

FY 2005 First Quarter Consolidated Financial Results

(April 1, 2005 to June 30, 2005)

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

1. Items Relevant to Preparation of Quarterly Financial Results

Whether the simplified method is adopted in the accounting treatment : Yes

- Income tax reporting standard

2. Financial Results for the Quarter of FY 2005 (April 1, 2005 to June 30, 2005)

(1) Consolidated results of Operations

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income |
|----------------------|-----------------|------------------|-----------------|----------------|
| FY 2005, 1st Quarter | 36,585 (-4.5%) | 1,156 (-40.8%) | 898 (-49.3%) | 497 (-53.5%) |
| FY 2004, 1st Quarter | 38,312 (10.9%) | 1,954 (13.2%) | 1,772 (30.3%) | 1,071 (61.4%) |
| FY 2004 | 156,216 (6.1%) | 12,082 (3.4%) | 9,948 (15.3%) | 6,682 (15.5%) |

| | Net income per share | Fully diluted net income per share |
|----------------------|----------------------|------------------------------------|
| FY 2005, 1st Quarter | 4.09 yen | - yen |
| FY 2004, 1st Quarter | 8.80 yen | - yen |
| FY 2004 | 54.50 yen | - yen |

Note: Indication of percentage of net sales and operating income, etc., shows the ratio of increase or decrease from the first quarter of the previous year.

[Qualitative Information with Respect to the Consolidated Operating Results]

As for consolidated business results for the current first quarter, net sales were 36,585 million yen, operating income was 1,156 million yen, ordinary income was 898 million yen and quarterly net income was 497 million yen. This resulted from that a sluggish receipt of orders from the latter half of the previous year continued into the current first quarter, as compared to the favorable conditions in the first quarter of the previous year due to special demand from the influence of the Olympics. An outline of the business by segments is as follows.

Net sales of semiconductor business were 33,798 million yen, which was a decrease of 1,592 million yen (4.5%) from the first quarter of the previous year. Out of which net sales of semiconductor products were 27,146 million yen, a decrease of 197 million yen (0.7%) from the first quarter of the previous year. Regarding semiconductor devices, including ICs, diodes and transistors, while sales for white goods and automobiles progressed steadily, sales for audio visual equipment decreased due to a decrease in demand in the Chinese market and sales of products for audio equipment and printers continued to be sluggish in growth. On the other hand, regarding CCFLs, sales of products for TVs recorded higher growth as compared to the first quarter of the previous year and we were able to achieve a significant increase in sales. Net sales of SMPSs were 6,651 million yen, a large decrease of 1,394 million yen (17.3%) from the first quarter of the previous year. While sales for thin-type TVs increased, sales for the office automation market, including PCs and printers decreased as a result of inventory adjustments.

Net sales of power supply equipment business were 2,787 million yen, a decrease of 135 million yen (4.6%) from the first quarter of the previous year. While power supply equipment for local airports progressed favorably, sales of VVVF inverters were sluggish due to an investment constraint policy in China.

(2) Consolidated Financial Position

(Millions of yen)

| | Total assets | Shareholders' equity | Shareholders' equity ratio | Shareholders' equity per share |
|----------------------|--------------|----------------------|----------------------------|--------------------------------|
| FY 2005, 1st Quarter | 144,326 | 69,070 | 47.9 % | 567.94 yen |
| FY 2004, 1st Quarter | 141,682 | 63,887 | 45.1 % | 524.86 yen |
| FY 2004 | 140,917 | 68,121 | 48.3 % | 560.07 yen |

[Consolidated Results of Cash Flows]

(Millions of yen)

| | Net cash provided by (used in) operating activities | Net cash used in investing activities | Net cash provided by (used in) financing activities | Balance of cash and cash equivalents at the end of the quarter |
|----------------------|---|---|---|--|
| FY 2005, 1st Quarter | (260) | (2,688) | 2,019 | 10,375 |
| FY 2004, 1st Quarter | (908) | (2,242) | (1,431) | 13,405 |
| FY 2004 | 9,508 | (11,010) | (5,725) | 11,302 |

[Qualitative Information with Respect to the Consolidated Financial Position]

Balance of cash and cash equivalents at the end of the current first quarter was 10,375 million yen.

Net cash used in operating activities was 260 million yen as a result of an increase in inventories and payment of corporate tax, etc., although there was an inflow from net income and depreciation.

Net cash used in investing activities was 2,688 million yen due to outflow in connection with capital investment.

Net cash provided by financing activities was 2,019 million yen due to issuance of commercial paper, although scheduled repayment of borrowings and payment of dividends were made.

3. FY 2005 Consolidated Financial Forecast (April 1, 2005 to March 31, 2006)

With regard to the forecast for the interim and full fiscal year, there is no change in the forecast figures announced on May 10, 2005 for both consolidated and non-consolidated business results.

Note for the use of our forecasted business results

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

CONSOLIDATED BALANCE SHEETS(SUMMARY)

Millions of yen

| | 1st Quarter FY 2005 | 1st Quarter FY 2004 | FY 2004 |
|---|------------------------|------------------------|----------|
| Assets | | | |
| Current assets: | | | |
| Cash and deposits | 10,634 | 13,722 | 11,546 |
| Notes and accounts receivable | 40,574 | 38,331 | 39,327 |
| Inventories | 34,270 | 33,436 | 32,167 |
| Other current assets | 5,874 | 5,350 | 5,641 |
| Total current assets | 91,354 | 90,840 | 88,684 |
| Fixed assets: | | | |
| Property, plant and equipment, net | 43,374 | 40,156 | 42,826 |
| Intangible assets | 1,653 | 1,526 | 1,638 |
| Investments and other assets | 7,944 | 9,158 | 7,767 |
| Total fixed assets | 52,972 | 50,841 | 52,233 |
| Total assets | 144,326 | 141,682 | 140,917 |
| Liabilities | | | |
| Current liabilities: | | | |
| Notes and accounts payable | 22,694 | 23,813 | 22,264 |
| Short-term bank loans | 9,091 | 8,629 | 8,954 |
| Commercial Paper | 12,000 | 10,000 | 9,000 |
| Other current liabilities | 9,898 | 11,032 | 10,765 |
| Total current liabilities | 53,685 | 53,474 | 50,984 |
| Long-term liabilities: | | | |
| Bonds and debentures | 10,000 | 10,000 | 10,000 |
| Long-term debt | 5,084 | 8,462 | 5,429 |
| Other long-term liabilities | 6,224 | 5,598 | 6,150 |
| Total long-term liabilities | 21,308 | 24,060 | 21,580 |
| Total liabilities | 74,993 | 77,535 | 72,564 |
| Minority interests | 261 | 259 | 231 |
| Shareholders' equity | | | |
| Capital stock | 20,896 | 20,896 | 20,896 |
| Capital surplus | 21,167 | 21,167 | 21,167 |
| Retained earnings | 31,636 | 26,722 | 31,139 |
| Unrealized loss on securities | 1,077 | 1,129 | 1,037 |
| Translation adjustments | (2,140) | (2,604) | (2,576) |
| Treasury stock | (3,566) | (3,424) | (3,542) |
| Total shareholders' equity | 69,070 | 63,887 | 68,121 |
| Total liabilities and shareholders' equity | 144,326 | 141,682 | 140,917 |

CONSOLIDATED STATEMENTS OF INCOME(SUMMARY)

Millions of yen

| | 1st Quarter FY 2005 | 1st Quarter FY 2004 | FY 2004 |
|---|------------------------|------------------------|--------------|
| Net sales | 36,585 | 38,312 | 156,216 |
| Cost of sales | 29,406 | 30,133 | 121,052 |
| Gross profit | 7,178 | 8,179 | 35,164 |
| Selling, general and administrative expenses | 6,022 | 6,225 | 23,081 |
| Operating income | 1,156 | 1,954 | 12,082 |
| Non-operating income | 240 | 390 | 970 |
| Non-operating expenses | 499 | 572 | 3,104 |
| Ordinary income | <u>898</u> | <u>1,772</u> | <u>9,948</u> |
| Extraordinary income | <u>0</u> | <u>151</u> | <u>455</u> |
| Extraordinary loss | <u>62</u> | <u>38</u> | <u>212</u> |
| Income before income taxes , minority interests | 835 | 1,885 | 10,191 |
| Income taxes | 314 | 787 | 3,357 |
| Minority interest in consolidated subsidiaries | 23 | 26 | 151 |
| Net income | <u>497</u> | <u>1,071</u> | <u>6,682</u> |

CONSOLIDATED STATEMENTS OF CASH FLOWS(SUMMARY)

Millions of yen

| | 1st Quarter FY 2005 | 1st Quarter FY 2004 | FY 2004 |
|--|------------------------|------------------------|-----------|
| Operating activities | | | |
| Income before income taxes and minority interests in earnings of affiliates | 835 | 1,885 | 10,191 |
| Depreciation and amortization | 1,886 | 1,646 | 7,422 |
| Decrease (increase) in notes and accounts receivable | (982) | 586 | 795 |
| (Increase) decrease in inventories | (1,774) | (864) | 759 |
| (Increase) decrease in notes and accounts payable | 299 | (34) | (2,983) |
| Other | 1,075 | (2,314) | (3,748) |
| Income taxes paid | (1,599) | (1,813) | (2,929) |
| Net cash provided by (used in) operating activities | (260) | (908) | 9,508 |
| Investing activities | | | |
| Purchases of property , plant and equipment | (1,950) | (2,310) | (11,437) |
| Proceeds from sales of property , plant and equipment | 1 | 9 | 145 |
| (Increase) decrease in investment securities | - | 208 | 824 |
| Increase (decrease) in Loan | (558) | 0 | 0 |
| Other | (180) | (149) | (542) |
| Net cash used in investing activities | (2,688) | (2,242) | (11,010) |
| Financing activities | | | |
| Increase (decrease) in short-term bank loans | 310 | 931 | 948 |
| (Decrease) increase in Commercial Paper | 3,000 | 10,000 | 9,000 |
| Repayment of long-term debt | (687) | (1,766) | (4,255) |
| Expenditure from bond repayment | - | (10,000) | (10,000) |
| Redemption of treasury stock | (24) | (16) | (135) |
| Cash dividends paid | (560) | (548) | (1,219) |
| Dividends paid to minority interests | (19) | (30) | (64) |
| Net cash provided by (used in) financing activities | 2,019 | (1,431) | (5,725) |
| Effect of exchange rate changes on cash and cash equivalents | 2 | 115 | 277 |
| Net (decrease) increase in cash and cash equivalents | (926) | (4,466) | (6,950) |
| Cash and cash equivalents at beginning of the term | 11,302 | 17,871 | 17,871 |
| Increase of beginning cash and cash equivalents due to new entry of a subsidiary | - | - | 381 |
| Cash and cash equivalents at end of term | 10,375 | 13,405 | 11,302 |

Segment Information

1. Segment information by business

This Term (April 1, 2005 to June 30, 2005)

Millions of yen

| | Semicon- ductors | SMPSs | Power Supply Equipment | Total | Eliminations or unallocated amounts | Consolidated |
|--------------------|---------------------|-------|------------------------------|--------|---|--------------|
| Sales | | | | | | |
| (1) Third parties | 27,146 | 6,651 | 2,787 | 36,585 | - | 36,585 |
| (2) Intersegment | 5 | 46 | 7 | 59 | (59) | - |
| Total | 27,152 | 6,697 | 2,794 | 36,644 | (59) | 36,585 |
| Operating expenses | 24,935 | 7,292 | 2,641 | 34,869 | 559 | 35,429 |
| Operating income | 2,217 | (594) | 153 | 1,775 | (619) | 1,156 |

Previous Term (April 1, 2004 to June 30, 2004)

Millions of yen

| | Semicon- ductors | SMPSs | Power Supply Equipment | Total | Eliminations or unallocated amounts | Consolidated |
|--------------------|---------------------|-------|------------------------------|--------|---|--------------|
| Sales | | | | | | |
| (1) Third parties | 27,344 | 8,045 | 2,922 | 38,312 | - | 38,312 |
| (2) Intersegment | 6 | 33 | 1 | 41 | (41) | - |
| Total | 27,351 | 8,078 | 2,924 | 38,354 | (41) | 38,312 |
| Operating expenses | 24,477 | 8,149 | 3,050 | 35,677 | 681 | 36,358 |
| Operating income | 2,873 | (70) | (126) | 2,676 | (722) | 1,954 |

Last Fiscal Year (April 1, 2004 to March 31, 2005)

Millions of yen

| | Semicon- ductors | SMPSs | Power Supply Equipment | Total | Eliminations or unallocated amounts | Consolidated |
|--------------------|---------------------|--------|------------------------------|---------|---|--------------|
| Sales | | | | | | |
| (1) Third parties | 111,926 | 29,550 | 14,739 | 156,216 | - | 156,216 |
| (2) Intersegment | 74 | 221 | 3 | 299 | (299) | - |
| Total | 112,001 | 29,771 | 14,742 | 156,516 | (299) | 156,216 |
| Operating expenses | 98,044 | 29,559 | 14,327 | 141,932 | 2,202 | 144,134 |
| Operating income | 13,956 | 212 | 414 | 14,583 | (2,501) | 12,082 |

2.Segment information by geographic area

This Term (April 1, 2005 to June 30, 2005)

Millions of yen

| | Japan | Asia | North America | Europe | Total | Eliminations or unallocated amounts | Consolidated |
|--------------------|--------|-------|---------------|--------|--------|-------------------------------------|--------------|
| Sales | | | | | | | |
| (1) Third parties | 26,662 | 3,821 | 3,746 | 2,355 | 36,585 | - | 36,585 |
| (2) Intersegment | 2,178 | 5,648 | 3,328 | 49 | 11,205 | (11,205) | - |
| Total | 28,840 | 9,470 | 7,074 | 2,405 | 47,791 | (11,205) | 36,585 |
| Operating expenses | 27,327 | 9,343 | 6,681 | 2,551 | 45,902 | (10,473) | 35,429 |
| Operating income | 1,513 | 127 | 393 | (146) | 1,888 | (731) | 1,156 |

Previous Term (April 1, 2004 to June 30, 2004)

Millions of yen

| | Japan | Asia | North America | Europe | Total | Eliminations or unallocated amounts | Consolidated |
|--------------------|--------|-------|---------------|--------|--------|-------------------------------------|--------------|
| Sales | | | | | | | |
| (1) Third parties | 26,586 | 4,619 | 4,068 | 3,038 | 38,312 | - | 38,312 |
| (2) Intersegment | 2,771 | 4,876 | 2,957 | 66 | 10,672 | (10,672) | - |
| Total | 29,358 | 9,495 | 7,025 | 3,105 | 48,985 | (10,672) | 38,312 |
| Operating expenses | 27,411 | 9,155 | 6,597 | 3,073 | 46,238 | (9,879) | 36,358 |
| Operating income | 1,946 | 340 | 428 | 31 | 2,746 | (792) | 1,954 |

Last Fiscal Year (April 1, 2004 to March 31, 2005)

Millions of yen

| | Japan | Asia | North America | Europe | Total | Eliminations or unallocated amounts | Consolidated |
|--------------------|---------|--------|---------------|--------|---------|-------------------------------------|--------------|
| Sales | | | | | | | |
| (1) Third parties | 110,305 | 19,147 | 15,581 | 11,182 | 156,216 | - | 156,216 |
| (2) Intersegment | 11,568 | 19,036 | 11,726 | 281 | 42,612 | (42,612) | - |
| Total | 121,874 | 38,184 | 27,308 | 11,463 | 198,829 | (42,612) | 156,216 |
| Operating expenses | 110,325 | 37,645 | 25,292 | 11,195 | 184,459 | (40,325) | 144,134 |
| Operating income | 11,548 | 538 | 2,015 | 267 | 14,370 | (2,287) | 12,082 |

3.Overseas Sales

This Term (April 1, 2005 to June 30, 2005)

Millions of yen

| | Asia | North America | Europe | Other Regions | Total |
|---|--------|---------------|--------|---------------|--------|
| Overseas sales | 15,226 | 2,345 | 2,376 | 42 | 19,991 |
| Consolidated sales | | | | | 36,585 |
| Ratio of overseas sales to consolidated sales (%) | 41.6 | 6.4 | 6.5 | 0.1 | 54.6 |

Previous Term (April 1, 2004 to June 30, 2004)

Millions of yen

| | Asia | North America | Europe | Other Regions | Total |
|---|--------|---------------|--------|---------------|--------|
| Overseas sales | 13,941 | 2,408 | 3,038 | 125 | 19,514 |
| Consolidated sales | | | | | 38,312 |
| Ratio of overseas sales to consolidated sales (%) | 36.4 | 6.3 | 7.9 | 0.3 | 50.9 |

Last Fiscal Year (April 1, 2004 to March 31, 2005)

Millions of yen

| | Asia | North America | Europe | Other Regions | Total |
|---|--------|---------------|--------|---------------|---------|
| Overseas sales | 61,951 | 9,935 | 11,109 | 191 | 83,188 |
| Consolidated sales | | | | | 156,216 |
| Ratio of overseas sales to consolidated sales (%) | 39.7 | 6.4 | 7.1 | 0.1 | 53.3 |