

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



August 6, 2010

**Summary of Financial Results for The First Quarter of Fiscal Year Ending March 31, 2011
(Three Months Ended June 30, 2010)
[Japanese standards] (Consolidated)**

Name of Listed Company: Sanshin Electronics Co., Ltd. Stock Exchange Listed: 1st Section, Tokyo
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Scheduled date of filing of Quarterly Report: August 13, 2010
Scheduled date of dividend payment: -
Supplementary materials for the quarterly financial results: No
Investor conference for the quarterly financial results: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated Business Performance for the First Quarter of March 2011 Term (April 1, 2010 – June 30, 2010)

(1) Consolidated business performance (cumulative)

(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 2011 Term	41,329	(10.7)	576	53.0	718	90.0	413	41.9
1Q March 2010 Term	46,290	(19.0)	376	(64.9)	377	(66.8)	291	(38.7)

	Net profit per share	Diluted net profit per share
	Yen	Yen
1Q March 2011 Term	13.64	-
1Q March 2010 Term	9.61	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q March 2011 Term	83,025	59,161	71.3	1,953.77
March 2010 Term	86,817	59,564	68.6	1,967.08

Reference) Shareholders' equity 1Q March 2011 Term: 59,161 million yen March 2010 Term: 59,564 million yen

2. Dividends

(Record date)	Annual dividend				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2010 Term	-	10.00	-	10.00	20.00
March 2011 Term	-				
March 2011 Term (forecast)		10.00	-	10.00	20.00

Note) Amendment to the dividends forecast during the current quarter: None

3. Forecasts for Consolidated Business Performance for March 2011 Term (April 1, 2010 – March 31, 2011)

(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	88,000	(10.6)	1,000	(10.8)	1,000	(8.7)	550	(32.3)	18.16
Full year	180,000	0.9	2,200	0.4	2,200	0.8	1,400	4.4	46.23

Note) Amendment to the forecast of consolidated financial results during the current quarter: None

4. Others (For details, please see “2. Other information” on page 3 of “Appendix.”)

(1) Changes in important consolidated subsidiaries during the current term: None

Newly added: - Excluded: -

Note: Whether or not specified subsidiaries were changed resulting in the changes in scope of consolidation during the current term.

(2) Application of simplified accounting methods and special accounting methods: Yes

Note: Whether or not the simplified accounting methods and the special accounting methods for producing quarterly consolidated financial statements was applied.

(3) Changes in accounting principles, procedures and presentation methods

1) Changes caused by revision of accounting standards: Yes

2) Other changes: No

Note: Whether or not accounting principles, procedures and presentation methods associated with preparation of consolidated financial statements were changed. These are indicated in Change in the Basis Matters for Preparation of Consolidated Financial Statements.

(4) Number of shares outstanding (ordinary shares)

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

1Q March 2011 Term:	30,281,373 shares	March 2010 Term:	30,281,373 shares
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2) Number of treasury stock at the end of term:

1Q March 2011 Term:	781 shares	March 2010 Term:	627 shares
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3) Average number of shares outstanding during the term:

1Q March 2011 Term:	30,280,662 shares	1Q March 2010 Term:	30,280,993 shares
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* Indication regarding the implementation status of the quarterly review procedure

The review procedure of the quarterly financial statement based on the Financial Instruments and Exchange Act is not completed at the time of disclosure of this financial results.

* 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.

Please refer to Appendix on Page 3, “1. Qualitative Information Regarding the Consolidated Performance for the Current Quarter (3) Qualitative Information Regarding Forecast for Consolidated Business Performance” for the business performance.

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1. Qualitative Information Regarding the Consolidated Performance for the Current Quarter

(1) Qualitative Information Regarding Consolidated Business Performance

1) Overview

In the first quarter of current fiscal year, while employment conditions in Japan, the U.S. and Europe remained severe, the global economy on the whole appeared to be heading towards a recovery. In the electronics sector, where Sanshin Electronics group operates, performance was strong, as sales of PCs, cell-phones and automobiles, etc. increased, driven by demand in emerging countries, and demand for semiconductors and electronic components contained in these also increased significantly from the same period previous fiscal year. On the other hand, with diminishing effectiveness of the economic stimulus measures implemented by many countries, and trends towards fiscal restraint gaining momentum in Europe, there are now an increasing number of uncertainties facing the global economy, and uncertainty over the future has grown stronger.

Under these conditions, in order to respond to changes in the business environment, such as expanding markets for cell-phones and digital appliances in emerging countries, and the penetration of new service forms due to advances in ICT (information communication technology), the Group worked to enhance our business, while also striving to improve our underlying management foundation.

In the period under review, net sales fell 10.7% year-on-year to 41,329 million yen, operating profit increased 53.0% to 576 million yen, because of an improvement in total profit ratio due to changes in sales configuration, ordinary profit increased 90.0% to 718 million yen, and net profit increased 41.9% to 413 million yen.

2) Overview of segment performance

(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.

In this first fiscal quarter, while system LSIs for LCD televisions and LCD driver ICs performed strongly, system LSIs for home video games consoles decreased, and sales for semiconductors decreased as compared with the same period previous fiscal year. Also, regarding electronic components, while some products such as connectors performed steadily, wireless WAN modules and components for home video games consoles decreased, and sales decreased as compared with the same period previous fiscal year.

As a result, sales for our consolidated device business decreased 10.8% year-on-year to 39,641 million yen, and segment profit increased 43.2% to 888 million yen, because of an improvement in total profit ratio due to changes in sales configuration.

Orders received stood at 47,467 million yen, and the order backlog was 36,167 million yen.

(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.

In this first fiscal quarter, sales generally declined from the same period previous fiscal 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 for our consolidated solutions business decreased 8.1% year-on-year to 1,688 million yen, and segment loss improved by 23 million yen to 89 million yen, due to our efforts to cut selling, general, and administrative expenses. With sales for our consolidated solutions business, there are steady seasonal factors that are focused on the second and fourth fiscal quarters, and we anticipated that the segment loss for this first quarter will be eliminated in the second quarter.

Orders received totaled 3,200 million yen, while the order backlog stood at 5,193 million yen.

(Note) Because accounting standards that are applied for the year-on-year profit fluctuation rates contained in overview of segment performance may differ from those that were applied in the previous year, these are stated as a reference.

(2) Qualitative Information Regarding Consolidated Financial Position

1) Assets, liabilities and net assets

As of June 30, 2010, assets totaled 83,025 million yen. This represented a decrease of 3,791 million yen from March 31, 2010. This was mainly attributable to a decrease of 2,275 million yen in cash and deposits and a decrease of 1,515 million yen in others under current assets etc. (mainly due to a decrease in consumption tax receivable).

Liabilities decreased 3,388 million yen to 23,864 million yen, mainly because of a 3,725 million yen decrease in notes and accounts payable.

Net assets decreased 403 million yen to 59,161 million yen mainly the net results of an increase of 110 million yen from retained earnings, a 167 million yen decrease in unrealized gains on available-for-sale securities, a 528 million yen decrease in foreign exchange conversion adjustments, and a 182 million yen increase in deferred hedge gains and losses.

2) Cash flows

Cash and cash equivalents on a consolidated basis amounted to 13,216 million yen as of June 30, 2010, representing a 2,275 million yen decrease from March 31, 2010. This was mainly due to increased outlays caused by a decrease in notes and accounts payable, and an increase in inventories.

(Operating activities)

Net cash used in operating activities during this first fiscal quarter totaled 2,260 million yen, mainly due to a decrease in notes and accounts payable, and an increase in inventories. Since there was 9,966 million yen in revenue for the previous first fiscal quarter, this represented a 12,227 million yen increase in outlay.

(Investing activities)

Net cash used in investing activities totaled 20 million yen, representing a 1,974 million yen decrease from the previous first fiscal quarter. This was mainly due to payment for acquisitions of property and equipment.

(Financing activities)

Net cash provided by financing activities in this first fiscal quarter totaled 112 million yen, mainly due to revenue from short-term loans. Since net cash used was 563 million yen in the previous first fiscal quarter, this represented a 676 million yen increase in revenue.

(3) Qualitative Information Regarding Forecasts for Consolidated Business Performance

Regarding consolidated business performance forecasts for the full year and first half, although performance was smooth in this first quarter, there are some uncertainties in market trends, and therefore, at the moment, there are no changes from the forecast figures contained in the financial results for the year ended March 31, 2010. (published on May 14, 2010).

2. Other Information

(1) Outline of changes in important subsidiaries

There are no relevant matters.

(2) Outline of simplified accounting methods and special accounting methods

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) Outline of changes in accounting principles, procedures and presentation methods

(Application of Accounting Standard for Asset Retirement Obligations)

“ Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) are applied from first quarter of the current fiscal year.

There is no effect on income and loss due to this.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	1Q March 2011 Term (As of Jun. 30, 2010)	March 2010 Term (Summary) (As of Mar. 31, 2010)
Assets		
Current assets		
Cash and deposits	13,216	15,491
Notes and accounts receivable-trade	43,517	43,849
Merchandise inventories	17,292	16,742
Partly-finished work	24	0
Others	1,740	3,256
Allowance for doubtful receivables	(25)	(26)
Total current assets	75,765	79,313
Fixed assets		
Property and equipment	4,710	4,747
Intangible fixed assets		
Goodwill	50	58
Others	360	397
Total intangible fixed assets	411	455
Investments and other assets		
Others	2,179	2,342
Allowance for doubtful receivables	(41)	(42)
Total investments and other assets	2,138	2,300
Total fixed assets	7,260	7,503
Total assets	83,025	86,817
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,731	22,456
Short-term loans payable	1,681	1,300
Current portion of long-term loans payable	1,500	1,500
Accrued corporate tax, etc.	350	206
Provision	284	600
Others	1,102	973
Total current liabilities	23,650	27,037
Fixed liabilities	213	215
Total liabilities	23,864	27,252

(Million yen)

	1Q March 2011 Term (As of Jun. 30, 2010)	March 2010 Term (Summary) (As of Mar. 31, 2010)
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,329	15,329
Retained earnings	31,483	31,373
Treasury stock	(0)	(0)
Total shareholders' equity	61,624	61,514
Valuation and foreign exchange adjustments, etc.		
Unrealized gains on available-for-sale securities	36	203
Deferred hedge gains/losses	96	(85)
Foreign exchange conversion adjustments	(2,595)	(2,067)
Total valuation and foreign exchange adjustments, etc.	(2,462)	(1,949)
Total net assets	59,161	59,564
Total liabilities and net assets	83,025	86,817

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

(Million yen)

	1Q March 2010 Term (Apr. 1, 2009 – Jun. 30, 2009)	1Q March 2011 Term (Apr. 1, 2010 – Jun. 30, 2010)
Net sales	46,290	41,329
Cost of sales	43,548	38,450
Gross profit on sales	2,741	2,878
Selling, general and administrative expenses	2,364	2,302
Operating profit	376	576
Non-operating profit		
Interest income	10	6
Dividend income	10	115
Foreign exchange gains	-	31
Others	22	14
Total non-operating profit	43	168
Non-operating expenses		
Interest expenses	10	5
Sales discounts	8	5
Foreign exchange loss	22	-
Others	0	15
Total non-operating expenses	42	26
Ordinary profit	377	718
Extraordinary profits		
Gain on sale of investment securities	5	0
Income from refund of allowance for doubtful receivables	-	0
Gain on transfer of goodwill	115	3
Total extraordinary profits	120	4
Extraordinary losses		
Loss on sales of fixed assets	-	0
Loss on valuation of investment securities	9	0
Total extraordinary losses	9	1
Net profit before tax and adjustments	489	721
Corporate and other taxes	198	308
Net profit	291	413

(3) Consolidated Statement of Cash Flows

(Million yen)

	1Q March 2010 Term (Apr. 1, 2009 – Jun. 30, 2009)	1Q March 2011 Term (Apr. 1, 2010 – Jun. 30, 2010)
Operating activities		
Net profit before tax and adjustments	489	721
Depreciation and amortization	87	76
Amortization of goodwill	6	7
Decrease (increase) of prepaid pension expenses	13	8
Increase (decrease) of allowance for doubtful receivables	12	(0)
Interest and dividends income	(21)	(122)
Interest expense	10	5
Loss (gain) on sale of fixed assets	-	0
Loss (gain) on sales of investment securities	(5)	(0)
Loss (gain) on valuation of investment securities	9	0
Decrease (increase) of notes and accounts receivable	1,024	(322)
Decrease (increase) of inventories	(365)	(819)
Increase (decrease) of notes and accounts payable	6,192	(3,185)
Decrease (increase) of consumption and other taxes receivable	2,900	1,397
Increase (decrease) of consumption and other taxes payable	(6)	(1)
Others	128	39
Sub-total	10,477	(2,193)
Interest and dividend received	18	16
Interest paid	(0)	(0)
Corporate and other taxes paid	(529)	(82)
Net cash provided by operating activities	9,966	(2,260)
Investing activities		
Net decrease (increase) in time deposits	(2,000)	-
Purchase of property and equipment	(2)	(8)
Proceeds from sale of property and equipment	-	2
Purchase of software	(5)	-
Purchase of investment securities	(0)	(0)
Proceeds from sale of investment securities	11	0
Others	1	(15)
Net cash used in investing activities	(1,994)	(20)
Financing activities		
Proceeds from short-term loans	-	2,145
Repayment of short-term loans	-	(1,748)
Repayments of lease obligations	(10)	(8)
Net decrease (increase) of treasury stock	(0)	(0)
Dividend paid	(553)	(275)
Net cash used in financing activities	(563)	112
Foreign currency conversion adjustments for cash and cash equivalents	(44)	(105)
Increase (decrease) of cash and cash equivalents	7,363	(2,275)
Balance of cash and cash equivalents, beginning of the period	9,077	15,491
Balance of cash and cash equivalents, end of the period	*16,441	*13,216

(4) Going Concern Assumption
There are no relevant matters

(5) Segment Information
Industrial Segments

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 method

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

(Million yen)

	Japan	Asia	North America	Total	Elimination /Corporate	Consolidation
Net sales						
(1) Sales to outside customers	32,010	13,542	736	46,290	-	46,290
(2) Inter-segment sales or transfers	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 method

(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 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.

Segment Information

1. Overview of Reporting Segments

The Company's reporting segments are separate segments within the Company's structure, for which financial information is available, and which are periodically subjected to reviews, in order to allow the board of directors to make decisions on how to allocate management resources, and to conduct performance evaluations.

The Company has separate business headquarters for different products and services, and each business headquarters formulates comprehensive strategies for the products and services that it handles, for both within Japan and overseas, and develops business activities

Therefore, the Company is comprised of the product and service segments that are based on these business headquarters, and has two reporting segments: "device business" and "solutions business."

The "device business" mainly performs sales of semiconductors for electronics manufacturers (system LSIs, microcomputers, LCD driver ICs, and memories, etc.) and electronic components (connectors, capacitors and circuit boards, etc.), and also engages in technical support such as software development and ASIC design.

In the "solution business", 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.

2. Information Concerning Sales and Income or Loss Amount by Reporting Segment

1Q March 2011 Term (April 1, 2010 to June 30, 2010)

(Millions of yen)

	Reporting segment			Adjustment amount (Note 1)	Quarterly consolidated profit/loss statement amount (Note 2)
	Device business	Solution business	Total		
Sales					
Sales to external Customers	39,641	1,688	41,329	-	41,329
Internal sales between segments, or exchange	-	-	-	-	-
Total	39,641	1,688	41,329	-	41,329
Segment profit (loss)	888	(89)	798	(80)	718

(Note) 1. Costs incurred by corporate, general affairs, accounting and human resource management departments that were not allocated in each reporting segment, as well as amounts for adjustments with corporate interest expenses allocated in each reporting segment, are included in the adjustment amount of -80 million yen in segment profits and losses.

2. Segment profits and losses are adjusted with ordinary profit contained in quarterly consolidated profit and loss statement.

(Additional information)

As of first quarter of the current fiscal year, we are applying “Accounting Standards Concerning Disclosure of Segment Information” (ASBJ, No. 17, March 27, 2009) and “Application Guide for Accounting Standards Concerning Disclosure of Segment Information” (ASBJ Guidance, No. 20, March 21, 2008).

(6) Notes Regarding Significant Changes in Shareholders' Equity

There are no relevant matters

(7) Other Cautionary Statements

(Related to Quartely Consolidated Cash Flow Statement)

(Million yen)

Item	1Q March 2010 Term (Apr. 1, 2009 – Jun. 30, 2009)		1Q March 2011 Term (Apr. 1, 2010 – Jun. 30, 2010)	
	*1. Relationship between the balance of cash and cash equivalents at the end of quarter and amounts under the items listed in the quarterly consolidated balance sheet	Cash and deposits account	<u>13,541</u>	Cash and deposits account
	Securities account	4,900	Cash and cash equivalents	<u>13,216</u>
	Time deposits with maturities longer than three months	(2,000)		
	Cash and cash equivalents	<u>16,441</u>		