

SANKEN ELECTRIC CO., LTD.

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Fiscal Year:..... April 1 - March 31

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FINANCIAL REPORT

1. Financial Performance over the first half, April 1, 2002 to September 30, 2002

(1) Results of Operations (Millions of Yen)

| | Net sales (percentage change from previous term) | Operating income (percentage change from previous term) | Ordinary income (percentage change from previous term) |
|-----------------------------|--|---|--|
| Half-year ended Sep.30,2002 | 72,719(2.5%) | 5,286(38.9 %) | 3,240(43.4%) |
| Half-year ended Sep.30,2001 | 70,956(-5.3 %) | 3,804(46.9 %) | 2,259(-2.5%) |
| Year ended March 31,2002 | 140,088 | 6,833 | 5,128 |

| | Net income (percentage change from previous term) | Net income per share | Diluted net income per share |
|-----------------------------|---|-------------------------|------------------------------------|
| Half-year ended Sep.30,2002 | 1,491(511.0%) | 11.96 yen | 11.27yen |
| Half-year ended Sep.30,2001 | 244(-%) | 1.95 yen | - |
| Year ended March 31,2002 | 670 | 5.34 yen | - |

Notes1: Ordinary income : Income before income taxes and extraordinary items

Notes2: Equity in net income/loss non-consolidated subsidiaries and/or affiliates:

Sep./2002: 36 million yen (Mar./2002:-148million yen Sep./2001:-64million yen)

Notes3: Average number of shares outstanding

| | |
|---|------------------------|
| { | Sep./2002: 124,719,963 |
| | Mar./2002: 125,447,021 |
| | Sep./2001: 125,456,076 |

Notes4: Change in accounting method in the term : None

(2) Financial position (Millions of Yen)

| | Total assets | Shareholders' equity | Shareholders' equity ratio | Shareholders' equity per share |
|-----------------------------|-----------------|-------------------------|-------------------------------|-----------------------------------|
| Half-year ended Sep.30,2002 | 152,502 | 57,945 | 38.0% | 470.45yen |
| Half-year ended Sep.30,2001 | 161,048 | 58,311 | 36.2% | 464.79yen |
| Year ended March 31,2002 | 157,899 | 59,958 | 38.0% | 478.07yen |

Notes: Number of shares outstanding at the end of the term

| | |
|---|------------------------|
| { | Sep./2002: 123,170,368 |
| | Mar./2002: 125,417,164 |
| | Sep./2001: 125,455,924 |

(3) Results of Cash Flows (Millions of Yen)

| | Net cash provided by operating activities | Net cash used by investing activities | Net cash used by financing activities | Balance of cash and cash equivalents at the end of the term |
|-----------------------------|---|---|---|---|
| Half-year ended Sep.30,2002 | 11,841 | - 616 | -6,971 | 16,316 |
| Half-year ended Sep.30,2001 | 10,169 | -10,609 | -1,705 | 9,995 |
| Year ended March 31,2002 | 17,480 | -13,867 | -3,550 | 12,350 |

(4) Scope of consolidation and application of equity method

Number of consolidated subsidiaries : 18

Number of non-consolidated subsidiaries accounted for by the equity method : 0

Number of affiliates accounted for by the equity method : 1

(5) Change in scope of consolidation and application of equity method

Number of companies newly consolidated : 1

Number of companies excluded from the consolidation : 1

Number of companies newly accounted for by the equity method : 0

Number of companies excluded from the accounting by the equity method : 0

2. Forecast of Financial Performance, April 1, 2002 to March 31, 2003 (Millions of Yen)

| | Net sales | Ordinary income | Net income |
|------------------------|-----------|-----------------|------------|
| Year end March 31,2003 | 146,000 | 7,000 | 3,900 |

Reference: Expected net income per share 31.67yen by average number of shares outstanding

(1) Group Companies

The Sanken Group consists of Sanken Electric Co., Ltd., 25 subsidiaries and 2 affiliates, primarily producing and selling Semiconductor, Power Supply Unit, Power Supply Equipment and other related products and services. The business lines and roles of the group companies are summarized below.

| Division | | Maior Products | Company Name |
|---------------------------------|--------------------|---|--|
| Semi-conductor Division | Semi-conductors | Power IC, Control IC, Hall-effect IC, Bipolar transistor, MOSFET, IGBT, Thyristor, Rectifier diode, LED , Cold cathode fluorescent lamp, | Sanken Electric Co., Ltd. Subsidiaries Ishikawa Sanken Co., Ltd. (Manufacturer) Yamagata Sanken Co., Ltd. (Manufacturer) Kashima Sanken Co., Ltd. (Manufacturer) Fukushima Sanken Co., Ltd. (Manufacturer) Allegro MicroSystems, Inc. (Manufacturer) Allegro MicroSystems W.G., Inc. (Manufacturer) Allegro MicroSystems Philippines, Inc. (Manufacturer) Allegro MicroSystems Europe Limited(Sales company) Allegro MicroSystems Argentina S.A. (IC design) Sanken Electric Singapore Pte. Ltd.(Sales company) Sanken Electric Hong Kong Co., Ltd.(Sales company) |
| | Power Supply Units | Switching power supply Transformer | Sanken Electric Co., Ltd. Subsidiaries Korea Sanken Co., Ltd. (Manufacturer) Sanken Power Systems (UK) Limited (Manufacturer) PT. Sanken Indonesia (Manufacturer) Sanken Transformer Co., Ltd. (Manufacturer) Sanken Transformer (Malaysia) Sdn. Bhd.(Manufacturer) Dalian Sanken Transformer Co., Ltd. (Manufacturer) PT. Sanken Transformer (Indonesia) (Manufacturer) Sanken Transformer (Singapore) Pte. Ltd.(Manufacturer) |
| Power Supply Equipment Division | | UPS(Uninterruptible power supply) DC power supply Inverter Airway beacon system General purpose power supply and equipment | Sanken Electric Co., Ltd. Subsidiaries Sanken Densetsu Co., Ltd. (Power supply sales and installation work) |
| Others | | | Subsidiaries Sanken Electric Korea Co., Ltd.(Sales and Technical service) Taiwan Sanken Electric Co., Ltd. (Sales company) Sanken Logistics Co., Ltd. (Logistics) Sanken Techno-Research Co., Ltd.(Technical information service) Sanken Kosan Co., Ltd.(Insurance agency) Affiliates Sanken-Airpax Co., Ltd. (Manufacturer) Sanshin Electric Co., Ltd. (Sales company) |

(2) Management Policy

Basic Management Policy

Our basic management policies are: to establish an enterprise that wins confidence in tiers, emphasizing consolidated business management, pursuing management efficiency and speed, and striking a balance in management between scale and efficiency. We promote each of our business activities based on these policies, with the aim of satisfying our shareholders and all other stakeholders.

Profit Sharing Policy

Our fundamental profit sharing policy holds that return of profit to our shareholders is one of the most important missions of management, and we are committed to ensuring stable, sure return of dividends through the improvement of our earnings potential and enhancement of our financial strength. We are also committed to effectively leveraging our internal reserve for future capital investment, R&D investment, and other activities that will strengthen our corporate structure and expand our businesses.

During the period under review, we acquired 2 million shares of treasury stock. Our aim in doing so is to increase return of profit to our shareholders, through stock buybacks.

Concept and Policy Concerning the Lowering of Stock Unit for Investment

With a view to promoting liquidity and encouraging the participation of a broader range of investors in stock markets, we recognize that lowering the stock-investment unit is one of the major issues. Under the present circumstances, however the Company's shares are sufficiently liquid in consideration of the level of share prices, the number of individual investors, etc., and furthermore, lowering the investment unit involves a large cost. Therefore, we intend to deal with this problem carefully, considering future market conditions.

Goals for Management Indexes

The goals of management indexes are to achieve a return on equity (ROE) of 8% or more, and return on assets (ROA) of 6% or more.

Mid-term Management Strategies

We have identified semiconductor operation as our core business. We center our business deployment on semiconductor operation, and focus the investment of our management resources in this field. Meanwhile, we are also committed to speeding up our efforts to enhance the fiscal strength of unprofitable operations and improve group management and asset efficiency.

Our activities and goals in each business segment in the plan are as follows:

1) To aggressively expand semiconductor operation as core business

We are committed to aggressively expanding our core businesses. By differentiating technologies such as our BCD process technologies and assembly technologies, we continue to offer high value-added products for such new applications and markets as ever-increasing electronic devices for automobiles and white goods (home appliances). We will also introduce new products for existing markets to respond to such market needs as energy efficiency and environmental awareness. With the remarkable growth of our optical business over the past few years, and CCFLs in particular, we will further expand our production and sales in this business.

We will also expand and strengthen the relationship with International Rectifier Corporation, a manufacturer of power semiconductors in the United States. Collaboration in the fields of technology, production, and sales and marketing will speed up the development of new products, aggressively develop new markets and efficiently utilize management resources through complementary production.

2) Making profits through synergies between semiconductors and power supply units

Through integration with semiconductor business, we will expand products in the new field of switching power supply. In addition, we are committed to developing motor control board and other products for new markets. We are also committed to reducing labor costs by shifting the production base to the optimum locations, and to reducing material costs by pursuing local procurement.

3) Strengthening customer power supply equipment for demand and working for expansion of sales

We will continue to supply highly reliable electric power systems that support such public infrastructure as information communication and electric power, including large-scale electric power supply equipment and large-scale uninterruptible power supplies (UPS). In addition, we will supply small and mid-sized UPS equipment to expand our share in the information technology (IT) market and expand sales of multi-purpose inverters to China. We will also develop and market new products such as hybrid power supplies to respond to market needs in energy efficiency and environmental awareness.

Future Issues

The electronics industry, of which we are a member, is scaling back production and prolonging capital investment reduction, especially in the IT products sector. Despite these difficulties, however, we are confident that we have a base for future growth, particularly given such factors as the increasing popularity of digital home appliances, and the increasing use of electronic control in automobiles.

We must make a group-wide, active commitment to becoming an enterprise whose growth is not dependent on the day-to-day ups and downs of the economy. We must strongly focus on such goals as developing new products, markets, and applications in growth fields, improving unprofitable businesses, strengthening our businesses in China, and enhancing our financial strength.

(3) Operating Results and Financial Situation

Operating Results

1) Overview of the 1st half year ended September 30, 2002

General business conditions

During the period under review, the world economy showed signs of recovery, bolstered by stable economic indicators in the United States and Asia. In the middle of the period, however, other factors such as the slump of the US stock market and the weakening in consumer spending aroused worries over the future, and robbed momentum from the recovery.

Meanwhile, demand from abroad gave a growing impression that the Japanese economy had hit bottom. The economy is not yet fully on the road to recovery, however, with stagnant capital investment and consumer spending.

In the electronics industry, demand – mainly export-driven – took a turn for the better, as audio-visual and IT product inventory adjustments progressed. Nevertheless, AV set manufacturers are becoming reluctant to expand production, given the uncertainty in the US market, and demand is consequently beginning to taper off.

Nevertheless, although we experienced a drop-off in sales of power-supply equipment, we showed growth in sales overall, thanks to increased semiconductor sales, especially in the export audio-visual equipment market, and sales of products in such growth fields as automotive products, and cold cathode fluorescent lamps (CCFLs). In addition, falling costs for our strategic products, achievement of such performance targets as reduced lead time, and other factors contributed greatly to increasing our profit ratio.

As a result, our net sales for the first half were 72,719 million yen (compared to 70,956 million yen in the first half of the previous year), a 2.5% increase.

Overview by business segment

Semiconductors

Net sales were 53,915 million yen, a 4,429 million yen (9.0%) increase from the corresponding period of the previous fiscal year. In the IC market, one of our strengths, audio-visual products and computer peripheral products such as printers showed strong recovery from the start of the period in Japan and abroad. Additionally, sales of automotive products continued to show steady growth, enabling us to increase our net sales substantially from the previous fiscal year's first half.

Orders increased for such discrete products as diodes and transistors, as audio-visual device manufacturers completed their inventory adjustments, however, the emergence of competition from foreign products prevented us from increasing our sales against the same period in the previous fiscal year.

In the optical business, one of our focuses, the market for light-emitting diodes emerged from the major slump seen during the second half of the previous fiscal year. The situation remains difficult, however, as the recovery in the market for outdoor display systems (the main market for this product) lacks vigor.

Meanwhile, sales of CCFLs showed strong growth, as more and more televisions and PCs move to liquid-crystal displays. Additionally, we were able to increase the profitability of our CCFLs by a large margin, thanks to the effects of mass production and efforts to reduce source costs.

Our foreign subsidiary Allegro MicroSystems Inc. showed strong growth in net sales. Sales in the automotive market were strong and, in addition, sales in the office automation market picked up as customer inventory adjustments were completed. New products helped to boost sales as well.

We merged our power supply unit business, including switching power supplies and AC adapters, with our semiconductor business, in order to revamp the business and create new business opportunities.

Sales of unit products for the period under review were 11,767 million yen, a 439 million yen (3.9%) increase from the corresponding period in the previous fiscal year. Sales of switching power supplies were healthy, as demand for digital copiers and printers (two major sources of demand for this product) from the second half of the previous fiscal picked up. Additionally, our AC adapters for notebook PCs, using a newly developed IC, helped to differentiate us from our competitors, giving us good results in this area as well.

Our foreign subsidiary PT. Sanken Indonesia posted increased sales, thanks to increasing direct sales as customers in Japan moved production overseas. However, sales of our foreign subsidiary Sanken Power Systems (UK) Ltd. decreased, despite steady growth in sales of products for electronic home appliances, due to the slump in the market for telecommunications products.

Power Supply Equipment

Sales suffered a major drop, falling to 7,036 million yen. This represents a 3,105 million yen (30.6%) decline against the corresponding period of the previous fiscal year. Our custom power supply business suffered several setbacks, including a major drop in sales of power supplies for telecommunications, one of our main products in this sector, due to severe cut-backs in capital investment by telecommunications companies, coupled with falling sales prices. Although aggressive marketing of general-purpose UPS systems succeeded, to a certain degree, in winning new customers for our general-purpose power supplies, decreasing capital investment and fierce price competition prevented us from increasing our sales. We were also unable to increase sales of our general-purpose VVVF inverters from the corresponding period in the previous fiscal year.

Interim Dividend

We plan to pay an interim dividend of 5 yen/share, as in the previous fiscal year.

2) Forecast for the Coming Period

The uncertainty hanging over the economy in the United States has cast a shadow on the direction of the global economy, in Asia in particular. In Japan, as well, the future of the export-driven economic recovery is in doubt.

We have set a management goal to strengthen the foundations of our businesses so that they are not subject to momentary trends in the market. In order to accomplish this goal, we have formed a number of policies aimed at ensuring our growth independent of external factors. These policies include a commitment to improving profitability, including the reorganization of our production facilities, bringing unprofitable businesses into the black, and thorough cost cutting, expanding sales and production in China, and introducing new products. The entire group is committed to achieving these policies, in order to increase sales and profits.

On a consolidated basis, we forecast net sales of 146,000 million yen, ordinary income of 7,000 million yen, and net income of 3,900 million yen for the fiscal year under review. On a non-consolidated basis, we forecast net sales of 113,000 million yen, ordinary income of 5,500 million yen, and net income of 2,300 million yen.

Dividend for the Fiscal Year

After reviewing our performance forecasts, we plan to pay a dividend of 5 yen/share for the coming half as well. This will make a total dividend of 10 yen/share for the fiscal year.

Financial Situation

Cash and cash equivalents as of the end of the half under review were 16,316 million yen, a 6,321 million yen increase from the corresponding period of the previous fiscal year.

Net cash provided by operating activities was 11,841 million yen, a 1,672 million yen increase from the previous interim period. This was mainly due to the increase in profits and the decrease in inventories.

Net cash used by investing activities was 616 million yen, a 9,993 decrease in expenditures compared to the corresponding period of the previous fiscal year. This was mainly due to falling expenditures due to cut-backs in capital investment, and income from the sale of our US subsidiary's manufacturing plant.

Net cash used in financing activities was 6,971 million yen, a 5,266 million yen increase in expenditures from the corresponding period of the previous fiscal year. This was mainly due to continued efforts to reduce our interest-bearing debts and stock buy-backs.

[Notice]

This forecast is based on information available as of the present time and assumptions we have considered to be valid. Please be advised that there are a host of uncertain factors that could greatly impact actual worldwide performance, including global market conditions, the intensity of competition, the adoption of new products and their acceptance or lack thereof, and the impact of market-value accounting.

CONSOLIDATED BALANCE SHEETS

Millions of yen

| | September 30 2002 | September 30 2001 | March 31 2002 |
|---|-----------------------|-----------------------|-----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and deposits..... | 16,553 | 10,992 | 13,391 |
| Notes and accounts receivable..... | 36,679 | 34,827 | 34,407 |
| Inventories..... | 34,466 | 41,157 | 38,998 |
| Deferred tax assets..... | 1,535 | 2,171 | 1,567 |
| Other current assets..... | 3,038 | 3,808 | 3,414 |
| Allowance for doubtful receivables..... | (91) | (104) | (116) |
| Total current assets..... | <u>92,182</u> | <u>92,852</u> | <u>91,661</u> |
| Fixed assets: | | | |
| Property, plant and equipment, net: | | | |
| Buildings..... | 19,552 | 21,012 | 21,120 |
| Machinery and equipment..... | 22,663 | 22,750 | 26,201 |
| Tools, furniture and fixtures..... | 2,135 | 2,471 | 2,249 |
| Land..... | 4,059 | 4,340 | 4,370 |
| Construction in progress..... | 1,849 | 7,320 | 1,502 |
| Property, plant and equipment, net..... | <u>50,260</u> | <u>57,896</u> | <u>55,444</u> |
| Intangible assets: | | | |
| Software..... | 405 | 460 | 451 |
| Other intangible assets..... | 894 | 925 | 979 |
| Total intangible assets..... | <u>1,300</u> | <u>1,386</u> | <u>1,430</u> |
| Investments and other assets: | | | |
| Investments in other securities..... | 4,733 | 5,262 | 5,843 |
| Deferred tax assets..... | 2,428 | 1,900 | 1,750 |
| Other long-term receivables..... | 1,749 | 1,749 | 1,770 |
| Allowance for doubtful accounts..... | (152) | (0) | (2) |
| Total investments and other assets..... | <u>8,758</u> | <u>8,912</u> | <u>9,362</u> |
| Total fixed assets..... | <u>60,319</u> | <u>68,195</u> | <u>66,237</u> |
| Total assets..... | <u><u>152,502</u></u> | <u><u>161,048</u></u> | <u><u>157,899</u></u> |

| | September 30 2002 | September 30 2001 | March 31 2002 |
|--|------------------------------|----------------------|------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Liabilities | | | |
| Current liabilities: | | | |
| Notes and accounts payable..... | 19,315 | 22,599 | 17,978 |
| Short-term bank loans..... | 11,288 | 13,997 | 13,295 |
| Current portion of bonds payable | 9,967 | - | 9,998 |
| Accrued expenses..... | 7,165 | 7,470 | 6,225 |
| Income taxes payable..... | 871 | 150 | 664 |
| Deferred tax liabilities..... | 10 | 12 | 58 |
| Other current liabilities..... | 1,494 | 1,661 | 1,470 |
| Total current liabilities..... | <u>50,113</u> | <u>45,890</u> | <u>49,691</u> |
| Long-term liabilities: | | | |
| Bonds and debentures..... | 20,000 | 20,000 | 20,000 |
| Convertible bonds..... | - | 9,998 | - |
| Long-term debt..... | 16,447 | 19,679 | 20,703 |
| Deferred tax liabilities..... | 15 | 18 | 17 |
| Accrued employees' retirement benefits..... | 7,229 | 6,433 | 6,782 |
| Accrued retirement benefits for directors..... | 384 | 352 | 363 |
| Other long-term liabilities..... | 151 | 159 | 160 |
| Total long-term liabilities..... | <u>44,228</u> | <u>56,641</u> | <u>48,028</u> |
| Total liabilities..... | <u>94,341</u> | <u>102,532</u> | <u>97,720</u> |
| Minority interests | <u>215</u> | <u>204</u> | <u>220</u> |
| Shareholders' equity | | | |
| Capital stock..... | 20,896 | 20,881 | 20,881 |
| Capital surplus | 21,119 | 21,103 | 21,103 |
| Retained earnings..... | 19,189 | 18,514 | 18,313 |
| Unrealized loss on securities..... | 26 | (657) | (125) |
| Translation adjustments..... | (1,307) | (1,529) | (188) |
| Treasury stock..... | (1,978) | (1) | (26) |
| Total shareholders' equity..... | <u>57,945</u> | <u>58,311</u> | <u>59,958</u> |
| Total liabilities and shareholders' equity..... | <u>152,502</u> | <u>161,048</u> | <u>157,899</u> |

CONSOLIDATED STATEMENTS OF INCOME

Millions of yen

| | September 30 2002 | September 30 2001 | March 31 2002 |
|--|------------------------------|----------------------|------------------|
| Net sales..... | 72,719 | 70,956 | 140,088 |
| Cost of sales | 57,062 | 56,662 | 112,279 |
| Gross profit..... | 15,656 | 14,293 | 27,808 |
| Selling, general and administrative expenses | 10,370 | 10,488 | 20,975 |
| Operating income | 5,286 | 3,804 | 6,833 |
| Non-operating income | 318 | 342 | 1,334 |
| Non-operating expenses..... | 2,364 | 1,887 | 3,039 |
| Ordinary income..... | 3,240 | 2,259 | 5,128 |
| Gain on sales of marketable and investment securities | - | - | 148 |
| Government grant | - | 67 | 67 |
| Profit on reversing of provision for doubtful accounts | - | 1 | 1 |
| Total extraordinary income | - | 68 | 216 |
| Loss on disposals of fixed assets | 73 | 47 | 196 |
| Loss on revaluation of investment securities | 1,344 | 2,119 | 2,870 |
| Loss on revaluation of inventories | - | - | 519 |
| Loss on closing of factory..... | 223 | - | - |
| Other extraordinary loss..... | 107 | 12 | 126 |
| Total extraordinary loss..... | 1,749 | 2,180 | 3,713 |
| Income before income taxes , minority interests | 1,491 | 147 | 1,631 |
| Income taxes | 869 | 325 | 829 |
| Income tax - deferred | (884) | 85 | 475 |
| Profit on reversing of tax provision..... | - | 529 | (392) |
| Minority interests | 15 | 21 | 48 |
| Net income..... | 1,491 | 244 | 670 |

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Millions of yen

| | September 30 2002 | September 30 2001 | March 31 2002 |
|--|------------------------------|----------------------|-------------------|
| 1.Retained earnings at March 31..... | - | 18,986 | 18,986 |
| 2.Decrease in retained earnings | - | 715 | 1,342 |
| Cash dividends..... | - | 627 | 1,254 |
| Treasury stock..... | - | 88 | 88 |
| | <u> </u> | <u> </u> | <u> </u> |
| 3.Net income..... | - | 244 | 670 |
| 4.Retained earnings at September 30..... | <u> </u> | <u>18,514</u> | <u>18,313</u> |
| <hr/> | | | |
| 1.Capital surplus at March 31 | 21,103 | - | - |
| 2.Increase in capital surplus..... | 16 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| 3.Capital surplus at September 30..... | <u>21,119</u> | <u> </u> | <u> </u> |
| <hr/> | | | |
| 1.Retained earnings at March 31..... | 18,313 | - | - |
| 2.Increase in retained earnings | | | |
| Net income..... | 1,491 | - | - |
| 3.Decrease in retained earnings | | | |
| Cash dividends..... | 616 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| 4.Retained earnings at September 30..... | <u>19,189</u> | <u> </u> | <u> </u> |

STATEMENTS OF CASH FLOWS

Millions of yen

| | September 30 2002 | September 30 2001 | March 31 2002 |
|--|----------------------|----------------------|------------------|
| Operating activities | | | |
| 1. Income before income taxes and minority interests in earnings of affiliates | 1,491 | 147 | 1,631 |
| 2. Depreciation and amortization | 4,881 | 5,107 | 11,027 |
| 3. Loss on revaluation of investment securities | 1,344 | 2,119 | 2,870 |
| 4. Reversal of allowance for doubtful receivables | 133 | 11 | 15 |
| 5. Provision of accrued retirement benefits for employees | 447 | 353 | 684 |
| 6. Interest and dividend income | (39) | (105) | (178) |
| 7. Interest expense | 829 | 905 | 1,828 |
| 8. Gain on sales of investment securities | 0 | - | (148) |
| 9. Decrease (increase) in notes and accounts receivable | (2,815) | 10,916 | 11,917 |
| 10. Decrease (increase) in inventories | 3,389 | 3,821 | 7,320 |
| 11. Decrease in notes and accounts payable | 1,921 | (8,182) | (13,471) |
| 12. Other | 1,727 | (753) | (850) |
| 13. Interest and dividends received | 39 | 49 | 117 |
| 14. Interest paid | (856) | (906) | (1,826) |
| 15. Income taxes paid | (652) | (3,314) | (3,456) |
| Net cash provided by operating activities | <u>11,841</u> | <u>10,169</u> | <u>17,480</u> |
| Investing activities | | | |
| 1. Purchases of property, plant and equipment | (2,520) | (8,904) | (12,018) |
| 2. Proceeds from sales of property, plant and equipment | 2,020 | - | 90 |
| 3. Purchases of investment securities | - | (1,631) | (2,633) |
| 4. Proceeds from sales of investment securities | 9 | - | 637 |
| 5. Expenditure of loan | (141) | (133) | (183) |
| 6. Proceeds from collection of loan | 49 | 39 | 197 |
| 7. Other | (32) | 21 | 42 |
| Net cash used by investing activities | <u>(616)</u> | <u>(10,609)</u> | <u>(13,867)</u> |
| Financing activities | | | |
| 1. Decrease in short-term bank loans | (1,909) | (2,634) | (4,687) |
| 2. Proceeds from issuance of long-term bank loans | - | 4,714 | 6,667 |
| 3. Repayment of long-term debt | (2,472) | (3,070) | (4,140) |
| 4. Proceeds from sales of treasury stock | - | - | 33 |
| 5. Redemption of treasury stock | (1,940) | (88) | (147) |
| 6. Cash dividends paid | (626) | (626) | (1,254) |
| 7. Dividends paid to minority interests | (21) | - | (21) |
| Net cash used in financing activities | <u>(6,971)</u> | <u>(1,705)</u> | <u>(3,550)</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>(287)</u> | <u>(77)</u> | <u>69</u> |
| Net increase (decrease) in cash and cash equivalents | <u>3,966</u> | <u>(2,222)</u> | <u>132</u> |
| Cash and cash equivalents at beginning of the year | <u>12,350</u> | <u>12,217</u> | <u>12,217</u> |
| Cash and cash equivalents at end of the year | <u>16,316</u> | <u>9,995</u> | <u>12,350</u> |

(4) Segment Information

1. Business segment information

This Term (April 1, 2002 to September 30, 2002)

Millions of yen

| | Semicon- ductors | Power Supply Units | Power Supply Equipment | Total | Eliminations or unallocated amounts | Consolidated |
|--------------------|---------------------|--------------------------|------------------------------|--------|---|--------------|
| Sales | | | | | | |
| (1) Third parties | 53,915 | 11,767 | 7,036 | 72,719 | - | 72,719 |
| (2) Intersegment | 73 | 0 | - | 73 | (73) | - |
| Total | 53,988 | 11,768 | 7,036 | 72,793 | (73) | 72,719 |
| Operating expenses | 47,016 | 12,165 | 7,078 | 66,260 | 1,172 | 67,432 |
| Operating income | 6,972 | (397) | (42) | 6,532 | (1,246) | 5,286 |

Previous Term (April 1, 2001 to September 30, 2001)

Millions of yen

| | Semicon- ductors | Power Supply Units | Power Supply Equipment | Total | Eliminations or unallocated amounts | Consolidated |
|--------------------|---------------------|--------------------------|------------------------------|--------|---|--------------|
| Sales | | | | | | |
| (1) Third parties | 49,486 | 11,328 | 10,141 | 70,956 | - | 70,956 |
| (2) Intersegment | 50 | 33 | - | 84 | (84) | - |
| Total | 49,536 | 11,362 | 10,141 | 71,040 | (84) | 70,956 |
| Operating expenses | 44,285 | 11,747 | 9,857 | 65,890 | 1,261 | 67,151 |
| Operating income | 5,251 | (385) | 283 | 5,149 | (1,345) | 3,804 |

Last Fiscal Year (April 1, 2001 to March 31, 2002)

Millions of yen

| | Semicon- ductors | Power Supply Units | Power Supply Equipment | Total | Eliminations or unallocated amounts | Consolidated |
|--------------------|---------------------|--------------------------|------------------------------|---------|---|--------------|
| Sales | | | | | | |
| (1) Third parties | 97,850 | 22,873 | 19,364 | 140,088 | - | 140,088 |
| (2) Intersegment | 101 | 14 | - | 115 | (115) | - |
| Total | 97,951 | 22,887 | 19,364 | 140,203 | (115) | 140,088 |
| Operating expenses | 87,905 | 24,258 | 18,768 | 130,931 | 2,323 | 133,254 |
| Operating income | 10,046 | (1,370) | 595 | 9,272 | (2,438) | 6,833 |

2. Operating revenues by geographic area

This Term (April 1, 2002 to September 30, 2002)

Millions of yen

| | Japan | Asia | North America | Europe | Total | Eliminations or unallocated amounts | Consolidated |
|--------------------|--------|--------|---------------|--------|--------|-------------------------------------|--------------|
| Sales | | | | | | | |
| (1) Third parties | 49,537 | 9,114 | 8,492 | 5,574 | 72,719 | - | 72,719 |
| (2) Intersegment | 6,838 | 5,736 | 4,784 | 49 | 17,408 | (17,408) | - |
| Total | 56,375 | 14,850 | 13,277 | 5,624 | 90,127 | (17,408) | 72,719 |
| Operating expenses | 50,863 | 14,385 | 12,898 | 5,440 | 83,587 | (16,154) | 67,432 |
| Operating income | 5,512 | 464 | 378 | 184 | 6,540 | (1,253) | 5,286 |

Previous Term (April 1, 2001 to September 30, 2001)

Millions of yen

| | Japan | Asia | North America | Europe | Total | Eliminations or unallocated amounts | Consolidated |
|--------------------|--------|--------|---------------|--------|--------|-------------------------------------|--------------|
| Sales | | | | | | | |
| (1) Third parties | 51,680 | 7,018 | 7,199 | 5,058 | 70,956 | - | 70,956 |
| (2) Intersegment | 6,254 | 5,298 | 4,823 | 148 | 16,525 | (16,525) | - |
| Total | 57,934 | 12,316 | 12,023 | 5,206 | 87,481 | (16,525) | 70,956 |
| Operating expenses | 54,361 | 11,946 | 11,191 | 5,109 | 82,610 | (15,458) | 67,151 |
| Operating income | 3,572 | 370 | 831 | 96 | 4,871 | (1,066) | 3,804 |

Last Fiscal Year (April 1, 2001 to March 31, 2002)

Millions of yen

| | Japan | Asia | North America | Europe | Total | Eliminations or unallocated amounts | Consolidated |
|--------------------|---------|--------|---------------|--------|---------|-------------------------------------|--------------|
| Sales | | | | | | | |
| (1) Third parties | 98,203 | 15,473 | 15,192 | 11,218 | 140,088 | - | 140,088 |
| (2) Intersegment | 11,622 | 11,553 | 10,629 | 215 | 34,021 | (34,021) | - |
| Total | 109,826 | 27,027 | 25,821 | 11,434 | 174,109 | (34,021) | 140,088 |
| Operating expenses | 103,218 | 26,108 | 24,904 | 11,123 | 165,355 | (32,100) | 133,254 |
| Operating income | 6,608 | 918 | 916 | 310 | 8,754 | (1,920) | 6,833 |

Notes 1: Classification of the country or region is based on geographic proximity.

2: Major countries and regions belonging to the categories outside Japan:

(1) Asia: South Korea, China, Philippines, Singapore, Malaysia, Indonesia

(2) North America: U.S.A.

(3) Europe: U.K.

3. Overseas Sales

This Term (April 1, 2002 to September 30, 2002)

Millions of yen

| | Asia | North America | Europe | Other Regions | Total |
|---|--------|---------------|--------|---------------|--------|
| Overseas sales | 26,639 | 5,455 | 5,682 | 307 | 38,084 |
| Consolidated sales | | | | | 72,719 |
| Ratio of overseas sales to consolidated sales (%) | 36.6 | 7.5 | 7.8 | 0.4 | 52.4 |

Previous Term (April 1, 2001 to September 30, 2001)

Millions of yen

| | Asia | North America | Europe | Other Regions | Total |
|---|--------|---------------|--------|---------------|--------|
| Overseas sales | 20,337 | 5,254 | 5,210 | 109 | 30,911 |
| Consolidated sales | | | | | 70,956 |
| Ratio of overseas sales to consolidated sales (%) | 28.7 | 7.4 | 7.3 | 0.2 | 43.6 |

Last Fiscal Year (April 1, 2001 to March 31, 2002)

Millions of yen

| | Asia | North America | Europe | Other Regions | Total |
|---|--------|---------------|--------|---------------|---------|
| Overseas sales | 43,305 | 11,067 | 11,509 | 220 | 66,103 |
| Consolidated sales | | | | | 140,088 |
| Ratio of overseas sales to consolidated sales (%) | 30.9 | 7.9 | 8.2 | 0.2 | 47.2 |

- Notes
- 1: Classification of the country or region is based on geographic proximity.
 - 2: Major countries and regions belonging to the categories:
 - (1) Asia: South Korea, Hong Kong, Taiwan
 - (2) North America: U.S.A. , Mexico
 - (3) Europe: U.K. , Germany
 - (4) Other Regions: Australia, Brazil
 - 3: Overseas sales are sales in countries and regions outside Japan by Sanken and its subsidiaries.