



Flash Report for the First-Half Period Ended September 30, 2004 (on a consolidated basis)

November 12, 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>)
 Representative: Kojiroh Oda, President
 Inquiries: Todomu Yakubo, Director and General Manager of Corporate Planning Group Tel: +81-3-3279-4431
 Date of directors' meeting for account settlement: November 12, 2004
 US GAAP: not adopted

1. Business Results (April 1 to September 30, 2004)

(1) Operating Results

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

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (loss) (¥ million)	
First-half period under review	¥42,790	4.2%	¥2,337	128.7%	¥1,570	—%
Previous first half	41,049	(2.8)	1,022	—	(81)	—
Previous term (April 1, 2003 to March 31, 2004)	84,269		3,134		853	

	Net income (loss) (¥ million)		Earnings (loss) per share (¥)		Earnings per share, diluted	
First-half period under review	¥ 407	—%	¥ 5.02		¥4.97	
Previous first half	(499)	—	(6.15)		—	
Previous term	(1,218)		(15.02)		—	

Notes 1: Gain on equity-method investments:

First-half period: ¥32 million
 Previous first half: ¥12 million
 Previous term: ¥92 million

2: Average number of shares outstanding:

First-half period: 81,168,810 shares
 Previous first half: 81,186,119 shares
 Previous term: 81,182,202 shares

3: Changes in accounting standards: none

(2) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Equity ratio (%)	Shareholders' equity per share (¥)
First-half period under review	¥97,969	¥35,567	36.3%	¥438.23
Previous first half	96,070	35,478	36.9	437.02
Previous term	97,589	34,906	35.8	430.02

Note: Number of shares outstanding at the end of period:

First-half period: 81,162,295 shares
 Previous first half: 81,181,467 shares
 Previous term: 81,175,091 shares

(3) Cash Flows

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash and cash equivalents at term end (¥ million)
First-half period under review	¥1,229	¥(2,158)	¥ 237	¥6,967
Previous first half	825	(1,358)	(1,076)	7,886
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 nonconsolidated 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 (April 1, 2004 to March 31, 2005)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
Full term	¥89,700	¥3,300	¥1,100

(Reference) Forecast for net income per share for the current term ending March 31, 2005: ¥13.55

* 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 Interim Balance Sheets

	Millions of yen					
	September 30, 2004		September 30, 2003		March 31, 2004	
	Amount	Ratio to total assets	Amount	Ratio to total assets	Amount	Ratio to total assets
Assets						
Current assets:						
Cash and bank deposits	¥ 6,989		¥ 7,922		¥ 7,643	
Trade notes and accounts receivable	21,261		20,436		22,439	
Inventories	21,233		19,223		19,648	
Deferred tax assets	1,765		1,464		1,138	
Other current assets	2,250		2,121		2,257	
Allowance for doubtful accounts	(41)		(52)		(51)	
Total current assets	53,459	54.6%	51,114	53.2%	53,076	54.4%
Noncurrent assets:						
<i>Tangible fixed assets –</i>						
Buildings and structures	11,713		12,659		12,107	
Machinery equipment and vehicles	9,334		9,259		9,154	
Land	4,992		4,911		4,891	
Other	2,901		2,459		1,962	
Total tangible fixed assets	28,942	29.5	29,289	30.5	28,116	28.8
<i>Intangible assets –</i>						
Software	402		411		378	
Other	142		165		143	
Total intangible assets	544	0.6	577	0.6	521	0.5
<i>Investments and other assets –</i>						
Investments securities	9,940		8,907		9,418	
Deferred tax assets	3,498		4,671		4,853	
Other	1,691		1,586		1,682	
Allowance for doubtful accounts	(118)		(110)		(102)	
Total investments and other assets	15,011	15.3	15,055	15.7	15,852	16.3
Total noncurrent assets	44,499	45.4	44,922	46.8	44,490	45.6
Deferred charges:						
Bond issuance costs	11		33		22	
Total deferred charges	11	0.0	33	0.0	22	0.0
Total assets	¥97,969	100.0%	¥96,070	100.0%	¥97,589	100.0%

Note: Amounts under one million yen are omitted.

	Millions of yen					
	September 30, 2004		September 30, 2003		March 31, 2004	
	Amount	Ratio to total assets	Amount	Ratio to total assets	Amount	Ratio to total assets
Liabilities and shareholders' equity						
Current liabilities:						
Trade notes and accounts payable	¥16,575		¥15,333		¥17,617	
Short-term borrowings	10,235		9,310		8,758	
Current portion of corporate bonds	4,000		—		—	
Current portion of convertible bonds	2,191		—		—	
Income taxes payable	424		61		25	
Accrued bonuses	716		602		281	
Allowance for additional retirement payments	—		—		800	
Other current liabilities	4,286		4,099		3,731	
Total current liabilities	38,428	39.2%	29,406	30.6%	31,215	32.0%
Long-term liabilities:						
Bonds	4,000		8,000		8,000	
Convertible bonds	—		2,191		2,191	
Long-term loans	13,654		14,940		14,588	
Deferred tax liabilities	—		15		3	
Reserve for employees' retirement benefits	5,752		5,402		5,980	
Reserve for directors' retirement allowances	366		497		537	
Consolidation adjustments	9		27		18	
Other	44		37		36	
Total long-term liabilities	23,827	24.3	31,111	32.4	31,356	32.1
Total liabilities	62,256	63.5	60,518	63.0	62,571	64.1
Minority interests in consolidated subsidiaries	145	0.2	74	0.1	110	0.1
Shareholders' equity:						
Common stock	13,617	13.9	13,617	14.2	13,617	14.0
Capital surplus	12,826	13.1	12,825	13.3	12,825	13.1
Retained earnings	8,626	8.8	8,946	9.3	8,227	8.4
Unrealized gain on available-for-sale securities	1,339	1.3	631	0.6	1,025	1.1
Foreign currency translation adjustments	(812)	(0.8)	(521)	(0.5)	(764)	(0.8)
Treasury stock	(29)	(0.0)	(22)	(0.0)	(24)	(0.0)
Total shareholders' equity	35,567	36.3	35,478	36.9	34,906	35.8
Total liabilities and shareholders' equity	¥97,969	100.0%	¥96,070	100.0%	¥97,589	100.0%

Consolidated Interim Statements of Operations

	Millions of yen					
	6 months ended September 30, 2004		6 months ended September 30, 2003		Year ended March 31, 2004	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net sales	¥42,790	100.0%	¥41,049	100.0%	¥84,269	100.0%
Cost of sales	34,861	81.5	34,529	84.1	70,444	83.6
Gross profit	7,929	18.5	6,519	15.9	13,824	16.4
Selling, general and administrative expenses	5,591	13.1	5,497	13.4	10,690	12.7
Operating income	2,337	5.4	1,022	2.5	3,134	3.7
Nonoperating income:						
Interest income	32		27		53	
Dividend received	58		34		65	
Foreign exchange gain	115		—		—	
Rental revenues	39		35		72	
Gain on sale of noncurrent assets	—		27		—	
Gain on sale of investment securities	—		142		311	
Reversal of allowance for doubtful accounts	—		28		—	
Other	212		106		407	
Total nonoperating income	458	1.1	401	1.0	911	1.1
Nonoperating expenses:						
Interest expenses	281		314		597	
Foreign exchange loss	—		412		943	
Loss on disposal of inventories	163		—		—	
Amortization of transition amount for accrued retirement benefits	330		323		646	
Other	449		455		1,004	
Total nonoperating expenses	1,225	2.8	1,505	3.7	3,192	3.8
Recurring profit (loss)	1,570	3.7	(81)	(0.2)	853	1.0
Extraordinary income:						
Gain on sale of investment securities	244		—		—	
Gain on reversal of allowance for additional retirement payments	329		—		—	
Total extraordinary income	574	1.3	—	—	—	—
Extraordinary losses:						
Additional retirement payments	563		—		—	
Provision for additional retirement payments	—		—		800	
Loss on generation from warranty liabilities	—		—		500	
Write-offs of loans and other credit of affiliates	—		—		30	
Total extraordinary losses	563	1.3	—	—	1,330	1.6
Loss before income taxes	1,580	3.7	(81)	(0.2)	(476)	(0.6)
Income taxes – current	611		457		858	
Income taxes – deferred	522		(48)		(160)	
Minority interests in net income of consolidated subsidiaries	38	0.1	8	0.0	45	0.1
Net income (loss)	¥ 407	1.0%	¥ (499)	(1.2)%	¥ (1,218)	(1.5)%

Note: Amounts under one million yen are omitted.

Consolidated Interim Statements of Retained Earnings

	Millions of yen		
	6 months ended September 30, 2004	6 months ended September 30, 2003	Year ended March 31, 2004
Capital surplus:			
Balance at beginning of the term	¥12,825	¥12,825	¥12,825
Increase:			
Gain on disposal of treasury stock	0	—	—
Balance at end of the term	¥12,826	¥12,825	¥12,825
Retained earnings:			
Balance at beginning of the term	¥ 8,227	¥ 9,446	¥ 9,446
Increase:			
Net income	407	—	—
Decrease:			
Net loss	—	499	1,218
Reduction in retained earnings resulting from a wider scope of consolidation	7	—	—
Total decrease	7	499	1,218
Balance at end of the term	¥ 8,626	¥ 8,946	¥ 8,227

Note: Amounts under one million yen are omitted.

Consolidated Interim Statements of Cash Flows

	Millions of yen		
	6 months ended September 30, 2004	6 months ended September 30, 2003	Year ended March 31, 2004
Cash flows from operating activities:			
Income (loss) before income taxes	¥1,580	¥ (81)	¥ (476)
Depreciation and amortization	2,321	2,587	5,262
Interest and dividend income	(90)	(61)	(119)
Interest expenses	281	314	597
Loss on disposal of inventories	163	60	221
Decrease (increase) in trade receivables	1,213	1,780	(580)
Increase in inventories	(1,845)	(750)	(1,858)
Increase (decrease) in trade payables	(909)	(1,950)	1,295
Increase (decrease) in allowance for additional retirement payments	(800)	—	800
Other – net	(273)	(157)	(287)
Sub-total	1,641	1,741	4,854
Interest and dividend received	91	63	147
Interest paid	(280)	(317)	(605)
Income taxes paid	(222)	(662)	(1,144)
Net cash provided by operating activities	1,229	825	3,251
Cash flows from investing activities:			
Purchases of investment securities	(49)	(110)	(143)
Proceeds from sale of investment securities	121	239	615
Purchases of tangible fixed assets	(2,476)	(2,126)	(3,995)
Proceeds from sale of tangible fixed assets	143	439	420
Purchases of intangible assets	(112)	(30)	(92)
Other – net	216	230	248
Net cash used in investing activities	(2,158)	(1,358)	(2,945)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	778	2,439	1,816
Proceeds from long-term loans	1,250	6,500	8,250
Repayment of long-term loans	(1,782)	(1,529)	(3,326)
Redemption of convertible bonds	—	(8,481)	(8,481)
Cash dividends paid to minority shareholders	(4)	(2)	(2)
Other – net	(4)	(2)	(4)
Net cash provided by (used in) financing activities	237	(1,076)	(1,747)
Effect of exchange rate changes on cash and cash equivalents	8	(71)	(497)
Net decrease in cash and cash equivalents	(682)	(1,681)	(1,939)
Cash and cash equivalents at beginning of the term	7,628	9,567	9,567
Increase due to additional consolidation of subsidiaries	21	—	—
Cash and cash equivalents at end of the term	¥6,967	¥7,886	¥7,628

Note: Amounts under one million yen are omitted.