

INTERIM FINANCIAL STATEMENTS FOR FIRST HALF OF FISCAL YEAR 2004

- April 1, 2004 to September 30, 2004 -

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 111.05 yen = U.S.\$1.00, the approximate rate of exchange in effect on September 30, 2004.
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	2004	2003	2004
Net sales	79,090	64,058	712,207
Net income	6,272	2,398	56,482
Per share (Yen/U.S. Dollars)	139.83	53.46	1.259
Total assets	159,261	147,045	1,434,138
Shareholders' equity	98,093	87,363	883,323
Net sales by product category			
IC Leadframes	17,229	16,447	155,146
IC Packages	48,985	39,412	441,112
Hermetic Seal Parts	12,869	8,191	115,888
Others	6	7	59
Total	79,090	64,058	712,207

(2) Non-consolidated Basis

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	2004	2003	2004
Net sales	76,782	62,549	691,419
Net income	5,902	2,009	53,147
Cash dividends	538	538	4,847
Per share (Yen/U.S. Dollars)	12.0	12.0	0.108
Total assets	158,066	147,029	1,423,381
Shareholders' equity	98,233	88,637	884,587
Number of employees	4,296	4,358	

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Yen (millions)		U.S. Dollars (thousands)
As of September 30	<u>2004</u>	2003	<u>2004</u>
Assets			
Current assets:			
Cash and time deposits	20,833	22,169	187,606
Receivables, trade:			
Notes and Accounts	46,925	36,137	422,559
Allowance for doubtful receivables	(41)	(27)	(373)
Inventories	8,260	9,009	74,384
Other current assets	20,441	16,593	184,078
Total current assets	<u>96,419</u>	<u>83,882</u>	<u>868,254</u>
Fixed assets:			
Property, plant and equipment	56,828	56,885	511,734
Intangible assets	1,423	1,231	12,815
Investments and other assets	4,590	5,046	41,334
Total fixed assets	<u>62,841</u>	<u>63,163</u>	<u>565,884</u>
 Total assets	 <u>159,261</u>	 <u>147,045</u>	 <u>1,434,138</u>

	Yen (millions)		U.S. Dollars (thousands)
	<u>2004</u>	2003	<u>2004</u>
Liabilities			
Current liabilities:			
Payables, trade	21,148	15,468	190,445
Short-term borrowings, including current portion of long-term debt	1,468	6,296	13,222
Other current liabilities	18,504	14,467	166,635
Total current liabilities	41,122	36,232	370,303
Long-term liabilities:			
Long-term debt	20,929	24,338	188,473
Total liabilities	62,052	60,571	558,777
Minority interests in consolidated subsidiaries	(884)	(889)	(7,961)
Shareholders' equity			
Common stock	24,223	24,223	218,127
Capital surplus	24,150	24,150	217,474
Retained earnings	52,869	42,100	476,086
Unrealized gains on securities	177	197	1,595
Foreign currency translation adjustments	(2,668)	(2,642)	(24,029)
Treasury stock, at cost	(658)	(665)	(5,931)
Total shareholders' equity	98,093	87,363	883,323
Total liabilities, minority interests and shareholders' equity	159,261	147,045	1,434,138

(2) Consolidated Statements of Income

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2004</u>	<u>2003</u>	<u>2004</u>
Net sales	79,090	64,058	712,207
Operating costs and expenses:			
Cost of sales	61,558	52,041	554,328
Selling, general and administrative expenses	6,564	6,130	59,114
	<u>68,122</u>	<u>58,172</u>	<u>613,443</u>
Operating income	10,967	5,886	98,764
Other income (expenses):			
Interest and dividend received	62	53	562
Interest charges	(167)	(185)	(1,506)
Other, net	(622)	(1,995)	(5,605)
	<u>(727)</u>	<u>(2,127)</u>	<u>(6,549)</u>
Income before income taxes and minority interests	10,240	3,759	92,215
Income taxes:			
Current	4,404	2,195	39,661
Deferred	(446)	(908)	(4,020)
	<u>3,957</u>	<u>1,286</u>	<u>35,640</u>
Minority interests in income of consolidated subsidiaries	10	74	91
Net income	<u>6,272</u>	<u>2,398</u>	<u>56,482</u>

(3) Consolidated Statements of Cash Flows

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2004</u>	<u>2003</u>	<u>2004</u>
Cash flows from operating activities	15,386	8,832	138,551
Cash flows from investing activities	(9,130)	(6,551)	(82,219)
Cash flows from financing activities	(4,825)	(1,121)	(43,455)
Effect of exchange rate changes on cash and cash equivalents	330	(355)	2,977
Net increase (decrease) in cash and cash equivalents	1,760	803	15,854
Cash and cash equivalents at beginning of year	33,877	33,083	305,067
Cash and cash equivalents at end of the half year	35,638	33,887	320,922

3. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

	Yen (millions)		U.S. Dollars (thousands)
As of September 30	<u>2004</u>	2003	<u>2004</u>
Assets			
Current assets:			
Cash and time deposits	15,058	17,413	135,599
Receivables, trade:			
Notes and Accounts	48,624	37,318	437,865
Inventories	7,631	8,430	68,718
Other current assets	20,160	16,385	181,542
Total current assets	<u>91,474</u>	<u>79,548</u>	<u>823,725</u>
Fixed assets:			
Property, plant and equipment	54,334	54,571	489,281
Intangible assets	1,420	1,229	12,794
Investments and other assets	10,836	11,680	97,579
Total fixed assets	<u>66,591</u>	<u>67,481</u>	<u>599,656</u>
 Total assets	 <u><u>158,066</u></u>	 <u>147,029</u>	 <u><u>1,423,381</u></u>

	Yen (millions)		U.S. Dollars (thousands)
	<u>2004</u>	2003	<u>2004</u>
Liabilities			
Current liabilities:			
Payables, trade	20,866	15,428	187,901
Short-term borrowings, including current portion of long-term debt	1,000	5,625	9,004
Other current liabilities	18,032	14,036	162,380
Total current liabilities	39,898	35,090	359,287
Long-term liabilities:			
Long-term debt	19,934	23,301	179,507
Total liabilities	59,833	58,391	538,794
Shareholders' equity			
Common stock:			
Authorized - 124,344,000 shares			
Issued			
- 45,057,314 shares (2004)	24,223		218,127
- 45,057,314 shares (2003)		24,223	
Capital surplus	24,150	24,150	217,474
Retained earnings	50,341	40,732	453,321
Unrealized gains on securities	177	197	1,595
Treasury stock, at cost	(658)	(665)	(5,931)
Total shareholders' equity	98,233	88,637	884,587
Total liabilities and shareholders' equity	158,066	147,029	1,423,381

(2) Non-consolidated Statements of Income

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2004</u>	<u>2003</u>	<u>2004</u>
Net sales	76,782	62,549	691,419
Operating costs and expenses:			
Cost of sales	59,866	50,807	539,096
Selling, general and administrative expenses	6,791	6,357	61,154
	<u>66,657</u>	<u>57,164</u>	<u>600,251</u>
Operating income	10,124	5,384	91,168
Other income (expenses):			
Interest and dividends received	276	42	2,493
Interest charges	(161)	(178)	(1,457)
Other, net	(641)	(2,015)	(5,777)
	<u>(526)</u>	<u>(2,151)</u>	<u>(4,741)</u>
Income before income taxes	9,597	3,233	86,426
Income taxes:			
Current	4,244	2,117	38,225
Deferred	(549)	(892)	(4,946)
	<u>3,695</u>	<u>1,224</u>	<u>33,279</u>
Net income	<u>5,902</u>	<u>2,009</u>	<u>53,147</u>
Unappropriated retained earnings at the end of half year	<u>8,199</u>	<u>3,647</u>	<u>73,832</u>
		Yen	U.S. Dollars
Net income per share	131.58	44.79	1.184
Cash dividends per share	12.0	12.0	0.108

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 leadframe, plastic laminated package (PLP), glass-to-metal seals, arrester and precision contact parts

IC assembly

Development and sales of software

Number of Employees: 4,296 (as of September 30, 2004)

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, People's Republic of 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, 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

SHINKO ELECTRIC INDUSTRIES(WUXI) CO.,LTD.

2# of Wangzhuang Industrial Park, Block 100 of Wuxi New District,
Wuxi, Jiangsu, 214028, China

Phone: (86-510)534-3008 Facsimile: (86-510)534-3180

2. Shareholders' Data (as of September 30, 2004)

Capital: ¥ 24,223,020,480

Common Stock:	Authorized	124,344,000 shares
	Issued	45,057,314 shares
	Number of Shareholders	7,796

Principal Shareholders:

Name	No. of shares held (thousands)	Percentage of total shares outstanding
Fujitsu Limited	22,529	50.00 %
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,955	4.34
Japan Trustee Services Bank, Ltd. (Trust Accounts)	1,826	4.05
Government of Singapore Investment Corporation P. Limited	1,086	2.41
Mizuho Bank, Ltd.	918	2.04
The Hachijuni Bank, Ltd.	612	1.36
The Chase Manhattan Bank 385036	593	1.32
Dexia-BIL S/A Julius Baer Multistock Japan Leading Stock FD	592	1.31
BBH For Fidelity Japan Small Company Fund	513	1.14
The Chase Manhattan Bank , N.A. London	430	0.96

Stock Exchange Listing:

The First Section of The Tokyo Stock Exchange

3. Board of Directors (as of September 30, 2004)

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