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Elpida Memory, Inc.
(Tokyo Stock Exchange, 6665)
2-2-1 Yaesu, Chuo-ku, Tokyo
104-0028 Japan
<http://www.elpida.com/en/ir/>

Elpida IR Contacts:

Kumi Higuchi / Shinya Oshima
Investor Relations Group
Tel: +81-3-3281-1648
E-mail: 6665ir@elpida.com

Consolidated Financial Report for the Year Ended March 31, 2010

English translation based on the Japanese-language report

I. Business Results

(1) Overview of Consolidated Business Results

(i) FY 2009 full term (April 1, 2009 – March 31, 2010)

(Billions of yen)

	12 mo. ended Mar 31, 2010 (FY2009)	12 mo. ended Mar 31, 2009 (FY2008)	YoY	
			Change	(%)
Net sales	467.0	331.0	135.9	+41.1
Gross profit (loss)	89.0	(86.1)	175.0	-
Operating income (loss)	26.8	(147.4)	174.2	-
Ordinary income (loss)	12.3	(168.8)	181.0	-
Net income (loss)	3.1	(178.9)	182.0	-

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

In FY 2009 (April 1, 2009 to March 31, 2010), the global economy showed signs of a gradual recovery taking hold in the second half, as economic measures taken by governments around the world in response to the worsening widespread financial crisis in FY 2008 appeared to have had a positive effect.

In the DRAM industry, an increase in PC shipments in response to improved business confidence resulted in a sharp rise in demand for DRAMs. In addition, prices for PC DRAMs began a rapid recovery toward the end of the fiscal year. The improvement in prices was triggered by a tightening of DRAM supply and demand. The cause of the tightening was only modest supply growth, a result of the large reduction in capital investment in the industry due to the long-term slump in the DRAM market.

In this environment, Elpida worked to improve its earnings performance through cutting costs and expanding the volume of supply. To do so, the company focused on making chip sizes smaller through process migration and optimized chip designs as well as achieving higher yields and shorter cycle times to boost productivity. Also, new partnerships were established with Taiwan DRAM makers to secure manufacturing capacity and diversify business risk going forward. In regard to Elpida's value-added Premier DRAMs, the development of more advanced technology made these products more competitive. In addition, entry into the new business area of graphic memory and other positive actions are expected to lead to an expansion of Elpida's business and an even stronger position in the DRAM industry.

In FY 2009 Elpida had net sales of 467.0 billion yen, up 41.1% YoY as a result of DRAM bit shipment growth of 50%, a 5% rise in the average selling price (ASP, U.S. dollar equivalent) and yen appreciation. Cost cuts enabled gross profit of 89.0 billion yen, a dramatic improvement over last year's loss of 86.1 billion yen. The turnaround in gross profit led to operating income of 26.8 billion yen (versus a FY 2008 loss of 147.4 billion yen) and ordinary income of 12.3 billion yen (versus a year ago loss of 168.8 billion yen). A 1.6 billion yen reversal of provision for loss on settlements and litigations, a 3.0 billion yen loss on retirement of noncurrent assets, a 2.2 billion yen impairment loss, a 4.1 billion in minority interests in income and other extraordinary items resulted in net income of 3.1 billion yen (versus a year ago loss of 178.9 billion yen).

Premier DRAMs

Demand for DRAMs used in digital consumer electronics, especially digital TVs, benefitted from a recovery off the bottom that started in the 4Q of FY 2008, thanks to the "eco point" system for energy-efficient appliances in Japan, China's promotion of local sales of home electronics and other stimulus measures by governments around the world to encourage higher sales of electronics equipment. In the 4Q of FY 2009, higher PC DRAM demand also contributed to a tightening of the DRAM supply for digital consumer electronics, which in turn brought higher selling prices. However, Premier DRAM prices, which declined during the slump in the DRAM market, were unable to match the sharp recovery of PC DRAM prices, so per bit ASP fell sequentially YoY. The net effect was that sales for DRAMs used in digital consumer electronics ended up falling.

Sales of DRAMs used in mobile products fell due to a slump in global shipments of mobile phones which impacted mobile DRAM demand and a drop in selling prices. However, higher demand as a result of an increase in memory installed per mobile phone unit and growth in sales of smart phones along with a spate of orders for mobile RAM™ for new models triggered a rapid increase in mobile DRAM orders in the 4Q.

As a result, Premier DRAM sales fell approximately 15% YoY and accounted for slightly less than 30% of Elpida's total sales.

Premier DRAM sales consist of DRAMs used in digital consumer electronics and mobile products as well as other kinds of sales.

Computing DRAMs

In FY 2009 a recovery in business confidence in the global economy and the launch of Windows 7 helped lift PC shipments, which in turn led to a big jump in DRAM demand, enabling prices to recover. Throughout the fiscal year Elpida was focused on lowering manufacturing cost per product and growing the bit supply through a production shift to the 65nm-S process to meet growing demand.

As a result, Computing DRAM sales rose substantially by about 85% YoY and accounted for slightly more than 70% of Elpida's total sales.

Computing DRAM sales consist of DRAMs used in servers and PCs.

Reference of 4Q-FY09 (January 1 – March 31, 2010)

(Billions of yen)

	3 mo. ended Mar 31, 2010 (4Q-FY 09)	3 mo. ended Dec 31, 2009 (3Q-FY 09)	QoQ Change (%)	3 mo. ended Mar 31, 2009 (4Q-FY 08)	YoY Change (%)
Net sales	147.5	151.0	-2.3	46.5	217.4
Gross profit (loss)	54.3	47.2	15.2	(34.2)	-
Operating income (loss)	37.8	30.4	24.0	(49.4)	-
Ordinary income (loss)	36.8	27.5	33.9	(57.0)	-
Net income (loss)	33.7	21.1	59.9	(60.9)	-

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

In the 4Q of FY 2009 (January 1, 2010 to March 31, 2010), the DRAM market did not experience a seasonal decline in demand even after the Chinese New Year in February as it usually does. Demand for DRAMs used in electronic devices, especially PCs, was quite steady. Moreover, because the volume of supply in the market only saw a moderate increase, tight supply and demand conditions continued from the 3Q into the 4Q. Consequently, the spot price and contract price for DDR3 SDRAMs, a leading PC DRAM product, increased quarter on quarter.

Elpida's ASP in the 4Q rose 6% QoQ and 107% against the 4Q of FY 2008, when prices were at their lowest point ever due to a decline in demand. Bit shipments fell 7% QoQ, unable to grow because of the large inventory decline, which resulted in 30% QoQ bit growth in the 3Q. Also, the QoQ bit shipment result came in below guidance of zero to 5%, which was based on company expectations of a higher volume of procurement from a foundry partner. Those expectations have now slipped to the 1Q of FY 2010. On a YoY basis, the 4Q bit shipment growth was 54%.

As a result, Elpida's 4Q net sales were 147.5 billion yen, up 217.4% YoY but down 2.3% QoQ. Sales of Premier DRAMs, which accounted for around 20% of net sales, were nearly flat QoQ. Sales of Computing DRAMs, which accounted for around 80% of net sales, fell slightly QoQ, as lower shipment volumes undercut a rise in unit prices.

Gross profit improved by 88.5 billion yen YoY to reach 54.3 billion yen (against a FY 2008 4Q loss of 34.2 billion yen). Operating income was 37.8 billion yen (against a year ago loss of 49.4 billion yen). Due in part to a foreign exchange loss of 1.9 billion yen and interest payments of 2.6 billion yen, ordinary income came to 36.8 billion yen (against a year ago loss of 57.0 billion yen). Net income for the 4Q was 33.7 billion yen (against a year ago loss of 60.9 billion yen) and was affected mainly by a 1.6 billion yen reversal of provision for loss on settlements and litigations, an impairment loss of 1.1 billion yen and 3.2 billion yen from minority interests in income.

(ii) 1Q of FY 2010 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 1Q and full term of FY 2009 that can be used as a general guideline.

[Quarterly estimates]

	4Q-FY 09 (Previous estimate) as of Jan 28, 2010	4Q-FY 09 (Actual)	1Q-FY 10 (Estimate) as of May 12, 2010
QoQ bit growth	0-5%	- 7%	5%
QoQ ASP change	N/A	6%	N/A
Depreciation & amortization	¥30.5 bn.	¥30.2 bn.	¥30.5 bn.
SG&A	¥15.5 bn.	¥16.6 bn.	¥17.0 bn.

- SG&A in the 4Q came in above guidance as Elpida increased its booking of development tools in response to accelerated migration to 65nm-XS and 40nm.

[Yearly estimates]

	FY 2009		FY 2010
	Previous estimate as of Jan 28, 2010	Actual	Estimate as of May 12, 2010
YoY bit growth	50%-plus	50%	45%
Depreciation & amortization	¥122.0 bn.	¥121.8 bn.	¥130.0 bn.
SG&A	¥61.0 bn.	¥62.1bn.	¥68.0 bn.
Capital expenditures	¥60.0 bn.	¥43.8 bn.	¥115.0 bn.

- Capital expenditures for FY 2009 came in lower than Elpida's previous estimate as the booking of the new equipment carried over to the next quarter.

(2) Financial Conditions

(i) Assets, Liabilities and Shareholders' Equity

Total assets at the end of FY 2009 were 947.5 billion yen, down 17.8 billion yen versus the end of FY 2008. Among the relevant asset value factors were a lower tangible fixed assets due to depreciation and an increase in notes and accounts receivable-trade brought on by higher sales.

Interest-bearing debt fell 62.7 billion yen versus the end of FY 2008 to 504.7 billion yen. Based on a business restructuring plan approved in June 2009 by Japan's Ministry of Economy, Trade and Industry (METI) in accordance with Japan's law on Special Measures for Industrial Revitalization and Innovation of Industrial Activities, Elpida drew down a loan facility (the first use of the facility was in September 2009 and the second and final use was in March 2010) consisting of a 100 billion yen in syndicate loans from financial institutions arranged by the company's core bank lenders and a loan of 10 billion yen from the Development Bank of Japan Inc. (the DBJ), for total borrowings of 110 billion yen. On the other hand, Elpida has made scheduled debt repayments for long-term loans payable and lease obligations, and has redeemed a straight bond of 55.0 billion yen.

Elpida finished the 4Q with net assets of 346.8 billion yen, up 80.3 billion yen versus the end of FY 2008. While the acquisition of consolidated subsidiary shares reduced minority interests by 16.1 billion yen, a private placement of preferred shares with DBJ in August and a public share offering in September boosted capital stock and the capital surplus by 45.2 billion yen each, and net income added 3.1 billion yen to retained earnings.

(ii) Cash Flows

The balance of cash and cash equivalents at the end of FY 2009 decreased 1.5 billion yen versus the end of FY 2008 to 112.2 billion yen. Free cash flow, the total of cash flow from operating activities and cash flow from investment activities, saw an outflow of 30.2 billion yen. Each cash flow for the business year and relevant cash flow factors are discussed below.

(Net cash provided by operating activities)

Operating activities saw a net cash inflow of 65.6 billion yen (versus a net outflow of 48.4 billion yen in FY 2008). The main cash flow factors were a 189.7 billion yen increase in income before income taxes to 8.9 billion yen, a 27.1 billion yen increase in depreciation and amortization in connection with the consolidation of Rexchip and Tera Probe, 15.6 billion yen in equity in losses of affiliates in FY 2008, major turnarounds in working capital (note and accounts receivable-trade went from a 32.8 billion yen decrease to 69.0 billion yen increase and inventories went from a 16.3 billion yen decrease to 6.7 billion yen increase and accounts payable-trade went from a 16.4 billion yen decrease to 5.2 billion yen increase) .

(Net cash used in investing activities)

Investing activities used net cash of 95.8 billion yen. Among the main cash flow factors were a drop of 16.6 billion yen from the sale of property, plant and equipment compared with FY 2008 and 10.0 billion yen spent on purchase of investments in subsidiaries.

(Net cash provided by financing activities)

Financing activities saw a net cash inflow of 28.9 billion yen. The main cash flow activity consisted of scheduled repayments of 109.1 billion yen long-term loans payable, the redemption of a straight bond (#1 Unsecured Straight Bond) in the amount of 55.0 billion yen and repayment of lease obligations in the amount of 23.6 billion yen, along with new long-term payables of 110.0 billion yen, an issuance of common stock and preferred shares that brought in 89.9 billion yen and sale-and-leaseback transactions that raised 17.9 billion yen.

Consolidated Cash Flow-related Indicators (Reference)

	FY ended Mar 31, 2006 (FY 2005)	FY ended Mar 31, 2007 (FY 2006)	FY ended Mar 31, 2008 (FY 2007)	FY ended Mar 31, 2009 (FY 2008)	FY ended Mar 31, 2010 (FY 2009)
Shareholders' equity ratio (%)* ¹	33.6	49.7	46.1	17.3	27.8
Market value equity ratio (%)* ²	71.7	77.5	57.1	10.0	38.2
Ratio of interest-bearing debt to cash flow (years) * ³	8.1	2.3	3.5	-	7.7
Interest coverage ratio (times) * ⁴	8.3	23.3	19.4	-	6.2

*¹ Shareholders' equity ratio (%) = Shareholder's equity / Total assets x 100

*² Market value equity ratio (%) = (FY-end closing stock price x (Total number of shares outstanding – treasury stock)) / Total assets x 100

*³ Ratio of interest-bearing debt to cash flow = Interest-bearing debt / Net cash provided by operating activities

*⁴ Interest coverage ratio = Net cash provided by operating activities / Interest payments

The ratio of interest-bearing debt to cash flow and interest coverage ratios are not shown for FY 2008 because Elpida had negative operating cash flow in that year.

(3) Basic Dividend Policy

Elpida places the highest importance on returns to shareholders and achieving a higher return on equity. The company's corporate earnings-driven dividend policy is based on balancing such factors as its earnings performance and financial condition with maintaining an adequate amount of internal capital reserves for future business development. However, due to cumulative losses the company is again not in a position to issue dividends. In the future, Elpida intends to focus on bolstering internal reserves through achieving better financial results in order to insure a strong financial base, maintain steady corporate management and examine the possibility of implementing the aforementioned dividend policy

(4) Business risk

One feature of the semiconductor industry is that earnings can experience significant fluctuation depending on activity during the business cycle (which in the semiconductor industry is generally known as the "silicon cycle"). In the DRAM business, of which the Elpida Group is a part, this feature is particularly evident in sales of DRAMs used in personal computers, a business area characterized by severe global competition. This business area can adversely affect Elpida's overall business, financial condition and operations. Also, the ability of a company to survive in the DRAM business is critically dependent on a large scale of investment in both research & development and manufacturing equipment. Therefore, DRAM companies must adopt certain measures to handle business and other kinds of risks.

Listed below are the major risk factors Elpida has identified from among the variety of business and other forms of risk.

- Cyclical changes in the DRAM market.
- Price declines caused by an imbalance of supply and demand.
- Lower competitiveness in regard to product functionality, quality, costs, manufacturing capabilities and technology.
- Loss of or decreased demand from key customers.
- Problems related to the supply of key materials or higher prices for materials.
- The possibility of a wrong response to a rapid changes in technology or to a higher level of technology.
- The possibility that capital investment spending may not deliver a sufficient return because of worsening market conditions or other reasons.
- The possibility that needed capital procurement may fall short of capital investment plans.
- A decline in the quality of products procured from outsourcing partners, disruptions of business arrangements with these partners or insufficient capacity at partners to respond to product orders.
- A slowdown in the manufacture of DRAM products or interrupted production caused by problems in the manufacturing process, with manufacturing equipment or other reasons.

- Severe competition with other companies in the hiring of trained or experienced semiconductor engineers.
- Litigation relating to intellectual property rights and anti-trust disputes.
- An inability to protect proprietary intellectual property and the rejection of a patent application.
- Damage to facilities, supply arrangements or the company's market position caused by earthquakes or other natural disasters, terrorist attacks, epidemics, civil disturbances, changes in laws or regulations that may adversely affect the company's business or other events beyond the company's control.
- Emergence of new legal obligations caused by the strengthening or amending of national or local environmental laws and regulations.
- Changes in the US dollar, Euro or Taiwan dollar currency exchange rates.
- Significant changes in interest rates that will increase the cost of capital acquisition or possibly make new borrowings or the issuance of new corporate bonds difficult
- The right to repurchase shares in subsidiaries may be exercised.
- Conflicts over business strategy with strategic business partners.
- Business performance constraints
- Financial covenants may apply
- The value of long-term assets may decline

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.

II. Group Management

The Elpida Group consists of the Elpida parent company, four Japanese subsidiaries and ten overseas subsidiaries. The Group's main business operations are DRAM product development and design, manufacturing (front-end and back-end) and sales.

(1) Development and design

Development and design are mainly handled by Elpida and its subsidiaries, but in some fields the company outsources to and collaborates with other companies and external organizations.

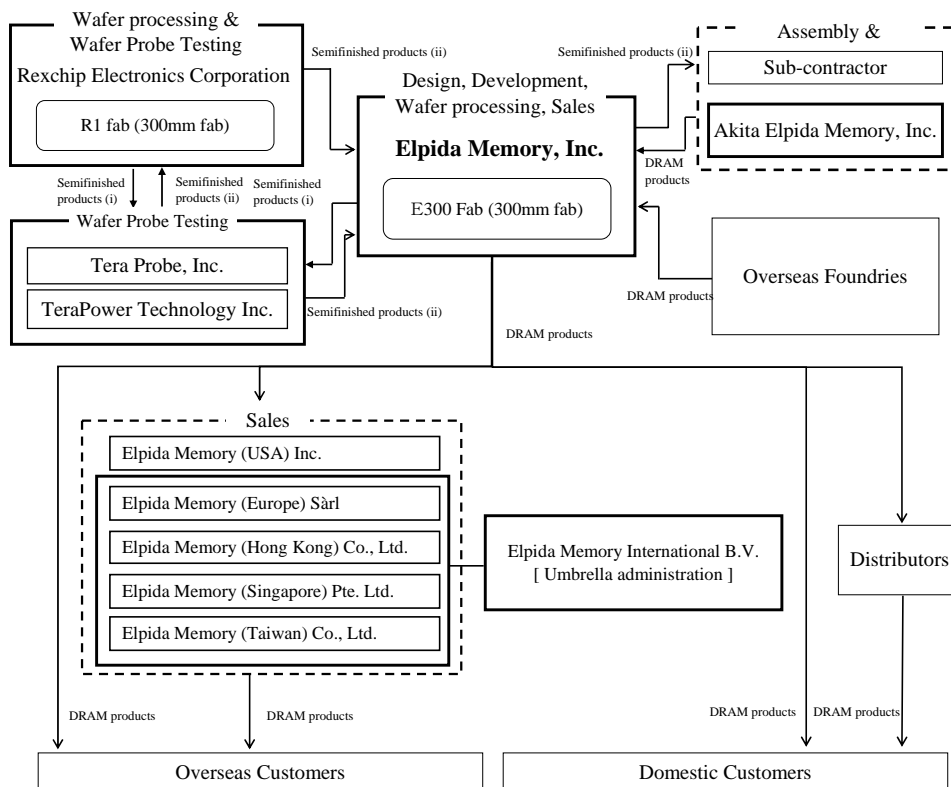
(2) Manufacturing

Front-end process: Among front-end processes wafer processing is handled by the Hiroshima Plant and Rexchip while wafer probing is conducted by Tera Probe Inc., TeraPower Technology Inc. and Rexchip.

Back-end process: Back-end processes (package assembly and final testing) are generally outsourced to overseas companies but some advanced package assembly is handled by Akita Elpida Memory, Inc.

(3) Sales

The Elpida parent oversees sales to Japanese customers and supplies products to sales subsidiaries and sales distributors. Overseas sales subsidiaries oversee regional product sales to customers in the United States, Europe and Asia.



Note 1: Elpida's subsidiaries in Japan consist of Akita Elpida Memory, Inc. and Tera Probe, Inc., both of which handle parts of the core business, as well as EBS, Inc. and ECM, Inc. in supporting business roles.

Note 2: Elpida's overseas subsidiaries consist of Rexchip Electronics Corporation, Elpida Memory (USA) Inc., and Elpida Memory International B.V. as well as the following six overseas companies under the umbrella supervision of Elpida Memory International B.V.: Elpida Memory (Europe) Sàrl, Elpida Memory (Europe) GmbH, Elpida Memory (Italy) S.r.l, Elpida Memory (Hong Kong) Co., Ltd., Elpida Memory (Singapore) Pte. Ltd. and, lastly, Elpida Memory (Taiwan) Co., Ltd., which handle some core business operations. TeraPower Technology Inc. (51% held by Tera Probe) is also a subsidiary.

Note 3: In the above, semi-finished product (i) is wafer processed semi-finished products and semi-finished product (ii) is front-end processed products (wafer processing & wafer probe testing).

III. Management Policies

(1) Basic Management Policy

Elpida Memory's business operations are based on the following three management policies:

- (i) Create value-added ideas in consultation with customers and by providing customers with world-leading technology and products.
- (ii) Establish a trustworthy working relationship with its employees, customers, shareholders, business partners and other stakeholders.
- (iii) Maintain a working environment that emphasizes an "open door" policy of enabling employees to develop and realize innovative business and technology ideas.

(2) Business Performance Indicators

The Elpida Group is focused on maximizing shareholder value and achieving high levels of satisfaction among all Elpida stakeholders as part of its drive to become the world's No. 1 DRAM supplier. To achieve these aims the Group seeks to achieve growth at a pace that exceeds the growth rate of revenue in the DRAM market. Elpida uses various financial performance indicators in managing its business growth, such as the operating margin and ROE to track profitability and the net debt-to-equity ratio to monitor financial stability.

(3) Medium to Long-Term Management Strategy

The Elpida Group aims to maximize corporate value by becoming the "World's No. 1 DRAM Supplier." The main advantage of holding the No. 1 position is that the Group could leverage large-scale product supply capabilities to be price competitive. The company believes this would lead to growth and better position it to achieve higher earnings and deliver steady returns to Elpida's stakeholders.

To achieve this objective the Elpida Group is pursuing the measures listed below:

(i) Building enduring relationships with customers

To insure business stability even when the DRAM market is in a slump Elpida believes it is important to build and maintain long-term customer business relationships.

Depending on the memory application, the functionality, technical support, pricing and other features demanded by customers are different for each DRAM product. Thus Elpida's domestic and overseas sales operations generally function as direct sales in order to shrink the distance between Elpida and customers to more accurately grasp customer needs. Also, Elpida has fielded technology marketing teams in different product areas to deliver DRAM solutions and quickly provide focused support for customer product development.

(ii) Strengthening technology development

In the DRAM industry, outperforming competitors in responding to customer needs and reducing production costs require having the highest possible level of advanced technology capabilities. For this reason Elpida focuses its resources on research & development of advanced, high-performance core technology, especially in regard to finer process geometries, higher densities, lower power consumption and faster speeds for DRAMs.

On the other hand, the growth in R&D costs that comes with advances in technology is an issue that directly concerns every DRAM maker in the industry. Given the importance of this issue Elpida has streamlined product development to contain rising development costs. It has also established partnerships with other leading semiconductor companies and R&D institutions for the purpose of shortening development periods and reducing development costs. All these measures have helped strengthen development capabilities.

(iii) Enhancing the manufacturing system

Semiconductor manufacturing is an industry that requires large-scale capital investment. The Elpida Group focuses its capital and human resources on front-end processes, which requires the highest degree of technology sophistication. The Group is also working to strengthen its internal manufacturing systems and striving for greater business efficiencies. For back-end processes, production that is not high added-value has been outsourced to overseas companies.

The Elpida Group's front-end process operations are handled by its Hiroshima Plant and by Rexchip, a Taiwan-based joint venture. The Hiroshima Plant focuses on production of high value-added Premier DRAMs for digital consumer electronics and mobile devices in addition to DRAMs for PCs and servers. The Rexchip JV concentrates on manufacturing PC DRAMs that need to be more cost competitive. At both production locations, manufacturing costs have been reduced through a shift to advanced processes, rapid improvement in yields and continuous productivity improvements. In addition, outsourcing to Taiwan DRAM makers has scaled up manufacturing and at the same time served to minimize the risk of price volatility and rein in fixed costs.

(iv) Increasing worker motivation

In order to successfully implement the measures discussed above, Elpida attaches tremendous importance to investing not only in capital equipment and technology development but also in human resources. In addition to providing an attractive working environment the company believes in offering incentives linked to a work ethic that centers on boosting corporate value. Elpida believes that such an incentive system enhances employee motivation and aids recruitment of self-achieving new employees. Thus, the company has introduced business performance bonuses, project-related bonuses and other kinds of incentives.

(4) Company Issues to Be Addressed

To achieve a stronger position in the intensely competitive memory industry and achieve earnings growth, Elpida focuses on the following issues:

(i) Manufacturing costs cuts

In the memory semiconductor manufacturing industry lowering manufacturing costs represents the biggest source of profits. Irrespective of the business environment, cutting costs is important for maximizing profits when business conditions are good and for having a profit structure that can sustain a chip maker when business conditions are bad. The most effective way to lower manufacturing costs is to shrink chip size by using more advanced technologies. Doing so, however, requires large-scale capital investments. This leads to an important question: how to make investments that generate returns in the face of constantly rising equipment costs.

To reduce manufacturing costs, Elpida is constantly focused on, on the technology side, achieving smaller chip sizes through use of finer process geometries and innovative memory cell configuration. On the manufacturing side, the company stresses higher throughput, shorter cycle times and continuous manufacturing improvements. In the period ahead, Elpida plans to substantially lower costs through an expansion of 65nm-XS process and 40nm process production. As part of converting manufacturing lines to these advanced processes, Elpida will fully exploit its process and design capabilities in order to maximize the use of existing equipment as a way of holding down new capital investment and achieving greater cost control.

(ii) A stronger business base

More than half of DRAM demand comes from the PC-related market. But since PC DRAMs are commodity products, changes in the balance of supply and demand affect prices and have significant impact on corporate profits. Also, it is generally assumed that as chip manufacturing technology becomes more advanced greater investment in more sophisticated semiconductor equipment is necessary. When the DRAM market experiences an extended slump, these two factors create the risk that investment in the expansion of production capacity in anticipation of an eventual market recovery and in technology migration to enable lower costs will both be inadequate.

Given this risk, Elpida believes that it is important to have a fundamentally sturdy business base. One way the company is doing this is by strengthening ties with its Taiwan business partners, which helps to make technology group manufacturing operations more efficient and diversify business risk. Also, Elpida has intensified its focus on high value-added Premier DRAM business and moved forward with its foundry business in the interest of an efficient return on capital investment and greater business stability.

(iii) A stronger financial base

By being in a position to take advantage of the recovery in DRAM market prices and by lowering costs, Elpida saw improved consolidated financial results in each quarter of FY 2009, and managed to achieve a net profit for the full fiscal year. In turn, this resulted in positive operating cash flow for the year. However, free cash flow (the addition of investment cash flow to operating cash flow) remains negative. Also, as the balance of interest-bearing debt at the end of the fiscal year was 504.7 billion yen, the net debt to equity ratio was high at 148%.

To improve its financial condition and prepare for the possibility of a slump in the DRAM market, Elpida continues to upgrade its technological and cost competitiveness, two prerequisites for a better earnings performance. In addition, the company strives to improve and strengthen its financial position through taking appropriate financial measures.

(iv) Advanced technology R&D

In semiconductor memory manufacturing, emphasis is placed on faster speeds, lower power consumption, higher densities, smaller chip sizes and other performance objectives. Success is achieved through introducing advanced process technologies and new materials and through innovative memory cell and transistor configurations, all of which are supported by the development of critical measurement and analysis technologies. At the same time, since manufacturing process migration is now thought to be approaching physical limitations, the DRAM industry is searching for ways to break into new technology frontiers. All this activity represents a continuing challenge to the industry: how to maintain control over research & development spending, which has a tendency to rise in tandem with increasing technological sophistication and diversification.

Elpida's approach to these issues centers around pioneering new technologies ahead of its competitors. Accordingly, the company has created an efficient development program and it seeks to keep and recruit top engineers who are capable of achieving technology breakthroughs. Also, the establishment of a development center at Rexchip and technology partnerships with domestic and overseas companies and research institutions results in stronger development capabilities and lowers the burden of development costs. When the need or opportunity exists, Elpida is always ready to make forward-looking efforts to cooperate with the best companies and institutions in key technology fields.

In response to the physical limits of DRAM manufacturing process migration Elpida continues to develop such new technologies as phase change memory (PRAM) and resistance random access memory (ReRAM), candidates for future memory technology. Also under development is three-dimensional mounting technology, which uses through silicon via (TSV) to achieve greater memory density.

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010	Change
(Assets)			
I Current assets			
1. Cash and deposits	113,847	113,338	(509)
2. Notes and accounts receivable, trade	53,894	122,618	68,724
3. Inventories			
Finished goods	35,872	35,483	(389)
Semi-finished goods	5,349	4,714	(635)
Work in process	20,227	27,491	7,264
Raw materials	2,158	2,786	628
Supplies	2,406	2,342	(64)
4. Deferred tax assets	2,800	2,639	(161)
5. Accounts receivable, other	21,904	8,142	(13,762)
6. Consumption taxes receivable	5,499	3,822	(1,677)
7. Other current assets	18,877	8,566	(10,311)
8. Allowance for doubtful accounts	(4,541)	(5,571)	(1,030)
Total current assets	278,292	326,370	48,078
II Noncurrent assets			
1. Property, plant and equipment	667,445	596,402	(71,043)
Buildings and structures	92,708	96,367	3,659
Machinery, equipment and vehicles	516,195	465,030	(51,165)
Tools, furniture and fixtures	21,949	17,152	(4,797)
Land	4,362	4,451	89
Construction in process	32,231	13,402	(18,829)
2. Intangible assets	8,681	7,634	(1,047)
Goodwill	1,418	1,050	(368)
Software	5,663	5,844	181
Software in progress	622	56	(566)
Others	978	684	(294)
3. Investments and other assets	10,871	17,044	6,173
Investment securities	2,317	4,101	1,784
Long-term prepaid expenses	7,432	10,938	3,506
Deferred tax assets	562	400	(162)
Others	560	1,605	1,045
Total noncurrent assets	686,997	621,080	(65,917)
Total assets	965,289	947,450	(17,839)

(1) Consolidated Balance Sheets (continued)

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010	Change
(Liabilities)			
I Current liabilities			
1. Accounts payable, trade	48,301	53,556	5,255
2. Short-term loans payable	2,880	1,465	(1,415)
3. Current portion of bonds	55,000	30,000	(25,000)
4. Current portion of long-term loans payable	110,048	132,460	22,412
5. Current portion of lease obligations	21,869	21,919	50
6. Accounts payable, other	50,551	12,824	(37,727)
7. Income taxes payable	649	2,014	1,365
8. Provision for bonuses	2,343	2,827	484
9. Provision for loss on inventory valuation	6,290	736	(5,554)
10. Provision for sales returns	—	474	474
11. Provision for loss on settlements and litigations	—	1,485	1,485
12. Others	12,692	14,439	1,747
Total current liabilities	310,623	274,199	(36,424)
II Noncurrent liabilities			
1. Bonds payable	105,000	75,000	(30,000)
2. Long-term loans payable	222,008	200,064	(21,944)
3. Lease obligations	50,629	43,841	(6,788)
4. Long-term accounts payable, other	1,931	1,519	(412)
5. Deferred tax liabilities	2,272	2,474	202
6. Provision for retirement benefits	1,557	2,298	741
7. Provision for directors' retirement benefits	136	174	38
8. Provision for loss on settlements and litigations	4,303	651	(3,652)
9. Other noncurrent liabilities	361	448	87
Total noncurrent liabilities	388,197	326,469	(61,728)
Total liabilities	698,820	600,668	(98,152)
(Net assets)			
I Shareholders' equity			
1. Capital stock	158,665	203,860	45,195
2. Capital surplus	169,707	214,902	45,195
3. Retained earnings	(144,862)	(141,777)	3,085
4. Treasury stock	(5)	(5)	0
Total shareholders' equity	183,505	276,980	93,475
II Valuation and translation adjustments			
1. Valuation difference on available-for-sale securities	(453)	825	1,278
2. Deferred gains or losses on hedges	(300)	(64)	236
3. Foreign currency translation adjustments	(15,457)	(14,104)	1,353
Total valuation and translation adjustments	(16,210)	(13,343)	2,867
III Stock subscription rights	242	287	45
IV Minority interests	98,932	82,858	(16,074)
Total net assets	266,469	346,782	80,313
Total liabilities and net assets	965,289	947,450	(17,839)

(2) Consolidated Statements of Operations

(Millions of yen)

Account	Fiscal year ended				Change Increase or decrease
	March 31, 2009		March 31, 2010		
		Ratio (%)		Ratio (%)	
I Net sales	331,049	100.0	466,953	100.0	135,904
II Cost of sales	417,127	126.0	377,992	80.9	(39,135)
Gross profit (loss)	(86,078)	(26.0)	88,961	19.1	175,039
III Selling, general and administrative expenses	61,311	18.5	62,116	13.3	805
Operating income(loss)	(147,389)	(44.5)	26,845	5.7	174,234
IV Non-operating income					
1. Interest income	957		1,141		184
2. Foreign exchange gains	2,343		412		(1,931)
3. Subsidy income	328		76		(252)
4. Gain on valuation of interest-rate swaps	196		102		(94)
5. Rent income on facilities	—		485		485
6. Others	321		222		(99)
V Non-operating expenses					
1. Interest expense	6,366		10,566		4,200
2. Commission for loans	—		2,294		2,294
3. Stock issuance cost	21		501		480
4. Bond issuance cost	15		—		(15)
5. Equity in losses of affiliates	15,550		—		(15,550)
6. Depreciation of inactive noncurrent assets	1,182		1,541		359
7. Maintenance costs for idle assets	1,260		—		(1,260)
8. Others	1,119		2,091		972
Ordinary income(loss)	(168,757)	(51.0)	12,290	2.6	181,047
VI Extraordinary income					
1. Gain on sale of noncurrent assets	136		142		6
2. Gain on donation of noncurrent assets	—		143		143
3. Reversal of provision for loss on settlements and litigations	—		1,592		1,592
4. Settlement received	621		—		(621)
5. Compensation income	579		—		(579)
6. Gain on change in equity	742		61		(681)
VII Extraordinary losses					
1. Loss on valuation of investment securities	1,988		—		(1,988)
2. Loss on sales of noncurrent assets	6		32		26
3. Loss on retirement of noncurrent assets	774		3,036		2,262
4. Loss on abandonment of inventories	575		—		(575)
5. Settlement package	4,958		—		(4,958)
6. Provision for loss on settlements and litigations	3,136		—		(3,136)
7. Impairment loss	2,638		2,241		(397)
Income(loss) before income taxes	(180,754)	(54.6)	8,919	1.9	189,673
Income taxes-current	1,258		1,786		528
Income taxes for prior periods	320		—		(320)
Income taxes-deferred	(3,453)		(66)		3,387
Total income taxes	(1,875)	(0.6)	1,720	0.4	3,595
Minority interests in income(loss)	(9)	(0.0)	4,114	0.9	4,123
Net income(loss)	(178,870)	(54.0)	3,085	0.7	181,955

(3) Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2009

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2008	155,611	166,653	34,445	(3)	356,706
Changes					
Conversion of convertible bonds with stock subscription rights	3,000	3,000			6,000
Issuance of stock exercise of stock subscription rights	54	54			108
Net loss			(178,870)		(178,870)
Effect of changes in accounting policies applied to foreign subsidiaries			(437)		(437)
Purchase of treasury stock				(2)	(2)
Net changes of items other than shareholders' equity					—
Net changes	3,054	3,054	(179,307)	(2)	(173,201)
Balance as of March 31, 2009	158,665	169,707	(144,862)	(5)	183,505

(Millions of yen)

	Valuation and translation adjustments				Stock subscription rights	Minority interests	Total Net Assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of March 31, 2008	(1,329)	(545)	(7,105)	(8,979)	148	—	347,875
Changes							
Conversion of convertible bonds with stock subscription rights				—			6,000
Issuance of stock exercise of stock subscription rights				—			108
Net loss				—			(178,870)
Effect of changes in accounting policies applied to foreign subsidiaries				—			(437)
Purchase of treasury stock				—			(2)
Net changes of items other than shareholders' equity	876	245	(8,352)	(7,231)	94	98,932	91,795
Net changes	876	245	(8,352)	(7,231)	94	98,932	(81,406)
Balance as of March 31, 2009	(453)	(300)	(15,457)	(16,210)	242	98,932	266,469

(3) Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2010

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2009	158,665	169,707	(144,862)	(5)	183,505
Changes					
Issuance of stock	45,195	45,195			90,390
Net income			3,085		3,085
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					—
Net changes	45,195	45,195	3,085	(0)	93,475
Balance as of March 31, 2010	203,860	214,902	(141,777)	(5)	276,980

(Millions of yen)

	Valuation and translation adjustments				Stock subscription rights	Minority interests	Total Net Assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of March 31, 2009	(453)	(300)	(15,457)	(16,210)	242	98,932	266,469
Changes							
Issuance of new shares				—			90,390
Net income				—			3,085
Purchase of treasury stock				—			(0)
Net changes of items other than shareholders' equity	1,278	236	1,353	2,867	45	(16,074)	(13,162)
Net changes	1,278	236	1,353	2,867	45	(16,074)	80,313
Balance as of March 31, 2010	825	(64)	(14,104)	(13,343)	287	82,858	346,782

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended		Change
	March 31, 2009	March 31, 2010	increase or decrease
I Operating activities			
Income(loss) before income taxes	(180,754)	8,919	189,673
Depreciation and amortization	94,763	121,821	27,058
Impairment loss	2,638	2,241	(397)
Increase (decrease) in provision	10,423	(4,455)	(14,878)
Interest and dividend income	(957)	(1,141)	(184)
Interest expense	6,366	10,566	4,200
Foreign exchange losses (gains)	3,501	(2,841)	(6,342)
Equity in losses of affiliates	15,550	—	(15,550)
Gain on change in equity	(742)	(61)	681
Gain on sale of noncurrent assets	(130)	(110)	20
Loss on retirement of noncurrent assets	774	3,036	2,262
Loss on valuation of investment securities	1,988	—	(1,988)
Decrease (increase) in notes and accounts receivable, trade	32,833	(68,960)	(101,793)
Decrease (increase) in inventories	16,327	(6,684)	(23,011)
Decrease (increase) in accounts receivable, other	(15,875)	12,337	28,212
Decrease (increase) in consumption taxes refund receivable	(33)	1,677	1,710
Increase (decrease) in notes and accounts payable, trade	(16,372)	5,208	21,580
Increase (decrease) in accounts payable, other	(2,502)	1,489	3,991
Others	(3,210)	(1,161)	(2,049)
Subtotal	(35,412)	81,881	117,293
Interest and dividend received	1,124	355	(769)
Interest expenses paid	(6,423)	(10,616)	(4,193)
Commission for loan	—	(5,865)	(5,865)
Proceeds from subsidy	328	76	(252)
Settlements received	—	621	621
Compensation received	—	579	579
Settlements paid	(6,146)	(514)	5,632
Income taxes paid	(1,516)	(944)	572
Income taxes paid for prior periods	(320)	—	320
Net cash provided by (used in) operating activities	(48,365)	65,573	113,938
II Investing activities			
Payments into time deposits	(705)	(1,830)	(1,125)
Proceeds from withdrawal of time deposits	1,167	819	(348)
Purchases of property, plant and equipment	(79,667)	(81,101)	(1,434)
Proceeds from sales of property, plant and equipment	17,301	721	(16,580)
Purchases of intangible assets	(2,002)	(1,633)	369
Purchase of long-term prepaid expenses	(2,008)	(2,664)	(656)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	6,345	—	(6,345)
Purchase of investments in subsidiaries	—	(10,028)	(10,028)
Payments of loans receivable	(15,942)	—	15,942
Others	19	(56)	(75)
Net cash used in investing activities	(75,492)	(95,772)	(20,280)

(4) Consolidated Statements of Cash Flows (Continued)

(Millions of yen)

	Fiscal year ended		Change
	March 31, 2009	March 31, 2010	increase or decrease
III Financing activities			
Proceeds from short-term loans payable	—	3,292	3,292
Repayments of short-term loans payable	—	(4,722)	(4,722)
Proceeds from long-term loans payable	110,000	110,000	0
Repayments of long-term loans payable	(40,200)	(109,117)	(68,917)
Proceeds from issuance of common stock	108	89,894	89,786
Proceeds from issuance of convertible bonds with stock subscription rights to shares	49,985	—	(49,985)
Redemption of convertible bond-type bonds with subscription rights to shares	(44,000)	—	44,000
Redemption of bonds	—	(55,000)	(55,000)
Proceeds from sale-and-leaseback transactions	32,831	17,905	(14,926)
Repayments of lease obligation	(14,188)	(23,605)	(9,417)
Purchases of treasury stock	(2)	(0)	2
Proceeds from stock issuance to minority shareholders	45,810	203	(45,607)
Net cash provided by financing activities	140,344	28,850	(111,494)
IV Effect of exchange rates changes on cash and cash equivalents	(1,505)	(162)	1,343
V Net increase (decrease) in cash and cash equivalents	14,982	(1,511)	(16,493)
VI Cash and cash equivalents at beginning of the period	96,955	113,699	16,744
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	1,762	—	(1,762)
VIII Cash and cash equivalents at end of the period	113,699	112,188	(1,511)
Free cash flow (I+II)	(123,857)	(30,198)	93,659

Elpida Memory, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2010

[Notes on Going Concern Assumption]

Not applicable

[Basic important matters for preparation of consolidated financial statements]

1. Scope of consolidation

Consolidated all subsidiaries

Number of the consolidated subsidiaries : 14

Name of the consolidated subsidiaries: Akita Elpida Memory, Inc.

Rexchip Electronics Corporation

Tera Probe, Inc.

TeraPower Technology Inc.

Elpida Memory (Europe) GmbH

Elpida Memory (Italy) S.r.l.

Elpida Memory (USA) Inc.

Elpida Memory (Taiwan) Co., Ltd.

Elpida Memory (Europe) Sàrl

Elpida Memory (Hong Kong) Co., Ltd.

Elpida Memory (Singapore) Pte. Ltd.

Elpida Memory International B.V.

EBS Inc.

ECM Inc.

For the fiscal year ended March 31, 2010, the number of the Company's consolidated subsidiaries has increased by one (Elpida Memory (Italy) S.r.l.) through establishment in January, 2010

2. Application of equity method

Not applicable

3. The fiscal year end date for the consolidated subsidiaries

Among consolidated subsidiaries, the fiscal year end date of Rexchip Electronics Corporation and TeraPower Technology Inc is December 31. The accompanying consolidated financial statements are prepared based on their financial statements after conducting provisional closing procedures in accordance with normal closing procedures as of the Company's fiscal year end date (March 31, 2010).

4. Accounting principles

4-1. Valuation principles and method for assets.

(1) Investment securities

Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gains or losses, net of the applicable income taxes, included directly in net assets. Cost of securities sold is

determined by the moving average method.

(2) Derivatives

Derivatives are stated based on a market value method.

(3) The cost of inventories

Finished goods

Cost method based on the first-in, first-out method (amount shown on the balance sheet is stated by writing down based on their decrease in profitability).

Semi-finished goods

Cost method based on the first-in, first-out or aggregate average method (amount shown on the balance sheet is stated by writing down based on their decrease in profitability).

Work in process

Cost method based on the first-in, first-out or aggregate average method (amount shown on the balance sheet is stated by writing down based on their decrease in profitability).

Raw materials

Cost method based on the first-in, first-out or aggregate average method (amount shown on the balance sheet is stated by writing down based on their decrease in profitability).

Supplies

Cost method based on the most recent purchase price method (amount shown on the balance sheet is stated by writing down based on their decrease in profitability).

4-2. Depreciation method of fixed assets

(1) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method based on the following estimated useful lives of the assets.

Buildings and structures:	2 to 56 years
Machinery, equipment and vehicles:	2 to 20 years
Tools, furniture and fixtures:	2 to 25 years

(Change in useful lives of fixed assets)

Effective in the second quarter of the year ended March 31, 2010, one of the Company's domestic consolidated subsidiaries changed the useful lives of certain tangible, intangible fixed assets and investments and other assets. It found that certain tangible, intangible fixed assets and investments and other assets have been physically used longer than the former estimated useful lives. Consequently, it reassessed the useful lives of fixed assets based on future business plan.

As a result of this change, operating income, ordinary income and income before income taxes increased by ¥3,089 million, ¥3,276 million and ¥3,178 million, respectively.

(2) Intangible fixed assets

Certain costs incurred to obtain internal use computer software are capitalized and amortized on a straight-line basis over the estimated useful lives (within 10 years).

(3) Leased assets

Leased assets under capital lease transactions which transfer substantially all the risks and rewards of ownership of the assets: A same method is applied as that of tangible fixed assets the Company owns

Leased assets under capital lease transactions which do not transfer ownership of the assets at the end of the lease term: Amortized on a straight-line basis over the lease terms.

4-3. Principles for Provision

(1) Allowance for doubtful accounts

An allowance for doubtful accounts is provided based on credit loss history for general accounts receivables and an evaluation of collectability for any specific doubtful receivables.

(2) Provision for bonuses

Provision for bonuses is provided based on estimated amounts which the company will pay based on the service provided during the current period.

(3) Provision for loss on inventory valuation

Following purchase of inventories from consignment factories, the company sets provision for loss on inventory valuation, which the company expects to bear.

(4) Provision for sales returns

Provision for sales returns is provided based on estimated amounts which are equivalent to decrease of gross profit caused by returns in the future. Estimate is made based on actual rate of returns in the past and expected specific returns

(5) Provision for retirement benefits

Pension and severance costs were accrued based on the benefit obligations and pension plan assets at the end of the current fiscal year.

Unrecognized prior service cost and actuarial loss are amortized on the straight-line method over the average remaining service period of employees expected to receive benefits under the plan, which is currently 15years.

(6) Provision for directors' retirement benefits

Severance costs were accrued based on the benefit obligations at end of period.

(7) Provision for loss on settlements and litigations

Provision for loss on settlements and litigations is provided based on estimated loss which provably occurs from settlements and litigations.

4-4. Foreign currency translation

Foreign currency receivables and payables are translated into Japanese yen at effective period-end exchange rates and the resulting transaction gains or losses are taken into the consolidated results. The balance sheet accounts of foreign consolidated subsidiaries and an affiliated company are translated into Japanese yen at effective period-end exchange rates, except for the components of shareholders' equity which are translated at their historical exchange rates, and all income and expense accounts are translated at the average exchange rate in effect during the period. The resulting translation differences are recorded in a separate component of shareholders' equity as foreign exchange translation adjustments.

4-5. Hedge accounting

(i) Hedge accounting

The company has adopted deferral hedge accounting for its derivative transactions.

(ii) Derivative instruments and subject

The interest rate swap is as the derivative instruments and bond is subject to hedge.

(iii) Policy of derivative transactions

The Company has entered into interest rate swap agreements in order to manage certain risks arising from adverse fluctuation in interest rates.

(iv) Evaluation of Hedge effectiveness

Hedge effectiveness is determined by comparing the cumulative changes in cash flows or fair values from the hedging instruments with those from the hedged items.

4-6. Consumption tax and other

Accounted exclusive of consumption taxes and local consumption taxes.

5. Valuation of assets and liabilities of consolidated subsidiaries

The Company adopts the partial fair value method.

6. Amortization of Goodwill

Goodwill is amortized on a straight-line method over 5 years or 15years.

7. Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

8. Change in basic important matters for preparation of consolidated financial statements

(1) Change in accounting policy for lease transaction

Effective for the fiscal year beginning on or after April 1, 2009, the Company has adopted "Accounting Standards –ASBJ (The Accounting Standards Board of Japan) Statement No.19 Partial Amendments to Accounting Standards for Retirement Benefits (part 3)", issued by ASBJ on July 31, 2008. The effect of this adoption on operating result is inconsequential.

(2) Change in presentation

(Consolidated statements of operations)

"Maintenance costs for idle assets" which was independently presented in non-operating expenses for the year ended March 31, 2009 is included in "Others" for the year ended March 31, 2010 based on its importance. "Maintenance costs for idle assets" is ¥555 million for the year ended March 31, 2010.

"Commission for loan" which was included in "Other" in non-operating expenses for the year ended March 31, 2009 is independently presented in non-operating expenses for the year ended March 31, 2010 based on its importance. "Commission for loan" was ¥385 million for the year ended March 31, 2009.

(Notes to Consolidated balance sheets)

Assets pledged as collateral and obligations collateralized

Assets pledged as collateral and obligations collateralized as of March 31, 2010 are as follows,

(1) Assets pledged as collateral

	<i>(Millions of yen)</i>	
Buildings and structures	87,923	(70,753)
Machinery, equipment and vehicles	285,329	(178,449)
Land	4,000	(4,000)
Construction in progress	2,224	(2,224)
Total	379,476	(255,426)

Note: Figures in parenthesis represent the assets relating to Company's Hiroshima plant foundation.

(2) Obligation collateralized

Long-term loans payable ¥321,624 million (¥237,976 million)
(including current portion of long-term loans payable)

Lease obligations ¥17,837 million (¥17,837 million)

Operating leases with minimum rental commitments ¥4,736 million (¥4,736 million)

(Notes to Consolidated statements of operations)

Impairment loss

For the year ended March 31, 2010, the Company recognized impairment loss for the following fixed assets.

Location	Use	Category
Higashi Hiroshima city, Hiroshima prefecture	Assets to be disposed of	Machinery, equipment and vehicles
TAICHUNG County, Taiwan	Assets to be disposed of	Tools, furniture and fixtures
Ashikita-gun, Kumamoto prefecture	Assets to be disposed of	Machinery, equipment and vehicles Construction in progress

The Companies classify asset groups as cash-generating units according to business units; important idle assets, which are not used for business, and assets planned to be disposed are separately classified based on an individual asset.

Assets planned for disposal were assets with no utilization plan in the present market environment, whereas the Company originally planned to utilize these assets. The net book value of assets planned to be disposed were written down to recoverable amount by ¥2,241 million. The recoverable values were measured by net sales value. However, the recoverable values for assets which are difficult to divert and sell are measured by memorandum value.

The detail of impairment loss is as follows,

Machinery, equipment and vehicles	¥787 million
Tools, furniture and fixtures	¥1,451 million
Construction in progress	¥3 million
Total	¥2,241 million

(Notes to Consolidated statements of changes in net assets)

For the year ended March 31, 2009

1. Type and number of shares outstanding and treasury stock

	Number of shares as of March 31, 2008	Number of shares increased in the current period	Number of shares decreased in the current period	Number of shares as of March 31, 2009
Outstanding shares				
Common stock	129,770,400	11,831,019	—	141,601,419
Total	129,770,400	11,831,019	—	141,601,419
Treasury stocks				
Common stock	840	475	—	1,315
Total	840	475	—	1,315

Note: 1. Increase in the number of outstanding shares of 11,831,019 in common stock was due to conversion of convertible bonds with stock subscription rights (11,787,819) and execution of stock subscription rights (43,200).

2. Increase in the number of treasury stocks of 475 in common stock was due to purchase of less-than-one-unit shares.

2. Stock subscription rights

	Breakdown of stock subscription rights	Type of shares	Objective and Number of Shares Applicable to Share				Balance of shares as of March 31, 2009 (millions of yen)
			Number of shares as of March 31, 2008	Increase in the number of shares during the current period	Decrease in the number of shares during the current period	Number of shares as of March 31, 2009	
Issuing company	Stock subscription rights as stock option	Common stock	—	—	—	—	242

For the year ended March 31, 2010

1. Type and number of shares outstanding and treasury stock

	Number of shares as of March 31, 2009	Number of shares increased in the current period	Number of shares decreased in the current period	Number of shares as of March 31, 2010
Outstanding shares				
Common stock	141,601,419	55,000,000	—	196,601,419
Type 1 preferred stock	—	1,000,000	—	1,000,000
Type 2 preferred stock	—	2,000,000	—	2,000,000
Total	141,601,419	58,000,000	—	199,601,419
Treasury stocks				
Common stock	1,315	146	—	1,461
Total	1,315	146	—	1,461

Note: 1. Increase in the number of outstanding shares of 55,000,000 in common stock was due to capital increase by public offering.

2. Increase in the number of outstanding shares of 1,000,000 in Type 1 preferred stock and 2,000,000 in Type 2 preferred stock was due to issuance of preferred stock by a third party allotment to Development Bank of Japan based on the Law on Special Measures for Industrial Revitalization.

3. Increase in the number of treasury stocks of 146 in common stock was due to purchase of less-than-one-unit shares.

2. Stock subscription rights

	Breakdown of stock subscription rights	Type of shares	Objective and Number of Shares Applicable to Share				Balance of shares as of March 31, 2010 (millions of yen)
			Number of shares as of March 31, 2009	Increase in the number of shares during the current period	Decrease in the number of shares during the current period	Number of shares as of March 31, 2010	
Issuing company	Stock subscription rights as stock option	Common stock	—	—	—	—	287

(Notes to Consolidated statements of cash flow)

1. Cash and cash equivalents at March 31, 2009 and 2010 are reconciled to the account reported in the consolidated balance sheet as follows :

	As of March 31, 2009 (Millions of yen)	As of March 31, 2010 (Millions of yen)
Cash on hand and in banks	113,847	113,338
Less : Time deposits due over three months	148	1,150
Cash and cash equivalents	113,699	112,188

2. Significant non-cash transactions

	As of March 31, 2009 (Millions of yen)	As of March 31, 2010 (Millions of yen)
(1) Purchase of assets by finance lease transaction	34,193	<u>18,016</u>
(2) Capital stock increase due to conversion of convertible bonds with stock subscription rights	3,000	—
Capital surplus increase due to conversion of convertible bonds with stock subscription rights	3,000	—
Decrease in bonds with stock subscription rights due to the conversion of convertible bonds with stock subscription rights	6,000	—
(3) Loan and interest receivable offset by investments in subsidiaries	—	10,772

(Lease transactions)

At March 31, 2009 and 2010, the Company had operating leases with minimum rental commitments as follows:

	As of March 31, 2009 (Millions of yen)	As of March 31, 2010 (Millions of yen)
Due within 1 year	18,972	8,880
Due over 1 year	8,730	1,342
Total	27,702	10,222

(Business Combinations)

For the fiscal year ended March 31, 2009

On March 16, 2009, the Company acquired an additional 3.2% ownership interest in Rexchip Electronics Corporation ("Rexchip"), and accordingly, owned 52.0% ownership interest in total as of March 31, 2009. Rexchip became the Company's consolidated subsidiary at March 31, 2009. Its operating results for the year ended March 31, 2009 have been included in "Equity in losses of affiliated company" on the consolidated statement of operations under the equity method of accounting. The acquisition was accounted for using the purchase method of accounting and the excess of the estimated fair value of the net assets acquired over purchase price of ¥3,000 million was charged to income of ¥104 million because the amount was not material.

The following table summarizes the assets acquired and liabilities assumed at this acquisition and the contribution for the acquisition cost.

	<i>(Millions of yen)</i>
Current assets	35,564
Non current assets	254,951
Current liabilities	(72,044)
Long-term liabilities	(122,506)
Translation adjustments	13,567
Minority interests	(46,333)
Other	401
Valuation of equity method	(60,600)
Acquisition cost of Rexchip's shares	3,000
Cash and cash equivalents in Rexchip	(9,345)
Acquisition of shares of Rexchip, net of cash acquired	<u>6,345</u>

The following unaudited pro forma information presents a summary of the consolidated result of operations as if the acquisition had occurred on April 1, 2008 and includes the related adjustment for intercompany transactions and equity in losses of Rexchip.

	<i>(Millions of yen)</i>
	<i>(Unaudited)</i>
Net sales	365,290
Operating loss	171,519
Loss before income taxes and minority interests	196,098
Net loss	179,789
	<u>(yen)</u>
Net loss per share	1,356.03

For the fiscal year ended March 31, 2010

In August 2008, Elpida Memory (Taiwan) Co., Ltd., the Company's consolidated subsidiary in Taiwan, provided Powerchip Semiconductor Corporation ("PSC"), the Company's Taiwan-based foundry partner, with a short-term loan. PSC's shareholding in Rexchip, the Company's consolidated subsidiary, was used as collateral for the loan. In July 2009, the repayment of the loan came due. Since that time the Company and Elpida Memory (Taiwan) have been cooperating with PSC on settlement of the loan obligation.

Because the Company intends to strengthen its management of Rexchip, Elpida Memory (Taiwan) acquired 350 million Rexchip shares from PSC on October 13, 2009 based on share purchase agreement between the two concluded on October 1, 2009. Elpida Memory (Taiwan) made this payment by offsetting part of the outstanding balances of the loan. As a result of this Subscription, the Company's shareholding ratio in Rexchip increased from 52.0% to 64.0%.

The accounting treatment of this Subscription of shares is in accordance with transaction with minority interests under common control set forth in accounting standards for business combination.

The excess of purchase price of ¥10,772 million over the estimated fair value of the increased net assets acquired was ¥451 million. This was recognized as goodwill and amortized one time because the amount was not material.

(Omission of Notes)

The following Notes are omitted since the necessity of disclosure is not high in earnings releases.

(Deferred tax) (Financial instruments) (Marketable security) (Derivatives) (Retirement benefits) (Stock option)

(Segment Information)

[Business Segment Information]

During the year ended March 31, 2009 and the year ended March 31, 2010, 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 fiscal year ended March 31, 2009

	Japan (MY)	North America (MY)	Asia (MY)	Europe (MY)	Total (MY)	Offset or corporate total (MY)	Consoli-d ated (MY)
Sales							
(1)Sales to third parties	152,662	57,603	99,752	21,032	331,049	—	331,049
(2)Inter-segment sales and transfers	160,642	70	59	41	160,812	(160,812)	—
Total	313,304	57,673	99,811	21,073	491,861	(160,812)	331,049
Operating expenses	470,188	50,739	96,877	21,433	639,237	(160,799)	478,438
Operating income (loss)	(156,884)	6,934	2,934	(360)	(147,376)	(13)	(147,389)
Assets	758,822	13,359	329,084	5,003	1,106,268	(140,979)	965,289

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

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

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

3: Assets for consolidated subsidiaries (five companies) which were consolidated in March, 2009 are included in above assets according to countries and regions in which they are located.

For the fiscal year ended March 31, 2010

	Japan (MY)	North America (MY)	Asia (MY)	Europe (MY)	Total (MY)	Offset or corporate total (MY)	Consoli- d ated (MY)
Sales							
(1) Sales to third parties	182,099	80,401	181,797	22,656	466,953	—	466,953
(2) Inter-segment sales and transfers	271,892	12	108,096	1,001	381,001	(381,001)	—
Total	453,991	80,413	289,893	23,657	847,954	(381,001)	466,953
Operating expenses	446,893	79,105	266,208	23,715	815,921	(375,813)	440,108
Operating income	7,098	1,308	23,685	(58)	32,033	(5,188)	26,845
Assets	798,387	16,425	303,031	14,482	1,132,325	(184,875)	947,450

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

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

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

[Overseas sales]

For the fiscal year ended March 31, 2009

	North America	Asia	Europe	Total
I Overseas sales (MY)	70,285	108,497	48,576	227,358
II Consolidated sales (MY)				331,049
III Ratio of overseas sales over consolidated sales (%)	21.2	32.8	14.7	68.7

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 the Company and its consolidated subsidiaries in countries and regions outside Japan.

For the fiscal year ended March 31, 2010

	North America	Asia	Europe	Total
I Overseas sales (MY)	85,044	188,458	110,670	384,172
II Consolidated sales (MY)				466,953
III Ratio of overseas sales over consolidated sales (%)	18.2	40.4	23.7	82.3

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 the Company and its consolidated subsidiaries in countries and regions outside Japan.

(Amounts Per Share)

	Year ended March 31,	
	2009	2010
	<i>(Yen)</i>	<i>(Yen)</i>
Net income (loss):		
Basic	(1,349.11)	14.54
Diluted	-	=
	Year ended March 31,	
	2009	2010
	<i>(Yen)</i>	<i>(Yen)</i>
Net assets	1,181.45	1,185.27

For the year ended March 31, 2009, diluted net income per share was not shown since the Company was in loss operation.

For the year ended March 31, 2010, diluted net income per share was not shown since there was no dilutive stock.

Basis for calculation of basic net income (loss) per share was as follows:

	Year ended March 31,	
	2009	2010
	<i>(Millions of yen)</i>	
Net income (loss)	(178,870)	3,085
Amount not attributable to common stock	-	612
1) Preferred dividend relating to Type 1 preferred stock	-	(204)
2) Preferred dividend relating to Type 2 preferred stock	-	(408)
Net income (loss) attributable to common stock	(178,870)	2,473
	Year ended March 31,	
	2009	2010
	<i>(Thousands of shares)</i>	
Weighted-average number of shares outstanding	132,584	170,079

Basis for calculation of diluted net income per share was as follows:

	Year ended March 31,	
	2009	2010
	<i>(Millions of yen)</i>	
Net income adjustment	-	612
1) Preferred dividend relating to Type 1 preferred stock	-	(204)
2) Preferred dividend relating to Type 2 preferred stock	-	(408)

	Year ended March 31,	
	2009	2010
	<i>(Thousands of shares)</i>	
Number of common stock increased	–	23,683
Summary of Non-Dilutive stock not included in calculation of diluted net income	Types of stock subscription rights:5 (Number of stock subscription rights:31,635)	<u>Type 1 preferred stock (1,000,000 shares),</u> <u>Type 2 preferred stock (2,000,000 shares) and</u> Types of stock subscription rights:5 (Number of stock subscription rights:31,584)

(Subsequent event)

<Issuance of shares and the US dollar denominated convertible bonds with stock subscription rights by way of third party allotment >

The Company resolved at its board of directors' meeting held on April 2, 2010, to conduct the offering of shares (the "Shares") and the US dollar denominated convertible bonds with stock subscription rights (the "Bonds with Stock Subscription Rights") issued to Kingston Technology Corporation ("KTC") by way of third party allotment (collectively, the "Third Party Allotment"). Total amount of funds to be raised by offering of the Shares is ¥11,679 million. And total amount of funds to be raised by issuance of the Bonds with Stock subscription rights is USD75 million. This Third Party Allotment to KTC has completed on April 20, 2010.

The KTC Group, including the allotted party, is an important player which has the world's top share in the sale of modules for DRAM products, with numerous customers in PC manufacturing industry, and it is also the Company's largest customer. The KTC Group is also a subcontractor of the Company's module products.

The Company intends to use the funds raised by the Third Party Allotment for purchasing the manufacturing equipment for the purpose of aiming for the conversion of the 65nm manufacturing process, which is an existing semiconductor manufacturing process, into the Company's most advanced manufacturing process (40nm manufacturing process) for the purpose of expansion of earnings and further cost improvement.

The Company resolved at the same board of directors' meeting which resolved on the Third Party Allotment, to obtain all 30,000 shares of Class A Preferred Shares (equivalent to ¥15,000 million) of EBS, Inc.; which was allotted by EBS, Inc., the Company's subsidiary, to a subsidiary which belongs to the KTC Group (the "KTC Group Subsidiary"), with the payment date being March 27, 2009; from the KTC Group Subsidiary on April 9, 2010, by way of exercise of the Company's purchase rights with the Company's funds at hand being the source of payment.

Outline of Terms and Conditions of issuance of Shares and Bonds with Stock Subscription Rights

(1) Terms and Conditions of the issuance of the Shares

1. Type of Offered Shares
The common shares of Elpida Memory, Inc.
2. Number of Offered Shares
6,470,200 shares
3. Payment Amount of Offered Shares
1,805 yen per share
4. Total Amount of Payment
11,678,711,000 yen
5. Increase in the Amount of Capital Stock
5,839,355,500 yen (902.5 yen per share)

6. Increase in the Amount of Capital Surplus
5,839,355,500 yen (902.5 yen per share)

7. Payment Date
April 20, 2010

8. Method of Issuance
All shares shall be allotted to KTC by way of a third party allotment.

(2) Terms and Conditions of the issuance of the Bonds with Stock Subscription Rights

1. Name of the Bonds

The US Dollar Denominated Convertible Bonds with stock subscription rights due 2013 (*tenkan shasaigata shinkabu yoyakuken-tsuki shasai*) of Elpida Memory, Inc. (of which the Bonds with Stock Subscription Rights, excluding stock Subscription rights, and stock Subscription rights are to be hereinafter referred to as the “Bonds”, and the “Stock Subscription Rights” respectively.)

2. Aggregate amount of the bonds
75,000,000 US dollars

3. Amount of each bond
5,000,000 US dollars

4. Denomination of the bonds with stock Subscription rights
The Bonds with Stock Subscription Rights shall not have bond certificates issued therefor.

5. Transfer of stock Subscription rights or bonds
Pursuant to the provisions of the main clause of Article 254, paragraphs 2 and 3 of the Corporation law, neither the Stock Subscription Rights nor the Bonds may be transferred individually out of the Bonds with Stock Subscription Rights.

6. Interest rate of the bonds
The Bonds shall not accrue interest.

7. Payment amount for the bonds
100 US dollars for the amount of 100 US dollars in each Bond

8. Redemption amount of the bonds
100 US dollars for the amount of 100 US dollars in each Bond

9. Payment date of the bonds
April 20, 2010

10. Allotment date for stock Subscription rights
April 20, 2010
However, the allotment shall be subject to the payment of the payment amount for each of the Bonds to the Company on the payment date set forth in paragraph 9.

11. Method of subscription
All amounts shall be allotted to KTC by way of a third party allotment.

12. Existence of security or guarantee
There are no securities or guarantees on the Bonds with Stock Subscription Rights, and there are no assets especially withheld for the Bonds with Stock Subscription Rights.

13. Bond managers
The Bonds with Stock Subscription Rights satisfy the requirements of the proviso clause of Article 702 of the Corporation Law. Thus, the bond managers shall not be established.

14. Manner and the Period of the Redemption of Bonds
The aggregate amount of the Bonds shall be redeemed on April 19, 2013.

15. Matters Regarding the Stock Subscription Rights

- (1) The number of Stock Subscription Rights attached to the Bonds
 The number of Stock Subscription Rights attached to each of the Bonds shall be 1, and a total of 15 Stock Subscription Rights shall be issued.
- (2) Payment amount for each stock Subscription right
 The person to subscribe for the Stock Subscription Rights shall not be required to make a payment of monies in exchange for the Stock Subscription Rights.
- (3) The type of shares subject to the Stock Subscription Rights and the method of calculation of the number thereof
 The type of shares subject to the Stock Subscription Rights shall be common shares of the Company, and the number of common shares of the Company to be delivered by the Company due to the exercise request shall be the amount obtained by division of the total of the amount of the Bonds attached with the Stock Subscription Rights regarding the exercise request converted from US dollars into yen at the fixed foreign exchange rate of 93.43 yen per US dollar (i.e., the amount obtained by multiplication of the number of Stock Subscription Rights regarding the exercise request by 467,150,000 yen) by the Conversion Price applicable to the date of the exercise request. Any fractions falling short of one (1) share in such event shall be rounded down and no adjustment in cash shall be made.
- (4) Period in which the Stock Subscription Rights may be exercised
 The stock Subscription rights holders of the Bonds with Stock Subscription Rights (the “Stock Subscription Rights Holders”) may, at any time during the period from April 1, 2012 up to March 31, 2013, exercise the Stock Subscription Rights and request the Company to deliver the Company’s common shares.
- (5) Description of the property to be contributed upon the exercise of the Stock Subscription Rights and the amount thereof
 - (i) Upon the exercise of each of the Stock Subscription Rights, the Bonds attached with each of the Stock Subscription Rights shall be contributed and the price for the Bonds shall be the same amount as the payment amount of the Bonds.
 - (ii) The price to be used in the calculation of the number of the Company’s common shares to be delivered by the exercise of each of the Stock Subscription Rights (the “Conversion Price”) shall initially be 2,052 yen. However, the Conversion Price may be adjusted in certain cases.
 - (iii) After the issuance of the Bonds with Stock Acquisition Rights, if there is a change in the number of common shares or the possibility thereof, the Company shall adjust the Conversion Price using the calculation formula set forth below (the “Conversion Price Adjustment Formula”):

$$\begin{array}{r}
 \text{Conversion price after adjustment} \\
 = \\
 \text{Conversion price before adjustment} \\
 \times \\
 \frac{\text{Number of common shares outstanding}}{\text{Number of common shares outstanding} + \text{Number of common shares to be delivered}} \\
 + \\
 \frac{\text{Number of common shares to be delivered} \times \text{Payment amount per share}}{\text{Current market price per share}}
 \end{array}$$

- (6) Capital stock and capital surplus to be increased in the event of the issuance of shares by the exercise of the Stock Acquisition Rights
 The amount of capital stock to be increased in the event of the issuance of shares by the exercise of the Stock Acquisition Rights shall be an amount obtained by multiplying the maximum amount of increases of capital stock, etc. calculated pursuant to the provisions of Article 17 of the Companies Accounting Regulations by 0.5. Any fractions falling short of one (1) yen as a result of such calculation shall be rounded up. The amount of capital surplus to be increased shall be the amount obtained by deducting the amount of capital stock to be increased from the maximum amount of increases of capital stock, etc.
- (7) Restrictions on transfer
 Any acquisition of the Stock Acquisition Rights by way of transfer shall need an approval of the Company's board of directors.
- (8) Succession of the Bonds with Stock Acquisition Rights by Succeeding Company, etc. in case the Company conducts Organizational Restructuring Acts is set forth.

16. The reason for not requiring payment of monies in exchange for the Stock Subscription Rights

The Stock Subscription Rights are affixed to convertible bonds with stock Subscription rights, and in consideration of the fact that the separate transfer from the Bonds can not be made and that upon the exercise of the Stock Subscription Rights, the Bonds attached with the Stock Subscription Rights are contributed, the Bonds and the Stock Subscription rights are mutually and closely related, and in consideration of the Stock Subscription Rights' value and the economic interests to be obtained by the Company with the Bonds' interest rates and other terms of issuance such as the payment amount, it was decided that the payment of monies will not be required in exchange for the Stock Subscription Rights.

Appendix

1. Selected Quarterly Consolidated Statements of Operations

(Millions of yen)

	Jan-Mar 2009 (4Q-FY 08)		Apr-Jun 2009 (1Q-FY 09)		Jul-Sep 2009 (2Q-FY 09)		Oct-Dec 2009 (3Q-FY 09)		Jan-Mar 2010 (4Q-FY 09)	
		%		%		%		%		%
Net sales	46,476	100.0	72,570	100.0	95,854	100.0	151,007	100.0	147,522	100.0
Gross profit (loss)	(34,179)	-73.5	(26,587)	-36.6	14,071	14.7	47,164	31.2	54,313	36.8
Selling, general and administrative expenses	15,212	32.7	15,724	21.7	13,242	13.8	16,717	11.1	16,561	11.2
Operating income (loss)	(49,391)	-106.3	(42,311)	-58.3	829	0.9	30,447	20.2	37,752	25.6
Income (loss) before income taxes	(60,476)	-130.1	(48,017)	-66.2	(6,098)	-6.4	26,106	17.3	36,928	25.0
Net Income (loss)	(60,879)	-131.0	(44,448)	-61.2	(7,167)	-7.5	21,050	13.9	33,650	22.8
EBITDA ^[1]	(42,756)	-92.0	(14,387)	-19.8	26,716	27.9	59,320	39.3	69,657	47.2
Average exchange rate (Yen to a U.S. Dollar)	91.46		97.79		95.33		90.37		90.39	

2. Selected Consolidated Financial Data

(Figures in millions of yen otherwise specified)

	Mar 31, 2009 (4Q-FY 08)	Jun 30, 2009 (1Q-FY 09)	Sep 30, 2009 (2Q-FY 09)	Dec 31, 2009 (3Q-FY 09)	Mar 31, 2010 (4Q-FY 09)
Cash and time deposits	113,847	61,305	123,384	110,324	113,338
A/R collection period ^[2]	104 days	84 days	79 days	82 days	75 days
Inventory holding period ^[3]	74 days	59 days	85 days	61 days	70 days
Interest-bearing debt ^[4]	567,434	556,875	556,626	546,373	504,749
Net D/E ratio ^[5]	271 %	400 %	212 %	192 %	148 %
Shareholders' equity ratio ^[6]	17.3 %	13.8 %	21.1 %	23.4 %	27.8 %

3. Selected Consolidated Statements of Cash Flows

(Millions of yen)

	Jan-Mar 2009 (4Q-FY 08)	Apr-Jun 2009 (1Q-FY 09)	Jul-Sep 2009 (2Q-FY 09)	Oct-Dec 2009 (3Q-FY 09)	Jan-Mar 2010 (4Q-FY 09)
Net cash provided by (used in) operating activities	(51,972)	(8,582)	(8,466)	18,631	63,990
Net cash used in investing activities	(17,888)	(33,090)	(26,249)	(20,086)	(16,347)
Net cash provided by (used in) financing activities	(26,720)	(11,363)	97,619	(12,761)	(44,645)
Free cash flow	(69,860)	(41,672)	(34,715)	(1,455)	47,643

^[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 (%) = (Interest-bearing debt - Cash and time deposits) / shareholders' equity* x 100

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

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