

Consolidated Financial Results for the Year Ended December 2004 (January 1, 2004 to December 31, 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:	February 22, 2005
Accounting principle:	Japanese GAAP

1. Financial Results (January 1, 2004 – December 31, 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 (%)
Year ended Dec. 2004	106,884	11.3	2,085	156.1	2,217	223.3
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
Year ended Dec. 2004	1,045	-	162.79	-
Year ended Dec. 2003	(52)	-	(8.34)	-

	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	%	%	%
Year ended Dec. 2004	11.6	5.6	2.1
Year ended Dec. 2003	(0.6)	1.9	0.7

Notes:

1. Equity in earnings (losses) of affiliates

Year ended December 2004: (50) million yen

Year ended December 2003: (61) million yen

2. Average number of shares outstanding

Year ended December 2004: 6,300,000 shares

Year ended December 2003: 6,300,000 shares

3. Changes in accounting principles: 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
Year ended Dec. 2004	40,113	9,416	23.5	1,491.53
Year ended Dec. 2003	38,520	8,592	22.3	1,363.89

Note: Number of shares outstanding

As of December 31, 2004: 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
Year ended Dec. 2004	(1,720)	(2,746)	2,872	3,687
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 2005 (January 1, 2005 - December 31, 2005)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim	55,000	976	2,523
Full year	117,888	2,511	3,352

Reference: Estimated net income per common share for the full year: 266.03 yen

This estimate is calculated after adjusting the number of shares outstanding as of December 31, 2004 for the two-for-one stock split that was conducted on February 18, 2005.

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, two non-consolidated subsidiaries, eight affiliates, of which three equity-method affiliates, and 15 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 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 Singapore Pte. Ltd.	Singapore	Thousand US\$ 1,144	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 US\$ 380	100.00 (100.00)	Manufacturing, sales and procurement of raw materials and products	Electronics	Factory
SIIX EMS Dongguan Ltd.	China	Thousand RMB 41,195	100.00 (100.00)	Manufacturing, sales and procurement of raw materials and products	Electronics	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
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
Nansha Sakata Ink Corp.	China	Thousand RMB 2,077	50.00	Manufacturing, sales and procurement of raw materials and products	Others	Factory
ISRON Corp.	Japan	Thousand Yen 400,000	93.75	Design and R&D of products	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 (Suzhou) 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 70,631	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.

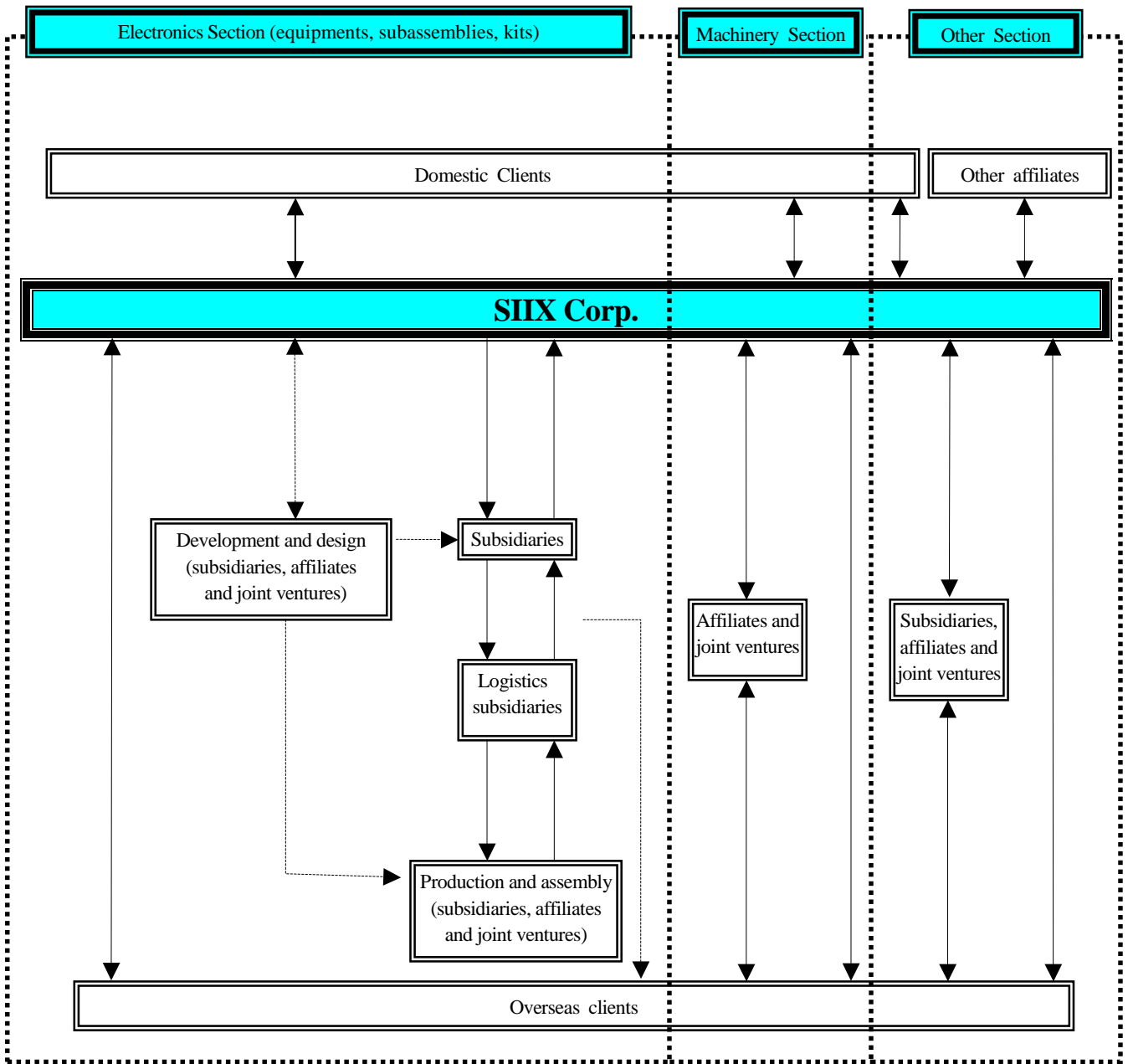
3. Due to the acquisition of stock of PT PFU Technology Indonesia, this company was included in the scope of consolidation from 2004. SIIX Logistics Singapore Pte. Ltd. was excluded from the scope of consolidation in 2004 because it no longer has a material impact on consolidated financial statements.

4. Suzhou Grand Pacific Optoelectronics Co., Ltd. was renamed Innertech SIIX Electronics (Suzhou) Co., Ltd in 2004.

(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)	Country	Segment
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, merchandises and kits

.....▶ Technology supports

Management Policies

1. Fundamental Management Policy

With the market worldwide in recent years experiencing unprecedented changes characterized by the maturing of industrialized countries' markets, 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 objective of the Group is to provide assistance to companies in creating solutions for these 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.

The Company plans to pay a dividend per share of 16 yen applicable to 2004, 4 yen more than in 2003. This represents an interim dividend of 6 yen per share, which has already been paid, and a year-end dividend of 10 yen per share.

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 industry, the Group's core areas of operations, the trend is clearly toward cross-border horizontal division of labor backed by the globalization of activities ranging from manufacturing and sales to logistics, in addition to increasing outsourcing in both Japanese and foreign enterprises.

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) Establishment of a powerful overseas EMS network capable of meeting sophisticated technological demands for digital equipment, automotive devices and other products.
- 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.

From March 30, 2005, we decided to adopt the executive officers system and reduce the number of directors. These actions provide for the clear separation of roles and responsibilities of the executive officers. The Board of Directors is positioned as a body for making management decisions and supervising the execution of business operations. Executive officers are responsible solely for conducting business operations. One objective of these actions is thus to strengthen the Group's corporate governance.

Adoption of the executive officer system resulted in the following changes.

- (1) The Board of Directors consists of three members to make this body much more effective.
- (2) Thirteen executive officers (including individuals who also serve as directors) have been elected, providing a better framework to focus exclusively on business operations.
- (3) Advisory functions concerning management decisions have been unified in the Management Committee, which is made up of the directors, and the internal corporate auditors, in order to increase the effectiveness of these functions. The Management Committee examines important items concerning the Group's management as well as other important matters.

Results of Operations

1. Results of Operations

1) Summary

During 2004, Japanese economy staged a strong recovery in the first half that was driven by solid corporate earnings. However, the economy weakened in the second half due to falling exports to Europe and North America, the yen's strength, natural disasters and other events. In the United States, the sharp rise in the price of crude oil in the second half triggered concerns about the economic outlook. Nevertheless, growth in manufacturing output and capital expenditures continued, excluding automobiles and a few other industries. As a result, U.S. economy experienced a continued expansion. In Europe, the economy had been on gradual recovery since the previous fiscal year, but began to lose momentum in the second half of 2004 because of the impact of the rising cost of crude oil and the Euro's appreciation amid generally sluggish internal demand. On the other hand, Asian economy showed a high growth rate in most regions, particularly in China and the ASEAN region, although growth rates slowed mainly in South Korea and Taiwan with a high reliance on electronic and electrical products.

In the electronics industry, which is closely linked to the Group's core business, solid growth continued in domestic production and shipments of flat-panel televisions, DVD recorders, digital cameras and other digital imaging equipments as well as the electronic components and devices used in these products despite the stagnation in mobile phones and a few other product categories. And what was contributing to growth was a sharp increase in demand for automotive devices and electronics, such as car navigation systems. Until now, these kinds of consumer electronics have been produced and sold mainly in Japan. Currently, however, the demand is emerging in other countries too. In response to these situations, overseas manufacturing and sales activities are being extended beyond general home appliances and audio-visual products, high-performance digital imaging equipment, digital cameras and automotive electronic products.

Due to these trends, consolidated net sales increased 10,888 million yen or 11.3%, to 106,884 million yen. Due to the higher sales, foreign exchange gains and other factors, ordinary income rose 1,531 million yen or 223.3%, to 2,217 million yen. Net income was 1,045 million yen (net loss of 52 million yen in 2003).

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, motor vehicle-mounted devices, information devices, home electrical products, audio devices, general-purpose electronic components, devices, and other applications. Although there was a decline in shipments of parts and materials used in digital video cameras, results benefited from an increase in shipments of LCD modules for mobile phones, car audio components and digital cameras. As a result, sales increased 9,785 million yen or 11.4%. Operating income increased 1,210 million yen or 65.7%, to 3,051 million yen.

(Machinery Section)

The main products in this segment are motorcycle parts and materials, automotive wire harness parts and materials, and industrial machinery. In 2004, this segment results benefited from strong shipments of parts and materials for automotive wire harnesses. As a result, sales increased 1,370 million yen or 14.5%, to 10,794 million yen and operating income was 21 million yen (net loss of 2 million yen in 2003).

(Other Section)

The main products in this segment are printing ink, synthetic chemicals (flon gas), miscellaneous goods and other items. In 2004, sales decreased 111 million yen or 5.2%, to 2,032 million yen. Operating income was down 19 million yen or 14.1%, to 116 million yen.

Results by geographic segment were as follows.

(Japan)

Sales in Japan were higher as growth in shipments of LCD modules for mobile phones, automotive wire harness parts and materials outweighed a decline in shipments of heating carpets and other products. Regional sales increased 8,217 million yen or 18.6% to 52,293 million yen, and operating income was up 545 million yen or 128.3%, to 970 million yen.

(Southeast Asia)

Although there was a decrease in shipments of digital video camera parts and materials, regional sales increased because of the increase of shipments of parts and materials for car audio products and digital cameras. Sales increased 2,736 million yen or 4.1%, to 69,265 million yen and operating income increased 773 million yen or 43.5%, to 2,548 million yen.

(Europe)

There was a substantial increase in sales because the shipment of new project of LCD modules for mobile phones started from this year. Although sales rose 3,616 million yen or 72.3%, to 8,620 million yen, the operating loss increased 15 million yen or 4.0%, to 394 million yen because the project was started only recently.

(Others)

Growth in shipments of parts and materials for motor vehicle-mounted devices raised sales 1,887 million yen or 42.5%, to 6,325 million yen. However, pressure from companies in the North American auto industry to cut prices caused operating income to decrease 40 million yen or 25.5%, to 118 million yen.

2) Outlook for 2005

Slower economic growth is expected in Europe, Asia and Japan in 2005 as the U.S. and Chinese economies weaken. In first half of the year, the Japanese economy is expected to be generally flat but to avoid a downturn, thus extending the current rebound. In the electronics industry, Japanese lackluster economic recovery is likely to cap domestic demand. However, rising overseas demand is expected to fuel growth in exports and overseas production.

In these circumstances, the SIIX Group will be concentrating on two areas: increasing sales of parts and materials for communications (mainly mobile phones) and automotive sectors; and continuing to launch new businesses, primarily involving EMS operations.

Based on this outlook, the Group is forecasting net sales of 117,888 million yen up 10.3%, ordinary income of 2,511 million yen, up 13.3%, and net income of 3,352 million yen, up 220.8%. These forecasts are based on an exchange rate of 105.00 yen to the U.S. dollar.

Sale of stock of consolidated subsidiary (ISRON Corp.)

On February 18, 2005, our directors approved a resolution to sell all shares of consolidated subsidiary ISRON Corp. (7,500 voting rights, 93.75% of total voting rights) to MagnaChip Semiconductor LLC, which is based in the U.S. state of Delaware. We estimate that this sale will result in an extraordinary gain about 2.2 billion yen on a non-consolidated basis and about 3.2 billion yen on a consolidated basis in 2005.

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.

2. Financial position

Cash and cash equivalents as of December 31, 2004 were 3,687 million yen, and 1,680 million yen decreased or 31.3% less than one year earlier. Cash was provided by a decrease in trade notes and accounts receivable, net increase in short-term borrowings, proceeds from long-term loans, and other items. Cash was used in an increase in inventories, a decrease in accounts payable, the purchase of investment securities, the repayment of long-term borrowings, and other items.

(Cash flow from operating activities)

Net cash used in operating activities was 1,720 million yen (net cash provided by 1,218 million yen in 2003).

This was mainly attributable to 2,989 million yen increase in inventories and 2,912 million yen decrease in trade notes and accounts payable.

(Cash flow from investing activities)

Net cash used in investing activities was 2,746 million yen (net cash used in 835 million yen in 2003).

This was mainly attributable to payments of 2,858 million yen for the purchase of tangible fixed assets.

(Cash flow from financing activities)

Net cash provided by financing activities was 2,872 million yen or up 153.3% compared with previous year.

This was mainly attributable to net increase of 2,225 million yen in short-term borrowings and proceeds of 2,918 million yen from long-term borrowings.

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

	Year ended Dec. 2003	Year ended Dec. 2004
Shareholders' equity ratio (%)	22.3	23.5
Shareholders' equity ratio based on market prices (%)	26.1	31.1
Debt to annual cash flow ratio (years)	10.0	-
Interest coverage ratio	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.

Consolidated Balance Sheets

(Thousand yen)

Item	Note	As of Dec. 31, 2003		As of Dec. 31, 2004		Change			
		Amount	%	Amount	%	Amount	%		
Assets									
I Current assets									
1. Cash and deposits		5,395,345		3,707,139		(1,688,205)	(31.3)		
2. Trade notes and accounts receivable		17,410,186		14,844,017		(2,566,169)	(14.7)		
3. Inventories		6,443,451		9,607,466		3,164,014	49.1		
4. Deferred tax assets		187,075		250,733		63,658	34.0		
5. Others		1,387,988		1,891,764		503,776	36.3		
Provision for doubtful receivables		(249,361)		(147,840)		101,520	-		
Total current assets		30,574,685	79.4	30,153,280	75.2	(421,405)	(1.4)		
II Fixed assets									
1. Tangible fixed assets									
(1) Buildings and structures		2,521,971		3,469,034					
Accumulated depreciation		695,809	1,826,162	887,608	2,581,425	755,263	41.4		
(2) Machinery equipment and vehicles		4,593,325		5,164,130					
Accumulated depreciation		1,944,678	2,648,647	2,592,314	2,571,815	(76,832)	(2.9)		
(3) Tools, furniture, and fixtures		893,202		1,131,476					
Accumulated depreciation		540,811	352,390	768,759	362,716	10,326	2.9		
(4) Land			518,460		953,058	434,597	83.8		
(5) Construction in progress			95,453		436,895	341,441	357.7		
Total tangible fixed assets			5,441,114	14.1		6,905,911	17.2	1,464,797	26.9
2. Intangible assets									
(1) Software			50,851			81,447	30,596	60.2	
(2) Others			4,210			4,210	-	-	
Total intangible assets			55,061	0.1		85,658	30,596	55.6	
3. Investments and other assets									
(1) Investment securities			1,518,317			1,753,478	235,161	15.5	
(2) Investment in capital			330,629			473,928	143,299	43.3	
(3) Long-term loans receivable			137,541			70,327	(67,214)	(48.9)	
(4) Deferred tax assets			134,748			31,957	(102,791)	(76.3)	
(5) Others			704,235			924,979	220,743	31.3	
Provision for doubtful receivables			(378,066)			(285,622)	92,443	-	
Total investments and other assets			2,447,407	6.4		2,969,048	521,641	21.3	
Total fixed assets			7,943,583	20.6		9,960,618	2,017,035	25.4	
III Deferred assets									
1. Bond issue expenses			2,150			-	(2,150)	(100.0)	
Total deferred assets			2,150	0.0		-	(2,150)	(100.0)	
Total assets			38,520,419	100.0		40,113,899	1,593,479	4.1	

(Thousand yen)

Item	Note	As of Dec. 31, 2003		As of Dec. 31, 2004		Change	
		Amount	%	Amount	%	Amount	%
Liabilities							
I Current liabilities							
1. Trade accounts payable		14,759,247		12,395,691		(2,363,556)	(16.0)
2. Short-term borrowings		11,130,229		12,125,194		994,965	8.9
3. Current portion of bonds payable		-		300,000		300,000	-
4. Accrued expenses		705,428		774,665		69,237	9.8
5. Income taxes payable		401,394		721,496		320,102	79.7
6. Accrued bonuses		52,000		-		(52,000)	(100.0)
7. Deferred tax liabilities		50,045		30,575		(19,469)	(38.9)
8. Others		751,033		447,201		(303,831)	(40.5)
Total current liabilities		27,849,378	72.3	26,794,826	66.8	(1,054,552)	(3.8)
II Long-term liabilities							
1. Bonds payable		300,000		-		(300,000)	(100.0)
2. Long-term borrowings		992,329		3,003,760		2,011,430	202.7
3. Reserve for retirement		176,056		149,808		(26,248)	(14.9)
4. Reserve for retirement benefits for director		161,790		195,540		33,750	20.9
5. Deferred tax liabilities		4,938		246,085		241,146	4,882.8
6. Others		167,646		73,907		(93,739)	(55.9)
Total long-term liabilities		1,802,761	4.7	3,669,102	9.1	1,866,340	103.5
Total liabilities		29,652,139	77.0	30,463,928	75.9	811,788	2.7
Minority interests							
Minority interests		275,800	0.7	233,350	0.6	(42,450)	(15.4)
Shareholders' equity							
I Common stock							
I Common stock		2,144,000	5.5	2,144,000	5.4	-	-
II Capital surplus							
II Capital surplus		1,853,000	4.8	1,853,000	4.6	-	-
III Retained surplus							
III Retained surplus		5,771,512	15.0	6,745,222	16.8	973,710	16.9
IV Net unrealized gain (loss) on other securities							
IV Net unrealized gain (loss) on other securities		(121,794)	(0.3)	(66,987)	(0.2)	54,806	-
V Foreign currency translation adjustments							
V Foreign currency translation adjustments		(1,054,239)	(2.7)	(1,258,614)	(3.1)	(204,374)	-
Total shareholders' equity		8,592,478	22.3	9,416,620	23.5	824,141	9.6
Total liabilities, minority interests and shareholders' equity		38,520,419	100.0	40,113,899	100.0	1,593,479	4.1

Consolidated Statements of Income

(Thousand yen)

Item	Note	Jan.1, 2003 - Dec. 31, 2003			Jan.1, 2004 - Dec. 31, 2004			Change	
		Amount		%	Amount		%	Amount	%
I Net sales			95,996,675	100.0		106,884,873	100.0	10,888,198	11.3
II Cost of sales			90,202,124	94.0		99,443,639	93.0	9,241,515	10.2
Gross profit			5,794,551	6.0		7,441,234	7.0	1,646,683	28.4
III Selling, general and administrative expenses			4,980,186	5.2		5,356,026	5.0	375,840	7.5
Operating income			814,364	0.8		2,085,207	2.0	1,270,842	156.1
IV Non-operating income									
1. Interest income		42,733			61,764				
2. Dividend income		8,668			63,092				
3. Amortization of consolidation goodwill		42,535			51,011				
4. Rent income		50,083			53,205				
5. Foreign exchange gains		-			131,208				
6. Others		138,250	282,270	0.3	185,991	546,273	0.5	264,002	93.5
V. Non-operating expenses									
1. Interest expense		178,719			208,837				
2. Loss on equity method		61,981			50,972				
3. Foreign exchange losses		83,010			-				
4. Others		86,940	410,651	0.4	153,861	413,671	0.4	3,019	0.7
Ordinary income			685,983	0.7		2,217,809	2.1	1,531,825	223.3
VI Extraordinary income									
1. Gain on sales of investment securities		271,520			-				
2. Gain on sales of fixed assets		16,376			48,054				
3. Gain on exemption from future pension obligation		141,362			-				
4. Reversal of allowance for doubtful accounts		-	429,259	0.4	17,932	65,987	0.0	(363,272)	(84.6)
VII Extraordinary loss									
1. Loss on valuation of investment securities		43,490			63,973				
2. Loss on valuation of investment in affiliated companies		24,801			-				
3. Loss on disposal of leased assets		148,351			-				
4. Loss on removal of fixed assets		39,270			17,711				
5. Extraordinary retirement benefits		21,863			-				
6. Expense for removal of headquarters		-			27,070				
7. Provision for doubtful accounts		-	277,776	0.3	17,682	126,437	0.1	(151,338)	(54.5)
Income before income taxes			837,466	0.8		2,157,358	2.0	1,319,892	157.6
Current income taxes		500,395			895,547				
Deferred income taxes		370,945	871,340	0.9	235,765	1,131,313	1.0	259,972	29.8
Minority interests			(18,686)	(0.0)		19,546	0.0	38,233	-
Net income			(52,560)	(0.1)		1,045,592	1.0	1,098,153	-

Consolidated Statements of Retained Surplus

(Thousand yen)

Item	Jan.1, 2003 - Dec. 31, 2003		Jan.1, 2004 - Dec. 31, 2004	
	Amount		Amount	
Capital surplus				
I Balance at beginning of period		1,853,000		1,853,000
II Balance at end of period		1,853,000		1,853,000
Retained surplus				
I Balance at beginning of period		5,445,922		5,771,512
II Increase in retained surplus				
1. Increase in surplus due to decrease in the number of consolidated companies	-		3,717	
2. Net income	-		1,045,592	
3. Increase due to changes in accounting policy at overseas subsidiary	453,749	453,749	-	1,049,310
III Decrease in retained surplus				
1. Dividends	75,600		75,600	
2. Net loss	52,560	128,160	-	75,600
IV Balance at end of period		5,771,512		6,745,222

Consolidated Statements of Cash Flows

(Thousand yen)

Item	Jan. 1, 2003 – Dec. 31, 2003	Jan. 1, 2004 – Dec. 31, 2004	Change
	Amount	Amount	Amount
I Operating activities			
1. Income before income taxes and minority interests	837,466	2,157,358	1,319,892
2. Depreciation	937,005	1,078,752	141,746
3. Amortization of consolidation goodwill	(42,535)	(51,011)	(8,476)
4. Increase (decrease) in provision for doubtful accounts	(31,263)	(129,331)	(98,068)
5. Interest and dividend income	(51,401)	(124,857)	(73,455)
6. Interest expense	178,719	208,837	30,117
7. Foreign exchange (gains) losses	83,010	(131,208)	(214,218)
8. Loss on equity method	61,981	50,972	(11,009)
9. Increase (decrease) in trade notes and accounts receivable	(3,264,407)	2,813,073	6,077,481
10. Decrease (increase) in inventories	(250,788)	(2,989,285)	(2,738,497)
11. Decrease (increase) in consumption taxes receivable	-	(580,631)	(580,631)
12. Increase (decrease) in trade notes and accounts payable	3,218,091	(2,912,055)	(6,130,146)
13. Gain on exemption from future pension obligation	(141,362)	-	141,362
14. Loss on disposal of leased assets	148,351	-	(148,351)
15. Others	80,744	(490,580)	(571,325)
Subtotal	1,763,612	(1,099,967)	(2,863,579)
16. Interest and dividends received	52,030	124,729	72,698
17. Interest paid	(176,079)	(212,373)	(36,294)
18. Income taxes paid	(421,166)	(533,207)	(112,041)
Net cash provided by (used in) operating activities	1,218,397	(1,720,819)	(2,939,216)
II Investing activities			
1. Purchases of tangible fixed assets	(823,005)	(2,858,454)	(2,035,448)
2. Proceeds from sales of tangible fixed assets	35,043	663,254	628,210
3. Purchases of intangible assets	(67,642)	(89,147)	(21,505)
4. Purchases of investment securities	(589,214)	(279,805)	309,408
5. Proceeds from sales of investment securities	555,075	30,105	(524,969)
6. Payment for loans receivable	-	(160,000)	(160,000)
7. Collections of loans receivable	61,301	217,713	156,411
8. Payment for acquisition of consolidated subsidiary	-	(119,102)	(119,102)
9. Payment for investment in affiliates	-	(160,000)	(160,000)
10. Others	(7,270)	8,733	16,003
Net cash provided (used in) investing activities	(835,711)	(2,746,703)	(1,910,991)
III Financing activities			
1. Increase (decrease) in short-term borrowings	150,664	2,225,259	2,074,595
2. Proceeds from long-term borrowings	1,265,028	2,918,372	1,653,344
3. Repayment of long-term borrowings	(186,255)	(2,196,728)	(2,010,473)
4. Dividends paid	(75,528)	(75,460)	68
5. Payment of dividends to minority shareholders	(5,370)	(8,671)	(3,301)
6. Contributions from minority interest	-	10,000	10,000
7. Others	(14,215)	-	14,215
Net cash provided by (used in) financing activities	1,134,323	2,872,770	1,738,447
IV Effect of exchange rate changes on cash and cash equivalents	(215,457)	(55,865)	159,592
V Net increase (decrease) in cash and cash equivalents	1,301,550	(1,650,617)	(2,952,167)
VI Cash and cash equivalents at beginning of period	4,066,413	5,367,963	1,301,550
VII Net decrease in cash and cash equivalents due to changes in the scope of consolidation	-	(30,328)	(30,328)
VIII Cash and cash equivalents at end of period	5,367,963	3,687,018	(1,680,945)

Segment Information

Operating segment information

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

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
I Sales and operating income						
Net sales						
(1) Sales – outside customers	85,459,939	8,393,316	2,143,420	95,996,675	-	95,996,675
(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	1,841,458	(2,618)	135,909	1,974,749	[1,160,384]	814,364
II Assets, depreciation and capital expenditure						
Assets	32,892,866	990,142	696,278	34,579,287	3,941,131	38,520,419
Depreciation	883,863	4,085	6,714	894,663	42,341	937,005
Capital expenditure	1,413,283	-	2,994	1,416,278	189,125	1,605,403

Current year (January 1, 2004 - December 31, 2004)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
I Sales and operating income						
Net sales						
(1) Sales – outside customers	95,245,922	9,606,625	2,032,326	106,884,873	-	106,884,873
(2) Sales and transfers - inter-segment	29,089	1,187,529	-	1,216,619	[1,216,619]	-
Total	95,275,012	10,794,154	2,032,326	108,101,492	[1,216,619]	106,884,873
Operating expenses	92,223,030	10,772,964	1,915,515	104,911,510	[111,844]	104,799,666
Operating income	3,051,981	21,189	116,810	3,189,981	[1,104,774]	2,085,207
II Assets, depreciation and capital expenditure						
Assets	34,025,678	2,182,704	821,741	37,030,125	3,083,774	40,113,899
Depreciation	1,000,978	355	6,746	1,008,080	70,671	1,078,752
Capital expenditure	1,918,951	-	18,774	1,937,725	1,141,931	3,079,657

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

2. Major products by operating segment

Section	Major products
Electronics section	Communication devices (LCD modules and camera modules for mobile phones), motor vehicle-mounted devices (car audios, meters, front panels, etc.), information devices (scanners, printers, peripheral devices, 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, audio products (mini component stereos), subassemblies, circuit board assembly, kits and other items.
Machinery section	Motorcycle parts and materials, automotive wire harness parts, sparkplugs etc., and materials and parts for industrial equipment and devices.
Other section	Printing ink, synthetic chemicals (flon gas), miscellaneous goods 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 year:	1,160,384 thousand yen
Current year:	1,104,774 thousand yen

4. Corporate assets included in eliminations and corporate consist primarily of the Company's surplus funds, mainly cash and investment securities, and assets of the administration division of the Company. Corporate assets included in eliminations and corporate were as follows:

Previous year:	3,964,861 thousand yen
Current year:	3,910,511 thousand yen

5. In prior periods, revenues and expenses of overseas consolidated subsidiaries were translated into Japanese yen at the exchange rate on the balance sheet date of the respective subsidiaries. From this consolidated fiscal year, revenues and expenses of overseas consolidated subsidiaries are translated into Japanese yen at the average exchange rate during the year. Net sales in the Electronics Section and Other section increased 1,409,391 thousand yen and 16,473 thousand yen respectively, and operating income in Electronics Section and Other section increased 91,996 thousand yen and 2,411 thousand yen respectively due to the change of accounting policy, compared to the amounts that would have been reported if the previous system had been used consistently.

Geographical Segment Information

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

(Thousand yen)

	Japan	SE Asia	Europe	Other	Total	Eliminations and corporate	Consolidated
I Net sales and operating income							
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
II. Assets	11,688,925	24,394,916	4,162,441	1,034,063	41,280,346	[2,759,927]	38,520,419

Current year (January 1, 2004 - December 31, 2004)

(Thousand yen)

	Japan	SE Asia	Europe	Other	Total	Eliminations and corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) Sales – outside customers	36,547,363	57,901,436	7,575,519	4,860,554	106,884,873	-	106,884,873
(2) Sales and transfers - inter-segment	15,745,651	11,363,944	1,045,417	1,464,568	29,619,582	[29,619,582]	-
Total	52,293,014	69,265,381	8,620,936	6,325,123	136,504,455	[29,619,582]	106,884,873
Operating expenses	51,322,097	66,716,665	9,015,737	6,207,036	133,261,537	[28,461,870]	104,799,666
Operating income (loss)	970,916	2,548,716	(394,801)	118,086	3,242,918	[1,157,711]	2,085,207
II. Assets	14,346,178	24,299,097	4,826,134	1,297,343	44,768,753	[4,654,854]	40,113,899

Notes:

- 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 year:	1,160,384 thousand yen
Current year:	1,104,774 thousand yen
- Corporate assets included in eliminations and corporate consist primarily of the Company's surplus funds, mainly cash and investment securities, and assets of the administration division of the Company. Corporate assets included in eliminations and corporate were as follows:

Previous year:	3,964,861 thousand yen
Current year:	3,910,511 thousand yen
- 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
- In prior periods, revenues and expenses of overseas consolidated subsidiaries were translated into Japanese yen at the exchange rate on the balance sheet date of the respective subsidiaries. From this consolidated fiscal year, revenues and expenses of overseas consolidated subsidiaries are translated into Japanese yen at the average exchange rate during the year. Net sales in the SE Asia, Europe and Other segments increased 1,894,498 thousand yen, decreased 453,640 thousand yen, and 236,239 thousand yen respectively, and operating income in the SE Asia, Europe and Other segments increased 68,889 thousand yen, 21,483 thousand yen and 4,034 thousand yen respectively due to this change of accounting policy, compared to the amounts that would have been reported if the previous policy had been used consistently.

Overseas sales

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

Current year (January 1, 2004 - December 31, 2004)

(Thousand yen)

	SE Asia	Europe	N. America	Other	Total
I. Overseas sales	64,621,934	6,476,274	9,709,006	3,110,334	83,917,549
II. Consolidated sales					106,884,873
III. Share of overseas sales in consolidated sales (%)	60.5	6.0	9.1	2.9	78.5

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, revenues and expenses of overseas consolidated subsidiaries were translated into Japanese yen at the exchange rate on the balance sheet date of the respective subsidiaries. From this consolidated fiscal year, revenues and expenses of overseas consolidated subsidiaries are translated into Japanese yen at the average exchange rate during the year. Net sales in the SE Asia and Europe and N. America and Other segments increased 943,741 thousand yen, decreased 65,605 thousand yen, increased 314,013 thousand yen, and decreased 4,050 thousand yen respectively due to this change of accounting policy, compared to the amounts that would have been reported if the previous policy had been used consistently.