



August 7, 2009

## Summary of Financial Results For the First Quarter of Fiscal Year Ending March 31, 2010 (Three Months Ended June 30, 2009)

Name of Listed Company: Sanshin Electronics Co., Ltd. Stock Exchange Listed: 1<sup>st</sup> Section, Tokyo  
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Scheduled date of filing of Quarterly Report: August 13, 2009  
Scheduled date of dividend payment: -

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated Business Performance for the First Quarter of March 2010 Term (Apr. 1, 2009 – Jun. 30, 2009)

#### (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	%
1Q March 2010 Term	46,290	(19.0)	376	(64.9)	377	(66.8)	291	(38.7)
1Q March 2009 Term	57,135	-	1,074	-	1,137	-	474	-

	Net profit per share	Diluted net profit per share
	Yen	Yen
1Q March 2010 Term	9.61	-
1Q March 2009 Term	15.18	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q March 2010 Term	87,680	59,041	67.3	1,949.78
March 2009 Term	82,203	59,234	72.1	1,956.15

Reference) Shareholders' equity 1Q March 2010 Term: 59,041 million yen March 2009 Term: 59,234 million yen

### 2. Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2009 Term	-	18.00	-	20.00	38.00
March 2010 Term	-	-	-	-	-
March 2010 Term (forecast)	-	10.00	-	10.00	20.00

Note) Revision of dividend forecast during the term: None

### 3. Forecasts for Consolidated Business Performance for March 2010 Term (April 1, 2009 – March 31, 2010)

(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
First half	96,000	(25.6)	550	(79.4)	700	(75.9)	450	(71.8)	14.86
Full year	194,000	(15.5)	1,550	(58.2)	1,700	(58.4)	1,150	(48.0)	37.98

Note) Revision of consolidated forecast during the term: None

#### 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, (2)” on page 5 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: None

2) Other changes: Yes

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others, (3)” on page 5 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 2010 Term:	30,281,373 shares	March 2009 Term:	31,983,373 shares
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2) Number of treasury stock at the end of term:

1Q March 2010 Term:	408 shares	March 2009 Term:	1,702,344 shares
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3) Average number of shares outstanding during the term:

1Q March 2010 Term:	30,280,993 shares	1Q March 2009 Term:	31,281,764 shares
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#### \* Cautionary statement with respect to forward-looking statements

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and data currently available, and contain 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.

## Qualitative Information and Financial Statements

### 1. Qualitative Information Regarding Consolidated Business Performance

#### (1) First quarter overview

The global economy saw local signs of recovery during the first quarter, but macro-economic conditions remained harsh. In the electronics sector, where Sanshin Electronics operates, orders for semiconductors and electronic components began to recover due to the completion of inventory adjustments and the introduction of an “ecopoint” system targeting consumer electronics. They did not return to the levels of the previous first quarter, however, and so fell short of full-scale recovery.

In this harsh business environment, the Sanshin group is fully exploiting its corporate functions supported by the four pillars of global support for distribution and sales, product lineup, technological strength, and coordination. The Group is also strengthening business capabilities while augmenting organizational capabilities by systematically minimizing loss through enhanced CSR and risk response.

As a result, net sales fell 19.0% year-on-year to 46,290 million yen, operating profit fell 64.9% to 376 million yen, ordinary profit fell 66.8% to 377 million yen, and net profit fell 38.7% to 291 million yen.

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

##### 1) Device Business

In the device segment, our leading products are semiconductors (including system LSIs, microcomputers, LCD driver ICs, and memories, etc.) and electronic components (including connectors, capacitors, and circuit boards, etc.). These products are sold mainly to the electronics manufacturers. We also provide technical support, such as software development and ASIC designs.

Among semiconductor products, sales including system LSIs for home game consoles, LCD televisions, and blu-ray player/recorders and LCD driver ICs for LCD televisions generally declined, falling below the level for the previous first quarter. Among electronic components, products such as wireless WAN modules performed well while sales of circuit components for home games consoles, circuit boards for plasma TVs, and other such products declined, falling below the level for the previous first quarter.

In total, consolidated segment sales fell 19.1% year-on-year to 44,453 million yen, while operating profit fell 47.9% to 781 million yen.

Orders received stood at 48,697 million yen, and the order backlog was 29,472 million yen.

##### 2) Solution Business

In the solution segment, the Company develops business related to network and image editing systems. In the network system business, we offer services including sales, maintenance, and support of the information communication network and enterprise resource planning (ERP) systems, mainly targeting companies, medical institutions, and national and local government agencies. In the image editing system business, we provide systems and software products for editing, transmitting, and distribution of video content to customers including the broadcast stations and video production companies.

Sales generally declined year-on-year for business related to network and image editing systems, due to restraints on capital investment from the private sector and other factors.

As a result, sales in the consolidated solution segment fell 16.3% year-on-year to 1,836 million yen, resulting in an operating loss of 91 million yen (a year-on-year improvement of 59 million yen). Since sales in this segment are concentrated in the second and fourth quarters due to seasonal factors, we anticipate that the first-quarter operating loss will be cancelled out in the second quarter.

Orders received totaled 2,508 million yen, while the order backlog stood at 4,623 million yen.

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

### 1) Assets, liabilities and net assets

Assets totaled 87,680 million yen as of June 30, 2009, 5,477 million yen increased from March 31, 2009. This was mainly attributable to an increase of 4,900 million yen in short-term investment securities, an increase of 4,463 million yen in cash and deposits, a decrease of 3,116 million yen in other current assets (mainly due to decrease in consumption tax receivable), and a decrease of 1,148 million yen in notes and accounts receivable.

Liabilities increased 5,670 million yen to 28,639 million yen, mainly because of a 6,063 million yen increase in notes and accounts payable.

Net assets decreased 192 million yen to 59,041 million yen mainly because of a 2,017 million yen decrease in retained earnings, a 1,703 million yen decrease in cancellation of treasury stock, a 232 million yen increase in unrealized gains on available-for-sale securities, and a 124 million yen decrease in foreign exchange conversion adjustments.

### 2) Cash flows

Cash and cash equivalents amounted to 16,441 million yen as of June 30, 2009, an increase of 7,363 million yen from March 31, 2009. Although there was an increase in cash outlays as a result of the payments into time deposits, cash income increased due to decrease of notes and accounts receivable and increase of notes and accounts payable.

#### Operating activities

Net cash provided by operating activities was 9,966 million yen, there were decreases in notes and accounts receivable and consumption tax receivable, and an increase of notes and accounts payable, but these were offset mainly by an increase in inventories.

#### Investing activities

Net cash used in investing activities was 1,994 million yen. Cash was used primarily for the time deposits with maturities longer than three months.

#### Financing activities

Net cash used in financing activities was 563 million yen, mainly because of dividend payment.

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

While completion of inventory adjustments and economic policies have led to signs of recovery in the global economy, the situation remains serious, with a risk of a deeper recession occurring amid fears that the financial crisis and employment situation will deteriorate further. In this uncertain business environment, the first-quarter results were in line with the plan. At this time, therefore, we are making no changes to the full-year consolidated projections in the summary of financial results for the fiscal year ended March 31, 2009 (released on May 19, 2009).

#### 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.

However, if use the annual projected tax rate results in taxes that are clearly inappropriate, taxes will be calculated instead by using the effective statutory tax rate.

“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

(Standard for translation of income and expenses at foreign consolidated subsidiaries into yen)

In the past, income and expenses at foreign subsidiaries were translated into yen by using the exchange rate at the end of each fiscal period. Due to the increasing importance of foreign subsidiaries in the consolidated financial statements, and for the purpose of presenting results of operations in each quarter more accurately, the average exchange rate in each fiscal period is used starting with the first quarter of the current fiscal year.

The effect of this change on earnings is insignificant.

## 5. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	(Million yen)	
	1Q March 2010 Term (As of Jun. 30, 2009)	March 2009 Term (Summary) (As of Mar. 31, 2009)
Assets		
Current assets		
Cash and deposits	13,541	9,077
Notes and accounts receivable-trade	44,058	45,207
Short-term investment securities	4,900	-
Merchandise inventories	15,398	15,115
Partly-finished work	5	0
Others	1,709	4,826
Allowance for doubtful receivables	(34)	(21)
Total current assets	79,578	74,206
Fixed assets		
Property and equipment	4,887	4,931
Intangible fixed assets		
Goodwill	62	68
Others	505	544
Total intangible fixed assets	568	613
Investments and other assets		
Investments and other assets	2,690	2,496
Allowance for doubtful receivables	(43)	(44)
Total investments and other assets	2,646	2,451
Total fixed assets	8,102	7,996
Total assets	87,680	82,203
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,520	17,457
Current portion of long-term loans payable	1,800	1,800
Accrued corporate tax, etc.	278	617
Provision	297	630
Others	1,009	726
Total current liabilities	26,906	21,231
Fixed liabilities		
Long-term loans payable	1,500	1,500
Others	233	237
Total fixed liabilities	1,733	1,737
Total liabilities	28,639	22,969

	(Million yen)	
	1Q March 2010 Term (As of Jun. 30, 2009)	March 2009 Term (Summary) (As of Mar. 31, 2009)
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,329	15,329
Retained earnings	30,610	32,628
Treasury stock	(0)	(1,703)
Total shareholders' equity	60,751	61,066
Valuation and foreign exchange adjustments, etc.		
Unrealized gains (losses) on available-for-sale securities	221	(11)
Deferred hedge gains/losses	7	(6)
Foreign exchange conversion adjustments	(1,938)	(1,814)
Total valuation and foreign exchange adjustments, etc.	(1,710)	(1,832)
Total net assets	59,041	59,234
Total liabilities and net assets	87,680	82,203

(2) Consolidated Profit and Loss Statement

(For the Three-month Period)

(Million yen)

	1Q March 2009 Term (Apr. 1, 2008 – Jun. 30, 2008)	1Q March 2010 Term (Apr. 1, 2009 – Jun. 30, 2009)
Net sales	57,135	46,290
Cost of sales	53,387	43,548
Gross profit on sales	3,747	2,741
Selling, general and administrative expenses	2,673	2,364
Operating profit	1,074	376
Non-operating profit		
Interest income	20	10
Dividend income	19	10
Foreign exchange gains	32	-
Others	31	22
Total non-operating profit	103	43
Non-operating expenses		
Interest expenses	20	10
Sales discounts	17	8
Foreign exchange losses	-	22
Others	1	0
Total non-operating expenses	40	42
Ordinary profit	1,137	377
Extraordinary profits		
Gain on sale of investment securities	0	5
Income from refund of allowance for doubtful receivables	11	-
Gain on transfer of goodwill	-	115
Total extraordinary profits	11	120
Extraordinary losses		
Loss on disposition of fixed assets	0	-
Loss on valuation of investment securities	10	9
Total extraordinary losses	11	9
Net profit before tax and adjustments	1,137	489
Corporate and other taxes	662	198
Net profit	474	291

## (3) Consolidated Statement of Cash Flows

	(Million yen)	
	1Q March 2009 Term (Apr. 1, 2008 – Jun. 30, 2008)	1Q March 2010 Term (Apr. 1, 2009 – Jun. 30, 2009)
Operating activities		
Net profit before tax and adjustments	1,137	489
Depreciation and amortization	97	87
Amortization of goodwill	6	6
Decrease (increase) of prepaid pension expenses	(0)	13
Increase (decrease) of allowance for doubtful receivables	(11)	12
Interest and dividends income	(40)	(21)
Interest expense	20	10
Loss (gain) on sales of investment securities	-	(5)
Loss (gain) on valuation of investment securities	10	9
Decrease (increase) of notes and accounts receivable	4,040	1,024
Decrease (increase) of inventories	(4,762)	(365)
Increase (decrease) of notes and accounts payable	5,000	6,192
Decrease (increase) of consumption and other taxes receivable	2,660	2,900
Increase (decrease) of consumption and other taxes payable	(8)	(6)
Others	(176)	128
Sub-total	7,976	10,477
Interest and dividend received	39	18
Interest paid	(4)	(0)
Corporate and other taxes paid	(451)	(529)
Net cash provided by operating activities	7,558	9,966
Investing activities		
Net decrease (increase) in time deposits	-	(2,000)
Purchase of property and equipment	(11)	(2)
Purchase of software	(22)	(5)
Purchase of investment securities	(20)	(0)
Proceeds from sale of investment securities	10	11
Others	(2)	1
Net cash used in investing activities	(47)	(1,994)
Financing activities		
Proceeds from short-term loans	2,544	-
Repayment of short-term loans	(6,561)	-
Repayments of lease obligations	(14)	(10)
Net decrease (increase) of treasury stock	(0)	(0)
Dividend paid	(568)	(553)
Net cash used in financing activities	(4,601)	(563)
Foreign currency conversion adjustments for cash and cash equivalents	136	(44)
Increase (decrease) of cash and cash equivalents	3,047	7,363
Balance of cash and cash equivalents, beginning of the period	5,003	9,077
Balance of cash and cash equivalents, end of the period	* 8,050	* 16,441

## (4) Going Concern Assumption

There are no relevant matters.

## (5) Segment Information

## Industrial Segments

1Q March 2009 Term (Apr. 1, 2008 – Jun. 30, 2008)

(Million yen)

	Device business	Solution business	Total	Elimination /Corporate	Consolidation
Net sales					
(1) Sales to external customers	54,942	2,193	57,135	-	57,135
(2) Internal sales or transfer between segments	-	-	-	-	-
Total	54,942	2,193	57,135	-	57,135
Operating profit (loss)	1,499	(150)	1,349	(274)	1,074

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 treatment

(Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements)

Effective from the first quarter of the current fiscal year, the Company has adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issue Task Force ("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.

1Q March 2010 Term (Apr. 1, 2009 – Jun. 30, 2009)

(Million yen)

	Device business	Solution business	Total	Elimination /Corporate	Consolidation
Net sales					
(1) Sales to external customers	44,453	1,836	46,290	-	46,290
(2) Internal sales or transfer between segments	-	-	-	-	-
Total	44,453	1,836	46,290	-	46,290
Operating profit (loss)	781	(91)	689	(312)	376

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 and general electronic components

(2) Solution business: Electronic equipment

## 3. Change in accounting treatment

(Standard for translation of income and expenses at foreign consolidated subsidiaries into yen)

In the past, income and expenses at foreign subsidiaries were translated into yen by using the exchange rate at the end of each fiscal period. Due to the increasing importance of foreign subsidiaries in the consolidated financial statements, and for the purpose of presenting results of operations in each quarter more accurately, the average exchange rate in each fiscal period is used starting with the first quarter of the current fiscal year.

The effect of this change on earnings is insignificant.

## Geographical Segments

1Q March 2009 Term (Apr. 1, 2008 – Jun. 30, 2008)

(Million yen)

	Japan	Asia	North America	Total	Elimination /Corporate	Consolidation
Net sales						
(1) Sales to external customers	40,407	16,166	560	57,135	-	57,135
(2) Internal sales or transfer between segments	2,238	374	0	2,612	(2,612)	-
Total	42,646	16,540	561	59,747	(2,612)	57,135
Operating profit	567	336	27	931	143	1,074

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 treatment

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

Effective from the first quarter of the current fiscal year, 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.

1Q March 2010 Term (Apr. 1, 2009 – Jun. 30, 2009)

(Million yen)

	Japan	Asia	North America	Total	Elimination /Corporate	Consolidation
Net sales						
(1) Sales to external customers	32,010	13,542	736	46,290	-	46,290
(2) Internal sales or transfer between segments	2,589	283	0	2,873	(2,873)	-
Total	34,600	13,825	737	49,163	(2,873)	46,290
Operating profit	75	199	2	277	99	376

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 treatment

(Standard for translation of income and expenses at foreign consolidated subsidiaries into yen)

In the past, income and expenses at foreign subsidiaries were translated into yen by using the exchange rate at the end of each fiscal period. Due to the increasing importance of foreign subsidiaries in the consolidated financial statements, and for the purpose of presenting results of operations in each quarter more accurately, the average exchange rate in each fiscal period is used starting with the first quarter of the current fiscal year.

The effect of this change on earnings is insignificant.

**Overseas Sales**

1Q March 2009 Term (Apr. 1, 2008 – Jun. 30, 2008)

(Million yen)

	Asia	North America	Other regions	Total
I Overseas sales	33,701	302	49	34,053
II Consolidated sales				57,135
III Ratio of overseas sales to consolidated sales (%)	59.0	0.5	0.1	59.6

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.

1Q March 2010 Term (Apr. 1, 2009 – Jun. 30, 2009)

(Million yen)

	Asia	North America	Other regions	Total
I Overseas sales	24,592	650	8	25,252
II Consolidated sales				46,290
III Ratio of overseas sales to consolidated sales (%)	53.2	1.4	0.0	54.6

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**

(Cancellation of treasury stocks)

The Board of Directors on May 19, 2009 approved a resolution to retire treasury stock in accordance with Article 178 of the Corporation Law. On May 26, 1,702 thousand shares of treasury stock were retired. Due to this action, there was a decrease of 1,703 million yen in treasury stock during the first quarter (increase in shareholders' equity), and a 1,703 million yen decrease in retained earnings. As a result, there was no effect on total shareholders' equity.

**Notes**
**Related to Consolidated Cash Flow Statement**

(Million yen)

1Q March 2009 Term (Apr. 1, 2008 – Jun. 30, 2008)	1Q March 2010 Term (Apr. 1, 2009 – Jun. 30, 2009)
* 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 8,050	Cash and deposits account 13,541
Cash and cash equivalents 8,050	Securities 4,900
	Time deposits with maturities longer than three months (2,000)
	Cash and cash equivalents 16,441