

FY 2009 Third Quarter (Cumulative) Consolidated Financial Results

(April 1, 2009 to December 31, 2009)

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1. Financial Results for the nine months ended December 31, 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)
Nine months ended Dec.31,2009	96,779 (-21.1%)	-8,369 -	-9,166 -	-20,067 -
Nine months ended Dec.31,2008	122,639 -	1,012 -	-934 -	-8,649 -

	Net income per share	Diluted net income per share
Nine months ended Dec.31,2009	-165.24 yen	-
Nine months ended Dec.31,2008	-71.20 yen	-

(2) Consolidated Financial Position

	Total assets (Millions of yen)	Net assets (Millions of yen)	Shareholders' equity ratio	Net assets per share
As of Dec 31, 2009	132,346	36,380	27.1 %	295.30 yen
FY 2008	147,768	57,818	38.8 %	471.98 yen

(Reference) Shareholders' equity: Dec./2009: 35,853million 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: No

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: No

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)
Dec./2009: 125,490,302 (Mar./2009: 125,490,302)
 - (b) Number of treasury stocks at the end of the period
Dec./2009: 4,075,183 (Mar./2009: 4,033,630)
 - (c) Average number of shares outstanding during the period
Dec./2009: 121,445,195 (Dec./2008: 121,478,872)

*** 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.

1. QUALITATIVE INFORMATION OF CONSOLIDATED OPERATING RESULTS

In the electronics industry during the third quarter (cumulative), adverse conditions continued due to the lasting impact of the simultaneous global recession began in 2008. Although emerging nations, such as China, have led a further move toward economic recovery, consumption remained sluggish in developed countries due to still worsening employment situations.

Under such circumstances, the Company commenced efforts to bring back favorable results by implementing structural reforms with focus on CCFL capacity reduction on one hand, and plant relocations both in Japan and overseas to build a more efficient semiconductor production system on the other. The Company also was actively engaged in the development of new products, with the philosophy of promoting “eco-friendliness and energy savings,” and released to the market new products with enhanced energy saving capabilities. As a result, incoming orders during the September-December period recovered to 80% of the level achieved before the recession and sales and profits generally started to trace the budget. Since the results in the first six months were far behind the budget, the cumulative results for the nine months were yet under depressed conditions.

Consequently, net sales in the third quarter (cumulative) were 96,779 million yen, a 21.1% decrease against the same period last year. For income, operating loss of 8,369 million yen and ordinary loss of 9,166 million yen were recorded. As extraordinary loss of 9,700 million yen was recorded due to impairment of production assets in the July-September period as a part of the structural reforms, net loss for the third quarter (cumulative) was 20,067 million yen.

A review by business segment is as follows.

Of the semiconductor business segment, orders for semiconductor devices picked up thanks to the return in automobile production and the continued favorable sales in the flat-panel TV market. For CCFL products, as an outcome of capacity reduction done in response to deteriorated earnings caused by protracted order recovery and a sharp drop in prices, utilization remained high and profitability improved. But both product lines could not offset significant respective loss made during the first six months. As a result, net sales in this segment, combining semiconductor devices and CCFLs together, was 68,582 million yen, a decrease of 27,569 million yen (28.7%) from the same period last year and operating loss of 6,315 million yen was recorded.

For the PM segment, while sales of products for LCD TVs remained favorable, prices were eroded by lower TV set prices and earning a solid profit became harder. In addition, due to the impact from cutbacks in IT investments by companies in general, sales of products for the OA market continued to decrease. As a result, net sales of this segment were 17,418 million yen, an increase of 814 million yen (4.9%) as compared to the same period last year, but an operating loss of 997 million yen was recorded.

For the PS segment, sales progressed positively in the domestic markets, as sales of DC power supply units for mobile phone base stations continued to be favorable and orders for uninterruptible power supply for government infrastructure projects increased during the October-December period. In China, on the other hand, recovery was less obvious due to slower market growth affected by the simultaneous global recession, but sales started to show a rising trend from the October-December period. As a result, net sales of this segment was 10,779 million yen, an increase of 894 million yen (9.0%) as compared to the same period last year, but operating income was 511 million yen, virtually stayed the same from the same period last year.

2. QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL POSITION

1) Status of Assets, Liabilities and Net Assets

Total assets as of the end of the nine months ended December 31, 2009 were 132,346 million yen, a decrease of 15,421 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 4,343 million yen in merchandise and finished goods and a decrease of 2,081 million yen in work in process and a decrease of 882 million yen in raw materials and supplies, and a decrease of 13,171 million yen in machinery, equipment and vehicles, net.

Liabilities were 95,966 million yen, an increase of 6,016 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 4,401 million yen in long-term loans payable.

Net assets were 36,380 million yen, a decrease of 21,438 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 20,272 million yen in retained earnings.

2) Status of Cash Flow

Balance of cash and cash equivalents at the end of the nine months ended December 31, 2009 was 14,016 million yen, an increase of 1,124 million yen as compared to the end of the previous consolidated fiscal year.

Net cash provided by operating activities was 169 million yen, a decrease of 12,648 million yen as compared to the same period in the previous year. This was mainly due to an increase of quarterly net loss before income taxes and minority interests and an increase of notes and accounts receivable-trade

Net cash used in investing activities was 2,720 million yen, a decrease of 4,936 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 3,570 million yen, an increase of 3,961 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

The global economy as a whole is expected to continue a gradual recovery with high economic growth in emerging countries, centering on China, and low economic growth in advanced nations offsetting with each other. Stimulus policy packages in every country are now either extended or reinforced, so that the risk of a “double-dip” as a reaction to stimulus-induced recovery is getting remote for the time being. Deflation and other risks, however, are still unresolved in the global economy and uncertain situations will continue for some time into the future.

For the forecasts of consolidated and non-consolidated business results, there will be no change from the announcement made on November 4, 2009, since incoming orders continue to show recovery trend and the business performance during the October-December period is generally in line with the budget. The Company will keep on making every effort to restore profitability in the October-March period and achieve the full-year targets by concentrating on sales expansion of existing products in previously un-penetrated markets, and product

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 nine months ended December 31, 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” (119 million yen in the previous nine months ended December 31, 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 nine months ended December 31, 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	
	December 31 2009	March 31 2009 (Summary)
ASSETS		
Current assets		
Cash and deposits	14,194	13,069
Notes and accounts receivable-trade	31,701	23,111
Merchandise and finished goods	10,741	15,085
Work in process	14,440	16,522
Raw materials and supplies	10,345	11,227
Deferred tax assets	262	226
Other	2,913	3,890
Allowance for doubtful accounts	(220)	(233)
Total current assets	<u>84,379</u>	<u>82,900</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	17,628	19,077
Machinery, equipment and vehicles, net	16,419	29,590
Tools, furniture and fixtures, net	1,044	1,377
Land	4,450	4,502
Lease assets, net	345	87
Construction in progress	3,149	3,864
Total property, plant and equipment	<u>43,038</u>	<u>58,501</u>
Intangible assets		
Software	212	289
Other	640	700
Total intangible assets	<u>852</u>	<u>990</u>
Investments and other assets		
Investment securities	1,992	2,010
Deferred tax assets	30	126
Other	2,301	3,490
Allowance for doubtful accounts	(249)	(250)
Total investments and other assets	<u>4,075</u>	<u>5,376</u>
Total noncurrent assets	<u>47,967</u>	<u>64,868</u>
Total assets	<u><u>132,346</u></u>	<u><u>147,768</u></u>

	December 31 2009	March 31 2009 (Summary)
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Notes and accounts payable-trade	19,624	16,240
Short-term loans payable	17,823	19,590
Commercial papers	17,000	16,000
Income taxes payable	550	398
Deferred tax liabilities	67	19
Provision for directors' bonuses	22	—
Provision for business structure reform	—	492
Accrued expenses	6,038	7,100
Other	1,303	1,237
Total current liabilities	<u>62,430</u>	<u>61,078</u>
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	8,614	4,212
Deferred tax liabilities	1,193	1,123
Provision for retirement benefits	2,882	2,798
Provision for directors' retirement benefits	31	156
Other	812	580
Total noncurrent liabilities	<u>33,535</u>	<u>28,871</u>
Total liabilities	<u>95,966</u>	<u>89,950</u>
Net assets		
Shareholders' equity		
Capital stock	20,896	20,896
Capital surplus	21,246	21,249
Retained earnings	4,426	24,699
Treasury stock	<u>(3,894)</u>	<u>(3,885)</u>
Total shareholders' equity	<u>42,675</u>	<u>62,960</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	86	19
Foreign currency translation adjustment	<u>(6,908)</u>	<u>(5,655)</u>
Total valuation and translation adjustments	<u>(6,821)</u>	<u>(5,635)</u>
Subscription rights to shares	<u>280</u>	<u>253</u>
Minority interests	<u>245</u>	<u>239</u>
Total net assets	<u>36,380</u>	<u>57,818</u>
Total liabilities and net assets	<u>132,346</u>	<u>147,768</u>

(2) Quarterly Consolidated Statements of Income

Millions of yen

	Nine months ended Dec.31,2008	Nine months ended Dec.31,2009
Net sales	122,639	96,779
Cost of sales	102,202	88,916
Gross profit	20,437	7,863
Selling, general and administrative expenses	19,425	16,232
Operating income (loss)	1,012	(8,369)
Non-operating income		
Interest income	74	17
Dividends income	30	20
The government subsidy for employment adjustment	—	416
Gain on forgiveness of consumption taxes	131	—
Miscellaneous income	324	324
Total non-operating income	560	779
Non-operating expenses		
Interest expenses	518	598
Compensation expense	644	44
Depreciation of inactive noncurrent assets	—	501
Foreign exchange losses	831	221
Miscellaneous loss	513	210
Total non-operating expenses	2,507	1,576
Ordinary loss	(934)	(9,166)
Extraordinary income		
Gain on sales of noncurrent assets	12	0
Other	0	—
Total extraordinary income	12	0
Extraordinary loss		
Loss on retirement of noncurrent assets	118	174
Loss on sales of noncurrent assets	0	0
Impairment loss	2,281	9,738
Special retirement expenses	207	19
Loss on disaster	60	—
Loss on valuation of investment securities	—	53
Other	0	106
Total extraordinary losses	2,668	10,092
Loss before income taxes and minority interests	(3,590)	(19,259)
Income taxes	5,030	598
Income taxes for prior periods	—	219
Minority interests in income	28	(9)
Net loss	(8,649)	(20,067)

(3) Quarterly Consolidated Statements of Cash Flows

Millions of yen

	Nine months ended Dec.31,2008	Nine months ended Dec.31,2009
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(3,590)	(19,259)
Depreciation and amortization	9,496	7,697
Impairment loss	2,281	9,738
Increase (decrease) in allowance for doubtful accounts	61	0
Increase (decrease) in provision for retirement benefits	(425)	925
Increase (Decrease) in provision for business structure reform	—	(533)
Interest and dividends income	(105)	(38)
Interest expenses	518	598
Decrease (increase) in notes and accounts receivable-trade	10,805	(8,913)
Decrease (increase) in inventories	(4,355)	6,583
Increase (decrease) in notes and accounts payable-trade	(2,456)	3,810
Other, net	1,484	659
Subtotal	13,715	1,268
Interest and dividends income received	105	38
Interest expenses paid	(388)	(528)
Income taxes paid	(614)	(609)
Net cash provided by (used in) operating activities	12,817	169
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(7,317)	(2,331)
Proceeds from sales of property, plant and equipment	146	65
Purchase of intangible assets	(207)	(94)
Purchase of investment securities	(29)	—
Payments of loans receivable	(1,430)	(15)
Collection of loans receivable	1,612	21
Other, net	(430)	(366)
Net cash provided by (used in) investing activities	(7,657)	(2,720)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	9,077	(1,309)
Increase (decrease) in commercial papers	(30,000)	1,000
Repayments of finance lease obligations	(41)	(94)
Proceeds from long-term loans payable	3,153	5,000
Repayment of long-term loans payable	(942)	(590)
Proceeds from issuance of bonds	19,900	—
Proceeds from sales of treasury stock	6	1
Purchase of treasury stock	(23)	(13)
Cash dividends paid	(1,522)	(371)
Cash dividends paid to minority shareholders	—	(50)
Net cash provided by (used in) financing activities	(390)	3,570
Effect of exchange rate change on cash and cash equivalents	(1,647)	22
Net increase (decrease) in cash and cash equivalents	3,121	1,041
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	12,665	14,016

(4) Notes on premise of Going Concern

none

(5) Segment information

[Segment information by business]

Nine months ended Dec.31,2008

Millions of yen

	Semicon- ductors	PM	PS	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1) Third parties	96,151	16,603	9,884	122,639	-	122,639
(2) Intersegment	1,457	1,136	1	2,595	(2,595)	-
Total	97,608	17,740	9,886	125,235	(2,595)	122,639
Operating income (loss)	3,800	(1,432)	512	2,880	(1,867)	1,012

Nine months ended Dec.31,2009

Millions of yen

	Semicon- ductors	PM	PS	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1) Third parties	68,582	17,418	10,779	96,779	-	96,779
(2) Intersegment	1,638	262	0	1,901	(1,901)	-
Total	70,220	17,681	10,780	98,681	(1,901)	96,779
Operating income (loss)	(6,315)	(997)	511	(6,802)	(1,566)	(8,369)

[Segment information by geographic area]

Nine months ended Dec.31,2008

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	85,025	14,293	15,067	8,253	122,639	-	122,639
(2) Intersegment	9,340	18,608	14,247	3	42,199	(42,199)	-
Total	94,365	32,902	29,315	8,256	164,839	(42,199)	122,639
Operating income	(301)	1,205	1,388	92	2,384	(1,372)	1,012

Nine months ended Dec.31,2009

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	61,518	17,146	12,420	5,694	96,779	-	96,779
(2) Intersegment	8,473	11,936	10,317	8	30,735	(30,735)	-
Total	69,991	29,083	22,737	5,703	127,515	(30,735)	96,779
Operating income	(8,892)	930	471	99	(7,391)	(978)	(8,369)

[Overseas Sales]

Nine months ended Dec.31,2008

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	48,897	8,693	8,836	7	66,435
Consolidated sales					122,639
Ratio of overseas sales to consolidated	39.9%	7.1%	7.2%	0.0%	54.2%

Nine months ended Dec.31,2009

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	39,904	7,196	6,739	1	53,841
Consolidated sales					96,779
Ratio of overseas sales to consolidated	41.2%	7.4%	7.0%	0.0%	55.6%

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

Nine months ended Dec.31,2009

Millions of yen

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2009	20,896	21,249	24,699	(3,885)	62,960
Changes of items during the period:					
Distribution of retained earnings			(364)		(364)
Net income			(20,067)		(20,067)
Redemption of treasury stock				(13)	(13)
Disposal of treasury stock		(3)		4	1
Resulting from increase in number of consolidated subsidiaries			158		158
Total changes of items	-	(3)	(20,272)	(9)	(20,285)
Balance at December 31, 2009	20,896	21,246	4,426	(3,894)	42,675