

First-Half of FY2009

FY2009:ending on March 31,2010

Outline of Financial Results and
Future Growth Strategy



KURODA ELECTRIC Co., Ltd.

Financial Results of First-Half FY2009

1. Financial Results of First-Half
～Market recovery and profits improvement
due to structural reform～

2. Growth Strategy
～Business expansion and the management
enhancement of the whole Kuroda group ～

FY2009/9 (2Q) Highlights

Consolidated Financial Summary		Topics
Net Sales	¥ 71,325 million (23.7% down from previous first-half) (11.7% up from previous second-half)	<ul style="list-style-type: none"> ■ The pace of market recovery was faster than expected and orders have picked up during the first-half. (11.4 % up than estimates) ■ Demand recovery for automotive electronic components thanks to government tax breaks and subsidies for eco-friendly cars. (26.5% up from previous second-half) ■ Robust demand for LCD-related products for thin-model and eco-model TVs (34.7% up from previous second-half) ■ Exporting LCD-related products such as PCB have recovered. (51.1% up from previous second-half) ■ Sales are expected to remain strong during 3Q, but still uncertain for 4Q.
Operating Income	¥2,217 million (30.2% down from previous first-half) (85.8% up from previous second-half)	<ul style="list-style-type: none"> ■ Improvement of gross margin (compared with previous second-half: 11.59%→11.91%) profit increase of ¥228 million ■ SG &A ratio against sales decreased. (compared with previous second-half: 9.72%→8.80%) profit increase of ¥654 million ■ Due to gross margin improvement and structural reform, operating profit has risen from 1.87% of previous second-half to 3.11%.
Net Income	¥1,247 million (48.0% down from previous first-half) (Net losses of previous second-half : △¥80 million)	<ul style="list-style-type: none"> ■ Non-operating income: +¥ 194 million, Non-operating expenses: △¥117 million ■ Extraordinary losses : △¥334 million (Loss on valuation of investment securities and other) ■ Income before income taxes: ¥2.26 billion (tax rate:42.5%)

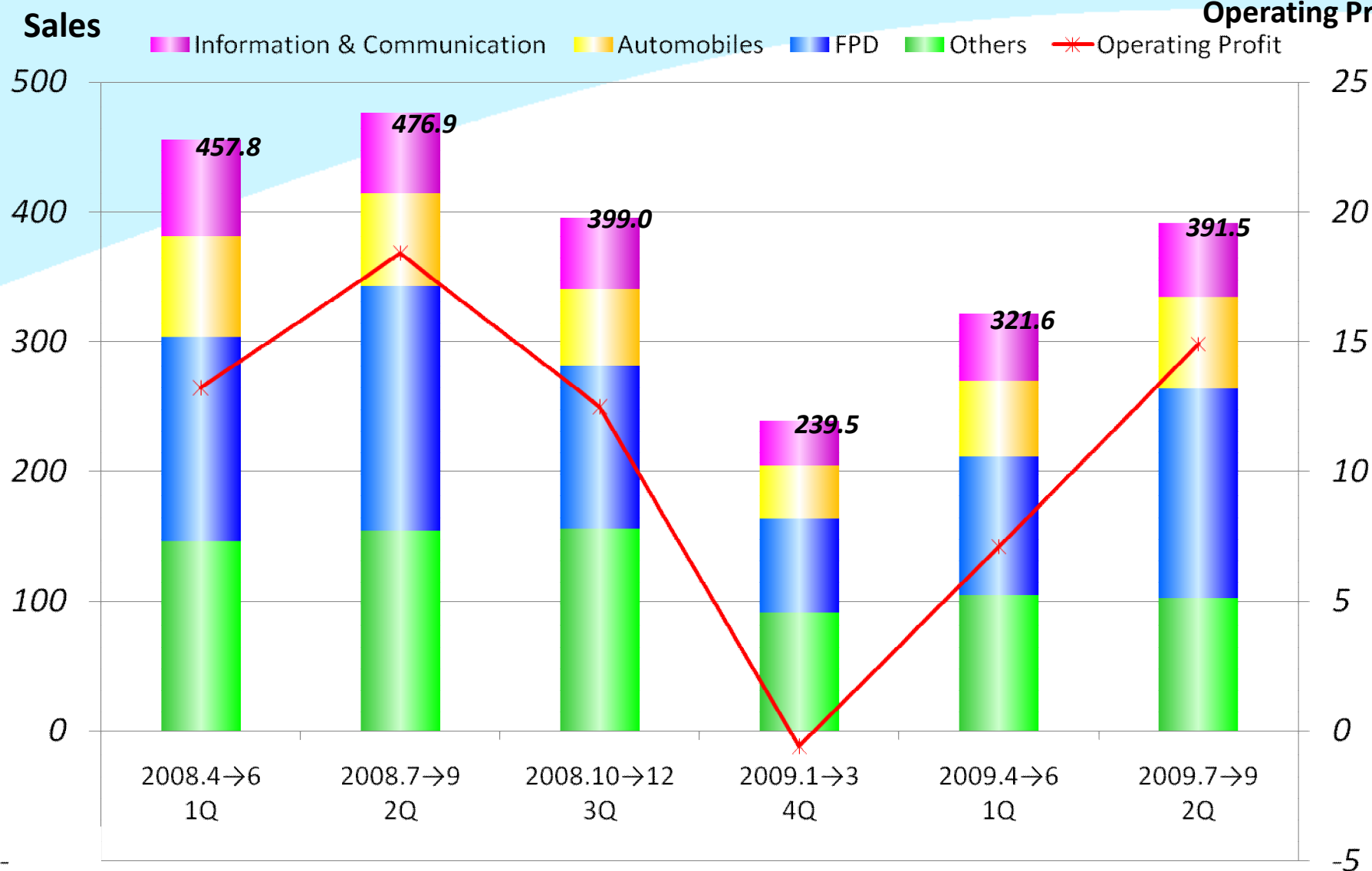
■ Earnings Forecasts for 2010/3

Sales: ¥138,000 million/Operating Profit : ¥4,000 million/ Ordinary Profit: ¥4,000 million/Net Earnings: ¥2,200 million
 Though the pace of market recovery in some segments was faster than expected during the first-half, global business climate of electronics industry is still uncertain and inventory adjustments and exchange rate fluctuation are still unstable. The company hasn't changed the earnings forecasts for the year ending March 31,2010.

Sales by Major Industrial Segments

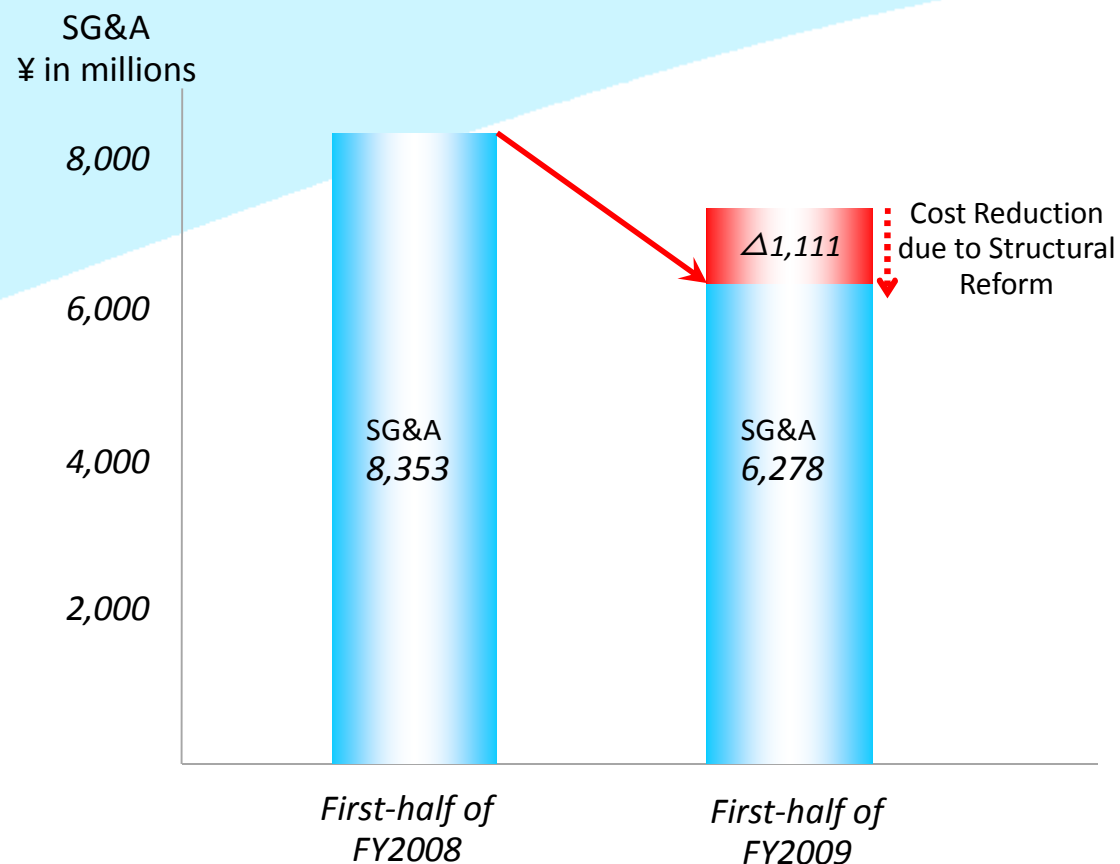
(¥in billion)

Operating Profit



Structural Reform

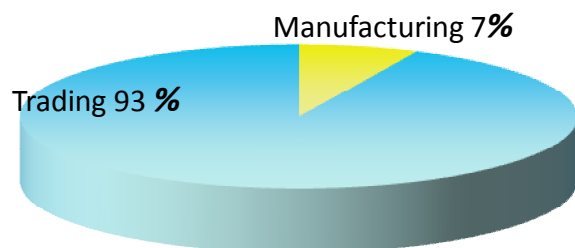
■ In-house logistics operation and other attempts for expenditure cut including rent reduction have improved company quality and management bases.



■ Promoting structural reform resulted in **total reduction of ¥ 1.1 billion in SG&A from the first-half of the previous year.**

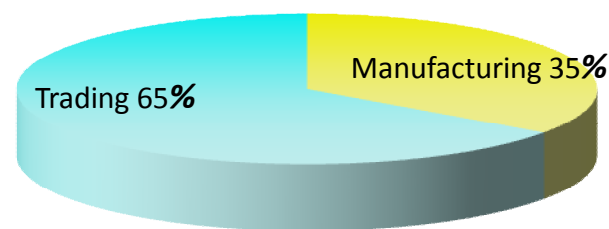
Ratio of Trading / Manufacturing (consolidated)

Sales



before eliminated by consolidation

Operating Profit



before eliminated by consolidation

		2006/3	2007/3	2008/3	2009/3	2009/9
Sales	Manufacturing	15%	17%	12%	12%	7%
	Trading	85%	83%	88%	88%	93%
Operating Profit	Manufacturing	42%	34%	37%	53%	35%
	Trading	58%	66%	63%	47%	65%

Growth Strategy

1. Financial Results of First-Half

～Market recovery and profits improvement due to structural reform～

2. Growth Strategy

～Business expansion and the management enhancement of the whole Kuroda group ～

Investment for Business Strategy

■ Kuroda has made Nichido-Denko Co., Ltd. its subsidiary in October, which enables Kuroda to enter power and energy industry-related businesses.

Outline of Nichido-Denko Co., Ltd.

Customers: Local power companies, Electrical construction companies and Telecom companies.

Products: Ground bars, Pull boxes, Covers and others

(FY 2008 : ending August 31, 2008)

Sales: ¥7 billion, Ordinary Profit: ¥0.2 billion,

Capital : ¥0.19 billion

Kuroda Electric has acquired 69.22% of Nichido-Denko Co., Ltd. stocks.

Synergy Effect

- Business expansion by cultivating sales route for energy and energy-saving-related fields
- Photovoltaic-related businesses are expected to expand.
- Selling outlets to heavy electric machinery industry customers have been developed.
- Financial impact to consolidated performance (Stable performance is expected.)

■ In October 2009, Kuroda-Techno's new factory started operation in Yokohama to reinforce photovoltaic business.

Production Item

- Electrode soldering equipments for thin film solar cell panels
- Manufacturing and inspection equipments for HDD
- Automated carrier devices and others

Capacity

For electrode soldering equipments for PV

10 sets /year → 15 sets / year (at enlarged factory)

More than 50% capital increase is possible after planned second expansion.



For Corporate Growth

Information &
Communication

Automobiles

Flat Panel
Displays

Photovoltaic

New Businesses

Expansion into new businesses targeting new markets (China, new solutions, new items)
Strengthened logistics (boosting capacity to deal with global logistics and enhancement of inventory function)

Manufacturing function (fabless) increase and new market cultivation by aggressively pursuing M&A and business alliances

(Market environment)
Rapid progress of globalization
Growth market transformation

collaboration

(Business environment)
Investment in businesses
Balance sheet improvement

- Business expansion of both trading and manufacturing segments by combining the benefits of each segments
- Transformation of the corporate structure by going ahead of the needs of the age
- Management enhancement of the whole Kuroda group by capitalizing its strengths

Business Strategy of Major Segments

■ Flat Panel Displays

- Efficient follow-up of increasing overseas production
- Overseas procurement and the sales promotion of the overseas products
- Sales activities riding the wave of technological innovation

■ HDD

- Cooperation with existing domestic suppliers (to respond to overseas production)
- Development of the new products and processing methods
- Entry of the assembled products manufactured by Kuroda-Techno's equipment technology

■ Photovoltaic

- Sales expansion of ultrasonic soldering devices
- Sales promotion to Japanese photovoltaic manufacturers
- Business with Nichido-Denko (system integrator)

■ Automobiles

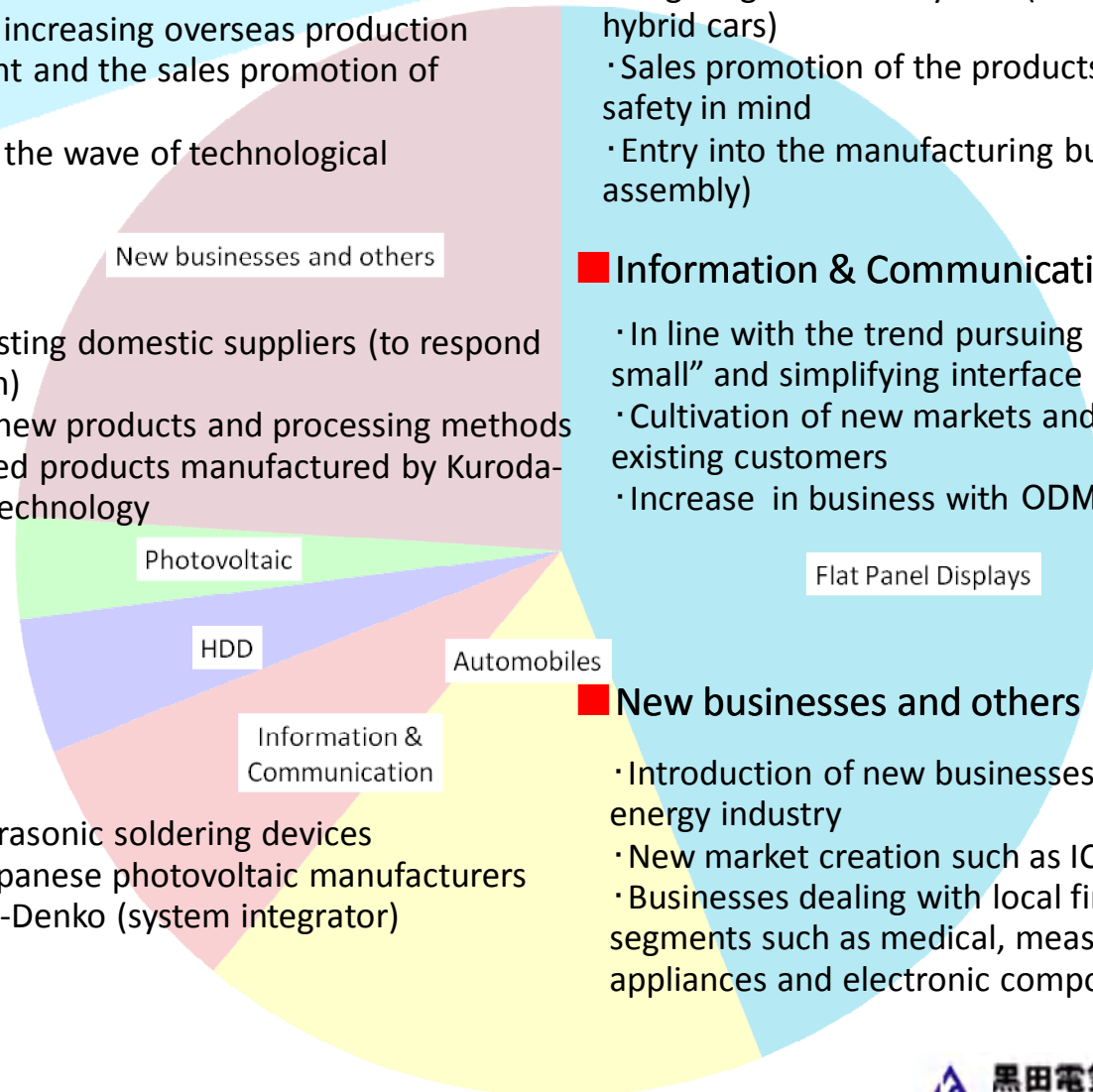
- Targeting eco-friendly cars (electric cars, fuel-cells, hybrid cars)
- Sales promotion of the products developed with safety in mind
- Entry into the manufacturing business (component assembly)

■ Information & Communication

- In line with the trend pursuing "light, thin, short and small" and simplifying interface devices
- Cultivation of new markets and new items targeting existing customers
- Increase in business with ODM manufacturers

■ New businesses and others

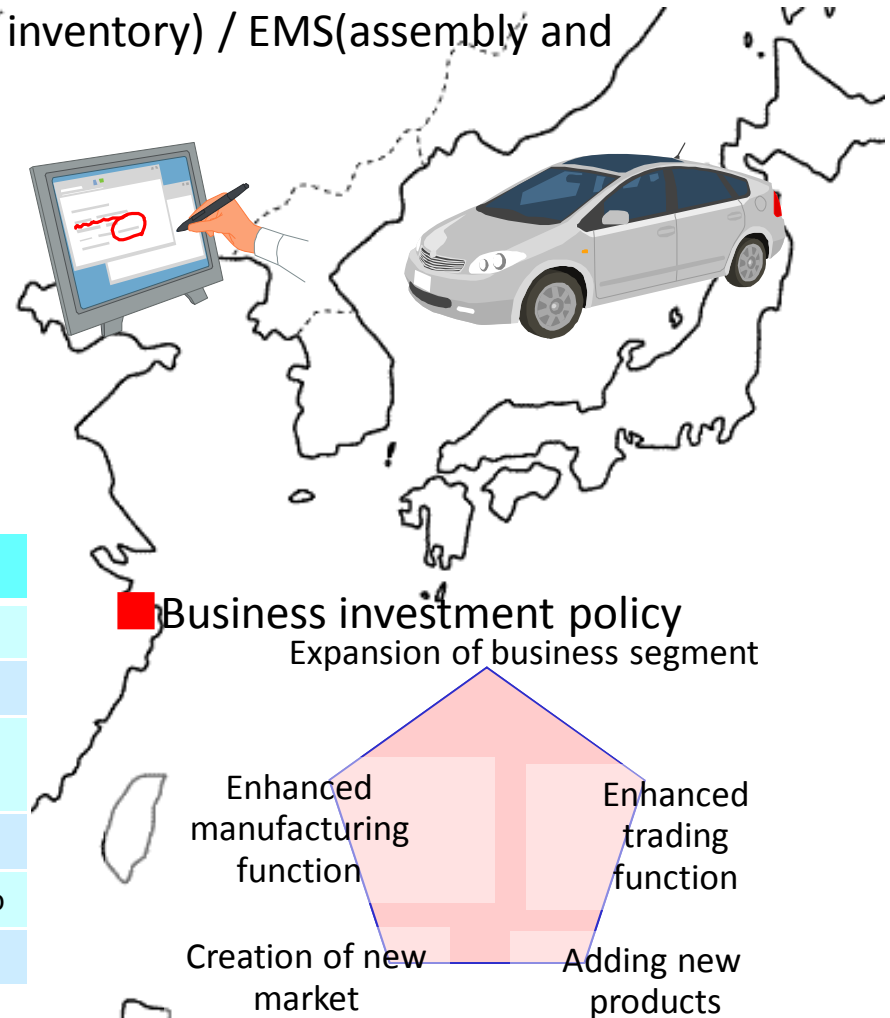
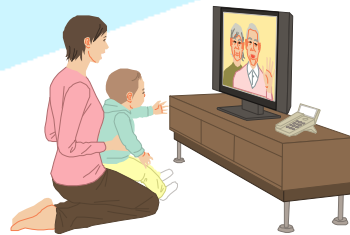
- Introduction of new businesses related to power and energy industry
- New market creation such as IC tags (Kumura-Tech)
- Businesses dealing with local firms in various segments such as medical, measurement, home appliances and electronic components



Business Strategy for Chinese Market

~to seize the growth opportunities of the Chinese market~

- Business expansion targeting Chinese factories of Japanese manufactures, promoting the businesses dealing with local firms and Kuroda's Chinese subsidiaries
- Spec-in activities in China → VMI (logistics and inventory) / EMS (assembly and manufacturing)

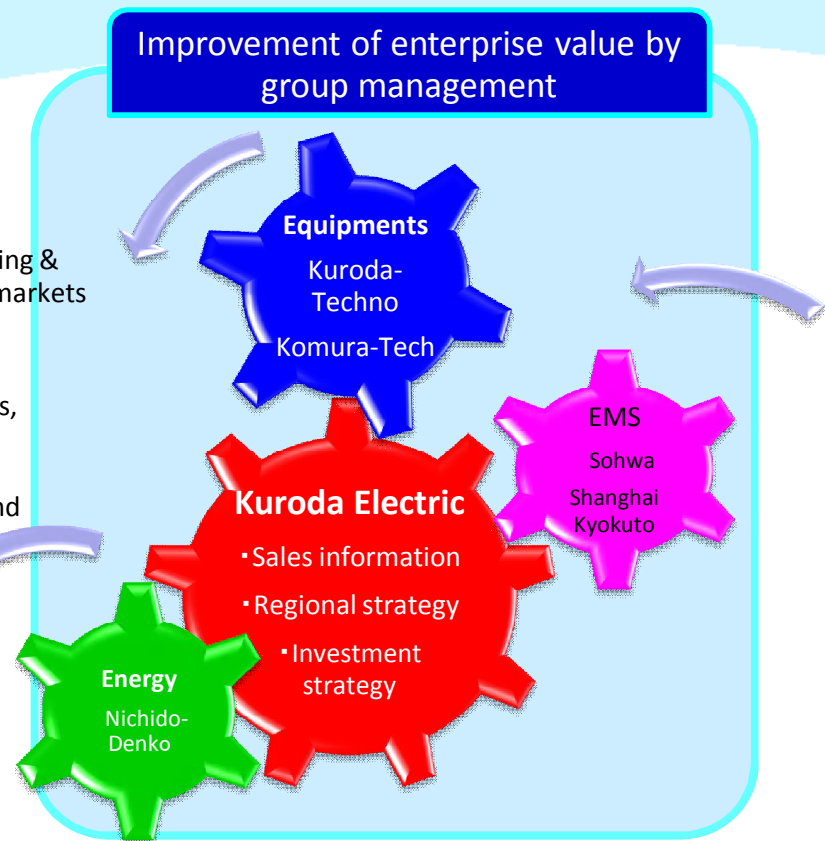
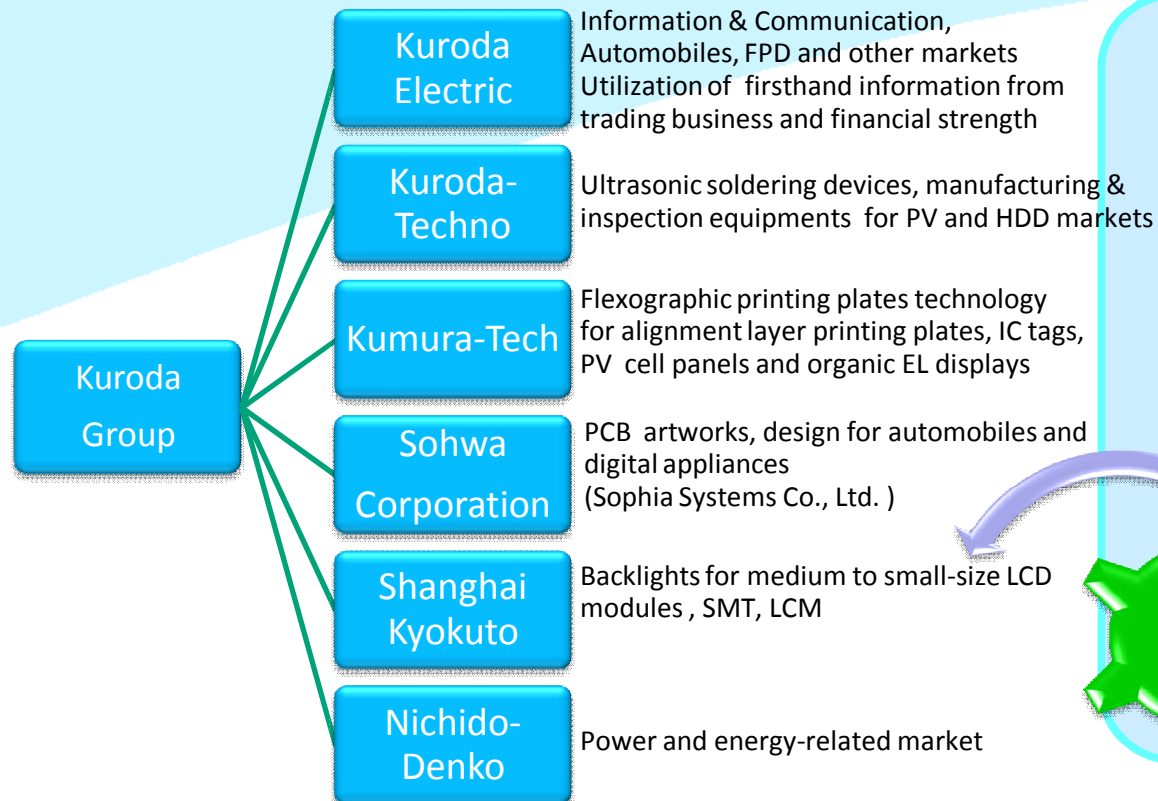


M&A/ Business Alliance

time	event
March 2008	Acquisition of Sohwa Corporation
April 2008	Capital increase of Komura-Tech
July 2008	Establishment of Cosmo Kuroda Electric (Joint venture with Cosmotec)
August 2008	Business alliance with Shanghai Kyokuto
April 2009	Establishment of Yokohama factory at Kuroda-Techno
October 2009	Acquisition of Nichido-Denko

The Management Enhancement of Whole Kuroda Group

■ Collaboration of trading and manufacturing segments



Manufacturing subsidiaries' unique technologies are integrated into value-added original products in various fields with the help of valuable information accumulated at trading sectors in line with each theme.
(example) photovoltaic -related project ⇒ our own technologies + newly-added energy-related business + sales of our own EMS products

Improvement of enterprise value of Kuroda group = maximization of enterprise value and profit of Kuroda Electric + its subsidiaries

CSR/ Commitment to Environment Protection

■ Kuroda Electric Group is certified according to ISO9001/14001 by SGS.

Worldwide Integrated ISO Certification

Receiving worldwide integrated ISO certification in September 2009 enables the company to strengthen the group-wide governance of its quality and environmental activities and increase business efficiency, which will enhance satisfaction of customers and other stakeholders.



■ What Kuroda can do for “one precious earth.”

Environment-serving activities ~Forest Protection~

Since 2004, Kuroda has been participating in forest protection activities such as planting and thinning trees in various areas in Japan. Last year we started an environment protection activity in Ome, Tokyo. Through the project we set up company-protection area in a forest and our employees planted the trees with small amount of pollen with an aim to cut CO2 emission. This year we weeded and trimmed the trees.

This forest gives us a precious opportunity to enhance environment education of our employees and promote friendship between family members of our employees and local community.

What's important is how each person feels about one precious earth. Kuroda is striving to continue these activities and demonstrate our group-wide commitment to environment .



Participants in 2009 weeding & trimming project

Growth Strategy of Kuroda Group

Based on the growth strategy stated in this presentation, Kuroda is striving to achieve the following targets.

Sales Target : ¥200 billion

Operating Profit Target : ¥10 billion

Addressing the market needs of the age, stable financial standing enables us to invest management resources aggressively and intensively on promising businesses on a global scale and to seek optimal and robust corporate structure. We will contribute to worldwide development of electronics industries and make an effort to improve our enterprise value and seek to earn public confidence as a socially responsible company.

Consolidated Statements of Income

(¥ in billion)

	2008/9	2009/9	Y/Y
Net Sales	934	713	△23.7%
Operating Income	31	22	△30.2%
Ordinary Income	36	22	△37.5%
Net Income	23	12	△48.0%
Total Assets	902	844	△58
Net Assets	431	430	△ 1
Capital-to-Asset Ratio	47.0%	50.1%	

Consolidated Balance Sheets

(¥ in billion)

	March 31,2009	September 30,2009	Change
Current Assets	614	708	93
(Cash and Deposits)	153	185	32
(Notes and Account Receivables, Trade)	327	400	72
(Short-term Investment Securities)	14	8	△ 5
(Other)	119	113	△ 6
Non Current Assets	130	135	5
Property ,Plant and Equipment	72	72	0
Intangible Assets	7	7	0
Investments and Other Assets	49	55	5
Total Assets	745	844	98
Current Liabilities	261	336	75
(Notes and Accounts Payable, Trade)	212	292	79
(Short-term Loans Payable)	28	19	△ 8
(Other)	20	24	4
Non Current Liabilities	71	77	6
Total Liabilities	332	414	81
Total Net Assets	412	430	17
Total Liabilities and Net Assets	745	844	98

Consolidated Statements of Cash Flows

(¥ in millions)

	September 30, 2009
Income before Income Taxes	2,260
Depreciation and Amortization	478
Decrease in Notes and Accounts Receivable, Trade	△ 6,561
Decrease in Inventories	1,288
Increase in Notes and Accounts Payable, Trade	7,397
Others	119
Net Cash Provided by (Used in) Operating Activities	4,982
Purchase of Property, Plant and Equipment	△ 412
Purchase of Investment Securities	△ 412
Purchase of Investments in Subsidiaries	△ 335
Others	79
Net Cash Provided by(Used in) Investing Activities	△ 1,081
Net Increase in Short-term Loans Payable	△ 980
Proceeds from Long-term Loans Payable	700
Cash Dividends Paid	△ 401
Others	△ 151
Net Cash Provided by(Used in) Financing Activities	△ 832
Cash and Cash Equivalents at End of Period	18,595

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