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DISCLOSED INFORMATION ON THE INTERNET AT THE TIME OF
NOTIFYING CONVOCATION OF THE 101ST ORDINARY GENERAL
MEETING OF SHAREHOLDERS

For The 101st Fiscal Term (from April 1, 2017 to March 31, 2018)

CONSOLIDATED FINANCIAL STATEMENTS

- CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
- NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

- NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
- NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Sanken Electric Co., Ltd.

All matters above are provided to shareholders of the Company on the website of the Company on the Internet (<http://www.sanken-ele.co.jp/>) in accordance with all laws and Article 16 of the Articles of incorporation of the Company.

Please note that the documents disclosed on our website formed part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Audit and Supervisory Board Members and Accounting Auditor during the preparation of the Audit Reports.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2017 to March 31, 2018)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	20,896	10,301	29,176	(4,003)	56,371
Change of items during the period					
Dividends of surplus			(790)		(790)
Loss attributable to owners of parent			(11,421)		(11,421)
Purchase of treasury stock				(14)	(14)
Capital increase of consolidated subsidiaries		15,619			15,619
Share-based payment transaction		82			82
Net change of items other than shareholders' equity					-
Total changes of items during the period	-	15,702	(12,212)	(14)	3,475
Balance at the end of current period	20,896	26,003	16,964	(4,017)	59,846

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	425	754	(3,150)	(1,970)	335	54,736
Change of items during the period						
Dividends of surplus				-		(790)
Loss attributable to owners of parent				-		(11,421)
Purchase of treasury stock				-		(14)
Capital increase of consolidated subsidiaries				-	16,143	31,763
Share-based payment transaction				-		82
Net change of items other than shareholders' equity	(35)	(1,663)	(841)	(2,540)	467	(2,072)
Total changes of items during the period	(35)	(1,663)	(841)	(2,540)	16,611	17,546
Balance at the end of current period	390	(909)	(3,991)	(4,510)	16,947	72,283

Note: Figures less than one million are rounded down to the nearest million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes to Going Concern Assumption

Not applicable

Notes to Significant Fundamental Matters in Preparing the Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated majority-owned subsidiaries and other subsidiaries: 36

Since the establishment of Sanken Electric (Thailand) Co., Ltd. and Advanced Power-device Technologies Co., Ltd., the scope of consolidation has been included in the scope of consolidation.

(2) Names of principal consolidated subsidiaries:

Ishikawa Sanken Co., Ltd., Yamagata Sanken Co., Ltd., Kashima Sanken Co., Ltd., Fukushima Sanken Co., Ltd., Sanken Optoproducts Co., Ltd., Sanken Densetsu Co., Ltd., Sanken North America, Inc., Allegro MicroSystems, LLC, Polar Semiconductor, LLC, Korea Sanken Co., Ltd. Sanken Power Systems (UK) Limited, P.T. Sanken Indonesia, Sanken Electric Singapore Pte. Ltd., Sanken L.D. Electric (Jiang Yin) Co., Ltd., Sanken Electric Hong Kong Co., Ltd., Sanken Electric Korea Co., Ltd., Taiwan Sanken Electric Co., Ltd., Sanken Electric (Shanghai) Co., Ltd., Sanken Electric (Malaysia) Sdn. Bhd., Dalian Sanken Electric Co., Ltd., etc.

2. Application of equity method

Not applicable

3. Fiscal term of consolidated majority-owned subsidiaries

The fiscal year ends on December 31 for the following consolidated subsidiaries:

Sanken L. D. Electric (Jiangyin) Co., Ltd.

Sanken Electric (Shanghai) Co., Ltd.

Dalian Sanken Electric Co., Ltd.

Dalian Sanken Trade Co., Ltd.

Allegro (Shanghai) Micro Electronics Commercial & Trading Co., Ltd

The financial statements of each company were prepared based on provisional account settlement as of the consolidated fiscal year end.

4. Matters relating to Accounting Policies

(1) Standards and methods of valuing the significant assets

(i) Securities

Other securities

Securities with market value

Market value method based on the market price as of the end of the consolidated fiscal term.

(Differences in valuation are included directly in net assets and costs of sold securities are calculated using the moving-average method.)

Securities without market value

Stated at cost using the moving-average method

(ii) Derivative transactions

Market value method

(iii) Inventories

Inventory held for the purpose of ordinary sales

Stated mainly at cost using the moving-average method

(The carrying amounts in the accompanying consolidated balance sheets are stated after reducing the book value according to the decreased profitability.)

(2) Depreciation methods for significant depreciable assets

(i) Tangible fixed assets (excluding lease assets)

Mainly adopts the straight-line method.

Useful lives of main asset are as follows:

Buildings and structures 8 to 60 years

Machinery and transportation equipment 3 to 12 years

(ii) Intangible assets (excluding lease assets)

Straight-line method

As for software (for in-house use), the straight-line method is used with a useful life of 5 or 10 years.

(iii) Lease assets

Lease assets arising from finance lease transactions in which ownership is transferred

Depreciation shall be computed mainly by the same method applicable to the Company's fixed assets.

Lease assets arising from finance lease transactions in which ownership is not transferred

Depreciation shall be computed by the straight-line method based on the assumptions that the useful life equals the lease term and the residual value equals zero.

(3) Standards of accounting for significant allowances and accruals

(i) Allowance for doubtful receivables

Estimated uncollectible amounts are calculated using historical data for trade receivables and individually considering the probability of collection for doubtful receivables.

(ii) Accrued retirement benefits for directors and statutory auditors

Accrued retirement benefits for directors and statutory auditors at the end of fiscal term are calculated based on the internal rules of some consolidated majority-owned domestic subsidiaries.

(4) Other significant matters for the preparation of the consolidated financial statements

(i) Accounting method for deferred assets

Bond issuance cost is expensed as incurred.

(ii) Accounting method for retirement benefits

Method for attributing retirement benefit estimates to periods

When calculating retirement benefit obligations, the benefit formula basis serves as the main basis for attributing the retirement benefit estimates to the periods of up to the end of the current consolidated fiscal year.

Method for allocating net unrecognized actuarial gain or loss and past service cost

Net unrecognized actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over various periods (10 years through 18 years).

Prior service cost is amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over various periods (10 years through 20 years) which do not exceed the average remaining service period of employees.

Adoption of the simple method at small businesses, etc.

Some consolidated subsidiaries adopt the simple method under which an amount of payment required for retirement benefits for personal reasons at the end of fiscal term is used as retirement benefit obligations when calculating net defined benefit liability and retirement benefit costs.

(iii) Accounting method for consumption tax

The tax exclusion method is adopted for consumption tax and local consumption tax.

(iv) Foreign currency translation

All monetary assets and liabilities in denominated in foreign currencies are converted into Japanese yen at the exchange rates prevailing as of the consolidated fiscal term end, and the resulting gain or loss is credited or charged to income.

The Majority-owned overseas consolidated subsidiaries' assets and liabilities are translated into Japanese yen at the exchange rate prevailing as of the end of the consolidated fiscal term. Revenues and expenses are translated into Japanese yen at the average exchange rate during the consolidated fiscal term, and translation differences are included in the translation adjustment account and non-controlling interests of net assets.

(v) Consolidated tax payment system

The Company adopts the consolidated tax payment system.

Notes to changes in the accounting policies

Change in the accounting policies

Not applicable

Notes to changes in presentation

Not applicable

Notes to changes in accounting estimates

Not applicable

Notes to error corrections

Not applicable

Notes to the Consolidated Balance Sheet**(1) Assets offered as collateral and collateralized liabilities**

1) Assets offered as collateral

Buildings 62 million yen

Other intangible assets 8 million yen

Total 70 million yen

2) Collateralized liabilities

Short-term bank loans 50 million yen

Total 50 million yen

(2) Accumulated depreciation of tangible fixed assets 150,928 million yen

Notes to the Consolidated Statement of Changes in Net Assets**(1) Shares issued and outstanding (shares)**

Type of share	Balance at beginning of current consolidated year	Increase	Decrease	Balance at end of current consolidated year
Common stock	125,490,302	—	—	125,490,302

(2) Treasury Stock (shares)

Type of share	Balance at beginning of current consolidated year	Increase	Decrease	Balance at end of current consolidated year
Common stock	4,293,460	22,158	—	4,315,618

(Summary of Reason for change)

Increase in treasury stock of common stock was due to purchase of less-than-a full-unit shares.

(3) Dividends

(i) Amount to be paid

The amount of dividends to be paid for the current fiscal year is treated as if the amount was determined in advance at the end of the previous fiscal year.

Resolution	Class of share	Total amount (million yen)	Dividend per share (yen)	Record date	Effective date
Shareholders' Meeting held on June 23, 2017	Common stock	424	3.50	March 31, 2017	June 26, 2017
Board of Directors' Meeting held on November 6, 2017	Common stock	363	3.00	September 30, 2017	December 5, 2017

(ii) Dividends of which the record dates fall in the current fiscal year but the effective dates fall after the end of the current fiscal year

Resolution	Class of share	Total amount (million yen)	Dividend per share (yen)	Record date	Effective date
Shareholders' Meeting held on June 22, 2018	Common stock	363	3.00	March 31, 2018	June 25, 2018

(4) Stock Acquisition Rights

Not applicable

Notes to Financial Instruments

(1) Matters concerning the current situation of financial instruments

The Company Group raises funds necessary for capital investments, R&D, etc. by bond issues and bank loans. It manages temporary surplus funds through highly secured financial instruments, and also raises short-term operating funds by issuing commercial papers and bank loans. The Company Group follows a policy of using derivatives to hedge foreign currency exchange fluctuation risks and of avoiding any speculative dealings.

Customer credit risks related with notes receivable and accounts receivable — trade are reduced through measures taken in accordance with provisions of credit management regulations. Receivables denominated in foreign currencies are exposed to foreign currency exchange fluctuation risks. The Company Group hedges this risk mainly through the use of forward exchange contracts against positions after netting payables denominated in foreign currencies, in principle.

Investment securities are mainly the shares of corporations with which the Company Group has business relationships and therefore are exposed to the risk of market price fluctuations. The Company Group regularly monitors the fair value and financial positions, etc. of the issuing entities (business partners) and continuously reviews the holding status in consideration of its relationships with business partners.

Short-term bank loans and commercial papers are fundraising instruments that mainly pertain to operating funds, while long-term bank loans, bonds, and lease obligations under finance lease transactions are fundraising instruments necessary mainly for the purpose of capital investment. Some of them are on floating interest rates and therefore exposed to the risk of interest rate fluctuation. When borrowing a bank loan on a floating interest rate, the Company Group reduces the risk by limiting the loan term within three years in principle, monitoring the remaining term until the interest rate renewal date, monitoring the interest rate fluctuation trend, and responding in consideration of the balances between short-term loans and long-term loans or between fixed interest rates and floating interest rates.

With respect to derivative transactions, the financial division of the Company conducts transaction contracts, checks balances, and handles the accounting. A monthly report on the status of derivative transactions is prepared and submitted to the management meeting.

(2) Matters concerning the fair value of financial instruments

The amount posted on the consolidated balance sheet, the fair value, and the differences between the two were as follows, as of March 31, 2018 (consolidated closing date for the current fiscal year). However, financial instruments for which the fair value is deemed to be extremely difficult to determine are not included in the following table. (See Note 2)

(Millions of yen)

	Amount posted on consolidated balance sheet (*1)	Fair value (*1)	Difference
(1) Cash and deposits	32,752	32,752	—
(2) Notes and accounts receivable — trade	34,656	34,656	—
(3) Investment securities			
Other securities	1,323	1,323	—
(4) Notes and accounts payable — trade	(20,634)	(20,634)	—
(5) Short-term bank loans	(13,339)	(13,339)	—
(6) Commercial paper	(7,000)	(7,000)	—
(7) Bonds payable	(40,000)	(40,124)	124
(8) Long-term bank loans (Including current portion long-term loans payable)	(11,975)	(12,042)	67
(9) Lease obligations	(155)	(153)	-2
(10) Derivative transactions (*2)	997	997	—

*1: Amounts posted in liabilities are indicated in ().

*2: Derivative transactions are indicated in net amounts after offsetting the receivables and payables.

Note 1: Calculation method for the fair value of financial instruments, and matters concerning securities and derivative transactions

- (1) Cash and deposits; and (2) Notes and accounts receivable — trade
The fair value is approximately equal to the book value because both are settled in the short term. Therefore, the fair value is based on the book value.
- (3) Investment securities
The fair value of stocks is based on the prices on the stock exchange.
- (4) Notes and accounts payable — trade; (5) Short-term bank loans; and (6) Commercial paper
The fair value is approximately equal to the book value because both are settled in the short term. Therefore, the fair value is based on the book value.
- (7) Bonds payable
The fair value of bonds issued by the Company is based on market prices.
- (8) Long-term bank loans
With floating interest rate, the fair value of long-term bank loans is deemed to reflect market interest rates in the short term and is therefore deemed to be very similar to the book value. Accordingly, it is stated at book value. With fixed interest rate, the fair value of long-term bank loans is based on the present value of the total principal and interest discounted by the interest rate, assuming that the Company newly takes out the same bank loans.
- (9) Lease obligations
The fair value of lease obligations is based on present value discounted by the interest rate, assuming that the Company newly initiates the same lease transaction.
- (10) Derivative transactions
 - (i) Not subject to hedge accounting
The fair value of a derivative transaction not subject to hedge accounting is based on the price etc. presented by correspondent financial institutions.
 - (ii) Subject to hedge accounting
Not applicable.

Note 2: The fair value of unlisted stocks (83 million yen on the consolidated balance sheet) is considered to be extremely difficult to calculate, as there are no market prices and no valuations of future cash flows. Therefore, these stocks are not included in “(3) Investment securities; Other securities.”

Notes to lease properties

Not applicable

Notes to per share information

(1) Net assets per share	456.66 yen
(2) Net loss per share	94.24 yen

Notes to important subsequent events

A change in the shares constituting one unit (“share trading unit”) and partial amendments to the Articles of Incorporation have been determined by resolution of the Board of Directors’ meeting held on May 8, 2018 pursuant to the provisions of Article 195, Paragraph 1 of the Companies Act.

1. Change of Share Trading Unit

(1) Reason for change

All domestic stock exchanges of Japan have announced the Action Plan for Consolidating Trading Units and aim to uniformly adopt the share trading unit of 100 shares with regard to the common stocks of all domestic listed companies. The Company also respects this intent as a listed company on the Tokyo Stock Exchange (TSE), and has decided to change its share trading unit from 1,000 shares to 100 shares.

(2) Details of change

The share trading unit will be changed from 1,000 shares to 100 shares.

(3) Scheduled date of change

October 1, 2018

(4) Conditions for change

The partial amendments to the Articles of Incorporation related to this matter are determined by resolution of the Board of Directors pursuant to the provisions of the Companies Act; provided, however, that the partial amendments to the Articles of Incorporation shall be subject to the approval of the agenda item “2. Share Consolidation” mentioned below as proposed at the 101st Ordinary General Meeting of Shareholders scheduled to be held on June 22, 2018.

2. Share Consolidation

(1) Purpose of share consolidation

In the change of the share trading unit from 1,000 shares to 100 shares as mentioned in “1. Change of Share Trading Unit” above, a share consolidation (five shares to be consolidated into one share) shall be executed to adjust the number of investment units to an appropriate level in consideration of mid- to long-term fluctuations in the stock price of the Company shares.

(2) Details of share consolidation

- a. Type of stock to be consolidated: common stock
- b. Consolidation method/ratio: As of October 1, 2018, the Company will implement the share consolidation of its common stock on a one for five basis based on the number of shares owned by shareholders who are registered in the shareholders’ registry on September 30, 2018.
- c. Number of shares to be decreased by the share consolidation

Total no. of outstanding shares before the share consolidation (March 31, 2018)	125,490,302 shares
No. of shares to be decreased by the share consolidation	100,392,242 shares
Total no. of outstanding shares after the share consolidation	25,098,060 shares

(Note) “No. of shares to be decreased by the share consolidation” and “Total no. of outstanding shares after the share consolidation” are theoretical values calculated based on the total number of outstanding shares before the share consolidation and the consolidation ratio.

(3) Number of shareholders to be decreased by the share consolidation

	No. of shareholders (Ratio)		No. of owned shares (Ratio)	
Total no. of shareholders	9,716 persons	100.00%	125,490,302 shares	100.00%
Less than 5 shares	156 persons	1.60%	205 shares	0.00%
5 shares or more	9,560 persons	98.40%	125,490,097 shares	100.00%

(4) Handling of any fractions of less than 1 share

When fractions of less than 1 share are generated as a result of the share consolidation, such fractions will be disposed of collectively, and the proceeds from the disposal will be distributed to the shareholder concerned in accordance with the ratio of fractions pursuant to Article 235 of the Companies Act.

(5) Total number of shares authorized to be issued as of the effective date of the share consolidation

51,400,000 shares (257,000,000 shares before the share consolidation)

The provision of the Articles of Incorporation stipulating the total number of shares authorized to be issued is deemed to have been changed as stated above on the effective date of the share consolidation (October 1, 2018) pursuant to Article 182, Paragraph 2 of the Companies Act.

(6) Condition for the share consolidation

It shall be subject to the approval of the agenda item regarding the share consolidation as proposed at the 101st Ordinary General Meeting of Shareholders scheduled to be held on June 22, 2018.

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2017 to March 31, 2018)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus		Retained earnings	
		Capital reserve	Other capital surplus	Other retained earnings	
				Reserve for advanced depreciation of fixed assets	Retained earnings carried forward
Balance at beginning of the fiscal year	20,896	5,225	4,982	39	2,572
Change during the fiscal year					
Dividends of surplus					(787)
Net income					11,621
Acquisition of treasury stock					
Reversal of reserve for advanced depreciation of fixed assets				(1)	1
Net change in items other than shareholders' equity during the fiscal year					
Total change during the fiscal year	–	–	–	(1)	10,835
Balance at end of the fiscal year	20,896	5,225	4,982	37	13,407

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain on securities	
Balance at beginning of the fiscal year	(4,003)	29,713	422	30,136
Change during the fiscal year				
Dividends of surplus		(787)		(787)
Net income		11,621		11,621
Acquisition of treasury stock	(14)	(14)		(14)
Reversal of reserve for advanced depreciation of fixed assets		–		–
Net change in items other than shareholders' equity during the fiscal year		–	(35)	(35)
Total change during the fiscal year	(14)	10,819	(35)	10,784
Balance at end of the fiscal year	(4,017)	40,532	387	40,920

Note: Figures less than one million are rounded down to the nearest million.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Notes to Going Concern Assumption

Not applicable

Notes to significant accounting policies

1. Standards and methods of valuing the assets

(1) Securities

Stocks of subsidiaries and affiliates Stated at cost using the moving-average method

Other securities

Securities with market value Market value method based on the closing market price as of the end of the fiscal term

Differences in valuation are included directly in net assets and costs of sold securities are calculated using the moving-average method.

Securities without market value Stated at cost using the moving-average method

(2) Derivative transactions

Market value method

(3) Inventories

Inventories held for the purpose of ordinary sales

Stated mainly at cost using the moving-average method

(The carrying amounts in the accompanying non-consolidated balance sheets are stated after reducing the book value according to the decreased profitability.)

2. Depreciation methods for fixed assets

(1) Tangible fixed assets

(excluding lease assets) Straight-line method

(2) Intangible assets

(excluding lease assets) Straight-line method

As for software (for in-house use), the straight-line method is used with a useful life of 5 or 10 years.

(3) Lease assets Lease assets arising from finance lease transactions in which ownership is not transferred

Depreciation shall be computed by the straight-line method based on the assumptions that the useful life equals the lease term and the residual value equals zero.

3. Standards of accounting for allowances and accruals

(1) Allowance for doubtful receivables

Estimated uncollectible amounts are calculated using historical data for trade receivables and individually considering the probability of collection for doubtful receivables.

(2) Accrued retirement benefits

Accrued employees' retirement benefits are calculated based on estimates of retirement benefit obligations and pension assets as of the end of the fiscal term.

(i) Method for attributing retirement benefit estimates to periods

When calculating retirement benefit obligations, the benefit formula basis serves as the main basis for attributing retirement benefit estimates to the periods of up to the end of the current fiscal. If pension assets to be recognized as of the end of the fiscal term exceed the amount of difference between retirement benefit obligations and net unrecognized actuarial gain or loss, the difference is recorded as prepaid pension cost in Investments and other assets.

(ii) Method for allocating net unrecognized actuarial gain or loss and past service cost

Net unrecognized actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over 14 years which is not more than the average remaining service term of employees.

Prior service cost is amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over 14 years which is not more than the average remaining service term of employees.

4. Other significant matters constituting basis for the preparation of the financial statements

(1) Accounting for retirement benefits

The accounting methods adopted for net unrecognized actuarial gain or loss and unrecognized past service cost relating to retirement benefits in the non-consolidated financial statements differ from those adopted in the consolidated financial statements.

(2) Accounting method for deferred assets

Bond issuance cost is expensed as incurred.

(3) Accounting method for consumption taxes

The tax exclusion method is adopted for consumption tax and local consumption tax.

Notes to changes in the accounting policies

Not applicable

Notes to changes in presentation

(Non-consolidated balance sheet)

“Lease investment assets” (1 million yen at the end of the current fiscal year), an item listed separately under “Current assets” until the previous fiscal year, are included in “Other” under “Current assets,” because the quantitative materiality became insignificant in this fiscal year.

“Lease investment assets” (0 million yen at the end of the current fiscal year), an item listed separately under “Investments and other assets” until the previous fiscal year, are included in “Other” under “Investments and other assets,” because the quantitative materiality became insignificant in this fiscal year.

Notes to changes in accounting estimates

Not applicable

Notes to error corrections

Not applicable

Additional information

Not applicable

Notes to balance sheet

1. Accumulated depreciation of tangible fixed assets	25,834 million yen
2. Contingent liabilities	
The Company guarantees bank loans of the other companies and others.	
P.T. Sanken Indonesia	1,053 million yen
Polar Semiconductor, LLC	1,063 million yen
Total	<u>2,116 million yen</u>
3. Receivables from, and payables to subsidiaries and affiliates:	
(1) Short-term receivables	34,409 million yen
(2) Short-term payables	9,175 million yen
(3) Long-term receivables	17,203 million yen

Notes to statement of income

1. Operating transactions with subsidiaries and affiliates	
(1) Net sales	25,041 million yen
(2) Purchases	89,948 million yen
(3) Raw materials, etc. provided	36,966 million yen
(4) Other operating transactions	2,663 million yen
2. Transactions with subsidiaries and affiliates other than operating transactions	32,703 million yen

Notes to statement of changes in net assets

Number of treasury stock as of the end of the fiscal term	common stock	4,315,618
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Notes to accounting for income taxes

Details of recognition of deferred tax assets and liabilities by principal causes

Deferred tax assets:	Tax loss carry forwards	12,814 million yen
	Allowance for doubtful receivables	3,746 million yen
	Loss on revaluation of securities of subsidiaries and affiliates	3,587 million yen
	Loss on revaluation of inventories	619 million yen
	Accrued bonuses	320 million yen
	Loss on liquidation of subsidiaries and affiliates	165 million yen
	Others	440 million yen
	Sub-total of deferred tax assets	<u>21,695 million yen</u>
	Valuation allowance	<u>(21,175) million yen</u>
	Total of deferred tax assets	<u>519 million yen</u>
Deferred tax liabilities:	Prepaid pension cost	(945) million yen
	Unrealized gain on securities	(169) million yen
	Others	(16) million yen
	Total of deferred tax liabilities	<u>(1,131) million yen</u>
	Net of deferred tax assets (liabilities)	<u>(612) million yen</u>

Notes to transactions with affiliated parties

Subsidiaries, etc.

Type	Name of Company, etc.	Location	Common stock or investments (millions of yen)	Field of business or occupation	Ownership of voting rights, etc. (Ownership percentage)	Details of relationship		Details of transaction	Amount of transaction (millions of yen)	Account	Balance as of the end of the fiscal term (millions of yen)
						Concurrently serving directors or audit and supervisory board members, etc.	Factual relationship				
Subsidiary	Ishikawa Sanken Co., Ltd.	Shika-machi, Hakui-gun, Ishikawa Prefecture	95	Semiconductor Device	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 4	Manufacture of our products	Purchase of semiconductor products Onerous provision of raw materials	38,243 9,452	Accounts payable-trade Accounts receivable-other	— 2,453
	Fukushima Sanken Co., Ltd.	Nihonmatsu-shi, Fukushima Prefecture	50	Semiconductor Device	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 4	Manufacture of our products	Purchase of semiconductor elements and products Onerous provision of raw materials	11,524 15,435	Accounts payable-trade Accounts receivable-other	— 5,705
	Korea Sanken Co., Ltd.	Changwon City, Korea	759,000 thousand won	Semiconductor Device	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 1	Manufacture of our products	Lending of funds Receipt of interest	446 —	Loans receivable	4,839
	Dalian Sanken Electric Co., Ltd.	Dalian City, Liaoning, China	66,349 thousand RMB	Semiconductor Device Power Systems	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 1	Manufacture of our products	Onerous provision of raw materials	3,515	Accounts receivable-other	1,514
	P.T. Sanken Indonesia	Bekasi, West Java, Indonesia	21,000 thousand US dollars	Power Systems	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 1	Manufacture of our products	Lending of funds Receipt of interest	— —	Loans receivable	7,686
	Sanken North America, Inc.	Worcester, Massachusetts, USA	105 thousand US dollars	Semiconductor Device	Direct ownership 67.2%	Number of concurrently serving directors or audit and supervisory board members: 3	Manufacture of our products	Receipt of dividends	31,771	Accounts receivable-other	—
	Allegro MicroSystems, LLC	Worcester, Massachusetts, USA	63,428 thousand US dollars	Semiconductor Device	Indirect ownership 67.2%	—	Manufacture of our products	Purchase of semiconductor products	12,799	Accounts payable-trade	1,856
	Sanken Electric Singapore Pte. Ltd.	Singapore	170 thousand US dollars	Semiconductor Device Power Systems	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 1	Sale of our products	Sale of products	7,405	Accounts receivable-trade	1,755
	Sanken Electric Hong Kong Co., Ltd.	Hong Kong, China	1,000 thousand HK dollars	Semiconductor Device Power Systems	Direct ownership 100%	Number of concurrently serving directors or audit and supervisory board members: 1	Sale of our products	Sale of products	8,030	Accounts receivable-trade	2,191
	Sanken Business Service Co., Ltd.	Niiza-shi, Saitama Prefecture	90	Business transaction services	Direct ownership 100%	—	Factoring transactions	Factoring transactions	18,938	Accounts payable-trade	5,451

Notes: 1. The amount of factoring transactions include consumption tax.

2. Concurrently serving directors or audit and supervisory board members are presented as of March 31, 2018.

Conditions of transactions and decision policies thereof

- The sale and purchase prices of our products are determined based on the market value as a reference.
- The onerous provision prices of raw materials are determined on the basis of the Company's estimated cost.
- As for the accounts payable-trade to Sanken Business Service Co., Ltd., basic agreement is entered into among the Company, supplier of the Company, and Sanken Business Service Co., Ltd., and the accounts are settled by way of factoring transactions.
- With respect to the lending of funds, interest rates are reasonably determined in consideration of market rates. With respect to the lending of funds to Korea Sanken Co., Ltd. and P.T. Sanken Indonesia, interest payments are exempted for the purpose of assisting structural reforms.
- With respect to doubtful receivables from subsidiaries, a total amount of 12,032 million yen is recorded as allowance for doubtful receivables.

Notes to per share data

1. Net assets per share	337.70 yen
2. Net income per share	95.90 yen

Notes to important subsequent events

A change in the shares constituting one unit (“share trading unit”) and partial amendments to the Articles of Incorporation have been determined by resolution of the Board of Directors’ meeting held on May 8, 2018 pursuant to the provisions of Article 195, Paragraph 1 of the Companies Act.

1. Change of Share Trading Unit

(1) Reason for change

All domestic stock exchanges of Japan have announced the Action Plan for Consolidating Trading Units and aim to uniformly adopt the share trading unit of 100 shares with regard to the common stocks of all domestic listed companies. The Company also respects this intent as a listed company on the Tokyo Stock Exchange (TSE), and has decided to change its share trading unit from 1,000 shares to 100 shares.

(2) Details of change

The share trading unit will be changed from 1,000 shares to 100 shares.

(3) Scheduled date of change

October 1, 2018

(4) Conditions for change

The partial amendments to the Articles of Incorporation related to this matter are determined by resolution of the Board of Directors pursuant to the provisions of the Companies Act; provided, however, that the partial amendments to the Articles of Incorporation shall be subject to the approval of the agenda item “2. Share Consolidation” mentioned below as proposed at the 101st Ordinary General Meeting of Shareholders scheduled to be held on June 22, 2018.

2. Share Consolidation

(1) Purpose of share consolidation

In the change of the share trading unit from 1,000 shares to 100 shares as mentioned in “1. Change of Share Trading Unit” above, a share consolidation (five shares to be consolidated into one share) shall be executed to adjust the number of investment units to an appropriate level in consideration of mid- to long-term fluctuations in the stock price of the Company shares.

(2) Details of share consolidation

a. Type of stock to be consolidated: common stock

b. Consolidation method/ratio: As of October 1, 2018, the Company will implement the share consolidation of its common stock on a one for five basis based on the number of shares owned by shareholders who are registered in the shareholders’ registry on September 30, 2018.

c. Number of shares to be decreased by the share consolidation

Total no. of outstanding shares before the share consolidation (March 31, 2018)	125,490,302 shares
No. of shares to be decreased by the share consolidation	100,392,242 shares
Total no. of outstanding shares after the share consolidation	25,098,060 shares

(Note) “No. of shares to be decreased by the share consolidation” and “Total no. of outstanding shares after the share consolidation” are theoretical values calculated based on the total number of outstanding shares before the share consolidation and the consolidation ratio.

(3) Number of shareholders to be decreased by the share consolidation

	No. of shareholders (Ratio)		No. of owned shares (Ratio)	
	No.	Ratio	No.	Ratio
Total no. of shareholders	9,716 persons	100.00%	125,490,302 shares	100.00%
Less than 5 shares	156 persons	1.60%	205 shares	0.00%
5 shares or more	9,560 persons	98.40%	125,490,097 shares	100.00%

(4) Handling of any fractions of less than 1 share

When fractions of less than 1 share are generated as a result of the share consolidation, such fractions will

be disposed of collectively, and the proceeds from the disposal will be distributed to the shareholder concerned in accordance with the ratio of fractions pursuant to Article 235 of the Companies Act.

(5) Total number of shares authorized to be issued as of the effective date of the share consolidation
51,400,000 shares (257,000,000 shares before the share consolidation)

The provision of the Articles of Incorporation stipulating the total number of shares authorized to be issued is deemed to have been changed as stated above on the effective date of the share consolidation (October 1, 2018) pursuant to Article 182, Paragraph 2 of the Companies Act.

(6) Condition for the share consolidation

It shall be subject to the approval of the agenda item regarding the share consolidation as proposed at the 101st Ordinary General Meeting of Shareholders scheduled to be held on June 22, 2018.

Notes to the company adopting the dividend regulations on a consolidated basis

The Company adopted the dividend regulations on a consolidated basis.