Sanken Electric Co., Ltd.

ANNUAL REPORT

Year Ended March, 2001

CONTENTS

Remarks on forecast contained in the Annual Report

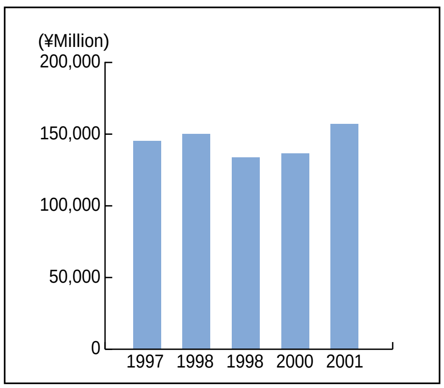
The subjects covered in this Annual Report concerning the future, such as the Company's plans and strategy, are based on information available at the time this Report was prepared, as well as on the judgment of the Company's management. Please understand that various factors may effect the Company's performance in the future and that the Company's plan or forecast may not necessarily be accomplished. Therefore, the reader is kindly advised to refrain from total reliance on the Company's plans, etc., as set forth in this Report. The exchange rate used in formulating our forecast is ¥108 to US$1.

Financial Highlights

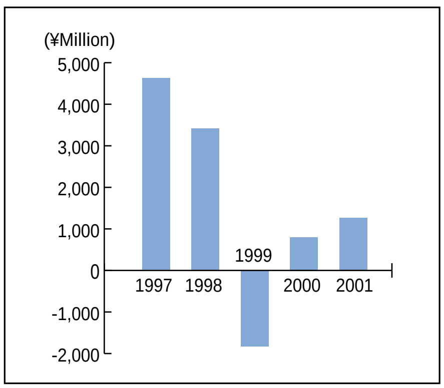
Sanken Electric Co., Ltd.
years ended March 31, 2001 and 2000

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	**2001**	2000
For the year:				
Net sales	**¥158,710**	¥136,529	**$1,280,952**	$1,286,189
Operating income	**8,807**	4,701	**71,082**	44,286
Net income	**1,294**	(803)	**10,444**	(7,565)
Per share:				
(in yen and U.S. dollars)				
Net income	**10.24**	(6.34)	**0.08**	(0.06)
Cash dividends	**10.00**	10.00	**0.08**	0.09
At year-end:				
Total assets	**175,558**	170,766	**1,416,993**	1,608,724
Total shareholders' equity	**59,400**	61,402	**479,419**	578,446

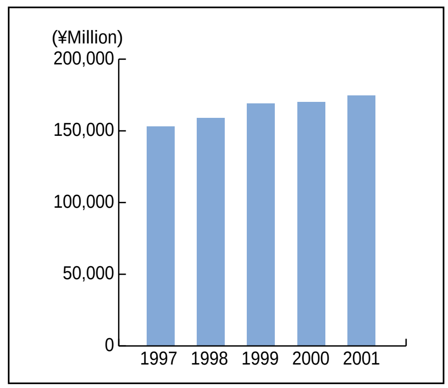
Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥123.90 to US $1. See Note 2 to Consolidated Financial Statements.



Net Sales



Net Income



Total Assets

To Our Shareholders

Our broad lineup of technologically superior and competitive power supply products has earned Sanken Electric Co., Ltd. a reputation for its expertise in the design and manufacture of power electronics products. We are innovators, with a focus on power electronics technologies. As energy conservation and environmental issues rise to the forefront of the social consciousness, we are experiencing a rapid increase in demand for our power semiconductors. We are seeing a particularly rapid increase in the field of electronic home appliances, which demands energy efficiency, and in the automotive field, where electronics are increasingly being utilized to reduce environmental impact and improve safety. We have responded to these changes in the business environment by focusing on niche markets that the major semiconductor makers have overlooked, or where they are poorly represented, supplying sophisticated products that meet individual customer needs.

Yuji Morita
President

Basic Management Policy

Sanken envisions growth over the long-term by realizing the interests of the people who have an interest in our business, including shareholders and customers. With this in mind, we have emphasized consolidation of our business management, striving always to achieve greater management efficiency and speed. We are also endeavoring to strike a balance between scale and efficiency.

Profit Sharing Policy

Sanken places the highest priority on returning the company's profits to the Company's shareholders in the form of dividends and capital gains, for which the Company is working to ensure stable and solid profits through enhancement of profitability and strengthening of our financial structure. For that purpose, we focus our capital investment and R&D investments on those fields which will contribute to strengthening of the corporate structure or expanding business activities, thereby utilizing the Company's funds effectively. Furthermore, Sanken endeavors to reduce long-term debt and amortize the Company stock to the extent that it will not adversely affect our balance of capital composition.

Overview on a Consolidated Basis

	Millions of yen		
	Year ended March 2001	Year ended March 2000	Percentage growth(%)
Net sales	**158,710**	136,529	16.2
Operating income	**8,807**	4,701	87.3
Net income	**1,294 (*1)**	803	61.0
ROE	**2.1% (*2 7.7%)**	1.3%	
ROA	**4.4%**	1.4%	

*(*1) Incl. approximately ¥5,252 million for lump-sum amortization of PBO.*
*(*2) Figures supposing no lump-sum amortization of PBO, etc. were calculated.*

Main Features of Operations in the Year Under Review

Net Sales Were the Highest in Our History, and Operating Income Grew by 87.3% Against the Previous Year.

The major factors that contributed to the above results are as follows:

* Demand for semiconductors rose steadily in the audio-visual (AV) equipment market in concert with progress of digitalization in this market.
* Growth of semiconductor markets for home appliances (e.g. air-conditioners, refrigerators, washing machines) in response to the need for greater energy savings, as well as for automotive electronic products, together with growth attributed to advances in electronic device technologies.
* Expansion of the demand for power-supply infrastructure in the information/ communications equipment markets.

Major Overseas Subsidiaries Enhanced Our Business Results.

The following overseas subsidiaries contributed greatly to increases in sales and profits:

* Allegro MicroSystems, Inc. (in the United States) improved its performance, primarily with automotive products;
* Sanken Power Systems (UK) Ltd. contributed in the market for motor control boards.

PT. Sanken Indonesia Began Operation of a New Plant.

PT. Sanken Indonesia's new plant commenced operation in January 2001 in order to cope with increasing orders. PT. Sanken Indonesia was established to simultaneously reduce production costs for switching power supplies and AC adapters, and to reduce distribution/procurement costs through production at the optimum location. Since the commencement of operations at the new plant, PT. Sanken Indonesia's production capacity has risen to 300,000 switching power supply units and 350,000 AC adapter units, for a total monthly production volume of 650,000 transformer units.

Arrangement of Balance Sheets

For the purpose of achieving an improved balance sheet, the following accounting processes were implemented:

Lump-sum amortization of PBO: ¥5,252 million.

Capital Investment

Capital investment for the year under review was ¥894 million on an individual basis, mainly for the purchase of manufacturing and research facilities. On a consolidated basis, capital investment totalled ¥12,899 million. This was aimed at expanding our production base, increasing production capacity, and reducing production costs, including the purchase of assembly equipment by Ishikawa Sanken Co., Ltd., and the adoption of the 6-inch process in the IC chip fabrication process and expansion of the BCD process line by Yamagata Sanken Co., Ltd.

Three-year Plan and the Results in the Year Under Review

	Millions of yen			
	Year ended March 2001 (projected)	Year ended March 2001 (accomplished)	Year ended March 2002 (Forecast)	Year ended March 2003 (projected)
Net sales	150,000	158,710	159,000	180,000
Net income	3,000	1,294 (*1)	4,000	6,000
ROE	5.0%	2.1% (*2 7.7%)	–	8%
ROA	3.6%	4.4%	–	6%

*(*1) Incl. approximately ¥5,252 million for lump-sum amortization of PBO.*
*(*2) Figures supposing no lump-sum amortization of PBO, etc. were made.*

Outline of the Plan

Sanken formulated a Three-year Plan which was implemented beginning in April of 2000, and which is being wholeheartedly acted upon with the goal of full accomplishment. The above table shows the projected figures and the results for the year under review.

The Company's business has traditionally been centered around two pillars, i.e., semiconductors and power supply equipment. However, the Three-year Plan focuses on semiconductors as a core business that is expected to achieve high growth in the 21st century, and the plan includes a policy of making priority investments of management resources in "growth areas" centered on this semiconductor business. On the other hand, Sanken intends to establish its switching power supply business on a sound basis rapidly by such means as cost reductions through intensive production at locations which enable low-cost production. Also, in the power supply equipment business, the plan envisions strengthening of the supply of highly reliable power supply systems, primarily in the private-demand markets, thereby achieving expanded sales to improve business performance.

Concrete Measures

・Investment in human resources

During the year under review, Sanken's education & training expenses doubled over the previous year in order to promote the nurture of highly skilled personnel who are capable of realizing the Company's targets of "faster-moving," "global" and "expert" organization. Investment for this purpose will continue in the coming years.

・Semiconductors

Sanken has endeavored to improve its "differentiated technologies" such as BCD process technology and assembly technology to provide high added value, “one of a kind” products for new applications, which are relying increasingly on electronics. These include automotive electronics and home appliances (air-conditioners, refrigerators, washing machines, etc.). These products are instrumental in opening new markets. Moreover, continuous efforts have been made to enhance technological capabilities, launch new products and pioneer new markets. These efforts in the previous year have led to the following results:

"Improvement of technological capabilities"

Improvement of BCD process technology (ongoing project)

"Launching of new products"

Launching of ICs exclusively for digital-audio amplifier output (implemented in May 2001)

"Pioneering of new markets"

Semiconductors for home appliance markets

“Alliance”

In May 2001, Sanken formed a strategic collaboration agreement with International Rectifier Corporation (IR), a major Power Semiconductor company in U.S.A. Sanken has maintained a friendly relationship with IR for more than 10 years, primarily in the area of technology, and this collaboration will be made stronger in broader areas including production and marketing/sales, through this agreement. Our competitiveness will become higher through complementary cooperation in product items and advantageous geographical areas (i.e. Sanken in Asia and IR in the United States).

・Switching power supplies

In Switching Power Supplies, Sanken aims to expand its product range into new areas of switching power supply through a fusion with semiconductor technology, as well as to create new markets for motor control boards, etc. At the same time, the Company intends to reduce production costs through the transfer of manufacturing operations to Indonesia, and lower material costs through promotion of local procurement.

・Power supply equipment

In the area of Power Supply Equipment, Sanken has undertaken cost reductions and profitability improvements through productivity enhancement and material cost reduction. We have also worked to provide power supply system solutions based on core products such as rectifiers, inverters and uninterruptible power supplies (UPSs).

Sanken has endeavored to achieve higher competitiveness and expanded sales of UPSs by enhancing product capability through combination with software. We are also aiming to expand the IT market by the introduction of medium/small-scale models. Furthermore, efforts will be made to develop new products in the areas of energy conservation and environment protection, and to strengthen our overseas market through expanded sales of general-purpose inverters and UPSs in the China and Taiwan markets.

Business Overview

The following table indicates Sanken's business results by segment.

	Millions of yen				
	2001	2000	1999	1998	1997
Semiconductor division	**110,182**	94,574	86,724	96,688	91,069
Share (%)	**69.4**	69.3	64.8	64.4	62.7
Year on Year Change (%)	**16.5**	9.1	-10.3	6.2	2.4
Switching Power Supply division	**27,565**	23,396	23,625	27,605	28,357
Share (%)	**17.4**	17.1	17.7	18.4	19.5
Year on Year Change (%)	**17.8**	-0.2	-14.4	2.7	15.5
Power Supply Equipment division	**20,962**	18,558	23,414	25,842	25,774
Share (%)	**13.2**	13.6	17.5	17.2	17.8
Year on Year Change (%)	**13.0**	-20.7	-9.4	0.3	14.2
Total	**158,710**	136,529	133,763	150,135	145,200

Business	Personal computers (PCs)	Mobile phones	TVs, monitor displays	VCR	DVD	Audio equipment	Automobiles	Home appliances	Games	Information processing equipment	Communications equipment	Data recording equipment	Printers	Copiers	Manufacturing devices	Measuring instruments
Semiconductors	○		○	○	★	○	◎	★	★				○	○		
Switching Power Supplies	○		○										○	○		○
Power Supply Equipment										○	○				○	
	For consumer sector									For corporate sector						
	Market															

○ Existing ★ New ◎ New-product launch in an existing market

Business / Market Mapping

Operations and Results by Segment

(1) Semiconductors

・Sanken's products

Sanken's leading products in the semiconductor business are in the field of “power semiconductors.” Power semiconductors are recognized as the primary power supply for driving electronic circuits, and their function can be compared to that of the heart in the human body, supporting the operation of LSI devices which can be compared to the human brain.

The Company produces a wide range of these products, such as hybrid IC's, transistors, diodes and light-emitting diodes (LED's).

Our products already command a large share of the markets for AV equipment and information/communications equipment. Sanken's products are also being accepted in the automotive electronics market. This market is adopting more and more electronic devices to meet the demands for environmental protection and improved safety, in addition to the home appliance/office & factory automation equipment markets which are implementing energy saving measures. These trends are contributing to our expanded sales results. General market conditions are severe at present, primarily in the areas of personal computers and mobile phones. However, this Company's products have been affected less severely due to differing market conditions. Sanken has been affected only slightly by price reductions for semiconductors in these markets.

・Sanken's market shares

Our BCD process technology is highly evaluated in the electronics industry. It has become the source of Sanken's competitiveness and the basis for our company's large share of the global market for power semiconductors. In the United States, Sanken collaborates with International Rectifier Corporation a U.S. company of the same scale, in the areas of technology, production and sales/marketing, thereby occupying an approximately 20 percent share of the power semiconductor market in the world by both companies. This is a strategy we have adopted to take the initiative in this area through mutual complement and creative development.

By individual market, Sanken is the leader in the following product areas:

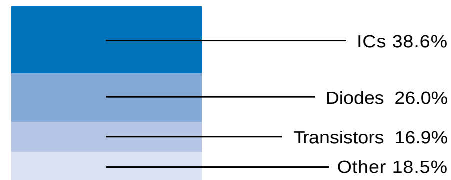
In “high voltage rectifier diodes” for electronic microwave ovens, Sanken holds an approximately 90 percent share of the global market.

In power IC regulators for TVs, Sanken holds a greater than 60 percent share of the global market.

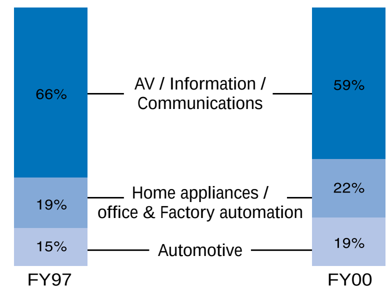
“BCD process technology” is a technology that enables three different wafer processes at once to be performed on one chip, which had previously been implemented individually for making products. These three processes are the “Bipolar” process for controlling analog circuits, the “complementary metal oxide semiconductor (CMOS)” process, which offers high speed and is suitable for digital control circuits, and “double diffused MOS (DMOS)” which is suitable for large-current output.

In recent years, ICs are required not only to function as control circuits but also to be multi-functional and more compact, incorporating sensor processing circuits and the peripheral function circuits of micro-computers, etc. In order to meet these requirements simultaneously, it becomes necessary to form individual circuits on a single chip.

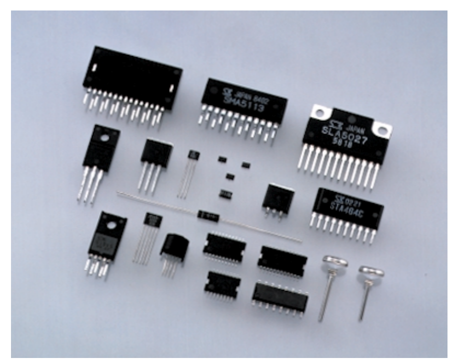
Sanken first established the BiCMOS



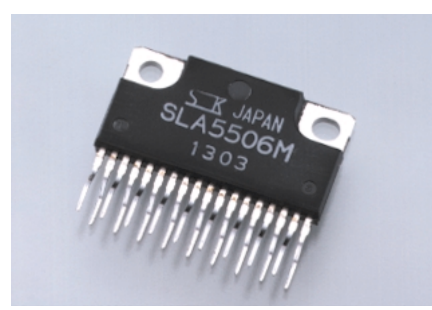
Composition of Sales (Semiconductors)



Changes in Proportional Ratios of Markets



Semiconductor for Automobiles



"SLA5506M" IC Specially for Digital Audio Amplifier

process technology that is capable of forming Bipolar and CMOS on one chip and, furthermore, realized high power control by one chip to cope with large currents, high voltages, etc., that can not be handled by BiCMOS. Thus the Company pioneered in establishing BCD process technologies which are capable of being applied in mass production.

・Business overview in the year under review

In hybrid IC's, i.e. our major products, new products for automotive electronics contributed to sales increases. The applications for the products largely expanded also in home appliances such as refrigerators and washing machines.
While sales of diodes were sluggish due to intensified price competition, sales of transistors grew steadily, supported by the demand for audio-market-bound products.
Sales of LED's increased especially in the area of outdoor display systems. Sales of cold cathode fluorescent lumps also increased due to the demand for notebook PCs and LCD monitors.
Sales at Allegro MicroSystems, Inc. grew primarily due to sales increase of products for automobiles.

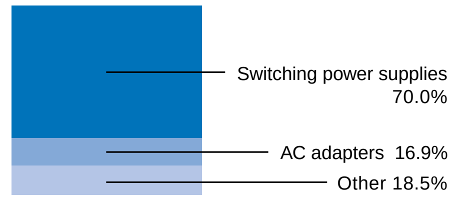
(2) Switching Power Supplies

・Sanken's products

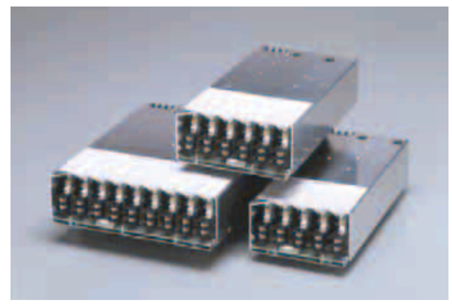
The main products handled by this segment are switching power supplies. Our products are used as stable DC power supplies for office and factory automation equipment, including printers, faxes, and copiers. In addition, we manufacture AC adapters for notebook PCs, and transformers are also included in this business segment. We are firmly established as Japan's leading manufacturer of customized compact, light-weight power supply products.

・Business overview in the year under review

Sales of switching power supplies continued to increase beyond the previous year's sales thanks to the solid market for products used in digital copiers and printers.
Use of AC adapters expanded owing to demand for such equipment to power notebook PCs and LCD displays. This strong demand resulted in sales increases of AC adapters. This has enabled PT. Sanken Indonesia to boost its production capacity immensely and improve its cost competitiveness.



Composition of Sales by Product (Switching Power Supplies)



General-Purpose Switching Power Supply PCU Series

General-Purpose AC adapter SEA Series

PT. Sanken Indonesia

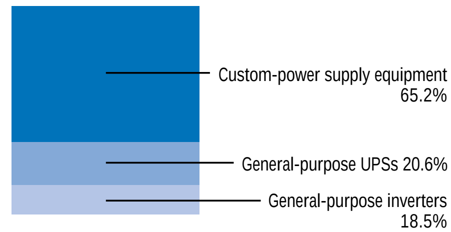
(3) Power Supply Equipment

• Sanken's products

This segment provides power supplies for communications facilities & equipment, large-scale UPS equipment, general-purpose UPSs, and general-purpose inverters. Markets for these products are expanding due to the additional construction of base stations caused by proliferation of mobile phones, as well as the increased demand for backup power supplies. Although general-purpose UPSs faces accelerated technological competition from digital control systems, Sanken has launched products which are also superior in terms of software, obtaining a favorable reputation.

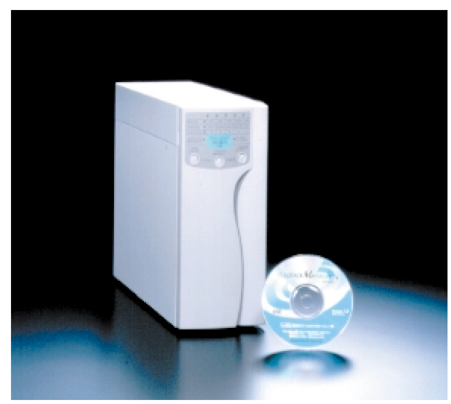
• Business overview in the year under review

In the area of power supply equipment for communications facilities & equipment, the demand for base stations for next-generation mobile phones increased.
Sales of large-scale UPS equipment grew steadily, supported by orders for DC power supplies for electrolytic plating.
Sales of general-purpose UPSs also rose as we made improvements in the production facility for new products and launched a new software product for power supply management.



Composition of Sales by Product (Power Supply Equipment)

General-Purpose UPSs FULLBACK SMU Series



Power Supply Management Software FULLBACK Manager Pro

CONSOLIDATED FIVE-YEAR SUMMARY

	Millions of yen				
	2001	2000	1999	1998	1997
STATEMENTS OF INCOME					
Net sales	**¥158,710**	¥136,529	¥133,763	¥150,136	¥145,200
Cost of sales	**127,202**	111,586	110,227	115,713	112,577
Gross profit	**31,507**	24,942	23,536	34,423	32,623
Selling, general and administrative expenses	**22,700**	20,240	20,373	22,467	20,948
Operating income	**8,807**	4,701	3,163	11,956	11,675
Other income (expenses)	**(5,883)**	(2,227)	(4,307)	(3,771)	(2,327)
(Loss) Income before income taxes, minority interest	**2,924**	2,474	(1,144)	8,185	9,348
Income taxes	**4,468**	1,946	586	4,666	4,714
Net income	**1,294**	803	(1,805)	3,421	4,630
BALANCE SHEETS					
Total current assets	**¥109,067**	¥107,737	¥100,704	¥98,924	¥96,398
Total investments and long-term receivables	**10,629**	8,085	11,675	7,939	5,953
Property, plant and equipment, at cost	**54,520**	50,250	54,105	48,466	47,203
Other assets	**1,341**	1,645	1,019	3,161	3,498
Total assets	**175,558**	170,766	168,996	158,762	153,306
Total current liabilities	**61,112**	62,013	66,217	62,198	62,674
Total long-term liabilities	**54,856**	47,182	40,544	30,115	30,476
Minority interests	**189**	168	247	200	108
Total shareholders' equity	**59,400**	61,402	61,988	66,249	60,048
Total liabilities and shareholders' equity	**175,558**	170,766	168,996	158,762	153,306
PER SHARE					
	Yen				
Shareholders' equity per share	**¥472.92**	¥485.57	¥488.26	¥517.74	¥488.83
Net income per share	**10.24**	6.34	(14.16)	27.03	37.75
Cash dividends per share	**10.00**	10.00	10.00	10.00	10.00

CONSOLIDATED BALANCE SHEETS

Sanken Electric Co., Ltd.
March 31, 2001 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2000	**2001**
ASSETS			
Current assets:			
Cash and deposits (Note 3)	**¥ 12,833**	¥ 25,830	**$ 103,575**
Notes and accounts receivable:			
Trade and other	**46,676**	43,967	**376,723**
Less allowance for doubtful receivables	**(96)**	(285)	**(775)**
	46,579	43,681	**375,940**
Inventories (Note 5)	**44,934**	35,501	**362,663**
Deferred tax assets (Note 8)	**1,753**	1,084	**14,149**
Other current assets	**2,966**	1,639	**23,939**
Total current assets	**109,067**	107,737	**880,282**
Investments and long-term receivables:			
Investments in unconsolidated subsidiaries and affiliates	**1,222**	1,097	**9,863**
Investments in other securities (Note 4)	**5,737**	4,680	**46,303**
Deferred tax assets (Note 8)	**1,930**	99	**15,577**
Other long-term receivables	**1,739**	2,208	**14,036**
Less allowance for doubtful receivables	**(0)**	(0)	**(0)**
Total investments and long-term receivables	**10,629**	8,085	**85,787**
Property, plant and equipment, at cost (Note 6)**:**			
Land	**4,360**	4,283	**35,190**
Buildings	**45,128**	44,086	**364,229**
Machinery and equipment	**114,745**	101,998	**926,110**
Construction in progress	**3,145**	2,214	**25,383**
	167,380	152,582	**1,350,928**
Less accumulated depreciation	**(112,859)**	(102,331)	**(910,888)**
Property, plant and equipment, net	**54,520**	50,250	**440,032**
Other assets	**1,341**	1,645	**10,823**
Translation adjustments	**—**	3,047	**—**
Total assets	**¥ 175,558**	¥ 170,766	**$1,416,993**

The accompanying notes are an integral part of the consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2000	**2001**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term bank loans (Note 6)	**¥ 10,855**	¥ 13,577	**$ 87,611**
Current portion of long-term debt (Note 6)	**5,608**	8,159	**45,262**
Notes and accounts payable:			
Trade and other	**30,141**	29,403	**243,269**
Construction	**527**	272	**4,253**
	30,668	29,676	**247,522**
Accrued expenses	**7,867**	6,860	**63,495**
Income taxes payable (Note 8)	**3,664**	2,096	**29,572**
Deferred tax liabilities (Note 8)	**4**	—	**32**
Other current liabities	**2,442**	1,643	**19,709**
Total current liabilities	**61,112**	62,013	**493,236**
Long-term liabilities:			
Long-term debt (Note 6)	**48,044**	45,433	**387,764**
Accrued retirement benefits to directors	**527**	472	**4,253**
Accrued employees' retirement benefits (Note 7)	**6,083**	668	**49,096**
Deferred tax liabilities (Note 8)	**32**	406	**258**
Other long-term liabilities	**169**	201	**1,364**
Total long-term liabilities	**54,856**	47,182	**442,744**
Minority interests	**189**	168	**1,525**
Shareholders' equity:			
Common stock, ¥50 per value:			
Authorized:			
2001— 257,150,000 shares			
2000—258,000,000 shares			
Issued:			
2001—125,606,866 shares	20,880	—	168,523
2000—126,456,866 shares	—	20,880	—
Capital surplus	**21,103**	21,103	**170,323**
Retained earnings (Note 9)	**18,986**	19,420	**153,236**
Translation adjustments	**(1,568)**	–	**(12,655)**
Less common stock in treasury, at cost;			
2,334 shares in 2001 and 2,594 shares in 2000	**(0)**	(1)	**(0)**
Total shareholders' equity (Note 15)	**59,400**	61,402	**479,419**
Contingent liabilities (Note 10)			
Total liabilities and shareholders' equity	**¥ 175,558**	¥ 170,766	**$1,416,933**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

Sanken Electric Co., Ltd.
Years ended March 31, 2001 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2000	**2001**
Net sales	**¥ 158,710**	¥ 136,529	**$1,280,952**
Cost of sales	**127,202**	111,586	**1,026,651**
Gross profit	**31,507**	24,942	**254,294**
Selling, general and administrative expenses (Notes 6 and 11)	**22,700**	20,240	**183,212**
Operating income	**8,807**	4,701	**71,082**
Other income (expenses):			
Interest expense	**(1,992)**	(1,767)	**(16,077)**
Interest and dividend income	**298**	371	**2,405**
Gain on sales of marketable and investment securities	**604**	1,948	**4,875**
Payment of early retirement allowances	**—**	(359)	**—**
Exchange gain (loss)	**1,152**	(1,849)	**9,298**
Net retirement benefit obligation at transition (Note 7)	**(5,252)**	—	**(42,389)**
Other, net	**(694)**	(572)	**(5,601)**
	(5,883)	(2,227)	**(47,482)**
Income before income taxes, minority interests	**2,924**	2,474	**23,600**
Income taxes (Note 8):			
Current	**(4,468)**	(1,946)	**(36,061)**
Deferred	**2,866**	318	**23,132**
Income before minority interests	**1,321**	846	**10,662**
Minority interests	**(27)**	(42)	**(218)**
Net income (Note 15)	**1,294**	803	**10,444**
Retained earnings at beginning of year	**19,420**	20,402	**156,739**
Cumulative effect of adoption of deferred tax accounting	**—**	444	**—**
Cash dividends	**(1,260)**	(1,264)	**(10,169)**
Bonuses to directors	**(20)**	(20)	**(161)**
Treasury stock	**(447)**	(862)	**(3,608)**
Adjustments to retained earnings included in consolidation	–	(84)	–
	(1,728)	(1,786)	**(13,947)**
Retained earnings at end of year	**¥ 18,986**	¥ 19,420	**$ 153,236**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Sanken Electric Co., Ltd.
Years ended March 31, 2001 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2000	**2001**
Operating activities			
Income before income taxes and minority interests in earnings of affiliates	**¥ 2,924**	¥ 2,474	**$ 23,600**
Depreciation and amortization	**10,692**	10,085	**86,295**
Reversal of allowance for doubtful receivables	**(207)**	(30)	**(1,671)**
Interest and dividend income	**(298)**	(371)	**(2,405)**
Interest expense	**1,992**	1,767	**16,077**
Increase in accrued retirement benefits to employees	**5,420**	—	**43,745**
Gain on sales of marketable securities	**—**	(1,489)	**—**
Gain on sales of investment securities	**(604)**	(458)	**(4,875)**
(Increase) decrease in notes and accounts receivable	**(3,652)**	634	**(29,475)**
Increase in inventories	**(8,109)**	(6,390)	**(65,448)**
(Decrease) increase in notes and accounts payable	**(281)**	4,061	**(2,268)**
Others	**1,477**	583	**11,921**
Subtotal	**9,353**	10,865	**75,488**
Interest and dividends received	**330**	627	**2,663**
Interest paid	**(2,005)**	(1,933)	**(16,182)**
Income taxes paid	**(2,908)**	(373)	**(23,471)**
Net cash provided by operating activities	**4,770**	9,185	**38,499**
Investing activities			
Purchases of marketable securities	**—**	(455)	**—**
Proceeds from sales of marketable securities	**—**	2,718	**—**
Purchases of property, plant and equipment	**(12,636)**	(7,391)	**(101,985)**
Proceeds from sales of property, plant and equipment	**131**	331	**1,057**
Purchases of investment securities	**(16)**	(128)	**(129)**
Proceeds from sales of investment securities	**835**	591	**6,739**
Decrease (increase) in long-term loans	**11**	(57)	**89**
Other	**1**	1,022	**8**
Net cash used by investing activities	**(11,673)**	(3,368)	**(94,213)**
Financing activities			
Decrease in short-term bank loans	**(2,966)**	(4,221)	**(23,939)**
Proceeds from issuance of long-term bank loans	**7,640**	3,851	**61,663**
Repayment of long-term debt	**(9,080)**	(2,075)	**(73,285)**
Proceeds from issuance of unsecured bonds	**—**	10,000	**—**
Redemption of bond with warrant	**—**	(9,220)	**—**
Redemption of treasury stock	**(447)**	(862)	**(3,608)**
Increase due to exercise of warrants	**—**	360	**—**
Cash dividends paid	**(1,260)**	(1,264)	**(10,169)**
Payment of dividends to minority interests	**(26)**	(61)	**(210)**
Other	**—**	42	**—**
Net cash used in financing activities	**(6,141)**	(3,451)	**(49,564)**
Effect of exchange rate changes on cash and cash equivalents	**248**	(520)	**2,002**
Net (decrease) increase in cash and cash equivalents	**(12,796)**	1,845	**(103,277)**
Cash and cash equivalents at beginning of the year	**25,014**	(23,005)	**201,889**
Increase in cash and cash equivalents due to change in scope of consolidation	**—**	164	**—**
Cash and cash equivalents at end of the year (Note 3)	**¥ 12,217**	¥ 25,014	**$ 98,604**

The accompanying notes are an integral part of the consolidated financial statements.

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

The accompanying consolidated financial statements have been prepared from the accounts maintained by Sanken Electric Co. in accordance with the provisions set forth in the Securities and Exchange Law of Japan and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

As permitted by the Securities and Exchange Law, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

(b) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The consolidated financial statements include the accounts of Sanken Electric Co., Ltd. (the “Company”) and all its significant subsidiaries. Significant intercompany transactions and account balances have been eliminated in consolidation. Generally, the difference, if significant in amount, between the cost and equity in the underlying net assets of a consolidated subsidiary at the date acquired is capitalized in the year of acquisition and amortized principally over a five-year period.

Investment in a significant affiliate (a company owned 20% to 50%) is accounted for by the equity method.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are carried at cost or less; where there has been a persistent decline in the value of such investments, they have been written down.

(c) Securities

Until the year ended March 31, 2000, marketable securities were valued principally at the lower of cost or market, cost being determined by the moving average method, and investment securities other than marketable securities were stated at cost determined by the moving average method.

A new accounting standard for financial instruments, which became effective April 1, 2000, requires that securities be classified into three categories: trading, held-to-maturity or other securities. The effect of the adoption of this standard was to decrease investment securities by ¥1,293 million ($10,436 thousand), to increase marketable securities by the same amount, and to increase income before income taxes and minority interests by ¥1,609 million ($12,986 thousand) for the year ended March 31, 2001.

(d) Inventories

Inventories are stated at the lower of cost or market, cost being determined principally by the first-in, first-out method.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment is recorded at cost. Depreciation of property, plant and equipment is principally computed by the declining-balance method over the estimated useful lives of the respective assets. Significant renewals and betterments are capitalized at cost. Maintenance and repairs are charged to operations. The estimated useful lives are as follows:

Building	4 - 60 years
Machinery and equipment	3 - 11 years

(f) Foreign Currency Translation

All monetary assets and liabilities of the Company denominated in foreign currencies, regardless of whether these are short-term or long-term, are translated into yen at the exchange rates prevailing as of the fiscal year end, and resulting the gain and loss are credited or charged to income.

Balance sheet accounts and revenue and expense accounts of the foreign consolidated subsidiaries are translated into yen at the exchange rates prevailing at the fiscal year end, except for the components of shareholders’ equity which are translated at their historical exchange rates.

A revised accounting standard for foreign currency translation became effective April 1, 2000. The effect of the adoption of this standard on the consolidated financial statements was to increase income before income taxes and minority interests by ¥96 million ($775 thousand) for the year ended March 31, 2001.

Due to a change effective the year ended March 31, 2001 in the regulations relating to the presentation of translation adjustments, the Company has presented translation adjustments as a component of shareholders’ equity and minority interests in consolidated subsidiaries (instead of as a component of assets or liabilities) in its consolidated financial statements for the year ended March 31, 2001.

(g) Derivatives

The Company has entered into various derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates and interest rates. In accordance with a new accounting standard for financial instruments which became effective April 1, 2000, derivatives positions are carried at their fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or a liability. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the respective foreign exchange contract rates.

(h) Research and Development Expenses

Research and development expenses are charged to income when incurred and are included in cost of sales and selling, general and administrative expenses.

(i) Deferred Income Taxes

Deferred tax assets and liabilities have been recognized in the consolidated financial statements for the years ended March 31, 2001 and 2000 with respect to the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(j) Leases

The Company leases certain equipment under noncancelable leases referred to as finance leases. Finance leases other than those which transfer the ownership of the leased property to the Company are accounted for as operating leases.

(k) Appropriation of Retained Earnings

Dividends and other appropriations of retained earnings are reflected in the accompanying consolidated financial statements in the year to which they apply, although they are approved by the shareholders at a meeting held subsequent to such fiscal year end.

(l) Employees' Retirement Benefits

At March 31, 2000, accrued retirement benefits were stated at the amount which would be required to be paid if all employees covered by the retirement benefit plans voluntarily terminated their employment at the balance sheet date, less the amounts expected to be covered by the pension plans.

Costs with respect to the pension plans are funded at an amount determined actuarially. Prior service cost was funded over a period of 20 years. The Company and certain consolidated subsidiaries charged such prior service cost to operations when actuarially determined or when payment became liable.

In accordance with a new accounting standard for retirement benefits which became effective April 1, 2000, accrued retirement benefits for employees at March 31, 2001 have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of March 31, 2001, as adjusted for the unrecognized net retirement benefit obligation at transition, unrecognized actuarial gain or loss, and unrecognized prior service cost.

The retirement benefit obligation is attributed to each year by a formula method that considers the estimated years of service of the eligible employees. The net retirement benefit obligation at transition is being fully recognized in the current year.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over various periods (principally 12 years through 21 years).

The effect of the adoption of the new standard for retirement benefits was to increase retirement benefit expense by ¥5,380 million ($43,422 thousand) and to decrease income before income taxes and minority interests by ¥5,364 million ($43,293 thousand) for the year ended March 31, 2001.

(m) Cash Equivalents

For purpose of the statements of cash flows, all highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

2. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at ¥123.90 = $1.00, the approximate exchange rate prevailing on March 31, 2001. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

3. Supplementary Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2001:

	Millions of yen	Thousands of U.S. dollars
Cash and deposits	**¥ 12,833**	**$ 103,575**
Time deposits with a maturity of more than three months	**(368)**	**(2,970)**
Bank overdrafts (included in short-term bank loans)	**(248)**	**(2,002)**
Cash and cash equivalents	**¥ 12,217**	**$ 98,604**

4. Marketable and Investment Securities

The carrying amounts and related aggregate market value of noncurrent investment securities at March 31, 2001 were as follows:

	Millions of yen	Thousands of U.S. dollars
Noncurrent:		
Carrying amount	**¥ 5,661**	**$ 45,690**
Aggregate market value	**4,736**	**38,224**
Net unrealized losses and deferred tax assets	**¥ (925)**	**$ (7,466)**

5. Inventories

Inventories at March 31, 2001 and 2000 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Finished products	**¥ 16,058**	¥ 9,709	**$ 129,605**
Work in process	**15,970**	15,310	**128,894**
Raw materials and supplies	**12,904**	10,482	**104,149**
	¥ 44,933	¥ 35,501	**$ 362,655**

6. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans are principally secured and generally represent notes. The related weighted average interest rates for the years ended March 31, 2001 and 2000 were approximately 2.15% and 1.51%, respectively.

Long-term debt at March 31, 2001 and 2000 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Secured:			
Loans payable in yen due serially through 2008 at rates ranging from 1.1% to 8.35%	**¥ 23,654**	¥ 23,593	**$190,912**
Unsecured:			
2.1% bonds due 2003	**10,000**	10,000	**80,710**
2.22% bonds due 2004	**10,000**	10,000	**80,710**
1.0% convertible bonds due 2003	**9,999**	9,999	**80,702**
	53,653	53,592	**433,035**
Less current portion	**(5,608)**	(8,159)	**(45,262)**
	¥ 48,045	¥ 45,433	**$ 387,772**

The 1.0% convertible bonds, unless previously redeemed, are convertible at any time up to and including March 28, 2003 into shares of common stock of the Company at the current conversion price of ¥957 ($7.724) per share.

As is customary in Japan, both short-term and long-term bank loans are made under general agreements which provide that collateral and guarantees (or additional collateral or guarantees as appropriate) for present and future indebtedness will be given at the request of the bank, and that the bank has the right, as the obligations become due, or in the event of default thereon, to offset cash deposits against such obligations due to the bank. Under certain loan agreements relating to long-term debt, the creditors may require the Company to submit proposals for appropriations of retained earnings (including the payment of dividends) for the creditors' review and approval prior to their presentation to the shareholders. None of the creditors has ever exercised these rights.

Certain covenant clauses pertaining to dividends in connection with the issue of the 1.0% convertible bonds due 2003 are summarized as follows:

During the period in which the bonds are outstanding, the Company will not pay an aggregate amount of dividends exceeding the amount of ordinary income less corporation and inhabitants' taxes, plus ¥2.5 billion. Interim dividends are to be treated as a portion of the prior period's dividends.

The aggregate annual maturities of long-term debt subsequent to March 31, 2001 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2002	¥ 5,608	$ 45,262
2003	13,845	111,743
2004	15,094	121,824
2005	13,642	110,105
2006 and thereafter	5,462	44,084
	¥ 53,653	$ 433,035

At March 31, 2001, the assets pledged as collateral for short-term bank loans and long-term debt were as follows:

	Millions of yen	**Thousands of U.S. dollars**
Property, plant and equipment, at net book value	¥ 21,108	$ 170,363

7. Retirement Benefit Plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans, tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet as of March 31, 2001 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen	Thousands of U.S. dollars
Retirement benefit obligation	¥ (20,269)	$ (163,592)
Plan assets at fair value	11,162	90,089
Unfunded retirement benefit obligation	(9,106)	(73,495)
Unrecognized net retirement benefit obligation at transition	—	—
Unrecognized actuarial loss	3,023	24,399
Unrecognized prior service cost	—	—
Net retirement benefit obligation	(6,083)	(49,096)
Prepaid pension cost	—	—
Accrued retirement benefits	¥ (6,083)	$ (49,096)

The components of retirement benefit expenses for the year ended March 31, 2001 are outlined as follows:

	Millions of yen	Thousands of U.S. dollars
Service cost	¥ 1,212	$ 9,782
Interest cost	589	4,754
Expected return on plan assets	(337)	(2,720)
Amortization of net retirement benefit obligation at transition	5,252	42,389
Amortization of actuarial loss	—	—
Amortization of prior service cost	—	—
Total	¥ 6,717	$ 54,213

The assumptions used in accounting for the above plans were as follows:

	Fiscal year 2000 (as of March 31, 2001)
Discount rates	3.0%
Expected rate of return on plan assets	2.0% — 3.5%

8. Income Taxes

Income taxes applicable to the Company comprise corporation, enterprise and inhabitants' taxes, which, in the aggregate, resulted in a statutory tax rate of approximately 41.7% in both 2000 and 2001.

The effective tax rates reflected in the statement of income for the years ended March 31, 2001 and 2000 differ from the statutory tax rate for the following reasons:

	2001	2000
Statutory tax rate	**41.7%**	41.7%
Effect of:		
Expenses permanently not deductible for income tax purposes	**7.1**	4.4
Dividend income deductible for income tax purposes	**(0.9)**	(2.5)
Inhabitants' per capita taxes	**0.8**	0.8
Change in valuation allowance	**7.8**	16.8
Amortization of consolidation goodwill	**6.5**	3.8
Foreign tax rate differential	**(8.5)**	—
Other, net	**0.3**	0.8
Effective tax rates	**54.8%**	65.8%

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2001 and 2000 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Deferred tax assets:			
Net operating loss carryforward	**¥ 3,001**	¥ 2,850	**$ 24,221**
Accrued bonuses	**511**	390	**4,124**
Accrued retirement benefits	**2,351**	160	**18,975**
Business tax payable	**298**	136	**2,405**
Unrealized holding gain	**290**	—	**2,341**
Other	**1,871**	1,094	**15,101**
Total deferred tax assets	**8,324**	4,632	**67,183**
Valuation allowance	**(2,079)**	(2,692)	**(16,780)**
Total deferred tax assets, net	**6,245**	1,939	**50,404**
Deferred tax liabilities:			
Fixed assets	**(1,585)**	—	**(12,793)**
Reserve for special depreciation	**(697)**	(862)	**(5,626)**
Other	**(315)**	(300)	**(2,542)**
Deferred tax liabilities	**(2,598)**	(1,162)	**(20,969)**
Net deferred tax assets	**¥ 3,647**	¥ 777	**$ 29,435**

9. Retained Earnings

The Commercial Code of Japan provides that at least 10% of all appropriations of retained earnings, including cash dividends paid and bonuses to directors and statutory auditors, be appropriated to the legal reserve until such reserve equals 25% of the amount of common stock. This reserve is not available for dividends but may be used to reduce or eliminate a deficit by resolution of the shareholders or may be capitalized by resolution of the Board of Directors.

The legal reserves of the consolidated subsidiaries are included in retained earnings in the accompanying consolidated financial statements.

10. Contingent Liabilities

Contingent liabilities at March 31, 2001 were as follows:

	Millions of yen	Thousands of U.S. dollars
As endorsers of trade notes discounted	**¥ 197**	**$ 1,590**
As guarantors of indebtedness of employees	**22**	**178**
	¥ 219	**$ 1,768**

11. Research and Development Expenses

Research and development expenses for the years ended March 31, 2001 and 2000 were ¥8,521 million ($68,773 thousand) and ¥7,293 million, respectively.

12. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of leased property at March 31, 2001 and 2000, which would have been reflected in the balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Acquisition costs	**¥ 1,544**	¥ 1,492	**$ 12,462**
Accumulated depreciation	**919**	834	**7,417**
Net book value	**¥ 625**	¥ 657	**$ 5,044**

With respect to finance lease contracts other than those under which the title of the leased equipment will be transferred to the Company by the end of the contract period, annual lease expenses for the years ended March 31, 2001 and 2000 and future minimum payments subsequent to March 31, 2001 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Lease expenses	**¥ 333**	¥ 332	**$ 2,688**
Future minimum payments:			
Within one year	**¥ 271**	¥ 285	**$ 2,187**
Over one year	**353**	371	**2,849**
	¥ 625	¥ 657	**$ 5,044**

13. Derivatives

Summarized below are the contract amounts and estimated fair value of the Company's derivative financial instruments at March 31, 2001:

	Millions of yen		Thousands of U.S. dollars	
	Contract amount	Estimated fair value	Contract amount	Estimated fair value
Forward exchange contracts:				
To sell U.S. dollars	**¥ 5,254**	**¥ 5,866**	**$42,405**	**$47,345**
To sell pounds sterling	**¥ 948**	**¥ 1,046**	**$ 7,651**	**$ 8,442**

14. Segment Information

(a) Business segment information

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2001 and 2000 is summarized as follows:

	Millions of yen					
	Semiconductor Business	Switching Power Supply Business	Power Supply Equipment Business	Total	Eliminations or Corporate	Consoli-dated
Year ended March 31, 2001						
I. Sales:						
(1) Sales to third parties	¥ 110,182	¥ 27,565	¥ 20,962	¥ 158,710	¥ —	¥ 158,710
(2) Intersegment sales	338	275	—	613	(613)	—
Total sales	110,521	27,840	20,962	159,324	(613)	158,710
Operating expenses	97,898	29,100	21,209	148,208	1,694	149,902
Operating income (loss)	12,623	(1,260)	(247)	11,115	(2,307)	8,807
II. Assets, depreciation expenses, capital expenditure:						
Assets	102,492	34,592	17,017	154,102	21,456	175,558
Depreciation expenses	9,161	714	261	10,137	100	10,238
Capital expenditure	11,387	1,533	196	13,117	9	13,126
Year ended March 31, 2000						
I. Sales:						
(1) Sales to third parties	¥ 94,574	¥ 23,396	¥ 18,558	¥ 136,529	¥ —	¥ 136,529
(2) Intersegment sales	548	—	—	548	(548)	—
Total sales	95,122	23,396	18,558	137,077	(548)	136,529
Operating expenses	87,259	24,470	18,537	130,268	1,559	131,827
Operating income (loss)	7,862	(1,074)	20	6,809	(2,107)	4,701
II. Assets, depreciation expenses, capital expenditure:						
Assets	90,145	31,238	14,991	136,375	34,391	170,766
Depreciation expenses	8,846	686	226	9,759	98	9,859
Capital expenditure	6,460	598	175	7,234	491	7,725

	Thousands of U.S. dollars					
	Semiconductor Business	Switching Power Supply Business	Power Supply Equipment Business	Total	Eliminations or Corporate	Consoli-dated
Year ended March 31, 2001						
I. Sales:						
(1) Sales to third parties	$ 889,290	$ 222,478	$ 169,185	$1,280,952	$ —	$1,280,952
(2) Intersegment sales	2,728	2,220	—	4,948	(4,948)	—
Total sales	892,018	224,697	169,185	1,285,908	(4,948)	1,280,952
Operating expenses	790,137	234,867	171,178	1,196,190	13,672	1,209,863
Operating income (loss)	101,881	(10,169)	(1,994)	89,709	(18,620)	71,082
II. Assets, depreciation expenses, capital expenditure:						
Assets	827,215	279,193	137,345	1,243,761	173,172	1,416,933
Depreciation expenses	73,939	5,763	2,107	81,816	807	82,631
Capital expenditure	91,905	12,373	1,582	105,868	73	105,940

(b) Operating revenues by geographic area

Operating revenues by geographic area for the years ended March 31, 2001 and 2000 are summarized as follows:

	Millions of yen						
	Japan	Asia	North America	Europe	Total	Eliminations or Corporate	Consolidated
Year ended March 31, 2001							
I. Sales:							
(1) Sales to third parties	¥116,441	¥13,446	¥ 16,696	¥12,126	¥158,710	¥ —	¥158,710
(2) Intersegment sales	13,530	16,535	10,778	628	41,473	(41,473)	—
Total sales	129,971	29,982	27,475	12,755	200,184	(41,473)	158,710
Operating expenses	121,079	28,744	26,332	12,415	188,571	(38,668)	149,902
Operating income (loss)	8,892	1,237	1,142	339	11,612	(2,805)	8,807
II. Assets	122,494	17,006	21,547	4,985	166,032	9,526	175,558
Year ended March 31, 2000							
I. Sales:							
(1) Sales to third parties	104,372	8,938	13,046	10,171	136,529	—	136.529
(2) Intersegment sales	11,831	11,732	7,797	432	31,794	(31,794)	—
Total sales	116,203	20,671	20,844	10,604	168,324	(31,794)	136,529
Operating expenses	110,444	20,048	21,060	10,444	161,996	(30,168)	131,827
Operating income (loss)	5,759	623	(215)	160	6,327	(1,625)	4,701
II. Assets	110,572	13,041	17,577	5,149	146,341	24,424	170,766

	Thousands of U.S. dollars						
	Japan	Asia	North America	Europe	Total	Eliminations or Corporate	Consolidated
Year ended March 31, 2001							
I. Sales:							
(1) Sales to third parties	$ 939,798	$108,523	$134,754	$ 97,869	$ 1,280,952	$ —	$ 1,280,952
(2) Intersegment sales	109,201	133,454	86,990	5,069	334,730	(334,730)	—
Total sales	1,048,999	241,985	221,751	102,946	1,615,690	(334,730)	1,280,952
Operating expenses	977,232	231,994	212,526	100,202	1,521,961	(312,090)	1,209,863
Operating income (loss)	71,768	9,984	9,217	2,736	93,721	(22,639)	71,082
II. Assets	988,652	137,256	173,906	40,234	1,340,048	76,885	1,416,933

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries, and sales (other than exports to Japan) of the foreign consolidated subsidiaries, totaled ¥69,952 million ($564,584 thousand) and ¥60,876 million, or 44.1% and 44.6% of the consolidated net sales for the years ended March 31, 2001 and 2000, respectively.

15. Amounts per Share

Amounts per share as of and for the years ended March 31, 2001 and 2000 were as follows:

	Yen		U.S. dollars
	2001	2000	2001
Net income - primary	¥ 10.24	¥ 6.34	$ 0.08
Net income - fully diluted	9.90	6.30	0.08
Net assets	472.92	485.57	3.82

Report of Independent Certified Public Accountants on Consolidated Financial Statements

The Board of Directors and Shareholders
Sanken Electric Co., Ltd.

We have audited the consolidated balance sheets of Sanken Electric Co., Ltd. and consolidated subsidiaries as of March 31, 2001 and 2000, the related consolidated statements of income and retained earnings for the two years ended March 31, 2001, and the related consolidated statement of cash flows for the year ended March 31, 2001, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Sanken Electric Co., Ltd. and consolidated subsidiaries at March 31, 2001 and 2000, the consolidated results of their operations for two years ended March 31, 2001, and the consolidated results of their cash flows for the year ended March 31, 2001 in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 1 to the consolidated financial statements, Sanken Electric Co., Ltd. and consolidated subsidiaries have adopted new accounting standards for employees' retirement benefits, financial instruments, and foreign currency translations effective the year ended March 31, 2001 in the preparation of their consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2001 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Century Ota Showa & Co.

June 28, 2001

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of Sanken Electric Co., Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.

Corporate Data

As of March 31, 2001

Company Name:	Sanken Electric Co., Ltd.
Founded:	September 5, 1946
Headquarters:	3-6-3 Kitano, Niiza-shi, Saitama-ken 352-8666, Japan Telephone: 048-472-1111 Facsimile: 048-471-6249
Employees:	1,437
Common Stock:	Par value: ¥50 Authorized: 257,150,000 shares Issued: 125,606,866 shares
Shareholders:	20,926

Sanken on the Internet:

Sanken's Investor Relations Home Page on the World Wide Web offer a wealth of corporate infomation, including the latest annual report and financial results.
http://www.sanken-ele.co.jp/en/

Board of Directors and Statutory Auditors

As of March 28, 2001

President	Yuji Morita
Executive Vice President	Takao Anzai
Senior Managing Directors	Jin Ishibashi Hirohito Sekine
Managing Directors	Akiyuki Nakoji Kiyoshi Imaizumi Teruo Esumi
Directors	Takayoshi Terashima Takahiro Fukushima Hidejiro Akiyama Isao Bansaku Isao Tokiwa Naoharu Tsujimoto
Standing Auditor	Yoshito Matsui
Auditors	Kiyokane Imai Sadao Asaoka

Directory

Sanken Electric Co.,Ltd

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Niiza Plant
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