

(This notice has been translated from the original notice in Japanese. In the event of any discrepancy, the original in Japanese shall prevail.)



February 6, 2014

**Summary of Financial Results for the First Three Quarters of the Fiscal Year
Ending March 31, 2014
(Nine Months Ended December 31, 2013)
[Japan Standards] (Consolidated)**

Name of Listed Company: Sanshin Electronics Co., Ltd. Stock Exchange Listed: 1st Section, Tokyo
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Scheduled date of filing of Quarterly Report: February 13, 2014
Scheduled date of dividend payment: —
Supplementary materials for the quarterly financial results: None
Investor conference for the quarterly financial results: None

(Amounts are rounded down to the nearest million yen)

1. Consolidated Business Performance for the First Three Quarters of March 2014 Term (April 1, 2013 – December 31, 2014)

(1) Consolidated business performance (consolidated)

(The percentages shown for net sales, operating profit, ordinary profit and net profit represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q March 2014 Term	144,985	26.1	1,582	50.5	1,631	72.1	1,056	57.5
3Q March 2013 Term	115,019	1.4	1,051	45.5	948	46.7	670	71.9

(Note) Comprehensive profit 3Q March 2014 Term: 2,834 million yen (58.0%) 3Q March 2013 Term: 1,098 million yen (-%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
3Q March 2014 Term	37.24	—
3Q March 2013 Term	22.90	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
December 2013 Term	93,881	61,814	65.8
March 2013 Term	82,916	59,916	72.3

Reference) Shareholders' equity 3Q March 2014 Term: 61,814 million yen March 2013 Term: 59,916 million yen

2. Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2013 Term	—	10.00	—	10.00	20.00
March 2014 Term	—	10.00	—	—	—
March 2014 Term (forecast)	—	—	—	10.00	20.00

(Note) Revision of most recent dividend forecast: None

3. Forecasts for Consolidated Business Performance for March 2014 Term (April 1, 2013 – March 31, 2014)

(The percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	183,000	23.7	2,200	8.2	2,300	41.2	1,550	37.0	55.00

(Note) Revision of most recent earnings forecast: None

* Notes

(1) Significant subsidiary change in the consolidated cumulative period of this quarter (changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of unique accounting to the preparation of quarterly consolidated financial statements: None

(3) Change of accounting principles, change of accounting estimate, and redisplay after revision

1) Change of accounting principles caused by revision of accounting standards: None

2) Change of accounting principles other than 1): None

3) Change of accounting estimate: None

4) Redisplay after revision: None

(4) Number of shares outstanding (ordinary shares)

1) Number of shares outstanding at the end of term (including treasury stock):

3Q March 2014 Term: 29,281,373 shares March 2013 Term: 30,281,373 shares

2) Number of treasury stock at the end of term:

3Q March 2014 Term: 1,101,862 shares March 2013 Term: 1,501,550 shares

3) Number of average stock during the term (quarterly total):

3Q March 2014 Term: 28,369,549 shares 3Q March 2013 Term: 29,279,948 shares

*Indication concerning execution condition of quarterly review procedure

The audit procedure of quarterly financial statements based on Financial Instruments and Exchange Law has not finished at the time of indication of this brief quarterly report.

*Cautionary statement with respect to forward-looking statements

The above forecast is a forecast for the future based on data currently available and the Company does not promise the achievement of the forecast.

The actual performance may considerably differ from the forecast due to various factors.

See the section "1. Qualitative Information Concerning the Current Quarterly Settlement - (3) Explanation of Forecasts for Consolidated Business Performance and Other Future Prospects" on page 3 of [Appendix] regarding the relevant matters for the above forecast for the business performance.

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1. Qualitative Information Concerning the Current Quarterly Settlement

(1) Explanation of Business Results

1) Overview for the first three quarters of the consolidated fiscal year ending March 2014

During the first three quarters of the current consolidated cumulative period, the US economy continued to gradually recover. There was also gradual heightening in expectations for economic recovery in Europe. In Asia, overall growth was steady, including stabilization for tempo of economic expansion in China. In the Japanese economy, business confidence improved and consumer spending increased, spurred by a surge in demand before the scheduled increase in consumption tax. Overall, there are increased signs of economic recovery.

In the electronics industry, increased demand for car electronics and mobile devices such as smartphones and tablet PCs continued to drive the semiconductor and electronic component markets. In the domestic IT industry, although a favorable shift in the economic environment led to gradual recovery in facilities investment by corporations, there continues to be fierce competition for orders.

In these circumstances, the Group made a continuous effort to increase sales and improve profitability by strengthening its business power and consolidating management foundations.

As a result, net sales increased 26.1% year-on-year to 144,985 million yen, operating profit increased 50.5% to 1,582 million yen, ordinary profit increased 72.1% to 1,631 million yen, and net profit increased 57.5% to 1,056 million yen in the first half of the consolidated cumulative period.

2) Overview of performance by business segment

(Device business)

In the device segment, our leading products are semiconductors (including system LSIs, microcomputers, LCD driver ICs, and memories, etc.) and electronic components (including connectors, capacitors, and circuit boards, etc.). These products are sold mainly to the electronics manufacturers. We also provide technical support, such as software development and ASIC designs.

In the current consolidated cumulative period of the first three quarters, despite decreased sales for home game consoles, sales of both semiconductors and electronic components increased compared to the same period a year ago thanks to increased sales for mobile devices, social infrastructure devices and in-vehicle devices, the launch of new products focusing on overseas manufacturers, and a weaker yen.

As a result, consolidated segment sales increased 26.3% year-on-year to 136,132 million yen. The segment profit ended at 1,072 million yen (up 150.7% from the previous term).

Orders received totaled 152,047 million yen, while the order backlog stood at 48,646 million yen.

(Solution business)

In the solution segment, the Company develops business related to network and image editing systems. In the network system business, we offer services including sales, maintenance, and support of the information communication network and enterprise resource planning (ERP) systems, mainly targeting companies, medical institutions, and national and local government agencies. In the image editing system business, we provide systems and software products for editing, transmitting, and distribution of video content to customers including the broadcast stations and video production companies.

In the current the current consolidated cumulative period of the first three quarters, despite a decrease in video system-related business, sales increased compared to the same period a year ago due to steady overall growth in the sales of embedded systems and network system-related business for public systems.

As a result, consolidated segment sales increased 21.7% year-on-year to 8,852 million yen. The segment profit ended at 558 million yen (up 7.4% from the previous term).

Orders received totaled 12,445 million yen, while the order backlog stood at 8,872 million yen.

(2) Explanation of Financial Position

Assets, liabilities and net assets

As of December 31, 2013, assets totaled 93,881 million yen. This represented an increase of 10,964 million yen compared with March 31, 2013. This was mainly attributable to an increase in notes and accounts

receivable of 14,502 million yen, an increase in cash and deposits of 4,338 million yen, and a decrease in merchandise inventories of 7,287 million yen.

Liabilities increased 9,066 million yen to 32,066 million yen, mainly because of a 6,006 million yen increase in notes and accounts payable and a 3,923 million yen increase in short-term loans payable.

Net assets increased 1,898 million yen to 61,814 million yen, mainly because of a 1,132 million yen increase in foreign exchange conversion adjustments.

(3) Explanation of Forecasts for Consolidated Business Performance and Other Future Prospects

There has no change from the forecasted figures contained in the bulletin issued announcing the financial results for the consolidated second quarter of the year ending March 31, 2014 (released on November 6, 2013).

2. Matters Concerning Summary Information (Notes)

(1) Significant Subsidiary Change in the Consolidated Cumulative Period of This Quarter

None

(2) Application of Unique Accounting to the Preparation of Quarterly Consolidated Financial Statements

None

(3) Change of Accounting Principles, Change of Accounting Estimate, and Redisplay after Revision

None

(4) Additional Information

(Changes in years over which actuarial gain or loss and prior service cost are amortized related to the provision for retirement benefits)

Effective from the first quarter of the consolidated accounting period, the Company has changed the years over which actuarial gain or loss and prior service cost are amortized from the previous figure of 13 years to 10 years since the average remaining service period of employees became shorter.

As a result of the above change, operating profit, ordinary profit, and net profit before tax and adjustments for the current consolidated cumulative period of the first three quarters increased by 59 million yen, respectively, from those under the previous method.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	March 2013 Term (As of Mar. 31, 2013)	3Q March 2014 Term (As of Dec. 31, 2013)
Assets		
Current assets		
Cash and deposits	11,164	15,502
Notes and accounts receivable-trade	38,522	52,269
Electronically recorded monetary claims	321	1,077
Merchandise inventories	22,704	15,417
Partly-finished work	0	149
Others	3,712	2,825
Allowance for doubtful receivables	(36)	(13)
Total current assets	76,391	87,229
Fixed assets		
Property and equipment	4,245	4,033
Intangible fixed assets		
Goodwill	39	40
Others	138	133
Total intangible fixed assets	177	174
Investments and other assets		
Others	2,163	2,538
Allowance for doubtful receivables	(61)	(95)
Total investments and other assets	2,102	2,443
Total fixed assets	6,525	6,651
Total assets	82,916	93,881
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,795	22,801
Short-term loans payable	3,357	7,280
Accrued corporate tax, etc.	543	90
Allowance	541	310
Others	1,509	1,177
Total current liabilities	22,746	31,659
Fixed liabilities		
Provision for retirement benefits	80	61
Others	173	345
Total fixed liabilities	253	407
Total liabilities	23,000	32,066
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,329	15,329
Retained earnings	32,743	32,537
Treasury stock	(1,089)	(763)
Total shareholders' equity	61,795	61,915
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	244	483
Deferred hedge gains/losses	(344)	60
Foreign exchange conversion adjustments	(1,778)	(645)
Total Accumulated other comprehensive income	(1,879)	(100)
Total net assets	59,916	61,814

Total liabilities and net assets

82,916	93,881
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(2) Quarterly Consolidated Profit and Loss Statement, Consolidated Comprehensive Profit Statement
 (Quarterly Consolidated Profit and Loss Statement for the First Three Quarters)

(Million yen)

	3Q March 2013 Term (Apr. 1, 2012 – Dec. 31, 2012)	3Q March 2014 Term (Apr. 1, 2013 – Dec. 31, 2013)
Net sales	115,019	144,985
Cost of sales	107,237	136,126
Gross profit on sales	7,781	8,859
Selling, general and administrative expenses	6,730	7,277
Operating profit	1,051	1,582
Non-operating profit		
Interest income	15	10
Dividend income	60	75
Foreign exchange gains	—	14
Others	45	47
Total non-operating profit	122	148
Non-operating expenses		
Interest expenses	11	18
Sales discounts	12	28
Foreign exchange loss	199	—
Loss on sales of electronically recorded monetary claims	—	45
Others	1	5
Total non-operating expenses	225	98
Ordinary profit	948	1,631
Extraordinary profits		
Gain on sale of fixed assets	0	1
Gain on sale of investment securities	299	1
Total extraordinary profits	299	3
Extraordinary losses		
Loss on sales of fixed assets	0	65
Loss on disposition of fixed assets	0	2
Loss on sales of investment securities	59	—
Loss on valuation of investment securities	125	—
Loss on valuation of membership	0	—
Settlement package	81	—
Total extraordinary losses	267	68
Net profit before tax and adjustments	980	1,566
Corporate, resident and enterprise taxes	251	355
Adjustment for corporate tax, etc.	58	155
Total income taxes	310	510
Income before minority interest	670	1,056
Net profit	670	1,056

(Quarterly Consolidated Comprehensive Profit Statement)
(Consolidated cumulative period of the first three quarters)

	3Q March 2013 Term (Apr. 1, 2012 – Dec. 31, 2012)	3Q March 2014 Term (Apr. 1, 2013 – Dec. 31, 2013)
Income before minority interest	670	1,056
Other comprehensive incomes		
Valuation difference on available-for-sale securities	61	239
Deferred hedge gains/losses	(102)	405
Foreign currency translation adjustment	468	1,132
Total of other comprehensive incomes	428	1,778
Comprehensive profit	1,098	2,834
(Details)		
Comprehensive income relating to parental company	1,098	2,834
Comprehensive income relating to minority shareholders	—	—

(3) Notes on Quarterly Consolidated Financial Statements

(Notes regarding Going Concern)

There are no relevant matters.

(Notes regarding Remarkable Change of Shareholder's Equity)

None

(Segment Information)

I. 3Q March 2013 Term (Apr. 1, 2012 – Dec. 31, 2012)

Information regarding the amounts of sales, profit or loss in each report segment

(Million yen)

	Device segment	Solution segment	Total
Net sales			
Sales to outside customers	107,746	7,273	115,019
Inter-segment sales or transfers	-	-	-
Total	107,746	7,273	115,019
Segment profit	427	520	948

Notes: The segment profit is consistent with the ordinary profit in the quarterly consolidated profit and loss statement.

II. 3Q March 2014 Term (Apr. 1, 2013 – Dec. 31, 2013)

1. Information regarding the amounts of sales, profit or loss in each report segment

(Million yen)

	Device segment	Solution segment	Total
Net sales			
Sales to outside customers	136,132	8,852	144,985
Inter-segment sales or transfers	-	-	-
Total	136,132	8,852	144,985
Segment profit	1,072	558	1,631

Notes: The segment profit is consistent with the ordinary profit in the quarterly consolidated profit and loss statement.

2. Matters concerning changes in report segments

(Changes in methods calculating the profit or loss of report segments)

Effective from the first quarter of the consolidated accounting period, the methods of allocating expenses to each business segment have changed in order to manage the performance of each segment more precisely. Based on the above changes, the segment profit for the previous consolidated cumulative period of the first three quarters was prepared in accordance with the amended calculation methods.