

# **INTERIM FINANCIAL STATEMENTS FOR FIRST HALF OF FISCAL YEAR 2014**

**- from April 1, 2014 to September 30, 2014 -**

## **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 109.45 yen = U.S.\$1.00, the approximate rate of exchange in effect on September 30, 2014.  
2. The Company's fiscal year runs from April 1 through March 31.

## 1. Consolidated Financial Highlights

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<b>2014</b>	2013	<b>2014</b>
Net sales	<b>68,985</b>	74,591	<b>630,289</b>
Net income	<b>1,760</b>	6,915	<b>16,082</b>
Per share (Yen/U.S.Dollars)	<b>13.03</b>	51.19	<b>0.119</b>
Cash dividends per share (Yen/U.S. Dollars)	<b>10.0</b>	10.0	<b>0.091</b>
Total assets	<b>183,147</b>	179,233	<b>1,673,346</b>
Net assets	<b>132,834</b>	136,994	<b>1,213,659</b>
Net sales by product category			
IC Lead Frames	<b>15,196</b>	12,696	<b>138,846</b>
IC Packages	<b>43,431</b>	51,752	<b>396,817</b>
Hermetic Seal Parts	<b>10,106</b>	10,014	<b>92,337</b>
Others	<b>250</b>	127	<b>2,288</b>
Total	<b>68,985</b>	74,591	<b>630,289</b>

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	Yen (millions)		U.S. Dollars (thousands)
	<b>As of Sep. 30, 2014</b>	As of Mar. 31, 2014	<b>As of Sep. 30, 2014</b>
Assets			
Current assets:			
Cash and time deposits	<b>18,251</b>	16,413	<b>166,752</b>
Receivables, trade: notes and accounts	<b>33,493</b>	32,789	<b>306,015</b>
Marketable securities	<b>410</b>	1,060	<b>3,746</b>
Merchandise and finished goods	<b>4,163</b>	3,283	<b>38,039</b>
Work in process	<b>4,439</b>	4,249	<b>40,560</b>
Raw materials and supplies	<b>2,813</b>	1,427	<b>25,707</b>
Money deposited	<b>31,460</b>	38,680	<b>287,437</b>
Other current assets	<b>5,236</b>	3,827	<b>47,844</b>
Allowance for doubtful receivables	<b>(11)</b>	(10)	<b>(104)</b>
Total current assets	<b><u>100,256</u></b>	<u>101,721</u>	<b><u>915,998</u></b>
Fixed assets			
Property, plant and equipment	<b>77,526</b>	69,613	<b>708,325</b>
Intangible assets	<b>994</b>	1,012	<b>9,082</b>
Investments and other assets	<b>4,371</b>	4,304	<b>39,939</b>
Total fixed assets	<b><u>82,891</u></b>	<u>74,929</u>	<b><u>757,347</u></b>
Total assets	<b><u><u>183,147</u></u></b>	<u><u>176,651</u></u>	<b><u><u>1,673,346</u></u></b>

	Yen (millions)		U.S. Dollars (thousands)
	<b>As of Sep. 30, 2014</b>	As of Mar. 31, 2014	<b>As of Sep. 30, 2014</b>
<b>Liabilities</b>			
Current liabilities:			
Payables, trade	<b>19,809</b>	18,073	<b>180,990</b>
Short-term borrowings	<b>600</b>	600	<b>5,481</b>
Other current liabilities	<b>19,960</b>	15,704	<b>182,372</b>
Total current liabilities	<b>40,370</b>	34,377	<b>368,844</b>
Long-term liabilities	<b>9,942</b>	8,737	<b>90,843</b>
<b>Total liabilities</b>	<b>50,312</b>	43,115	<b>459,687</b>
<b>Net assets</b>			
Shareholders' equity:			
Common stock	<b>24,223</b>	24,223	<b>221,315</b>
Capital surplus	<b>24,129</b>	24,129	<b>220,462</b>
Retained earnings	<b>92,839</b>	91,627	<b>848,240</b>
Treasury stock	<b>(92)</b>	(92)	<b>(842)</b>
Total shareholders' equity	<b>141,100</b>	139,888	<b>1,289,175</b>
Accumulated other comprehensive income:			
Unrealized gains on securities	<b>65</b>	49	<b>595</b>
Foreign currency translation adjustments	<b>(934)</b>	(1,449)	<b>(8,534)</b>
Remeasurements of defined benefit plans	<b>(7,396)</b>	(4,951)	<b>(67,577)</b>
Total accumulated other comprehensive income	<b>(8,265)</b>	(6,351)	<b>(75,516)</b>
<b>Total net assets</b>	<b>132,834</b>	133,536	<b>1,213,659</b>
<b>Total liabilities and net assets</b>	<b>183,147</b>	176,651	<b>1,673,346</b>

## (2) Consolidated Statements of Income

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2014</u>	<u>2013</u>	<u>2014</u>
Net sales	<b>68,985</b>	74,591	<b>630,289</b>
Operating costs and expenses:			
Cost of goods sold	<b>62,395</b>	59,845	<b>570,083</b>
Selling, general and administrative expenses	<b>6,200</b>	6,150	<b>56,655</b>
	<u><b>68,596</b></u>	<u>65,996</u>	<u><b>626,738</b></u>
Operating income	<b>388</b>	8,594	<b>3,550</b>
Other income (expenses):			
Interest received	<b>100</b>	87	<b>922</b>
Interest charges	<b>(6)</b>	(5)	<b>(56)</b>
Other, net	<b>1,969</b>	1,889	<b>17,992</b>
	<u><b>2,064</b></u>	<u>1,971</u>	<u><b>18,858</b></u>
Income before income taxes	<b>2,452</b>	10,565	<b>22,408</b>
Income taxes:			
Current	<b>427</b>	2,504	<b>3,905</b>
Deferred	<b>264</b>	1,145	<b>2,421</b>
	<u><b>692</b></u>	<u>3,650</u>	<u><b>6,326</b></u>
Net income	<u><b>1,760</b></u>	<u>6,915</u>	<u><b>16,082</b></u>

### (3) Consolidated Statements of Cash Flows

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2014</u>	<u>2013</u>	<u>2014</u>
Cash flows from operating activities	<b>7,766</b>	17,593	<b>70,958</b>
Cash flows from investing activities	<b>(12,465)</b>	(11,396)	<b>(113,893)</b>
Cash flows from financing activities	<b>(2,047)</b>	(1,370)	<b>(18,710)</b>
Effect of exchange rate changes on cash and cash equivalents	<b>749</b>	202	<b>6,850</b>
Net increase (decrease) in cash and cash equivalents	<b>(5,997)</b>	5,029	<b>(54,794)</b>
Cash and cash equivalents at beginning of year	<b>55,023</b>	50,213	<b>502,724</b>
Cash and cash equivalents at end of the half year	<b>49,025</b>	55,242	<b>447,929</b>

# Corporate Outline

## 1. Outline (as of September 30, 2014)

**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 lead frames, plastic laminated packages (PLPs)  
and glass-to-metal seals  
IC assembly

**Number of Employees:** 4,163 (Consolidated: 4,946)

### Plants & Facilities:

Kohoku Plant  
Wakaho Plant  
Takaoka Plant  
Arai Plant  
Kyogase Plant  
SHINKO R&D Center  
Kurita Sogo Center

### Sales Offices:

#### (Japan)

Tokyo, Osaka, Sendai, Nagano, Nagoya, Oita, Fukuoka

### Representative Offices :

#### (Overseas)

Frankfurt, Manila

### Subsidiaries:

#### (Japan)

SHINKO PARTS CO., LTD.

SHINKO TECHNOSERVE CO., LTD.



**(Overseas)**

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Korea

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**2. Shareholders' Data** (as of September 30, 2014)**Total Number of Authorized Shares:** 540,000,000 shares**Total Number of Shares Issued:** 135,171,942 shares**Paid-in Capital:** ¥ 24,223,020,480**Number of Shareholders:** 15,406**Principal Shareholders:**

Name	Number of shares held (thousands)	Ownership ratio (%)
Fujitsu Limited	67,587	50.00
The Bank of New York-JASDEC Treaty Account	3,672	2.72
The Bank of New York 133522	3,148	2.33
Japan Trustee Services Bank, Ltd. (Trust Accounts)	2,550	1.89
The Hachijuni Bank, Ltd.	1,836	1.36
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,605	1.19
State Street Bank and Trust Company 505103	1,250	0.92
Shinko Electric Industries Employee Shareholding Association	1,133	0.84
State Street Bank and Trust Company 505223	1,055	0.78
The Bank of New York-JASDEC Non-Treaty Account	1,013	0.75

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

### **3. Board of Directors and Auditors** (as of September 30, 2014)

Vice Chairman and Director	Akira Fujimoto
President and Representative Director	Mitsuharu Shimizu
Director and Executive Vice President, Corporate Officer	Noriyuki Toyoki
Director and Executive Managing Corporate Officer	Toshihisa Yoda
Director and Managing Corporate Officer	Yoshihiro Asano
Director and Senior Corporate Officer	Hiroshi Hasebe
Director and Senior Executive Advisor	Mamoru Kuroiwa
Standing Auditor	Yoshihiko Ogawa
Auditors	Koji Kitazawa Mitsuya Yasui

### **4. Corporate Officers** (as of September 30, 2014)

Managing Corporate Officer	Kunihiko Imai
Senior Corporate Officers	Kazuharu Iguchi Seizo Mitsui Toshihiko Ogiwara Takahiro Kiyono Takato Kikuchi Hidenori Takayanagi Akihiko Murata

Corporate Officers

Hiroshi Aruga

Junichi Kobayashi

Toshiyasu Hirabayashi

Katsuo Minamisawa

Masashi Obinata

Tadashi Kodaira

Kinji Nagata

Akihiko Ito

Tetsuo Taguchi

Takashi Ozawa

Susumu Kurashima