

FY 2015 THIRD QUARTER (CUMULATIVE) CONSOLIDATED FINANCIAL RESULTS
(April 1, 2015 to December 31, 2015)

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1. FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 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)
Nine months ended Dec 31,2015	113,675 (-1.9%)	3,865 (-46.1%)	2,231 (-68.3%)	-428 -
Nine months ended Dec 31,2014	115,880 (11.7%)	7,174 (79.2%)	7,031 (100.7%)	4,932 (32.6%)

Note1: Comprehensive income: △869 million yen (- %) for nine months ended Dec 31, 2015
 / 12,700 million yen (51.3%) for nine months ended Dec 31, 2014

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

	Net income per share (yen)	Diluted net income per share (yen)
Nine months ended Dec 31,2015	-3.54	—
Nine months ended Dec 31,2014	40.68	—

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of December 31, 2015	192,429	61,287	31.6%
As of March 31, 2015	193,267	63,021	32.4%

<Reference> Shareholders' equity: 60,851 million yen as of Dec 31, 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

Note1: 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	157,800 (-1.8%)	6,000 (-46.4%)	3,800 (-63.2%)	200 (-97.5%)	1.65yen

Note: Revision to recently disclosed financial forecast: Yes

4. OTHER

(1) Changes in significant subsidiaries during the nine months ended December 31, 2015 (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 : Yes

- Changes in accounting policies due to reasons other than above : Yes

- 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./2015:	125,490,302	Mar./2015:	125,490,302
Dec./2015:	4,272,336	Mar./2015:	4,253,173
Apr./2015-Dec./2015	121,228,627	Apr./2014-Dec./2014	121,256,878

* 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, 2015**

(1) QUALITATIVE INFORMATION ABOUT CONSOLIDATED OPERATING RESULTS

The global economy remained on a moderate recovery trend as a whole during the nine months ended December 31, 2015. The US economy continued to expand on the back of increased job opportunities; the European economy also stayed on a moderate recovery trend with help from steady personal consumption; the Chinese economy progressed favorably in spite of a remarkable slowdown of growth. A host of concerns arose, however, from the second half of the nine months ended December 31, 2015 onward, such as the fund movements resulting from the interest rate hike in the US, the effects of declining crude oil prices on the economies of resource-rich countries, and the further rising geopolitical risk in Europe and the Middle East. These factors made the outlook for the global economy more opaque. The Japanese economy was maintained overall on a moderate recovery trend, whilst growth stalled somewhat because consumer sentiment stood at a standstill and exports to China and other countries lacked strength.

In such an economic climate, the demand for the Company's products fell below the planned targets as a whole in markets for automotive and white goods and remained sluggish in markets for office equipment and industrial machinery due to a downturn phase in the global market cycles for semiconductors.

In the nine months ended December 31, 2015, chemicals(hydrogen peroxide) purchased and used by the Company for processing semiconductor wafers in the semiconductor devices segment had quality problems that prevented the affected wafers from exhibiting the prescribed performance. We had no choice but to assume disposing of the defective wafers and record extraordinary losses of ¥1,103 million as a provision for inventories in the consolidated financial statements for the third quarter of the current fiscal year. In addition, a portion of sales shifted to the previous fiscal year because some customers delivered ahead of schedule to avoid risks of our new ERP system activated in May 2015. Global business cycles in semiconductor industries as a whole entered a downturn phase and the Chinese economy remained in the same trend of slowdown in growth. As a result, sales of semiconductor devices fell below the planned targets. In spite of the weaker yen, net sales increased just slightly as compared to the same period in the previous year.

In the power modules segment, though net sales progressed steadily as compared to the same period in the previous year thanks to the weaker yen and other factors, we failed to attain actual improvements in profitability due to delays in cost improvement. In the power systems segment, sales of products in the new energy market were sluggish and were not at levels high enough to counterbalance the sales decreases resulting from contracted capital investments for mobile phone base-stations.

As a result, net sales during the nine months ended December 31, 2015 were ¥113,675 million, a decrease of ¥2,204 million (1.9%) as compared to the same period in the previous year. For income, we posted a provision for the expected disposal of the previously mentioned semiconductor wafers and recorded decreased income in association with decreased net sales. We therefore recorded operating income of ¥3,865 million, a decrease of ¥3,309 million (46.1%) as compared to the same period in the previous year, and ordinary income of ¥2,231 million, a decrease of ¥4,799 million (68.3%). We recorded loss attributable to owners of parent of ¥428 million (profit attributable to owners of parent of ¥4,932 million in the same period in the previous fiscal year).

Overview of business by segment is as follows.

In the semiconductor devices segment, sales of automotive products increased, as compared to the same period in the previous year, mainly due to higher sales overall boosted by the weaker yen. Meanwhile, sales of products for white goods such as air conditioners and refrigerators remained unchanged and sales of products for office equipment, industrial machinery and TVs and audio products decreased. As a result, consolidated net sales of the segment were ¥92,015 million, a slight increase of ¥245 million (0.3%) as compared to the same period in the previous year. For income, consolidated operating income was ¥6,134 million, a decrease of ¥2,551 million (29.4%) as compared to the same period in the previous year, due to factors such as sluggish sales, the posting of a provision for the expected disposal of wafers, 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 mainly for TVs expanded. As a result, consolidated net sales from this segment were ¥12,297 million, an increase of ¥1,055 million (9.4%) as compared to the same period in the previous year. Meanwhile, for income we recorded consolidated operating loss of ¥694 million (consolidated operating loss of ¥534 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 contracted capital investments for telecommunication facilities mainly for mobile phones, sales of products aimed for the same market declined. Moreover, sales of products aimed for the new energy sector, which was expected to boost sales, were sluggish. As a result of the above, consolidated net sales from this segment were ¥9,363 million, a decrease of ¥3,504 million (27.2%) as compared to the same period in the previous year. For income, we recorded consolidated operating income of ¥338 million, a decrease of ¥378 million (52.8%) as compared to the same period in the previous year.

(2) QUALITATIVE INFORMATION ABOUT CONSOLIDATED FINANCIAL POSITION

Total assets as of the end of December 31, 2015 were ¥192,429 million, a decrease of ¥838 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in inventories of ¥5,022 million, and a decrease in notes and accounts receivable-trade of ¥6,702 million.

Total Liabilities were ¥131,141 million, an increase of ¥896 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in bonds payable of ¥10,900 million and a decrease in notes and accounts payable-trade of ¥4,244 million and in commercial papers of ¥2,000 million.

Net Assets were ¥61,287 million, a decrease of ¥1,734 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease in retained earnings of ¥1,277 million and in foreign currency translation adjustment of ¥362 million.

(3) QUALITATIVE INFORMATION ABOUT CONSOLIDATED FINANCIAL FORECAST

We expect that the global economy will overall remain on a gradual recovery trend, though some degree of uncertainty will persist. The US economy is expected to continue to grow, but is riddled with uncertain factors such as the effects of declining crude oil prices on domestic industries. Although the European economy is also expected to maintain a moderate recovery, concerns are raised due to factors such as the slowing rate of improvement in economic activity. Moreover, growth of the Chinese economy is projected to be unstable in the face of risks that could further worsen economic performance. In the Japanese economy, the future outlook will be further unpredictable, mainly by the risk that the slowdowns in the emerging economies such as China will suppress economic recovery. In such an economic climate, it is difficult to be optimistic about the demand for the Company's products, which is affected by various factors such as the persistent downturn phase in global market cycles in the semiconductor industries as a whole and the continual slowdown in growth in the Chinese economy. Against such an economic backdrop, and judging from the Company's financial results for the third quarter of the current fiscal year including the abovementioned disposal of semiconductor wafers and expected changes in net sales for the fourth quarter due to partial time extensions of deliveries to customers because of the above-stated chemicals issue, 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]

	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 November 2015
Net Sales	157,800	-1.8%	162,000
Operating Income	6,000	-46.4%	8,000
Ordinary Income	3,800	-63.2%	6,000
Profit attributable to owners of parent	200	-97.5%	2,500

As mentioned above, though the Company will make amendments to the full-year consolidated financial forecast, the Company shall continuously strive to achieve the revised targets of the group plan for fiscal 2015, aiming to further increase its earnings. To accomplish this, the Company 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 environmental friendly, energy saving, and green energy. By doing the above, the Company works to expand its business. At the same time, it shall aim to greatly improve production cost by methods such as developing new material suppliers, promoting streamlined and automated production procedures, and facilitating the use of external resources while strongly implementing "Break-even Point Management" for instance further control of fixed expenses.

2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) QUARTERLY CONSOLIDATED BALANCE SHEETS

Millions of yen

	March 31 2015	December 31 2015
ASSETS		
Current assets		
Cash and deposits	17,443	14,714
Notes and accounts receivable - trade	37,489	30,787
Merchandise and finished goods	16,963	20,205
Work in process	24,351	27,826
Raw materials and supplies	12,585	10,892
Deferred tax assets	1,201	1,348
Other	6,168	8,081
Allowance for doubtful accounts	(19)	(20)
Total current assets	<u>116,183</u>	<u>113,835</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,325	23,810
Machinery, equipment and vehicles, net	26,213	27,249
Tools, furniture and fixtures, net	1,119	1,214
Land	5,263	5,151
Leased assets, net	2,565	1,731
Construction in progress	10,308	6,815
Total property, plant and equipment	<u>65,795</u>	<u>65,973</u>
Intangible assets		
Software	3,915	3,840
Other	2,056	2,085
Total intangible assets	<u>5,971</u>	<u>5,926</u>
Investments and other assets		
Investment securities	1,397	1,500
Deferred tax assets	286	247
Net defined benefit asset	1,022	1,996
Other	2,852	3,194
Allowance for doubtful accounts	(242)	(244)
Total investments and other assets	<u>5,317</u>	<u>6,694</u>
Total non-current assets	<u>77,084</u>	<u>78,594</u>
Total assets	<u><u>193,267</u></u>	<u><u>192,429</u></u>

	March 31 2015	December 31 2015
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,909	16,665
Short-term loans payable	26,570	21,777
Current portion of bonds	4,100	20,000
Commercial papers	22,500	20,500
Lease obligations	1,233	1,072
Income taxes payable	186	276
Provision for directors' bonuses	30	22
Accrued expenses	9,896	8,577
Deferred tax liabilities	0	89
Other	1,926	1,764
Total current liabilities	<u>87,353</u>	<u>90,745</u>
Non-current liabilities		
Bonds payable	25,900	20,900
Long-term loans payable	7,500	12,500
Lease obligations	1,253	492
Deferred tax liabilities	1,930	1,933
Provision for directors' retirement benefits	25	16
Net defined benefit liability	2,993	2,666
Other	3,288	1,887
Total non-current liabilities	<u>42,892</u>	<u>40,396</u>
Total liabilities	<u>130,245</u>	<u>131,141</u>
Net assets		
Shareholders' equity		
Capital stock	20,896	20,896
Capital surplus	10,301	10,301
Retained earnings	28,114	26,837
Treasury shares	(3,981)	(3,993)
Total shareholders' equity	<u>55,331</u>	<u>54,042</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	371	444
Foreign currency translation adjustment	5,778	5,416
Remeasurements of defined benefit plans	1,102	947
Total accumulated other comprehensive income	<u>7,252</u>	<u>6,809</u>
Non-controlling interests	437	436
Total net assets	<u>63,021</u>	<u>61,287</u>
Total liabilities and net assets	<u>193,267</u>	<u>192,429</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, 2014	Nine months ended Dec.31, 2015
Net sales	115,880	113,675
Cost of sales	<u>84,953</u>	<u>83,624</u>
Gross profit	<u>30,926</u>	<u>30,051</u>
Selling, general and administrative expenses	<u>23,752</u>	<u>26,186</u>
Operating income	<u>7,174</u>	<u>3,865</u>
Non-operating income		
Interest income	7	9
Dividend income	39	41
Foreign exchange gains	431	-
Gain on insurance adjustment	80	84
Miscellaneous income	<u>321</u>	<u>282</u>
Total non-operating income	<u>881</u>	<u>417</u>
Non-operating expenses		
Interest expenses	597	640
Foreign exchange losses	-	808
Miscellaneous loss	<u>427</u>	<u>603</u>
Total non-operating expenses	<u>1,024</u>	<u>2,051</u>
Ordinary income	<u>7,031</u>	<u>2,231</u>
Extraordinary income		
Gain on sales of non-current assets	1	-
Gain on sales of investment securities	<u>408</u>	<u>-</u>
Total extraordinary income	<u>410</u>	<u>-</u>
Extraordinary losses		
Loss on retirement of non-current assets	4	2
Loss on sales of non-current assets	-	22
Loss on valuation of investment securities	-	4
Special retirement expenses	-	154
Loss on countermeasures against abnormal properties of chemicals	-	<u>1,103</u>
Total extraordinary losses	<u>4</u>	<u>1,288</u>
Income before income taxes and minority interests	<u>7,436</u>	<u>943</u>
Income taxes	<u>2,488</u>	<u>1,345</u>
Profit (loss)	<u>4,948</u>	<u>(402)</u>
Profit attributable to non-controlling interests	<u>15</u>	<u>26</u>
Profit (loss) attributable to owners of parent	<u><u>4,932</u></u>	<u><u>(428)</u></u>

Millions of yen

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Nine months ended Dec.31, 2014	Nine months ended Dec.31, 2015
Profit (loss)	4,948	(402)
Other comprehensive income		
Valuation difference on available-for-sale securities	137	73
Foreign currency translation adjustment	7,800	(385)
Remeasurements of defined benefit plans, net of tax	<u>(186)</u>	<u>(154)</u>
Total other comprehensive income	<u>7,751</u>	<u>(467)</u>
Comprehensive income	<u><u>12,700</u></u>	<u><u>(869)</u></u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,640	(872)
Comprehensive income attributable to non-controlling interests	59	2

(3) SEGMENT INFORMATION**[Information on Net Sales, Incomes or Losses by Individual Reportable Segments]****NINE MONTHS ENDED DECEMBER 31, 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	91,770	11,242	12,868	115,880	—	115,880
(2) Intersegment Sales or Transfer	637	474	1	1,112	(1,112)	—
Total	92,407	11,716	12,869	116,993	(1,112)	115,880
Operating Income (loss) by segment	8,686	(534)	717	8,868	(1,694)	7,174

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