products of the Group—a protraction of the hike in crude oil prices could adversely affect the Group’s business performance.

4) Exchange rate fluctuations

The Group’s business operations include manufacturing activities in China and Spain, the worldwide distribution of refractories, and purchases of refractory materials and products from China and other nations.

The amounts of accounts, including sales, expenses and assets, denominated in the currency of respective regions are converted into yen-denominated amounts for preparation of the consolidated financial statements. Depending on the foreign exchange rates used for such conversion, the converted amounts in yen could have significant effects on the Group’s business results stated in the financial statements, even if the original amounts denominated in the local currency stay unchanged.

Because the Group has larger amounts of imports than exports, a higher yen could favorably affect and a cheaper yen could adversely affect the business performance of the Group.

5) Country risks due to dependence on certain countries

The Group’s business operations include manufacturing activities in China and Spain, the worldwide distribution of refractories, and purchases of refractory materials and products from China and other nations. In particular, the Group’s dependence on China as a production base and a supplier of refractory materials and products is high, and the importance of China as a marketing area has also grown in recent years.

Accordingly, the regulations and policy turnarounds adopted by the Chinese government might work against the Group’s business operations, which could adversely affect the Group’s business performance.

The Company took an equity stake in MAGNESITA REFRATARIOS S.A., a leading manufacturer of refractories in Brazil, in June 2008. However, if any regulations, policy changeovers, political turbulence and other factors in Brazil were to bring about obstacles to the operations of MAGNESITA REFRATARIOS, that could diminish the advantages due to the equity participation and adversely affect the Group’s business performance.

6) Disasters

The Group has production facilities in Japan and overseas. The occurrence of major disasters in those regions could have an impact on the Group’s production capacity and adversely affect the Group’s business performance.

7) Legal regulations

In executing its business operations, the Group is subject to various statutory regulations. In particular, the Group’s manufacturing facilities are required to conform to many environment-related regulations, which involve the burden of expenses and liability for damages that could adversely affect the Group’s business performance. The burden of expenses to ensure legal compliance may also occur if those regulations are revised or abolished, or new regulations are established, which could adversely affect the Group’s business performance.

8) Variations in the value of securities held by the Group

The value of investment securities held by the Group may decrease due to the poor business results of the investees and worsened conditions of the securities market, which could adversely affect the Group’s business performance.

9) Relationships with alliance partners

The Group’s global development is promoted by making and solidifying soft alliances, such as technical collaborations and capital tie-ups, with leading refractory manufacturers in foreign countries, thereby supplying the world’s major steel markets with its high-quality and advanced products and technologies.

If these alliances fail to achieve the initially expected effects or collapse, then the relevant global development strategies would have to be redesigned, which could adversely affect the business operations of the Group.

2. Description of the Krosaki Harima Group

The following describes the Group's major businesses, as well as how the Company and the other group companies are involved in those businesses and how they relate to the Group's business segments.

[Refractories]

The Company engages in the manufacturing and sale of refractory products.

The Company's consolidated subsidiaries, Kyushu Refractories Co., Ltd. and SN Refratecture Tokai Co., Ltd., manufacture refractory products, which are bought by the Company for sale.

AMR Refractorios, S.A., a consolidated subsidiary, manufactures refractory products in Spain and sells them mostly in the European market. Some of the products are distributed to Japan through the Company.

Wuxi Krosaki Sujia Refractories Co., Ltd., a consolidated subsidiary, manufactures refractory products in China. Most of the products are distributed outside the Chinese market through the Company.

Qinhuangdao Shougang Krosaki Refractories Co., Ltd., an affiliate within the scope of the equity method, manufactures and sells refractory products in China.

Krosaki Sangyo Corporation, a consolidated subsidiary, sells materials for the manufacturing of refractories to the Company. Krosaki Machine Industries Co., Ltd., a consolidated subsidiary, engages in the fabrication and maintenance of refractory manufacturing and other equipment.

Krosaki USA Inc., a consolidated subsidiary, sells refractory products in the United States. Krosaki Harima (Shanghai) International Trading Co., Ltd., an affiliate within the scope of the equity method, sells refractory products in China.

K&K Corporation, a consolidated subsidiary, engages in outsourced works related to the manufacturing of refractory products. Kikutake Sangyo Corporation, an affiliate within the scope of the equity method, offers logistics services.

Krosakiharima Europe B.V., a consolidated subsidiary in the Netherlands, engages in the management of business strategies concerning overseas investing companies.

[Furnace Construction]

The Company designs, constructs and repairs various furnaces. The Company and Krosaki Machine Industries Co., Ltd., a consolidated subsidiary, engage in the fabrication and sale of the equipment for the construction of furnaces.

[Advanced Ceramics]

The Company and Kyushu Refractories Co., Ltd., a consolidated subsidiary, manufacture and sell fine ceramics for various industries.

Shin-Nippon Thermal Ceramics Corporation, an affiliate within the scope of the equity method, manufactures and sells heat insulating materials, including ceramic fibers.

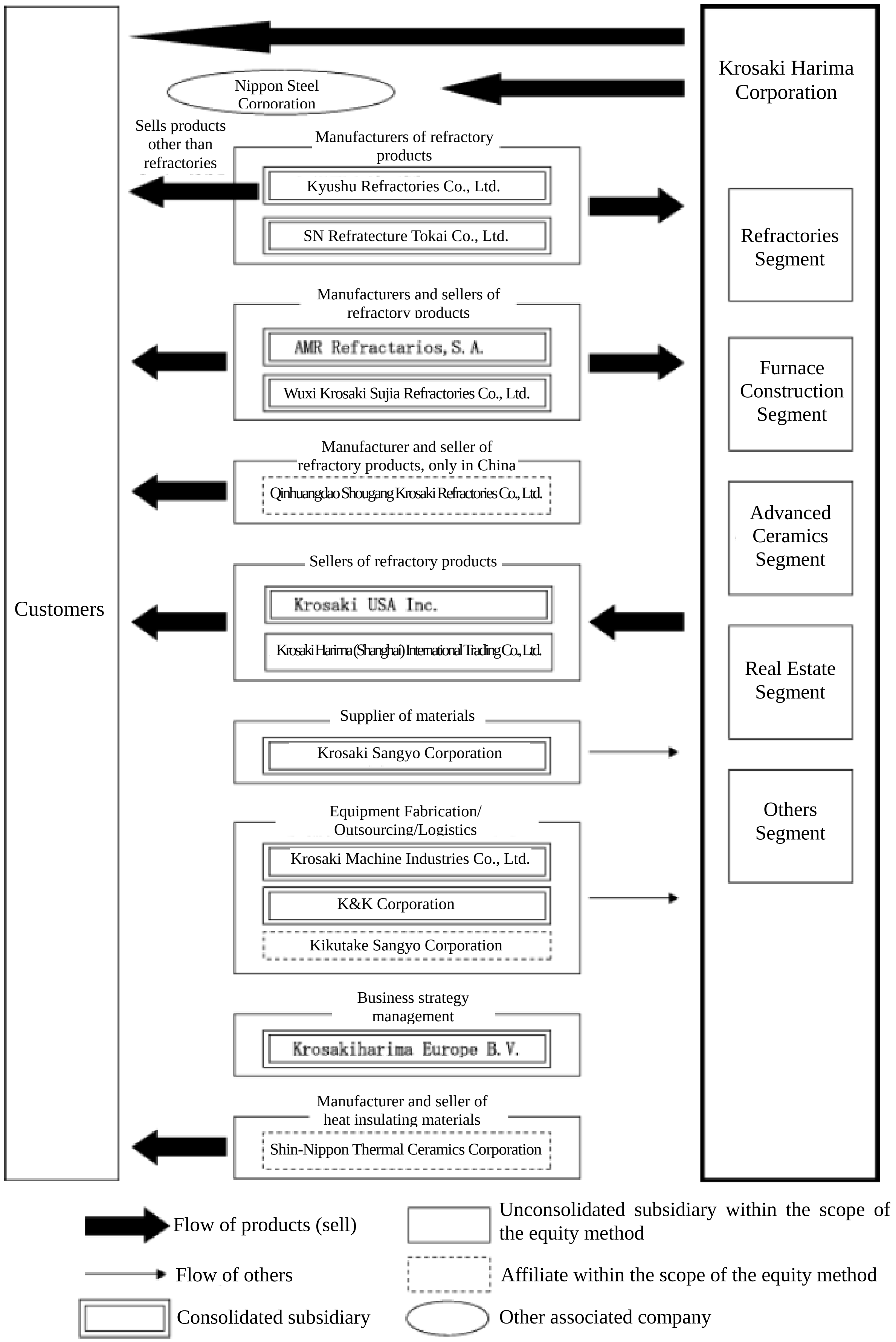
[Real Estate]

The Company rents out the stores and warehouses, etc., it has constructed on its own land.

[Others]

The Company sells landscape materials, manufactures and sells lime for iron mills, and manufactures and sells construction materials for the outer walls of houses.

The information on the previous page can be schematized as follows.



Note: As of April 1, 2010, K&K Corporation, Krosaki Machine Industries Co., Ltd., and Krosaki Sangyo Corporation—all consolidated subsidiaries—were merged into K&K Corporation as the surviving company, which was then renamed Krosaki Harima Cera Corporation, effective April 1, 2010.

3. Management Policies

(1) Basic Management Policies

The Krosaki Harima Group is committed to playing an important role in global industrial development and to making contributions to the prosperity of society by providing valued products and technologies for the ceramics industry worldwide through continuous innovation. Toward the goal of “Providing No. 1 Value to Customers Worldwide,” we aim to be a trusted enterprise by providing the best quality and the most reliable products to our customers.

We make every effort to maximize our corporate value through all activities in which we engage, thereby contributing to the enhancement of shareholders’ value.

(2) Target Management Indices

1) Urgent measures for the year ended March 31, 2010

As the market environment surrounding the Group was changing drastically, the Group placed its top priority on making swift and proper responses to these changes. Accordingly, the Group took urgent measures to address the current situation, striving to secure cash by carrying out thorough cost-cutting efforts and squeezing inventories.

2) The 9th Medium-Term Management Plan

As detailed in (3) Medium- to Long-Term Management Strategies and Challenges Ahead, the Group formulated the 9th Medium-Term Management Plan for the fiscal years ending March 31, 2011 and 2012. Due to the continued uncertainty about the output of the steel industry—a major customer of the Group—and other future business environments, no numerical targets are set forth in the 9th plan.

(3) Medium- to Long-Term Management Strategies and Challenges Ahead

Although the urgent measures taken by the Group have enabled it to survive the financial crisis following the bankruptcy of Lehman Brothers, increasingly severe business environments, such as a shrinking domestic market, the expanding markets of emerging nations and the rising competitiveness of competitors, surround the Group, causing it to face a continuing structural crisis.

Under these circumstances, the 9th Medium-Term Management Plan for the fiscal years ending March 31, 2011 and 2012, was formulated to strengthen the profit structure for the domestic market and seek profit growth by reinforcing global operations under the slogan of “Survival & Growth.”

The 9th Medium-Term Management Plan focuses on the following challenges. By tackling these, the Group aims to be a high-profitability group of companies with the world’s leading technologies and solutions capabilities to supply highly sophisticated refractory products, as well as to achieve a strong profit-generating business structure without being dependent on domestic steel output.

< Priority Challenges of the 9th Medium-Term Management Plan>

1. Increasing the depth and breadth of refractory solutions
2. Expanding our global presence and exploring business opportunities for growth
3. Improving the efficiency of manufacturing and selling operations at home and abroad
4. Ensuring the stable procurement of materials for refractory products
5. Ensuring the stable procurement of materials for refractory products
6. Improving productivity and achieving more efficient use of management resources

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
ASSETS		
Current assets:		
Cash and deposits	4,342	3,258
Notes and accounts receivable—trade	18,577	20,932
Merchandise and finished goods	8,573	5,612
Work in process	2,808	2,997
Raw materials and supplies	6,521	3,843
Deferred tax assets	1,453	1,921
Other	1,065	3,724
Allowance for doubtful accounts	(8)	(1)
Total current assets	43,333	42,289
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	33,047	34,081
Accumulated depreciation	(22,542)	(23,197)
Buildings and structures, net	10,504	10,883
Machinery, equipment and vehicles	48,304	48,312
Accumulated depreciation	(39,493)	(41,007)
Machinery, equipment and vehicles, net	8,810	7,305
Tools, furniture and fixtures	3,383	3,547
Accumulated depreciation	(2,621)	(2,811)
Tools, furniture and fixtures, net	761	736
Land	7,246	7,494
Construction in progress	3,364	3,725
Total property, plant and equipment	30,688	30,145
Intangible assets		
Goodwill	116	74
Other	450	613
Total intangible assets	567	687
Investments and other assets		
Investment securities	4,099	10,188
Long-term loans receivable	214	482
Deferred tax assets	2,316	339
Other	2,269	2,212
Allowance for doubtful accounts	(205)	(108)
Total investments and other assets	8,694	13,114
Total noncurrent assets	39,950	43,947
Deferred assets:		
Bond issuance costs	—	43
Total deferred assets	—	43
Total assets	83,284	86,280

(Millions of yen)

	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
LIABILITIES		
Current liabilities:		
Notes and accounts payable—trade	14,915	12,885
Short-term loans payable	17,857	8,548
Accrued expenses	1,603	—
Income taxes payable	378	275
Accrued business office taxes	124	—
Accrued consumption taxes	131	—
Deferred tax liabilities	—	14
Provision for bonuses	1,763	1,670
Provision for loss on construction contracts	—	65
Other	3,013	4,892
Total current liabilities	39,787	28,353
Noncurrent liabilities:		
Bonds	—	10,000
Long-term loans payable	8,800	5,500
Deferred tax liabilities	672	1,954
Provision for retirement benefits	678	525
Provision for directors' retirement benefits	347	407
Provision for product warranties	47	7
Long-term lease and guarantee deposited	4,930	—
Negative goodwill	1,046	849
Other	157	5,414
Total noncurrent liabilities	16,680	24,658
Total liabilities	56,468	53,011
NET ASSETS		
Shareholders' equity		
Capital stock	5,537	5,537
Capital surplus	5,138	5,138
Retained earnings	17,094	20,886
Treasury stock	(1,542)	(1,547)
Total shareholders' equity	26,228	30,015
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	270	2,751
Deferred gains or losses on hedges	(0)	3
Foreign currency translation adjustment	(709)	(551)
Total valuation and translation adjustments	(440)	2,203
Minority interests	1,028	1,049
Total net assets	26,815	33,269
Total liabilities and net assets	83,284	86,280

(2) Consolidated Statement of Income

(Millions of yen)

	Fiscal Year from April 1, 2008, to March 31, 2009	Fiscal Year from April 1, 2009, to March 31, 2010
Net sales	96,322	82,874
Cost of sales	79,770	67,828
Gross profit	16,552	15,045
Selling, general and administrative expenses	12,940	12,110
Operating income	3,611	2,935
Non-operating income		
Interest income	14	12
Dividends income	134	98
Amortization of negative goodwill	197	199
Equity in earnings of affiliates	132	116
Subsidy income	—	270
Other	208	167
Total non-operating income	686	865
Non-operating expenses		
Interest expenses	290	406
Loss on transfer of receivables	227	156
Foreign exchange losses	356	—
Other	297	217
Total non-operating expenses	1,171	780
Ordinary income	3,126	3,020
Extraordinary income		
Gain on prior period adjustment	13	84
Gain on sales of noncurrent assets	218	3,979
Gain on sales of investment securities	3	—
Compensation income	62	—
State subsidy	67	—
Gain on disposal of noncurrent assets	75	—
Gain on extinguishment of tie-in shares	34	—
Other	52	127
Total extraordinary income	528	4,191
Extraordinary loss		
Loss on prior period adjustment	34	—
Loss on retirement of noncurrent assets	581	238
Loss on sales of noncurrent assets	5	3
Loss on valuation of investment securities	6,304	—
Impairment loss	219	28
Advisory commission	98	—
Environmental measures	774	—
Special addition to retirement benefits	—	218
Other	83	151
Total extraordinary losses	8,101	640
Income before income taxes and minority interests	(4,446)	6,570
Income taxes—current	698	270
Income taxes for prior periods	125	54
Income taxes—deferred	(2,472)	2,162
Total income taxes	(1,648)	2,487
Minority interests	81	115
Net income (loss)	(2,879)	3,967

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal Year from April 1, 2008, to March 31, 2009	Fiscal Year from April 1, 2009, to March 31, 2010
Shareholders' Equity		
Capital stock		
Balance at previous year-end	5,537	5,537
Changes of items during the period		
Total changes of items during the period	—	—
Balance at year-end	5,537	5,537
Capital surplus		
Balance at previous year-end	5,138	5,138
Changes of items during the period		
Increase by share exchanges	—	—
Total changes of items during the period	—	—
Balance at year-end	5,138	5,138
Retained earnings		
Balance at previous year-end	20,423	17,094
Changes of items during the period		
Dividends from surplus	(443)	(168)
Net income (loss)	(2,879)	3,967
Other	(6)	(6)
Total changes of items during the period	(3,329)	3,791
Balance at year-end	17,094	20,886
Treasury stock		
Balance at previous year-end	(702)	(1,542)
Changes of items during the period		
Purchase of treasury stock	(839)	(4)
Total changes of items during the period	(839)	(4)
Balance at year-end	(1,542)	(1,547)
Total shareholders' equity		
Balance at previous year-end	30,397	26,228
Changes of items during the period		
Dividends from surplus	(443)	(168)
Net income (loss)	(2,879)	3,967
Purchase of treasury stock	(839)	(4)
Other	(6)	(6)
Total changes of items during the period	(4,169)	3,787
Balance at year-end	26,228	30,015

(Millions of yen)

	Fiscal Year from April 1, 2008, to March 31, 2009	Fiscal Year from April 1, 2009, to March 31, 2010
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at previous year-end	1,273	270
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,003)	2,481
Total changes of items during the period	(1,003)	2,481
Balance at year-end	270	2,751
Deferred gains and losses on hedges		
Balance at previous year-end	(10)	(0)
Changes of items during the period		
Net changes of items other than shareholders' equity	9	4
Total changes of items during the period	9	4
Balance at year-end	(0)	3
Foreign currency translation adjustment		
Balance at previous year-end	481	(709)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,191)	158
Total changes of items during the period	(1,191)	158
Balance at year-end	(709)	(551)
Total valuation and translation adjustments		
Balance at previous year-end	1,744	(440)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,185)	2,644
Total changes of items during the period	(2,185)	2,644
Balance at year-end	(440)	2,203
Minority interests		
Balance at previous year-end	1,103	1,028
Changes of items during the period		
Net changes of items other than shareholders' equity	(75)	21
Total changes of items during the period	(75)	21
Balance at year-end	1,028	1,049
Total net assets		
Balance at previous year-end	33,245	26,815
Changes of items during the period		
Dividends from surplus	(443)	(168)
Net income (loss)	(2,879)	3,967
Purchase of treasury stock	(839)	(4)
Other	(6)	(6)
Net changes of items other than shareholders' equity	(2,260)	2,666
Total changes of items during the period	(6,429)	6,453
Balance at year-end	26,815	33,269

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year from April 1, 2008, to March 31, 2009	Fiscal Year from April 1, 2009, to March 31, 2010
Cash flows from operating activities:		
Income before income taxes and minority interests	(4,446)	6,570
Depreciation and amortization	4,761	4,552
Impairment loss	219	28
Amortization of negative goodwill	(197)	(199)
Amortization of goodwill	58	61
Amortization of long-term prepared expenses	29	7
Increase (decrease) in allowance for doubtful accounts	(62)	(103)
Increase (decrease) in provision for bonuses	(191)	(92)
Increase (decrease) in provision for retirement benefits	(160)	(153)
Increase (decrease) in other provision	75	85
Interest and dividends income	(149)	(111)
Interest expenses	290	406
Foreign exchange losses (gains)	5	(27)
Equity in (earnings) losses of affiliates	(132)	(116)
Loss on retirement of noncurrent assets	581	249
Loss (gain) on sales and retirement of noncurrent assets	(212)	(3,975)
Loss (gain) on sales of investment securities	(3)	—
Loss (gain) on valuation of investment securities	6,304	12
Loss (gain) on extinguishment of tie-in shares	(34)	—
Subsidy income	(67)	—
Advisory commission	98	28
Amortization of bond issuance costs	—	8
Decrease (increase) in notes and accounts receivable—trade	1,530	(2,191)
Decrease (increase) in inventories	(3,212)	5,632
Increase (decrease) in notes and accounts payable—trade	(579)	(2,119)
Other	(470)	706
Subtotal	4,034	9,259
Interest and dividends income received	173	134
Interest expenses paid	(291)	(348)
Income taxes paid	(661)	(376)
Net cash provided by operating activities	3,254	8,668

(Millions of yen)

	Fiscal Year from April 1, 2008, to March 31, 2009	Fiscal Year from April 1, 2009, to March 31, 2010
Cash flows from investing activities:		
Payments into time deposits	(1)	—
Proceeds from withdrawal of time deposits	18	—
Purchase of property, plant and equipment	(6,240)	—
Proceeds from sales of property, plant and equipment	277	—
Purchase of intangible assets	(212)	—
Purchase of noncurrent assets	—	(5,137)
Proceeds from sales of noncurrent assets	—	1,649
Payments for retirement of noncurrent assets	(418)	(290)
Proceeds from sales of investment securities	5	0
Purchase of investment securities	(7,640)	(1,995)
Payments for investments in capital of subsidiaries and affiliates	(107)	—
Payments of loans receivable	(66)	(455)
Collection of loans receivable	12	35
Proceeds from land expropriation	130	—
Proceeds from subsidy	67	—
Payments of advisory commission	(83)	(28)
Other	86	14
Net cash used in investing activities	(14,173)	(6,206)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	14,619	(13,597)
Proceeds from long-term loans payable	—	1,000
Repayment of long-term loans payable	(137)	(30)
Proceeds from issuance of bonds	—	9,947
Purchase of treasury stock	(839)	(4)
Cash dividends paid	(441)	(170)
Cash dividends paid to minority shareholders	(3)	(26)
Repayment of lease deposits received	(649)	(649)
Other	(4)	(4)
Net cash provided by (used in) financing activities	12,543	(3,535)
Effect of exchange rate change on cash and cash equivalents	(94)	(9)
Net increase (decrease) in cash and cash equivalents	1,531	(1,083)
Cash and cash equivalents at beginning of period	2,766	4,342
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	44	—
Cash and cash equivalents at end of period	4,342	3,258

(5) Notes on the Premise of a Going Concern

There are no applicable notes.

(6) Basis of Presentation of the Consolidated Financial Statements

1) Scope of consolidation

(a) Number of consolidated subsidiaries: 10

Kyushu Refractories Co., Ltd., SN Refratecture Tokai Co., Ltd., Krosaki Rozai Corporation, Krosaki Sangyo Corporation, Krosaki Machine Industries Co., Ltd., K&K Corporation, AMR Refractorios, S.A., Wuxi Krosaki Sujia Refractories Co., Ltd., Krosaki USA Inc. and Krosakiharima Europe B.V.

Krosaki Rozai Corporation was liquidated as of October 29, 2009.

Krosakiharima Europe B.V. was newly established and consolidated in the fiscal year under review.

(b) Number of unconsolidated subsidiaries: 9

Name of a principal unconsolidated subsidiary: Wuxi Krosaki Machinery Co., Ltd.

The nine unconsolidated subsidiaries are excluded from the scope of consolidation because they are small in scale, and the combined amounts of their assets, net sales, net income or loss and the Group's equity in their retained earnings do not have material effects on the Group's consolidated financial statements.

2) Scope of the equity method

(a) Number of unconsolidated subsidiaries accounted for by the equity method: 1

Krosaki Harima (Shanghai) International Trading Co., Ltd.

(b) Number of affiliates accounted for by the equity method: 3

Kikutake Sangyo Corporation, Shin-Nippon Thermal Ceramics Corporation and Qinhuangdao Shougang Krosaki Refractories Co., Ltd.

Effective from the year under review, Shin-Nippon Thermal Ceramics Corporation became an affiliate within the scope of the equity method as a result of the acquisition of shares in the company.

(c) Number of unconsolidated subsidiaries and affiliates not accounted for by the equity method: 19

Name of a principal such company: Shanghai Baoyejianshe Industrial Furnace Engineering & Technology Co., Ltd.

The unconsolidated subsidiaries and affiliates not accounted for by the equity method are excluded from the scope of the equity method because their combined contribution to the consolidated net income or loss and consolidated retained earnings is negligible and immaterial.

3) Accounting period of consolidated subsidiaries

Of the consolidated subsidiaries, AMR Refractarios, S.A., Wuxi Krosaki Sujia Refractories Co., Ltd., Krosaki USA Inc. and Krosakiharima Europe B.V. close their books of account at December 31.

In preparing the consolidated financial statements of the Group, the above four subsidiaries are consolidated by using their financial statements as of their respective fiscal year-end, and necessary adjustments are made to reflect any significant transactions from January 1 to March 31.

4) Significant accounting policies

(a) Valuation standards and methodology for material assets

1. Securities

Other securities:

Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being reported directly as a component of net assets and the cost of any securities sold being computed by the moving average method).

Securities with no readily determinable market value are stated at cost, with cost being determined by the moving average method.

2. Receivables and payables due to derivative transactions

Receivables and payables due to derivative transactions are stated at fair value.

3. Inventories

Inventories are stated at cost, cost being determined by the moving average method, with write-downs according to decreased profitability of assets. However, costs on partly finished construction and uncompleted construction are stated at cost, cost being determined by the specific identification method, with write-downs according to decreased profitability of assets.

(b) Depreciation and amortization of important assets

1. Property, plant and equipment

i. The Company and its domestic consolidated subsidiaries

Depreciation of property, plant and equipment is principally calculated by the declining-balance method. However, the straight-line method is used for buildings and equipment relating to the Real Estate business and some assets relating to the Furnace Construction business on the premises of a user that were acquired no later than September 30, 2008. The straight-line method is also used for buildings (excluding accompanying facilities) that were acquired on or after April 1, 1998, by the domestic consolidated subsidiaries.

The useful lives stipulated in the Corporation Tax Law are adopted in principle, except for some assets. Such assets include tunnel kilns (6 years), machinery and equipment (9 years) and buildings and structures relating to shopping centers (the lease term), a business of the Real Estate segment.

ii. The Company's overseas consolidated subsidiaries

The straight-line depreciation method is principally adopted.

2. Intangible assets

The amortization of intangible assets is calculated by the straight-line method.

The amortization of software for internal use is calculated by the straight-line method over the estimated useful life of five years.

3. Long-term prepaid expenses

The amortization of long-term prepaid expenses is calculated by the straight-line method.

(c) Method of accounting for important deferred assets

Bond issuance costs

Bond issuance costs are amortized by the straight-line method over a period of five years until the redemption of the bonds.

(d) Basis of significant reserves

1. Allowance for doubtful accounts

An allowance for doubtful accounts is provided in an amount sufficient to cover possible losses on the collection of accounts, loans and other receivables. The amount of the allowance is based on past experience for normal receivables and on an estimate of the collectability of individual receivables from companies in financial difficulty.

2. Provision for bonuses

A provision for bonuses to employees is provided at an estimated amount payment of such bonuses.

3. Provision for loss on construction contracts

A provision for loss on construction orders received is provided at an estimated amount sufficient to cover possible losses on uncompleted orders at the end of the year under review.

4. Provision for employees' retirement benefits

A provision for employees' retirement benefits is provided at an amount calculated based on the estimated retirement benefit obligation and the fair value of the pension plan assets at the end of the fiscal year under review.

The net retirement benefit obligation at transition, which amounted to ¥5,750 million, is being amortized over the period of 10 years by the straight-line method and recorded under selling, general and administrative expenses. The actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a period of 10 years. Prior service cost is being amortized as incurred by the straight-line method over a period of 10 years.

5. Provision for directors' retirement benefits

A provision for retirement benefits to management (including corporate officers) is provided at an amount to be required at the year-end according to internal regulations.

6. Provision for product warranties

A provision for product warranties is provided to cover the cost of quality assurance of "ceramic exterior wall materials" produced by the Life Space Ceramics Division in the Others segment at an amount estimated based on past experience and other factors.

(e) Basis of calculating significant revenue and expenses

Basis of calculating revenue from construction contracts

For the basis of calculating revenue from construction contracts, the percentage-of-completion method is applied if the outcome of the construction activity is deemed certain during the course of the activity up to the end of the fiscal year under review. Otherwise, the completed-contract method is applied. (The percentage of completion is estimated based on the percentage of the cost incurred to the estimated total cost.)

(f) Accounting methods for significant hedging transactions

1. Hedge accounting methods

Deferral hedge accounting is adopted for derivatives that qualify as hedges, under which an unrealized gain or loss is deferred.

For interest rate swaps, preferential treatment is applied if the swaps satisfy the requirements for preferential treatment.

2. Hedging instruments and hedging objects

Hedging instruments:	Foreign exchange forward contracts and interest rate swap agreements
Hedging objects:	Anticipated transactions denominated in foreign currencies, borrowings and receivables and payables denominated in foreign currencies

3. Hedging policy

Foreign exchange forward contracts are used to hedge currency exchange rate risks within the range of actual demand and not for dealing aimed at attaining earnings. Interest rate swaps and other agreements are used to reduce the interest cost on borrowings or the fund procurement cost expected in the future, and solely for the purpose of dealing that accompanies actual demand, and not for speculative dealing.

4. Assessment of hedge effectiveness

The effectiveness of hedging is assessed by confirming a high correlation in the fluctuation of rates or accumulated cash flows between hedging instruments and hedging objects. However, the judgment of hedge effectiveness is omitted for the interest rate swaps that satisfy the requirements for preferential treatment.

(g) Accounting for the consumption tax

Transactions subject to the consumption tax are recorded at amounts exclusive of the consumption tax.

5) Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries acquired through business combinations are carried at fair value at the time of acquisition.

6) Amortization of goodwill and negative goodwill

Goodwill and negative goodwill are principally amortized evenly over a period of 10 years.

7) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, cash in banks that can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased that can be easily converted to cash and are subject to little risk of change in value.

(7) Changes in the Basis of Preparation of the Consolidate Financial Statements

1) Changes in the basis of calculating revenue from construction contracts

Previously, the Company adopted the completed-contract method to compute revenue from construction contracts. Effective from the fiscal year ended March 31, 2010, the Company has adopted the Accounting Standard for Construction Contracts (ASBJ Statement No. 15, dated December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18, dated December 27, 2007). Beginning with the construction contracts launched during the year under review, the percentage-of-completion method is applied if the outcome of the construction activity is deemed certain during the course of the activity up to the end of the year under review. Otherwise, the completed-contract method is applied. (The percentage of completion is estimated based on the percentage of the cost incurred to the estimated total cost.)

This change resulted in an increase of ¥811 million in consolidated net sales for the year ended March 31, 2010, and an increase of ¥139 million in gross profit, operating income, ordinary income and net income before income taxes.

The impact of this change on Segment Information is indicated in the applicable notes.

2) Adoption of the Partial Amendments to Accounting Standard for Retirement Benefits—Part 3

Effective from the fiscal year ended March 31, 2010, the Company adopted the Partial Amendments to Accounting Standard for Retirement Benefits—Part 3 (ASBJ Statement No. 19 dated July 31, 2008).

This adoption had no effect on consolidated operating income, ordinary income and net income before income taxes for the year under review, because the actuarial gain or loss is amortized from the following year.

The outstanding balance of the difference in retirement benefit obligation arising from this adoption is ¥(68) million.

3) Changes in classification

Consolidated balance sheets:

(a) “Accrued expenses” for the fiscal year ended March 2009 was separately stated under “Current liabilities.” However, this account is included in “Other” under “Current liabilities” for the fiscal year ended March 2010.

The amount of “Accrued expenses” included in “Other” under “Current liabilities” for the fiscal year ended March 2010 is ¥2,062 million.

(b) “Accrued business office taxes” for the fiscal year ended March 2009 was separately stated under “Current liabilities.” However, this account is included in “Other” under “Current liabilities” for the fiscal year ended March 2010.

The amount of “Accrued business office taxes” included in “Other” under “Current liabilities” for the fiscal year ended March 2010 is ¥125 million.

(c) “Accrued consumption taxes” for the fiscal year ended March 2009 was separately stated under “Current liabilities.” However, this account is included in “Other” under “Current liabilities” for the fiscal year ended March 2010.

The amount of “Accrued consumption taxes” included in “Other” under “Current liabilities” for the fiscal year ended March 2010 is ¥487 million.

(d) “Long-term lease and guarantee deposited” for the fiscal year ended March 2009 was separately stated under “Noncurrent liabilities.” However, this account is included in “Other” under “Noncurrent liabilities” for the fiscal year ended March 2010.

The amount of “Long-term lease and guarantee deposited” included in “Other” under “Noncurrent liabilities” for the fiscal year ended March 2010 is ¥4,281 million.

Consolidated statements of income:

(a) “Subsidy income” for the fiscal year ended March 2009 was included in “Other” under “Non-operating income.” However, this account is separately stated for the fiscal year ended March 2010.

The amount of “Subsidy income” included in “Other” under “Non-operating income” for the fiscal year ended March 2009 was ¥31 million.

(b) “Foreign exchange losses” for the fiscal year ended March 2009 was separately stated under “Non-operating expenses.” However, this account is included in “Other” under “Non-operating expenses” for the fiscal year ended March 2010.

The amount of “Foreign exchange losses” included in “Other” under “Non-operating expenses” for the fiscal year ended March 2010 is ¥19 million.

(c) “Loss on valuation of investment securities” for the fiscal year ended March 2009 was separately stated under “Extraordinary loss.” However, this account is included in “Other” under “Extraordinary loss” for the fiscal year ended March 2010.

The amount of “Loss on valuation of investment securities” included in “Other” under “Extraordinary loss” for the fiscal year ended March 2010 is ¥12 million.

(d) “Advisory commission” for the fiscal year ended March 2009 was separately stated under “Extraordinary loss.” However, this account is included in “Other” under “Extraordinary loss” for the fiscal year ended March 2010.

The amount of “Advisory commission” included in “Other” under “Extraordinary loss” for the fiscal year ended March 2010 is ¥28 million.

(e) “Environmental measures” for the fiscal year ended March 2009 was separately stated under “Extraordinary loss.” However, this account is included in “Other” under “Extraordinary loss” for the fiscal year ended March 2010.

The amount of “Environmental measures” included in “Other” under “Extraordinary loss” for the fiscal year ended March 2010 is ¥35 million.

(f) “Special addition to retirement benefits” for the fiscal year ended March 2009 was included in “Other” under “Extraordinary loss.” However, this account is separately stated for the fiscal year ended March 2010.

The amount of “Special addition to retirement benefits” included in “Other” under “Extraordinary loss” for the fiscal year ended March 2009 was ¥0 million.

(8) Notes to Consolidated Financial Statements

(Omission of Disclosure)

The disclosure of notes to the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets and the consolidated statements of cash flows is omitted because the necessity of disclosing such information in this year-end summary of financial statements is not regarded as significant.

Similarly, the disclosure of notes as to lease transactions, related party transactions, tax-effect accounting, financial instruments, securities, derivative transactions, retirement benefits, business combinations and rental property is also omitted because the necessity of disclosing such information in this year-end summary of financial statements is not regarded as significant.

(Segment Information)

[Business Segment Information]

For the year ended March 31, 2009 (from April 1, 2008, to March 31, 2009):

(Millions of yen)

	Refractories	Furnace Construction	Advanced Ceramics	Real Estate	Others	Total	Eliminations/ Corporate	Consolidated
I Net sales and operating income (loss)								
Net sales								
(1) Net sales to external customers	72,796	16,121	3,652	1,012	2,739	96,322	—	96,322
(2) Internal sales and transfers	—	—	—	—	—	—	—	—
Total	72,796	16,121	3,652	1,012	2,739	96,322	—	96,322
Operating expenses	69,293	14,980	3,706	717	2,667	91,365	1,345	92,711
Operating income (loss)	3,502	1,141	(53)	294	71	4,956	(1,345)	3,611
II Assets, depreciation, impairment loss and capital expenditures								
Total assets	60,529	7,689	3,111	4,197	1,221	76,749	6,534	83,284
Depreciation	3,014	597	287	574	121	4,595	252	4,848
Impairment loss	171	—	—	—	4	176	43	219
Capital expenditures	5,889	332	59	—	126	6,408	306	6,714

Notes:

1. (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

2. The operating expenses that are not allocatable and included in “Eliminations/Corporate” amounted to ¥1,346 million for the fiscal year ended March 2009. These expenses represent the expenses in the administrative section of the parent company.

3. The Company adopted the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 issued on July 5, 2006), effective from the fiscal year ended March 31, 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 ¥268 million compared with the amount that would have been obtained under the previous valuation method.

4. The Company changed the method of depreciation from the straight-line method to the declining-balance method for some property, plant and equipment on the premises of a user relating to the Furnace Construction business, effective from the year ended March 31, 2009.
   This change was made because, upon the revision of the related contracts with the user during the fiscal year ended March 2009, it was judged that the declining-balance depreciation method would more appropriately reflect the profit and loss for the period for property, plant and equipment acquired on or after October 1, 2008.
   This change decreased operating income by ¥9 million in the Furnace Construction segment for the fiscal year ended March 2009 compared with the amount that would have been obtained under the previous method.

5. 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 property, plant and equipment, effective from the fiscal year ended March 2009.
   This change decreased operating income by ¥240 million in the Refractories segment, ¥0 million in the Furnace Construction segment, ¥17 million in the Advanced Ceramics segment and ¥16 million in the Others segment for the fiscal year ended March 2009 compared with the results that would have been obtained with the previous useful lives.

6. The corporate assets included in “Eliminations/Corporate” amounted to ¥6,751 million for the fiscal year ended March 2009. These assets primarily consist of the long-term investment funds (investment securities) of the parent company and the assets relating to its administrative section.
7. “Depreciation” and “Capital expenditures” include long-term prepared expenses and goodwill, as well as the amount of

depreciation of these accounts.

(Change in the categorization of business segments)

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 fiscal year ended 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.

For the year ended March 31, 2010 (from April 1, 2009, to March 31, 2010):

(Millions of yen)

	Refractories	Furnace Construction	Advanced Ceramics	Real Estate	Others	Total	Eliminations/ Corporate	Consolidated
I Net sales and operating income (loss)								
Net sales								
(1) Net sales to external customers	62,107	15,324	2,198	993	2,249	82,874	—	82,874
(2) Internal sales and transfers	—	—	—	—	—	—	—	—
Total	62,107	15,324	2,198	993	2,249	82,874	—	82,874
Operating expenses	59,173	13,943	2,534	696	2,120	78,468	1,470	79,938
Operating income (loss)	2,933	1,381	(335)	297	128	4,405	(1,470)	2,935
II Assets, depreciation, impairment loss and capital expenditures								
Total assets	63,036	8,324	4,291	3,713	1,079	80,445	5,835	86,280
Depreciation	2,839	548	239	581	112	4,322	298	4,620
Impairment loss	13	—	—	—	—	13	15	28
Capital expenditures	2,936	394	89	98	56	3,576	1,017	4,594

Notes:

1. (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

2. The operating expenses that are not allocatable and included in “Eliminations/Corporate” amounted to ¥1,473 million for the fiscal year ended March 2010. These expenses represent the expenses in the administrative section of the parent company.

3. As stated in the “Basis of Preparation of the Consolidated Financial Statements,” the Company adopted the completed-contract method to compute revenue from construction contracts previously. Effective from the fiscal year ended March 2010, the Company has adopted the Accounting Standard for Construction Contracts (ASBJ Statement No. 15, dated December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18, dated December 27, 2007). Beginning with the construction contracts launched during the year under review, the percentage-of-completion method is applied if the outcome of the construction activity is deemed certain during the course of the activity up to the end of the year under review. Otherwise, the completed-contract method is applied. (The percentage of completion is estimated based on the percentage of the cost incurred to the estimated total cost.)
   This change increased net sales by ¥811 million and operating income by ¥139 million in the Furnace Construction segment for the fiscal year ended March 2010 compared with the amount that would have been obtained under the previous method.

4. The corporate assets included in “Eliminations/Corporate” amounted to ¥6,085 million for the fiscal year ended March 2010. These assets primarily consist of the long-term investment funds (investment securities) of the parent company and the assets relating to its administrative section.

5. “Depreciation” and “Capital expenditures” include long-term prepared expenses and goodwill, as well as the amount of depreciation of these accounts.

[Geographical Segment Information]

For the year ended March 31, 2009 (from April 1, 2008, to March 31, 2009):

(Millions of yen)

	Japan	China	Spain	USA	Total	Eliminations/ Corporate	Consolidated
I Net sales and operating income (loss)							
Net sales							
(1) Net sales to external customers	87,941	1,027	4,562	2,791	96,322	—	96,322
(2) Internal sales and transfers	2,799	2,868	39	0	5,707	(5,707)	—
Total	90,741	3,895	4,601	2,791	102,030	(5,707)	96,322
Operating expenses	86,673	3,451	4,193	2,658	96,976	(4,265)	92,711
Operating income (loss)	4,067	444	408	133	5,054	(1,442)	3,611
II Assets	67,246	3,562	5,982	1,901	78,693	4,590	83,284

Notes:

1. Geographical segments were determined by the mutual relevance of business operations.

2. The operating expenses that are not allocatable and included in “Eliminations/Corporate” amounted to ¥1,346 million for the fiscal year ended March 2009. These expenses represent the expenses in the administrative section of the parent company.

3. The Company adopted the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 issued on July 5, 2006), effective from the fiscal year ended March 31, 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 ¥268 million compared with the amount that would have been obtained under the previous valuation method.

4. The Company changed the method of depreciation from the straight-line method to the declining-balance method for some property, plant and equipment on the premises of a user relating to the Furnace Construction business in Japan, effective from the year ended March 31, 2009.
This change was made because, upon the revision of the related contracts with the user during the fiscal year ended March 2009, it was judged that the declining-balance depreciation method would more appropriately reflect the profit and loss for the period from property, plant and equipment acquired on or after October 1, 2008.
This change decreased operating income by ¥9 million in the Japan segment for the fiscal year ended March 2009 compared with the amount that would have been obtained under the previous method.

5. 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 property, plant and equipment, effective from the fiscal year ended March 2009.
This change decreased operating income by ¥282 million in the Japan segment compared with the amount that would have been obtained with the previous useful lives.

6. The corporate assets included in “Eliminations/Corporate” amounted to ¥6,751 million for the fiscal year ended March 2009. These assets primarily consist of the long-term investment funds (investment securities) of the parent company and the assets relating to its administrative section.

For the year ended March 31, 2010 (from April 1, 2009, to March 31, 2010):

(Millions of yen)

	Japan	China	Spain	USA	Netherlands	Total	Eliminations/ Corporate	Consolidated
I Net sales and operating income (loss) Net sales (1) Net sales to external customers	77,316	877	2,646	2,033	—	82,874	—	82,874
(2) Internal sales and transfers	1,316	2,102	9	3	—	3,430	(3,430)	—
Total	78,632	2,980	2,656	2,036	—	86,305	(3,430)	82,874
Operating expenses	74,394	2,548	3,062	1,955	—	81,960	(2,021)	79,938
Operating income (loss)	4,238	431	(406)	80	—	4,344	(1,409)	2,935
II Assets	66,697	4,018	9,622	1,864	2	82,204	4,075	86,280

Notes:

1. Geographical segments were determined by the mutual relevance of business operations.

2. The operating expenses that are not allocatable and included in “Eliminations/Corporate” amounted to ¥1,473 million for the fiscal year ended March 2010. These expenses represent the expenses in the administrative section of the parent company.

3. As stated in the “Basis of Preparation of the Consolidated Financial Statements,” the Company adopted the completed-contract method to compute revenue from construction contracts previously. Effective from the fiscal year ended March 2010, the Company has adopted the Accounting Standard for Construction Contracts (ASBJ Statement No. 15, dated December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18, dated December 27, 2007). Beginning with the construction contracts launched during the year under review, the percentage-of-completion method is applied if the outcome of the construction activity is deemed certain during the course of the activity up to the end of the year under review. Otherwise, the completed-contract method is applied. (The percentage of completion is estimated based on the percentage of the cost incurred to the estimated total cost.)
   This change increased net sales by ¥811 million and operating income by ¥139 million in the Japan segment for the fiscal year ended March 2010 compared with the amount that would have been obtained under the previous method.

4. The corporate assets included in “Eliminations/Corporate” amounted to ¥6,085 million for the fiscal year ended March 2010. These assets primarily consist of the long-term investment funds (investment securities) of the parent company and the assets relating to its administrative section.

[Overseas Sales]

For the year ended March 31, 2009 (from April 1, 2008, to March 31, 2009):

	Asia	Europe	Other Regions	Total
I. Overseas sales (Millions of yen)	5,243	5,580	5,130	15,953
II. Consolidated net sales (Millions of yen)	—	—	—	96,322
III. Ratio of overseas sales to consolidated net sales (%)	5.5	5.8	5.3	16.6

Notes:

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

For the year ended March 31, 2010 (from April 1, 2009, to March 31, 2010):

	Asia	Europe	Other Regions	Total
I. Overseas sales (Millions of yen)	5,228	3,399	3,262	11,890
II. Consolidated net sales (Millions of yen)	—	—	—	82,874
III. Ratio of overseas sales to consolidated net sales (%)	6.3	4.1	3.9	14.3

Notes:

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

(Stock Options)

There is no applicable information.

(Per Share Information)

Fiscal Year Ended March 31, 2009 (From April 1, 2008, to March 31, 2009)	Fiscal Year Ended March 31, 2010 (From April 1, 2009, to March 31, 2010)
Net assets per share ¥305.26	Net assets per share ¥381.50
Basic net loss per share (¥33.1) Diluted net income per share is not stated because there are no potential stocks, and a net loss was recorded for the year.	Basic net income per share ¥46.98 Diluted net income per share is not stated because there are no potential stocks

Note: The basis of calculation is as follows.

1. Net assets per share

	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
Total net assets (¥Million)	26,815	33,269
Net assets attributable to shares of common stock (¥Million)	25,787	32,219
Major component of the difference (¥Million): Minority interests	1,028	1,049
The number of shares of common stock issued and outstanding (Thousand)	91,145	91,145
The number of treasury shares of common stock (Thousand)	6,666	6,690
The number of shares of common stock used for the calculation of net assets per share (Thousand)	84,478	84,454

2. Net income or loss per share

	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
Net income (loss) on the consolidated statements of income (¥Million)	(2,879)	3,967
Net income (loss) attributable to shares of common stock (¥Million)	(2,879)	3,967
Net income (loss) not attributable to shares of common stock (¥Million)	—	—
Average number of shares of common stock during the period (Thousand)	87,223	84,463

(Significant Subsequent Events)

There is no applicable information.

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
ASSETS		
Current assets:		
Cash and deposits	2,717	749
Notes receivable—trade	702	709
Accounts receivable—trade	17,036	18,884
Merchandise and finished goods	6,311	4,206
Work in process	1,808	2,183
Raw materials and supplies	3,827	1,979
Advance payments—trade	86	112
Prepaid expenses	154	153
Deferred tax assets	999	1,547
Other	754	952
Allowance for doubtful accounts	(1)	(0)
Total current assets	34,397	31,476
Noncurrent assets:		
Property, plant and equipment		
Buildings, net	7,116	7,508
Structures, net	1,330	1,300
Machinery and equipment, net	6,105	5,212
Vehicles, net	118	110
Tools, furniture and fixtures, net	522	548
Land	4,856	4,762
Construction in progress	962	254
Total property, plant and equipment	21,012	19,697
Intangible assets		
Goodwill	116	127
Software	175	124
Other	176	209
Total intangible assets	469	462
Investments and other assets		
Investment securities	2,958	7,527
Stocks of subsidiaries and affiliates	4,252	5,719
Investments in capital	1	1
Investments in capital of subsidiaries and affiliates	2,337	2,337
Long-term loans receivable	41	34
Long-term loans receivable from employees	—	162
Long-term loans receivable from subsidiaries and affiliates	882	867
Bankruptcy and reorganization claims, etc.	—	5
Long-term prepaid expenses	6	35
Deferred tax assets	2,183	—
Other	382	299
Allowance for doubtful accounts	(60)	(64)
Total investments and other assets	12,984	16,926
Total noncurrent assets	34,465	37,085
Deferred assets:		
Bond issuance costs	—	43
Total deferred assets	—	43
Total assets	68,863	68,606

(Millions of yen)

	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
LIABILITIES		
Current liabilities:		
Accounts payable—trade	11,192	11,554
Short-term loans payable	16,479	—
Current portion of long-term loans payable	10	4,300
Accounts payable—other	1,603	861
Accrued expenses	885	1,051
Income taxes payable	—	51
Advances received	61	54
Deposits received	2,357	3,119
Provision for bonuses	1,290	1,321
Provision for loss on construction contracts	—	65
Other	167	521
Total current liabilities	34,047	22,900
Noncurrent liabilities:		
Bonds	—	10,000
Long-term loans payable	8,800	5,500
Deferred tax liabilities	—	756
Provision for retirement benefits	70	89
Provision for directors' retirement benefits	303	360
Provision for product warranties	47	7
Long-term lease and guarantee deposited	4,930	4,281
Total noncurrent liabilities	14,151	20,996
Total liabilities	48,199	43,897
NET ASSETS		
Shareholders' equity		
Capital stock	5,537	5,537
Capital surplus		
Legal capital surplus	5,138	5,138
Total capital surpluses	5,138	5,138
Retained earnings		
Legal retained earnings	1,250	1,250
Other retained earnings		
Reserve for reduction entry	1,265	1,280
General reserve	4,517	4,517
Retained earnings brought forward	4,150	5,733
Total retained earnings	11,182	12,781
Treasury stock	(1,542)	(1,546)
Total shareholders' equity	20,317	21,911
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	347	2,794
Deferred gains or losses on hedges	(0)	3
Total valuation and translation adjustments	346	2,797
Total net assets	20,664	24,709
Total liabilities and net assets	68,863	68,606

(2) Non-Consolidated Statements of Income

(Millions of yen)

	Fiscal Year from April 1, 2008, to March 31, 2009	Fiscal Year from April 1, 2009, to March 31, 2010
Net sales	87,556	76,649
Cost of sales	76,404	65,690
Gross profit	11,152	10,958
Selling, general and administrative expenses	9,526	8,831
Operating income	1,626	2,126
Non-operating income		
Interest income	15	18
Dividends income	273	477
Rent and management commission	82	—
Subsidy income	—	170
Other	82	96
Total non-operating income	455	763
Non-operating expenses		
Interest expenses	254	196
Bond interest	—	120
Loss on transfer of receivables	227	156
Amortization of bond issuance costs	—	8
Cost of removal of noncurrent assets	99	—
Foreign exchange losses	126	—
Other	138	137
Total non-operating expenses	846	619
Ordinary income	1,235	2,270
Extraordinary income		
Gain on sales of noncurrent assets	199	220
Gain on disposal of noncurrent assets	75	—
Gain on liquidation of affiliates	—	288
Gain on extinguishment of tie-in shares	34	—
Compensation income	62	—
Other	22	57
Total extraordinary income	393	567
Extraordinary loss		
Loss on prior period adjustment	12	—
Loss on sales of noncurrent assets	1	—
Loss on retirement of noncurrent assets	187	29
Removal cost for noncurrent assets	—	74
Impairment loss	47	15
Loss on valuation of investment securities	6,237	—
Environmental measures	774	29
Advisory commission	98	28
Loss on reorganization of businesses	—	41
Other	9	11
Total extraordinary losses	7,369	229
Income (loss) before income taxes	(5,740)	2,607
Income taxes—current	41	48
Income taxes for prior periods	129	59
Income taxes—deferred	(2,395)	732
Total income taxes	(2,223)	840
Net income (loss)	(3,516)	1,767

(3) Non-Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal Year from April 1, 2008, to March 31, 2009	Fiscal Year from April 1, 2009, to March 31, 2010
Shareholders' Equity		
Capital stock		
Balance at previous year-end	5,537	5,537
Changes of items during the period		
Total changes of items during the period	—	—
Balance at year-end	5,537	5,537
Capital surplus		
Legal capital surplus		
Balance at previous year-end	5,138	5,138
Changes of items during the period		
Total changes of items during the period	—	—
Balance at year-end	5,138	5,138
Total capital surplus		
Balance at previous year-end	5,138	5,138
Changes of items during the period		
Total changes of items during the period	—	—
Balance at year-end	5,138	5,138
Retained earnings		
Legal retained earnings		
Balance at previous year-end	1,250	1,250
Changes of items during the period		
Total changes of items during the period	—	—
Balance at year-end	1,250	1,250
Other retained earnings		
Reserve for reduction entry		
Balance at previous year-end	1,179	1,265
Changes of items during the period:		
Provision of reserve for reduction entry	168	89
Reversal of reserve for reduction entry	(82)	(74)
Total changes of items during the period	85	15
Balance at year-end	1,265	1,280
Reserve for special account for advanced depreciation of noncurrent assets		
Balance at previous year-end	107	—
Changes of items during the period:		
Provision of reserve for special account for advanced depreciation of noncurrent assets	(107)	—
Total changes of items during the period	(107)	—
Balance at year-end	—	—
General reserve		
Balance at previous year-end	4,517	4,517
Changes of items during the period:		
Total changes of items during the period	—	—
Balance at year-end	4,517	4,517

(Millions of yen)

	Fiscal Year from April 1, 2008, to March 31, 2009	Fiscal Year from April 1, 2009, to March 31, 2010
Retained earnings brought forward		
Balance at previous year-end	8,088	4,150
Changes of items during the period:		
Dividends from surplus	(443)	(168)
Provision of reserve for reduction entry	(168)	(89)
Reversal of reserve for reduction entry	82	74
Provision of reserve for special account for advanced depreciation of noncurrent assets	107	
Net income (loss)	(3,516)	1,767
Total changes of items during the period	(3,937)	1,583
Balance at year-end	4,150	5,733
Total retained earnings		
Balance at previous year-end	15,142	11,182
Changes of items during the period		
Dividends from surplus	(443)	(168)
Net income (loss)	(3,516)	1,767
Total changes of items during the period	(3,959)	1,598
Balance at year-end	11,182	12,781
Treasury stock		
Balance at previous year-end	(702)	(1,542)
Changes of items during the period		
Purchase of treasury stock	(839)	(4)
Total changes of items during the period	(839)	(4)
Balance at year-end	(1,542)	(1,546)
Total shareholders’ equity		
Balance at previous year-end	25,116	20,317
Changes of items during the period		
Dividends from surplus	(443)	(168)
Net income (loss)	(3,516)	1,767
Purchase of treasury stock	(839)	(4)
Total changes of items during the period	(4,799)	1,594
Balance at year-end	20,317	21,911

(Millions of yen)

	Fiscal Year from April 1, 2008, to March 31, 2009	Fiscal Year from April 1, 2009, to March 31, 2010
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at previous year-end	1,199	347
Changes of items during the period		
Net changes of items other than shareholders' equity	(851)	2,446
Total changes of items during the period	(851)	2,446
Balance at year-end	347	2,794
Deferred gains and losses on hedges		
Balance at previous year-end	(10)	(0)
Changes of items during the period		
Net changes of items other than shareholders' equity	9	4
Total changes of items during the period	9	4
Balance at year-end	(0)	3
Total valuation and translation adjustments		
Balance at previous year-end	1,189	346
Changes of items during the period		
Net changes of items other than shareholders' equity	(842)	2,450
Total changes of items during the period	(842)	2,450
Balance at year-end	346	2,797
Total net assets		
Balance at previous year-end	26,306	20,664
Changes of items during the period		
Dividends from surplus	(443)	(168)
Net income (loss)	(3,516)	1,767
Purchase of treasury stock	(839)	(4)
Net changes of items other than shareholders' equity	(842)	2,450
Total changes of items during the period	(5,641)	4,044
Balance at year-end	20,664	24,709

(4) Notes on the Premise of a Going Concern

There are no applicable notes.