

FY 2014 SECOND QUARTER (CUMULATIVE) CONSOLIDATED FINANCIAL RESULTS

(April 1, 2014 to September 30, 2014)

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1. FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 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)
Six months ended Sep.30,2014	77,408 (12.8%)	5,171 (89.5%)	4,962 (122.7%)	3,474 (18.3%)
Six months ended Sep.30,2013	68,631 (10.0%)	2,729 (44.1%)	2,228 (87.2%)	2,936 (684.3%)

Note1: Comprehensive income 6,268 million yen (37.7%) for the six months ended Sep.30, 2014 /
 4,551 million yen (-%) for the six months ended Sep.30, 2013

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

	Net income per share (yen)	Diluted net income per share (yen)
Six months ended Sep.30,2014	28.65	—
Six months ended Sep.30,2013	24.21	—

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of September 30, 2014	174,133	54,831	31.2%
As of March 31, 2014	164,762	49,108	29.6%

Reference: Shareholders' equity 54,414 million yen as of Sep.30, 2014 / 48,718 million yen as of Mar.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	—	3.00yen			
Fiscal year 2014 (forecast)			-	3.00yen	6.00yen

Note: Revision to recently disclosed dividend forecast: No

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
Full Year	160,000 (10.8%)	12,000 (54.3%)	10,600 (40.0%)	7,900 (57.1%)	65.13yen

Note: Revision to recently disclosed financial forecast: No

4. OTHER

- (1) Changes in significant subsidiaries during the six months ended September 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 according to the revision 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 six months ended September 30

Sep./2014:	125,490,302	Mar./2014:	125,490,302
Sep./2014:	4,240,890	Mar./2014:	4,223,339
Apr./2014-Sep./2014	121,261,147	Apr./2013-Sep./2013	121,305,486

* 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 of Consolidated Financial Forecast".

1. QUALITATIVE INFORMATION ABOUT CONSOLIDATED BUSINESS RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2014

(1) QUALITATIVE INFORMATION OF CONSOLIDATED OPERATING RESULTS

Looking into the trends in the global economy for the six months ended September 30, 2014, demand stayed on a moderate recovery path in the markets the Company mainly services with its products. The US economy continued to expand due to steady personal consumption, the European economy continued to show signs of recovery, and the Chinese economy continued to grow in spite of a slowdown. Under these circumstances, we focused on increasing sales in overseas markets and standard product markets in order to make headway in our efforts to promote environmentally-friendly and energy saving and expand the use of green energy based on our basic policy for fiscal 2014 of “increasing the scale of sales” and “accelerating our overseas expansion.” Net sales during the six months ended September 30, 2014 were ¥77,408 million, an increase of ¥8,776 million (12.8%) as compared to the same period in the previous year, thanks mainly to strong sales of semiconductor devices and increased sales of the Company’s relevant products linked to expanding corporate investments for domestic telecommunications. For income, operating income and ordinary income both increased significantly as compared to the same period in the previous year, as we recorded operating income of ¥5,171 million, an increase of ¥2,442 million (89.5%), and ordinary income of ¥4,962 million, an increase of ¥2,733 million (122.7%). These results were attributable to an improved income ratio linked to increased production volume and ongoing 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 ¥3,474 million, an increase of ¥538 million (18.3%), even though 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 increased sales volume of automobiles in North America and the development of electrification all over the world. Sales of inverter IC 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 ¥61,528 million, an increase of ¥7,005 million (12.8%) as compared to the same period in the previous year. Consolidated operating income was ¥6,245 million, an increase of ¥1,057 million (20.4%) as compared to the same period in the previous year.

For the PM business, sales of adaptors decreased and sales of products for OA and industrial machinery remained sluggish, while sales of products for audio products remained almost unchanged from the previous year. As a result, consolidated net sales from this segment were ¥7,477 million, a decrease of ¥479 million (6.0%) as compared to the same period in the previous year. For income, although we succeeded in substantially narrowing the deficit margin owing to the absence of the valuation loss on inventories recorded in the previous year due to the termination of boards business for TVs, we were still forced to record consolidated operating loss of ¥351 million (consolidated operating loss of ¥1,036 million in the same period in the previous year).

Sales for the PS business progressed favorably as the significantly increased sales of power-supply units for telecommunication facilities and the increased sales of products for public agencies outweighed the sluggish sales of products for private demand. As a result, consolidated net sales from this segment were ¥8,402 million, an increase of ¥2,367 million (39.2%) as compared to the same period in the previous year. Consolidated operating income was ¥406 million, a significant increase of ¥305 million (302.3%) as compared to the same period in the previous year.

(2) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL POSITION

1) Status of Assets, Liabilities and Net Assets

Assets as of the end of September 30, 2014 were ¥174,133 million, an increase of ¥9,370 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in notes and accounts receivable-trade of ¥1,501 million and inventories of ¥2,801 million and property, plant and equipment of ¥4,286 million.

Liabilities were ¥119,301 million, an increase of ¥3,647 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in notes and accounts payable-trade of ¥1,922 million and loans payable of ¥390 million and accrued expenses of ¥539 million.

Net Assets were ¥54,831 million, an increase of ¥5,723 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings of ¥3,311 million and foreign currency translation adjustment of ¥2,790 million.

2) Status of Cash Flows

Balance of cash and cash equivalents at the end of the six months ended September 30, 2014 was ¥15,435 million, an increase of ¥614 million as compared to the end of the previous consolidated fiscal year.

Net cash provided by operating activities was ¥7,319 million, an increase of ¥5,128 million as compared to the same period in the previous fiscal year. This was mainly due to an increase in income before income taxes and a decrease in cash outflow by an increase in notes and accounts payable-trade.

Net cash used in investing activities was ¥5,867 million, an increase of ¥412 million as compared to the same period in the previous fiscal year. This was mainly due to an increase in cash outflow by purchase of property, plant and equipment.

Net cash used in financing activities was ¥1,271 million, an increase of ¥4,049 million as compared to the same period in the previous fiscal year. This was mainly due to an increase in cash outflow by repayments of short-term loans payable and repayments of commercial papers.

(3) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL FORECAST

Although ongoing uncertainties in international politics and the international community still have the potential to weigh on economic performance, we expect that the global economy will overall continue to recover, with ongoing expansion in the US, moderate expansion of the Chinese economy in spite of downward risk, and a recovery of the economy in Europe. The Japanese economy is expected to moderately recover in spite of anxiety over the future economic trends, as the personal consumption is expected to pick up amid improved employment and income circumstances. 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 including in emerging countries, and strengthen its supply capability by reinforcing production lines in the front-end wafer processes and the back-end assembly 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	September 30 2014
ASSETS		
Current assets		
Cash and deposits	14,943	15,623
Notes and accounts receivable - trade	33,986	35,487
Merchandise and finished goods	13,760	14,738
Work in process	20,885	21,525
Raw materials and supplies	11,464	12,648
Deferred tax assets	1,614	1,155
Other	4,171	4,931
Allowance for doubtful accounts	(61)	(24)
Total current assets	<u>100,764</u>	<u>106,085</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,697	19,797
Machinery, equipment and vehicles, net	20,944	22,529
Tools, furniture and fixtures, net	944	1,121
Land	5,183	5,315
Leased assets, net	3,506	2,998
Construction in progress	5,699	7,499
Total property, plant and equipment	<u>54,975</u>	<u>59,262</u>
Intangible assets		
Software	2,420	3,134
Other	1,198	1,327
Total intangible assets	<u>3,618</u>	<u>4,461</u>
Investments and other assets		
Investment securities	2,265	1,850
Deferred tax assets	888	69
Other	2,400	2,646
Allowance for doubtful accounts	(242)	(242)
Total investments and other assets	<u>5,404</u>	<u>4,324</u>
Total non-current assets	<u>63,998</u>	<u>68,048</u>
Total assets	<u><u>164,762</u></u>	<u><u>174,133</u></u>

	March 31 2014	September 30 2014
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,345	20,268
Short-term loans payable	27,030	27,421
Commercial papers	15,000	15,000
Lease obligations	1,248	1,224
Income taxes payable	157	288
Provision for directors' bonuses	-	25
Accrued expenses	8,532	9,072
Other	1,061	2,236
Total current liabilities	<u>71,376</u>	<u>75,536</u>
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	5,000	5,000
Lease obligations	2,296	1,751
Deferred tax liabilities	1,951	1,992
Provision for directors' retirement benefits	18	23
Net defined benefit liability	3,087	2,476
Asset retirement obligations	60	60
Other	1,863	2,461
Total non-current liabilities	<u>44,277</u>	<u>43,765</u>
Total liabilities	<u>115,654</u>	<u>119,301</u>
Net assets		
Shareholders' equity		
Capital stock	20,896	20,896
Capital surplus	11,028	10,665
Retained earnings	20,340	23,651
Treasury shares	(3,954)	(3,969)
Total shareholders' equity	<u>48,310</u>	<u>51,243</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	461	560
Foreign currency translation adjustment	(1,615)	1,175
Remeasurements of defined benefit plans	1,561	1,435
Total accumulated other comprehensive income	<u>407</u>	<u>3,171</u>
Minority interests	<u>390</u>	<u>417</u>
Total net assets	<u>49,108</u>	<u>54,831</u>
Total liabilities and net assets	<u><u>164,762</u></u>	<u><u>174,133</u></u>

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

Millions of yen

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME	Six months ended Sep.30, 2013	Six months ended Sep.30, 2014
Net sales	68,631	77,408
Cost of sales	52,381	56,905
Gross profit	<u>16,249</u>	<u>20,503</u>
Selling, general and administrative expenses	<u>13,520</u>	<u>15,331</u>
Operating income	<u>2,729</u>	<u>5,171</u>
Non-operating income		
Interest income	4	5
Dividend income	19	25
Foreign exchange gains	103	142
Miscellaneous income	157	255
Total non-operating income	<u>285</u>	<u>428</u>
Non-operating expenses		
Interest expenses	430	383
Miscellaneous loss	355	253
Total non-operating expenses	<u>786</u>	<u>637</u>
Ordinary income	<u>2,228</u>	<u>4,962</u>
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	-	408
Total extraordinary income	<u>0</u>	<u>408</u>
Extraordinary losses		
Loss on retirement of non-current assets	13	1
Loss on sales of non-current assets	2	-
Total extraordinary losses	<u>15</u>	<u>1</u>
Income before income taxes and minority interests	<u>2,212</u>	<u>5,369</u>
Income taxes	<u>(707)</u>	<u>1,868</u>
Income before minority interests	<u>2,920</u>	<u>3,500</u>
Minority interests in income (loss)	<u>(15)</u>	<u>26</u>
Net income	<u><u>2,936</u></u>	<u><u>3,474</u></u>

Millions of yen

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Six months ended Sep.30, 2013	Six months ended Sep.30, 2014
Income before minority interests	2,920	3,500
Other comprehensive income		
Valuation difference on available-for-sale securities	229	98
Foreign currency translation adjustment	1,401	2,794
Remeasurements of defined benefit plans, net of tax	-	(125)
Total other comprehensive income	<u>1,630</u>	<u>2,767</u>
Comprehensive income	<u><u>4,551</u></u>	<u><u>6,268</u></u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,491	6,238
Comprehensive income attributable to minority interests	60	30

(3) QUARTERLY CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of yen

	Six months ended Sep.30, 2013	Six months ended Sep.30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	2,212	5,369
Depreciation	4,049	4,312
Increase (decrease) in allowance for doubtful accounts	(1)	(37)
Increase (decrease) in provision for retirement benefits	(281)	-
Increase (decrease) in net defined benefit liability	-	(648)
Interest and dividend income	(24)	(30)
Interest expenses	430	383
Loss (gain) on sales of investment securities	-	(408)
Decrease (increase) in notes and accounts receivable - trade	1,288	(857)
Decrease (increase) in inventories	(1,482)	(1,680)
Increase (decrease) in notes and accounts payable - trade	(199)	1,298
Other, net	(2,759)	1,171
Subtotal	3,232	8,871
Interest and dividend income received	24	34
Interest expenses paid	(393)	(388)
Income taxes paid	(672)	(1,198)
Net cash provided by (used in) operating activities	2,190	7,319
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,979)	(6,154)
Proceeds from sales of property, plant and equipment	55	18
Purchase of intangible assets	(343)	(665)
Proceeds from sales of investment securities	-	976
Payments of loans receivable	(2)	(10)
Collection of loans receivable	7	2
Other, net	(192)	(35)
Net cash provided by (used in) investing activities	(5,455)	(5,867)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	8,802	(258)
Increase (decrease) in commercial papers	5,000	-
Repayments of finance lease obligations	(648)	(633)
Proceeds from long-term loans payable	-	5,000
Repayments of long-term loans payable	-	(5,000)
Proceeds from issuance of bonds	9,954	-
Redemption of bonds	(20,000)	-
Proceeds from issuance of common stock assigned to minority shareholders of consolidated subsidiaries	41	-
Purchase of treasury shares	(8)	(14)
Cash dividends paid	(362)	(364)
Net cash provided by (used in) financing activities	2,777	(1,271)
Effect of exchange rate change on cash and cash equivalents	245	512
Net increase (decrease) in cash and cash equivalents	(241)	692
Cash and cash equivalents at beginning of period	12,036	14,820
Increase (decrease) in cash and cash equivalents from change of fiscal year of consolidated subsidiaries	-	(77)
Cash and cash equivalents at end of period	11,795	15,435

(4) SEGMENT INFORMATION**[Information on Net Sales, Incomes or Losses by Individual Reportable Segments]****SIX MONTHS ENDED SEPTEMBER 30, 2013**

Millions of yen

	Reportable Segments				Total	Adjusted Amount	Amount stated in Quarterly Consolidated Statements of Income
	Semi-conductor Devices	CCFL	PM	PS			
Sales							
(1) Sales to Customers	54,523	117	7,956	6,035	68,631	—	68,631
(2) Intersegment Sales or Transfer	562	—	396	2	960	(960)	—
Total	55,085	117	8,352	6,037	69,592	(960)	68,631
Operating Income (loss) by segment	5,188	(420)	(1,036)	101	3,831	(1,102)	2,729

SIX MONTHS ENDED SEPTEMBER 30, 2014

Millions of yen

	Reportable Segments			Total	Adjusted Amount	Amount stated in Quarterly Consolidated Statements of Income
	Semiconductor Devices	PM	PS			
Sales						
(1) Sales to Customers	61,528	7,477	8,402	77,408	—	77,408
(2) Intersegment Sales or Transfer	393	320	0	714	714	—
Total	61,922	7,797	8,403	78,122	(714)	77,408
Operating Income (loss) by segment	6,245	(351)	406	6,300	(1,129)	5,171