

FY 2016 FIRST QUARTER CONSOLIDATED FINANCIAL RESULTS

(April 1, 2016 to June 30, 2016)

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1. FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2016

(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.30.2016	36,899 (1.9%)	319 (61.0%)	-594 (-)	-1,182 (-)
Three months ended Jun.30.2015	36,198 (-1.1%)	198 (-88.0%)	-137 (-)	-602 (-)

Note1: Comprehensive income: -5,672 million yen (-%) for three months ended June 30, 2016 / 592 million yen (-%) for three months ended June 30, 2015

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.30.2016	-9.76	-
Three months ended Jun.30.2015	-4.97	-

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of June 30, 2016	172,421	48,283	27.8%
As of March 31, 2016	184,711	53,959	29.0%

Reference: Shareholders' equity: 47,959 million yen as of June 30, 2016 / 53,572 million yen as of March 31, 2016

2. DIVIDEND INFORMATION

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal-year-end	Annual
Fiscal year 2015	-	3.50yen	-	0.00yen	3.50yen
Fiscal year 2016	-				
Fiscal year 2016(forecast)		0.00yen	-	-	-

3. FISCAL YEAR 2016 CONSOLIDATED FINANCIAL FORECAST (April 1, 2016 to March 31, 2017)

(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)	74,000 (-4.3%)	1,800 (-38.7%)	1,000 (-34.5%)	-400 -	-3.30yen
Full Year	156,000 (0.1%)	7,000 (2.9%)	5,500 (45.0%)	2,500 -	20.62yen

4. OTHER

(1) Changes in significant subsidiaries during the three months ended June 30, 2016 (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. : No
- Changes in accounting policies due to reasons other than above : No
- 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./2016:	125,490,302	Mar./2016:	125,490,302
Jun./2016:	4,277,015	Mar./2016:	4,275,417
Apr./2016-Jun./2016	121,214,409	Apr./2015-Jun./2015	121,235,468

* 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, 2016

(1) QUALITATIVE INFORMATION OF CONSOLIDATED OPERATING RESULTS

During the current first quarter consolidated fiscal period the global economy remained on a moderate recovery trend as a whole, buoyed by increased personal consumption associated with improved employment conditions in the US in spite of the persistent economic slowdown in China and other factors of concern. The Japanese economy also held steady on a moderate recovery trend, though personal consumption remained sluggish. Under these circumstances, the Company maintained a basic policy stressing activities to “Focus on growing markets” and “Enhance financial performance,” strove to improve profitability by changing the composition of its product lineups, and worked to reduce inventory. In the first quarter consolidated fiscal period, sales of automotive products in the semiconductor devices segment progressed steadily, while sales in the power modules segment and the power systems segment remained stagnant. As a result, net sales were ¥36,899 million, an increase of ¥700 million (1.9%) as compared to the same period in the previous year. Operating income was ¥319 million, an increase of ¥120 million (61.0%), resulting from increased net sales. Foreign exchange loss increased, however, forcing us to record an ordinary loss of ¥594 million (ordinary loss of ¥137 million in the same period in the previous year) and quarterly net loss attributable to owners of parent of ¥1,182 million (quarterly net loss attributable to owners of parent of ¥602 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 and products for white goods such as washers and refrigerators increased. As a result, consolidated net sales from this segment were ¥30,921 million, an increase of ¥1,220 million (4.1%) as compared to the same period in the previous year. For income, consolidated operating income was ¥1,708 million, an increase of ¥391 million (29.8%) as compared to the same period in the previous year, resulting from increased net sales.

For the power modules segment, sales of automotive products, the product category of focus for the Company, increased as compared to the same period in the previous year, while sales of adapters decreased. As a result, consolidated net sales from this segment were ¥4,001 million, a decrease of ¥66 million (1.6%) as compared to the same period in the previous year. For income we recorded consolidated operating loss of ¥355 million (consolidated operating loss of ¥285 million in the same period in the previous year) mainly because net sales decreased and the Company’s work to establish high value-added business portfolios was still in progress.

For the power systems segment, sales of products for the telecommunication market remained weak mainly due to contracted corporate investments for mobile phone stations, and sales of products for new energy were sluggish as well. As a result, consolidated net sales from this segment were ¥1,975 million, a decrease of ¥453 million (18.7%) as compared to the same period in the previous year. For income, we recorded consolidated operating loss of ¥285 million (consolidated operating loss of ¥123 million in the same period in the previous year), stemming from decreased net sales.

(2) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL POSITION

Assets as of the end of the three months ended June 30, 2016 were ¥172,421 million, a decrease of ¥12,290 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease in Total property, plant and equipment of ¥4,028 million, notes and accounts receivable - trade of ¥3,932 million and inventories of ¥1,959 million.

Liabilities were ¥124,137 million, a decrease of ¥6,614 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease in current portion of bonds of ¥10,000 million, short-term loans payable of ¥1,641 million, accrued expenses of ¥1,524 million, and an increase in commercial papers of ¥8,500 million.

Net Assets were ¥48,283 million, a decrease of ¥5,676 million from the end of the previous consolidated fiscal year. This was mainly due

(3) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL FORECAST

Concern about the future of the global economy has been increasing due to adverse factors such as growing uncertainty about the direction in U.S. monetary policy and the future of the EU in the aftermath of the UK's decision to depart from the union, as well as the downward pressure of the Chinese economy mainly attributable to stock adjustment. Uncertainty about the future trends of the Japanese economy has also been growing due to factors such as the impacts of the sharply rising yen on corporate activities and sluggish personal consumption. Under these circumstances, the Company will strive to concentrate on strategic fields such as automotive products and products for white goods and increase sales through the development of new products. The Company will also endeavor to improve its product mix by establishing high value-added business portfolios and achieve the enhancement of our financial conditions. Through these measures, the Company will make concerted efforts to achieve goals of the group plan for fiscal 2016.

2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) QUARTERLY CONSOLIDATED BALANCE SHEETS

Millions of yen

	March 31 2016	June 30 2016
ASSETS		
Current assets		
Cash and deposits	17,924	17,040
Notes and accounts receivable - trade	33,999	30,067
Merchandise and finished goods	17,971	17,633
Work in process	24,778	23,986
Raw materials and supplies	9,839	9,010
Deferred tax assets	2,095	1,942
Other	5,606	5,360
Allowance for doubtful accounts	(10)	(11)
Total current assets	<u>112,204</u>	<u>105,029</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,837	21,505
Machinery, equipment and vehicles, net	26,788	25,022
Tools, furniture and fixtures, net	1,105	997
Land	5,039	4,861
Leased assets, net	1,323	1,078
Construction in progress	4,921	4,520
Total property, plant and equipment	<u>62,015</u>	<u>57,987</u>
Intangible assets		
Software	3,717	3,589
Other	1,954	1,838
Total intangible assets	<u>5,671</u>	<u>5,427</u>
Investments and other assets		
Investment securities	1,204	1,129
Deferred tax assets	204	175
Other	3,656	2,916
Allowance for doubtful accounts	(244)	(244)
Total investments and other assets	<u>4,820</u>	<u>3,976</u>
Total non-current assets	<u>72,507</u>	<u>67,391</u>
Total assets	<u><u>184,711</u></u>	<u><u>172,421</u></u>

	March 31 2016	June 30 2016
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,120	15,658
Short-term loans payable	20,635	18,993
Current portion of bonds	25,900	15,900
Commercial papers	4,000	12,500
Lease obligations	924	712
Income taxes payable	423	371
Accrued expenses	9,490	7,966
Other	2,004	1,656
Total current liabilities	<u>79,499</u>	<u>73,759</u>
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	12,500	12,500
Lease obligations	329	287
Deferred tax liabilities	2,668	2,451
Provision for directors' retirement benefits	17	20
Net defined benefit liability	4,104	3,523
Other	1,633	1,594
Total non-current liabilities	<u>51,252</u>	<u>50,377</u>
Total liabilities	<u>130,751</u>	<u>124,137</u>
Net assets		
Shareholders' equity		
Capital stock	20,896	20,896
Capital surplus	10,301	10,301
Retained earnings	27,437	26,254
Treasury shares	(3,994)	(3,994)
Total shareholders' equity	<u>54,641</u>	<u>53,457</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	249	197
Foreign currency translation adjustment	1,689	(2,848)
Remeasurements of defined benefit plans	(3,007)	(2,848)
Total accumulated other comprehensive income	<u>(1,068)</u>	<u>(5,498)</u>
Non-controlling interests	<u>387</u>	<u>324</u>
Total net assets	<u>53,959</u>	<u>48,283</u>
Total liabilities and net assets	<u><u>184,711</u></u>	<u><u>172,421</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, 2015	Three months ended Jun.30, 2016
Net sales	36,198	36,899
Cost of sales	27,009	28,159
Gross profit	<u>9,188</u>	<u>8,739</u>
Selling, general and administrative expenses	8,990	8,420
Operating income	<u>198</u>	<u>319</u>
Non-operating income		
Interest income	3	2
Dividend income	23	18
Gain on insurance adjustment	84	-
Miscellaneous income	106	80
Total non-operating income	<u>216</u>	<u>101</u>
Non-operating expenses		
Interest expenses	212	203
Foreign exchange losses	118	632
Miscellaneous loss	222	178
Total non-operating expenses	<u>553</u>	<u>1,014</u>
Ordinary loss	<u>(137)</u>	<u>(594)</u>
Extraordinary income		
Gain on sales of non-current assets	-	0
Total extraordinary income	<u>-</u>	<u>0</u>
Extraordinary losses		
Loss on sales of non-current assets	-	4
Loss on retirement of non-current assets	1	9
Total extraordinary losses	<u>1</u>	<u>13</u>
Loss before income taxes	<u>(139)</u>	<u>(607)</u>
Income taxes	437	595
Loss	<u>(577)</u>	<u>(1,203)</u>
Profit (loss) attributable to non-controlling interests	24	(20)
Loss attributable to owners of parent	<u>(602)</u>	<u>(1,182)</u>

Millions of yen

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Three months ended Jun.30, 2015	Three months ended Jun.30, 2016
Loss	(577)	(1,203)
Other comprehensive income		
Valuation difference on available-for-sale securities	117	(52)
Foreign currency translation adjustment	1,107	(4,576)
Remeasurements of defined benefit plans, net of tax	(55)	159
Total other comprehensive income	<u>1,170</u>	<u>(4,468)</u>
Comprehensive income	<u>592</u>	<u>(5,672)</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	560	(5,613)
Comprehensive income attributable to non-controlling interests	31	(59)

(3) SEGMENT INFORMATION**[Information about Sales and Operating Income (Loss) by Reporting Segment]****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

THREE MONTHS ENDED JUNE 30, 2016

Millions of yen

	Reporting Segment			Total	Adjustment	Amount stated in QUARTERLY CONSOLIDATED STATEMENTS OF INCOME
	Semiconductor Devices	PM	PS			
Sales						
(1) Sales for customer	30,921	4,001	1,975	36,899	—	36,899
(2) Intersegment Sales or Transfer	170	94	1	265	(265)	—
Total	31,091	4,096	1,976	37,165	(265)	36,899
Income (loss) by segment	1,708	(355)	(285)	1,067	(748)	319