

FY 2015 SECOND QUARTER (CUMULATIVE) CONSOLIDATED FINANCIAL RESULTS

(April 1, 2015 to September 30, 2015)

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1. FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 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)
Six months ended Sep 30, 2015	77,328 (-0.1%)	2,937 (-43.2%)	1,525 (-69.3%)	109 (-96.8%)
Six months ended Sep 30, 2014	77,408 (12.8%)	5,171 (89.5%)	4,962 (122.7%)	3,474 (18.3%)

Note1: Comprehensive income -293 million yen (- %) for the six months ended Sep.30, 2015 /
 6,268 million yen (37.7%) for the six months ended Sep.30, 2014

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, 2015	0.90	—
Six months ended Sep 30, 2014	28.65	—

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of September 30, 2015	193,114	62,290	32.0%
As of March 31, 2015	193,267	63,021	32.4%

Reference: Shareholders' equity 61,830 million yen as of Sep.30, 2015 / 62,584 million yen as of Mar.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	—	3.50yen			
Fiscal year 2015 (forecast)			—	3.50yen	7.00yen

Note: Revision to recently disclosed dividend forecast: No

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
Full Year	162,000 (0.8%)	8,000 (-28.6%)	6,000 (-41.9%)	2,500 (-68.5%)	20.62yen

Note: Revision to recently disclosed financial forecast: Yes

4. OTHER

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

Sep./2015:	125,490,302	Mar./2015:	125,490,302
Sep./2015:	4,266,382	Mar./2015:	4,253,173
Apr /2015-Sep /2015	121,231,798	Apr /2014-Sep /2014	121,261,147

* 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, 2015

(1) QUALITATIVE INFORMATION OF CONSOLIDATED OPERATING RESULTS

The global economy had been opaque as a whole during the six months ended September 30, 2015. The US economy recovered gradually, only to take an unwanted turn, bringing upon a slowdown of growth in employment rates; after hitting rock-bottom, the European economy also showed signs of recovery, but the lack of social uncertainty in certain regions brought about risks with negative effects; the Chinese economy failed to put a stop to deteriorating indexes despite repeatedly implementing policies to support financial activities. The Japanese economy was maintained overall at a favorable level, whilst there were partial concerns rising from overseas countries, such as China. The Japanese economy owed its success mainly to the expansion of capital investment due to the improvement of corporate earnings, despite personal consumption being at a standstill. In such an economic climate, the demand on the Company's products was strong for strategically focused markets, such as the automotive market and the white goods market. The Company started the "2015 Mid-term Business Plan" (the "Plan") on April 1 of this year, and its 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 six months ended September 30, 2015, sales of semiconductor devices increased just slightly as compared to the same period in the previous year in spite of the weaker yen, mainly due to products for the industrial market being adversely affected by the slowdown of overseas markets, and effects of factors such as some customers delivering ahead of schedule to avoid risks of the new Sanken ERP system which was activated in May of this year. Sales of PS products dropped drastically as sales of products in the new energy market, which were expected to counterbalance the decline in private-sector capital investment for telecommunications, were sluggish. Mainly due to such factors, net sales were ¥77,328 million, a decrease of ¥79 million (0.1%) as compared to the same period in the previous year. Income has declined significantly as compared to the same period in the previous year, due mainly to the decrease in net sales, and the increase of expenses related to research and development and to the new Sanken ERP system. Operating income stood at ¥2,937 million, a ¥2,233 million (43.2%) decrease as compared to the same period in the previous year, ordinary income was ¥1,525 million, a ¥3,436 million (69.3%) decrease as compared to the same period in the previous year, and net income attributable to owners of parent was ¥109 million, a ¥3,364 million (96.8%) decrease as compared to the same period in the previous year.

Overview of business by segment is as follows.

In the semiconductor devices segment, sales of automotive products recorded two-digit growth, as compared to the same period in the previous year, mainly due to higher sales overall boosted by the weaker yen. Sales of products for white goods such as air conditioners and refrigerators increased generally at the same level as the same period in the previous year, despite varying greatly in different customer regions. However, due to the drastic decline in sales of products for industrial machinery and TVs and audio products, consolidated net sales of the segment were ¥62,867 million, an increase of ¥1,339 million (2.2%) as compared to the same period in the previous year. For income, consolidated operating income was ¥4,417 million, a decrease of ¥1,827 million (29.3%) as compared to the same period in the previous year, due to factors such as sluggish sales and the increase in expenses related to the new Sanken ERP system and the construction of the Allegro Plant in Thailand.

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 adapters expanded immensely. As a result, consolidated net sales from this segment were ¥8,347 million, an increase of ¥869 million (11.6%) as compared to the same period in the previous year. Meanwhile, for income we recorded consolidated operating loss of ¥374 million (consolidated operating loss of ¥351 million in the same period in the previous year) mainly due to changes in the product mix.

Sales for the power systems segment remained sluggish. Due to the completion of the latest round of large-scale capital investments for telecommunication facilities mainly for mobile phones during the first quarter of the current fiscal year, sales of products aimed for the same market declined significantly. Moreover, the full-scale product launch of the new energy sector, which was expected to boost sales, was postponed to the third quarter of the current fiscal year. As a result of the above, consolidated net sales from this segment were ¥6,113 million, a decrease of ¥2,288 million (27.2%) as compared to the same period in the previous year. For income, we recorded consolidated operating income of ¥237 million, a decrease of ¥169 million (41.6%) 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, 2015 were ¥193,114 million, a decrease of ¥153 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in inventories of ¥3,967 million and a decrease in notes and accounts receivable-trade of ¥4,046 million.

Liabilities were ¥130,823 million, an increase of ¥577 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 ¥7,500 million and in notes and accounts payable-trade of ¥3,684 million.

Net Assets were ¥62,290 million, a decrease of ¥731 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease in foreign currency translation adjustment of ¥373 million and in retained earnings of ¥314 million.

2) Status of Cash Flows

Balance of cash and cash equivalents at the end of the six months ended September 30, 2015 was ¥14,533 million, a decrease of ¥2,692 million as compared to the end of the previous consolidated fiscal year.

Net cash used in operating activities was ¥209 million, a decrease of ¥7,529 million as compared to the same period in the previous fiscal year. This was mainly due to a decrease in income before income taxes and an increase in cash outflow by an increase in inventories.

Net cash used in investing activities was ¥7,988 million, an increase of ¥2,120 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 provided by financing activities was ¥5,920 million, an increase of ¥7,192 million as compared to the same period in the previous fiscal year. This was mainly due to an increase in proceeds from issuance of bonds.

(3) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL FORECAST

We expect that the global economy will overall continue to gradually expand, although it is difficult to be optimistic about consumer demand within markets related to the Company's products. The US economy is expected to continue to grow, but is riddled with uncertainty as financial authorities have postponed the interest rate hike. Although the European economy is also expected to slowly recover, concerns are raised due to factors such as social and political opaqueness. Moreover, due to the effects of the slowdown in growth as a result of weak stock and real estate markets, the Chinese economy is threatened by risks that could further worsen the situation. In the Japanese economy, corporate earnings are expected to continue to recover, but has become more susceptible to changes occurring in the global economy. This, together with a standstill of domestic individual consumer confidence, has resulted in the future trends of the Japanese economy being extremely difficult to forecast. With such an economic backdrop, and drawing from the Company's consolidated financial results of the six months ended September 30, 2015, amendments will be made as follows concerning the released forecast of the consolidated financial results of the current fiscal year.

[Forecast of Consolidated Business Results for the Fiscal Year ending March 31, 2016]

(Millions of Yen)

	Forecast of the consolidated business results of the full-year ending March 31, 2016	Increase or decrease as compared to the same period in the previous year	Forecast of the consolidated results of the full-year announced in May 2015
Net Sales	162,000	0.8%	172,000
Operating Income	8,000	-28.6%	13,000
Ordinary Income	6,000	-41.9%	11,700
Profit attributable to owners of parent	2,500	-68.5%	8,100

As mentioned above, though the Company will make amendments to the full-year consolidated financial forecast, the Group shall continuously strive to achieve the targets stated in the group plan for fiscal 2015, aiming to further increase its earnings. To accomplish this, the Group shall put an effort into strengthening sales of existing products which utilize multiple channels, and expand sales by means of new uses and products which suit the needs of primary end markets, in the strategic markets related to the environment, energy saving, and green energy. By doing the above, the Group works to expand its business, tackling problems brought forward by external changes. At the same time, it shall aim to greatly improve production cost by methods such as developing new material suppliers and changing production procedures, while strongly implementing "Break-even Point Management," with policies such as controlling fixed expenses which tended to expand.

2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) QUARTERLY CONSOLIDATED BALANCE SHEETS

Millions of yen

	March 31 2015	September 30 2015
ASSETS		
Current assets		
Cash and deposits	17,443	14,825
Notes and accounts receivable - trade	37,489	33,442
Merchandise and finished goods	16,963	19,018
Work in process	24,351	27,949
Raw materials and supplies	12,585	10,899
Deferred tax assets	1,201	1,321
Other	6,168	6,420
Allowance for doubtful accounts	(19)	(30)
Total current assets	<u>116,183</u>	<u>113,847</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,325	23,918
Machinery, equipment and vehicles, net	26,213	26,144
Tools, furniture and fixtures, net	1,119	1,207
Land	5,263	5,159
Leased assets, net	2,565	2,006
Construction in progress	10,308	8,480
Total property, plant and equipment	<u>65,795</u>	<u>66,917</u>
Intangible assets		
Software	3,915	3,960
Other	2,056	2,049
Total intangible assets	<u>5,971</u>	<u>6,009</u>
Investments and other assets		
Investment securities	1,397	1,464
Deferred tax assets	286	259
Net defined benefit asset	1,022	1,671
Other	2,852	3,187
Allowance for doubtful accounts	(242)	(242)
Total investments and other assets	<u>5,317</u>	<u>6,339</u>
Total non-current assets	<u>77,084</u>	<u>79,266</u>
Total assets	<u><u>193,267</u></u>	<u><u>193,114</u></u>

	March 31 2015	September 30 2015
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,909	17,225
Short-term loans payable	26,570	21,113
Current portion of bonds	4,100	14,100
Commercial papers	22,500	15,000
Lease obligations	1,233	1,146
Income taxes payable	186	544
Provision for directors' bonuses	30	15
Accrued expenses	9,896	9,383
Other	1,926	1,577
Total current liabilities	<u>87,353</u>	<u>80,106</u>
Non-current liabilities		
Bonds payable	25,900	30,900
Long-term loans payable	7,500	12,500
Lease obligations	1,253	713
Deferred tax liabilities	1,930	1,915
Provision for directors' retirement benefits	25	15
Net defined benefit liability	2,993	2,746
Other	3,288	1,926
Total non-current liabilities	<u>42,892</u>	<u>50,717</u>
Total liabilities	<u>130,245</u>	<u>130,823</u>
Net assets		
Shareholders' equity		
Capital stock	20,896	20,896
Capital surplus	10,301	10,301
Retained earnings	28,114	27,800
Treasury shares	(3,981)	(3,990)
Total shareholders' equity	<u>55,331</u>	<u>55,007</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	371	416
Foreign currency translation adjustment	5,778	5,405
Remeasurements of defined benefit plans	1,102	1,000
Total accumulated other comprehensive income	<u>7,252</u>	<u>6,822</u>
Non-controlling interests	<u>437</u>	<u>460</u>
Total net assets	<u>63,021</u>	<u>62,290</u>
Total liabilities and net assets	<u><u>193,267</u></u>	<u><u>193,114</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, 2014	Six months ended Sep.30, 2015
Net sales	77,408	77,328
Cost of sales	56,905	56,728
Gross profit	<u>20,503</u>	<u>20,600</u>
Selling, general and administrative expenses	<u>15,331</u>	<u>17,662</u>
Operating income	<u>5,171</u>	<u>2,937</u>
Non-operating income		
Interest income	5	10
Dividend income	25	23
Foreign exchange gains	142	-
Gain on insurance adjustment	41	84
Miscellaneous income	214	166
Total non-operating income	<u>428</u>	<u>284</u>
Non-operating expenses		
Interest expenses	383	424
Foreign exchange losses	-	814
Miscellaneous loss	253	457
Total non-operating expenses	<u>637</u>	<u>1,696</u>
Ordinary income	<u>4,962</u>	<u>1,525</u>
Extraordinary income		
Gain on sales of non-current assets	0	-
Gain on sales of investment securities	408	-
Total extraordinary income	<u>408</u>	<u>-</u>
Extraordinary losses		
Loss on retirement of non-current assets	1	2
Loss on sales of non-current assets	-	0
Total extraordinary losses	<u>1</u>	<u>2</u>
Income before income taxes and minority interests	<u>5,369</u>	<u>1,522</u>
Income taxes	<u>1,868</u>	<u>1,373</u>
Profit	<u>3,500</u>	<u>149</u>
Profit attributable to non-controlling interests	26	39
Profit attributable to owners of parent	<u>3,474</u>	<u>109</u>

Millions of yen

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Six months ended Sep.30, 2014	Six months ended Sep.30, 2015
Profit	3,500	149
Other comprehensive income		
Valuation difference on available-for-sale securities	98	45
Foreign currency translation adjustment	2,794	(387)
Remeasurements of defined benefit plans, net of tax	(125)	(101)
Total other comprehensive income	<u>2,767</u>	<u>(443)</u>
Comprehensive income	<u><u>6,268</u></u>	<u><u>(293)</u></u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,238	(320)
Comprehensive income attributable to non-controlling interests	30	26

(3) QUARTERLY CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of yen

	Six months ended Sep.30, 2014	Six months ended Sep.30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	5,369	1,522
Depreciation	4,312	5,721
Increase (decrease) in allowance for doubtful accounts	(37)	11
Increase (decrease) in net defined benefit liability	(648)	(415)
Other information financial statements etc text block	-	(653)
Interest and dividend income	(30)	(33)
Interest expenses	383	424
Loss (gain) on sales of investment securities	(408)	-
Decrease (increase) in notes and accounts receivable - trade	(857)	3,965
Decrease (increase) in inventories	(1,680)	(4,107)
Increase (decrease) in notes and accounts payable - trade	1,298	(3,503)
Other, net	1,171	(1,039)
Subtotal	<u>8,871</u>	<u>1,892</u>
Interest and dividend income received	34	34
Interest expenses paid	(388)	(392)
Income taxes paid	(1,198)	(1,744)
Net cash provided by (used in) operating activities	<u>7,319</u>	<u>(209)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,154)	(7,281)
Proceeds from sales of property, plant and equipment	18	50
Purchase of intangible assets	(665)	(552)
Proceeds from sales of investment securities	976	-
Payments of loans receivable	(10)	(1)
Collection of loans receivable	2	3
Other, net	(35)	(207)
Net cash provided by (used in) investing activities	<u>(5,867)</u>	<u>(7,988)</u>
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(258)	(427)
Increase (decrease) in commercial papers	-	(7,500)
Repayments of finance lease obligations	(633)	(645)
Proceeds from long-term loans payable	5,000	5,000
Repayments of long-term loans payable	(5,000)	(5,000)
Proceeds from issuance of bonds	-	14,928
Proceeds from sales of treasury shares	-	0
Purchase of treasury shares	(14)	(9)
Cash dividends paid	(364)	(424)
Net cash provided by (used in) financing activities	<u>(1,271)</u>	<u>5,920</u>
Effect of exchange rate change on cash and cash equivalents	<u>512</u>	<u>(415)</u>
Net increase (decrease) in cash and cash equivalents	<u>692</u>	<u>(2,692)</u>
Cash and cash equivalents at beginning of period	<u>14,820</u>	<u>17,225</u>
Increase (decrease) in cash and cash equivalents from change of fiscal year of consolidated subsidiaries	<u>(77)</u>	<u>-</u>
Cash and cash equivalents at end of period	<u>15,435</u>	<u>14,533</u>

(4) SEGMENT INFORMATION**[Information on Net Sales, Incomes or Losses by Individual Reportable Segments]****SIX MONTHS ENDED SEPTEMBER 30, 2014**

Millions of yen

	Reportable Segments			Total	Adjusted Amount	Amount stated in Quarterly Consolidated Statements of Income
	Semi-conductor 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

SIX MONTHS ENDED SEPTEMBER 30, 2015

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	62,867	8,347	6,113	77,328	—	77,328
(2) Intersegment Sales or Transfer	397	266	0	663	663	—
Total	63,264	8,613	6,114	77,992	(663)	77,328
Operating Income (loss) by segment	4,417	(374)	237	4,280	(1,342)	2,937