

## **Management's Discussion and Analysis**

### **[Overview of Performance]**

During the current consolidated fiscal year, we had promoted sales policy, streamlining and rationalization. However, because of decreased order of semiconductor products and Japanese Yen which has been stronger for long time and others, we decreased sales and profits compared to previous fiscal year.

Furthermore, we posted an extraordinary loss of 4,847 million Japanese yen as business structural improvement expenses involved in the currently-implemented business structural reforms.

NET SALES: ¥40,272 million (decrease of 11.7% compared to previous fiscal year)  
OPERATING LOSS: ¥4,101 million (OPERATING INCOME of ¥761 million in previous fiscal year)  
ORDINARY LOSS: ¥4,123 million (ORDINARY INCOME of ¥767 million in previous fiscal year)  
NET LOSS: ¥9,098 million (NET INCOME of ¥494 million in previous fiscal year)

#### **• Semiconductor Devices**

**<Consolidated net sales: ¥34,172 million\*, sales mix ratio: 84.9%>**

Sales of commissioned products stayed at the same level as in previous fiscal year. However, operational amplifiers, power supply ICs, both of which are our main products, and GaAs IC decreased their sales sharply.

#### **• Microwave Application Products**

**<Consolidated net sales: ¥2,578 million\*, sales mix ratio: 6.4%>**

Our main component products for satellite communication increased their sales mainly in developing countries. Component products for terrestrial communication to our major customers decreased their sales.

#### **• Microwave Tubes and Radar Components**

**<Consolidated net sales: ¥3,521 million\*, sales mix ratio: 8.7%>**

Sales of microwave tubes and radar components for government and public offices stayed at the same level as in previous fiscal year. As for private sectors, sales of microwave tubes to our major customers decreased.

\* Until previous fiscal year ended March 31, 2011, we presented R&D expenses in "Reconciliations". However, from the fiscal year ended March 31, 2012, we presented R&D expenses within each segment.