

Part II. Explanation of Financial Results

1. Overview of FY 2011 Third-Quarter Consolidated Financial Results

Business Environment

During the first nine months of fiscal 2011 (April 1 – December 31, 2011), the global economy was characterized by economic deceleration including a slowdown of growth in emerging markets and financial market uncertainties in Europe as a result of sovereign debt concerns. In Japan, although supply chains were restored more quickly than anticipated following last year's Great East Japan Earthquake, future economic conditions are increasingly unclear due to a recovery stalled by slowdown in growth outside of Japan, a decline in exports caused by yen appreciation and the flooding in Thailand.

With respect to investment in information and communication technology (ICT) in Japan, there is increasing interest in the use of cloud services for areas such as outsourcing and business continuity planning (BCP) following the Great East Japan Earthquake. However, a full-fledged recovery has yet to materialize as companies continue to maintain a cautious approach with regard to new investments.

FY 2011 Third-Quarter Financial Results

(Billion Yen)

| | 3Q FY 2011 10/1/11- 12/31/11 | 3Q FY 2010 10/1/10- 12/31/10 | Change vs. 3Q FY 2010 | | Change (%) Excl. Impact of FX Fluctuations |
|--|---------------------------------------|---------------------------------------|--------------------------|---------------|---|
| | | | | Change (%) | |
| Net Sales | 1,079.7 | 1,096.4 | -16.7* | -1.5 | 0 |
| Cost of Sales | 797.9 | 794.3 | 3.5* | 0.4 | |
| Gross Profit | 281.8 | 302.0 | -20.2 | -6.7 | |
| [Gross Profit Margin] | [26.1%] | [27.5%] | [-1.4%] | | |
| Selling, General and Administrative Expenses | 278.6 | 280.7 | -2.1 | -0.8 | |
| Operating Income | 3.1 | 21.2 | -18.1 | -85.0 | |
| [Operating Income Margin] | [0.3%] | [1.9%] | [-1.6%] | | |
| Other Income and Expenses | -1.5 | 1.0 | -2.6 | - | |
| Income Before Income Taxes | 1.6 | 22.3 | -20.7 | -92.8 | |
| Income Taxes | 6.9 | 5.7 | 1.1 | 20.3 | |
| Income (Loss) before Minority Interests | -5.2 | 16.6 | -21.9 | - | |
| Minority Interests (Loss) | -0.9 | 0 | -1.0 | - | |
| Net Income (Loss) | -4.3 | 16.5 | -20.8 | - | |

*Note: Amount of projected reduction caused by the Thai floods: Net sales: -34.0 billion yen; operating income: -14.0 billion yen.

The amount of reduction caused by the Thai floods is an estimate of lost sales, higher costs and other factors associated with revisions to planned production and sales figures on account of the floods which took place in Thailand. The impact of parts procurement delays and higher prices, customer production adjustments and other factors is included.

FY 2011 Nine-Month Financial Results

(Billion Yen)

| | FY 2011 First 9 Months 4/1/11- 12/31/11 | FY 2010 First 9 Months 4/1/10- 12/31/10 | Change | | Change (%) Excl. Impact of FX Fluctuations |
|---------------------------|---|---|---------|---------------|---|
| | | | | Change (%) | |
| Net Sales | 3,172.0 | 3,243.8 | -71.8 | -2.2 | -0 |
| Operating Income | 10.2 | 68.4 | -58.2 | -85.0 | |
| [Operating Income Margin] | [0.3%] | [2.1%] | [-1.8%] | | |
| Net Income | 1.4 | 35.6 | -34.1 | -96.0 | |