



Flash Report for the term ended March 31, 2004 (on a consolidated basis)

May 21, 2004

Name: Shindengen Electric Manufacturing Co., Ltd. Securities Exchange: Tokyo Stock Exchange
Code Number: 6844 Registered Head Office: Tokyo

(URL <http://www.shindengen.co.jp>)

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Date of directors' meeting for account settlement: May 21, 2004

US GAAP: not adopted

1. Business Results (from April 1, 2003 to March 31, 2004)

(1) Operating Results

(millions of yen: amounts less than ¥1 million rounded down to the nearest million; YoY % change)

	Net sales (millions of yen)	Operating income (loss) (millions of yen)	Ordinary income (loss) (millions of yen)
Reporting term	¥84,269 (4.0)%	¥3,134 883.5%	¥ 853 —%
Previous term	87,813 (0.4)	318 —	(2,813) —

	Net loss (millions of yen)	Net loss per share (yen)	Net loss to shareholders' equity (%)	Ordinary income (loss) to total assets (%)	Ordinary income (loss) to net sales (%)
Reporting term	¥(1,218) —%	¥(15.02)	(3.5)%	0.9%	1.0%
Previous term	(1,006) —	(12.39)	(2.7)	(2.7)	(3.2)

Notes 1: Gain (loss) on equity-method investments:

Reporting term: ¥92 million

Previous term: (¥19 million)

2: Average number of shares outstanding:

Reporting term: 81,182,202 shares

Previous term: 81,234,173 shares

3: Changes in accounting standards: none

(2) Financial Position

	Total assets (millions of yen)	Shareholders' equity (millions of yen)	Ratio of shareholders' equity to total assets (%)	Shareholders' equity per share (yen)
Reporting term	¥97,589	¥34,906	35.8%	¥430.02
Previous term	98,795	35,235	35.7	434.00

Note: Number of shares outstanding at term-end:

81,175,091 shares as of March 31, 2004

81,188,173 shares as of March 31, 2003

(3) Cash Flows

	Cash flows from operating activities (millions of yen)	Cash flows from investing activities (millions of yen)	Cash flows from financing activities (millions of yen)	Balance of Cash and cash equivalents at year-end (millions of yen)
Reporting term	¥3,251	¥(2,945)	¥(1,747)	¥7,628
Previous term	5,424	(1,739)	(6,511)	9,567

(4) Scope of Consolidation and Application of Equity-Method Accounting

Number of consolidated subsidiaries: 17

Number of non-consolidated subsidiaries accounted for by equity method: 2

Number of affiliates accounted for by equity method: 1

(5) Changes in Scope of Consolidation and Application of Equity-Method Accounting

Number of companies newly consolidated: 0

Number of companies excluded from the scope of consolidation: 1

Number of companies newly accounted for by equity method: 0

Number of companies excluded from the scope of equity-method accounting: 0

2. Forecast of Consolidated Financial Performance (from April 1, 2004 to March 31, 2005)

	Net sales (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)
First half period	¥42,900	¥ 500	¥ 100
Full term	89,700	3,000	1,300

(Reference) Forecast for net income per share for the current term ending March 31, 2005: ¥16.01

* The above projections of business performance are based on information available to the Company's management as of the date of publication, and the reader should be aware that actual results may differ from the projections as a result of a variety of factors.

Consolidated Balance Sheets

As of March 31	Millions of yen			
	2004	Ratio to total assets	2003	Ratio to total assets
Assets				
Current assets:				
Cash and time deposits	¥ 7,643		¥ 9,603	
Trade notes and accounts receivable	22,439		22,170	
Inventories	19,648		18,424	
Deferred tax assets	1,138		1,785	
Other current assets	2,257		2,123	
Allowance for doubtful accounts	(51)		(77)	
Total current assets	53,076	54.4%	54,030	54.7%
Noncurrent assets:				
<i>Tangible fixed assets –</i>				
Buildings and structures	12,107		13,460	
Machinery equipment and vehicles	9,154		9,199	
Land	4,891		4,960	
Construction in progress	469		760	
Other	1,493		1,512	
Total tangible fixed assets	28,116	28.8	29,892	30.3
<i>Intangible assets –</i>				
Software	378		484	
Other	143		164	
Total intangible assets	521	0.5	649	0.7
<i>Investments and other assets –</i>				
Investments securities	9,418		7,681	
Deferred tax assets	4,853		4,854	
Other	1,682		1,756	
Allowance for doubtful accounts	(102)		(114)	
Total investments and other assets	15,852	16.3	14,178	14.3
Total noncurrent assets	44,490	45.6	44,720	45.3
Deferred charges:				
Bond issuance costs	22		44	
Total deferred charges	22	0.0	44	0.0
Total assets	¥ 97,589	100.0%	¥ 98,795	100.0%

Note: Amounts under one million yen are omitted.

As of March 31	Millions of yen			
	2004	Ratio to total assets	2003	Ratio to total assets
Liabilities and shareholders' equity				
Current liabilities:				
Trade notes and accounts payable	¥ 17,617		¥ 17,120	
Short-term borrowings	8,758		6,428	
Current portion of corporate bonds	—		8,481	
Income taxes payable	25		292	
Accrued bonuses	281		—	
Liabilities for additional retirement benefits	800		—	
Other current liabilities	3,731		5,074	
Total current liabilities	31,215	32.0 %	37,395	37.8 %
Long-term liabilities:				
Bonds	8,000		8,000	
Convertible bonds	2,191		2,191	
Long-term loans	14,588		10,413	
Deferred tax liabilities	3		52	
Reserve for employees' retirement benefits	5,980		4,782	
Reserve for directors' retirement allowances	537		579	
Consolidation adjustments	18		37	
Other	36		39	
Total long-term liabilities	31,356	32.1	26,096	26.4
Total liabilities	62,571	64.1	63,491	64.2
Minority interests in consolidated subsidiaries	110	0.1	68	0.1
Shareholders' equity:				
Common stock	13,617	14.0	13,617	13.8
Capital surplus	12,825	13.1	12,825	12.9
Retained earnings	8,227	8.4	9,446	9.6
Unrealized gain (loss) on available-for-sale securities	1,025	1.1	(85)	(0.1)
Foreign currency translation adjustments	(764)	(0.8)	(547)	(0.5)
Treasury stock	(24)	(0.0)	(20)	(0.0)
Total shareholders' equity	34,906	35.8	35,235	35.7
Total liabilities and shareholders' equity	¥ 97,589	100.0 %	¥ 98,795	100.0 %

Consolidated Statements of Operations

Years ended March 31	Millions of yen			
	2004	Ratio to net sales	2003	Ratio to net sales
Net sales	¥ 84,269	100.0 %	¥ 87,813	100.0 %
Cost of sales	70,444	83.6	75,664	86.2
Gross profit	13,824	16.4	12,148	13.8
Selling, general and administrative expenses	10,690	12.7	11,830	13.5
Operating income	3,134	3.7	318	0.3
Nonoperating income:				
Interest income	53		79	
Dividend received	65		73	
Rental revenues	72		88	
Gain on sale of investment securities	311		—	
Equity in earnings of affiliates	92		—	
Gain on sale of noncurrent assets	—		47	
Reversal of allowance for doubtful accounts	63		201	
Other	252		301	
Total nonoperating income	911	1.1	791	0.9
Nonoperating expenses:				
Interest expenses	597		697	
Loss on disposal of inventories	221		280	
Loss on valuation of investment securities	—		706	
Foreign exchange loss	943		829	
Amortization of transition amount for accrued retirement benefits	646		646	
Other	783		762	
Total nonoperating expenses	3,192	3.8	3,923	4.4
Recurring profit (loss)	853	1.0	(2,813)	(3.2)
Extraordinary income:				
Gain on sale of noncurrent assets	—		519	
Gain on sale of investment securities	—		2,438	
Total extraordinary income	—	—	2,957	3.4
Extraordinary lessees:				
Additional payment for retirement of employees	—		829	
Provision for additional retirement benefits	800		—	
Loss on generation from warranty liabilities	500		—	
Write-offs of loans to non-consolidated subsidiary	30		—	
Total extraordinary losses	1,330	1.6	829	1.0
Loss before income taxes	(476)	(0.6)	(686)	(0.8)
Income taxes – current	858		927	
Income taxes – deferred	(160)		(635)	
Minority interests in net income of consolidated subsidiaries	45	0.1	28	0.0
Net loss	¥ (1,218)	(1.5) %	¥ (1,006)	(1.2) %

Note: Amounts under one million yen are omitted.

Consolidated Statements of Retained Earnings

Years ended March 31	Millions of yen	
	2004	2003
Capital surplus		
Balance at beginning of year	¥ 12,825	¥ 12,825
Balance at end of year	12,825	12,825
Retained earnings		
Balance at beginning of year	9,446	10,464
Increase:		
Resulting from a wider scope of equity-method affiliates	—	192
Decrease:		
Net loss	1,218	1,006
Cash dividends	—	203
Reduction in retained earnings resulting from a wider scope of consolidation	—	1
Total	1,218	1,210
Balance at end of year	¥ 8,227	¥ 9,446

Note: Amounts under one million yen are omitted.

Consolidated Statements of Cash Flows

Years ended March 31	Millions of yen	
	2004	2003
Cash flows from operating activities:		
Loss before income taxes	¥ (476)	¥ (686)
Depreciation and amortization	5,262	6,640
Interest and dividend income	(119)	(152)
Interest expenses	597	697
Loss on disposal of inventories	221	280
Increase in trade receivables	(580)	(141)
Increase in inventories	(1,858)	(470)
Increase in notes and accounts payables	1,295	1,623
Gain on sale of investment securities	(311)	(2,438)
Loss on valuation of investment securities	—	706
Decrease in liabilities for additional retirement benefits	800	—
Other – net	24	670
Sub-total	4,854	6,730
Interest and dividend received	147	141
Interest paid	(605)	(729)
Income taxes paid	(1,144)	(718)
Net cash provided by operating activities	3,251	5,424
Cash flows from investing activities:		
Purchases of investment securities	(143)	(5,358)
Proceeds from sale of investment securities	615	4,662
Purchases of tangible fixed assets	(3,995)	(5,225)
Proceeds from sale of tangible fixed assets	420	4,355
Purchases of intangible assets	(92)	(76)
Other – net	248	(96)
Net cash used in investing activities	(2,945)	(1,739)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	1,816	(6,324)
Proceeds from long-term loans	8,250	3,138
Repayment of long-term loans	(3,326)	(3,037)
Proceeds from issuance of bonds	—	3,933
Redemption of bonds	—	(4,000)
Redemption of convertible bonds	(8,481)	—
Cash dividends paid	—	(203)
Cash dividends paid to minority shareholders	(2)	—
Other – net	(4)	(17)
Net cash used in financing activities	(1,747)	(6,511)
Effect of exchange rate changes on cash and cash equivalents	(497)	(193)
Net decrease in cash and cash equivalents	(1,939)	(3,020)
Cash and cash equivalents at beginning of year	9,567	12,301
Increase due to additional consolidation of subsidiaries	—	286
Cash and cash equivalents at end of year	¥ 7,628	¥ 9,567

Note: Amounts under one million yen are omitted.