

Financial Statements

Briefing Session for 2010/03 Term

(From April 1, 2009 to March 31, 2010)

- I . Overview of Consolidated Financial Results for 2010/03 Term
- II . Long-term Management Plan
“Master plan 2010”
- III . Forecast of Consolidated Financial Results for 2011/03 Term

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Consolidated Financial Statements for 2010/03 Term Highlights (Part1)

(¥ Million)	2010/03 Term	2009/03 Term	Year-on-year percentage change	Estimated value of business results (Nov. 12, 2009)
Sales Amount	4,683	6,426	△27.1%	4,810
Optical Disc Mold Group	906	1,550	△41.5%	960
Optical Communications Group	3,776	4,875	△22.5%	3,850
Operating Profit	△925	△710	—	△950
Ordinary Profit	△716	△552	—	△760
Net Profit	△1,342	△857	—	△700

Consolidated Financial Statements for 2010/03 Term Highlights (Part2)

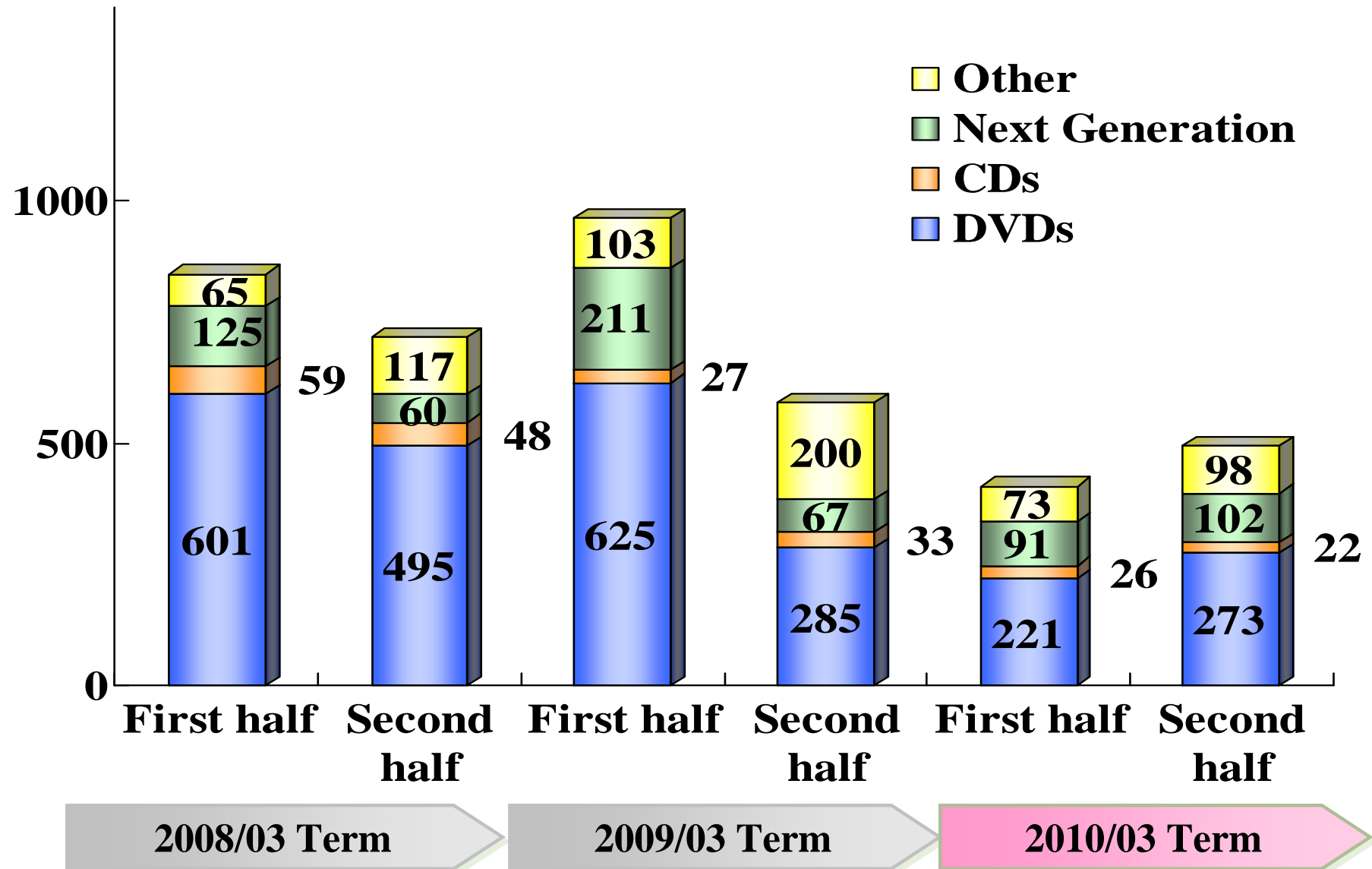
(¥ Million)	2010/03 Term	2009/03 Term	Year-on-year percentage change
Orders Received	4,698	5,963	△21.2%
Orders Backlog	412	397	+3.8%
Equipment Investment	403	398	+1.3%
Depreciation Expenses	489	707	△30.8%
R & D Expenses	642	1,242	△48.3%

Business Results by Segment/ Optical Disc Mold Group

(¥ Million)	2010/03 Term	2009/03 Term	Year-on-year percentage change
Sales Amount	906	1,550	Δ41.5%
Operating Expenses	1,623	2,109	Δ23.0%
Operating Profit	Δ716	Δ558	—
Operating Profit Ratio	Δ79.0%	Δ36.0%	Δ43.0%

Sales Amounts by Product / Optical Disc Mold Group

¥ Million

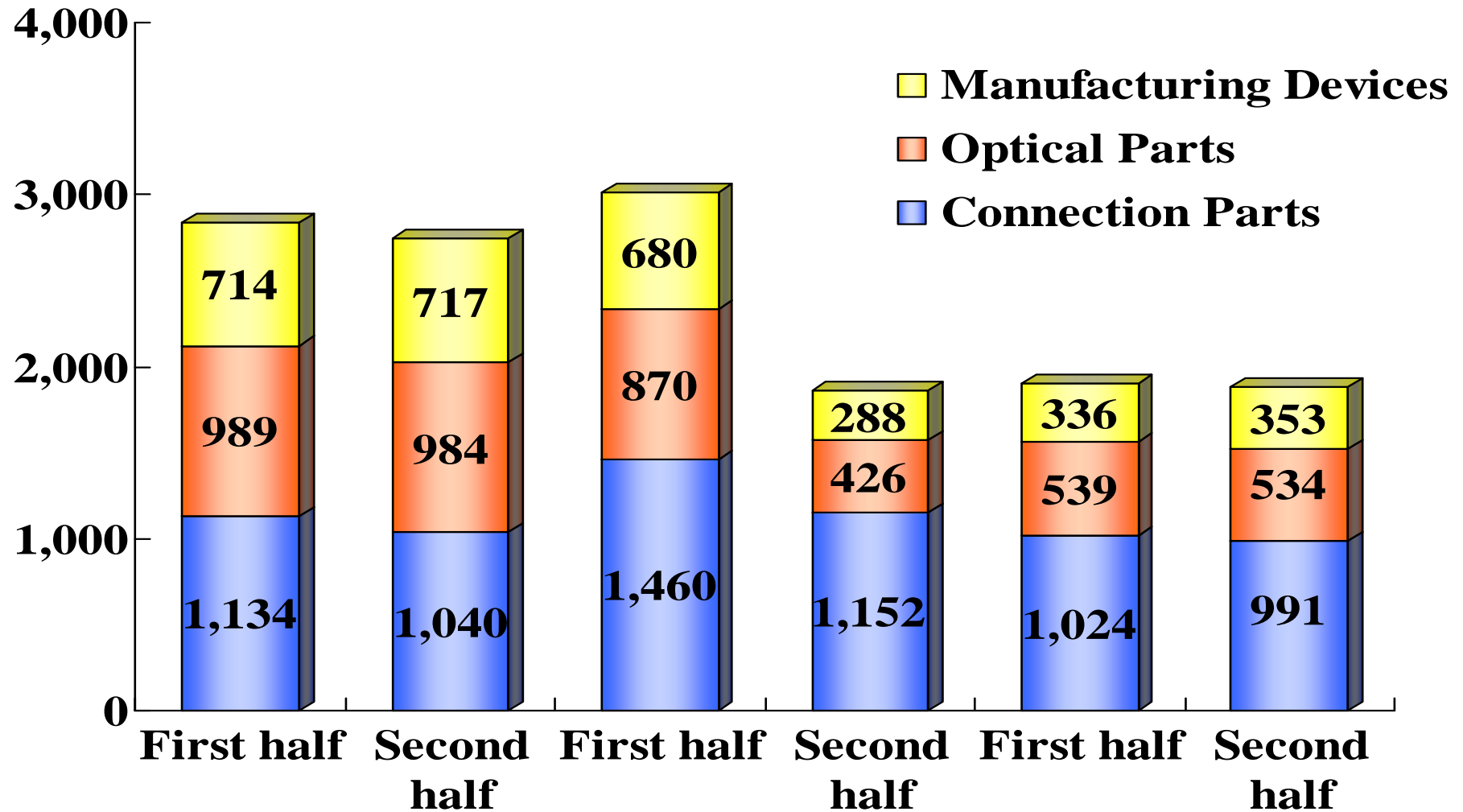


Business Results by Segment/ Optical Communications Group

(¥ Million)	2010/03 Term	2009/03 Term	Year-on-year percentage change
Sales Amount	3,776	4,875	△22.5%
Operating Expenses	3,985	5,027	△20.7%
Operating Profit	△208	△151	—
Operating Profit Ratio	△5.5%	△3.1%	△2.4%

Sales Amounts by Product / Optical Communications Group

¥ Million



2008/03 Term

2009/03 Term

2010/03 Term

Consolidated Balance Sheet

(¥ Million)

Items	2010/03 Term	2009/03 Term	Amount (Increase/Decrease)
[Assets]			
Current Assets	15,654	16,459	△804
Fixed Assets	6,005	6,885	△879
Total Assets	21,660	23,344	△1,684
[Liabilities and Net Assets]			
Current Liabilities	954	1,195	△241
Fixed Liabilities	626	611	+14
Net Assets	20,079	21,537	△1,458
Total Liabilities/Net Assets	21,660	23,344	△1,684

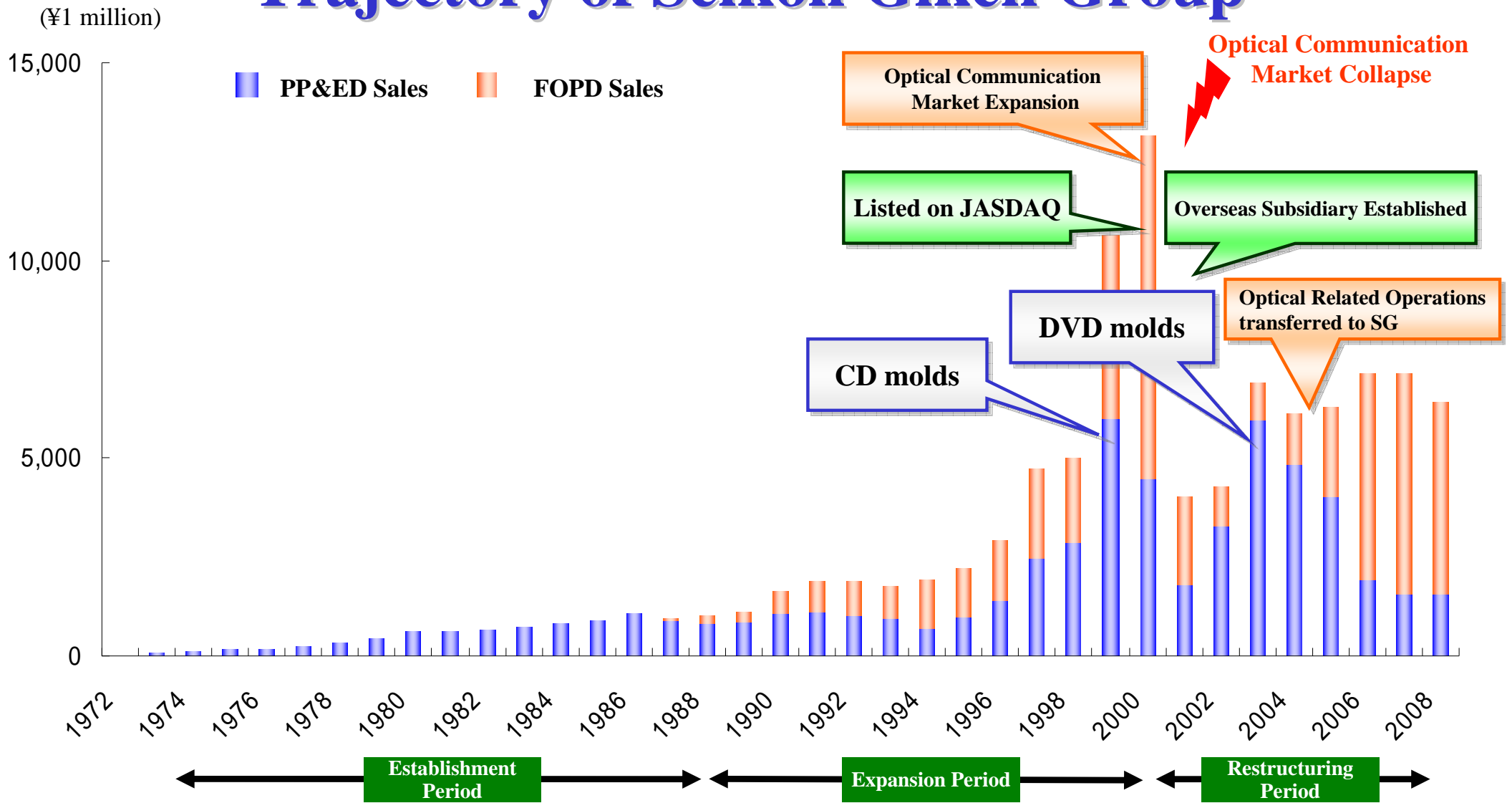
Consolidated Cash Flow Statement

(¥ Million)

Items	2010/03 Term	2009/03 Term
CF - Operating	30	779
CF - Investing	△436	△823
CF- Financing	△158	△394
Increase in Cash	△547	△638
Balance at the beginning of term	2,218	2,857
Balance at the end of term	1,671	2,218

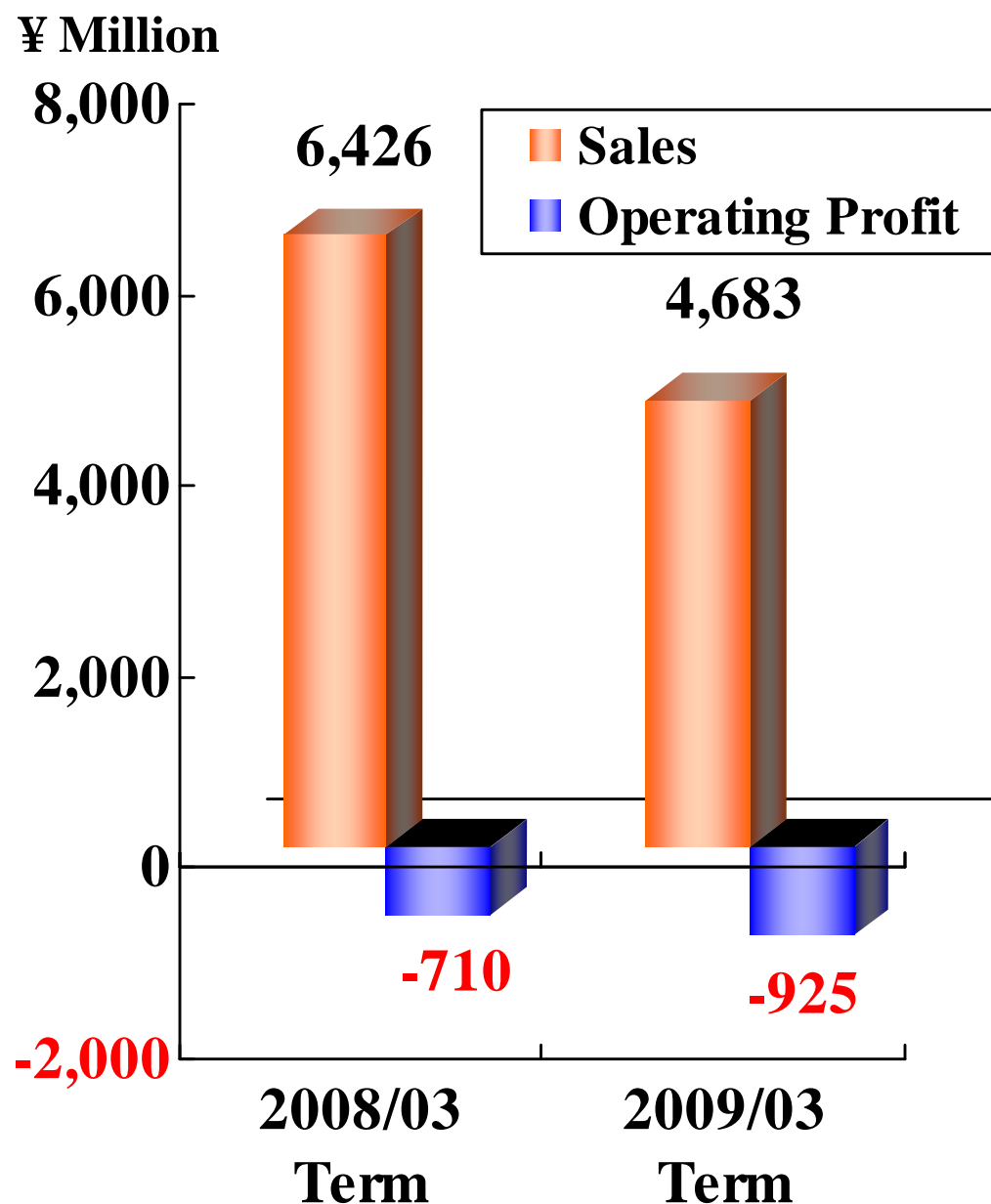
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Trajectory of Seikoh Giken Group



Market Trends	Overall mild growth of industry	Rapid expansion of target market	Market collapse
SG Measures	Establish technical foundation	Acquired advantageous business partners	Strengthen business infrastructure

Change in Recent Results and the Causes



Main Causes of Poor Results

◆ External Causes

- Simultaneous global recession accompanying financial uncertainty
- Intensified competition among companies
- Rapid decline in market prices

◆ Internal Causes

- Misreading of market trends and scale
- Delayed new product development
- Heavy fixed cost burden

Main Points of Business Renovation

1. Restructuring of Operations

Selection and concentration of business resources to build a lean corporate structure

2. Business Expansion Strategy

Expand business through a global market-in business strategy and product strategy

3. Organizational Reformation

Change to an organization by structure function while clarifying the independent profitability management and responsibility for profit and loss.

Management Philosophy and Vision

Management Philosophy

Utilize superior technology and creativity to provide high-quality products, contribute to the progress and development of society, and fulfill the Company's social responsibility while pursuing business growth and employee happiness.

Vision

Become the best partner for global customers based on our precision machining core technology.

- Become an indispensable company for helping customers grow -**

1. Restructuring of Operations

- ◆ Selection and concentration of business resources to build a lean corporate structure

Important Measures	Timing
<ul style="list-style-type: none"> ◆ Withdraw unprofitable products 	<p>FY2010 to FY2011</p>
<ul style="list-style-type: none"> ◆ Optimize production facilities <ul style="list-style-type: none"> ▪ Transfer the manufacturing function (mass-production line) to Hangzhou Seikoh Giken ▪ Close Hong Kong Seikoh Giken 	<p>FY2010 to FY2012</p> <p>FY2010 first half</p>
<ul style="list-style-type: none"> ◆ Select and concentrate development investment 	<p>From FY2010</p>
<ul style="list-style-type: none"> ◆ Optimize business resources <ul style="list-style-type: none"> ▪ Concentrate Plant No.1 and Plant No.4 (Matsudo City, Chiba Prefecture) in the HQ Plant ▪ Adjust the labor pool to the optimum size (establish an elective retirement system) 	<p>During FY2010</p> <p>FY2010 first half</p>

2. Business Expansion Strategy

- ◆ Expand business through a global market-in business strategy and product strategy

Important Measures	Timing
<ul style="list-style-type: none"> ◆ Strengthen sales capability (sales strategy) <ul style="list-style-type: none"> ▪ Reorganization the sales organization by region ▪ Revise the sales agent strategy ▪ Expand products into non-communications related markets ▪ Develop products for the Chinese market and pioneer developing nation markets ▪ Expand maintenance services 	<p>FY2010 to FY2011</p> <p>FY2010 to FY2011</p> <p>By FY2014</p> <p>From FY2010</p> <p>From FY2010</p>
<ul style="list-style-type: none"> ◆ Strengthen product appeal (product strategy) <ul style="list-style-type: none"> ▪ Promote improvement of existing products ▪ Revise the examination method at the start of development and the project progress management method ▪ Advance into new industries by applying existing technology ▪ Develop a next-generation flagship-like top-share product 	<p>From FY2010</p> <p>From FY2010</p> <p>By FY2014</p> <p>By FY2014</p>

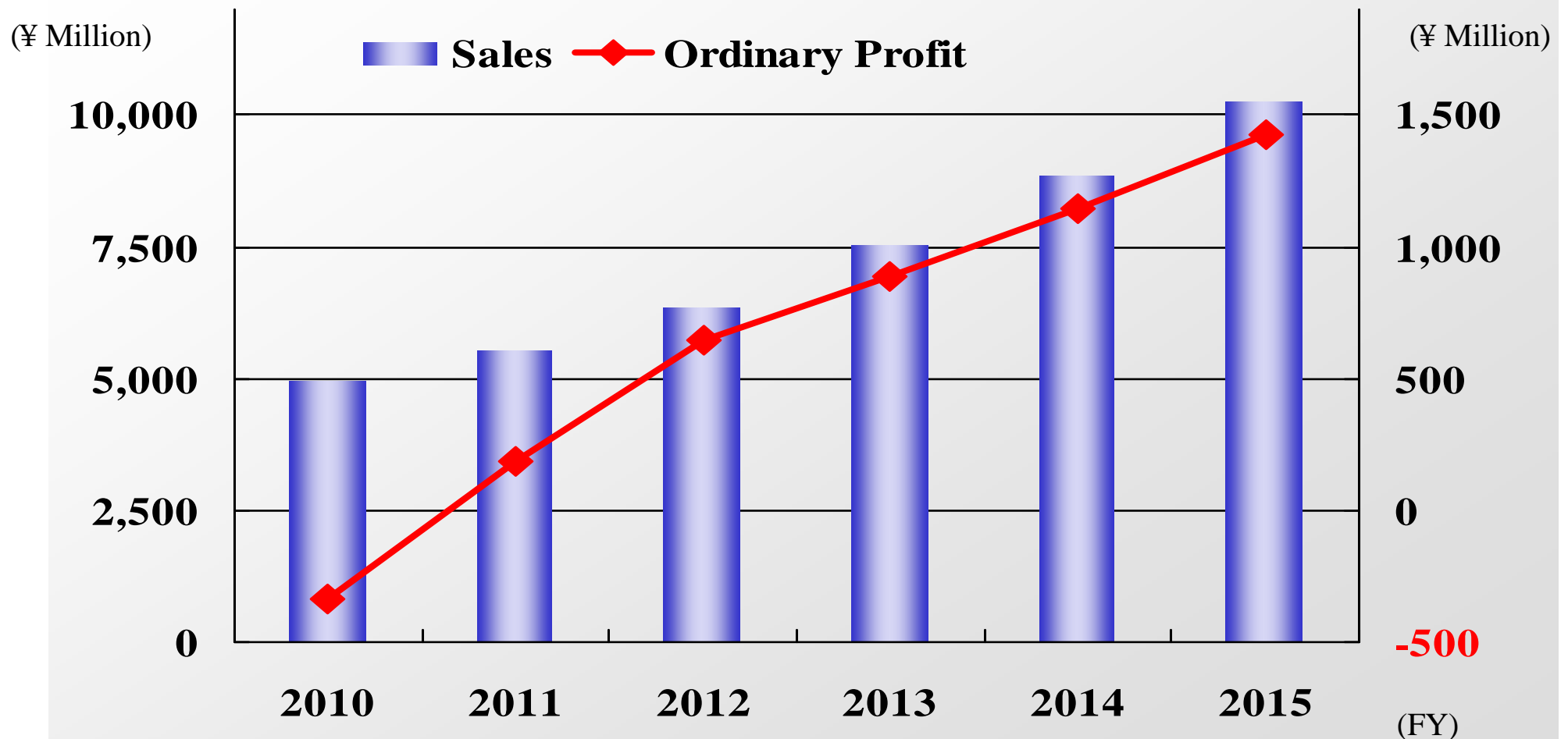
3. Organizational Reformation

- ◆ Change to an organization by structure function while clarifying the independent profitability management and responsibility for profit and loss.

Important Measures	Timing
<ul style="list-style-type: none"> ◆ Revise the organizational structure <ul style="list-style-type: none"> ▪ Organization by business ⇒ Change to organization by function ▪ Look at profit and loss by organizational unit and clarify the responsibility for profit and loss. ◆ Improve the corporate culture and hold personnel training <ul style="list-style-type: none"> ▪ Nurture an organizational culture that encourages proactive action and that is tied to results ▪ Conduct systematic and efficient personnel training 	<p>FY2010 first half</p> <p>From FY2010</p> <p>From FY2010</p> <p>From FY2010</p>

Performance Targets for FY2010 to FY2015

- ◆ Change to monthly profitability by 4th quarter FY2010 (January to March 2011)
- ◆ Achieve sales of ¥10 billion and an ordinary profit of ¥1.4 billion for FY2015



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Forecast of Consolidated Business Results for 2011/03 Term

(¥ Million)	First half	Second half	Forecast of the 2011/03 Term	Results for the 2010/03 Term
Sales Amount	2,400	2,600	5,000	4,683
Operating Profit	△350	△50	△400	△925
Ordinary Profit	△340	0	△340	△716
Net profit	△ 630	△120	△750	△1,342
Equipment Investment			348	403
Depreciation Expenses			399	489
R & D Expenses			393	642

Forecast of Consolidated Business Results (by Segment) for 2011/03 Term

(¥ Million)

The Relation of Optical Disc Mold

Sales Amount

Operating Expenses

Operating Profit

The Relation of Optical Communications

Sales Amount

Operating Expenses

Operating Profit

	Forecast of the First half	Forecast of the Second half	Forecast of the full year	Results for the previous term	Year-on-year percentage change
Sales Amount	500	700	1,200	906	+32.5%
Operating Expenses	790	750	1,540	1,623	Δ5.1%
Operating Profit	Δ 290	Δ50	Δ340	Δ716	—
Sales Amount	1,900	1,900	3,800	3,776	+0.6%
Operating Expenses	1,960	1,900	3,860	3,985	Δ3.1%
Operating Profit	Δ60	0	Δ60	Δ208	—

Performance Plan by Segment

