

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



November 6, 2012

**Summary of Financial Results for the First Half of the Fiscal Year Ending March 31, 2013
(Six Months Ended September 30, 2012)
[Japan 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: November 13, 2012
 Scheduled date of dividend payment: December 10, 2012
 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 2013 Term (April 1, 2012 – September 30, 2012)

(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 2013 Term	69,008	(12.6)	618	1.6	640	0.8	339	(15.6)
2Q March 2012 Term	78,932	(12.9)	608	(51.2)	635	(52.0)	401	(49.3)

(Note) Comprehensive profit 2Q March 2013 Term: -142 million yen (-%) 2Q March 2012 Term: -542 million yen (-%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
2Q March 2013 Term	11.59	-
2Q March 2012 Term	13.27	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
September 2012 Term	86,115	58,281	67.7
March 2012 Term	79,882	58,716	73.5

Reference) Shareholders' equity 2Q March 2013 Term: 58,281 million yen March 2012 Term: 58,716 million yen

2. Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2012 Term	-	10.00	-	10.00	20.00
March 2013 Term	-	10.00	-	-	-
March 2013 Term (forecast)	-	-	-	10.00	20.00

(Note) Revision of most recent dividend forecast: None

3. Forecasts for Consolidated Business Performance for March 2013 Term (April 1, 2012 – March 31, 2013)*(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	165,000	14.5	1,500	48.7	1,600	99.5	1,100	113.1	37.57

(Note) Revision of most recent earnings forecast: Yes

*** Notes**

(1) Significant subsidiary change in the consolidated cumulative period of this quarter (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 accounting principles, change of accounting estimate, and redisplay after revision

1) Change of accounting principles caused by revision of accounting standards: Yes

2) Change of accounting principles other than 1): None

3) Change of accounting estimate: Yes

4) Redisplay after revision: None

Note: Please refer to “2. Matters Concerning Summary Information (Notes) - (3) Change of accounting principles, 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 2013 Term: 30,281,373 shares March 2012 Term: 30,281,373 shares

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

2Q March 2013 Term: 1,001,424 shares March 2012 Term: 1,001,371 shares

3) Number of average stock during the term (quarterly total):

2Q March 2013 Term: 29,279,956 shares 2Q March 2012 Term: 30,280,385 shares

***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 the Company does not promise the achievement of the forecast.

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 14, 2012. 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 2013

During the first half of the consolidated fiscal year ending March 2013, the uncertainty surrounding the world economy increased, as the current economic slowdown was felt not only in Europe and the U.S., but also started to affect China and a number of emerging nations. Japanese economy was also in severe conditions with the exchange rate being in appreciation of yen and the stock markets being inactive.

Regarding the electronics industry, to which the Group belongs, propelled by an increasing trend among consumers to save energy and make environmentally sound purchases, the demand for auto-related and housing equipment-related products that incorporate more and more electronic devices was quite favorable, but on the backdrop of the global economic slowdown, sales of TV sets and PCs remained low, thus exposing a clear difference between the areas of growth and the areas that are losing their momentum.

In these circumstances, the Group made a continuous effort to increase sales and improve profitability by strengthening our business power and consolidating management foundations.

However, net sales decreased 12.6% year-on-year to 69,008 million yen, operating profit increased 1.6% to 618 million yen, and ordinary profit increased 0.8% to 640 million yen in the first half of the consolidated cumulative period. In addition, in the current first half period, a 206 million yen loss on valuation of investment securities was recorded, and net profit decreased 15.6% to 339 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.

During the first half of the consolidated fiscal year ending March 2013, sales of products for TV sets and other digital electric home appliances as well as for hard disk drives remained on a down note and the sales of both semiconductors and electronic components decreased compared to the same period a year ago.

As a result, consolidated segment sales decreased 13.7% year-on-year to 63,837 million yen. The segment profit ended at 243 million yen (down 49.2% from the previous term).

Orders received stood at 69,839 million yen, and the order backlog was 36,308 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.

During the first half of the consolidated fiscal year ending March 2013, sales in the network system business increased compared to the same period a year ago propelled by increased sales of business oriented applications, OEM, and some other factors. Sales also increased in the image editing system business, in which the Group received payments for large transactions of broadcasting equipment during the period.

As a result, consolidated segment sales increased 4.5% year-on-year to 5,171 million yen. The segment profit ended at 486 million yen (up 25.3% from the previous term).

Orders received totaled 7,722 million yen, while the order backlog stood at 6,909 million yen.

(2) Qualitative Information Concerning the Consolidated Financial Status

1) Assets, liabilities and net assets

As of September 30, 2012, assets totaled 86,115 million yen. This represented an increase of 6,232 million yen compared with March 31, 2012. This was mainly attributable to an increase of 9,142 million yen in notes and

accounts receivable, an increase of 1,605 million yen in merchandise inventories, and a decrease of 3,361 million yen in cash and deposits.

Liabilities increased 6,667 million yen to 27,834 million yen, mainly because of a 6,863 million yen increase in notes and accounts payable.

Net assets decreased 435 million yen to 58,281 million yen, mainly because of a 527 million yen decrease in foreign exchange conversion adjustments.

2) Cash flows

As of September 30, 2012, cash and cash equivalents decreased 3,361 million yen compared with March 31, 2012 to 11,873 million yen. This is attributable to an increase in expense due to an increase in the notes and accounts receivable, increase in the inventories and some other factors.

(Operating activities)

Net cash used in operating activities during the first half period totaled 3,530 million yen. This is due to the fact that the expense resulting from an increase in notes and accounts receivable, increase in inventories, etc. exceeded the incomes such as those resulting from an increase in notes and accounts payable. Since the result of the previous first half of the consolidated cumulative period was an income of 10,068 million yen, it represents an increase in expenses by 13,598 million yen.

(Investment activities)

Net cash provided by investing activities during the first half period totaled 698 million yen, mainly due to proceeds from sales of investment securities. Since the result of the previous first half of the consolidated cumulative period was an expense of 59 million yen, it represents an increase in incomes by 758 million yen.

(Financing activities)

Net cash used in financing activities during the first half period totaled 450 million yen, mainly due to repayment of short-term loans. This represented an expense decrease of 3,749 million yen compared with the previous first half of the consolidated cumulative period.

(3) Qualitative Information Concerning Consolidated Business Performance

In terms of consolidated business results for the full fiscal year, sales are expected to fall below the initial estimate announced on May 16, 2012, since sales of products for digital electric home appliances are expected to remain dull in the 3rd quarter and thereafter on the one hand, and as the economic slowdown is appearing to spread on the global scale on the other. In terms of profits, although the Group expects a decrease of the gross profit accompanying a decrease in sales, as we are also expecting an improvement of the gross profit-to-sales ratio and a reduction in the selling, general and administrative expenses same as in the first half of the year, it is likely that for the full fiscal year the Group will be able to reach the values of the initial forecast for operating profit, ordinary profit, and net profit.

Based on the above, the Group is hereby revising the consolidated earnings forecast for the full fiscal year as stated below. Please note that the yearly average exchange rate this forecast is based on is 1 U.S. dollar = 80 yen.

(Consolidated business forecast for the full fiscal year)

Net sales 165,000 million yen (Year-on-year change: 14.5% increase)

Operating profit 1,500 million yen (Year-on-year change: 48.7% increase)

Ordinary profit 1,600 million yen (Year-on-year change: 99.5% increase)

Net profit 1,100 million yen (Year-on-year change: 113.1% increase)

2. Matters Concerning Summary Information (Notes)

(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 Principles, Change of Accounting Estimate, and Redisplay after Revision

(Change of Accounting Principles for Items that are Difficult to Categorize as Change of Accounting Estimate)

The Company and its domestic consolidated subsidiaries changed to the depreciation method based on the amended Corporation Tax Act due to amendments to the Corporation Tax Act for property and equipment acquired on and after April 1, 2012. The influences of this change on earnings and loss are minimal.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	March 2012 Term (As of Mar. 31, 2012)	2Q March 2013 Term (As of Sep. 30, 2012)
Assets		
Current assets		
Cash and deposits	15,235	11,873
Notes and accounts receivable-trade	38,676	47,818
Merchandise inventories	16,329	17,935
Partly-finished work	3	44
Others	2,524	2,082
Allowance for doubtful receivables	(24)	(23)
Total current assets	72,744	79,730
Fixed assets		
Property and equipment	4,313	4,276
Intangible fixed assets		
Goodwill	52	46
Others	163	128
Total intangible fixed assets	215	174
Investments and other assets		
Others	2,791	2,106
Allowance for doubtful receivables	(182)	(173)
Total investments and other assets	2,609	1,933
Total fixed assets	7,138	6,384
Total assets	79,882	86,115
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,777	22,640
Short-term loans payable	3,470	3,279
Accrued corporate tax, etc.	148	290
Allowance	578	514
Others	974	894
Total current liabilities	20,948	27,618
Fixed liabilities	218	215
Total liabilities	21,166	27,834

(Million yen)

	March 2012 Term (As of Mar. 31, 2012)	2Q March 2013 Term (As of Sep. 30, 2012)
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,329	15,329
Retained earnings	32,125	32,172
Treasury stock	(767)	(767)
Total shareholders' equity	61,499	61,546
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	105	130
Deferred hedge gains/losses	6	27
Foreign exchange conversion adjustments	(2,895)	(3,423)
Total Accumulated other comprehensive income	(2,783)	(3,264)
Total net assets	58,716	58,281
Total liabilities and net assets	79,882	86,115

(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 2012 Term (Apr. 1, 2011 – Sep. 30, 2011)	2Q March 2013 Term (Apr. 1, 2012 – Sep. 30, 2012)
Net sales	78,932	69,008
Cost of sales	73,610	63,942
Gross profit on sales	5,321	5,065
Selling, general and administrative expenses	4,713	4,447
Operating profit	608	618
Non-operating profit		
Interest income	7	11
Dividend income	9	53
Others	40	34
Total non-operating profit	57	99
Non-operating expenses		
Interest expenses	14	7
Sales discounts	3	7
Foreign exchange loss	11	61
Others	1	0
Total non-operating expenses	31	77
Ordinary profit	635	640
Extraordinary profits		
Gain on sale of fixed assets	2	0
Gain on sale of investment securities	0	299
Total extraordinary profits	2	299
Extraordinary losses		
Loss on disposition of fixed assets	6	0
Loss on valuation of investment securities	19	206
Loss on valuation of membership	4	0
Settlement package	-	81
Total extraordinary losses	30	288
Net profit before tax and adjustments	606	651
Corporate, resident and enterprise taxes	181	293
Adjustment for corporate tax, etc.	23	19
Total income taxes	204	312
Income before minority interest	401	339
Net profit	401	339

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

	2Q March 2012 Term (Apr. 1, 2011 – Sep. 30, 2011)	2Q March 2013 Term (Apr. 1, 2012 – Sep. 30, 2012)
Income before minority interest	401	339
Other comprehensive incomes		
Valuation difference on available-for-sale securities	(64)	24
Deferred hedge gains/losses	41	21
Foreign currency translation adjustment	(920)	(527)
Total of other comprehensive incomes	(944)	(481)
Comprehensive profit	(542)	(142)
(Details)		
Comprehensive income relating to parental company	(542)	(142)
Comprehensive income relating to minority shareholders	-	-

(3) Statements of Quarterly Cash Flows

(Million yen)

	2Q March 2012 Term (Apr. 1, 2011 – Sep. 30, 2011)	2Q March 2013 Term (Apr. 1, 2012 – Sep. 30, 2012)
Operating activities		
Net profit before tax and adjustments	606	651
Depreciation and amortization	149	123
Amortization of goodwill	11	6
Increase (decrease) in provision for retirement benefits	-	9
Decrease (increase) of prepaid pension expenses	25	34
Increase (decrease) of allowance for doubtful receivables	(1)	(0)
Interest and dividends income	(17)	(64)
Interest expense	14	7
Loss (gain) on sale of fixed assets	(2)	(0)
Loss (gain) on sales of investment securities	(0)	(299)
Loss (gain) on valuation of investment securities	19	206
Decrease (increase) of notes and accounts receivable	7,909	(9,854)
Decrease (increase) of inventories	2,540	(1,893)
Increase (decrease) of notes and accounts payable	(2,247)	7,326
Decrease (increase) of consumption and other taxes receivable	863	402
Increase (decrease) of consumption and other taxes payable	(1)	0
Others	95	(151)
Sub-total	9,965	(3,495)
Interest and dividend received	17	106
Interest paid	(13)	(7)
Income taxes (paid) refund	99	(134)
Net cash provided by (used in) operating activities	10,068	(3,530)
Investing activities		
Purchase of property and equipment	(14)	(11)
Proceeds from sale of property and equipment	1	0
Purchase of software	(6)	(22)
Purchase of investment securities	(20)	(0)
Proceeds from sale of investment securities	0	703
Others	(19)	29
Net cash provided by (used in) investing activities	(59)	698
Financing activities		
Proceeds from short-term loans	14,836	2,560
Repayment of short-term loans	(18,715)	(2,706)
Repayments of lease obligations	(16)	(12)
Net decrease (increase) of treasury stock	(0)	(0)
Dividend paid	(304)	(292)
Net cash used in financing activities	(4,199)	(450)
Foreign currency conversion adjustments for cash and cash equivalents	(70)	(79)
Increase (decrease) of cash and cash equivalents	5,738	(3,361)
Balance of cash and cash equivalents, beginning of the period	6,824	15,235
Balance of cash and cash equivalents, end of the period	12,563	11,873

(4) Notes regarding Going Concern

There are no relevant matters.

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

None

(6) Segment Information

(Segment Information)

I. 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 profit -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 profit is adjusted with the ordinary profit in the quarterly consolidated profit and loss statement.

II. 2Q March 2013 Term (Apr. 1, 2012 – Sep. 30, 2012)

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	63,837	5,171	69,008	-	69,008
Inter-segment sales or transfers	-	-	-	-	-
Total	63,837	5,171	69,008	-	69,008
Segment profit	243	486	729	(89)	640

Notes: 1. The adjustment amount of segment profit -89 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 profit is adjusted with the ordinary profit in the quarterly consolidated profit and loss statement.