

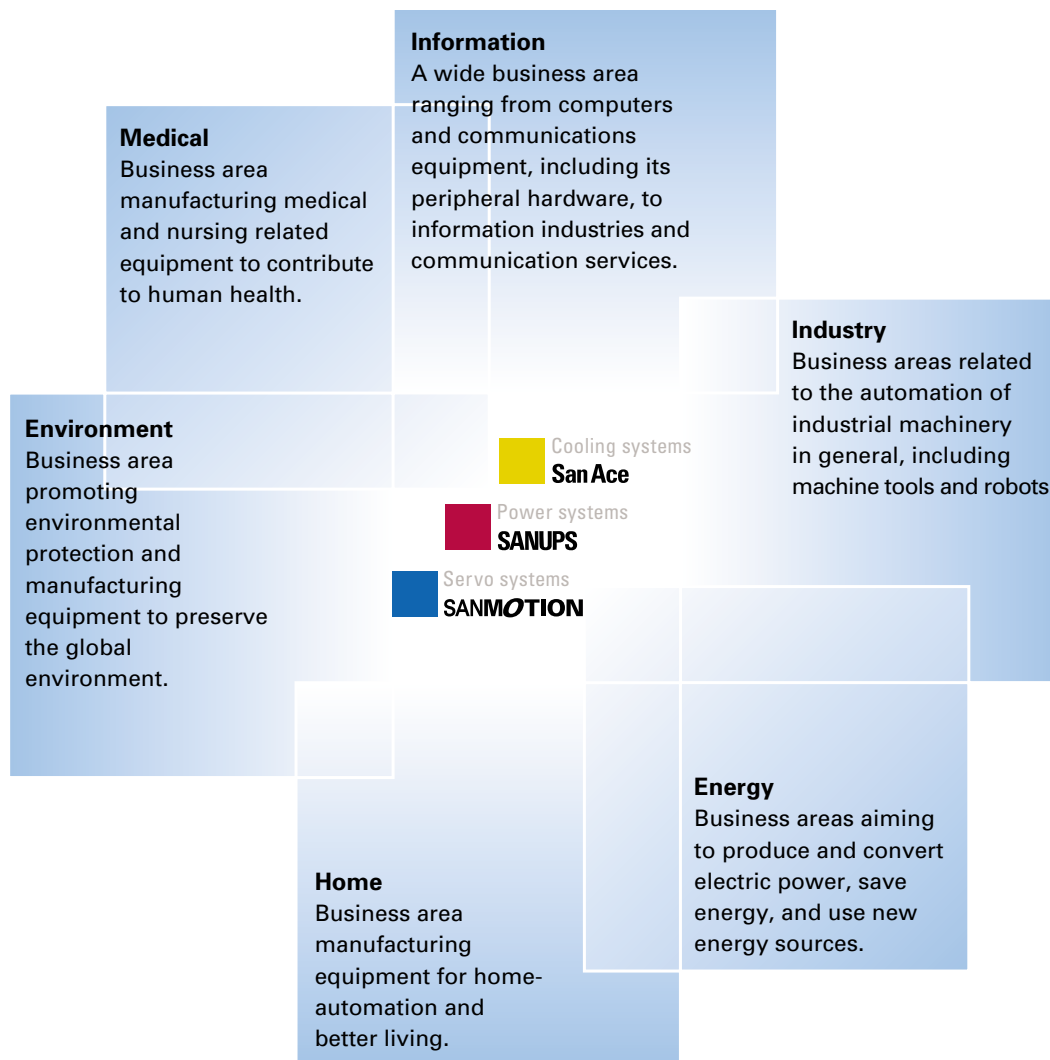
A N N U A L R E P O R T 2 0 0 8



SANYODENKI

PROFILE

From the wealth of knowledge and experience of developing new technologies from our foundation, Sanyo Denki provides products and technologies to six business area.



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Disclaimer Regarding Forecasts and Projections

This Annual Report includes forecasts, projections and other predictive statements that represent Sanyo Denki's assumptions and expectations in light of currently available information. These forecasts, etc., are based on industry trends, circumstances involving clients and other factors, and involve risks, variables and uncertainties. The Sanyo Denki Group's actual performance results may differ from those projected in this Annual Report. Consequently, no guarantee is presented or implied as to the accuracy of specific forecasts, projections or predictive statements contained herein.

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

SANYO DENKI CO., LTD. and consolidated subsidiaries

Years ended March 31, 2008 and 2007	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
FOR THE YEAR			
Net Sales	¥67,386	¥65,749	\$672,582
Selling, General and Administrative Expenses	8,286	8,224	82,702
Operating Income	4,348	4,656	43,397
Net Income	2,342	3,046	23,375
AT YEAR-END			
Total Assets	63,838	65,385	637,169
Total Net Assets	39,515	37,797	394,400
PER SHARE AMOUNTS			
Net Income	¥38.88	¥50.67	\$0.38
Cash Dividends	10.00	11.00	0.09

Note: U.S. dollar amounts have been converted for convenience only at the rate of ¥100.19=US\$1, the rate of exchange on 31 March, 2008.



INTERVIEW WITH THE CEO



Shigeo Yamamoto
President & CEO

Q What is your assessment of the Company's performance for the fiscal year ended March 2008?

During the fiscal year, Sanyo Denki benefited from brisk markets in China and Southeast Asian nations, with sales in these regions expanding some 30% in comparison with a year earlier. In contrast, the U.S. economy deteriorated more than we had expected, prompting our client companies there to carry out drastic production adjustment or sharply reduce output. Our sales in the U.S. market fell by as much as 32% compared to the prior year. As a result, net sales rose only marginally, much to our disappointment.

Profit fell short of our target due to a sharp increase in prices of core raw materials for our products, such as iron, copper and magnets. The sharp appreciation of the yen against the U.S. dollar toward the end of the fiscal year also adversely affected financial results.

On the other hand, although positive developments have yet to produce measurable results, I believe we successfully laid a foundation for the future, as a number of competitive new products were developed during the year, while we aggressively tapped into new markets.

Q Please give us an outline of the Fifth Mid-Term Management Plan.

We are implementing our Fifth Mid-Term Management Plan for a three-year period from April 2007 through March 2010. The primary objective of the plan is to nurture our brand as one of the leaders in our industry.

Our brand enhancement policy seeks to establish a brand desired and sought uppermost by our customers, rather than just increasing sales or our share in the market. To achieve our goal, we need to not only improve product functions and quality but also aim for the best in all our corporate activities. We have already developed new products embodying this goal, and the effects of our policy have also started to bring results in our manufacturing and sales activities.

Q Please discuss the details of the key policies.

As I have just noted, our campaign to improve the quality of all our corporate activities covers the Company's entire operations. We seek to cut the time needed for product development, boost manufacturing efficiency and quality, accelerate sales activities and upgrade the excellence of our entire day-to-day operations. One of the tangible results is that we have established a framework of internal control based on the Japanese version of the Sarbanes-Oxley Act.

Q Please tell us about developments as they relate to new products.

New products must incorporate the policies put forward in the Mid-Term Management Plan that I have mentioned. Although respective products aim at a variety of objectives, they share the common features of high performance, high reliability and energy saving. All the new products released recently and those in the pipeline have been developed with these factors in mind.



AC Servo Motor



Closed Loop Stepping Motor



Stepping Motor with Internal Drivers



Stepping Motor



Encoder



Linear Servo Motor



DC Servo Motor

Q Please tell us about the Company's plans regarding future capital spending.

Sanyo Denki has embarked on a plan to construct a new plant at Ueda City in Nagano Prefecture, to enable integrated production of motors such as servo motors and stepping motors. We seek to achieve a competitive manufacturing method by incorporating greater manufacturing capacity and our manufacturing technologies.

We will strive to enhance our competitive edge in the global market by combining manufacturing in Japan, which is capable of customization and a quick response to changes in demand, and overseas production that is better suited for mass production.



Q Can you tell us about the business outlook for the current fiscal year?

It is not possible to predict how the economy will develop. However, we will not change our direction, regardless of the economic conditions. Sanyo Denki will continue to push ahead with the policies to achieve the goals set forth under the Fifth Mid-Term Management Plan. We project consolidated net sales for the fiscal year of ¥70,000 million, ordinary income of ¥5,050 million, and net income of ¥2,900 million.

Q Please tell us about the Company's corporate social responsibility (CSR) initiative.

We base all our activities on our corporate philosophy of "achieving dreams with people for the happiness of all people." In this context, "people" means society, customers, suppliers and vendors, investors, the industry and employees, with a well-defined mission for each respective group.

To achieve our philosophy, we have put in place various rules regarding our corporate code of conduct, environmental management and risk control inside the Group, while committees carry out the tasks of management and monitoring.

Growing Brand Value!



SANYO DENKI accelerates **brand growth**, which is desired and sought uppermost by our customers.

To achieve our goal, we need to not only improve product functions and quality but also aim for the best in all our corporate activities.



Global Marketing	P 6
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GLOBAL MARKETING

North American Region

For this region, we posted sales of ¥5,298 million in the term under review, down ¥2,494 million from a year earlier.

We expect an increase in the sales of cooling system products due to the launch of the fan tray business for major telecommunications equipment manufacturers. In the current fiscal year, we will develop new markets for endurance fan products and the dual counter-rotating fan series through contracts with new distributors.

We have seen strong demand from North America and Latin America, particularly for highly reliable, small-capacity UPS systems. In the present term, we will cultivate the market centered on ATM and POS terminal equipment.

Sales of servo system products, mainly for servo motors for wire bonders, were robust.

We successfully sold stepping motors to medical equipment manufacturers. In the current period, we will work vigorously to develop new products in the semiconductor equipment sector and develop new markets with a focus on FA equipment.

Asian Region

Sales for this region totaled ¥15,930 million in the fiscal year under review, up ¥3,754 million from the previous year.

Sales of cooling system products, particularly for major server manufacturers and power supply equipment, were brisk.

In the current fiscal year, we are developing various new markets primarily for low-noise, low-vibration and waterproof cooling fans, which are used in telecommunications equipment and general industrial machinery.

As for power system products, considering the growing momentum to address global warming, we will strengthen our marketing efforts for power conditioners for photovoltaic generation systems.

Sales of servo system products, particularly for embroidery machines and printed circuit board boring machines, were healthy. In the current period, we will expand sales, centered on new servo motors and servo drivers, in the fields of robots, liquid crystals and semiconductors.

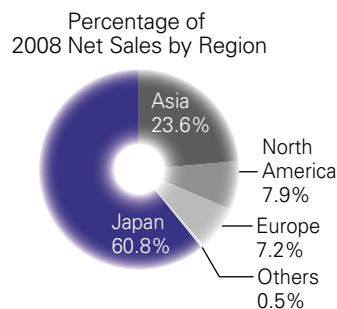
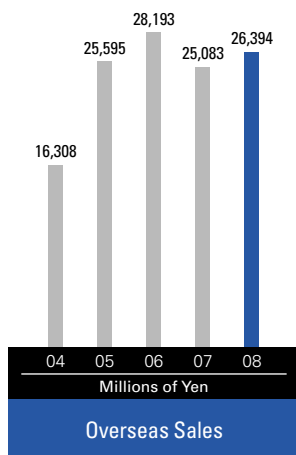
European Region

Sales for this region amounted to ¥4,819 million in the term under review, down ¥238 million from a year earlier.

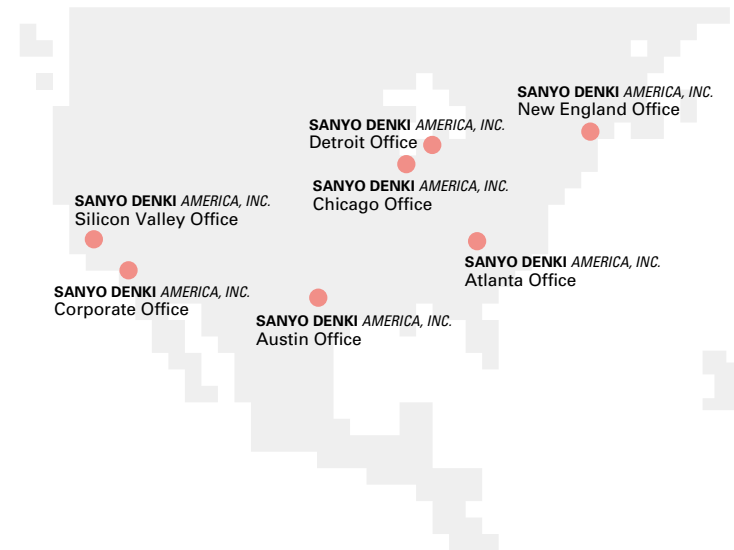
Orders for cooling system products for telecommunications equipment and motor control devices were strong. In the current fiscal year, we will cultivate a wide range of new markets by introducing new products including large airflow, high static pressure fans and low-vibration, low-noise cooling fans.

As for servo system products, orders for products for injection molding machines were robust. Moreover, we successfully received orders for servo systems used for sheet metal processing machines in Turkey for the first time. In the current term, we are working to acquire new clients, including in uncultivated markets such as Spain and Portugal.

Orders for stepping motors for medical equipment and financial terminals were healthy. In the present fiscal year, we will continue to strengthen our sales networks, aiming to expand new business opportunities.



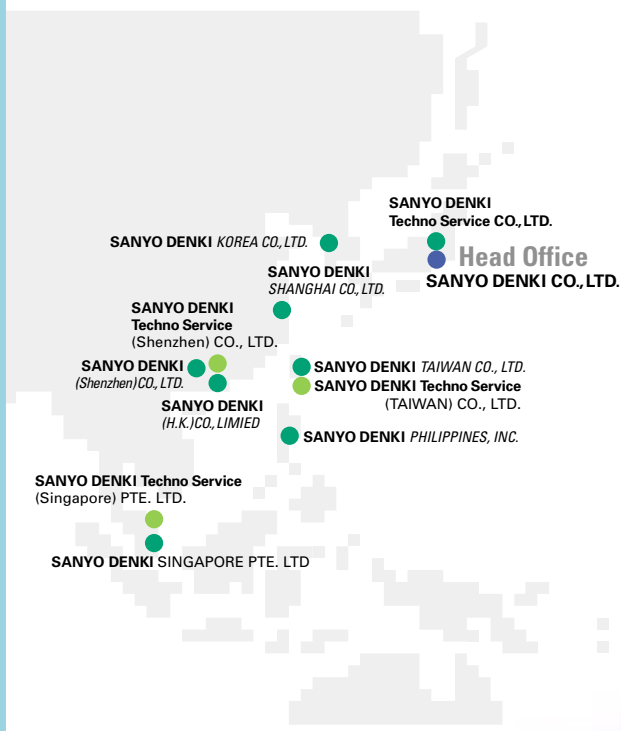
NORTH AMERICA



EUROPE



ASIA



- Head Office
- Subsidiary Company
- Affiliated Companies
- Service Center

RESEARCH & DEVELOPMENT

During the fiscal year under review, the Group implemented research and development activities under the leadership of Sanyo Denki, while teaming up the sales section with the design/development section of the research institute, based on the fundamental concept of developing products with which customers can create new values.

Three of our business divisions actively carry out R&D activities, aiming to contribute to the development of technologies for protecting the global environment, protecting the health and safety of individuals, utilizing new energy sources, and conserving energy.

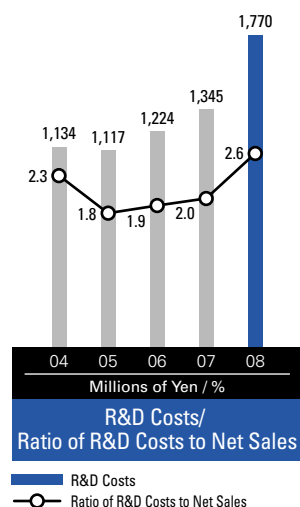
We adopt a unique design/development group system for our R&D system, built around the Company's Technology Center, so that we can easily form new teams for each product issue, which helps us anticipate market needs and better respond to customer needs.

Research and development costs during the fiscal year ending March 2008, on a consolidated basis, amounted to ¥1,770 million.

Cooling systems division

We developed the following products for the "San Ace" cooling system series.

Overheating countermeasures for electronic equipment have become important and indispensable in a wide variety of fields, such as medical equipment, audiovisual equipment, household power conditioners and machine tools. Cooling fans provide a solution for overheating issues, and various features, including low power consumption, low vibration, splash proofing and oil proofing, on top of large airflow, high static pressure and low noise, are required according to the purpose of use. Furthermore, it is important to deal with environmental concerns.



To comply with these customer needs and market trends, we are working to develop new products by utilizing aerodynamic, motor, circuit and structure design technology. In particular, we have expanded the product line-up for axial fans with stator blades on fan frames and for counter rotating fans aimed at high performance. Moreover, we have developed a silent fan series with an extremely low sound generation for medical and audio visual equipment and low vibration fans for IU servers, in addition to a splash proof and oil proof fan series for outdoor equipment and equipment in environments with high concentrations of oil mist.

In the fiscal year under review, research and development costs for this division amounted to ¥389 million.



Acoustic radio wave anechoic chamber

Power Systems Division

We developed the following products for the "SANUPS" power system series.

In the field of small-capacity uninterruptible power supply (UPS) systems, we have expanded and enhanced our line-up of products with a broad range input, which enables a stable power supply even in environments where electric power is unstable, as well as our line-up of high efficiency, hybrid type products. We have also developed high efficiency, compact inverters compatible with a direct current feed. As for medium- and large-capacity UPS systems, we have primarily expanded and enhanced our line-up of high efficiency, hybrid type products and have developed parallel redundant operation system products consisting of a 100 kVA unit that enable higher power reliability.

The demand for our power conditioners for photovoltaic power generation systems has tended to increase, owing to its benefits for protecting the global environment, and we have developed products comprised of a 10 kW unit compatible with overseas use. We have also made efforts to achieve high efficiency in these products. In the area of engine power generation devices, we have worked on communalization and standardization that are compliant with various specifications, with a particular focus on the development of mobile engine generators that are compact, lightweight and low noise. Using this technology, we have also developed mobile power supply equipment and emergency engine power generation devices.

Research and development costs for this division amounted to ¥434 million in the fiscal year under review.

Servo Systems Division

We developed the following products for the "SANMOTION" servo system series.

In terms of stepping motors, to respond to the market demand for compact servo system products, we commercialized the 2 phase, 50mm² thin stepping motor "SANMOTION F," which was designed to provide an optimal product thickness.

We also commercialized a small driver that integrates a "SANMOTION F" compact 5 phase driver and micro-step functions. The combination of a stepping driver with a 5 phase, 28mm² stepping motor has achieved a 20% reduction in drive vibration compared to our existing products.



Laboratory

As for servo sensors, we commercialized a batteryless absolute encoder "RA035." This product has achieved a 30% reduction in size using the batteryless technology that has been advanced further from our existing product "RA062."

In the field of servo motors, we have continuously been developing a medium-capacity AC servo motor. In the area of servo amplifiers, we commercialized an advanced model of the "SANMOTION R" AC servo amplifier, pursuing high performance, high function and ease of use. To meet the market needs for high-speed networks, we also commercialized a SynqNet interface-equipped SANMOTION R AC servo amplifier.

In the fiscal year under review, research and development costs for this division totaled ¥946 million.



Technology Center

ENVIRONMENTAL ACTIONS

Environmental Policy

Basic Philosophy

Sanyo Denki Co., Ltd. will implement business management strategies to contribute to the conservation of the global environment and human prosperity through its activities for society and the environment.

Basic Policy

Recognizing its responsibilities as a company engaged in the development, design and sales of servo motors and amplifiers, stepping motors and drivers, servo sensors, fan motors, power supplies, industrial PCs, and industrial machine control systems, every member of Sanyo Denki (at the Midorigaoka Works, Tsuiji Works, Shioda Works, Aoki Works, Fujiyama Works, the Technology Center and the Head Office) will adopt the following policy and promote activities that are environmentally friendly, with the aim of contributing to the conservation of a healthy global environment.

Systems

It has been eight years since the Environmental Committee was established in April 2000. The committee has been working to maintain a level of energy saving and waste reduction in factories since fiscal 2004. In addition to reducing environmental burdens, the committee is also striving to reduce the volume of hazardous chemical substances and develop eco-products to achieve its major environmental management goals.

Main Tasks of the Environmental Committee

- Formulation of policies on environmental conservation activities, and reporting and instructions on the same

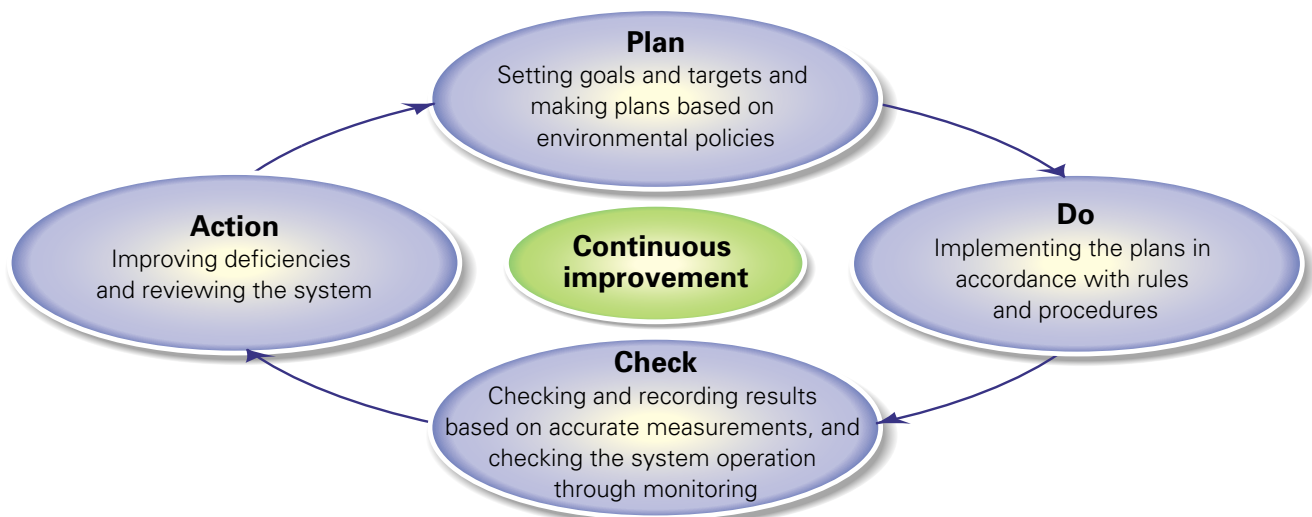
- Formulation and enforcement of company rules and procedures (including company-wide environmental manuals) concerning environmental conservation activities
- Promotion of environmental conservation activities at the head office, factories and branch offices through those in charge of environmental management
- External contacts concerning company-wide environmental conservation activities
Surveys on social situations relating to environmental conservation activities

We continue our efforts to improve our environmental preservation activities, and work toward 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.

Reduction of CO₂ Emissions

We recognize the crucial importance of energy saving activities aimed at reducing CO₂ emissions as a measure to prevent global warming, and are working to promote energy saving activities by improving energy consumption efficiency and using clean energy. While the amount of electricity usage decreased in 2007 compared with last year, CO₂ emissions slightly increased due to increases in the amount of energy usage other than A-type heavy oil and electricity energy. There was also an increase in energy consumption per production unit.

Scheme of Environmental Management System



Reduction in Hazardous Chemical Substances

The Hazardous Chemical Reduction Working Group, a subgroup of the Chemical Substance Emission Reduction Subcommittee, is working together with design sections of manufacturing divisions to achieve the goal of eliminating substances strictly prohibited by the RoHS Directive.

- The installation of equipment required to meet the RoHS standards for cooling fans has been completed.
- The installation of equipment required to meet the RoHS standards for stepping motors has been completed.
- Measures required to meet the RoHS standards for applicable servo motors, servo amplifiers, and stepping motor drivers are being implemented and expanded.
- Measures required to meet the RoHS standards for power system products are being expanded.
- Preparations are currently underway to conduct a survey on hazardous substances designated by the JGPSSI and other organizations.
- Based on the Chemical Substance Management Guidelines, a survey is being conducted on hazardous chemicals contained in products.
- Our company guidelines concerning China RoHS are being presented to adopt appropriate measures for customers.
- Analysis of six RoHS substances contained in materials is being conducted using an X-ray fluorescent (XRF) analysis system.
- Measures for PFOS and compliance with REACH

* RoHS Directive: The Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment adopted by the European Parliament and the European Council.

RoHS six substances: lead, hexavalent chromium, cadmium, mercury, and specified brominated flame retardants (PBB and PBDE)

* PFOS: Perfluorooctane sulfonate, commonly called PFOS (pronounced pee-foh-s). PFOS and PFOS related compounds are being debated about between the Stockholm Convention signatory countries that their production, use, and import/export should be banned on a worldwide scale as a persistent organic pollutant compound.

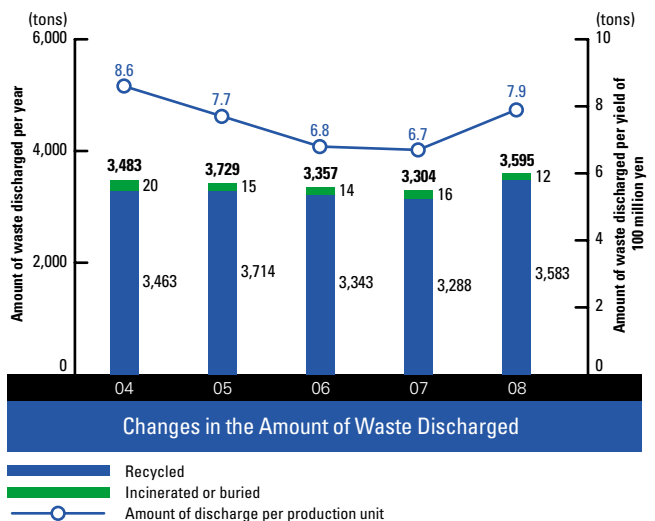
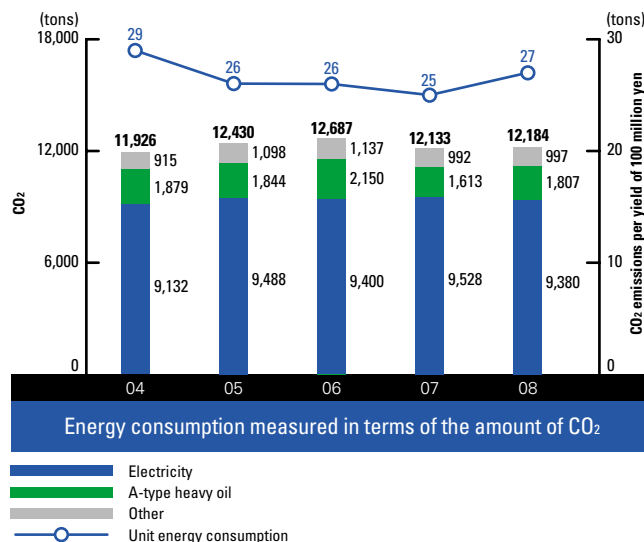
* REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals): The regulation in Europe to totally administer the registration, evaluation, authorisation, and restriction of chemical substances.

Zero Emissions

Sanyo Denki is working as a member of the Zero-emission Promotion Committee and the Zero-emission Promotion Workshop (formed in April 2003) of the Nagano Techno Foundation Asama Technopolis Region Center to promote environmental conservation activities in collaboration with companies in the surrounding areas.

The Zero-emission Promotion Workshop holds sessions for activity reports and makes inspection visits to member companies to see how waste is sorted by type and processed, and carefully examines how to improve waste disposal methods.

Since the last fiscal year, the Workshop has deployed seven subpanels to study the cooperative collecting and disposing of waste.



CORPORATE GOVERNANCE

Basic Corporate Governance Philosophies

The Company has established an internal control system, through which we will strive to achieve corporate principles through fair and reasonable management, and have every employee fully understand the corporate principles in daily business operations. We will revise the system when necessary.

Details of Corporate Organization and Improvement of the Internal Control System

1) Overview of corporate organization

The Board of Directors always ensures that the operations of directors and employees comply with laws, regulations and the Articles of Incorporation of the Company, and it receives reports from the heads of responsible divisions at regular Board of Directors meetings, or when needed. It also makes decisions, gives instructions and offers guidance, when necessary.

The Board of Directors appoints the necessary number of executive officers to realize systematic, appropriate and speedy execution of operations, gives individuals the responsibility and authority they need for their duties, oversees operations, receives reports from the executive officers at Board of Directors meetings, and when needed. It also makes decisions, gives instructions and offers guidance, when necessary.

Corporate Auditors audit the operations of the directors, and checks whether executive officers, and the divisions under their control, are executing operations appropriately pursuant to laws, regulations, the Articles of Incorporation and in-house rules.

The Auditing Department, under direct control of the CEO, performs audits to check whether operations in all the organizations are being conducted appropriately according to laws, regulations, the Articles of Incorporation and in-house rules. It also offers guidance if it believes a practice needs to be improved.

The Committee of Business Conduct, appointed by the executive officers, provides employees of the Company and affiliated group companies with thorough education and training on compliance with laws and regulations and corporate code of conduct.

2) Internal audits, audits by Corporate Auditors, and accounting audits

The Auditing Department conducts internal audits to prevent illegal acts by the Company and to improve the management quality. These audits are carried out by four staff members.

Corporate Auditors fully oversee operations by attending all Board of Directors meetings and the Executive Board meeting, which is held twice a month.

The Company appoints Futaba Audit Corporation to conduct accounting audits. Audits are implemented even in the middle of a fiscal year, if necessary, to avoid the concentration of audit operations at the term-end. We are strengthening our audit system by, for example, verifying the consistency between computer-processed data and figures contained in forms.

The Auditing Department, Corporate Auditors and the accounting auditor are enhancing their mutual cooperation by exchanging information at various opportunities, including the regular meeting to discuss the annual schedule, earnings reports, and other data. The following are the certified public accountants (CPAs) who implemented accounting audits and the personnel at the time of such audits, including the assistants.

CPAs and their accounting firm:

Yuichi Toyama: Futaba Audit Corporation

Masaaki Koizumi: Futaba Audit Corporation

Composition of personnel involved in accounting audits:

3 CPAs, 1 assistant CPA, and another staff member

3) The corporate organization and internal control system are as follows:

Strengthening of the Risk Management System

The Company's Crisis Management Committee fully recognizes the risks that influence corporate management and strives to improve the "Crisis Management Manual." During times of normality, the committee formulates measures to prevent risks from occurring. The Company has also established a system to prepare for any unforeseen situation that might seriously affect corporate management.

Overview of Personal, Capital and Transaction Relationships or Other Conflicts of Interest between the Company and Outside Directors/Corporate Auditors

We appoint one lawyer and one auditor as outside Director and two persons as outside Corporate Auditors, but there are no conflicts of interests between the Company and these personnel.

Compensation Paid to Executives

Total annual compensation for Directors: ¥170 million

Total annual compensation for Corporate Auditors: ¥34 million

Compensation for Audit Services

Compensation for audit services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law: ¥22 million

The Company pays no compensation other than that described above.

Articles of Incorporation concerning Executive Officers

It is established within the Articles of Incorporation that there shall be no more than 10 Executive Officers.

Resolutions to Appoint Executive Officers

It is established within the Articles of Incorporation that resolutions concerning appointment of Executive Officers shall be adopted when shareholders having one-third of the total voting rights of shareholders entitled to exercise voting rights are present, and when approved by a majority of the votes of the shareholders present.

General Meeting of Shareholders Resolution Items Established in the Articles of Incorporation as Items to Be Resolved by the Board of Directors

(1) Acquisition of Treasury Stock

With regard to acquisition of treasury stock, it is established within the Articles of Incorporation that in accordance with Article 165, Paragraph 2 of the Corporations Act, treasury stock may be acquired in accordance with resolutions by the Board of Directors. The aim of this is the execution of flexible capital policies in response to the business environment.

(2) Interim Dividends

With regard to the distribution of retained earnings, it is established within the Articles of Incorporation that

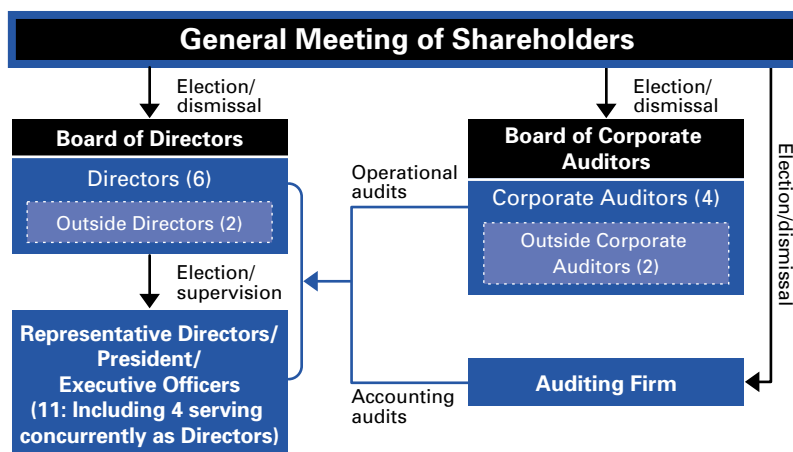
in accordance with Article 454, Paragraph 5 of the Corporations Act, interim dividends may be paid upon the resolution of the Board of Directors on September 30 of each year as a base date, except as otherwise provided by law. The aim of this is the flexible distribution of profits to shareholders by authorizing the Board of Directors to decide on the distribution of retained earnings.

Exemption from Liabilities of Executive Officers and Auditors

It is established within the Articles of Incorporation that in accordance with Article 426, Paragraph 1 of the Corporations Act, upon the resolution of the Board of Directors, Executive Officers and Auditors may be exempt from their liabilities provided for in Article 423, Paragraph 1 of the Corporations Act within the limits stipulated by law. The aim of this is the fulfillment of roles expected for Executive Officers and Auditors in the execution of their responsibilities.

General Meeting of Shareholders Special Resolution Requirements

With regard to general meeting of shareholders special resolution requirements stipulated in Article 309, Paragraph 2 of the Corporations Act, it is established within the Articles of Incorporation that resolutions shall be adopted when shareholders having one-third of the total voting rights of shareholders entitled to exercise voting rights are present, and when approved by two-thirds of the votes of the shareholders present. The aim of this is the smooth running of the general meeting of shareholders.

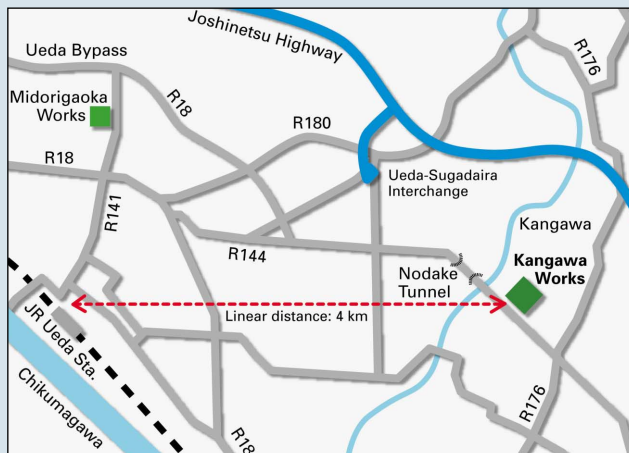


TOPICS

Construction Begins at the Kangawa Works Site

A groundbreaking ceremony was held at the site of the Kangawa Works on April 8. Construction began on April 22. The new plant is scheduled for completion at the beginning of 2009 and to start operations in the spring.

We will carry out integrated manufacturing for motor-related processes, ranging from pressing, painting and thermal treatment to coils and assembly, aiming to increase production capacity, enhance our competitive edge and improve manufacturing technologies.



OUTLINE OF THE PLANT

Name: Kangawa Works

Address: 5-4, Tonoshiro, Ueda City, Nagano Prefecture

Site area: Approx. 67,000 square meters

Total floor area: Approx. 47,000 square meters

Rendering



Industry leading Lower Vibration The Release of "San Ace 40" the 40 x 40 x 56 mm Thick DC Cooling Fan CRE Type

Sanyo Denki Co., Ltd. has developed the 40 x 40 x 56mm thick DC cooling fan "San Ace 40" CRE type for use in servers, storage systems, communication equipment, industrial equipment, and other applications. These fans have the PWM speed control function for external fan rotation speed control. These are the counter rotating fans that have achieved the lowest vibration in the industry.

Features

Low vibration

Reduced vibration by about 50% compared with our conventional products*. By adopting an aluminum frame, these fans have achieved a large airflow volume while reducing vibration.

* Our conventional product is the DC cooling fan of the same size: 40 x 40 x 56 mm thick fan (9CRA0412J501)

Applications

These products are specifically designed for use in servers, storage systems, communications equipment, and industrial equipment.

- All of the details above are current as of October 10, 2007



The Release of "SANMOTION F" the 5 phase stepping driver with the on-board type microstep function

Sanyo Denki Co., Ltd. has developed the 5 phase Stepping Driver "SANMOTION F" for use in Small surveillance camera and other applications. These are the 5 phase stepping driver having the on-board type microstep function that have achieved in the industry.

Features

1. 5 phase stepping driver having the on-board type microstep function
Decreasing noise and the accuracy improvement of the device are attempted while suppressing the vibration of the stepping motor.
2. Industry leading down-sizing
The degree of freedom of a structural design of the device can be improved.
3. Energy saving
We reduced a loss of power circuit by 20%.

Applications

These products are specifically designed for use in communications equipment.

- All of the details above are current as of November 16, 2007



San Ace

COOLING SYSTEMS DIVISION

San Ace 40 CRE Type

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



SANUPS

POWER SYSTEMS DIVISION

SANUPS S11A

The Power Systems Division develops, manufactures, and promotes uninterruptible power supply (UPS) systems, power conditioner for photovoltaic generation system, DC/AC inverter, and static transfer switch. The products are manufactured in Japan and the Philippines and are sold worldwide through our network sales offices.



SANMOTION

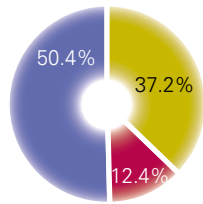
SERVO SYSTEMS DIVISION

SANMOTION F 2 Phase Stepping Motor

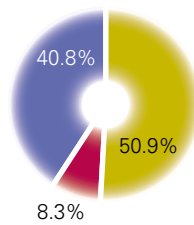
The Servo Systems Division develops, manufactures, and promotes AC servo system, DC servo system, motion controller, linear servo system, stepping system, synchronous system and encoder. These products are manufactured in Japan, Indonesia, Philippines and the China and are sold worldwide through our network of sales offices.



Percentage of 2008 Net Sales



Percentage of 2008 Gross Profit

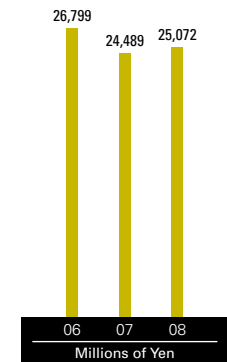


■ Cooling Systems Division
■ Power Systems Division
■ Servo Systems Division

San Ace 80 WF	MAJOR USE	NET SALES
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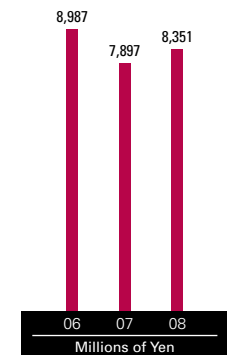
Cooling devices for electric equipment
 Telecommunications equipment
 Industrial machinery
 Base stations
 High-end servers
 Storage devices
 Personal computers
 OA equipment



SANUPS A11H	MAJOR USE	NET SALES
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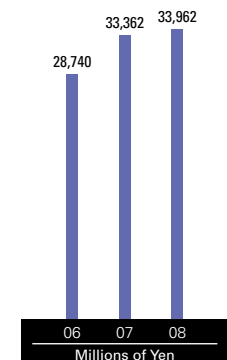
Photovoltaic power systems for public facilities
 Communication systems
 Factory automation
 Network systems
 Computers
 Medical facilities
 Control systems



SANMOTION F 5 Phase Stepping Driver	MAJOR USE	NET SALES
-------------------------------------	-----------	-----------



Servo systems 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.)
 ATMs
 Ticket vending machines
 OA equipment
 Medical equipment
 Set up of the FA open system



REVIEW OF OPERATIONS

COOLING SYSTEMS DIVISION



In the "San Ace" cooling system series, focused efforts on high performance, low power consumption, low noise and low vibration. As a result, demand increased in higher-end markets, such as telecommunications equipment. Demand has expanded for endurance fan products for use in FA equipment in Japan and new markets overseas, reflecting an expanded product line-up. At the same time, we suspended sales of some products that displayed low profitability.

Consequently, net sales rose 2.4% in comparison with the previous year, to ¥25,072 million.

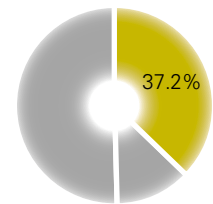
"San Ace 40" CRE Type Low Vibration Cooling Fan

Industry leading lower vibration

Reduced vibration by about 50% compared with our conventional products. By adopting an aluminum frame, these fans have achieved a large air flow volume while reducing vibration.

Ideal for servers, storage systems, telecommunications equipment and a variety of general industry equipment.

Percentage of 2008 Net Sales

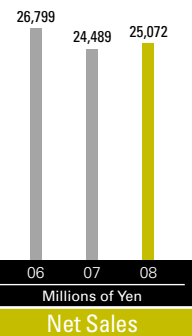


"San Ace 92" GV Type High Air Volume Cooling Fan

Industry leading large air flow

Maximum airflow is increased by approx. 73% compared with our conventional product.

Ideal for telecommunications equipment, servers and storage systems.



San Ace 40



San Ace 92

POWER SYSTEMS DIVISION



In the "SANUPS" power system series, uninterruptible power supply (UPS) systems for the general market and for use in telecommunications equipment enjoyed brisk sales. We also recorded higher sales of large-capacity UPS systems for FA equipment and manufacturing plants of semiconductors. Sales of 100-kilowatt power conditioners for photovoltaic generation systems expanded on the back of growing efforts to preserve the global environment.

As a result, net sales increased 5.7% in comparison with the prior year, to ¥8,351 million.

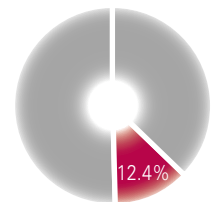
"SANUPS S11A" Static Transfer Switch

A static transfer switch that can supply dual power. It switches to the other power source automatically and without interruption even at the time of outage or momentary voltage drop in one power source, to reduce the risk of service interruption of key equipment and boost the reliability of power supply. Best suited for information and telecommunications equipment, as well as control devices.

"SANUPS A11H" Online UPS

This online UPS dramatically reduces the use of batteries due to widest voltage windows (55VAC to 150VAC) in the UPS industry, and allows for small inexpensive generators due to widest frequency windows (40Hz to 120Hz) in the UPS industry. It results in longer battery life and the highest reliability.

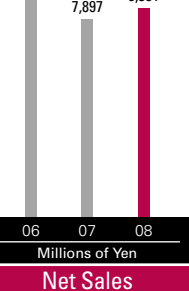
Percentage of 2008 Net Sales



8,987

7,897

8,351



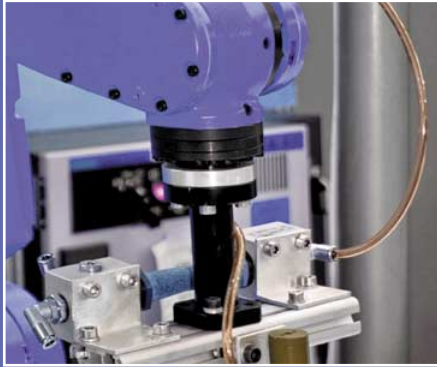
SANUPS S11A



SANUPS A11H

REVIEW OF OPERATIONS

SERVO SYSTEMS DIVISION



In the "SANMOTION" servo system series, AC servo systems reported robust sales in general from Sanyo Denki's main client applications, such as machine tools, printed circuit board processors, injection molding machines, and welding or delivery robots. In overseas markets, Asia and European markets enjoyed solid sales. On the other hand, orders for products for manufacturing equipment for semiconductors and delivery robots declined in the second half.

Accordingly, net sales totaled ¥33,962 million, up 1.8% from the previous year.

"SANMOTION F" 2 Phase Stepping Motor

Industry leading thinness 11mm, only 11 mm in thickness, enabling effective use of mounting space.

Ideal for chip mounter feeders.

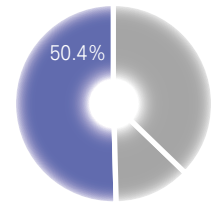
"SANMOTION F" 5 Phase Stepping Driver

The first substrate-mounted driver with micro-step functions in the industry. Curbs vibration of the stepping motor to achieve low noise and higher accuracy.

Industry leading down-sizing, with some 20% reduction in power loss in the circuit.

Ideal for small surveillance cameras.

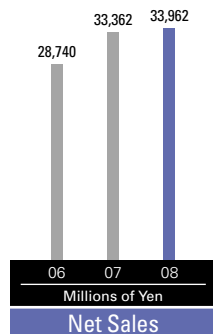
Percentage of 2008 Net Sales



SANMOTION F
2 Phase Stepping Motor



SANMOTION F
5 Phase Stepping Driver



FINANCIAL SECTION – CONSOLIDATED –

SANYO DENKI CO., LTD. and consolidated subsidiaries

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SIX-YEAR SUMMARY

SANYO DENKI CO., LTD. and consolidated subsidiaries

Years ended March 31	Millions of Yen					
	2008	2007	2006	2005	2004	2003
For the Year:						
Net Sales	¥67,386	¥65,749	¥64,527	¥63,025	¥49,307	¥50,473
Cost of Sales	54,751	52,868	53,601	52,132	41,534	43,891
Selling, General and Administrative Expenses	8,286	8,224	7,022	6,470	5,957	6,180
Operating Income	4,348	4,656	3,902	4,422	1,816	401
Net Income	2,342	3,046	2,719	2,386	516	305
Net Income per Share (Yen)	38.88	50.67	44.21	38.71	8.04	5.12
Cash Dividends per Share (Yen)	10.00	11.00	10.00	9.00	6.00	5.00
Total Assets	63,838	65,385	61,702	56,602	55,565	54,052
Total Net Assets*	39,515	37,797	35,404	31,825	29,647	28,986
Current Assets	39,022	41,592	38,879	35,385	34,084	30,437
Current Liabilities	22,749	25,141	23,550	22,458	23,301	21,669
Return on Equity (%)	6.2	8.5	8.2	7.8	1.8	1.0
Return on Assets (%)	3.6	4.8	4.6	4.3	0.9	0.6
Dividend Payout Ratio (%)	25.7	21.7	22.6	23.2	74.6	97.7
Interest Coverage Ratio	32.7	26.0	54.3	42.2	13.8	20.2

* Total Net Assets = total shareholders' equity + valuation and translation adjustments + minority interests (from 2006).

FINANCIAL REVIEW (CONSOLIDATED)

SANYO DENKI CO., LTD. and consolidated subsidiaries

OVERVIEW

During the fiscal year ended March 31, 2008, the Japanese economy remained on a moderate recovery trend, backed by improved corporate earnings. However, surging prices of crude oil and materials, falling stock prices around the world, triggered by the subprime loan problems in the United States, and sharp fluctuations in the foreign exchange market made the economic outlook increasingly uncertain.

In this environment, the Sanyo Denki Group recognized the fiscal year under review, the first year of the Fifth Mid-Term Management Plan, as the period to lay the foundation for achieving its objectives. The Company implemented a series of policies to raise the quality of products and operations in all its business divisions to among the best in the industry, based on the fundamental principles of "securing the amount of orders" and "lowering the break-even point."

As a result, consolidated net sales for the fiscal year under review grew 2.5% in comparison with the previous year, to ¥67,386 million. However, due to an increase in production costs, consolidated operating income totaled ¥4,348 million, down 6.6%, while consolidated net income fell 23.1%, to ¥2,342 million.

ANALYSIS OF OPERATING RESULTS

Net Sales

For the fiscal year ended March 31, 2008, we recorded consolidated net sales of ¥67,386 million, up 2.5% from the previous year.

In the Cooling Systems Division, as a result of strengthening our high performance, low power consumption, low noise and low vibration fan products, the Company saw an increased demand in higher-end markets such as telecommunications equipment. The enhanced line-up of the Company's endurance fan products created higher demand for endurance fan products in new markets both in Japan and overseas, particularly for use in FA equipment.

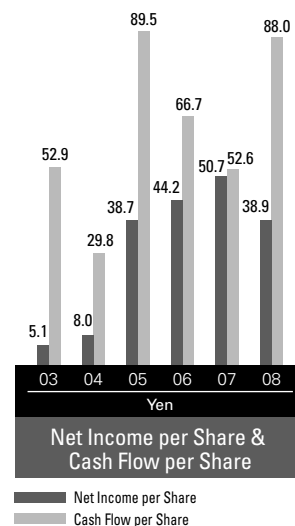
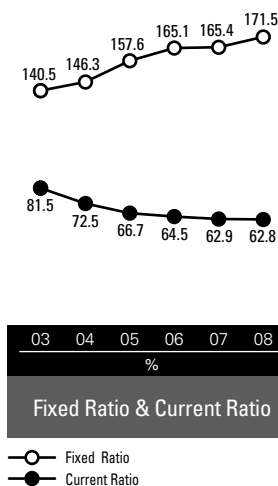
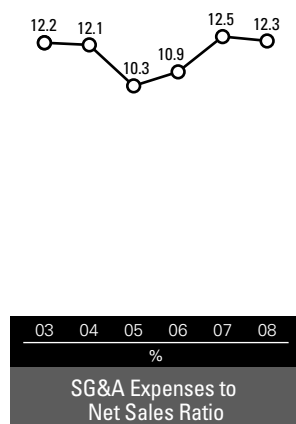
In the Power Systems Division, sales of uninterruptible power supply (UPS) systems for the general market and for use in telecommunications equipment remained strong. The Company also recorded growth in sales of large-capacity UPS systems for FA equipment and manufacturing equipment for semiconductors. Furthermore, sales of 100-kilowatt power conditioners for photovoltaic generation systems expanded on the back of growing efforts to preserve the global environment.

In the Servo Systems Division, sales of AC servo systems from the Company's main client industries, such as machine tools, printed circuit board processors, injection molding machines, and welding or delivery robots, remained robust in general.

Operating Income (Expenses)

The cost of sales rose 3.6% from the previous year, to ¥54,751 million, with the cost of sales ratio also increasing, by 0.8 percentage point to 81.2%, from 80.4% the previous year.

Selling, general and administrative expenses amounted to ¥8,286 million, up 0.8%. As a result of the above, operating income dropped 6.6%, to ¥4,348



million, while the ratio of operating income to net sales stood at 6.5%, declining 0.6 percentage point from 7.1% the previous year.

Net Income

Net income for the fiscal year under review decreased 23.1% from a year earlier, to ¥2,342 million.

SEGMENT OPERATING RESULTS BY GEOGRAPHICAL AREA

Japan

Operating in Japan are the Company and its consolidated subsidiary SANYO DENKI Techno Service CO., LTD.

Sales to external customers increased 1.7% from the previous year, to ¥44,555 million, and intersegment transactions declined 17.3%, to ¥12,644 million, for total sales of ¥57,200 million, down 3.2%. Operating income amounted to ¥4,724 million, down 10.7%.

North America

The Company has a consolidated subsidiary in North America: SANYO DENKI AMERICA, INC.

Sales to external customers amounted to ¥14,110 million, down 11.3%, and intersegment transactions were ¥63 million, down 11.3%, for total sales of ¥14,174 million, down 11.3% from the previous term. Operating income declined 83.5%, to ¥61 million.

Others

As for other areas, the Company has consolidated subsidiaries, SANYO DENKI EUROPE S.A. and SANYO

DENKI GERMANY GmbH, in Europe. The Company's consolidated subsidiaries operating in Asia consist of SANYO DENKI PHILIPPINES, INC., SANYO DENKI SHANGHAI CO., LTD., SANYO DENKI (H.K.) CO., LIMITED, SANYO DENKI SINGAPORE PTE. LTD., SANYO DENKI KOREA CO., LTD., SANYO DENKI TAIWAN CO., LTD., as well as SANYO DENKI Techno Service (Shenzhen) Co., LTD. and SANYO DENKI Techno Service (Singapore) PTE. LTD., both of which are subsidiaries of SANYO DENKI Techno Service Co., Ltd., and SANYO DENKI (Shenzhen) Co., LTD., which is a subsidiary of SANYO DENKI (H.K.) CO., LIMITED.

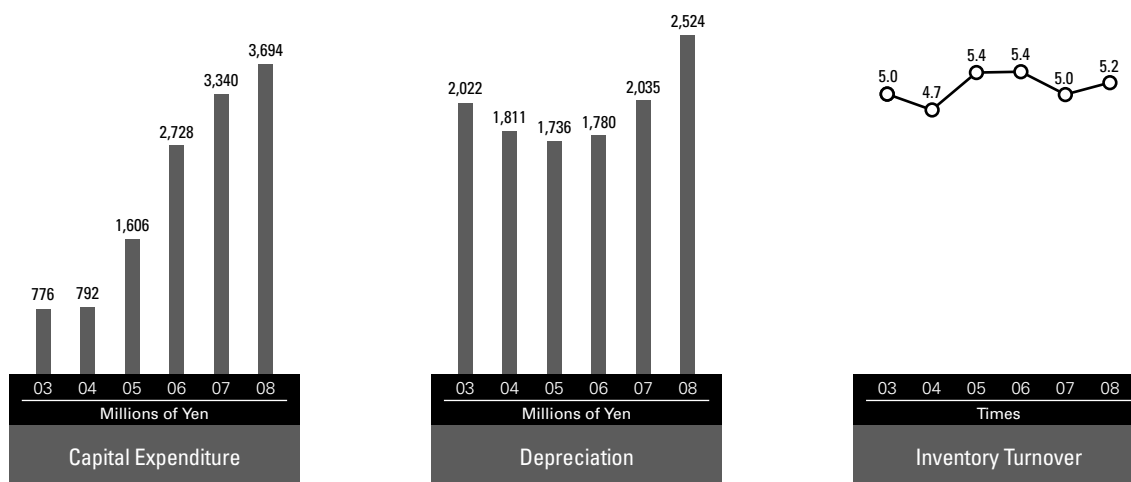
Sales to external customers amounted to ¥8,720 million, up 45.1%, and intersegment transactions were ¥12,742 million, up 0.4%, for total sales of ¥21,463 million, up 14.8% from the previous year. Operating income jumped 89.0%, to ¥1,085 million.

ANALYSIS OF CAPITAL RESOURCES AND LIQUIDITY

Cash Flows

Net cash provided by operating activities amounted to ¥5,303 million, up 67.7% from the previous year due to an increase in funds as a result of operating activities. Major contributors to the increase were income before income taxes and minority interests of ¥3,763 million and depreciation of ¥2,524 million.

Net cash used in investing activities amounted to ¥4,859 million, down 74.2% from the previous year, reflecting a decrease in funds as a result of investing activities. The change was due primarily to



expenditures consisting of ¥3,720 million incurred in the purchase of property, plant and equipment such as manufacturing equipment and ¥794 million incurred in the purchase of investment securities, which were partially offset by receipt of ¥167 million from the sales of investment securities.

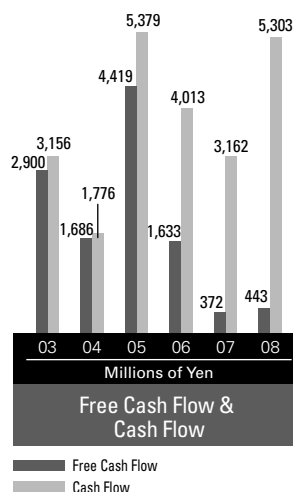
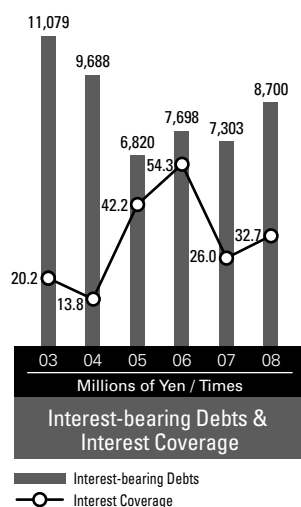
Net cash provided by financing activities surged 205.2% compared with the previous year to ¥1,351 million, due to an increase in funds as a result of financing activities. The primary source of cash was ¥1,953 million in proceeds from short-term debts, which was partially offset by repayments of long-term debts of ¥503 million and ¥659 million in dividends paid.

Financial Position

Total assets decreased ¥1,547 million from the previous term-end. Significant contributing components to this decline in the current assets section were decreases of ¥1,332 million in trade notes and accounts receivable and ¥2,623 million in inventories. These were partially offset by an increase of ¥1,589 million in cash and bank deposits. In the fixed assets section, property, plant and equipment rose ¥933 million and investments and other assets increased ¥147 million. Intangible fixed assets decreased ¥58 million.

Liabilities decreased ¥3,265 million. Major components contributing to this decline were decreases of ¥2,702 million in trade notes and accounts payable, ¥742 million in accrued income taxes, and ¥806 million in other current liabilities. Short-term debts increased ¥1,872 million. In the long-term liabilities section, long-term

debts decreased ¥475 million, reserve for retirement benefits dropped ¥191 million, and other long-term liabilities were reduced by ¥74 million.



CONSOLIDATED BALANCE SHEETS

SANYO DENKI CO., LTD. and consolidated subsidiaries
As of March 31, 2008 and 2007

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2008	2007	2008
Current Assets:			
Cash and bank deposits (Note 5)	¥ 6,651	¥ 5,062	\$ 66,383
Notes and accounts receivable—trade	18,342	19,674	183,072
Inventories	11,731	14,354	117,087
Other receivables	1,015	1,235	10,130
Deferred tax assets (Note 11)	723	1,075	7,216
Others	688	414	6,866
Less: Allowance for doubtful accounts	(130)	(225)	(1,297)
Total current assets	39,022	41,592	389,479
Property, Plant and Equipment, net (Note 7)			
Land	6,237	4,713	62,251
Buildings and structures	6,431	6,915	64,188
Machinery, equipment and vehicles	4,414	4,319	44,056
Others	1,411	1,613	14,083
Total property, plant and equipment, net	18,495	17,561	184,599
Investments and Other Assets:			
Investments in securities (Note 6)	3,448	3,791	34,414
Deferred tax assets (Note 11)	156	—	1,557
Others	2,717	2,443	27,118
Less: Allowance for doubtful accounts	(1)	(4)	(9)
Total investments and other assets	6,320	6,230	63,080
Total Assets	¥63,838	¥65,385	\$637,169

See Notes to Consolidated Financial Statements.

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2008	2007	2008
Current Liabilities:			
Short-term debts (Notes 7 & 8).....	¥ 7,925	¥ 6,053	\$ 79,099
Notes and accounts payable—trade.....	10,503	13,205	104,830
Accrued income taxes (Note 11).....	403	1,146	4,022
Allowance for bonuses to directors and corporate auditors.....	46	60	459
Other current liabilities.....	3,870	4,676	38,626
Total current liabilities.....	22,749	25,141	227,058
Long-term Liabilities:			
Long-term debts (Note 8).....	775	1,250	7,735
Deferred tax liabilities—revaluation (Notes 7 & 11).....	714	714	7,126
Deferred tax liabilities—other (Note 11).....	—	132	—
Reserve for retirement benefits (Note 9).....	71	263	708
Other long-term liabilities.....	11	86	109
Total non-current liabilities.....	1,572	2,446	15,690
Total liabilities.....	24,322	27,587	242,758
NET ASSETS:			
Shareholders' Equity (Note 10):			
Common stock, no par value			
Authorized: 2008 and 2007—250,000,000 shares			
Issued: 64,860,935 shares in 2008 and 63,135,935 shares in 2007.....	9,926	9,526	99,071
Capital surplus.....	11,460	11,059	114,382
Retained earnings.....	16,856	15,214	168,240
Treasury stock, at cost			
Common stock (3,037 thousand shares in 2008 and 3,019 thousand shares in 2007) ...	(906)	(894)	(9,042)
Total shareholders' equity.....	37,337	34,906	372,661
Valuation and Translation Adjustments:			
Revaluation reserve for land, net of tax (Note 7).....	1,062	1,062	10,599
Net unrealized holding gain on securities (Note 6).....	85	570	848
Foreign currency translation adjustments.....	305	387	3,044
Total valuation and translation adjustments.....	1,454	2,020	14,512
Minority Interests.....	724	869	7,226
Total net assets.....	39,515	37,797	394,400
Liabilities and Net Assets.....	¥63,838	¥65,385	\$637,169

CONSOLIDATED STATEMENTS OF INCOME

SANYO DENKI CO., LTD. and consolidated subsidiaries
Years ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2008	2007	2008
Net Sales	¥67,386	¥65,749	\$672,582
Cost of Sales	54,751	52,868	546,471
Gross Profit	12,635	12,881	126,110
Selling, General and Administrative Expenses (Note 13).....	8,286	8,224	82,702
Operating income.....	4,348	4,656	43,397
Other Income (Expenses)			
Interest income and dividend received	178	156	1,776
Gain on sales of securities, net (Note 6).....	45	105	449
Gain on sales of investments in affiliates	134	—	1,337
Foreign currency translation gain (loss).....	(709)	127	(7,076)
Interest expense	(132)	(108)	(1,317)
Loss on sales and disposal of fixed assets (Note 14).....	(21)	(84)	(209)
Loss on liquidation of an affiliate.....	—	(7)	—
Unrealized loss on securities.....	(65)	—	(648)
Directors' retirement benefits	(126)	(5)	(1,257)
Other, net.....	113	182	1,127
Total	(585)	366	(5,838)
Income before Income Taxes and Minority Interests	3,763	5,023	37,558
Income Taxes (Note 11)			
Current	965	2,060	9,631
Deferred	382	(236)	3,812
Total income taxes.....	1,347	1,824	13,444
Minority Interests	72	152	718
Net Income	¥ 2,342	¥ 3,046	\$ 23,375
Per Share Data (Note 16)			
Net income.....	¥38.88	¥ 50.67	\$0.38
Cash dividends for the year.....	10.00	11.00	0.09

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

SANYO DENKI CO., LTD. and consolidated subsidiaries
Years ended March 31, 2008 and 2007

	Millions of Yen					
	Number of shares of common stock	Shareholders' equity				
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
BALANCE—APRIL 1, 2006	63,135,935	¥9,526	¥11,059	¥12,996	¥(869)	¥32,713
Net income	—	—	—	3,046	—	3,046
Cash dividends.....	—	—	—	(661)	—	(661)
Bonus for directors and corporate auditors	—	—	—	(60)	—	(60)
Change in scope of consolidation	—	—	—	(107)	—	(107)
Acquisition of treasury stock	—	—	—	—	(24)	(24)
Disposal of treasury stock.....	—	—	—	—	0	0
Surplus of treasury stock	—	—	0	—	0	0
Other, net	—	—	—	—	—	—
BALANCE—MARCH 31, 2007	63,135,935	¥9,526	¥11,059	¥15,214	¥(894)	¥34,906
Issuance of common stock.....	1,725,000	400	400	—	—	800
Net income	—	—	—	2,342	—	2,342
Cash dividends.....	—	—	—	(661)	—	(661)
Change in scope of consolidation	—	—	—	(38)	—	(38)
Acquisition of treasury stock	—	—	—	—	(12)	(12)
Disposal of treasury stock.....	—	—	—	—	0	0
Surplus of treasury stock	—	—	0	—	—	0
Other, net	—	—	—	—	—	—
BALANCE—MARCH 31, 2008	64,860,935	¥9,926	¥11,460	¥16,856	¥(906)	¥37,337

	Millions of Yen					
	Valuation and translation adjustments					
	Revaluation reserve for land, net of tax	Net unrealized holding gain on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
BALANCE—APRIL 1, 2006	¥1,062	¥ 703	¥172	¥1,938	¥ 752	¥35,405
Net income	—	—	—	—	—	3,046
Cash dividends.....	—	—	—	—	—	(661)
Bonus for directors and corporate auditors	—	—	—	—	—	(60)
Change in scope of consolidation	—	—	—	—	—	(107)
Acquisition of treasury stock	—	—	—	—	—	(24)
Disposal of treasury stock.....	—	—	—	—	—	0
Surplus of treasury stock	—	—	—	—	—	0
Other, net	—	(133)	215	81	117	199
BALANCE—MARCH 31, 2007	¥1,062	¥ 570	¥387	¥2,020	¥ 869	¥37,797
Issuance of common stock.....	—	—	—	—	—	800
Net income	—	—	—	—	—	2,342
Cash dividends.....	—	—	—	—	—	(661)
Change in scope of consolidation	—	—	—	—	—	(38)
Acquisition of treasury stock	—	—	—	—	—	(12)
Disposal of treasury stock.....	—	—	—	—	—	0
Surplus of treasury stock	—	—	—	—	—	0
Other, net	—	(484)	(82)	(566)	(145)	(712)
BALANCE—MARCH 31, 2008	¥1,062	¥ 85	¥305	¥1,454	¥ 724	¥39,515

See Notes to Consolidated Financial Statements.

	Thousands of U.S. Dollars				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
BALANCE—MARCH 31, 2007	\$95,079	\$110,380	\$151,851	\$(8,923)	\$348,398
Issuance of new shares.....	3,992	3,992	—	—	7,984
Net income.....	—	—	23,375	—	23,375
Cash dividends	—	—	(6,597)	—	(6,597)
Change in scope of consolidation.....	—	—	(379)	—	(379)
Acquisition of treasury stock.....	—	—	—	(119)	(119)
Disposal of treasury stock	—	—	—	0	0
Surplus of treasury stock.....	—	0	—	—	0
Other, net	—	—	—	—	—
BALANCE—MARCH 31, 2008	\$99,071	\$114,382	\$168,240	\$(9,042)	\$372,661

	Thousands of U.S. Dollars					
	Valuation and translation adjustments					
	Revaluation reserve for land, net of tax	Net unrealized holding gain on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
BALANCE—MARCH 31, 2007	\$10,599	\$ 5,689	\$3,862	\$20,161	\$8,673	\$377,253
Issuance of new shares	—	—	—	—	—	7,984
Net income	—	—	—	—	—	23,375
Cash dividends.....	—	—	—	—	—	(6,597)
Change in scope of consolidation	—	—	—	—	—	(379)
Acquisition of treasury stock	—	—	—	—	—	(119)
Disposal of treasury stock.....	—	—	—	—	—	0
Surplus of treasury stock	—	—	—	—	—	0
Other, net	—	(4,830)	(818)	(5,649)	(1,447)	(7,106)
BALANCE—MARCH 31, 2008	\$10,599	\$ 848	\$3,044	\$14,512	\$7,226	\$394,400

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

SANYO DENKI CO., LTD. and consolidated subsidiaries
Years ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2008	2007	2008
Cash Flows from Operating Activities:			
Income before income taxes and minority interests.....	¥ 3,763	¥ 5,023	\$ 37,558
Adjustments for:			
Depreciation	2,524	2,035	25,192
Decrease in reserve for retirement benefits	(191)	(207)	(1,906)
Decrease in allowance for doubtful accounts	(92)	(25)	(918)
Interest income and dividend received.....	(178)	(156)	(1,776)
Net gain on sales of securities.....	(45)	(94)	(449)
Unrealized loss on securities	65	—	648
Interest expenses	132	117	1,317
Foreign exchange loss.....	252	30	2,515
Net loss on sale or disposal of fixed assets.....	21	84	209
Loss on liquidation of an affiliate	—	7	—
(Increase) decrease in notes and accounts receivable—trade	(122)	512	(1,217)
(Increase) decrease in inventories.....	1,997	(2,566)	19,932
(Increase) decrease in other receivables.....	215	(824)	2,145
Increase (decrease) in notes and accounts payable—trade	(611)	829	(6,098)
Others	(713)	681	(7,116)
Subtotal	7,019	5,447	70,056
Interest and dividend received	180	169	1,796
Interest paid.....	(162)	(121)	(1,616)
Income taxes paid.....	(1,734)	(2,332)	(17,307)
Net cash provided by operating activities.....	5,303	3,162	52,929
Cash Flows from Investing Activities			
Increase in time deposits	(38)	(36)	(379)
Decrease in time deposits	300	—	2,994
Purchase of property, plant and equipment	(3,720)	(2,529)	(37,129)
Proceeds from sales of property, plant and equipment	5	0	49
Purchase of intangible assets	(76)	(63)	(758)
Purchase of securities.....	(794)	(523)	(7,924)
Proceeds from sales of investment securities.....	167	386	1,666
Payments of loans	(26)	—	(259)
Proceeds from loans.....	21	34	209
Payment on sale of securities of one of consolidated subsidiaries.....	(325)	—	(3,243)
Others	(371)	(57)	(3,702)
Net cash used in investing activities.....	(4,859)	(2,790)	(48,497)
Cash Flows from Financing Activities			
Increase (decrease) in short-term debts	1,935	(600)	19,313
Proceeds from long-term debts.....	—	500	—
Repayments of long-term debts	(503)	(295)	(5,020)
Proceeds from issuance of common stock.....	794	—	7,924
Purchase of treasury stock	(12)	(24)	(119)
Proceeds from sales of treasury stocks	0	0	0
Dividends paid	(659)	(658)	(6,577)
Dividends paid for minority shareholders.....	(69)	(29)	(688)
Others	(135)	(176)	(1,347)
Net cash provided by (used in) financing activities.....	1,351	(1,284)	13,484
Cash and Cash Equivalents Translation Difference	(42)	104	(419)
Net Increase (Decrease) in Cash and Cash Equivalents.....	1,751	(807)	17,476
Cash and Cash Equivalents at Beginning of Year.....	5,064	5,924	50,543
Net decrease due to A Change in Scope of Consolidation.....	—	(52)	—
Cash and Cash Equivalents at End of Year (Note 5).....	¥ 6,816	¥ 5,064	\$ 68,030

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SANYO DENKI CO., LTD. and consolidated subsidiaries

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law (formerly, the 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 based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Sanyo Denki Co., Ltd. (the "Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law.

As permitted by the Financial Instruments and Exchange Law, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

Some supplementary information included in the statutory Japanese consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

2. U.S. DOLLAR AMOUNTS

The accounts of consolidated financial statements presented herein are originally expressed in Japanese yen. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto have been translated from Japanese yen into U.S. dollars on the basis of ¥100.19 to U.S. \$1, the rate of exchange prevailing at March 31, 2008 and then rounded down to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.

3. USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with Japanese GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of Consolidation

(a) Scope of Consolidation

The Company had 13 subsidiaries as at March 31, 2008 and 2007. The accompanying consolidated financial statements for the years ended March 31, 2008 and 2007 include the accounts of the Company and all subsidiaries. All intercompany balances and transactions are eliminated on consolidation.

(b) Fiscal Terms of The Subsidiaries

The fiscal year-end of 12 subsidiaries out of 13 consolidated subsidiaries is December 31. Consolidation of these subsidiaries is therefore performed by using their financial statements as at December 31, and certain adjustments are made to reflect any significant transactions having occurred during the period from January 1 to March 31. Sanyo Denki Techno Service Co., Ltd., a subsidiary, has the same fiscal year-end of March 31.

(c) Valuation of Assets and Liabilities of the Subsidiaries

The Company adopts "full fair value method" so that the full portion of the assets and liabilities of the subsidiaries is measured at fair value as of the acquisition of the control.

(d) Application of Equity Method

There is no affiliate accounted for by the equity method.

(2) Translation of Foreign Currency

Monetary assets and liabilities denominated in currencies other than Japanese yen are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are charged or credited to income for the period.

Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the exchange rates prevailing at the balance sheet date of each subsidiary. Income and expenses of foreign subsidiaries are translated into Japanese yen using the average exchange rates of the fiscal year of each subsidiary. The translation differences in Japanese yen amounts arising from the use of different rates are recognized as cumulative translation adjustments in the balance sheets. A portion of the cumulative translation adjustments is allocated to "Minority interests in consolidated subsidiaries" and the Company's portion is presented as a separate component of valuation and translation adjustments under net assets in the balance sheets.

(3) Valuation of Securities

Securities owned by the Group as categorized in accordance with the accounting standard for the financial instruments and are stated as follows:

(a) Securities with market quotations

Securities with market quotations are stated at the prevailing market price as at the balance sheet date. Net unrealized gains or losses on these securities are reported at net of taxes as a component of valuation and translation adjustments in net assets in the consolidated balance sheets. The cost of securities sold is determined based on the moving average cost at the time of sale.

(b) Securities without market quotations

Securities without market quotations are stated at cost by the moving average method.

(4) Derivatives and Hedge Accounting

The Company and its subsidiaries state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its subsidiaries defer recognition of gains or losses resulting from the changes in the fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

(a) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,

- a. the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statement in the period which includes the inception date, and

- b. the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.
- (b) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedging and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The Company and its subsidiaries use forward foreign exchange contracts and interest rate swap contracts as hedging instruments to hedge the exposure arisen from foreign currency transactions and interest on borrowings.

The derivative transactions are executed in accordance with the resolution of the board of directors.

The Company evaluates hedge effectiveness by comparing the cumulative changes in the fair value of hedged items and hedging instruments.

(5) Valuation of Inventories

Raw materials are stated at cost by the moving average method.

Other inventories including finished products, work in process and stores are stated at cost mainly by the specific identification method or by the moving average method.

(6) Depreciation of Fixed Assets

Property, plant and equipment are depreciated by the declining balance method, while the straight-line method is applied to buildings acquired on and after April 1, 1998.

Major useful lives are as follows:

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

Pursuant to an amendment to the Corporate Tax Law, the Company and its domestic subsidiaries have adopted the depreciation method stipulated by the amended Corporate Tax Law for the property, plant and equipment acquired on or after April 1, 2007. As a result, operating income and income before income taxes and minority interests decreased by ¥ 78 million (\$778 thousand), respectively compared with the amounts under the previous method.

In addition, the residual values of the property, plant and equipment acquired on or before March 31, 2007 which were fully depreciated based on the Corporate Tax Law before the amendment are depreciated equally over five years starting from the year ended March 31, 2008. As a result, operating income and income before income taxes and minority interests decreased by ¥ 174 million (\$1,736 thousand), respectively compared with the amounts under the previous method.

Intangible fixed assets are depreciated by the straight-line method.

Software for in-house use and for sales are depreciated by the straight-line method based on either the estimated useful lives of 5 years and estimated sales period of 3 years, respectively.

(7) Impairment of Fixed Assets

In accordance with the accounting standard for impairment of fixed assets, the Company and its consolidated subsidiaries periodically review their fixed assets for impairment by grouping the assets in income generating units whenever there is any indication of a significant decline in the fair value against its book value based on an independent appraisal, and when the existence of any impairment for the group of the assets is identified, an impairment loss will be recognized and such amount is directly deducted from the related assets.

(8) Allowance for Doubtful Accounts

Allowance for doubtful accounts are provided based on the amount calculated at the actual ratio of bad debt for ordinary receivables, and an amount recognized for the uncollectible account for specific doubtful receivables.

(9) Reserve for Retirement Benefits

The Company and its subsidiaries record a reserve for retirement benefits to provide for the future payments of employees' retirement benefits based on the projected benefit obligation and the estimated fair value of the pension plan assets.

Unrecognized prior service cost is amortized on a straight line basis over a certain period (15 years) that does not exceed the average remaining service period of employees.

Unrecognized net actuarial gain or loss is amortized from the following year on a straight line basis over a certain period (15 years) that does not exceed the average remaining service period of employees.

(10) Leases

All leases are accounted for as operating leases. Under the Japanese accounting standard for leases, finance leases that are deemed to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

(11) Consumption Taxes

The consumption taxes withheld and consumption taxes paid are excluded from revenues and expenses in the accompanying financial statements. The net balance of the consumption taxes withheld and consumption taxes paid is included in current liabilities of the balance sheet as of the end of the fiscal year.

(12) Appropriations of Retained Earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders. Bonus for directors and corporate auditors for the year ended March 31, 2007 was approved at the regular shareholders' meeting held in June 2007 and accordingly, such amount was included as an appropriation of retained earnings in the accompanying consolidated statements of changes in net assets for the year ended March 31, 2008. Accrued bonus for the year ended March 31, 2008 and 2007 was charged to income.

(13) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows consists of cash on hands, bank deposits payable on demand and short-term investments due within three months from acquisition with little value fluctuation risk

(14) Income Taxes

Income taxes of the Company and its subsidiaries consist of corporate income taxes, local inhabitant taxes and enterprise taxes.

The Company and its subsidiaries adopt the deferred tax accounting in accordance with the regulations for preparation of consolidated financial statements in Japan. Deferred income taxes are determined using the assets and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

(15) Cash Dividends per Share

Cash dividends per share presented in the consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the consolidated statements of cash flows include cash on hand, readily available deposits in banks and short-term investments, which are readily convertible into cash and have very little risk of change in value with original maturities of three month or less. The reconciliation between cash and bank deposits in the accompanying consolidated balance sheets and cash and cash equivalents in the accompanying consolidated statements of cash flows for the years ended March 31, 2008 and 2007 is as follows:

	Millions of Yen		Thousands of
	2008	2007	U.S. Dollars
Cash and bank deposits	¥6,651	¥5,062	\$66,383
Short-term investments	440	542	4,391
Time deposits maturing over			
3 months	(275)	(539)	(2,744)
Cash and cash equivalents	¥6,816	¥5,064	\$68,030

Discontinued operation:

The Company sold the shares in AVC AMERICA, INC. and consequently, it was excluded from the scope of consolidation. The assets and liabilities of the company at December 31, 2007, proceeds from the sales of shares and decrease in cash and cash equivalents were as follows:

For the year ended March 31, 2008	Millions of Yen		Thousands of
			U.S. Dollars
Current assets	¥2,340		\$23,355
Non-current assets	1		9
Total assets	2,341		23,365
Current liabilities	2,031		20,271
Total liabilities	2,031		20,271
Proceeds from sales of shares	259		2,585
Cash and cash equivalents	(584)		(5,828)
Net decrease in cash and cash equivalents	¥ (325)		\$ (3,243)

6. SECURITIES

(1) Securities with Market Quotations

The following tables summarize acquisition costs and book values of securities with market quotations at March 31, 2008 and 2007:

(a) Securities with book values exceeding acquisition costs

At March 31	Millions of Yen		Thousands of
	2008	2007	U.S. Dollars
Acquisition cost			
Stocks	¥ 810	¥1,242	\$ 8,084
Others	258	160	2,575
Total	1,068	1,402	10,659
Book value			
Stocks	1,385	2,342	13,823
Others	277	179	2,764
Total	1,663	2,521	16,598
Difference			
Stocks	575	1,100	5,739
Others	19	18	189
Total	¥ 594	¥1,118	\$ 5,928

(b) Securities with book values not exceeding acquisition costs

At March 31	Millions of Yen		Thousands of
	2008	2007	U.S. Dollars
Acquisition cost			
Stocks	¥1,694	¥ 719	\$16,907
Others	440	542	4,391
Total	2,134	1,261	21,299
Book value			
Stocks	1,196	578	11,937
Others	440	542	4,391
Total	1,636	1,121	16,328
Difference			
Stocks	(497)	(140)	(4,960)
Others	—	—	—
Total	¥ (497)	¥ (140)	\$ (4,960)

(2) Securities without Market Quotations

The following table summarizes book values of securities without market quotations.

At March 31	Millions of Yen		Thousands of
	2008	2007	U.S. Dollars
Book value			
Unlisted equity securities	¥148	¥148	\$1,477

(3) Securities Sold

The following table summarizes the total sales of securities sold.

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Sales proceeds	¥1,103	¥1,110	\$11,009
Total gain on sales	45	130	449
Total loss on sales	—	24	—

7. PROPERTY, PLANT AND EQUIPMENT

The following amounts of accumulated depreciation are deducted from the acquisition costs of property, plant and equipment in the accompanying consolidated balance sheets at March 31, 2008 and 2007:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Total accumulated depreciation	¥36,648	¥34,911	\$365,785

The Company revaluated its land for business use on March 31, 2002 in accordance with the "Law Concerning Revaluation of Land" (Law No. 34 enforced on March 31, 1998) and the "Law to Partially Modify the Law Concerning Revaluation of Land" (Law No. 24 enforced on March 31, 1999), and included in the "Valuation and translation adjustments" under net assets as the "Revaluation reserve for land" in the amount of the revaluation difference minus the revaluation-related deferred income taxes.

Revaluation is based on the appraisal value by real estate appraisers as specified by Clause 5, Article 2 of the "Enforcement Regulations of the Law Concerning Revaluation of Land" (Ordinance No. 119 enforced on March 31, 1998), and computed by reasonable adjustment of the fixed asset valuation as specified by Clause 3, Article 2 of the same Ordinance.

The difference between the fair market value and the carrying book value of the revaluated land at March 31, 2008 and 2007 was (¥1,503 million) (\$15,001 thousand) and (¥1,406 million), respectively.

The following assets are pledged as collateral against the liabilities at March 31, 2007:

	Millions of Yen
	2007
Pledged assets:	
Buildings and structures	¥ 774
Machinery and equipment	67
Land	2,895
Total	¥3,737
Related liabilities:	
Short-term debts	¥ 28

No assets were pledged at March 31, 2008.

8. SHORT-TERM DEBTS AND LONG-TERM DEBTS

Short-term debts and long-term debts at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Short-term debts (average interest rate of 1.26%)	¥7,450	¥5,550	\$74,358
Current portion of long-term debts (average interest rate of 1.27%)	475	503	4,740
Long-term debts due from August 31, 2010 through March 31, 2011 (average interest rate of 1.30%)	775	1,250	7,735
Total	¥8,700	¥7,303	\$86,835

The aggregate annual maturities of long-term debts at March 31, 2008 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥475	\$4,740
2011	300	2,994

9. RETIREMENT BENEFITS

The Company and its domestic subsidiaries have adopted lump-sum retirement payment plans and defined benefits corporate pension plans based on the Defined Benefits Corporate Pension Law.

The liability for employees' retirement benefits at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Projected benefit obligations	¥(10,858)	¥(10,447)	\$(108,374)
Unrecognized prior service cost	(275)	(309)	(2,744)
Unrecognized actuarial differences	2,191	84	21,868
Plan assets	8,870	10,409	88,531
Reserve for retirement benefits	¥ (71)	¥ (263)	\$ (708)

The components of periodic retirement benefit expenses for the years ended March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Service cost	¥ 433	¥ 426	\$ 4,321
Interest cost	260	249	2,595
Expected return on plan assets	(208)	(195)	(2,076)
Amortization of prior service cost	(34)	(34)	(399)
Amortization of actuarial differences	61	48	608
Retirement benefit expenses	¥ 514	¥ 493	\$ 5,130

Assumptions used for the years ended March 31, 2008 and 2007 are set forth as follows:

Method of allocating the projected benefit obligations over certain period	Straight-line basis
Discount rate	2.5%
Expected rate of return on plan assets	2.0%
Amortization period for actuarial differences	15 years
Amortization period for unrecognized prior service cost	15 years

10. SHAREHOLDERS' EQUITY

Since May 1, 2006, the Japanese companies have been subject to the Corporate Law of Japan (the "Corporate Law"), which superseded most of the provisions of the former Commercial Code of Japan. The Corporate Law provides that at least 50% of the issue price of new shares designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital are credited to additional paid-in capital (a component of capital surplus).

Under the Corporate Law, an amount equal to at least 10% of cash dividends and other appropriations of retained earnings paid out with respect to each financial period is set aside in a legal reserve (a component of retained earnings) until the total amount of additional paid-in capital and legal reserve equals 25% of the stated capital. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders. The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

11. INCOME TAXES

The Company and its subsidiaries are subject to various income taxes according to the national and local income laws in force, which in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.2% for the years ended March 31, 2008 and 2007.

A summary of the significant components of deferred tax assets and liabilities at March 31, 2008 and 2007 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Deferred tax assets:			
Allowance for bonus	¥ 408	¥ 486	\$ 4,072
Retirement benefit trust	202	202	2,016
Reserve for retirement benefits	—	105	—
Inventories	95	—	948
Allowance for doubtful accounts	62	—	618
Others	428	580	4,271
Subtotal	1,197	1,374	11,947
Deferred tax liabilities:			
Net unrealized gains on other securities	65	394	648
Deferred gain on fixed assets	41	—	409
Others	210	36	2,096
Subtotal	317	431	3,163
Net deferred tax assets	¥ 879	¥ 943	\$ 8,773

In addition to above, deferred tax liabilities in an amount of ¥714 million (US\$7,126 thousand) arising from the revaluation of the land is recorded under "Long-term liabilities" in the consolidated balance sheets at March 31, 2008 and 2007.

Reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the consolidated income statements for the years ended March 31, 2008 and 2007 is as follows:

	2008	2007
Statutory tax rate	40.2 %	40.2 %
Expenses not deductible for income tax purposes (entertainment, etc.)	2.4	0.2
Income not included for income tax purposes (dividends received, etc.)	(0.6)	(0.2)
Tax credit for R&D costs	(2.6)	(2.4)
Prior years' income taxes	0.4	2.3
Per capital tax and others	0.6	0.5
Tax rate differences between the Company and certain subsidiaries	(5.7)	(2.8)
Others	1.1	(1.5)
Effective income tax rate	35.8 %	36.3 %

12. LEASES

The pro forma information on finance leases other than those deemed to transfer ownership of the leased assets to the lessee could be summarized as follows:

(1) A summary of assumed amounts of acquisition cost, accumulated depreciation, and net book value at March 31, 2008 and 2007 is as follows:

At March 31, 2008	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Tangible fixed assets	¥128	¥65	¥62

At March 31, 2008	Thousands of U.S. Dollars		
	Acquisition cost	Accumulated depreciation	Net book value
Tangible fixed assets	\$1,277	\$648	\$618

At March 31, 2007	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Tangible fixed assets	¥149	¥79	¥70

(2) Future lease payments

At March 31	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due within one year	¥24	¥34	\$239
Due after one year	38	37	379
Total	¥63	¥71	\$628

(3) Lease payments, depreciation equivalent and interest equivalent

At March 31	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Lease payments	¥38	¥51	\$379
Depreciation equivalent	36	49	359
Interest equivalent	1	1	9

(4) Calculation of depreciation equivalent

Assumed depreciation amounts are computed by the straight-line basis over the relevant lease period with no residual value.

(5) Calculation of interest equivalent

The excess of total lease payments over acquisition cost equivalents is regarded as amounts representing interest payable equivalents and is allocated to each period using the interest method.

(6) Operating leases

A summary of future lease payment commitments under operating leases is as follows:

At March 31	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due within one year	¥3	¥4	\$29
Due after one year	3	7	29
Total	¥7	¥12	\$69

13. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major components of selling, general and administrative expenses for the years ended March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Freight and packing	¥ 825	¥ 896	\$ 8,234
Salaries and allowances to employees	2,372	2,185	23,675
Retirement benefit expenses	72	59	718
Allowance for directors' bonuses, etc.	46	60	459
Depreciation	102	103	1,018

Research and development costs included in selling, general and administrative expenses and manufacturing expenses for the years ended March 31, 2008 and 2007 were ¥1,770 million (US\$17,666 thousand) and ¥1,345 million, respectively.

14. LOSS ON SALES OR DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Loss on sales or disposal of property, plant and equipment for the years ended March 31, 2008 and 2007 is arising from the following assets:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Loss on sales:	¥ 1	¥ 0	\$ 9
Loss on disposal:			
Buildings	¥—	¥14	\$ —
Machinery and equipment	16	50	159
Tools, furniture and fixtures	4	19	39
Software	—	0	—
Total	¥20	¥84	\$199

15. DERIVATIVES

The Company and its subsidiaries have no derivative financial instruments to be reported for the years ended March 31, 2008 and 2007.

16. PER SHARE INFORMATION

Net assets per share at March 31, 2008 and 2007, and net income per share for the years then ended are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Net assets per share	¥627.45	¥614.27	\$6.26
Basic net income per share	38.88	50.67	0.38

Diluted net income is not disclosed since there is no potential share.

Basic net income per share is calculated based on the following data for the years ended March 31, 2008 and 2007:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Net income per income statement	¥2,342	¥3,046	\$23,375
Net income attributable to common shares	2,342	3,046	23,375

	2008	2007
Average number of common shares outstanding	60,249,978	60,130,431

17. SEGMENT INFORMATION

Operating segment information has been omitted since sales, operating income and total assets of the operating segment of "manufacturing and distribution of industrial electric equipment" of the Company and its consolidated subsidiaries represented more than 90% of the consolidated sales, operating income and total assets of all segments for the years ended March 31, 2008 and 2007.

(1) Geographical Segment Information

For the year ended March 31, 2008	Millions of Yen				
	Japan	North America	Others	Total	Eliminations Consolidated
I. Net sales and operating income					
Sales:					
From outside customers	¥44,555	¥14,110	¥ 8,720	¥67,386	¥ —
Intersegment transactions	12,644	63	12,742	24,450	(25,450)
Total	57,200	14,174	21,463	92,837	(25,450)
Operating expenses	52,475	14,112	20,377	86,965	(23,928)
Operating income	¥ 4,724	¥ 61	¥ 1,085	¥ 5,871	¥ (1,522)
II. Assets	¥53,435	¥ 3,833	¥13,060	¥70,329	¥ (6,491)

For the year ended March 31, 2008	Thousands of U.S. Dollars				
	Japan	North America	Others	Total	Eliminations Consolidated
I. Net sales and operating income					
Sales:					
From outside customers	\$444,705	\$140,832	\$ 87,034	\$672,582	\$ —
Intersegment transactions	126,200	628	127,178	244,036	(254,017)
Total	570,915	141,471	214,222	926,609	(254,017)
Operating expenses	523,754	140,852	203,383	868,000	(238,826)
Operating income	\$ 47,150	\$ 608	\$ 10,829	\$ 58,598	\$ (15,191)
II. Assets	\$533,336	\$ 38,257	\$130,352	\$701,956	\$ (64,786)

For the year ended March 31, 2007	Millions of Yen				
	Japan	North America	Others	Total	Eliminations Consolidated
I. Net sales and operating income					
Sales:					
From outside customers	¥43,824	¥15,915	¥ 6,009	¥65,749	¥ —
Intersegment transactions	15,296	71	12,687	28,054	(28,054)
Total	59,120	15,986	18,697	93,804	(28,054)
Operating expenses	53,827	15,617	18,122	87,567	(26,474)
Operating income	¥ 5,292	¥ 369	¥ 574	¥ 6,236	¥ (1,579)
II. Assets	¥59,210	¥ 5,943	¥12,897	¥78,051	¥(12,666)

The geographical segments are divided into Japan, North America (U.S.A.) and Others.

Others include France, Germany, Philippines, China, Singapore and Korea.

(2) Overseas Sales

Overseas sales against total consolidated sales are as follows:

For the year ended March 31, 2008	Millions of Yen				
	North America	Europe	Southeast Asia	Others	Total
I. Oversea sales	¥5,298	¥4,819	¥15,930	¥345	¥26,394
II. Consolidated sales	—	—	—	—	67,386
III. Ratio of overseas sales to consolidated sales	7.9%	7.2%	23.6%	0.5%	39.2%

For the year ended March 31, 2008	Thousands of U.S. Dollars				
	North America	Europe	Southeast Asia	Others	Total
I. Oversea sales	\$52,879	\$48,098	\$158,997	\$3,443	\$263,439
II. Consolidated sales	—	—	—	—	672,582
III. Ratio of overseas sales to consolidated sales	7.9%	7.2%	23.6%	0.5%	39.2%

For the year ended March 31, 2007	Millions of Yen				
	North America	Europe	Southeast Asia	Others	Total
I. Oversea sales	¥7,792	¥5,057	¥12,176	¥56	¥25,083
II. Consolidated sales	—	—	—	—	65,749
III. Ratio of overseas sales to consolidated sales	11.9%	7.7%	18.5%	0.1%	38.2%

18. RELATED PARTY TRANSACTIONS

The transactions for the years ended March 31, 2008 and 2007 and related account balances outstanding at each year end by related parties were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Kyodo Kogyo Co., Ltd.			
Insurance premium	¥ 21	¥ 21	\$ 209
Repairs	0	0	0
Sanyo Kogyo Co., Ltd.			
Sales commission	27	27	269
Purchase of parts	211	204	2,105
Sales	1,359	1,259	13,564
Accrued expenses	17	16	169
Accounts payable	53	53	528
Accounts receivables	355	275	3,543
Notes receivable	421	402	4,202
Sanyo Kaihatsu Co., Ltd.			
Rent expense	190	190	1,896
Repairs	0	—	0
Prepaid expenses	20	18	199
Other investments	301	301	3,004

Kyodo Kogyo Co., Ltd. is one of the major shareholders owning 14.9 % of voting rights of the Company and the majority of the company is owned by the directors of the Company and their relatives.

Sanyo Kogyo Co., Ltd. is a company whose certain directors are directors (including their relatives) of the Company.

Sanyo Kaihatsu Co., Ltd. is a Company whose majority is owned by certain main shareholders of the Company.

19. SUBSEQUENT EVENTS

Pursuant to the resolution of the Board of Directors' meeting held on April 14, 2008, the Company executed the borrowings from the financial institutions as follows:

Borrowed from:	Mizuho Bank	Hachijiyuni Bank
Use of fund:	Plant equipment	Plant equipment
Amount:	¥1,500 million (\$14,971 thousand)	¥1,000 million (\$9,981 thousand)
Interest rate:	1.771%	1.78%
Date of execution:	April 25, 2008	April 25, 2008
Duration:	8 years (grace period: 1 year)	8 years (grace period: 1 year)
Collateral/Guarantee:	None	None

REPORT OF INDEPENDENT AUDITORS

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 (the "Company") as of March 31, 2008 and 2007, 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 the Company as of March 31, 2008 and 2007, 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.

Additional information

As described in Note 19, the Company executed the borrowings from the financial institutions as of April 25, 2008, pursuant to the resolution of the Board of Directors' meeting held on April 14, 2008.

The consolidated financial statements as of and for the year ended March 31, 2008 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 "2. U.S. DOLLAR AMOUNTS".

Futaba Audit Corporation

Futaba Audit Corporation
Tokyo, Japan
June 20, 2008

HISTORY

Organization, system and Facilities

1920	Aug. 1927	Hideo Yamamoto founded Sanyo Shokai Co., Ltd.
1930	Jun. 1932 Dec. 1936	A factory built in Tokyo. Reorganized into a joint stock company.
1940	Apr. 1942 Feb. 1944 Dec. 1945	Renamed Sanyo Denki Co., Ltd. A factory established in Nagano Prefecture. Head office and Tokyo Works relocated to the current location of the head office.
1960	Nov. 1960 Oct. 1961 Sep. 1962 Nov. 1964	A factory established in Saitama Prefecture. Osaka Office established. Listed on the Second Section of the Tokyo Stock Exchange. Hiroshi Yamamoto becomes president.
1970	Mar. 1973 Apr. 1979	Nagoya Office established. The Shioda Works established.
1980	Mar. 1980 Feb. 1983 Feb. 1984 Apr. 1984 Jul. 1984 Nov. 1984 Jan. 1986 Jun. 1986 Dec. 1988 Jan. 1989 Oct. 1989	Tsuji Works established. Hokuriku Office established. Sendai Office established. Hiroshima Office established. Shizuoka Office established. Aoki Works established. Ueda Office established. Shinjiro Yokozawa took office as president. Sanyo Denki Europe SA. (FRANCE) established. Chicago Resident Office established. Kyushu Office established.
1990	Apr. 1990 Feb. 1991 Mar. 1993 Jun. 1994 Apr. 1995 Apr. 1995 Apr. 1996 Apr. 1997 Jul. 1997 Dec. 1997 Jul. 1998 Mar. 1999	Fujiyama Works established. Toyota Office established. Sapporo Office established. Shigeo Yamamoto took office as president. Utsunomiya Office established. Sanyo Denki America, Inc. (USA) established. Kyoto Office established. Kofu and Nagaoka Offices established. Technology Center established. Automation Intelligence, Inc. (USA) purchased. Fujiyama Works expands. A production subsidiary, Sanyo Denki Techno Service Co., Ltd., established.
2000	Feb. 2000 Sep. 2001 Apr. 2002 Apr. 2003 Nov. 2004 Jul. 2005 Oct. 2005 Jan. 2006 Jan. 2006 Jan. 2006 Jan. 2006 Aug. 2007 Apr. 2008	A production subsidiary, Sanyo Denki Philippines, Inc. (PHILIPPINES) established. Sanyo Denki Co., Ltd. Taiwan Branch (ROC) established. Sanyo Denki Co., Ltd. Hong Kong Branch (HONG KONG) established. SANYO DENKI SHANGHAI CO., LTD. (China) established. Sanyo Denki Co., Ltd. Hong Kong Branch (HONG KONG) Shenzhen Office. established. SANYO DENKI (H.K.) CO., LIMITED established. SANYO DENKI Techno Service (Shenzhen) CO.,LTD. established. SANYO DENKI TAIWAN CO., LTD. (Taiwan) established. SANYO DENKI SINGAPORE PTE. LTD. (Singapore) established. SANYO DENKI GERMANY GmbH (Germany) established. SANYO DENKI KOREA CO., LTD. (Korea) established. SANYO DENKI Techno Service (Singapore) PTE. LTD. established. SANYO DENKI (Shenzhen) CO., LTD. established.

BOARD OF DIRECTORS AND CORPORATE AUDITORS AND OPERATING OFFICERS

Chief Executive Officer

Shigeo Yamamoto

Executive Officers

Taketomi Kotani
 Kaoru Tamura
 Nobumasa Kodama
 Yuichiro Miyake
 Toru Suzuki

Corporate Auditors (Full time)

Sakon Hatanaka

Corporate Auditors

Hisashi Yamamoto
 Hisayuki Ogura
 Takeshi Yamamoto

Operating Officers

President and Chief Operating Officer
 Shigeo Yamamoto

Senior Operating Officer

Taketomi Kotani

Major Operating Officers

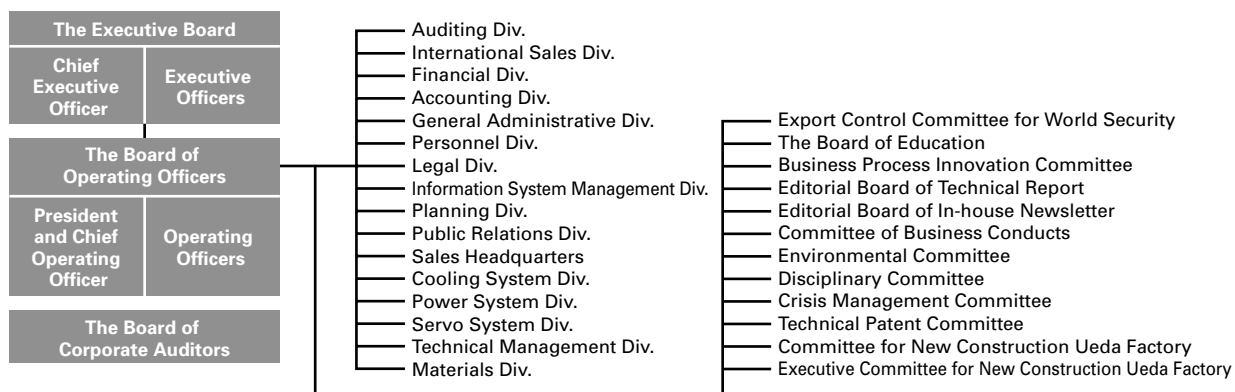
Kaoru Tamura
 Nobumasa Kodama
 Yuuji Okamatsu
 Shigejiro Miyata

Operating Officers

Yoshimasa Matsumoto
 Yoshio Terajima
 Shigeto Murata
 Kazuyuki Kitazawa
 Akira Tsukada

(As of June 19, 2008)

ORGANIZATION



CORPORATE DATA

Established
Paid-in Capital
Net Sales
CEO/President & COO
Main Bank
Number of Employees
Number of Branches

December 1936
9,926 million yen
67,386 million yen
Shigeo Yamamoto
Mizuho Bank Ltd.
2,357 (Consolidated), 1,399 (Sanyo Denki Co., Ltd.)
25 (including 13 Overseas)

(As of March 31, 2008)

NETWORK

HEAD OFFICE

Tokyo 1-15-1, Kita-otsuka
Toshima-ku, Tokyo 170-8451, Japan
TEL: +81 3 3917 5151
FAX: +81 3 3917 5415

SUBSIDIARY COMPANIES

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48 Allée des Erables-VILLEPINTE
BP.57286 F-95958 ROISSY CDG
CEDEX, FRANCE
TEL: +33 1 48 63 26 61
www.sanyodenkieurope.fr

SANYO DENKI GERMANY GmbH
Frankfurter Strasse 63-69 65760
Eschborn, Germany
TEL: +49 6196 76113 0

SANYO DENKI KOREA CO., LTD.
9F 5-2, Sunwha- dong Jung-gu Seoul
100-130, Korea
TEL: +82 2 773 5623

SANYO DENKI SHANGHAI CO., LTD.
Room 2116, Bldg B, FAR EAST
INTERNATIONAL PLAZA,
No.317 XianXia Rd., Shanghai 200051,
China
TEL: +86 21 6235 1107

SANYO DENKI TAIWAN CO., LTD.
Room 1208,12F, No.96 Chung Shan N,
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TEL: +886 2 2511 3938

SANYO DENKI (H.K.) CO., LIMITED
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SANYO DENKI (Shenzhen) CO., LTD.

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Commercial Centre Shun Hing Square,
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TEL: +86 755 3337 3865
FAX: +86 755 2583 2321

SANYO DENKI SINGAPORE PTE. LTD.

10 Hoe Chiang Road #14-03A/04
Keppel Towers, Singapore 089315
TEL: +65 6223 1071

SANYO DENKI Techno Service CO., LTD.

4024-8 Fujiyama, Uedashi,
Nagano, 386-1212, Japan
TEL: +81 26 838 8930
FAX: +81 26 838 8988

AFFILIATED COMPANIES

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90501, U.S.A.
TEL: +1 310 783 5400
FAX: +1 310 212 6545
www.sanyo-denki.com

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1700 Wyatt Dr. Suite 17 Santa Clara,
CA 95054, U.S.A.
TEL: +1 408 988 1700

New England Office
271 Waverley Oaks Rord, Suite 103
Waltham,
MA 02452, U.S.A.
TEL: +1 781 392 2121

Chicago Office
2100 Golf Road, Suite 410 Rolling
Meadows, IL 60008, U.S.A.
TEL: +1 847 871 4400

Austin Office

13284 Pond Springs Road, Austin, Texas
78729, U.S.A.
TEL: +1 512 335 7100

Detroit Office Techno Service Center
37511 Schoolcraft Road, Livonia, Michigan
48150, U.S.A.
TEL: +1 734 525 1806

Atlanta Office

6340 Sugarloaf Parkway, Suite 200
Duluth, GA 30097
TEL: +1 770 490 8088

SUBSIDIARY FACTORY

SANYO DENKI PHILIPPINES, INC.

No.2 Block F-1 Subic Technopark,
Argonaut Highway Boton Area,
Subic Bay Freeport Zone,
PHILIPPINES 2222
TEL: +63 47 252 1735

SERVICE CENTER

SANYO DENKI Techno Service (Shenzhen) CO., LTD.

1A-2, Tianji Building, Taianan Cyber
Park, Futian District,
Shenzhen 518040, China
TEL: +86 755 8342 5095

SANYO DENKI Techno Service (SINGAPORE) CO., LTD.

Blk192 Pandan Loop #01-28 Pantech,
Industrial Complex 128381, Singapore
TEL: +886 2 2523 3881

SANYO DENKI Techno Service (TAIWAN) CO., LTD.

1F, No.29 Lane96, Sec2, Jhongshan N.
R.D., Jhongshan District,
Taipei City 104, Taiwan, R.O.C.
TEL: +65 6777 5201

INVESTOR INFORMATION

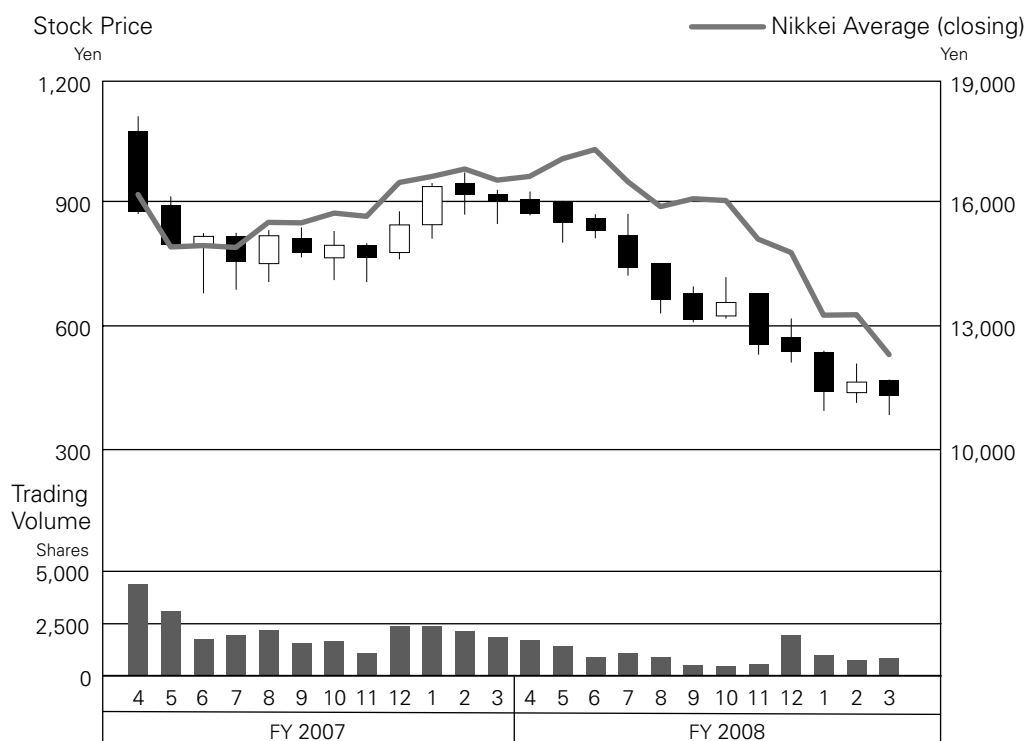
Number of Authorized Shares	250,000,000
Number of Issued Shares	64,860,935
Number of Shareholders	6,532
Major Shareholders	

	Thousands of Shares	% of Total Shares
Kyodo Kogyo Co., Ltd.....	9,129	14.08%
SN Kohsan Ltd.....	6,623	10.21
Goldman Sachs International.....	3,940	6.07
Mizuho Bank Ltd.....	2,179	3.36
Sanyo Kaihatsu Co., Ltd.....	2,100	3.24
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,888	2.91
Sanyo Kogyo Co., Ltd.	1,598	2.46
Nippon Life Insurance Company	1,573	2.43
The Master Trust Bank of Japan, Ltd. (trust account).....	1,167	1.80
The Sumitomo Trust & Banking Co., Ltd.	970	1.50

Notes 1 The number of shares shown in the above list are rounded down to the nearest thousand shares.
 2 The Company holds 3,037 thousand shares of treasury stock, which is excluded from the major shareholders listed above.

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

Share of Range (Tokyo Stock Exchange)



(As of March 31, 2008)

SANYO DENKI CO., LTD.

1-15-1 Kita-otsuka, Toshima-ku
Tokyo 170-8451, Japan
Homepage <http://www.sanyodenki.co.jp>

