

## Part II. Explanation of Financial Results

### 1. Overview of FY2012 First-Quarter Consolidated Financial Results

#### Business Environment

During the first quarter of fiscal 2012 (April 1, 2012 – June 30, 2012) in Europe the economy was affected by continued instability in financial markets, as the sovereign debt crisis was exacerbated by political unrest in Greece and financial instability in Spain. The real economy also continued to deteriorate, primarily in southern Europe, as a result of fiscal austerity measures and rising unemployment. Although the US is experiencing a mild recovery, the slow pace of the recovery in employment is spurring concerns that the economy could slow down. Economic growth in emerging market countries has moderated as exports have declined due to the European recession.

Economic conditions in Japan were bolstered by solid domestic demand on the back of reconstruction efforts following the Great East Japan Earthquake and the impact of subsidies for hybrid car purchases. Although there were signs of a partial recovery in demand for Japanese exports, the recent trends of an ever-stronger yen and the risk of slowdown in global markets have resulted in rising uncertainty.

#### FY2012 First-Quarter Financial Results

(Billion Yen)

	1Q FY 2012 4/1/12- 6/30/12	1Q FY 2011 4/1/11- 6/30/11	Change vs. 1Q FY 2011		Change (%) Constant currency
				Change (%)	
Net Sales	957.3	986.0	-28.7	-2.9	-1
Cost of Sales	706.7	721.5	-14.7	-2.0	
Gross Profit	250.6	264.5	-13.9	-5.3	
[Gross Profit Margin]	[26.2%]	[26.8%]	[-0.6%]		
Selling, General and Administrative Expenses	275.6	281.7	-6.0	-2.1	
Operating Income (Loss)	-25.0	-17.1	-7.9	-	
[Operating Income Margin]	[-2.6%]	[-1.7%]	[-0.9%]		
Other Income and Expenses	0.1	-9.2	9.3	-	
Income (Loss) Before Income Taxes	-24.9	-26.3	1.4	-	
Income Taxes	-1.8	-3.0	1.1	-	
Income (Loss) Before Minority Interests	-23.0	-23.3	0.2	-	
Minority Interests (Loss)	0.7	-2.9	3.6	-	
Net Income (Loss)	-23.7	-20.4	-3.3	-	

[Consolidated Earnings Projections for FY2012, as of April 27, 2012.]

(Billion Yen)

	FY2011(Actual)			FY2012(Forecast*)			Change vs. FY2011		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net Sales	2,092.3	2,375.2	4,467.5	2,100.0	2,450.0	4,550.0	7.6	74.7	82.4
Operating Income	7.0	98.2	105.3	5.0	130.0	135.0	-2.0	31.7	29.6

\*Please refer to Page 21 for latest earnings projections as of July 27, 2012.