

# **INTERIM FINANCIAL STATEMENTS FOR FIRST HALF OF FISCAL YEAR 2007**

**- from April 1, 2007 to September 30, 2007 -**

## **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 115.43 yen = U.S.\$1.00, the approximate rate of exchange in effect on September 28, 2007.  
2. The Company's fiscal year runs from April 1 through March 31.

## 1. Financial Highlights

### (1) Consolidated Basis

Six months ended September 30	Yen (millions)		U.S. Dollars (thousands)
	2007	2006	2007
Net sales	<b>106,061</b>	96,538	<b>918,838</b>
Net income	<b>7,244</b>	9,351	<b>62,758</b>
Per share (Yen/U.S. Dollars)	<b>53.62</b>	69.23	<b>0.464</b>
Total assets	<b>200,202</b>	188,466	<b>1,734,404</b>
Net assets	<b>140,607</b>	124,678	<b>1,218,116</b>
Net sales by product category			
IC Leadframes	<b>13,954</b>	12,594	<b>120,890</b>
IC Packages	<b>81,916</b>	72,521	<b>709,666</b>
Hermetic Seal Parts	<b>10,184</b>	11,415	<b>88,231</b>
Others	<b>5</b>	6	<b>48</b>
Total	<b>106,061</b>	96,538	<b>918,838</b>

### (2) Non-consolidated Basis

Six months ended September 30	Yen (millions)		U.S. Dollars (thousands)
	2007	2006	2007
Net sales	<b>103,093</b>	93,924	<b>893,124</b>
Net income	<b>8,317</b>	9,228	<b>72,060</b>
Cash dividends per share (Yen/U.S. Dollars)	<b>9.0</b>	6.0	<b>0.077</b>
Total assets	<b>197,200</b>	185,475	<b>1,708,394</b>
Net assets	<b>139,543</b>	124,087	<b>1,208,904</b>
Number of employees	<b>4,096</b>	4,091	

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	Yen (millions)		U.S. Dollars (thousands)
As of September 30	<u>2007</u>	<u>2006</u>	<u>2007</u>
Assets			
Current assets:			
Cash and time deposits	<b>14,937</b>	39,346	<b>129,408</b>
Marketable securities	<b>3,460</b>		<b>29,974</b>
Receivables, trade:			
Notes and Accounts	<b>70,067</b>	57,451	<b>607,011</b>
Allowance for doubtful receivables	<b>(19)</b>	(23)	<b>(166)</b>
Inventories	<b>9,099</b>	9,321	<b>78,834</b>
Other current assets	<b>21,021</b>	5,285	<b>182,110</b>
Total current assets	<b><u>118,566</u></b>	<u>111,380</u>	<b><u>1,027,174</u></b>
Fixed assets:			
Property, plant and equipment	<b>75,037</b>	70,089	<b>650,069</b>
Intangible assets	<b>1,596</b>	1,876	<b>13,828</b>
Investments and other assets	<b>5,001</b>	5,119	<b>43,332</b>
Total fixed assets	<b><u>81,635</u></b>	<u>77,085</u>	<b><u>707,230</u></b>
Total assets	<b><u><u>200,202</u></u></b>	<u><u>188,466</u></u>	<b><u><u>1,734,404</u></u></b>

	Yen (millions)		U.S. Dollars (thousands)
	<u>2007</u>	<u>2006</u>	<u>2007</u>
Liabilities			
Current liabilities:			
Payables, trade	<b>32,663</b>	28,148	<b>282,969</b>
Short-term borrowings, including current portion of long-term debt	<b>1,000</b>	1,500	<b>8,663</b>
Other current liabilities	<b>20,577</b>	28,771	<b>178,268</b>
Total current liabilities	<b>54,240</b>	58,419	<b>469,901</b>
Long-term liabilities:			
Long-term debt	<b>5,354</b>	5,368	<b>46,386</b>
Total liabilities	<b>59,595</b>	63,788	<b>516,288</b>
Net assets			
Shareholders' equity:			
Common stock	<b>24,223</b>	24,223	<b>209,850</b>
Capital surplus	<b>24,129</b>	24,129	<b>209,041</b>
Retained earnings	<b>93,579</b>	78,892	<b>810,699</b>
Treasury stock	<b>(91)</b>	(90)	<b>(789)</b>
Total shareholders' equity	<b>141,840</b>	127,154	<b>1,228,801</b>
Valuation and translation adjustments:			
Unrealized gains on securities	<b>417</b>	425	<b>3,614</b>
Deferred profits (losses) on hedges	<b>1</b>	(202)	<b>12</b>
Foreign currency translation adjustments	<b>(731)</b>	(1,761)	<b>(6,337)</b>
Total valuation and translation adjustments	<b>(312)</b>	(1,539)	<b>(2,710)</b>
Minority interests in consolidated subsidiaries	<b>(920)</b>	(936)	<b>(7,974)</b>
Total net assets	<b>140,607</b>	124,678	<b>1,218,116</b>
Total liabilities and net assets	<b>200,202</b>	188,466	<b>1,734,404</b>

## (2) Consolidated Statements of Income

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2007</u>	<u>2006</u>	<u>2007</u>
Net sales	<b>106,061</b>	96,538	<b>918,838</b>
Operating costs and expenses:			
Cost of goods sold	<b>84,992</b>	72,588	<b>736,311</b>
Selling, general and administrative expenses	<b>7,236</b>	7,313	<b>62,694</b>
	<u><b>92,229</b></u>	<u>79,902</u>	<u><b>799,005</b></u>
Operating income	<b>13,832</b>	16,636	<b>119,832</b>
Other income (expenses):			
Interest received	<b>345</b>	231	<b>2,991</b>
Interest charges	<b>(5)</b>	(3)	<b>(45)</b>
Other, net	<b>(1,283)</b>	(1,289)	<b>(11,115)</b>
	<u><b>(943)</b></u>	<u>(1,061)</u>	<u><b>(8,169)</b></u>
Income before income taxes and minority interests	<b>12,889</b>	15,574	<b>111,662</b>
Income taxes:			
Current	<b>5,184</b>	5,903	<b>44,918</b>
Deferred	<b>401</b>	276	<b>3,476</b>
	<u><b>5,586</b></u>	<u>6,179</u>	<u><b>48,395</b></u>
Minority interests in income of consolidated subsidiaries	<b>58</b>	43	<b>509</b>
Net income	<u><b>7,244</b></u>	<u>9,351</u>	<u><b>62,758</b></u>

### (3) Consolidated Statements of Cash Flows

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2007</u>	<u>2006</u>	<u>2007</u>
Cash flows from operating activities	<b>16,841</b>	10,342	<b>145,898</b>
Cash flows from investing activities	<b>(14,222)</b>	(17,429)	<b>(123,214)</b>
Cash flows from financing activities	<b>(2,242)</b>	(4,796)	<b>(19,427)</b>
Effect of exchange rate changes on cash and cash equivalents	<b>(109)</b>	61	<b>(944)</b>
Net increase (decrease) in cash and cash equivalents	<b>266</b>	(11,821)	<b>2,311</b>
Cash and cash equivalents at beginning of year	<b>32,990</b>	49,872	<b>285,808</b>
Cash and cash equivalents at end of the half year	<b>33,257</b>	38,050	<b>288,119</b>

#### (4) Consolidated Statements of Changes in Net Assets

	Yen(Millions)				
	Six months ended September 30, 2007				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of March 31, 2007	<b>24,223</b>	<b>24,129</b>	<b>87,955</b>	<b>(90)</b>	<b>136,217</b>
Changes in the term:					
Dividends from surplus			(1,621)		(1,621)
Net income			7,244		7,244
Purchase of treasury stock				-	-
Net changes of items other than shareholders' equity					
Total changes in the term	0	0	5,623	-	5,622
Balance of September 30, 2007	<b>24,223</b>	<b>24,129</b>	<b>93,579</b>	<b>(91)</b>	<b>141,840</b>



Yen(Millions)

Six months ended September 30, 2007

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, 2007	<b>446</b>	<b>5</b>	<b>(1,532)</b>	<b>(1,081)</b>	<b>(942)</b>	<b>134,193</b>
Changes in the term:						
Dividends from surplus						(1,621)
Net income						7,244
Purchase of treasury stock						-
Net changes of items other than shareholders' equity	(29)	(3)	801	768	22	791
Total changes in the term	(29)	(3)	801	768	22	6,413
Balance of September 30, 2007	<b>417</b>	<b>1</b>	<b>(731)</b>	<b>(312)</b>	<b>(920)</b>	<b>140,607</b>

### 3. Non-consolidated Financial Statements

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

	Yen (millions)		U.S. Dollars (thousands)
As of September 30	<u>2007</u>	<u>2006</u>	<u>2007</u>
Assets			
Current assets:			
Cash and time deposits	7,120	30,780	61,687
Marketable securities	3,460		29,974
Receivables, trade:			
Notes and Accounts	71,868	60,328	622,616
Inventories	8,246	8,513	71,444
Other current assets	20,739	4,768	179,672
Total current assets	<u>111,435</u>	<u>104,391</u>	<u>965,396</u>
Fixed assets:			
Property, plant and equipment	72,420	67,423	627,399
Intangible assets	1,592	1,870	13,792
Investments and other assets	11,751	11,789	101,806
Total fixed assets	<u>85,764</u>	<u>81,083</u>	<u>742,998</u>
Total assets	<u><u>197,200</u></u>	<u><u>185,475</u></u>	<u><u>1,708,394</u></u>

	Yen (millions)		U.S. Dollars (thousands)
	<u>2007</u>	2006	<u>2007</u>
Liabilities			
Current liabilities:			
Payables, trade	<b>32,074</b>	27,699	<b>277,872</b>
Short-term borrowings, including current portion of long-term debt	<b>1,000</b>	1,500	<b>8,663</b>
Other current liabilities	<b>20,253</b>	27,888	<b>175,464</b>
Total current liabilities	<b><u>53,328</u></b>	<u>57,087</u>	<b><u>462,000</u></b>
Long-term liabilities:			
Long-term debt	<b>4,327</b>	4,299	<b>37,489</b>
Total liabilities	<b><u>57,656</u></b>	<u>61,387</u>	<b><u>499,490</u></b>
Net assets			
Shareholders' equity:			
Common stock	<b>24,223</b>	24,223	<b>209,850</b>
Capital surplus	<b>24,129</b>	24,129	<b>209,041</b>
Retained earnings	<b>90,863</b>	75,602	<b>787,175</b>
Treasury stock	<b>(91)</b>	(90)	<b>(789)</b>
Total shareholders' equity	<b><u>139,125</u></b>	<u>123,864</u>	<b><u>1,205,277</u></b>
Valuation and translation adjustments:			
Unrealized gains on securities	<b>417</b>	425	<b>3,614</b>
Deferred profits (losses) on hedges	<b>1</b>	(202)	<b>12</b>
Total valuation and translation adjustments	<b><u>418</u></b>	<u>222</u>	<b><u>3,626</u></b>
Total net assets	<b><u>139,543</u></b>	<u>124,087</u>	<b><u>1,208,904</u></b>
Total liabilities and net assets	<b><u><u>197,200</u></u></b>	<u><u>185,475</u></u>	<b><u><u>1,708,394</u></u></b>

## (2) Non-consolidated Statements of Income

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2007</u>	<u>2006</u>	<u>2007</u>
Net sales	<b>103,093</b>	93,924	<b>893,124</b>
Operating costs and expenses:			
Cost of goods sold	<b>82,382</b>	70,368	<b>713,698</b>
Selling, general and administrative expenses	<b>7,401</b>	7,599	<b>64,124</b>
	<u><b>89,784</b></u>	<u>77,968</u>	<u><b>777,823</b></u>
Operating income	<b>13,309</b>	15,955	<b>115,300</b>
Other income (expenses):			
Interest and dividends received	<b>746</b>	445	<b>6,465</b>
Interest charges	<b>(5)</b>	(3)	<b>(45)</b>
Other, net	<b>(393)</b>	(1,277)	<b>(3,406)</b>
	<u><b>347</b></u>	<u>(835)</u>	<u><b>3,013</b></u>
Income before income taxes	<b>13,656</b>	15,120	<b>118,313</b>
Income taxes:			
Current	<b>4,932</b>	5,621	<b>42,732</b>
Deferred	<b>406</b>	270	<b>3,520</b>
	<u><b>5,338</b></u>	<u>5,892</u>	<u><b>46,253</b></u>
Net income	<u><b>8,317</b></u>	<u>9,228</u>	<u><b>72,060</b></u>
	Yen		U.S. Dollars
Net income per share	<u><b>61.57</b></u>	68.32	<u><b>0.533</b></u>
Cash dividends per share	<b>9.0</b>	6.0	<b>0.077</b>

# Corporate Outline

## 1. Outline (as of September 30, 2007)

**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

**Number of Employees:** 4,096 (Consolidated: 4,987)

### Plants & Facilities:

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

9<sup>th</sup> Floor, Unit No.905, Tower One, Ayala Triangle, Ayala Avenue,  
Makati-city, 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

**Affiliated Company:**

SHINKO MICROELECTRONICS (THAILAND) CO., LTD.

252/98 19<sup>th</sup> Floor, Muang Thai Phatra Office Tower 2,

Ratchadapisek Road, Huaykwang, Bangkok 10320, Thailand

Phone: (66-2)693-3300

Facsimile: (66-2)693-3301

**2. Shareholders' Data** (as of September 30, 2007)**Paid-in Capital:** ¥ 24,223,020,480**Common Stock:** Authorized: 540,000,000 shares

Issued: 135,171,942 shares

**Number of Shareholders:** 14,620**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)	11,318	8.37
Japan Trustee Services Bank, Ltd. (Trust Accounts)	8,370	6.19
Trust & Custody Services Bank, Ltd. (Trust Account B)	1,953	1.45
The Hachijuni Bank, Ltd.	1,836	1.36
Mizuho Bank, Ltd.	1,386	1.03
National Mutual Insurance Federation of Agricultural Cooperatives	1,336	0.99
The Sumitomo Trust and Banking Co., Ltd. (Trust Account B)	1,288	0.95
Asahi Mutual Life Insurance Company	1,239	0.92
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	1,095	0.81

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

### **3. Board of Directors and Auditors** (as of September 30, 2007)

President Mamoru Kuroiwa

Directors and Executive Managing Corporate Officers  
Fumio Kuraishi  
Akira Fujimoto

Directors and Managing Corporate Officers  
Fumio Yanagihara  
Akihiko Murata

Standing Auditor Masaji Yokoyama

Auditors Junichi Murashima  
Koichi Ishizaka

### **4. Corporate Officers** (as of September 30, 2007)

Managing Corporate Officers Yoshihiko Ogawa  
Kunihiko Imai

Senior Corporate Officers Kazuharu Iguchi  
Seizo Mitsui  
Yoshihiro Asano  
Toshihiko Ogiwara

Corporate Officers Takahiro Kiyono  
Hiroshi Hasebe  
Takato Kikuchi  
Haruo Aizu  
Mitsuharu Shimizu  
Haruo Sorimachi  
Toshihisa Yoda  
Tadashi Kodaira