FY 2005 Consolidated Financial Results

(April 1, 2005 to March 31, 2006)

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/
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1. Financial Performance over the year, April 1, 2005 to March 31, 2006

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

	Net sales (percentage change from the previous year)	Operating income (percentage change from the previous year)	Ordinary income (percentage change from the previous year)
FY 2005	173,527(11.1%)	12,008(- 0.6%)	11,515(15.7%)
FY 2004	156,216(6.1%)	12,082(3.4%)	9,948(15.3%)

	Net income (percentage change from the previous year)	Net income per share	Diluted net income per share	Net income to sharehol-ders'equity	Ordinary income to total assets	Ordinary income to net sales
FY 2005	7,035(5.3%)	57.41yen	-	9.7%	7.4%	6.6%
FY 2004	6,682(15.5%)	54.50yen	-	10.2%	7.0%	6.4%

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

Notes2:Equity in net income/loss non-consolidated subsidiaries and/or affiliates:
Mar./2006: 59million yen (Mar./ 2005: 57million yen)

Notes3:Average number of shares outstanding (Mar./ 2006: 121,680,056 Mar./ 2005: 121,693,744)

(2) Consolidated Financial Position (Millions of Yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
FY 2005	172,327	76,329	44.3%	627.66yen
FY 2004	140,917	68,121	48.3%	560.07yen

Notes:Number of shares outstanding at the end of the term (Mar./ 2006: 121,610,076 Mar./ 2005: 121,632,067)

(3) 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 year
FY 2005	14,916	(24,709)	9,998	12,231
FY 2004	9,508	(11,010)	(5,727)	11,302

(4) Scope of consolidation and application of equity method

Number of consolidated subsidiaries : 25
Number of affiliates accounted for by the equity method : 1

(5) Change in scope of consolidation and application of equity method

Number of companies newly consolidated : 3

2. FY 2006 Consolidated Financial Forecast (April 1, 2006 to March 31, 2007) (Millions of Yen)

	Net sales	Ordinary income	Net income
1st half	96,500	6,000	3,600
Full year	210,000	15,000	9,000

Reference:Expected net income per share 73.60yen

(1) Group Companies

In our business group, we have 27 subsidiaries and 1 affiliate, among these, 24 are consolidated subsidiaries and 1 is an equity method affiliate. Our group produces and sells Semiconductors, Switching Power Supply Units, Power Supply Equipment and other related products and services associated therewith. The business lines and roles of the group companies are as follows.

Division	Major Products	Company Name
Semiconductor	Semiconductors Power IC Control IC Hall-effect IC Bipolar Transister MOSFET IGBT Thyristor Rectifier Diode Light Emitting Diode(LED) Cold Cathode Fluorecent Lamp(CCFL)	Sanken Electric Co., Ltd. Subsidiaries Ishikawa Sanken Co., Ltd. (Manufacturer) Yamagata Sanken Co., Ltd. (Manufacturer) Kashima Sanken Co., Ltd. (Manufacturer) Fukushima Sanken Co., Ltd. (Manufacturer) Sanken Optoproducts Co., Ltd.(Manufacturer) Allegro MicroSystems, Inc. (Manufacturer) Allegro MicroSystems Philippines, Inc. (Manufacturer) Allegro MicroSystems Philippines Realty, Inc. (Real estate leasing) Allegro MicroSystems Europe Limited(Sales company) Allegro MicroSystems Argentina S.A. (IC design) Polar Semiconductor, Inc.(Manufacturer) Korea Sanken Co., Ltd. (Manufacturer) Sanken Electric Singapore Pte. Ltd.(Sales company) Sanken Electric Korea Co., Ltd.(Sales and Technical service) Sanken Electric (Shanghai)Co., Ltd.(Technical service) Sanken Electric Hong Kong Co., Ltd.(Sales and Technical service) Taiwan Sanken Electric Co., Ltd. (Sales and Technical service)
	Switching Mode Power Supplies(SMPS) Switching Mode Power Supply unit Adapter for PC Transformer Compact size Uninterruptible Power Supply(UPS)	Sanken Electric Co., Ltd. Subsidiaries PT. Sanken Indonesia (Manufacturer) Korea Sanken Co., Ltd. (Manufacturer) Sanken Power Systems (UK) Limited (Manufacturer) Sanken Transformer Co., Ltd.(Manufacturer) Sanken Transformer (Malaysia) Sdn. Bhd.(Manufacturer) Dalian Sanken Transformer Co., Ltd. (Manufacturer) PT. Sanken Transformer (Indonesia) (Manufacturer) Sanken Transformer (Singapore) Pte. Ltd.(Manufacturer) Sanken Electric (Shanghai)Co., Ltd.(Sales company) Sanken Electric Hong Kong Co., Ltd.(Sales company) Taiwan Sanken Electric Co., Ltd. (Sales company)
Power Supply Equipment	Power Supply Equipment Uninterruptible Power Supply(UPS) DC Power Supply Inverter Airway Beacon System General Purpose Power Supply	Sanken Electric Co., Ltd. Subsidiaries Sanken Densetsu Co., Ltd. (Power supply sales and installation work) Sanken L.D. Electric (Jiangyin) Co., Ltd. (Manufacturer)
Others		Subsidiaries Sanken Business Service Co., Ltd.(Business Service, Logistics and Technology Surveys) Affiliates Sanken-Airpax Co., Ltd. (Manufacturer)

(2) Management Policies

Basic Management Policy

The Company established its "Management Philosophy" in April 2003 in order to clarify the future direction of the Company. Extrapolating our philosophy and selecting semiconductor operations as our core business, we will continue our efforts to innovate our technical capabilities and creativity, and to extend our global business base on the original technology. We will also strive to maintain firm management foundation in order to maximize the corporate value of the Company and to become socially and environmentally responsible corporate citizen.

Profit Distribution Policy

Our fundamental profit distribution policy holds that allotment of profit to our shareholders is one of the most important missions of the management, and we are committed to ensure steady and stable payment of dividends through the improvements in our earnings potential and the enhancement of our financial conditions. We are also committed to utilize effectively our retained earnings for future capital investments, R&D investments, and other activities that will reinforce our corporate strength and expand our businesses horizons.

Concept of and Policy on Reducing the Size of the Trading Unit of the Shares

With a view to promote liquidity and to encourage participation by a broader range of investors in the trading of our shares, we recognize that reducing the size of the trading unit of the shares is one of the major issues facing the Company. Under the present circumstances, however, the Company's shares are sufficiently liquid, and furthermore, reducing the size of the trading unit incurs large costs. Therefore, we intend to deal with this issue carefully, taking into account future market conditions and other relevant factors.

Management Goals

The Company sets the management goals of a ROE (return on equity of net income) of 14% or more, and a ROA (return on assets) of 13% or more, to be achieved by the end of March 2009.

Mid and Long-term Management Strategies

Our Group has instituted and started a mid-term business plan for the next three years beginning April 2006. In this mid-term business plan, we will focus on Power Electronics and Optical Devices as our business domain and implement a more aggressive growth strategy under the slogan of “The Powerful Leader in P&O (Achieve Further Strength Amid Constant Challenge).” Based on this plan, we will strive to achieve consolidated net sales of 250 billion yen, consolidated ordinary income of 23 billion yen and consolidated net income of 14 billion yen in March 2009, the last year of the plan.

The specific elements of the plan are as follows.

1) Aggressively Pursue Growth in the Core Businesses.

- Achieve closer monitoring and control of sales and profit numbers, with clearly defined authority and responsibilities made possible by product line-based business units.
- Evolve from a dependency on custom-designed products to a balanced general product strategy through enhanced marketing capabilities.
- Penetrate new markets, cultivate new customers and reduce time to market through improved utilization of a global network of field application engineers.
- Strengthen our ability to provide next generation solutions to customers by utilizing sub-micron wafer process technology.

2) Expand the Optoelectronic Business.

・Achieve rapid return on investment in the CCFL business by accelerating production activity resulting in greater sales and profits.

・Maximize efficiency and cost competitiveness by building an optimal production system among CCFL manufacturing facilities.

・Maintain the largest share in the large-screen LCD television market by introducing a stream of new CCFL products with unrivaled differentiation.

・Expand the LED business through quick commercial introduction of silicon-substrate blue LED as the core device.

3) Achieve Innovation and Excellence in Manufacturing.

・Achieve a competitive advantage through the low-cost structure in chosen global markets by stimulating innovation and realizing manufacturing excellence.

・Minimize external capital expenditure in manufacturing technology through in-house design, development, and construction of production machinery.

・Exhibit leadership in Quality, a vital aspect of our existence, by pursuing continuous improvement.

・Achieve optimal cost and timing of purchase parts and materials through the active involvement of Purchasing in the entire development cycle.

・Reduce total inventory through manufacturing innovation, production systems and the integrated efforts of Purchasing, Production and Sales.

4) Realize the Full Potential of the Sanken Group Companies through Enhanced Global Management and Control.

・Maximize the positive impact of the PSI investment by quickly establishing it as the leading-edge wafer process facility, and obtaining qualification necessary as an automobile-grade manufacturing facility.

・Construct mutually beneficial relationships among Sanken Electric Co., Ltd., Allegro MicroSystems, Inc. and Polar Semiconductor, Inc., including cooperation among FAE technical support centers in Korea Sanken Co., Ltd., Sanken Electric (Shanghai)Co., Ltd., Taiwan Sanken Electric Co., Ltd. and at Sanken Power Systems (UK) Limited.

・Achieve global management efficiency in sales, engineering and production via the newly created Office for Global Business Strategy.

・Expand the number of associates with global business expertise via human resource exchange programs among group companies.

・Realize higher corporate value by establishing a business framework which includes enhanced global risk management, internal controls, and corporate social responsibility initiatives.

5) Foster a Corporate Culture that Addresses the Dynamics of our Markets and the Business World.

・Act at the speed consistent with the demands of the business environment in the twenty-first century.

・Realize prompt decision-making by relentlessly reviewing current systems, methodologies and practices.

・Shorten the time to Return-on-Engineering in the development cycle with concurrent engineering methodologies.

Future Issues

Our company will make efforts to further strengthen its operating base, improve its profit-earning capacity and better its financial strength for steady implementation of the new mid-term business plan.

Specifically, we will concentrate our efforts on enhancement of production capacity to cope with increased demand and seek early returns on investment in the fast-growing CCFL business. Further, for the semiconductor device business, we will classify it into 4 businesses by product and market to pursue maximum business efficiency, and will strive to enhance our product competitive edge through newly establishing a market strategy function, consolidation of prior art development functions, promotion of new product development in collaboration with our subsidiary in the U.S. as well as the proactive promotion of 4 innovations (production innovation, optimum production, quality innovation and materials innovation) focusing on the newly-established “Center for Manufacturing Excellence.” Furthermore, in order to improve our financial strength, we are planning to strive for an increase in free cash flow and a massive reduction in interest-bearing debt during this mid-term business plan.

Matters Related to Parent Company, etc.

There are no pertinent matters.

(3) Operating Results and Financial Conditions

Operating Results(Overview of the Year ended March 31, 2006)

1) Overview of the current period

General Review

The world economy during the current period has advanced steadily, for example, a favorable business trend has been maintained by the support of expanded private capital investment in the United States, and Asian countries including China have exhibited high economic growth. For the Japanese economy, business conditions have further recovered due to an expansion in individual consumption and an increase in exports.

In the electronics industry to which our Group belongs, despite a severe business competitive environment such as a decline in market prices, the market for thin-type TVs has rapidly expanded, in addition to favorable sales of automotive electronic components.

Under these circumstances, our company acquired a U.S. semiconductor manufacturer having fine processing technology and 8-inch production lines, which has been newly added to our Group as "Polar Semiconductor Inc.," and has strengthened the semiconductor device business in collaboration with the company. Further, in order to cope with increased demand for cold cathode fluorescent lamps (CCFLs) for LCD TVs, we have established Sanken Optoproducts Co., Ltd. as a fourth production site aiming at total monthly production of 27 million units including a monthly production increase to 17 million units at three production sites in Japan and abroad, and have placed every effort to start operations in May 2006. In addition, we have conducted positive business activities for increasing sales and securing profits through a variety of group-wide measures such as production innovation and inventory reduction.

As for the results for the current period, a further increase in profits was attained due to improvement in profitability resulting from structural reform of the power supply equipment, in addition to a great increase in sales of CCFLs, although there were stagnant sales of semiconductor devices affected by shrinking demand in the analog AV equipment market.

As a result, consolidated net sales increased by 17,310 million yen (11.1%), as compared to the same period in the previous year, to 173,527 million yen. In terms of profit and loss, consolidated ordinary income increased by 1,566 million yen (15.7%), as compared with the same period in the previous year, to 11,515 million yen, and consolidated net profit increased by 352 million yen (5.3%), as compared to the same period in the previous year, to 7,035 million yen.

Overview of the Business by Segments

Semiconductors and SMPSs

Consolidated net sales of this segment consisting of semiconductor products and SMPSs increased by 19,041 million yen (13.5%), as compared to the same period in the previous year, to 160,519 million yen.

Out of which, consolidated net sales of semiconductor products increased by 17,247 million yen (15.4%), as compared to the same period in the previous year, to 129,174 million yen. As for the sales of semiconductor devices, our core products, discrete products for thin-type TVs and automotive electronics components including whole ICs of Allegro Microsystems Inc. sold well, but demand for products for CRT-based television greatly decreased to result in overall stagnant sales. In contrast, for the sales of CCFLs, a two-time increase in sales was recorded, as a result that a strengthening in production facilities led to a great increase in the supply capacity of products for large-sized screen TVs and sales of CCFLs for notebook computers also increased. Therefore, CCFLs have now grown to a major business segment.

Consolidated net sales of SMPSs increased by 1,794 million yen (6.1%), as compared to the same period in the previous year, to 31,344 million yen. Although there was a decrease in sales of AC adaptors for notebook computers, sales in the consume market on which our sales efforts have been concentrated largely expanded, and sales of power supply units for plasma TVs continue to expand greatly. Further, general-purpose small-sized UPSs in the Power Supply Equipment have been transferred as unit products from the current period, which also contributed to the sales increase.

Power Supply Equipment

Consolidated net sales of this segment decreased by 1,731 million yen (11.7%), as compared to the same period in the previous year, to 13,008 million yen.

Regarding custom power supply equipment, demand for customer power supply equipment for telecommunications equipment increased and sales of that for public-sector related facilities progressed steadily. However, the sales of general-purpose power supply equipment decreased, as a result that general-purpose compact size USPs were transferred to the SMPSs segment and VVVF inverters were sluggish in sales due to the influence of investment inhibition policy in China.

We have proposed that annual dividends for the current period will be ¥12 per share, an increase of ¥2, plus a commemorative dividend of ¥3 for the 60th anniversary of our company this September, totaling ¥15 per share (¥5 for the interim dividend and ¥10 for the year-end dividend).

2) Forecast for the Next Fiscal Year

The world economy is expected to grow steadily in the future, too. However, there are concerns about a deceleration in business, depending on oil market prices and changes in the trend of personal consumption in the United States. It is, therefore, anticipated that it will remain in question whether the business environment will improve or not.

Under these circumstances, we will strive to enhance the semiconductor device business, which is our core business, and further expand the CCFL business. We will also strengthen our global management system to mobilize our Group’s collective strengths, promoting innovative “product making” with a view toward realizing international competitiveness in cost. In conjunction with these measures and policies, we will make concerted efforts together to create a new corporate culture, transforming our corporate constitution so as to be able to respond to the speed of the digital market.

As for the business results in the next period, we expect to achieve net sales of 210 billion yen, ordinary income of 15 billion yen and net income of 9 billion yen on a consolidated basis, and net sales of 164 billion yen, ordinary income of 14.2 billion yen and net income of 8.5 billion yen on an individual basis.

The exchange rate in 2006 is based on the premise of ¥115 against US$1.00

We expect that annual dividends will be ¥14 per share (¥7 for both interim and year-end dividends), an increase of ¥2 as compared with the current year.

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

Financial Conditions

Balance of cash and cash equivalents at the end of the current period was 12,231 million yen, an increase of 929 million yen from the end of the previous period.

Net cash provided by operating activities amounted to 14,916 million yen, a 5,408 million yen inflow from the same period in the previous year. This was mainly due to an increase in depreciation, in addition to increased profit.

Net cash used in investing activities totaled 24,709 million yen, a great outflow of 13,699 million yen from the same period in the previous year. This was mainly due to an increase in investment and acquisition of the U.S. semiconductor manufacturer.

Net cash provided by financing activities was 9,998 million yen, a 15,724 million yen inflow from the same period in the previous year. This was mainly due to the investment and financing for the above-described acquisition.

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

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Equity ratio	38.0%	39.2%	43.3%	48.3%	44.3%
Equity ratio on the basis of market price	64.6%	75.1%	120.2%	121.3%	142.2%
Redemption years for liabilities	3.7year	2.1year	2.4year	3.5year	3.1year
Interest coverage ratio	9.6times	15.2times	13.9times	13.1times	18.9times

Equity ratio: Equity/Total assets

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

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

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

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

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

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

Business Risk, etc.

Our Group has been developing business on a global scale in the electronics industry, in which technology advancement and changes in product cycles have been significant, allocating production and sales bases in Japan, and various countries in Asia, Europe and the United States. Under such circumstances, as major business risks identified by our Group, strategic risks, external environment risks, and internal environment risks can be pointed out. As strategic risks, there are such risks as success or failure in development of new products conforming to market needs, existence or nonexistence of the capacity to respond to price competition, occurrence of overseas imitation goods and infringement on patent rights in relation to intellectual property rights and financing problems at the time of decreased credibility. As external environment risks, in addition to the impact of a deteriorating economic environment as a global economic trend, advancement of a stronger yen, occurrence of various disasters, including natural disasters, fires, disruption of social and communication infrastructures mainly at production bases and material suppliers. Further, it is a concern that such unexpected country risks will arise as regarding significant changes in laws and regulations and taxation systems of various countries, war and terrorism. As risks related to the internal environment, it is a concern that violations of laws and regulations, environmental problems, quality problems, fraudulent use and leakage of information in connection with expansion of information systems may occur. In the event that any one of these risks or several of them occur and result in a decrease in social credibility and stagnation of business activities or occurrence of great losses, it may adversely affect the performance and financial condition of our Group.

CONSOLIDATED BALANCE SHEETS

Millions of yen

ASSETS	**March 31 2006**	March 31 2005
Current assets		
Cash and deposits	**12,466**	11,546
Notes and accounts receivable	**46,173**	39,327
Inventories	**34,568**	32,167
Deferred tax assets	**3,172**	2,384
Other current assets	**4,612**	3,352
Allowance for doubtful receivables	**(257)**	(94)
Total current assets	**100,736**	88,684
Fixed assets:		
Property,plant and equipment,net:		
Buildings	**19,414**	17,436
Machinery and equipment	**29,932**	16,595
Tools,furniture and fixtures	**2,485**	2,379
Land	**4,671**	3,869
Construction in progress	**2,845**	2,545
Property,plant and equipment,net	**59,348**	42,826
Intangible assets:		
Software	**720**	863
Other intangible assets	**1,306**	775
Total intangible assets	**2,027**	1,638
Investments and other assets:		
Investments in securities	**6,044**	5,561
Deferred tax assets	**1,098**	1,086
Other long-term receivables	**3,096**	1,327
Allowance for doubtful accounts	**(24)**	(208)
Total investments and other assets	**10,214**	7,767
Total fixed assets	**71,591**	52,233
Total assets	**172,327**	140,917

Millions of yen

LIABILITIES AND SHAREHOLDERS' EQUITY	**March 31 2006**	March 31 2005
Liabilities		
Current liabilities:		
Notes and accounts payable	**26,441**	22,264
Short-term bank loans	**10,075**	8,954
Commercial Paper	**18,000**	9,000
Accrued expenses	**8,242**	6,913
Income taxes payable	**3,558**	1,706
Deferred tax liabilities	**1**	7
Other current liabilities	**4,560**	2,136
Total current liabilities	**70,880**	50,984
Long-term liabilities:		
Bonds and debentures	**10,000**	10,000
Long-term debt	**7,519**	5,429
Deferred tax liabilities	**853**	188
Accrued employees' retirement benefits	**5,528**	5,123
Accrued retirement benefits for directors	**314**	347
Other long-term liabilities	**604**	491
Total long-term liabilities	**24,821**	21,580
Total liabilities	**95,701**	72,564
Minority interests	**297**	231
Shareholders' equity		
Capital stock	**20,896**	20,896
Capital surplus	**21,262**	21,167
Retained earnings	**36,341**	31,139
Unrealiezed loss on securities	**1,995**	1,037
Translation adjusutments	**(437)**	(2,576)
Treasury stock	**(3,729)**	(3,542)
Total shareholders' equity	**76,329**	68,121
Total liabilities and shareholders' equity	**172,327**	140,917

CONSOLIDATED STATEMENTS OF INCOME

Millions of yen

	March 31 2006	March 31 2005
Net sales	**173,527**	156,216
Cost of sales	**135,876**	121,052
Gross profit	**37,650**	35,164
Selling, general and administrative expenses	**25,642**	23,081
Operating income	**12,008**	12,082
Non-operating income	**2,426**	970
Non-operating expenses	**2,919**	3,104
Ordinary income	**11,515**	9,948
Gain on sales of marketable and investment securities	**33**	455
Profit on sales of fixed assets	**319**	-
Total extraordinary income	**352**	455
Loss on disposals of fixed assets	**330**	98
Valuation Loss on Fixed Assets	**-**	65
Provision for special severance	**197**	16
Revaluation loss of resort membership right	**-**	12
Other extraordinary loss	**44**	20
Total extraordinary loss	**572**	212
Income before income taxes , minority interests	**11,295**	10,191
Income taxes	**4,917**	2,343
Income tax - deferred	**(755)**	1,013
Minority interest in consolidated subsidiaries	**98**	151
Net income	**7,035**	6,682

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Millions of yen

	March 31 2006	March 31 2005
Capital surplus at beginning of year	**21,167**	21,167
Increase in capital surplus		
Increase due to transaction of Treasury Stock	**95**	0
Capital surplus at end of year	**21,262**	21,167
Retained earnings at beginning of year	**31,139**	25,651
Increase in retained earnings		
Net income	**7,035**	6,682
Increase due to increase of a consolidated subsidiary	**41**	72
Decrease in retained earnings		
Cash dividends	**1,824**	1,217
Bonuses to directors	**50**	50
Retained earnings at end of year	**36,341**	31,139

CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of yen

	March 31 2006	March 31 2005
Operating activities		
1. Income before income taxes and minority interests in earnings of affiliates	**11,295**	10,191
2. Depreciation and amortization	**10,360**	7,422
3. Reversal of allowence for doubtful receivables	**(75)**	8
4. Provision of accured retirement benefits for employees	**325**	(2,914)
5. Interest and dividend income	**(379)**	(258)
6. Interest expense	**827**	579
7. Gain on sales of investment securities	**(33)**	(455)
8. Decrease (increase) in notes and accounts receivable	**(5,081)**	795
9. Decrease (increase) in inventories	**237**	759
10. Decrease (increase) in notes and accounts payable	**2,411**	(2,983)
11. Other	**(1,694)**	(235)
12. Interest and dividends received	**628**	251
13. Interest paid	**(788)**	(724)
14. Income taxes paid	**(3,117)**	(2,929)
Net cash provided by (used in) operating activities	**14,916**	9,508
Investing activities		
1. Purchases of property , plant and equipment	**(14,007)**	(11,437)
2. Proceeds from sales of property , plant and equipment	**492**	145
3. Purchases of intangible fixed assets	**(402)**	-
4. Proceeds from sales of investment securities	**1,084**	824
5. Purchases of subsidiary stock due to changing scope of consolidation	**(5,616)**	-
6. Expenditure of loan	**(6,155)**	(25)
7. Proceeds from collection of loan	**697**	24
8. Other	**(801)**	(542)
Net cash used in investing activities	**(24,709)**	(11,010)
Financing activities		
1. Decrease in short-term bank loans	**1,738**	948
2. Proceeds from issuance of Commercial Paper	**9,000**	9,000
3. Proceeds from issuance of long-term bank loans	**4,773**	-
4. Repayment of long-term debt	**(3,913)**	(4,255)
5. Expenditure from bond repayment	**-**	(10,000)
6. Proceeds from sales of treasury stock	**4**	0
7. Redemption of treasury stock	**(201)**	(135)
8. Cash dividends paid	**(1,218)**	(1,219)
9. Dividends paid to minority interests	**(183)**	(64)
Net cash provided by (used in) financing activities	**9,998**	(5,725)
Effect of exchange rate changes on cash and cash equivalents	**529**	277
Net increase (decrease) in cash and cash equivalents	**735**	(6,950)
Cash and cash equivalents at beginning of the year	**11,302**	17,871
Increase in cash and cash equivalents due to increase of a consolidated subsidiary	**194**	381
Cash and cash equivalents at end of the year	**12,231**	11,302

(4) Segment Information

Segment information by business

This Fiscal Year (April 1, 2005 to March 31, 2006)

Millions of yen

	Semicon-ductors	SMPSs	Power Supply Equipment	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1) Third parties	129,174	31,344	13,008	173,527	-	173,527
(2) Intersegment	61	711	8	780	(780)	-
Total	129,236	32,056	13,016	174,308	(780)	173,527
Operating expenses	114,661	33,590	11,955	160,206	1,312	161,519
Operating income	14,575	(1,534)	1,061	14,102	(2,093)	12,008
Assets	114,041	31,959	7,983	153,984	18,343	172,327
Depreciation	9,281	739	124	10,145	227	10,372
Capital Expenditures	14,286	890	64	15,241	1,534	16,776

Previous 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
Assets	87,888	26,149	8,501	122,539	18,378	140,917
Depreciation	6,429	597	200	7,227	194	7,422
Capital Expenditures	11,124	483	110	11,718	127	11,846

Segment imformation by geographic area

This Fiscal Year (April 1, 2005 to March 31, 2006)

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	124,766	18,228	19,348	11,183	173,527	-	173,527
(2) Intersegment	10,752	29,118	14,205	89	54,166	(54,166)	-
Total	135,519	47,346	33,554	11,272	227,693	(54,166)	173,527
Operating expenses	122,524	47,706	31,613	11,777	213,621	(52,102)	161,519
Operating income	12,995	(359)	1,941	(505)	14,072	(2,063)	12,008
Assets	109,635	24,404	30,771	5,041	169,852	2,474	172,327

Previous 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
Assets	93,946	18,988	18,171	4,680	135,786	5,131	140,917

Notes 1: Classification of the country or region is based on geographic proximity.
2: Major countries and regions belonging to the categories outside Japan:
(1) Asia: South Korea, China, Philippines, Singapore, Malaysia, Indonesia
(2) North America: U.S.A.
(3) Europe: U.K.

Overseas Sales

This Fiscal Year (April 1, 2005 to March 31, 2006)

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	75,878	12,104	11,303	49	99,336
Consolidated sales					173,527
Ratio of overseas sales to consolidated sales (%)	43.7	7.0	6.5	0.1	57.3

Previous 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

Notes 1: Classification of the country or region is based on geographic proximity.
2: Major countries and regions belonging to the categories:
(1) Asia: South Korea, China, Hong Kong, Taiwan
(2) North America: U.S.A. , Mexico
(3) Europe: U.K. , Germany
(4) Other Regions: Australia, Brazil
3: Overseas sales are sales in countries and regions outside Japan by Sanken and its subsidies.