

INTERIM FINANCIAL STATEMENTS FOR FIRST HALF OF FISCAL YEAR 2005

- April 1, 2005 to September 30, 2005 -

SHINKO ELECTRIC INDUSTRIES CO., LTD.

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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 113.19 yen = U.S.\$1.00, the approximate rate of exchange in effect on September 30, 2005.
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)
Six months ended September 30	2005	2004	2005
Net sales	74,137	79,090	654,986
Net income	6,984	6,272	61,707
Per share (Yen/U.S. Dollars)	155.59	139.83	1.374
Total assets	164,976	159,261	1,457,520
Shareholders' equity	107,658	98,093	951,128
Net sales by product category			
IC Leadframes	13,524	17,229	119,483
IC Packages	50,305	48,985	444,434
Hermetic Seal Parts	10,301	12,869	91,012
Others	6	6	55
Total	74,137	79,090	654,986

(2) Non-consolidated Basis

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	2005	2004	2005
Net sales	71,900	76,782	635,217
Net income	6,936	5,902	61,286
Cash dividends	584	538	5,161
Per share (Yen/U.S. Dollars)	13.0	12.0	0.114
Total assets	163,728	158,066	1,446,493
Shareholders' equity	107,139	98,233	946,547
Number of employees	4,089	4,296	

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Yen (millions)		U.S. Dollars (thousands)
As of September 30	<u>2005</u>	<u>2004</u>	<u>2005</u>
Assets			
Current assets:			
Cash and time deposits	28,048	20,833	247,804
Receivables, trade:			
Notes and Accounts	43,187	46,925	381,549
Allowance for doubtful receivables	(33)	(41)	(297)
Inventories	6,360	8,260	56,190
Other current assets	27,925	20,441	246,712
Total current assets	<u>105,488</u>	<u>96,419</u>	<u>931,960</u>
Fixed assets:			
Property, plant and equipment	52,797	56,828	466,452
Intangible assets	1,752	1,423	15,478
Investments and other assets	4,938	4,590	43,629
Total fixed assets	<u>59,488</u>	<u>62,841</u>	<u>525,560</u>
 Total assets	 <u><u>164,976</u></u>	 <u>159,261</u>	 <u><u>1,457,520</u></u>

	Yen (millions)		U.S. Dollars (thousands)
	<u>2005</u>	2004	<u>2005</u>
Liabilities			
Current liabilities:			
Payables, trade	19,742	21,148	174,417
Short-term borrowings, including current portion of long-term debt	5,700	1,468	50,357
Current portion of corporate bond	10,000		88,347
Other current liabilities	17,226	18,504	152,187
Total current liabilities	52,668	41,122	465,309
Long-term liabilities:			
Long-term debt	5,551	20,929	49,049
Total liabilities	58,220	62,052	514,358
Minority interests in consolidated subsidiaries	(901)	(884)	(7,965)
Shareholders' equity			
Common stock	24,223	24,223	214,003
Capital surplus	24,150	24,150	213,363
Retained earnings	61,726	52,869	545,333
Unrealized gains on securities	225	177	1,992
Foreign currency translation adjustments	(2,288)	(2,668)	(20,217)
Treasury stock	(378)	(658)	(3,347)
Total shareholders' equity	107,658	98,093	951,128
Total liabilities, minority interests and shareholders' equity	164,976	159,261	1,457,520

(2) Consolidated Statements of Income

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2005</u>	<u>2004</u>	<u>2005</u>
Net sales	74,137	79,090	654,986
Operating costs and expenses:			
Cost of goods sold	55,478	61,558	490,134
Selling, general and administrative expenses	6,477	6,564	57,230
	<u>61,956</u>	<u>68,122</u>	<u>547,364</u>
Operating income	12,181	10,967	107,621
Other income (expenses):			
Interest received	118	62	1,044
Interest charges	(161)	(167)	(1,428)
Other, net	(434)	(622)	(3,836)
	<u>(477)</u>	<u>(727)</u>	<u>(4,219)</u>
Income before income taxes and minority interests	11,704	10,240	103,401
Income taxes:			
Current	4,302	4,404	38,012
Deferred	481	(446)	4,254
	<u>4,784</u>	<u>3,957</u>	<u>42,267</u>
Minority interests in income (loss) of consolidated subsidiaries	(64)	10	(573)
Net income	<u>6,984</u>	<u>6,272</u>	<u>61,707</u>

(3) Consolidated Statements of Cash Flows

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2005</u>	<u>2004</u>	<u>2005</u>
Cash flows from operating activities	14,548	15,386	128,535
Cash flows from investing activities	(6,511)	(9,130)	(57,527)
Cash flows from financing activities	(822)	(4,825)	(7,266)
Effect of exchange rate changes on cash and cash equivalents	262	330	2,321
Net increase (decrease) in cash and cash equivalents	7,477	1,760	66,063
Cash and cash equivalents at beginning of year	43,197	33,877	381,633
Cash and cash equivalents at end of the half year	50,674	35,638	447,697

3. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

	Yen (millions)		U.S. Dollars (thousands)
As of September 30	<u>2005</u>	<u>2004</u>	<u>2005</u>
Assets			
Current assets:			
Cash and time deposits	21,530	15,058	190,211
Receivables, trade:			
Notes and Accounts	45,193	48,624	399,270
Inventories	5,749	7,631	50,794
Other current assets	27,644	20,160	244,229
Total current assets	<u>100,117</u>	<u>91,474</u>	<u>884,505</u>
Fixed assets:			
Property, plant and equipment	50,518	54,334	446,316
Intangible assets	1,745	1,420	15,420
Investments and other assets	11,347	10,836	100,251
Total fixed assets	<u>63,611</u>	<u>66,591</u>	<u>561,987</u>
 Total assets	 <u>163,728</u>	 <u>158,066</u>	 <u>1,446,493</u>

	Yen (millions)		U.S. Dollars (thousands)
	<u>2005</u>	<u>2004</u>	<u>2005</u>
Liabilities			
Current liabilities:			
Payables, trade	19,378	20,866	171,199
Short-term borrowings, including current portion of long-term debt	5,700	1,000	50,357
Current portion of corporate bond	10,000		88,347
Other current liabilities	16,979	18,032	150,004
Total current liabilities	52,057	39,898	459,909
Long-term liabilities:			
Long-term debt	4,531	19,934	40,036
Total liabilities	56,588	59,833	499,945
Shareholders' equity			
Common stock:			
Authorized - 180,000,000 shares			
Issued			
- 45,057,314 shares (2005)	24,223		214,003
- 45,057,314 shares (2004)		24,223	
Capital surplus	24,150	24,150	213,363
Retained earnings	58,919	50,341	520,536
Unrealized gains on securities	225	177	1,992
Treasury stock	(378)	(658)	(3,347)
Total shareholders' equity	107,139	98,233	946,547
Total liabilities and shareholders' equity	163,728	158,066	1,446,493

(2) Non-consolidated Statements of Income

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2005</u>	<u>2004</u>	<u>2005</u>
Net sales	71,900	76,782	635,217
Operating costs and expenses:			
Cost of goods sold	53,606	59,866	473,601
Selling, general and administrative expenses	6,727	6,791	59,438
	<u>60,334</u>	<u>66,657</u>	<u>533,039</u>
Operating income	11,565	10,124	102,178
Other income (expenses):			
Interest and dividends received	408	276	3,612
Interest charges	(159)	(161)	(1,410)
Other, net	(291)	(641)	(2,576)
	<u>(42)</u>	<u>(526)</u>	<u>(374)</u>
Income before income taxes and minority interests	11,523	9,597	101,804
Income taxes:			
Current	4,178	4,244	36,917
Deferred	407	(549)	3,600
	<u>4,586</u>	<u>3,695</u>	<u>40,517</u>
Net income	<u>6,936</u>	<u>5,902</u>	<u>61,286</u>
Unappropriated retained earnings at the end of half year	<u>9,637</u>	<u>8,199</u>	<u>85,147</u>
	Yen	Yen	U.S. Dollars
Net income per share	<u>154.53</u>	131.58	<u>1.365</u>
Cash dividends per share	13.0	12.0	0.114

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: 4,089 (as of September 30, 2005)

Plants:

Kohoku Plant

Wakaho Plant

Takaoka Plant

Arai Plant

Kyogase Plant

SHINKO R&D CENTER

KURITA SOGO CENTER

Overseas Representative Offices:

Frankfurt

Am Siebenstein 6-10, 63303, Dreieich, Germany

Phone: (49-6103)690145

Facsimile: (49-6103)690165

Shanghai

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

Phone: (86-21)6445-0898

Facsimile: (86-21)6445-1228

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-H, Hung Tai Center, 168 Tun Hua North Road, Taipei, Taiwan

Phone: (886-2)2719-5655 Facsimile: (886-2)2719-5650

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

SHINKO ELECTRIC INDUSTRIES(WUXI) CO.,LTD.

28-9, Changjiang South Road, Wuxi National Hi-tech Industrial Development Zone,
Wuxi, Jiangsu, 214028, China
Phone: (86-510)534-3008 Facsimile: (86-510)534-3180

2. Shareholders' Data (as of September 30, 2005)

Capital: ¥ 24,223,020,480

Common Stock:	Authorized	180,000,000 shares
	Issued	45,057,314 shares
	Number of Shareholders	4,575

Principal Shareholders:

Name	No. of shares held (thousands)	Ownership ratio (%)
Fujitsu Limited	22,529	50.00
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,846	8.54
Japan Trustee Services Bank, Ltd. (Trust Accounts)	2,826	6.27
Mizuho Bank, Ltd.	918	2.04
The Sumitomo Trust and Banking Co., Ltd. (Trust Account B)	664	1.47
The Hachijuni Bank, Ltd.	612	1.36
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	502	1.12
Asahi Mutual Life Insurance Company	413	0.92
Morgan Stanley & Co., Inc.	349	0.78
NikkoCiti Trust and Banking Corporation (Investment Trust Account)	341	0.76

Stock Exchange Listing:

The First Section of The Tokyo Stock Exchange

3. Board of Directors (as of September 30, 2005)

President and Representative Director	Mamoru Kuroiwa
Executive Managing Directors	Fumio Kuraishi
	Hiroaki Ikuine
Managing Directors	Akio Imoto
	Akira Fujimoto
	Tetsushi Wakabayashi
Directors	Shin-ichi Wakabayashi
	Akihiko Murata
	Yoshihiko Ogawa
	Kazuharu Iguchi
	Kunihiko Imai
	Seizo Mitsui
Standing Auditor	Masaji Yokoyama
Auditors	Toshihiko Ono
	Junichi Murashima