

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

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

During the current consolidated fiscal year, we had promoted sales policy focusing on each customers and expansion of new products. However, the sales of the fiscal year fell below the initial plan.

We also promoted streamlining and rationalization, and reduced costs including payroll and expenses. However, we posted an operating loss by the large effect of the drop in sales.

Furthermore, we decided to reverse the deferred tax asset as a result of reviewing the collectability. And we booked business structure improvement expenses for voluntary retirement.

As a result, we posted a huge current net loss.

Sales: ¥40,287 million (decrease of 11.9% compared to previous fiscal year)

Operating Loss: ¥2,755 million (operating income of ¥4,364 million in previous fiscal year)

Ordinary Loss: ¥2,997 (ordinary income of ¥4,531 million in previous fiscal year)

Current Net Loss: ¥10,011 (current net income of ¥2,781 million in previous fiscal year)

#### **• Semiconductor Devices**

**<Consolidated net sales: ¥34,585 million; sales mix ratio: 85.8%>**

Sales of GaAs IC for communication equipment in China increased, but sales of the other products plunged. Commissioned products of NJR FUKUOKA CO., LTD. had also weakened.

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

**<Consolidated net sales: ¥2,539 million, sales mix ratio: 6.3%>**

Due to the slumping market, sales of all products including main products for satellite communication decreased.

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

**<Consolidated net sales: ¥3,163 million, sales mix ratio: 7.9%>**

Some of the Microwave tubes and Radar Components for government and public offices increased their sales, but sales of the other products decreased.