



## Flash Report for the term ended March 31, 2005 (on a consolidated basis)

May 13, 2005

Name: Shindengen Electric Manufacturing Co., Ltd. Securities Exchange: Tokyo Stock Exchange

Code Number: 6844

Registered Head Office: Tokyo

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

Representative: Kojiroh Oda, President

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Date of directors' meeting for account settlement: May 13, 2005

US GAAP: not adopted

### 1. Business Results (from April 1, 2004 to March 31, 2005)

#### (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 (millions of yen)		Ordinary income (millions of yen)		Net Income (loss) (millions of yen)	
Reporting term	¥88,985	5.6%	¥5,438	73.5%	¥3,768	341.6%	¥1,200	—%
Previous term	84,269	(4.0)	3,134	883.5	853	—	(1,218)	—

  

	Net income (loss) per share (yen)		Net income (loss) to shareholders' equity (%)	Ordinary income to total assets (%)	Ordinary income to net sales (%)
	Basic	Diluted			
Reporting term	¥14.79	¥14.34	3.4%	3.8%	4.2%
Previous term	(15.02)	—	(3.5)	0.9	1.0

Notes: 1. Gain on equity-method investments:

Reporting term: ¥112 million

Previous term: ¥92 million

2. Average number of shares outstanding:

Reporting term: 81,160,858 shares

Previous term: 81,182,202 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	¥101,960	¥36,326	35.6%	¥447.66
Previous term	97,589	34,906	35.8	430.02

Note: Number of shares outstanding at term-end:

81,145,902 shares as of March 31, 2005

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

#### (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	¥6,817	¥(5,675)	¥ (570)	¥8,089
Previous term	3,251	(2,945)	(1,747)	7,628

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

Number of consolidated subsidiaries: 16

Number of non-consolidated subsidiaries accounted for by equity method: 1

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: 1

**2. Forecast of Consolidated Financial Performance (from April 1, 2005 to March 31, 2006)**

	Net sales (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)
First half period	¥45,500	¥ 500	¥ 100
Full term	95,000	3,000	1,200

(Reference) Forecast for net income per share for the current term ending March 31, 2006: ¥14.79

\* 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			
	2005	Ratio to total assets	2004	Ratio to total assets
<b>Assets</b>				
Current assets:				
Cash and time deposits	¥ 8,104		¥ 7,643	
Trade notes and accounts receivable	22,550		22,439	
Inventories	21,705		19,648	
Deferred tax assets	1,850		1,138	
Other current assets	2,110		2,257	
Allowance for doubtful accounts	(14)		(51)	
Total current assets	56,306	55.2%	53,076	54.4%
Noncurrent assets:				
<i>Tangible fixed assets –</i>				
Buildings and structures	11,905		12,107	
Machinery, equipment and vehicles	9,216		9,154	
Land	4,990		4,891	
Construction in progress	2,020		469	
Other	1,575		1,493	
Total tangible fixed assets	29,709	29.2	28,116	28.8
<i>Intangible assets –</i>				
Software	391		378	
Other	133		143	
Total intangible assets	524	0.5	521	0.5
<i>Investments and other assets –</i>				
Investment securities	10,954		9,418	
Deferred tax assets	2,912		4,853	
Other	1,632		1,682	
Allowance for doubtful accounts	(92)		(102)	
Total investments and other assets	15,407	15.1	15,852	16.3
Total noncurrent assets	45,641	44.8	44,490	45.6
Deferred charges:				
Bond issuance costs	11		22	
Total deferred charges	11	0.0	22	0.0
Total assets	¥101,960	100.0%	¥ 97,589	100.0%

Note: Amounts under one million yen are omitted.

As of March 31	Millions of yen			
	2005	Ratio to total assets	2004	Ratio to total assets
<b>Liabilities and shareholders' equity</b>				
Current liabilities:				
Trade notes and accounts payable	¥ 18,037		¥ 17,617	
Short-term borrowings	7,490		8,758	
Current portion of bonds	4,000		—	
Current portion of convertible bonds	2,191		—	
Income taxes payable	639		25	
Accrued bonuses	835		281	
Additional retirement benefits	—		800	
Other current liabilities	5,923		3,731	
<b>Total current liabilities</b>	<b>39,118</b>	<b>38.4 %</b>	<b>31,215</b>	<b>32.0 %</b>
Long-term liabilities:				
Bonds	4,000		8,000	
Bonds with non-detachable warrants	3,000		—	
Convertible bonds	—		2,191	
Long-term borrowings	12,646		14,588	
Deferred tax liabilities	5		3	
Reserve for employees' retirement benefits	6,296		5,980	
Reserve for directors' retirement allowances	391		537	
Consolidation adjustments	—		18	
Other	14		36	
<b>Total long-term liabilities</b>	<b>26,354</b>	<b>25.8</b>	<b>31,356</b>	<b>32.1</b>
<b>Total liabilities</b>	<b>65,473</b>	<b>64.2</b>	<b>62,571</b>	<b>64.1</b>
Minority interests in consolidated subsidiaries	160	0.2	110	0.1
Shareholders' equity:				
Common stock	13,617	13.4	13,617	14.0
Capital surplus	12,826	12.5	12,825	13.1
Retained earnings	9,419	9.2	8,227	8.4
Unrealized gain on available-for-sale securities	1,401	1.4	1,025	1.1
Foreign currency translation adjustments	(903)	(0.9)	(764)	(0.8)
Treasury stock	(35)	(0.0)	(24)	(0.0)
<b>Total shareholders' equity</b>	<b>36,326</b>	<b>35.8</b>	<b>34,906</b>	<b>35.8</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥ 101,960</b>	<b>100.0 %</b>	<b>¥ 97,589</b>	<b>100.0 %</b>

## Consolidated Statements of Operations

Years ended March 31	Millions of yen			
	2005	Ratio to net sales	2004	Ratio to net sales
Net sales	¥ 88,985	100.0 %	¥ 84,269	100.0 %
Cost of sales	72,610	81.6	70,444	83.6
Gross profit	16,374	18.4	13,824	16.4
Selling, general and administrative expenses	10,936	12.3	10,690	12.7
Operating income	5,438	6.1	3,134	3.7
Nonoperating income:				
Interest income	79		53	
Dividend received	97		65	
Rental revenues	80		72	
Gain on sale of investment securities	—		311	
Equity in earnings of affiliates	112		92	
Other	486		315	
Total nonoperating income	857	0.9	911	1.1
Nonoperating expenses:				
Interest expenses	560		597	
Loss on disposal of inventories	295		221	
Foreign exchange loss	287		943	
Amortization of transition amount for accrued retirement benefits	646		646	
Other	737		783	
Total nonoperating expenses	2,527	2.8	3,192	3.8
Recurring profit	3,768	4.2	853	1.0
Extraordinary income:				
Gain on sale of investment securities	486		—	
Reversal of additional retirement benefits	329		—	
Total extraordinary income	815	0.9	—	—
Extraordinary lessees:				
Loss on disposal of inventories	518		—	
Additional payment for retirement of employees	563		—	
Provision for additional retirement benefits	—		800	
Loss on generation from warranty liabilities	—		500	
Loss on support for non-consolidated subsidiaries	—		30	
Total extraordinary losses	1,082	1.2	1,330	1.6
Income (loss) before income taxes	3,502	3.9	(476)	(0.6)
Income taxes – current	1,260		858	
Income taxes – deferred	987		(160)	
Minority interests in net income of consolidated subsidiaries	53	0.1	45	0.1
Net income (loss)	¥ 1,200	1.3 %	¥ (1,218)	(1.5) %

Note: Amounts under one million yen are omitted.

## Consolidated Statements of Retained Earnings

Years ended March 31	Millions of yen	
	2005	2004
<b>Capital surplus</b>		
Balance at beginning of year	¥ 12,825	¥ 12,825
Increase:		
Gain on disposal of treasury stock	0	—
Balance at end of year	¥ 12,826	¥ 12,825
<b>Retained earnings</b>		
Balance at beginning of year	¥ 8,227	¥ 9,446
Increase:		
Net income	1,200	—
Decrease:		
Reduction in retained earnings resulting from merger of non-consolidated subsidiaries	7	—
Net loss	—	1,218
Total decrease	7	1,218
Balance at end of year	¥ 9,419	¥ 8,227

*Note: Amounts under one million yen are omitted.*

## Consolidated Statements of Cash Flows

Years ended March 31	Millions of yen	
	2005	2004
Cash flows from operating activities:		
Income (loss) before income taxes	¥ 3,502	¥ (476)
Depreciation and amortization	4,941	5,262
Increase in accrued bonuses	550	—
Increase (decrease) in additional retirement benefits	(800)	800
Interest and dividend income	(177)	(119)
Interest expenses	560	597
Loss on disposal of inventories	813	221
Gain on sale of investment securities	(486)	(311)
Decrease (increase) in trade receivables	35	(580)
Increase in inventories	(3,106)	(1,858)
Increase in trade payables	540	1,295
Other – net	1,572	24
Sub-total	7,947	4,854
Interest and dividend received	219	147
Interest paid	(559)	(605)
Income taxes paid	(790)	(1,144)
Net cash provided by operating activities	6,817	3,251
Cash flows from investing activities:		
Purchases of investment securities	(945)	(143)
Proceeds from sale of investment securities	581	615
Purchases of tangible fixed assets	(5,692)	(3,995)
Proceeds from sale of tangible fixed assets	220	420
Purchases of intangible assets	(194)	(92)
Other – net	353	248
Net cash used in investing activities	(5,675)	(2,945)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(1,956)	1,816
Proceeds from long-term borrowings	2,100	8,250
Repayment of long-term borrowings	(3,681)	(3,326)
Proceeds from issuance of bonds with non-detachable warrants	2,982	—
Redemption of convertible bonds	—	(8,481)
Cash dividends paid to minority shareholders	(4)	(2)
Other – net	(10)	(4)
Net cash used in financing activities	(570)	(1,747)
Effect of exchange rate changes on cash and cash equivalents	(131)	(497)
Net increase (decrease) in cash and cash equivalents	439	(1,939)
Cash and cash equivalents at beginning of year	7,628	9,567
Increase due to merger of non-consolidated subsidiaries	21	—
Cash and cash equivalents at end of year	¥ 8,089	¥ 7,628

Note: Amounts under one million yen are omitted.