

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



February 6, 2009

**Summary of Financial Results**  
**for the First Three Quarters of Fiscal Year Ending March 31, 2009**  
**(Nine Months Ended December 31, 2008)**

Name of Listed Company: Sanshin Electronics Co., Ltd.      Stock Exchange Listed: 1<sup>st</sup> Section, Tokyo  
Code No.: 8150      URL: <http://www.sanshin.co.jp>  
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*(Amounts are rounded down to the nearest million yen)*

**1. Consolidated Business Performance for the First Three Quarters of March 2009 Term**  
**(April 1, 2008 – December 31, 2008)**

(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	%
3Q March 2009 Term	180,765	-	2,906	-	3,642	-	1,629	-
3Q March 2008 Term	207,670	3.1	4,621	(3.7)	4,729	1.8	2,946	(1.2)

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
3Q March 2009 Term	52.49		-	
3Q March 2008 Term	92.13		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q March 2009 Term	90,906	58,234	64.1	1,923.12
March 2008 Term	97,276	59,762	61.4	1,910.45

Reference) Shareholders' equity

3Q March 2009 Term: 58,234 million yen      March 2008 Term: 59,762 million yen

**2. Dividends**

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2008 Term	-	18.00	-	20.00	38.00
March 2009 Term	-	18.00	-	-	-
March 2009 Term (forecast)	-	-	-	20.00	38.00

Note) Revision of dividend forecast during the term: None

**3. Forecasts for Consolidated Business Performance for March 2009 Term (April 1, 2008 – March 31, 2009)**

*(The percentages represent year-on-year changes)*

	Net sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	226,000	(13.8)	2,900	(42.7)	3,600	(33.6)	1,600	(53.1)	52.84

Note) Revision of consolidated forecast during the term: Yes

#### 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 pages 5 and 6 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 pages 5 and 6 for further information.

(4) Number of shares outstanding (ordinary shares)

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

3Q 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:

3Q March 2009 Term:	1,702,245 shares	March 2008 Term:	701,578 shares
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3) Average number of outstanding shares during the term:

3Q March 2009 Term:	31,043,391 shares	3Q March 2008 Term:	31,982,311 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 pages 4 and 5 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

#### (1) Third quarter overview

The first three quarters of the current term saw global economic recession accompanied by deepening financial uncertainty in the US and Europe from the autumn onward. Emerging nations also suffered from such factors as a slowdown in the pace of growth. Japan, too, faced a deteriorating economy as the result of intensifying downward pressure against a backdrop of harsh global economic conditions.

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, net sales fell 13.0% year-on-year to 180,765 million yen, operating profit fell 37.1% to 2,906 million yen, ordinary profit fell 23.0% to 3,642 million yen, and net profit fell 44.7% to 1,629 million yen.

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

##### 1) Device Business

In the device segment, the main operations are sales and technical support (software development, ASIC designs, etc.) for semiconductors (system LSI, microcomputers, LCD driver ICs, memories, etc.) and electronic components (connectors, capacitors, circuit boards, etc.), primarily targeting electronics manufacturers.

Lower sales of LCD driver ICs for LCD TVs and mobile phone chip sets led to a year-on-year decline in sales, despite benefiting from the popularity of system LSIs for home game consoles, LCD TVs and blu-ray players. Meanwhile, sales of electronic components declined year-on-year due to the overall fall in sales of circuit components, connectors and substrates, which had performed well in the same period previous term.

The result was a 12.8% decrease in consolidated segment sales to 172,044 million yen and a 29.3% decrease in operating profit to 3,871 million yen.

Orders received amounted 169,519 million yen and the order backlog was 25,688 million yen.

##### 2) Solution Business

The solutions segment is comprised of a network systems business involved in sales, maintenance, and support services for information communication network 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 companies.

During the first three quarters, network systems business sales fell year-on-year due to a downturn in sales of large-scale systems for newspaper companies and medical institutions, despite the strong performance of maintenance, support and other stock businesses. In the imaging editing system business, moreover, sales of products such as non-linear editing devices and satellite distribution and transmission systems remained flat, leading to a year-on-year decline in sales.

The result was a 15.6% decrease in consolidated segment sales to 8,720 million yen and a 47.5% decrease in operating profit to 73 million yen.

Orders received totaled 9,647 million yen and the order backlog was 4,913 million yen.

Note: Since the accounting method for the first three quarters differs from that applied in the same period of the previous term, the year-on-year percentage change is recorded for reference purposes.

## **2. Qualitative Information Regarding Consolidated Financial Position**

### (1) Assets, liabilities and net assets

Assets totaled 90,906 million yen as of December 31, 2008, 6,369 million yen decreased from March 31, 2008. This was mainly attributable to a decrease of 6,365 million yen in notes and accounts receivable, an increase of 2,253 million yen in merchandise inventories, a decrease of 872 million yen in other current assets, and a decrease of 859 million yen in investments and other assets (fixed assets).

Liabilities decreased 4,841 million yen to 32,672 million yen, mainly because of a 1,227 million yen decrease in notes and accounts payable, and a 3,266 million yen decrease in short-term loans payable.

Net assets decreased 1,528 million yen to 58,234 million yen mainly because of a 426 million yen increase in retained earnings, an 892 million yen increase in treasury stock, a 350 million yen decrease in unrealized gains on available-for-sale securities, a 128 million yen increase in deferred hedge gains/losses, and a 840 million yen decrease in foreign exchange conversion adjustments.

### (2) Cash flows

Cash and cash equivalents amounted to 4,486 million yen as of December 31, 2008, a decrease of 517 million yen from March 31, 2008. Although cash income from decreases of notes and accounts receivable and consumption and other taxes receivable, cash outlays increased as a result of the purchase of investment securities and the repayment of short-term loans and other factors.

#### Operating activities

Net cash provided by operating activities was 5,268 million yen, as a decrease in notes and accounts receivable and a decrease in consumption and other taxes receivable absorbed an increase in inventories.

#### Investing activities

Net cash used in investing activities totaled 156 million yen. Cash was used primarily for IT investments and the purchase of investment securities.

#### Financing activities

Net cash used in financing activities totaled 5,326 million yen, mainly because of repayment of short-term loans. Expenditure for purchase of treasury stock of 892 million yen is included in the current period under review.

## **3. Qualitative Information Regarding Forecasts for Consolidated Business Performance**

The impact of the financial crisis is spreading to the real economies of the emerging nations, and the global economic cooling is predicted to turn still chillier. Meanwhile the yen's appreciation on the foreign exchange markets has exceeded the Company's expectations. This and other factors are causing the business environment surrounding the Company to deteriorate.

As regards full-year performance, the acceleration of production and price cuts focused on digital consumer electronics mean that declining sales and profit levels are unavoidable. In addition, valuation loss was calculated for stocks held in the first three quarters of the current term, but this figure could change depending on future stock prices. Given this situation, the Company has revised its previously released projections, as shown below. The revised figures assume an exchange rate of 90 yen to the dollar, changed from the previous assumption of 100 yen to the dollar.

The unanticipated sharp deterioration in the business environment, moreover, has led to a revision of the full-year consolidated forecasts. We have decided to leave dividend forecasts unchanged, however, at 38 yen per share for the full year.

## Forecasts for Full-year Consolidated Business Performance for March 2009 Term (April 1, 2008 – March 31, 2009)

	Net sales (Million yen)	Operating profit (Million yen)	Ordinary profit (Million yen)	Net profit (Million yen)	Net profit per share (Yen)
Previous forecast (A) (Nov. 6, 2008)	250,000	5,100	5,300	3,000	99.07
Revised forecast (B)	226,000	2,900	3,600	1,600	52.84
Change (B - A)	(24,000)	(2,200)	(1,700)	(1,400)	-
Percentage change (%)	(9.6)	(43.1)	(32.1)	(46.7)	-
(For reference) Previous term results	262,065	5,061	5,422	3,414	106.95

**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

Corporate 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 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 first quarter of the current term, merchandise inventories are valued by the moving average cost 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 first quarter of the current term, 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 first quarter of the current term, the Company has adopted “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18) 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)

	3Q March 2009 Term (As of Dec. 31, 2008)	March 2008 Term (Summary) (As of Mar. 31, 2008)
<b>Assets</b>		
Current assets		
Cash and deposits	4,486	5,003
Notes and accounts receivable-trade	55,012	61,377
Merchandise inventories	18,955	16,702
Partly-finished work	127	27
Others	4,296	5,169
Allowance for doubtful receivables	(30)	(47)
Total current assets	82,847	88,232
Fixed assets		
Property and equipment	4,961	4,939
Intangible fixed assets		
Goodwill	75	96
Others	573	699
Total intangible fixed assets	649	796
Investments and other assets	2,448	3,308
Total fixed assets	8,059	9,044
Total assets	90,906	97,276
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	23,781	25,009
Short-term loans payable	3,093	6,359
Accrued corporate tax, etc.	809	595
Provision	340	726
Others	1,100	1,217
Total current liabilities	29,125	33,908
Fixed liabilities		
Long-term loans payable	3,300	3,300
Others	247	305
Total fixed liabilities	3,547	3,605
Total liabilities	32,672	37,513
<b>Net assets</b>		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,329	15,329
Retained earnings	32,048	31,621
Treasury stock	(1,703)	(811)
Total shareholders' equity	60,486	60,951
Valuation and foreign exchange adjustments, etc.		
Unrealized gains on available-for-sale securities	(35)	314
Deferred hedge gains/losses	74	(54)
Foreign exchange conversion adjustments	(2,290)	(1,450)
Total valuation and foreign exchange adjustments, etc.	(2,251)	(1,189)
Total net assets	58,234	59,762
Total liabilities and net assets	90,906	97,276

(2) Consolidated Profit and Loss Statement

(For the Nine-month Period)

	(Million yen)
	3Q March 2009 Term (Apr. 1, 2008 – Dec. 31, 2008)
Net sales	180,765
Cost of sales	170,073
Gross profit on sales	10,691
Selling, general and administrative expenses	7,784
Operating profit	2,906
Non-operating profit	
Interest income	59
Dividend income	36
Foreign exchange gains	657
Others	76
Total non-operating profit	829
Non-operating expenses	
Interest expenses	54
Sales discounts	30
Others	9
Total non-operating expenses	93
Ordinary profit	3,642
Extraordinary profits	
Gain on sale of fixed assets	3
Gain on sale of investment securities	0
Income from refund of allowance for doubtful receivables	11
Total extraordinary profits	14
Extraordinary losses	
Loss on sales of fixed assets	0
Loss on disposition of fixed assets	3
Loss on valuation of investment securities	465
Loss on valuation of membership rights	11
Total extraordinary losses	480
Net profit before tax and adjustments	3,177
Corporate and other taxes	1,547
Net profit	1,629

(3) Consolidated Statement of Cash Flows

	(Million yen)
	3Q March 2009 Term (Apr. 1, 2008 – Dec. 31, 2008)
<b>Operating activities</b>	
Net profit before tax and adjustments	3,177
Depreciation and amortization	282
Amortization of goodwill	20
Decrease (increase) of prepaid pension expenses	(2)
Increase (decrease) of allowance for doubtful receivables	(11)
Interest and dividends income	(95)
Interest expense	54
Loss (gain) on sale of fixed assets	(3)
Loss (gain) on valuation of investment securities	465
Decrease (increase) of notes and accounts receivable	5,353
Decrease (increase) of inventories	(2,735)
Increase (decrease) of notes and accounts payable	(528)
Decrease (increase) of consumption and other taxes receivable	761
Increase (decrease) of consumption and other taxes payable	(10)
Others	(203)
Sub-total	<u>6,524</u>
Interest and dividend received	95
Interest paid	(57)
Corporate and other taxes paid	<u>(1,293)</u>
Net cash provided by operating activities	<u>5,268</u>
<b>Investing activities</b>	
Purchase of property and equipment	(29)
Proceeds from sale of property and equipment	4
Purchase of software	(38)
Purchase of investment securities	(123)
Proceeds from sale of investment securities	10
Others	21
Net cash used in investing activities	<u>(156)</u>
<b>Financing activities</b>	
Proceeds from short-term loans	7,593
Repayment of short-term loans	(10,850)
Repayments of lease obligations	(38)
Net decrease (increase) of treasury stock	(892)
Dividend paid	<u>(1,139)</u>
Net cash used in financing activities	<u>(5,326)</u>
Foreign currency conversion adjustments for cash and cash equivalents	<u>(302)</u>
Increase (decrease) of cash and cash equivalents	<u>(517)</u>
Balance of cash and cash equivalents, beginning of the period	<u>5,003</u>
Balance of cash and cash equivalents, end of the period	<u>4,486</u>

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.”

(4) Going Concern Assumption

There are no relevant matters.

(5) Segment Information

Industrial Segments

3Q March 2009 Term (Apr. 1, 2008 – Dec. 31, 2008)

(Million yen)

	Device business	Solution business	Total	Elimination /Corporate	Consolidation
Net sales					
(1) Sales to external customers	172,044	8,720	180,765	-	180,765
(2) Internal sales or transfer between segments	-	-	-	-	-
Total	172,044	8,720	180,765	-	180,765
Operating profit	3,871	73	3,944	( 1,037)	2,906

Notes:

1. 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.

2. Main products of each business segment

(1) Device business: Semiconductors, display units and general electronic components

(2) Solution business: Electronic equipment

3. Change in accounting principle

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

Effective from the first quarter of the current term, 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.

Geographical Segments

3Q March 2009 Term (Apr. 1, 2008 – Dec. 31, 2008)

(Million yen)

	Japan	Asia	North America	Total	Elimination /Corporate	Consolidation
Net sales						
(1) Sales to external customers	134,207	44,478	2,079	180,765	-	180,765
(2) Internal sales or transfer between segments	6,017	1,414	6	7,438	( 7,438)	-
Total	140,225	45,892	2,086	188,204	( 7,438)	180,765
Operating profit	2,180	869	142	3,191	( 284)	2,906

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 and Taiwan

(2) North America: USA

3. Change in accounting principle

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

Effective from the first quarter of the current term, 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.

Overseas Sales

3Q March 2009 Term (Apr. 1, 2008 – Dec. 31, 2008)

(Million yen)

	Asia	North America	Other regions	Total
I Overseas sales	100,454	1,006	161	101,623
II Consolidated sales				180,765
III Ratio of overseas sales to consolidated sales (%)	55.6	0.5	0.1	56.2

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.

(6) Significant Changes in Shareholders' Equity

There are no relevant matters.

(Reference Materials)

Financial Statements for the Same Period Previous Term

(1) Summarized Consolidated Profit and Loss Statement

(Million yen)

		3Q March 2008 Term (Apr. 1, 2007 – Dec. 31, 2007)
Account		Amount
I	Net sales	207,670
II	Cost of sales	194,846
	Gross profit on sales	12,823
III	Selling, general and administrative expenses	8,202
	Operating profit	4,621
IV	Non-operating profit	301
V	Non-operating expenses	193
	Ordinary profit	4,729
VI	Extraordinary profits	143
VII	Extraordinary losses	21
	Net profit before tax and adjustments	4,851
	Corporate and other taxes	1,904
	Net profit	2,946

(2) Summarized Consolidated Statement of Cash Flows

(Million yen)

	3Q March 2008 Term (Apr. 1, 2007 – Dec. 31, 2007)
Account	Amount
<b>I Operating activities</b>	
Net profit before tax and adjustments	4,851
Decrease of notes and accounts receivable	8,639
Increase of inventories	(165)
Decrease of notes and accounts payable	(631)
Corporate and other taxes paid	(2,824)
Others	(1,081)
Net cash provided by operating activities	8,788
<b>II Investing activities</b>	
Purchase of investment securities	(15)
Proceeds from sale of investment securities	231
Others	(272)
Net cash used in investing activities	(56)
<b>III Financing activities</b>	
Proceeds from short-term loans	18,982
Repayment of short-term loans	(24,075)
Others	(1,092)
Net cash used in financing activities	(6,185)
<b>IV Foreign currency conversion adjustments for cash and cash equivalents</b>	(60)
<b>V Increase of cash and cash equivalents</b>	2,485
<b>VI Balance of cash and cash equivalents, beginning of the period</b>	4,467
<b>VII Balance of cash and cash equivalents, end of the period</b>	6,953