



February 15, 2011

Consolidated Financial Results for the Fiscal Year Ended December 31, 2010 (January 1, 2010 to December 31, 2010)

Company name:	SIIX Corporation
Stock code:	7613
Stock exchange listing (Section):	Tokyo Stock Exchange, (First Section) Osaka Securities Exchange, (First Section)
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Annual Meeting of Shareholders:	March 30, 2011
Scheduled date of payment of cash dividends:	March 31, 2011
Scheduled date of filing financial statement:	March 30, 2011

(Amounts rounded down to million yen)

1. Consolidated Financial Results (January 1, 2010 – December 31, 2010)

(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. 2010	166,481	32.7	5,331	98.9	5,645	101.8
Year ended Dec. 2009	125,485	(12.5)	2,680	(41.8)	2,797	(36.3)

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended Dec. 2010	3,270	14.0	138.59	—
Year ended Dec. 2009	2,868	24.4	121.11	—

	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	%	%	%
Year ended Dec. 2010	17.9	9.5	3.2
Year ended Dec. 2009	18.2	5.2	2.1

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

Year ended December 2010:	160 million yen
Year ended December 2009:	83 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. 2010	62,787	19,770	30.8	819.88
Year ended Dec. 2009	55,498	17,652	31.0	728.23

(Reference) Stockholders' equity:

Year ended December 2010:	19,348 million yen
Year ended December 2009:	17,186 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. 2010	(1,068)	(3,043)	716	5,526
Year ended Dec. 2009	6,197	(877)	(1,717)	9,474

2. Dividends

(Base date)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Term-end	Annual dividends
		Yen		Yen	Yen
Year ended Dec. 2009	—	7.00	—	8.00	15.00
Year ended Dec. 2010	—	8.00	—	14.00	22.00
Year ended Dec. 2011 (forecasts)	—	14.00	—	14.00	28.00

(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. 2009	353	12.4	2.3
Year ended Dec. 2010	519	15.9	2.8
Year ended Dec. 2011 (forecasts)	—	17.4	—

3. Consolidated Business Performance Forecasts for the Year Ending December 2011 (January 1, 2011 – December 31, 2011)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
2nd quarter ending Jun. 2011	84,450	5.2	2,620	5.3	2,760	3.8
Full year	172,000	3.3	5,560	4.3	5,760	2.0

	Net income		Net income per share (basic)
	Million yen	YoY change (%)	Yen
2nd quarter ending Jun. 2011	1,860	0.7	78.81
Full year	3,800	16.2	161.02

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. 2010: 25,200,000 shares
- Year ended Dec. 2009: 25,200,000 shares
- (ii) Number of treasury stock at the end of the fiscal year:
- Year ended Dec. 2010: 1,600,364 shares
- Year ended Dec. 2009: 1,600,323 shares

(Reference)

1. Non-consolidated Financial Results (January 1, 2010 – December 31, 2010)

(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. 2010	60,772	43.5	158	–	1,331	(11.2)
Year ended Dec. 2009	42,342	(27.0)	(415)	–	1,499	(10.9)

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended Dec. 2010	407	23.8	17.29	—
Year ended Dec. 2009	329	(39.7)	13.92	—

(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. 2010	22,613	5,552	24.6	235.29
Year ended Dec. 2009	21,475	5,377	25.0	227.86

(Reference) Stockholders' equity: Year ended December 2010: 5,552 million yen
Year ended December 2009: 5,377 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, in Japan the economy continued a moderate recovery trend due to the effects of the economic stimulus measures taken by the government and an increase in exports to China and other developing countries. As for overseas economy, although the employment situation remains harsh in the U.S.A., business sentiment among corporations showed bright signs owing to an improvement in order receipts. In European countries, major countries were the driving force behind the economic recovery. However, market concerns persisted because of the continued high unemployment rate and the debt problem of neighboring countries. In Asia, many developing countries led by China and India were steady, bolstered by an expansion of domestic and foreign demand.

In such circumstances, net sales for the current consolidated fiscal year under review finished at 166,481 million yen, an increase of 40,995 million yen (32.7% increase) in comparison to the previous consolidated fiscal year. In terms of profits, operating income finished at 5,331 million yen, an increase of 2,650 million yen (98.9% increase) in comparison to the previous consolidated fiscal year by an increase in sales. Further, ordinary income finished at 5,645 million yen, an increase of 2,848 million yen (101.8% increase) in comparison to the previous consolidated fiscal year. Net income finished at 3,270 million yen, an increase of 402 million yen (14.0% increase) in comparison to the previous consolidated fiscal year.

The average exchange rate for this consolidated fiscal year is 87.84 yen per U.S. dollar, 6.2% stronger yen in comparison to the previous fiscal year, 116.46 yen per euro, 10.9% stronger yen in comparison to the previous fiscal year, 2.77 yen per Thai baht, 1.5% weaker yen in comparison to the previous fiscal year, and 11.31 yen per Hong Kong dollar, 6.5% 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 board assemblies, components and kits relating to communication equipment, automotive-related equipment, information equipment, household electrical equipment, industrial equipment and general electronic products and devices. In this Section, the shipments of digital household equipment were steady, and the shipments of components and circuit board assemblies for automotive-related equipment and components for information equipment expanded. As a result, sales in the Electronics Section for the current consolidated fiscal year under review finished at 155,606 million yen, an increase of 37,780 million yen (32.1% increase) in comparison to the previous consolidated fiscal year. Operating income finished at 6,683 million yen, an increase of 2,622 million yen (64.6% increase) in comparison to the previous consolidated fiscal year.

(Machinery Section)

The Machinery Section handles wire harnesses, equipment machines, and etc. Sales in the Machinery Section for the current consolidated fiscal year under review finished at 11,702 million yen, an increase of 4,077 million yen (53.5% increase) in comparison to the previous consolidated fiscal year. There was an operating income of 44 million yen, profit increases 58 million yen (the operating loss in the previous consolidated fiscal year was 14 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 299 million yen, an increase of 43 million yen (17.0% increase) in comparison to the previous consolidated fiscal year. Operating income finished at 6 million yen, a decrease of 4 million yen (40.2% decrease) in comparison to the previous consolidated fiscal year.

Geographic segment results were as follows:

(Japan)

Because shipments of digital household electrical equipments and wire harness components, etc. increased, sales for the current consolidated fiscal year under review were 60,776 million yen, an increase of 18,434 million yen (43.5% increase) in comparison to the previous consolidated fiscal year. Operating income finished at 1,457 million yen, an increase of 495 million yen (51.5% increase) in comparison to the previous consolidated fiscal year.

(Asia)

Because shipments of digital household electrical equipment and components for automotive-related equipment increased sales for the current consolidated fiscal year under review were 120,022 million yen, an increase of 27,678 million yen (30.0% increase) in comparison to the previous consolidated fiscal year. Operating income finished at 5,142 million yen, an increase of 1,822 million yen (54.9% increase) in comparison to the previous consolidated fiscal year.

(Europe)

Although shipment of circuit boards assemblies for automobile-related equipment increased, shipments of circuit boards assemblies for flat-panel TVs decreased while the stronger yen also had an impact. As a result, sales for the consolidated fiscal year under review were 4,852 million yen, a decrease of 78 million yen (1.6% decrease) in comparison to the previous consolidated fiscal year. Operating loss for the consolidated fiscal year were 255 million yen, a decrease of 413 million yen in comparison to the previous consolidated fiscal year (the operating loss in the previous consolidated fiscal year was 668 million yen).

(Americas)

Because shipments of components for automobile-related equipment and industrial equipment increased sales for the current consolidated fiscal year under review were 14,324 million yen, an increase of 2,529 million yen (21.4% increase) in comparison to the previous consolidated fiscal year. Operating income finished at 383 million yen, an increase of 26 million yen (7.5% increase) in comparison to the previous consolidated fiscal year.

(ii) Outlook for the Next Term (Term Ending December 2011)

In regard to the world economy in fiscal year 2011, the Company totally expects to continue to be on a slow upswing under the expansion of the economy of developing countries such as China and India, although it remains financial uncertainty in European countries, severity of the employment situation in the US, etc. In electronics industry, sales of communication equipment, digital household electrical equipment, automobile-related equipment, and information equipment are expected to continue steady recovery. 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 172,000 million yen (3.3% increase from the previous fiscal year), operating income of 5,560 million yen (4.3% increase from the previous fiscal year), ordinary income of 5,760 million yen (2.0% increase from the previous fiscal year), and net income of 3,800 million yen (16.2% increase from the previous fiscal year). The exchange rate assumed in the business performance forecast for this fiscal year is 80 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 62,787 million yen, an increase of 7,289 million yen (13.1% increase) in comparison to the previous consolidated fiscal year.

Current assets increased by 5,995 million yen (14.3% increase) in comparison to the previous consolidated fiscal year due to factors such as a decrease of 3,948 million yen (41.6% decrease) in cash and deposits, an increase of 5,420 million yen (24.4% increase) in trade notes and accounts receivable, an increase of 3,810 million yen (56.8% increase) in merchandise and finished goods and etc..

Fixed assets increased by 1,293 million yen (9.5% increase) in comparison to the previous consolidated fiscal year due to facility investment in overseas manufacturing bases

Current liabilities increased by 5,986 million yen (18.2% increase) in comparison to the previous consolidated fiscal year due to factors such as an increase of 3,413 million yen (16.6% increase) in trade accounts payable, an increase of 1,688 million yen (17.9% increase) in short-term loans payable, and so on.

Fixed liabilities decreased 814 million yen (16.7% decrease) in comparison to the previous consolidated fiscal year due to factors such as the repayment of long-term loans.

Net assets were 19,770 million yen, and the capital-to-asset ratio was 30.8%.

(ii) Cash flow situation

Cash and cash equivalents (hereinafter, "funds") during the consolidated fiscal year under review decreased 3,947 million yen due to factors such as an increase in trade and accounts receivable, an increase in inventories, and expenditures for acquisition of tangible fixed assets, etc. Funds at the end of the current consolidated fiscal year under review stood at 5,526 million yen (41.7% 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 decreased funds of 1,068 million yen (increased funds of 6,197 million yen in the previous consolidated fiscal year). This was mainly due to such positive factors as net income before taxes and other adjustments for the current consolidated fiscal year finishing at 4,999 million yen and increases in trade notes and accounts payable of 6,142 million yen, and such negative factors as increases in trade notes and accounts receivable of 8,129 million yen and increases in inventory of 5,310 million yen.

(Cash flow from investing activities)

The result of investing activities was decreased funds of 3,043 million yen (decreased funds of 877 million yen in the previous consolidated fiscal year). This was mainly due to expenditures of 2,397 million yen for the acquisition of tangible fixed assets and 527 million yen for investment in subsidiaries.

(Cash flow from financial activities)

The result of financial activities was increased funds of 716 million yen (decreased funds of 1,717 million yen in the previous consolidated fiscal year). This was mainly due to expenditures of 1,026 million yen for the repayment of long-term loans and proceeds of 1,600 million yen from long-term loans.

(Reference) Trends in cash flow related indicators

	Year ended Dec. 2006	Year ended Dec. 2007	Year ended Dec. 2008	Year ended Dec. 2009	Year ended Dec. 2010
Capital-to-asset ratio (%)	28.6	29.0	27.7	31.0	30.8
Capital-to-asset ratio based on market prices (%)	33.2	50.3	13.6	48.3	36.0
Debt to annual cash flow ratio (years)	4.6	2.2	6.3	2.2	-
Interest coverage ratio (X)	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.
5. Debt to annual cash flow ratio and Interest coverage ratio for 2010 are not calculated because cash flow from operating activities for 2010 are negative.

(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 8 yen per share as an interim dividend and plans to add a further 14 yen per share as the term-end dividend. In total, the Company is planning to make an annual dividend of 22 yen per share, which is increased by 7 yen from the previous year. As for the dividends for the next fiscal year, the Company plans a common dividend of 14 yen per share as an interim dividend and 14 yen per share as a term-end dividend. Finally, the Company is planning to pay an annual dividend of 28 yen per share (an increase of 6 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 12 subsidiaries in the Asia region (among these 4 in China including Hong Kong*), 2 in Europe, 2 in North America and 2 in Central and South America. In combination with a further 9 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), 15 consolidated subsidiaries, 4 non-consolidated subsidiaries, 9 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.

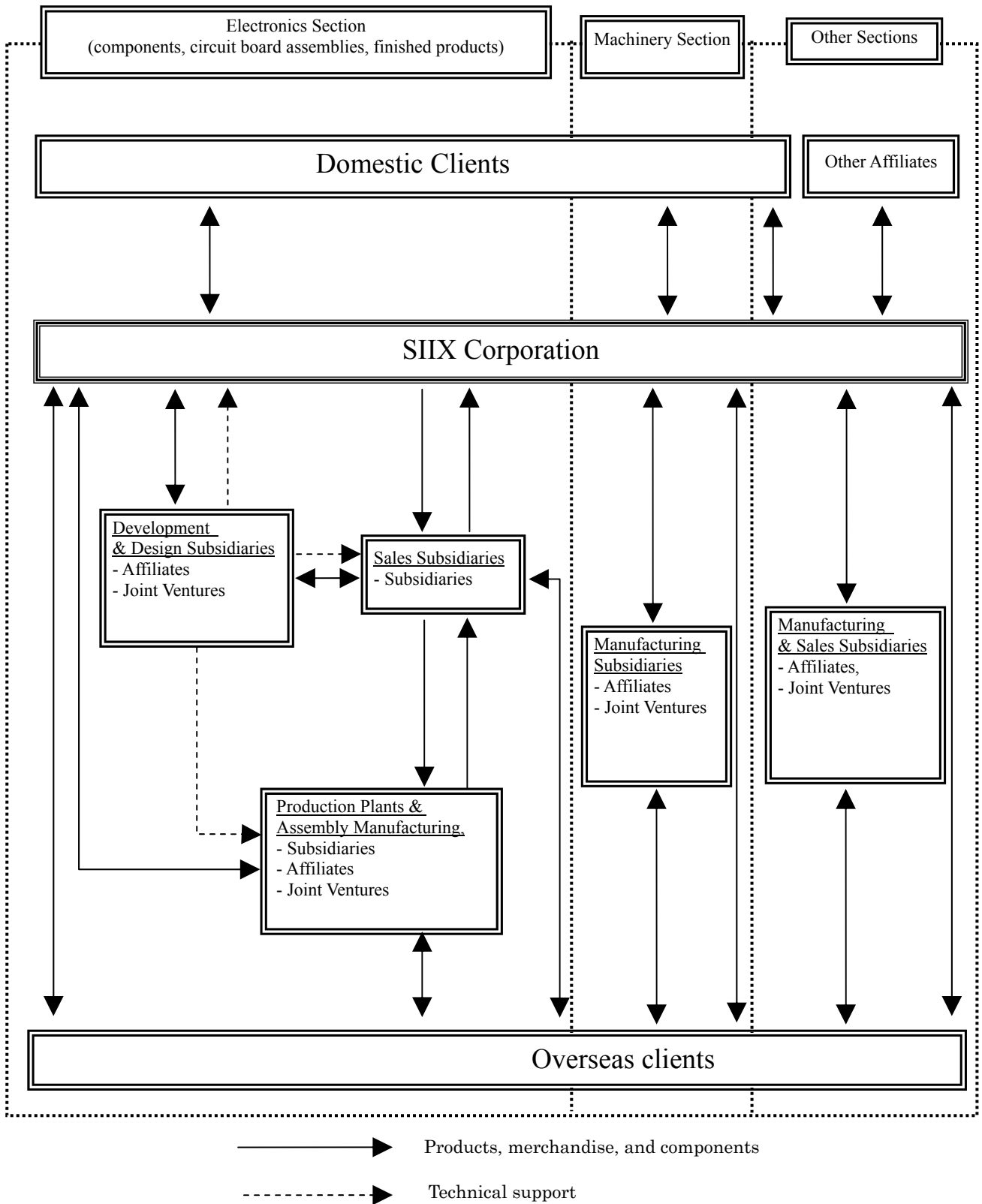
Company	Country	Capital/ Investment	Owner Ship (%)	Activities	Business Segment	Category
(Consolidated subsidiaries)						
SIIX Electronics Co., Ltd.	Kanagawa, Japan	Thousand JPY 80,000	100.00	Manufacturing, sales, and procurement of raw materials	Electronics	Manufacturing
SIIX (Shanghai) Co., Ltd.	Shanghai, China	Thousand RMB 20,793	100.00	Sales and procurement of products	Electronics	Trading
SIIX EMS (DONG GUAN) Co., Ltd.	Guangdong, China	Thousand RMB 133,254	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.	Muntinlupa, 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
(Equity-method affiliates)						
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:

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 Electronics Co., Ltd. was established and consolidated in this consolidated fiscal year.

<u>(Non-consolidated company)</u>	<u>Country</u>	<u>Segment</u>
SIIX (Dongguan) Co., Ltd.	China	Electronics
PT. SIIX EMS INDONESIA	Indonesia	Electronics
SIIX MEXICO, S.A DE C.V.	Mexico	Electronics
SIIX do Brasil Ltda.	Brazil	Electronics
 <u>(Major affiliated companies)</u>		
TECHNO CORE INTERNATIONAL CO., LTD.	Japan	Electronics
TS-PRO Co., Ltd.	Japan	Electronics
TAKION 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
 <u>(Major jointly owned companies)</u>		
Panyu Kyokuto Sakata Electronics Ltd.	China	Electronics
KYOKUTO CHINA LTD.	China (Hong Kong)	Electronics
iWOW Technology Pte Ltd	Singapore	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 195,000 million yen in sales and 6,500 million yen in operating income in 2013. The exchange rate assumed in the business performance forecast for 2013 is 80 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 base-network and further expression of synergistic effects between those bases
- 2) The strengthening of global parts procurement capability and the upgrading of logistics service
- 3) The enhancement of proposing capabilities of manufacturing technologies, such as mounting technology
- 4) The development of new businesses in new electronics field such as ecology and energy saving
- 5) The continuous improvement of asset efficiency

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	As of Dec. 31, 2009	As of Dec. 31, 2010
Assets		
Current assets		
Cash and deposits	9,492,199	5,543,797
Notes and accounts receivable-trade	22,214,678	27,635,277
Merchandise and finished goods	6,703,667	10,514,219
Work in process	557,327	616,276
Raw materials and supplies	1,712,117	2,316,655
Deferred tax assets	308,750	106,801
Other	997,742	1,241,404
Allowance for doubtful accounts	(69,352)	(61,522)
Total current assets	41,917,130	47,912,910
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,249,988	6,268,065
Accumulated depreciation	(2,054,073)	(2,074,732)
Buildings and structures, net	4,195,915	4,193,332
Machinery, equipment and vehicles	10,487,743	10,327,569
Accumulated depreciation	(7,901,414)	(7,475,316)
Machinery, equipment and vehicles, net	2,586,328	2,852,253
Tools, furniture and fixtures	1,222,946	1,156,733
Accumulated depreciation	(915,713)	(855,635)
Tools, furniture and fixtures, net	307,233	301,098
Land	2,256,554	2,182,093
Construction in progress	64,080	95,730
Total property, plant and equipment	9,410,112	9,624,507
Intangible assets		
Software	778,438	840,772
Other	67,208	4,725
Total intangible assets	845,647	845,498
Investments and other assets		
Investment securities	1,695,886	2,975,713
Investments in capital	684,499	501,518
Long-term loans receivable	62,535	61,971
Deferred tax assets	287,934	326,060
Other	1,002,080	941,098
Allowance for doubtful accounts	(407,330)	(401,481)
Total Investments and other assets	3,325,606	4,404,880
Total noncurrent assets	13,581,365	14,874,886
Total assets	55,498,496	62,787,796

(Thousand yen)

	As of Dec. 31, 2009	As of Dec. 31, 2010
Liabilities		
Current liabilities		
Accounts payable-trade	20,605,040	24,018,286
Short-term loans payable	9,449,299	11,137,691
Accrued expenses	953,260	932,724
Income taxes payable	533,922	673,231
Deferred tax liabilities	28,001	27,286
Other	1,410,873	2,177,181
Total current liabilities	32,980,398	38,966,402
Noncurrent liabilities		
Long-term loans payable	3,460,000	2,496,000
Provision for retirement benefits	67,366	71,268
Deferred tax liabilities	949,938	1,127,525
Other	388,418	356,094
Total noncurrent liabilities	4,865,723	4,050,888
Total liabilities	37,846,121	43,017,290
Net assets		
Shareholders' equity		
Capital stock	2,144,000	2,144,000
Capital surplus	1,853,000	1,853,000
Retained earnings	16,495,822	19,388,961
Treasury stock	(677,664)	(677,713)
Total shareholders' equity	19,815,157	22,708,247
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	278,448	1,003,871
Deferred gains or losses on hedges	3,762	16,469
Foreign currency translation adjustment	(2,911,355)	(4,379,708)
Total valuation and translation adjustments	(2,629,144)	(3,359,366)
Minority interests	466,361	421,625
Total net assets	17,652,374	19,770,506
Total liabilities and net assets	55,498,496	62,787,796

(2) Consolidated Statements of Income

(Thousand yen)

	1st Jan 2009 - 31st Dec 2009	1st Jan 2010 - 31st Dec 2010
Net sales	125,485,219	166,481,170
Cost of sales	117,135,252	155,202,915
Gross profit	8,349,967	11,278,255
Selling, general and administrative expenses	5,669,478	5,947,151
Operating income	2,680,488	5,331,103
Non-operating income		
Interest income	31,522	20,125
Dividends income	18,772	39,107
Amortization of negative goodwill	38,592	38,306
Real estate rent	75,758	78,630
Equity in earnings of affiliates	83,373	160,059
Foreign exchange gains	-	11,256
Other	147,481	159,679
Total non-operating income	395,501	507,165
Non-operating expenses		
Interest expenses	204,349	156,047
Foreign exchange losses	45,852	-
Other	28,432	36,711
Total non-operating expenses	278,634	192,758
Ordinary income	2,797,356	5,645,510
Extraordinary income		
Reversal of allowance for doubtful accounts	2,374	12,285
Gain on sales of investment securities	23,973	-
Gain on sales of noncurrent assets	2,944	12,121
Total extraordinary income	29,292	24,407
Extraordinary loss		
Loss on sales of investment securities	25,438	-
Loss on valuation of investment securities	27,177	150,314
Loss on liquidation of subsidiaries and affiliates	79,834	-
Loss on sales of noncurrent assets	-	160
Loss on retirement of noncurrent assets	20,604	686
Impairment losses	-	519,452
Total extraordinary loss	153,054	670,612
Income before income taxes	2,673,593	4,999,305
Income taxes-current	1,304,126	1,425,803
Income taxes-deferred	(1,583,383)	215,779
Total income taxes-current	(279,257)	1,641,583
Minority interests in income	84,544	86,988
Net income	2,868,306	3,270,733

(3) Consolidated Statements of Changes in Net Assets

(Thousand yen)

	1st Jan 2009 - 31st Dec 2009	1st Jan 2010 - 31st Dec 2010
Shareholders' equity		
Capital stock		
Balances at December 31, 2009	2,144,000	2,144,000
Balances at December 31, 2010	2,144,000	2,144,000
Capital surplus		
Balances at December 31, 2009	1,853,000	1,853,000
Balances at December 31, 2010	1,853,000	1,853,000
Retained earnings		
Balances at December 31, 2009	13,892,879	16,495,822
Increase by changes in accounting standards of foreign subsidiaries	72,033	-
Changes of items during the period		
Dividends from surplus	(337,396)	(377,594)
Net income	2,868,306	3,270,733
Total changes of items during the period	2,530,910	2,893,139
Balances at December 31, 2010	16,495,822	19,388,961
Treasury stock		
Balances at December 31, 2009	(275,640)	(677,664)
Changes of items during the period		
Purchase of treasury stock	(402,024)	(48)
Total changes of items during the period	(402,024)	(48)
Balances at December 31, 2010	(677,664)	(677,713)
Total shareholders' equity		
Balances at December 31, 2009	17,614,238	19,815,157
Increase by changes in accounting standards of foreign subsidiaries	72,033	-
Changes of items during the period		
Dividends from surplus	(337,396)	(377,594)
Net income	2,868,306	3,270,733
Purchase of treasury stock	(402,024)	(48)
Total changes of items during the period	2,128,885	2,893,090
Balances at December 31, 2010	19,815,157	22,708,247

1st Jan 2009 - 31st Dec 2009 1st Jan 2010 - 31st Dec 2010

Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balances at December 31, 2009	(80,213)	278,448
Changes of items during the period		
Net changes of items other than shareholders' equity	358,662	725,422
Total changes of items during the period	358,662	725,422
Balances at December 31, 2010	278,448	1,003,871
Deferred gains or losses on hedges		
Balances at December 31, 2009	14,161	3,762
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,399)	12,707
Total changes of items during the period	(10,399)	12,707
Balances at December 31, 2010	3,762	16,469
Foreign currency translation adjustment		
Balances at December 31, 2009	(3,227,332)	(2,911,355)
Changes of items during the period		
Net changes of items other than shareholders' equity	315,976	(1,468,352)
Total changes of items during the period	315,976	(1,468,352)
Balances at December 31, 2010	(2,911,355)	(4,379,708)
Total valuation and translation adjustments		
Balances at December 31, 2009	(3,293,384)	(2,629,144)
Changes of items during the period		
Net changes of items other than shareholders' equity	664,239	(730,222)
Total changes of items during the period	664,239	(730,222)
Balances at December 31, 2010	(2,629,144)	(3,359,366)
Minority interests		
Balances at December 31, 2009	378,799	466,361
Changes of items during the period		
Net changes of items other than shareholders' equity	87,562	(44,736)
Total changes of items during the period	87,562	(44,736)
Balances at December 31, 2010	466,361	421,625
Total net assets		
Balances at December 31, 2009	14,699,653	17,652,374
Increase by changes in accounting standards of foreign subsidiaries	72,033	-
Changes of items during the period		
Dividends from surplus	(337,396)	(377,594)
Net income	2,868,306	3,270,733
Purchases of treasury stock	(402,024)	(48)
Net changes of items other than shareholders' equity	751,801	(774,958)
Total changes of items during the period	2,880,687	2,118,131
Balances at December 31, 2010	17,652,374	19,770,506

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	1st Jan 2009 - 31st Dec 2009	1st Jan 2010 - 31st Dec 2010
Net cash provided by (used in) operating activities		
Income before income taxes	2,673,593	4,999,305
Depreciation and amortization	1,946,727	1,735,571
Impairment loss	-	519,452
Amortization of negative goodwill	(38,592)	(38,306)
Increase (decrease) in allowance for doubtful accounts	7,366	6,088
Interest and dividends income	(50,295)	(59,232)
Interest expenses	204,349	156,047
Foreign exchange losses (gains)	(942)	8,456
Equity in (earnings) losses of affiliates	(83,373)	(160,059)
Decrease (increase) in notes and accounts receivable-trade	(4,298,779)	(8,129,948)
Decrease (increase) in inventories	4,840,220	(5,310,438)
Decrease (increase) in consumption taxes refund receivable	54,322	(235,724)
Increase (decrease) in notes and accounts payable-trade	2,686,761	6,142,142
Increase (decrease) in advances received	(895,622)	337,315
Other	635,746	269,450
Subtotal	7,681,482	240,120
Interest and dividends income received	68,908	100,471
Interest expenses paid	(210,495)	(148,228)
Income taxes paid	(1,342,121)	(1,260,496)
Net cash provided by (used in) operating activities	6,197,774	(1,068,132)
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(463,790)	(2,397,237)
Proceeds from sales of property, plant and equipment	3,533	37,135
Purchase of intangible assets	(190,804)	(153,210)
Purchase of investment securities	(267,046)	(129,825)
Proceeds from sales of investment securities	95,691	67,920
Payments of loans receivable	(1,045)	(768)
Collection of loans receivable	912	1,241
Payments for investments in capital of subsidiaries and affiliates	(12,090)	(22,620)
Purchase of investments in subsidiaries	-	(527,127)
Proceeds from liquidation of subsidiaries	-	96,197
Other	(43,218)	(15,000)
Net cash provided by (used in) investment activities	(877,858)	(3,043,296)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	193,721	662,984
Proceeds from long-term loans payable	900,000	1,600,000
Repayment of long-term loans payable	(1,899,195)	(1,026,345)
Purchase of treasury stock	(402,024)	(48)
Cash dividends paid	(340,026)	(377,377)
Cash dividends paid to minority shareholders	-	(77,299)
Other	(169,825)	(65,766)
Net cash provided by (used in) financing activities	(1,717,349)	716,147
Effect of exchange rate change on cash and cash equivalents	127,276	(552,364)
Net increase (decrease) in cash and cash equivalents	3,729,843	(3,947,645)
Cash and cash equivalents at beginning of period	5,744,408	9,474,251
Cash and cash equivalents at end of period	9,474,251	5,526,605

(Segment Information)

1. Information by operating segment

Previous 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:

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:

Current year: 4,739,136 thousand yen

Current year (1st Jan 2010 – 31st Dec 2010)

(Thousand yen)

	Electronics	Machinery	Other	Total	Eliminations and corporate	Consolidated
I Sales and operating income						
Net sales						
(1) Sales – outside customers	155,606,328	10,575,395	299,447	166,481,170	-	166,481,170
(2) Sales and transfer-inter-segment	-	1,126,980	-	1,126,980	(1,126,980)	-
Total	155,606,328	11,702,375	299,447	167,608,151	(1,126,980)	166,481,170
Operating expenses	148,922,880	11,657,777	293,105	160,873,763	276,303	161,150,067
Operating income or operating loss	6,683,447	44,598	6,341	6,734,387	(1,403,283)	5,331,103
II Assets, depreciation and capital expenditure						
Assets	56,919,650	2,731,140	195,595	59,846,386	2,941,410	62,787,796
Depreciation	1,518,239	1,532	67	1,519,839	215,732	1,735,571
Impairment loss	-	-	-	-	519,452	519,452
Capital expenditure	2,851,273	-	-	2,851,273	239,296	3,090,570

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, computers, peripheral devices, etc.), household electrical equipment (digital household equipments, flat-panel TVs, air conditioners, AV equipments, 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:

Current year: 1,403,283 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:

Current year: 3,839,684 thousand yen

2. Geographical Segment Information

Previous 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

Current year (1st Jan 2010 – 31st Dec 2010)

(Thousand yen)

	Japan	Asia	Europe	Americas	Total	Eliminations and corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) Sales–outside customers	40,201,929	111,717,994	4,318,832	10,788,414	166,481,170	-	166,481,170
(2) Sales and transfers-inter-segments	20,574,666	8,850,393	533,276	3,535,896	33,494,233	(33,494,233)	-
Total	60,776,596	120,022,388	4,852,109	14,324,310	199,975,404	(33,494,233)	166,481,170
Operating expenses	59,319,081	114,879,969	5,107,222	13,940,678	193,246,952	(32,096,885)	161,150,067
Operating income or operating loss	1,457,514	5,142,418	(255,112)	383,631	6,728,451	(1,397,348)	5,331,103
II Assets	18,591,259	44,764,912	2,800,810	4,146,247	70,303,230	(7,515,433)	62,787,796

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: 1,376,839 thousand yen

 Current year: 1,403,283 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: 4,739,136 thousand yen

 Current year: 3,839,684 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 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

Current year (1st Jan 2010 – 31st Dec 2010)

	Asia	Europe	N. America	Other	Total
I Overseas sales (thousand yen)	106,268,535	7,089,654	9,062,441	4,305,293	126,725,925
II Consolidated sales (thousand yen)					166,481,170
III Share of overseas sales in consolidated sales (%)	63.8	4.3	5.4	2.6	76.1

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: Romania, Czech, Germany, and France

North America: USA

Other: Central and South America, Oceania