

A N N U A L R E P O R T 2 0 0 2



**SANYODENKI**

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### Notes Regarding Future Plans and Estimates

This annual report contains projections concerning the future plans, strategies and estimated performance of Sanyo Denki. These statements do not include historical data but rather are based on management's projections given the information currently available. Accordingly, these projections involve risks and uncertainties relative to the status of the economy and demand, intensifying competition, exchange rates, taxation and other regulations.

# Financial Highlights (Consolidated)

SANYO DENKI CO., LTD. and Subsidiaries

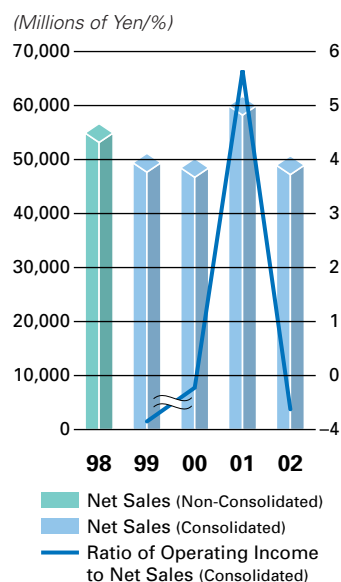
Years ended march 31, 2002 and 2001	Millions of Yen		Change in %	Thousands of U.S. dollars*
	2002	2001	2002-2001	2002
Net Sales	¥48,964	¥59,980	-18.4%	\$367,460
Selling, General and Administrative Expenses	6,307	6,736	-6.4	47,332
Operating Income (Loss)	(1,241)	3,439	-136.0	(9,313)
Net Income	1,863	2,756	-32.4	13,981
Cash Dividends Paid	496	559	-11.3	3,722
Total Assets	55,743	61,381	-9.2	418,336
Total Shareholders' Equity	29,348	27,473	6.8	220,253

## Per Share Data

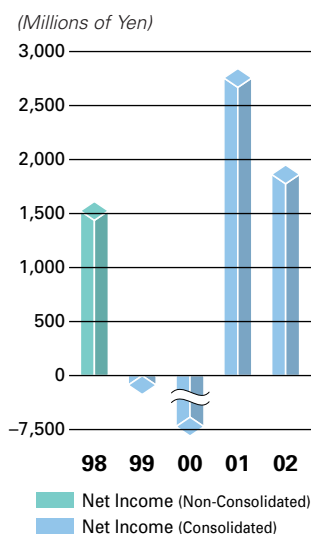
	Yen		Change in %	U.S. dollars
	2002	2001	2002-2001	2002
Net Income	¥30.2	¥44.4	-32.0%	\$0.23
Cash Dividends Paid	6.0	10.0	-40.0	0.05

\* U.S. dollar amounts are translated from yen at the rate of ¥133.25 to U.S. \$1, the approximate rate of exchange on March 31, 2002.

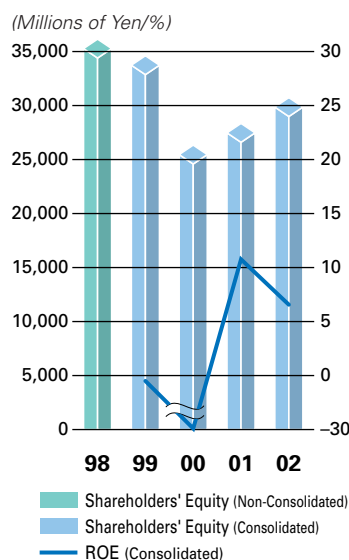
### Net Sales & Ratio of Operating Income to Net Sales



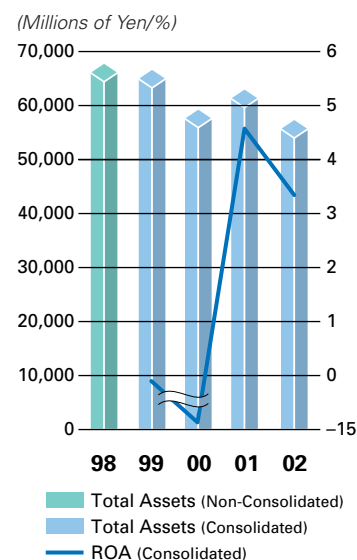
### Net Income (Loss)



### Shareholders' Equity & ROE



### Total Assets & ROA



# Message from the President

## **This Term's Business Environments Under Review**

For the fiscal year ended on March 31, 2002, recession caused by a sharp decline in the information technology (IT)-related demand still hanged on in the electric machinery industry, resulting in a plunge in our company's corporate earnings.

Sluggishness in IT-related investments caused a demand for the semiconductor equipment manufacturing and telecommunications industries to drop more than expected. As a result, this term's consolidated sales were ¥48,964 million, an 18.4% decrease from the previous term.

As for profit and loss, although there were positive effects by lowering the break-even point, income before income taxes of ¥640 million (¥2,009 million in the previous term) was recorded due to decreases in revenue bigger than expected and product prices resulting from severe competition. Adding the settlement money for lawsuits\* as the special profit, the appraisal losses in securities as the special loss, and the deferred tax, this term's net income was ¥1,863 million, down from the previous term's ¥2,756 million.

*\* For more details, please refer to Page 19.*

## **For improvement of corporate value**

Under these circumstances, our company has set "securing the amount of orders" and "lowering the break-even point" as the top-priority tasks for the second consecutive year, and at the same time, has implemented the following policies:

1. A winner is given priority to do the work after competition among company and subsidiary groups in general corporate activities. This step is taken in order to win a market race.
2. Irrespective of company business groups, sales subsidiaries, agencies or sales representatives, the sales-territory system that existed in our company's business structure is abolished and any group can now compete in a race for the customers' satisfaction.
3. Irrespective of our company's factories, subsidiary factories and consigned manufacture, we decided that production will be assigned to a competitive factory matching best with the conditions without adhering to the old production rules.
4. For product development, procurement, production, supply and distribution, our company actively collaborates or ties up with an enterprise of the same industry when we consider it is mutually benefited.

5. Business reforms and speedup are planned in product and technical developments, arrangements and procurement, production, distribution and all other office works.
6. Overseas production and international procurement are stepped up in order to cut down production costs and ease the exchange rate risk. Overseas production includes that at the Subic Works in the Philippines established in November 2001.
7. Extensive programs for conservation of the global environment have been implemented for development of eco-friendly products, reduction in wastes, promotion of energy conservation, and cutdown of chemical substances.



**Shigeo Yamamoto**  
CEO/President & COO

### **Interim Report for the Third Mid-Term Management Plan**

The first year of the three-year Third Mid-Term Management Plan, started April last year, was completed.

This fiscal year's business results, listed later in this annual report, turned out to be unfavorable despite the above measures. As from the environmental point of view, the following favorable results are recorded:

1. Products authorized to have an eco-friendly design were commercialized as planned.
2. Our head office obtained the ISO 14001 registration.
3. The amount of using electric power, LPG, heavy fuel oil A and photocopy papers, and the amount of wastes, chemical waste, etc. were reduced. The first zero-emission target was achieved at four factories, two years earlier than planned. The target is expected to be achieved at two remaining factories in this fiscal year.

Details on this term's business results are stated later in this annual report and as for this year-end dividend, ¥4.00 per share will be paid as compared with the ¥2.00 per share for the mid-term dividend.

A handwritten signature in black ink, appearing to read 'Shigeo Yamamoto', written in a cursive style.

June 2002  
Shigeo Yamamoto  
CEO/President & COO

# Corporate History

Since its foundation, Sanyo Denki takes the initiative over competitors in development of the first servo motor, uninterruptible power supply and stepping motor in Japan, and continues introducing products to the market, matching the needs for the time. In recent years, our company is increasing its market share through satisfying highly sophisticated and diversified customer needs and actively expanding businesses to the overseas markets. Under its corporate philosophy of "Aim at the Happiness of All people," Sanyo Denki is committed to the development of new technologies and products on the basis of three technical themes. "Technology for protecting the global environment," "Technology for protecting people's health and safety," "Technology for using new energy sources and saving energy."

■ Hideo Yamamoto founded Sanyo Shokai Co., Ltd.

■ Reorganized into joint a stock company

■ Renamed Sanyo Denki Co., Ltd.

■ A factory opened up in Nagano Prefecture

■ Head office and Tokyo works relocated to the current location of the head office



Head office and Tokyo works

■ A maker designated by the Ministry of Telecommunications

■ Development of radio power generator

■ Development of the first servo motor made in Japan

1952



2-phase servo motor

- Cooling Systems
- Servo Systems
- Power Systems
- Control Systems

■ Listed on the Second Section of the Tokyo Stock Exchange

■ Orders of stepping motors from IBM

■ Development of static power supply units

1963



Static power supply units

■ Development of the first stepping motor in Japan

1959



StepSyn

■ Commercialization of the first UPS made in Japan

■ A new head office building completed



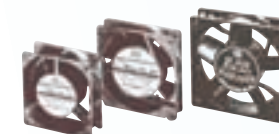
Head office (TOKYO)

1979

■ Production of cooling fan "AC SAN ACE" exceeds 10 million units in total

■ Startup of mass-production of DC servo motors and drivers

■ Startup of mass-production of cooling fan "AC SAN ACE"



AC SAN ACE

1965

■ SANYO DENKI EUROPE SA. (FRANCE) established



SANYO DENKI EUROPE SA.

1988

■ SANYO DENKI AMERICA, INC. (USA) established



SANYO DENKI AMERICA, INC.

1995

■ Development of CPU cooling fan "SAN ACE MC"  
■ Development of AC servo motor "P" series

1994

■ Startup of mass-production of Long Life Fan

■ Development of Ultra-high-vacuum stepping motor  
■ Startup of mass-production of UPS "SANUPS"

1985



SANUPS

■ Development of DC cooling fan "DC SAN ACE"

1982



DC SAN ACE

1995

1996

1997

1998

1999

2000

2001

2002

A production subsidiary, SANYO DENKI TECHNO SERVICE CO., LTD., established

- TECHNOLOGY CENTER opened up
- AUTOMATION INTELLIGENCE, INC. (USA) purchased



TECHNOLOGY CENTER



AUTOMATION INTELLIGENCE, INC.

1997

Declaration of the Multi-Interface (FA Open Network)

- Development of AC servo driver "PV"
- Development of DC servo driver "DA2"



P series



PV



SAN ACE MC

- Commercialization of small-capacity UPS "SANUPS mini"
- Development of inverters for photovoltaic generation systems "SANSOLAR"



SANUPS mini

1995

- Development of stepping motor "StepSyn"
- Development of Industrial PC "SMS-10"



StepSyn

1998



SMS-10

- Development of splash-proof fans applicable to outdoor-use equipment
- Development of CPU cooler "SAN ACE MC note"
- Development of Linear Servo System
- Development of UPS managing system "SAN GUARD III"
- Development of PC based controller "S-MAC"



SAN ACE MC note



Linear Servo System

1997

- A production subsidiary, SANYO DENKI PHILIPPINES, INC. (PHILIPPINES) established
- Acquisition of the ISO14001 certificate by six Ueda factories as the multi-site
- Subic works (the Philippines) opened up
- Start of Operations for "Design for Environment"



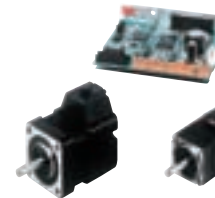
2000

Subic works

SANYO DENKI CO., LTD. TAIWAN BRANCH (TAIWAN) established

- Head Office Obtains the ISO14001 Certificate
- SANYO DENKI CO., LTD. HONG KONG BRANCH (HONG KONG) established

- Startup of distribution of copper heat sink CPU cooling fan "SAN ACE MC-HX"
- Development of high air volume long life fan "SAN ACE 120 L"
- Development of performance servo "PB"
- Development of 5-phase stepping motor StepSyn "F" and "M" series
- Development of compact size UPS "SANUPS ASE"



PB

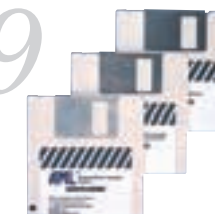


SAN ACE MC-HX

- Startup of mass-production of a new family of cooling fans "SAN COOLER"

- Development of high-reliability UPS, "SANUPS R"
- Development of control language "AML"
- Development of multi-axis AC servo driver "PQ"

1999



AML

- Development of Eco Product DC cooling fan "SAN ACE" G type
- Development of new AC servo system "Q" series
- Development of high efficiency UPS "SANUPS E"



Q series

2002



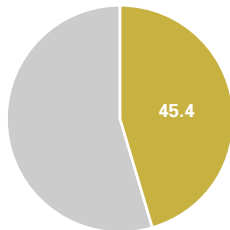
# At a Glance

## Share of Net Sales (%)

## Outline

## Main Products

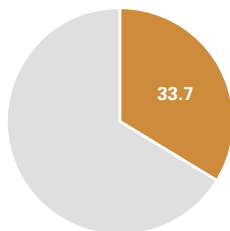
### Cooling Systems Division



Sanyo Denki is the world's leading maker of cooling fans for electric equipment. This was our 2nd consecutive year to win the Preferred Quality Supplier (PQS) award from the Intel Corporation. Our company is highly rated both for its products and overall capability as a business entity. This division has always developed products with an eye on the market needs. A recent example is the DC Cooling Fan (ECO PRODUCTS) *SAN ACE G type* which have developed for the purpose of energy saving and higher performance. This product's energy consumption rate is approx. 32% lower, air volume rate is 1.6 times and service life is 2.7 times compared to our conventional model.

CPU Cooler  
 "SAN ACE MC"  
 Splash Proof Fan  
 Long Life Fan  
 AC/DC Cooling Fan  
 Blower Fan  
 AC/DC Cooling Fan  
 "AC SAN ACE"  
 "DC SAN ACE"  
 "SAN COOLER"

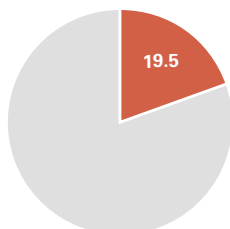
### Servo Systems Division



This division develops a wide variety of actuators and control devices, including ultra-small 10W and large-capacity 75KW AC servo motors, two-phase, three-phase and five-phase stepping motors, the *PB* series that combines the advantages of AC Servo and Stepping Motors, and DC Servo Motors for which demand remains strong. With these products, this division is expanding sales in the factory automation and information equipment business areas. In recent years, we are trying hard to increase overseas sales and to expand a service network in order to perform businesses on the global basis.

Stepping Motors  
 "StepSyn"  
 "PM Driver"  
 Linear Servo Systems  
 AC Servo Systems  
 "Q" Series  
 "P" Series  
 "PY2"  
 Performance Servo  
 "PB" Series  
 DC Servo Systems

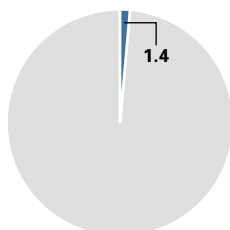
### Power Systems Division



This division provides high-reliability equipment for the power sources of NTT telecommunications, Uninterruptible Power Supply (UPS) for computers and special power source devices for the Defense Agency. Investment is expected to increase for the construction of network systems for the telecommunications industry because computers and telecommunications equipment need a stable and reliable power supply. This division continues developing internationally competitive products in order to satisfy these requirements.

UPS  
 "SANUPS ASE"  
 "SANUPS ASD"  
 "SANUPS AMB"  
 High Efficiency UPS  
 "SANUPS E"  
 High Reliability UPS  
 "SANUPS R"  
 UPS Management Software  
 "SAN GUARD IV"  
 Power Supply Unit  
 "Network Power Manager"  
 Photovoltaic Power System Inverter  
 "PMC"

### Control Systems Division



The solution business is developing centering around the *SMS* industrial personal computer series and the *AML* control language with an aim of making the FA system open and setting up a network. This business is forecasted to expand because the concept of the *S-MAC* open controller for reduction in the total cost, users-led open-architecture and flexibility by turning into full software is gradually accepted by customers. In addition, our company is steadily expanding businesses of various drivers attached with the field network interface such as DeviceNet and SERCOS in Japan and overseas.

Industrial PC  
 "SMS"  
 Control Language  
 "AML"  
 SERCOS Drivers  
 DeviceNet Drivers  
 Profibus Drivers  
 Open Controller  
 "S-MAC"



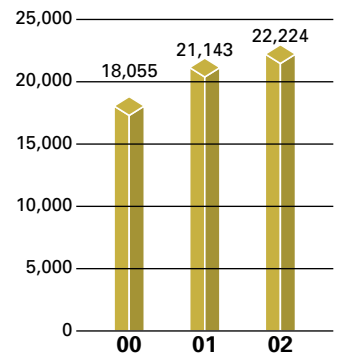
## Major Use

## Net Sales (Millions of Yen)



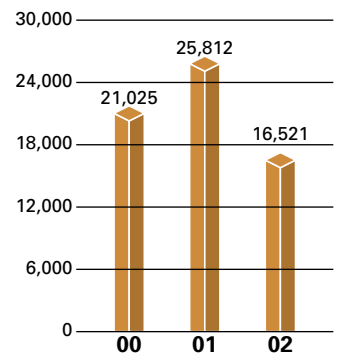
**SAN ACE MC-HX**

Cooling devices for electronic equipment (computers, including personal computers and servers, electronic components in telecommunications equipment and industrial machinery, etc.)



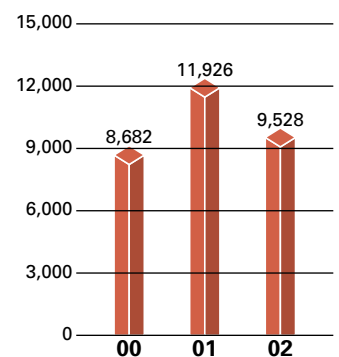
**Q Series**

Motors for office automation equipment (printers, X-Y recorders, scanners, copiers, etc.)  
 Position controllers for industrial equipment  
 Drivers for ATMs, passbook printers, tickets vending machines, etc.  
 Drivers for industrial equipment (printing presses, woodworking equipment, injection molding equipment, packaging equipment, semiconductor manufacturing equipment, etc.)  
 Drivers for robots (assembly robots, welding robots, nursing robots, electric component inserters, etc.)



**SANUPS E**

UPSs for computers, including personal computers and servers.  
 Signal power sources for telephone exchanges, power supply devices for portable cordless equipment, inverters, power supply devices for transmission facilities, power supply devices for communications equipment, back-up power supply devices for telephone exchanges.  
 Photovoltaic Power inverter for public facilities, school, office buildings, hospitals, industrial facilities.

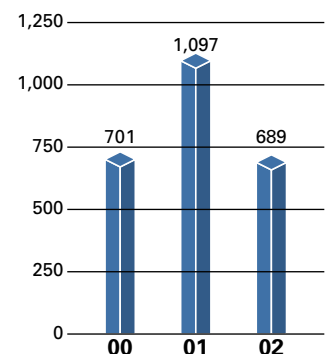


**SMS**

This division establishes a comprehensive system that includes making suggestions, production, sales and provision of services.

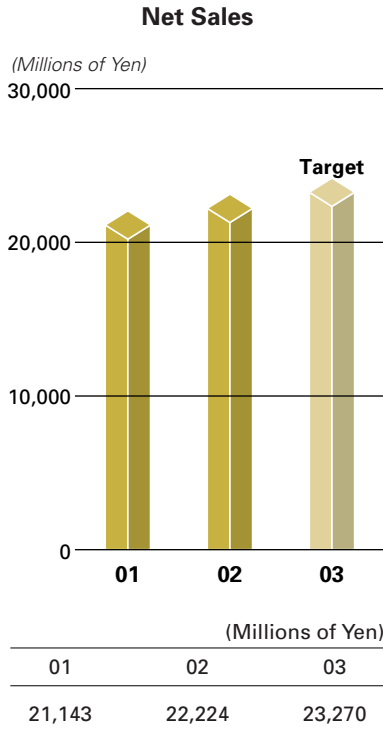
### Set up of the FA Open System

Semiconductor manufacturing device, Food wrapping machine, Plastic processor, Press machine, FTTH (fiber to the home), Security system, Ethernet and DeviceNet driven by AML.



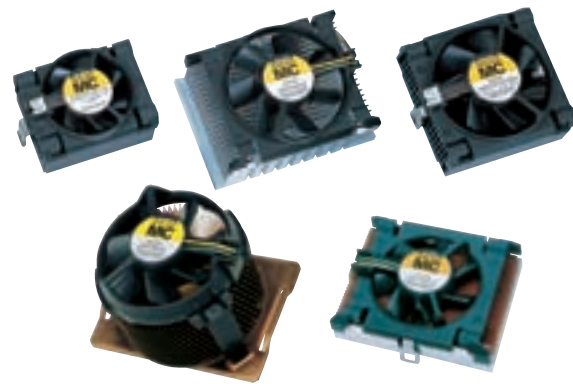
# Review of Operations

## Cooling Systems Division



Demand for the cooling fan *SAN ACE* series dropped sharply in this term due to widespread slump in the worldwide telecommunications market and IT industry.

However, this business division increased proceeds through improvement of price competitiveness for the CPU cooler *SAN ACE MC* after stepping up overseas production. As a result, this division's sales were ¥22,224 million, a 5.1% increase from the previous term. At present, full-scale production of the *SAN ACE* brushless DC fan and CPU cooler *SAN ACE MC* started in the Philippines. At present, the demand for these fans is expected to increase further. In recent years, the ways to improve heat dispersion capability for high-speed and large-capacity computers and other information technology equipment have become a top-priority task along with enormous increase in the amount of heat dispersion following introduction of new equipment. In addition to these, cooling technology has become more important as equipment is made smaller in size and is equipped with various functions. The division will continue working for improvement of the cooling technology.



CPU Cooling Fan *SAN ACE MC*

## New Products

### DC Cooling Fan "SAN ACE" G type



1. Approx. 32% of lower energy consumption than conventional model
2. Longer service life (2.7 times longer than conventional model)
3. Higher air volume (1.6 times higher than conventional model)

### CPU Cooling Fan "SAN ACE MC"



1. High-performance fan motor: brushless DC motor, two ball bearings
2. Long life: 40,000 hours
3. Low noise and vibration
4. Specially designed high-density heat sink

## Servo Systems Division

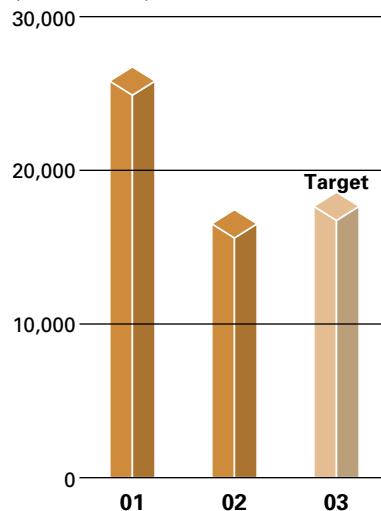
Sales for this business division's main products AC servo system and Stepping system were ¥16,521 million, a 36.0% decrease from the previous term, due to sharp falls in the orders of semiconductor manufacturing equipment and chip mounters for general IT-related industrial machinery in Japan, North America, Europe and other overseas countries. As for receipt of orders, the inventory adjustment has been smooth and the business conditions have slowly but steadily shifted into the recovery phase since January.

Under these circumstances, the division plans to improve competitiveness of its major products through introduction of the new AC servo system series.

On top of that, the division stepped up strengthening and expanding servo businesses in China, Taiwan and the neighboring countries with establishment of new branch offices in Hong Kong and Taiwan.

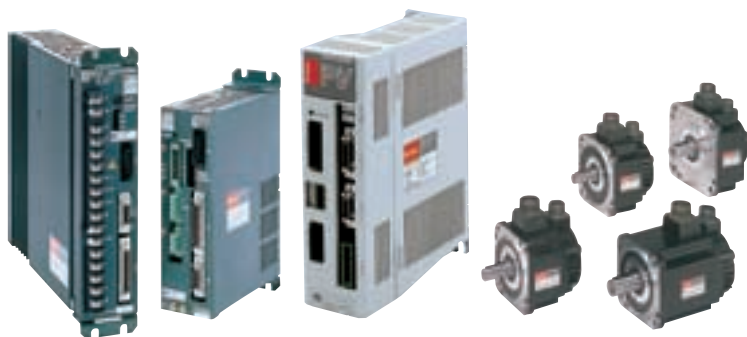
### Net Sales

(Millions of Yen)



(Millions of Yen)

01	02	03
25,812	16,521	17,660



AC Servo System P Series

### New AC Servo System "Q" Series



1. Approx. 20% lower of energy consumption than conventional model
2. Quick response and smooth control (setting time is 5 times faster than conventional model)
3. Compact size (approx. 30% smaller than conventional model)

### Performance Servo "PB" Series

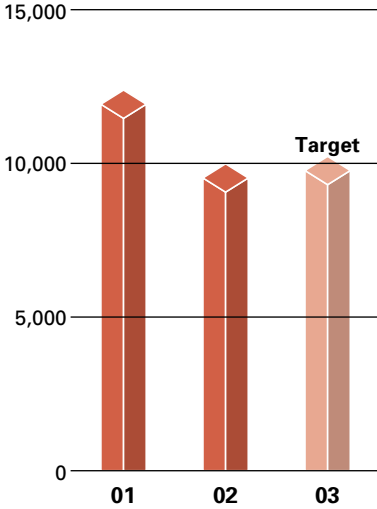


1. The servo system in compliance with the UL and CE standard
2. The PB servo has the stepping motor's total stoppage as well as the AC servo motor's close control.
3. This series can set its high-speed position better than other AC servo with the same size.

## Power Systems Division

### Net Sales

(Millions of Yen)



(Millions of Yen)

01	02	03
11,926	9,528	9,770

As for the uninterruptible power supply (UPS) that takes up a large portion of sales among this division's products, sales dropped as the result of sharp decrease in the demand for large communications facilities such as data centers. On top of a slump for medium-size and large-capacity types, sales of the small-capacity system decreased because of the falling demand for the network system. As a result, the division's sales were ¥9,528 million, a decrease of 20.1% from the previous term.

At present, the division plans to increase the receipt of orders from new clients and further expand its businesses with a focus on sales activities in the information technology and telecommunications industries, and to promote businesses through introduction of the new UPS products, etc. and discovery of a new market.



UPS SANUPS

### UPS "SANUPS ASE"



- For server and workstation*
1. Continuous power supply by the regular inverter system
  2. High efficiency rate (rate of conversion to electric power is 91%: top level in the industry)
  3. Compact (capacity 13.2L: smallest in the industry)
- ※As of April, 2001

### High Efficiency UPS "SANUPS E"



1. High efficiency at 97%
2. Provide stable electric power without any momentary shutdown
3. Compact size (approx. 50% smaller than conventional model)

## Control Systems Division

Directly hit by recession in the semiconductor and other major industries, both the amount of orders and sales dropped sharply in this term. As a result, the division's sales were ¥689 million, a decrease of 37.2% from the previous term.

Under such circumstances, the division is expected to expand its sales in the future because many orders will be likely for the solution business, centering around the originally-developed the Industrial personal computer SMS and the advanced motion language AML with the concept of the S-MAC open-network controller. This concept is widely recognized by clients in the fields of plastic processors, electric press machines, semiconductor manufacturing equipment, electric injection molding machines, wrapping machines and coil winders.

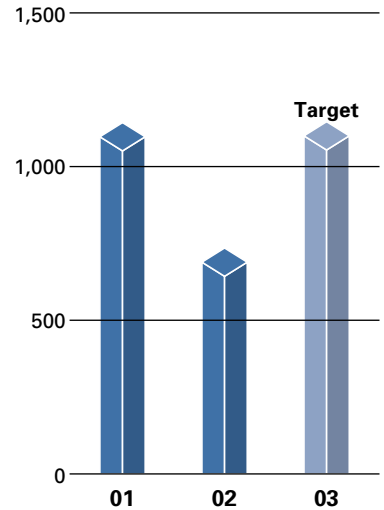
The division is developing its businesses in Japan as well as in the overseas countries by presenting a wide variety of servo drivers compatible with the network system such as DeviceNet, SERCOS, Profibus and others.



SERCOS/DeviceNet/Profibus Drivers

### Net Sales

(Millions of Yen)



(Millions of Yen)

01	02	03
1,097	689	1,100

### Control Language "AML"



*AML is control language directing at the high-grade object.*

1. An AML application program can be easily set up by using AML's development tools.
2. Suitable for making a program to control multiple axis at the same time.
3. SERCOS (international standard motion bus) can be used.

### Industrial PC "SMS"



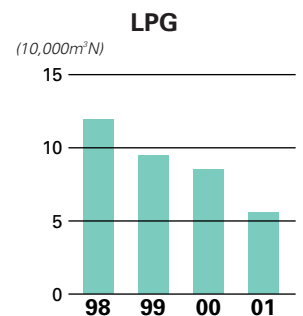
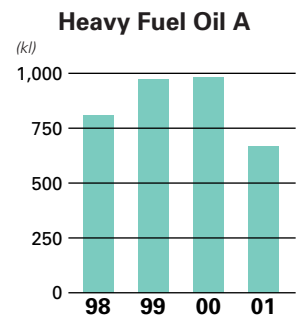
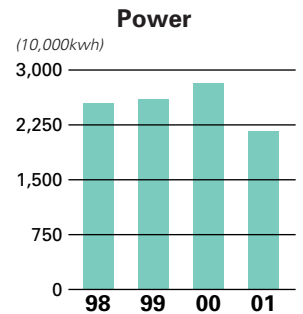
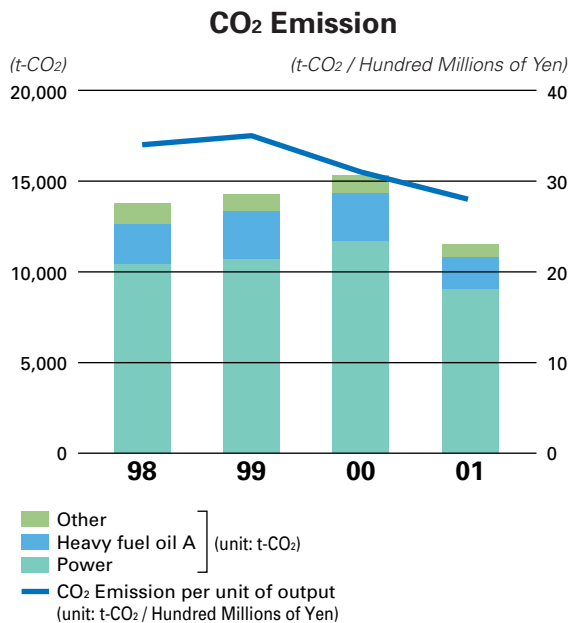
1. Object-oriented industrial PC
2. High-speed reliable PC equivalent to CNC
3. Master PC for SERCOS, DeviceNet and Profibus

# Environmental Actions

Sanyo Denki is actively promoting the environmental preservation activities through various phases of its corporate activities. Consequently, the environmental preservation activities brought results better than planned in this fiscal year ended on March 31, 2002.

## Reduction in Energy Consumption

Considering reduction of CO<sub>2</sub> emission as the top-priority theme of the global warming prevention measures, our company implemented various energy saving measures at its factories in Japan. CO<sub>2</sub> emission were reduced and power consumption, liquefied petroleum gas (LPG) and heavy fuel oil A dropped in this term due to reduction measures implemented at each works and workers' improved awareness toward energy saving. We succeeded to reduce power consumption through review of operating hours of air compressors, reduction in compressed air leakage, integration of equipment after reviewing the production line, review of operating hours of all machinery systems, and insulating material. We also cut down LPG and heavy fuel oil A consumption through review of temperature setting and operating hours of air conditioners and reminding workers not to forget to turn off switches.



## Creation of Products According to the Standards for Eco-Friendly Designs

Our company engages in production activities that have less environmental burden and, at the same time, develops products that have comprehensively smaller impact on the environment. Up to this time, we are involved in activities such as Life Cycle Assessment, enactment of laws and regulations on eco-friendly designs and definite standards for authorizing products with the eco-friendly designs. Products at the certain level of the eco-friendly standards will be designated as "Eco Products" according to product assessment. Four such products are commercialized in this term. The environmental burden for each product has been lessened while its efficiency has been upgraded.



## Introduction of ECO PRODUCTS

### "SAN ACE 120" G type

Designed for large air volume and electricity saving, *SAN ACE 120 G type* has the maximum static pressure 2.2 times more and the power consumption 31% lesser than the conventional model.

### "SAN ACE 92" G type

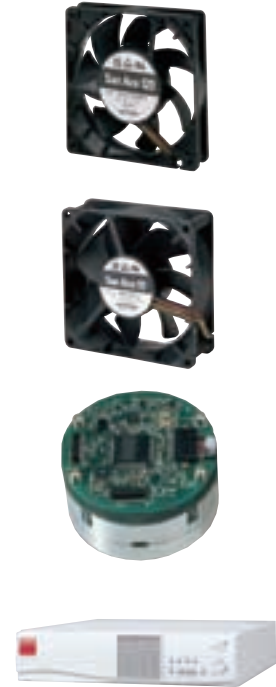
*SAN ACE 92 G type* has air volume 1.6 times more and consumes power 32% lesser than the conventional model. The motor's expected life is improved by about 2.7 times. The noise level is lowered by 5dB.

### Absolute Sensor "San Coder" RA062

In addition to compactness, lightweight and less power consumption, the Absolute Sensor *San Coder RA062* does not carry alkaline or lithium-ion battery that contains hazardous chemical substances, and aluminum electrolytic capacitor or electric double layer capacitor. It is completely produced according to the standards for the environmental preservation.

### Small-Capacity UPS "SANUPS ASE"

By re-examining circuits, the circuit structure of small-capacity UPS *SANUPS ASE* has become simpler after diminishing the number of components by 50%, comparing with the conventional model. This regular inverter power supply system UPS is the industry's top class (as of April 2001) in terms of compact size and lightweight.



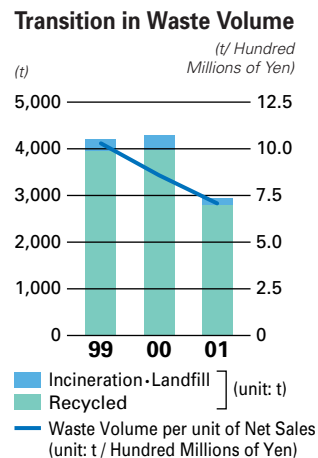
## Reduction in Hazardous Substances

Our company took lead-free wires into use as a member of the lead-free solder working group since April 2000, and about 95% of our company had switched to this wire by December 2001.

## Zero Emission Activity

Our company defines zero emission as the 98% or more recycle rate. In this term, Midorigaoka Works, Tsuiji Works, Aoki Works and Technology Center achieved the target two years earlier than planned. The remaining two works (Fujiyama Works and Shioda Works) are expected to achieve this target at the end of March, 2003. In addition, we exchange ideas and information with local manufacturers. In the future, we aim to establish a system with the local manufacturers to jointly dispose industrial wastes.

On top of that, our company succeeded in reducing about 30% of wastes (in term of weight) through incineration, landfill and recycling, comparing with the previous term. An additional registration was extended to the head office and all works at the ISO 14001 Regular Inquiry Council. In 2002, the definition of zero emission was amended that landfill and incineration of industrial wastes should not exceed 2% of the total amount. A research and development facility (Technology Center) and all five factories in Japan are trying hard to attain this objective. A working group to reduce hazardous chemical materials was also set up to deal with reduction in lead, hexavalent chromium, cadmium, mercury and polybrominated flame retardants PBBs and PBDEs. Furthermore, the whole company promotes environmental preservation activities through development of products that meet the standards for eco-friendly designs.



# Research & Development

**When a technology is developed, it attracts a need. And that need prompts an even more advanced technology. Sanyo Denki has been meeting these needs proactively and kept exploring new technological possibilities in an attempt to make future steps upwards.**

## Cooling Systems Division

Following recent trends in making communications equipment compact in size, large-capacity and high-speed for the use in Internet devices and cell phones, cooling fans to reduce heat have become diversified.

The Cooling Systems Division proposes cooling fans most suitable for the market through technological and product development of products with improved air volume performance, low-noise and less power consumption to satisfy the market needs, and development of "Eco Products" that are intended to reduce the environmental burden.

Major developments are *SAN ACE G type*, eco-friendly cooling fan with better power consumption rate and large air volume; *DYNA ACE*, space-saving and thin (25mm-thick) cooling fan compatible with the standard 19-inch rack; and *SAN ACE MC*, a cooling fan with better heat dispersion capability, that cools a CPU with high speed of over 2GHz.

## Servo Systems Division

As for AC servo motors, the Servo Systems Division commercialized several next-generation servo motors, and continues developing a new series. As for DC servo motors, a new series with a long-life brush, low cogging torque and low torque ripple was commercialized.

As for servo sensors, battery-less high-precision and high-resolution serial communications absolute sensor was developed with consideration for the rugged environment and reduction in environment burden. A small sensor was also developed to meet a wide variety of customer needs.

As for servo drivers, a new driver suitable for the multi-axis usage and a series of new low-priced, high-precision and multi-functioned drivers for the next-generation servo motors were now on the way to development.

As for stepping systems, the low out-gas stepping motor suitable for use in equipment that needs to be clean, such as semiconductor manufacturing equipment and electron microscope, was developed.

## Power Systems Division

The Power Systems Division works for development of highly efficient, compact and lightweight eco-friendly products. As for the small-capacity UPS, the Parallel Redundant Inverter System compatible with the direct-current power supply was developed and commercialized.

This division is projecting to develop Parallel Redundant System, a high-efficiency UPS. As for the mid-capacity UPS, this division is planning to add new products to the lineup of the next-generation UPS (Parallel Processing).

The UPS Management Software to control the power source for information equipment, increasingly intending for the progress in networking, succeeded in developing the Linux and the Windows XP editions. In addition, an environment monitoring system to monitor temperatures and conditions in the rack was commercialized. This division now engages in development of a software for the comprehensive management of environment-monitoring systems.

In the new energy field, an inverter for the self-driven inverter for photovoltaic generation systems was developed, and a compact and low-noise engine generator was developed.

## Control Systems Division

The Control Systems Division developed many soft-motion controllers in the fields of plastic processors and semiconductor manufacturing equipment.

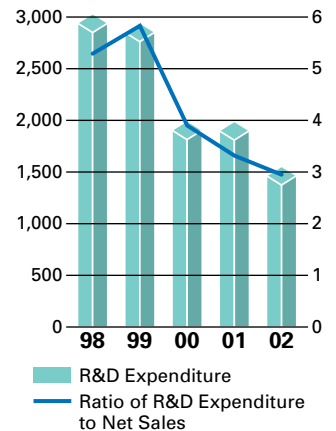
Being used in an servo press machine, high-precision ball-screw roll forming machine, eyeglass frame manufacturing machine, plastic injection molding machine, liquid crystal prober, transport robot using a one-core two-axis motor, this system is rated highly among users for its highly-sophisticated synchronous function and sensor base control function. Our company's *AML* control language is equipped with these functions.

This division developed *SMS 15*, a new product of the long-life, high-reliability, compact industrial PC *SMS* series having about five times better efficiency than our conventional type. This product was developed in response to the request for the high-speed control, image input and Web functions.

As for network drivers, the compact, highly efficient 15A, 30A, 50A SERCOS and DeviceNet-compatible type were developed, and a trial driver compatible with Profibus was also completed.

### R&D Expenditure & Ratio of R&D Expenditure to Net Sales

(Millions of Yen/%)



1998 and 1999 are the numerical value for the non-consolidated account settlement.





# Overseas Activities

**Sanyo Denki Co., Ltd. sets up offices, subsidiaries and factories in the United States, Europe and Asia for businesses around the world. With the latest market information garnered promptly and analyzed accurately, we aim at providing products internationally competitive in terms of quality, cost, price and time for delivery.**



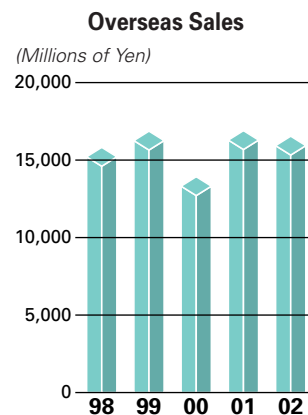
Orders for Sanyo Denki's products from China where companies from around the world are setting up works and most Asian countries that enjoy an economic boom supported by China's high economic growth (at the level of 7%) continue to rise from the latter half of the previous term. The main export items to South Korea were fan motors for fan trays for the IT business-related IMT2000/communications equipment and AC servo system and stepping motors for the industrial machinery such as chip mounters and sewing machines. Orders for AC servos for sewing machines and energy-saving equipment came from the Chinese market. Furthermore, AC servo system for spring manufacturing equipment to Taiwan and fan motors for subcontract makers to the South East Asian countries help increase orders.

Following establishment of the Taiwan branch office last year, the Hong Kong branch office was established in April as a part of the business expansion for clients (at present mostly PPC maker), who shifted their production base from Japan to China.

A market research on inverters and spindles, that are tie-up business with Hitachi Industrial Equipment Systems Co., Ltd. (former Hitachi, Ltd.) was started in China and Taiwan. Lectures on the AML control language for injection molding machine makers and a servo technical explanatory meeting for special clients were held in China in June with an eye on the future expansion.

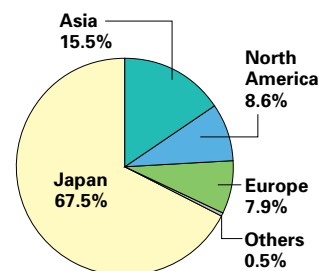
Automation Intelligence, Inc., Sanyo Denki's subsidiary and the AML development base, held a general agency meeting in May, following the one held last year for the purpose of stepping up business development in North America. Establishment of branch offices in Europe is under planning to deal with future expansion in the region. In 2002, following that of the PC base controller SMS-10, our company projected a new lineup for the SMS 15 to further expand sales of this system. Our company's sales subsidiary Sanyo Denki America makes every effort in the servo business to increase sales of stepping motors and performance servo PB. A staff in charge of sales and an engineer were recruited at Sanyo Denki America's Silicon Valley office in 2001 because of the area's huge potentiality.

A person in charge of business transactions was assigned to Sanyo Denki America for expansion of the cooling business in the United States. Sales promotion for new products was aggressively carried out in North America. The agency meeting was held last year to exchange indepth information by each region.



1998 and 1999 are the numerical value for the non-consolidated account settlement.

**Percentage of Net Sales by Region**



As circulation of the euro currency started on the full-scale basis in January 2002, Europe now becomes the center of attention for the future development. Our company's European agencies with Sanyo Denki Europe SA. at the center actively engage in sales of cooling fans, the stepping motor system and the servo system.

Starting in February 2002, Japanese representatives have been stationed in Europe to carry on customer services and marketing activity in Germany, France, England and Italy, projecting to improve the market responses in these areas. Our company also plans to establish sales agencies in the Czech Republic and other East European nations in response to the economic expansion to East Europe.

Our company has conducted diversified business activities in Europe in order to win new clients. These business activities included participation in the Hannover Messe exhibition held in Germany in April where we made an appeal of our new products to many visitors.

# Highlights of the Year

## Establishment of 2 Overseas Branches in Asia

The Taiwan branch office (established in October 2001) will enable speedy collection of accurate market data and customer information on Taiwan, thus allowing Sanyo Denki to give higher levels of service and increase customer satisfaction. The branch will also serve as a link to international sourcing of components and materials as part of an overall cost reducing strategy.

The Hong Kong branch office (established in March 2002) was set up for the purpose of conducting new business activities and constructing a distribution channel in China and its neighboring countries.

These two offices will strengthen the sale of our products and provide a base for business expansion into Asia.

## Head Office Obtains the ISO14001 Registration

Head office, a research and development facility (Technology Center) and all five factories in Japan obtained accreditation under ISO14001, the International Standards for the Environment Management System. The research and development facility and five Japanese factories were registered collectively and integrally in March 2001 (acquired ISO14001 multi-site registration). An additional accreditation was extended to the Head Office and all factories at the ISO 14001 Regular Inquiry Council in March 2002. Our company will continue keeping its awareness to the environment and will work hard toward reducing the hazardous effects on the global environment.



## Tie-up with Hitachi Industrial Equipment Systems Co., Ltd. on the Servo Motor Business

Our company concluded a servo business tie-up with Hitachi Industrial Equipment Systems Co.,Ltd. (former Hitachi, Ltd. hereinafter referred as Hitachi). Industrial components equipments group.

By uniting Hitachi's top-level AC servo motor technology and Sanyo Denki's rich product lineups and production technology, the AC servo system business is forecasted to be highly promising.

In addition, covering up each other's favorite areas, the two companies plan to improve management efficiency through meeting the diversified customers' needs, reinforcing the solution business, avoiding the overlapping investment and shortening the development time.

## Sanyo Denki Received Intel's Preferred Quality Supplier Award

Sanyo Denki was named a recipient of Intel Corporation's prestigious 2001 Preferred Quality Supplier (PQS) award for outstanding performance in providing products and services deemed essential to Intel's success.

The company was awarded for its efforts in supplying Intel with Active Heat Sinks.

The PQS awards are part of Intel's Supplier Continuous Quality Improvement (SCQI) process that encourages suppliers to strive for excellence and continuous improvement. To qualify for PQS status, suppliers must score high on a report card that assesses performance and ability to meet cost, quality, availability, technology and responsiveness goals. Suppliers must also manage and deliver on a challenging improvement plan and a quality systems assessment.

Intel also recognized PQS award winners with an advertisement in the U.S., Europe and Asian editions of the Wall Street Journal on March 14.

Intel, the world's largest chip maker, is also a leading manufacturer of computer, networking and communications products. Additional information about Intel is available at <http://www.intel.com/pressroom>.

*\* Third party marks and brands are property of their respective holders.*

## Development of the Eco Products, DC Cooling Fan Motor SAN ACE G type

The DC cooling fan motor *SAN ACE G type* consumes 31% less electricity than the existing type and has 1.5-time maximum air flow. Its maximum static pressure is about 2.2 times and it is 35% smaller than the existing type.

\*Please refer to Page 14-15 for details on eco-friendly products.



SAN ACE 120 G type



SAN ACE 92 G type

## Major Products Made Debut in Fiscal Year 2001

- Development of *SAN ACE MC-HX*, a copper spiral-type heat sink
- Development of *SANUPS ASE*, a high-quality, high-efficiency and compact uninterruptible power supply (UPS) system
- Development of *PB*, a high-performance servo motor equipped with good points of both servo motor and stepping motor
- Development of *SAN ACE MC*, a thin 24mm-thick CPU cooling fan
- Development of *SAN ACE 120L G type*, a large air volume and long-life fan
- Expansion of the *DYNA ACE* lineup that effectively cools the 19-inch rack
- Development of *SUPER T*, a new DC servo motor series
- Development of the five-phase stepping motor *F* series and *M* series

## Participation in Exhibitions Held in Japan and Overseas in Fiscal Year 2001

The exhibitions held between April 2001 to March 2002 were as follow:

<b>Techno-Frontier Week 2001</b>	<b>Date:</b> April 23-28, 2001	<b>Place:</b> Makuhari Messe, Japan
<b>Hannover Messe 2001</b>	<b>Date:</b> April 23-28, 2001	<b>Place:</b> Hannover, Germany
<b>Networld+Interop 2001 Tokyo</b>	<b>Date:</b> June 7-9, 2001	<b>Place:</b> Makuhari Messe, Japan
<b>System Control Fair 2001</b>	<b>Date:</b> November 3-16, 2001	<b>Place:</b> Tokyo Big Site, Japan
<b>Semicon Japan 2001</b>	<b>Date:</b> December 5-7, 2001	<b>Place:</b> Makuhari Messe, Japan



Techno-Frontier Week 2001

### Settlement of the Princeton Bond Lawsuit

Our company filed a suit against the Princeton Group at the U.S. Federal Court to recover loss incurred by investment in the Princeton Bonds.

Republic Bank of New York and HSBC USA Inc. recently agreed to pay the damage compensation.

The amount of compensation for the loss is estimated to be ¥3,290 million in total, including ¥2,932 million already paid and the dividend from the remaining assets of the Princeton Group which is now under liquidation. The total amount deducting the legal litigation costs, etc. is ¥3,158 million, that is included in the special profit.

We apologize for causing so much worry to our shareholders. We are glad to report that we reached the out-of-court settlement on December 6, 2001.

# Financial Section (Consolidated)

## Six-Year Summary

### SANYO DENKI CO., LTD. and Subsidiaries

Years ended March 31	Millions of Yen					
	2002	2001	2000	1999	1998	1997
Net Sales	¥48,964	¥59,980	¥48,465	¥49,775	¥55,613	¥47,318
Cost of Sales	43,898	49,804	42,432	45,282	46,188	38,751
Selling, General and Administrative Expenses	6,307	6,736	6,484	6,197	6,102	5,563
Operating Income (Loss)	(1,241)	3,439	(451)	(1,705)	3,322	3,004
Net Income (Loss)	1,863	2,756	(7,492)	(1,019)	1,525	2,080
Net Income per Share (Yen)	30.2	44.4	(120.6)	(16.0)	23.7	32.4
Cash Dividends Paid per Share (Yen)	6.00	10.00	5.00	8.00	10.00	9.50
Total Assets	55,743	61,381	57,667	64,766	66,159	60,206
Total Shareholders' Equity	29,348	27,473	25,462	33,565	35,275	34,466
Current Assets	30,136	36,886	34,359	39,974	43,586	42,024
Current Liabilities	21,317	28,790	26,869	25,456	26,319	23,783
Return on Equity (%)	6.56	10.41	-25.38	-3.04	4.37	6.17
Return on Assets (%)	3.34	4.50	-12.99	-1.57	2.41	3.65
Dividend Payout Ratio (%)	19.5	22.5	—	—	42.0	29.2
Interest Coverage (X)	-5.8	12.9	-0.9	-4.9	20.8	28.9

1997 and 1998 are the numerical value for the non-consolidated account settlement.

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## Financial Review (Consolidated)

SANYO DENKI CO., LTD. and Subsidiaries

### Operating Results

The Japanese economy in the consolidated financial year ended March 31, 2002 shifted to the more severe conditions such as increasing credit risk and employment uncertainty amid the ongoing deflationary trend followed by continuing

sluggishness with capital investment in the private sector and personal consumption. In the electric machinery industry, depression hanged on because of an acute decrease in IT-related demand, affecting corporate profit to drop sharply. Influenced by a slowdown in IT-related investment, a more-than-expected drop in the demand for semiconductor manufacturing equipment and the telecommunications-related industry, our company's consolidated sales for this term were ¥48,964 million, a decrease of 18.4% from the previous term.

Consolidated overseas sales amounted to ¥15,932 million, a decrease of 2.2% from the previous term since a drop in sales in North America was covered by the increased sales in other regions, especially South East Asia. The ratio of the consolidated overseas sales to the consolidated sales rose 5.3 percentage points to 32.5%.

Consolidated sales for the Cooling Systems Division were ¥22,224 million, an increase of 5.1% from the previous term. Non-consolidated sales for this division were ¥19,147 million, a decrease of 7.3% from the previous term.

Consolidated sales for the Servo Systems Division were ¥16,521 million, a drop of 36.0% from the previous term. Non-consolidated sales for this division were ¥15,910 million, a fall of 37.5% from the previous term.

Consolidated sales for the Power Systems Division were ¥9,528 million, a decrease of 20.1% from the previous term. Non-consolidated sales for this division were ¥9,489 million, a decrease of 20.3% from the previous term.

Consolidated sales for the Control Systems Division

were ¥689 million, a decrease of 37.2% from the previous term. Non-consolidated sales for this division were ¥240 million, a decline of 63.7% from the previous term.

### Net Sales by Product Category

	Millions of Yen		
	2000	2001	2002
Cooling Systems . . . . .	¥18,055	¥21,143	<b>¥22,224</b>
Servo Systems . . . . .	21,025	25,812	<b>16,521</b>
Power Systems . . . . .	8,682	11,926	<b>9,528</b>
Control Systems . . . . .	701	1,097	<b>689</b>

Cost of sales was ¥43,898 million, a decrease of ¥5,906 million or 11.9% from the previous term. The rate of sales cost was 89.7%, rose 6.7 percentage points from 83.0% for the previous term.

Gross profit was ¥5,066 million, a dropped of 50.2% from the previous term, and the rate of gross profit was 10.3%, dropping 6.7 percentage points from 17.0% for the previous term.

Selling, general and administrative expenses were ¥6,307 million, a decrease of ¥429 million or 6.4% from the previous term.

Despite the positive effects from lowering the break-even point, due to more-than-expected drops in income and product prices followed by intensified price competition, this term's operating income turned to the deficit of ¥1,241 million, dropping 136.1% from the previous term's operating income of ¥3,439 million. The loss incurred by investment in Princeton Bonds in 2000 was partially recovered. The damage compensation received after the out-of-court settlement was ¥3,158 million after deducting the legal litigation costs, etc., which was recorded as other income. As a result, this term's income before income taxes was ¥640 million, a sharp drop in income from the previous term. In addition, this term's net income was ¥1,863 million as the result of adding ¥1,475

million, deferred tax.

This term's net income per share was ¥30.20, a drop from ¥44.38 for the previous term. Dividend per share dropped ¥4.00, making the yearly dividend of ¥6.00.

## Financial Position

Total assets at the end of the term under review were ¥55,743 million, a decrease of ¥5,638 million from the previous term. As for assets, current assets was ¥30,136 million, a decrease of ¥6,750 million from the previous term. The main reason for this decrease was notes and accounts receivable followed by a decline in sales and a drop in inventories resulted from reducing goods in stock. Property, Plant and Equipment were ¥18,362 million, an increase of ¥819 million from the previous term. The main reason for this increase was obtained in consequence of asset reassessment based on laws.

Current liabilities were ¥21,317 million as the result of a decrease of ¥7,473 million in current liabilities from the previous term. The main reason for this decrease was a decline in note and accounts payables

and a reduction in short-term debts. Fixed liabilities were ¥4,509 million as the result of a decrease of ¥197 million in long-term debts and others.

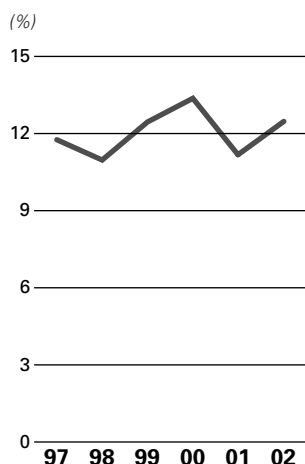
In addition, retained earnings were ¥8,843 million, an increase of ¥1,330 million, or 17.7%, from the previous term. As a result, the total shareholders' equity was ¥29,348 million, an increase of ¥1,875 million from the previous term. The shareholders' equity per share rose to ¥483.60 from ¥442.33 in the previous term. The shareholders' equity ratio rose 7.8 percentage points from 44.8% to 52.6%. The return on equity dropped 3.8 percentage points from 10.4% to 6.6%.

## Cash Flows

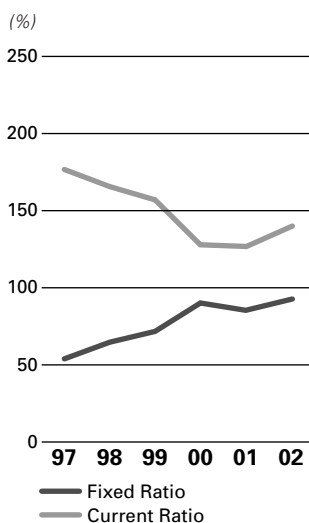
During the fiscal year ended March 31, 2002, cash and cash equivalents stood at ¥3,430 million, an increase of ¥786 million or 29.7% from the previous term.

Net cash provided by operating activities was ¥5,658 million, an increment of ¥4,238 million from ¥1,420 million in the previous term. Cash increased

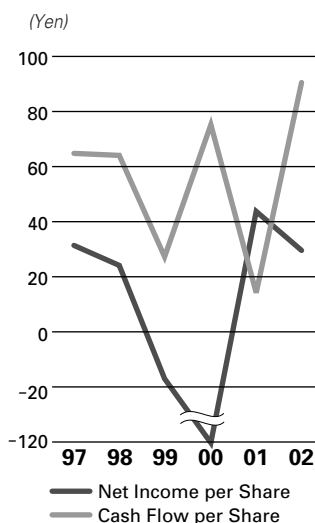
Ratio of SG&A to Net Sales



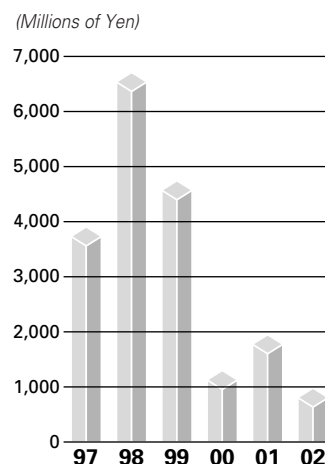
Fixed Ratio & Current Ratio



Net Income per Share & Cash Flow per Share



Capital Expenditure



1997 and 1998 are the numerical value for the non-consolidated account settlement.

Cash Flow per Share: 1999 and 2000 are the numerical value for the consolidated account settlement.

mainly because of a decrease in notes and accounts receivable and inventory management despite an increase in this term's income before income taxes and other adjustments.

Net cash used by investing activities was ¥1,362 million compared with ¥2,044 million for the previous term. The main reason for the improvement was a decrease in purchase of investment securities.

Net cash used by financing activities was ¥3,675 million compared with ¥1,536 million for the previous term. The main reason for this was a reduction in long- and short-term debts for the purpose of strengthening our company's financial structure.

### Capital Expenditure

This term's capital expenditure was ¥830 million, a decrease of 53.2% from the previous term.

The investment was made for rationalization of production equipment at each factory, reduction of costs and improvement of quality.

### Research and Development

Expenses for research and development in this term were ¥1,465 million, 3.0% of our company's consolidated sales. Each division put their efforts in the following researches and developments:

#### Cooling Systems Division

Development of high-performance fans, CPU cooling fans

#### Servo Systems Division

Development of a new series of next-generation servo drivers

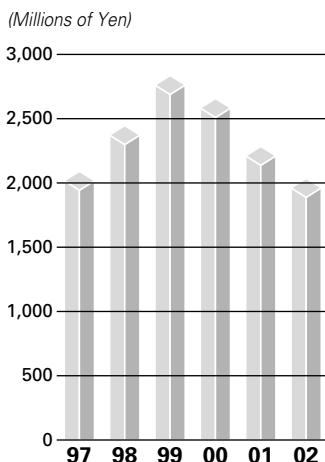
#### Power Systems Division

Development of high-efficiency uninterruptible power supply (UPS) and management software for the environment monitoring system

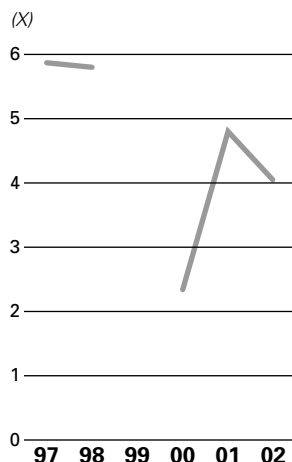
#### Control Systems Division

Upgrading of network products, AML control language and plastic processors for industrial computers

#### Depreciation

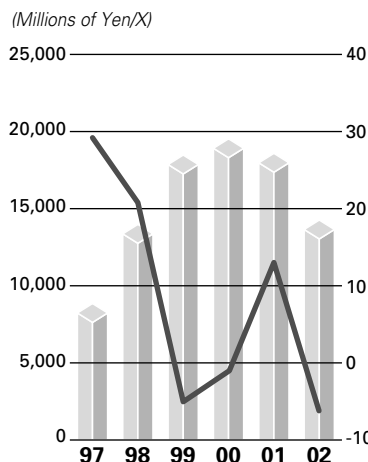


#### Inventory Turnover



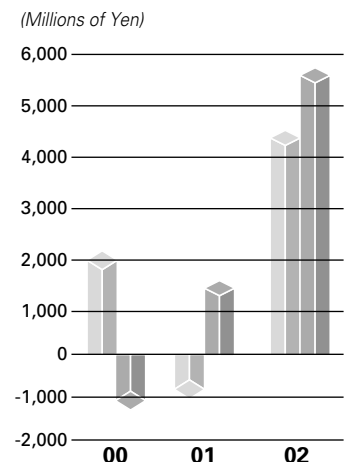
The inventory turnover for 1999 is not stated because the interim average of inventory is unclear.

#### Interest-bearing Debts & Interest Coverage



Legend: Interest-bearing Debts (Bar), Interest Coverage (Line)

#### Free Cash Flow & Cash Flow



Legend: Free Cash Flow (Light Bar), Cash Flow (Dark Bar)

1997 and 1998 are the numerical value for the non-consolidated account settlement. The calculation method was changed to the one based on the Securities and Exchange Law on March 2002.

# Consolidated Balance Sheets

## SANYO DENKI CO., LTD. and Subsidiaries

As of March 31, 2002 and 2001	Millions of Yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents . . . . .	¥ 3,911	¥ 3,341	\$ 29,357
Notes and accounts receivable (trade) . . . . .	14,035	17,849	105,334
Marketable securities . . . . .	—	—	—
Inventories . . . . .	10,229	13,828	76,772
Deferred income taxes . . . . .	846	587	6,356
Others . . . . .	1,291	1,392	9,691
Less allowance for doubtful notes and accounts . . . . .	(178)	(112)	(1,342)
Total current assets . . . . .	<u>30,136</u>	<u>36,886</u>	<u>226,167</u>
<b>Property, Plant and Equipment (at cost)</b>			
Buildings and structures . . . . .	8,601	9,050	64,554
Machinery and equipment, automotive equipment . . . . .	3,729	4,376	27,992
Land . . . . .	4,968	2,832	37,288
Others . . . . .	1,062	1,283	7,973
Total property, plant and equipment (at cost) . . . . .	<u>18,362</u>	<u>17,543</u>	<u>137,808</u>
Intangible fixed assets . . . . .	<u>449</u>	<u>743</u>	<u>3,375</u>
<b>Investments and Other Assets</b>			
Investments in securities . . . . .	2,901	3,967	21,776
Deferred income taxes . . . . .	1,964	617	14,742
Other investments . . . . .	1,959	1,626	14,708
Less allowance for doubtful notes and accounts . . . . .	(31)	(3)	(240)
Total investments and other assets . . . . .	<u>6,793</u>	<u>6,207</u>	<u>50,986</u>
Total fixed assets . . . . .	<u>25,606</u>	<u>24,494</u>	<u>192,169</u>
Adjustment for foreign currency translation differences . . . . .	—	—	—
<b>Total Assets</b> . . . . .	<u><u>¥55,743</u></u>	<u><u>¥61,381</u></u>	<u><u>\$418,336</u></u>

See Notes to Consolidated Financial Statements.



	Millions of Yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Liabilities and Shareholders' Equity</b>			
<b>Current Liabilities</b>			
Notes and accounts payables (trade) . . . . .	¥ 7,634	¥12,238	\$ 57,297
Short-term debts . . . . .	11,438	12,773	85,844
Accrued income taxes . . . . .	53	29	400
Deferred income taxes . . . . .	—	—	—
Other current liabilities . . . . .	2,190	3,748	16,437
Total current liabilities . . . . .	<u>21,317</u>	<u>28,790</u>	<u>159,978</u>
<b>Fixed Liabilities</b>			
Long-term debts . . . . .	2,206	3,352	16,559
Retirement and severance benefits . . . . .	—	—	—
Accrued retirement benefit . . . . .	1,435	1,346	10,775
Other fixed liabilities . . . . .	867	7	6,509
Total fixed liabilities . . . . .	<u>4,509</u>	<u>4,706</u>	<u>33,844</u>
Total liabilities . . . . .	<u>25,826</u>	<u>33,496</u>	<u>193,821</u>
<b>Minority interest</b> . . . . .	<u>567</u>	<u>411</u>	<u>4,262</u>
<b>Shareholders' Equity</b>			
Common stock . . . . .	9,526	9,526	71,495
Capital reserve . . . . .	11,058	11,058	82,989
Retained earnings . . . . .	8,843	7,513	66,366
Accumulated other comprehensive income . . . . .	1,049	(2)	7,876
Sub total . . . . .	<u>30,477</u>	<u>28,096</u>	<u>228,727</u>
Accounts of translation gain and losses . . . . .	(30)	(133)	(229)
Treasury stock . . . . .	(1,098)	(489)	(8,246)
<b>Total shareholders' equity</b> . . . . .	<u>29,348</u>	<u>27,473</u>	<u>220,253</u>
<b>Liabilities, minority interest and shareholders' equity</b> . . . . .	<u>¥55,743</u>	<u>¥61,381</u>	<u>\$418,336</u>

# Consolidated Statements of Income

SANYO DENKI CO., LTD. and Subsidiaries

Years ended March 31, 2002 and 2001	Millions of Yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Net Sales</b> . . . . .	<b>¥48,964</b>	¥59,980	<b>\$367,460</b>
<b>Cost of Sales</b> . . . . .	<b>43,898</b>	49,804	<b>329,441</b>
<b>Gross Profit</b> . . . . .	<b>5,066</b>	10,176	<b>38,019</b>
<b>Selling, General and Administrative Expenses</b>	<b>6,307</b>	6,736	<b>47,332</b>
Operating income (loss) . . . . .	<b>(1,241)</b>	3,439	<b>(9,313)</b>
<b>Other Income (Expense)</b>			
Inter-set income and dividend received . . . . .	<b>69</b>	106	<b>518</b>
Gain on sales of securities . . . . .	—	143	—
Foreign currency transaction gain . . . . .	<b>230</b>	615	<b>1,726</b>
Interest expense . . . . .	<b>186</b>	(250)	<b>1,396</b>
Gain on disposal of fixed assets . . . . .	<b>0</b>	75	<b>0</b>
Reversal of allowance for doubtful notes and accounts . . . . .	—	—	—
Trust establishment profit for retirement benefit . . . . .	—	493	—
Loss on disposal of fixed assets . . . . .	<b>(73)</b>	(100)	<b>(548)</b>
Loss on sales of fixed assets . . . . .	<b>(30)</b>	(122)	<b>(225)</b>
Cost of solution for short of reserve, retirement . . . . .	<b>445</b>	(1,442)	<b>3,340</b>
Loss on prior period adjustment . . . . .	—	—	—
Directors retirement and severance benefits . . . . .	<b>(37)</b>	(93)	<b>(278)</b>
Extraordinary retirement and severance benefits . . . . .	—	—	—
Loss in value of securities . . . . .	<b>(863)</b>	(720)	<b>(6,477)</b>
Others, net . . . . .	<b>1,953</b>	(135)	<b>14,657</b>
Total . . . . .	<b>1,881</b>	(1,429)	<b>14,116</b>
<b>Income before Income Taxes</b>	<b>640</b>	2,009	<b>4,803</b>
Income taxes . . . . .	<b>190</b>	162	<b>1,426</b>
Deferred tax . . . . .	<b>(1,475)</b>	(997)	<b>(11,069)</b>
Deduction . . . . .	<b>1,285</b>	835	<b>9,644</b>
Minority interest . . . . .	<b>62</b>	89	<b>465</b>
Net income . . . . .	<b>¥ 1,863</b>	¥ 2,756	<b>\$ 13,981</b>
<b>Per Share Data</b>		Yen	U.S. dollars
Net income . . . . .	<b>¥30.20</b>	¥44.38	<b>\$0.23</b>
Cash dividends for the year . . . . .	<b>6.00</b>	10.00	<b>0.05</b>

See Notes to Consolidated Financial Statements.

# Consolidated Statements of Shareholders' Equity

SANYO DENKI CO., LTD. and Subsidiaries

Years ended March 31, 2002 and 2001	Unit:1000	Millions of Yen		
	Number of Shares of Common stock	Common stock	Capital surplus	Retained Earnings
<b>Balance at March 31, 2000</b> . . . . .	63,135	¥9,526	¥11,058	¥5,316
Net income . . . . .	—	—	—	2,756
Cash dividends . . . . .	—	—	—	(559)
Bonuses to directors and corporate auditors . . . . .	—	—	—	—
<b>Balance at March 31, 2001</b> . . . . .	63,135	9,526	11,058	<b>7,513</b>
Net income . . . . .	—	—	—	<b>1,863</b>
Cash dividends . . . . .	—	—	—	<b>(496)</b>
Bonuses to directors and corporate auditors . . . . .	—	—	—	<b>(37)</b>
<b>Balance at March 31, 2002</b> . . . . .	<u><u>63,135</u></u>	<u><u>¥9,526</u></u>	<u><u>¥11,058</u></u>	<u><u>¥ 8,843</u></u>

See Notes to Consolidated Financial Statements.

# Consolidated Statements of Cash Flows

SANYO DENKI CO., LTD. and Subsidiaries

Years ended March 31, 2002, 2001 and 2000	Millions of Yen			Thousands of U.S. dollars
	2002	2001	2000	2002
<b>Cash Flows from Operating Activities</b>				
Gain before income taxes (Loss before income taxes) . . . . .	¥ 640	¥2,009	¥(6,651)	\$ 4,803
Depreciation . . . . .	2,119	2,330	2,679	15,902
Trust establishment profit for retirement benefit . . . . .	—	(493)	—	—
Cost of solution for short of reserve retirement . . . . .	—	996	—	—
Increase in retirement and severance benefits . . . . .	89	541	(185)	668
Increase in allowance for doubtful accounts . . . . .	89	22	(32)	668
Interest income and dividend received . . . . .	(104)	(110)	(193)	(780)
Gain on sales of securities . . . . .	(46)	(127)	(280)	(345)
Loss in value of securities . . . . .	(863)	720	8,004	(6,477)
Interest expense . . . . .	186	250	287	1,396
Exchange profit and loss . . . . .	(146)	(122)	(107)	(1,096)
Gain on disposal of fixed assets . . . . .	—	(75)	(3,019)	—
Loss on disposal of fixed assets . . . . .	30	223	60	225
Increase in trade receivables . . . . .	4,098	(3,012)	(1,140)	30,754
Increase in inventories . . . . .	3,572	(2,840)	(1,103)	26,807
Increase in trade payables . . . . .	(4,989)	997	590	(37,441)
Increase in accrued consumption tax . . . . .	—	—	114	—
Others . . . . .	1,245	449	63	9,343
Subtotal . . . . .	5,920	1,759	(912)	44,428
Interest and dividend received . . . . .	104	102	215	780
Interest expense . . . . .	(200)	(254)	(265)	(1,501)
Income taxes . . . . .	(165)	(187)	(87)	(1,238)
Net cash provided by operating activities . . . . .	5,658	1,420	(1,050)	42,462
<b>Cash Flows from Investing Activities</b>				
Purchase of securities . . . . .	(279)	—	(4,915)	(2,094)
Receipt of sales of securities . . . . .	—	—	6,341	—
Purchase of property, plant and equipment . . . . .	(1,364)	(1,654)	(1,068)	(10,236)
Receipt of sales of property, plant and equipment . . . . .	1	80	3,161	8
Purchase of intangible assets . . . . .	(31)	(291)	(208)	(233)
Purchase of investment securities . . . . .	360	(3,240)	(25)	2,702
Receipt of sales of investment securities . . . . .	—	2,663	—	—
Loan expense . . . . .	(624)	(61)	(474)	(4,683)
Loan recovered . . . . .	591	148	264	4,435
Others . . . . .	(15)	311	(57)	(113)
Net cash used in investing activities . . . . .	(1,362)	(2,044)	3,018	(10,221)
<b>Cash Flows from Financing Activities</b>				
Increase in short-term debts . . . . .	(1,415)	(309)	1,040	(10,619)
Proceeds from issue of long-term debts . . . . .	343	466	567	2,574
Repayments of long-term debts . . . . .	(1,418)	(1,276)	(883)	(10,642)
Purchase of treasury stock . . . . .	(609)	(15)	(471)	(4,570)
Income from treasury stock . . . . .	—	5	15	—
Dividends paid . . . . .	(385)	(547)	(194)	(2,889)
Dividends paid for minority shareholders . . . . .	(16)	(28)	(29)	(120)
Others . . . . .	(173)	168	—	(1,298)
Net cash used in financing activities . . . . .	(3,675)	(1,536)	43	(27,580)
<b>Cash and Cash Equivalents Translation Difference</b> . . . . .	164	94	(186)	1,231
<b>Net Increased in Cash and Cash Equivalents</b> . . . . .	785	(2,065)	1,825	5,891
<b>Cash and Cash Equivalents at Beginning of Year</b> . . . . .	2,644	4,709	2,884	19,842
<b>Cash and Cash Equivalents at End of Year</b> . . . . .	¥3,430	¥2,644	¥ 4,709	\$25,741

See Notes to Consolidated Financial Statements.

# Notes to Consolidated Financial Statements

## SANYO DENKI CO., LTD. and Subsidiaries

### Important Subjects that Form Basis for Preparation of the Consolidated Financial Statements

Consolidated financial year (from April 1, 2001 to March 31, 2002)

#### 1. Subjects concerning the sphere of consolidation

Subsidiaries are all consolidated.

The relevant consolidated subsidiaries are SANYO DENKI EUROPE SA., AUTOMATION INTELLIGENCE, INC., SANYO DENKI AMERICA, INC., SANYO DENKI TECHNO SERVICE, CO., LTD. and SANYO DENKI PHILIPPINES, INC. Due to application of the domination power standard following revision in the financial statements regulations, Sanyo Denki America, Inc. is included in the sphere of consolidation starting this consolidated financial year since it is practically controlled by Sanyo Denki.

#### 2. Subjects concerning application of the equity method

There is no relevant subsidiaries.

#### 3. Subjects concerning the consolidated subsidiaries' business year

The date of the account settlement for SANYO DENKI EUROPE SA., AUTOMATION INTELLIGENCE, INC., SANYO DENKI AMERICA, INC. and SANYO DENKI PHILIPPINES, INC. is December 31. The financial statements issued on the account settlement date of the relevant consolidated subsidiaries are used to prepare the consolidated financial statements. However, necessary adjustments are made on important transactions performed from January 1, 2002 to March 31, 2002. As the account settlement date of SANYO DENKI TECHNO SERVICE, CO., LTD. is March 31, it is same with the date of the consolidated settlement of account.

#### 4. Subjects concerning the accounting standards

##### (1) Assessment standards and assessment method of important assets

Securities are mainly valued at cost. The market value method (the all differences between the book and market prices of marketable securities are charged to shareholders' equity. The cost of sold securities is calculated using the moving average method) is based on quoted market prices.

Inventories — Finished goods, work in process and stores are mainly stated at cost according to the actual estimation method and the moving-average method.

Raw materials are valued at cost, cost being determined by the moving-average method.

##### (2) Depreciation method of important depreciation assets

The same standard as the one stipulated in the Corporate Tax Law is mainly applied. Tangible fixed assets are stated at cost according to the fixed percentage method while intangible fixed assets are stated at cost according to the straight-line method. However, buildings purchased by our company and consolidated subsidiaries in Japan after April 1, 1998 (excluding equipment and facilities attached with the buildings) are valued at cost according to the straight-line method, following revision in the Corporate Tax Law in 1998.

Main durable years are as follow:

Buildings and structures	3-50 years
Machinery, equipment and transport vehicles	2-13 years
Others	2-15 years

Software used by the company itself is stated at cost according to the straight-line method, based on the in-house five years term of availability.

Software for sales is stated at cost according to the straight-line method based on the three-year estimated sales period.

##### (3) Standard to add important reserves

Allowance for doubtful reserves

In preparation for the loss from uncollectible liabilities, the estimated amount of doubtful debts is added.

a. Ordinary liabilities — Based on the ratio of doubtful reserves

b. Based on liabilities of doubtful reserves and the Liability Finance — Contents Assessment Law for Revival from Bankruptcy.

Allowance for employee retirement benefits — The parent company and consolidated subsidiaries in Japan add up funds that are recognized to occur at the end of this consolidated fiscal year, based on the estimated amount of retirement benefits liabilities and pension assets at the end of this consolidated fiscal year, in preparation for payment of the employee retirement allowance.

The entire difference stemming from the accounting change (¥2,230 million) is proportionally disposed of in five years.

Past service cost are computed based on the number of certain years (15years) within the average remaining years of service of employees at the time of retirement in each consolidated financial year and the liabilities are proportionally divided by the straight-line method.

The difference in mathematical calculation is disposed of starting the next consolidated financial year after the amount is proportionally divided into five years by the straight-line method, computed based on the number of certain years (15years) within workers' average remaining years of service.

##### (4) Accounting of important lease transactions

Finance lease transactions, except that ownership of the leased property is authorized to be transferred to a borrower, are carried out according to the same accounting method as ordinary lease transactions.

(5) Standards of calculation for important foreign-currency assets and conversion of foreign-currency liabilities into yen are introduced at the time of preparing the consolidated companies' financial statements that become the basis for the consolidated financial statements. Credits and debts in foreign currencies are converted into yen based on the direct exchange rate on the date of the consolidated settlement of accounts, and the balance of the conversion rate is stated in profit and loss. Assets and liabilities of overseas affiliated companies, etc. are converted into yen based on the direct exchange rate on the settlement day of each affiliated company. Gains and losses are converted into yen based on the average exchange rate of the whole settlement term. The conversion balance is stated in the account of equity adjustment from foreign currency translation in the minority shareholders' share and the "capital" section.

##### (6) Accounting for consumption tax and others

The tax exclusive method is applied.

#### 5. Matters concerning assessment of the consolidated subsidiaries' assets and liabilities

The total current price appraisal method is applied for the assessment of the consolidated subsidiaries' assets and liabilities.

#### 6. Matters concerning handling of profit distribution

The consolidated surplus fund statement of accounts for the consolidated subsidiaries' profit distribution is prepared based on profit distribution settled during the consolidated financial year.

## 7. Scope of funds in the consolidated cash flow statement of accounts

Cash and cash equivalents, stated in the consolidated cash flow statement of accounts, include highly floating deposits that can be withdrawn any time or within three-month maturity from the date of purchase and investment securities that have a value less likely to fluctuate.

## Additional information

### 1. Concerning Financial Commodities

The accounting standards for financial commodities have been applied starting this consolidated financial year. Starting from this consolidated financial year, with regard to a valuation standard and a valuation method for marketable securities with market price, the accounting method is changed from the cost method by the moving average method to the market value method which is based on market prices, etc., quoted on the final day of settlement (The differences between the book and market prices of marketable securities are charged to shareholders' equity. The cost of sold securities is calculated using the moving average method).

As a result, unrealized loss on securities amounted to ¥164 million and the deferred tax amounted to ¥116 million.

This change has no effect on ordinary loss or income before income taxes, comparing with the former calculation method

## Annotated matters

### (Concerning the Consolidated Balance Sheet)

#### 1. Secured fixed assets and secured liabilities

Secured assets are as follow:

Buildings	¥1,124 million
Machinery and equipment	102 million
Land	<u>2,895 million</u>
Total	<u>¥4,122 million</u>

Secured liabilities are as follow:

Long-term debts	¥460 million
Short-term debts	¥108 million

2. Notes receivable discounted ¥900 million
3. Accumulated depreciation of tangible fixed assets ¥29,771 million

4. Accrued consumption tax and others amounting ¥225 million are included in other current liabilities.

5. The balance of assessment for other securities is included in unrealized profits from other securities retained at the end of the settlement term.

#### 6. Assessment of land lot

Based on laws and ordinances concerning reassessment of land lots (Ordinance No. 34 promulgated on March 31, 1998 and the last revision made on June 29, 2001), land lots purchased for the business purpose were re-evaluated on March 31, 2002.

As for the balance of reassessment, based on the ordinance (Ordinance No. 24 promulgated on March 31, 1999) concerning a partial revision of laws and ordinances on reassessment of land lots, the proper taxation regarding the concerned balance of assessment is included in liabilities as deferred tax liabilities for reassessment, and the sum added up with the above amount is included in capital as the reassessment balance.

#### Method of reassessment

The reassessment amount of the fixed property tax, stipulated in Article 2 and No. 3 (Ordinance No. 119 promulgated on March 31, 1998) concerning reassessment of land lots, is computed with reasonable adjustments.

Date of reassessment March 31, 2002

Book value of land lots purchased for the business purpose before reassessment	¥2,770 million
Book value of land lots purchased for the business purpose after reassessment	¥4,840 million

#### 7. Overdraft contracts

The consolidated subsidiary (Sanyo Denki America, Inc.) concluded an agreement on overdraft contracts with a bank in order to efficiently acquire operating funds.

The balance of borrowings, based on the overdraft contracts at the end of this consolidated financial year, was as follow:

Total overdraft amount	¥395 million
The operating remainder of borrowings	¥306 million
Balance	<u>¥89 million</u>

Consolidated financial year (from April 1, 2001 to March 31, 2002)

### (Concerning the Statements of Operations)

#### 1. Main items of expenditure and sum in selling, general and administrative expenses are as follow:

Packing and transportation expenses	¥575 million
Allowance	¥1,954 million
Sum transferred into the reserve for retirement allowance	¥145 million
Depreciation	¥99 million

#### 2. Breakdown of loss on sales of fixed assets

Loss on sales of tools, utensil and furnishings	¥8 million
Loss on sales of machinery and equipment	¥22 million
Loss on selling vehicle carriers	¥0 million

#### 3. Breakdown of loss on disposition of fixed assets

Loss on disposition of buildings	¥40 million
Loss on disposition of structures	¥5 million
Loss on disposition of machinery and equipment	¥8 million
Loss on disposition of tools, utensil and furnishings	¥17 million
Loss on disposal of fixed assets, etc.	¥1 million

4. Securities appraisal loss was resulted from the compulsory paper reduction of securities and others. Breakdown is as follow:  
Investment securities ..... ¥831 million  
Others ..... ¥32 million
5. Research and development expenses, included in selling, general and administrative expenses and this term's manufacturing expenses, amount to ¥1,465 million.

### (Concerning the Statements of Cash Flows)

Consolidated financial year (from April 1, 2001 to March 31, 2002)

#### 1. Relations between the term-end balance of cash and cash equivalents and items of sum listed in the consolidated balance sheet

	Millions of Yen	
	The term-end balance	Cash and cash equivalent among those listed at the left
Cash and deposits accounts . . . . .	¥3,911	¥3,141
Securities accounts . . . . .	2,901	288
Total . . . . .	¥6,813	¥3,430

### (Concerning Retirement Benefits)

#### 1. Outlines of the retirement benefits system in use

Our company and Japanese consolidated affiliated companies set up a welfare pension funding system and a retirement lump-sum system for paying the certain amount of allowance to retirees.

#### 2. Matters concerning retirement benefits liabilities

- (1) Retirement benefits liabilities ..... ¥14,011 million  
(Breakdown)
- (2) Unrecognized prior service obligation ..... ¥1,225 million  
(3) Unrecognized gain and loss ..... ¥3,828 million  
(4) Difference in undisposed amount at the time of amendment of the accounting standards ..... ¥1,337 million  
(5) Plan assets ..... ¥8,635 million  
(6) Allowance for employee retirement benefits ..... ¥1,435 million

(Notes) Japanese consolidated affiliated companies employ the Simple and Convenient Method to calculate liabilities of retirement benefits.

#### 3. Matters concerning expenses for retirement benefits

- (1) Service cost ..... ¥776 million  
(2) Interest cost ..... ¥391 million  
(3) Expected return ..... ¥(156) million  
(4) Expenses for prior service obligation ..... ¥(87) million  
(5) Expenses for gain and loss ..... ¥79 million  
(6) Expenses for filling the difference at the time of the accounting standard amendment ..... ¥445 million  
(7) Premium retirement allowance, etc. paid temporarily ..... ¥(118) million  
(8) Retirement benefits expenses ..... ¥1,330 million

#### 4. Matters concerning the basis of calculation for expected retirement benefits liability, etc.

- (1) Method of periodical distribution of the expected retirement benefits  
Periodical fixed-amount standards
- (2) Discount rate ..... 3.0 %  
(3) Rate of expected return ..... 2.0 %  
(4) Difference in disposal years based on mathematical calculations ..... 15 years  
(Expenses will be disposed starting the next term, based on the straight-line method determined by the number of the employee's average remaining years of service.)  
(5) Difference in disposal years at the time of the accounting standards amendment ..... 5 years  
(6) The number of years for disposal of the past service costs ..... 15 years

(It is disposed of by the straight-line method, based on the number of certain years within the average remaining years of service of employees at the time of the employees' retirement.)

### (Lease Transactions)

Consolidated financial year (from April 1, 2000 to March 31, 2001)

Finance lease transactions excluding those ownership of leased properties is approved to be transferred to a borrower.

#### 1. The amount equivalent to the purchase price of leased properties, the amount equivalent to accumulated depreciation and the amount equivalent to the term-end balance

	Millions of Yen		
	Amount equivalent to purchase price	Amount equivalent to accumulated depreciation	Amount equivalent to term-end balance
Machinery, equipment and transportation vehicles . . . . .	¥2,232	¥1,781	¥451
(Tangible fixed assets)			
Others . . . . .	567	451	115
(Intangible fixed assets)			
Others . . . . .	103	91	12
Total . . . . .	¥2,904	¥2,324	¥579

**2. The amount equivalent to the term-end balance of unexpired leasing rate**

Within one year	¥476 million
More than one year	¥150 million
Total	¥627 million

**3. Leasing rate payable, the amount equivalent to accumulated depreciation and the amount equivalent to paid interest**

Leasing rate payable	¥565 million
Amount equivalent to accumulated depreciation	¥508 million
Amount equivalent to paid interest	¥33 million

**4. The calculation method of the amount equivalent to accumulated depreciation**

The amount is calculated according to the straight-line method, setting the term of lease as durable years and the residual value as zero.

**5. The calculation method of the amount equivalent to interest**

The balance between the total lease charges and the sum equivalent to the purchase price of leased properties is set as the amount equivalent to interest.

The distribution method for each term is determined by the Interest Rate Law.

**6. Operating lease transactions**

Unexpired lease charge	
Within one year	¥179 million
More than one year	¥211 million
Total	¥391 million

**(Quotations for Securities)**

Consolidated financial year (as of March 31, 2002)

**1. Bonds to be held until a maturity date and having the current market price**

As there is no pertinent bond on this term's consolidated settling day, no mention is made here.

**2. Securities with an unclear purpose of possession and having the current market price**

Type	Millions of Yen		
	Buying Price	Sum added to the consolidated balance sheet	Balance
Stocks	¥2,675	¥2,450	¥225
Bonds	—	—	—
Government bond and municipal bond, etc.	—	—	—
Corporate bond	—	—	—
Others	—	—	—
Others	160	112	48
Total	¥2,836	¥2,563	¥273

**3. Securities with an unclear purpose of possession sold**

	Millions of Yen
The amount of sale	¥562
Total selling profits	¥ 18
Total selling loss	¥ 65

**4. Securities that are not assessed at the current market price. (exc. No.1)**

Amount added up in the consolidated balance sheet

	Millions of Yen
Securities with an unclear purpose of possession	
Shares unlisted in the stock market	¥328
Others	—

(Notes) In this consolidated financial year, ¥831 million (¥697 million of stocks which are marketable securities, etc. with market price, ¥113 million of others and ¥20 million of unlisted stocks) is deducted from marketable securities. Impairment is applied on all when the market cost price at the term end drops 50% or more than the buying price.

**(Derivatives Trading)**

Consolidated financial year (from April 1, 2001 to March 31, 2002)

**1. Matters concerning the trading condition****(1) Details of transactions**

Our company's derivatives trading is interest rate swapping.

**(2) Our policy to deal with trading**

Our company restricts its trading in interest rate swapping for the purpose of diminishing the interest of liabilities. We do not engage in speculative trading or short-term trading for profit and loss.

**(3) Purpose of utilizing trading**

Our company employs interest rate swapping for the purpose of cutting down the fund-procurement cost for the long-term debts.

**(4) Details of risks concerning trading: margin trading**

Breach of contract by our business connections is unlikely because derivatives trading is conducted only with Japan's highly-reliable financial institutions.



(5) *Details of risks concerning trading: market risk*

As our company's interest rate swapping is changed from the fixed interest rate to the floating interest rate for the purpose of reducing the fund-raising cost for the long-term debts, we may be affected by the interest rate change in the future. However, as we are also engaged in trading that converts the floating interest rate into the fixed interest rate, the risk of damage is balanced off. Consequently, we consider that there is no significant meaning in counting only the notional amount of the derivatives trading.

(6) *Trading concerning the risk management system*

Based on resolutions at the board of directors' meeting, a hedge is applied to risk in exchange rate fluctuations and risk in variable interest rates.

**2. Matters concerning the trading quotations**

Contracts of derivative trading, quotations and appraisal loss and profit

Concerning interest rate

No mention is made in this consolidated financial year because special-case management is applied to the interest rate swapping that meets requirements of the hedging accounting.

**(Concerning the tax effect accounting)**

Consolidated financial year (as of March 31, 2002)

**1. Breakdown by major causes of deferred tax charges and deferred tax liabilities**

	Millions of Yen
Deferred tax charges	
Loss carried forward . . . . .	¥1,835
Amount exceeds limit of allowance for bonus . . . . .	56
Amount exceeds limit of reserve for retirement allowance . . . . .	529
Others . . . . .	433
Subtotal of deferred tax charges . . . . .	2,855
Deferred tax liabilities	
Fixed assets reduction reserve . . . . .	43
Subtotal . . . . .	43
Net sum of deferred tax charges . . . . .	¥2,811

**2. The differences between the aggregate statutory tax rate and the effective tax rate of the company were as follows:**

Statutory tax rate . . . . .	41.5 %
(Adjustments)	
Items such as entertainment expenses, etc., that are not included in loss permanently . . . . .	2.0 %
Items such as dividends received, etc., that are not included in profit permanently . . . . .	-1.1 %
Inhabitant taxes, etc. . . . .	3.9 %
Loss carried forward, etc. . . . .	-240.8 %
Unrecognized gains for tax purposes of foreign affiliated companies . . . . .	-9.3 %
Others . . . . .	3.1 %
The effective tax rate after applying the tax effect accounting . . . . .	<u>-200.7%</u>

**(Financial Information by Segment)**

**1. Segment information by the type of businesses**

As the ratio of both industrial electric machinery manufacturing and sales businesses exceeds 90% of that of all segments' total sales, the operating profits and the sum of all segments' assets in the previous and this year's consolidated financial year, listing of the segment information by the type of business is omitted.

**2. Information on the segment locations**

Consolidated financial year (from April 1, 2001 to March 31, 2002)

	Millions of Yen					
	Japan	North America	Other regions	Total	Elimination or whole company	Consolidation
I Sales and operating profit and loss						
Sales						
(1) Sales for outside clients . . . . .	¥31,286	¥15,044	¥2,632	¥48,964	¥ —	¥48,964
(2) Internal sales and transfers between segments . . . . .	13,540	163	4,260	17,964	(17,964)	—
Total . . . . .	¥44,827	¥15,208	¥6,892	¥66,928	¥(17,964)	¥48,964
For operating expenses . . . . .	¥46,058	¥14,898	¥6,535	¥67,493	¥(17,287)	¥50,205
Operating profit or operating loss . . . . .	(1,231)	309	357	(562)	(667)	(1,241)
II Assets . . . . .	¥47,262	¥ 5,779	¥3,717	¥56,758	¥ 1,015	¥55,743

(Notes) 1. Countries or regions are classified by geographical proximity.

2. Major countries or regions that belong to the category other than Japan

(1) North America . . . . . The United States

(2) Other regions . . . . . France, Philippines

3. As for operating expenses, most of the undistributable operating expenses (¥767 million), that are included in the category of elimination and whole company, are expenditure of the general affairs division and others of our main office's administrative department.
4. As for assets, most of the whole company's assets (¥5,656 million), that are included in the category of elimination and whole company, are the surplus operating funds (cash and securities), the long-term investment fund (investment securities) and the assets of the administrative department.

### 3. Overseas sales

Consolidated financial year (from April 1, 2001 to March 31, 2002)

	Millions of Yen				Total
	North America	Europe	Southeast Asia	Others	
I Overseas sales	¥4,210	¥3,877	¥7,590	¥253	¥15,932
II Consolidated sales	—	—	—	—	¥48,964
III Ratio of overseas sales in consolidate sales	8.6 %	7.9 %	15.5 %	0.5 %	32.5 %

(Notes) 1. Countries or regions are classified by geographical proximity.

2. Breakdown by regions is as follow.

(1) North America . . . . . The United States and Canada

(2) Europe . . . . . France, Germany, Italy and Sweden

(3) Southeast Asia . . . . . South Korea, Taiwan, Hong Kong, Malaysia and Singapore

(4) Others . . . . . Africa, India and others

3. Overseas sales are those in the countries and regions other than Japan, excluding the sales of the parent company and its consolidated subsidiaries.

### (Concerning per Share Data)

Consolidated financial year (from April 1, 2000 to March 31, 2001)

1. Net asset worth per share	¥491.82
2. This term's net income per share	¥30.20

## Report of Independent Certified Public Accountants

### To The Board of Directors

### Sanyo Denki Co., Ltd.

We have examined the accompanying balance sheets and the related statements of income, shareholders' equity of Sanyo Denki Co., Ltd., at March 31, 2002 and 2001, and cash flows for three years in the period ended March 31, 2002, all expressed in Japan yen. Our examinations were made in accordance with auditing standards generally accepted in Japan and, accordingly, included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above, expressed in Japanese yen, present fairly the financial position of Sanyo Denki Co., Ltd., at March 31, 2002 and 2001, and the results of operations and cash flows for two years ended March 31, 2002 and 2001, in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the period.

June 21, 2002

*Futaba Audit Corporation*

Futaba Audit Corporation

Eiritu Shinjuku Bldg.

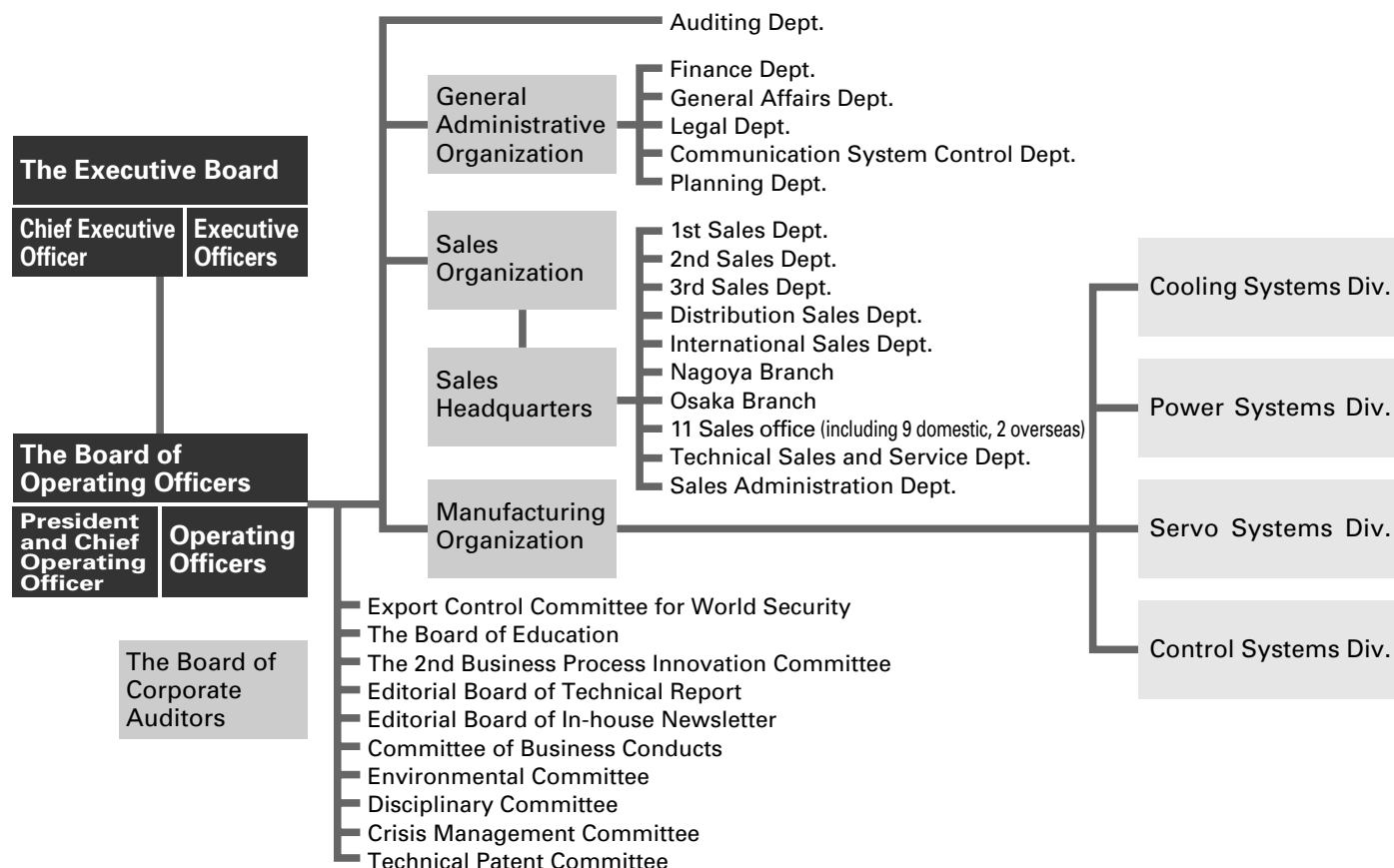
7-2-10 Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-0023, Japan

# Board of Directors and Corporate Auditors

(as of September 1, 2002)

<b>Chief Executive Officer</b>	Shigeo Yamamoto		
<b>Executive Counselor</b>	Hiroshi Yamamoto		
<b>Executive Officers</b>	Seitarou Suzuki Yuichiro Miyake	Hisashi Yamamoto	Taketomi Kotani
<b>Corporate Auditors (Full time)</b>	Shukichi Komatsu	Masahiko Kudou	Singou Tanaka
<b>Corporate Auditor</b>	Tooru Suzuki		
<b>Operating Officers</b>			
<b>President and Chief Operating Officer</b>	Shigeo Yamamoto		
<b>Senior Operating Officer</b>	Taketomi Kotani		
<b>Major Operating Officers</b>	Akira Sugawara	Katsuhiko Baba	Kaoru Tamura
<b>Operating Officers</b>	Tetsuji Ogiwara Yoshio Terajima	Nobumasa Kodama	Keiichi Kitamura

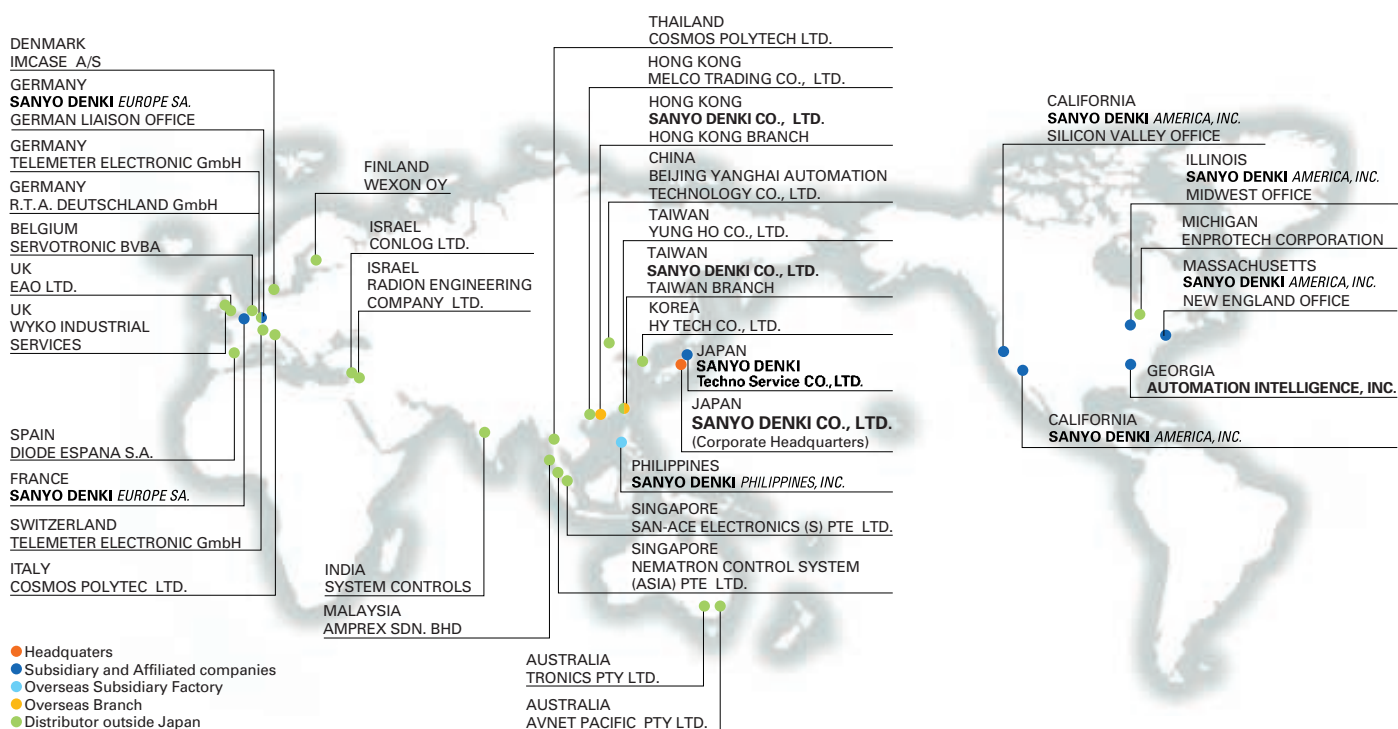
## Organization



# Corporate Data

<b>Established</b>	1927
<b>Paid-in Capital</b>	9,527 million yen (As of March 31, 2002)
<b>Net Sales</b>	48,964 million yen (Years ended March 31, 2002)
<b>CEO/President</b>	Shigeo Yamamoto
<b>Banks</b>	Sumitomo Mitsui Banking Corporation Mizuho Bank Ltd. Sumitomo Trust & Banking Co., Ltd.
<b>Number of Employees</b>	1,661 (Japan)
<b>Number of Branches</b>	22 (including 10 Overseas)

# Network



## Corporate Headquarters

**SANYO DENKI CO., LTD.**  
1-15-1 Kita-otsuka, Toshima-ku  
Tokyo 170-8451, Japan  
+81 3 3917 5151  
<http://www.sanyodenki.co.jp>

## Subsidiary Companies

**SANYO DENKI Techno Service CO., LTD.**  
4024-8 Ohaza Fujiyama,  
Ueda-shi Nagano 386-1212, Japan

**SANYO DENKI EUROPE SA.**  
P.A. PARIS NORD II  
48 Allée des Erables-VILLEPINTE  
BP. 50286  
F-95958 ROISSY CDG CEDEX FRANCE  
+33 1 48 63 26 61  
<http://www.sanyodenkieurope.fr>

**GERMAN LIAISON OFFICE**  
Niederlassung Deutschland,  
Posthof 4  
D86609-Donauwörth GERMANY  
+49 906 24 57 00

**AUTOMATION INTELLIGENCE, INC.**  
2855 Premiere Parkway,  
Suite A Duluth,  
GA 30097-4902, U.S.A.  
+1 770 497 8086  
<http://www.motiononline.com>

## Subsidiary Factory

**SANYO DENKI PHILIPPINES, INC.**  
No.2 Block F-1 Subic Technopark,  
Argonaut Highway Boton Area,  
Subic Bay Freeport Zone,  
PHILIPPINES 2222

## Overseas Branch

**SANYO DENKI CO., LTD. TAIWAN BRANCH**  
Room 401, 4F,  
No.96, Chung Shan N, Rd.,Sec.2,  
Taipei 104, TAIWAN, R.O.C.  
+886 2 2511 3938

**SANYO DENKI CO., LTD. HONG KONG BRANCH**  
New East Ocean Centre 11F,  
9 Science Museum Road, TST East,  
Kowloon, HONG KONG  
+852 2312 6250

## Affiliated Companies

**SANYO DENKI AMERICA, INC.**  
468 Amapola Avenue Torrance,  
CA 90501 U.S.A.  
+1 310 783 5400  
<http://www.sanyo-denki.com>

**MIDWEST OFFICE**  
100 Fairway Drive, Suite126 Vernon Hills,  
IL 60061 U.S.A.  
+1 847 362 3723

**SILICON VALLEY OFFICE**  
1500 Wyatt Dr.Suite 10 Santa Clara,  
CA 95054 U.S.A.  
+1 408 988 1700

**NEW ENGLAND OFFICE**  
35 Merchant Drive, Walpole,  
MA 02081 U.S.A.  
+1 508 660 2470

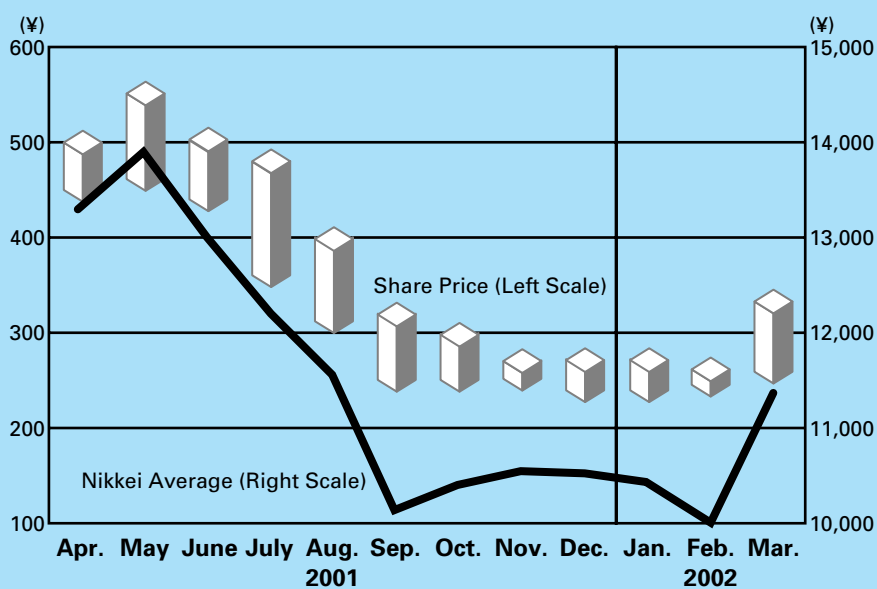
# Investor Information

<b>Number of Authorized Shares</b>	99,000,000
<b>Number of Outstanding Shares</b>	63,135,935
<b>Number of Shareholders</b>	10,566

## Major Shareholders

	Thousands of Shares	Percentage of Total Shares
Kyodo Kogyo Co., Ltd.	7,014	11.11%
Sanyo Kaihatsu Co., Ltd.	2,465	3.90
Sumitomo Mitsui Banking Corporation	2,182	3.45
The Nichido Fire & Marine Insurance Co., Ltd.	1,888	2.99
The Fuji Bank, Ltd.	1,627	2.57
Sanyo Kogyo Co., Ltd.	1,598	2.53
Nippon Life Insurance Co.	1,573	2.49
The Sumitomo Trust & Banking Co., Ltd.	970	1.53
Sanyo Denki Cooperative Companies' holding Association	826	1.30
Makoto Yamamoto	720	1.14

## Share of Range (Tokyo Stock Exchange)



<b>Stock Listing</b>	Tokyo Stock Exchange 2nd Section
<b>Independent Certified Accountants</b>	Futaba Audit Corporation
<b>Transfer Agent</b>	JAPAN SECURITIES AGENTS, LTD.

(As of March 31, 2002)

**SANYO DENKI CO., LTD.**

1-15-1 Kita-otsuka, Toshima-ku

Tokyo 170-8451, Japan

Homepage <http://www.sanyodenki.co.jp>

