

# FY 2010 Second Quarter (Cumulative) Consolidated Financial Results

(April 1, 2010 to September 30, 2010)

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## 1. Financial Results for the six months ended September 30, 2010

### (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, 2010	71,773 (16.5%)	3,003 -	2,195 -	670 -
Six months ended Sep. 30, 2009	61,600 (-31.3%)	-7,700 -	-8,340 -	-18,723 -

	Net income per share (yen)	Diluted net income per share (yen)
Six months ended Sep. 30, 2010	5.53 yen	3.68 yen
Six months ended Sep. 30, 2009	-154.17 yen	-

Note: Indication of percentages shows the ratio of increase or decrease from the second quarter (cumulative) of the previous year.

### (2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of September 30, 2010	129,593	35,695	27.1 %	289.46 yen
FY 2009	131,908	37,761	28.2 %	306.54 yen

(Reference) Shareholders' equity: Sep./2010: 35,135 million yen (Mar./2010: 37,214 million yen)

## 2. Dividend Information

(Record date)	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal-year-end	Annual
FY 2009	-	0.00yen	-	0.00yen	0.00yen
FY 2010	-	3.00yen			
FY 2010 (forecast)			-	3.00yen	6.00yen

Note: Change of the forecast in this quarter of the fiscal year ended March 31, 2011: None

## 3. FY 2010 Consolidated Financial Forecast (April 1, 2010 to March 31, 2011)

(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	146,000 (8.8%)	6,500 -	5,000 -	1,200 -	9.89yen

Note: Change of the forecast in this quarter of the fiscal year ended March 31, 2011: Yes

#### 4. Other

- (1) Changes in significant subsidiaries during this quarter (changes in particular subsidiaries accompanying the change in scope of consolidation): No
- (2) Application of simplified accounting and particular accounting method: Yes
- (3) Changes in accounting principles, method and representation
  - (a) Changes in connection with the accounting standards, etc. : Yes
  - (b) Changes due to reason other than (a) : Yes
- (4) Number of shares outstanding (common share)
  - Number of shares outstanding at the end of the period (including treasury stock)  
Sep./2010: 125,490,302 (Mar./2010: 125,490,302)
  - Number of treasury stocks at the end of the period  
Sep./2010: 4,107,693 (Mar./2010: 4,089,747)
  - Average number of shares outstanding during six months ended September 30  
Apr.-Sep./2010: 121,392,997 (Apr.-Sep./2009: 121,449,104)

\* 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, 2010**

### **(1) Qualitative Information of Condoliated Operating Results**

In the electronics industry during the six months ended September 30, 2010, demand generally recovered to the level before the financial crisis, boosted mainly by economic growth in “emerging country markets” and the effects of economic stimulus packages. Progress towards economic recovery worldwide lapsed, however, as severe employment conditions and delayed recovery of personal consumption in the US stirred anxiety over the stagnancy of the US economy, and as economic growth in China was only moderate, at best. After the current second quarter, the environment surrounding the Company group remained as severe as ever, aggravated by the entry of the TV-and-related market into an inventory adjustment phase due to overstocking and the rapid appreciation of the yen in currency markets. Under these circumstances, the Company group focused on development and sales of “eco-friendly and energy savings” related products, reinforced its activities in “emerging country markets,” and took other efforts to increase the scale of sales in and around its core semiconductor device business. We have also focused on securing profits by maintaining our efforts to constrain fixed costs. As a result, net sales during the six months ended September 30, 2010 were 71,773 million yen, an increase of 16.5% as compared to the same period in the previous year. For income, operating income was 3,003 million yen (operating loss of 7,700 million yen in the same period in the previous year) and ordinary income was 2,195 million yen (ordinary loss of 8,340 million yen in the same period in the previous year). These amounts exceeded our financial forecasts. Due to payment of corporate taxes by overseas subsidiaries, etc., however, the Company group recorded a quarterly net income of 670 million yen (quarterly net loss of 18,723 million yen in the same period in the previous year).

Overview of business by segment is as follows.

In the semiconductor device business, sales of LCD TVs, OA, and industrial products remained steady, while orders received in some TV markets showed signs of change in the second quarter. Sales of automotive products also progressed soundly, favored by the growing demand for energy-saving and fuel-efficiency solutions, as well as the progress of electrification. The performance of Allegro MicroSystems, Inc., a US subsidiary, increased significantly, thanks to favorable orders received for automotive products. Sales of products for white goods also substantially improved due to the growing adoption of inverters in emerging countries and the hot spell in Japan. As a result, net sales from the segment were 49,986 million yen, an increase of 13,558 million yen as compared to the same period in the previous year, and operating income was 4,412 million yen (operating loss of 2,617 million yen in the same period in the previous year), resulting in a level greatly exceeding that before the financial crisis.

For the CCFL business, orders received were as severe as ever. As a result, net sales from the segment were 3,685 million yen, a decrease of 3,527 million yen as compared to the same period in the previous year. For income, although we tried to improve profitability by optimization of production systems and cost improvements, we were forced to record an operating loss of 311 million yen (operating loss of 3,329 million yen in the same period in the previous year).

For the PM business, orders received related to products for LCD TVs and for OA and industrial machines remained steady. But net sales from the segment were 11,104 million yen, a decrease of 568 million yen, due to material procurement difficulties. For income, we were forced to record an operating loss of 475 million yen (operating loss of 764 million yen in the same period in the previous year) due to a decrease in sales and an increase in delivery adjustment costs as a result of material procurement difficulties.

For the PS business, sales of products for mobile phone stations progressed favorably, thanks mainly to corporate capital investments for reformation of frequencies in the telecommunication market and improvements in telephone speech quality. As a result, net sales from the segment were 6,997 million yen, an increase of 710 million yen as compared to the same period in the previous year, and operating income was 431 million yen (operating loss of 89 million yen in the same period in the previous year).

(Note)

1. From the current consolidated fiscal period, “Accounting Standard for Disclosures about Segment of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) has been applied and our businesses are classified into four segments of “semiconductor device business,” “CCFL business,” “PM business” and “PS business.”

2. In the text above, the figures in the same period in the previous year for the “semiconductor device business” and “CCFL business” are forreference purposes only.

## (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, 2010 were 129,593 million yen, a decrease of 2,314 million yen from the end of the previous consolidated fiscal period. This was mainly due to an increase of 823 million yen in merchandise and finished goods, a decrease of 965 million yen in cash and deposits and a decrease of 2,029 million yen in notes and accounts receivable-trade.

Liabilities were 93,898 million yen, a decrease of 248 million yen from the end of the previous consolidated fiscal period. This was mainly due to an increase of 442 million yen in short-term loans payable, an increase of 1,000 million yen in commercial papers, an increase of 640 million yen in accrued expenses and a decrease of 2,019 million yen in notes and accounts payable-trade.

Net assets were 35,695 million yen, a decrease of 2,066 million yen from the end of the previous consolidated fiscal period. This was mainly due to an increase of 2,884 million yen in retained earnings, a decrease of 2,214 million yen in capital surplus and a decrease of 2,461 million yen in foreign currency translation adjustment.

### 2) Status of Cash Flows

Balance of cash and cash equivalents at the end of the six months ended September 30, 2010 was 11,159 million yen, a decrease of 955 million yen as compared to the end of the previous consolidated fiscal period.

Net cash provided by operating activities was 2,596 million yen, an increase of 5,106 million yen as compared to the same period in the previous year. This was mainly due to an increase in income before income taxes and minority interests.

Net cash used in investing activities was 4,990 million yen, an increase of 3,509 million yen as compared to the same period in the previous year. This was mainly due to an increase in cash outflow by tangible fixed assets.

Net cash provided by financing activities was 1,857 million yen, a decrease of 2,827 million yen as compared to the same period in the previous year. This was mainly due to a decrease in proceeds from long-term loans payable.

## (3) Qualitative Information of Consolidated Financial Forecast

We expect the recovery trend in the electronics industry to continue in the future, but there is a risk that we will be forced to further accelerate the inventory adjustment phase if anxieties over the stagnancy of the US and European economies increase. If the yen appreciation, a trend that has rapidly progressed from this summer, continues in the future as well, it may affect the revenue of the Company group. In addition to these business circumstances, the conditions surrounding the Company group, such as the supply and demand trend in the CCFL business, are expected to become more uncertain. With regard to net sales for the full-year, we revise our forecast as follows in consideration of the business conditions and the effect of the appreciated yen. With regard to income for the full-year, our forecast of operating income and ordinary income will remain unchanged from our previous announcement because the structural reforms we have been implementing are expected to produce effects, and our forecast of net income will be revised as follows in consideration of the effect of the appreciated yen and the scheduled purchase of stock options of overseas subsidiaries.

For details, please refer to the "Notice of Revision of Forecast of Consolidated Business Results for the Full-year ending March 31, 2011" released today.

### [Forecast of Consolidated Business Results for the Full-year ending March 31, 2011]

(Millions of Yen)

	Forecast of the consolidated business results of the full-year ending March 31, 2011	Increase or decrease as compared to the same period in the previous year	Forecast of the consolidated results of the full-year announced in August 2010
Net sales	146,000	8.80%	150,000
Operating income	6,500	-	6,500
Ordinary income	5,000	-	5,000
Net income	1,200	-	3,000

In the future, the Company group will aggressively launch new products in growing markets such as the "eco-friendly and energy-saving markets" and "emerging country markets" in and around its core semiconductor device business. Demand for products for automobiles and white goods is expected to continue advancing, and firm sales of products for TVs is also assumed. The Company group will steadily exploit these movements for revenue and promote the structural reform such as the enforcement and reorganization of production systems while focusing on the curtailment of fixed costs. By steadily carrying out these measures, the Company group is determined to achieve the above forecast of the full-year business results.

We have no plan to revise our dividend forecast (3 yen for an interim dividend, 3 yen for a year-end dividend) in connection with the revision of the forecast of business results.

## 2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

### (1) Quarterly Consolidated Balance Sheets

	Millions of yen	
	September 30 2010	March 31 2010 (Summary)
<b>ASSETS</b>		
Current assets		
Cash and deposits	11,335	12,300
Notes and accounts receivable-trade	30,255	32,285
Merchandise and finished goods	11,320	10,497
Work in process	14,812	14,443
Raw materials and supplies	11,120	10,821
Deferred tax assets	102	106
Other	3,865	3,343
Allowance for doubtful accounts	(67 )	(71 )
Total current assets	<u>82,744</u>	<u>83,725</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,413	17,423
Machinery, equipment and vehicles, net	15,634	15,816
Tools, furniture and fixtures, net	978	899
Land	4,340	4,436
Lease assets, net	512	528
Construction in progress	4,558	3,924
Total property, plant and equipment	<u>42,438</u>	<u>43,029</u>
Intangible assets		
Software	172	193
Other	615	649
Total intangible assets	<u>787</u>	<u>842</u>
Investments and other assets		
Investment securities	1,779	2,252
Deferred tax assets	155	144
Other	1,937	2,162
Allowance for doubtful accounts	(249 )	(249 )
Total investments and other assets	<u>3,623</u>	<u>4,309</u>
Total noncurrent assets	<u>46,849</u>	<u>48,182</u>
Total assets	<u><u>129,593</u></u>	<u><u>131,908</u></u>

	<b>September 30 2010</b>	March 31 2010 (Summary)
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Notes and accounts payable-trade	<b>19,816</b>	21,836
Short-term loans payable	<b>16,084</b>	15,642
Commercial papers	<b>16,000</b>	15,000
Income taxes payable	<b>452</b>	521
Deferred tax liabilities	<b>208</b>	263
Provision for directors' bonuses	<b>25</b>	-
Accrued expenses	<b>7,478</b>	6,837
Other	<b>664</b>	1,133
Total current liabilities	<b>60,730</b>	61,233
Noncurrent liabilities		
Bonds payable	<b>20,000</b>	20,000
Long-term loans payable	<b>8,043</b>	8,060
Deferred tax liabilities	<b>613</b>	765
Provision for retirement benefits	<b>3,047</b>	3,053
Provision for directors' retirement benefits	<b>35</b>	33
Asset retirement obligations	<b>60</b>	-
Other	<b>1,368</b>	999
Total noncurrent liabilities	<b>33,168</b>	32,913
Total liabilities	<b>93,898</b>	94,147
Net assets		
Shareholders' equity		
Capital stock	<b>20,896</b>	20,896
Capital surplus	<b>19,032</b>	21,246
Retained earnings	<b>8,428</b>	5,543
Treasury stock	<b>(3,904 )</b>	(3,898 )
Total shareholders' equity	<b>44,452</b>	43,788
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	<b>(57 )</b>	225
Foreign currency translation adjustment	<b>(9,260 )</b>	(6,799 )
Total valuation and translation adjustments	<b>(9,317 )</b>	(6,574 )
Subscription rights to shares	<b>302</b>	287
Minority interests	<b>258</b>	259
Total net assets	<b>35,695</b>	37,761
Total liabilities and net assets	<b>129,593</b>	131,908

## (2) Quarterly Consolidated Statements of Income

Millions of yen

	Six months ended Sep.30,2009	Six months ended Sep.30,2010
Net sales	61,600	<b>71,773</b>
Cost of sales	58,490	<b>56,761</b>
Gross profit	3,109	<b>15,011</b>
Selling, general and administrative expenses	10,809	<b>12,007</b>
Operating income (loss)	(7,700 )	<b>3,003</b>
Non-operating income		
Interest income	13	<b>7</b>
Dividends income	14	<b>17</b>
The government subsidy for employment adjustment	411	-
Miscellaneous income	214	<b>189</b>
Total non-operating income	653	<b>213</b>
Non-operating expenses		
Interest expenses	405	<b>335</b>
Compensation expense	12	<b>27</b>
Depreciation of inactive noncurrent assets	487	-
Foreign exchange losses	234	<b>400</b>
Miscellaneous loss	153	<b>258</b>
Total non-operating expenses	1,294	<b>1,022</b>
Ordinary income (loss)	(8,340 )	<b>2,195</b>
Extraordinary income		
Gain on sales of noncurrent assets	0	<b>17</b>
Total extraordinary income	0	<b>17</b>
Extraordinary loss		
Loss on retirement of noncurrent assets	117	<b>45</b>
Loss on sales of noncurrent assets	0	<b>0</b>
Impairment loss	9,738	-
Special retirement expenses	19	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	<b>84</b>
Loss on valuation of investment securities	42	<b>37</b>
Other	105	<b>0</b>
Total extraordinary losses	10,023	<b>167</b>
Income (loss) before income taxes and minority interests	(18,363 )	<b>2,045</b>
Income taxes	382	<b>1,369</b>
Income before minority interests	-	<b>676</b>
Minority interests in income (loss)	(22 )	<b>5</b>
Net income (loss)	(18,723 )	<b>670</b>

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

Millions of yen

	Six months ended Sep.30,2009	Six months ended Sep.30,2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(18,363 )	2,045
Depreciation and amortization	5,577	4,073
Impairment loss	9,738	-
Increase (decrease) in allowance for doubtful accounts	0	2
Increase (decrease) in provision for retirement benefits	689	283
Interest and dividends income	(27 )	(24 )
Interest expenses	405	335
Decrease (increase) in notes and accounts receivable-trade	(6,496 )	1,169
Decrease (increase) in inventories	5,235	(2,793 )
Increase (decrease) in notes and accounts payable-trade	1,094	(1,077 )
Other, net	254	377
Subtotal	(1,890 )	4,392
Interest and dividends income received	27	24
Interest expenses paid	(409 )	(336 )
Income taxes paid	(237 )	(1,483 )
Net cash provided by (used in) operating activities	(2,509 )	2,596
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,493 )	(4,962 )
Proceeds from sales of property, plant and equipment	53	65
Purchase of intangible assets	(55 )	(76 )
Payments of loans receivable	(5 )	(9 )
Collection of loans receivable	7	18
Other, net	12	(24 )
Net cash provided by (used in) investing activities	(1,480 )	(4,990 )
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	(1,255 )	1,538
Increase (decrease) in commercial papers	2,000	1,000
Repayments of finance lease obligations	(56 )	(108 )
Proceeds from long-term loans payable	5,000	-
Repayment of long-term loans payable	(577 )	(563 )
Proceeds from sales of treasury stock	-	0
Purchase of treasury stock	(7 )	(6 )
Cash dividends paid	(367 )	(3 )
Cash dividends paid to minority shareholders	(51 )	-
Net cash provided by (used in) financing activities	4,685	1,857
Effect of exchange rate change on cash and cash equivalents	36	(419 )
Net increase (decrease) in cash and cash equivalents	731	(955 )
Cash and cash equivalents at beginning of period	12,891	12,114
Increase in cash and cash equivalents from newly consolidated subsidiary	82	-
Cash and cash equivalents at end of period	13,706	11,159



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

none

**(5) Segment Information**

[Segment information by business]

Six months ended Sep.30, 2009

Millions of yen

	Semi-conductor device	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, 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 (loss)	(7,468)	655	(250)	52	(7,010)	(689)	(7,700)

[Overseas Sales]

Six months ended Sep.30, 2009

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

[Information about Sales and Operating Income (Loss) by Reporting Segment ]

Six months ended Sep.30, 2010

Millions of yen

	Reporting Segment				Total	Adjustment	Amount stated in Quarterly Consolidated Statements of Income
	Semi-conductor device	CCFL	PM	PS			
Sales							
(1) Third parties	49,986	3,685	11,104	6,997	71,773	-	71,773
(2) Intersegment	1,205	-	208	0	1,415	(1,415)	-
Total	51,191	3,685	11,312	6,998	73,188	(1,415)	71,773
Income (loss) by segment	4,412	(311)	(475)	431	4,056	(1,052)	3,003

Note: Corporate Expenses are principally the general administrative expenses which are not included in reporting segment.

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

Based on the resolution at the Ordinary General Meeting of Shareholders held on June 25, 2010, the Company reduced the amount of capital reserves and retained earnings, as well as appropriating its surplus on August 3, 2010 as follows.

**(1) Details of reduction of the amount of capital reserves and retained earnings**

In accordance with Article 448, Paragraph 1 of the Corporation Law, the Company reduced the partial amount of capital reserves and the entire amount of retained earnings and transferred them into other capital surplus and retained surplus brought forward, respectively.

a) Decreased amounts of capital reserves and retained earnings

- Capital reserves: 15,894 million yen

- Retained earnings: 1,847 million yen

b) Increased amounts of other capital surplus and retained surplus brought forward

- Other capital surplus: 15,894 million yen

- Retained surplus brought forward: 1,847 million yen

**(2) Details of appropriation of surplus**

In accordance with Article 452 of the Corporation Law, the Company covered the deficit in retained surplus brought forward by reducing the partial amount of capital surplus and the entire amount of other reserves after the transfer described in (1) above.

a) Decreased amounts of surplus

- Other capital surplus: 2,214 million yen

- Other reserves: 17,300 million yen

b) Increased amount of surplus

- Retained surplus brought forward: 19,514 million yen