

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2017  
(Based on Japanese GAAP)**

May 12, 2017

Company name: Shindengen Electric Manufacturing Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 6844 URL <http://www.shindengen.co.jp/>  
 Representative: President Yoshinori Suzuki  
 Inquiries: Manager of Corporate Planning Group, Yoshiaki Matsumoto TEL 03-3279-4431  
 Planning Dept.  
 Scheduled date of ordinary general meeting of shareholders: June 29, 2017  
 Scheduled date to file Securities Report: June 30, 2017  
 Scheduled date to commence dividend payments: June 30, 2017  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	92,688	(5.5)	5,238	555.2	4,739	-	3,509	-
Year ended March 31, 2016	98,110	(9.4)	799	(89.6)	405	(94.8)	205	(96.1)

Note: Comprehensive income (loss) Year ended March 31, 2017 ¥4,543 million [-%]  
 Year ended March 31, 2016 ¥(4,876) million [-%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	34.07	-	6.7	3.6	5.7
Year ended March 31, 2016	1.99	-	0.4	0.3	0.8

Reference: Earnings from investments in equity-method affiliates Year ended March 31, 2017 ¥276 million  
 Year ended March 31, 2016 ¥223 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	128,530	54,004	42.0	524.25
As of March 31, 2016	133,101	50,751	38.1	492.63

Reference: Owners' equity As of March 31, 2017 ¥54,004 million  
 As of March 31, 2016 ¥50,751 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	7,788	(3,568)	(4,430)	38,271
Year ended March 31, 2016	10,420	(5,884)	(2,864)	38,905

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	–	0.00	–	12.50	12.50	1,287	628.1	2.4
Year ended March 31, 2017	–	0.00	–	12.50	12.50	1,287	36.7	2.5
Year ending March 31, 2018 (Forecast)	–	0.00	–	125.00	125.00		49.5	

Note: The Company is scheduled to conduct a 10-for-1 reverse split on common share with the effective date of October 1, 2017. The expected year-end dividends per share for the fiscal year ending March 31, 2018 take into account the reverse stock split. For the details, please refer to “Appropriate use of earnings forecasts and other matters.”

## 3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2017	42,600	1.9	800	(35.4)	1,100	101.5	800	87.3	77.66
Full year	89,500	(3.4)	3,200	(38.9)	3,500	(26.2)	2,600	(25.9)	252.39

Note: The earnings per share in the forecast of consolidated financial results for the year ending March 31, 2018 takes into account the effect of the reverse stock split. For the details, please refer to “Appropriate use of earnings forecasts and other matters.”

## 4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2017	103,388,848 shares	As of March 31, 2016	103,388,848 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	375,271 shares	As of March 31, 2016	367,447 shares
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Average number of shares during the period

Year ended March 31, 2017	103,017,546 shares	Year ended March 31, 2016	103,026,207 shares
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\* Financial results reports are not required to be audited.

\* Appropriate use of earnings forecasts and other matters

(Caution regarding forward-looking statements)

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.

(How to obtain a copy of the supplementary material on financial results and earnings results briefing materials)

The Company plans to hold a presentation for securities analysts and institutional investors on May 19, 2017 (Friday). The earnings results briefing materials distributed at the meeting will be posted promptly on the Company website after the meeting is held.

(Regarding the forecast of financial results and dividend after the reverse stock split)

The Company resolved at the Board of Directors meeting held on May 12, 2017 to submit a proposal for the reverse stock split to the 93rd Ordinary General Meeting of Shareholders to be held on June 29, 2017. Subject to the approval at this General Meeting of Shareholders, the Company is scheduled to conduct a 10-for-1 reverse split on common share with the effective date of October 1, 2017.

Without taking into account the reverse stock split, forecast of consolidated financial results and dividend forecast for the year ending March 31, 2018 will be as follows.

Forecast of consolidated financial results for the year ending March 31, 2018 (earnings per share) 25.24 yen

Dividend forecast for the year ending March 31, 2018 (fiscal year-end cash dividends per share) 12.50 yen

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	34,180	33,691
Notes and accounts receivable - trade	19,507	19,257
Securities	5,000	5,000
Merchandise and finished goods	7,616	6,615
Work in process	3,529	3,810
Raw materials and supplies	9,291	8,386
Deferred tax assets	1,109	719
Other	4,912	3,733
Allowance for doubtful accounts	(30)	(21)
Total current assets	85,117	81,192
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,426	8,878
Machinery, equipment and vehicles, net	8,581	7,490
Land	6,117	6,011
Leased assets, net	362	571
Construction in progress	1,662	680
Other, net	1,399	1,385
Total property, plant and equipment	26,550	25,017
Intangible assets		
Goodwill	50	14
Software	680	676
Leased assets	25	16
Other	324	583
Total intangible assets	1,081	1,292
Investments and other assets		
Investment securities	12,794	14,334
Deferred tax assets	6,938	6,021
Other	670	722
Allowance for doubtful accounts	(52)	(50)
Total investments and other assets	20,350	21,028
Total non-current assets	47,983	47,338
Total assets	133,101	128,530

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	15,779	14,282
Short-term loans payable	7,438	7,293
Current portion of bonds	2,475	150
Lease obligations	163	211
Income taxes payable	115	340
Provision for bonuses	945	928
Other	6,980	4,989
<b>Total current liabilities</b>	<b>33,898</b>	<b>28,195</b>
<b>Non-current liabilities</b>		
Bonds payable	925	2,775
Long-term loans payable	23,239	20,950
Lease obligations	262	433
Deferred tax liabilities	83	89
Net defined benefit liability	17,588	16,447
Provision for product warranties	6,184	5,469
Asset retirement obligations	141	142
Other	25	22
<b>Total non-current liabilities</b>	<b>48,450</b>	<b>46,330</b>
<b>Total liabilities</b>	<b>82,349</b>	<b>74,526</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	17,823	17,823
Capital surplus	7,738	7,738
Retained earnings	26,922	29,144
Treasury shares	(129)	(132)
<b>Total shareholders' equity</b>	<b>52,354</b>	<b>54,573</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,766	2,653
Foreign currency translation adjustment	(42)	(600)
Remeasurements of defined benefit plans	(3,326)	(2,621)
<b>Total accumulated other comprehensive income</b>	<b>(1,603)</b>	<b>(568)</b>
<b>Total net assets</b>	<b>50,751</b>	<b>54,004</b>
<b>Total liabilities and net assets</b>	<b>133,101</b>	<b>128,530</b>

## Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	98,110	92,688
Cost of sales	85,051	75,213
Gross profit	13,058	17,474
Selling, general and administrative expenses	12,258	12,236
Operating profit	799	5,238
Non-operating income		
Interest income	102	92
Dividend income	275	296
Royalty income	109	74
Share of profit of entities accounted for using equity method	223	276
Other	230	175
Total non-operating income	941	916
Non-operating expenses		
Interest expenses	497	410
Foreign exchange losses	606	632
Other	231	373
Total non-operating expenses	1,335	1,416
Ordinary profit	405	4,739
Extraordinary income		
Gain on sales of non-current assets	–	234
Total extraordinary income	–	234
Extraordinary losses		
Business structure improvement expenses	200	–
Impairment loss	38	14
Total extraordinary losses	239	14
Profit before income taxes	166	4,959
Income taxes - current	382	799
Income taxes - deferred	(421)	650
Total income taxes	(38)	1,450
Profit	205	3,509
Profit attributable to		
Profit attributable to owners of parent	205	3,509
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,347)	886
Foreign currency translation adjustment	(1,358)	(582)
Remeasurements of defined benefit plans, net of tax	(2,172)	705
Share of other comprehensive income of entities accounted for using equity method	(203)	24
Total other comprehensive income	(5,081)	1,034
Comprehensive income	(4,876)	4,543
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,876)	4,543
Comprehensive income attributable to non-controlling interests	–	–

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	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 current period	17,823	7,738	27,747	(123)	53,185	3,113	1,519	(1,154)	3,478	56,664
Changes of items during period										
Dividends of surplus			(1,030)		(1,030)					(1,030)
Profit attributable to owners of parent			205		205					205
Purchase of treasury shares				(5)	(5)					(5)
Net changes of items other than shareholders' equity						(1,347)	(1,562)	(2,172)	(5,081)	(5,081)
Total changes of items during period	-	-	(825)	(5)	(830)	(1,347)	(1,562)	(2,172)	(5,081)	(5,912)
Balance at end of current period	17,823	7,738	26,922	(129)	52,354	1,766	(42)	(3,326)	(1,603)	50,751

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	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 current period	17,823	7,738	26,922	(129)	52,354	1,766	(42)	(3,326)	(1,603)	50,751
Changes of items during period										
Dividends of surplus			(1,287)		(1,287)					(1,287)
Profit attributable to owners of parent			3,509		3,509					3,509
Purchase of treasury shares				(3)	(3)					(3)
Net changes of items other than shareholders' equity						886	(558)	705	1,034	1,034
Total changes of items during period	-	-	2,221	(3)	2,218	886	(558)	705	1,034	3,252
Balance at end of current period	17,823	7,738	29,144	(132)	54,573	2,653	(600)	(2,621)	(568)	54,004

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	166	4,959
Depreciation	5,070	4,841
Bond issuance cost	13	43
Impairment loss	38	14
Increase (decrease) in provision for bonuses	(93)	(17)
Increase (decrease) in provision for product warranties	3,666	(714)
Increase (decrease) in net defined benefit liability	(465)	(132)
Interest and dividend income	(377)	(389)
Interest expenses	497	410
Decrease (increase) in notes and accounts receivable - trade	2,540	7
Decrease (increase) in inventories	117	1,023
Decrease (increase) in consumption taxes refund receivable	(259)	410
Decrease (increase) in accounts receivable - other	48	134
Increase (decrease) in notes and accounts payable - trade	(1,177)	(1,043)
Loss on retirement of property, plant and equipment	37	91
Other, net	2,928	(1,608)
Subtotal	12,752	8,029
Interest and dividend income received	450	383
Interest expenses paid	(498)	(420)
Income taxes paid	(2,282)	(203)
Net cash provided by (used in) operating activities	10,420	7,788
Cash flows from investing activities		
Purchase of investment securities	(200)	-
Proceeds from sales of investment securities	11	-
Purchase of property, plant and equipment	(5,526)	(3,231)
Proceeds from sales of property, plant and equipment	29	484
Purchase of intangible assets	(294)	(649)
Other, net	97	(172)
Net cash provided by (used in) investing activities	(5,884)	(3,568)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	0	(0)
Proceeds from long-term loans payable	6,000	5,000
Repayments of long-term loans payable	(7,630)	(7,419)
Proceeds from issuance of bonds	486	1,956
Redemption of bonds	(400)	(2,475)
Purchase of treasury shares	(5)	(3)
Repayments of lease obligations	(284)	(201)
Cash dividends paid	(1,030)	(1,287)
Net cash provided by (used in) financing activities	(2,864)	(4,430)
Effect of exchange rate change on cash and cash equivalents	(814)	(422)
Net increase (decrease) in cash and cash equivalents	857	(633)
Cash and cash equivalents at beginning of period	38,047	38,905
Cash and cash equivalents at end of period	38,905	38,271



# Notes Pertaining to Going Concern Assumption

None

## Segment Information

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

### 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, along with general purpose inverters. The Next Generation Energy Business primarily manufactures power conditioners for photovoltaic generators, power storage systems, recharging stands for electric vehicles, and power supplies for information and communication equipment.

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

The accounting method for business segments reported is based on the same method applied to consolidated financial statements. 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, 2017							
	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	¥ 31,261	¥ 47,402	¥ 11,092	¥89,755	¥ 2,932	¥ 92,688	¥ —	¥ 92,688
Inter-segment	5,989	22	—	6,012	—	6,012	(6,012)	—
Total	37,251	47,424	11,092	95,767	2,932	98,700	(6,012)	92,688
Segment income (loss)	¥ 3,476	¥ 5,217	¥ (406)	¥8,287	¥ 39	¥ 8,327	¥ (3,088)	¥ 5,238
Segment assets	¥33,283	¥ 29,687	¥ 7,710	¥ 70,681	¥ 716	¥ 71,397	¥ 57,132	¥128,530
Other items								
Depreciation and amortization	2,221	1,845	304	4,371	0	4,371	469	4,841
Increases in property, plant and equipment and intangible assets	1,997	1,067	156	3,221	—	3,221	900	4,121

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) ¥(3,088) 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 ¥57,132 million posted under "Adjustments" comprise corporate assets of ¥57,099 million not allocated to each reporting segment and other adjustments of ¥33 million.

(3) Depreciation and amortization totaling ¥469 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 ¥900 million posted under "Adjustments" primarily comprises corporate assets not attributable to each reporting segment.

4. Segment income (loss) is adjusted to the operating income stated on the consolidated statements of income and consolidated statements of comprehensive income.