

# **INTERIM FINANCIAL STATEMENTS FOR FIRST HALF OF FISCAL YEAR 2005**

**- April 1, 2005 to September 30, 2005 -**

## **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>



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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	<b>74,137</b>	79,090	<b>654,986</b>
Net income	<b>6,984</b>	6,272	<b>61,707</b>
Per share (Yen/U.S. Dollars)	<b>155.59</b>	139.83	<b>1.374</b>
Total assets	<b>164,976</b>	159,261	<b>1,457,520</b>
Shareholders' equity	<b>107,658</b>	98,093	<b>951,128</b>
Net sales by product category			
IC Leadframes	<b>13,524</b>	17,229	<b>119,483</b>
IC Packages	<b>50,305</b>	48,985	<b>444,434</b>
Hermetic Seal Parts	<b>10,301</b>	12,869	<b>91,012</b>
Others	<b>6</b>	6	<b>55</b>
Total	<b>74,137</b>	79,090	<b>654,986</b>

### (2) Non-consolidated Basis

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	2005	2004	2005
Net sales	<b>71,900</b>	76,782	<b>635,217</b>
Net income	<b>6,936</b>	5,902	<b>61,286</b>
Cash dividends	<b>584</b>	538	<b>5,161</b>
Per share (Yen/U.S. Dollars)	<b>13.0</b>	12.0	<b>0.114</b>
Total assets	<b>163,728</b>	158,066	<b>1,446,493</b>
Shareholders' equity	<b>107,139</b>	98,233	<b>946,547</b>
Number of employees	<b>4,089</b>	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	<b>28,048</b>	20,833	<b>247,804</b>
Receivables, trade:			
Notes and Accounts	<b>43,187</b>	46,925	<b>381,549</b>
Allowance for doubtful receivables	<b>(33)</b>	(41)	<b>(297)</b>
Inventories	<b>6,360</b>	8,260	<b>56,190</b>
Other current assets	<b>27,925</b>	20,441	<b>246,712</b>
Total current assets	<b><u>105,488</u></b>	<u>96,419</u>	<b><u>931,960</u></b>
Fixed assets:			
Property, plant and equipment	<b>52,797</b>	56,828	<b>466,452</b>
Intangible assets	<b>1,752</b>	1,423	<b>15,478</b>
Investments and other assets	<b>4,938</b>	4,590	<b>43,629</b>
Total fixed assets	<b><u>59,488</u></b>	<u>62,841</u>	<b><u>525,560</u></b>
 Total assets	 <b><u><u>164,976</u></u></b>	 <u>159,261</u>	 <b><u><u>1,457,520</u></u></b>

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

## (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	<b>74,137</b>	79,090	<b>654,986</b>
Operating costs and expenses:			
Cost of goods sold	<b>55,478</b>	61,558	<b>490,134</b>
Selling, general and administrative expenses	<b>6,477</b>	6,564	<b>57,230</b>
	<u><b>61,956</b></u>	<u>68,122</u>	<u><b>547,364</b></u>
Operating income	<b>12,181</b>	10,967	<b>107,621</b>
Other income (expenses):			
Interest received	<b>118</b>	62	<b>1,044</b>
Interest charges	<b>(161)</b>	(167)	<b>(1,428)</b>
Other, net	<b>(434)</b>	(622)	<b>(3,836)</b>
	<u><b>(477)</b></u>	<u>(727)</u>	<u><b>(4,219)</b></u>
Income before income taxes and minority interests	<b>11,704</b>	10,240	<b>103,401</b>
Income taxes:			
Current	<b>4,302</b>	4,404	<b>38,012</b>
Deferred	<b>481</b>	(446)	<b>4,254</b>
	<u><b>4,784</b></u>	<u>3,957</u>	<u><b>42,267</b></u>
Minority interests in income (loss) of consolidated subsidiaries	<b>(64)</b>	10	<b>(573)</b>
Net income	<u><b>6,984</b></u>	<u>6,272</u>	<u><b>61,707</b></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	<b>14,548</b>	15,386	<b>128,535</b>
Cash flows from investing activities	<b>(6,511)</b>	(9,130)	<b>(57,527)</b>
Cash flows from financing activities	<b>(822)</b>	(4,825)	<b>(7,266)</b>
Effect of exchange rate changes on cash and cash equivalents	<b>262</b>	330	<b>2,321</b>
Net increase (decrease) in cash and cash equivalents	<b>7,477</b>	1,760	<b>66,063</b>
Cash and cash equivalents at beginning of year	<b>43,197</b>	33,877	<b>381,633</b>
Cash and cash equivalents at end of the half year	<b>50,674</b>	35,638	<b>447,697</b>

### 3. Non-consolidated Financial Statements

#### (1) Non-consolidated Balance Sheets

	Yen (millions)		U.S. Dollars (thousands)
As of September 30	<u>2005</u>	2004	<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>
<b>Liabilities</b>			
Current liabilities:			
Payables, trade	<b>19,378</b>	20,866	<b>171,199</b>
Short-term borrowings, including current portion of long-term debt	<b>5,700</b>	1,000	<b>50,357</b>
Current portion of corporate bond	<b>10,000</b>		<b>88,347</b>
Other current liabilities	<b>16,979</b>	18,032	<b>150,004</b>
Total current liabilities	<b>52,057</b>	39,898	<b>459,909</b>
Long-term liabilities:			
Long-term debt	<b>4,531</b>	19,934	<b>40,036</b>
Total liabilities	<b>56,588</b>	59,833	<b>499,945</b>
<b>Shareholders' equity</b>			
Common stock:			
Authorized - 180,000,000 shares			
Issued			
- 45,057,314 shares (2005)	<b>24,223</b>		<b>214,003</b>
- 45,057,314 shares (2004)		24,223	
Capital surplus	<b>24,150</b>	24,150	<b>213,363</b>
Retained earnings	<b>58,919</b>	50,341	<b>520,536</b>
Unrealized gains on securities	<b>225</b>	177	<b>1,992</b>
Treasury stock	<b>(378)</b>	(658)	<b>(3,347)</b>
Total shareholders' equity	<b>107,139</b>	98,233	<b>946,547</b>
<b>Total liabilities and shareholders' equity</b>	<b>163,728</b>	158,066	<b>1,446,493</b>

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

# 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

9<sup>th</sup> 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 18<sup>th</sup> 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

<b>Common Stock:</b>	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