Summary of Financial Statements for the Fiscal Year Ended March 31, 2011

May 13, 2011

Listed company name	SEIKOH GIKEN Co., Ltd.			Listed market JASDAQ
Code number	6834	URL http://www.seikoh-giken.co.jp		
Representative	(Title)	President & CEO	(Name) Masatoshi Ueno	
Inquiries	(Title)	Director	(Name) Haruo Yanase	Tel +81-47-311-5111
Date of general shareholders' meeting		June 24, 2011	Date of dividend payment	–
Date of securities report submission		June 24, 2011		

(All amounts rounded down to the nearest million yen.)

1. Consolidated business results for the fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(1) Consolidated business performance

(Percentage figures show the changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2011	4,779	2.1	(164)	–	(19)	–	(512)	–
Year ended March 31, 2010	4,683	(27.1)	(925)	–	(716)	–	(1,342)	–

	Net profit per share	Fully diluted net profit per share	Net profit ratio per shareholders' equity	Ordinary profit ratio to total assets	Operating profit ratio to sales amount
	Yen	Yen	%	%	%
Year ended March 31, 2011	(56.02)	–	(2.6)	(0.1)	(3.4)
Year ended March 31, 2010	(146.91)	–	(6.5)	(3.2)	(19.8)

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2011	20,588	19,306	93.8	2,112.32
Year ended March 31, 2010	21,660	20,079	92.7	2,196.82

(Reference) Shareholders' equity Year ended March 31, 2010 20,079 million yen Year ended March 31, 2010 20,079 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 the period
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2011	(320)	391	(0)	1,624
Year ended March 31, 2010	30	(436)	(158)	1,671

2. Dividend status

(Base date)	Dividend per share					Gross dividend amount (annual)	Dividend propensity (consolidated)	Dividend ratio to net assets (consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	End of the year	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 20011	–	0.00	–	0.00	0.00	–	–	–
Year ended March 31, 20010	–	0.00	–	0.00	0.00	–	–	–
Year ending March 31, 2012 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of consolidated business performance for the year ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(Percentage figures for "Full year" show the changes from the previous year, and percentage figures for "Half year" show the changes from the previous interim period.)

	Sales amount		Operating profit		Ordinary profit		Net profit		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	2,640	7.0	(70)	–	20	–	10	–	1.09
Full year	5,430	13.6	(70)	–	120	–	60	–	6.56

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

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

1. Business Results

(1) Analysis of business results

(Business results for the current consolidated fiscal year)

The global economy during the consolidated fiscal year under review transitioned to gradual recover resulting from growth in the developing countries, such as China and India, and the economic stimulus measures taken by countries around the world. Demand remained sluggish and employment down in the advanced nations, especially in Europe and the United States, but exports to developing nations expanded, leading to overall improvement in corporate results. Lead by China, the income environment in Asia was good and consumer spending bottomed out and the resulting increasing in corporate profits pushed a continued flurry of capital investment.

The Japanese economy saw increased exports and production due to expanded demand in developing nations lead by China despite a stronger yen. Despite the continued difficult employment situation, consumer spending showed a mild improvement as there was a rush in demand to take advantage of deals before economic stimulus measures ended.

The telecommunications and digital home electronics related industry, to which the Seikoh Giken Group belongs, saw in increase in demand for smart phones and other high-function cellular telephones. Sales of digital home electronics also became favorable due to rush demand for digital terrestrial broadcasting compliant flat screen TVs accompanying the revision of the Eco Point System.

It was under this circumstances that the Great East Japan Earthquake occurred on March 11, 2011. The magnitude of this earthquake centered off the Pacific cost was 9.0, the largest in Japanese recorded history, and the tsunami generated by this earthquake caused extensive damage throughout the coast of eastern Japan. Many companies in the disaster area experienced debilitating damage to plants and equipment, and many domestic companies throughout Japan were forced to temporarily shutdown production due to disruption of the supply of parts and materials from the affected area. In addition, infrastructure, including water, electricity, gas, and communications, in the affected area was disrupted and damage sustained by the Fukushima No.1 Nuclear Power Station greatly reduced the supply of electricity to eastern Japan, and the effects of the radioactive material released from the power station has all caused a great decline in business production and consumer spending, which has slammed the brakes on Japan’s economic outlook.

It was under this business environment that the Seikoh Giken Group launched “Master Plan 2010,” a new 5-year long-term business plan that began during the current consolidated fiscal year. The play lays out specific policies for the 3 major initiatives of “restructuring operations” to strengthen corporate fundamentals, “expanding operations” to strengthen sales and product development capability, and “organization reformation” to facility quick and accurate decision making.

Specific measures for organizational restructuring include adjusting the foreign and domestic facilities of the Company. First of all, Seikoh Giken Hong Kong Co., Ltd., which was established in 2006 to strengthen service to customers in Southeast Asia, was shuttered and care for its customers transferred to the Japan headquarters to reduce facility running costs. And in Japan, the No.1 Plant (Matsudo City, Chiba Prefecture) was sold and some of the functions of the No.4 Plant were consolidated in the headquarters plant to improve productivity and reduce operating costs. Selection of development projects has been narrowed down to take into consideration the growth of the target market, commercialization speed, and projected development costs from the past and into the future to acceleration commercialization of new businesses and reduce research and development costs. Further, volunteer early retirement recruitment was conducted twice during the current consolidated fiscal year, and a total of 54 employees decided to retire early. In addition to the results from these measures, the depreciation burden was reduced through the impairment of fixed assets during the 2nd quarter, which greatly reduced the fixed assets from the previous consolidated fiscal year. Ongoing cost reduction activities are also gradually producing results, so the Company is building a firm foundation from becoming profitable.

To expand operations, the Company will strengthen sales of new products and pioneer new businesses. For the fiber optics product business, the main products of which are components for optical telecommunications and the equipment for manufacturing them, sales of the Ferrule Pro, a new type of optical connector surface cleaner, were begun in September of last year and have been well received by customers in Japan and abroad. In addition, in the precision products and engineering business, for which optical disc molds is the main product, people have been assigned full time to develop new businesses utilizing precision polishing and precision machining technology, and they are urgently engaged in their efforts. Further, to strengthen sales to the rapidly growing Chinese market, employees were dispatched from headquarters to Seikoh Giken Hangzhou Co., Ltd., in September of last year to increase the number of sales people and restructure the sales organization. The Company is striving to acquire new customers in China not only for its optical telecommunications related products but also for its high heat resistant lenses, about which we have received many inquiries.

For organization reformation, in July of last year the Fiber Optics Products and Precision Products & Engineering Divisions, which has separate organizations, were restructured into the sales, technical development, and manufacturing functions. This not only decreased organizational size, but also allowed us to implement management accounting techniques to quantify the profitability of each organizational unit to build an efficient organizational structure to meet management targets. The operational policies of all entities in the Group, including foreign sales subsidiaries and manufacturing subsidiaries, were revised and the distribution and logistics within the Group were restructured. This will allow us to build the optimum supply chain to meet market needs and to be the corporate group selected by customers.

As a result of these efforts, for the current consolidated fiscal year the Company posted sales of 4,779,554 thousand (up 2.1% from the previous consolidated accounting year). Regarding profitability, sales to domestic customers in China by the Company's Chinese subsidiary were good and the Company was able to reduce labor expenses, research and development costs, and fixed costs, such as depreciation, to greatly improve the earnings and reduce the operating loss to ¥164,401 thousand (an operating loss of ¥925,487 in the previous consolidated accounting year). In addition, the posting of non-operating income from insurance benefits received, dividends, and other sources improved the ordinary loss to ¥19,273 thousand (an ordinary loss of ¥716,068 thousand in the previous consolidated accounting year). In addition, special early retirement buyouts accompanying the volunteer early retirement recruitment effort, the cost of organizational restructuring, and the reduction of some fixed assets and a special loss on the impairment of fixed assets and other factors resulted in a current net loss of ¥512,040 thousand (a net loss of ¥1,342,823 thousand in the previous consolidated accounting year).

Performance by sector was as follows.

1) Precision Products & Engineering Business

Data capacities have been increasing accompanying the advance of image technology, such as digitalization of television signals and screens that are viewed in 3D. It has been nearly 10 years since the introduction of the Blu-ray disc to succeed DVD as a recording medium.

However, the penetration of Blu-ray has been very gradual and Blu-ray disc mold manufacturers are not yet making active capital investment for the technology. The operation rates of existing DVD manufacturing lines are low, so the demand for maintenance and part replacement for DVD molds is also sluggish.

However, the market for cell phones with camera is growing rapidly in developing countries, such as China and India. As prices for cell phone hand pieces continue to decline, Chinese cell phone manufacturers are showing interest in high heat resistance lenses that can withstand the high-temperature environment of the manufacturing process to reduce costs by improving production efficiency.

Under these circumstances, for the precision products and engineering related business, the Company is working to strengthen operational profitability by revising the manufacturing process for optical disc molds, shortening production lead times, and other measures to reduce manufacturing costs while also focusing on expanding orders for new products that utilize precision machining, precision polishing, and mold technology. Further, for the high heat resistant lens business, the Company expanded sales by meeting demand for camera lens in cell phones for the European and American markets and by moving to mass production at the Company's Chinese manufacturing subsidiary and at Seikoh Giken Hangzhou Co., Ltd.,

These efforts resulted in current consolidated fiscal year sales for the Precision Products & Engineering Business of ¥893,551 thousand (down 1.5% from the previous consolidated accounting year).

2) Fiber Optic Products Business

Optical telecommunication networks are infrastructure that can transmit a large quantity of information over long distances at high speed, and they are being constructed worldwide. In China in particular, the spread of the Internet and cellular telephones is pushing a rapid expansion in the construction of social infrastructure using optical fiber, such as equipment for FTTx and 3G cellular telephone base stations.

The use of fiber optics in data centers that concentrate transmission equipment to handle the storage, management, and transmission of customer date is progressing in America and other advanced countries. As the bit rate, which expresses the data transmission speed, is moving from the 40 Gbps to the 100 Gbps standard, it is expected to create a new market for Internet environments with greater capacities and faster speeds.

In addition, terrestrial television broadcasting in Japan will become completely digital in July of this year except for certain areas of the region affected by the Great East Japan Earthquake. Accompanying this, an effort is also being made to eliminate the areas in the mountains and remote locations with poor or no reception. The demand for optical transmission equipment to receive the digital signal on mountain peaks and other locations and retransmit them to the areas with poor reception is reaching its final stage for full transition.

In response, the Fiber Optics Products Business is striving to expand orders in the high-growth Chinese market while also focusing on local procurement in China of materials for optical communication components and the optimization of supply chains to strengthen cost competitiveness. The competition in this market, however, if global in scope and becoming fiercer, causing the sales prices of optical communications components to continue to decline.

As a result, the current consolidated fiscal year sales for the Fiber Optic Products Business were ¥3,886,002 thousand (up 2.9% from the previous consolidated accounting year).

(Forecast for the next fiscal year)

Although the market environment for the year ending March 2012 (April 1, 2011 to March 31, 2012) contains some uncertainty for Japan due to the effects of the Great East Japan Earthquake, it is expected to show increased exports by advanced countries as a result of the rapid economic growth in developing countries led by China that will pull along the world economy and gradually increase enterprise production and capital investment.

The telecommunication and digital home electronics related industry to which the Group belongs is expected to sustain a continued increase in the amount of information traffic flowing around the world and further technical advancement in the equipment and devices that connects with those sending and receiving information. As the market expands, the number of companies entering it is growing, increasing competition and lowing sales prices, which coupled with the burden of developing new products and new technologies is putting downward pressure on profitability.

Against this business environment, the Group has launched the long-term business plan, “Master Plan 2010.” The Company will actively pursue measures to improve profitability during the company year based on this plan. The consolidated performance prospects for the coming year are sales of ¥5,430 million, an operating loss of ¥70 million, an ordinary profit of ¥120 million, and a current net profit of ¥60 million.

*The above forecasts are based on information available at the time, so the actual results could differ depending on changes in a variety of variables.

(2) Analysis of financial position

1) Conditions of assets, liabilities and net assets

(Assets)

The total balance of assets at the end of the current consolidated accounting year was ¥20,588,539 thousand, a reduction of ¥1,071,530 thousand from the end of the previous consolidated accounting year. The main factors for the decrease was a reduction in total liquid assets due to a decline in cash and cash equivalents and inventory assets as well as a reduction in the fixed asset balance from the sales of some land and buildings and further disposal of impaired assets and depreciation.

(Liabilities)

The total balance of liabilities at the end of the current consolidated accounting year was ¥1,281,820 thousand, a decrease of ¥299,060 thousand from the end of the previous consolidated accounting year. The main factor for the decrease was reduced accounts payable accompanying a change in the payment method.

(Net Assets)

The total balance of net assets at the end of the current consolidated accounting year was ¥19,306,718 thousand, a decrease of ¥772,469 thousand from the end of the previous consolidated accounting year. The main factor for the decrease was reduced retained earnings.

2) Cash flow status

The balance of cash and cash equivalents at the end of the current consolidated accounting year was ¥1,624,736 thousand, a decrease of ¥46,651 thousand from the end of the previous consolidated accounting year. The status and factors of the cash flow from respective activities are as follows:

(Cash flow from operating activities)

The funds earned from operating activities were ¥320,454 thousand (up from ¥30,412 thousand in the previous consolidated accounting). The main factor for the increase in the funds from operating activities was depreciation of ¥283,381 thousand. The main factors for the decrease in the funds were a net loss before taxes and other adjustments of ¥456,352 thousand, and an increase in receivables of ¥166,889 thousand.

(Cash flow from investing activities)

The funds used in investing activities were ¥391,384 thousand (down from ¥436,669 thousand earned in the previous consolidated accounting year). The main factor for the increase from investing activities was ¥294,604 thousand in income from the sale of tangible fixed assets and the refund of an insurance reserve fund. The main factor for the decrease was ¥323,318 thousand for the acquisition of tangible fixed assets.

(Cash flow from financing activities)

The funds used for financing activities were ¥45 thousand (down from ¥158,018 thousand the previous consolidated accounting year). The main factor for the decrease in the funds from financing activities was expenditure for the purchase of treasury stock.

(Reference) Changes in indicators related to cash flow

	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011
Equity ratio (%)	93.5	92.1	92.2	92.7	93.8
Equity ratio on market value basis (%)	97.9	75.5	27.4	32.4	26.2
Cash flow versus ratio of interest-bearing liabilities (%)	–	–	2.7	–	(0.0)
Interest coverage ratio	–	–	2,030.6	171.6	(18,450.8)

Equity ratio: Shareholders’ equity/total assets

Equity ratio on market value basis: Market capitalization/total assets

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

Interest coverage ratio: Cash flow/interest payment

* The calculation of each indicator is based on financial figures from the consolidated accounting basis.
* Market capitalization 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).
* Operating cash flow is used for cash flow.
* Interest-bearing liabilities are all those liabilities of the recorded liabilities on which interest is paid.

(3) Basic policies for the allocation of earnings and dividends in the current year/next year

The Company's main policy for the distribution of profits to shareholders is to pay shareholders a stable dividend while retaining earnings to provide for future investment.

However, since a net loss was recorded for the current term due to the continued difficult business environment despite a concentrated effort to improve company value, we sincerely regret to announce that a dividend will not be paid at the end of the year.

In regards to the next term, the business environment is expected to remain difficult, so the Company plans not to pay a year-end dividend the same as for the current term. We will work to move the Company back into profitability as soon as possible so that we may again pay our shareholders a stable return on their investment.

2. Management Policies

(1) Basic policies of corporate management

Basic policies of corporate management

Our management philosophy is "Based on outstanding technologies and creativity, we will supply high-quality products, contribute to social development, and pursue corporate growth and employee satisfaction, while fulfilling our social responsibilities."

We will provide society with new value by utilizing the core technologies we have fostered since our founding and strive to continuously provide and improve stable corporate value to our stakeholders, which include our shareholders, customers, and employees and their families.

(2) Management index targets

The Seikoh Giken Group requires fundamental restructuring to transition as quickly as possible to a structure that can continuously improve corporate value. The Group, therefore, created and launched the "Master Plan 2010" long-term business plan, which began during the current consolidated fiscal year. Master Plan 2010 sets a consolidated sales target for fiscal 2015 of ¥10 billion and a consolidated ordinary profit of ¥1.4 billion. To achieve these targets, we are building a solid business foundation and strengthening our sales and product capabilities.

(3) Issues to be addressed by the Company and management strategies in the medium and long terms

The Master Plan 2010 long-term business plan currently being implemented includes the corporate vision of "Becoming the best partner for customers around the world based on our core competency of precision machining. –Being indispensable for helping our customers grow—". We recognize that the following issues need to be addressed.

1) Strengthen sales structure (maximize sales)

The current consolidated fiscal year was the first year of the Master Plan 2010 long-term business plan, and during the year a variety of measures were taken to "restructure operations." The purpose of these measures was to build a compact organizational structure that is appropriate for a smaller scope of sales by recruiting people for voluntary early retirement, withdrawing from unprofitable products, and selecting and narrowing down development projects to obtain certain results. We recognize that going forward we must take measures that "expand operations" to increase the scope of sales.

As the competitive environment becomes increasingly difficult, we must actively be involved with customers to expand our product share and increase our presence in the market. We are working to quickly establish a structure that will allow us to correctly identify the needs of customers through close communication and then to rapidly provide products and services that meet those needs.

Further, customer needs in the various global markets are diversifying. To quickly and accurately meet the different needs of the various regions, we must increase the speed of decision making. For these reasons, the Seikoh Giken Group is transitioning to a regional sales management organization with separate authority and responsibility established for each region. We will expand sales by paying close attention to world markets (globalization) and accurately meeting the needs of customers in different regions (marketing).

2) Strengthen Price Competitiveness (Minimize Costs)

To maximize profitability, minimizing costs as well as increase sales is indispensable. For this reason, we are transferring production of existing products to our Chinese manufacturing subsidiary and to Seikoh Giken Hangzhou. And for products with high sales volumes, we are reviewing the design specifications to eliminate excess as far as possible while still satisfying customer needs and are actively working to reduce costs by switching to less expensive good quality costs and improving processes to shorten production lead times.

In addition, as a market matures, the technical barriers to entry decline and the number of competitor companies increases. The decline in sales prices caused by the resulting more competitive environment make some products into commodities. Under this environment, quick decisions will be made to withdraw from products for which we cannot maintain price competitiveness so that we can focus all of our management resources on producing profits.

At the same time, development projects will be narrowed down taking into consideration the speed to market and the market growth rate as well as other factors. During the current consolidated fiscal year we were able to reduce the burden of labor costs and depreciation, etc., by holding two recruitments for volunteer early retirees and by impairing some fixed assets.

By continuing to reduce costs, we will maintain a strong, streamlined organization and build a continuously profitable corporate structure.

3) Building a Foundation to Create New Businesses

Throughout the 39 years of business development since Seikoh Giken was founded, the Seikoh Giken Group has utilized its core technologies of precision polishing and grinding, precision machining, and assembly to supply molds and optical communications related components to the market. Our corporate policy of contributing to the advancement of society by providing the market with high quality products by maximizing utilization of this carefully nurtured technology remains the same today as it was at the time of our founding. To protect this underlying philosophy into the future, it is important that we accurately foresee the needs of society as it progresses and build a foundation for creating new businesses including a technological foundation that can quickly meet those needs.

During the current consolidated fiscal year, the Seikoh Giken Group revised the method used to examine development proposals and for managing progress. To be the best partner for solving the technological problems of our customers, we will not only strive to strengthen sales and marketing but to also refine our technology. Through these efforts we aim to early on establish the businesses that will become the new core businesses that follow the optical disc mold and optical communications related component businesses.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (As of March 31, 2010)	Current Consolidated Accounting Year (As of March 31, 2011)
Assets		
Current assets		
Cash and deposits	13,331,995	13,047,328
Notes and accounts receivable-trade	1,197,020	1,284,011
Merchandise and finished goods	217,228	163,324
Work in process	349,725	299,948
Raw materials and supplies	322,763	268,754
Income taxes receivable	22,977	11,449
Other	215,602	130,672
Allowance for doubtful accounts	(3,046)	(2,264)
Total current assets	15,654,266	15,203,225
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,910,151	3,705,782
Accumulated depreciation	(2,238,323)	(2,160,639)
Buildings and structures, net	1,671,827	1,545,143
Machinery, equipment and vehicles	2,369,637	2,079,999
Accumulated depreciation	(1,902,786)	(1,856,193)
Machinery, equipment and vehicles, net	466,850	223,806
Land	2,131,083	2,035,325
Other	2,177,840	2,053,106
Accumulated depreciation	(1,524,283)	(1,454,108)
Other, net	653,557	240,529
Total property, plant and equipment	4,923,319	4,403,272
Intangible assets		
Goodwill	7,639	—
Other	64,655	43,783
Total intangible assets	72,295	43,783
Investments and other assets		
Investment securities	15,336	13,558
Real estate for investment	869,055	862,063
Other	125,795	62,635
Total investments and other assets	1,010,188	938,257
Total noncurrent assets	6,005,802	5,385,313
Total assets	21,660,069	20,588,539

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (As of March 31, 2010)	Current Consolidated Accounting Year (As of March 31, 2011)
Liabilities		
Current liabilities		
Accounts payable-trade	253,217	220,953
Income taxes payable	32,318	42,345
Other	669,025	418,322
Total current liabilities	954,561	681,621
Noncurrent liabilities		
Provision for retirement benefits	328,534	323,081
Long-term accounts payable-other	147,490	145,370
Long-term guarantee deposited	128,497	111,364
Long-term lease deposited	19,037	19,037
Other	2,759	1,346
Total noncurrent liabilities	626,318	600,199
Total liabilities	1,580,880	1,281,820
Net assets		
Shareholders' equity		
Capital stock	6,791,682	6,791,682
Capital surplus	10,571,419	10,571,419
Retained earnings	3,400,178	2,888,137
Treasury stock	(427,143)	(427,188)
Total shareholders' equity	20,336,137	19,824,051
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(1,012)	(3,098)
Foreign currency translation adjustment	(255,936)	(514,234)
Total valuation and translation adjustments	(256,948)	(517,332)
Total net assets	20,079,188	19,306,718
Total liabilities and net assets	21,660,069	20,588,539

(2) Consolidated Income Statement

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (from April 1, 2010 to March 31, 2011)
Net sales	4,683,374	4,779,554
Cost of sales	3,511,019	3,290,561
Gross profit	1,172,355	1,488,992
Selling, general and administrative expenses	2,097,842	1,653,394
Operating loss	(925,487)	(164,401)
Non-operating income		
Interest income	71,010	34,960
Dividends income	338	350
Rent of real estate for investment	38,400	38,400
Royalty income	11,646	4,714
Foreign exchange gains	23,133	—
Insurance and dividends income	—	67,915
Subsidy income	28,995	31,058
Other	53,870	29,088
Total non-operating income	227,394	206,488
Non-operating expenses		
Interest expenses	177	17
Rent cost of real estate	13,214	12,256
Foreign exchange losses	—	43,952
Loss on valuation of derivatives	948	3,919
Other	3,636	1,214
Total non-operating expenses	17,976	61,359
Ordinary loss	(716,068)	(19,273)
Extraordinary income		
Gain on sales of noncurrent assets	1,865	75,472
Reversal of allowance for doubtful accounts	1,466	154
Gain on abolishment of retirement benefit plan	21,439	—
Total extraordinary income	24,770	75,626
Extraordinary loss		
Loss on retirement of noncurrent assets	26,852	16,257
Loss on sales of noncurrent assets	450	28,482
Impairment loss	662,530	239,530
Business structure improvement expenses	—	216,964
Loss on valuation of investment securities	2,332	—
Loss on disaster	—	11,470
Total extraordinary losses	692,165	512,705
Loss before income taxes and minority interests	(1,383,462)	(456,352)
Income taxes-current	28,136	62,769
Refund of income taxes for prior periods	(74,451)	—
Income taxes-deferred	17,785	(7,080)
Total income taxes	(28,529)	55,688
Minority interests in loss	(12,109)	—
Net loss	(1,342,823)	(512,040)

(3) Statement of Changes in Consolidated Shareholders' Equity

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2009 to March 31, 2010)	Current Consolidated Accounting Year (from April 1, 2010 to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	6,791,682	6,791,682
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	6,791,682	6,791,682
Capital surplus		
Balance at the end of previous period	10,571,419	10,571,419
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	10,571,419	10,571,419
Retained earnings		
Balance at the end of previous period	4,880,104	3,400,178
Changes of items during the period		
Dividends from surplus	(137,102)	—
Net loss	(1,342,823)	(512,040)
Total changes of items during the period	(1,479,926)	(512,040)
Balance at the end of current period	3,400,178	2,888,137
Treasury stock		
Balance at the end of previous period	(427,107)	(427,143)
Changes of items during the period		
Purchase of treasury stock	(35)	(45)
Total changes of items during the period	(35)	(45)
Balance at the end of current period	(427,143)	(427,188)
Total shareholders' equity		
Balance at the end of previous period	21,816,099	20,336,137
Changes of items during the period		
Dividends from surplus	(137,102)	—
Net loss	(1,342,823)	(512,040)
Purchase of treasury stock	(35)	(45)
Total changes of items during the period	(1,479,961)	(512,085)
Balance at the end of current period	20,336,137	19,824,051

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2009 to March 31, 2010)	Previous Consolidated Accounting Year (from April 1, 2010 to March 31, 2011)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(4,840)	(1,012)
Changes of items during the period		
Net changes of items other than shareholders' equity	3,827	(2,085)
Total changes of items during the period	3,827	(2,085)
Balance at the end of current period	(1,012)	(3,098)
Foreign currency translation adjustment		
Balance at the end of previous period	(285,796)	(255,936)
Changes of items during the period		
Net changes of items other than shareholders' equity	29,860	(258,298)
Total changes of items during the period	29,860	(258,298)
Balance at the end of current period	(255,936)	(514,234)
Total valuation and translation adjustments		
Balance at the end of previous period	(290,637)	(256,948)
Changes of items during the period		
Net changes of items other than shareholders' equity	33,688	(260,384)
Total changes of items during the period	33,688	(260,384)
Balance at the end of current period	(256,948)	(517,332)
Minority interests		
Balance at the end of previous period	12,109	−
Changes of items during the period		
Net changes of items other than shareholders' equity	(12,109)	−
Total changes of items during the period	(12,109)	−
Total net assets		
Balance at the end of previous period	21,537,571	20,079,188
Changes of items during the period		
Dividends from surplus	(137,102)	−
Net loss	(1,342,823)	(512,040)
Purchase of treasury stock	(35)	(45)
Net changes of items other than shareholders' equity	21,578	(260,384)
Total changes of items during the period	(1,458,383)	(772,469)
Balance at the end of current period	20,079,188	19,306,718

(4) Consolidated Cash Flow Statement

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2009 to March 31, 2010)	Previous Consolidated Accounting Year (from April 1, 2010 to March 31, 2011)
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(1,383,462)	(456,352)
Depreciation and amortization	499,116	283,381
Amortization of goodwill	77,862	3,808
Impairment loss	662,530	239,530
Interest and dividends income	(71,349)	(35,310)
Proceeds from rent income	(38,400)	(38,400)
Loss (gain) on sales of noncurrent assets	(1,414)	(46,989)
Loss on retirement of noncurrent assets	26,852	16,257
Loss (gain) on valuation of investment securities	2,332	—
Income insurance	—	(67,915)
Increase (decrease) in allowance for doubtful accounts	(3,625)	(418)
Increase (decrease) in long-term accounts payable-other	(1,327)	(2,117)
Increase (decrease) in provision for retirement benefits	30,602	(5,453)
Foreign exchange losses (gains)	(876)	14,129
Decrease (increase) in notes and accounts receivable-trade	229,547	(166,889)
Decrease (increase) in inventories	110,364	102,192
Decrease (increase) in other current assets	38,001	5,271
Increase (decrease) in notes and accounts payable-trade	(208,914)	41,911
Increase (decrease) in accounts payable	—	(144,058)
Increase (decrease) in other current liabilities	(64,312)	(73,490)
Subtotal	(96,472)	(330,912)
Interest and dividends income received	95,632	55,983
Income taxes refund	93,485	21,182
Income taxes paid	(62,233)	(66,707)
Net cash provided by (used in) operating activities	30,412	(320,454)
Net cash provided by (used in) investing activities		
Payments into time deposits	(12,260,102)	(16,097,649)
Proceeds from withdrawal of time deposits	12,178,722	16,321,535
Purchase of property, plant and equipment	(360,296)	(323,318)
Proceeds from sales of property, plant and equipment	2,732	294,604
Purchase of intangible assets	(3,567)	—
Purchase of investment securities	(288)	(307)
Payments for guarantee deposits	(34,610)	(802)
Proceeds from collection of guarantee deposits	1,345	35,300
Proceeds from rental of real estate for investment	38,400	38,400
Repayment of insurance	—	125,440
Other payments	(3,080)	(3,028)
Other proceeds	4,076	1,208
Net cash provided by (used in) investing activities	(436,669)	391,384
Net cash provided by (used in) financing activities		
Purchase of treasury stock	(35)	(45)
Repayment of long-term loans payable	(20,880)	—
Cash dividends paid	(137,102)	—
Net cash provided by (used in) financing activities	(158,018)	(45)
Effect of exchange rate change on cash and cash equivalents	17,043	(117,536)
Net increase (decrease) in cash and cash equivalents	(547,231)	(46,651)
Cash and cash equivalents at beginning of period	2,218,619	1,671,388
Cash and cash equivalents at end of period	1,671,388	1,624,736

(Segment Information by Business Type)

Previous Consolidated Accounting Year (from April 1, 2009 to March 31, 2010)

(Unit: Thousands of yen)

	Optical Disk Mold Group	Optical Communications Group	Total	Elimination or Company-total	Consolidated
Sales Amount and Operating Profit or (Loss)					
Sales Amount					
(1) Sales amount to external customers	906,720	3,776,654	4,683,374	–	4,683,374
(2) Internal sales amount or transfer amount between segments	–	–	–	–	–
Total	906,720	3,776,654	4,683,374	–	4,683,374
Operating (Loss)	(716,713)	(208,773)	(925,487)	–	(925,487)

Current Consolidated Accounting Year (from April 1, 2010 to March 31, 2011)

(Unit: Thousands of yen)

	Optical Disk Mold Group	Optical Communications Group	Total	Elimination or Company-total	Consolidated
Sales Amount and Operating Profit or (Loss)					
Sales Amount					
(1) Sales amount to external customers	893,551	3,886,002	4,779,554	–	4,779,554
(2) Internal sales amount or transfer amount between segments	–	–	–	–	—
Total	893,551	3,886,002	4,779,554	–	4,779,554
Operating (Loss)	(354,605)	190,204	(164,401)	–	(164,401)

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, lens and others

(2) Optical Communications Group: Optical connectors, optical connector cables, optical attenuators, ferrules, isolators, optical connector polishing machines, passive light transmission devices and others