

A N N U A L R E P O R T 2 0 0 5



SANYODENKI

Financial Highlights (Consolidated)

SANYO DENKI CO., LTD. and Subsidiaries

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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.

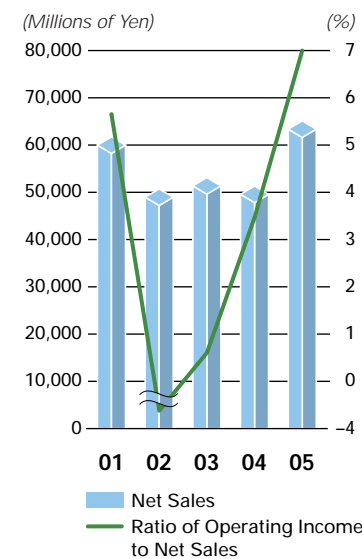
Years ended March 31, 2004 and 2003	Millions of Yen		Change	Thousands of
	2005	2004	in %	U.S. dollars*
Net Sales	¥63,025	¥49,307	27.8 %	\$586,884
Selling, General and Administrative Expenses	6,470	5,957	8.6	60,253
Operating Income	4,422	1,816	143.5	41,181
Net Income	2,386	516	362.4	22,222
Cash Dividends Paid	479	297	61.3	4,463
Total Assets	56,602	55,565	1.9	527,070
Total Shareholders' Equity	31,825	29,647	7.3	296,351

Per Share Data

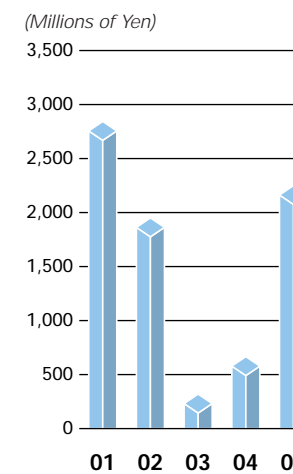
	Yen		Change	U.S. dollars
	2005	2004	in %	
Net Income	¥38.7	¥8.0	383.8 %	\$0.36
Cash Dividends Paid	9.0	6.0	50.0	0.08

*U.S. dollar amounts are translated from yen at the rate of ¥107.39 to U.S. \$1, the approximate rate of exchange on March 31, 2005.

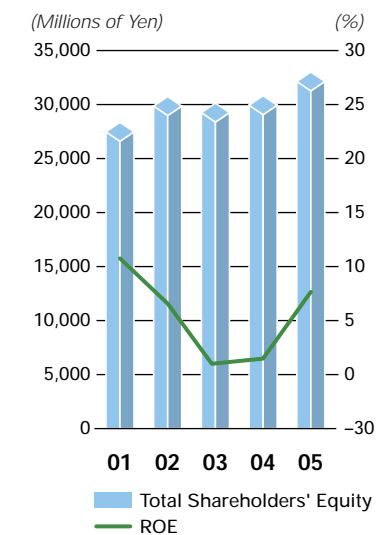
Net Sales & Ratio of Operating Income to Net Sales



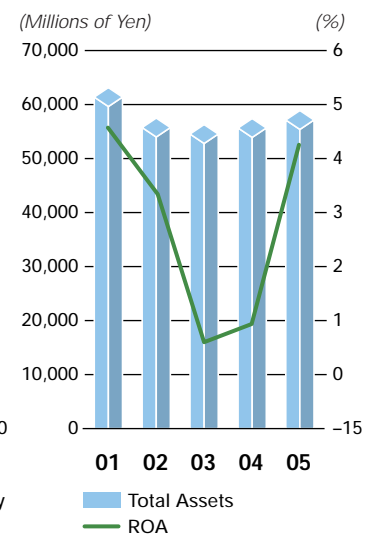
Net Income (Loss)



Total Shareholders' Equity & ROE



Total Assets & ROA



Message from the President

Consolidated net income increased 3.6 times over the previous term

Our country's economic environment has entered a phase of business recovery, with a general improvement in corporate profits and expansion in consumer spending at the start of the term. However, since autumn a slight deceleration has been underway, caused by a drop in exports and restraints on personal consumption as a result of natural disasters. Amid rising crude oil prices, which tend to nudge the economy towards deflation, corporations continue to face a severe business environment.

Under these circumstances, our corporate group achieved consolidated sales of ¥63,025 million in this term, an increase of 27.8% in comparison with the term previous, through promotion of a two-point strategy of "securing the amount of orders" and "lowering the break-even point."

Regarding our profit and loss, this term's pre-tax income was ¥3,883 million (compared to a net income before taxes and minority interest of ¥1,145 million in the previous term) resulting primarily from changes in the accounting method for the accrual of retirement benefits. Our consolidated net income for the term was ¥2,386 million, an increase of 362.4% in comparison to prior results.

Increased demand and improved profitability

Under these conditions, our company and affiliated group companies initiated our three-year Fourth Mid-Term Management Plan in April of 2005, which is focused on the primary target of securing stable profits unaffected by environmental changes, with the themes of "securing the amount of orders" and "lowering the break-even point" as the top two priorities. In order to achieve our targets, the following strategies were implemented as the major components of this plan:

1. Improve the brand strength of our company
2. Develop attractive products
3. Utilize the combined power our group companies
4. Utilize the synergistic effects of business alliances
5. Conduct business through harmonization of sales and service

With concrete goals outlined for each strategy, our efforts until this point have achieved the following results:

1. Market demand for our products surged, as we developed numerous new products relevant to the success of our clients' businesses.

2. Improved profitability grew from a program of spreading several peripheral manufacturing and sales businesses into our group companies.
3. The initial implementation of repair and maintenance services businesses at our worldwide network of sales offices was completed.

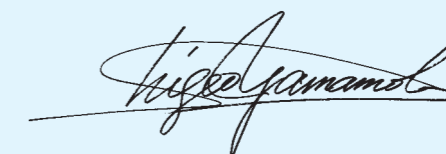
As a result of these achievements, the dividend for the term was determined as follows:
¥5.00 per share will be paid as the term-end dividend, an increase from the previous mid-term dividend of ¥4.00.

Strengthening of brand value

We will strengthen the brand value of all of our products through the development and manufacturing of products with even greater efficiency and quality, and the strengthening of our customer service system.

We sincerely ask for the continued support of all of our shareholders for our corporate activities.

June 2005

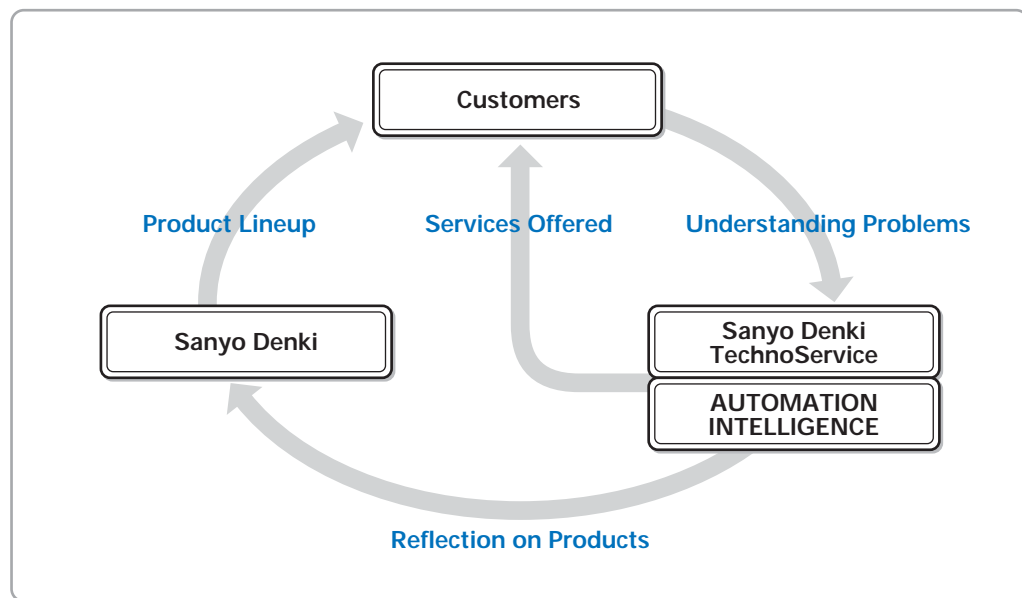


Shigeo Yamamoto
CEO / President & COO



Harmonizing Sales and Service

Under the company's Fourth Mid-Term Management Plan (April 2004 to March 2007), the "formation of a service system at all worldwide business locations by March 2007" was identified as one of the most important strategies for future success. Our company's services include repairs, maintenance, technical support for customers, and solutions. To us, these services are not only important as they relate to the support of our customers, but also for the development of new products, because a good understanding of our customers' issues and needs will lead to innovations in new products, and eventually to new business.



By shifting and widening our focus from "business activity for the purpose of sales" to "business activity for the benefit of customers," we believe that more than ever, we in a position to earn the trust of our customers. Guided by this principle, in 2004 our company established a full-service system at all company business offices in Japan, the U.S., and Europe. In 2005, we intend to establish the same service system for the Chinese market. These services are offered via the global presence of Sanyo Denki Techno Service Co., Ltd., a 100% subsidiary of Sanyo Denki.

Subsidiaries for Service

SANYO DENKI Techno Service CO., LTD.
 Established: March 1999
 President: Shigeto Murata
 (concurrently serving as a operating officer of Sanyo Denki Co., Ltd.)
 Address: 4024-8 Fujiyama, ueda-shi, Nagano, 386-1212, Japan
 +81 268 38 8930

AUTOMATION INTELLIGENCE, INC.
 Established: March 1983
 President: Yoshio Terajima
 Address: 2855 Premiere Parkway, Suite A Duluth, GA 30097-4902, U.S.A.
 +1 770 497 8086

At a Glance

Share of Net Sales (%)

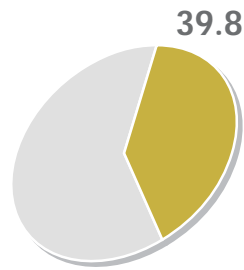
Outline

Main Products

Major Use

Net Sales (Millions of Yen)

Cooling Systems Division



The Cooling Systems Division develops, manufactures, and promotes cooling fans, CPU cooling fans and our liquid cooling system. The products are manufactured in Japan, the Philippines, and China, and are sold worldwide through our network of sales offices.

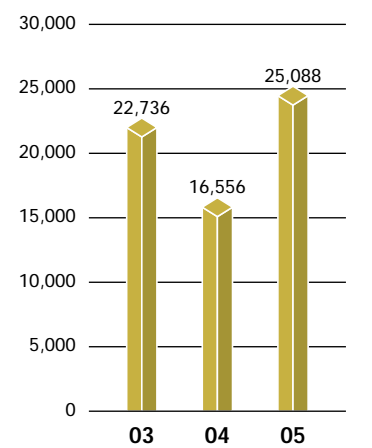
San Ace

- Cooling Fan San Ace
- CPU Cooling Fan SAN ACE MC
- Liquid Cooling Solution System
- SAN ACE MC Liquid
- Blower
- Splash Proof Fan
- Oil Proof Fan
- Long Life Fan
- Cooling Fan Unit

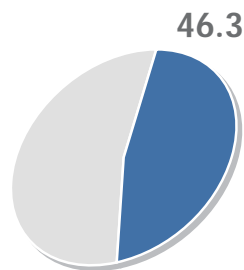


Cooling Fan **San Ace 120G**

- Cooling devices for electric equipment
- Telecommunications equipment
- Industrial machinery
- Base station
- High-end server
- Storage
- Personal computer
- OA equipment



Servo Systems Division



The Servo Systems Division develops, manufactures, and promotes servomotors, servo drives, stepping motors and drives, sensors, and controllers. These products are manufactured in Japan, Indonesia, and the Philippines, and are sold worldwide through our network of sales offices.

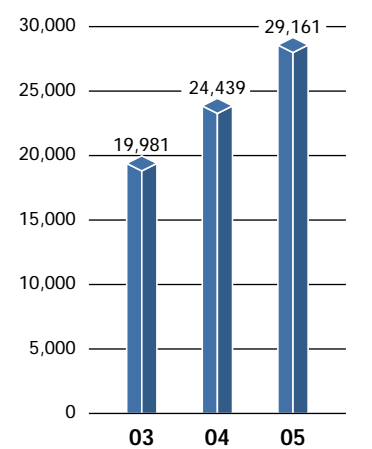
SANMOTION

- AC Servo Amplifier SANMOTION R
- AC Servo System SANMOTION Q
- DC Servo System SANMOTION T
- Stepping System SANMOTION F
- Stepping System SANMOTION G
- Linear Servo System
- Sensors
- Closed loop Stepping System
- SANMOTION PB
- Industrial PC SANMOTION SMS-15
- Motion Control Software SANMOTION AML

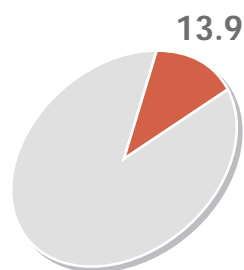


AC Servo System **SANMOTION Q**

- Servo system and stepping system for equipment
- Semiconductor manufacturing equipment
- Robots (assembly robots, welding robots, nursing robots, electric component inserters, etc.)
- Industrial equipment (printing presses, woodworking equipment, injection molding, etc.)
- ATM
- Ticket vending machine
- OA equipment
- Medical equipment
- Set up of the FA open system



Power Systems Division



The Power Systems Division develops, manufactures, and promotes uninterruptible power supply (UPS) systems, engine generators, and photovoltaic power generation power conditioners. The products are manufactured in Japan and the Philippines, and are sold worldwide through our network of sales offices.

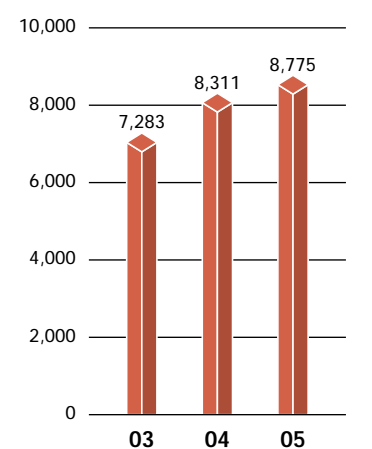
SANUPS

- Small Capacity UPS
- SANUPS A11F ASE, ASD
- High efficiency UPS SANUPS A23C
- Hybrid UPS SANUPS E
- High Reliable UPS SANUPS R
- Photovoltaic Generation Power Conditioner
- SANUPS P73D SANUPS P73E
- SANUPS P83A



Photovoltaic power generation system Power Conditioner **SANUPS P83A**

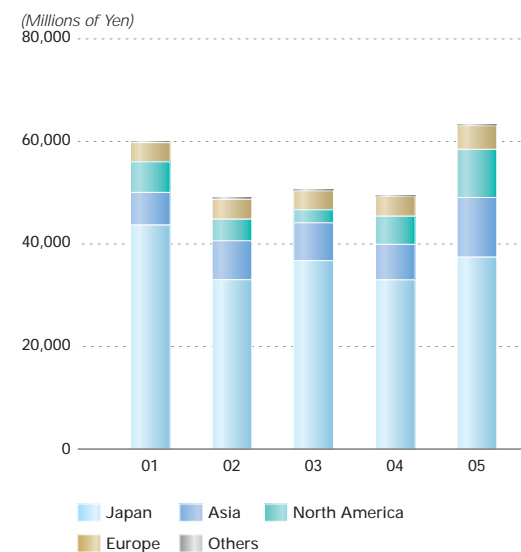
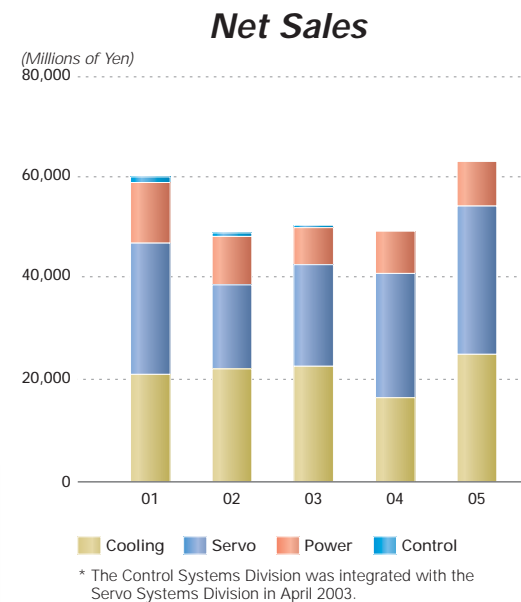
- Photovoltaic power generation power conditioner for public facilities
- Communication systems
- Factory automation
- Network system
- Computers
- Medical facilities
- Control systems



Review of Operations

The business environment facing our company this term was characterized by strong demand in both domestic and overseas factory automation (FA) markets for semiconductor and liquid crystal manufacturing equipment, industrial machinery, and robotics. In particular, we witnessed vigorous growth of demand in the overseas sector.

Each product unit of our company - Cooling Systems, Servo Systems, and Power Systems - will continue to boost overseas production and sales, explore new markets, and further refine and improve our services.



Cooling Systems Division

Due to steady growth in the information technology industry, orders for our new high efficiency *San Ace* Series of cooling fan products increased after a major computer and server products manufacturer selected our products. Overall, a stable flow of orders was secured despite fluctuation in the sales of CPU cooling fans. Our new liquid cooling system entered into the market, positioned as a solution utilizing new technology. Additionally, the development and release of a new cooling fan series offering oil- and waterproof capabilities allowed us to enter into a new segment of the market.

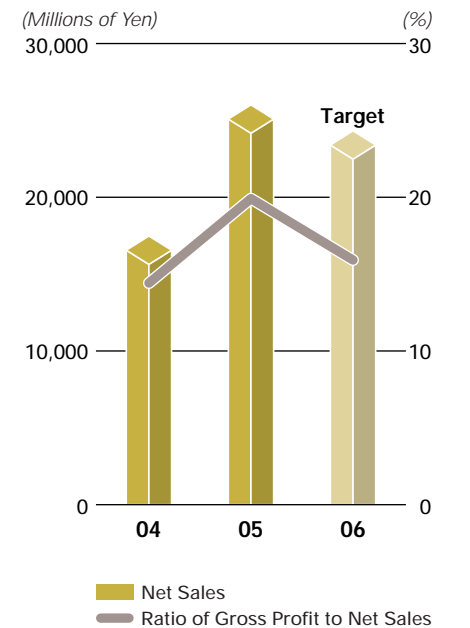
Orders and inquiries increased from the bullish overseas markets in North America and China, and production of the *San Ace* Series of cooling fan products was initiated at our manufacturing facility in China.

As a result of the developments noted above, this term's consolidated sales were recorded at ¥25,088 million, an increase of 51.5% in comparison with the previous term. Our Cooling Systems Division intends to promote further expansion of overseas markets and the opening of new markets, by improving its competitiveness through the development of products with even greater efficiency, by supplying products with multiple functions, and further increases in overseas production.



Cooling Fan **San Ace** Series

Net Sales & Ratio of Gross Profit to Net Sales

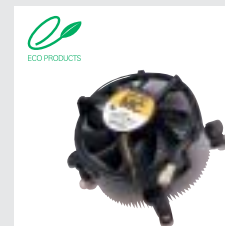


	04	05	06*
Net Sales (Millions of Yen)	16,556	25,088	23,400
Ratio of Gross Profit to Net Sales (%)	14.4	19.9	15.9

*Target

New Products

CPU Cooling Fan **SAN ACE MC**



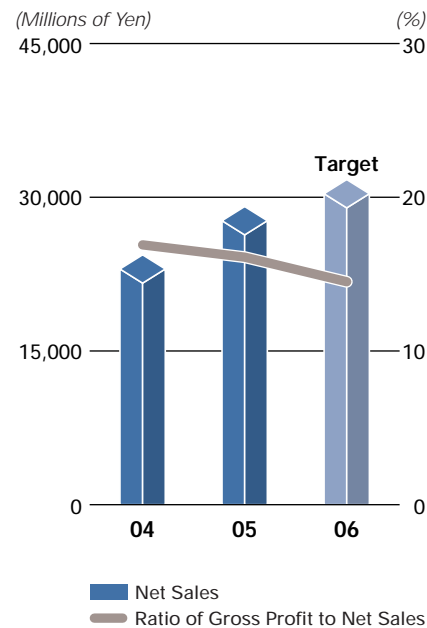
1. CPU cooling fan added with PWM control function
2. Curbing the noise level by 2dB(A) and improving cooling capability by 0.004K/W comparing with the conventional model

San Ace WF Series DC Power Oil-proof Cooling Fan



1. Reliable operation in the harsh conditions of an oil-mist environment (lubricant or cutting oil present in the air as a particulate mist)
2. Significant reduction in equipment maintenance costs

Net Sales & Ratio of Gross Profit to Net Sales



	04	05	06*
Net Sales (Millions of Yen)	24,439	29,161	31,800
Ratio of Gross Profit to Net Sales (%)	16.9	16.1	14.5

*Target

Servo Systems Division

Sales of our primary AC servo and stepping motor systems remained favorable, supported by satisfactory demand starting in early spring; however, sales began to slip in October, due to adjustments in production capacity in the target industries. As a result, consolidated sales for our Servo Systems Division for this term were ¥29,161 million, an increase of 19.3% in comparison with the previous term. Reasons for these increasing results were improved sales of servo systems with growth in orders for part mounting, injection molding, and board pressing machines from China's major IT-related EMS makers, and increased sales of industrial machine and welding robots from domestic manufacturers keen on making improvements in plant and equipment. Supported by the automotive industry's impetus for capital improvement, orders related to industrial machines and welding robots remained favorable throughout the year. Regarding the semiconductor manufacturing equipment industry, an overall satisfactory amount of orders was secured from the domestic and overseas markets for the year. Conversely, an increase in the sales of servo systems in Europe came about through the establishment of local service agencies in both North America and Europe, together with exhibitions at local trade fairs. In the future, we expect continued expansion in sales as a result of these efforts. For the coming term, we will focus on implementing plans for local production, improved customer service, and local sales, such as a request from one of our customers (a manufacturer of copy machines) to manufacture and supply stepping motors in China.



AC Servo System **SANMOTION Series**

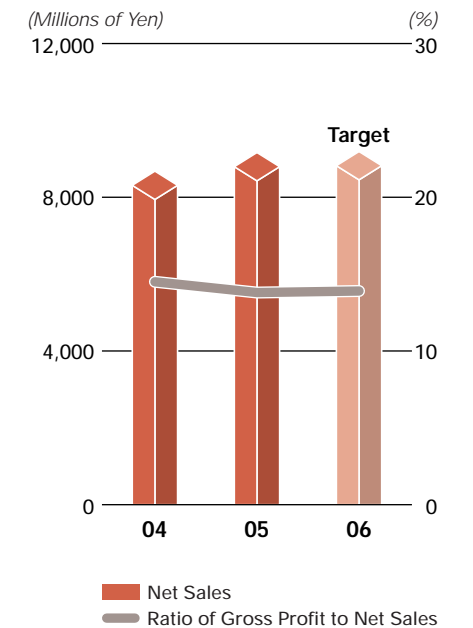
Power Systems Division

As investment in information technology-related plant and equipment recovered in the second half of this year, sales to our Power Systems Division's main customers, the NTT Group and several major computer manufacturers, increased steadily. We witnessed a solid growth of sales of our new *SANUPS E* uninterruptible power supply (UPS), a product in great demand as a power source for semiconductor and liquid crystal device manufacturing operations. In addition, sales of both our small- and medium / large-capacity UPS systems and emergency power generators also increased steadily. As a result, our Power Systems Division posted ¥8,775 million in consolidated sales for this term, an increase of 5.6% in comparison with the previous term. In the future, demand for power source systems is expected to rise in the computer and telecommunications industries, in particular for applications such as optical fiber and mobile telephone networks. In addition, we will push for expansion of orders and sales to major customers and simultaneously increase sales across the board to the FA industry, which looks to offer a promising future. We will endeavor to secure stable sales and profits by further developing businesses that promote the environment, through expanding sales of our new Photovoltaic Power Generation System's power conditioner for UPS systems, along with a new model of UPS that utilizes a NiH (nickel hydrogen) battery.



UPS **SANUPS Series**

Net Sales & Ratio of Gross Profit to Net Sales



	04	05	06*
Net Sales (Millions of Yen)	8,311	8,775	8,800
Ratio of Gross Profit to Net Sales (%)	14.5	13.8	13.9

*Target

New Products

Stepper Synchronous Motor & Driver System **SANMOTION G** 2-phase Stepping Motor 86mm sq. 1.8 °**SANMOTION F**



- 1. RoHS directive-corresponding product
- 2. This motor system uses our company's Synchronous Motor to stop the torque characteristic fall when operating from low to high speed.



- 1. Improvement of torque by 15% comparing with the conventional model
- 2. Reduction in electric power loss by 5%

Photovoltaic power generation system Power Conditioner **SANUPS P73E**



- 1. 10-60kW power conditioner for photovoltaic generation system
- 2. 10kW unit (P73E103KJ) is accredited by the Japan Electrical Safety & Environment Technology Laboratories (JET).
- 3. Volume is made more compact by 25% and mass is reduced by 32% comparing with the conventional model.
- 4. Efficiency of the electric power conversion rate is 92%.

UPS **SANUPS A11F**

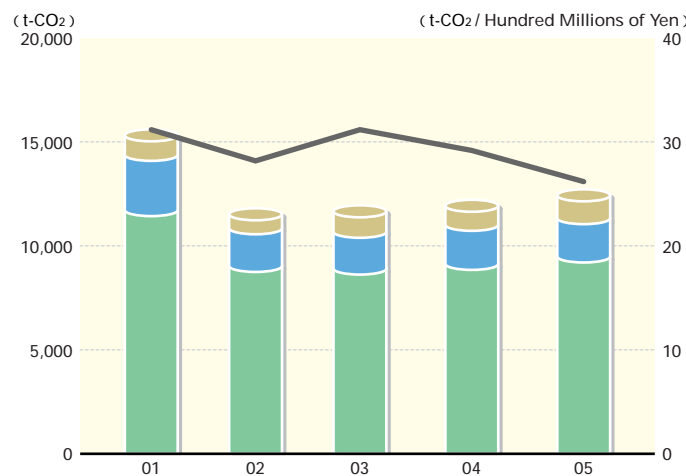


- 1. Electric power conversion efficiency is increased by 3% comparing with the conventional model.
- 2. Volume is made more compact by 10-25% and mass is reduced by 10-30%.
- 3. This UPS has a structure of readily taking into pieces.
- 4. UPS automatically checks batteries.

Environmental Actions

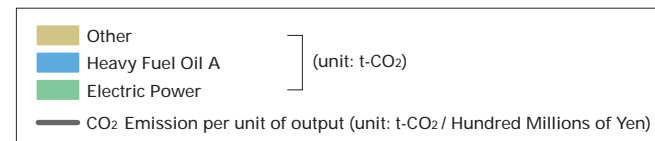
We continue our efforts to improve our environmental preservation activities, and work towards the goal of a sustainable society through formulation of voluntary standards and establishment of concrete targets. A notable achievement in this regard was our initiation of the sale of cooling fans and stepping motors in correspondence with the RoHS Directive for reducing hazardous chemical substances.

CO₂ Emission



Reduction of CO₂ Emissions

As a part of our efforts to prevent global warming, we have initiated an energy-saving campaign through increased efficiency in resource usage and cleaning, since we consider reductions of CO₂ emissions as our top-priority task in this area. In reality, our consumption of electric power and CO₂ emissions increased over the previous term as a result of increased output this term, although the unit cost for output dropped.



Reduction in Hazardous Chemical Substances

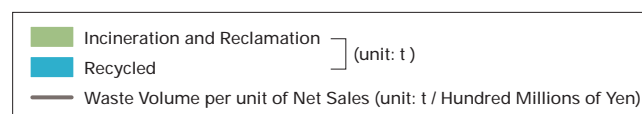
The toxic chemicals reduction design working group, subordinate of the Chemical Substance Emission Reduction Subcommittee, and the planning section of the business division work together to deal with the RoHS directive total ban measure which is our company's high-priority theme.

Gradual use of parts meeting the RoHS directive in cooling fan and stepping motors for mass-production of RoHS-complied products
 Study and assessment of the use of parts meeting the RoHS directive in RoHS-designated products for servo motor amplifiers and power supply (RoHS directive will be applied to specified products by December 2005.)
 Research on substances designated by the Japan Green Procurement Survey Standardization Initiative (JGPSSI) and others requested by customers
 Research on hazardous chemical substances contained in the materials of our company's products (request of research on 224 substances, including six substances listed in the RoHS directive)

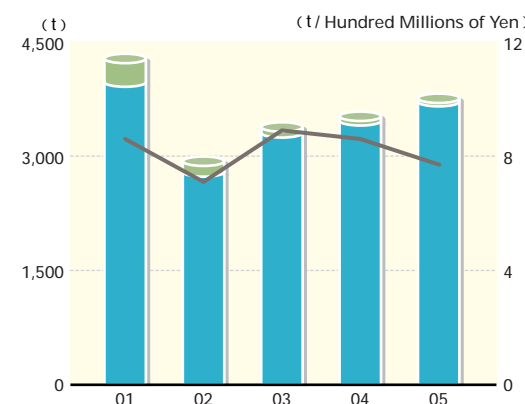
* RoHS directive (Restriction of the use of certain chemical substances in electrical and electronic equipment): Instructions of the European Parliament and the European Council concerning regulations for the use of hazardous substances in electrical and electronic equipment
 Six substances (lead, chromium (VI) compound, cadmium, mercury and two brominated flame-retardants <PBBs and PBDEs>)

Zero Emissions

During this term, our zero emission rate for waste recycling (defined as a recycling rate above 98%) was 99.6%, an improvement of 0.2% from a rating of 99.4% in the previous year.



Change in Amount of Discharge of Waste



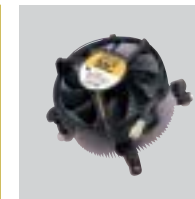
Development of ECO PRODUCTS

We also developed 12 new types of ECO PRODUCTS in this term. The sales ratio of ECO PRODUCTS to our total sales reached 12.5%, exceeding our original target of 10%.



San Ace B97 (Size: 97mm, Thick: 33mm Blower)

Maximum air flow is increased by 1.8 times and maximum static pressure by 2.7 times comparing with the conventional model.
 Curbing the noise level by 3dB[A]



SAN ACE MC

Curbing the noise level by 2dB[A] and improving cooling capability by 0.004K/W comparing with the conventional model

Photovoltaic power generation system Power Conditioner SANUPS P83A

Efficiency of the electric power conversion rate is 93%.
 Installation space is reduced by 43% comparing with the space for two 50kW power conditioners.



Photovoltaic power generation system Power Conditioner SANUPS P73E

10kW unit (P73E103KJ) is accredited by the Japan Electrical Safety & Environment Technology Laboratories (JET).
 Volume is made more compact by 25% and mass is reduced by 32% comparing with the conventional model.
 Efficiency of the electric power conversion rate is 92%.



UPS SANUPS A11F

Electric power conversion efficiency is increased by 3% comparing with the conventional model.
 Volume is more compact by 10-25% and mass is reduced by 10-30%.
 This UPS has a structure of readily taking into pieces.



Servo Amplifier SANMOTION Q

The exterior mass is reduced by 25% comparing with the conventional model.



AC Closed Loop Stepping Driver SANMOTION PB

Efficiency of a motor is increased by 2% through improvement of the control system comparing with the conventional model.



2-phase Stepping Motor 86mm sq. 1.8 ° SANMOTION F

Improvement of torque by 15% comparing with the conventional model
 Reduction in electric power loss by 5%

AC Servo System

Mass is reduced by 43% comparing with the conventional model.
 Reduction in electric power loss by 20% comparing with the conventional system
 Efficiency of the electric power conversion rate is 88%-90%.

Stepper Synchronous Driver SANMOTION G

RoHS Directive-corresponding product
 This motor system uses our company's Synchronous Motor to stop the torque characteristic fall when operating from low to high speed.



Research & Development

Based on the fundamental concept of creating new value-added products for customers, Sanyo Denki Co., Ltd., played the central role in the group company's research and development for this consolidated fiscal year, together with the Design and Development Sections of our Business and Research Center.

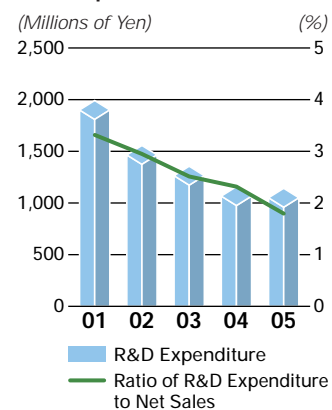
Research and development activities are actively carried out at three business divisions under the guidelines of "Technology for Protecting the Global Environment," "Technology for Protecting the Health and Safety of Individuals and Communities," and "Technology Dedicated to New Energy Sources and Energy Conservation." With our Technology Center at the center, and in close coordination with our U.S. R&D and sales subsidiary Automation Intelligence, our company adopts a unique research and development group system, in which the Design and Development Section can easily form new teams based on rapidly changing market needs and customer requests.

Cooling Systems Division » The Cooling Systems Division promotes the development of powerful, stable and energy-efficient fan motors through application of cutting-edge airflow, motor and noise-curb technologies, expressed primarily in our *San Ace* cooling fans. This Division is also developing a lineup of fans that can curb the operating noise made by equipment by controlling the rotation speed of the fan.

This division also develops several fan models with added protection for harsh environmental conditions: conventional and extended-life waterproof fans, for waterproof protection against rain and moisture, and the most recent addition to our Endurance Fan Series, an oil-proof fan for use in factory environments where oil mist is often present.

As the heat generation capability of CPUs continues to climb, our *San Ace MC* Series of CPU cooling fans offers unprecedented cooling performance, in a push to challenge the limits of cooling technology. This product series was successfully developed and released to the market by our Cooling Systems Division in a remarkably short period of time. This Division also successfully commercialized our *SAN ACE MC* Liquid technology, which uses maintenance-free liquid cooling technology to cool CPU devices. Research and development expenditures for the Cooling Systems Division for this term amounted to ¥124 million.

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



Servo Systems Division » As expressed in the *SANMOTION* line of products, our Servo Systems Division continues to respond to the diverse needs of customers, such as the development of the large low-inertia AC servo motor and other innovations. The new *SANMOTION R* Series servo amplifier, which significantly boosts the number of user-support functions, was also released into the market in this term.

In the stepping motor field, we developed and released a high torque, 2-phase 86mm sq. stepping motor suitable for general industrial machinery, together with the Type P stepping motor driver with position-setting capability. An AC input amplifier was developed to complement the conventional DC input model for our closed loop *SANMOTION PB* stepping system. Additionally, we released the new *SANMOTION G* inverter-controlled drive system, which uses unique a stepping motor-type synchronous motor.

The Servo Systems Division will continue to develop servo and stepping motors along with the control technology required to perform flawlessly in a wide range of applications. This Division also actively continues research and development of a next-generation controller platform for the motion network.

Research and Development expenditures for the Servo Systems Division were ¥643 million in this term.

Power Systems Division » The *SANUPS* product line developed by our Power Systems Division was expanded and enhanced by the addition of small-capacity, high-efficiency uninterruptible power supply systems for 2kVA and 3kVA. A built-in uninterruptible power supply for instantaneous power failures, suitable for semiconductor manufacturing equipment, was also introduced in this term.

In the medium-capacity range of uninterruptible power supply systems, our lineup from 50kVA to 300kVA is now complete with the addition of a high-efficiency, compact, and lightweight nonstop inverter system for 300kVA.

Additions were also made to the lineup of our eco-friendly power conditioners for photovoltaic power systems, including complete model updates for our small-capacity power conditioners from 10kW to 60kW, and the release of a large-capacity 100kW power conditioner for large photovoltaic power generation systems.

The previous term saw improvements in basic software functionality for our power source control devices for information technology equipment. Mass production of our emergency power generator, and development and mass production of our compact, lightweight, low-noise motion dynamo for automobiles, were also initiated during this period.

Research and Development expenditures for the Power Systems Division in this term amounted to ¥350 million.

Overseas Activities

A significant rise in demand in Asia and North America contributed to an increase in consolidated overseas sales for this term, a pattern that has continued for three consecutive years. To sustain this trend, our focus remains on offering products designed to compete in the global marketplace in every aspect of quality, performance, and timely delivery, and on conducting business with a global mindset in everyday operations.

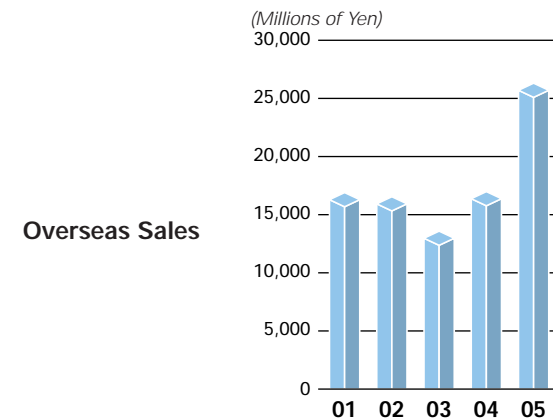
Activity in the Asia region has grown steadily through our sales centers in Taiwan, Hong Kong and Shanghai. The most dramatic areas of growth were in sales of our *San Ace* cooling fan products to Taiwanese IT equipment manufacturers, and servo and stepping motors to Chinese industrial machinery and sewing machine manufacturers. To build on this success, our two main goals in this region are to improve response time for customer requests, and to push for expansion of our sales base.



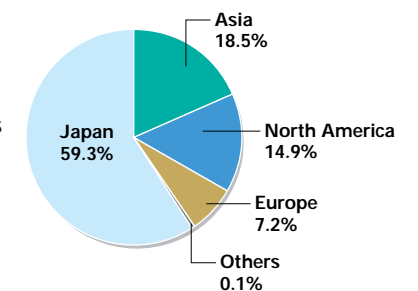
We completed a reorganization our network of sales departments and offices in North America, keeping our sales subsidiary Sanyo Denki America at the core. Our servo systems business presented us with a major success during this term, as we received a large-scale order for AC servo systems and cabinet assembly from a premier semiconductor manufacturer. Other noteworthy achievements were orders

for our *SANMOTION QH* AC servo system from a hard disk equipment manufacturer, and for our stepping motors from a manufacturer of home entertainment consoles. The *San Ace* cooling fans of our Cooling Systems Division were sought after by a major IT equipment manufacturer, and our Power Systems Division released a small-capacity UPS into the North American market.

Our future goals for continued success in this market include improving our sales channel, and gradual consolidation of our sales force.



Percentage of Net Sales by Region



Early in the term, the sales force of our subsidiary, Sanyo Denki Europe, participated in training in product technology and new product information at company facilities in Japan. This event, combined with a strong exhibition presence at Germany's Hannover Messe trade fair, contributed to an increase in inquiries from manufacturers of general industrial machinery, semiconductor manufacturing equipment, and medical equipment. In Northern Europe, a major telecommunications equipment maker chose our 40mm *San Ace* cooling fan, and, bolstered by this result, promotions to other telecommunications manufacturers are also under way. A large-scale order for the *SANMOTION Q* AC servo system from general industrial machinery manufacturers in Italy and Austria is also expected to greatly contribute to sales during the coming term.



Highlights of the Year

San Ace MC CPU Cooling Fan with PWM Control



The noise level of the newest version of the *San Ace MC* has been reduced by 2dB[A], and cooling efficiency is improved by 0.004K/W in comparison to the conventional model. This product is also equipped with a PWM control function, enabling control of the rotation speed to the optimal level for CPU cooling, in addition to the typical temperature variable speed function offered with conventional systems. The PWM control can also be set at the minimum rotation speed in order to curb noise.

DC Power Oil-proof Cooling Fan for Use in Oil Mist Environments

By utilizing an oil-proof material to cover the coils and electronic parts, this fan offers reliable operation even in the extreme environment of an oil mist, resulting in reduced maintenance costs for equipment.



SANMOTION G Stepping Synchronous Motor and Driver System



This system complies with the RoHS Directive, and offers precise speed control unaffected by external turbulence and load fluctuations. Its driver can control multiple motors simultaneously.

SANUPS P73E Power Conditioner for Small Photovoltaic Power Generation Systems [10kW-60kW]

The system volume is reduced by 25% and the mass by 32%, as compared to conventional models. With an electric conversion rate of 92%, the power of the photovoltaic battery can be utilized at its maximum level.

Note: The SANUPS P73E has been accredited by the Japan Electric Safety & Environment Technology Laboratories (JET).



SANUPS A11F Regular Inverter Power Supply UPS with Battery-checking Function



The unit's mass has been reduced by 10%, and the electric conversion efficiency rate is improved by 3%, in comparison to a conventional model. The *SANUPS A11F* UPS also automatically checks its batteries periodically, notifies the user of any deterioration, and contributes to reducing machine trouble.

Sanyo Denki America Inc. Establishes Southern Regional Office



In September 2004, the Southern Regional Office was established in Richardson, Texas (in the vicinity of Dallas, TX). A number of IT-related enterprises are concentrated in this area, such that it has the nickname of "Telecom Corridor." The opening of this office has already begun to bear fruit, offering access into new markets and significant business results.

Cooling Fan Production Underway at Dong Guang Factory



Our Dong Guang Factory, which until now was the manufacturing site for our *San Ace MC* CPU cooling fan, began the manufacturing of *San Ace* cooling fans in August 2004. This facility has the capacity to manufacture 140 million units of *SAN ACE MC* and *San Ace* products per month.



Establishment of Shenzhen Representative Office

In November 2004, a Representative Office was established in Shenzhen, China, as a local agency of our Hong Kong Branch. This office has the dual responsibility of promoting our products in this rapidly expanding area, and at the same time, procuring parts and materials for Sanyo Denki's manufacturing operations.

Exhibitions in 2004

The Sanyo Denki Group displayed its products at the following worldwide trade fairs and initiated business relationships with many customers, old and new.



Hannover Messe 2004



COMPUTEX TAIPEI 2004

	Date	Place
Hannover Messe 2004	April 19-24, 2004	Hannover, Germany
Techno-Frontier 2004	April 21-23, 2004	Makuhari messe, Japan
COMPUTEX TAIPEI 2004	June 1-5, 2004	Taipei, Taiwan
Semicon Japan 2004	December 1-3, 2004	Makuhari messe, Japan

Financial Section (Consolidated)

Six-Year Summary

SANYO DENKI CO., LTD. and Subsidiaries

Years ended March 31	Millions of Yen					
	2005	2004	2003	2002	2001	2000
Net Sales	¥63,025	¥49,307	¥50,473	¥48,964	¥59,980	¥48,465
Cost of Sales	52,132	41,534	43,891	43,898	49,804	42,432
Selling, General and Administrative Expenses	6,470	5,957	6,180	6,307	6,736	6,484
Operating Income (Loss)	4,422	1,816	401	(1,241)	3,439	(451)
Net Income (Loss)	2,386	516	305	1,863	2,756	(7,492)
Net Income per Share (Yen)	38.7	8.0	5.1	30.2	44.4	(120.6)
Cash Dividends Paid per Share (Yen)	9.0	6.00	5.00	6.00	10.00	5.00
Total Assets	56,602	55,565	54,052	55,743	61,381	57,667
Total Shareholders' Equity	31,825	29,647	28,986	29,348	27,473	25,462
Current Assets	35,385	34,084	30,437	30,136	36,886	34,359
Current Liabilities	22,458	23,301	21,669	21,317	28,790	26,869
Return on Equity (%)	7.76	1.76	1.05	6.56	10.41	-25.38
Return on Assets (%)	4.25	0.93	0.56	3.34	4.50	-12.99
Dividend Payout Ratio (%)	33.6	59.5	97.7	19.5	22.5	—
Interest Coverage (X)	34.9	14.2	2.7	-5.8	12.9	-0.9

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Financial Review (Consolidated)

SANYO DENKI CO., LTD. and Subsidiaries

Operating Results

As the term began, the overall economic environment in our nation was one of business recovery, accompanied by improvements in earnings and expansion of personal consumption. However, a sense of deceleration grew from the beginning of autumn, touched off by a slowdown in the growth of exports and natural disasters leading to restrictions on personal consumption. The deflationary trend also continued, and the economic environment facing domestic enterprises remained very severe amid rising crude oil prices.

Despite such an environment, the business conditions of our group company have been shifting towards recovery. As the result of an increase in orders throughout the whole year due to the favorable market conditions and sustained receipts of orders, this term's consolidated sales were ¥63,025 million, an increase of 27.8% from the previous term.

Consolidated overseas sales reached ¥25,595 million, an increase of 56.9% from the previous term, thanks to a sharp increase in sales in all regions. The ratio of consolidated overseas sales to consolidated sales was 40.6%, a rise of 7.5 percentage points from the previous term. The ratio of consolidated net sales over non-consolidated net sales rose to 1.12 times in this term, as compared to 1.06 times for the previous term.

Regarding the sales of each company division, the Servo Systems Division recorded consolidated sales of ¥29,161 million, an increase of 19.3% from the previous term, as a result of combined rising domestic and overseas demand. The ratio of gross profits to sales was 16.1%. Non-consolidated sales for this Division were ¥27,747 million, an increase of 17.1% from the previous term.

The Cooling Systems Division posted consolidated sales of ¥25,088 million, an increase of 51.5% from the previous term. The ratio of gross profits to sales was 19.9%. Non-consolidated sales for this Division were ¥19,956 million, an increase of 34.3% from the previous term.

The Power Systems Division recorded consolidated sales of ¥8,775 million, an increase of 5.6% from the previous term. The ratio of gross profits to sales was 13.7%. Non-consolidated sales for this Division were ¥8,710 million, an increase of 7.5% from the previous term.

Net Sales by Product Category

	Millions of Yen		
	2003	2004	2005
Cooling Systems	¥22,736	¥16,556	¥25,088
Servo Systems	19,981	24,439	29,161
Power Systems	7,283	8,311	8,775
Control Systems	472	—	—

*The Control Systems Division was integrated with the Servo Systems Division in April 2003.

Our cost of sales was ¥52,132 million, an increase of ¥10,598 million from the previous term. The ratio of sales cost was 82.7%, a fall of 1.5 percentage points from 84.2% in the previous term.

Gross profit was calculated at ¥10,893 million, an increase of 40.1% from the previous term, and the ratio of gross profit to sales was 17.3%, an increase of 1.5 percentage points from the previous term's ratio of 15.8%.

Sales, general, and administrative expenses were ¥6,470 million, an increase of ¥513 million, or 10.3%, a drop of 1.8 percentage points from 12.1% in the previous term.

As a result, this term's operating income was ¥4,422 million, an increase of 143.5% from the previous term. This term's income before income taxes and minority interest was ¥3,883 million, an increase of 239.1% over ¥1,145 million for the previous term, after a balance of ¥244 million resulting from the revision of the retirement benefits accounting standards was deducted.

This term's consolidated net income was ¥2,386 million, an increase of 362.3% from the previous term.

Net income per share in this term was ¥38.71, a sharp increase from ¥8.04 for the previous term. Dividend per share was ¥9.0, an increase of ¥3.0 from the previous term.

Financial Position

Total assets at the end of this term were ¥56,602 million, an increase of ¥1,037 million from the end of the previous term.

Total current assets were ¥35,385 million, an increase of ¥1,301 million from the previous term caused mainly by a rise in accounts receivable trade and inventory following expansion in the receipt of orders. Total fixed assets were ¥21,216 million, a decrease of ¥265 million from the previous term.

Current liabilities were ¥22,458 million, a decrease of ¥843 million from the previous term. This decrease was primarily due to a reduction in short-term loans. Total long-term liabilities were ¥1,712 million, a decrease of ¥331 million from the previous term, due mainly to payment of ¥370 million in long-term debts.

Additionally, retained earnings were ¥10,878 million, an increase of ¥1,870 million from the end of the previous term. Consequently, the total shareholders' equity was ¥31,825 million, an increase of ¥2,178 million from the previous term. The shareholders' equity per share grew from ¥497.01 to ¥528.76, bringing the ratio of shareholders' equity to 56.2%, an

increase of 2.8 percentage points from the previous term's result of 53.4%. The return on equity was 7.8%, a rise of 6.0 percentage points.

Cash Flows

Cash and cash equivalents on the consolidated base stood at ¥4,015 million for the consolidated fiscal year, an increase of ¥1,098 million, or 37.6%, from the previous fiscal year.

Net cash provided by operating activities increased by ¥5,379 million as the result of expanded operating activities. These results were mainly due to increases of ¥3,883 million, ¥1,736 million and ¥669 million, respectively, in income before income taxes and minority interest, depreciation, and trade payables, and a decrease in funds due to increases of ¥1,772 million and ¥858 million, respectively, in trade and inventories.

Net cash used for investing purposes decreased to ¥959 million in funds as the result of investment activities. The largest portion of these expenditures were ¥975 million for the purchase of property, plant, and equipment such as manufacturing equipment, and income from a ¥79 million loan recovery.

Net cash used for financing purposes decreased to ¥3,293 million in funds as the result of financing activities. The largest portion of these expenditures was payment of ¥2,135 million in short-term debt, along with payment of ¥733 million for long-term debt, and payment of ¥479 million for paid dividends and other items.

Capital Expenditure

This term's main plant and equipment investment amounted to ¥1,543 million, an increase of 103.3% from the previous term. Funds were invested for enhancements of each factory's production plant and equipment, as well as unit cost reduction and quality improvement, beginning with the Fujiyama Works in Nagano Prefecture (in the city of Ueda and its surrounding areas).

Research and Development

Research and development expenditures in this consolidated fiscal year were ¥1,117 million, representing 1.8% of our company's consolidated sales.

This figure accounts for all of the research and

development efforts of each of our company divisions, as explained below.

Cooling Systems Division

R&D efforts focused on the development of additional environmentally friendly ECO PRODUCTS, such as the waterproof fan, oil-proof fan, high performance CPU cooling fan, and other products.

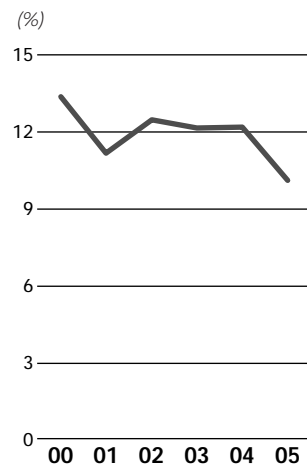
Servo Systems Division

Like the Cooling Systems Division, development of ECO PRODUCTS was a main theme for the Servo Systems Division, such as the closed loop stepping system, new inverter-controlled drive system, and other products.

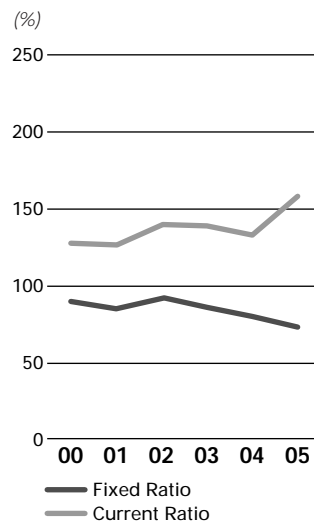
Power Systems Division

The Power Systems Division also focused on development of ECO PRODUCTS as one of the major components of its R&D activities, resulting in the small-capacity, high efficiency uninterruptible power supply (UPS), small-capacity power conditioner, and other products.

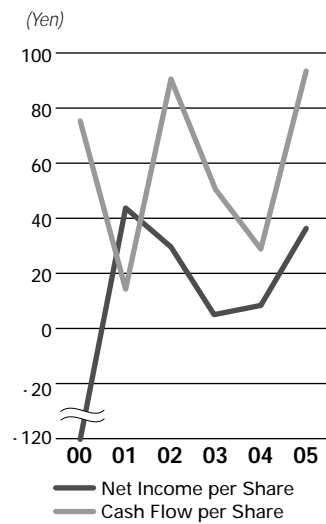
Ratio of SG&A to Net Sales



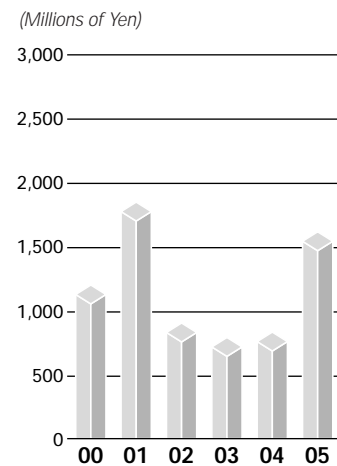
Fixed Ratio & Current Ratio



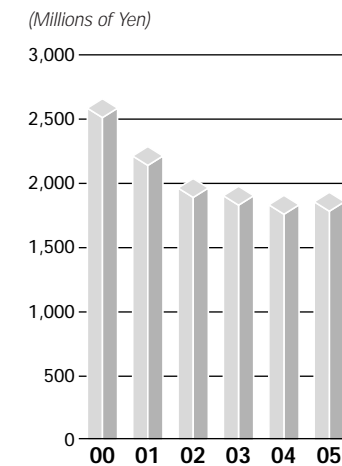
Net Income per Share & Cash Flow per Share



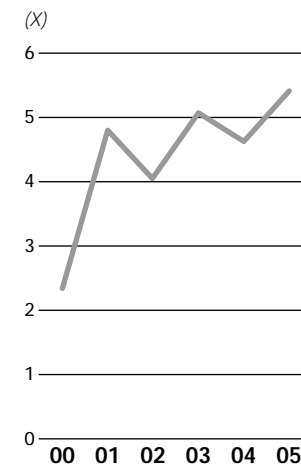
Capital Expenditure



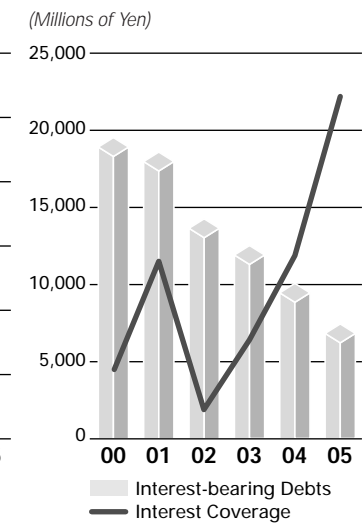
Depreciation



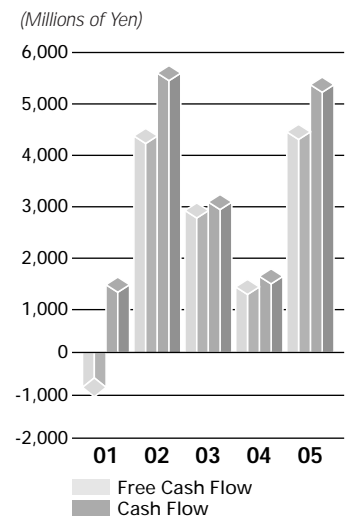
Inventory Turnover



Interest-bearing Debts & Interest Coverage



Free Cash Flow & Cash Flow



Consolidated Balance Sheets
SANYO DENKI CO., LTD. and Subsidiaries

As of March 31, 2005 and 2004	Millions of Yen		Thousands of U.S. dollars
	2005	2004	2005
Assets			
Current Assets			
Cash and cash equivalents	¥ 4,042	¥ 2,946	\$ 37,641
Notes and accounts receivable (trade)	18,252	16,545	169,962
Inventories	11,991	11,236	111,660
Accounts receivable (non-trade)	248	203	2,317
Deferred income taxes	605	1,764	5,635
Others	385	1,604	3,588
Less allowance for doubtful notes and accounts	(139)	(215)	(1,298)
Total current assets	<u>35,385</u>	<u>34,084</u>	<u>329,505</u>
Property, Plant and Equipment (at cost)			
Buildings and structures	6,811	7,253	63,429
Machinery and equipment, automotive equipment	3,247	3,325	30,243
Land	4,645	4,648	43,261
Others	1,233	965	11,482
Total property, plant and equipment (at cost)	<u>15,938</u>	<u>16,192</u>	<u>148,415</u>
Intangible fixed assets	<u>241</u>	<u>281</u>	<u>2,251</u>
Investments and Other Assets			
Investments in securities	3,074	3,001	28,625
Deferred income taxes	232	216	2,169
Other investments	1,736	1,796	16,174
Less allowance for doubtful notes and accounts	(7)	(7)	(70)
Total investments and other assets	<u>5,036</u>	<u>5,007</u>	<u>46,899</u>
Total fixed assets	<u>21,216</u>	<u>21,481</u>	<u>197,565</u>
Total Assets	<u>¥56,602</u>	<u>¥55,565</u>	<u>\$527,070</u>

See Notes to Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S. dollars
	2005	2004	2005
Liabilities and Shareholders' Equity			
Current Liabilities			
Notes and accounts payables (trade)	¥ 12,338	¥ 11,730	\$ 114,895
Short-term debts	6,672	9,170	62,130
Accrued income taxes	179	48	1,674
Other current liabilities	3,267	2,351	30,427
Total current liabilities	<u>22,458</u>	<u>23,301</u>	<u>209,126</u>
Long-term Liabilities			
Long-term debts	148	518	1,383
Accrued retirement benefit	507	349	4,722
Other long-term liabilities	1,057	1,175	9,843
Total long-term liabilities	<u>1,712</u>	<u>2,043</u>	<u>15,948</u>
Total liabilities	<u>24,170</u>	<u>25,344</u>	<u>225,074</u>
Minority interest	<u>606</u>	<u>574</u>	<u>5,646</u>
Shareholders' Equity			
Common stock	9,526	9,526	88,712
Capital reserve	11,059	11,058	102,984
Retained earnings	10,878	9,008	101,300
Net unrealized holding gains or losses	1,327	1,304	12,363
Foreign currency translation adjustments	(131)	(130)	(1,221)
Treasury stock	(836)	(1,119)	(7,788)
Total shareholders' equity	<u>31,825</u>	<u>29,647</u>	<u>296,351</u>
Liabilities, minority interest and shareholders' equity	<u>¥56,602</u>	<u>¥55,565</u>	<u>\$527,070</u>

Consolidated Statements of Income
SANYO DENKI CO., LTD. and Subsidiaries

Years ended March 31, 2005 and 2004	Millions of Yen		Thousands of U.S. dollars
	2005	2004	2005
Net Sales	¥63,025	¥49,307	\$586,884
Cost of Sales	52,132	41,534	485,449
Gross Profit	10,893	7,773	101,434
Selling, General and Administrative Expenses	6,470	5,957	60,253
Operating income	4,422	1,816	41,181
Other Income (Expenses)			
Interest income and dividend received	70	31	660
Gain on sales of securities	—	73	—
Foreign currency transaction gain (loss)	(20)	(455)	(187)
Interest expense	(127)	(129)	(1,188)
Gain on sales of fixed assets	—	2	—
Loss on sales of fixed assets	(5)	(0)	(50)
Loss on disposal of fixed assets	(61)	(47)	(573)
Amortization on employee's retirement benefit obligations	(244)	(244)	(2,280)
Directors retirement and severance benefits	(7)	(87)	(65)
Loss in value of securities	(2)	(0)	(21)
Gain on return of substituted portions of employee pension fund	0	37	7
Net other income	(142)	148	(1,325)
Income before Income Taxes and Minority Interest	3,883	1,145	36,159
Income taxes	288	100	2,690
Deferred tax	1,126	519	10,486
Deduction	1,415	620	13,176
Minority interest	81	8	761
Net income	¥ 2,386	¥ 516	\$ 22,222

Per Share Data	Yen		U.S. dollars
Net income	¥38.71	¥8.04	\$0.36
Cash dividends for the year	9.00	6.00	0.08

See Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity
SANYO DENKI CO., LTD. and Subsidiaries

Years ended March 31, 2005 and 2004	Thousands	Millions of Yen		
	Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings
Balance at March 31, 2003	63,135	¥9,526	¥11,058	¥8,790
Net income	—	—	—	516
Cash dividends	—	—	—	(297)
Bonuses for directors and corporate auditors	—	—	—	—
Balance at March 31, 2004	63,135	9,526	11,058	9,008
Gain on disposal of treasury stock	—	—	1	—
Net income	—	—	—	2,386
Cash dividends	—	—	—	(479)
Bonuses for directors and corporate auditors	—	—	—	(37)
Balance at March 31, 2005	63,135	¥9,526	¥11,059	¥10,878

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
SANYO DENKI CO., LTD. and Subsidiaries

Years ended March 31, 2005, 2004 and 2003	Millions of Yen			Thousands of U.S. dollars
	2005	2004	2003	2005
Cash Flows from Operating Activities				
Income before income taxes	¥3,883	¥1,145	¥ 558	\$ 36,159
Depreciation	1,736	1,811	2,022	16,170
Trust establishment profit for retirement benefit	—	—	—	—
Cost of solution for short of reserve retirement	—	—	—	—
Increase in retirement and severance benefits	157	111	(1,197)	1,467
Increase in allowance for doubtful accounts	(76)	(55)	71	(715)
Interest income and dividend received	(70)	(57)	(73)	(660)
Gain on sales of securities (loss)	0	(97)	(32)	(5)
Loss in value of securities	2	—	413	21
Interest expense	127	129	156	1,188
Exchange profit (loss)	20	290	294	190
Gain on sales of fixed assets	0	(2)	(156)	0
Loss on disposal of fixed assets	66	47	35	623
Increase in trade receivables	(1,772)	(1,703)	(1,308)	(16,508)
Increase in inventories	(858)	(1,740)	263	(7,991)
Increase in trade payables	669	2,728	2,093	6,236
Others	1,790	(656)	308	16,677
Sub total	5,675	1,948	3,448	52,852
Interest and dividend received	76	60	90	714
Interest expense	(131)	(126)	(171)	(1,223)
Income taxes	(241)	(105)	(211)	(2,252)
Net cash provided by operating activities	5,379	1,776	3,156	50,091
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(975)	(559)	(645)	(9,086)
Receipt from sales of property, plant and equipment	4	3	288	43
Purchase of intangible assets	(31)	(31)	(35)	(290)
Purchase of securities	(49)	(48)	(121)	(456)
Receipt from sales of investment securities	9	406	181	93
Loan expense	0	(21)	(265)	0
Loan recovered	79	117	170	737
Others	2	43	172	21
Net cash used in investing activities	(959)	(89)	(255)	(8,939)
Cash Flows from Financing Activities				
Increase in short-term debts	(2,135)	(309)	(1,462)	(19,885)
Proceeds from issue of long-term debts	—	—	205	—
Repayments of long-term debts	(733)	(1,074)	(1,289)	(6,826)
Purchase of treasury stock	(21)	(5)	(15)	(203)
Income from treasury stock	306	—	—	2,855
Dividends paid	(479)	(300)	(358)	(4,463)
Dividends paid for minority shareholders	0	—	(0)	7
Others	(231)	(13)	(205)	(2,152)
Net cash used in financing activities	(3,293)	(1,703)	(3,126)	(30,666)
Cash and Cash Equivalents Translation Difference	(28)	(148)	(121)	(264)
Net Increased in Cash and Cash Equivalents	1,097	(165)	(347)	10,222
Cash and Cash Equivalents at Beginning of Year	2,917	3,083	3,430	27,166
Cash and Cash Equivalents at End of Year	¥4,015	¥2,917	¥3,083	\$37,388

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements
SANYO DENKI CO., LTD. and Subsidiaries

(Significant accounting policies)

Sanyo Denki Co., Ltd. (the "Company") is a company domiciled in Japan. Main activities of the Company and its subsidiaries (collectively, the "Group") are the manufacture and sale of Motors and Power for industrial systems. The consolidated financial statements of the Company as of and for the year ended March 31, 2005 and 2004 comprise those of the Group.

(a) Statement of Compliance

Sanyo Denki Co., Ltd. (the "Company") and its consolidated domestic subsidiaries maintain their official accounting records in yen. The accompanying consolidated financial statements have been prepared in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of overseas subsidiaries are maintained in conformity with generally accepted accounting principle and practices prevailing in the respective countries of domicile.

The accompanying financial statements have been translated into English, (with some expanded descriptions, reclassifications and the inclusion of statements of shareholders' equity) from the original consolidated financial statements of the Company prepared in accordance with Japanese GAAP.

(b) Basis of Preparation

The consolidated financial statements are presented in Japanese yen rounded to the nearest million. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and available-for-sale investment securities.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of the reader, using the prevailing exchange rate at March 31, 2005 which was ¥107.39 U.S.\$ 1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

(c) Basis of Consolidation

1. Scope 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., SANYO DENKI PHILIPPINES, INC., AVC AMERICA, INC., and SANYO DENKI SHANGHAI CO., LTD.

2. Application of the equity method

There are no relevant subsidiaries.

3. Fiscal year for consolidated subsidiaries

The balance sheet date for SANYO DENKI EUROPE SA., AUTOMATION INTELLIGENCE, INC., SANYO DENKI AMERICA, INC., SANYO DENKI PHILIPPINES, INC., AVC AMERICA, INC., and SANYO DENKI SHANGHAI CO., LTD. is December 31.

The financial statements issued on the balance sheet date of the relevant consolidated subsidiaries are used to prepare the consolidated financial statements.

However, necessary adjustments are made on material transactions performed from January 1, 2005 to March 31, 2005.

The balance sheet date of SANYO DENKI TECHNO SERVICE, CO., LTD. is March 31,

4. Valuation standards and accounting treatment for important assets

1. Marketable securities

-Other marketable securities with market quotations

States at market value, determined by the market price as of the period, with unrealized gains or losses reported in shareholders equity and selling price determined by the moving-average method.

-Other marketable securities without market quotations

Stated at cost determined by the moving-average method.

2. Derivatives

Stated at market value

3. Inventories

Stated at cost, primarily determined by the moving-average method.

5. Depreciation method of important depreciation assets

1. Tangible fixed assets

Buildings, excluding fixtures, are depreciated using the straight-line method. Other tangible fixed assets are primarily depreciated by the declining-balance method.

Estimated useful lives:

Buildings and structures 3-50 years

Machinery, equipment, and transport vehicles 2-13 years

Others 2-15 years

2. Intangible fixed assets

They are primarily depreciated the straight-line method. Proprietary software is depreciated using the straight-line method over 5 years period of use.

6. Accounting rules for major allowances and accruals

1. Allowance for doubtful receivable

For ordinary accounts receivables, the estimated credit loss is calculated based on historic default rate and declared as allowance, while it is determined, estimating the default rate individually, for such specific accounts receivable as those with lower credit.

2. Employees' retirement allowances

The expected amount of employees' retirement benefit obligation and pension assets at the end of the corresponding fiscal year is posted as employees' retirement allowance, in the parent company and several overseas subsidiaries.

The actuarial losses realized in the corresponding accounting period for the said allowance are amortized over the following fiscal years (15 year at the maximum), whose period is not beyond the average remaining service years of employees calculated at the end of the corresponding fiscal year, in the declining-balance method.

7. Transaction of main lease accounts

Finance lease contracts are processed according to the accounting rules of operating lease ones, excluding those transferring the ownership of lessees at the end of the lease term.

In some consolidated overseas subsidiaries, they accounting rules of ordinary sales transaction, in compliance with the accounting principles in the countries concerned.

8. Conversion rules of main items in foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated using the spot exchange rates at the balance sheet date. The resulting exchange gains or losses are declared as income or expenses.

The assets and liabilities of consolidated overseas subsidiaries are translated into yen amounts using the spot exchange rates at the balance sheet date, while their incomes and expenses are converted into yen amounts with the average exchange rates during the corresponding accounting period.

The resulting exchange gains or losses are listed under foreign currency translation adjustments in shareholder' equity.

9. Transaction of consumption taxes

Consumption tax and local consumption tax are excluded from the reported amounts.

10. Valuation of assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries are totally recognized at the market value.

11. Report of net income appropriation

Net income appropriation is reported based on the appropriation results realized in the corresponding fiscal year.

12. Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows are composed of the following items: cash on hand, demand deposits and highly liquid short-term investment with maturity of less than 3 months which are exposed to minimal risks of value fluctuations.

(Notes on Consolidated Balance Sheet)

1. Secured fixed assets and secured liabilities

Secured assets are as follows:

Buildings	¥898 million
Machinery and equipment	75 million
Land	2,895 million
Total	<u>¥3,869 million</u>

Secured liabilities are as follows:

Long-term debts	¥136 million
Short-term debts	¥108 million

2. Notes receivable discounted ¥190 million

3. Accumulated depreciation of tangible fixed assets ¥32,780 million

4. The balance of assessment for net realized holding gains or losses is included in unrealized holding gains or losses from derivative securities retained at March 31, 2005.

5. Land valuation

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 land 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 unrealized holding gains or losses.

(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 estimated adjustments.

Date of reassessment	March 31, 2002
Balance between the market price of land reassessed	
At the end of the term and the book value after reassessment	¥(950) million

6. Authorized number of shares..... Common shares 99,000,000 shares

Issued number of shares Common shares 63,135,935 shares

7. Number of Treasury stock is 2,947,685 shares as common shares.

(Notes on Consolidated Statements of Income)

1. Main items of selling, general and administrative expenses and their amounts are as follows:

Packing and transportation expenses	¥666 million
Salary	¥1,939 million
Retirement allowance	¥82 million
Depreciation	¥51 million

2. Detail of loss on sales of fixed assets

Loss on selling machinery and equipment	¥5 million
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3. Detail of loss on disposition of fixed assets

Loss on disposition of buildings	¥0 million
Loss on disposition of machinery and equipment	45 million
Loss on disposition of vehicle carriers	0 million
Loss on disposition of tools, utensil and furnishings	15 million

Total	¥61 million
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4. Research and development expenses, included in Cost of Sales and Selling, General and Administrative expenses are amounted to ¥1,117 million.

(Notes on Statements of Cash Flows)

Consolidated financial year (from April 1, 2004 to March 31, 2005)

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	¥4,042	¥3,542
Securities	3,074	472
Total	<u>¥7,116</u>	<u>¥4,015</u>

(Notes on Lease Transactions)

Finance lease transactions excluding those transferring the ownership of the leased assets to lessees at the end lease term

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
Tangible fixed assets	¥341	¥201	¥140
Intangible fixed assets	6	4	1
Total	<u>¥347</u>	<u>¥205</u>	<u>¥141</u>

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

Within one year	¥72 million
More than one year	¥71 million
Total	<u>¥144 million</u>

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

Leasing charge payable	¥91 million
Amount equivalent to accumulated depreciation	¥87 million
Amount equivalent to paid interest	¥3 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 purchase price of leased properties is set as the amount equivalent to interest.

The distribution term of the balance is determined properly over lease period

6. Operating lease transactions

Unexpired lease charge	
Within one year	¥1 million
More than one year	¥3 million
Total	<u>¥4 million</u>

(Notes on Employees' Retirement Benefits)

1. Outline of Employees' retirement benefits applied

The following defined benefit plans are applied as employees' retirement benefit: a welfare pension fund scheme, a qualified retirement pension program and a lump-sum retirement allowance.

2. Projection and allowances for employees' retirement plan.

(1) Projected retirement benefits obligation	¥(9,547) million
(Breakdown)	
(2) Unrecognized prior service obligation	¥(378) million
(3) Unrecognized actuarial differences	¥2,250 million
(4) Plan assets	¥7,168 million
(5) Allowance for employee retirement benefits	¥507 million

(Notes) Japanese consolidated affiliated companies employ the Simplified method to calculate liabilities of retirement benefits.

3. Expenses on retirement benefits

(1) Service cost	¥382 million
(2) Interest cost	¥227 million
(3) Expected return	¥(130) million
(4) Expenses for prior service obligation	¥(34) million
(5) Expenses for Actuarial differences	¥162 million
(6) Expenses for filling the difference at the time of the accounting standard amendment	¥244 million
(7) Retirement benefits expenses	¥853 million
Total	¥852 million

4. Basis of calculation for projected retirement benefits obligations

(1) Method of periodical distribution of the expected retirement benefits	
Straight-line method	
(2) Discount rate	2.5 %
(3) Rate of expected return	2.0 %
(4) Difference in disposal years based on actuarial 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 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.)	

(Notes on Mark etable Securities)

1. Other on Mark etable securities with mark et quotation

	Type	Millions of Yen		
		Acquisition cost	Balance-sheets -booked value	Difference
Marketable securities whose balance-sheets-booked value exceeds acquisition cost	Shares	¥ 735	¥1,325	¥ 590
	Others	634	684	50
	Subtotal	¥1,369	¥2,010	¥ 640
Marketable securities whose balance-sheets-booked value do not exceeds acquisition cost	Shares	¥1,062	¥ 864	¥ (198)
	Others	55	51	(3)
	Subtotal	¥1,117	¥ 915	¥ (202)
Total		¥2,487	¥2,925	¥ 438

2. Other mark etable securities sold in the corresponding fiscal year (year ended Mar.31, 2005)

	Millions of Yen
Amount sold	¥1,064
Gain on sale	¥ 8
Loss on sale	¥ 0

3. Main mark etable securities, which are not recorded at mark et value

	Millions of Yen
Other marketable securities Unlisted stock (excluding over-the-counter stock)	¥148

(Notes on Derivative Trading)

1. Details of transactions

The Company's derivatives transaction is forward exchange contract.

2. Trading policy

Currency-related derivatives transaction is performed to hedge mainly for dollar-based sales transaction. Any speculative transaction is not performed.

3. Purpose of derivative trading

Forward exchange contract is performed to minimize the risk from exchange rate fluctuations occurred during ordinary import and export processes.

4. Credit risk

There is remote risk of the default of the counter party because derivatives trading is conducted only with J apan's highly reliable financial institutions.

5. Market risk

As for forward exchange contracts, a risk from fluctuations of the exchange rate exists.

There is remote risk of the default of the counter party because derivatives trading is conducted only with J apan's highly reliable financial institutions.

6. Risk management

Based on resolutions at the board of directors' meeting, exchange rate fluctuation is hedged.

(Notes on Tax effect accounting)

1. Break down of deferred tax assets and liabilities

	Millions of Yen
Deferred tax assets	
Accrued bonus	¥ 385
Retirement benefit trusts	202
Accrued employees' retirement benefit	150
Others	422
Subtotal assets	¥ 1,160
Deferred tax liabilities	
Unrealized Gain on Securities	¥ 175
Others	146
Subtotal	322
Net of deferred tax assets	¥ 838

Deferred tax liabilities of ¥714 million, regarding land valuation other than those listed above, are in long-term liabilities.

2. Reconciliation of the statutory tax rate according to tax effect accounting:

Statutory tax rate	40.2 %
(Adjustments)	
Non-deductible item as entertainment expenses, etc., that are not included in permanently	0.3 %
Items excluded from gross revenue such as dividends received, etc., that are not included in permanently	-0.1 %
Inhabitant taxes, etc	0.6 %
Difference in subsidiaries tax rates	-4.9 %
Others	0.3 %
Reconciled tax rate	36.4 %

(Segment Information)

1. Segment information by Geographic Area

	Millions of Yen					
	J apan	North America	Other regions	Total	Elimination/ unallocated	Consolidation
I Sales and operating profit and loss						
Sales						
(1) Sales to customers	¥ 43,048	¥ 16,939	¥ 3,037	¥ 63,025	¥ —	¥ 63,025
(2) Inter-segments sales	13,531	155	6,789	20,476	(20,476)	—
Total	¥ 56,579	¥ 17,095	¥ 9,826	¥ 83,501	¥ (20,476)	¥ 63,025
Operating expenses	¥ 52,455	¥ 16,804	¥ 9,093	¥ 78,353	¥ (19,750)	¥ 58,603
Operating profit	4,124	290	732	5,147	(725)	4,422
II Assets	¥ 48,276	¥ 5,907	¥ 4,874	¥ 59,058	¥ (2,456)	¥ 56,602

(Notes) 1. Above segments are classified geographically.

2. Major countries that belong to the segment other than J apan

(1) North America

(2) Other regions

3. As for operating expenses, most of the undistributable operating expenses (¥677 million), that are included in the category of elimination/ unallocated, are expenditure of the general affairs division and others of the head office administrative department.

4. As for assets, most of the unallocated company's assets (¥4,293 million), that are included in the category of elimination/ unallocated, are operating cash and securities, the long-term investment and the assets regarding the administrative department.

2. Overseas sales

	Millions of Yen				
	North America	Europe	Southeast Asia	Others	Total
I Overseas sales	¥ 9,388	¥ 4,536	¥ 11,633	¥ 35	¥ 25,595
II Consolidated sales	—	—	—	—	¥ 63,025
III Ratio of overseas sales in consolidated sales	14.9 %	7.2 %	18.5 %	0.1 %	40.6 %

(Notes) 1. Overseas sales are classified geographically.

2. The main countries included in each segment are as follows:

(1) North America

(2) Europe

(3) Southeast Asia

(4) Others

3. Overseas sales represents the sales realized outside J apan by the Company and the Group.

(Notes on Per Share Data)

1. Shareholders' equity per share	¥528.76
2. Net income per share	¥38.71
3. Diluted net income per share	

There is no dilutive securities during the year ended March 31, 2005.

Basis on computation of net income per share

Net income stated in the consolidated income statements

Net income regarding common shares

Bonuses to directors by appropriation of retained earnings

Average number of common shares during the year ended March 31, 2005

To the Board of Directors of Sanyo Denki Co., Ltd. :

We have audited the accompanying consolidated balance sheets of Sanyo Denki Co., Ltd. and subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended expressed in yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sanyo Denki Co., Ltd. and subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The consolidated financial statements as of and for the year ended March 31, 2005 have been translated into United States dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in yen have been translated into United States dollars on the basis set forth in significant accounting policies(b)

Futaba Audit Corporation

Futaba Audit Corporation

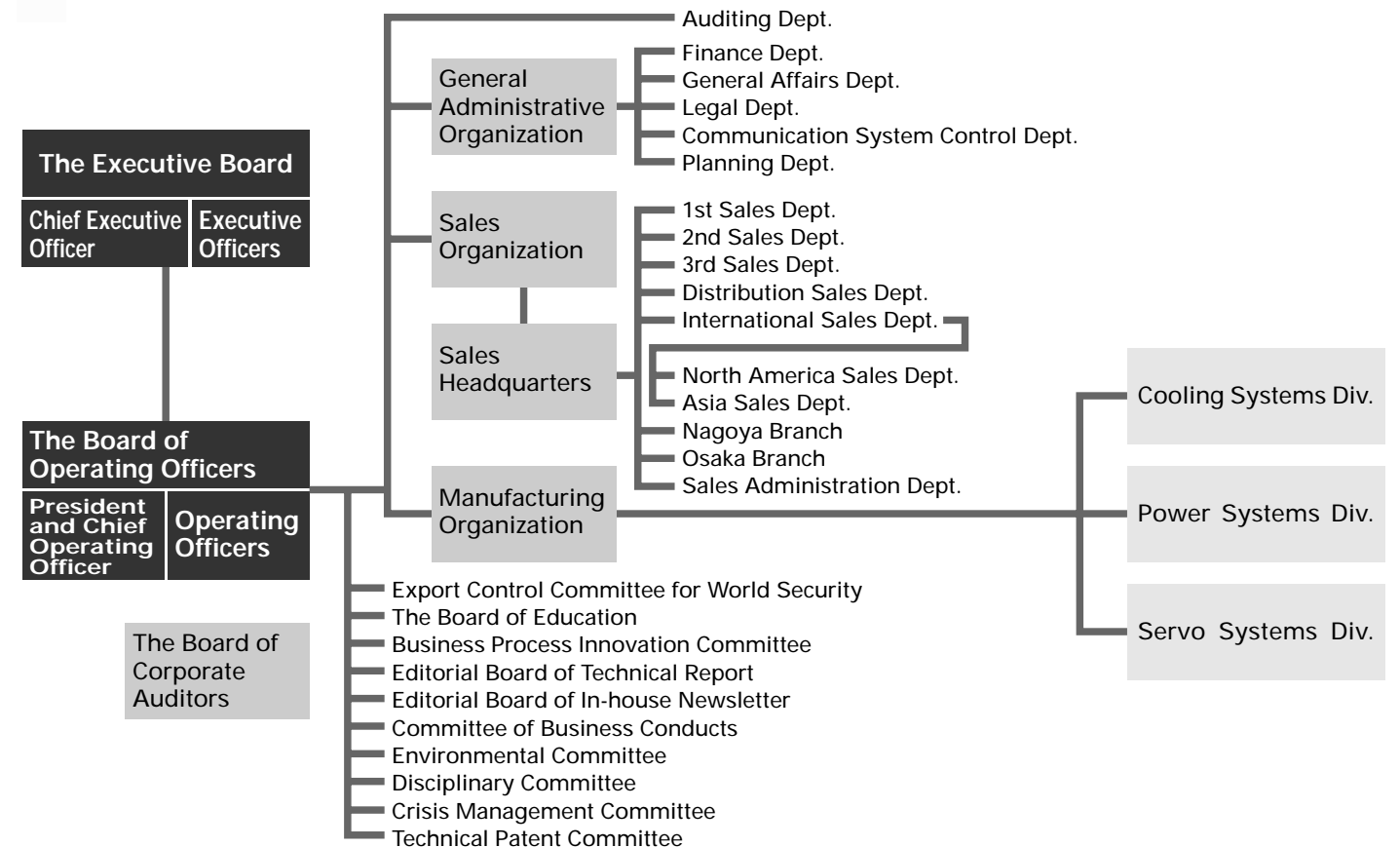
Tokyo, Japan
June 21, 2005

Board of Directors and Corporate Auditors

(As of June 21, 2005)

Chief Executive Officer	Shigeo Yamamoto		
Executive Officers	Taketomi Kotani Nobumasa Kodama	Akira Sugawara Hisashi Yamamoto	Kaoru Tamura Yuichiro Miyake
Corporate Auditors (Full time)	Shukichi Komatsu Sakon Hatanaka		
Corporate Auditors	Tooru Suzuki Hisayuki Ogura		
Operating Officers			
President and Chief Operating Officer	Shigeo Yamamoto		
Senior Operating Officer	Taketomi Kotani		
Major Operating Officers	Akira Sugawara	Kaoru Tamura	Nobumasa Kodama
Operating Officers	Shigejiro Miyata Yoshimasa Matsumoto	Keiichi Kitamura Yoshio Terajima	Yuuji Okamoto Shigeto Murata

Organization

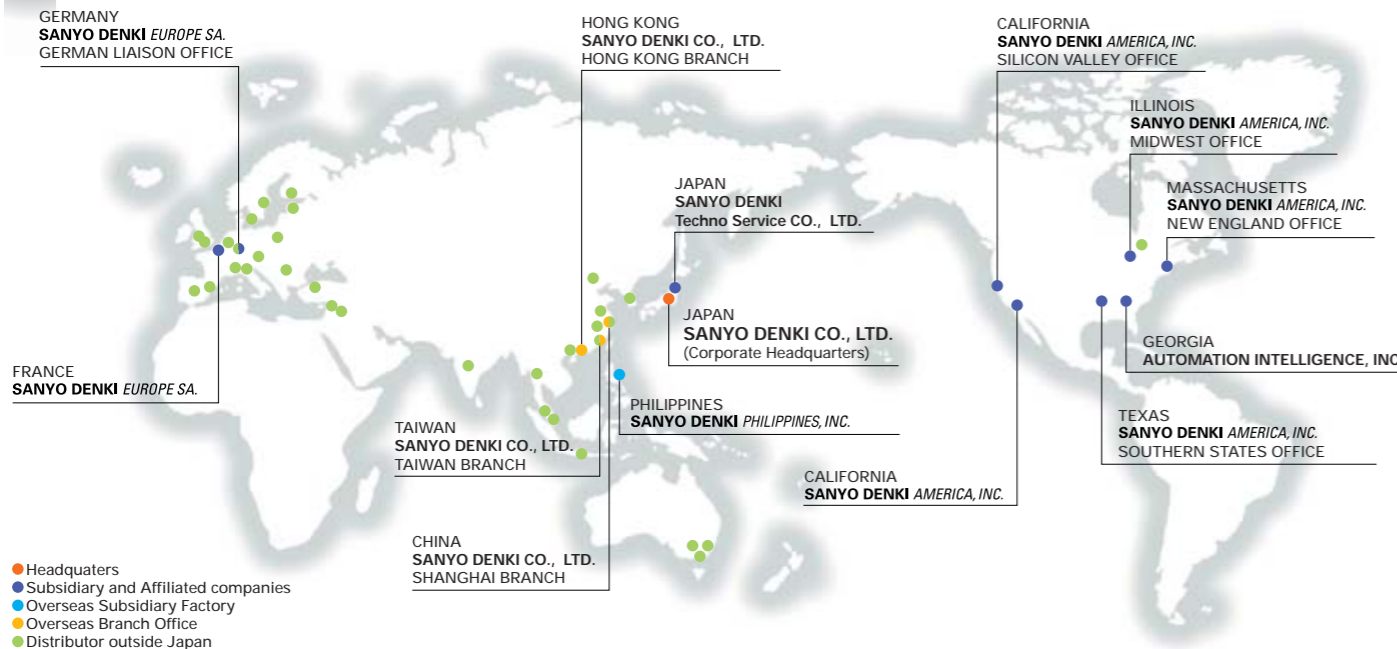


Corporate Data

(As of March 31, 2005)

Established	1927
Paid-in Capital	9,526 million yen
Net Sales	63,025 million yen
CEO/President & COO	Shigeo Yamamoto
Banks	Mizuho Bank Ltd.
Number of Employees	2,188 (Consolidated), 1,512 (Sanyo Denki Co., Ltd.)
Number of Branches	24 (including 12 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

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Ueda-shi Nagano 386-1212, Japan

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+1 770 497 8086
<http://www.motiononline.com>

Subsidiary Factory

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Subic Bay Freeport Zone,
Philippines 2222

Overseas Branch

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Investor Information

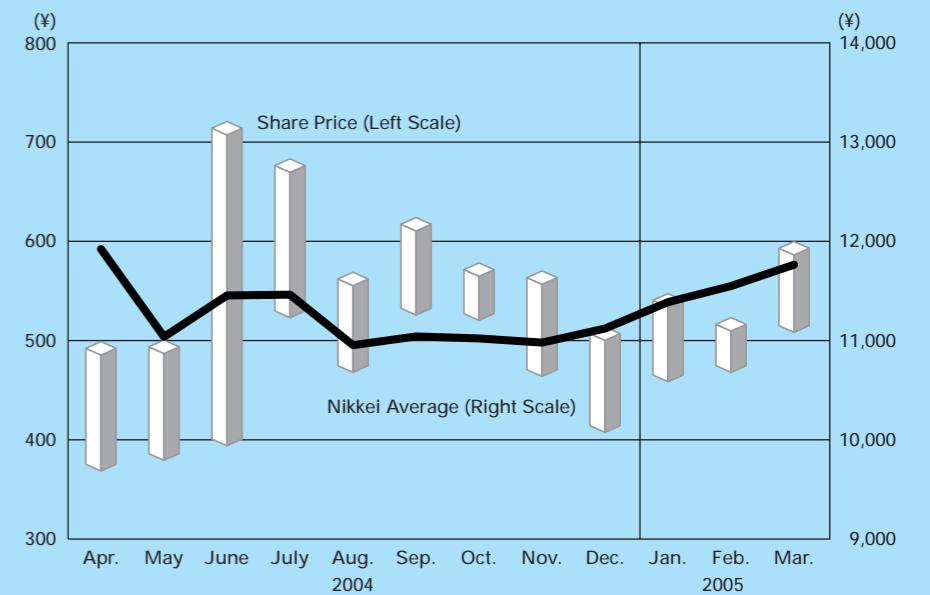
(As of March 31, 2005)

Number of Authorized Shares	99,000,000
Number of Outstanding Shares	63,135,935
Number of Shareholders	9,744

Major Shareholders

	Thousands of Shares	Percentage of Total Shares
Kyodo Kogyo Co., Ltd.	7,404	11.72%
Mizuho Bank Ltd.	2,179	3.45
Sanyo Kaihatsu Co., Ltd.	2,179	3.45
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,888	2.99
Sanyo Kogyo Co., Ltd.	1,598	2.53
Nippon Life Insurance Company	1,573	2.49
The Sumitomo Trust & Banking Co., Ltd.	970	1.53
Sanyo Denki Cooperative Companies' Holding Association	861	1.36
Dresdner Bank AG Frankfurt Equities Customers' Account	800	1.26
The Master Trust Bank of Japan, Ltd.	795	1.25

Share of Range (Tokyo Stock Exchange)



Stock Listing

Tokyo Stock Exchange 2nd Section

Independent Certified Accountants

Futaba Audit Corporation

Transfer Agent

JAPAN SECURITIES AGENTS, LTD.

SANYO DENKI CO., LTD.

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

Tokyo 170-8451, Japan

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