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November 14, 2007

Summary of Interim Financial Results For the Fiscal Year Ending March 31, 2008

Name of Listed Company: Sanshin Electronics Co., Ltd. Stock Exchange Listed: 1st Section, Tokyo
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 Scheduled date of filing of Semiannual Report: December 20, 2007
 Scheduled date of dividend payment: December 10, 2007

(Amounts are rounded down to the nearest million yen)

1. Consolidated Business Performance for September 2007 Interim Term (April 1, 2007 – September 30, 2007)

(1) Consolidated business performance

(The percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Sep. 2007 Interim Term	137,718	10.5	3,256	6.9	3,310	9.8	2,057	2.5
Sep. 2006 Interim Term	124,625	25.6	3,046	62.8	3,015	52.3	2,007	81.7
March 2007 Term	269,523	-	6,073	-	5,953	-	3,776	-

	Net profit per share	Diluted net profit per share
	Yen	Yen
Sep. 2007 Interim Term	64.34	-
Sep. 2006 Interim Term	61.66	-
March 2007 Term	116.79	-

Reference: Investment profit and loss based on the equity method

Sep. 2007: - million yen Sep. 2006: - million yen Mar. 2007: - million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Sep. 2007 Interim Term	112,381	61,313	54.6	1,917.12
Sep. 2006 Interim Term	136,641	59,358	43.4	1,839.23
March 2007 Term	113,996	60,286	52.9	1,884.97

Reference: Shareholders' equity

Sep. 2007: 61,313 million yen Sep. 2006: 59,358 million yen Mar. 2007: 60,286 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
Sep. 2007 Interim Term	3,497	25	(2,713)	5,245
Sep. 2006 Interim Term	(22,577)	480	21,640	4,290
March 2007 Term	(5,088)	(303)	5,105	4,467

2. Dividends

	Dividend per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
March 2007 Term	15.00	18.00	33.00
March 2008 Term	18.00		38.00
March 2008 Term (forecast)		20.00	

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
Full year	278,000	3.1	6,600	8.7	6,700	12.5	4,150	9.9	129.76

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 interim financial statements

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Please refer to “Important Basic Matters for Preparation of Interim 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):

Sep. 2007: 31,983,373 shares Sep. 2006: 32,699,373 shares Mar. 2007: 31,983,373 shares

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

Sep. 2007: 1,231 shares Sep. 2006: 425,860 shares Mar. 2007: 410 shares

Note: Please refer to “Per Share Information” on page 28 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 September 2007 Interim Term (April 1, 2007 – September 30, 2007)**

(1) Non-consolidated business performance

(The percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Sep. 2007 Interim Term	104,465	16.2	1,955	(2.6)	2,515	(9.2)	1,535	(10.3)
Sep. 2006 Interim Term	89,877	23.8	2,007	72.9	2,769	61.1	1,712	74.3
March 2007 Term	199,099	-	4,170	-	5,169	-	3,131	-

	Net profit per share
	Yen
Sep. 2007 Interim Term	48.01
Sep. 2006 Interim Term	52.60
March 2007 Term	96.84

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Sep. 2007 Interim Term	96,347	55,608	57.7	1,738.74
Sep. 2006 Interim Term	116,841	54,367	46.5	1,684.58
March 2007 Term	99,821	54,954	55.1	1,718.25

Reference: Shareholders' equity:

Sep. 2007: 55,608 million yen Sep. 2006: 54,367 million yen Mar. 2007: 54,954 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 the section “1. Business Results” on 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 interim period

In the global economy during this interim period, a sense of uncertainty grew due in part to the impact of the sub-prime housing loan problem in the U.S., while in Asia and the Euro zone the economy remained firm. In Japan, while factors including the rising yen and higher oil prices were cause for concern, capital expenditures and employment continued to improve due to strong corporate earnings, and the economy remained on a recovery course. In the electronics industry, the core area of operations of Sanshin Electronics Co., Ltd. (the Company), there were concerns about the stagnant semiconductor market, but due to adjustments of personal computer and mobile phone inventories worldwide, signs of recovery started to appear from the second half of the period.

In this environment, the Company focused on enhancing its marketing and creating increasingly high value-added products in striving to become the electronics company of choice for both customers and suppliers based on its basic policy of “reliability and outstanding solutions to prove the value of its existence.”

As a result, consolidated net sales for this interim period increased 10.5% year-on-year to 137,718 million yen, operating profit increased 6.9% to 3,256 million yen, ordinary profit increased 9.8% to 3,310 million yen, and net profit increased 2.5% to 2,057 million yen. Review on operations is as set forth below.

2) Overview of performance by business segment

a) Device Business

In the device segment, the main operations are sales, development and technical support of semiconductors (system LSI, microcomputers, LCD driver ICs, memories, etc.) and electronic components (connectors, capacitors, circuit substrates, etc.) installed in home game consoles, mobile phones, TVs and personal computers, primarily targeting electronics manufacturers.

For this interim period, while semiconductor sales were affected by weak sales of LCD driver ICs for mobile phones and a decrease of memories due to a change in sales routes by a certain supplier from the second half of the prior fiscal year, overall sales increased on strong performances for system LSIs for home game consoles and home electronics. In the electronic components business, sales increased due to significant growth in sales of circuit components and substrates for home game consoles, as well as strong sales of connectors for flat-panel TVs and DVD recorders.

As a result, overall device segment sales increased 10.9% year-on-year to 130,497 million yen and operating profit increased 10.6% to 3,791 million yen.

Orders received totaled 132,546 million yen and the order backlog at the end of September 2007 was 32,340 million yen.

b) Solution Business

The solutions segment is comprised of a network systems business involved in sales, maintenance, and support services for information communication network systems and enterprise resource planning (ERP) systems primarily for corporations, medical institutions, and governments, and an imaging editing system business involved in sales of systems and software used for the editing, delivery, and distribution of image content for broadcast stations and production.

For this interim period, sales in the network systems business increased due to large orders of systems for corporations and medical institutions and strong performances in maintenance, support, and other stock businesses. However, sales in the imaging editing system business decreased due to weakening sales of DVD authoring software.

As a result, segment sales increased 3.5% year-on-year to 7,220 million yen. However, there was a drop in the profit ratio caused by changes in the sales structure and an increase in selling, general and administrative expenses in order to reinforce sales and technical staff. The result was a 37.0% decrease in operating profit to 218 million yen.

Orders received totaled 7,664 million yen and the order backlog at the end of September 2007 was 4,764 million yen.

3) Outlook for the fiscal year

Continued moderate growth is expected for both the global economy and Japan's economy. However, concerns of a sudden decline are growing due to global financial instability stemming from the sub-prime housing loan problem in the U.S. and rising oil prices. And in the electronics industry, while the semiconductor market is expected to rally with the upcoming Beijing Olympics, caution is required due to a larger-than-expected drop in the sales prices of end products like TVs and DVD recorders for which they are used.

Based on these factors, the Company's full-year forecast is as follows.

Prospect for Consolidated Business Results

Net sales:	278.00 billion yen	(3.1% increase on the previous fiscal year)
Operating profit:	6.60 billion yen	(8.7% increase on the previous fiscal year)
Ordinary profit:	6.70 billion yen	(12.5% increase on the previous fiscal year)
Net profit:	4.15 billion yen	(9.9% 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 112,381 million yen as of September 30, 2007, 1,615 million yen less than as of March 31, 2007. This was mainly attributable to decrease of 4,051 million yen in notes and accounts receivable, and an increase of 2,165 million yen in inventories.

Liabilities decreased 2,641 million yen to 51,068 million yen mainly because of a decrease in interest-bearing debt of 2,162 million yen due to repayment of short-term loans.

Net assets increased 1,026 million yen to 61,313 million yen. This was the net result of a 1,481 million yen increase in retained earnings and a 251 million yen decrease in unrealized gains on available-for-sale securities.

2) Cash flows

Cash and cash equivalents were 5,245 million yen on a consolidated basis at the end of the interim period, an increase of 777 million yen, or 17.4% compared with six months earlier. This was a result of a decrease in notes and accounts receivable and an increase in notes and accounts payable which more than offset the increase in inventories and the cash outflow for repayment of short-term loans.

Operating activities

Net cash provided by operating activities was 3,497 million yen, as a decrease in notes and accounts receivable and an increase in notes and accounts payable absorbed the increase in inventories. As a result, net cash provided by operating activities increased by 26,074 million yen from cash used in operating activities of 22,577 million yen in the previous interim period.

Investing activities

Net cash provided by investing activities totaled 25 million yen mainly because of payments for IT investments but this was offset by sale of investment securities. As a result, net cash provided by investing activities declined by 454 million yen compared to the previous interim period.

Financing activities

Net cash used in financing activities totaled 2,713 million yen mainly because of repayment of short-term loans. As a result, net cash used in financing activities was 24,353 million yen, compared to cash provided by financing activities of 21,640 million yen in the previous interim period.

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

At the end of March 2008, the Company expects assets to amount to approximately 104,000 million yen, 10,000 million less than at the end of March 2007, mainly because of a projected decline in notes and accounts receivable and inventories. In addition, the Company expects interest-bearing debt to total about 10,000 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, notes and accounts receivable, and inventories, and repayment of short-term loans.

Performance indicators associated with cash flows are as follows.

	March 2004 Term	March 2005 Term	March 2006 Term	March 2007 Term	Sep. 2007 Interim Term
Ratio of shareholders' equity (%)	61.1	59.6	55.5	52.9	54.6
Ratio of shareholders' equity on current price base (%)	29.5	32.1	44.0	41.5	46.1
Interest-bearing debt to cash flow ratio (year)	1.6	-	-	-	-
Interest coverage ratio	79.7	-	-	-	47.7

Notes:

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

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

Interest-bearing debt to cash flow ratio: Interest-bearing debts ÷ Operating cash flow (no figure for interim periods)

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 and dividends for the current fiscal year

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 has set its interim dividend at 18 yen per share. In addition, the Company expects to pay a year-end dividend of 20 yen per share and the annual dividend of 38 yen per share, an increase of 5 yen compared to the previous year.

Moreover, the dividend is expected to be 3 yen per share more than the initially projected dividend of 35 yen 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

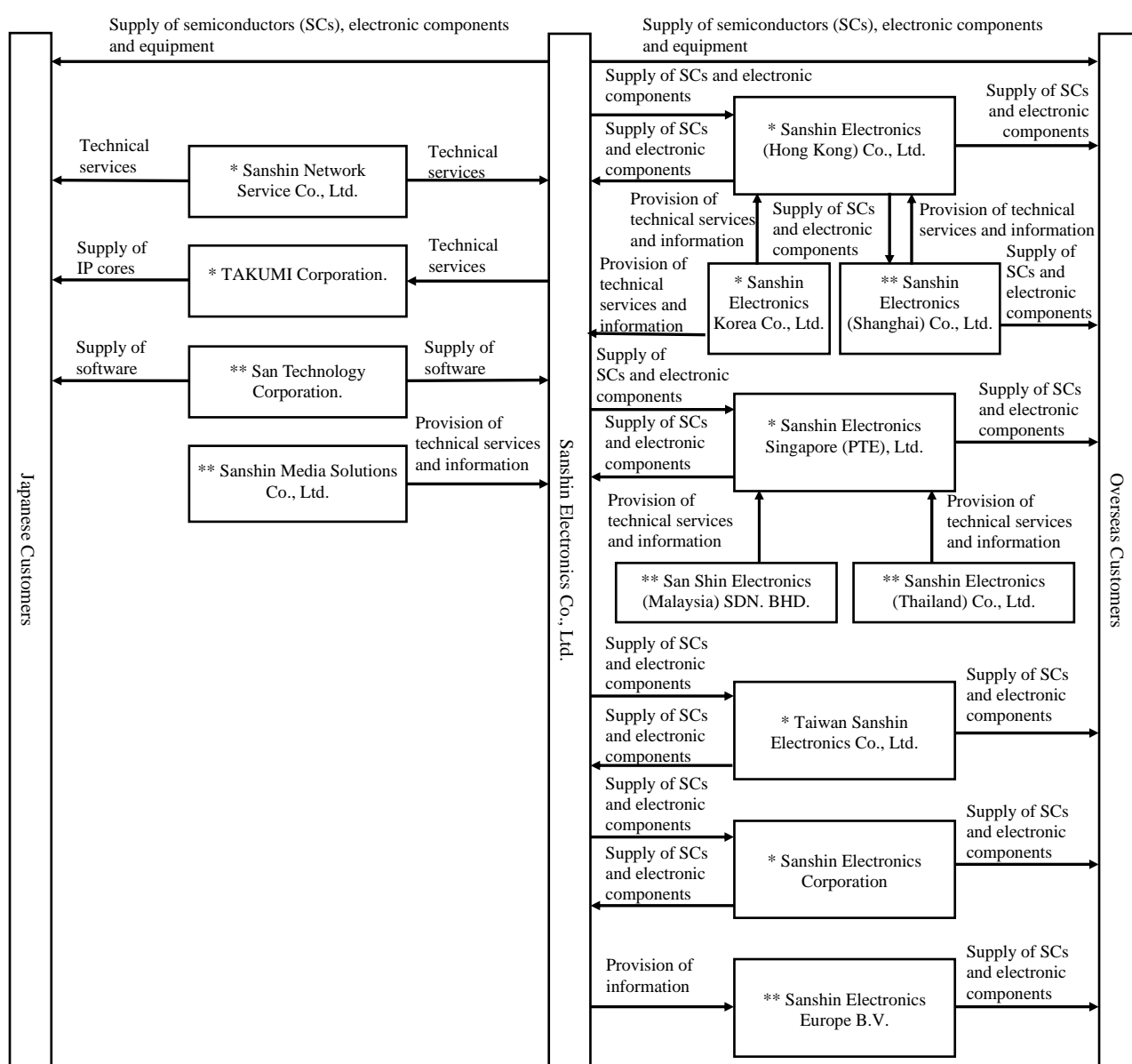
The business activities of the Sanshin Electronics Group are conducted in Japan and foreign countries, mainly in Asia. Consequently unexpected changes in political and social conditions, the occurrence of economic problems, and revisions in laws and tax systems in these countries may affect the business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

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." Raising the value of its existence and becoming the company of choice for customers and suppliers will contribute to the growth of business and enable the Company 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 add new products with an eye on NGN (next generation networks) and 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. 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 Company will work to strengthen its device business and solution business in order to create a corporate structure that will enable sustainable growth. To accomplish these goals, the Company is working hard on the following themes.

1) Expansion product lineup

Find new suppliers and expand the product lineup in order to meet the diversifying range of client needs and bring competitive products to the market.

2) Improvement of product proposals

Develop measures needed to improve the ability to propose products, including prioritizing investment of resources in growth products and fields, in order to increase sales.

3) Enhancement of technical capability

In order to increase the added value in the Company's products, strengthen the functionality of the Group subsidiaries and cooperate with business partners to enhance the technical functions of the company, including development, maintenance, and support.

4) Expansion of sales network

Work on enhancing the functionality of the Company's European subsidiary established this year, and along with continuing to globalize our customers' bases, be agile in the expansion of offices in order to strengthen the sales structure.

5) Strengthen corporate social responsibility (CSR) activities

Reinforce the system of internal controls, upgrade quality assurance and risk management, and continue to work on environmental programs.

Interim Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

Account	Period	March 2007 Term (As of Mar. 31, 2007)		Sep. 2007 Interim Term (As of Sep. 30, 2007)		Change Amount	Sep. 2006 Interim Term (As of Sep. 30, 2006)	
		Amount	%	Amount	%		Amount	%
Assets								
I	Current assets	104,005	91.2	102,818	91.5	(1,186)	127,315	93.2
	Cash and deposits	4,467		5,245		777	4,290	
	Notes and accounts receivable-trade	76,188		72,137		(4,051)	94,462	
	Inventories	19,592		21,757		2165	26,120	
	Accrued income	924		876		(47)	851	
	Differed tax assets	501		484		(16)	445	
	Others	2,369		2,369		0	1,183	
	Allowance for doubtful receivables	(37)		(52)		(14)	(38)	
II	Fixed assets	9,991	8.8	9,562	8.5	(428)	9,325	6.8
	Property and equipment	5,086	4.5	5,025	4.5	(61)	5,205	3.8
	Buildings and structures	2,671		2,630		(41)	2,748	
	Land	2,227		2,227		-	2,240	
	Others	187		167		(20)	215	
	Intangible fixed assets	529	0.5	640	0.6	111	376	0.3
	Investments and other assets	4,375	3.8	3,896	3.4	(478)	3,744	2.7
	Investment in securities	3,783		3,339		(443)	3,181	
	Prepaid pension expenses	122		147		25	90	
	Others	529		457		(71)	560	
	Allowance for doubtful receivables	(59)		(48)		11	(87)	
Total assets		113,996	100.0	112,381	100.0	(1,615)	136,641	100.0

(Million yen)

Account	Period	March 2007 Term (As of Mar. 31, 2007)		Sep. 2007 Interim Term (As of Sep. 30, 2007)		Change	Sep. 2006 Interim Term (As of Sep. 30, 2006)	
		Amount	%	Amount	%	Amount	Amount	%
Liabilities								
I Current liabilities		53,024	46.5	50,522	44.9	(2,501)	76,620	56.1
Notes and accounts payable-trade		28,569		29,011		442	37,004	
Short-term loans payable		20,710		18,548		(2,162)	28,397	
Commercial papers		-		-		-	8,000	
Accrued corporate tax, etc.		1,698		1,207		(490)	1,416	
Allowance for bonuses to employees		745		725		(20)	695	
Allowance for bonuses to directors and corporate auditors		45		21		(23)	15	
Others		1,256		1,008		(247)	1,092	
II Fixed liabilities		685	0.6	545	0.5	(139)	662	0.5
Deferred tax liabilities		427		328		(98)	407	
Others		258		217		(40)	254	
Total liabilities		53,709	47.1	51,068	45.4	(2,641)	77,283	56.6
Net assets								
I Shareholders' equity		59,499	52.2	60,979	54.3	1,480	58,575	42.8
Capital stock		14,811	13.0	14,811	13.2	-	14,811	10.8
Capital surplus		15,329	13.4	15,329	13.6	-	15,329	11.2
Retained earnings		29,358	25.8	30,840	27.5	1,481	28,962	21.2
Treasury stock		(0)	(0.0)	(1)	(0.0)	(1)	(528)	(0.4)
II Valuation and foreign exchange adjustments, etc.		787	0.7	333	0.3	(453)	782	0.6
Unrealized gains on available-for-sale securities		1,062	0.9	811	0.7	(251)	1,059	0.8
Deferred hedge gains/losses		11	0.0	(41)	(0.0)	(53)	0	0.0
Foreign exchange conversion adjustments		(286)	(0.2)	(435)	(0.4)	(149)	(277)	(0.2)
Total net assets		60,286	52.9	61,313	54.6	1,026	59,358	43.4
Total liabilities and net assets		113,996	100.0	112,381	100.0	(1,615)	136,641	100.0

Consolidated Profit and Loss Statement

(Million yen)

Account	Period	Sep. 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)		Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)		Change		March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)	
		Amount	%	Amount	%	Amount	%	Amount	%
		I Net sales	124,625	100.0	137,718	100.0	13,092	10.5	269,523
II Cost of sales	116,170	93.2	128,900	93.6	12,729	11.0	252,457	93.7	
Gross profit on sales	8,454	6.8	8,817	6.4	362	4.3	17,065	6.3	
III Selling, general and administrative expenses	5,408	4.4	5,561	4.0	152	2.8	10,991	4.1	
Operating profit	3,046	2.4	3,256	2.4	210	6.9	6,073	2.3	
IV Non-operating profit	96	0.1	209	0.1	113	117.7	285	0.1	
Interest income	41		124		83		124		
Dividend income	19		23		4		29		
Purchase discounts	6		10		3		14		
Foreign exchange gains	-		-		-		28		
Others	28		50		22		88		
V Non-operating expenses	126	0.1	155	0.1	28	22.1	404	0.2	
Interest expenses	75		65		(9)		194		
Sales discounts	17		46		29		131		
Foreign exchange losses	21		35		13		-		
Others	12		7		(5)		79		
Ordinary profit	3,015	2.4	3,310	2.4	295	9.8	5,953	2.2	
VI Extraordinary profits	364	0.3	143	0.1	(221)	(60.7)	391	0.1	
Gain on sale of fixed assets	7		0		(7)		7		
Gain on sale of investment securities	265		143		(122)		265		
Income from refund of allowance for doubtful receivables	91		-		(91)		118		
VII Extraordinary losses	30	0.0	21	0.0	(9)	(29.8)	94	0.0	
Loss on sale of fixed assets	0		6		6		8		
Loss on disposition of fixed assets	4		2		(2)		15		
Loss on valuation of investment securities	25		12		(12)		40		
Loss on valuation of membership rights	-		-		-		1		
Impairment losses	-		-		-		27		
Net profit before tax and adjustments	3,350	2.7	3,433	2.5	83	2.5	6,251	2.3	
Corporate, resident and enterprise taxes	1,339	1.1	1,277	0.9	(62)	(4.7)	2,530	0.9	
Adjustment for corporate tax, etc.	3	0.0	98	0.1	95	3,066.2	(56)	(0.0)	
Net profit	2,007	1.6	2,057	1.5	50	2.5	3,776	1.4	

Consolidated Statements of Changes in Shareholders' Equity

March 2007 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 Mar. 31, 2006	14,811	15,329	27,540	(6)	57,675
Changes during the term					
Dividend from retained earnings*			(555)		(555)
Dividend from retained earnings			(484)		(484)
Bonuses to directors and corporate auditors*			(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 changes during the term	-	-	1,817	6	1,823
Balance as of Mar. 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 Mar. 31, 2006	1,325	-	(263)	1,062	58,738
Changes during the term					
Dividend from retained earnings*					(555)
Dividend from retained earnings					(484)
Bonuses to directors and corporate auditors*					(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 changes during the term	(263)	11	(23)	(274)	1,548
Balance as of Mar. 31, 2007	1,062	11	(286)	787	60,286

* Appropriation of earnings resolved at the general meeting of shareholders in June 2006.

Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity total
Balance as of Mar. 31, 2007	14,811	15,329	29,358	(0)	59,499
Changes during the term					
Dividend from retained earnings			(575)		(575)
Net profit			2,057		2,057
Acquisition of treasury stock				(1)	(1)
Changes under items other than shareholders' equity during the term (net amount)					
Total changes during the term	-	-	1,481	(1)	1,480
Balance as of Sep. 30, 2007	14,811	15,329	30,840	(1)	60,979

	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 Mar. 31, 2007	1,062	11	(286)	787	60,286
Changes during the term					
Dividend from retained earnings					(575)
Net profit					2,057
Acquisition of treasury stock					(1)
Changes under items other than shareholders' equity during the term (net amount)	(251)	(53)	(149)	(453)	(453)
Total changes during the term	(251)	(53)	(149)	(453)	1,026
Balance as of Sep. 30, 2007	811	(41)	(435)	333	61,313

Sep. 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity total
Balance as of Mar. 31, 2006	14,811	15,329	27,540	(6)	57,675
Changes during the term					
Dividend from retained earnings*			(555)		(555)
Bonuses to directors and corporate auditors*			(30)		(30)
Net profit			2,007		2,007
Acquisition of treasury stock				(521)	(521)
Changes under items other than shareholders' equity during the term (net amount)					
Total changes during the term	-	-	1,421	(521)	900
Balance as of Sep. 30, 2006	14,811	15,329	28,962	(528)	58,575

	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 Mar. 31, 2006	1,325	-	(263)	1,062	58,738
Changes during the term					
Dividend from retained earnings*					(555)
Bonuses to directors and corporate auditors*					(30)
Net profit					2,007
Acquisition of treasury stock					(521)
Changes under items other than shareholders' equity during the term (net amount)	(266)	0	(14)	(279)	(279)
Total changes during the term	(266)	0	(14)	(279)	620
Balance as of Sep. 30, 2006	1,059	0	(277)	782	59,358

*Appropriation of earnings resolved at the general meeting of shareholders in June 2006.

Consolidated Statement of Cash Flows

(Million yen)

Account	Period	Sep. 2006 Interim Term	Sep. 2007 Interim Term	Change	March 2007 Term
		(Apr. 1, 2006 – Sep. 30, 2006)	(Apr. 1, 2007 – Sep. 30, 2007)		(Apr. 1, 2006 – Mar. 31, 2007)
		Amount	Amount	Amount	Amount
I Operating activities					
Net profit before tax and adjustments		3,350	3,433	83	6,251
Depreciation and amortization		155	174	18	336
Increase of prepaid pension expenses		(31)	(25)	6	(63)
Decrease of retirement allowance for directors and corporate auditors		(208)	-	208	(208)
Increase (decrease) of allowance for doubtful receivables		(107)	7	114	(118)
Interest and dividends income		(60)	(148)	(87)	(153)
Interest expense		75	65	(9)	194
Gain on sale of investment securities		(265)	(143)	122	(265)
Gain on sale of fixed assets		-	(0)	(0)	(7)
Loss on sale of fixed assets		0	6	6	8
Loss on valuation of investment securities		25	12	(12)	40
Decrease (increase) of notes and accounts receivable		(20,296)	3,802	24,099	(2,050)
Increase of inventories		(10,365)	(2,258)	8,106	(3,865)
Increase (decrease) of notes and accounts payable		7,692	614	(7,078)	(713)
Increase (decrease) of consumption and other taxes payable		(191)	2	193	(189)
Increase of consumption and other taxes receivable		(513)	(91)	422	(1,978)
Bonuses paid to directors and corporate auditors		(30)	-	30	(30)
Change of other assets and liabilities		(463)	(266)	196	(40)
Other non-fund transactions		1	2	1	40
Sub-total		(21,233)	5,189	26,423	(2,814)
Interest and dividend received		60	148	87	153
Interest paid		(68)	(73)	(4)	(183)
Corporate and other taxes paid		(1,335)	(1,766)	(431)	(2,244)
Net cash provided by (used in) operating activities		(22,577)	3,497	26,074	(5,088)
II Investment activities					
Purchase of property and equipment		(18)	(33)	(15)	(36)
Proceeds from sale of property and equipment		7	0	(7)	7
Purchase of software		(24)	(139)	(114)	(135)
Purchase of investment securities		(6)	(15)	(9)	(616)
Proceeds from sale of investment securities		515	231	(284)	518
Others		6	(16)	(23)	(40)
Net cash provided by (used in) investment activities		480	25	(454)	(303)
III Financing activities					
Repayment of long-term loans		(2,500)	-	2,500	(2,500)
Proceeds from short-term loans		33,897	13,148	(20,749)	44,910
Repayment of short-term loans		(16,682)	(15,287)	1,394	(35,384)
Proceeds from issue of commercial papers		9,000	-	(9,000)	18,000
Redemption of commercial papers		(1,000)	-	1,000	(18,000)
Net expenditure for repurchase/sale of treasury stock		(521)	(1)	519	(883)
Dividend paid		(553)	(573)	(19)	(1,037)
Net cash provided by (used in) financing activities		21,640	(2,713)	(24,353)	5,105
IV Foreign currency conversion adjustments for cash and cash equivalents		25	(32)	(57)	31
V Increase (decrease) of cash and cash equivalents		(431)	777	1,208	(254)
VI Balance of cash and cash equivalents, beginning of the term		4,722	4,467	(254)	4,722
VII Balance of cash and cash equivalents, end of the term		4,290	5,245	954	4,467

Important Basic Matters for Preparation of Interim 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.

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: Mainly 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:

Mainly 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.

(Change in accounting policy)

Effective from the current term, the Company and its domestic consolidated subsidiaries have adopted the revised Corporation Tax Law and changed the method of depreciation of property and equipment acquired on or after April 1, 2007.

The effect of this change on profit or loss for the current term is insignificant.

(Supplementary information)

The Company and its domestic consolidated subsidiaries have adopted the revised Corporation Tax Law and changed the method of depreciation of assets acquired on or before March 31, 2007. Accordingly, the difference between the residual value of such an asset and the value equivalent to 5% of its acquisition cost, as computed by the previous Corporation Tax Law, is depreciated over a period of five years starting from the year following the year in which the value of an asset falls to 5% of its acquisition cost. The difference is amortized by the straight-line method and is included in the depreciation expense.

The effect of this change on profit or loss for the current term is insignificant.

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:

The estimated amount of bonuses in the second half is allowed in preparation for their pay-out to employees of the Company.

3) Allowance for bonuses to directors and corporate auditors

The estimated amount of bonuses corresponding to the current interim term is allowed based on the estimated annual payment amount of bonuses by the end of the fiscal year 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 interim term is accounted for based on the estimated amount of liabilities for retirement benefits and pension plan assets at the end of the fiscal year. However, as the estimated amount of the pension plan assets at the end of the current interim 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 difference 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 fiscal year from the next fiscal 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 and domestic consolidated subsidiaries.

5. 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.

Notes

Related to Consolidated Balance Sheet

(Million yen)

March 2007 Term (As of Mar. 31, 2007)	Sep. 2007 Interim Term (As of Sep. 30, 2007)	Sep. 2006 Interim Term (As of Sep. 30, 2006)
1. Accumulated amount of depreciation of property and equipment 4,715	1. Accumulated amount of depreciation of property and equipment 4,773	1. Accumulated amount of depreciation of property and equipment 4,786
2. Incidental liabilities Payment guarantees for bank loans by non-consolidated subsidiary and its employees Sanshin Electronics (Shanghai) Co., Ltd. *1 Employees *2 88 Total 88	2. Incidental liabilities Payment guarantees for bank loans by non-consolidated subsidiary and its employees Sanshin Electronics (Shanghai) Co., Ltd. *1 Employees *2 89 Total 89	2. Incidental liabilities Payment guarantees for bank loans by non-consolidated subsidiary and its employees Sanshin Electronics (Shanghai) Co., Ltd. *1 (200,000 US dollars) 23 Employees *2 88 Total 112
*1 Based on the supply of a memorandum on business management guidance.	*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.	*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.
3. Export bill discounts 107 (913,000 US dollars)	3. Export bill discounts 102 (888,000 US dollars)	3. Export bill discounts 99 (846,000 US dollars)
4. Settlement of notes due on the last day of the consolidated accounting term Notes due on the last day of the accounting term were settled on the exchange day of notes. As the last day of the previous accounting term was a non-working day for banks, these notes are included in the following items. Notes receivable 90 Notes payable 90	4. Settlement of notes due on the last day of the consolidated accounting term Notes due on the last day of the accounting term were settled on the exchange day of notes. As the last day of the previous accounting term was a non-working day for banks, these notes are included in the following items. Notes receivable 220 Notes payable 132	4. Settlement of notes due on the last day of the consolidated accounting term Notes due on the last day of the accounting term were settled on the exchange day of notes. As the last day of the present previous accounting term was a non-working day for banks, these notes are included in the following items. Notes receivable 125 Notes payable 87
5. Handling of consumption tax, etc. Temporarily paid consumption tax, etc. and temporarily received consumption tax, etc. are offset first and the remaining consumption tax, etc. receivable and consumption tax, etc. payable are added in Others under Current assets and Others under Current liabilities, respectively.	5. Handling of consumption tax, etc. Temporarily paid consumption tax, etc. and temporarily received consumption tax, etc. are offset first and the remaining consumption tax, etc. receivable and consumption tax, etc. payable are added in Others under Current assets and Others under Current liabilities, respectively.	5. Handling of consumption tax, etc. Temporarily paid consumption tax, etc. and temporarily received consumption tax, etc. are offset first and the remaining consumption tax, etc. receivable and consumption tax, etc. payable are added in Others under Current assets and Others under Current liabilities, respectively.

Related to Consolidated Profit and Loss Statement

(Million yen)

Sep 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)	Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)	March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)
1. Main sales, general and administrative expenses	1. Main sales, general and administrative expenses	1. Main sales, general and administrative expenses
Packaging and transportation expenses 201	Packaging and transportation expenses 235	Packaging and transportation expenses 419
Traveling and transport expenses 294	Traveling and transport expenses 301	Traveling and transport expenses 598
Remuneration for directors and corporate auditors 109	Remuneration for directors and corporate auditors 123	Remuneration for directors and corporate auditors 235
Salaries and allowances 1,787	Salaries and allowances 1,726	Salaries and allowances 4,237
Transfer to allowance for bonuses to employees 695	Transfer to allowance for bonuses to employees 725	Transfer to allowance for bonuses to employees 745
Transfer to allowance for bonuses to directors and corporate auditors 15	Transfer to allowance for bonuses to directors and corporate auditors 21	Transfer to allowance for bonuses to directors and corporate auditors 45
Transfer to retirement allowance for directors and corporate auditors 6	Transfer to retirement allowance for directors and corporate auditors -	Transfer to retirement allowance for directors and corporate auditors 6
Retirement benefit expenses 51	Retirement benefit expenses 56	Retirement benefit expenses 304
Depreciation and amortization 109	Depreciation and amortization 114	Depreciation and amortization 231
2. Breakdown of gain on sale of fixed assets	2. Breakdown of gain on sale of fixed assets	2. Breakdown of gain on sale of fixed assets
Others (vehicles and fixtures) 7	Others (vehicles and fixtures) 0	Others (vehicles and fixtures) 7
3. Breakdown of loss on sale of fixed assets	3. Breakdown of loss on sale of fixed assets	3. Breakdown of loss on sale of fixed assets
Others (fixtures) 0	Others (fixtures) -	Others (fixtures) -
Membership -	Membership 6	Membership 8
4. Breakdown of loss on disposition of fixed assets	4. Breakdown of loss on disposition of fixed assets	4. Breakdown of loss on disposition of fixed assets
Buildings and structures 0	Buildings and structures 0	Buildings and structures 3
Others (vehicles and fixtures) 4	Others (vehicles and fixtures) 2	Others (vehicles and fixtures) 12

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 (Shares)

	Number of shares as of Mar. 31, 2006	Increase during the term	Decrease during the term	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 record date falls after the current term among the dividend of which effective date falls in the next 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

Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)

1. Types and total number of outstanding shares and treasury stock (Shares)

	Number of shares as of Mar. 31, 2007	Increase during the term	Decrease during the term	Number of shares as of Sep. 30, 2007
Outstanding shares				
Ordinary shares	31,983,373	-	-	31,983,373
Total	31,983,373	-	-	31,983,373
Treasury stock				
Ordinary shares (Note)	410	821	-	1,231
Total	410	821	-	1,231

Note: The number of treasury stock was increased by 821 from the purchase of shares below the unit minimum shares.

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 22, 2007	Ordinary shares	575	18	March 31, 2007	June 25, 2007

(2) Dividend of which record date falls after the current term among the dividend of which effective date falls in the next term

Resolution	Type of share	Total amount of dividend (Million yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Meeting of Board of Directors on November 14, 2007	Ordinary shares	575	Retained earnings	18	September 30, 2007	December 10, 2007

Sep. 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2007)

1. Types and total number of outstanding shares and treasury stock (Shares)

	Number of shares as of Mar. 31, 2006	Increase during the term	Decrease during the term	Number of shares as of Sep. 30, 2006
Outstanding shares				
Ordinary shares	32,699,373	-	-	32,699,373
Total	32,699,373	-	-	32,699,373
Treasury stock				
Ordinary shares (Note)	5,870	419,990	-	425,860
Total	5,870	419,990	-	425,860

Note: The number of treasury stock was increased by 419,990, of which 413,000 shares are from purchase in the market and 6,990 shares from the purchase of shares below the unit minimum shares.

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

(2) Dividend of which record date falls after the current term among the dividend of which effective date falls in the next term

Resolution	Type of share	Total amount of dividend (Million yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Meeting of Board of Directors on November 15, 2006	Ordinary shares	484	Retained earnings	15	September 30, 2006	December 8, 2006

Related to Consolidated Cash Flow Statement

(Million yen)

Sep 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)	Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)	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	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 <u>4,290</u>	Cash and deposits account <u>5,245</u>	Cash and deposits account <u>4,467</u>
Cash and cash equivalents <u>4,290</u>	Cash and cash equivalents <u>5,245</u>	Cash and cash equivalents <u>4,467</u>

Segment Information

1. Industrial Segments

Sep. 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)

(Million yen)

	Device business	Solution business	Total	Elimination /Corporate	Consolidation
Net sales					
(1) Sales to external customers	117,647	6,977	124,625	-	124,625
(2) Internal sales or transfer between segments	-	-	-	-	-
Total	117,647	6,977	124,625	-	124,625
Operating expenses	114,218	6,631	120,850	728	121,579
Operating profit	3,428	346	3,774	(728)	3,046

Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)

(Million yen)

	Device business	Solution business	Total	Elimination /Corporate	Consolidation
Net sales					
(1) Sales to external customers	130,497	7,220	137,718	-	137,718
(2) Internal sales or transfer between segments	-	-	-	-	-
Total	130,497	7,220	137,718	-	137,718
Operating expenses	126,705	7,002	133,708	753	134,461
Operating profit	3,791	218	4,009	(753)	3,256

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

(Million yen)

	Device business	Solution business	Total	Elimination /Corporate	Consolidation
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 profit	6,749	767	7,517	(1,443)	6,073

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.

Sep. 2006 interim term:	728 million yen
Sep. 2007 interim term:	753 million yen
March 2007 term:	1,443 million yen

2. Geographical Segments

Sep. 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)

(Million yen)

	Japan	Asia	North America	Total	Elimination /Corporate	Consolidation
Net sales						
(1) Sales to outside customers	86,986	36,954	684	124,625	-	124,625
(2) Inter-segment sales or transfers	3,027	1,091	113	4,232	(4,232)	-
Total	90,014	38,045	797	128,857	(4,232)	124,625
Operating expenses	87,954	37,230	842	126,027	(4,448)	121,579
Operating profit (loss)	2,060	814	(44)	2,830	215	3,046

Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)

(Million yen)

	Japan	Asia	North America	Total	Elimination /Corporate	Consolidation
Net sales						
(1) Sales to outside customers	99,131	35,926	2,660	137,718	-	137,718
(2) Inter-segment sales or transfers	5,526	1,063	1,071	7,661	(7,661)	-
Total	104,657	36,989	3,731	145,379	(7,661)	137,718
Operating expenses	102,591	36,033	3,533	142,158	(7,696)	134,461
Operating profit	2,066	955	198	3,221	34	3,256

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

(Million yen)

	Japan	Asia	North America	Total	Elimination /Corporate	Consolidation
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

Notes:

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

3. Overseas Sales

Sep. 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)

(Million yen)

	Asia	North America	Other regions	Total
I Overseas sales	43,667	684	-	44,352
II Consolidated sales				124,625
III Ratio of overseas sales to consolidated sales	35.0%	0.6%	-	35.6%

Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)

(Million yen)

	Asia	North America	Other regions	Total
I Overseas sales	76,218	2,518	54	78,790
II Consolidated sales				137,718
III Ratio of overseas sales to consolidated sales	55.4%	1.8%	0.0%	57.2%

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

(Million yen)

	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:

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

Leases

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

Investment Securities

1. Investment securities with market value

(Million yen)

	March 2007 Term (As of Mar. 31, 2007)			Sep. 2007 Interim Term (As of Sep. 30, 2007)			Sep. 2006 Interim Term (As of Sep. 30, 2006)		
	Purchase cost	Value on consolidated balance sheet	Difference	Purchase cost	Value on consolidated balance sheet	Difference	Purchase cost	Value on consolidated balance sheet	Difference
Other investment securities									
Shares	1,654	3,292	1,638	1,566	2,863	1,296	1,353	2,988	1,634
Total	1,654	3,292	1,638	1,566	2,863	1,296	1,353	2,988	1,634

2. Main investment securities not evaluated at market value

(Million yen)

	March 2007 Term (As of Mar. 31, 2007)	Sep. 2007 Interim Term (As of Sep. 30, 2007)	Sep. 2006 Interim Term (As of Sep. 30, 2006)
	Value on consolidated balance sheet	Value on consolidated balance sheet	Value on consolidated balance sheet
Other investment securities			
(1) Shares of non-listed companies	75	62	75
(2) Other	49	48	62
Total	124	111	138

Notes:

- The Company made an impairment of 14 million yen for stocks with market value, and 25 million yen for stocks without market value for other investment securities in the previous term. In the current interim term, the Company made an impairment of 12 million yen for stocks without market value, and 25 million yen for stocks without market value in the previous interim term.
- 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 Interim Financial Results is considered immaterial.

Stock Option

There are no relevant matters.

Business Combinations

There are no relevant matters.

Per Share Information

(Yen)

Sep 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)	Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)	March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)
Net assets per share 1,839.23 Net profit per share 61.66 Diluted net profit per share is not presented since the Company has no outstanding securities.	Net assets per share 1,917.12 Net profit per share 64.34 Same as on the left.	Net assets per share 1,884.97 Net profit per share 116.79 Diluted net profit per share is not presented since the Company has no outstanding securities.

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

(Million yen)

	Sep 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)	Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)	March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)
Net profit	2,007	2,057	3,776
Amount not available to common shareholders	-	-	-
Net profit available to ordinary shares	2,007	2,057	3,776
Average shares outstanding available to ordinary shares (Thousand shares)	32,554	31,982	32,340

Important Later Event

There are no relevant matters.

Interim Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Million yen)

Account	Period	March 2007 Term (As of Mar. 31, 2007)		Sep. 2007 Interim Term (As of Sep. 30, 2007)		Change Amount	Sep. 2006 Interim Term (As of Sep. 30, 2006)	
		Amount	%	Amount	%		Amount	%
Assets								
I	Current assets	86,796	87.0	83,688	86.9	(3,107)	106,171	90.9
	Cash and deposits	2,473		2,166		(307)	2,814	
	Notes receivable	843		1,858		1,014	1,066	
	Accounts receivable-trade	64,396		58,749		(5,647)	80,104	
	Merchandise inventories	15,161		16,948		1,787	19,598	
	Expenditure for work in progress	6		15		8	8	
	Prepaid expenses	154		175		21	186	
	Accrued income	1,048		986		(62)	954	
	Differed tax assets	687		645		(42)	597	
	Others	2,032		2,152		120	847	
	Allowance for doubtful receivables	(6)		(7)		(1)	(8)	
II	Fixed assets	13,024	13.0	12,658	13.1	(366)	10,669	9.1
	Property and equipment	4,992	5.0	4,942	5.1	(50)	5,090	4.3
	Buildings	2,630		2,591		(39)	2,704	
	Structures	37		35		(1)	38	
	Vehicles	0		0		(0)	0	
	Tools and equipment	97		87		(9)	107	
	Land	2,227		2,227		-	2,240	
	Intangible fixed assets	507	0.5	630	0.6	123	341	0.3
	Investments and other assets	7,525	7.5	7,085	7.4	(439)	5,237	4.5
	Investment in securities	7,143		6,700		(442)	4,877	
	Guarantee money deposited	126		123		(2)	123	
	Prepaid pension expenses	122		147		25	90	
	Others	443		412		(30)	483	
	Allowance for doubtful receivables	(309)		(298)		11	(337)	
	Total assets	99,821	100.0	96,347	100.0	(3,474)	116,841	100.0

(Million yen)

Account	Period	March 2007 Term (As of Mar. 31, 2007)		Sep. 2007 Interim Term (As of Sep. 30, 2007)		Change	Sep. 2006 Interim Term (As of Sep. 30, 2006)	
		Amount	%	Amount	%	Amount	Amount	%
Liabilities								
I Current liabilities		44,225	44.3	40,219	41.7	(4,006)	61,834	52.9
Notes payable		296		385		88	343	
Accounts payable-trade		21,265		19,656		(1,608)	26,485	
Short-term loans payable		19,500		17,600		(1,900)	24,400	
Commercial papers		-		-		-	8,000	
Accrued amount payable		334		356		22	221	
Accrued expenses		220		202		(17)	206	
Accrued corporate tax, etc.		1,593		1,037		(555)	1,296	
Advances received		67		119		51	120	
Allowance for bonuses to employees		745		725		(20)	695	
Allowance for bonuses to directors and corporate auditors		45		21		(23)	15	
Others		157		114		(43)	49	
II Fixed liabilities		641	0.6	519	0.6	(121)	639	0.6
Deferred tax liabilities		404		327		(76)	403	
Others		237		192		(44)	235	
Total liabilities		44,866	44.9	40,738	42.3	(4,128)	62,473	53.5
Net assets								
I Shareholders' equity		53,880	54.0	54,838	56.9	958	53,307	45.6
1. Capital stock		14,811	14.8	14,811	15.4	-	14,811	12.7
2. Capital surplus		15,329	15.4	15,329	15.9	-	15,329	13.1
Capital reserve		15,329		15,329		-	15,329	
3. Retained earnings		23,739	23.8	24,699	25.6	959	23,693	20.3
Revenue reserve		670		670		-	670	
Reserve for dividend pay-out		600		600		-	600	
Special reserve		18,680		18,680		-	18,680	
Carried forward profit surplus		3,788		4,748		959	3,742	
4. Treasury stock		(0)	(0.0)	(1)	(0.0)	(1)	(528)	(0.5)
II Valuation and foreign exchange adjustments, etc.		1,074	1.1	769	0.8	(304)	1,060	0.9
1. Unrealized gains on available-for-sale securities		1,062	1.1	811	0.8	(251)	1,059	0.9
2. Deferred hedge gains/losses		11	0.0	(41)	(0.0)	(53)	0	0.0
Total net assets		54,954	55.1	55,608	57.7	653	54,367	46.5
Total liabilities and net assets		99,821	100.0	96,347	100.0	(3,474)	116,841	100.0

Non-consolidated Profit and Loss Statement

(Million yen)

Account	Period	Sep 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)		Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)		Change		March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)	
		Amount	%	Amount	%	Amount	%	Amount	%
I	Net sales	89,877	100.0	104,465	100.0	14,588	16.2	199,099	100.0
II	Cost of sales	83,848	93.3	98,310	94.1	14,461	17.2	186,768	93.8
	Gross profit on sales	6,028	6.7	6,155	5.9	126	2.1	12,330	6.2
III	Selling, general and administrative expenses	4,020	4.5	4,199	4.0	178	4.4	8,160	4.1
	Operating profit	2,007	2.2	1,955	1.9	(51)	(2.6)	4,170	2.1
IV	Non-operating profit	813	0.9	776	0.7	(36)	(4.5)	1,207	0.6
	Interest and dividend income	562		517		(45)		612	
	Purchase discounts	6		10		3		13	
	Business guidance fees	208		189		(18)		420	
	Others	36		59		22		160	
V	Non-operating expenses	51	0.0	216	0.2	165	320.3	208	0.1
	Interest expenses	42		54		12		129	
	Foreign exchange losses	-		155		155		-	
	Others	9		6		(2)		78	
	Ordinary profit	2,769	3.1	2,515	2.4	(253)	(9.2)	5,169	2.6
VI	Extraordinary profits	371	0.4	149	0.1	(222)	(59.7)	399	0.2
	Gain on sale of fixed assets	0		0		(0)		0	
	Gain on sale of investment securities	265		143		(122)		265	
	Income from refund of allowance for doubtful receivables	105		6		(99)		133	
VII	Extraordinary losses	30	0.0	21	0.0	(8)	(29.6)	91	0.0
	Loss on sale of fixed assets	-		6		6		8	
	Loss on disposition of fixed assets	4		2		(2)		14	
	Loss on valuation of investment securities	25		12		(12)		40	
	Impairment losses	-		-		-		27	
	Net profit before tax adjustments	3,111	3.5	2,644	2.5	(466)	(15.0)	5,476	2.8
	Corporate, resident and enterprise taxes	1,237	1.4	1,001	0.9	(235)	(19.1)	2,293	1.2
	Adjustment for corporate tax, etc.	161	0.2	107	0.1	(53)	(33.3)	51	0.0
	Net profit	1,712	1.9	1,535	1.5	(176)	(10.3)	3,131	1.6

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 Mar. 31, 2006	14,811	15,329	15,329	670	600	18,680	2,616	22,567
Changes during the term								
Dividend from retained earnings*							(555)	(555)
Dividend from retained earnings							(484)	(484)
Bonuses to directors and corporate auditors*							(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 changes during the term	-	-	-	-	-	-	1,172	1,172
Balance as of Mar. 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 Mar. 31, 2006	(6)	52,701	1,325	-	1,325	54,027
Changes during the term						
Dividend from retained earnings*		(555)				(555)
Dividend from retained earnings		(484)				(484)
Bonuses to directors and corporate auditors*		(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 changes during the term	6	1,178	(263)	11	(251)	927
Balance as of Mar. 31, 2007	(0)	53,880	1,062	11	1,074	54,954

*Appropriation of earnings resolved at the general meeting of shareholders in June 2006.

Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 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 Mar. 31, 2007	14,811	15,329	15,329	670	600	18,680	3,788	23,739
Changes during the term								
Dividend from retained earnings							(575)	(575)
Net profit							1,535	1,535
Acquisition of treasury stock								
Changes under items other than shareholders' equity during the term (net amount)								
Total changes during the term	-	-	-	-	-	-	959	959
Balance as of Sep. 30, 2007	14,811	15,329	15,329	670	600	18,680	4,748	24,699

	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 Mar. 31, 2007	(0)	53,880	1,062	11	1,074	54,954
Changes during the term						
Dividend from retained earnings		(575)				(575)
Net profit		1,535				1,535
Acquisition of treasury stock	(1)	(1)				(1)
Changes under items other than shareholders' equity during the term (net amount)			(251)	(53)	(304)	(304)
Total changes during the term	(1)	958	(251)	(53)	(304)	653
Balance as of Sep. 30, 2007	(1)	54,838	811	(41)	769	55,608

Sep. 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)

(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 Mar. 31, 2006	14,811	15,329	15,329	670	600	18,680	2,616	22,567
Changes during the term								
Dividend from retained earnings*							(555)	(555)
Bonuses to directors and corporate auditors*							(30)	(30)
Net profit							1,712	1,712
Acquisition of treasury stock								
Changes under items other than shareholders' equity during the term (net amount)								
Total changes during the term	-	-	-	-	-	-	1,126	1,126
Balance as of Sep. 30, 2006	14,811	15,329	15,329	670	600	18,680	3,742	23,693

	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 Mar. 31, 2006	(6)	52,701	1,325	-	1,325	54,027
Changes during the term						
Dividend from retained earnings*		(555)				(555)
Bonuses to directors and corporate auditors*		(30)				(30)
Net profit		1,712				1,712
Acquisition of treasury stock	(521)	(521)				(521)
Changes under items other than shareholders' equity during the term (net amount)			(266)	0	(265)	(265)
Total changes during the term	(521)	605	(266)	0	(265)	339
Balance as of Sep. 30, 2006	(528)	53,307	1,059	0	1,060	54,367

*Appropriation of earnings resolved at the general meeting of shareholders in June 2006.

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

1. Evaluation criteria and methods of assets

(1) Investment securities

Shares of subsidiaries:

Cost method using the moving average method.

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) 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. 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.

(Change in accounting policy)

Effective from the current term, the Company has adopted the revised Corporation Tax Law and changed its method of depreciation of property and equipment acquired on or after April 1, 2007.

The effect of this change on profit or loss for the current term is insignificant.

(Supplementary information)

The Company has adopted the revised Corporation Tax Law and changed its method of depreciation of assets acquired on or before March 31, 2007. Accordingly, the difference between the residual value of such an asset and the value equivalent to 5% of its acquisition cost, as computed by the previous Corporation Tax Law, is depreciated over a period of five years starting from the year following the year in which the value of an asset falls to 5% of its acquisition cost. The difference is amortized by the straight-line method and is included in the depreciation expense.

The effect of this change on profit or loss for the current term is insignificant.

(2) Intangible fixed assets

Straight line method.

The typical depreciation period is 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

The estimated amount of bonuses in the second half is allowed in preparation for their pay-out to employees of the Company.

(3) Allowance for bonuses to directors and corporate auditors

The estimated amount of bonuses corresponding to the current interim term is allowed based on the estimated annual payment amount of bonuses by the end of the fiscal year 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 interim term is accounted for based on the estimated amount of liabilities for retirement benefits and pension plan assets at the end of the fiscal year. However, as the estimated amount of the pension plan assets at the end of the current interim 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 difference 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.

5. 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.

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. Others

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

Notes
Related to Non-consolidated Balance Sheet

(Million yen)

March 2007 Term (As of Mar. 31, 2007)	Sep. 2007 Interim Term (As of Sep. 30, 2007)	Sep. 2006 Interim Term (As of Sep. 30, 2006)
1. Accumulated amount of depreciation of property and equipment 4,400	1. Accumulated amount of depreciation of property and equipment 4,445	1. Accumulated amount of depreciation of property and equipment 4,400
2. Incidental liabilities Payment guarantees for bank loans by non-consolidated subsidiary and its employees Sanshin Electronics (Shanghai) Co., Ltd. *1 Employees *2 88 Total 88	2. Incidental liabilities Payment guarantees for bank loans by non-consolidated subsidiary and its employees Sanshin Electronics (Shanghai) Co., Ltd. *1 Employees *2 89 Total 89	2. Incidental liabilities Payment guarantees for bank loans by non-consolidated subsidiary and its employees Sanshin Electronics (Shanghai) Co., Ltd. *1 (200,000 US dollars) Employees *2 88 Total 112
*1 Based on the supply of a memorandum on business management guidance.	*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.	*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.
3. Settlement of notes due on the last day of the accounting term Notes due on the last day of the accounting term were settled on the exchange day of notes. As the last day of the previous accounting term was a non-working day for banks, these notes are included in the following items. Notes receivable 84 Notes payable 90	3. Settlement of notes due on the last day of the accounting term Notes due on the last day of the accounting term were settled on the exchange day of notes. As the last day of the previous accounting term was a non-working day for banks, these notes are included in the following items. Notes receivable 220 Notes payable 132	3. Settlement of notes due on the last day of the accounting term Notes due on the last day of the accounting term were settled on the exchange day of notes. As the last day of the previous accounting term was a non-working day for banks, these notes are included in the following items. Notes receivable 125 Notes payable 87
4. Handling of consumption tax, etc. Temporarily paid consumption tax, etc. and temporarily received consumption tax, etc. are offset first and the remaining consumption tax, etc. receivable and payable are added in Others under Current assets.	4. Handling of consumption tax, etc. Temporarily paid consumption tax, etc. and temporarily received consumption tax, etc. are offset first and the remaining consumption tax, etc. receivable and payable are added in Others under Current assets.	4. Handling of consumption tax, etc. Temporarily paid consumption tax, etc. and temporarily received consumption tax, etc. are offset first and the remaining consumption tax, etc. receivable and payable are added in Others under Current assets.

Related to Non-consolidated Profit and Loss Statement

(Million yen)

Sep. 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)	Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)	March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)
Depreciation and amortization Property and equipment 75 Intangible fixed assets 44	Depreciation and amortization Property and equipment 73 Intangible fixed assets 68	Depreciation and amortization Property and equipment 151 Intangible fixed assets 111

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

(Shares)

	Number of shares as of Mar. 31, 2006	Increase during the term	Decrease during the term	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.

Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)

Types and total number of treasury stock

(Shares)

	Number of shares as of Mar. 31, 2007	Increase during the term	Decrease during the term	Number of shares as of Sep. 30, 2007
Ordinary shares (Note)	410	821	-	1,231
Total	410	821	-	1,231

Notes: The number of treasury stock was increased by 821 from the purchase of shares below the unit minimum shares.

Sep. 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)

Types and total number of treasury stock

(Shares)

	Number of shares as of Mar. 31, 2006	Increase during the term	Decrease during the term	Number of shares as of Sep. 30, 2006
Ordinary shares (Note)	5,870	419,990	-	425,860
Total	5,870	419,990	-	425,860

Notes: The number of treasury stock was increased by 419,990, of which 413,000 shares are from purchase in the market and 6,990 shares from the purchase of shares below the unit minimum shares.

Per Share Information

(Yen)

Sep 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)		Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)		March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)	
Net assets per share	1,684.58	Net assets per share	1,738.74	Net assets per share	1,718.25
Net profit per share	52.60	Net profit per share	48.01	Net profit per share	96.84
Diluted net profit per share is not presented since the Company has no outstanding securities.		Same as on the left.		Diluted net profit per share is not presented since the Company has no outstanding securities.	

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

(Million yen)

	Sep 2006 Interim Term (Apr. 1, 2006 – Sep. 30, 2006)	Sep. 2007 Interim Term (Apr. 1, 2007 – Sep. 30, 2007)	March 2007 Term (Apr. 1, 2006 – Mar. 31, 2007)
Net profit	1,712	1,535	3,131
Amount not available to common shareholders	-	-	-
Net profit available to ordinary shares	1,712	1,535	3,131
Average shares outstanding available to ordinary shares (Thousand shares)	32,554	31,982	32,340