

FY 2010 Third Quarter (Cumulative) Consolidated Financial Results

(April 1, 2010 to December 31, 2010)

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1. Financial Results for the nine months ended December 31, 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)
Nine months ended Dec.31,2010	107,758 (11.3%)	4,083 —	3,025 —	-926 —
Nine months ended Dec.31,2009	96,779 (-21.1%)	-8,369 —	-9,166 —	-20,067 —

	Net income per share (yen)	Diluted net income per share (yen)
Nine months ended Dec.31,2010	-7.63	—
Nine months ended Dec.31,2009	-165.24	—

Note: Indication of percentages shows the ratio of increase or decrease from the third 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 December 31, 2010	127,866	32,832	25.5 %	268.41 yen
FY 2009	131,908	37,761	28.2 %	306.54 yen

(Reference) Shareholders' equity: Dec./2010: 32,574 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: None

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)
Dec./2010: 125,490,302 (Mar./2010: 125,490,302)
 - Number of treasury stocks at the end of the period
Dec./2010: 4,129,719 (Mar./2010: 4,089,747)
 - Average number of shares outstanding during nine months ended December 31
Apr.-Dec./2010: 121,388,973 (Apr.-Dec./2009: 121,445,195)

* 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 NINE MONTHS ENDED DECEMBER 31, 2010

(1) Qualitative Information of Condoliated Operating Results

In the electronics industry during the nine months ended December 31, 2010, demand generally recovered to the level before the financial crisis of 2008, buoyed mainly by economic growth in China and the US economic recovery attained through the impact of economic stimulus measures. Yet the business environment for the Company group remained as severe as ever, aggravated by excessive inventory levels, especially in the overseas TV-and-related market, and the persistently strong yen during the second quarter. Under these circumstances, the Company group focused on development and sales of “eco-friendly and energy saving” 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 further curtailment of fixed costs, mainly by promoting structural reforms in overseas subsidiaries. As a result, net sales during the nine months ended December 31, 2010 were 107,758 million yen, an increase of 11.3% as compared to the same period in the previous year. For income, operating income was 4,083 million yen (operating loss of 8,369 million yen in the same period in the previous year) and ordinary income was 3,025 million yen (ordinary loss of 9,166 million yen in the same period in the previous year). All of these amounts exceeded the levels of the same period in the previous year. Due to the repurchase of stock options and the payment of special retirement expenses at overseas subsidiaries, etc., however, the Company group recorded a net loss of 926 million yen (net loss of 20,067 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. For automotive products, sales progressed soundly, favored by the growing demand for fuel-efficiency solutions and the progress of electrification. The performance of Allegro MicroSystems, Inc., a US subsidiary, increased significantly, thanks to favorable orders received. Sales of products for white goods also substantially improved, driven by the growing adoption of inverters in emerging countries and the hot spell in Japan. As a result, net sales in this segment were 74,620 million yen, an increase of 16,781 million yen (29.0%) as compared to the same period in the previous year, and operating income was 6,445 million yen (operating loss of 2,155 million yen in the same period in the previous year), resulting in a level exceeding that before the financial crisis.

In the CCFL business, orders received were as severe as ever, due to the accelerated market penetration of LED backlight systems for LCD TVs. As a result, net sales in this segment were 4,906 million yen, a decrease of 5,837 million yen (54.3%) as compared to the same period in the previous year. For income, we promoted reductions in fixed costs through various measures, including a reorganization of production bases and a headcount reduction proportional to the production volume. On balance, however, we were forced to record an operating loss of 928 million yen (operating loss of 4,160 million yen in the same period in the previous year).

In the PM business, orders received related to products for LCD TVs and for OA and industrial machines remained steady. But net sales in this segment were 16,652 million yen, a decrease of 765 million yen (4.4%) as compared to the same period in the previous year, mainly due to material procurement difficulties persisting into the second quarter. For income, we were forced to record an operating loss of 950 million yen (operating loss of 997 million yen in the same period in the previous year), mainly due to an increase in the cost percentage arising from a surge in raw material prices and increased adjustment costs in connection with the material procurement difficulties mentioned earlier.

In the PS business, sales of products for mobile phone stations progressed favorably, thanks mainly to the widespread use of smartphones and an increase in corporate capital investment for bandwidth reallocation in the telecommunication market. Sales of large-size power-supply units also progressed favorably, thanks to the extensive replacement of facilities in electric power companies. As a result, net sales in this segment were 11,579 million yen, an increase of 799 million yen (7.4%) as compared to the same period in the previous year, and operating income was 1,055 million yen, a significant increase of 544 million yen (106.4%) as compared to 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 for reference 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 nine months ended December 31, 2010 were 127,866 million yen, a decrease of 4,042 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 609 million yen in merchandise and finished goods, an increase of 839 million yen in work in process, an increase of 1,856 million yen in construction in progress, a decrease of 3,193 million yen in cash and deposits, a decrease of 1,937 million yen in notes and accounts receivable-trade, a decrease of 1,402 million yen in buildings and structures, net, and a decrease of 800 million yen in machinery, equipment and vehicles, net.

Liabilities were 95,033 million yen, an increase of 886 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 3,701 million yen in short-term loans payable, an increase of 3,000 million yen in commercial papers, a decrease of 2,309 million yen in notes and accounts payable-trade, and a decrease of 3,023 million yen in long-term loans payable.

Net assets were 32,832 million yen, a decrease of 4,928 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,287 million yen in retained earnings, a decrease of 2,578 million yen in capital surplus, and a decrease of 3,136 million yen in foreign currency translation adjustment.

2) Status of Cash Flows

Balance of cash and cash equivalents at the end of the nine months ended December 31, 2010 was 9,041 million yen, a decrease of 3,073 million yen as compared to the end of the previous consolidated fiscal year.

Net cash provided by operating activities was 2,863 million yen, an increase of 2,693 million yen as compared to the same period in the previous year. This was mainly due to an increase of net income before income taxes and minority interests.

Net cash used in investing activities was 7,610 million yen, an increase of 4,889 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 1,983 million yen, a decrease of 1,587 million yen as compared to the same period in the previous year. This was mainly due to a decrease of long-term loans payable and an increase of expenditures for the acquisition of subscription rights to shares.

(3) Qualitative Information of Consolidated Financial Forecast

We expect the moderate recovery of demand in the electronics industry to continue in the future, thanks mainly to continued economic growth in China and the effects of the tax reduction policy in the US. If severe employment conditions persists in the future, there is a risk that consumer demand will be weakened and the economic recovery will lose its momentum. In addition, corporate performance may be negatively affected if the exchange rate appreciates further. Thus, the uncertainty over the future is expected to continue.

Business performance over the April-December period has generally been in line with the budget, and the extraordinary loss incurred in the current quarter was reflected in the financial forecast announced earlier. Therefore, the forecasts of consolidated business results for the Company group remain unchanged from that announced on November 5, 2010. In the future, the Company group will aggressively launch new products in the "eco-friendly and energy-saving" markets and "emerging country" markets in an effort to increase sales in and around its core semiconductor device business. The Company group will also focus on the reorganization and enforcement of production systems. By steadily carrying out these measures, the Company group is determined to achieve results in line with above business forecast for the full year.

2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) Quarterly Consolidated Balance Sheets

	Millions of yen	
	December 31 2010	March 31 2010 (Summary)
ASSETS		
Current assets		
Cash and deposits	9,107	12,300
Notes and accounts receivable-trade	30,347	32,285
Merchandise and finished goods	11,107	10,497
Work in process	15,283	14,443
Raw materials and supplies	10,766	10,821
Deferred tax assets	395	106
Other	3,922	3,343
Allowance for doubtful accounts	(73)	(71)
Total current assets	<u>80,855</u>	<u>83,725</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,021	17,423
Machinery, equipment and vehicles, net	15,015	15,816
Tools, furniture and fixtures, net	957	899
Land	4,310	4,436
Lease assets, net	506	528
Construction in progress	5,781	3,924
Total property, plant and equipment	<u>42,594</u>	<u>43,029</u>
Intangible assets		
Software	169	193
Other	615	649
Total intangible assets	<u>785</u>	<u>842</u>
Investments and other assets		
Investment securities	1,884	2,252
Deferred tax assets	158	144
Other	1,836	2,162
Allowance for doubtful accounts	(249)	(249)
Total investments and other assets	<u>3,630</u>	<u>4,309</u>
Total noncurrent assets	<u>47,010</u>	<u>48,182</u>
Total assets	<u><u>127,866</u></u>	<u><u>131,908</u></u>

	December 31 2010	March 31 2010 (Summary)
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Notes and accounts payable-trade	19,526	21,836
Short-term loans payable	19,343	15,642
Commercial papers	18,000	15,000
Income taxes payable	343	521
Deferred tax liabilities	0	263
Provision for directors' bonuses	37	-
Accrued expenses	6,446	6,837
Other	1,195	1,133
Total current liabilities	<u>64,893</u>	<u>61,233</u>
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	5,036	8,060
Deferred tax liabilities	631	765
Provision for retirement benefits	2,857	3,053
Provision for directors' retirement benefits	36	33
Asset retirement obligations	60	-
Other	1,519	999
Total noncurrent liabilities	<u>30,140</u>	<u>32,913</u>
Total liabilities	<u>95,033</u>	<u>94,147</u>
Net assets		
Shareholders' equity		
Capital stock	20,896	20,896
Capital surplus	18,668	21,246
Retained earnings	6,830	5,543
Treasury stock	<u>(3,912)</u>	<u>(3,898)</u>
Total shareholders' equity	<u>42,483</u>	<u>43,788</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	27	225
Foreign currency translation adjustment	<u>(9,935)</u>	<u>(6,799)</u>
Total valuation and translation adjustments	<u>(9,908)</u>	<u>(6,574)</u>
Subscription rights to shares	—	287
Minority interests	<u>257</u>	<u>259</u>
Total net assets	<u>32,832</u>	<u>37,761</u>
Total liabilities and net assets	<u>127,866</u>	<u>131,908</u>

(2) Quarterly Consolidated Statements of Income

Millions of yen

	Nine months ended Dec.31,2009	Nine months ended Dec.31,2010
Net sales	96,779	107,758
Cost of sales	88,916	85,656
Gross profit	7,863	22,101
Selling, general and administrative expenses	16,232	18,018
Operating income (loss)	(8,369)	4,083
Non-operating income		
Interest income	17	10
Dividends income	20	26
The government subsidy for employment adjustment	416	—
Miscellaneous income	324	350
Total non-operating income	779	387
Non-operating expenses		
Interest expenses	598	498
Compensation expense	44	34
Depreciation of inactive noncurrent assets	501	—
Foreign exchange losses	221	531
Miscellaneous loss	210	381
Total non-operating expenses	1,576	1,445
Ordinary income (loss)	(9,166)	3,025
Extraordinary income		
Gain on sales of noncurrent assets	0	17
Total extraordinary income	0	17
Extraordinary loss		
Loss on retirement of noncurrent assets	174	53
Loss on sales of noncurrent assets	0	1
Impairment loss	9,738	—
Loss on valuation of investment securities	53	34
Special retirement expenses	19	673
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	84
Loss on disposal of subscription rights to shares	—	1,729
Other	106	0
Total extraordinary losses	10,092	2,576
Income before income taxes and minority interests	(19,259)	466
Income taxes	818	1,374
Loss before minority interests	—	(908)
Minority interests in income (loss)	(9)	18
Net loss	(20,067)	(926)

(3) Quarterly Consolidated Statements of Cash Flows

Millions of yen

	Nine months ended Dec.31,2009	Nine months ended Dec.31,2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(19,259)	466
Depreciation and amortization	7,697	6,168
Impairment loss	9,738	—
Increase (decrease) in allowance for doubtful accounts	0	11
Increase (decrease) in provision for retirement benefits	925	211
Increase (decrease) in provision for business structure reform	(533)	—
Interest and dividends income	(38)	(36)
Interest expenses	598	498
Loss on retirement stock acquisition rights	—	1,729
Decrease (increase) in notes and accounts receivable-trade	(8,913)	804
Decrease (increase) in inventories	6,583	(3,064)
Increase (decrease) in notes and accounts payable-trade	3,810	(1,135)
Other, net	659	(232)
Subtotal	<u>1,268</u>	<u>5,421</u>
Interest and dividends income received	38	36
Interest expenses paid	(528)	(417)
Income taxes paid	(609)	(2,176)
Net cash provided by (used in) operating activities	<u>169</u>	<u>2,863</u>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,331)	(7,733)
Proceeds from sales of property, plant and equipment	65	133
Purchase of intangible assets	(94)	(124)
Payments of loans receivable	(15)	(9)
Collection of loans receivable	21	40
Other, net	(366)	83
Net cash provided by (used in) investing activities	<u>(2,720)</u>	<u>(7,610)</u>
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	(1,309)	1,979
Increase (decrease) in commercial papers	1,000	3,000
Repayments of finance lease obligations	(94)	(155)
Proceeds from long-term loans payable	5,000	—
Repayment of long-term loans payable	(590)	(569)
Proceeds from sales of treasury stock	1	0
Purchase of treasury stock	(13)	(14)
Purchase of subscription rights to shares	—	(1,974)
Cash dividends paid	(371)	(282)
Cash dividends paid to minority shareholders	(50)	—
Net cash provided by (used in) financing activities	<u>3,570</u>	<u>1,983</u>
Effect of exchange rate change on cash and cash equivalents	22	(310)
Net increase (decrease) in cash and cash equivalents	<u>1,041</u>	<u>(3,073)</u>
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	<u>14,016</u>	<u>9,041</u>

(4) Notes on Premise of Going Concern

none

(5) Segment Information

[Segment information by business]

Nine months ended Dec.31, 2009

Millions of yen

	Semi-conductor device	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, 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 (loss)	(8,892)	930	471	99	(7,391)	(978)	(8,369)

[Overseas Sales]

Nine months ended Dec.31, 2009

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

[Information about Sales and Operating Income (Loss) by Reporting Segment]
 Nine months ended Dec.31, 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	74,620	4,906	16,652	11,579	107,758	—	107,758
(2) Intersegment	1,802	—	260	0	2,063	(2,063)	—
Total	76,422	4,906	16,912	11,580	109,821	(2,063)	107,758
Income (loss) by segment	6,445	(928)	(950)	1,055	5,621	(1,538)	4,083

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