

To our shareholders and investors

115th Semiannual Business Report

April 1, 2016 to September 30, 2016

Security Identification Code: 6516

<http://www.sanyodenki.co.jp>

SANYODENKI

115th



First of all, thank you for your continued support.

Allow me to take the opportunity of the publication of our 115th semiannual business report to share a few words with you.

The SANYO DENKI Group launched its eighth Medium-Term Management Plan from April 2016. We are implementing specific measures aimed at the following four management targets:

- (1) Continue to develop **world-leading products** in terms of quality, performance, and reliability.
- (2) Establish a **borderless** sales system in which all Group companies operate under the same management policy to deliver products and services that boast uniform high quality to customers around the world.
- (3) Manage all information in **real time** to grasp all points of the current situation concerning business activities from anywhere in the world.

- (4) Build factory **automation** to improve production efficiency and quality as well as contribute effectively to inventory reduction and production management.

In new product development for the interim period, we succeeded in developing a number of new products as planned, and they are competitive with the best in the industry in terms of performance, energy saving and reliability, as described below.

Furthermore, we have been working to have the Group companies around the world perform the same functions as the parent company in Japan. Specifically, we have established technical centers at each base that are designed to provide technical assistance, training sessions, after-sales services, and customized products to all our customers worldwide.

However, in the second quarter, a delay in economic recovery significantly impacted the factory automation industry, one of our major markets. The Company's operating results for the interim period ended September 30, 2016 are described below.

For the interim period, we declared cash dividends of ¥9.00 per share, the same level as the previous period last year.

We thank you for your continued support and understanding of the Group.

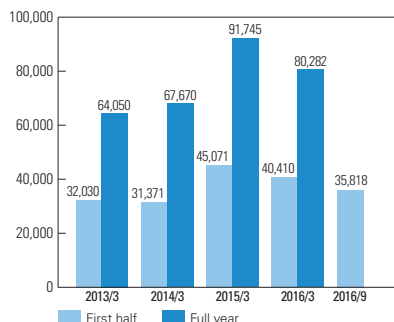
December 2016

Shigeo Yamamoto
CEO / President & COO

Consolidated Financial Highlights

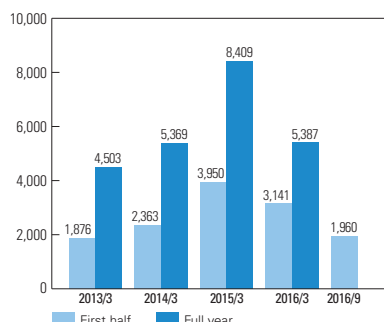
● Net Sales

(Millions of Yen)



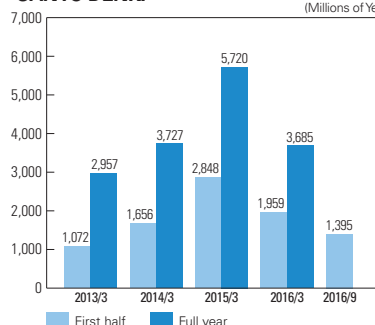
● Ordinary Income

(Millions of Yen)



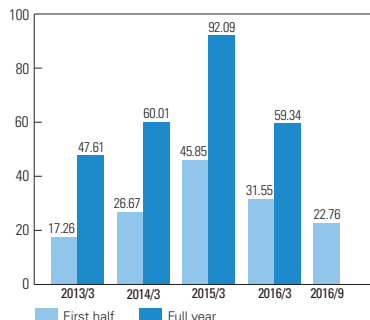
● Net Income Attributable to Shareholders of SANYO DENKI

(Millions of Yen)



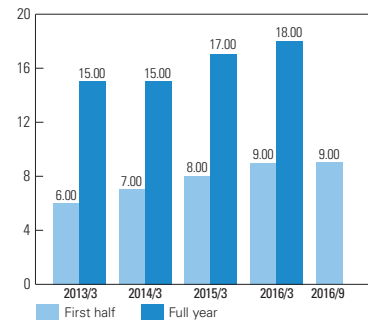
● Net Income per Share

(Yen)



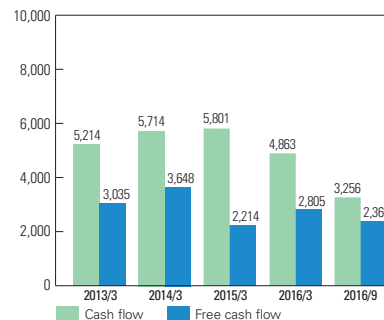
● Cash Dividends per Share

(Yen)



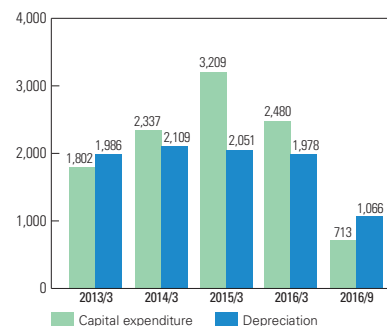
● Cash Flow / Free Cash Flow

(Millions of Yen)



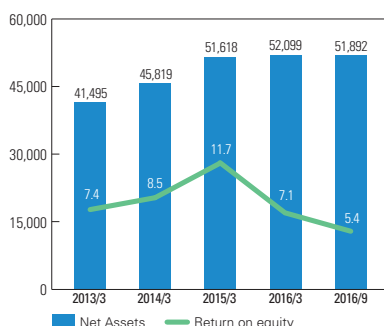
● Capital Expenditure & Depreciation

(Millions of Yen)



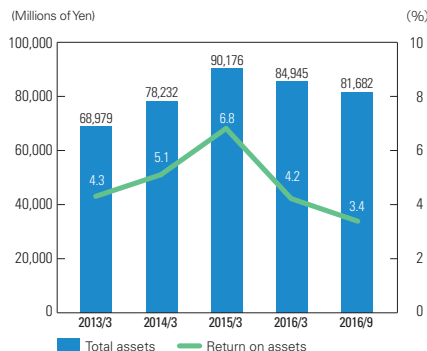
● Net Assets & Return on Equity

(Millions of Yen)



● Total Assets & Return on Assets

(%)



Note: Previously, in preparing the consolidated financial statements, the necessary adjustments for consolidated accounting were made using the financial statements of 14 overseas consolidated subsidiaries as of three months earlier. Effective from the fiscal year ended March 31, 2015, however, for acquiring more accurate consolidated financial statements, we have employed on our accounting method to use the financial statements of the overseas consolidated subsidiaries for the same period as that of the Company. Accordingly, the above results for the year ended March 31, 2015 include the three-month results from January 1 to March 31, 2014 of the overseas consolidated subsidiaries.

Review of Operations

During the six-month period ended September 30, 2016, the Japanese economy remained stagnant, with sluggish export growth and a slowdown in corporate capital expenditures mainly reflecting the impact of a stronger yen and the economic slowdown in emerging countries.

Against this backdrop, SANYO DENKI experienced sluggish demand for machine tools in the equipment industries—the Group’s primary customers—and a decline in demand for power conditioners for photovoltaic generation systems.

As a result, consolidated net sales for the six-month interim period under review decreased 11.4% year on year, to ¥35,818 million, while consolidated operating income fell 23.4%, to ¥2,329 million. Consolidated ordinary income declined 37.6%, to ¥1,960 million, and net income attributable to shareholders of SANYO DENKI amounted to ¥1,395 million, down 28.8% from the previous six-month period.

The amount of orders received decreased 9.4%, to ¥36,452 million, and the order backlog fell 0.1%, to ¥12,538 million.

Net Sales

¥35,818 million YoY **11.4%** down

Operating Income

¥2,329 million YoY **23.4%** down

Ordinary Income

¥1,960 million YoY **37.6%** down

Net Income Attributable to Shareholders of SANYO DENKI

¥1,395 million YoY **28.8%** down

Order Received

¥36,452 million YoY **9.4%** down

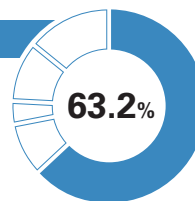
Order Backlog

¥12,538 million YoY **0.1%** down

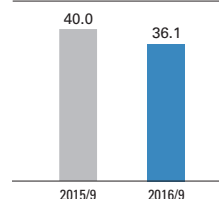
Operating Results by Reporting Segment

Japan

Operating in Japan are the Company and its consolidated subsidiaries SANYO KOGYO CO., LTD. and SANYO DENKI Techno Service CO., LTD. Sales decreased 9.8% year on year, to ¥36,109 million, and segment profit fell 32.8%, to ¥1,461 million.

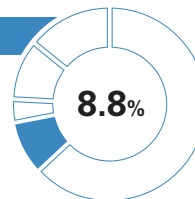


►Sales (Billions of Yen)

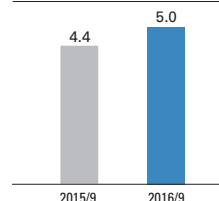


North America

The Company has a consolidated subsidiary in North America: SANYO DENKI AMERICA, INC. Sales amounted to ¥5,024 million, up 12.5%, and segment profit was ¥422 million, up 140.0%.

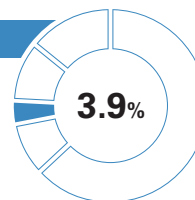


►Sales (Billions of Yen)

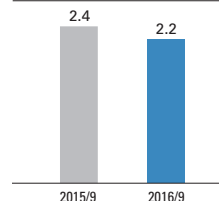


Europe

The Company has consolidated subsidiaries SANYO DENKI EUROPE S.A. and SANYO DENKI GERMANY GmbH in Europe. Sales declined 8.8% year on year, to ¥2,220 million, and segment profit dropped 5.1%, to ¥171 million.

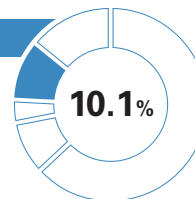


►Sales (Billions of Yen)

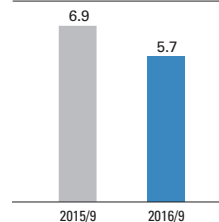


East Asia

The Company's consolidated subsidiaries operating in East Asia consist of SANYO DENKI SHANGHAI CO., LTD., SANYO DENKI (H.K.) CO., LIMITED, SANYO DENKI TAIWAN CO., LTD., SANYO DENKI KOREA CO., LTD., and SANYO DENKI ENGINEERING (Shanghai) CO., LTD. which is a subsidiary of SANYO DENKI SHANGHAI CO., LTD., as well as SANYO DENKI (Shenzhen) CO., LTD., SANYO DENKI (Zhongshan) CO., LTD. and SANYO DENKI ENGINEERING (Shenzhen) CO., LTD., which are subsidiaries of SANYO DENKI (H.K.) CO., LIMITED. Sales amounted to ¥5,770 million, down 16.7%, and segment loss was ¥54 million (versus segment income ¥182 for the same period of the previous fiscal year).

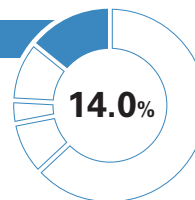


►Sales (Billions of Yen)

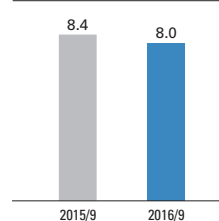


Southeast Asia

The Company's consolidated subsidiaries operating in Southeast Asia consist of SANYO DENKI PHILIPPINES, INC., SANYO DENKI SINGAPORE PTE. LTD., SANYO DENKI INDIA PRIVATE LIMITED as well as SANYO DENKI (THAILAND) CO., LTD., which is a subsidiary of SANYO DENKI SINGAPORE PTE. LTD. Sales decreased 5.0% year on year, to ¥8,041 million, and segment profit fell 34.9%, to ¥145 million.

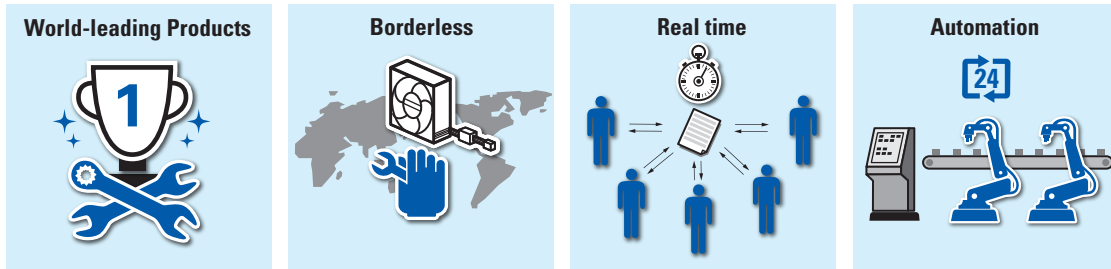


►Sales (Billions of Yen)



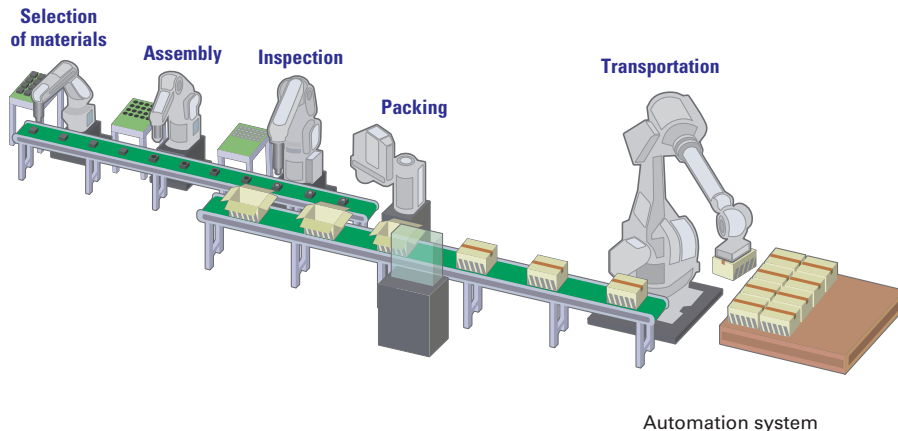
Started the Eighth Medium-Term Management Plan

The SANYO DENKI Group started the first year of its eighth Medium-Term Management Plan for five years from April 2016 to March 2021. Under this plan, the SANYO DENKI Group aims to become a real global enterprise and establish a worldwide top brand. To realize this, we will be implementing four measures: world-leading products, borderless operation, real-time management, and factory automation.



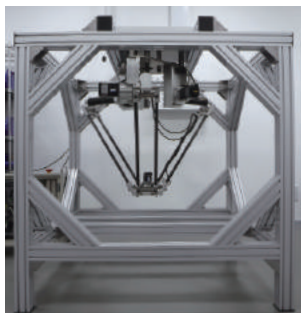
Striving for Production Innovation

To raise production efficiency and further improve quality, we started to strive for automation on the factory floor. Leveraging in-house developed robots, the factory automation system is to be built to not only improve production efficiency but also contribute effectively to inventory reduction and production management.



Full-Scale Operation of Technical Centers

Technical centers have been established in the eight countries: Japan (Osaka), the United States, China (Shanghai and Shenzhen), Taiwan, Singapore, Thailand, Germany, and France. Each technical center, keeping close to the customers, works to provide technical assistance, training sessions, after-sales services, and customized products to meet local customers' needs.



Testing robot



Customizing products

Acquisition of Treasury Stock

To make it possible to carry out a flexible capital policy in response to changes in the business environment, the Company has acquired treasury stock.

Details of the acquisition

Total number of shares acquired	957,000 shares
Share price for the acquisition	¥535
Total acquisition cost	¥511,995,000
Date of acquisition	May 26, 2016

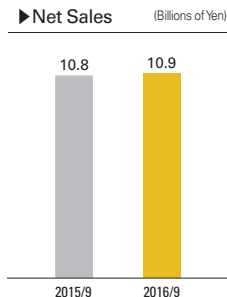
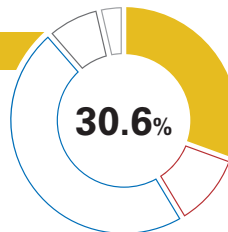
Operating Results by Business Segment

The operating results by business segment are as follows.

Cooling Systems Division

San Ace, SANYO DENKI's brand name for cooling systems products, experienced increased demand for telecommunications and network servers for data centers, and from the factory automation industry. Conversely, we saw a decline in demand for power conditioners for photovoltaic generation systems.

Net sales increased 1.4% year on year, to ¥10,961 million. The amount of orders received decreased 0.3%, to ¥10,709 million, and the order backlog climbed 2.9%, to ¥2,945 million.



Counter Rotating Fan **NEW**

● San Ace 9CRA type

This product is a 92 × 92 × 76 mm counter rotating fan that has achieved an industry-leading* high static pressure of 1,650 Pa. It is suitable for high-density devices such as servers, data storage systems, ICT devices, and power supplies.

* Information based on our own research as of November 2016, collected from same-capacity industrial cooling fans.



Bracket-Mounted Centrifugal Fan **NEW**

● San Ace 9B1T type

This product is a bracket-mounted centrifugal fan that has an air inlet* integrated into one unit. The lineup has been expanded with the addition of two types of size: 270 × 270 × 99 mm and 270 × 270 × 119 mm. To maximize centrifugal fan performance, an air inlet needs to be precisely mounted on the fan. Since this new product has an air inlet and a mounting bracket integrated in one unit, there is no degradation or instability in fan performance caused by mounting inaccuracy, which maximizes the fan's characteristics. This product is suitable for use in air purifiers, industrial ventilators, industrial air conditioners, inverters, ICT equipment, and heat exchangers.

* The air inlet is attached to the fan suction side to smooth the flow of air that is sucked.



270 × 270 × 99 mm



270 × 270 × 119 mm

Centrifugal Fan **NEW**

● San Ace 9T type

This product is a $\varnothing 175 \times 69$ mm centrifugal fan that has achieved an industry-leading* high airflow. It is suitable for ICT equipment, large-scale inverters, refrigeration units, dust collectors, and air conditioners.

* Information based on our own research as of November 2016, collected from same-capacity industrial cooling fans.



Peripheral Equipment **NEW**

● San Ace Airflow Tester

This compact equipment can measure the system impedance* and operating airflow of devices to select an optimal fan for devices. With a compact design and weight of approximately 6 kg, this portable equipment eliminates the need to move the large equipment for measurement, and is the industry's first portable-sized product.

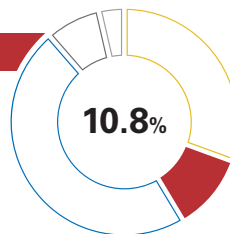
* The resistance to the flow of air within a device.



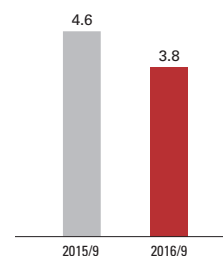
Power Systems Division

SANUPS, SANYO DENKI's brand name for power supply equipment, saw lower demand for power conditioners for photovoltaic generation systems due to the market slump caused by feed-in tariffs for photovoltaic generation. Meanwhile, demand was healthy for certain uninterruptible power supplies (UPSs) for industrial facilities and equipment such as designated energy management factories.

Accordingly, net sales fell 16.1% year on year, to ¥3,875 million. The amount of orders received decreased 24.5%, to ¥ 4,615 million, and the order backlog declined 20.7%, to ¥2,999 million.



► Net Sales (Billions of Yen)



PV Inverter

● SANUPS P73K

This product is a power conditioner for photovoltaic generation systems (PV inverter) that can cut the peak power in combination with a lithium-ion rechargeable battery. The combined use of the PV systems and storage batteries provides optimal control of power for demand.



10kW

30kW

Online UPS

● SANUPS A11J

This product is a 3-phase, 4-wire 400 VAC-type UPS developed for Asian and European markets. It can provide uninterrupted stable even during outages or dips in voltage.



● SANUPS A11K

This product is an online UPS that has achieved an industry-leading*¹ 92% efficiency. It continually supplies power without interruption during power outages and voltage dips, and features a wide input voltage range of -40% to +20%*². This product contributes to energy savings and cuts running costs.

*1 Information based on our own research as of November 2016, collected from online UPSs of the same voltage and capacity.

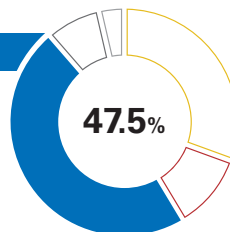
*2 When the load factor is less than 70%. When load factor is 100%: -20% to +20%.



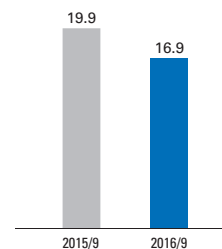
Servo Systems Division

SANMOTION, SANYO DENKI's brand name for servo system products, faced stagnant demand for machine tools due mainly to a slump in the smartphone market. In contrast, demand for semiconductor manufacturing equipment and industrial robots remained steady.

Consequently, net sales decreased 14.9% year on year, to ¥16,995 million. The amount of orders received fell 2.8%, to ¥17,529 million, and the order backlog increased 26.4%, to ¥5,429 million.



▶ Net Sales (Billions of Yen)



AC Servo Systems **NEW**

● SANMOTION R AC Servo Motors

These products are compact, lightweight, and high-power AC servo motors that have achieved industry-leading* acceleration and deceleration. The servo motors are suitable for spring forming machines, PCB drilling machines, robots, and other devices that require agile movement.

* Information based on our own research as of November 2016, collected from AC servo motors of similar shapes.



100 mm sq. flange size



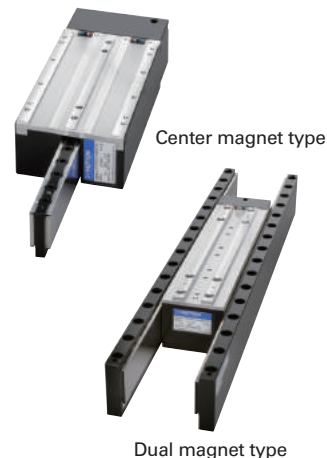
130 mm sq. flange size

Linear Servo Systems **NEW**

● SANMOTION Linear Servo System

The lineup of SANMOTION linear servo systems has been expanded with the addition of two types: a center magnet type whose structure is an industry first, and a dual magnet type that features the industry's leading acceleration. In the former type, magnetic attrition forces are canceled out within the motor structure, simplifying the device mechanism. Both types feature industry-leading acceleration of 25 G*. The product facilitates fast driving of devices, contributing to shorter device takt time and productivity improvement. These products are suitable for applications such as semiconductor manufacturing equipment, LCD manufacturing equipment, chip mounters, wire bonders, and conveyors.

* Information based on our own research as of November 2016, collected from core-type linear servo products with similar shapes.



Motion Controller **NEW**

● SANMOTION C Motion Controller

The lineup of SANMOTION C Motion Controller has been expanded with more powerful CPU and high-speed fieldbus* EtherCAT interface. The controller is capable of simultaneously controlling two 6-axis articulated robots in coordination. With 100 Mbps high-speed and highly reliable communications, the fieldbus enables even greater precision control. It is suitable for applications such as robots, conveying machines, semiconductor manufacturing equipment, and general industrial machinery.

* Fieldbus is an all-digital, serial communications protocol used for communications among field devices and with the controller.

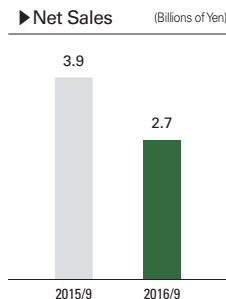
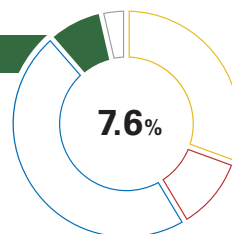


Electrical Equipment Sales Division

With regard to sales of industrial electrical equipment, control equipment and materials for electric equipment, demand from medical equipment industry showed signs of recovery and demand from general industries remained robust, although overseas demand for control panels for photovoltaic generation systems decreased significantly.

In the steel-related market, demand for the replacement of outdated equipment for production facilities remained healthy.

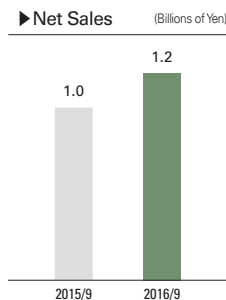
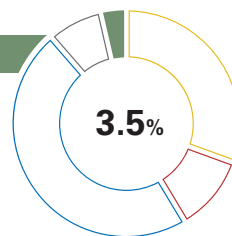
Consequently, net sales decreased 31.1% year on year, to ¥2,729 million. The amount of orders received declined 39.3%, to ¥2,512 million, and the order backlog fell 31.1%, to ¥577 million.



Electrical Works Contracting Division

As for plant equipment in steel mills, renewal works and repair works were carried out as planned. Regarding works related to the construction of photovoltaic generation equipment, we saw a decline in both orders received and sales due to the reduced purchase price for photovoltaic generation power.

As a result, net sales increased 18.8% year on year, to ¥1,257 million. The amount of orders received fell 10.2%, to ¥1,084 million, and the order backlog dropped 23.7%, to ¥585 million.



Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	FY2017 (As of September 30, 2016)	FY2016 (As of March 31, 2015)	Change		FY2017 (As of September 30, 2016)	FY2016 (As of March 31, 2015)	Change
ASSETS:				LIABILITIES:			
Current Assets	¥52,174	¥55,339	¥(3,165)	Current Liabilities	¥23,114	¥25,839	¥(2,725)
Fixed Assets	29,507	29,606	(99)	Long-Term Liabilities	6,675	7,007	(332)
Property, plant and equipment, net	19,471	20,388	(917)	Total Liabilities	29,790	32,846	(3,056)
Intangible assets	493	489	4	NET ASSETS:			
Investments and other assets	9,542	8,728	814	Shareholders' Equity	50,789	50,466	323
Total Assets	¥81,682	¥84,945	¥(3,263)	Accumulated Other Comprehensive Income	1,097	1,626	(529)
				Non-Controlling Interests	5	6	(1)
				Total Net Assets	51,892	52,099	(207)
				Liabilities and Net Assets	¥81,682	¥84,945	¥(3,263)

Consolidated Statements of Income

(Millions of Yen)

	FY2017 (Six months ended September 30, 2016)	FY2016 (Six months ended September 30, 2015)	Change
Net Sales	¥35,818	¥40,410	¥(4,592)
Cost of Sales	27,415	30,762	(3,347)
Gross Profit	8,403	9,648	(1,245)
Selling, General and Administrative Expenses	6,074	6,606	(532)
Operating Income	2,329	3,041	(712)
Non-Operating Income	194	189	5
Non-Operating Expenses	563	90	473
Ordinary Income	1,960	3,141	(1,181)
Income before Income Taxes	1,868	3,141	(1,273)
Income Taxes	473	1,181	(708)
Net Income Attributable to Non-Controlling Interests	0	0	0
Net Income Attributable to Shareholders of SANYO DENKI	¥ 1,395	¥ 1,959	¥ (564)

Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2017 (Six months ended September 30, 2016)	FY2016 (Six months ended September 30, 2015)	Change
Cash Flows from Operating Activities	¥ 3,256	¥ 1,858	¥1,398
Cash Flows from Investing Activities	(894)	(761)	(133)
Cash Flows from Financing Activities	(1,617)	(1,330)	(287)
Cash and Cash Equivalents Translation Difference	(751)	(66)	(685)
Net Increase (Decrease) in Cash and Cash Equivalents	(6)	(300)	294
Cash and Cash Equivalents at Beginning of Period	12,743	13,151	(408)
Cash and Cash Equivalents at End of Period	¥12,737	¥12,851	¥(114)

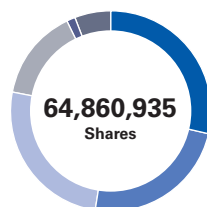
Number of Shares and Shareholders (As of September 30, 2016)	
Number of Authorized Shares	250,000,000 shares
Number of Issued Shares	64,860,935 shares
Number of Shareholders	5,236

Major Shareholders (As of September 30, 2016)		
Name	Thousands of Shares	% of Total Shares
KYODO KOGYO CO., LTD.	9,229	14.23
Mizuho Bank Ltd.	2,274	3.51
Japan Trustee Services Bank, Ltd. (trust account)	1,795	2.77
SANYO KAIHATSU CO., LTD.	1,594	2.46
The Master Trust Bank of Japan, Ltd. (trust account)	1,548	2.39
Japan Trustee Services Bank, Ltd. (trust account 9)	1,364	2.10
Nippon Life Insurance Company	1,339	2.06
CBNY-GOVERNMENT OF NORWAY	1,195	1.84
THE HACHIJUNI BANK, LTD.	975	1.50
Sumitomo Mitsui Trust Bank, Limited.	970	1.50

Notes: 1. The number of shares shown in the above list is rounded down to the nearest thousand shares.

2. The Company holds 3,715 thousand shares of treasury stock, which are excluded from the major shareholders listed above.

Breakdown by Type of Shareholders (As of September 30, 2016)



Type of Shareholders	Shares	%
Individuals and Others	18,724,865	28.86
Financial Institutions	15,382,899	23.72
Other Domestic Corporations	16,549,601	25.52
Foreign Investors	9,563,972	14.75
Securities Companies	923,729	1.42
Treasury Stock	3,715,869	5.73

Corporate Data (As of September 30, 2016)	
Company Name	SANYO DENKI CO., LTD.
Established	August 1927
Head Office	3-33-1, Minami-Otsuka, Toshima-ku, Tokyo 170-8451, Japan TEL: +81-3-5927-1020
Paid-in Capital	¥9,926 million
Number of Employees	3,121 (Consolidated)

Group Companies (As of September 30, 2016)	
Japan	SANYO DENKI CO., LTD. SANYO DENKI Techno Service CO., LTD.
Asia	SANYO DENKI PHILIPPINES, INC. SANYO DENKI (Zhongshan) CO., LTD. SANYO DENKI SHANGHAI CO., LTD. SANYO DENKI ENGINEERING (Shanghai) CO., LTD. SANYO DENKI (H.K.) CO., LIMITED SANYO DENKI (Shenzhen) CO., LTD. SANYO DENKI ENGINEERING (Shenzhen) CO., LTD. SANYO DENKI TAIWAN CO., LTD. SANYO DENKI KOREA CO., LTD. SANYO DENKI SINGAPORE PTE. LTD. SANYO DENKI (THAILAND) CO., LTD. SANYO DENKI INDIA PRIVATE LIMITED
North America	SANYO DENKI AMERICA, INC.
Europe	SANYO DENKI EUROPE S.A. SANYO DENKI GERMANY GmbH

Board of Directors and Corporate Auditors (As of September 30, 2016)	
Chief Executive Officer*	Shigeo Yamamoto
Director*	Kaoru Tamura
Director*	Nobumasa Kodama
Director*	Yoshimasa Matsumoto
Director	Yuichiro Miyake
Director	Toru Suzuki
Director	Hiroshi Suwa
Audit & Supervisory Board Members (Full-time)	Sakon Hatanaka
Audit & Supervisory Board Members (Full-time)	Fumio Amano
Audit & Supervisory Board Members (Part-time)	Hisayuki Ogura
Audit & Supervisory Board Members (Part-time)	Takeshi Yamamoto

*Operating Officer

SHAREHOLDER INFORMATION

Fiscal Year	From April 1 to March 31 of the following year
Regular General Meeting of Shareholders	To be held within three months from April 1 each year
Record Date for Shareholders Entitled to Receive Dividends	For year-end cash dividends: March 31 of each year For interim dividends: September 30 of each year
Method of Notification	Via electronic notification. (In case electronic notification is unavailable because of unavoidable circumstances, notification will be published in the Nihon Keizai Shimbun.)
Custodian of Shareholder Registration	JAPAN SECURITIES AGENTS, LTD. 1-2-4, Nihonbashi-Kayabacho, Chuo-ku, Tokyo 103-8202, Japan
Handling Office	JAPAN SECURITIES AGENTS, LTD. (Head Office) 1-2-4, Nihonbashi-Kayabacho, Chuo-ku, Tokyo 103-8202, Japan
Mailing Address and Telephone Referral	JAPAN SECURITIES AGENTS, LTD. (Agency Department) 2-8-4, Izumi, Suginami-ku, Tokyo 168-8620, Japan Toll Free: 0120-707-843 (In Japan only)

Stock-related Inquiries and Notifications:

Payment of unpaid dividends

Please contact the above-mentioned custodian of shareholder registration.

Contact for changes of address, requests for buyback of odd-lot shares or sales of additional lots, and the payment of dividends

Please contact the securities company with which your account is held.

*If you set up a special account in lieu of an account with a securities company, please contact JAPAN SECURITIES AGENTS, LTD. As for shareholders of former SANYO KOGYO CO., LTD., please contact JAPAN SECURITIES AGENTS, LTD. for all inquiries associated with shares recorded in the special account as of December 1, 2016.

Requests regarding various kinds of share-related procedures can be made via the Internet.

JAPAN SECURITIES AGENTS, LTD.:
<http://www.jsa-hp.co.jp/name/index.html>

SANYO DENKI's IR Information Section:
http://www.sanyodenki.co.jp/ir/index_ir.html

This Business Report contains forward-looking statements including earnings forecasts. The actual results may differ materially from the forecasts herein due to various factors.

SANYO DENKI CO., LTD.

Head Office: 3-33-1, Minami-Otsuka, Toshima-ku, Tokyo 170-8451, Japan
TEL: +81-3-5927-1020
URL: <http://www.sanyodenki.co.jp>