



# **Business Results**

**Fiscal Year Ended March 31, 2006**

**May 9, 2006**  
**Minebea Co., Ltd.**

- 1. Financial Results**
- 2. Policy and Strategy**

May 9, 2006



# Financial Results

**Hiroharu Katogi**  
**Director, Managing Executive Officer**

*May 9, 2006*



All explanations are given on consolidated basis.

# Consolidated Business Results

(Millions of yen)	Year ended Mar. '05	Year ended Mar. '06	Change yoy	Forecast announced in November 2005	
	Full year	Full year		Full year	vs. forecast
Net sales	294,422	318,446	+8.2%	310,000	102.7%
Operating income	14,083	19,269	+36.8%	18,000	107.1%
Ordinary income	10,206	14,595	+43.0%	14,000	104.3%
Income before income taxes	7,778	9,620	+23.7%	12,500	77.0%
Net income	5,581	4,257	-23.7%	7,500	56.8%

**Operating income increased 37% yoy.  
Favorable sales in bearings. Loss making businesses improved.  
Posted a business structural reform loss as an extraordinary loss.**

#### Effect of FX Fluctuations

FY ended Mar. '05 → FY ended Mar. '06

US\$ ¥107.46 → ¥113.09

Thai Baht ¥2.67 → ¥2.79

Net sales +¥11.8 billion

Operating income +¥0.7 billion

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In the fiscal year ended March 31, 2006, we posted consolidated net sales of 318.4 billion yen, an increase of 8% from the previous fiscal year, operating income of 19.3 billion yen, an increase of 37% from the previous fiscal year, and net income of 4.3 billion yen, a decline of 24% from the previous fiscal year.

Operating income exceeded our forecast announced at the beginning of the fiscal year and was an increase from the previous fiscal year. Net income declined, due to the keyboard business's structural reform loss of 3.5 billion yen.

Business environment during the last fiscal year remained favorable, on the back of firm global economy, and growing demand for PC, HDD, digital electrical appliances, aircraft and automobile. Our operation in Thailand, Minebea's principal production location, was affected by rising Thai Baht in the second half. In this environment, we strove to expand mainstay businesses such as ball bearings, rod-end bearings and pivot assemblies, to improve profitability of non-profitable businesses, and to respond to Thai Baht appreciation with further cost reduction.

## Net Sales and Operating Income by Segment

(Millions of yen)	Year ended	Year ended	Change	Forecast announced	
	Mar. '05	Mar. '06		in November 2005	
	Full year	Full year	yoy	Full year	vs. forecast
<b>[Net sales]</b>					
Machined components business	116,105	129,595	+11.6%	125,200	103.5%
Bearing-related products	98,218	109,547	+11.5%	106,100	103.2%
Other machined components	17,887	20,047	+12.1%	19,100	105.0%
Electronic devices and components business	178,317	188,851	+5.9%	184,800	102.2%
Rotary components	106,750	110,136	+3.2%	107,700	102.3%
Other electronic devices	71,566	78,715	+10.0%	77,100	102.1%
<b>Total net sales</b>	<b>294,422</b>	<b>318,446</b>	<b>+8.2%</b>	<b>310,000</b>	<b>102.7%</b>
<b>[Operating income]</b>					
Machined components business	21,572	24,556	+13.8%	23,250	105.6%
Electronic devices and components business	-7,489	-5,287	-	-5,250	-
<b>Total operating income</b>	<b>14,083</b>	<b>19,269</b>	<b>+36.8%</b>	<b>18,000</b>	<b>107.1%</b>

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Sales for all segments increased from the previous fiscal year and reached above plan.

As for the operating income, machined components business posted 24.6 billion yen, an increase of 14% from the previous fiscal year, exceeding plan. Profitability of pivot assemblies improved from the second quarter at a faster rate than we had planned. Rod-end bearings grew in sales and profit, supported by robust demand from aircraft market. Sales of ball bearings also increased and maintained high level of profit.

Electronic devices and components business posted 5.3 billion yen in operating loss. This was an improvement of 2.2 billion yen from the previous fiscal year and was almost in line with planned profit announced in November last year. The improvement was led by HDD spindle motors, which turned breakeven in the second half. Improvement by information motors and growing profit from lighting devices also made contribution.

# Quarterly Net Sales and Operating Income by Segment

(Millions of yen)	Year ended Mar. '05				Year ended Mar. '06				Q4 Change	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	yoy	qoq
<b>[Net sales]</b>										
Machined components business	28,256	29,094	28,927	29,828	30,573	31,631	32,938	34,452	+15.5%	+4.6%
Bearing-related products	24,247	24,906	24,491	24,574	25,982	26,402	27,837	29,326	+19.3%	+5.3%
Other machined components	4,009	4,188	4,436	5,254	4,591	5,229	5,101	5,126	-2.4%	+0.5%
Electronic devices and components business	43,067	46,333	46,254	42,663	45,116	48,419	48,009	47,307	+10.9%	-1.5%
Rotary components	26,852	27,209	27,350	25,339	26,443	27,880	27,724	28,089	+10.9%	+1.3%
Other electronic devices	16,216	19,124	18,903	17,323	18,673	20,539	20,285	19,218	+10.9%	-5.3%
<b>Total net sales</b>	<b>71,324</b>	<b>75,427</b>	<b>75,180</b>	<b>72,491</b>	<b>75,690</b>	<b>80,049</b>	<b>80,948</b>	<b>81,759</b>	<b>+12.8%</b>	<b>+1.0%</b>
<b>[Operating income]</b>										
Machined components business	5,082	5,396	5,952	5,142	5,067	6,045	6,972	6,472	+25.9%	-7.2%
Electronic devices and components business	-2,279	-2,731	-1,786	-693	-2,056	-1,831	-930	-470	-	-
<b>Total operating income</b>	<b>2,802</b>	<b>2,666</b>	<b>4,165</b>	<b>4,450</b>	<b>3,010</b>	<b>4,214</b>	<b>6,043</b>	<b>6,002</b>	<b>+34.9%</b>	<b>-0.7%</b>

**Machined components business:** Sales of bearings and rod-end & spherical bearings increased in Q4 compared to Q3. However, profit decreased due to production reduction of pivot assemblies for HDD and effect of high baht rate.

**Electronic devices and components business:** HDD spindle motors improved and turned profitable.

**Effect of FX Fluctuations**  
**Q4 of FY Mar. '05 → Q4 of FY Mar. '06**  
 US\$ ¥104.19 → ¥117.36  
 Thai Baht ¥2.70 → ¥2.95  
 Net sales + ¥6.4 billion  
 Operating income + ¥0.3 billion

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Looking at just the fourth quarter, sales and profit generated steady performance despite effects of New Year holidays on number of working days.

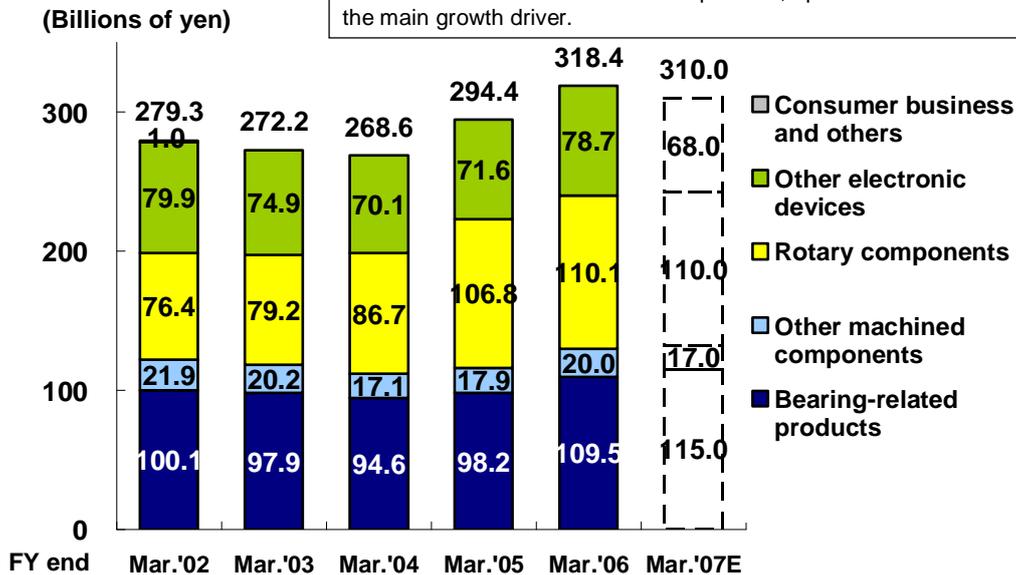
In the machined components business, sales of ball bearings increased from the third quarter, with shipments increasing for air conditioner market. Rod-end bearings had another strong quarter for aircraft application. On the contrary, sales of pivot assemblies did not reach our forecast of several months ago as HDD manufacturers' production adjustment prolonged. This affected profitability of pivot assemblies as front loaded investment to increase capacity was also underway. There were also some adverse effects of Thai Baht appreciation and reduced number of working days. Despite these negative factors, operating income for the machined components segment remained high at 6.5 billion yen as we accelerated efforts to reduce costs through productivity improvement.

In the electronic devices and components business, sales of HDD spindle motors increased although it did not reach our estimate of December last year. Helped by the economy of scale, the business turned profitable in the fourth quarter. Information motor and keyboard businesses also made improvement.

As a result, operating loss of electronic devices and components business was reduced to 0.5 billion yen, 0.4 billion yen improvement from the third quarter.

# Net Sales

Sales of bearing-related products increased favorably by increase of bearings, rod-end & spherical bearings and pivot assemblies.  
 Rotary components was affected by change of strategy from volume-emphasis to profit.  
 In other electronic devices and components, optical device business is the main growth driver.



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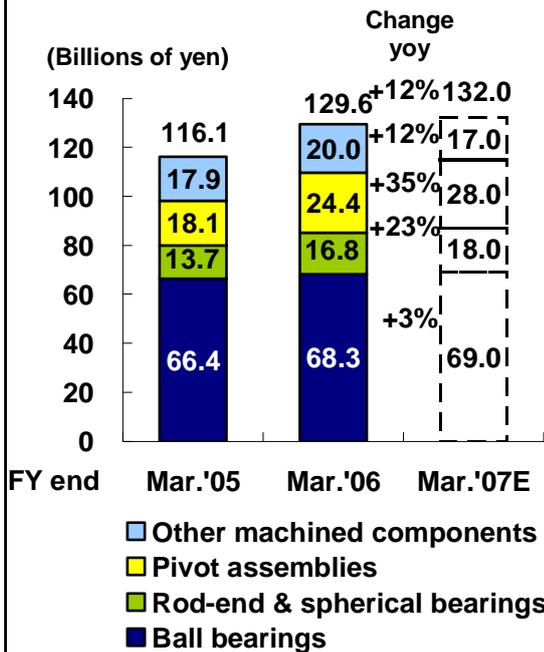
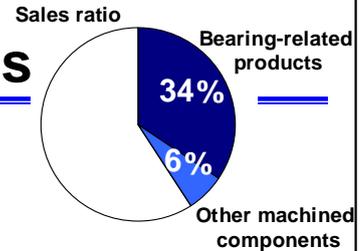
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In fiscal year ended March 2005, two fiscal years ago, increase in sales of bearings and establishment of information motor joint venture business led the sales growth. In fiscal year ended March 2006, last fiscal year, sales of bearing related products continued its increasing trend and lighting devices also grew further.

This fiscal year, fiscal year ending March 2007, sales are forecast to decline, because of the change in policy to emphasize profit rather than volume. In particular, sales are expected to decline for information motors and keyboards. On the contrary, we look for sales to increase for bearings and optical device and related products.

# Sales of Machined Components Business



Look for strong growth in pivot assemblies in fiscal year ending Mar. '07 on the back of continued double-digit growth of HDD.

Expect continued robust sales of rod-end & spherical bearings for aircrafts.

Forecast sales of ball bearings for fan motors and auto to expand.

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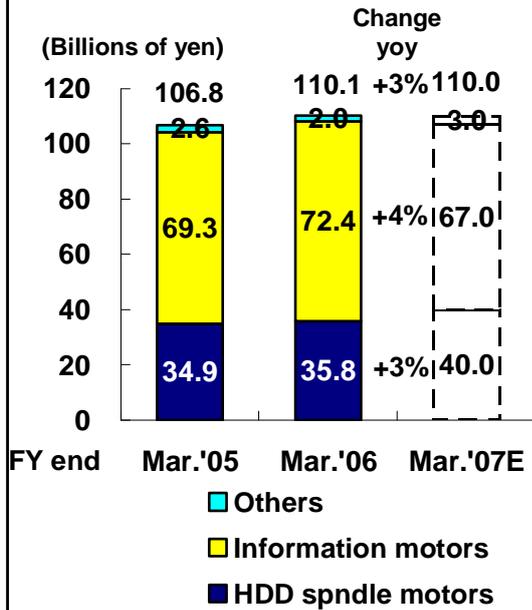
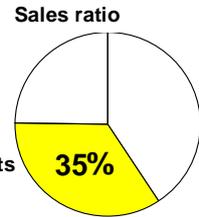
In bearing related business, sales increased for all products during last fiscal year.

For pivot assemblies, we look for another year of growth this fiscal year by maintaining market share of 70% and capturing demand for HDDs, which is expected to increase at an annual rate of 15% to 20%.

Rod-end and other bearings should gain on plans by our main customers, Boeing and Airbus, to increase production by around 25% in 2006. Development of next generation aircraft models is also underway. We are currently increasing production capacity and promoting marketing activities to capture such growing market.

For ball bearings, we are expanding sales to fan motors and automobile applications.

# Sales of Rotary Components



Started to increase shipment volume of HDD spindle motors from Q4 of fiscal year ended Mar. '06.

Sales of information motors remain flat or decrease slightly by reviewing orders and profit-oriented policy.

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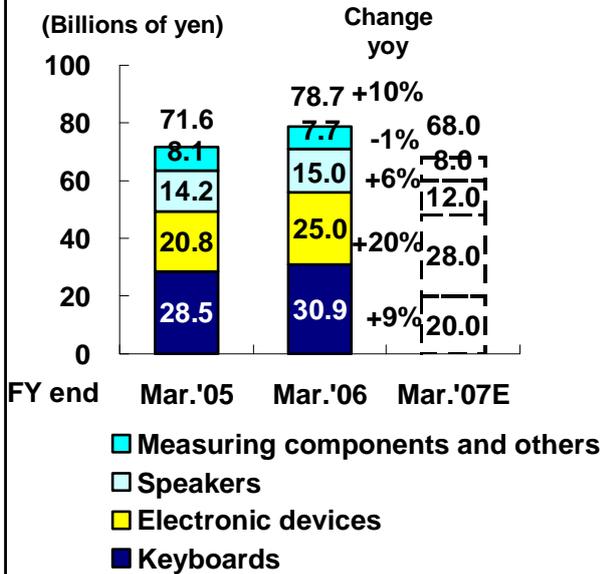
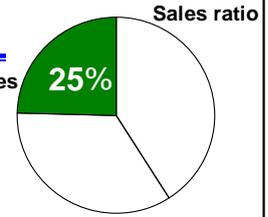
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In HDD spindle motor business, we have been raising sales and production since end of last year when we confirmed the business had been rebuilt to a structure that can generate profit. This fiscal year, we plan to gradually increase sales of 2.5-inch motors in addition to the 3.5-inch motors, which currently constitute the majority of the business.

In the information motor business, we are reviewing business framework and manufacturing organization.

# Sales of Electronic Devices



Keyboard business will be mainly high-end products from H2 of this fiscal year.

Plan to increase sales of lighting devices and invertors through new product launches.

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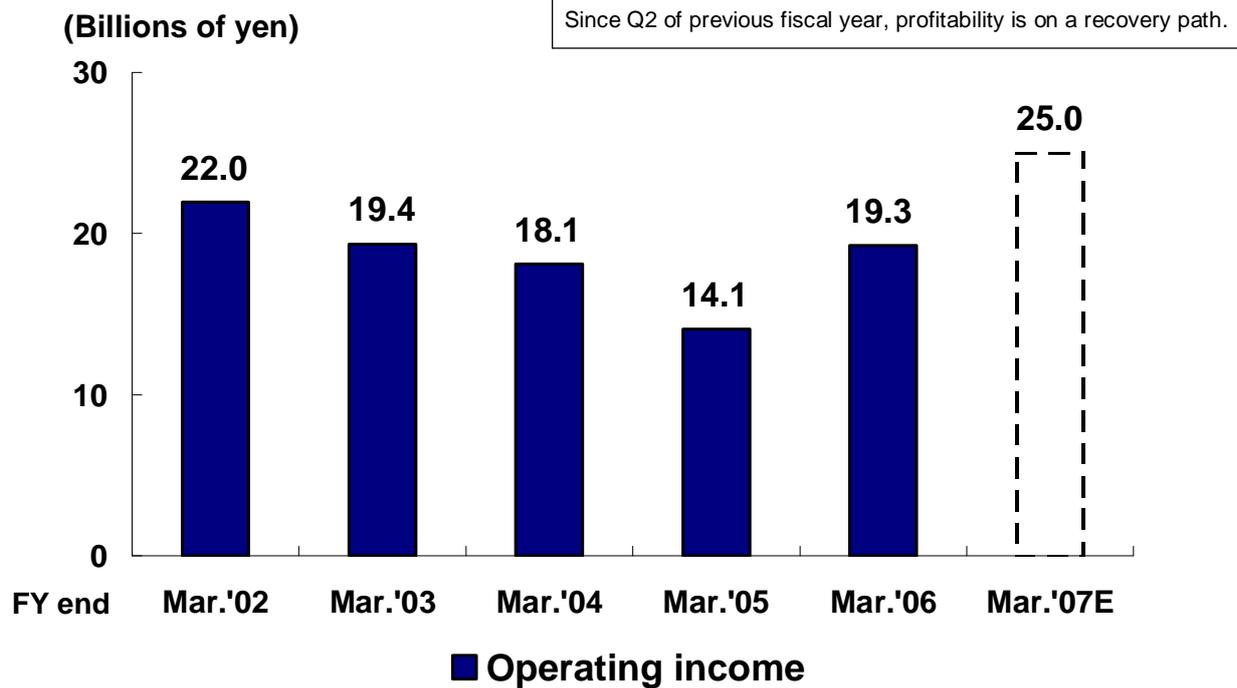
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In the keyboard business, we are rebuilding the business with renewed policy focusing on high value added models. In the first half we will continue production according to the order backlog, and then in the second half we will shift to the new structure. Sales are expected to decline steeply from the previous year.

In the optical device and related business such as lighting devices and invertors, sales are expected to increase further this fiscal year.

# Operating Income



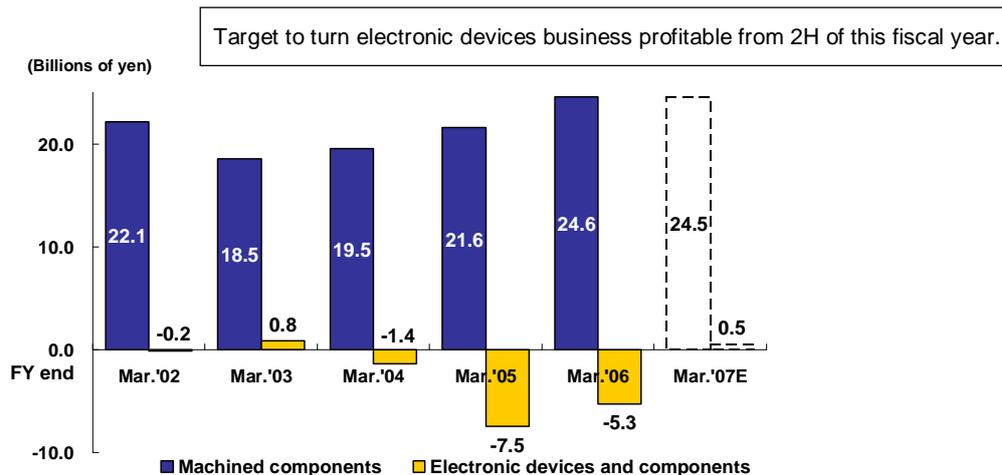
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Profit is on a recovery path since the second quarter of the last fiscal year. We aim to make a step toward full fledged recovery by achieving operating income of 25 billion yen this fiscal year by turning the electronic devices and components business profitable.

# Operating Income by Segment



	Year ended Mar. '02	Year ended Mar. '03	Year ended Mar. '04	Year ended Mar. '05	Year ended Mar. '06	Year ended Mar. '07E
<b>Machined components</b>	18.1%	15.7%	17.5%	18.6%	18.9%	18.6%
<b>Electronic devices and components</b>	-0.1%	0.5%	-0.9%	-4.2%	-2.8%	0.3%
<b>Total</b>	7.9%	7.1%	6.7%	4.8%	6.1%	8.1%

Note: Consumer business and others are omitted in the graph.  
0.0 billion yen in fiscal year ended Mar. '02. None since fiscal year ended Mar. '03.  
Operating income margin is external sales basis.

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The key for the electronic devices and components business will be profit generation by HDD spindle motor business and profit improvement by information motor and keyboard businesses. Given that the operating loss of the electronic devices and components business was reduced to 0.5 billion yen in the fourth quarter of the last fiscal year, we are confident that returning to profitability is possible.

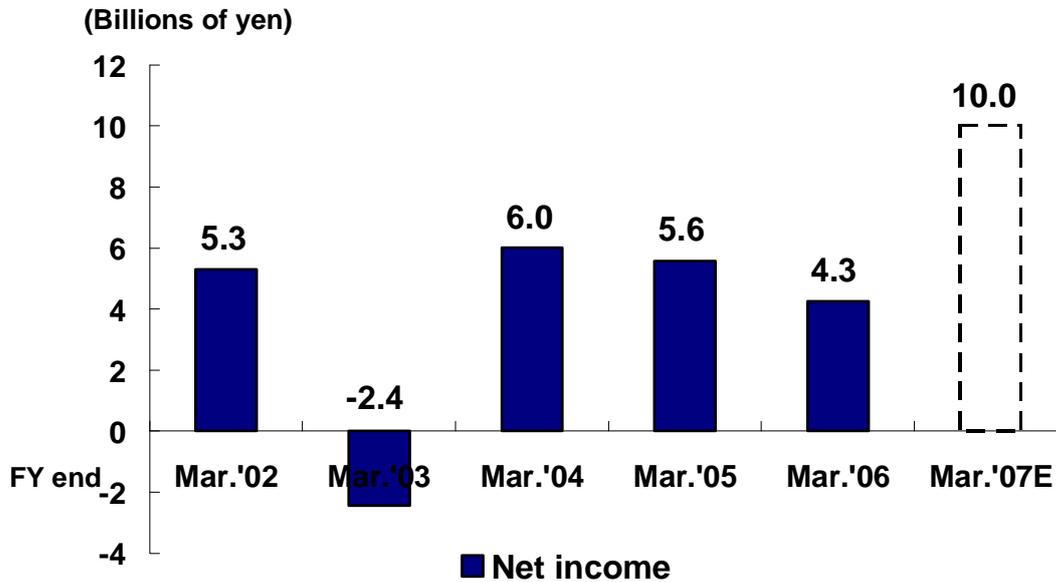
We plan to reinforce and improve HDD spindle motor business through further cost reduction measures and scale of economy as well as an increase in 2.5-inch FDB motors.

In the information motors, we aim to build a sustainable structure through consolidation of manufacturing locations, review of use of outsourcing and rationalization. Temporary reduction of royalty payment should also lead improvement.

In the keyboard business, we will promote the shift to the new structure to focus on high value added models and reduction of fixed costs.

# Net Income

FY ended Mar.'06 Posted keyboard business structural reform loss of 3.5 billion yen.



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Although operating income exceeded our forecast, net income was below forecast at 4.3 billion yen.

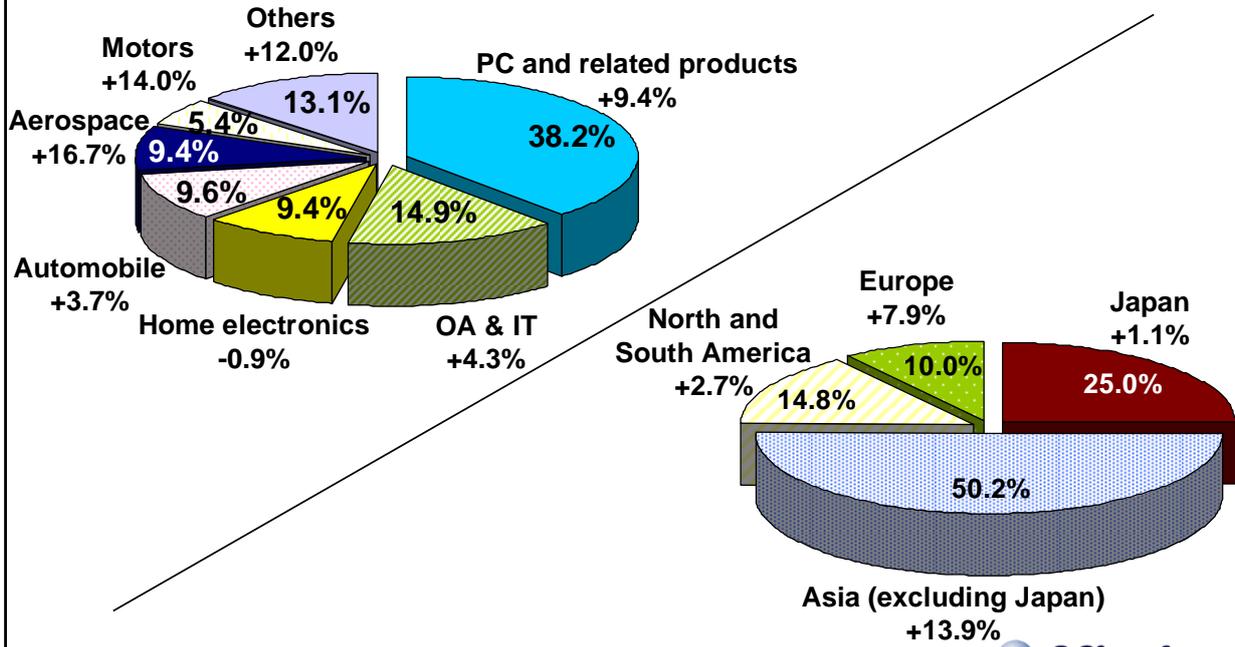
Interest expenses increased 1.4 billion yen to 4.8 billion yen, resulting in non-operating income and expenses to worsen from the previous fiscal year. As extraordinary losses, impairment loss on idle assets of 1.0 billion yen and keyboard business's structural reform loss of 3.5 billion yen were posted.

We target net income of 10 billion yen this fiscal year. We expect tax rate to improve from next fiscal year (fiscal year ending March 2008).

# Sales by User Industry and by Region

Full Year Results of  
Fiscal Year ended Mar. '06

The number inside the circle is sales %.  
The number outside the circle is the change yoy.



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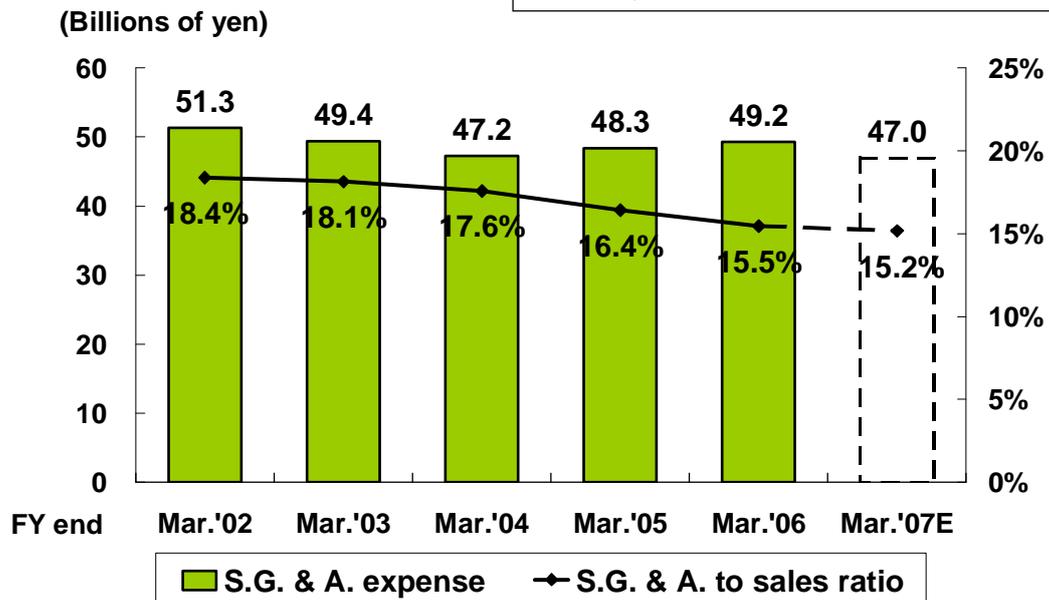


By application, rod-end and other bearings, and fasteners increased for aircraft application. In PC and peripheral, which include HDD, sales of pivot assemblies, keyboards and fan motors increased. Among other applications, sales increased for mobile handsets and automobile.

By region, sales increased in all areas, partly owing to yen depreciation. In Asia, sales in Greater China increased 14% on US\$ basis.

# S.G. & A. Expenses

Aim to keep S.G. & A. to sales ratio below 16% this fiscal year.



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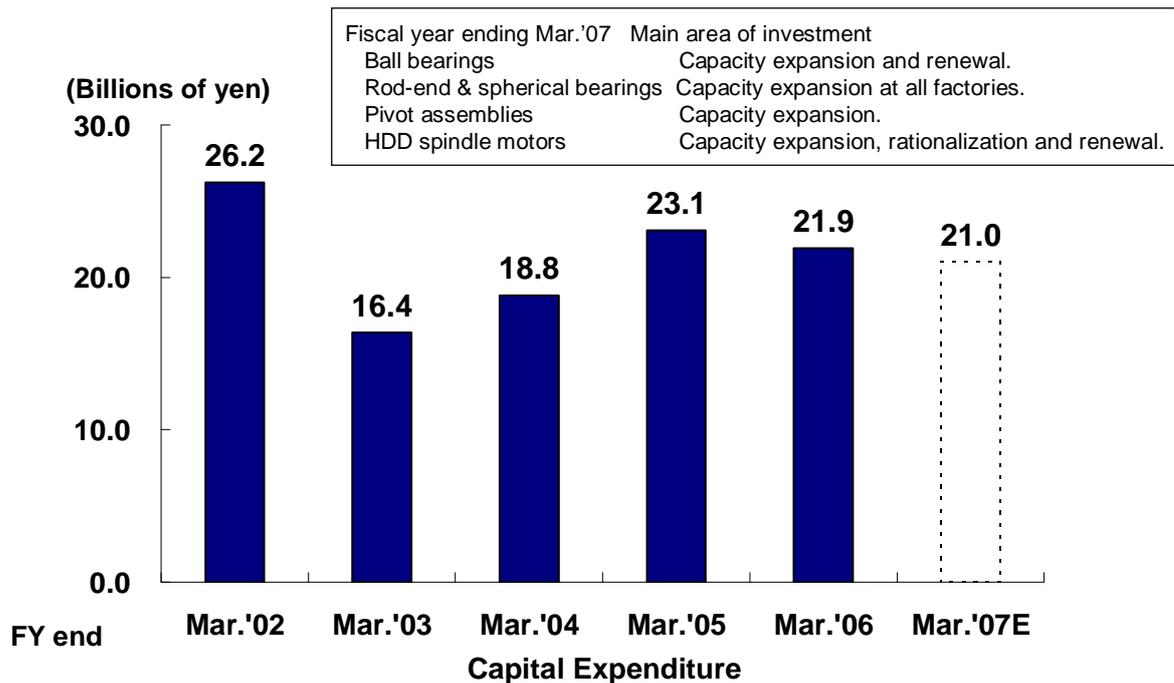
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We limited increase of SG&A to minimum during last fiscal year amid increasing sales. Because yen depreciation added 1.3 billion yen, in real term SG&A was reduced. SG&A to sales ratio declined to 15.5% during the year, and for the fourth quarter only, the ratio declined to 14.3%. These are as a result of reduction of overhead and packing and freight expenses.

For this fiscal year, we target SG&A of 47 billion yen and SG&A ratio of less than 16%.

# Capital Expenditure



Note: Net interest-bearing debt: Sum of interest-bearing debt – Cash and cash equivalents  
 Cash flow: Cash flow from operating activities – Cash flow from investing activities

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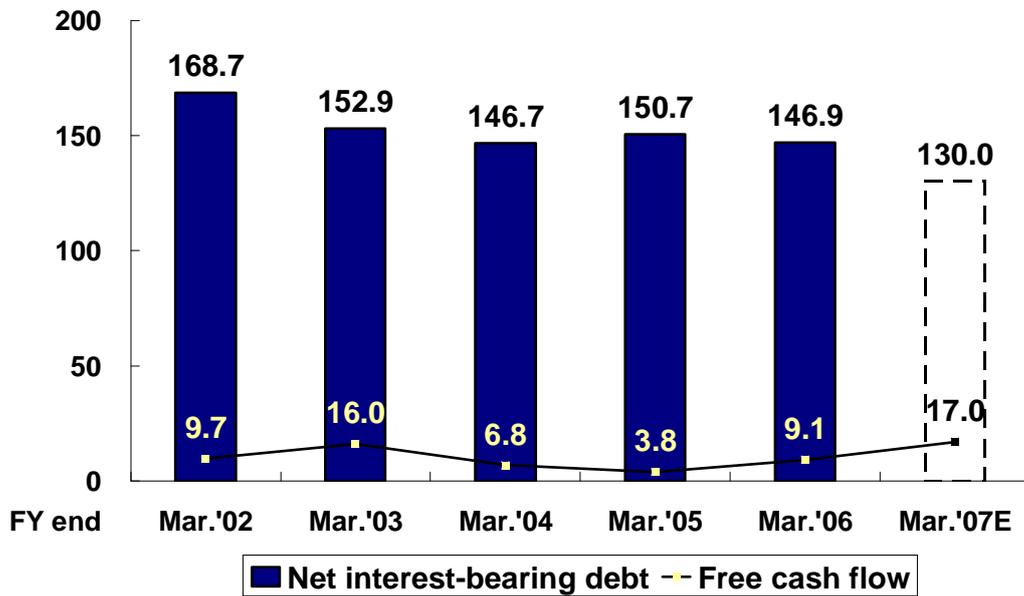


Main areas of usage of capital expenditure of 21.9 billion yen last fiscal year were capacity expansion in growth businesses. Precisely, we invested in pivot assemblies, bearings, rod-end bearings for aircraft and lighting devices as well as for renewal purpose and dies.

This fiscal year, we plan capital expenditure of 21.0 billion yen. The investment will be mainly in growth businesses in addition to renewal purpose and dies as in the last fiscal year.

# Interest-Bearing Debt

In FY ended Mar.'06, reduced 5.7 billion yen excluding effect of FX fluctuations. Plan to reduce approximately 17.0 billion yen in FY ending Mar.'07 by generating profit and reducing inventory.



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Interest bearing debt, net of cash and equivalents, was reduced by 3.8 billion yen to 146.9 yen at the end of the last fiscal year. Excluding the effect of yen depreciation of 1.8 billion yen, reduction in real term amounted to 5.7 billion yen.

Reduction of interest bearing debt is an important theme this fiscal year. Amid rising interest rates, we aim to reduce net interest bearing debt to 130 billion yen by executing plans of profit increase, inventory reduction and account receivables reduction.

# Forecast for Fiscal Year Ending March 31, 2007

(Millions of yen)	Year ended Mar.'06	Year ending Mar.'07			Change yoy
	Full year	H1	H2	Full year	
Net sales	318,446	152,000	158,000	310,000	-2.7%
Operating income	19,269	11,500	13,500	25,000	+29.7%
Ordinary income	14,595	8,400	10,600	19,000	+30.2%
Income before income taxes	9,620	8,000	10,000	18,000	+87.1%
Net income	4,257	5,300	4,700	10,000	+134.9%

**FX Rate**

FY Mar.'06 result → FY Mar.'07 assumption

US\$ ¥113.09 → ¥115.00

Thai Baht ¥2.79 → ¥2.80

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For this fiscal year, we plan sales of 310 billion yen, operating income of 25 billion yen and net income of 10 billion yen.

## Forecast for Net Sales and Operating Income by Segment

(Millions of yen)	Year ended Mar.'06 Full year	Year ending Mar.'07 forecast			Change yoy
		H1	H2	Full year	
<b>[Net sales]</b>					
Machined components business	129,595	64,000	68,000	132,000	+1.9%
Bearing-related products	109,547	55,500	59,500	115,000	+5.0%
Other machined components	20,047	8,500	8,500	17,000	-15.2%
Electronic devices and components business	188,851	88,000	90,000	178,000	-5.7%
Rotary components	110,136	53,500	56,500	110,000	-0.1%
Other electronic devices	78,715	34,500	33,500	68,000	-13.6%
<b>Total net sales</b>	<b>318,446</b>	<b>152,000</b>	<b>158,000</b>	<b>310,000</b>	<b>-2.7%</b>
<b>[Operating income]</b>					
Machined components business	24,556	12,150	12,350	24,500	-0.2%
Electronic devices and components business	-5,287	-650	1,150	500	-
<b>Total operating income</b>	<b>19,269</b>	<b>11,500</b>	<b>13,500</b>	<b>25,000</b>	<b>+29.7%</b>

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Breakdown by segment of this fiscal year's forecasts are as shown.

# **Policy and Strategy**

**Takayuki Yamagishi  
Representative Director,  
President and Chief Executive Officer**

*May 9, 2006*



## Highlights from Fiscal Year ended Mar. 2006

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- ◆ Operating income increased
- ◆ Electronic devices and components improved
  - HDD spindle motor business returned to profit
- ◆ Machined components business expanded
  - Pivot assemblies : sales expanded and costs were reduced
  - Rod-end bearings : sales expanded for aircraft application
- ◆ Improved SG&A
  - SG&A to sales ratio declined to less than 16%
- ◆ Posted expenses related to structural reform
  - Rebuilding keyboard business with renewed policy focusing on high value added models

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Highlights from fiscal year ended March 31, 2006, are shown. Operating income increased. Some of the increase owes to improvement by electronic devices and components business, most of which was as a result of HDD spindle motor turning profitable in the fourth quarter. Increase in operating income of machined components business made an even greater contribution, led by increased sales and reduced costs of pivot assemblies and expanded business of rod-end bearings. Improvement of SG&A was also promoted. In the keyboard business, a decision was made to implement structural reform.

## Actions and Accomplishment in FY ended Mar. 2006

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From June 2005, with the aim to

- improve profit in the short term
- strengthen business infrastructure



- ◆ Structural reform ~ establishment of Business Units and Headquarters
  - Removal of barriers between organizations
  - Efficient use of Group's resources
- ◆ Focus from volume to quality, from sales to profit
- ◆ Reinforcement of engineering and technology development activities
  - Management by Engineering HQ for Group worldwide
  - Establishment of basic technology development divisions
- ◆ Actions for non-profitable businesses

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The recovery of financial performance was brought by actions taken since June of last fiscal year. In particular, the Group-wide structural reform and reorganization produced significant results. We changed our policy to emphasize quality rather than volume and to seek profitability. The effect of this change was especially evident in successful turnaround of HDD spindle motor business. As for reinforcement of engineering and technology development activities, basis for foundation is currently being built. We strove to improve non-profitable business as the top priority.

# Improvement of Non-Profitable Business

## ◆ HDD Spindle Motors

- Aim for generation of stable profit through further cost reduction
  - Promote closer cooperation between assembly and parts, and manufacturing and sales
  - Bring in parts production in-house, raise production yield, improve assembly processes
- Effectively increase production and sales of 2.5-inch FDB motors
- Promote new product development activities

## ◆ Information Motors

- Conduct review of business framework
- Reduce costs by reorganizing production system
  - Consolidate manufacturing locations, review use of outsourcing, improve production efficiency
- Review orders, improve product mix through efficient product development

## ◆ Keyboards

- Aim to build a suitable business structure by concentrating resources on high value added models
- Reduce fixed costs through reorganization of manufacturing, sales and engineering, and disposal of equipment
- Aim to return to profitability during this fiscal year

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Measures taken during last fiscal year and being promoted this fiscal year and onward are explained for non-profitable businesses.

The last year's turnaround of HDD spindle motor business is an outcome of successful cost reduction by both parts production and assembly process. We aim for generation of stable profit by continuing the efforts, while lifting sales and production of 2.5-inch FDB motors and promoting development of new products for micro-drives, or 1-inch and smaller size HDDs.

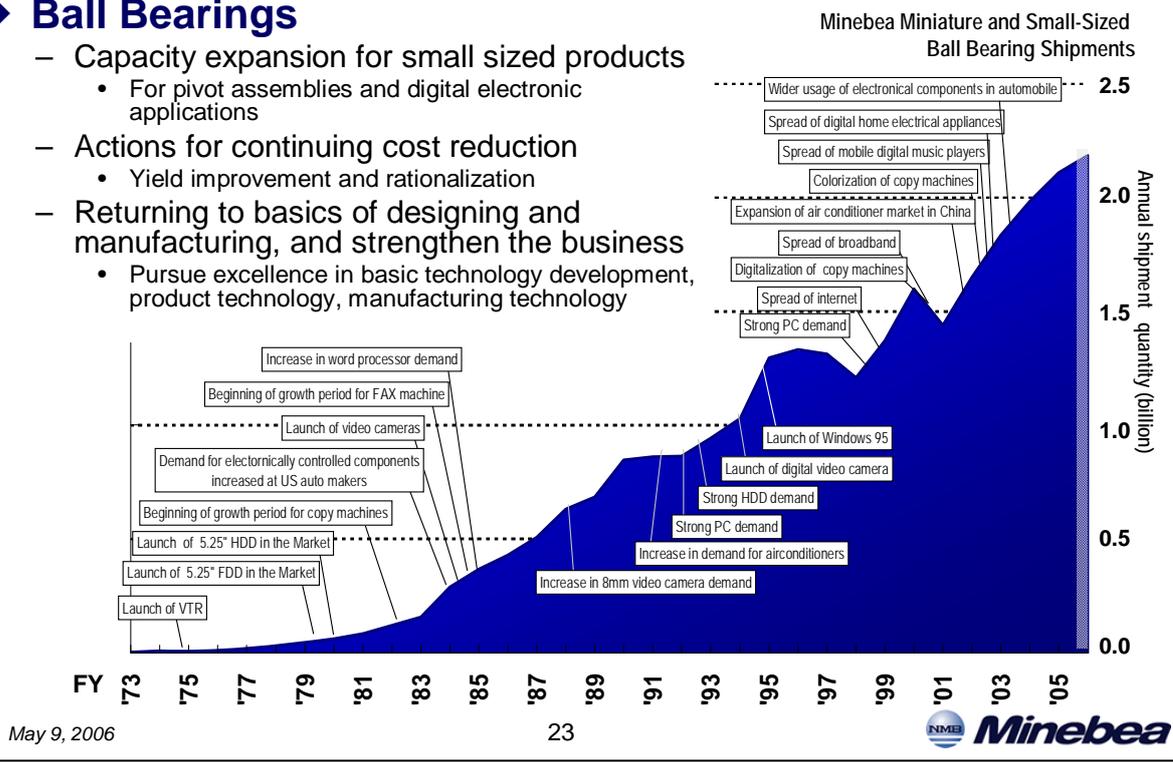
As for information motors, we target to attain profit during this fiscal year, following improving performance since the third quarter of last fiscal year as a result of the completion of structural reform. We will focus on cost reduction measures in vibration motor and DC brush motor businesses, which are currently non-profitable, while we aim for improvement for the overall business through effective new product development activities with careful attention to the market direction.

We are rebuilding the keyboard business under a new policy focusing on high end models. Production volume is planned to be reduced to 30~40% of the current level and sales to be reduced to half of the current level. We target to make the business profitable on a monthly basis during this fiscal year. We believe the future keyboard market requires new products that are developed by integrating technologies with other products' technologies, or by integrating notebook PC keyboard technologies with desktop PC keyboard technologies, in other words, by integrating quality of thinness of notebook type and quality of maneuverability and wireless functions of desktop type. For example, our new keyboard product, which integrates technologies of notebook type and backlight, developed to be used in dark and run on battery, is soon to be launched. Further, reinforcing our market position with cutting-edge technology in 2.4 GHz wireless function, is launch and start of delivery of wireless keyboard with IC card reader function, such as for FeliCa. Our technologies in firmware are utilized in this area.

# Expansion of Growth Business

## ◆ Ball Bearings

- Capacity expansion for small sized products
  - For pivot assemblies and digital electronic applications
- Actions for continuing cost reduction
  - Yield improvement and rationalization
- Returning to basics of designing and manufacturing, and strengthen the business
  - Pursue excellence in basic technology development, product technology, manufacturing technology



Measures taken during last fiscal year and being promoted this fiscal year and onward are explained for growth businesses.

In the ball bearing business, capacity expansion is currently underway to capture widening market for miniature sizes on the back of growing demand for pivot assemblies and digital electrical appliances. We are also striving to reinforce production and technologies of ball bearing by returning to basics of designing and manufacturing.

# Expansion of Growth Business

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## ◆ Rod-end bearings, bearings for aircraft applications

- Expand production capacity in Japan (Karuizawa), US and UK to respond to double digit growth in demand
- Utilize front-end production in Thailand to build low cost production structure and to expand production capacity
- Reinforce development activities for next generation aircraft models

## ◆ Pivot assemblies

- Maintain market share of 70%
- Raise production capacity to 30 million units per month
- Bring in parts production in-house, raise production yield, continue cost reduction through standardization of designs

## ◆ Optical devices and related products

- Promote further marketing of high-luminance, ultra-slim LED backlights
  - Top adopted rate in mobile handsets with one-segment TV function
- Promote marketing of mid-sized LED backlights for automobile application
- Launch new inverter product with significantly lowered cost

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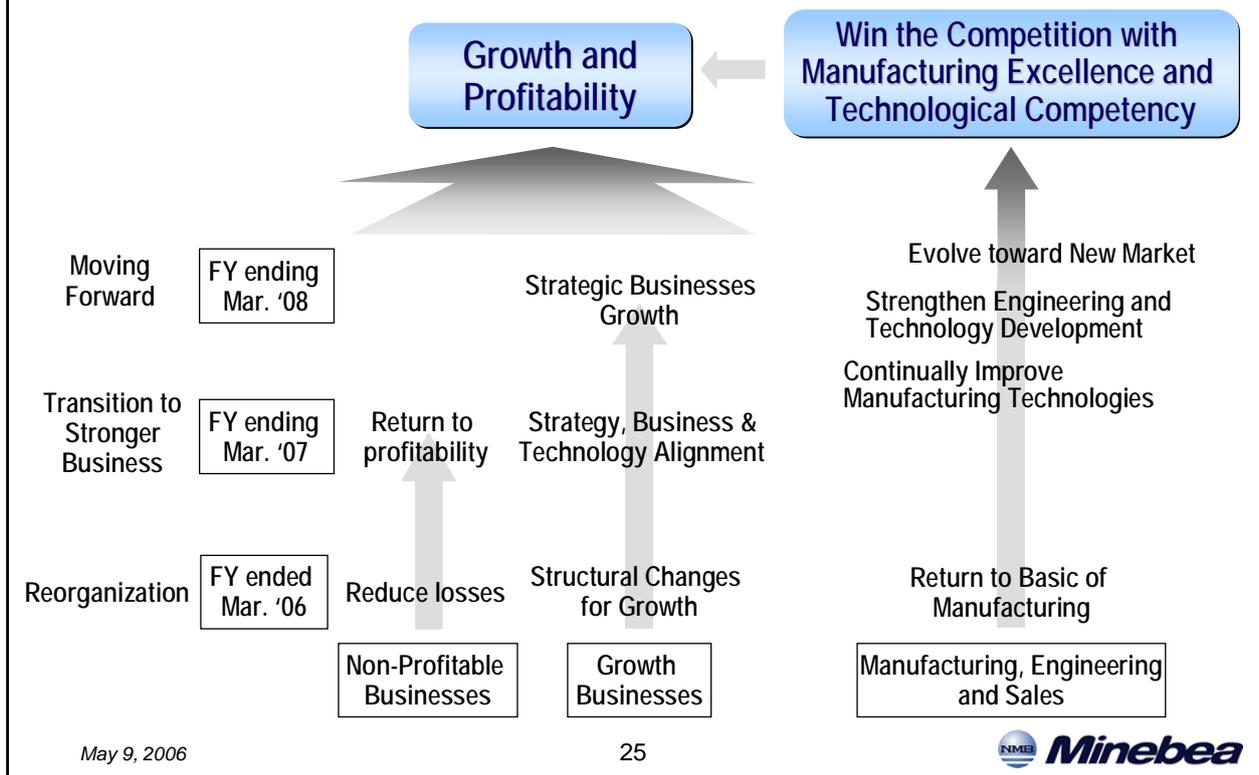


In the rod-end bearing business, development of next generation aircraft models is underway at our customers and double digit growth is expected to continue in the market. In response to such market requirement, we are expanding capacity at all locations, lifting production in Thailand to strengthen cost competitiveness, and promoting product development by utilizing our capability in processing technology.

In the pivot assembly business, we are expanding monthly production capacity from the current level of 27 million to 30 million, given the growing HDD market.

In the optical device and related business, high-luminance, ultra-slim LED backlights that we developed with cooperation of Nichia Corporation are seeing strong demand from customers since October last year. This fiscal year, sales of mid-sized LED backlights to car navigation market are expected to begin. As for inverters for LCD TVs, new product development is making a progress.

# A Strategic Growth Company

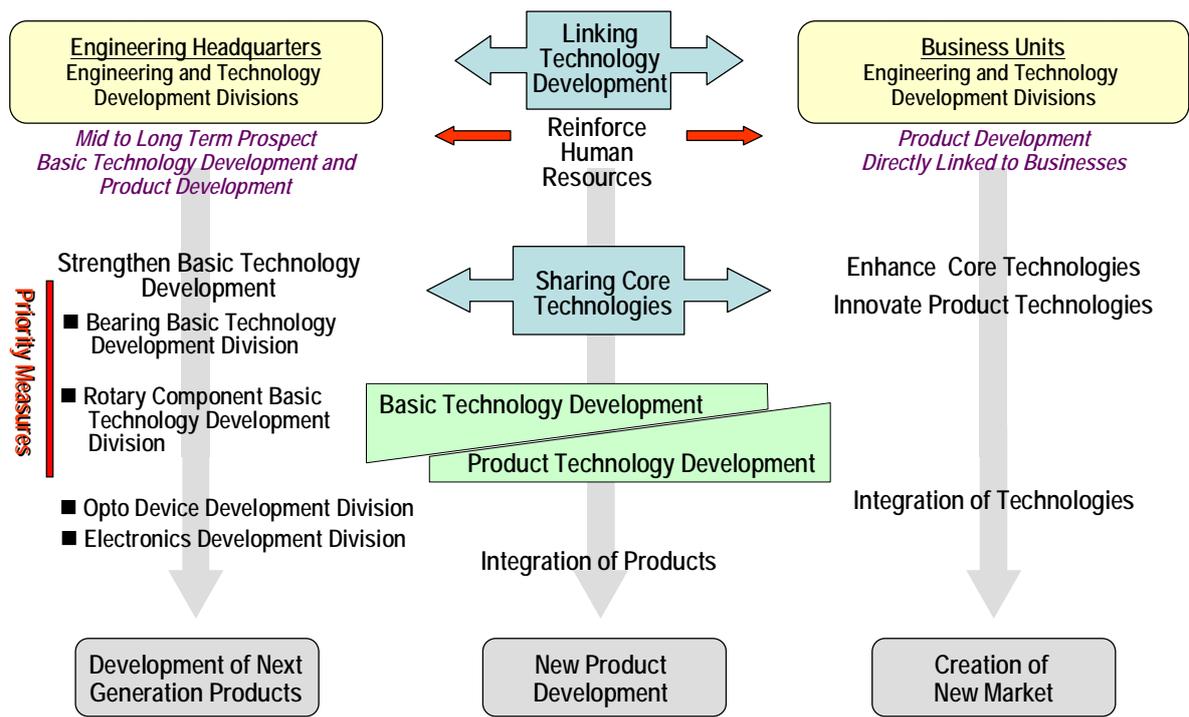


Last fiscal year was a year of reorganization. It was aimed to reduce losses of non-profitable businesses and to implement structural changes in growth businesses. In other words, it was returning to basic of manufacturing. The successful outcome was as evident in financial performance.

We plan to mark this fiscal year as a year of transition to stronger business. We will make an end to losses, thereby turning around the electronic devices and components business, while make foundation for growth.

We target to move forward next fiscal year. In the situation where all businesses are profitable, profit expansion, or rather sales expansion is required to attain growth. For this reason, strategy, business and technology alignment will be important this fiscal year. We advocate becoming a strategic growth company that can win the competition with manufacturing excellence and technological competency. We will achieve this by continually improving manufacturing technologies, strengthening engineering and technology development, and evolving toward new market.

# Engineering and Technology Development



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Our engineering and technology development activities are carried out by Engineering Headquarters and by Business Units. Different roles by the two organizations are clearly defined. We believe development of core technologies is important because new product is developed by the two organizations sharing core technologies. In order to attain goal of Engineering Headquarters, which is to develop next generation products, we have newly set up basic technology development divisions for bearing and rotary component businesses, respectively, our mainstay businesses. On the other hand, the goal of engineering and technology development divisions within Business Units is to create new market and we are promoting such activities.

# **Business Results**

**Fiscal Year ended March 31, 2006**

**Minebea Co., Ltd.**

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

Any statements in the presentation which are not an historical fact are future projections made based on certain assumptions and our management's judgment drawn from currently available information.

Please note that actual performance may vary significantly from any particular projection, due to various factors.

Factors affecting our actual performance include: (i) changes in economic indicators surrounding us or demand trends; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously. However, this is not a complete list of the factors affecting actual performance.

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May 9, 2006

