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Consolidated Financial Report for the 3Q of FY 2008

English translation from the original Japanese-language quarterly Kessan Tanshin

Business Results

1. Overview of Consolidated Business Results

(1) 3Q-FY 08 Operating Results (October 1, 2008 – December 31, 2008)

(Billions of yen)

	3 mo. ended Dec 31, 2008 (3Q-FY 08)	3 mo. ended Sep 30, 2008 (2Q-FY 08)	QoQ Change (%)	3 mo. ended Dec 31, 2007 (3Q-FY 07)	YoY Change (%)
Premier DRAM	27.1	50.7	-46.5	58.3	-53.5
Computing DRAM	34.7	62.9	-44.9	35.7	-3.0
Net sales	61.8	113.6	-45.6	94.0	-34.3
Gross profit (loss)	(42.9)	(8.0)	-	5.2	-
Operating loss	(57.9)	(24.5)	-	(8.9)	-
Ordinary loss	(66.1)	(30.3)	-	(12.8)	-
Net loss	(72.3)	(31.9)	-	(12.1)	-

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.

An accelerated fall in consumer spending, manufacturing adjustments and higher rates of unemployment resulting from the intensified financial crisis worsened global economy drastically in the 3Q (October 1 – December 31, 2008).

In the DRAM industry, unable to withstand the global recession, spending on PCs, digital consumer electronics and mobile phones fell, causing a steep drop-off in DRAM demand. Although production cuts by DRAM manufactures begun in September started to bring about reductions in the DRAM supply, with less demand, the average spot price for a 1-gigabit DDR2 SDRAM, a leading PC DRAM product, fell about 50% QoQ^[1].

Given this extremely difficult business environment, Elpida continued to improve its cost base by reducing legacy 90nm manufacturing and has been increasing production of highly cost-competitive 65nm products.

^[1] Source: DRAMeXchange

Elpida's bit shipment growth was 5% QoQ in the 3Q. The average selling price was down 44% QoQ due to the impact of the aforementioned price declines and lower shipments of Premier DRAMs (used in digital consumer electronics and mobile equipment).

As a result, 3Q net sales fell 46% QoQ to 61.8 billion yen. Since selling prices continued to run well below manufacturing costs and the yen grew stronger, the company had gross losses of 42.9 billion yen (compared with an 8 billion yen loss in the previous quarter) and operating losses of 57.9 billion yen (a 24.5 billion yen loss in the previous quarter). Ordinary losses came to 66.1 billion yen (a 30.3 billion yen loss in the previous quarter) partly due to equity method investment losses of 7.4 billion yen that mainly concerned Rexchip Electronics Corporation (Rexchip). An extraordinary loss of 5.4 billion yen in connection with an accrued provision to cover litigation settlement costs was a factor in a net loss of 72.3 billion yen (a 31.9 billion yen loss in the previous quarter).

□ Premier DRAMs

Against the background of the global economic recession, the sales of digital consumer electronics and mobile phones dropped sharply in the 3Q. In response, there was a steep decline in Premier DRAM demand. As a result, Premier DRAM net sales fell 47% QoQ to 27.1 billion yen.

To cut costs and improve earnings, Elpida is strengthening customer support for qualification testing of its products in order to encourage customers to switch to products using more advanced processes. Also, the company is seeking to enlarge the size of its customer base by expanding its line-up of high performance products, such as Mobile RAM™-based MCP (Multi Chip Package) products, high density-high bandwidth one-chip solution products and enhanced power-saving products.

□ Computing DRAMs

The Computing DRAM business in the 3Q saw net sales fall 45% QoQ to 34.7 billion yen, as prices for PC DRAM products suffered a sharp decline.

Although DDR3 ramp up was slower than the company had originally expected due to the delay of the chipsets, DDR3 shipments grew QoQ and accounted for slightly more than 10% of total Computing DRAM net sales.

Also in the 3Q, Elpida achieved high yields on the shrink version of its 65nm chips and moved forward plans to transition to production of these products. In addition, mass production of 50nm products is scheduled to begin in the Jan-Mar quarter following completion of the development phase in November 2008. Both moves are expected to make the company cost competitive.

2. Financial Conditions

(1) Assets, Liabilities and Shareholders' Equity

Total assets increased 58.2 billion yen against the end of FY 2007 to 812.5 billion yen. The main plus factor was an increase in cash and cash equivalents through use of a syndicated credit facility of 110 billion yen consisting of term loans with a commitment period and the issuance of 50 billion yen in unsecured convertible bond type bonds with stock acquisition rights (after 6 billion yen of the convertible bonds was exercised the 44 billion yen difference was redeemed on January 9, 2009). The main factors on the minus side were a drop in accounts receivable on the back of lower net sales, depreciation of property, plant & equipment and a lowering of investment securities due to the booking of equity in losses of affiliated companies and yen appreciation.

The use of the long-term commitment line and the convertible bond issuance caused the balance of interest-bearing debt to rise 167.0 billion yen against the end of FY 2007 to 456.1 billion yen.

Net assets fell 127.2 billion yen against the end of FY 2007 to 220.6 billion yen, as the aforementioned fewer foreign currency translation adjustments and quarterly net losses lowered retained earnings. As a result, the shareholders' equity ratio came to 27%.

(2) Cash Flows

	(Billions of yen)		
	Apr-Jun 2008 (1Q-FY 08)	Jul-Sep 2008 (2Q-FY 08)	Oct-Dec 2008 (3Q-FY 08)
Net cash provided by operating activities	(16.0)	26.5	(6.9)
Depreciation and amortization	25.5	26.2	27.0
Net cash used in investing activities	(13.9)	(29.4)	(14.3)
Net cash provided by (used in) financing activities	28.3	(14.4)	153.1
Cash and cash equivalents at end of quarter	96.3	77.6	207.5
Free cash flow	(29.9)	(2.9)	(21.1)

The balance of cash and cash equivalents at the end of the 3Q rose 129.9 billion yen versus the end of previous quarter to 207.5 billion yen. Free cash flow (a combination of net cash used in operating activities and net cash used in investing activities) saw a net outflow of 21.1 billion yen. Cash flow and related conditions in the 3Q are discussed next.

(Net cash used in operating activities)

Operating activities saw a net outflow of 6.9 billion yen. Losses before income taxes were partially offset by depreciation and amortization and changes in assets and liabilities related to operating activities.

(Net cash used in investing activities)

Investing activities used net cash of 14.3 billion yen, mainly because of payments made on some manufacturing equipment purchases.

(Net cash provided by financing activities)

Financing activities in the 3Q provided net cash of 153.1 billion yen. Whereas long-term borrowings and lease obligations were repaid under an agreed schedule, the full exercise of a 110.0 billion yen long-term commitment line and the issuance of 50.0 billion yen in convertible bonds generated a cash inflow.

3. 4Q 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 4Q and full term of FY 2008 that can be used as a general guideline.

[Quarterly estimates]

	3Q-FY 08 (Actual)	4Q-FY 08 (Estimate)
QoQ bit growth	5%	Single-digit negative
QoQ ASP change	-44%	N/A
Depreciation and amortization	27.0	26
Selling, general and administrative expenses	15.0	15

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 Nov 6, 2008	As of Feb 6, 2009
YoY bit growth	80—90%	80-90%
Depreciation and amortization	107	105
Selling, general and administrative expenses	60	61
Capital expenditures	90-95	95
Investment in Rexchip	Minimum necessary amount	0*

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

Note 2: Figures in the forecast are approximations.

* In March 2009, Elpida plans to acquire a partial shareholding in the Rexchip manufacturing joint venture from its strategic partner, Powerchip Semiconductor Corporation, in order to make Rexchip a consolidated subsidiary of Elpida. The above section titled "Investment in Rexchip" doesn't include the value of the shares to be acquired.

4. Others

(1) Changes in significant subsidiaries in the nine months ended December 31, 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, announces 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 December 31, 2008	Change
(Assets)			
I Current assets			
1. Cash and deposits	97,564	207,465	109,901
2. Note and accounts receivable, trade	69,442	50,697	(18,745)
3. Finished goods	34,304	44,360	10,056
4. Semi-finished goods	16,682	9,330	(7,352)
5. Raw materials	2,089	713	(1,376)
6. Work in process	19,699	16,513	(3,186)
7. Supplies	1,580	1,633	53
8. Accounts receivable, other	21,381	3,090	(18,291)
9. Other current assets	9,284	30,180	20,896
10. Allowance for doubtful accounts	(2,454)	(2,151)	303
Total current assets	269,571	361,830	92,259
II Fixed assets			
1. Property, plant and equipment, net			
Buildings and structures	71,581	70,194	(1,387)
Machinery and equipment	265,834	255,983	(9,851)
Furniture and fixtures	24,995	22,736	(2,259)
Land	4,206	4,206	0
Construction in progress	21,255	20,744	(511)
Total Property, plant and equipment, net	387,871	373,863	(14,008)
2. Intangible fixed assets			
Goodwill	1,944	1,534	(410)
Others	6,261	5,942	(319)
Total intangible fixed assets	8,205	7,476	(729)
3. Investments and other assets			
Investment securities	80,690	59,652	(21,038)
Others	8,042	9,722	1,680
Total investments and other assets	88,732	69,374	(19,358)
Total fixed assets	484,808	450,713	(34,095)
Total assets	754,379	812,543	58,164
(Liabilities)			
I Current liabilities			
1. Accounts payable, trade	56,260	63,265	7,005
2. Current portion of long-term loans	38,400	61,833	23,433
3. Convertible bond type bonds with subscription rights to shares	-	50,000	50,000
4. Lease obligation	7,020	8,757	1,737
5. Accounts payable, other	30,999	33,670	2,671
6. Income tax payable	996	754	(242)
7. Provision	2,831	3,304	473
8. Other current liabilities	17,872	21,997	4,125
Total current liabilities	154,378	243,580	89,202
II Long-term liabilities			
1. Bond	160,000	160,000	0
2. Long-term loans	81,800	153,667	71,867
3. Lease obligation	1,841	21,816	19,975
4. Provision	3,262	8,773	5,511
5. Other long-term liabilities	5,223	4,081	(1,142)
Total long-term liabilities	252,126	348,337	96,211
Total liabilities	406,504	591,917	185,413

(1) Consolidated Balance Sheets (continued)

(Millions of yen)

	As of March 31, 2008	As of December 31, 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	(83,479)	(117,924)
4. Treasury stock	(3)	(4)	(1)
Total shareholders' equity	356,706	238,889	(117,817)
II Valuation and translation adjustments			
1. Unrealized losses on marketable securities	(1,329)	(537)	792
2. Deferred gains or losses on hedges	(545)	(361)	184
3. Foreign currency translation adjustments	(7,105)	(17,590)	(10,485)
Total valuation and translation adjustments	(8,979)	(18,488)	(9,509)
III Stock subscription rights	148	225	77
Total net assets	347,875	220,626	(127,249)
Total liabilities and net assets	754,379	812,543	58,164

(2) Consolidated Statements of Operations

(Nine-month period)

(Millions of yen)

Account	Nine-month period ended				Change Increase or decrease
	December 31, 2007		December 31, 2008		
		Ratio (%)		Ratio (%)	
I Net sales	315,084	100.0	284,573	100.0	(30,511)
II Cost of sales	272,685	86.5	336,472	118.2	63,787
Gross profit (loss)	42,399	13.5	(51,899)	(18.2)	(94,298)
III Selling, general and administrative expenses	41,456	13.2	46,099	16.2	4,643
Operating income/(loss)	943	0.3	(97,998)	(34.4)	(98,941)
IV Non-operating income					
1. Interest income	1,144		555		(589)
2. Dividend income	288		—		(288)
3. Foreign exchange gains	—		2,695		2,695
4. Others	510		488		(22)
V Non-operating expenses					
1. Interest expense	3,054		4,645		1,591
2. Foreign exchange losses	2,355		—		(2,355)
3. Equity in losses of affiliated companies	5,506		10,365		4,859
4. Maintenance costs for unemployed assets	—		1,068		1,068
5. Others	913		1,440		527
Ordinary income/(loss)	(8,943)	(2.8)	(111,778)	(39.3)	(102,835)
VI Extraordinary income					
1. Gain on sales of property, plant and equipment	20,954	6.7	132	0.0	(20,822)
2. Settlements	335	0.1	—		(335)
VII Extraordinary losses					
1. Loss on revaluation of investment securities	—	—	2,054	0.7	2,054
2. Loss on sales of property, plant and equipment	19	0.0	6	0.0	(13)
3. Loss on disposal of property, plant and equipment	1,345	0.4	562	0.2	(783)
4. Accrual for settlements and litigation	—	—	6,010	2.1	6,010
5. Other	359	0.1	—	2.1	(359)
Income/(loss) before income taxes	10,623	3.4	(120,278)	(42.3)	(130,901)
Income taxes					
Current	2,767	0.9	1,108	0.4	(1,659)
Income taxes for prior years	—	—	320	0.1	320
Reversal of accrued income taxes for prior years	(196)	(0.1)	—	—	196
Deferred	2,353	0.7	(3,715)	(1.3)	(6,068)
Total income taxes	4,924	1.6	(2,287)	(0.8)	(7,211)
Net income/(loss)	5,699	1.8	(117,991)	(41.5)	(123,690)

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
	December 31, 2007		December 31, 2008		
		Ratio (%)		Ratio (%)	
I Net sales	94,047	100.0	61,770	100.0	(32,277)
II Cost of sales	88,867	94.5	104,627	169.4	15,760
Gross profit (loss)	5,180	5.5	(42,857)	(69.4)	(48,037)
III Selling, general and administrative expenses	14,120	15.0	15,035	24.3	915
Operating income/(loss)	(8,940)	(9.5)	(57,892)	(93.7)	(48,952)
IV Non-operating income					
1. Interest income	296		246		(50)
2. Dividend income	(0)		—		0
3. Foreign exchange gains	—		1,413		1,413
4. Other	50		11		(39)
V Non-operating expenses					
1. Interest expense	1,048		1,830		782
2. Foreign exchange losses	794		—		(794)
3. Equity in losses of affiliated companies	2,119		7,427		5,308
4. Maintenance costs for unemployed assets	—		265		265
5. Others	227		315		88
Ordinary income/(loss)	(12,782)	(13.6)	(66,059)	(106.9)	(53,277)
VI Extraordinary income					
Gain on sales of property, plant and equipment	40	0.0	1	0.0	(39)
VII Extraordinary losses					
1. Loss on revaluation of investment securities	—	—	159	0.3	159
2. Loss on sales of property, plant and equipment	10	0.0	—	—	(10)
3. Loss on disposal of property, plant and equipment	267	0.3	192	0.3	(75)
4. Accrual for settlements and litigation	—	—	5,379	8.7	5,379
Income/(loss) before income taxes	(13,019)	(13.8)	(71,788)	(116.2)	(58,769)
Income taxes					
Current	(770)	(0.8)	181	0.3	951
Income taxes for prior years	—	—	320	0.5	320
Deferred	(120)	(0.1)	60	0.1	180
Total income taxes	(890)	(0.9)	561	0.9	1,451
Net income/(loss)	(12,129)	(12.9)	(72,349)	(117.1)	(60,220)

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

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine-month period ended		Change
	December 31, 2007	December 31, 2008	increase or decrease
I Operating activities			
Loss before income taxes	10,623	(120,278)	(130,901)
Depreciation and amortization	69,135	78,764	9,629
Increase in allowance for doubtful accounts	114	5,896	5,782
Interest and dividend income	(1,432)	(555)	877
Interest expense	3,054	4,645	1,591
Foreign exchange losses	513	6,141	5,628
Equity in losses of affiliated companies	5,506	10,365	4,859
Gain on sales of property, plant and equipment	(20,954)	(126)	20,828
Loss on disposal of property, plant and equipment	1,365	562	(803)
Loss on revaluation of investment securities	—	2,054	2,054
Decrease in accounts receivable, trade	34,152	16,579	(17,573)
Decrease (increase) in inventories	(21,629)	1,552	23,181
Decrease (increase) in accounts receivable, other	(180)	1,101	1,281
Increase in accounts payable, trade	1,755	7,147	5,392
Increase (decrease) in accounts payable, other	736	(2,707)	(3,443)
Others	18,800	(3,423)	(22,223)
Subtotal	101,558	7,717	(93,841)
Interest and dividend received	1,108	813	(295)
Interest paid	(2,496)	(3,727)	(1,231)
Local government subsidy received	376	328	(48)
Income taxes paid	(3,561)	(1,204)	2,357
Income taxes paid for prior years	—	(320)	(320)
Net cash provided by operating activities	96,985	3,607	(93,378)
II Investing activities			
Disbursements for time deposits	(707)	(571)	136
Withdrawal of time deposits	1,152	1,203	51
Purchase of investment securities	(81,831)	—	81,831
Purchases of property, plant and equipment	(146,140)	(56,382)	89,758
Proceeds from sales of property, plant and equipment	18,667	17,271	(1,396)
Purchases of intangible fixed assets	(1,113)	(1,383)	(270)
Increase in long-term prepaid expenses	(1,530)	(1,801)	(271)
Payments of loan receivables	—	(15,942)	(15,942)
Others	10	1	(9)
Net cash used in investing activities	(211,492)	(57,604)	153,888
III Financing activities			
Proceeds from long-term loans	—	110,000	110,000
Repayment of long-term loans	(14,981)	(14,700)	281
Proceeds from issuance of bonds	19,905	49,985	30,080
Proceeds from issuance of stock	1,115	108	(1,007)
Proceeds from sale-and-leaseback transactions	50,513	32,831	(17,682)
Repayments of obligation under capital leases	(10,599)	(11,159)	(560)
Purchases of treasury stock	(0)	(1)	(1)
Net cash provided by financing activities	45,953	167,064	121,111
IV Effect of exchange rates changes on cash and cash equivalents	(181)	(2,557)	(2,376)
V Net increase (decrease) in cash and cash equivalents	(68,735)	110,510	179,245
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	96,811	207,465	110,654
Free cash flow (I+II)	(114,507)	(53,997)	60,190

(Segment Information)

[Business Segment Information]

During the nine-month period ended December 31, 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 three-month period ended December 31, 2008

(Millions of yen)

	Japan	Asia	Europe	North America	Total	Offset or corporate total	Consolidated
Sales							
(1) Sales to third parties	28,118	17,735	4,231	11,686	61,770	—	61,770
(2) Inter-segment sales and transfers	30,847	35	9	0	30,991	(30,891)	—
Total	58,965	17,770	4,240	11,686	92,661	(30,891)	61,770
Operating expenses	117,475	17,201	4,269	11,600	150,545	(30,883)	119,662
Operating income	(58,510)	569	(29)	86	(57,884)	(8)	(57,892)

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

For the nine-month period ended December 31, 2008

(Millions of yen)

	Japan	Asia	Europe	North America	Total	Offset or corporate total	Consolidated
Sales							
(1) Sales to third parties	131,614	85,562	18,970	48,427	284,573	—	284,573
(2) Inter-segment sales and transfers	141,050	57	24	69	141,200	(141,200)	—
Total	272,664	85,619	18,994	48,496	425,773	(141,200)	284,573
Operating expenses	373,830	83,031	19,171	47,728	523,760	(141,189)	382,571
Operating income	(101,166)	2,588	(177)	768	(97,987)	(11)	(97,998)

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 three-month period ended December 31, 2008

(Figures in millions of yen unless otherwise specified)

	North America	Asia	Europe	Total
I Overseas sales	12,960	17,865	9,639	40,464
II Consolidated sales				61,770
III Ratio of overseas sales over consolidated sales (%)	21.0	28.9	15.6	65.5

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 nine-month period ended December 31, 2008

(Figures in millions of yen unless otherwise specified)

	North America	Asia	Europe	Total
I Overseas sales	60,128	93,707	41,252	195,087
II Consolidated sales				284,573
III Ratio of overseas sales over consolidated sales (%)	21.1	32.9	14.5	68.5

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)

	Oct-Dec 2007 (3Q-FY 07)		Jan-Mar 2008 (4Q-FY 07)		Apr-Jun 2008 (1Q-FY 08)		Jul-Sep 2008 (2Q-FY 08)		Oct-Dec 2008 (3Q-FY 08)	
		%		%		%		%		%
Net sales	94,047	100.0	90,397	100.0	109,221	100.0	113,582	100.0	61,770	100.0
Gross profit (loss)	5,180	5.5	(9,059)	-10.0	(1,018)	-0.9	(8,024)	-7.1	(42,857)	-69.4
Selling, general and administrative expenses	14,120	15.0	16,824	18.6	14,604	13.4	16,460	14.5	15,035	24.3
Operating loss	(8,940)	-9.5	(25,883)	-28.6	(15,622)	-14.3	(24,484)	-21.6	(57,892)	-93.7
Loss before income taxes	(13,019)	-13.9	(31,690)	-35.1	(16,783)	-15.4	(31,707)	-27.9	(71,788)	-116.2
Net loss	(12,129)	-12.9	(29,241)	-32.3	(13,769)	-12.6	(31,873)	-28.1	(72,349)	-117.1
EBITDA ^[1]	12,088	12.9	(5,506)	-6.1	10,047	9.2	(3,992)	-3.5	(42,924)	-69.5
Average exchange rate (Yen to a U.S. Dollar)	114.07		109.12		102.56		107.70		101.41	

2. Selected Consolidated Financial Data

(Figures in millions of yen otherwise specified)

	Dec 31, 2007 (3Q-FY 07)	Mar 31, 2008 (4Q-FY 07)	Jun 30, 2008 (1Q-FY 08)	Sep 30, 2008 (2Q-FY 08)	Dec 31, 2008 (3Q-FY 08)
Cash and time deposits	97,496	97,564	96,922	78,183	207,465
A/R collection period ^[2]	69 days	69 days	76 days	69 days	74 days
Inventory holding period ^[3]	78 days	67 days	59 days	54 days	62 days
Interest-bearing debt ^[4]	224,108	289,061	317,326	302,945	456,073
Net D/E ratio ^[5]	0.33 times	0.55 times	0.65 times	0.74 times	1.13 times
Shareholders' equity ratio ^[6]	49.6%	46.1%	44.6 %	41.2 %	27.1 %

3. Selected Consolidated Statements of Cash Flows

(Millions of yen)

	Oct-Dec 2007 (3Q-FY 07)	Jan-Mar 2008 (4Q-FY 07)	Apr-Jun 2008 (1Q-FY 08)	Jul-Sep 2008 (2Q-FY 08)	Oct-Dec 2008 (3Q-FY 08)
Net cash provided by (used in) operating activities	13,188	(13,883)	(16,024)	26,494	(6,863)
Net cash used in investing activities	(30,957)	(48,902)	(13,906)	(29,417)	(14,281)
Net cash provided by (used in) financing activities	17,649	64,701	28,334	(14,367)	153,097
Free cash flow	(17,769)	(62,785)	(29,930)	(2,923)	(21,144)

^[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