



Date: February 8, 2016

To Whom It May Concern

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Notice of Extraordinary Losses Incurred and Revision of the Business Results Forecast for the Fiscal Year

The Company hereby announces the recording of extraordinary losses in its consolidated financial statements for the third quarter of the fiscal year ending March 31, 2016 attributable to defective chemicals purchased by the Company for processing semiconductor wafers. The Company also hereby announces that it will revise its consolidated financial forecast announced on November 5, 2015 for the full year ending March 31, 2016 as follows in light of recent market performance, the abovementioned extraordinary losses incurred.

1. Extraordinary Losses Incurred

Chemicals (hydrogen peroxide) purchased and used by the Company for processing semiconductor wafers had quality problems that prevented the affected wafers from exhibiting the prescribed performance. We had no choice but to assume disposing of the defective wafers and record extraordinary losses of ¥1,103 million as a provision for inventories in the consolidated financial statements for the third quarter of the current fiscal year. We are taking urgent measures to conduct additional production and make up for a partial inability to supply the required number of wafers, but net sales are still expect to decrease mainly due to partial time extensions of delivery to customers. As a result, the impact on operating income by ¥1.3 billion and extraordinary losses by ¥1.1 billion are expected for the full year.

2. Revision of the Forecasted Business Results for the Fiscal Year

(from April 1, 2015 to March 31, 2016)

	Net Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A) (Announced on Nov 5, 2015)	(millions of yen) 162,000	(millions of yen) 8,000	(millions of yen) 6,000	(millions of yen) 2,500	(yen) 20.62
Revised forecast (B)	157,800	6,000	3,800	200	1.65
Change (B-A)	-4,200	-2,000	-2,200	-2,300	-
Ratio of change (%)	-2.6%	-25.0%	-36.7%	-92.0%	-
<Reference> Results of the previous year (FY ended March 31, 2016)	160,724	11,199	10,334	7,942	65.50

3. Reasons of the Revision

Besides the provision posted as described in 1 above and lost profits expected to be incurred, revenue from semiconductor devices is expected to fall below the previous estimate due to various factors in the external environment such as the persistent downturn of global market cycles in the semiconductor industries and the lingering slowdown in the growth of the Chinese economy. Based on the above, the full-year consolidated financial forecast will be revised.

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.