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Consolidated Financial Report for the 1Q of FY 2009

English translation from the original Japanese-language quarterly Kessan Tanshin

Note: This release is a revised version of the financial report released on August 4, 2009. Revisions are underlined.

Business Results

1. Overview of Consolidated Business Results

(1) 1Q-FY 09 Operating Results (April 1, 2009 – June 30, 2009)

(Billions of yen)

	3 mo. ended Jun 30, 2009 (1Q-FY 09)	3 mo. ended Mar 31, 2009 (4Q-FY 08)	QoQ Change (%)	3 mo. ended Jun 30, 2008 (1Q-FY 08)	YoY Change (%)
Net sales	72.6	46.5	+56.1	109.2	-33.6
Gross profit (loss)	(26.6)	(34.2)	-	(1.0)	-
Operating income (loss)	(42.3)	(49.4)	-	(15.6)	-
Ordinary income (loss)	(46.6)	(57.0)	-	(15.4)	-
Net income (loss)	(44.4)	(60.9)	-	(13.8)	-

Note: As of the FY 2009 1Q profits and losses from Rexchip Electronics Corporation, Tera Probe Inc. and TeraPower Technology Inc. (a consolidated subsidiary of Tera Probe Inc.) are now part of Elpida's consolidated statements of operations.

In the 1Q, some business indicators showed signs of recovery in the global economy, a result of countries around the world implementing economic stimulus packages. In the DRAM market, demand and supply conditions tightened, as PC and memory module makers along with digital consumer electronics makers increased their DRAM procurement in anticipation of future demand trends. Given these conditions, contract selling prices for 1-gigabit DDR2 SDRAMs, a leading PC DRAM product, took an upward turn in the 1Q and the average spot price for this product was up more than 20%^[1] compared with the previous quarter. Also, demand among major PC makers for DDR3 SDRAM showed gradual gains.

Regarding Elpida's 1Q business performance, higher PC DRAM prices and an improved product mix enabled the company's average selling price (ASP) to jump 27% QoQ, the first upward turn in two and a half years. Bit shipment growth was 12% QoQ, higher than Elpida's May forecast of single digit growth. One important background factor was surprisingly higher demand for Premier DRAMs used in digital consumer electronics and mobile devices, led mainly by smart phones, digital televisions and game consoles. Another factor was

^[1] Source: DRAMeXchange

stronger product supply capabilities and migration to smaller process geometries at the Hiroshima Plant, Elpida's Japan fab, and at Rexchip Electronics Corporation(Rexchip), the company's Taiwan-based manufacturing subsidiary.

As a result, Elpida's 1Q net sales were 72.6 billion yen, up 56.1% QoQ. Premier DRAMs accounted for about 40% of net sales with the remaining 60% taken up by Computing DRAMs (DRAMs for servers and PCs). The company posted an operating loss of 42.3 billion yen, 7.1 billion yen less QoQ, as larger sales of Premier DRAMs and higher prices for PC DRAM products helped offset an increase in cost of goods sold and SG&A attributable to the consolidation of Rexchip and Tera Probe, Inc. Also recorded was an ordinary loss of 46.6 billion yen (a loss reduction of 10.4 billion yen QoQ) due in part to a 2.6 billion yen interest expense. A loss of 1.0 billion yen on impairment of furniture and fixtures, a 3.9 billion yen loss on minority interests and other extraordinary losses contributed to a net loss of 44.4 billion yen (a reduction of 16.4 billion yen QoQ).

2. Financial Conditions

(1) Assets, Liabilities and Shareholders' Equity

End-FY 2009 1Q total assets were 899.0 billion yen, down 66.3 billion yen compared to the end of FY 2008, mainly as a result of an increase in accounts receivable because of higher sales but a drop in cash and deposits. Liabilities were 679.7 billion yen, down 19.1 billion yen, a result of a drop in accounts payable and repayment of interest-bearing debt. The 1Q net losses reduced retained earnings, leaving net assets of 219.3 billion yen, down 47.2 billion yen.

(2) Cash Flows

In the 1Q, operating activities used net cash of 8.6 billion yen. The key factors were 48.0 billion yen in quarterly losses before income taxes, 31.0 billion yen in depreciation and amortization, impairment losses of 1.0 billion yen, a 13.7 billion yen increase in accounts receivable, a 14.4 billion yen drop in accounts receivable-other and a 4.1 billion yen increase in accounts payable. Investing activities used net cash of 33.1 billion yen, mainly for 31.0 billion in spending on property, plant and equipment. Financing activities used net cash of 11.4 billion yen, a result of lease payments and scheduled repayment of long-term borrowings.

As a result, the balance of cash and cash equivalents at the end of the 1Q was 60.9 billion yen, down 35.5 billion yen compared with the end of FY 2008. Free cash flow, the total of cash flow from operating activities and cash flow from investment activities was 41.7 billion yen.

3. 2Q of FY 2009 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 second quarter of FY 2009 that can be used as a general guideline.

[Quarterly estimates]

	1Q-FY 09 (Actual)	2Q-FY 09 (Estimate)
QoQ bit growth	12%	10%
QoQ ASP change	27%	N/A
Depreciation & amortization ^[1]	¥31.0 bn.	¥31.0 bn.
SG&A ^[1]	¥15.7 bn.	¥17.0 bn.

[1] From 1Q-FY 2009, depreciation & amortization and SG&A now include expenses generated by Rexchip Tera Probe and TeraPower (Consolidated subsidiary of Tera Probe).

[Yearly estimates]

	FY 2009 Forecast	
	As of May 12, 2009	As of Aug 4, 2009
YoY bit growth	20%	20%-plus
Depreciation & amortization ^[2]	¥120.0 bn.	¥120.0 bn.
SG&A ^[2]	¥67.0 bn.	¥67.0 bn.
Capital expenditures ^[2]	¥40.0 bn.	¥40.0 bn.

[2] From FY2009 depreciation & amortization, SG&A and capital expenditures now include expenses generated by Rexchip, Tera Probe and TeraPower (Consolidated subsidiary of Tera Probe).

4. Others

(1) Changes in significant subsidiaries in the quarter ended June 30, 2009 (changes in specified subsidiaries resulting in changes in scope of consolidation)

None.

(2) Adoption of simplified accounting methods for quarterly reporting

None.

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

- Quarterly consolidated statements of operations

"Maintenance costs for idle assets" indicated separately in the statements of operations in 1Q FY 2008 are included in "Other" as of 1Q FY 2009 because these costs are now less than 20% of total non-operating expenses. For information purposes, "Maintenance costs for idle assets" in the consolidated 1Q FY 2009 came to 152 million yen.

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, 2009	As of June 30, 2009	Change
(Assets)			
I Current assets			
1. Cash and deposits	113,847	61,305	(52,542)
2. Note and accounts receivable, trade	53,894	67,540	13,646
3. Inventories			
Merchandise and finished goods	41,221	42,538	1,317
Work in process	20,227	17,837	(2,390)
Raw materials and supplies	4,564	4,489	(75)
4. Accounts receivable, other	21,904	6,083	(15,821)
5. Other current assets	27,176	26,436	(740)
6. Allowance for doubtful accounts	(4,541)	(5,309)	(768)
Total current assets	278,292	220,919	(57,373)
II Noncurrent assets			
1. Property, plant and equipment, net			
Buildings and structures	92,708	99,933	7,225
Machinery, equipment and vehicles	516,195	<u>509,047</u>	<u>(7,148)</u>
Tools, furniture and fixtures	21,949	<u>22,143</u>	<u>194</u>
Land	4,362	4,367	5
Construction in progress	32,231	22,450	(9,781)
Total property, plant and equipment, net	667,445	657,940	(9,505)
2. Intangible assets			
Goodwill	1,418	1,350	(68)
Others	7,263	7,040	(223)
Total intangible assets	8,681	8,390	(291)
3. Investments and other assets			
Investment securities	2,317	2,184	(133)
Others	8,554	9,560	1,006
Total investments and other assets	10,871	11,744	873
Total noncurrent assets	686,997	678,074	(8,923)
Total assets	965,289	898,993	(66,296)
(Liabilities)			
I Current liabilities			
1. Accounts payable, trade	48,301	52,427	4,126
2. Short-term loans payable	2,880	2,920	40
3. Current portion of bonds	55,000	55,000	0
4. Current portion of long-term loans payable	110,048	110,272	224
5. Current portion of lease obligations	21,869	21,430	(439)
6. Accounts payable, other	50,551	37,491	(13,060)
7. Income taxes payable	649	1,145	496
8. Provision	8,633	7,143	(1,490)
10. Others	12,692	13,940	1,248
Total current liabilities	310,623	301,768	(8,855)
II Noncurrent liabilities			
1. Bonds payable	105,000	105,000	0
2. Long-term loans payable	222,008	215,257	(6,751)
3. Lease obligations	50,629	46,996	(3,633)
6. Provision	5,996	5,856	(140)
9. Other noncurrent liabilities	4,564	4,857	293
Total noncurrent liabilities	388,197	377,966	(10,231)
Total liabilities	698,820	679,734	(19,086)

(1) Consolidated Balance Sheets (continued)

(Millions of yen)

	As of March 31, 2009	As of June 30, 2009	Change
(Net assets)			
I Shareholders' equity			
1. Capital stock	158,665	158,665	0
2. Capital surplus	169,707	169,707	0
3. Retained earnings	(144,862)	(189,310)	(44,448)
4. Treasury stock	(5)	(5)	0
Total shareholders' equity	183,505	139,057	(44,448)
II Valuation and translation adjustments			
1. Valuation difference on available-for-sale securities	(453)	(427)	26
2. Deferred gains or losses on hedges	(300)	(240)	60
3. Foreign currency translation adjustments	(15,457)	(14,640)	817
Total valuation and translation adjustments	(16,210)	(15,307)	903
III Stock subscription rights	242	259	17
IV Minority interests	98,932	95,250	(3,682)
Total net assets	266,469	219,259	(47,210)
Total liabilities and net assets	965,289	898,993	(66,296)

(2) Consolidated Statements of Operations

(Millions of yen)

Account	Three-month period ended				Change Increase or decrease
	June 30, 2008		June 30, 2009		
		Ratio (%)		Ratio (%)	
I Net sales	109,221	100.0	72,570	100.0	(36,651)
II Cost of sales	110,239	100.9	99,157	136.6	(11,082)
Gross loss	(1,018)	(0.9)	(26,587)	(36.6)	(25,569)
III Selling, general and administrative expenses	14,604	13.4	15,724	21.7	1,120
Operating loss	(15,622)	(14.3)	(42,311)	(58.3)	(26,689)
IV Non-operating income					
1. Interest income	102		139		37
2. Foreign exchange gains	2,398		—		(2,398)
3. Others	482		168		(314)
V Non-operating expenses					
1. Interest expense	1,339		2,633		1,294
2. Foreign exchange loss	—		335		335
3. Maintenance costs for idle assets	621		—		(621)
4. Others	806		1,589		783
Ordinary loss	(15,406)	(14.1)	(46,561)	(64.2)	(31,155)
VI Extraordinary income					
Gain on sales of noncurrent assets	8	0.0	18	0.0	10
VII Extraordinary losses					
3. Loss on valuation of investment securities	1,351	1.2	160	0.2	(1,191)
2. Loss on sales of noncurrent assets	3	0.0	25	0.0	22
3. Loss on retirement of noncurrent assets	31	0.0	276	0.4	245
4. Impairment loss	—	0.0	1,013	1.4	1,013
Loss before income taxes	(16,783)	(15.4)	(48,017)	(66.2)	(31,234)
Income taxes					
Current	427	0.4	65	0.1	(362)
Deferred	(3,441)	(3.2)	253	0.3	3,694
Total income taxes	(3,014)	(2.8)	318	0.4	3,332
Minority interests in loss	—	0.0	(3,887)	(5.4)	(3,887)
Net loss	(13,769)	(12.6)	(44,448)	(61.2)	(30,679)

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

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three-month period ended		Change
	June 30, 2008	June 30, 2009	increase or decrease
I Operating activities			
Loss before income taxes	(16,783)	(48,017)	(31,234)
Depreciation and amortization	25,491	30,997	5,506
Impairment loss	—	1,013	1,013
Decrease in provision	(1,357)	(819)	538
Interest and dividend income	(102)	(139)	(37)
Interest expense	1,339	2,633	1,294
Foreign exchange losses (gains)	(2,379)	182	2,561
Loss (gain) on sales of noncurrent assets	(5)	7	12
Loss on retirement of noncurrent assets	31	276	245
Loss on valuation of investment securities	1,351	160	(1,191)
Increase in notes and accounts receivable, trade	(20,607)	(13,662)	6,945
Decrease in inventories	1,992	1,234	(758)
Decrease (increase) in accounts receivable, other	(1,004)	14,397	15,401
Increase in notes and accounts payable, trade	1,653	4,144	2,491
Decrease in accounts payable, other	(2,488)	(374)	2,114
Others	(2,444)	108	2,552
Subtotal	(15,312)	(7,860)	7,452
Interest and dividend received	377	39	(338)
Interest expenses paid	(702)	(1,472)	(770)
Proceeds from subsidy	—	76	76
Proceeds from settlements	—	621	621
Proceeds from compensation	—	579	579
Settlements paid	—	(538)	(538)
Income taxes paid	(387)	(27)	360
Net cash used in operating activities	(16,024)	(8,582)	7,442
II Investing activities			
Payments into time deposits	(564)	(293)	271
Proceeds from withdrawal of time deposits	623	—	(623)
Purchase of property, plant and equipment	(23,419)	(30,994)	(7,575)
Proceeds from sales of property, plant and equipment	10,919	286	(10,633)
Purchase of intangible assets	(293)	(571)	(278)
Purchase of long-term prepaid expenses	(1,166)	(1,521)	(355)
Others	(6)	3	9
Net cash used in investing activities	(13,906)	(33,090)	(19,184)
III Financing activities			
Repayments of long-term loans payable	—	(7,566)	(7,566)
Proceeds from issuance of common stock	89	—	(89)
Proceeds from sale-and-leaseback transactions	32,831	—	(32,831)
Repayments of lease obligations	(4,586)	(3,797)	789
Purchase of treasury stock	(0)	(0)	0
Net cash provided by (used in) financing activities	28,334	(11,363)	(39,697)
IV Effect of exchange rates changes on cash and cash equivalents	978	209	(769)
V Net decrease in cash and cash equivalents	(618)	(52,826)	(52,208)
VI Cash and cash equivalents at beginning of the period	96,955	113,699	16,744
VII Cash and cash equivalents at end of the period	96,337	60,873	(35,464)
Free cash flow (I+II)	(29,930)	(41,672)	(11,742)

(Segment Information)

[Business Segment Information]

During the three-month period ended June 30, 2008 and 2009, 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 June 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	52,024	34,332	7,070	15,795	109,221	—	109,221
(2) Inter-segment sales and transfers	51,689	11	11	6	51,717	(51,717)	—
Total	103,713	34,343	7,081	15,801	160,938	(51,717)	109,221
Operating expenses	120,413	33,347	7,164	15,635	176,559	(51,717)	124,843
Operating income	(16,700)	996	(83)	166	(15,621)	(1)	(15,622)

For the three-month period ended June 30, 2009

	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	30,468	22,377	3,304	16,421	72,570	—	72,570
(2) Inter-segment sales and transfers	40,449	19,022	8	—	59,479	(59,479)	—
Total	70,917	41,399	3,312	16,421	132,049	(59,479)	72,570
Operating expenses	107,797	47,004	3,564	15,995	174,360	(59,479)	114,881
Operating income	(36,880)	(5,605)	(252)	426	(42,311)	—	(42,311)

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 June 30, 2008

	North America	Asia	Europe	Total
I Overseas sales (MY)	15,925	53,790	7,195	76,910
II Consolidated sales (MY)				109,221
III Ratio of overseas sales over consolidated sales (%)	14.6	49.2	6.6	70.4

For the three-month period ended June 30, 2009

	North America	Asia	Europe	Total
I Overseas sales (MY)	17,976	22,404	12,008	52,388
II Consolidated sales (MY)				72,570
III Ratio of overseas sales over consolidated sales (%)	24.8	30.9	16.5	72.2

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)

	Apr-Jun 2008 (1Q-FY 08)		Jul-Sep 2008 (2Q-FY 08)		Oct-Dec 2008 (3Q-FY 08)		Jan-Mar 2009 (4Q-FY 08)		Apr-Jun 2009 (1Q-FY 09)	
		%		%		%		%		%
Net sales	109,221	100.0	113,582	100.0	61,770	100.0	46,476	100.0	72,570	100.0
Gross profit (loss)	(1,018)	-0.9	(8,024)	-7.1	(42,857)	-69.4	(34,179)	-73.5	(26,587)	-36.6
Selling, general and administrative expenses	14,604	13.4	16,460	14.5	15,035	24.3	15,212	32.7	15,724	21.7
Operating loss	(15,622)	-14.3	(24,484)	-21.6	(57,892)	-93.7	(49,391)	-106.3	(42,311)	-58.3
Loss before income taxes	(16,783)	-15.4	(31,707)	-27.9	(71,788)	-116.2	(60,476)	-130.1	(48,017)	-66.2
Net loss	(13,769)	-12.6	(31,873)	-28.1	(72,349)	-117.1	(60,879)	-131.0	(44,448)	-61.2
EBITDA ^[1]	10,047	9.2	(3,992)	-3.5	(42,924)	-69.5	(42,756)	-92.0	(14,387)	-19.8
Average exchange rate (Yen to a U.S. Dollar)	102.56		107.70		101.41		91.46		97.79	

2. Selected Consolidated Financial Data

(Figures in millions of yen otherwise specified)

	Jun 30, 2008 (1Q-FY 08)	Sep 30, 2008 (2Q-FY 08)	Dec 31, 2008 (3Q-FY 08)	Mar 31, 2009 (4Q-FY 08)	Jun 30, 2009 (1Q-FY 09)
Cash and time deposits	96,922	78,183	207,465	113,847	61,305
A/R collection period ^[2]	76 days	69 days	74 days	104 days	84 days
Inventory holding period ^[3]	59 days	54 days	62 days	74 days	59 days
Interest-bearing debt ^[4]	317,326	302,945	456,073	567,434	556,875
Net D/E ratio ^[5]	0.65 times	0.74 times	1.13 times	2.71 times	4.00 times
Shareholders' equity ratio ^[6]	44.6 %	41.2 %	27.1 %	17.3 %	13.8 %

3. Selected Consolidated Statements of Cash Flows

(Millions of yen)

	Apr-Jun 2008 (1Q-FY 08)	Jul-Sep 2008 (2Q-FY 08)	Oct-Dec 2008 (3Q-FY 08)	Jan-Mar 2009 (4Q-FY 08)	Apr-Jun 2009 (1Q-FY 09)
Net cash provided by (used in) operating activities	(16,024)	26,494	(6,863)	(51,972)	(8,582)
Net cash used in investing activities	(13,906)	(29,417)	(14,281)	(17,888)	(33,090)
Net cash provided by (used in) financing activities	28,334	(14,367)	153,097	(26,720)	(11,363)
Free cash flow	(29,930)	(2,923)	(21,144)	(69,860)	(41,672)

^[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) / shareholders' equity*

^[6] Shareholders' equity ratio (%) = Shareholders' equity* / Total Assets x 100

* Shareholders' equity = Total net assets – Share subscription rights – Minority interests