Annual Report 2003

Sanken Electric Co., Ltd.

Profile

Since its foundation in 1946, Sanken Electric Co., Ltd., has evolved into a leading manufacturer of power semiconductor devices and power supply equipment. In this role, Sanken has developed a highly customer-oriented business model by drawing on its in-house direct sales organization, rather than through agents and distributors. Under this model, Sanken's field engineers and technically trained sales force are dispatched to work closely with customers' R&D staff. This has enabled the Company to differentiate itself from the competition, and to develop an extensive array of technological platforms centering on power supply-related circuit technologies. As a result, Sanken has earned tremendous trust and confidence from its customers.

Going forward, Sanken is determined to mobilize its global sales network, covering Asia, North America and Europe, to provide the full spectrum of power supply system solutions, including in such peripheral areas as telecommunications, control, diagnosis, detection, protection and display. In the process, the Company will embrace new challenges to meet new objectives.

Sanken's shares are listed on the first sections of the Tokyo Stock Exchange and Osaka Securities Exchange (securities code #6707). To provide more timely and proactive information disclosure, the Company established an Investor Relations Office in April 2003. Sanken will continue reinforcing its disclosure systems to make its operations more transparent to the investment community.

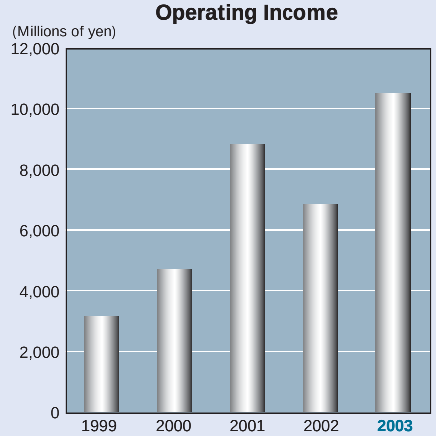
Financial Highlights

Sanken Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2003 and 2002

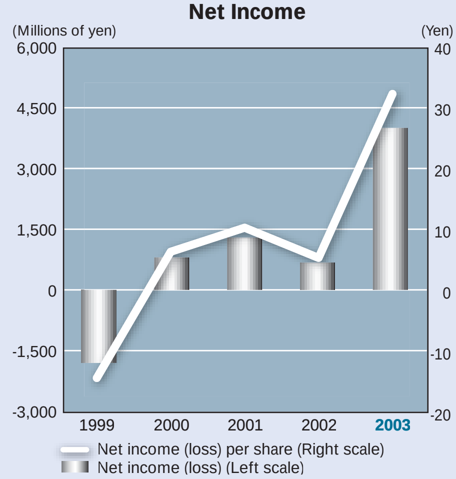
	Millions of Yen		Thousands of U.S. Dollars (Note)
	2003	2002	2003
For the year:			
Net sales	¥146,070	¥140,088	$1,215,224
Operating income	10,491	6,833	87,279
Net income	4,002	670	33,294
Per share (Yen and U.S. dollars):			
Net income	31.96	5.34	0.26
Cash dividends	10.00	10.00	0.08
At year-end:			
Total assets	148,745	157,899	1,237,479
Total shareholders' equity	58,251	59,958	484,617

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥120.20 to US$1.00. See Note 2 of the Notes to Consolidated Financial Statements.

Operating Income



Net Income



Contents

To Our Shareholders

In fiscal 2002, ended March 31, 2003, the Sanken Electric Group strove to expand its business by cultivating new markets, new products and new product applications. As a result, consolidated net sales for the period increased 4.3% year-on-year, with free cash flow soaring 5.6 times, to ¥20.3 billion. Owing to the success of efforts to raise productivity, the cost of sales ratio improved 1.8 percentage points.

During the year, we reported increased sales of semiconductor devices, especially to customers in the mainstay audiovisual (AV), office automation (OA) and automotive electronics sectors. We also steadily increased sales of cold cathode fluorescent lamps (CCFLs), which represent an important strategic product category for the Group. By contrast, sales of power supply equipment were impacted by severe market conditions, highlighting the fact that we need yet a few more extra steps to fundamentally reorganize this business segment. In general, however, we are pleased with our consolidated results, which reflect the success of efforts made to date to promote groupwide management and improve asset efficiency.

The Group's gearing ratio—which shows the ratio of interest-bearing debt to shareholders' equity—declined 19.7 percentage points, underscoring a year of progress in improving our financial position. We have declared a year-end cash dividend of ¥10.00 per share, for a dividend payout ratio of 50.8%. Return on equity for the year was 6.8%.

Reflecting our policy of maximizing return to shareholders, during the year we bought back four million shares of treasury stock. Adopting a long-term perspective, we will continue working to raise corporate value and earn the support of all shareholders.

Market Environment

In the year under review, the electronics industry enjoyed an improved operating environment. Bolstered by progress in inventory adjustments and solid exports, the industry benefited from higher sales of liquid crystal displays (LCDs) and digital consumer electrical appliances.

In these conditions, the Sanken Electric Group worked aggressively to expand its core semiconductor business while introducing new products that address the need to save energy and otherwise protect the environment. At the same time, we renewed our emphasis on our Bipolar, C-MOS, D-MOS (BCD) integrated circuit (IC) chip formulation process technologies—which distinguish Sanken from the competition—and provided high-value-added products that found new applications and niches among manufacturers of automobiles and white electrical home appliances.

In the switching power supply business segment, we incorporated semiconductor-related technologies to enhance our competitiveness. Specifically, we increased sales of products for AC adapters for personal computers (PCs), a new extension of the existing business of the Group, and we carved new markets for our CCFL inverters. We also continued our strategy of concentrating manufacturing in this segment in Indonesia.

In the power supply equipment business segment, we continued focusing on expanding our presence in the uninterruptible power supply (UPS) market while increasing sales of general-purpose invertors in the People's Republic of China.

Going forward, Sanken will focus on further solidifying its earnings base and improving its financial position in its quest to become a self-sustaining growth company resilient against changes in the economic environment.

Fiscal 2002 Highlights

Sanken's vision is to become a corporation that is trusted by all of its stakeholders. Guided by this vision, we made important progress in enhancing the efficiency of consolidated Group management, by overcoming management issues and reinforcing solidarity among employees. As a result of these efforts, we continued promoting the semiconductor business segment as a core business for the Group—as mandated in our medium-term management plan that ended in the year under review—and allocated managerial resources accordingly. We also focused on groupwide management to turn around unprofitable businesses and raise the efficiency of our assets. We reported solid progress in all of these areas, making qualitative changes aimed at achieving new objectives. For specific details about our financial performance, please refer to the financial section in the latter half of this report.

In our core IC business, we enjoyed increased sales of devices for use in televisions, as well as digital audio and other AV equipment. Sales of devices for automotive electronics equipment also remained healthy.

With respect to discrete devices, such as diodes and transistors, we enjoyed favorable results, owing to recovery in overseas AV markets and success in attracting new customers.

In optical devices, CCFLs continued to evolve into a mainstay business for the Group. Year-on-year sales of CCFLs jumped 42.4%, benefiting from the increasing use of LCDs in televisions and PCs, as well as expansion of our production capacity.

In our quest to enhance consolidated operating efficiency, we achieved noteworthy success in reorganizing our U.S. subsidiary, Allegro MicroSystems, Inc., which is part of our core semiconductor business segment. For the period under review, that company reported operating income of $13 million and was therefore able to eliminate its cumulative losses. Its sales of semiconductors have surged about 25% since the first year of our recently completed medium-term management plan, reflecting the success of its swift response to the widespread adoption of electronics technologies in automobiles. Allegro MicroSystems continues to enjoy healthy orders for automotive-use ICs, which are expected to be a key driver of revenues and earnings in the future.

Posing a pressing issue for the Group is the switching power supply business segment. Reflecting our efficiency enhancement efforts, we are consolidating production in Indonesia. In the year under review, PT. Sanken Indonesia focused on improving productivity and succeeded in reducing processing costs. However, our business in switching power supplies is affected directly by markets for OA products, such as copiers, printers and facsimile machines. Due to falling prices for these products, we were unable to achieve positive operating income in this segment, despite increased revenues and improved productivity.

To address these problems, we will accelerate efforts to integrate our businesses in switching power supplies and semiconductors, where we are focusing on two strategic products designed to drive earnings growth in the future. The first is low-priced adapters, equipped with newly developed ICs, for use in notebook computers. The second is high-luminance, high-efficiency, long-life CCFL inverters, which we are optimizing for use in LCD televisions. Through these products, we will strive to distinguish ourselves from the competition and therefore increase revenues and return the switching power supply business segment to profitability.

In our traditional power supply equipment segment, we suffered a ¥600 million operating loss, despite fighting hard to improve profitability. Against a background of depressed IT investments and stiff price competition, demand for our custom power supplies for use in telecommunications facilities failed to recover, while our business in general-purpose power supplies was negatively affected by unstable demand for UPS systems and our withdrawal from unprofitable areas of the inverter market. Going forward, we will concentrate product development efforts on the alternative energy source market as part of our strategy to tailor this segment to fit the new operating environment.

Corporate Governance

Amid a remarkably shifting operating environment, Sanken continues working to speed up executive decision making and hone its responsiveness to the changing environment. To improve corporate governance, in June 2003 the Company introduced a Corporate Officer system, thus separating the strategy formulation and supervisory functions of the Board of Directors from the day-to-day business execution function of corporate officers. We also reinforced our compliance system. To upgrade our internal auditing capabilities, we set up a dedicated section headed by the president and worked to strengthen internal control functions.

Reorganization along Function-Specific Lines

To utilize management resources more effectively, in April 2003 we adopted a matrix configuration for our organization. This entailed reorganizing our product sections into three function-specific divisions: one each for R&D, production and sales. We then assigned product-specific "product category directors" with market strategy and profit management responsibilities to work laterally with the new divisions. These initiatives reflect the aggressive stance we have adopted in our business development plans.

Outlook

Dramatic changes surrounding the electronics industry in recent years highlight the need to create a self-reliant growth company unaffected by economic fluctuations. With this in mind, the Sanken Electric Group embarked on a new medium-term management plan in April 2003. Over the three years covered by the plan, we intend to generate cash flows of ¥30 billion. We will use this cash to reduce interest-bearing debt by ¥20 billion to achieve a ratio of interest-bearing debt to assets of 20% or less and, correspondingly, an equity ratio of 50% or more, by March 2006. If we can achieve this objective, we can reduce our debt coverage period close to only four months, bringing us very close to being a virtually debt-free organization. In the final year of the plan, ending March 2006, we are targeting consolidated net sales of ¥180 billion and a twofold gain in operating income, to ¥20 billion. To realize this, we have positioned our businesses in opto-electronic devices and Allegro MicroSystems' business in automotive sensors and motor driver ICs for OA and industrial equipment as major drivers of earnings growth. In the meantime, we intend to return the switching power supply business segment to profitability and improve earnings of the power supply equipment segment. We will also undertake production-related reforms aimed at improving the cost of sales ratio in our semiconductor business.

Key to the success of our growth plan will be our ability to expand sales of high-value-added semiconductor devices in AV equipment, white electrical home appliances, information and OA equipment, automotive electronic products and other strategic product markets. Geographically, we have positioned China as an important strategic market. We are taking concrete steps there to establish a new operation to complement our Technical Support Center in Hong Kong. By reinforcing our customer support framework in China, we will be able to increase sales of semiconductor devices to local companies. Also in China, we will strengthen and expand both production and sales capabilities in the power supply equipment business segment.

Sanken will allocate groupwide managerial resources to effectively implement these strategies and thus hone its competitive edge. For the current fiscal year, ending March 31, 2004, we are targeting consolidated net sales of ¥153.5 billion and net income of ¥5.0 billion. By steadily pursuing initiatives outlined in our new medium-term management plan, we will concentrate on further reinforcing our earnings base and improving our financial position.

We look forward to the continued understanding and support of shareholders as we embrace the challenges of the future.

June 2003

Yuji Morita

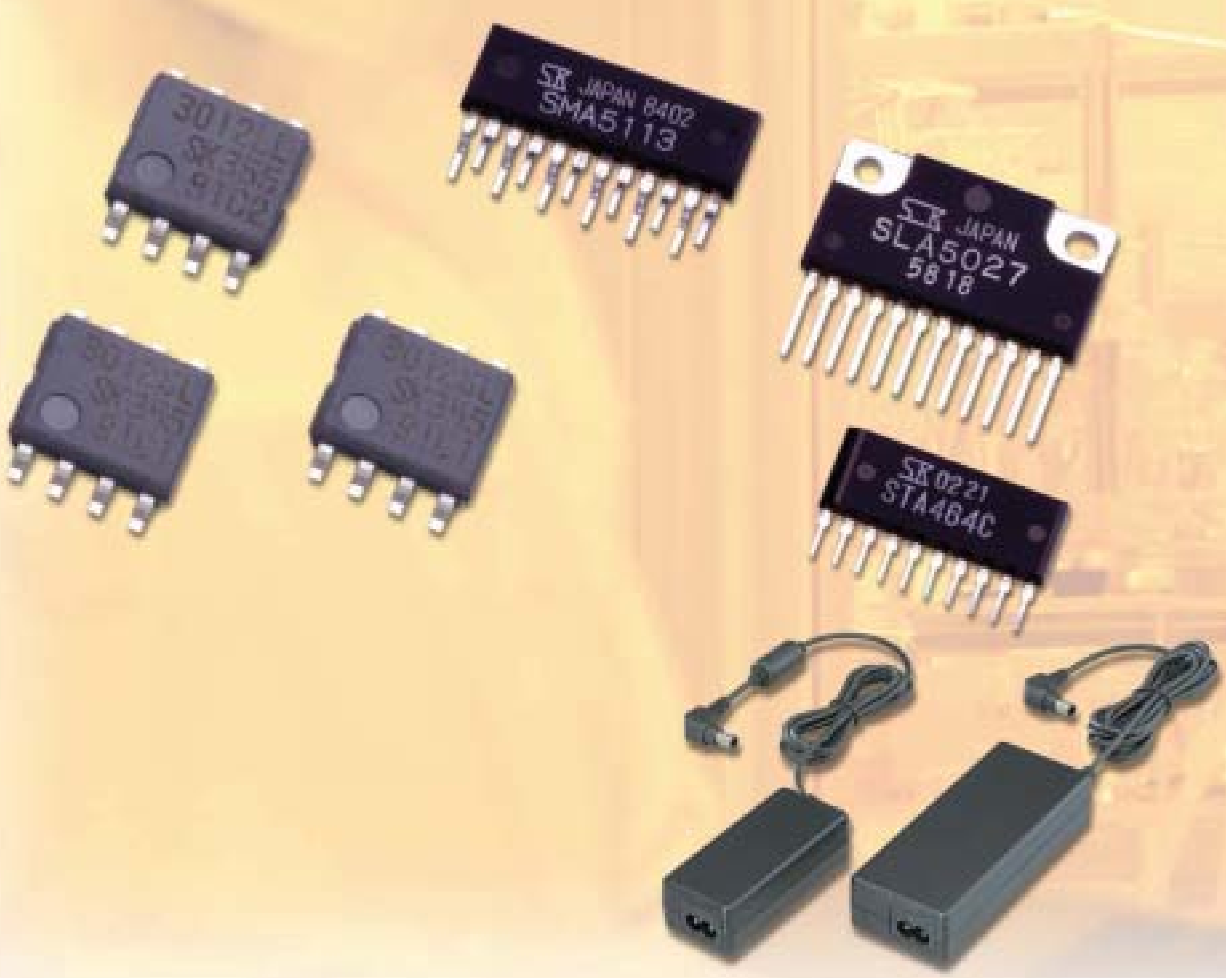
Yuji Morita
President

Special Feature

New Medium-Term Management Plan

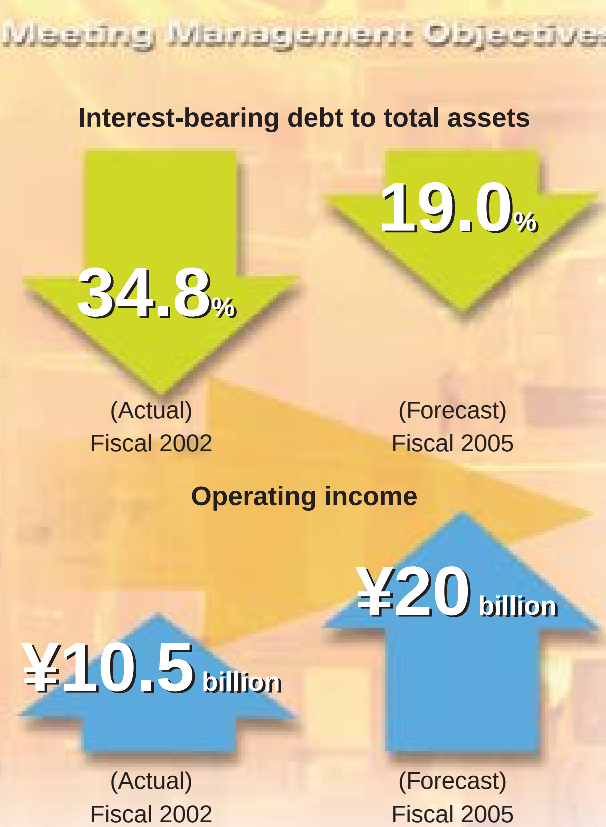
The Sanken Electric Group has formulated a new medium-term management plan, covering the period from April 2003 through March 2006. The key objective of the plan is to enhance corporate value by reinforcing our basic financial condition. We will target progress in this area by shifting our focus away from steps taken to improve the operating efficiency of individual Group companies, with the ultimate aim of boosting consolidated management efficiency. We will also shift our emphasis away from revenue growth. Instead, guided by our new slogan, “Embracing challenges, growing stronger,” we will more proactively target business development based on three growth-oriented initiatives, while placing more weight on improving cash flows and reducing interest-bearing debt. The three initiatives are entering new markets, developing new products and cultivating new applications. In addition, we will reform our manufacturing and technical systems and strengthen ties within the Group. We will harness our entire groupwide resources to achieve these important medium- to long-term goals.

Innovation lies at the heart of corporate value creation. To this end, we will place equal emphasis on bolstering our manufacturing expertise and technological know-how—which will enable us to shorten



production engineering and product development lead times, respectively. Indeed, such reforms represent a key part of our aggressive growth strategy. In other words, we will improve productivity and reinforce our manufacturing technologies so that we can create products far surpassing those made in China and in Southeast Asian countries in terms of quality, cost and promptness of delivery. We will synergize the Group's capabilities in sales, product development, technologies and manufacturing to demonstrate our comprehensive power as a Group.

The Sanken Electric Group distinguishes itself from the competition by its strategic business model, which is based on providing "total power supply solutions." We have incorporated our core power management technologies into application circuitry to create power modules which serve as new, value-added products that give us a competitive edge. Prime examples include our lineup of leading-edge power devices that utilize our Bipolar, C-MOS, D-MOS (BCD) IC chip formulation process technologies. These are the result of our constant pursuit of breakthroughs in next-generation products in what we call the "power and peripherals" field. We look forward to sharing news of our continued technological progress in the near future.



Opto-Electronic Devices: Leveraging Our CCFL Platform to Target Earnings Growth in the Audiovisual and Office Automation Markets

Sanken is one of the leading manufacturers of CCFLs, which are used as crucial components in display panels for increasingly popular large-screen LCD televisions, and for PC monitors. The quality and technological excellence of our products has helped us build strong relationships with end-product manufacturers. Moreover, these products have significant potential for commercial success as primary growth drivers in our fields of strategic focus.

In fiscal 2002, CCFLs accounted for 8.2% of the Company's semiconductor sales, up 1.8 percentage points from the preceding year. In value terms, sales of CCFLs jumped 42.2%, to ¥7.0 billion, knocking LEDs, with ¥5.1 billion in sales, off the top spot in the opto-electronic device category. The applications of our CCFLs continue to diversify; in addition to conventional mainstay applications in PC monitors and notebook computers, we anticipate exponentially growing demand for CCFLs as components of large-screen LCD televisions. While total demand for screen monitors remains generally the same, we continue to benefit from the transition from cathode ray tube (CRT) to LCD in PCs and large-screen television sets. Sanken has seized these opportunities to post solid growth in its CCFL business. Demand has been particularly brisk since February 2003, with major shipments of large-screen LCD televisions slated to hit the summer market in 2003. We expect demand to grow from both new and existing LCD manufacturing customers in Taiwan, South Korea and Japan.

To develop new CCFL applications, we will continue to improve our fluorescent material coating technologies for long, U-shaped and L-shaped tubes. We will also speed up our response to extra-large displays to deliver high-value-added products.

In the current fiscal year, ending March 31, 2004, we aim to more than double the share of CCFL sales in the semiconductor segment, to 30%. Over the three years covered by our medium-term management plan, we intend to increase sales of these products by around ¥10 billion. To this end, we will raise the proportion of production machinery assembled in-house to ensure maximum production volume and efficiency, and will improve the return on our capital expenditures.

LEDs constitute another strategic product group in this category. In cultivating new markets and applications for these products, we have established a solid base of key technologies and are currently undertaking product development using silicon in place of sapphire. Specifically, we intend to commercialize the world's first-ever silicon-based blue LEDs at the earliest possible date and are now using related technologies to develop power LEDs. In both areas, we plan to offer the brightest luminance and highest reliability to our customers.

CCFLs

Integrated Circuits: Earnings Growth through Sales to Consumer, Automotive Electronics and Industrial Sectors

The Sanken Electric Group's mainstay power electronics business centers on power ICs. The strength of our IC business lies in our application engineering expertise and in the development of products in close cooperation with end-product manufacturers. These strengths have enabled us to swiftly address market-specific customer needs by providing best-suited IC products. Owing to our marketing prowess, which keeps us ahead of the competition, we have established a solid position as a developer of highly beneficial products.

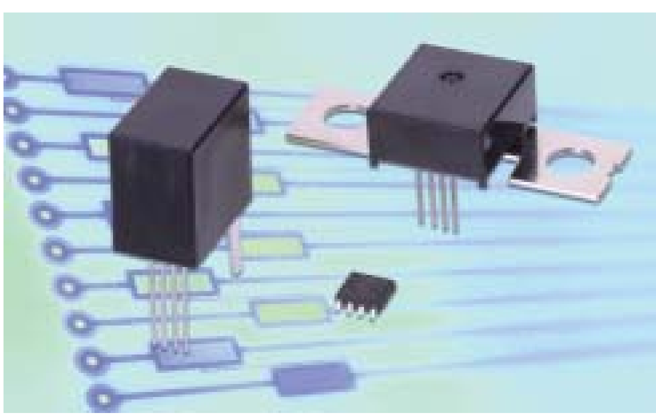
The Group has built a stable source of revenue and earnings by supplying ICs to manufacturers of AV and OA equipment, as well as white electrical home appliances and automobiles. Here too, this is thanks to our BCD process technologies—used to make single-chips ICs that have both power sensing and power control circuitry on the same chip and at the same time can withstand high voltages and large currents. In this way, we have established a strong competitive edge across the power supply spectrum, from low-voltage to very high voltage devices, which in turn has helped boost earnings for the Group. In other words, as a specialist in power supply ICs, we have created a unique market of our own that is completely separate from the one occupied by large-scale makers of commodity-like digital memory ICs.

The Sanken Electric Group has several lines of strategic IC products that are expected to become new sources of revenue and earnings in the near future.

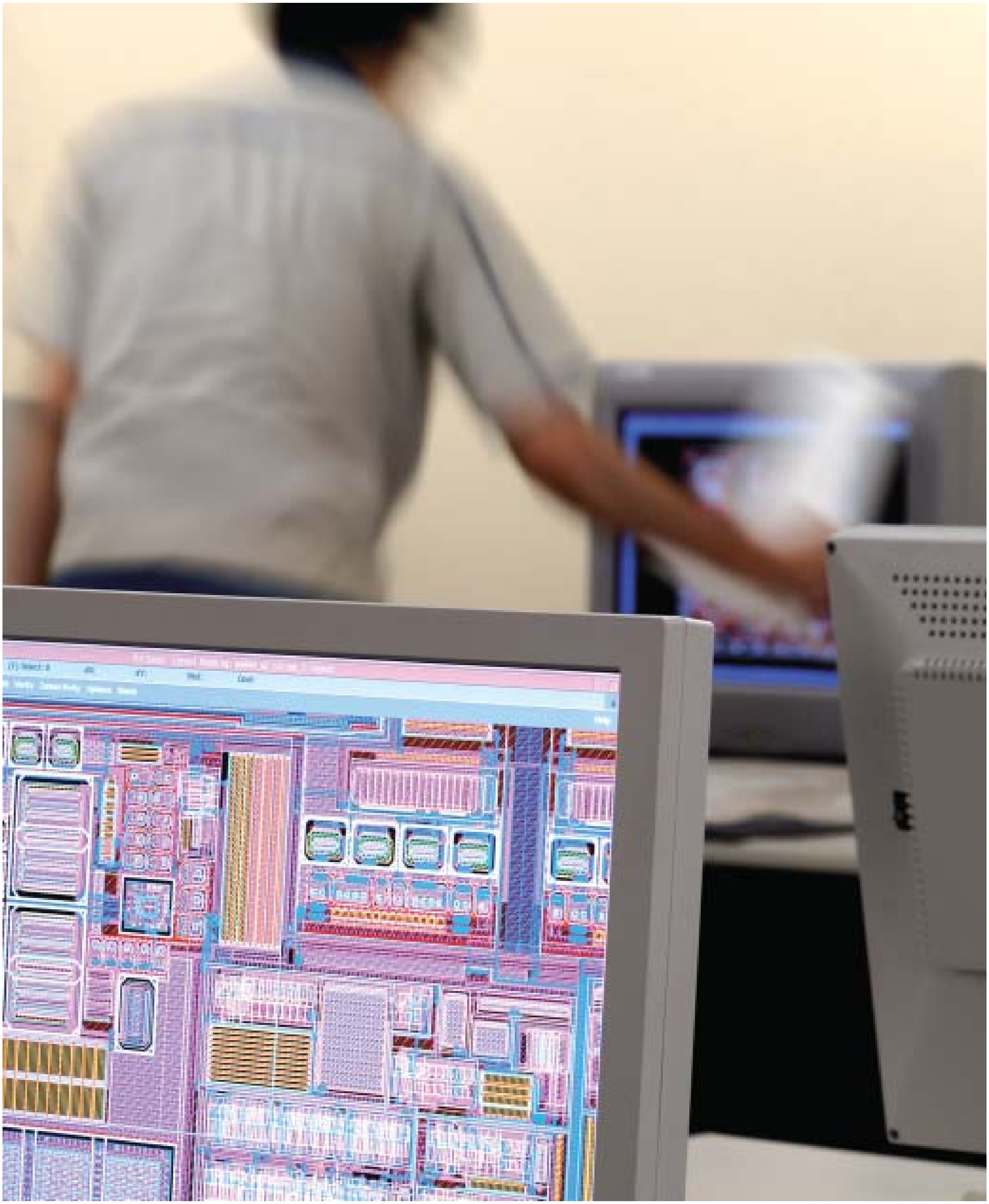
First, there are growing opportunities in the AV market for providing solutions based on our high-quality switching power supplies. These opportunities stem from recent trends in the market—the digital revolution in audio and the shift to flat-panel displays in video—which together require highly effective and efficient power supply solutions. Based on market observations related to AV equipment, we understand that in accordance with the demand for larger output power, sales of power ICs in low-profile packages for built-in power applications—which is one of our major portfolios—will steadily grow. Moreover, since small white electronic home appliances have recently become subject to energy saving initiatives, demand for more efficient power ICs is increasing. Incorporation of our BCD process technologies leads to greater than ever reduction in power loss, and we expect demand for our increasingly efficient power ICs to expand as a result.

Second, in the market for automotive electronics, there is growing emphasis on added value in terms of safety and low environmental impact. Automobile manufacturers are therefore increasingly relying on manufacturers of power supply ICs, searching for excellent adaptability and an extraordinarily high level of reliability. Being under such demands, the Company foresees reassuring growth in profitability, owing to the superiority of its BCD process technologies, such as MOS FET and power IC drivers for electronic power steering (EPS); igniter ICs and electronic fuel injection (EFI) driver ICs, which realize fuel savings and lower emissions; ICs for electronic automatic transmission (EAT) and anti-lock braking systems (ABS); motor driver ICs for adaptive front lighting systems (AFS); and driver ICs for high-intensity discharge (HID) lamps in cruising and safety systems. In accordance with the progress of hybrid and electric vehicles, the applications that require ICs managing large current and semiconductor relays will significantly expand.

Third, in the OA market, we can expect earnings growth from sales of motor driver ICs used in printers and copiers. In the field of ICs for printer applications, Sanken is securing its leadership with driver ICs for carriage and paper feed motors by incorporating regulator and motor driver functions in a single package. In addition, Allegro MicroSystems expects growth in sales of products for ink-jet printer applications, which also utilize BCD process technologies. Moreover, with the paper copier market's increasing demand for color printing, finer resolution and higher printing speed, we have secured technical predominance by exploiting BCD process technologies to advance the hybridization of products with still higher power management capabilities, and hence expanded the opportunity to extend profit growth.



Current sensors for the OA market



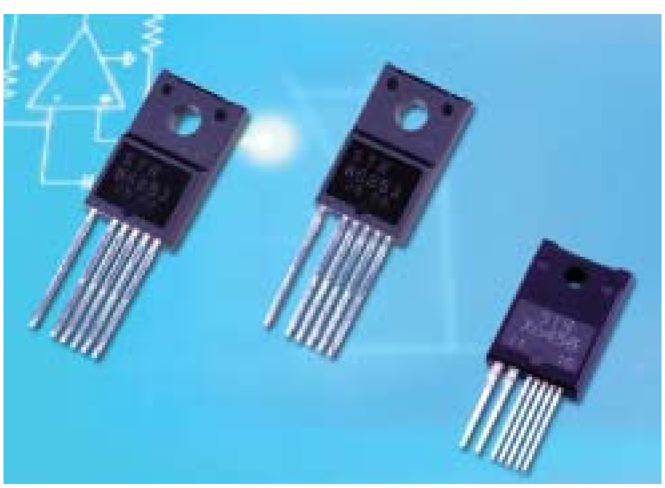
Regional Strategic Focus: Reinforcing Our Technological, Production and Sales Capabilities in China

The Sanken Electric Group is realigning its marketing, technological and production systems in Japan and overseas. Our quest is to cultivate new markets and expand sales on a global basis, focusing on advances in speed and efficiency. Our overall strategy entails reinforcing ties between the Overseas Sales Division and the R&D, production and domestic sales sections of our various business units, to build a value chain. In addition, we will set up a sales and technical follow-up network to better serve end-product manufacturers who are setting up design operations overseas. In these ways, we intend to differentiate ourselves from the competition and secure a sustainable, competitively advantageous position in the marketplace.

Due to its sheer market size, China holds particular appeal. For this reason, we have positioned China as a region of strategic focus for our business development. In the inverter business, for example, by using power IC regulators for CRT televisions to penetrate into and expand our share in the television set manufacturer market, we plan to first build solid brand recognition. This will then benefit our efforts to increase sales of other products, such as CCFLs for LCD television sets and related inverter circuits, LCD PC monitors and notebook PCs, and inverter ICs for white electrical home appliances.

To compete with local Chinese companies and expand our semiconductor sales, we are now working to set up technical support centers in China at locations closer to customers. This will enable engineer-to-engineer technical support to complement effective sales follow-up arrangements. In addition, we plan to transfer to China our production engineering expertise in the power supply equipment segment. In this way, we will strive to serve AV manufacturers from Japan, Hong Kong and Taiwan that have production facilities in China, as well as local manufacturers, to maximize opportunities for new business.

In the year under review, sales in China totaled ¥18.4 billion, up 53.3% from the previous year. Within this total, sales of semiconductor devices grew 46.5%, to ¥12.6 billion; sales of switching power supplies jumped 111.1%, to ¥3.8 billion; and sales of power supply equipment climbed 25.0%, to ¥2.0 billion. By the final year of the new medium-term business plan, we intend to raise annual sales in China a further 79.3%, to ¥33.0 billion.



ICs for CRT televisions

Inverters for motor control

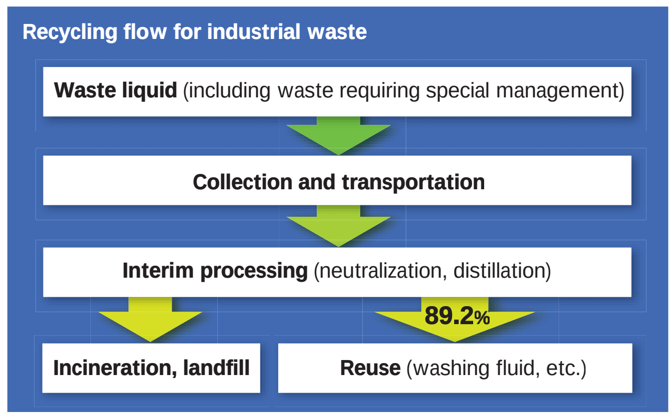
Environmental Initiatives

The Sanken Electric Group pursues environmental protection initiatives and constantly works to ensure that its business practices are socially acceptable and environmentally sound. We also place high importance on keeping stakeholders fully informed of our activities.

In fiscal 2002, we made a concentrated, groupwide effort aimed at minimizing the impact of our operations on the environment. Harmonious coexistence with the environment is our fundamental responsibility, and we maintain a sincere and creative approach to ensuring our corporate activities are friendly to the environment in all respects. Based on this stance, we made good progress in our efforts to minimize the environmental impact of our activities, particularly in relation to waste-water and other liquids.

In fiscal 1999, we initiated a campaign to be accorded ISO 14001 certification for all of our operations and to reduce waste by increasing recycling. In the four years since, we have reduced the volume of general industrial waste (including fluorine oxide, purification tank sludge and waste oil) to less than one-fifth and the volume of specified industrial waste (such as solvents, grinder sludge and painting sludge) to less than one-tenth. Such progress has benefited greatly from our increased use of recycled materials.

In the year under review, the total volume of waste generated annually by our plants was 1,760 tons—140 tons by the main plant, 950 tons by the Niiza plant and 670 tons by the Kawagoe plant. Chemical and liquid waste accounted for 74% of waste generated by the Niiza plant, and waste products and equipment accounted for 62% of waste generated by the Kawagoe plant. Our total recycling ratio, including that of general waste, was above 85%, and we intend to increase the ratio to above 95% by the end of fiscal 2005.



(*As of December 31, 2002)

Consolidated Five-Year Summary

Sanken Electric Co., Ltd. and Consolidated Subsidiaries

	Millions of yen				
Years ended March 31, 2003, 2002, 2001, 2000 and 1999	**2003**	2002	2001	2000	1999
Statements of income					
Net sales	**¥146,070**	¥140,088	¥158,710	¥136,529	¥133,763
Cost of sales	**114,404**	112,279	127,202	111,586	110,227
Gross profit	**31,666**	27,808	31,507	24,942	23,536
Selling, general and administrative expenses	**21,174**	20,975	22,700	20,240	20,373
Operating income	**10,491**	6,833	8,807	4,701	3,163
Other expenses	**(4,919)**	(5,201)	(5,833)	(2,227)	(4,307)
Income (loss) before income taxes and minority interests	**5,572**	1,631	2,924	2,474	(1,144)
Current income taxes	**2,632**	437	4,468	1,946	586
Net income (loss)	**4,002**	670	1,294	803	(1,805)
Balance sheets					
Total current assets	**¥ 90,752**	¥ 91,661	¥109,067	¥107,737	¥100,704
Total investments and long-term receivables	**8,032**	9,362	10,629	8,085	11,675
Property, plant and equipment, net	**48,563**	55,444	54,520	50,250	54,105
Other assets	**1,396**	1,430	1,341	1,645	1,019
Total assets	**148,745**	157,899	175,558	170,766	168,996
Total current liabilities	**59,121**	49,691	61,112	62,013	66,217
Total long-term liabilities	**31,194**	48,028	54,856	47,182	40,544
Minority interests	**177**	220	189	168	247
Total shareholders' equity	**58,251**	59,958	59,400	61,402	61,988
Total liabilities and shareholders' equity	**148,745**	157,899	175,558	170,766	168,996
Per share					
	Yen				
Shareholders' equity per share	**¥477.87**	¥478.07	¥472.92	¥485.57	¥488.26
Net income (loss) per share	**31.96**	5.34	10.24	6.34	(14.16)
Cash dividends per share	**10.00**	10.00	0.00	10.00	10.00

Results of Operations

In fiscal 2002, ended March 31, 2003, consolidated net sales of Sanken advanced 4.3%, to ¥146.1 billion. Overseas sales—which include export sales of the Company and its domestic consolidated subsidiaries and sales of overseas consolidated subsidiaries, excluding exports to Japan—accounted for 51.4% of net sales, an increase of 4.2 percentage points. Cost of sales rose 1.9%, to ¥114.4 billion, equivalent to 78.3% of net sales, an improvement of 1.8 percentage points. Selling, general and administrative expenses were essentially level with the previous period, edging up 0.9%, to ¥21.1 billion.

Operating income surged 53.5%, to ¥10.5 billion. This gain is attributable to several positive factors, including the reform in production engineering at semiconductor manufacturing subsidiaries, which supported a ¥3.3 billion increase in sales of semiconductors; similar efforts in the area of switching power supplies, boosting sales of these products ¥700 million; and the results of U.S. subsidiary Allegro MicroSystems, which registered a ¥300 million rise in sales. These gains countered the negative impact of falling product prices, amounting to ¥3.8 billion, and sluggish sales of power supply equipment, totaling ¥600 million.

Operating income of the Company and its domestic consolidated subsidiaries in Japan soared 69.8%, to ¥11.2 billion. Operating income of consolidated subsidiaries elsewhere in Asia rose 4.4%, to ¥1.0 billion, and in North America climbed 52.3%, to ¥1.4 billion. In contrast, operating income of consolidated subsidiaries in Europe declined 54.5%, to ¥141 million.

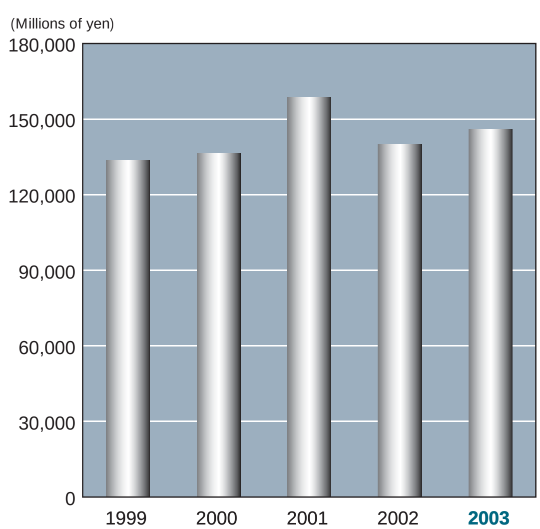
In other income (expenses), a ¥512 million exchange loss and a ¥521 million loss on revaluation of inventories contributed to the Company recording other expenses of ¥4.9 billion.

Owing to these and other factors, net income soared to ¥4.0 billion, approximately six times the fiscal 2001 result. Net income per share was ¥31.96, while return on equity (ROE) was 6.8%.

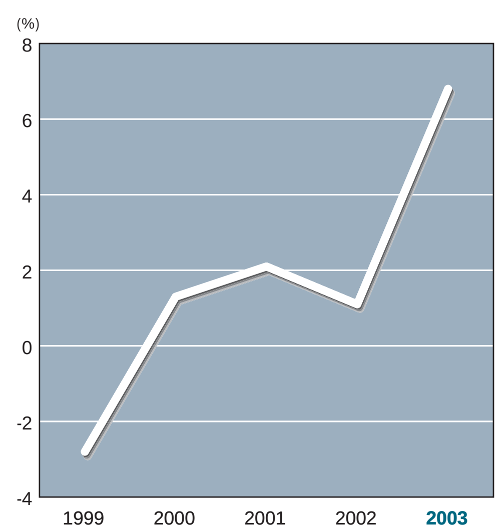
Financial Position

As of March 31, 2003, total assets of the Company amounted to ¥148.7 billion, down ¥9.2 billion from the fiscal 2001 year-end. Total current assets decreased ¥909 million, to ¥90.8 billion, of which a ¥6.4 billion decline in inventories, to ¥32.6 billion, and a ¥3.2 billion increase in cash and deposits, to ¥16.6 billion, were noteworthy. Accordingly, the current ratio was 1.54 times, down from 1.84 times.

Net Sales



ROE



Total investments and long-term receivables declined ¥1.3 billion, to ¥8.0 billion. Property, plant and equipment, net, fell ¥6.9 billion, to ¥48.6 billion, as land decreased ¥466 million, to ¥3.9 billion, buildings slipped ¥1.1 billion, to ¥45.6 billion, and machinery and equipment decreased ¥3.0 billion, to ¥122.6 billion.

Total current liabilities came to ¥59.1 billion, an increase of ¥9.4 billion. Total long-term liabilities fell 35.1%, or ¥16.8 billion, to ¥31.2 billion. Of these changes, some were simply transfers from long-term liabilities to current liabilities, such as a portion of straight bonds falling within one year of maturity and a refinancing of long-term bank borrowings with the issuance of commercial paper. Thus, total liabilities fell ¥7.4 billion, of which the only significant factor was the ¥10.0 billion redemption of convertible bonds at maturity.

As a consequence of these changes, interest-bearing debt declined ¥12.3 billion, to ¥51.7 billion.

Total shareholders' equity edged down ¥1.7 billion, to ¥58.3 billion, primarily a consequence of the purchase of treasury stock, which totaled ¥3.2 billion.

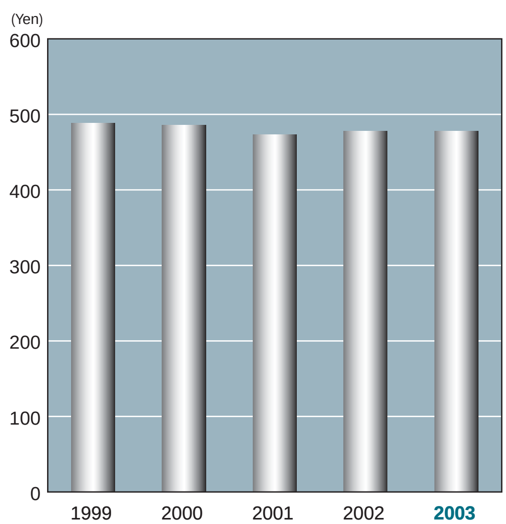
Capital Expenditures

Sanken has continuously sought to rationalize its operations by concentrating investment in its core semiconductor business, strengthening development of new power semiconductor products and raising customer confidence. In the period under review, the Company targeted capital expenditures carefully, investing ¥1.3 billion in subsidiaries Fukushima Sanken Co., Ltd., and Korea Sanken Co., Ltd., and strengthening production of CCFLs. Total capital expenditures for the period came to ¥6.8 billion, down sharply from fiscal 2001. Of the total, ¥5.9 billion was allocated to the semiconductor business, ¥717 million to the switching power supply business and ¥150 million to the power supply equipment business.

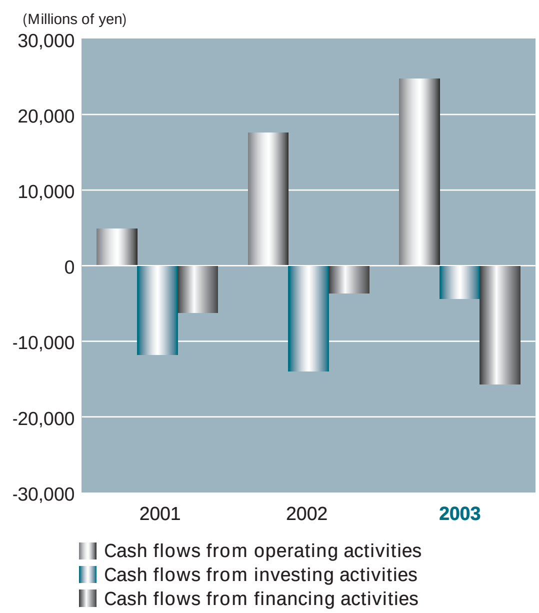
Cash Flows

Net cash provided by operating activities amounted to ¥24.6 billion in fiscal 2002, up ¥7.1 billion from the previous period. This change was largely attributable to a ¥3.9 billion gain in income before income taxes and minority interests in earnings of affiliates, a ¥4.7 billion decrease in inventories and a ¥2.5 billion decline in income taxes paid.

Shareholders' Equity per Share



Cash Flows



Net cash used in investing activities came to ¥4.3 billion, down ¥9.6 billion. This change reflected a decline in purchases of property, plant and equipment, to ¥6.0 billion, as well as higher proceeds from sales of property, plant and equipment and a sharp decrease in purchases of investment securities.

Net cash used in financing activities was ¥15.6 billion, up ¥12.0 billion. In line with the Company's goal of reducing interest-bearing debt, ¥10.0 billion in convertible bonds that matured were simply redeemed without any refinancing. This was similar to a ¥2.2 billion repayment of bank borrowings in the previous period. In addition, in keeping with the objective of maximizing shareholder value, the Company made an outlay of ¥4.1 billion for redemption of treasury stock, up from ¥147 million in fiscal 2001.

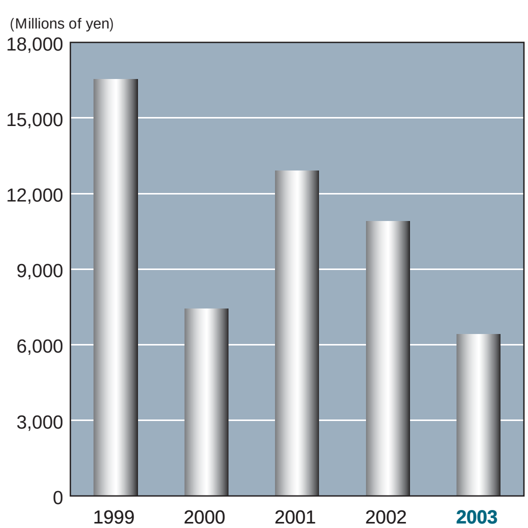
Owing to the Company's operating, investing and financing activities, cash and cash equivalents at end of the year totaled ¥16.4 billion, an increase of ¥4.1 billion from a year earlier.

Segment Information

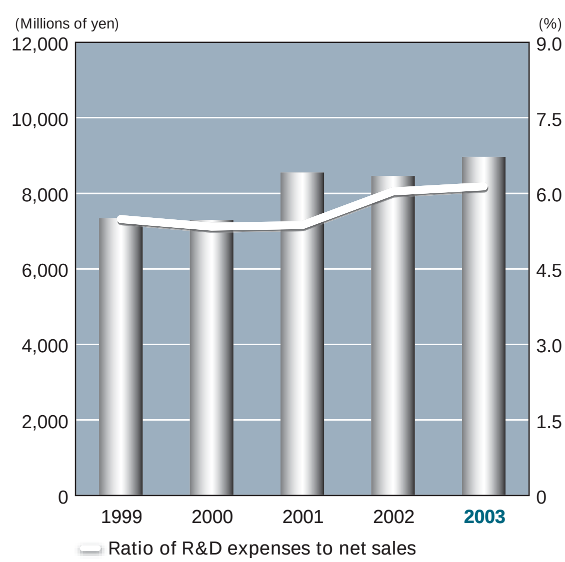
Semiconductor Business

Orders for semiconductors rose 17.3%, or ¥109.7 billion, during the period, contributing to an increase in the backlog of orders of 14.0%, or ¥15.5 billion. Sales in this segment were bolstered by firm sales of core ICs for AV equipment, as well as for automotive electronics applications, and a sharp increase in sales of ICs for printers manufactured by U.S. subsidiary Allegro MicroSystems. Discrete semiconductors also performed well, attracting new customers in the overseas AV equipment market as market conditions improved. Sales of CCFLs—the Company's current mainstay opto-electronic devices—rose strongly, reflecting expanded production of LCDs for televisions and PCs. Allegro MicroSystems—for which North America and Europe are its principal markets—registered a significant increase in sales for OA applications, owing to the completion of inventory adjustments by customers and investment in new product development, as well as firm sales to the automotive electronics sector. Sales in this segment rose 9.0%, to ¥106.6 billion, while operating income climbed 35.7%, to ¥13.6 billion.

Capital Expenditures



R&D Expenses



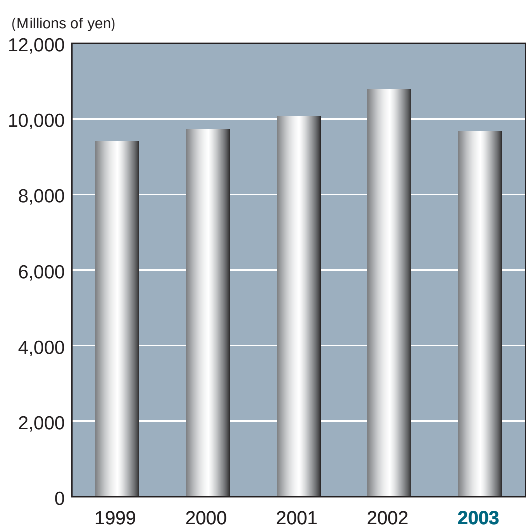
Switching Power Supply Business

Despite a 12.4% increase in orders for switching power supplies, to ¥25.1 billion, the backlog of orders fell 37.3%, to ¥1.7 billion. Sales of AC adapters for notebook PCs rose, as newly developed products featuring power ICs attracted new customers. Conventional switching power supplies also performed well. PT. Sanken Indonesia, the Company's principal production base for switching power supplies, expanded output as the shift by customers to production overseas and favorable conditions in the global AC adapter market pushed up sales. In contrast, Sanken Power Systems (UK) Limited registered a decline in sales as faltering sales for the mainstay white goods market and the communications equipment market countered steady growth in sales to consumer electronics manufacturers from the second quarter. Despite an 8.1% increase in sales, to ¥24.7 billion, the segment posted an operating loss of ¥651 million.

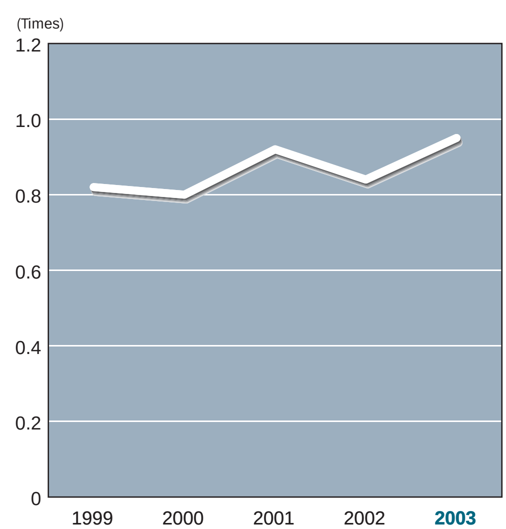
Power Supply Equipment Business

Orders for power supply equipment fell 25.9%, to ¥13.3 billion. As a consequence, the backlog fell 41.4%, to ¥1.9 billion. Sales of custom power supply equipment fell sharply, as slack demand for mainstay power supplies for the communications sector from the second half of fiscal 2001 absorbed firm orders from the public and private sectors, received as a result of active sales promotions. Sales of general-purpose power supply equipment declined, reflecting the Company's withdrawal from the unprofitable air conditioner inverter business and persistently sluggish demand for UPS equipment, a consequence of harsh price competition. Segment sales fell 23.9%, to ¥14.7 billion, while operating income amounted to ¥3 million, compared with ¥595 million in the previous period.

Depreciation Expense



Asset Turnover



Consolidated Balance Sheets

Sanken Electric Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2003	2002	**2003**
ASSETS			
Current assets:			
Cash and deposits (Note 3)	**¥ 16,596**	¥ 13,391	**$ 138,069**
Notes and accounts receivable:			
Trade and other	**38,013**	36,393	**316,247**
Less allowance for doubtful receivables	**(81)**	(116)	**(673)**
	37,932	36,276	**315,574**
Inventories (Note 5)	**32,647**	38,998	**271,605**
Deferred tax assets (Note 8)	**2,013**	1,567	**16,747**
Other current assets	**1,562**	1,427	**12,995**
Total current assets	**90,752**	91,661	**755,008**
Investments and long-term receivables:			
Investments in unconsolidated subsidiaries and affiliates	**1,013**	1,143	**8,427**
Investments in other securities (Note 4)	**3,214**	4,700	**26,738**
Deferred tax assets (Note 8)	**2,261**	1,750	**18,810**
Other long-term receivables	**1,742**	1,770	**14,492**
Less allowance for doubtful receivables	**(199)**	(2)	**(1,655)**
Total investments and long-term receivables	**8,032**	9,362	**66,821**
Property, plant and equipment, at cost (Note 6)**:**			
Land	**3,904**	4,370	**32,479**
Buildings	**45,584**	46,645	**379,234**
Machinery and equipment	**122,555**	125,573	**1,019,592**
Construction in progress	**1,939**	1,502	**16,131**
	173,983	178,091	**1,447,445**
Less accumulated depreciation	**(125,419)**	(122,647)	**(1,043,419)**
Property, plant and equipment, net	**48,563**	55,444	**404,018**
Other assets	**1,396**	1,430	**11,613**
Total assets	**¥148,745**	¥157,899	**$1,237,479**

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

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2003	2002	**2003**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term bank loans (Note 6)	**¥ 4,102**	¥ 6,985	**$ 34,126**
Current portion of long-term debt (Note 6)	**16,701**	16,307	**138,943**
Commercial paper	**7,000**	—	**58,236**
Notes and accounts payable:			
Trade and other	**19,289**	17,612	**160,474**
Construction	**582**	366	**4,841**
	19,872	17,978	**165,324**
Accrued expenses	**7,524**	6,225	**62,595**
Income taxes payable (Note 8)	**2,325**	664	**19,342**
Deferred tax liabilities (Note 8)	**—**	58	**—**
Other current liabilities	**1,595**	1,470	**13,269**
Total current liabilities	**59,121**	49,691	**491,855**
Long-term liabilities:			
Long-term debt (Note 6)	**23,933**	40,703	**199,109**
Accrued retirement benefits for directors	**403**	363	**3,352**
Accrued employees' retirement benefits (Note 7)	**6,671**	6,782	**55,499**
Deferred tax liabilities (Note 8)	**36**	17	**299**
Other long-term liabilities	**150**	160	**1,247**
Total long-term liabilities	**31,194**	48,028	**259,517**
Minority interests	**177**	220	**1,472**
Shareholders' equity (Note 9)**:**			
Common stock			
Authorized—257,000,000 shares			
Issued and outstanding:			
2003—125,490,302 shares	**20,896**	—	**173,843**
2002—125,457,910 shares	**—**	20,881	**—**
Capital surplus	**21,167**	21,103	**176,098**
Retained earnings	**21,002**	18,313	**174,725**
Net unrealized loss on securities	**(105)**	(125)	**(873)**
Translation adjustments	**(1,506)**	(188)	**(12,529)**
Less treasury stock, at cost;			
7,185,037 shares in 2003 and 40,746 shares in 2002	**(3,201)**	(26)	**(26,630)**
Total shareholders' equity (Note 15)	**58,251**	59,958	**484,617**
Contingent liabilities (Note 10)			
Total liabilities and shareholders' equity	**¥148,745**	¥157,899	**$1,237,479**

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

Consolidated Statements of Income

Sanken Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2003	2002	**2003**
Net sales	**¥146,070**	¥140,088	**$1,215,224**
Cost of sales	**114,404**	112,279	**951,780**
Gross profit	**31,666**	27,808	**263,444**
Selling, general and administrative expenses (Notes 7 and 11)	**21,174**	20,975	**176,156**
Operating income	**10,491**	6,833	**87,279**
Other income (expenses):			
Interest expense	**(1,560)**	(1,828)	**(12,978)**
Interest and dividend income	**103**	178	**856**
Gain on sales of marketable and investment securities	**—**	148	**—**
Exchange gain (loss)	**(512)**	620	**(4,259)**
Gain on withdrawal from the Welfare Pension Fund Plan	**911**	—	**7,579**
Loss on revaluation of inventories	**(521)**	(519)	**(4,334)**
Loss on revaluation of investment securities	**(1,639)**	(2,870)	**(13,635)**
Other, net	**(1,700)**	(930)	**(14,143)**
	(4,919)	(5,201)	**(40,923)**
Income before income taxes and minority interests	**5,572**	1,631	**46,356**
Income taxes (Note 8):			
Current	**2,632**	437	**21,896**
Deferred	**(1,093)**	475	**(9,093)**
Income before minority interests	**4,033**	718	**33,552**
Minority interests	**(31)**	(48)	**(257)**
Net income (Note 15)	**¥ 4,002**	¥ 670	**$ 33,294**

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

Consolidated Statements of Shareholders' Equity

Sanken Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2003 and 2002

	Number of shares of common stock	Millions of yen: Common stock	Capital surplus	Retained earnings	Net unrealized loss on securities	Translation adjustments	Treasury stock at cost
Balance at March 31, 2001	125,606,866	¥20,880	¥21,103	¥18,986	—	¥(1,568)	¥ (0)
Conversion of convertible bonds	1,044	0	0	—	—	—	—
Retirement of treasury stock	(150,000)	—	—	(88)	—	—	—
Cash dividends paid	—	—	—	(1,254)	—	—	—
Net income for the year ended March 31, 2002	—	—	—	670	—	—	—
Net change during the year	—	—	—	—	(125)	1,379	25
Balance at March 31, 2002	**125,457,910**	**20,881**	**21,103**	**18,313**	**(125)**	**(188)**	**(26)**
Acquisition of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**(4,133)**
Conversion of convertible bonds	**32,392**	**15**	**63**	**—**	**—**	**—**	**969**
Bonuses to directors and statutory auditors	**—**	**—**	**—**	**(50)**	**—**	**—**	**—**
Cash dividends paid	**—**	**—**	**—**	**(1,226)**	**—**	**—**	**—**
Net income for the year ended March 31, 2003	**—**	**—**	**—**	**4,002**	**—**	**—**	**—**
Net change during the year	**—**	**—**	**—**	**—**	**19**	**(1,317)**	**—**
Other	**—**	**—**	**—**	**(37)**	**—**	**—**	**(11)**
Balance at March 31, 2003	**125,490,302**	**¥20,896**	**¥21,167**	**¥21,002**	**¥(105)**	**¥(1,506)**	**¥(3,201)**

	Thousands of U.S.dollars (Note 2): Common stock	Capital surplus	Retained earnings	Net unrealized loss on securities	Translation adjustments	Treasury stock at cost
Balance at March 31, 2002	**$173,718**	**$175,565**	**$152,354**	**$(1,039)**	**$ (1,564)**	**$ (216)**
Acquisition of treasury stock	**—**	**—**	**—**	**—**	**—**	**(34,384)**
Conversion of convertible bonds	**124**	**524**	**—**	**—**	**—**	**8,061**
Bonuses to directors and statutory auditors	**—**	**—**	**(415)**	**—**	**—**	**—**
Cash dividends paid	**—**	**—**	**(10,199)**	**—**	**—**	**—**
Net income for the year ended March 31, 2003	**—**	**—**	**33,294**	**—**	**—**	**—**
Net change during the year	**—**	**—**	**—**	**158**	**(10,956)**	**—**
Other	**—**	**—**	**(307)**	**—**	**—**	**(91)**
Balance at March 31, 2003	**$173,843**	**$176,098**	**$174,725**	**$ (873)**	**$(12,529)**	**$(26,630)**

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

Consolidated Statements of Cash Flows

Sanken Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2003	2002	**2003**
Operating activities:			
Income before income taxes and minority interests in earnings of affiliates	**¥ 5,572**	¥ 1,631	**$ 46,356**
Depreciation and amortization	**9,939**	11,027	**82,687**
Reversal of allowance for doubtful receivables	**173**	15	**1,439**
Interest and dividend income	**(103)**	(178)	**(856)**
Interest expense	**1,560**	1,828	**12,978**
(Reversal of) provision for retirement benefits for employees	**(102)**	684	**(848)**
Gain on sales of investment securities	**(3)**	(148)	**(24)**
Loss on revaluation of investment securities	**1,639**	2,870	**13,635**
(Increase) decrease in notes and accounts receivable	**(894)**	11,917	**(7,437)**
Decrease in inventories	**4,723**	7,320	**39,292**
Increase (decrease) in notes and accounts payable	**2,433**	(13,471)	**20,241**
Other	**2,134**	(850)	**17,753**
Subtotal	**27,072**	22,645	**225,224**
Interest and dividends received	**104**	117	**865**
Interest paid	**(1,614)**	(1,826)	**(13,427)**
Income taxes paid	**(940)**	(3,456)	**(7,820)**
Net cash provided by operating activities	**24,621**	17,480	**204,833**
Investing activities:			
Purchases of property, plant and equipment	**(6,013)**	(12,018)	**(50,024)**
Proceeds from sales of property, plant and equipment	**1,952**	90	**16,239**
Purchases of investment securities	**(11)**	(2,633)	**(91)**
Proceeds from sales of investment securities	**21**	637	**174**
Decrease in long-term loans	**16**	14	**133**
Other	**(231)**	42	**(1,921)**
Net cash used in investing activities	**(4,266)**	(13,867)	**(35,490)**
Financing activities:			
Decrease in short-term bank loans	**(1,924)**	(4,687)	**(16,006)**
Proceeds from issuance of commercial paper	**7,000**	—	**58,236**
Proceeds from issuance of long-term bank loans	**2,836**	6,667	**23,594**
Repayment of long-term debt	**(18,059)**	(4,140)	**(150,241)**
Proceeds from sales of treasury stock	**—**	33	**—**
Redemption of treasury stock	**(4,133)**	(147)	**(34,384)**
Cash dividends paid	**(1,243)**	(1,254)	**(10,341)**
Dividends paid to minority interests	**(53)**	(21)	**(440)**
Net cash used in financing activities	**(15,578)**	(3,550)	**(129,600)**
Effect of exchange rate changes on cash and cash equivalents	**(418)**	69	**(3,477)**
Net increase in cash and cash equivalents	**4,358**	132	**36,256**
Cash and cash equivalents at beginning of the year	**12,350**	12,217	**102,745**
Decrease in cash and cash equivalents due to change in fiscal year of a consolidated subsidiary	**(298)**	—	**(2,479)**
Cash and cash equivalents at end of the year (Note 3)	**¥ 16,410**	¥ 12,350	**$ 136,522**

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

1. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements of Sanken Electric Co., Ltd. (the "Company") and consolidated subsidiaries have been prepared in accordance with accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of 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

The accompanying consolidated financial statements include the accounts of 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

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair market value with any changes in unrealized gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Non-marketable securities classified as other securities are carried at cost. The cost of securities sold is determined by the moving average method.

(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, Intangible Assets and Depreciation

Property, plant and equipment is recorded at cost. Depreciation at the Company and its domestic subsidiaries is computed principally by the declining-balance method over the estimated useful lives of the respective assets except that the straight-line method is applied to the buildings acquired on or after April 1, 1998. The estimated useful lives are as follows:

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

Intangible assets are amortized over 5 years by the straight-line method.

(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 the resulting gain or loss is 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.

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.

(g) Derivatives

The Company has entered into various derivatives transactions in order to manage certain risks arising from adverse fluctuation in foreign currency exchange rates and interest rates. Derivatives positions are carried at fair value with any changes in unrealized gain or loss charged or credited to income.

(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) Income Taxes

Deferred income taxes are based on the differences between the amounts determined for financial reporting purposes 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 the fiscal year-end (see Note 9).

(l) Employees' Retirement Benefits

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., 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 foreign consolidated subsidiaries principally have defined contribution pension plans.

Accrued retirement benefits for employees have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets, as adjusted for the unrecognized net retirement benefit obligation at transition, net unrecognized actuarial gain or loss, and unrecognized prior service cost.

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

Prior service cost is 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 11 years through 21 years).

Net unrecognized actuarial gain or loss is 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 13 years through 16 years).

(m) Cash Equivalents

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 ¥120.20 = $1.00, the approximate exchange rate prevailing on March 31, 2003. This 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, 2003 and 2002:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Year ended March 31			
Cash and deposits	**¥ 16,596**	¥13,391	**$ 138,069**
Time deposits with a maturity of more than three months	**(186)**	(246)	**(1,547)**
Bank overdrafts (included in short-term bank loans)	**—**	(794)	**—**
Cash and cash equivalents	**¥ 16,410**	¥12,350	**$ 136,522**

The conversion of convertible bonds for the years ended March 31, 2003 and 2002 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Year ended March 31			
Conversion of convertible bonds	**¥1,018**	¥1	**$8,469**

4. Securities

Marketable securities classified as other securities at March 31, 2003 and 2002 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Carrying amount	Net unrealized gain (loss)	Acquisition cost	Carrying amount	Net unrealized gain (loss)
Year ended March 31, 2003						
Securities whose fair value exceeds their acquisition cost:						
Equity securities	**¥ 352**	**¥ 492**	**¥ 140**	**$ 2,928**	**$ 4,093**	**$ 1,164**
Bonds and debentures	**—**	**—**	**—**	**—**	**—**	**—**
Other securities	**—**	**—**	**—**	**—**	**—**	**—**
	352	**492**	**140**	**2,928**	**4,093**	**1,164**
Securities whose acquisition cost exceeds their fair value:						
Equity securities	**1,888**	**1,573**	**(314)**	**15,707**	**13,086**	**(2,612)**
Bonds and debentures	**—**	**—**	**—**	**—**	**—**	**—**
Other securities	**29**	**26**	**(2)**	**241**	**216**	**(16)**
	1,917	**1,599**	**(317)**	**15,948**	**13,302**	**(2,637)**
	¥2,269	**¥2,092**	**¥(177)**	**$18,876**	**$17,404**	**$(1,472)**

	Millions of yen		
	Acquisition cost	Carrying amount	Net unrealized gain (loss)
Year ended March 31, 2002			
Securities whose fair value exceeds their acquisition cost:			
Equity securities	¥ 419	¥ 656	¥ 236
Bonds and debentures	—	—	—
Other securities	10	11	0
	430	668	237
Securities whose acquisition cost exceeds their fair value:			
Equity securities	3,439	2,930	(508)
Bonds and debentures	—	—	—
Other securities	36	25	(10)
	3,475	2,956	(519)
	¥3,906	¥3,624	¥(282)

Sales of securities classified as other securities for the years ended March 31, 2003 and 2002 amounted to ¥21 million ($174 thousand) and ¥637 million with an aggregate gain of ¥3 million ($24 thousand) and ¥148 million.

5. Inventories

Inventories at March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Finished products	**¥11,688**	¥13,178	**$ 97,237**
Work in process	**12,324**	14,428	**102,529**
Raw materials and supplies	**8,634**	11,390	**71,830**
	¥32,647	¥38,998	**$271,605**

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, 2003 and 2002 were approximately 1.80% and 2.36%, respectively.

Long-term debt at March 31, 2003 and 2002 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Secured:			
Loans payable in yen due serially through 2009 at rates ranging from 1.1% to 7.8%	**¥ 20,635**	¥ 27,013	**$ 171,672**
Unsecured:			
2.1% bonds due 2003	**10,000**	10,000	**83,194**
2.22% bonds due 2004	**10,000**	10,000	**83,194**
1.0% convertible bonds due 2003	**—**	9,998	**—**
	40,635	57,011	**338,061**
Less current portion	**(16,701)**	(16,307)	**(138,943)**
	¥ 23,933	¥ 40,703	**$ 199,109**

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 ($7.961) 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.

The aggregate annual maturities of long-term debt subsequent to March 31, 2003 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Years ended March 31,		
2004	¥16,701	$138,943
2005	14,393	119,742
2006	3,846	31,996
2007	2,657	22,104
2008 and thereafter	3,036	25,257
	¥40,635	$338,061

At March 31, 2003, 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	¥17,792	$148,019

7. Retirement Benefit Plans

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2003 and 2002 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Retirement benefit obligation	**¥(21,636)**	¥(21,335)	**$(179,999)**
Plan assets at fair value	**8,957**	11,281	**74,517**
Unfunded retirement benefit obligation	**(12,678)**	(10,053)	**(105,474)**
Unrecognized actuarial loss	**6,010**	3,664	**49,999**
Unrecognized prior service cost	**(2)**	(372)	**(16)**
Net retirement benefit obligation	**(6,671)**	(6,761)	**(55,499)**
Prepaid pension cost	**—**	21	**—**
Accrued retirement benefits	**¥ (6,671)**	¥ (6,782)	**$ (55,499)**

The components of retirement benefit expenses for the years ended March 31, 2003 and 2002 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Service cost	**¥1,487**	¥1,435	**$12,371**
Interest cost	**627**	597	**5,216**
Expected return on plan assets	**(357)**	(347)	**(2,970)**
Amortization of actuarial loss	**565**	417	**4,700**
Amortization of prior service cost	**(46)**	(5)	**(382)**
Total	**¥2,275**	¥2,098	**$18,926**

Pursuant to the enactment of the Defined Benefit Corporate Pension Plan Law, the Company obtained approval from the Minister of Health, Labour and Welfare on March 1, 2003, for an exemption from future retirement benefit obligations with respect to the substitutional portion of the employee Welfare Pension Fund Plan the Company operates on behalf of the Japanese government. The Company accounted for the separation of the substitutional portion of the benefit obligation from the corporate portion of the benefit obligation under its employee welfare pension fund plans as of the date of approval of its exemption, assuming that the transfer to the Japanese government of the substitutional portion of the benefit obligation and the related pension plan assets had been completed as of that date. As a result, the Company recognized a gain of ¥911 million ($7,579 thousand) for the year ended March 31, 2003. The pension assets which have been transferred were calculated at ¥1,607 million ($13,369 thousand) at March 31, 2003.

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

	Fiscal year 2002 (As of March 31, 2003)		Fiscal year 2001 (As of March 31, 2002)	
	Domestic companies	Foreign companies	Domestic companies	Foreign companies
Discount rates	2.0% – 2.5%	6.50%	3.0%	7.25%
Expected rate of return on plan assets	2.0% – 3.5%	7.0%	2.0% – 3.5%	8.0%

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 2003 and 2002.

The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2003 and 2002 differed from the statutory tax rate for the following reasons:

	2003	2002
Statutory tax rate	**41.7%**	41.7%
Effect of:		
Expenses permanently not deductible for income tax purposes	**2.2**	7.8
Dividend income deductible for income tax purposes	**(0.2)**	(1.0)
Inhabitants' per capita taxes	**0.4**	1.5
Change in valuation allowance	**(7.3)**	19.2
Foreign tax rate differential	**(1.6)**	(7.3)
Tax credit for research and development expenses	**(2.2)**	(6.0)
Elimination of dividends received from overseas subsidiaries	**4.9**	—
Investment loss on liquidation of a consolidated subsidiary	**(10.2)**	—
Deferred tax effect of change in statutory tax rate	**0.7**	—
Prior year's income tax adjustments	**—**	(4.2)
Equity in loss of an affiliate	**0.2**	3.8
Other, net	**(1.0)**	0.5
Effective tax rates	**27.6%**	56.0%

New legislation was enacted in March 2003 which will decrease the aggregate statutory tax rate by approximately 2% effective the fiscal year beginning after March 31, 2004. The effect of this prospective tax rate change was immaterial.

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Deferred tax assets:			
Net operating loss carryforward	**¥ 2,112**	¥ 3,397	**$ 17,570**
Accrued bonuses	**923**	184	**7,678**
Accrued retirement benefits	**2,528**	2,610	**21,031**
Net unrealized holding gain	**180**	169	**1,497**
Inventories	**516**	324	**4,292**
Other	**1,957**	1,593	**16,281**
Total deferred tax assets	**8,219**	8,279	**68,377**
Valuation allowance	**(1,664)**	(2,393)	**(13,843)**
Total deferred tax assets	**6,554**	5,886	**54,525**
Deferred tax liabilities:			
Fixed assets	**(1,462)**	(1,840)	**(12,163)**
Reserve for special depreciation	**(402)**	(497)	**(3,344)**
Other	**(451)**	(308)	**(3,752)**
Total deferred tax liabilities	**(2,315)**	(2,646)	**(19,259)**
Net deferred tax assets	**¥ 4,239**	¥ 3,240	**$ 35,266**

9. Shareholders' Equity

The retained earnings account includes a legal reserve provided in accordance with the Commercial Code. In principle, this reserve is not available for dividends, but it may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Code, however, does provide that if the total amount of capital surplus and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

Appropriations of retained earnings for the year ended March 31, 2003 were duly approved at the annual general meeting of the shareholders held on June 27, 2003 as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends ¥5 ($0.04) per share	¥609	$5,067
Bonuses to directors	50	416

10. Contingent Liabilities

Contingent liabilities at March 31, 2003 were as follows:

	Millions of yen	Thousands of U.S. dollars
As endorsers of trade notes discounted	¥35	$291
As guarantors of indebtedness of employees	15	124
	¥50	$415

11. Research and Development Expenses

Research and development expenses for the years ended March 31, 2003 and 2002 were ¥8,969 million ($74,617 thousand) and ¥8,462 million, respectively.

12. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property at March 31, 2003 and 2002, 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
	2003	2002	**2003**
Acquisition costs	**¥1,482**	¥1,397	**$12,329**
Accumulated depreciation	**657**	680	**5,465**
Net book value	**¥ 825**	¥ 717	**$ 6,863**

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, 2003 and 2002 and future minimum payments subsequent to March 31, 2003 and 2002 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Lease expenses	**¥312**	¥323	**$2,595**
Future minimum payments:			
Within one year	**¥316**	258	**$2,628**
Over one year	**509**	458	**4,234**
	¥825	¥717	**$6,863**

Total expenses for all operating leases in 2003 and 2002 amounted to ¥2,038 million ($16,955 thousand) and ¥2,200 million, respectively.

13. Derivatives

Summarized below are the contract amounts and estimated fair value of the Company's derivatives positions at March 31, 2003 and 2002:

	Millions of yen				Thousands of U.S. dollars	
	2003		2002		**2003**	
	Contract amount	Estimated fair value	Contract amount	Estimated fair value	Contract amount	Estimated fair value
Forward foreign exchange contracts:						
To sell U.S. dollars	**¥3,880**	**¥3,904**	¥3,147	¥3,177	**$32,279**	**$32,479**
To sell pounds sterling	**526**	**526**	366	376	**4,376**	**4,376**

14. Segment Information

(a) Business segment information

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2003 and 2002 is summarized as follows:

	Millions of yen					
	Semiconductor Business	Switching Power Supply Business	Power Supply Equipment Business	Total	Eliminations	Consolidated
Year ended March 31, 2003						
I. Sales:						
(1) Sales to third parties	¥106,622	¥24,716	¥14,731	¥146,070	¥ —	¥146,070
(2) Intersegment sales	167	23	—	191	(191)	—
Total sales	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 (loss)	13,630	(651)	3	12,982	(2,490)	10,491
II. Assets, depreciation expense, capital expenditures:						
Assets	89,750	26,872	9,996	126,620	22,125	148,745
Depreciation expense	8,714	736	250	9,701	237	9,938
Capital expenditures	5,897	717	150	6,764	42	6,806
Year ended March 31, 2002						
I. Sales:						
(1) Sales to third parties	¥ 97,850	¥22,873	¥19,364	¥140,088	¥ —	¥140,088
(2) Intersegment sales	101	14	—	115	(115)	—
Total sales	97,951	22,887	19,364	140,203	(115)	140,088
Operating expenses	87,905	24,258	18,768	130,931	2,323	133,254
Operating income (loss)	10,046	(1,370)	595	9,272	(2,438)	6,833
II. Assets, depreciation expense, capital expenditures:						
Assets	96,383	29,198	12,105	137,687	20,211	157,899
Depreciation expense	9,773	881	242	10,897	129	11,027
Capital expenditures	10,181	661	228	11,071	8	11,079

	Thousands of U.S. dollars					
	Semiconductor Business	Switching Power Supply Business	Power Supply Equipment Business	Total	Eliminations	Consolidated
Year ended March 31, 2003						
I. Sales:						
(1) Sales to third parties	$887,038	$205,623	$122,554	$1,215,224	$ —	$1,215,224
(2) Intersegment sales	1,389	191	—	1,589	(1,589)	—
Total sales	888,435	205,815	122,534	1,216,813	(1,589)	1,215,224
Operating expenses	775,033	211,239	122,529	1,108,810	19,126	1,127,936
Operating income (loss)	113,394	(5,415)	24	108,003	(20,715)	87,279
II. Assets, depreciation expense, capital expenditures:						
Assets	746,672	223,560	83,161	1,053,410	184,068	1,237,479
Depreciation expense	72,495	6,123	2,079	80,707	1,971	82,678
Capital expenditures	49,059	5,965	1,247	56,272	349	56,622

(b) Operating revenues by geographic area

Operating revenues by geographic area for the years ended March 31, 2003 and 2002 are summarized as follows:

	Millions of yen						
	Japan	Asia	North America	Europe	Total	Eliminations	Consolidated
Year ended March 31, 2003							
I. Sales:							
(1) Sales to third parties	**¥101,492**	**¥17,523**	**¥15,940**	**¥11,113**	**¥146,070**	**¥ —**	**¥146,070**
(2) Intersegment sales	**12,152**	**12,488**	**10,520**	**77**	**35,239**	**(35,239)**	**—**
Total sales	**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**
II. Assets	**95,943**	**16,507**	**21,871**	**5,048**	**139,371**	**9,374**	**148,745**
Year ended March 31, 2002							
I. Sales:							
(1) Sales to third parties	¥ 98,203	¥15,473	¥15,192	¥11,218	¥140,088	¥ —	¥140,088
(2) Intersegment sales	11,622	11,553	10,629	215	34,021	(34,021)	—
Total sales	109,826	27,027	25,821	11,434	174,109	(34,021)	140,088
Operating expenses	103,218	26,108	24,904	11,123	165,355	(32,100)	133,254
Operating income	6,608	918	916	310	8,754	(1,920)	6,833
II. Assets	102,312	17,842	23,354	4,800	148,309	9,589	157,899

	Thousands of U.S. dollars						
	Japan	Asia	North America	Europe	Total	Eliminations	Consolidated
Year ended March 31, 2003							
I. Sales:							
(1) Sales to third parties	**$844,359**	**$145,782**	**$132,612**	**$92,454**	**$1,215,224**	**$ —**	**$1,215,224**
(2) Intersegment sales	**101,098**	**103,893**	**87,520**	**640**	**293,169**	**(293,169)**	**—**
Total sales	**945,465**	**249,683**	**220,141**	**93,094**	**1,508,394**	**(293,169)**	**1,215,224**
Operating expenses	**852,096**	**241,713**	**208,527**	**91,913**	**1,394,259**	**(266,314)**	**1,127,936**
Operating income	**93,369**	**7,970**	**11,605**	**1,173**	**114,126**	**(26,846)**	**87,279**
II. Assets	**798,194**	**137,329**	**181,955**	**41,996**	**1,159,492**	**77,986**	**1,237,479**

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 ¥75,074 million ($624,575 thousand) and ¥66,103 million, or 51.4% and 47.2% of the consolidated net sales for the years ended March 31, 2003 and 2002, respectively.

15. Amounts per Share

Amounts per share as of and for the years ended March 31, 2003 and 2002 were as follows:

	Yen		U.S. dollars
	2003	2002	**2003**
Net income—basic	**¥ 31.96**	¥ 5.34	**$0.26**
Net income—fully diluted	**29.96**	—	**0.24**
Net assets	**477.87**	478.07	**3.97**

Report of Independent Auditors

The Board of Directors
Sanken Electric Co., Ltd.

We have audited the accompanying consolidated balance sheets of Sanken Electric Co., Ltd. and consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion independently on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sanken Electric Co., Ltd. and consolidated subsidiaries at March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2003 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.

Shin Nihon & Co.

Shin Nihon & Co.

June 27, 2003

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.

Management

Directors

Yuji Morita
President

Jin Ishibashi
Director

Hirohito Sekine
Director

Akiyuki Nakoji
Director

Kiyoshi Imaizumi
Director

Teruo Esumi
Director

Takahiro Fukushima
Director

Auditors

Isao Tokiwa
Standing Statutory Auditor

Yoshimi Ono
Statutory Auditor

Yoshio Hashimoto
Statutory Auditor

Corporate Officers

Jin Ishibashi
Executive Vice President

Hirohito Sekine
Executive Vice President

Akiyuki Nakoji
Senior Vice President

Kiyoshi Imaizumi
Senior Vice President

Teruo Esumi
Senior Vice President

Takahiro Fukushima
Senior Vice President

Isao Bansaku
Senior Vice President

Takayoshi Terashima
Senior Corporate Officer

Hidejiro Akiyama
Senior Corporate Officer

Naoharu Tsujimoto
Senior Corporate Officer

Shigemichi Ieki
Corporate Officer

Sadatoshi Iijima
Corporate Officer

Tetsuo Ishikawa
Corporate Officer

Mitsumasa Sugiyama
Corporate Officer

(As of June 27, 2003)

Directory

Sanken Electric Co., Ltd.

Headquarters
6-3, Kitano 3-chome, Niiza-shi,
Saitama-ken 352-8666, Japan
Tel: 81-48-472-1111
Fax: 81-48-471-6249

Kawagoe Plant
677, Shimoakasaka-Ohnohara,
Kitano, Kawagoe-shi,
Saitama-ken 350-1155, Japan
Tel: 81-49-266-8111
Fax: 81-49-266-0078

Niiza Plant
13-19, Nakano 1-chome, Niiza-shi,
Saitama-ken 352-0005, Japan
Tel: 81-48-478-2230
Fax: 81-48-478-2237

Tokyo Office
Metropolitan Plaza Bldg.,
11-1, Nishi-Ikebukuro 1-chome,
Toshima-ku, Tokyo 171-0021, Japan
Tel: 81-3-3986-6151
Fax: 81-3-3986-9270

Osaka Office
Umeda Daiichi Bldg.,
12-7, Sonezaki 2-chome, Kita-ku,
Osaka-shi, Osaka 530-0057, Japan
Tel: 81-6-6312-8712
Fax: 81-6-6312-8719

Sapporo Sales Office
Sapporo MID Bldg.,
9-2, Minami-1-jo-Higashi 3-chome,
Chuo-ku, Sapporo-shi,
Hokkaido 060-0051, Japan
Tel: 81-11-210-0855
Fax: 81-11-210-0877

Sendai Sales Office
Tohoku Ohji Fudosan Bldg.,
6-18, Kokubun-cho 1-chome, Aoba-ku,
Sendai-shi, Miyagi-ken 980-0803, Japan
Tel: 81-22-263-4168
Fax: 81-22-224-5731

Nagoya Sales Office
Meieki Bldg., 26-22, Meieki 4-chome,
Nakamura-ku, Nagoya-shi,
Aichi-ken 450-0002, Japan
Tel: 81-52-581-2767
Fax: 81-52-562-5801

Kanazawa Sales Office
Kita-Yasue Messe Yasuda Bldg.,
6-6, Kita-Yasue 3-chome, Kanazawa-shi,
Ishikawa-ken 920-0022, Japan
Tel: 81-76-223-2010
Fax: 81-76-223-8792

Hiroshima Sales Office
Hiroshima Sankei Bldg.,
5-16, Teppo-cho, Naka-ku, Hiroshima-shi,
Hiroshima-ken 730-0017, Japan
Tel: 81-82-227-3031
Fax: 81-82-228-2547

Kyushu Sales Office
Fukuoka Center Bldg.,
2-1, Hakata-Ekimae 2-chome,
Hakata-ku, Fukuoka-shi,
Fukuoka-ken 812-0011, Japan
Tel: 81-92-411-5871
Fax: 81-92-473-5232

Sanken Group Companies

Domestic:

Ishikawa Sanken Co., Ltd.,
Ha-5, Aza-Nashitanikoyama,
Shikamachi, Hakui-gun,
Ishikawa-ken 925-0151, Japan
Tel: 81-767-32-8111
Fax: 81-767-32-5777

Yamagata Sanken Co., Ltd.,
5600-2, Oaza Higashine-ko,
Higashine-shi,
Yamagata-ken 999-3701, Japan
Tel: 81-237-43-5511
Fax: 81-237-43-4547

Kashima Sanken Co., Ltd.,
8073, Yatabe, Hasaki-machi,
Kashima-gun,
Ibaraki-ken 314-0341, Japan
Tel: 81-479-48-1211
Fax: 81-479-48-1212

Fukushima Sanken Co., Ltd.,
15, Miyado, Nihonmatsu-shi,
Fukushima-ken 964-0811, Japan
Tel: 81-243-22-4300
Fax: 81-243-22-5740

Sanken Transformer Co., Ltd.,
1-13, Higashi-Ueno 2-chome, Taito-ku,
Tokyo 110-0015, Japan
Tel: 81-3-5828-7370
Fax: 81-3-5827-8055

Sanken-Airpax Co., Ltd.,
6-3, Chiyoda 5-chome, Sakado-shi,
Saitama-ken 350-0214, Japan
Tel: 81-49-283-7771
Fax: 81-49-283-7699

Sanken Logistics Co., Ltd.,
13-7, Nakano 1-chome, Niiza-shi,
Saitama-ken 352-0005, Japan
Tel: 81-48-480-1015
Fax: 81-48-480-1016

Sanken Densetsu Co., Ltd.,
677, Shimoakasaka-Ohnohara,
Kawagoe-shi,
Saitama-ken 350-1155, Japan
Tel: 81-49-266-8095
Fax: 81-49-266-4133

Sanken Techno-Research Co., Ltd.,
677, Shimoakasaka-Ohnohara,
Kawagoe-shi,
Saitama-ken 350-1155, Japan
Tel: 81-49-266-8165
Fax: 81-49-266-8167

Sanken Kosan Co., Ltd.,
677, Shimoakasaka-Ohnohara,
Kawagoe-shi,
Saitama-ken 350-1155, Japan
Tel: 81-49-266-8123
Fax: 81-49-266-8125

Sanshin Electric Co., Ltd.,
1-5, Kouyama 4-chome, Nerima-ku,
Tokyo 176-0022, Japan
Tel: 81-3-5987-5511
Fax: 81-3-5987-5512

Overseas:

Allegro MicroSystems, Inc.
115 Northeast Cutoff,
Worcester, MA 01606, U.S.A.
Tel: 1-508-853-5000
Fax: 1-508-856-7434

Allegro MicroSystems Philippines., Inc.
KM16 South Super Highway,
Paranãgue, Metro Manila, Philippines
Tel: 63-2-823-2476
Fax: 63-2-823-3582

Allegro MicroSystems Europe Limited
Balfour House, Churchfield Road,
Walton-on-Thames,
Surrey KT12 2TD, U.K.
Tel: 44-1932-253355
Fax: 44-1932-246622

PT. Sanken Indonesia
MM2100 Industrial Town,
Block GG-8, Cibitung, Bekasi 17520,
West Java, Indonesia
Tel: 62-21-898-1252
Fax: 62-21-898-1254

Korea Sanken Co., Ltd.
974-17 Yang Duck-dong,
Heowon-gu, Masan, Korea
Tel: 82-55-292-5961
Fax: 82-55-293-1211

Sanken Power Systems (UK) Limited
Abercynon, Mountain Ash,
Mid-Glamorgan F45 4XA, U.K.
Tel: 44-1443-742333
Fax: 44-1443-742100

Sanken Transformer (Malaysia) Sdn. Bhd.
Nos. 15 & 16 Jalan Gangsa Satu,
Desa Perindustrian Kulai 2, Batu 24 1/2,
81000 Kulai, Johor Darul Ta'zum,
Johor, Malaysia
Tel: 60-7-652-5111
Fax: 60-7-652-5222

Dalian Sanken Transformer Co., Ltd.
No.18 Anshan Street,
Dalian Development Zone, Dalian, China
Tel: 86-411-761-2058
Fax: 86-411-761-2059

PT. Sanken Transformer Indonesia
EJIP Industrial Park, 7H-2
Lemahabang, Bekasi 17550,
West Java, Indonesia
Tel: 62-21-897-0048
Fax: 62-21-897-0051

Sanken Transformer (Singapore) Pte. Ltd.
50 Kallang Bahru, No. 03-19,
Kallang Basin Industrial Estate,
Singapore 1233
Tel: 65-296-1611
Fax: 65-296-3952

Sanken Electric Singapore Pte. Ltd.
150 Beach Road, No. 14-03
The Gateway West, Singapore 0718
Tel: 65-291-4755
Fax: 65-297-1744

Sanken Electric Korea Co., Ltd.
SK Life Bldg. 6F, 168 Kongduk-dong,
Mapo-ku, Seoul, 121-705 Korea
Tel: 82-2-714-3700
Fax: 82-2-3272-2145

Sanken Electric Hong Kong Co., Ltd.
1026 Ocean Centre, Canton Road,
Kowloon, Hong Kong
Tel: 852-2735-5262
Fax: 852-2735-5494

Taiwan Sanken Electric Co., Ltd.
Room 902, No. 88,
Chung Hsiao East Road, Sec. 2,
Taipei, Taiwan R.O.C.
Tel: 886-2-2356-8161
Fax: 886-2-2356-8261

Sanken L.D. Co., Ltd.
Rooms 703–704, Concordia Plaza,
1 Science Museum Road, T.S.T. East,
Kowloon, Hong Kong
Tel: 852-2721-3611
Fax: 852-2721-6405

Investor Information

Company name: Sanken Electric Co., Ltd.

Founded: September 5, 1946

Headquarters: 6-3, Kitano 3-chome, Niiza-shi,
Saitama-ken 352-8666, Japan
Tel: 81-48-472-1111
Fax: 81-48-471-6249

Employees: 1,382

Common stock: Authorized: 257,000,000 shares
Issued: 125,490,302 shares

Shareholders: 12,902

Distribution by type of shareholders:

Financial institutions	63.2%
Individuals	18.9%
Foreigners	11.6%
Other	6.3%

Distribution by number of shares owned:

1,000,000 or more	57.9%
100,000 or more	20.5%
10,000 or more	8.3%
Less than 10,000	13.3%

Principal shareholders

Shareholder	Number of shares held (in thousands)	Percentage of voting rights
Japan Trustee Services Bank, Ltd. (Trust lot)	13,167	10.96%
The Master Trust Bank of Japan, Ltd. (Trust lot)	13,124	10.92%
UFJ Trust Bank Limited. (Lot A, trust account)	6,294	5.24%
Saitama Resona Bank, Limited	6,103	5.08%
Sanken Electric Co., Ltd.	3,494	2.56%
Sumitomo Life Insurance Company (Special accounts)	3,079	2.33%
NIPPONKOA Insurance Company, Limited	2,805	2.28%
Mizuho Corporate Bank, Ltd.	2,748	2.26%
Pension trustee: Mitsui Asset Trust and Banking Co., Ltd. (Two accounts)	2,724	2.08%
International Rectifier Corporation	2,500	2.01%

Bonds

Type of bonds	Date of issue	Balance of bonds (in yen)	Date of maturity
1st unsecured bonds	October 9, 1998	10,000,000,000	October 9, 2003
2nd unsecured bonds	April 20, 1999	10,000,000,000	April 20, 2004

Cautionary Statement

This annual report contains forecasts and other forward-looking statements concerning the Sanken Electric Group's future plans and results. Such statements reflect assumptions and beliefs based on information available to the Group at the time of this report's writing. The Group's actual performance may be affected by a host of factors, such as new competition in the electronics industry, risks and uncertainties related to market demand and conditions in global stock and foreign exchange markets. Readers are therefore reminded that actual results may differ from forward-looking statements in this report.

http://www.sanken-ele.co.jp/en/

Printed in Japan