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February 4, 2011

**Summary of Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2011  
(Nine Months Ended December 31, 2010)  
[Japanese standards] (Consolidated)**

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>  
Representative: Mitsumasa Matsunaga, President  
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Scheduled date of filing of Quarterly Report: February 14, 2011  
Scheduled date of dividend payment: -  
Supplementary materials for the quarterly financial results: None  
Investor conference for the quarterly financial results: None

*(Amounts are rounded down to the nearest million yen)*

**1. Consolidated Business Performance for the Third Quarter of March 2011 Term (Apr. 1, 2010 – Dec. 31, 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	%
3Q March 2011 Term	135,086	(3.5)	1,792	0.2	1,811	2.2	1,371	13.4
3Q March 2010 Term	139,982	(22.6)	1,789	(38.5)	1,772	(51.3)	1,209	(25.8)

	Net profit per share	Diluted net profit per share
	Yen	Yen
3Q March 2011 Term	45.29	-
3Q March 2010 Term	39.93	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q March 2011 Term	89,508	59,270	66.2	1,957.37
March 2010 Term	86,817	59,564	68.6	1,967.08

Reference) Shareholders' equity      3Q March 2011 Term: 59,270 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: 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: 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):

3Q 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:

3Q March 2011 Term:	937 shares	March 2010 Term:	627 shares
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3) Average number of shares outstanding during the term:

3Q March 2011 Term:	30,280,587 shares	3Q March 2010 Term:	30,280,933 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 Forecasts 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 third quarter accumulated period, there was a growing sense of uncertainty about the direction of the global economy with the reduced tempo of the economic recovery in China and the countries of Asia as well as the still bleak unemployment situation in the West, although the global economy largely continued its upswing. In the electronics sector, where Sanshin Electronics group operates, performance continued to be strong with the expansion of the smartphone and tablet PC market in addition to booming demand in emerging countries; however with the backdrop of uncertainty about the global economy, a cautious stance towards the future trends of the economy is widespread.

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, emergence of new markets such as Tablet PC and smartphones 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 third quarter accumulated period were as follows. Net sales fell 3.5% year-on-year to 135,086 million yen. In terms of profits, operating profit increased 0.2% to 1,792 million yen and ordinary profit increased 2.2% to 1,811 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 corporate taxes and other burdens were reduced due to an individual reduction in earnings, net profit increased 13.4% to 1,371 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 third quarter accumulated period, while system LSIs for LCD televisions, LCD driver ICs, and ICs for hard disk equipment 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 in the 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 4.0% year-on-year to 127,407 million yen, and segment profit increased 2.0% to 1,871 million yen, because of an improvement in total profit ratio due to changes in sales configuration.

Orders received stood at 143,319 million yen, and the order backlog was 44,253 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 third quarter accumulated period, although business related to image editing systems fell, we experienced a recovery in sales of products aimed at large companies and public-interest-related companies with business related to

network systems, and there was a year-on-year increases in sales.

As a result, sales for our consolidated solutions business increased 5.7% year-on-year to 7,679 million yen, and segment profit increased 413.5% year-on-year to 175 million yen.

Orders received totaled 9,536 million yen, while the order backlog stood at 5,539 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 December 31, 2010, assets totaled 89,508 million yen. This represented an increase of 2,691 million yen from March 31, 2010. This was mainly attributable to an increase of 6,416 million yen in merchandise inventories, a 4,765 million yen increase in notes and accounts receivable, a 7,904 million yen decrease in cash and deposits etc. Liabilities increased 2,985 million yen to 30,238 million yen, mainly because of a 2,009 million yen increase in short-term bank loans.

Net assets decreased 294 million yen to 59,270 million yen mainly the net results of an increase of 765 million yen from retained earnings, a 1,073 million yen decrease in foreign exchange conversion adjustments etc.

### **2) Cash flows**

Cash and cash equivalents on a consolidated basis amounted to 7,587 million yen as of December 31, 2010, representing a 7,904 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 third quarter accumulated period totaled 9,181 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 5,603 million yen in revenue for the previous third quarter accumulated period, this represented a 14,721 million yen increase in outlay.

#### **(Investing activities)**

Net cash used in investing activities during the third quarter accumulated period totaled 59 million yen, mainly due to payment for purchase of property and equipment. Since there was 60 million yen in revenue for the previous third quarter accumulated period, this represented a 119 million yen increase in outlay.

#### **(Financing activities)**

Net cash provided by financing activities during the third quarter accumulated period totaled 1,513 million yen, mainly due to revenue from short-term loans. Since net cash used was 911 million yen in the previous third quarter accumulated period, this represented a 2,425 million yen increase in revenue.

## **(3) Qualitative Information Regarding Forecasts for Consolidated Business Performance**

The forecast values of the consolidated business performance forecast for the entire fiscal year have not changed from the values included in the Summary of Financial Results for The Second Quarter of Fiscal Year Ending March 31, 2011 (announced November 5, 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)

	3Q March 2011 Term (As of Dec. 31, 2010)	March 2010 Term (Summary) (As of Mar. 31, 2010)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	7,587	15,491
Notes and accounts receivable-trade	48,614	43,849
Merchandise inventories	23,159	16,742
Partly-finished work	130	0
Others	3,002	3,256
Allowance for doubtful receivables	(25)	(26)
<b>Total current assets</b>	<b>82,468</b>	<b>79,313</b>
<b>Fixed assets</b>		
Property and equipment	4,667	4,747
<b>Intangible fixed assets</b>		
Goodwill	36	58
Others	299	397
<b>Total intangible fixed assets</b>	<b>335</b>	<b>455</b>
<b>Investments and other assets</b>		
Others	2,079	2,342
Allowance for doubtful receivables	(41)	(42)
<b>Total investments and other assets</b>	<b>2,037</b>	<b>2,300</b>
<b>Total fixed assets</b>	<b>7,040</b>	<b>7,503</b>
<b>Total assets</b>	<b>89,508</b>	<b>86,817</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	23,657	22,456
Short-term loans payable	3,309	1,300
Current portion of long-term loans payable	1,500	1,500
Accrued corporate tax, etc.	140	206
Provision	299	600
Others	1,114	973
<b>Total current liabilities</b>	<b>30,020</b>	<b>27,037</b>
<b>Fixed liabilities</b>	<b>218</b>	<b>215</b>
<b>Total liabilities</b>	<b>30,238</b>	<b>27,252</b>

(Million yen)

	3Q March 2011 Term (As of Dec.31, 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	32,139	31,373
Treasury stock	(0)	(0)
Total shareholders' equity	62,279	61,514
Valuation and foreign exchange adjustments, etc.		
Unrealized gains on available-for-sale securities	77	203
Deferred hedge gains/losses	53	(85)
Foreign exchange conversion adjustments	(3,141)	(2,067)
Total valuation and foreign exchange adjustments, etc.	(3,009)	(1,949)
Total net assets	59,270	59,564
Total liabilities and net assets	89,508	86,817

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

(Million yen)

	3Q March 2010 Term (Apr. 1, 2009 – Dec.31, 2009)	3Q March 2011 Term (Apr. 1, 2010 – Dec.31, 2010)
Net sales	139,982	135,086
Cost of sales	131,191	126,357
Gross profit on sales	8,790	8,728
Selling, general and administrative expenses	7,001	6,936
Operating profit	1,789	1,792
Non-operating profit		
Interest income	33	15
Dividend income	23	119
Others	46	73
Total non-operating profit	103	207
Non-operating expenses		
Interest expenses	34	21
Sales discounts	28	25
Foreign exchange loss	52	111
Others	5	29
Total non-operating expenses	120	189
Ordinary profit	1,772	1,811
Extraordinary profits		
Gain on sale of fixed assets	0	-
Gain on sale of investment securities	91	1
Income from refund of allowance for doubtful receivables	-	1
Gain on transfer of goodwill	115	3
Total extraordinary profits	206	6
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	108
Total extraordinary losses	10	110
Net profit before tax and adjustments	1,969	1,707
Corporate and other taxes	759	336
Net profit	1,209	1,371

## (3) Consolidated Statement of Cash Flows

(Million yen)

	3Q March 2010 Term (Apr. 1, 2009 – Dec.31, 2009)	3Q March 2011 Term (Apr. 1, 2010 – Dec.31, 2010)
<b>Operating activities</b>		
Net profit before tax and adjustments	1,969	1,707
Depreciation and amortization	257	234
Amortization of goodwill	20	22
Decrease (increase) of prepaid pension expenses	42	26
Increase (decrease) of allowance for doubtful receivables	4	(1)
Interest and dividends income	(57)	(134)
Interest expense	34	21
Loss (gain) on sale of fixed assets	(0)	0
Loss (gain) on sales of investment securities	(91)	(0)
Loss (gain) on valuation of investment securities	9	108
Decrease (increase) of notes and accounts receivable	300	(6,171)
Decrease (increase) of inventories	1,011	(7,174)
Increase (decrease) of notes and accounts payable	1,041	2,340
Decrease (increase) of consumption and other taxes receivable	1,927	242
Increase (decrease) of consumption and other taxes payable	(4)	(0)
Others	329	58
Sub-total	6,795	(8,719)
Interest and dividend received	55	134
Interest paid	(23)	(16)
Corporate and other taxes paid	(1,224)	(517)
Net cash provided by (used in) operating activities	5,603	(9,118)
<b>Investing activities</b>		
Purchase of property and equipment	(6)	(23)
Proceeds from sale of property and equipment	0	2
Purchase of software	(9)	(10)
Purchase of investment securities	(10)	(0)
Proceeds from sale of investment securities	112	8
Payment of sale of subsidiaries' stocks with a change of scope of consolidation	(16)	-
Others	(9)	(35)
Net cash provided by (used in) investing activities	60	(59)
<b>Financing activities</b>		
Proceeds from short-term loans	2,571	7,842
Repayment of short-term loans	(2,571)	(5,720)
Repayments of lease obligations	(29)	(26)
Net decrease (increase) of treasury stock	(0)	(0)
Dividend paid	(881)	(581)
Net cash provided by (used in) financing activities	(911)	1,513
Foreign currency conversion adjustments for cash and cash equivalents	(110)	(240)
Increase (decrease) of cash and cash equivalents	4,641	(7,904)
Balance of cash and cash equivalents, beginning of the period	9,077	15,491
Balance of cash and cash equivalents, end of the period	13,718	7,587

(4) Going Concern Assumption  
There are no relevant matters

(5) Segment Information  
Industrial Segments

3Q March 2010 Term (Apr. 1, 2009 – Dec.31, 2009)

(Million yen)

	Device business	Solution business	Total	Elimination /Corporate	Consolidation
Net sales					
(1) Sales to external customers	132,719	7,262	139,982	-	139,982
(2) Internal sales or transfer between segments	-	-	-	-	-
Total	132,719	7,262	139,982	-	139,982
Operating profit	2,626	102	2,729	(940)	1,789

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

3Q March 2010 Term (Apr. 1, 2009 – Dec.31, 2009)

(Million yen)

	Japan	Asia	North America	Total	Elimination /Corporate	Consolidation
Net sales						
(1) Sales to outside customers	91,007	46,591	2,383	139,982	-	139,982
(2) Inter-segment sales or transfers	11,257	1,767	1	13,027	(13,027)	-
Total	102,265	48,359	2,384	153,009	(13,027)	139,982
Operating profit	623	863	19	1,506	282	1,789

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

3Q March 2010 Term (Apr. 1, 2009 –Dec.31, 2009)

(Million yen)

	Asia	North America	Other regions	Total
I Overseas sales	74,671	1,925	58	76,655
II Consolidated sales				139,982
III Ratio of overseas sales to consolidated sales	53.4%	1.4%	0.0%	54.8%

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

3Q March 2011 Term (Apr. 1, 2010 to Dec.31, 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	127,407	7,679	135,086	-	135,086
Internal sales between segments, or exchange	-	-	-	-	-
Total	127,407	7,679	135,086	-	135,086
Segment profit	1,871	175	2,046	(235)	1,811

(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 -235 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