

# FY 2012 SECOND QUARTER (CUMULATIVE) CONSOLIDATED FINANCIAL RESULTS

(April 1, 2012 to September 30, 2012)

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## 1. FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2012

### (1) Consolidated Results of Operations

	Net sales (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)
Six months ended Sep.30,2012	62,376 (-5.7%)	1,894 (45.6%)	1,190 (222.1%)	374 (-%)
Six months ended Sep.30,2011	66,138 (-7.9%)	1,300 (-56.7%)	369 (-83.2%)	-1,261 (-%)

Note1: Comprehensive income: -1,415 million yen (-%) for the year ended Sep.30, 2012 / -3,503 million yen (-%) for the year ended Sep.30, 2011

Note2: Indication of percentages shows the ratio of increase or decrease from the second quarter of the previous fiscal year.

	Net income per share (yen)	Diluted net income per share (yen)
Six months ended Sep.30,2012	3.09	—
Six months ended Sep.30,2011	-10.40	—

### (2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of September 30, 2012	133,455	31,511	23.4%
As of March 31, 2012	136,130	33,293	24.3%

Reference: Shareholders' equity: 31,254 million yen as of Sep.30, 2012 / 33,027 million yen as of Mar.31, 2012

## 2. DIVIDEND INFORMATION

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal-year-end	Annual
Fiscal year 2011	—	0.00yen	—	3.00yen	3.00yen
Fiscal year 2012	—	3.00yen			
Fiscal year 2012 (forecast)			-	3.00yen	6.00yen

Note: Revision to recently disclosed dividend forecast: No

## 3. FISCAL YEAR 2012 CONSOLIDATED FINANCIAL FORECAST (April 1, 2012 to March 31, 2013)

(Millions of Yen)

	Net sales (percentage change from the previous year)	Operating income (percentage change from the previous year)	Ordinary income (percentage change from the previous year)	Net income (percentage change from the previous year)	Net income per share
Full Year	131,000 (-0.6%)	6,000 (48.2%)	4,500 (49.1%)	2,500 (472.9%)	20.61yen

Note: Revision to recently disclosed financial forecast: Yes

#### 4. OTHER

- (1) Changes in significant subsidiaries during the six months ended September 30, 2012 (changes in particular subsidiaries accompanying the change in scope of consolidation): No
- (2) Application of particular accounting method for quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, restatements
- Changes in accounting policies according to the revision of accounting standards, etc. : No
  - Changes in accounting policies due to reasons other than above : Yes
  - Changes in accounting estimates : Yes
  - Restatements : No

(4) Number of shares outstanding (common share)

- Number of shares outstanding at the end of the period (including treasury stock)
- Number of treasury stocks at the end of the period
- Average number of shares outstanding during six months ended September 30

Sep./2012:	125,490,302	Mar./2012:	125,490,302
Sep./2012:	4,166,837	Mar./2012:	4,160,433
Apr./2012-Sep./2012	121,327,410	Apr./2011-Sep./2011	121,348,834

\* The above description about future matters including financial forecast is based upon information available as of the present time and assumptions we considered valid. Due to various factors, our actual performance could greatly differ from the forecast. For assumptions and notes regarding the forecasts, refer to "Qualitative Information concerning the Forecast of Consolidated Business Results".

# **1. QUALITATIVE INFORMATION ABOUT CONSOLIDATED BUSINESS RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2012**

## **(1) QUALITATIVE INFORMATION OF CONSOLIDATED OPERATING RESULTS**

Conditions have remained as adverse as ever in the electronics industry during the six months ended September 30, 2012 as a consequence of continuously sluggish demand in Europe attributable to the sovereign debt crisis and a slowdown of economic growth in China and other emerging countries. To accelerate operating development in an "environmentally-friendly and energy saving" market less susceptible to economic conditions under these circumstances, the Company group has shifted its resources to markets where energy-saving technologies are absolutely required, most notably, automotive, white goods, and industrial equipment. To this end, the Company group has aggressively promoted various structural reforms, including the miniaturization or introduction of eight-inch production lines in the front-end wafer processes, the enforcement of production capacity in products for white goods, and the operation of semiconductor production lines in subsidiaries in China. Despite these efforts, net sales during the six months ended September 30, 2012 were 62,376 million yen, a decrease of 3,762 million yen (5.7%) as compared to the same period in the previous year. This was mainly due to our inability to offset the declining demand for its products for TVs by expanding sales of products for the energy-saving-oriented new market, as well as decreasing sales attributable to the strong yen. For income, meanwhile, the Company group has promoted reforms in its earnings structure such as the reallocation of plants, the discontinuation of unprofitable products, and the thorough curtailment of fixed costs. As a result, operating income was 1,894 million yen, an increase of 593 million yen (45.6%) as compared to the same period in the previous year, and ordinary income was 1,190 million yen, an increase of 820 million yen (222.1%) as compared to the same period in the previous year. The Company group recorded quarterly net income of 374 million yen (quarterly net loss of 1,261 million yen in the same period in the previous year). The various measures the Company group has taken in the deteriorating environment surrounding our industry over the several years since the Lehman crisis have at last bore fruit and returned us to profitability.

Overview of business by segment is as follows.

In the semiconductor device business, sales of automotive products progressed favorably, boosted by the ongoing development of automotive electrification and efforts by automobile manufacturers to raise parts inventories to beef up their response-capability towards disaster risks. Though sales of products for white goods generally remained unchanged from the same period in the previous year, they fell short of the planned targets due to the extensive influence of the deteriorating European economy and delay in demand expansion in China for products for energy-saving air conditioners. In addition, stagnant demand continued to weigh heavily on sales of products for TVs following the previous period. As a result, net sales from this segment were 47,311 million yen, a decrease of 942 million yen (2.0%) as compared to the same period in the previous year. Meanwhile, operating income was 3,495 million yen, an increase of 386 million yen (12.4%) as compared to the same period in the previous year, thanks mainly to our efforts to improve profitability through structural reform and an improved product mix.

For the CCFL business, despite our efforts to increase sales in new domains such as lighting apparatus and display panels amid ongoing sluggish demand for products for TVs, net sales from this segment were 621 million yen, a decrease of 412 million yen (39.9%) as compared to the same period in the previous year. For income, we were forced to record operating loss of 384 million yen (operating loss of 575 million yen in the same period in the previous year), although income improved to some degree.

For the PM business, sales of products for OA equipment such as multifunctional printers and audio products for overseas markets progressed favorably, while sales of products for TVs plodded along sluggishly following the previous period. As a result, net sales from this segment were 8,330 million yen, a decrease of 1,455 million yen (14.9%) as compared to the same period in the previous year. For income, we were forced to record operating loss of 305 million yen (operating loss of 673 million yen in the same period in the previous year), although income improved to some degree.

For the PS business, orders received for products for electricity and telecommunication facilities were generally in line with the planned targets. Meanwhile, in markets for public agencies, we planned to harness demand for restoration but failed to attain actual results since many of the projects in fields related to the segment have yet to get moving. In addition, in spite of our efforts to increase sales in other markets for private demand, sales in this segment remained sluggish because of the protracted weakness of corporate investments. As a result, net sales from this segment were 6,113 million yen, a decrease of 951 million yen (13.5%) as compared to the same period in the previous year, and operating income was 263 million yen, a decrease of 218 million yen (45.3%) as compared to the same period in the previous year.

## **(2) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL POSITION**

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

Assets as of the end of September 30, 2012 were 133,455 million yen, a decrease of 2,674 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease in notes and accounts receivable-trade of 1,510 million yen.

Liabilities were 101,944 million yen, a decrease of 893 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in commercial papers of 1,500 million yen, an increase in long-term loans payable of 4,993 million yen and a decrease in notes and accounts payable-trade of 3,042 million yen, and a decrease in short-term loans payable in 5,024 million yen.

Net Assets were 31,511 million yen, a decrease of 1,781 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease in foreign currency translation adjustment of 1,475 million yen.

### **2) Status of Cash Flows**

Balance of cash and cash equivalents at the end of the six months ended September 30, 2012 was 9,828 million yen, an increase of 5 million yen as compared to the end of the previous consolidated fiscal year.

Net cash provided by operating activities was 1,726 million yen, a decrease of 374 million yen as compared to the same period in the previous fiscal year. This was mainly due to an increase in income before income taxes and minority interests and an increase in cash outflow by an increase in notes and accounts payable-trade.

Net cash used in investing activities was 2,540 million yen, a decrease of 2,039 million yen as compared to the same period in the previous fiscal year. This was mainly due to a decrease in cash outflow by purchase of property, plant and equipment.

Net cash provided by financing activities was 982 million yen, an increase of 2,323 million yen as compared to the same period in the previous fiscal year. This was mainly due to an increase in cash inflow by commercial papers and an increase in cash outflow by repayment of long-term loans payable.

## **(3) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL FORECAST**

We are concerned that progress towards economic recovery worldwide will wane in the face of ongoing risks in the global economy such as the expanding impact of the European sovereign debt crisis, delays in improvement of employment circumstances and housing markets in the U.S., and sluggish demand growth in China. Besides these stringent factors affecting the global economy, we expect the persistently strong yen and electricity rate increase to put further downward pressure on the earnings of domestic corporations. For markets, we expect sales of automotive products to remain favorable and demand for products for white goods to expand in China. If the global economy declines further in the future, however, consumer demand may be negatively affected. We therefore expect the situation to remain unpredictable, as before. With regard to the consolidated business results for the full year, we revise our forecast as follows in consideration of factors such as the aforesaid circumstances and the consolidated business results for the six months ended September 30, 2012.

**[Forecast of Consolidated Business Results for the Full-year ending March 31, 2013]**

(Millions of Yen)

	Forecast of the consolidated business results of the full-year ending March 31, 2013	Increase or decrease as compared to the same period in the previous year	Forecast of the consolidated results of the full-year announced in May 2012
Net Sales	131,000	-0.6%	145,000
Operating Income	6,000	48.2%	7,400
Ordinary Income	4,500	49.1%	5,800
Net Income	2,500	472.9%	3,200

While the consolidated business results for the full year are revised as mentioned above, the Company group will strive to develop an aggressive business strategy to increase its share of markets in which “environmentally-friendly and energy saving” solutions are absolutely required, such as automotive, white goods, LED lighting and industrial equipment. The Company group will also endeavor to expand “new energy application business” such as photovoltaic power generation and systems for accumulating and storing electricity. Further, the Company group will focus on structural reforms targeting product competitiveness mainly by improving and enforcing its production bases and will make concerted efforts to realize the group growth strategy.

## 2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

### (1) QUARTERLY CONSOLIDATED BALANCE SHEETS

Millions of yen

	March 31 2012	September 30 2012
<b>ASSETS</b>		
Current assets		
Cash and deposits	9,901	<b>9,860</b>
Notes and accounts receivable-trade	29,989	<b>28,479</b>
Merchandise and finished goods	11,391	<b>11,473</b>
Work in process	18,269	<b>19,413</b>
Raw materials and supplies	10,855	<b>10,112</b>
Deferred tax assets	391	<b>371</b>
Other	3,542	<b>3,094</b>
Allowance for doubtful accounts	(60)	<b>(56)</b>
Total current assets	<u>84,280</u>	<u><b>82,749</b></u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,246	<b>16,466</b>
Machinery, equipment and vehicles, net	17,399	<b>16,578</b>
Tools, furniture and fixtures, net	691	<b>724</b>
Land	4,281	<b>4,237</b>
Lease assets, net	4,081	<b>4,508</b>
Construction in progress	4,601	<b>3,950</b>
Total property, plant and equipment	<u>47,301</u>	<u><b>46,465</b></u>
Intangible assets		
Software	234	<b>258</b>
Other	687	<b>685</b>
Total intangible assets	<u>922</u>	<u><b>943</b></u>
Investments and other assets		
Investment securities	1,622	<b>1,308</b>
Deferred tax assets	176	<b>148</b>
Other	2,075	<b>2,089</b>
Allowance for doubtful accounts	(249)	<b>(249)</b>
Total investments and other assets	<u>3,624</u>	<u><b>3,297</b></u>
Total noncurrent assets	<u>51,849</u>	<u><b>50,706</b></u>
Total assets	<u><u>136,130</u></u>	<u><u><b>133,455</b></u></u>

	March 31 2012	September 30 2012
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,530	15,487
Short-term loans payable	23,746	18,722
Current portion of bonds	—	20,000
Commercial papers	14,500	16,000
Lease obligations	1,044	1,227
Income taxes payable	514	135
Provision for directors' bonuses	—	25
Accrued expenses	6,516	7,864
Other	1,078	886
Total current liabilities	<u>65,930</u>	<u>80,348</u>
Noncurrent liabilities		
Bonds payable	20,000	—
Long-term loans payable	7,506	12,500
Lease obligations	3,201	3,434
Deferred tax liabilities	356	709
Provision for retirement benefits	4,073	4,510
Provision for directors' retirement benefits	45	18
Asset retirement obligations	60	60
Other	1,662	362
Total noncurrent liabilities	<u>36,906</u>	<u>21,595</u>
Total liabilities	<u>102,837</u>	<u>101,944</u>
Net assets		
Shareholders' equity		
Capital stock	20,896	20,896
Capital surplus	18,302	17,938
Retained earnings	7,220	7,594
Treasury stock	(3,922)	(3,923)
Total shareholders' equity	<u>42,497</u>	<u>42,506</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	(290)
Foreign currency translation adjustment	(9,485)	(10,960)
Total accumulated other comprehensive income	<u>(9,469)</u>	<u>(11,251)</u>
Minority interests	<u>265</u>	<u>256</u>
Total net assets	<u>33,293</u>	<u>31,511</u>
Total liabilities and net assets	<u><u>136,130</u></u>	<u><u>133,455</u></u>

**(2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME AND  
QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Millions of yen

<b>QUARTERLY CONSOLIDATED STATEMENTS OF INCOME</b>	Six months ended Sep.30, 2011	Six months ended Sep.30, 2012
Net sales	66,138	<b>62,376</b>
Cost of sales	52,855	<b>48,995</b>
Gross profit	13,282	<b>13,380</b>
Selling, general and administrative expenses	11,981	<b>11,486</b>
Operating income	1,300	<b>1,894</b>
Non-operating income		
Interest income	5	2
Dividends income	20	18
Miscellaneous income	201	222
Total non-operating income	227	243
Non-operating expenses		
Interest expenses	337	341
Compensation expense	193	25
Foreign exchange losses	354	295
Miscellaneous loss	273	286
Total non-operating expenses	1,158	947
Ordinary income	369	<b>1,190</b>
Extraordinary income		
Gain on sales of noncurrent assets	1	207
Total extraordinary income	1	207
Extraordinary loss		
Loss on retirement of noncurrent assets	18	40
Loss on disaster	296	—
Loss on valuation of investment securities	—	68
Special retirement expenses	61	—
Total extraordinary losses	376	108
Income (loss) before income taxes and minority interests	(6)	<b>1,288</b>
Income taxes	1,250	<b>927</b>
Income (loss) before minority interests	(1,256)	<b>361</b>
Minority interests in income (loss)	5	<b>(12)</b>
Net income (loss)	(1,261)	<b>374</b>

Millions of yen

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Six months ended Sep.30, 2011	Six months ended Sep.30, 2012
Income (loss) before minority interests	(1,256)	<b>361</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	(353)	<b>(306)</b>
Foreign currency translation adjustment	(1,892)	<b>(1,470)</b>
Total other comprehensive income	<u>(2,246)</u>	<u><b>(1,777)</b></u>
Comprehensive income	<u><u>(3,503)</u></u>	<u><u><b>(1,415)</b></u></u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(3,508)	<b>(1,407)</b>
Comprehensive income attributable to minority interests	5	<b>(8)</b>

**(3) QUARTERLY CONSOLIDATED STATEMENTS OF CASH FLOWS**

Millions of yen

	Six months ended Sep.30, 2011	Six months ended Sep.30, 2012
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(6)	1,288
Depreciation and amortization	4,205	3,559
Increase (decrease) in allowance for doubtful accounts	7	(0)
Increase (decrease) in provision for retirement benefits	480	469
Interest and dividends income	(25)	(21)
Interest expenses	337	341
Decrease (increase) in notes and accounts receivable-trade	1,724	1,061
Decrease (increase) in inventories	(2,858)	(1,232)
Increase (decrease) in notes and accounts payable-trade	(409)	(2,603)
Other, net	533	129
Subtotal	<u>3,990</u>	<u>2,991</u>
Interest and dividends income received	24	21
Interest expenses paid	(354)	(345)
Income taxes paid	<u>(1,559)</u>	<u>(941)</u>
Net cash provided by (used in) operating activities	<u>2,101</u>	<u>1,726</u>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(4,489)	(2,773)
Proceeds from sales of property, plant and equipment	3	237
Purchase of intangible assets	(108)	(125)
Payments of loans receivable	(8)	(5)
Collection of loans receivable	7	12
Other, net	14	115
Net cash provided by (used in) investing activities	<u>(4,579)</u>	<u>(2,540)</u>
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	200	424
Increase (decrease) in commercial papers	(6,000)	1,500
Repayments of finance lease obligations	(160)	(566)
Proceeds from long-term loans payable	5,000	5,000
Repayment of long-term loans payable	(11)	(5,012)
Proceeds from sales of treasury stock	0	0
Purchase of treasury stock	(4)	(2)
Cash dividends paid	<u>(364)</u>	<u>(361)</u>
Net cash provided by (used in) financing activities	<u>(1,340)</u>	<u>982</u>
Effect of exchange rate change on cash and cash equivalents	<u>(295)</u>	<u>(163)</u>
Net increase (decrease) in cash and cash equivalents	<u>(4,115)</u>	<u>5</u>
Cash and cash equivalents at beginning of period	12,756	9,822
Increase (decrease) in cash and cash equivalents from change of fiscal year of consolidated subsidiaries CCE	<u>(225)</u>	<u>—</u>
Cash and cash equivalents at end of period	<u>8,416</u>	<u>9,828</u>

**(4) SEGMENT INFORMATION****[Information on Net Sales, Incomes or Losses by Individual Reportable Segments]****SIX MONTHS ENDED SEPTEMBER 30, 2011**

Millions of yen

	Reportable Segments				Total	Adjusted Amount	Amount stated in Quarterly Consolidated Statements of Income
	Semi-conductor Devices	CCFL	PM	PS			
Sales							
(1) Sales to Customers	48,253	1,033	9,786	7,064	66,138	—	66,138
(2) Intersegment Sales or Transfer	605	—	250	0	857	(857)	—
Total	48,859	1,033	10,037	7,065	66,995	(857)	66,138
Operating Income (loss) by segment	3,109	(575)	(673)	481	2,342	(1,041)	1,300

**SIX MONTHS ENDED SEPTEMBER 30, 2012**

Millions of yen

	Reportable Segments				Total	Adjusted Amount	Amount stated in Quarterly Consolidated Statements of Income
	Semi-conductor Devices	CCFL	PM	PS			
Sales							
(1) Sales to Customers	47,311	621	8,330	6,113	62,376	—	62,376
(2) Intersegment Sales or Transfer	680	—	552	0	1,233	(1,233)	—
Total	47,991	621	8,883	6,114	63,610	(1,233)	62,376
Operating Income (loss) by segment	3,495	(384)	(305)	263	3,069	(1,174)	1,894