

Flash Report for the term ended March 31, 2006 (on a non-consolidated basis)

May 12, 2006

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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Tel: +81-3-3279-4431
Date of directors' meeting for account settlement: May 12, 2006
Date of general shareholders' meeting: June 29, 2006
Interim dividend : paid Unit share system for trading purposes: 1 trading unit = 1,000 shares

1. Business Results (from April 1, 2005 to March 31, 2006)

(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 (millions of yen)	
Reporting term	¥85,991	7.0%	¥2,905	65.5%	¥2,352	(21.2)%	¥1,314	(17.4)%
Previous term	80,364	1.4	1,756	288.3	2,986	—	1,591	—

	Net income per share (yen)		Net income to shareholders' equity (%)	Ordinary income to total assets (%)	Ordinary income to net sales (%)
	Basic	Diluted			
Reporting term	¥15.99	¥14.78	3.2%	2.6%	2.7%
Previous term	19.61	18.96	4.1	3.4	3.7

- Notes: 1. Average number of shares outstanding:
82,208,587 shares for the year ended March 31, 2006
81,160,858 shares for the year ended March 31, 2005
2. Changes in accounting standards: yes

(2) Dividend Payment

	Annual dividends per share (yen)			Total dividends (Full term) (millions of yen)	Payout ratio (%)	Dividends to shareholders' equity (%)
	Interim	Year-end	Total			
Reporting term	¥2.50	¥3.50	¥6.00	¥506	37.5%	1.2%
Previous term	0.00	2.50	2.50	202	12.7	0.5

Note: Breakdown of dividends as of March 31, 2006: Ordinary dividend ¥6.00

(3) 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	¥92,151	¥43,213	46.9%	¥497.58
Previous term	86,946	38,448	44.2	473.82

- Notes: 1. Number of shares outstanding at term-end:
86,848,039 shares as of March 31, 2006
81,145,902 shares as of March 31, 2005
2. Number of treasury shares outstanding at term-end:
179,809 shares as of March 31, 2006
130,712 shares as of March 31, 2005

2. Business Forecast (from April 1, 2006 to March 31, 2007)

	Net sales (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)	Annual dividends per share (yen)		
				Interim	Year-end	Total
First half period	¥44,100	¥1,100	¥ 600	¥3.50	¥ —	¥ —
Full term	88,500	2,500	1,400	—	3.50	7.00

(Reference) Estimated earnings per share for the current term ending March 31, 2007: ¥16.12

* 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.

Non-consolidated Balance Sheets

As of March 31	Million of yen			
	2006	Ratio to total assets	2005	Ratio to total assets
Assets				
Current assets:				
Cash and time deposits	¥ 3,593		¥ 3,684	
Trade notes receivable	113		170	
Trade accounts receivable	28,920		26,051	
Marketable securities	9		—	
Finished products	5,843		5,790	
Semi-finished products	701		513	
Raw materials	1,726		2,198	
Work in process	1,468		1,861	
Deferred tax assets	941		1,400	
Short-term loans to affiliates	5,149		4,801	
Other accounts receivable	5,670		5,197	
Consumption tax receivable	957		1,011	
Other current assets	52		57	
Allowance for doubtful accounts	(336)		(11)	
Total current assets	54,811	59.5%	52,728	60.7%
Noncurrent assets:				
<i>Tangible fixed assets –</i>				
Buildings	3,225		3,389	
Structures	300		303	
Machinery and equipment	1,771		1,913	
Vehicles	4		0	
Tool, furniture and fixtures	534		475	
Land	2,965		3,078	
Construction in progress	812		696	
Total tangible fixed assets	9,613	10.4	9,857	11.3
<i>In tangible assets –</i>				
Software	379		317	
Rights to use of facilities	0		1	
Telephone subscription rights	20		20	
Total intangible assets	401	0.5	339	0.4
<i>Investments and other assets –</i>				
Investment securities	12,482		10,283	
Investments in affiliates	6,292		5,642	
Investments in capital	606		769	
Long-term loans to employees	619		523	
Long-term loans to affiliates	5,998		4,023	
Claims on bankrupt obligors	7		10	
Long-term prepaid expenses	85		133	
Deferred tax assets	786		2,192	
Other investments	459		513	
Allowance for doubtful accounts	(65)		(82)	
Total investments and other assets	27,273	29.6	24,010	27.6
Total noncurrent assets	37,288	40.5	34,207	39.3
Deferred charges:				
Bond issuance costs	51		11	
Total deferred charges	51	0.0	11	0.0
Total assets	¥92,151	100.0%	¥86,946	100.0%

Note: Amounts under one million yen are omitted.

As of March 31	Millions of yen			
	2006	Ratio to total assets	2005	Ratio to total assets
Liabilities and shareholders' equity				
Current liabilities:				
Trade notes payable	¥ 1,756		¥ 1,414	
Trade accounts payable	11,882		11,537	
Short-term loans	4,130		3,477	
Current portion of long-term loans	1,862		2,475	
Current portion of bonds	—		4,000	
Current portion of convertible bonds	—		2,191	
Other accounts payable	1,954		1,319	
Accrued expenses	246		237	
Advances received	5		0	
Deposits received	3,455		3,687	
Other notes payable	316		366	
Accrued bonuses	482		412	
Allowance for loss on debt guarantees	212		—	
Other	27		121	
Total current liabilities	26,333	28.6%	31,241	35.9%
Long-term liabilities:				
Bonds	9,000		4,000	
Bonds with non-detachable warrants	688		3,000	
Long-term loans	7,065		5,327	
Reserve for employees' retirement benefits	5,446		4,559	
Reserve for directors' retirement allowances	404		370	
Total long-term liabilities	22,604	24.5	17,257	19.9
Total liabilities	48,937	53.1	48,498	55.8
Shareholders' equity:				
Common stock	14,773	16.0	13,617	15.7
Capital surplus:				
Appropriation for legal reserve	13,981		12,825	
Gain on disposal of treasury stock	0		0	
Total capital surplus	13,982	15.2	12,826	14.7
Retained earnings:				
Appropriation for legal reserve	1,246		1,246	
Voluntary reserve	8,678		8,678	
Unappropriated retained earnings	1,618		709	
Total retained earnings	11,542	12.5	10,634	12.2
Unrealized gain on available-for-sale securities	2,977	3.2	1,406	1.6
Treasury stock	(63)	(0.0)	(35)	(0.0)
Total shareholders' equity	43,213	46.9	38,448	44.2
Total liabilities and shareholders' equity	¥92,151	100.0%	¥86,946	100.0%

Non-consolidated Statements of Income

Years ended March 31	Millions of yen			
	2006	Ratio to net sales	2005	Ratio to net sales
Net sales	¥85,991	100.0%	¥80,364	100.0%
Cost of sales:				
Finished products at beginning of year	5,790		4,811	
Cost of finished products manufactured during year	21,423		22,582	
Procurement cost for outsourced products	54,033		50,247	
Sub-total	81,246		77,641	
Transfer to other account	247		242	
Finished products at end of year	5,843		5,790	
Total cost of sales	75,155	87.4	71,608	89.1
Gross profit	10,835	12.6	8,755	10.9
Selling, general and administrative expenses	7,929	9.2	6,999	8.7
Operating income	2,905	3.4	1,756	2.2
Nonoperating income:				
Interest income	287		199	
Interest income on securities	0		0	
Dividend received	353		1,904	
Foreign exchange gain	401		—	
Rental revenues	414		424	
Royalty	489		387	
Other	49		296	
Total nonoperating income	1,995	2.3	3,211	4.0
Nonoperating expenses:				
Interest expenses	227		217	
Interest on bonds	163		218	
Loss on disposal of inventories	477		173	
Depreciation and amortization	316		339	
Amortization of transition amount for accrued retirement benefit	515		515	
Loss on compensation of products	493		—	
Other	355		516	
Total nonoperating expenses	2,549	3.0	1,981	2.5
Recurring profit	2,352	2.7	2,986	3.7
Extraordinary income:				
Gain on sale of investment securities	1,238		486	
Reversal of additional retirement benefits	—		329	
Gain on sale of sales rights	—		300	
Total extraordinary income	1,238	1.4	1,115	1.4
Extraordinary losses:				
Loss on disposal of inventories	319		518	
Loss on support for affiliates	—		259	
Loss on valuation of affiliate shares	—		176	
Provision for allowance for doubtful accounts	312		—	
Provision for allowance for loss on debt guarantees	212		—	
Loss on disposal of fixed assets	191		—	
Loss on valuation of investments in affiliates	163		—	
Impairment loss on fixed assets	120		—	
Total extraordinary losses	1,320	1.5	954	1.2
Income before income taxes	2,270	2.6	3,147	3.9

Years ended March 31	Millions of yen			
	2006	Ratio to net sales	2005	Ratio to net sales
Income taxes – current	168		142	
Income taxes – deferred	786		1,413	
Total income taxes	955	1.1	1,555	1.9
Net income	1,314	1.5	1,591	2.0
Retained earnings (deficit) brought forward	506		(874)	
Interim dividends	202		—	
Unappropriated deficit resulting from merger	—		7	
Unappropriated retained earnings	¥1,618		¥ 709	

Note: Amounts under one million yen are omitted.