

# FY 2009 Second Quarter (Cumulative) Consolidated Financial Results

(April 1, 2009 to September 30, 2009)

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## 1. Financial Results for the six months ended September 30, 2009

### (1) Consolidated Results of Operations

(percentage change from the same period in the previous year)

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)
Six months ended Sep.30,2009	61,600 -31.3%	-7,700 -	-8,340 -	-18,723 -
Six months ended Sep.30,2008	89,730 -	4,141 -	3,332 -	1,925 -

	Net income per share	Diluted net income per share
Six months ended Sep.30,2009	-154.17 yen	-
Six months ended Sep.30,2008	15.85 yen	14.42 yen

### (2) Consolidated Financial Position

	Total assets (Millions of yen)	Net assets (Millions of yen)	Shareholders' equity ratio	Net assets per share
As of Sep 30, 2009	132,418	37,356	27.8 %	303.36 yen
FY 2008	147,768	57,818	38.8 %	471.98 yen

(Reference) Shareholders' equity: Sep./2009: 36,839million yen(Mar./2009: 57,325million yen)

## 2. Dividend Information

(Record date)	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal-year-end	Annual
FY 2008	-	7.00yen	-	3.00yen	10.00yen
FY 2009	-	0.00yen			
FY 2009 (forecast)			-	TBD	TBD

Note: Change of the forecast in this quarter of the fiscal year ended March 31, 2010: yes

## 3. FY 2009 Consolidated Financial Forecast (April 1, 2009 to March 31, 2010)

(percentage change from the previous year)

	Net sales (Millions of Yen)	Operating income (Millions of Yen)	Ordinary income (Millions of Yen)	Net income (Millions of Yen)	Net income per share
Full year	133,500 (-9.2%)	-6,000 -	-7,400 -	-18,400 -	-151.50yen

Note: Change of the forecast in this quarter of the fiscal year ended March 31, 2010: Yes

#### 4. Other

- (1) Changes in significant subsidiaries during the period (changes in particular subsidiaries accompanying the change in scope of consolidation): No
- (2) Application of Simplified Accounting and the accounting method particular to Preparation of Quarterly Consolidated Financial statements: Yes

Note: For details, refer to page 5 [Qualitative Information and Financial Statements, etc.] 4. Other.

- (3) Changes in principles, procedures and representation method, etc., of accounting concerning preparation of quarterly consolidated financial statements (those to be stated in the changes of the underlying material matters for preparation of quarterly consolidated financial statements)
- (a) Changes in connection with the accounting standards, etc. : No
- (b) Changes other than (a) : Yes

Note: For details, refer to page 5 [Qualitative Information and Financial Statements, etc.] 4. Other.

- (4) Number of shares outstanding (common stock)
- (a) Number of shares outstanding at the end of the period (including treasury stock)  
Sep./2009: 125,490,302 (Mar./2009: 125,490,302)
- (b) Number of treasury stocks at the end of the period  
Sep./2009: 4,050,985 (Mar./2009: 4,033,630)
- (c) Average number of shares outstanding during the period  
Sep./2009: 121,449,104 (Sep./2008: 121,484,851)

**\* Explanation for appropriate use of the Financial Forecast and other matters to be noted**

The forecast described above is based upon information available as of the present time and assumptions we considered valid. Please be advised that there is a host of uncertain factors that could greatly impact actual performance, including global market conditions, competitive environment, the introduction of new products and their acceptance or lack thereof, fluctuations in foreign exchange rates, and the impact of fair-market-value accounting.

(Reference)

**FY 2009 Non-consolidated Financial Forecast (April 1, 2009 to March 31, 2010)**

(percentage change from the previous year)

	Net sales (Millions of Yen)	Operating income (Millions of Yen)	Ordinary income (Millions of Yen)	Net income (Millions of Yen)	Net income per share
Full year	96,600 (-12.6%)	-8,700 -	-9,200 -	-12,500 -	-102.92yen

Note: Change of the forecast in this quarter of the fiscal year ended March 31, 2010: Yes

## [Qualitative Information and Financial Statements, etc.]

### 1. QUALITATIVE INFORMATION OF CONSOLIDATED OPERATING RESULTS

In the electronics industry during the six months ended September 30, 2009, severe conditions have continued since the simultaneous global recession last fall, but it is now on a recovery trend, the previous fourth quarter hitting bottom, under the impact of the economic stimulus measures, etc., carried out by each country. As compared to the same period in the previous year, however, markets have progressed sluggishly and in addition, the environment surrounding the Company Group still continues to leave little room for optimism with sluggish consumer demand due to severe employment conditions and the further appreciation of the yen. Under such circumstances, the Company Group has placed focus on efforts of performance recovery, including efforts at lowering the breakeven point through continuous implementation of management streamlining measures as well as making active efforts at the development of new products focusing on "ecology and energy savings." As a result, we could achieve certain results in the creation of cash flow through a reduction in fixed costs and inventories and also launching on the market energy-savings related new products. For orders received and sales, they are on a recovery trend, January being the bottom, and some products recovered to a level exceeding that of the same period of the previous year, but as a whole remain below the level of the same period of the previous year. Further, in the CCFL business, profits have significantly deteriorated due to a decrease in sales volume and a rapid drop in prices, which significantly affected the business results of the entire Group. As a result, for the business results during the six months ended September 30, 2009, net sales were 61,600 million yen, a decrease of 31.3% as compared to the same period in the previous year and for income, an operating loss of 7,700 million yen, and an ordinary loss of 8,340 million yen. Since an impairment of CCFL production facilities was carried out and extraordinary losses of 9,700 million yen were recorded, a quarterly net loss of 18,723 million yen were recorded.

An overview by business segment is as follows.

As relates to the semiconductor business, for semiconductor devices, orders received for AV and automotive products have recovered due to the expansion of share of products for flat-panel TVs and the impact of economic stimulus measures of each country. For CCFL products, with the worst period behind us, recovery was observed mainly in products for LCD TVs smaller than 32 inches. Unfortunately, though, the Company's CCFL products are faced with steep price erosion due to stiff competition from overseas CCFL manufacturers aggressively expanding their market share and the sharp drop of the number of units sold due to the decline of the number of CCFL tubes installed per LCD panel. In addition, the accelerated market penetration of LED backlight systems has brought difficult future to the CCFL business in general. As a result, net sales of the business together from semiconductor devices and CCFLs were 43,640 million yen, a decrease of 27,858 million yen (39.0%) as compared to the same period in the previous year and an operating loss of 5,947 million yen was recorded.

For the PM business, orders received related to products for LCD- TVs have progressed favorably due to the share expansion, but net sales were 11,672 million yen, a decrease of 349 million yen (2.9%) as compared to the same period in the previous year due to a decrease in sales of products for OA affected by sluggish corporate investments in IT-related fields and an operating loss of 764 million yen was recorded.

For the PS business, sales progressed favorably as a whole in domestic markets as sales of direct current PS devices exceeded sales for the same period in the previous year in the telecommunications market, including mobile phone bases, but due to sluggish sales in the Chinese market affected by the simultaneous global recession, net sales were 6,287 million yen, a decrease of 77 million yen (1.3%) as compared to the same period in the previous year and an operating income of 89 million yen, a decrease of 318 million yen (78.0%) as compared to the same period in the previous year was recorded.

## **2. QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL POSITION**

### 1) Status of Assets, Liabilities and Net Assets

Total assets as of the end of the six months ended September 30, 2009 were 132,418 million yen, a decrease of 15,350 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 3,693 million yen in merchandise and finished goods and a decrease of 1,374 million yen in work in process and a decrease of 1,414 million yen in raw materials and supplies, and a decrease of 12,810 million yen in machinery, equipment and vehicles, net.

Liabilities were 95,061 million yen, an increase of 5,111 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 4,405 million yen in long-term loans payable.

Net assets were 37,356 million yen, a decrease of 20,462 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 18,929 million yen in retained earnings.

### 2) Status of Cash Flow

Balance of cash and cash equivalents at the end of the six months ended September 30, 2009 was 13,706 million yen, an increase of 814 million yen as compared to the end of the previous consolidated fiscal year.

Net cash used in operating activities was 2,509 million yen, a decrease of 12,764 million yen as compared to the same period in the previous year. This was mainly due to quarterly net loss before income taxes and minority interests recorded.

Net cash used in investing activities was 1,480 million yen, a decrease of 3,461 million yen as compared to same period in the previous year. This was mainly due to a decrease of the expenditures for acquisition of tangible fixed assets.

Net cash provided by financing activities was 4,685 million yen, an increase of 8,221 million yen as compared to the same period in the previous year. This was mainly due to an increase of long-term loans payable.

## **3. QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL FORECAST**

In the future, we expect that the recovery trend will continue in the second half, but there are many uncertain factors, including the exit strategies of economic stimulus policies of each country and the trends for consumer demand and exchange rates, which still leaves little room for optimism. Impairment of CCFL production facilities was carried out and extraordinary losses of 9,700 million yen were recorded at the closing of the current second quarter. Based on the above, the forecast of the full-year consolidated and non-consolidated business results previously published will be revised as follows.

[Forecast of Consolidated Business Results for the Full-year ending March 31, 2010]

(Millions of Yen)

	Forecast of the consolidated business results of the full-year ending March 31, 2010	Increase or decrease as compared to the same period in the previous year	Forecast of the consolidated business results of the full-year announced in August 2009
Net sales	133,500	-9.2%	141,000
Operating income	-6,000	-	800
Ordinary income	-7,400	-	0
Net income	-18,400	-	0

[Forecast of Non-consolidated Business Results for the Full-year ending March 31, 2010]

(Millions of Yen)

	Forecast of Non-consolidated business results of the full-year ending March 31, 2010	Increase or decrease as compared to the same period in the previous year	Forecast of Non-consolidated business results of the full-year announced in May 2009
Net sales	96,600	-12.6%	105,000
Operating income	-8,700	-	-2,200
Ordinary income	-9,200	-	-3,700
Net income	-12,500	-	-3,900

As already mentioned with regard to the CCFL business, although the Company had reacted by adopting a board resolution for emergency measures in February of this year and implemented such initiatives as wide-ranging headcount reduction, it still forecasts unprecedented difficult situations to continue, such as a sudden fall in market prices far larger than the Company's worst case projections. In order to respond to such situations, the Company Group has promoted structural reforms, the essence of which is a reduction in excessive production capacity of CCFLs to aim at early rehabilitation of the business. In addition, we have strengthened our efforts in the Chinese market, which has been undergoing a significant recovery, by establishing a new Technical support/Sales Base in Huanan, China and we will also invest business resources in LED products, for which a large scale market expansion is expected in the future. By steadily carrying out these measures, the Company Group is determined to achieve the forecast of the full-year business results.

#### **4. OTHER**

(1) Changes in significant subsidiaries during the year (changes in particular subsidiaries accompanying the change in scope of consolidation)

There is no pertinent matter.

(2) Application of Simplified Accounting and the accounting method particular to Preparation of Quarterly Consolidated Financial Statements

1) Calculation Method of Estimation of Bad Debts of General Credits

As it is recognized that there is no significant change in the actual doubtful debts ratio, etc., at the six months ended September 30, 2009 from the calculation at the end of the previous consolidated fiscal period, estimate of doubtful debts is calculated by using the actual doubtful debts ratio at the end of the previous consolidated fiscal period.

2) Calculation Method of Deferred Tax Assets and Deferred Tax Liabilities

In determining the recoverability of deferred tax assets, as it is recognized that there is no significant change in the business environment and accrual status of temporary difference, etc., since the end of the previous consolidated fiscal period, we used the forecast of business results and tax planning in the future which were used in the previous consolidated fiscal period.

3) Calculation of Tax Expense

We adopted the method which reasonably estimates the effective tax rate after applying tax effect accounting to net income before tax in the current consolidated fiscal year, and calculates by multiplying the quarterly net income before tax by the said estimated effective tax rate.

However, that if it will be significantly unreasonable where tax expenses are calculated by using the said estimated effective tax rate, statutory effective tax rate is used.

Deferred income tax is included in income taxes.

(3) Changes in Principles, Procedures and Indication Method of Accounting concerning Preparation of Quarterly Consolidated Financial Statements

Change of Representation Method

(Consolidated Income Statement)

“Depreciation of inactive noncurrent assets” (39 million yen in the previous six months ended September 30, 2008), which was included in “Miscellaneous loss” of Non-operating expenses for the previous six months ended September 30, 2008 was changed to be separately posted from the current six months ended September 30, 2009 as it exceeded 20/100 of the total non-operating expenses.

## 5. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

### (1) Quarterly Consolidated Balance Sheets

	Millions of yen	
	September 30 2009	March 31 2009 (Summary)
<b>ASSETS</b>		
Current assets		
Cash and deposits	13,949	13,069
Notes and accounts receivable-trade	29,143	23,111
Merchandise and finished goods	11,392	15,085
Work in process	15,147	16,522
Raw materials and supplies	9,813	11,227
Deferred tax assets	212	226
Other	3,362	3,890
Allowance for doubtful accounts	(217 )	(233 )
Total current assets	<u>82,804</u>	<u>82,900</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	17,987	19,077
Machinery, equipment and vehicles, net	16,780	29,590
Tools, furniture and fixtures, net	1,022	1,377
Land	4,421	4,502
Lease assets, net	363	87
Construction in progress	3,320	3,864
Total property, plant and equipment	<u>43,895</u>	<u>58,501</u>
Intangible assets		
Software	226	289
Other	640	700
Total intangible assets	<u>867</u>	<u>990</u>
Investments and other assets		
Investment securities	2,067	2,010
Deferred tax assets	129	126
Other	2,903	3,490
Allowance for doubtful accounts	(249 )	(250 )
Total investments and other assets	<u>4,850</u>	<u>5,376</u>
Total noncurrent assets	<u>49,613</u>	<u>64,868</u>
Total assets	<u><u>132,418</u></u>	<u><u>147,768</u></u>

	<b>September 30 2009</b>	March 31 2009 (Summary)
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Notes and accounts payable-trade	<b>16,851</b>	16,240
Short-term loans payable	<b>17,754</b>	19,590
Commercial papers	<b>18,000</b>	16,000
Income taxes payable	<b>521</b>	398
Deferred tax liabilities	<b>19</b>	19
Provision for directors' bonuses	<b>15</b>	—
Provision for business structure reform	<b>473</b>	492
Accrued expenses	<b>6,829</b>	7,100
Other	<b>915</b>	1,237
Total current liabilities	<b>61,379</b>	61,078
Noncurrent liabilities		
Bonds payable	<b>20,000</b>	20,000
Long-term loans payable	<b>8,618</b>	4,212
Deferred tax liabilities	<b>1,219</b>	1,123
Provision for retirement benefits	<b>2,996</b>	2,798
Provision for directors' retirement benefits	<b>30</b>	156
Other	<b>817</b>	580
Total noncurrent liabilities	<b>33,682</b>	28,871
Total liabilities	<b>95,061</b>	89,950
Net assets		
Shareholders' equity		
Capital stock	<b>20,896</b>	20,896
Capital surplus	<b>21,248</b>	21,249
Retained earnings	<b>5,769</b>	24,699
Treasury stock	<b>(3,889 )</b>	(3,885 )
Total shareholders' equity	<b>44,025</b>	62,960
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	<b>125</b>	19
Foreign currency translation adjustment	<b>(7,310 )</b>	(5,655 )
Total valuation and translation adjustments	<b>(7,185 )</b>	(5,635 )
Subscription rights to shares	<b>273</b>	253
Minority interests	<b>242</b>	239
Total net assets	<b>37,356</b>	57,818
Total liabilities and net assets	<b>132,418</b>	147,768

## (2) Quarterly Consolidated Statements of Income

Millions of yen

	Six months ended Sep.30,2008	Six months ended Spe.30,2009
Net sales	89,730	61,600
Cost of sales	72,382	58,490
Gross profit	17,347	3,109
Selling, general and administrative expenses	13,205	10,809
Operating income (loss)	4,141	(7,700 )
Non-operating income		
Interest income	54	13
Dividends income	18	14
The government subsidy for employment adjustment	—	411
Rent income on facilities	9	—
Gain on forgiveness of consumption taxes	131	—
Miscellaneous income	220	214
Total non-operating income	433	653
Non-operating expenses		
Interest expenses	313	405
Compensation expense	291	12
Depreciation of inactive noncurrent assets	—	487
Foreign exchange losses	278	234
Miscellaneous loss	358	153
Total non-operating expenses	1,243	1,294
Ordinary income (loss)	3,332	(8,340 )
Extraordinary income		
Gain on sales of noncurrent assets	—	0
Total extraordinary income	—	0
Extraordinary loss		
Loss on retirement of noncurrent assets	106	117
Loss on sales of noncurrent assets	0	0
Impairment loss	—	9,738
Loss on disaster	60	—
Special retirement expenses	15	19
Loss on valuation of investment securities	—	42
Other	0	105
Total extraordinary losses	182	10,023
Income (loss) before income taxes and minority interests	3,149	(18,363 )
Income taxes	1,206	162
Income taxes for prior periods	—	219
Minority interests in income (loss)	17	(22 )
Net income (loss)	1,925	(18,723 )



### (3) Quarterly Consolidated Statements of Cash Flows

Millions of yen

	Six months ended Sep.30,2008	Six months ended Spe.30,2009
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	3,149	(18,363 )
Depreciation and amortization	6,314	5,577
Impairment loss	—	9,738
Increase (decrease) in allowance for doubtful accounts	29	0
Increase (decrease) in provision for retirement benefits	(245 )	689
Interest and dividends income	(73 )	(27 )
Interest expenses	313	405
Decrease (increase) in notes and accounts receivable-trade	1,451	(6,496 )
Decrease (increase) in inventories	(2,212 )	5,235
Increase (decrease) in notes and accounts payable-trade	(196 )	1,094
Other, net	2,514	254
Subtotal	11,044	(1,890 )
Interest and dividends income received	73	27
Interest expenses paid	(307 )	(409 )
Income taxes paid	(555 )	(237 )
Net cash provided by (used in) operating activities	10,254	(2,509 )
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(4,750 )	(1,493 )
Proceeds from sales of property, plant and equipment	96	53
Purchase of intangible assets	(157 )	(55 )
Purchase of investment securities	(29 )	—
Payments of loans receivable	(1,427 )	(5 )
Collection of loans receivable	1,518	7
Other, net	(191 )	12
Net cash provided by (used in) investing activities	(4,941 )	(1,480 )
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	(2,864 )	(1,255 )
Increase (decrease) in commercial papers	(19,000 )	2,000
Repayments of finance lease obligations	(26 )	(56 )
Proceeds from long-term loans payable	157	5,000
Repayment of long-term loans payable	(838 )	(577 )
Proceeds from issuance of bonds	19,900	—
Proceeds from sales of treasury stock	3	—
Purchase of treasury stock	(18 )	(7 )
Cash dividends paid	(849 )	(367 )
Cash dividends paid to minority shareholders	—	(51 )
Net cash provided by (used in) financing activities	(3,535 )	4,685
Effect of exchange rate change on cash and cash equivalents	(619 )	36
Net increase (decrease) in cash and cash equivalents	1,157	731
Cash and cash equivalents at beginning of period	9,543	12,891
Increase in cash and cash equivalents from newly consolidated subsidiary	0	82
Cash and cash equivalents at end of period	10,701	13,706

**(4) Notes on premise of Going Concern**

none

**(5) Segment information**

[Segment information by business]

Six months ended Sep.30,2008

Millions of yen

	Semicon- ductors	PM	PS	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1) Third parties	71,498	12,021	6,209	89,730	-	89,730
(2) Intersegment	1,007	39	0	1,047	(1,047)	-
Total	72,505	12,061	6,210	90,777	(1,047)	89,730
Operating income (loss)	5,712	(726)	408	5,394	(1,253)	4,141

Six months ended Sep.30,2009

Millions of yen

	Semicon- ductors	PM	PS	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1) Third parties	43,640	11,672	6,287	61,600	-	61,600
(2) Intersegment	1,176	172	0	1,349	(1,349)	-
Total	44,816	11,845	6,288	62,950	(1,349)	61,600
Operating income (loss)	(5,947)	(764)	89	(6,622)	(1,077)	(7,700)

[Segment information by geographic area]

Six months ended Sep.30,2008

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	62,316	10,388	10,872	6,152	89,730	-	89,730
(2) Intersegment	7,092	13,334	10,181	0	30,609	(30,609)	-
Total	69,409	23,723	21,053	6,153	120,339	(30,609)	89,730
Operating income	2,729	870	1,316	89	5,006	(865)	4,141

Six months ended Sep.30,2009

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	39,130	11,061	7,849	3,558	61,600	-	61,600
(2) Intersegment	5,413	7,708	6,443	3	19,568	(19,568)	-
Total	44,544	18,770	14,292	3,561	81,169	(19,568)	61,600
Operating income	(7,468)	655	(250)	52	(7,010)	(689)	(7,700)

[Overseas Sales]

Six months ended Sep.30,2008

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	36,760	6,319	6,643	8	49,732
Consolidated sales					89,730
Ratio of overseas sales to consolidated	41.0	7.0	7.4	0.0	55.4

Six months ended Sep.30,2009

Millions of yen

	Asia	North America	Europe	Total
Overseas sales	26,399	4,552	4,523	35,475
Consolidated sales				61,600
Ratio of overseas sales to consolidated	42.9	7.4	7.3	57.6

**(6) Notes on significant changes in the amount of shareholders' equity**

Six months ended Sep.30,2009

Millions of yen

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008	20,896	21,249	24,699	(3,885)	62,960
Changes of items during the period:					
Distribution of retained earnings			(364)		(364)
Net income			(18,723)		(18,723)
Redemption of treasury stock				(7)	(7)
Disposal of treasury stock		(1)		2	0
Resulting from increase in number of consolidated subsidiaries			158		158
Total changes of items	-	(1)	(18,929)	(4)	(18,935)
Balance at June 30, 2009	20,896	21,248	5,769	3,889	44,025