

SANYO THIRD QUARTER FINANCIAL RESULTS FOR FISCAL YEAR 2005

SANYO Electric Co., Ltd. today announced its consolidated results for the third quarter ended December 31, 2005 (October 1, 2005 to December 31, 2005).

1. Consolidated results (Unaudited)

(1) For the three-month period ended December 31, 2005

(Unit: Millions of Yen)

	For the Third quarter ended December 31, 2005	For the Third quarter ended December 31, 2004	Change from the previous quarter
Net Sales	611,535	620,646	-1.5%
Operating income (loss)	16,324 (2.7%)	10,357 (1.7%)	57.6%
Income (Loss) before income taxes and minority interests	12,648 (2.1%)	(11,897) (-1.9%)	-
Net income (loss)	6,218 (1.0%)	(17,617) (-2.8%)	-
Net income (loss) per share	3.35 Yen	(9.50 Yen)	

(2) For the nine-month period ended December 31, 2005

(Unit: Millions of Yen)

	For the nine-month period From Apr. 1, 2005 To Dec. 31, 2005	For the nine-month period From Apr. 1, 2004 To Dec. 31, 2004	Change
Net Sales	1,799,018	1,886,197	-4.6%
Operating income	(10,195) (-0.6%)	49,351 (2.6 %)	-
Income (loss) before income taxes and minority interest	(111,226) (-6.2%)	6,400 (0.3%)	-
Net income (loss)	(136,307) (-7.6%)	(14,216) (-0.8%)	-
Net income (loss) per share	(73.50 Yen)	(7.66 Yen)	

1. The number of consolidated subsidiaries 157, and affiliates 42 (equity method)
2. SANYO's consolidated financial statements are based on U.S. GAAP standard
3. Operating profit and segment-based information is prepared using Japan's standard.

2. Consolidated Sales by Business Group Category (Unaudited)

(1) For the three-month period ended December 31, 2005
(Unit: Millions of Yen)

Product category	For the Third quarter ended December 31, 2005		For the Third quarter ended December 31, 2004		Change	
	Amount	Ratio to total	Amount	Ratio to total	Amount	Ratio
Consumer	303,483	49.6%	316,036	50.9%	(12,553)	-4.0%
Commercial	58,669	9.6%	55,030	8.9%	3,639	6.6%
Component	230,556	37.7%	230,413	37.1%	143	0.1%
Others	18,827	3.1%	19,167	3.1%	(340)	-1.8%
Total	611,535	100.0%	620,646	100.0%	(9,111)	-1.5%
Breakdown						
Domestic sales	283,723	46.4%	309,098	49.8%	(25,375)	-8.2%
Overseas sales	327,812	53.6%	311,548	50.2%	16,264	5.2%

(2) For the nine-month period ended December 31, 2005
(Unit: Millions of Yen)

Product category	For the nine- month period From Apr. 1, 2005 To Dec. 31, 2005		For the nine- month period From Apr. 1, 2004 To Dec. 31, 2004		Change	
	Amount	Ratio to total	Amount	Ratio to total	Amount	Ratio
Consumer	866,307	48.2%	935,700	49.6%	(69,393)	-7.4%
Commercial	176,327	9.8%	161,495	8.6%	14,832	9.2%
Component	680,615	37.8%	719,316	38.1%	(38,701)	-5.4%
Others	75,769	4.2%	69,686	3.7%	6,083	8.7%
Total	1,799,018	100.0%	1,886,197	100.0%	(87,179)	-4.6%
Breakdown						
Domestic sales	865,782	48.1%	957,452	50.8%	(91,670)	-9.6%
Overseas sales	933,236	51.9%	928,745	49.2%	4,491	0.5%

3. Consolidated Statements of Income (Unaudited)

(1) For the three-month period ended December 31, 2005
(Unit: Millions of Yen)

Items	For the Third quarter ended December 31, 2005		For the Third quarter ended December 31, 2004		Change	
	Amount	Ratio	Amount	Ratio	Amount	Ratio

		to net sales		to net sales		
Net sales	611,535	100.0%	620,646	100.0%	(9,111)	-1.5%
Operating revenue	36,875	6.0%	25,554	4.1%	11,321	44.3%
Sales and operating revenue	648,410	106.0%	646,200	104.1%	2,210	0.3%
Cost of sales	525,726	85.9%	535,899	86.3%	(10,173)	-1.9%
Selling, general and administrative expenses	106,360	17.4%	99,944	16.1%	6,416	6.4%
Operating income	16,324	2.7%	10,357	1.7%	5,967	57.6%
Other income	19,746	3.2%	6,049	1.0%	13,697	226.4%
(Interest and Dividends)	(1,507)		(981)		(526)	
(Other)	(18,239)		(5,068)		(13,171)	
Other expenses	23,422	3.8%	28,303	4.6%	(4,881)	-17.2%
(Interest)	(5,605)		(3,925)		(1,680)	
(Other)	(17,817)		(24,378)		((6,561))	
Income (Loss) before income taxes	12,648	2.1%	(11,897)	-1.9%	24,545	-
Income taxes	4,581	0.8%	4,114	0.7%	467	11.4%
Income (Loss) before minority interests	8,067	1.3%	(16,011)	-2.6%	24,078	-
Minority interests	1,849	0.3%	1,606	0.2%	243	15.1%
Net income (loss)	6,218	1.0%	(17,617)	(2.8)%	(23,835)	-

(2) For the nine-month period ended December 31, 2005

(Unit: Millions of Yen)

For the nine-month period From Apr. 1, 2005 To Dec. 31, 2005	For the nine-month period From Apr. 1, 2004 To Dec. 31, 2004	Change
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Items	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio
Net sales	1,799,028	100.0%	1,886,197	100.0%	(87,179)	-4.6%
Operating revenue	100,741	5.6%	76,751	4.1%	23,990	31.3%
Sales and operating revenue	1,899,759	105.6%	1,962,948	104.1%	(63,189)	-3.2%
Cost of sales	1,595,830	88.7%	1,609,266	85.3%	(13,436)	-0.8%
Selling, general and administrative expenses	314,124	17.5%	304,331	16.2%	9,793	3.2%
Operating income	(10,195)	-0.6%	49,351	2.6%	(59,546)	-
Other income	44,207	2.5%	22,200	1.2%	22,007	99.1%
(Interest and Dividends)	(5,631)		(3,970)		(1,661)	
(Other)	(38,576)		(18,230)		(20,346)	
Other expenses	145,238	8.1%	65,151	3.5%	80,087	122.9%
(Interest)	(16,370)		(11,972)		(4,398)	
(Other)	(128,868)		(53,179)		(75,689)	
Income (Loss) before income taxes	(111,226)	-6.2%	6,400	0.3%	(117,626)	-
Income taxes	31,784	1.8%	16,962	0.9%	14,822	87.4%
Income (Loss) before minority interests	(143,010)	-7.9%	(10,562)	-0.6%	(132,448)	-
Minority interests	(6,703)	-0.4	3,654	0.2	(10,357)	-
Net income (loss)	(136,307)	-7.6%	(14,216)	-0.8%	(122,091)	-

4. Consolidated Balance Sheet (Unaudited) (Unit: Millions of Yen)

Items	As of Dec. 31, 2005	As of Sep. 30, 2005	Increase (Decrease)	As of Mar. 31, 2005
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(Assets)				
Current Assets				
Cash and Time deposits	249,444	242,137	7,307	294,982
Receivables:				
Notes and accounts	527,615	457,643	69,972	477,687
Finance receivables	-	245,644	(245,644)	261,639
Inventories	386,734	386,112	622	383,976
Other	83,869	69,442	14,427	75,082
Current assets total	1,247,662	1,400,978	(153,316)	1,493,366
Investment and advances	205,613	235,335	(29,722)	250,991
Property, plant & equipment	566,066	628,995	(62,929)	611,231
Other	71,120	231,770	(160,650)	245,089
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Total Assets	2,090,461	2,497,078	(406,617)	2,600,677
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(Liabilities)				
Current liabilities				
Short-term borrowings	404,754	561,990	(157,236)	547,632
Notes and accounts	478,037	454,140	23,897	503,789
Other	301,614	315,038	(13,424)	315,107
Total current liabilities	1,184,405	1,331,168	(146,763)	1,366,528
Long-term debt	504,927	737,872	(232,945)	679,728
Accrued pension and severance costs	201,788	212,277	(10,489)	216,190
Total liabilities	1,891,120	2,281,317	(390,197)	2,262,446
Minority interests in Consolidated subsidiaries	17,656	50,059	(32,403)	49,963
(Stockholders' equity)				
Common stock	172,242	172,242	-	172,242
Additional paid-in capital	336,038	336,030	8	336,035
Retained earnings	(220,648)	(226,867)	6,219	(84,342)
Accumulated other comprehensive loss	(98,533)	(108,316)	9,783	(128,310)
Treasury stock	(7,414)	(7,387)	(27)	(7,357)
Total stockholders' equity	181,685	165,702	15,983	288,268
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Total liabilities, minority interests and stockholders' equity	2,090,461	2,497,078	(406,617)	2,600,677
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5. Consolidated Statement of Cash Flows (Unaudited)

(1) For the three-month ended December 31, 2005

(Unit: Millions of Yen)

Items For the Third For the Third

	quarter ended December 31, 2005	quarter ended December 31, 2004

1. Cash flows from operating activities		
Net income (loss)	6,218	(17,617)
Depreciation and amortization	32,877	27,719
Increase in receivables	(66,781)	(32,364)
(Increase) Decrease in inventories	3,616	(20,506)
Increase in notes & accounts payable	29,045	6,063
Other, net	(20,706)	(32,208)

Net cash (used) in provided by operating activities	(15,731)	(68,913)

2. Cash flows from investing activities		
(Increase) Decrease in short term & long term investment	16,248	(4,792)
Purchase of tangible fixed assets	(6,567)	(10,234)
Proceeds on business transfer	-	17,889
(Payments for) sale of consolidated subsidiaries	(6,130)	-
Other	(2,442)	(5,781)

Net cash (used) provided by investing activities	1,109	(2,918)

3. Cash flows from financing activities		
Increase in short term borrowing	34,848	49,249
Decrease in long term debt	(17,426)	(55,088)
Dividends paid	(521)	(5,989)
Other	1,796	(62)

Net cash (used) provided by financing activities	18,697	(11,890)

4. Effect of exchange rate changes on cash & cash equivalents	3,232	(3,123)

5. Net (decrease) increase in cash & cash equivalents	7,307	(86,844)

6. Cash & cash equivalents of newly consolidated subsidiaries	-	1,510
7. Cash & cash equivalents at beginning	242,137	316,427
8. Cash & cash equivalents at end	249,444	231,093

(2) For the nine-month period ended December 31, 2005

(Unit: Millions of Yen)

Items	For the nine- month period From Apr. 1, 2005 To Dec. 31, 2005	For the nine- month period From Apr. 1, 2004 To Dec. 31, 2004

1. Cash flows from operating activities		

Net income (loss)	(136,307)	(14,216)
Depreciation and amortization	99,625	85,808
Decrease in fixed assets	57,438	-
Increase in receivables	(15,429)	(17,191)
(Increase) Decrease in inventories	16,031	(60,510)
Increase (Decrease) in notes & accounts payable	(49,741)	25,945
Other	(27,191)	(63,722)

Net cash (used) in provided by operating activities	(55,574)	(43,886)

2. Cash flows from investing activities		
(Increase) Decrease in short term & long term investment	58,817	(10,737)
Purchase of tangible fixed assets	(59,178)	(52,225)
Proceeds on business transfer	-	17,889
(Payments for) sale of consolidated subsidiaries	(6,130)	-
Other	(1,994)	(11,705)

Net cash (used) in investing activities	(8,485)	(56,778)

3. Cash flows from financing activities		
Increase in short term borrowing	48,568	70,448
Decrease in long term debt	(53,806)	(9,339)
Dividends paid	(1,077)	(11,852)
Other	1,761	(109)

Net cash (used) in financing activities	(4,554)	49,148

4. Effect of exchange rate changes on cash & cash equivalents	6,780	(85)

5. Net decrease in cash & cash equivalents	(61,833)	(51,601)

6. Cash & cash equivalents of newly consolidated subsidiaries	16,295	5,232
7. Cash & cash equivalents at beginning	294,982	277,462
8. Cash & cash equivalents at end	249,444	231,093

6. Consolidated Segment Information (Unaudited)

(1) For the three-month period ended December 31, 2005
(Unit: Millions of Yen)

Items	For the Third quarter ended December 31, 2005		For the Third quarter ended December 31, 2004		Change	
	Amount	Component proportion ratio	Amount	Component proportion ratio	Amount	Ratio

Net sales & operating revenue	Consumer	305,439	46.2%	319,496	48.5%	(14,057)	-4.4%
	Commercial	59,417	9.0%	55,600	8.4%	3,817	6.9%
	Component	239,702	36.2%	236,468	35.9%	3,234	1.4%
	Others	57,091	8.6%	46,761	7.2%	10,330	22.1%
	Sub-total	661,649	100.0%	658,325	100.0%	3,324	0.5%
	Corporate & eliminations	(13,239)	-	(12,125)	-	(1,114)	-
Total	648,410	-	646,200	-	2,210	0.3%	

Operating income	Consumer	1,844	8.2%	8,064	51.4%	(6,220)	-77.1%
	Commercial	2,612	11.6%	1,360	8.7%	1,252	92.1%
	Component	14,094	62.4%	3,111	19.8%	10,983	353%
	Others	4,023	17.8%	3,148	20.1%	875	27.8%
	Sub-total	22,573	100.0%	15,683	100.0%	6,890	43.9%
	Corporate & eliminations	(6,249)	-	(5,326)	-	(923)	-
Total	16,324	-	10,357	-	5,967	57.6%	

(2) For the nine-month period ended December 31, 2005
(Unit: Millions of Yen)

Items	For the nine-month period From Apr. 1, 2005 To Dec. 31, 2005		For the nine-month period From Apr. 1, 2004 To Dec. 31, 2004		Change		
	Amount	Component proportion ratio	Amount	Component proportion ratio	Amount	Ratio	
Net sales & operating revenue	Consumer	872,081	44.9%	947,281	47.2%	(75,200)	-7.9%
	Commercial	179,441	9.3%	163,429	8.2%	16,012	9.8%
	Component	706,375	36.4%	740,389	36.9%	(34,014)	-4.6%
	Others	182,953	9.4%	153,696	7.7%	29,257	19.0%
	Sub-total	1,940,850	100.0%	2,004,795	100.0%	(63,945)	-3.2%
Corporate &							

	eliminations	(41,091)	-	(41,847)	-	756	-

	Total	1,899,759	-	1,962,948	-	(63,189)	-3.2%

Operating income	Consumer	(10,210)	-94.7%	25,263	37.7%	(35,473)	-
	Commercial	4,606	42.7%	3,548	5.3%	1,058	29.8%
	Component	7,926	73.5%	26,449	39.5%	(18,523)	-70.0%
	Others	8,457	78.5%	11,737	17.5%	(3,280)	-27.9%
	Sub-total	10,779	100.0%	66,997	100.0%	(56,218)	-83.9%

	Corporate & eliminations	(20,974)	-	(17,646)	-	(3,328)	-

	Total	(10,195)	-	49,351	-	(59,546)	-

(Notes)

1. Contents of Business Segment

Consumer: TVs, VCRs, DVD Players, LCD Projectors, Audio Equipment, Digital Cameras, Telephones, Refrigerators, Air Conditioners, Washing Machines and Microwave Ovens, etc.

Commercial: Showcases, Package-Type Air Conditioners and Absorption-Type Chiller/Heaters.

Component: Semiconductors, LCDs and Electronic Components, Primary batteries, Rechargeable batteries and Solar modules.

Others: Leasing, Credit, Distribution, Maintenance and Housing.

2. Basic R&D expenses and corporate office expenses are included in the item of "Corporate and eliminations" as unallocated expenses.

Business Performance & Financial Position

1. Qualitative information for consolidated business results

General Overview for Third Quarter Fiscal Year 2005

The global economy in the current period under review has been steadily recovering. In the U.S., while there has been concern regarding inflationary pressures caused by a hike in energy prices etc., there has been an economic expansion. In China, growing investments in fixed assets have contributed to continued business growth.

In regards to Japan's economy, ongoing improved corporate profits and firm private capital investment lead to a gradual growth of personal consumption. While the economy has been recovering supported by domestic private demand, the future trends of the management climate remain uncertain with concerns like oil prices shifting at a high level etc.

Under these conditions, SANYO registered a large consolidated deficit in the last fiscal year after one of its main manufacturing facilities for semiconductors was struck by a major earthquake in Niigata in October 2004 and the forecast for this year will also be a

net loss. Under such severe conditions, in order to increase corporate value and raise employees' motivation, a reform plan called the 'SANYO EVOLUTION PROJECT' was launched based on SANYO's new vision 'Think GAIA'. SANYO aims to push through the Mid-Term Business Plan by business realignment and rebuilding through a greater selection and focus of its business portfolio, management and organizational reforms to improve the cost structure and improve the financial condition etc.

Consolidated Results

On Dec. 27, 2005, SANYO transferred a part of its interest in SANYO Electric Credit Co., Ltd, a consolidated company of SANYO, to an affiliate company of Goldman Sachs Inc. As a result, SANYO now holds a 19.13% stake in SANYO Electric Credit Co., Ltd. Moreover, in this third quarter, SANYO Electric Credit Co., Ltd., will be treated as a consolidated company on SANYO's statements of income, and at the end of this Fiscal Year will not be a listed as a consolidated company.

For third quarter fiscal year 2005, consolidated net sales were 611.5 billion yen, a decrease of 1.5% over the same period last year. Domestic net sales were 283.7 billion yen, a decrease of 8.2% over the same period last year. Overseas net sales increased 5.2% to 327.8 billion yen over the same period last year.

Consumer segment recorded sales of 303.4 billion yen, a decrease of 4.0% compared with the same period of the previous year despite increase in digital cameras, owing to decrease in sales of mobile phones etc.

Commercial segment sales amounted to 586 billion yen, an increase of 6.6% compared to the same period of the previous year, due to an increase in overseas sales of large air conditioners and showcases.

Component segment sales increased 0.1% over the same period last year to 230.5 billion yen despite decrease in sales for LCDs due to business restructuring and for optical pickups due to price declines, owing to great demand for solar modules and rechargeable batteries like Lithium ion batteries.

Operating income was 16.3 billion yen, an increase of 57.6% over the same period last year, owing to cost reduction facilitated by improvement effects of cost of sales etc. Income before income taxes and minority interests was 24.5 billion yen higher than the same period last year at 12.6 billion yen owing to gain on sale of investment securities and the occurrence of losses caused due to the earthquake over the same period last year. Net income after deducting provision for income tax and minority interests is 6.2 billion yen.

2. Financial Position

Assets

Total assets at the end of the third quarter decreased by 406.6 billion yen to 2,090.4 billion yen compared to the end of the first half of the fiscal year. The main reason for this is that with SANYO Electric Credit Co., Ltd. off SANYO's consolidated balance sheet, finance receivables decreased by 245.2 billion yen and long-term debt decreased by 123.1 billion yen.

Liability and Stockholders' Equity

Total liabilities at the end of the third quarter decreased 390.1 billion yen to 1,891.1 billion yen compared to the end of the first half of the fiscal year. The main reason for this is that with SANYO Electric Credit Co., Ltd. off SANYO's consolidated balance sheet, short-term borrowings decreased by 203.6 billion yen and long-term debt decreased by 206.2 billion yen.

Cash Flows

Regarding statement of cash flows, net cash used in operating activities was 15.7 billion yen, net cash provided in investing activities was 1.1 billion yen. Net cash provided in financing activities was 18.6 billion yen. Taking into account exchange rate fluctuations, cash and cash equivalents at the end of this quarter increased by 7.3 billion yen compared to the end of the mid-term period to 249.4 billion yen.

3. Forecast of consolidated results for FY 2005 (April 1, 2005 to March 31, 2006)

The forecast for consolidated results for FY 2005 has not changed from the announcement made on November 18, 2005.

(a) The forecasts above are based on assumptions deemed reasonably at the time they were prepared. Actual results may differ significantly from forecasts. Actual results may be influenced by, but not limited to the following, changes in political and economic climate in different regions, increased material costs and fluctuations in the foreign exchange markets.

Note: This is a Summary of the Japanese original

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