



February 5, 2015

**Summary of Financial Results for the First Three Quarters of the Fiscal Year  
Ending March 31, 2015  
(Nine Months Ended December 31, 2014)  
[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: February 9, 2015  
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 Three Quarters of March 2015 Term  
(April 1, 2014 – December 31, 2014)**

(1) Consolidated business performance (cumulative)

*(% figures represent year-on-year increase or decrease)*

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q March 2015 Term	156,419	7.9	2,279	44.1	2,177	33.5	1,445	36.8
3Q March 2014 Term	144,985	26.1	1,582	50.5	1,631	72.1	1,056	57.5

(Note) Comprehensive income 3Q March 2015 Term: 3,066 million yen (8.2%); 3Q March 2014 Term: 2,834 million yen (58.0%)

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
3Q March 2015 Term	51.28		—	
3Q March 2014 Term	37.24		—	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
3Q March 2015 Term	98,662		64,692		65.6	
March 2014 Term	93,522		62,255		66.6	

(Reference) Shareholders' equity 3Q March 2015 Term: 64,692 million yen; March 2014 Term: 62,255 million yen

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2014 Term	—	10.00	—	10.00	20.00
March 2015 Term	—	10.00	—	—	—
March 2015 Term (forecast)	—	—	—	10.00	20.00

(Note) Revision of most recent forecast on dividends: None

**3. Forecasts for Consolidated Business Performance for March 2015 Term (April 1, 2014 – March 31, 2015)***(% figures represent year-on-year increase or decrease)*

	Net sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	195,000	1.4	2,550	1.3	2,450	(7.8)	1,650	(8.7)	58.55

(Note) Revision of most recent forecast on earnings: None

**\* Annotations**

(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: None

4) Redisplay after revision: None

(Note) For further information, 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].

(4) Number of shares outstanding (ordinary shares)

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

3Q March 2015 Term: 29,281,373 shares                      March 2014 Term: 29,281,373 shares

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

3Q March 2015 Term: 1,102,116 shares                      March 2014 Term: 1,101,952 shares

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

3Q March 2014 Term 28,179,324 shares                      3Q March 2014 Term: 28,369,549 shares

**\* Indication concerning execution condition of quarterly review procedures**

At the time of disclosure of these quarterly financial statements, the review procedures for the quarterly financial statements pursuant to the Financial Instruments and Exchange Law have not been completed.

**\* Cautionary statement regarding forward-looking statements**

The projected results and forward-looking statements included in this document reflect the Company's expectations based on information available at the time of release, and are not intended as a guarantee that the Company will achieve these targets. 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.

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## 1. Qualitative Information Concerning the Current Quarterly Settlement

### (1) Explanation of Business Results

In the consolidated nine-month period under review, the global economic outlook grew increasingly uncertain owing this to a visible slowdown in the Chinese economy among others, and despite the gradual recovery trend in the United States, and also the signs of a slight recovery in Europe's overall business climate. In Japan, despite some signs of weakness in demand accompanying the consumption tax hike, the economy stayed on a moderate recovery path, supported by economic and monetary-easing policies taken by the government.

In the electronics industry, the increase in demand for mobile devices, including smartphones and tablet PCs, continued to drive the semiconductor and electronic component markets. Meanwhile, in the domestic IT industry, despite signs of moderate recovery in companies' willingness to invest, the demand situation remained tough, reflecting among others the drop in demand following the pre-tax hike purchasing rush.

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, the consolidated business performance during the nine months ended December 31, 2014, included year-on-year increases in: net sales - up 7.9% to ¥156,419 million, operating profit - up 44.1% to ¥2,279 million, ordinary profit - up 33.5% to ¥2,177 million, and net profit - up 36.8% to ¥1,445 million.

The operating results for each business segment are as follows:

#### *Device segment*

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 consolidated first three quarters under review, despite a decline in sales for the TOY sector, sales for social and industrial/vehicle-mounted systems remained solid.

As a result, consolidated segment sales increased 8.3% year-on-year to ¥147,496 million. The segment profit ended at ¥1,612 million, up 50.3% year-on-year.

Orders received totaled ¥156,721 million, while the order backlog stood at ¥46,129 million.

#### *Solution segment*

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 consolidated first three quarters under review, in spite of a negative impact in demand following the pre-tax hike purchasing rush, sales to public institutions improved steadily while sales in video-related products focused on portable video transmitters increased.

As a result, consolidated segment sales increased 0.8% year-on-year to ¥8,923 million. The segment profit ended at ¥565 million, up 1.1% year-on-year.

Orders received totaled ¥13,022 million, while the order backlog stood at ¥5,624 million.

### (2) Explanation of Financial Position

Assets, liabilities and net assets

As of December 31, 2014, assets totaled ¥98,662 million. This represented an increase of ¥5,139 million, compared to March 31, 2014. This was mainly attributable to a ¥9,579 million increase in notes and accounts receivable-trade, a ¥1,998 million increase in merchandise inventories, as well as a ¥7,601 million decrease in cash and deposits, etc.

Liabilities totaled ¥33,969 million. This represented an increase of ¥2,702 million, compared to March 31, 2014. This was mainly attributable to a ¥3,062 million increase in notes and accounts payable-trade, etc.

Net assets increased ¥2,437 million to ¥64,692 million, because of an ¥815 million increase in retained earnings, and a ¥1,687 million increase in foreign currency translation adjustment, etc.

**(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 year from the ones stated in the “Summary of Financial Results for Fiscal Year Ended March 31, 2014” (announced on May 14, 2014).

**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

Application of the Accounting Standards for Retirement Benefits

We have adopted “Accounting Standards regarding Retirement Benefits” (Application Guidance of Corporate Accounting Standards, No. 26, May 17, 2012; hereinafter referred to as the “Accounting Standard for Retirement Benefits”) and “Application Guidelines for Accounting Standard regarding Retirement Benefits” (Application Guidance of Corporate Accounting Standards, No. 25, May 17, 2012; hereinafter referred to as the “Application Guidelines for Retirement Benefits”) from the consolidated first quarter on provisions stipulated in the texts of the Sector 35 of the Accounting Standards for Retirement Benefits and of the Section 67 of the Application Guidelines for Retirement Benefits: we have revised the accounting method for retirement benefit obligations and service liabilities, and we have changed our method of attributing projected retirement benefits from a fixed amount standard to a payment calculation standard along with changing the method of discount determination to a method that uses single-weighted average discount rate reflecting timing and amounts, either than the discount rate based on the average remaining years of service.

To apply the Retirement Benefits Accounting Standards, we comply with the transitional handling stipulated in the Section 37 of Retirement Benefits Accounting Standards, and effect of changes of accounting method for retirement benefit obligations and service expenses, financial effects are added to or subtracted from retained earnings, at the beginning of the consolidated nine-month period under review.

As a result, net defined benefit liabilities increased by ¥102 million, while retained earnings decreased by ¥65 million, as of the beginning of the consolidated nine-month period under review. Also, in the consolidated first three quarters under review, operating profit, ordinary profit and net profit before tax and other adjustments decreased by ¥14 million, respectively.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	March 2014 Term (As of Mar. 31, 2014)	3Q March 2015 Term (As of Dec. 31, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	21,758	14,157
Notes and accounts receivable-trade	48,723	58,302
Merchandise inventories	13,435	15,433
Partly-finished work	22	368
Others	3,492	4,176
Allowance for doubtful accounts	(13)	(11)
Total current assets	87,419	92,426
Non-current assets		
Property and equipment	4,029	3,984
Intangible assets		
Goodwill	37	25
Others	145	247
Total intangible assets	182	272
Investments and other assets		
Others	2,027	2,159
Allowance for doubtful accounts	(136)	(180)
Total investments and other assets	1,891	1,978
Total non-current assets	6,103	6,235
Total assets	93,522	98,662
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	24,000	27,063
Short-term loans payable	4,524	4,431
Accrued corporate tax, etc.	520	181
Allowance	650	315
Others	928	1,265
Total current liabilities	30,623	33,255
Non-current liabilities		
Net defined benefit liabilities	398	503
Others	245	209
Total non-current liabilities	643	713
Total liabilities	31,267	33,969

	(Millions of yen)	
	March 2014 Term (As of Mar. 31, 2014)	3Q March 2015 Term (As of Dec. 31, 2014)
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,329	15,329
Retained earnings	33,400	34,216
Treasury stock	(763)	(763)
Total shareholders' equity	62,778	63,594
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	485	493
Deferred hedge gains/losses	84	33
Foreign currency translation adjustment	(870)	817
Remeasurements of defined benefit plans	(223)	(245)
Total Accumulated other comprehensive income	(523)	1,098
Total net assets	62,255	64,692
Total liabilities and net assets	93,522	98,662

**(2) Quarterly Consolidated Profit and Loss Statement, Consolidated Comprehensive Profit Statement**  
 (Quarterly Consolidated Profit and Loss Statement of the First Three-Quarter Period)

	(Millions of yen)	
	3Q March 2014 Term (Apr. 1, 2013 - Dec. 31, 2013)	3Q March 2015 Term (Apr. 1 2014 - Dec. 31, 2014)
Net sales	144,985	156,419
Cost of sales	136,126	146,426
Gross profit on sales	8,859	9,993
Selling, general and administrative expenses	7,277	7,713
Operating profit	1,582	2,279
Non-operating profit		
Interest income	10	8
Dividend income	75	20
Foreign exchange gains	14	—
Others	47	57
Total non-operating profit	148	87
Non-operating expenses		
Interest expenses	18	17
Sales discounts	28	35
Foreign exchange loss	—	23
Loss on sales of electronically recorded monetary claims	45	108
Others	5	3
Total non-operating expenses	98	189
Ordinary profit	1,631	2,177
Extraordinary profits		
Gain on sales of non-current assets	1	0
Gain on sale of investment securities	1	0
Total extraordinary profits	3	0
Extraordinary losses		
Loss on sales of non-current assets	65	—
Loss on retirement of non-current assets	2	3
Total extraordinary losses	68	3
Net profit before tax and other adjustments	1,566	2,174
Corporate, resident and enterprise taxes	355	592
Adjustment for corporate tax, etc.	155	137
Total income taxes	510	729
Income (loss) before minority interest	1,056	1,445
Net profit	1,056	1,445



## (Quarterly Consolidated Comprehensive Profit Statement of the First Three-Quarter Period)

	(Millions of yen)	
	3Q March 2014 Term (Apr. 1, 2013 - Dec. 31, 2013)	3Q March 2015 Term (Apr. 1 2014 - Dec. 31, 2014)
Income (loss) before minority interest	1,056	1,445
Other comprehensive incomes		
Valuation difference on available-for-sale securities	239	8
Deferred hedge gains (losses)	405	(51)
Foreign currency translation adjustment	1,132	1,687
Remeasurements of defined benefit plans, net of tax	—	(22)
Total other comprehensive income	1,778	1,621
Comprehensive profit	2,834	3,066
(Details)		
Comprehensive income relating to parental company	2,834	3,066
Comprehensive income relating to minority shareholders	—	—

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

(Notes regarding Going Concern)

None.

(Notes regarding Remarkable Change of Shareholder's Equity)

None.

(Segment Information)

I. Nine months ended December 31, 2013 (Apr. 1, 2013 - Dec. 31, 2013)

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

(Millions of yen)

	Device segment	Solution segment	Total
Net sales			
Sales to outside customers	136,132	8,852	144,985
Inter-segment sales or transfers	—	—	—
Total	136,132	8,852	144,985
Segment profit	1,072	558	1,631

(Note) The segment profit is consistent with the ordinary profit in the quarterly consolidated profit and loss statement.

II. Nine months ended December 31, 2014 (Apr. 1, 2014 - Dec. 31, 2014)

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

(Millions of yen)

	Device segment	Solution segment	Total
Net sales			
Sales to outside customers	147,496	8,923	156,419
Inter-segment sales or transfers	—	—	—
Total	147,496	8,923	156,419
Segment profit	1,612	565	2,177

(Note) The segment profit is consistent with the ordinary profit in the quarterly consolidated profit and loss statement.