FY 2010 CONSOLIDATED FINANCIAL RESULTS

(April 1, 2010 to March 31, 2011)

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1. FINANCIAL RESULTS FOR THE FISCAL YEAR 2010 (April 1, 2010 to March 31, 2011)

(1) Consolidated Results of Operations

	Net sales (millions of yen)		Operating income (millions of yen)		Ordinary income (millions of yen)		Net income (millions of yen)	
Fiscal Year 2010	144,882	(8.0%)	6,149	―	4,972	―	-922	−
Fiscal Year 2009	134,134	(-8.8%)	-5,482	―	-6,048	―	-18,950	−

Note1: Comprehensive income: FY 2010: -3,570 million yen (―%) FY 2009: -19,873 million yen (―%)
Note2: Indication of percentages shows the ratio of increase or decrease from the previous fiscal year.

	Net income per share	Diluted net income per share	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
Fiscal Year 2010	-7.60yen	−	-2.6%	3.8%	4.2%
Fiscal Year 2009	-156.05yen	−	-40.1%	-4.3%	-4.1%

Reference: Equity in net income/loss non-consolidated subsidiaries and/or affiliates: FY 2010: ―yen FY 2009: ―yen

(2) Consolidated Financial Position (Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal Year 2010	132,384	33,520	25.1%	274.05 yen
Fiscal Year 2009	131,908	37,761	28.2%	306.54 yen

Reference: Shareholders' equity: FY 2010: 33,256 million yen FY2009: 37,214 million yen

(3) Consolidated Results of Cash Flows (Millions of yen)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) Investing activities	Net cash provided by (used in) financing activities	Balance of cash and cash equivalents at the end of year
Fiscal Year 2010	7,392	(10,272)	3,728	12,756
Fiscal Year 2009	5,105	(4,568)	(1,280)	12,114

2. DIVIDEND INFORMATION

	Dividend per share					Total amount of annual dividend (millions of yen)	Dividend payout ratio (consolidated)	Dividend to total net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal-year-end	Annual			
FY 2009	−	0.00yen	−	0.00yen	0.00yen	―	―	―
FY 2010	−	3.00yen	−	3.00yen	6.00yen	728	―	2.1%
FY 2011 (forecast)	−	3.00yen	−	3.00yen	6.00yen		29.1%	

3. FY 2011 CONSOLIDATED FINANCIAL FORECAST (April 1, 2011 to March 31, 2012)

(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
Second quarter (cummulative)	71,400	(-0.5%)	2,400	(-20.1%)	1,700	(-22.6%)	0	(-100.0%)	0.00yen
Full Year	150,000	(3.5%)	7,500	(22.0%)	6,000	(20.7%)	2,500	―	20.60yen

4. OTHER

(1) Changes in significant subsidiaries during the fiscal year (changes in particular subsidiaries accompanying the change in scope of consolidation): No

(2) Changes in accounting principles, method and representation
(a) Changes in connection with the accounting standards, etc. : Yes
(b) Changes due to reason other than (a) : Yes

(3) Number of shares outstanding (common share)
- Number of shares outstanding at the end of the period (including treasury stock)
Mar./2011: 125,490,302 Mar./2010: 125,490,302
- Number of treasury stocks at the end of the period
Mar./2011: 4,138,777 Mar./2010: 4,089,747
- Average number of shares outstanding during the fiscal year
Apr.2010-Mar./2011: 121,381,037 Apr.2009-Mar./2010: 121,436,166

(Reference) SUMMARY OF NON-CONSOLIDATED FINANCIAL RESULTS

1. NON-CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR 2010 (April 1, 2010 to March 31, 2011)

(1) Non-consolidated Results of Operations

	Net sales (millions of yen)		Operating income (millions of yen)		Ordinary income (millions of yen)		Net income (millions of yen)	
Fiscal Year 2010	98,904	(3.4%)	-2,575	—	-1,477	—	-3,275	−
Fiscal Year 2009	95,639	(-13.5%)	-11,244	—	-11,465	—	-22,495	−

Note: Indication of percentages shows the ratio of increase or decrease from the previous fiscal year.

	Net income per share	Diluted net income per share
Fiscal Year 2010	-26.98yen	−
Fiscal Year 2009	-185.25yen	−

(2) Non-consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal Year 2010	113,138	32,493	28.7%	267.76yen
Fiscal Year 2009	113,852	36,161	31.8%	297.87yen

Reference: Shareholders' equity: Mar./2011: 32,493 million yen Mar./2010: 36,161 million yen

* The above description about future matters including financial forecast is based upon information available as of the present time and assumptions we considered valid. Due to various factors, our actual performance could greatly differ from the forcast. For assumptions and notes regarding the forcasts, refer to "Qualitative Information concerning the Forecast of Consolidated Business Results ".

1. OPERATING RESULTS

(1) ANALYSIS OF OPERATING RESULTS

1) OVERVIEW OF THE CURRENT PERIOD

GENERAL REVIEW

The global economy during the current consolidated fiscal period has remained on a moderate recovery trend as a whole, buoyed mainly by continued economic growth in emerging nations, including China, and gradual recovery of the US economy. Yet conditions have remained as adverse as ever for the Japanese economy, which has been aggravated by the persistently strong yen and downward pressure on corporate profits attributable to rising costs of materials. In addition, the Great East Japan Earthquake of March 11, 2011 significantly hindered the production activities of many companies in and around the Tohoku region, forcing factory shutdowns in the disaster area and interrupting logistics networks. In electronics, the industry to which the Company group belongs, there have been declines in some orders received, chiefly because overseas TV markets moved into an inventory adjustment phase in the second half of the period. Sales of electric components for automobiles and white goods progressed favorably, however, and demand remained steady as a whole.

Under these circumstances, the Company group has made efforts to expand its business under a basic policy of "expanding the scale of sales" and "instituting structural reforms" in the significantly changed market after the Lehman collapse. Specifically, to better serve today's rapidly growing "eco-friendly and energy saving" markets and "emerging country markets," we developed total solutions on both the development and sale sides and made other efforts to increase sales in and around our core semiconductor device business. In addition, to ensure the product supply capacity required for the above, we reinforced wafer production lines in Polar Semiconductor, Inc., a US subsidiary, and increased our product lineup for power management ICs. To respond to the growing adoption of inverters in emerging countries, we also focused on an increase in the production of motor driver ICs for white goods. Meanwhile, we tried to continuously curtail fixed costs and made other efforts to strengthen our earnings structure while promoting measures for structural reforms such as factory reorganization in the front-end wafer processes. Yet amidst these developments, three production subsidiaries in the Company group were severely damaged by the Great East Japan Earthquake occurred at the end of the fiscal period, forcing us to report earthquake-related expenses in extraordinary losses, including fixed costs incurred from the suspension of production and repair expenses for equipment.

As a result, for the business results of the current consolidated fiscal year, consolidated net sales were ¥144,882 million, an increase of ¥10,748 million (8.0%) compared to the previous period. For income, we recorded consolidated operating income of ¥6,149 million (a consolidated operating loss of ¥5,482 million in the previous period) and consolidated ordinary income of ¥4,972 million (a consolidated ordinary loss of ¥6,048 million in the previous period). While our regular business was profitable as stated above, the Company group recorded a current consolidated net loss of ¥922 million (a consolidated net loss of ¥18,950 million in the previous period), mainly due to disaster-related losses.

OVERVIEW OF THE BUSINESS BY SEGMENTS

Semiconductor Devices

Consolidated net sales for this segment were ¥99,846 million, an increase of ¥18,918 million (23.4%) as compared to the previous period.

In this segment, overseas TV markets entered an inventory adjustment phase in the second half, pushing down orders received related to products for LCD TVs. Sales of products for white goods substantially improved, however, driven by the growing adoption of inverters in emerging countries and the extraordinarily warm summer in Japan. Sales of products for OA and industrial products remained steady because of the resumption of corporate IT investments. Sales of automotive products advanced favorably throughout the year, pushed by the growing demand for fuel-efficiency solutions and the progress of electronic content in automobiles. To respond to the increased demand for semiconductors, we reinforced production systems through measures such as aggressive capital investments to increase production capacity and took other efforts to increase sales. The growth in sales of products for automobiles by Allegro MicroSystems, Inc., a US subsidiary, was especially significant and contributed to the improved business results of this segment.

CCFLs

Consolidated net sales for this segment were ¥5,928 million, a decrease of ¥7,681 million (56.4%) as compared to the previous period.

In this segment, orders received were as depressed as ever and sales significantly decreased due to the accelerated market penetration of LED backlight systems for LCD TVs. To cope with these challenges, we promoted various measures to reduce fixed costs, including a reorganization of production bases and a headcount reduction proportional to the reduction in production volume.

Power Modules

Consolidated net sales for this segment were ¥22,230 million, a decrease of ¥926 million (4.0%) as compared to the previous period.

In this segment, orders received related to products for OA and industrial products such as multifunctional printers remained steady, buoyed by the recovery of corporate IT investments. In domestic and overseas TV markets, however, difficulties in parts procurement resulting from rapidly increasing orders continued in the first half and overseas TV markets entered into an inventory adjustment phase in the second half, resulting in a sales decrease as compared to the previous period. Though income improved in this segment, delays in a smooth changeover to new models better adapted to rising parts prices and price reductions limited the effects of the income improvement to a narrowing of the deficit margin at best.

Power Systems

Consolidated net sales for this segment were ¥16,877 million, an increase of ¥438 million (2.7%) as compared to the previous period.

In this segment, sales of power supply units for base stations progressed favorably, thanks mainly to an increase in corporate capital investments for the widespread use of smartphones and reallocation of frequencies in the telecommunication market. Sales of uninterruptible power supply units for airports and road-related facilities have also progressed on the budget. As a result, sales and profits both increased compared to the previous period.

(Note)

1. From the current consolidated fiscal period, "Accounting Standard for Disclosures about Segment of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) have been applied and our businesses are classified into four segments of "semiconductor device business," "CCFL business," "PM business" and "PS business."

2. In the text above, the figures in the same period in the previous year for the "semiconductor device business" and "CCFL business" are for reference purposes only.

2) FORECAST OF THE NEXT TERM

The electronics industry is expected to progress throughout the next period as demand steadily recovers, backed by requests for eco-friendly, energy-saving solutions in the markets. Uncertainty over future conditions, including the impact of the earthquake, however, is expected to continue. Under these circumstances, the Company group will focus on maximizing profits under the basic policy of "expanding the scale of sales" and "harvesting the results of structural reforms" (to be stated later in 3. (4) Tasks to be addressed). For the full-year of consolidated business results, we expect net sales of ¥150,000 million, operating income of ¥7,500 million, ordinary income of ¥6,000 million, and net income of ¥2,500 million. For this forecast, event foreseeable at the present time as impact from the Great East Japan Earthquake is factored in. And these figures are based on an exchange rate of 1US$ = ¥82 for the fiscal year ending March 31, 2012.

(Note)

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 the impact of the recent earthquake, global economic trends, the introduction of new products and their acceptance or lack thereof, and the impact of fair-market-value

(2) ANALYSIS OF FINANCIAL CONDITIONS

1) STATUS OF ASSETS, LIABILITIES AND NET ASSETS

Assets as of the end of the current consolidated fiscal year were ¥132,384 million, an increase of ¥475 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in merchandise and finished goods of ¥855 million and construction in progress of ¥1,799 million and a decrease in notes and accounts receivable-trade of ¥1,076 million and buildings and structures of ¥1,278 million.

Liabilities were ¥98,863 million, an increase of ¥4,716 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in short-term loans payable of ¥4,740 million and commercial papers of ¥4,000 million and a decrease in notes and accounts payable-trade of ¥1,698 million and long-term loans payable of ¥3,028 million.

Net Assets were ¥33,520 million, a decrease of ¥4,241 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings of ¥1,291 million and a decrease in capital surplus of ¥2,578 million and foreign currency translation

2) STATUS OF CASH FLOW

Balance of cash and cash equivalents as of the end the current consolidated fiscal year was ¥12,756 million, an increase of ¥642 million as compared with the end of the previous consolidated fiscal year.

Net cash provided by operating activities was ¥7,392 million, an increase of ¥2,287 million as compared with the previous year. This was mainly due to an increase in income before income taxes and minority interests.

Net cash used in investing activities was ¥10,272 million, an increase of ¥5,703 million as compared with the previous year. This was mainly due to an increase in expenditures for purchase of property, plant and equipment.

Net cash provided by financing activities was ¥3,728 million, an increase of ¥5,009 million as compared with the previous year. This was mainly due to an increase in short-term loans payable.

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

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Equity ratio	42.7%	44.7%	38.8%	28.2%	25.1%
Equity ratio on the basis of market price	77.5%	41.0%	20.8%	32.9%	44.9%
Redemption years for liabilities	4.1 years	4.8 years	4.3 years	11.6 years	8.7 years
Interest coverage ratio	12.5 times	9.2 times	21.0 times	6.3 times	11.3 times

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

(3) PROFIT DISTRIBUTION POLICY, AND DIVIDENDS OF THIS FISCAL YEAR AND NEXT FISCAL YEAR

Our fundamental profit distribution policy holds that allotment of profits to our shareholders is one of the most important missions of management, and we are committed to ensuring steady and stable stream of dividends through improvements in our earnings potential and enhancement of our financial conditions. Although we were forced to report a net loss mainly due to the disaster-related loss, our business results for the current consolidated fiscal period secured certain income levels, with turnarounds of both operating income and ordinary income into positive figures. In light of these results, we are pleased to distribute ¥3 per share as the year-end dividend for the current period. As a result, the annual divided for the current period will be ¥6 per share. Year-end dividends will be appropriated by capital surplus. For an annual dividend in the next period, we expect it to be ¥6 per share (¥3 for both the interim and year-end dividends), considering the forecast of business results of the Company, etc.

(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 29 consolidated subsidiaries.

Our group produces and sells Semiconductor Devices, CCFLs, 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 Devices	Semiconductor Devices Power IC Control IC Hall-effect IC Bipolar Transister MOSFET IGBT Thyristor Rectifier Diode Light Emitting Diode (LED)	Sanken Electric Co., Ltd. Subsidiaries Ishikawa Sanken Co., Ltd. (Manufacturer) Yamagata Sanken Co., Ltd. (Manufacturer) Kashima Sanken Co., Ltd. (Manufacturer) Fukushima Sanken Co., Ltd. (Manufacturer) Allegro MicroSystems, Inc. (Manufacturing and Sales) Allegro MicroSystems Philippines, Inc. (Manufacturer) Allegro Microsystems Philippines Carmona Inc.(Manufacturer) Allegro MicroSystems Philippines Realty, Inc. (Real estate leasing) Allegro MicroSystems Europe Limited (Sales company) Allegro MicroSystems Argentina S.A. (IC design) Allegro MicroSystems Business Development, Inc. (Sales and Technical service) Allegro (Shanghai) Micro Electronics Commercial & Trading Co., Ltd. (Sales company) Polar Semiconductor, Inc. (Manufacturing and Sales) Sanken Power Systems (UK) Limited (Sales and Technical service) 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) Sanken Electric Singapore Pte. Ltd. (Sales company)
CCFLs	CCFLs Cold Cathode Fluorecent Lamp (CCFL)	Subsidiaries Sanken Optoproducts Co., Ltd. (Manufacturer) Korea Sanken Co., Ltd. (Manufacturer) Sanken Electric (Shanghai) Co., Ltd. (Sales and Technical service) Taiwan Sanken Electric Co., Ltd. (Sales and Technical service)
PM	Power Modules Switching Mode Power Supply unit Transformer	Sanken Electric Co., Ltd. Subsidiaries Dalian Sanken Electric Co., Ltd. (Manufacturing and Sales) Dalian Sanken Trading Co., Ltd. (Sales company) Sanken Power Systems (UK) Limited (Sales and Design) PT. Sanken Indonesia (Manufacturing and Sales) Sanken Electric (Shanghai) Co., Ltd. (Sales company) Sanken Electric Hong Kong Co., Ltd. (Sales and Procurement support, etc.) Taiwan Sanken Electric Co., Ltd. (Sales company) Sanken Electric Singapore Pte. Ltd. (Sales company) Sanken Electric (Malaysia) Sdn. Bhd. (Sales company)
PS	Power Systems Uninterruptible Power Supply (UPS) DC Power Supply Inverter Airway Beacon System General Purpose Power Supply	Sanken Electric Co., Ltd. Subsidiaries Sanken L.D. Electric (Jiangyin) Co., Ltd. (Manufacturing and Sales) Sanken Densetsu Co., Ltd. (Power supply sales and Installation work)
Others		Subsidiaries Sanken Business Service Co., Ltd. (Business service) Sanken Logistics Co., Ltd. (Logistics)

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 based on original technology. We will also strive to maintain a firm management foundation in order to maximize the corporate value of the Company and to become a socially and environmentally responsible corporate citizen.

(2) MANAGEMENT GOALS

The Company group established a mid-term business plan for the three-year period commencing in April 2009, and is currently promoting the plan. For the fiscal period ending March 31, 2012, the last year of the plan, we will focus on achieving planned performance results. Meanwhile, the Company group has started to establish the next mid-term business plan toward the realization of an expanded growth strategy.

(3) MID AND LONG-TERM MANAGEMENT STRATEGIES

We have established our mid-term business plan for the coming three years from April 2009 as follows.

Like the previous mid-term business plan, business domains were determined to be power electronics and optical devices and we set out the slogan of "The Powerful Leader in P&O (Achieve Further Strength Amid Constant Challenge)."

FUNDAMENTAL POLICY OF THE PLAN

1) Pursuing "Ecology and Energy Savings" by Total Solutions

- Setting "Ecology and Energy Savings" as our key words, we will promote the development of new products and new markets and new applications.
- We will realize early commercialization of module power supplies and LED modules.
- Exerting the total capacity of our semiconductor, optical and power supply technologies, we will provide total solutions.

2) Creation of Differentiated Technologies and Promotion of Innovative Manufacturing

- We will realize commercialization of wide gap semiconductors (GaN, SiC) and power supply systems for solar power and fuel cells.
- Utilizing circuit and packaging technologies unique to Sanken Electric, including active PFC, secondary power supply modules, DC/DC converters, etc., we will develop highly efficient products with respective high added-value.
- In developing products, by establishing platforms, we will accelerate development by increasing QCDDE.
- We will convert to offensive intellectual property strategies from a defensive posture and promote differentiated technologies.
- By acceleration of internal manufacturing of equipment (by blackboxing production technologies) and thorough cost reductions, we will increase market competitiveness.
- By strengthening development purchases, development of global purchasing and optimization of SCM, we will further promote material cost reductions.

3) Establishment of Marketing and Thorough Sales Activities Close to Market

- In strategic cooperation among the technology, sales and marketing departments, we will provide customers with optimum solutions.
- The marketing department will mainly develop market strategies and deeply mine existing markets of flat-panel TVs, automobiles, white goods, and industrial equipment, etc., and firmly enter new markets such as lighting, communications and IT.
- We will deploy an offense-oriented sales approach, anticipating the needs of the market in close contact with customers.

4) Deploying Global Strategies and Exerting Total Capacity of the Group

- Making the most of our wafer processing capacity of Yamagata Sanken Co., Ltd., and Polar Semiconductor, Inc., we will promote enhancement of 3 production capacities and cost reductions.
- Through collaboration with Allegro MicroSystems, Inc., and Polar Semiconductor, Inc., we will promote development of products using the next generation process and aim at sales expansion.
- We will build up a comprehensive management system of assembly, including subcontractors and EMS and establish flexible production systems which enable us to respond to changes quickly.
- We will determine highly focused markets by sales area and formulate optimum sales strategies.
- By promoting a global risk management system and internal control, we will carry out group management focused on CSR.

5) Improvements in Productivity for Each and Every Employee

- We will establish target settings and visualization of results for each and every employee and make efforts to change the consciousness and actions of employees, challenging ever-higher goals.
- We will have employees acquire speed that can respond to rapidly changing digital markets and act with a sense of tension.

(4) TASKS TO BE ADDRESSED

Looking into the future of the global economy, we expect moderate recovery to continue as a whole, as the emerging nations will keep growing and the US will stay on a recovery track. In electronics, the industry to which the Company group belongs, we expect demand to progress steadily, backed by requests for eco-friendly and energy-saving solutions in the markets. There remain risks, however, that demand expansion in the emerging nations will lead to rising resource prices and negatively affect the economy. If the decreases in domestic production capacity due to the Great East Japan Earthquake are prolonged, there is a risk that the Japanese businesses will lose foreign customers. We therefore see little room for optimism in the immediate future.

Under these circumstances, in entering the final year of the 2009 mid-term business plan, the Company group will focus on maximizing profits under the basic policy of "expanding the scale of sales" and "harvesting the results of structural reforms." For technology development, the Company group newly established an organization dedicated to the development of strategic products at the time of an organizational change effected on April 1, 2011 and reinforced total solution functions in existing departments. Accordingly, we will expand sales of semiconductor device products as early as possible and focus on cost improvement on a fundamental unit basis by thoroughly harvesting the results of structural reforms implemented thus far. On the sales front, we will expand the scale of sales not only in the domestic market but also in the markets of China, Korea, Europe, and North America by promoting sales of high-value added products responsive to changes in the markets based on the mutually beneficial relationships we have established through close contact with customers and support systems. Furthermore, we expect Allegro MicroSystems, Inc., a subsidiary, to bring in increased orders received in the automobile market in the future, and this will contribute to expanded sales. For production, we in recent years implemented aggressive structural reforms mainly for the expansion of production and efficiency. In order to ensure more outcomes from these actions, in this fiscal period, we will harvest the results by promoting closer communication with where manufacturing takes place and closer contact with real and physical products through the dispatch of engineers to our group production bases, and by enforcing movement toward further increases in production. Polar Semiconductor, Inc., a subsidiary, has already finished its production capacity reinforcement and has constructed systems to cope with increases in demand for semiconductors. In addition, power semiconductors and power systems, our core products, hold a pivotal place in today's rapidly growing "eco-friendly and energy-saving" markets. We will further accelerate market development in this field by providing customers with total solutions backed by our broadly accumulated technological experience and products.

Our production bases affected by the Great East Japan Earthquake resumed production before the end of March 2011, thanks to restoration activities coordinated by the disaster response control center. Nevertheless, we expect various problems attributable to the disaster to continue to arise for a long time to come, including disruptions in the supply chain, power restrictions, and frequent aftershocks. To cope with these and other problems and strive for stable production in factories, we established a committee for business continuity under direct control of the President, on April 1, 2011. The Company group will strive to improve business results with "global perspectives" and "speed in digitally-driven markets." We appreciate your continued trust and support.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) CONSOLIDATED BLANCE SHEETS

Millions of yen

ASSETS	March 31 2010	**March 31 2011**
Current assets		
Cash and deposits	12,300	**12,826**
Notes and accounts receivable-trade	32,285	**31,208**
Merchandise and finished goods	10,497	**11,352**
Work in process	14,443	**14,302**
Raw materials and supplies	10,821	**10,783**
Deferred tax assets	106	**196**
Other	3,343	**3,809**
Allowance for doubtful accounts	(71)	**(64)**
Total current assets	83,725	**84,414**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	17,423	**16,145**
Machinery, equipment and vehicles, net	15,816	**15,928**
Tools, furniture and fixtures, net	899	**792**
Land	4,436	**4,290**
Lease assets, net	528	**550**
Construction in progress	3,924	**5,724**
Total property, plant and equipment	43,029	**43,430**
Intangible assets		
Software	193	**165**
Other	649	**648**
Total intangible assets	842	**813**
Investments and other assets		
Investment securities	2,252	**1,956**
Deferred tax assets	144	**162**
Other	2,162	**1,855**
Allowance for doubtful accounts	(249)	**(249)**
Total investments and other assets	4,309	**3,724**
Total noncurrent assets	48,182	**47,969**
Total assets	131,908	**132,384**

LIABILITIES AND NET ASSETS	March 31 2010	**March 31 2011**
		Millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable-trade	21,836	**20,138**
Short-term loans payable	15,642	**20,382**
Commercial papers	15,000	**19,000**
Income taxes payable	521	**395**
Deferred tax liabilities	263	**0**
Provision for directors' bonuses	−	**30**
Accrued expenses	6,837	**7,450**
Other	1,133	**1,073**
Total current liabilities	61,233	**68,469**
Noncurrent liabilities		
Bonds payable	20,000	**20,000**
Long-term loans payable	8,060	**5,031**
Deferred tax liabilities	765	**572**
Provision for retirement benefits	3,053	**3,029**
Provision for directors' retirement benefits	33	**38**
Asset retirement obligations	−	**60**
Other	999	**1,662**
Total noncurrent liabilities	32,913	**30,394**
Total liabilities	94,147	**98,863**
Net assets		
Shareholders' equity		
Capital stock	20,896	**20,896**
Capital surplus	21,246	**18,667**
Retained earnings	5,543	**6,834**
Treasury stock	(3,898)	**(3,916)**
Total shareholders' equity	43,788	**42,483**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	225	**212**
Foreign currency translation adjustment	(6,799)	**(9,439)**
Total accumulated other comprehensive income	(6,574)	**(9,226)**
Subscription rights to shares	287	−
Minority interests	259	**263**
Total net assets	37,761	**33,520**
Total liabilities and net assets	131,908	**132,384**

(2) CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Millions of yen

CONSOLIDATED STATEMENTS OF INCOME	Fiscal Year 2009	**Fiscal Year 2010**
Net sales	134,134	**144,882**
Cost of sales	117,626	**114,741**
Gross profit	16,508	**30,141**
Selling, general and administrative expenses	21,990	**23,991**
Operating income (loss)	(5,482)	**6,149**
Non-operating income		
Interest income	22	**12**
Dividends income	20	**26**
The government subsidy for employment adjustment	449	−
Gain on forgiveness of consamption taxes	52	−
Reversal of royalty	190	−
Miscellaneous income	475	**469**
Total non-operating income	1,211	**508**
Non-operating expenses		
Interest expenses	773	**653**
Foreign exchange losses	49	**452**
Compensation expense	130	−
Depreciation of inactive noncurrent assets	530	−
Miscellaneous loss	293	**580**
Total non-operating expenses	1,777	**1,685**
Ordinary income (loss)	(6,048)	**4,972**
Extraordinary income		
Gain on sales of noncurrent assets	2	**64**
Total extraordinary income	2	**64**
Extraordinary loss		
Loss on disposal of noncurrent assets	196	**95**
Loss on sales of noncurrent assets	0	−
Impairment loss	660	**245**
Loss on disaster	−	**813**
Special retirement expenses	19	**670**
Loss on valuation of investment securities	47	**274**
Loss on adjustment for changes of accounting standard for asset retirement obligations	−	**84**
Loss on retirement treasury stock aquisition rights	−	**1,707**
BusinessStructureReformCost	11,089	−
Other	106	−
Total extraordinary losses	12,120	**3,892**
Income (loss) before income taxes and minority interests	(18,166)	**1,144**
Income taxes-current	730	**2,402**
Income taxes for prior periods	226	**165**
Income taxes-deferred	(171)	**(530)**
Total income taxes	785	**2,038**
Loss before minority interests	−	**(893)**
Minority interests in income (loss)	(1)	**29**
Net loss	(18,950)	**(922)**

Millions of yen

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Fiscal Year 2009	**Fiscal Year 2010**
Loss before minority interests	−	**(893)**
Other comprehensive income		
Valuation difference on available-for-sale securities	−	**(12)**
Foreign currency translation adjustment	−	**(2,664)**
Total other comprehensive income	−	**(2,676)**
Comprehensive income	−	**(3,570)**
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	−	**(3,575)**
Comprehensive income attributable to minority interests	−	**4**

(3) CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Millions of yen

	Fiscal Year 2009	**Fiscal Year 2010**
Shareholders' equity		
Capital stock		
Balance at the end of previous period	20,896	**20,896**
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	20,896	**20,896**
Capital surplus		
Balance at the end of previous period	21,249	**21,246**
Changes of items during the period		
Dividends from surplus-other capital surplus	—	**(2,214)**
Deficit disposition	—	**(364)**
Disposal of treasury stock	(3)	**(0)**
Total changes of items during the period	(3)	**(2,578)**
Balance at the end of current period	21,246	**18,667**
Retained earnings		
Balance at the end of previous period	24,699	**5,543**
Changes of items during the period		
Dividends from surplus	—	**2,214**
Deficit disposition	(364)	—
Net loss	(18,950)	**(922)**
Increase of consolidated subsidiaries	158	—
Total changes of items during the period	(19,155)	**1,291**
Balance at the end of current period	5,543	**6,834**
Treasury stock		
Balance at the end of previous period	(3,885)	**(3,898)**
Changes of items during the period		
Purchase of treasury stock	(18)	**(18)**
Disposal of treasury stock	4	**1**
Total changes of items during the period	(13)	**(17)**
Balance at the end of current period	(3,898)	**(3,916)**
Total shareholders' equity		
Balance at the end of previous period	62,960	**43,788**
Changes of items during the period		
Dividends from surplus	—	—
Dividends from surplus-other capital surplus	—	**(364)**
Deficit disposition	(364)	—
Net loss	(18,950)	**(922)**
Purchase of treasury stock	(18)	**(18)**
Disposal of treasury stock	1	**0**
Increase of consolidated subsidiaries	158	—
Total changes of items during the period	(19,172)	**(1,305)**
Balance at the end of current period	43,788	**42,483**

Millions of yen

	Fiscal Year 2009	**Fiscal Year 2010**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	19	**225**
Changes of items during the period		
Net changes of items other than shareholders' equity	205	**(12)**
Total changes of items during the period	205	**(12)**
Balance at the end of current period	225	**212**
Foreign currency translation adjustment		
Balance at the end of previous period	(5,655)	**(6,799)**
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,144)	**(2,639)**
Total changes of items during the period	(1,144)	**(2,639)**
Balance at the end of current period	(6,799)	**(9,439)**
Total accumulated other comprehensive income		
Balance at the end of previous period	(5,635)	**(6,574)**
Changes of items during the period		
Net changes of items other than shareholders' equity	(938)	**(2,652)**
Total changes of items during the period	(938)	**(2,652)**
Balance at the end of current period	(6,574)	**(9,226)**
Subscription rights to shares		
Balance at the end of previous period	253	**287**
Changes of items during the period		
Net changes of items other than shareholders' equity	33	**(287)**
Total changes of items during the period	33	**(287)**
Balance at the end of current period	287	—
Minority interests		
Balance at the end of previous period	239	**259**
Changes of items during the period		
Net changes of items other than shareholders' equity	20	**3**
Total changes of items during the period	20	**3**
Balance at the end of current period	259	**263**
Total net assets		
Balance at the end of previous period	57,818	**37,761**
Changes of items during the period		
Dividends from surplus	—	—
Dividends from surplus-other capital surplus	—	**(364)**
Deficit disposition	(364)	—
Net loss	(18,950)	**(922)**
Purchase of treasury stock	(18)	**(18)**
Disposal of treasury stock	1	**0**
Increase of consolidated subsidiaries	158	—
Net changes of items other than shareholders' equity	(884)	**(2,936)**
Total changes of items during the period	(20,057)	**(4,241)**
Balance at the end of current period	37,761	**33,520**

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of yen

	Fiscal Year 2009	**Fiscal Year 2010**
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(18,166)	**1,144**
Depreciation and amortization	9,836	**8,272**
Impairment loss	10,041	**245**
Increase (decrease) in allowance for doubtful accounts	(151)	**(0)**
Increase (decrease) in provision for retirement benefits	1,315	**380**
Increase (Dcrease) in provision for business structure reform	(539)	—
Interest and dividends income	(42)	**(39)**
Interest expenses	773	**653**
Loss on retirement treasury stock aquisition rights	—	**1,707**
Decrease (increase) in notes and accounts receivable-trade	(9,391)	**110**
Decrease (increase) in inventories	6,505	**(2,080)**
Increase (decrease) in notes and accounts payable-trade	5,924	**(678)**
Other, net	701	**1,036**
Subtotal	6,809	**10,752**
Interest and dividends income received	42	**38**
Interest expenses paid	(814)	**(659)**
Income taxes paid	(932)	**(2,739)**
Net cash provided by (used in) operating activities	5,105	**7,392**
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(4,392)	**(10,892)**
Proceeds from sales of property, plant and equipment	321	**691**
Purchase of intangible assets	(129)	**(175)**
Purchase of investment securities	(10)	—
Payments of loans receivable	(28)	**(9)**
Collection of loans receivable	27	**43**
Other, net	(357)	**69**
Net cash provided by (used in) investing activities	(4,568)	**(10,272)**
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	(3,534)	**3,398**
Increase (decrease) in commercial papers	(1,000)	**4,000**
Repayments of finance lease obligations	(152)	**(207)**
Proceeds from long-term loans payable	5,000	—
Repayment of long-term loans payable	(1,146)	**(1,125)**
Proceeds from sales of treasury stock	1	**0**
Purchase of treasury stock	(18)	**(18)**
Purchase of treasury stock aquisition rights	—	**(1,949)**
Cash dividends paid	(371)	**(368)**
Cash dividends paid to minority shareholders	(57)	—
Net cash provided by (used in) financing activities	(1,280)	**3,728**
Effect of exchange rate change on cash and cash equivalents	(115)	**(206)**
Net increase (decrease) in cash and cash equivalents	(859)	**642**
Cash and cash equivalents at beginning of period	12,891	**12,114**
Increase in cash and cash equivalents from newly consolidated subsidiary	82	—
Cash and cash equivalents at end of period	12,114	**12,756**

4. SEGMENT INFORMATION

FISCAL YEAR 2009 (April 1, 2009 to March 31, 2010) Millions of yen

	Reporting Segment				Total	Adjustment	Amount stated in CONSOLIDATED STATEMENTS OF INCOME
	Semi-conductor Devices	CCFL	PM	PS			
Sales							
(1) Third parties	80,928	13,610	23,156	16,438	134,134	―	134,134
(2) Intersegment	2,390	―	691	1	3,082	(3,082)	―
Total	83,318	13,610	23,848	16,439	137,217	(3,082)	134,134
Income (loss) by segment	88	(3,712)	(1,178)	1,323	(3,480)	(2,001)	(5,482)
Assets	78,442	12,152	17,035	9,297	116,928	14,980	131,908
Other							
Depreciation	7,763	1,562	53	161	9,541	295	9,836
Impairment loss	351	9,380	275	―	10,008	33	10,041
Increase in property, plant, equipment and intangible assets	4,724	215	289	133	5,361	95	5,457

FISCAL YEAR 2010 (April 1, 2010 to March 31, 2011) Millions of yen

	Reporting Segment				Total	Adjustment	Amount stated in CONSOLIDATED STATEMENTS OF INCOME
	Semi-conductor Devices	CCFL	PM	PS			
Sales							
(1) Third parties	99,846	5,928	22,230	16,877	144,882	―	144,882
(2) Intersegment	2,248	―	340	0	2,589	(2,589)	―
Total	102,095	5,928	22,570	16,878	147,472	(2,589)	144,882
Income (loss) by segment	8,714	(1,425)	(1,024)	1,871	8,135	(1,985)	6,149
Assets	84,108	6,193	16,168	9,674	116,145	16,238	132,384
Other							
Depreciation	7,550	196	81	151	7,980	292	8,272
Impairment loss	41	8	195	―	245	―	245
Increase in property, plant, equipment and intangible assets	10,546	79	243	90	10,960	137	11,097

Note: Corporate Expenses are principally the general administrative expenses which are not included in reporting segment.