

FY 2007 First Quarter Consolidated Financial Results

(April 1, 2007 to June 30, 2007)

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1. Financial Results for the Quarter of FY 2007 (April 1, 2007 to June 30, 2007)

(1) Consolidated Results of Operations (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
FY 2007, 1st Quarter	44,160 (- 7.2%)	948 (- 62.1%)	573 (- 69.8%)	201 (- 70.7%)
FY 2006, 1st Quarter	47,588 (30.1%)	2,503 (116.5%)	1,902 (111.9%)	688 (38.3%)
FY 2006	203,815	15,014	12,745	7,499

	Net income per share	Fully diluted net income per share
FY 2007, 1st Quarter	1.66 yen	1.46 yen
FY 2006, 1st Quarter	5.66 yen	- yen
FY 2006	61.69 yen	59.52 yen

(2) Consolidated Financial Position (Millions of yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
As of June 30, 2007	192,462	83,764	43.3 %	685.46 yen
As of June 30, 2006	180,334	76,545	42.3 %	627.00 yen
FY 2006	193,787	83,086	42.7 %	680.11 yen

(3) Consolidated Results of Cash Flows (Millions of yen)

	Net cash provided by (used in) operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Balance of cash and cash equivalents at the end of the quarter
FY 2007, 1st Quarter	2,272	(2,199)	1,719	12,428
FY 2006, 1st Quarter	4,415	(6,287)	4,690	14,743
FY 2006	14,390	(26,306)	10,021	10,367

Note: Indication of percentages show the ratio of increase or decrease from the first quarter of the previous year.

2. FY 2007 Consolidated Financial Forecast (April 1, 2007 to March 31, 2008)

Review of the Financial Forecast was not made.

3. Other

- (1) Change in significant subsidiaries during the period (changes in particular subsidiaries accompanying the change in scope of consolidation): None
 (2) Existence of adoption of simplified method of accounting: Yes
 (3) Existence of changes in accounting since the most recent consolidated fiscal year: None

Note: For details, refer to page 3 [Qualitative Information and Financial Statements, etc.] 4. Other.

*** 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. In this regard, Allegro MicroSystems, Inc., our 100% US subsidiary is now preparing for public offering of its shares and listing and the listing of the company might affect the financial results of our company.

For assumptions constituting the preconditions of the Financial Forecast, refer to page 3 [Qualitative Information and Financial Statements, Etc.] 3. Qualitative Information of Financial Forecast.

[Qualitative Information and Financial Statements, etc.]

1. QUALITATIVE INFORMATION OF CONSOLIDATED OPERATING RESULTS

In the electronics industry for the current 1st quarter, inventory has continued to be at a high level in the liquid crystal related fields and cautious movement of set makers continues in reverse to the active demand for component parts in the same quarter of the previous fiscal year. In the digital home appliance field, the speed of market change is quickening, for example, the peak is now only three (3) months for the latest models. In order to respond to such sharp changes, our Group has shared global marketing information throughout the entire Group and reinforced two of its business fields, power electronics and optical devices. For results of the 1st quarter, although sales of semiconductor devices, our core business, continued to remain steady, in addition to a drop in sales of CCFLs for LCD TVs, as a result that the burden of fixed costs increased, for example, an increase in depreciation in connection with a reduction in production and capital investment in the previous fiscal year, net sales were 44,160 million yen, operating income was 948 million yen, ordinary income was 573 million yen and net income for the quarter was 201 million yen, which recorded a decrease in both revenues and income. An overview by business segment as compared to the same quarter of the previous fiscal year is as follows.

Net sales in the Semiconductor Business were 34,576 million yen, a decrease of 1,914 million yen (5.2%) as compared to the same quarter of the previous fiscal year. Net sales of semiconductor devices, including ICs/diodes/transistors, increased 4.8% as compared to the same quarter of the previous fiscal year. As for the decrease in the sales for CRT TVs and plasma TVs, as a result of a large increase in the sales for LCD TVs, sales for TVs as a whole leveled off. In addition to the sales growth for home theaters and air conditioners, due to an expansion in demand, sales growth in automotive electronic equipment, which continued to remain steady, contributed to the increased sales. On the other hand, sales of CCFLs recorded a large decrease of 30.3% as compared to the same quarter of the previous fiscal year. The current quarter is the between production seasons, changing from spring models to summer models for LCD TVs, and to a drop in demand, the market balance between supply and demand worsened due to an increase in production capacity of each CCFL manufacturer. Our new products, which have improved brightness, were too late for spring models and led to a decrease in orders. However, from June, new products began to be equipped sequentially in summer models and orders have shown signs of recovery.

Net sales of the PM Business were 6,730 million yen, a decrease of 1,027 million yen (13.2%) as compared to the same quarter of the previous fiscal year. In addition to narrowing down of objects of receiving orders along with selective receipt of orders by profitability management at the designing stage, which started late in the previous quarter, sluggish sales of switching power supplies for plasma TVs, orders decreased, but sales of general-purpose small-sized UPS increased due to the release of new products, taking environmental responsiveness into consideration.

Net sales for the PS Business were 2,853 million yen. This was a decrease of 485 million yen (14.5%) as compared to the same quarter of the previous fiscal year as special demand for airport infrastructures were not appropriated. Power supplies for telecommunications equipment continued to grow favorably and sales of UPS also increased to record advancements as planned.

2. QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL POSITION

Total assets at the end of the current 1st quarter were 192,462 million yen, a decrease of 1,325 million yen from the end of the previous quarter. This is mainly due to a decrease of 4,827 million yen in notes and accounts receivable and an increase of 3,356 million yen in inventories.

Total liabilities were 108,697 million yen, a decrease of 2,003 million yen from the end of the previous quarter. This is mainly due to a decrease of 5,085 million yen in notes and accounts payable and an increase of 3,187 million yen in short-term borrowings.

Net assets were 83,764 million yen, an increase of 677 million yen from the end of the previous quarter. This is mainly due to a decrease of 649 million yen in retained earnings and an increase of 1,356 million yen in translation adjustment.

3. QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL FORECAST

Although in the current 1st quarter, both sales and income remained at low levels as compared to the same quarter of the previous fiscal year, as recovery of receiving orders is expected after the 2nd quarter, no change was made to the figures announced on May 8, 2007.

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) Adoption of simplified method of accounting

1. To tax expenses, simplified method by estimated effective tax rate was applied.

2. To any other item affected amount of which is small, partly simplified method was applied.

(3) Changes in accounting since the most recent consolidated fiscal year

There is no pertinent matter.

5. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (SUMMARY)

(1) Quarterly Consolidated Balance Sheets (Summary)

	Millions of yen		
	1st Quarter FY 2006	1st Quarter FY 2007	FY 2006
Assets			
Current assets:			
Cash and deposits	14,972	12,731	10,603
Notes and accounts receivable	48,056	45,666	50,494
Inventories	36,460	43,093	39,736
Other current assets	7,515	10,350	11,629
Total current assets	<u>107,004</u>	<u>111,842</u>	<u>112,464</u>
Fixed assets:			
Property, plant and equipment, net	63,054	71,164	71,755
Intangible assets	1,977	1,837	1,847
Investments and other assets	8,297	7,618	7,719
Total fixed assets	<u>73,329</u>	<u>80,619</u>	<u>81,323</u>
Total assets	<u>180,334</u>	<u>192,462</u>	<u>193,787</u>
Liabilities			
Current liabilities:			
Notes and accounts payable	31,596	28,241	33,326
Short-term bank loans	11,113	17,721	14,534
Commercial Paper	23,000	30,000	30,000
Other current liabilities	13,873	13,368	13,292
Total current liabilities	<u>79,583</u>	<u>89,331</u>	<u>91,153</u>
Long-term liabilities:			
Bonds and debentures	10,000	10,000	10,000
Long-term debt	7,154	3,589	3,634
Other long-term liabilities	7,051	5,776	5,912
Total long-term liabilities	<u>24,205</u>	<u>19,366</u>	<u>19,547</u>
Total liabilities	<u>103,789</u>	<u>108,697</u>	<u>110,701</u>
Net assets			
Shareholders' equity:			
Capital stock	20,896	20,896	20,896
Capital surplus	21,262	21,263	21,263
Retained earnings	36,824	41,720	42,369
Treasury stock	(3,743)	(3,842)	(3,832)
Total shareholders's equity	<u>75,240</u>	<u>80,038</u>	<u>80,697</u>
Valuation and translation adjustments:			
Unrealized loss on securities	1,731	1,595	1,648
Translation adjustments	(726)	1,671	314
Total valuation and translation adjustments	<u>1,004</u>	<u>3,266</u>	<u>1,962</u>
Equity Warrant	<u>-</u>	<u>134</u>	<u>111</u>
Minority interests	<u>300</u>	<u>324</u>	<u>314</u>
Total net assets	<u>76,545</u>	<u>83,764</u>	<u>83,086</u>
Total liabilities and net assets	<u>180,334</u>	<u>192,462</u>	<u>193,787</u>

(2) Quarterly Consolidated Statements of Income (Summary)

Millions of yen

	1st Quarter FY 2006	1st Quarter FY 2007	FY 2006
Net sales	47,588	44,160	203,815
Cost of sales	37,955	36,128	160,859
Gross profit	9,632	8,032	42,956
Selling, general and administrative expenses	7,128	7,083	27,941
Operating income	2,503	948	15,014
Non-operating income	245	290	878
Non-operating expenses	846	665	3,147
Ordinary income	<u>1,902</u>	<u>573</u>	<u>12,745</u>
Extraordinary income	<u>0</u>	<u>6</u>	<u>615</u>
Extraordinary loss	<u>77</u>	<u>72</u>	<u>1,039</u>
Income before income taxes, minority interests	1,825	507	12,320
Income taxes	1,128	298	4,720
Minority interest in consolidated subsidiaries	8	7	100
Net income	<u>688</u>	<u>201</u>	<u>7,499</u>

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

Millions of yen

	1st Quarter FY 2006	1st Quarter FY 2007	FY 2006
Operating activities			
Income before income taxes and minority interests in earnings of affiliates	1,825	507	12,320
Depreciation and amortization	3,102	3,587	14,380
Decrease (increase) in notes and accounts receivable	(2,033)	5,458	(3,943)
(Increase) decrease in inventories	(2,120)	(2,672)	(4,870)
(Increase) decrease in notes and accounts payable	5,296	(5,695)	6,495
Other	1,585	2,945	(3,975)
Income taxes paid	<u>(3,241)</u>	<u>(1,859)</u>	<u>(6,016)</u>
Net cash provided by (used in) operating activities	<u>4,415</u>	<u>2,272</u>	<u>14,390</u>
Investing activities			
Purchases of property, plant and equipment	(6,311)	(1,942)	(27,436)
Proceeds from sales of property, plant and equipment	(2)	44	1,150
(Increase) decrease in investment securities	-	0	463
Increase (decrease) in Loan	110	(194)	101
Other	<u>(83)</u>	<u>(107)</u>	<u>(586)</u>
Net cash used in investing activities	<u>(6,287)</u>	<u>(2,199)</u>	<u>(26,306)</u>
Financing activities			
Increase (decrease) in short-term bank loans	2,083	2,751	3,542
(Decrease) increase in Commercial Paper	5,000	-	12,000
Repayment of long-term debt	(1,257)	(329)	(3,266)
Redemption of treasury stock	(14)	(10)	(101)
Cash dividends paid	(1,105)	(692)	(2,063)
Dividends paid to minority interests	(14)	-	(88)
Net cash provided by (used in) financing activities	<u>4,690</u>	<u>1,719</u>	<u>10,021</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(307)</u>	<u>268</u>	<u>218</u>
Net (decrease) increase in cash and cash equivalents	<u>2,511</u>	<u>2,061</u>	<u>(1,676)</u>
Cash and cash equivalents at beginning of the term	<u>12,231</u>	<u>10,367</u>	<u>12,231</u>
Decrease in cash and cash equivalents at beginning of the year, due to the change in fiscal term of consolidated subsidiary	-	-	(188)
Increase of beginning cash and cash equivalents due to new entry of a subsidiary	<u>0</u>	<u>-</u>	<u>0</u>
Cash and cash equivalents at end of term	<u>14,743</u>	<u>12,428</u>	<u>10,367</u>

(4) Segment Information

1. Segment information by business

Previous Term (April 1, 2006 to June 30, 2006)

Millions of yen

	Semicon- ductors	PM	PS	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1) Third parties	36,491	7,758	3,338	47,588	-	47,588
(2) Intersegment	7	381	1	390	(390)	-
Total	36,498	8,139	3,339	47,978	(390)	47,588
Operating expenses	32,565	9,043	3,245	44,853	231	45,084
Operating income	3,933	(903)	94	3,125	(621)	2,503

This Term (April 1, 2007 to June 30, 2007)

Millions of yen

	Semicon- ductors	PM	PS	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1) Third parties	34,576	6,730	2,853	44,160	-	44,160
(2) Intersegment	295	400	0	697	(697)	-
Total	34,872	7,131	2,853	44,857	(697)	44,160
Operating expenses	33,360	7,198	2,616	43,174	37	43,211
Operating income	1,512	(66)	236	1,682	(734)	948

Last Fiscal Year (April 1, 2006 to March 31, 2007)

Millions of yen

	Semicon- ductors	PM	PS	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1) Third parties	154,967	33,518	15,330	203,815	-	203,815
(2) Intersegment	2,083	1,559	8	3,651	(3,651)	-
Total	157,051	35,077	15,338	207,467	(3,651)	203,815
Operating expenses	138,782	37,648	13,476	189,906	(1,105)	188,801
Operating income	18,269	(2,570)	1,862	17,560	(2,546)	15,014

2. Segment information by geographic area

Previous Term (April 1, 2006 to June 30, 2006)

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	33,744	4,871	6,309	2,662	47,588	-	47,588
(2) Intersegment	3,257	8,321	3,163	3	14,745	(14,745)	-
Total	37,002	13,192	9,472	2,665	62,333	(14,745)	47,588
Operating expenses	34,713	13,466	8,876	2,719	59,775	(14,691)	45,084
Operating income	2,288	(274)	596	(53)	2,557	(54)	2,503

This Term (April 1, 2007 to June 30, 2007)

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	29,195	4,894	6,290	3,779	44,160	-	44,160
(2) Intersegment	3,726	7,583	4,113	22	15,445	(15,445)	-
Total	32,921	12,478	10,403	3,802	59,606	(15,445)	44,160
Operating expenses	31,621	12,742	10,178	3,605	58,147	(14,935)	43,211
Operating income	1,300	(263)	225	196	1,459	(510)	948

Last Fiscal Year (April 1, 2006 to March 31, 2007)

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	143,054	21,776	25,883	13,101	203,815	-	203,815
(2) Intersegment	14,529	35,070	15,932	56	65,589	(65,589)	-
Total	157,583	56,847	41,815	13,158	269,405	(65,589)	203,815
Operating expenses	144,118	57,944	37,862	12,925	252,851	(64,050)	188,801
Operating income	13,464	(1,096)	3,953	232	16,554	(1,539)	15,014

3. Overseas Sales

Previous Term (April 1, 2006 to June 30, 2006)

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	22,061	3,847	2,827	8	28,744
Consolidated sales					47,588
Ratio of overseas sales to consolidated sales (%)	46.4	8.1	5.9	0.0	60.4

This Term (April 1, 2007 to June 30, 2007)

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	17,612	4,360	3,836	27	25,836
Consolidated sales					44,160
Ratio of overseas sales to consolidated sales (%)	39.9	9.9	8.7	0.0	58.5

Last Fiscal Year (April 1, 2006 to March 31, 2007)

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	90,847	16,682	13,204	64	120,798
Consolidated sales					203,815
Ratio of overseas sales to consolidated sales (%)	44.6	8.2	6.5	0.0	59.3