

SANKEN ELECTRIC CO., LTD.

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

FINANCIAL REPORT for the 12-month period ended March 31, 1999

(CONSOLIDATED)

1. Performance over the year, April 1, 1998 to March 31, 1999

(1) Operating results

(figures are rounded down to the nearest million yen)

	Net sales (percentage change from previous term)	Operating income (percentage change from previous term)	Ordinary income (percentage change from previous term)
1999	¥133,763million(Δ10.9%)	¥ 3,162million(Δ71.2%)	¥1,173million(Δ84.1%)
1998	¥150,135million(3.4%)	¥ 10,976million(3.0%)	¥7,372million(Δ13.7%)

	Net income (percentage change from previous term)	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
1999	¥Δ1,805million (-%)	¥Δ14.16	-	Δ 2.8%	0.7%	0.9%
1998	¥3,421million (Δ26.1%)	¥27.03	¥25.18	5.4%	4.7%	4.9%

Notes: Equity in net income non-consolidated subsidiaries and affiliates
¥3million (1998: ¥36million)

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
1999	¥168,996million	¥61,988million	36.7%	¥488.26
1998	¥158,762million	¥66,249million	41.7%	¥517.74

(3) Consolidated subsidiaries

Number of consolidated subsidiaries: 18

Number of non-consolidated subsidiaries: 6

Number of affiliated companies: 3

2. Forecast of results for the term, April 1, 1999 to March 31, 2000

	Net sales	Ordinary income	Net income
Fullyear	¥143,500million	¥5,000million	¥2,900million

Reference: Expected net income per share (consolidated) ¥22.75

Expected net income per share (non-consolidated) ¥22.75

【Reference】 Performance over the year, April 1, 1998 to March 31, 1999 (NON-CONSOLIDATED)

	Net sales (percentage change from previous term)	Operating income (percentage change from previous term)	Ordinary income (percentage change from previous term)		
1999	¥113,693million(Δ8.4%)	¥ 3,808million(Δ51.9%)	¥2,937million(Δ61.4%)		
	Net income (percentage change from previous term)	Net income per share	Diluted net income per share	Total assets	Shareholders' equity
1999	¥1,470million(Δ66.3%)	¥11.53	¥11.06	¥134,751million	¥62,356million

(1) Summary of Business Results and Forecasts

Summary of Business Results for Fiscal 1999 (April 1, 1998 - March 31, 1999)

During the fiscal year under review, Japan's economy continued to stay overall stringent conditions, because private capital expenditures, housing investments and private consumption were sluggish due to prolonged recession. Economic boost measures through comprehensive governmental policy did not prove much effective.

The electronics industry, which Sanken is a part of, remained lackluster both in consumer electronics market and industrial equipment market, due to the cooling of both consumers' purchase mind and corporate investments.

In order to cope with these circumstances and restructure the Company, Sanken made the hardest efforts to secure profits by such measures as order securing, thorough cost reduction, as well as special program to reinforce the business fundamentals, early retirement incentive program and improvement of financial structure. However, due also to the increasingly competitive markets and lower sales prices, the Company's net sales were held at ¥113,693 million (US\$943.1 million), while ordinary income came down to ¥2,937 million (US\$24.0 million) and net income declined to ¥1,470 million (US\$12.2 million).

Semiconductor Division

Semiconductor Division's sales were ¥73,483 million (US\$609.6 million) decreasing by 6.0% from the previous year.

In Japanese AV, information, and communications equipment markets, sales of TV and display related products, which are the Company's mainstay, failed to grow due to low demand. Exports to Taiwan and Hong Kong were steady, but those to Korea, which was affected by the Asian economic turmoil and the U.S.A. leveled off. Sales of OA equipment products declined largely due to production adjustments. Audio equipment products, which had been receiving orders steadily, stagnated in the second half of the year under review.

Sales were steady in the home appliance and industrial equipment markets because of products for home appliances such as microwave ovens, and the efforts to expand sales of camera strobes. In the automotive electronics market, a slight recovery was seen in the second half of the year because of increased installations due to the progress of electronics equipment and the effects of new light-vehicle standards. Nevertheless, a large decline of the number of automobile-production units led to a decrease in the Company's sales in this market.

On the other hand, sales of the cold cathode ray tube used for backlight illumination of liquid-crystal displays (LCD) grew largely over the previous year, which was realized by the pioneering of new customers and the expansion of production facilities.

1. CONSOLIDATED BALANCE SHEET (Year ended March 31)

Millions of yen

ASSETS	1999	1998
Current assets		
Cash on hand and in banks	24,663	21,450
Notes receivable-trade	42,025	46,936
Inventories	29,621	27,019
Other current assets	4,719	3,936
Allowance for doubtful accounts	(326)	(418)
Total current assets.....	100,704	98,924
Fixed assets		
Tangible assets	54,105	48,465
Intangible assets	1,018	336
Investments and other assets	11,674	10,480
Total fixed assets.....	66,798	59,283
Deferred assets		
Discount on bond premium.....	-	250
Consolidation differences	-	32
Foreign currency translation adjustments.....	1,492	272
Total assets	168,996	158,762

LIABILITIES AND SHAREHOLDERS' EQUITY	1999	1998
Liabilities		
Current liabilities:		
Notes payable-trade	25,583	27,147
Short-term loans	22,066	22,008
Bonds	9,220	-
Income taxes payable.....	540	3,249
Stock purchase warrant	574	574
Other current liabilities	8,231	9,219
Total current liabilities	<u>66,216</u>	<u>62,198</u>
Fixed liabilities:		
Bonds	10,000	9,220
Convertible bonds	9,999	9,999
Long-term loans payable	19,169	9,582
Employees' retirement benefits.....	650	633
Officers' retirement benefits	481	436
Other fixed liabilities	243	241
Total fixed liabilities	<u>40,544</u>	<u>30,114</u>
Minority interests	-	199
Total liabilities	<u>106,760</u>	<u>92,512</u>
Minority interests	<u>247</u>	<u>-</u>
Shareholders' equity		
Capital stock	20,700	20,700
Capital surplus	20,886	20,886
Legal earned surplus	-	1,461
Retained earnings	20,402	23,202
Less common stock	(1)	(1)
Total shareholders' equity	<u>61,988</u>	<u>66,249</u>
Total liabilities and shareholders' equity	<u>168,996</u>	<u>158,762</u>

2. CONSOLIDATED STATEMENT OF INCOME
AND RETAINED EARNINGS

Millions of yen

	1999	1998
Net sales	133,763	150,135
Cost of sales	110,227	115,713
Gross profit	23,536	34,422
Selling, general and administrative expenses	20,373	23,445
Operating income	3,162	10,976
Non-operating income	1,238	839
Non-operating expenses	3,228	4,444
Ordinary income	<u>1,173</u>	<u>7,372</u>
Special gains	1,751	-
Special losses	<u>4,069</u>	<u>166</u>
Net income before income taxes.....	△ 1,144	7,206
Income taxes	753	3,687
Income tax refunded	167	-
Minority interest in consolidated subsidiaries.....	74	99
Amortization of consolidation differences	-	(34)
Equity in earning of affiliates	-	36
Net income	<u>△ 1,805</u>	<u>3,421</u>
Retained earnings at begining of year	<u>24,664</u>	<u>21,232</u>
Deividends	<u>1,274</u>	<u>1,279</u>
Bonuses to directors of the board.....	<u>20</u>	<u>40</u>
Others	<u>1,161</u>	<u>131</u>
Retained earnings at end of year	<u>20,402</u>	<u>23,202</u>