

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



November 5, 2010

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

Name of Listed Company: Sanshin Electronics Co., Ltd. Stock Exchange Listed: 1st Section, Tokyo
Code No.: 8150 URL: <http://www.sanshin.co.jp>
Representative: Mitsumasa Matsunaga, President
Enquiries to: Keiji Nishio, Director and General Manager of Finance Headquarters Tel: +81-3-3453-5111
Scheduled date of filing of Quarterly Report: November 12, 2010
Scheduled date of dividend payment: December 10, 2010
Supplementary materials for the quarterly financial results: Yes
Investor conference for the quarterly financial results: Yes (For Security Analysts and Corporate Investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Business Performance for the Second Quarter of March 2011 Term (Apr. 1, 2010 – Sep. 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	%
2Q March 2011 Term	90,609	(8.0)	1,245	11.0	1,321	20.7	755	(7.0)
2Q March 2010 Term	98,466	(23.7)	1,121	(58.0)	1,095	(62.3)	812	(49.0)

	Net profit per share	Diluted net profit per share
	Yen	Yen
2Q March 2011 Term	24.94	-
2Q March 2010 Term	26.82	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
2Q March 2011 Term	96,090	59,037	61.4	1,949.67
March 2010 Term	86,817	59,564	68.6	1,967.08

Reference) Shareholders' equity 2Q March 2011 Term: 59,037 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	-	10.00			
March 2011 Term (forecast)			-	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 (Apr. 1, 2010 – Mar. 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
Full year	191,000	7.1	1,850	(15.5)	2,000	(8.4)	1,250	(6.8)	41.28

Note) Amendment to the forecast of consolidated financial results during the current quarter: Yes

4. Others (For details, please see “2. Other information” on page 4 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: None

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):

2Q March 2011 Term:	30,281,373 shares	March 2010 Term:	30,281,373 shares
---------------------	-------------------	------------------	-------------------

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

2Q March 2011 Term:	802 shares	March 2010 Term:	627 shares
---------------------	------------	------------------	------------

3) Average number of shares outstanding during the term:

2Q March 2011 Term:	30,280,621 shares	2Q March 2010 Term:	30,280,970 shares
---------------------	-------------------	---------------------	-------------------

* 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.

Appendix

Table of contents of the appendix

1. Qualitative Information Regarding the Consolidated Performance for the Current Quarter.....	P2
(1) Qualitative Information Regarding Consolidated Business Performance.....	P2
(2) Qualitative Information Regarding Consolidated Financial Position.....	P3
(3) Qualitative Information Regarding Forecasts for Consolidated Business Performance.....	P3
2. Other Information.....	P4
(1) Outline of changes in important consolidated subsidiaries.....	P4
(2) Outline of simplified accounting methods and special accounting methods.....	P4
(3) Outline of changes in accounting principles, procedures and presentation methods.....	P4
3. Quarterly Consolidated Financial Statements.....	P5
(1) Consolidated Balance Sheets.....	P5
(2) Consolidated Profit and Loss Statement.....	P7
(3) Consolidated Statements of Cash Flows.....	P8
(4) Going Concern Assumption.....	P9
(5) Segment Information.....	P9
(6) Notes Regarding Significant Changes in Shareholders' Equity.....	P11

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

(1) Qualitative Information Regarding Consolidated Business Performance

1) Overview

In the first half of current fiscal year, the global economy remained on a path to recovery, despite the fact that employment conditions remained severe in Japan, the U.S. and Europe. In the electronics sector, where Sanshin Electronics group operates, sales expanded for automobiles, cell-phones and digital appliances against a backdrop of booming demand in emerging countries, and with boosted demand for semiconductors and electronic components that are contained in these items, performance was strong. On the other hand, regarding the outlook for the future, there was a growing sense of uncertainty, as the yen continued to appreciate and fears of an economic downturn in Europe and the U.S. grew 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.

As a result, consolidated operating results for the first half of current fiscal year were as follows. Net sales fell 8.0% year-on-year to 90,609 million yen. In terms of profits, operating profit increased 11.0% to 1,245 million yen and ordinary profit increased 20.7% to 1,321 million yen, because we strived to improve our total profit ratio in line with changes in sales configuration, to reduce selling, general and administrative expenses, and to improve non-operating profit. Because we recorded extraordinary losses such as loss on valuation of investment securities, net profit fell 7.0% to 755 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 the first half of current fiscal year, while system LSIs for LCD televisions and LCD driver ICs performed strongly, system LSIs for home video games consoles and chip sets for cell-phones decreased, and sales for semiconductors decreased as compared with the same period previous fiscal year. Also, regarding electronic components, while some products such as circuit boards performed steadily, components for home video games consoles and wireless WAN modules decreased, and sales decreased as compared with the same period previous fiscal year.

As a result, sales for our consolidated device business decreased 8.7% year-on-year to 85,377 million yen, and segment profit increased 13.4% to 1,197 million yen, because of an improvement in total profit ratio due to changes in sales configuration.

Orders received stood at 100,955 million yen, and the order backlog was 43,919 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 the first half of current fiscal year, we experienced a recovery in sales of products aimed at large companies and public-interest-related companies, while business related to network system and image editing system both experienced year-on-year increases in sales.

As a result, sales for our consolidated solutions business increased 4.9% year-on-year to 5,232 million yen, and

segment profit increased 86.9% year-on-year to 226 million yen.

Orders received totaled 7,069 million yen, while the order backlog stood at 5,519 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 September 30, 2010, assets totaled 96,090 million yen. This represented an increase of 9,272 million yen from March 31, 2010. This was mainly attributable to an increase of 7,247 million yen in merchandise inventories, a 5,679 million yen increase in notes and accounts receivable, a 2,723 million yen decrease in cash and deposits etc. Liabilities increased 9,800 million yen to 37,052 million yen, mainly because of an 8,102 million yen increase in notes and accounts payable.

Net assets decreased 527 million yen to 59,037 million yen mainly the net results of an increase of 452 million yen from retained earnings, a 173 million yen decrease in unrealized gains on available-for-sale securities, a 913 million yen decrease in foreign exchange conversion adjustments etc.

2) Cash flows

Cash and cash equivalents on a consolidated basis amounted to 12,768 million yen as of September 30, 2010, representing a 2,723 million yen decrease from March 31, 2010. This was mainly due to increased outlays caused by an increase in notes and accounts receivable and an increase in inventories.

(Operating activities)

Net cash used in operating activities during the first half period totaled 3,874 million yen. This is because expenses arising from an increase in notes and accounts receivable and inventories surpassed incomes arising from an increase in notes and accounts payable etc. Since there was 4,975 million yen in revenue for the previous first half period, this represented an 8,849 million yen increase in outlay.

(Investing activities)

Net cash used in investing activities during the first half period totaled 32 million yen, mainly due to payment for purchase of property and equipment. Since there was 25 million yen in revenue for the previous first half period, this represented a 58 million yen increase in outlay.

(Financing activities)

Net cash provided by financing activities during the first half period totaled 1,381 million yen, mainly due to revenue from short-term loans. Since net cash used was 129 million yen in the previous first half period, this represented a 1,511 million yen increase in revenue.

(3) Qualitative Information Regarding Forecasts for Consolidated Business Performance

Sales for up until this second fiscal quarter were stronger than initial forecasts predicted, and from the third quarter onward we expect new businesses that were launched from scratch in the late of second quarter to gather momentum. Furthermore, we also expect some of the commercial distributions, which were newly acquired as major suppliers integrated in April of this year, to be in operation. Therefore, despite causes for concern such as exchange rate trends that indicate further appreciation of the yen, we expect to perform well in terms of sales.

However, against a backdrop of ongoing appreciation of the yen, it is anticipated that price competition will become even fiercer, and that securing total profits will become even more difficult. Also, for future expansions of our sales system, due to the newly acquired commercial distributions mentioned earlier, it will be necessary to engage in prior investment, including staffing enhancements, and therefore we expect our profit situation for the second half of the year to be severe, as outlined below.

As a result of the above, we have changed our full-year consolidated business performance forecasts from the assessments figures contained in financial results for the year ended March 2010 (announced on May 14, 2010), as outlined below.

Forecast for term ending in March 2011 (April 1, 2010 to March 31, 2011)

	(Million yen)				
	Sales	Operating profit	Ordinary profit	Net profit	Net profit per Share (yen)
Previous forecast (A) (May 14, 2010)	180,000	2,200	2,200	1,400	46.23
Revised forecast (B)	191,000	1,850	2,000	1,250	41.28
Increase/Decrease (B-A)	11,000	(350)	(200)	(150)	-
Rate of Increase/Decrease (%)	6.1	(15.9)	(9.1)	(10.7)	-
(Reference) Results for Previous Term	178,415	2,190	2,183	1,340	44.28

*Exchange rate assumptions Full year: US\$1 = ¥84.47 (first half of the year: ¥88.94, second half of the year: ¥80)

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)

	2Q March 2011 Term (As of Sep. 30, 2010)	March 2010 Term (Summary) (As of Mar. 31, 2010)
Assets		
Current assets		
Cash and deposits	12,768	15,491
Notes and accounts receivable-trade	49,528	43,849
Merchandise inventories	23,989	16,742
Partly-finished work	58	0
Others	2,706	3,256
Allowance for doubtful receivables	(24)	(26)
Total current assets	89,026	79,313
Fixed assets		
Property and equipment	4,678	4,747
Intangible fixed assets		
Goodwill	43	58
Others	331	397
Total intangible fixed assets	375	455
Investments and other assets		
Others	2,051	2,342
Allowance for doubtful receivables	(41)	(42)
Total investments and other assets	2,009	2,300
Total fixed assets	7,063	7,503
Total assets	96,090	86,817
Liabilities		
Current liabilities		
Notes and accounts payable-trade	30,558	22,456
Short-term loans payable	2,904	1,300
Current portion of long-term loans payable	1,500	1,500
Accrued corporate tax, etc.	471	206
Provision	568	600
Others	839	973
Total current liabilities	36,843	27,037
Fixed liabilities	209	215
Total liabilities	37,052	27,252

(Million yen)

	2Q March 2011 Term (As of Sep. 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	31,825	31,373
Treasury stock	(0)	(0)
Total shareholders' equity	61,966	61,514
Valuation and foreign exchange adjustments, etc.		
Unrealized gains on available-for-sale securities	29	203
Deferred hedge gains/losses	22	(85)
Foreign exchange conversion adjustments	(2,981)	(2,067)
Total valuation and foreign exchange adjustments, etc.	(2,929)	(1,949)
Total net assets	59,037	59,564
Total liabilities and net assets	96,090	86,817

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

(Million yen)

	2Q March 2010 Term (Apr. 1, 2009 – Sep. 30, 2009)	2Q March 2011 Term (Apr. 1, 2010 – Sep. 30, 2010)
Net sales	98,466	90,609
Cost of sales	92,643	84,747
Gross profit on sales	5,822	5,862
Selling, general and administrative expenses	4,700	4,617
Operating profit	1,121	1,245
Non-operating profit		
Interest income	22	11
Dividend income	16	114
Others	35	41
Total non-operating profit	75	168
Non-operating expenses		
Interest expenses	21	11
Sales discounts	22	17
Foreign exchange loss	54	32
Others	3	29
Total non-operating expenses	101	91
Ordinary profit	1,095	1,321
Extraordinary profits		
Gain on sale of fixed assets	0	-
Gain on sale of investment securities	63	0
Income from refund of allowance for doubtful receivables	-	0
Gain on transfer of goodwill	115	3
Total extraordinary profits	178	4
Extraordinary losses		
Loss on sales of fixed assets	-	0
Loss on disposition of fixed assets	0	0
Loss on sale of investment securities	-	0
Loss on valuation of investment securities	9	106
Total extraordinary losses	10	107
Net profit before tax and adjustments	1,263	1,219
Corporate and other taxes	451	463
Net profit	812	755

(3) Consolidated Statement of Cash Flows

(Million yen)

	2Q March 2010 Term (Apr. 1, 2009 – Sep. 30, 2009)	2Q March 2011 Term (Apr. 1, 2010 – Sep. 30, 2010)
Operating activities		
Net profit before tax and adjustments	1,263	1,219
Depreciation and amortization	175	153
Amortization of goodwill	13	14
Decrease (increase) of prepaid pension expenses	28	17
Increase (decrease) of allowance for doubtful receivables	10	(0)
Interest and dividends income	(39)	(126)
Interest expense	21	11
Loss (gain) on sale of fixed assets	(0)	0
Loss (gain) on sales of investment securities	(63)	0
Loss (gain) on valuation of investment securities	9	106
Decrease (increase) of notes and accounts receivable	(8,191)	(6,979)
Decrease (increase) of inventories	714	(7,845)
Increase (decrease) of notes and accounts payable	9,075	9,209
Decrease (increase) of consumption and other taxes receivable	2,319	572
Increase (decrease) of consumption and other taxes payable	(4)	0
Others	204	(105)
Sub-total	5,539	(3,751)
Interest and dividend received	38	24
Interest paid	(21)	(11)
Corporate and other taxes paid	(580)	(135)
Net cash provided by (used in) operating activities	4,975	(3,874)
Investing activities		
Purchase of property and equipment	(4)	(11)
Proceeds from sale of property and equipment	0	2
Purchase of software	(9)	-
Purchase of investment securities	(10)	(0)
Proceeds from sale of investment securities	71	0
Payment of sale of subsidiaries' stocks with a change of scope of consolidation	(16)	-
Others	(4)	(23)
Net cash provided by (used in) investing activities	25	(32)
Financing activities		
Proceeds from short-term loans	496	5,190
Repayment of short-term loans	-	(3,489)
Repayments of lease obligations	(20)	(17)
Net decrease (increase) of treasury stock	(0)	(0)
Dividend paid	(605)	(302)
Net cash provided by (used in) financing activities	(129)	1,381
Foreign currency conversion adjustments for cash and cash equivalents	(133)	(197)
Increase (decrease) of cash and cash equivalents	4,737	(2,723)
Balance of cash and cash equivalents, beginning of the period	9,077	15,491
Balance of cash and cash equivalents, end of the period	13,815	12,768

(4) Going Concern Assumption
There are no relevant matters

(5) Segment Information
Industrial Segments

2Q March 2010 Term (Apr. 1, 2009 – Sep. 30, 2009)

(Million yen)

	Device business	Solution business	Total	Elimination /Corporate	Consolidation
Net sales					
(1) Sales to external customers	93,476	4,990	98,466	-	98,466
(2) Internal sales or transfer between segments	-	-	-	-	-
Total	93,476	4,990	98,466	-	98,466
Operating profit	1,601	167	1,769	(647)	1,121

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

2Q March 2010 Term (Apr. 1, 2009 – Sep. 30, 2009)

(Million yen)

	Japan	Asia	North America	Total	Elimination /Corporate	Consolidation
Net sales						
(1) Sales to outside customers	65,857	30,964	1,643	98,466	-	98,466
(2) Inter-segment sales or transfers	7,274	1,136	1	8,411	(8,411)	-
Total	73,131	32,101	1,645	106,878	(8,411)	98,466
Operating profit	485	477	17	981	140	1,121

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

2Q March 2010 Term (Apr. 1, 2009 – Sep. 30, 2009)

(Million yen)

	Asia	North America	Other regions	Total
I Overseas sales	53,443	1,353	14	54,811
II Consolidated sales				98,466
III Ratio of overseas sales to consolidated sales	54.3%	1.4%	0.0%	55.7%

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

2Q March 2011 Term (Apr. 1, 2010 to Sep. 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	85,377	5,232	90,609	-	90,609
Internal sales between segments, or exchange	-	-	-	-	-
Total	85,377	5,232	90,609	-	90,609
Segment profit	1,197	226	1,423	(101)	1,321

(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 -101 million yen in segment profits.

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

(Additional information)

From 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