



## Flash Report for the First-Half Period Ended September 30, 2005 (on a consolidated basis)

November 11, 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>)  
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 Date of directors' meeting for account settlement: November 11, 2005  
 US GAAP: not adopted

### 1. Business Results (April 1 to September 30, 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)	
First-half period under review	¥47,411	10.8%	¥3,183	36.2%	¥2,424	54.4%
Previous first half	42,790	4.2	2,337	128.7	1,570	—
Previous term (April 1, 2004 to March 31, 2005)	88,985		5,438		3,768	

  

	Net income (millions of yen)		Net income per share (yen)	Net income per share, diluted (yen)
First-half period under review	¥1,410	246.1%	¥17.38	¥15.63
Previous first half	407	—	5.02	4.97
Previous term	1,200		14.79	14.34

Notes: 1. Gain on equity-method investments:

First-half period:    ¥62 million  
 Previous first half:   ¥32 million  
 Previous term:        ¥112 million

2. Average number of shares outstanding:

First-half period:    81,137,047 shares  
 Previous first half:   81,168,810 shares  
 Previous term:        81,160,858 shares

3. Changes in accounting standards: yes

#### (2) Financial Position

	Total assets (millions of yen)	Shareholders' equity (millions of yen)	Shareholders' equity to total assets (%)	Shareholders' equity per share (yen)
First-half period under review	¥101,977	¥38,521	37.8%	¥474.84
Previous first half	97,969	35,567	36.3	438.23
Previous term	101,960	36,326	35.6	447.66

Note: Number of shares outstanding at end of period:

First-half period:    81,125,454 shares  
 Previous first half:   81,162,295 shares  
 Previous term:        81,145,902 shares

#### (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 end of period (millions of yen)
First-half period under review	¥3,445	¥(2,960)	¥(1,859)	¥6,883
Previous first half	1,229	(2,158)	237	6,967
Previous term	6,817	(5,675)	(570)	8,089

- (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: 0  
 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 (April 1, 2005 to March 31, 2006)**

	Net sales (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)
Full term	¥97,000	¥4,000	¥2,000

(Reference) Forecast for net income per share for the current term ending March 31, 2006: ¥24.65

\* 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, 2005		September 30, 2004		March 31, 2005	
	Amount	Ratio to total assets	Amount	Ratio to total assets	Amount	Ratio to total assets
<b>Assets</b>						
Current assets:						
Cash and bank deposits	¥ 6,899		¥ 6,989		¥ 8,104	
Trade notes and accounts receivable	23,155		21,261		22,550	
Inventories	21,748		21,233		21,705	
Deferred tax assets	1,785		1,765		1,850	
Other current assets	1,276		2,250		2,110	
Allowance for doubtful accounts	(16)		(41)		(14)	
Total current assets	54,848	53.8%	53,459	54.6%	56,306	55.2%
Noncurrent assets:						
<i>Tangible fixed assets –</i>						
Buildings and structures	12,644		11,713		11,905	
Machinery, equipment and vehicles	9,115		9,334		9,216	
Land	4,868		4,992		4,990	
Other	4,143		2,901		3,596	
Total tangible fixed assets	30,771	30.2	28,942	29.5	29,709	29.2
<i>Intangible assets –</i>						
Software	427		402		391	
Other	130		142		133	
Total intangible assets	557	0.5	544	0.6	524	0.5
<i>Investments and other assets –</i>						
Investment securities	12,250		9,940		10,954	
Deferred tax assets	1,986		3,498		2,912	
Other	1,581		1,691		1,632	
Allowance for doubtful accounts	(85)		(118)		(92)	
Total investments and other assets	15,732	15.4	15,011	15.3	15,407	15.1
Total noncurrent assets	47,062	46.1	44,499	45.4	45,641	44.8
Deferred charges:						
Bond issuance costs	66		11		11	
Total deferred charges	66	0.1	11	0.0	11	0.0
Total assets	¥101,977	100.0%	¥97,969	100.0%	¥101,960	100.0%

Note: Amounts under one million yen are omitted.

	Millions of yen					
	September 30, 2005		September 30, 2004		March 31, 2003	
	Amount	Ratio to total assets	Amount	Ratio to total assets	Amount	Ratio to total assets
<b>Liabilities and shareholders' equity</b>						
Current liabilities:						
Trade notes and accounts payable	¥ 18,021		¥ 16,575		¥ 18,037	
Short-term loans	4,999		10,235		7,490	
Current portion of bonds	—		4,000		4,000	
Current portion of convertible bonds	—		2,191		2,191	
Income taxes payable	378		424		639	
Accrued bonuses	998		716		835	
Other current liabilities	4,662		4,286		5,923	
Total current liabilities	29,060	28.5%	38,428	39.2%	39,118	38.4%
Long-term liabilities:						
Bonds	9,000		4,000		4,000	
Bonds with non-detachable warrants	3,000		—		3,000	
Long-term loans	14,876		13,654		12,646	
Reserve for employees' retirement benefits	6,929		5,752		6,296	
Reserve for directors' retirement allowances	388		366		391	
Deferred tax liabilities	5		—		5	
Consolidation adjustments	—		9		—	
Other	12		44		14	
Total long-term liabilities	34,213	33.5	23,827	24.3	26,354	25.8
Total liabilities	63,273	62.0	62,256	63.5	65,473	64.2
Minority interests in consolidated subsidiaries	181	0.2	145	0.2	160	0.2
Shareholders' equity:						
Common stock	13,617	13.4	13,617	13.9	13,617	13.4
Capital surplus	12,826	12.6	12,826	13.1	12,826	12.5
Retained earnings	10,627	10.4	8,626	8.8	9,419	9.2
Unrealized gain on available-for-sale securities	2,262	2.2	1,339	1.3	1,401	1.4
Foreign currency translation adjustments	(767)	(0.8)	(812)	(0.8)	(903)	(0.9)
Treasury stock	(43)	(0.0)	(29)	(0.0)	(35)	(0.0)
Total shareholders' equity	38,521	37.8	35,567	36.3	36,326	35.6
Total liabilities and shareholders' equity	¥101,977	100.0%	¥97,969	100.0%	¥101,960	100.0%

## Consolidated Interim Statements of Income

	Millions of yen					
	6 months ended September 30, 2005		6 months ended September 30, 2004		Year ended March 31, 2005	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net sales	¥47,411	100.0%	¥42,790	100.0%	¥88,985	100.0%
Cost of sales	38,369	80.9	34,861	81.5	72,610	81.6
Gross profit	9,042	19.1	7,929	18.5	16,374	18.4
Selling, general and administrative expenses	5,858	12.4	5,591	13.1	10,936	12.3
Operating income	3,183	6.7	2,337	5.4	5,438	6.1
Nonoperating income:						
Interest income	49		32		79	
Dividend received	99		58		97	
Foreign exchange gain	—		115		—	
Rental revenues	35		39		80	
Other	213		212		599	
Total nonoperating income	397	0.8	458	1.1	857	0.9
Nonoperating expenses:						
Interest expenses	278		281		560	
Foreign exchange loss	34		—		287	
Loss on disposal of inventories	141		163		295	
Amortization of transition amount for accrued retirement benefits	323		330		646	
Other	377		449		737	
Total nonoperating expenses	1,156	2.4	1,225	2.8	2,527	2.8
Recurring profit	2,424	5.1	1,570	3.7	3,768	4.2
Extraordinary income:						
Gain on sale of investment securities	416		244		486	
Reversal of additional retirement benefits	—		329		329	
Total extraordinary income	416	0.9	574	1.3	815	0.9
Extraordinary losses:						
Loss on disposal of inventories	211		—		518	
Additional payment for retirement of employees	—		563		563	
Impairment loss	117		—		—	
Total extraordinary losses	329	0.7	563	1.3	1,082	1.2
Income before income taxes	2,511	5.3	1,580	3.7	3,502	3.9
Income taxes:						
Current	673		611		1,260	
Deferred	402		522		987	
Total income taxes	1,076	2.3	1,134	2.6	2,247	2.5
Minority interests in net income of consolidated subsidiaries	24	0.0	38	0.1	53	0.1
Net income	¥ 1,410	3.0%	¥ 407	1.0%	¥ 1,200	1.3%

Note: Amounts under one million yen are omitted.

## Consolidated Interim Statements of Retained Earnings

	Millions of yen		
	6 months ended September 30, 2005	6 months ended September 30, 2004	Year ended March 31, 2005
<b>Capital surplus</b>			
Balance at beginning of period	¥12,826	¥12,825	¥12,825
Increase:			
Gain on disposal of treasury stock	0	0	0
Balance at end of period	¥12,826	¥12,826	¥12,826
<b>Retained earnings</b>			
Balance at beginning of period	¥ 9,419	¥ 8,227	¥ 8,227
Increase:			
Net income	1,410	407	1,200
Decrease:			
Reduction in retained earnings resulting from merger of non-consolidated subsidiaries	—	7	7
Cash dividends	202	—	—
Total decrease	202	7	7
Balance at end of period	¥10,627	¥ 8,626	¥ 9,419

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

## Consolidated Interim Statements of Cash Flows

	Millions of yen		
	6 months ended September 30, 2005	6 months ended September 30, 2004	Year ended March 31, 2005
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥2,511	¥1,580	¥3,502
Depreciation and amortization	2,365	2,321	4,941
Interest and dividend income	(148)	(90)	(177)
Interest expenses	278	281	560
Loss on disposal of inventories	353	163	813
Decrease (increase) in trade receivables	(427)	1,213	35
Increase in inventories	(258)	(1,845)	(3,106)
Increase (decrease) in trade payables	(405)	(909)	540
Decrease in additional retirement benefits	—	(800)	(800)
Other – net	308	(273)	1,636
Sub-total	4,578	1,641	7,947
Interest and dividend received	146	91	219
Interest paid	(281)	(280)	(559)
Income taxes paid	(998)	(222)	(790)
Net cash provided by operating activities	3,445	1,229	6,817
<b>Cash flows from investing activities:</b>			
Purchases of investment securities	(713)	(49)	(945)
Proceeds from sale of investment securities	1,337	121	581
Purchases of tangible fixed assets	(3,567)	(2,476)	(5,692)
Proceeds from sale of tangible fixed assets	77	143	220
Purchases of intangible assets	(133)	(112)	(194)
Other – net	39	216	353
Net cash used in investing activities	(2,960)	(2,158)	(5,675)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term loans	(2,099)	778	(1,956)
Proceeds from long-term loans	4,000	1,250	2,100
Repayment of long-term loans	(2,285)	(1,782)	(3,681)
Proceeds from issuance of bonds with non-detachable warrants	—	—	2,982
Proceeds from issuance of bonds	4,931	—	—
Redemption of bonds	(4,000)	—	—
Redemption of convertible bonds	(2,191)	—	—
Cash dividends paid	(202)	—	—
Cash dividends paid to minority shareholders	(4)	(4)	(4)
Other – net	(8)	(4)	(10)
Net cash provided by (used in) financing activities	(1,859)	237	(570)
Effect of exchange rate changes on cash and cash equivalents	169	8	(131)
Net increase (decrease) in cash and cash equivalents	(1,205)	(682)	439
Cash and cash equivalents at beginning of period	8,089	7,628	7,628
Increase due to merger of non-consolidated subsidiaries	—	21	21
Cash and cash equivalents at end of period	¥6,883	¥6,967	¥8,089

Note: Amounts under one million yen are omitted.