

ECI, Inc
 (Nagoya Stock Market, Centrex:4567)
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 Japan

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Brief Report on the Account Settlement for the First Quarter of Term Ending in May 2009

(Fraction of million Yen is rounded down.)

1. Consolidated results for the first quarter of FY2009 (June 1, 2008 - August 31, 2008)

(1) Consolidated operating business results, cumulative

(% denotes gain or loss against the same period of the previous term.)

	Net sales		Operating income		Ordinary income		Net income (Current)	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three months ended Aug. 2008	58	26.7	△329	—	△326	—	△949	—
Three months ended Aug. 2007	45	—	△286	—	△307	—	△308	—

	Earning per share (Current)		Earning per share (Current) after the adjustment of latent shares	
	¥		¥	
Three months ended Aug. 2008	△6,068	48	—	—
Three months ended Aug. 2007	△2,611	23	—	—

(2) Consolidated financial position

	Total assets	Net assets	Net worth ratio	Net asset worth	
	¥ million	¥ million	%	¥	
As of Aug. 31, 2008	1,121	765	68.2	4,887	89
As of May 31, 2008	1,998	1,715	85.8	10,956	38

(Remark) Net worth as of Aug. 31, 2008: 765 million Yen; As of May 31, 2008: 1,715 million Yen

2. Dividends

(Reference date)	Dividend per share				
	End 1st quarter	End 2nd quarter	End 3rd quarter	Year-end	Total dividend for the year
	¥	¥	¥	¥	¥
FY2008	—	—	—	—	—
FY2009	—	—	—	—	—
FY2009 (projected)	—	—	—	—	—

(Note) Changes in the probable dividend during the first quarter of FY2009: None

3. Projected consolidated results for FY2009 (June 1, 2008 to May 31, 2009)

(% denotes gain or loss against the previous term for “FY2009 full-year,” and against the second quarter of the previous term for “2nd quarter.”)

	Net sales		Operating income		Ordinary income		Net income		Earning per share	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥	
2nd quarter	342	257.1	△588	—	△591	—	△1,207	—	△7,710	48
FY2009 full-year	1,658	657.9	△250	—	△256	—	△873	—	△5,576	84

(Note) Changes in projected consolidated results during the first quarter of FY2009: None

5. Consolidated financial statements for the first quarter of FY2009

(1) Consolidated balance sheet

(In thousand yen)

	End 1st quarter, current (as of Aug. 31, 2008)	End previous fiscal year (as of May 31, 2008)
Assets		
Current assets		
Cash and deposit	269,234	661,640
Sales on credit	24,056	31,848
Merchandise and products	84,799	95,906
Products in process	10,077	27,706
Raw materials and goods in stock	46,406	46,092
Advances	257,623	660,174
Expenses paid in advance	21,305	29,726
Accounts receivable	45,954	16,324
Consumption tax, etc. receivable	8,360	18,268
Short term loan	59,800	65,000
Others	8,383	2,787
Reserve for bad debt	△32,500	△32,500
Total of current assets	803,501	1,622,974
Fixed assets		
Tangible fixed asset		
Building	33,414	102,063
Aggregate amount of depreciation	△10,559	△18,526
Aggregate amount of loss from diminution of value	-	△59,820
Building (Net amount)	22,854	23,716
Tools, equipments and fixtures	870,595	903,780
Aggregate amount of depreciation	△695,060	△685,206
Aggregate amount of loss from diminution of value	△378	△22,006
Tools, equipment and fixtures (Net amount)	175,156	196,567
Total of tangible fixed assets	198,010	220,284
Intangible fixed assets		
Software	3,572	3,989
Total of intangible fixed assets	3,572	3,989
Investments and other assets		
Investment securities	10,174	10,174
Deposits and guarantee money	70,439	104,324
Insurance reserves	36,243	36,243
Others	1,405	61,460
Reserves for bad debt	△1,400	△61,400
Total of investment and other assets	116,863	150,802
Total of fixed assets	318,446	375,077
Total assets	1,121,948	1,998,052

(In thousand yen)

	End 1st quarter, current (as of Aug. 31, 2008)	End previous fiscal year (as of May 31, 2008)
Liabilities		
Current liabilities		
Purchase on credit	7,998	3,825
Long term debt payable within one year	40,000	40,000
Account payable	130,295	36,576
Advance money received	29,411	54,793
Corporate tax, etc. payable	3,673	9,371
Others	7,109	6,291
Total of current liability	218,488	150,859
Fixed liabilities		
Long term deposit received	138,309	132,080
Total of fixed liabilities	138,309	132,080
Total liabilities	356,797	282,939
Net assets		
Capital stock		
Capital	2,150,655	2,150,655
Capital surplus	3,277,291	3,277,291
Earned surplus	△4,662,794	△3,712,833
Total of capital stock	765,151	1,715,112
Total of net assets	765,151	1,715,112
Total of liabilities and net assets	1,121,948	1,998,052

(2) Consolidated profit and loss statement, cumulative for the first quarter of FY2009

(In thousand yen)

	1st quarter, current cumulative (from June 1 to Aug. 31, 2008)
Net sales	58,105
Sales cost	202,142
Total amount of loss from sales (△)	△144,036
Sales expenses and other administrative expenses	
Total sales expenses and other administrative expenses	185,116
Operating loss (△)	△329,152
Non-operating revenue	
Interests received	595
Gain from exchange	2,020
Others	662
Total non-operating revenue	3,279
Non-operating expenses	
Interests paid	216
Total non-operating expenses	216
Ordinary loss (△)	△326,089
Special loss	
Loss from acquisition of shares	608,000
Loss from waste merchandise	11,132
Office moving expenses	4,336
Total special loss	623,469
Net loss for the 1st quarter before adjustment of taxes	△949,559
Corporate tax, residential tax and business tax	401
Total corporate and other taxes	401
Net loss for the 1st quarter	△949,960

(3) Consolidated cash flow statement for the first quarter of FY2009

(In thousand yen)

	1st quarter, current cumulative (from June 1 to Aug. 31, 2008)
Net cash provided by operating activities	
Net profit for the 1st quarter before adjustment of taxes	△949,559
Depreciation expenses	23,109
Loss from acquisition of shares	608,000
Interest received and dividend received	△595
Interest paid	216
Foreign exchange profit and loss (△ indicates profit.)	△2,020
Loss from waste merchandise	11,132
Office movement expenses	4,336
Change in the credit sales (△ indicates increase.)	7,791
Change in the inventories (△ indicates increase.)	17,430
Change in the amount of advances (△ indicates increase.)	△205,448
Change in accrued consumption taxes (△ indicates increase.)	9,907
Change in other current assets (△ indicates increase.)	13,755
Change in the amount of purchase on credit (△ indicates decrease.)	4,031
Change in the amount of deposit received (△ indicates decrease.)	605
Change in advances received (△ indicates decrease.)	△25,382
Change in other current liabilities (△ indicates decrease.)	84,550
Subtotal	△398,138
Amount of interest and dividend received	595
Office moving expenses paid	△6,387
Amount of corporate tax, etc. paid	△1,743
Net cash provided by operating activities	△405,673
Net cash used in investment activities	
Expenditure for the acquisition of securities	△417
Income from refund of deposits and guarantee money	235
Income from the collection of loan	5,200
Net cash used in investment activities	5,017
Net cash provided by (used in) financing activities	
Income from long term deposit received	6,229
Net cash provided by (used in) financing activities	6,229
Amount of difference related to cash and cash equivalents	2,020
Change in cash and cash equivalents (△ indicates decrease.)	△392,405
Balance of cash and cash equivalents at the beginning of year	661,640
Balance of cash and cash equivalents at the end of the 1st quarter of FY2009	269,234

(Contacts for inquiries or additional information)

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