



Flash Report for the Third-Quarter Period Ended December 31, 2016 [Japan GAAP] (on a consolidated basis)

February 6, 2017

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: February 13, 2017

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

Prepared earnings results briefing material: No

Held quarterly earnings results briefing (for institutional investors and securities analysts): No

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

1. Results for the First Three Quarters (April 1 to December 31, 2016)

(1) Operating results

(¥ million)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Three quarters ended December 31, 2016	¥63,268 (11.7)%	¥ 2,416 (45.7)%	¥ 1,951 (52.1)%	¥ 1,482 (48.2)%
Three quarters ended December 31, 2015	71,678 (6.6)	4,450 (41.0)	4,074 (49.3)	2,862 (47.4)

Notes: 1. Percentage figures for net sales, operating income, ordinary income and profit attributable to owners of the parent represent year-on-year comparisons.

2. Comprehensive income (loss)

Three quarters ended December 31, 2016: ¥236 million (down 84.8%)

Three quarters ended December 31, 2015: ¥1,557 million (down 77.1%)

	Net income per share (¥) basic	Net income per share (¥) diluted
Three quarters ended December 31, 2016	¥ 14.39	¥—
Three quarters ended December 31, 2015	27.78	—

(2) Financial position

(¥ million)

	Total assets	Net assets	Equity ratio
As of December 31, 2016	¥125,226	¥49,698	39.7%
As of March 31, 2016	133,101	50,751	38.1

Note: Owners' equity

As of December 31, 2016: ¥49,698 million As of March 31, 2016: ¥50,751 million

2. Dividends

Cash dividends per share (¥)

	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Year ended March 31, 2016	¥—	¥0.00	¥—	¥12.50	¥12.50
Year ending March 31, 2017	—	0.00	—		
Year ending March 31, 2017 (forecast)				12.50	12.50

Note: Revisions to dividend payment forecasts during the reporting period: Not applicable

3. Business Performance Forecasts for the Year Ending March 31, 2017

(April 1, 2016 to March 31, 2017)

(¥ million)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share (¥)
Full term	¥87,000	(11.3)%	¥2,400	200.2%	¥1,600	294.9%	¥1,300	534.0%	¥12.62

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

2.Revisions to performance forecasts during the reporting period: Not 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: Not 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 December 31, 2016: 103,388,848 shares As of March 31, 2016: 103,388,848 shares

Number of shares in treasury at the end of the period

As of December 31, 2016: 373,733 shares As of March 31, 2016: 367,447 shares

Average number of shares during the period

Three quarters ended December 31, 2016: 103,018,777 shares

Three quarters ended December 31, 2015: 103,027,551 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, 2016	As of December 31, 2016
Assets		
Current assets:		
Cash and deposits	¥ 34,180	¥ 32,452
Notes and accounts receivable – trade	19,507	17,286
Securities	5,000	5,000
Finished products	7,616	6,132
Work in process	3,529	3,891
Raw materials	9,291	8,585
Deferred tax assets	1,109	1,319
Other	4,912	3,826
Allowance for doubtful accounts	(30)	(17)
Total current assets	85,117	78,477
Noncurrent assets:		
<i>Tangible fixed assets –</i>		
Buildings and structures – net	8,426	8,852
Machinery, equipment and vehicles – net	8,581	7,326
Land	6,117	5,963
Other – net	3,424	2,438
Total tangible fixed assets	26,550	24,581
<i>Intangible assets –</i>		
Goodwill	50	23
Software	680	602
Other	350	428
Total intangible assets	1,081	1,054
<i>Investments and other assets –</i>		
Investment securities	12,794	14,303
Deferred tax assets	6,938	6,180
Other	670	679
Allowance for doubtful accounts	(52)	(51)
Total investments and other assets	20,350	21,112
Total noncurrent assets	47,983	46,748
Total assets	¥133,101	¥125,226

Note: Amounts under one million yen are omitted.

Millions of yen

As of March 31, 2016 As of December 31, 2016

Liabilities

Current liabilities:

Notes and accounts payable – trade	¥ 15,779	¥ 14,516
Short-term loans payable	7,438	7,463
Current portion of bonds	2,475	225
Income taxes payable	115	186
Provision for bonuses	945	—
Other	7,144	4,015
Total current liabilities	33,898	26,407

Long-term liabilities:

Bonds payable	925	2,825
Long-term loans payable	23,239	22,862
Net defined benefit liability	17,588	17,191
Provision for product warranties	6,184	5,593
Asset retirement obligations	141	142
Other	371	505
Total long-term liabilities	48,450	49,120
Total liabilities	82,349	75,527

Net assets

Shareholders' equity:

Capital stock	17,823	17,823
Capital surplus	7,738	7,738
Retained earnings	26,922	27,116
Treasury stock	(129)	(132)
Total shareholders' equity	52,354	52,546

Accumulated other comprehensive income (loss):

Valuation difference on available-for-sale securities	1,766	2,701
Foreign currency translation adjustment	(42)	(2,417)
Remeasurements of defined benefit plans	(3,326)	(3,132)
Total accumulated other comprehensive income (loss)	(1,603)	(2,848)
Total net assets	50,751	49,698
Total liabilities and net assets	¥133,101	¥125,226

Quarterly Consolidated Statements of Income and Comprehensive Income

	Millions of yen	
	Three quarters ended December 31, 2015	Three quarters ended December 31, 2016
Net sales	¥ 71,678	¥63,268
Cost of sales	57,957	52,103
Gross profit	13,720	11,164
Selling, general and administrative expenses	9,270	8,748
Operating income	4,450	2,416
Nonoperating income:		
Interest income	65	62
Dividends income	223	239
Royalty income	107	72
Share of profit of entities accounted for using equity method	156	185
Other	166	130
Total nonoperating income	718	689
Nonoperating expenses:		
Interest expenses	380	318
Foreign exchange losses	567	594
Other	147	241
Total nonoperating expenses	1,094	1,154
Ordinary income	4,074	1,951
Extraordinary losses:		
Business structure improvement expenses	103	—
Impairment losses	8	—
Total extraordinary losses	111	—
Income before income taxes	3,962	1,951
Income taxes – current	103	384
Income taxes – deferred	996	84
Total income taxes	1,100	469
Net income	¥ 2,862	¥ 1,482
(Breakdown)		
Profit attributable to owners of parent	2,862	1,482
Profit attributable to non-controlling interests	—	—
Other comprehensive income (loss):		
Valuation difference on available-for-sale securities	237	935
Foreign currency translation adjustment	(1,593)	(2,391)
Adjustments of defined benefit plans	144	193
Share of other comprehensive income of associates accounted for using equity method	(94)	16
Total other comprehensive income (loss)	(1,305)	(1,245)
Comprehensive income (loss)	¥ 1,557	¥ 236
(Breakdown)		
Comprehensive income (loss) attributable to owners of parent	¥ 1,557	¥ 236
Comprehensive income attributable to non-controlling 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 Three Quarters (From April 1, 2015 to December 31, 2015)

	Millions of yen							
	Three quarters ended December 31, 2015							
	Devices Business	Car Electronics Business	Next Generation Energy Business	Total	Other (Notes 1)	Total	Adjustments (Notes 2)	Quarterly Consolidated Statements of Income and Comprehensive Income (Notes 3)
Net sales:								
Outside customers	¥22,799	¥36,048	¥10,493	¥69,342	¥2,335	¥71,678	¥ —	¥71,678
Inter-segment	4,543	19	—	4,562	—	4,562	(4,562)	—
Total	27,343	36,068	10,493	73,905	2,335	76,240	(4,562)	71,678
Segment income (loss)	¥ 1,551	¥ 4,937	¥ (121)	¥ 6,366	¥ 29	¥ 6,395	¥ (1,945)	¥ 4,450

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

2. ¥(1,945) 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. Net Sales and Profit or Loss by Reporting Segment

Reporting Three Quarters (From April 1, 2016 to December 31, 2016)

Millions of yen

	Three quarters ended December 31, 2016							
	Devices Business	Car Electronics Business	Next Generation Energy Business	Total	Other (Notes 1)	Total	Adjustments (Notes 2)	Quarterly Consolidated Statements of Income and Comprehensive Income (Notes 3)
Net sales:								
Outside customers	¥ 22,026	¥31,870	¥7,004	¥60,901	¥2,367	¥63,268	¥ —	¥63,268
Inter-segment	4,590	19	—	4,609	—	4,609	(4,609)	—
Total	26,616	31,889	7,004	65,511	2,367	67,878	(4,609)	63,268
Segment income (loss)	¥ 2,314	¥ 3,134	¥ (761)	¥ 4,687	¥ 20	¥ 4,708	¥ (2,292)	¥ 2,416

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

2. ¥(2,292) 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.