

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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Interim Financial Statements

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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.

#1223, Hyundai Venture Bldg, 10, Bamgogae-ro 1-gil, Gangnam-gu, Seoul,
06349, Republic of Korea

Phone: +82-2-538-2851 Facsimile: +82-2-451-6714

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Taipei, 10549 Taiwan

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SHANGHAI SHINKO TRADING LTD.

Room 2309, Shanghai Ruijin Building, 205 Maoming South Road,
Shanghai, 200020, China

Phone: +86-21-6445-0898 Facsimile: +86-21-6445-1228

SHINKO ELECTRONICS (SINGAPORE) PTE. LTD.

No.1 Maritime Square #09-67 Harbourfront Centre Singapore 099253

Phone: +65-6225-3411 Facsimile: +65-6225-8984

Affiliated Company:

SHINKO MICROELECTRONICS (THAILAND) CO., LTD.

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

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 |