FY 2013 CONSOLIDATED FINANCIAL RESULTS

(April 1, 2013 to March 31, 2014)

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1. FINANCIAL RESULTS FOR THE FISCAL YEAR 2013 (April 1, 2013 to March 31, 2014)

(1) Consolidated Results of Operations

	Net sales (millions of yen)		Operating income (millions of yen)		Ordinary income (millions of yen)		Net income (millions of yen)	
Fiscal Year 2013	144,467	(14.3%)	7,777	(68.1%)	7,573	(87.1%)	5,029	(121.3%)
Fiscal Year 2012	126,386	(-4.1%)	4,625	(14.3%)	4,047	(34.1%)	2,272	(420.9%)

Note1: Comprehensive income: FY 2013: 8,815 million yen (28.2%) FY 2012: 6,878 million yen (－%)
Note2: Indication of percentages shows the ratio of increase or decrease from the previous fiscal year.

	Net income per share	Diluted net income per share	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
Fiscal Year 2013	41.47yen	－	11.4%	4.8%	5.4%
Fiscal Year 2012	18.73yen	－	6.3%	2.8%	3.7%

Reference: Equity in net income/loss non-consolidated subsidiaries and/or affiliates: FY 2013: －yen FY 2012: －yen

(2) Consolidated Financial Position (Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal Year 2013	164,762	49,108	29.6%	401.75 yen
Fiscal Year 2012	148,517	39,436	26.4%	322.92 yen

Reference: Shareholders' equity: Mar./2014: 48,718 million yen Mar./2013: 39,174 million yen

(3) Consolidated Results of Cash Flows (Millions of yen)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) Investing activities	Net cash provided by (used in) financing activities	Balance of cash and cash equivalents at the end of year
Fiscal Year 2013	10,658	(11,176)	2,714	14,820
Fiscal Year 2012	6,339	(6,390)	1,294	12,036

2. DIVIDEND INFORMATION

	Dividend per share					Total amount of annual dividend (millions of yen)	Dividend payout ratio (consolidated)	Dividend to total net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal-year-end	Annual			
Fiscal year 2012	－	3.00yen	－	3.00yen	6.00yen	727	32.0%	2.0%
Fiscal year 2013	－	3.00yen	－	3.00yen	6.00yen	727	14.5%	1.7%
Fiscal year 2014(forecast)	－	3.00yen	－	3.00yen	6.00yen		9.2%	

3. FISCAL YEAR 2014 CONSOLIDATED FINANCIAL FORECAST (April 1, 2014 to March 31, 2015)

(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)		Net income (percentage change from the previous year)		Net income per share
Second quarter (cummulative)	75,000	(9.3%)	4,500	(64.9%)	3,900	(75.0%)	2,600	(-11.5%)	21.44yen
Full Year	160,000	(10.8%)	12,000	(54.3%)	10,600	(40.0%)	7,900	(57.1%)	65.13yen

4. OTHER

(1) Changes in significant subsidiaries during the fiscal year (changes in particular subsidiaries accompanying the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, restatement of revisions

- Changes in accounting policies according to revision of accounting standards, etc. : Yes
- Changes in accounting policies due to reasons other than above : No
- Changes in accounting estimates : No
- Restatement of revisions : No

(3) Number of shares outstanding (common share)

- Number of shares outstanding at the end of the period (including treasury stock)	Mar./2014:	125,490,302	Mar./2013:	125,490,302
- Number of treasury stocks at the end of the period	Mar./2014:	4,223,339	Mar./2013:	4,177,195
- Average number of shares outstanding during the fiscal year	Mar./2014:	121,293,812	Mar./2013:	121,323,329

(Reference) SUMMARY OF NON-CONSOLIDATED FINANCIAL RESULTS

1. NON-CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR 2013 (April 1, 2013 to March 31, 2014)

(1) Non-consolidated Results of Operations

	Net sales (millions of yen)		Operating income (millions of yen)		Ordinary income (millions of yen)		Net income (millions of yen)	
Fiscal Year 2013	97,940	(10.2%)	846	(358.4%)	1,495	(107.5%)	-580	−
Fiscal Year 2012	88,869	(-1.4%)	184	―	720	―	337	−

Note: Indication of percentages shows the ratio of increase or decrease from the previous fiscal year.

	Net income per share	Diluted net income per share
Fiscal Year 2013	-4.78yen	−
Fiscal Year 2012	2.78yen	−

(2) Non-consolidated Financial Position (Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal Year 2013	124,721	27,757	22.3%	228.90yen
Fiscal Year 2012	119,011	28,773	24.2%	237.18yen

Reference: Shareholders' equity: Mar./2014: 27,757 million yen Mar./2013: 28,773 million yen

* 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 forcast. For assumptions and notes regarding the forcasts, refer to "Qualitative Information concerning the Forecast of Consolidated Business Results ".

1. OPERATING RESULTS

(1) ANALYSIS OF OPERATING RESULTS

1) OVERVIEW OF THE CURRENT PERIOD

GENERAL REVIEW

The global economy stayed on a moderate expansion trend as a whole during the current consolidated fiscal period. The US economy remained on a trend toward improvement against a backdrop of higher personal consumption and employment circumstances, China sustained its economic growth at a slowing pace, and the European economy showed signs of recovery after its long period of sluggishness. The Japanese economy moved towards gradual recovery, buoyed by the correction of the historical appreciation of the yen, improved corporate earnings, and recovering personal consumption. Looking to the markets the Company mainly services with its products, demand remained on a moderate recovery trend as a whole. Sales of automobiles remained favorable, sales volume of white goods increased due to the growing adoption of inverters, and sales of OA equipment such as copiers resumed along with the recovery of the European economy.

Under these circumstances, the Company group targets the “environmentally-friendly and energy saving” and “green energy” related markets and strives to “develop new products” and “increase overseas sales,” especially for product categories geared for energy-savings technologies, such as automotive products, white goods, industrial equipment, and LED lighting. At the same time, to respond to increasing demand, the Company group has also worked to strengthen production capacity in the front-end wafer processes and the back-end wafer processes.

For the business results of the current consolidated fiscal year, consolidated net sales were ¥144,467 million, an increase of ¥18,081 million (14.3%) compared to the previous period, thanks mainly to stronger sales of semiconductor devices, along with higher sales overall boosted by the weaker yen. For income, consolidated operating income and consolidated ordinary income both increased, as we recorded consolidated operating income of ¥7,777 million, an increase of ¥3,151 million (68.1%) compared to the previous period, and consolidated ordinary income of ¥7,573 million, an increase of ¥3,526 million (87.1%) compared to the previous period. These results were attributable to increased sales and an improved product mix resulting from the Company group’s focus on automotive products and white goods markets, together with the effects of various measures to improve profitability by constraining fixed costs, etc. The Company group recorded current consolidated net income of ¥5,029 million, an increase of ¥2,756 million (121.3%), thanks to increased consolidated ordinary income and the recording of income taxes-deferred resulted from the deferred tax assets posted by a US subsidiary, though an extraordinary loss associated with the termination of the CCFL business was recorded. We achieved increases in both net sales and income compared to the previous period.

OVERVIEW OF THE BUSINESS BY SEGMENTS

Semiconductor Devices

In this segment, sales of products for AV applications remained severe, while sales of automotive products progressed favorably thanks to the development of automotive electrification. Sales of products for white goods remained steady as we focused on our efforts to increase sales of products for refrigerators and washers along with air conditioners. Sales of products for OA equipment such as printers increased steadily, and focused measures were implemented to increase sales of LED lighting products. As a result, consolidated net sales for this segment were ¥111,937 million, an increase of ¥16,244 million (17.0%) as compared to the previous period, and consolidated

CCFLs

In this segment, the demand for CCFLs for TVs reached the end stage, and sales of products for public bulletin boards decreased. As a result, consolidated net sales for this segment were ¥144 million, making a significant decrease of ¥736 million (83.6%) as compared to the previous period. For income, we recorded consolidated operating loss of ¥720 million (consolidated operating loss of ¥1,316 million in the previous period) linked to sales decline, though the margin of loss was narrowed compared to the previous period.

As stated above, due to significant decrease of sales in the Company's CCFL business in the current consolidated fiscal year the Company concludes that this business is no longer viable. Accordingly, the Company decided to discontinue the CCFL business at the Board of Directors meeting held on March 25, 2014.

Power Modules

In this segment, while the power-supply boards business for LCD TVs, which previously accounted for most of the sales of this segment terminated, sales progressed favorably for adapters designed to meet customers' needs for standardization of power supply units for LCD TVs and printers, and simplification of safety standards thereof. Sales of adapters for telecommunication equipment also progressed favorably. In addition, sales of power-supply units for office MFP steadily rose. As a result, consolidated net sales for this segment were ¥15,791 million, an increase of ¥1,495 million (10.5%) as compared to the previous period. For income, however, we recorded consolidated operating loss of ¥1,251 million (a consolidated operating loss of ¥1,038 million in the previous year) due to the effects of inventory clearance resulting from the termination of the power-supply boards business for TVs.

Power Systems

In this segment, decreasing corporate investments at electric power companies put further strains on our marketing environment, though sales of products for telecommunication facilities progressed favorably from the second quarter onward and sales of products for public agencies, including products to meet demand for restoration, also steadily rose. Meanwhile, sales of green energy products increased from the third quarter onward. As a result, consolidated net sales for this segment were ¥16,593 million, an increase of ¥1,076 million (6.9%) as compared to the previous period. Consolidated operating income was ¥1,148 million, an increase of ¥69 million (6.5%) as compared to the previous period, thanks to higher sales amounts through aggressive sales efforts.

2) FORECAST OF THE NEXT TERM

We expect that the global economy will continue to progress on a gradual recovery trend throughout the next period. In the electronics industry, demand for electronic parts for automotive products and white goods is expected to remain on an increasing trend. Under these circumstances, the Company group will focus on achieving the goal based on our basic policy of increasing the scale of sales and accelerating our overseas expansion, while maintaining a focus on increasing its market shares. For the fiscal 2014 full-year of consolidated business results, we expect net sales of ¥160,000 million, operating income of ¥12,000 million, ordinary income of ¥10,600 million, and net income of ¥7,900 million. These figures are based on an exchange rate of 1US$=¥100 for the fiscal year ending March 31, 2015.

(Note)

The forecast described above is based upon information available as of the present time and assumptions we considered valid. Please be advised that there is a host of uncertain factors that could greatly impact actual performance, including global economic trends, the introduction of new products and their acceptance or lack thereof, and the impact of fair-market-value accounting.

(2) ANALYSIS OF FINANCIAL CONDITIONS

1) STATUS OF ASSETS, LIABILITIES AND NET ASSETS

Assets as of the end of the current consolidated fiscal year were ¥164,762 million, an increase of ¥16,245 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in cash and deposits of ¥2,863 million, notes and accounts receivable-trade of ¥2,040 million, inventories of ¥2,143 million, noncurrent assets of ¥4,030 million, software of ¥1,618 million, and deffered tax assets of ¥1,095 million.

Liabilities were ¥115,654 million, an increase of ¥6,572 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in short-term loans payable of ¥12,225 million, cmmercial papers of 2,000 million, and a decrease in long-term loans payable of ¥7,500 million.

Net assets were ¥49,108 million, an increase of ¥9,672 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings of ¥10,846 million and foreign currency translation adjustment of ¥3,388million, remeasurements of defined benefit plans of ¥1,561 million, and a decrease in capital surplus of ¥6,544 million.

2) STATUS OF CASH FLOW

Balance of cash and cash equivalents as of the end of the current consolidated fiscal year was ¥14,820 million, an increase of ¥2,783 million as compared with the end of the previous consolidated fiscal year.

Net cash provided by operating activities was ¥10,658 million, an increase of ¥4,319 million as compared with the previous year. This was mainly due to an increase in notes and accounts payable trade.

Net cash used in investing activities was ¥11,176 million, a decrease of ¥4,786 million as compared with the previous year. This was mainly due to a decrease in purchase of property, plant and equipment.

Net cash provided by financing activities was ¥2,714 million, an increase of ¥1,419 million as compared with the previous year. This was mainly due to an increase in short-term loans payable and commercil papers.

Our index trend concerning the financial conditions of the Company Group is as follows.

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Equity ratio	28.2%	25.1%	24.3%	26.4%	29.6%
Equity ratio on the basis of market price	32.9%	44.9%	35.0%	30.7%	53.7%
Redemption years for liabilities	11.6 years	8.7 years	13.1 years	11.8 years	7.6 years
Interest coverage ratio	6.3 times	11.3 times	7.6 times	9.4 times	14.9 times

Equity ratio: Equity / Total assets
Equity ratio on the basis of market price: Total amount of market price of stocks / Total assets
Redemption years for liabilities: Interest-bearing debts / Cash flow from operating activities
Interest coverage ratio: Cash flow from operating activities / Interest paid

(3) PROFIT DISTRIBUTION POLICY, AND DIVIDENDS OF THIS FISCAL YEAR AND NEXT FISCAL YEAR

The management of the Company places distribution of profits to our shareholders as one of the most important corporate policies, and is committed to ensure steady and stable stream of dividends through improvements in our profitability and enhancement of our financial conditions while securing the internal reserves necessary to develop businesses and strengthen a management foundation for the future. In view of the business results for the current consolidated fiscal year, future business environment, and other factors, we have set the year-end dividend for the current period to ¥3 per share. As a result, the annual dividend for the current period will be ¥6 per share, including the interim dividend. Year-end dividends are scheduled to be appropriated by capital surplus. For an annual dividend in the next period, we expect it to be ¥6 share (¥3 for both the interim and year-end dividends), considering the forecast of business results for the fiscal year ending March 31, 2015 and other factors.

(4) BUSINESS RISK, etc.

Our Group has been developing business on a global scale in the electronics industry, in which technology advancement and changes in product cycles have been significant, allocating production and sales bases in Japan, and various countries in Asia, Europe and the United States. Under such circumstances, as major business risks identified by our Group, strategic risks, external environment risks, and internal environment risks can be pointed out. As strategic risks, there are such risks as success or failure in development of new products conforming to market needs, the capacity to respond to price competition, occurrence of overseas imitation goods and infringement on patent rights in relation to intellectual property rights and financing problems at the time of decreased credibility. As external environment risks, in addition to the impact of a deteriorating economic environment as a global economic trend, advancement of a stronger yen, occurrence of various disasters, including natural disasters, fires, disruption of social and communication infrastructures mainly at production bases and material suppliers. Further, it is a concern that such unexpected country risks will arise as regarding significant changes in laws and regulations and taxation systems of various countries, war and terrorism. As risks related to the internal environment, it is a concern that violations of laws and regulations, environmental problems, quality problems, fraudulent use and leakage of information in connection with expansion of information systems may occur. In the event that any one of these risks or several of them occur and result in a decrease in social credibility and stagnation of business activities or occurrence of great losses, it may adversely affect the performance and financial condition of our Group.

2. GROUP COMPANIES

In our business group, we have 30 consolidated subsidiaries.

Our group produces and sells Semiconductor Devices, CCFLs, Power Modules (PM), Power Systems (PS) and other related products and services associated therewith. The business lines and roles of the group companies are as follows.

Division	Major Products	Company Name
Semiconductor Devices	Semiconductor Devices Power IC Control IC Hall-effect IC Bipolar Transistor MOSFET IGBT Thyristor Rectifier Diode Light Emitting Diode (LED)	Sanken Electric Co., Ltd. Subsidiaries Ishikawa Sanken Co., Ltd. (Manufacturer) Yamagata Sanken Co., Ltd. (Manufacturer) Kashima Sanken Co., Ltd. (Manufacturer) Fukushima Sanken Co., Ltd. (Manufacturing and Sales) Sanken Optoproducts Co., Ltd. (Manufacturer) Dalian Sanken Electric Co., Ltd. (Manufacturer) Sanken NorthAmerica, Inc. (Development, Manufacturing and Sales) Allegro MicroSystems, LLC. (Development, Manufacturing and Sales) Polar Semiconductor, LLC. (Manufacturer) Allegro MicroSystems Philippines, Inc. (Manufacturer) Allegro MicroSystems Philippines Realty, Inc. (Real estate leasing) Allegro Microsystems (Thailand) Co., Ltd. (Manufacturer) Allegro MicroSystems Europe Limited (Sales company) Allegro MicroSystems Argentina S.A. (IC design) Allegro MicroSystems Business Development, Inc. (Sales and Technical service) Allegro (Shanghai) Micro Electronics Commercial & Trading Co., Ltd. (Sales company) Sanken Power Systems (UK) Limited (Sales and Technical service) Korea Sanken Co., Ltd. (Manufacturer) Sanken Electric Korea Co., Ltd. (Sales and Technical service) Sanken Electric (Shanghai) Co., Ltd. (Sales and Technical service) Sanken Electric Hong Kong Co., Ltd. (Sales and Technical service) Taiwan Sanken Electric Co., Ltd. (Sales and Technical service) Sanken Electric Singapore Pte. Ltd. (Sales company) Sanken Logistics Co., Ltd. (Logistics)
CCFLs	CCFLs Cold Cathode Fluorescent Lamp (CCFL)	Sanken Electric Co., Ltd. Subsidiaries Sanken Optoproducts Co., Ltd. (Manufacturer) Korea Sanken Co., Ltd. (Manufacturer) Taiwan Sanken Electric Co., Ltd. (Sales and Technical service) Sanken Logistics Co., Ltd. (Logistics)
PM	Power Modules Switching Mode Power Supply unit Transformer	Sanken Electric Co., Ltd. Subsidiaries Dalian Sanken Electric Co., Ltd. (Manufacturing and Sales) Dalian Sanken Trading Co., Ltd. (Sales company) Sanken Power Systems (UK) Limited (Sales company) PT. Sanken Indonesia (Manufacturing and Sales) Sanken Electric (Shanghai) Co., Ltd. (Sales company) Sanken Electric Hong Kong Co., Ltd. (Sales company) Taiwan Sanken Electric Co., Ltd. (Sales company) Sanken Electric Singapore Pte. Ltd. (Sales company) Sanken Electric (Malaysia) Sdn. Bhd. (Sales company) Sanken Logistics Co., Ltd. (Logistics)
PS	Power Systems Uninterruptible Power Supply (UPS) DC Power Supply Inverter Airway Beacon System General Purpose Power Supply	Sanken Electric Co., Ltd. Subsidiaries Sanken Optoproducts Co., Ltd. (Manufacturer) Sanken L.D. Electric (Jiangyin) Co., Ltd. (Manufacturing and Sales) Sanken Densetsu Co., Ltd. (Power supply sales and Installation work) Sanken Logistics Co., Ltd. (Logistics)
Others		Subsidiaries Sanken Business Service Co., Ltd. (Insurance agent and Business service)

3. MANAGEMENT POLICIES

(1) BASIC MANAGEMENT POLICY

The Company established its "Management Philosophy" in April 2003 in order to clarify the future direction of the Company. Extrapolating our philosophy and selecting semiconductor operations as our core business, we will continue our efforts to innovate our technical capabilities and creativity, and to extend our global business based on original technology. We will also strive to maintain a firm management foundation in order to maximize the corporate value of the Company and to become a socially and environmentally responsible corporate citizen.

(2) MANAGEMENT GOALS

The Company group has established a mid-term business plan for the three-year period commencing in April 2012. For the fiscal period ending March 31, 2015, the last year of the plan, we will focus on achieving planned performance results. Meanwhile, the Company group has started to establish the next mid-term business plan toward the realization of an expanded growth strategy.

(3) MID AND LONG-TERM MANAGEMENT STRATEGIES

"Power Electronics" has been established as a business domain in the mid-term business plan. By taking full advantage of eco-friendly and energy saving solutions (Eco-Solutions), the Company group expands global markets (Expansion), evolves its development, production, sales, and human resources (Evolution), and pursues its corporate image at a higher stage (Next stage). It accordingly has selected the following as the plan slogan: "Power Electronics for Next "E" Stage." The following describes the basic policy.

FUNDAMENTAL POLICY OF THE PLAN

1. Foster a Corporate Culture with Global Vision

1）Develop business strategies to expand the markets we serve globally

2）Increase competitiveness in emerging markets by expanding local manufacturing operations

3）Enhance customer confidence by developing a global quality management structure

4）Expand the global purchasing structure and increase overseas procurement

5）Develop global talent and make maximum use of resources in the Sanken Group

6）Improve global talent management in engineering, manufacturing and sales functions by utilizing the local staff of Sanken Group Companies

2. Realize a Growth Strategy Focused on the Environmentally-Friendly and Energy Saving Market

1）Define and apply appropriate organizational resources, and develop new products targeted for growth markets

2）Develop an aggressive business strategy to increase share of the growing environmentally-friendly and energy saving market such as Automotive, White Goods, LED lighting and Industrial equipment

3）Maintain continuous growth of sensor business through aggressive investment

4）Increase standard product business such as Mobile application

5）Enhance Module, Power MOSFET and IGBT business

6）Penetrate new markets such as servers by promoting power supply units offering the highest efficiency in the industry

7）Promote products into the new energy application and environmentally-friendly infrastructure market

8）Differentiate Sanken Group solutions by providing customers with total solutions

3. Promote New Product Development through Expanded Technical Marketing and Program Management

1）Introduce a technical marketing function to define product opportunities

2）Define and focus development themes, enhance program management

3）Improve development efficiency and cycle time by separating technology development and product development

4）Improve flexibility of development and production efficiency by utilizing standard packages

5）Develop new product by utilizing technology synergy of all business units

6）Develop and commercialize next generation semiconductor devices (GaN, SiC)

4. Improve Competitiveness by Enhancing Design, Manufacturing, Sales and FAE Functions

1) Enhance cost competiveness by realizing the combined capabilities of design, manufacturing and production technologies

2) Accelerate diversification of production equipment procurement, including purchasing manufacturing equipment overseas

3) Enhance Business Continuity Plan (BCP) at production sites and along the supply chain

4) Restructure and enhance the sales and FAE organization to implement the growth strategy

5) Develop new customers by expanding sales channels

6) Stimulate new demand in current markets with existing devices

5. Maximize the Use of Resources within the Sanken Group, and Enhance Financial Performance

1) Improve management efficiency through maximum utilization of Sanken Group resources

2) Enrich the corporate culture through targeted employee education programs

3) Improve the productivity of every employee

4) Develop high value-added products through collaboration of Sanken, Allegro and PSL

5) Implement next generation ERP system to optimize operations

6) Reduce interest bearing debt by realizing return on investments in short term, and reducing inventory days

(4) TASKS TO BE ADDRESSED

Looking into the future, we expect that the China economy will continue growing at a slowing but moderate pace and the US economy will accelerate its growth with steady personal consumption and housing investment. The economy is expected to grow in Europe due to its signs of economic recovery. Backed by these factors, the global economy is expected to continue with strengthening recovery trend. The Japanese economy is forecasted to drop temporarily due to the effect of the consumption tax rise, but overseas economic recovery and public demand are expected to stave off a recession. In the electronics industry to which the Company group belongs, we expect energy saving and new energy related markets to continue further expanding. The automotive electrification that contributes to reduced fuel consumption and improved safety and the growing adoption of inverters in white goods in response to tightening energy-savings regulations overseas are likely to further accelerate. These factors will lead to increasing demand for relevant electronic parts.

Under these circumstances, the Company group will set out the basic policy of expanding the scale of sales and accelerating overseas expansion and will achieve the planned target of fiscal 2014, the last year of the 2012 Mid-term Business Plan (the “12 Mid Plan”), by strengthening its efforts in “overseas markets” and “general-purpose products markets” in the areas of eco-friendly and energy saving, and green energy. Demand is expected to continuously increasing for electronic parts for automotive products and white goods, the segments where the Company group has a competitive edge. To surely link this demand to sales, we will aggressively invest in increased production at our semiconductor production bases in Japan and overseas. We will also take measures toward revenue expansion and quality enhancement by newly establishing a technology center for acquiring new customers and providing closely tailored products for customers, while further strengthening our quality control system in order to respond to the rising sales of automotive products for which high quality is required. For technology development, we will continue to target the early development of next-generation semiconductors while promoting technological innovation and enhancing our capabilities in new product development mainly by focusing on the development of sophisticated digital control semiconductors. We will also strive to raise profits by continuously implementing various measures to improve profitability by constraining fixed costs, etc. Through these initiatives, the Company group will make concerted efforts to achieve its goals.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) CONSOLIDATED BLANCE SHEETS

Millions of yen

ASSETS	March 31 2013	**March 31 2014**
Current assets		
Cash and deposits	12,079	**14,943**
Notes and accounts receivable - trade	31,945	**33,986**
Merchandise and finished goods	11,735	**13,760**
Work in process	21,090	**20,885**
Raw materials and supplies	11,140	**11,464**
Deferred tax assets	1,210	**1,614**
Other	2,936	**4,171**
Allowance for doubtful accounts	(61)	**(61)**
Total current assets	92,077	**100,764**
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,035	**18,697**
Machinery, equipment and vehicles, net	18,210	**20,944**
Tools, furniture and fixtures, net	759	**944**
Land	4,921	**5,183**
Leased assets, net	4,259	**3,506**
Construction in progress	5,758	**5,699**
Total property, plant and equipment	50,945	**54,975**
Intangible assets		
Software	802	**2,420**
Other	889	**1,198**
Total intangible assets	1,691	**3,618**
Investments and other assets		
Investment securities	1,769	**2,265**
Deferred tax assets	196	**888**
Other	2,079	**2,493**
Allowance for doubtful accounts	(242)	**(242)**
Total investments and other assets	3,803	**5,404**
Total non-current assets	56,439	**63,998**
Total assets	148,517	**164,762**

Millions of yen

LIABILITIES AND NET ASSETS	March 31 2013	**March 31 2014**
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,235	**18,345**
Short-term loans payable	14,805	**27,030**
Current portion of bonds	20,000	**-**
Commercial papers	13,000	**15,000**
Lease obligations	1,238	**1,248**
Income taxes payable	526	**157**
Accrued expenses	8,818	**8,532**
Other	2,323	**1,061**
Total current liabilities	76,948	**71,376**
Non-current liabilities		
Bonds payable	10,000	**30,000**
Long-term loans payable	12,500	**5,000**
Lease obligations	3,157	**2,296**
Deferred tax liabilities	868	**1,951**
Provision for retirement benefits	5,128	**-**
Provision for directors' retirement benefits	20	**18**
Net defined benefit liability	-	**3,087**
Asset retirement obligations	60	**60**
Other	397	**1,863**
Total non-current liabilities	32,132	**44,277**
Total liabilities	109,081	**115,654**
Net assets		
Shareholders' equity		
Capital stock	20,896	**20,896**
Capital surplus	17,573	**11,028**
Retained earnings	9,493	**20,340**
Treasury shares	(3,926)	**(3,954)**
Total shareholders' equity	44,037	**48,310**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	141	**461**
Foreign currency translation adjustment	(5,004)	**(1,615)**
Remeasurements of defined benefit plans	-	**1,561**
Total accumulated other comprehensive income	(4,862)	**407**
Minority interests	262	**390**
Total net assets	39,436	**49,108**
Total liabilities and net assets	148,517	**164,762**

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

Millions of yen

CONSOLIDATED STATEMENTS OF INCOME	Fiscal Year 2012	**Fiscal Year 2013**
Net sales	126,386	**144,467**
Cost of sales	98,211	**108,656**
Gross profit	28,174	**35,810**
Selling, general and administrative expenses	23,549	**28,033**
Operating income	4,625	**7,777**
Non-operating income		
Interest income	6	**8**
Dividend income	28	**31**
Foreign exchange gains	277	**161**
Subsidy income	-	**698**
Miscellaneous income	615	**486**
Total non-operating income	928	**1,385**
Non-operating expenses		
Interest expenses	695	**784**
Depreciation of inactive non-current assets	248	**-**
Miscellaneous loss	561	**805**
Total non-operating expenses	1,506	**1,589**
Ordinary income	4,047	**7,573**
Extraordinary income		
Gain on sales of non-current assets	242	**0**
Total extraordinary income	242	**0**
Extraordinary losses		
Loss on disposal of non-current assets	54	**26**
Impairment loss	88	**-**
Loss on valuation of investment securities	47	**-**
Loss on liquidation of business	-	**2,079**
Total extraordinary losses	190	**2,105**
Income before income taxes and minority interests	4,099	**5,468**
Income taxes - current	2,133	**415**
Income taxes - deferred	(272)	**1**
Total income taxes	1,861	**417**
Income before minority interests	2,238	**5,051**
Minority interests in income	(34)	**21**
Net income	2,272	**5,029**

Millions of yen

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Fiscal Year 2012	**Fiscal Year 2013**
Income before minority interests	2,238	**5,051**
Other comprehensive income		
Valuation difference on available-for-sale securities	125	**320**
Foreign currency translation adjustment	4,514	**3,443**
Total other comprehensive income	4,640	**3,764**
Comprehensive income	6,878	**8,815**
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,879	**8,738**
Comprehensive income attributable to minority interests	(1)	**76**

(3) CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

FISCAL YEAR 2012 (April 1, 2012 to March 31, 2013)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	20,896	18,302	7,220	(3,922)	42,497
Changes of items during the period					
Deficit disposition					—
Dividends from surplus-other capital surplus		(727)			(727)
Net income			2,272		2,272
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock		(1)		1	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(729)	2,272	(4)	1,539
Balance at the end of current period	20,896	17,573	9,493	(3,926)	44,037

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	15	(9,485)	—	(9,469)	265	33,293
Changes of items during the period						
Deficit disposition						—
Dividends from surplus-other capital surplus						(727)
Net income						2,272
Purchase of treasury stock						(6)
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	125	4,481	—	4,606	(3)	4,603
Total changes of items during the period	125	4,481	—	4,606	(3)	6,143
Balance at the end of current period	141	(5,004)	—	(4,862)	262	39,436

FISCAL YEAR 2013 (April 1, 2013 to March 31, 2014)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	20,896	17,573	9,493	(3,926)	44,037
Changes of items during the period					
Deficit disposition		(5,816)	5,816		—
Dividends from surplus-other capital surplus		(727)			(727)
Net income			5,029		5,029
Purchase of treasury stock				(27)	(27)
Disposal of treasury stock		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(6,544)	10,846	(27)	4,273
Balance at the end of current period	20,896	11,028	20,340	(3,954)	48,310

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	141	(5,004)	—	(4,862)	262	39,436
Changes of items during the period						
Deficit disposition						—
Dividends from surplus-other capital surplus						(727)
Net income						5,029
Purchase of treasury stock						(27)
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	320	3,388	1,561	5,270	128	5,398
Total changes of items during the period	320	3,388	1,561	5,270	128	9,672
Balance at the end of current period	461	(1,615)	1,561	407	390	49,108

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of yen

	Fiscal Year 2012	**Fiscal Year 2013**
Cash flows from operating activities		
Income before income taxes and minority interests	4,099	**5,468**
Depreciation	7,151	**8,432**
Impairment loss	88	**-**
Increase (decrease) in allowance for doubtful accounts	(13)	**(6)**
Increase (decrease) in provision for retirement benefits	985	**-**
Increase (decrease) in net defined benefit liability	-	**(543)**
Interest and dividend income	(35)	**(39)**
Interest expenses	695	**784**
Decrease (increase) in notes and accounts receivable - trade	(652)	**(870)**
Decrease (increase) in inventories	(1,406)	**(483)**
Increase (decrease) in notes and accounts payable - trade	(3,445)	**1,056**
Other, net	1,788	**(1,547)**
Subtotal	9,254	**12,248**
Interest and dividend income received	36	**41**
Interest expenses paid	(673)	**(716)**
Income taxes paid	(2,279)	**(914)**
Net cash provided by (used in) operating activities	6,339	**10,658**
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,921)	**(10,052)**
Proceeds from sales of property, plant and equipment	200	**88**
Purchase of intangible assets	(807)	**(889)**
Payments of loans receivable	(13)	**(8)**
Collection of loans receivable	23	**14**
Other, net	127	**(328)**
Net cash provided by (used in) investing activities	(6,390)	**(11,176)**
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(5,159)	**2,802**
Increase (decrease) in commercial papers	(1,500)	**2,000**
Repayments of finance lease obligations	(1,181)	**(1,290)**
Proceeds from long-term loans payable	5,000	**-**
Repayments of long-term loans payable	(5,032)	**-**
Proceeds from issuance of bonds	9,898	**19,908**
Redemption of bonds	-	**(20,000)**
Proceeds from issuance of common stock assigned to minority shareholders of consolidated subsidiaries	-	**48**
Proceeds from sales of treasury shares	0	**0**
Purchase of treasury shares	(6)	**(27)**
Cash dividends paid	(725)	**(726)**
Net cash provided by (used in) financing activities	1,294	**2,714**
Effect of exchange rate change on cash and cash equivalents	969	**586**
Net increase (decrease) in cash and cash equivalents	2,213	**2,783**
Cash and cash equivalents at beginning of period	9,822	**12,036**
Cash and cash equivalents at end of period	12,036	**14,820**

4. SEGMENT INFORMATION

FISCAL YEAR 2012 (April 1, 2012 to March 31, 2013)

Millions of yen

	Reporting Segment				Total	Adjustment	Amount stated in CONSOLIDATED STATEMENTS OF INCOME
	Semi-conductor Devices	CCFL	PM	PS			
Sales							
(1) Third parties	95,692	880	14,295	15,517	126,386	—	126,386
(2) Intersegment	1,253	—	881	0	2,135	(2,135)	—
Total	96,946	880	15,176	15,517	128,521	(2,135)	126,386
Income (loss) by segment	7,990	(1,316)	(1,038)	1,078	6,714	(2,089)	4,625
Assets	108,329	3,753	14,714	10,046	136,843	11,673	148,517
Other							
Depreciation	6,667	72	65	92	6,898	253	7,151
Impairment loss	—	—	88	—	88	—	88
Increase in property, plant, equipment and intangible assets	7,951	15	143	89	8,200	808	9,008

FISCAL YEAR 2013 (April 1, 2013 to March 31, 2014)

Millions of yen

	Reporting Segment				Total	Adjustment	Amount stated in CONSOLIDATED STATEMENTS OF INCOME
	Semi-conductor Devices	CCFL	PM	PS			
Sales							
(1) Third parties	111,937	144	15,791	16,593	144,467	—	144,467
(2) Intersegment	1,419	—	677	5	2,102	(2,102)	—
Total	113,357	144	16,468	16,598	146,569	(2,102)	144,467
Income (loss) by segment	10,716	(720)	(1,251)	1,148	9,893	(2,116)	7,777
Assets	121,977	368	16,478	11,331	150,156	14,606	164,762
Other							
Depreciation	7,868	72	56	118	8,115	316	8,432
Increase in property, plant, equipment and intangible assets	10,354	1	224	160	10,741	1,760	12,501

Note: Corporate Expenses are principally the general administrative expenses which are not included in reporting segment.