

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



November 4, 2011

**Summary of Financial Results for the First Half of the Fiscal Year Ending March 31, 2012
(Six Months Ended September 30, 2011)
[Japan 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 11, 2011
 Scheduled date of dividend payment: December 9, 2011
 Supplementary materials for the quarterly financial results: Yes
 Investor conference for the quarterly financial results: Yes(for financial analysts and institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Business Performance for the First Half of March 2012 Term (April 1, 2011 – September 30, 2011)

(1) Consolidated business performance (consolidated)

(The percentages shown for net sales, operating profit, ordinary profit and net profit represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2Q March 2012 Term	78,932	(12.9)	608	(51.2)	635	(52.0)	401	(49.3)
2Q March 2011 Term	90,609	(8.0)	1,246	11.1	1,322	20.8	793	(2.3)

(Note) Comprehensive profit 2Q March 2012 Term: -542 million yen (-%) 2Q March 2011 Term: -186 million yen (-%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
2Q March 2012 Term	13.27	-
2Q March 2011 Term	26.19	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
September 2011 Term	84,051	58,750	69.9
March 2011 Term	92,422	59,596	64.5

Reference) Shareholders' equity 2Q March 2012 Term: 58,750 million yen March 2011 Term: 59,596 million yen

2. Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2011 Term	-	10.00	-	10.00	20.00
March 2012 Term	-	10.00	-	-	-
March 2012 Term (forecast)	-	-	-	10.00	20.00

(Note) Revision of most recent dividend forecast: None

3. Forecasts for Consolidated Business Performance for March 2012 Term (April 1, 2011 – March 31, 2012)*(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	170,000	(6.9)	1,700	(21.4)	1,700	(24.7)	1,150	(20.6)	37.98

(Note) Revision of most recent dividend forecast: Yes

4. Others

(1) Changes in consolidated subsidiaries during the term (changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of unique accounting to the preparation of quarterly consolidated financial statements: None

(3) Change of design policy, change of accounting estimate, and redisplay after revision

1) Change of accounting policy caused by revision of accounting standards: None

2) Change of accounting policy other than : Yes

3) Change of accounting estimate: None

4) Redisplay after revision: None

Note: Please refer to “2. Matters Concerning Summary Information (Other) - (3) Change of accounting policy, change of accounting estimate, and redisplay after revision”, on page 4 of [Appendix] for further information.

(4) Number of shares outstanding (ordinary shares)

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

2Q March 2012 Term:	30,281,373 shares	March 2011 Term:	30,281,373 shares
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2) Number of treasury stock at the end of term:

2Q March 2012 Term:	1,006 shares	March 2011 Term:	965 shares
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3) Number of average stock during the term (quarterly total):

2Q March 2012 Term:	30,280,385 shares	2Q March 2011 Term:	30,280,621 shares
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***Indication concerning execution condition of quarterly review procedure**

The audit procedure of quarterly financial statements based on Financial Instruments and Exchange Law has not finished at the time of indication of this brief quarterly report.

*** 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.

See the section “1. Qualitative Information Concerning the Current Quarterly Settlement - (3) Qualitative information concerning consolidated business performance” on page 3 of [Appendix] regarding the relevant matters for the above forecast for the business performance.

The Company will hold a briefing session for financial analysts and institutional investors on November 10, 2011. The presentation materials for the business results briefing handed out at this briefing session will be posted on the Company's homepage promptly.

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1. Qualitative Information Concerning the Current Quarterly Settlement

(1) Qualitative Information of Business Results

1) Overview for the first half of the consolidated fiscal year ending March 2012

In the current first half of the consolidated cumulative period, the global economy on the whole was in a severe situation, as in addition to a further aggravation of the financial problems in Europe and the growing concerns regarding economic recession in the U.S., there is also a spreading anxiety regarding an economic slowdown in the newly-rising nations. Under the impact of a sharp rise of the yen and other factors, concerns about an impending downturn in Japan's economic conditions are also growing.

Regarding the electronics industry to which the Group belongs, although the supply chain torn apart by the Great East Japan Earthquake is on a steady path of recovery, uncertainty in the future persisted against the background of the difficulties faced by the world economy and the protraction of the strong yen rate.

Under these circumstances, the Group made a continuous effort to increase sales and improve profit gaining with strengthening our business power and consolidating management foundation.

However, due to changes in the business environment and the influence of the great disaster, net sales decreased 12.9% year-on-year to 78,932 million yen, operating profit decreased 51.2% to 608 million yen in the first half of the consolidated cumulative period.

Ordinary profit decreased 52.0% to 635 million yen, and net profit decreased 49.3% to 401 million yen.

2) Overview of performance by business segment

a. 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 current consolidated cumulative period of the first half, the semiconductor business showed a decline in system LSIs for game consoles and for digital electric home appliances and chipsets for mobile phones, and sales decreased from the previous term despite the growth of the new commercial stream gained by the integration of main suppliers. In the electronic parts segment, the sale of connectors for digital electric home appliances remained steady but the demand for game consoles declined, and sales decreased from the previous term.

As a result, consolidated segment sales decreased 13.3% year-on-year to 73,984 million yen. The segment balance ended at 479 million yen (down 60.0% from the previous term).

Orders received stood at 70,433 million yen, and the order backlog was 33,108 million yen.

b. 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 current consolidated cumulative period of the first half, sales decreased from levels recorded in the previous fiscal year, since image editing systems business performed favorably, but the results of network systems business, especially of its sector of services for public institutions decreased.

As a result, consolidated segment sales decreased 5.4% year-on-year to 4,948 million yen. The segment balance ended at 388 million yen (up 71.2% from the previous term) due to an increase of net sales of non-hardware areas such as maintenance and support services on the one hand and cuts in selling, general and administrative expenses on the other.

Orders received totaled 5,282 million yen, while the order backlog stood at 4,728 million yen.

(2) Qualitative Information Concerning the Consolidated Financial Status

1) Assets, liabilities and net assets

As of September 30, 2011, assets totaled 84,051 million yen. This represented a decrease of 8,371 million yen

compared with March 31, 2011. This was mainly attributable to a decrease of 9,531 million yen in notes and accounts receivable, a decrease of 3,131 million yen in merchandise inventories, and an increase of 5,738 million yen in cash and deposits.

Liabilities decreased 7,526 million yen to 25,300 million yen, mainly because of a 4,143 million yen decrease in short-term loans payable and a 3,418 million yen decrease in purchase liabilities.

Net assets decreased 845 million yen to 58,750 million yen, mainly because of a 99 million yen increase in retained earnings and a 920 million yen decrease in foreign exchange conversion adjustments.

2) Cash flows

As of September 30, 2011, cash and cash equivalents increased 5,738 million yen compared with March 31, 2011 to 12,563 million yen. This is attributable to an increase in income due to a decrease in the notes and accounts receivable, decrease in the inventories and some other factors.

(Net cash provided by (used in) operating activities)

In the current first half of the consolidated cumulative period, net cash provided by (used in) operating activities totaled 10,068 million yen. This is due to the fact that the income resulting from a decrease in notes and accounts receivable, decrease in inventories, etc. exceeded the expenses such as those resulting from a decrease in notes and accounts payable. Since the result of the previous first half of the consolidated cumulative period was an expense of 3,874 million yen, it represents an increase in income by 13,942 million yen.

(Net cash provided by (used in) investment activities)

In the current first half of the consolidated cumulative period, in the net cash provided by (used in) investment activities there was an increase in expenses by 27 million yen from the result of the first half of the previous consolidated cumulative period. This is due to the expenses of 59 million yen resulting from purchase of investment securities, etc.

(Net cash provided by (used in) financing activities)

In the current first half of the consolidated cumulative period, in the net cash provided by (used in) financing activities there was an expense of 4,199 million yen resulting from a decrease in short-term loans payable, etc. Since the result of the first half of the previous consolidated cumulative period was an income of 1,381 million yen, it represents an increase in expenses by 5,581 million yen.

(3) Qualitative Information Concerning Consolidated Business Performance

Although net sales fell short of the initial forecast, in terms of income the consolidated business results in the current first half of the consolidated cumulative period were more favorable than the initial forecast. However, regarding the situation in the third quarter and in the future, the Company expects the business environment to become even more severe than the initial estimation, since there is a growing feeling of that the economy of the whole world is slowing down, the exchange rate is continuing even more in favor of the yen than was initially assumed, and the extent of the impact of the flood damage in Thailand is also unclear.

As a result, the Company has changed the consolidated business forecast for the full fiscal year stated in the brief settlement report of the term ended March 2011 (announced on May 18, 2011) as follows. The exchange conversion rate serving as the basis for the consolidated business forecast for the full fiscal year is set at 1 U.S. dollar =78 yen (first half: 79.82 yen, the second half: 76 yen). For details, please refer to the Notice of Revision of Business Forecast" announced today (November 4, 2011).

(Consolidated business forecast for the full fiscal year)

Net sales 170,000 million yen (Year-on-year change: 6.9% decrease)

Operating profit 1,700 million yen (Year-on-year change: 21.4% decrease)

Ordinary profit 1,700 million yen (Year-on-year change: 24.7% decrease)

Net profit 1,150 million yen (Year-on-year change: 20.6% decrease)

(Exchange conversion rate basis)

Full fiscal year: 1 U.S. dollar =78 yen

2. Matters Concerning Summary Information (Other)

(1) Significant Subsidiary Change in the Consolidated Cumulative Period of This Quarter

None

(2) Application of Unique Accounting to the Preparation of Quarterly Consolidated Financial Statements

None

(3) Change of Accounting Policy, Change of Accounting Estimate, and Redisplay after Revision

(Change of tax expense calculation method)

Tax expenses used to be calculated on the basis of a tax rate annually forecast from the normal effective statutory tax rate. Starting from the first quarter of the consolidated accounting period, tax expenses are calculated by the same method as for annual settlement.

Customers are shifting production overseas and there is an increase in the ratio of dividends from consolidated subsidiaries and other items which are permanently excluded from quarterly income before taxes. Since the ratio exceeded that of taxable income at the calculation of the estimated effective statutory tax rate for the fiscal year, the conventional method was judged not able to appropriately reflect operating results in the quarterly consolidated cumulative period. Therefore, the same method as for annual settlement was adopted to reflect tax expenses on the taxable income in the quarterly consolidated cumulative period more accurately and show operating results more accurately. This change of accounting policy was applied retroactively. The quarterly consolidated financial statements of the previous fiscal year are based on the new method.

In the consolidated cumulative period of the previous first half after the retroactive application, the total amount of corporate taxes and other was 37 million yen less. This resulted in an increase of 38 million yen in the quarterly income.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	March 2011 Term (As of Mar. 31, 2011)	2Q March 2012 Term (As of Sep. 30, 2011)
Assets		
Current assets		
Cash and deposits	6,824	12,563
Notes and accounts receivable-trade	54,856	45,324
Merchandise inventories	20,996	17,864
Partly-finished work	14	17
Others	3,165	1,940
Allowance for doubtful receivables	(26)	(22)
Total current assets	85,830	77,687
Fixed assets		
Property and equipment	4,417	4,353
Intangible fixed assets		
Goodwill	27	67
Others	265	201
Total intangible fixed assets	292	268
Investments and other assets		
Others	1,923	1,782
Allowance for doubtful receivables	(41)	(40)
Total investments and other assets	1,882	1,741
Total fixed assets	6,592	6,364
Total assets	92,422	84,051
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,218	19,799
Short-term loans payable	7,788	3,645
Accrued corporate tax, etc.	135	249
Allowance	638	567
Others	821	824
Total current liabilities	32,601	25,086
Fixed liabilities	224	213
Total liabilities	32,826	25,300

(Million yen)

	March 2011 Term (As of Mar. 31, 2011)	2Q March 2012 Term (As of Sep. 30, 2011)
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,329	15,329
Retained earnings	32,215	32,314
Treasury stock	(0)	(0)
Total shareholders' equity	62,355	62,454
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	98	33
Deferred hedge gains/losses	(22)	18
Foreign exchange conversion adjustments	(2,835)	(3,755)
Total Accumulated other comprehensive income	(2,759)	(3,703)
Total net assets	59,596	58,750
Total liabilities and net assets	92,422	84,051

(2) Quarterly Consolidated Profit and Loss Statement, Consolidated Comprehensive Profit Statement
 (Quarterly Consolidated Profit and Loss Statement for the First Half)

(Million yen)

	2Q March 2011 Term (Apr. 1, 2010 – Sep. 30, 2010)	2Q March 2012 Term (Apr. 1, 2011 – Sep. 30, 2011)
Net sales	90,609	78,932
Cost of sales	84,747	73,610
Gross profit on sales	5,862	5,321
Selling, general and administrative expenses	4,616	4,713
Operating profit	1,246	608
Non-operating profit		
Interest income	11	7
Dividend income	114	9
Others	41	40
Total non-operating profit	168	57
Non-operating expenses		
Interest expenses	11	14
Sales discounts	17	3
Foreign exchange loss	32	11
Others	29	1
Total non-operating expenses	91	31
Ordinary profit	1,322	635
Extraordinary profits		
Gain on sale of fixed assets	-	2
Gain on sale of investment securities	0	0
Income from refund of allowance for doubtful receivables	0	-
Gain on transfer of goodwill	3	-
Total extraordinary profits	4	2
Extraordinary losses		
Loss on sales of fixed assets	0	-
Loss on retirement of noncurrent assets	0	6
Loss on sales of investment securities	0	-
Loss on valuation of investment securities	106	19
Loss on valuation of membership	-	4
Total extraordinary losses	107	30
Net profit before tax and adjustments	1,219	606
Corporate, resident and enterprise taxes	410	181
Adjustment for corporate tax, etc.	16	23
Total income taxes	426	204
Income before minority interest	793	401
Net profit	793	401

(Quarterly Consolidated Comprehensive Profit Statement)
(Consolidated cumulative period of the first half)

	2Q March 2011 Term (Apr. 1, 2010 – Sep. 30, 2010)	2Q March 2012 Term (Apr. 1, 2011 – Sep. 30, 2011)
Income before minority interest	793	401
Other comprehensive incomes		
Valuation difference on available-for-sale securities	(173)	(64)
Deferred hedge gains/losses	108	41
Foreign currency translation adjustment	(913)	(920)
Total of other comprehensive incomes	(979)	(944)
Comprehensive profit	(186)	(542)
(Details)		
Comprehensive income relating to parental company	(186)	(542)
Comprehensive income relating to minority shareholders	-	-

(3) Statements of Quarterly Cash Flows

(Million yen)

	2Q March 2011 Term (Apr. 1, 2010 – Sep. 30, 2010)	2Q March 2012 Term (Apr. 1, 2011 – Sep. 30, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes	1,219	606
Depreciation and amortization	153	149
Amortization of goodwill	14	11
Decrease (increase) in prepaid pension costs	17	25
Increase (decrease) in allowance for doubtful accounts	(0)	(1)
Interest and dividends income	(126)	(17)
Interest expenses	11	14
Loss (gain) on sales of noncurrent assets	0	(2)
Loss (gain) on sales of investment securities	0	(0)
Loss (gain) on valuation of investment securities	106	19
Decrease (increase) in notes and accounts receivable-trade	(6,979)	7,909
Decrease (increase) in inventories	(7,845)	2,540
Increase (decrease) in notes and accounts payable-trade	9,209	(2,247)
Decrease (increase) in consumption taxes refund receivable	572	863
Increase (decrease) in accrued consumption taxes	0	(1)
Other, net	(106)	95
Subtotal	(3,751)	9,965
Interest and dividends income received	24	17
Interest expenses paid	(11)	(13)
Income taxes (paid) refund	(135)	99
Net cash provided by (used in) operating activities	(3,874)	10,068
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(11)	(14)
Proceeds from sales of property, plant and equipment	2	1
Purchase of software	-	(6)
Purchase of investment securities	(0)	(20)
Proceeds from sales of investment securities	0	0
Other, net	(23)	(19)
Net cash provided by (used in) investment activities	(32)	(59)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	5,190	14,836
Decrease in short-term loans payable	(3,489)	(18,715)
Repayments of lease obligations	(17)	(16)
Net decrease (increase) in treasury stock	(0)	(0)
Cash dividends paid	(302)	(304)
Net cash provided by (used in) financing activities	1,381	(4,199)
Effect of exchange rate change on cash and cash equivalents	(197)	(70)
Net increase (decrease) in cash and cash equivalents	(2,723)	5,738
Cash and cash equivalents	15,491	6,824
Cash and cash equivalents	12,768	12,563

(4) Notes regarding Going Concern

There are no relevant matters.

(5) Segment Information

(Segment Information)

I. 2Q March 2011 Term (Apr. 1, 2010 – Sep. 30, 2010)

Information regarding the amounts of sales, profit or loss, assets, liabilities, and other items in each report segment
(Million yen)

	Reported segment			Adjustment amount (Note)1	Amount accounted on quarterly consolidated profit and loss statement (Note) 2
	Device segment	Solution segment	Total		
Net sales					
Sales to outside customers	85,377	5,232	90,609	-	90,609
Inter-segment sales or transfers	-	-	-	-	-
Total	85,377	5,232	90,609	-	90,609
Segment profit or loss	1,197	226	1,423	(101)	1,322

Notes: 1. The adjustment amount of segment income or loss (101) million yen includes expenses related to such management divisions as planning, general affairs, accounting, and personnel affairs divisions that were not apportioned to each report segment and interest expense that was apportioned to each report segment.

2. The segment income or loss is adjusted with the ordinary income in the quarterly consolidated profit and loss statement.

II. 2Q March 2012 Term (Apr. 1, 2011 – Sep. 30, 2011)

Information regarding the amounts of sales, profit or loss, assets, liabilities, and other items in each report segment
(Million yen)

	Reported segment			Adjustment amount (Note)1	Amount accounted on quarterly consolidated profit and loss statement (Note) 2
	Device segment	Solution segment	Total		
Net sales					
Sales to outside customers	73,984	4,948	78,932	-	78,932
Inter-segment sales or transfers	-	-	-	-	-
Total	73,984	4,948	78,932	-	78,932
Segment profit	479	388	867	(232)	635

Notes: 1. The adjustment amount of segment income -232 million yen includes expenses related to such management divisions as planning, general affairs, accounting, and personnel affairs divisions that were not apportioned to each report segment and interest expense that was apportioned to each report segment.

2. The segment income is adjusted with the ordinary income in the quarterly consolidated profit and loss statement.

(6) Notes regarding Remarkable Change of Shareholder's Equity

None