

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

March, 2007 Term

5th February, 2007

General Financial and Business Performance up to Third 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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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 up to Third Quarter of March, 2007 Term (1st April, 2006 – 31st December, 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	%
Third Quarter, March, 2007 Term	201,385	30.9	4,797	50.0	4,643	38.9	2,982	54.0
Third Quarter, March, 2006 Term	153,814	9.7	3,197	37.4	3,342	39.6	1,936	42.6
(Reference) March, 2006 Term	209,437		4,446		4,656		2,720	

	Net Profit per Share up to Third Quarter	Net Profit per Share up to Third Quarter After Adjustment of Potential Shares
	¥	¥
First Quarter, March, 2007 Term	92.07	—
First Quarter, March, 2006 Term	59.25	—
(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 third quarter of the previous term.)

The Japanese economy up to the third quarter continued the trend of recovery due to an increase of investment in equipment and plant and also a gentle expansion of production even though personal consumption lacked strength. There was concern for a slowing down of the US economy due to the sluggish performance of the housing market but the Chinese economy was further accelerated because of favourable exports. In the electronics industry, the price decline of digital household AV equipment continued but the sales performance at home and abroad around the new year appeared to be steady. Domestic production was also steady, led by household electronic equipment, semiconductors and electronic parts.

Under these circumstances, the Company continued its efforts to strengthen the ability to propose solutions and also endeavoured to continually expand the sales of newly sourced merchandise and to create new business models. As a result, the consolidated business

performance for the third quarter showed net sales of ¥201,385 million (a 30.9% increase on the same period of the previous year), ordinary profit of ¥4,643 million (a 38.9% increase on the same period of the previous year) and net profit for the quarter of ¥2,982 million (a 54.0% increase on the same period of the previous year).

The sales situation up to the third quarter by business showed that, in the device business, the sales of LC display driver ICs for LCD TVs and mobile phones further expanded along with the commencement of the full-scale shipment of system LSIs for home gaming machines and circuit parts, etc. in the second half of the business year, substantially boosting the sales figure for this business. In the solution business, the sales of both core businesses, i.e. networking systems and image processing systems, steadily increased.

(2) Change of State of Consolidated Finance

	Gross Assets	Capital Stock	Ratio of Capital Stock	Capital Stock per Share
	¥ million	¥ million	%	¥
Third Quarter, March, 2007 Term	128,371	59,676	46.5	1,865.86
Third Quarter, March, 2006 Term	107,135	57,769	53.9	1,766.80
(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
Third Quarter, March, 2007 Term	-18,881	278	18,641	4,820
Third Quarter, March, 2006 Term	-6,868	-86	7,315	4,642
(Reference) March, 2006 Term	-815	-1	1,260	4,722

Compared to the amount at the end of the previous consolidated business year, the total assets at the end of the third quarter for the present business year showed an increase of ¥22,500 million to ¥128,371 million. This increase is mainly attributable to the ¥16,355 million increase of the notes receivable and the accounts receivable-trade and the 5,024 million increase of inventories.

The amount of cash and cash equivalent at the end of the third quarter on the consolidated base showed an increase of ¥98 million compared to the amount at the end of the previous consolidated business year because of the strong funding demand due to the increased accounts receivable-trade and inventories, etc. following increased trade being financed by income arising from short-term loans, issue of commercial papers and sale of investment securities, etc. The balance at the end of the third quarter stood at ¥4,820 million.

(Cash Flow Based on Business Activities)

The cash flow based on business activities in the third quarter showed excess expenditure of ¥18,881 million as the increase of notes and accounts receivable and inventories could not be absorbed by the increase of the pre-tax net profit for the quarter and the increase of notes and accounts payable, etc.

(Cash Flow Based on Investment Activities)

The cash flow based on investment in the third quarter showed excess income of ¥278 million mainly due to the sale of investment securities, etc.

(Cash Flow Based on Financing Activities)

The cash flow based on financing activities in the third quarter showed excess income of ¥18,641 million due to short-term loans and the issue of commercial papers, etc.

[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
Whole Term	250,000	5,500	3,500

(Reference) Forecast for net profit per share for the term (whole term): ¥109.43

In regard to the forecast for the consolidated business performance for the whole term, the forecast figures stated in the Quick Report on Interim Closing for March, 2007 Term (announced on 15th November, 2006) have not been altered because of uncertainties regarding the production trends, price fluctuations and foreign exchange fluctuations.

* 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 Third Quarter

(Unit: ¥ million)

Item	Term	Current Third Quarter (as of 31 st Dec., 2006)		Previous Consolidated Business Year (as of 31 st Mar., 2006)		Increase/ Decrease Amount	Third Quarter of Previous Year (as of 31 st Dec., 2005)	
		Amount	%	Amount	%		Amount	%
(Assets)								
I. Current Assets		118,720	92.5	95,828	90.5	22,892	97,415	90.9
- Cash and Deposits		4,820		4,722		98	4,642	
- Notes Receivable and Accounts Receivable-Trade		90,513		74,158		16,355	76,202	
- Inventories		20,777		15,753		5,024	15,453	
- Others		2,609		1,194		1,414	1,118	
II. Fixed Assets		9,650	7.5	10,042	9.5	-391	9,720	9.1
- Tangible Fixed Assets		5,154		5,275		-121	5,315	
- Others		4,496		4,766		-269	4,404	
Total Assets		128,371	100.0	105,870	100.0	22,500	107,135	100.0
(Liabilities)								
I. Current Liabilities		67,955	52.9	46,347	43.8	21,608	48,621	45.4
- Notes Payable and Accounts Payable-Trade		30,806		29,299		1,506	25,965	
- Short-Term Loans Payable		25,226		11,193		14,032	17,216	
- Long-Term Loans Due for Repayment Within One Year		-		2,500		-2,500	2,500	
- Commercial Papers		9,000		-		9,000	-	
- Others		2,923		3,354		-430	2,938	
II. Fixed Liabilities		738	0.6	785	0.7	-46	744	0.7
- Others		738		785		-46	744	
Total Liabilities		68,694	53.5	47,132	44.5	21,562	49,366	46.1
(Net Assets)								
I. Shareholders' Equity		58,705	45.7	-	-	-	-	-
- Capital Stock		14,811	11.5	-	-	-	-	-
- Capital Surplus		15,329	11.9	-	-	-	-	-
- Retained Earnings		29,453	23.0	-	-	-	-	-
- Treasury Stock		-889	-0.7	-	-	-	-	-
II. Valuation and Foreign Exchange Adjustments, etc.		971	0.8	-	-	-	-	-
- Unrealised Gains on Available for Sale Securities		1,149	0.9	-	-	-	-	-
- Deferred Hedge Gains/Losses		0	0.0	-	-	-	-	-
- Foreign Exchange Conversion Adjustments		-179	-0.1	-	-	-	-	-
Total Net Assets		59,676	46.5	-	-	-	-	-
Total Liabilities and Net Assets		128,371	100.0	-	-	-	-	-
(Shareholders' Equity)								
I. Common Stock		-	-	14,811	14.0	-	14,811	13.8
II. Capital Surplus		-	-	15,329	14.5	-	15,329	14.3
III. Retained Earnings		-	-	27,540	26.0	-	26,756	25.0
IV. Unrealised Gains on Available-for-Sale Securities		-	-	1,325	1.3	-	1,105	1.0
V. Foreign Exchange Conversion Adjustments		-	-	-263	-0.3	-	-232	-0.2
VI. Treasury Stock		-	-	-6	-0.0	-	-1	-0.0
Shareholders' Equity Total		-	-	58,738	55.5	-	57,769	53.9
Total Liabilities and Shareholders' Equity		-	-	105,870	100.0	-	107,135	100.0

2. Summarised Consolidated Profit and Loss Statement for Third Quarter

(Unit: ¥ million)

Term Item	Current Third Quarter From 1 st May, 2006 to 31 st Dec., 2006		Third Quarter of Previous Year From 1 st Apr., 2005 to 31 st Dec., 2005		Increase/Decrease		Previous Consolidated Business Year From 1 st Apr., 2005 to 31 st Mar., 2006	
	Amount	%	Amount	%	Amount	%	Amount	%
I. Net Sales	201,385	100.0	153,814	100.0	47,570	30.9	209,437	100.0
II. Cost of Sales	188,490	93.6	142,724	92.8	45,766	32.1	194,350	92.8
- Gross Profit on Sales	12,894	6.4	11,090	7.2	1,804	16.3	15,087	7.2
III. Marketing and General Administrative Expenses	8,096	4.0	7,892	5.1	204	2.6	10,640	5.1
- Operating Profit	4,797	2.4	3,197	2.1	1,600	50.0	4,446	2.1
IV. Non-Operating Income	162	0.1	271	0.2	-109	-40.3	371	0.2
V. Non-Operating Expenses	316	0.2	126	0.1	189	150.3	161	0.1
- Ordinary Profit	4,643	2.3	3,342	2.2	1,300	38.9	4,656	2.2
VI. Extraordinary Profit	383	0.2	119	0.1	264	221.4	110	0.1
VII. Extraordinary Losses	37	0.0	92	0.1	-54	-58.8	137	0.1
- Net Profit up to Third Quarter Before Tax and Other Adjustments	4,989	2.5	3,370	2.2	1,619	48.0	4,629	2.2
- Taxes	2,006	1.0	1,433	0.9	573	40.0	1,909	0.9
- Net Profit up to Third Quarter	2,982	1.5	1,936	1.3	1,045	54.0	2,720	1.3

3. Summarised Consolidated Cash Flow Statement for Third Quarter

(Unit: ¥ million)

Term	Current Third Quarter From 1 st Apr., 2006 to 31 st Dec., 2006	Third Quarter of Previous Year From 1 st Apr., 2005 to 31 st Dec., 2005	Increase/Decrease	Previous Consolidated Business Year From 1 st Apr., 2005 to 31 st Mar., 2006
Item	Amount	Amount	Amount	Amount
I. Operating Activities				
- Net Profit up to Third Quarter Before Taxes and Other Adjustments	4,989	3,370	1,619	4,629
- Increase of Notes and Accounts Receivable	-16,211	-12,826	-3,385	-10,811
- Decrease of Inventories (- Increase)	-4,967	1,024	-5,991	701
- Increase of Notes and Accounts Payable	1,384	2,140	-755	5,506
- Corporate and Other Taxes Paid	-2,232	-1,661	-570	-1,655
- Others	-1,843	1,084	-2,927	813
Net Cash flow of Operating Activities	-18,881	-6,868	-12,012	-815
II. Investment Activities				
- Expenditure for Purchase of Investment Securities	-106	-9	-96	-9
- Proceeds from Sale of Investment Securities	515	128	387	184
- Others	-130	-205	74	-176
Net Cash Flow of Investment Activities	278	-86	365	-1
III. Financing Activities				
- Expenditure for Repayment of Long-Term Loans	-2,500	-	-2,500	-
- Proceeds from Short-Term Loans	40,326	18,216	22,109	19,893
- Expenditure for Repayment of Short-Term Loans	-26,316	-10,272	-16,043	-17,967
- Proceeds from Issue of Commercial Papers	10,000	-	10,000	-
- Expenditure for Redemption of Commercial Papers	-1,000	-	-1,000	-
- Others	-1,868	-628	-1,239	-666
Net Cash of Financing Activities	18,641	7,315	11,326	1,260
IV. Foreign Currency Conversion Adjustments for Cash and Cash Equivalents	58	149	-90	145
V. Net Increase of Cash and Cash Equivalents	98	509	-411	589
VI. Balance of Cash and Cash Equivalents at Beginning of Third Quarter	4,722	4,132	589	4,132
VII. Balance of Cash and Cash Equivalents at End of Third Quarter	4,820	4,642	178	4,722