

INTERIM FINANCIAL STATEMENTS FOR FIRST HALF OF FISCAL YEAR 2006

- from April 1, 2006 to September 30, 2006 -

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 117.90 yen = U.S.\$1.00, the approximate rate of exchange in effect on September 29, 2006.
 2. The Company's fiscal year runs from April 1 through March 31.
 3. As resolved at the Board of Directors' Meeting held on March 8, 2006, a three-for-one stock split was made on April 1, 2006.

1. Financial Highlights

(1) Consolidated Basis

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	2006	2005	2006
Net sales	96,538	74,137	818,814
Net income	9,351	6,984	79,315
Per share (Yen/U.S. Dollars)	69.23	155.59	0.587
Total assets	188,466	164,976	1,598,529
Net assets	124,678	107,658	1,057,493
Net sales by product category			
IC Leadframes	12,594	13,524	106,825
IC Packages	72,521	50,305	615,112
Hermetic Seal Parts	11,415	10,301	96,825
Others	6	6	51
Total	96,538	74,137	818,814

(2) Non-consolidated Basis

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	2006	2005	2006
Net sales	93,924	71,900	796,642
Net income	9,228	6,936	78,271
Cash dividends per share (Yen/U.S. Dollars)	6.0	13.0	0.050
Total assets	185,475	163,728	1,573,155
Net assets	124,087	107,139	1,052,480
Number of employees	4,091	4,089	

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Yen (millions)		U.S. Dollars (thousands)
As of September 30	<u>2006</u>	<u>2005</u>	<u>2006</u>
Assets			
Current assets:			
Cash and time deposits	39,346	28,048	333,727
Receivables, trade:			
Notes and Accounts	57,451	43,187	487,286
Allowance for doubtful receivables	(23)	(33)	(200)
Inventories	9,321	6,360	79,060
Other current assets	5,285	27,925	44,831
Total current assets	<u>111,380</u>	<u>105,488</u>	<u>944,705</u>
Fixed assets:			
Property, plant and equipment	70,089	52,797	594,485
Intangible assets	1,876	1,752	15,911
Investments and other assets	5,119	4,938	43,426
Total fixed assets	<u>77,085</u>	<u>59,488</u>	<u>653,823</u>
 Total assets	 <u><u>188,466</u></u>	 <u>164,976</u>	 <u><u>1,598,529</u></u>

	Yen (millions)		U.S. Dollars (thousands)
	<u>2006</u>	<u>2005</u>	<u>2006</u>
Liabilities			
Current liabilities:			
Payables, trade	28,148	19,742	238,746
Short-term borrowings, including current portion of long-term debt	1,500	5,700	12,722
Other current liabilities	28,771	27,226	244,033
Total current liabilities	<u>58,419</u>	<u>52,668</u>	<u>495,502</u>
Long-term liabilities:			
Long-term debt	5,368	5,551	45,533
Total liabilities	<u>63,788</u>	<u>58,220</u>	<u>541,035</u>
Minority interests in consolidated subsidiaries		(901)	
Shareholders' equity			
Common stock		24,223	
Capital surplus		24,150	
Retained earnings		61,726	
Unrealized gains on securities		225	
Foreign currency translation adjustments		(2,288)	
Treasury stock		(378)	
Total shareholders' equity		<u>107,658</u>	
Total liabilities, minority interests and shareholders' equity		<u>164,976</u>	
Net assets			
Shareholders' equity:			
Common stock	24,223		205,453
Capital surplus	24,129		204,661
Retained earnings	78,892		669,145
Treasury stock	(90)		(766)
Total shareholders' equity	<u>127,154</u>		<u>1,078,494</u>
Valuation and translation adjustments:			
Unrealized gains on securities	425		3,605
Deferred profits(losses) on hedges	(202)		(1,718)
Foreign currency translation adjustments	(1,761)		(14,942)
Total valuation and translation adjustments	<u>(1,539)</u>		<u>(13,055)</u>
Minority interests in consolidated subsidiaries	(936)		(7,945)
Total net assets	<u>124,678</u>		<u>1,057,493</u>
Total liabilities and net assets	<u>188,466</u>		<u>1,598,529</u>

(2) Consolidated Statements of Income

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2006</u>	<u>2005</u>	<u>2006</u>
Net sales	96,538	74,137	818,814
Operating costs and expenses:			
Cost of goods sold	72,588	55,478	615,681
Selling, general and administrative expenses	7,313	6,477	62,030
	<u>79,902</u>	<u>61,956</u>	<u>677,711</u>
Operating income	16,636	12,181	141,103
Other income (expenses):			
Interest received	231	118	1,963
Interest charges	(3)	(161)	(32)
Other, net	(1,289)	(434)	(10,935)
	<u>(1,061)</u>	<u>(477)</u>	<u>(9,004)</u>
Income before income taxes and minority interests	15,574	11,704	132,098
Income taxes:			
Current	5,903	4,302	50,067
Deferred	276	481	2,342
	<u>6,179</u>	<u>4,784</u>	<u>52,410</u>
Minority interests in income (loss) of consolidated subsidiaries	43	(64)	372
Net income	<u>9,351</u>	<u>6,984</u>	<u>79,315</u>

(3) Consolidated Statements of Cash Flows

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2006</u>	<u>2005</u>	<u>2006</u>
Cash flows from operating activities	10,342	14,548	87,722
Cash flows from investing activities	(17,429)	(6,511)	(147,833)
Cash flows from financing activities	(4,796)	(822)	(40,680)
Effect of exchange rate changes on cash and cash equivalents	61	262	520
Net increase (decrease) in cash and cash equivalents	(11,821)	7,477	(100,270)
Cash and cash equivalents at beginning of year	49,872	43,197	423,004
Cash and cash equivalents at end of the half year	38,050	50,674	322,734

(4) Consolidated Statements of Changes in Net Assets

	Yen(Millions)				
	Six months ended September 30, 2006				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of March 31, 2006	24,223	24,131	70,506	(151)	118,709
Changes in the term:					
Dividends from surplus (Note)			(855)		(855)
Bonuses to directors and corporate auditors (Note)			(110)		(110)
Net income			9,351		9,351
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		(2)		62	60
Net changes of items other than shareholders' equity					
Total changes in the term	0	(2)	8,386	61	8,445
Balance of September 30, 2006	24,223	24,129	78,892	(90)	127,154

(Note) These are appropriation items as of the Annual Shareholders' Meeting held in June, 2006.

Yen(Millions)

Six months ended September 30, 2006

Valuation and translation adjustments

	Unrealized gains on securities	Deferred profits (losses) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance of March 31, 2006	409		(1,830)	(1,420)	(935)	116,353
Changes in the term:						
Dividends from surplus (Note)						(855)
Bonuses to directors and corporate auditors (Note)						(110)
Net income						9,351
Purchase of treasury stock						(1)
Disposal of treasury stock						60
Net changes of items other than shareholders' equity	15	(202)	68	(118)	(1)	(119)
Total changes in the term	15	(202)	68	(118)	(1)	8,325
Balance of September 30, 2006	425	(202)	(1,761)	(1,539)	(936)	124,678

3. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

	Yen (millions)		U.S. Dollars (thousands)
As of September 30	<u>2006</u>	<u>2005</u>	<u>2006</u>
Assets			
Current assets:			
Cash and time deposits	30,780	21,530	261,070
Receivables, trade:			
Notes and Accounts	60,328	45,193	511,693
Inventories	8,513	5,749	72,213
Other current assets	4,768	27,644	40,444
Total current assets	<u>104,391</u>	<u>100,117</u>	<u>885,422</u>
Fixed assets:			
Property, plant and equipment	67,423	50,518	571,870
Intangible assets	1,870	1,745	15,864
Investments and other assets	11,789	11,347	99,998
Total fixed assets	<u>81,083</u>	<u>63,611</u>	<u>687,733</u>
 Total assets	 <u><u>185,475</u></u>	 <u><u>163,728</u></u>	 <u><u>1,573,155</u></u>

	Yen (millions)		U.S. Dollars (thousands)
	<u>2006</u>	2005	<u>2006</u>
Liabilities			
Current liabilities:			
Payables, trade	27,699	19,378	234,940
Short-term borrowings, including current portion of long-term debt	1,500	5,700	12,722
Other current liabilities	27,888	26,979	236,543
Total current liabilities	57,087	52,057	484,206
Long-term liabilities:			
Long-term debt	4,299	4,531	36,468
Total liabilities	61,387	56,588	520,674
Shareholders' equity			
Common stock		24,223	
Capital surplus		24,150	
Retained earnings		58,919	
Unrealized gains on securities		225	
Treasury stock		(378)	
Total shareholders' equity		<u>107,139</u>	
Total liabilities and shareholders' equity		<u>163,728</u>	
Net assets			
Shareholders' equity:			
Common stock	24,223		205,453
Capital surplus	24,129		204,661
Retained earnings	75,602		641,244
Treasury stock	(90)		(766)
Total shareholders' equity	123,864		1,050,593
Valuation and translation adjustments:			
Unrealized gains on securities	425		3,605
Deferred profits(losses) on hedges	(202)		(1,718)
Total valuation and translation adjustments	222		1,887
Total net assets	124,087		1,052,480
Total liabilities and net assets	185,475		1,573,155

(2) Non-consolidated Statements of Income

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2006</u>	<u>2005</u>	<u>2006</u>
Net sales	93,924	71,900	796,642
Operating costs and expenses:			
Cost of goods sold	70,368	53,606	596,851
Selling, general and administrative expenses	7,599	6,727	64,458
	<u>77,968</u>	<u>60,334</u>	<u>661,310</u>
Operating income	15,955	11,565	135,332
Other income (expenses):			
Interest and dividends received	445	408	3,779
Interest charges	(3)	(159)	(32)
Other, net	(1,277)	(291)	(10,832)
	<u>(835)</u>	<u>(42)</u>	<u>(7,085)</u>
Income before income taxes	15,120	11,523	128,246
Income taxes:			
Current	5,621	4,178	47,682
Deferred	270	407	2,292
	<u>5,892</u>	<u>4,586</u>	<u>49,974</u>
Net income	<u>9,228</u>	<u>6,936</u>	<u>78,271</u>
		Yen	U.S. Dollars
Net income per share	68.32	154.53	0.579
Cash dividends per share	6.0	13.0	0.050

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: 4,091 (as of September 30, 2006)

Plants:

Kohoku Plant

Wakaho Plant

Takaoka Plant

Arai Plant

Kyogase Plant

SHINKO R&D CENTER

KURITA SOGO CENTER

Overseas Representative Offices:

Frankfurt

Pittlerstrasse 47, 63225, Langen, 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 INDUSTRIES(WUXI) CO.,LTD.

28-9, Changjiang South Road, Wuxi National Hi-tech Industrial Development Zone,
Wuxi, Jiangsu, 214028, China

Phone: (86-510)8534-3008 Facsimile: (86-510)8534-3180

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.

252/98 19th 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, 2006)

Paid-in Capital: ¥ 24,223,020,480

Common Stock: Authorized: 540,000,000 shares

Issued: 135,171,942 shares

Number of Shareholders: 10,040

Principal Shareholders:

Name	Number of shares held (thousands)	Ownership ratio (%)
Fujitsu Limited	67,587	50.00
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,513	7.78
Japan Trustee Services Bank, Ltd. (Trust Accounts)	7,274	5.38
Citigroup Global Markets Inc.	2,292	1.70
The Hachijuni Bank, Ltd.	1,836	1.36
Mizuho Bank, Ltd.	1,836	1.36
The Sumitomo Trust and Banking Co., Ltd. (Trust Account B)	1,825	1.35
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	1,655	1.23
Mitsubishi UFJ Trust and Banking Corporation (Trust Account)	1,453	1.07
Asahi Mutual Life Insurance Company	1,239	0.92

Stock Exchange Listing: The First Section of The Tokyo Stock Exchange

3. Board of Directors (as of September 30, 2006)

President	Mamoru Kuroiwa
Executive Managing Directors	Fumio Kuraishi Akira Fujimoto Tetsushi Wakabayashi
Managing Directors	Akio Imoto Fumio Yanagihara
Directors	Shin-ichi Wakabayashi Akihiko Murata Yoshihiko Ogawa Kazuharu Iguchi Kunihiko Imai Seizo Mitsui Yoshihiro Asano Toshihiko Ogiwara
Standing Auditor	Masaji Yokoyama
Auditors	Junichi Murashima Koichi Ishizaka