

FY 2003 Consolidated Financial Results

(April 1, 2003 to March 31, 2004)

1. Company Name : SANKEN ELECTRIC CO., LTD.
 2. Code NO : 6707
 3. Headquarters : 3-6-3 Kitano, Niiza-shi, Saitama 352-8666, Japan
 4. URL : <http://www.sanken-ele.co.jp/>
 5. Contact : Investor Relations Office
 Tel. 81-48-487-6121

1. Financial Performance over the year, April 1, 2003 to March 31, 2004

(1) Consolidated Results of Operations (Millions of Yen)

	Net sales (percentage change from the previous year)	Operating income (percentage change from the previous year)	Ordinary income (percentage change from the previous year)
FY 2003	147,176(0.8%)	11,687(11.4%)	8,627(20.0%)
FY 2002	146,070(4.3%)	10,491(53.5%)	7,188(40.2%)

	Net income (percentage change from the previous year)	Net income per share	Diluted net income per share	Net income to sharehol- ders' equity	Ordinary income to total assets	Ordinary income to net sales
FY 2003	5,784(44.5%)	47.07yen	-	9.6%	5.9%	5.9%
FY 2002	4,002(497.1%)	31.96yen	29.96yen	6.8%	4.7%	4.9%

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

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

Mar./2004: 28million yen (Mar./ 2003: -23million yen)

Notes3: Average number of shares outstanding { Mar./ 2004: 121,823,013 }
 { Mar./ 2003: 123,652,123 }

(2) Consolidated Financial Position (Millions of Yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
FY 2003	144,383	62,518	43.3%	513.56
FY 2002	148,745	58,251	39.2%	477.87

Notes: Number of shares outstanding at the end of the term { Mar./ 2004: 121,735,148 }
 { Mar./ 2003: 121,897,717 }

(3) Consolidated 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
FY 2003	15,806	-123	-14,199	17,871
FY 2002	24,621	-4,266	-15,578	16,410

(4) Scope of consolidation and application of equity method

Number of consolidated subsidiaries : 20

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 : 3

Number of companies excluded from the consolidation : 1

2. FY 2004 Consolidated Financial Forecast (April 1, 2004 to March 31, 2005) (Millions of Yen)

	Net sales	Ordinary income	Net income
1st half	78,000	5,100	2,900
Full year	162,700	12,500	7,000

Reference: Expected net income per share 57.09yen

(1) Group Companies

The Sanken Group consists of Sanken Electric Co., Ltd., 27 subsidiaries and 1 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 Philippines Realty, Inc. (Real estate leasing) 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)

(2) Management Policies

Basic Management Policy

In April of the last 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 the steady implementation of the mid-term business plan, the Company will make efforts to reinforce the earnings foundation and improve financial standing, in order to realize its transformation as a company of self-sustaining growth, which the Company adopted as its ultimate profile, which is not affected by economic fluctuations. As specific demonstrations of these efforts, through early introduction of manufacturing reform and an optimum production system, we will aim at reinforcing cost responsiveness. We will not only improve the quality of products but also make efforts to expand sales in the Chinese market as well as focus on the development of highly unique products which promotes the development of new markets and new applications.

Basic Ideas on Corporate Governance and Implementation

1) Basic Ideas on Corporate Governance

While the Company will strengthen the Board of Directors' quick and accurate decision-making and their supervising function on business execution in order to improve efficiency of management and maintain its healthiness, we will also promote the formation of a flexible business execution system and the reinforcement of management functions through the introduction of an executive officer system.

Further, we are making efforts to strengthen an corporate governance system through the establishment of a Compliance Office and Investor Relations Office.

2) Implementation Conditions of Its Measures related to Corporate Governance

The Company reduced the number of Directors to seven (7) persons from thirteen (13) persons last June. In addition, we increased the number of Board meetings, as part of reform of the Board of Directors. The Company also holds twice a month management meetings, mainly comprised of the President, each Division Manager and Category Directors, and discusses progress of the mid-term business plan, capital investment, and other important business matters, in addition to matters requiring resolution of the Board of Directors in order to promote fast business execution.

The Company established and enforced last October “Conduct Guidelines” as guidelines for compliance regarding ethics and laws toward implementation of compliance management and also created a “Help Line System” in order to establish a communication means between employees and the Company concerning compliance.

(3) Operating Results and Financial Conditions

1) Operating Results(Overview of the Year ended March 31, 2004)

General Review

Regarding the world economy during the current fiscal year, business recovery accelerated, lifted by the US economy, which has been supported by robust individual consumption, and by the Chinese economy, which has continued to maintain high its growth rate. While the Japanese economy lacks strength in individual consumption, signs of recovery have been seen, supported by an increase in exports to Asia and also improvements in capital investment in the private sector.

In the electronics industry, to which the Company belongs, while there was impact from the Iraq War and the outbreak of SARS at the beginning of year, the industry has progressed favorably due to expanding global demand for PCs and digital home appliances, including thin-model TVs, DVD recorders and digital cameras.

Under such circumstances, the Company has developed a mid-term business plan for three years from the current year to strengthen its earnings foundation and promote its cash flow focused management. In the current year, the first year of the plan, the Company has continued investments to increase production of cold cathode fluorescent lamps (CCFL). We have also implemented such measures as establishment of the Shanghai Technology Center for business foundation improvements and enhancement of its production base of power supply equipment products in China. On the other hand, to reinforce its financial condition, we have vigorously continued to reduce interest-bearing debts.

Regarding performance of the current year, while optical device products, including CCFLs for liquid crystal displays have significantly grown and sales of switching mode power supplies (SMPS) have steadily increased due to strengthened development of the consumer market, market conditions for power supply equipment products have continued to be severe. As a result, net sales for the current term were 147,176 million yen, only a 0.8% increase from the previous fiscal year. Regarding income, ordinary income reached 8,627 million yen, a 20.0% increase while net income increased by 44.5% to reach 5,784 million yen, both of which were the highest in company history.

Overview of the Business by Segments

Semiconductors and SMPSs

Net sales of this segment increased 1,536 million yen or 1.2% from the previous fiscal year to 132,874 million yen.

Of this number, net sales of semiconductors decreased 78 million yen or 0.1% over the previous fiscal year to 106,544 million yen. Sales of semiconductors such as ICs, diodes and transistors, our core line of products, saw sluggish growth in the first half due to the impact of SARS, the sluggish audio-visual market and a demand shift to lower priced products. On the other hand, optical device products have realized a large sales increase, due to large growth of CCFLs for notebook PCs, in addition to increased demand in liquid crystal TVs. LEDs increased significantly, due to the recovery in demand for outdoor display devices both in Japan and abroad.

Allegro MicroSystems Inc., one of our overseas subsidiaries, whose main markets are in North America and Europe, increased its sales, and realized a large increase in profits, due to steady sales growth in automotive electronic components as well as a large increase in the sales of products for mobile phones and favorable results of products related to office automation.

Net sales of SMPSs were 26,329 million yen, an increase of 1,613 million yen or 6.5% over the previous fiscal year. Sales for printers decreased, however, products for plasma display panels showed larger growth in the second half, which contributed to the sales increase. Net sales of AC adapters for notebook PCs have also largely increased due to the increased demand for replacements, mainly from corporations and the progress made in newly adopted higher performance models.

Another overseas subsidiary, PT. Sanken Indonesia increased net sales as a result of a large production expansion of AC adapters, and also realized a large profit increase to clear away accumulated losses, thanks to cost reduction activities in production and sales in an integrated manner. As for Sanken Power Systems (UK) Ltd., another overseas subsidiary, while sales of products for white goods home appliances, its primary line of business have decreased, total sales have increased due to consumer market products, as well as an improved profit ratio as a result of management reform measures.

Power Supply Equipment

Net sales of this segment decreased 429 million yen or 2.9% from the previous year to 14,302 million yen.

With respect to the custom power supply business, while power supplies for telecommunications equipment, one of the segment's staple products, made good progress with base stations for third generation mobile phones, total sales decreased due to constraints in public investment and severer price competition. Regarding the general-purpose power supply business, sales have largely decreased from the previous year as a result of stagnant sales due to the sluggish domestic market, both in general-purpose UPS and VVVF inverters.

Moreover, the Company carried out a majority stockholder investment strategy in Sanken L.D. Electric (Jiangyin) Co., Ltd. (Jiangsu Province, for China) and included it in our consolidated subsidiaries. The said subsidiary manufactures and sells VVVF inverters in the markets of China and Southeast Asia, and has shown a steady sales expansion.

2)Forecast for the Next Fiscal Year

While expectations of gradual growth in the global economy have increased mainly in the United States and Asia, the Japanese economy is expected to be on a recovery track against the backdrop of increased exports and capital investment as a result of corporate profit increases. We cannot be overly optimistic, however, about the environment of the Company, as there are such conditions as a concern for an economic recovery stall and the advance of a strong yen and worsening situations in the Middle East.

Under such circumstances, we have concentrated our efforts on important strategic markets, in which we can expect growth, and we will also make efforts through sales expansion and cost reductions through increased CCFL production capacity and further enhancements of production, sales and procurement functions in China.

We expect results for the next year as follows; on a consolidated basis net sales of 162,700 million yen, ordinary income of 12,500 million yen, net income of 7,000 million yen, and on a non-consolidated basis net sales of 125,300 million yen, ordinary income of 8,400 million yen and net income of 5,100 million yen.

3)Financial Conditions

Balance of cash and cash equivalents at the end of year increased 1,461 million yen over the end of the previous fiscal year to 17,871 million yen.

Net cash provided by operating activities reached 15,806 million yen, but decreased 8,815 million yen from the previous fiscal year. This was mainly due to a decrease in the amount of inventory reduction and an increase in corporate tax payments, etc., although profits did experience an increase.

Net cash used in investing activities amounted to 123 million yen, a 4,143 million yen decrease in expenditures over the previous fiscal year. This was mainly due to the large increase in revenues from the sale and lease back manufacturing facilities, while capital investment has increased.

Net cash used in financing activities was 14,199 million yen, a 1,379 million yen decrease in expenditure from the previous fiscal year. This was mainly due to a decrease in the amount of acquisition of treasury stocks, while we have continued to reduce our interest-bearing debts.

Our index trend concerning the financial conditions of our Group is as follows.

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Equity ratio	36.0%	33.8%	38.0%	39.2%	43.3%
Equity ratio on the basis of market price	46.6%	42.2%	64.6%	75.1%	120.2%
Redemption years for liabilities	7.3 year	13.5year	3.7year	2.1year	2.4year
Interest coverage ratio	4.8 times	2.4times	9.6times	15.2times	13.9times

Equity ratio: Equity/Total assets

Equity ratio on the basis of market price: Total amount of market price of stocks/Total assets

Redemption years for liabilities: Interest-bearing debts/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/Interest paid

*Every index has been calculated in accordance with financial figures on a consolidated basis.

*Total amount of market price of stocks has been calculated in accordance with the following formula: final stock price at the end of year X number of outstanding shares at the end of fiscal year.

*Cash flow from operating activities uses Net cash provided by operating activities according to the consolidated statement of cash flow. Interest-bearing debts include all debts for which interest has been paid from among the debts appropriated on the consolidated balance sheet. As for interest paid, the amount of interest paid according to the consolidated statement of cash flow is used.

(Note) The forecast for business results, etc., are based on information available as of the present time and the assumptions we considered valid. Please be advised that there are a host of uncertain factors that could greatly impact actual performance, including global market conditions, competitive environment, the introduction of new products and their success or failure, as well as the impact of current market-value accounting, and that it is very probable that actual results may differ from the forecast.

CONSOLIDATED BALANCE SHEETS

March 31, 2004 and 2003

Millions of yen

	March 31 2003	March 31 2002
ASSETS		
Current assets		
Cash and deposits	18,165	16,596
Notes and accounts receivable	38,698	35,099
Inventories	32,306	32,647
Deferred tax assets	2,318	2,013
Other current assets	3,452	4,476
Allowance for doubtful receivables	(87)	(81)
Total current assets	<u>94,855</u>	<u>90,752</u>
Fixed assets:		
Property, plant and equipment, net:		
Buildings	17,667	18,800
Machinery and equipment	13,416	21,832
Tools, furniture and fixtures	2,142	2,086
Land	3,973	3,904
Construction in progress	1,581	1,939
Property, plant and equipment, net	<u>38,780</u>	<u>48,563</u>
Intangible assets:		
Software	708	404
Other intangible assets	850	991
Total intangible assets	<u>1,558</u>	<u>1,396</u>
Investments and other assets:		
Investments in securities	6,236	4,227
Deferred tax assets	1,896	2,261
Other long-term receivables	1,262	1,742
Allowance for doubtful accounts	(205)	(199)
Total investments and other assets	<u>9,189</u>	<u>8,032</u>
Total fixed assets	<u>49,528</u>	<u>57,992</u>
Total assets	<u><u>144,383</u></u>	<u><u>148,745</u></u>

	March 31 2003	March 31 2002
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current liabilities:		
Notes and accounts payable	23,466	19,872
Short-term bank loans	8,627	10,804
Straight Bonds Current Portion	10,000	10,000
Accrued expenses	7,665	7,524
Income taxes payable	2,182	2,325
Deferred tax liabilities	6	-
Commercial Paper	-	7,000
Other current liabilities	1,860	1,595
Total current liabilities	<u>53,808</u>	<u>59,121</u>
Long-term liabilities:		
Bonds and debentures	10,000	10,000
Long-term debt	9,041	13,933
Deferred tax liabilities	15	36
Accrued employees' retirement benefits	7,999	6,671
Accrued retirement benefits for directors	333	403
Other long-term liabilities	427	150
Total long-term liabilities	<u>27,818</u>	<u>31,194</u>
Total liabilities	<u>81,627</u>	<u>90,316</u>
Minority interests	<u>237</u>	<u>177</u>
Shareholders' equity		
Capital stock.....	20,896	20,896
Capital surplus	21,167	21,167
Retained earnings.....	25,651	21,002
Unrealized loss on securities.....	1,172	(105)
Translation adjustments.....	(2,961)	(1,506)
Treasury stock.....	(3,407)	(3,201)
Total shareholders' equity.....	<u>62,518</u>	<u>58,251</u>
Total liabilities and shareholders' equity.....	<u>144,383</u>	<u>148,745</u>

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2004 and 2003

Millions of yen

	March 31 2003	March 31 2002
Net sales.....	147,176	146,070
Cost of sales	113,716	114,404
Gross profit.....	33,460	31,666
Selling, general and administrative expenses	21,772	21,174
Operating income	11,687	10,491
Non-operating income.....	856	677
Non-operating expenses.....	3,917	3,980
Ordinary income.....	8,627	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	192	-
Other extraordinary income	81	-
Total extraordinary income	274	911
Loss on disposals of fixed assets	61	181
Loss on revaluation of investment securities	-	1,639
Loss on closing of factory.....	-	383
Provision for special severance.....	52	-
Other extraordinary loss.....	43	322
Total extraordinary loss.....	156	2,527
Income before income taxes , minority interests	8,745	5,572
Income taxes	3,424	2,632
Income tax - deferred	(559)	(1,093)
Minority interest in consolidated subsidiaries	96	31
Net income.....	5,784	4,002

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended March 31, 2004 and 2003

Millions of yen

	March 31 2003	March 31 2002
Capital surplus at March 31	21,167	
Capital surplus at beginning of year.....		21,103
Increase in capital surplus		
Increase due to conversion of Convertible Bonds.....	-	15
Increase due to transaction of Treasury Stock.....	0	48
Capital surplus at end of year.....	<u>21,167</u>	<u>21,167</u>
Retained earnings at beginning of year.....	21,002	
Retained earnings at beginning of year.....		18,313
Increase in retained earnings		
Net income.....	5,784	4,002
Increase due to increase of a consolidated subsidiary.....	133	-
Decrease in retained earnings		
Cash dividends.....	1,218	1,226
Bonuses to directors	50	50
Decrease of surplus due to change of fiscal period of a subsidiary	-	37
Retained earnings at end of year	<u>25,651</u>	<u>21,002</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2004 and 2003

Millions of yen

	March 31 2004	March 31 2003
Operating activities		
1. Income before income taxes and minority interests in earnings of affiliates	8,745	5,572
2. Depreciation and amortization	8,852	9,939
3. Reversal of allowance for doubtful receivables	18	173
4. Provision of accrued retirement benefits for employees	1,098	(102)
5. Interest and dividend income	(238)	(103)
6. Interest expense	966	1,560
7. Gain on sales of investment securities	(192)	(3)
8. Loss on revaluation of investment securities	-	1,639
9. Decrease (increase) in notes and accounts receivable	(4,003)	(894)
10. Decrease (increase) in inventories	(435)	4,723
11. Decrease (increase) in notes and accounts payable	3,783	2,433
12. Other	1,825	2,134
13. Interest and dividends received	133	104
14. Interest paid	(1,136)	(1,614)
15. Income taxes paid	(3,610)	(940)
	<u>15,806</u>	<u>24,621</u>
Investing activities		
1. Purchases of property , plant and equipment	(8,439)	(6,013)
2. Proceeds from sales of property , plant and equipment	8,589	1,952
3. Purchases of investment securities	(146)	(11)
4. Proceeds from sales of investment securities	390	21
5. Expenditure of loan	(37)	(204)
6. Proceeds from collection of loan	24	220
7. Other	(505)	(231)
	<u>(123)</u>	<u>(4,266)</u>
Financing activities		
1. Decrease in short-term bank loans	645	(1,924)
2. Proceeds from issuance of Commercial Paper.....	(7,000)	7,000
3. Proceeds from issuance of long-term bank loans	56	2,836
4. Repayment of long-term debt	(6,444)	(8,092)
5. Redemption of Convertible Bonds.....	-	(9,967)
6. Proceeds from bond issue	10,000	-
7. Expenditure from bond repayment.....	(10,000)	-
8. Proceeds from sales of treasury stock	1	-
9. Redemption of treasury stock	(206)	(4,133)
10. Income from issuance of shares to minority interests	70	-
11. Cash dividends paid	(1,222)	(1,243)
12. Dividends paid to minority interests	(99)	(53)
	<u>(14,199)</u>	<u>(15,578)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(152)</u>	<u>(418)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,330</u>	<u>4,358</u>
Cash and cash equivalents at beginning of the year	<u>16,410</u>	<u>12,350</u>
Decrease of beginning cash and cash equivalents balance due to change of fiscal period of a subsidiary	-	(298)
Increase of beginning cash and cash equivalents due to new entry of a subsidiary.....	129	-
Cash and cash equivalents at end of year	<u>17,871</u>	<u>16,410</u>

(4) Segment Information

Segment information by business

This fiscal year (April 1, 2003 to March 31, 2004)

Millions of yen

	Semicon- ductors	SMPSs	Power Supply Equipment	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1) Third parties	106,544	26,329	14,302	147,176	-	147,176
(2) Intersegment	114	93	1	209	(209)	-
Total	106,658	26,423	14,303	147,385	(209)	147,176
Operating expenses	93,427	25,619	14,158	133,205	2,283	135,489
Operating income	13,231	804	144	14,180	(2,492)	11,687
Assets	81,818	27,921	10,147	119,887	24,495	144,383
Depreciation	7,839	679	223	8,743	109	8,852
Capital Expenditures	7,001	616	119	7,737	132	7,869

Previous fiscal year (April 1, 2002 to March 31, 2003)

Millions of yen

	Semicon- ductors	SMPSs	Power Supply Equipment	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1) Sales to third parties	106,622	24,716	14,731	146,070	-	146,070
(2) Intersegment sales	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
Assets	89,750	26,872	9,996	126,620	22,125	148,745
Depreciation	8,714	736	250	9,701	237	9,938
Capital Expenditures	5,897	717	150	6,764	42	6,806

Segment information by geographic area

This fiscal year (April 1, 2003 to March 31, 2004)

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	104,417	16,601	14,438	11,719	147,176	-	147,176
(2) Intersegment	10,327	14,329	10,769	406	35,833	(35,833)	-
Total	114,744	30,931	25,208	12,125	183,010	(35,833)	147,176
Operating expenses	105,359	29,648	22,951	11,703	169,663	(34,174)	135,489
Operating income	9,384	1,283	2,256	422	13,346	(1,659)	11,687
Assets	89,565	17,801	16,749	5,472	129,588	14,795	144,383

Previous 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
Assets	95,943	16,507	21,871	5,048	139,371	9,374	148,745

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 fiscal year (April 1, 2003 to March 31, 2004)

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	52,550	9,675	11,590	329	74,145
Consolidated sales					147,176
Ratio of overseas sales to consolidated sales (%)	35.7	6.6	7.9	0.2	50.4

Previous 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.