



February 15, 2008

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2007 (January 1, 2007 to December 31, 2007)

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:	<a href="http://www.siix.co.jp">http://www.siix.co.jp</a>
President & COO:	Kansho Murase
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Annual Meeting of Shareholders:	March 28, 2008
Scheduled date of payment of cash dividends:	March 31, 2008
Scheduled date of filing financial statement:	March 28, 2008

*(Amounts rounded down to million yen)*

### 1. Consolidated Financial Results (January 1, 2007 – December 31, 2007)

#### (1) Consolidated Results of Operations

(The percentages in the table below represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
Year ended Dec. 2007	161,458	24.8	5,423	75.1	5,618	79.7
Year ended Dec. 2006	129,333	15.0	3,097	(0.7)	3,126	4.9

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended Dec. 2007	2,447	217.3	194.29	—
Year ended Dec. 2006	771	(70.9)	61.24	—

	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	%	%	%
Year ended Dec. 2007	15.5	10.3	3.4
Year ended Dec. 2006	5.5	6.4	2.4

(Reference) Equity in net earnings (losses) of affiliates

Year ended December 2007:	107 million yen
Year ended December 2006:	(44) million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Dec. 2007	58,376	16,930	29.0	1,343.66
Year ended Dec. 2006	51,207	14,813	28.6	1,160.85

(Reference) Stockholders' equity:

Year ended December 2007:	16,930 million yen
Year ended December 2006:	14,626 million yen

### (3) Consolidated Cash Flows Position

	Net cash provided by (used in)			Cash and cash equivalents at fiscal year end Million yen
	Operating activities Million yen	Investing activities Million yen	Financing activities Million yen	
Year ended Dec. 2007	5,843	(2,473)	365	8,324
Year ended Dec. 2006	2,739	(2,800)	(959)	4,613

### 2. Dividends

(Base date)	Annual dividends per share			Amount of dividend (for the year) Million Yen	Dividend ratio to net income (consolidated) %	Dividend ratio to net assets (consolidated) %
	Interim Yen	Term-end Yen	Annual dividends Yen			
Year ended Dec. 2006	7.50	7.50	15.00	188	24.5	1.3
Year ended Dec. 2007	10.00	12.00	22.00	277	11.3	1.8
Year ended Dec. 2008 (forecasts)	6.00	6.00	12.00	—	11.9	—

### 3. Consolidated Business Performance Forecasts for the Year Ending December 2008 (January 1, 2008 – December 31, 2008)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
Interim	79,685	(2.6)	2,543	(0.4)	2,443	(14.4)
Full	169,741	5.1	5,452	0.5	5,252	(6.5)

	Net income		Net income per share (basic)
	Million yen	YoY change (%)	Yen
Interim	1,087	(12.4)	43.14
Full	2,547	4.0	101.07

Note: The percentages in the table above represent changes from:

Full year: the previous consolidated fiscal year

Interim: the same interim period in the previous consolidated fiscal year

### 4. Others

- (1) Transfer of important subsidiaries during the period (transfer of specific subsidiaries in association with changes in the scope of consolidation): No
- (2) Changes in principles/procedures, display methods, etc. of accounts processing related to the creation of consolidated financial statements (information included in changes in important, basic items for the creation of consolidated financial statements)
  - (i) Changes associated with the revision of accounting standards: Yes
  - (ii) Changes other than those described in (i): No
- (3) Number of outstanding shares (common shares)
  - (i) Number of outstanding shares at the end of the fiscal year (including treasury stock):
    - Year ended Dec. 2007: 12,600,000shares
    - Year ended Dec. 2006: 12,600,000shares
  - (ii) Number of treasury stock at the end of the fiscal year:
    - Year ended Dec. 2007: 95 shares
    - Year ended Dec. 2006: 30 shares

(Reference)

## 1. Non-consolidated Financial Results (January 1, 2007 – December 31, 2007)

### (1) Non-consolidated Results of Operations

(The percentages in the table below represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
Year ended Dec. 2007	63,476	12.5	673	92.9	1,814	36.5
Year ended Dec. 2006	56,419	4.2	349	2.2	1,328	112.3

	Net income (loss)		Net income (loss) per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended Dec. 2007	569	—	45.17	—
Year ended Dec. 2006	(928)	—	(73.72)	—

### (2) Non-consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Dec. 2007	18,953	5,721	30.2	454.09
Year ended Dec. 2006	19,070	5,644	29.6	448.01

(Reference) Stockholders' equity: Year ended December 2007: 5,721 million yen  
Year ended December 2006: 5,644 million yen

## 2. Non-consolidated Business Performance Forecasts for the Year Ending December 2008 (January 1, 2008 – December 31, 2008)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
Interim	31,617	2.1	104	(70.8)	1,591	(0.6)
Full year	66,769	5.2	369	(45.2)	1,832	1.0

	Net income		Net income per share
	Million yen	YoY change (%)	Yen
Interim	1,318	5.8	52.30
Full year	1,444	153.7	57.30

Note: The percentages in the table above represent changes from:

Full year: the previous consolidated fiscal year

Interim: the same interim period in the previous consolidated fiscal year

### For appropriate use of the forecasts

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 p.6, Outlook for the Next Term, for further information concerning these projections.

## **1. Operating results**

### **(1) Analysis of operating results**

#### **(i) Overview of the Term Under Review**

Looking back over the business environment during this consolidated fiscal year under review, it can be seen that the economy progressed steadily in Japan, centered on exports to China and Europe, despite some negative factors with a rise in prices of raw materials such as crude oil and the trend of strong yen. As for household sector, though the income environment slightly worsened due to a slowdown of the growth in employees' income, a rise in consumer prices was limited to those affected by raw material prices, which resulted in the limited effects on personal consumption to downturn.

As for the US economy, it weakened somewhat mainly in household sector reflecting in the slowdown of personal consumption, due to the aggravated adjustment of housing investment, a rise in the prices of crude oil and subprime loan problem, resulting in tight market. Further, as for employment demand, it decreased in the areas relating to finance and property industries. As for corporate sector, while both manufacturing and non-manufacturing industries performed on underlying downward trend, exports were boosted by foreign demands in newly emerging and other countries.

As for the European economy, while consumer spending was heading into a slowdown due to a rise in prices of groceries and energy, improvement of the employment environment continued. As a result, in corporate sector, exports to the Euro zone and Russia sustained the strength.

As for Asian economy, exports to newly emerging countries by NIEs and ASEAN performed well. Further, against a backdrop of the expansion of personal consumption and facility investment, domestic demand was steadily boosted.

In the electronics industry, the core operations of the SIIX Group, shipments of household electrical equipment such as flat-screen TVs performed strongly and also shipments of automobile related equipment increased steadily with increasing demands of car navigation systems and automobile DVDs in Japan. In addition, digital cameras sustained the growth, centering on single-lens reflex cameras, which resulted in a good performance of shipments of finished products, electric devices, parts and others in the areas above. On the other hand, in overseas market, exports of digital cameras, particularly for Europe, increased and also exports of household electrical equipment such as flat-screen TVs and automobile-related equipment such as automobile audios performed strongly. It is forecast that shipments of household electrical equipment centering on flat-screen TVs will perform well for the upcoming Beijing Olympic Games. Further, against a backdrop of foreign demands centering on newly emerging countries, it is expected that the trend of production in suitable locations will continue which enable to lower costs in production.

In such circumstances, sales for the current consolidated fiscal year under review were 161,458 million yen, an increase of 32,124 million yen (24.8 % increase) in comparison to the previous consolidated fiscal year. In terms of profits, operating income was 5,423 million yen, an increase of 2,326 million yen (75.1% increase) in comparison to the previous consolidated fiscal year, due to factors such as the upturn of the gross profit margin and the absorption of fixed costs by increased sales in the Manufacturing Section. Further, ordinary income finished at 5,618 million yen, an increase of 2,491 million yen (79.7 % increase) in comparison to the previous consolidated fiscal year. Furthermore, net income was 2,447 million yen, an increase of 1,676 million yen (217.3% increase) in comparison to the previous consolidated fiscal year.

Segment results by business category were as follows:

(Electronics Section)

The Electronics Section is the core of the SIIX Group and covers a wide range of areas including finished goods, assemblies, circuit boards, individual parts and kits relating to communications equipment, automobile related equipment, information equipment, household electrical equipment, industrial equipment and general electronic parts and devices.

In this Section, though shipments of flexible circuit boards for mobile phones decreased, shipments of components for digital consumer electronics and also for car audios increased. As a result, sales in the Electronics Section for the current consolidated fiscal year under review finished at 149,745 million yen, an increase of 30,842 million yen (25.9% increase) in comparison to the previous consolidated fiscal year. Operating income finished at 6,450 million yen, an increase of 2,439 million yen (60.8% increase) in comparison to the previous consolidated fiscal year, due to such factors as the suppression of increase in selling administrative expenses.

(Machinery Section)

The Machinery Section handles products including components for motorbikes, wire harness components for automobiles and industrial machinery. Sales in the Machinery Section for the current consolidated fiscal year under review finished at 10,871 million yen, an increase of 1,050 million yen (10.7 % increase) in comparison to the previous consolidated fiscal year. On the other hand, however, operating income finished at 28 million yen, a decrease of 4 million yen (12.5 % decrease) in comparison to the previous consolidated fiscal year.

(Other Sections)

Other sections handle products including printing inks, chemical products, general merchandise and others. Sales in other sections for the current consolidated fiscal year under review finished at 1,710 million yen, a decrease of 309 million yen (15.3% decrease) in comparison to the previous consolidated fiscal year, mainly due to sales of all investments in one of the consolidated subsidiaries, which was dealing with printing inks. Operating income finished at 104 million yen, a decrease of 21 million yen (17.0% decrease) in comparison to the previous consolidated fiscal year.

Segment results by location were as follows:

(Japan)

Because shipments of components for household electrical equipment and components for automobile audio equipment increased, sales for the current consolidated fiscal year under review were 63,476 million yen, an increase of 7,057 million yen (12.5% increase) in comparison to the previous consolidated fiscal year. Operating income finished at 1,877 million yen, an increase of 417 million yen (28.6% increase) in comparison to the previous consolidated fiscal year.

(Asia)

While shipments of flexible circuit boards for mobile phones decreased, shipments of components for digital cameras and information equipment increased, which resulted in sales for the current consolidated fiscal year under review of 118,204 million yen, an increase of 24,086 million yen (25.6% increase) in comparison to the previous consolidated fiscal year. Operating income finished at 4,397 million yen, an increase of 1,403 million yen (46.9% increase) in comparison to the previous consolidated fiscal year.

(Europe)

Because shipments of circuit boards for flat-screen TVs increased, sales for the consolidated fiscal year

under review were 7,183 million yen, an increase of 3,627 million yen (102.1% increase) in comparison to the previous consolidated fiscal year. However, because these increased sales could not fully absorb the burden of the manufacturing cost in manufacturing subsidiaries, the Company finished with an operating loss of 398 million yen, a decrease of 308 million yen in comparison to the previous consolidated fiscal year (the operating loss in the previous consolidated fiscal year was 706 million yen).

(USA)

Because shipments of components for commercial AV equipment and components for automobile related equipment increased, sales for the current consolidated fiscal year under review were 14,780 million yen, an increase of 2,483 million yen (20.2% increase) in comparison to the previous consolidated fiscal year. Operating income finished at 723 million yen, an increase of 179 million yen (33.1% increase) in comparison to the previous consolidated fiscal year.

(ii) Outlook for the Next Term (Term Ending December 2008)

In regard to the world economy in fiscal year 2008, there are concerns over a slowdown in the global economy with such factors as skyrocketing prices of crude oil and materials and financial instability and turmoil in the stock market resulted from subprime-loan problem. In Japan too, there have been an increased perspectives on the future of the economy with a feeling of uncertainty on it, mainly due to a slowdown of personal consumption and slumping housing investment. In the electronics industry, however, continuing market growth is expected in such areas as digital household electrical equipment, automobile-related equipment and information equipment, and it is also projected that the shift offshore of production bases will proceed in response to this growth. At the same time, the business environment is anticipated to become increasingly severe due to such factors as lowering buying intention with a feeling of uncertainty over the economy and intensified price competition.

In such an environment, the Company continuously intends to work on areas of business such as sales of parts and components, and circuit board, centering on the areas of digital household appliances, automobile-related equipment and information equipment. As for the outlook for results for this fiscal year is for sales of 169,741 million yen (5.1% of increase over the previous year), with operating income of 5,452 million yen (0.5% increase over the previous year), ordinary income of 5,252 million yen (6.5% of decrease from the previous year), and net income of 2,547 million yen (4.0% of increase over the previous year). The exchange rate assumed in the business performance forecast for this fiscal year is 105 yen per U.S. dollar.

**(2) Analysis of the financial situation**

Although there was an increase in expenditure due to the acquisition of tangible fixed assets, etc, cash and cash equivalents (“funds” below) during the consolidated fiscal year under review increased 3,711 million yen due to such factors as an increase in net income before taxes and other adjustments, and an increase in depreciation costs. Funds at the end of the current consolidated fiscal year under review stood at 8,324 million yen (80.4% increase). The situation of each type of cash flow and the main contributing factors are as follows.

(Cash flow from operating activities)

The result of operating activities was increased funds of 5,843 million yen (The figure for the previous consolidated fiscal year was a 2,739 million-yen increase). This was mainly due to such positive factors as net income for the current consolidated fiscal year before taxes and other adjustments finishing at 5,742 million yen and an increase in depreciation costs of 2,209 million yen against the negative factor of the increase of 2,509 million yen for accounts receivable.

(Cash flow from investment activities)

The results of investment activities was decreased funds of 2,473 million yen (the figure for the previous consolidated fiscal year was a 2,800 million-yen decrease). This was mainly due to expenditures of 2,305 million yen for the acquisition of tangible fixed assets and 252 million yen for the acquisition of intangible fixed assets, in contrast to receipts of 309 million yen from the sales of investments in affiliated companies.

(Cash flow from financial activities)

The results of financial activities was increased funds of 365 million yen (the figure for the previous consolidated fiscal year was a 959 million-yen decrease). This was mainly due to income of 1,000 million yen from long-term borrowings and a net increase in short-term borrowings of 2,882 million yen against expenditures of 3,397 million yen for repayments of long-term borrowings.

(Reference) Trends in cash flow related indicators

	Year ended Dec. 2003	Year ended Dec. 2004	Year ended Dec. 2005	Year ended Dec. 2006	Year ended Dec. 2007
Capital-to-asset ratio (%)	22.3	23.5	29.0	28.6	29.0
Capital-to-asset ratio based on market prices (%)	26.1	31.1	53.3	33.2	50.3
Debt to annual cash flow ratio (years)	10.0	(8.2)	2.4	4.6	2.2
Interest coverage ratio (X)	6.9	(8.1)	17.5	6.2	11.3

Note: Cash flow indices are calculated as follows.

- Capital-to-asset ratio: Shareholder's equity / Total assets
- Capital-to-asset 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 intended to include all liabilities on which interest is paid from among the liabilities posted in the consolidated balance sheets. 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 cash flows.

**(3) Basic policy concerning the distribution of income and dividends during the term under review**

SIIX Corporation has a basic policy of distributing income to shareholders on a continuous and stable basis and combines this with a policy of determining the value of dividends in consideration of matters such as the reinforcement of retained earnings in order to develop business operations in the future and to strengthen the company's management foundations. As for the dividend for this consolidated financial year, the Company has already distributed a common dividend of 10 yen per share as an interim dividend and plans to add a further 12 yen per share as the term-end dividend. Finally the Company is planning to make an annual dividend of 22 yen per share (a 7-yen per share increase over the previous consolidated fiscal year). The Company carried out a 2 for 1 share split with December 31<sup>st</sup>, 2007 as a base date, which became effective on January 1<sup>st</sup>, 2008. Therefore the term-end dividends will be paid for shares before split. As for the next dividends, the Company plans a common dividend of 6 yen per share as an interim dividend, 6 yen per share as a term-end dividend. Finally the Company is planning to make an annual dividend of 12 yen per share (a 1-yen per share increase over the current consolidated fiscal year).

#### **(4) Operating Risks**

In regard to the risks of the SIIX Group's operations, etc., the matters that may exert an important effect on the judgment of investors are mainly those shown below. The operations of the SIIX Group are accompanied by various risks other than these, and the matters described below do not include all of the risks entailed in the SIIX Group's operations.

Matters concerning the future that are included on this page were judged by the SIIX Group as of the end of the consolidated fiscal year under review.

##### **(i) Variations in market conditions**

On the one hand, large market growth can be expected in the electronics industry, with which the core business of the SIIX Group is concerned, due to technological innovation and the development of new products. On the other side of the coin, unanticipated price decreases or changes in the demand-supply balance due to the intensification of competition among manufacturers and the early obsolescence of products, etc., can also occur. For example, these trends are comparatively strong in areas such as the digital appliance market. As a consequence of the development of an unexpected gap between supply and demand, effects such as production adjustment, order cancellations, overcapacity, inventory increases, obsolescence, or profit decreases may be felt on results.

##### **(ii) Fluctuations of exchange rates**

Because the SIIX Group carries out transactions in various currencies and under various conditions, the Company pays attention to the avoidance of exchange risk. Basically, the group hedges exchange rate risk by arrangements related to (a) purchases and sales based on the same currency, (b) forward exchange contracts, and (c) the sharing of exchange rate risks with customers. However, sudden exchange rate fluctuations may have an impact on sales and profits.

##### **(iii) Business activities overseas**

The SIIX Group exhibits its strengths in overseas transactions taking advantage of its global network. At present, the group has 10 subsidiaries in the Asia region (among these 3 in China including Hong Kong\*), 3 in Europe, 1 in North America and 2 in Central and South America. In combination with a further 7 affiliated companies (among these 2 companies affiliated under the application of the equity method), etc., the group is active globally. Because of this, country risks such as the worsening of political or economic factors in the country or region the subsidiary or affiliated company is located in, changes in laws, regulations, and tax systems, changes in currency policies, and social unrest may all impact upon the management results as well as the financial condition of the SIIX Group.

##### **(iv) Fund procurement and interest rate fluctuations**

The SIIX Group procures necessary operating funds through borrowings and the like from financial institutions. The group lessens the risk of interest rate fluctuations by using both floating or fixed interest rate procurement as the situations demands and taking advantage of derivative transactions (such as interest swap agreements) in an appropriate manner. However, unexpected fluctuations in market interest rates may exert an impact on the profit and loss of the SIIX Group.

## 2. Corporate Group

The SIIX Group of companies is made up of SIIX Corp. (the Company), thirteen consolidated subsidiaries, three non-consolidated subsidiaries, seven affiliates, of which two equity-method affiliates, and thirteen 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.

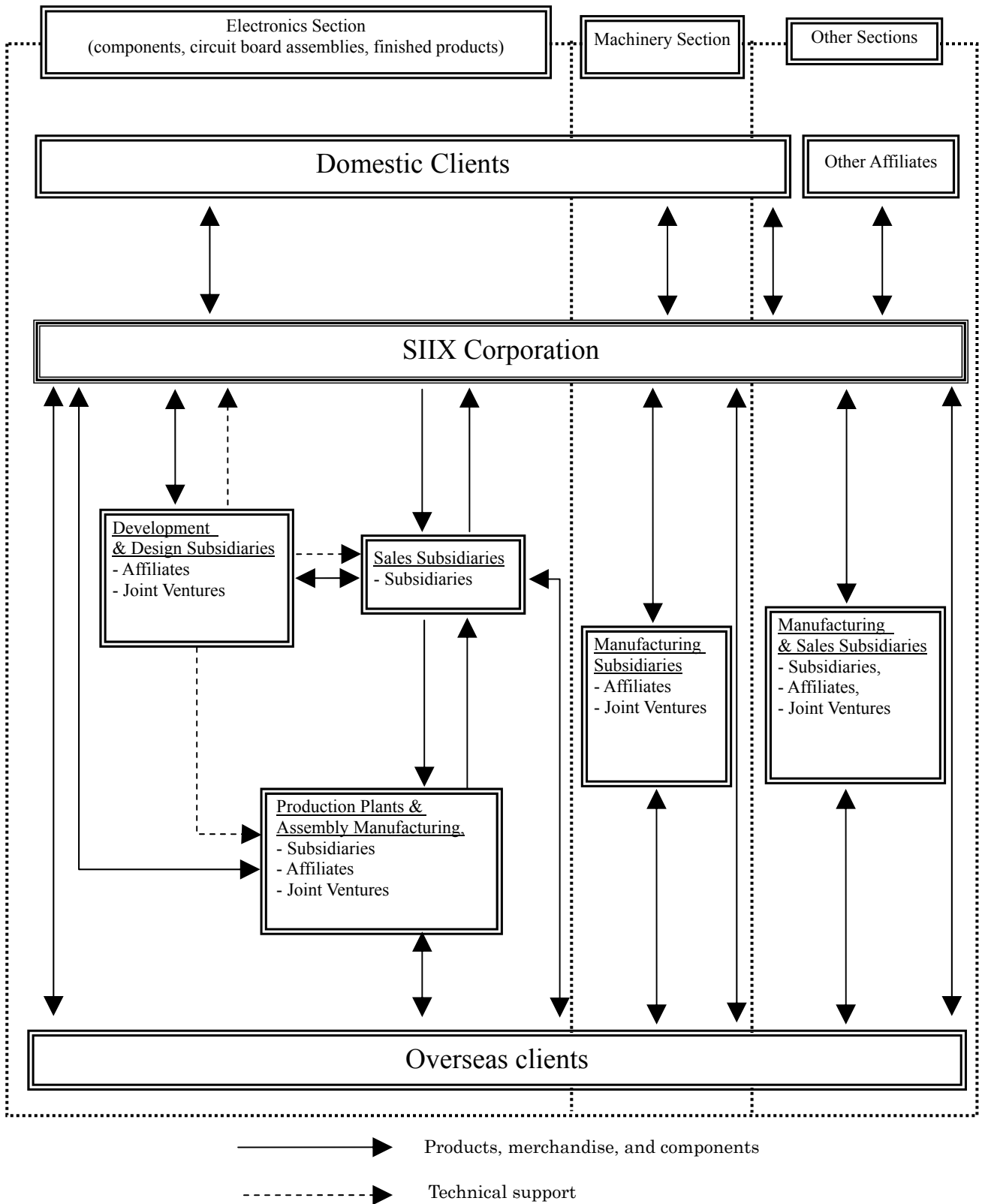
Company	Country	Capital/ Investment	Owner Ship (%)	Activities	Segment	Category
<b>(Consolidated subsidiaries)</b>						
SIIX (Shanghai) Co., Ltd.	Shanghai, China	Thousand RMB 1,655	100.00	Sales and procurement of products	Electronics	Trading
SIIX EMS (DONG GUAN) Co.,Ltd.	Guangdong, China	Thousand RMB 112,029	100.00 (100.00)	Manufacturing, sales, and procurement of raw materials and products	Electronics	Manufacturing
SIIX H. K. Ltd.	Hong Kong, China	Thousand HK\$ 4,000	100.00	Sales and procurement of products	Electronics	Trading
SIIX TWN Co., Ltd.	Taipei, 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.	Bangkok, Thailand	Thousand Baht 30,000	100.00	Sales and procurement of products	Electronics	Trading
SIIX EMS(THAILAND)CO., LTD.	Samutprakarn, Thailand	Thousand Baht 309,100	100.00	Manufacturing, sales, and procurement of raw materials and products	Electronics	Manufacturing
SIIX Phils., Inc.	Makati, Metro Manila, Philippines	Thousand PHP 14,700	100.00	Sales and procurement of products	Electronics	Trading
SIIX Logistics Phils., Inc.	Laguna, Philippines	Thousand US\$ 2,078	100.00	Sales and procurement of products	Electronics	Trading
PT SIIX Electronics Indonesia	Batam, Indonesia	Thousand US\$ 1,980	100.00 (100.00)	Manufacturing, sales, and procurement of raw materials and products	Electronics	Manufacturing
SIIX Europe GmbH	Willich, Germany	Thousand Euro 1,022	100.00	Sales and procurement of products	Electronics	Trading
SIIX EMS Slovakia s.r.o.	Nitra, Slovakia	Thousand Euro 3,634	100.00	Manufacturing, sales, and procurement of raw materials and products	Electronics	Manufacturing
SIIX U.S.A. Corp.	Illinois, U. S. A.	Thousand US\$ 4,000	100.00	Sales and procurement of products	Electronics	Trading
<b>(Equity-method affiliates)</b>						
TAKAYA SIIX Electronics (Shanghai) Co., Ltd.	Shanghai, China	Thousand RMB 70,631	40.00	Manufacturing, sales, and procurement of raw materials and products	Electronics	Manufacturing
KAWASAKI MOTORS (PHILS.) CORPORATION	Muntinlupa, Metro Manila, Philippines	Thousand PHP 101,430	20.06	Manufacturing, sales, and procurement of raw materials and products	Machinery	Manufacturing

Note:

- Names of business segments are listed in the “Activities” column.
- The figure in parentheses in the “Ownership” column indicates the shares indirectly owned.
- All investment in one of consolidated subsidiaries, Nansha Sakata Ink Corp., in the previous consolidated fiscal year was disposed of during the current consolidated fiscal year.
- All investment in one of equity-method affiliates, Innertech SIIX Electronics (Suzhou) Co.,Ltd., in the previous consolidated fiscal year was disposed of during the current consolidated fiscal year.

(Non-consolidated company)	Country	Segment
SIIX EMS POLAND Sp. z o. o.	Poland	Electronics
SIIX MEXICO, S.A DE C.V.	Mexico	Electronics
SIIX do Brasil Ltda.	Brazil	Electronics
 (Major affiliated companies)		
TS-PRO Co., Ltd.	Japan	Electronics
Bando SIIX Ltd.	China (Hong Kong)	Others
PFU Technology Singapore Pte. Ltd.	Singapore	Electronics
Delsa Chemicals and Multi-Products, Inc.	Philippines	Others
 (Major jointly owned companies)		
TOYO iTEC Co., Ltd.	Japan	Electronics
Panyu Kyokuto Sakata Electronics Ltd.	China	Electronics
Kyokuto China Limited	China (Hong Kong)	Electronics
Stars Microelectronics (Thailand) Public Company Limited	Thailand	Electronics
Integrated Microelectronics, Inc.	Philippines	Electronics
SHINTO-WELBEST MANUFACTURING, INC.	Philippines	Others

**Flowchart of Business Activities**



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

### **3 Management Policy**

#### **(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 the rapid growth of emerging markets in such countries as BRICs (Brazil, Russia, India and China). 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) Targeted Management Indicators**

The medium-term goal is to raise net sales to 187,000 million yen and ordinary income to 5,900 million yen on a consolidated basis in 2010. In addition, from the perspective of increasing shareholder value, the company has targeted a consolidated ROE in excess of 15%.

#### **(3) Mid- and Long-Term Corporate Management Strategy**

In the electronics industry, which is the core area of business in the SIIX Group, the construction of a global production and logistics network has moved into high gear in association with the increased overseas expansion. Specifically, in the background to this trend is a transition from the conventional type of overseas expansion, whereby a company transfers its production bases in the search for cheap production costs for factors such as labor to the gradually increasing necessity for full-scale localized production and sales targeting the rapidly expanding consumer markets centered on the Newly Industrializing Countries. In addition, the development of international production and logistics networks is not only between domestic and overseas markets but between one overseas market and another, is accelerating globally. In association with this trend, the needs of manufacturers are not limited to production technology and quality, but have transferred to the realization of similar efficiency to domestic production in overseas plants, including material and product logistics.

#### **(4) Issues for the Company to Resolve**

As described in the previous section, the SIIX Group is approaching the full-scale progress of the construction of a corporate global production and logistics network as a commercial opportunity and is working on the following issues in order to expand its business.

- 1) The enhancement of a network of global bases and the further expression of synergistic effects between those bases
- 2) The preparation of an international logistics system able to handle the practice of just-in-time delivery across the world
- 3) The enhancement of global material procurement capabilities and planning capabilities in response to needs for lower material costs
- 4) The upgrading of manufacturing capabilities and technological capabilities in response to the increased sophistication of overseas production items such as digital equipment and automobile equipment
- 5) The development of new business focused in the transformation of the electronics field, including the digitalization and conversion to networked use of electronic equipment, and the computerization of automobile equipment

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Thousand yen)

Item	Note	As of Dec. 31, 2006		As of Dec. 31, 2007		Change		
		Amount	(%)	Amount	(%)	Amount	(%)	
Assets								
I Current assets								
1. Cash and deposits		4,636,549		8,346,884		3,710,334	80.0	
2. Trade notes and accounts receivable		19,005,945		21,559,796		2,553,851	13.4	
3. Inventories		12,747,215		13,252,625		505,410	4.0	
4. Deferred tax assets		241,447		172,800		(68,647)	(28.4)	
5. Others		1,861,097		1,217,361		(643,735)	(34.6)	
Provision for doubtful receivables		(719,881)		(131,489)		588,392	—	
Total current assets		37,772,373	73.8	44,417,978	76.1	6,645,605	17.6	
II Fixed assets								
1. Tangible fixed assets								
(1) Buildings and structures		5,220,810		5,973,854				
Accumulated depreciation		1,562,025	3,658,785	1,908,364	4,065,490	406,705	11.1	
(2) Machinery, equipment, and vehicles		10,423,432		12,297,362				
Accumulated depreciation		5,545,485	4,877,947	7,606,741	4,690,620	(187,326)	(3.8)	
(3) Tools, furniture and fixtures		1,288,304		1,430,220				
Accumulated depreciation		1,026,034	262,270	1,127,563	302,657	40,386	15.4	
(4) Land			1,373,692		1,426,508	52,816	3.8	
(5) Construction in progress			117,658		115,953	(1,705)	(1.4)	
Total tangible fixed assets		10,290,353	20.1	10,601,230	18.2	310,877	3.0	
2. Intangible assets								
(1) Software			90,876		120,620	29,744	32.7	
(2) Others			141,828		383,783	241,954	170.6	
Total intangible fixed assets			232,705	0.4	504,403	0.8	271,698	116.8
3. Investments and other assets								
(1) Investment securities	*1		1,986,556		1,715,885	(270,670)	(13.6)	
(2) Investment in capital	*1		442,499		678,444	235,945	53.3	
(3) Long-term loans receivable			66,202		64,126	(2,075)	(3.1)	
(4) Deferred tax assets			17,206		80,436	63,229	367.5	
(5) Others			793,233		783,463	(9,770)	(1.2)	
Provision for doubtful receivables			(393,878)		(469,586)	(75,707)	—	
Total investments and other assets			2,911,819	5.7	2,852,770	4.9	(59,049)	(2.0)
Total fixed assets			13,434,878	26.2	13,958,404	23.9	523,526	3.9
Total assets			51,207,251	100.0	58,376,383	100.0	7,169,131	14.0

Item	Note	As of Dec. 31, 2006		As of Dec. 31, 2007		Change	
		Amount	(%)	Amount	(%)	Amount	(%)
<b>Liabilities</b>							
<b>I Current liabilities</b>							
1. Trade accounts payable		18,681,552		21,937,450		3,255,897	17.4
2. Short-term borrowings		9,287,327		10,166,863		879,536	9.5
3. Accrued expenses		1,005,634		1,020,226		14,592	1.5
4. Income taxes payable		918,201		1,128,845		210,643	22.9
5. Deferred tax liabilities		256		2,814		2,558	996.2
6. Others		1,785,819		1,798,678		12,858	0.7
Total current liabilities		31,678,791	61.9	36,054,879	61.8	4,376,087	13.8
<b>II Fixed liabilities</b>							
1. Long-term liabilities		3,237,426		2,558,165		(679,261)	(21.0)
2. Reserve for retirements		110,992		91,525		(19,466)	(17.5)
3. Reserve for retirement benefits for directors		149,990		212,490		62,500	41.7
4. Deferred tax liabilities		1,167,962		2,282,885		1,114,922	95.5
5. Others	*2	48,936		246,398		197,461	403.5
Total fixed liabilities		4,715,308	9.2	5,391,463	9.2	676,155	14.3
Total liabilities		36,394,100	71.1	41,446,342	71.0	5,052,242	13.9
<b>Net assets</b>							
<b>I Shareholder's equity</b>							
1. Common stock		2,144,000	4.2	2,144,000	3.7	—	—
2. Capital surplus		1,853,000	3.6	1,853,000	3.2	—	—
3. Retained surplus		9,661,278	18.9	11,888,763	20.3	2,227,484	23.1
4. Treasury stock		(32)	(0.0)	(149)	(0.0)	(117)	—
Total shareholder's equity		13,658,246	26.7	15,885,613	27.2	2,227,367	16.3
<b>II Difference of valuation, translation, and other adjustments</b>							
1. Net unrealized gains (losses) on other securities		167,530	0.3	(113,415)	(0.2)	(280,946)	(167.7)
2. Net gains (losses) on deferral hedge		617	0.0	11,377	0.0	10,759	—
3. Foreign currency translation adjustments		800,292	1.5	1,146,465	2.0	346,173	43.3
Total of difference of appreciation and conversion		968,439	1.8	1,044,426	1.8	75,986	7.8
III Minority interests		186,465	0.4	—	—	(186,465)	—
Total net assets		14,813,151	28.9	16,930,040	29.0	2,116,888	14.3
Total liabilities and net assets		51,207,251	100.0	58,376,383	100.0	7,169,131	14.0

**(2) Consolidated Statements of Income**

(Thousand yen)

Item	Note	1st Jan 2006 - 31st Dec 2006		1st Jan 2007 - 31st Dec 2007		Change			
		Amount	(%)	Amount	(%)	Change	(%)		
I Net sales			129,333,907	100.0		161,458,005	100.0	32,124,098	24.8
II Cost of sales			120,570,343	93.2		150,029,364	92.9	29,459,021	24.4
Gross profit			8,763,563	6.8		11,428,640	7.1	2,665,077	30.4
III Selling, general and administrative expenses	*1		5,666,100	4.4		6,004,923	3.7	338,822	6.0
Operating income			3,097,462	2.4		5,423,717	3.4	2,326,254	75.1
IV Non-operating income									
1. Interest income		105,798			163,319				
2. Dividend income		34,694			34,859				
3. Amortization of goodwill		9,048			9,048				
4. Rent income		60,016			62,207				
5. Investment income due to equity method		—			107,240				
6. Foreign exchange gains		140,547			119,686				
7. Others		265,406	615,511	0.5	270,224	766,586	0.4	151,074	24.5
V Non-operating expenses									
1. Interest expenses		464,700			498,055				
2. Losses due to equity method		44,933			—				
3. Others		76,874	586,508	0.5	73,871	571,927	0.4	(14,581)	(2.5)
Ordinary income			3,126,465	2.4		5,618,376	3.4	2,491,910	79.7

(Thousand yen)

Item	Note	1st Jan 2006 - 31st Dec 2006			1st Jan 2007 - 31st Dec 2007			Change	
		Amount		(%)	Amount		(%)	Change	(%)
VI Extraordinary income									
1. Reversal of allowance for doubtful accounts		7,718			99,394				
2. Gain on sales of investment securities		338			32,517				
3. Gain on sales of fixed assets	*2	14,347			22,891				
4. Gain on sales of shares in affiliates	*3	—	22,405	0.0	161,769	316,572	0.2	294,167	—
VII Extraordinary loss									
1. Loss on sale of investment securities		283			—				
2. Loss on valuation of investment securities		—			15,996				
3. Loss on sale of shares in affiliates	*4	—			14,960				
4. Loss on sale of fixed assets		309			1,098				
5. Loss on disposal of fixed assets	*5	33,147			11,035				
6. Expenses for renovation of head office	*6	10,435			—				
7. Provision for allowance for doubtful receivables	*7	413,814			—				
8. Loss on bad debts	*8	—			104,771				
9. Lump sum amortization of goodwill	*9	128,245			—				
10. Impairment loss	*10	104,227			—				
11. Provision for retirement benefit reserve for directors		—	690,463	0.5	44,500	192,360	0.1	(498,102)	(72.1)
Income before income taxes and minority interests			2,458,407	1.9		5,742,588	3.5	3,284,180	133.6
Current income taxes		1,447,413			1,955,987				
Deferred income taxes		202,234	1,649,648	1.3	1,314,013	3,270,000	2.0	1,620,351	98.2
Minority interests			(37,141)	(0.0)		(24,604)	(0.0)	12,537	—
Net income			771,617	0.6		2,447,983	1.5	1,676,365	217.3

**(3) Consolidated Statements of Changes in Net Assets**Previous year (1<sup>st</sup> Jan 2006 – 31<sup>st</sup> Dec 2006)

(Thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained surplus	Treasury stock	Total shareholders' equity
Balances at December 31, 2005	2,144,000	1,853,000	9,095,660	(32)	13,092,628
Changes in the period					
Dividends from surplus			(188,999)		(188,999)
Net income			771,617		771,617
Bonuses to directors			(17,000)		(17,000)
Net changes of items other than shareholders' equity					
Total changes in the period	—	—	565,618	—	565,618
Balances at December 31, 2006	2,144,000	1,853,000	9,661,278	(32)	13,658,246

(Thousand yen)

	Difference of valuation, translation and other adjustments				Minority interests	Total net assets
	Net unrealized holding gains (losses) on securities	Net gains (losses) on deferral hedge	Foreign currency translation adjustments	Total of difference from appreciation and conversion		
Balances at December 31, 2005	312,393	—	19,578	331,972	151,057	13,575,658
Changes in the period						
Dividends from surplus				—		(188,999)
Net income				—		771,617
Bonuses to directors				—		(17,000)
Net changes of items other than shareholders' equity	(144,863)	617	780,713	636,467	35,407	671,875
Total changes in the period	(144,863)	617	780,713	636,467	35,407	1,237,493
Balances at December 31, 2006	167,530	617	800,292	968,439	186,465	14,813,151

Current year (1<sup>st</sup> Jan 2007 – 31<sup>st</sup> Dec 2007)

(Thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained surplus	Treasury stock	Total shareholders' equity
Balances at December 31, 2006	2,144,000	1,853,000	9,661,278	(32)	13,658,246
Changes in the period					
Dividends from surplus			(220,499)		(220,499)
Net income			2,447,983		2,447,983
Acquisition of treasury stock				(117)	(117)
Net changes of items other than shareholders' equity					
Total changes in the period	—	—	2,227,484	(117)	2,227,367
Balances at December 31, 2007	2,144,000	1,853,000	11,888,763	(149)	15,885,613

(Thousand yen)

	Difference of valuation, translation and other adjustments				Minority interests	Total net assets
	Net unrealized holding gains (losses) on securities	Net gains (losses) on deferral hedge	Foreign currency translation adjustments	Total of difference from appreciation and conversion		
Balances at December 31, 2006	167,530	617	800,292	968,439	186,465	14,813,151
Changes in the period						
Dividends from surplus				—	(9,499)	(229,998)
Net income				—		2,447,983
Acquisition of treasury stock				—		(117)
Net changes of items other than shareholders' equity	(280,946)	10,759	346,173	75,986	(176,965)	(100,978)
Total changes in the period	(280,946)	10,759	346,173	75,986	(186,465)	2,116,888
Balances at December 31, 2007	(113,415)	11,377	1,146,465	1,044,426	—	16,930,040

**(4) Consolidated Statements of Cash Flows**

(Thousand yen)

		1st Jan 2006 - 31st Dec 2006	1st Jan 2007 - 31st Dec 2007	Change
Item	Note	Amount	Amount	Amount
<b>I Operating activities</b>				
1. Income before income taxes and minority interests		2,458,407	5,742,588	3,284,180
2. Depreciation		1,850,085	2,209,087	359,001
3. Impairment loss		104,227	—	(104,227)
4. Amortization of goodwill		23,013	—	(23,013)
5. Amortization of negative goodwill		—	(9,048)	(9,048)
6. Interest and dividend income		(140,492)	(198,178)	(57,685)
7. Interest expenses		464,700	498,055	33,354
8. Foreign exchange gains and losses		3,938	(473)	(4,412)
9. Gains and losses due to equity method		44,933	(107,240)	(152,174)
10. Gain on sales of shares in affiliates		—	(161,769)	(161,769)
11. Lump sum amortization of goodwill		128,245	—	(128,245)
12. (Increase) decrease in trade notes and accounts receivable		(1,475,425)	(2,509,317)	(1,033,892)
13. (Increase) decrease in inventories		(2,312,775)	(258,441)	2,054,334
14. (Increase) decrease in provision for doubtful receivables		434,274	(605,738)	(1,040,012)
13. (Increase) decrease in consumption taxes receivable		192,871	(135,963)	(328,835)
14. Increase (decrease) in trade notes and accounts payable		1,352,862	2,732,401	1,379,538
17. Increase (decrease) in advances received		834,830	(186,790)	(1,021,620)
18. Others		763,580	934,548	170,967
Subtotal		4,727,278	7,943,717	3,216,439
19. Interest and dividends received		140,492	198,178	57,685
20. Interest paid		(445,163)	(517,459)	(72,296)
21. Income taxes paid		(1,682,630)	(1,780,514)	(97,883)
Net cash provided by (used in) operating activities		2,739,977	5,843,922	3,103,944
<b>II Investing activities</b>				
1. Purchases of tangible fixed assets		(2,651,382)	(2,305,497)	345,885
2. Proceeds from sales of tangible fixed assets		15,533	24,339	8,806
3. Purchases of intangible fixed assets		(80,995)	(252,219)	(171,223)
4. Purchases of investment securities		(70,519)	(200,235)	(129,715)
5. Proceeds from sales of investment securities		4,187	113,526	109,338
6. Payment for loans		(2,200)	(1,398)	801
7. Proceeds from recovered loans		5,669	4,991	(677)
8. Payment for investment in affiliates		(4,806)	(191,152)	(186,346)
9. Proceeds from sales of shares in affiliates		—	309,878	309,878
10. Others		(16,232)	24,012	40,245
Net cash used in investing activities		(2,800,747)	(2,473,753)	326,993
<b>III Financing activities</b>				
1. Decrease (increase) in short-term borrowings		(2,653,822)	2,882,781	5,536,603
2. Proceeds from long-term borrowings		3,146,582	1,000,000	(2,146,582)
3. Repayment of long-term borrowings		(1,285,019)	(3,397,810)	(2,112,790)
4. Dividends paid		(188,644)	(219,984)	(31,340)
5. Payment of dividends to minority shareholders		(9,407)	(9,499)	(91)
6. Proceeds from sale and lease back activities		78,632	433,683	355,051
7. Others		(48,160)	(323,701)	(275,541)
Net cash used in (provided by) financing activities		(959,839)	365,469	1,325,308
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>		115,829	(24,421)	(140,251)
<b>V Net increase (decrease) in cash and cash equivalents</b>		(904,780)	3,711,216	4,615,996
<b>VI Cash and cash equivalents at beginning of period</b>		5,518,343	4,613,563	(904,779)
<b>VII Cash and cash equivalents at end of period</b>		4,613,563	8,324,779	3,711,216

**(Segment Information)****1. Information by operating segment**Previous year (1<sup>st</sup> Jan 2006 - 31<sup>st</sup> Dec 2006)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
<b>I Sales and operating income</b>						
Net sales						
(1) Sales – outside customers	118,903,525	8,409,558	2,020,823	129,333,907	—	129,333,907
(2) Sales and transfer-inter-segment	—	1,411,291	—	1,411,291	(1,411,291)	—
Total	118,903,525	9,820,850	2,020,823	130,745,199	(1,411,291)	129,333,907
Operating expenses	114,892,485	9,788,711	1,894,983	126,576,180	(339,736)	126,236,444
Operating income	4,011,040	32,138	125,839	4,169,018	(1,071,555)	3,097,462
<b>II Assets, depreciation and capital expenditure</b>						
Asset	45,488,893	2,428,868	893,865	48,811,627	2,395,624	51,207,251
Depreciation	1,757,267	238	8,455	1,765,961	84,123	1,850,085
Impairment loss	104,227	—	—	104,227	—	104,227
Capital expenditure	2,413,975	—	20,123	2,434,099	234,513	2,668,612

Current year (1<sup>st</sup> Jan 2007 - 31<sup>st</sup> Dec 2007)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
<b>I Sales and operating income</b>						
Net sales						
(1) Sales – outside customers	149,745,943	10,001,177	1,710,883	161,458,005	—	161,458,005
(2) Sales and transfer-inter-segment	—	870,112	—	870,112	(870,112)	—
Total	149,745,943	10,871,290	1,710,883	162,328,117	(870,112)	161,458,005
Operating expenses	143,295,203	10,843,157	1,606,473	155,744,834	289,453	156,034,287
Operating income	6,450,740	28,133	104,410	6,583,283	(1,159,566)	5,423,717
<b>II Assets, depreciation and capital expenditure</b>						
Assets	53,268,814	2,238,770	372,558	55,880,144	2,496,239	58,376,383
Depreciation	2,126,220	—	4,380	2,130,600	78,486	2,209,087
Capital expenditure	2,178,263	—	806	2,179,070	258,359	2,437,430

Notes:

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

Section	Major productions
Electronics section	Finished products, subassemblies, circuit board assemblies, components, and kits in the fields listed below: Communication equipment (LCD modules and camera modules for mobile phones, etc.), automobile related equipment (car audios, meters, front panels, etc.), information equipment (scanners, printers, peripheral devices, etc.), household electrical equipment (digital cameras, flat screen TVs, air conditioners, healthcare equipment, etc.), industrial equipment (engine ignition systems, commercial AV equipment, etc.) and general electronic products
Machinery section	Motorcycle parts and materials, wire harnesses, electrical components such as spark plugs, general and industrial equipment and related parts and materials
Other 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 year:	1,111,084 thousand yen
Current year:	1,204,370 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 year:	2,723,662 thousand yen
Current year:	2,611,199 thousand yen

## 2. Geographical Segment Information

Previous year (1<sup>st</sup> Jan 2006 - 31<sup>st</sup> Dec 2006)

(Thousand yen)

	Japan	Asia	Europe	Americas	Total	Eliminations and corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) Sales – outside customers	34,222,588	85,723,155	3,166,999	6,221,162	129,333,907	—	129,333,907
(2) Sales and transfers-inter segments	22,196,820	8,394,094	388,138	6,075,473	37,054,526	(37,054,526)	—
Total	56,419,409	94,117,249	3,555,138	12,296,636	166,388,433	(37,054,526)	129,333,907
Operating expenses	54,959,220	91,122,561	4,261,684	11,753,094	162,096,560	(35,860,116)	126,236,444
Operating income or operating loss	1,460,189	2,994,688	(706,545)	543,541	4,291,873	(1,194,410)	3,097,462
II Assets	16,165,562	39,293,572	3,408,468	2,756,924	61,624,527	(10,417,276)	51,207,251

Current year (1<sup>st</sup> Jan 2007 - 31<sup>st</sup> Dec 2007)

(Thousand yen)

	Japan	Asia	Europe	Americas	Total	Eliminations and corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) Sales—outside customers	36,253,694	110,634,383	6,699,521	7,870,405	161,458,005	—	161,458,005
(2) Sales and transfers-inter-segments	27,223,260	7,569,656	483,520	6,909,820	42,186,257	(42,186,257)	—
Total	63,476,955	118,204,040	7,183,042	14,780,225	203,644,262	(42,186,257)	161,458,005
Operating expenses	61,599,063	113,806,268	7,581,571	14,056,744	197,043,647	(41,009,359)	156,034,287
Operating income or operating loss	1,877,891	4,397,771	(398,529)	723,480	6,600,615	(1,176,897)	5,423,717
II Assets	16,073,882	44,597,760	4,742,666	2,658,661	68,072,971	(9,696,587)	58,376,383

Notes:

- 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 year:	1,111,084 thousand yen
Current year:	1,204,370 thousand yen
- 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 year:	2,723,662 thousand yen
Current year:	2,611,199 thousand yen
- Method of geographical segmentation and major countries and regions in individual segments.  
 Method of geographical segmentation: Geographic proximity  
 Major areas and countries in geographical segments: SE Asia: China, Taiwan, Singapore, Thailand, Philippines, and Indonesia  
 Europe: Germany and Slovakia  
 Americas: USA

### 3. Overseas Sales

Previous year (1<sup>st</sup> Jan 2006 - 31<sup>st</sup> Dec 2006)

	Asia	Europe	N. America	Other	Total
I Overseas sales (thousand yen)	84,378,108	6,854,903	8,414,987	3,255,243	102,903,244
II Consolidated sales (thousand yen)					129,333,907
III Share of overseas sales in consolidated sales (%)	65.3	5.3	6.5	2.5	79.6

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:

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

Europe: Germany, France, and Italy

North America: USA

Other: Central and South America, Oceania

- Changes in segments in Overseas Sales table

We previously used segments including "Southeast Asia," "Europe," "North America," and "Other", we changed "Southeast Asia" to "Asia" from this consolidated fiscal year because of increase in the importance of China. With this change, no changes will be made to countries or areas and the details of this segment.

Current year (1<sup>st</sup> Jan 2007 - 31<sup>st</sup> Dec 2007)

	Asia	Europe	N. America	Other	Total
I Overseas sales (thousand yen)	108,673,331	10,551,257	7,333,836	4,179,635	130,738,060
II Consolidated sales (thousand yen)					161,458,005
III Share of overseas sales in consolidated sales (%)	67.3	6.5	4.5	2.6	80.9

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:

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 year (1<sup>st</sup> Jan 2006 - 31<sup>st</sup> Dec 2006)

No transactions to report

Current year (1<sup>st</sup> Jan 2007 - 31<sup>st</sup> Dec 2007)

No transactions to report