FerroTec

November 12, 2010

Business Results for the Second Quarter of Fiscal Year Ending March 31, 2011
(Six Months ended September 30, 2010)

Company name: Ferrotec Corporation — Stock exchange listing: Osaka, JASDAQ market
Stock code: 6890 — URL: http:// www.ferrotec.co.jp
Representative: Akira Yamamura, Representative Director & President
Contact: Takeru Yamamura, Director — Tel: +81-3-3281-8186
Scheduled date of filing of Quarterly Report: November 15, 2010
Starting date of dividend payment: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and securities analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2010 (April 1, 2010 – September 30, 2010)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2010	23,765	77.0	2,243	-	1,893	-	1,344	-
Six months ended Sep. 30, 2009	13,423	(31.3)	(543)	-	(504)	-	(437)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2010	54.22	-
Six months ended Sep. 30, 2009	(19.28)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Sep. 30, 2010	53,286	22,695	41.8	896.93
Mar. 31, 2010	47,963	22,581	46.1	892.19

Reference) Shareholders' equity Sep. 30, 2010: 22,247 million yen Mar. 31, 2010: 22,129 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2010	-	0.00	-	12.00	12.00
Fiscal year ending Mar. 31, 2011	-	0.00			
Fiscal year ending Mar. 31, 2011 (forecast)			-	12.00	12.00

Note) Revision of dividend forecast during the period: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	46,500	47.4	4,100	482.9	3,400	548.6	2,300	-	92.73

Note) Revision of consolidated forecast during the period: Yes

4. Others (Please refer to “2. Other Information” on page 5 of the attached documents for further information)

(1) Changes in consolidated subsidiaries during the period: None

Note: Changes in specified subsidiaries affecting the scope of consolidation during the period

(2) Application of simplified accounting methods and special accounting methods: Yes

Note: Application of simplified accounting methods and special accounting methods for presenting quarterly consolidated financial statements

(3) Changes in accounting principles, procedures and presentation methods

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Changes in accounting principles, procedures and presentation methods for presenting quarterly consolidated financial statements described in “Change in Basis for Presentation of Quarterly Consolidated Financial Statements”

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at end of period (including treasury stock)

Sep. 30, 2010:	24,897,022 shares	Mar. 31, 2010:	24,897,022 shares

2) Number of treasury stock at end of period

Sep. 30, 2010:	93,344 shares	Mar. 31, 2010:	93,344 shares

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2010:	24,803,678 shares	Six months ended Sep. 30, 2009:	22,715,763 shares

* Information regarding the implementation of quarterly review procedures

The current quarterly financial statements are exempted from quarterly review procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, we have not completed the review process for these consolidated statements.

* Cautionary statement with respect to forward-looking statements

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to the section “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Qualitative Information Regarding Consolidated Forecasts” on page 2 regarding preconditions or other related matters for the forecast shown above.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

In the first half of the current fiscal year, the Japanese real economy gradually recovered driven by growth in emerging economies from the start of the year, but the yen continued to appreciate as the currencies of developed nations further depreciated on concerns of fiscal deterioration in Europe. However, the US economy, the driver of the global economy, began to weaken due to diminishing benefits from economic stimulus measures, unemployment remained high, and the housing market continued to suffer an oversupply of inventory. The outlook for the global economy remained uncertain as a result.

In the electronics industry, the main source of demand for the Group's products, many companies in the semiconductor and LED industries announced plans to invest in capital equipment as their production was running at full capacity due to a shift higher in demand from the recovery at the start of the year. In the FPD (LCD and organic electroluminescence) industry as well, many companies, particularly in Taiwan and Korea, announced plans to build new factories to meet rising demand in emerging markets. In the photovoltaic cell industry, construction of mega-solar power stations has begun world-wide and demand is growing in Europe, the US, and Asia including Japan. Chinese companies, which enjoy a cost-competitive advantage, are growing in strength and currently account for 60% of photovoltaic panel and cell production worldwide.

Against this backdrop, orders for various products in the equipment-related business recovered sharply, causing a rise in capacity utilization rates; for some products, orders exceeded our manufacturing capacity. In the photovoltaic cell-related business, orders were steady for the large new silicon crystal production equipment model and silicon crystal block wire saws we launched in March 2010. Shipments of silicon crystal production equipment were also generally in line with plan. In the electronic devices business, sales of thermoelectric modules for the mainstay application of temperature-adjustable car seats grew on the back of a recovery in the US auto market and strong auto sales in China which became the largest auto market in the world in terms of unit sales. Sales of thermoelectric modules were also firm to the semiconductor, consumer electronics, and fiber optic telecommunications equipment industries.

As a result, consolidated net sales increased 77.0% year-on-year to 23,765 million yen. Operating income was 2,243 million yen compared with an operating loss of 543 million yen in the same period of the previous fiscal year, ordinary income was 1,893 million yen compared with an ordinary loss of 504 million yen, and net income was 1,344 million yen compared with a net loss of 437 million yen.

The Group's business segments, which were categorized into the "equipment-related business," the "photovoltaic related business," the "electronic devices business," and the "CMS business," are re-categorized into the "equipment-related business," the "photovoltaic related business," and the "electronic devices business" based on similarity in use of products and form of transactions. We have reclassified silicon wafer processing, formerly in the CMS business up through the previous fiscal year, into the equipment-related business from the current fiscal year. As a result of this change, we have not included year-on-year comparisons for each segment.

Below is a summary of business conditions in each segment.

Equipment-related business

Vacuum feedthroughs, quartz products, and ceramic products are the mainstay products in the equipment-related business in addition to silicon wafer processing.

Sales of vacuum feedthroughs were firm as semiconductor and FPD manufacturers increased investment in new equipment on the back of a sharp recovery in semiconductor markets in Taiwan and Korea, and due to deep-rooted demand for LED manufacturing equipment among US and European manufacturers. Sales of consumables used in manufacturing processes, including quartz and ceramic products, were also firm as capacity utilization at device makers remained steady at high levels. Sales of quartz products grew particularly well because they are used in the manufacturing processes of semiconductors, LEDs, and photovoltaic cells. Our US subsidiary acquired at the beginning of this year a business that manufactures deposition equipment for use in LED manufacturing processes, and sales were firm.

Sales in the business totaled 13,806 million yen. Operating income totaled 1,370 million yen.

Photovoltaic related business

Silicon crystal production equipment for photovoltaic cells, quartz crucibles, and silicon products used in photovoltaic cells are the mainstay products in the photovoltaic related business.

Sales of silicon crystal production equipment trended in line with plan due to steady shipments, and we expect to maintain full production through the end of the fiscal year due to firm orders. As for silicon products used in photovoltaic cells, sales were firm due to a recovery in market demand and because we launched sales of wafers. Sales of quartz crucibles are rising as we have been boosting production capacity in stages to match rising orders; quarter crucibles have become a growth product.

Sales in the business totaled 6,791 million yen. Operating income totaled 357 million yen as we provided an allowance for doubtful receivables in the second quarter following an examination of the possibility of recovering accounts receivable from some clients.

Electronic devices business

Thermoelectric modules and ferrofluids are the mainstay products in the electronic devices business.

Sales of thermoelectric modules for temperature-adjustable car seats, the mainstay application, rose on the back of an increase in auto sales in the US market and Asian markets centered on China. Sales were also strong to the semiconductor industry which is picking up, and to the consumer electronics industry due to strong sales of air-conditioners and other seasonal products during this summer's heat wave; sales were also firm to high-end applications in the medical testing equipment, biotechnology, and fiber optic telecommunications equipment industries. We introduced an automated line at our Chinese subsidiary, which is primarily in charge of the manufacture of thermoelectric modules, to tamp down labor expenses. Our Russian subsidiary manufactures some thermoelectric modules for high-end applications.

Sales in the business totaled 3,050 million yen. Operating income totaled 411 million yen.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets

Assets at the end of the second quarter of the current fiscal year increased 5,322 million yen over the end of the previous fiscal year to 53,286 million yen on a consolidated basis. The main factor was the increase of notes and accounts receivable.

Liabilities

Liabilities increased 5,208 million yen to 30,590 million yen, mainly due to the increase of notes and accounts payable.

Net assets

Net assets increased 114 million yen to 22,695 million yen. The main factors include decreases in dividend payment of 297 million yen and foreign currency translation adjustment of 800 million yen, and a booking of 1,344 million yen of net income.

Cash Flow Position

Consolidated cash and cash equivalents totaled 6,440 million yen at the end of the second quarter, up 573 million yen from the end of the previous fiscal year.

Cash flows in the first half of the current fiscal year were as follows.

Cash flow from operating activities

Net cash provided by operating activities was 527 million yen. The main factor included an addition of net of depreciation and other non–cash expenses to net income before income taxes and minority interests of 1,916 million yen and increase in notes and accounts receivable.

Cash flow from investing activities

Net cash used in investing activities was 1,124 million yen, mainly due to the payments for purchase of tangible fixed assets.

Cash flow from financing activities

Net cash provided by financing activities was 1,457 million yen, mainly due to an increase in short-term borrowings.

(3) Qualitative Information Regarding Consolidated Forecasts

Over the full fiscal year, we forecast the global economy will continue to gradually recover driven by growth in emerging economies, but that the economic environment will remain uncertain as the US implements quantitative easing to deal with its slowing economic recovery and protracted unemployment, and concerns exist about the effect on regional economies of the shift in Japanese manufacturing overseas due to ongoing deflation and excessive appreciation of the yen.

In the electronics industry, the source of demand for the Group's products, the semiconductor industry has shifted from an uptrend in production to stabilization, the appetite for capital investment has waned, and the overheated market is gradually cooling. The FPD industry, which underwent some adjustment, has seen a growing appetite for capital investment among Korean and Taiwanese firms due to demand for digital products in emerging countries, and the launch of smartphones and electronic pads. In the solar cell industry, solar power generation is expanding and is expected to exceed 12 gigawatts worldwide. Production of photovoltaic panels and cells is expanding in China for export to European and Asian markets. The spot prices of polysilicon, a raw material, and wafers and cells, are rising.

In this business environment, we aim to expand the sales channels of various products in the equipment-related business to China, Taiwan, Korea, and other Asian markets, and to Europe and the USA. We also aim to expand embedded orders from overseas clients for vacuum feedthroughs and vacuum chambers used in various manufacturing equipment. In the photovoltaic cell-related business, we will concentrate our management resources on the development of silicon crystal production equipment and various equipment used in other manufacturing stages. We will invest in boosting production of silicon wafers used in photovoltaic cells, and the construction of a plant for making quartz tanks used in the manufacture of polycrystalline. We finished procuring 2,000 million yen from the issue of stock option bonds on November 5, 2010 in line with our notice "Issue of No.1 uncollateralized convertible bond stock option bonds via third-party placement" of October 18, 2010. As for thermoelectric modules in the electronic devices business, we will expand sales channels from the mainstay application of temperature-adjustable car seats to medical device, biotechnology, fiber optic telecommunications equipment, and other high-end applications. We introduced an automated line at our Chinese subsidiary, which is primarily in charge of the manufacture of thermoelectric modules, to tamp down labor expenses. We will gradually increase the number of automated lines to cut costs.

Against this backdrop, our full-year forecasts for the fiscal year ending March 31, 2011 are as follows.

Assuming a foreign exchange rate of 82 yen to one US dollar, we forecast consolidated sales of 46,500 million yen, operating income of 4,100 million yen, ordinary income of 3,400 million yen, and net income of 2,300 million yen.

2. Other Information

(1) Overview of Changes in Consolidated Subsidiaries

Not applicable.

(2) Overview of Application of Simplified Accounting Methods and Special Accounting Methods

Simplified accounting methods

1. Method for estimating the uncollectible amount of general receivables

   The uncollectible amount of general receivables was estimated using the historical write-off ratio at the end of the previous fiscal year as the ratio at the end of the second quarter of the current fiscal year was found not to be significantly different from the ratio at the end of the previous fiscal year.

2. Valuation of inventories

   Inventory write-down is based on the current net sales value of items on which profit margins have declined significantly.

3. Calculation of deferred tax assets and deferred tax liabilities

   Judgments about the recoverability of deferred tax assets are made based on earnings forecasts and tax planning, as in the previous fiscal year, as there have been no significant changes in the operating environment or in the occurrence of temporary differences since the end of the previous fiscal year.

Special accounting methods in the preparation of quarterly consolidated financial statements

Calculation of tax expense

The tax expense was calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to net income before income taxes and minority interests in the current fiscal year, and multiplying that rate by the quarterly net income before income taxes and minority interests.

Deferred income taxes were included and displayed with income taxes.

(3) Overview of Changes in Accounting Principles, Procedures and Presentation Methods

Accounting standard for asset retirement obligations

Beginning with the first quarter of the current fiscal year, “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) have been applied.

The application of these standards decreased net income before income taxes and minority interests by 63,156 thousand yen, and does not have material effects on operating income and ordinary income. In addition, these changes increased the account balance of asset retirement obligations by 96,640 thousand yen.

“Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounting for Using the Equity Method”

Beginning with the first quarter of the current fiscal year, “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, issued on March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounting for Using the Equity Method” (ASBJ Practical Issue Task Force (PITF) No. 24, March 10, 2008) have been applied.

There is no effect on ordinary income and net income before income taxes and minority interests.

Accounting standards concerning business combinations

Beginning with the first quarter of the current fiscal year, “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, December 26, 2008), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, December 26, 2008), and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008) have been applied.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of Sep. 30, 2010	As of Mar. 31, 2010
Assets		
Current assets		
Cash and deposits	6,688,561	7,345,791
Notes and accounts receivable	12,535,442	10,129,541
Merchandise and finished goods	2,797,561	2,211,320
Work in process	2,063,708	1,562,755
Raw materials and supplies	2,940,767	2,024,578
Other current assets	2,739,289	2,501,778
Allowance for doubtful receivables	(111,087)	(153,467)
Total current assets	29,654,243	25,622,299
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	4,989,180	5,076,783
Machinery and vehicles, net	6,216,440	5,348,796
Tools, furniture and fixtures, net	2,504,867	2,570,364
Land	2,792,578	2,803,452
Lease assets, net	19,587	13,856
Construction in progress	1,262,208	1,130,246
Total tangible fixed assets	17,784,863	16,943,500
Intangible assets		
Goodwill	1,836,655	1,942,657
Other intangible assets	929,462	986,040
Total intangible assets	2,766,118	2,928,698
Investments and other assets		
Other investments and other assets	3,514,660	2,516,385
Allowance for doubtful receivables	(433,673)	(47,192)
Total investments and other assets	3,080,987	2,469,193
Total fixed assets	23,631,969	22,341,391
Total assets	53,286,213	47,963,691

(Thousands of yen)

	As of Sep. 30, 2010	As of Mar. 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable	7,665,304	4,988,240
Short-term borrowings	8,489,092	6,904,993
Current portion of long-term borrowings	3,110,631	3,199,223
Accrued income taxes	334,835	114,398
Reserve for bonuses payable	509,469	191,882
Other current liabilities	4,161,043	3,840,697
Total current liabilities	24,270,376	19,239,436
Long-term liabilities		
Corporate bonds	150,000	150,000
Long-term borrowings	5,167,840	5,000,578
Liability for retirement benefits	85,322	65,493
Liability for retirement benefits to officers	78,620	67,248
Asset retirement obligations	97,466	-
Other long-term liabilities	740,894	859,390
Total long-term liabilities	6,320,144	6,142,710
Total liabilities	30,590,520	25,382,146
Net assets		
Shareholders' equity		
Common stock	9,134,329	9,134,329
Capital surplus	9,736,241	9,736,241
Retained earnings	5,239,352	4,192,082
Treasury stock	(86,297)	(86,297)
Total shareholders' equity	24,023,626	22,976,356
Valuation and translation adjustments		
Net unrealized holding gain on securities	86,314	215,248
Foreign currency translation adjustment	(1,862,721)	(1,061,951)
Total valuation and translation adjustments	(1,776,407)	(846,703)
Minority interests	448,474	451,892
Total net assets	22,695,693	22,581,544
Total liabilities and net assets	53,286,213	47,963,691

(2) Consolidated Statements of Income

(For the Six-month Period)

(Thousands of yen)

	Six months ended Sep. 30, 2009 (Apr. 1, 2009 – Sep. 30, 2009)	Six months ended Sep. 30, 2010 (Apr. 1, 2010 – Sep. 30, 2010)
Net sales	13,423,645	23,765,460
Cost of sales	10,100,354	16,254,106
Gross profit	3,323,290	7,511,354
Selling, general and administrative expenses	3,866,530	5,267,795
Operating income (loss)	(543,239)	2,243,558
Non-operating income		
Interest income	78,337	40,812
Foreign exchange gain	150,338	-
Other non-operating income	146,791	133,025
Total non-operating income	375,467	173,837
Non-operating expenses		
Interest expense	235,193	192,344
Foreign exchange loss	-	265,120
Other non-operating expenses	101,989	66,766
Total non-operating expenses	337,182	524,231
Ordinary income (loss)	(504,955)	1,893,164
Extraordinary income		
Gain on sales of investment securities	9,149	43,011
Gain on prior period adjustment	46,436	52,969
Gain on sales of fixed assets	13,812	5,963
Other extraordinary income	-	2,602
Total extraordinary income	69,398	104,547
Extraordinary losses		
Loss on prior period adjustment	-	9,372
Loss on disposal of fixed assets	20,119	10,789
Loss on sales of investment securities	10,971	-
Extra retirement payments	25,617	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	60,646
Other extraordinary losses	682	844
Total extraordinary losses	57,389	81,651
Net income (loss) before income taxes and minority interests	(492,946)	1,916,060
Income taxes	(34,815)	568,794
Net income (loss) before minority interests	(458,130)	1,347,265
Minority interests in income (loss)	(20,256)	2,350
Net income (loss)	(437,873)	1,344,914

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended Sep. 30, 2009 (Apr. 1, 2009 – Sep. 30, 2009)	Six months ended Sep. 30, 2010 (Apr. 1, 2010 – Sep. 30, 2010)
Cash flows from operating activities		
Net income (loss) before income taxes and minority interests	(492,946)	1,916,060
Depreciation and amortization	1,295,882	1,308,578
Amortization of goodwill	158,484	212,859
Increase (decrease) in liability for retirement benefits	55,253	19,828
Increase (decrease) in reserve for bonuses payable	62,544	324,535
Increase (decrease) in liability for retirement benefits to officers	3,000	11,372
Increase (decrease) in allowance for doubtful receivables	24,555	349,638
Increase (decrease) in provision for product warranties	(4,280)	-
Interest and dividend income	(80,105)	(47,519)
Interest expense	235,193	192,344
Stock issue expenses	18,985	-
Foreign exchange loss (gain)	(166,259)	120,590
Equity in loss (income) of non-consolidated subsidiaries and affiliates	(1,342)	(14,234)
Loss (gain) on sales of fixed assets	(13,812)	(5,963)
Loss (gain) on disposal of fixed assets	20,119	10,789
Loss (gain) on sales of investment securities	1,821	(43,011)
Decrease (increase) in notes and accounts receivable	949,704	(3,909,553)
Decrease (increase) in inventories	(422,550)	(2,052,979)
Increase (decrease) in notes and accounts payable	(1,816,361)	2,955,464
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	60,646
Others	2,262,680	(404,804)
Sub-total	2,090,567	1,004,641
Interests and dividends received	81,879	46,070
Interests paid	(235,923)	(191,107)
Income taxes paid	(215,634)	(332,481)
Net cash provided by operating activities	1,720,890	527,123

(Thousands of yen)

	Six months ended Sep. 30, 2009 (Apr. 1, 2009 – Sep. 30, 2009)	Six months ended Sep. 30, 2010 (Apr. 1, 2010 – Sep. 30, 2010)
Cash flows from investing activities		
Payments into time deposits	(268,490)	-
Proceeds from withdrawal of time deposits	1,007,211	1,207,921
Payments for purchase of tangible fixed assets	(1,151,775)	(2,094,677)
Proceeds from sales of tangible fixed assets	92,339	21,608
Payments for purchase of investment securities	(25,572)	(8,755)
Proceeds from sales of investment securities	52,466	-
Payments for purchase of subsidiary stock	(4,937)	-
Proceeds from sales of investments in subsidiaries	-	13,340
Net decrease (increase) in short-term loans receivable	(27,822)	-
Payments of long-term loans receivable	(30,100)	-
Payments of loans receivable	-	(1,700)
Collection of loans receivable	-	16,581
Others	(89,107)	(279,211)
Net cash used in investing activities	(445,787)	(1,124,893)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(808,214)	1,702,949
Proceeds from long-term borrowings	2,365,562	1,838,944
Repayments of long-term borrowings	(2,249,009)	(1,725,277)
Repayments of lease obligations	(26,501)	(30,631)
Proceeds from issuance of corporate bonds	50,000	-
Proceeds from issuance of stock acquisition rights	28,071	-
Proceeds from issuance of shares	3,095,925	-
Proceeds from issuance of shares to minority shareholders	4,000	4,000
Cash dividends paid	(258,016)	(296,733)
Cash dividends paid to minority shareholders	(36,000)	(36,000)
Net cash provided by financing activities	2,165,817	1,457,250
Effect of exchange rate changes on cash and cash equivalents	152,248	(286,458)
Increase (decrease) in cash and cash equivalents	3,593,168	573,021
Cash and cash equivalents at the beginning of period	5,410,576	5,867,737
Cash and cash equivalents at the end of period	9,003,745	6,440,759

(4) Going Concern Assumption

No reportable information.

(5) Segment Information

1. Overview of reportable segment

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group's reportable segments are categorized into the "equipment-related business," the photovoltaic related business," and the "electronic devices business" based on similarity in use of products and form of transactions.

We have reclassified silicon wafer processing, formerly in the CMS business up through the previous fiscal year, into the equipment-related business from the current fiscal year.

The equipment-related business manufactures vacuum feedthroughs, quartz products, and ceramic products are the mainstay products in addition to silicon wafer processing.

The photovoltaic related business manufactures silicon crystal production equipment for photovoltaic cells, quartz crucibles, and silicon products used in photovoltaic cells as the mainstay products.

The electronic devices business manufactures thermoelectric modules and ferrofluids as the mainstay products.

2. Information related to sales and profit or loss for each reportable segment

First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010) (Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated statements of income (Note 3)
	Equipment-related business	Photovoltaic related business	Electronic devices business	Sub-total				
Net sales								
(1) Net sales to third parties	13,006,818	6,788,922	3,050,541	22,846,282	919,177	23,765,460	-	23,765,460
(2) Internal sales and transfers	799,992	2,940	-	802,932	26,680	829,612	(829,612)	-
Total	13,806,810	6,791,863	3,050,541	23,649,215	945,857	24,595,073	(829,612)	23,765,460
Segment profit	1,370,311	357,491	411,390	2,139,193	126,582	2,265,775	(22,217)	2,243,558

Notes: 1. The "Other" business segment is not included in any of the three reportable segments and includes saw blades, equipment parts cleansing, machine tools, and surface finishing businesses.

2. The (22,217) thousand yen adjustment to segment profit includes company-wide costs that cannot be allocated to reportable segments. Company-wide costs mainly include depreciation expenses that cannot be attributed to reportable segments.

3. Segment profit is adjusted to be consistent with operating income shown on the consolidated statements of income.

Additional information

Beginning with the first quarter of the current fiscal year, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) have been applied.

(6) Significant Changes in Shareholders' Equity

No reportable information.

**This financial report is solely a translation of the summary of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*