



Flash Report for the Third-Quarter Period Ended December 31, 2009 (on a consolidated basis)

February 5, 2010

Name: Shindengen Electric Manufacturing Co., Ltd. Securities Exchange: Tokyo Stock Exchange
Code Number: 6844 Registered Head Office: Tokyo

(URL <http://www.shindengen.co.jp/>)

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Date for initiation of dividend payments (subject to change): not applicable

* All amounts are rounded down to the nearest million yen.

1. Results for the Third-Quarter Period (April 1 to December 31, 2009)

(1) Operating results (¥ million)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net loss	
3rd quarter ended December 31, 2009	¥54,044	(24.0)%	¥1,668	—%	¥1,007	—%	¥(1,873)	—%
3rd quarter ended December 31, 2008	71,139	—	(248)	—	(1,602)	—	(6,080)	—
					Net loss per share (¥) basic		Net income per share (¥) diluted	
3rd quarter ended December 31, 2009					¥(20.25)		¥ —	
3rd quarter ended December 31, 2008					(70.08)		—	

Note: Percentage figures for net sales, operating income (loss), ordinary income (loss) and net loss represent year-on-year declines.

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of December 31, 2009	¥94,575	¥29,912	31.2%	¥261.77
As of March 31, 2009	90,620	23,764	25.8	269.71

Note: Owners' equity

As of December 31, 2009: ¥29,513 million As of March 31, 2009: ¥23,390 million

2. Dividends

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Year ended March 31, 2009	¥ —	¥3.50	¥ —	¥0.00	¥3.50
Year ending March 31, 2010	—	0.00	—		
Year ending March 31, 2010 (forecast)				0.00	0.00

Notes: 1. Revisions to dividend payment forecasts during the reporting period: applicable

2. The amounts described above are limited to dividend payments on ordinary shares of the Company's common stock.

Regarding Class shares (unlisted), which are different in nature from ordinary shares in terms of the claims and obligations shareholders, please refer to the following page on the Company's dividend payment forecast.

3. Business Performance Forecasts for the Year Ending March 31, 2010

(April 1, 2009 to March 31, 2010)

(¥ million)

	Net sales		Operating income		Ordinary income		Net loss		Net loss per share (¥)
Full term	¥72,400	(15.1)%	¥4,000	—%	¥3,000	—%	¥(1,100)	—%	¥(11.56)

Notes: 1. Percentage figures represent year-on-year declines.

2. Revisions to performance forecasts during the reporting period: not applicable

4. Others

(1) Changes in the scope of consolidation

Inclusion: none

Exclusion: none

(2) Application of simplified methods for accounting procedures: applicable

(3) Changes in significant accounting policies

Changes in accounting standard: not applicable

Other: applicable

(4) Number of ordinary shares issued at the end of the period

As of December 31, 2009: 103,388,848 shares As of March 31, 2009: 87,027,848 shares

Number of shares in treasury at the end of the period

As of December 31, 2009: 311,795 shares As of March 31, 2009: 304,801 shares

Average number of shares during the period

3rd quarter ended December 31, 2009: 92,548,715 shares

3rd quarter ended December 31, 2008: 86,760,433 shares

5. Explanation of Appropriate Use of Business Performance Forecasts

(1) The above forecasts are based on data available as of the date of release of this document as well as assumptions based on uncertain factors, which might have a material effect on the Company's performance in the future. Readers are advised that actual results may differ substantially from the above forecasts due to various unforeseeable factors.

(2) We have calculated the Company's net loss per share taking into consideration an increase in the outstanding number of ordinary shares during the current fiscal year. Assumptions in calculating the Company's latest net loss per share forecast are as follows.

Number of ordinary shares issued at the end of the year: 103,388,848 shares

Number of shares in treasury at the end of the year: 311,795 shares

Average number of shares during the year: 95,144,744 shares

(3) The dividend payment forecast on the Class A preferred shares is as follows.

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Year ending March 31, 2010 (forecast)				¥6.50	¥6.50

Note: The yen amounts are rounded up/down to the second decimal place.

Millions of yen

As of December 31, 2009 As of March 31, 2009

Liabilities

Current liabilities:

Trade notes and accounts payable	¥14,013	¥11,764
Short-term borrowings	12,718	11,860
Current portion of bonds	—	2,000
Current portion of bonds with non-detachable warrants	204	204
Income taxes payable	—	28
Accrued bonuses	—	471
Other current liabilities	2,277	6,929
Total current liabilities	29,213	33,258

Long-term liabilities:

Bonds	10,000	8,000
Long-term borrowings	16,069	16,313
Accrued retirement benefits	7,537	7,421
Accrued retirement benefits for directors	66	59
Deferred tax liabilities	0	0
Other	1,775	1,804
Total long-term liabilities	35,449	33,598
Total liabilities	64,663	66,856

Net assets

Shareholders' equity:

Common stock	17,823	14,773
Capital surplus	13,555	13,981
Accumulated deficit	(1,039)	(2,640)
Treasury stock	(104)	(103)
Total shareholders' equity	30,234	26,010

Valuation and translation adjustments:

Unrealized gain (loss) on available-for-sale securities	525	(1,237)
Foreign currency translation adjustments	(1,247)	(1,382)
Total valuation and translation adjustments	(721)	(2,620)

Minority interests in consolidated subsidiaries

	399	373
Total net assets	29,912	23,764
Total liabilities and net assets	¥94,575	¥90,620

Consolidated Statements of Operations

	Millions of yen	
	3rd quarter ended December 31, 2009	3rd quarter ended December 31, 2008
Net sales	¥54,044	¥71,139
Cost of sales	44,977	61,376
Gross profit	9,066	9,763
Selling, general and administrative expenses	7,398	10,011
Operating income (loss)	1,668	(248)
Nonoperating income:		
Interest income	34	106
Dividend received	101	216
Foreign exchange gain	54	—
Equity in earnings of affiliates	119	—
Rental revenues	88	—
Subsidy	218	—
Other	146	372
Total nonoperating income	764	695
Nonoperating expenses:		
Interest expenses	594	387
Foreign exchange loss	—	884
Amortization of transition amount for accrued retirement benefits	463	463
Other	368	314
Total nonoperating expenses	1,425	2,049
Ordinary income (loss)	1,007	(1,602)
Extraordinary income:		
Gain on sale of investments in securities	—	55
Gain on sale of investments in affiliates	—	54
Total extraordinary income	—	109
Extraordinary losses:		
Corporate restructuring expenses	1,283	—
Loss on impairment of fixed assets	220	—
Loss on valuation of investments in securities	191	442
Loss on liquidation of affiliates	119	—
Total extraordinary losses	1,815	442
Loss before income taxes	(808)	(1,935)
Income taxes – current	433	559
Income taxes – deferred	601	3,554
Total income taxes	1,035	4,113
Minority interests in net income of consolidated subsidiaries	30	31
Net loss	¥(1,873)	¥(6,080)

Note: Amounts under one million yen are omitted.

Consolidated Statements of Cash Flows

	Millions of yen	
	3rd quarter ended December 31, 2009	3rd quarter ended December 31, 2008
Cash flows from operating activities:		
Loss before income taxes	¥ (808)	¥(1,935)
Depreciation and amortization	3,423	3,692
Decrease in accrued bonuses	(471)	(1,008)
Increase in accrued retirement benefits	114	456
Increase (decrease) in accrued retirement benefits for directors	7	(503)
Loss on impairment of fixed assets	220	—
Loss on liquidation of affiliates	119	—
Share issue expenses	64	—
Bond issue expenses	51	—
Interest and dividend income	(136)	(322)
Interest expenses	594	387
Gain on sale of investments in securities	—	(55)
Gain on sale of investments in affiliates	—	(54)
Loss on valuation of investments in securities	191	442
Increase in notes and accounts receivable	(1,812)	(838)
Decrease (increase) in inventories	3,370	(1,372)
Increase (decrease) in notes and accounts payable	1,923	(671)
Other – net	(3,372)	2,326
Sub-total	3,480	543
Interest and dividend received	144	339
Interest paid	(585)	(344)
Income taxes paid	(484)	(981)
Net cash provided by (used in) operating activities	2,554	(442)
Cash flows from investing activities:		
Proceeds from sale of investments in securities	—	555
Proceeds from sale of investments in affiliates	—	60
Payment for investments in partnership of affiliates	(97)	—
Purchases of tangible fixed assets	(1,721)	(2,885)
Proceeds from sale of tangible fixed assets	155	1,683
Other – net	(12)	46
Net cash used in investing activities	(1,675)	(540)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans	699	390
Proceeds from long-term debt	3,011	6,750
Repayment of long-term debt	(3,158)	(2,509)
Proceeds from issuance of bonds	1,948	—
Redemption of bonds	(2,000)	—
Proceeds from issuance of shares	6,034	—
Cash dividends paid	—	(607)
Cash dividends paid to minority shareholders	(5)	(5)
Other – net	(237)	(16)
Net cash provided by financing activities	6,292	4,002
Effect of exchange rate changes on cash and cash equivalents	66	(777)
Net increase in cash and cash equivalents	7,237	2,243
Cash and cash equivalents at beginning of period	14,243	8,947
Cash and cash equivalents at end of period	¥21,481	¥11,191

Note: Amounts under one million yen are omitted.

Segment Information

Industry segment information

	Millions of yen					
	3rd quarter ended December 31, 2009					
	Devices	Equipment	Other	Total	Elimination or corporate	Consolidated
Net sales:						
Outside customers	¥22,341	¥28,455	¥3,247	¥54,044	¥ —	¥54,044
Inter-group	1,684	9	—	1,693	(1,693)	—
Total	24,025	28,464	3,247	55,738	(1,693)	54,044
Operating income	621	3,088	166	3,876	(2,207)	1,668

	Millions of yen					
	3rd quarter ended December 31, 2008					
	Devices	Equipment	Other	Total	Elimination or corporate	Consolidated
Net sales:						
Outside customers	¥30,173	¥36,842	¥4,123	¥71,139	¥ —	¥71,139
Inter-group	1,368	13	—	1,381	(1,381)	—
Total	31,541	36,855	4,123	72,521	(1,381)	71,139
Operating income (loss)	(678)	2,947	211	2,480	(2,729)	(248)

Notes: 1. Amounts under one million yen are omitted.

2. Principal products of each segment:

Devices: Rectifier diodes, Thyristors, Power transistors, Power ICs, Hybrid ICs

Equipment: Rectifiers for information communication, Switching power supplies, High frequency power supply components, DC/DC converters, Automotive electronics components

Other: Solenoids

3. Changes to accounting standards:

a. Change in method of valuation of inventory assets

The Company has adopted the "Accounting Standards for the Valuation of Inventory Assets (ASBJ Statement No. 9, July 5, 2006)" with effect from the previous first-quarter period. In line with this change, compared with the figures that would have resulted from the use of the previous accounting standards, operating income for the previous third-quarter period, increased by ¥419 million for the Devices segment and operating income declined by ¥373 million for the Equipment segment and ¥3 million for the Other segment.

b. Application of new accounting standards for the accounting procedures of foreign subsidiaries for consolidated financial statements

As of the previous first-quarter period, the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force Report No. 18, May 17, 2006) is being applied. In line with this change, compared with the figures that would have resulted from the use of the previous accounting standards, operating loss for the previous third-quarter period, increased by ¥35 million for the Devices segment and operating income declined by ¥69 million for the Equipment.

Information by geographic segment

	Millions of yen						
	3rd quarter ended December 31, 2009						
	Japan	Asia	North America	Europe	Total	Elimination or corporate	Consolidated
Net sales:							
Outside customers	¥37,976	¥14,497	¥895	¥675	¥54,044	¥ —	¥54,044
Inter-group	14,537	9,221	0	—	23,759	(23,759)	—
Total	52,514	23,718	895	675	77,804	(23,759)	54,044
Operating income (loss)	2,190	1,717	(61)	29	3,876	(2,207)	1,668

	Millions of yen						
	3rd quarter ended December 31, 2008						
	Japan	Asia	North America	Europe	Total	Elimination or corporate	Consolidated
Net sales:							
Outside customers	¥46,967	¥21,169	¥1,860	¥1,142	¥ 71,139	¥ —	¥71,139
Inter-group	18,934	15,783	6	—	34,724	(34,724)	—
Total	65,901	36,953	1,867	1,142	105,864	(34,724)	71,139
Operating income (loss)	1,142	1,355	(37)	20	2,480	(2,729)	(248)

Notes: 1. Amounts under one million yen are omitted.

2. These countries are classified as follows:

Asia: Thailand, Singapore, Philippines, China, Indonesia

North America: U.S.A.

Europe: U.K.

3. Changes to accounting standards:

a. Change in method of valuation of inventory assets

The Company has adopted the “Accounting Standards for the Valuation of Inventory Assets (ASBJ Statement No. 9, July 5, 2006)” with effect from the previous first-quarter period. In line with this change, compared with the figures that would have resulted from the use of the previous accounting standards, operating income for the previous third-quarter period, declined by ¥796 million for the Japan segment.

b. Application of new accounting standards for the accounting procedures of foreign subsidiaries for consolidated financial statements

As of the previous first-quarter period, the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force Report No. 18, May 17, 2006) is being applied. In line with this change, compared with the figures that would have resulted from the use of the previous accounting standards, operating income for the previous third-quarter period, declined by ¥103 million for the Asia segment and operating loss increased by less than ¥1 million for North America segment.

Overseas sales

	Millions of yen				
	3rd quarter ended December 31, 2009				
	Asia	North America	Europe	Other area	Total
Overseas sales	¥21,646	¥1,552	¥1,426	¥27	¥ 24,652
Consolidated net sales					¥ 54,044
Overseas sales as a percentage of consolidated net sales	40.1%	2.9%	2.6%	0.0%	45.6%

	Millions of yen				
	3rd quarter ended December 31, 2008				
	Asia	North America	Europe	Other area	Total
Overseas sales	¥26,979	¥2,648	¥2,372	¥59	¥ 32,060
Consolidated net sales					¥ 71,139
Overseas sales as a percentage of consolidated net sales	37.9%	3.7%	3.4%	0.1%	45.1%

Notes: 1. Amounts under one million yen are omitted.

2. The term “overseas sales” refers to sales posted by the reporting entity (“the Company”) and its consolidated subsidiaries registered in countries outside of Japan.

3. These countries are classified as follows:

Asia: Thailand, Singapore, Philippines, China, Indonesia

North America: U.S.A.

Europe: U.K.

Other area: Brazil

Notice Concerning Significant Change in Shareholders' Equity

On September 25, 2009 the Company issued ordinary shares through a private placement, which resulted in increases of ¥1,799 million in both common stock and capital surplus as of the end of the first-half period of the current fiscal year.

Moreover, on October 29, 2009 the Company issued Class A preferred shares through a private placement, which resulted in increases of ¥1,249 million in both common stock and capital surplus as of the end of the third quarter of the current fiscal year.