



February 15, 2010

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2009 (January 1, 2009 to December 31, 2009)

Company name:	SIIX Corporation
Stock code:	7613
Stock exchange listing (Section):	Tokyo Stock Exchange, (First Section) Osaka Securities Exchange, (First Section)
Head office:	Osaka, Japan
URL:	<a href="http://www.siix.co.jp">http://www.siix.co.jp</a>
President & COO:	Kansho Murase
Contact:	Seiji Ono Executive Officer and General Manager, Finance and Accounting Department,
Telephone:	+81-6-6266-6415
Annual Meeting of Shareholders:	March 30, 2010
Scheduled date of payment of cash dividends:	March 31, 2010
Scheduled date of filing financial statement:	March 30, 2010

*(Amounts rounded down to million yen)*

### 1. Consolidated Financial Results (January 1, 2009 – December 31, 2009) (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. 2009	125,485	(12.5)	2,680	(41.8)	2,797	(36.3)
Year ended Dec. 2008	143,483	(11.1)	4,608	(15.0)	4,392	(21.8)

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended Dec. 2009	2,868	24.4	121.11	—
Year ended Dec. 2008	2,306	(5.8)	92.22	—

	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	%	%	%
Year ended Dec. 2009	18.2	5.2	2.1
Year ended Dec. 2008	14.8	8.0	3.2

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

Year ended December 2009:	83 million yen
Year ended December 2008:	174 million yen

## (2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Dec. 2009	55,498	17,652	31.0	728.23
Year ended Dec. 2008	51,628	14,699	27.7	582.15

(Reference) Stockholders' equity:

Year ended December 2009:	17,186 million yen
Year ended December 2008:	14,320 million yen

## (3) Consolidated Cash Flows

	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. 2009	6,197	(877)	(1,717)	9,474
Year ended Dec. 2008	2,161	(4,856)	1,752	5,744

## 2. Dividends

(Base date)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Term-end	Annual dividends
		Yen		Yen	Yen
Year ended Dec. 2008	—	6.00	—	7.00	13.00
Year ended Dec. 2009	—	7.00	—	8.00	15.00
Year ended Dec. 2010 (forecasts)	—	8.00	—	8.00	16.00

(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. 2008	323	14.1	2.1
Year ended Dec. 2009	353	12.4	2.3
Year ended Dec. 2010 (forecasts)	—	15.0	—

## 3. Consolidated Business Performance Forecasts for the Year Ending December 2010 (January 1, 2010 – December 31, 2010)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
2nd quarter ending Jun. 2010	64,570	27.7	1,510	172.8	1,420	124.5
Full year	142,220	13.3	4,030	50.3	3,840	37.3

	Net income		Net income per share (basic)
	Million yen	YoY change (%)	Yen
2nd quarter ending Jun. 2010	920	(37.8)	38.98
Full year	2,510	(12.5)	106.36

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

Full year:	the previous consolidated fiscal year
2nd quarter ending Jun. 2010:	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: Change
- (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. 2009: 25,200,000shares
- Year ended Dec. 2008: 25,200,000shares
- (ii) Number of treasury stock at the end of the fiscal year:
- Year ended Dec. 2009: 1,600,323shares
- Year ended Dec. 2008: 600,191shares

(Reference)

### 1. Non-consolidated Financial Results (January 1, 2009 – December 31, 2009)

#### (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. 2009	42,342	(27.0)	(415)	—	1,499	(10.9)
Year ended Dec. 2008	57,980	(8.7)	298	(55.6)	1,683	(7.2)

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended Dec. 2009	329	(39.7)	13.92	—
Year ended Dec. 2008	546	(4.0)	21.85	—

#### (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. 2009	21,475	5,377	25.0	227.86
Year ended Dec. 2008	20,379	5,728	28.1	232.86

(Reference) Stockholders' equity: Year ended December 2009: 5,377 million yen  
Year ended December 2008: 5,728 million yen

#### 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 started with the colorless economic slowdown in Japan under the impact of “once-in-a-century” worldwide recession, and after the latter half of the year, it recovered moderately due to the factors such as the advancement of inventory adjustment, the increase in export to Asian countries mainly for China, the economic measures of each country, and so on. In overseas economy, on the one hand, it can be seen an increasing recovery trend with the gradual rally of domestic and foreign demand, although the economy in Asian developing countries, which were heavily export-dependent, greatly recessed. On the other hand, in Western countries, personal consumption hit the wall under the increase in savings rate and the high unemployment rate, although it can be seen the economic recovery.

In such circumstances, sales for the current consolidated fiscal year under review were 125,485 million yen, a decrease of 17,997 million yen (12.5% decrease) in comparison to the previous consolidated fiscal year. In terms of profits, although the company tried to cut down selling, general and administrative expenses, operating income was 2,680 million yen, a decrease of 1,927 million yen (41.8% decrease) in comparison to the previous consolidated fiscal year because of factors such as a decrease in sales and the stronger yen. Further, ordinary income finished at 2,797 million yen, a decrease of 1,595 million yen (36.3 % decrease) in comparison to the previous consolidated fiscal year. Net income was 2,868 million yen, an increase of 561 million yen (24.4% increase) in comparison to the previous consolidated fiscal year due mainly to the introduction of the system for the exclusion from gross revenue of dividends from overseas subsidiaries based on the revision of the Corporation Tax Act and the liquidation of 1,568 million yen in deferred tax liabilities.

The average exchange rate for this consolidated fiscal year is 93.69 yen per U.S. dollar, 9.5% stronger yen in comparison to the previous fiscal year, 2.73 yen per Thai baht, 13.9% stronger yen in comparison to the previous fiscal year, 12.09 yen per Hong Kong dollar, and 9.2% stronger yen in comparison to the previous fiscal year.

Segment results by business category were as follows:

#### (Electronics Section)

The Electronics Section is the core of the SIIX Group and covers a wide range of 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, relating to household electrical equipment, shipments of circuit boards assemblies for digital household electrical equipment increased. Also, shipments of components for industrial equipment increased because of an acquisition of consolidated subsidiary at the end of the previous consolidated fiscal year. In automobile related equipment, on the other hand, shipments of circuit boards assemblies couldn't cover the decline in the first half of the year and severely reduced, which recovered after the latter half of the year. . As a result, sales in the Electronics Section for the current consolidated fiscal year under review finished at 117,825 million yen, a decrease of 15,792 million yen (11.8% decrease) in comparison to the previous consolidated fiscal year. Operating income finished at 4,060 million yen, a decrease of 1,780 million yen (30.5% decrease) in comparison to the previous consolidated fiscal year.

(Machinery Section)

The Machinery Section handles wire harness components, equipment machines, and etc. Sales in the Machinery Section for the current consolidated fiscal year under review finished at 7,624 million yen, a decrease of 1,774 million yen (18.9% decrease) in comparison to the previous consolidated fiscal year. There was an operating loss of 14 million yen, profit increases 2 million yen (the operating loss in the previous consolidated fiscal year was 11 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 255 million yen, a decrease of 1,125 million yen (81.5% decrease) in comparison to the previous consolidated fiscal year. Operating income finished at 10 million yen, a decrease of 21 million yen (67.1% decrease) in comparison to the previous consolidated fiscal year.

Geographic segment results were as follows:

(Japan)

Because shipments of components for commercial AV equipment and wire harness components, etc, decreased, sales for the current consolidated fiscal year under review were 42,342 million yen, a decrease of 15,638 million yen (27.0% decrease) in comparison to the previous consolidated fiscal year. Operating income finished at 961 million yen, a decrease of 590 million yen (38.1% decrease) in comparison to the previous consolidated fiscal year.

(Asia)

Although shipments of circuit boards assemblies for digital household electrical equipment increased, shipments of components and circuit boards assemblies for automobile related equipment decreased significantly while the stronger yen also had an impact. As a result, sales for the current consolidated fiscal year under review were 92,344 million yen, a decrease of 15,084 million yen (14.0% decrease) in comparison to the previous consolidated fiscal year. Operating income finished at 3,319 million yen, a decrease of 1,178 million yen (26.2% decrease) in comparison to the previous consolidated fiscal year.

(Europe)

Because shipments of circuit boards assemblies for flat-panel TVs decreased, sales for the consolidated fiscal year under review were 4,930 million yen, a decrease of 1,448 million yen (22.7% decrease) in comparison to the previous consolidated fiscal year. As a result, the Company finished with an operating loss of 668 million yen, an increase of 120 million yen in comparison to the previous consolidated fiscal year (the operating loss in the previous consolidated fiscal year was 547 million yen).

(Americas)

While shipments of components for commercial AV equipment decreased, shipments of components for industrial equipment increased because of an acquisition of consolidated subsidiary at the end of the previous consolidated fiscal year. As a result, sales for the current consolidated fiscal year under review were 11,794 million yen, an increase of 186 million yen (1.6% increase) in comparison to the previous consolidated fiscal year. Operating income finished at 356 million yen, an increase of 43 million yen (14.0% increase) in comparison to the previous consolidated fiscal year.

(ii) Outlook for the Next Term (Term Ending December 2010)

In regard to the world economy in fiscal year 2010, the Company totally expects to continue to be on a slow upswing under the expansion of the economy of developing countries such as China, although it remains economic uncertainty. In electronics industry, sales of automobile related equipment, household electrical equipment, information equipment and communication equipment are expected to continue steady recovery under the effects of the economic measures of each country. In such surroundings, the Company will continue to make efforts towards cost reduction, the development of new business, sales expansion.

As for the outlook for results for this fiscal year, we anticipate sales of 142,220 million yen (13.3% increase from the previous fiscal year), operating income of 4,030 million yen (50.3% increase from the previous fiscal year), ordinary income of 3,840 million yen (37.3% increase from the previous fiscal year), and net income of 2,510 million yen (12.5% decrease from the previous fiscal year). The exchange rate assumed in the business performance forecast for this fiscal year is 87 yen per U.S. dollar.

Net Income will decrease because there was liquidation of 1,568 million yen in deferred tax liabilities in the previous consolidated fiscal year.

**(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 55,498 million yen, an increase of 3,869 million yen (7.5% increase) in comparison to the previous consolidated fiscal year.

Current assets increased by 4,053 million yen (10.7% increase) in comparison to the previous consolidated fiscal year due to factors such as a decrease of 4,460 million yen (33.2% decrease) in inventory, an increase of 3,728 million yen (64.7% increase) in cash and deposits, an increase of 4,861 million yen (28.0% increase) in trade notes and accounts receivable, and etc..

Fixed assets decreased by 183 million yen (1.3% decrease) in comparison to the previous consolidated fiscal year.

Current liabilities increased by 2,399 million yen (7.8% increase) in comparison to the previous consolidated fiscal year due to factors such as a decrease of 627 million yen (6.2% decrease) in short-term borrowings, an increase of 3,412 million yen (19.9% increase) in trade accounts payable, and so on.

Fixed liabilities decreased 1,482 million yen (23.4% decrease) in comparison to the previous consolidated fiscal year due to factors such as a decrease of 1,349 million yen (58.7% decrease) in deferred tax liabilities with the introduction of the system for the exclusion from gross revenue of dividends from overseas subsidiaries based on the revision of the Corporation Tax Act.

Net assets were 17,652 million yen, and the capital-to-asset ratio was 31.0%.

(ii) Cash flow situation

Cash and cash equivalents (hereinafter, "funds") during the consolidated fiscal year under review increased 3,729 million yen due to factors such as an decrease in inventory and etc. despite expenditure due to the repayment of long-term borrowings, and etc. Funds at the end of the current consolidated fiscal year under review stood at 9,474 million yen (64.9% increase).

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 6,197 million yen (increased funds of 2,161 million yen in the previous consolidated fiscal year). This was mainly due to such positive factors as decreases in inventory of 4,840 million yen, net income before taxes and other adjustments for the current consolidated fiscal year finishing at 2,673 million yen and depreciation costs of 1,946 million yen.

(Cash flow from investing activities)

The result of investing activities was decreased funds of 877 million yen (decreased funds of 4,856 million yen in the previous consolidated fiscal year). This was mainly due to expenditures of 463 million yen for the acquisition of tangible fixed assets and 267 million yen for purchase of investment securities.

(Cash flow from financial activities)

The result of financial activities was decreased funds of 1,717 million yen (increased funds of 1,752 million yen in the previous consolidated fiscal year). This was mainly due to expenditures of 1,899 million yen for the repayment of long-term borrowings.

(Reference) Trends in cash flow related indicators

	Year ended Dec. 2005	Year ended Dec. 2006	Year ended Dec. 2007	Year ended Dec. 2008	Year ended Dec. 2009
Capital-to-asset ratio (%)	29.0	28.6	29.0	27.7	31.0
Capital-to-asset ratio based on market prices (%)	53.3	33.2	50.3	13.6	48.3
Debt to annual cash flow ratio (years)	2.4	4.6	2.2	6.3	2.2
Interest coverage ratio (X)	17.5	6.2	11.3	5.8	29.4

Note: Cash flow indices are calculated as follows.

- Capital-to-asset ratio: Shareholders' 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 7 yen per share as an interim dividend and plans to add a further 8 yen per share as the term-end dividend. In total, the Company is planning to make an annual dividend of 15 yen per share, which is increased by 2 yen from the previous year. As for the dividends for the next fiscal year, the Company plans a common dividend of 8 yen per share as an interim dividend and 8 yen per share as a term-end dividend. Finally, the Company is planning to pay an annual dividend of 16 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 11 subsidiaries in the Asia region (among these 4 in China including Hong Kong\*), 3 in Europe, 2 in North America and 2 in Central and South America. In combination with a further 8 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, 4 non-consolidated subsidiaries, 8 affiliates, of which 2 equity-method affiliates, and 13 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.

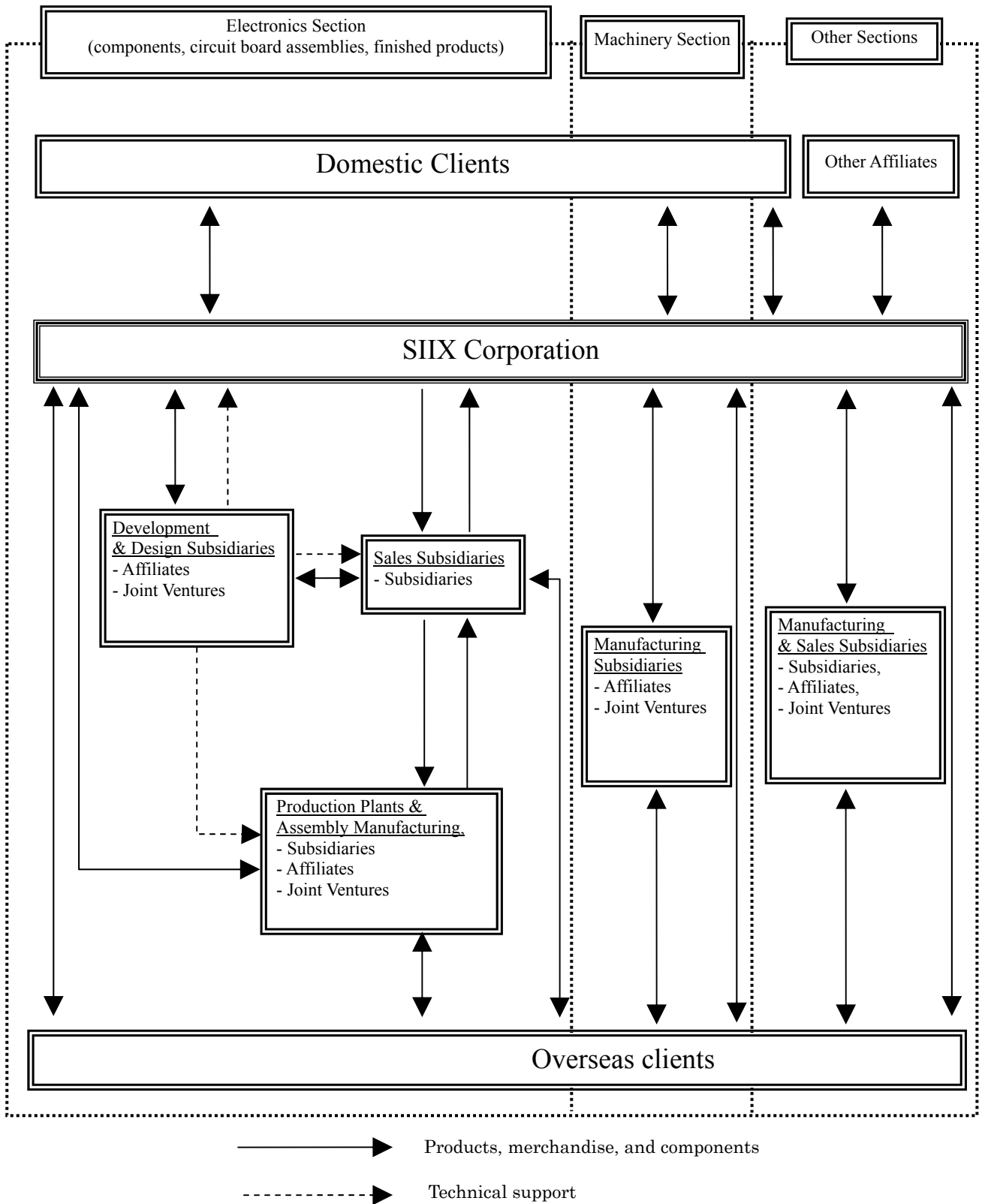
Company	Country	Capital/ Investment	Owner Ship (%)	Activities	Business Segment	Category
<b>(Consolidated subsidiaries)</b>						
SIIX (Shanghai) Co., Ltd.	Shanghai, China	Thousand RMB 20,793	100.00	Sales and procurement of products	Electronics	Trading
SIIX EMS (DONG GUAN) Co., Ltd.	Guangdong, China	Thousand RMB 121,476	100.00 (100.00)	Manufacturing, sales, and procurement of raw materials	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	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\$ 8,315	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	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	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
<b>(Equity-method affiliates)</b>						
Takaya SIIX Electronics (Shanghai) Co., Ltd.	Shanghai, China	Thousand RMB 70,631	40.00	Manufacturing, sales, and procurement of raw materials	Electronics	Manufacturing
KAWASAKI MOTORS (PHILS.) CORPORATION	Muntinlupa, Metro Manila, Philippines	Thousand PHP 101,430	20.06	Manufacturing, sales, and procurement of raw materials	Machinery	Manufacturing

Note:

- Names of business segments are listed in the "Activities" column.
- The figure in parentheses in the "Ownership" column indicates the shares indirectly owned.

(Non-consolidated company)	Country	Segment
SIIX (Dongguan) Co., Ltd.	China	Electronics
SIIX EMS POLAND Sp. z o. o.	Poland	Electronics
SIIX MEXICO, S.A DE C.V.	Mexico	Electronics
SIIX do Brasil Ltda.	Brazil	Electronics
<hr/>		
(Major affiliated companies)		
TECHNO CORE INTERNATIONAL CO., LTD.	Japan	Electronics
TS-PRO Co., Ltd.	Japan	Electronics
Bando SIIX Ltd.	China (Hong Kong)	Electronics
PFU Technology Singapore Pte. Ltd.	Singapore	Electronics
Delsa Chemicals and Multi-Products, Inc.	Philippines	Others
<hr/>		
(Major jointly owned companies)		
TOYO iTEC Co., Ltd.	Japan	Electronics
Panyu Kyokuto Sakata Electronics Ltd.	China	Electronics
KYOKUTO CHINA LTD.	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**

As SIIX Group’s Target, the Company aims at the achievement of 165,000 million yen in sales and 4,700 million yen in operating income in 2012. The exchange rate assumed in the business performance forecast for 2012 is 87 yen per U.S. dollar.

#### **(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).

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

As companies’ progression in overseas production, the SIIX Group is approaching the increasing needs of both overseas manufacturing and logistics as a commercial opportunity and is working on the following issues in order to expand its business.

- 1) The preparation and expansion of domestic and global base-network and the further expression of synergistic effects between those bases
- 2) The upgrading of global procurement and logistics service to correspond with the customers’ expansion in overseas production.
- 3) The enhancement of proposing capabilities of manufacturing technology such as mounting technology contributes the customers’ efficiently quantity production
- 4) The development of new businesses relating to electronics field such as ecology and energy saving expected its demand expansion in future and the collaboration with the existing businesses
- 5) The continuous improvement of asset efficiency on a consolidated basis

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

(Thousand yen)

	As of Dec. 31, 2008	As of Dec. 31, 2009
<b>Assets</b>		
Current assets		
Cash and deposits	5,763,790	9,492,199
Notes and accounts receivable-trade	17,352,952	22,214,678
Inventories	13,433,406	-
Merchandise and finished goods	-	6,703,667
Work in process	-	557,327
Raw materials and supplies	-	1,712,117
Deferred tax assets	152,342	308,750
Other	1,249,693	997,742
Allowance for doubtful accounts	(88,684)	(69,352)
Total current assets	37,863,499	41,917,130
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,119,322	6,249,988
Accumulated depreciation	(1,784,386)	(2,054,073)
Buildings and structures, net	4,334,935	4,195,915
Machinery, equipment and vehicles	10,547,859	10,487,743
Accumulated depreciation	(6,971,794)	(7,901,414)
Machinery, equipment and vehicles, net	3,576,064	2,586,328
Tools, furniture and fixtures	1,410,057	1,222,946
Accumulated depreciation	(1,012,082)	(915,713)
Tools, furniture and fixtures, net	397,974	307,233
Land	2,500,059	2,256,554
Construction in progress	88,890	64,080
Total property, plant and equipment	10,897,924	9,410,112
Intangible assets		
Software	162,659	778,438
Other	626,525	67,208
Total intangible assets	789,185	845,647
Investments and other assets		
Investment securities	1,086,151	1,695,886
Investments in capital	679,191	684,499
Long-term loans receivable	62,338	62,535
Deferred tax assets	2,649	287,934
Other	615,736	1,002,080
Allowance for doubtful accounts	(367,861)	(407,330)
Total Investments and other assets	2,078,204	3,325,606
Total noncurrent assets	13,765,314	13,581,365
Total assets	51,628,814	55,498,496

(Thousand yen)

	As of Dec. 31, 2008	As of Dec. 31, 2009
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	17,192,335	20,605,040
Short-term loans payable	10,077,239	9,449,299
Accrued expenses	774,656	953,260
Income taxes payable	510,632	533,922
Deferred tax liabilities	—	28,001
Other	2,025,715	1,410,873
Total current liabilities	30,580,579	32,980,398
Noncurrent liabilities		
Long-term loans payable	3,494,346	3,460,000
Provision for retirement benefits	67,810	67,366
Deferred tax liabilities	2,299,857	949,938
Other	486,566	388,418
Total noncurrent liabilities	6,348,581	4,865,723
Total liabilities	36,929,160	37,846,121
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,144,000	2,144,000
Capital surplus	1,853,000	1,853,000
Retained earnings	13,892,879	16,495,822
Treasury stock	(275,640)	(677,664)
Total shareholders' equity	17,614,238	19,815,157
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(80,213)	278,448
Deferred gains or losses on hedges	14,161	3,762
Foreign currency translation adjustment	(3,227,332)	(2,911,355)
Total valuation and translation adjustments	(3,293,384)	(2,629,144)
Minority interests	378,799	466,361
Total net assets	14,699,653	17,652,374
Total liabilities and net assets	51,628,814	55,498,496

**(2) Consolidated Statements of Income**

(Thousand yen)

	1st Jan 2008 - 31st Dec 2008	1st Jan 2009 - 31st Dec 2009
Net sales	143,483,115	125,485,219
Cost of sales	132,608,151	117,135,252
Gross profit	10,874,963	8,349,967
Selling, general and administrative expenses	6,266,679	5,669,478
Operating income	4,608,284	2,680,488
Non-operating income		
Interest income	112,734	31,522
Dividends income	40,622	18,772
Amortization of negative goodwill	9,048	38,592
Real estate rent	69,036	75,758
Equity in earnings of affiliates	174,011	83,373
Other	233,512	147,481
Total non-operating income	638,965	395,501
Non-operating expenses		
Interest expenses	367,686	204,349
Foreign exchange losses	363,953	45,852
Other	123,019	28,432
Total non-operating expenses	854,658	278,634
Ordinary income	4,392,590	2,797,356
Extraordinary income		
Reversal of allowance for doubtful accounts	15,016	2,374
Gain on sales of investment securities	40,021	23,973
Gain on sales of noncurrent assets	5,077	2,944
Total extraordinary income	60,115	29,292
Extraordinary loss		
Loss on sales of investment securities	-	25,438
Loss on valuation of investment securities	549,349	27,177
Loss on valuation of investments in capital	33,179	-
Loss on liquidation of subsidiaries and affiliates	-	79,834
Loss on sales of noncurrent assets	6,085	-
Loss on retirement of noncurrent assets	3,387	20,604
Office transfer expenses	8,845	-
Total extraordinary loss	600,847	153,054
Income before income taxes	3,851,858	2,673,593
Income taxes-current	1,460,850	1,304,126
Income taxes-deferred	84,494	(1,583,383)
Total income taxes-current	1,545,344	(279,257)
Minority interests in income	-	84,544
Net income	2,306,513	2,868,306



**(3) Consolidated Statements of Changes in Net Assets**

(Thousand yen)

	1st Jan 2008 - 31st Dec 2008	1st Jan 2009 - 31st Dec 2009
<b>Shareholders' equity</b>		
Capital stock		
Balances at December 31, 2008	2,144,000	2,144,000
Balances at December 31, 2009	2,144,000	2,144,000
Capital surplus		
Balances at December 31, 2008	1,853,000	1,853,000
Balances at December 31, 2009	1,853,000	1,853,000
Retained earnings		
Balances at December 31, 2008	11,888,763	13,892,879
Increase by changes in accounting standards of foreign subsidiaries	-	72,033
Changes of items during the period		
Dividends from surplus	(302,397)	(337,396)
Net income	2,306,513	2,868,306
Total changes of items during the period	2,004,116	2,530,910
Balances at December 31, 2009	13,892,879	16,495,822
Treasury stock		
Balances at December 31, 2008	(149)	(275,640)
Changes of items during the period		
Purchase of treasury stock	(275,490)	(402,024)
Total changes of items during the period	(275,490)	(402,024)
Balances at December 31, 2009	(275,640)	(677,664)
Total shareholders' equity		
Balances at December 31, 2008	15,885,613	17,614,238
Increase by changes in accounting standards of foreign subsidiaries	-	72,033
Changes of items during the period		
Dividends from surplus	(302,397)	(337,396)
Net income	2,306,513	2,868,306
Purchase of treasury stock	(275,490)	(402,024)
Total changes of items during the period	1,728,625	2,128,885
Balances at December 31, 2009	17,614,238	19,815,157

1st Jan 2008 - 31st Dec 2008 1st Jan 2009 - 31st Dec 2009

Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balances at December 31, 2008	(113,415)	(80,213)
Changes of items during the period		
Net changes of items other than shareholders' equity	33,202	358,662
Total changes of items during the period	33,202	358,662
Balances at December 31, 2009	(80,213)	278,448
Deferred gains or losses on hedges		
Balances at December 31, 2008	11,377	14,161
Changes of items during the period		
Net changes of items other than shareholders' equity	2,784	(10,399)
Total changes of items during the period	2,784	(10,399)
Balances at December 31, 2009	14,161	3,762
Foreign currency translation adjustment		
Balances at December 31, 2008	1,146,465	(3,227,332)
Changes of items during the period		
Net changes of items other than shareholders' equity	(4,373,797)	315,976
Total changes of items during the period	(4,373,797)	315,976
Balances at December 31, 2009	(3,227,332)	(2,911,355)
Total valuation and translation adjustments		
Balances at December 31, 2008	1,044,426	(3,293,384)
Changes of items during the period		
Net changes of items other than shareholders' equity	(4,337,811)	664,239
Total changes of items during the period	(4,337,811)	664,239
Balances at December 31, 2009	(3,293,384)	(2,629,144)
Minority interests		
Balances at December 31, 2008	-	378,799
Changes of items during the period		
Net changes of items other than shareholders' equity	378,799	87,562
Total changes of items during the period	378,799	87,562
Balances at December 31, 2009	378,799	466,361
Total net assets		
Balances at December 31, 2008	16,930,040	14,699,653
Increase by changes in accounting standards of foreign subsidiaries	-	72,033
Changes of items during the period		
Dividends from surplus	(302,397)	(337,396)
Net income	2,306,513	2,868,306
Purchases of treasury stock	(275,490)	(402,024)
Net changes of items other than shareholders' equity	(3,959,011)	751,801
Total changes of items during the period	(2,230,386)	2,880,687
Balances at December 31, 2009	14,699,653	17,652,374

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

(Thousand yen)

1st Jan 2008 - 31st Dec 2008      1st Jan 2009 - 31st Dec 2009

Net cash provided by (used in) operating activities		
Income before income taxes	3,851,858	2,673,593
Depreciation and amortization	2,042,944	1,946,727
Amortization of negative goodwill	(9,048)	(38,592)
Increase (decrease) in allowance for doubtful accounts	(23,065)	7,366
Interest and dividends income	(153,356)	(50,295)
Interest expenses	367,686	204,349
Foreign exchange losses (gains)	(26,606)	(942)
Equity in (earnings) losses of affiliates	(174,011)	(83,373)
Decrease (increase) in notes and accounts receivable-trade	(1,650,745)	(4,298,779)
Decrease (increase) in inventories	(3,147,181)	4,840,220
Decrease (increase) in consumption taxes refund receivable	101,786	54,322
Increase (decrease) in notes and accounts payable-trade	2,220,606	2,686,761
Increase (decrease) in advances received	867,463	(895,622)
Other	10,613	635,746
Subtotal	4,278,944	7,681,482
Interest and dividends income received	153,356	68,908
Interest expenses paid	(375,266)	(210,495)
Income taxes paid	(1,895,431)	(1,342,121)
Net cash provided by (used in) operating activities	2,161,603	6,197,774
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(4,145,098)	(463,790)
Proceeds from sales of property, plant and equipment	19,273	3,533
Purchase of intangible assets	(536,618)	(190,804)
Purchase of investment securities	(13,345)	(267,046)
Proceeds from sales of investment securities	86,454	95,691
Payments of loans receivable	-	(1,045)
Collection of loans receivable	1,897	912
Payments for investments in capital of subsidiaries and affiliates	-	(12,090)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(272,149)	-
Other	3,234	(43,218)
Net cash provided by (used in) investment activities	(4,856,351)	(877,858)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	504,948	193,721
Proceeds from long-term loans payable	3,300,000	900,000
Repayment of long-term loans payable	(1,156,537)	(1,899,195)
Purchase of treasury stock	(275,490)	(402,024)
Cash dividends paid	(302,280)	(340,026)
Other	(317,762)	(169,825)
Net cash provided by (used in) financing activities	1,752,876	(1,717,349)
Effect of exchange rate change on cash and cash equivalents	(1,638,499)	127,276
Net increase (decrease) in cash and cash equivalents	(2,580,371)	3,729,843
Cash and cash equivalents at beginning of period	8,324,779	5,744,408
Cash and cash equivalents at end of period	5,744,408	9,474,251

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

Previous 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

Current year (1st Jan 2009 – 31st Dec 2009)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
I Sales and operating income						
Net sales						
(1) Sales – outside customers	117,825,783	7,403,487	255,948	125,485,219	-	125,485,219
(2) Sales and transfer-inter-segment	-	221,481	-	221,481	(221,481)	-
Total	117,825,783	7,624,969	255,948	125,706,700	(221,481)	125,485,219
Operating expenses	113,764,866	7,639,160	245,345	121,649,372	1,155,358	122,804,730
Operating income or operating loss	4,060,917	(14,191)	10,603	4,057,328	(1,376,839)	2,680,488
II Assets, depreciation and capital expenditure						
Assets	48,940,091	1,982,086	75,450	50,997,628	4,500,867	55,498,496
Depreciation	1,737,112	2	4	1,737,118	209,608	1,946,727
Capital expenditure	640,583	-	-	640,583	190,239	830,822

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 household equipments, flat-panel TVs, air conditioners, healthcare equipment, etc.), industrial equipment (engine ignition systems, commercial AV equipment, etc.) and general electronic products
Machinery section	Wire harnesses, materials for motorcycle, electrical components such as spark plugs, equipment machines 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:	1,253,697 thousand yen
Current year:	1,376,839 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:	5,126,717 thousand yen
Current year:	4,739,136 thousand yen

## 2. Geographical Segment Information

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

(Thousand yen)

	Japan	Asia	Europe	Americas	Total	Eliminations and corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) Sales – outside customers	32,708,632	99,457,703	5,878,160	5,438,619	143,483,115	—	143,483,115
(2) Sales and transfers-inter segments	25,272,261	7,971,306	500,216	6,170,123	39,913,908	(39,913,908)	—
Total	57,980,894	107,429,009	6,378,377	11,608,743	183,397,024	(39,913,908)	143,483,115
Operating expenses	56,428,334	102,931,276	6,925,940	11,295,890	177,581,441	(38,706,610)	138,874,831
Operating income or operating loss	1,552,559	4,497,733	(547,562)	312,852	5,815,582	(1,207,298)	4,608,284
II Assets	14,830,279	36,183,874	2,803,557	3,676,333	57,494,044	(5,865,230)	51,628,814

Current year (1st Jan 2009 – 31st Dec 2009)

(Thousand yen)

	Japan	Asia	Europe	Americas	Total	Eliminations and corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) Sales–outside customers	26,786,483	85,378,566	4,608,787	8,711,381	125,485,219	-	125,485,219
(2) Sales and transfers-inter-segments	15,556,096	6,965,584	321,533	3,083,539	25,926,753	(25,926,753)	-
Total	42,342,579	92,344,151	4,930,320	11,794,920	151,411,972	(25,926,753)	125,485,219
Operating expenses	41,380,817	89,024,670	5,598,684	11,438,131	147,442,303	(24,637,572)	122,804,730
Operating income or operating loss	961,762	3,319,480	(668,363)	356,789	3,969,669	(1,289,180)	2,680,488
II Assets	16,550,597	37,429,130	2,790,619	4,256,049	61,026,396	(5,527,900)	55,498,496

Notes:

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

    Previous year: 1,253,697 thousand yen

    Current year: 1,376,839 thousand yen

- Corporate assets included under the heading “Eliminations and corporate” consist primarily of the surplus funds, mainly cash and investment securities, and assets of the administration division of the parent company. Corporate assets included under “Eliminations and corporate” were as follows:

    Previous year: 5,126,717 thousand yen

    Current year: 4,739,136 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: Asia: China, Taiwan, Singapore, Thailand, Philippines, and Indonesia

Europe: Germany and Slovakia

Americas: USA

### 3. Overseas Sales

Previous year (1st Jan 2008 – 31<sup>st</sup> 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

Current year (1st Jan 2009 – 31st Dec 2009)

	Asia	Europe	N. America	Other	Total
I Overseas sales (thousand yen)	80,267,473	7,376,198	8,133,667	2,171,756	97,949,096
II Consolidated sales (thousand yen)					125,485,219
III Share of overseas sales in consolidated sales (%)	64.0	5.9	6.5	1.7	78.1

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

Method of geographical segmentation:

Geographic proximity

Major areas and countries in geographical segments:

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

Europe: Germany, France, and Italy

North America: USA

Other: Central and South America, Oceania