

## Consolidated Interim Financial Results

### for the Fiscal Year Ended December 31, 2008 (January 1, 2008 to June 30, 2008)

Company name:	SIIX Corporation
Stock code:	7613
Stock exchange listing (Section):	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section)
URL:	<a href="http://www.siix.co.jp">http://www.siix.co.jp</a>
President & COO:	Kansho Murase
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Scheduled date of filing interim report:	September 25, 2008
Scheduled date of payment of cash dividends:	September 4, 2008

(Amounts less than one million yen are omitted)

#### 1. Consolidated Financial Results (January 1, 2008 - June 30, 2008)

##### (1) Consolidated Results of Operations

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
First half ended Jun. 2008	71,573	(12.6)	2,179	(14.6)	2,589	(9.2)
First half ended Jun. 2007	81,846	39.5	2,551	101.0	2,852	164.9
Year ended Dec. 2007	161,458	—	5,423	—	5,618	—

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
First half ended Jun. 2008	1,286	3.7	51.05	—
First half ended Jun. 2007	1,240	715.4	98.46	—
Year ended Dec. 2007	2,447	—	194.29	—

Reference: Equity in net earnings (losses) of affiliates

First half ended Jun. 2008: 86 million yen

First half ended Jun. 2007: 26 million yen

Year ended Dec. 2007: 107 million yen

Note: A 2-for-1 stock split was conducted on January 1, 2008.

##### (2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half ended Jun. 2008	54,074	16,442	30.4	652.50
First half ended Jun. 2007	58,323	16,727	28.7	1,327.57
Year ended Dec. 2007	58,376	16,930	29.0	1,343.66

Reference: Stockholders' equity

First half ended Jun. 2008: 16,442 million yen

First half ended Jun. 2007: 16,727 million yen

Year ended Dec. 2007: 16,930 million yen

Note: A 2-for-1 stock split was conducted on January 1, 2008.

### (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
First half ended Jun. 2008	787	(1,220)	(1,313)	5,862
First half ended Jun. 2007	1,767	(1,323)	617	5,936
Year ended Dec. 2007	5,843	(2,473)	365	8,324

### 2. Dividends

(base date)	Annual dividends per share		
	Interim	Term-end	Annual dividends
Year ended Dec. 2008 (Actual performances)	6.00	—	12.00
Year ended Dec. 2008 (Forecasts)	—	6.00	
Year ended Dec. 2007	10.00	12.00	22.00

Note: A 2-for-1 stock split was conducted on January 1, 2008.

### 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 (%)
Full year	150,054	(7.1)	4,574	(15.7)	4,885	(13.0)

	Net income		Net income per share
	Million yen	YoY change (%)	Yen
Full year	2,549	4.2	101.15

### 4. Others

(1) Transfer of important subsidiaries during the period (transfer of specific subsidiaries in association with changes in the scope of consolidation): None

(2) Changes in principles/procedures, display methods, etc. of accounts processing related to the creation of consolidated interim financial statements (information included in changes in important, basic items for the creation of interim consolidated financial statements)

(i) Changes associated with the revision of accounting standards: None

(ii) Changes other than those described in (i): None

(3) Number of outstanding shares (common shares)

(i) Number of outstanding shares at the end of the period (including treasury stock):

First half year ended Jun. 2008: 25,200,000 shares

First half year ended Jun. 2007: 12,600,000 shares

Year ended Dec. 2007: 12,600,000 shares

(ii) Number of treasury stock shares at the end of the period:

First half year ended Jun. 2008: 190 shares

First half year ended Jun. 2007: 70 shares

Year ended Dec. 2007: 95 shares

**(Reference)**

**1. Non-consolidated Financial Results (January 1, 2008 - June 30, 2008)**

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

	Net sales		Operating income (loss)		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
First half ended Jun. 2008	29,307	(5.4)	188	(47.4)	1,641	2.5
First half ended Jun. 2007	30,972	20.7	359	—	1,601	157.4
Year ended Dec. 2007	63,476	—	673	—	1,814	—

	Net income (loss)		Net income (loss) per share
	Million yen	YoY change (%)	Yen
First half ended Jun. 2008	1,176	(5.5)	46.69
First half ended Jun. 2007	1,245	188.6	98.84
Year ended Dec. 2007	569	—	45.17

Note: A 2-for-1 stock split was conducted on January 1, 2008.

**(2) Non-consolidated Financial Position**

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half ended Jun. 2008	19,048	6,812	35.8	270.32
First half ended Jun. 2007	19,931	6,741	33.8	535.06
Year ended Dec. 2007	18,953	5,721	30.2	454.09

Reference: Stockholders' equity

First half ended Jun. 2008: 6,812 million yen

First half ended Jun. 2007: 6,741 million yen

Year ended Dec. 2007: 5,721 million yen

Note: A 2-for-1 stock split was conducted on January 1, 2008.

**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 (%)
Full year	60,423	(4.8)	325	(51.7)	1,770	(2.4)

	Net income		Net income per share
	Million yen	YoY change (%)	Yen
Full year	1,273	123.7	50.52

**\*Explanations and other special notes concerning the appropriate use of business performance forecasts**

The consolidated and non-consolidated business performance forecasts given above are based on the information available at the current time and assumptions of supposable market trends, etc., and thus contain an element of uncertainty. Actual business performance may include results that differ from these forecasts for a variety of future reasons. Further, please refer to p.6 and "Revised Performance Forecast", which was announced publicly on August 11, 2008, in regard to matters concerning consolidated and non-consolidated business performance forecasts.

## 1. Operating results

### (1) Analysis of operating results

#### (i) Operating results for the current interim term

Looking back over the economic environment during the current consolidated interim period under review, the tendency in the Japanese economy for increased exports softened against the backdrop of the high price of crude oil and raw material and the U.S. sub-prime loan problem. The business situation in this country has taken on a strong aspect of adjustment. In the domestic household sector, a decline in purchasing power was apparent, caused mainly by price increases. In the industrial sector of the U.S. economy, the pace of deterioration accelerated in both the mining and manufacturing industries. In addition, in foreign demand trends, sales of products for developing countries, starting with China, lead growth and have taken up a position propping up the U.S. economy. In the individual sector, buying restraint continued due to price shifts including the high price of gasoline, and coupled with the worsening of the employment environment, a decline in purchasing power was apparent. In the European economy, exports outside of the Euro-zone trended briskly, exemplified by exports to Russia. On the other hand, the actual purchasing power of consumers declined under the impact of high prices for food and energy, and the stagnation of individual consumption continued due to factors such as the increased instability of the employment situation, etc. In the Asian economy, China, the NIEs and the ASEAN countries maintained the pace of growth, but rates of inflation have increased markedly with increased prices for energy and other resources.

In the electronics industry, with which the core business of the SIIX Group is related, domestic shipments of household electronic devices such as next generation optical disc recorders and players and flat-screen TVs, as well as the assemblies, circuit board mountings, parts and kits, etc., found in these areas performed well. On the other hand, among sales of products for overseas markets, exports of information devices such as printers and peripheral devices grew.

Under these circumstances, net sales during the current consolidated interim period under review were 71,573 million yen, a decrease of 10,273 million yen (12.6% decrease) in comparison to the previous consolidated interim period. In terms of profits, operating income were 2,179 million yen, a decrease of 372 million yen (14.6% decrease) in comparison to the previous consolidated interim period. In addition, ordinary income was 2,589 million yen, a decrease of 263 million yen (9.2% decrease) in comparison to the previous consolidated interim period. Interim net income was 1,286 million yen, an increase of 45 million yen (3.7% increase) in comparison to the previous consolidated interim period.

Business results by business segment were as follows.

#### (Electronics Section)

This is the group's core segment, covering a broad range of items such as finished products, assemblies, circuit board mountings, parts and kits, etc, related to areas such as communication equipment, automobile equipment, information equipment, household appliances, industrial equipment and general electronic products and devices. In this segment, although shipments of scanners increased, shipments of flexible circuit boards for mobile phones and materials and circuit board mountings for car audios decreased. In addition, due to the large impact of the strong yen and other factors, net sales in the electronics segment during the consolidated interim period under review were 65,974 million yen, a decrease of 10,142 million yen (13.3% decrease) in comparison to the previous consolidated interim period. Operating income was 2,760 million yen, a decrease of 311 million yen (10.2% decrease) in comparison to the previous consolidated interim period due to the decrease in sales, etc.

(Machinery Section)

In the machinery segment, we handle wire harness components for use in automobiles and other facilities and equipment. Net sales in the machinery segment during the consolidated interim period under review were 5,514 million yen, an increase of 154 million yen (2.9% increase) in comparison to the previous consolidated interim period. Operating income was 16 million yen, an increase of 1 million yen (11.9% increase) in comparison to the previous consolidated interim period.

(Other Sections)

We also handle printing ink, synthetic chemicals, miscellaneous goods and other items. Net sales in the others segment during the consolidated interim period under review were 723 million yen, a decrease of 247 million yen (25.5% decrease) in comparison to the previous consolidated interim period. Operating income was 25 million yen, a decrease of 54 million yen (67.7% decrease) in comparison to the previous consolidated interim period.

Business results by region were as follows.

(Japan)

Although shipments of parts for electrical components for automobiles increased, shipments of components and circuit board mountings for mobile phone camera modules and dehumidifiers decreased greatly. Because of this, net sales in Japan during the consolidated interim period under review were 29,307 million yen, a decrease of 1,664 million yen (5.4% decrease) in comparison to the previous consolidated interim period. Operating income was 812 million yen, a decrease of 184 million yen (18.5% decrease) in comparison to the previous consolidated interim period.

(Asia)

Shipments of products such as circuit board mountings for electrical components for automobiles and scanners, etc., increased, but shipments of car audios and flexible circuit boards for mobile phones decreased. In addition, due to the large impact of the strong yen and other factors, net sales in Asia during the current consolidated interim period under review were 52,594 million yen, a decrease of 7,905 million yen (13.1% decrease) in comparison to the previous consolidated interim period. Operating income was 1,986 million yen, a decrease of 55 million yen (2.7% decrease) in comparison to the previous consolidated interim period.

(Europe)

Net sales in Europe during the consolidated interim period under review were 3,718 million yen, an increase of 452 million yen (13.9% increase) in comparison to the previous consolidated interim period because shipments of circuit board mountings for flat screen TVs increased. However, the group made an operating loss of 177 million yen, a decrease of 107 million yen in comparison to the previous consolidated interim period (the operating loss for the previous consolidated interim period was 284 million yen).

(USA)

Shipments of parts for electrical components for automobiles decreased. In addition, due to the large impact of the strong yen and other factors, net sales in the United States during the current consolidated interim period under review were 6,171 million yen, a decrease of 1,804 million yen (22.6% decrease) in comparison to the previous consolidated interim period. Operating income was 139 million yen, a decrease of 282 million yen (66.9% decrease) in comparison to the previous consolidated interim period.

(ii) The outlook for the current term and the progress of the mid-term plan

Looking towards the world economy in the second half of the current fiscal year, the sense of uncertainty over the future will continue to rise further, including the high price of crude oil and raw material, and concerns over the slowdown of the U.S. economy. We think that in the electronics industry too, the situation will continue to be gloomy overall, but anticipate brisk demand mainly in developing countries for digital household appliances and automobile equipment. We envision business recovering mildly towards the end of the year.

Under such conditions, the SIIX Group will make efforts to improve its profit ratio by improving its business operations and cutting costs. The SIIX Group also intends to continue working with priority on the sale of parts and components for the automobile equipment, digital household appliance and information equipment and on its circuit board mounting operations.

In regard to the results outlook for the full year, the SIIX Group anticipates net sales of 150,054 million yen (7.1% year-on-year decrease), operating income of 4,574 million yen (15.7% year-on-year decrease), ordinary income of 4,885 million yen (13.0% year-on-year decrease) and current term net income of 2,549 million yen (4.2% year-on-year increase). The exchange rate assumed in the outlook for the full year is 105 yen per U.S. dollar.

The results outlook for the full year is as described above and there have been no changes to the mid-term management plan.

(2) Analysis of the financial situation

(i) The situations for assets, liabilities, and net assets

Total assets at the end of the consolidated interim period under review were 54,074 million yen, a decrease of 4,301 million yen (7.4% decrease) in comparison to the previous consolidated interim period due to factors such as the difference in term-end conversion rates for the assets of overseas consolidated subsidiaries, etc.

Current assets decreased 3,908 million yen (8.8% decrease) in comparison to the previous consolidated fiscal year due to cash and deposits decreasing 2,459 million yen (29.5% decrease), trade notes and accounts receivable decreasing 1,216 million yen (5.6% decrease) and inventories decreasing 455 million yen (3.4% decrease), etc. As for fixed assets, construction in progress increased 327 million yen (282.5% increase) due to the deposit for the purchase of the new Tokyo office premises and an increase in planned plant construction to reinforce overseas production bases. However, the value of buildings and structures decreased 208 million yen (5.1% decrease) and the value of machinery, equipment and vehicles decreased 425 million yen (9.1% decrease), meaning the value of fixed assets decreased 393 million yen (2.8% decrease) in comparison to the previous consolidated fiscal year.

Current liabilities decreased 3,328 million yen (9.2% decrease) in comparison to the previous consolidated fiscal year due to trade accounts payable decreasing by 2,636 million yen (12.0% decrease) and short-term borrowings decreasing by 925 million yen (9.1% decrease), etc, in comparison to the previous consolidated fiscal year. Fixed liabilities decreased 485 million yen (9.0% decrease) in comparison to the previous consolidated fiscal year due to factors such as long-term borrowings decreasing 552 million yen (21.6% decrease).

Net assets finished at 16,442 million yen, for a capital-to-asset ratio of 30.4%.

(ii) The cash flow situation

Cash and cash equivalents (“funds” below) at the end of the consolidated interim period under review decreased 2,461 million yen in comparison to the end of the previous consolidated fiscal year to 5,862 (29.6% decrease) million yen due to expenditures for the acquisition of tangible and intangible fixed assets and expenditures for the repayment of short-term and long-term borrowings, etc. The situation for each cash flow and the main factors are as follows.

(Cash flow from operating activities)

The increased funds resulting from operating activities were 787 million yen (increase of 1,767 million yen during the previous consolidated interim period). This was mainly due to the fund-increasing factors of interim net income before tax and other adjustments of 2,334 million yen and depreciation costs of 1,014 million yen against the fund-decreasing factor of notes and accounts receivable of 1,452 million yen.

(Cash flow from investment activities)

The decreased funds resulting from investment activities were 1,220 million yen (decrease of 1,323 million yen during the previous consolidated interim period). This was mainly due to expenditures of 1,035 million yen for the acquisition of tangible fixed assets and expenditures of 201 million yen for the acquisition of intangible fixed assets.

(Cash flow from financial activities)

The decreased funds resulting from financial activities were 1,313 million yen (increase of 617 million yen during the previous consolidated interim period). This was mainly due to a net reduction in the value of short-term borrowings of 553 million yen and expenditures of 448 million yen for the repayment of long-term borrowings.

(Reference) Trends in cash flow related indicators

	Year ended Dec. 2004	Year ended Dec. 2005	Year ended Dec. 2006	Year ended Dec. 2007	First half ended Jun. 2008
Capital-to-asset ratio (%)	23.5	29.0	28.6	29.0	30.4
Capital-to-asset ratio based on market prices (%)	31.1	53.3	33.2	50.3	34.4
Debt to annual cash flow ratio (years)	—	2.4	4.6	2.2	7.9
Interest coverage ratio (X)	—	17.5	6.2	11.3	4.2

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 (after deduction of treasury stocks).
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 of cash flows.
5. The debt to annual cash flow ratio at the end of the interim period is calculated on the assumption that annual cash flow will be double the interim cash flow.

(3) Fundamental policy regarding the allocation of earnings and dividends for the term under review

The fundamental policy of SIIX Corp. is based on the continuous and stable distribution of earnings to shareholders. At the same time, we determine the value of dividends also taking into consideration increasing retained earnings for future business growth and strengthening the Group's operating base. The dividend for the consolidated interim period under review will be 6 yen per share (a 2-for-1 share split was carried out on January 1, 2008 so this dividend represents an actual increase of 1 yen in comparison to the previous interim period). We plan to pay a term-end dividend of 6 yen per share, the same as the interim dividend, for an annual dividend of 12 yen (an actual increase of 1 yen in comparison to the previous interim period). In addition, SIIX also plans to acquire treasury stock in order to improve capital efficiency and conduct flexible capital measures.

## 2. Corporate Group

The SIIX Group of companies is made up of SIIX Corp., 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.

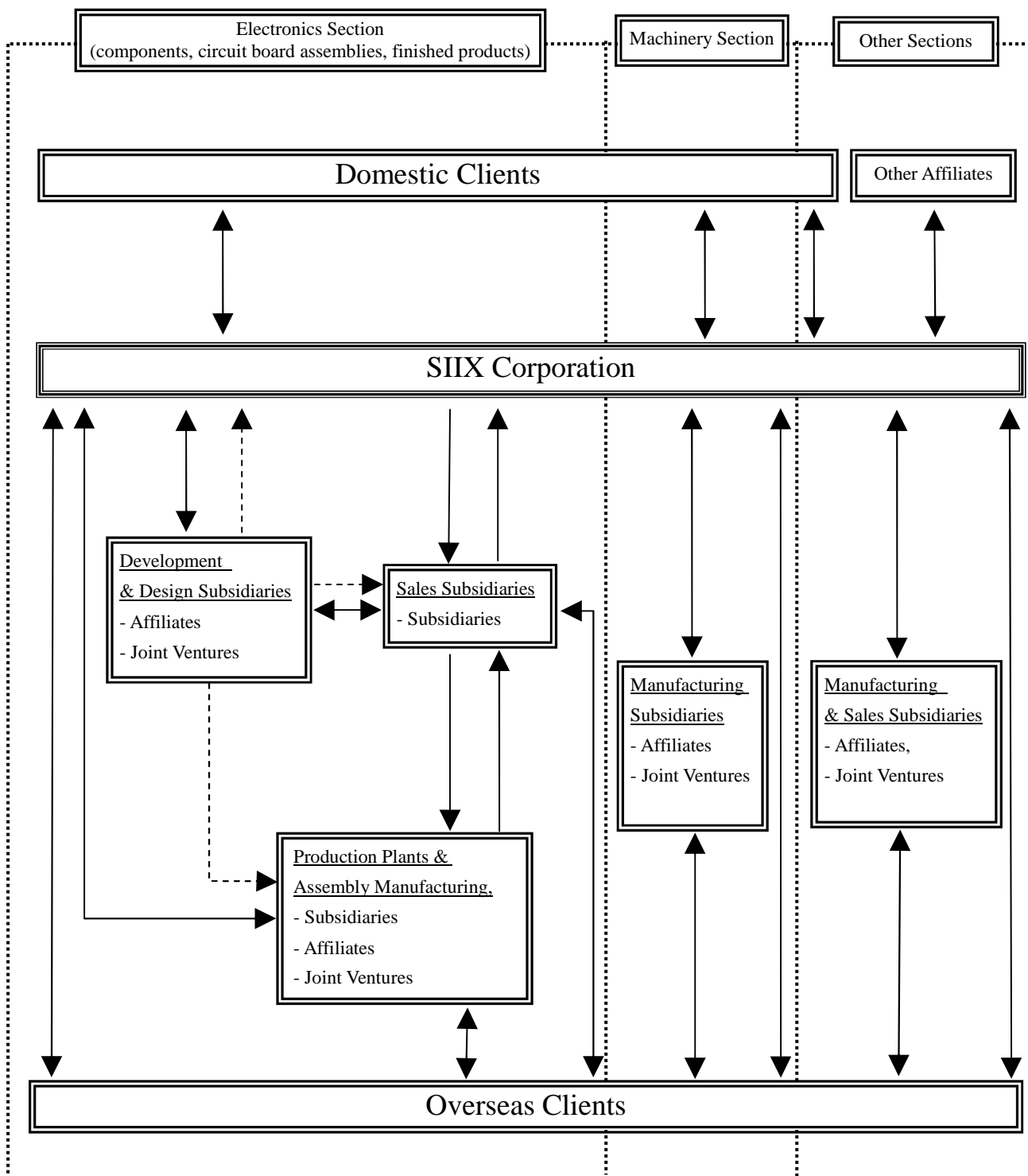
Group companies by business segment and the roles of major companies are as follows.

Company	Area/ Country	Capital/ Investment	Owner- ship (%)	Activities	Segment	Category
(Consolidated subsidiaries)						
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.	Languna, Philippines	Thousand US\$ 2,573	100.00	Sales and procurement of products	Electronics	Trading
PT SIIX Electronics Indonesia	Batam Island, 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
(Equity-method affiliates)						
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

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.

## Flowchart of Business Activities



- ▶ Products, merchandise, and components
- - - - -▶ Technical support

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

### **3. Management policy**

As there have been no important changes from the details disclosed in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2007 (released on February 15, 2008), the disclosure of management policy is omitted here.

The Consolidated Financial Results in question may be viewed from the following URLs.

The SIIX Corporation website:

<http://www.siix.co.jp>

The website of the Tokyo Stock Exchange (Listed company information search section):

<http://www.tse.or.jp/listing/compsearch/index.html>

## 4. Consolidated Financial Statement

### (1) Consolidated Balance Sheets

(Thousand yen)

Item	As of Jun. 30, 2007		As of Jun. 30, 2008		As of Dec. 31, 2007		Change
	Amount	(%)	Amount	(%)	Amount	(%)	Amount
Assets							
I Current assets							
1. Cash and deposits	5,959,654		5,887,276		8,346,884		(2,459,607)
2. Trade notes and accounts receivable	23,922,013		20,343,189		21,559,796		(1,216,607)
3. Inventories	12,465,683		12,796,869		13,252,625		(455,756)
4. Deferred tax assets	447,983		261,459		172,800		88,659
5. Others	1,364,007		1,312,251		1,217,361		94,889
Provision for doubtful receivables	(312,269)		(91,411)		(131,489)		40,077
Total current assets	43,847,073	75.2	40,509,633	74.9	44,417,978	76.1	(3,908,344)
II Fixed assets							
1. Tangible fixed assets							
(1) Buildings and structures	5,573,862		5,769,878		5,973,854		
Accumulated depreciation	1,823,924	3,749,938	1,912,741	3,857,136	1,908,364	4,065,490	(208,353)
(2) Machinery, equipment, and vehicles	12,129,885		11,773,817		12,297,362		
Accumulated depreciation	6,957,447	5,172,438	7,508,286	4,265,531	7,606,741	4,690,620	(425,089)
(3) Tools, furniture and fixtures	1,382,666		1,549,128		1,430,220		
Accumulated depreciation	1,114,098	268,568	1,105,693	443,434	1,127,563	302,657	140,777
(4) Land		1,464,406		1,311,379		1,426,508	(115,129)
(5) Others		581,921		443,573		115,953	327,620
Total tangible fixed assets	11,237,273	19.3	10,321,055	19.1	10,601,230	18.2	(280,174)
2. Intangible fixed assets							
(1) Software	129,967		126,551		120,620		5,931
(2) Others	313,925		449,850		383,783		66,067
Total intangible fixed assets	443,892	0.7	576,402	1.1	504,403	0.8	71,998
3. Investments and other assets							
(1) Investment securities	1,883,659		1,510,176		1,715,885		(205,709)
(2) Investment in capital	463,773		718,298		678,444		39,854
(3) Long-term loans receivable	67,170		63,724		64,126		(401)
(4) Deferred tax assets	14,568		69,040		80,436		(11,396)
(5) Others	856,225		766,582		783,463		(16,880)
Provision for doubtful receivables	(490,152)		(460,254)		(469,586)		9,332
Total investments and other assets	2,795,244	4.8	2,667,568	4.9	2,852,770	4.9	(185,201)
Total fixed assets	14,476,410	24.8	13,565,026	25.1	13,958,404	23.9	(393,377)
Total assets	58,323,483	100.0	54,074,660	100.0	58,376,383	100.0	(4,301,722)

(Thousand yen)

Item	As of Jun. 30, 2007		As of Jun. 30, 2008		As of Dec. 31, 2007		Change
	Amount	(%)	Amount	(%)	Amount	(%)	Amount
Liabilities							
I Current liabilities							
1. Trade accounts payable	21,070,562		19,301,027		21,973,450		(2,636,422)
2. Short-term borrowings	9,664,370		9,241,565		10,166,863		(925,298)
3. Accrued expenses	1,370,514		1,175,984		1,020,226		155,757
4. Income taxes payable	1,265,504		972,337		1,128,845		(156,508)
5. Deferred tax liabilities	3,416		—		2,814		(2,814)
6. Others	2,347,471		2,035,305		1,798,678		236,627
Total current liabilities	35,721,839	61.2	32,726,219	60.5	36,054,879	61.8	(3,328,659)
II Fixed liabilities							
1. Long-term liabilities	3,450,695		2,005,278		2,558,165		(552,886)
2. Reserve for retirements	101,174		75,068		91,525		(16,457)
3. Reserve for retirement benefits for directors	158,990		—		212,490		(212,490)
4. Deferred tax liabilities	1,758,124		2,473,376		2,282,885		190,490
5. Others	405,351		351,960		246,398		105,562
Total fixed liabilities	5,874,335	10.1	4,905,683	9.1	5,391,463	9.2	(485,780)
Total liabilities	41,596,175	71.3	37,631,902	69.6	41,446,342	71.0	(3,814,439)
Net assets							
I Shareholder's equity							
1. Common stock	2,144,000	3.7	2,144,000	4.0	2,144,000	3.7	—
2. Capital surplus	1,853,000	3.2	1,853,000	3.4	1,853,000	3.2	—
3. Retained surplus	10,807,427	18.5	13,023,979	24.1	11,888,763	20.3	1,135,215
4. Treasury stock	(100)	(0.0)	(149)	(0.0)	(149)	(0.0)	—
Total shareholder's equity	14,804,327	25.4	17,020,829	31.5	15,885,613	27.2	1,135,215
II Difference of valuation, translation, and other adjustments							
1. Net unrealized gains (losses) on other securities	119,345	0.2	(57,404)	(0.1)	(113,415)	(0.2)	56,011
2. Net gains (losses) on deferral hedge	(845)	(0.0)	19,417	0.0	11,377	0.0	8,040
3. Foreign currency translation adjustments	1,804,480	3.1	(540,085)	(1.0)	1,146,465	2.0	(1,686,550)
Total of difference of appreciation and translation	1,922,980	3.3	(578,071)	(1.1)	1,044,426	1.8	(1,622,498)
Total net assets	16,727,307	28.7	16,442,757	30.4	16,930,040	29.0	(487,282)
Total liabilities and net assets	58,323,483	100.0	54,074,660	100.0	58,376,383	100.0	(4,301,722)

## (2) Consolidated Statements of Income

(Thousand yen)

Item	Note	Jan. 1, 2007 – Jun. 30, 2007		Jan. 1, 2008 – Jun. 30, 2008		Change		Jan. 1, 2007 – Dec. 31, 2007	
		Amount	(%)	Amount	(%)	Change	(%)	Amount	(%)
I Net sales		81,846,441	100.0	71,573,205	100.0	(10,273,235)	(12.6)	161,458,005	100.0
II Cost of sales		76,223,695	93.1	66,301,706	92.6	(9,921,989)	(13.0)	150,029,364	92.9
Gross profit		5,622,745	6.9	5,271,498	7.4	(351,246)	(6.2)	11,428,640	7.1
III Selling, general and administrative expenses	*1	3,070,747	3.8	3,091,956	4.3	21,208	0.7	6,004,923	3.7
Operating income		2,551,997	3.1	2,179,542	3.1	(372,455)	(14.6)	5,423,717	3.4
IV Non-operating income									
1. Interest income		72,235		65,823				163,319	
2. Dividend income		25,870		36,990				34,859	
3. Amortization of goodwill		4,524		4,524				9,048	
4. Rent income		32,374		35,861				62,207	
5. Investment income due to equity method		26,859		86,413				107,240	
6. Foreign exchange gains		292,999		258,824				119,686	
7. Others		137,709		143,908				270,224	
Ordinary income		592,573	0.7	632,346	0.8	39,772	6.7	766,586	0.4
V Non-operating expenses									
1. Interest expenses		246,540		185,356				498,055	
2. Others		45,398		37,119				73,871	
Ordinary income		291,939	0.3	222,476	0.3	(69,463)	(23.8)	571,927	0.4
Ordinary income		2,852,632	3.5	2,589,412	3.6	(263,219)	(9.2)	5,618,376	3.4
VI Extraordinary income									
1. Gain on sales of fixed assets	*2	18,946		3,177				22,891	
2. Reversal of allowance for doubtful accounts		83,150		5,432				99,394	
3. Gain on sales of shares in affiliates	*3	161,769		—				161,769	
4. Gain on sales of investment securities		23,261		1,644				32,517	
Ordinary income		287,128	0.4	10,253	0.0	(276,874)	(96.4)	316,572	0.2
VII Extraordinary loss									
1. Loss on valuation of investment securities	*4	—		263,995				15,996	
2. Loss on sale of shares in affiliates	*5	14,960		—				14,960	
3. Loss on sale of fixed assets	*6	1,090		514				1,098	
4. Loss on disposal of fixed assets	*7	7,428		527				11,035	
5. Loss on disposal of inventories	*8	104,771		—				104,771	
6. Reserve for retirements benefits for directors		—		—				44,500	
Ordinary income		128,249	0.2	265,036	0.4	136,786	106.7	192,360	0.1
Income before income taxes and minority interests		3,011,510	3.7	2,334,630	3.2	(676,880)	(22.5)	5,742,588	3.5
Current income taxes		1,313,346		995,497				1,955,987	
Deferred income taxes		432,911		52,718				1,314,013	
Loss on minority interests		(24,604)	(0.0)	—	—	24,604	—	(24,604)	(0.0)
Net income		1,240,648	1.5	1,286,414	1.8	45,765	3.7	2,447,983	1.5

(3) Consolidated Statements of Changes in Net Assets

Previous consolidated interim period (Jan. 1, 2007 - Jun. 30, 2007)

(Thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	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			(94,499)		(94,499)
Net income			1,240,648		1,240,648
Purchase of treasury stock				(68)	(68)
Net changes of items other than shareholders' equity					
Total changes in the period	—	—	1,146,149	(68)	1,146,081
Balances at June 30, 2007	2,144,000	1,853,000	10,807,427	(100)	14,804,327

(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)	(103,998)
Net income				—		1,240,648
Purchase of treasury stock				—		(68)
Net changes of items other than shareholders' equity	(48,184)	(1,462)	1,004,188	954,540	(176,965)	777,574
Total changes in the period	(48,184)	(1,462)	1,004,188	954,540	(186,465)	1,914,156
Balances at June 30, 2007	119,345	(845)	1,804,480	1,922,980	—	16,727,307

Current consolidated interim period (Jan. 1, 2008 - Jun. 30, 2008)

(Thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances at December 31, 2007	2,144,000	1,853,000	11,888,763	(149)	15,885,613
Changes in the period					
Dividends from surplus			(151,198)		(151,198)
Net income			1,286,414		1,286,414
Net changes of items other than shareholders' equity					
Total changes in the period	—	—	1,135,215	—	1,135,215
Balances at June 30, 2008	2,144,000	1,853,000	13,023,979	(149)	17,020,829

(Thousand yen)

	Difference of valuation, translation and other adjustments				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, 2007	(113,415)	11,377	1,146,465	1,044,426	16,930,040
Changes in the period					
Dividends from surplus				—	(151,198)
Net income				—	1,286,414
Net changes of items other than shareholders' equity	56,011	8,040	(1,686,550)	(1,622,498)	(1,622,498)
Total changes in the period	56,011	8,040	(1,686,550)	(1,622,498)	(487,282)
Balances at June 30, 2008	(57,404)	19,417	(540,085)	(578,071)	16,442,757

Previous consolidated fiscal year (Jan. 1, 2007 - Dec. 31, 2007)

(Thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	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
Purchase 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
Purchase 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

## (3) Consolidated Statements of Cash Flows

(Thousand yen)

Item	Note	Jan. 1, 2007 - Jun. 30, 2007	Jan. 1, 2008 - Jun. 30, 2008	Jan. 1, 2007 - Dec. 31, 2007
		Amount	Amount	Amount
<b>I Operating activities</b>				
1. Income before income taxes and minority interests		3,011,510	2,334,630	5,742,588
2. Depreciation		1,105,210	1,014,788	2,209,087
3. Amortization of negative goodwill		(4,524)	(4,524)	(9,048)
4. Change in provision for doubtful accounts		(341,457)	11,350	(605,738)
5. Interest and dividend income		(98,106)	(102,813)	(198,178)
6. Interest expenses		246,540	185,356	498,055
7. Foreign exchange gains and losses		15,718	(3,633)	(473)
8. Gains and losses due to equity method		(26,859)	(86,413)	(107,240)
9. Gains on sales of shares in affiliates		(161,769)	—	(161,769)
10. (Increase) decrease in trade notes and accounts receivable		(3,426,392)	(1,452,654)	(2,509,317)
11. Increase (decrease) in inventories		992,124	(696,123)	(258,441)
12. (Increase) decrease in consumption taxes receivable		(5,356)	113,748	(135,963)
13. Increase (decrease) in trade notes and accounts payable		542,636	128,817	2,732,401
14. Increase (decrease) in advances received		329,006	514,488	(186,790)
15. Others		809,480	12,758	934,548
Subtotal		2,987,762	1,969,776	7,943,717
16. Interest and dividends received		98,106	102,813	198,178
17. Interest paid		(254,388)	(188,276)	(517,459)
18. Income taxes paid		(1,063,681)	(1,096,390)	(1,780,514)
Net cash provided by (used in) operating activities		1,767,798	787,922	5,843,922
<b>II Investing activities</b>				
1. Purchase of tangible fixed assets		(1,524,060)	(1,035,431)	(2,305,497)
2. Proceeds from sales of tangible fixed assets		19,876	5,719	24,339
3. Purchases of intangible fixed assets		(227,982)	(201,054)	(252,219)
4. Proceeds from sales of investment securities		77,151	6,467	113,526
5. Payment for loans		(1,452)	—	(1,398)
6. Proceeds from recovered loans		1,168	582	4,991
7. Payment for investment in affiliates		—	(5,266)	(191,152)
8. Proceeds from sales of shares in affiliates		309,878	—	309,878
9. Others		22,053	8,453	(176,222)
Net cash used in investing activities		(1,323,365)	(1,220,529)	(2,473,753)
<b>III Financing activities</b>				
1. Increase (decrease) in short-term borrowings		727,910	(553,917)	2,882,781
2. Proceeds from long-term borrowings		1,000,000	—	1,000,000
3. Repayment of long-term borrowings		(1,304,780)	(448,265)	(3,397,810)
4. Dividends paid		(94,109)	(151,202)	(219,984)
5. Proceeds from sale and lease back activities		427,775	—	433,683
6. Others		(139,508)	(160,379)	(333,200)
Net cash used in (provided by) financing activities		617,287	(1,313,764)	365,469
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>		260,755	(715,562)	(24,421)
<b>V Net increase (decrease) in cash and cash equivalents</b>		1,322,475	(2,461,934)	3,711,216
<b>VI Cash and cash equivalents at beginning of period</b>		4,613,563	8,324,779	4,613,563
<b>VII Cash and cash equivalents at end of period</b>		5,963,038	5,862,844	8,324,779

## Segment Information

### 1 Information by operating segment

Previous consolidated interim period (Jan. 1, 2007 - Jun. 30, 2007)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
I Sales and operating income						
Net sales						
(1) Sales — outside customers	76,117,069	4,758,526	970,844	81,846,441	—	81,846,441
(2) Sales and transfer-inter-segment	—	601,713	—	601,713	(601,713)	—
Total	76,117,069	5,360,240	970,844	82,448,155	(601,713)	81,846,441
Operating expenses	73,045,108	5,345,088	890,773	79,280,970	13,472	79,294,443
Operating income	3,071,960	15,152	80,071	3,167,184	(615,186)	2,551,997

Current consolidated interim period (Jan. 1, 2008 - Jun. 30, 2008)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
I Sales and operating income						
Net sales						
(1) Sales — outside customers	65,974,212	4,875,221	723,771	71,573,205	—	71,573,205
(2) Sales and transfer-inter-segment	—	639,450	—	639,450	(639,450)	—
Total	65,974,212	5,514,671	723,771	72,212,655	(639,450)	71,573,205
Operating expenses	63,214,080	5,497,715	697,879	69,409,676	(16,013)	69,393,662
Operating income	2,760,132	16,955	25,891	2,802,979	(623,436)	2,179,542

Previous consolidated fiscal year (Jan. 1, 2007 - Dec. 31, 2007)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
I Sales and operating income						
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

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 equipment (LCD modules and camera modules for mobile phones, etc.), automobile equipment (car audios, meters, front panels, etc.), information equipment (scanners, printers, peripheral devices, etc.), household appliances (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:  
First half ended Jun. 2007: 637,660 thousand yen  
First half ended Jun. 2008: 623,436 thousand yen  
Year ended Dec. 2007: 1,204,370 thousand yen

## 2 Geographical Segment Information

Previous consolidated interim period (Jan. 1, 2007 - Jun. 30, 2007)

(Thousand yen)

	Japan	Asia	Europe	Americas	Total	Eliminations and corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) Sales — outside customers	17,928,793	56,890,614	3,015,060	4,011,971	81,846,441	—	81,846,441
(2) Sales and transfers—inter-segments	13,043,641	3,608,974	250,620	3,964,377	20,867,614	(20,867,614)	—
Total	30,972,435	60,499,589	3,265,681	7,976,349	102,714,055	(20,867,614)	81,846,441
Operating expenses	29,975,601	58,457,787	3,549,990	7,554,699	99,538,079	(20,243,635)	79,294,443
Operating income or operating loss	996,833	2,041,801	(284,309)	421,650	3,175,976	(623,978)	2,551,997

Current consolidated interim period (Jan. 1, 2008 - Jun. 30, 2008)

(Thousand yen)

	Japan	Asia	Europe	Americas	Total	Eliminations and corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) Sales — outside customers	16,488,099	48,728,395	3,409,444	2,947,266	71,573,205	—	71,573,205
(2) Sales and transfers-inter-segments	12,819,635	3,865,962	308,705	3,224,431	20,218,735	(20,218,735)	—
Total	29,307,734	52,594,357	3,718,150	6,171,697	91,791,940	(20,218,735)	71,573,205
Operating expenses	28,495,447	50,608,124	3,895,398	6,032,232	89,031,202	(19,637,539)	69,393,662
Operating income or operating loss	812,287	1,986,232	(177,248)	139,465	2,760,738	(581,195)	2,179,542

Previous consolidated fiscal year (Jan. 1, 2007 - Dec. 31, 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

### 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:
  - First half ended Jun. 2007: 637,660 thousand yen
  - First half ended Jun. 2008: 623,436 thousand yen
  - Year ended Dec. 2007: 1,204,370 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 consolidated interim period (Jan. 1, 2007 - Jun. 30, 2007)

	SE Asia	Europe	N. America	Other	Total
I Overseas sales (thousand yen)	56,975,234	4,945,048	3,837,914	2,163,691	67,921,888
II Consolidated sales (thousand yen)					81,846,441
III Share of overseas sales in consolidated sales (%)	69.6	6.1	4.7	2.6	83.0

#### Current consolidated interim period (Jan. 1, 2008 - Jun. 30, 2008)

	Asia	Europe	N. America	Other	Total
I Overseas sales (thousand yen)	47,135,628	5,077,393	2,750,835	1,569,679	56,533,537
II Consolidated sales (thousand yen)					71,573,205
III Share of overseas sales in consolidated sales (%)	65.9	7.1	3.8	2.2	79.0

#### Previous consolidated fiscal year (Jan. 1, 2008 - Dec. 31, 2008)

	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	4.6	2.6	81.0

Note:

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

Method of geographical segmentation:

Geographic proximity

Major areas and countries in geographical segments:

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

Europe: Germany, France, and Italy

North America: USA

Other: Central and South America, Oceania