

Consolidated Financial Results

for the Fiscal Year Ended December 31, 2005 (January 1, 2005 to December 31, 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, Japan
URL:	http://www.siix.co.jp
President & 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 the financial results:	February 17, 2006
Name of parent company:	Sakata Inx Corporation (Stock code: 4633)
Percentage of voting rights owned by parent company:	22.2%
Accounting principle:	Japanese GAAP

1. Consolidated Financial Results (January 1, 2005 – December 31, 2005)

(1) Consolidated 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. 2005	112,474	5.2	3,118	49.6	2,980	34.4
Year ended Dec. 2004	106,884	11.3	2,085	156.1	2,217	223.3

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended Dec. 2005	2,650	153.5	209.04	—
Year ended Dec. 2004	1,045	—	162.79	—

	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	%	%	%
Year ended Dec. 2005	23.2	6.9	2.6
Year ended Dec. 2004	11.6	5.6	2.1

Notes:

1. Equity in net earnings (losses) of affiliates

Year ended December 2005: 5 million yen
Year ended December 2004: (50) million yen

2. Average number of shares outstanding

Year ended December 2005: 12,599,970 shares
Year ended December 2004: 6,300,000 shares

3. Changes in accounting policy: None

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

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
Year ended Dec. 2005	46,254	13,424	29.0	1,064.10
Year ended Dec. 2004	40,113	9,416	23.5	1,491.53

Note: Number of shares outstanding

As of December 31, 2005: 12,599,970 shares

As of December 31, 2004: 6,300,000 shares

(3) Consolidated Cash Flows Position

	Net cash provided by (used in)			Cash and cash equivalents at fiscal year end
	Operating activities	Investing activities	Financing activities	
	Million yen	Million yen	Million yen	Million yen
Year ended Dec. 2005	5,793	(2,277)	(2,090)	5,518
Year ended Dec. 2004	(1,720)	(2,746)	2,872	3,687

(4) Scope of consolidation and application of equity method

The number of consolidated subsidiaries:	15
The number of unconsolidated subsidiaries under equity method application:	—
The number of affiliates under equity method application:	3

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

The number of consolidated subsidiaries	
Newly added:	—
Excluded:	1
The number of affiliates under equity method application	
Newly added:	—
Excluded:	—

2. Forecasts for the Year Ending December 2006 (January 1, 2006 - December 31, 2006)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim	57,187	1,368	679
Full year	123,764	3,251	1,883

Reference: Estimated net income per common share for the full year: 149.44 yen

Forecasts regarding future performance and plans in these materials are based on judgments made in accordance with information available to management or putative market trend 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 environments. Please refer to page of the outlook for 2006 for further information concerning these projections.

Corporate Group

The SIIX Group of companies is made up of SIIX Corp. (the Company), fifteen consolidated subsidiaries, one non-consolidated subsidiary, eight affiliates, of which three equity-method affiliates, and twelve 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	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 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 US\$ 2,078	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 and products	Electronics	Manufacturing
PT SIIX Electronics Indonesia	Indonesia	Thousand US\$ 380	100.00 (100.00)	Manufacturing, sales, and procurement of raw materials and products	Electronics	Manufacturing
SIIX EMS Dongguan Ltd.	China	Thousand RMB 52,918	100.00 (100.00)	Manufacturing, sales, and procurement of raw materials and products	Electronics	Manufacturing
PT PFU Technology Indonesia	Indonesia	Thousand US\$ 1,600	100.00 (100.00)	Manufacturing, sales, and procurement of raw materials and products	Electronics	Manufacturing
SIIX EMS Slovakia s.r.o.	Slovakia	Thousand Euro 3,634	100.00 (60.00)	Manufacturing, sales, and procurement of raw materials and products	Electronics	Manufacturing
Nansha Sakata Ink Corp.	China	Thousand RMB 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 and products	Machinery	Manufacturing
Innertech SIIX Electronics (Suzhou) Co., Ltd.	China	Thousand RMB 99,325	20.00	Manufacturing, sales, and procurement of raw materials and products	Electronics	Manufacturing
TAKAYA SIIX Electronics (Shanghai) Co., Ltd.	China	Thousand RMB 70,631	40.00	Manufacturing, sales, and procurement of raw materials and products	Electronics	Manufacturing

Notes: 1. Names of business segments are listed in the “Activities” column.

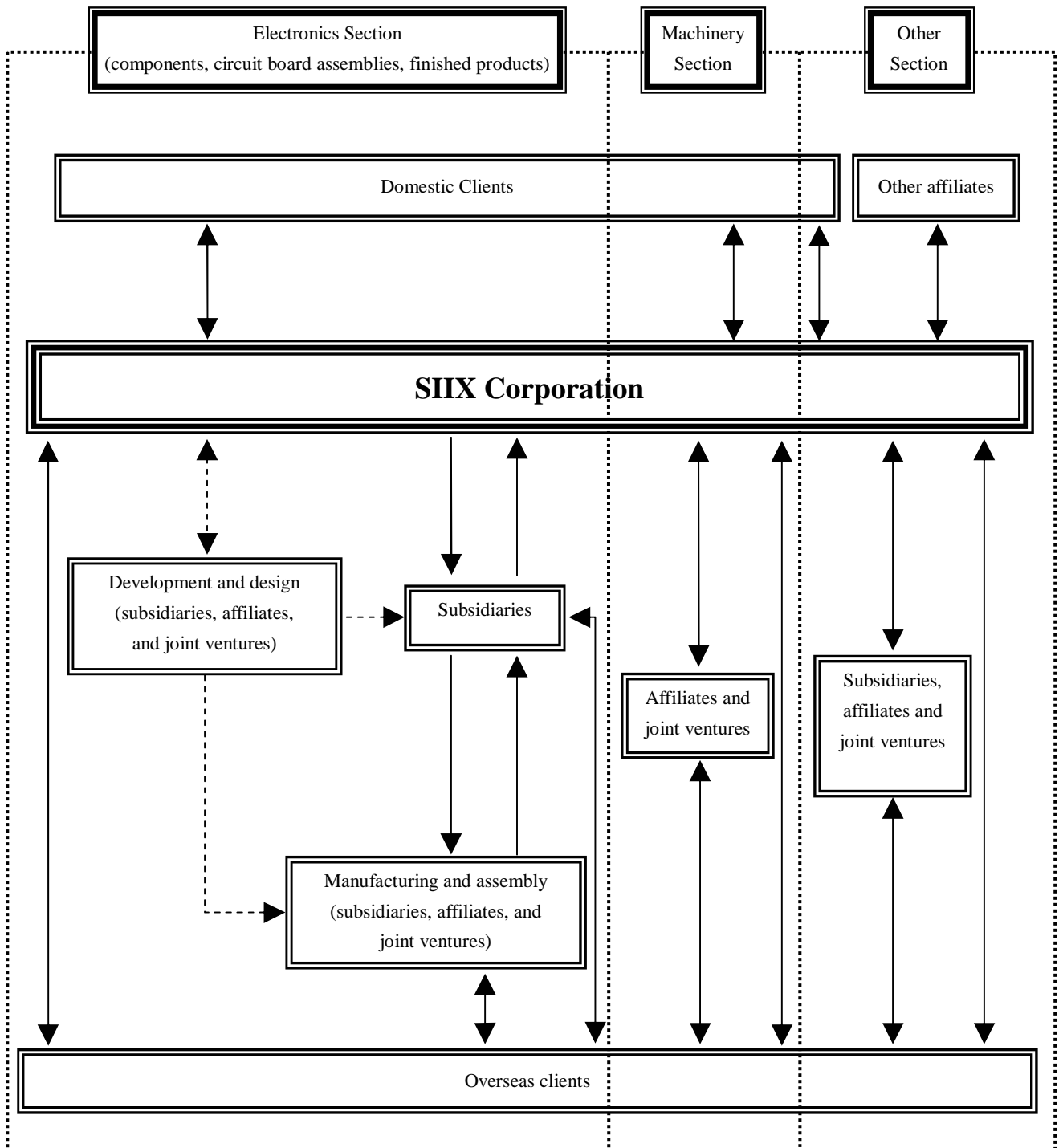
2. The figure in parentheses in the “Ownership” column indicates the shares indirectly owned.

3. Sluzba SIIX Electronics s.r.o. was renamed SIIX EMS Slovakia s.r.o. in the current fiscal year.

(Major affiliated companies)	Country	Segment
PFU Technology (Singapore) Pte. Ltd.	Singapore	Electronics
Bando SIIX Ltd.	Hong Kong	Others
Delsa Chemicals and Multi Products Inc.	Philippines	Others
TS-PRO Co., Ltd.	Japan	Electronics

(Major jointly owned companies)		
Intergrated Microelectronics, Inc.	Philippines	Electronics
Stars Microelectronics (Thailand) Co., Ltd.	Thailand	Electronics
Panyu Kyokuto Sakata Electronics Ltd.	China	Electronics
Shinto Welbest Mfg. Inc.	Philippines	Others

Flowchart of Business Activities



—————▶ Products, merchandise, and components

- - - - -▶ Technical support

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

Management Policies

1. Fundamental Management Policy

Consumer needs have diversified greatly alongside the maturation of markets in developed countries in recent years. In addition, the structure of the global market has been changing, with developments such as the rapid growth of emerging markets, particularly in Asia. As for corporations, the allocation and utilization of resources in a global and timely fashion have come to be important issues for management in all respects, including procurement, production, sales, and logistics. The objective of the Group is to provide solutions to these kinds of new corporate issues. Focusing on electronics related areas, where we have many years of experience, our fundamental policies are to provide universal coordination for diverse needs spread around the world and to be a global business organizer, supplying customers with concrete business merit (customer value). The Group defines its corporate philosophy through these corporate activities as “the pursuit of effective use of the world’s resources to activate social systems and contribute to the advancement of humankind.”

2. Fundamental Policy Regarding Allocation of Earnings

The Company continues to base its fundamental policy on distributing earnings to shareholders continuously and stably, while at the same time following a policy of determining dividends after consideration of such things as enhancing retained earnings for the sake of future growth and the strengthening of the management base.

As for dividends for this consolidated financial year, the Company has already distributed a common dividend of 7.50 yen per share as an interim dividend and plans to add a further 7.50 yen per share as a dividend payment at the end of the term.

3. Position and Policy Regarding Investment Units

With regard to reducing the size of investment units, based on the decision of the meeting of the board of directors held on 26th November 2004, the company enacted a two-for-one share split on 18th February 2005 to further increase the liquidity of company stock.

4. Targeted Management Indicators

The medium-term goal is to raise net sales to 160,000 million yen and ordinary income to 4,800 million yen on a consolidated basis in 2008. From the standpoint of increasing shareholder value, we also aim to raise the consolidated ROE to at least 15%.

5. Mid- and Long-Term Corporate Management Strategy

In electronics and automotive electronics industries, the core areas in the Group’s operations, the development of the global production and logistics network, centered on Southeast Asia is now in full swing. That is to say, this development started from conventional type overseas business expansion that saw the relocation of production because of demands for cheap manufacturing costs, such as for labour, but is occurring now against a backdrop of gradually increasing necessity for full-scale local production and sales in the expanding consumer markets the Group has targeted, including those in the Newly Industrializing Countries. In addition, trends in international production and logistics networks do not only include the creation of links between Japan and locations overseas; there is an accelerating trend for global activities that link one overseas location with another. Accompanying this, the needs of manufacturers have come to shift towards attaining the same rates of efficiency overseas as are achieved in Japanese production, including both parts and product distribution, and are not limited to production technology and quality.

The Company's operations as a global business organizer have also expanded due to responses to outsourcing needs that developed precisely from such corporate trends. In the mid-term future, we intend to expand operations by taking advantage of our trading house and distribution functions, which in combination with our manufacturing function we recognize as our strengths, and our global logistics and manufacturing network, and provide a total electronic manufacturing service (EMS), which will allow Japanese manufacturing overseas.

6. Issues for the Company to Resolve

Making a business opportunity out of the trend for full-scale development of global production and logistics networks, the Group is tackling the issues outlined below in order to expand operations.

- (1) Enhancement of the global network of bases and realization of greater inter-base synergy effects
- (2) Establishment of an international distribution network able to cope with just-in-time delivery that spans national borders
- (3) Strengthening of global materials procurement and proposal skills to meet material cost reduction needs
- (4) Upgrading of manufacturing capabilities and technology at EMS bases in response to upgraded overseas product lines such as digital equipment and automotive devices
- (5) Development of new business, paying attention to transformations in electronics areas such as the digitalization and networking of electronics devices, and the computerization of vehicle-mounted devices

7. Fundamental Policy and Measures Regarding Corporate Governance

- (1) Basic position on corporate governance

The Group's basic management policy is to maximize earnings through the pursuit of its corporate goal of providing business merit to customers through business organizing, and thus to increase corporate value for shareholders. The framework for corporate activities to produce such results continually is based on the fundamental recognition that the strengthening of corporate governance is an important management issue. Furthermore, in order for corporate governance to be functionally effective, the Group is striving to strengthen its management control systems, with improved transparency in decision-making and enhanced constraint and auditing functions.

- (2) The state of corporate governance related measures the company has implemented

- (i) The state of management control organizations and corporate governance structures related to decision-making, business execution and auditing in corporate management
 - Aiming at the functional clarification and invigoration of the Board of Directors and the strengthening of the system of responsibility for the business and affairs of the corporation, the Group slimmed down the Board of Directors and introduced an operating officer system from 30th March 2005. Consequently, the Board of Directors is now composed of three directors (previously eight), and operates as a management decision-making organ and as an organ for auditing business execution. Meetings are held every month with these three directors and three auditors in attendance. Furthermore, from a system with eight corporate executive officers, the Group has arrived at a system whereby thirteen operating officers (including officers combining directorial duties) share responsibility for business execution across each department and region.
 - The Chairman/CEO and President/COO serve as representative directors in a two-person system, which partitions the highest responsibility for corporate management and business execution.
 - The Company has adopted an auditing officer system, which currently has three auditing officers. Of these officers, two are from outside of the Company, and one is a full-time internal auditor.
 - The Group has established a Management Committee, which is composed of the directors, full-time auditor, etc., as an organ to assist and question the decision-making of the Board of Directors, the CEO and the COO in important matters. The Management Committee deliberates on important matters in fundamental management policy and all facets of management, as well as on important individual matters such as large new transactions, cases of investment, and the like.
 - We have a Subsidiaries and Affiliates Department to conduct comprehensive management of the subsidiaries and affiliates whose operations represent the nucleus of the Group's activities.
 - The Group has installed a legal manager in the General Affairs Department as measure to check legal risk and compliance.
 - In order to preserve and enhance the quality of our products and services as well as the management control systems that support quality, we have obtained ISO9001 certification.
 - We have obtained ISO14001 certification as part of our efforts to establish an environmental management system.

- (ii) The state of account auditing

We selected KPMG AZSA as our account auditors, and receive account-auditing services centering on the

annual and half-year settlement of accounts. The names of the chartered accountants who performed executive duties during this term are as shown below. KPMG AZSA has already taken measures on its own volition to ensure that employees who have performed executive duties are not involved in the auditing of the Company's accounts beyond a fixed period of time.

- Chartered accountants who performed executive duties
Designated executive officers: Akira Yonebayashi, Teruo Watanuma, Daisuke Harada
- Composition of main assistants in account auditing operations
Three chartered accountants, two assistant certified public accountants

(iii) Other matters

(a) Details of directors' remuneration

The details of remuneration paid to the Company's directors and auditor based on the Articles of Incorporation and the decisions of the General Meeting of Shareholders are as follows.

Directors (8 directors paid):	59 million yen
Auditor (1 auditor paid):	14 million yen
Total:	74 million yen

(b) Details of audit remuneration

The details of remuneration paid to the auditors this term are as follows.

Remuneration based on the work stipulated in Article 2.1 of the Certified Public Accountants Law:	23 million yen
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(3) Overview of the personal, capital, business transaction and other interests of the company, its external directors and its external auditors

The two external auditors, Hisahiro Hida and Junichi Yasuda, are affiliated with Sakata Inx, the Company's parent company. Sakata Inx's ratio of capital contribution in the Company is 22.2%, and the main business transaction between the two companies is this Company's role as a contact office for exports to certain regions for sales of printing ink, Sakata Inx's main product.

There are no commercial interests between the two external directors and the Company.

(4) The state of implementation of efforts made during the past year to enhance the Company's corporate governance

As stated above in (2) (i), we introduced an operating officer system in March 2005.

8. Matters Concerning the Parent Company

(1) Name of the parent company.

Parent company	Attributes	Parent company's proportion of ownership of shareholder voting rights	Securities exchange on which shares issued by the parent company are listed
Sakata Inx Corporation	Affiliates where a listed company is an affiliate of another company	22.2% (—)	Tokyo Stock Exchange, First Section Osaka Securities Exchange, First Section

Note: The figure in parentheses in the column titled "Parent company's proportion of ownership of shareholder voting rights" indicates the indirectly owned shares.

(2) The positioning of the Company in the parent company's corporate group

As of 31st December 2005, Sakata Inx Corporation's proportion of ownership of shareholder voting rights in the Company was 22.2%. The Company is their affiliate under the equity method. Furthermore, the Company acts as a contact office for exports to certain regions for sales of printing ink, Sakata Inx's main product, and handles Sakata Inx business in other departments. Moreover, two of the Company's three auditors are auditors of Sakata Inx Corporation and work as auditors of the Company on a part-time basis.

(3) Transactions with the parent company

The value of purchases from Sakata Inx Corporation was 149 million yen during the current consolidated fiscal year (0.1% of consolidated purchasing results).

Results of Operations and Financial Position

1. Results of Operations

1) Summary

Looking back on the economic environment during the current consolidated fiscal year, a partial stoppage of foreign demand can be seen in the Japanese economy because of the effects of high prices for energy, but corporate earnings improved, mainly in manufacturing industries, and overall, the economy continued along a mild upswing. Amid rising energy prices in the U.S. economy, there were concerns over the effects of the large hurricane that threatened oil manufacturing facilities in the Mexico Gulf region, but against the backdrop of the wealth effect brought about by housing investment and the like, personal consumption continued strongly and overall, the business climate moved toward expansion. In addition to the stagnation of employment from the latter half of the previous fiscal year, uncertainty persisted in the European economy due to the bottoming out of the market rate for the Euro and other factors, although it started to show mild pickup tendencies after hitting bottom midyear. As for the economies of Asia, there were concerns over the devaluation of the yuan in China, but continually high levels were sustained for fixed asset investment and along with good consumption and export movement as well, the high rate of growth continued.

In the electronics industry, related to the Group's core business, although LCD TVs, digital camera, DVD recorders, other digital audio-visual equipment, and the electronic components and devices used in these products did well domestically, because prices for digital home appliances and related components fell, and the market mainly for high-end model mobile phones lagged behind, the earnings differentials among individual companies in the Group increased, and a patchy pattern could be seen. On the other hand, overseas, particularly in the East Asia region, inventory adjustments from the latter half of the previous fiscal year have done their rounds, with flat-screen televisions, portable music players and other products trending well. In Europe and America, apart from the declining European mobile phone market, the management slump at some American automobile manufacturers is also having an effect and their markets as a whole are in the doldrums.

Due to these conditions, consolidated net sales for the fiscal year increased 5,589 million yen over the previous consolidated fiscal year (5.2% increase), to 112,474 million yen. On the income front, ordinary income stood at 2,980 million yen, rising 762 million yen in comparison with the previous consolidated fiscal year (34.4% increase). In addition, net income was 2,650 million yen, an increase of 1,605 million yen in comparison with the previous consolidated fiscal year (153.5% increase).

Results by business segment were as follows.

(Electronics Section)

The Group's core segment, electronics, covers a broad range of products, including finished products, subassemblies, circuit board assemblies, components, and kits. These are used in communication equipment, vehicle-mounted devices, information devices, household electrical devices, audio equipment, and general-purpose electronic parts. In this segment, shipments of components for digital video cameras and LCD modules for mobile phones decreased, but shipments of components for use in car audios and digital cameras increased greatly. As a result, sales in the electronics segment in this consolidated fiscal year were 100,747 million yen, an increase of 5,472 million yen in comparison with the previous consolidated fiscal year (5.7% increase). In addition, operating income was 4,196 million yen, an increase of 1,144 million yen in comparison with the previous consolidated fiscal year (37.5% increase), due to such things as the decrease in R&D costs because of the divestiture of all shares in ISRON Co., Ltd.

(Machinery Section)

The main products in this segment are motorcycle components, automotive wire harness components and industrial machinery. Shipments of motorcycle components decreased, but shipments of automotive wire harness components were strong. Sales were 12,114 million yen, an increase of 1320 million yen in comparison with the previous consolidated fiscal year (12.2% increase). In addition, operating income was

26 million yen, an increase of 5 million yen in comparison with the previous consolidated fiscal year (25.1% increase).

(Other Section)

The main products in this segment are printing ink, synthetic chemicals, miscellaneous goods, and other items. Sales for this consolidated fiscal year were 2,109 million yen, an increase of 77 million yen in comparison with the previous consolidated fiscal year (3.8% increase). In addition, operating income was 125 million yen, an increase of 8 million yen in comparison with the previous consolidated fiscal year (7.5% increase).

Results by geographic segment were as follows.

(Japan)

Shipments of LCD modules for mobile phones and motorcycle components decreased, but because shipments of digital camera components, automotive wire harness components and other shipments increased, sales were 54,167 million yen, an increase of 1,874 million yen in comparison with the previous consolidated fiscal year (3.6% increase). In addition, operating income was 1,593 million yen, an increase of 622 million yen in comparison with the previous consolidated fiscal year (64.1% increase), due to such things as the decrease in R&D costs because of the divestiture of all shares in ISRON Co., Ltd.

(Southeast Asia)

Shipments of components for digital video cameras decreased, but because shipments of components for use in car audios and digital camera components increased, sales were 76,657 million yen, an increase of 7,392 million yen in comparison with the previous consolidated fiscal year (10.7% increase). In addition, operating income was 3,050 million yen, an increase of 501 million yen in comparison with the previous consolidated fiscal year (19.7% increase).

(Europe)

Because of customer manufacturing adjustments, shipments of LCD modules for mobile phones and other products decreased, with sales finishing at 5,377 million yen, a decrease of 3,243 million yen in comparison with the previous consolidated fiscal year (37.6% decrease). As a result, there was an operating loss of 568 million yen, (there was an operating loss of 394 million yen in the previous consolidated fiscal year).

(Other Regions)

Because shipments of automotive-related devices were strong, sales increased 2,643 million yen in comparison with the previous consolidated fiscal year (41.8% increase) to finish at 8,968 million yen. In addition, operating income was 266 million yen, an increase of 148 million yen in comparison with the previous consolidated fiscal year (125.3% increase).

2) Outlook for the next term (ending December 2006)

With respect to trends in the world economy in 2006, there are uncertain factors such as the expansion of external disequilibrium in China and rising interest rates in Europe and America, but it is envisaged that the world economy will continue along a path of mild growth. In Japan, capital expenditure and personal consumption are expected to continue increasing mildly and the business climate is expected to emerge from a period of leveling off and trend strongly.

In the electronics industry as well, global price competition is intensifying, but the market is expected to expand, mainly in terms of overseas demand, and overseas production and sales are forecast to expand in response.

In this environment, the Company is focusing on business development, including part and material sales and EMS, mainly in fields such as automotive equipment, digital devices, and information devices.

With respect to results for the period, the Group is forecasting sales of 123,764 million yen (10.0% increase), ordinary income of 3,251 million yen (9.1% increase) and net income of 1,883 million yen (28.9% increase).

This forecast assumes an exchange rate of 112 yen to the US dollar.

Forecasts for operating results and other forward-looking statements contained in this document represent our judgements based on the information available at the time this document was prepared. Accordingly, these statements contain potential risks and uncertainties. Please be aware that actual results may differ significantly from the forward-looking statements contained in this document due to changes in a variety of factors.

2. Financial Position

Cash and cash equivalents in this consolidated fiscal year increased 1,831 million yen to finish at 5,518 million yen (49.7% increase). This was because of revenue from increased sales returns, increased account collectibles for purchases and the divestiture of stock in affiliated companies, despite expenditures for things such as acquiring tangible fixed assets, repayment of short-term borrowings and repayment of long-term borrowings.

(Cash flow from operating activities)

Cash and cash equivalents (hereinafter referred to as “cash”) provided by operating activities stood at 5,793 million yen (a decrease of 1,720 million yen in comparison with the previous consolidated fiscal year).

This was mainly due to factors such as the increase of account collectibles for purchases that accompanied changes in payment conditions apart from the progress of increased sales returns.

(Cash flow from investing activities)

Cash used in investment activities stood at 2,277 million yen (the decrease was 2,746 million yen in the previous consolidated fiscal year).

This was mainly due to factors such as the expenditure of 3,995 million yen to acquire tangible fixed assets, against the revenue of 1,346 million yen accrued through the divestiture of stock in affiliated companies.

(Cash flow from financing activities)

Cash used in financing activities stood at 2,090 million yen (the increase was 2,872 million yen in the previous consolidated fiscal year).

This was mainly due to factors such as the expenditure of 2,682 million yen for repayment of short-term borrowings and the expenditure of 932 million yen for repayment of long-term borrowings, against the revenue of 1,579 million yen accrued through sale and lease back activities.

The Group’s cash flow indices are as follows.

	Year ended Dec. 2004	Year ended Dec. 2005
Shareholders’ equity ratio (%)	23.5	29.0
Shareholders’ equity ratio based on market prices (%)	31.1	53.3
Debt to annual cash flow ratio (years)	—	2.4
Interest coverage ratio	—	17.5

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 ratio: 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 a consolidated basis.
2. Market capitalization is calculated as the closing price of stock on the consolidated balance sheet date (Tokyo Stock Exchange, First Section) × the number of shares outstanding on the balance sheet date.
3. Interest-bearing liabilities are the aggregated sum of liabilities carried on the consolidated balance sheets including short-term borrowings, long-term borrowings, corporate bonds and finance lease payments. Operating cash flow uses cash flow due to operating activities reported on the consolidated statements of cash flows.
4. Interest uses the value of interest paid reported on consolidated statements of cash flows.

3. Operating Risks

With regard to the Group's operating risks, the main matters that might significantly influence investor judgement are as shown below. Various risks also accompany activities of the Group other than those shown here. These are not all of the Group's risks.

Any forward-looking statements contained in this description of risks were made at the judgement of the Group during this consolidated fiscal year.

(1) Variations in market conditions

The electronics industry, with which the Group's core operations are associated, is liable to temporary worsening of market conditions because the demand-supply balance can change suddenly due to the short product life-cycle. On the other side of the coin, great market growth can be expected from technological innovation and the development of new products. For example, in markets such as mobile phones, trends such as those mentioned above are relatively short-lived, and the unpredictable demand-supply gap can influence results, as seen in production adjustment, order cancellations, overcapacity, inventory increases, obsolescence and profit ratio decreases.

(2) Fluctuations in exchange rates

As the Group carries out transactions with overseas partners using various currencies and under different conditions, we pay attention to avoiding exchange rate risks. Basically, we hedge exchange rate risks by making arrangements related to a) having revenue and sales in the same currency, b) making forward exchange contracts, and c) sharing the burden of risk with customers. However, sudden exchange rate fluctuations sometimes influence sales and income.

(3) Operational activities overseas

The Group shows its strength in overseas transactions that utilize our global network. At present, we are active globally with a total of twelve companies in the Asia region (four companies in China, including Hong Kong), two companies in Europe, one company in the U.S., and one company in South America, and we also have eight affiliate companies (three of which are subsidiaries and subject to application of the equity method). Because of this, country risks, such as the worsening of political and economic factors in the country or region, legal or regulatory changes, changes in currency policy, anti-Japanese movements and social disorder, may influence the Group's operating results and financial circumstances.

(4) Fund procurement and interest rate fluctuations

The Group procures the necessary funding for its operations through such measures as borrowing from financial institutions. Some funds are procured as interest-bearing liabilities at variable interest rates, so the Group reduces interest rate fluctuation risk by taking advantage of derivative transactions for part of its borrowings (interest swap contracts, etc.). However, unpredictable fluctuations in market interest rates may influence the Group's profit and loss situation.

Consolidated Balance Sheets

(Thousand yen)

Item	Note	As of Dec. 31, 2004		As of Dec. 31, 2005		Change		
		Amount	(%)	Amount	(%)	Amount	(%)	
Assets								
I Current assets								
1. Cash and deposits		3,707,139		5,518,343		1,811,203	48.9	
2. Trade notes and accounts receivable		14,844,017		16,676,602		1,832,585	12.3	
3. Inventories		9,607,466		9,505,550		(101,916)	(1.1)	
4. Deferred tax assets		250,733		177,753		(72,979)	(29.1)	
5. Others		1,891,764		2,216,665		324,900	17.2	
Provision for doubtful receivables		(147,840)		(277,779)		(129,938)	—	
Total current assets		30,153,280	75.2	33,817,134	73.1	3,663,854	12.2	
II Fixed assets								
1. Tangible fixed assets								
(1) Buildings and structures		3,469,034		3,973,286				
Accumulated depreciation		887,608	2,581,425	1,182,836	2,790,450	209,024	8.1	
(2) Machinery, equipment, and vehicles		5,164,130		7,916,155				
Accumulated depreciation		2,592,314	2,571,815	3,689,854	4,226,300	1,654,484	64.3	
(3) Tools, furniture and fixtures		1,131,476		1,335,938				
Accumulated depreciation		768,759	362,716	985,088	350,849	(11,867)	(3.3)	
(4) Land			953,058		1,182,281	229,223	24.1	
(5) Construction in progress			436,895		446,809	9,914	2.3	
Total tangible fixed assets			6,905,911	17.2	8,996,691	19.5	2,090,779	30.3
2. Intangible assets								
(1) Software			81,447		67,505	(13,941)	(17.1)	
(2) Others			4,210		168,073	163,862	3891.8	
Total intangible fixed assets			85,658	0.2	235,579	0.5	149,921	175.0
3. Investments and other assets								
(1) Investment securities			1,836,891		2,145,938	309,047	16.8	
(2) Investment in capital			390,516		433,154	42,638	10.9	
(3) Long-term loans receivable			70,327		66,471	(3,855)	(5.5)	
(4) Deferred tax assets			31,957		23,072	(8,884)	(27.8)	
(5) Others			924,979		843,939	(81,039)	(8.8)	
Provision for doubtful receivables			(285,622)		(307,808)	(22,186)	—	
Total investments and other assets			2,969,048	7.4	3,204,767	6.9	235,718	7.9
Total fixed assets			9,960,618	24.8	12,437,038	26.9	2,476,419	24.9
Total assets			40,113,899	100.0	46,254,172	100.0	6,140,273	15.3

(Thousand yen)

Item	Note	As of Dec. 31, 2004		As of Dec. 31, 2005		Change	
		Amount	(%)	Amount	(%)	Amount	(%)
Liabilities							
I Current liabilities							
1. Trade accounts payable		12,395,691		16,261,446		3,865,755	31.2
2. Short-term borrowings		12,125,194		9,522,044		(2,603,150)	(21.5)
3. Current portion of bonds payable		300,000		—		(300,000)	(100.0)
4. Accrued expenses		774,665		839,196		64,530	8.3
5. Income taxes payable		721,496		1,098,121		376,624	52.2
6. Deferred tax liabilities		30,575		41,859		11,283	36.9
7. Others		447,201		610,468		163,267	36.5
Total current liabilities		26,794,826	66.8	28,373,136	61.4	1,578,310	5.9
II Fixed liabilities							
1. Long-term liabilities		3,003,760		2,995,734		(8,026)	(0.3)
2. Provision for retirements		149,808		120,293		(29,514)	(19.7)
3. Provision for retirement benefits for directors		195,540		140,990		(54,550)	(27.9)
4. Deferred tax liabilities		246,085		977,170		731,084	297.1
5. Others		73,907		71,189		(2,718)	(3.7)
Total fixed liabilities		3,669,102	9.1	4,305,377	9.3	636,275	17.3
Total liabilities		30,463,928	75.9	32,678,514	70.7	2,214,586	7.3
Minority interests							
Minority interests		233,350	0.6	151,057	0.3	(82,293)	(35.3)
Shareholders' equity							
I Common stock							
I Common stock		2,144,000	5.4	2,144,000	4.6	—	—
II Capital surplus							
II Capital surplus		1,853,000	4.6	1,853,000	4.0	—	—
III Retained surplus							
III Retained surplus		6,745,222	16.8	9,095,660	19.7	2,350,438	34.8
IV Net unrealized gain (loss) on other securities							
IV Net unrealized gain (loss) on other securities		(66,987)	(0.2)	312,393	0.7	379,381	—
V Foreign currency translation adjustments							
V Foreign currency translation adjustments		(1,258,614)	(3.1)	19,578	0.0	1,278,192	—
VI Treasury stock							
VI Treasury stock		—	—	(32)	(0.0)	—	—
Total shareholders' equity		9,416,620	23.5	13,424,600	29.0	4,007,980	42.6
Total liabilities, minority interests and shareholders' equity		40,113,899	100.0	46,254,172	100.0	6,140,273	15.3

Consolidated Statements of Income

(Thousand yen)

Item	Note	1st Jan 2004 - 31st Dec 2004		1st Jan 2005 - 31st Dec 2005		Change	
		Amount	(%)	Amount	(%)	Change	(%)
I Net sales		106,884,873	100.0	112,474,303	100.0	5,589,429	5.2
II Cost of sales		99,443,639	93.0	104,114,288	92.6	4,670,649	4.7
Gross profit		7,441,234	7.0	8,360,014	7.4	918,780	12.3
III Selling, general and administrative expenses		5,356,026	5.0	5,241,112	4.7	(114,914)	(2.1)
Operating income		2,085,207	2.0	3,118,901	2.7	1,033,694	49.6
IV Non-operating income							
1. Interest income		61,764		44,936			
2. Dividend income		63,092		22,152			
3. Amortization of consolidation goodwill		51,011		8,762			
4. Rent income		53,205		75,978			
5. Investment income due to equity method		—		5,653			
6. Foreign exchange gains		131,208		—			
7. Others		185,991	0.5	168,387	0.3	(220,402)	(40.3)
V Non-operating expenses							
1. Interest expenses		208,837		328,570			
2. Losses due to equity method		50,972		—			
3. Foreign exchange losses		—		38,077			
4. Others		153,861	0.4	97,905	0.4	50,882	12.3
Ordinary income		2,217,809	2.1	2,980,218	2.6	762,408	34.4
VI Extraordinary income							
1. Reversal of allowance for doubtful accounts		17,932		47,005			
2. Gain on sales of investment securities		—		46,594			
3. Gain on sales of fixed assets		48,054		86,437			
4. Gain on sales of shares in affiliated companies		—	0.0	2,369,939	2.3	2,483,989	3764.3
VII Extraordinary loss							
1. Loss on sale of investment securities		—		56,617			
2. Loss on valuation of investment securities		63,973		3,053			
3. Loss on sale of fixed assets		—		4,422			
4. Loss on disposal of fixed assets		17,711		1,396			
5. Expenses for removal of head office		27,070		—			
6. Provision for allowance for doubtful receivables		17,682		—			
7. Loss on valuation of inventories		—		639,414			
8. Loss on disposal of inventories		—	0.1	249,843	0.8	828,309	655.1
Income before income taxes and minority interests		2,157,358	2.0	4,575,447	4.1	2,418,088	112.1
Current income taxes		895,547		1,375,978			
Deferred income taxes		235,765	1.0	562,663	1.7	807,329	71.4
Loss on minority interests		19,546	0.0	14,138	0.0	(5,408)	(27.7)
Net income		1,045,592	1.0	2,650,943	2.4	1,605,350	153.5

Consolidated Statements of Retained Surplus

(Thousand yen)

		1st Jan 2004 - 31st Dec 2004		1st Jan 2005 - 31st Dec 2005	
Item	Note	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			5,771,512		6,745,222
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	1,049,310	2,650,943	2,650,943
III Decrease in retained surplus					
1. Dividends		75,600		157,499	
2. Bonuses to directors		—		20,000	
3. Decrease accompanying standard currency changes at overseas subsidiaries		—	75,600	123,005	300,505
IV Balance at end of period			6,745,222		9,095,660

Consolidated Statements of Cash Flows

(Thousand yen)

		1st Jan 2004 – 31st Dec 2004	1st Jan 2005 – 31st Dec 2005	Change
Item	Note	Amount	Amount	Amount
I Operating activities				
1. Income before income taxes and minority interests		2,157,358	4,575,447	2,418,088
2. Depreciation		1,078,752	1,397,228	318,476
3. Amortization of consolidation goodwill		(51,011)	(8,762)	42,249
4. Change in provision for doubtful accounts		(129,331)	202,340	331,671
5. Interest and dividend income		(124,857)	(67,089)	57,767
6. Interest expenses		208,837	328,570	119,733
7. Foreign exchange gains and losses		(131,208)	38,077	169,285
8. Gains and losses due to equity method		50,972	(5,653)	(56,625)
9. (Increase) decrease in trade notes and accounts receivable		2,813,073	(33,702)	(2,846,776)
10. (Increase) decrease in inventories		(2,989,285)	(526,812)	2,462,473
11. (Increase) decrease in consumption taxes receivable		(580,631)	533,337	1,113,968
12. Increase (decrease) in trade notes and accounts payable		(2,912,055)	2,358,104	5,270,159
13. Gain on sales of stock of affiliates		—	(2,369,939)	(2,369,939)
14. Loss on valuation of inventories		—	639,414	639,414
15. Loss on disposal of inventories		—	249,843	249,843
16. Others		(490,580)	(165,683)	324,897
Subtotal		(1,099,967)	7,144,721	8,244,688
17. Interest and dividends received		124,729	67,223	(57,505)
18. Interest paid		(212,373)	(330,329)	(117,955)
19. Income taxes paid		(533,207)	(1,088,050)	(554,843)
Net cash provided by (used in) operating activities		(1,720,819)	5,793,564	7,514,383
II Investing activities				
1. Purchase of tangible fixed assets		(2,858,454)	(3,995,493)	(1,137,039)
2. Proceeds from sales of tangible fixed assets		663,254	92,463	(570,790)
3. Purchases of intangible fixed assets		(89,147)	(19,958)	69,188
4. Purchases of investment securities		(279,805)	(15,996)	263,809
5. Proceeds from sales of investment securities		30,105	350,233	320,128
6. Payment for loans		(160,000)	(128,519)	31,480
7. Proceeds from recovered loans		217,713	682,604	464,891
8. Acquisition of consolidated subsidiaries		(119,102)	—	119,102
9. Payment for investment in affiliates		(160,000)	—	160,000
10. Proceeds from sales of shares in affiliates		—	1,346,901	1,346,901
11. Payment for investment in subsidiaries		—	(237,398)	(237,398)
12. Others		8,733	(352,090)	(360,824)
Net cash used in investing activities		(2,746,703)	(2,277,253)	469,449

(Thousand yen)

		1st Jan 2004 - 31st Dec 2004	1st Jan 2005 - 31st Dec 2005	Change
Item	Note	Amount	Amount	Amount
III Financing activities				
1. Decrease (increase) in short-term borrowings		2,225,259	(2,682,756)	(4,908,016)
2. Proceeds from long-term borrowings		2,918,372	500,000	(2,418,372)
3. Repayment of long-term borrowings		(2,196,728)	(932,795)	1,263,933
4. Dividends paid		(75,460)	(156,237)	(80,776)
5. Payment of dividends to minority shareholders		(8,671)	(8,418)	253
6. Proceeds from minority interests		10,000	—	(10,000)
7. Proceeds from sale and lease back activities		—	1,579,866	1,579,866
8. Repayment of bonds		—	(300,000)	(300,000)
9. Others		—	(89,913)	(89,913)
Net cash used in (provided by) financing activities		2,872,770	(2,090,255)	(4,963,025)
IV Effect of exchange rate changes on cash and cash equivalents				
		(55,865)	405,269	461,134
V Net increase (decrease) in cash and cash equivalents				
		(1,650,617)	1,831,325	3,481,942
VI Cash and cash equivalents at beginning of period				
		5,367,963	3,687,018	(1,680,945)
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				
		3,687,018	5,518,343	1,831,325

Segment Information

Information by operating segment

Previous year (1st Jan 2004 - 31st Dec 2004)

(Thousand yen)

	Electronics	Machinery	Others	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 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
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

Current year (1st Jan 2005 - 31st Dec 2005)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
I Sales and operating income						
Net sales						
(1) Sales — outside customers	100,714,306	9,650,578	2,109,418	112,474,303	—	112,474,303
(2) Sales and transfer-inter-segment	32,786	2,463,957	—	2,496,743	(2,496,743)	—
Total	100,747,092	12,114,535	2,109,418	114,971,046	(2,496,743)	112,474,303
Operating expenses	96,551,084	12,088,032	1,983,864	110,622,981	(1,267,580)	109,355,401
Operating income	4,196,008	26,503	125,553	4,348,064	(1,229,162)	3,118,901
II Assets, depreciation and capital expenditure						
Assets	39,910,911	1,645,001	979,596	42,535,509	3,718,663	46,254,172
Depreciation	1,310,224	493	8,548	1,319,266	77,962	1,397,228
Capital expenditure	3,370,681	—	8,206	3,378,887	181,819	3,560,706

Notes:

1. Operating segments are based on product similarities
2. Major products by operating segment

Section	Major products
Electronics section	Finished products, subassemblies, circuit board assemblies, components, and kits in the fields listed below: Communication devices (LCD modules and camera modules for mobile phones, etc.), vehicle-mounted devices (car audios, meters, front panels, etc.), information devices (scanners, printers, peripheral devices, etc.), household electrical products, and other industrial equipment (air conditioners, digital cameras, healthcare equipment, etc.), audio devices (portable audio players, etc.), and general electronic products
Machinery section	Motorcycle parts and materials, wire harnesses, electrical components such as spark plugs, general and industrial equipment and devices and related parts and materials
Others section	Printing ink, synthetic chemicals, miscellaneous goods and other items

3. Operating expenses included under the heading "Eliminations and corporate" consist primarily of expenses related to the management divisions, mainly the general affairs and accounting divisions, at the parent company. Operating expenses included under "Eliminations and corporate" were as follows:

Previous consolidated fiscal year:	1,104,774 thousand yen
Current consolidated fiscal year:	1,229,162 thousand yen
4. Corporate assets included under the heading "Eliminations and corporate" consist primarily of the surplus funds, mainly cash and investment securities, and assets of the administration division of the parent company. Corporate assets included under "Eliminations and corporate" were as follows:

Previous consolidated fiscal year:	3,910,511 thousand yen
Current consolidated fiscal year:	4,208,996 thousand yen
5. In previous periods, revenues and expenses of foreign consolidated subsidiaries were converted into Japanese yen at the exchange rate on the balance sheet date of the respective subsidiaries. From the last fiscal year, revenues and expenses of foreign consolidated subsidiaries have been converted 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, operating income in the "Electronics" section and "Other" section increased 91,996 thousand yen and 2,411 thousand yen respectively, depreciation expenses in the "Electronics" section and "Other" section increased 13,894 thousand yen and 285 thousand yen respectively, and capital expenditure in the "Electronics" section and "Other" section increased 45,940 thousand yen and 819 thousand yen respectively due to this change of accounting policy, compared to the amounts that would have been reported for the last consolidated fiscal year if the previous accounting method had been used.

Geographical Segment Information

Previous year (1st Jan 2004 - 31st Dec 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-segments	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 or operating 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

Current year (1st Jan 2005 - 31st Dec 2005)

(Thousand yen)

	Japan	SE Asia	Europe	Other	Total	Eliminations and corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) Sales — outside customers	32,951,799	68,279,775	5,048,602	6,194,125	112,474,303	—	112,474,303
(2) Sales and transfers—inter-segments	21,216,084	8,377,782	328,802	2,774,145	32,696,814	(32,696,814)	—
Total	54,167,883	76,657,558	5,377,404	8,968,270	145,171,117	(32,696,814)	112,474,303
Operating expenses	52,574,769	73,606,962	5,945,963	8,702,180	140,829,874	(31,474,473)	109,355,401
Operating income or operating loss	1,593,114	3,050,596	(568,558)	266,090	4,341,242	(1,222,341)	3,118,901
II Assets	14,302,400	31,724,198	3,005,518	2,148,794	51,180,911	(4,926,739)	46,254,172

Notes:

1. Operating expenses included under the heading “Eliminations and corporate” consist primarily of expenses related to the management divisions, mainly the general affairs and accounting divisions, at the parent company. Operating expenses included under “Eliminations and corporate” were as follows:
 - Previous consolidated fiscal year: 1,104,774 thousand yen
 - Current consolidated fiscal year: 1,229,162 thousand yen
2. Corporate assets included under the heading “Eliminations and corporate” consist primarily of the surplus funds, mainly cash and investment securities, and assets of the administration division of the parent company. Corporate assets included under “Eliminations and corporate” were as follows:
 - Previous consolidated fiscal year: 3,910,511 thousand yen
 - Current consolidated fiscal year: 4,208,996 thousand yen
3. 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
4. In previous periods, revenues and expenses of foreign consolidated subsidiaries were converted into Japanese yen at the exchange rate on the balance sheet date of the respective subsidiaries. From the last fiscal year, revenues and expenses of foreign consolidated subsidiaries have been converted into Japanese yen at the average exchange rate during the year. Net sales in the SE Asia, Europe and Other segments increased 1,894,493 thousand yen, 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 for the last consolidated fiscal year if the previous accounting method had been used.

Overseas Sales

Previous year (1st Jan 2004 -31st Dec 2004)

	SE Asia	Europe	N. America	Other	Total
I Overseas sales (thousand yen)	64,621,934	6,476,274	9,709,006	3,110,334	83,917,549
II Consolidated sales (thousand yen)					106,884,873
III 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:

Geographic proximity

Major areas and countries in geographical segments:

SE Asia: China, Singapore, Philippines, and Thailand

Europe: Germany, France, and Italy

North America: USA

Other: Central and South America, Oceania

- In previous periods, revenues and expenses of foreign consolidated subsidiaries were converted into Japanese yen at the exchange rate on the balance sheet date of the respective subsidiaries. From the last fiscal year, revenues and expenses of foreign consolidated subsidiaries have been converted into Japanese yen at the average exchange rate during the year. Net sales in the SE Asia, Europe, 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 for the last consolidated fiscal year if the previous accounting method had been used.

Current year (1st Jan 2005 - 31st Dec 2005)

	SE Asia	Europe	N. America	Other	Total
I Overseas sales (thousand yen)	70,687,353	5,285,492	9,062,837	3,748,276	88,783,960
II Consolidated sales (thousand yen)					112,474,303
III Share of overseas sales in consolidated sales (%)	62.8	4.7	8.1	3.3	78.9

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: USA

Other: Central and South America, Oceania

Transactions with Related Businesses

Previous consolidated fiscal year (1st Jan 2004 - 31st Dec 2004)

No transactions to report

Current consolidated fiscal year (1st Jan 2005 - 31st Dec 2005)

No transactions to report