SHENZHEN – **SinoHub** reported third-quarter net sales of $52 million, down 7.3% year-over-year.

The year-over-year decrease was primarily attributable to a decline in sales in the company's ICM business segment. Sales in the ICM business segment in the third quarter were $16.9 million, down 11.4% year-over-year.

Total net income for the quarter was $2.6 million, down 56.7% year-over-year.

Net sales from the electronic component sales and supply chain management services segment for the third quarter were $35.1 million, down 4.4% compared to the third quarter of 2010. The primary reason for the decrease in the ECSS business segment was the increasing maturity of the 2G market and the lack of clear leadership in the 3G market, the firm says.

The company has begun the process of shifting the electronic component sales portion of its ECSS segment, which constitutes most of this segment, to a brokerage model. This should result in much lower revenue, but much higher gross margins, SinoHub says.

"Our results for the third quarter were largely in line with our expectations, as we continued to be impacted by the decline in ICM revenue following the cut back in orders from a major customer in the second quarter," said SinoHub's CEO, Harry Cochran. "We have successfully broadened our base of smaller ICM customers placing higher margin orders, which led to an improvement in our ICM gross profit margin from the low in the previous quarter. We have also made significant inroads with a number of large developing market mobile phone operators."

The company reiterates its sales outlook of approximately 2.5 million mobile phones in 2011, and its full-year 2011 revenue guidance of approximately $195 million.