

## Flash Report for the Year Ended March 31, 2014 [Japan GAAP] (on a consolidated basis)

May 9, 2014

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

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

Representative: Masato Morikawa, President

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Scheduled date for annual general meeting of shareholders: June 27, 2014

Date for initiation of dividend payments (subject to change): June 30, 2014

Scheduled date for submission of securities report: June 30, 2014

Prepared earnings results briefing material: Yes

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

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

### 1. Results for the Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

#### (1) Operating results

(¥ million)

	Net sales		Operating income		Ordinary income		Net income	
Year ended March 31, 2014	¥104,564	18.2%	¥11,313	239.4%	¥10,960	230.4%	¥12,129	202.5%
Year ended March 31, 2013	88,426	7.1	3,333	(33.6)	3,317	(10.3)	4,009	166.8

Notes: 1. Percentage figures for net sales, operating income, ordinary income and net income represent year-on-year comparisons.

2. Comprehensive income

Year ended March 31, 2014: ¥13,692 million (up 133.1%)      Year ended March 31, 2013: ¥5,873 million (up 415.5%)

	Net income per share (¥)		Net income on equity	Ordinary income to total assets	Operating income to net sales
	Basic	Diluted			
Year ended March 31, 2014	¥117.71	—	27.1%	8.7%	10.8%
Year ended March 31, 2013	38.06	—	10.8	2.9	3.8

Note: Earnings from investments in equity-method affiliates

Year ended March 31, 2014: ¥294 million      Year ended March 31, 2013: ¥307 million

#### (2) Financial position

(¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of March 31, 2014	¥132,823	¥49,662	37.4%	¥481.97
As of March 31, 2013	118,700	39,746	33.5	372.73

Note: Owners' equity

As of March 31, 2014: ¥49,662 million      As of March 31, 2013: ¥39,746 million

#### (3) Cash flows

(¥ million)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Year ended March 31, 2014	¥13,145	¥(5,155)	¥ (6,319)	¥39,803
Year ended March 31, 2013	7,657	(6,915)	(107)	37,148

## 2. Dividends

	Cash dividends per share (¥)					Total dividends (full term) (¥ million)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Quarter-end							
	1st	2nd	3rd	Year-end	Annual			
Year ended March 31, 2013	¥—	¥0.00	¥—	¥3.50	¥3.50	¥360	9.2%	1.0%
Year ended March 31, 2014	—	0.00	—	10.00	10.00	1,030	8.5	2.3
Year ending March 31, 2015 (forecast)	—	0.00	—	10.00	10.00		22.9	

## 3. Business Performance Forecasts for the Year Ending March 31, 2015

(April 1, 2014 to March 31, 2015)

	(¥ million)								
	Net sales		Operating income		Ordinary income		Net income		Net income per share (¥)
First-half period	¥ 51,500	1.8%	¥2,100	(64.8)%	¥1,800	(71.6)%	¥1,300	(75.6)%	¥12.62
Full term	109,000	4.2	7,300	(35.5)	6,500	(40.7)	4,500	(62.9)	43.67

Note: Percentage figures represent year-on-year comparisons.

### Note

(1) Significant changes in the scope of consolidation

Inclusion: None

Exclusion: None

(2) Changes in accounting policies, accounting estimates and correction of errors

Changes in accounting policies due to revision of the accounting standards: Applicable

Changes in accounting policies other than above: Not applicable

Changes in accounting estimates: Not applicable

Correction of errors: Not applicable

(3) Number of ordinary shares issued, end of the year (including treasury stock)

As of March 31, 2014: 103,388,848 shares As of March 31, 2013: 103,388,848 shares

Number of shares in treasury at the end of the year

As of March 31, 2014: 348,612 shares As of March 31, 2013: 339,982 shares

Average number of shares during the period

Year ended March 31, 2014: 103,044,279 shares

Year ended March 31, 2013: 103,052,562 shares

**(Reference)****Non-Consolidated Results for the Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)****(1) Operating results**

(¥ million)

	Net sales		Operating income		Ordinary income	
Year ended March 31, 2014	¥95,522	18.0%	¥7,199	394.2%	¥8,537	260.0%
Year ended March 31, 2013	80,964	1.6	1,456	7.0	2,371	124.6

	Net income		Net income per share (¥)	
			Basic	Diluted
Year ended March 31, 2014	¥9,849	353.6%	¥95.58	—
Year ended March 31, 2013	2,171	113.5	20.22	—

Note: Percentage figures represent year-on-year comparisons.

**(2) Financial position**

(¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of March 31, 2014	¥115,831	¥42,346	36.6%	¥410.97
As of March 31, 2013	109,724	33,857	30.9	315.58

Note: Owners' equity

As of March 31, 2014: ¥42,346 million    As of March 31, 2013: ¥33,857 million

## \* Disclosure of Implementation Status of Audit Procedures

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

## \* Appropriate use of earnings forecasts and other matters

The earnings forecasts and other forward-looking statements noted in this document are based on information available at the time and on assumptions deemed rational. The Company makes absolutely no promises regarding the achievement of said earnings forecasts and other forward-looking statements. Actual earnings may differ significantly due to various factors.

## Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2013	As of March 31, 2014
<b>Assets</b>		
Current assets:		
Cash and deposits	¥ 34,193	¥ 40,063
Notes and accounts receivable – trade	20,816	23,604
Securities	3,500	–
Finished products	6,125	6,422
Work in process	3,386	3,576
Raw materials	9,101	10,236
Deferred tax assets	471	1,695
Other	2,062	2,458
Allowance for doubtful accounts	(21)	(23)
Total current assets	79,635	88,033
Noncurrent assets:		
<i>Tangible fixed assets –</i>		
Buildings and structures	8,396	8,572
Machinery, equipment and vehicles	6,906	7,176
Land	4,839	4,830
Leased assets – net	1,093	807
Construction in progress	686	404
Other – net	1,157	1,293
Total tangible fixed assets	23,080	23,084
<i>Intangible assets –</i>		
Goodwill	156	120
Software	464	583
Leased assets	70	75
Other	239	312
Total intangible assets	930	1,092
<i>Investments and other assets –</i>		
Investment securities	13,160	15,361
Deferred tax assets	1,346	4,624
Other	596	680
Allowance for doubtful accounts	(49)	(52)
Total investments and other assets	15,054	20,613
Total noncurrent assets	39,065	44,790
Total assets	¥118,700	¥132,823

Note: Amounts under one million yen are omitted.

**Liabilities**

## Current liabilities:

Notes and accounts payable – trade	¥ 18,596	¥ 17,633
Short-term loans payable	5,939	7,965
Current portion of bonds	400	3,400
Lease obligations	634	584
Income taxes payable	15	2,852
Provision for bonuses	707	1,070
Other	2,645	5,459
<b>Total current liabilities</b>	<b>28,938</b>	<b>38,965</b>

## Long-term liabilities:

Bonds payable	6,200	2,800
Long-term loans payable	31,752	26,288
Lease obligations	712	418
Deferred tax liabilities	942	0
Provision for retirement benefits	10,177	—
Net defined benefit liability	—	14,462
Provision for directors' retirement benefits	6	—
Asset retirement obligations	145	147
Other	78	78
<b>Total long-term liabilities</b>	<b>50,015</b>	<b>44,195</b>
<b>Total liabilities</b>	<b>78,954</b>	<b>83,161</b>

**Net assets**

## Shareholders' equity:

Capital stock	17,823	17,823
Capital surplus	9,009	7,738
Retained earnings	12,652	24,333
Treasury stock	(114)	(118)
<b>Total shareholders' equity</b>	<b>39,371</b>	<b>49,776</b>

## Accumulated other comprehensive income (loss):

Valuation difference on available-for-sale securities	1,713	2,077
Foreign currency translation adjustment	(1,338)	(138)
Remeasurements of defined benefit plans	—	(2,052)
<b>Total accumulated other comprehensive income (loss)</b>	<b>375</b>	<b>(113)</b>

<b>Total net assets</b>	<b>39,746</b>	<b>49,662</b>
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<b>Total liabilities and net assets</b>	<b>¥118,700</b>	<b>¥132,823</b>
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## Consolidated Statements of Income and Comprehensive Income

	Millions of yen	
	Year ended March 31, 2013	Year ended March 31, 2014
Net sales	¥88,426	¥104,564
Cost of sales	74,229	81,454
Gross profit	14,197	23,109
Selling, general and administrative expenses	10,864	11,796
Operating income	3,333	11,313
Nonoperating income:		
Interest income	88	67
Dividends income	219	239
Foreign exchange gain	825	207
Equity in earnings of affiliates	307	294
Other	414	447
Total nonoperating income	1,855	1,255
Nonoperating expenses:		
Interest expenses	771	736
Amortization of net retirement benefit obligation at transition	618	618
Other	480	253
Total nonoperating expenses	1,871	1,608
Ordinary income	3,317	10,960
Extraordinary income:		
Insurance income	1,133	453
Total extraordinary income	1,133	453
Extraordinary losses:		
Impairment losses	7	20
Loss on sale of investments in affiliates	—	17
Loss on valuation of investment securities	22	—
Total extraordinary losses	30	38
Income before income taxes	4,421	11,375
Income taxes – current	887	3,776
Income taxes – refunded	(244)	—
Income taxes – deferred	(231)	(4,530)
Total income taxes	411	(753)
Income before minority interests	4,009	12,129
Net income	¥ 4,009	¥ 12,129
Income before minority interests	4,009	12,129
Other comprehensive income (loss):		
Valuation difference on available-for-sale securities	999	363
Foreign currency translation adjustment	797	1,214
Share of other comprehensive income of associates accounted for using equity method	66	(15)
Total other comprehensive income (loss)	1,863	1,563
Comprehensive income	¥ 5,873	¥ 13,692
(Breakdown)		
Comprehensive income attributable to owners of the parent company	¥ 5,873	¥ 13,692
Comprehensive income attributable to minority interests	—	—

Note: Amounts under one million yen are omitted.

# Consolidated Statements of Changes in Net Assets

Fiscal 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	17,823	9,009	12,652	(114)	39,371
Changes during year					
Dividends from surplus			(448)		(448)
Net income			12,129		12,129
Change of scope of consolidation					—
Acquisition of treasury stock				(1,275)	(1,275)
Retirement of treasury stock		(1,271)		1,271	—
Net changes of items other than shareholders' equity					
Total changes during year	—	(1,271)	11,681	(4)	10,405
Balance at end of year	17,823	7,738	24,333	(118)	49,776

(Millions of yen)

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of year	1,713	(1,338)	—	375	39,746
Changes during year					
Dividends from surplus					(448)
Net income					12,129
Disposal of treasury stock					—
Acquisition of treasury stock					(1,275)
Retirement of treasury stock					—
Net changes of items other than shareholders' equity	364	1,199	(2,052)	(488)	(488)
Total changes during year	364	1,199	(2,052)	(488)	9,916
Balance at end of year	2,077	(138)	(2,052)	(113)	49,662

# Consolidated Statements of Changes in Net Assets

Fiscal 2013 (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	17,823	9,009	9,182	(112)	35,902
Changes during year					
Dividends from surplus			(448)		(448)
Net income			4,009		4,009
Change of scope of consolidation			(91)		(91)
Acquisition of treasury stock				(1)	(1)
Retirement of treasury stock					—
Net changes of items other than shareholders' equity					
Total changes during year	—	—	3,470	(1)	3,468
Balance at end of year	17,823	9,009	12,652	(114)	39,371

(Millions of yen)

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of year	713	(2,074)	—	(1,361)	34,541
Changes during year					
Dividends from surplus					(448)
Net income					4,009
Disposal of treasury stock					(91)
Acquisition of treasury stock					(1)
Retirement of treasury stock					—
Net changes of items other than shareholders' equity	999	736	—	1,736	1,736
Total changes during year	999	736	—	1,736	5,204
Balance at end of year	1,713	(1,338)	—	375	39,746



## Consolidated Statements of Cash Flows

	Millions of yen	
	Year ended March 31, 2013	Year ended March 31, 2014
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 4,421	¥ 11,375
Depreciation and amortization	4,358	4,559
Impairment loss	7	20
Loss (gain) on sale of investments in subsidiaries	—	17
Increase (decrease) in provision for bonuses	(8)	363
Increase (decrease) in provision for retirement benefits	1,009	—
Increase (decrease) in net defined benefit liability	—	1,138
Interest and dividends income	(307)	(306)
Interest expenses	771	736
Insurance income	(1,133)	(453)
Decrease (increase) in notes and accounts receivable – trade	969	(2,025)
Decrease (increase) in inventories	(405)	(1,086)
Decrease (increase) in accrued consumption taxes	174	—
Decrease (increase) in accounts receivable – other	468	(407)
Increase (decrease) in notes and accounts payable – trade	(2,879)	(3,019)
Increase (decrease) in accrued consumption taxes	—	1
Loss on disposal of tangible fixed assets	127	101
Other – net	(907)	3,083
Sub-total	6,665	14,098
Interest and dividend received	368	341
Interest paid	(779)	(750)
Proceeds from insurance income	1,964	453
Income taxes paid	(806)	(997)
Income taxes refunded	244	—
Net cash provided by operating activities	7,657	13,145
Cash flows from investing activities:		
Proceeds from sale of investments in securities	—	105
Purchase of stocks of subsidiaries and affiliates	(701)	(1,705)
Proceeds from sale of stocks of subsidiaries and affiliates	—	200
Purchases of tangible fixed assets	(5,721)	(3,976)
Proceeds from sale of tangible fixed assets	184	114
Purchases of intangible assets	(122)	(231)
Other – net	(554)	338
Net cash used in investing activities	(6,915)	(5,155)

	Millions of yen	
	Year ended March 31, 2013	Year ended March 31, 2014
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	194	(284)
Proceeds from long-term loans payable	11,000	2,500
Repayment of long-term loans payable	(4,702)	(5,706)
Redemption of bonds	(5,400)	(400)
Purchases of treasury stock	(1)	(1,275)
Repayment of lease obligations	(749)	(704)
Cash dividends paid	(448)	(448)
Net cash provided by (used in) financing activities	(107)	(6,319)
Effect of exchange rate changes on cash and cash equivalents	747	984
Net increase (decrease) in cash and cash equivalents	1,382	2,654
Cash and cash equivalents at beginning of year	35,255	37,148
Increase in cash and cash equivalents from newly consolidated subsidiaries and others	511	—
Cash and cash equivalents at end of year	¥37,148	¥39,803

Note: Amounts under one million yen are omitted.

# Notes Pertaining to Going Concern Assumption

None

## Segment Information

Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

### 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's business is organized into three reportable segments—Device Business, Car Electronics Business and Next Generation Energy Business—which form the base of its business divisions.

The Device Business manufactures diodes, thyristors, MOSFET, high-withstand voltage power ICs and power modules. The Car Electronics Business mainly manufactures electronics components for motorcycles and automobiles. The Next Generation Energy Business primarily manufactures power supplies for information and communication equipment, general-purpose inverters and power conditioners for photovoltaic generators.

The Shindengen Group has also changed the categories of its reporting segments following the organizational change as of April 1, 2013.

As a result of this change, effective from the first quarter of the consolidated fiscal year under review, the Group has changed its existing reporting segments of the Device Business, the Module Business and the System Business to the three reporting segments of the Device Business, the Car Electronics Business and the Next Generation Energy Business.

Segment information for the previous consolidated fiscal year is presented in accordance with information prepared based on the revised reporting categories.

### 2. Method of calculating sales, income (loss), identifiable assets/liabilities and other items by reporting segment

Income by reporting segment is the amount based on operating income. In addition, inter-segment sales and transfers are primarily based on market prices or manufacturing costs.

### 3. Net sales, income (loss), identifiable assets/liabilities and other items by reporting segment

Millions of yen

	Year ended March 31, 2014							
	Devices Business	Car Electronics Business	Next Generation Energy Business	Total	Other (Notes 2)	Total	Adjustments (Notes 3)	Financial Statement Amount (Notes 4)
Net sales:								
Outside customers	¥32,674	¥42,189	¥26,599	¥101,463	¥3,100	¥104,564	¥ —	¥104,564
Inter-segment	4,290	22	0	4,313	—	4,313	(4,313)	—
Total	36,965	42,212	26,599	105,777	3,100	108,878	(4,313)	104,564
Segment income	¥ 4,219	¥ 7,374	¥ 2,357	¥ 13,952	¥ 5	¥ 14,009	¥ (2,695)	¥ 11,313
Segment assets	¥32,443	¥23,959	¥14,976	¥ 71,379	¥1,260	¥ 72,639	¥60,183	¥132,823
Other items								
Depreciation and amortization	2,336	1,211	572	4,120	2	4,122	436	4,559
Increases in property, plant and equipment and intangible assets	1,957	1,073	432	3,462	1	3,463	1,082	4,546

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

2. The "Other" category includes activities not included in the reporting segments, such as solenoids.

3. Details of adjustments are below:

(1) ¥(2,695) million posted under "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.

(2) Segment assets totaling ¥60,183 million posted under "Adjustments" comprise corporate assets of ¥59,942 million not allocated to each reporting segment and other adjustments of ¥241million.

(3) Depreciation and amortization totaling ¥436 million posted under "Adjustments" mainly comprises corporate expenses not attributable to each reporting segment.

- (4) The increases in property, plant and equipment and intangible assets amounting to ¥1,082 million posted under “Adjustments” primarily comprises corporate assets not attributable to each reporting segment.
4. Segment income is adjusted to the operating income stated on the consolidated statements of income and consolidated statements of comprehensive income.

## **Significant Subsequent Events**

**Not applicable**