

Management's Discussion and Analysis

[Overview of Performance]

During the current consolidated fiscal year, the demand for main semiconductor products has recovered steadily and the promotions of a sales policy and of streamlining and rationalization worked effectively. As a result, all segments achieved sales growth and the profit is ensured.

However, due to the drop in the fourth quarter orders following low operating rate, sharp appreciation of yen and the impact from the Great East Japan Earthquake and others, the profit level became insufficient.

NET SALES: ¥45,613 million (increase of 13.2% compared to previous fiscal year)

OPERATING INCOME: ¥761 million (OPERATING LOSS of ¥2,755 million in previous fiscal year)

ORDINARY INCOME: ¥767 million (ORDINARY LOSS of ¥2,997 million in previous fiscal year)

NET INCOME: ¥494 million (NET LOSS of ¥10,011 million in previous fiscal year)

• Semiconductor Devices

<Consolidated net sales: ¥39,341 million; sales mix ratio: 86.3%>

Sales of GaAs IC for communication equipment in China, which was in good demand during the previous fiscal year, decreased due to the production adjustment of certain customers. However sales of Operational Amplifiers, Power Supply ICs, both of which are our main products, and Commissioned products grew well domestically and abroad mainly in the TV and Audio-visual Equipment market, resulting in sales of Semiconductor products increased.

• Microwave Application Products

<Consolidated net sales: ¥2,599 million, sales mix ratio: 5.7%>

Sales of main component products for satellite communication increased due to the recovery of the VSAT (Very Small Aperture Terminal) market. Furthermore sales of the other products grew steadily.

• Microwave Tubes and Radar Components

<Consolidated net sales: ¥3,672 million, sales mix ratio: 8.0%>

Microwave tubes and Radar Components for government and public offices decreased their sale in microwave tubes for some main customers. In regard to that for private sectors, the sales of large-sized and middle-sized electron tubes for domestic customers and of electron tubes for overseas customers increased.