

# FY 2014 FIRST QUARTER CONSOLIDATED FINANCIAL RESULTS

(April 1, 2014 to June 30, 2014)

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## 1. FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 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)
Three months ended Jun 30, 2014	36,591 (14.0%)	1,644 (43.3%)	1,515 (79.0%)	756 (-66.8%)
Three months ended Jun 30, 2013	32,108 (6.9%)	1,147 (172.5%)	846 -	2,276 -

Note1: Comprehensive income: 53 million yen (-98.7%) for three months ended June 30, 2014 / 3,982 million yen (-) for three months ended June 30, 2013

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, 2014	6.24	-
Three months ended Jun 30, 2013	18.77	-

### (2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of June 30, 2014	163,551	48,631	29.5%
As of March 31, 2014	164,762	49,108	29.6%

Reference: Shareholders' equity: 48,254 million yen as of June 30, 2014 / 48,718 million yen as of March 31, 2014

## 2. DIVIDEND INFORMATION

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal-year-end	Annual
Fiscal year 2013	-	3.00yen	-	3.00yen	6.00yen
Fiscal year 2014	-				
Fiscal year 2014(forecast)		3.00yen	-	3.00yen	6.00yen

## 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 (cumulative)	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 three months ended June 30, 2014 (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 : 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./2014:	125,490,302	Mar./2014:	125,490,302
Jun./2014:	4,228,275	Mar./2014:	4,223,339
Apr./2014-Jun./2014	121,265,709	Apr./2013-Jun./2013	121,310,479

\* 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, 2014**

## **(1) QUALITATIVE INFORMATION OF CONSOLIDATED OPERATING RESULTS**

Looking into the trends in the global economy for the current first quarter consolidated fiscal period, demand stayed on a recovery path overall in the markets the Company mainly services with its products. The U.S economy continued to recover due to steady personal consumption, the European economy continued to show signs of recovery, and the Chinese economy continued to expand in spite of a slowdown in growth. Under these circumstances, we focused on increasing sales in overseas markets and standard product markets toward promoting environmentally-friendly and energy saving and expanding green energy based on our basic policy for fiscal 2014 of “increasing the scale of sales” and “accelerating our overseas expansion.” Net sales in the first quarter consolidated fiscal period were ¥36,591 million, an increase of ¥4,483 million (14.0%) as compared to the same period in the previous year, thanks mainly to strong sales of semiconductor devices and increased sales of the relevant products linked to expanding corporate investments primarily for telecommunications. For income, operating income and ordinary income both increased as compared to the same period in the previous year, as we recorded operating income of ¥1,644 million, an increase of ¥497 million (43.3%), and ordinary income of ¥1,515 million, an increase of ¥668 million (79.0%). These results were attributable to increased net sales and efforts to contain fixed costs, as well as the absence of the valuation loss on inventories recorded in the same period of the previous year due to the termination of boards business for TVs. Quarterly net income was ¥756 million, a decrease of ¥1,520 million (66.8%), because no tax effect was recorded at a US subsidiary that had recorded a tax effect in the previous fiscal year.

Overview of business by segment is as follows.

In the semiconductor device business, although sales of products for TVs and audio decreased, sales of automotive products continued to progress favorably thanks to the development of automotive electrification. Sales of products for white goods such as air conditioners, refrigerators, and washers for overseas and domestic markets increased significantly. As a result, consolidated net sales from this segment were ¥29,682 million, an increase of ¥3,540 million (13.5%) as compared to the same period in the previous year. Meanwhile, consolidated operating income remained ¥2,493 million, a slight increase of ¥100 million (4.2%) as compared to the same period in the previous year. These results were mainly attributable to capital investments for increased production in anticipation of stronger orders received, increasing research and development expenses for the development of new products, and an emerging trend of construction project postponement in anticipation of price declines in the LED lighting business.

For the PM business, sales of power-supply units for industrial machinery remained sluggish, while sales of products for OA equipment remained almost unchanged from the previous year and sales of adapters for TVs increased. As a result, consolidated net sales from this segment were ¥3,608 million, an increase of ¥5 million (0.2%) as compared to the same period in the previous year. For income, we succeeded in substantially narrowing the deficit margin, but we were still forced to record consolidated operating loss of ¥238 million (consolidated operating loss of ¥577 million in the same period in the previous year).

Sales for the PS business progressed favorably as sales of power-supply units for telecommunication facilities significantly increased, though sales of products for public agencies remained stagnant. As a result, consolidated net sales from this segment were ¥3,300 million, an increase of ¥1,029 million (45.3%) as compared to the same period in the previous year. For income, we recorded consolidated operating loss of ¥62 million (consolidated operating loss of ¥121 million in the same period in the previous year), although it improved to some degree.

## **(2) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL POSITION**

Assets as of the end of the three months ended June 30, 2014 were ¥163,551 million, an increase of ¥1,211 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in construction in progress of ¥950 million, software of ¥326 million and a decrease in notes and accounts receivable-trade of ¥2,426 million.

Liabilities were ¥114,919 million, a decrease of ¥734 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in commercial papers of ¥500 million and a decrease in loans of ¥1,416 million.

Net Assets were ¥48,631 million, a decrease of ¥477 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings of ¥593 million, capital surplus of ¥363 million and a decrease in foreign currency translation adjustment of ¥710 million.

## **(3) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL FORECAST**

We expect that the global economy will overall continue to recover, with ongoing recovery in the US, moderate expansion of the Chinese economy in spite of downward risk, and a recovery of the economy in Europe. We also forecast a moderate recovery trend in the Japanese economy. Personal consumption in Japan may remain somewhat sluggish but is expected to pick up thanks to improved employment and income circumstances, while capital investments are likely to remain on an increasing trend on the back of improved corporate performance. Under these circumstances, the Company group will strive to increase the scale of sales and accelerate overseas development of “environmentally-friendly and energy saving” and “green energy” related products and strengthen its supply capability by reinforcing production lines in the front-end wafer processes and the back-end wafer processes. Through these efforts, the Company group will steadily exploit these movements for sales and will make concerted efforts to achieve the group plan for fiscal 2014.

## 2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

### (1) QUARTERLY CONSOLIDATED BALANCE SHEETS

Millions of yen

	March 31 2014	June 30 2014
<b>ASSETS</b>		
Current assets		
Cash and deposits	14,943	<b>15,651</b>
Notes and accounts receivable - trade	33,986	<b>31,559</b>
Merchandise and finished goods	13,760	<b>13,567</b>
Work in process	20,885	<b>20,933</b>
Raw materials and supplies	11,464	<b>11,747</b>
Deferred tax assets	1,614	<b>1,768</b>
Other	4,171	<b>4,029</b>
Allowance for doubtful accounts	(61)	<b>(72)</b>
Total current assets	<u>100,764</u>	<u><b>99,184</b></u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,697	<b>18,493</b>
Machinery, equipment and vehicles, net	20,944	<b>21,067</b>
Tools, furniture and fixtures, net	944	<b>963</b>
Land	5,183	<b>5,168</b>
Leased assets, net	3,506	<b>3,213</b>
Construction in progress	5,699	<b>6,650</b>
Total property, plant and equipment	<u>54,975</u>	<u><b>55,557</b></u>
Intangible assets		
Software	2,420	<b>2,746</b>
Other	1,198	<b>1,218</b>
Total intangible assets	<u>3,618</u>	<u><b>3,965</b></u>
Investments and other assets		
Investment securities	2,265	<b>2,395</b>
Deferred tax assets	888	<b>162</b>
Other	2,400	<b>2,528</b>
Allowance for doubtful accounts	(242)	<b>(242)</b>
Total investments and other assets	<u>5,404</u>	<u><b>4,843</b></u>
Total non-current assets	<u>63,998</u>	<u><b>64,367</b></u>
Total assets	<u><u>164,762</u></u>	<u><u><b>163,551</b></u></u>

	March 31 2014	June 30 2014
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,345	<b>18,438</b>
Short-term loans payable	27,030	<b>30,614</b>
Commercial papers	15,000	<b>15,500</b>
Lease obligations	1,248	<b>1,232</b>
Income taxes payable	157	<b>241</b>
Provision for directors' bonuses	-	<b>12</b>
Accrued expenses	8,532	<b>8,650</b>
Other	1,061	<b>1,318</b>
Total current liabilities	<u>71,376</u>	<u><b>76,006</b></u>
Non-current liabilities		
Bonds payable	30,000	<b>30,000</b>
Long-term loans payable	5,000	-
Lease obligations	2,296	<b>1,988</b>
Deferred tax liabilities	1,951	<b>1,832</b>
Provision for directors' retirement benefits	18	<b>21</b>
Net defined benefit liability	3,087	<b>2,855</b>
Asset retirement obligations	60	<b>60</b>
Other	1,863	<b>2,155</b>
Total non-current liabilities	<u>44,277</u>	<u><b>38,913</b></u>
Total liabilities	<u>115,654</u>	<u><b>114,919</b></u>
Net assets		
Shareholders' equity		
Capital stock	20,896	<b>20,896</b>
Capital surplus	11,028	<b>10,665</b>
Retained earnings	20,340	<b>20,933</b>
Treasury shares	(3,954)	<b>(3,958)</b>
Total shareholders' equity	<u>48,310</u>	<u><b>48,536</b></u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	461	<b>545</b>
Foreign currency translation adjustment	(1,615)	<b>(2,326)</b>
Remeasurements of defined benefit plans	1,561	<b>1,498</b>
Total accumulated other comprehensive income	<u>407</u>	<u><b>(281)</b></u>
Minority interests	<u>390</u>	<u><b>376</b></u>
Total net assets	<u>49,108</u>	<u><b>48,631</b></u>
Total liabilities and net assets	<u><u>164,762</u></u>	<u><u><b>163,551</b></u></u>

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

Millions of yen

<b>CONSOLIDATED STATEMENTS OF INCOME</b>	Three months ended Jun.30, 2013	Three months ended Jun.30, 2014
Net sales	32,108	<b>36,591</b>
Cost of sales	24,340	<b>27,314</b>
Gross profit	<u>7,768</u>	<u><b>9,277</b></u>
Selling, general and administrative expenses	<u>6,620</u>	<u><b>7,632</b></u>
Operating income	<u>1,147</u>	<u><b>1,644</b></u>
Non-operating income		
Interest income	1	<b>11</b>
Dividend income	19	<b>24</b>
Foreign exchange gains	4	<b>13</b>
Miscellaneous income	90	<b>181</b>
Total non-operating income	<u>116</u>	<u><b>231</b></u>
Non-operating expenses		
Interest expenses	198	<b>202</b>
Miscellaneous loss	219	<b>158</b>
Total non-operating expenses	<u>417</u>	<u><b>360</b></u>
Ordinary income	<u>846</u>	<u><b>1,515</b></u>
Extraordinary income		
Gain on sales of non-current assets	-	<b>0</b>
Total extraordinary income	<u>-</u>	<u><b>0</b></u>
Extraordinary losses		
Loss on retirement of non-current assets	0	<b>0</b>
Loss on sales of non-current assets	2	-
Total extraordinary losses	<u>3</u>	<u><b>0</b></u>
Income before income taxes and minority interests	<u>843</u>	<u><b>1,514</b></u>
Income taxes	<u>(1,410)</u>	<u><b>742</b></u>
Income before minority interests	<u>2,254</u>	<u><b>772</b></u>
Minority interests in income (loss)	<u>(21)</u>	<u><b>16</b></u>
Net income	<u><u>2,276</u></u>	<u><u><b>756</b></u></u>

Millions of yen

<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</b>	Three months ended Jun.30, 2013	<b>Three months ended Jun.30, 2014</b>
Income before minority interests	2,254	<b>772</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	119	<b>83</b>
Foreign currency translation adjustment	1,607	<b>(740)</b>
Remeasurements of defined benefit plans, net of tax	-	<b>(62)</b>
Total other comprehensive income	<u>1,727</u>	<u><b>(719)</b></u>
Comprehensive income	<u><u>3,982</u></u>	<u><u><b>53</b></u></u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,935	<b>66</b>
Comprehensive income attributable to minority interests	46	<b>(13)</b>

**(3) SEGMENT INFORMATION****[Information about Sales and Operating Income (Loss) by Reporting Segment]****THREE MONTHS ENDED JUNE 30, 2013**

Millions of yen

	Reporting Segment				Total	Adjustment	Amount stated in QUARTERLY CONSOLIDATED STATEMENTS OF INCOME
	Semi-conductor Devices	CCFL	PM	PS			
Sales							
(1) Third parties	26,142	92	3,602	2,270	32,108	—	32,108
(2) Intersegment	358	—	199	0	558	(558)	—
Total	26,500	92	3,802	2,271	32,666	(558)	32,108
Income (loss) by segment	2,392	(13)	(577)	(121)	1,679	(531)	1,147

**THREE MONTHS ENDED JUNE 30, 2014**

Millions of yen

	Reporting Segment			Total	Adjustment	Amount stated in QUARTERLY CONSOLIDATED STATEMENTS OF INCOME
	Semiconductor Devices	PM	PS			
Sales						
(1) Third parties	29,682	3,608	3,300	36,591	—	36,591
(2) Intersegment	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