

INTERIM FINANCIAL STATEMENTS FOR FIRST HALF OF FISCAL YEAR 2016

- from April 1, 2016 to September 30, 2016 -

SHINKO ELECTRIC INDUSTRIES CO., LTD.

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<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 101.12 yen = U.S.\$1.00, the approximate rate of exchange in effect on September 30, 2016.
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	2016	2015	2016
Net sales	69,800	73,112	690,276
Profit attributable to owners of parent	237	1,908	2,348
Basic earning per share (Yen/U.S.Dollars)	1.76	14.13	0.017
Cash dividends per share (Yen/U.S. Dollars)	12.5	12.5	0.123
Total assets	178,277	180,111	1,763,031
Net assets	129,713	135,438	1,282,772
Net sales by product category			
IC Lead Frames	13,619	14,451	134,688
IC Packages	44,313	45,402	438,231
Hermetic Seal Parts	10,857	12,783	107,369
Others	1,009	474	9,986
Total	69,800	73,112	690,276

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Yen (millions)		U.S. Dollars (thousands)
	As of Sep. 30, 2016	As of Mar. 31, 2016	As of Sep. 30, 2016
Assets			
Current assets	99,476	104,036	983,742
Fixed assets:			
Property, plant and equipment	71,781	70,648	709,867
Intangible assets	1,141	1,136	11,287
Investments and other assets	5,878	5,065	58,134
Total fixed assets	78,801	76,850	779,288
Total assets	178,277	180,886	1,763,031

	Yen (millions)		U.S. Dollars (thousands)
	As of Sep. 30, 2016	As of Mar. 31, 2016	As of Sep. 30, 2016
Liabilities			
Current liabilities	34,513	34,771	341,310
Long-term liabilities	14,050	14,280	138,948
Total liabilities	48,563	49,052	480,258
Net assets			
Shareholders' equity:			
Common stock	24,223	24,223	239,547
Capital surplus	24,129	24,129	238,623
Retained earnings	94,481	95,932	934,350
Treasury stock	(92)	(92)	(912)
Total shareholders' equity	142,741	144,192	1,411,608
Accumulated other comprehensive income	(13,027)	(12,358)	(128,835)
Total net assets	129,713	131,834	1,282,772
Total liabilities and net assets	178,277	180,886	1,763,031

(2) Consolidated Statements of Income

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2016</u>	<u>2015</u>	<u>2016</u>
Net sales	69,800	73,112	690,276
Operating costs and expenses:			
Cost of goods sold	62,462	60,587	617,707
Selling, general and administrative expenses	6,065	6,097	59,984
	<u>68,528</u>	<u>66,684</u>	<u>677,692</u>
Operating income	1,272	6,427	12,584
Other income (expenses):			
Interest received	137	77	1,355
Interest charges	(1)	(4)	(15)
Other, net	(2,326)	(2,332)	(23,003)
	<u>(2,190)</u>	<u>(2,259)</u>	<u>(21,663)</u>
Income (loss) before income taxes	(918)	4,168	(9,079)
Income taxes:			
Current	196	2,081	1,942
Deferred	(1,351)	178	(13,370)
	<u>(1,155)</u>	<u>2,259</u>	<u>(11,427)</u>
Profit attributable to owners of parent	<u>237</u>	<u>1,908</u>	<u>2,348</u>

(3) Consolidated Statements of Cash Flows

	Yen (millions)		U.S. Dollars (thousands)
Six months ended September 30	<u>2016</u>	<u>2015</u>	<u>2016</u>
Cash flows from operating activities	10,096	14,570	99,842
Cash flows from investing activities	(7,757)	(8,524)	(76,715)
Cash flows from financing activities	(1,721)	(2,053)	(17,028)
Effect of exchange rate changes on cash and cash equivalents	(4,026)	(509)	(39,823)
Net increase (decrease) in cash and cash equivalents	(3,410)	3,482	(33,724)
Cash and cash equivalents at beginning of year	48,355	44,337	478,201
Cash and cash equivalents at end of the half year	44,945	47,820	444,476

Corporate Outline

1. Corporate Data (as of September 30, 2016)

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: 4,076 (Consolidated: 4,880)

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 Office:

(Overseas)

Manila

Subsidiaries:

(Japan)

SHINKO PARTS CO., LTD.

SHINKO TECHNOSERVE CO., LTD.

(Overseas)

Plants & Facilities:

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.

32 Sandan1-gil, Seo-myeon, Suncheon-si, Jeollanam-do, 57927 Republic of
Korea

Phone: +82-61-753-8801 Facsimile: +82-61-753-8804

SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD.

No. 105, Xixian Road, Mei Cun Industrial Park, Wuxi, Jiangsu, 214112, China

Phone: +86-510-8534-3006 Facsimile: +86-510-8534-3180

Sales Offices:

SHINKO ELECTRIC AMERICA, INC.

1280 East Arques Avenue, MS 275, Sunnyvale, CA 94085 U.S.A.

Phone: +1-408-232-0499 Facsimile: +1-408-955-0368

KOREA SHINKO TRADING CO., LTD.

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06349, Republic of Korea

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Shanghai, 200020, China

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SHINKO ELECTRONICS (SINGAPORE) PTE. LTD.

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Affiliated Company:

SHINKO MICROELECTRONICS (THAILAND) CO., LTD.

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Ratchadapisek Road, Huaykwang, Bangkok 10310, Thailand

Phone: +66-2-693-3300

Facsimile: +66-2-693-3301

2. Shareholders' Data (as of September 30, 2016)**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 yen**Number of Shareholders:** 15,689**Principal Shareholders:**

Name	Number of shares held (thousands)	Ownership ratio (%)
Fujitsu Limited	67,587	50.00
Japan Trustee Services Bank, Ltd. (Trust Account)	2,646	1.96
STATE STREET BANK AND TRUST COMPANY	2,402	1.78
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,894	1.40
The Hachijuni Bank, Ltd.	1,836	1.36
STATE STREET BANK AND TRUST COMPANY 505103	1,748	1.29
The Bank of New York 133522	1,744	1.29
JP MORGAN CHASE BANK 380684	1,700	1.26
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	1,680	1.24
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,446	1.07

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

3. Board of Directors (as of September 30, 2016)

Chairman and Representative Director	Noriyuki Toyoki
President and Representative Director	Mitsuharu Shimizu
Director and Executive Managing Corporate Officer	Toshihisa Yoda
Director and Managing Corporate Officer	Tadashi Kodaira
Director and Senior Corporate Officer	Hiroshi Hasebe
Director, Standing Audit and Supervisory Committee Member	Yoshihiko Ogawa
Director, Audit and Supervisory Committee Members	Koji Kitazawa Rika Saeki

4. Corporate Officers (as of November 21, 2016)

Managing Corporate Officers	Yoshihiro Asano Kunihiko Imai
Senior Corporate Officers	Toshihiko Ogiwara Takahiro Kiyono Akihiko Murata Susumu Kurashima Takashi Ozawa
Corporate Officers	Hiroshi Aruga Junichi Kobayashi Kazuo Koike Toshiyasu Hirabayashi Katsuo Minamisawa Hideyuki Tanaka Masashi Obinata Masato Tanaka Kinji Nagata Akihiko Ito Hideki Matsuzawa