

SANKEN ELECTRIC CO., LTD.

Headquarters:..... 3-6-3 Kitano, Niiza-shi, Saitama 352-8666, Japan

Investor Relations Office Tel. 81-48-487-6121

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

URL: <http://www.sanken-ele.co.jp>

FINANCIAL REPORT

1. Financial results for the six months ended September 30,2003

(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)
Six months ended Sep.30,2003	72,043(-0.9%)	5,648(6.8 %)	4,355(34.4%)
Six months ended Sep.30,2002	72,719(2.5%)	5,286(38.9 %)	3,240(43.4%)
Year ended March 31,2003	146,070	10,491	7,188

	Net income (percentage change from previous term)	Net income per share	Diluted net income per share
Six months ended Sep.30,2003	2,784(86.7%)	22.85yen	-
Six months ended Sep.30,2002	1,491(511.0%)	11.96yen	11.27yen
Year ended March 31,2003	4,002	31.96yen	29.96yen

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

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

Sep./2003: 8 million yen (Mar./2003: -23million yen Sep./2002: 36million yen)

Notes3:Average number of shares outstanding (Sep./2003: 121,864,195)
(Mar./2003: 123,652,123)
(Sep./2002: 124,719,963)

(2) Financial position

(Millions of Yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
As of Sep.30,2003	145,025	60,499	41.7%	496.65yen
As of Sep.30,2002	152,502	57,945	38.0%	470.45yen
Year ended March 31,2003	148,745	58,251	39.2%	477.46yen

Notes:Number of shares outstanding at the end of the term (Sep./2003: 121,814,585)
(Mar./2003: 121,897,717)
(Sep./2002: 123,170,368)

(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
Six months ended Sep.30,2003	5,086	-3,748	-5,370	12,405
Six months ended Sep.30,2002	11,841	- 616	-6,971	16,316
Year ended March 31,2003	24,621	-4,266	-15,578	16,410

(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

(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

	Net sales	Ordinary income	Net income
Year end March 31,2004	150,000	9,000	5,000

Reference:Expected net income per share 41.05yen

(1) Group Companies

The Sanken Group consists of Sanken Electric Co., Ltd., 26 subsidiaries and 2 affiliates, primarily producing, selling and marketing Semiconductor, Switching Power Supply, Power Supply Equipment and other related products and services. The business lines and roles of the group companies are summarized below.

Division	Major Products	Company Name
Semiconductor	Semiconductors Power IC Control IC Hall-effect IC Bipolar Transister MOSFET IGBT Thyristor Rectifier Diode LED(Light Emitting Diode) CCFL(Cold Cathode Fluorecent 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 Philippines, Inc. (Manufacturer) Allegro MicroSystems Europe Limited(Sales company) Allegro MicroSystems Argentina S.A. (IC design) Korea Sanken Co., Ltd. (Manufacturer) Sanken Electric Singapore Pte. Ltd.(Sales company) Sanken Electric Korea Co., Ltd.(Sales and Technical service) Sanken Electric (Shanghai)Co., Ltd.(Technical service) Sanken Electric Hong Kong Co., Ltd.(Sales and Technical service) Taiwan Sanken Electric Co., Ltd. (Sales company)
	Power Supply Units Switching Power Supply Adapter for PC Transformer	Sanken Electric Co., Ltd. Subsidiaries PT. Sanken Indonesia (Manufacturer) Korea Sanken Co., Ltd. (Manufacturer) Sanken Power Systems (UK) Limited (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) Sanken Electric (Shanghai)Co., Ltd.(Sales company) Sanken Electric Hong Kong Co., Ltd.(Sales company) Taiwan Sanken Electric Co., Ltd. (Sales company)
Power Supply Equipment	Power Supply Equipment UPS(Uninterruptible Power Supply) DC Power Supply Inverter Airway Beacon System General Purpose Power Supply	Sanken Electric Co., Ltd. Subsidiaries Sanken Densetsu Co., Ltd. (Power supply sales and installation work) Sanken L.D. (Jiangyin) Electric Co., Ltd. (Manufacturer)
Others		Subsidiaries 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 Policies

Basic Management Policy

In April of this year, the Company adopted its statement of "Management Philosophy" in order to clarify the future direction of the Company, designating the present as "the Second Start-up Period" after more than 50 years of history and upon facing an era of fundamental change anticipated in the 21st century. Extrapolating our philosophy and selecting semiconductor operations as our core business, we will continue our efforts to innovate our technical capabilities and creativity, and to extend our global business base on the original technology. We will also strive to maintain firm management foundation in order to maximize the corporate value of the Company and to become socially and environmentally responsible corporate citizen.

Profit Distribution Policy

Our fundamental profit distribution policy holds that allotment of profit to our shareholders is one of the most important missions of the management, and we are committed to ensure steady and stable payment of dividends through the improvements in our earnings potential and the enhancement of our financial conditions. We are also committed to utilize effectively our retained earnings for future capital investments, R&D investments, and other activities that will reinforce our corporate strength and expand our businesses horizons.

Concept of and Policy on Reducing the Size of the Trading Unit of the Shares

With a view to promote liquidity and to encourage participation by a broader range of investors in the trading of our shares, we recognize that reducing the size of the trading unit of the shares is one of the major issues facing the Company. Under the present circumstances, however, the Company's shares are sufficiently liquid, and furthermore, reducing the size of the trading unit incurs large costs. Therefore, we intend to deal with this issue carefully, taking into account future market conditions and other relevant factors.

Management Goals

The Company sets the management goals of a ROE (return on equity of net income) of 14% or more, and a ROA (return on assets) of 12% or more, to be achieved by the end of March 2006.

Mid and Long-term Management Strategies

The Company instituted a mid-term business plan for the next three years covering April 2003 to March 2006. It aims at achieving the consolidated net sales of 180 billion yen, the consolidated ordinary income of 17 billion yen and the consolidated net income of 10 billion yen in the fiscal year 2005, which is the final year for the plan, by pursuing aggressive business expansion under the slogan of "Achieve Further Strength Amid Constant Challenge." We will also improve our financial conditions through reduction of interest bearing debts by the cash flow generated during the said period.

The specific elements of the plan are as follows.

1) Pursuing Agile and Lean Management

The Company will pursue a management strategy of swift decision-making and of speedier response to environmental changes, in order to minimize business risks in the ever-changing external business conditions.

Additionally, we will streamline our balance sheet by reducing and optimizing inventories, in order to realize efficient management.

2) Management Focus on Cash Flow

We will shift the focus of management from sales figure to cash flow, and use it as a new management target and criterion of performance. The funds to be generated will be appropriated to the reductions of interest bearing debts and the purchase of treasury shares, which will benefit all our shareholders. Also, from the viewpoint of our focus on cash flow, capital investment shall be limited to the extent allowed for by depreciation, and careful selection of investment projects with an aim of maximizing investment efficiency.

3) Challenges toward New Markets, New Products and New Applications

"Entry into new markets," "development of new products," and "development of new applications," called "the three 'new's," constitute the supporting pillars of "the aggressive growth strategy" envisioned in the mid-term plan. With respect to "development of new products," we will increase the ratio of new products in our sales through developing highly differentiated new products, and will secure stable profits unaffected by precarious market conditions, while at the same time we will seek to improve profitability by developing high value-added new products. From the viewpoint of "entry into new markets" and "development of new applications," we will strengthen customer-oriented business, using the competitive advantage of having marketing staff and application engineers inside the Company directly visiting customers as opposed to relying on outside distributors and agents and will promote new product development by quickly incorporating the needs of customers.

4) Reforms in Manufacturing and Technology, and Closer Ties with Sanken Group Companies

Since innovation itself is the source of creating corporate value, we will build another pillar for "the aggressive growth strategy" by focusing our attention on "the two reforms," i.e. the manufacturing reforms including shortening production lead time, and the technical reforms including shortening development lead time, both of which are equally emphasized as the development of new products. We intend to unleash the collective strength of the Sanken Group companies and exploit the synergy of sales, development, technology and manufacturing, all linked together, in order to bring to market products competitive with China and Southeast Asian companies in quality, cost, and delivery timeliness through higher productivity and superior manufacturing technology.

Future Issues

Through steadily achieving the goals of its mid-term business plan, with its determination to transform itself into a company that can achieve self-sustaining growth, unaffected by economic cycles, The Company will make every effort to further strengthen its profit structure and improve its financial conditions. As a specific implementation, we will vigorously promote sales expansion, including development of new products and new applications, in such important strategic markets as audio-visual appliances, white goods home appliances, information processing instruments, office automation equipments and automotive electric devices. We will also strengthen our commitment to speed-up development process, to expand the production capacity of CCFLs, to seek for opportunities to enter into new markets such as flat panel displays. In addition, we will upgrade our offices in China for closer customer-oriented technical support and to build up production and sales functions of power supply equipment (VVVF/UPS) as well as continue to carry out business plans to overcome management challenges, including turning around unprofitable businesses.

Basic Idea on Corporate Governance and Its Implementation

The Company introduced a system of Corporate Officers in June this year as a measure for more effective corporate governance and also reduced the number of directors to promote swift and accurate decision-making by the board of directors. To achieve higher level of compliance, we established a Compliance Office as a specialized department under the direct control of the President in April this year to improve the internal compliance and to reinforce internal audits. We also introduced October this year “the Conduct Guidelines” for compliance with ethical business practices, laws and regulations together with the installation of a “Help-line System” to promote better communication between employees and the Company. With respect to the effective disclosure of corporate information, we established an IR Office in April this year for the purpose of strategically focused and more proactive approaches toward investor and public relations.

(3) Operating Results and Financial Conditions

Operating Results

Overview of the Year ended September 30, 2003

General Review

The world economy showed the signs of recovery during the current interim period, as represented by the US economy showing steady advances both in personal consumption and capital investment, and as illustrated by Asian countries including China beginning to turn up consumption and production in the latter half of the period. The Japanese economy, with the help of improving corporate earnings and capital investment, has shown gradual signs of recovery with the favorable upturn in exports to the United States and Asia. Such circumstances gathered expectations for lifting of the economy.

In the electronics industry, to which the Company belongs, due to the war in Iraq and the severe acute respiratory syndrome (SARS) epidemic, the demand was sluggish during the earlier half of this interim period, but it witnessed world-wide growth in the production of PCs and cellular phones plus the expansion of such new markets as liquid-crystal display devices and digital electronic appliances. Under such circumstances, the Company initiated various measures in each of its technological development, production and sales areas toward achieving the mid-term business plan targets, focusing on reinforcement of profit structure and cash flow management. During this interim period, we have improved infrastructure of doing businesses in China, by establishing in Shanghai a new subsidiary, “Sanken Electric (Shanghai) Co., Ltd.” for the purpose of providing technical support services to our customers, and also by turning “Sanken L.D. Electric (Jiangyin) Co., Ltd.” to our consolidated subsidiary in order to maximize production and sales efforts for power supply equipments in the Chinese market.

The results of the current interim period showed improvements in profitability, as shown in the steady progress of opto-electronic devices, including the CCFLs growing tremendously with the start of production of large-size liquid-crystal TVs, and the expanded sales of LED products, coupled with the Power Supply Units, for which we have conducted business reforms, showing improved effects. Weak sales of power supply equipment still have lingered, however, and also in semiconductor segment, orders for audio-visual appliances, our primary sales driver, had been slow during the earlier half of the current interim period due to the influences from SARS, etc.

As a result, net sales were 72,043 million yen, which was a decrease of 676 million yen (0.9%) from the previous interim period.

Overview of the Business by Segments

Semiconductors and Power Supply Units

Net sales from these business segments in total were 66,135 million yen, an increase of 452 million yen (0.7%) over the previous interim period.

Among them, net sales of semiconductor products were 53,831 million yen, a decrease of 84 million yen (0.2%) from the previous interim period.

Semiconductor products such as ICs, diodes and transistors, being our core products, progressed steadily for automotive electric components, and products for printers in particular continued favorable sales. The delay in the launch of new models by our customers due to the negative impact of SARS and the shift in TVs and monitors from cathode-ray tubes to flat panel displays such as liquid crystal and plasma displays, causing the sales for audio-visual appliances to remain flat. On the other hand, as for opto-electronic devices, the CCFL sales recorded a 29.7% increase over the previous interim period as a result of the increased demand from PCs and the rollout of new models of liquid-crystal TVs. LED has also shown a large increase in sales due to a recovery in demand from outdoor display systems both in Japan and abroad.

Our U.S. subsidiary, Allegro MicroSystems Inc., which has its principal markets in North America and Europe, showed strong net sales growth as a result of continued growth in automotive products, office instruments and industrial equipments, which resulted in a significant increase in profit.

Sales of Power Supply Units were 12,304 million yen, a 537 million yen (4.6%) increase from the previous interim period. Sales of switching mode power supplies, the segment's main stay, have decreased due to a drop in new printer products, although AC adapters for notebook PCs recorded a large increase in sales thanks to corporate demand for replacement PCs and the switch from desk-top to notebook type .

Power Supply Units segment's overseas subsidiary PT. Sanken Indonesia posted increased sales due to the increased production of AC adapters and price reduction activities orchestrated by both production and sales departments. This resulted in a return to profitability. In addition, sales of the segment's another overseas subsidiary, Sanken Power Systems (UK) Ltd. have increased due to the favorable responses and inquiries from the consumer product market, although white goods home appliances and products for the telecommunications market have only recorded marginal results.

Power Supply Equipment

Sales suffered a major drop by 1,129 million yen (16.0%) from the previous interim period, and fell to 5,907 million yen.

Our custom power supply equipment, especially power supplies for telecommunications industry, continued to suffer from unfavorable environment of capital investment curtailment by telecommunications companies and a decline in prices. Power supplies for public and private sector capital investments have also experienced drop in sales due to a cooling of demand and harsher price competition, etc. The sales of general-purpose power supply systems recorded results below the previous interim period as IT investment enthusiasm dissipated.

Regarding Interim Dividends

With respect to the payment of interim dividends, we have decide to pay out 5 yen per share, the same as the previous year, taking into consideration the accumulation of internal reserves.

1) Forecast for the Full Year

While improvements in global markets have started to spread out, but with the Japanese economy and its domestic demand, still showing no signs of a full-fledged recovery, we expect that the business environment will continue to warrant little optimism in the immediate future especially in light of the accelerated appreciation of the yen.

Based on this observation of the business environment, we will once again reinforce efforts in new markets, new products and new applications, and firmly capture any new business opportunities, while we will also strive to achieve immediate goal of sales expansion and cost reduction through the enlarged production capacity of CCFLs, active use of new offices in China, production and business reforms, and turn-around of unprofitable businesses.

For the full year on a consolidated basis, we forecast net sales of 150 billion yen, ordinary income of 9 billion yen, and net income of 5 billion yen. On a non-consolidated basis, we expect sales of 115 billion yen, ordinary income of 7 billion yen and net income of 4 billion yen.

Dividend for the Fiscal Year

After careful analysis of the full year projection of financial performance, the distribution of dividends at the end of the fiscal year is currently planned at 5 yen per share to make the full year total of dividends to be 10 yen per share.

Financial Conditions

The outstanding balance of cash and cash equivalents as of the end of the current interim period decreased 4,005 million yen from the end of the previous period to reach at 12,405 million yen.

The cash flow from operating activities reached an inflow of 5,086 million yen, a decrease of 6,755 million yen from the same period in the previous year. This decrease, while profits actually increased, was mainly due to a smaller reduction in inventories and an increase in corporate tax payments over the same period in the previous year.

The cash flow from investing activities was an outflow of 3,748 million yen, an increase of 3,132 million yen over the same period in the previous year. This was due to increased capital expenditures and a drop in revenues from the sale of fixed assets over the same period in the previous period.

The cash flow from financing activities was an outflow of 5,370 million yen. This is a decrease of 1,601 million yen over the same period in the previous year. While we continued to try to reduce the outstanding balance of interest bearing debt and actually repaid more than the same period in the previous year, the amount of outflow decreased for various reasons.

Note:

The forecast described above is based upon information available as of the present time and assumptions we considered valid. Please be advised that there is a host of uncertain factors that could greatly impact actual performance, including global market conditions, competitive environment, the introduction of new products and their acceptance or lack thereof, fluctuations in foreign exchange rates, and the impact of fair-market-value accounting.

CONSOLIDATED BALANCE SHEETS

Millions of yen

	September 30 2003	September 30 2002	March 31 2003
ASSETS			
Current assets			
Cash and deposits.....	12,610	16,553	16,596
Notes and accounts receivable.....	37,587	36,679	35,099
Inventories.....	31,149	34,466	32,647
Deferred tax assets.....	1,950	1,535	2,013
Other current assets.....	3,897	3,038	4,476
Allowance for doubtful receivables.....	(89)	(91)	(81)
Total current assets.....	<u>87,104</u>	<u>92,182</u>	<u>90,752</u>
Fixed assets:			
Property, plant and equipment, net:			
Buildings.....	18,091	19,552	18,800
Machinery and equipment.....	21,228	22,663	21,832
Tools, furniture and fixtures.....	2,139	2,135	2,086
Land.....	3,885	4,059	3,904
Construction in progress.....	1,686	1,849	1,939
Property, plant and equipment, net.....	<u>47,030</u>	<u>50,260</u>	<u>48,563</u>
Intangible assets:			
Software	776	405	404
Other intangible assets.....	880	894	991
Total intangible assets.....	<u>1,656</u>	<u>1,300</u>	<u>1,396</u>
Investments and other assets:			
Investments in securities.....	5,994	4,733	4,227
Deferred tax assets.....	2,043	2,428	2,261
Other long-term receivables.....	1,400	1,749	1,742
Allowance for doubtful accounts.....	(205)	(152)	(199)
Total investments and other assets.....	<u>9,232</u>	<u>8,758</u>	<u>8,032</u>
Total fixed assets.....	<u>57,920</u>	<u>60,319</u>	<u>57,992</u>
Total assets.....	<u><u>145,025</u></u>	<u><u>152,502</u></u>	<u><u>148,745</u></u>

	September 30 2003	September 30 2002	March 31 2003
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current liabilities:			
Notes and accounts payable.....	19,006	19,315	19,872
Short-term bank loans.....	10,553	11,288	10,804
Convertible Bonds Current Portion	-	9,967	-
Straight Bonds Current Portion	20,000	-	10,000
Accrued expenses.....	7,446	7,165	7,524
Income taxes payable.....	1,707	871	2,325
Deferred tax liabilities.....	-	10	-
Commercial Paper	5,000	-	7,000
Other current liabilities.....	1,632	1,494	1,595
Total current liabilities.....	65,346	50,113	59,121
Long-term liabilities:			
Bonds and debentures.....	-	20,000	10,000
Long-term debt.....	10,785	16,447	13,933
Deferred tax liabilities.....	22	15	36
Accrued employees' retirement benefits.....	7,501	7,229	6,671
Accrued retirement benefits for directors.....	316	384	403
Other long-term liabilities.....	449	151	150
Total long-term liabilities.....	19,076	44,228	31,194
Total liabilities.....	84,422	94,341	90,316
Minority interests	104	215	177
Shareholders' equity			
Capital stock.....	20,896	20,896	20,896
Capital surplus	21,167	21,119	21,167
Retained earnings.....	23,310	19,189	21,002
Unrealized loss on securities.....	815	26	(105)
Translation adjustments.....	(2,396)	(1,307)	(1,506)
Treasury stock.....	(3,295)	(1,978)	(3,201)
Total shareholders' equity.....	60,499	57,945	58,251
Total liabilities and shareholders' equity.....	145,025	152,502	148,745

CONSOLIDATED STATEMENTS OF INCOME

Millions of yen

	September 30 2003	September 30 2002	March 31 2003
Net sales.....	72,043	72,719	146,070
Cost of sales	55,721	57,062	114,404
Gross profit.....	16,321	15,656	31,666
Selling, general and administrative expenses	10,673	10,370	21,174
Operating income	5,648	5,286	10,491
Non-operating income	421	318	677
Non-operating expenses.....	1,713	2,364	3,980
Ordinary income.....	4,355	3,240	7,188
Gain on the transfer to the Japanese government of the substitutional portion of Employee Pension Fund Liabilities	-	-	911
Gain on sales of marketable and investment securities	75	-	-
Total extraordinary income	75	-	911
Loss on disposals of fixed assets	21	73	181
Loss on revaluation of investment securities	-	1,344	1,639
Loss on closing of factory.....	-	223	383
Other extraordinary loss.....	2	107	322
Total extraordinary loss.....	24	1,749	2,527
Income before income taxes , minority interests	4,407	1,491	5,572
Income taxes	1,867	869	2,632
Income tax - deferred	(252)	(884)	(1,093)
Minority interest in consolidated subsidiaries	7	15	31
Net income.....	2,784	1,491	4,002

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Millions of yen

	37,894 2003	37,894 2002	37,711 2003
Capital surplus at March 31	21,167		
Capital surplus at beginning of year.....		21,103	21,103
Increase in capital surplus			
Increase due to conversion of Convertible Bonds.....	-	15	15
Increase due to transaction of Treasury Stock.....	0	-	48
	<u>21,167</u>	<u>21,119</u>	<u>21,167</u>
Capital surplus at September 30.....	21,167	21,119	21,167
Retained earnings at beginning of year.....	21,002		
Retained earnings at beginning of year.....		18,313	18,313
Increase in retained earnings			
Net income.....	2,784	1,491	4,002
Increase due to increase of a consolidated subsidiary.....	133	-	-
Decrease in retained earnings			
Cash dividends.....	609	616	1,226
Bonuses to directors	-	-	50
Decrease of surplus due to change of fiscal period of a subsidiary ..	-	-	37
	<u>23,310</u>	<u>19,189</u>	<u>21,002</u>
Retained earnings at September 30.....	23,310	19,189	21,002

STATEMENTS OF CASH FLOWS

Millions of yen

	September 30 2003	September 30 2002	March 31 2003
Operating activities			
1. Income before income taxes and minority interests in earnings of affiliates	4,407	1,491	5,572
2. Depreciation and amortization	4,390	4,881	9,939
3. Reversal of allowance for doubtful receivables	16	133	173
4. Provision of accrued retirement benefits for employees	573	447	(102)
5. Interest and dividend income	(144)	(39)	(103)
6. Interest expense.....	565	829	1,560
7. Gain on sales of investment securities	(75)	0	(3)
8. Loss on revaluation of investment securities	-	1,334	1,639
9. Decrease (increase) in notes and accounts receivable	(2,697)	(2,815)	(894)
10. Decrease (increase) in inventories	835	3,389	4,723
11. Decrease(increase) in notes and accounts payable	(515)	1,921	2,433
12. Other	850	1,727	2,134
13. Interest and dividends received	49	39	104
14. Interest paid.....	(630)	(856)	(1,614)
15. Income taxes paid	(2,538)	(652)	(940)
Net cash provided by operating activities	<u>5,086</u>	<u>11,841</u>	<u>24,621</u>
Investing activities			
1. Purchases of property , plant and equipment	(3,620)	(2,520)	(6,013)
2. Proceeds from sales of property , plant and equipment	65	2,020	1,952
3. Purchases of investment securities	(306)	-	(11)
4. Proceeds from sales of investment securities	164	9	21
5. Expenditure of loan	(2)	(141)	(204)
6. Proceeds from collection of loan	12	49	220
7. Other	(61)	(32)	231
Net cash used by investing activities	<u>(3,748)</u>	<u>(616)</u>	<u>(4,266)</u>
Financing activities			
1. Decrease in short-term bank loans	1,234	(1,909)	(1,924)
2. Proceeds from issuance of Commercial Paper.....	(2,000)	-	7,000
3. Proceeds from issuance of long-term bank loans	-	-	2,836
4. Repayment of long-term debt	(3,867)	(2,472)	(8,092)
5. Redemption of Convertible Bonds.....	-	-	(9,967)
6. Proceeds from sales of treasury stock	0	-	-
7. Redemption of treasury stock	(93)	(1,940)	(4,133)
8. Cash dividends paid	(608)	(626)	(1,243)
9. Dividends paid to minority interests	(35)	(21)	(53)
Net cash used in financing activities	<u>(5,370)</u>	<u>(6,971)</u>	<u>(15,578)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(103)</u>	<u>(287)</u>	<u>(418)</u>
Net increase (decrease) in cash and cash equivalents	<u>(4,135)</u>	<u>3,966</u>	<u>4,358</u>
Cash and cash equivalents at beginning of the year	<u>16,410</u>	<u>12,350</u>	<u>12,350</u>
Decrease of beginning cash and cash equivalents balance due to change of fiscal period of a subsidiary.....	-	-	(298)
Increase in cash and cash equivalents due to increase of a consolidated subsidiary.....	129	-	-
Cash and cash equivalents at end of the year	<u>12,405</u>	<u>16,316</u>	<u>16,410</u>

(4) Segment Information

Segment information by business

This Term (April 1, 2003 to September 30, 2003)

Millions of yen

	Semicon- ductors	Power Supply Units	Power Supply Equipment	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1)Third parties	53,831	12,304	5,907	72,043	-	72,043
(2)Intersegment	33	40	-	74	(74)	-
Total	53,864	12,345	5,907	72,117	(74)	72,043
Operating expenses	46,797	12,323	6,092	65,213	1,181	66,395
Operating income	7,066	22	(184)	6,903	(1,255)	5,648

Previous 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

Last Fiscal Year (April 1, 2002 to March 31, 2003)

Millions of yen

	Semicon- ductors	Power Supply Units	Power Supply Equipment	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1)Third parties	106,622	24,716	14,731	146,070	-	146,070
(2)Intersegment	167	23	-	191	(191)	-
Total	106,790	24,739	14,731	146,261	(191)	146,070
Operating expenses	93,159	25,391	14,728	133,279	2,299	135,578
Operating income	13,630	(651)	3	12,982	(2,490)	10,491

Segment information by geographic area

This Term (April 1, 2003 to September 30, 2003)

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	50,949	7,657	7,641	5,794	72,043	-	72,043
(2) Intersegment	5,204	7,165	5,873	230	18,474	(18,474)	-
Total	56,154	14,822	13,515	6,025	90,517	(18,474)	72,043
Operating expenses	51,395	14,341	12,155	5,782	83,675	(17,280)	66,395
Operating income	4,759	481	1,359	242	6,842	(1,194)	5,648

Previous 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

Last Fiscal Year (April 1, 2002 to March 31, 2003)

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	101,492	17,523	15,940	11,113	146,070	-	146,070
(2) Intersegment	12,152	12,488	10,520	77	35,239	(35,239)	-
Total	113,645	30,012	26,461	11,190	181,309	(35,239)	146,070
Operating expenses	102,422	29,054	25,065	11,048	167,590	(32,011)	135,578
Operating income	11,223	958	1,395	141	13,718	(3,227)	10,491

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.

Overseas Sales

This Term (April 1, 2003 to September 30, 2003)

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	25,587	5,161	5,849	64	36,663
Consolidated sales					72,043
Ratio of overseas sales to consolidated sales (%)	35.5	7.2	8.1	0.1	50.9

Previous 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

Last Fiscal Year (April 1, 2002 to March 31, 2003)

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	53,004	9,681	12,087	300	75,074
Consolidated sales					146,070
Ratio of overseas sales to consolidated sales (%)	36.3	6.6	8.3	0.2	51.4

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.