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Consolidated Financial Report for the 3Q of FY 2010

English translation from the original Japanese-language quarterly Kessan Tanshin

Business Results

1. Overview of Consolidated Business Results

(1) 3Q-FY2010 Operating Results (October 1, 2010 – December 31, 2010)

(Billions of yen)

	3 mo. ended Dec 31, 2010 (3Q-FY 10)	3 mo. ended Sep 30, 2010 (2Q-FY 10)	QoQ Change (%)	3 mo. ended Dec 31, 2009 (3Q-FY 09)	YoY Change (%)
Net sales	97.1	148.8	*-34.8*	151.0	*-35.7*
Gross profit (loss)	(7.7)	40.2	-	47.2	-
Operating income (loss)	(26.9)	23.5	-	30.4	-
Ordinary income (loss)	(30.5)	15.2	-	27.5	-
Net income (loss)	(29.6)	9.2	-	21.1	-

In the 3Q of FY 2010 (October 1, 2010 to December 31, 2010), the DRAM market witnessed stagnant demand for PC DRAMs due to sluggish PC shipments. In addition, a boost in supply brought about by migration to advanced manufacturing processes among DRAM makers caused supply and demand conditions to turn more negative. As a result, DRAM market prices sharply declined.

In response to these conditions, Elpida revised its PC DRAM production plans by adjusting procurement from foundry partners and manufacturing at its Hiroshima Plant. Since November the number of wafer starts has been reduced in order to lower the risk of excess inventory holdings. On the other hand, supply and demand for the mobile DRAMs continued to be tightly balanced given robust sales of smart phones and tablet PCs since the first quarter.

Confronted by unfavorable PC DRAM market prices Elpida's 3Q average selling price (ASP) on a dollar basis was down 39% YoY and down 37% QoQ. Also, DRAM bit shipment growth in the quarter was 18% YoY and 11% QoQ. As a result, 3Q sales fell 35.7% YoY and 34.8% QoQ to 97.1 billion yen. Sales of Computing DRAMs, hurt by lower unit prices and continued yen appreciation, suffered a decline of slightly more than 40% QoQ. These sales accounted for about 60% of Elpida's total sales revenue. Compared with the 2Q, shipments of Mobile RAM^{TM} grew but shipments of DRAMs used in digital consumer electronics declined due to seasonal factors and Premier DRAM sales dropped by around 10% QoQ.

Gross profit in the 3Q fell by 47.9 billion yen QoQ to finish at a loss of 7.7 billion yen. A major negative impact was that the speed of unit price declines was faster than the speed at which process migration could help lower manufacturing costs, which in turn produced significant earnings erosion. Inventory write-downs and more yen appreciation added to the damage. Operating income fell by 50.4 billion yen QoQ to create a loss of 26.9 billion yen (versus a profit of 30.4 billion yen in the FY 2009 3Q). Ordinary income saw a loss of 30.5 billion yen due in part to interest expenses of 2.4 billion yen and a foreign exchange loss of 0.5 billion yen. Net income recorded a loss of 29.6 billion yen (versus a 21.1 billion yen profit a year ago) after accounting for such factors as a settlement gain of 2.7 billion yen and 1.3 billion yen in income from minority interests.

(2) 1Q-3Q FY 10 Operating Results (April 1, 2010 – December 31, 2010)

(Billions of yen)

	9 mo. ended Dec 31, 2010 (1Q-3Q FY 10)	9 mo. ended Dec 31, 2009 (1Q-3Q FY 09)	YoY	
			Change	(%)
Net sales	422.2	319.4	102.8	*+32.2*
Gross profit	94.2	34.6	59.6	*+171.9*
Operating income (loss)	41.0	(10.9)	51.9	-
Ordinary income (loss)	21.7	(24.5)	46.2	-
Net income (loss)	10.3	(30.6)	40.9	-

During the initial nine months of FY 2010 (April 1, 2010 to December 31, 2010), tight PC DRAM supply and demand supported high market prices in the 1Q and the front half of the 2Q, but in the 3Q pricing activity was negatively affected by quick deterioration of supply and demand, a result of stagnant demand and higher supplies from August onward.

Elpida's cumulative net sales for nine months of FY 2010 rose 32.2% to 422.2 billion yen, largely a result of YoY bit shipment growth. By quarter, net sales were 176.3 billion in the 1Q, 148.8 billion yen in the 2Q and 97.1 billion yen in the 3Q, as sliding prices placed pushed down sales in each quarter and yen appreciation took a toll. Nevertheless, 9-month gross profit managed to rise by 59.6 billion yen YoY to 94.2 billion yen, helped in part by manufacturing cost cuts made possible by migration to advanced processes.

The improvement in gross profit made possible 9-month operating income of 41.0 billion yen, a boost of 51.9 billion yen that erased a year-ago loss of 10.9 billion yen. By quarter, operating income was a record 44.4 billion yen in the 1Q and 23.5 billion yen in the 2Q, but in the 3Q price erosion, yen appreciation, inventory write-downs and other factors delivered up a loss of 26.9 billion yen. Ordinary income for the nine months was 21.7 billion yen (versus a year-ago loss of 24.5 billion yen) after factoring in a foreign exchange loss of 8.8 billion yen, interest expenses of 7.8 billion yen and other items. Net income for the same period was 10.3 billion yen (versus a year-ago loss of 30.6 billion yen). Factors that affected the bottom line included a settlement gain of 2.7 billion yen, a loss of 1.5 billion yen on retirement of noncurrent assets and 12.1 billion yen in income from minority interests.

2. Financial Conditions

(1) Assets, Liabilities and Shareholders' Equity

Elpida's total assets as the end of the 3Q stood at 932.7 billion yen, down 14.8 billion yen compared to the end of FY 2009. Key asset value factors included higher cash and deposits following the 66.7 billion yen issuance of convertible bonds with share subscription rights but a 42.9 billion yen drop in notes and accounts receivable-trade owing to lower sales, along with an 18.5 billion yen decline in tangible assets due in part to depreciation.
Despite the convertible bond issuance, scheduled debt repayment and payment of lease obligations brought down the balance of interest-bearing debt to 444.8 billion yen, a reduction of 59.9 billion yen against the end of FY 2009.
Net assets at the 3Q were 346.5 billion yen (versus 346.8 billion yen at the end of FY 2009.)While the purchase of investments in subsidiaries in part reduced minority interests by 15.4 billion yen, the third-party placement of newly issued shares with Kingston Technology Corporation in April 2010 boosted capital stock and the capital surplus by 5.8 billion yen each. Also, retained earnings increased due to positive net income of 10.3 billion yen.

Based on a resolution passed at an ordinary general meeting of shareholders held on June 25 2010, Elpida reduced capital reserve by 143.5 billion yen. That amount was transferred to capital surplus to offset a deficit in retained earnings brought forward.

(2) Cash Flows

(Billions of yen)

	Apr-Jun 2010 (1Q-FY 10)	Jul-Sep 2010 (2Q-FY 10)	Oct-Dec 2010 (3Q-FY 10)	Apr-Dec 2010 (1Q-3Q FY 10)
Net cash provided by operating activities	64.8	61.4	48.5	174.7
Net cash used in investing activities	(29.4)	(25.8)	(34.7)	(89.9)
Net cash provided by (used in) financing activities	5.5	(53.6)	18.2	(29.9)
Cash and cash equivalents at end of quarter	149.4	131.2	164.7	164.7
Free cash flow	35.4	35.6	13.8	84.8

i) Cash flow for 3Q of FY 2010 (October 1, 2010 – December 31, 2010)

As of the end of the FY 2010 3Q the balance of cash and cash equivalents was 164.7 billion yen, up 33.6 billion yen versus the end of the 2Q.

Operating activities saw a net cash inflow of 48.5 billion yen in the 3Q (versus a net cash inflow of 18.6 billion yen a year earlier), mainly due to a 28.0 billion yen in quarterly loss before income taxes, 31.8 billion yen in depreciation and amortization and a 39.7 billion yen decrease in notes and accounts receivable-trade.

Investing activities used net cash of 34.7 billion yen (versus 20.1 billion yen used a year earlier) that mainly consisted of a 34.9 billion yen outflow for the purchase of property, plant and equipment.

Financing activities saw a net cash inflow of 18.2 billion yen (versus a 12.8 billion yen outflow a year earlier). Cash flow components included 30.0 billion yen in redemption of bonds, 11.8 billion yen in repayment of long-term debt & lease obligations and 60.0 billion yen in proceeds from the issuance of convertible bonds with share subscription rights.

ii) Cash flow for Nine-Months of FY 2010 (April 1, 2010 – December 31, 2010)

As for cash flow for the first nine months of FY 2010, the balance of cash and cash equivalents at the end of the FY 2010 3Q increased by 52.5 billion yen versus the end of FY 2009, to 164.7 billion yen.

Operating activities saw a net cash inflow of 174.7 billion yen, partly as a result of 23.8 billion yen in income before income taxes , 93.9 billion yen in depreciation and amortization and a 36.3 billion yen decrease in notes and accounts receivable-trade. Compared with nine months of FY 2009, operating cash flow increased by 173.1 billion yen.

Investing activities used net cash of 89.9 billion yen, up 10.4 billion yen compared with a year ago. Among the main cash flow factors were a 5.7 billion yen inflow from collection of loans receivable but a 78.9 billion yen outflow for the purchase of property, plant and equipment (14.0 billion yen higher compared with nine months of FY 2009) and a 15.2 billion yen outflow related to the purchase of investments in subsidiaries (a 5.2 billion yen increase compared with nine months of FY 2009).

Financing activities turned from a net cash inflow of 73.5 billion yen a year earlier to a net outflow of 29.9 billion yen. The main cash flow activity consisted of proceeds from convertible bonds with share subscription rights that raised 66.7 billion yen, the disappearance of the inflow effect of 44.0 billion yen in proceeds from long-term loans payable secured in nine months of FY 2009, proceeds from issuance of common stock that raised 11.6 billion yen (less than year-ago proceeds of 89.9 billion yen raised in the first nine months of FY 2009), proceeds from sale-and-leaseback transactions in the amount of 10.8 billion yen (less than year-ago proceeds of 17.9 billion yen) and repayment of interest-bearing debt in the amount of 122.2 billion yen (40.4 billion yen higher compared with nine months of FY 2009).

3. 4Q 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 4Q and full term of FY 2010 that can be used as a general guideline.

[Quarterly estimates]

	3Q-FY 10		4Q-FY 10
	(Previous Estimate) as of Nov 4, 2010	(Actual)	(Estimate) as of Feb 2, 2011
QoQ bit growth	Approx.10%	11%	5-10%
QoQ ASP change	N/A	-37%	N/A
Depreciation & amortization	¥32.0 bn.	¥31.8 bn.	¥31.0 bn.
SG&A[1]	¥17.0 bn.	¥19.2 bn.	¥17.0 bn.

[1] SG&A in 3Q FY 2010 exceeded Elpida's guidance because a reserve allowance was established for doubtful accounts.

[Yearly estimates]

	FY 2010 Forecast	
	(Previous estimate) as of Nov 4, 2010	(New estimate) as of Feb 2, 2011
YoY bit growth	Slightly less than 40%	Approx.35%
Depreciation & amortization	¥130.0 bn.	¥125.0bn.
SG&A	¥68.0 bn.	¥70.0 bn.
Capital expenditures	¥115.0 bn.	¥115.0 bn.

4. Others

(1) Changes in significant subsidiaries in the nine months ended December 31, 2010

Not applicable
(Two Elpida consolidated subsidiaries, Tera Probe, Inc. and TeraPower Technology Inc. (a consolidated subsidiary of Tera Probe, Inc.), became equity-method affiliates in the 3Q of FY 2010 as a result of a new share issuance by Tera Probe and Elpida's sale of Tera Probe shares.)

(2) Adoption of simplified accounting methods for quarterly reporting

Not applicable

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

1. Changes in accounting standard

i.) Application of "Accounting Standard for Asset Retirement Obligations"
Effective from the first quarter of the year ended March 31, 2011, the company has adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 of March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 of March 31, 2008).
The effect of this adoption on operating result is inconsequential.

ii.) Application of "Accounting Standard for Business Combinations" and others
Effective from the first quarter of the year ended March 31, 2011, the company has adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 of December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of December 26, 2008), the "Partial amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23 of December 26, 2008), the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 of December 26, 2008), the "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16 of December 26, 2008), and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 of December 26, 2008)
As a result of application of the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of December 26, 2008), the assets and liabilities of the Company's consolidated subsidiaries including the portion attributable to minority shareholders are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries. There is no effect of this application on consolidated financial statements.

2. Changes in presentation

- Quarterly consolidated statements of operations

Based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of December 26, 2008), the company has adopted the "Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No.5**,** March 24, 2009). As a result, "Income before minority interests" is included in the consolidated statements of operations for the nine months of the year ended March 31, 2011 and "Loss before minority interests" is included in the consolidated statements of operations for the third quarter ended March 31, 2011 respectively.

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, 2010	As of December 31, 2010
(Assets)		
I Current assets		
1. Cash and deposits	113,338	164,706
2. Note and accounts receivable, trade	122,618	79,669
3. Inventories		
Merchandise and finished goods	40,197	35,719
Work in process	27,491	24,036
Raw materials and supplies	5,128	5,466
4. Accounts receivable, other	8,142	10,587
5. Other current assets	15,027	8,027
6. Allowance for doubtful accounts	(5,571)	(7,058)
Total current assets	326,370	321,152
II Noncurrent assets		
1. Property, plant and equipment, net		
Buildings and structures	96,367	89,781
Machinery, equipment and vehicles	465,030	437,966
Tools, furniture and fixtures	17,152	15,644
Land	4,451	4,219
Construction in progress	13,402	30,257
Total property, plant and equipment, net	596,402	577,867
2. Intangible assets		
Goodwill	1,050	762
Others	6,584	4,575
Total intangible assets	7,634	5,337
3. Investments and other assets		
Investment securities	4,101	12,649
Others	12,943	15,658
Total investments and other assets	17,044	28,307
Total noncurrent assets	621,080	611,511
Total assets	947,450	932,663
(Liabilities)		
I Current liabilities		
1. Accounts payable, trade	53,556	63,321
2. Short-term loans payable	1,465	—
3. Current portion of bonds	30,000	—
4. Current portion of long-term loans payable	132,460	113,359
5. Current portion of lease obligations	21,919	16,691
6. Accounts payable, other	12,824	36,786
7. Income taxes payable	2,014	539
8. Provision	5,522	3,335
9. Others	14,439	28,939
Total current liabilities	274,199	262,970
II Noncurrent liabilities		
1. Bonds payable	75,000	75,000
2. Convertible bonds with share subscription rights	—	66,112
3. Long-term loans payable	200,064	138,538
4. Lease obligations	43,841	35,147
5. Provision	3,123	3,316
6. Asset retirement obligations	—	284
7. Other noncurrent liabilities	4,441	4,788
Total noncurrent liabilities	326,469	323,185
Total liabilities	600,668	586,155

(1) Consolidated Balance Sheets (continued)

(Millions of yen)

	As of March 31, 2010	As of December 31, 2010
(Net assets)		
I Shareholders' equity		
1. Capital stock	203,860	209,699
2. Capital surplus	214,902	77,230
3. Retained earnings	(141,777)	12,026
4. Treasury stock	(5)	(5)
Total shareholders' equity	276,980	298,950
II Valuation and translation adjustments		
1. Valuation difference on available-for-sale securities	825	269
2. Deferred gains or losses on hedges	(64)	(39)
3. Foreign currency translation adjustments	(14,104)	(20,402)
Total valuation and translation adjustments	(13,343)	(20,172)
III Share subscription rights	287	297
Ⅳ Minority interests	82,858	67,433
Total net assets	346,782	346,508
Total liabilities and net assets	947,450	932,663

(2) Consolidated Statements of Operations

(Millions of yen)

	Nine-month period ended	
	December 31, 2009	December 31, 2010
I Net sales	319,431	422,204
II Cost of sales	284,783	327,981
Gross profit	34,648	94,223
III Selling, general and administrative expenses	45,555	53,198
Operating income(loss)	(10,907)	41,025
IV Non-operating income		
1. Interest income	252	152
2. Subsidy income	—	951
3. Rent income on facilities	258	—
4. Others	408	240
V Non-operating expenses		
1. Interest expense	8,015	7,796
2. Foreign exchange loss	1,528	8,831
3. Others	4,930	3,993
Ordinary income(loss)	(24,462)	21,748
VI Extraordinary income		
1. Gain on sales of noncurrent assets	68	243
2. Gain on sales of subsidiaries' stocks	—	372
3. Reversal of accrual for settlements and litigations	—	648
4. Gain on change in equity	—	221
5. Gain on negative goodwill	—	555
6. Settlement gain	—	2,705
VII Extraordinary losses		
1. Loss on sales of noncurrent assets	25	61
2. Loss on retirement of noncurrent assets	2,492	1,517
3. Accrual for settlements and litigations	—	408
4. Impairment loss	1,098	490
5. Loss on adjustment for changes of accounting standard for asset retirement obligations	—	172
Income(loss) before income taxes	(28,009)	23,844
Income taxes		
Current	1,920	586
Deferred	(277)	892
Total income taxes	1,643	1,478
Income before minority interests	—	22,366
Minority interests in income	913	12,074
Net income(loss)	(30,565)	10,292

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

(2) Consolidated Statements of Operations (continued)

(Millions of yen)

	Three-month period ended	
	December 31, 2009	December 31, 2010
I Net sales	151,007	97,072
II Cost of sales	103,843	104,785
Gross profit(loss)	47,164	(7,713)
III Selling, general and administrative expenses	16,717	19,161
Operating income(loss)	30,447	(26,874)
IV Non-operating income		
1. Interest income	46	31
2. Foreign exchange gains	629	—
3. Subsidy income	—	651
4. Rent income on facilities	258	—
5. Others	29	72
V Non-operating expenses		
1. Interest expense	2,708	2,406
2. Foreign exchange loss	—	546
3. Others	1,245	1,457
Ordinary income(loss)	27,456	(30,529)
VI Extraordinary income		
1. Gain on sales of noncurrent assets	22	78
2. Gain on sales of subsidiaries' stocks	—	372
3. Gain on reversal of loss on valuation of investment securities	155	—
4. Gain on change in equity	—	221
5. Settlement gain	—	2,705
VII Extraordinary losses		
1. Loss on sales of noncurrent assets	—	3
2. Loss on retirement of noncurrent assets	1,542	602
4. Accrual for settlements and litigations	—	(11)
5. Impairment loss	(15)	280
Income(loss) before income taxes	26,106	(28,027)
Income taxes		
Current	1,380	(434)
Deferred	(534)	752
Total income taxes	846	318
Loss before minority interests	—	(28,345)
Minority interests in income	4,210	1,251
Net income(loss)	21,050	(29,596)

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

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine-month period ended	
	December 31, 2009	December 31, 2010
I **Operating activities**		
Income (loss) before income taxes	(28,009)	23,844
Depreciation and amortization	91,643	93,927
Impairment loss	1,098	490
Increase (decrease) in provision	(5,507)	1,591
Interest and dividend income	(252)	(152)
Interest expense	8,015	7,796
Foreign exchange losses	1,092	849
Gain on sales of noncurrent assets	(44)	(182)
Loss on retirement of noncurrent assets	2,492	1,517
Gain on sales of subsidiaries' stocks	—	(372)
Gain on change in equity	—	(221)
Decrease (increase) in notes and accounts receivable, trade	(85,461)	36,339
Decrease (increase) in inventories	(4,632)	6,928
Decrease (increase) in accounts receivable, other	17,244	(2,256)
Increase in notes and accounts payable, trade	14,400	7,892
Increase (decrease) in accounts payable, other	1,065	(3,005)
Others	400	6,717
Subtotal	13,544	181,702
Interest and dividend received	322	902
Interest expenses paid	(6,865)	(6,675)
Financing charges paid	(5,250)	(42)
Proceeds from subsidy	76	951
Proceeds from settlements	621	—
Proceeds from compensation	579	—
Settlements paid	(520)	(677)
Income taxes paid	(924)	(1,495)
Net cash provided by operating activities	1,583	174,666
II **Investing activities**		
Payments into time deposits	(1,834)	(1)
Proceeds from withdrawal of time deposits	418	1,150
Purchase of property, plant and equipment	(64,869)	(78,900)
Proceeds from sales of property, plant and equipment	631	916
Purchase of intangible assets	(1,427)	(186)
Purchase of investments in subsidiaries	(10,000)	(15,245)
Purchase of long-term prepaid expenses	(2,354)	(4,286)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	939
Collection of loans receivable	—	5,686
Others	10	70
Net cash used in investing activities	(79,425)	(89,857)

(3) Consolidated Statements of Cash Flows (continued)

(Millions of yen)

	Nine-month period ended	
	December 31, 2009	December 31, 2010
III **Financing activities**		
Proceeds from short-term loans payable	3,302	3,186
Repayments of short-term loans payable	(3,302)	(3,587)
Proceeds from long-term loans payable	44,000	—
Repayments of long-term loans payable	(62,084)	(72,312)
Proceeds from issuance of convertible bonds with share subscription rights	—	66,723
Redemption of bonds	—	(30,000)
Proceeds from issuance of common stock	89,904	11,625
Proceeds from sale-and-leaseback transactions	17,905	10,774
Repayments of lease obligations	(16,434)	(16,322)
Purchase of treasury stock	(0)	(0)
Proceeds from stock issuance to minority shareholders	204	—
Net cash provided by (used in) financing activities	73,495	(29,913)
IV Effect of exchange rates changes on cash and cash equivalents	(578)	(2,379)
V Net increase (decrease) in cash and cash equivalents	(4,925)	52,517
VI Cash and cash equivalents at beginning of the period	113,699	112,188
VII Cash and cash equivalents at end of the period	108,774	164,705

Free cash flow（I+II）	(77,842)	84,809

(4) Going Concern Assumption

None

(5) Segment Information

For the three-month and nine-month period ended December 31, 2009

[Business Segment Information]

For the three-month and nine-month period ended December 31, 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 December 31, 2009

	Japan (MY)	North America (MY)	Asia (MY)	Europe (MY)	Total (MY)	Offset or corporate total (MY)	Consoli-dated (MY)
Sales							
(1) Sales to third parties	52,472	24,337	66,704	7,494	151,007	–	151,007
(2) Inter-segment sales and transfers	91,470	9	32,409	207	124,095	(124,095)	–
Total	143,942	24,346	99,113	7,701	275,102	(124,095)	151,007
Operating expenses	125,955	23,543	86,712	7,813	244,023	(123,463)	120,560
Operating income	17,987	803	12,401	(112)	31,079	(632)	30,447

For the nine-month period ended December 31, 2009

	Japan (MY)	North America (MY)	Asia (MY)	Europe (MY)	Total (MY)	Offset or corporate total (MY)	Consoli-dated (MY)
Sales							
(1) Sales to third parties	124,701	59,104	121,215	14,411	319,431	–	319,431
(2) Inter-segment sales and transfers	183,568	11	73,652	479	257,710	(257,710)	–
Total	308,269	59,115	194,867	14,890	577,141	(257,710)	319,431
Operating expenses	329,781	57,351	184,358	15,236	586,726	(256,388)	330,338
Operating income	(21,512)	1,764	10,509	(346)	(9,585)	(1,322)	(10,907)

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: Taiwan, Singapore and Hong Kong
(3) Europe: Germany, Switzerland

3: Effective in the second quarter of the year ended March 31, 2010, certain domestic consolidated subsidiary changed the useful lives of property, plant and equipment and intangible fixed assets. These assets have been physically used longer than the former estimated useful lives. As a result of this change, operating income in Japan for the three-month period ended December 31, 2010 increased by ¥1,046 million and operating loss in Japan for the nine-month period ended December 31, 2010 decreased by ¥1,968 million.

[Overseas sales]

For the three-month period ended December 31, 2009

	North America	Asia	Europe	Total
I Overseas sales (MY)	25,490	67,183	38,485	131,158
II Consolidated sales (MY)				151,007
III Ratio of overseas sales over consolidated sales (%)	16.9	44.5	25.5	86.9

For the nine-month period ended December 31, 2009

	North America	Asia	Europe	Total
I Overseas sales (MY)	63,043	121,851	70,217	255,111
II Consolidated sales (MY)				319,431
III Ratio of overseas sales over consolidated sales (%)	19.7	38.2	22.0	79.9

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: Taiwan, Singapore and Hong Kong
(3) Europe: Whole area
3: The amount of overseas sales is the amount of sales made by our Company and consolidated subsidiaries in countries and regions outside Japan.

For the three-month and nine-month period ended December 31, 2010

[Segment Information]

For the three-month and nine-month period ended December 31, 2010, our group was operating a single segment of the semiconductor business centering on DRAM, so the segment information is omitted.

Additional Information

From the three-month period ended June 30, 2010, the Company and its consolidated subsidiaries have adopted ASBJ Statement No. 17, "Revised Accounting Standard for Disclosure about Segments of an Enterprise and Related Information" and ASBJ Guidance No. 20, "Guidance on the Accounting Standard for Disclosures about Segments of on Enterprise and Related Information" issued by ASBJ on March 27, 2009 and March 21, 2008 respectively.

(6) Material Changes in Shareholder's Equity

The Company issued new shares to Kingston Technology Corporation by way of third party allotment on April 20, 2010. As a result, the amount of capital stock and capital surplus increased by ¥5,839 million, respectively.

Also, based on a resolution at the general shareholders' meeting held on June 25, 2010 to reduce capital reserve and appropriation of retained earnings, the Company reduced capital reserve of ¥143,516 million and reduced capital reserve was transferred to other capital surplus. And other capital surplus of ¥143,511 million was transferred to retained earnings brought forward and the deficits were covered through its transfer. As a result, the outstanding balance of capital stock, capital surplus and retained earnings as of December 31, 2010 became ¥209,699 million, ¥77,230 million and ¥ 12,026 million respectively.

Appendix (Unaudited)

1. Selected Quarterly Consolidated Statements of Operations

(Millions of yen)

	Oct-Dec 2009 (3Q-FY 09)		Jan-Mar 2010 (4Q-FY 09)		Apr-Jun 2010 (1Q-FY 10)		Jul-Sep 2010 (2Q-FY 10)		Oct-Dec 2010 (3Q-FY 10)	
		%		%		%		%		%
Net sales	151,007	100.0	147,522	100.0	176,333	100.0	148,799	100.0	97,072	100.0
Gross profit (loss)	47,164	31.2	54,313	36.8	61,746	35.0	40,190	27.0	(7,713)	-7.9
Selling, general and administrative expenses	16,717	11.1	16,561	11.2	17,324	9.8	16,713	11.2	19,161	19.7
Operating income (loss)	30,447	20.2	37,752	25.6	44,422	25.2	23,477	15.8	(26,874)	-27.7
Income (loss) before income taxes	26,106	17.3	36,928	25.0	36,709	20.8	15,162	10.2	(28,027)	-28.9
Net Income (loss)	21,050	13.9	33,650	22.8	30,671	17.4	9,217	6.2	(29,596)	-30.5
EBITDA[1]	59,320	39.3	69,657	47.2	70,550	40.0	48,836	32.8	6,181	6.4
Average exchange rate (Yen to a U.S. Dollar)	90.37		90.39		91.87		88.06		82.97	

2. Selected Consolidated Financial Data

(Figures in millions of yen otherwise specified)

	Dec 31, 2009 (3Q-FY 09)	Mar 31, 2010 (4Q-FY 09)	Jun 30, 2010 (1Q-FY 10)	Sep 30, 2010 (2Q-FY 10)	Dec 31, 2010 (3Q-FY 10)
Cash and cash equivalents	110,324	113,338	150,584	131,153	164,706
A/R collection period[2]	82 days	75 days	70 days	73 days	74 days
Inventory holding period[3]	61 days	70 days	58 days	55 days	56 days
Interest-bearing debt[4]	546,373	504,749	493,477	436,075	444,847
Net D/E ratio[5]	192 %	148 %	114 %	99%	100%
Shareholders' equity ratio[6]	23.4 %	27.8 %	30.3 %	32.0 %	29.9 %

3. Selected Consolidated Statements of Cash Flows

(Millions of yen)

	Oct-Dec 2009 (3Q-FY 09)	Jan-Mar 2010 (4Q-FY 09)	Apr-Jun 2010 (1Q-FY 10)	Jul-Sep 2010 (2Q-FY 10)	Oct-Dec 2010 (3Q-FY 10)
Net cash provided by operating activities	18,631	63,990	64,810	61,398	48,458
Net cash used in investing activities	(20,086)	(16,347)	(29,361)	(25,845)	(34,651)
Net cash provided by (used in) financing activities	(12,761)	(44,645)	5,465	(53,579)	18,201
Free cash flow	(1,455)	47,643	35,449	35,553	13,807

[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 cash equivalents) / shareholders' equity* x 100*
[6] *Shareholders' equity ratio (%) = Shareholders' equity* / Total Assets x 100*
** Shareholders' equity = Total net assets – Share subscription rights – Minority interests*