

Consolidated Interim Financial Results for the Fiscal Year Ending December 31, 2005 (January 1, 2005, to June 30, 2005)

Company Name:	SIIX Corporation
Stock Code:	7613
Stock exchange listing: (Section)	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section)
Head Office:	Osaka
URL:	http://www.siix.co.jp
President and COO:	Kansho Murase
Contact:	Yoshihiro Mizutani, Executive Officer and General Manager Finance and Accounting Department, Subsidiaries and Affiliates Department
Telephone:	+81-6-6266-6415
Board meeting for approving financial results:	August 19, 2005
Parent company:	Sakata Inx Corporation (Stock Code: 4633)
Percentage of voting rights owned by parent company:	24.6%
Accounting principle:	Japanese GAAP

1. Financial Results (January 1, 2005–June 30, 2005)

(1) Results of Operations (Amounts rounded down to million yen)

	Net Sales		Operation Income		Ordinary Income	
	Million yen	YoY Change (%)	Million yen	YoY Change (%)	Million yen	YoY Change (%)
First half ended June 2005	54,123	(0.4)	1,472	(120.9)	1,298	(89.4)
First half ended June 2004	53,915	(13.9)	666	(171.2)	685	(371.2)
Year ended Dec. 2004	106,884		2,085		2,217	

	Net income		Net income per share (basic)		Net income per share (diluted)	
	Million yen	YoY Change (%)	Yen		Yen	
First half ended June 2005	2,050	(-)	162.	72	-	-
First half ended June 2004	155	(-)	24.	71	-	-
Year ended Dec. 2004	1,045		162.	79	-	-

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

First half ended June 2005: (32) million yen

First half ended June 2004: (28) million yen

Year ended December 2004: (50) million yen

2. Average number of shares outstanding (on consolidated basis)

First half ended June 2005: 12,599,970 shares

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

Year ended December 2004: 6,300,000 shares

3. Changes in accounting principles applied: None

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 2005	43,114	11,822	27.4	938. 33
First half ended June 2004	37,990	8,824	23.2	1,400. 77
Year ended Dec. 2004	40,113	9,416	23.5	1,491. 53

Note: Numbers of shares outstanding

As of June 30, 2005: 12,599,970 shares

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

As of December 31, 2004: 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 2005	(453)	1,023	(574)	3,844
First half ended June 2004	738	(1,002)	672	5,730
Year ended Dec. 2004	(1,720)	(2,746)	2,872	3,687

(4) Scope of consolidation and application of equity method

Consolidated subsidiaries: 15

Unconsolidated subsidiaries under equity method application:

Affiliates under equity method application: 3

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

Consolidated subsidiaries

Newly added:

Excluded: 1

Affiliates under equity method application

Newly added:

Excluded:

2. Forecast for the year ending December 2005 (January 1, 2005–December 31, 2005)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full year	115,343	2,823	2,879

Reference: Estimated net income per common share for the full year: 228.49 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 of the outlook for further information concerning these projections

Corporate Group

The SIIX Group of companies is made up of SIIX Corp. (the Company), 15 consolidated subsidiaries, one non consolidated subsidiary, eight affiliates (including three under the equity method), and 14 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/ Region	Capital/ Investment	Ownership (%)	Activities	Segment	Category
(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 EUR 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 THB 30,000	100.00	Sales and procurement of products	Electronics	Trading
SIIX (Shanghai) Co., Ltd.	China	Thousand RBM 1,655	100.00	Sales and procurement of products	Electronics	Trading
SIIX EMS (Thailand) Co., Ltd.	Thailand	Thousand THB 309,100	100.00	Manufacturing, sales and procurement of raw materials	Electronics	Manufacturing
PT SIIX Electronics Indonesia	Indonesia	Thousand US\$ 380	100.00 (100.00)	Manufacturing, sales and procurement of raw materials	Electronics	Manufacturing
SIIX EMS Dongguan Ltd.	China	Thousand RBM 52,918	100.00 (100.00)	Manufacturing, sales and procurement of raw materials	Electronics	Manufacturing
PT PFU Technology Indonesia	Indonesia	Thousand US\$ 1,600	97.00 (97.00)	Manufacturing, sales and procurement of raw materials	Electronics	Manufacturing
Sluzba SIIX Electronics s.r.o.	Slovakia	Thousand EUR 3,634	60.00 (60.00)	Manufacturing, sales and procurement of raw materials	Electronics	Manufacturing
Nansha Sakata Ink Corp.	China	Thousand RBM 2,077	50.00	Manufacturing, sales and procurement of raw materials and products	Others	Manufacturing
(Equity-method affiliates)						
Kawasaki Motors (Phils.) Corp.	Philippines	Thousand PHP 101,430	20.06	Manufacturing, sales and procurement of raw materials	Machinery	Manufacturing
Innertech SIIX Electronics (Suzhou) Co., Ltd.	China	Thousand RBM 99,325	20.00	Manufacturing, sales and procurement of raw materials	Electronics	Manufacturing
TAKAYA SIIX Electronics (Shanghai) Co., Ltd.	China	Thousand RBM 70,631	40.00	Manufacturing, sales and procurement of raw materials	Electronics	Manufacturing

Notes: 1. The major activities column lists activities using names of business segments.
 2. Ownership figures in parentheses include shares indirectly owned.

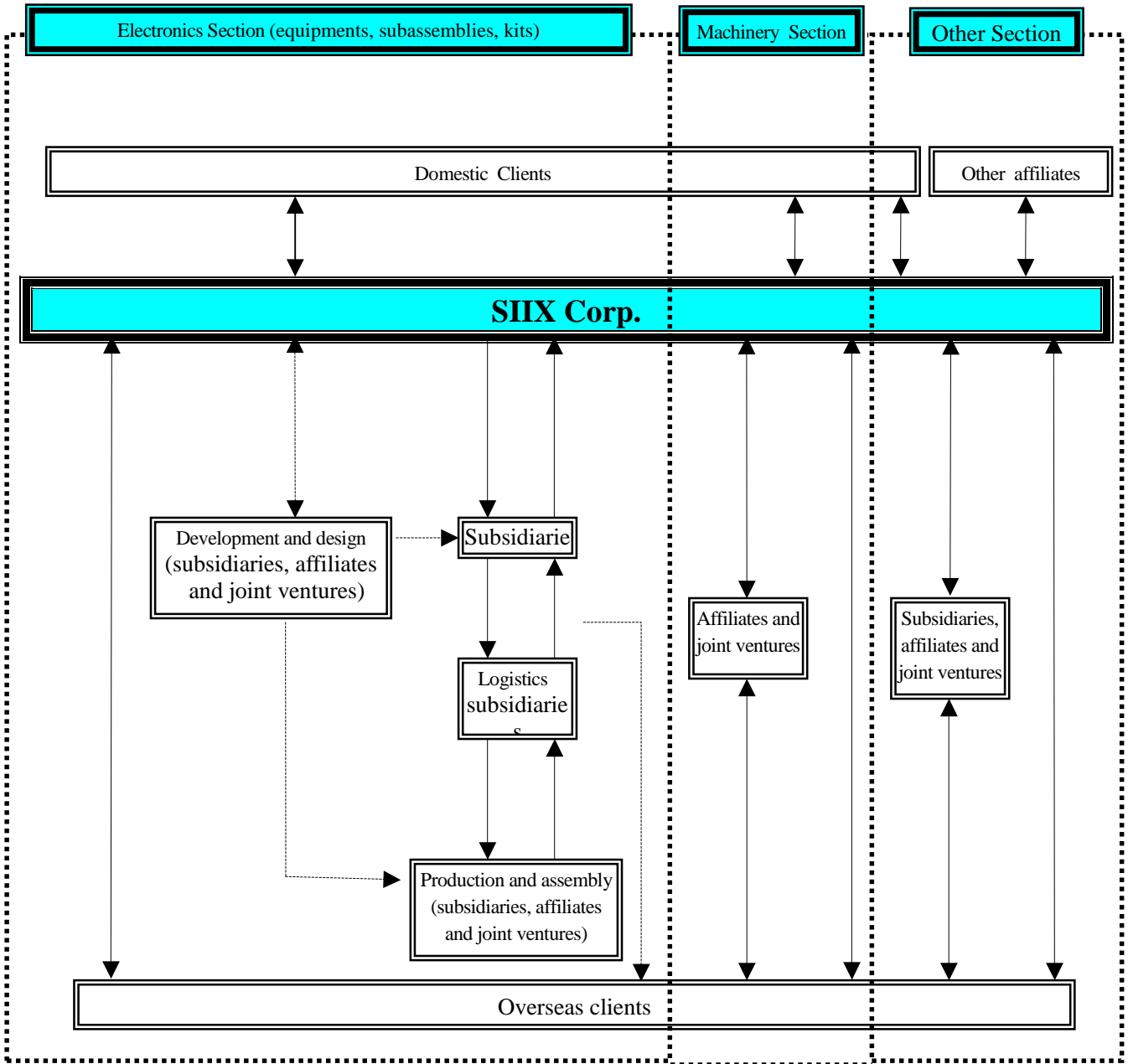
(Major affiliated companies)

	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 company)

Integrated 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

*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 optimal allocation and use of management resources. The SIIX Group's objective is to help customers optimize their management resources in 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*. Following the fundamental policy, the Group pursues its corporate philosophy of *contributing the advancement of social systems and mankind through effectively utilizing the world's resources*.

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 increasing retained earnings for future growth and strengthening the Group's operating base.

Considering the trend in business results, we will add 2.5 yen to an initially planned dividend per share of 5 yen and pay 7.5 yen per share ordinary dividend applicable to the current interim period. The year-end dividend will also be increased to 7.5 yen for an annual dividend per share resulting in 15 yen, up 5 yen from the initially planned amount.

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 to at least 15%.

4) Medium- and Long-Term Management Strategy

In electronics and automotive electronics industries, the group's core areas of operations, the trend is toward constructing and networking a global manufacturing and logistics system mainly in Southeast Asia. In the past, companies have transferred their manufacturing bases overseas to cut manufacturing costs. As consumer markets expand in newly industrialized countries, it is necessary to locally manufacture and sell products in these countries. The trend toward a global network of manufacturing and logistics creates the necessity for a network of manufacturing and sales systems between oversea bases as well as the existing network between Japan and overseas. This requires foreign manufacturers to improve technologies and product quality, develop the same ability to procure parts and materials, and implement the same level of efficiency in product logistics as in Japan.

Our business as a *global business organizer* has expanded by responding to the need for outsourcing created by these business activities. In the medium and long term, we aim to expand our business by leveraging its core strength, *trading company and logistics expertise with manufacturing skills and a global network of logistics and manufacturing bases* that offer total electronic manufacturing services (EMS) *enabling the high level of Japanese manufacturing to be reproduced overseas*.

5) Response to Issues

The SIIX group considers the above trend, constructing and networking global manufacturing and logistics systems, as business opportunities and is challenging the following issues to expand its business.

1. Add synergy effects between global bases by enhancing the bases and the network.
2. Establish a logistics framework that provides just-in-time deliveries spanning national borders.
3. Strengthen global material procurement and proposal skills to meet customer demands for reducing the cost of materials.
4. Enhance the manufacturing and technological capabilities of our EMS facilities for more sophisticated overseas production of digital devices and motor vehicle-mounted devices.
5. Develop new business lines focusing on changes in the electronics industry, like digitalization and networking of electronics devices, and computerization of motor vehicle-mounted devices.

6) Fundamental Policy and Measures Regarding Corporate Governance

The SIIX group corporate theme is *SIIX provides business value through its business organization skills*. It is a fundamental management policy of the group to increase shareholders' enterprise value by maximizing profits by pursuing the corporate theme. To continuously improve results, the group regards the improvement of corporate governance as a key issue. Consequently, the following actions are being taken to bolster the management framework with regard to the transparency of decision-making, enhancement of the checks and control function, and other subjects.

- 1) For the purpose of revitalizing the board, clearing its functions, and strengthening the system responsible for business execution, we have introduced a corporate executive officer system after cutting directors. The new board, an organization making the decisions and controlling business execution, consists of three directors (formerly eight) and holds its meetings with three auditors in attendance every month. For business execution, we had adopted a system where eight directors were responsible for each section. It has been changed to a system with 13 executive officers (some serve concurrently as director) sharing responsibility for all sections and regions.
- 2) Responsibility for management and business execution are divided between the chairman (chief executive officer) and president (chief operating officer). Both are representative directors.
- 3) The board of auditors comprises three corporate auditors, two external auditors, and one standing statutory auditor.
- 4) The Management Committee, which assists the board of directors, CEO and COO in reaching decisions regarding important matters, is made up of the directors and a standing statutory auditor. The committee discusses important issues regarding fundamental management policies and all other subjects involving management, as well as such important proposals significant new business transactions, investments, and other projects on an individual basis.
- 5) The Subsidiaries and Affiliates Department conducts comprehensive management of domestic and overseas subsidiaries and affiliates whose operations represent the nucleus of the Groups' business activities.
- 6) To address legal risks and ensure compliance, Legal Affairs is located in the General Affairs Department.
- 7) We have acquired ISO 9001 certification to preserve and enhance the quality of products and services as well as the management system that supports that quality.
- 8) We have acquired ISO 14001 certification as one means of establishing a sound environmental management system.

7) Parent company

(1) Name of parent company.

Parent Company	Relationship	Percentage of voting rights owned by the parent company	Stock exchange trading stocks of parent company
Sakata Inx Corporation	Affiliates where a listed company is an affiliate of another company	24.6% (0.0%)	Tokyo Stock Exchange First Section Osaka Securities Exchange First section

Note: Percentage of voting rights owned by the parent company in parenthesis is that of indirectly owned shares.

(2) As Sakata Inx Corporation has 24.6% of our voting rights as of June 30, 2005, we are their affiliate under the equity method. We export printing ink, Sakata's main product, to some areas for them. We engage this transaction in the other segment, one of our operating segments. Among our three auditors, two auditors serve concurrently as auditors of Sakata Inx Corporation.

(3) Transactions with the parent company

We recorded a procurement of 85 million yen from Sakata Inx Corporation for the current interim period, which accounts for 0.2% of total procurement on a consolidated basis.

Results of Operations and Financial Position

1) Overview

In the first half of 2005, the Japanese economy experienced slow improvement as capital investment remained robust and corporate earnings increased mainly in the manufacturing industry from the middle of the first half. Despite repeated cycles of production and inventory adjustment in the automobile industry, the U.S. economy maintained an expansionary trend supported by robust consumer spending. The European economy had been sluggish since the second half of 2004; however, it is likely to turn better by the slowly growing foreign demand. There was continuous high growth in Asia as China and Indonesia continued high growth rates in exports as well as strong domestic demand.

In the electronics sector, the SIIX Group's core business, digital home electronics (LCD TVs, DVDs, etc.), motor vehicle-mounted applications, such as car navigation systems, and electronics parts and devices used in these applications in Japan remained strong following 2004. Overseas, East Asia bolstered its position as a consumer market as well as a production base. Japanese manufacturers have increased local production of digital audio devices, including digital cameras and DVD recorders, and raised shipments of motor vehicle-mounted applications associated with the growing automobile market.

As a result, consolidated net sales increased to 54,123 million yen in the first half ended June 30, 2005, up 208 million yen or 0.4% over the same period in 2004. Operating income increased by 805 million yen or 120.9% to 1,472 million yen due to a decrease in R&D expense resulting from the sale of all holding stocks in Itron Corporation. Ordinary income increased by 613 million yen or 89.4% to 1,298 million yen. Interim net income increased by 1,894 million yen or 1,217.2% to 2,050 million yen due to gains on sales of stocks of affiliates.

Results by business segment were as follows.

(Electronics Section)

This is the Group's core segment, which 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, and other applications. In the segment, shipments of parts and materials for car audio and digital cameras increased while shipments of parts and materials for digital video cameras decreased sharply. As a result, segment sales decreased by 17 million yen or 0.0 % from the same period in 2004 to 48,732 million yen. Operating income increased by 799 million yen or 66.4% to 2,005 million yen, backed by a decrease in R&D expense resulting from the sale of all holding stocks in Itron Corporation.

(Machinery Section)

The main products in this segment are motorcycle parts and materials, automotive wire harness parts and materials, and industrial machinery. Despite the weak shipments of motorcycle parts and materials, segment sales increased 1,513 million yen or 33.4% from the same period in 2004 to 6,050 million yen due to robust shipments of automotive wire harness parts and materials and industrial machinery. Operating income increased 14 million yen or 2,238.5% to 14 million yen.

(Other Section)

The main products in this segment are printing ink, chemical synthesis, materials for printing plates, and other items. Segment sales increased by 95 million yen or 10.7% from the same period in 2004 to 989 million yen but operating income decreased less than million yen or 1.0% to 52 million yen.

Results by region were as follows.

(Japan)

Shipments of mobile phone LCD modules and others and motorcycle parts and materials decreased while shipments of parts and materials for digital video camera, automotive wire harness and others increased. As a result, sales increased by 3,449 million yen or 14.4% from the same period in 2004 to 27,347 million yen. Operating income increased by 332 million yen or 84.6% to 724 million yen due to a decrease in R&D expense resulting from the sale of all holding stocks in Itron Corporation.

(Southeast Asia)

Shipments of parts and materials for car audios and digital cameras increased though shipments of parts and materials for digital video cameras decreased. As a result, sales decreased by 577 million yen or 1.6% from the same period in 2004 to 36,406 million yen. Operating income increased by 242 million yen or 20.5% to 1,426 million yen.

(Europe)

Sales decreased by 1,099 million yen or 25.3% to 3,255 million yen, reflecting a decrease in shipments of LCD modules for mobile phones. Operating loss decreased by 175 million yen to 173 million yen as inventories of some types of LCD modules for mobile phones were discarded (an operating loss of 348 million yen for the same period in 2004).

(Other)

Segment sales increased by 804 million yen or 26.9% from the same period in 2004 to 3,796 million yen due to robust shipments of parts and materials for motor vehicle-mounted devices. Operating income increased 51 million yen or 93.0% to 106 million yen.

2) Outlook for 2005

We expect the global economy on the whole to be robust in the second half. However, we must pay attention to how the economy behaves in future while considering cost increases from higher energy prices and effects from the change of China's policies on the yuan. For the electronics sector, demand for motor vehicle-mounted devices and digital home electrical products are expected to continue to expand while production bases are likely to be transferred overseas due to fierce price competition. In this operating environment, the SIIX Group will focus on sales of parts and materials for motor vehicle mounted devices, digital home electrical products and information devices, and circuit board assemblies (EMS).

The group is forecasting consolidated net sales of 115,343 million yen, up 7.9% year-on-year, for the full year. Operating income is expected to increase 27.3% to 2,823 million yen. Net income is expected at 2,879 million yen, up 175.5%. These forecasts assume an exchange rate of 106.34 yen/1 US dollar.

Forecast 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 from these statements due to changes in a variety of factors.

3) Financial position

Cash and cash equivalents as of June 30, 2005, were 3,844 million yen, up 157 million yen or 4.3%, as they were provided by proceed from sale of stocks of affiliates and collection of loan receivable. They were used in increase in inventories, purchase of tangible fixed assets and payment for long-term borrowings. Significant factors affecting cash flows are as follows:

(Cash flow from operating activities)

Net cash used in operating activities was 453 million yen (net cash provided by 738 million yen in same period of 2004) This was mainly attributable to 1,825 million yen increase in inventories.

(Cash flow from investing activities)

Net cash provided by investing activities was 1,023 million yen (net cash used in 1,002 million yen in same period of 2004). This was mainly attributable to the purchase of 877 million yen worth of tangible fixed assets and 650 million yen in collection of loans receivable and a 1,346 million yen in proceed from the sale of stocks of affiliates.

(Cash flow from financing activities)

Net cash used in financing activities was 574 million yen (net cash provided by 672 million yen in same period of 2004). This was mainly attributable to net decrease of 276 million yen in short-term borrowing and 429 million yen in payment for long-term borrowings.

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

	First half ended June 2004	First half ended June 2005	Year ended Dec. 2004
Shareholders' equity ratio (%)	23.2	27.4	23.5
Shareholders' equity ratio based on market prices (%)	35.2	46.1	31.1
Debt to annual cash flow ratio (years)	8.8		
Interest coverage ratio (X)	7.4		

Note: 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 were calculated on a consolidated basis.
- 2 Market capitalization: Closing price of stock on the consolidated balance sheet date (First Section, Tokyo Stock Exchange) x Number of shares outstanding on the balance sheet date.
- 3 Interest-bearing liabilities: Liabilities on the consolidated balance sheets include 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 and reported on the 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 annual cash flow will be double the interim cash flow.

4) Business risks

The SIIIX group's business risks significantly affecting investors' judgments are as follows. The group has a variety of business risks, including, but not limited to, the items below.

Forward-looking statements in this section were judged by the group as of end of the current interim period.

(1) Market Fluctuation

The electronics industry, our core business, is expected to expand backed by technological innovations and product development. However, a radical fluctuation in the demand-supply balance could cause a temporary weakness in market conditions because some products have a short lifecycle. For instance, the mobile phone market often experiences this trend and an unexpected demand-supply gap could adversely affect production and distribution through cancellation of orders, overcapacity, accumulation of inventories, and lower margins, etc.

(2) Exchange rate fluctuation

The group tries to avoid foreign exchange risks because its transactions are conducted under a variety of currencies and terms and conditions. The risk is hedged through (a) procurement and sales in the same currency, (b) forward exchange contracts, and (c) agreements on foreign exchange risks with customers. A rapid exchange rate fluctuation or a continuous yen rise above the assumed rate could affect our results due to lower price competitiveness and a decrease in yen-translated sales and profits.

(3) Overseas business activities

The group has strengths in overseas transactions through its global network and operates businesses with 16 overseas subsidiaries, which include 12 companies in Asia (four in China, including Hong Kong), two in Europe, one in North America, and one in South America, and eight affiliates (three affiliates under the equity method). Consequently, our operating results and financial position could be affected by country risks like deteriorated political and economical factors in those countries in which we operate, amendments to legislation and regulations, changes in currency policy, anti-Japan campaigns, and disorder in the local society.

(4) Fundraising and interest rate change

The group raises the necessary funds by borrowing from financial institutions and issuing corporate bonds. Some interest-bearing liabilities carry a floating rate, a risk that is partially absorbed by derivative transactions (interest rate swap contracts). Unexpected changes in the market interest rate would affect our operating results..

Consolidated Financial Statements

1. Consolidated Balance Sheets

(Thousand yen)

Item	As of Jun. 30, 2004		As of Jun. 30, 2005		As of Dec. 31 2004		Change
	Amount	(%)	Amount	(%)	Amount	(%)	Amount
(Assets)							
Current Assets							
1. Cash and deposits	5,730,533		3,865,822		3,707,139		158,682
2. Trade notes and accounts receivable	14,731,335		16,314,813		14,844,017		1,470,796
3. Inventories	8,326,038		10,478,801		9,607,466		871,335
4. Deferred tax assets	163,510		394,655		250,733		143,922
5. Others	1,551,952		1,811,607		1,891,764		(80,157)
Provision for doubtful receivables	(174,258)		(110,307)		(147,840)		37,533
Total current assets	30,329,111	79.8	32,755,391	76.0	30,153,280	75.2	2,602,111
Fixed assets							
1 Tangible fixed assets							
(1) Buildings and structures	2,589,683		3,717,362		3,469,034		
Accumulated depreciation	850,190	1,739,493	1,013,240	2,704,121	887,608	2,581,425	122,696
(2) Machinery, equipment and vehicles	4,197,136		6,385,400		5,164,130		
Accumulated depreciation	2,220,089	1,977,046	2,952,046	3,433,353	2,592,314	2,571,815	861,538
(3) Tools, furniture, and fixture	991,549		1,206,945		1,131,476		
Accumulated depreciation	633,770	357,779	850,637	356,307	768,759	362,716	(6,409)
(4) Land		574,972		988,126		953,058	35,068
(5) Others		227,523		62,894		436,895	(374,000)
Total tangible fixed assets		4,876,815		7,544,805		6,905,911	638,893
2 Intangible assets							
(1) Software		83,477		66,246		81,447	(15,200)
(2) Others		4,210		7,838		4,210	3,627
Total intangible assets		87,688		74,085		85,658	(11,573)
3 Investments and other assets							
(1) Investment securities		1,630,603		1,737,461		1,836,891	(99,429)
(2) Investment in capital		337,494		408,913		390,516	18,396
(3) Long-term loans receivable		70,922		70,224		70,327	(102)
(4) Deferred tax assets		25,272		24,613		31,957	(7,343)
(5) Others		908,524		793,592		924,979	(131,386)
Provision for doubtful receivables		(277,216)		(294,727)		(285,622)	(9,105)
Total investments and other assets		2,695,601		2,740,078		2,969,048	(228,970)
Total fixed assets		7,660,104	20.2	10,358,969	24.0	9,960,618	398,350
Deferred assets							
Bond issue cost		1,075		—		—	—
Total deferred assets		1,075	0.0	—	—	—	—
Total assets		37,990,291	100.0	43,114,360	100.0	40,113,899	3,000,461

(Thousand yen)

Item	As of Jun. 30, 2004		As of Jun. 30, 2005		As of Dec. 31, 2004		Change
	Amount	(%)	Amount	(%)	Amount	(%)	Amount
Liabilities							
Current liabilities							
1. Trade accounts payable	13,480,326		13,017,297		12,395,691		621,606
2. Short-term borrowings	11,239,560		11,256,823		12,125,194		(868,370)
3. Current portion of bonds payables	—		300,000		300,000		—
4. Accrued expenses	839,945		871,090		774,665		96,425
5. Income taxes payable	435,625		1,127,791		721,496		406,294
6. Accrued bonuses	57,000		—		—		—
7. Deferred tax liabilities	33,327		6,268		30,575		(24,306)
8. Others	479,607		1,038,030		447,201		590,828
Total current liabilities	26,565,394	69.9	27,617,302	64.1	26,794,826	66.8	822,476
Long-term liabilities							
1. Bonds payable	300,000		—		—		—
2. Long-term borrowings	1,533,095		2,755,302		3,003,760		(248,458)
3. Reserve for retirement	166,142		134,250		149,808		(15,557)
4. Reserve for retirement benefits for directors	178,660		131,990		195,540		(63,550)
5. Deferred tax liabilities	75,705		363,293		246,085		117,207
6. Others	134,982		58,336		73,907		(15,571)
Total long-term liabilities	2,388,585	6.3	3,443,172	8.0	3,669,102	9.1	(225,929)
Total liabilities	28,953,979	76.2	31,060,475	72.1	30,463,928	75.9	596,547
Minority interests							
Minority interests	211,446	0.6	230,907	0.5	233,350	0.6	(2,443)
Shareholders' equity							
Common stock	2,144,000	5.6	2,144,000	5.0	2,144,000	5.4	—
Capital surplus	1,853,000	4.9	1,853,000	4.3	1,853,000	4.6	—
Retained surplus	5,893,086	15.5	8,712,527	20.2	6,745,222	16.8	1,967,305
Net unrealized gain (loss) on other securities	(16,493)	(0.0)	(88,583)	(0.2)	(66,987)	(0.2)	(21,595)
Foreign currency translation adjustments	(1,048,728)	(2.8)	(797,934)	(1.9)	(1,258,614)	(3.1)	460,679
Treasury stock	—	—	(32)	(0.0)	—	—	(32)
Total shareholders' equity	8,824,864	23.2	11,822,977	27.4	9,416,620	23.5	2,406,357
Total liabilities, minority interests and shareholders' equity	37,990,291	100.0	43,114,360	100.0	40,113,899	100.0	3,000,461

2. Consolidated Statements of Income

(Thousand yen)

Item	Note	Jan. 1, 2004–Jun. 30, 2004		Jan. 1, 2005–Jun. 30, 2005		Change		As of Dec. 31, 2004				
		Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)			
Net sales			53,915,028	100.0		54,123,414	100.0	208,385	0.4		106,884,873	100.0
Cost of sales			50,513,987	93.7		50,145,363	92.7	(368,623)	(0.7)		99,443,639	93.0
Gross profit			3,401,041	6.3		3,978,050	7.3	577,009	17.0		7,441,234	7.0
Selling, general and administrative expenses	*1		2,734,419	5.1		2,505,662	4.6	(228,757)	(8.4)		5,356,026	5.0
Operating income			666,621	1.2		1,472,388	2.7	805,766	120.9		2,085,207	2.0
Non-operating income												
1. Interest income		24,424			24,811					61,764		
2. Dividend income		18,910			19,913					63,092		
3. Amortization of consolidation goodwill		25,505			4,238					51,011		
4. Rent income		26,499			26,409					53,205		
5. Foreign exchange gains		21,581			—					131,208		
6. Others		104,220	221,142	0.4	115,429	190,802	0.4	(30,340)	(13.7)	185,991	546,273	0.5
Non-operating expenses												
1. Interest expense		97,534			148,848					208,837		
2. Loss on equity method		28,156			32,294					50,972		
3. Foreign exchange losses		—			116,510					—		
4. Others		76,477	202,168	0.3	66,937	364,591	0.7	162,423	80.3	153,861	413,671	0.4
Ordinary income			685,596	1.3		1,298,598	2.4	613,002	89.4		2,217,809	2.1
Extraordinary income												
1. Gain on sales of fixed assets	*2	31,684			2,657					48,054		
2. Gain on reversal of allowance for doubtful accounts		5,649			4,928					17,932		
3. Gain on sales of stock of affiliates	*3	—	37,334	0.0	2,369,939	2,377,525	4.4	2,340,191	6,268.2	—	65,987	0.0
Extraordinary loss												
1. Loss on valuation of investment securities		57,778			26,858					63,973		
2. Loss on removal of fixed assets	*4	—			241					17,711		
3. Expense for removal of head office	*5	—			—					27,070		
4. Provision for allowance for doubtful receivables		—			—					17,682		
5. Loss on valuation of inventories	*6	—	57,778	0.1	619,451	646,551	1.2	588,773	1,019.0	—	126,437	0.1
Income before income taxes			665,151	1.2		3,029,573	5.6	2,364,421	355.5		2,157,358	2.0
Current income taxes		393,941			1,022,962					895,547		
Deferred income taxes		127,896	521,837	0.9	(38,586)	984,375	1.8	462,537	88.6	235,765	1,131,313	1.0
Minority interest			12,342	0.0		5,107	0.0	(7,234)	(58.6)		19,546	0.0
Net income			155,656	0.3		2,050,305	3.8	1,894,648	1,217.2		1,045,592	1.0

3. Consolidated Statements of Retained Surplus

(Thousand yen)

		Jan. 1, 2004– Jun. 30, 2004		Jan. 1, 2005– Jun. 30, 2005		Jan. 1, 2004– Dec. 31, 2004	
Item	Note	Amount		Amount		Amount	
Capital Surplus							
Balance at beginning of period			1,853,000		1,853,000		1,853,000
Balance at end of period			1,853,000		1,853,000		1,853,000
Retained surplus							
Balance at beginning of period			5,771,512		6,745,222		5,771,512
Increase in retained surplus							
1 Increase in surplus due to decrease in the number of consolidated companies		3,717		—		3,717	
2 Net income		155,656	159,374	2,050,305	2,050,305	1,045,592	1,049,310
Decrease in retained surplus							
1 Dividends		37,800		63,000		75,600	
2 Bonuses to directors		—	37,800	20,000	83,000	—	75,600
Balance at end of period			5,893,086		8,712,527		6,745,222

3. Consolidated Statements of Cash Flows

(Thousand yen)

		Jan. 1, 2004– Jun. 30, 2004	Jan. 1, 2005– Jun. 30, 2005	Jan. 1, 2004– Dec. 31, 2004
Item	Note	Amount	Amount	Amount
Operating activities				
1 Income before income taxes and minority interests		665,151	3,029,573	2,157,358
2 Depreciation		533,847	634,014	1,078,752
3 Amortization of consolidation goodwill		(25,505)	(4,238)	(51,011)
4 Increase (decrease) in provision for doubtful accounts		(107,946)	(12,304)	(129,331)
5 Interest and dividend income		(43,334)	(44,724)	(124,857)
6 Interest expense		97,534	148,848	208,837
7 Foreign exchange losses (gains)		(21,581)	116,510	(131,208)
8 Loss on equity method		28,156	32,294	50,972
9 Decrease (increase) in trade notes and accounts receivable		3,198,219	(956,040)	2,813,073
10 Decrease (increase) in inventories		(1,697,050)	(1,825,103)	(2,989,285)
11 Decrease (Increase) in consumption tax receivable		—	492,836	(580,631)
12 Increase (decrease) in trade notes and accounts payable		(1,254,738)	(331,850)	(2,912,055)
13 Gain on sales of stock of affiliates		—	(2,369,939)	—
14 Loss on valuation of inventories		—	619,451	—
15 Others		(237,238)	766,607	(490,580)
Subtotal		1,135,512	295,935	(1,099,967)
16 Income and dividends received		43,197	44,580	124,729
17 Interest paid		(99,496)	(149,476)	(212,373)
18 Income taxes paid		(341,210)	(644,157)	(533,207)
Net cash provided by (used in) operating activities		738,003	(453,118)	(1,720,819)
Investment activities				
1 Purchases of tangible fixed assets		(1,382,236)	(877,561)	(2,858,454)
2 Proceeds from sales of tangible fixed assets		660,963	1,425	663,254
3 Purchases of intangible assets		(68,728)	(6,793)	(89,147)
4 Purchases of investment securities		(38,817)	—	(279,805)
5 Proceeds from sales of investment securities		29,947	4,308	30,105
6 Payment for loans receivable		(160,000)	(128,000)	(160,000)
7 Collection of loans receivable		51,415	650,153	217,713
8 Acquisition of consolidated subsidiaries		(123,207)	—	(119,102)
9 Payment for investment in affiliates		—	—	(160,000)
10 Proceeds from sales of stock of affiliates		—	1,346,901	—
11 Other		28,027	32,956	8,733
Net cash provided by (used in) investing activities		(1,002,635)	1,023,390	(2,746,703)

		Jan. 1, 2004– Jun. 30, 2004	Jan. 1, 2005– Jun. 30, 2005	Jan. 1, 2004– Dec. 31, 2004
Item	Note	Amount	Amount	Amount
Financing activities				
1 Increase (decrease) in short-term borrowings		881,288	(276,660)	2,225,259
2 Proceeds from long-term borrowings		926,044	—	2,918,372
3 Repayment of long-term borrowings		(1,097,008)	(429,938)	(2,196,728)
4 Dividends paid		(37,564)	(62,050)	(75,460)
5 Payment of dividends to minority shareholders		—	—	(8,671)
6 Proceeds from payments of minority shareholders		—	—	10,000
7 Proceeds from sales and leaseback transactions		—	239,773	—
8 Others		—	(45,899)	—
Net cash provided by (used in) financing activities		672,759	(574,775)	2,872,770
Effect of exchange rate changes on cash and cash equivalents		(15,229)	161,704	(55,865)
Net increase (decrease) in cash and cash equivalents		392,898	157,201	(1,650,617)
Cash and cash equivalents at beginning of period		5,367,963	3,687,018	5,367,963
Net decrease in cash and cash equivalents due to changes in the scope of consolidation		(30,328)	—	(30,328)
Cash and cash equivalents at end of period		5,730,533	3,844,219	3,687,018

(Segment Information)**Operating segment information**

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

(Thousand yen)

	Electronics	Machinery	Others	Total	Elimination 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 transfer- 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

Current interim period (January 1, 2005–June 30, 2005)

(Thousand yen)

	Electronics	Machinery	Other	Total	Elimination and corporate	Consolidated
Sales and operating income						
Net sales						
(1) Sales- outside customers	48,717,774	4,415,992	989,647	54,123,414	—	54,123,414
(2) Sales and transfer- inter-segment	15,005	1,634,682	—	1,649,687	(1,649,687)	—
Total	48,732,779	6,050,675	989,647	55,773,102	(1,649,687)	54,123,414
Operating expenses	46,727,686	6,035,924	936,901	53,700,511	(1,049,485)	52,651,026
Operating income	2,005,093	14,751	52,745	2,072,590	(600,202)	1,472,388

Previous year (January 1, 2004–December 31, 2004)

(Thousand yen)

	Electronics	Machinery	Other	Total	Elimination and corporate	Consolidated
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 transfer- 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

Notes: 1. Operational segments are based on product similarities

2. Major products by operating segment

Section	Major products
Electronics section	Major products in this section are 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.) and electronic components, including finished products, subassemblies, circuit board assembly, kits, and other items
Machinery section	Major products in this section 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 section are printing ink, chemical synthesis, 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 the elimination and corporate were as follows.

Previous interim period:	592,631 thousand yen
Current interim period:	600,202 thousand yen
Previous year:	1,104,774 thousand yen

4. All revenues and expenses from overseas consolidated subsidiaries were translated into Japanese yen at the exchange rate on their respective balance sheet dates. From the previous interim period, all revenues and expenses from overseas consolidated 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. In previous year, sales in the “electronics section” and “other section” have been revised upward by 1,409,391 thousand yen and 16,473 thousand yen, respectively, compared with those based on previous accounting policies, while operating income for these sections has been revised upward by 91,996 thousand yen and 2,411 thousand yen.

Geographical Segment Information

Previous 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

Current interim period (January 1, 2005- June. 30, 2005)

(Thousand yen)

	Japan	SE Asia	Europe	Other	Total	Eliminations or corporate	Consolidated
Net sales							
(1) Sales- outside customer	16,148,996	32,007,638	3,042,305	2,924,473	54,123,414	—	54,123,414
(2) Sales and transfers- inter-segment	11,198,135	4,398,955	213,073	872,197	16,682,361	(16,682,361)	—
Total	27,347,132	36,406,594	3,255,378	3,796,671	70,805,775	(16,682,361)	54,123,414
Operating expenses	26,622,423	34,979,815	3,429,105	3,690,047	68,721,391	(16,070,365)	52,651,026
Operating income (loss)	724,708	1,426,778	(173,727)	106,623	2,084,384	(611,996)	1,472,388

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

(Thousand yen)

	Japan	SE Asia	Europe	Other	Total	Eliminations and corporate	Consolidated
Net sales							
(1) Sales- outside customer	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

Notes:

- Operating expenses included in eliminations and corporate consist primarily 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	592,631 thousand yen
Current interim	600,202 thousand yen
Previous year	1,104,774 thousand yen

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

- Method of geographical segmentation: Geographical proximity
 - Major countries and regions in individual segments:
 - SE Asia: China, Singapore, Philippines, Taiwan, and Thailand

Europe: Germany

Other: North America

3. All revenues and expenses from overseas consolidated subsidiaries were translated into Japanese yen at the exchange rate on their respective balance sheet dates. From the previous interim period, all revenues and expenses from overseas consolidated subsidiaries are translated at Japanese yen into 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. In the previous year, sales for “SE Asia” and “Other” have been revised upward by 1,894,498 thousand yen and 236,239 thousand yen, respectively, compared with those based on the previous accounting policies, and sales for “Other” have been revised downward by 453,640 thousand yen. Operating income for “SE Asia,” “Europe,” and “other” has been revised upward by 68,889 thousand yen, 21,483 thousand yen and 4,034 thousand yen compared with those based on the previous accounting policies.

Overseas sales

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

(Thousand yen)

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

Notes:

- Method of geographical segmentation, and major countries and regions in individual segments
 - Method of geographical segmentation: Geographical proximity
 - Major countries and regions in individual segments:
 - SE Asia: China, Singapore, Philippines, and Thailand
 - Europe: Germany, France, and Italy
 - N. America: U.S.A.
 - Other: Central and South America, Oceania
- All revenues and expenses from overseas consolidated subsidiaries were translated into Japanese yen at the exchange rate on their respective balance sheet dates. Described as “changes in accounting policies,” all revenues and expenses from overseas subsidiaries are translated into Japanese yen at the average exchange rate during the period from the previous interim period. The effects of this change in the accounting policies on overseas sales are insignificant.

Current interim period (January 1, 2005–June 30, 2005)

(Thousand yen)

	SE Asia	Europe	N. America	Other	Total
Overseas sales	33,784,642	2,616,759	4,703,812	1,683,528	42,788,742
Consolidated sales					54,123,414
Share of overseas sales in consolidated sales (%)	62.4	4.9	8.7	3.1	79.1

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

- Method of geographical segmentation: Geographical proximity
- Major countries and regions in individual segments:
 - SE Asia: China, Singapore, Philippines, Taiwan, and Thailand
 - Europe: Germany, France, and Italy
 - N. America: U.S.A.
 - Other: Central and South America, Oceania

Previous year (January 1, 2004–December 31, 2004)

(Thousand yen)

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

Notes:

- Method of geographical segmentation, and major countries and regions in individual segments
 - Method of geographical segmentation : Geographical proximity
 - Major countries and regions in individual segments :
 - SE Asia: China, Singapore, Philippines, and Thailand
 - Europe: Germany, France, and Italy
 - N. America: U.S.A.
 - Other: Central and South America, Oceania

2. All revenues and expenses from overseas subsidiaries were translated into Japanese yen at the exchange rate on their respective balance sheet dates. From the previous interim period, all revenues and expenses from overseas consolidated subsidiaries are translated into Japanese yen at the average exchange rate during the period. As a result, in the previous year, sales for “SE Asia” and “N. America” have been revised upward by 943,741 thousand yen and 314,013 thousand yen, respectively, compared with those based on previous accounting policies, while sales for “Europe” and “Other” have been revised downward by 65,605 thousand yen and 4,050 thousand yen.