

# FY 2015 FIRST QUARTER CONSOLIDATED FINANCIAL RESULTS

(April 1, 2015 to June 30, 2015)

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## 1. FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2015

### (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, 2015	36,198 (-1.1%)	198 (-88.0%)	-137 ( - )	-602 ( - )
Three months ended Jun 30, 2014	36,591 (14.0%)	1,644 (43.3%)	1,515 (79.0%)	756 (-66.8%)

Note1: Comprehensive income: 592 million yen (-%) for three months ended June 30, 2015 / 53 million yen (-98.7%) for three months ended June 30, 2014

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, 2015	-4.97	-
Three months ended Jun 30, 2014	6.24	-

### (2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of June 30, 2015	195,094	63,182	32.1%
As of March 31, 2015	193,267	63,021	32.4%

Reference: Shareholders' equity: 62,717 million yen as of June 30, 2015 / 62,584 million yen as of March 31, 2015

## 2. DIVIDEND INFORMATION

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal-year-end	Annual
Fiscal year 2014	-	3.00yen	-	3.50yen	6.50yen
Fiscal year 2015	-				
Fiscal year 2015(forecast)		3.50yen	-	3.50yen	7.00yen

## 3. FISCAL YEAR 2015 CONSOLIDATED FINANCIAL FORECAST (April 1, 2015 to March 31, 2016)

(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)	83,000 (7.2%)	5,700 (10.2%)	5,100 (2.8%)	3,300 (-5.0%)	27.22yen
Full Year	172,000 (7.0%)	13,000 (16.1%)	11,700 (13.2%)	8,100 (2.0%)	66.80yen

## 4. OTHER

(1) Changes in significant subsidiaries during the three months ended June 30, 2015 (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 : Yes
- 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./2015:	125,490,302	Mar./2015:	125,490,302
Jun./2015:	4,257,572	Mar./2015:	4,253,173
Apr./2015-Jun./2015	121,235,468	Apr./2014-Jun./2014	121,265,709

\* 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, 2015**

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

The global economy remained on a moderate recovery trend as a whole during the current first quarter consolidated fiscal period, while the degree of economic confidence varied from region to region and tangible concerns over the ongoing low prices of crude oil and other resources persisted. The US economy stayed on a recovery trend as a whole in spite of sluggishness due to the impact of a strong dollar in the second half of the current first quarter. The European economy remained on a recovery trend in spite of the Greece debt crisis, while the Chinese economy further slowed in Asia. The Japanese economy progressed steadily, backed by an upward trend in corporate investments spurred by ongoing improvements in corporate performance, along with signs of recovery in consumer sentiment. Under these economic conditions, demand for the Company's products remained on an increasing trend in strategically focused markets in spite of stringent factors in some fields. The Company started the "2015 Mid-term Business Plan" on April 1 of this year with the aim at qualitatively restructuring itself into a truly global company, and listed "Increase sales" and "Generate cash flows" as a basic policy. The Company's basic policy for fiscal 2015, the first year of the Plan, is to "Focus on the strategic market." Under this policy we have worked to "Increase sales" and "Expand production capacity" in the environmentally-friendly and energy saving and green energy markets such as automotive, motor, white goods, industrial equipment, communications and new energy. In the first quarter consolidated fiscal period, the first three months of the first year of the Plan, sales of semiconductor devices were sluggish and remained unchanged as compared to the same period in the previous year in spite of the weaker yen, and sales of PS products declined significantly due to the completion of the latest round of corporate investments for telecommunications. Mainly due to such factors, net sales were ¥36,198 million, a decrease of ¥393 million (1.1%) as compared to the same period in the previous year. For income, operating income declined significantly as compared to the same period in the previous year, as we recorded operating income of ¥198 million, a decrease of ¥1,446 million (88.0%). This result was mainly attributable to decreased net sales, revisions in our product mix, and increased expenses relating to the new Sanken ERP system activated in May of this year. We were forced to record both an ordinary loss and quarterly net loss attributable to owners of the parent company: ordinary loss was ¥137 million (ordinary income of ¥1,515 million in the same period in the previous year) and the quarterly net loss attributable to owners of parent was ¥602 million (quarterly net income attributable to owners of the parent company of ¥756 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 increased by 10.9% as compared to the same period in the previous year, partly thanks to higher sales overall boosted by the weaker yen. Sales of products for white goods such as air conditioners and refrigerators varied greatly in different customer regions, ranging from a significant decline for domestic customers to steady levels for South Korean customers and sharp rises in China. Overall sales of products for white goods exceeded the level of the same period in the previous year by 2.9%. Consolidated net sales from this segment, however, were ¥29,701 million, marking a slight increase of ¥19 million (0.1%) as compared to the same period in the previous year mainly due to significantly declined sales of products for industrial machinery and TVs and audio products. For income, consolidated operating income was ¥1,316 million, marking a substantial decrease of ¥1,177 million (47.2%) as compared to the same period in the previous year, mainly due to sluggish sales, revisions in our product mix, and increased expenses relating to the new Sanken ERP system activated in May.

For the power modules segment, sales of products for printers for office and industrial machinery stayed on the same level as the previous year, while sales of durability-type adapters for emerging countries expanded. As a result, consolidated net sales from this segment were ¥4,068 million, an increase of ¥459 million (12.7%) as compared to the same period in the previous year. Meanwhile, for income we were forced to record consolidated operating loss of ¥285 million (consolidated operating loss of ¥238 million in the same period in the previous year) mainly due to depreciation associated with investment in production facilities.

Sales for the power systems segment remained sluggish. Sales of the relevant power-supply units declined significantly due to the completion of the latest round of large-scale corporate investments for telecommunication facilities mainly for mobile phones, while sales of products in new energy fields, a sector that should complement the aforesaid decline, lacked strength. As a result, consolidated net sales from this segment were ¥2,428 million, a decrease of ¥871 million (26.4%) as compared to the same period in the previous year. For income, we recorded consolidated operating loss of ¥123 million (consolidated operating loss of ¥62 million in the same period in the previous year).

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

Assets as of the end of the three months ended June 30, 2015 were ¥195,094 million, an increase of ¥1,827 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in inventories of ¥5,157 million, total property, plant and equipment of ¥3,075 million and a decrease in notes and accounts receivable-trade of ¥6,213 million.

Liabilities were ¥131,912 million, a decrease of ¥1,666 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in bonds payable of ¥15,000 million and a decrease in commercial papers of ¥12,500 million.

Net Assets were ¥63,182 million, an increase of ¥160 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in foreign currency translation adjustment of ¥1,100 million and a decrease in retained earnings of ¥1,026 million.

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

We expect that the global economy will overall continue to recover, with ongoing recovery for the time being in the US, moderate expansion of the Chinese economy in spite of concerns about weak stock and real estate markets and an overall slowdown in growth, and an ongoing recovery of the economy in Europe thanks to steady personal consumption in spite of concerns about the impact of the Greece debt crisis. We also forecast a moderate recovery trend in the Japanese economy as personal consumption recovers amid ongoing improvements in employment circumstances and income conditions. Under these circumstances, the Company will strive to reinforce the sales of its existing products, steadily expand the demand for new functions and products in strategic markets relating to environmentally-friendly and energy saving and green energy, and develop its supply capability to keep up with increased orders received by expanding its capacity for wafers supply and strengthening its capacity for semiconductor assembly processes. Through these measures, the Company will make concerted efforts to achieve the group plan for fiscal 2015.

## **2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS**

### **(1) QUARTERLY CONSOLIDATED BALANCE SHEETS**

Millions of yen

	March 31 2015	June 30 2015
<b>ASSETS</b>		
Current assets		
Cash and deposits	17,443	<b>16,890</b>
Notes and accounts receivable - trade	37,489	<b>31,276</b>
Merchandise and finished goods	16,963	<b>19,278</b>
Work in process	24,351	<b>27,560</b>
Raw materials and supplies	12,585	<b>12,218</b>
Deferred tax assets	1,201	<b>1,389</b>
Other	6,168	<b>5,531</b>
Allowance for doubtful accounts	(19)	<b>(21)</b>
Total current assets	<u>116,183</u>	<u><b>114,124</b></u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,325	<b>24,513</b>
Machinery, equipment and vehicles, net	26,213	<b>26,856</b>
Tools, furniture and fixtures, net	1,119	<b>1,336</b>
Land	5,263	<b>5,275</b>
Leased assets, net	2,565	<b>2,298</b>
Construction in progress	10,308	<b>8,591</b>
Total property, plant and equipment	<u>65,795</u>	<u><b>68,871</b></u>
Intangible assets		
Software	3,915	<b>4,056</b>
Other	2,056	<b>2,070</b>
Total intangible assets	<u>5,971</u>	<u><b>6,127</b></u>
Investments and other assets		
Investment securities	1,397	<b>1,570</b>
Deferred tax assets	286	<b>278</b>
Net defined benefit asset	1,022	<b>1,347</b>
Other	2,852	<b>3,017</b>
Allowance for doubtful accounts	(242)	<b>(242)</b>
Total investments and other assets	<u>5,317</u>	<u><b>5,972</b></u>
Total non-current assets	<u>77,084</u>	<u><b>80,970</b></u>
Total assets	<u><u>193,267</u></u>	<u><u><b>195,094</b></u></u>

	March 31 2015	June 30 2015
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,909	<b>20,810</b>
Short-term loans payable	26,570	<b>21,492</b>
Current portion of bonds	4,100	<b>14,100</b>
Commercial papers	22,500	<b>10,000</b>
Lease obligations	1,233	<b>1,214</b>
Income taxes payable	186	<b>480</b>
Provision for directors' bonuses	30	<b>12</b>
Accrued expenses	9,896	<b>10,314</b>
Other	1,926	<b>2,114</b>
Total current liabilities	<u>87,353</u>	<u><b>80,541</b></u>
Non-current liabilities		
Bonds payable	25,900	<b>30,900</b>
Long-term loans payable	7,500	<b>12,500</b>
Lease obligations	1,253	<b>971</b>
Deferred tax liabilities	1,930	<b>1,989</b>
Provision for directors' retirement benefits	25	<b>13</b>
Net defined benefit liability	2,993	<b>2,907</b>
Other	3,288	<b>2,089</b>
Total non-current liabilities	<u>42,892</u>	<u><b>51,371</b></u>
Total liabilities	<u>130,245</u>	<u><b>131,912</b></u>
Net assets		
Shareholders' equity		
Capital stock	20,896	<b>20,896</b>
Capital surplus	10,301	<b>10,301</b>
Retained earnings	28,114	<b>27,088</b>
Treasury shares	(3,981)	<b>(3,984)</b>
Total shareholders' equity	<u>55,331</u>	<u><b>54,301</b></u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	371	<b>489</b>
Foreign currency translation adjustment	5,778	<b>6,879</b>
Remeasurements of defined benefit plans	1,102	<b>1,047</b>
Total accumulated other comprehensive income	<u>7,252</u>	<u><b>8,415</b></u>
Non-controlling interests	<u>437</u>	<u><b>465</b></u>
Total net assets	<u>63,021</u>	<u><b>63,182</b></u>
Total liabilities and net assets	<u><u>193,267</u></u>	<u><u><b>195,094</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, 2014	Three months ended Jun.30, 2015
Net sales	36,591	<b>36,198</b>
Cost of sales	27,314	<b>27,009</b>
Gross profit	<u>9,277</u>	<u><b>9,188</b></u>
Selling, general and administrative expenses	<u>7,632</u>	<u><b>8,990</b></u>
Operating income	<u>1,644</u>	<u><b>198</b></u>
Non-operating income		
Interest income	11	<b>3</b>
Dividend income	24	<b>23</b>
Foreign exchange gains	13	-
Gain on insurance adjustment	40	<b>84</b>
Miscellaneous income	140	<b>106</b>
Total non-operating income	<u>231</u>	<u><b>216</b></u>
Non-operating expenses		
Interest expenses	202	<b>212</b>
Foreign exchange losses	-	<b>118</b>
Miscellaneous loss	158	<b>222</b>
Total non-operating expenses	<u>360</u>	<u><b>553</b></u>
Ordinary income (loss)	<u>1,515</u>	<u><b>(137)</b></u>
Extraordinary income		
Gain on sales of non-current assets	0	-
Total extraordinary income	<u>0</u>	<u>-</u>
Extraordinary losses		
Loss on retirement of non-current assets	0	<b>1</b>
Total extraordinary losses	<u>0</u>	<u><b>1</b></u>
Income (loss) before income taxes and minority interests	<u>1,514</u>	<u><b>(139)</b></u>
Income taxes	742	<b>437</b>
Profit (loss)	<u>772</u>	<u><b>(577)</b></u>
Profit attributable to non-controlling interests	16	<b>24</b>
Profit (loss) attributable to owners of parent	<u>756</u>	<u><b>(602)</b></u>

Millions of yen

<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</b>	Three months ended Jun.30, 2014	<b>Three months ended Jun.30, 2015</b>
Profit (loss)	772	<b>(577)</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	83	<b>117</b>
Foreign currency translation adjustment	(740)	<b>1,107</b>
Remeasurements of defined benefit plans, net of tax	(62)	<b>(55)</b>
Total other comprehensive income	<u>(719)</u>	<u><b>1,170</b></u>
Comprehensive income	<u>53</u>	<u><b>592</b></u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	66	<b>560</b>
Comprehensive income attributable to non-controlling interests	(13)	<b>31</b>

**(3) SEGMENT INFORMATION****[Information about Sales and Operating Income (Loss) by Reporting Segment]****THREE MONTHS ENDED JUNE 30, 2014**

Millions of yen

	Reporting Segment			Total	Adjustment	Amount stated in QUARTERLY CONSOLIDATED STATEMENTS OF INCOME
	Semi-conductor Devices	PM	PS			
Sales						
(1) Sales for customer	29,682	3,608	3,300	36,591	—	36,591
(2) Intersegment Sales or Transfer	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

**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