

FY 2015 FIRST QUARTER CONSOLIDATED FINANCIAL RESULTS

(April 1, 2015 to June 30, 2015)

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1. FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2015

(1) Consolidated Results of Operations

	Net sales (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Profit attributable to owners of parent (millions of yen)
Three months ended Jun 30, 2015	36,198 (-1.1%)	198 (-88.0%)	-137 (-)	-602 (-)
Three months ended Jun 30, 2014	36,591 (14.0%)	1,644 (43.3%)	1,515 (79.0%)	756 (-66.8%)

Note1: Comprehensive income: 592 million yen (-%) for three months ended June 30, 2015 / 53 million yen (-98.7%) for three months ended June 30, 2014

Note2: Indication of percentages shows the ratio of increase or decrease from the first quarter of the previous fiscal year

	Net income per share (yen)	Diluted net income per share (yen)
Three months ended Jun 30, 2015	-4.97	-
Three months ended Jun 30, 2014	6.24	-

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of June 30, 2015	195,094	63,182	32.1%
As of March 31, 2015	193,267	63,021	32.4%

Reference: Shareholders' equity: 62,717 million yen as of June 30, 2015 / 62,584 million yen as of March 31, 2015

2. DIVIDEND INFORMATION

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal-year-end	Annual
Fiscal year 2014	-	3.00yen	-	3.50yen	6.50yen
Fiscal year 2015	-				
Fiscal year 2015(forecast)		3.50yen	-	3.50yen	7.00yen

3. FISCAL YEAR 2015 CONSOLIDATED FINANCIAL FORECAST (April 1, 2015 to March 31, 2016)

(Millions of Yen)

	Net sales (percentage change from the previous year)	Operating income (percentage change from the previous year)	Ordinary income (percentage change from the previous year)	Profit attributable to owners of parent (percentage change from the previous year)	Net income per share
Second quarter (cumulative)	83,000 (7.2%)	5,700 (10.2%)	5,100 (2.8%)	3,300 (-5.0%)	27.22yen
Full Year	172,000 (7.0%)	13,000 (16.1%)	11,700 (13.2%)	8,100 (2.0%)	66.80yen

4. OTHER

(1) Changes in significant subsidiaries during the three months ended June 30, 2015 (changes in particular subsidiaries accompanying the change in scope of consolidation): No

(2) Application of particular accounting method for quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, restatements

- Changes in accounting policies due to the amendment of accounting standards, etc : Yes
- Changes in accounting policies due to reasons other than above : Yes
- Changes in accounting estimates : No
- Restatements : No

(4) Number of shares outstanding (common share)

- Number of shares outstanding at the end of the period (including treasury stock)
- Number of treasury stocks at the end of the period
- Average number of shares outstanding during three months ended June 30

Jun./2015:	125,490,302	Mar./2015:	125,490,302
Jun./2015:	4,257,572	Mar./2015:	4,253,173
Apr./2015-Jun./2015	121,235,468	Apr./2014-Jun./2014	121,265,709

* The above description about future matters including financial forecast is based upon information available as of the present time and assumptions we considered valid. Due to various factors, our actual performance could greatly differ from the forecast. For assumptions and notes regarding the forecasts, refer to "Qualitative Information concerning the Forecast of Consolidated Business Results."

1. QUALITATIVE INFORMATION ABOUT CONSOLIDATED BUSINESS RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2015

(1) QUALITATIVE INFORMATION OF CONSOLIDATED OPERATING RESULTS

The global economy remained on a moderate recovery trend as a whole during the current first quarter consolidated fiscal period, while the degree of economic confidence varied from region to region and tangible concerns over the ongoing low prices of crude oil and other resources persisted. The US economy stayed on a recovery trend as a whole in spite of sluggishness due to the impact of a strong dollar in the second half of the current first quarter. The European economy remained on a recovery trend in spite of the Greece debt crisis, while the Chinese economy further slowed in Asia. The Japanese economy progressed steadily, backed by an upward trend in corporate investments spurred by ongoing improvements in corporate performance, along with signs of recovery in consumer sentiment. Under these economic conditions, demand for the Company's products remained on an increasing trend in strategically focused markets in spite of stringent factors in some fields. The Company started the "2015 Mid-term Business Plan" on April 1 of this year with the aim at qualitatively restructuring itself into a truly global company, and listed "Increase sales" and "Generate cash flows" as a basic policy. The Company's basic policy for fiscal 2015, the first year of the Plan, is to "Focus on the strategic market." Under this policy we have worked to "Increase sales" and "Expand production capacity" in the environmentally-friendly and energy saving and green energy markets such as automotive, motor, white goods, industrial equipment, communications and new energy. In the first quarter consolidated fiscal period, the first three months of the first year of the Plan, sales of semiconductor devices were sluggish and remained unchanged as compared to the same period in the previous year in spite of the weaker yen, and sales of PS products declined significantly due to the completion of the latest round of corporate investments for telecommunications. Mainly due to such factors, net sales were ¥36,198 million, a decrease of ¥393 million (1.1%) as compared to the same period in the previous year. For income, operating income declined significantly as compared to the same period in the previous year, as we recorded operating income of ¥198 million, a decrease of ¥1,446 million (88.0%). This result was mainly attributable to decreased net sales, revisions in our product mix, and increased expenses relating to the new Sanken ERP system activated in May of this year. We were forced to record both an ordinary loss and quarterly net loss attributable to owners of the parent company: ordinary loss was ¥137 million (ordinary income of ¥1,515 million in the same period in the previous year) and the quarterly net loss attributable to owners of parent was ¥602 million (quarterly net income attributable to owners of the parent company of ¥756 million in the same period in the previous year).

Overview of business by segment is as follows.

In the semiconductor devices segment, sales of automotive products increased by 10.9% as compared to the same period in the previous year, partly thanks to higher sales overall boosted by the weaker yen. Sales of products for white goods such as air conditioners and refrigerators varied greatly in different customer regions, ranging from a significant decline for domestic customers to steady levels for South Korean customers and sharp rises in China. Overall sales of products for white goods exceeded the level of the same period in the previous year by 2.9%. Consolidated net sales from this segment, however, were ¥29,701 million, marking a slight increase of ¥19 million (0.1%) as compared to the same period in the previous year mainly due to significantly declined sales of products for industrial machinery and TVs and audio products. For income, consolidated operating income was ¥1,316 million, marking a substantial decrease of ¥1,177 million (47.2%) as compared to the same period in the previous year, mainly due to sluggish sales, revisions in our product mix, and increased expenses relating to the new Sanken ERP system activated in May.

For the power modules segment, sales of products for printers for office and industrial machinery stayed on the same level as the previous year, while sales of durability-type adapters for emerging countries expanded. As a result, consolidated net sales from this segment were ¥4,068 million, an increase of ¥459 million (12.7%) as compared to the same period in the previous year. Meanwhile, for income we were forced to record consolidated operating loss of ¥285 million (consolidated operating loss of ¥238 million in the same period in the previous year) mainly due to depreciation associated with investment in production facilities.

Sales for the power systems segment remained sluggish. Sales of the relevant power-supply units declined significantly due to the completion of the latest round of large-scale corporate investments for telecommunication facilities mainly for mobile phones, while sales of products in new energy fields, a sector that should complement the aforesaid decline, lacked strength. As a result, consolidated net sales from this segment were ¥2,428 million, a decrease of ¥871 million (26.4%) as compared to the same period in the previous year. For income, we recorded consolidated operating loss of ¥123 million (consolidated operating loss of ¥62 million in the same period in the previous year).

(2) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL POSITION

Assets as of the end of the three months ended June 30, 2015 were ¥195,094 million, an increase of ¥1,827 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in inventories of ¥5,157 million, total property, plant and equipment of ¥3,075 million and a decrease in notes and accounts receivable-trade of ¥6,213 million.

Liabilities were ¥131,912 million, a decrease of ¥1,666 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in bonds payable of ¥15,000 million and a decrease in commercial papers of ¥12,500 million.

Net Assets were ¥63,182 million, an increase of ¥160 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in foreign currency translation adjustment of ¥1,100 million and a decrease in retained earnings of ¥1,026 million.

(3) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL FORECAST

We expect that the global economy will overall continue to recover, with ongoing recovery for the time being in the US, moderate expansion of the Chinese economy in spite of concerns about weak stock and real estate markets and an overall slowdown in growth, and an ongoing recovery of the economy in Europe thanks to steady personal consumption in spite of concerns about the impact of the Greece debt crisis. We also forecast a moderate recovery trend in the Japanese economy as personal consumption recovers amid ongoing improvements in employment circumstances and income conditions. Under these circumstances, the Company will strive to reinforce the sales of its existing products, steadily expand the demand for new functions and products in strategic markets relating to environmentally-friendly and energy saving and green energy, and develop its supply capability to keep up with increased orders received by expanding its capacity for wafers supply and strengthening its capacity for semiconductor assembly processes. Through these measures, the Company will make concerted efforts to achieve the group plan for fiscal 2015.

2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) QUARTERLY CONSOLIDATED BALANCE SHEETS

Millions of yen

	March 31 2015	June 30 2015
ASSETS		
Current assets		
Cash and deposits	17,443	16,890
Notes and accounts receivable - trade	37,489	31,276
Merchandise and finished goods	16,963	19,278
Work in process	24,351	27,560
Raw materials and supplies	12,585	12,218
Deferred tax assets	1,201	1,389
Other	6,168	5,531
Allowance for doubtful accounts	(19)	(21)
Total current assets	<u>116,183</u>	<u>114,124</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,325	24,513
Machinery, equipment and vehicles, net	26,213	26,856
Tools, furniture and fixtures, net	1,119	1,336
Land	5,263	5,275
Leased assets, net	2,565	2,298
Construction in progress	10,308	8,591
Total property, plant and equipment	<u>65,795</u>	<u>68,871</u>
Intangible assets		
Software	3,915	4,056
Other	2,056	2,070
Total intangible assets	<u>5,971</u>	<u>6,127</u>
Investments and other assets		
Investment securities	1,397	1,570
Deferred tax assets	286	278
Net defined benefit asset	1,022	1,347
Other	2,852	3,017
Allowance for doubtful accounts	(242)	(242)
Total investments and other assets	<u>5,317</u>	<u>5,972</u>
Total non-current assets	<u>77,084</u>	<u>80,970</u>
Total assets	<u><u>193,267</u></u>	<u><u>195,094</u></u>

	March 31 2015	June 30 2015
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,909	20,810
Short-term loans payable	26,570	21,492
Current portion of bonds	4,100	14,100
Commercial papers	22,500	10,000
Lease obligations	1,233	1,214
Income taxes payable	186	480
Provision for directors' bonuses	30	12
Accrued expenses	9,896	10,314
Other	1,926	2,114
Total current liabilities	<u>87,353</u>	<u>80,541</u>
Non-current liabilities		
Bonds payable	25,900	30,900
Long-term loans payable	7,500	12,500
Lease obligations	1,253	971
Deferred tax liabilities	1,930	1,989
Provision for directors' retirement benefits	25	13
Net defined benefit liability	2,993	2,907
Other	3,288	2,089
Total non-current liabilities	<u>42,892</u>	<u>51,371</u>
Total liabilities	<u>130,245</u>	<u>131,912</u>
Net assets		
Shareholders' equity		
Capital stock	20,896	20,896
Capital surplus	10,301	10,301
Retained earnings	28,114	27,088
Treasury shares	(3,981)	(3,984)
Total shareholders' equity	<u>55,331</u>	<u>54,301</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	371	489
Foreign currency translation adjustment	5,778	6,879
Remeasurements of defined benefit plans	1,102	1,047
Total accumulated other comprehensive income	<u>7,252</u>	<u>8,415</u>
Non-controlling interests	<u>437</u>	<u>465</u>
Total net assets	<u>63,021</u>	<u>63,182</u>
Total liabilities and net assets	<u><u>193,267</u></u>	<u><u>195,094</u></u>

**(2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME AND
QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Millions of yen

CONSOLIDATED STATEMENTS OF INCOME	Three months ended Jun.30, 2014	Three months ended Jun.30, 2015
Net sales	36,591	36,198
Cost of sales	27,314	27,009
Gross profit	<u>9,277</u>	<u>9,188</u>
Selling, general and administrative expenses	<u>7,632</u>	<u>8,990</u>
Operating income	<u>1,644</u>	<u>198</u>
Non-operating income		
Interest income	11	3
Dividend income	24	23
Foreign exchange gains	13	-
Gain on insurance adjustment	40	84
Miscellaneous income	140	106
Total non-operating income	<u>231</u>	<u>216</u>
Non-operating expenses		
Interest expenses	202	212
Foreign exchange losses	-	118
Miscellaneous loss	158	222
Total non-operating expenses	<u>360</u>	<u>553</u>
Ordinary income (loss)	<u>1,515</u>	<u>(137)</u>
Extraordinary income		
Gain on sales of non-current assets	0	-
Total extraordinary income	<u>0</u>	<u>-</u>
Extraordinary losses		
Loss on retirement of non-current assets	0	1
Total extraordinary losses	<u>0</u>	<u>1</u>
Income (loss) before income taxes and minority interests	<u>1,514</u>	<u>(139)</u>
Income taxes	742	437
Profit (loss)	<u>772</u>	<u>(577)</u>
Profit attributable to non-controlling interests	16	24
Profit (loss) attributable to owners of parent	<u>756</u>	<u>(602)</u>

Millions of yen

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Three months ended Jun.30, 2014	Three months ended Jun.30, 2015
Profit (loss)	772	(577)
Other comprehensive income		
Valuation difference on available-for-sale securities	83	117
Foreign currency translation adjustment	(740)	1,107
Remeasurements of defined benefit plans, net of tax	(62)	(55)
Total other comprehensive income	<u>(719)</u>	<u>1,170</u>
Comprehensive income	<u>53</u>	<u>592</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	66	560
Comprehensive income attributable to non-controlling interests	(13)	31

(3) SEGMENT INFORMATION**[Information about Sales and Operating Income (Loss) by Reporting Segment]****THREE MONTHS ENDED JUNE 30, 2014**

Millions of yen

	Reporting Segment			Total	Adjustment	Amount stated in QUARTERLY CONSOLIDATED STATEMENTS OF INCOME
	Semi-conductor Devices	PM	PS			
Sales						
(1) Sales for customer	29,682	3,608	3,300	36,591	—	36,591
(2) Intersegment Sales or Transfer	198	141	0	341	(341)	—
Total	29,881	3,750	3,300	36,932	(341)	36,591
Income (loss) by segment	2,493	(238)	(62)	2,193	(548)	1,644

THREE MONTHS ENDED JUNE 30, 2015

Millions of yen

	Reporting Segment			Total	Adjustment	Amount stated in QUARTERLY CONSOLIDATED STATEMENTS OF INCOME
	Semiconductor Devices	PM	PS			
Sales						
(1) Sales for customer	29,701	4,068	2,428	36,198	—	36,198
(2) Intersegment Sales or Transfer	217	136	0	354	(354)	—
Total	29,919	4,205	2,428	36,553	(354)	36,198
Income (loss) by segment	1,316	(285)	(123)	906	(708)	198