



Flash Report for the First-Half Period Ended September 30, 2010 [Japan GAAP] (on a consolidated basis)

November 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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Scheduled date for submission of Quarterly Report: November 10, 2010

Date for initiation of dividend payments (subject to change): —

Prepared quarterly earnings results briefing material: Yes

Held quarterly earnings results briefing (for institutional investors and securities analysts): Yes

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

1. Results for the First-Half Period (April 1 to September 30, 2010)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income (loss)		Net income (loss)	
1st half ended September 30, 2010	¥45,271	34.8%	¥4,311	—%	¥3,387	—%	¥2,475	—%
1st half ended September 30, 2009	33,583	(31.2)	231	(59.1)	(107)	—	(1,949)	—
			Net income (loss) per share (¥)		Net income per share (¥)			
			basic		diluted			
1st half ended September 30, 2010			¥23.16		¥ —			
1st half ended September 30, 2009			(22.34)		—			

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

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of September 30, 2010	¥104,236	¥33,428	31.6%	¥294.62
As of March 31, 2010	97,965	31,829	32.0	279.60

Note: Owners' equity

As of September 30, 2010: ¥32,954 million

As of March 31, 2010: ¥31,393 million

2. Dividends

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Year ended March 31, 2010	¥—	¥0.00	¥—	¥0.00	¥0.00
Year ending March 31, 2011	—	0.00			
Year ending March 31, 2011 (forecast)			—	—	—

Note: Revisions to dividend payment forecasts during the reporting period: None

No decision has yet been taken regarding the dividend for the fiscal year ending March 31, 2011.

“Dividends” above refers to dividend payments on ordinary shares of the Company's common stock. For information on dividends paid on class shares (unlisted) issued by the Company that are different in nature from ordinary shares in terms of claims and obligations, please see “5. Dividends by Class Shares”.

3. Business Performance Forecasts for the Year Ending March 31, 2011

(April 1, 2010 to March 31, 2011)

(¥ million)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (¥)
Full term	¥81,900	5.1%	¥5,000	(10.1)%	¥4,000	(16.7)%	¥2,500	—%	¥22.56

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

2. Revisions to performance forecasts during the reporting period: None

4. Others

(1) Changes in the scope of consolidation

Inclusion: None

Exclusion: None

(Note) Any changes in specific subsidiaries causing a change in the scope of consolidation during the fiscal quarter under review.

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

(Note) Application of any simplified accounting methods or special accounting methods for the preparation of consolidated quarterly financial statements.

(3) Changes in significant accounting policies

Changes in accounting standard: Yes

Other: None

(Note) Any changes in accounting principles, procedures or presentation methods related to the preparation of quarterly consolidated financial statements.

(4) Number of shares issued, end of period (including treasury stock)

As of September 30, 2010: 103,388,848 shares As of March 31, 2010: 103,388,848 shares

Number of shares in treasury at the end of the period

As of September 30, 2010: 318,390 shares As of March 31, 2010: 314,520 shares

Average number of shares during the period

1st half ended September 30, 2010: 103,071,644 shares 1st half ended September 30, 2009: 87,255,497 shares

*Disclosure of Implementation Status of Quarterly Review Procedures

Quarterly review procedures under the Financial Instruments and Exchange Law had not been completed as of the release of this financial report. (This quarterly financial report is not subject to quarterly review procedures under Japan's Financial Instruments and Exchange Law.)

*Appropriate use of earnings forecasts and other matters

The earnings forecasts and other forward-looking statement noted in this document are based on information available at the time and on assumptions deemed rational. Actual earnings may differ significantly due to various factors.

5. Dividends by Class Shares

Dividends per share paid on class shares that are different in nature from ordinary shares in terms of claims and obligations are as follows. For further information, please refer to “Revisions to Dividend Payment Forecasts by Ordinary Shares and Class Shares” announced on November 1, 2010.

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Class A preferred shares					
Year ending March 31, 2011 (forecast)		¥0.00	—	¥15.40	¥15.40

Note: The above amounts for the dividend per Class A preferred share are rounded to the second decimal place.

Consolidated Balance Sheets

Millions of yen

As of September 30, 2010 As of March 31, 2010

Assets

Current assets:

Cash and deposits	¥ 27,987	¥23,882
Notes and accounts receivable	22,744	20,683
Finished products	4,412	3,339
Work in process	4,578	4,333
Raw materials	8,006	7,062
Deferred tax assets	242	219
Other	1,329	2,262
Allowance for doubtful accounts	(278)	(341)
Total current assets	69,025	61,441

Noncurrent assets:

Tangible fixed assets –

Buildings and structures	8,976	9,123
Machinery, equipment and vehicles	5,771	6,151
Land	4,873	4,875
Other – net	3,466	3,266
Total tangible fixed assets	23,087	23,415

Intangible assets –

Software	499	374
Other	161	215
Total intangible assets	661	590

Investments and other assets –

Investment securities	9,132	10,324
Deferred tax assets	1,431	1,370
Other	962	900
Allowance for doubtful accounts	(63)	(77)
Total investments and other assets	11,463	12,517

Total noncurrent assets	35,211	36,524
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Total assets	¥104,236	¥97,965
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Note: Amounts under one million yen are omitted.

Millions of yen

As of September 30, 2010 As of March 31, 2010

Liabilities

Current liabilities:

Notes and accounts payable – trade	¥ 17,143	¥16,257
Short-term loans payable	6,829	7,834
Income taxes payable	628	310
Provision for bonuses	596	498
Other	4,333	1,927
Total current liabilities	29,531	26,828

Long-term liabilities:

Bonds payable	12,000	12,000
Long-term loans payable	19,256	17,447
Provision for retirement benefits	7,829	7,251
Provision for directors' retirement benefits	65	69
Asset retirement obligations	148	—
Deferred tax liabilities	146	572
Other	1,829	1,966
Total long-term liabilities	41,276	39,307
Total liabilities	70,807	66,136

Net assets

Shareholders' equity:

Capital stock	17,823	17,823
Capital surplus	10,336	13,555
Retained earnings	6,011	390
Treasury stock	(107)	(105)
Total shareholders' equity	34,064	31,663

Valuation and translation adjustments:

Valuation difference on available-for-sale securities	235	873
Foreign currency translation adjustment	(1,345)	(1,144)
Total valuation and translation adjustments	(1,109)	(270)

Minority interests

Minority interests	474	436
Total net assets	33,428	31,829
Total liabilities and net assets	¥104,236	¥97,965

Consolidated Statements of Operations

	Millions of yen	
	1st half ended September 30, 2010	1st half ended September 30, 2009
Net sales	¥45,271	¥33,583
Cost of sales	35,486	28,517
Gross profit	9,784	5,065
Selling, general and administrative expenses	5,473	4,834
Operating income	4,311	231
Nonoperating income:		
Interest income	33	22
Dividends income	87	68
Foreign exchange gain	—	28
Equity in earnings of affiliates	—	90
Subsidy income	—	202
Other	290	216
Total nonoperating income	412	629
Nonoperating expenses:		
Interest expenses	367	387
Foreign exchange loss	386	—
Amortization of net retirement benefit obligation at transition	309	308
Other	271	272
Total nonoperating expenses	1,336	967
Ordinary income (loss)	3,387	(107)
Extraordinary losses:		
Loss on adjustment for changes of accounting standard for asset retirement obligations	118	—
Loss on valuation of investment securities	59	180
Business structure improvement expenses	—	1,228
Impairment loss	—	17
Total extraordinary losses	178	1,426
Income (loss) before income taxes	3,209	(1,534)
Income taxes – current	746	209
Income taxes – deferred	(55)	201
Total income taxes	690	410
Income before minority interests	2,518	—
Minority interests	43	4
Net income (loss)	¥ 2,475	¥ (1,949)

Note: Amounts under one million yen are omitted.

Consolidated Statements of Cash Flows

	Millions of yen	
	1st half ended September 30, 2010	1st half ended September 30, 2009
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	¥ 3,209	¥(1,534)
Depreciation and amortization	2,026	2,283
Loss on adjustment for changes of accounting standard for asset retirement obligations	118	—
Increase (decrease) in provision for bonuses	69	(82)
Increase (decrease) in provision for retirement benefits	484	(235)
Increase (decrease) in provision for directors' retirement benefits	(3)	4
Impairment loss	—	17
Stock issuance cost	—	46
Bond issuance cost	—	51
Interest and dividends income	(121)	(91)
Interest expenses	367	387
Loss on valuation of investment securities	59	180
Decrease (increase) in notes and accounts receivable – trade	(2,018)	722
Decrease (increase) in inventories	(2,514)	4,287
Decrease in accrued consumption taxes	213	—
Increase (decrease) in notes and accounts payable – trade	1,111	(2,876)
Other – net	2,627	(4,039)
Sub-total	5,629	(878)
Interest and dividends received	124	93
Interest paid	(362)	(424)
Income taxes paid	(409)	(251)
Net cash provided by (used in) operating activities	4,982	(1,459)
Cash flows from investing activities:		
Payment for investments in capital of subsidiaries and affiliates	(92)	(97)
Purchases of tangible fixed assets	(1,026)	(1,378)
Proceeds from sale of tangible fixed assets	31	133
Other – net	86	74
Net cash used in investing activities	(1,000)	(1,269)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(1,337)	1,079
Proceeds from long-term loans payable	4,000	2,013
Repayment of long-term loans payable	(1,895)	(2,084)
Proceeds from issuance of bonds	—	1,948
Redemption of bonds	—	(2,000)
Proceeds from issuance of common stock	—	3,566
Cash dividends paid	(73)	—
Cash dividends paid to minority shareholders	(5)	(5)
Other – net	(264)	(153)
Net cash provided by financing activities	422	4,365
Effect of exchange rate change on cash and cash equivalents	(315)	179
Net increase in cash and cash equivalents	4,089	1,816
Cash and cash equivalents at beginning of period	23,842	14,243
Increase in cash and cash equivalents from newly consolidated subsidiaries and others	26	—
Cash and cash equivalents at end of period	¥27,957	¥16,059

Note: Amounts under one million yen are omitted.

Notes Pertaining to Going Concern Assumption

None

Segment Information

Industry segment information

	Millions of yen					
	1st half ended September 30, 2009					
	Devices	Equipment	Other	Total	Elimination or corporate	Consolidated
Net sales:						
Outside customers	¥13,741	¥18,016	¥1,825	¥33,583	¥ —	¥33,583
Inter-group	1,156	5	—	1,161	(1,161)	—
Total	14,897	18,021	1,825	34,744	(1,161)	33,583
Operating income (loss)	(22)	1,670	21	1,669	(1,438)	231

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

Information by geographic segment

	Millions of yen						
	1st half ended September 30, 2009						
	Japan	Asia	North America	Europe	Total	Elimination or corporate	Consolidated
Net sales:							
Outside customers	¥23,440	¥ 9,128	¥600	¥413	¥33,583	¥ —	¥33,583
Inter-group	9,283	5,952	—	—	15,236	(15,236)	—
Total	32,723	15,081	600	413	48,819	(15,236)	33,583
Operating income (loss)	235	1,475	(50)	9	1,669	(1,438)	231

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.

Overseas sales

	Millions of yen				
	1st half ended September 30, 2009				
	Asia	North America	Europe	Other area	Total
Overseas sales	¥13,816	¥1,056	¥952	¥17	¥15,843
Consolidated net sales					33,583
Overseas sales as a percentage of consolidated net sales	41.1%	3.2%	2.8%	0.1%	47.2%

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

Segment Information

1. Reporting Segment Overview

The Company’s reportable operating segments are components of an entity for which separate financial information is available and evaluated regularly by the board of directors in determining the allocation of management resources and in assessing performance.

The Shindengen Group formulates comprehensive domestic and overseas strategies for the products that its business divisions provide.

The Shindengen Group’ business is organized into three reporting segments—Device Business, Module Business and System Business—which form the base of its business divisions.

The Device Business manufactures diodes, thyristors, MOSFET and high-withstand voltage power ICs. The Module Business manufactures automotive electronics components, inverters and DC/DC converters. The System Business manufactures rectifiers for information communication and switching power supplies for information and industrial equipment.

2. Net Sales and Profit or Loss by Reporting Segment

1st Half Period (From April 1, 2010 to September 30, 2010)

Industry segment information

	Millions of yen							
	1st half ended September 30, 2010							
	Devices Business	Module Business	System Business	Total	Other (Notes 1)	Total	Adjustments (Notes 2)	Quarterly Income Statement Amount (Notes 3)
Net sales:								
Outside customers	¥18,774	¥16,066	¥7,452	¥42,292	¥2,979	¥45,271	¥ —	¥45,271
Inter-group	1,982	31	—	2,014	—	2,014	(2,014)	—
Total	20,756	16,098	7,452	44,307	2,979	47,286	(2,014)	45,271
Operating income	3,058	1,500	633	5,192	239	5,431	(1,120)	4,311

Notes:

1. The “Other” category includes activities not included in the reporting segments, such as solenoids.

2. “Adjustments” includes “Corporate Expenses” that have not been allocated to each reporting segment. “Corporate Expenses” are primarily general and administrative expenses that cannot be attributed to any reporting segment.

3. Segment operating income is adjusted to the operating income stated on the quarterly consolidated income statement.

Additional Information

Starting with the current reporting period, the Company has implemented “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Statement No. 17, issued on March 27, 2009) and “Implementation Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Implementation Guidance No. 20, issued on March 21, 2008).

Notes on significant changes in the amount of shareholders’ equity

None