

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



May 16, 2007

## Summary of Financial Results For the Fiscal Year Ended March 31, 2007

Name of Listed Company: Sanshin Electronics Co., Ltd.

Stock Exchange Listed: 1<sup>st</sup> Section, Tokyo

Code No.: 8150

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Scheduled date of General Meeting of Shareholders: June 22, 2007

Scheduled date of dividend payment: June 25, 2007

Scheduled date of filing of Annual Security Report: June 25, 2007

(Amounts are rounded down to the nearest million yen)

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

#### (1) Consolidated Business Performance

(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	%
March 2007 Term	269,523	28.7	6,073	39.6	5,953	27.8	3,776	38.8
March 2006 Term	209,437	9.9	4,446	19.6	4,656	24.3	2,720	33.0

	Net profit per share	Diluted net profit per share	ROE	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
March 2007 Term	116.79	-	6.3	5.4	2.3
March 2006 Term	82.35	-	4.8	4.7	2.1

Reference: Investment profit and loss based on the equity method: March 2007: - million yen

March 2006: - million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2007 Term	113,996	60,286	52.9	1,884.97
March 2006 Term	105,870	58,738	55.5	1,795.71

Reference: Shareholders' equity: March 2007: 60,286 million yen

March 2006: - million yen

#### (3) Consolidated Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
March 2007 Term	(5,088)	(303)	5,105	4,467
March 2006 Term	(815)	(1)	1,260	4,722

### 2. Dividends

(Record date)	Dividend per share			Total dividends (annual)	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	Interim	Year-end	Annual			
	Yen	Yen	Yen	Million yen	%	%
March 2006 Term	8.00	17.00	25.00	817	30.4	1.4
March 2007 Term	15.00	18.00	33.00	1,059	28.3	1.8
March 2008 Term (forecast)	15.00	20.00	35.00		28.7	

### 3. Forecasts for Consolidated Business Performance for March 2008 Term (April 1, 2007 – March 31, 2008)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	126,000	1.1	2,650	(13.0)	2,600	(13.8)	1,600	(20.3)	50.03
Full year	272,000	0.9	6,300	3.7	6,200	4.1	3,900	3.3	121.94

#### 4. Others

(1) Changes in consolidated subsidiaries during the term (changes in scope of consolidation): None

(2) Changes in accounting principles, procedures and presentation methods for preparation of consolidated financial statements

1) Changes caused by revision of accounting standard: Yes

2) Other changes: None

Note: Please refer to “Changes of Important Basic Matters for Preparation of Consolidated Financial Statements” on page 17 for further information.

(3) Number of shares outstanding (ordinary shares)

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

March 2007: 31,983,373 shares                      March 2006: 32,699,373 shares

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

March 2007: 410 shares                              March 2006: 5,870 shares

Note: Please refer to “Per Share Information” on page 27 for the number of shares used in calculating consolidated net income per share.

### Reference: Summary of Non-consolidated Business Performance

#### 1. Non-consolidated Business Performance for March 2007 Term (April 1, 2006 – March 31, 2007)

(1) Non-consolidated Business Performance

*(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	%
March 2007 Term	199,099	30.0	4,170	37.7	5,169	36.0	3,131	64.8
March 2006 Term	153,154	10.6	3,028	19.8	3,801	22.8	1,900	6.4

	Net profit per share	Diluted net profit per share
	Yen	Yen
March 2007 Term	96.84	-
March 2006 Term	57.25	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2007 Term	99,821	54,954	55.1	1,718.25
March 2006 Term	90,689	54,027	59.6	1,651.63

Reference: Shareholders' equity: March 2007: 54,954 million yen

March 2006: - million yen

#### \* Cautionary statement with respect to forward-looking statements

*The above forecast is a forecast for the future based on data currently available and contains potential risks and uncertain factors.*

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

*See Pages 3 through 5 regarding the relevant matters for the above forecast for the business performance.*

## 1. Business Results

### (1) Analysis of business results

#### 1) Overview of the fiscal year

The Japanese economy continued to stage a recovery during the past fiscal year. Capital expenditures increased due to strong corporate earnings and employment and personal income levels improved. Overseas, there were signs of weakening in some sectors of the US economy, but economies in Asia and euro zone expanded.

The electronics industry, to which Sanshin Electronics Co., Ltd. (the Company) belongs, continued to record solid growth. In Japan, electronics industry production exceeded 20 trillion yen for the first time since 2001. Furthermore, global semiconductor sales reached an all-time high for the third consecutive year, according to the US Semiconductor Industry Association (SIA).

The Company worked on achieving further growth in sales of products purchased from major suppliers and on strengthening measures to raise sales of products from new suppliers. As a result, consolidated sales increased 28.7% to 269,523 million yen, ordinary profit increased 27.8% to 5,953 million yen and net profit increased 38.8% to 3,776 million yen. Return on equity, which the Company positions as a key performance indicator, was 6.3 percentage points higher than in the previous fiscal year even as the equity ratio remained above 50%.

Review on operations is as set forth below.

#### 2) Overview of performance by business segment

##### a) Device Business

Segment sales increased 30.5% to 253,867 million yen. In the semiconductor sector, sales of LCD driver ICs for flat-panel TVs and mobile phones were higher and there was an increase in sales of system LSIs for home game consoles. In the electronic components business, sales of circuit components and substrates for home game consoles and connectors for digital consumer electronics were higher. Operating profit in this segment increased 37.4% to 6,749 million yen because of the higher sales.

Consolidated orders received totaled 253,734 million yen and the order backlog at the end of March 2007 was 30,658 million yen.

##### b) Solution Business

Segment sales increased 5.1% to 15,655 million yen. Lower sales in the image editing systems business caused by weak demand for DVD authoring software was offset by higher sales of servers, PCs and PC peripherals in the network system business. Gross profit improved along with sales growth. However, there was an increase in selling, general and administrative expenses caused by growth in the workforce in order to upgrade sales and technical capabilities concerning networking, security and application software. The result was a 3.5% decrease in operating profit to 767 million yen.

Consolidated orders received totaled 16,211 million yen and the order backlog at the end of March 2007 was 4,320 million yen.

#### 3) Outlook for the new fiscal year

Japan's economy is expected to continue to stage a recovery fueled by private-sector demand as capital expenditures climb and signs of a rebound in consumer spending appear. Overseas, the U.S. economic outlook remains uncertain, but economies are generally healthy in Asia and the euro zone. These trends indicate that the global economy will be generally healthy. In the electronics industry, the outlook is for a continuation in moderate growth that is backed by rising demand for components used in mobile phones and high-end televisions.

In this environment, the Company will work even more closely with subsidiaries in Japan and other countries to leverage the collective strengths of the Sanshin Electronics Group (the Group). The goals are to reinforce design-in capabilities, enlarge the product lineup by purchasing merchandise from new suppliers, and focus on growing market

sectors and business fields with high profit margins.

Regarding the outlook for consolidated performance, the Company expects a decline in memory sales resulting from a change in some sales channels by a major supplier. Nevertheless, the Company believes that sales and earnings growth will continue, although a slow pace. The Company anticipates higher sales of system LSIs, circuit components, substrates and other products for home game consoles. In addition, the start of sales of system LSIs for digital consumer electronics and new sets for mobile phones is expected to contribute to sales. Specific forecasts for the fiscal year ending in March 31, 2008 are shown below.

#### Prospect for Consolidated Business Results

Net sales:	272.0 billion yen	(0.9% increase on the previous fiscal year)
Operating profit:	6.3 billion yen	(3.7% increase on the previous fiscal year)
Ordinary profit:	6.2 billion yen	(4.1% increase on the previous fiscal year)
Net profit:	3.9 billion yen	(3.3% increase on the previous fiscal year)

(Assumed exchange rate: US\$ 1 = 115 yen)

## (2) Analysis of financial situation

### 1) Assets, liabilities and net assets

Assets totaled 113,996 million yen as of March 31, 2007, 8,126 million yen more than one year earlier. This was mainly attributable to increases of 2,029 million yen in notes and accounts receivable, 3,838 million yen in inventories as well as an increase of 1,978 million yen in consumption tax receivable due to growth in export sales

Liabilities increased 6,577 million yen to 53,709 million yen mainly because of an increase in interest-bearing debt of 7,016 million yen to meet demand for working capital associated with the growth in sales.

Net assets increased 1,548 million yen to 60,286 million yen mainly because of a 1,817 million yen increase in retained earnings.

### 2) Cash flows

Cash and cash equivalents amounted to 4,467 million yen as of March 31, 2007, a decrease of 254 million yen, or 5.4%, compared with one year earlier. There was an increase in cash used to fund growth in notes and accounts receivable, inventories and other items associated with the increase in sales.

### Operating activities

Net cash used in operating activities increased 4,272 million yen to 5,088 million yen. There was an increase in income before income taxes, but this was offset by increases in notes and accounts receivable, inventories, consumption tax receivable and other items.

### Investing activities

Net cash used in investing activities increased 301 million yen to 303 million yen mainly because of payments for IT investments and the purchase of investment securities.

### Financing activities

Net cash provided by financing activities increased 3,844 million yen to 5,105 million yen mainly because of proceeds from short-term bank loans.

### 3) Outlook for assets, liabilities, net assets and cash flows

At the end of March 2008, the Company expects assets to amount to approximately 112,500 million yen, 1,400 million less than at the end of March 2007, mainly because of a projected decline in inventories. In addition, the Company expects interest-bearing debt to total about 14,300 million yen at the end of March 2008.

Cash and cash equivalents are expected to decrease about 500 million yen during the fiscal year to about 4,000 million yen at the end of March 2008. This forecast is based on projected declines in income before income taxes and inventories, an increase in notes and accounts payable, and repayments of short-term bank loans.

Performance indicators associated with cash flows are as follows.

	March 2003 Term	March 2004 Term	March 2005 Term	March 2006 Term	March 2007 Term
Ratio of shareholders' equity (%)	62.6	61.1	59.6	55.5	52.9
Ratio of shareholders' equity on a market capitalization basis (%)	16.3	29.5	32.1	44.0	41.5
Interest-bearing debt to cash flow ratio (year)	0.7	1.6	-	-	-
Interest coverage ratio	54.6	79.7	-	-	-

Notes:

Ratio of shareholders' equity: Shareholders' equity ÷ Total assets

Ratio of shareholders' equity y on current price base: Market capitalization ÷ Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debts ÷ Operating cash flow

Interest coverage ratio: Operating cash flow ÷ Interest paid

\* Each indicator is calculated using the consolidated financial figures.

\* The market capitalization is calculated as the ending share price at the term end multiplied by the number of shares issued at the term end (after the deduction of treasury stock).

\* For the operating cash flow, the "cash flow from operating activities" shown in the consolidated statement of cash flows is used.

The interest-bearing debts feature all debts bearing interest among the debts listed in the consolidated balance sheet. For the amount of interest paid, the "interest paid" listed in the consolidated statement of cash flows is used.

\* Figures for the interest-bearing debt to cash flow ratio and the interest coverage ratio are not entered when the operating cash flow figure is negative.

### (3) Basic policy for profit distribution

The Company's basic policy regarding profit distribution is to base these distributions on a comprehensive consideration of the need to increase distributions to shareholders and to increase retained earnings. In accordance with this policy, the Company strives to pay a stable dividend continuously as well as to increase the dividend, with a target payout ratio of 30% of consolidated net profit.

According to this policy, the Company determined total dividend at 33 yen per share for the March 2007 term. As 15 yen had already been paid per share as the interim dividend, the year-end dividend will be 18 yen per share. For the March 2008 term, the Company expects to pay 35 yen per share in total, composed of 15 yen for interim and 20 yen for year-end per share.

#### **(4) Business risks**

There are various risks that may affect the business performance and financial condition (including the share price) of the Sanshin Electronics Group. The following risks are considered to be matters that could have a significant effect on the decisions of investors.

##### 1) Degree of dependence on major trade partners

Among the various suppliers for the Sanshin Electronics Group, the products supplied by NEC Electronics, NEC and their group companies account for about 70% of the total value of all products supplied to the Group. For this reason, the business performance of the Group may be affected by the production trends/plans and any changes in the production policies of these suppliers.

Five major electronics manufacturers in Japan and their group companies account for about 80% of the sales of the Sanshin Electronics Group. Again, the production trends, production system, trends in orders received from these customers and any changes in the production and ordering policies of these companies may affect the business performance of the Group.

##### 2. Market conditions

Semiconductors and electronic components, which account for the majority of the Group's sales, are used primarily in consumer electronics products like mobile phones, televisions and home game consoles. Changes in market conditions for these products and in economies in Japan and other countries may affect the business performance of the Group.

##### 3) Financial structure

The payment period for the trade accounts payable of the Group is shorter than the period for the collection of trade accounts payable. As a result, growth in sales creates a demand for additional working capital that must be procured externally from banks and other sources. The financial condition and business performance of the Company based on the above financial structure may, therefore, be affected by the sales trends of the Company, interest rate trends and various future trends in financial markets.

##### 4. Foreign exchange rates

The business performance and financial condition of the Sanshin Electronics Group are affected by changes in foreign exchange rates. While the consolidated financial statements of the Group are denominated in yen, any changes in foreign exchange rates affects the assets, liabilities, income and expenses denominated in foreign currencies as well as the yen conversions of financial statements of overseas consolidated subsidiaries. The Group takes actions aimed at reducing or eliminating the effect of changes in foreign exchange rates. However, since it is impossible to completely eliminate this risk, changes in foreign exchange rates may affect the business performance of the Group.

##### 5) Potential risks associated with overseas activities

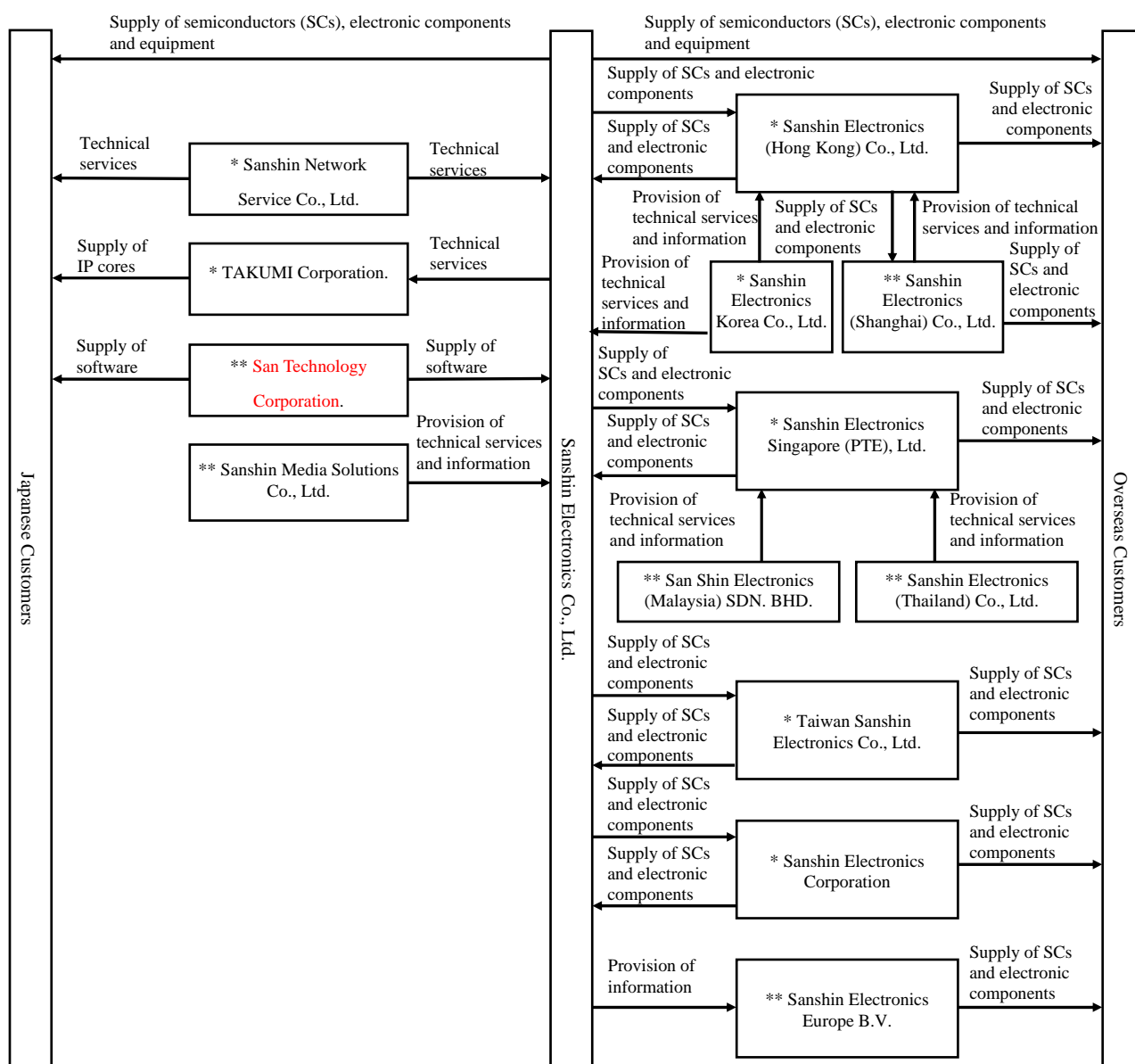
The business activities of the Sanshin Electronics Group are conducted in Japan and foreign countries, mainly in Asia. Consequently unexpected changes in political and social conditions, the occurrence of economic problems, and revisions in laws and tax systems in these countries may affect the business performance of the Group.

## 2. Corporate Group

The Sanshin Electronics Group of companies (the Group) consists of Sanshin Electronics Co., Ltd. (the Company) and its 13 subsidiaries. The main businesses and positioning of these companies are shown below.

The Company operates as a trading house specializing in semiconductors, electronic components and electronic equipment. The Company sells these products to manufacturers of electronics products and to governments and their agencies. Eight overseas subsidiaries, including Sanshin Electronics (Hong Kong) Co., Ltd., serve as overseas bases that perform marketing and procurement activities in order to expand business operations in their respective areas. In addition, Sanshin Network Service Co., Ltd. provides technical services for the operation and maintenance of information and communication systems, TAKUMI Corporation develops and provides technical services regarding IP cores to be incorporated in electronic components, **San Technology Corporation.** develops software that is embedded in electronic components, and Sanshin Media Solutions Co., Ltd. provides technical services and information associated with image editing systems. Sanshin Electronics Europe B.V. was established on March 28, 2007 and began operations on May 1.

The following diagram shows the business operations of group companies.



\*: Consolidated subsidiary

\*\* : Non-consolidated subsidiary to which the equity method is not applied

### **3. Basic Policies**

#### **(1) Basic business policies**

The Company's basic policy is to adhere to the corporate philosophy of "Trust, Faith and Honesty" in order to earn a reputation as an organization that uses "reliability and outstanding solutions to prove the value of its existence." Furthermore, business activities are guided by the philosophy that raising the value of its existence will enable the Company to contribute to further progress in electronics, making our lives more pleasant and enriching.

#### **(2) Target business indicator**

The Company positions the ROE (return on equity) as an important business indicator and will endeavor to improve earnings while maintaining a shareholders' equity ratio of at least 50%.

#### **(3) Medium to long-term business strategy**

The principal goal of the Company is to satisfy stakeholders by increasing corporate value through the steady growth of both the device and solution businesses.

In the device business, the further advancement of globalization, along with technological innovations and the expansion of markets where technologies are used, are producing significant growth in the scope of demand. In this environment, the Company will continuously improve the matrix marketing system, which links clients and products, and make overseas subsidiaries more competitive. The objectives are to strengthen technical support and conduct marketing activities that target every client need. In addition, the Company is determined to establishing ties with new suppliers in order to expand the product lineup as clients need. Another goal is sustaining growth by channeling resources to business fields that have growth potential and where the Company can earn high returns.

Regarding the solution business, the Company plans to reinforce the position of this business as a core business by aiming for growth that is centered on the network system business and image editing system business. The network system business will target growing demand associated with internal controls and security requirements, aiming to increase earnings by offering comprehensive solutions extending from construction of systems through the provision of maintenance and other services. In the image editing system business, the goal is consistent growth in sales from visual content production and editing systems and software. Due to the widespread use of broadband networks, another goal is to concentrate on visual content distribution systems, a market sector where demand is growing rapidly.

#### **(4) Important issues**

The operating environment for the Group has been generally favorable because of growth in semiconductor demand along with the outlook for an increase in private-sector capital expenditures. However, the increasingly global scale of competition and declining prices pose challenges. The Company will review its profit structures in the device business and solution business and take many actions to make its businesses more powerful. To accomplish these goals, the Company is working hard on the following themes.

Device Business:

- 1) Use more resources and deepen collaboration with suppliers to increase sales of key products.
- 2) Expand the product lineup to meet the diversifying range of client needs.
- 3) Enlarge the Sanshin Electronics Group sales network by upgrading the capabilities of overseas subsidiaries.

Solution Business:

- 4) Increase hardware sales and enhance ability to capture maintenance and support business orders associated with hardware.
- 5) Start new businesses by introducing new products that have a competitive edge.

In addition, the Company will take the following actions to strengthen its corporate social responsibility (CSR) activities, including internal controls.

- 6) Reinforce the system of internal controls.
- 7) Work constantly on quality assurance and environmental programs.
- 8) Upgrade risk management systems.

**Consolidated Financial Statements**  
**Consolidated Balance Sheets**

(Million yen)

Account	Period	March 2006 Term (As of March 31, 2006)		March 2007 Term (As of March 31, 2007)		Change
		Amount	%	Amount	%	Amount
Assets						
I	Current assets	95,828	90.5	104,005	91.2	8,176
	Cash and deposits	4,722		4,467		(254)
	Notes and accounts receivable-trade	74,158		76,188		2,029
	Inventories	15,753		19,592		3,838
	Accrued income	578		924		346
	Differed tax assets	454		501		47
	Others	290		2,369		2,078
	Allowance for doubtful receivables	(128)		(37)		91
II	Fixed assets	10,042	9.5	9,991	8.8	(50)
	Property and equipment	5,275	5.0	5,086	4.5	(188)
	Buildings and structures	2,795		2,671		(124)
	Land	2,240		2,227		(12)
	Others	239		187		(51)
	Intangible fixed assets	402	0.4	529	0.5	126
	Investments and other assets	4,363	4.1	4,375	3.8	11
	Investment in securities	3,855		3,783		(72)
	Prepaid pension expenses	58		122		63
	Others	554		529		(24)
	Allowance for doubtful receivables	(104)		(59)		45
Total assets		105,870	100.0	113,996	100.0	8,126

(Million yen)

Account	Period	March 2006 Term (As of March 31, 2006)		March 2007 Term (As of March 31, 2007)		Change
		Amount	%	Amount	%	Amount
Liabilities						
I Current liabilities		46,347	43.8	53,024	46.5	6,676
Notes and accounts payable-trade		29,299		28,569		(729)
Short-term loans payable		11,193		20,710		9516
Long-term loans due to repayment within one year		2,500		-		(2,500)
Accrued corporate tax, etc.		1,412		1,698		286
Allowance for bonuses to employees		670		745		75
Allowance for bonuses to directors and corporate auditors		-		45		45
Others		1,271		1,256		(15)
II Fixed liabilities		785	0.7	685	0.6	(99)
Deferred tax liabilities		536		427		(108)
Retirement allowance for Directors and corporate auditors		208		-		(208)
Deposits received		17		-		(17)
Others		21		258		236
Total liabilities		47,132	44.5	53,709	47.1	6,577
Shareholders' equity						
I Common stock		14,811	14.0	-	-	-
II Capital surplus		15,329	14.5	-	-	-
III Retained earnings		27,540	26.0	-	-	-
IV Unrealized gains on Available-for-sale securities		1,325	1.3	-	-	-
V Foreign exchange conversion Adjustments		(263)	(0.3)	-	-	-
VI Treasury stock		(6)	(0.0)	-	-	-
Total shareholders' equity		58,738	55.5	-	-	-
Total liabilities and shareholders' Equity		105,870	100.0	-	-	-
Net assets						
I Shareholders' equity		-	-	59,499	52.2	-
Capital stock		-	-	14,811	13.0	-
Capital surplus		-	-	15,329	13.4	-
Retained earnings		-	-	29,358	25.8	-
Treasury stock		-	-	(0)	0.0	-
II Valuation and foreign exchange adjustments, etc.		-	-	787	0.7	-
Unrealized gains on available-for-sale securities		-	-	1,062	0.9	-
Deferred hedge gains/losses		-	-	11	0.0	-
Foreign exchange conversion adjustments		-	-	(286)	(0.2)	-
Total net assets		-	-	60,286	52.9	-
Total liabilities and net assets		-	-	113,996	100.0	-

**Consolidated Profit and Loss Statement**

(Million yen)

Account	Period	March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)		March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)		Change	
		Amount	%	Amount	%	Amount	%
I Net sales		209,437	100.0	269,523	100.0	60,085	28.7
II Cost of sales		194,350	92.8	252,457	93.7	58,107	29.9
Gross profit on sales		15,087	7.2	17,065	6.3	1,978	13.1
III Selling, general and administrative expenses		10,640	5.1	10,991	4.1	351	3.3
Operating profit		4,446	2.1	6,073	2.3	1,626	36.6
IV Non-operating profit		371	0.2	285	0.1	(86)	(23.2)
Interest income		53		124		70	
Dividend income		31		29		(2)	
Profit from sale of securities		56		-		(56)	
Purchase discounts		12		14		1	
Foreign exchange gains		107		28		(78)	
Others		109		88		(21)	
V Non-operating expenses		161	0.1	404	0.2	243	151.5
Interest expenses		86		194		108	
Sales discounts		-		131		131	
Others		74		79		4	
Ordinary profit		4,656	2.2	5,953	2.2	1,296	27.8
VI Extraordinary profits		110	0.1	391	0.1	280	253.1
Gain on sale of fixed assets		0		7		7	
Gain on sale of investment securities		84		265		181	
Income from refund of allowance for doubtful receivables		26		118		92	
VII Extraordinary losses		137	0.1	94	0.0	(43)	(31.8)
Loss on sale of fixed assets		49		8		(40)	
Loss on disposition of fixed assets		12		15		3	
Loss on valuation of investment securities		36		40		3	
Transfer to allowance for doubtful receivables		40		-		(40)	
Loss on valuation of membership rights		-		1		1	
Impairment losses		-		27		27	
Net profit before tax and adjustments		4,629	2.2	6,251	2.3	1,621	35.0
Corporate, resident and enterprise taxes		2,101	1.0	2,530	0.9	428	20.4
Adjustment for corporate tax, etc.		(192)	(0.1)	(56)	(0.0)	136	(70.9)
Net profit		2,720	1.3	3,776	1.4	1,056	38.8

**Consolidated Surplus Statement and Consolidated Statements of Changes in Shareholders' Equity**

## Consolidated Surplus Statement

(Million yen)

Account	Period	March 2006 Term
		(Apr. 1, 2005 – Mar. 31, 2006)
		Amount
Capital surplus		
I	Balance of capital surplus at beginning of the term	15,329
II	Balance of capital surplus at end of the term	15,329
Retained earnings		
I	Balance of retained earnings at beginning of the term	25,948
II	Increase of retained earnings	2,720
	Net profit	2,720
III	Decrease of retained earnings	1,128
	Dividend	654
	Bonuses to directors and corporate auditors	27
	Cancellation of treasury stock	447
IV	Balance of retained earnings at end of the term	27,540

## Consolidated Statements of Changes in Shareholders' Equity

March 2006 Term (Apr. 1, 2006 - Mar. 31, 2007)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity total
Balance as of March 31, 2006	14,811	15,329	27,540	(6)	57,675
Changes during the term					
Interim dividend from retained earnings			(484)		(484)
Retained earnings from appropriation of profit			(555)		(555)
Bonuses to directors and corporate auditors from appropriation of profit			(30)		(30)
Net profit			3,776		3,776
Acquisition of treasury stock				(883)	(883)
Cancellation of treasury stock			(889)	889	-
Changes under items other than shareholders' equity during the term (net amount)					
Total change during the term	-	-	1,817	6	1,823
Balance as of March 31, 2007	14,811	15,329	29,358	(0)	59,499

	Valuation and foreign exchange adjustments, etc.				Total net assets
	Unrealized gains on available-for-sale securities	Deferred hedge gains/losses	Foreign exchange conversion adjustments	Total of valuation and foreign exchange adjustments, etc.	
Balance as of March 31, 2006	1,325	-	(263)	1,062	58,738
Changes during the term					0
Interim dividend from retained earnings					(484)
Retained earnings from appropriation of profit					(555)
Bonuses to directors and corporate auditors from appropriation of profit					(30)
Net profit					3,776
Acquisition of treasury stock					(883)
Cancellation of treasury stock					-
Changes under items other than shareholders' equity during the term (net amount)	(263)	11	(23)	(274)	(274)
Total change during the term	(263)	11	(23)	(274)	1,548
Balance as of March 31, 2007	1,062	11	(286)	787	60,286

**Consolidated Statement of Cash Flows**

(Million yen)

Account	Period	March 2006 Term	March 2007 Term	Change
		(Apr. 1, 2005 – Mar. 31, 2006)	(Apr. 1, 2006 – Mar. 31, 2007)	Amount
		Amount	Amount	Amount
<b>I Operating activities</b>				
Net profit before tax and adjustments		4,629	6,251	1,621
Depreciation and amortization		352	336	(15)
Increase of prepaid pension expenses		(9)	(63)	(53)
Decrease of retirement allowance for directors and corporate auditors		(34)	(208)	(174)
Increase (decrease) of allowance for doubtful receivables		4	(118)	(122)
Interest and dividends income		(85)	(153)	(68)
Interest expense		86	194	108
Gain on sale of investment securities		(84)	(265)	(181)
Gain on sale of fixed assets		-	(7)	(7)
Loss on sale of fixed assets		49	8	(40)
Loss on valuation of investment securities		36	40	3
Increase of notes and accounts receivable		(10,811)	(2,050)	8,761
Decrease (increase) of inventories		701	(3,865)	(4,566)
Increase (decrease) of notes and accounts payable		5,506	(713)	(6,220)
Increase (decrease) of consumption and other taxes payable		189	(189)	(378)
Decrease (increase) of consumption and other taxes receivable		420	(1,978)	(2,399)
Bonuses paid to directors and corporate auditors		(27)	(30)	(3)
Change of other assets and liabilities		(102)	(40)	62
Other non-fund transactions		18	40	21
Sub-total		839	(2,814)	(3,654)
Interest and dividend received		85	153	68
Interest paid		(85)	(183)	(97)
Corporate and other taxes paid		(1,655)	(2,244)	(588)
Net cash used in operating activities		(815)	(5,088)	(4,272)
<b>II Investment activities</b>				
Purchase of property and equipment		(84)	(36)	48
Proceeds from sale of property and equipment		29	7	(22)
Purchase of software		(160)	(135)	25
Purchase of investment securities		(9)	(616)	(606)
Proceeds from sale of investment securities		184	518	333
Others		39	(40)	(79)
Net cash used for investment activities		(1)	(303)	(301)
<b>III Financing activities</b>				
Repayment of long-term loans		-	(2,500)	(2,500)
Proceeds from short-term loans		19,893	44,910	25,016
Repayment of short-term loans		(17,967)	(35,384)	(17,417)
Proceeds from issue of commercial papers		-	18,000	18,000
Redemption of commercial papers		-	(18,000)	(18,000)
Net expenditure for repurchase/sale of treasury stock		(14)	(883)	(869)
Dividend paid		(651)	(1,037)	(385)
Net cash provided by financing activities		1,260	5,105	3,844
<b>IV Foreign currency conversion adjustments for cash and cash equivalents</b>		145	31	(114)
<b>V Increase (decrease) of cash and cash equivalents</b>		589	(254)	(843)
<b>VI Balance of cash and cash equivalents, beginning of the term</b>		4,132	4,722	589
<b>VII Balance of cash and cash equivalents, end of the term</b>		4,722	4,467	(254)

## Important Basic Matters for Preparation of Consolidated Financial Statements

### 1. Scope of Consolidation

The following seven subsidiaries are included for consolidated accounting purposes.

Sanshin Electronics (Hong Kong) Co., Ltd.

Sanshin Electronics Singapore (PTE) Ltd.

Taiwan Sanshin Electronics Co., Ltd.

Sanshin Electronics Corporation

Sanshin Electronics Korea Co., Ltd.

Sanshin Network Service Co., Ltd.

TAKUMI Corporation

Other subsidiaries, namely **San Technology Corporation**., Sanshin Media Solutions Co., Ltd., Sanshin Electronics (Shanghai) Co., Ltd., San shin Electronics (Malaysia) SDN, BHD., Sanshin Electronics (Thailand) Co., Ltd. and Sanshin Electronics Europe B.V. are omitted from the scope of consolidated accounting as the total assets, net sales, equity profit or loss and equity portion of the retained earnings, etc. of each of these companies are insignificant to the extent that a rational judgment on the Sanshin Group of companies in terms of the financial state and business results would not be affected by their omission from the consolidated accounting.

For the profit criterion to judge the level of importance, the average value of the net profit or loss of the Company and its subsidiaries for the current term for the last five years is used.

We established Sanshin Electronics Europe B.V. on March 28, 2007, the company has begun operating activities from May 1, 2007.

### 2. Application of the Equity Method

The equity method is not applied to investment in six non-consolidated subsidiaries, i.e. **San Technology Corporation**., Sanshin Media Solutions Co., Ltd., Sanshin Electronics (Shanghai) Co., Ltd., San shin Electronics (Malaysia) SDN. BHD, Sanshin Electronics (Thailand) Co., Ltd. and Sanshin Electronics Europe B.V. as the equity profit or loss and equity portion of the retained earnings, etc. of these companies are insignificant to the extent that their combined business performance would not affect a rational judgment on the Sanshin Group of companies in terms of the financial state and business results. Instead, such investment is evaluated by the cost method.

For this judgment, the average value of the net profit or loss for the current term of the company and its subsidiaries for the last five years is used.

### 3. Accounting year for Consolidated Subsidiaries

The settlement date for each consolidated subsidiary is the same date for consolidated settlement.

### 4. Accounting Standards

(1) Evaluation criteria and methods for important assets

1) Securities

Available-for-sale securities

Those with a market value:

Market price method based on the market price on the last day of the settlement period (the unrealized gain on available-for-sale securities are included entirely in net asset while the sales cost is calculated by the moving average method)

Those without market value:

Cost method using the moving average method.

2) Derivatives

Market price method.

3) Inventories

Merchandise: Lower cost method using the moving average method.

Expenditure for work in progress: Cost method using the individual production order costing method.

(2) Depreciation methods for important assets subject to depreciation

Property and equipment:

Fixed rate method except for buildings (excluding auxiliary equipment for buildings) to which the straight line method is applied.

The typical depreciation period is 9 – 50 years for buildings and structures and 3 – 20 years for others.

Intangible fixed assets:

Straight-line method.

The typical depreciation period is 3 - 5 years for software used in-house.

(3) Accounting criteria for important allowances

1) Allowance for doubtful receivables:

In preparation for possible losses due to failure to recover receivables, the necessary amount in view of the ratio of bad debts in the past and other relevant matters is accounted for by ordinary receivables while the estimated amount of unrecoverable receivables based on the assessment results for recoverability in each case is accounted for by the receivables of which the recovery is doubtful and receivables subject to the rehabilitation process following bankruptcy.

2) Allowance for bonuses to employees:

A portion to be borne by the current term in the estimated amount of bonuses to employees in the next term is allowed in preparation for their pay-out to employees of the Company.

3) Allowance for bonuses to directors and corporate auditors

A portion to be borne by the current term in the estimated amount of bonuses to directors and corporate auditors in the next term is allowed in preparation for their pay-out to directors and corporate auditors of the Company.

4) Liability for retirement benefits

In preparation for the payment of retirement benefits to employees, the amount recognized as outstanding at the end of the current term is accounted for based on the estimated amount of liabilities for retirement benefits and pension plan assets at the end of the current term. However, as the estimation amount of the pension plan assets at the end of the current term exceeds the estimated amount of liability for retirement benefits which is adjusted with the liabilities based on unrecognized past services and unrecognized actuarial gains and losses, the different is accounted for as pre-paid pension expenses.

A liability based on past services is recognized by the straight-line method over a specific period (13 years) which is within the estimated average remaining service lives of the employees at the time when this liability occurred.

Actuarial gains and losses are recognized by the straight line method over a specific period (13 years) which is within the estimated average remaining service lives of the employees at the beginning of each business year from the next business year for the year when such actuarial gains and losses occur.

(4) Conversion criteria for important receivables and payables denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies and converted to Japanese yen at spot exchange rates on the settlement date and the gains or losses from this conversion are recognized in the profit and loss statement. The assets, liabilities, earnings and expenses of overseas subsidiaries, etc. were converted to Japanese yen at spot exchange rates on the last day of the term and the gains or losses from this conversion are included in the Foreign exchange conversion adjustments under Net assets.

(5) Accounting practice for important leases

Finance leases other than those which are deemed to transfer the ownership of the leased property to the lessee are accounted for by the method used for ordinary operating leases.

(6) Hedge accounting

1) Hedge accounting method

All receivables and payables denominated in foreign currencies with a foreign exchange contract are proportioned.

2) Method of and subjects to hedge

Means: forward hedge contract

Subjects: receivables and payables denominated in foreign currencies

3) Hedge policies

The Company conducts derivative transactions relating to forward exchange contracts for the purpose of hedging the risks of fluctuating earnings/expenses or values of receivables/payables due to the fluctuation of foreign exchange rates. These transactions are conducted in accordance with the internal policies which state that the Finance Division is solely responsible for such transactions and no derivative transactions for speculative purposes not specified in these policies are conducted.

4) Evaluation method for effectiveness of hedging

Evaluation is conducted at least once every half term to check if there is a high level of offset between fluctuations of the subject cash flow of hedging and fluctuations of the cash flow used as the means of hedging.

(7) Accounting of consumption taxes

The consumption tax and local consumption tax are accounted for using the without-tax method for the Company which has submitted consolidated financial statements and domestic consolidated subsidiaries.

## 5. Evaluation of Assets and Liabilities of Consolidated Subsidiaries

Evaluation of the assets and liabilities of consolidated subsidiaries is entirely conducted by the market price evaluation method.

## 6. Scope of Funds in Consolidated Cash Flow Statement

The funds (cash and cash equivalents) showed in the consolidated cash flow statement consists of cash in hand and short-term investments which can be easily changed to cash and which are redeemed within three months of the date of investment, carrying little risk in terms of a change of the value.

## Change of Important Basic Matters for Preparation of Consolidated Financial Statements

(Accounting standards for the listing of net assets on the balance sheet)

From this term, the Company has adopted "Accounting Standard for Presentation of Net Assets on Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) and "Guidance for Presentation of Net Assets on Balance Sheet" (ASBJ Guidance No. 8, December 9, 2005).

The amount equivalent to the conventional total shareholders' equity is 60,275 million yen.

The section on the net assets on the consolidated balance sheet for the current term is prepared in accordance with the latest Rules for Consolidated Financial Statements after revision of the said rules.

(Accounting standards for bonuses for directors and corporate auditors)

From this term, the Accounting Standards for Bonuses for Directors (ASBJ Statement No. 4, November 29, 2005) are applied.

With this new practice, the amount of the operating profit, ordinary profit and net profit before tax and adjustments is decreased by 45 million yen each.

## Change of Listing Method

(Deposits Received)

The deposits received (current term was 21 million yen) which were listed under their own heading in the Fixed Liabilities on the Balance Sheet up to the previous term are now included in Others under Fixed Liabilities as these deposits received are not important.

(Sales Discounts)

The sales discounts listed in Other Non-Operating Expenses in the previous term (6 million yen) are now listed under their own heading because the total amount exceeded ten hundredths of the total amount of the non-operating expenses.

(Gain on Sales of Fixed Assets)

Gain on sales of fixed assets listed in Increase (Decrease) of Other Assets and Liabilities under Operating Activities in the previous term (0 million yen) are now listed under their own heading because the improved clarity of the Consolidated Statement of Cash Flows.

## Additional Information

(Retirement allowance for directors and corporate auditors)

Historically, the amount required at the end of the term under the internal policies was accounted for as the retirement allowance for directors and corporate auditors for pay-out upon the retirement of directors and corporate auditors. This allowance, however, is not accounted for at the end of the current term because of the abolition of the retirement allowance system for directors and corporate auditors in June 2006.

In regard to 215 million yen which is equivalent to the retirement allowance for directors and corporate auditors up to the abolition of the said system, the same amount has been transferred to Others under Fixed Liabilities following the resolution passed at the regular general meeting of shareholders held on June 23, 2006 to pay out a final lump sum for directors and corporate auditors currently in office upon their retirement.

**Notes  
Related to Consolidated Balance Sheet**

(Million yen)

March 2006 Term (As of March 31, 2006)	March 2007 Term (As of March 31, 2007)
1. Accumulated amount of depreciation of property and equipment 4,776	1. Accumulated amount of depreciation of property and equipment 4,715
2. Shares of non-consolidated subsidiaries and affiliated companies Investment securities (shares) 55	2. Shares of non-consolidated subsidiaries and affiliated companies Investment securities (shares) 365
3. Incidental liabilities Payment guarantees for bank loans by non-consolidated subsidiary and its employees Sanshin electronics (Shanghai) co., ltd. *1 650,000 US dollars 76 Employees *2 92	3. Incidental liabilities Payment guarantees for bank loans by non-consolidated subsidiary and its employees Sanshin electronics (Shanghai) co., ltd. *1 - Employees *2 88
Total 168	Total 88
*1 Based on the supply of a memorandum on business management guidance.	*1 based on the supply of a memorandum on business management guidance.
*2 Among the debt guarantees for banks in connection with housing loans for employees, those with a housing loan insurance policy are excluded from the incidental liabilities because no real loss will occur with such loans.	*2 among the debt guarantees for banks in connection with housing loans for employees, those with a housing loan insurance policy are excluded from the incidental liabilities because no real loss will occur with such loans.
4. Export bill discounts 116 984,000 US dollars	4. Export bill discounts 107 913,000 US dollars
5. Settlement of notes due on the last day of the consolidated accounting period Notes receivable - Notes payable -	5. Settlement of notes due on the last day of the consolidated accounting period Notes receivable 90 Notes payable 90
6. Number of outstanding shares by company which has submitted consolidated financial statements (Ordinary shares) 32,699,373	6. Number of outstanding shares by company which has submitted consolidated financial statements (Ordinary shares) -
7. Number of treasury stocks (Ordinary shares) 5,870	7. Number of treasury stocks (Ordinary shares) -



**Matters Relating to Consolidated Statement of Changes of Shareholders' Equity, etc.**

March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)

## 1. Types and total number of outstanding shares and treasury stock

Type of share	Number of shares as of Mar. 31, 2006	Increase during the current fiscal year (Shares)	Decrease during the current fiscal year (Shares)	Number of shares as of Mar. 31, 2007
Outstanding shares				
Ordinary shares (Note 1)	32,699,373	-	716,000	31,983,373
Total	32,699,373	-	716,000	31,983,373
Treasury stock				
Ordinary shares (Note 2,3)	5,870	710,540	716,000	410
Total	5,870	710,540	716,000	410

Notes: 1. The number of outstanding shares was decreased by 716,000 due to the cancellation of treasury stock.

2. The number of treasury stock was increased by 710,540, of which 700,000 shares are from purchase in the market and 10,540 shares from the purchase of shares below the unit minimum shares.

3. The number of treasury stock was decreased by 716,000 due to the cancellation of treasury stock.

## 2. Dividends

## (1) Dividend pay-out

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date
Regular General Meeting of Shareholders on June 23, 2006	Ordinary shares	555	17	March 31, 2006	June 23, 2006
Meeting of Board of Directors on November 15, 2006	Ordinary shares	484	15	September 30, 2006	December 8, 2006

## (2) Dividend of which effectuation date falls after end of current term among the dividend of which reference date falls in current term

Resolution	Type of share	Total amount of dividend (Million yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Regular General Meeting of Shareholders on June 22, 2007	Ordinary shares	575	Retained earnings	18	March 31, 2007	June 25, 2007

**Related to Consolidated Cash Flow Statement**

(Million yen)

March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)	March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)
Relationship between the balance of cash and cash equivalents at the end of term and amounts under the items listed in the consolidated balance sheet	Relationship between the balance of cash and cash equivalents at the end of term and amounts under the items listed in the consolidated balance sheet
Cash and deposits account	Cash and deposits account
4,722	4,467
Cash and cash equivalents	Cash and cash equivalents
<u>4,722</u>	<u>4,467</u>

**Segment Information**

## 1. Industrial Segments

March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)

(Million yen)

Classification	Device business	Solution business	Total	Elimination /Corporate	Consolidation
I Net sales and operating profit/loss					
Net sales					
(1) Sales to external customers	194,548	14,889	209,437	-	209,437
(2) Internal sales or transfer between segments	-	-	-	-	-
Total	194,548	14,889	209,437	-	209,437
Operating expenses	189,636	14,094	203,730	1,259	204,990
Operating income	4,911	795	5,706	(1,259)	4,446
II Assets, depreciation expenses and capital expenditure					
Assets	85,805	14,137	99,942	5,927	105,870
Depreciation expenses	248	32	280	71	352
Capital expenditure	92	11	103	18	122

March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)

(Million yen)

Classification	Device business	Solution business	Total	Elimination /Corporate	Consolidation
I Net sales and operating profit/loss					
Net sales					
(1) Sales to external customers	253,867	15,655	269,523	-	269,523
(2) Internal sales or transfer between segments	-	-	-	-	-
Total	253,867	15,655	269,523	-	269,523
Operating expenses	247,117	14,888	262,005	1,443	263,449
Operating income	6,749	767	7,517	(1,443)	6,073
II Assets, depreciation expenses and capital expenditure					
Assets	96,290	9,948	106,238	7,757	113,996
Depreciation expenses	235	32	267	68	336
Capital expenditure	256	45	301	116	417

## Notes:

- The classification of businesses is based on the organizational structure for business operation, taking the merchandise handled, classification of products and marketing modes, etc. into consideration.
- Main products of each business segment
  - Device business: semiconductors, display units and general electronic components
  - Solution business: electronic equipment
- The main expenses among those operating expenses which are impossible to distribute and which are included under the Elimination/Corporate heading are expenses relating to planning, general affairs, accounting, personnel and other management sections of the parent company.
 

Current term:	1,259 million yen
Previous term:	1,443 million yen
- Among the assets, the main corporate assets included under the Elimination/Corporate heading are surplus operating funds (cash/deposits and securities), long-term investment funds (investment in securities) and assets related to the management sections.
 

Current term:	5,927 million yen
Previous term:	7,757 million yen

## 2. Geographical Segments

March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)

(Million yen)

Classification	Japan	Asia	North America	Total	Elimination /Corporate	Consolidation
I Net sales and operating profit/loss						
Net sales						
(1) Sales to outside customers	149,081	57,993	2,362	209,437	-	209,437
(2) Inter-segment sales or transfers	4,225	577	3,617	8,420	(8,420)	-
Total	153,306	58,571	5,979	217,857	(8,420)	209,437
Operating expenses	150,340	57,626	5,715	213,682	(8,691)	204,990
Operating profit	2,966	944	264	4,174	271	4,446
II Assets	90,613	17,151	792	108,556	(2,686)	105,870

March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)

(Million yen)

Classification	Japan	Asia	North America	Total	Elimination /Corporate	Consolidation
I Net sales and operating profit/loss						
Net sales						
(1) Sales to outside customers	192,842	74,399	2,281	269,523	-	269,523
(2) Inter-segment sales or transfers	6,497	1,773	916	9,187	(9,187)	-
Total	199,340	76,172	3,198	278,710	(9,187)	269,523
Operating expenses	195,079	74,824	3,198	273,102	(9,652)	263,449
Operating profit	4,260	1,347	0	5,608	465	6,073
II Assets	99,851	18,016	1,254	119,122	(5,126)	113,996

Notes:

- The classification of country or area is based on geographical proximity.
- Main countries or area belonging to each segment
  - Asia: Hong Kong, Singapore, Taiwan and Korea
  - North America: USA

## 3. Overseas Sales

March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)

(Million yen)

Classification	Asia	North America	Other regions	Total
I Overseas Sales	61,983	2,367	5	64,356
II Consolidated Sales				209,437
III Ratio of Overseas Sales to Consolidated Sales	29.6%	1.1%	0.0%	30.7%

March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)

(Million yen)

Classification	Asia	North America	Other regions	Total
I Overseas Sales	120,425	2,285	-	122,710
II Consolidated Sales				269,523
III Ratio of Overseas Sales to Consolidated Sales	44.7%	0.8%	-	45.5%

Notes:

- The classification of country or area is based on geographical proximity.
- Main countries or area belonging to each region
  - Asia: Hong Kong, Singapore, Taiwan, Korea and China
  - North America: USA
- Overseas sales mean net sales in countries or area other than Japan by the Company which has submitted consolidated financial statements and its subsidiaries included in the consolidated financial statements.

**Leases**

The disclosure of leases has been omitted because disclosing such information in this Summary of Consolidated Financial Results is considered immaterial.

**Trading with Related Parties**

There are no relevant matters.

**Tax Effect Accounting**

## 1. Breakdown of deferred tax assets and deferred tax liabilities by main cause

(Million yen)

	March 2006 Term (As of March 31, 2006)	March 2007 Term (As of March 31, 2007)
(Deferred tax assets)		
Deferred tax assets accounted for under current assets		
Allowance for bonuses to employees	272	303
Inventories	172	216
Enterprise tax payable	99	129
Other	111	38
Deferred tax assets total	656	687
(Deferred tax liabilities)		
Undistributed earnings of foreign consolidated subsidiaries	(201)	(186)
Net deferred tax assets under current assets	454	501
(Deferred tax assets)		
Deferred tax assets accounted for under fixed assets		
Allowance for doubtful receivables	42	23
Retirement allowance for directors and corporate auditors	84	87
Loss on devaluation of investment securities	179	179
Loss on devaluation of golf club membership	84	22
Impairment loss	-	5
Deferred loss of subsidiaries	124	118
Loss on in-house development of systems for own use	102	123
Other	90	19
Deferred tax assets sub-total	708	580
Less valuation allowance	(415)	(349)
Deferred tax assets total	292	231
(Deferred tax liabilities)		
Unrealized gain on available for sale securities	(711)	(585)
Prepaid pension expenses	(23)	(49)
Other	(5)	(23)
Deferred tax liabilities total	(740)	(658)
Net deferred tax liabilities under fixed liabilities	(448)	(427)
Net deferred tax assets	5	73

The net amounts of deferred tax assets in the current term are included in the following items of the consolidated balance sheet.

Current assets – Deferred tax assets	454	501
Fixed assets – Investment and other assets (other)	88	107
Current liabilities – Deferred tax liabilities	(536)	(427)

## 2. Breakdown of Significant Difference Between Normal Effective Statutory Tax Rate and Actual Effective Tax Rate After Application of Tax Effect Accounting by Main Cause

	March 2006 Term	March 2007 Term
Normal effective statutory tax rate	40.7%	40.7%
(Adjustment)		
Expenses not deductible for income tax purposes	1.6%	1.4%
Inhabitant taxes – per capita levy	0.6%	0.5%
Income not taxable for income tax purposes	(0.2)%	(0.2)%
Tax rate difference of consolidated subsidiaries overseas	(7.4)%	(5.9)%
Tax effect on dividend of surplus	3.5%	3.2%
Other	2.4%	(0.1)%
Actual effective tax rate	41.2%	39.6%

### Investment Securities

March 2006 Term (As of March 31, 2006)

1. Other investment securities with market value (Million yen)

	Purchase cost	Value on consolidated balance sheet	Difference
Those of which values on consolidated balance sheet exceed their purchase cost			
Shares	1,574	3,619	2,044
Sub-total	1,574	3,619	2,044
Those of which values on consolidated balance sheet do not exceed their purchase cost			
Shares	29	23	(5)
Sub-total	29	23	(5)
Total	1,603	3,643	2,039

2. Other Investment Securities Sold During Current Term (April 1, 2005 – March 31, 2006) (Million yen)

Proceeds	Total profit on sale	Total loss on sale
128	84	-

3. Contents and values on consolidated balance sheet of other investment securities without market value (As of March 31, 2006)

(Million yen)

	Value on consolidated balance sheet
Other investment securities	
(1) Shares of non-listed companies	100
(2) Other	56
Total	157

March 2007 Term (As of March 31, 2007)

1. Other investment securities with market value (Million yen)

	Purchase cost	Value on consolidated balance sheet	Difference
Those of which values on consolidated balance sheet exceed their purchase cost			
Shares	1,451	3,134	1,683
Sub-total	1,451	3,134	1,683
Those of which values on consolidated balance sheet do not exceed their purchase cost			
Shares	202	158	(44)
Sub-total	202	158	(44)
Total	1,654	3,292	1,638

2. Other investment securities sold during current term (April 1, 2006 – March 31, 2007) (Million yen)

Proceeds	Total profit on sale	Total loss on sale
515	265	-

3. Contents and values on consolidated balance sheet of other investment securities without market value (As of March 31, 2007)

(Million yen)

	Value on consolidated balance sheet
Other investment securities	
(1) Shares of non-listed companies	75
(2) Other	49
Total	124

Notes:

1. Other investment securities with market value at 14 million yen were written down in the current term.
2. All securities whose market values are at least 50% (inclusive) below book value on the balance sheet date are tested for impairment. All securities whose market values are at least 30% (inclusive) to 50% below book value on the balance sheet date are reviewed for impairment based on materiality of the security and prospects of recovery in market price.

### Derivative Transactions

The disclosure of derivative transactions has been omitted because disclosing such information in this Summary of Consolidated Financial Results is considered immaterial.

### Retirement Pensions

#### 1. Outline of retirement pension plans employed

##### Company Pension with Retirement Benefit

The Company adapted a qualified pension plan for the entire retirement benefit plan from July 1, 1964 but moved to a cash balance plan (pension linked to the market interest rate) on October 1, 2004.

##### Welfare Pension Fund

The Company has employed a welfare pension plan in addition to the long-standing qualified pension plan since February 1, 1969. The Company participates in the Tokyo Electronics Contributory Funded Pension Plan which is a plan under the Exceptional Plan set forth in Paragraph 33 of the Practical Guidelines for Accounting of Retirement Benefit. The fair value of the assets of this contributory funded pension plan based on the ratio of the Company's contribution at the end of the current term was 5,916 million yen. The amount contributed to this plan in the current term was 202 million yen.

#### 2. Retirement benefit obligation

	(Million yen)	
	March 2006 Term (As of March 31, 2006)	March 2007 Term (As of March 31, 2007)
Retirement benefit obligation	(3,680)	(3,741)
Fair value of plan assets	4,370	4,399
Sub-total	690	658
Unrecognized actuarial	133	161
Obligation due to unrecognized past services	(765)	(697)
Prepaid pension cost	58	122

#### 3. Retirement benefit expenses

	(Million yen)	
	March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)	March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)
Service cost	176	175
Interest cost	72	73
Expected return on fund management	(94)	(109)
Unrecognised actuarial gain/loss	77	36
Reduction of obligation due to past services	(68)	(68)
	163	108

#### 4. Calculation basis for retirement benefit obligation, etc.

	March 2006 Term (As of March 31, 2006)	March 2007 Term (As of March 31, 2007)
Distribution method of estimated retirement benefit for the period	Fixed amount for the period	Fixed amount for the period
Discount rate	2.0%	2.0%
Expected rate of return from fund management	2.5%	2.5%
Recognised period of actuarial gain/loss	13 years	13 years
(The actuarial gain/loss of each accounting year is recognised by the straight line method over a specific period which is within the estimated average remaining service lives of the employees at the time of their occurrence from the next term.)		
Period to recognize obligations due to past services	13 years	13 years
(These obligations are recognized by the straight line method over a specific period which is within the estimated average remaining service lives of the employees at the time of their occurrence.)		

### Stock Option

There are no relevant matters.

**Business Combinations**

There are no relevant matters.

**Per Share Information**

(Yen)

March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)		March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)	
Net assets per share	1,795.71	Net assets per share	1,884.97
Net profit per share	82.35	Net profit per share	116.79
Diluted net profit per share		Diluted net profit per share	
Diluted net profit per share is not presented since the Company has no outstanding securities.		Same as on the left	

Note: Basis for calculation of net profit per share is as follows.

(Million yen)

	March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)	March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)
Net profit	2,720	3,776
Amount not available to common shareholders [of which directors' bonuses paid through appropriation of income]	30	-
Net profit available to ordinary shares	2,690	3,776
Average shares outstanding available to ordinary shares (shares)	32,675	32,340

**Important Later Event**

There are no relevant matters.

**Non-consolidated Financial Statements**
**Non-consolidated Balance Sheets**

(Million yen)

Account	Period	March 2006 Term (As of March 31, 2006)		March 2007 Term (As of March 31, 2007)		Change
		Amount	%	Amount	%	Amount
Assets						
I	Current assets	79,295	87.4	86,796	87.0	7,500
	Cash and deposits	2,448		2,473		25
	Notes receivable	935		843		(91)
	Accounts receivable-trade	63,621		64,396		774
	Merchandise inventories	10,884		15,161		4,276
	Expenditure for work in progress	11		6		(4)
	Advances	26		1		(24)
	Prepaid expenses	149		154		5
	Accrued income	668		1,048		379
	Differed tax assets	646		687		41
	Others	16		2,030		2,014
	Allowance for doubtful receivables	(112)		(6)		106
II	Fixed assets	11,393	12.6	13,024	13.0	1,631
	Property and equipment	5,152	5.7	4,992	5.0	(160)
	Buildings	2,751		2,630		(121)
	Structures	40		37		(3)
	Vehicles	0		0		(0)
	Tools and equipment	119		97		(22)
	Land	2,240		2,227		(12)
	Intangible fixed assets	355	0.4	507	0.5	152
	Investments and other assets	5,885	6.5	7,525	7.5	1,639
	Investment in securities	3,800		3,417		(383)
	Shares of affiliated companies	1,751		3,725		1,974
	Invested capital	0		0		-
	Insolvent credits, etc.	4		2		(2)
	Guarantee money deposited	135		126		(9)
	Prepaid pension expenses	58		122		63
	Others	489		440		(48)
	Allowance for doubtful receivables	(354)		(309)		45
	<b>Total assets</b>	<b>90,689</b>	<b>100.0</b>	<b>99,821</b>	<b>100.0</b>	<b>9,132</b>

(Million yen)

Account	Period	March 2006 Term (As of March 31, 2006)		March 2007 Term (As of March 31, 2007)		Change
		Amount	%	Amount	%	Amount
<b>Liabilities</b>						
I Current liabilities		36,005	39.7	44,225	44.3	8,220
Notes payable		294		296		2
Accounts payable-trade		20,991		21,265		274
Short-term loans payable		9,300		19,500		10,200
Long-term loans due for repayment within one year		2,500		-		(2,500)
Accrued amount payable		119		334		215
Accrued expenses		192		220		28
Accrued corporate tax, etc.		1,227		1,593		365
Advances received		80		67		(13)
Deposits received		32		136		103
Allowance for bonuses to employees		670		745		75
Allowance for bonuses to directors and corporate auditors		-		45		45
Others		597		20		(576)
II Fixed liabilities		656	0.7	641	0.6	(14)
Deferred tax liabilities		429		404		(25)
Retirement allowance for directors and corporate auditors		208		-		(208)
Deposits received		17		-		(17)
Others		-		237		237
<b>Total liabilities</b>		<b>36,661</b>	<b>40.4</b>	<b>44,866</b>	<b>44.9</b>	<b>8,205</b>
<b>Shareholders' equity</b>						
I Common stock		14,811	16.4	-	-	-
II Capital surplus		15,329	16.9	-	-	-
Capital reserve		15,329		-		-
III Retained earnings		22,567	24.8	-	-	-
1. Legal reserve		670		-		-
2. Voluntary reserve		19,280		-		-
3. Unappropriated retained earnings at end of current term		2,616		-		-
IV Unrealized gains on available-for-sale securities		1,325	1.5	-	-	-
V Treasury stock		(6)	(0.0)	-	-	-
<b>Total shareholders' equity</b>		<b>54,027</b>	<b>59.6</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and shareholders' equity</b>		<b>90,689</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>						
I Shareholders' equity		-	-	53,880	54.0	-
1. Capital stock		-	-	14,811	14.8	-
2. Capital surplus		-	-	15,329	15.4	-
Capital reserve		-	-	15,329		-
3. Retained earnings		-	-	23,739	23.8	-
Revenue reserve		-	-	670		-
Reserve for dividend pay-out		-	-	600		-
Special reserve		-	-	18,680		-
Carried forward profit surplus		-	-	3,788		-
4. Treasury stock		-	-	(0)	(0.0)	-
II Valuation and foreign exchange adjustments, etc.		-	-	1,074	1.1	-
1. Unrealized gains on available for sale securities		-	-	1,062	1.1	-
2. Deferred hedge gains/losses		-	-	11	(0.0)	-
<b>Total net assets</b>		<b>-</b>	<b>-</b>	<b>54,954</b>	<b>55.1</b>	<b>-</b>
<b>Total liabilities and net assets</b>		<b>-</b>	<b>-</b>	<b>99,821</b>	<b>100.0</b>	<b>-</b>

**Non-consolidated Profit and Loss Statement**

(Million yen)

Account	Period	March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)		March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)		Change	
		Amount	%	Amount	%	Amount	%
I	Net sales	153,154	100.0	199,099	100.0	45,944	30.0
II	Cost of sales	142,276	92.9	186,768	93.8	44,491	31.3
	Gross profit on sales	10,878	7.1	12,330	6.2	1,452	13.4
III	Selling, general and administrative expenses	7,849	5.1	8,160	4.1	311	4.0
	Operating profit	3,028	2.0	4,170	2.1	1,141	37.7
IV	Non-operating profit	870	0.6	1,207	0.6	336	38.7
	Interest income	335		612		277	
	Purchase discounts	12		13		0	
	Business guidance fees	312		420		108	
	Others	209		160		(49)	
V	Non-operating expenses	97	0.1	208	0.1	110	113.4
	Interest expenses	50		129		78	
	Others	46		78		32	
	Ordinary profit	3,801	2.5	5,169	2.6	1,367	36.0
VI	Extraordinary profits	91	0.1	399	0.2	307	336.8
	Gain on sale of fixed assets	0		0		0	
	Gain on sale of investment securities	84		265		181	
	Income from refund of allowance for doubtful receivables	6		133		126	
VII	Extraordinary losses	414	0.3	91	0.0	(323)	(77.9)
	Loss on sale of fixed assets	49		8		(40)	
	Loss on disposition of fixed assets	9		14		5	
	Loss on valuation of investment securities	66		40		(26)	
	Transfer to allowance for doubtful receivables	290		-		(290)	
	Impairment losses	-		27		27	
	Net profit before tax adjustments	3,477	2.3	5,476	2.8	1,999	57.5
	Corporate, resident and enterprise taxes	1,808	1.2	2,293	1.2	485	26.9
	Adjustment for corporate tax, etc.	(230)	(0.1)	51	0.0	282	(122.2)
	Net profit	1,900	1.2	3,131	1.6	1,231	64.8
	Deferred income from previous term	1,424		-		-	
	Interim dividend	261		-		-	
	Cancellation of treasury stock	447		-		-	
	Unappropriated income	2,616		-		-	

**Appropriation Plan for Retained Earnings**

(Million yen)

Account	Period	March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)	
		Amount	
I Unappropriated retained earnings			2,616
II Appropriated amount of earnings			
Dividend		555	
		17 yen per share	
Bonus to officers		30	585
(In which bonus to corporate auditors)		(-)	
III Deferred earnings to next term			2,030

**Non-consolidated Statements of Changes in Shareholders' Equity**

March 2007 Term (Apr. 1, 2006 - Mar. 31, 2007)

(Million yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Revenue reserve	Retained earnings			Retained earnings total
		Capital reserve	Capital surplus total		Other retained earnings			
				Reserve for dividend pay-out	Special reserve	Carried forward profit surplus		
Balance as of March 31, 2006	14,811	15,329	15,329	670	600	18,680	2,616	22,567
Changes during the term								
Interim dividend from retained earnings							(484)	(484)
Retained earnings from appropriation of profit							(555)	(555)
Bonuses to directors and corporate auditors from appropriation of profit							(30)	(30)
Net profit							3,131	3,131
Acquisition of treasury stock								
Cancellation of treasury stock							(889)	(889)
Changes under items other than shareholders' equity during the term (net amount)								
Total change during the term	-	-	-	-	-	-	1,172	1,172
Balance as of March 31, 2007	14,811	15,329	15,329	670	600	18,680	3,788	23,739

	Shareholders' equity		Valuation and foreign exchange adjustments, etc.			Total net assets
	Treasury stock	Shareholders' equity total	Unrealized gains on available-for-sale securities	Deferred hedge gains/losses	Total of valuation and foreign exchange adjustments, etc.	
Balance as of March 31, 2006	(6)	52,701	1,325	-	1,325	54,027
Changes during the term						
Interim dividend from retained earnings		(484)				(484)
Retained earnings from appropriation of profit		(555)				(555)
Bonuses to directors and corporate auditors from appropriation of profit		(30)				(30)
Net profit		3,131				3,131
Acquisition of treasury stock	(883)	(883)				(883)
Cancellation of treasury stock	889	-				-
Changes under items other than shareholders' equity during the term (net amount)		-	(263)	11	(251)	(251)
Total change during the term	6	1,178	(263)	11	(251)	927
Balance as of March 31, 2007	(0)	53,880	1,062	11	1,074	54,954

## Important Basic Matters for Preparation of Non-consolidated Financial Statements

### 1. Evaluation criteria and methods of assets

#### (1) Shares of subsidiaries:

Cost method using the moving average method.

#### (2) Available-for-sale securities

Those with a market value:

Market price method based on the market price on the last day of the settlement period (the unrealized gain on available-for-sale securities are included entirely in net assets while the sales cost is calculated by the moving average method)

Those without market value:

Cost method using the moving average method.

### 2. Evaluation criteria and method of net credits (and debts) originating from trading of derivatives

Market price method.

### 3. Evaluation criteria and method of inventories

Merchandise: Lower cost method using the moving average method.

Expenditure for work in progress: Cost method using the individual production order costing method.

### 4. Fixed assets depreciation methods

#### (1) Property and equipment:

Fixed rate method except for buildings (excluding auxiliary equipment for buildings) to which the straight line method is applied.

The typical depreciation period is 9 – 45 years for buildings, 15 – 50 years for structures, 4 years for vehicles and 4–20 years for tools and equipment.

#### (2) Intangible fixed assets:

Straight line method.

The typical depreciation period is 5 years for software used in-house.

### 5. Conversion criteria for important receivables and payables denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies and converted to Japanese yen at spot exchange rates on the settlement date and the gains or losses from this conversion are recognized in the profit and loss statement.

### 6. Accounting criteria for important allowances

#### (1) Allowance for doubtful receivables:

In preparation for possible losses due to failure to recover receivables, the necessary amount in view of the ratio of bad debts in the past and other relevant matters is accounted for by ordinary receivables while the estimated amount of unrecoverable receivables based on the assessment results for recoverability in each case is accounted for by the receivables of which the recovery is doubtful and receivables subject to the rehabilitation process following bankruptcy.

#### (2) Allowance for bonuses to employees:

A portion to be borne by the current term in the estimated amount of bonuses to employees in the next term is allowed in preparation for their pay-out to employees.

#### (3) Allowance for bonuses to directors and corporate auditors

A portion to be borne by the current term in the estimated amount of bonuses directors and corporate auditors in the next term is allowed in preparation for their pay-out to directors and corporate auditors.

#### (4) Liability for retirement benefits

In preparation for the payment of retirement benefits to employees, the amount recognized as outstanding at the end of the current term is accounted for based on the estimated amount of liabilities for retirement benefits and pension plan assets at the end of the current term. However, as the estimation amount of the pension plan assets at the end of the current term exceeds the estimated amount of liability for retirement benefits which is adjusted with the liabilities based on unrecognized past services and unrecognized actuarial gains and losses, the different is accounted for as pre-paid pension expenses.

A liability based on past services is recognized by the straight line method over a specific period (13 years) which is within the estimated average remaining service lives of the employees at the time when this liability occurred.

Actuarial gains and losses are recognized by the straight line method over a specific period (13 years) which is within the estimated average remaining service lives of the employees at the beginning of each business year from the next business year for the year when such actuarial gains and losses occur.

#### 7. Accounting Practice for Leases

Finance leases other than those which are deemed to transfer the ownership of the leased property to the lessee are accounted for by the method used for ordinary operating leases.

#### 8. Hedge accounting

##### (1) Hedge accounting method

All receivables and payables denominated in foreign currencies with a foreign exchange contract are proportioned.

##### (2) Method of and subjects to hedge

Means: forward hedge contract

Subjects: receivables and payables denominated in foreign currencies

##### (3) Hedge policies

The Company conducts derivative transactions relating to forward exchange contracts for the purpose of hedging the risks of fluctuating earnings/expenses or values of receivables/payables due to the fluctuation of foreign exchange rates. These transactions are conducted in accordance with the internal policies which state that the Finance Division is solely responsible for such transactions and no derivative transactions for speculative purposes not specified in these policies are conducted.

##### (4) Evaluation method for effectiveness of hedging

Evaluation is conducted at least once every half term to check if there is a high level of offset between fluctuations of the subject cash flow of hedging and fluctuations of the cash flow used as the means of hedging.

#### 9. Others

The consumption tax and local consumption tax are accounted for using the without-tax method

### **Change of Important Basic Matters for Preparation of Non-consolidated Financial Statements**

(Accounting standards for the listing of net assets on the balance sheet)

From this term, the Company has adopted "Accounting Standard for Presentation of Net Assets on Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) and "Guidance for Presentation of Net Assets on Balance Sheet" (ASBJ Guidance No. 8, December 9, 2005).

The amount equivalent to the conventional total shareholders' equity is 54,943 million yen.

The section on the net assets on the balance sheet for the present accounting period is prepared in accordance with the latest Rules for Non-consolidated Financial Statements after revision of the said rules.

(Accounting Standards for Bonuses for Directors and Corporate Auditors)

From the present accounting period, the Accounting Standards for Bonuses for Directors (Corporate Accounting Standards No. 4 of 29th November, 2005) are applied.

With this new practice, the amount of the operating profit, current profit and net profit before tax and after adjustments is decreased by 45 million yen each.

### **Change of Listing Method**

(Deposits received)

The deposits received (current term was 21 million yen) which were listed under their own heading in the Fixed Liabilities on the Balance Sheet up to the previous term are now included in Others under Fixed Liabilities as these deposits received are not important.

Additional Information

(Retirement Allowance for Directors and Corporate Auditors)

Historically, the amount required at the end of the current term under the internal policies was accounted for as the retirement allowance for directors and corporate auditors for pay-out upon the retirement of directors and corporate auditors. This allowance, however, is not accounted for at the end of the current term because of the abolition of the retirement allowance system for directors and corporate auditors in June 2006.

In regard to 215 million yen which is equivalent to the retirement allowance for directors and corporate auditors up to the abolition of the said system, the same amount has been transferred to Others under Fixed Liabilities following the resolution passed at the regular general meeting of shareholders held on June 23, 2006 to pay out a final lump sum for directors and corporate auditors currently in office upon their retirement.

## Notes

## Related to Non-consolidated Balance Sheet

(Million yen)

March 2006 Term (As of March 31, 2006)	March 2007 Term (As of March 31, 2007)
1. Accumulated amount of depreciation of property and equipment <span style="float: right;">4,462</span>	1. Accumulated amount of depreciation of property and equipment <span style="float: right;">4,400</span>
2. Total number of shares to be issued by the company Ordinary shares <span style="float: right;">76,171,000</span>	2. Total number of shares to be issued by the company <span style="float: right;">_____</span>
3. Incidental liabilities Payment guarantees for bank loans by non-consolidated subsidiary and its employees Sanshin electronics (Shanghai) co., ltd. *1 <span style="float: right;">76</span> 650,000 US dollars Employees *2 <span style="float: right;">92</span> Total <span style="float: right;">168</span>	3. Incidental liabilities Payment guarantees for bank loans by non-consolidated subsidiary and its employees Sanshin electronics (Shanghai) co., ltd. *1 <span style="float: right;">-</span> Employees *2 <span style="float: right;">88</span> <span style="float: right;">88</span>
*1 based on the supply of a memorandum on business management guidance.	*1 based on the supply of a memorandum on business management guidance.
*2 among the debt guarantees for banks in connection with housing loans for employees, those with a housing loan insurance policy are excluded from the incidental liabilities because no real loss will occur with such loans.	*2 among the debt guarantees for banks in connection with housing loans for employees, those with a housing loan insurance policy are excluded from the incidental liabilities because no real loss will occur with such loans.
4. Restriction on dividend The net amount of assets is increased each term due to the market price-based evaluation of assets stipulated in article 124 item 3 of the commercial law enforcement regulations <span style="float: right;">1,325</span>	4. Restriction on dividend The net amount of assets is increased each term due to the market price-based evaluation of assets stipulated in article 124 item 3 of the commercial law enforcement regulations <span style="float: right;">-</span>
5. Number of treasury stocks (Ordinary shares) <span style="float: right;">5,870</span>	5. Number of treasury stocks (Ordinary shares) <span style="float: right;">-</span>
6. Settlement of notes due on the last day of the accounting period Notes receivable <span style="float: right;">-</span> Notes payable <span style="float: right;">-</span>	6. Settlement of notes due on the last day of the accounting period Notes receivable <span style="float: right;">84</span> Notes payable <span style="float: right;">90</span>

**Related to Non-consolidated Profit and Loss Statement**

(Million yen)

March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)	March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)						
1. Trading amount with affiliated companies	1. Trading amount with affiliated companies						
Interest and dividend received 312	Interest and dividend received 549						
Management guidance fee 312	Management guidance fee 420						
2. Main sales, general and administrative expenses	2. Main sales, general and administrative expenses						
Packaging and transportation expenses 214	Packaging and transportation expenses 228						
Traveling and transport expenses 426	Traveling and transport expenses 453						
Remuneration for directors and corporate auditors 177	Remuneration for directors and corporate auditors 205						
Salaries and allowances 3,315	Salaries and allowances 3,387						
Transfer to allowance for bonuses to employees 670	Transfer to allowance for bonuses to employees 745						
Transfer to allowance for bonuses to directors and corporate auditors -	Transfer to allowance for bonuses to directors and corporate auditors 45						
Transfer to retirement allowance for directors and corporate auditors 28	Transfer to retirement allowance for directors and corporate auditors 6						
Retirement benefit expenses 345	Retirement benefit expenses 301						
Legal welfare expenses 421	Legal welfare expenses 442						
Depreciation expenses 198	Depreciation expenses 185						
Lease fee paid 148	Lease fee paid 156						
3. Breakdown of gain on sale of fixed assets	3. Breakdown of gain on sale of fixed assets						
Tools, equipment and fixtures 0	Tools, equipment and fixtures 0						
4. Breakdown of loss on sale of fixed assets	4. Breakdown of loss on sale of fixed assets						
Tools, equipment and fixtures 0	Tools, equipment and fixtures -						
Land 49	Land -						
Membership -	Membership 8						
5. Breakdown of loss on disposition of fixed assets	5. Breakdown of loss on disposition of fixed assets						
Buildings 4	Buildings 3						
Vehicles -	Vehicles 0						
Tools, equipment and fixtures 5	Tools, equipment and fixtures 11						
6. Impairment loss							
The Group recorded impairment losses in the following asset category in the current fiscal year.							
<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: center;">Location</th> <th style="text-align: center;">Intended purpose</th> <th style="text-align: center;">Category</th> </tr> </thead> <tbody> <tr> <td>Yaita, Tochigi</td> <td>Warehouse</td> <td>Building and land</td> </tr> </tbody> </table>	Location	Intended purpose	Category	Yaita, Tochigi	Warehouse	Building and land	
Location	Intended purpose	Category					
Yaita, Tochigi	Warehouse	Building and land					
We group our assets primarily by production facility, since they form the smallest independent cash-flow generating units under operating segments.							
In the current fiscal year, we have written down the book value of the rental real estate which is unlikely to generate cash flows in the future because leasing contracts on these properties have been cancelled. The impairment loss on the rental real estate resulting from the above write-down is accounted as an extraordinary loss (27 million yen).							
Breakdown of impairment loss:							
Buildings: 14 million yen							
Fixtures: 0 million yen							
Land: 12 million yen							

**Matters Relating to Non-consolidated Statement of Changes of Shareholders' Equity, etc.**

March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)

Types and total number of treasury stock

Type of share	Number of shares as of Mar. 31, 2006	Increase during the current fiscal year (Shares)	Decrease during the current fiscal year (Shares)	Number of shares as of Mar. 31, 2007
Ordinary shares (Note)	5,870	710,540	716,000	410
Total	5,870	710,540	716,000	410

Notes: The number of treasury stock was increased by 710,540, of which 700,000 shares are from purchase in the market and 10,540 shares from the purchase of shares below the unit minimum shares. The number of treasury stock decreased by 716,000 shares due to the cancellation of treasury stocks.

**Tax Effect Accounting**

## 1. Breakdown of deferred tax assets and deferred tax liabilities by main cause

	March 2006 Term (As of March 31, 2006)	March 2007 Term (As of March 31, 2007)
(Million yen)		
(Deferred tax assets)		
Deferred tax assets accounted for under current assets		
Allowance for bonuses to employees	272	303
Inventories	172	216
Enterprise tax payable	99	129
Other	102	46
Deferred tax assets total	646	695
(Deferred tax liabilities)		
Deferred hedge gains/losses	-	(7)
Net deferred tax assets under current assets	-	687
Deferred tax assets accounted for under fixed assets		
Allowance for doubtful receivables	144	125
Retirement allowance for directors and corporate auditors	84	87
Loss on devaluation of investment securities	179	179
Loss on devaluation of golf club membership	84	22
Impairment loss	-	5
Loss on in-house development of systems for own use	102	123
Other	2	19
Deferred tax assets sub-total	597	563
Less valuation allowance	(291)	(332)
Deferred tax assets total	305	231
(Deferred tax liabilities)		
Unrealized gain on available for sale securities	(711)	(585)
Prepaid pension expenses	(23)	(49)
Deferred tax liabilities total	(735)	(635)
Net deferred tax liabilities under fixed liabilities	(429)	(404)
Net deferred tax assets	217	283

## 2. Breakdown of significant difference between normal effective statutory tax rate and actual effective tax rate after application of tax effect accounting by main cause

	March 2006 Term	March 2007 Term
Normal effective statutory tax rate	40.7%	40.7%
(Adjustment)		
Expenses not deductible for income tax purposes	2.1%	1.6%
Income not taxable for income tax purposes	(0.3)%	(0.3)%
Inhabitant taxes – per capita levy	0.9%	0.6%
Other	1.9%	0.2%
Actual effective tax rate	45.3%	42.8%

**Per Share Information**

(Yen)

March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)		March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)	
Net assets per share	1,651.63	Net assets per share	1,718.25
Net profit per share	57.25	Net profit per share	96.84
Diluted net profit per share		Diluted net profit per share	
Diluted net profit per share is not presented since the Company has no outstanding securities.		Same as on the left	

Note: Basis for calculation of net profit per share is as follows.

(Million yen)

	March 2006 Term (Apr. 1, 2005 – Mar. 31, 2006)	March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)
Net profit	1,900	3,131
Amount not available to common shareholders [of which directors' bonuses paid through appropriation of income]	30	-
Net profit available to ordinary shares	1,870	3,131
Average shares outstanding available to ordinary shares (shares)	32,675	32,340

## Management Changes

### 1. Changes in Other Directors (effective on June 22, 2007)

#### (1) Candidates for directors

Position	Name
Director, Vice Head of Overseas Marketing Headquarters	Fumiaki Urase (currently Vice Head of Overseas Business Headquarters)
Director, Head of First Electronic Device Headquarters	Masashi Akabane (currently Vice Head of Device Technology Center)
Director, Head of Finance Headquarters	Keiji Nishio (currently Head of Accounting and Finance Division)

#### (2) Retiring directors

Position	Name
Senior Vice President	Kouji Horiuchi
Senior Vice President	Akira Yazawa

#### (3) Candidates for auditors

Position	Name
External Auditor	Katusya Sato

Note: Katusya Sato is a candidate for external auditor.

#### (4) Retiring auditors

Position	Name
Corporate Auditor	Tsunehiro Nishibayashi