

4. Others

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

Newly added: - Excluded: -

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements: Yes

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others” on page 4 for further information.

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

1) Changes caused by revision of accounting standards: Yes

2) Other changes: Yes

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others” on page 4 for further information.

(4) Number of shares outstanding (ordinary shares)

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

1Q March 2009 Term:	31,983,373 shares	March 2008 Term:	31,983,373 shares
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2) Number of treasury stock at the end of term:

1Q March 2009 Term:	701,661 shares	March 2008 Term:	701,578 shares
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3) Number of average outstanding shares

1Q March 2009 Term:	31,281,764 shares	1Q March 2008 Term:	31,982,711 shares
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* Cautionary statement with respect to forward-looking statements

1. 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 “Qualitative Information and Financial Statements, 3. Qualitative Information Regarding Forecasts for Consolidated Business Performance” on page 4 regarding the relevant matters for the above forecast for the business performance.
2. Effective from the current term, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Guidance on Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Business Performance

Japan's economic recovery came to a standstill due to deteriorating corporate profits and a slowdown in consumer spending. Although the Asian economies mostly continued to expand, the United States has been unable to dispel fears of recession. The performance of the euro zone varied, but the sense of economic slowdown has generally grown.

In this environment, Sanshin Electronics is earnestly tackling the issues stated at the start of the fiscal year, such as establishing the technical support system, increasing sales capabilities for core products, expanding the product lineup, strengthening sales in growing business fields, expanding the sales network, and strengthening for social corporate responsibility (CSR) activities. The aim of these initiatives is to strengthen our capacity to deliver solutions supported by the four pillars of the distribution of purchased products, the product lineup, product coordination service, and technological skills, based on our fundamental management policy of demonstrating value rooted in reliability and solutions

As a result of these activities, sales fell 12.0% year-on-year to 57,135 million yen, operating profit fell 45.2% to 1,074 million yen, ordinary profit fell 42.5% to 1,137 million yen, and net profit fell 60.1% to 474 million yen. Year-on-year comparisons reveal the major impact of the sales decline in the device business, the core business of the Company, and the strong yen. In the semiconductor business, especially, sales of LCD driver ICs fell sharply. Electronic components, such as connectors and circuit substrates performed well in the same period previous fiscal year, also saw a general downturn.

2. Qualitative Information Regarding Consolidated Financial Position

(1) Assets, liabilities and net assets

Assets totaled 99,620 million yen as of June 30, 2008, 2,344 million yen increased from March 31, 2008. This was attributable to an increase of 5,002 million yen in merchandise inventories and a decrease of 3,488 million yen in notes and accounts receivable-trade.

Liabilities increased 1,983 million yen to 39,497 million yen, mainly because of a 5,406 million yen increase in notes and accounts payable-trade and 4,015 million yen decrease in short-term loans payable.

Net assets increased 361 million yen to 60,123 million yen mainly because of a 164 million yen decrease in retained earnings, a 175 million yen increase in unrealized gains on available-for-sale securities, a 140 million yen decrease in deferred hedge gains/losses, and a 490 million yen increase in foreign exchange conversion adjustments.

(2) Cash flows

Cash and cash equivalents amounted to 8,050 million yen at the end of the period under review, an increase of 3,047 million yen over the end of the previous fiscal year. Although cash outlays increased as a result of the repayment of short-term loans and other factors, cash receipts increased thanks to factors including a decline in notes and accounts receivable and an increase in notes and accounts payable.

Operating activities

Net cash provided by operating activities was 7,558 million yen, as a decline in notes and accounts receivable and an increase in notes and accounts payable absorbed increase in inventories.

Investing activities

Net cash used in investing activities totaled 47 million yen. Cash was used primarily for IT investments and the purchase of investment securities.

Financing activities

Net cash used in financing activities totaled 4,601 million yen, mainly because of repayment of short-term loans.

3. Qualitative Information Regarding Forecasts for Consolidated Business Performance

Going forward, the economic outlook is unsettled by fears that the US economic slowdown might extend into the long-term and have an impact on the global economy. The current situation makes it impossible to predict trends for energy and raw material prices, food prices, and exchange rates, so the outlook is naturally opaque. Concerning the electronics industry, while we anticipate continued market growth centered on digital consumer electronics from the second quarter onward, we also predict a fall in sales prices accompanying fiercer competition.

Thus while the harsh business environment for Sanshin Electronics is predicted to continue, first-quarter results were in line with the plan for the full-year consolidated projections. At this time, therefore, we are making no changes to the projections in the summary of financial results for the fiscal year ended March 31, 2008 (released on May 14, 2008).

4. Others

(1) Changes in consolidated subsidiaries during the term (changes in scope of consolidation)

There are no relevant matters.

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements

Income taxes are recorded based on the annual projected tax rate using the statutory tax rate as the standard.

“Adjustment for corporate tax, etc.” is included in “Corporate and other taxes.”

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

1) Effective from the current term, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Guidance on Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”

2) Inventories

In prior years, merchandise inventories were computed primarily by the lower cost method using the moving average method. With the adoption of “Accounting Standards for Measurement of Inventories” (ASBJ Statement No. 9) from the period under review, merchandise inventories are valued primarily by the lower cost method using the moving average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins). This change has no effect on earnings.

3) Application of “Accounting Standards for Lease Transactions”

In prior years, the Company accounted for finance leases where there is no transfer of ownership as ordinary lease transactions for accounting purposes. However, the Company is able to use the following accounting standards beginning with quarterly consolidated financial statements for fiscal years starting on or after April 1, 2008: “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13: originally issued on June 17, 1993 by Section 1 of the Business Accounting Deliberation Counsel, and revised on March 30, 2007 by Accounting Standards Board of Japan); and “Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16: originally issued on January 18, 1994 by Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, and revised on March 30, 2007 by Accounting Standards Board of Japan). The Company has adopted these standards and guidance beginning with the period under review, using an accounting method for leases that is based on the method used for ordinary purchases and sales. Furthermore, for the depreciation of lease assets associated with finance leases where there is no transfer of ownership, the straight-line method with no residual value is applied with the lease period used as the useful life of the asset. This change has no effect on earnings.

4) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

Effective from the period under review, the Company has adopted “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18: May 17, 2006) and has made the necessary adjustments to the consolidated financial statements. The effect of this change on earnings is insignificant.

5. Quarterly Consolidated Financial Statements**(1) Consolidated Balance Sheets**

	(Million yen)	
	1Q March 2009 Term (As of Jun. 30, 2008)	March 2008 Term (As of Mar. 31, 2008)
Assets		
Current assets		
Cash and deposits	8,050	5,003
Notes and accounts receivable-trade	57,888	61,377
Merchandise inventories	21,705	16,702
Partly-finished work	12	27
Others	2,656	5,169
Allowance for doubtful receivables	(39)	(47)
Total current assets	90,274	88,232
Fixed assets		
Property and equipment	5,063	4,939
Intangible fixed assets		
Goodwill	89	96
Others	638	699
Total intangible fixed assets	728	796
Investments and other assets	3,554	3,308
Total investments and other assets	9,346	9,044
Total assets	99,620	97,276
Liabilities		
Current liabilities		
Notes and accounts payable-trade	30,415	25,009
Short-term loans payable	2,344	6,359
Accrued corporate tax, etc.	807	595
Provision	352	726
Others	1,856	1,217
Total current liabilities	35,776	33,908
Fixed liabilities		
Long-term loans payable	3,300	3,300
Others	421	305
Total fixed liabilities	3,721	3,605
Total liabilities	39,497	37,513
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,329	15,329
Retained earnings	31,456	31,621
Treasury stock	(811)	(811)
Total shareholders' equity	60,786	60,951
Valuation and foreign exchange adjustments, etc.		
Unrealized gains on available-for-sale securities	490	314
Deferred hedge gains/losses	(194)	(54)
Foreign exchange conversion adjustments	(959)	(1,450)
Total valuation and foreign exchange adjustments, etc.	(663)	(1,189)
Total net assets	60,123	59,762
Total liabilities and net assets	99,620	97,276

(2) Consolidated Profit and Loss Statement (for the Three-month Period)

	(Million yen)
	1Q March 2009 Term (Apr. 1, 2008 – Jun. 30, 2008)
Net sales	57,135
Cost of sales	53,387
Gross profit on sales	3,747
Selling, general and administrative expenses	2,673
Operating profit	1,074
Non-operating profit	
Interest income	20
Dividend income	19
Foreign exchange gains	32
Others	31
Total non-operating income	103
Non-operating expenses	
Interest expenses	20
Sales discounts	17
Others	1
Total non-operating expenses	40
Ordinary profit	1,137
Extraordinary profits	
Gain on sale of investment securities	0
Income from refund of allowance for doubtful receivables	11
Total extraordinary profits	11
Extraordinary losses	
Loss on disposition of fixed assets	0
Loss on valuation of investment securities	10
Total extraordinary losses	11
Net profit before tax and adjustments	1,137
Corporate and other taxes	662
Net profit	474

(3) Consolidated Statement of Cash Flows

	(Million yen)
	1Q March 2009 Term (Apr. 1, 2008 – Jun. 30, 2008)
Operating activities	
Net profit before tax and adjustments	1,137
Depreciation and amortization	97
Amortization of goodwill	6
Decrease (increase) of prepaid pension expenses	(0)
Increase (decrease) of allowance for doubtful receivables	(11)
Interest and dividends income	(40)
Interest expense	20
Loss (gain) on valuation of investment securities	10
Decrease (increase) of notes and accounts receivable	4,040
Decrease (increase) of inventories	(4,762)
Increase (decrease) of notes and accounts payable	5,000
Decrease (increase) of consumption and other taxes receivable	2,660
Increase (decrease) of consumption and other taxes payable	(8)
Others	(176)
Sub-total	7,976
Interest and dividend received	39
Interest paid	(4)
Corporate and other taxes paid	(451)
Net cash provided by operating activities	7,558
Investing activities	
Purchase of property and equipment	(11)
Purchase of software	(22)
Purchase of investment securities	(20)
Proceeds from sale of investment securities	10
Others	(2)
Net cash used in investing activities	(47)
Financing activities	
Proceeds from short-term loans	2,544
Repayment of short-term loans	(6,561)
Repayments of lease obligations	(14)
Repurchase of treasury stock	(0)
Dividend paid	(568)
Net cash used in financing activities	(4,601)
Foreign currency conversion adjustments for cash and cash equivalents	136
Increase (decrease) of cash and cash equivalents	3,047
Balance of cash and cash equivalents, beginning of the term	5,003
Balance of cash and cash equivalents, end of the term	8,050

Effective from the current term, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Guidance on Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). In addition, quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”

(4) Going Concern Assumption

There are no relevant matters.

(5) Significant Changes in Shareholders' Equity

There are no relevant matters.

(Reference Materials)

Financial Statements for the Previous First Quarter

(1) Summarized Consolidated Profit and Loss Statement

(Million yen)

Account	1Q March 2008 Term (Apr. 1, 2007 – Jun. 30, 2007)
	Amount
I Net sales	64,951
II Cost of sales	60,308
Gross profit on sales	4,643
III Selling, general and administrative expenses	2,683
Operating profit	1,959
IV Non-operating profit	99
V Non-operating expenses	82
Ordinary profit	1,977
VI Extraordinary profits	137
VII Extraordinary losses	-
Net profit before tax and adjustments	2,115
Corporate and other taxes	924
Net profit	1,190

(2) Summarized Consolidated Statement of Cash Flows

(Million yen)

Account	1Q March 2008 Term (Apr. 1, 2007 – Jun. 30, 2007)
	Amount
I Operating activities	
Net profit before tax and adjustments	2,115
Decrease of notes and accounts receivable	7,849
Increase of inventories	(3,469)
Increase of notes and accounts payable	2,256
Corporate and other taxes paid	(1,593)
Others	575
Net cash provided by operating activities	7,733
II Investing activities	
Purchase of investment securities	(8)
Proceeds from sale of investment securities	224
Others	(143)
Net cash provided by investing activities	72
III Financing activities	
Proceeds from short-term loans	2,969
Repayment of short-term loans	(10,766)
Others	(472)
Net cash used in financing activities	(8,269)
IV Foreign currency conversion adjustments for cash and cash equivalents	87
V Decrease of cash and cash equivalents	(375)
VI Balance of cash and cash equivalents, beginning of the term	4,467
VII Balance of cash and cash equivalents, end of the term	4,092

This financial report is solely a translation of summary of “Kessan Tanshin” (in Japanese, including attachments) which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.