FY 2011 CONSOLIDATED FINANCIAL RESULTS

(April 1, 2011 to March 31, 2012)

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1. FINANCIAL RESULTS FOR THE FISCAL YEAR 2011 (April 1, 2011 to March 31, 2012)

(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 2011	131,803	(-9.0%)	4,048	(-34.2%)	3,018	(-39.3%)	436	―
Fiscal Year 2010	144,882	(8.0%)	6,149	―	4,972	―	-922	−

Note1: Comprehensive income: FY 2011: 197 million yen (―%) FY 2010: -3,570 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 2011	3.60yen	−	1.3%	2.2%	3.1%
Fiscal Year 2010	-7.60yen	−	-2.6%	3.8%	4.2%

Reference: Equity in net income/loss non-consolidated subsidiaries and/or affiliates: FY 2011: ―yen FY 2010: ―yen

(2) Consolidated Financial Position (Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal Year 2011	136,130	33,293	24.3%	272.21 yen
Fiscal Year 2010	132,384	33,520	25.1%	274.05 yen

Reference: Shareholders' equity: Mar./2012: 33,027 million yen Mar./2011: 33,256 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 2011	5,345	(8,614)	509	9,822
Fiscal Year 2010	7,392	(10,272)	3,728	12,756

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 2010	−	3.00yen	−	3.00yen	6.00yen	728	―	2.1%
FY 2011	−	0.00yen	−	3.00yen	3.00yen	363	83.4%	1.1%
FY 2012 (forecast)	−	3.00yen	−	3.00yen	6.00yen		22.8%	

3. FY 2012 CONSOLIDATED FINANCIAL FORECAST (April 1, 2012 to March 31, 2013)

(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)	69,500	(5.1%)	2,200	(69.2%)	1,400	(279.4%)	300	―	2.47yen
Full Year	145,000	(10.0%)	7,400	(82.8%)	5,800	(92.2%)	3,200	(633.4%)	26.37yen

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 policies, changes in accounting estimates, restatement of revisions

- Changes in accounting policies according to revision of accounting standards, etc. : No
- Changes in accounting policies due to reasons other than above : No
- Changes in accounting estimates : No
- Restatement of revisions : No

(3) Number of shares outstanding (common share)

- Number of shares outstanding at the end of the period (including treasury stock)	Mar./2012:	125,490,302	Mar./2011:	125,490,302
- Number of treasury stocks at the end of the period	Mar./2012:	4,160,433	Mar./2011:	4,138,777
- Average number of shares outstanding during the fiscal year	Mar./2012:	121,342,990	Mar./2011:	121,381,037

(Reference) SUMMARY OF NON-CONSOLIDATED FINANCIAL RESULTS

1. NON-CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR 2011 (April 1, 2011 to March 31, 2012)

(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 2011	90,174	(-8.8%)	-2,374	―	-2,423	―	-2,879	−
Fiscal Year 2010	98,904	(3.4%)	-2,575	―	-1,477	―	-3,275	−

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 2011	-23.73yen	−
Fiscal Year 2010	-26.98yen	−

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

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal Year 2011	114,150	29,044	25.4%	239.38yen
Fiscal Year 2010	113,138	32,493	28.7%	267.76yen

Reference: Shareholders' equity: Mar./2012: 29,044 million yen Mar./2011: 32,493 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

During the current consolidated fiscal period, the influence of the European sovereign debt crisis spread extensively as the crisis became more and more serious, resulting in deterioration of the European real economy and a slowdown of economic growth in emerging countries. In addition, market expansion in China lost momentum due to the end of subsidy measures and the tightening monetary policy. Furthermore, delays in the recovery of the US employment and housing situation weighed down economic growth in the US. As a result, the global economy remained adverse as a whole. The Japanese economy also remained extremely constrained, affected by the Great East Japan Earthquake and European sovereign debt crisis. All of these factors, together with the downward pressure on the domestic economy caused by the flood damage in Thailand and the persistently record-high exchange rate of the yen, seriously affected the earnings of domestic corporations. In electronics, the industry to which the Company group belongs, domestic automotive manufacturers were forced to delay production at the beginning of the current consolidated fiscal period due to the lingering effects of the earthquake, but later into the year they gradually resumed production as supply chains were restored. In the latter half of the second quarter, demand for electronic automotive parts returned to its former level. Business circumstances continued to worsen, however, as production decreased in emerging countries due to the stagnancy of European economy and as demand in worldwide TV markets further declined following the previous fiscal period.

To expand the scale of sales in “eco-friendly and energy saving markets” and “emerging country markets” under these circumstances, the Company group has developed sophisticated, lower-power-consumption devices through a mobilizing of technology resources across the group. In addition, the Company group has worked to enforce lines for front-end wafer processes in order to significantly increase its wafer production capacity across the group, while at the same time accelerating investment for the introduction of eight-inch production lines. Through these efforts, the Company group endeavored to reduce costs and improve productivity. For the back-end wafer processes, the Company group has responded to the increasing demand for Motor Driver ICs for white goods and Sensor ICs for automobiles by focusing on the enforcement of production capacity for these products. The Company group has also implemented structural reforms such as the discontinuation of unprofitable products and the reallocation of plants. To improve profitability, the Company group has significantly lowered the breakeven point by continuously constraining fixed costs.

For the business results of the current consolidated fiscal year, consolidated net sales were ¥131,803 million, a decrease of ¥13,079 million (9.0%) compared to the previous period, mainly due to the impact of the earthquake, the strong yen, and declining demand in worldwide TV markets. For income, we recorded consolidated operating income of ¥4,048 million, a decrease of ¥2,101 million (34.2%) compared to the previous period, and consolidated ordinary income of ¥3,018 million, a decrease of ¥1,954 million (39.3%) compared to the previous period. We successfully controlled decreasing income through our efforts to improve profitability, while sales significantly declined. Consequently, the Company group recorded current consolidated net income of ¥436 million (a consolidated net loss of ¥922 million in the previous period) and returned to a positive figure at the bottom line.

OVERVIEW OF THE BUSINESS BY SEGMENTS

Semiconductor Devices

In this segment, sales of automotive products recovered to the former levels in the domestic markets in the latter half of the second quarter, reflecting the diminishing impact of the earthquake. In addition, the performance of Allegro MicroSystems, Inc., a US subsidiary, performed favorably thanks to steady demand for Sensor ICs in the markets of Europe and North America. Meanwhile, regarding products for white goods, requests for “eco-friendly, energy saving solutions” in the markets sustained favorable sales in the earlier period. But orders received were constrained as the growing surplus inventory of air conditioners, a condition stemming mainly from the decelerating economies in emerging countries and the counteraction against the surge in sales driven by the eco-points system and the heat wave of the previous period, required the Company group to move into an adjustment phase. A decrease in sales volume and declining prices linked to significantly declining demand in TV markets continued to weigh heavily on sales of products for LCD TVs following the previous period. As a result, consolidated net sales for this segment were ¥95,295 million, a decrease of ¥4,551 million (4.6%) as compared to the previous period, and consolidated operating income was ¥6,827 million, a decrease of ¥1,887 million (21.7%) as compared to the previous period.

CCFLs

In this segment, the business environment remained stagnant due to significantly declining demand in TV markets and the accelerated market penetration of LED backlight systems. As a result, consolidated net sales for this segment were ¥1,966 million, marking a significant decrease of ¥3,962 million (66.8%). Though we made efforts to improve profitability in response to decreasing sales, we are forced to record a consolidated operating loss of ¥1,575 million (a consolidated operating loss of ¥1,425 million in the previous period).

Power Modules

In this segment, in spite of our efforts to increase sales of products for OA equipment such as multifunctional printers, we could not offset a decrease in sales volume associated with declining demand in TV markets, and sales decreased accordingly. As a result, consolidated net sales for this segment were ¥18,022 million, a decrease of ¥4,207 million (18.9%) as compared to the previous period, and a consolidated operating loss was ¥1,034 million (a consolidated operating loss of ¥1,024 million in the previous period).

Power Systems

In this segment, sales of products for the telecommunication market were generally in line with the planned targets – thanks mainly to the demand of the increasing telecommunication capacity after the third quarter – even though the construction of base stations was suspended or postponed due to the earthquake. Meanwhile, orders received related to products for public infrastructure, including public agencies and electric power companies, remained as constrained as ever due to the prolonged effects of the earthquake. As a result, consolidated net sales for this segment were ¥16,518 million, a decrease of ¥358 million (2.1%) as compared to the previous period, and consolidated operating income was ¥1,782 million, a decrease of ¥88 million (4.7%) as compared to the previous period.

2) FORECAST OF THE NEXT TERM

We expect that the global economy will remain unpredictable throughout the next period, while business circumstances will progress on a gradual recovery trend, mainly buoyed by the growing Chinese market and increasing demand for eco-friendly and energy saving solutions. It is under these circumstances that the Company group has started the “2012 Mid-term Business Plan,” its new three-year plan, and is determined to improve business results by actively promoting the plan in pursuit of a higher corporate image (to be stated later in “MANAGEMENT POLICIES”). For fiscal 2012, the first year of the plan, we will focus on achieving the goal for the year based on our basic policy of increasing the scale of sales and accelerating our overseas expansion. For the full-year of consolidated business results, we expect net sales of ¥145,000 million, operating income of ¥7,400 million, ordinary income of ¥5,800 million, and net income of ¥3,200 million. These figures are based on an exchange rate of 1US$ = ¥80 for the fiscal year ending March 31, 2013.

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

(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 ¥136,130 million, an increase of ¥3,746 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in work in process of ¥3,967 million and lease assets of ¥3,531 million and a decrease in cash and deposits of ¥2,924 million.

Liabilities were ¥102,837 million, an increase of ¥3,973 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in short-term loans payable of ¥3,363 million, long-term loans payable of 2,474 million, and lease obligations of ¥3,633 million, and a decrease in commercial papers of ¥4,500 million.

Net assets were ¥33,293 million, a decrease of ¥227 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings of ¥386 million and a decrease in capital surplus of ¥365 million and a decrease in valuation difference on available-for-sale securities of ¥197 million.

2) STATUS OF CASH FLOW

Balance of cash and cash equivalents as of the end of the current consolidated fiscal year was 9,822 million, a decrease of ¥2,934 million as compared with the end of the previous consolidated fiscal year.

Net cash provided by operating activities was ¥5,345 million, a decrease of ¥2,047 million as compared with the previous year. This was mainly due to an increase in inventories.

Net cash used in investing activities was ¥8,614 million, a decrease of ¥1,657 million as compared with the previous year. This was mainly due to a decrease in expenditures for purchase of property, plant and equipment.

Net cash provided by financing activities was ¥509 million, a decrease of ¥3,218 million as compared with the previous year. This was mainly due to a decrease in short-term loans payable.

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

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Equity ratio	44.7%	38.8%	28.2%	25.1%	24.3%
Equity ratio on the basis of market price	41.0%	20.8%	32.9%	44.9%	35.0%
Redemption years for liabilities	4.8 years	4.3 years	11.6 years	8.7 years	13.1 years
Interest coverage ratio	9.2 times	21.0 times	6.3 times	11.3 times	7.6 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

The management of the Company places distribution of profits to our shareholders as one of the most important corporate policies, and is committed to ensure steady and stable stream of dividends through improvements in our profitability and enhancement of our financial conditions. Sales decreased as a consequence of the significantly declining demand for products in worldwide TV markets, in addition to the European sovereign debt crisis, the strong yen, and the flood damage in Thailand. Yet our business results for the current consolidated fiscal period reached certain levels for both operating income and ordinary income, thanks to our efforts to strengthen the profitability, resulting in a turnaround of net income to post profit. For fiscal 2012, the first year of our new mid-term management plan, we will strive to improve earnings further by expanding the sales. In light of these results and prospects, we revise our forecast of the year-end dividend for the current period to ¥3 per share from TBD. 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 for the fiscal year ending March 31, 2013 and other factors.

(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 Transistor 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. (Manufacturing and Sales) Dalian Sanken Electric Co., Ltd. (Manufacturer) Allegro MicroSystems, Inc. (Manufacturing and Sales) Allegro MicroSystems Philippines, Inc. (Manufacturer) Allegro MicroSystems Philippines Realty, Inc. (Real estate leasing) Allegro Microsystems (Thailand) Co., Ltd. (Manufacturer) 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 Fluorescent Lamp (CCFL)	Sanken Electric Co., Ltd. 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 Optoproducts Co., Ltd. (Manufacturer) 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 has established a mid-term business plan for the three-year period commencing in April 2012. For the fiscal period ending March 31, 2015, we will try to achieve consolidated net sales of ¥200 billion and consolidated operating income ratio of 10% or more.

(3) MID AND LONG-TERM MANAGEMENT STRATEGIES

"Power Electronics" has been established as a business domain in the mid-term business plan. By taking full advantage of eco-friendly and energy saving solutions (Eco-Solutions), the Company group expands global markets (Expansion), evolves its development, production, sales, and human resources (Evolution), and pursues its corporate image at a higher stage (Next stage). It accordingly has selected the following as the plan slogan: "Power Electronics for Next "E" Stage." The following describes the basic policy.

FUNDAMENTAL POLICY OF THE PLAN

1. Foster a Corporate Culture with Global Vision

1) Develop business strategies to expand the markets we serve globally

2) Increase competitiveness in emerging markets by expanding local manufacturing operations

3) Enhance customer confidence by developing a global quality management structure

4) Expand the global purchasing structure and increase overseas procurement

5) Develop global talent and make maximum use of resources in the Sanken Group

6) Improve global talent management in engineering, manufacturing and sales functions by utilizing the local staff of Sanken Group Companies

2. Realize a Growth Strategy Focused on the Environmentally-Friendly and Energy Saving Market

1) Define and apply appropriate organizational resources, and develop new products targeted for growth markets

2) Develop an aggressive business strategy to increase share of the growing environmentally-friendly and energy saving market such as Automotive, White Goods, LED lighting and Industrial equipment

3) Maintain continuous growth of sensor business through aggressive investment

4) Increase standard product business such as Mobile application

5) Enhance Module, Power MOSFET and IGBT business

6) Penetrate new markets such as servers by promoting power supply units offering the highest efficiency in the industry

7) Promote products into the new energy application and environmentally-friendly infrastructure market

8) Differentiate Sanken Group solutions by providing customers with total solutions

3. Promote New Product Development through Expanded Technical Marketing and Program Management

1) Introduce a technical marketing function to define product opportunities

2) Define and focus development themes, enhance program management

3) Improve development efficiency and cycle time by separating technology development and product development

4) Improve flexibility of development and production efficiency by utilizing standard packages

5) Develop new product by utilizing technology synergy of all business units

6) Commercialize next generation semiconductor devices (GaN, SiC)

4. Improve Competitiveness by Enhancing Design, Manufacturing, Sales and FAE Functions

1）Enhance cost competiveness by realizing the combined capabilities of design, manufacturing and production technologies

2）Accelerate diversification of production equipment procurement, including purchasing manufacturing equipment overseas

3）Enhance Business Continuity Plan (BCP) at production sites and along the supply chain

4）Restructure and enhance the sales and FAE organization to implement the growth strategy

5）Develop new customers by expanding sales channels

6）Stimulate new demand in current markets with existing devices

5. Maximize the Use of Resources within the Sanken Group, and Enhance Financial Performance

1）Improve management efficiency through maximum utilization of Sanken Group resources

2）Enrich the corporate culture through targeted employee education programs

3）Improve the productivity of every employee

4）Develop high value-added products through collaboration of Sanken, Allegro and PSI

5）Implement next generation ERP system to optimize operations

6）Reduce interest bearing debt by realizing return on investments in short term, and reducing inventory days

(4) TASKS TO BE ADDRESSED

Looking into the future of the global economy, we expect the recovery trend to continue as a whole, as China will sustain its economic growth in spite of its slowdowns and the US economic recovery will hold steady at its moderate pace. There remain concerns, however, that the European sovereign debt crisis will be rekindled, and we believe, for the time being, that there will be little room left for optimism, as before. In electronics, the industry to which the Company group belongs, demand for electronic parts conducive to eco-friendly and energy saving will remain on an increasing trend, while sales of products in TV markets will remain stagnant.

Under these circumstances, the Company group started the “2012 Mid-term Business Plan,” a new three-year plan (the “12 Mid Plan”) in April 1 of this year, to strive to expand the scale of sales and further improve earnings, based on the basic policy consisting of five items listed below.

1. Foster a Corporate Culture with Global Vision
2. Realize a Growth Strategy Focused on the Environmentally-Friendly and Energy Saving Market
3. Promote New Product Development through Expanded Technical Marketing and Program Management
4. Improve Competitiveness by Enhancing Design, Manufacturing, Sales and FAE Functions
5. Maximize the Use of Resources within the Sanken Group, and Enhance Financial Performance

In fiscal 2012, the first year of the 12 Mid Plan, we will set out the basic policy of expanding the scale of sales and accelerating overseas expansion, strive to actively develop new products, and strengthen our efforts in “eco-friendly and energy saving, and green energy markets,” “emerging country markets,” and “general-purpose products markets.” Towards these ends, we reviewed our organizational structure on April 1 of this year to clarify the strategy and goals of our technology development and improve its efficiency. We have also improved our corporate structure towards achieving the goal of the 12 Mid Plan by enforcing a system for promoting overseas production and overseas procurement, as well as by expanding strategic sales functions to acquire new orders received. Through these efforts, we will promote critical measures such as the startup of new production bases in Asia for semiconductor devices and sales expansion in the white goods business. In addition, we will focus on efforts to achieve the goal for fiscal 2012, the first year of the 12 Mid Plan, by expanding the development of various products such as devices and modules into new domains and new markets. To pursue a higher corporate image in our core “Power Electronics” field, we will expand global markets and evolve our development, production, sales, and human resources by taking full advantage of eco-friendly and energy saving technologies.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) CONSOLIDATED BLANCE SHEETS

Millions of yen

ASSETS	March 31 2011	**March 31 2012**
Current assets		
Cash and deposits	12,826	**9,901**
Notes and accounts receivable-trade	31,208	**29,989**
Merchandise and finished goods	11,352	**11,391**
Work in process	14,302	**18,269**
Raw materials and supplies	10,783	**10,855**
Deferred tax assets	196	**391**
Other	3,809	**3,542**
Allowance for doubtful accounts	(64)	**(60)**
Total current assets	84,414	**84,280**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,145	**16,246**
Machinery, equipment and vehicles, net	15,928	**17,399**
Tools, furniture and fixtures, net	792	**691**
Land	4,290	**4,281**
Lease assets, net	550	**4,081**
Construction in progress	5,724	**4,601**
Total property, plant and equipment	43,430	**47,301**
Intangible assets		
Software	165	**234**
Other	648	**687**
Total intangible assets	813	**922**
Investments and other assets		
Investment securities	1,956	**1,622**
Deferred tax assets	162	**176**
Other	1,855	**2,075**
Allowance for doubtful accounts	(249)	**(249)**
Total investments and other assets	3,724	**3,624**
Total noncurrent assets	47,969	**51,849**
Total assets	132,384	**136,130**

Millions of yen

LIABILITIES AND NET ASSETS	March 31 2011	**March 31 2012**
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,138	**18,530**
Short-term loans payable	20,382	**23,746**
Commercial papers	19,000	**14,500**
Lease obligations	216	**1,044**
Income taxes payable	395	**514**
Provision for directors' bonuses	30	**—**
Accrued expenses	7,450	**6,516**
Other	857	**1,078**
Total current liabilities	68,469	**65,930**
Noncurrent liabilities		
Bonds payable	20,000	**20,000**
Long-term loans payable	5,031	**7,506**
Lease obligations	396	**3,201**
Deferred tax liabilities	572	**356**
Provision for retirement benefits	3,029	**4,073**
Provision for directors' retirement benefits	38	**45**
Asset retirement obligations	60	**60**
Other	1,265	**1,662**
Total noncurrent liabilities	30,394	**36,906**
Total liabilities	98,863	**102,837**
Net assets		
Shareholders' equity		
Capital stock	20,896	**20,896**
Capital surplus	18,667	**18,302**
Retained earnings	6,834	**7,220**
Treasury stock	(3,916)	**(3,922)**
Total shareholders' equity	42,483	**42,497**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	212	**15**
Foreign currency translation adjustment	(9,439)	**(9,485)**
Total accumulated other comprehensive income	(9,226)	**(9,469)**
Minority interests	263	**265**
Total net assets	33,520	**33,293**
Total liabilities and net assets	132,384	**136,130**

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

Millions of yen

CONSOLIDATED STATEMENTS OF INCOME	Fiscal Year 2010	**Fiscal Year 2011**
Net sales	144,882	**131,803**
Cost of sales	114,741	**104,820**
Gross profit	30,141	**26,982**
Selling, general and administrative expenses	23,991	**22,934**
Operating income	6,149	**4,048**
Non-operating income		
Interest income	12	**9**
Dividends income	26	**30**
Miscellaneous income	469	**539**
Total non-operating income	508	**579**
Non-operating expenses		
Interest expenses	653	**688**
Foreign exchange losses	452	**167**
Compensation expense	54	**190**
Depreciation of inactive noncurrent assets	159	**174**
Miscellaneous loss	365	**387**
Total non-operating expenses	1,685	**1,609**
Ordinary income	4,972	**3,018**
Extraordinary income		
Gain on sales of noncurrent assets	64	**3**
Total extraordinary income	64	**3**
Extraordinary loss		
Loss on disposal of noncurrent assets	95	**24**
Impairment loss	245	**98**
Loss on disaster	813	**290**
Special retirement expenses	670	**61**
Loss on valuation of investment securities	274	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	84	—
Loss on retirement treasury stock acquisition rights	1,707	—
Total extraordinary losses	3,892	**475**
Income before income taxes and minority interests	1,144	**2,545**
Income taxes-current	2,402	**2,423**
Income taxes for prior periods	165	—
Income taxes-deferred	(530)	**(320)**
Total income taxes	2,038	**2,102**
Income (loss) before minority interests	(893)	**442**
Minority interests in income	29	**6**
Net income (loss)	(922)	**436**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Fiscal Year 2010	**Fiscal Year 2011**
		Millions of yen
Income (loss) before minority interests	(893)	**442**
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	**(197)**
Foreign currency translation adjustment	(2,664)	**(47)**
Total other comprehensive income	(2,676)	**(245)**
Comprehensive income	(3,570)	**197**
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(3,575)	**192**
Comprehensive income attributable to minority interests	4	**4**

(3) CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Millions of yen

	Fiscal Year 2010	**Fiscal Year 2011**
Shareholders' equity		
Capital stock		
Balance at the beginning of current 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 beginning of current period	21,246	**18,667**
Changes of items during the period		
Deficit disposition	(2,214)	**—**
Dividends from surplus-other capital surplus	(364)	**(364)**
Disposal of treasury stock	0	**(1)**
Total changes of items during the period	(2,578)	**(365)**
Balance at the end of current period	18,667	**18,302**
Retained earnings		
Balance at the beginning of current period	5,543	**6,834**
Changes of items during the period		
Increare (decrease) from change of fiscal year of consolidated subsidiaries	—	**(50)**
Deficit disposition	2,214	**—**
Net income (loss)	(922)	**436**
Total changes of items during the period	1,291	**386**
Balance at the end of current period	6,834	**7,220**
Treasury stock		
Balance at the beginning of current period	(3,898)	**(3,916)**
Changes of items during the period		
Purchase of treasury stock	(18)	**(8)**
Disposal of treasury stock	1	**1**
Total changes of items during the period	(17)	**(6)**
Balance at the end of current period	(3,916)	**(3,922)**
Total shareholders' equity		
Balance at the beginning of current period	43,788	**42,483**
Changes of items during the period		
Increare (decrease) from change of fiscal year of consolidated subsidiaries	—	**(50)**
Deficit disposition	—	**—**
Dividends from surplus-other capital surplus	(364)	**(364)**
Net income (loss)	(922)	**436**
Purchase of treasury stock	(18)	**(8)**
Disposal of treasury stock	0	**0**
Total changes of items during the period	(1,305)	**14**
Balance at the end of current period	42,483	**42,497**

	Fiscal Year 2010	**Fiscal Year 2011**
		Millions of yen
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	225	**212**
Changes of items during the period		
Net changes of items other than shareholders' equity	(12)	**(197)**
Total changes of items during the period	(12)	**(197)**
Balance at the end of current period	212	**15**
Foreign currency translation adjustment		
Balance at the beginning of current period	(6,799)	**(9,439)**
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,639)	**(45)**
Total changes of items during the period	(2,639)	**(45)**
Balance at the end of current period	(9,439)	**(9,485)**
Total accumulated other comprehensive income		
Balance at the beginning of current period	(6,574)	**(9,226)**
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,652)	**(243)**
Total changes of items during the period	(2,652)	**(243)**
Balance at the end of current period	(9,226)	**(9,469)**
Subscription rights to shares		
Balance at the beginning of current period	287	**—**
Changes of items during the period		
Net changes of items other than shareholders' equity	(287)	**—**
Total changes of items during the period	(287)	**—**
Balance at the end of current period	—	**—**
Minority interests		
Balance at the beginning of current period	259	**263**
Changes of items during the period		
Net changes of items other than shareholders' equity	3	**1**
Total changes of items during the period	3	**1**
Balance at the end of current period	263	**265**
Total net assets		
Balance at the beginning of current period	37,761	**33,520**
Changes of items during the period		
Increare (decrease) from change of fiscal year of consolidated subsidiaries	—	**(50)**
Deficit disposition	—	**—**
Dividends from surplus-other capital surplus	(364)	**(364)**
Net income (loss)	(922)	**436**
Purchase of treasury stock	(18)	**(8)**
Disposal of treasury stock	0	**0**
Net changes of items other than shareholders' equity	(2,936)	**(241)**
Total changes of items during the period	(4,241)	**(227)**
Balance at the end of current period	33,520	**33,293**

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of yen

	Fiscal Year 2010	**Fiscal Year 2011**
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,144	**2,545**
Depreciation and amortization	8,272	**8,467**
Impairment loss	245	**98**
Increase (decrease) in allowance for doubtful accounts	(0)	**(2)**
Increase (decrease) in provision for retirement benefits	380	**1,063**
Interest and dividends income	(39)	**(40)**
Interest expenses	653	**688**
Loss on retirement treasury stock aquisition rights	1,707	**—**
Decrease (increase) in notes and accounts receivable-trade	110	**1,140**
Decrease (increase) in inventories	(2,080)	**(3,999)**
Increase (decrease) in notes and accounts payable-trade	(678)	**(1,510)**
Other, net	1,036	**(94)**
Subtotal	10,752	**8,356**
Interest and dividends income received	38	**39**
Interest expenses paid	(659)	**(705)**
Income taxes paid	(2,739)	**(2,345)**
Net cash provided by (used in) operating activities	7,392	**5,345**
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(10,327)	**(8,358)**
Proceeds from sales of property, plant and equipment	126	**4**
Purchase of intangible assets	(175)	**(251)**
Payments of loans receivable	(9)	**(19)**
Collection of loans receivable	43	**13**
Other, net	69	**(3)**
Net cash provided by (used in) investing activities	(10,272)	**(8,614)**
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	3,398	**1,387**
Increase (decrease) in commercial papers	4,000	**(4,500)**
Repayments of finance lease obligations	(207)	**(476)**
Proceeds from long-term loans payable	—	**7,500**
Repayment of long-term loans payable	(1,125)	**(3,023)**
Proceeds from sales of treasury stock	0	**0**
Purchase of treasury stock	(18)	**(8)**
Purchase of treasury stock aquisition rights	(1,949)	**—**
Cash dividends paid	(368)	**(369)**
Net cash provided by (used in) financing activities	3,728	**509**
Effect of exchange rate change on cash and cash equivalents	(206)	**51**
Net increase (decrease) in cash and cash equivalents	642	**(2,708)**
Cash and cash equivalents at beginning of period	12,114	**12,756**
Increare (decrease) in cash and cash equivalents from change of fiscal year of consolidated subsidiaries CCE	—	**(225)**
Cash and cash equivalents at end of period	12,756	**9,822**

4. SEGMENT INFORMATION

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

FISCAL YEAR 2011 (April 1, 2011 to March 31, 2012)

Millions of yen

	Reporting Segment				Total	Adjustment	Amount stated in CONSOLIDATED STATEMENTS OF INCOME
	Semi-conductor Devices	CCFL	PM	PS			
Sales							
(1) Third parties	95,295	1,966	18,022	16,518	131,803	—	131,803
(2) Intersegment	1,403	—	531	0	1,935	(1,935)	—
Total	96,698	1,966	18,554	16,519	133,738	(1,935)	131,803
Income (loss) by segment	6,827	(1,575)	(1,034)	1,782	6,000	(1,951)	4,048
Assets	94,402	5,728	14,667	9,017	123,817	12,312	136,130
Other							
Depreciation	7,870	96	69	144	8,181	285	8,467
Impairment loss	—	—	98	—	98	—	98
Increase in property, plant, equipment and intangible assets	12,341	56	138	85	12,621	264	12,885

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