

March, 2007 Term

28th July, 2006

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>)
Representative : Mitsumasa Matsunaga (President) (TEL : 03-3453-5111)
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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, 2007 Term (1st April, 2006 – 30th June, 2006)

(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, 2007 Term	55,078	21.3	1,462	46.8	1,496	47.6	1,083	71.7
First Quarter, March, 2006 Term	45,419	1.9	996	8.4	1,014	6.9	631	15.3
(Reference) March, 2006 Term	209,437		4,446		4,656		2,720	

	Net Profit per Share up to First Quarter	Net Profit per Share up to First Quarter After Adjustment of Potential Shares
	¥	¥
First Quarter, March, 2007 Term	33.15	-
First Quarter, March, 2006 Term	19.30	-
(Reference) March, 2006 Term	82.35	-

(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, 2006 Term.)

There was a clear trend of recovery of the electronics industry in the first quarter of the current term due to the firm sales performance of digital household electrical appliances and the completion of the inventory adjustment which began in the second half of the previous term for PCs and mobile phones, etc. Under such circumstances, the Company strove to strengthen its ability to propose solutions, to continually expand sales of commodities sourced from new suppliers and to create new business sources. As a result, the consolidated business performance for the first quarter showed consolidated net sales of ¥55,078 million (a 21.3% increase on the same period of the previous year), consolidated ordinary profit of ¥1,496 million (a 47.6% increase on the same period of the previous year) and consolidated quarterly net profit of ¥1,083 million (a 71.7% increase on the same period of the previous year).

The sales situation in the first quarter by business showed that in the device business, although sales of both CMOS sensors for mobile phones and modules for PDAs fell compared to the same period of the previous year, sales of memories for mobiles phones and of LC display driver ICs recorded a significant increase. The favourable business performance overseas, including business with Japanese subsidiaries in China and

Taiwan and the buoyant sales of LC display driver ICs for local companies in Korea, contributed to the increased consolidated sales. In the solution business, both the network system-related business and the image system-related business were steady.

(2) Change of State of Consolidated Finance

	Gross Assets	Capital Stock	Ratio of Capital Stock	Capital Stock per Share
	¥ million	¥ million	%	¥
First Quarter, March, 2007 Term	106,431	58,786	55.2	1,798.22
First Quarter, March, 2006 Term	89,980	56,052	62.3	1,713.91
(Reference) March, 2006 Term	105,870	58,738	55.5	1,795.71

[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, 2007 Term	-745	498	-298	4,148
First Quarter, March, 2006 Term	1,772	-25	-2,383	3,547
(Reference) March, 2006 Term	-815	-1	1,260	4,722

The gross assets in the first quarter showed an increase of ¥561 million compared to the amount at the end of the previous consolidated business year to ¥106,431 million. This increase was primarily due to increased inventories by ¥4,647 million, decreased notes receivable and accounts receivable-trade by ¥3,079 million and a decreased figure for others under fixed assets by ¥810 million (in turn due to the sale of investment securities and decreased unrealised gains on available-for-sale securities).

Meanwhile, the amount of cash and cash equivalent at the end of the first quarter on the consolidated base showed a decrease of ¥573 million compared to the amount at the end of the previous consolidated business year because of increased inventories and payment of tax, etc. despite income from a decrease of notes and accounts receivable-trade and an increase of notes and accounts payable-trade. As a result, the balance at the end of the first quarter stood at ¥4,148 million.

(Cash Flow Based on Business Activities)

The cash flow based on business activities in the first quarter showed excess expenditure of ¥745 million as the increased inventory and payment of tax, etc. could not be offset by the decreased notes and accounts receivable-trade and increased notes and accounts payable-trade.

(Cash Flow Based on Investment Activities)

The cash flow based on investment activities in the first quarter showed income of ¥498 million due to the sale of investment securities and other reasons.

(Cash Flow Based on Financing Activities)

The cash flow based on financing activities in the first quarter showed excess expenditure of ¥298 million because of the payment of dividends and other reasons.

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[Reference]

3. Forecast for Consolidated Business Performance for March, 2007 Term
(1st April, 2006 – 31st March, 2007)

	Net Sales	Ordinary Profit	Net Profit for the Term
	¥ million	¥ million	¥ million
Interim Term	115,500	2,250	1,150
Whole Term	230,000	4,850	2,850

(Reference) Forecast for net profit per share for the term (whole term): ¥87.18

Regarding the forecast for the consolidated business performance, the performance for the first quarter was steady. However, as there are some uncertainties in connection with production trends, price fluctuations and foreign exchange rates, the forecast figures in the Quick Report on Closing for the March, 2006 Term (announced on 17th May, 2006) remain unchanged at present.

- * 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.

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1. Summarised Consolidated Balance Sheet for First Quarter

(Unit: ¥ million)

Item	Term	Current First Quarter (as of 30th June, 2006)		Previous Consolidated Business Year (as of 31st Mar., 2006)		Increase/ Decrease	First Quarter of Previous Year (as of 30th June, 2005)	
		Amount	%	Amount	%		Amount	%
(Assets)								
I.	Current Assets	97,254	91.4	95,828	90.5	1,425	80,708	89.7
	- Cash and Deposits	4,148		4,722		-573	3,547	
	- Notes Receivable and Accounts Receivable-Trade	71,078		74,158		-3,079	59,048	
	- Inventories	20,401		15,753		4,647	16,675	
	- Others	1,625		1,194		431	1,437	
II.	Fixed Assets	9,177	8.6	10,042	9.5	-864	9,272	10.3
	- Tangible Fixed Assets	5,221		5,275		-54	5,491	
	- Others	3,956		4,766		-810	3,780	
Total Assets		106,431	100.0	105,870	100.0	561	89,980	100.0
(Liabilities)								
I.	Current Liabilities	47,119	44.3	46,347	43.8	772	30,842	34.3
	- Notes Payable and Accounts Payable-Trade	30,684		29,299		1,385	21,455	
	- Short-Term Loans Payable	10,332		11,193		-861	7,070	
	- Long-Term Loans Due for Repayment Within One Year	2,500		2,500		-	-	
	- Others	3,602		3,354		248	2,316	
II.	Fixed Liabilities	525	0.5	785	0.7	-260	3,085	3.4
	- Long-Term Loans Payable	-		-		-	2,500	
	- Others	525		785		-260	585	
Total Liabilities		47,644	44.8	47,132	44.5	512	33,928	37.7
(Capital Stock)								
I.	Shareholders' Equity	58,171	54.6	-	-	-	-	-
	- Common Stock	14,811	13.9	-	-	-	-	-
	- Capital Surplus	15,329	14.4	-	-	-	-	-
	- Retained Earnings	28,039	26.3	-	-	-	-	-
	- Treasury Stock	-9	-0.0	-	-	-	-	-
II.	Unrealised Gains/Losses on Valuation and Conversion	615	0.6	-	-	-	-	-
	- Unrealised Gains on Available-for-Sale Securities	1,009	1.0	-	-	-	-	-
	- Profit/Loss of Deferred Hedge	-0	-0.0	-	-	-	-	-
	- Foreign Exchange Conversion Adjustments	-393	-0.4	-	-	-	-	-
Total Capital Stock		58,786	55.2	-	-	-	-	-
Total of Liabilities and Capital Stock		106,431	100.0	-	-	-	-	-
(Shareholders' Equity)								
I.	Common Stock	-	-	14,811	14.0	-	14,811	16.5
II.	Capital Surplus	-	-	15,329	14.5	-	15,329	17.0
III.	Retained Earnings	-	-	27,540	26.0	-	26,159	29.1
IV.	Unrealised Gains on Available-for-Sale Securities	-	-	1,325	1.3	-	721	0.8
V.	Foreign Exchange Conversion Adjustments	-	-	-263	-0.3	-	-529	-0.6
VI.	Treasury Stock	-	-	-6	-0.0	-	-441	-0.5
Shareholders' Equity Total		-	-	58,738	55.5	-	56,052	62.3
Total Liabilities and Shareholders' Equity		-	-	105,870	100.0	-	89,980	100.0

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2. Summarised Consolidated Profit and Loss Statement for First Quarter

(Unit: ¥ million)

Item	Current First Quarter From 1st April, 2006 to 30th June, 2006		First Quarter of Previous Year From 1st Apr., 2005 to 30th June, 2005		Increase/Decrease		Previous Consolidated Business Year From 1st Apr., 2005 to 31st Mar., 2006	
	Amount	%	Amount	%	Amount	%	Amount	%
I. Net Sales	55,078	100.0	45,419	100.0	9,658	21.3	209,437	100.0
II. Cost of Sales	51,063	92.7	41,915	92.3	9,148	21.8	194,350	92.8
- Gross Profit on Sales	4,014	7.3	3,504	7.7	509	14.6	15,087	7.2
III. Marketing and General Administrative Expenses	2,551	4.6	2,507	5.5	43	1.7	10,640	5.1
- Operating Profit	1,462	2.7	996	2.2	466	46.8	4,446	2.1
IV. Non-Operating Income	59	0.1	63	0.1	-3	-5.4	371	0.2
V. Non-Operating Expenses	26	0.1	45	0.1	-19	-43.2	161	0.1
- Ordinary Profit	1,496	2.7	1,014	2.2	482	47.6	4,656	2.2
VI. Extraordinary Profit	277	0.5	15	0.1	261	1,684.0	110	0.1
VII. Extraordinary Losses	-	-	0	0.0	-0	-	137	0.1
- Net Profit up to First Quarter Before Tax and Other Adjustments	1,774	3.2	1,029	2.3	744	72.3	4,629	2.2
- Taxes	690	1.2	398	0.9	291	73.2	1,909	0.9
- Net Profit up to First Quarter	1,083	2.0	631	1.4	452	71.7	2,720	1.3

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3. Summarised Consolidated Cash Flow Statement for First Quarter

(Unit: ¥ million)

Item	Term	Current First Quarter From 1st Apr., 2006 to 30th June, 2006	First Quarter of Previous Year From 1st Apr., 2005 to 30th June, 2005	Increase/ Decrease	Previous Consolidated Business Year From 1st Apr., 2005 to 31st Mar., 2006
		Amount	Amount	Amount	Amount
I. Operating Activities					
- Net Profit up to First Quarter Before Taxes and Other Adjustments		1,774	1,029	744	4,629
- Increase/Decrease of Notes and Accounts Receivable		2871	3,747	-876	-10,811
- Increase/Decrease of Inventories		-4,745	-481	-4,264	701
- Increase/Decrease of Notes and Accounts Payable		1,562	-1,830	3,393	5,506
- Corporate and Other Taxes Paid		-938	-749	-189	-1,655
- Others		-1,268	56	-1,325	813
- Net Cash Provided by Operating Activities		-745	1,772	-2,517	-815
II. Investment Activities					
- Purchase of Investment Securities		-0	-5	4	-9
- Proceeds from Sale of Investment Securities		515	23	492	184
- Others		-17	-43	26	-176
- Net Cash Provided by Investment Activities		498	-25	523	-1
III. Financing Activities					
- Proceeds from Short-Term Loans		13,332	2,470	10,862	19,893
- Expenditure due to Repayment of Short-Term Loans		-14,133	-4,519	-9,614	-17,967
- Proceeds from Issue of Commercial Papers		1,000	-	1,000	-
- Others		-497	-334	-162	-666
- Net Cash Provided by Financing Activities		-298	-2,383	2,085	1,260
IV. Foreign Currency Conversion Adjustments for Cash and Cash Equivalents		-28	51	-79	145
V. Net Increase (Decrease) of Cash and Cash Equivalents		-573	-584	11	589
VI. Balance of Cash and Cash Equivalents at Beginning of First Quarter		4,722	4,132	589	4,132
VII. Balance of Cash and Cash Equivalents at End of First Quarter		4,148	3,547	600	4,722