



Summary of Financial Statements for the First Quarter of the Fiscal Year 2013 [Japan GAAP]

August 10, 2012

Listed market: JASDAQ

Listed company name SEIKOH GIKEN Co., Ltd.
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 Due date of quarterly financial statements submission August 10, 2012
 Date of dividend payment -

(All amounts rounded down to the nearest million yen)

1. Consolidated business results for the first quarter of fiscal 2013 (April 1, 2012 to June 30, 2012)

(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	%
Three months ended June 30, 2012	1,294	7.0	(30)	—	(5)	—	(43)	—
Three months ended June 30, 2011	1,210	1.9	(25)	—	(10)	—	9	—

	Net profit per share		Fully diluted net profit per share	
	Yen		Yen	
Three months ended June 30, 2012	(4.79)		—	
Three months ended June 30, 2011	0.99		—	

(2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
Three months ended June 30, 2012	20,813		19,433		93.4		2,125.34	
Fiscal year ended March 31, 2012	20,680		19,319		93.4		2,113.02	

(Reference) Shareholders' equity Three months ended June 30, 2012 19,425 million yen Fiscal year ended March 31, 2012 19,312 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, 2012	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2013	—	—	—	—	—
Fiscal year ending March 31, 2013 (Forecast)	—	0.00	—	5.00	5.00

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, 2013 (April 1, 2012 to March 31, 2013)

(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
Half year	2,660	9.1	0	—	30	—	(20)	—	(2.19)
Full year	5,620	17.5	170	4,318.9	230	406.9	110	224.9	12.04

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 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.: Exist

2) Changes other than 1): None

(4) Number of shares issued (common stocks)

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

[Three months ended June 30, 2012] 9,333,654 shares / [Fiscal year ended March 31, 2012] 9,333,654 shares

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

[Three months ended June 30, 2012] 193,671 shares / [Fiscal year ended March 31, 2012] 193,671 shares

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

[Three months ended June 30, 2012] 9,139,983 shares / [Three months ended June 30, 2011] 9,140,043 shares

*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 Operation Results

The global economy in the period under review saw China's economy display signs of slowing growth due to falling exports caused by the continuing European debt crisis. In Japan, the outlook for corporate earnings was overshadowed by the decelerating global economy, long-term yen appreciation, high crude oil prices, and uncertainty surrounding electric power supply. Nonetheless, thanks to the reconstruction demand since the Great East Japan Earthquake and the waning impact from the flood in Thailand, the Japanese economy has been experiencing a moderate upturn overall.

The information, telecommunications and digital home appliance industries, which are relevant industries to the Group, saw demand in the industrialized economies rise for mobile high-performance telecommunication equipment such as smart phones and tablets. For conventional mobile phones and PCs, on the other hand, product commoditization continued, with the center of demand gradually shifting to the emerging economies. In the light of the rapidly swelling global data traffic volumes resulting from these developments, network facilities are being strengthened and the development and implementation of next-generation telecommunication services are gaining pace, enabling highly efficient data transfer.

In this operating environment, the Group worked to retain existing customers and develop new customers for its two product segments, which are comprised, firstly, of precision machinery related products centered on a diversity of molds such as molds for optical disk production, thin-walled molded components, and high heat-resistant lenses which apply precision mold technology and precision machining technology, and, secondly, optical related products centered on components such as connectors for optical telecommunications network facilities, as well as the equipment for the manufacture of those components, and optical electric field sensors based on the special properties of optical fiber. In the period under review, the Group launched internal projects designed to increase new order receipts, formulated strategies for problem identification and their solution, and took steps for sharing information on the status of implementation and execution. Reflecting these developments, consolidated net sales in the period under review increased by 7.0% from the year-earlier period to 1,294,903 thousand yen. However, consolidated earnings posted an operating loss of 30,494 thousand yen (compared with a year-earlier operating loss of 25,572 thousand yen) as higher selling expenses outpaced improvements in the cost-of-sales ratio compared with the year-earlier period, with an ordinary loss of 5,167 thousand yen (compared with a year-earlier ordinary loss of 10,815 thousand yen) thanks mainly to service income and foreign exchange gains recognized for the period. The Group reported an after-tax net loss of 43,764 thousand yen, marking a deterioration compared with the net loss of 9,063 thousand yen posted for the year-earlier period. The main factor for the higher loss number was the absence of the special gain of 44,202 thousand yen recognized in the year-earlier period from the sale of non-current assets.

Segment results developed as follows.

(i) Precision machinery related products

Although optical disc manufacturers continue to show restraint in their facility investments, in the period under review the Group succeeded in raising sales of Blu-ray Disc molds compared with the year-earlier period. However, given that overall facility operating rates at optical disc manufacturers have been low, demand for mold maintenance and parts replacement has remained stagnant. By contrast, in high heat-resistant lenses for cameras mounted on smart phones the Group has been able to expand sales to customers in China. As a result, in precision machinery related products, sales for the period under review increased by 80.2% from the year-earlier period to 379,797 thousand yen. Thanks to the higher sales related to both molds and lenses, the operating loss of 5,203 thousand yen for the period under review marks an improvement compared with the 83,173 thousand yen operating loss posted in the year-earlier period.

(ii) Optical related products

Optical telecommunications markets keep growing in the emerging economies, specifically in China, as the diffusion of smart phones and mobile phones spurs capacity increases in wireless backbone networks. Optical telecommunications infrastructures continue to be upgraded also in Japan and in the U.S. in step with corporations' widening use of cloud computing and the escalating transfer speeds and data volumes of data centers. In Europe, however, sales for the period under review fell below the level of the year-earlier period due to the worsened economic environment in the Eurozone caused by the European debt crisis and the effects of the strong yen relative to the euro. Also due to production stops for a select number of products with low profitability, sales of optical related products for the period under review decreased by 8.4% from the year-earlier period to 915,105 thousand yen. Despite continued efforts to reduce operating expenses, an operating loss of 25,290 thousand yen resulted (compared with a year-earlier operating loss of 57,600 thousand yen) due to slow sales of products with attractive profit margins and a worsened cost-of-sales ratio caused by currency effects.

(2) Qualitative information on consolidated financial position

Consolidated assets at the end of the period under review totaled 20,813,629 thousand yen, which was 133,432 thousand yen higher than at the end of the previous fiscal year. Current assets rose to 15,458,396 thousand yen, which is 94,809 thousand yen higher than at the end of the previous fiscal year. The main factor was a rise in accounts receivable-trade at China-based subsidiary Seikoh Giken Hangzhou Co., Ltd. Non-current assets rose to 5,355,233 thousand yen, an increase of 38,622 thousand yen compared with the end of the previous fiscal year. The main factor was a rise in property, plant, and equipment associated with the construction of the new factory of Seikoh Giken Hangzhou Co., Ltd. and the partial start of its operations.

Consolidated liabilities at the end of the period under review totaled 1,379,841 thousand yen, which is 18,755 thousand yen higher than at the

end of the previous fiscal year. The main factor was an increased local procurement in China and a rise in non-trade accounts payable.

Consolidated net assets at the end of the period under review totaled 19,433,787 thousand yen, which is 114,676 thousand yen higher than at the end of the previous fiscal year. The main factor was an increase in foreign currency translation adjustments.

(3) Qualitative information on consolidated results forecasts

Consolidated performance to date largely bears out the consolidated results forecast for the fiscal year to March 2013. Consolidated results forecasts for the 2nd quarter and for the fiscal year to March 2013 stated in the summary of financial statements released on May 11, 2012, remain intact.

2. Summary (Notes) Information

(1) Transfer of important subsidiaries during the current period

Not applicable.

(2) Simplified accounting procedures and special accounting procedures applied in preparing the quarterly consolidated financial statements

Not applicable.

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

(Change of depreciation method)

Due to the revision of the corporation tax law, beginning with the period under review the Company and its consolidated subsidiaries have changed the depreciation method for property, plant, and equipment acquired on or after April 1, 2012, in accordance with the revised corporation tax law. The effects of this change are marginal with respect to the operating losses, ordinary losses, and net losses before taxes reported for the period under review.

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Unit: Thousands of yen)

	At the end of the current first quarter (as of June 30, 2012)	Summary of consolidated balance sheet at the end of the previous year (As of March 31, 2012)
Assets		
Current assets		
Cash and deposits	12,843,705	12,835,208
Notes and accounts receivable-trade	1,552,291	1,385,029
Merchandise and finished goods	234,702	276,110
Work in process	299,487	267,572
Raw materials and supplies	411,467	404,661
Income taxes receivable	11,539	11,322
Other	107,606	186,166
Allowance for doubtful accounts	(2,403)	(2,484)
Total current assets	15,458,396	15,363,586
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,975,013	3,937,555
Accumulated depreciation	(2,281,281)	(2,253,404)
Buildings and structures, net	1,693,731	1,684,150
Machinery, equipment and vehicles	2,039,285	1,991,546
Accumulated depreciation	(1,871,307)	(1,813,641)
Machinery, equipment and vehicles, net	167,977	177,904
Land	2,035,325	2,035,325
Construction in progress	170,416	152,004
Other	1,629,161	1,575,622
Accumulated depreciation	(1,410,772)	(1,371,973)
Other, net	218,389	203,649
Total property, plant and equipment	4,285,840	4,253,035
Intangible assets		
Other	53,101	49,819
Total intangible assets	53,101	49,819
Investments and other assets		
Investment securities	13,235	14,594
Real estate for investment, net	934,990	928,980
Other	68,065	70,180
Total investments and other assets	1,016,290	1,013,755
Total noncurrent assets	5,355,233	5,316,610
Total assets	20,813,629	20,680,197

(Unit: Thousands of yen)

	At the end of the current first quarter (as of June 30, 2012)	Summary of consolidated balance sheet at the end of the previous year (As of March 31, 2012)
Liabilities		
Current liabilities		
Accounts payable-trade	255,995	312,594
Income taxes payable	53,860	45,941
Other	434,762	374,924
Total current liabilities	744,618	733,460
Noncurrent liabilities		
Provision for retirement benefits	378,816	366,991
Long-term accounts payable-other	145,370	145,370
Long-term guarantee deposited	89,948	94,231
Long-term lease deposited	19,037	19,037
Other	2,051	1,995
Total noncurrent liabilities	635,222	627,625
Total liabilities	1,379,841	1,361,085
Net assets		
Shareholders' equity		
Capital stock	6,791,682	6,791,682
Capital surplus	10,571,419	10,571,419
Retained earnings	2,878,226	2,921,991
Treasury stock	(427,218)	(427,218)
Total Shareholders' equity	19,814,110	19,857,875
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,797)	(2,378)
Foreign currency translation adjustment	(384,759)	(542,561)
Total accumulated other comprehensive income	(388,557)	(544,939)
Subscription rights to shares	8,234	6,175
Total net assets	19,433,787	19,319,111
Total liabilities and net assets	20,813,629	20,680,197

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

(Unit: Thousands of yen)

	Three months ended June 30, 2011 (from April 1, 2011 to June 30, 2011)	Three months ended June 30, 2012 (from April 1, 2012 to June 30, 2012)
Sales amount	1,210,106	1,294,903
Cost of sales	827,491	863,025
Gross profit	382,614	431,877
Selling, general and administrative expenses	408,187	462,371
Operating loss	(25,572)	(30,494)
Non-operating income		
Interest income	6,819	6,413
Dividends income	162	126
The charge of operating trust	—	21,208
Rent of real estate for investment	9,600	9,730
Gains on foreign exchange	—	2,250
Other	3,698	3,932
Total non-operating income	20,280	43,662
Non-operating expenses		
Cost of real estate rent	2,814	2,787
Del credere commission	—	15,282
Foreign exchange losses	1,516	—
Other	1,192	265
Total non-operating expenses	5,523	18,335
Ordinary loss	(10,815)	(5,167)
Extraordinary income		
Gain on sales of noncurrent assets	44,202	4
Total extraordinary income	44,202	4
Extraordinary loss		
Loss on retirement of noncurrent assets	119	1,284
Total extraordinary losses	119	1,284
Net Income or Net loss before taxes	33,267	(6,447)
Income taxes-current	24,000	32,303
Income taxes-deferred	203	5,013
Total income taxes	24,204	37,316
Loss before minority interests	9,063	(43,764)
Net Income or Net loss	9,063	(43,764)

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

(Unit: Thousands of yen)

	Consolidated cumulative 1st quarter of fiscal 2012 (Apr. 1, 2011 - Jun. 30, 2011)	Consolidated cumulative 1st quarter of fiscal 2013 (Apr. 1, 2012 - Jun. 30, 2012)
Net income before adjustment for minority interests	9,063	(43,764)
Other comprehensive income		
Net unrealized holding gains on securities	395	(1,419)
Foreign currency translation adjustments	87,728	157,801
Total other comprehensive income	88,124	156,382
Comprehensive income	97,187	112,618
(Items)		
Comprehensive income attributable to owners of the parent	97,187	112,618