

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



August 7, 2013

**Summary of Financial Results for the First Quarter of the Fiscal Year  
Ending March 31, 2014  
(Three Months Ended June 30, 2013)  
[Japan 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  
Enquiries to: Keiji Nishio, Director and General Manager of Finance Headquarters      Tel: +81-3-3453-5111  
Scheduled date of filing of Quarterly Report: August 13, 2013  
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 First Quarter of March 2014 Term (April 1, 2013 – June 30, 2013)****(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	%
1Q March 2014 Term	36,124	34.9	361	351.0	335	124.0	205	—
1Q March 2013 Term	26,785	(24.7)	80	(62.6)	149	(33.9)	(11)	—

(Note) Comprehensive profit    1Q March 2014 Term: 797 million yen (-%)    1Q March 2013 Term: -433 million yen (-%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
1Q March 2014 Term	7.14	—
1Q March 2013 Term	(0.39)	—

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 2013 Term	85,057	60,059	70.6
March 2013 Term	82,916	59,916	72.3

Reference) Shareholders' equity    1Q March 2014 Term: 60,059 million yen    March 2013 Term: 59,916 million yen

**2. Dividends**

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2013 Term	—	10.00	—	10.00	20.00
March 2014 Term	—				
March 2014 Term (forecast)		10.00	—	10.00	20.00

(Note) Revision of most recent dividend forecast: None

**3. Forecasts for Consolidated Business Performance for March 2014 Term (April 1, 2013 – March 31, 2014)***(The percentages represent year-on-year changes)*

	Net sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	80,000	15.9	650	5.1	650	1.5	400	17.9	14.19
Full year	170,000	14.9	2,000	(1.6)	2,000	22.7	1,400	23.8	49.68

(Note) Revision of most recent earnings forecast: None

**\* 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: None

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 3 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):

1Q March 2014 Term: 30,281,373 shares      March 2013 Term: 30,281,373 shares

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

1Q March 2014 Term: 2,101,632 shares      March 2013 Term: 1,501,550 shares

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

1Q March 2014 Term: 28,753,413 shares      1Q March 2013 Term: 29,279,963 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) Explanation of Forecasts for Consolidated Business Performance and Other Future Prospects” on page 3 of [Appendix] regarding the relevant matters for the above forecast for the business performance.

Contents of Appendix

1. Qualitative Information Concerning the Current Quarterly Settlement.....	2
(1) Explanation of Business Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Forecasts for Consolidated Business Performance and Other Future Prospects.....	3
2. Matters Concerning Summary Information (Notes) .....	3
(1) Significant Subsidiary Change in the Consolidated Cumulative Period of This Quarter.....	3
(2) Application of Unique Accounting to the Preparation of Quarterly Consolidated Financial Statements.....	3
(3) Change of Accounting Principles, Change of Accounting Estimate, and Redisplay after Revision .....	3
3. Quarterly Consolidated Financial Statements.....	4
(1) Quarterly Consolidated Balance Sheets .....	4
(2) Quarterly Consolidated Profit and Loss Statement, Consolidated Comprehensive Profit Statement.....	6
(3) Notes on Quarterly Consolidated Financial Statements.....	8
(Notes regarding Going Concern).....	8
(Notes regarding Remarkable Change of Shareholder's Equity) .....	8
(Segment Information).....	8

## 1. Qualitative Information Concerning the Current Quarterly Settlement

### (1) Explanation of Business Results

#### 1) Overview for the first quarter of the consolidated fiscal year ending March 2014

In the current first quarter of the consolidated cumulative period, despite a gradual recovery in the US economy, the global economy remained uncertain mainly due to the prolonged European debt problem and the distinct economic slowdown in emerging countries including China. In Japan, despite a sign of improvement in business confidence from expectations for drastic monetary easing and fiscal policy, a full-fledged recovery of the real economy did not materialize.

In the electronics industry, mobile devices such as smartphones and tablet PCs drove the semiconductor and electronic component markets, with their demand growing especially in China and Southeast Asia. The domestic IT industry as a whole was in a tough environment partly due to continued cautious stance of many companies on information-related investment and intensified price competition, although such investment was recovering on the back of a growing interest in business continuity plans (BCP) and improved corporate earnings.

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

As a result, net sales increased 34.9% year-on-year to 36,124 million yen, operating profit increased 351.0% to 361 million yen, ordinary profit increased 124.0% to 335 million yen, and net profit improved by 216 million yen to 205 million yen.

#### 2) Overview of performance by business segment

##### *(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 first quarter of the consolidated cumulative period, sales of both semiconductors and electronic components increased compared to the same period a year ago thanks to increased sales for mobile devices and the launch of new products.

As a result, consolidated segment sales increased 37.4% year-on-year to 34,007 million yen. The segment profit ended at 266 million yen (up 195.7% from the previous term).

Orders received totaled 47,041 million yen, while the order backlog stood at 45,765 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 current first quarter of the consolidated cumulative period, sales increased compared to the same period a year ago because sales of application software and embedded systems remained favorable.

As a result, consolidated segment sales increased 4.2% year-on-year to 2,117 million yen. The segment profit ended at 69 million yen (up 16.0% from the previous term).

Orders received totaled 4,219 million yen, while the order backlog stood at 7,382 million yen.

### (2) Explanation of Financial Position

#### Assets, liabilities and net assets

As of June 30, 2013, assets totaled 85,057 million yen. This represented an increase of 2,141 million yen compared with March 31, 2013. This was mainly attributable to an increase in cash and deposits of 4,167

million yen, and a decrease in consumption and other taxes receivable of 1,954 million yen.

Liabilities increased 1,998 million yen to 24,998 million yen, mainly because of a 2,099 million yen increase in notes and accounts payable-trade.

Net assets increased 143 million yen to 60,059 million yen, mainly because of a 366 million yen increase in treasury stock, and a 481 million yen increase in foreign exchange conversion adjustments.

**(3) Explanation of Forecasts for Consolidated Business Performance and Other Future Prospects**

The Company has not changed the forecasts for consolidated business performance for the full and half year from the ones stated in the "Summary of Financial Results for Fiscal Year Ended March 31, 2013" (announced on May 15, 2013).

**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 estimate

(Changes in years over which actuarial gain or loss and prior service cost are amortized related to the provision for retirement benefits)

Effective from the first quarter under review, the Company has changed the years over which actuarial gain or loss and prior service cost are amortized from the previous figure of 13 years to 10 years since the average remaining service period of employees became shorter.

As a result of the above change, operating profit, ordinary profit, and net profit before tax and adjustments for the current first quarter of the consolidated cumulative period increased by 19 million yen, respectively, from those under the previous method.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	March 2013 Term (As of Mar. 31, 2013)	1Q March 2014 Term (As of Jun. 30, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	11,164	15,332
Notes and accounts receivable-trade	38,844	39,005
Merchandise inventories	22,704	22,391
Partly-finished work	0	20
Others	3,712	1,776
Allowance for doubtful receivables	(36)	(35)
Total current assets	76,391	78,491
Fixed assets		
Property and equipment	4,245	4,251
Intangible fixed assets		
Goodwill	39	35
Others	138	142
Total intangible fixed assets	177	178
Investments and other assets		
Others	2,163	2,196
Allowance for doubtful receivables	(61)	(59)
Total investments and other assets	2,102	2,137
Total fixed assets	6,525	6,566
Total assets	82,916	85,057
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	16,795	18,895
Short-term loans payable	3,357	3,774
Accrued corporate tax, etc.	543	112
Allowance	541	298
Others	1,509	1,628
Total current liabilities	22,746	24,708
Fixed liabilities		
Provision for retirement benefits	80	74
Others	173	215
Total fixed liabilities	253	290
Total liabilities	23,000	24,998

(Million yen)

	March 2013 Term (As of Mar. 31, 2013)	1Q March 2014 Term (As of Jun. 30, 2013)
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,329	15,329
Retained earnings	32,743	32,660
Treasury stock	(1,089)	(1,455)
Total shareholders' equity	61,795	61,346
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	244	336
Deferred hedge gains/losses	(344)	(326)
Foreign exchange conversion adjustments	(1,778)	(1,297)
Total Accumulated other comprehensive income	(1,879)	(1,286)
Total net assets	59,916	60,059
Total liabilities and net assets	82,916	85,057

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

(Million yen)

	1Q March 2013 Term (Apr. 1, 2012 – Jun. 30, 2012)	1Q March 2014 Term (Apr. 1, 2013 – Jun. 30, 2013)
Net sales	26,785	36,124
Cost of sales	24,509	33,431
Gross profit on sales	2,276	2,692
Selling, general and administrative expenses	2,196	2,331
Operating profit	80	361
Non-operating profit		
Interest income	5	4
Dividend income	51	66
Foreign exchange gains	4	—
Others	12	19
Total non-operating profit	74	89
Non-operating expenses		
Interest expenses	4	6
Sales discounts	0	5
Foreign exchange loss	—	94
Others	0	9
Total non-operating expenses	5	115
Ordinary profit	149	335
Extraordinary profits		
Gain on sale of fixed assets	0	1
Gain on sale of investment securities	—	1
Total extraordinary profits	0	3
Extraordinary losses		
Loss on sales of noncurrent assets	—	0
Loss on valuation of investment securities	104	—
Loss on valuation of membership	0	—
Total extraordinary losses	104	0
Net profit before tax and adjustments	45	338
Corporate, resident and enterprise taxes	78	72
Adjustment for corporate tax, etc.	(21)	60
Total income taxes	56	133
Income (loss) before minority interest	(11)	205
Net profit (loss)	(11)	205

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

	1Q March 2013 Term (Apr. 1, 2012 – Jun. 30, 2012)	1Q March 2014 Term (Apr. 1, 2013 – Jun. 30, 2013)
Income (loss) before minority interest	(11)	205
Other comprehensive incomes		
Valuation difference on available-for-sale securities	(36)	92
Deferred hedge gains/losses	14	18
Foreign currency translation adjustment	(399)	481
Total of other comprehensive incomes	(421)	592
Comprehensive profit	(433)	797
(Details)		
Comprehensive income relating to parental company	(433)	797
Comprehensive income relating to minority shareholders	—	—

**(3) Notes on Quarterly Consolidated Financial Statements**

(Notes regarding Going Concern)

There are no relevant matters.

(Notes regarding Remarkable Change of Shareholder's Equity)

None

(Segment Information)

I. 1Q March 2013 Term (Apr. 1, 2012 – Jun. 30, 2012)

Information regarding the amounts of sales, profit or loss in each report segment

(Million yen)

	Device segment	Solution segment	Total
Net sales			
Sales to outside customers	24,753	2,032	26,785
Inter-segment sales or transfers	-	-	-
Total	24,753	2,032	26,785
Segment profit	90	59	149

Notes: The segment profit is consistent with the ordinary profit in the quarterly consolidated profit and loss statement.

II. 1Q March 2014 Term (Apr. 1, 2013 – Jun. 30, 2013)

Information regarding the amounts of sales, profit or loss in each report segment

(Million yen)

	Device segment	Solution segment	Total
Net sales			
Sales to outside customers	34,007	2,117	36,124
Inter-segment sales or transfers	-	-	-
Total	34,007	2,117	36,124
Segment profit	266	69	335

Notes: The segment profit is consistent with the ordinary profit in the quarterly consolidated profit and loss statement.

## 2. Matters concerning changes in report segments

(Changes in methods calculating the profit or loss of report segments)

Effective from the first quarter under review, the methods of allocating expenses to each business segment have changed in order to manage the performance of each segment more precisely.

Based on the above changes, the segment profit for the previous first quarter of the consolidated cumulative period was prepared in accordance with the amended calculation methods.