



## Flash Report for the First-Half Period Ended September 30, 2004 (on a nonconsolidated 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  
 Interim dividend : paid  
 Unit share system for trading purposes: 1 trading unit = 1,000 shares

### 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<br>(¥ million) |       | Operating income (loss)<br>(¥ million) |    | Ordinary income (loss)<br>(¥ million) |    |
|-------------------------------------------------|--------------------------|-------|----------------------------------------|----|---------------------------------------|----|
| First-half period under review                  | ¥39,960                  | 4.2%  | ¥603                                   | —% | ¥1,299                                | —% |
| Previous first half                             | 38,354                   | (5.2) | (123)                                  | —  | (11)                                  | —  |
| Previous term (April 1, 2003 to March 31, 2004) | 79,231                   |       | 452                                    |    | 236                                   |    |

|                                | Net income (loss)<br>(¥ million) |    | Earnings (loss) per share (¥) |  |
|--------------------------------|----------------------------------|----|-------------------------------|--|
| First-half period under review | ¥ 837                            | —% | ¥10.32                        |  |
| Previous first half            | (135)                            | —  | (1.67)                        |  |
| Previous term                  | (1,352)                          |    | (16.66)                       |  |

Notes 1: 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

2: Changes in accounting standards: none

#### (2) Dividend Payment

The Company did not pay a dividend for the term under review, nor for the previous term.

#### (3) Financial Position

|                                | Total assets<br>(¥ million) | Shareholders' equity<br>(¥ million) | Equity ratio<br>(%) | Shareholders' equity<br>per share (¥) |
|--------------------------------|-----------------------------|-------------------------------------|---------------------|---------------------------------------|
| First-half period under review | ¥85,651                     | ¥37,638                             | 43.9%               | ¥463.74                               |
| Previous first half            | 83,756                      | 37,325                              | 44.6                | 459.78                                |
| Previous term                  | 85,889                      | 36,498                              | 42.5                | 449.63                                |

Notes 1: 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

2: Number of treasury shares outstanding at the end of period:

First-half period: 114,319 shares  
 Previous first half: 95,147 shares  
 Previous term: 101,523 shares

## 2. Business Forecast for Current Term (April 1, 2004 to March 31, 2005)

|           | Net sales<br>(¥ million) | Ordinary income<br>(¥ million) | Net income<br>(¥ million) | Annual dividend per share (¥) |           |
|-----------|--------------------------|--------------------------------|---------------------------|-------------------------------|-----------|
|           |                          |                                |                           | Term-end                      | Total     |
| Full term | ¥80,200                  | ¥2,700                         | ¥1,600                    | undecided                     | undecided |

(Reference) Estimated earnings per share for the current term ending March 31, 2005: ¥19.71

\* 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.

## Nonconsolidated Interim Balance Sheets

|                                       | Millions of yen    |                          |                    |                          |                |                          |
|---------------------------------------|--------------------|--------------------------|--------------------|--------------------------|----------------|--------------------------|
|                                       | September 30, 2004 |                          | September 30, 2003 |                          | March 31, 2004 |                          |
|                                       | Amount             | Ratio to<br>total assets | Amount             | Ratio to<br>total assets | Amount         | Ratio to<br>total assets |
| <b>Assets</b>                         |                    |                          |                    |                          |                |                          |
| Current assets:                       |                    |                          |                    |                          |                |                          |
| Cash and bank deposits                | ¥ 2,536            |                          | ¥ 4,317            |                          | ¥ 3,644        |                          |
| Trade notes receivable                | 215                |                          | 299                |                          | 462            |                          |
| Trade accounts receivable             | 27,191             |                          | 25,411             |                          | 26,732         |                          |
| Inventories                           | 10,429             |                          | 8,972              |                          | 9,388          |                          |
| Other accounts receivable             | 5,448              |                          | 4,723              |                          | 5,283          |                          |
| Short-term loans receivable           | 4,039              |                          | 3,775              |                          | 3,931          |                          |
| Deferred tax assets                   | 1,471              |                          | 1,242              |                          | 838            |                          |
| Other current assets                  | 676                |                          | 601                |                          | 1,092          |                          |
| Allowance for doubtful accounts       | (12)               |                          | (25)               |                          | (19)           |                          |
| Total current assets                  | 51,998             | 60.7%                    | 49,319             | 58.9%                    | 51,355         | 59.8%                    |
| Noncurrent assets:                    |                    |                          |                    |                          |                |                          |
| <i>Tangible fixed assets –</i>        |                    |                          |                    |                          |                |                          |
| Buildings                             | 3,530              |                          | 3,855              |                          | 3,683          |                          |
| Other                                 | 6,202              |                          | 6,261              |                          | 6,086          |                          |
| Total tangible fixed assets           | 9,733              | 11.4                     | 10,117             | 12.1                     | 9,770          | 11.4                     |
| <i>Intangible assets –</i>            |                    |                          |                    |                          |                |                          |
| Software                              | 328                |                          | 338                |                          | 300            |                          |
| Other                                 | 22                 |                          | 22                 |                          | 22             |                          |
| Total intangible assets               | 350                | 0.4                      | 361                | 0.4                      | 323            | 0.4                      |
| <i>Investments and other assets –</i> |                    |                          |                    |                          |                |                          |
| Investment securities                 | 9,330              |                          | 8,337              |                          | 8,811          |                          |
| Investments in affiliates             | 5,819              |                          | 4,973              |                          | 5,255          |                          |
| Long-term loans receivable            | 4,184              |                          | 5,195              |                          | 4,574          |                          |
| Deferred tax assets                   | 2,887              |                          | 4,086              |                          | 4,410          |                          |
| Other                                 | 1,521              |                          | 1,626              |                          | 1,599          |                          |
| Allowance for doubtful accounts       | (102)              |                          | (95)               |                          | (86)           |                          |
| Reserve for loss on investment        | (84)               |                          | (199)              |                          | (147)          |                          |
| Total investments and other assets    | 23,558             | 27.5                     | 23,925             | 28.6                     | 24,418         | 28.4                     |
| Total noncurrent assets               | 33,642             | 39.3                     | 34,403             | 41.4                     | 34,511         | 40.2                     |
| Deferred charges:                     |                    |                          |                    |                          |                |                          |
| Bond issuance costs                   | 11                 |                          | 33                 |                          | 22             |                          |
| Total deferred charges                | 11                 | 0.0                      | 33                 | 0.0                      | 22             | 0.0                      |
| Total assets                          | ¥85,651            | 100.0%                   | ¥83,756            | 100.0%                   | ¥85,889        | 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<br>total assets | Amount             | Ratio to<br>total assets | Amount         | Ratio to<br>total assets |
| <b>Liabilities and shareholders' equity</b>      |                    |                          |                    |                          |                |                          |
| Current liabilities:                             |                    |                          |                    |                          |                |                          |
| Trade notes payable                              | ¥ 1,289            |                          | ¥ 1,213            |                          | ¥ 1,524        |                          |
| Trade accounts payable                           | 11,472             |                          | 10,630             |                          | 12,349         |                          |
| Short-term borrowings                            | 8,671              |                          | 7,524              |                          | 7,228          |                          |
| Current portion of corporate bonds               | 4,000              |                          | —                  |                          | —              |                          |
| Current portion of convertible bonds             | 2,191              |                          | —                  |                          | —              |                          |
| Accrued bonuses                                  | 354                |                          | 248                |                          | 121            |                          |
| Allowance for additional retirement payments     | —                  |                          | —                  |                          | 800            |                          |
| Other current liabilities                        | 5,300              |                          | 3,597              |                          | 4,505          |                          |
| Total current liabilities                        | 33,280             | 38.9%                    | 23,214             | 27.7%                    | 26,529         | 30.9%                    |
| Long-term liabilities:                           |                    |                          |                    |                          |                |                          |
| Corporate bonds                                  | 4,000              |                          | 8,000              |                          | 8,000          |                          |
| Convertible bonds                                | —                  |                          | 2,191              |                          | 2,191          |                          |
| Long-term loans                                  | 6,242              |                          | 8,659              |                          | 7,803          |                          |
| Reserve for employees' retirement benefits       | 4,157              |                          | 3,916              |                          | 4,386          |                          |
| Reserve for directors retirement allowances      | 331                |                          | 449                |                          | 481            |                          |
| Total long-term liabilities                      | 14,732             | 17.2                     | 23,216             | 27.7                     | 22,861         | 26.6                     |
| Total liabilities                                | 48,013             | 56.1                     | 46,430             | 55.4                     | 49,390         | 57.5                     |
| Shareholders' equity:                            |                    |                          |                    |                          |                |                          |
| Common stock                                     | 13,617             | 15.9                     | 13,617             | 16.3                     | 13,617         | 15.9                     |
| Capital surplus:                                 |                    |                          |                    |                          |                |                          |
| Appropriation for legal reserve                  | 12,825             |                          | 12,825             |                          | 12,825         |                          |
| Remaining portion                                | 0                  |                          | —                  |                          | —              |                          |
| Total capital surplus                            | 12,826             | 15.0                     | 12,825             | 15.3                     | 12,825         | 14.9                     |
| Retained earnings:                               |                    |                          |                    |                          |                |                          |
| Appropriation for legal reserve                  | 1,246              |                          | 1,246              |                          | 1,246          |                          |
| Voluntary reserve                                | 8,678              |                          | 8,678              |                          | 8,678          |                          |
| Unappropriated retained earnings (deficit)       | (44)               |                          | 342                |                          | (874)          |                          |
| Total retained earnings                          | 9,880              | 11.5                     | 10,267             | 12.2                     | 9,050          | 10.5                     |
| Unrealized gain on available-for-sale securities | 1,344              | 1.5                      | 637                | 0.8                      | 1,029          | 1.2                      |
| Treasury stock                                   | (29)               | (0.0)                    | (22)               | (0.0)                    | (24)           | (0.0)                    |
| Total shareholders' equity                       | 37,638             | 43.9                     | 37,325             | 44.6                     | 36,498         | 42.5                     |
| Total liabilities and shareholders' equity       | ¥85,651            | 100.0%                   | ¥83,756            | 100.0%                   | ¥85,889        | 100.0%                   |

## Nonconsolidated Interim Statements of Operations

|                                              | Millions of yen                      |                       |                                      |                       |                              |                       |
|----------------------------------------------|--------------------------------------|-----------------------|--------------------------------------|-----------------------|------------------------------|-----------------------|
|                                              | 6 months ended<br>September 30, 2004 |                       | 6 months ended<br>September 30, 2003 |                       | Year ended<br>March 31, 2004 |                       |
|                                              | Amount                               | Ratio to<br>net sales | Amount                               | Ratio to<br>net sales | Amount                       | Ratio to<br>net sales |
| Net sales                                    | ¥39,960                              | 100.0%                | ¥38,354                              | 100.0%                | ¥79,231                      | 100.0%                |
| Cost of sales                                | 35,804                               | 89.6                  | 34,821                               | 90.8                  | 71,613                       | 90.4                  |
| Gross profit                                 | 4,155                                | 10.4                  | 3,532                                | 9.2                   | 7,617                        | 9.6                   |
| Selling, general and administrative expenses | 3,551                                | 8.9                   | 3,655                                | 9.5                   | 7,165                        | 9.0                   |
| Operating income (loss)                      | 603                                  | 1.5                   | (123)                                | (0.3)                 | 452                          | 0.6                   |
| Nonoperating income                          | 1,810                                | 4.5                   | 1,795                                | 4.7                   | 2,918                        | 3.7                   |
| Nonoperating expenses                        | 1,114                                | 2.8                   | 1,682                                | 4.4                   | 3,134                        | 4.0                   |
| Recurring profit (loss)                      | 1,299                                | 3.2                   | (11)                                 | (0.0)                 | 236                          | 0.3                   |
| Extraordinary income                         | 574                                  | 1.4                   | —                                    | —                     | —                            | —                     |
| Extraordinary losses                         | 259                                  | 0.6                   | —                                    | —                     | 1,600                        | 2.0                   |
| Income (loss) before income taxes            | 1,615                                | 4.0                   | (11)                                 | (0.0)                 | (1,363)                      | (1.7)                 |
| Income taxes – current                       | 87                                   |                       | 93                                   |                       | 148                          |                       |
| Income taxes – deferred                      | 690                                  |                       | 30                                   |                       | (159)                        |                       |
| Net income (loss)                            | 837                                  | 2.1                   | (135)                                | (0.3)                 | (1,352)                      | (1.7)                 |
| Retained earnings (deficit) brought forward  | (874)                                |                       | 478                                  |                       | 478                          |                       |
| Undisposed deficit taken over due to merger  | 7                                    |                       | —                                    |                       | —                            |                       |
| Unappropriated retained earnings (deficit)   | ¥ (44)                               |                       | ¥ 342                                |                       | ¥ (874)                      |                       |

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