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Consolidated Financial Report for the 2Q of FY 2008

English translation from the original Japanese-language quarterly Kessan Tanshin

Business Results

1. Overview of Consolidated Business Results

(1) 2Q-FY 08 Operating Results (July 1, 2008 – September 30, 2008)

(Billions of yen)

	3 mo. ended Sep 30, 2008 (2Q-FY 08)	3 mo. ended Jun 30, 2008 (1Q-FY 08)	QoQ Change (%)	3 mo. ended Sep 30, 2007 (2Q-FY 07)	YoY Change (%)
Premier DRAM	50.7	45.8	+10.5	60.5	-16.2
Computing DRAM	62.9	63.4	-0.7	51.1	+23.1
Net sales	113.6	109.2	+4.0	111.6	+1.8
Gross profit (loss)	(8.0)	(1.0)	-	19.8	-
Operating income (loss)	(24.5)	(15.6)	-	6.1	-
Ordinary income (loss)	(30.3)	(15.4)	-	0.1	-
Net income (loss)	(31.9)	(13.8)	-	3.3	-

Note: Computing DRAM sales consist of DRAMs used in servers and personal computers. Premier DRAM sales consist of DRAMs used in digital consumer electronics & mobile devices and other sales.

In the 2Q (July 1, 2008 to September 30, 2008) the global financial turmoil brought on by the US subprime crisis worsened markedly, and the collapse of a major US financial institution compounded the problems in the financial markets. Also, as dismal business sentiment has started to reduce consumer spending and corporate capital spending, concerns about a global recession deepened.

In the DRAM industry, market prices continued to fall as excess supply conditions lasting since the beginning of 2007 became linked to a drop in demand as a result of the intensifying global economic slowdown. The spot price for 1-gigabit DDR2 SDRAM, a leading PC DRAM product, fell around 20% in the 2Q ⁽¹⁾.

Elpida has been working on reducing manufacturing costs in response to this challenging environment. At both the Hiroshima Plant, its main Japan-based fab, and Rexchip Electronics Corporation (Rexchip), a Taiwan-based DRAM manufacturing joint venture, Elpida is focused on migrating to 65nm process technology

⁽¹⁾ Source: DRAMeXchange

and boosting productivity. In addition, in September the Hiroshima Plant started to cut 90nm process production, which is about 10% of the plant's total capacity. In regard to sales performance, shipments of Premier DRAMs (used in mobile equipment and digital consumer electronics), which have relatively stable prices, showed a QoQ increase. QoQ bit shipments grew by 13% due mainly to improved production efficiency at Rexchip, while the average selling price (ASP) declined by 8%. Because selling prices for PC DRAMs continued to fall below manufacturing costs, 2Q losses ended up topping 1Q losses.

As a result, Elpida's 2Q net sales were 113.6 billion yen (up 4% QoQ). Gross losses came to 8.0 billion yen (versus a 1.0 billion yen loss in 1Q) and operating losses were 24.5 billion yen (a 15.6 billion yen loss in 1Q). Ordinary losses totaled 30.3 billion yen (a 15.4 billion yen loss in 1Q), partly because of equity affiliate losses of 3.0 billion yen mainly related to Rexchip. Given 544 million yen in securities investment valuation losses, a 631 million yen provision for a lawsuit settlement and other extraordinary losses, net losses came to 31.9 billion yen (13.8 billion yen in 1Q).

□ Premier DRAMs

Domestic demand for mobile DRAM continued to weaken in the 2Q. Overseas, however, an installation preference for higher density DRAMs pushed demand higher, and the launch of a new business pushed up shipments. Overall, shipments were higher QoQ. Severe price competition for consumer electronic devices put downward pricing pressure on some consumer DRAM products. At the same time, however, greater demand for DRAMs for high value-added consumer electronic devices led to an increase in shipments of these products. As a result, Premier DRAM net sales rose 11% QoQ to 50.7 billion yen.

To increase Premier DRAM performance and reduce costs, Elpida is moving forward with switching to 65nm process products by ramping up installation of 65nm process production equipment and continuing to support its customers evaluation and product certification programs.

□ Computing DRAMs

Computing DRAM net sales were 62.9 billion yen, a slight decline QoQ attributable to lower selling prices. Although a difficult pricing environment continues, the volume of business with major global PC makers increased as Elpida's status in the DRAM market has been improving. As for DDR3 SDRAMs, the contribution to total sales remains small but the sales volume of these products is steadily expanding on the back of growing demand from large PC makers.

Given the slump in prices for PC DRAMs, Elpida has started to cut 90nm process production at its Hiroshima Plant and is continuing to move forward with process migration (which includes the Rexchip R1 fab) to reduce chip costs. In particular, the company plans to start mass production of a shrunken version of its DDR2 SDRAMs using 65nm process technology before the end of 2008. Using a new architecture yields about 60% more chips from a single wafer compared with a 70nm process and lowers costs. Also, Elpida hopes to cut its cost base even further by beginning volume production of 50nm chips at its Hiroshima Plant, probably in the first three months of 2009.

2. Financial Conditions

(1) Assets, Liabilities and Shareholders' Equity

Total assets at the end of the 2Q decreased 21.1 billion yen compared with the end of FY 2007 to 733.3 billion yen. The main factors affecting the change in assets were a decrease in tangible fixed assets following depreciation and an increase in accounts receivable on the back of higher net sales. Also, booked losses on the valuation of investments in securities and equity-method investment losses lowered the appraisal value of investment securities.

End-2Q interest-bearing debt rose 13.9 billion yen against the end of FY 2007 to 302.9 billion yen. Borrowings were partially repaid but execution of sales and leaseback transactions during the 1Q led to an increase in lease obligations.

Net assets at the end of the 2Q fell by 45.4 billion yen compared with the end of FY 2007 to 302.5 billion yen, as net losses reduced retained earnings.

In October 2008 Elpida drew in full on a credit facility of 110 billion yen consisting of term loans with a commitment period mainly to fund capital expenditures for FY 2008. Also, the company procured about 50 billion yen on November 4 through issuance of unsecured convertible bond-type bonds with stock acquisition rights to fund FY 2009 capital expenditures and added investment in Rexchip.

(2) Cash Flows

As for cash flow in the 1H of FY 2008, operating activities provided Elpida with net cash of 10.5 billion yen. Losses before income taxes were offset by depreciation and amortization and changes in assets and liabilities related to operating activities.

Investing activities used net cash of 43.3 billion yen. Among the factors at work were receipt of the balance of money from last year's sale of 200mm wafer processing equipment and payments made on some manufacturing equipment purchases.

Financing activities in the 1H provided net cash of 14.0 billion yen. Long-term borrowings and lease obligations were repaid under an agreed schedule and sale and leaseback transactions were executed.

As a result, the balance of cash and cash equivalents at the end of the 1H fell 19.3 billion yen versus end-FY 2007 to 77.6 billion yen. Also, free cash flow (a combination of net cash provided by operating activities and net cash used in investing activities) saw a net outflow of 32.9 billion yen.

3. 3Q of FY 2008 and Full-Term Outlook

An imbalance in supply and demand in the PC DRAM market can result in extreme price volatility. Also, a precise forecast of future PC DRAM prices is quite difficult. Since extreme price volatility can strongly affect business results Elpida is not presenting earnings forecasts. Instead, as shown below, the company is presenting several estimates relevant to the third quarter and full term of FY 2008 that can be used as a general guideline.

[Quarterly estimates]

	2Q-FY 08 (Actual)	3Q-FY 08 (Estimate)
QoQ bit growth	13%	5-10%
QoQ ASP change	-8%	N/A
Depreciation and amortization	26.2	28.0
Selling, general and administrative expenses	16.5	15.0

Note 1: Unit is billions of yen unless otherwise specified.

Note 2: Figures in the forecast are approximations.

[Yearly estimates]

	FY 2008 Forecast	
	As of Aug 7, 2008	As of Nov 6, 2008
YoY bit growth	80—90%	80-90%
Depreciation and amortization	107	107
Selling, general and administrative expenses	60	60
Capital expenditures	100	90-95
Investment in Rexchip	20	Minimum necessary amount

Note 1: Unit is billions of yen unless otherwise specified.

Note 2: Figures in the forecast are approximations.

In light of the long-term slump in the DRAM market Elpida has made changes to its capex spending after determining new priorities. The full-term capex guidance announced in August has been revised down from 100 billion yen to 90-95 billion yen and in regard to investment Rexchip, from 20 billion yen to the minimum necessary amount.

The key changes in Elpida's capex plan are:

- The start of operations of a China-based DRAM manufacturing joint venture will be delayed.
- Construction of a cleanroom at the Rexchip R2 fab will be delayed.
- Construction of a cleanroom on the new floor of Akita Elpida Memory, Elpida's back-end process subsidiary, will be delayed.

* Process migration to 65nm technology at the Hiroshima Plant continues as planned.

4. Others

(1) Changes in significant subsidiaries in the six months ended September 30, 2008 (changes in specified subsidiaries resulting in changes in scope of consolidation)

On April 1, 2008, Elpida merged Hiroshima Elpida Memory, Inc., a 100% owned subsidiary of the company, into its operations. As a result, the number of consolidated subsidiaries was reduced due to this merger.

(2) Adoption of simplified accounting methods for quarterly reporting

None.

(3) Changes in accounting policies, procedures, and presentations, etc.

a.) Application of “Accounting Standards for Quarterly Financial Reporting”

The “Accounting Standards for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statements No.12, March 14, 2007) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14, March 14, 2007) are applied from this fiscal year. Quarterly financial statements are prepared in accordance with “Rules for Quarterly Consolidated Financial Statements.”

b.) Valuation standard and method for inventories

Adoption of the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) from this fiscal year has changed the valuation basis for inventories to the cost method (which writes off the book value of inventories based on decreases in profitability). The change has no impact on income.

c.) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

The “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, May 17, 2006) is applied from this fiscal year and necessary modifications have been made for consolidation. The impact of the change on income is immaterial.

Forward-looking Statements

Forecasts included in this document are forward-looking statements that are based on management's view from the information available at the time of this Report. These statements involve risks and uncertainties. Actual results may be materially different from those discussed in the forward-looking statements. The factors that may affect Elpida include, but are not limited to, changes in the DRAM market and industry environment, changes in technologies and design, problems related to its supply of key material and equipment, loss of or decreased demand from key customers, changes in exchange rates, general economic conditions and natural disasters. Elpida disclaims any obligation to update or, except in the limited circumstances required by the Tokyo Stock Exchange, announce publicly any revision to any of the forward-looking statements.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2008	As of September 30, 2008	Change
(Assets)			
I Current assets			
1. Cash and deposits	97,564	78,183	(19,381)
2. Note and accounts receivable, trade	69,442	87,654	18,212
3. Finished goods	34,304	44,427	10,123
4. Semi-finished goods	16,682	7,309	(9,373)
5. Raw materials	2,089	576	(1,513)
6. Work in process	19,699	19,579	(120)
7. Supplies	1,580	1,577	(3)
8. Accounts receivable, other	21,381	2,866	(18,515)
9. Other current assets	9,284	27,077	17,793
10. Allowance for doubtful accounts	(2,454)	(2,446)	8
Total current assets	269,571	266,802	(2,769)
II Fixed assets			
1. Property, plant and equipment, net			
Buildings and structures	71,581	70,149	(1,432)
Machinery and equipment	265,834	253,555	(12,279)
Furniture and fixtures	24,995	23,494	(1,501)
Land	4,206	4,206	0
Construction in progress	21,255	21,001	(254)
Total Property, plant and equipment, net	387,871	372,405	(15,466)
2. Intangible fixed assets			
Goodwill	1,944	1,710	(234)
Others	6,261	6,262	1
Total intangible fixed assets	8,205	7,972	(233)
3. Investments and other assets			
Investment securities	80,690	75,879	(4,811)
Others	8,042	10,268	2,226
Total investments and other assets	88,732	86,147	(2,585)
Total fixed assets	484,808	466,524	(18,284)
Total assets	754,379	733,326	(21,053)
(Liabilities)			
I Current liabilities			
1. Accounts payable, trade	56,260	62,045	5,785
2. Current portion of long-term loans	38,400	47,000	8,600
3. Lease obligation	7,020	10,256	3,236
4. Accounts payable, other	30,999	21,195	(9,804)
5. Income tax payable	996	1,120	124
6. Provision	2,831	4,225	1,394
7. Other current liabilities	17,872	30,023	12,151
Total current liabilities	154,378	175,864	21,486
II Long-term liabilities			
1. Bond	160,000	160,000	0
2. Long-term loans	81,800	62,000	(19,800)
3. Lease obligation	1,841	23,689	21,848
4. Provision	3,262	4,267	1,005
5. Other long-term liabilities	5,223	5,016	(207)
Total long-term liabilities	252,126	254,972	2,846
Total liabilities	406,504	430,836	24,332

(1) Consolidated Balance Sheets (continued)

(Millions of yen)

	As of March 31, 2008	As of September 30, 2008	Change
(Net assets)			
I Shareholders' equity			
1. Capital stock	155,611	155,665	54
2. Additional paid-in capital	166,653	166,707	54
3. Retained earnings	34,445	(11,129)	(45,574)
4. Treasury stock	(3)	(4)	(1)
Total shareholders' equity	356,706	311,239	(45,467)
II Valuation and translation adjustments			
1. Unrealized losses on marketable securities	(1,329)	(232)	1,097
2. Deferred gains or losses on hedges	(545)	(423)	122
3. Foreign currency translation adjustments	(7,105)	(8,302)	(1,197)
Total valuation and translation adjustments	(8,979)	(8,957)	22
III Stock subscription rights	148	208	60
Total net assets	347,875	302,490	(45,385)
Total liabilities and net assets	754,379	733,326	(21,053)

(2) Consolidated Statements of Operations

(Six-month period)

(Millions of yen)

Account	Six-month period ended				Change Increase or decrease
	September 30, 2007		September 30, 2008		
		Ratio (%)		Ratio (%)	
I Net sales	221,037	100.0	222,803	100.0	1,766
II Cost of sales	183,818	83.2	231,845	104.1	48,027
Gross profit (loss)	37,219	16.8	(9,042)	(4.1)	(46,261)
III Selling, general and administrative expenses	27,336	12.4	31,064	13.9	3,728
Operating income/(loss)	9,883	4.5	(40,106)	(18.0)	(49,989)
IV Non-operating income					
1. Interest income	848		309		(539)
2. Dividend income	288		—		(288)
3. Foreign exchange gains	—		1,282		1,282
4. Local government subsidy	300		328		28
5. Others	160		149		(11)
V Non-operating expenses					
1. Interest expense	2,006		2,815		809
2. Foreign exchange losses	1,561		—		(1,561)
3. Equity in losses of affiliated companies	3,387		2,938		(449)
4. Maintenance costs for unemployed assets	—		803		803
5. Stock issuance costs	1		—		(1)
6. Others	685		1,125		440
Ordinary income/(loss)	3,839	1.7	(45,719)	(20.5)	(49,558)
VI Extraordinary income					
1. Gain on sales of property, plant and equipment	20,914	9.5	131	0.1	(20,783)
2. Settlements	335	0.2	—	—	(335)
VII Extraordinary losses					
1. Loss on revaluation of investment securities	—	—	1,895	0.9	1,895
2. Loss on sales of property, plant and equipment	9	0.0	6	0.0	(3)
3. Loss on disposal of property, plant and equipment	1,079	0.5	370	0.2	(709)
4. Accrual for settlements and litigation	—	—	631	0.3	631
5. Others	358	0.2	—	—	(358)
Income/(loss) before income taxes	23,642	10.7	(48,490)	(21.8)	(72,132)
Income taxes					
Current	3,537	1.6	927	0.4	(2,610)
Reversal of accrued income taxes for prior year	(196)	(0.1)	—	—	196
Deferred	2,473	1.1	(3,775)	(1.7)	(6,248)
Total income taxes	5,814	2.6	(2,848)	(1.3)	(8,662)
Net income/(loss)	17,828	8.1	(45,642)	(20.5)	(63,470)

Note: "Income taxes" consists of corporate tax, inhabitant tax, business tax.

(2) Consolidated Statements of Operations (continued)

(Three-month period)

(Millions of yen)

Account	Three-month period ended				Change Increase or decrease
	September 30, 2007		September 30, 2008		
		Ratio (%)		Ratio (%)	
I Net sales	111,555	100.0	113,582	100.0	2,027
II Cost of sales	91,791	82.3	121,606	107.1	29,815
Gross profit (loss)	19,764	17.7	(8,024)	(7.1)	(27,788)
III Selling, general and administrative expenses	13,624	12.2	16,460	14.5	2,836
Operating income/(loss)	6,140	5.5	(24,484)	(21.6)	(30,624)
IV Non-operating income					
1. Interest income	421		207		(214)
2. Dividend income	288		—		(288)
3. Other	225		70		(155)
V Non-operating expenses					
1. Interest expense	1,003		1,476		473
2. Foreign exchange losses	2,599		1,116		(1,483)
3. Equity in losses of affiliated companies	3,130		3,013		(117)
4. Maintenance costs for unemployed assets	—		182		182
5. Stock issuance costs	1		—		(1)
6. Others	237		319		82
Ordinary income/(loss)	104	0.1	(30,313)	(26.7)	(30,417)
VI Extraordinary income					
1. Gain on sales of property, plant and equipment	(1,199)	(1.1)	123	0.1	1,322
2. Settlements	335	0.3	—	—	(335)
VII Extraordinary losses					
1. Loss on revaluation of investment securities	—	—	544	0.5	544
2. Loss on sales of property, plant and equipment	8	0.0	3	0.0	(5)
3. Loss on disposal of property, plant and equipment	278	0.2	339	0.3	61
4. Accrual for settlements and litigation	—	—	631	0.6	631
5. Others	(2,262)	(2.0)	—	—	2,262
Income/(loss) before income taxes	1,216	1.1	(31,707)	(27.9)	(32,923)
Income taxes					
Current	(732)	(0.7)	500	0.4	1,232
Reversal of accrued income taxes for prior year	(196)	(0.2)	—	—	196
Deferred	(1,130)	(1.0)	(334)	(0.3)	796
Total income taxes	(2,058)	(1.8)	166	0.1	2,224
Net income/(loss)	3,274	2.9	(31,873)	(28.1)	(35,147)

Note: "Income taxes" consists of corporate tax, inhabitant tax, business tax.

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six-month period ended		Change
	September 30, 2007	September 30, 2008	increase or decrease
I Operating activities			
Loss before income taxes	23,642	(48,490)	(72,132)
Depreciation and amortization	45,076	51,730	6,654
Increase in allowance for doubtful accounts	44	2,307	2,263
Interest and dividend income	(1,136)	(309)	827
Interest expense	2,006	2,815	809
Foreign exchange losses	5	1,848	1,843
Equity in losses of affiliated companies	3,387	2,938	(449)
Gain on sales of property, plant and equipment	(20,905)	(125)	20,780
Loss on disposal of property, plant and equipment	1,079	370	(709)
Loss on revaluation of investment securities	—	1,895	1,895
Decrease (increase) in accounts receivable, trade	30,617	(18,471)	(49,088)
Decrease (increase) in inventories	(7,777)	876	8,653
Decrease (increase) in accounts receivable, other	(1,243)	2,648	3,891
Increase (decrease) in accounts payable, trade	(7,681)	5,924	13,605
Increase (decrease) in accounts payable, other	1,132	(2,660)	(3,792)
Others	19,259	10,012	(9,247)
Subtotal	87,505	13,308	(74,197)
Interest and dividend received	888	535	(353)
Interest paid	(2,015)	(2,863)	(848)
Local government subsidy received	376	328	(48)
Income taxes paid	(2,957)	(838)	2,119
Net cash provided by operating activities	83,797	10,470	(73,327)
II Investing activities			
Disbursements for time deposits	—	(578)	(578)
Withdrawal of time deposits	1,170	639	(531)
Purchase of investment securities	(80,979)	—	80,979
Purchases of property, plant and equipment	(104,229)	(41,595)	62,634
Proceeds from sales of property, plant and equipment	5,599	16,769	11,170
Purchases of intangible fixed assets	(783)	(1,127)	(344)
Increase in long-term prepaid expenses	(1,320)	(1,486)	(166)
Payments of loan receivables	—	(15,942)	(15,942)
Others	7	(3)	(10)
Net cash used in investing activities	(180,535)	(43,323)	137,212
III Financing activities			
Repayment of long-term loans	(14,981)	(11,200)	3,781
Proceeds from issuance of stock	936	108	(828)
Proceeds from sale-and-leaseback transactions	50,513	32,831	(17,682)
Repayments of obligation under capital leases	(8,164)	(7,771)	393
Purchases of treasury stock	(0)	(1)	(1)
Net cash provided by financing activities	28,304	13,967	(14,337)
IV Effect of exchange rates changes on cash and cash equivalents	(158)	(456)	(298)
V Net increase (decrease) in cash and cash equivalents	(68,592)	(19,342)	49,250
VI Cash and cash equivalents at beginning of the year	165,546	96,955	(68,591)
VII Cash and cash equivalents at end of the year	96,954	77,613	(19,341)
Free cash flow (I+II)	(96,738)	(32,853)	63,885

(Segment Information)

[Business Segment Information]

During the six-month period ended September 30, 2008, our group was operating a single segment of the semiconductor business centering on DRAM, so the information by business segment is omitted.

[Geographical segment information]

For the six-month period ended September 30, 2007

	Japan (MY)	Asia (MY)	Europe (MY)	North America (MY)	Total (MY)	Offset or corporate total (MY)	Consoli- dated (MY)
Sales							
(1) Sales to third parties	112,401	47,225	16,039	45,372	221,037	—	221,037
(2) Inter-segment sales and transfers	104,282	48	13	15	104,358	(104,358)	—
Total	216,683	47,273	16,052	45,387	325,395	(104,358)	221,037
Operating expenses	208,741	46,459	16,091	44,283	315,574	(104,420)	211,154
Operating income	7,942	814	(39)	1,104	9,821	62	9,883

Note 1: Countries and regions are grouped according to the geographical closeness.

2: Major countries and regions other than Japan are as follows:

- (1) Asia: Hong Kong, Singapore and Taiwan
- (2) Europe: Germany
- (3) North America: the United States

For the six-month period ended September 30, 2008

	Japan (MY)	Asia (MY)	Europe (MY)	North America (MY)	Total (MY)	Offset or corporate total (MY)	Consoli- dated (MY)
Sales							
(1) Sales to third parties	103,496	67,827	14,739	36,741	222,803	—	222,803
(2) Inter-segment sales and transfers	110,203	22	15	69	110,309	(110,309)	—
Total	213,699	67,849	14,754	36,810	333,112	(110,309)	222,803
Operating expenses	256,355	65,830	14,902	36,128	373,215	(110,306)	262,909
Operating income	(42,656)	2,019	(148)	682	(40,103)	(3)	(40,106)

Note 1: Countries and regions are grouped according to the geographical closeness.

2: Major countries and regions other than Japan are as follows:

- (1) Asia: Hong Kong, Singapore and Taiwan
- (2) Europe: Germany, Switzerland
- (3) North America: the United States

[Overseas sales]

For the six-month period ended September 30, 2007

	North America	Asia	Europe	Total
I Overseas sales (MY)	45,849	56,218	16,039	118,106
II Consolidated sales (MY)				221,037
III Ratio of overseas sales over consolidated sales (%)	20.7	25.4	7.3	53.4

Note 1: Countries and regions are grouped according to the geographical closeness.

2: Major countries and regions other than Japan are as follows:

North America: the United States

Asia: Taiwan, Singapore and Hong Kong

Europe: Whole area

3: The amount of overseas sales is the amount of sales made by our Company and consolidated subsidiaries in countries and regions outside Japan.

For the six-month period ended September 30, 2008

	North America	Asia	Europe	Total
I Overseas sales (MY)	47,168	75,842	31,613	154,623
II Consolidated sales (MY)				222,803
III Ratio of overseas sales over consolidated sales (%)	21.2	34.0	14.2	69.4

Note 1: Countries and regions are grouped according to the geographical closeness.

2: Major countries and regions other than Japan are as follows:

North America: the United States

Asia: Taiwan, Singapore and Hong Kong

Europe: Whole area

3: The amount of overseas sales is the amount of sales made by our Company and consolidated subsidiaries in countries and regions outside Japan.

Appendix (Unaudited)

1. Selected Quarterly Consolidated Statements of Operations

(Millions of yen)

	Jul-Sep 2007 (2Q-FY 07)		Oct-Dec 2007 (3Q-FY 07)		Jan-Mar 2008 (4Q-FY 07)		Apr-Jun 2008 (1Q-FY 08)		Jul-Sep 2008 (2Q-FY 08)	
		%		%		%		%		%
Net sales	111,555	100.0	94,047	100.0	90,397	100.0	109,221	100.0	113,582	100.0
Gross profit (loss)	19,764	17.7	5,180	5.5	(9,059)	-10.0	(1,018)	-0.9	(8,024)	-7.1
Selling, general and administrative expenses	13,624	12.2	14,120	15.0	16,824	18.6	14,604	13.4	16,460	14.5
Operating income (loss)	6,140	5.5	(8,940)	-9.5	(25,883)	-28.6	(15,622)	-14.3	(24,484)	-21.6
Income (loss) before income taxes	1,216	1.1	(13,019)	-13.9	(31,690)	-35.1	(16,783)	-15.4	(31,707)	-27.9
Net income (loss)	3,274	2.9	(12,129)	-12.9	(29,241)	-32.3	(13,769)	-12.6	(31,873)	-28.1
EBITDA ⁽¹⁾	25,229	22.6	12,088	12.9	(5,506)	-6.1	10,047	9.2	(3,992)	-3.5
Average exchange rate (Yen to a U.S. Dollar)	120.40		114.07		109.12		102.56		107.70	

2. Selected Consolidated Financial Data

(Figures in millions of yen otherwise specified)

	Sep 30, 2007 (2Q-FY 07)	Dec 31, 2007 (3Q-FY 07)	Mar 31, 2008 (4Q-FY 07)	Jun 30, 2008 (1Q-FY 08)	Sep 30, 2008 (2Q-FY 08)
Cash and time deposits	96,954	97,496	97,564	96,922	78,183
A/R collection period ⁽²⁾	61 days	69 days	69 days	76 days	69 days
Inventory holding period ⁽³⁾	62 days	78 days	67 days	59 days	54 days
Interest-bearing debt ⁽⁴⁾	206,535	224,108	289,061	317,326	302,945
Net D/E ratio ⁽⁵⁾	0.28 times	0.33 times	0.55 times	0.65 times	0.74 times
Shareholders' equity ratio ⁽⁶⁾	51.0%	49.6%	46.1%	44.6 %	41.2 %

3. Selected Consolidated Statements of Cash Flows

(Millions of yen)

	Jul-Sep 2007 (2Q-FY 07)	Oct-Dec 2007 (3Q-FY 07)	Jan-Mar 2008 (4Q-FY 07)	Apr-Jun 2008 (1Q-FY 08)	Jul-Sep 2008 (2Q-FY 08)
Net cash provided by operating activities	31,870	13,188	(13,883)	(16,024)	26,494
Net cash used in investing activities	(72,935)	(30,957)	(48,902)	(13,906)	(29,417)
Net cash provided by (used in) financing activities	23,504	17,649	64,701	28,334	(14,367)
Free cash flow	(41,065)	(17,769)	(62,785)	(29,930)	(2,923)

⁽¹⁾ EBITDA = Income (loss) before income taxes + Interest expense + depreciation and amortization

⁽²⁾ A/R collection period (days) = Accounts receivable, trade / Average monthly net sales x 30 days

⁽³⁾ Inventory holding period (days) = Inventories / Average monthly cost of sales x 30 days

⁽⁴⁾ Interest-bearing debt = Bond + Short-term debt + Long-term debt + Obligation under capital leases

⁽⁵⁾ Net D/E ratio (times) = (Interest-bearing debt – Cash and time deposits) / (Total net assets – Share subscription rights)

⁽⁶⁾ Shareholders' equity ratio (%) = (Total net assets – Share subscription rights) / Total Assets x 100