

FY 2016 THIRD QUARTER (CUMULATIVE) CONSOLIDATED FINANCIAL RESULTS

(April 1, 2016 to December 31, 2016)

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1. FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2016

(1) Consolidated Results of Operations

(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)
Nine months ended Dec.31,2016	114,085 (0.4%)	3,142 (-18.7%)	2,348 (5.3%)	51 -
Nine months ended Dec.31,2015	113,675 (-1.9%)	3,865 (-46.1%)	2,231 (-68.3%)	-428 -

Note: Comprehensive income: 2,035 million yen (- %) for nine months ended Dec.31, 2016 / -869 million yen (- %) for nine months ended Dec.31, 2015

	Net income per share (yen)	Diluted net income per share (yen)
Nine months ended Dec.31,2016	0.43	—
Nine months ended Dec.31,2015	-3.54	—

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of December 31, 2016	187,069	55,985	29.7%
As of March 31, 2016	184,711	53,959	29.0%

Reference: Shareholders' equity: 55,628 million yen as of Dec.31, 2016 / 53,572 million yen as of Mar.31, 2016

2. DIVIDEND INFORMATION

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal-year-end	Annual
Fiscal year 2015	-	3.50yen	-	0.00yen	3.50yen
Fiscal year 2016	-	0.00yen	-		
Fiscal year 2016(forecast)				-	-

Note1: Revision to recently disclosed dividend forecast: No

Note2: Fiscal-year-end dividend for FY 2016 is not yet determined.

3. FISCAL YEAR 2016 CONSOLIDATED FINANCIAL FORECAST (April 1, 2016 to March 31, 2017)

(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	156,000 (0.1%)	7,000 (2.9%)	5,500 (45.0%)	2,500 -	20.62yen

Note: Revision to recently disclosed financial forecast: No

4. OTHER

(1) Changes in significant subsidiaries during the nine months ended December 31, 2016 (changes to specified 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, restatement of revisions

- Changes in accounting policies according to revision of accounting standards, etc. : No

- Changes in accounting policies due to reasons other than above : No

- Changes in accounting estimates : No

- Restatement of revisions : 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 nine months ended December 31

Dec./2016:	125,490,302	Mar./2016:	125,490,302
Dec./2016:	4,288,898	Mar./2016:	4,275,417
Apr./2016-Dec./2016	121,212,675	Apr./2015-Dec./2015	121,228,627

* 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 NINE MONTHS ENDED DECEMBER 31, 2016

(1) QUALITATIVE INFORMATION OF CONSOLIDATED OPERATING RESULTS

The global economy remained on a moderate economic recovery trend as a whole during the nine months ended December 31, 2016. The US economy continued to recover thanks to expanded personal consumption against the backdrop of a declining unemployment rate. The European economy remained sluggish in part, but progressed overall on a gradual recovery trend. The Chinese economy showed signs of recovery partly derived from the effects of economic stimulus measures, while the Japanese economy also showed movement toward improved consumer sentiment stemming from better employment conditions.

Under these circumstances, the Company maintained a basic policy stressing activities to “Focus on growing markets” and “Enhance financial performance,” strove to improve profitability by changing the composition of its product lineups in tune with market trends, and worked to improve financial performance. In the nine months ended December 31, 2016, sales of automotive products and products for white goods increased. As a result, net sales were ¥114,085 million, an increase of ¥410 million (0.4%) as compared to the same period in the previous year. In terms of income, operating income was ¥3,142 million, a decrease of ¥723 million (18.7%) year on year, and ordinary income was ¥2,348 million, an increase of ¥117 million (5.3%) year on year. In addition, we recorded profit attributable to owners of parent of ¥51 million (loss attributable to owners of parent of ¥428 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 and products for white goods such as air conditioners and washing machines remained favorable. As a result, consolidated net sales from this segment were ¥93,944 million, an increase of ¥1,928 million (2.1%) as compared to the same period in the previous year. Consequently, consolidated operating income was ¥6,362 million, an increase of ¥228 million (3.7%) as compared to the same period in the previous year.

For the power modules segment, although sales of automotive products, the product category of focus for the Company, increased, sales of products for OA equipment, etc. remained sluggish. As a result, consolidated net sales from this segment were ¥12,203 million, a decrease of ¥93 million (0.8%) as compared to the same period in the previous year. For income, we recorded consolidated operating loss of ¥551 million (consolidated operating loss of ¥694 million in the same period in the previous year), mainly because the Company’s cost improvement efforts for unprofitable products were still in progress and lagging behind the Company’s achievements in reducing fixed expenses.

For the power systems segment, sales of products for the new energy market remained sluggish. As a result, consolidated net sales from this segment were ¥7,938 million, a decrease of ¥1,425 million (15.2%) as compared to the same period in the previous year, and we recorded consolidated operating loss of ¥470 million (consolidated operating income of ¥338 million in the same period in the previous year).

(2) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL POSITION

Total assets as of the end of December 31, 2016 were ¥187,069 million, an increase of ¥2,357 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in cash and deposits of ¥4,847 million, and a decrease in notes and accounts receivable - trade of ¥2,030 million, property, plant and equipment of ¥492 million.

Total Liabilities were ¥131,083 million, an increase of ¥331 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in notes and accounts payable - trade of ¥1,794 million, commercial papers of ¥9,000 million, and a decrease of ¥10,000 million which was the net result of an increase in bonds payable and a decrease in current portion of bonds.

Net Assets were ¥55,985 million, an increase of ¥2,025 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in foreign currency translation adjustment of ¥1,279 million, remeasurements of defined benefit plans of ¥550 million.

(3) QUALITATIVE INFORMATION OF CONSOLIDATED FINANCIAL FORECAST

Uncertainty about the future of the global economy has been growing due to factors such as uncertainty about trends in the US policy, the effects of the UK's decision to depart from the EU (Brexit), as well as concerns over trends in the Chinese financial market due to issues including its problem of excessive debt. Concern over the future of the Japanese economy has also been increasing despite improvements in the employment and income environment, stemming from elements of uncertainty in overseas economy.

Despite these circumstances, the Company has chosen not to revise its full-year net sales and income forecasts announced on May 9, 2016, mainly due to ongoing favorable sales of automotive products and products for white goods in the semiconductor devices segment.

2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) QUARTERLY CONSOLIDATED BALANCE SHEETS

Millions of yen

	March 31 2016	December 31 2016
ASSETS		
Current assets		
Cash and deposits	17,924	22,771
Notes and accounts receivable - trade	33,999	31,969
Merchandise and finished goods	17,971	19,235
Work in process	24,778	24,763
Raw materials and supplies	9,839	9,319
Deferred tax assets	2,095	1,815
Other	5,606	4,995
Allowance for doubtful accounts	(10)	(15)
Total current assets	<u>112,204</u>	<u>114,853</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,837	22,133
Machinery, equipment and vehicles, net	26,788	27,430
Tools, furniture and fixtures, net	1,105	1,032
Land	5,039	5,048
Leased assets, net	1,323	662
Construction in progress	4,921	5,215
Total property, plant and equipment	<u>62,015</u>	<u>61,522</u>
Intangible assets		
Software	3,717	3,402
Other	1,954	2,151
Total intangible assets	<u>5,671</u>	<u>5,554</u>
Investments and other assets		
Investment securities	1,204	1,465
Deferred tax assets	204	182
Net defined benefit asset	—	344
Other	3,656	3,390
Allowance for doubtful accounts	(244)	(243)
Total investments and other assets	<u>4,820</u>	<u>5,139</u>
Total non-current assets	<u>72,507</u>	<u>72,215</u>
Total assets	<u><u>184,711</u></u>	<u><u>187,069</u></u>

	March 31 2016	December 31 2016
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,120	17,914
Short-term loans payable	20,635	21,435
Current portion of long-term loans payable	—	7,500
Current portion of bonds	25,900	5,900
Commercial papers	4,000	13,000
Lease obligations	924	344
Income taxes payable	423	435
Accrued expenses	9,490	8,678
Other	2,004	3,593
Total current liabilities	<u>79,499</u>	<u>78,801</u>
Non-current liabilities		
Bonds payable	30,000	40,000
Long-term loans payable	12,500	5,000
Lease obligations	329	189
Deferred tax liabilities	2,668	2,367
Provision for directors' retirement benefits	17	23
Net defined benefit liability	4,104	2,772
Other	1,633	1,928
Total non-current liabilities	<u>51,252</u>	<u>52,281</u>
Total liabilities	<u>130,751</u>	<u>131,083</u>
Net assets		
Shareholders' equity		
Capital stock	20,896	20,896
Capital surplus	10,301	10,301
Retained earnings	27,437	27,489
Treasury shares	(3,994)	(4,000)
Total shareholders' equity	<u>54,641</u>	<u>54,686</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	249	430
Foreign currency translation adjustment	1,689	2,968
Remeasurements of defined benefit plans	(3,007)	(2,457)
Total accumulated other comprehensive income	<u>(1,068)</u>	<u>941</u>
Non-controlling interests	<u>387</u>	<u>357</u>
Total net assets	<u>53,959</u>	<u>55,985</u>
Total liabilities and net assets	<u>184,711</u>	<u>187,069</u>

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

Millions of yen

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME	Nine months ended Dec.31, 2015	Nine months ended Dec.31, 2016
Net sales	113,675	114,085
Cost of sales	83,624	85,703
Gross profit	30,051	28,382
Selling, general and administrative expenses	26,186	25,240
Operating income	3,865	3,142
Non-operating income		
Interest income	9	13
Dividend income	41	36
Subsidy income	—	162
Other	366	345
Total non-operating income	417	558
Non-operating expenses		
Interest expenses	640	550
Foreign exchange losses	808	255
Miscellaneous loss	603	546
Total non-operating expenses	2,051	1,351
Ordinary income	2,231	2,348
Extraordinary income		
Gain on sales of non-current assets	—	0
Total extraordinary income	—	0
Extraordinary losses		
Loss on retirement of non-current assets	2	356
Loss on sales of non-current assets	22	4
Loss on valuation of investment securities	4	—
Special retirement expenses	154	—
Loss on countermeasures against abnormal properties of chemicals	1,103	—
Total extraordinary losses	1,288	360
Profit before income taxes	943	1,988
Income taxes	1,345	1,949
Profit (loss)	(402)	39
Profit (loss) attributable to non-controlling interests	26	(12)
Profit (loss) attributable to owners of parent	(428)	51

Millions of yen

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Nine months ended Dec.31, 2015	Nine months ended Dec.31, 2016
Profit (loss)	(402)	39
Other comprehensive income		
Valuation difference on available-for-sale securities	73	181
Foreign currency translation adjustment	(385)	1,264
Remeasurements of defined benefit plans, net of tax	<u>(154)</u>	<u>550</u>
Total other comprehensive income	<u>(467)</u>	<u>1,996</u>
Comprehensive income	<u><u>(869)</u></u>	<u><u>2,035</u></u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(872)	2,062
Comprehensive income attributable to non-controlling interests	2	(26)

(3) SEGMENT INFORMATION**[Information on Net Sales, Incomes or Losses by Individual Reportable Segments]****NINE MONTHS ENDED DECEMBER 31, 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	92,015	12,297	9,363	113,675	—	113,675
(2) Intersegment Sales or Transfer	576	384	0	961	(961)	—
Total	92,591	12,682	9,363	114,637	(961)	113,675
Operating Income (loss) by segment	6,134	(694)	338	5,779	(1,914)	3,865

NINE MONTHS ENDED DECEMBER 31, 2016

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	93,944	12,203	7,938	114,085	—	114,085
(2) Intersegment Sales or Transfer	568	305	2	875	(875)	—
Total	94,512	12,509	7,940	114,961	(875)	114,085
Operating Income (loss) by segment	6,362	(551)	(470)	5,341	(2,199)	3,142