

FY 2006 First Half Consolidated Financial Results

(April 1, 2006 to September 30, 2006)

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1. Financial results for the six months ended September 30, 2006

(1) Consolidated Results of Operations

(Millions of Yen)

	Net sales (percentage change from previous term)	Operating income (percentage change from previous term)	Ordinary income (percentage change from previous term)
Six months ended Sep.30, 2006	100,088(24.7%)	7,783(51.6%)	6,667(39.2%)
Six months ended Sep.30, 2005	80,287(- 1.0%)	5,135(-16.9%)	4,791(-10.6%)
FY 2005	173,527	12,008	11,515

	Net income (percentage change from previous term)	Net income per share	Diluted net income per share
Six months ended Sep.30, 2006	3,682(30.5%)	30.28yen	29.15yen
Six months ended Sep.30, 2005	2,821(-17.8%)	23.20yen	-
FY 2005	7,035	57.41yen	-

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

Notes2: Equity in net income/loss non-consolidated subsidiaries and/or affiliates:

Sep./2006: 30million yen (Mar./2006: 59million yen Sep./2005: 22million yen)

Notes3: Average number of shares outstanding (Sep./2006: 121,598,795
 Mar./2006: 121,680,056
 Sep./2005: 121,612,442)

(2) Consolidated Financial Position

(Millions of Yen)

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
As of Sep.30, 2006	187,738	79,781	42.3%	652.89yen
As of Sep.30, 2005	159,364	71,586	44.9%	588.79yen
FY 2005	172,327	76,329	44.3%	627.66yen

Notes: Number of shares outstanding at the end of the term

(Sep./2006: 121,577,999
 Mar./2006: 121,610,076
 Sep./2005: 121,581,684)

(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 the quarter
Six months ended Sep.30, 2006	12,729	(18,431)	2,646	9,107
Six months ended Sep.30, 2005	3,569	(13,253)	9,443	11,243
FY 2005	14,916	(24,709)	9,998	12,231

(4) Scope of consolidation and application of equity method

Number of consolidated subsidiaries : 27

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 : 2

Number of companies excluded from the consolidation : 0

Number of companies newly accounted for by the equity method : 0

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

(Millions of Yen)

	Net sales	Ordinary income	Net income
Full year	210,000	15,000	9,000

Reference: Expected net income per share 74.03yen

(1) Group Companies

In our business group, we have 28 subsidiaries and 1 affiliate, among these, 27 are consolidated subsidiaries and 1 is an equity method affiliate. Our group produces and sells Semiconductors, Power Modules (PM), Power Systems (PS) 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	Sanken Electric Co., Ltd.
	Power IC	Subsidiaries
	Control IC	Ishikawa Sanken Co., Ltd. (Manufacturer)
	Hall-effect IC	Yamagata Sanken Co., Ltd. (Manufacturer)
	Bipolar Transister	Kashima Sanken Co., Ltd. (Manufacturer)
	MOSFET	Fukushima Sanken Co., Ltd. (Manufacturer)
	IGBT	Sanken Optoproducts Co., Ltd. (Manufacturer)
	Thyristor	Allegro MicroSystems, Inc. (Manufacturer)
	Rectifier Diode	Allegro MicroSystems Philippines, Inc. (Manufacturer)
	Light Emitting Diode(LED)	Allegro MicroSystems Philippines Realty, Inc. (Real estate leasing)
	Cold Cathode Fluorecent Lamp(CCFL)	Allegro MicroSystems Europe Limited (Sales company)
		Allegro MicroSystems Argentina S.A. (IC design)
		Allegro MicroSystems Business Development, Inc. (Sales and Technical service)
		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)
PM	Power Modules	Sanken Electric Co., Ltd.
	Switching Mode Power Supply unit	Subsidiaries
	Compact size Uninterruptible Power Supply(UPS)	PT. Sanken Indonesia (Manufacturer)
	Transformer	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)
PS	Power Systems	Sanken Electric Co., Ltd.
	Uninterruptible Power Supply(UPS)	Subsidiaries
	DC Power Supply	Sanken Densetsu Co., Ltd. (Power supply sales and installation work)
	Inverter	Sanken L.D. Electric (Jiangyin) Co., Ltd. (Manufacturer)
	Airway Beacon System	
	General Purpose Power Supply	
Others		Subsidiaries
		Sanken Business Service Co., Ltd.(Business Service, Logistics and Technology Surveys)
		Affiliates
		Sanken-Airpax Co., Ltd. (Manufacturer)

Note: As of October2, 2006, the Company transferred all its shares of Sanken Airpax Co., Ltd. to the said company.

As a result, Sanken Airpax was excluded from the affiliates after October 2, 2006.

(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, in order to strengthen the semiconductor business, our core business, we will launch new product development and mass production through collaboration, including the transfer of the semiconductor wafer process to our US subsidiary and promote early strategic investment that contributes to sales. We will make efforts at production enhancements and establishment of differentiated technologies for further expansion of the CCFL segment. On the other hand, for the PM and PS segments, we will continue to actively promote structural transformation toward improvement of a profitable structure. We will also place focus on development, production and sales, corresponding to changes in the market, including global production optimization for customers and strive for growth in concert as one Group through structural reform that corresponds to the speed of the digital market from a global perspective.

Matters Related to Parent Company, etc.

There are no pertinent matters.

(3) Operating Results and Financial Conditions

Operating Results

1) Overview of the current period

General Review

Regarding the global economy in the first half of FY06, while the US economy showed a slight decline, the Chinese economy showed further acceleration, and has steadily progressed in general. The Japanese economy continued to recover steadily against the backdrop of an increase in personal consumption and favorable exports. In the electronics industry to which our Group belongs, global demand in the markets for thin-type TVs, mobile phones and PCs increased and automotive electronic components progressed favorably, but in addition to production adjustments after the FIFA World Cup 2006, price declines for finished products have further accelerated, which continuously engaged us in very tough market competition.

Under such circumstances, the Company has made efforts at expansion of its production system to respond to increases in demand, which have included a transfer of its semiconductor wafer process to Polar Semiconductor, Inc., increased production capacity of semiconductor devices by domestic and overseas group companies, and formulation of a production system of 27 million cold cathode fluorescent lamps (CCFLs) a month with the start of Sanken Optoproducts Co., Ltd. In order to promote further enhancement of its research and development system, the Company promoted collaboration with Allegro Microsystems, Inc. and Polar Semiconductor, Inc. as well as promoted reinforcement of global management toward optimization of the entire Group through cooperation with the Asian Technology Center and establishment of market strategy functions. Further, we have promoted active development toward securing sales and profits by carrying out various measures from production through sales, including strengthened efforts at innovative “manufacturing” by the entire Group.

Regarding the business results of the Company in this first half period, the power module (PM) business, which favorably continued to receive orders, has decreased its profitability due to a reduction in operations along with the shortage of supplies and the increase in costs by responding to shorter delivery times. On the other hand, semiconductor devices and CCFL business has grown, mainly in the thin-type TV market, and Allegro has also expanded its sales significantly, in addition, the power systems (PS) business has made improvements in its business structure. As a result, both sales and profits increased as compared to the same period in the previous year. Consolidated net sales increased by 19,800 million yen (24.7%), as compared to the same period in the previous year, to 100,088 million yen. In terms of profit and loss, consolidated ordinary income increased by 1,876 million yen (39.2%), as compared to the same period in the previous year, to 6,667 million yen while consolidated net income increased by 860 million yen (30.5%), as compared to the same period in the previous year to 3,682 million yen.

Overview of the Business by Segments

Semiconductors

Consolidated net sales in this segment increased by 17,053 million yen (28.6%), as compared to the same period in the previous year, to 76,716 million yen.

Regarding CCFLs, having led an expansion in business, as a result of enhancement of the production system for large-size screen TVs, which continued to show vigorous demand, sales largely increased by 73.2% from the same period of the previous year. On the other hand, with respect to semiconductor devices, including ICs, diodes, and transistors, products for AV equipment steadily progressed, overcoming the sales decrease in the products for CRT TVs due to the growth of thin-type TVs and TVs for home theater use. Due to the increase in demand for fuel-efficient cars in overseas markets, a generally favorable progression was seen, as automotive electronic components, including Hall ICs of Allegro largely increased.

Power Modules

Consolidated net sales in this segment increased by 2,066 million yen (14.0%), as compared to the same period in the previous year, to 16,831 million yen.

While sales of switching power supplies for printers and AC adapters for note PCs decreased, sales of switching power supplies for thin-type TVs continued to grow significantly. In this regard, conventionally OA equipment comprised the core products of the business, but as a result of our focus on the consumer market, including thin-type TVs, the sales ratio of the market reached about 50%.

Power Systems

Consolidated net sales in this segment increased by 680 million yen (11.6%), as compared to the same period in the previous year, to 6,539 million yen.

In addition to the favorable transition of power supplies for telecommunications equipment, sales of large size UPSs for private-sector demand and power supplies for airport infrastructures increased. Further, for VVVF inverters for the Chinese market, sales in the market showed a sign of recovery.

Regarding Interim Dividends

With respect to the payment of interim dividends, we decide to pay out 7 yen per share, an increase of 2 yen as compared with the previous year.

2) Forecast for This Fiscal Year

While the global economy is expected to progress steadily in the future, a certain impact on the Japanese economy is expected, depending on a slowdown in the US economy and the trend toward production adjustments throughout Asian economic zone and we expect that the business environment will continue to be in a situation that does not allow optimism.

The electronics industry to which the Company belongs is expected to continue to favorably progress, centering on automotive electronic components and thin-type TVs markets, but under some market conditions, price competition is expected to become more intense. The Company will promote strengthening of production for growing markets and cost reductions as well as focus on efforts to establish technology differentiation.

As for the results for the full-year, we expect consolidated net sales of 210,000 million yen, ordinary income of 15,000 million yen, net income of 9,000 million yen; non-consolidated results are expected to be: net sales of 164,700 million yen, ordinary income of 12,100 million yen and net income of 7,700 million yen.

Regarding Year-end Dividends

With respect to the payment of year-end dividends, we decided to pay out 7 yen per share, an increase of 2 yen as compared with the previous year, taking into consideration the outlook of the whole financial year. Based on this decision, we will declare an annual dividend of 14 yen per share.

(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.

Balance of cash and cash equivalents at the end of the current interim period was 9,107 million yen, a decrease of 3,124 million yen from the end of the previous period ended March 31, 2006.

Net cash provided by operating activities amounted to 12,729 million yen, a 9,160 million yen inflow from the previous interim period. This was mainly due to an increase in notes and accounts payable and in depreciation, in addition to increased profit.

Net cash used in investing activities totaled 18,431 million yen, an outflow of 5,177 million yen from the previous interim period. This was mainly due to an increase in capital investment.

Net cash provided by financing activities was 2,646 million yen, a 6,796 million yen outflow from the previous interim period. This was mainly due to the financing for capital investment.

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

	Six months ended Sep.30,2004	FY 2004	Six months ended Sep.30,2005	FY 2005	Six months ended Sep.30,2006
Equity ratio	46.0%	48.3%	44.9%	44.3%	42.3%
Equity ratio on the basis of market price	89.5%	121.3%	99.5%	142.2%	99.0%
Redemption years for liabilities	10.1year	3.5year	12.3year	3.1year	3.9year
Interest coverage ratio	7.9times	13.1times	10.4times	18.9times	21.7times

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, emergence of alternative products, 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

	September 30 FY 2006	September 30 FY 2005	FY 2005
ASSETS			
Current assets			
Cash and deposits	9,342	11,470	12,466
Notes and accounts receivable	50,793	44,821	46,173
Inventories	38,199	33,029	34,568
Deferred tax assets	3,372	2,577	3,172
Other current assets	6,015	5,414	4,612
Allowance for doubtful receivables	(189)	(92)	(257)
Total current assets	107,533	97,220	100,736
Fixed assets:			
Property, plant and equipment, net:			
Buildings	21,666	17,582	19,414
Machinery and equipment	34,158	20,216	29,932
Tools, furniture and fixtures	2,708	2,386	2,485
Land	4,690	3,864	4,671
Construction in progress	6,991	2,040	2,845
Property, plant and equipment, net	70,216	46,089	59,348
Intangible assets:			
Software	627	814	720
Other intangible assets	1,287	814	1,306
Total intangible assets	1,914	1,629	2,027
Investments and other assets:			
Investments in securities	5,432	12,008	6,044
Deferred tax assets	796	1,183	1,098
Other long-term receivables	1,870	1,242	3,096
Allowance for doubtful accounts	(25)	(10)	(24)
Total investments and other assets	8,073	14,424	10,214
Total fixed assets	80,204	62,144	71,591
Total assets	187,738	159,364	172,327

	September 30 FY 2006	September 30 FY 2005	FY 2005
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current liabilities:			
Notes and accounts payable	38,039	24,790	26,441
Short-term bank loans	12,862	10,241	10,075
Commercial Paper	21,000	20,000	18,000
Accrued expenses	9,385	7,026	8,242
Income taxes payable	2,441	1,902	3,558
Deferred tax liabilities	2	9	1
Other current liabilities	1,795	3,100	4,560
Total current liabilities	85,527	67,071	70,880
Long-term liabilities:			
Bonds and debentures	10,000	10,000	10,000
Long-term debt	5,956	3,596	7,519
Deferred tax liabilities	783	541	853
Accrued employees' retirement benefits	4,895	5,350	5,528
Accrued retirement benefits for directors	254	305	314
Other long-term liabilities	539	606	604
Total long-term liabilities	22,429	20,399	24,821
Total liabilities	107,957	87,470	95,701
Minority interests	-	307	297
Net assets			
Shareholders' equity:			
Capital stock	20,896	-	-
Capital surplus	21,263	-	-
Retained earnings	39,402	-	-
Treasury stock	(3,779)	-	-
Total shareholders's equity	77,783	-	-
Valuation and translation adjustments:			
Unrealized loss on securities	1,666	-	-
Translation adjustments	(72)	-	-
Total valuation and translation adjustments	1,594	-	-
Equity Warrant	68	-	-
Minority interests	335	-	-
Total net assets	79,781	-	-
Total liabilities and net assets	187,738	-	-
Shareholders' equity			
Capital stock	-	20,896	20,896
Capital surplus	-	21,168	21,262
Retained earnings	-	33,394	36,341
Unrealized loss on securities	-	1,516	1,995
Translation adjustments	-	(1,775)	(437)
Treasury stock	-	(3,614)	(3,729)
Total shareholders' equity	-	71,586	76,329
Total liabilities and shareholders' equity	-	159,364	172,327

CONSOLIDATED STATEMENTS OF INCOME

Millions of yen

	September 30 FY 2006	September 30 FY 2005	FY 2005
Net sales	100,088	80,287	173,527
Cost of sales	78,487	63,123	135,876
Gross profit	21,600	17,164	37,650
Selling, general and administrative expenses	13,817	12,028	25,642
Operating income	7,783	5,135	12,008
Non-operating income	389	697	2,426
Non-operating expenses	1,505	1,041	2,919
Ordinary income	6,667	4,791	11,515
Gain on sales of marketable and investment securities	-	-	33
Profit on sales of fixed assets	8	31	319
Total extraordinary income	8	31	352
Loss on disposals of fixed assets	160	176	320
Loss on sales of fixed assets	0	3	10
Provision for special severance	-	196	197
Expenses related to factory closure	37	-	-
Other extraordinary loss	14	4	44
Total extraordinary loss	213	380	572
Income before income taxes , minority interests	6,462	4,442	11,295
Income taxes	2,473	1,817	4,917
Income tax - deferred	261	(239)	(755)
Minority interest in consolidated subsidiaries	45	41	98
Net income	3,682	2,821	7,035

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Millions of yen

	September 30 FY 2005	FY 2005
Capital surplus at beginning of year	21,167	21,167
Increase in capital surplus		
Increase due to transaction of Treasury Stock	<u>0</u>	<u>0</u>
Capital surplus at September 30	<u>21,168</u>	<u>21,262</u>
Retained earnings at beginning of year	31,139	31,139
Increase in retained earnings		
Net income	2,821	7,035
Increase due to increase of a consolidated subsidiary	<u>41</u>	<u>41</u>
Decrease in retained earnings		
Cash dividends	608	1,824
Bonuses to directors	-	50
Retained earnings at September 30	<u>33,394</u>	<u>36,341</u>

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

This Term (April 1, 2006 to September 30, 2006)

Millions of yen

	Shareholders' equity					Valuation and translation adjustments			Equity warrant	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	Unrealized loss on securities	Translation adjustments	Total			
Balance at March 31	20,896	21,262	36,341	(3,729)	74,771	1,995	(437)	1,557	-	297	76,626
Changes of items during the period:											
Net income			3,682		3,682			-			3,682
Redemption of treasury stock				(50)	(50)			-			(50)
Disposal of treasury stock		0		0	1			-			1
Resulting from increase in number of consolidated subsidiaries			(205)		(205)			-			(205)
Resulting from the change in fiscal term of consolidated subsidiaries			(415)		(415)			-			(415)
Net changes of items other than shareholders' equity					-	(328)	365	36	68	38	143
Total changes of items	-	0	3,061	(49)	3,012	(328)	365	36	68	38	3,155
Balance at September 30	20,896	21,263	39,402	(3,779)	77,783	1,666	(72)	1,594	68	335	79,781

CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of yen

	September 30 FY 2006	September 30 FY 2005	FY 2005
Operating activities			
1. Income before income taxes and minority interests in earnings of affiliates	6,462	4,442	11,295
2. Depreciation and amortization	6,629	4,055	10,360
3. Reversal of allowance for doubtful receivables	(65)	(206)	(75)
4. Provision of accrued retirement benefits for employees	(712)	173	325
5. Interest and dividend income	(91)	(164)	(379)
6. Interest expense	569	346	827
7. Gain on sales of investment securities	-	-	(33)
8. Decrease (increase) in notes and accounts receivable	(4,323)	(4,891)	(5,081)
9. Decrease (increase) in inventories	(3,379)	(211)	237
10. Decrease (increase) in notes and accounts payable	11,356	1,878	2,411
11. Other	366	(22)	(1,694)
12. Interest and dividends received	92	167	628
13. Interest paid	(586)	(343)	(788)
14. Income taxes paid	(3,586)	(1,653)	(3,117)
Net cash provided by (used in) operating activities	12,729	3,569	14,916
Investing activities			
1. Purchases of property , plant and equipment	(17,965)	(5,522)	(14,007)
2. Proceeds from sales of property , plant and equipment	49	140	492
3. Purchases of intangible fixed assets	(152)	(163)	(402)
4. Purchases of investment securities	-	(5,706)	-
5. Proceeds from sales of investment securities	-	-	1,084
6. Purchases of subsidiary stock due to changing scope of consolidation	-	-	(5,616)
7. Expenditure of loan	(21)	(1,978)	(6,155)
8. Proceeds from collection of loan	134	31	697
9. Other	(475)	(54)	(801)
Net cash used in investing activities	(18,431)	(13,253)	(24,709)
Financing activities			
1. Decrease in short-term bank loans	3,154	1,295	1,738
2. Proceeds from issuance of Commercial Paper	3,000	11,000	9,000
3. Proceeds from issuance of long-term bank loans	-	242	4,773
4. Repayment of long-term bank loans	(2,156)	(2,245)	(3,913)
5. Proceeds from sales of treasury stock	1	1	4
6. Redemption of treasury stock	(50)	(72)	(201)
7. Cash dividends paid	(1,213)	(609)	(1,218)
8. Dividends paid to minority interests	(88)	(168)	(183)
Net cash provided by (used in) financing activities	2,646	9,443	9,998
Effect of exchange rate changes on cash and cash equivalents	119	(12)	529
Net increase (decrease) in cash and cash equivalents	(2,935)	(252)	735
Cash and cash equivalents at beginning of the year	12,231	11,302	11,302
Decrease in cash and cash equivalents at beginning of the year, due to the change in fiscal term of consolidated subsidiary	(188)	-	-
Increase in cash and cash equivalents due to increase in number of a consolidated subsidiary	0	194	194
Cash and cash equivalents at end of the year	9,107	11,243	12,231

(4) Segment Information

Segment information by business

This Term (April 1, 2006 to September 30, 2006)

Millions of yen

	Semicon- ductors	PM	PS	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1)Third parties	76,716	16,831	6,539	100,088	-	100,088
(2)Intersegment	1,034	668	2	1,705	(1,705)	-
Total	77,751	17,500	6,542	101,794	(1,705)	100,088
Operating expenses	67,548	18,954	6,138	92,640	(336)	92,304
Operating income	10,203	(1,453)	403	9,153	(1,369)	7,783

Note: From the current period, SMPs and Power Supply Equipment have changed their names to PM (Power Module) and PS (Power System), respectively.

Previous Fiscal Year (April 1, 2005 to September 30, 2005)

Millions of yen

	Semicon- ductors	SMPs	Power Supply Equipment	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1)Third parties	59,663	14,765	5,858	80,287	-	80,287
(2)Intersegment	17	210	7	235	(235)	-
Total	59,680	14,975	5,866	80,522	(235)	80,287
Operating expenses	52,964	15,744	5,570	74,279	872	75,151
Operating income	6,716	(768)	296	6,243	(1,107)	5,135

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

Millions of yen

	Semicon- ductors	SMPs	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

Segment information by geographic area

This Term (April 1, 2006 to September 30, 2006)

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	70,547	10,728	13,004	5,807	100,088	-	100,088
(2) Intersegment	7,027	17,280	7,388	10	31,706	(31,706)	-
Total	77,574	28,009	20,393	5,817	131,794	(31,706)	100,088
Operating expenses	70,867	28,383	18,444	5,801	123,497	(31,192)	92,304
Operating income	6,707	(374)	1,948	16	8,297	(513)	7,783

Previous Fiscal Year (April 1, 2005 to September 30, 2005)

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	58,462	8,759	7,855	5,208	80,287	-	80,287
(2) Intersegment	5,169	12,881	6,700	57	24,808	(24,808)	-
Total	63,632	21,641	14,556	5,265	105,095	(24,808)	80,287
Operating expenses	58,451	21,190	13,435	5,586	98,662	(23,510)	75,151
Operating income	5,180	451	1,121	(320)	6,433	(1,297)	5,135

Last 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

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 Term (April 1, 2006 to September 30, 2006)

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	47,451	7,881	6,367	27	61,728
Consolidated sales					100,088
Ratio of overseas sales to consolidated sales (%)	47.4	7.9	6.4	0.0	61.7

Previous Fiscal Year (April 1, 2005 to September 30, 2005)

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	34,320	4,959	5,247	96	44,624
Consolidated sales					80,287
Ratio of overseas sales to consolidated sales (%)	42.8	6.2	6.5	0.1	55.6

Last 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

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, 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 subsidiaries.