

Key Role of Startups in the Drastic Paradigm Change

-Lack of Startups promises Industry Decay-

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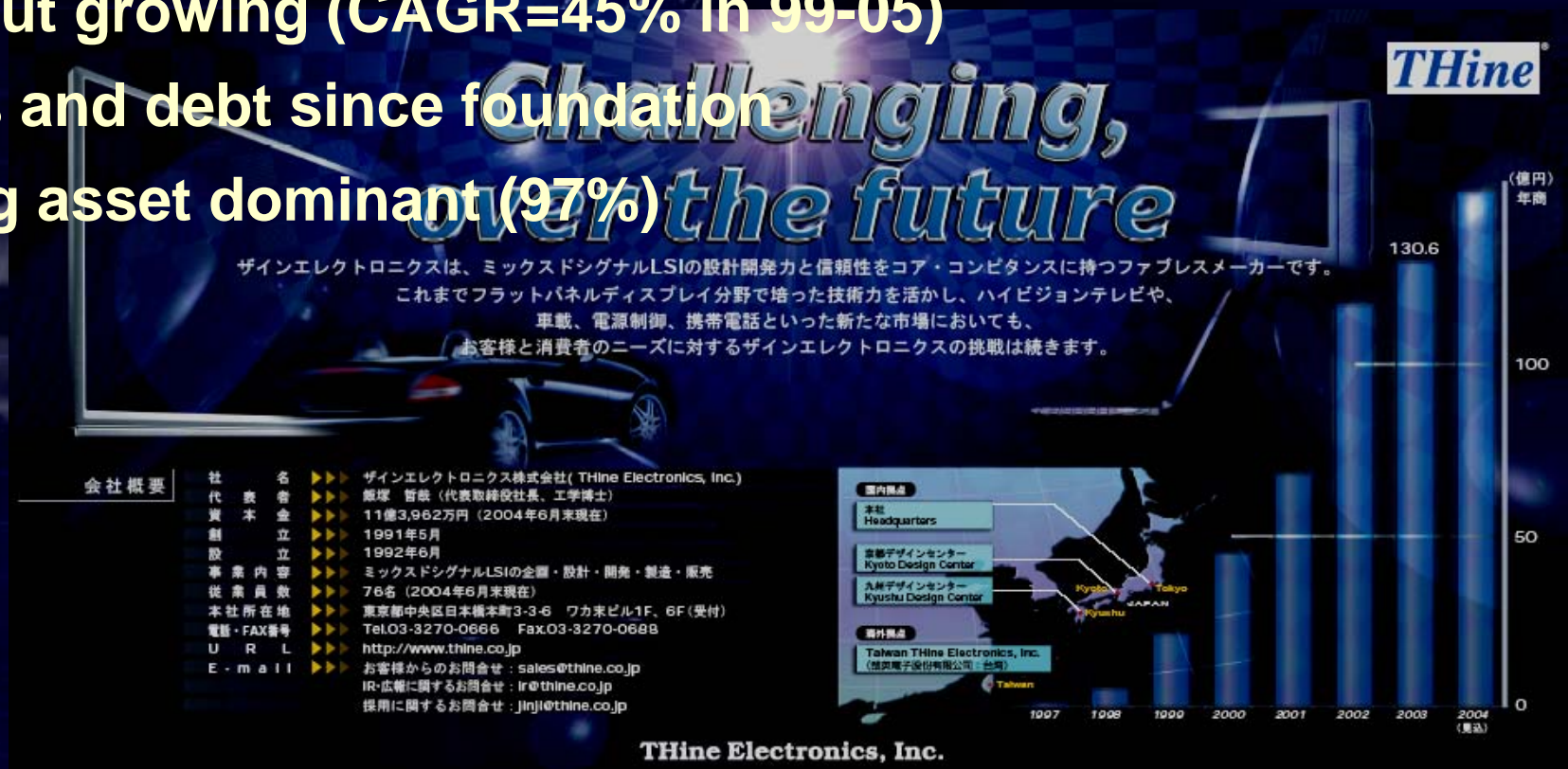
THine Electronics, Inc.

JASVA

Japan Semiconductor Ventures Association

THine ?

- Founded in '91, IPO in '01
- Fabless Semiconductor Venture with 200M\$ Sales ('05)
- Supplying FPD peripherals, RF, power ICs
- Small but growing (CAGR=45% in 99-05)
- No loss and debt since foundation
- Floating asset dominant (97%)

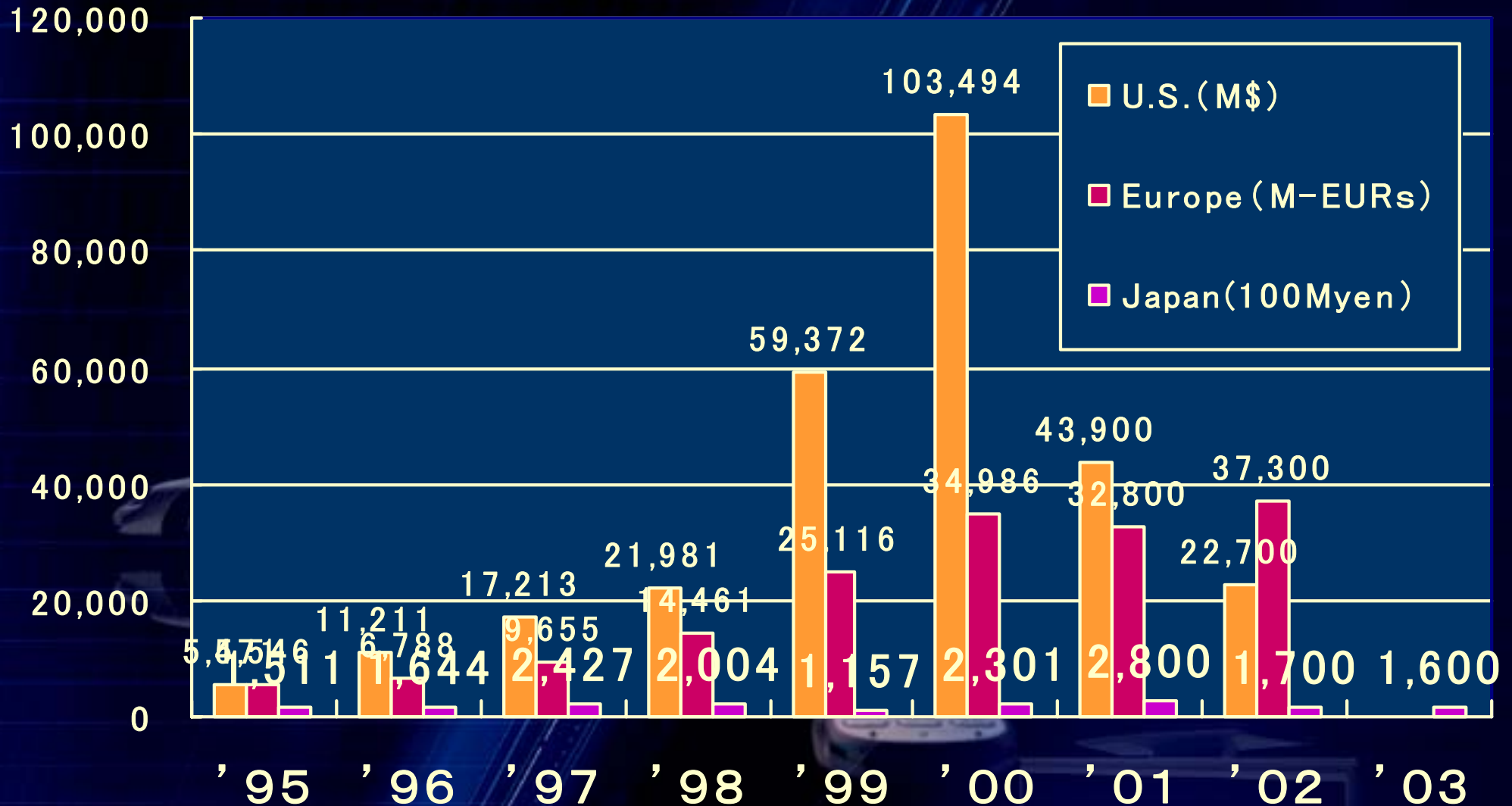


Japanese Notorious Environment for Entrepreneurs

- **Total Entrepreneurial Activity (TEA) Index: 38th out of 40 countries @ 2003, @2000-2003 average**
- **Firm Entrepreneurial Activity (FEA) Index: 30th @2002-2003**
- **Employment creation by startup: 40th out of 40 countries**
- **Startup by young generation: 40th**
- **Startup by women: 39th**
- **Total valuation: E-rank (worst)**

Global Entrepreneurship Monitor 2003, Babson-LBS-Kauffman (2004)

Annual Disbursements from VC



Key Role of Startups

- **Hard to see next business winner in age of drastic paradigm change**
- **Requires various Try&Error tool at low cost (Time, Money, Human resources)**
- **VB provides the best cost performance social T&E scheme for new paradigm**
- **Not just mere money worship**

Great Success hindered the Change

- Financial system collapse and huge debt destroyed B/S.
- Traditional small profit rate businesses required long time to improve B/S
- Even core business lacked the cash flow
- Traditionally low fluidity of talented people
- Slow change in industry structure
- Slow in technology, monetary shift to enforce core business sectors

社団法人日本半導体ベンチャー協会

JASVA

Japan Semiconductor Venture Association

- Foundation on Oct. 27, 2000
- Support startups in semiconductor and FPD
- Through seminars, conferences
 - Action Seminar
 - IP Design Committee, FPD Committee, RF technology committee
 - IR Conference
- Collaboration VB & established firms
- Increase Ex. Of Success ⇒ Shortcut to create strong impact (7 IPO companies, 7 University startups)
- 230 members (incl. 6 Large Electronics Firms, VCs, Accounting firms, Local public bodies)

社団法人日本半導体ベンチャー協会

JASVA

Japan Semiconductor Venture Association

- 7 member VBs made IPO
- 7 member VBs founded by university researchers
- Tokyo JASVA founded in 2000
- Kyushu JASVA in 2002
- Kansai JASVA in 2003

“E-Nova Fund”

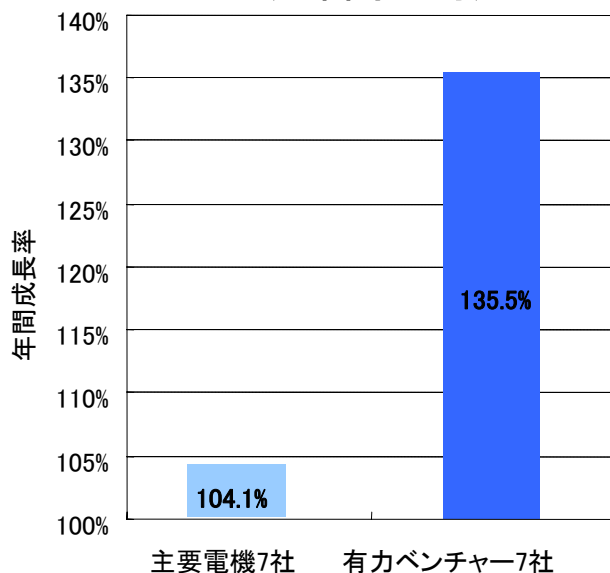
(Electronics, New Star Nurture Fund)

- **THine[®] chip 1 stop antfactory**
- Focus on electronics, semiconductor startups
- Spin-out/off from large companies
- Reasonable options for mother company, rather than ownership or tight control
- Utilize ample size of resources/capitals from outside the mother company
- Partnership with Asian funds and foundries
- Cooperation with JASVA

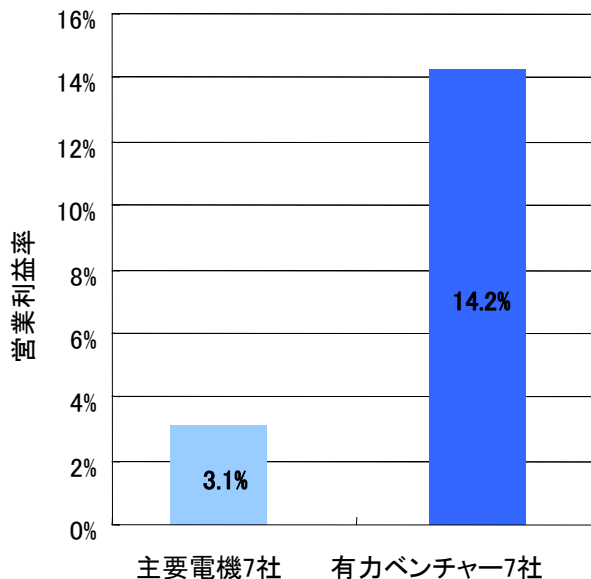
Japanese Electronics Startups' Performance

悪名高き日本でもベンチャーの成長力は高い

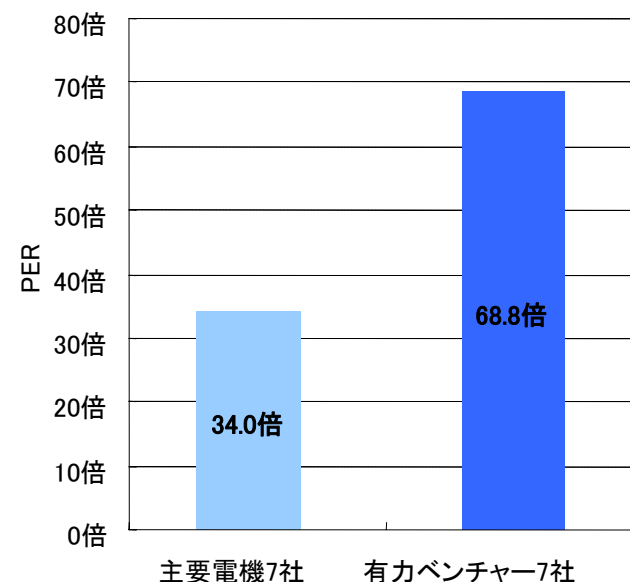
CAGR(3年間平均)



Profit Rate(直近実績)



PER(05/10/31現在)



主要電機7社

: So, T, H, P. Sa, M、Sh

有力エレクトロニクスベンチャー
MCJ・

: ザインエレクトロニクス・アクセル・IRIユビテック・チップワンストップ・
ワコム・ブイテクノロジー

Angel activities

- Utilize knowledge obtained through his own experiences of starting business and success.
- Invest some amount of personal money
- Connect to large Capital, customers, human networks
- Help creating new business, industry, and employment
- Social contribution to strengthen the country against the Change of Paradigm

Summary

- Lack of startups, a cause of serious delay against drastic paradigm change (*Lost decade*)
- Role of Startups: Industrial infrastructure providing the best cost/performance means for Business Try & Error (R&D)
- Players are the key. Not the easy supply of dull money (collected from tax payers).
- Fair partnership between the investors and players.
- Risk takers money (Investment) is the most effective
- JASVA and ENOVA fund activities