



February 16, 2009

Consolidated Financial Results for the Fiscal Year Ended December 31, 2008 (January 1, 2008 to December 31, 2008)

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
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Annual Meeting of Shareholders:	March 30, 2009
Scheduled date of payment of cash dividends:	March 31, 2009
Scheduled date of filing financial statement:	March 30, 2009

(Amounts rounded down to million yen)

1. Consolidated Financial Results (January 1, 2008 – December 31, 2008) (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. 2008	143,483	(11.1)	4,608	(15.0)	4,392	(21.8)
Year ended Dec. 2007	161,458	24.8	5,423	75.1	5,618	79.7

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended Dec. 2008	2,306	(5.8)	92.22	—
Year ended Dec. 2007	2,447	217.3	194.29	—

	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	%	%	%
Year ended Dec. 2008	14.8	8.0	3.2
Year ended Dec. 2007	15.5	10.3	3.4

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

Year ended December 2008: 174 million yen

Year ended December 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
Year ended Dec. 2008	51,628	14,699	27.7	582.15
Year ended Dec. 2007	58,376	16,930	29.0	1,343.66

(Reference) Stockholders' equity:

Year ended December 2008: 14,320 million yen

Year ended December 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
Year ended Dec. 2008	2,161	(4,856)	1,752	5,744
Year ended Dec. 2007	5,843	(2,473)	365	8,324

2. Dividends

(Base date)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Term-end	Annual dividends
		Yen		Yen	Yen
Year ended Dec. 2007	—	10.00	—	12.00	22.00
Year ended Dec. 2008	—	6.00	—	7.00	13.00
Year ended Dec. 2009 (forecasts)	—	7.00	—	7.00	14.00

(Base date)	Amount of dividend (for the year)	Dividend ratio to net income (consolidated)	Dividend ratio to net assets (consolidated)
	Million Yen	%	%
Year ended Dec. 2007	277	11.3	1.8
Year ended Dec. 2008	323	14.1	2.1
Year ended Dec. 2009 (forecasts)	—	20.1	—

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

3. Consolidated Business Performance Forecasts for the Year Ending December 2009 (January 1, 2009 – December 31, 2009)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
2nd quarter ending Jun. 2009	55,228	(22.8)	1,035	(52.5)	978	(62.2)
Full year	124,160	(13.5)	3,167	(31.3)	3,035	(30.9)

	Net income		Net income per share (basic)
	Million yen	YoY change (%)	Yen
2nd quarter ending Jun. 2009	464	(63.9)	18.86
Full year	1,711	(25.8)	69.55

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

Full year: the previous consolidated fiscal year

2nd quarter ending Jun. 2009: 2nd quarter 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: No
- (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. 2008: | 25,200,000shares |
| Year ended Dec. 2007: | 12,600,000shares |
- (ii) Number of treasury stock at the end of the fiscal year:
- | | |
|-----------------------|---------------|
| Year ended Dec. 2008: | 600,191shares |
| Year ended Dec. 2007: | 95shares |

(Reference)

1. Non-consolidated Financial Results (January 1, 2008 – December 31, 2008)

(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. 2008						
Year ended Dec. 2007	57,980	(8.7)	298	(55.6)	1,683	(7.2)
	63,476	12.5	673	92.9	1,814	36.5

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended Dec. 2008				
Year ended Dec. 2007	546	(4.0)	21.85	—
	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
Year ended Dec. 2008	20,379	5,728	28.1	232.86
Year ended Dec. 2007	18,953	5,721	30.2	454.09

(Reference) Stockholders' equity: Year ended December 2008: 5,728 million yen

Year ended December 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 2009 (January 1, 2009 – December 31, 2009)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
2nd quarter ending Jun. 2009	22,248	(24.1)	(170)	—	1,362	(17.0)
Full year	50,157	(13.5)	(145)	—	1,381	(17.9)

	Net income		Net income per share
	Million yen	YoY change (%)	Yen
2nd quarter ending Jun. 2009	1,131	(3.9)	45.98
Full year	1,150	110.4	46.75

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

Full year: the previous consolidated fiscal year

2nd quarter ending Jun. 2009: 2nd quarter 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 p6, 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 deteriorated sharply in Japan under the impact of the financial crisis that originated in USA and the advance of the strong yen. In addition to decreases in exports to Europe and USA, exports to emerging countries, an engine of growth until this point, also took a downward turn, and under the significant impact of the cooling of the market for final end-products, the worsening of business conditions became clear. The economic recession due to the deterioration of the employment situation, which also originated in USA, and the downward pressure on corporate income spread globally, causing the failure of financial functions and the deterioration of the real economy.

In the electronics industry, the core business of the SIIX Group, household electrical equipment such as digital cameras, etc, and information equipment such as scanners, etc, performed strongly. As a result, shipments of finished products, electronic devices, components, and others did well in these areas, but with the aftereffects of curtailed production in the automobile industry, shipments of automobile related equipment fell.

In such circumstances, sales for the current consolidated fiscal year under review were 143,483 million yen, a decrease of 17,974 million yen (11.1% decrease) in comparison to the previous consolidated fiscal year because of factors such as changes in exchange rates. In terms of profits, although the gross profit margin took a change for the better due to factors such as efforts towards the successive diminution of depreciation charges and the curtailment of manufacturing costs in the Manufacturing Section, operating income was 4,608 million yen, a decrease of 815 million yen (15.0% decrease) in comparison to the previous consolidated fiscal year. Further, ordinary income finished at 4,392 million yen, a decrease of 1,225 million yen (21.8 % decrease) in comparison to the previous consolidated fiscal year because of the generation of foreign exchange losses. Net income was 2,306 million yen, a decrease of 141 million yen (5.8% decrease) in comparison to the previous consolidated fiscal year due mainly to the posting of losses on valuation of investment securities.

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 fields including finished products, subassemblies, circuit boards assemblies, components and kits relating to communication equipment, automobile related equipment, information equipment, household electrical equipment, industrial equipment and general electronic products and devices. In this Section, although shipments of components for digital cameras and scanners increased, flexible circuit boards for mobile phones and components for automobile related equipment decreased, while significant effects were also felt due to the strong yen. As a result, sales in the Electronics Section for the current consolidated fiscal year under review finished at 133,618 million yen, a decrease of 16,127 million yen (10.8% decrease) in comparison to the previous consolidated fiscal year. Operating income finished at 5,841 million yen, a decrease of 609 million yen (9.4% decrease) in comparison to the previous consolidated fiscal year.

(Machinery Section)

The Machinery Section handles wire harness components for automobiles, general and industrial equipment, and others. Sales in the Machinery Section for the current consolidated fiscal year under review finished at 9,399 million yen, a decrease of 1,472 million yen (13.5 % decrease) in comparison

to the previous consolidated fiscal year. As a result, there was an operating loss of 11 million yen, a decrease of 39 million yen (the operating income in the previous consolidated fiscal year was 28 million yen) in comparison to the previous consolidated fiscal year.

(Other Sections)

Other sections handle products including printing inks, synthetic chemicals, miscellaneous goods and other items. Sales in other sections for the current consolidated fiscal year under review finished at 1,381 million yen, a decrease of 329 million yen (19.2% decrease) in comparison to the previous consolidated fiscal year. Operating income finished at 32 million yen, a decrease of 72 million yen (69.1% decrease) in comparison to the previous consolidated fiscal year.

Segment results by location were as follows:

(Japan)

Because shipments of wire harness components for automobiles and components for information equipment, etc, decreased, sales for the current consolidated fiscal year under review were 57,980 million yen, a decrease of 5,496 million yen (8.7% decrease) in comparison to the previous consolidated fiscal year. Operating income finished at 1,552 million yen, a decrease of 325 million yen (17.3% decrease) in comparison to the previous consolidated fiscal year.

(Asia)

Although shipments of components for digital cameras and scanners increased, shipments of flexible circuit boards for mobile phones and components for automobile related equipment decreased significantly while the strong yen also had a big impact. As a result, sales for the current consolidated fiscal year under review were 107,429 million yen, a decrease of 10,775 million yen (9.1% decrease) in comparison to the previous consolidated fiscal year, but due to the curtailment of manufacturing costs, etc, operating income finished at 4,497 million yen, an increase of 99 million yen (2.3% increase) in comparison to the previous consolidated fiscal year.

(Europe)

Because shipments of circuit boards for flat-screen TVs decreased, sales for the consolidated fiscal year under review were 6,378 million yen, a decrease of 804 million yen (11.2% decrease) in comparison to the previous consolidated fiscal year. As a result, the Company finished with an operating loss of 547 million yen, an increase of 149 million yen in comparison to the previous consolidated fiscal year (the operating loss in the previous consolidated fiscal year was 398 million yen).

(USA)

Because shipments of components for automobile electric parts decreased and the strong yen also had a big impact, sales for the current consolidated fiscal year under review were 11,608 million yen, a decrease of 3,171 million yen (21.5% decrease) in comparison to the previous consolidated fiscal year. Operating income finished at 312 million yen, a decrease of 410 million yen (56.8% decrease) in comparison to the previous consolidated fiscal year.

(ii) Outlook for the Next Term (Term Ending December 2009)

In regard to the world economy in fiscal year 2009, a simultaneous global recession is developing rapidly due to the bankruptcies of large financial institutions in USA and the outlook is exceedingly unclear. In such circumstances, a wide range of economic boosting measures have been hammered out

in various countries, but the outlook is that there will be no full-scale economic recovery in the short term.

The significant curtailment of production in the automobile industry, a particularly important market for the Company, will have an impact on sales of automobile-related equipment and it is envisaged that this very difficult situation will continue for the time being. In addition, it is thought that demand for household electrical equipment and information equipment will also grow stagnant for a while. In such an environment, the Company will continue to make efforts towards the development of new business, revise all costs and strive for cost reductions in order to secure profits, but it is anticipated that the next term will see unavoidable decreases in both revenues and profits.

As for the outlook for results for this fiscal year, we anticipate sales of 124,160 million yen (13.5% decrease from the previous fiscal year), operating income of 3,167 million yen (31.3% decrease from the previous fiscal year), ordinary income of 3,035 million yen (30.9% decrease from the previous fiscal year), and net income of 1,711 million yen (25.8% decrease from the previous fiscal year). The exchange rate assumed in the business performance forecast for this fiscal year is 90 yen per U.S. dollar.

(2) Analysis of the financial situation

(i) Assets, liabilities, and net assets

Total assets at the end of the consolidated fiscal year under review were 51,628 million yen, a decrease of 6,747 million yen (11.6% decrease) in comparison to the previous consolidated fiscal year due to factors such as term-end differences of foreign exchange conversion rate for the assets of overseas consolidated subsidiaries.

Current assets decreased by 6,554 million yen (14.8% decrease) in comparison to the previous consolidated fiscal year due to factors such as a decrease of 2,583 million yen (30.9% decrease) in cash and deposits and a decrease of 4,206 million yen (19.5% decrease) in trade notes and accounts receivable. Although land increased by 1,073 million yen (75.3% increase) and buildings increased by 269 million yen (6.6% increase) due to the purchase of the Tokyo Sales Division building, etc, fixed assets decreased by 193 million yen (1.4% decrease) in comparison to the previous consolidated fiscal year because machinery, equipment, and vehicles decreased by 1,114 million yen (23.8% decrease) and investment securities decreased by 629 million yen (36.7% decrease) due to impairment loss, etc.

Current liabilities decreased by 5,474 million yen (15.2% decrease) in comparison to the previous consolidated fiscal year due to factors such as a decrease of 4,745 million yen (21.6% decrease) in trade accounts payable. Fixed liabilities increased 957 million yen (17.8% increase) in comparison to the previous consolidated fiscal year due to factors such as long-term borrowings increasing by 936 million yen (36.6% increase).

Net assets were 14,699 million yen, and the capital-to-asset ratio was 27.7%.

(ii) Cash flow situation

Cash and cash equivalents (hereinafter, “funds”) during the consolidated fiscal year under review decreased 2,580 million yen due to factors such as expenditure due to the acquisition of tangible and intangible fixed assets, etc, and expenditure due to the repayment of short-term and long-term borrowings. Funds at the end of the current consolidated fiscal year under review stood at 5,744 million yen (31.0% decrease). The situation of each cash flow and the main contributing factors are as follows.

(Cash flow from operating activities)

The result of operating activities was increased funds of 2,161 million yen (the figure for the previous consolidated fiscal year was a 5,843 million-yen increase). This was mainly due to such positive factors as net income before taxes and other adjustments for the current consolidated fiscal year finishing at 3,851 million yen and increases in depreciation costs of 2,042 million yen and trade notes and accounts payable of 2,220 million yen against the negative factors of increases in inventories of 3,147 million yen and in trade notes and accounts receivable of 1,650 million yen.

(Cash flow from investment activities)

The result of investment activities was decreased funds of 4,856 million yen (the figure for the previous consolidated fiscal year was a 2,473 million-yen decrease). This was mainly due to expenditures of 4,145 million yen for the acquisition of tangible fixed assets and 536 million yen for the acquisition of intangible fixed assets.

(Cash flow from financial activities)

The result of financial activities was increased funds of 1,752 million yen (the figure for the previous consolidated fiscal year was a 365 million-yen decrease). This was mainly due to proceeds of 3,300 million yen from long-term borrowings against expenditures of 1,156 million yen for repayments 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	Year ended Dec. 2008
Capital-to-asset ratio (%)	23.5	29.0	28.6	29.0	27.7
Capital-to-asset ratio based on market prices (%)	31.1	53.3	33.2	50.3	13.6
Debt to annual cash flow ratio (years)	—	2.4	4.6	2.2	6.3
Interest coverage ratio (X)	—	17.5	6.2	11.3	5.8

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 cash flows.

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

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 dividends for this consolidated fiscal year, the Company has already paid a common dividend of 6 yen per share as an interim dividend and plans to add a further 7 yen per share as the term-end dividend. In total, the Company is planning to make an annual dividend of 13 yen per share. The Company carried out a 2 for 1 share split effective January 1, 2008, so the annual dividend actually increased by 2 yen per share in comparison to the previous consolidated fiscal year. As for the dividends for the next fiscal year, the Company plans a common dividend of 7 yen per share as an interim dividend and 7 yen per share as a term-end dividend. Finally, the Company is planning to pay an annual dividend of 14 yen per share (an increase of 1 yen per share 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, 2 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), 14 consolidated subsidiaries, 3 non-consolidated subsidiaries, 7 affiliates, of which 2 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.

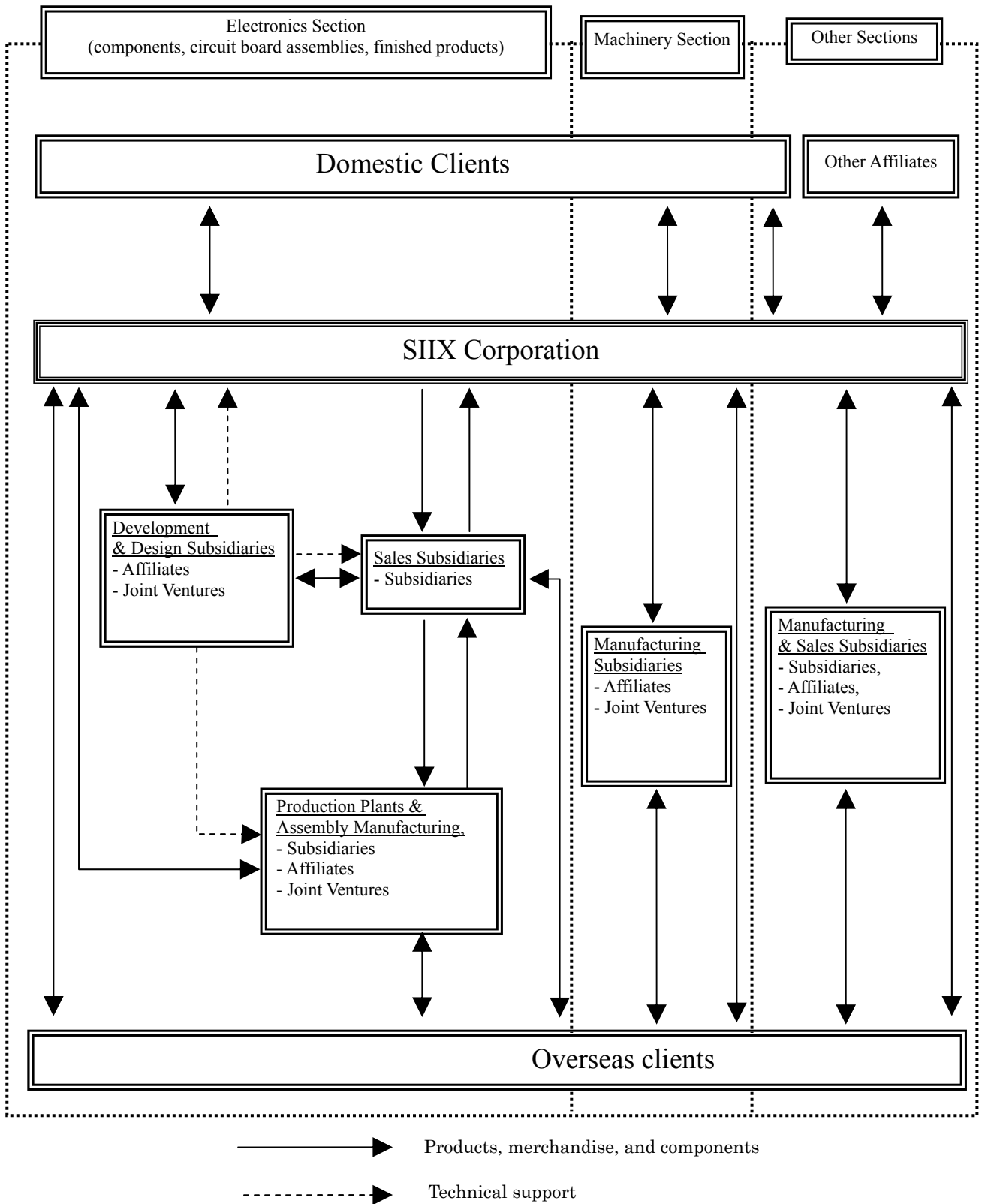
Company	Country	Capital/ Investment	Owner Ship (%)	Activities	Segment	Category
(Consolidated subsidiaries)						
SIIX (Shanghai) Co., Ltd.	Shanghai, China	Thousand RMB 20,793	100.00	Sales and procurement of products	Electronics	Trading
SIIX EMS (DONG GUAN) Co., Ltd.	Guangdong, China	Thousand RMB 112,029	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\$ 2,573	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
U. S. A. ZAMA, Inc.	Tennessee, U. S. A.	Thousand US\$ 550	60.00	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

Note:

1. Names of business segments are listed in the “Activities” column.
2. The figure in parentheses in the “Ownership” column indicates the shares indirectly owned.
3. SIIX acquired 60% of issued share of U. S. A. ZAMA, Inc. and made it SIIX’s consolidated subsidiary in this fiscal year.

<u>(Non-consolidated company)</u>	<u>Country</u>	<u>Segment</u>
SIIX EMS POLAND Sp. z o. o.	Poland	Electronics
SIIX MEXICO, S.A DE C.V.	Mexico	Electronics
SIIX do Brasil Ltda.	Brazil	Electronics
<u>(Major affiliated companies)</u>		
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
<u>(Major jointly owned companies)</u>		
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

The globalization of markets and the diversification of consumer needs have advanced greatly in recent years and the optimum arrangement and use of management resources on a flexible and global base has become an important management issue for companies in all areas of business activity such as parts procurement, manufacturing, sales and logistics, etc. 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. 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

A global simultaneous recession has been developing since last year and business prospects are extremely uncertain. Because it is thought that considerable time will be needed for economies to move towards recovery, the SIIX Group will announce its targeted management indicators again following a review of trends in the future economic situation and the state of progress of corporate performance during the fiscal year ending December 2009.

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

In many industrial areas, including the electronics industry, the core area of business in the SIIX Group, overseas manufacturing base networks have expanded along with the development of market globalization. In the logistics area as well, the global movement of products that joins not only between domestic and overseas markets but between one overseas market and another, is accelerating. 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 procurement and product logistics.

The company’s business as a “Global Business Organizer” has also expanded in order to respond to outsourcing needs generated by this kind of corporate globalized movement. In the medium to long-term future as well, the company is aiming to expand business by taking advantage of its “multifunctionality combining trading company with logistics function and manufacturing capabilities” and “global logistics and manufacturing network,” as its strengths to provide total EMS (electronic manufacturing services) that “enables Japanese manufacturing overseas too.”

(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, 2007		As of Dec. 31, 2008		Change		
		Amount	(%)	Amount	(%)	Amount	(%)	
Assets								
I Current assets								
1. Cash and deposits		8,346,884		5,763,790		(2,583,093)	(30.9)	
2. Trade notes and accounts receivable		21,559,796		17,352,952		(4,206,844)	(19.5)	
3. Inventories		13,252,625		13,433,406		180,780	1.4	
4. Deferred tax assets		172,800		152,342		(20,458)	(11.8)	
5. Others		1,217,361		1,249,693		32,332	2.7	
Provision for doubtful receivables		(131,489)		(88,684)		42,804	—	
Total current assets		44,417,978	76.1	37,863,499	73.3	(6,554,478)	(14.8)	
II Fixed assets								
1. Tangible fixed assets								
(1) Buildings and structures		5,973,854		6,119,322				
Accumulated depreciation		1,908,364	4,065,490	1,784,386	4,334,935	269,444	6.6	
(2) Machinery, equipment, and vehicles		12,297,362		10,547,859				
Accumulated depreciation		7,606,741	4,690,620	6,971,794	3,576,064	(1,114,556)	(23.8)	
(3) Tools, furniture and fixtures		1,430,220		1,410,057				
Accumulated depreciation		1,127,563	302,657	1,012,082	397,974	95,317	31.5	
(4) Land			1,426,508		2,500,059	1,073,551	75.3	
(5) Construction in progress			115,953		88,890	(27,063)	(23.3)	
Total tangible fixed assets		10,601,230	18.2	10,897,924	21.1	296,693	2.8	
2. Intangible assets								
(1) Software			120,620		162,659	42,039	34.9	
(2) Others			383,783		626,525	242,741	63.2	
Total intangible fixed assets			504,403	0.8	789,185	1.6	284,781	56.5
3. Investments and other assets								
(1) Investment securities	*1		1,715,885		1,086,151	(629,734)	(36.7)	
(2) Investment in capital	*1		678,444		679,191	746	0.1	
(3) Long-term loans receivable			64,126		62,338	(1,787)	(2.8)	
(4) Deferred tax assets			80,436		2,649	(77,786)	(96.7)	
(5) Others			783,463		615,736	(167,727)	(21.4)	
Provision for doubtful receivables			(469,586)		(367,861)	101,724	—	
Total investments and other assets			2,852,770	4.9	2,078,204	4.0	(774,565)	(27.2)
Total fixed assets			13,958,404	23.9	13,765,314	26.7	(193,090)	(1.4)
Total assets			58,376,383	100.0	51,628,814	100.0	(6,747,569)	(11.6)

Item	Note	As of Dec. 31, 2007		As of Dec. 31, 2008		Change	
		Amount	(%)	Amount	(%)	Amount	(%)
Liabilities							
I Current liabilities							
1. Trade accounts payable		21,937,450		17,192,335		(4,745,115)	(21.6)
2. Short-term borrowings		10,166,863		10,077,239		(89,623)	(0.9)
3. Accrued expenses		1,020,226		774,656		(245,570)	(24.1)
4. Income taxes payable		1,128,845		510,632		(618,212)	(54.8)
5. Deferred tax liabilities		2,814		—		(2,814)	—
6. Others		1,798,678		2,025,715		227,037	12.6
Total current liabilities		36,054,879	61.8	30,580,579	59.2	(5,474,300)	(15.2)
II Fixed liabilities							
1. Long-term liabilities		2,558,165		3,494,346		936,181	36.6
2. Reserve for retirements		91,525		67,810		(23,715)	(25.9)
3. Reserve for retirement benefits for directors		212,490		—		(212,490)	—
4. Deferred tax liabilities		2,282,885		2,299,857		16,972	0.7
5. Others	*2	246,398		486,566		240,168	97.5
Total fixed liabilities		5,391,463	9.2	6,348,581	12.3	957,117	17.8
Total liabilities		41,446,342	71.0	36,929,160	71.5	(4,517,182)	(10.9)
Net assets							
I Shareholder's equity							
1. Common stock		2,144,000	3.7	2,144,000	4.1	—	—
2. Capital surplus		1,853,000	3.2	1,853,000	3.6	—	—
3. Retained surplus		11,888,763	20.3	13,892,879	26.9	2,004,116	16.9
4. Treasury stock		(149)	(0.0)	(275,640)	(0.5)	(275,490)	—
Total shareholder's equity		15,885,613	27.2	17,614,238	34.1	1,728,625	10.9
II Difference of valuation, translation, and other adjustments							
1. Net unrealized gains (losses) on other securities		(113,415)	(0.2)	(80,213)	(0.1)	33,202	—
2. Net gains (losses) on deferral hedge		11,377	0.0	14,161	0.0	2,784	24.5
3. Foreign currency translation Adjustments		1,146,465	2.0	(3,227,332)	(6.2)	(4,373,797)	—
Total of difference of appreciation and conversion		1,044,426	1.8	(3,293,384)	(6.3)	(4,337,811)	—
III Minority interests							
		—	—	378,799	0.7	378,799	—
Total net assets		16,930,040	29.0	14,699,653	28.5	(2,230,386)	(13.2)
Total liabilities and net assets		58,376,383	100.0	51,628,814	100.0	(6,747,569)	(11.6)

(2) Consolidated Statements of Income

(Thousand yen)

Item	Note	1st Jan 2007 - 31st Dec 2007		1st Jan 2008 - 31st Dec 2008		Change	
		Amount	(%)	Amount	(%)	Change	(%)
I Net sales		161,458,005	100.0	143,483,115	100.0	(17,974,890)	(11.1)
II Cost of sales		150,029,364	92.9	132,608,151	92.4	(17,421,213)	(11.6)
Gross profit		11,428,640	7.1	10,874,963	7.6	(553,676)	(4.8)
III Selling, general and administrative expenses	*1	6,004,923	3.7	6,266,679	4.4	261,756	4.4
Operating income		5,423,717	3.4	4,608,284	3.2	(815,433)	(15.0)
IV Non-operating income							
1. Interest income		163,319		112,734			
2. Dividend income		34,859		40,622			
3. Amortization of goodwill		9,048		9,048			
4. Rent income		62,207		69,036			
5. Investment income due to equity method		107,240		174,011			
6. Foreign exchange gains		119,686		—			
7. Others		270,224	0.4	233,512	0.5	(127,621)	(16.6)
V Non-operating expenses							
1. Interest expenses		498,055		367,686			
2. Foreign exchange loss		—		363,953			
3. Others		73,871	0.4	123,019	0.6	282,731	49.4
Ordinary income		5,618,376	3.4	4,392,590	3.1	(1,225,786)	(21.8)

(Thousand yen)

Item	Note	1st Jan 2007 - 31st Dec 2007			1st Jan 2008 - 31st Dec 2008			Change	
		Amount		(%)	Amount		(%)	Change	(%)
VI Extraordinary income									
1. Reversal of allowance for doubtful accounts		99,394			15,016				
2. Gain on sales of investment securities		32,517			40,021				
3. Gain on sales of fixed assets	*2	22,891			5,077				
4. Gain on sales of shares in affiliates	*3	161,769	316,572	0.2	—	60,115	0.0	(256,456)	(81.0)
VII Extraordinary loss									
1. Loss on valuation of investment securities	*4	15,996			549,349				
2. Loss on sale of shares in affiliates	*5	14,960			—				
3. Loss on valuation of investment in capital		—			33,179				
4. Loss on sale of fixed assets	*6	1,098			6,085				
5. Loss on disposal of fixed assets	*7	11,035			3,387				
6. Loss on bad debts	*8	104,771			—				
7. Expenses for relocation of offices	*9	—			8,845				
8. Provision for retirement benefit reserve for directors		44,500	192,360	0.1	—	600,847	0.4	408,486	212.4
Income before income taxes and minority interests			5,742,588	3.5		3,851,858	2.7	(1,890,729)	(32.9)
Current income taxes		1,955,987			1,460,850				
Deferred income taxes		1,314,013	3,270,000	2.0	84,494	1,545,344	1.1	(1,724,655)	(52.7)
Minority interests			(24,604)	(0.0)		—		24,604	—
Net income			2,447,983	1.5		2,306,513	1.6	(141,470)	(5.8)

(3) Consolidated Statements of Changes in Net Assets

Previous year (1st Jan 2007– 31st 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
Purchases 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
Purchases 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

Current year (1st Jan 2008 – 31st Dec 2008)

(Thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained surplus	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			(302,397)		(302,397)
Net income			2,306,513		2,306,513
Purchases of treasury stock				(275,490)	(275,490)
Net changes of items other than shareholders' equity					
Total changes in the period	—	—	2,004,116	(275,490)	1,728,625
Balances at December 31, 2008	2,144,000	1,853,000	13,892,879	(275,640)	17,614,238

(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, 2007	(113,415)	11,377	1,146,465	(1,044,426)	—	16,930,040
Changes in the period						
Dividends from surplus				—		(302,397)
Net income				—		2,306,513
Purchases of treasury stock				—		(275,490)
Net changes of items other than shareholders' equity	33,202	2,784	(4,373,797)	(4,337,811)	378,799	(3,959,011)
Total changes in the period	33,202	2,784	(4,373,797)	(4,337,811)	378,799	(2,230,386)
Balances at December 31, 2008	(80,213)	14,161	(3,227,332)	(3,293,384)	378,799	14,699,653

(4) Consolidated Statements of Cash Flows

(Thousand yen)

		1st Jan 2007 - 31st Dec 2007	1st Jan 2008 - 31st Dec 2008	Change
Item	Note	Amount	Amount	Amount
I Operating activities				
1. Income before income taxes and minority interests		5,742,588	3,851,858	(1,890,729)
2. Depreciation		2,209,087	2,042,944	(166,143)
3. Amortization of goodwill		(9,048)	(9,048)	—
4. Decrease in provision for doubtful receivables		(605,738)	(23,065)	582,673
5. Interest and dividend income		(198,178)	(153,356)	44,822
6. Interest expenses		498,055	367,686	(130,368)
7. Foreign exchange gains and losses		(473)	(26,606)	(26,132)
8. Gains and losses due to equity method		(107,240)	(174,011)	(66,770)
9. Gain on sales of shares in affiliates		(161,769)	—	161,769
10. (Increase) decrease in trade notes and accounts receivable		(2,509,317)	(1,650,745)	858,572
11. (Increase) decrease in inventories		(258,441)	(3,147,181)	(2,888,740)
12. (Increase) decrease in consumption taxes receivable		(135,963)	101,786	237,750
13. Increase (decrease) in trade notes and accounts payable		2,732,401	2,220,606	(511,794)
14. Increase (decrease) in advances received		(186,790)	867,463	1,054,254
15. Others		934,548	10,613	(923,935)
Subtotal		7,943,717	4,278,944	(3,664,772)
16. Interest and dividends received		198,178	153,356	(44,822)
17. Interest paid		(517,459)	(375,266)	142,193
18. Income taxes paid		(1,780,514)	(1,895,431)	(114,917)
Net cash provided by (used in) operating activities		5,843,922	2,161,603	(3,682,318)
II Investing activities				
1. Purchases of tangible fixed assets		(2,305,497)	(4,145,098)	(1,839,601)
2. Proceeds from sales of tangible fixed assets		24,339	19,273	(5,066)
3. Purchases of intangible fixed assets		(252,219)	(536,618)	(284,398)
4. Purchases of investment securities		(200,235)	(13,345)	186,889
5. Proceeds from sales of investment securities		113,526	86,454	(27,072)
6. Payment for loans		(1,398)	—	1,398
7. Proceeds from recovered loans		4,991	1,897	(3,093)
8. Payment for investment in affiliates		(191,152)	—	191,152
9. Payment for acquisition of share in subsidiaries in association with changes in the scope of consolidation		—	(272,149)	(272,149)
10. Proceeds from sales of shares in affiliates		309,878	—	(309,878)
11. Others		24,012	3,234	(20,777)
Net cash used in investing activities		(2,473,753)	(4,856,351)	(2,382,598)
III Financing activities				
1. Decrease (increase) in short-term borrowings		2,882,781	504,948	(2,377,832)
2. Proceeds from long-term borrowings		1,000,000	3,300,000	2,300,000
3. Repayment of long-term borrowings		(3,397,810)	(1,156,537)	2,241,273
4. Dividends paid		(219,984)	(302,280)	(82,296)
5. Payment of dividends to minority shareholders		(9,499)	—	9,499
6. Proceeds from sale and lease back activities		433,683	—	(433,683)
7. Payment for acquisition of treasury stock		—	(275,490)	(275,490)
8. Others		(323,701)	(317,762)	5,938
Net cash used in (provided by) financing activities		365,469	1,752,876	1,387,407
IV Effect of exchange rate changes on cash and cash equivalents		(24,421)	(1,638,499)	(1,614,077)
V Net increase (decrease) in cash and cash equivalents		3,711,216	(2,580,371)	(6,291,587)
VI Cash and cash equivalents at beginning of period		4,613,563	8,324,779	3,711,216
VII Cash and cash equivalents at end of period		8,324,779	5,744,408	(2,580,371)

(Segment Information)**1. Information by operating segment**

Previous year (1st Jan 2007 – 31st Dec 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
II Assets, depreciation and capital expenditure						
Asset	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

Current year (1st Jan 2008 – 31st Dec 2008)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
I Sales and operating income						
Net sales						
(1) Sales – outside customers	133,618,714	8,482,612	1,381,788	143,483,115	—	143,483,115
(2) Sales and transfer-inter-segment	—	916,576	—	916,576	(916,576)	—
Total	133,618,714	9,399,188	1,381,788	144,399,692	(916,576)	143,483,115
Operating expenses	127,777,226	9,410,940	1,349,543	138,537,710	337,120	138,874,831
Operating income or operating loss	5,841,488	(11,751)	32,244	5,861,981	(1,253,697)	4,608,284
II Assets, depreciation and capital expenditure						
Assets	45,269,398	1,211,653	99,167	46,580,219	5,048,595	51,628,814
Depreciation	1,948,834	—	2	1,948,836	94,107	2,042,944
Capital expenditure	1,815,474	—	—	1,815,474	2,768,659	4,584,133

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:	1,204,370 thousand yen
Current year:	1,253,697 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:	2,611,199 thousand yen
Current year:	5,126,717 thousand yen

3. Overseas Sales

Previous year (1st Jan 2007 – 31st 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	4.6	2.6	81.0

Current year (1st Jan 2008 – 31st Dec 2008)

	Asia	Europe	N. America	Other	Total
I Overseas sales (thousand yen)	95,186,107	9,409,053	5,453,398	2,737,508	112,786,068
II Consolidated sales (thousand yen)					143,483,115
III Share of overseas sales in consolidated sales (%)	66.3	6.6	3.8	1.9	78.6

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, Singapore, Philippines, and Thailand

Europe: Germany, France, and Italy

North America: USA

Other: Central and South America, Oceania

Transactions with Related Businesses

Previous year (1st Jan 2007 – 31st Dec 2007)

No transactions to report

Current year (1st Jan 2008 – 31st Dec 2008)

No transactions to report