FY 2006 Third Quarter Consolidated Financial Results

(April 1, 2006 to December 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/
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

(1) \mathbf{C}

2. Financial Results for the nine months ended December 31,2006

(1) Consolidated Results of Operations (Millions of years)								
	Net sales	Operating income	Ordinary income	Net income				
Nine months ended Dec.31,2006	152,928 (22.5%)	10,022 (41.4%)	8,521 (18.2%)	4,074 (-4.8%)				
Nine months ended Dec.31,2005	124,860 (7.4%)	7,087 (-6.7%)	7,207 (19.3%)	4,280 (9.6%)				
FY 2005	173,527	12,008	11,515	7,035				

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	Net income per share	Fully diluted net income
		per share
Nine months ended Dec.31,2006	33.51 yen	31.95 yen
Nine months ended Dec.31,2005	35.20 yen	- yen
FY 2005	57.41 yen	- yen

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

[Qualitative Information with Respect to the Consolidated Operating Results]

As for consolidated business results for the current third quarter (nine months ended Dec.31, 2006), net sales were 152,928 million yen, operating income was 10,022 million yen, ordinary income was 8,521 million yen and quarterly net income was 4,074 million yen. An outline of the business by segments is as follows.

Net sales of the Semiconductor Business were 116,619 million yen, which was an increase of 23,800 million yen (25.6%) from the same period of the previous year. Regarding semiconductor devices, including ICs, diodes, and transistors, sales increased in products for AV equipment due to growth in LCD TVs and products for home theater use. In addition, products for automobile electrical components, including onboard sensors, showed a steady increase, particularly among customers of Japanese origin. Thus, overall, semiconductor devices showed favorable movement. On the other hand, with respect to CCFLs, although CCFLs have entered a phase requiring temporary order adjustments from the second half, sales largely increased mainly in products for large-size screen TVs as compared with the same period in the previous year.

Net sales of the PM Business were 25,718 million yen, which was an increase of 2,496 million yen (10.8%) from the same period of the previous year. Although demand for products for printers decreased, the sales increased because of a significant increase in switching power supplies for thin-type TVs and brisk movement of general-purpose small-sized UPSs.

Net sales of the PS Business were 10,591 million yen, which was an increase of 1,771 million yen (20.1%) from the same period of the previous year. Sales of VVVF inverters in China showed steady movement, and, in addition, domestic sales of power supplies for telecommunications equipment increased dramatically.

(2) Consolidated Financial Position

(2) Consolidated Financial Position (Millions of y										
	Total	Shareholders'	Shareholders' equity	Shareholders' equity						
	assets	equity	ratio	per share						
As of Dec.31,2006	196,338	79,893	40.5 %	653.35 yen						
As of Dec.31,2005	163,672	74,251	45.4 %	610.94 yen						
FY 2005	172,327	76,329	44.3 %	627.66 yen						

[Consolidated Results of Cash Flows]

(Millions of ven)

E	4			
	Net cash	Net cash	Net cash	Balance of cash and
	provided by (used in)	used in investing	provided by (used in)	cash equivalents at
	operating activities	activities	financing activities	the end of the quarter
Nine months ended Dec.31,2006	10,609	(22,936)	11,162	11,039
Nine months ended Dec.31,2005	5,988	(16,784)	9,058	10,003
FY 2005	14,916	(24,709)	9,998	12,231

[Qualitative Information with Respect to the Consolidated Financial Position]

Balance of cash and cash equivalents at the end of the current third quarter (nine months ended Dec.31, 2006) was 11,039 million yen.

For cash flow from operating activities, net cash increased by 10,609 million yen due to the increase in profit and depreciation expenses, while the payment for corporate tax, etc., increased.

For cash flow from investing activities, net cash decreased by 22,936 million yen due to the strategic investment in the CCFL business, etc.

For cash flow from financing activities, net cash increased by 11,162 million yen due to the increase in the issued amount of commercial paper, etc., as a source for the above-described investments and for responding to the production increase.

3. FY 2006 Consolidated Finacial Forcast (April 1, 2006 to March 31, 2007)

With regard to the forecast for this fiscal year, there is no change in the forecast figures announced on November 7, 2006 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)

Current assets: 11,280 10,233 12,466 Notes and accounts receivable 53,557 46,697 46,173 Inventories 38,891 33,619 34,568 Other current assets 11,130 8,972 7,527 Total current assets 114,859 99,523 100,736 Fixed assets: 114,859 99,523 100,736 Property, plant and equipment, net 1,875 1,612 2,027 Investments and other assets 7,259 14,104 10,214 Total fixed assets 81,479 64,148 71,591 Total assets 196,338 163,672 172,327 Liabilities 29,000 20,000 18,000 Other current liabilities 29,000 20,000 18,000 Other current liabilities 94,713 68,502 70,880 Long-term liabilities 94,713 68,502 70,880 Long-term liabilities 6,398 7,230 7,301 Total long-term liabilities 6,398 7,230 7,301 Total long-term liabilities 21,731 20,574 </th <th></th> <th></th> <th colspan="2">Millions of ye</th>			Millions of ye	
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Other current assets 11,130 8,972 7,527 Total current assets 114,859 99,523 100,736 Property, plant and equipment, net Innegable assets 72,344 48,431 59,348 Property, plant and equipment, net Innegable assets 72,259 14,104 102,114 Total fixed assets 196,338 163,672 172,327 Liabilities 11,436 25,703 26,441 Stort-term habilities: 11,434 10,075 20,000 20,000 Other current liabilities: 11,633 163,672 172,327 Liabilities 20,000 20,000 18,000 Other current liabilities: 10,000 10,000 163,622 Total current liabilities: 10,000 10,000 10,000 Long-term liabilities: 10,000 10,000 10,000 Long-term liabilities: 116,445 89,076 95,701 Minority interests . 344 297 Net asets 116,445 89,076 95,701 Minority int	Notes and accounts receivable	53,557	46,697	46,173
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Fixed assets: Property, plant and equipment, net 72,344 48,431 59,348 Intragible assets 72,59 14,104 10,214 Total fixed assets 72,59 14,104 10,214 Total fixed assets 196,338 163,672 172,327 Liabilities 196,338 163,672 172,327 Liabilities 20,000 20,000 18,000 Corrent liabilities: 14,986 11,144 10,075 Commercial Paper 29,000 20,000 18,000 Other current liabilities: 11,633 16,362 70,880 Long-term liabilities: 10,000 10,000 10,000 Long-term liabilities: 21,731 20,574 24,821 Total long-term liabilities 21,731 20,574 24,821 Minority interests . 344 297 Net asets Shareholders' equity: Capital stock 20,896 . . . Total shareholders' equity: . .<	Other current assets	11,130	8,972	7,527
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Capital surplus $21,263$ Retained earnings $38,943$ Treasury stock $(3,803)$ Total shareholders's equity $77,301$ Valuation and translation adjustments: $1,648$ Unrealized loss on securities $1,648$ Total valuation and translation adjustments $21,221$ Equity Warrant 81 Minority interests 388 Total liabilities and net assets $79,893$ Shareholders' equity Capital stock Unrealized loss on securities- $20,896$ 20,896 $20,896$ 20,896Capital stock Unrealized loss on securities- $1,96338$ -Translation adjustments- $21,169$ 21,262 $21,262$ Retained earnings-Shareholders' equity Treasury stock- $(3,689)$ ($3,729$ $(3,729)$ Total shareholders' equity-Total shareholders' equity- $(3,689)$ ($3,729$ $(3,729)$ Total shareholders' equity-Total shareholders' equity- $74,251$ $76,329$ Total shareholders' equity- $74,251$ $76,329$ Total shareholders' equity- $74,251$ $76,329$ Total liabilities $74,251$ $76,329$ Total liabilities $74,251$ $76,329$				
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Treasury stock $(3,803)$ Total shareholders's equity $77,301$ Valuation and translation adjustments: Unrealized loss on securities $1,648$ Translation adjustments 473 Total valuation and translation adjustments $2,121$ Equity Warrant 81 Minority interests 388 Total net assets $79,893$ Total net assets $196,338$ Shareholders' equity Capital stock Capital surplus- $20,896$ $20,896$ Capital stock Unrealized loss on securities- $1,983$ $1,995$ Translation adjustments- $(3,689)$ $(3,729)$ Total shareholders' equity Capital surplus- $(3,689)$ $(3,729)$ Total shareholders' equity- $74,251$ $76,329$ Total shareholders' equity- $74,251$ $76,329$ Total liabilities $74,251$ $76,329$	* *		-	-
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Valuation and translation adjustments: 1,648 - - Translation adjustments 473 - - Total valuation and translation adjustments 2,121 - - Equity Warrant 81 - - Minority interests 388 - - Total net assets 79,893 - - Total liabilities and net assets 196,338 - - Shareholders' equity - 21,169 21,262 Retained earnings - 34,830 36,341 Unrealized loss on securities - 1,983 1,995 Translation adjustments - (3,689) (3,729) Total shareholders' equity - 74,251 76,329				-
Unrealized loss on securities1,648Translation adjustments 473 Total valuation and translation adjustments $2,121$ Equity Warrant 81 Minority interests 388 Total net assets $79,893$ Total liabilities and net assets $196,338$ Shareholders' equity $20,896$ $20,896$ $20,896$ Capital stock- $20,896$ $20,896$ Capital stock- $21,169$ $21,262$ Retained earnings- $34,830$ $36,341$ Unrealiezed loss on securities- $1,983$ $1,995$ Translation adjustments- $(3,689)$ $(3,729)$ Total shareholders' equity- $74,251$ $76,329$ Total liabilities $74,251$ $76,329$	Total shareholders's equity	77,301		-
Translation adjustments 473 -Total valuation and translation adjustments $2,121$ -Equity Warrant 81 -Minority interests 388 -Total net assets $79,893$ -Total liabilities and net assets $196,338$ -Shareholders' equity- $20,896$ $20,896$ Capital stock- $20,896$ $20,896$ Capital stock- $21,169$ $21,262$ Retained earnings- $34,830$ $36,341$ Unrealiezed loss on securities- $1,983$ $1,995$ Translation adjustments- $(3,689)$ $(3,729)$ Total shareholders' equity- $74,251$ $76,329$	•	1 649		
Total valuation and translation adjustments2,121Equity Warrant81Minority interests388Total net assets79,893Total liabilities and net assets196,338Shareholders' equity Capital stock Capital surplus Retained earnings Unrealiezed loss on securities Translation adjustments Treasury stock-20,896 20,896 20,89620,896 20,896 20,896Total habilitiesTotal shareholders' equity Capital surplus Retained earnings Translation adjustments Treasury stock-20,896 <td></td> <td></td> <td>_</td> <td>-</td>			_	-
Minority interests388Total net assets79,893Total liabilities and net assets196,338Shareholders' equity Capital stock Capital surplus Retained earnings-20,89620,896Capital surplus 			-	-
Total net assets79,893Total liabilities and net assets196,338Shareholders' equity Capital stock Capital surplus Retained earnings-20,89620,896Capital surplus Retained earnings-21,16921,262Retained earnings Unrealiezed loss on securities Translation adjustments Treasury stock-1,9831,995Total shareholders' equity-(3,689)(3,729)Total shareholders' equity-74,25176,329	Equity Warrant	81		
Total liabilities and net assets 196,338 - - Shareholders' equity - 20,896 20,896 Capital stock - 21,169 21,262 Retained earnings - 34,830 36,341 Unrealiezed loss on securities - 1,983 1,995 Translation adjustments - (939) (437) Total shareholders' equity - 74,251 76,329	Minority interests	388		
Shareholders' equity - 20,896 20,896 Capital stock - 21,169 21,262 Retained earnings - 34,830 36,341 Unrealiezed loss on securities - 1,983 1,995 Translation adjustments - (939) (437) Total shareholders' equity - 74,251 76,329	Total net assets	79,893	-	-
Shareholders' equity Capital stock - 20,896 20,896 Capital surplus - 21,169 21,262 Retained earnings - 34,830 36,341 Unrealiezed loss on securities - 1,983 1,995 Translation adjustments - (939) (437) Total shareholders' equity - 74,251 76,329	Total liabilities and net assets	196,338	-	-
Capital stock - 20,896 20,896 Capital surplus - 21,169 21,262 Retained earnings - 34,830 36,341 Unrealized loss on securities - 1,983 1,995 Translation adjustments - (939) (437) Treasury stock - (3,689) (3,729) Total shareholders' equity - 74,251 76,329				
Capital surplus - 21,169 21,262 Retained earnings - 34,830 36,341 Unrealized loss on securities - 1,983 1,995 Translation adjustments - (939) (437) Total shareholders' equity - 74,251 76,329			20.006	20.000
Retained earnings-34,83036,341Unrealiezed loss on securities-1,9831,995Translation adjustments-(939)(437)Treasury stock-(3,689)(3,729)Total shareholders' equity-74,25176,329Total liabilities	*	-		-
Unrealized loss on securities-1,9831,995Translation adjustments-(939)(437)Treasury stock-(3,689)(3,729)Total shareholders' equity-74,25176,329Total liabilities		-		
Translation adjustments-(939)(437)Treasury stock-(3,689)(3,729)Total shareholders' equity-74,25176,329Total liabilities	-	-		
Treasury stock-(3,689)(3,729)Total shareholders' equity-74,25176,329Total liabilities		-		
Total shareholders' equity-74,25176,329Total liabilities		-		
	Total liabilities			
		-	163,672	172,327

CONSOLIDATED STATEMENTS OF INCOME(SUMMARY)

Millions of yen **3rd Quarter** 3rd Quarter FY 2005 FY 2005 **FY 2006** 152,928 Net sales 124,860 173,527 121,890 98,962 135,876 Cost of sales Gross profit 31,038 25,897 37,650 25,642 Selling, general and administrative expenses 21,016 18,810 Operating income 10,022 7,087 12,008 Non-operating income 587 1,787 2,426 Non-operating expenses 2,088 1,667 2,919 Ordinary income 8,521 7,207 11,515 Extraordinary income 14 36 352 465 436 572 Extraordinary loss 11,295 Income before income taxes, minority interests 8,070 6,808 Income taxes 3,910 2,457 4,162 Minority interest in consolidated subsidiaries 85 70 98 Net income 4,074 4,280 7,035

CONSOLIDATED STATEMENTS OF CASH FLOWS(SUMMARY)

Millions of yen **3rd Quarter** 3rd Quarter FY 2005 **FY 2006** FY 2005 Operating activities 6,808 Income before income taxes and minority interests in earnings of affiliates 8,070 11,295 Depreciation and amortization 10,608 6.329 10,360 (5,081) Decrease (increase) in notes and accounts receivable (6,836) (6,308)(Increase) decrease in inventories (3,856) (249)237 (Increase) decrease in notes and accounts payable 11,494 2,531 2,411 Other (3,398)(261)(1,189)Income taxes paid (5,474) (2,860)(3,117) 10,609 5,988 14,916 Net cash provided by (used in) operating activities Investing activities Purchases of property, plant and equipment (23,244)(9.805)(14.007)189 492 Proceeds from sales of property, plant and equipment 41 (Increase) decrease in investment securities 513 (4,706)(4,531)Increase (decrease) in Loan 104 (2,321)(5,457) Other (352) (140) (1,204) Net cash used in investing activities (22,936) (16,784)(24,709)Financing activities 4,774 2,637 Increase (decrease) in short-term bank loans 1,738 (Decrease) increase in Commercial Paper 11,000 11,000 9,000 Proceeds from issuance of long-term bank loans 292 4,773 Repayment of long-term debt (2,495)(3,399)(3,913) Redemption of treasury stock (72)(145)(197)Cash dividends paid (1,954) (1,159)(1,218)Dividends paid to minority interests (88) (167)(183)Net cash provided by (used in) financing activities 11,162 9.058 9.998 Effect of exchange rate changes on cash and cash equivalents 161 244 529 735 Net (decrease) increase in cash and cash equivalents (1.003)(1,493)Cash and cash equivalents at beginning of the term 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 of beginning cash and cash equivalents due to new entry of a subsidiary 194 194 0 Cash and cash equivalents at end of term 11,039 10.003 12,231

Segment Information

1. Segment information by business

This Term (April 1, 2006 to December 31, 2006)

× 1	,			/		
					Μ	lillions of yen
	Semicon- ductors	РМ	PS	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1) Third parties	116,619	25,718	10,591	152,928	-	152,928
(2) Intersegment	1,649	1,184	5	2,838	(2,838)	-
Total	118,268	26,902	10,596	155,767	(2,838)	152,928
Operating expenses	104,426	29,664	9,653	143,745	(838)	142,906
Operating income	13,841	(2,762)	942	12,022	(1,999)	10,022

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

Previous Term (April 1, 2005 to December 31, 2005)

Millions of ye										
	Semicon- ductors	SMPSs	Power Supply Equipment	Total	Eliminations or unallocated amounts	Consolidated				
Sales										
(1) Third parties	92,818	23,221	8,819	124,860	-	124,860				
(2) Intersegment	21	463	7	493	(493)	-				
Total	92,840	23,685	8,827	125,353	(493)	124,860				
Operating expenses	83,037	25,217	8,379	116,634	1,138	117,773				
Operating income	9,803	(1,532)	447	8,718	(1,631)	7,087				

Last 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

2. Segment information by geographic area

· · ·	,		,	,		Μ	lillions of yen
	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	107,866	16,413	19,217	9,432	152,928	-	152,928
(2) Intersegment	11,043	26,283	11,726	25	49,078	(49,078)	-
Total	118,909	42,696	30,943	9,458	202,007	(49,078)	152,928
Operating expenses	109,991	43,880	28,012	9,332	191,217	(48,311)	142,906
Operating income	8,917	(1,184)	2,931	125	10,790	(767)	10,022

This Term (April 1, 2006 to December 31, 2006)

Previous Term (April 1, 2005 to December 31, 2005)

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	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	90,277	13,676	12,631	8,274	124,860	-	124,860
(2) Intersegment	7,851	20,577	10,642	68	39,139	(39,139)	-
Total	98,128	34,253	23,274	8,342	163,999	(39,139)	124,860
Operating expenses	90,392	34,465	21,456	8,765	155,079	(37,306)	117,773
Operating income	7,736	(211)	1,817	(422)	8,920	(1,832)	7,087

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

Millions of yer									
	Ionon	Asia	North	Europa	Total	Eliminations or unallocated	Consolidated		
	Japan	Asia	America	Europe	Total		Consolidated		
						amounts			
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		

Millions of yen

# 3. Overseas Sales

				Milli	ons of yen
	Asia	North America	Europe	Other Regions	Total
Overseas sales	70,892	12,310	9,507	45	92,755
Consolidated sales		152,928			
Ratio of overseas sales to consolidated sales (%)	46.4	8.1	6.2	0.0	60.7

## This Term (April 1, 2006 to December 31, 2006)

## Previous Term (April 1, 2005 to December 31, 2005)

Millio					ons of yen
	Asia	North America	Europe	Other Regions	Total
Overseas sales	54,252	8,076	8,361	108	70,798
Consolidated sales		124,860			
Ratio of overseas sales to consolidated sales (%)	43.5	6.5	6.7	0.1	56.7

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

			,	Milli	ons 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

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