

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



August 6, 2014

**Summary of Financial Results for the First Quarter of the Fiscal Year  
Ending March 31, 2015  
(Three Months Ended June 30, 2014)  
[Japan Standards] (Consolidated)**

Name of Listed Company: Sanshin Electronics Co., Ltd.      Stock Exchange Listed: 1st Section, Tokyo  
Code No.: 8150      URL: <http://www.sanshin.co.jp>  
Representative: Toshiro Suzuki, President (Representative Director)  
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Scheduled date of filing of Quarterly Report: August 12, 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 Quarter of March 2015 Term (Apr. 1, 2014 – Jun. 30, 2014)**

(1) Consolidated business performance (cumulative)

*(% figures represent year-on-year increase or decrease)*

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q March 2015 Term	40,665	12.6	354	(1.8)	304	(9.2)	169	(17.3)
1Q March 2014 Term	36,124	34.9	361	351.0	335	124.0	205	—

(Note) Comprehensive profit    1Q March 2015 Term: (210) million yen (-%)      1Q March 2014 Term: 797 million yen (-%)

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
1Q March 2015 Term	6.02		—	
1Q March 2014 Term	7.14		—	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
1Q March 2015 Term	91,688		61,696		67.3	
March 2014 Term	93,522		62,255		66.6	

(Reference) Shareholders' equity    1Q March 2015 Term: 61,696 million yen      March 2014 Term: 62,255 million yen

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2014 Term	—	10.00	—	10.00	20.00
March 2015 Term	—				
March 2015 Term (forecast)		10.00	—	10.00	20.00

(Note) Revision of most recent forecast on dividends:    None

### 3. Forecasts for Consolidated Business Performance for March 2015 Term (April 1, 2014 – March 31, 2015)

(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
First half	91,000	(5.6)	850	(28.1)	800	(34.4)	500	(35.6)	17.74
Full year	195,000	1.4	2,550	1.3	2,450	(7.8)	1,650	(8.7)	58.55

(Note) Revision of most recent forecast on earnings: None

#### \* Annotations

(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: Yes

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

3) Change of accounting estimate: None

4) Redisplay after revision: None

(Note) For further information, please refer to “2. Matters Concerning Summary Information (Notes) - (3) Change of accounting principles, change of accounting estimate, and redisplay after revision”, on page 3 of [Appendix].

(4) Number of shares outstanding (ordinary shares)

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

1Q March 2015 Term: 29,281,373 shares                      March 2014 Term: 29,281,373 shares

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

1Q March 2015 Term: 1,102,001 shares                      March 2014 Term: 1,101,952 shares

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

1Q March 2015 Term: 28,179,384 shares                      1Q March 2014 Term: 28,753,413 shares

#### \* Indication concerning execution condition of quarterly review procedures

At the time of disclosure of these quarterly financial statements, the review procedures for the quarterly financial statements pursuant to the Financial Instruments and Exchange Law have not been completed.

#### \* Cautionary statement regarding forward-looking statements

The projected results and forward-looking statements included in this document reflect the Company's expectations based on information available at the time of release, and are not intended as a guarantee that the Company will achieve these targets.

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) In the current first quarter of the consolidated cumulative period, while the U.S. economy continued to recover and signs of a pick-up were seen also in Europe, elsewhere in China, the situation remained generally solid as the economic slowdown was at some point reined in. Also, the Japanese economy continued to recover slightly, despite some signs of weakness due to reaction to the last-minute rush of demand accompanying the consumption tax hike.

In the electronics industry, the semiconductor and electronic component markets were favorable, supported by strong demand for smartphones and automotive/ industrial applications. On the other hand, the domestic IT industry faced a tough situation, like the hardware markets decline, etc. This was due to reduced domestic IT investments against the background of overseas business expansion of large enterprises, as well as reaction to a invigorated replacement demand for PCs compared with the preceding year.

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 12.6% year-on-year to ¥40,665 million, while operating profit decreased 1.8% to ¥354 million, as well as ordinary profit by 9.2% down to ¥304 million, and net profit by 17.3% down to ¥169 million, all on a year over year basis.

The operating results for each business segment are as follows:

#### *Device segment*

In the device segment, our leading products are semiconductors (including system LSIs, microcomputers, LCD driver ICs, memories, etc.) and electronic components (including connectors, capacitors, 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 first quarter of the consolidated cumulative period, in spite of a decrease in sales of household appliances, sales for social infrastructure increased while sales for mobile devices and in-vehicle-related applications remained solid, leading to an increase in net sales compared with the same period last year.

As a result, consolidated segment sales increased 13.2% year-on-year to ¥38,494 million. The segment profit ended at ¥263 million, down 1% from the previous term, due to an increase in SG&A expenses along with higher net sales. Orders received totaled ¥48,523 million, while the order backlog stood at ¥46,934 million.

#### *Solution segment*

In the solution business, we are committed to planning and developing infrastructure with information and telecommunications operations at the core, mainly for private companies, government agencies and local municipalities, as well as to their maintenance and operations. Especially, as for our core system, we offer services deriving from provision of package software, such as customization according to individual development. Furthermore, we also provide to broadcast stations and production companies editing and transmitting of video content, as well as establishing of distribution systems, centered on products from suppliers abroad.

In the current first quarter of the consolidated cumulative period, despite the impact of reactionary fall from the preceding year of the expansion of PC and software replacement demand, we deepened our support to customers, which resulted in steady sales for such fields as private sectors.

As a result, consolidated segment sales increased 2.6% year-on-year to ¥2,171 million. The segment profit ended at ¥40 million, down 40.7% from the previous term, due to a decline in gross profit margin that accompanied changes in sales structure.

Orders received totaled ¥3,945 million, while the order backlog stood at ¥3,299 million.

### (2) Explanation of Financial Position

Assets, liabilities and net assets

As of June 30, 2014, assets totaled ¥91,688 million. This represented a decrease of 1,834 million compared

with March 31, 2014. This was mainly attributable to an increase in merchandise of ¥2,946 million, cash and deposits of ¥2,217 million, and a decrease in notes and accounts receivable - trade of ¥5,369 million, and in consumption and other taxes receivable of ¥1,377 million.

Liabilities decreased ¥1,275 million to ¥29,992 million compared with March 31, 2014. This was mainly attributable to a decrease in short-term loans payable of ¥1,217 million.

Net assets decreased by ¥558 million to ¥61,696 million, because of a decrease in retained earnings of ¥177 million, in deferred hedge gains/ losses of ¥120 million, and in foreign currency translation adjustment of ¥180 million.

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

The Company has not changed the forecasts for consolidated business performance for the full and half year from the ones stated in the "Summary of Financial Results for Fiscal Year Ended March 31, 2014" (announced on May 14, 2014).

## **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:**

Change of accounting principles

Application of the Accounting Standards for Retirement Benefits

We have adopted "Accounting Standards regarding Retirement Benefits" (Application Guidance of Corporate Accounting Standards, No. 26, May 17, 2012; hereinafter referred to as the "Accounting Standard for Retirement Benefits") and "Application Guidelines for Accounting Standard regarding Retirement Benefits" (Application Guidance of Corporate Accounting Standards, No. 25, May 17, 2012; hereinafter referred to as the "Application Guidelines for Retirement Benefits") from the current consolidated first quarter under review on provisions stipulated in the texts of the Sector 35 of the Accounting Standards for Retirement Benefits and of the Section 67 of the Application Guidelines for Retirement Benefits: we have revised the accounting method for retirement benefit obligations and service liabilities, and we have changed our method of attributing projected retirement benefits from a fixed amount standard to a payment calculation standard along with changing the method of discount determination to a method that uses single-weighted average discount rate reflecting amounts for each estimated period for payment of retirement benefits and other payments over the number of years similar for employees' average service period remaining.

To apply the Retirement Benefits Accounting Standards, we comply with the transitional handling stipulated in the Section 37 of Retirement Benefits Accounting Standards, and effect of changes of accounting method for retirement benefit obligations and service expenses, financial effects are added to or subtracted from retained earnings, at the beginning of the consolidated fiscal quarter of current fiscal year.

As a result, net defined benefit liabilities increased by ¥102 million, while retained earnings decreased by ¥65 million, as of the beginning of the current first quarter of the consolidated cumulative period. Also, in the consolidated cumulative first quarter under review, operating profit, ordinary profit and net profit before tax and adjustments increased by ¥4 million respectively.

**3. Quarterly Consolidated Financial Statements**  
**(1) Quarterly Consolidated Balance Sheets**

(Million yen)

	March 2014 Term (As of Mar. 31, 2014)	1Q March 2015 Term (As of Jun. 30, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	21,758	23,976
Notes and accounts receivable-trade	48,723	43,353
Merchandise inventories	13,435	16,382
Partly-finished work	22	36
Others	3,492	1,948
Allowance for doubtful receivables	(13)	(14)
Total current assets	87,419	85,683
Fixed assets		
Property and equipment	4,029	4,005
Intangible fixed assets		
Goodwill	37	33
Others	145	149
Total intangible fixed assets	182	182
Investments and other assets		
Others	2,027	1,950
Allowance for doubtful receivables	(136)	(132)
Total investments and other assets	1,891	1,817
Total fixed assets	6,103	6,005
Total assets	93,522	91,688
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	24,000	24,294
Short-term loans payable	4,524	3,307
Accrued corporate tax, etc.	520	125
Allowance	650	301
Others	928	1,281
Total current liabilities	30,623	29,310
Fixed liabilities		
Net defined benefit liabilities	398	499
Others	245	182
Total fixed liabilities	643	681
Total liabilities	31,267	29,992

(Million yen)

	March 2014 Term (As of Mar. 31, 2014)	1Q March 2015 Term (As of Jun. 30, 2014)
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,329	15,329
Retained earnings	33,400	33,222
Treasury stock	(763)	(763)
Total shareholders' equity	62,778	62,600
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	485	437
Deferred hedge gains/losses	84	(36)
Foreign currency translation adjustment	(870)	(1,050)
Remeasurements of defined benefit plans	(223)	(255)
Total Accumulated other comprehensive income	(523)	(904)
Total net assets	62,255	61,696
Total liabilities and net assets	93,522	91,688

**(2) Quarterly Consolidated Profit and Loss Statement, Consolidated Comprehensive Profit Statement**

(Quarterly Consolidated Profit and Loss Statement)

(Consolidated cumulative period of the first quarter)

(Million yen)

	1Q March 2014 Term (Apr. 1, 2013 – Jun. 30, 2013)	1Q March 2015 Term (Apr. 1, 2014 – Jun. 30, 2014)
Net sales	36,124	40,665
Cost of sales	33,431	37,905
Gross profit on sales	2,692	2,760
Selling, general and administrative expenses	2,331	2,405
Operating profit	361	354
Non-operating profit		
Interest income	4	4
Dividend income	66	10
Others	19	12
Total non-operating profit	89	26
Non-operating expenses		
Interest expenses	6	5
Sales discounts	5	13
Foreign exchange loss	94	31
Loss on sales of electronically recorded monetary claims	7	25
Others	1	1
Total non-operating expenses	115	77
Ordinary profit	335	304
Extraordinary profits		
Gain on sale of fixed assets	1	0
Gain on sale of investment securities	1	0
Total extraordinary profits	3	0
Extraordinary losses		
Loss on sales of noncurrent assets	0	0
Total extraordinary losses	0	0
Net profit before tax and adjustments	338	304
Corporate, resident and enterprise taxes	72	110
Adjustment for corporate tax, etc.	60	23
Total income taxes	133	134
Income (loss) before minority interest	205	169
Net profit	205	169

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

	1Q March 2014 Term (Apr. 1, 2013 – Jun. 30, 2013)	1Q March 2015 Term (Apr. 1, 2014 – Jun. 30, 2014)
Income (loss) before minority interest	205	169
Other comprehensive incomes		
Valuation difference on available-for-sale securities	92	(47)
Deferred hedge gains/losses	18	(120)
Foreign currency translation adjustment	481	(180)
Remeasurements of defined benefit plans, net of tax	—	(32)
Total other comprehensive income	592	(380)
Comprehensive profit	797	(210)
(Details)		
Comprehensive income relating to parental company	797	(210)
Comprehensive income relating to minority shareholders	—	—

### (3) Notes on Quarterly Consolidated Financial Statements

(Notes regarding Going Concern)

None.

(Notes regarding Remarkable Change of Shareholder's Equity)

None.

(Segment Information)

I. Three months ended June 30, 2013

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	34,007	2,117	36,124
Inter-segment sales or transfers	-	-	-
Total	34,007	2,117	36,124
Segment profit	266	69	335

(Note) The segment profit is consistent with the ordinary profit in the quarterly consolidated profit and loss statement.

II. Three months ended June 30, 2014

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	38,494	2,171	40,665
Inter-segment sales or transfers	-	-	-
Total	38,494	2,171	40,665
Segment profit	263	40	304

(Note) The segment profit is consistent with the ordinary profit in the quarterly consolidated profit and loss statement.