

INTERIM FINANCIAL STATEMENTS FOR FIRST HALF OF FISCAL YEAR 2003

- April 1, 2003 to September 30, 2003 -

SHINKO ELECTRIC INDUSTRIES CO., LTD.

80, OSHIMADA-MACHI, NAGANO-SHI, 381-2287 JAPAN

Phone: (81-26)283-1000

Facsimile: (81-26)284-8861

<http://www.shinko.co.jp>



Contents

Interim Financial Statements

1. Financial Highlights	2
2. Consolidated Financial Statements	
(1) Consolidated Balance Sheets	3
(2) Consolidated Statements of Income	5
(3) Consolidated Statements of Cash Flows	6
3. Non-consolidated Financial Statements	
(1) Non-consolidated Balance Sheets	7
(2) Non-consolidated Statements of Income	9

Corporate Outline

1. Outline	10
2. Shareholders' Data	12
3. Board of Directors	13

Interim Financial Statements

The Financial Statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

Notes: 1. U.S. dollar amounts in this report are converted from yen, for convenience only, at the rate of 111.25 yen=U.S.\$1.

2. The Company's fiscal year runs from April 1 through March 31.

1. Financial Highlights

(1) Consolidated Basis

	Yen (millions)		U.S. dollars (thousands)
Half years ended September 30	2003	2002	2003
Net sales	64,058	60,960	575,810
Net income	2,398	1,737	21,556
Per share (Yen/U.S. dollars)	53.46	38.74	0.480
Total assets	147,045	145,115	1,321,759
Shareholders' equity	87,363	84,114	785,293
Net sales by product category			
IC Leadframes	16,447	18,044	147,845
IC Packages	40,592	35,190	364,875
Hermetic Seal Parts	7,010	7,713	63,019
Others	7	11	70
Total	64,058	60,960	575,811

(2) Non-consolidated Basis

	Yen (millions)		U.S. dollars (thousands)
Half years ended September 30	2003	2002	2003
Net sales	62,549	59,047	562,245
Net income	2,009	1,553	18,059
Cash dividends	538	448	4,838
Per share (Yen/U.S. dollars)	12.0	10.0	0.107
Total assets	147,029	145,436	1,321,615
Shareholders' equity	88,637	85,738	796,745
Number of employees	4,358	4,442	

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Yen (millions)		U.S. dollars (thousands)
As of September 30	<u>2003</u>	<u>2002</u>	<u>2003</u>
Assets			
Current assets:			
Cash and time deposits	22,169	26,282	199,273
Receivables, trade:			
Accounts and notes	36,137	28,030	324,834
Allowance for doubtful receivables	(27)	(49)	(244)
Inventories	9,009	11,160	80,984
Other current assets	16,593	13,278	149,153
Total current assets	83,882	78,702	754,001
Fixed assets:			
Property, plant and equipment	56,885	60,422	511,326
Intangible assets	1,231	1,132	11,071
Investments and other assets	5,046	4,858	45,360
Total fixed assets	63,163	66,412	567,758
 Total assets	 147,045	 145,115	 1,321,759

	Yen (millions)		U.S. dollars (thousands)
	<u>2003</u>	2002	<u>2003</u>
Liabilities			
Current liabilities:			
Payables, trade	15,468	13,241	139,043
Short-term borrowings, including current portion of long-term debt	6,296	5,108	56,597
Other current liabilities	14,467	14,786	130,045
Total current liabilities	36,232	33,136	325,685
Long-term liabilities	24,338	28,871	218,776
Total liabilities	60,571	62,007	544,462
Minority interests in consolidated subsidiaries	(889)	(1,007)	(7,996)
Shareholders' equity:			
Common stock	24,223	24,223	217,735
Capital surplus	24,150	24,150	217,083
Retained earnings	42,100	38,681	378,433
Unrealized gains on securities	197	9	1,771
Foreign currency translation adjustments	(2,642)	(2,286)	(23,750)
Treasury stock, at cost	(665)	(664)	(5,979)
Total shareholders' equity	87,363	84,114	785,293
Total liabilities, minority interests and shareholders' equity	147,045	145,115	1,321,759

(2) Consolidated Statements of Income

	Yen (millions)		U.S. dollars (thousands)
Half years ended September 30	<u>2003</u>	<u>2002</u>	<u>2003</u>
Net sales	64,058	60,960	575,810
Operating costs and expenses:			
Cost of sales	52,041	49,612	467,790
Selling, general and administrative expenses	6,130	6,021	55,107
	<u>58,172</u>	<u>55,634</u>	<u>522,897</u>
Operating income	5,886	5,326	52,913
Other income (expenses):			
Interest and dividend received	53	86	479
Interest charges	185	235	1,665
Other, net	(1,995)	(1,977)	(17,935)
	<u>(2,127)</u>	<u>(2,126)</u>	<u>(19,121)</u>
Income before income taxes and minority interests	3,759	3,200	33,792
Income taxes:			
Current	2,195	2,044	19,733
Deferred	(908)	(726)	(8,170)
	<u>1,286</u>	<u>1,317</u>	<u>11,562</u>
Minority interests in income of consolidated subsidiaries	74	145	672
Net income	<u>2,398</u>	<u>1,737</u>	<u>21,556</u>

(3) Consolidated Statements of Cash Flows

	Yen (millions)		U.S. dollars (thousands)
Half years ended September 30	<u>2003</u>	<u>2002</u>	<u>2003</u>
Cash flows from operating activities	8,832	11,650	79,396
Cash flows from investing activities	(6,551)	(7,134)	(58,888)
Cash flows from financing activities	(1,121)	(7,684)	(10,084)
Effect of exchange rate changes on cash and cash equivalents	(355)	(447)	(3,198)
Net increase (decrease) in cash and cash equivalents	803	(3,615)	7,225
Cash and cash equivalents at beginning of year	33,083	39,298	297,383
Cash and cash equivalents at end of the half year	33,887	35,682	304,608

3. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

	Yen (millions)		U.S. dollars (thousands)
As of September 30	<u>2003</u>	<u>2002</u>	<u>2003</u>
Assets			
Current assets:			
Cash and time deposits	17,413	21,917	156,522
Receivables, trade:			
Accounts and notes	37,318	29,879	335,448
Allowance for doubtful receivables	0	(28)	0
Inventories	8,430	10,272	75,781
Other current assets	16,385	13,087	147,288
Total current assets	<u>79,548</u>	<u>75,128</u>	<u>715,041</u>
Fixed assets:			
Property, plant and equipment	54,571	57,969	490,526
Intangible assets	1,229	1,130	11,052
Investments and other assets	11,680	11,207	104,994
Total fixed assets	<u>67,481</u>	<u>70,307</u>	<u>606,573</u>
Total assets	<u><u>147,029</u></u>	<u><u>145,436</u></u>	<u><u>1,321,615</u></u>

	Yen (millions)		U.S. dollars (thousands)
	<u>2003</u>	<u>2002</u>	<u>2003</u>
Liabilities			
Current liabilities:			
Payables, trade	15,428	14,080	138,686
Short-term borrowings, including current portion of long-term debt	5,625	3,717	50,561
Other current liabilities	14,036	14,157	126,173
Total current liabilities	35,090	31,955	315,421
Long-term liabilities	23,301	27,742	209,448
Total liabilities	58,391	59,697	524,869
Shareholders' equity			
Common stock:			
Authorized - 124,344,000 shares			
Issued			
- 45,057,314 shares (2003)	24,223		217,735
- 45,057,314 shares (2002)		24,223	
Capital surplus	24,150	24,150	217,083
Retained earnings	40,732	38,019	366,134
Unrealized gains on securities	197	9	1,771
Treasury stock, at cost	(665)	(664)	(5,979)
Total shareholders' equity	88,637	85,738	796,745
Total liabilities and shareholders' equity	147,029	145,436	1,321,615

(2) Non-consolidated Statements of Income

	Yen (millions)		U.S. dollars (thousands)
Half years ended September 30	<u>2003</u>	<u>2002</u>	<u>2003</u>
Net sales	62,549	59,047	562,245
Operating costs and expenses:			
Cost of sales	50,807	47,910	456,699
Selling, general and administrative expenses	6,357	6,341	57,143
	<u>57,164</u>	<u>54,251</u>	<u>513,842</u>
Operating income	5,384	4,796	48,403
Other income (expenses):			
Interest and dividends received	42	66	380
Interest charges	178	214	1,601
Other, net	(2,015)	(1,837)	(18,119)
	<u>(2,151)</u>	<u>(1,986)</u>	<u>(19,340)</u>
Income before income taxes	3,233	2,810	29,062
Income taxes:			
Current	2,117	1,986	19,029
Deferred	(892)	(729)	(8,025)
	<u>1,224</u>	<u>1,256</u>	<u>11,003</u>
Net income	<u>2,009</u>	<u>1,553</u>	<u>18,059</u>
Unappropriated retained earnings at the end of half year	<u>3,647</u>	<u>3,925</u>	<u>32,782</u>
		Yen	U.S. dollars
Net income per share	44.79	34.63	0.402
Cash dividends per share	12.0	10.0	0.107

Corporate Outline

1. Outline

Name: SHINKO ELECTRIC INDUSTRIES CO., LTD.

Date of Establishment: September 12, 1946

Head Office: 80, Oshimada-machi, Nagano-shi, 381-2287 Japan

Phone: (81-26)283-1000 Facsimile: (81-26)284-8861

Major Business Lines:

Manufacturing and sales of leadframes, plastic laminated packages (PLPs),
glass-to-metal seals, arrester and precision contact parts

IC assembly

Development and sales of software

Number of Employees: 4,358 (as of September 30, 2003)

Plants:

Kohoku Plant

Kurita Plant

Wakaho Plant

Takaoka Plant

Arai Plant

Kyogase Plant

Shinko R&D Center

Overseas Representative Offices:

Düsseldorf

Immermannstraße 45, 40210 Düsseldorf, Germany

Phone: (49-211)1795380

Facsimile: (49-211)1795381

Shanghai

Room 2310, Shanghai Ruijin Building, 205 Maoming South Road,
Shanghai, 200020, China

Phone: (86-21)6445-0898

Facsimile: (86-21)6445-1228

Hong Kong

10th Floor, Lincoln House, 979 King's Road, Taikoo Place,
Island East, Hong Kong

Phone: (852)2828-2685 Facsimile: (852)2828-2686

Manila

9th Floor, Unit No. 905, Tower One, Ayala Triangle, Ayala Avenue,
Makati-city, Metro Manila, Philippines

Phone: (63-2)848-5169 Facsimile: (63-2)848-5145

Subsidiaries:

(Japan)

SHINKO PARTS CO., LTD.

SHINKO TECHNOSERVE CO., LTD.

(Overseas)

SHINKO ELECTRONICS (MALAYSIA) SDN. BHD.

Lot Pt717A, Jalan Serendah 26/17, Seksyen 26, 40400 Shah Alam,
Selangor Darul Ehsan, Malaysia

Phone: (60-3)5191-4902 Facsimile: (60-3)5191-4912

KOREA SHINKO MICROELECTRONICS CO., LTD.

35 Sunpyung-ri, Seo-myun, Suncheon-city, Jollanam-do,
540-813 Republic of Korea

Phone: (82-61)753-8801 Facsimile: (82-61)753-8804

SHINKO ELECTRIC AMERICA, INC.

2880 Zanker Road, Suite 204, San Jose, CA 95134 U.S.A.

Phone: (1-408)232-0499 Facsimile: (1-408)955-0368

KOREA SHINKO TRADING CO., LTD.

Hyundai Venture Building 1223, 713 Suseo-dong, Kangnam-ku,
Seoul, 135-884 Republic of Korea

Phone: (82-2)538-2851 Facsimile: (82-2)451-6714

TAIWAN SHINKO ELECTRONICS CO., LTD.

5F, 87 Sung Chiang Road, Taipei, Taiwan

Phone: (886-2)2515-5055 Facsimile: (886-2)2515-5081

SHINKO ELECTRONICS (SINGAPORE) PTE. LTD.

78 Shenton Way #32-00 Singapore 079120

Phone: (65)6-225-3411 Facsimile: (65)6-225-8984

SHINKO MICROELECTRONICS (THAILAND) CO., LTD.

252/95 18th Floor, Muang Thai Phatra Office Tower 2,

Rachadaphisek Road, Huaykwang, Bangkok 10320, Thailand

Phone: (66-2)693-3300 Facsimile: (66-2)693-3301

2. Shareholders' Data (as of September 30, 2003)

Capital: ¥ 24,223,020,480

Common Stock: Authorized	124,344,000 shares
Issued	45,057,314 shares
Number of Shareholders	9,795

Principal Shareholders:

Name	No. of shares held (thousands)	Percentage of total shares outstanding
Fujitsu Limited	22,529	50.00 %
Japan Trustee Services Bank, Ltd. (Trust Accounts)	2,262	5.02
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,706	3.79
Mizuho Bank, Ltd.	1,058	2.35
The Hachijuni Bank, Ltd.	612	1.36
UFJ Trust Bank Limited (Trust Accounts A)	603	1.34
Dexia-BIL S/A Julius Baer Multistock Japan Leading Stock FD	550	1.22
The Chase Manhattan Bank 385036	455	1.01
Government of Singapore Investment Corporation P. Limited	420	0.93
Asahi Mutual Life Insurance Company	413	0.92

Stock Exchange Listing:

The First Section of The Tokyo Stock Exchange

3. Board of Directors (as of September 30, 2003)

President and Representative Director	Jun-ichi Mogi
Executive Managing Directors	Mamoru Kuroiwa Fumio Kuraishi
Managing Directors	Akio Imoto Hiroaki Ikuine
Directors	Makoto Ibi Shin-ichi Wakabayashi Akira Fujimoto Tetsushi Wakabayashi Akihiko Murata Yoshihiko Ogawa Kazuharu Iguchi Kunihiko Imai
Standing Auditor	Masaji Yokoyama
Auditors	Keizo Fukagawa Akikazu Yajima