

2006/03 Term

Outline of Interim Financial Statements for the Half-year Ended September 30, 2005  
(Consolidated)

November 11, 2005

|  |                        |  |  |
|--|------------------------|--|--|
| Name   | SEIKOH GIKEN Co., Ltd. | Listed market                                      | JASDAQ                                   |
| Code   | 6834                   | Location   | Chiba Prefecture                         |
| (URL <a href="http://www.seikoh-giken.co.jp">http://www.seikoh-giken.co.jp</a> ) |                        |  |  |
| Representative   | Title                  | President & CEO                                    | Name Masatoshi Ueno                      |
| For Inquiries  | Department in Charge   | Management Planning                                | Name Yuji Saito (Phone: +81-47-388-6401) |
| Date of the Board of Directors for Closing                                       | November 11, 2005      |  |  |
| Parent Company   | -                      | Percentage of Our Stock Held by the Parent Company | - %                                      |
| U.S.GAAP   | Not Adopted            |  |  |

1. Consolidated business results for the current interim term (April 1, 2005 - September 30, 2005)

(1) Consolidated performance (Note): Figures below one million are rounded down.

|                               | Sales           |        | Operating Profit |         | Ordinary Profit |         |
|-------------------------------|-----------------|--------|------------------|---------|-----------------|---------|
|                               | Millions of Yen | %      | Millions of Yen  | %       | Millions of Yen | %       |
| Interim Term Ended in 2005/09 | 3,207           | [-5.0] | 788              | [-26.9] | 892             | [-24.6] |
| Interim Term Ended in 2004/09 | 3,376           | [10.3] | 1,079            | [24.4]  | 1,184           | [49.2]  |
| 2005/03 Term                  | 6,103           |        | 1,714            |         | 1,842           |         |

|                               | Net Profit      |         | Earnings per Share |     | Fully Diluted Earnings per Share in Net Profit |     |
|-------------------------------|-----------------|---------|--------------------|-----|--|-----|
|                               | Millions of Yen | %       | Yen                | Sen | Yen  | Sen |
| Interim Term Ended in 2005/09 | 499             | [-51.5] | 54.16              |     | 54.08  |     |
| Interim Term Ended in 2004/09 | 1,029           | [98.0]  | 110.70             |     | 110.43   |     |
| 2005/03 Term                  | 1,768           |         | 189.39             |     | 188.90   |     |

- (Note) 1. Investment loss (profit) on equity method: **Interim Term 2005** ¥Million - **Interim Term 2004** ¥Million - **2005/03 Term** ¥Million -
2. Average number of shares issued (consolidated): **Interim Term 2005** 9,224,437 shares **Interim Term 2004** 9,300,231 shares **2005/03 Term** 9,266,435 Shares
3. Changes in accounting procedures: None
4. Percentage terms in Sales, Operating Profit, Ordinary Profit, and Net Profit show the changes from the interim term, the previous year.

(2) Consolidated financial conditions (Note): Figures below one million are rounded down.

|                               | Total Assets    | Shareholder's Equity | Shareholder's Equity Ratio | Shareholder's Equity per Share |     |
|-------------------------------|-----------------|----------------------|----------------------------|--------------------------------|-----|
|                               | Millions of Yen | Millions of Yen      | %                          | Yen                            | Sen |
| Interim Term Ended in 2005/09 | 25,797          | 24,256               | 94.0                       | 2,629.61                       |     |
| Interim Term Ended in 2004/09 | 25,065          | 23,531               | 93.9                       | 2,537.47                       |     |
| 2005/03 Term                  | 25,351          | 24,134               | 95.2                       | 2,615.10                       |     |

(Note) Number of shares issued (consolidated): **Interim Term 2005** 9,224,466 shares **Interim Term 2004** 9,273,746 shares **2005/03 Term** 9,223,746 shares

(3) Consolidated cash flow

(Note): Figures below one million are rounded down.

|                               | Cash Flow from Operating Activities | Cash Flow from Investing Activities | Cash Flow from Financing Activities | Cash and Cash Equivalents at the End of Term |
|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
|                               | Millions of Yen                     | Millions of Yen                     | Millions of Yen                     | Millions of Yen                              |
| Interim Term Ended in 2005/09 | 574                                 | -2,834                              | -457                                | 2,505  |
| Interim Term Ended in 2004/09 | 435                                 | -225                                | -383                                | 10,732                                       |
| 2005/03 Term                  | 2,766                               | -7,900                              | -553                                | 5,219  |

(4) Matters regarding the scope of consolidation and application of the equity method

Consolidated subsidiaries: 3 Equity-method non-consolidated subsidiaries: 0  
Equity-method affiliates: 0

(5) Changes in the scope of consolidation and application of the equity method

Consolidated subsidiaries Newly added: 0 Excluded: 0  
Equity-method applied subsidiaries and affiliates Newly added: 0 Excluded: 0

2. Forecasts of consolidated performance for the 2006/03 Term (April 1, 2005 - March 31, 2006)

|                    | Sales           | Ordinary Profit | Net Profit      |
|--------------------|-----------------|-----------------|-----------------|
|                    | Millions of Yen | Millions of Yen | Millions of Yen |
| Full business year | 6,200           | 1,000           | 600             |

(For reference) Forecasts of net profit per share for the 2006/03 term (full business year): 65.04 yen

\*The above estimated figures are calculated based on the information available as of the date of disclosure of this material, and they include considerably uncertain factors. Actual results may differ depending on changes in business circumstances, etc.

Please refer to page 11 for the matters concerning the forecasts stated above.

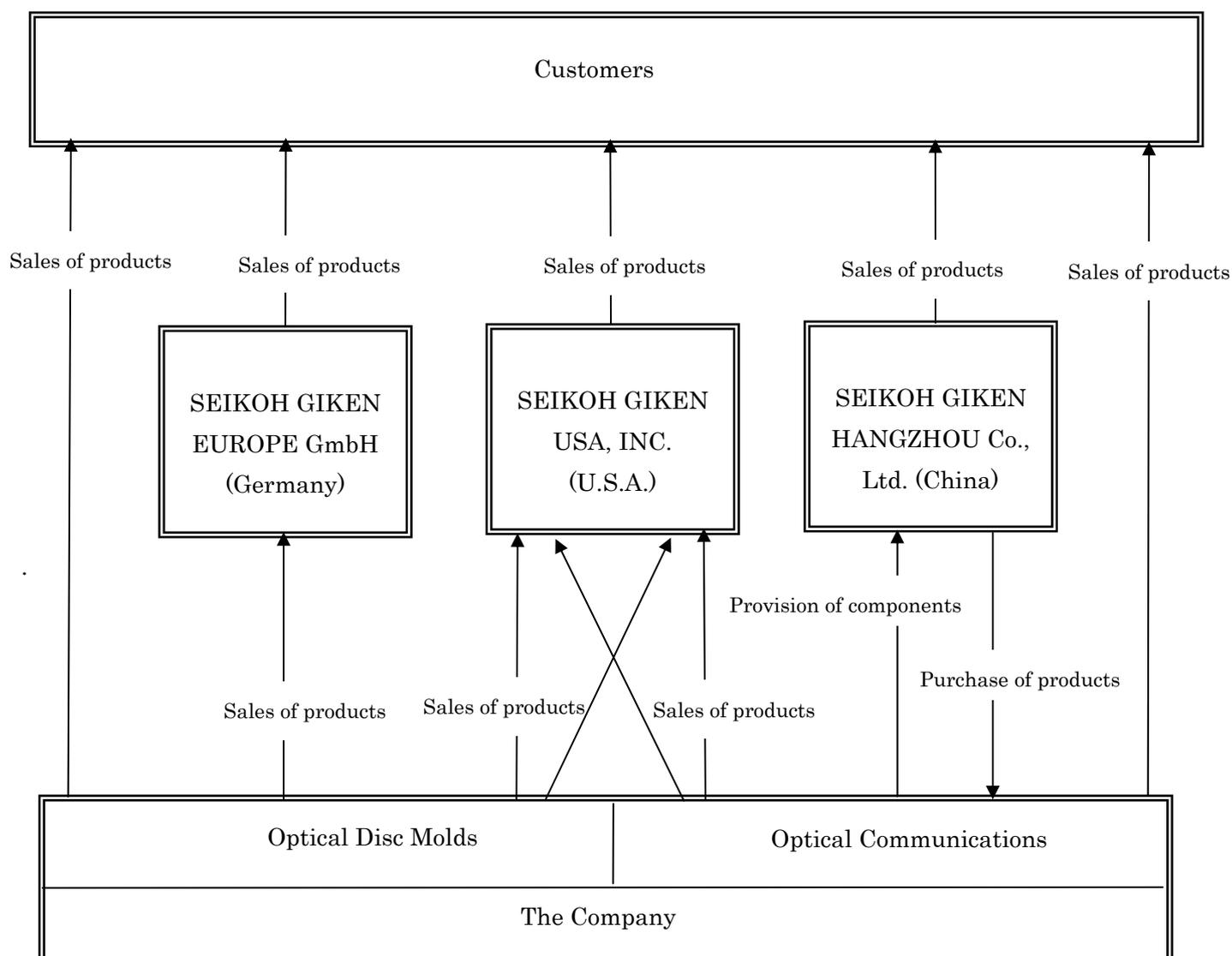
## 1. Conditions of the SEIKOH GIKEN Group

The SEIKOH GIKEN Group, the Company and three consolidated subsidiaries, consists of two segments, the Optical Disc Molds segment that handles design, production and sales of precision molds centering on optical disk molds, and the Optical Communications segment that handles production and sales of optical components for optical communication and manufacturing devices for optical components.

In the Optical Disc Molds segment, production is handled by the Company, and sales of products are handled by the Company, SEIKOH GIKEN USA, INC. (a consolidated subsidiary) and SEIKOH GIKEN EUROPE GmbH (a consolidated subsidiary).

In the Optical Communications segment, production is handled by the Company and SEIKOH GIKEN HANGZHOU Co., Ltd. (a consolidated subsidiary), and sales of the products are handled by the Company, SEIKOH GIKEN USA, INC. (a consolidated subsidiary), SEIKOH GIKEN EUROPE GmbH (a consolidated subsidiary) and SEIKOH GIKEN HANGZHOU Co., Ltd. (a consolidated subsidiary).

The relationship between the Company and its subsidiaries concerning the relevant business is as follows:



## 2. Management Policies

### (1) Basic management policies

Our management philosophy is “Based on outstanding technologies and creativity, we will supply high-quality products, contribute to social evolution and development, and pursue the growth of the company and the happiness of employees, while at the same time fulfilling our social responsibilities.” To realize this philosophy, we have set up the following five management policies. We are making efforts towards increasing the corporate value and realizing contribution to society by implementing these policies without fail.

#### 1) Customer Satisfaction

We shall be a trusted company at all times, in which all employees hold views of customer satisfaction, and work to improve our products in terms of quality, price, delivery time, and services.

#### 2) Stable Growth

We shall be a company that is constantly expanding, through reinforcing our customer bases, establishing an efficient organizational structure, and increasing per capita profitability.

#### 3) Top Global Share

From the international perspective, we shall create a new value by promoting untiring technological development and acquisition of intellectual assets. We shall acquire the top global share, offering the world's most trusted products (or brand).

#### 4) Growth of Individuals

We shall support individual growth of our employees through self-development and training, and increase the power of the organization as a whole by bringing out the best quality and the maximum capability in each employee.

#### 5) Social Contributions

We shall abide strictly by laws and regulations as a member of society, contribute to the creation of a better society and a better environment through our business activities, and achieve mutual prosperity with all cooperators around us.

### (2) Basic policies for allocation of earnings

From the viewpoint of our management policy attaching more importance to our shareholders, we will continue to pay stable dividends to shareholders; at the same time, we intend to implement comprehensive measures for returning our profits to our shareholders, considering the balance between the business performance and the internal reserves,.

Regarding the use of the internal reserves, we are planning to allocate them to exploitation of a new business, which shall reinforce our business base as well as further enhance our corporate value, and business investment for developing new technologies and new products.

### (3) Attitude and policy on lowering investment unit

We recognize lowering investment unit as an important management issue for increasing personal

investors and revitalizing share distribution; however at present, we have not determined the specific measures and the schedule for implementation yet.

#### (4) Management targets

In order to accomplish the stable growth of our operating revenue, we regard expansion of existing business and exploitation of new businesses as important management subjects. We are aiming to increase the amount of sales, utilizing management resources effectively; on the other hand, we are fully conscious of expansion of business scale and promotion of efficiency, placing emphasis on per capita proceeds (PHP: per head profit).

#### (5) Management strategies in the long and medium terms

##### 1) Optical Disc Molds segment

While the recording capacities of DVDs, which are the media for recording and running digital information, are increasing accompanying rapid advances in technology, price reduction of digital appliances, such as television sets and personal computers, are accelerating. Under such circumstances, DVDs are prevailing more and more. Each optical disk manufacturer is seeking moldings corresponding to further increase of the molding speed (“high-cycle” production), in order to increase production volume of optical disks to a maximum within a specified time. In addition, represented by mass production of 16 x write CD-Rs and multi-layer technology of DVDs, the technical requirements for DVD moldings are getting more and more sophisticated year by year. Along with this, attempts for mass production of next generation optical disks, such as Blue-ray discs and HD-DVDs, are beginning to take full effect. In order to correctly meet these movements of optical disc manufacturers, we will focus more on development of optical disc molding technologies, and try to improve customer satisfaction and maintain the superiority in the market.

##### 2) Optical Communications segment

Construction of optical fibers to offices and homes (FTTH) is steadily advancing toward the advent of full-scale broadband communications. Against this background, it is expected that the global demand for components of the optical communications for the metro/ access network would strongly expand for a while. Therefore, the Company will aim to become a world brand leader in the field of “optical connecting technologies.” We will strengthen the cooperation with our important customers at home and abroad, and focus on the development of market-competitive products. In addition, we will aggressively shift our production to plants in China and promote on-site procurement of the components. With these efforts, we will make our production structure capable of providing high quality products at competitive prices.

#### (6) Issues to be addressed

Amid violent waves of changes in the market environment surrounding our Group, following are the issues to be addressed, in order to achieve continuous growth and establish a management structure that enable us to increase our corporate value and contribute to society for a long term:

#### 1) Continuous expansion of sales and profits

In the highly competitive market, in order to maintain or increase our market share and improve our brand value, the following features are necessary: a wide range of lineups, highly reliable quality, sales networks which efficiently cover the market, and capacity for technological development which realize the customers' requests. Through establishment and improvement of these features, we intend to expand our sales and profits in a sustainable manner.

#### 2) Exploitation of new businesses and development of new products

To realize stable growth of a company, it is essential to establish core businesses anew and develop new products continuously. Based on our core technology, the Company will aggressively deploy alliances with other companies, universities, and various research institutions. In addition, we will try to introduce new technologies from outside by means of M&A. With these efforts, we will tackle exploitation of new business fields and development of new products.

#### 3) Improving production efficiency

Among the component manufacturers of optical networking, along with decline of per-piece sales price, cost reduction is promoted through globalization of their production system. Reorganization and shakeouts of companies are expected to accelerate further in the industry. Therefore, it is essential for us to establish a production system that will provide high quality products at the price satisfying customers. We will promote effective utilization of production plants in China and on-site procurement of components, and reinforce price competitiveness by improving production efficiency.

#### 4) Contribution to society

Our Group is aspiring to contribute to society by cherishing the global environment in all business activities. We have acquired ISO14001 certification in February 2005. As a company operating business on a global scale, we will promote environmental activities based on a global standard. The whole company will be united in our resolve to tackle the environmental protection issue.

### (7) Basic attitude on corporate governance and implementation of its measures

#### 1) Basic attitude on corporate governance

We believe the basics of corporate governance are to improve compliance systems premised on adherence to related laws and bylaws, to enhance management transparency by making timely and appropriate disclosure of business conditions to our stakeholders, and to carry out our social responsibility as a company.

#### 2) Implementation of the measures for corporate governance

- a. Current system regarding corporate governance, such as our management organization that makes decision and executes/ supervises projects concerning corporate management.

[Substance of corporate organization, development of internal control system and risk management system, and current state of internal auditing, audit by corporate auditors, and accounting audit]

The Company has adopted an auditing system, which consists of three auditors (two auditors are from outside) appointed in a General Meeting of Shareholders, and it supervises the Company's management.

In addition, the Board of Directors, which meets every month or more, consists of seven directors appointed in a General Meeting of Shareholders. One of the seven members is from outside (part-time), and is working on activation of the Board and reinforcement of supervisory functions to the executive body. In each meeting, vigorous discussion is made, as a body to determine important matters regarding management, such as direction and targets of the Company as a whole, and other matters required by law.

Along with the Board, in order to discuss the matters to submit to the Board and enhance sharing of the latest information among departments, Management Meetings are held monthly, which consist of directors and group leaders of each department who are responsible in performing operation.

In routine works, the Administrative Division, which consists of the Management Planning Office, the Administration Group, and the Accounting Group, and the Operational Division, which consists of several groups, hold regular Liaison Meetings weekly. In addition, they timely exchange information in order to mutually function as an internal check system, and grasp management risks in advance.

Furthermore, the Internal Audit Office, which is directly under the president's command, has been established for reinforcing inner management. Through internal audit, they are discussing and evaluating developing status of management organization, compliance and efficiency of the operation, correctness and adequacy of management data.

Auditors attend Management Meetings, as well as the Board of Directors, and perform strict monitoring of the management setup.

The Company has appointed ChuoAoyama PricewaterhouseCoopers as the accounting auditor and concluded an audit agreement. The certified public accountants and assistants who conducted auditing practices of the current interim term are as follows:

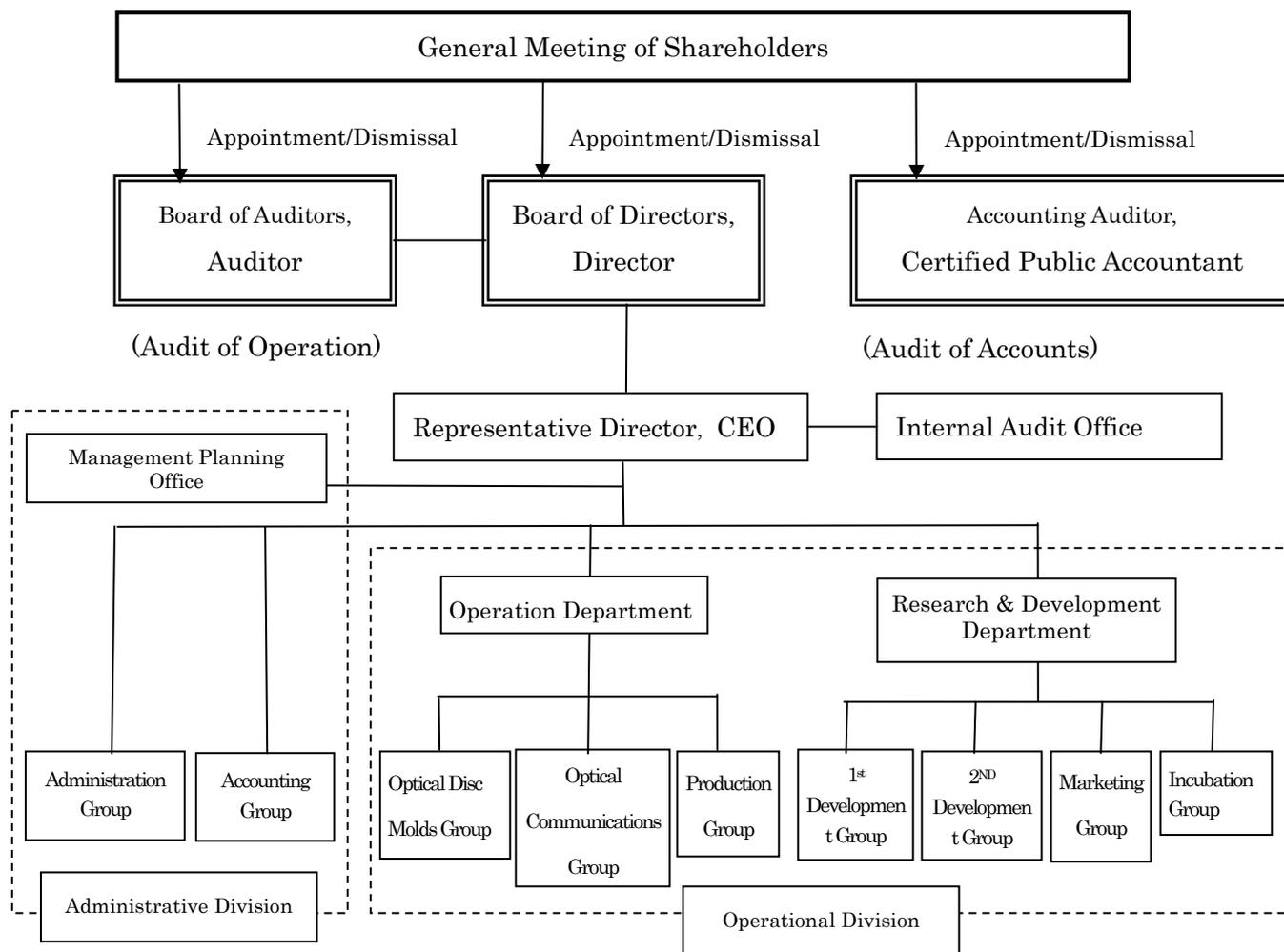
(i) Certified public accountants

| Certified public accountants   | Engagement years |
|--|------------------|
| Appointed employee,<br>Operational employee                      Setsuo Higuchi  | Eight            |
| Appointed employee,<br>Operational employee                      Masahiro Sawada | one              |

(ii) Number of assistants involved in audit practices

|                              |      |
|------------------------------|------|
| Certified public accountants | Four |
| Trainee accountants          | One  |
| Others                       | -    |

The Company's internal check system and the organizational structure of the Administrative Division and the Operational Division are as follows:



b. Outline of personal relationship, capital relationship, business relationship and other interests between the Company and outside directors and auditors

(i) Outside director

| Name              | Personal relationship | Capital relationship | Business relationship | Other interests |
|-------------------|-----------------------|----------------------|-----------------------|-----------------|
| Hirokazu Hosokawa | -                     | -                    | -                     | -               |

(ii) Outside auditors

| Name         | Personal relationship | Capital relationship | Business relationship     | Other interests |
|--------------|-----------------------|----------------------|---------------------------|-----------------|
| Toru Miyoshi | -                     | -                    | Corporate lawyer contract | -               |
| Toshio Aiba  | -                     | -                    | Consultant contract       | -               |

c. Efforts to improve corporate governance in the Company for the current term

The Board of Directors met 11 times in total during the current interim term. Along with this, monthly regular Management Committees were held 6 times in total, and Liaison Meetings were held 23 times in total.

In addition, the Company held a briefing of our financial statements, as one of our IR activities

to precisely convey our management status to the stakeholders. Furthermore, we have updated our website and timely disclosed the Company's up-to-date information, such as financial results, in order to convey our business conditions correctly to the various investors including personal investors.

(8)Matters regarding our parent company

As we have no parent company, there is nothing particular to be entered.



### 3. Business results and financial conditions

#### (1) Business results

[Overall outline]

Speaking of the economy at home during the current interim term, business investment increased due to earnings recovery of enterprises, and there was an upswing in exports. Consumer spending is also increasing, and the Japanese economy shows self-sustaining recovery, breaking away from deflation. The world economy as a whole has been steady, though the economic growth in the U.S. and China slowed down, due to surging oil prices and natural disasters.

Regarding the market environment surrounding our Group, a round of demand for facility investment among optical disc manufacturers for DVD production is over. New demand for optical disc molding is shrinking, in preparation for mass production of next generation optical disks. On the other hand, the establishment of information infrastructure using optical fibers is progressing not only in Japan but also in the U.S., and the facility investment for short-distance communication, called metro/ access network has steadily been increasing.

Under such management climate, for the current interim term (consolidated), we recorded the sales of 3,207 million yen (down 5.0% from the same term last year). As for the profit and loss, the ordinary profit was 892 million yen (down 24.6% from the same term last year) and net profit for the interim term was 499 million yen (down 51.5% from the same term last year), due to sales decrease in the Optical Disc Molds segment and accrued costs accompanying business integration of the Optical Communications segment.

[Outline by segment]

##### 1) Optical Disc Molds segment

In the Optical Disc Molds segment, while optical disc manufacturers were cautious to expand their production facilities, the demand for DVD molds hovered around the level higher than our forecasts at the beginning of the term, although the growth slowed down a little. As the amount of sales from the renewal parts that improve the performance of molds and maintenance business steadily increased, we recorded sales of 2,474 million yen (down 12.5% from the same term last year) for the current interim term (consolidated). Accompanying the decrease in sales, the operating profit became 897 million yen (down 21.5% from the same term last year).

##### 2) Optical Communications segment

In the optical Communications segment, orders increased against the backdrop of expansion of investment in infrastructure for broadband access in the markets of optical communications in Japan, the U.S., etc. In addition, as a result of business transfer of optical segment (sales of optical products in Japan, the U.S., Germany, and Singapore) of Seiko Instruments Inc. and its subsidiaries on September 1, 2005, the sales for the current interim term (consolidated) posted 733 million yen (up 33.8% from the same term last year). Regarding the profit and loss, we have recorded an operating loss of 108 million yen, caused by a temporarily accrued cost accompanying business integration. (The operating loss for the same term last year was 63 million yen),

\*In January 2006, the production and sales segments of optical products are to be transferred to us from a subsidiary of Seiko Instruments Inc. (in Liaoning province, China).

## (2) Financial conditions

The balance of cash and cash equivalents at the end of the current interim fiscal term (consolidated) stood at 2,505 million yen, decreasing by 2,714 million yen from 5,219 million yen at the end of last consolidated fiscal term. The conditions and details of cash flow from respective activities are as follows:

### [Cash Flow from Operating Activities]

The fund acquired from operating activities during the current interim term stood at 574 million yen (up 139 million yen from the same term last year). The rough breakdowns are as follows: Income/ Net profit before taxes for the interim term---873 million yen, Depreciation expense---260 million yen. Outlay/ Increase in accounts receivable-trade---567 million yen.

### [Cash Flow from Investing Activities]

The fund used for investing activities during the current interim term stood at 2,834 million yen (up 2,608 million yen from the same term last year). The rough breakdowns are as follows: Income/ Income from sales of investment securities---1,478 million yen. Outlay/ Payment into time deposit---3,002 million yen.

### [Cash Flow from Financing Activities]

The fund used for financing activities during the current interim term stood at 457 million yen (up 74 million yen from the same term last year). This mainly resulted from the dividends payment.

The indicators regarding the Company's cash flow are as follows:

|  | 2004/03 Term |             | 2005/03 Term |             | 2006/03 Term |
|--|--------------|-------------|--------------|-------------|--------------|
|  | Interim term | End of term | Interim term | End of term | Interim term |
| Equity ratio (%)                       | 94.8         | 91.3        | 93.9         | 95.2        | 94.0         |
| Equity ratio based on market value (%) | 197.7        | 203.6       | 108.8        | 118.2       | 109.8        |
| Debt redemption years (year)           | -            | -           | -            |             |              |
| Interest coverage ratio (times)        | -            | -           | -            |             |              |

Equity ratio: shareholders' equity/total assets

Equity ratio based on market value: total value of shares at market value/total assets

Debt redemption years: interest-bearing liabilities/operating cash flow

Interest coverage ratio: operating cash flow /interest payment

\*Calculation of each indicator is based on financial figures from consolidated accounting.

\*Total value of shares at market value is calculated by multiplying the closing price at the end of the term and the number of shares issued at the end of the term (after deducting treasury stocks).

\* As items pertinent to interest-bearing liabilities or interest payments do not exist, neither "Debt redemption years" nor "Interest coverage ratio" is specified.

(3) Forecasts of full business year

For the second half of the fiscal year, regarding the Optical Disc Molds segment, it is expected that the business investment of DVD manufacturers will fully freeze their business investments, and the amount of sales of DVD molds, which remained at a relatively high level during the first half of the fiscal year as compared to our forecast, will decrease. On the other hand, the amount of sales for the Optical Communications segment is expected to increase considerably as compared to the first half, due to accelerating construction of infrastructure for short-distance optical network and the added sales of optical segment of Seiko Instruments, which was transferred to the Company in September 2005. Regarding the profit and loss, both ordinary profit and net profit remained in a high level as compared to our forecast in the first half of the fiscal year, thanks to the strong sales in Optical Disc Molds. For the second half, we will make further efforts in cost reduction.

In consideration of these factors, we would like to revise the forecasts of our consolidated and non-consolidated business performance for 2006/3 term, released on May 20, 2005, as follows:

<Forecasts of consolidated performance for 2006/3 term>

|                                   | Sales                    | Ordinary Profit        | Net Profit             |
|-----------------------------------|--------------------------|------------------------|------------------------|
| Forecast Released in May 2005 (A) | Millions of Yen<br>6,260 | Millions of Yen<br>660 | Millions of Yen<br>430 |
| Revised Forecast (B)              | 6,200                    | 1,000                  | 600                    |
| Increase and Decrease (B - A)     | -60                      | 340                    | 170                    |
| Percentage Change (%)             | -1.0%                    | 51.5%                  | 39.5%                  |

<Forecast of non-consolidated performance for 2006/3 term>

|                                   | Sales                    | Ordinary Profit        | Net Profit             |
|-----------------------------------|--------------------------|------------------------|------------------------|
| Forecast Released in May 2005 (A) | Millions of Yen<br>5,810 | Millions of Yen<br>680 | Millions of Yen<br>460 |
| Revised Forecast (B)              | 5,810                    | 890                    | 510                    |
| Increase and Decrease (B - A)     | 0                        | 210                    | 50                     |
| Percentage Change (%)             | 0%                       | 30.9%                  | 10.9%                  |

As for the forecast of Annual Dividend per Share at the end of the term, it will be 30.00 yen and is not changed from the previous statement.

\*The above estimated figures are calculated based on the information available as of the date of disclosure of this material and the premise as of the date of disclosure of this material concerning uncertain factors that may affect the performances in the futures. There is a chance that actual results could be different from the above forecast depending on various future factors.

## Consolidated Balance Sheet for the Interim Term

(Thousands of Yen)

| Items  | Terms | End of the Current<br>Interim Term<br>[Consolidated]<br>(As of Sep. 30, 2005) |       | End of the Previous<br>Interim Term<br>[Consolidated]<br>(As of Sep. 30, 2004) |       | Summary of<br>Consolidated<br>Balance Sheet for the<br>Previous Fiscal Term<br>(As of Mar. 31, 2005) |       |
|--|-------|---|-------|--|-------|--|-------|
|  |       | Amount  | %     | Amount   | %     | Amount   | %     |
| (Assets)   |       |   | %     |  | %     |  | %     |
| <b>I. Current Assets</b>                             |       |   |       |  |       |  |       |
| 1. Cash and deposits                                 |       | 13,517,147  |       | 9,174,997  |       | 13,231,706   |       |
| 2. Notes receivable and accounts<br>receivable-trade |       | 2,599,366   |       | 3,533,760  |       | 2,021,362  |       |
| 3. Marketable securities                             |       | -   |       | 2,003,426  |       | -  |       |
| 4. Inventory   |       | 953,639   |       | 858,422  |       | 775,508  |       |
| 5. Income tax refundable, etc.                       |       | -   |       | -  |       | 92,716   |       |
| 6. Others  |       | 402,928   |       | 376,932  |       | 265,758  |       |
| Allowance for doubtful accounts                      |       | -4,944  |       | -3,423   |       | -3,507   |       |
| <b>Total Current Assets</b>                          |       | 17,468,137  | 67.7  | 15,944,114   | 63.6  | 16,383,545   | 64.6  |
| <b>II. Fixed Assets</b>                              |       |   |       |  |       |  |       |
| 1. Tangible Fixed Assets *1                          |       |   |       |  |       |  |       |
| (1) Buildings and structures                         |       | 2,631,623   |       | 2,646,761  |       | 2,703,694  |       |
| (2) Land   |       | 2,211,508   |       | 2,211,508  |       | 2,211,508  |       |
| (3) Others   |       | 595,278   |       | 713,437  |       | 512,626  |       |
| <b>Total Tangible Fixed Assets</b>                   |       | 5,438,410   |       | 5,571,707  |       | 5,427,828  |       |
| 2. Intangible Fixed Assets                           |       | 492,690   |       | 250,801  |       | 211,089  |       |
| 3. Investment and Other Assets                       |       |   |       |  |       |  |       |
| (1) Securities investment                            |       | 862,872   |       | 2,179,266  |       | 2,235,902  |       |
| (2) Others *2,3                                      |       | 1,535,428   |       | 1,123,869  |       | 1,093,602  |       |
| Allowance for doubtful<br>accounts                   |       | -507  |       | -3,879   |       | -507   |       |
| <b>Total Investment and Other<br/>Assets</b>         |       | 2,397,793   |       | 3,299,256  |       | 3,328,996  |       |
| <b>Total Fixed Assets</b>                            |       | 8,328,894   | 32.3  | 9,121,765  | 36.4  | 8,967,915  | 35.4  |
| <b>Total Assets</b>                                  |       | 25,797,031  | 100.0 | 25,065,880   | 100.0 | 25,351,460   | 100.0 |

(Thousands of Yen)

| Items   | End of the Current Interim Term [Consolidated] (As of Sep. 30, 2005) |       | End of the Previous Interim Term [Consolidated] (As of Sep. 30, 2004) |       | Summary of Consolidated Balance Sheet for the Previous Fiscal Term (As of Mar. 31, 2005) |       |
|---|--|-------|---|-------|--|-------|
|   | Amount   | %     | Amount  | %     | Amount   | %     |
|   |  | %     |   | %     |  | %     |
| (Liabilities)   |  |       |   |       |  |       |
| I. Current Liabilities  |  |       |   |       |  |       |
| 1. Accounts payable-trade                                     | 124,422  |       | 92,372  |       | 241,318  |       |
| 2. Income tax payable, etc.                                   | 386,059  |       | 476,631   |       | 42,679   |       |
| 3. Others   | 418,453  |       | 370,717   |       | 330,602  |       |
| Total Current Liabilities                                     | 928,934  | 3.6   | 939,721   | 3.8   | 614,600  | 2.5   |
| II. Fixed Liabilities   |  |       |   |       |  |       |
| 1. Allowance for retirement bonuses to directors              | 131,880  |       | 126,640   |       | 130,850  |       |
| 2. Allowance for retirement benefits                          | 221,056  |       | 217,390   |       | 218,665  |       |
| 3. Others   | 190,367  |       | 190,367   |       | 190,367  |       |
| Total Fixed Liabilities                                       | 543,303  | 2.1   | 534,397   | 2.1   | 539,882  | 2.1   |
| Total Liabilities   | 1,472,237  | 5.7   | 1,474,118   | 5.9   | 1,154,482  | 4.6   |
| (Minority Stockholders' Interest)                             |  |       |   |       |  |       |
| Minority Stockholders' Interest                               | 68,089   | 0.3   | 59,913  | 0.2   | 62,900   | 0.2   |
| (Shareholders' equity)  |  |       |   |       |  |       |
| I. Capital  | 6,791,682  | 26.3  | 6,791,682   | 27.1  | 6,791,682  | 26.8  |
| II. Capital Surplus   | 10,571,419   | 41.0  | 10,571,450  | 42.2  | 10,571,419   | 41.7  |
| III. Retained Earnings  | 7,158,984  | 27.8  | 6,397,094   | 25.5  | 7,134,303  | 28.1  |
| IV. Valiance from Valuation of Securities and Others          | 107,626  | 0.4   | -1,644  | -0.0  | 32,031   | 0.1   |
| V. Foreign Exchange Translation Adjustment                    | -47,642  | -0.2  | -61,801   | -0.2  | -67,840  | -0.2  |
| VI. Treasury stock  | -325,366   | -1.3  | -164,933  | -0.7  | -327,519   | -1.3  |
| Total Shareholders' equity                                    | 24,256,704   | 94.0  | 23,531,848  | 93.9  | 24,134,077   | 95.2  |
| Total Liabilities, Minority Interest and Shareholders' equity | 25,797,031   | 100.0 | 25,065,880  | 100.0 | 25,351,460   | 100.0 |
|   |  |       |   |       |  |       |

## Consolidated Income Statement for the Interim Term

(Thousands of Yen)

| Terms<br><br>Items                                      | Current Interim<br>Term [Consolidated]<br>( From April 1, 2005<br>to September 30, 2005 ) |       | Previous Interim<br>Term<br>[Consolidated]<br>( From April 1, 2004<br>to September 30, 2004 ) |       | Summary of<br>Consolidated Income<br>Statement for the<br>Previous Fiscal Term<br>( From April 1, 2004<br>to March 31, 2005 ) |       |
|---|---|-------|---|-------|---|-------|
|   | Amount  | %     | Amount  | %     | Amount  | %     |
| I. Sales  | 3,207,957   | 100.0 | 3,376,338   | 100.0 | 6,103,562   | 100.0 |
| II. Cost of Sales                                       | 1,526,542   | 47.6  | 1,457,890   | 43.2  | 2,758,574   | 45.2  |
| Gross Profit  | 1,681,415   | 52.4  | 1,918,448   | 56.8  | 3,344,988   | 54.8  |
| III. Selling, General and<br>Administrative Expenses *1 | 893,053   | 27.8  | 839,336   | 24.8  | 1,630,672   | 26.7  |
| Operating Profit  | 788,361   | 24.6  | 1,079,111   | 32.0  | 1,714,315   | 28.1  |
| IV. Non-operating Incomes                               |   |       |   |       |   |       |
| 1. Interest income                                      | 4,018   |       | 4,837   |       | 10,915  |       |
| 2. Dividend income                                      | 35,032  |       | 18,082  |       | 36,096  |       |
| 3. Rental income  | 19,200  |       | 19,200  |       | 38,400  |       |
| 4. Patent royalties                                     | 13,333  |       | 6,469   |       | 20,327  |       |
| 5. Exchange gain  | 11,379  |       | 51,960  |       | 29,009  |       |
| 6. Others   | 32,015  |       | 23,873  |       | 30,033  |       |
| Total Non-operating Incomes                             | 114,979   | 3.5   | 124,423   | 3.7   | 164,782   | 2.7   |
| V. Non-operating Expenses                               |   |       |   |       |   |       |
| 1. Cost of rental income                                | 10,053  |       | 13,696  |       | 25,238  |       |
| 2. Treasury shares purchase fee                         | —   |       | —   |       | 7,338   |       |
| 3. Others   | 624   |       | 5,785   |       | 3,848   |       |
| Total Non-operating Expenses                            | 10,678  | 0.3   | 19,481  | 0.6   | 36,424  | 0.6   |
| Ordinary Profit   | 892,663   | 27.8  | 1,184,053   | 35.1  | 1,842,672   | 30.2  |
| VI. Extraordinary Profits                               |   |       |   |       |   |       |
| 1. Gain on sales of fixed assets *2                     | 73  |       | 353   |       | 437   |       |
| 2. Reversal of allowance for doubtful<br>accounts       | —   |       | 12,260  |       | 15,587  |       |
| Total Extraordinary Profits                             | 73  | 0.0   | 12,614  | 0.4   | 16,024  | 0.3   |
| VII. Extraordinary Losses                               |   |       |   |       |   |       |
| 1. Loss on sales of fixed assets *3                     | —   |       | —   |       | 32  |       |
| 2. Loss on retirement of fixed<br>assets *4             | 4,280   |       | 937   |       | 2,272   |       |
| 3. Loss on sales of investment<br>securities            | 14,500  |       | 5,263   |       | 5,263   |       |
| Total Extraordinary Losses                              | 18,780  | 0.6   | 6,201   | 0.2   | 7,569   | 0.1   |
| Net Income Before Taxes for the<br>Current Term         | 873,955   | 27.2  | 1,190,466   | 35.3  | 1,851,128   | 30.3  |
| Income Tax, Local and Enterprise<br>Tax                 | 360,964   | 11.2  | 457,650   | 13.6  | 282,778   | 4.6   |
| Adjustment to Income Tax                                | 12,363  | 0.4   | -300,687  | -8.9  | -209,325  | -3.4  |
| Minority Shareholders' Profit                           | 1,025   | 0.0   | 3,979   | 0.1   | 9,578   | 0.2   |
| Net Profit for the Current Term                         | 499,602   | 15.6  | 1,029,523   | 30.5  | 1,768,096   | 29.0  |

## Consolidated Capital Surplus Statement for the Interim Term

(Thousands of Yen)

| Items   | Terms<br>Current Interim<br>Term [Consolidated]<br>(From April 1, 2005 to<br>September 30, 2005) | Previous Interim<br>Term [Consolidated]<br>(From April 1, 2004 to<br>September 30, 2004) | Summary of<br>Consolidated Capital<br>Surplus Statement<br>for the Previous<br>Fiscal Term<br>(From April 1, 2004<br>to March 31, 2005) |
|---|--|--|---|
| (Capital Surplus)                                       |  |  |   |
| I. Capital Surplus at the Beginning of Term             | 10,571,419   | 10,571,495   | 10,571,495  |
| II. Increase in Capital Surplus                         |  |  |   |
| 1. Gain on disposal of treasury stock                   | —  | —  | 17  |
| III. Decrease in Capital Surplus                        |  |  |   |
| 1. Loss on disposal of treasury stock                   | —  | 44   | 92  |
| IV. Capital Surplus at the End of Term                  | 10,571,419   | 10,571,450   | 10,571,419  |
| (Retained Earnings)                                     |  |  |   |
| I. Retained Earnings at the Beginning of Term           | 7,134,303  | 5,658,734  | 5,658,734   |
| II. Increase in Retained Earnings                       |  |  |   |
| 1. Net Profit   | 499,602  | 1,029,523  | 1,768,096   |
| III. Decrease in Retained Earnings                      |  |  |   |
| 1. Dividends  | 461,187  | 279,163  | 279,163   |
| 2. Bonus to directors                                   | 13,100   | 12,000   | 12,000  |
| 3. Loss on disposal of treasury stock                   | 634  | —  | 1,363   |
| IV. Unappropriated Retained Earnings at the End of Term | 7,158,984  | 6,397,094  | 7,134,303   |
|   |  |  |   |

## Consolidated Cash Flow Statement for the Interim Term

(Thousands of Yen)

| Items  | Terms   | Current Interim Term<br>[Consolidated]<br>(From April 1, 2005 to September 30, 2005) | Previous Interim Term [Consolidated]<br>(From April 1, 2004 to September 30, 2004) | Summary of Consolidated Cash Flow Statement for the Previous Fiscal Term<br>(From April 1, 2004 to March 31, 2005) |
|--|---|--|--|--|
|  |   | Amount.  | Amount   | Amount   |
| <b>I. Cash Flow from Operating Activities</b>                                |   |  |  |  |
| 1.   | Net profit before taxes                                     | 873,955  | 1,190,466  | 1,851,128  |
| 2.   | Depreciation expense  | 260,646  | 248,139  | 500,016  |
| 3.   | Increase or decrease (-) in allowance for doubtful accounts | 1,402  | -17,941  | -17,327  |
| 4.   | Increase in allowance for retirement bonus to directors     | 1,030  | 4,280  | 8,490  |
| 5.   | Increase in allowance for retirement benefits               | 2,390  | 7,389  | 8,663  |
| 6.   | Interest income and dividends receivable                    | -39,050  | -22,919  | -47,011  |
| 7.   | Rental income   | -19,200  | -19,200  | -38,400  |
| 8.   | Sundry income   | —  | —  | -8,564   |
| 9.   | Cost of rental income                                       | —  | —  | 8,265  |
| 10.  | Gain on sales of fixed assets                               | -73  | -353   | -437   |
| 11.  | Loss on sales of fixed assets                               | —  | —  | 32   |
| 12.  | Loss on retirement of fixed assets                          | 4,280  | 937  | 2,272  |
| 13.  | Loss on sales of investment securities                      | 14,500   | 5,263  | 5,263  |
| 14.  | Valuation gain (-) or loss on foreign currency deposits     | 937  | -24,489  | 4,111  |
| 15.  | Increase (-) or decrease in accounts receivable-trade       | -567,338   | 33,167   | 1,542,152  |
| 16.  | Increase (-) or decrease in inventory                       | 127,103  | 17,166   | 92,868   |
| 17.  | Increase (-) or decrease in other current assets            | -59,555  | -16,678  | 6,563  |
| 18.  | Increase or decrease (-) in accounts payable-trade          | -134,900   | -160,931   | -3,129   |
| 19.  | Increase or decrease (-) in other current liabilities       | 12,178   | -96,989  | -93,099  |
| 20.  | Payment of bonus to directors                               | -13,100  | -12,000  | -12,000  |
|  | Subtotal  | 465,203  | 1,135,305  | 3,809,857  |
| 21.  | Interest and dividends received                             | 36,550   | 21,062   | 45,701   |
| 22.  | Refund of taxes   | 90,837   | —  | —  |
| 23.  | Payment of taxes  | -17,706  | -720,650   | -1,089,242   |
|  | <b>Cash Flow from Operating Activities</b>                  | 574,885  | 435,717  | 2,766,316  |
| <b>II. Cash Flow from Investing Activities</b>                               |   |  |  |  |
| 1.   | Payment into time deposit                                   | -3,002,052   | -1,962   | -8,011,986   |
| 2.   | Income from refund of time deposit                          | 2,034  | 1,120  | 415,558  |
| 3.   | Expense from acquisition of tangible fixed assets           | -95,359  | -184,643   | -261,181   |
| 4.   | Income from sales of tangible fixed assets                  | 2,893  | 7,468  | 8,013  |
| 5.   | Expense from acquisition of intangible fixed assets         | -15,727  | -69,476  | -89,912  |
| 6.   | Expense from acquisition of investment securities           | -133   | -129   | -261   |
| 7.   | Income from sales of investment securities                  | 1,478,960  | 3,984  | 3,984  |
| 8.   | Income from insurance surrender *2                          | -726,639   | —  | —  |
| 9.   | Rental income   | 19,200   | 19,200   | 38,400   |
| 10.  | Expense of cost of rental income                            | —  | —  | -8,265   |
| 11.  | Expense from other investing activities                     | -497,762   | -1,023   | -3,738   |
| 12.  | Income from other investing activities                      | 308  | —  | 9,127  |
|  | <b>Cash Flow from Investing Activities</b>                  | -2,834,279   | -225,462   | -7,900,261   |
| <b>III. Cash Flow from Financing Activities</b>                              |   |  |  |  |
| 1.   | Income from disposal of treasury stocks                     | 1,519  | 1,968  | 6,123  |
| 2.   | Expense from purchase of treasury stocks                    | —  | -105,945   | -281,419   |
| 3.   | Dividends payment   | -458,748   | -279,163   | -278,041   |
|  | <b>Cash Flow from Financial Activities</b>                  | -457,229   | -383,140   | -553,337   |
| <b>IV. Cash and Cash Equivalents-related Conversion Difference</b>           |   |  |  |  |
|  |   | 2,046  | 2,712  | 4,521  |
| <b>V. Decrease (-) in Cash and Cash Equivalents</b>                          |   |  |  |  |
|  |   | -2,714,576   | -170,172   | -5,682,761   |
| <b>VI. Balance of Cash and Cash Equivalents at the Beginning of the Term</b> |   |  |  |  |
|  |   | 5,219,672  | 10,902,433   | 10,902,433   |
| <b>VII. Balance of Cash and Cash Equivalents at the End of the Term *1</b>   |   |  |  |  |
|  |   | 2,505,095  | 10,732,261   | 5,219,672  |



## Conditions of production, order receipt and sales

### (1) Production results

Production results by segment in the current interim term (consolidated) are as follows:

(Thousands of Yen)

| Business segments      | Output    | Year-on-year (%) |
|------------------------|-----------|------------------|
| Optical Disc Molds     | 2,326,501 | 76.3             |
| Optical Communications | 691,783   | 126.3            |
| Total                  | 3,018,284 | 83.9             |

- (Note)
1. Transactions between segments are written-off.
  2. The amounts are calculated based on sales prices.
  3. Consumption tax, etc. are not included in the amounts mentioned above.

### (2) Order receiving results

Order receiving results by segment in the current interim term (consolidated) are as follows:

(Thousands of Yen)

| Business segments      | Order volume | Year-on-year (%) | Backlog | Year-on-year (%) |
|------------------------|--------------|------------------|---------|------------------|
| Optical Disc Molds     | 2,247,514    | 101.0            | 410,473 | 53.3             |
| Optical Communications | 789,837      | 130.7            | 137,168 | 100.2            |
| Total                  | 3,037,351    | 107.4            | 547,641 | 60.3             |

- (Note)
1. Transactions between segments are written-off.
  2. Consumption tax, etc. are not included in the amounts mentioned above.

### (3) Sales results

Sales results by segment in the current interim term (consolidated) are as follows:

(Thousands of Yen)

| Business segments      | Sales     | Year-on-year (%) |
|------------------------|-----------|------------------|
| Optical Disc Molds     | 2,474,378 | 87.5             |
| Optical Communications | 733,579   | 133.8            |
| Total                  | 3,207,958 | 95.0             |

- (Note)
1. Transactions between segments are written-off.
  2. Sales results by business partner and the percentage of the relevant sales results to the total sales

| Business Partners               | Interim Term<br>Previous Year |                | Interim Term<br>Current Year |                |
|---------------------------------|-------------------------------|----------------|------------------------------|----------------|
|                                 | Sales                         | Percentage (%) | Sales                        | Percentage (%) |
| Sumitomo Heavy Industries, Ltd. | 1,948,546                     | 57.7           | 1,607,765                    | 50.1           |

3. Consumption tax, etc. are not included in the amounts mentioned above.

2006/03 Term



Outline of Interim Financial Statements for the Half-year Ended September 30, 2005 (Non-consolidated)

November 11, 2005

Name SEIKOH GIKEN Co., Ltd. Listed market JASDAQ  
Code 6834 Prefecture Chiba Prefecture

(URL <http://www.seikoh-giken.co.jp>)

Representative Title President & CEO  
Name Masatoshi Ueno  
For inquiries Department in Charge Management Planning  
Name Yuji Saito (Phone: +81-47-388-6401)

Date of the Board of Directors for closing November 11, 2005 Interim Dividend System Adopted  
Starting Date of Interim Dividend Payment - Trading Unit System of Shares Adopted  
(100shares/unit)

1. Business results for the current term (April 1, 2005 – September 30, 2005)

(1) Performance (Note): Figures below one million are rounded down.

|                               | Sales           |        | Operating Profit |         | Ordinary Profit |         |
|-------------------------------|-----------------|--------|------------------|---------|-----------------|---------|
|                               | Millions of Yen | %      | Millions of Yen  | %       | Millions of Yen | %       |
| Interim Term Ended in 2005/09 | 2,997           | (-9.2) | 711              | (-31.6) | 818             | (-28.2) |
| Interim Term Ended in 2004/09 | 3,298           | (6.4)  | 1,040            | (14.2)  | 1,140           | (36.1)  |
| 2005/03 Term                  | 5,789           |        | 1,594            |         | 1,730           |         |

|                               | Net Profit      |         | Earnings per Share |     |
|-------------------------------|-----------------|---------|--------------------|-----|
|                               | Millions of Yen | %       | Yen                | Sen |
| Interim Term Ended in 2005/09 | 441             | (-55.8) | 47.84              |     |
| Interim Term Ended in 2004/09 | 998             | (77.6)  | 107.32             |     |
| 2005/03 Term                  | 1,684           |         | 180.42             |     |

(Note) 1. Average number of shares issued: Interim Term Ended in 2005/09 9,224,437 shares,  
Interim Term Ended in 2004/09 9,300,231 shares  
2005/03 Term 9,266,435 shares

2. Changes in accounting procedures: None

3. Percentage terms in Sales, Operating Profit, Ordinary Profit, and Net Profit show the changes from the interim term, the previous year.

(2) Dividend distribution

|                               | Interim Dividend per Share |     | Annual Dividend per Share |     |
|-------------------------------|----------------------------|-----|---------------------------|-----|
|                               | Yen                        | Sen | Yen                       | Sen |
| Interim Term Ended in 2005/09 | 0.00                       |     | -                         |     |
| Interim Term Ended in 2004/09 | 0.00                       |     | -                         |     |
| 2005/3 Term                   |                            |     | 50.00                     |     |

(Note) Breakdown of interim dividend (2005/09)  
Commemorative dividend 0.00  
Special dividend 0.00

(3) Financial conditions

|                               | Total Assets    | Shareholders' Equity | Shareholder's Equity Ratio | Shareholder's Equity per Share |     |
|-------------------------------|-----------------|----------------------|----------------------------|--------------------------------|-----|
|                               | Millions of Yen | Millions of Yen      | %                          | Yen                            | Sen |
| Interim Term Ended in 2005/09 | 26,066          | 24,487               | 93.9                       | 2,654.60                       |     |
| Interim Term Ended in 2004/09 | 25,351          | 23,886               | 94.2                       | 2,575.71                       |     |
| 2005/3 Term                   | 25,530          | 24,443               | 95.7                       | 2,648.60                       |     |

(Note) 1. Number of shares issued at the end of the term: Interim term ended in 2005/09 9,224,466 shares,  
Interim term ended in 2004/09 9,273,746 shares  
2005/03 Term 9,223,746 shares

2. Number of treasury shares at the end of the term: Interim term ended in 2005/09 109,188 shares  
Interim term ended in 2004/09 59,908 shares  
2005/03 Term 109,908 shares

2. Forecasts of performance for 2006/03 Term (April 1, 2005 – March 31, 2006)

|           | Sales           | Ordinary Profit | Net Profit      | Annual Dividend per Share |     |       |     |
|-----------|-----------------|-----------------|-----------------|---------------------------|-----|-------|-----|
|           |                 |                 |                 | End of Term               |     |       |     |
| Full-year | Millions of Yen | Millions of Yen | Millions of Yen | Yen                       | Sen | Yen   | Sen |
|           | 5,810           | 890             | 510             | 30.00                     |     | 30.00 |     |

(For reference) Forecasts of Net Profit per Share (Full business year): 55.29 yen

\*The above estimated figures are calculated based on the information available as of the date of disclosure of this material, and they include considerably uncertain factors. Actual results may differ depending on changes in business circumstances, etc. Please refer to page 11 for the matters concerning the forecasts stated above.

## Interim Balance Sheet

(Thousands of Yen)

| Items   | Terms | End of the Current Interim Term<br>(As of Sep. 30, 2005) |              | End of the Previous Interim Term<br>(As of Sep. 30, 2004) |              | Summary of Balance Sheet for the Previous Fiscal Term<br>(As of Mar. 31, 2005) |              |
|---|-------|--|--------------|---|--------------|--|--------------|
|   |       | Amount   | %            | Amount  | %            | Amount   | %            |
| <b>[Assets]</b>                                 |       |  |              |   |              |  |              |
| <b>I. Current Assets</b>                        |       |  |              |   |              |  |              |
| 1. Cash and deposits                            |       | 13,108,828   |              | 9,045,711   |              | 13,020,849   |              |
| 2. Notes receivable                             |       | 1,218,908  |              | 2,540,093   |              | 979,484  |              |
| 3. Accounts receivable-trade                    |       | 1,473,742  |              | 1,081,711   |              | 1,113,927  |              |
| 4. Marketable securities                        |       | —  |              | 2,003,426   |              | —  |              |
| 5. Inventory assets                             |       | 799,876  |              | 716,824   |              | 623,060  |              |
| 6. Deferred tax assets                          |       | 196,075  |              | 291,894   |              | 206,079  |              |
| 7. Others *4                                    |       | 254,024  |              | 75,569  |              | 140,632  |              |
| Allowance for doubtful accounts                 |       | -2,980   |              | -3,300  |              | -1,910   |              |
| <b>Total Current Assets</b>                     |       | <b>17,048,475</b>  | <b>65.4</b>  | <b>15,751,932</b>   | <b>62.1</b>  | <b>16,082,123</b>  | <b>63.0</b>  |
| <b>II. Fixed Assets</b>                         |       |  |              |   |              |  |              |
| 1. Tangible Fixed Assets *1                     |       |  |              |   |              |  |              |
| 1. Buildings                                    |       | 2,402,976  |              | 2,554,564   |              | 2,469,978  |              |
| 2. Structures                                   |       | 77,212   |              | 91,666  |              | 83,742   |              |
| 3. Machinery and equipment                      |       | 331,232  |              | 328,786   |              | 285,037  |              |
| 4. Vehicle and delivery equipment               |       | 6,692  |              | 788   |              | 643  |              |
| 5. Tools, appliances, and fixtures              |       | 210,091  |              | 208,215   |              | 178,908  |              |
| 6. Land   |       | 2,211,508  |              | 2,211,508   |              | 2,211,508  |              |
| <b>Total Tangible Fixed Assets</b>              |       | <b>5,239,713</b>   |              | <b>5,395,529</b>  |              | <b>5,229,816</b>   |              |
| 2. Intangible Fixed Assets                      |       | 427,505  |              | 147,669   |              | 133,353  |              |
| 3. Investment and Other Assets                  |       |  |              |   |              |  |              |
| 1. Securities investment                        |       | 862,872  |              | 2,179,266   |              | 2,235,902  |              |
| 2. Investment in stocks of affiliated companies |       | 431,322  |              | 358,781   |              | 358,781  |              |
| 3. Investment in affiliated companies           |       | 523,306  |              | 399,744   |              | 399,744  |              |
| 4. Investment in real estates *2                |       | 916,028  |              | 931,693   |              | 923,207  |              |
| 5. Deferred tax assets                          |       | 14,801   |              | 84,704  |              | 63,873   |              |
| 6. Others *3                                    |       | 602,795  |              | 103,061   |              | 104,668  |              |
| Allowance for doubtful accounts                 |       | -507   |              | -1,012  |              | -507   |              |
| <b>Total Investment and Other Assets</b>        |       | <b>3,350,618</b>   |              | <b>4,056,239</b>  |              | <b>4,085,669</b>   |              |
| <b>Total Fixed Assets</b>                       |       | <b>9,017,837</b>   | <b>34.6</b>  | <b>9,599,438</b>  | <b>37.9</b>  | <b>9,448,840</b>   | <b>37.0</b>  |
| <b>Total Assets</b>                             |       | <b>26,066,312</b>  | <b>100.0</b> | <b>25,351,370</b>   | <b>100.0</b> | <b>25,530,963</b>  | <b>100.0</b> |

| Items   | Terms | End of the Current Interim Term<br>(As of Sep. 30, 2005) |       | End of the Previous Interim Term<br>(As of Sep. 30, 2004) |       | Summary of Balance Sheet<br>for the Previous Fiscal Term<br>(As of Mar. 31, 2005) |       |
|---|-------|--|-------|---|-------|---|-------|
|   |       | Amount   | %     | Amount  | %     | Amount  | %     |
|   |       | <b>[Liabilities]</b>                                     |       |   |       |   |       |
| <b>I. Current Liabilities</b>                               |       |  |       |   |       |   |       |
| 1. Accounts payable-trade                                   |       | 272,410  |       | 102,051   |       | 202,749   |       |
| 2. Other accounts payable                                   |       | 181,984  |       | 139,038   |       | 104,129   |       |
| 3. Accrued expenses   |       | 180,247  |       | 173,396   |       | 167,029   |       |
| 4. Accrued income taxes                                     |       | 372,082  |       | 469,488   |       | 35,541  |       |
| 5. Others *4  |       | 29,013   |       | 46,485  |       | 38,516  |       |
| <b>Total Current Liabilities</b>                            |       | 1,035,738  | 4.0   | 930,459   | 3.7   | 547,965   | 2.2   |
| <b>II. Fixed Liabilities</b>                                |       |  |       |   |       |   |       |
| 1. Allowance for retirement bonuses to directors            |       | 131,880  |       | 126,640   |       | 130,850   |       |
| 2. Allowance for retirement benefits                        |       | 221,056  |       | 217,390   |       | 218,665   |       |
| 3. Guarantee received *2                                    |       | 171,330  |       | 171,330   |       | 171,330   |       |
| 4. Deposit received *2                                      |       | 19,037   |       | 19,037  |       | 19,037  |       |
| <b>Total Fixed Liabilities</b>                              |       | 543,303  | 2.1   | 534,397   | 2.1   | 539,882   | 2.1   |
| <b>Total Liabilities</b>                                    |       | 1,579,041  | 6.1   | 1,464,857   | 5.8   | 1,087,848   | 4.3   |
| <b>[Shareholders' Equity]</b>                               |       |  |       |   |       |   |       |
| <b>I. Capital</b>   |       |  |       |   |       |   |       |
| <b>II. Capital Surplus</b>                                  |       |  |       |   |       |   |       |
| 1. Capital reserve  |       | 10,571,419   |       | 10,571,419  |       | 10,571,419  |       |
| 2. Gain on disposal of treasury                             |       | —  |       | 30  |       | —   |       |
| <b>Total Capital Surplus</b>                                |       | 10,571,419   | 40.5  | 10,571,450  | 41.7  | 10,571,419  | 41.4  |
| <b>III. Retained Earnings</b>                               |       |  |       |   |       |   |       |
| 1. Legal reserve  |       | 1,697,920  |       | 1,697,920   |       | 1,697,920   |       |
| 2. Voluntary reserve  |       | 5,100,799  |       | 3,902,191   |       | 3,902,191   |       |
| 3. Unappropriated earnings at the end of the term           |       | 543,188  |       | 1,089,846   |       | 1,775,389   |       |
| <b>Total Retained Earnings</b>                              |       | 7,341,908  | 28.2  | 6,689,958   | 26.4  | 7,375,500   | 28.9  |
| <b>IV. Valiance from Valuation of Securities and Others</b> |       |  |       |   |       |   |       |
|   |       | 107,626  | 0.4   | -1,644  | -0.0  | 32,031  | 0.1   |
| <b>V. Treasury Stock</b>                                    |       |  |       |   |       |   |       |
|   |       | -325,366   | -1.2  | -164,933  | -0.6  | -327,519  | -1.3  |
| <b>Total Shareholders' Equity</b>                           |       | 24,487,270   | 93.9  | 23,886,513  | 94.2  | 24,443,115  | 95.7  |
| <b>Total Liabilities and Shareholders' Equity</b>           |       | 26,066,312   | 100.0 | 25,351,370  | 100.0 | 25,530,963  | 100.0 |

## Interim Income Statement

(Thousands of Yen)

| Items   | Terms    | Current Interim Term<br>(From April 1, 2005 to<br>September 30, 2005) |           | Previous Interim Term<br>(From April 1, 2004 to<br>September 30, 2004) |           | Summary of Income<br>Statement for the<br>Previous Fiscal Term<br>(From April 1, 2004 to<br>March 31, 2005) |           |
|---|----------|---|-----------|--|-----------|---|-----------|
|   |          | Amount  | %         | Amount   | %         | Amount  | %         |
|   | I. Sales |   | 2,997,090 | 100.0  | 3,298,935 | 100.0   | 5,789,644 |
| II. Cost of Sales *1                                    |          | 1,532,486   | 51.1      | 1,543,198  | 46.8      | 2,823,685   | 48.8      |
| Gross profit on sales                                   |          | 1,464,603   | 48.9      | 1,755,737  | 53.2      | 2,965,959   | 51.2      |
| III. Selling, General and<br>Administrative Expenses *1 |          | 753,357   | 25.2      | 715,435  | 21.7      | 1,371,637   | 23.7      |
| Operating Profit  |          | 711,245   | 23.7      | 1,040,301  | 31.5      | 1,594,321   | 27.5      |
| IV. Non-operating Revenues                              |          |   |           |  |           |   |           |
| 1. Interest income                                      |          | 2,953   |           | 4,579  |           | 10,072  |           |
| 2. Dividend income                                      |          | 35,032  |           | 18,082   |           | 36,096  |           |
| 3. Rental income  |          | 19,200  |           | 19,200   |           | 38,400  |           |
| 4. Patent royalties                                     |          | 13,333  |           | 6,469  |           | 20,327  |           |
| 5. Exchange gain  |          | 13,878  |           | 52,623   |           | 28,300  |           |
| 6. Others   |          | 33,359  |           | 18,915   |           | 39,705  |           |
| Total   |          | 117,756   | 3.9       | 119,870  | 3.6       | 172,902   | 3.0       |
| V. Non-operating Expense                                |          |   |           |  |           |   |           |
| 1. Cost of rental income                                |          | 10,053  |           | 13,696   |           | 25,238  |           |
| 2. Treasury stock purchase fee                          |          | —   |           | —  |           | 7,338   |           |
| 3. Others   |          | 78  |           | 5,782  |           | 3,840   |           |
| Total   |          | 10,131  | 0.3       | 19,479   | 0.6       | 36,417  | 0.6       |
| Ordinary Profit   |          | 818,871   | 27.3      | 1,140,692  | 34.6      | 1,730,806   | 29.9      |
| VI. Extraordinary Profit *2                             |          | 73  | 0.0       | 17,021   | 0.5       | 18,999  | 0.3       |
| VII. Extraordinary Loss *3                              |          | 18,780  | 0.6       | 6,201  | 0.2       | 7,569   | 0.1       |
| Net Income Before Taxes                                 |          | 800,163   | 26.7      | 1,151,511  | 34.9      | 1,742,236   | 30.1      |
| Income Tax, Local and<br>Enterprise Tax                 |          | 351,000   | 11.7      | 450,000  | 13.6      | 270,000   | 4.7       |
| Adjustment to Income Tax                                |          | 7,834   | 0.3       | -296,553   | -9.0      | -212,735  | -3.7      |
| Net Profit  |          | 441,328   | 14.7      | 998,065  | 30.3      | 1,684,971   | 29.1      |
| Profit Carried Forward from the<br>Previous Term        |          | 102,493   |           | 91,781   |           | 91,781  |           |
| Loss on Disposal of Treasury<br>Stocks                  |          | 634   |           | —  |           | 1,363   |           |
| Unappropriated Earnings at the<br>End of the Term       |          | 543,188   |           | 1,089,846  |           | 1,775,389   |           |
|   |          |   |           |  |           |   |           |