

## Flash Report for the First-Half Period Ended September 30, 2015 [Japan GAAP] (on a consolidated basis)

November 6, 2015

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 12, 2015

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, 2015)

(1) Operating results (¥ million)

|                                   | Net sales      | Operating income | Ordinary income | Profit attributable to owners of parent |
|-----------------------------------|----------------|------------------|-----------------|---|
| 1st half ended September 30, 2015 | ¥49,984 (0.9)% | ¥3,175 (32.9)%   | ¥3,202 (29.6)%  | ¥2,385 (20.2)%                          |
| 1st half ended September 30, 2014 | 50,438 (0.3)   | 4,732 (20.7)     | 4,546 (28.2)    | 2,959 (44.0)                            |

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

2. Comprehensive income

1st half ended September 30, 2015: ¥ 1,499 million (55.0)%

1st half ended September 30, 2014: ¥ 3,334 million (51.0)%

|                                   | Net income per share (¥)<br>basic | Net income per share (¥)<br>diluted |
|-----------------------------------|-----------------------------------|-------------------------------------|
| 1st half ended September 30, 2015 | ¥23.15                            | ¥—                                  |
| 1st half ended September 30, 2014 | 29.01                             | —                                   |

(2) Financial position (¥ million)

|                          | Total assets | Net assets | Equity ratio |
|--------------------------|--------------|------------|--------------|
| As of September 30, 2015 | ¥134,702     | ¥57,130    | 42.4%        |
| As of March 31, 2015     | 134,002      | 56,664     | 42.3         |

Note: Owners' equity

As of September 30, 2015: ¥57,130 million    As of March 31, 2015: ¥56,664 million

### 2. Dividends

|                                       | Cash dividends per share (¥) |       |     |          |        |
|---------------------------------------|------------------------------|-------|-----|----------|--------|
|                                       | Quarter-end                  |       |     | Year-end | Annual |
|                                       | 1st                          | 2nd   | 3rd |          |        |
| Year ended March 31, 2015             | ¥—                           | ¥0.00 | ¥—  | ¥10.00   | ¥10.00 |
| Year ending March 31, 2016            | —                            | 0.00  |     |          |        |
| Year ending March 31, 2016 (forecast) |                              |       | —   | 12.50    | 12.50  |

Note: Revisions to dividend payment forecasts during the reporting period: Applicable

### 3. Business Performance Forecasts for the Year Ending March 31, 2016

(April 1, 2015 to March 31, 2016)

(¥ million)

|           | Net sales |        | Operating income |         | Ordinary income |         | Profit attributable to owners of parent |         | Net income per share (¥) |
|-----------|-----------|--------|------------------|---------|-----------------|---------|---|---------|--------------------------|
| Full term | ¥99,000   | (8.5)% | ¥4,600           | (40.1)% | ¥4,300          | (45.3)% | ¥3,100                                  | (41.0)% | ¥30.09                   |

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

2. Revisions to performance forecasts during the reporting period: Applicable

#### Note

(1) Significant changes in the scope of consolidation

Inclusion: None

Exclusion: None

(2) Application of special accounting methods for the preparation of quarterly consolidated financial statements

Not applicable

(3) 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

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

As of September 30, 2015: 103,388,848 shares      As of March 31, 2015: 103,388,848 shares

Number of shares in treasury at the end of the period

As of September 30, 2015: 362,651 shares      As of March 31, 2015: 356,557 shares

Average number of shares during the period

1st half ended September 30, 2015: 103,028,865 shares

1st half ended September 30, 2014: 103,038,150 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 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, 2015 | As of September 30, 2015 |
|---|----------------------|--------------------------|
| <b>Assets</b>                             |                      |                          |
| Current assets:                           |                      |                          |
| Cash and deposits                         | ¥ 33,337             | ¥ 37,999                 |
| Notes and accounts receivable – trade     | 22,287               | 19,031                   |
| Securities                                | 5,000                | 5,000                    |
| Finished products                         | 7,604                | 8,781                    |
| Work in process                           | 3,740                | 3,326                    |
| Raw materials                             | 10,096               | 9,736                    |
| Deferred tax assets                       | 1,429                | 1,327                    |
| Other                                     | 3,322                | 3,071                    |
| Allowance for doubtful accounts           | (33)                 | (28)                     |
| <b>Total current assets</b>               | <b>86,784</b>        | <b>88,245</b>            |
| Noncurrent assets:                        |                      |                          |
| <i>Tangible fixed assets –</i>            |                      |                          |
| Buildings and structures                  | 9,223                | 8,841                    |
| Machinery, equipment and vehicles         | 8,466                | 8,239                    |
| Land                                      | 5,395                | 6,143                    |
| Other – net                               | 3,008                | 3,046                    |
| <b>Total tangible fixed assets</b>        | <b>26,093</b>        | <b>26,270</b>            |
| <i>Intangible assets –</i>                |                      |                          |
| Goodwill                                  | 85                   | 67                       |
| Software                                  | 563                  | 775                      |
| Other                                     | 574                  | 377                      |
| <b>Total intangible assets</b>            | <b>1,223</b>         | <b>1,221</b>             |
| <i>Investments and other assets –</i>     |                      |                          |
| Investment securities                     | 14,661               | 13,836                   |
| Deferred tax assets                       | 4,529                | 4,430                    |
| Other                                     | 772                  | 752                      |
| Allowance for doubtful accounts           | (63)                 | (54)                     |
| <b>Total investments and other assets</b> | <b>19,900</b>        | <b>18,965</b>            |
| <b>Total noncurrent assets</b>            | <b>47,217</b>        | <b>46,457</b>            |
| <b>Total assets</b>                       | <b>¥134,002</b>      | <b>¥ 134,702</b>         |

Note: Amounts under one million yen are omitted.

Millions of yen

As of March 31, 2015      As of September 30, 2015

**Liabilities**

Current liabilities:

|                                    |               |               |
|------------------------------------|---------------|---------------|
| Notes and accounts payable – trade | ¥ 17,856      | ¥ 16,317      |
| Short-term loans payable           | 7,628         | 7,114         |
| Current portion of bonds           | 400           | 2,400         |
| Income taxes payable               | 936           | 394           |
| Provision for bonuses              | 1,039         | 1,033         |
| Other                              | 3,873         | 6,966         |
| <b>Total current liabilities</b>   | <b>31,735</b> | <b>34,225</b> |

Long-term liabilities:

|                                    |               |               |
|------------------------------------|---------------|---------------|
| Bonds payable                      | 2,900         | 1,200         |
| Long-term loans payable            | 24,658        | 25,061        |
| Net defined benefit liability      | 14,931        | 14,602        |
| Provision for product warranties   | 2,518         | 1,928         |
| Asset retirement obligations       | 147           | 147           |
| Other                              | 448           | 406           |
| <b>Total long-term liabilities</b> | <b>45,602</b> | <b>43,346</b> |
| <b>Total liabilities</b>           | <b>77,337</b> | <b>77,572</b> |

**Net assets**

Shareholders' equity:

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Capital stock                     | 17,823        | 17,823        |
| Capital surplus                   | 7,738         | 7,738         |
| Retained earnings                 | 27,747        | 29,102        |
| Treasury stock                    | (123)         | (127)         |
| <b>Total shareholders' equity</b> | <b>53,185</b> | <b>54,537</b> |

Accumulated other comprehensive income:

|   |              |              |
|---|--------------|--------------|
| Valuation difference on available-for-sale securities | 3,113        | 2,530        |
| Foreign currency translation adjustment               | 1,519        | 1,130        |
| Remeasurements of defined benefit plans               | (1,154)      | (1,067)      |
| <b>Total accumulated other comprehensive income</b>   | <b>3,478</b> | <b>2,592</b> |

|   |                 |                 |
|---|-----------------|-----------------|
| <b>Total net assets</b>                 | <b>56,664</b>   | <b>57,130</b>   |
| <b>Total liabilities and net assets</b> | <b>¥134,002</b> | <b>¥134,702</b> |

## Quarterly Consolidated Statements of Income and Comprehensive Income

|   | Millions of yen                      |                                      |
|---|--------------------------------------|--------------------------------------|
|   | 1st half ended<br>September 30, 2014 | 1st half ended<br>September 30, 2015 |
| Net sales   | ¥50,438                              | ¥49,984                              |
| Cost of sales   | 39,689                               | 40,460                               |
| Gross profit  | 10,749                               | 9,523                                |
| Selling, general and administrative expenses  | 6,016                                | 6,348                                |
| Operating income  | 4,732                                | 3,175                                |
| Nonoperating income:  |                                      |                                      |
| Interest income   | 28                                   | 43                                   |
| Dividends income  | 135                                  | 141                                  |
| Foreign exchange gain   | 93                                   | —                                    |
| Royalty income  | 95                                   | 107                                  |
| Share of profit of entities accounted for using equity method                       | 135                                  | 112                                  |
| Other   | 90                                   | 108                                  |
| Total nonoperating income   | 580                                  | 513                                  |
| Nonoperating expenses:  |                                      |                                      |
| Interest expenses   | 323                                  | 255                                  |
| Foreign exchange losses   | —                                    | 135                                  |
| Amortization of net retirement benefit obligation at transition                     | 309                                  | —                                    |
| Other   | 133                                  | 94                                   |
| Total nonoperating expenses   | 766                                  | 485                                  |
| Ordinary income   | 4,546                                | 3,202                                |
| Extraordinary losses:   |                                      |                                      |
| Business structure improvement expenses   | —                                    | 112                                  |
| Impairment losses   | —                                    | 8                                    |
| Total extraordinary losses  | —                                    | 120                                  |
| Income before income taxes  | 4,546                                | 3,081                                |
| Income taxes – current  | 1,271                                | 255                                  |
| Income taxes – deferred   | 284                                  | 440                                  |
| Total income taxes  | 1,556                                | 695                                  |
| Net income  | ¥ 2,989                              | ¥ 2,385                              |
| (Breakdown)   |                                      |                                      |
| Profit attributable to owners of parent   | 2,989                                | 2,385                                |
| Profit attributable to non-controlling interests                                    | —                                    | —                                    |
| Other comprehensive income (loss):  |                                      |                                      |
| Valuation difference on available-for-sale securities                               | 451                                  | (583)                                |
| Foreign currency translation adjustment   | (498)                                | (301)                                |
| Adjustments of defined benefit plans  | 344                                  | 86                                   |
| Share of other comprehensive income of associates accounted for using equity method | 47                                   | (87)                                 |
| Total other comprehensive income (loss)   | 344                                  | (886)                                |
| Comprehensive income  | ¥ 3,334                              | ¥ 1,499                              |
| (Breakdown)   |                                      |                                      |
| Comprehensive income attributable to owners of the parent company                   | ¥ 3,334                              | ¥ 1,499                              |
| Comprehensive income attributable to minority interests                             | —                                    | —                                    |

Note: Amounts under one million yen are omitted.

## Notes Pertaining to Going Concern Assumption

None

## Notes on Significant Changes in the Amount of Shareholders' Equity

None

## Segment Information

### 1. Net Sales and Profit or Loss by Reporting Segment

Previous First Half Period (From April 1, 2014 to September 30, 2014)

|                   | Millions of yen                   |                                |  |         |                    |         |                          |  |
|-------------------|-----------------------------------|--------------------------------|--|---------|--------------------|---------|--------------------------|--|
|                   | 1st half ended September 30, 2014 |                                |  |         |                    |         |                          |  |
|                   | Devices<br>Business               | Car<br>Electronics<br>Business | Next<br>Generation<br>Energy<br>Business | Total   | Other<br>(Notes 1) | Total   | Adjustments<br>(Notes 2) | Quarterly<br>Consolidated<br>Statements of<br>Income and<br>Comprehensive<br>Income<br>(Notes 3) |
| Net sales:        |                                   |                                |  |         |                    |         |                          |  |
| Outside customers | ¥15,830                           | ¥22,549                        | ¥10,414                                  | ¥48,794 | ¥1,644             | ¥50,438 | ¥ —                      | ¥50,438  |
| Inter-segment     | 2,236                             | 11                             | —  | 2,247   | —                  | 2,247   | (2,247)                  | —  |
| Total             | 18,066                            | 22,560                         | 10,414                                   | 51,041  | 1,644              | 52,686  | (2,247)                  | 50,438   |
| Segment income    | ¥ 2,179                           | ¥ 2,715                        | ¥ 1,309                                  | ¥ 6,205 | ¥ 26               | ¥ 6,232 | ¥(1,499)                 | ¥ 4,732  |

Notes: 1. The "Other" category includes activities not included in the reporting segments, such as solenoids.

2. ¥(1,499) million 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.

3. Segment income is adjusted to the operating income stated on the Quarterly Consolidated Statements of Income and Comprehensive Income.

## 2. Net Sales and Profit or Loss by Reporting Segment

### 1. Reporting First Half Period (From April 1, 2015 to September 30, 2015)

Millions of yen

| 1st half ended September 30, 2015 |                     |                                |  |         |                    |         |                          |  |
|-----------------------------------|---------------------|--------------------------------|--|---------|--------------------|---------|--------------------------|--|
|                                   | Devices<br>Business | Car<br>Electronics<br>Business | Next<br>Generation<br>Energy<br>Business | Total   | Other<br>(Notes 1) | Total   | Adjustments<br>(Notes 2) | Quarterly<br>Consolidated<br>Statements of<br>Income and<br>Comprehensive<br>Income<br>(Notes 3) |
| Net sales:                        |                     |                                |  |         |                    |         |                          |  |
| Outside customers                 | ¥15,206             | ¥26,211                        | ¥7,015                                   | ¥48,434 | ¥1,549             | ¥49,984 | ¥ —                      | ¥49,984  |
| Inter-segment                     | 3,107               | 12                             | —  | 3,119   | —                  | 3,119   | (3,119)                  | —  |
| Total                             | 18,314              | 26,224                         | 7,015                                    | 51,553  | 1,549              | 53,103  | (3,119)                  | 49,984   |
| Segment income (loss)             | ¥ 854               | ¥ 3,639                        | ¥ (57)                                   | ¥ 4,435 | ¥ 20               | ¥ 4,456 | ¥ (1,281)                | ¥ 3,175  |

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

2. ¥(1,281) million 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.

3. Segment income(loss) is adjusted to the operating income stated on the Quarterly Consolidated Statements of Income and Comprehensive Income.

### 2. Change in reporting segment

The Company's reporting segments comprise product segments based on the business divisions. Effective April 1, 2015, the segmentation of product administration was changed in part.

As a result, some product groups were transferred from the Next Generation Energy Business to the Car Electronics Business, starting in the first quarter ended June 30, 2015.

Consolidated segment information provided for the second quarter of the previous fiscal year in this report was restated based on this change in the segmentation of product administration.