

Financial Statements

Briefing Session for 2013/03 Term

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



May 14, 2013

- I . Overview of Consolidated Financial Results for 2013/03 Term
- II . Business Outlook
- III . Forecast of Consolidated Financial Results for 2014/03 Term

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Consolidated Financial Statements for 2013/03 Term Highlights (Part1)

(¥ Million)	2013/03 Term	2012/03 Term	Year-on-year percentage change	Estimated value of business results (Nov. 9, 2012)
Sales Amount	4,986	4,781	4.3 %	4,890
Precision Machinery	1,233	1,111	11.0 %	1,330
Fiber Optic Components & Instrumental	3,753	3,670	2.3 %	3,560
Operating Profit	(190)	3	—	10
Ordinary Profit	(30)	45	—	50
Net Profit	(126)	33	—	(70)

Consolidated Financial Statements for 2013/03 Term Highlights (Part2)

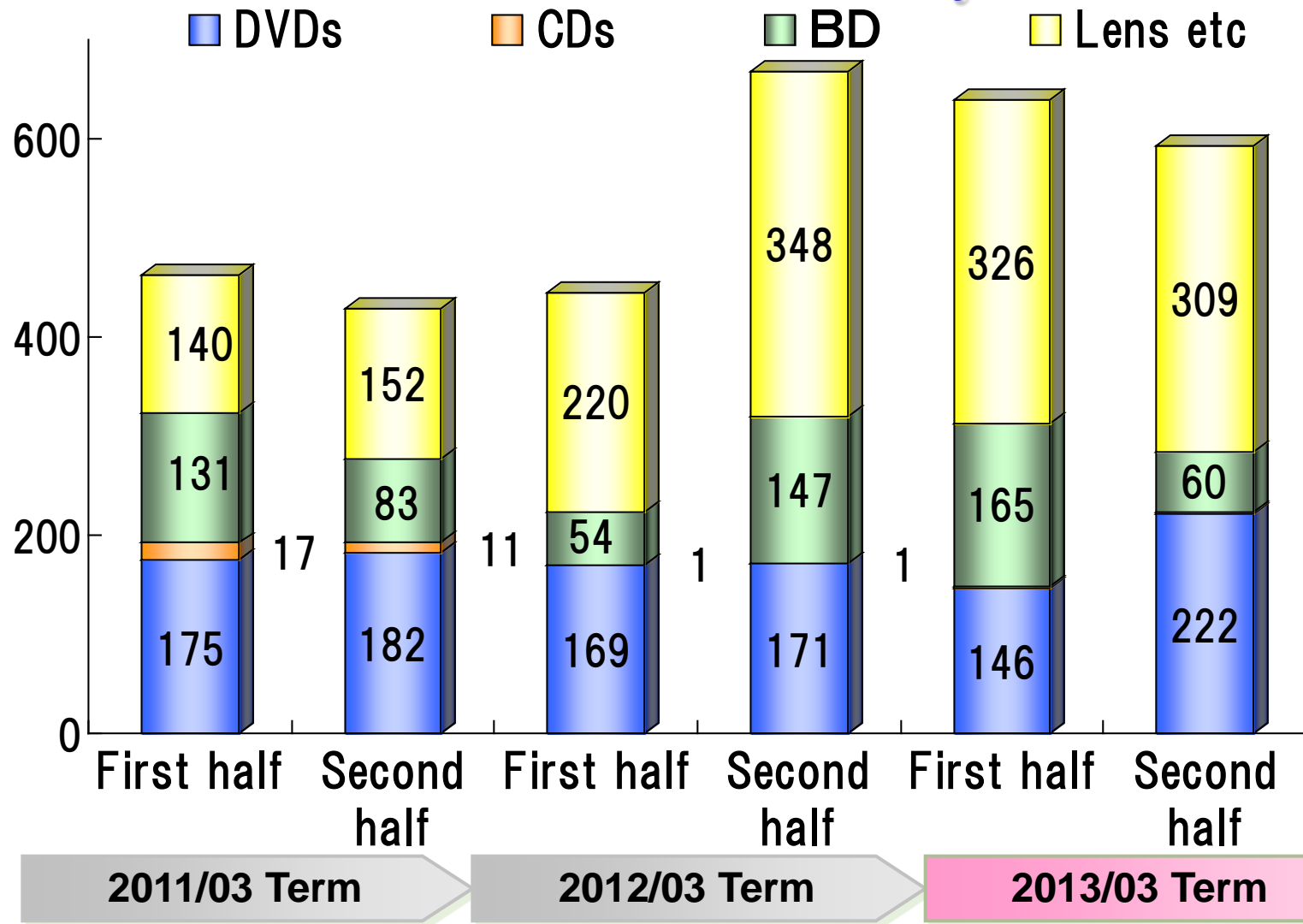
(¥ Million)	2013/03 Term	2012/03 Term	Year-on-year percentage change
Orders Received	4,873	4,736	2.9%
Orders Backlog	341	454	(24.9%)
Equipment Investment	256	278	(7.9%)
Depreciation Expenses	262	245	6.9%
R & D Expenses	244	248	(1.6%)

Business Results by Segment/ Precision Machinery

(¥ Million)	2013/03 Term	2012/03 Term	Year-on-year percentage change
Sales Amount	1,233	1,111	11.0 %
Operating Expenses	1,472	1,284	14.6 %
Operating Profit	(239)	(173)	—
Operating Profit Ratio	(19.4 %)	(15.6 %)	—

Sales Amounts by Product / Precision Machinery

¥ Million



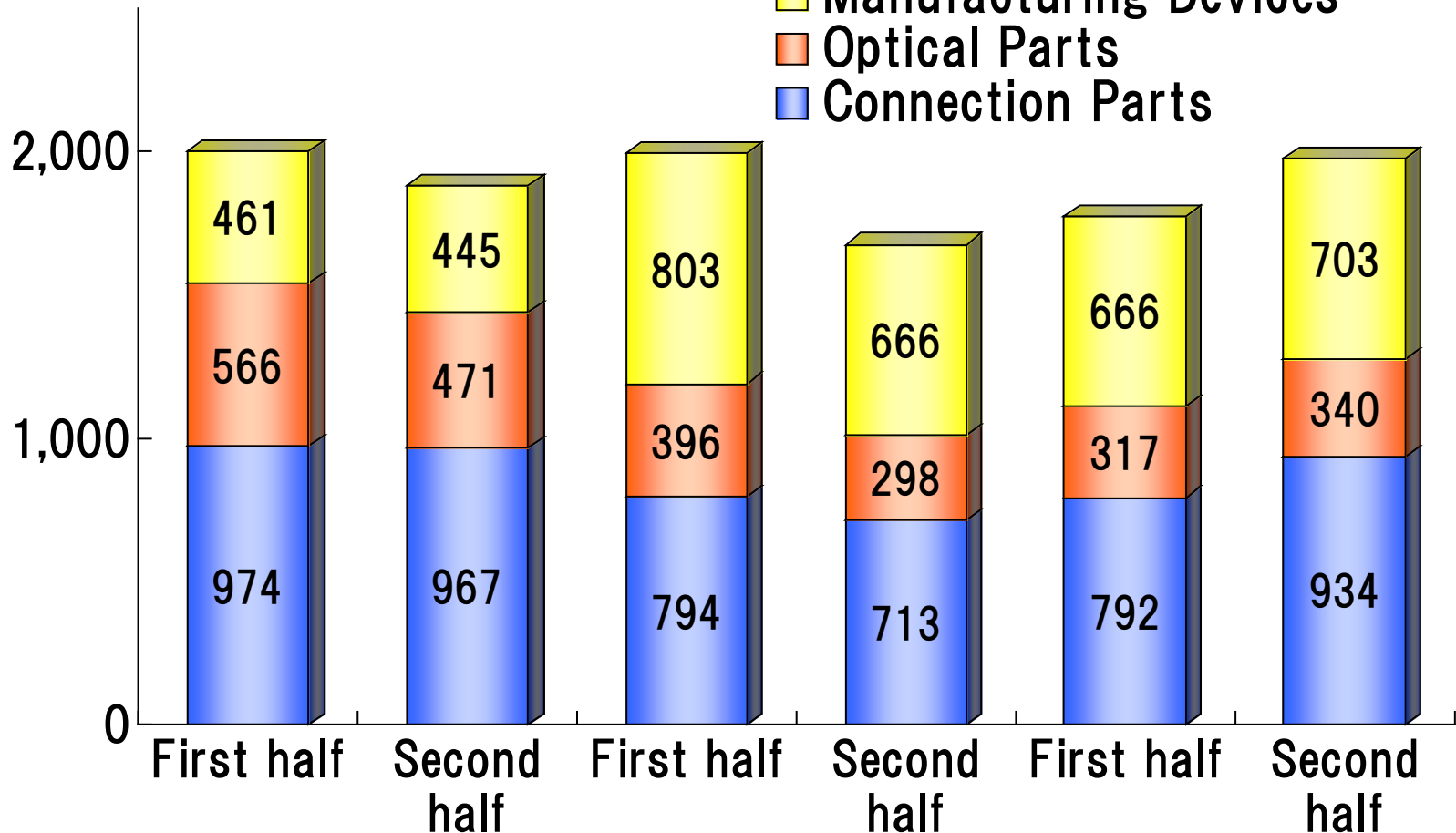
Business Results by Segment/ Fiber Optic Components & Instrumental

(¥ Million)	2013/03 Term	2012/03 Term	Year-on-year percentage change
Sales Amount	3,753	3,670	2.3 %
Operating Expenses	3,704	3,493	6.0 %
Operating Profit	49	177	(72.3 %)
Operating Profit Ratio	1.3 %	4.8 %	—

Sales Amounts by Product / Fiber Optic Components & Instrumental

¥ Million

- Manufacturing Devices
- Optical Parts
- Connection Parts



2011/03 Term

2012/03 Term

2013/03 Term

Consolidated Balance Sheet

(¥ Million) [Assets]	2013/03 Term	2012/03 Term	Amount (Increase/Decrease)
Current Assets	14,867	15,363	(496)
Fixed Assets	5,959	5,316	642
Total Assets	20,826	20,680	146
[Liabilities and Net Assets]			
Current Liabilities	594	733	(139)
Fixed Liabilities	655	627	27
Net Assets	19,576	19,319	257
Total Liabilities/ Net Assets	20,826	20,680	146

Consolidated Cash Flow Statement

(¥ Million)	2013/03 Term	2012/03 Term
CF - Operating	285	(109)
CF - Investing	366	(38)
CF- Financing	0	0
Increase in Cash	740	(165)
Balance at the beginning of term	1,459	1,624
Balance at the end of term	2,199	1,456

I . Overview of Consolidated Financial Results for
2013/03 Term

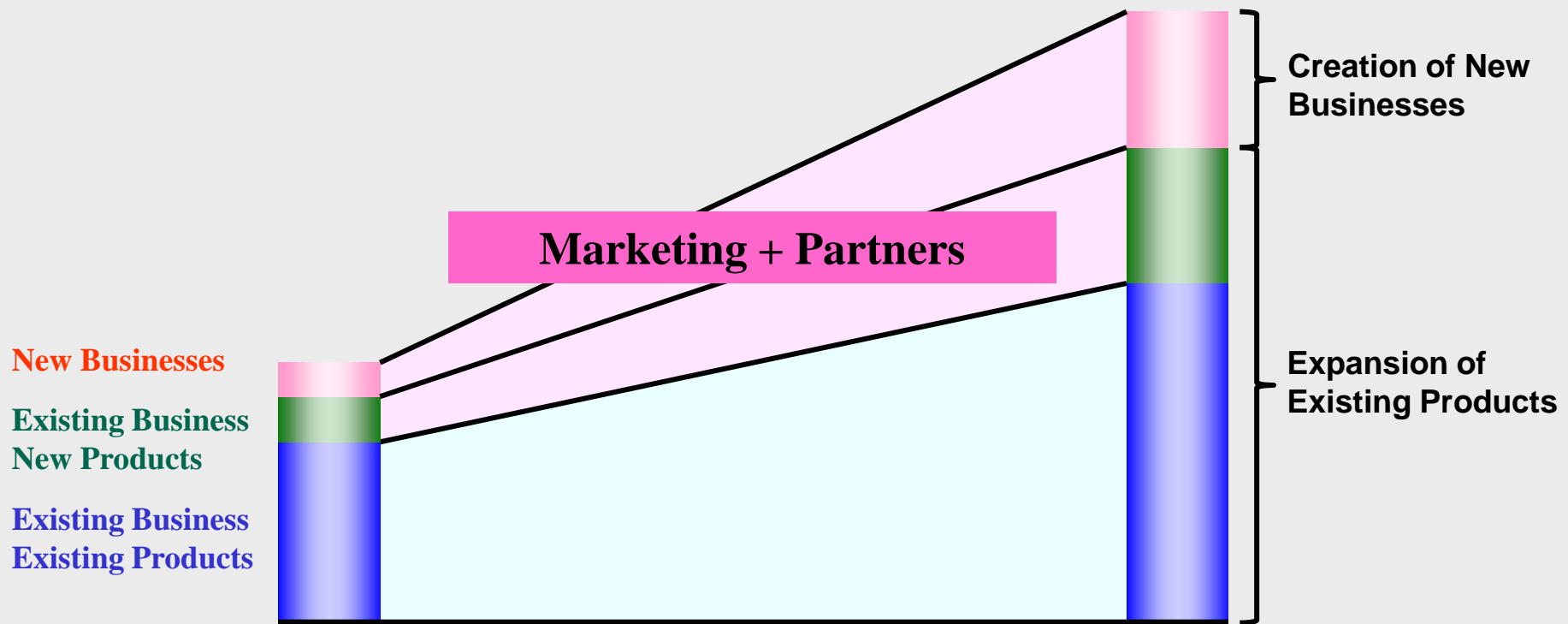
II . Business Outlook

III . Forecast of Consolidated Financial Results for
2014/03 Term

Image of Long-Run Development

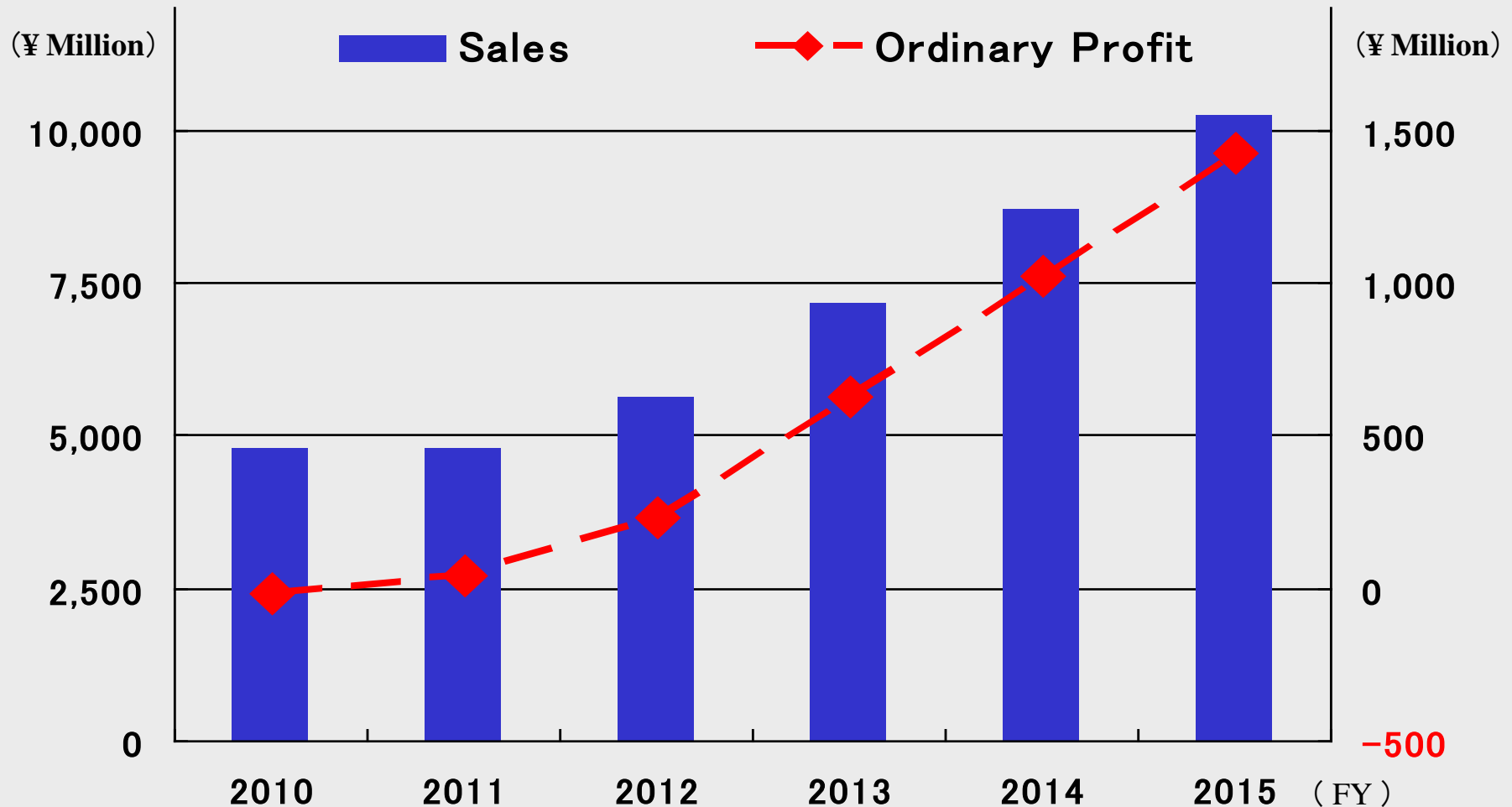
Focus on small size, precision, and optics

Expansion of Existing Business + Creation of New Businesses



Performance Targets for FY2010 to FY2015

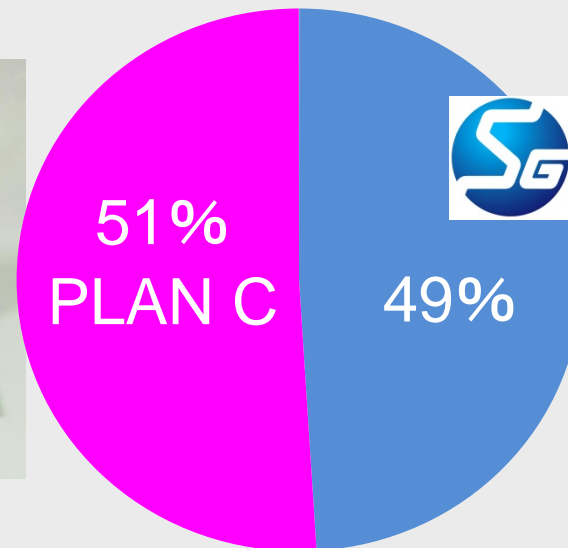
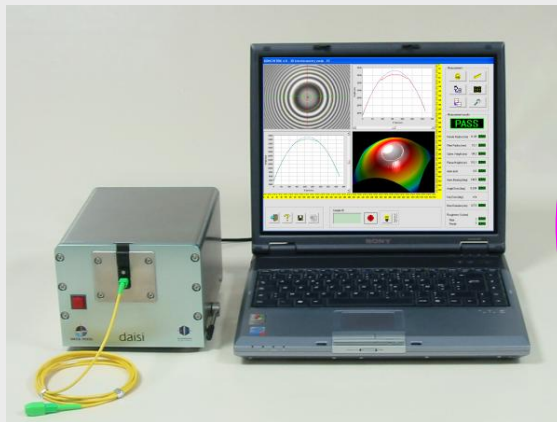
Achieve sales of ¥10 billion and an ordinary profit of ¥1.4 billion for FY2015



Expansion of existing operations

■ August 2012: Acquisition of an equity stake in DATA-PIXEL

- Top brand for measurement and inspection equipment for optical communication components
- Cooperation beyond mere sales extending to product development and manufacturing aspects



Expansion of existing operations

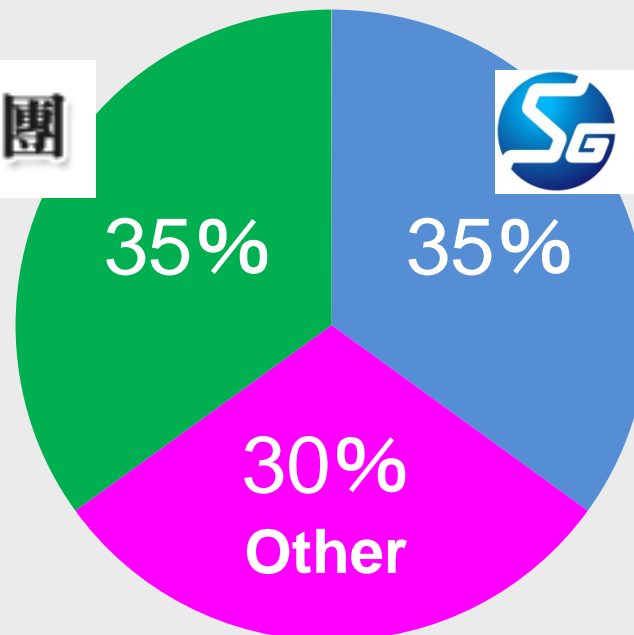
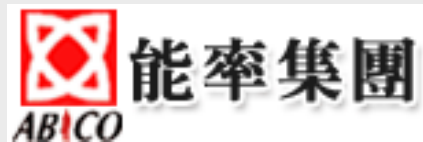
■ Profile of DATA-PIXEL



Established	2001
Location	Annecy, France
Capital	151,200 euro
Number of employees	7
Business lines	Development, manufacture, and sales of 3-dimensional molding measurement equipment, decenter measurement devices, and end face inspection equipment, etc.
Track record	An aggregate 1,000 systems supplied to users in around 30 countries worldwide
Relationship with Seikoh Giken	Regional sales agent agreements for Japan and China since 2002
Affiliates	RX-Solutions SAS (development of x-ray inspection equipment)

Creation of new businesses (1)

- **January 2013: Acquisition of an equity stake in Seinoh Optical Co., Ltd.**
 - **Entry into the medical equipment (contact lens) market**
 - **Strengthening of the molded-products business**



Creation of new businesses (1)

■ Profile of Seinoh Optical

Established		September 2007
Location		Taipei, Taiwan
Capital		NT\$ 240 million
Number of employees		90 employees (approx.)
Timeli ne	2007	Initiation of contact lens manufacture
	2009	Acquired permit to manufacture medical equipment (GMP) in Taiwan, CE mark, and ISO13485 certification
	2011	Acquisition of certification for 1-day contact lenses
	2012	Initiated full-scale sales of proprietary iLens brand in Taiwan Acquired certification for 2-week contact lenses



Creation of new businesses (1)

■ Contact lens market profile

Global market size
2010: US\$ 6 billion; 2013 US\$ 7 billion

Annual growth rate: 5 – 8%

Market driving countries and regions are China, Asia, and emerging economies in Eastern Europe

Demand growth in emerging economies centered on colored lenses and circle lenses

High barriers to entry

⇒ Requires a diversity of technologies
(Lens technology, optics, polymeric chemical materials, biological safety assessment, automation, plastic molding, etc.)

⇒ Medical equipment is subject of country specific regulations and necessary certifications

Market dominated by four large manufacturers (J&J, Ciba Vision, Cooper Vision, and Bausch & Lomb)



Creation of new businesses (1)

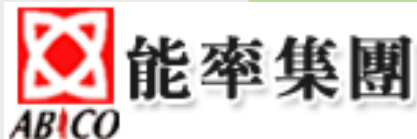
- The industry's first business model of Japan - Taiwan cooperation

Manufacture
Precision optics



Sales

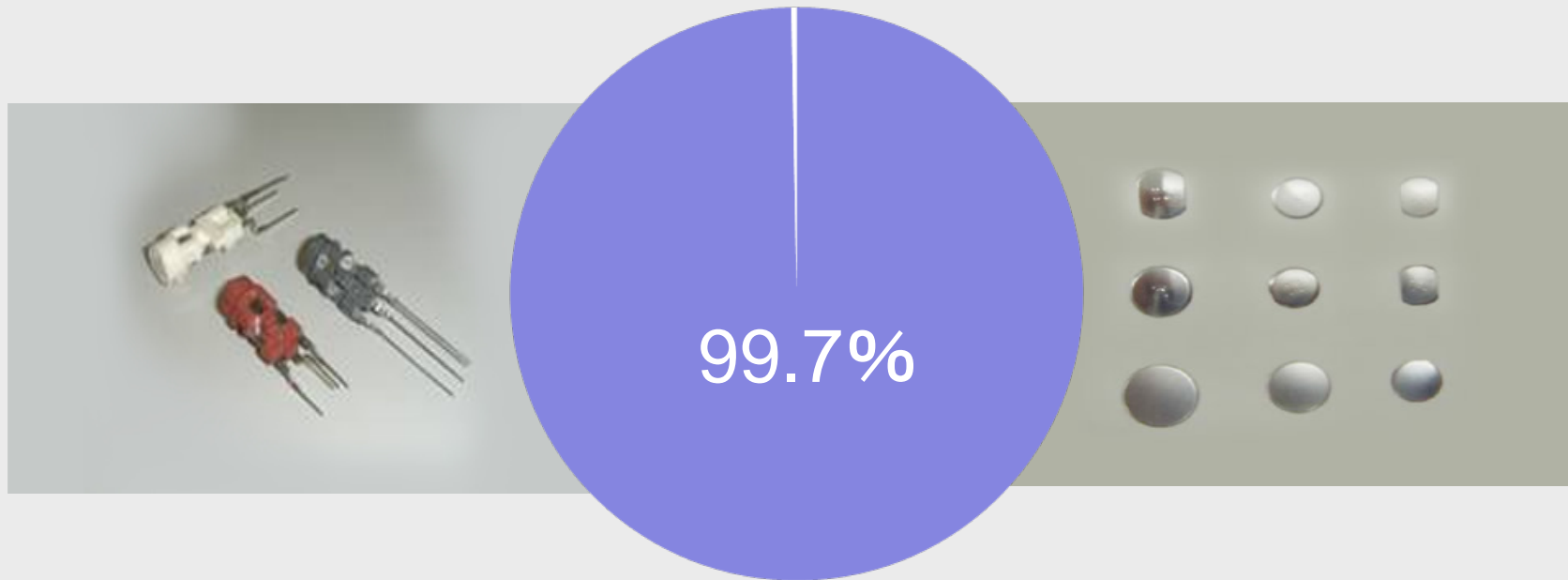
Quality



Creation of new businesses (2)

■ May 2013: Acquisition of an equity stake in Fuji Electronics Industries Co., Ltd.

- Expansion of molding technologies such as press molding and insert molding, etc.
- Entry into the automotive industry



Creation of new businesses (2)



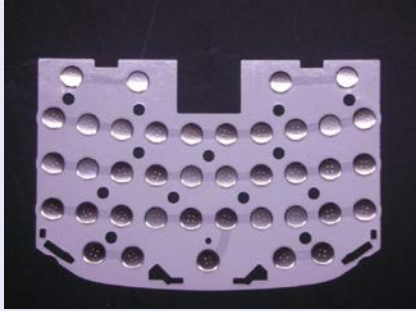
■ Profile of Fuji Electronics Industries

Established	November 1963
Location	Shizuoka city, Shizuoka prefecture
Capital	675 million yen (as of March 31, 2013)
Number of employees	142
Business lines	Automotive components 60%, Mobile phone components 30%, other products 10%
Track record	Sales revenue 4,890 million yen; ordinary income 550 million yen (as of March 31, 2013)



Creation of new businesses (2)

■ Main products

Business categories	Molded products	Pressed products	
Core products	Automotive applications Pressure sensors	Ultra-thin springs (dome contacts)	Dome sheets
Product example			
Product description	<ul style="list-style-type: none"> For use in hybrid vehicles 	<ul style="list-style-type: none"> Main application as smartphone side keys and for mobile phones 	<ul style="list-style-type: none"> Dome contacts mounted on dome sheets form set components used mostly for mobile phone operating switches
Main customers	Denso, Koito Manufacturing, etc.	Citizen Electronics, Mitsumi Electric, etc.	Nippon Mektron, Omron, etc.

Creation of new businesses (2)

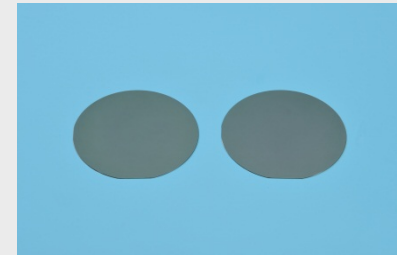
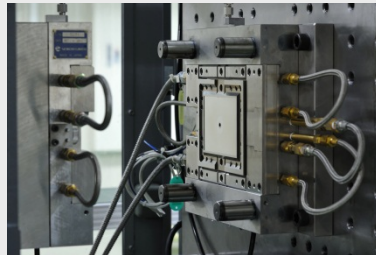
■ Synergy effects

	Seikoh Giken Group (SG)	Fuji Electronics Industries (FD)
Sales and marketing	<ul style="list-style-type: none"> ▪ FD products are marketed worldwide (U.S., Europe, China, etc.) through the sales network of SG ▪ For smartphone and mobile phone related products, mutual sharing of sales networks 	
Technologies	<ul style="list-style-type: none"> ▪ Sharing of mold technology, molding technology, and materials know-how, etc. 	
Manufacturing	<ul style="list-style-type: none"> ▪ FD uses precision molds of SG ▪ Circumvention of excessive risk concentration at plants of FD 	

Business operating policies / Precision machinery operations

Shift to "Molds" + "Molded products"

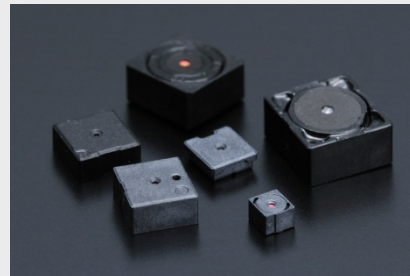
- Launch of molding business and expansion of order receipts
- Establishment of mass production technologies for micro transfer and thin-wall molding, etc.
- Upkeep of the maintenance business for optical disk molds



Business operating policies of the lens business

Development of new markets, new technologies, and new applications

- Start of mass production of high-resolution lenses
- Development of new markets and new customers
- Development of new lens manufacturing methods
- Development of applications outside smartphones and mobile phones



Business operating policies of the optical products business

Strengthening of sales and marketing geared at growth markets

Strengthening of price competitiveness

- **Strengthening of sales and marketing geared at China's offshore markets (Customers with headquarters in the U.S. and Europe who have production sites in China)**
- **Strengthening of sales of multi-core jumpers and new-type MT polishing machines**
- **Exhaustive reductions of procurement cost and manufacturing cost**



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2014/03 Term**

Forecast of Consolidated Business Results for 2014/03 Term

(¥ Million)	First half	Second half	Forecast of the 2014/03 Term	Results for the 2013/03 Term
Sales Amount	4,180	5,820	10,000	4,986
Operating Profit	0	250	250	(190)
Ordinary Profit	30	300	330	(30)
Net profit	(100)	150	50	(126)
Equipment Investment			783	256
Depreciation Expenses			992	262
R & D Expenses			329	244

Forecast of Consolidated Business Results (by Segment) for 2014/03 Term

(¥ Million)	First half	Second half	Forecast of the 2014/03 Term	Results for the 2013/03 Term
The Relation of Precision Machinery				
Sales Amount	2,300	3,800	6,100	1,233
Operating Expenses	2,330	3,640	5,970	1,472
Operating Profit	(30)	160	130	(239)
The Relation of Optical Communications				
Sales Amount	1,880	2,020	3,900	3,753
Operating Expenses	1,850	1,930	3,780	3,704
Operating Profit	30	90	120	49

