

Summary of Financial Statements for the First Quarter of the 2009/03 Term



August 8, 2008

Listed market JASDAQ

Listed company name SEIKOH GIKEN Co., Ltd.
Code number 6834 URL <http://www.seikoh-giken.co.jp>
Representative (Title) President & CEO (Name) Masatoshi Ueno
For inquiries (Title) Management Planning Team Leader (Name) Yuji Saito
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TEL +81-47-388-6401

(All amounts rounded down to the nearest million yen)

1. Consolidated business results for the first quarter of 2009/03 term (April 1, 2008 to June 30, 2008)

(1) Consolidated business performance (accumulated total)

(Percentage figures show the changes from the previous first quarter.)

	Sales amount		Operating profit		Ordinary profit		Net profit	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
First quarter of 2009/03 term	1,748	—	(70)	—	59	—	34	—
First quarter of 2008/03 term	1,662	12.5	(67)	—	6	(77.7)	(11)	—

	Net profit per share	Fully diluted net profit per share
	Yen Sen	Yen Sen
First quarter of 2009/03 term	3.71	—
First quarter of 2008/03 term	(1.29)	—

(2) Consolidated financial conditions

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	Yen Sen
First quarter of 2009/03 term	24,624	22,715	92.2	2,469.18
2008/03 term	25,115	23,136	92.1	2,514.95

(Reference) Shareholders' equity First quarter of 2009/03 term 22,715 million yen 2008/03 term 23,136 million yen

2. Dividend status

	Dividend per share				
(Base date)	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	Full year
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
2008/03 term	—	—	—	30.00	30.00
2009/03 term	—	—	—	—	—
2009/03 term (Forecast)	—	—	—	30.00	30.00

Note: Revision to the forecast for the dividend during the current first quarter: None

3. Forecast of consolidated business performance for 2009/03 term (April 1, 2008 to March 31, 2009)

(Percentage figures for "Full year" show the changes from the previous term, and percentage figures for "First half" show the changes from the previous first half.)

	Sales amount		Operating profit		Ordinary profit		Net profit		Net profit per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	Yen Sen
First half	3,600	(2.4)	(160)	—	(130)	—	(140)	—	(15.20)
Full year	8,500	18.9	260	—	320	—	270	—	29.31

Note: Revision to the forecast for the figures of consolidated business performance during the current first quarter: None

4. Others

(1) Transfer of important subsidiaries during the term (Transfer of specified subsidiaries necessary to change the range of consolidation): None

(2) Simplified accounting procedures and special accounting procedures applied in preparation of quarterly consolidated financial statements: Exist

(3) Changes in principle, procedure, Disclosure method, etc. relating to accounting procedures for the preparation of quarterly consolidated financial statements (Items to be described in the "Changes in Important Matters Used as the Base for Preparing the Quarterly Consolidated Financial Statements")

1) Changes according to the amendment of accounting standards, etc.: Exist

2) Changes other than 1): None

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the term (Treasury stocks included)	First quarter of 2009/03 term	9,333,654 shares	2008/03 term	9,333,654 shares
2) Number of treasury stocks at the end of the term	First quarter of 2009/03 term	134,122 shares	2008/03 term	134,046 shares
3) Average number of shares during the term (accumulated quarterly consolidated period)	First quarter of 2009/03 term	9,199,569 shares	First quarter of 2008/03 term	9,229,638 shares

*Notes on using the business performance forecast and other special instructions

1. There have been no changes to the forecasts announced on May 15, 2008. The forecast figures above are made based on the information available as of the date of disclosure of this report. Actual results may differ from the forecast figures, depending on various factors.

2. Starting from the current consolidated fiscal year, "Accounting standards related to quarterly financial statements" (Corporate accounting standard No. 12) and "Policies applied in accounting standards related to quarterly financial statements" (Policies applied to corporate accounting standards No. 14) are applied. Quarterly financial statements are prepared in accordance with "Principles of quarterly financial statements."

Qualitative information and financial statements

1. Qualitative information regarding consolidated business results

In the first quarter of the current consolidated financial year, the Japanese economy saw increasing apprehension as corporate performance fell in the wake of the previous year's subprime loan problem in the United States and soaring raw materials prices. Moreover, as prices for heating oil, gasoline, and certain food products surged, there was a growing awareness that individual consumption was slowing, leading to a greater sense of uncertainty about the domestic economy. In the information telecommunications/digital electronic appliance industries related to the business operations of our Company Group, however, demand remained steady, with the opening of the Beijing 2008 Olympic Games approaching, particularly for high definition televisions and Blu-ray disc recorders.

Amid this business environment, our Company Group worked to expand our existing groups, the Optical Disc Mold Group, which handles mainly optical disc molds, and the Optical Communications Group, which handles mainly optical communication parts, into new business areas. Through these measures, the sales of the first quarter of the current consolidated financial year increased to ¥1,748,544 thousand. We also actively conducted R&D in order to develop and cultivate new products and technologies for new business areas that will carry the Company in the next generation. These included high heat resistance lenses, optical transmission devices and optical electric field sensors. In addition, as a result of the depreciation of inventory assets valuation due to the application of accounting standards for inventory assets valuation, we recorded an operating loss of ¥70,819 thousand in the first quarter of the current consolidated financial year. Non-operating income recorded ¥136,495 thousand due to foreign exchange gains and interest received. As a result of these factors, ordinary profit was ¥59,945 thousand, and net profit for the first quarter was ¥34,129 thousand.

Performance by sector was as follows.

1) Optical Disc Mold Group

Blu-ray disc mold sales grew moderately, and demand for DVD molds rose temporarily. Accordingly, sales of new optical disc molds were strong, recording ¥503,243 thousand. The Company posted a ¥81,427 thousand operating loss, however, due to expenses related to high heat resistance lenses.

2) Optical Communications Group

In the domestic market, demand rose for optical communications parts for construction of the Next Generation Network (NGN). Although equipment investment by major US telecommunications companies was stagnant, construction of optical communications networks in China and other regions grew. Although the sales volume of optical communications parts increased steadily under these conditions, downward pressure on prices continued, resulting in sales of ¥1,245,301 thousand. In addition, as a result of the depreciation of inventory assets valuation due to the application of accounting standards for inventory assets valuation, we recorded an operating profit of ¥10,607 thousand.

2. Qualitative information regarding consolidated financial position

The total balance of net assets at the end of the current first quarter was ¥24,624,654 thousand, a reduction of ¥490,857 thousand from the end of the previous consolidated accounting year. Current assets were ¥17,104,105 thousand, down ¥412,905 thousand from the end of the previous consolidated accounting year. The major contributing factor was a decrease in cash and deposits resulting from payment of dividends. Fixed assets were ¥7,520,548 thousand, representing a decrease of ¥77,952 thousand from the end of the previous consolidated accounting year. The major factor was a decrease in the balance of buildings and structures and mechanical equipment and vehicles resulting from depreciation.

Total liabilities as of the end of the current first quarter were ¥1,909,373 thousand, down ¥69,550 thousand from the end of the previous consolidated fiscal year. The major contributing factor was a decrease in the balance of accounts payable.

Total net assets as of the end of the current first quarter amounted to ¥22,715,280 thousand, a decrease of ¥421,306 thousand from the end of the previous consolidated financial year. The major contributing factors were payment of dividends and a decrease in foreign exchange translation adjustment.

3. Qualitative information regarding forecasts for consolidated financial results

Regarding the forecasts for the fiscal year ending March 31, 2009, there have been no changes to the forecasts announced on May 15, 2008.

4. Other

(1) Transfer of important subsidiaries during the term (Transfer of specified subsidiaries necessary to change the range of consolidation)

No applicable transfers

(2) Simplified accounting procedures and special accounting procedures applied in preparation of quarterly consolidated financial statements

•Simplified accounting procedures

Regarding the method used to calculate depreciation of fixed assets, for assets to which the declining balance method is applied, the amount of depreciation cost is distributed across the consolidated fiscal year.

(3) Changes in principle, procedure, display method, etc. relating to accounting procedures for the preparation of quarterly consolidated financial statements

•Changes in accounting standards

1. Starting from the current consolidated fiscal year, "Accounting standards related to quarterly financial statements" (Corporate accounting standard No. 12) and "Policies applied in accounting standards related to quarterly financial statements" (Policies applied to corporate accounting standards No. 14) are applied. Quarterly financial statements are prepared in accordance with "Principles of quarterly consolidated financial statements."

2. Changes in valuation standards and valuation methods for major assets

Inventory assets

Starting from the current consolidated financial first quarter, "Accounting standards related to valuation of inventory assets" (Accounting Standards Board of Japan, July 5, 2006, Corporate accounting standard No. 9) is applied. Regarding valuation standards, the Company has changed from the cost accounting method to the method of reducing book value due to a decline in profitability.

As a result of this change, operating loss for the first quarter increased by ¥54,841 thousand, and ordinary profit and net profit before taxes and other adjustments each declined by ¥54,841 thousand.

Effects on segment information are listed for applicable items.

3. Application of handling of accounting procedures from overseas subsidiaries in the preparation of consolidated financial statements.

"Application of handling of accounting procedures from overseas subsidiaries in the preparation of consolidated financial results" (Accounting Standards Board of Japan, May 17, 2006, Practical report No. 18) has been applied starting in this consolidated financial quarter, and the necessary revisions to the consolidated financial results have been made.

The effect of this revision on profits and loss is negligible.

There is no effect on segment information.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Unit: Thousands of yen)

	At the end of the current first quarter (June 30, 2008)	Summary of consolidated balance sheet at the end of the previous year (March 31, 2008)
Assets		
Current Assets		
Cash and deposits	13,617,329	13,984,423
Notes receivable and trade accounts receivable	1,964,224	1,845,576
Merchandise	193	21
Products	240,550	211,526
Raw materials	382,908	466,632
Work-in-process	574,603	600,760
Supplies	30,121	15,913
Accrued refund corporation tax	50,886	68,395
Others	249,891	329,767
Bad debt allowance	(6,604)	(6,005)
Total Current Assets	17,104,105	17,517,010
Fixed Assets		
Tangible Fixed Assets		
Buildings and structures	4,402,444	4,458,047
Accumulated depreciation	(1,971,254)	(1,941,999)
Buildings and structures (net base)	2,431,189	2,516,048
Mechanical equipment and vehicles	2,504,105	2,583,250
Accumulated depreciation	(1,738,074)	(1,734,279)
Mechanical equipment and vehicles (net base)	766,031	848,970
Land	2,211,508	2,211,508
Others	1,996,322	1,866,409
Accumulated depreciation	(1,201,045)	(1,173,260)
Others (net base)	795,276	693,149
Total Tangible Fixed Assets	6,204,005	6,269,677
Intangible Fixed Assets		
Goodwill	140,390	162,964
Others	115,690	130,935
Total Intangible Fixed Assets	256,081	293,899
Investment and other assets		
Investment securities	26,496	23,730
Investment real estate assets (net base)	883,825	886,100
Others	151,737	126,690
Bad debt allowance	(1,597)	(1,597)
Total investment and other assets	1,060,462	1,034,924
Total Fixed Assets	7,520,548	7,598,501
Total Assets	24,624,654	25,115,511

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(Unit: Thousands of yen)

	At the end of the current first quarter (June 30, 2008)	Summary of consolidated balance sheet at the end of the previous year (March 31, 2008)
Liabilities		
Current Liabilities		
Trade accounts payable	267,823	395,398
Accrued corporate taxes and others	27,070	56,392
Others	994,422	920,197
Total Current Liabilities	1,289,315	1,371,988
Fixed Liabilities		
Allowance for retirement benefits	283,102	269,076
Long-term accrued liabilities	149,058	149,126
Long-term guarantee deposit received	162,763	164,191
Long-term deposit key money	19,037	19,037
Others	6,096	5,504
Total Fixed Liabilities	620,057	606,936
Total Liabilities	1,909,373	1,978,924
Net Assets		
Shareholders' Equity		
Capital	6,791,682	6,791,682
Capital surplus	10,571,419	10,571,419
Retained earnings	5,771,949	5,986,363
Treasury stocks	(370,622)	(370,462)
Total Shareholders' Equity	22,764,430	22,979,003
Valuation/Conversion Differentials and Others		
Differential from valuation of securities	3,427	1,814
Foreign exchange translation adjustment	(52,576)	155,770
Total of valuation/conversion differentials and others	(49,149)	157,584
Total Net Assets	22,715,280	23,136,587
Total Liabilities/Net Assets	24,624,654	25,115,511

(2) Quarterly Consolidated Income Statement
(Consolidated First Quarter)

	(Unit: Thousands of yen)
	Current Consolidated First Quarter (From April 1, 2008 to June 30, 2008)
Sales Amount	1,748,544
Cost of Sales	1,170,598
Gross Profit	577,946
Selling, General and Administrative Expenses	648,766
Operating (loss)	(70,819)
Non-operating Income	
Interest received	21,644
Dividends received	215
Invested real estate rent income	9,600
Foreign exchange gains	86,406
Others	18,629
Total Non-operating Income	136,495
Non-operating Expenses	
Cost of real estate rent income	3,603
Others	2,127
Total Non-operating expenses	5,730
Ordinary Profit	59,945
Extraordinary Profit	
Gain on sale of fixed assets	44
Reversal of bad debt allowance	1
Total extraordinary profit	45
Extraordinary Loss	
Loss on retirement of fixed assets	21
Total extraordinary loss	21
Net Profit before Taxes and Other Adjustments	59,969
Corporate Taxes, Local and Enterprise Taxes	10,124
Adjustment to Corporate Taxes	15,715
Total Corporate Taxes	25,840
Net Profit	34,129

(3) Quarterly Consolidated Cash Flow Statement

(Unit: Thousands of yen)

	Current Consolidated First Quarter (From April 1, 2008 to June 30, 2008)
Cash Flow from Operating Activities	
Net profit before taxes and other adjustments	59,969
Depreciation expenses	146,823
Depreciation of goodwill	18,964
Interest received and dividends received	(21,860)
Rent Income	(9,600)
(Profit) or loss on sale of fixed assets	(44)
Loss on retirement of fixed assets	21
Increase/(decrease) in bad debt allowance	1,211
Increase/(decrease) in long-term accrued liabilities	(68)
Increase/(decrease) in allowance for retirement benefits	14,025
Foreign exchange (gain)/loss	(63)
(Increase)/decrease in trade accounts receivable	(195,301)
(Increase)/decrease in inventory assets	11,398
(Increase)/decrease in other assets	56,989
Increase/(decrease) in trade accounts payable	(25,793)
Increase/(decrease) in other current liabilities	(30,064)
Subtotal	26,608
Interest and dividends received	32,626
Payment of corporate taxes and others	(9,050)
Cash Flow from Operating Activities	50,184
Cash Flow from Investing Activities	
Payment into time deposit	(4,714,052)
Income from repayment of time deposit	4,801,190
Payment for acquisition of tangible fixed assets	(47,811)
Income from sale of tangible fixed assets	1,020
Payment for acquisition of intangible fixed assets	(5,150)
Payment for acquisition of investment securities	(60)
Income from rent of invested real estate	9,600
Others	(111)
Cash Flow from Investing Activities	44,623
Cash Flow from Financing Activities	
Payment for purchase of treasury stocks	(159)
Payment of dividends	(275,982)
Cash Flow from Financing Activities	(276,141)
Conversion Differentials Related to Cash and Cash Equivalents	(98,686)
Increase/(decrease) in Cash and Cash Equivalents	(280,019)
Opening Balance of Cash and Cash Equivalents	2,857,613
Ending Balance of Cash and Cash Equivalents	2,577,594

(4) Notes on premise as a going concern

No applicable items

(5) Segment Information

a. Segment Information by Business Type

Current Consolidated First Quarter (From April 1, 2008 to June 30, 2008)

(Unit: Thousands of yen)

	Optical Disk Mold Group	Optical Communications Group	Total	Elimination or Company-total	Consolidated
Sales Amount					
(1) Sales amount to external customers	503,243	1,245,301	1,748,544	—	1,748,544
(2) Internal sales amount or transfer amount between segments	—	—	—	—	—
Total	503,243	1,245,301	1,748,544	—	1,748,544
Operating Profit or (Loss)	(81,427)	10,607	(70,819)	—	(70,819)

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

2. Main products by business category

(1) Optical Disk Mold Group: Molds for optical disc molding, molds for powder metallurgy molding

(2) Optical Communications Group: Optical connectors, optical connector cords, optical attenuators, ferrules, isolators, optical connector polishing machines and others

3. Changes in the method of accounting procedures

(Accounting standards related to valuation of inventory assets)

As indicated in 2 of “Changes in principle, procedure, display method, etc. relating to accounting procedures for the preparation of quarterly consolidated financial statements,” starting from the current consolidated first quarter, “Accounting standards related to valuation of inventory assets” (Corporate accounting standard No. 9, July 5, 2006) is applied. As a result of this change, operating loss in the Optical Disc Mold Group increased by ¥1,448 thousand, and operating profit in the Optical Communications Group declined by ¥53,392 thousand.

b. Segment Information by Location

Current Consolidated First Quarter (From April 1, 2008 to June 30, 2008)

(Unit: Thousands of yen)

	Japan	North America	Asia	Europe	Total	Elimination or Company-total	Consolidated
Sales Amount							
(1) Sales amount to external customers	940,886	315,460	162,574	329,623	1,748,544	–	1,748,544
(2) Internal sales amount or transfer amount between segments	687,003	3,131	499,710	–	1,189,844	(1,189,844)	–
Total	1,627,889	318,591	662,284	329,623	2,938,389	(1,189,844)	1,748,544
Operating Profit or (Loss)	(148,307)	7,815	44,577	8,456	(87,458)	16,638	(70,819)

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

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

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

3. Changes in the method of accounting procedures

(Accounting standards related to valuation of inventory assets)

As indicated in 2 of “Changes in principle, procedure, display method, etc. relating to accounting procedures for the preparation of quarterly consolidated financial statements,” starting from the current consolidated first quarter, “Accounting standards related to valuation of inventory assets” (Corporate accounting standard No. 9, July 5, 2006) is applied. As a result of this change, operating loss in Japan increased by ¥54,841 thousand.

c. Overseas Sales Amount

Current Consolidated First Quarter (From April 1, 2008 to June 30, 2008)

(Unit: Thousands of yen)

	America and Regions	Europe and Regions	Asia and Other Regions	Total
I. Overseas sales amount	315,460	357,790	233,559	906,810
II. Consolidated sales amount	–	–	–	1,748,544
III. Ratio of overseas sales amount to consolidated sales amount (%)	18.0	20.5	13.4	51.9

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.

(6) Notes on when there is a significant change to the shareholders' equity

No applicable items