

FY 2006 Consolidated Financial Results

(April 1, 2006 to March 31, 2007)

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1. Consolidated Financial Performance over the year, April 1, 2006 to March 31, 2007

(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)	Net income (percentage change from the previous year)
FY 2006	203,815 (17.5%)	15,014 (25.0%)	12,745 (10.7%)	7,499 (6.6%)
FY 2005	173,527 (11.1%)	12,008 (- 0.6%)	11,515 (15.7%)	7,035 (5.3%)

	Net income per share	Diluted net income per share	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
FY 2006	61.69yen	59.52yen	9.4%	7.0%	7.4%
FY 2005	57.41yen	-	9.7%	7.4%	6.9%

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

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

Mar./2007: 30million yen (Mar./ 2006: 59million yen)

(2) Consolidated Financial Position

(Millions of Yen)

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
FY 2006	193,787	83,086	42.7%	680.11yen
FY 2005	172,327	76,329	44.3%	627.66yen

Note: Shareholders' equity:

Mar./2007: 82,660million yen (Mar./ 2006: - yen)

(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 2006	14,390	(26,306)	10,021	10,367
FY 2005	14,916	(24,709)	9,998	12,231

2. Dividend Information

(Record date)	Dividend per share			Total dividend (full year)	Dividend payout ratio (consolidated)	Dividend to total net assets (consolidated)
	First half	Latter half	Full year			
FY 2005	5.00yen	10.00yen	15.00yen	1,824	26.1%	2.5%
FY 2006	7.00yen	7.00yen	14.00yen	1,701	22.7%	2.1%
FY 2007 (forecast)	7.00yen	7.00yen	14.00yen		18.9%	

Note: Year-end dividend of FY 2005 is comprised of ordinary dividend of 7 yen and commemorative dividend of 3 yen for the 60th anniversary of the Company.

3. FY 2007 Consolidated Financial Forecast (April 1, 2007 to March 31, 2008)

(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)	Net income (percentage change from the previous year)	Net income per share
1st half	105,300 (5.2%)	8,200 (5.4%)	6,900 (3.5%)	3,800 (3.2%)	31.27yen
Full year	223,000 (9.4%)	19,000 (26.5%)	16,500 (29.5%)	9,000 (20.0%)	74.05yen

4. Other

- (1) Changes in significant subsidiaries during the year (changes in particular subsidiaries accompanying the change in scope of consolidation): No
- (2) Changes in principles, procedures and representation method, etc., of accounting concerning preparation of consolidated financial statements (those to be stated in the changes of the underlying material matters for preparation of consolidated financial statements)
 - (a) Changes in connection with the accounting standards, etc. : Yes
 - (b) Changes other than (a) : Yes
- (3) Number of shares outstanding (common stock)

Number of shares outstanding at the end of the term (including treasury stock)
Mar./2007: 125,490,302 (Mar./ 2006: 125,490,302)

Number of treasury stocks at the end of the term
Mar./2007: 3,950,093 (Mar./ 2006: 3,880,226)

(for reference) Summary of Non-consolidated Financial Performance

1. Non-consolidated Financial Performance over the year, April 1, 2006 to March 31, 2007

(1) Non-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)	Net income (percentage change from the previous year)
FY 2006	155,565 (16.6%)	10,104 (7.2%)	9,574 (- 1.2%)	6,192 (3.1%)
FY 2005	133,474 (11.2%)	9,429 (14.7%)	9,690 (38.3%)	6,004 (154.9%)

	Net income per share	Diluted net income per share
FY 2006	50.93yen	-
FY 2005	48.93yen	-

(2) Non-consolidated Financial Position (Millions of Yen)

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
FY 2006	160,000	72,962	45.6%	600.32yen
FY 2005	135,710	69,334	51.1%	569.73yen

Notes: Shareholders' equity:

Mar./2007: 72,962million yen (Mar./ 2006: - yen)

2. FY 2007 Non-consolidated Financial Forecast (April 1, 2007 to March 31, 2008)

(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)	Net income (percentage change from the previous year)	Net income per share
1st half	82,200 (7.4%)	5,600 (- 4.7%)	4,800 (-13.2%)	2,900 (-14.4%)	23.86yen
Full year	176,700 (13.6%)	13,700 (35.6%)	12,400 (29.5%)	7,600 (22.7%)	62.53yen

1. OPERATING RESULTS

(1) Analysis of Operating Results

1) Overview of the Year ended March 31, 2007

General Review

As for the world economy in the current fiscal year, while the US economy has recorded rather low growth, mainly within the manufacturing industry, the Asian economies, centering on China, have continued to maintain high growth rates and the world economy has generally progressed steadily. In addition, the Japanese economy has shown continual expansion with an increase in demand in the private sector. Against the backdrop of such environment, in the electronics industry to which the Company belongs, an increase in demand for thin-type TVs and PCs pulled the market, and sales of automotive electronic components progressed steadily, mainly for Japanese manufacturers in North America. On the other hand, in addition to the production adjustment after the World Cup, due to the increase in raw materials prices and the rapid fall in final products prices, severe cost competition has continued.

Under such circumstances, the Company promoted active capital investment to meet the increasing demand, which includes transfer of the semiconductor wafer process to a US subsidiary, improvements in production capacity of semiconductor devices of each of the Group companies both in Japan and abroad, and building the system of monthly production of 30 million CCFLs. The Company has also reinforced global management toward optimization of the entire Group to enhance its product development system, including collaboration with US subsidiaries, collaboration between market strategy functions and FAE Technical Centers in Asia and Europe. The Company has further developed various measures from development to production and sales, including increased efforts for innovative “manufacturing” of the entire Group as part of our efforts to secure sales and profits.

As a result, in the segments of semiconductor devices and CCFLs, backed by favorable thin-type TV markets, sales have largely grown. In the PS business, both sales and profits increased due to the booming telecommunication market. In the PM business, as costs increased due to a response to short delivery periods, which was caused by difficulty in procurement of component parts in connection with the rapid increase in receipt of orders, profitability deteriorated, but it began to show signs of improvement toward the end of the period.

As for results in the current fiscal year, consolidated net sales reached 203,815 million yen, an increase of 30,288 million yen (17.5%) as compared to the previous year. In terms of profit and loss, consolidated ordinary income increased by 1,230 million yen (10.7%) from the previous year to 12,745 million yen and consolidated net income recorded 7,499 million yen, an increase of 464 million yen (6.6%) as compared to the previous year, and as a result, we continued to achieve a large increase in revenues and profits following the previous year. In this regard, the six (6) plants of the Group, which suffered from the impact of the Noto Peninsula Earthquake in March 2007, fully recovered within several days as they were fortunate enough not to have been severely damaged.

Overview of the Business by Segments

Semiconductors

Consolidated net sales in this segment increased by 25,792 million yen (20.0%), as compared to the previous fiscal year, to 154,967 million yen.

As for CCFLs, which pulled expansion of the business, net sales recorded a large increase of 46.1% from the previous year due to an increase in demand for large-sized screen TVs both in Japanese and overseas markets. On the other hand, semiconductor devices, including ICs, diodes and transistors, have progressed steadily due to the sales growth of products for AV equipment mainly for thin-type TVs and audio equipment.

Mainly in the North American market, as the demand for Japanese cars has increased, which excel in fuel consumption capacity, sales have generally progressed favorably, including a large increase in the sales of automotive electronic components.

Power Modules

Consolidated net sales in this segment increased by 2,173 million yen (6.9%), as compared to the previous fiscal year, to 33,518 million yen.

While sales of the AC adapters for notebook PCs and general-purpose small-sized UPS decreased, net sales for switching power supplies increased, backed by the launch of new products for LCD TVs and strong receipt of orders for products for plasma TVs, including those for printers which secured the same level of sales as the previous year.

Power Systems

Consolidated net sales in this segment increased by 2,322 million yen (17.9%), as compared to the previous fiscal year, to 15,330 million yen.

Net sales of power supply units for telecommunications equipment largely increased due to special demand for ADSL infrastructure networks in addition to the favorable progress of units for mobile phone stations. As for UPS, receipt of orders increased from educational institutions and the Internet infrastructure. Sales of VVVF inverters for the Chinese market also recorded moderate growth.

2) Forecast for the Next Fiscal Year

The electronics industry to which the Company belongs is expected to continue favorable progress, centering on automotive electronic components and the thin-type TV markets, but severer price competition is also expected depending on market trends. Under such circumstances, the Company will make efforts at reinforcement of its business foundation, improvements in its profit earning capacity and financial structure in order to ensure realization of the new mid-term business plan.

As for the business results in the next fiscal year, we expect to achieve net sales of 223 billion yen, ordinary income of 16.4 billion yen and net income of 9 billion yen on a consolidated basis, and net sales of 176.7 billion yen, ordinary income of 12.4 billion yen and net income of 7.6 billion yen on a non-consolidated basis.

The exchange rate in 2007 is based on the premise of ¥115 against US\$1.00

(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. In addition, Allegro MicroSystems, Inc., a wholly-owned subsidiary of the Company, is now making preparation for the initial public offering, which, if it actualizes, may have an effect on the Company's business performance in the future.

(2) Analysis of Financial Conditions

1) Status of Assets, Liabilities and Net Assets

Total assets at the end of the current fiscal year were 193,787 million yen, an increase of 21,459 million yen from the end of the previous year. This was mainly due to an increase in notes receivable and accounts receivable of 4,320 million yen, inventories of 5,168 million yen and tangible fixed assets of 12,406 million

yen.

Total liabilities were 110,701 million yen, an increase of 14,999 million yen from the end of the previous year. This was mainly due to an increase in commercial paper of 12,000 million yen, etc.

Net assets reached 83,086 million yen as a result of an increase in retained earnings of 6,027 million yen.

2) Status of Cash Flow

Balance of cash and cash equivalents at the end of the current fiscal year was 10,367 million yen, a decrease of 1,864 million yen from the end of previous year.

Net cash used in operating activities increased by 14,390 million yen; however this resulted in a decrease of 526 million yen as compared to the previous year. This was due to an increase in inventories and payment of corporate tax, etc., while profits increased.

Net cash used in investing activities decreased by 26,306 million yen while cash outflow increased 1,596 million yen from the previous year. This was mainly due to an increase in capital investment related to CCFLs necessitated by the start-up of Sanken Optoproducts Co., Ltd.

Net cash used in financing activities increased by 10,021 million yen, which was an increase of 22 million yen as compared to the previous year. This was mainly due to financing for the said capital investment.

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

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Equity ratio	39.2%	43.3%	48.3%	44.3%	42.7%
Equity ratio on the basis of market price	75.1%	120.2%	121.3%	142.2%	77.5%
Redemption years for liabilities	2.1year	2.4year	3.5year	3.1year	4.1year
Interest coverage ratio	15.2times	13.9times	13.1times	18.9times	12.5times

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.

3) Profit Distribution Policy, and Dividends of This Fiscal Year and Next Fiscal Year

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.

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

In addition, regarding the payment of an annual dividend for the next fiscal year, we expect to pay out 14 yen per share (7 yen per share each for both interim and year-end dividend), the same as this fiscal year.

4) 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.

2. GROUP COMPANIES

In our business group, we have 28 subsidiaries, among these, 27 are consolidated subsidiaries. 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 Power Systems (UK) Limited (Sales and Technical service)
		Sanken Electric Singapore Pte. Ltd. (Sales company)
		Sanken Electric Korea Co., Ltd. (Sales and Technical service)
		Sanken Electric (Shanghai)Co., Ltd. (Sales and 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)

Note: As of May 1, 2007, the Logistics Business Division of the Sanken Business Service Co., Ltd. was spun off from the Company and Sanken Logistics Co., Ltd. was incorporated.

3. MANAGEMENT POLICIES

(1) 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.

(2) 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.

(3) Mid and Long-term Management Strategies

Our Group has instituted and is advancing 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.

(4) Future Issues

The Group will develop more aggressive growth strategies under the new mid-term business plan for the coming three years, which started in April 2006. Under such circumstances, we set the reinforcement of the semiconductor device business, our core business, as priority subject, and as enforcement, we have prepared a system of intensive controls of process functions and ASSY functions as well as making efforts on the speed-up of development of new products and mass production in collaboration with the US subsidiaries. For the CCFL business, we will place focus on the establishment of differentiated technologies to further expand sales. For the PM business, we will continue to promote active improvement activities for an expeditious response to consumer markets and the profit earning structure. We will further follow the changes in the markets through FAE and zone sales activities, taking a serious look at the global optimization production of customers. Together with these measures, we will make our best efforts to strive as an entire Group united as one through reform of the structure corresponding to the speed of digital markets from a global perspective.

4. CONSOLIDATED FINANTIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31 2007	March 31 2006
ASSETS		
Current assets		
Cash and deposits	10,603	12,466
Notes and accounts receivable	50,494	46,173
Inventories	39,736	34,568
Deferred tax assets	3,270	3,172
Other current assets	8,505	4,612
Allowance for doubtful receivables	(146)	(257)
Total current assets	112,464	100,736
Fixed assets:		
Property,plant and equipment,net:		
Buildings	22,623	19,414
Machinery and equipment	37,083	29,932
Tools,furniture and fixtures	2,805	2,485
Land	4,566	4,671
Construction in progress	4,677	2,845
Property,plant and equipment,net	71,755	59,348
Intangible assets:		
Software	551	720
Other intangible assets	1,296	1,306
Total intangible assets	1,847	2,027
Investments and other assets:		
Investments in securities	4,722	6,044
Deferred tax assets	1,186	1,098
Other long-term receivables	1,835	3,096
Allowance for doubtful accounts	(25)	(24)
Total investments and other assets	7,719	10,214
Total fixed assets	81,323	71,591
Total assets	193,787	172,327

	March 31 2007	March 31 2006
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current liabilities:		
Notes and accounts payable	33,326	26,441
Short-term bank loans	14,534	10,075
Commercial Paper	30,000	18,000
Accrued expenses	9,157	8,242
Income taxes payable	2,184	3,558
Deferred tax liabilities	2	1
Allowance for directors' bonus payable	50	-
Other current liabilities	1,898	4,560
Total current liabilities	91,153	70,880
Long-term liabilities:		
Bonds and debentures	10,000	10,000
Long-term debt	3,634	7,519
Deferred tax liabilities	937	853
Accrued employees' retirement benefits	4,227	5,528
Accrued retirement benefits for directors	261	314
Other long-term liabilities	486	604
Total long-term liabilities	19,547	24,821
Total liabilities	110,701	95,701
Minority interests	-	297
Net assets		
Shareholders' equity:		
Capital stock	20,896	-
Capital surplus	21,263	-
Retained earnings	42,369	-
Treasury stock	(3,832)	-
Total shareholders's equity	80,697	-
Valuation and translation adjustments:		
Unrealized loss on securities	1,648	-
Translation adjustments	314	-
Total valuation and translation adjustments	1,962	-
Equity Warrant	111	-
Minority interests	314	-
Total net assets	83,086	-
Total liabilities and net assets	193,787	-
Shareholders' equity		
Capital stock	-	20,896
Capital surplus	-	21,262
Retained earnings	-	36,341
Unrealized loss on securities	-	1,995
Translation adjustments	-	(437)
Treasury stock	-	(3,729)
Total shareholders' equity	-	76,329
Total liabilities and shareholders' equity	-	172,327

(2) Consolidated Statements of Income

	Millions of yen	
	March 31 2007	March 31 2006
Net sales	203,815	173,527
Cost of sales	160,859	135,876
Gross profit	42,956	37,650
Selling, general and administrative expenses	27,941	25,642
Operating income	15,014	12,008
Non-operating income	878	2,426
Non-operating expenses	3,147	2,919
Ordinary income	12,745	11,515
Gain on sales of marketable and investment securities	-	33
Profit on sales of fixed assets	30	319
Government grant	584	-
Total extraordinary income	615	352
Loss on disposals of fixed assets	383	330
Loss on sales of stock of affiliated company	215	-
Impairment loss	39	-
Factory closure related expenses	123	-
Casualty loss	262	-
Provision for special severance	-	197
Other extraordinary loss	14	44
Total extraordinary loss	1,039	572
Income before income taxes , minority interests	12,320	11,295
Income taxes	4,579	4,917
Income tax - deferred	140	(755)
Minority interest in consolidated subsidiaries	100	98
Net income	7,499	7,035

(3) Consolidated Statements of Shareholders' Equity

	Millions of yen
	March 31 2006
Capital surplus at beginning of year	21,167
Increase in capital surplus	
Increase due to transaction of Treasury Stock	95
Capital surplus at end of year	<u>21,262</u>
Retained earnings at beginning of year	31,139
Increase in retained earnings	
Net income	7,035
Increase due to increase of a consolidated subsidiary	41
Decrease in retained earnings	
Cash dividends	1,824
Bonuses to directors	50
Retained earnings at end of year	<u>36,341</u>

Consolidated Statements of Changes in Net Assets

This Fiscal Year (April 1, 2006 to March 31, 2007)

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:											
Distribution of retained earnings			(851)		(851)			-			(851)
Net income			7,499		7,499			-			7,499
Redemption of treasury stock				(104)	(104)			-			(104)
Disposal of treasury stock		0		2	3			-			3
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					-	(347)	751	404	111	17	533
Total changes of items	-	0	6,027	(102)	5,926	(347)	751	404	111	17	6,459
Balance at March 31	20,896	21,263	42,369	(3,832)	80,697	1,648	314	1,962	111	314	83,086

(4) Consolidated Statements of Cash Flows

	Millions of yen	
	March 31 2007	March 31 2006
Operating activities		
1. Income before income taxes and minority interests in earnings of affiliates	12,320	11,295
2. Depreciation and amortization	14,380	10,360
3. Reversal of allowance for doubtful receivables	(109)	(75)
4. Provision of accrued retirement benefits for employees	(1,376)	325
5. Interest and dividend income	(287)	(379)
6. Interest expense	1,170	827
7. Gain on sales of investment securities	215	(33)
8. Decrease (increase) in notes and accounts receivable	(3,943)	(5,081)
9. Decrease (increase) in inventories	(4,870)	237
10. Decrease (increase) in notes and accounts payable	6,495	2,411
11. Other	(2,724)	(1,694)
12. Interest and dividends received	288	628
13. Interest paid	(1,152)	(788)
14. Income taxes paid	(6,016)	(3,117)
Net cash provided by (used in) operating activities	14,390	14,916
Investing activities		
1. Purchases of property , plant and equipment	(27,436)	(14,007)
2. Proceeds from sales of property , plant and equipment	1,150	492
3. Purchases of intangible fixed assets	(305)	(402)
4. Purchases of investment securities	(52)	-
5. Proceeds from sales of investment securities	516	1,084
6. Purchases of subsidiary stock due to changing scope of consolidation	-	(5,616)
7. Expenditure of loan	(48)	(6,155)
8. Proceeds from collection of loan	149	697
9. Other	(280)	(801)
Net cash used in investing activities	(26,306)	(24,709)
Financing activities		
1. Decrease in short-term bank loans	3,542	1,738
2. Proceeds from issuance of Commercial Paper	12,000	9,000
3. Proceeds from issuance of long-term bank loans	-	4,773
4. Repayment of long-term debt	(3,266)	(3,913)
5. Proceeds from sales of treasury stock	3	4
6. Redemption of treasury stock	(104)	(201)
7. Cash dividends paid	(2,063)	(1,218)
8. Dividends paid to minority interests	(88)	(183)
Net cash provided by (used in) financing activities	10,021	9,998
Effect of exchange rate changes on cash and cash equivalents	218	529
Net increase (decrease) in cash and cash equivalents	(1,676)	735
Cash and cash equivalents at beginning of the year	12,231	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 of a consolidated subsidiary	0	194
Cash and cash equivalents at end of the year	10,367	12,231

5. SEGMENT INFORMATION

(1) Segment information by business

This Fiscal Year (April 1, 2006 to March 31, 2007)

Millions of yen

	Semicon- ductors	PM	PS	Total	Eliminations or unallocated amounts	Consolidated
Sales						
(1) Third parties	154,967	33,518	15,330	203,815	-	203,815
(2) Intersegment	2,083	1,559	8	3,651	(3,651)	-
Total	157,051	35,077	15,338	207,467	(3,651)	203,815
Operating expenses	138,782	37,648	13,476	189,906	(1,105)	188,801
Operating income	18,269	(2,570)	1,862	17,560	(2,546)	15,014
Assets	134,192	32,261	9,417	175,870	17,916	193,787
Depreciation	13,294	674	120	14,089	291	14,380
Impairment loss	39	-	-	39	-	39
Capital Expenditures	24,144	1,169	135	25,449	1,214	26,663

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

Previous 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	9,352	656	124	10,132	227	10,360
Capital Expenditures	14,286	890	64	15,241	1,534	16,776

(2) Segment Information by Geographic Area

This Fiscal Year (April 1, 2006 to March 31, 2007)

Millions of yen

	Japan	Asia	North America	Europe	Total	Eliminations or unallocated amounts	Consolidated
Sales							
(1) Third parties	143,054	21,776	25,883	13,101	203,815	-	203,815
(2) Intersegment	14,529	35,070	15,932	56	65,589	(65,589)	-
Total	157,583	56,847	41,815	13,158	269,405	(65,589)	203,815
Operating expenses	144,118	57,944	37,862	12,925	252,851	(64,050)	188,801
Operating income	13,464	(1,096)	3,953	232	16,554	(1,539)	15,014
Assets	133,414	25,606	32,427	5,541	196,989	(3,201)	193,787

Previous 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

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.

(3) Overseas Sales

This Fiscal Year (April 1, 2006 to March 31, 2007)

Millions of yen

	Asia	North America	Europe	Other Regions	Total
Overseas sales	90,847	16,682	13,204	64	120,798
Consolidated sales					203,815
Ratio of overseas sales to consolidated sales (%)	44.6	8.2	6.5	0.0	59.3

Previous 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, 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 subsidiaries.