

Consolidated Interim Financial Results for the Fiscal Year Ending December 2004 (January 1, 2004 to June 30, 2004)

Company name:	SIIX Corp.
Stock code:	7613
Stock exchange listing (Section):	Tokyo Stock Exchange, (Second Section) Osaka Securities Exchange, (Second Section)
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Board meeting for approving financial results:	August 26, 2004
Accounting principle:	Japanese GAAP

1. Financial Results (January 1, 2004 – June 30, 2004)

(1) Results of Operations

(Amounts rounded down to million yen)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
First half ended June 2004	53,915	13.9	666	171.2	685	371.2
First half ended June 2003	47,334	8.2	245	(56.3)	145	(27.0)
Year ended Dec. 2003	95,996	5.7	814	(14.1)	685	7.3

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
First half ended June 2004	155	-	24.71	-
First half ended June 2003	(187)	-	(29.82)	-
Year ended Dec. 2003	(52)	-	(8.34)	-

Notes: 1. Equity in earnings (losses) of affiliates

First half ended June 2004: (28) million yen

First half ended June 2003: (66) million yen

Year ended December 2003: (61) million yen

2. Average number of shares outstanding

First half ended June 2004: 6,300,000 shares

First half ended June 2003: 6,300,000 shares

Year ended December 2003: 6,300,000 shares

3. Changes in accounting principles applied: Yes

4. The percentages shown for net sales, operating income, ordinary income, and net income represent changes from the same period in the previous fiscal year.

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
First half ended June 2004	37,990	8,824	23.2	1,400.77
First half ended June 2003	33,434	8,953	26.8	1,421.25
Year ended Dec. 2003	38,520	8,592	22.3	1,363.89

Note: Number of shares outstanding

As of June 30, 2004: 6,300,000 shares

As of June 30, 2003: 6,300,000 shares

As of December 31, 2003: 6,300,000 shares

(3) Cash Flows Position

	Net cash provided by (used in)			Cash and cash equivalents at end of year
	Operating activities	Investing activities	Financing activities	
	Million yen	Million yen	Million yen	Million yen
First half ended June 2004	738	(1,002)	672	5,730
First half ended June 2003	831	(290)	(648)	3,945
Year ended Dec. 2003	1,218	(835)	1,134	5,367

(4) Scope of consolidation and application of equity method

Consolidated subsidiaries: 16

Unconsolidated subsidiaries under equity method application: -

Affiliates under equity method application: 3

(5) Changes in the scope of consolidation and affiliates under the equity method

Consolidated subsidiaries

Newly added: 1

Excluded: 1

Affiliates accounted for under the equity method

Newly added: -

Excluded: -

2. Forecasts for the Year Ending December 2004 (January 1, 2004 - December 31, 2004)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full year	114,630	2,071	1,075

Reference: Estimated net income per common share for the full year: 170.63 yen

Forecasts regarding future performance and plans in these materials are based on judgments made in accordance with information available to management at the time this report was prepared. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of factors, including but not limited to the operating environment. Please refer to page 9 of outlook for 2004 for further information concerning these projections.

Corporate Group

The SIIX Group of companies is made up of SIIX Corp. (the Company), 16 consolidated subsidiaries, four non-consolidated subsidiaries, three equity-method affiliates, six other affiliates, and 16 jointly owned companies. These companies are engaged in the manufacture and sale of electronic devices, electronic components, industrial machinery and other products.

Group companies by business segment and the roles of major companies are as follows.

Company	Country	Capital/ Investment	Owner ship	Activities	Segment	Categories
(Consolidated subsidiaries)						
SIIX U.S.A. Corp.	U. S. A.	Thousand US\$ 4,000	100.00	Sales and procurement of products	Electronics	Trading
SIIX Europe GmbH	Germany	Thousand Euro 1,022	100.00	Sales and procurement of products	Electronics	Trading
SIIX Singapore Pte. Ltd.	Singapore	Thousand US\$ 1,144	100.00	Sales and procurement of products	Electronics	Trading
SIIX H.K. Ltd.	Hong Kong	Thousand HK\$ 4,000	100.00	Sales and procurement of products	Electronics	Trading
SIIX Logistics Phils., Inc.	Philippines	Thousand PHP 79,145	100.00	Sales and procurement of products	Electronics	Trading
SIIX Phils., Inc.	Philippines	Thousand PHP 14,700	100.00	Sales and procurement of products	Electronics	Trading
SIIX TWN Co., Ltd.	Taiwan	Thousand NT\$ 5,000	100.00	Sales and procurement of products	Electronics	Trading
SIIX Bangkok Co., Ltd.	Thailand	Thousand Baht 30,000	100.00	Sales and procurement of products	Electronics	Trading
SIIX Shanghai Co., Ltd.	China	Thousand RMB 1,655	100.00	Sales and procurement of products	Electronics	Trading
SIIX EMS (Thailand) Co., Ltd.	Thailand	Thousand Baht 309,100	100.00	Manufacturing, sales and procurement of raw materials	Electronics	Factory
PT SIIX Electronics Indonesia	Indonesia	Thousand IDR 813,960	100.00 (100.00)	Manufacturing, sales and procurement of raw materials and products	Electronics	Factory
Sluzba SIIX Electronics s.r.o.	Slovakia	Thousand Euro 3,634	60.00 (60.00)	Manufacturing, sales and procurement of raw materials and products	Electronics	Factory
SIIX EMS Dongguan Ltd.	China	Thousand RMB 24,160	100.00 (100.00)	Manufacturing, sales and procurement of raw materials and products	Electronics	Factory
Nasha Sakata Ink Corp.	China	Thousand RMB 2,077	50.00	Manufacturing, sales and procurement of raw materials and products	Others	Factory
PT PFU Technology Indonesia	Indonesia	Thousand US\$ 1,600	97.00 (97.00)	Manufacturing, sales and procurement of raw materials and products	Electronics	Factory
ISRON Corp.	Japan	Thousand Yen 100,000	85.00	Product R&D	Electronics	Development
(Equity-method affiliates)						
Kawasaki Motors (Phils) Corp.	Philippines	Thousand PHP 101,430	20.06	Manufacturing, sales and procurement of raw materials and products	Machinery	Factory
Innertech SIIX Electronics (Suzhon) Co., Ltd	China	Thousand RMB 99,325	20.00	Manufacturing, sales and procurement of raw materials and products	Electronics	Factory
TAKAYA SIIX Electronics (Shanghai) Co., Ltd.	China	Thousand RMB 40,522	40.00	Manufacturing, sales and procurement of raw materials and products	Electronics	Factory

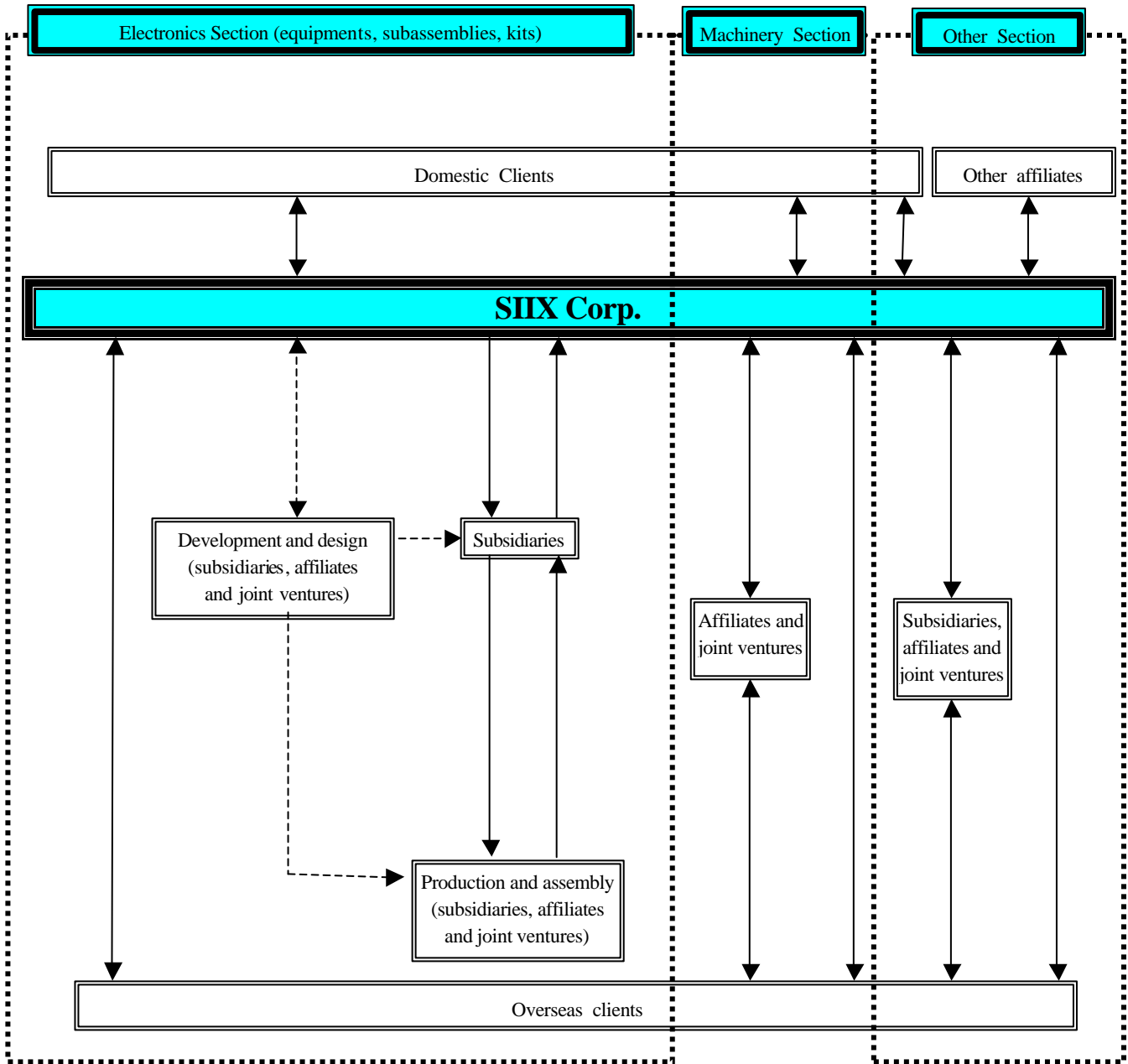
Notes: 1. The major activities column lists activities using names of business segments.

2. Ownership figures in parentheses include shares indirectly owned.

3. Suzhou Grand Pacific Optoelectronics Co., Ltd. was renamed Innertech SIIX Electronics (Suzhou) Co., Ltd.

(Major affiliated companies)	Country	Segment
PFU Technology (Singapore) Pte. Ltd.	Singapore	Electronics
Bando SIIX Ltd.	Hong Kong	Others
Delsa Chemicals and Multi Products Inc.	Philippines	Others
TS-PRO Co., Ltd.	Japan	Electronics
 (Major jointly owned companies)		
Intergrated Microelectronics, Inc.	Philippines	Electronics
Stars Microelectronics (Thailand) Co., Ltd.	Thailand	Electronics
Hong Kong Kyokuto Co., Ltd.	Hong Kong	Electronics
Panyu Kyokuto Sakata Electronics Ltd.	China	Electronics
Eazix Inc.	Philippines	Electronics
Shinto Welbest Mfg. Inc.	Philippines	Others

Flowchart of Business Activities



—————> Products, merchandise and kits

- - - - -> Technology support

* The above flowchart shows business activities by major operating segment.

Management Policies

1) Fundamental Management Policy

With the market worldwide in recent years experiencing unprecedented changes characterized by the maturing of industrialized countries' markets and diversification of consumer needs, and the rapid expansion of emerging markets, particularly in Asia, corporate management faces new issues such as those of coping with global procurement, manufacturing, marketing and logistics in an efficient and timely manner and the optimum allocation and use of management resources.

The SIIX Group's objective is to provide the solutions required by such companies to deal with these new issues. Our activities focus on electronics, an industry where the Group has many years of experience. Our fundamental policy is "to coordinate the diverse needs existing around the world to function as a 'global business organizer' and to provide customers with concrete benefits (value) for their own business activities." Through these activities, the Group pursues its corporate philosophy of "effectively utilizing the world's resources to contribute to the advancement of social systems and mankind."

2) Fundamental Policy Regarding Allocation of Earnings

Our fundamental policy is to distribute earnings to shareholders continuously and stably. At the same time, we follow the policy of determining dividends taking into consideration of increasing retained earnings for future growth and strengthening the Group's operating base.

We paid 6 yen per share ordinary dividend applicable to the current interim period.

3) Targeted Performance Indicators

The medium-term goal is to raise consolidated net sales to 155,000 million yen and consolidated ordinary income to 3,600 million yen in 2006. From the standpoint of increasing shareholder value, we also aim to raise the consolidated ROE at least 15%.

4) Management Strategy and Key Issues

In consumer electronics and automotive electronics, the group's core areas of operations, the trend is clearly toward cross-border horizontal division of labor backed by global procurement of materials and products, manufacturing, logistics and design, in addition to increasing outsourcing.

The SIIX Group responds to the needs by leveraging its core strengths: trading company and logistics expertise, which also includes manufacturing skills; and a global network of logistics and manufacturing bases.

In response, the SIIX Group has defined the following as priority management issues:

- 1) Establishing a logistics framework that can provide just-in-time deliveries that span national borders.
- 2) Strengthening global materials procurement and proposal skills to meet customers' demands for reducing the cost of materials.
- 3) Enhancing the manufacturing and technological capabilities of our EMS facilities to cope with the ongoing shift toward more sophisticated overseas production of digital devices and motor vehicle -mounted devices.
- 4) Strengthening our supply capabilities for LCD modules, camera modules, driver ICs and other key devices.
- 5) Developing new business lines focusing on changes in electronics sector, like digitalization and networking of electronics devices, and computerization of motor vehicle-mounted devices.

5) Fundamental Policy and Measures Regarding Corporate Governance

We regard the improvement of corporate governance as a key issue with regard to conducting business activities in line with its corporate philosophy. Consequently, the following actions are being taken to bolster the management framework with regard to the transparency of decision-making, enhancement of checks and control, and other subjects.

- 1) The board of directors, which has ultimate decision-making responsibility regarding management, has eight members and meets every month.
- 2) Responsibility for management and business execution are divided between the chairman, (Chief Executive Officer) and the president (Chief Operating Officer). Both are representative director.
- 3) There are two bodies that assist the board of directors, CEO and COO in reaching decisions regarding important matters: the Management Committee and the New Business Deliberation Committee, which are made up of directors. The Management Committee is responsible for important matters regarding fundamental management policies and all other subjects involving management. The New Business Deliberation Committee studies and discusses significant new business transactions, investments and other proposals on an individual basis.
- 4) There are three corporate auditors, two of whom come from outside the Company. One auditor attends meetings of the Management Committee and New Business Deliberation Committee, providing opinions and ideas to ensure that activities in compliance with laws and regulations.
- 5) We have a Subsidiaries & Affiliates Department to conduct comprehensive management of the domestic and overseas subsidiaries and affiliates whose operations represent the nucleus of the Group's business activities.
- 6) To preserve and enhance the quality of products and services as well as the management systems that support that quality, we have obtained ISO9001 certification. Also we have obtained ISO14001 certification as one means of establishing a sound environmental management system.

Results of Operations

1) Overview

In the first half of 2004, the U. S. economy experienced a sustained growth as personal consumption, underpinned by a tax cut and other factors, remained strong and production and capital investment increased. However, recovery in personal consumption in European countries was relatively weak and therefore the economic performance in that region was dependent on external demand, including exports to China and the U. S. Nevertheless, we feel that the European countries are now on the growth track.

In Asia, China continued strong growth propelled by increasing investments in the manufacturing and construction sectors, which show signs of over heating and expanding consumer demands. Other Asian economies grew on the back of recovery in exports to China and the U. S. and brisk consumer spending at home. The global economic rebound also benefited Japan, and Japanese economy showed signs of steady recovery as exports and capital investment increase and the consumer sentiment improved.

In the electronics sector, the SIIX Group's core business, output and sales of high-performance digital home electronic devices (LCD TVs, DVD, etc.) and components in Japan stayed strong, following 2003.

Overseas production and sales of conventional home electric appliances, audio devices, and popular electronic items such as mobile phones and digital cameras, as well as motor vehicle-mounted devices have been strong.

As a result of these and other factors, consolidated net sales in the first half ended June 2004 increased by 6,580 million yen or 13.9%, from the same period in 2003, to 53,915 million yen. Operating income increased by 420 million yen or 171.2%, to 666 million yen due to increase in sales. Ordinary income increased by 540 million yen or 371.2%, to 685 million yen due to improvement in foreign exchange gains and losses, and loss on equity method. Interim net income increased by 343 million yen, from a loss of 187 million yen in the same period in 2003, to 155 million yen.

Results by business segment were as follows.

(Electronics Section)

This is the Group's core segment. This segment covers a broad range of products that include finished products, subassemblies, circuit board assembly, kits and other items. These products are used in communication devices, information devices, home electrical products, industrial equipment, motor vehicle-mounted devices, general-purpose electronic components, devices and other applications.

Segment sales increased by 6,487 million yen or 15.3%, from the same period in 2003 to 48,750 million yen, reflecting growing exports of mobile phone subassemblies, scanners and digital video camera subassemblies. Backed by growing sales, operating income increased by 398 million yen or 49.5%, to 1,250 million yen.

(Machinery Section)

The main products in this segment are motorcycle parts and materials, automotive wire harness parts and materials and industrial machinery. Segment sales increased by 130 million yen or 3.0%, to 4,536 million yen due mainly to increase shipments of motorcycle parts and materials. Operating income increased by 11 million yen from the same period in 2003 to 0 million yen. (There was an operating loss of 10 million yen in the same period in 2003.)

(Other Section)

The main products in this segment are flon gas, synthetic resins, printing ink and synthetic chemicals. Segment sales increased by 1 million yen or 0.2%, to 893 million yen but operating income declined by 6 million yen or 10.8%, to 53 million yen.

Results by geographic segment were as follows.

(Japan)

While shipments of finished consumer home electrical products and their parts and materials and digital video camera parts were lower, shipments of mobile phone LCD modules, LCD driver ICs and parts for motor vehicle-mounted devices increased sharply. As a result, sales increased by 3,360 million yen or 16.4%, to 23,897 million yen. Operating income increased by 320 million yen or 443.0%, to 392 million yen.

(Southeast Asia)

Regional sales increased by 3,349 million yen or 10.0%, to 36,983 million yen and operating income increased by 294 million yen or 33.0%, to 1,184 million yen, reflecting growing exports of scanners, digital video camera subassemblies, and audio's circuit board for vehicle mounted device.

(Europe)

Segment Sales surged by 2,544 million yen or 140.5%, to 4,355 million yen, reflecting a sharp increase in shipments of mobile phone LCD modules and LCD driver ICs. However, we recorded an operating loss of 348 million yen in this segment, up from a loss of 200 million yen in the same period in 2003, due mainly to the disposal of inventories made redundant by discontinuation of production of certain mobile phone models and increase of selling, general and administrative expenses.

(Others)

Segment sales increased by 699 million yen or 30.5%, to 2,992 million yen, underpinned by growing shipments of parts and materials for motor vehicle-mounted devices. However, operating income declined by 24 million yen or 30.8%, to 55 million yen mainly because of increased operating expenses.

2) Outlook for 2004

We expect the global economy on the whole to continue to develop steadily, although it may show signs of a slowdown in the second half, affected by tighter monetary policies in the U. S. and China, and higher oil prices.

The electronics sector is also expected to continue to expand despite a slowdown in demand for digital home electronics and its related parts and devices following the end of the Athens 2004 Olympic games. This slowdown in demand should be more than offset by growing demand for motor vehicle-mounted devices, personal computers, and devices for high-performance mobile phones equipped with color displays, which are in growing demand overseas.

In this operating environment, the SIIX Group will continue to focus on sales of parts and materials for the telecommunications (mainly mobile phones) and automotive sectors and EMS operations. The Group is forecasting consolidated net sales of 114,630 million yen, up 19.4% year-on-year, for the full year. Ordinary income is expected to increase 202.3% to 2,071 million yen. Net income is projected at 1,075 million yen. These forecasts assume an exchange rate of 108.36 yen/ 1US dollar.

Forecasts for operating results and other forward-looking statements contained in these materials represent our judgments based on information available at the time these materials were prepared. These statements therefore contain risks and uncertainties. Actual results may differ significantly from these statements due to changes in a variety of factors.

3) Financial position

Cash and cash equivalents as of June 30, 2004 were 5,730 million yen, an increase of 6.8% compared to the end of the previous period, December 31, 2003, as the cash outflow for the increase in inventories, a decline in trade notes and accounts payable and acquisition of tangible fixed assets was more than offset by a 392 million yen increase in cash and cash equivalents resulting from a decline in trade notes and accounts receivable, and a net increase in short-term borrowings. Significant factors affecting cash flows were as follows:

(Cash flow from operating activities)

Net cash provided by operating activities was 738 million yen, a decrease of 11.2% from the same period in 2003. The principal sources of cash flows from operating activities were 665 million yen in income before income taxes, 533 million yen in depreciation and 3,198 million yen decline in trade notes and accounts receivable. The principle uses of cash in operating activities were a 1,697 million yen increase in inventories, a 1,254 million yen decline in trade notes and accounts payable and 341 million yen in income taxes paid.

(Cash flow from investing activities)

Net cash used in investing activities was 1,002 million yen.

This included 1,382 million yen in payment for purchase of tangible fixed assets. This cash outflow was offset by 660 million yen in proceeds from sales of tangible fixed assets.

(Cash flow from financing activities)

Net cash provided by financing activities was 672 million yen.

The principal item contributing to cash flows from financing activities was 881 million yen in net increase in short-term borrowings.

The following table illustrates the historical movements of certain cash flow indices:

	First half ended June 2003	First half ended June 2004	Year ended Dec. 2003
Shareholders' equity ratio (%)	26.8	23.2	22.3
Shareholders' equity ratio based on market prices (%)	45.2	35.2	26.1
Debt to annual cash flow ratio (years)	6.9	8.8	10.0
Interest coverage ratio (X)	9.0	7.4	6.9

Notes: Cash flow indices are calculated as follows:

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders equity ratio based on market prices: Market capitalization / Total assets

Debt to annual cash flow: Interest-bearing liabilities ([beginning of year + end of year]/2) / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

1. All indices are calculated on the consolidated basis.
2. Market capitalization: Closing price of stock on the consolidated balance sheet date (Second Section, Tokyo Stock Exchange) x Number of shares outstanding on the balance sheet date.
3. Interest-bearing liabilities: Liabilities carried on the consolidated balance sheets that including short-term borrowings, long-term borrowings, corporate bonds and finance lease payments.
Operating cash flow: Net cash provided by operating activities reported on the consolidated statements of cash flows.
4. Interest in the calculation of the interest-coverage ratio: Based on interest paid reported on consolidated statements of cash flows.
5. The debt to annual cash flow ratio at the end of the interim period is calculated on the assumption that the annual cash flow would be double the interim cash flow.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

Item	As of Jun. 30, 2003		As of Jun. 30, 2004		As of Dec. 31, 2003		Change
	Amount	%	Amount	%	Amount	%	Amount
Assets							
I Current assets							
1. Cash and deposits	3,983,325		5,730,533		5,395,345		335,187
2. Trade notes and accounts receivable	14,932,090		14,731,335		17,410,186		(2,678,850)
3. Inventories	5,622,308		8,326,038		6,443,451		1,882,586
4. Deferred tax assets	36,108		163,510		187,075		(23,565)
5. Others	1,354,866		1,551,952		1,387,988		163,963
Provision for doubtful receivables	(490,922)		(174,258)		(249,361)		75,103
Total current assets	25,437,776	76.1	30,329,111	79.8	30,574,685	79.4	(245,574)
II Fixed assets							
1. Tangible fixed assets							
(1) Buildings and structures	2,521,748		2,589,683		2,521,971		
Accumulated depreciation	633,978	1,887,769	850,190	1,739,493	695,809	1,826,162	(86,668)
(2) Machinery equipment and vehicles	3,981,424		4,197,136		4,593,325		
Accumulated depreciation	1,740,437	2,240,987	2,220,089	1,977,046	1,944,678	2,648,647	(671,601)
(3) Tools, furniture, and fixtures	799,440		991,549		893,202		
Accumulated depreciation	525,811	273,629	633,770	357,779	540,811	352,390	5,388
(4) Land		518,195		574,972		518,460	56,511
(5) Others		27,594		227,523		95,453	132,070
Total tangible fixed assets	4,948,176	14.8	4,876,815	12.9	5,441,114	14.1	(564,299)
2. Intangible assets							
(1) Software		111,010		83,477		50,851	32,626
(2) Others		4,210		4,210		4,210	-
Total intangible assets		115,220		87,688		55,061	32,626
3. Investments and other assets							
(1) Investment securities		1,541,226		1,630,603		1,518,317	112,286
(2) Investment in capital		421,213		337,494		330,629	6,865
(3) Long-term loans receivable		321,883		70,922		137,541	(66,619)
(4) Deferred tax assets		496,142		25,272		134,748	(109,475)
(5) Others		505,611		908,524		704,235	204,288
Provision for doubtful receivables		(355,704)		(277,216)		(378,066)	100,849
Total investments and other assets		2,930,373	8.8	2,695,601	7.1	2,447,407	248,194
Total fixed assets		7,993,770	23.9	7,660,104	20.2	7,943,583	(283,478)
III Deferred assets							
Deferred assets		3,225		1,075		2,150	(1,075)
Total deferred assets		3,225	0.0	1,075	0.0	2,150	(1,075)
Total assets		33,434,772	100.0	37,990,291	100.0	38,520,419	(530,128)

(Thousand yen)

Item	As of Jun. 30, 2003		As of Jun. 30, 2004		As of Dec. 31, 2003		Change
	Amount	%	Amount	%	Amount	%	Amount
Liabilities							
I Current liabilities							
1. Trade accounts payable	10,640,192		13,480,326		14,759,247		(1,278,921)
2. Short-term borrowings	8,933,524		11,239,560		11,130,229		109,331
3. Accrued expenses	962,087		839,945		705,428		134,517
4. Income taxes payable	422,451		435,625		401,394		34,231
5. Accrued bonuses	56,000		57,000		52,000		5,000
6. Deferred tax liabilities	81,328		33,327		50,045		(16,717)
7. Others	536,641		479,607		751,033		(271,425)
Total current liabilities	21,632,225	64.7	26,565,394	69.9	27,849,378	72.3	(1,283,984)
II Long-term liabilities							
1. Bonds payable	300,000		300,000		300,000		-
2. Long-term borrowings	1,701,604		1,533,095		992,329		540,766
3. Reserve for retirement	211,566		166,142		176,056		(9,914)
4. Reserve for retirement benefits for director	144,920		178,660		161,790		16,870
5. Deferred tax liabilities	-		75,705		4,938		70,766
6. Others	210,702		134,982		167,646		(32,664)
Total long-term liabilities	2,568,794	7.7	2,388,585	6.3	1,802,761	4.7	585,824
Total liabilities	24,201,019	72.4	28,953,979	76.2	29,652,139	77.0	(698,160)
Minority interests							
Minority interests	279,877	0.8	211,446	0.6	275,800	0.7	(64,354)
Shareholders' equity							
I Common stock							
I Common stock	2,144,000	6.4	2,144,000	5.6	2,144,000	5.5	-
II Capital surplus							
II Capital surplus	1,853,000	5.5	1,853,000	4.9	1,853,000	4.8	-
III Retained surplus							
III Retained surplus	5,220,256	15.6	5,893,086	15.5	5,771,512	15.0	121,574
IV Net unrealized gain (loss) on other securities							
IV Net unrealized gain (loss) on other securities	20,556	0.1	(16,493)	(0.0)	(121,794)	(0.3)	105,301
V Foreign currency translation adjustments							
V Foreign currency translation adjustments	(283,937)	(0.8)	(1,048,728)	(2.8)	(1,054,239)	(2.7)	5,510
Total shareholders' equity	8,953,874	26.8	8,824,864	23.2	8,592,478	22.3	232,385
Total liabilities, minority interests and shareholders' equity	33,434,772	100.0	37,990,291	100.0	38,520,419	100.0	(530,128)

Consolidated Statements of Income

(Thousand yen)

Item	Jan. 1, 2003 – Jun. 30, 2003			Jan. 1, 2004 – Jun. 30, 2004			Change		As of Dec. 31, 2003			
	Amount		%	Amount		%	Amount	%	Amount		%	
I Net sales		47,334,449	100.0		53,915,028	100.0	6,580,579	13.9		95,996,675	100.0	
II Cost of sales		44,377,874	93.8		50,513,987	93.7	6,136,112	13.8		90,202,124	94.0	
Gross profit		2,956,574	6.2		3,401,041	6.3	444,466	15.0		5,794,551	6.0	
III Selling, general and administrative expenses	*1	2,710,758	5.7		2,734,419	5.1	23,661	0.9		4,980,186	5.2	
Operating income		245,816	0.5		666,621	1.2	420,805	171.2		814,364	0.8	
IV Non-operating income												
1. Interest income		26,308			24,424					42,733		
2. Dividend income		6,704			18,910					8,668		
3. Amortization of consolidation goodwill		21,267			25,505					42,535		
4. Rent income		27,377			26,499					50,083		
5. Foreign exchange gains		-			21,581					-		
6. Others		78,024	159,682	0.3	104,220	221,142	0.4	61,459	38.5	138,250	282,270	0.3
V. Non-operating expenses												
1. Interest expense		96,792			97,534					178,719		
2. Loss on equity method		66,192			28,156					61,981		
3. Foreign exchange losses		35,643			-					83,010		
4. Others		61,383	260,012	0.5	76,477	202,168	0.3	(57,844)	(22.2)	86,940	410,651	0.4
Ordinary income			145,486	0.3		685,596	1.3	540,109	371.2		685,983	0.7
VI Extraordinary income												
1. Gain on sales of investment securities		-			-					271,520		
2. Gain on sales of fixed assets	*2	17,983			31,684					16,376		
3. Gain on exemption from future pension obligation		141,362			-					141,362		
4. Gain on reversal of allowance for doubtful accounts		-	159,345	0.3	5,649	37,334	0.0	(122,011)	(76.6)	-	429,259	0.4
VII Extraordinary loss												
1. Loss on valuation of investment securities		43,490			57,778					43,490		
2. Loss on valuation of investment in affiliated companies		24,801			-					24,801		
3. Loss on disposal of leased assets	*3	-			-					148,351		
4. Loss on removal of fixed assets	*4	-			-					39,270		
5. Extraordinary retirement benefits	*5	-	68,291	0.1	-	57,778	0.1	(10,512)	(15.4)	21,863	277,776	0.3
Income before income taxes			236,540	0.5		665,151	1.2	428,611	181.2		837,466	0.8
Current income taxes		305,574			393,941					500,395		
Deferred income taxes		115,142	420,716	0.9	127,896	521,837	0.9	101,121	24.0	370,945	871,340	0.9
Minority interest			(3,690)	(0.0)		12,342	0.0	16,032	-		(18,686)	(0.0)
Net income			(187,866)	(0.4)		155,656	0.3	343,523	-		(52,560)	(0.1)

Consolidated Statements of Retained Surplus

(Thousand yen)

Item	Jan. 1, 2003 – Jun. 30, 2003		Jan. 1, 2004 – Jun.30, 2004		Jun. 1, 2003 – Dec.31, 2003	
	Amount		Amount		Amount	
Capital surplus						
I. Balance at beginning of period		1,853,000		1,853,000		1,853,000
II. Balance at end of period		1,853,000		1,853,000		1,853,000
Retained surplus						
I. Balance at beginning of period		5,445,922		5,771,512		5,445,922
II. Increase in retained surplus						
1. Increase in surplus due to decrease in the number of consolidated companies	-		3,717		-	
2. Net income	-		155,656		-	
3. Increase due to changes in accounting policy at overseas subsidiary	-	-	-	159,374	453,749	453,749
III. Decrease in retained surplus						
1. Net loss	187,866		-		52,560	
2. Dividends	37,800	225,666	37,800	37,800	75,600	128,160
IV. Balance at end of period		5,220,256		5,893,086		5,771,512

Consolidated Statements of Cash Flows

(Thousand yen)

Item	Jan. 1, 2003 – Jun. 30, 2003	Jan. 1, 2004 – Jun. 30, 2004	Jan. 1, 2003 – Dec. 31, 2003
	Amount	Amount	Amount
I Operating activities			
1. Income before income taxes and minority interests	236,540	665,151	837,466
2. Depreciation	444,408	533,847	937,005
3. Amortization of consolidation goodwill	(21,267)	(25,505)	(42,535)
4. Increase (decrease) in provision for doubtful accounts	2,431	(107,946)	(31,263)
5. Interest and dividend income	(33,013)	(43,334)	(51,401)
6. Interest expense	96,792	97,534	178,719
7. Foreign exchange losses (gains)	35,643	(21,581)	83,010
8. Loss on equity method	66,192	28,156	61,981
9. Decrease (increase) in trade notes and accounts receivable	422,822	3,198,219	(3,264,407)
10. Decrease (increase) in inventories	1,014,248	(1,697,050)	(250,788)
11. Increase (decrease) in trade notes and accounts payable	(1,660,709)	(1,254,738)	3,218,091
12. Gain on exemption from future pension obligation	(141,362)	-	(141,362)
13. Loss on disposal of leased assets	-	-	148,351
14. Others	694,485	(237,238)	80,744
Subtotal	1,157,212	1,135,512	1,763,612
15. Interest and dividends received	34,247	43,197	52,030
16. Interest paid	(92,794)	(99,496)	(176,079)
17. Income taxes paid	(267,322)	(341,210)	(421,166)
Net cash provided by operating activities	831,343	738,003	1,218,397
II Investing activities			
1. Payment for acquisition of consolidated subsidiary	-	(123,207)	-
2. Purchases of tangible fixed assets	(233,533)	(1,382,236)	(823,005)
3. Proceeds from sales of tangible fixed assets	31,644	660,963	35,043
4. Purchases of intangible assets	(55,184)	(68,728)	(67,642)
5. Purchases of investment securities	(60,000)	(38,817)	(589,214)
6. Proceeds from sales of investment securities	-	29,947	555,075
7. Payment for loans receivable	-	(160,000)	-
8. Collections of loans receivable	25,871	51,415	61,301
9. Others	223	28,027	(7,270)
Net cash used in investing activities	(290,977)	(1,002,635)	(835,711)
III Financing activities			
1. Increase (decrease) in short-term borrowings	(1,187,400)	881,288	150,664
2. Proceeds from long-term borrowings	725,884	926,044	1,265,028
3. Repayment of long-term borrowings	(144,231)	(1,097,008)	(186,255)
4. Dividends paid	(38,364)	(37,564)	(75,528)
5. Payment of dividends to minority shareholders	-	-	(5,370)
6. Others	(4,354)	-	(14,215)
Net cash provided by (used in) financing activities	(648,466)	672,759	1,134,323
IV Effect of exchange rate changes on cash and cash equivalents	(12,635)	(15,229)	(215,457)
V Net increase (decrease) in cash and cash equivalents	(120,735)	392,898	1,301,550
VI Cash and cash equivalents at beginning of period	4,066,413	5,367,963	4,066,413
VII Net decrease in cash and cash equivalents due to changes in the scope of consolidation	-	(30,328)	-
VIII Cash and cash equivalents at end of period	3,945,677	5,730,533	5,367,963

Segment Information

Operating segment information

Previous interim period (January 1, 2003 – June 30, 2003)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
Sales and operating income						
Net sales						
(1) Sales – outside customers	42,428,362	4,193,703	892,383	47,334,449	-	47,334,449
(2) Sales and transfers - inter-segment	14,791	212,091	-	226,882	(226,882)	-
Total	42,263,153	4,405,794	892,383	47,561,332	(226,882)	47,334,449
Operating expenses	41,456,805	4,416,397	832,635	46,705,838	382,794	47,088,632
Operating income	806,347	(10,602)	59,748	855,493	(609,677)	245,816

Current interim period (January 1, 2004 – June 30, 2004)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
Sales and operating income						
Net sales						
(1) Sales – outside customers	48,736,108	4,285,169	893,750	53,915,028	-	53,915,028
(2) Sales and transfers - inter-segment	14,368	251,609	-	265,977	(265,977)	-
Total	48,750,476	4,536,778	893,750	54,181,006	(265,977)	53,915,028
Operating expenses	47,545,148	4,536,147	840,455	52,921,752	326,654	53,248,407
Operating income	1,205,327	630	53,294	1,259,253	(592,631)	666,621

Previous year (January 1, 2003 – December 31, 2003)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
Sales and operating income						
Net sales						
(1) Sales – outside customers	85,459,939	8,393,316	2,143,420	95,966,675	-	95,966,675
(2) Sales and transfers - inter-segment	29,723	1,030,012	-	1,059,736	(1,059,736)	-
Total	85,489,662	9,423,329	2,143,420	97,056,411	(1,059,736)	95,996,675
Operating expenses	83,648,204	9,425,948	2,007,510	95,081,662	100,648	95,182,310
Operating income (loss)	1,841,458	(2,618)	135,909	1,974,749	(1,160,384)	814,364

Notes: 1. Operating segments are based on product similarities.

2. Major products by operating segment.

(Electronics section)

The core electronics segment covers a broad range of products that include information devices (scanners, printers, peripheral devices, etc.), communication devices (LCD modules and camera modules for mobile phones), motor vehicle-mounted devices (car audios, meters, front panels, etc.), home electrical products and industrial equipment (electronic ovens, digital cameras, healthcare equipment, etc.), audio devices (mini component stereos, etc.), electronic components, including finished products, subassemblies, circuit board assembly, kits and other items.

(Machinery section)

The major products in this segment are motorcycle parts and materials, automotive wire harness parts, sparkplugs etc., and materials and parts for industrial equipment and devices.

(Other section)

Major products in this segment are chemicals, including synthetic resins and fluorocarbon gas, printing ink, materials for printing plates and other items.

3. Operating expenses included in eliminations or corporate consist primarily of expenses related to the management divisions, mainly the general affairs and accounting divisions, at the parent company. Operating expenses included in eliminations and corporate were as follows:

Previous interim period: 609,677 thousand yen

Current interim period: 592,631 thousand yen

Previous year: 1,160,384 thousand yen

4. In prior periods, all revenues and expenses of overseas subsidiaries were translated into Japanese yen at the exchange rate on their respective balance sheet dates. From the current interim period, all revenues and expenses of overseas subsidiaries are translated into Japanese yen at the average exchange rate during the period. The effects of this change in the accounting policies on segment net sales and operating income are insignificant.

Geographical Segment Information

Previous interim period (January 1, 2003 - June 30, 2003)

(Thousand yen)

	Japan	SE Asia	Europe	Other	Total	Eliminations and corporate	Consolidated
Net sales							
(1) Sales – outside customers	14,040,812	30,032,712	1,530,288	1,730,636	47,334,449	-	47,334,449
(2) Sales and transfers - inter-segment	6,495,736	3,601,171	280,900	561,523	10,939,332	(10,939,332)	-
Total	20,536,548	33,633,884	1,811,189	2,292,159	58,273,781	(10,939,332)	47,334,449
Operating expenses	20,464,245	32,743,760	2,011,992	2,212,280	57,432,280	(10,343,647)	47,088,632
Operating income (loss)	72,302	890,123	(200,803)	79,878	841,501	(595,684)	245,816

Current interim period (January 1, 2004 - June 30, 2004)

(Thousand yen)

	Japan	SE Asia	Europe	Other	Total	Eliminations and corporate	Consolidated
Net sales							
(1) Sales – outside customers	16,625,415	31,078,116	3,901,789	2,309,707	53,915,028	-	53,915,028
(2) Sales and transfers - inter-segment	7,271,913	5,905,703	453,453	682,410	14,313,480	(14,313,480)	-
Total	23,897,328	36,983,820	4,355,242	2,992,118	68,228,509	(14,313,480)	53,915,028
Operating expenses	23,504,754	35,799,675	4,704,147	2,936,858	66,945,436	(13,697,028)	53,248,407
Operating income (loss)	392,574	1,184,144	(348,904)	55,259	1,283,073	(616,451)	666,621

Previous year (January 1, 2003 - December 31, 2003)

(Thousand yen)

	Japan	SE Asia	Europe	Other	Total	Eliminations and corporate	Consolidated
Net sales							
(1) Sales – outside customers	30,683,682	58,184,825	3,749,860	3,378,307	95,996,675	-	95,996,675
(2) Sales and transfers - inter-segment	13,391,445	8,344,094	1,254,688	1,058,896	24,049,125	(24,049,125)	-
Total	44,075,127	66,528,920	5,004,549	4,437,204	120,045,801	(24,049,125)	95,996,675
Operating expenses	43,649,860	64,753,340	5,384,210	4,278,722	118,066,133	(22,883,822)	95,182,310
Operating income (loss)	425,267	1,775,579	(379,661)	158,481	1,979,667	(1,165,303)	814,364

Notes: 1. Operating expenses included in eliminations or corporate consist primarily of expenses related to the management divisions, mainly the general affairs and accounting divisions, at the parent company. Operating expenses included in eliminations and corporate were as follows:

Previous interim period:	609,677 thousand yen
Current interim period:	592,631 thousand yen
Previous year:	1,160,384 thousand yen

2. Method of geographical segmentation, and major countries and regions in individual segments

Method of geographical segmentation: Geographic proximity

Major areas and countries in geographical segments:

SE Asia: China, Singapore, Philippines, Taiwan, and Thailand

Europe: Germany

Other: North America

3. In prior periods, all revenues and expenses of overseas subsidiaries were translated into Japanese yen at the exchange rate on their respective balance sheet dates. From the current interim period, all revenues and expenses of overseas subsidiaries are translated into Japanese yen at the average exchange rate during the period. The effects of this change in the accounting policies on segment net sales and operating income are insignificant

Overseas sales

Previous interim period (January 1, 2003 – June 30, 2003)

(Thousand yen)

	SE Asia	Europe	N. America	Other	Total
I. Overseas sales	29,892,222	3,137,949	5,041,027	775,170	38,846,369
II. Consolidated sales					47,334,449
III. Share of overseas sales in consolidated sales (%)	63.2	6.6	10.7	1.6	82.1

Notes: Method of geographical segmentation, and major countries and regions in individual segments

Method of geographical segmentation: Geographic proximity

Major areas and countries in geographical segments:

SE Asia: China, Singapore, Philippines and Thailand

Europe: Germany, France, and Italy

North America: U. S. A.

Other: Central and South America, Oceania

Current interim period (January 1, 2004 - June 30, 2004)

(Thousand yen)

	SE Asia	Europe	N. America	Other	Total
I. Overseas sales	33,611,054	3,251,692	5,103,186	1,648,645	43,614,578
II. Consolidated sales					53,915,028
III. Share of overseas sales in consolidated sales (%)	62.3	6.0	9.5	3.1	80.9

Notes: 1. Method of geographical segmentation and major countries and regions in individual segments

Method of geographical segmentation: Geographic proximity

Major areas and countries in geographical segments:

SE Asia: China, Singapore, Philippines and Thailand

Europe: Germany, France, and Italy

North America: U. S. A.

Other: Central and South America, Oceania

2. In prior periods, all revenues and expenses of overseas subsidiaries were translated into Japanese yen at the exchange rate on their respective balance sheet dates. From the current interim period, all revenues and expenses of overseas subsidiaries are translated into Japanese yen at the average exchange rate during the period. The effects of this change in the accounting policies on segment net sales and operating income are insignificant.

Previous year (January 1, 2003 - December 31, 2003)

(Thousand yen)

	SE Asia	Europe	N. America	Other	Total
I. Overseas sales	63,173,027	7,207,950	9,222,472	1,563,577	81,167,027
II. Consolidated sales					95,996,675
III. Share of overseas sales in consolidated sales (%)	65.8	7.5	9.6	1.6	84.5

Notes: Method of geographical segmentation and major countries and regions in individual segments

Method of geographical segmentation: Geographic proximity

Major areas and countries in geographical segments:

SE Asia: China, Singapore, Philippines and Thailand

Europe: Germany, France, and Italy

North America: U. S. A.

Other: Central and South America, Oceania