



## Summary of Financial Statements for the Second Quarter of the Fiscal Year 2012 [Japan GAAP]

November 11, 2011  
Listed market: JASDAQ

Listed company name SEIKOH GIKEN Co., Ltd.  
 Code number 6834 URL <http://www.seikoh-giken.co.jp>  
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 Due date of quarterly financial statements submission November 11, 2011  
 Date of dividend payment -

(All amounts rounded down to the nearest million yen)

### 1. Consolidated business results for the second quarter of fiscal 2011 (April 1, 2011 to September 30, 2011)

#### (1) Consolidated business performance (accumulated total) (Percentage figures show the changes from the previous Second quarter.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2011	2,437	(1.2)	(21)	—	(26)	—	(56)	—
Six months ended September 30, 2010	2,467	6.8	(113)	—	(122)	—	(568)	—

	Net profit per share		Fully diluted net profit per share	
	Yen		Yen	
Six months ended September 30, 2011	(0.64)		—	
Six months ended September 30, 2010	(62.19)		—	

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Six months ended September 31, 2011	20,651	19,344	93.7	2,116.23
Fiscal year ended March 31, 2011	20,588	19,306	93.8	2,112.32

(Reference) Shareholders' equity Six months ended September 30, 2010 19,342 million yen Fiscal year ended March 31, 2011 19,306 million yen

### 2. Dividend status

	Dividend per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the year	Full year
	Yen				
Fiscal year ended March 31, 2011	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2012	—	0.00	—	—	—
Fiscal year ending March 31, 2013 (Forecast)	—	—	—	0.00	0.00

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

### 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.)

	Net sales		Operating income		Ordinary income		Net income		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	4,830	1.1	20	—	20	—	0	—	0.00

Note: Revision to the forecast for the figures of consolidated business performance during the current third quarter: Exist

#### 4. Others

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

(2) Simplified accounting procedures and special accounting procedures applied in preparing the quarterly consolidated financial statements: None

(3) Changes in principle, procedure, display method, etc. relating to accounting procedures applied in preparing the consolidated financial statements

1) Changes according to the amendment of accounting standards, etc.: None

2) Changes other than 1): None

3) Changes in accounting estimates : None

4) Revisions or restatement : None

(4) Number of shares issued (common stocks)

1) Number of shares issued at the end of the period (Treasury stocks included):

[Six months ended September 30, 2011] 9,333,654 shares / [Fiscal year ended March 31, 2011] 9,333,654 shares

2) Number of treasury stocks at the end of the period:

[Six months ended September 30, 2011] 193,671 shares / [Fiscal year ended March 31, 2010] 193,611 shares

3) Average number of shares during the period (Accumulated quarterly consolidated period):

[Six months ended September 30, 2011] 9,140,024 shares / [Six months ended September 30, 2010] 9,140,113shares

#### \*Indication of progress status of quarterly report review procedures

This quarterly financial report is not subject to the quarterly financial report review procedures pursuant to the Financial Instruments and Exchange Act, but as of the time of disclosure of this quarterly financial report, the quarterly report review procedures were being implemented pursuant to the Financial Instruments and Exchange Act.

#### \*Explanation of appropriate use of performance forecasts and other notes

Statements in this material regarding the future, such as performance forecasts, are based to a certain extent on information available to the Company at the time and rational decision-making, but the actual performance could vary widely from these statements due to a variety of factors. Regarding items relating to performance forecasts, please refer to “(3) Qualitative Information Regarding Consolidated Performance Forecasts” on page 3 of the Quarterly Financial Report (Appendix).

## 1. Qualitative information Regarding the Consolidated Performance for the Current Quarter

### (1) Qualitative Information Regarding the Consolidated Operating Results

The global economy in the period under review displayed more signs of a slowdown in the US and EU countries while solid growth continued in the emerging economies, specifically in China. In the Japanese economy, a slow-paced recovery continued, but corporate profits receded especially in export oriented industries due to the impact of the long-term appreciation of the yen, with unchanged stagnant employment and income environments. The outlook therefore remains uncertain.

In the information and telecommunications and digital home appliances industries, of which the Group is a part, domestic sales of terrestrial-digital flat-screen TVs developed favorably, thanks in part also to the government sponsored "eco-point" subsidy system. Market prices, on the other hand, have been plunging for general-use digital home appliances, amid intensifying global competition among companies engaged in this market.

In this setting, efforts at the Group continued to create business structures that reliably generate profits in any operating environment. To this end, starting this fiscal year, a new 5-year long-term management plan named "Master Plan 2010" was launched. The plan aspires to a corporate vision for the Group to "become global customers' best partner centered on precision processing - the one and only partner indispensable for customers' growth -." The Group has been advancing drastic reform measures from three perspectives, that is, (i) business restructuring to create a lean corporate structure, (ii) business expansion by reinforcing sales capabilities and product development capabilities, and (iii) organizational innovation to achieve speedy and appropriate decision making.

In the period under review, the Group concentrated on the implementation of business restructuring and organizational innovation based on the long-term management plan "Master Plan 2010."

In June, the Group solicited for voluntary retirees among employees with one year or more of continued service, resulting in a total 39 staff taking voluntary retirement as of July 20, 2011. Moreover, Seikoh Giken Hong Kong Co., Limited, established as a sales company in 2006, was made dormant in September 2011. Additional business restructuring efforts included a sharper, more selective focus on development projects in order to accelerate new business launches and to cut R&D costs, among other measures.

In July, the Group's organizational structure was changed from the previous divisional alignment with precision machinery and optical products divisions to a structure by function into sales, technology and development, and manufacture. At the same time, organizational innovation proceeded with the introduction of finer detail to the structure of units and the adoption of management accounting to obtain numerical profitability metrics for the individual organization units. These and other measures were introduced as part of Group efforts to create an efficient organization structures so as to attain the Group's performance targets.

Sales promotion efforts focused on the retention of existing customers and on developing new revenue sources in both the precision machinery segment, whose mainstay is metal molds for optical discs, and the optical products segment, which centers on parts for fiber-optic communications and related manufacturing equipment. As a result, consolidated sales in the period under review increased 6.8 percent on the year to 2,467,737 thousand yen. Earnings, despite fixed-cost reductions in accordance with the long-term management plan "Master Plan 2010" and ongoing efforts to reduce input costs, posted an operating loss of 113,443 thousand yen (compared with 507,506 thousand yen for the same period a year earlier). Furthermore, due to non-operating expenses comprised of discounting charges on interest receivable and foreign exchange losses, an ordinary loss of 122,287 thousand yen (compared with 407,532 thousand yen for the same period a year earlier) resulted. Due to the cost of special retirement compensation premiums associated with the solicitation of employees for early retirement as well as special loss from impairment loss charges on certain fixed assets, the Group reported a net loss for the period of 568,461 thousand yen (compared with a net loss of 338,018 thousand yen for the same period in the year earlier).

Segment results developed as follows.

#### (i) Precision machinery related products

Sales revenue came to 464,983 thousand yen, reflecting depressed demand for metal molds for optical disks and related maintenance amid low facility utilization rates and weak capital investment inclination on the part of optical disk manufacturers. The continued weakness in sales connected to an operating loss of 201,086 thousand yen, despite fixed-cost reduction measures at head office operations and ongoing efforts to reduce inputs costs.

#### (ii) Optical related products

Sales revenue came to 2,002,754 thousand yen as the market for fiber-optic communication equipment continued to expand centered on the emerging economies, with rising demand for optical products and manufacturing equipment. The segment reported 87,642 thousand yen in operating income. In addition to higher profits at the China-based subsidiary, contributions came from fixed-cost reduction measures at head office operations and ongoing efforts to lower input costs.

(2) Qualitative information on consolidated financial position

Consolidated assets at the end of the period under review totaled 20,675,078 thousand yen, reflecting a decrease of 984,990 thousand yen from the end of the previous fiscal year. Current assets decreased 600,135 thousand yen from the end of the previous fiscal year to 15,054,131 thousand yen. The main factor was a decline in cash and deposits caused by a change in payment methods. Non-current assets totaled 5,620,947 thousand yen, which was 384,854 thousand yen lower than at the end of the previous fiscal year. The main factor was impairment loss on buildings, machinery, and equipment, as well as depreciation charges.

Liabilities at the end of the period under review totaled 1,289,396 thousand yen, reflecting a decrease of 291,484 thousand yen from the end of the previous fiscal year. The main factor was a decline in accounts payable.

Net assets at the end of the period under review decreased 693,506 thousand yen from the end of the previous fiscal year to 19,385,681 thousand yen. The main factor was a decline in retained earnings caused by the net loss recognized for the period.

(3) Qualitative information on consolidated results forecasts

The results forecasts for full-year, released on May 14, 2011, have been changed.

## 3. Consolidated Quarterly Financial Statements

## (1) Consolidated quarterly balance sheets

(Unit: Thousands of yen)

	Summary of consolidated balance sheet at the end of the previous year (As of March 31, 2011)	At the end of the current second quarter (as of September 30, 2011)
<b>Assets</b>		
Current assets		
Cash and deposits	13,047,328	13,088,555
Notes and accounts receivable-trade	1,284,011	1,287,166
Merchandise and finished goods	163,324	267,191
Work in process	299,948	273,981
Raw materials and supplies	268,754	339,583
Income taxes receivable	11,449	1,580
Other	130,672	145,693
Allowance for doubtful accounts	(2,264)	(2,224)
<b>Total current assets</b>	<b>15,203,225</b>	<b>15,401,529</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,705,782	3,709,821
Accumulated depreciation	(2,160,639)	(2,208,670)
Buildings and structures, net	1,545,143	1,501,150
Machinery, equipment and vehicles	2,079,999	2,069,055
Accumulated depreciation	(1,856,193)	(1,874,127)
Machinery, equipment and vehicles, net	223,806	194,927
Land	2,035,325	2,035,325
Construction in progress	358,468	375,614
Other	1,694,638	1,513,704
Accumulated depreciation	(1,454,108)	(1,365,789)
Other, net	240,529	147,915
<b>Total property, plant and equipment</b>	<b>4,403,272</b>	<b>4,254,932</b>
Intangible assets		
Other	43,783	46,384
<b>Total intangible assets</b>	<b>43,783</b>	<b>46,384</b>
Investments and other assets		
Investment securities	13,558	12,946
Real estate for investment, net	862,063	858,961
Other	62,635	77,319
Allowance for doubtful accounts	—	(114)
<b>Total investments and other assets</b>	<b>938,257</b>	<b>949,112</b>
<b>Total noncurrent assets</b>	<b>5,385,313</b>	<b>5,250,429</b>
<b>Total assets</b>	<b>20,588,539</b>	<b>20,651,959</b>

(Unit: Thousands of yen)

	Summary of consolidated balance sheet at the end of the previous year (As of March 31, 2011)	At the end of the current second quarter (as of September 30, 2011)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	220,953	322,478
Income taxes payable	42,345	48,772
Other	418,322	328,553
Total current liabilities	681,621	699,805
Noncurrent liabilities		
Provision for retirement benefits	323,081	339,267
Long-term accounts payable-other	145,370	145,370
Long-term guarantee deposited	111,364	102,798
Long-term lease deposited	19,037	19,037
Other	1,346	1,202
Total noncurrent liabilities	600,199	607,674
Total liabilities	1,281,820	1,307,479
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,791,682	6,791,682
Capital surplus	10,571,419	10,571,419
Retained earnings	2,888,137	2,882,294
Treasury stock	(427,188)	(427,218)
Total Shareholders' equity	19,824,051	19,818,178
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,098)	(3,870)
Foreign currency translation adjustment	(514,234)	(471,997)
Total accumulated other comprehensive income	(517,332)	(475,868)
Subscription rights to shares	—	2,169
Total net assets	19,306,718	19,344,479
Total liabilities and net assets	20,588,539	20,651,959

(2) Consolidated Quarterly Income Statement  
(Second Quarter Consolidated Reporting Period)

(Unit: Thousands of yen)

	Six months ended September 30, 2010 (from April 1, 2010 to September 30, 2010)	Six months ended September 30, 2011 (from April 1, 2011 to September 30, 2011)
Sales amount	2,467,737	2,437,917
Cost of sales	1,664,667	1,656,614
Gross profit	803,070	781,302
Selling, general and administrative expenses	916,513	802,573
Operating loss	(113,443)	(21,271)
Non-operating income		
Interest income	20,396	15,331
Dividends income	222	205
Rent of real estate for investment	19,200	19,200
Other	13,340	6,239
Total non-operating income	53,160	40,976
Non-operating expenses		
Cost of real estate rent	6,128	5,627
Foreign exchange losses	53,307	38,538
Other	2,568	1,545
Total non-operating expenses	62,004	45,711
Ordinary loss	(122,287)	(26,005)
Extraordinary income		
Gain on sales of noncurrent assets	9,202	44,204
Reversal of allowance for doubtful accounts	496	—
Gain on transfer of business	—	15,760
Total extraordinary income	9,699	59,965
Extraordinary loss		
Loss on retirement of noncurrent assets	6,521	1,446
Loss on sales of noncurrent assets	1,726	—
Business structure improvement expenses	182,026	—
Impairment loss	239,530	—
Losses due to disasters	—	975
Total extraordinary losses	429,804	2,421
Net Income or Net loss before taxes	(542,392)	31,538
Income taxes-current	24,713	47,166
Income taxes-deferred	1,355	(9,784)
Total income taxes	26,069	37,381
Loss before minority interests	(568,461)	(5,843)
Net loss	(568,461)	(5,843)

(Quarterly Statement of Consolidated Comprehensive Income)  
(Consolidated Cumulative Second Quarter)

(Unit: Thousands of yen)

	Six months ended September 30, 2010 (from April 1, 2010 to September 30, 2010)	Six months ended September 30, 2011 (from April 1, 2011 to September 30, 2011)
Net loss before adjustment for minority interests	(568,461)	(5,843)
Other comprehensive income		
Net unrealized holding gains on securities	(2,594)	(771)
Foreign currency translation adjustments	(122,416)	42,236
Total other comprehensive income	(125,010)	41,464
Comprehensive income	(693,472)	35,621
(Items)		
Comprehensive income attributable to owners of the parent	(693,472)	35,621

## (3) Consolidated Quarterly Cash Flow Statement

(Unit: Thousands of yen)

	Six months ended September 30, 2010 (from April 1, 2010 to September 30, 2010)	Six months ended September 30, 2011 (from April 1, 2011 to September 30, 2011)
Net cash provided by (used in) operating activities		
Net income or Net loss before taxes	(542,392)	31,538
Impairment loss	239,530	—
Depreciation and amortization	168,800	118,658
Amortization of goodwill	3,808	—
Interest and dividends income	(20,619)	(15,537)
Proceeds from rent income	(19,200)	(19,200)
Loss (gain) on sales of noncurrent assets	(7,476)	(44,204)
Loss on retirement of noncurrent assets	6,521	1,446
Loss (gain) on transfer of business	—	(15,760)
Increase (decrease) in allowance for doubtful accounts	(496)	22
Increase (decrease) in long-term accounts payable-other	(2,100)	—
Increase (decrease) in provision for retirement benefits	(20,910)	16,186
Foreign exchange losses (gains)	4,939	4,516
Decrease (increase) in notes and accounts receivable-trade	(276,273)	16,068
Decrease (increase) in inventories	59,174	(140,531)
Decrease (increase) in other assets	2,701	5,379
Increase (decrease) in notes and accounts payable-trade	42,065	87,703
Increase (decrease) in accounts payable-other	(206,733)	(81,701)
Increase (decrease) in other liabilities	(32,779)	(20,819)
Subtotal	(601,441)	(56,235)
Interest and dividends income received	26,859	10,075
Income taxes refund	19,028	11,433
Income taxes paid	(35,091)	(41,521)
Net cash provided by (used in) operating activities	(590,644)	(76,248)
Net cash provided by (used in) investing activities		
Payments into time deposits	(6,725,081)	(6,217,562)
Proceeds from withdrawal of time deposits	7,132,352	6,204,268
Purchase of property, plant and equipment	(163,075)	(43,988)
Proceeds from sales of property, plant and equipment	85,761	132,256
Purchase of intangible assets	—	(3,061)
Purchase of investment securities	(153)	(160)
Proceeds from rental of real estate for investment	19,200	19,200
Proceeds from collection of guarantee deposits	1,757	—
Payments for guarantee deposits	(532)	—
Other proceeds	—	1,310
Other payments	(1,517)	(1,482)
Net cash provided by (used in) investing activities	348,710	90,780
Net cash provided by (used in) financing activities		
Purchase of treasury stock	(34)	(29)
Net cash provided by (used in) financing activities	(34)	(29)
Effect of exchange rate change on cash and cash equivalents	(61,064)	17,947
Net increase (decrease) in cash and cash equivalents	(303,033)	32,449
Cash and cash equivalents at beginning of period	1,671,388	1,624,736
Ending Balance of Cash and Cash Equivalents	1,368,355	1,657,186