

## 2007/03 Term

### Summary of Financial Statements for the Fiscal Year Ended March 31, 2007

May 24, 2007

Company name	SEIKOH GIKEN Co., Ltd.	Listed market	JASDAQ
Code number	6834	URL	http://www.seikoh-giken.co.jp
Representative (Title name)	President & CEO (Name) Masatoshi Ueno		
For inquiries (Title name)	Team Leader, Management Planning Office (Name) Yuji Saito	TEL	+81-47-388-6401
Date of general shareholder's meeting	June 21, 2007	Date of dividend payment:	June 22, 2007
Date of securities report submission	June 22, 2007		

(All amounts rounded down to the nearest million yen)

#### 1. Consolidated business results for 2007/03 Term (April 1, 2006 -- March 31, 2007)

##### (1) Consolidated business performance (Percentage figures show the changes from the previous term)

	Sales amount		Operating profit		Ordinary profit		Net profit	
	¥Million	%	¥Million	%	¥Million	%	¥Million	%
2007/03 Term	7,156	13.5	(74)	-	73	(93.9)	208	(72.4)
2006/03 Term	6,304	3.3	1,048	(38.9)	1,217	(33.9)	756	(57.2)

	Net profit per share		Fully diluted earnings per share in net profit		Net profit ratio per shareholders' equity	Ordinary profit ratio to total assets	Ordinary profit ratio to sales amount
	Yen	Sen	Yen	Sen	%	%	%
2007/03 Term	22	58	22	55	0.8	0.3	(1.0)
2006/03 Term	81	11	80	93	3.1	4.7	16.6

(Reference) Investment profit (loss) on equity method: [2007/03 Term] - ¥Million/ [2007/03 Term] - ¥Million

##### (2) Consolidated financial conditions

	Total assets		Net assets		Shareholders' equity ratio	Net asset per share	
	¥Million		¥Million		%	Yen	Sen
2007/03 Term	26,214		24,510		93.5	2,655	66
2006/03 Term	26,227		24,709		94.2	2,676	77

(Reference) Shareholders' equity: [2007/03 Term] 24,510 million yen/ [2006/03 Term] 24,709 million yen

##### (3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of term
	¥Million	¥Million	¥Million	¥Million
2007/03 Term	695	(1,335)	(360)	1,887
2006/03 Term	1,570	(3,502)	(450)	2,863

## 2. Dividend status

(Base Date)	Dividend per share						Gross dividend amount (annual)	Dividend propensity (Consolidated)	Dividend ratio to shareholders' equity (Consolidated)
	End of Interim Term		End of Term		Full year				
	Yen	Sen	Yen	Sen	Yen	Sen	¥Million	%	%
2007/03 Term	-	-	30	00	30	00	276	132.8	1.1
2006/03 Term	-	-	30	00	30	00	276	36.6	1.1
2008/03 Term (Forecast)	-	-	30	00	30	00		276.9	

## 3. Forecast of consolidated business performance for 2008/03 Term (April 1, 2007 - March 31, 2008)

(Percentage figures for the "Full year" show the changes from the previous term, and percentage figures for the "Interim" show the changes from the previous interim term)

	Sales amount		Operating Profit		Ordinary Profit		Net profit		Net profit per share	
	¥Million	%	¥Million	%	¥Million	%	¥Million	%	Yen	Sen
Interim	3,750	10.9	(150)	-	(130)	-	(130)	-	-	-
Full year	8,400	17.4	140	-	190	160.3	110	(47.1)	11	92

## 4. Others

(1) Transfer of important subsidiaries during the term (Transfer of specified subsidiaries that needs to change the range of consolidation) ----- Exists

New subsidiary      One company (Company name: SEIKOH GIKEN Hong Kong Co., Ltd.)

(Note) For details, please see Page 7 “Conditions of SEIKOH GIKEN Group”.

(2) Changes in principle, procedure, display method, etc. relating to accounting procedures for the preparation of consolidated financial statements (Items to be described in the “Changes in Important Matters that Form the Base of the Consolidated Financial Statements Preparation”).

1) Changes according to the amendment of accounting criteria and as such-----Exists

2) Changes other than 1) -----Exists

(Note) For details, please see Page 17 “Segment Information” for the “Changes in the method of operating expenses allocation,” mentioned in Note.3 of the Current Consolidated Accounting Year.

(3) Number of shares issued (common shares)

1) Number of shares issued at the end of term (treasury stocks included):

[2007/03 Term] 9,333,654 shares/ [2006/03 Term] 9,333,654 shares

2) Number of treasury stocks at the end of term: [2007/03 Term] 103,968 shares/ [2006/03 Term] 105,488 shares

## (Reference) Summary of individual business results

## 1. Individual business results of 2007/03 Term (April 1, 2006 -- March 31, 2007)

(1) Individual business performance (Percentage figures show the changes from the previous term)

	Sales amount		Operating Profit		Ordinary profit		Net profit	
	¥Million	%	¥Million	%	¥Million	%	¥Million	%
2007/03 Term	6,202	7.0	(121)	-	8	(99.2)	211	(68.5)
2006/03 Term	5,795	0.1	917	(42.4)	1,099	(36.5)	672	(60.1)

	Net profit per share		Fully diluted earnings per share in net profit	
	Yen	Sen	Yen	Sen
2007/03 Term	22	96	22	92
2006/03 Term	71	98	71	82

(2) Individual financial conditions

	Total assets		Net assets		Capital ratio		Net assets per share	
	¥Million		¥Million		%	Yen	Sen	
2007/03 Term	26,271		24,556		93.5	2,660	59	
2006/03 Term	26,394		24,860		94.2	2,693	05	

(Reference) Equity capital: [2007/03 Term] 24,556 million yen/ [2006/03 Term] 24,860 million yen

## 2. Forecast of individual business results for 2008/03 Term (April 1, 2007 – March 31, 2008)

(Percentage figures for the “Full year” show the changes from the previous term, and percentage figures for the “Interim” show the changes from the previous interim term)

	Sales amount		Operating profit		Ordinary profit		Net profit		Net profit per share	
	¥Million	%	¥Million	%	¥Million	%	¥Million	%	Yen	Sen
Interim	3,320	3.6	(150)	-	(135)	-	(135)	-	-	-
Full year	7,370	18.9	90	-	120	-	70	(66.8)	7	58

## \* Explanations for proper usage of the business performance forecast and other special instructions

The business performance forecast figures above are calculated based on the information available as of the disclosure date for this material, and therefore include many indefinite elements. Actual results may differ from the forecast figures above, depending on various factors such as changes in business conditions.

## 1. Business Results

### (1) Analysis of business results

(Business results for the current term)

During the current consolidated accounting term, the Japanese economy experienced favorable movement of corporate earnings performance mainly in export-related industries, with a steady increase in capital investment. With improvement in the employment situation, personal consumption maintains the recovery trend, if somewhat slow, and the domestic economy has been steadily growing exceeding the "Izanagi Boom," which was the longest business boom after the war. On the other hand, the United States economy began to show a tendency towards decline, although the country had been leading the world economy. Considering the uncertainty of the international situation, the price increase in crude oil, the fear that economy may decline due to rising interest rates and others, we believe that the Japanese economy, including plus and minus factors, will continue to expand at a slow pace.

In the information telecommunications/digital electronic appliance industries related to our business operations, the sales of mobile phones, digital cameras, flat-screen TV sets and others showed a favorable movement, which led domestic consumption. Also, technological innovations for more comfortable and convenient lifestyle developed further, as seen in the start of Terrestrial Digital Broadcasting (One-segment broadcasting) for portable devices, the proliferation of electronic money, the evolution in the operating system of personal computers, and the effort for the standardization of NGN (Next Generation Network). Meanwhile, due to intense competition within industries, some curtailment and reorganization were implemented, and in the growing oligopolistic market, rationalization of facilities, sales network, etc. were advanced.

In such a business environment, our Company Group endeavored to make a base for becoming a corporation that generates steady corporate growth as well as contributing to society in a wider area of business fields now and in the future.

In the Fiber Optic Product Group handling optical telecommunication parts and the related manufacturing devices as main products, we acquired the sales and marketing of optical device businesses from NEC TOKIN CORPORATION last June. This enabled us to obtain a new lineup of products and technologies as well as to gain seeds for increasing our sales figures and further developing our businesses. In addition, we established SEIKOH GIKEN Hong Kong Co., Ltd. with an aim to strengthen our marketing power in Asia, which realized the expansion of our Company Group base network.

In the Precision Product & Engineering Group handling optical disc molds as its main product, we made efforts to strengthen our contacts with existing customers, with an aim to fill their demands for maintaining DVD molds that are now on the market. Concurrently, we addressed the preparation for the time to start the mass production of the next generation optical discs including Blue-ray disc and HD-DVD.

Furthermore, we focused our energy on R&Ds to establish new pillars of revenue to follow the two existing businesses. We made aggressive investments in developing items that would play key roles in the businesses of our Company Group in the next generation, such as stable mass production of separators for fuel cells, the development of optical elements and various sensors, and the application and development of crystal technique. On the other hand, we stopped development of items with less of commercial possibility, and thus accelerated our efforts on selection and centralization.

As the results of implementing these measures, the sales amount of the current consolidated accounting year increased by 13.5% as compared to the previous consolidated accounting year to ¥7,156,427 thousand. In the profit/loss statements, ordinary profit decreased by 93.9% compared to the previous consolidated accounting year to ¥73,901 thousand, since the sales amount of the Precision Product & Engineering Group dropped and some temporary expenses occurred due to the acquisition of business in the Fiber Optic Product Group. The net profit decreased by 72.4% compared to the previous consolidated accounting year to ¥208,425 thousand, although we recorded the extraordinary profit according to the sale of investment securities.

Performances by business segment are as follows:

#### 1) Precision Product & Engineering Group

With regard to media for recording/playing videos, DVDs are steadily displacing video tapes, supported by the reduced prices of players/recorders and by built-in DVD drives being standard in personal computers. According to a survey by the Japan Electronics and Information Technology Industries Association (JEITA), the sale of Write-once Read-many rewritable DVD devices reached 153.1 million units in the world market in 2006, showing a 150 % increase over the previous year. On the other hand, in reverse proportion to the proliferation of DVD equipment, the market prices of recordable DVDs continue to decline, so optical disc manufacturers using our molds have been placed in a difficult situation to secure profits. In such circumstances, reorganization and reduction of businesses are increasing in DVD production-related industries, as seen in the consolidation of factories by mold manufacturers in Europe and the United States. In the current consolidated accounting year, it was difficult to sell DVD molds, due to this trend.

In the meantime, through the speed-up of networks, the improvement of terrestrial digital broadcasting, and the development of high-resolution visualization, expectations for next generation optical discs are growing. The sales

promotion of players and recorders for the next generation optical discs, which domestic electrical equipment makers competed to develop, started to overheat. However, the standards are moving forward on parallel lines, divided into two forces: Blue-ray disc and HD-DVD. Optical disc manufacturers and general consumers keep watching the situation, and therefore, it is still ambiguous when the full-fledged proliferation will begin.

In such circumstances, our Company Group made efforts to strengthen contacts with our existing customers through suggestion of solutions, while we started preparation for the next generation products, further improving our mold technology.

For users of our DVD molds, we proposed such suggestions as coated mold parts with enhanced durability and shortening of molding cycles using improved molds. In addition, we expanded our sphere of business to South America and East Europe, to build new relationships with customers who had been remotely-related in the past. As for next generation optical disc molds, we made a progress for handling technical issues to meet the level required by customers. We repeated test productions using prototype molds to stabilize the quality of molds toward mass production, while making efforts to develop a standard mold for the next generation optical discs.

As a result, the sales figure of the Precision Product & Engineering Group in the current consolidated accounting year declined by 52.5% over the previous consolidated accounting year to ¥1,914,493 thousand.

## 2) Fiber Optic Product Group

The optical communications-related market is enjoying a steady expansion trend, backed by the worldwide broadbandization in recent years. In Japan, NTT is speeding up last one-mile optical fiber connections, announcing a mid-term target of realizing 30 million households with optical line subscriptions by 2010. As to the overseas market, some countries including North America and South Korea are actively promoting construction of a short-distance optical communication infrastructure, while some are constructing submarine cables and long-distance optical communication networks that connect continents, in preparation for an expected increase in data traffic at an accelerated rate.

In such circumstances, our Company Group took over the business of sales and marketing relating to optical device from NEC TOKIN Corporation last June. This resulted in a sharp increase of sales in the Fiber Optic Product Group, adding new products centering on the isolator to our existing lineups. In terms of technology, we could obtain such technologies as optical transmission-related technology that are essential for terrestrial digital broadcasting and crystal breeding technology related to the manufacture of the isolator, which are new to us. This enabled us to acquire the seeds for further expansion of business performances as well as the possibility to develop new businesses.

Moreover, in the same month, we established a new sales company "SEIKOH GIKEN Hong Kong Co., Ltd." in Hong Kong, China. The company has started its operation as an important strategic base to meticulously cover customers existing in such regions as Southeast Asian countries and India, where the optical communication markets are expected to grow in the future.

In addition, we acquired the optical business operations from Seiko Instruments Inc. (SII) two years ago, resulting in an increase of sales by 4 times or more as well as an expansion of the work force by 3 times or more in the Fiber Optic Product Group, over the past two years. As the number and types of products sharply increased, the existence of many similar products whose manufacturing processes and components differ slightly became apparent. Therefore, in the current consolidated accounting year, we made efforts to eliminate redundancy caused by the business acquisition through consolidating products and integrating workflows.

In terms of technology, we addressed the development of new products required in markets, including optical connector with a shutter and a radio wave transmitting system using an optical modulator through the application of internal technologies and the alliances with other companies.

As a result, the sales figure for the Fiber Optic Product Group in the current consolidated accounting year increased by 130.4% over the previous consolidated accounting year to ¥5,241,934 thousand.

Performance of Business Segment by location are as follows:

### 1) Japan

In Japan, the sales of optical communication parts increased due to the expansion in optical fiber communication networks and the acquisition of optical communication products-related businesses, but the sales figure dropped to ¥3,518,235 thousand due to a substantial slowdown in the demand for DVD molds (a reduction of 6.0% from the previous consolidated accounting year). Due to a significant reduction in sales of the Precision Product & Engineering Group, profit drastically deteriorated, recording ¥182,095 thousand in operating loss (¥744,778 thousand in operating profit for the previous consolidated accounting year).

### 2) North America

In North America, the demand for DVD mold maintenance reduced because the operation rate for optical disc manufacturers deteriorated due to adjustments in DVD production. Meanwhile, capital investment to build short-distance optical communication infrastructure became active, recording ¥1,550,604 thousand in sales for North America (an increase of 13.0% over the previous consolidated accounting year). Operating profit was ¥80,960 thousand (an increase of 36.9% over the previous consolidated accounting year), marking increases both in sales and profit.

## 3) Asia

In Asia, the demand for maintenance and replacement of parts in relation to optical disc molds reduced drastically due to freezes in capital investment resulting from deterioration in business conditions for optical disc manufacturers in Taiwan. Meanwhile, we started the operation of two subsidiaries, SEIKOH GIKEN DALIAN Co., Ltd. and SEIKOH GIKEN Hong Kong Co., Ltd., resulting in an increase in the sales of optical telecommunication parts. As a result, the sales figure in Asia was ¥649,109 thousand (an increase of 9.6% over the previous consolidated accounting year), however, with regard to profit and loss, we posted ¥39,156 thousand of operating loss (¥199,370 thousand in operating profit in the previous consolidated accounting year).

## 4) Europe

In Europe, although the demand for optical disc molds maintenance dropped because optical disc manufacturers accelerated consolidation of their factories, we recorded sales of ¥1,438,477 thousand (an increase of 141.1% over the previous consolidated accounting year) owing to drastically-increased orders from customers we obtained through the acquisition of optical communication-related businesses. In line with this, operating profit was ¥64,385 thousand (an increase of 144.9% over the previous consolidated accounting year), marking increases both in sales and profit.

## (Forecast for the next accounting term)

In the 2008/03 Term (April 1, 2007 to March 31, 2008), the Precision Product & Engineering Group will face severe market conditions as in this term. Although a widespread introduction of the next generation optical discs is expected toward the end of the fiscal year, mass production of such discs will not be started. Meanwhile, the Fiber Optic Product Group will have an accelerated expansion of its market with ongoing investment in short-distance optical communication networks centering in Japan and North America, as well as the start of large-scaled investment in submarine cables and optical communication infrastructures that connect continents.

In such circumstances, the Precision Product & Engineering Group will make efforts to broaden the scope of businesses by developing original mold technology, precision polish technology, and metal processing/assembly technology into other fields, maintaining the superiority in the optical disc mold market. The Fiber Optic Product Group will endeavor to expand business profit, shifting to more profitable new products, supported by the growth in the market.

As for the forecast of the next accounting term, we estimate ¥8,400 million in sales, ¥140 million in operating profit, ¥190 million in ordinary profit, and ¥110 million in net profit, on a consolidated basis.

## (2) Analysis of financial conditions

## 1) Conditions of assets, liabilities and net assets

The total balance of assets at the end of the current consolidated accounting year was ¥26,214,285 thousand, resulting in the reduction of ¥13,293 thousand from the end of the previous consolidated accounting year. The main factor of the increase is an increased balance of inventory assets and machinery, goodwill and others, along with the succession of the optical device business from NEC TOKIN Corporation. The main factors for the decrease are reduced balance of investment and other assets, along with the sales of investment securities.

The total balance of liabilities at the end of the current consolidated accounting year was ¥1,703,420 thousand, resulting in an increase of ¥264,408 thousand from the end of the previous consolidated accounting year. The main factor for the increase is increased accrued liabilities due to the change of payment conditions.

The total balance of net assets at the end of the current consolidated accounting year was ¥24,510,864 thousand, resulting in the reduction of ¥198,918 thousand from the end of the previous consolidated accounting year. The main factor for the decrease is reduced differential from valuation of securities and others.

## 2) Cash flow status

The balance of cash and cash equivalents at the end of the current consolidated accounting year was ¥1,887,512 thousand, resulting in the reduction of ¥975,849 thousand from the end of the previous consolidated accounting year. The status and factors of cash flow from respective activities are as follows:

## (Cash flow from operating activities)

The fund earned from operating activities during the accounting term was ¥695,840 thousand (down 55.7% from the previous consolidated accounting year). The main factors of the fund increase from operations were ¥390,785 thousand in the net profit before taxes and other adjustments, ¥614,983 thousand in depreciation, ¥439,629 thousand in decrease in trade accounts receivable and others. The main factors of the fund decrease are ¥413,215 thousand in inventory assets increase, ¥460,738 thousand in payment of corporate taxes and others.

## (Cash flow from investing activities)

The fund used for investing activities was ¥1,335,407 thousand (down 61.9% from the previous consolidated accounting year). The main factors of the fund increase from investing activities were ¥10,585,757 thousand in income from the repayment of a time deposit, ¥1,076,637 thousand in income from the sale of investment securities and others. The main factors of fund decrease were ¥11,585,757 thousand in time deposit payment, ¥962,457 thousand in business acquisitions.

(Cash flow from financing activities)

The fund used for financing activities was ¥360,407 thousand (down 20.0% from the previous consolidated accounting term). The main factor of the fund decrease from financing activities was ¥277,114 thousand in dividend payments.

(Changes in indicators related to cash flow)

	2003/03 Term	2004/03 Term	2005/03 Term	2006/03 Term	2007/03 Term
Equity ratio (%)	95.8	91.3	95.2	94.2	93.5
Equity ratio on market value base (%)	74.5	203.6	118.2	145.7	97.9
Cash flow versus ratio of interest-bearing liabilities (%)	-	-	-	-	-
Interest coverage ratio (times)	-	-	-	-	-

Equity ratio: equity/total assets

Equity ratio on market value base: Total market value of shares/total assets

Cash flow versus ratio of interest-bearing liabilities: Interest-bearing liabilities/cash flow

Interest coverage ratio: Cash flow/interest payment

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

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

\* Since there were no interest-bearing liabilities or interest payments, neither “Cash flow versus ratio of interest-bearing liabilities” nor “Interest coverage ratio” is described.

### (3) Basic policies for the allocation of earnings and dividends in this term/next term

Considering internal reserves to prepare for future investments, we have a policy to return profits to our shareholders aiming for more than 30% of the consolidated net profits, making it a basis to pay a stable dividend of at least ¥30 per share/annum to the shareholders.

The consolidated net profits of this term remained at ¥208,425 thousand due to the severe business environment; however, based on the aforementioned dividend policy, we plan to pay a ¥30 dividend per share.

As to the dividend for the next term, we are also planning to pay ¥30 per share/annum as well.

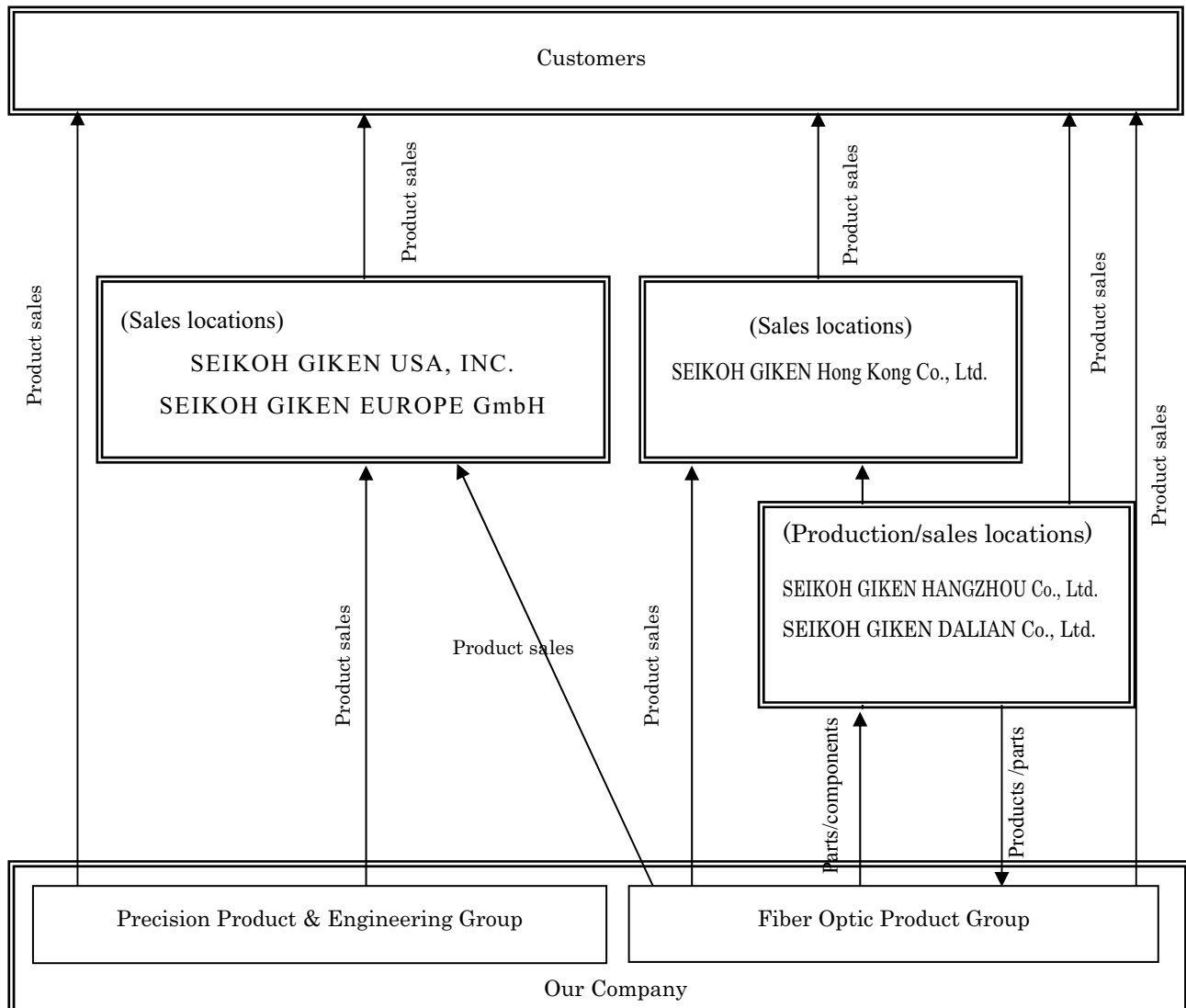
## 2. Conditions of SEIKOH GIKEN Group

The SEIKOH GIKEN Group consists of two key segments, the Precision product & Engineering segment that handles design, production and sales of precision molds centering on optical disk molds, and the Fiber Optic Product segment that handles production and sales of optical components for optical communication and manufacturing devices for optical communication facilities. We established a new subsidiary, SEIKOH GIKEN Hong Kong Co., Ltd., last June, and therefore the number of companies comprising our Company Group became 6 (our company and 5 consolidated subsidiaries) at the end of the current consolidated accounting year.

The main products of each division and the relationship between the Company and its subsidiaries concerning the relevant business are as follows;

Main products of each division		Subsidiaries constituting the Company Group and their functions	
Div.	Main products	Manufacturing	Marketing
Precision product & Engineering	Optical disc molds Molds for powder metallurgy, etc.	Our Company	Our Company SEIKOH GIKEN USA, INC. (U.S.A.) SEIKOH GIKEN EUROPE GmbH (Germany)
Fiber Optic Product	Optical connector Code with optical connector Optical attenuator Ferrule Isolator Optical connector polisher, etc.	Our Company SEIKOH GIKEN HANGZHOU Co., Ltd. (China) SEIKOH GIKEN DALIAN Co., Ltd. (China)	Our Company SEIKOH GIKEN USA, INC. (U.S.A.) SEIKOH GIKEN EUROPE GmbH (Germany) SEIKOH GIKEN HANGZHOU Co., Ltd. (China) SEIKOH GIKEN DALIAN Co., Ltd. (China) SEIKOH GIKEN Hong Kong Co., Ltd. (China)

The following is the organizational chart of the Company Group:



### 3. Management Policies

#### (1) Basic policies of corporate management

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 will aim at attaining the contribution to the society by implementing these policies without fail and increasing the corporate value.

##### 1) Customer satisfaction

All employees will hold the viewpoint of gaining customer satisfaction and work to improve our products in terms of quality, prices, delivery time, and services to make our company trustworthy at all times.

##### 2) Stable growth

We want to become a company that is constantly expanding, through reinforcing our customer bases, establishing an efficient organizational structure, and increasing the employee profitability per capita.

##### 3) Top share of the world

From the international perspective, we will create a new value by promoting continuous technological development and the acquisition of intellectual property. We will aim at the world's top share, offering the world's most trusted products (or brand).

##### 4) Growth of individuals

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

##### 5) Social contribution

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

#### (2) Target of Management index

In order to accomplish stable growth of our operating revenue, we regard the expansion of the existing business and the development of new businesses as important management targets. We are carrying out management activities with an emphasis on aiming to increase the amount of sales and profits through the effective utilization of management resources, aggressive business investment and the pursuit of efficiency.

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

Our Company Group is working on a 3-year mid-term management plan “SGTOP 2005”, starting from the 2006/03 Term (April 1, 2005 to March 31, 2006). The 2008/03 Term (April 1, 2007 to March 31, 2008) marks in the final year. However, the business environment around the Precision Product & Engineering Group is in a slowdown and the start of new businesses has been delayed. We are in a difficult situation to achieve our mid-term business objectives of 16 billion yen in sales and a 20% operating profit ratio, as stated in the “SGTOP 2005.”

Under these circumstances, considering the current business environment and the future market trend, based on our Company Group's vision and our managerial resources, we are now developing a new mid-term management plan “SGTOP 2007,” closing in the 2011/03 Term (April 1, 2010 to March 31, 2011). In “SGTOP 2007,” we will adopt the “Growth of Existing Businesses” and the “Creation of New Businesses” as the mid-term management policies, as well as embodying strategies for realizing these policies. We are committed to increase the value to shareholders from a long and medium perspective, by embodying our philosophies through developing and securely implementing the mid-term management plan “SGTOP 2007.”

(4) Issues to be addressed by the Company

The information and telecommunication industries in which our Company Group is doing business are characterized by high-speed technical innovation and very keen competition among companies in the global market. Our Company Group understands that issues to be addressed by the Company are as follows, to maintain superiority and establish a management system to realize continuous growth of our corporate value in such a state:

1) Growth of the existing business

Our Company Group has had our base in the information and telecommunication industries for 35 years. In the years of our business development, we have offered optical disc molds, optical telecommunication parts, the related manufacturing devices and others to the market, utilizing precision polish technology and precision processing/assembly technology, which are our core technologies. These products receive high evaluation and provide reliability to customers, especially in terms of quality and performances. Some of our products enjoy the largest share in the world market. We will continue to increase our profit from existing businesses, by promptly grasping changes to the needs in the existing businesses and the surrounding markets, developing and offering superior products to the market, through the application of technologies in our possessions and positive alliances with other organizations.

2) New business creation

Our Company Group marked an increase of sales for the current consolidated accounting year; however, we received a severe setback in terms of profit. This is because the business results in the Precision Product & Engineering Group largely declined, but there lies a fundamental weakness in the fact that only two businesses comprise the basis of our profit, both of which largely depend on capital investment in the market. With an aim to increase the Company's profit in a stable way without being influenced by trends in capital investment, we will develop our technologies into such growing industries as automotive, energy, medical, and biotech industries, in addition to information/telecommunications industries, to accelerate the establishment of our new businesses that will become the third or fourth following the current businesses.

3) Human resources development and enhancement

The needs in the market change along with the progress of technology. To continue to supply products that lead social development in the market, grasping changes earlier, even slightly earlier than other companies, it is indispensable to secure sufficiently eager, able staff who can forecast changes and will actively adjust himself/herself to the situation. On the other hand, in order to maintain the originality of our Company Group, it is also necessary to transfer skills and technologies that we have treasured and nourished as a source of distinction from other companies, securely to the next generation. Our Company Group conducts systematic human resource education for increasing the skill of our employees and the effective transfer of core technologies. Furthermore, we will actively adopt human resources from external organizations for key positions, as well as hire fresh staff with potential on a regular basis, to enhance comprehensive human resource power from a long and short-term viewpoint.

4) Social contribution

Our Company Group desires to be a company that contributes to the advancement and development of society through our "technology". At the same time, we are making efforts to properly manage company risks and compliances in order to continuously show stable enhancement of our company's value to any and all stakeholders around our Company Group including all shareholders, customers, employees, and their families. As a part of our attempts, we are conducting thorough quality control of our products based on the ISO9001 standards, and continuously making efforts to maintain and improve the environment based on the ISO14001 standards. We also updated the certification of the ISMS (Information Security Management System), which we obtained last year, to ISO27001. From now on, we shall endeavor to build an internal control system in response to the J-SOX law, with a view to establishing a system with which the results of our business activities can be obtained in a legal, accurate and efficient manner.

(5) Status of development/operations in the internal control system

The description is omitted here, since the items and contents of the "Status of development/operations in the internal control system" will be the same as the items and contents described in the "Report on Corporate Governance."

**4. Consolidated Financial Statements**

## Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Unit: Thousand Yen)

Item	Notes No.	Current Consolidated Accounting Year (As of March 31, 2007)		Previous Consolidated Accounting Year (As of March 31, 2006)	
		Amount	Percentage	Amount	Percentage
[Assets]			%		%
<b>I. Current Assets</b>					
1. Cash and deposits		13,399,660		13,275,534	
2. Notes receivable and trade accounts receivable		1,684,303		2,092,977	
3. Inventory		1,743,753		1,185,331	
4. Uncollected corporate taxes and others		76,614		-	
5. Others		546,354		369,679	
Bad debt allowance		(7,918)		(8,231)	
<b>Total Current Assets</b>		<b>17,442,768</b>	<b>66.5</b>	<b>16,915,290</b>	<b>64.5</b>
<b>II. Fixed Assets</b>					
1. Tangible fixed assets					
(1) Buildings and structures		4,373,938		4,156,668	
Accumulated depreciation		1,763,897	2,610,040	1,597,320	2,559,348
(2) Mechanical equipment and vehicles		2,494,099		2,196,844	
Accumulated depreciation		1,542,738	951,361	1,285,973	910,870
(3) Land			2,211,508		2,211,508
(4) Others		1,694,494		1,279,534	
Accumulated depreciation		1,059,865	634,628	932,287	347,246
<b>Total tangible fixed assets</b>			<b>6,407,539</b>		<b>6,028,973</b>
<b>Total tangible fixed assets</b>			<b>24.5</b>		<b>23.0</b>
2. Intangible fixed assets					
(1) Trade rights		-		347,876	
(2) Goodwill		570,981		-	
(3) Others		157,162		178,196	
<b>Total intangible fixed assets</b>			<b>728,143</b>		<b>526,073</b>
<b>Total intangible fixed assets</b>			<b>2.8</b>		<b>2.0</b>
3. Investment and other assets					
(1) Investment securities		30,082		1,137,550	
(2) Investment real assets		896,611		908,849	
(3) Others		710,735		711,348	
Bad debt allowance		(1,597)		(507)	
<b>Total investment and other asset</b>		<b>1,635,832</b>	<b>6.2</b>	<b>2,757,240</b>	<b>10.5</b>
<b>Total Fixed Assets</b>		<b>8,771,516</b>	<b>33.5</b>	<b>9,312,287</b>	<b>35.5</b>
<b>Total Assets</b>		<b>26,214,285</b>	<b>100.0</b>	<b>26,227,578</b>	<b>100.0</b>

## SEIKOH GIKEN CO., LTD. (6834): Summary of Financial Statements: 2007/03 Term

(Unit: Thousand Yen)

Item	Notes No.	Current Consolidated Accounting Year (As of March 31, 2007)		Previous Consolidated Accounting Year (As of March 31, 2006)	
		Amount	Percentage	Amount	Percentage
[Liabilities]			%		%
I. Current Liabilities					
1. Trade accounts payable		215,342		199,138	
2. Accrued corporate taxes and others		34,517		254,250	
3. Others		867,659		361,960	
Total Current Liabilities		1,117,518	4.3	815,349	3.1
II. Fixed Liabilities					
1. Allowance for retirement benefits for directors		-		136,350	
2. Allowance for retirement benefits		243,508		223,055	
3. Long-term accrued liabilities		148,570		-	
4. Guarantee deposit received		171,330		171,330	
5. Security Deposit received		19,037		19,037	
6. Others		3,457		73,891	
Total Fixed Liabilities		585,902	2.2	623,663	2.4
Total Liabilities		1,703,420	6.5	1,439,012	5.5
[Minority Interest]					
Minority Interest		-	-	78,782	0.3
[Shareholders' Equity]					
I. Capital		-	-	6,791,682	25.9
II. Capital Surplus		-	-	10,571,419	40.3
III. Retained Earnings		-	-	7,412,828	28.3
IV. Differential from Valuation of Securities and Others		-	-	241,453	0.9
V. Foreign Exchange Translation Adjustment		-	-	6,738	0.0
VI. Treasury Stocks		-	-	(314,340)	(1.2)
Total Shareholders' Equity		-	-	24,709,782	94.2
Total Liabilities, Minority Interest and Shareholders' Equity		-	-	26,227,578	100.0

## SEIKOH GIKEN CO., LTD. (6834): Summary of Financial Statements: 2007/03 Term

Item	Notes No.	Current Consolidated Accounting Year (As of March 31, 2007)		Previous Consolidated Accounting Year (As of March 31, 2006)	
		Amount	Percentage	Item	Percentage
[Net Assets]			%		%
I. Shareholders' Equity				-	
1. Capital		6,791,682		-	
2. Capital surplus		10,571,419		-	
3. Retained earnings		7,335,020		-	
4. Treasury stocks		(309,876)		-	
Total Shareholders' Equity		24,388,246	93.0	-	-
II. Valuation/Conversion					
Differentials and Others				-	
1. Differential from valuation of securities and others		7,705		-	
2. Foreign exchange translation adjustment		114,912		-	
Total of Valuation/Conversion		122,617	0.5	-	-
Differentials				-	
Total Net Assets		24,510,864	93.5	-	-
Total Liabilities/Net assets		26,214,285	100.0	-	-

## (2) Consolidated Income Statement

(Unit: Thousand Yen)

Item	Notes No.	Current Consolidated Accounting Year 〔 from April 1, 2006 to March 31, 2007 〕		Previous Consolidated Accounting Year 〔 from April 1, 2005 to March 31, 2006 〕	
		Amount	%	Amount	%
			%		%
I. Sales Amount		7,156,427	100.0	6,304,666	100.0
II. Cost of Sales		4,765,310	66.6	3,228,424	51.2
Gross Profit		2,391,116	33.4	3,076,241	48.8
III. Selling, General and Operating Profit or (loss)		2,465,266	34.4	2,028,137	32.2
		(74,149)	(1.0)	1,048,104	16.6
IV. Non-operating Income					
1. Interest received		34,708		8,926	
2. Dividends received		145		35,068	
3. House rent income		38,400		38,400	
4. Patent royalties		21,429		23,551	
5. Foreign exchange gains		31,295		39,161	
6. Others		44,271	2.3	47,406	3.1
170,251				192,513	
V. Non-operating Expenses					
1. Cost of house rent income		17,774		20,287	
2. Others		4,426	0.3	2,389	0.4
22,200				22,677	
Ordinary Profit			1.0		19.3
73,901				1,217,940	
VI. Extraordinary Profit					
1. Gain on sale of fixed assets		805		348	
2. Profit on sale of investment securities		403,848		-	
3. Reversal of bad debt allowance		917	5.7	-	0.0
405,572				348	
VII. Extraordinary Loss					
1. Loss on sales of fixed assets		14,021		5,271	
2. Loss on sale of investment securities		-		14,500	
3. Loss on inventory valuation and others		21,903		-	
4. Loss on investment securities valuation		42,763		-	
5. Service pay and others in prior years		10,000	1.2	-	0.3
88,687				19,771	
Net Profit before Taxes and Other Adjustment			5.5		19.0
390,785				1,198,517	
Corporate Taxes, Local and Enterprise Taxes		168,995		373,216	
Adjustment to Corporate Taxes		13,363	2.5	63,549	6.9
182,359				436,766	
Minor Shareholders' Profit			-		0.1
-				5,370	
Net Profit			3.0		12.0
208,425				756,380	

## (3) Consolidated Surplus Statement

(Unit: Thousand Yen)

Item	Notes No.	Previous Consolidated Accounting Year 〔 from April 1, 2005 to March 31, 2006 〕	
		Amount	
[Capital Surplus]			
I. Balance of Capital Surplus at the Beginning of the Term			10,571,419
II. Balance of Capital Surplus at the End of Term			10,571,419
[Retained Earnings]			
I. Balance of Retained Earnings at the Beginning of Term			7,134,303
II. Increase in Retained Earnings			
Net Profit		756,380	756,380
III. Decrease in Retained Earnings			
1. Dividend		461,187	
2. Bonus paid to directors		13,100	
3. Loss on sale of treasury stocks		3,567	477,855
IV. Balance of Retained Earnings at the End of Term			7,412,828

## (4) Statement of Changes in Consolidated Shareholders' Equity

Current consolidated accounting year (from April 1, 2006 to March 31, 2007)

(Unit: Thousand Yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Stocks	Total Shareholders' Equity
Balance at March 31, 2006	6,791,682	10,571,419	7,412,828	(314,340)	24,461,590
Changes During the Consolidated Accounting Year					
Dividend of Surplus (Note)			(276,844)		(276,844)
Payment of Director Bonus (Note)			(8,120)		(8,120)
Net Profit			208,425		208,425
Loss on Sale of Treasury Stocks			(1,269)		(1,269)
Acquisition of Treasury Stocks				(304)	(304)
Sale of Treasury Stocks				4,768	4,768
Changes in Items Other than Shareholders' Equity during the Consolidated Accounting Year (Net Amount)					
Total amount of Changes during the Consolidated Accounting Term	-	-	(77,808)	4,464	(73,344)
Balance at March 31, 2007	6,791,682	10,571,419	7,335,020	(309,876)	24,388,246

	Valuation/Conversion Differentials and Others			Minority Shareholders' Interest	Total Net Assets
	Valuation Differentials for Other Marketable Securities	Account for Foreign Exchange Conversion Adjustment	Total Valuation/Conversion Differentials and Others		
Balance at March 31, 2006	241,453	6,738	248,192	78,782	24,788,565
Changes During the Consolidated Accounting Year					
Dividend of Surplus (Note)					(276,844)
Payment of Director Bonus (Note)					(8,120)
Net Profit					208,425
Loss on Sale of Treasury Stocks					(1,269)
Acquisition of Treasury Stocks					(304)
Sale of Treasury Stocks					4,768
Changes in Items Other than Shareholders' Equity during the Consolidated Accounting Year (Net Amount)	(233,748)	108,174	(125,574)	(78,782)	(204,357)
Total amount of Changes during the Consolidated Accounting Term	(233,748)	108,174	(125,574)	(78,782)	(277,701)
Balance at March 31, 2007	7,705	114,912	122,617	-	24,510,864

(Note) The above are the profit appropriation items as approved by the General Meeting of Shareholders in June 2006.

## (5) Consolidated Cash Flow Statement

(Unit: Thousand Yen)

		Current Consolidated Accounting Year from April 1, 2006 to March 31, 2007	Previous Consolidated Accounting Year from April 1, 2005 to March 31, 2006
Item	Note No.	Amount	Amount
<b>I. Cash Flow from Operating Activities</b>			
1. Net profit before taxes and other adjustment		390,785	1,198,517
2. Depreciation expenses		614,983	573,477
3. Depreciation of goodwill		173,507	-
4. Interest received and dividends received		(34,854)	(43,994)
5. House rent income		(38,400)	(38,400)
6. Miscellaneous income		(1,584)	(3,295)
7. Miscellaneous payment		236	277
8. Profit on sale of fixed assets		(805)	(348)
9. Loss on retirement of fixed assets		14,021	5,271
10. Profit on sale of investment securities		(403,848)	-
11. Loss on sale of investment securities		-	14,500
12. Loss on investment securities valuation		42,763	-
13. Loss on inventory assets valuation and others		50,035	-
14. Increase/(decrease) in bad debt allowance		363	4,572
15. Increase/(decrease) in allowance for retirement benefits for directors		(136,350)	5,500
16. Increase/(decrease) in long-term accrued liabilities		148,570	-
17. Increase/(decrease) in allowance for retirement benefits		20,453	4,389
18. (Gain)/loss on valuation of foreign currency deposit		436	(1,654)
19. (Increase)/decrease in trade accounts receivable		439,629	(41,598)
20. (Increase)/decrease in inventory assets		(413,215)	114,022
21. (Increase)/decrease in other current assets		(236,695)	(106,282)
22. Increase/(decrease) in trade accounts payable		(18,369)	(90,167)
23. Increase/(decrease) in other current liabilities		534,403	56,978
24. Bonus paid to directors		(8,120)	(13,100)
Subtotal		1,137,947	1,638,664
25. Interest and dividends received		16,960	42,051
26. Repayment of corporate taxes and others		1,671	90,837
27. Payment of corporate taxes and others		(460,738)	(201,479)
<b>Cash Flow from Operating Activities</b>		<b>695,840</b>	<b>1,570,073</b>
<b>II. Cash Flow from Investing Activities</b>			
1. Payment into time deposit		(11,585,757)	(11,012,034)
2. Income from repayment of time deposit		10,585,757	8,012,034
3. Payment for acquisition of tangible fixed assets		(462,852)	(241,145)
4. Income from sale of tangible fixed assets		5,834	2,937
5. Payment for acquisition of intangible fixed assets		(25,189)	(55,779)
6. Payment for acquisition of investment securities		(279)	(50,269)
7. Income from sale of investment securities		1,076,637	1,485,500
8. Payment for acquisition of business		(962,457)	(908,231)
9. Payment for new acquisition of consolidated subsidiaries		-	(769,164)
10. House rent income		38,400	38,400
11. Payment for other investing activities		(6,192)	(5,173)
12. Income from other investing activities		691	510
<b>Cash Flow from Investing Activities</b>		<b>(1,335,407)</b>	<b>(3,502,415)</b>
<b>III. Cash Flow from Financing Activities</b>			
1. Income from sale of treasury stocks		3,499	9,841
2. Payment for purchase of treasury stocks		(304)	(230)
3. Payment of dividends		(277,114)	(459,864)
4. Payment for acquisition of minority shareholder's equity		(86,488)	-
<b>Cash Flow from Financing Activities</b>		<b>(360,407)</b>	<b>(450,253)</b>
<b>IV. Conversion Differentials Related to Cash and Cash Equivalents</b>		<b>24,125</b>	<b>26,284</b>
<b>V. (Decrease) in Cash and Cash Equivalents</b>		<b>(975,849)</b>	<b>(2,356,310)</b>
<b>VI. Opening Balance of Cash and Cash Equivalents</b>		<b>2,863,362</b>	<b>5,219,672</b>
<b>VII. Ending Balance of Cash and Cash Equivalents</b>		<b>1,887,512</b>	<b>2,863,362</b>

## (Segment Information)

## 1. Information of Business Segment

Current Consolidated Accounting Year (April 1, 2006 - March 31, 2007)

(Unit: Thousand Yen)

	Precision Product & Engineering Group	Fiber Optic Product Group	Total	Elimination or Company-total	Consolidated
<b>I. Sales Amount and Operating Profit</b>					
Sales Amount					
(1) Sales amount to external customers	1,914,493	5,241,934	7,156,427	-	7,156,427
(2) Internal sales amount or transfer amount between segments	-	-	-	-	-
Total	1,914,493	5,241,934	7,156,427	-	7,156,427
Operating Expenses	1,903,999	5,326,576	7,230,576	-	7,230,576
Operating Profit or (Loss)	10,493	(84,642)	(74,149)	-	(74,149)
<b>II. Assets, Depreciation Expenses and Capital Expenditure</b>					
Assets	1,966,035	6,184,903	8,150,939	18,063,346	26,214,285
Depreciation Expenses	82,135	496,533	578,668	209,822	788,491
Capital Expenditure	69,804	1,130,274	1,200,078	93,597	1,293,675

(Notes) 1. The business segment is defined in consideration of the product group and market similarity.

## 2. Main products by business segment

- (1) Precision Product & Engineering Group: Mold for optical disc molding, mold for powder metallurgy molding  
Optical connector, optical connector chord, optical attenuator,  
(2) Fiber Optic Product Group: ferrule, isolator, optical connector polishing machine and others

## 3. Changes in the method of operating expenses allocation

Common expenses related to the management section of the parent company had been allocated to each business segment in proportion to the total sales figure of each business. However, from the current consolidated accounting year, with an aim to reflect our business results more accurately and to enhance the efficacy of segment information, we adopted a method where common expenses are allocated to each business segment based on reasonable allocation criteria according to each expense. As a result, compared with the outcome calculated using the traditional method, the Precision Product & Engineering Group showed an increase of operating expenses by ¥281,046 thousand and a reduction of operating profit by the same amount, and the Fiber Optic Products showed the reduction of operating expenses by ¥281,046 thousand and a reduction of operating loss by the same amount.

## 4. The company-wide asset figure included in the "Elimination or Company-total" item out of the total assets is ¥18,063,346 thousand and its main components are surplus investment funds (cash and deposits) and assets related to administrative organization of the Company.

Previous Consolidated Accounting Year (April 1, 2005 - March 31, 2006)

(Unit: Thousand Yen)

	Precision Product & Engineering Group	Fiber Optic Product Group	Total	Elimination or Company-total	Consolidated
<b>I. Sales Amount and Operating Profit</b>					
Sales Amount					
(1) Sales amount to external customers	4,029,400	2,275,265	6,304,666	-	6,304,666
(2) Internal sales amount or transfer amount between segments	-	-	-	-	-
Total	4,029,400	2,275,265	6,304,666	-	6,304,666
Operating Expenses	2,754,083	2,502,478	5,256,562	-	5,256,562
Operating Profit or (loss)	1,275,317	(227,213)	1,048,104	-	1,048,104
<b>II. Assets, Depreciation Expenses and Capital Expenditure</b>					
Assets	2,927,067	4,122,818	7,049,886	19,177,691	26,227,578
Depreciation Expenses	164,442	209,900	374,342	199,135	573,477
Capital Expenditure	53,911	1,165,656	1,219,568	214,904	1,434,473

(Notes): 1. The business segment is defined in consideration of the product group and market similarity.

## 2. Main products by business segment

- (1) Precision Product & Engineering Group: Mold for optical disc injection-molding, mold for powder metallurgy molding  
(2) Fiber Optic Product Group: Optical connector, optical connector chord, attenuator, light-gathering optical fiber, optical connector polishing machine, light measurement inspection device and others

3. The company-wide asset amount included in the "Elimination or Company-total" item out of the total assets is ¥19,177,691 thousand and its main components are surplus funds for investment (cash and deposits) related to administrative organizations.

## 2. Information of Business Segment by Location

Current Consolidated Accounting Year (April 1, 2006 - March 31, 2007)

(Unit: Thousand Yen)

	Japan	North America	Asia	Europe	Total	Elimination or Company-total	Consolidated
<b>I. Sales Amount and Operating Profit</b>							
Sales Amount							
(1) Sales amount to external customers	3,518,235	1,550,604	649,109	1,438,477	7,156,427	-	7,156,427
(2) Internal sales amount or transfer amount between segments	2,597,181	9,494	1,239,100	764	3,846,540	(3,846,540)	-
Total	6,115,416	1,560,099	1,888,210	1,439,242	11,002,967	(3,846,540)	7,156,427
Operating Expenses	6,297,511	1,479,138	1,927,366	1,374,856	11,078,873	(3,848,296)	7,230,576
Operating Profit or (Loss)	(182,095)	80,960	(39,156)	64,385	(75,906)	1,756	(74,149)
<b>II. Assets</b>	4,936,619	626,464	1,963,542	624,312	8,150,939	18,063,346	26,214,285

(Notes) 1. The category of country or territory is based on geographical proximity.

2. Details of countries and territories belonging to the category other than Japan are as follows:

- (1) North America: U.S.A.  
(2) Asia: China, Taiwan  
(3) Europe: Germany

3. The company-wide asset figure included in the "Elimination or Company-total" item out of total assets is ¥18,063,346 thousand and its main components are surplus investment funds (cash and deposits) and assets related to administrative organization.

Previous Consolidated Accounting Year (April 1, 2005 - March 31, 2006)

(Unit: Thousand Yen)

	Japan	North America	Asia	Europe	Total	Elimination or Company-total	Consolidated
<b>I. Sales Amount and Operating Profit</b>							
Sales Amount							
(1) Sales amount to external customers	3,743,923	1,371,762	592,285	596,695	6,304,666	-	6,304,666
(2) Internal sales amount or transfer amount between segments	1,798,709	10,670	301,000	206	2,110,587	(2,110,587)	-
Total	5,542,633	1,382,432	893,285	596,902	8,415,253	(2,110,587)	6,304,666
Operating Expenses	4,797,854	1,323,298	693,915	570,611	7,385,680	(2,129,118)	5,256,562
Operating Profit	744,778	59,134	199,370	26,290	1,029,572	18,531	1,048,104
<b>II. Assets</b>	4,493,461	523,968	1,506,460	525,996	7,049,886	19,177,691	26,227,578

(Notes) 1. The category of country or territory is based on geographical proximity.

2. Details of countries and territories belonging to the category other than Japan are as follows:

- (1) North America: U.S.A.  
(2) Asia: China, Taiwan  
(3) Europe: Germany

3. The company-wide asset amount included in the "Elimination or Company-total" item out of the total assets is ¥19,177,691 thousand and its main components are surplus funds for investment (cash and deposits) related to administrative organizations.

## 3. Overseas Sales Amount

Current Consolidated Accounting Year (April 1, 2006 - March 31, 2007)

(Unit: Thousand Yen)

	America and Regions	Europe and Regions	Asia and Regions	Total
I. Overseas sales amount	1,552,472	1,458,735	1,287,084	4,298,291
II. Consolidated sales amount	-	-	-	7,156,427
III. Overseas sales amount ratio to consolidated sales amount	21.7%	20.4%	18.0%	60.1%

(Notes) 1. The category of country or territory is based on geographical proximity.

2. Main countries or territories belonging to each category:

- (1) America and Regions: U.S.A.
- (2) Europe and Regions: Germany
- (3) Asia and Other Regions: China, Taiwan

3. Overseas sales amount means the sales amount of our Company and consolidated subsidiaries in countries and territories other than Japan.

Previous Consolidated Accounting Year (April 1, 2005 - March 31, 2006)

(Unit: Thousand Yen)

	America and Regions	Europe and Regions	Asia and Regions	Total
I. Overseas sales amount	1,371,780	676,822	986,565	3,035,168
II. Consolidated sales amount	-	-	-	6,304,666
III. Overseas sales amount ratio to consolidated sales amount	21.8%	10.7%	15.6%	48.1%

(Notes) 1. The category of country or territory is based on geographical proximity.

2. Main countries or territories belonging to each category:

- (1) America and Regions: U.S.A.
- (2) Europe and Regions: Germany
- (3) Asia and Other Regions: China, Taiwan

3. Overseas sales amount means the sales amount of our Company and consolidated subsidiaries in countries and territories other than Japan.

## 5. Details of Production, Orders Received and Sales

### (1) Actual production results

The actual production results by business segment in the current consolidated accounting year are as follows:

(Unit: Thousand Yen)

Name of business segment	Production amount	Year-to-year comparison (%)
Precision Product & Engineering	1,880,317	49.3
Fiber Optic Products	5,476,080	229.9
Total	7,356,397	118.7

- (Notes)
1. Transactions between segments are set off and eliminated.
  2. The amounts are based on sales prices.
  3. The amounts above do not include consumption tax and others.

### (2) Actual orders received

The actual orders received by business segment in the current consolidated accounting year are as follows:

(Unit: Thousand Yen)

Name of business segment	Amount of orders received	Year-to-year comparison (%)	Order backlog	Year-to-year comparison (%)
Precision Product & Engineering	1,848,812	51.5	133,641	67.0
Fiber Optic Products	5,440,027	222.0	453,835	177.5
Total	7,288,839	120.6	587,476	129.1

- (Notes)
1. Transactions between segments are set off and eliminated.
  2. The amounts above do not include consumption tax and others.

### (3) Actual sales results

Actual sales results by business segment in the current consolidated accounting year are as follows:

(Unit: Thousand Yen)

Name of business segment	Sales amount	Year-to-year comparison (%)
Precision Product & Engineering	1,914,493	47.5
Fiber Optic Products	5,241,934	230.4
Total	7,156,427	113.5

- (Notes)
1. Transactions between segments are set off and eliminated.
  2. Actual sales results of a main client and the ratio of the actual sales results to the gross actual sales results:

(Unit: Thousand Yen)

Client	Previous Consolidated Accounting Year		Current Consolidated Accounting Year	
	Sales amount	Ratio (%)	Sales amount	Ratio (%)
Sumitomo Heavy Industries, Ltd.	2,138,985	33.9	479,208	6.7

3. The amounts above do not include consumption tax and others.

**6. Individual Financial Statements and others**

## Financial Statement

## (1) Balance Sheet

(Unit: Thousand Yen)

Item	Notes No.	35th Term (As of March 31, 2007)		34th Term (As of March 31, 2006)	
		Amount	Percentage	Amount	Percentage
[Assets]			%		%
I. Current Assets					
1. Cash and deposits		12,820,193		12,889,363	
2. Notes receivable		111,847		819,254	
3. Trade accounts receivable		1,595,415		1,345,013	
4. Inventory - goods		314		10,349	
5. Inventory - products		42,642		46,991	
6. Raw materials		436,314		201,669	
7. Product in progress		738,025		529,496	
8. Supplies		10,886		6,889	
9. Prepaid expenses		18,147		46,153	
10. Uncollected corporate taxes and others		68,860		-	
11. Accrued revenue		317,589		-	
12. Deferred tax assets		104,691		136,648	
13. Uncollected consumption tax and others		160,553		100,768	
14. Others		43,900		181,086	
Bad debt allowance		(610)		(2,140)	
Total Current Assets		16,468,774	62.7	16,311,543	61.8
II. Fixed Assets					
1 Tangible fixed assets					
1. Buildings		3,891,541		3,799,732	
Accumulated depreciation		1,616,257	2,275,283	1,472,446	2,327,285
2. Structures		185,725		186,500	
Accumulated depreciation		125,457	60,267	115,808	70,692
3. Machinery and equipment		1,555,233		1,326,537	
Accumulated depreciation		1,166,726	388,507	1,000,411	326,126
4. Vehicles		9,518		9,134	
Accumulated depreciation		4,003	5,515	3,687	5,447
5. Tools, instruments and furniture		1,310,720		999,030	
Accumulated depreciation		878,916	431,804	796,908	202,122
6. Land			2,211,508		2,211,508
7. Construction in progress			28,575		23,750
Total tangible fixed		5,401,460	20.6	5,166,931	19.6
2 Total intangible fixed assets					
(1) Trade rights			-		262,717
(2) Goodwill			503,449		-
(3) Software			83,186		113,052
(4) Facility utility rights			3,811		4,391
Total intangible fixed		590,448	2.2	380,161	1.4
3 Investment and other assets					
1. Investment securities		30,082		1,137,550	
2. Equity of affiliated companies		431,322		431,322	
3. Investment in affiliated companies		1,748,217		1,350,033	
4. Long-lived deposit		500,000		600,000	
5. Investments real assets		896,611		908,849	
6. Long term loan to employees		-		325	
7. Deferred tax assets and others		93,017		-	
8. Insurance reserve fund		107,838		104,666	
9. Others		4,950		3,921	
Bad debt allowance		(1,597)		(507)	
Total Investment and other assets		3,810,444	14.5	4,536,161	17.2
Total Fixed Assets		9,802,353	37.3	10,083,254	38.2
Total Assets		26,271,127	100.0	26,394,797	100.0

(Unit: Thousand Yen)

Item	Notes No.	35th Term (As of March 31, 2007)		34th Term (As of March 31, 2006)	
		Amount	Percentage	Amount	Percentage
[Liabilities]			%		%
I. Current Liabilities					
1. Trade accounts payable		313,149		261,296	
2. Accrued payment		516,382		183,274	
3. Accrued expenses		234,251		197,085	
4. Accrued corporate taxes and others		30,864		233,922	
5. Deposit received		20,613		13,316	
6. Unearned income		3,200		3,200	
7. Others		13,836		19,020	
Total Current Liabilities		1,132,297	4.3	911,116	3.5
II. Fixed Liabilities					
1. Deferred taxes liabilities		-		73,891	
2. Allowance for retirement benefits for directors		-		136,350	
3. Allowance for retirement benefits		243,508		223,055	
4. Long-term accrued liabilities		148,570		-	
5. Guarantee deposit received		171,330		171,330	
6. Security deposit received		19,037		19,037	
Total Fixed Liabilities		582,445	2.2	623,663	2.3
Total liabilities		1,714,743	6.5	1,534,779	5.8
[Shareholders' Equity]					
I. Capital		-	-	6,791,682	25.7
II. Capital Surplus					
1. Capital reserves		-		10,571,419	
Total Capital Surplus		-	-	10,571,419	40.1
III. Retained earnings					
1. Earned surplus reserves		-		1,697,920	
2. Free reserve fund					
(1) Special depreciation reserves		-		799	
(2) Contingent reserves		-		5,100,000	
3. Unappropriated retained earnings for the period		-		771,082	
Total retained earnings		-	-	7,569,802	28.7
IV. Differential from valuation of securities and others		-	-	241,453	0.9
V. Repurchased shares		-	-	(314,340)	(1.2)
Total Assets		-	-	24,860,018	94.2
Total Liabilities/Assets		-	-	26,394,797	100.0

(Unit: Thousand Yen)

Item	Notes No.	35th Term (As of March 31, 2007)		34th Term (As of March 31, 2006)	
		Amount	Percentage	Amount	Percentage
[Net Assets]			%		%
I. Shareholders' Equity					
1. Capital		6,791,682	25.9	-	-
2. Capital surplus					
(1) Capital reserves		10,571,419		-	
Total capital surplus		10,571,419	40.2	-	-
3. Retained earnings					
(1) Earned surplus reserves		1,697,920		-	
(2) Other retained earnings		5,797,532		-	
Special depreciation reserves		201		-	
Contingent reserves		5,500,000		-	
Retained earnings carried forward		297,330		-	
Total retained earnings		7,495,452	28.5	-	-
4. Treasury stocks		(309,876)	(1.1)	-	-
Total Shareholders' Equity		24,548,678		-	
II. Valuation/Conversion Differentials and Others					
1. Differential from valuation of securities and others		7,705		-	
Total of valuation/ Conversion Differentials		7,705	0.0	-	-
Total Net Assets		24,556,384	93.5	-	-
Total Liabilities/Net assets		26,271,127	100.0	-	-

## (2) Income Statement

(Unit: Thousand Yen)

Item	Notes No.	35th Term from April 1, 2006 to March 31, 2007		34th Term from April 1, 2005 to March 31, 2006	
		Amount	%	Amount	%
I. Sales Amount					
1. Product sales revenue		6,113,893		5,731,113	
2. Goods sales revenue		88,938	6,202,832	64,016	5,795,130
100.0					100.0
II. Cost of Sales					
(Product cost of sales)					
1. Product inventory at beginning of term		46,991		103,868	
2. Product manufacturing cost for current term		4,489,371		3,174,837	
Total		4,536,362		3,278,705	
3. Transfer amount of other accounts		60,172		34,910	
4. Product inventory at end of term		42,642		46,991	
Product cost of sales		4,433,547		3,196,803	
(Goods cost of sales)					
1. Goods inventory at beginning of term		10,349		290	
2. Goods purchase amount for current term		52,853		53,961	
Total		63,203		54,251	
3. Goods inventory at end of term		314		10,349	
Goods cost of sales		62,888	4,496,436	43,902	3,240,706
72.5					55.9
Gross Profit			1,706,396		2,554,424
27.5					44.1
III. Selling, General and Administrative Expenses			1,828,006		1,636,563
29.5					28.2
Operating profit or (loss)			(121,610)		917,861
(2.0)					15.9
IV. Non-operating Income					
1. Interest received		23,641		5,976	
2. Dividends received		145		35,068	
3. House rent income		38,400		38,400	
4. Patent royalties		34,186		39,241	
5. Foreign exchange gains		31,849		39,058	
6. Others		21,995	150,218	46,031	203,775
2.4					3.5
V. Non-operating Expenses					
1. Cost of house rent income		17,774		20,287	
2. Others		2,294	20,069	1,529	21,817
0.3					0.4
Ordinary Profit			8,538		1,099,819
0.1					19.0
VI. Extraordinary Profit					
1. Gain on sale of fixed assets		805		348	
2. Gain on sale of investment securities		403,848		-	
3. Reversal of bad debt allowance		440	405,094	-	348
6.5					0.0
VII. Extraordinary Loss					
1. Loss on retirement of fixed assets		3,279		5,271	
2. Brand royalties in prior years		9,546		-	
3. Loss on sale of investment securities		-		14,500	
4. Loss on investment securities valuation		42,763		-	
5. Service pay in prior years and others		10,000	65,588	-	19,771
1.0					0.4
Net profit before taxes			348,044		1,080,395
5.6					18.6
Corporate Taxes, Local and Enterprise Taxes		112,665		343,000	
Adjustment to corporate taxes		23,495	136,160	65,238	408,238
2.2					7.0
Net profit			211,884		672,156
3.4					11.6
Profit carried forward from the previous term			-		102,493
Loss on sale of treasury stocks			-		3,567
Unappropriated retained earnings			-		771,082

## (3) Profit Appropriation Statement

(Unit: Thousand Yen)

34th Term Date of approval by General Meeting of Shareholders (June 22, 2006)		
Item	Notes No.	Amount
I. Unappropriated retained earnings		771,082
II. Reversal of free reserve fund		
Reversal of special depreciation reserves		304
Total		771,386
III. Appropriation of profit		
1. Dividends		276,844
2. Bonus for directors		8,120
(Bonus for auditors included above)		(840)
3. Free reserve fund		
Contingent reserves		400,000
Total		684,964
IV. Retained Earnings Carried Forward		86,422

## (4) Statement of Changes in Shareholders' Equity and others

Current business year (from April 1, 2006 to March 31, 2007)

(Unit: Thousand Yen)

	Shareholders' Equity		
	Capital	Capital Surplus	
		Capital Reserves	Total Capital Surplus
Balance at March 31, 2006	6,791,682	10,571,419	10,571,419
Changes in the business year			
Dividend of surplus (Note)			
Payment of director bonus (Note)			
Reversal of special depreciation reserves			
Contingent reserves accumulation			
Net Profit			
Changes in differential from valuation of securities and others that are directly recorded to the net assets section.			
Acquisition of treasury stocks			
Sale of treasury stocks			
Total amount of changes during the business year	-	-	-
Balance at March 31, 2007	6,791,682	10,571,419	10,571,419

	Shareholders' Equity						
	Retained Earnings					Treasury Stocks	Total Shareholders' Equity
	Earned Surplus Reserves	Other Retained Earnings			Total Retained Earnings		
		Special Depreciation Reserve	Contingent Reserves	Earned Surplus Carried Over			
Balance at March 31, 2006	1,697,920	799	5,100,000	771,082	7,569,802	(314,340)	24,618,564
Changes in the business year							
Dividend of surplus (Note)				(276,844)	(276,844)		(276,844)
Payment of director bonus (Note)				(8,120)	(8,120)		(8,120)
Reversal of special depreciation reserves		(598)		598	-		-
Contingent reserves accumulation			400,000	(400,000)	-		-
Net Profit				211,884	211,884		211,884
Changes in differential from valuation of securities and others that are directly recorded to the net assets section.					-		-
Acquisition of treasury stocks					-	(304)	(304)
Sale of treasury stocks				(1,269)	(1,269)	4,768	3,499
Total amount of changes during the business year	-	(598)	400,000	(473,751)	(74,349)	4,464	(69,885)
Balance at March 31, 2007	1,697,920	201	5,500,000	297,330	7,495,452	(309,876)	24,548,678

(Unit: Thousand Yen)

	Valuation/Conversion Differentials and Others		Total Net Assets
	Differential from Valuation of Securities and Others	Total of Valuation/Conversion Differentials and Others	
Balance at March 31, 2006	241,453	241,453	24,860,018
Changes in the business year			
Dividend of surplus (Note)			(276,844)
Payment of director bonus (Note)			(8,120)
Reversal of special depreciation reserves			-
Contingent reserves accumulation			-
Net Profit			211,884
Changes in differential from valuation of securities and others that are directly recorded to the net assets section.	(233,748)	(233,748)	(233,748)
Acquisition of treasury stocks			(304)
Sale of treasury stocks			3,499
Total amount of changes during the business year	(233,748)	(233,748)	(303,633)
Balance at March 31, 2007	7,705	7,705	24,556,384

(Note) The above are the profit appropriation items as approved by the Regular Shareholders' Meeting in June 2006.