Sientra, Inc.
Form 424B4
September 18, 2015

Use these links to rapidly review the document
TABLE OF CONTENTS

Table of Contents

Filed Pursuant to Rule 424(b)(4)
Registration No. 333-206755

3,000,000 Shares

SIENTRA, INC.

Common Stock

$22.00 per share

Sientra, Inc. is offering 3,000,000 shares of its common stock.

Trading symbol: The NASDAQ Global Select Market SIEN.

The last reported sale price of our common stock on September 17, 2015 was $23.20 per share.

This investment involves risk. See "Risk Factors" beginning on page 14.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, and as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

	Per Share	Total
Public offering price	$ 22.00	$ 66,000,000
Underwriting discounts and commissions[(1)]	$ 1.32	$ 3,960,000
Proceeds to Sientra, Inc., before expenses	$ 20.68	$ 62,040,000

(1) See "Underwriting" for additional information regarding underwriting compensation.

We have granted the underwriters an option to purchase up to 450,000 additional shares of our common stock for 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to investors on or about September 23, 2015.

Piper Jaffray **Stifel**

Leerink Partners **William Blair**

The date of this prospectus is September 17, 2015.

Table of Contents

Table of Contents

TABLE OF CONTENTS

You should rely only on the information contained in this prospectus or any related free writing prospectus we may authorize to be delivered to you. We have not, and the underwriters have not, authorized any other person to provide you with different information. We and the underwriters take no responsibility for, and can provide no assurances as to the reliability of, any information that others may give you. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any state where the offer or sale is not permitted. The information in this prospectus or incorporated herein by reference, is only accurate as of the date of this prospectus or the date of the document incorporated by reference, as applicable, regardless of the time of delivery of this prospectus and the sale of our common stock.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to the registration statement of which this prospectus is a part were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreement, and should not be deemed to be a representation, warranty or covenant made to you or for your benefit. Moreover, such representations, warranties or covenants were accurate only as of the date they were made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

Table of Contents

Trademarks

Our trademark portfolio contains five registered U.S. trademarks, including Sientra®, Simplicity is Beauty®, Sientra Simplicity is Beauty®, Anatomical Controlled® and ACX®, and six Canadian trademark applications. This prospectus contains additional trademarks and trade names of others, which are the property of their respective owners. Solely for convenience, the trademarks and trade names in this prospectus or any document incorporated herein by reference are referred to without the ® and symbols, but such references should not be construed as any indicator that we will not assert, to the fullest extent under applicable law, our rights thereto.

Investors Outside of the United States

Neither we nor any of the underwriters have taken any action that would permit this offering or the possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of shares of our common stock and the distribution of this prospectus outside of the United States.

Market and Industry Data and Forecasts

Certain market and industry data and forecasts included or incorporated by reference in this prospectus were obtained from independent market research, industry publications and surveys, governmental agencies, publicly available information and Realself, Inc. Industry surveys, publications and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. We believe the data from such third-party sources that is included in the prospectus or incorporated herein by reference to be reliable. However, we have not independently verified any of such data and cannot guarantee its accuracy or completeness and cannot assure you that the trends reflected in this data will continue. Similarly, internal market research and industry forecasts, which we believe to be reliable based upon our management's knowledge of the market and the industry, have not been verified by any independent sources. While we are not aware of any misstatements regarding the market or industry data presented herein or incorporated herein by reference, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2014 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015 and June 30, 2015, which are incorporated herein by reference, and "Special Note Regarding Forward-Looking Statements" in this prospectus.

Basis of Presentation

On November 3, 2014, the Company completed an initial public offering, or IPO, whereby it sold a total of 5,750,000 shares of common stock at $15.00 per share inclusive of 750,000 shares sold to underwriters pursuant to the exercise in full of their option to purchase additional shares. The Company received net proceeds from the IPO of approximately $77.0 million, after deducting underwriting discounts and commissions and offering expenses of approximately $9.2 million. In connection with our IPO, our board of directors and stockholders approved an amendment to the Company's certificate of incorporation, which effected a 1 for 2.75 reverse stock split of the Company's issued and outstanding shares of common stock. All issued and outstanding shares of common stock, stock options and warrants and the related per share amounts were adjusted to reflect this reverse stock split for all periods presented. The outstanding shares of convertible preferred stock were converted on a 2.75-to-1 basis into shares of common stock concurrent with the closing of the IPO. All of the outstanding shares of Series A, Series B and Series C preferred stock converted into 8,942,925 shares of common stock. Following the closing of the IPO, there were no shares of preferred stock outstanding.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights information contained in other parts of this prospectus or incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2014, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015 and June 30, 2015, and our other filings with the Securities and Exchange Commission listed in the section of the prospectus entitled "Incorporation of Certain Information by Reference." This summary does not contain all of the information you should consider in making your investment decision. Before deciding to invest in shares of our common stock, you should read the entire prospectus, the registration statement of which this prospectus is a part, and the information incorporated by reference herein in their entirety. You should carefully consider, among other things, the matters discussed in the sections entitled "Risk Factors" and "Selected Financial Data" included elsewhere in this prospectus and incorporated herein by reference and the matters discussed in our financial statements and the accompanying notes and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case, incorporated by reference into this prospectus. Some of the statements in this prospectus constitute forward-looking statements that involve risks and uncertainties. See "Special Note Regarding Forward-Looking Statements." Unless otherwise stated in this prospectus, references to "Sientra," "we," "us," "our" or "the Company" refer to Sientra, Inc.

Overview

We are a medical aesthetics company committed to making a difference in patients' lives by enhancing their body image, growing their self-esteem and restoring their confidence. We were founded to provide greater choice to board-certified plastic surgeons and patients in need of medical aesthetics products. We have developed a broad portfolio of products with technologically differentiated characteristics, supported by independent laboratory testing and strong clinical trial outcomes. We sell our breast implants and breast tissue expanders, or Breast Products, exclusively to board-certified and board-admissible plastic surgeons and tailor our customer service offerings to their specific needs, which we believe helps secure their loyalty and confidence. These advantages have allowed us to increase our market share each year since we entered the market in 2012.

Our primary products are silicone gel breast implants for use in breast augmentation and breast reconstruction procedures, which we offer in over 195 variations of shapes, sizes, fill volumes, and textures. Our breast implants are primarily used in elective procedures which are generally performed on a cash-pay basis. Many of our breast implants incorporate one or more differentiated technologies, including a proprietary high-strength, cohesive silicone gel and proprietary texturing branded TRUE Texture. Our breast implants offer a desired balance between strength, shape retention and softness due to the high-strength, cohesive silicone gel used in our manufacturing process. TRUE Texture provides texturing on the implant shell that is designed to reduce the incidence of malposition, rotation and capsular contracture. We also offer breast tissue expanders and a range of other aesthetic and specialty products. We do not have any patents or patent applications, but rely on trade secrets, proprietary know-how and regulatory barriers to protect our products and technologies.

Our breast implants were approved by the U.S. Food and Drug Administration, or FDA, in 2012, based on data we collected from our ongoing, long-term clinical trial of our breast implants in 1,788 women across 36 investigational sites in the United States, which included 3,506 implants (approximately 53% of which were smooth and 47% of which were textured). Our clinical trial is the largest prospective, long-term safety and effectiveness pivotal study of breast implant patients in the United States and included the largest magnetic resonance imaging, or MRI, cohort with 571 patients. The MRI cohort is a subset of study patients that underwent regular MRI screenings in addition to the other aspects of the clinical trial protocol. The clinical data we collected over an eight-year follow-up period demonstrated rupture rates, capsular contracture rates and reoperation rates that were

Table of Contents

comparable to or better than those of our competitors, at similar time points. In addition to our pivotal study, our clinical data is supported by our Continued Access Study of 2,497 women in the United States. We have also commissioned a number of bench trials run by independent laboratories that we believe further demonstrate the advantages of our breast implants over those of our competitors.

We sell our Breast Products exclusively to board-certified and board-admissible plastic surgeons, as determined by the American Board of Plastic Surgery, who we refer to as Plastic Surgeons. These surgeons have completed the extensive multi-year plastic surgery residency training required by the American Board of Plastic Surgery. While aesthetic procedures are performed by a wide range of medical professionals, including dermatologists, otolaryngologists, obstetricians, gynecologists, dentists and other specialists, the majority of aesthetic surgical procedures are performed by Plastic Surgeons. Plastic Surgeons are thought leaders in the medical aesthetics industry. According to the American Society of Plastic Surgeons, or ASPS, there are approximately 6,400 board-certified plastic surgeons in the United States. We seek to provide Plastic Surgeons with differentiated services, including enhanced customer service offerings, a ten-year limited warranty that is the best-in-the-industry based on providing patients with the largest cash reimbursement for certain out-of-pocket costs related to revision surgeries in a covered event; a lifetime no-charge implant replacement program for covered ruptures; and our industry-first CapCon Care Program, or C3 Program, through which we offer no-charge replacement implants to breast augmentation patients who experience capsular contracture within the first five years after implantation with our smooth or textured breast implants.

We commenced sales of our breast implants in the United States in the second quarter of 2012. Our net sales were $44.7 million, $35.2 million and $10.4 million for the years ended December 31, 2014, 2013 and 2012, respectively. Our net sales were $26.6 million and $21.9 million for the six months ended June 30, 2015 and 2014, respectively. Our net loss was $5.8 million, $19.1 million and $23.4 million for the years ended December 31, 2014, 2013 and 2012, respectively. Our net loss was $6.4 million and $1.2 million for the six months ended June 30, 2015 and 2014, respectively.

Our Market

The overall market for medical aesthetic procedures is significant, and awareness and acceptance of these procedures is growing in the United States. According to ASAPS, in 2014, consumers in the United States spent approximately $12.4 billion on aesthetic procedures overall, including both surgical and non-invasive cosmetic treatments. Of this amount, more than $7.5 billion was spent on aesthetic surgical procedures.

Breast augmentation surgery remains the leading aesthetic surgical procedure by dollars and number of procedures in the United States. According to ASAPS, over 287,000 primary breast augmentation procedures and 72,000 revision augmentation procedures were performed in the United States in 2014. These procedures provide cosmetic solutions generally to enhance breast size and shape, correct breast asymmetries or help restore fullness after breastfeeding. For breast reconstruction, ASPS estimates that approximately 102,000 procedures were performed in the United States in 2014. These procedures are a surgical solution generally used to restore a breast to near normal shape and appearance following a mastectomy and typically utilize a breast tissue expander prior to implantation of a breast implant. Based on the number of procedures reported by ASAPS and by ASPS, and our estimates of average selling price, implant mix and implants per procedure, we estimate that the U.S. market for breast implants and breast tissue expanders exceeded $630 million in 2014.

Table of Contents

Our Opportunity

We believe a significant opportunity exists in the U.S. marketplace due to the high barriers to entry in the U.S. breast implant market and the historical lack of product and service innovation for Plastic Surgeons.

For more than 20 years prior to the FDA approval of our breast implants in 2012, only two companies manufactured and distributed breast implants in the United States. We believe that this market concentration is largely a result of the considerable costs and risks associated with the lengthy regulatory approval process required by the FDA, which has created a significant barrier to entry in the U.S. breast implant market. All new breast implants require pre-market approval, or PMA, from the FDA before they may be marketed in the United States. The PMA application process is lengthy and uncertain, and the PMA application must be supported by valid scientific evidence, which typically requires long-term follow-up of a large number of enrolled patients, as well as extensive technical, pre-clinical, clinical and manufacturing data to demonstrate safety and effectiveness. At present, we are not aware of any ongoing clinical studies in the United States for silicone breast implants other than those post-approval studies being performed by us and our two U.S. competitors. We believe that in the near term, it is likely that the companies currently providing silicone breast implants in the United States will continue to be the only companies servicing the U.S. silicone breast implant market.

We believe the rigorous FDA approval process and the existence of only two competitors in the U.S. market have historically contributed to a lack of technological innovation in the U.S. breast implant industry resulting in limited product choices. Until the FDA approval of our breast implants in 2012, surgeons in the United States were only able to purchase basic round breast implants from our two U.S. competitors, while surgeons outside of the United States were able to purchase technologically-advanced round and anatomically-shaped breast implants.

Our Competitive Strengths

We believe that we are well positioned to take advantage of opportunities afforded by current market dynamics. By focusing on products with technologically differentiated characteristics, demonstrating strong clinical data, offering more product choice and providing services tailored specifically to the needs of Plastic Surgeons, we believe we can continue to enhance our position in the breast implant market. Our competitive strengths include:

Differentiated silicone gel and texturing technologies. We incorporate differentiated technologies into our breast implants, including a proprietary high-strength, cohesive silicone gel and proprietary texturing branded TRUE Texture. Our breast implants offer a desired balance between strength, shape retention and softness due to the high-strength, cohesive silicone gel used in our manufacturing process. In addition, TRUE Texture technology provides texturing on the implant shell that is designed to reduce the incidence of malposition, rotation and capsular contracture. We do not have any patents or patent applications, but rely on trade secrets, proprietary know-how and regulatory barriers to protect our products and technologies.

Strong clinical trial outcomes. Our clinical trial results demonstrate the safety and effectiveness of our breast implants. Our breast implants were approved by the FDA based on data we collected from our ongoing, long-term clinical trial of our breast implants in 1,788 women across 36 investigational sites in the United States. The clinical data we collected over an eight-year follow-up period demonstrated rupture rates, capsular contracture rates and reoperation rates that were comparable to or better than those of our competitors, based on our competitors' published eight-year data.

Table of Contents

Innovative services that deliver an improved customer experience. Our customer service offerings are intended to accommodate and anticipate the needs of Plastic Surgeons so that they can focus on providing better services to their patients. We provide a ten-year limited warranty that is the best-in-the-industry based on providing patients with the largest cash reimbursement for certain out-of-pocket costs related to revision surgeries in a covered event; a lifetime no-charge implant replacement program for covered ruptures; and our industry-first C3 Program through which we offer no-charge replacement implants to breast augmentation patients who experience capsular contracture within the first five years after implantation with our smooth or textured breast implants. We also offer specialized educational initiatives and a streamlined ordering, shipping and billing process.

Board-certified plastic surgeon focus. We sell our Breast Products exclusively to board-certified and board-admissible plastic surgeons who are thought leaders in the medical aesthetics industry. We address the specific needs of Plastic Surgeons through continued product innovation, expansion of our product portfolio and enhanced customer service offerings. We believe that securing the loyalty and confidence of Plastic Surgeons is essential to our success and that our association with Plastic Surgeons enhances our credibility and aligns with our focus on making a difference in patients' lives.

Proven and experienced leadership team. We have a highly experienced management team at both the corporate and operational levels with significant experience in the medical aesthetics industry. Members of our senior management team collectively have more than 135 years of medical aesthetics industry experience.

Our Strategy

Our objective is to become a leading global provider of differentiated medical aesthetic products and services tailored to meet the needs of Plastic Surgeons, allowing us to deliver on our commitment to enhance and make a difference in patients' lives. We are currently focused on growing the breast implant and breast tissue expander markets and our share of them in the United States, and intend to leverage our capabilities into new or complementary aesthetic products or technologies and new geographic markets or market segments. To achieve our objective, we are pursuing the following business strategies:

Create awareness of our differentiated technologies, products and services with Plastic Surgeons and consumers. Since we commenced commercial operations, we have focused our marketing efforts on Plastic Surgeons to promote and create awareness of the benefits of our products. Among other marketing programs targeted at Plastic Surgeons, we offer educational initiatives exclusively to Plastic Surgeons through our Sientra Education Forums. Recently, we have increased our consumer-directed efforts including an expanded exclusive relationship with Realself.com. We believe that continuing to invest in expanding marketing initiatives will have a positive impact on our business.

Expand to new markets. We are pursuing regulatory approval for our breast implants in Canada and intend to expand into the Canadian market upon receipt of such approval. We regularly evaluate additional expansion opportunities and in the future may also expand our business to cover new markets and geographic territories.

Selectively pursue acquisitions. We may selectively pursue domestic and international acquisitions of businesses or technologies that may allow us to leverage our relationships with Plastic Surgeons and our existing commercial infrastructure to provide us with new or complementary products or technologies, and allow us to compete in new geographic markets or market segments or to increase our market share.

Table of Contents

Broaden our product portfolio and launch new products and services. We plan to continue to develop products that address the unmet needs of Plastic Surgeons and patients by leveraging our innovative technologies in combination with our regulatory and product development expertise. We have a number of new Breast Products under development with different characteristics and configurations. We believe these expanded product choices will allow Plastic Surgeons to potentially achieve better outcomes for their patients.

Enhance our sales capabilities and marketing programs to drive adoption of our products. We intend to increase our direct sales capabilities through the hiring of additional, experienced sales representatives and support staff. We believe that continued expansion of our sales team will allow us to broaden our market reach and educate a broader group of Plastic Surgeons on the benefits of our products.

Invest in clinical studies and peer reviewed articles with key opinion leaders. We intend to continue to invest in clinical studies in order to provide published peer reviewed articles that support the clinical benefits of our products and technologies over those of our competitors. We believe our relationship with Plastic Surgeons and our continued focus on providing differentiated products and services will allow us to leverage our existing capabilities to increase our share of the breast implant market specifically and the medical aesthetics market generally.

Recent Developments

Following is a summary of selected recent developments affecting our business:

Launch of new style and configuration of Silicone Gel Breast Implants. In late August 2015, we introduced a new round breast implant featuring our unique high-strength HSC+ silicone gel which was previously available only in our anatomically shaped breast implants. We believe our new HSC+ round breast implants allow surgeons and patients to benefit from the highly cohesive gel in the form of a more traditional round implant. We believe that prior to this introduction by us, such benefits were only accessible to surgeons in the form of shaped implants. In addition, in the fourth quarter of 2014, we launched a line extension to our line of smooth round silicone gel breast implants that provides a higher fill ratio that we believe is desired by some surgeons. We also recently added 16 additional sizes and configurations of our moderate-plus and high projection round implants. This makes a total of over 195 available shapes, sizes and configurations of our silicone gel breast implants.

Direct-to-Consumer Marketing through Exclusive Campaign with Realself.com. We have expanded our exclusive relationship with Realself.com, or Realself, as the only breast implant company with certain exclusive filters on the Realself website. Realself is one of the world's largest online communities for learning and sharing information about cosmetic procedures with nearly 1.5 million unique users a month specifically interested in breast augmentation. For the first six months of 2015, we saw a strong engagement with the Sientra brand and its value proposition where the Sientra brand held a commanding 56% share of all branded breast implant traffic on Realself. We have also experienced substantial growth in the number of Sientra pages viewed on Realself, which we primarily attribute to the launch of our branded Sientra webpages on Realself in May 2014. From 2013 to 2014, the number of Sientra pages viewed on Realself increased by over 50-fold to over 1.2 million in 2014, approximately 1.0 million of which occurred in the last six months of the year. More recently, as our exclusive relationship with Realself has deepened, the number of Sientra pages viewed on Realself has increased. During the first six months of 2015, the number of Sientra pages viewed on Realself increased to approximately 2.9 million views an approximately 20-fold increase when compared to the first six months of 2014.

Table of Contents

In August 2015, we launched our "Orange Dot" campaign with Realself in which all plastic surgeons who are Sientra customers are identified with an orange dot on their profile. Simultaneously, Sientra has advertisements on Realself that explain that the easiest way to identify a board-certified or board-admissible plastic surgeon is by looking for the orange dot because Sientra sells only to board-certified and board-admissible plastic surgeons.

In addition, we achieved a very high 98% "worth it" approval rating, a metric that is highly relevant to the site and its members as it indicates their approval, the relevance of the material and their decision making. We believe that such targeted efforts utilizing online communities are important elements of our brand expansion and that further targeting such direct-to-consumer marketing will help build consumer engagement with the Sientra brand and create value for our surgeons for the long-term.

Increased Sales Organization to a total of 46 Plastic Surgery Consultants. During the first half of 2015, we increased the number of plastic surgery consultants, or PSCs, by 7 from 39 to 46, and we plan to continue adding more PSCs in order to obtain broader coverage and deeper account penetration in certain geographic markets.

Our Eight-Year Follow-Up Data from the pivotal trial that was the basis of PMA Approval in the United States. In May 2015, an update on the eight-year follow-up data from Sientra's ongoing PMA Study of our gel breast implant, authored by Stevens, Harrington, Alizadeh, et al, was published in the peer-reviewed Aesthetic Surgery Journal. Among the significant statistics reported were data on key complications measured among the 1,116 women in the primary-augmentation cohort of Sientra's Core Study, an ongoing 10-year open label, prospective, multicenter clinical study, including:

	Sientra 8-Year
Rupture (overall)	4.9%
(MRI cohort)	7.2%
(non-MRI cohort)	1.5%
Capsular Contracture (III/IV)	11.2%
Reoperation	20.7%

This newly released 8-year follow-up data allows the following summary of Sientra's key clinical data over various follow-up periods:

	3-Year	**5-Year**	**6-Year**	**8-Year**
	Kaplan-Meier % (KM%)			
Rupture (overall)	0.7	2.0	3.2	4.9
Rupture (MRI cohort)	2.5	4.2	4.4	7.2
Rupture (non-MRI cohort)	0.0	0.6	1.7	1.5
Capsular Contracture	6.0	8.8	10.0	11.2
Reoperation	12.6	16.6	18.7	20.7

Our clinical study was not designed to facilitate head-to-head comparisons with our competitors. However, our clinical data and our competitors' clinical data are publicly available to both surgeons and patients who are able to use such data to compare and contrast competing implants. For example, comparisons of the eight-year follow-up data from our pivotal study to the eight-year follow-up data from our competitors' pivotal studies are shown below. In addition, the graph below shows the MRI

Table of Contents

rupture rates of our implants and our competitors as measured in the augmentation cohort of each company's approval study.

	Sientra Pivotal Study	Mentor Pivotal Study	Allergan Pivotal Study
Augmentation	(N=1,116)	(N=552)	(N=455)
Rupture (overall)	4.9%	NR	5.8%
Rupture (MRI)	7.2%	10.6% (24.2% at 10 years)	7.7% (10.1% at 10 years)
Capsular Contracture (Baker Grade III & IV)	11.2%	10.9%	16.8%
Reoperation	20.7%	20.1%	32.1%

N = Number of patients

NR = Not reported

Key complications by Kaplan-Meier rate (KM%)

MRI rupture trend (augmentation cohort)

As shown above, Sientra's clinical rupture data at 8 years of follow-up compares favorably to both of our competitors' rupture data at eight years. In addition, in 2015, a rupture trending analysis of data from Sientra's Core Study was published. This study evaluated 1,792 implants (approximately 52% of which were smooth and 48% of which were textured) in 935 patients (implanted at 31 sites with an average follow-up of 6.6 years range 147 days to 10.6 years) of which 43 implants were ruptured. The study showed that, in each of the first two years following implantation there were 2 or fewer ruptures and, following that, in each of years 3-10, there was a single-digit number of ruptures each year, with no real pattern from year-to-year. The most significant finding of the study was the observation that approximately half of the ruptures originated from three particular surgeons which suggests that surgical technique is a significant factor in rupture rates.

Selected Risks Related to Our Business and Our Industry

Our business is subject to numerous risks and uncertainties of which you should be aware before you decide to invest in our common stock. These risks may prevent us from achieving our business

Table of Contents

objectives, and may adversely affect our business, financial condition, results of operations and prospects. These risks are discussed in greater detail under "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2014 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015 and June 30, 2015 that are incorporated by reference into this prospectus and in the section entitled "Risk Factors" beginning on page 14 of this prospectus. These risks include, but are not limited to the following:

- we have incurred significant net operating losses since inception and cannot assure you that we will achieve profitability;
- our future profitability depends on the success of our Breast Products;
- we rely on a foreign, sole source, third-party to manufacture and supply our silicone gel breast implants, tissue expanders and other products;
- there are inherent risks in contracting with manufacturers located outside of the United States such as in Brazil;
- various factors outside our direct control may adversely affect manufacturing and supply of our breast implants, tissue expanders and other products;
- we have a limited operating history and may face difficulties encountered by companies early in their commercialization in competitive and rapidly evolving markets;
- if we fail to compete effectively against our competitors, both of which have significantly greater resources than we have, our net sales and operating results may be negatively affected;
- pricing pressure from customers and our competitors may impact our ability to sell our products at prices necessary to support our current business strategies;
- the long-term (defined as 10 years or more) safety of our products has not fully been established and our breast implants are currently under study in our PMA and post-approval studies, which could reveal unanticipated complications;
- we are subject to extensive federal and state regulation, and if we fail to comply with applicable regulations, we could suffer severe criminal or civil sanctions or be required to restructure our operations, any of which could adversely affect our business, financial condition and operating results;
- if our intellectual property rights do not adequately protect our products or technologies, others could compete against us more directly, which would hurt our profitability; and
- any negative publicity concerning our products could harm our business and reputation and negatively impact our financial results.

Corporate Information

We incorporated in Delaware on August 29, 2003 under the name Juliet Medical, Inc. and subsequently changed our name to Sientra, Inc. in April 2007. Our principal executive offices are located at 420 South Fairview Avenue, Suite 200, Santa Barbara, California 93117, and our

telephone number is (805) 562-3500. Our website address is www.sientra.com. The information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only

Table of Contents

Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- we are exempt from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;
- we are permitted to provide less extensive disclosure about our executive compensation arrangements in our periodic reports, proxy statements and registration statements; and
- we are not required to give our stockholders non-binding advisory votes on executive compensation or golden parachute arrangements.

We may take advantage of these provisions until December 31, 2019. However, if certain events occur prior to December 31, 2019, including if we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, our annual gross revenue equals or exceeds $1.0 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to December 31, 2019.

We may choose to take advantage of some but not all of these reduced burdens. We have taken advantage of reduced reporting requirements in this prospectus. Accordingly, the information contained herein may be different from the information you receive from our competitors that are public companies, or other public companies in which you have made an investment.

In addition, the JOBS Act provides that an emerging growth company may take advantage of an extended transition period for complying with new or revised accounting standards. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Table of Contents

The Offering

Shares of common stock offered by us	3,000,000 shares.
Shares of common stock to be outstanding immediately after this offering	17,942,696 shares (or 18,392,696 shares if the underwriters exercise in full their option to purchase additional shares).
Option to purchase additional shares	We have granted the underwriters an option to purchase up to 450,000 additional shares of common stock from us. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.
Use of proceeds	We currently anticipate that we will use the net proceeds received by us from this offering for the following purposes: (i) we may acquire or invest in complementary products, technologies, businesses or international expansion opportunities; however, we currently have no agreements or commitments to complete any such transaction, and (ii) for working capital and other general corporate purposes. We may also use a portion of the net proceeds to repay a portion of our long-term debt. For additional information, see "Use of Proceeds."
Risk factors	You should read the "Risk Factors" section of this prospectus, our Annual Report on Form 10-K for the year ended December 31, 2014 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015 and June 30, 2015, incorporated by reference herein, for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
The NASDAQ Global Select Market symbol	"SIEN."

The number of shares of our common stock to be outstanding immediately after this offering is based on 14,942,696 shares of common stock outstanding as of June 30, 2015, and excludes:

- 47,710 shares of common stock issuable upon exercise of outstanding warrants as of June 30, 2015, at an exercise price of $14.671 per share;
- 2,231,748 shares of common stock issuable upon exercise of outstanding options to purchase shares of common stock under our 2007 Equity Incentive Plan, or the 2007 Plan, and our 2014 Equity Incentive Plan, or the 2014 Plan, as of June 30, 2015, at a weighted average exercise price of $7.58 per share;
- 668,112 shares of common stock reserved for future grant or issuance under the 2014 Plan, as of June 30, 2015;
- 404,629 shares of common stock reserved for future grant or issuance under the 2014 Employee Stock Purchase Plan, or ESPP, as of June 30, 2015; and

Table of Contents

44,250 shares of common stock issued on July 20, 2015 under the ESPP.

Except as otherwise indicated or the context otherwise requires, the information in this prospectus assumes:

- no exercise of the underwriters' option to purchase additional shares; and
- no exercise of the outstanding warrants or options described above subsequent to June 30, 2015.

Table of Contents

Summary Financial Data

The following table set forth our summary financial data for the periods and as of the dates indicated. We derived the summary statement of operations data for the years ended December 31, 2012, 2013 and 2014 from our audited financial statements incorporated by reference into this prospectus from our Annual Report on Form 10-K for the year ended December 31, 2014. The summary statement of operations data for the six months ended June 30, 2014 and 2015, and the summary balance sheet data as of June 30, 2015 were derived from our unaudited financial statements incorporated by reference into this prospectus from our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015. In the opinion of management, the unaudited financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of our results for those periods. Our historical results are not necessarily indicative of future operating results and our interim results are not necessarily indicative of results for a full year or any future period.

The summary financial data should be read together with our financial statements and related notes, "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus or incorporated herein by reference.

	Year Ended December 31,			Six Months Ended June 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
	(In thousands, except per share and share amounts)				
Statement of operations data:					
Net sales	$ 10,447	$ 35,171	$ 44,733	$ 21,947	$ 26,640
Cost of goods sold	2,352	674			
Income taxes	904	20	904	67	
Income before minority interests	(437)	987	2,434	607	
Minority interests	-	-	-	-	
Net income	(437)	987	2,434	607	
Other comprehensive income					
Foreign currency translation adjustment	-	-	-	1,585	
Comprehensive income	(437)	987	2,434	2,192	
Net income per share (note 3)					
Basic:					
Net income per share	$ (0.03)	$ 0.06	$ 0.15	$ 0.04	
Weighted average number of shares outstanding (in thousands)	16,003	15,791	15,892	15,791	
Diluted:					
Net income per share	$ (0.03)	$ 0.06	$ 0.15	$ 0.04	
Weighted average number of shares outstanding (in thousands)	16,017	15,791	15,962	15,799	

DESWELL INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(U.S. dollars in thousands)

	Nine months ended December 31,	
	2009	2008
Cash flows from operating activities :		
Net income	$2,434	$607
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation and amortization	5,304	5,467
Impairment of property, plant and equipment	(35)	143
(Gain)/loss on disposal of property, plant and equipment	(4,220)	-
Unrealized holding (gain)/ loss on marketable securities	(169)	19
Stock-based compensation	125	-
Deferred tax	325	-
Changes in operating assets and liabilities :		
Accounts receivable	4,970	(6,496)
Inventories	5,417	(1,000)
Prepaid expenses and other current assets	526	115
Income taxes receivable	-	3
Accounts payable	(757)	3,540
Customer deposits and accrued expenses	(535)	578
Income taxes payable	578	(82)
Net cash provided by operating activities	13,963	2,894
Cash flows from investing activities		
Purchase of property, plant and equipment	(929)	(6,950)
Proceeds from disposal of property, plant and equipment	7,498	249
Closing cost on disposal of plant	(2,123)	-
Net cash provided by investing activities	4,446	(6,701)
Cash flows from financing activities		
Dividends paid	-	(3,158)
Exercised of stock options	696	-
Net cash provided by financing activities	696	(3,158)
Cash effect of exchange rate changes	-	(478)
Net decrease in cash and cash equivalents	19,105	(7,443)
Cash and cash equivalents, at beginning of period	23,134	22,718
Cash and cash equivalents, at end of period	42,239	15,275
Supplementary disclosures of cashflow information :		
Cash paid during the period for :		
Interest	-	-
Income taxes	-	144

DESWELL INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands except per share data)

1. Management's Statement

In the opinion of Management, the accompanying unaudited financial statements contain all adjustments (all of which are normal and recurring in nature) necessary to present fairly the financial position of Deswell Industries, Inc. (the Company) at December 31, 2009 and March 31, 2009, the results of operations for the nine months ended December 31, 2009 and December 31, 2008, and the cash flows for the nine months ended December 31, 2009 and December 31, 2008. The notes to the Consolidated Financial Statements contained in the Form 20-F Annual Report filed on August 14, 2009 under the Securities Exchange Act of 1934 should be read in conjunction with these Consolidated Financial Statements.

2. Inventories

	December 31, 2009	March 31, 2009
Inventories by major categories :		
Raw materials	$10,118	$11,930
Work in progress	2,820	4,941
Finished goods	3,090	4,574
	$16,028	$21,445

3. Earnings Per Share

The basic net income per share and diluted net income per share are computed in accordance with the Statement of Financial Accounting Standards No.128 "Earnings Per Share."

The basic net income per share is computed by dividing income available to common holders by the weighted average number of common shares outstanding during the period. Diluted net income per share gives effect to all potentially dilutive common shares outstanding during the period. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued. In computing the dilutive effect of potential common shares, the average stock price for the period is used in determining the number of treasury shares assumed to be purchased with the proceeds from exercise of options.

The net income for the quarters ended December 31, 2009 and 2008 were both from the Company's continuing operations.

4. Foreign currency translation

Prior to January 1, 2009, the functional currencies of the Company's subsidiaries were Hong Kong dollars and Chinese renminbi. The effects of translating the financial position and results of operations of local currency functional operations into the U.S. dollars were included in a separate component of stockholder's equity as "Accumulated other comprehensive income".

Effective January 1, 2009, the Company's subsidiaries' functional currencies were all changed to the U.S. dollars. The translation adjustments that applied to the Company and that have been accumulated in other comprehensive income until December 31, 2008, have been retained in that account; and nonmonetary assets that Deswell owned at December 31, 2008, the end of the period immediately before the change, were translated in subsequent periods at the exchange rate that was current at the end of that period. And, exchange rate gains and losses on transactions in currencies other than the U.S. dollar are recognized and included in operations for the period in which the exchange rates changed. The change in functional currencies did not have a material effect on the Company's business, results of operations or financial position for the fourth quarter of fiscal 2009 as well as the first 3 quarters of fiscal 2010.

DESWELL INDUSTRIES, INC.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Results of Operations

General

The Company's revenues are derived from the manufacture and sale of (i) injection-molded plastic parts and components, (ii) electronic products and subassemblies and (iii) metallic parts and components and distribution sales of audio equipment. The Company carries out all of its manufacturing operations in southern China, where it is able to take advantage of the lower overhead costs and less expensive labor rates as compared with Hong Kong.

Quarter Ended December 31, 2009 Compared to Quarter Ended December 31, 2008

Net Sales - The Company's net sales for the quarter ended December 31, 2009 were $21,358,000, a decrease of $15,743,000, or 42.4%, as compared to the corresponding period in 2008. The decrease in sales was mainly related to the decrease in sales at our plastic segment of $7,615,000 as well as in our electronic and metallic segment of $8,128,000. This represented decreases of 36.7% and 49.7% respectively, as compared with the net sales from these segments in the corresponding period in the prior year.

The decrease of net sales at our plastic segment was mainly due to decrease of net sales from existing customers of $8,995,000 offsetting the increase of net sales from other existing and new customers of $1,119,000 and $261,000, respectively, as a result of the continuing weak global economy. About 78% of the drop in net sales for the quarter ended December 31, 2009 was accounted to a sales decrease from one of the segment's major customers related to plastic component sales of electronic entertainment products. Net sales from this major customer for this quarter had decreased by 55% due to lower orders for one of their products, as compared with the same quarter in prior year.

The decrease in net sales in the electronic and metallic segment was mainly due to the decrease in orders from existing and new customers for professional audio and telecommunication equipment of $6,909,000 and $2,094,000, respectively, as well as a decrease in distribution sales of $617,000, offsetting the increase in orders for professional audio equipment of $1,492,000. The decrease in orders was due to the combined factors of the generally slow economic condition and change in product and customer mix.

Gross Profit - The gross profit for the quarter ended December 31, 2009 was $4,027,000, representing a gross profit margin of 18.9%. This compares with the overall gross profit and gross profit margin of $6,413,000 or 17.3% for the quarter ended December 31, 2008.

Gross profit in the plastic segment decreased by $1,885,000 to $3,325,000 or 25.3% of net sales, for the quarter ended December 31, 2009 compared to $5,210,000 or 25.1% of net sales, for the quarter ended December 31, 2008. Gross profit as a percentage of sales was favorably impacted by a lower material cost as percentage of sales due to a 17% drop in resin price and a 30% decrease in resin usage during this quarter, as compared with same quarter in prior year. The increase in gross profit as a percentage of sales was partially offset by increases in labor cost due to overtime allowance and in factory overhead as a percentage of sales, when compared with the same quarter in 2008.

Gross profits in the electronic & metallic segment decreased by $501,000 to $702,000 or 8.5% of net sales, for the quarter ended December 31, 2009 compared to $1,203,000 or 7.3% of net sales, for the same period last year. The Company's ability to improve the gross profit as a percentage of sales was mainly attributed to lower raw materials cost as a percentage of sales during the quarter ended December 31, 2009, when compared with the year ago quarter. The increase in gross profit as a percentage of sales was partially offset by an increase in factory overhead as a percentage of sales, when compared with the same quarter in prior year.

Selling, General and Administrative Expenses – SG&A expenses for the quarter ended December 31, 2009 were $3,875,000, or 18.1% of total net sales, compared to $5,015,000, or 13.5% of total net sales for the quarter ended December 31, 2008. There was a decrease in selling, general and administrative expenses of $1,140,000 over the corresponding period.

The SG&A expenses in the plastic segment decreased by $795,000 to $2,590,000, or 19.7% of net sales, for the quarter ended December 31, 2009 compared to $3,385,000 or 16.3% of net sales for the corresponding period in 2008. The lower SG&A expense for the quarter was primarily related to the decrease of $105,000 in selling expense, $389,000 in staff costs and directors' remuneration due to salary cut, $119,000 in traveling, as well as $49,000 in legal and professional fees, as compared with the year-ago quarter.

The SG&A expenses in the electronic and metallic segment decreased by $345,000 to $1,285,000, or 15.6% of net sales, for the quarter ended December 31, 2009 compared to $1,630,000, or 10.0% of net sales for the corresponding period in 2008. As a result of a continued effort in cost controlling, the decrease in SG&A expenses was primarily related to a decrease of $65,000 in selling expense, $87,000 in depreciation and amortization, $191,000 in staff costs and welfare due to salary reduction, $32,000 in travelling and entertainment expenses and $27,000 in office maintenance, offsetting the increase of $96,000 in government taxes and registration fees, as compared with the corresponding quarter in the prior year.

Other operating income - Other operating income was $143,000 for the quarter ended December 31, 2009, as compared to other operating expense of $521,000 for the quarter ended December 31, 2008.

On a segment basis, the other operating income attributable to the plastic segment was $81,000 as compared to an expense of $36,000 for the same quarter last year. The other operating income for the quarter ended December 31, 2009 mainly include reversals of provision for doubtful receivables of $98,000 made in prior periods as compared to provisions of $93,000 in doubtful receivables made in the year-ago quarter.

The other operating income attributable to the electronic and metallic segment was $62,000 in the quarter ended December 31, 2009 as compared to the other operating expense of $485,000 for the year-ago quarter. The increase in other operating income for the quarter ended December 31, 2009 was mainly due to lesser foreign currency fluctuation and no write-off of other receivables. Exchange loss was $155,000 and a write-off of other receivables for $350,000 was made in the year-ago quarter.

Operating income - Operating income was $296,000 for the quarter ended December 31, 2009, as compared with the operating income of $878,000 from the corresponding quarter in the prior year.

On a segment basis, the operating income of the plastic division was $816,000 or 6.2% of net sales in the quarter ended December 31, 2009 compared to operating income of $1,790,000 or 8.6% of net sales in the corresponding period in 2008. The decrease in operating income in the plastic division was mainly due to the decrease in sales revenues as well as increase in SG&A expense as a percentage of sales offsetting the increase in other operating income as described above.

The operating loss of the electronic & metallic segment was $520,000, or (6.3%) of net sales in the quarter ended December 31, 2009 compared to operating expense of $912,000 or (5.6%) of net sales in the corresponding period in 2008. The decrease in electronic & metallic operating loss was due to the improved gross profit margin as well as an increase in other operating income offsetting the increase in SG&A expenses as a percentage of net sales as described above.

Non-operating income – Non-operating income for the quarter increased by $41,000 to $171,000 for the quarter ended December 31, 2009 as compared with the year-ago quarter. This is mainly attributable to the increase of $93,000 in unrealized gain on revaluation of marketable securities in the electronic & metallic segment during the quarter as well as increase of $22,000 in other income in the plastic segment offsetting a decrease of $87,000 in the division's interest income.

Income Taxes – Income tax for the quarter ended December 31, 2009 represented an income tax expense of $687,000 and a deferred tax provision of $217,000 as compared to an income tax expense of $20,000 in the corresponding quarter of prior year.

On a segment basis, there was an income tax expense of $578,000 in the plastic segment for the quarter ended December 31, 2009, of which $379,000 was incurred and payable by one of the Company's subsidiaries which had sold the former manufacturing plant in Shekou, Shenzhen, China during the second quarter of fiscal year 2010. Such income tax was charged on the current taxable profit of the subsidiary after accounting for the gain on disposal of the manufacturing plant and setting off its accumulated taxable loss brought forward from last fiscal year. There was no income tax for the plastic segment in the year-ago quarter. An income tax expense of $109,000 and deferred tax provision of $217,000 were incurred by the electronic & metallic segment for the quarter ended December 31, 2009, as compared to the $20,000 tax expense in the corresponding quarter of 2008.

Net Loss – The Company has a net loss of $437,000 for the quarter ended December 31, 2009, a decrease of net income of $1,425,000, as compared to net income of $988,000 for the quarter ended December 31, 2008. Net loss for the quarter ended December 31, 2009 represented (2.0%) of net sales, compared to net income of 2.7% of net sales in the same quarter of prior year. The decrease in net income was mainly the result of the increase in income tax expense as described above.

Net income for the plastic segment for the quarter ended December 31, 2009 totaled $238,000, as compared to the net income of $1,912,000 for the corresponding quarter in 2008. The decrease in net income of the plastic segment was mainly the result of decline in sales volume as well as increases in SG&A expense as a percentage of sales and in income tax expense as described above.

Net loss for the electronic & metallic segment for the quarter ended December 31, 2009 was $675,000, as compared to the net loss of $924,000 for the corresponding quarter in 2008. The decrease in net loss of the electronic & metallic segment was mainly the result of improvement in gross profit margin, increases in other operating income and non-operating income as described above.

Nine Months Ended December 31, 2009 Compared to Nine Months Ended December 31, 2008

Net Sales - The Company's net sales for the nine months ended December 31, 2009 were $64,947,000, a decrease of $39,433,000 or 37.8% as compared to corresponding period in 2008. The decrease was related to a decrease in sales revenue at our plastic segment of $20,933,000 as well as $18,500,000 at our electronic and metallic segment. This represented decreases of 35.6% and 40.6% respectively, as compared with the respective net sales from these segments in the corresponding period in the prior year.

The revenue decrease at the plastic segment was mainly due to the decrease in orders from existing customers of $24,555,000 offsetting the increase in net sales from other existing and new customers of $2,732,000 and $890,000, respectively, as a result of the weak general economy. About 76% of the decrease in net sales for the nine months ended December 31, 2009 was accounted by one of the segment's major customers related to plastic component sales of electronic entertainment products. Net sales from this major customer for the nine months ended December 31, 2009 had dropped by about 53% due to decrease in orders for one of their products, as compared with the same period in prior year.

The revenue decrease in the electronic and metallic segment was mainly due to the decrease in orders of professional audio and electronics products from existing customers of $19,976,000 and $1,002,000, respectively, and a decrease in distributions sales of $378,000, offsetting the increase in orders from existing and new customers for professional audio instrument products of $2,857,000. The decrease in orders was due to the combined effect of continuing demand decline from the still weak global economy, persistent pressure of losing orders to lower-priced competitors, as well as change to higher-end product and customer mix.

Gross Profit - The gross profit for the nine months ended December 31, 2009 was $10,537,000, representing a gross profit margin of 16.2%. This compared with the overall gross profit and gross profit margin of $15,838,000 or 15.2% for the nine months ended December 31, 2008.

Gross profit in the plastic segment decreased $2,382,000 to $7,818,000 or 20.6% of net sales for the nine months ended December 31, 2009, as compared to $10,200,000 or 17.3% of net sales, for the same period in the prior year. Gross profit as a percentage of sales was favorably impacted by a lower material cost as percentage of sales due to 16% drop in resin price and 35% decrease in resin usage during the nine months ended December 31, 2009, as compared with the same period in the prior year. The increase in gross profit as a percentage of sales was partially offset by increases in labor cost due to overtime allowance and in factory overhead as a percentage of sales, when compared with the same period in last year.

Gross profit in the electronic and metallic segment decreased by $2,919,000 to $2,720,000 or 10.0% of net sales, for the nine months ended December 31, 2009, as compared to $5,639,000 or 12.4% of net sales, for the same period last year. Decrease in the gross profit as a percentage of sales was mainly attributed to higher raw materials cost as a percentage of sales for the nine months ended December 31, 2009, when compared with the same period a year ago.

Selling, general and administrative expenses - SG&A expenses for the nine months ended December 31, 2009 were $11,657,000, amounting to 17.9% of total net sales, as compared to $15,528,000 or 14.9% of total net sales for the nine months ended December 31, 2008. There was a decrease in selling, general and administrative expenses of $3,870,000 or 24.9% over the corresponding period of last year.

The SG&A expenses in the plastic segment decreased by $1,494,000 or 15.7% to $8,004,000 or 21.1% of net sales, for the nine months ended December 31, 2009 compared to $9,498,000 or 16.2% of net sales, for the corresponding period in 2008. The decrease was primarily related to the decrease in selling expenses of $355,000, staff costs and director remuneration of $848,000, as well as in traveling and entertainment of $339,000, as compared with the same period in prior year.

The SG&A expenses in the electronic & metallic segment decreased by $2,376,000 or 39.4% to $3,653,000 or 13.5% of net sales, for the nine months ended December 31, 2009 compared to $6,030,000 or 13.2% of net sales for corresponding period in 2008. The decrease was primarily related to the decrease in selling expense of $338,000, staff costs and director remuneration of $1,585,000, travelling and entertainment expenses of $135,000 and office operating and maintenance expense of $135,000, as compared with the corresponding period in prior year.

Other operating expense - Other operating expense was $116,000 for the nine months ended December 31, 2009, as compared to the other operating income of $215,000 for the nine months ended last year.

On a segment basis, other operating expense attributable to the plastic segment for the nine months ended December 31, 2009 was $389,000, as compared to an operating income of $630,000 for the corresponding period in the prior year. The other operating expense for the nine months ended December 31, 2009 was mainly attributable to exchange loss of $81,000 and provision for doubtful receivables of $379,000, as compared to exchange gain of $830,000 and provision of doubtful receivables of $192,000 for the same period in prior year.

Other operating income attributable to the electronic & metallic segment for the nine months ended December 31, 2009 was $273,000, as compared to other operating expense of $415,000 for the corresponding period in prior year. There was an exchange gain of $54,000 and no write-off of other receivables for the nine months ended December 31, 2009, as compared to $193,000 in exchange loss and $350,000 in write-off of other receivables for the same period of last year.

Operating Loss - Operating loss was $1,236,000 for the nine months ended December 31, 2009, as compared with the operating income of $526,000 from the corresponding nine months in the prior year.

On a segment basis, the operating loss of the plastic division was $575,000, or (1.5%) of net sales in the nine months ended December 31, 2009 compared to operating income of $1,332,000 or 2.3% of net sales in the corresponding period in 2008. Decrease of operating income in the plastic division was mainly due to the decrease in sales revenue and increase in SG&A expense as a percentage of sales, offsetting the improved gross margin as a result of lower material cost and usage as described above.

The operating loss of the electronic & metallic segment was $660,000, or (2.4%) of net sales in the nine months ended December 31, 2009 compared to operating loss of $807,000 or (1.8%) of net sales in the corresponding period in 2008. The operating loss is a higher percentage of sales than that in same period of prior year for the electronic & metallic segment mainly due to lower gross profit margin and relatively higher SG&A expense in terms of sales as described above.

Non-operating income – Non-operating income for the nine months ended December 31, 2009 increased by $4,426,000 to $4,574,000 as compared with the year-ago nine months. This is mainly attributable to the net gain of $4,198,000 recognized from disposal of the former manufacturing plant in Shekou, Shenzhen, China in the plastic division, as well as the unrealized gain of $169,000 on securities revaluation in the electronic & metallic division during the nine months ended December 31, 2009.

Income Taxes – Income tax for the nine months ended December 31, 2009 was an income tax expense of $688,000 and a deferred tax provision of $217,000 as compared to an income tax expense of $67,000 for the corresponding period in prior year.

On a segment basis, the income tax expense incurred by the plastic segment was $578,000 for the nine months ended December 31, 2009, as compared to the $38,000 tax expense incurred during the year-ago nine months. The segment's year-to-date income tax expense included $379,000 tax expense incurred and payable by one of the Company's subsidiary. Such income tax was charged on the subsidiary's current taxable profit after recognizing a gain on the sale of its former manufacturing plant in the second fiscal quarter of 2010 and setting off the subsidiary's accumulated taxable loss brought forward from last fiscal year. The income tax expense and deferred tax provision for the electronic & metallic segment was $110,000 and $217,000, respectively for nine months ended December 31, 2009, as compared to the income tax expense of $29,000 for the corresponding nine months in 2008.

Net Income – The Company has a net income of $2,434,000 for the nine months ended December 31, 2009, an increase of $1,827,000, as compared to net income of $606,000 for the nine months ended December 31, 2008. Net income for the nine months ended December 31, 2009 represented 3.7% as a percentage of net sales, comparing to 0.6% of net sales for the net income in the same nine months of prior year. The increase in net income was mainly the result of the increase in non-operating income as described above.

Net income for the plastic segment for the nine months ended December 31, 2009 totaled $2,986,000, as compared to the net income of $1,453,000 for the corresponding nine months in 2008. The increase in net income of the plastic segment was mainly the result of increase in non-operating income as described above.

Net loss for the electronic & metallic segment for the nine months ended December 31, 2009 was $553,000, compared to the net loss of $847,000 for the corresponding nine months in 2008. The decrease in net loss of the electronic & metallic segment was mainly the result of increases in other operating income and non-operating income as described above.

Liquidity and Capital Resources

Traditionally, the Company has relied primarily upon internally generated funds and short-term borrowings (including trade finance facilities) to finance its operations and expansion.

As of December 31, 2009, the Company had a working capital of $61,022,000 and cash and cash equivalents of $42,239,000. This compares with a working capital of $52,605,000 and cash and cash equivalents of $23,134,000 at March 31, 2009. The increase in cash and cash equivalents was mainly attributed to net cash provided by operating activities of $13,963,000, by investing activities from disposal of former manufacturing plant for $5,185,000 and from disposal of property, plant and equipment for $190,000, and by financing activities from exercise of stock options for $696,000 offsetting net cash used for purchase of property, plant and equipment for $929,000 during the nine months ended December 31, 2009.

The Company has generated sufficient funds from its operating activities to finance its operations and there is little need for external financing. The Company has no short-term borrowings or long-term borrowings at December 31, 2009.

As of December 31, 2009, the Company had no general banking facilities. The Company expects that working capital requirements and capital additions will be funded through internally generated funds.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

For and on behalf of
Deswell Industries, Inc.
by

/s/ Franki Tse
Franki Tse
Chief Executive Officer

Date: March 2, 2010