

March 31, 2009

Press Release

New Horizon Capital Co., Ltd.

Hitachi Housotec Co., Ltd. Launches Growth Strategy after Completing Rehabilitation

New Horizon Capital Co., Ltd., Japan's leading independent private equity fund (Head Office: Minato-ku, Tokyo; Chairman and COO: Yasushi Ando, "NHC"), which assists firms that require rehabilitation and have growth prospects, announced today that Hitachi Housotec Co., Ltd. (Head Office: Itabashi-ku, Tokyo; President: Shintaro Hoshida, "Hitachi Housotec"), who manufactures and sells housing equipments, completed rehabilitation phase and is entering into a new growth stage as "Housotec Inc." from the new fiscal year starting April 1. NHC led the constructive rehabilitation process of Hitachi Housotec after NHC acquired shares of the company from Hitachi Chemical at the end of 2007.

Despite the recent severe economic conditions, NHC managed to maneuver Hitachi Housotec to improve its profitability. Hitachi Housotec's fixed costs were reduced through series of cost control initiatives such as reevaluation of unprofitable business against certain types of housing maker, reduction of unnecessary showrooms, and rationalization of factory facilities as well as personnel through voluntary retirement. As a result, Hitachi Housotec is expected to register its first recurring profit for FY2008 (which ends March 2009) after three consecutive fiscal-year losses.

Hitachi Housotec will pursue the sales growth strategy through the introduction of "Felite," a new system bathroom launched on April 1, and penetration into overseas environmental business markets by expanding its JOHKASO (water-purifier tank business) division, which is one of its promising businesses for the future.

"Felite," a new product for a mass market, which is cost effective and allows constructors to use construction friendly new three-step construction method, will enable Hitachi Housotec to capture new customer base. The introduction of this new product will be a driving force for its growth after its recent completion of the defensive rehabilitation phase of bringing the company back in profit.

Hitachi Housotec's successful rehabilitation in a short time span and initiation of new growth phase adds yet another accomplishment to the business-rehabilitation and value-creation track records by the New Horizon Capital team.

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