

General Financial and Business Performance for First Quarter (Consolidated)

Name of Listed Company : Sanshin Electronics Co., Ltd. (Code No. : 8150 First Section of Tokyo Stock Exchange)
 (URL: <http://www.sanshin.co.jp>)
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 Enquiries to : (Associate Senior Vice-President) Hitoshi Suzuki

1. Matters Relating to Preparation of Quarterly Financial Information

- ① Adoption of a simple accounting method : Yes
 (Details) Accounting Criteria for Corporation Tax, etc.
 ② Change of the accounting method from the latest consolidated business year : No
 ③ Change of the scope of consolidation and application of the equity method : No

2. General Financial and Business Performance for First Quarter of March, 2006 Term (1st April, 2005 – 30th June, 2005)

(1) Progress Situation of Business Performance (Consolidated)

(Note: Any sum of less than one million is ignored.)

	Net Sales		Operating Profit		Ordinary Profit		Net Profit up to First Quarter	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
First Quarter, March, 2006 Term	45,419	1.9	996	8.4	1,014	6.9	631	15.3
First Quarter, March, 2005 Term	44,582	22.0	919	56.5	948	52.2	547	68.2
(Reference) March, 2005 Term	190,541		3,719		3,747		2,045	

	Net Profit per Share up to First Quarter		Net Profit per Share up to First Quarter After Adjustment of Potential Shares	
	¥		¥	
First Quarter, March, 2006 Term	19.30		-	
First Quarter, March, 2005 Term	16.72		-	
(Reference) March, 2005 Term	61.70		-	

Note: The percentages of the net sales and operating profit, etc. indicate an increase or decrease against the corresponding figures up to the first quarter of the March, 2005 Term.

Following the progress of the adjustment of the inventory levels for mobile phones and digital AV equipment, the electronics industry in the first quarter of the current term showed a steady tone. Under such circumstances, the Company strove to strengthen its ability to propose solution and to expand the scope of new businesses, including the development of new supply sources and the creation of new businesses. As a result, the consolidated business performance for the first quarter showed consolidated net sales of ¥45,419 million (a 1.9% increase on the same period of the previous year), consolidated ordinary profit of ¥1,014 million (a 6.9% increase on the same period of the previous year) and consolidated quarterly net profit of ¥631 million (a 15.3% increase on the same period of the previous year), recording an increase of both the net sales and profit.

The sales situation in the first quarter by business showed that in the device business, although sales of system LSIs and memories for home gaming machines fell, sales of memories for mobile phones and CMOS sensors were quite favourable. Looking at overseas businesses, sales of products for

PCs and digital household electrical appliances were firm, particularly in China and Korea. In the solution business, despite the seasonal factor of sales tending to be concentrated towards the end of each business year, the sales level of the previous year was roughly maintained, assisted by ongoing investment in plant and equipment by SMEs.

(2) Change of State of Consolidated Finance

	Gross Assets	Capital Stock	Ratio of Capital Stock	Capital Stock per Share
	¥ million	¥ million	%	¥
First Quarter, March, 2006 Term	89,980	56,052	62.3	1,713.91
First Quarter, March, 2005 Term	87,888	54,333	61.8	1,660.80
(Reference) March, 2005 Term	93,592	55,744	59.6	1,703.60

[Consolidated Cash Flow Situation]

	Cash Flow Based on Business Activities	Cash Flow Based on Investment Activities	Cash Flow Based on Financing Activities	Term-End Balance of Cash and Cash Equivalent
	¥ million	¥ million	¥ million	¥ million
First Quarter, March, 2006 Term	1,772	-25	-2,383	3,547
First Quarter, March, 2005 Term	-2,036	-62	-291	3,989
(Reference) March, 2005 Term	-4,001	-389	2,153	4,132

Compared to the amount at the end of the previous consolidated business year, the total assets at the end of the first quarter for the present business year showed a decrease of ¥3,612 million to ¥89,980 million. This decrease is mainly attributable to the ¥3,444 million decrease of the notes receivable and the accounts receivable-trade.

The amount of cash and cash equivalent at the end of the first quarter on the consolidated base showed a decrease of ¥584 million compared to the amount at the end of the previous consolidated business year because of decreases of the accounts payable-trade and repayment of loans, etc. despite income from a decrease of notes and accounts receivable. The balance at the end of the first quarter stood at ¥3,547 million.

(Cash Flow Based on Business Activities)

The cash flow based on business activities in the first quarter showed an income of ¥1,772 million due to a decrease of notes and accounts receivable despite expenditure associated with increased inventory, reduced accounts payable-trade and repayment of loans, etc.

(Cash Flow Based on Investment Activities)

The cash flow based on investment activities in the first quarter showed excess expenditure of ¥25 million mainly because of IT-related investment, part of which was offset by the sale of investment securities.

(Cash Flow Based on Financing Activities)

The cash flow based on financing activities in the first quarter showed excess expenditure of ¥2,383 million because of the repayment of short-term loans and the payment of dividends, etc.

[Reference]

3. Forecast for Consolidated Business Performance for March, 2006 Term
(1st April, 2005 – 31st March, 2006)

	Net Sales	Ordinary Profit	Net Profit for the Term
	¥ million	¥ million	¥ million
Interim Term	93,000	1,700	850
Whole Term	202,000	4,000	2,300

(Reference) Forecast for net profit per share for the term (whole term): ¥70.33

Regarding the consolidated business performance for the whole term, the business growth of the Company is expected to continue despite the rather quiet market activities. Although there are some uncertainties in connection with production trends, price fluctuations and foreign exchange rates, the steady performance in the first quarter suggests that the forecast figures in the Quick Report on Closing for the March, 2005 Term (announced on 18th May, 2005) can be achieved.

- * The above forecast is a forecast for the future based on data available at present and contains potential risks and uncertain factors. The actual performance may considerably differ from the forecast due to various factors.

1. Summarised Consolidated Balance Sheet for First Quarter

(Unit: ¥ million)

Term Item	Current First Quarter (as of 30 th June, 2005)		Previous Consolidated Business Year (as of 31 st Mar., 2005)		Increase/ Decrease Amount	First Quarter of Previous Year (as of 30 th June, 2004)	
	Amount	%	Amount	%		Amount	%
(Assets)							
I. Current Assets	80,708	89.7	84,198	90.0	-3,490	78,864	89.7
- Cash and Deposits	3,547		4,132		-584	3,989	
- Notes Receivable and Accounts Receivable-Trade	59,048		62,492		-3,444	56,986	
- Inventories	16,675		16,056		619	16,502	
- Others	1,437		1,518		-80	1,385	
II. Fixed Assets	9,272	10.3	9,394	10.0	-122	9,023	10.3
- Tangible Fixed Assets	5,491		5,475		15	5,567	
- Others	3,780		3,918		-137	3,456	
Total Assets	89,980	100.0	93,592	100.0	-3,612	87,888	100.0
(Liabilities)							
I. Current Liabilities	30,842	34.3	34,741	37.1	-3,898	33,131	37.7
- Notes Payable and Accounts Payable-Trade	21,455		23,015		-1,559	22,234	
- Short-Term Loans Payable	7,070		9,034		-1,964	1,336	
- Long-Term Loans Due for Repayment Within One Year	-		-		-	7,500	
- Others	2,316		2,690		-374	2,060	
II. Fixed Liabilities	3,085	3.4	3,107	3.3	-21	423	0.5
- Long-Term Loans Payable	2,500		2,500		-	-	
- Others	585		607		-21	423	
Total Liabilities	33,928	37.7	37,848	40.4	-3,919	33,554	38.2
(Shareholders' Equity)							
I. Common Stock	14,811	16.5	14,811	15.8	-	14,811	16.9
II. Capital Surplus	15,329	17.0	15,329	16.4	-	15,329	17.4
III. Retained Earnings	26,159	29.1	25,948	27.7	211	24,646	28.0
IV. Unrealised Gains on Available-for-Sale Securities	721	0.8	778	0.9	-57	682	0.8
V. Foreign Exchange Conversion Adjustments	-529	-0.6	-683	-0.7	154	-703	-0.8
VI. Treasury Stock	-441	-0.5	-439	-0.5	-1	-431	-0.5
Shareholders' Equity Total	56,052	62.3	55,744	59.6	307	54,333	61.8
Total Liabilities and Shareholders' Equity	89,980	100.0	93,592	100.0	-3,612	87,888	100.0

2. Summarised Consolidated Profit and Loss Statement for First Quarter

(Unit: ¥ million)

Term Item	Current First Quarter From 1 st April, 2005 to 30 th June, 2005		First Quarter of Previous Year From 1 st Apr., 2004 to 30 th June, 2004		Increase/Decrease		Previous Consolidated Business Year From 1 st Apr., 2004 to 31 st Mar., 2005	
	Amount	%	Amount	%	Amount	%	Amount	%
I. Net Sales	45,419	100.0	44,582	100.0	836	1.9	190,541	100.0
II. Cost of Sales	41,915	92.3	41,244	92.5	670	1.6	176,641	92.7
- Gross Profit on Sales	3,504	7.7	3,338	7.5	166	5.0	13,900	7.3
III. Marketing and General Administrative Expenses	2,507	5.5	2,419	5.4	88	3.7	10,180	5.3
- Operating Profit	996	2.2	919	2.1	77	8.4	3,719	2.0
IV. Non-Operating Income	63	0.1	53	0.1	9	18.3	152	0.1
V. Non-Operating Expenses	45	0.1	24	0.1	21	90.1	123	0.1
- Ordinary Profit	1,014	2.2	948	2.1	65	6.9	3,747	2.0
VI. Extraordinary Profit	15	0.1	12	0.0	3	24.4	16	0.0
VII. Extraordinary Losses	0	0.0	0	0.0	-0	-88.0	20	0.0
- Net Profit up to First Quarter Before Tax and Other Adjustments	1,029	2.3	960	2.1	69	7.2	3,742	2.0
- Taxes	398	0.9	413	0.9	-14	-3.5	1,697	0.9
- Net Profit up to First Quarter	631	1.4	547	1.2	83	15.3	2,045	1.1

3. Summarised Consolidated Cash Flow Statement for First Quarter

(Unit: ¥ million)

Item	Term	Current First Quarter From 1 st Apr., 2005 to 30 th June, 2005	First Quarter of Previous Year From 1 st Apr., 2004 to 30 th June, 2004	Increase/Decrease	Previous Consolidated Business Year From 1 st Apr., 2004 to 31 st Mar., 2005
		Amount	Amount	Amount	Amount
I. Operating Activities					
- Net Profit up to First Quarter Before Taxes and Other Adjustments		1,029	960	69	3,742
- Decrease (Increase) of Notes and Accounts Receivable		3,747	2,020	1,726	-3,450
- Decrease (Increase) of Inventories		-481	-3,642	3,160	-3,267
- Decrease (Increase) of Notes and Accounts Payable		-1,830	-296	-1,534	468
- Corporate and Other Taxes Paid		-749	-892	142	-1,636
- Others		56	-186	243	141
Net Cash Provided by Operating Activities		1,772	-2,036	3,809	-4,001
II. Investment Activities					
- Purchase of Investment Securities		-5	-88	83	-257
- Proceeds from Sale of Investment Securities		23	8	15	38
- Others		-43	18	-61	-170
Net Cash Provided by Investment Activities		-25	-62	37	-389
III. Financing Activities					
- Proceeds from Long-Term Loans		-	-	-	2,500
- Repayment of Long-Term Loans		-	-	-	-7,500
- Proceeds from Short-Term Loans		2,470	1,246	1,223	15,534
- Repayment of Short-Term Loans		-4,519	-1,323	-3,196	-7,915
- Others		-334	-214	-119	-465
Net Cash Provided by Financing Activities		-2,383	-291	-2,092	2,153
IV. Foreign Currency Conversion Adjustments for Cash and Cash Equivalents		51	46	4	36
V. Net Increase (Decrease) of Cash and Cash Equivalents		-584	-2,343	1,758	-2,200
VI. Balance of Cash and Cash Equivalents at Beginning of First Quarter		4,132	6,333	-2,200	6,333
VII. Balance of Cash and Cash Equivalents at End of First Quarter		3,547	3,989	-442	4,132

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