

Device Business ■

Equipment Business ■

Other Business ■

Corporate Mission

To make a contribution to people and society through the pursuit of optimal energy conversion efficiency.

The electronics device industry has made rapid gains in recent years as evidenced by a number of significant trends: expansion of the consumer digital appliance market that signals the dawn of a full-fledged network society; advancement of IP communications and the high-speed optical networks that are the backbone to an ubiquitous society; and, promotion of eco-friendly and increasingly intelligent vehicles.

Under these circumstances the environment surrounding the power electronics industry, in which our Company is positioned, is undergoing a rapid and radical transformation. On the one hand, there are increasing demands for higher efficiency, smaller packages and greater functionality of power products; while on the other hand, there are demands for countermeasures to global warming for environmental protection and for effective utilization of energy resources.

Since its founding in 1949, the Shindengen Electric Manufacturing Company has established power electronics, such as power semiconductors and switching power supplies, as its primary business domain. Over the years, we have developed countless products that utilize original technologies, and have been relentless in our dedication to meeting the expectations and earning the trust of our customers worldwide.

As one of the few manufacturers in the world that combines multiple semiconductor process technology, power supply circuit expertise and high-density packaging technologies, we will fuse our core technologies to meet the challenges of the changing times and environment. We will create appealing products that will lead us into the next generation and extensively address global environmental protection.

Based on our Company's corporate mission, we are committed to enhancing our corporate value and to further contribute to society by meeting the various needs of our customers by constantly taking on new challenges.

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Power

Shindengen's Technologies and Products Support Industry

System Solution

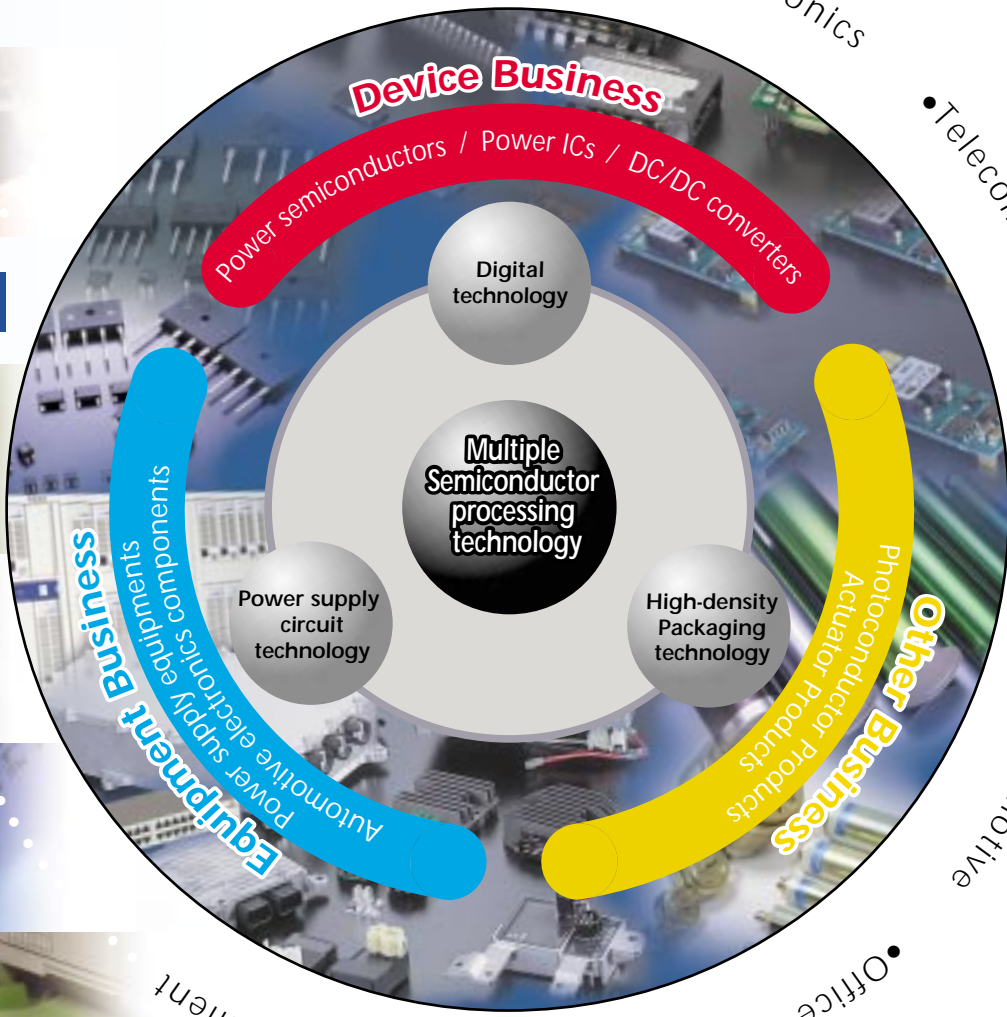
• Home Electronics

• Telecommunication & network

• Automotive

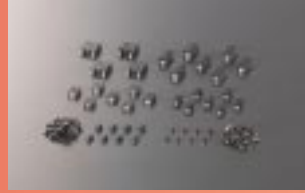
• Office equipment

• Industrial equipment



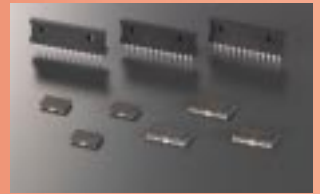
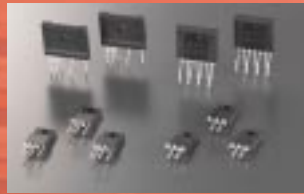
and Lifestyle

Device Business



Semiconductors

Rectifier diodes, Bridge diodes, Schottky barrier diodes, Super fast recovery diodes, MOSFETs, Silicon surge protectors



IC Products

Power ICs, Hybrid ICs

Equipment Business



Power System Products

Rectifier for communications equipment
 Rectifier for transmission network systems for Digital Terrestrial Broadcasting
 Rectifier module(200A)
 Inverter unit
 Mid Span Power Sourcing Equipment
 Rf plasma generator
 DC Sputtering power supply



Other Business



Actuator Products

Rotary solenoids, Push-pull solenoids, Tubular solenoids, proportional solenoids, Solenoid applied products



Module Products
DC/DC Converters
for communications equipment

Contributing to Downsizing, Higher Efficiency and Greater Functionality

Increasingly higher quality technologies are being demanded of semiconductors – the lifeline of electronics products. Shindengen handles an expansive line-up from general rectifier diodes, which are mainly used in the power supply that is the conversion part of power, to bridge diodes, MOSFETs and high-speed rectifier diodes – in which we boast a top-class share worldwide. At the same time, we also boast a large market share in surge protection elements appropriate for thunder and overvoltage protection as well as other applications.

Moreover, as for various manufacturing process technologies, or in other words, power ICs and hybrid ICs that utilize BiCD processes, we are contributing to higher functionality, smaller and thinner sizes and energy saving of digital consumer appliances and IP network products.

With power supply modules, we are continuously developing extremely unique and highly functional devices for information and communication equipment and other areas by fusing device technologies with power supply circuit technologies.

Pursuing Maximal Power Density Minimizing Environmental Burden By Realizing Higher Functionality and Less Loss as Well as Power Efficiency

In the information and communication field, progress in the fusion of communication and broadcasting along with acceleration of IP communication and optical networks has brought us closer to the era of ubiquitous networks. Shindengen is responding to these circumstances by developing electrical devices that feature higher functionality and less loss to meet the diversification and energy saving of power supply systems. We are also proposing optimal power supply systems that realize smaller size and lower cost through heightening power density.

As for electrical products, needs for higher functionality and complexity are increasingly growing. In addition to boasting the top share worldwide for motorcycle electrical products by differentiating from other companies through built-in devices, we provide products that respond to the advancement of electronics of automotives, hybrid cars and other environmentally-friendly products by utilizing our original core technologies.



Automotive Electronics Components
Regulator / Rectifier
CDI unit
AC Inverter - Alternating Current Voltage Adjuster
In-vehicle control unit

Line-Up of Products Commensurate to the Era of High Functionality and Performance

Today, the demands placed on products in the world of mechatronics are that they not only have high functionality and high performance but also be environmentally friendly. The various types of solenoids, or actuator products handled by Shindengen Mechatronics Co., Ltd., are responding to such sophisticated and diversifying market needs and boast an abundant line-up of products that are best suited for the automotive installation (automobiles, construction machinery, etc.), industrial equipment and other markets.

Furthermore, in the OA environment where efficiency and resource saving is being advanced, Yamanashi Electronics Co., Ltd. is supplying long-life and highly-sensitive products. The firm provides a line-up that centers primarily on organic photoconductors (OPCs) and features products appropriate for digital copying machines, laser printers, multi-function printers (MFPs) and other digital photo printers.



Photoconductor Products
Selenium photosensitive drums,
Organic photoconductors

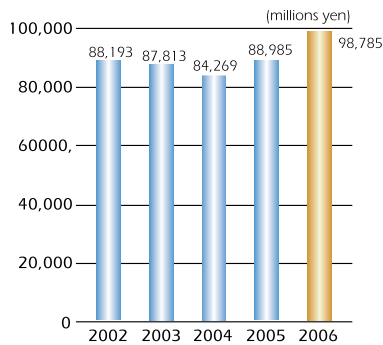
FINANCIAL HIGHLIGHTS

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
For the years ended March 31, 2006 and 2005

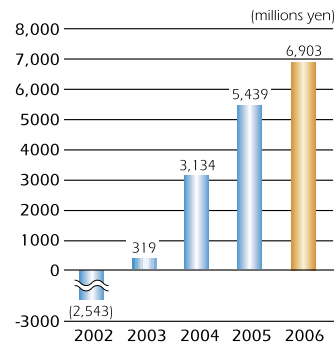
	Millions of Yen		Thousands of U.S. Dollars (Note 1)	
	2006	2005	2004	2006
For the Year:				
Net Sales	¥ 98,785	¥ 88,985	¥ 84,269	\$ 844,314
Operating Income(loss)	6,903	5,439	3,134	\$ 59,003
Net Income(loss)	3,311	1,201	(1,219)	\$ 28,301
At Year-ended:				
Total Assets	¥ 108,013	¥ 101,960	¥ 97,589	\$ 923,186
Total Shareholders' Equity	43,674	36,326	34,906	\$ 373,283
Per Share: (Yen and U.S. dollars)				
Cash Dividends	¥ 6.00	¥ 2.50	¥ 0.00	\$ 0.05

Note: The dollar amounts represent translations of the Japanese yen amounts at the rate of ¥117=U.S.\$1.

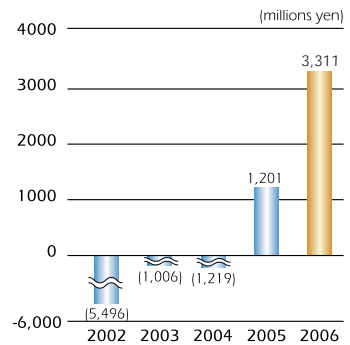
Net Sales



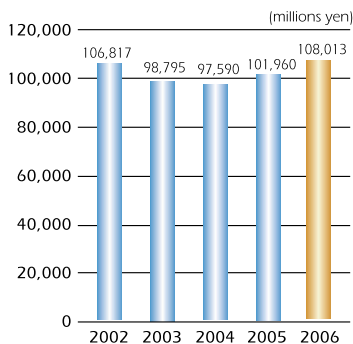
Operating Income(loss)



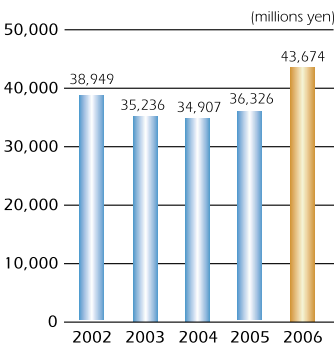
Net Income(loss)



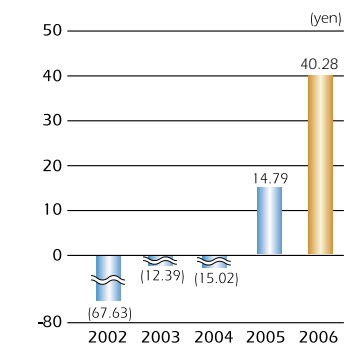
Total Assets



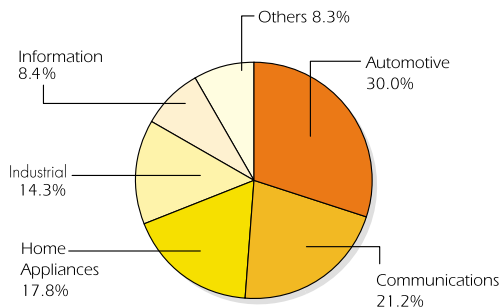
Total Shareholder's Equity



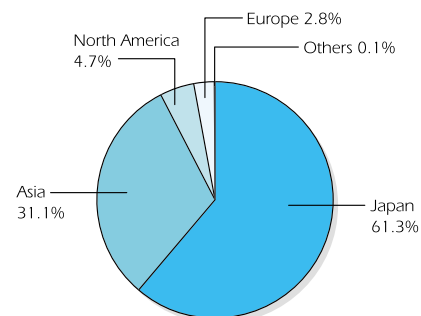
Current net profit per share



Breakdown of markets and their respective percentages



Breakdown of sales by destinations and their respective percentages



A MESSAGE FROM THE PRESIDENT

It is a high honor for any stockholder of the company to report on the 83rd (from Apr 1, 2005 to Mar 31, 2006) term's business results at this opportunity.

Although the economic situation in the world in the term had the influence of raw material price rise accompanying crude oil price jump, it was maintaining growth and steadily changed in general that steady economic expansion was observed in China and other Asian countries, and also in the U.S. Moreover, as to the domestic economy, it continued the autonomous recovery of personal consumption and employment environment being improved in response to the improvement of corporate earnings, the increase of capital investment in private sector and the export for the U.S. and China, etc.

In addition to the investment of the optical and IP communications service, and mobile base stations having been expanded, the situation surrounding the company group changed favorably in general in the telecom infrastructure market by expanding the demand of electronic parts for automotive market, growth continuation of motorcycle market in Asia, etc. On the other hand, the digital AV equipment market was also able to see severe market situation-falling in price continued, etc.

In the situation above, the consolidated sales reached ¥98,784 millions (increase of 11.0% compared with those of the preceding term).

In the income, as a result of the equipment business changed favorably, and in addition to that demand of the device business having increased from the second half for the term, in efficiency of cost reduction activities and business management tackled by the group company-wide, the current profit for the term reached ¥5,326 millions (increase of 41.3% compared with those of the preceding term). Moreover, as a result of investment in securities' profit on sale was appropriated as extraordinary gain, whereas the inventory loss, etc accompanying promotion of the business structural reform further was appropriated as extraordinary loss, the current net profit reached ¥3,311 millions (increase of 175.8% compared with those of the preceding term).

In addition, as to the year-end dividends to the stockholders for the term, it was decided to allocate ¥3.5 per share under the basis of the statement of principles about profits distribution.

As to the future outlook, it is expected that a recovery trend in the domestic economy maintains focusing on the investment in plant and equipment in private sector, recovery of personal consumption by improvement of employment and income environment, etc. However, it is also expected that situation that there are also sources of anxiety, such as pressure of corporate earnings by protraction of crude oil price jump, and slowdown concern of the U.S. economy, risk of strong yen advancing which are unpredictable.

As to the situation surrounding the company group, while market expansion continues focusing on flat-panel TVs in the home electronics appliances market, it is predicted that price competition becomes much more intense. In the domestic communications market, although the investment in plant and equipment demand continues by advancing the optical and IP

communications service, and the number portability correspondence of mobile phones, it is predicted that demand to the basic system decreases compared with the previous term when it increased rapidly. In the motorcycle market, although demand expansion maintains with BRICs etc in newly emerging country market as a whole, it is expected to be anxious about protraction of production adjustment in Indonesia.

As to the company group, since it corresponds to such business environment, management resources are succeedingly shifted towards the most important market hung up by the mid-term product strategy from the preceding year. That is, while promoting further concentration to the power electronics area which has been the prime business, the business structural reform is advanced after discerning growth possibility and profitability. Moreover, it is expected to introduce the corporate officer system from the 82nd ordinary general meeting of stockholders and afterwards as a reform measure of the management mechanism. Thereby, speedup of decision-making and operating execution is aimed at, and efficient management is advanced. Under the basis of such management policy, as to the photoconductor business, the negotiation which transfers all stocks of Yamanashi Electronics Co., Ltd., which is the management subject of this business, to other company has been progressed. In addition, much more fullness of the internal control system is aimed at, so that corporate governance including reservation and compliance of transparency of management may function effectively.

We ask for still greater understanding and support of our stockholders in the future.

June 2006



Kojiroh Oda
President

STATUS OF THE BUSINESS SEGMENT

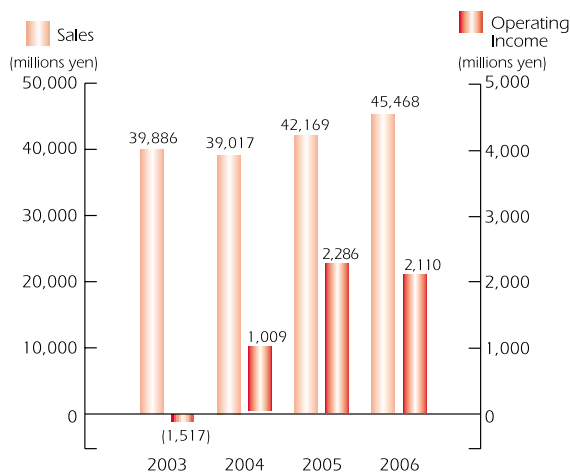
Device business segment

1. General

Sales for the term reached ¥45,468 millions (consisting of 46.0% in overall sales and increase of 7.8% compared with the preceding term). Although Semiconductor Products had the influence of falling in price in the digital AV equipment market, sales increased by the high-speed rectifier diodes developed for flat-panel TVs, expansion for automotive market with remarkable progress of electronification, etc. Although IC Products were stagnated for printers, sales increased slightly by the new product of IC for power-saving type power supplies developed for thin-shape TVs. In Module Products, sales increased by expansion for large-sized network storage, IC testers, mobile base stations, etc.

2. Outlook

Sales for the next term are expected to be ¥48,000 millions (increase of 5.6% compared with the preceding term). In Semiconductor Products, sales are promoted centering on the high-speed rectifier diodes due to being increased for the flat-panel TVs, etc, although it is expected to be anxious about the influence of falling in price in the digital AV equipment market to a certain extent. In addition, the sales are expected to be increasing by continuation of the surface mount products for automotive market. In IC Products, sales are expected to increase by expanding demand of the ICs for power-saving type power supplies to the flat-panel TVs, white home electronic appliances, etc. In Module Products, sales are expected to increase by selling expansion for servers, routers, storages, etc for IP communications equipment.



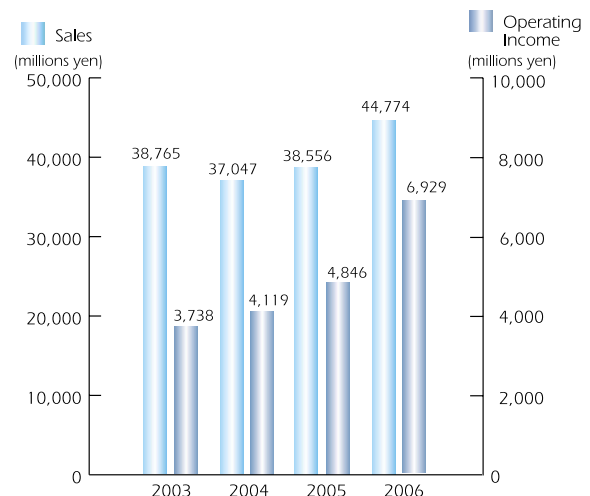
Equipment business segment

1. General

Sales for the term reached ¥44,773 millions (consisting of 45.3% in overall sales and increase of 16.1% compared with the preceding term). In Power System Products, sales increased due to increasing of demand towards the optical and IP broadened and investment in plant and equipment for mobile base stations by being held back from the number portability introduction in the communications basic infrastructure market. In Automotive Electronics Components, although the motorcycle market in Indonesia went into production adjustment from the second half of the term, sales increased due to continuing market growth centering on other Asian areas.

2. Outlook

Sales for the next term are expected to be ¥45,200 millions (increase of 1.0% compared with the preceding term). Although Power System Products are considered that the demand decreases in connection with investment in plant and equipment for demand of the power supply system towards the optical and IP broadened shifting to network maintenance from the basic system, increase for the mobile base stations and the power supplies for information equipment is likely to be increasing slightly as a whole. In Electronic Components, although there is the source of anxiety on the trend of the Indonesia market, sales are expected to be increasing due to continuing expansion for the motorcycle market in other areas.



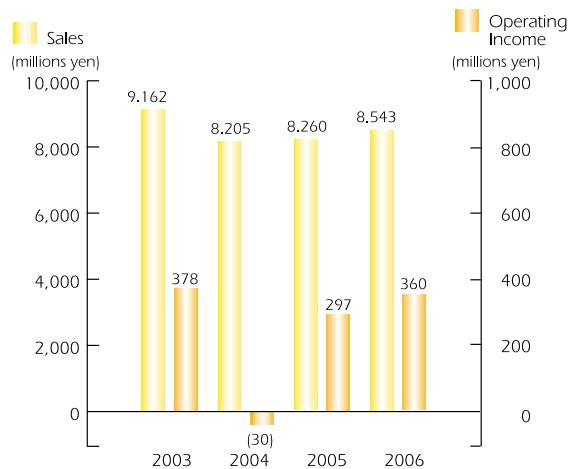
Other business segment

1. General

Sales for the term reached ¥8,542 millions (consisting of 8.7% in overall sales and increase of 3.4% compared with the preceding term). Sales for photoconductor products were increased due to being expanded in the selenium film for X-ray panels, etc. In actuator products for vehicle-mounted market, etc., sales increased steadily.

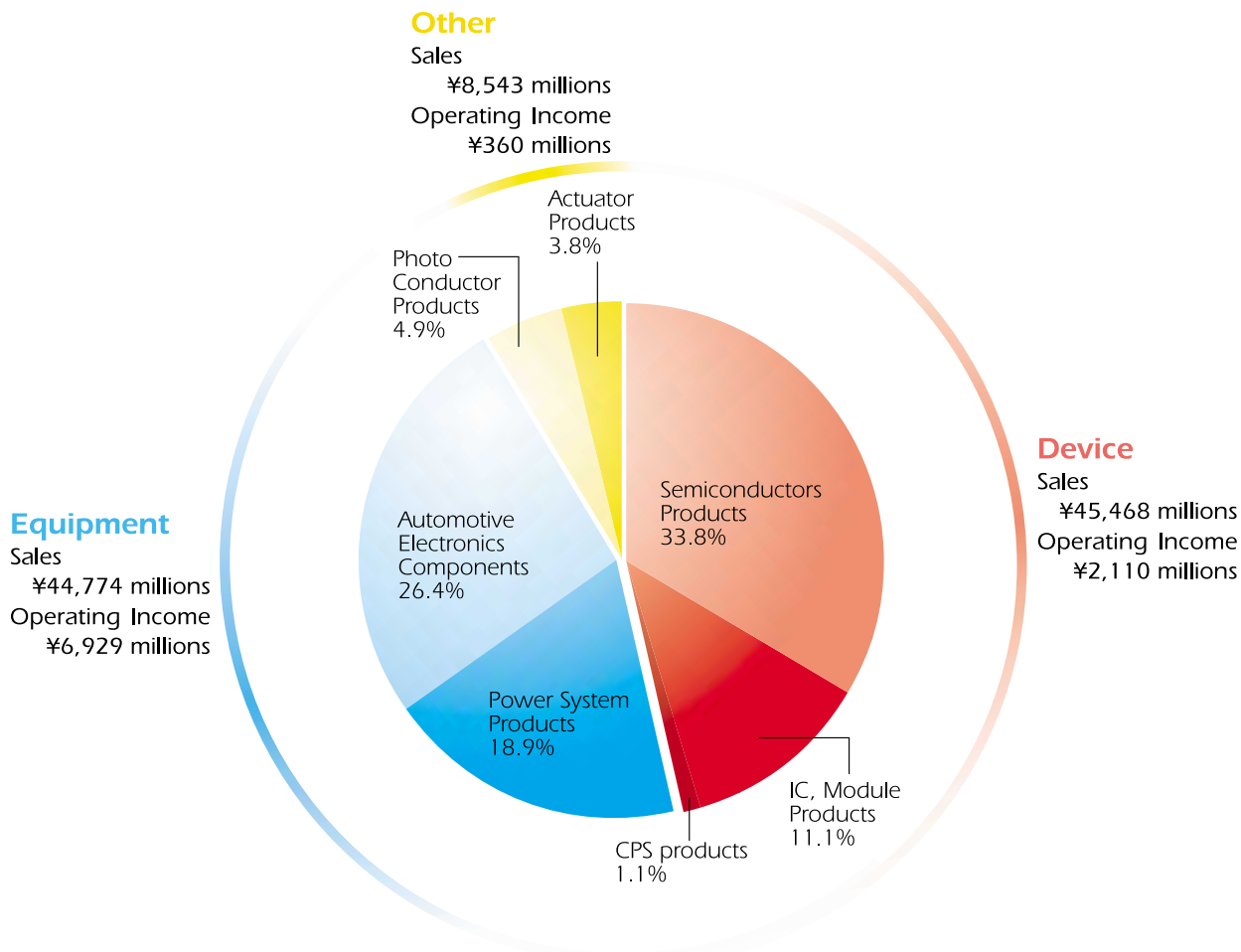
2. Outlook

Sales for the next term are expected to be ¥6,600 millions (decrease of 22.7% compared with the preceding term). In addition, as to the sales of the photoconductor business, it expects by the first half of the next term only.



Company-wide Costs and Expenses

As to the company-wide costs and expenses, those to which couldn't be allocated in the current term remained with ¥2,496 millions.



TOPICS

In these TOPICS, it is explained about the reform measures upon which it decided in order to aim at making a strong business entity by advancing the "Selection and Concentration" business approach further. There is an intention to advance the business structural reform after discerning growth possibility and profitability by shifting management

resources towards IC products and the products for vehicle-mounted market which hung up by the mid-term product strategy following the preceding term, and promoting further the concentration to the power electronics sector which belongs to the prime business.

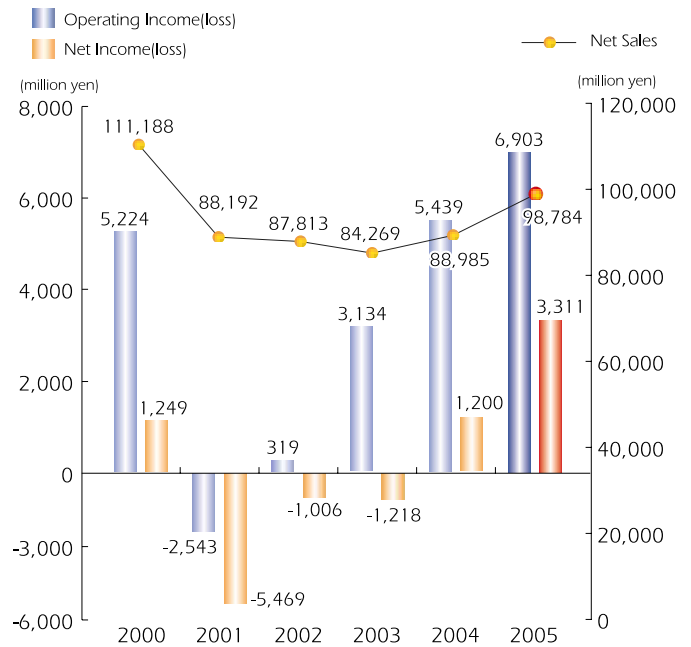
1. Trends of the consolidated business achievements

Trends of the consolidated business results are shown in the graph. Although the serious damage was encountered by the so-called IT bubble burst at the term ended March, 2002, the fixed cost of about ¥6,000 millions was reduced by implementing 20% or 900 persons of the domestic consolidated staff cut as compared with the peak level as the result of having carried out various business structural reforms, such as the large-scale production of semiconductor transferring to overseas, the reorganization of the group companies and associated companies, and withdrawal from unprofitable business. These are the contents and the result of "the first phase of structural reform" of our company.

The trend of sales changed to reversal to increase gradually supported by the vehicle mounted products market, especially the electronic components for the motorcycle market together with the favorable market change of the digital home electronics appliances in the term ended March, 2005.

In addition to these trends, the business result in the term ended March, 2006 increased in both sales and profit as compared with the preceding term due to having a break of the information and communications sector accompanying sudden expansion of the optical and IP broadened.

Moreover, although it is not shown in graph, the operating income to sales ratio was up from 4.7% to 7.0% as compared with before the bubble economy burst, and it can be said that its earning capability has increased a certain extent.



2. Market environment

As to the market environment in the term ended March, 2007, it is explained in the following:

Although it gets down from the environment surrounding the electronic equipment industry if the gap of the winner and the loser has spread further, the market itself is steady and it is blessed with many growth opportunities.

In the consumer market, the high-speed rectifier diodes and hybrid ICs to which the inquiries have been increasing rapidly from the major manufacturers at home and abroad are expanded to getting into stride of flat-panel TV demand, and expansion of ground digital broadcasting areas. Moreover, about the power ICs which made little increase in the preceding term, input of new products is carried out one by one and comeback is aimed at.

In the automotive market, although there is the production adjustment in Indonesia, the world demand of motorcycle including India continues expansion; the company dominates a high growth market certainly and maintains the top share position firmly. In the four-wheeled vehicle market, expansion of the surface mount diodes is advanced with acceleration of electronification.

Also in the information and communications market, progress of the optical and IP broadened is expected succeedingly and the proposal of the optimal power supply system is progressed to expansion of the optical communications service areas. Moreover, it responds to the increase in the power supply demand to acceleration of investment in the mobile base stations accompanying the formation of number portability of mobile phones.

Markets	Our response
Information home appliances: Increased demand for flat-panel TV Expansion of terrestrial digital broadcasting area	Expansion of high-speed rectifier diode and hybrid IC, introduction of new power IC products
Automotive: Maintenance of growth of motorcycle market Development of automotive electronification	Domination of growth market, firmly maintain top share, expansion of surface mount diode
Information communication: Development of optical/IP Introduction of number portability	Response to area expansion, power system proposal, expansion of power supply for base station

3. Reform measures

As mentioned above, although the business conditions involving the company group are turning well, “the second phase of structural reform” is carried out in order to complete the constitution in which rapid economic fluctuations can be borne. The main reform measures are explained in the following:

(1) Statement of principles

1. Selection and Concentration business approach

In order to improve the efficiency of the overall management and to obtain a business result, it is considered that no other business approach than the “Selection and Concentration” is required with thoroughness of clarifying the withdrawal sector after checking and sharing the sector which should grow, and shifting all resources to the growth sector. While concentrating management resources on IC products and the products for vehicle-mounted hung up by the mid-term product strategy as part of that, as to the photoconductor business, negotiations which transfer all stocks of Yamanashi Electronics Co., Ltd., which is the management subject of this business, to other company has been progressed. The second subject is “Investment to Time.”

2. Investment to Time

It is expected to become a race against time for the success or failure of this structural reform. People, material and money which are considered to consist of management resources, especially the time backing people to be recruited is restricted, so that a future investment stance should be changed from the old “investment to material” to the “Investment to Time” in that meaning in our way of thinking.

(2) Reorganization of the management organization

1. Reorganization

In the management reorganization, first, the company reorganized the relevant organizations in order to consider as the optimal organization united with the special features of business.

As to the semiconductors and Advanced Power Products, since they are general-purpose articles and market-cultivate type business, it considers as the organization which gives a fixed feeling of strain between the sales department, and development department and manufacturing department, and strengthening of marketing capability and the “solution proposal function” are attained especially.

As to the automotive electronics components and power systems, since they are the products with having highly custom-made nature and the business which makes customer correspondence first, it changes making into integration of production and sales organizations. In addition, as to the automotive electronics components business, it steps up to the business division organization, and concentrates further on as the basic business.

2. Introduction of the corporate officer system

By slimming of the board of directors and authority transfer to the corporate officer, it will contribute for the purpose of speedup of decision-making and operating execution, and strengthen governance capabilities.

In order that this second phase of structural reform may complete a firm management constitution unlike reform which aims at the reduction balance experienced several years ago, so to speak, “qualitative conversion” is aimed at.

That is, a firm profit base is established by advancing again the so-called “Selection and Concentration” business approach which were called “coexistence of advance and withdrawal” and “positive investment to time” aims at the solid business entity which can be equal to a big change of business environment.

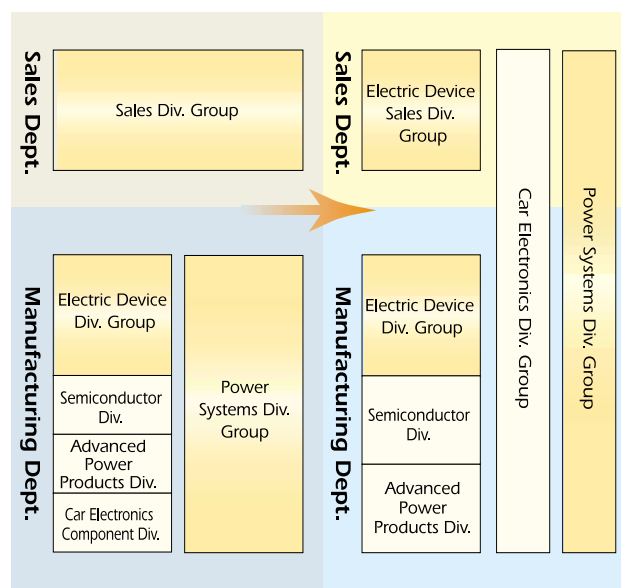
Selection and concentration

- The check of growth sectors
- Ascertaining of unprofitable operations
- Arrangement of research and development themes
- The resource input to growth sectors

Investment to time

- Realization of the mid-term product strategy
- Shortening of development time

Reorganization



Introduction of the corporate officer system

- Slimming of the board of directors and authority transfer to the corporate officer
- Speedup of decision-making and operating execution

MANAGEMENT'S DISCUSSION AND ANALYSIS

The items about the future in the sentences were judged as at the end (March 31, 2006) of this consolidated accounting term.

(1) Significant accounting policies and use of estimates

The consolidated financial statements of the company group are compiled based on the accounting standards generally accepted in Japan. There are the following matters which may influence important for judgment of investors among the estimated calculation on the accounts held in compilation of this consolidated financial statements.

1. Accounting standards for valuation of significant assets

The securities with current price among the other securities in the securities are valued with the market value method (valuation difference is processed by the all-capital-direct-input method, and sale cost is calculated by the moving average cost method) based on the market price at the end of the consolidated accounting term. The securities without current price are valued with the cost method by the moving average cost method. In addition, as to impairment accounting processing, when current price at the end of the consolidated accounting term falls 50% or more compared with that of the acquisition cost about securities with current price, it is performed all in impairment accounting processing, and when it falls 30%-50%, impairment accounting processing is performed about the amount accepted to be required in consideration of recovery possibility, etc. When it is judged about securities without current price that the stock real price fell remarkably due to the aggravation of the financial condition of the issuing company, impairment accounting processing is performed about the amount accepted to be required.

As to the inventory in the consolidated financial statements submit companies and the domestic consolidated subsidiaries, although it is mainly valued with the cost method based on the periodic average method, the cost method based on the last stocking was partially adopted in the consolidated subsidiaries. In the consolidated subsidiaries overseas, it was mainly adopted with the lower-of-cost-or-market method based on the moving average cost method.

2. Reserves and allowances

In order to prepare for loss incurred by bad debts, allowance is appropriated using the historical default rate for non-problematic accounts, whereas doubtful accounts are examined individually and estimated by their recoverability.

In order to prepare for paying bonus to employees, the allowance for bonus payable is appropriated amount among which belongs to the provision prospective amount of the bonus to employees in this consolidated accounting term.

As to the guaranty of liabilities loss allowance, in order to prepare for loss concerning the guaranty of liabilities to affiliated companies, the warrantee financial condition, etc is taken into consideration and the loss burden prospective amount is appropriated.

As to the retirement benefit reserve, in order to prepare for the retirement benefit of employees, it is appropriated based on the pension benefit obligation at this end of the consolidated accounting term and the prospective amount of pension assets.

As to the allowance for directors' retirement, it prepares for the expenditure of officers' retirement bonus for special services and the required amount is appropriated based on internal regulations.

3. Deferred tax assets

As to the deferred tax assets, recoverable amounts are appropriated on the basis of consideration of future recoverability.



(2) Analysis of financial position and results in the term under review and analysis of business performance

1. Analysis of balance sheets

The assets in this consolidated accounting term increased steadily by ¥6,052 millions for the total assets (increase of 5.9% compared with the preceding term) by the increase in quick assets (¥3,509 millions, increase of 11.4% compared with the preceding term) due to steadily increasing operating activities and the increase in the investment in securities due to market valuation of the stocks held in the consolidated financial statement submit companies (¥2,414 millions, increase of 22.0% compared with the preceding term).

As to the liabilities, although the bonds issued in the consolidated financial statement submit companies (¥5,000 millions, increase of 125.0% compared with the preceding term), they decreased by ¥1,340 millions (decrease of 2.0% compared with the preceding term) by refund of bonds and convertible bonds (¥6,191 millions, decrease of 100.0% compared with the preceding term) and by reduction of the bond with the warrant by use of warrant, etc (¥2,312 millions, decrease of 77.1% compared with the preceding term).

The shareholders' equity increased by ¥7,348 millions (increase of 20.2% compared with the preceding term) by the increase in the capital by use of warrant and capital surplus (¥2,312 millions, increase of 8.7% compared with the preceding term), the increase in appraisal of securities difference in the consolidated financial statement submit companies (¥1,571 millions, increase of 112.1% compared with the preceding-term), and the increase in the accumulated earnings with the current net profit, etc (¥2,905 millions, increase of 30.8% compared with the preceding term).

2. Analysis of statements of income

In the Device Business Segment, although sales in this consolidated accounting term had the influence of falling in price in the digital AV equipment market, sales for semiconductor products, IC products and module products increased by the expansion for the flat-panel TVs, the electronics products demand of automotive market, the increase in the telecom infrastructure market, etc.

In the Equipment Business Segment, sales increased together with the power system products and the automotive electronics components due to expanding the optical and IP communications service, the investment in plant and equipment for mobile base stations and the market centering on Asia, although the motorcycle market in Indonesia has gone into production adjustment.

As mentioned above, the sales in this consolidated accounting term increased by ¥9,799 millions (increase of 11.0% compared with the preceding term). Furthermore, the gross profit increased by ¥2,436 millions (increase of 14.9% compared with the preceding term) due to being tackled the improvement in efficiency of cost reduction and business management.

Moreover, the operating income increased by ¥1,464 millions (increase of 26.9% compared with the preceding term) by an efficient operation of distribution cost, such as freight, personnel expenses, research and development cost, and administrative expenses.

The ordinary profit increased by ¥1,558 millions (increase of 41.3% compared with the preceding term) by having appropriated the income under the influence of exchange rate change, etc in the consolidated financial statements submit companies in non-operation income and expense.

In the extraordinary income, although the inventory loss and the amount transferred for allowance for bad debts in the consolidated financial statement submit companies were incurred, the current net income increased by ¥2,110 millions (increase of 175.8% compared with the preceding term) by having appropriated the profit on sale of the investment in securities in the consolidated financial statements submit companies.

(3) Elements which have an important effect on management achievements and future outlook

Although the IT industry has been in the recovery trend with getting into stride of the digital home electronics market, it was going to the recovery stage in the power device sector of semiconductors and ICs which are one of the prime businesses of the company group, whereas the consumer sector centering on home electronics appliances has been exposed to intense price competition by manufacturers at home and abroad, especially in the discrete semiconductors which have been easy to receive business fluctuations as well as in technically ripened.

The company group has decided upon the “mid-term product strategy” as a management strategy towards new growth based on these situations. The mid-term product strategy unifies the market strategy and the technical strategy of making the core of the growth strategy in the company group, it aims at the increase of shareholders value, whereas being clarified strategy as a concrete product image; and by this practice, it realizes the “Technical Precedence-type Corporation” which is the company image aims at by the company group.

Moreover, the following markets are determined as the most important ones based upon the business environment surrounding the company group. That is, the “information and communications market” is expected to make the IP in the communications network, and the advancement and diversification of the information and communications demand, the “information and electronics home appliances market” to be digitized broadcasting and networked the home electronics appliances, and the “automotive market” being progress of electrification, for which markets have the opportunity of growth by changing from the conventional form. Furthermore, from an environmental viewpoint, expansion of environment and new energy market is predicted, so the company group offers the products suitable for new electric supply styles, such as cogeneration systems and fuel cells. These markets are determined as the most important ones; the company group will demonstrate efficiently and build a steadfast status in the markets by mobilizing all capabilities which the company group has.

While promoting the product development corresponding to each of these markets, especially, “IC products” and “vehicle-mounted products” are regarded as the core product group, and the management resources are supplied intensively. Moreover, the change of technology of relevant important markets is caught exactly and quickly, fusion of core technologies of semiconductor, power supply circuit, high density package, digital, etc cultivated so far in the related markets is promoted, and the “power system solution” suitable for the needs of market is offered.

(4) Analysis of financial source of capital and liquidity of funds

The company group has obtained the funds of ¥7,416 millions with more ¥599 millions in the cash flow by operating activities than those of the preceding consolidated accounting term. This is based on the increase in the current net income before adjustment, such as taxes, etc. In the cash flow by investing activities, the funds of ¥5,670 millions were used with fewer ¥5 millions than those of the preceding consolidated accounting term. This is based on the increase in expenditure by acquisition of the tangible fixed assets by having invested in plant and equipment centering on the semiconductors, ICs, automotive electronics components, etc. In the cash flow of financing activities, the funds of ¥989 millions were used with more ¥419 millions than those of the preceding consolidated accounting term. Although the issue of the bond and long-term loan performed, it is because it was compressed with the liabilities with interest by refund of the bonds, convertible bonds and scheduled payment of the long-term loans, etc following the preceding consolidated accounting term.

As mentioned above, in this consolidated accounting term, the fund of ¥5,670 millions used by investing activities was provided with the fund of ¥7,416 millions acquired by cash on hand and operating activities. Although the company group was advancing compression of the liabilities with interest as part of financial capability improvement, the balance of the bonds and loans at the end of the consolidated accounting term was ¥30,797 millions, and compressed by ¥2,531 millions (decrease of 7.6% compared with the preceding term) compared with at the end of the preceding consolidated accounting term. Thereby, the debt dependence fell to 28.5% decreasing by 4.2% compared with those at the end of the preceding consolidated accounting term. Moreover, although the balance of cash on hand has been of ¥9,209 millions by being strove for efficient management of funds, it is expected that required liquidity in hand is secured. In addition, it is expected that the supply of liquidity fund required in the future is possible by having concluded the commitment to extend credit of ¥5,000 millions (the intact credit line at the end of the consolidated accounting term: ¥4,000 millions) agreed with the company group, while carrying out efficient management of funds.



CONSOLIDATED BALANCE SHEETS

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
At March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2006	2005	2006
ASSETS			
Current Assets:			
Cash and time deposits (Note 4)	¥ 9,225	¥ 8,105	\$ 78,844
Trade notes and accounts receivable	24,931	22,550	213,087
Less: allowance for bad debts	(386)	(14)	(3,304)
	<u>24,545</u>	<u>22,536</u>	<u>209,783</u>
Inventories (Note 5)	22,383	21,705	191,309
Deferred tax assets (Note 10)	1,273	1,851	10,885
Other current assets	2,387	2,110	20,402
Total current assets	<u>59,813</u>	<u>56,307</u>	<u>511,223</u>
Investments and Advances:			
Investments in securities (Notes 6)	13,369	10,955	114,265
Long-term loans and other investments	1,246	1,359	10,647
	<u>14,615</u>	<u>12,314</u>	<u>124,912</u>
Property, Plant and Equipment:			
Buildings and structures (Note 7)	35,361	33,722	302,232
Machinery and equipment (Note 7)	60,094	60,290	513,620
	<u>95,455</u>	<u>94,012</u>	<u>815,852</u>
Less: accumulated depreciation	(72,232)	(71,315)	(617,365)
	<u>23,223</u>	<u>22,697</u>	<u>198,487</u>
Land (Note 7)	4,882	4,991	41,724
Construction in progress	2,873	2,021	24,555
	<u>30,978</u>	<u>29,709</u>	<u>264,766</u>
Deferred tax assets (Note 10)	1,834	2,913	15,676
Deferred Charges and Other Assets	773	717	6,609
	<u>¥108,013</u>	<u>¥101,960</u>	<u>\$ 923,186</u>

The accompanying notes are an integral part of the statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2006	2005	2006
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term borrowings from banks	¥ 4,309	¥ 3,504	\$ 36,825
Current maturities of long-term debt (Note 7)	3,717	10,178	31,771
Notes and accounts payable:			
Trade	18,593	18,038	158,917
Acquisition of property and equipment	1,242	1,877	10,611
	<u>19,835</u>	<u>19,915</u>	<u>169,528</u>
Income taxes payable (Note 10)	216	640	1,848
Accrued expenses	2,009	1,587	17,168
Allowance for losses on guarantee of liabilities	212	-	1,813
Other current liabilities	3,183	3,294	27,208
Total current liabilities	<u>33,481</u>	<u>39,118</u>	<u>286,161</u>
Long-Term Debt (Note 7)	22,772	19,646	194,627
Accrued Retirement Benefits (Note 8)	7,422	6,297	63,438
Accrued Retirement Benefits for Directors and Statutory Auditors	438	391	3,746
Deferred Tax Liabilities (Note 10)	8	6	67
Other Non-current Liabilities	13	15	108
Minority Interests in Consolidated Subsidiaries	205	161	1,756
Shareholders' Equity:			
Common stock:			
Authorised: 260,000,000 shares at March 31, 2006 and 2005			
Issued; 87,027,848 shares and 81,276,614 shares			
at March 31, 2006 and 2005, respectively	14,774	13,618	126,270
Capital surplus	13,982	12,826	119,509
Retained earnings	12,325	9,420	105,345
	<u>41,081</u>	<u>35,864</u>	<u>351,124</u>
Unrealized gain on other securities, net of tax	2,973	1,401	25,410
Adjustments on foreign currency statements translation	(317)	(904)	(2,711)
Treasury stock	(63)	(35)	(540)
Total shareholders' equity	<u>43,674</u>	<u>36,326</u>	<u>373,283</u>
	<u>¥108,013</u>	<u>¥101,960</u>	<u>\$ 923,186</u>

Please refer to Note 9 for Contingent Liabilities.

The accompanying notes are an integral part of the statements.

CONSOLIDATED STATEMENTS OF INCOME

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
For the years ended March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2006	2005	2006
Net Sales	¥98,785	¥88,985	\$844,314
Cost of Sales (Note 12)	79,973	72,610	683,531
Gross profit	18,812	16,375	160,783
Selling, General and Administrative Expenses (Notes 11 and 12)	11,909	10,936	101,780
Operating income	6,903	5,439	59,003
Other Income/(Expenses):			
Interest and dividend income	280	178	2,393
Interest expenses	(547)	(560)	(4,671)
Exchange gain (loss)	562	(288)	4,799
Loss on disposal of inventories	(930)	(814)	(7,950)
Amortization of transition amount for accrued retirement benefits (Note 8)	(647)	(647)	(5,530)
Extra retirement benefit	-	(564)	-
Loss on compensation of inventories	(494)	-	(4,219)
Gain on sale of investments in securities	1,242	486	10,611
Gain on reversal of reserve for extra retirement allowance	-	329	-
Impairment loss on fixed assets (Note 15)	(118)	-	(1,008)
Provision for allowance for bad debts	(313)	-	(2,675)
Write-down on investments in affiliate	(164)	-	(1,398)
Other, net	(527)	(57)	(4,506)
	(1,656)	(1,937)	(14,154)
Income before income taxes	5,247	3,502	44,849
Income taxes (Note 10):			
Current	1,301	1,260	11,120
Deferred	586	987	5,012
	1,887	2,247	16,132
	3,360	1,255	28,717
Minority Interests in Net Income of Consolidated Subsidiaries	(49)	(54)	(416)
Net income	¥ 3,311	¥ 1,201	\$ 28,301
Per Share (Note 2 (14)):			
Net income - primary	¥ 40.28	¥ 14.79	\$ 0.34
Net income - fully diluted	¥ 37.03	¥ 14.34	\$ 0.32
Cash dividends	¥ 5.0	¥ 2.5	\$ 0.04
Weighted Average Number of Shares (thousands)	82,209	81,160	

The accompanying notes are an integral part of the statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
For the years ended March 31, 2006 and 2005

	Millions of Yen						
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Unrealized gain (loss) on other securities, net of tax	Adjustments on foreign currency statements translation	Treasury stock
Balance at March 31, 2004	81,276,614	¥13,618	¥12,826	¥ 8,227	¥ 1,025	¥ (764)	¥ (25)
Net income for the year ended March 31, 2005	-	-	-	1,201	-	-	-
Decrease due to the merger of a non-consolidated subsidiary	-	-	-	(8)	-	-	-
Unrealized gain on other securities, net of tax	-	-	-	-	376	-	-
Adjustments on foreign currency statements translation for the year	-	-	-	-	-	(140)	-
Cost of treasury stock purchased, net of disposal	-	-	-	-	-	-	(10)
Balance at March 31, 2005	81,276,614	13,618	12,826	9,420	1,401	(904)	(35)
Exercise of stock acquisition rights	5,751,234	1,156	1,156	-	-	-	-
Gain on disposal of treasury stock	-	-	0	-	-	-	-
Net income for the year ended March 31, 2006	-	-	-	3,311	-	-	-
Cash dividends	-	-	-	(406)	-	-	-
Unrealized gain on other securities, net of tax	-	-	-	-	1,572	-	-
Adjustments on foreign currency statements translation for the year	-	-	-	-	-	587	-
Cost of treasury stock purchased, net of disposal	-	-	-	-	-	-	(28)
Balance at March 31, 2006	<u>87,027,848</u>	<u>¥14,774</u>	<u>¥13,982</u>	<u>¥12,325</u>	<u>¥ 2,973</u>	<u>¥ (317)</u>	<u>¥ (63)</u>

	Thousands of U.S. Dollars						
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Unrealized gain (loss) on other securities, net of tax	Adjustments on foreign currency statements translation	Treasury stock
Balance at March 31, 2005	81,276,614	\$116,390	\$109,625	\$ 80,511	\$11,979	\$(7,723)	\$(303)
Exercise of stock acquisition rights	5,751,234	9,880	9,880	-	-	-	-
Gain on disposal of treasury stock	-	-	4	-	-	-	-
Net income for the year ended March 31, 2006	-	-	-	28,301	-	-	-
Cash dividends	-	-	-	(3,467)	-	-	-
Unrealized gain on other securities, net of tax	-	-	-	-	13,431	-	-
Adjustments on foreign currency statements translation for the year	-	-	-	-	-	5,012	-
Cost of treasury stock purchased, net of disposal	-	-	-	-	-	-	(237)
Balance at March 31, 2006	<u>87,027,848</u>	<u>\$126,270</u>	<u>\$119,509</u>	<u>\$105,345</u>	<u>\$25,410</u>	<u>\$(2,711)</u>	<u>\$(540)</u>

The accompanying notes are an integral part of the statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
For the years ended March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Cash flows from operating activities:			
Income before income taxes	¥5,247	¥3,502	\$44,849
Adjustments for:			
Depreciation and amortization.....	5,108	4,941	43,656
Interest and dividend income	(280)	(178)	(2,393)
Interest expenses	547	560	4,671
Loss on disposal of inventories.....	930	814	7,950
Gain on sale of investments in securities	(1,242)	(486)	(10,611)
Decrease in reserve for extra retirement allowance.....	-	(800)	-
(Increase)/decrease in notes and accounts receivable	(1,851)	36	(15,819)
Increase in inventories.....	(1,000)	(3,107)	(8,543)
Increase(decrease) in notes and accounts payable	(870)	541	(7,434)
Other.....	2,771	2,124	23,676
Sub total.....	9,360	7,947	80,002
Interest and dividend income received	291	220	2,489
Interest expenses paid	(549)	(559)	(4,694)
Payment of income taxes	(1,686)	(790)	(14,007)
Net cash provided by operating activities	7,416	6,818	63,390
Cash flows from investing activities:			
Payments for acquisition of investments in securities.....	(1,745)	(945)	(14,914)
Proceeds from sales of investments in securities	2,606	582	22,276
Payments for acquisition of property, plant and equipment	(6,488)	(5,693)	(55,458)
Proceeds from sales of property, plant and equipment.....	312	220	2,669
Payments in relation to deferred charges.....	(243)	(194)	(2,077)
Other.....	(112)	354	(962)
Net cash used in investing activities	(5,670)	(5,676)	(48,466)
Cash flows from financing activities:			
Increase/(decrease) in short-term bank loans, net	691	(1,956)	5,905
Borrowing of long-term debt	4,100	2,100	35,043
Repayment of long-term debt	(4,084)	(3,681)	(34,902)
Proceeds from convertible-bond-type bonds with stock acquisition rights.....	-	2,982	-
Proceeds from bonds	4,931	-	42,146
Redemption of bonds	(4,000)	-	(34,188)
Redemption of convertible bonds.....	(2,191)	-	(18,726)
Other.....	(436)	(15)	(3,735)
Net cash used in financing activities.....	(989)	(570)	(8,457)
Effect of exchange rate changes on cash and cash equivalents	363	(132)	3,106
Net increase in cash and cash equivalents	1,120	440	9,573
Cash and cash equivalents at beginning of year	8,089	7,628	69,139
Increase due to the merger of a non-consolidated subsidiary	-	21	-
Cash and cash equivalents at end of year (Note 4)	¥9,209	¥8,089	\$78,712

The accompanying notes are an integral part of the statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting Consolidated Financial Statements

(1) Accounting Principles and Presentation

The accompanying consolidated financial statements of Shindengen Electric Manufacturing Co., Ltd. (the "Company") and its subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau (a regional branch organization of Ministry of Finance in Japan) have been reclassified in these accounts for the convenience of readers outside Japan.

(2) Scope of Consolidation

The Company had 23 subsidiaries (controlling companies-companies whose decision-making is controlled) as of March 31, 2006. The consolidated financial statements for the year ended March 31, 2005 and 2006 include the accounts of the Company and its 16 subsidiaries respectively (the "Companies"). The major consolidated subsidiaries are listed below:

	<u>Equity ownership percentage</u>
• Akita Shindengen Co., Ltd.	100.0%
• Yamanashi Electronics Co., Ltd.	100.0%
• Higashine Shindengen Co., Ltd.	100.0%
• Okabe Shindengen Co., Ltd.	100.0%
• Shindengen (Thailand) Co., Ltd.	100.0%
• Lumpfun Shindengen Co., Ltd.	100.0%

In the accompanying consolidated financial statements, the accounts of the 9 overseas subsidiaries at December 31, 2005 and for the year then ended were consolidated with the accounts of the Company at March 31, 2006 and for the year then ended, as they use a fiscal year ending on December 31 of each year.

The remaining 7 unconsolidated subsidiaries as of March 31, 2006, had insignificant amounts in terms of total assets, net sales, net income and retained earnings and therefore have been excluded from consolidation.

(3) Elimination and Consolidation

For the purposes of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Companies have been entirely eliminated, and the portion attributable to minority interests is charged/credited to minority interests.

(4) Investments in Unconsolidated Subsidiaries and Affiliates

The Company had 7 unconsolidated subsidiaries and 3 affiliates (influencing companies, companies whose financial and operating or business decision making can be influenced to a material degree, and which are not subsidiaries) at March 31, 2006.

The investments in 1 unconsolidated subsidiary and 1 affiliate are accounted for by the equity method. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost less impairment loss, due to their insignificant effect on the consolidated financial statements of the Companies.

(5) Translation of Foreign Currency Financial Statements

(Accounts of Overseas Subsidiaries)

The translations of assets and liabilities of overseas subsidiaries are made at the exchange rates prevailing at the balance sheet date. Shareholders' equity at the beginning of the year is translated into Japanese yen at the historical rates. Profit and loss accounts for the year are translated into Japanese yen using the exchange rates prevailing at

the balance sheet date. Differences in Japanese yen amounts arising from the use of different rates are presented as "Adjustments on foreign currency statement translation" in the accompanying consolidated financial statements.

(6) Revaluation of Assets and Liabilities of Subsidiaries

The assets and liabilities of subsidiaries are remeasured at fair value as of the date of acquisition of control. The Company adopts the "full fair value method", in which the full portion of the assets and liabilities of the subsidiaries are marked to fair value as of the acquisition of control.

(7) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

2. Summary of Significant Accounting Policies

(1) Financial Instruments

(a) Securities

Securities held by the Company and its subsidiaries are classified as other securities. Mark-to-market accounting is adopted for other securities. In accordance with this method, these securities with market quotations are carried at fair value that is reasonably determinable based on current market quotes on the balance sheet date, with net unrealized gains and losses, net of related tax, reported separately in shareholders' equity. Realized gains or losses on securities sold are determined based on the moving-average method. If fair value is not available, securities are carried at cost, cost being determined by moving-average method.

In cases where the fair value of equity securities issued by unconsolidated subsidiaries and affiliates or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

(b) Derivatives

All derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as "hedging instruments".

(2) Inventories

Inventories held by the Company and the domestic consolidated subsidiaries are valued at cost, which is determined principally by the average method.

Some domestic consolidated subsidiaries value inventories at cost, which is determined by the latest purchase price method.

Inventories held by overseas consolidated subsidiaries are valued at the lower of the cost or market value, which is determined by the moving average method.

(3) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation for property, plant and equipment held by the Company and its domestic consolidated subsidiaries is computed using the declining-balance method, at rates principally based on the estimated useful lives of assets, which are prescribed by Japanese income tax laws. Depreciation of property, plant and equipment held by overseas consolidated subsidiaries is computed primarily by the straight-line method.

(4) Accounting Standard for Impairment of Fixed Assets

On August 9, 2002, the Business Accounting Council in Japan issued "Accounting Standard for Impairment of Fixed Assets". The standard requires that assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment loss shall be recognized in the statements of income by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price and value in use.

The standard became effective for fiscal years beginning April 1, 2005.

The companies adopted the standard for impairment of fixed assets effective from the year ended March 31, 2006. As a result of adopting the standard, income before income taxes and minority interests for the year ended March 31, 2006 decreased by ¥118 million (\$1,008 thousand). An accumulated impairment loss is deducted directly from the related fixed asset in accordance with reporting standards for annual consolidated financial statements.

(5) Deferred Charges

Research and development expenditure is charged to income when incurred.

The costs of software for internal use is charged to income when incurred, except if it contributes to the generation of income or to future cost saving. Such costs are capitalized as an asset and amortized using the straight-line method over its estimated useful life, which is 5 years.

Bond issue expenses are capitalized as an asset and amortized over a period of 3 years on a straight-line basis in accordance with the Japanese Commercial Code.

(6) Allowance for Bad Debts

The allowance for bad debts is calculated based on the aggregate amount of estimated credit losses for doubtful receivables plus an amount for receivables other than doubtful receivables calculated using historical write-off experience over a certain period.

(7) Accrued Retirement Benefits

Accrued retirement benefits are provided principally at an amount calculated based on the estimated amount incurred at the end of the period, which, in turn, is calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year.

The unrecognized transition amount is amortized on a straight-line basis over 15 years, and the unrecognized prior service costs are amortized on a straight-line basis over a term that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (mainly 13 years) from the year in which they arise, and unrecognized actuarial differences are amortized on a straight-line basis over a term that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (mainly 13 years) from the next year in which they arise.

(8) Accrued Retirement Benefits for Directors and Statutory Auditors

Provision for retirement benefits for directors and statutory auditors is made at an estimate of the amount to be paid in accordance with the internal rules of the Company if all eligible directors and statutory auditors resigned from their posts at the balance sheet date.

(9) Allowance for Losses on Guarantee of Liabilities

To provide for losses on guarantee of liabilities, the Company has set aside a reserve, the amount of which reflects estimated potential losses taking into consideration such factors as the financial conditions of parties guaranteed.

(10) Foreign Currency Translation

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.

(11) Income Taxes

The income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes.

The Companies adopt deferred tax accounting income taxes are determined using the asset and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax bases of assets and liabilities and those as reported in the financial statements.

Deferred tax assets relating to tax loss carryforwards are recorded because the Japanese accounting standard requires that the benefit of tax loss carryforwards be estimated and recorded as an asset, with a deduction of the valuation allowance if it is expected that some portion or all of the deferred tax assets will not be realized.

(12) Leases

Leases that transfer substantially all the risks, rewards and ownership of the assets are accounted for as capital leases, and leases which do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

(13) Appropriation of Retained Earnings

Under the Japanese Commercial Code and the Articles of Incorporation of the Company and its domestic subsidiaries companies, the appropriation of retained earnings proposed by the Board of Directors is subject to approval by the shareholders at a meeting which must be held within three months of the end of each financial year.

The appropriations of retained earnings reflected in the accompanying consolidated financial statements include the results of such appropriations applicable to the immediately preceding financial year as approved at the shareholders' meeting, and effected during the relevant year. Dividends are paid to shareholders on the shareholders' register as at the end of each financial year. As is customary practice in Japan, the payment of bonuses to directors and statutory auditors is made out of retained earnings through an appropriation, instead of being charged to income for the year.

The Japanese Commercial Code provides that interim cash dividends may be paid as a part of the annual dividend upon approval by the Board of Directors.

(14) Net Income per Share

Net income per share is based upon the weighted average number of shares of common stock outstanding less the amount of treasury stock during each period. Net income per share of common stock adjusted for dilution represents net income per share assuming full conversion of all convertible debentures of the Company outstanding, with a related reduction in interest expenses.

Cash dividends per share shown for each year in the Consolidated Statements of Income represent dividends declared as applicable to the respective year.

(15) Consumption Taxes

Consumption taxes are levied at the flat rate of 5% on all domestic consumption of goods and services (with certain exceptions). The consumption taxes withheld by the Company and its domestic consolidated subsidiaries on its revenues and consumption taxes paid by the Company and its domestic consolidated subsidiaries on its purchases of products, merchandise and services from vendors are not included in the amounts of respective accounts in the Consolidated Statements of Income, but is recorded as an asset or a liability, as the case may be and the net balance is included in "other current liabilities" or "other current assets" in the Consolidated Balance Sheets.

3. United States Dollars Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥117 = U.S.\$1, the approximate rate of exchange prevailing at March 31, 2006 has been used in translation.

The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

4. Cash and Cash Equivalents

Cash and cash equivalents consisted of:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Cash and time deposits	¥9,225	¥8,105	\$78,844
Time deposits with deposit term of over 3 months	(16)	(16)	(132)
Cash and cash equivalents	¥9,209	¥8,089	\$78,712

5. Inventories

Inventories held by the Companies as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Finished products	¥ 8,011	¥ 8,040	\$ 68,472
Semi-finished products	2,094	1,940	17,895
Raw materials	7,842	7,441	67,023
Work in process	4,436	4,284	37,919
	¥22,383	¥21,705	\$191,309

6. Marketable Securities and Investments in Securities

Market value information for marketable securities and investments in securities held by the Companies at March 31, 2006 and 2005 is summarized as follows:
(Other securities)

	Millions of Yen		
	2006		
	Acquisition cost	Book value per balance sheet	Difference
Other securities with values exceeding acquisition costs	¥ 6,198	¥ 11,351	¥ 5,153
Other securities with values not exceeding acquisition costs	722	590	(132)
Total	¥ 6,920	¥ 11,941	¥ 5,021

	Thousands of U.S. dollars		
	2006		
	Acquisition cost	Book value per balance sheet	Difference
Other securities with values exceeding acquisition costs	\$52,974	\$97,021	\$44,047
Other securities with values not exceeding acquisition costs	6,173	5,045	(1,128)
Total	\$59,147	\$102,066	\$42,919

Other securities without market value mainly consisted of unlisted equity securities of ¥551 million (\$4,717 thousand) and unlisted bonds of ¥5 million (\$43 thousand).
(Other securities)

	Millions of Yen		
	2005		
	Acquisition cost	Book value per balance sheet	Difference
Other securities with values exceeding acquisition costs	¥ 6,362	¥ 8,807	¥ 2,445
Other securities with values not exceeding acquisition costs	555	481	(74)
Total	¥ 6,917	¥ 9,288	¥ 2,371

Other securities without market value, mainly consisted of unlisted equity securities in an amount of ¥994 million and unlisted bonds in an amount of ¥5 million.

7. Long-Term Debt

Long-term debt as of March 31, 2006 and 2005 consisted of the followings:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Long-term borrowings from banks and other financial institutions	¥16,801	¥16,633	\$143,595
Unsecured convertible-bond-type bonds with stock acquisition rights, due March 31, 2010	688	3,000	5,880
3.68% bonds due August 17, 2005	-	4,000	-
1.05% convertible bonds due September 30, 2005	-	2,191	-
0.93% bonds due August 28, 2007	2,000	2,000	17,094
1.46% bonds due August 7, 2009	2,000	2,000	17,094
1.55% bonds due August 10, 2012	3,000	-	25,641
1.49% bonds due August 10, 2012	1,000	-	8,547
1.46% bonds due August 10, 2012	1,000	-	8,547
	26,489	29,824	226,398
Less: Portion due within one year	(3,717)	(10,178)	(31,771)
	¥22,772	¥19,646	\$194,627

The approximate weighted average interest rate of loans from banks and other financial institutions outstanding as of March 31, 2006 is 1.8%.

The aggregate annual maturity of long-term borrowings from banks and other financial institutions outstanding as of March 31, 2006, during the succeeding five-year period is as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2007	¥ 3,717	\$ 31,771
2008	3,849	32,896
2009	3,559	30,417
2010	2,957	25,275
2011	1,682	14,373
2012 and thereafter	1,037	8,863
	¥16,801	\$143,595

The Companies' assets pledged as collateral for short-term loans of ¥713 million (\$6,096 thousand) and long-term loans of ¥2,884 million (\$24,650 thousand) with banks and other financial institutions as at March 31, 2006 are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
Buildings and structures	¥ 2,254	\$ 19,268
Machinery and equipment	754	6,442
Land	1,119	9,564
Others	92	788
	<u>¥ 4,219</u>	<u>\$ 36,062</u>

8. Retirement Plans and Severance Indemnities

The Company and its consolidated domestic subsidiaries have a funded pension program to cover the employees' retirement benefits. The amount of such retirement benefits is determined by reference to the latest rate of pay, length of service and conditions under which retirement occurs.

The reserve for retirement benefits as of March 31, 2006 and 2005 is analyzed as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Projected benefit obligations	¥(20,299)	¥(19,806)	\$(173,498)
Plan assets	5,774	4,480	49,351
	(14,525)	(15,326)	(124,147)
Unrecognized transition amount	5,823	6,469	49,765
Unrecognized prior service cost	(315)	(353)	(2,693)
Unrecognized actuarial differences	1,599	2,913	13,671
	(7,418)	(6,297)	(63,404)
Prepaid pension expenses	4	-	34
Net liability recognized in balance sheet	<u>¥ (7,422)</u>	<u>¥ (6,297)</u>	<u>\$ 63,438</u>

Net pension expense related to the retirement benefits for the year ended March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Service cost	¥1,120	¥ 1,026	\$ 9,573
Interest cost	441	453	3,773
Expected return on plan assets	(92)	(93)	(790)
Amortization of transition amount	647	647	5,530
Amortization of actuarial differences	264	257	2,260
Amortization of prior service cost	(38)	(38)	(327)
Other	15	26	130
	<u>¥2,357</u>	<u>¥2,278</u>	<u>\$20,149</u>

Assumptions used in calculation of the above information were as follows:

	As of March 31,	
	2006	2005
Discount rate	2.0-2.5%	2.0-2.5%
Expected rate of return on plan assets	2.0-2.5%	2.0-2.5%
Method of attributing the projected benefits to periods of services	straight-line basis	straight-line basis
Amortization of unrecognized prior service cost	13 years	13 years
Amortization of transition amount	15 years	15 years
Amortization of unrecognized actuarial differences	13 years	13 years

9. Contingent Liabilities

The Companies were contingently liable for guarantees of loans taken out by its employees as of March 31, 2006 as follows:

	Millions of Yen	Thousands of U.S. Dollars
Housing loans of employees	¥ 307	\$ 2,626
Notes discounted	¥ 45	\$ 386

10. Income taxes

At March 31, 2006 and 2005, significant components of deferred tax assets and liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Deferred tax assets:			
Accrued retirement benefits	¥3,017	¥2,469	\$25,789
Loss carried forward for tax purposes	85	2,029	726
Depreciation	371	328	3,168
Accrued bonuses	408	340	3,488
Enterprise tax payable	50	81	431
Devaluation loss on investments in securities	57	235	485
Allowance for bad debts	159	33	1,360
Write-down on investments in affiliate	133	-	1,136
Lease rental expenses	257	-	2,198
Impairment loss on fixed assets	46	-	395
Accrued retirement benefits for directors and statutory auditors	178	159	1,525
Other	656	461	5,600
Subtotal of deferred tax assets	5,417	6,135	46,301
Less valuation allowance	(252)	(361)	(2,152)
Total of deferred tax assets	<u>¥5,165</u>	<u>¥5,774</u>	<u>\$44,149</u>
Deferred tax liabilities:			
Unrealized gain on other securities	2,044	965	17,468
Special tax-purpose reserve	22	51	188
Total of deferred tax liabilities	<u>2,066</u>	<u>1,016</u>	<u>17,656</u>
Net deferred tax assets	<u>¥3,099</u>	<u>¥4,758</u>	<u>\$26,493</u>

The reconciliation of the statutory income tax rate to the effective income tax rate for the year ended March 31, 2006 and 2005 is as follows:

	2006	2005
Statutory income tax rate		
Increase (reduction) in taxes resulting from:	40.7%	40.7%
Permanent differences	1.2	4.0
Tax rate difference of overseas consolidated subsidiaries	(6.5)	(4.5)
Dividend income from overseas consolidated subsidiaries	1.5	20.3
Increase (reduction) in valuation allowance	(2.1)	5.0
Others	1.2	(1.3)
Effective income tax rate	36.0%	64.2%

11. Major Items in Selling, General and Administrative Expenses

Major items in selling, general and administrative expenses for the years ended March 31, 2006 and 2005 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Freight and transportation	¥2,532	¥2,581	\$21,643
Employees' salaries and wages	2,538	2,532	21,688
Provision for accrued bonuses to employees	151	133	1,291
Net pension expenses related to retirement benefits	388	287	3,314
Provision for accrued retirement benefits for directors and statutory auditors	123	114	1,054
Research and development expenses	1,392	963	11,895

12. Research and Development Expenses

Research and development expenses charged to income for the years ended March 31, 2006 and 2005 were ¥4,192 million (\$35,832 thousand) and ¥4,216 million, respectively.

13. Derivative and Hedging Activities

The Companies enter into forward currency exchange and currency option contracts to reduce exposure to the risk of currency fluctuation on the Companies' monetary receivables and payables denominated in foreign currencies. In addition, interest rate swap transactions are used in order to minimize the risk of interest rate fluctuation on the Companies' borrowings. The Companies have established a control environment, which includes policies and procedures for risk assessment and for the approval, reporting and monitoring of transactions involving derivative financial instruments. The Companies do not hold or issue derivative financial instruments for trading purposes.

The Companies are exposed to certain market risks arising from their forward currency exchange contracts, currency option contracts and interest rate swap transactions. The Companies are also exposed to the risk of credit loss in the event of non-performance by the counterparties to the currency and interest; however, the Companies do not anticipate non-performance by any of these counterparties, all of whom are financial institutions with high credit ratings.

Outstanding forward currency exchange, currency option contracts and interest rate swap transactions as at March 31, 2006 and 2005 are shown below, except for transactions using hedge accounting.

At March 31, 2006	Millions of Yen		
	Notional principal amount	Market value	Unrealized gain
Forward currency exchange contracts:			
Sell			
U.S. dollars	¥ 206	¥ 205	¥ 1
At March 31, 2006	Thousand of U.S. Dollars		
	Notional principal amount	Market value	Unrealized gain
Forward currency exchange contracts:			
Sell			
U.S. dollars	\$1,758	\$1,747	\$11
At March 31, 2005	Millions of Yen		
	Notional principal amount	Market value	Unrealized gain (loss)
Forward currency exchange contracts:			
Sell			
U.S. dollars	¥1,210	¥1,228	(18)
Currency option contracts:			
Sell (call)	393	9	(4)
Buy (put)	393	2	(3)

14. Finance Leases

The Companies have various lease agreements whereby the Companies act as a lessee. Finance lease contracts other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by the method that is applicable to ordinary operating leases.

Certain key information on such lease contracts of the Companies as a lessee for the years ended March 31, 2006 and 2005 is as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Lease rental expenses for the year	¥1,567	¥1,575	\$13,389
The scheduled maturities of future lease rental payments:			
Due within one year	¥1,215	¥1,404	\$10,385
Due over one year	730	1,520	6,242
	¥1,945	¥2,924	\$16,627
Leased assets:			
Assumed purchase cost	¥5,738	¥5,886	\$49,041
Assumed accumulated depreciation	(3,869)	(3,059)	(33,070)
Assumed net book value	¥1,869	¥2,827	\$15,971

Depreciation is computed by the straight-line method over the terms of the leases, assuming no residual value.

15. Impairment Loss on Fixed Assets

For the year ended March 31, 2006, the Companies recognized ¥118 million (\$1,008 thousand) of impairment loss on fixed assets.

The major portion of the impairment loss is as follows:

Use	Type of asset	Millions of Yen	Thousands of U.S. Dollars
		2006	2006
Idle properties	Land	¥ 111	\$ 950

As a result of a significant decline in fair value of idle properties, the carrying value of these assets have been reduced to their recoverable value.

The net recoverable value is determined as the net sales value. The net sales value is based on appraisal conducted by professional real estate assessors.

The Companies recognize impairment loss per groups of assets.

A group of assets is determined based on the divisions for the purpose of managerial accounting. Additionally the interdependency of cashflows due mainly to the similarity in manufacturing process is considered in the determination.

16. Supplementary Cash Flow Information

Significant non-cash transactions for the year ended March 31, 2006 are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
Increase in common stock resulting from exercise of stock acquisition rights	¥ 1,156	\$ 9,880
Increase in capital surplus resulting from exercise of stock acquisition rights	1,156	9,880
Decrease in convertible-bond-type bonds with stock acquisition rights resulting from exercise of stock acquisition rights	¥ 2,312	\$ 19,760

17. Segment Information

(1) Industry Segment Information

The Companies operate principally in the following three industrial segments:

Industry segment	Major products	
Devices	Rectifier diodes Thyristors Power transistors Power ICs Hybrid ICs DC/DC converters	
Equipment	AC/DC converters for consumer equipment Rectifiers for information communication Switching power supplies High frequency power supply components	
Other	Automotive electronics components Photosensitive drums Solenoids	

The segment information of the Companies for the years ended March 31, 2006 and 2005 is summarized as follows:

For the year ended March 31, 2006	Millions of Yen				
	Devices	Equipment	Other	Elimination or corporate	Consolidated
Sales:					
Outside customers	¥ 45,468	¥ 44,774	¥ 8,543	¥ -	¥ 98,785
Inter-group	1,530	8	-	(1,538)	-
Total	46,998	44,782	8,543	(1,538)	98,785
Operating costs and expenses:	44,920	37,912	8,192	858	91,882
Operating income	2,078	6,870	351	(2,396)	6,903
Assets	47,122	27,309	6,637	26,945	108,013
Depreciation and amortization	3,438	911	285	474	5,108
Impairment loss	7	-	-	111	118
Capital expenditure	4,757	940	105	834	6,636

For the year ended March 31, 2005	Millions of Yen					Consolidated
	Electronic devices	Advanced power products	Equipment	Elimination or corporate		
Sales:						
Outside customers	¥ 42,169	¥ 38,556	¥ 8,260	¥ -	¥ 88,985	
Inter-group	1,702	3	-	(1,705)	-	
Total	43,871	38,559	8,260	(1,705)	88,985	
Operating costs and expenses:	41,587	33,766	7,971	222	83,546	
Operating income (loss)	2,284	4,793	289	(1,927)	5,439	
Assets	43,613	25,287	6,605	26,455	101,960	
Depreciation and amortization	3,261	864	316	500	4,941	
Capital expenditure	4,893	958	128	786	6,765	

For the year ended March 31, 2006	Thousands of U.S. Dollars					Consolidated
	Devices	Equipment	Other	Elimination or corporate		
Sales:						
Outside customers	\$ 388,617	\$ 382,682	\$ 73,015	\$ -	\$ 844,314	
Inter-group	13,079	72	-	(13,151)	-	
Total	401,696	382,754	73,015	(13,151)	844,314	
Operating costs and expenses:	383,934	324,031	70,019	7,327	785,311	
Operating income	17,762	58,723	2,996	(20,478)	59,003	
Assets	402,751	233,409	56,728	230,298	923,186	
Depreciation and amortization	29,386	7,788	2,436	4,046	43,656	
Impairment loss	58	-	-	950	1,008	
Capital expenditure	40,657	8,031	903	7,127	56,718	

(2) Information by Geographic Segment

Sales of the Companies classified by geographic area (inside and outside Japan) for the years ended March 31, 2006 and 2005 are summarized as follows:

For the year ended March 31, 2006	Millions of Yen					Consolidated
	Japan	Asia	North America	Europe	Elimination or corporate	
Sales:						
Outside customers	¥ 68,824	¥ 24,013	¥ 4,330	¥ 1,618	¥ -	¥ 98,785
Inter-group	23,902	19,400	0	7	(43,309)	-
Total	92,726	43,413	4,330	1,625	(43,309)	98,785
Operating costs and expenses:	86,135	40,825	4,299	1,536	(40,913)	91,882
Operating income	6,591	2,588	31	89	(2,396)	6,903
Assets	73,678	19,450	1,398	643	12,844	108,013

For the year ended March 31, 2005	Millions of Yen					Consolidated
	Japan	Asia	North America	Europe	Elimination or corporate	
Sales:						
Outside customers	¥ 63,185	¥ 19,364	¥ 4,311	¥ 2,125	¥ -	¥ 88,985
Inter-group	22,389	18,407	9	-	(40,805)	-
Total	85,574	37,771	4,320	2,125	(40,805)	88,985
Operating costs and expenses:	80,230	35,769	4,426	1,999	(38,878)	83,546
Operating income (loss)	5,344	2,002	(106)	126	(1,927)	5,439
Assets	67,909	16,612	1,338	909	15,192	101,960

For the year ended March 31, 2006	Thousands of U.S. Dollars					Consolidated
	Japan	Asia	North America	Europe	Elimination or corporate	
Sales:						
Outside customers	\$ 588,238	\$ 205,241	\$ 37,005	\$ 13,830	\$ -	\$ 844,314
Inter-group	204,290	165,809	5	55	(370,159)	-
Total	792,528	371,050	37,010	13,885	(370,159)	844,314
Operating costs and expenses:	736,192	348,926	36,748	13,126	(349,681)	785,311
Operating income (loss)	56,336	22,124	262	759	(20,478)	59,003
Assets	629,728	166,236	11,946	5,496	109,780	923,186

(3) Export Sales and Sales by Overseas Subsidiaries

Export sales of the Companies (meaning the amount of exports carried out by the Company and its domestic subsidiaries plus the sales of overseas consolidated subsidiaries) for the years ended March 31, 2006 and 2005 are presented below:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Export sales and sales by overseas subsidiaries			
Asia	¥ 30,724	¥ 25,645	\$262,595
North America	4,607	4,697	39,382
Europe	2,819	3,214	24,092
Others	83	105	709
Total	¥ 38,233	¥ 33,661	\$326,778
Percentage of such sales against consolidated net sales			
Asia	31.1%	28.8%	
North America	4.7	5.3	
Europe	2.8	3.6	
Others	0.1	0.1	
Total	38.7%	37.8%	

18. Subsequent Events

Subsequent to March 31, 2006, the Company's Board of Directors, with subsequent approval by shareholders on June 29, 2006, declared a cash dividend of ¥304 million (\$2,598 thousand), equal to ¥2.5 per share, which was applicable to earnings for the year ended March 31, 2006, and payable to shareholders on the register as of March 31, 2006.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of
Shindengen Electric Manufacturing Co.,Ltd.

We have audited the accompanying consolidated balance sheets of Shindengen Electric Manufacturing Co.,Ltd and its subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

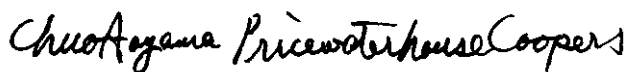
We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shindengen Electric Manufacturing Co.,Ltd and its subsidiaries as of March 31, 2006 and 2005, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2(4), effective for the year ended March 31, 2006, Shindengen Electric Manufacturing Co.,Ltd and its subsidiaries have adopted accounting standard for impairment of fixed assets.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

Tokyo, Japan
June 29, 2006



ChuoAoyama PricewaterhouseCoopers

COMPANY INFORMATION

Shindengen Electric Manufacturing Company, Limited

CORPORATE DATA

ESTABLISHED: August 16, 1949

LISTED ON STOCK EXCHANGE: June 2, 1958

CAPITAL: ¥14,773,618,008 (as of March 31, 2006)

TOTAL NUMBER OF ISSUED SHARES:
87,027,848 (as of March 31, 2006)

NUMBER OF SHAREHOLDERS:
9,895 (as of March 31, 2006)

NUMBER OF EMPLOYEES:
1,072 (as of March 31, 2006)

HEADQUARTERS:
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Phone: +81-42-973-3111

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Naka-ku, Nagoya, Aichi 460-0008, Japan
Phone: +81-52-221-1361
Facsimile: +81-52-201-4780

BOARD OF DIRECTORS

(As of June 29, 2006)

President

Kojiroh Oda

Senior Managing Director

Ryusaburo Wada *

Managing Directors

Hiroyuki Yamada *

Masatsugu Konno *

Masato Morikawa *

Todomu Yakubo *

Auditors

Standing Corporate Auditor

Masahiro Managaki

Corporate Auditors

Motoji Utsumi

Yuichiro Miyake

* The Directors concurrently serving as the Officers.

OFFICERS

(As of June 29, 2006)

Executive Officers

Susumu Yoshida

Noboru Asano

Senior Officers

Masayuki Mizoguchi

Wataru Tomoshige

Masanori Ogasawara

Officers

Michio Koyama

Ko Kawame

Hidemi Nishi

Tadashi Yukawa

CONSOLIDATED SUBSIDIARIES

OVERSEAS

ENGINEERING, SALES, AND SERVICE

Shindengen America Inc.

Head Office

Sales of semiconductors, switching power supplies, automotive components, etc.

Chicago Office

Sales of semiconductors, switching power supplies, automotive components, etc.

Shindengen UK Ltd.

Head Office

Sales of semiconductors, switching power supplies, etc.

German Branch

Sales of semiconductors, switching power supplies, etc.

Shindengen Singapore Pte Ltd.

Sales of semiconductors, switching power supplies, etc.

Shindengen (H.K.) Co., Ltd.

Head Office

Sales of semiconductors, switching power supplies, etc.

Taiwan Representative Office

Sales of semiconductors, switching power supplies, etc.

Shanghai Liaison Office

Sales of semiconductors, switching power supplies, etc.

MANUFACTURING

Shindengen (Thailand) Co., Ltd.

Manufacture of automotive components and semiconductors

Lumphun Shindengen Co., Ltd.

Manufacture of semiconductors and switching power supplies, etc.

Guangzhou Shindengen Electronic Co., Ltd.

Manufacture and sales of automotive components, switching power supplies, etc.

Shindengen Philippines Corp.

Manufacture of semiconductors

Pt. Shindengen Indonesia

Manufacturing and sales of automotive components

Napino Auto & Electronics Ltd.

Manufacturing and sales of automotive components

JAPAN

Shindengen Device Commerce Co., Ltd.

Akita Shindengen Co., Ltd.

Higashine Shindengen Co., Ltd.

Okabe Shindengen Co., Ltd.

Shindengen Three E Co., Ltd.

Yamanashi Electronics Co., Ltd.

Shindengen Mechatronics Co., Ltd.

NON-CONSOLIDATED SUBSIDIARIES

OVERSEAS

MANUFACTURING

Shanghai Shindengen Communication Equipment Co., Ltd.

Manufacturing and sales of communications power supplies

Yamanashi Electronics (Thailand) Co., Ltd.

Manufacture of photoconductor

JAPAN

Shindengen Kumamoto Technoresearch Co., Ltd.

Shindengen Enterprise Co., Ltd.

Shindengen Logistic Co., Ltd.

Nippon Vender Net Co., Ltd.

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