

ECI, Inc  
 (Nagoya Stock Exchange Centrex:4567)  
 4-7-7 Aobadai Meguro-Ku,  
 Tokyo 153-0042  
 Japan

April 13, 2009

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

(Fraction of million Yen is rounded down.)

### 1. Consolidated results for the third quarter of FY2009 (June 1, 2008 –February 28, 2009)

#### (1) Consolidated operating business results, cumulative

(% denotes gain or loss as compared with the same period in the previous term.)

	Net sales		Operating incomes		Ordinary incomes		Net incomes (Current)	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine months ended Feb. 2009	221	18.7	△966	—	△1,001	—	△1,657	—
Nine months ended Feb. 2008	186	—	△880	—	△931	—	△1,065	—

	Net incomes per share (Current)		Net incomes per share (Current) after the adjustment of residual securities	
	¥		¥	
Nine months ended Feb. 2009	△10,374	33	—	—
Nine months ended Feb. 2008	△9,024	50	—	—

#### (2) Consolidated financial position

	Total assets		Net assets		Net worth ratios		Net asset worth	
	¥ million		¥ million		%	¥		
As of Feb. 28, 2009	650		338		51.9	1,968	98	
As of May 31, 2008	1,998		1,715		85.8	10,956	38	

(Remark) Net worth as of Feb. 28, 2009: 337 million Yen; As of May 31, 2008: 1,715 million Yen

### 2. Dividends

(Fiscal Term)	Dividend per share				
	End-of-1Q	End-of-2Q	End-of-3Q	End-of-Fiscal Year	Total dividend for the Term
FY2008	— ¥ —	— ¥ —	— ¥ —	— ¥ —	— ¥ —
FY2009	— —	— —	— —	— —	— —
FY2009 (projected)	— —	— —	— —	— —	— —

(Note) We do not expect to resume dividend for FY2009.

### 3. Projection for consolidated FY2009 (June 1, 2008 to May 31, 2009)

(% denotes gain or loss as compared with the previous term)

	Net sales		Operating incomes		Ordinary incomes		Net incomes		Earnings per share	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥	
FY2009 full-year	1,658	657.9	△250	—	△256	—	△873	—	△5,576	84

(Note) We keep the same projection for FY2009.

#### 4. Consolidated financial statements for the Third quarter of FY2009

##### (1) Consolidated balance sheet

(In thousand yen)

	End-of-3Q (as of Feb. 28, 2009)	End-of-fiscal year (as of May 31, 2008)
<b>Assets</b>		
Current assets		
Cash and deposit	98,930	661,640
Accounts receivable	25,559	31,848
Merchandise and products	109,728	95,906
Work in process	5,440	27,706
Raw materials and supplies	43,996	46,092
Advances	82,195	660,174
Prepayments	15,410	29,726
Accounts due	-	16,324
Accrued consumption tax	18,932	18,268
Short term loan	-	65,000
Others	430	2,787
Allowance for doubtful receivables	-	△32,500
<b>Total of current assets</b>	<b>400,624</b>	<b>1,622,974</b>
Fixed assets		
Tangible fixed assets		
Buildings	33,414	102,063
Accumulated depreciation	△12,285	△18,526
Accumulated impairment loss	-	△59,820
<b>Buildings(Net amount)</b>	<b>21,128</b>	<b>23,716</b>
Tools, equipments and fixtures	884,658	903,780
Accumulated depreciation	△736,576	△685,206
Accumulated impairment loss	△378	△22,006
<b>Tools, equipment and fixtures (Net amount)</b>	<b>147,702</b>	<b>196,567</b>
<b>Total of tangible fixed assets</b>	<b>168,831</b>	<b>220,284</b>
Intangible fixed assets		
Software	2,737	3,989
<b>Total of intangible fixed assets</b>	<b>2,737</b>	<b>3,989</b>
Investments and other assets		
Investment securities	6,166	10,174
Deposits	72,349	104,324
Insurance reserve fund	-	36,243
Bankruptcy reorganization claim etc.	89,186	-
Others	1,400	61,460
Allowance for doubtful receivables	△90,586	△61,400
<b>Total of investment and other assets</b>	<b>78,515</b>	<b>150,802</b>
<b>Total of fixed assets</b>	<b>250,084</b>	<b>375,077</b>
<b>Total assets</b>	<b>650,708</b>	<b>1,998,052</b>

(In thousand yen)

	End-of-3Q (as of Feb. 28, 2009)	End-of-fiscal year (as of May 31, 2008)
<b>Liabilities</b>		
Current liabilities		
Accounts payable	74,493	3,825
Long term loan payable within one year	-	40,000
Accrued liabilities	32,101	36,576
Advances from supplier	20,024	54,793
Accrued income taxes, etc.	5,300	9,371
Others	28,602	6,291
Total of current liabilities	160,522	150,859
Fixed liabilities		
Long term deposits payable	151,394	132,080
Total of fixed liabilities	151,394	132,080
Total liabilities	311,916	282,939
<b>Net assets</b>		
Shareholder's equity		
Capital stock	2,290,896	2,150,655
Capital surplus	3,417,532	3,277,291
Earned surplus	△5,370,473	△3,712,833
Total of shareholder's equity	337,955	1,715,112
Share warrant	837	-
Total of net assets	338,792	1,715,112
Total of liabilities and net assets	650,708	1,998,052

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

(In thousand yen)	
	End-of-3Q (from June 1 to Feb. 28, 2009)
<b>Net sales</b>	221,371
Cost of sales	665,766
Gross loss ( $\Delta$ )	<u><math>\Delta</math>444,395</u>
Selling and administrative expense	
Total of selling and administrative expense	521,925
Operating loss ( $\Delta$ )	<u><math>\Delta</math>966,321</u>
Non-operating revenue	
Interest income	737
Others	882
Total of non-operating revenue	<u>1,620</u>
Non-operating expense	
Interest expense	1,054
Share issuing expense	324
Foreign currency loss	6,228
Transfer to allowance for doubtful receivables	29,386
Total of non-operating expense	<u>36,994</u>
Ordinary loss ( $\Delta$ )	<u><math>\Delta</math>1,001,694</u>
Extraordinary loss	
Loss on acquisition of ECI301 proprietary interest	608,000
Loss on disposal of products	11,132
Office move expenses	4,336
Loss on valuation of investment securities	4,008
Loss on disposal of fixed assets	15
Transfer to allowances for doubtful receivables	27,300
Total of extraordinary loss	<u>654,793</u>
Net loss for the 3Q before adjustment of taxes	<u><math>\Delta</math>1,656,488</u>
Corporate tax, inhabitant tax, and enterprise tax	1,151
Total of income and other taxes	<u>1,151</u>
Net loss for the 3Q	<u><math>\Delta</math>1,657,639</u>

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

(In thousand yen)

	End-of-3Q (from June 1 to Feb. 28, 2009)
Cash flows from operating activities	
Net profit for the 3Q before adjustment of taxes	△1,656,488
Depreciation expenses	68,941
Loss on acquisition of ECI301 proprietary interest	608,000
Office move expenses	4,551
Profit and loss on valuation of investment securities (△ indicates profit.)	4,008
Change in transfer to allowance for doubtful receivables (△ indicates decrease.)	56,686
Loss on disposal of tangible fixed asset	15
Share issuing expense	324
Interest income and dividend income	△737
Interest expense	1,054
Exchange gain or loss (△ indicates profit.)	4,839
Change in accounts receivable (△ indicates increase.)	6,466
Change in inventory (△ indicates increase.)	10,540
Change in advances to supplier (△ indicates increase.)	△30,021
Change in accrued consumption taxes (△ indicates increase.)	△664
Change in other current assets (△ indicates increase.)	17,157
Change in account payable (△ indicates decrease.)	70,667
Change in deposits payable (△ indicates decrease.)	1,659
Change in advances from supplier (△ indicates decrease.)	△34,769
Change in accrued expense(△ indicates decrease.)	1,683
Change in other current liabilities (△ indicates decrease.)	16,711
Subtotal	△849,372
Proceeds of interest and dividend	737
Expenditure of interest	△1,054
Expenditure of office move expense	△6,387
Expenditure of corporate tax and others	△1,743
Cash flows from operating activities	△857,837
Cash flows from investment activities	
Expenditure for the acquisition of tangible fixed assets	△16,250
Expenditure for paid of deposits	△2,257
Proceeds from deposits recovered	16,675
Proceeds from cancellation of insurance reserve fund	36,243
Proceeds from loans receivable	5,200
Cash flow from investment activities	39,609

(In thousand yen)

End-of-3Q  
(from June 1 to Feb. 28, 2009)

Cash flow from financing activities	
Proceeds from long term deposit payable	19,314
Expenditure for repayment of long-term debt	△40,000
Proceeds from issue of shares	279,935
Proceeds from issue of share warrant	1,061
Cash flow from financing activities	260,310
Exchange difference of cash and cash equivalents	△4,792
Change in cash and cash equivalents (△ indicates decrease.)	△562,710
Cash and cash equivalents at the beginning of year	661,640
Cash and cash equivalents at the end of the 3Q of FY2009	98,930

(Contacts for inquiries or additional information)

ECI, Inc

Executive Management Department

Tel: +81-3-5452-0662(DID) Fax: +81-3-5452-0663

<http://www.effectorcell.co.jp>