2006/03 Term

Summary of Financial Statements for the Fiscal Year Ended March 31, 2006 (Consolidated)

May 23, 2006

Company name	SEIKOH GIKEN Co., Ltd.		Listed market	JASDAQ
Code number	6834 (URL http://www.seikoh-giken.co.jp)		Location	Chiba Prefecture
Representative	Title	President & CEO		
	Name	Masatoshi Ueno		
For inquiry	Department in charge	Management Planning Office		
	Name	Yuji Saito, Team leader	TEL +81-47-388-6401	

Date of Board of Directors Meeting for closing May 23, 2006 U.S. GAAP Not adopted

1. Consolidated business results for 2006/03 Term (April 1, 2005 - March 31, 2006)

(1) Consolidated business performance

	Sales amount	Operating profit	Ordinary profit
	¥Million %	¥Million %	¥Million %
2006/03 Term	6,304 [3.3]	1,048 [(38.9)]	1,217 [(33.9)]
2005/03 Term	6,103 [(11.8)]	1,714 [(25.2)]	1,842 [(15.0)]

	Net profit	Net profit per share	Fully diluted earnings per share in net profit	Net profit ratio per shareholders' equity	Ordinary profit ratio to total assets	Ordinary profit ratio to sales amount
	¥Million %	Yen Sen	Yen Sen	%	%	%
2006/03 Term	756 [(57.2)]	81.11	80.93	3.1	4.7	19.3
2005/03 Term	1,768 [27.1]	189.39	188.90	7.5	7.3	30.2

(Notes) 1. Investment profit (loss) on equity method: [2006/03 Term] - ¥Million / [2005/03 Term] - ¥Million

2. Average number of shares issued (consolidated):
[2006/03 Term] 9,225,222 shares / [2005/03 Term] 9,266,435 shares

3. Changes in accounting procedures: None

4. Percentage figures for Sales amount, Operating profit, Ordinary profit and Net profit show the changes from the previous term.

(2) Consolidated financial conditions

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥Million	¥Million	%	Yen Sen
2006/03 Term	26,227	24,709	94.2	2,676 77
2005/03 Term	25,351	24,134	95.2	2,615 10

(Note) Number of shares issued (consolidated): [2006/03 Term] 9,228,166 shares / [2005/03 Term] 9,223,746 shares

(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 term
	¥Million	¥Million	¥Million	¥Million
2006/03 Term	1,570	(3,502)	(450)	2,863
2005/03 Term	2,766	(7,900)	(553)	5,219

(4) Matters regarding the scope of consolidation and application of the equity method
Consolidated subsidiaries: 4; Equity method non-consolidated subsidiaries: 0; Equity-method affiliates: 0

(5) Changes in the scope of consolidation and application of the equity method
Consolidated subsidiaries (New): 1; (Excluded): 0; / Equity-method subsidiaries (New): 0; (Excluded):0

2. Forecasts of consolidated performance for 2007/03 Term (April 1, 2006 - March 31, 2007)

	Sales amount	Ordinary profit	Net profit
	¥Million	¥Million	¥Million
Interim term	3,700	200	510
Full year	7,800	610	790

(Reference) Forecast of net profit per share for 2007/03 term (full year): 84.75 yen

*The above estimated figures are calculated based on the information available as of the date of disclosure of this material, and they include considerably uncertain factors. Actual results may differ depending on changes in business circumstances, etc. Please refer to page 9 for the matters concerning the forecasts stated above. The figures included in this report are rounded off for the monetary amounts displayed and rounded for the percentages and others displayed.

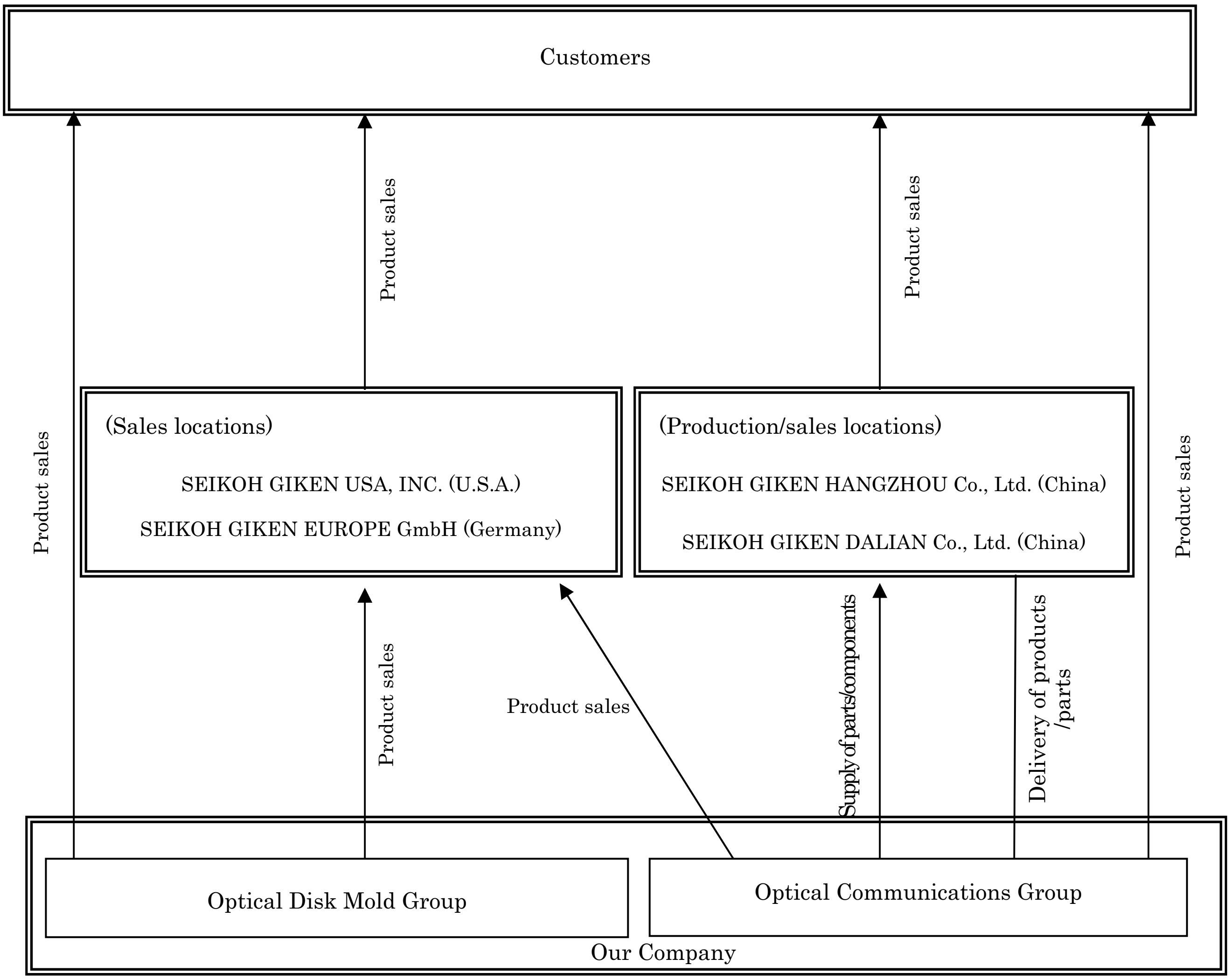
1. Conditions of SEIKOH GIKEN Group

The SEIKOH GIKEN Group, the Company and four consolidated subsidiaries, consists of two segments, the Optical Disc Mold segment that handles design, production and sales of precision molds centering on optical disk molds, and the Optical Communications segment that handles production and sales of optical components for optical communication and manufacturing devices for optical components.

The relationship between the Company and its subsidiaries concerning the relevant business is as follows;

Main products of each division		Subsidiaries constituting the Company Group and their functions	
Div.	Main products	Manufacturing	Marketing
Optical disc mold	Optical disc molds etc.	Our Company	Our Company SEIKOH GIKEN USA, INC. (U.S.A.) SEIKOH GIKEN EUROPE GmbH (Germany)
Optical communications	Optical connector Optical connector chord Optical attenuator Ferrule Optical connector polisher, etc.	Our Company SEIKOH GIKEN HANGZHOU Co., Ltd. (China) SEIKOH GIKEN DALIAN Co., Ltd. (China)	Our Company SEIKOH GIKEN USA, INC. (U.S.A.) SEIKOH GIKEN EUROPE GmbH (Germany) SEIKOH GIKEN HANGZHOU Co., Ltd. (China) SEIKOH GIKEN DALIAN Co., Ltd. (China)

The company group companies are as shown below:



2. Management policies

(1) Basic policies of corporate management

Our management philosophy is "Based on outstanding technologies and creativity, we will supply high-quality products, contribute to social evolution and development, and pursue the growth of the company and the happiness of employees, while at the same time fulfilling our social responsibilities." To realize this philosophy, we have set up the following five management policies. We will aim at attaining the contribution to the society by implementing these policies without fail and increasing the corporate value.

1) Customer satisfaction

All employees will hold the viewpoint of gaining customer satisfaction and work to improve our products in terms of quality, price, delivery time, and services to make our company trustworthy at all times.

2) Stable growth

We want to become a company that is constantly expanding, through reinforcing our customer bases, establishing an efficient organizational structure, and increasing the employee profitability per capita.

3) Top share of the world

From the international perspective, we will create a new value by promoting continued technological development and the acquisition of intellectual property. We will aim at the world's top share, offering the world's most trusted products (or brand).

4) Growth of individuals

We will support the individual growth of our employees through self-development and training, and increase the power of the organization as a whole by bringing about the best quality and the maximum capability in each employee.

5) Social contribution

We will contribute to the creation of a better society and a better environment through our business activities by strictly abiding by laws and regulations as a member of society, and achieve mutual prosperity with all cooperators around us.

(2) Basic policies for allocation of earnings

From the viewpoint of our management policy attaching more importance to our shareholders, we will continue to pay a stable dividend of ¥30 per share/annum to the shareholders. We also have a policy to return our profits to our shareholders according to our profits, aiming at over 30% of the consolidated net profits. Regarding the use of the internal reserves, we will use them in facilities investment for expanding the existing businesses and for the development of a new business and new technology/new products to reinforce our business base and further enhance our corporate value.

(3) Concept and policy on reducing the unit of share trading

We consider reducing the unit of share trading to be an important management issue for increasing the number of personal investors and revitalizing the share distribution in the market. At present, however, we have not determined specific measures and an implementation schedule yet.

(4) Management index targets

In order to accomplish stable growth of our operating revenue, we regard the expansion of the existing business and the development of new businesses as important management targets. We are carrying out management activities with an emphasis on aiming to increase the amount of sales and profits through the effective utilization of management resources, aggressive business investment and the pursuit of efficiency.

(5) Management strategies in the long and medium terms

The information and telecommunication industries in which the Company and the group subsidiaries are doing business at present are characterized by extremely serious waves of changes. The equipment investments by our customers are prone to be influenced by the market trends, which tends to have a significant impact on the business performance of our Group. We have set up the medium-term management policies as follows so as to attain a stable business growth under such circumstances and continue to increase the shareholders' value of the Company.

1) Growth and efficiency improvement of existing businesses

In the existing business operations, we will develop creative new products and new technology on the basis of "high-precision processing technology," which we have accumulated since the foundation of the Company, and develop more products meeting the needs of the market. At the same time, we will increase the sales amount and maintain/expand the market share by taking appropriate marketing measures. Concurrently, we will pursue the optimization of manufacturing, distribution and sales through organic functions/liaison among the Company Group subsidiaries as well as more efficient business operations.

2) New business launch

We will aim at establishing the third and fourth core businesses by introducing an external new technology in addition to the application of "high-precision processing technology" and "precision polishing technology" we have in the Company. Besides the information and telecommunications industries in which our Company has currently put an emphasis on, we will establish a versatile portfolio of business on a planned basis by going into the industries related to "automobiles and energy" and "medical technology and biotechnology."

(6) Issues to be addressed by the Company

1) Continuous growth of the existing business

To maintain or increase our market share and continuously improve our brand value in the highly competitive market, the following features are necessary: a wide range of product lineups, highly reliable quality, sales networks that efficiently cover the market, and the capacity for technological development to realize the customers' requests. Through the establishment and improvement of internal technology development and the promotion of marketing strategies, we intend to develop/strengthen such efforts through positive alliances with other companies and expand our sales and profits in a sustainable manner.

2) Efficiency improvement

We acquired the optical business operations from Seiko Instruments Inc. (SII) last September, resulting in the acquisition of the new customer base and the expanded product portfolio. At present, we are integrating the similar products handled by both of the companies to seek improved efficiency, and are putting an emphasis on new product development and making efforts to create synergy effects through integration. In January this year, we also acquired the optical business operations in the SII factory in Dalian, China to start manufacturing ferrules as the main parts of the optical connector, which is contributing to the reduction of manufacturing costs by the internal manufacturing of components. Together with the existing Hangzhou Factory, our two manufacturing locations in China are proceeding with the internal manufacturing of components and further improvement of manufacturing efficiency.

3) Enhancement of development

It is necessary for us to accelerate the speed of aggressive business development and new product development in order to expand continuously the value of our Company Group for the future and enhance the market competitiveness. We will make efforts to improve the level of our internal technological seeds by aggressively creating the opportunities to meet the development needs with participation in the marketing activities and exhibitions, by gathering the ideas for new business and new product development and by making alliances with other companies, universities and research institutes. Furthermore, we will aim at strengthening the comprehensive development capabilities by holding business plan conferences on a planned basis and making an appropriate decision on the implementation or withdrawal of development projects.

4) Social contribution

The Company acquired the certification of ISO14001 in February last year. We will continue to take stronger measures for global environmental protection by maintaining and improving these efforts in the future. In addition, we acquired the certification of ISMS (Information Security Management System) and the certification of BS7799 in March this year. We are committed to becoming a business corporation continuing to contribute to the society on a permanent basis by making an appropriate administration of important information property such as our core technological information including personal information of our shareholders and customers and becoming a corporation trusted by all the stakeholders of our Company.

(7) Matters related to the parent company
This item does not apply to our company since our Company does not have any parent company.

(8) Basic concept of corporate governance and the implementation status of the measures
The descriptions are omitted here since the "Basic concept of corporate governance and the implementation status of the measures" and the "Status of development/operations of the internal control structure" are the same in the items and contents as those to be described in "Report on corporate governance."

3. Business results and financial conditions

(1) Business results

(Summary)

During the current consolidated accounting term, the Japanese economy steadily improved in terms of corporate earnings under unstable elements such as crude oil price increases, and ended with the significant recovery in facility investment and the stock market. Under this background, the employment environment and the income environment have improved, showing a recovery trend also, if somewhat slow, in personal spending. In March this year, the Bank of Japan announced the quantitative monetary relaxation and the Japanese economy is taking steady steps toward a stable growth course departing from deflation.

In the information and telecommunications industries that are in the peripheral areas of information telecommunications/digital electronic appliance industries related to our business operations, the increase in the information infrastructure construction and the information traffic volume gained the acceleration and the sales of high power personal computers, the flat-screen TV sets and DVD recorders showed steady results coupled with the opening of the Turin Winter Olympics. On the other hand, with the increase in the prices of materials and the decrease in retail prices to consumers, the industrial competition of companies became more stringent, resulting in corporate shakeouts and restructurings.

Under these business environments, our Company Group has been endeavoring to gain the basis for becoming a corporation that attains a steady corporate growth and contributes to the society in a wide area of business operations toward the future.

In September last year, we acquired the optical business operations of SII and its subsidiaries as well as the strong relationship with their powerful customers in Japan and overseas, which expanded the range of products sold and increased the sales revenue of the optical product division. In the technology area also, we acquired new technology that did not exist in our Company group and expanded the options in the future business development.

In addition, in the Research and Development Division, we established the marketing organization in charge of the functions linking the development projects and the market needs in order to accelerate the construction of a new business that follows the two business divisions constituting the current business revenues, the Optical Disc Mold and the Optical Communications. At the same time, we established the Incubation Group seeking a next generation business from long-term perspectives, and prepared the foundation for utilizing the high-precision processing technology as our core technology of the Company in a wider business arena.

Furthermore, in March this year, we acquired the certification of BS7799 and the certification of ISMS (Information Security Management System) from a third party organization to certify that our important information property including personal information such as shareholder information and customer information is controlled in a safe and appropriate manner in order for the Company to become a corporation that is trusted and continuously contributes to the society over the future.

As the results of implementing these measures, the sales amount of this consolidated accounting term increased by 3.3% as compared with the previous consolidated accounting term to ¥6,304,666 thousand. On the other hand, in the profit/loss statements, the ordinary profit decreased by 33.9% as compared with the previous consolidated accounting term to ¥1,217,940 thousand, since the sales amount of the comparatively profitable Optical Disc Mold Group dropped. The net profit reduced by 57.2% to ¥756,380 thousand, compared with the previous consolidated accounting term with less corporate tax, etc.

(Summary by segment)

1) Optical Disc Mold

In the market surrounding the Optical Disc Mold Group whose major products are optical disc molds, the penetration of DVD devices into the household in general is on the increase, but the supply capacity of the manufacturers of DVDs is regarded to have exceeded the demand. The new investment in DVD manufacturing facilities has lost steam.

The DVD recorder price is on the decrease and the number of DVD drive installations on Personal Computers is on the increase. Therefore, the production of DVDs is expanding, but the retail price in the market is in a declining trend. Furthermore, the price of polycarbonate as the material for DVDs has soared since last year. Optical disc manufacturers encounter these two problems and are in a difficult position to make profits. Some manufacturers are making a shift to the two-layer DVDs and the 8cm discs used for video cameras, which require design diversification and precision improvement.

On the other hand, with regard to the next generation optical discs that are under the leadership struggle between the HD-DVD arena and the Blue-ray disc arena, the recording devices and the playing devices under these technologies are being released into the retail market. However, stable mass production technology for optical discs is still to be established. A fusion of telecommunication and broadcasting will be promoted, while TV broadcasting in Japan will go into the age of perfect digitalization from 2011. The advent of next-generation optical discs is certainly needed to enable playing and recording of mass storage of data, but the timing for optical disc manufacturers to start full-fledged investment in facilities for mass production is still lacking in transparency. Our Group companies have already provided trial molds for these two technology groups and have been proceeding with the mold technology development toward mass production such as the shortening of a mold cycle and the reduction of the failure ratio.

Furthermore, at the mold maintenance locations in the U.S.A., Taiwan and Germany, we made efforts to improve customer satisfaction and gather market information by visiting these optical disc manufacturers frequently to repair the molds and exchange consumable parts.
As a result, the sales amount of the Optical Disc Mold Group in the current consolidated accounting term was reduced by 17.0% as compared with the previous consolidated accounting term to ¥4,029,400 thousand.

2) Optical Communications

In the market surrounding the Optical Communications Group handling optical telecommunication parts and the related manufacturing devices as main products, information telecommunication networks using optical fibers are on the increase in a worldwide scale. There is an increase in digital data year by year flowing through the Internet. Advanced countries like Japan and the U.S.A. are competing to construct the information infrastructure.

Under these circumstances, the Optical Communications Group acquired the optical business operations of SII last September to strengthen business competitiveness through the expansion of scale. This has enabled our sales forces to acquire a new customer base mainly in Japan and Europe, expanding the sales scale significantly and a further penetration of the "SEIKOH GIKEN Brand" in wider markets. In addition, we acquired the Dalian Factory in China, a manufacturing location for the ferrule, main parts for the optical connector, which added new technology like "mass production technology" and "ceramics molding" to our own "precision processing technology" and "precision polishing technology" accumulated in the Company Group so far. The expanded range of technology has widened the possibilities of business development of our Company Group in a variety of areas. At present, we are in the process of integrating the products handled by both of the companies in order to create synergy effects of the integration of the companies.

In March this year, we concluded a basic agreement with NEC TOKIN Corporation to acquire the optical device business of the company. We will promote the development of products with a higher added value by acquiring a new technology, while expanding the range of products handled and strengthening the relationship with influential customers.

Furthermore, in the same month, we decided to set up a new sales company in Hong Kong, China. The new company will be taking over the sales location in Singapore installed by SII and will play the role of covering every promising area of the optical communication markets in the future, such as Southeast Asian countries and India. We also plan to use this base as an important strategic location functioning as the traffic base to distribute the products manufactured in the Chinese factories of our Group to the world.

As a result, the sales amount of the Optical Communications Group in the current consolidated accounting term increased by 81.9% as compared with the previous consolidated accounting term to ¥2,275,265 thousand.

(2) Financial conditions

Cash flow status

The balance of cash and cash equivalents at the end of the current consolidated accounting term was ¥2,863,362 thousand, resulting in the reduction of ¥2,356,310 thousand versus ¥5,219,672 thousand at the end of the previous consolidated accounting term. The status and factors of cash flow from respective activities are as follows:

(Cash flow from operating activities)

The fund earned from operating activities during the accounting term was ¥1,570,073 thousand (down ¥1,196,242 thousand from the previous consolidated accounting term). The main components of the income from operations are ¥1,198,517 thousand of the net profit before taxes and other adjustments and ¥573,477 thousand of depreciation. The main components of the outlay were ¥201,479 thousand of expenditure of corporate taxes and others.

(Cash flow from investing activities)

The fund used for investing activities was ¥3,502,415 thousand (down ¥4,397,846 thousand from the previous consolidated accounting term).

The main components of the income from investing activities were ¥8,012,034 thousand of the income from the repayment of time deposit and ¥1,485,500 thousand of income from the sale of investment securities and others. The main components of outlays were ¥11,012,034 thousand of time deposit payment, ¥908,231 thousand of business acquisitions and ¥769,164 thousand in payment for acquisition of new consolidated subsidiaries.

(Cash flow from financing activities)

The fund used for financing activities was ¥450,253 thousand (down ¥103,083 thousand from the previous consolidated accounting term). The main component of the expenditure for financing activities was ¥459,864 thousand of dividend payments.

The Company's cash flow indicators are as follows:

	2003/03 Term	2004/03 Term	2005/03 Term	2006/03 Term
Equity ratio (%)	95.8	91.3	95.2	94.2
Equity ratio on market value (%)	74.5	203.6	118.2	145.7
Debt redemption period (year)	-	-	-	-
Interest coverage ratio (times)	-	-	-	-

Equity ratio: Shareholders' equity/total assets

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

Equity redemption years: Interest-bearing liabilities/operating cash flow
Interest coverage ratio: Operating cash flow/interest payment

* Calculation of each indicator is based on financial figures from the consolidated accounting base.
* 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 based on the cash flow from operating activities in the consolidated cash flow statements.
* Since there were no interest-bearing liabilities or interest payments, neither “Debt redemption period” nor “Interest coverage ratio” is described.

(3) Forecast of the next accounting term

In the 2007/03 Term (April 1, 2006 - March 31, 2007), the Optical Disc Mold Group will improve the mold design and its precision toward the commencement of mass production of the next generation optical disc following the DVD, and will continue to strengthen further the relationship with influential optical disc manufacturers of each country. The Optical Communications Group will streamline and integrate the products of the former SII products, and start an efficient utilization of the two manufacturing locations in China and the sales location to be set up in Hong Kong in June this year. We will construct the business structure for offering a high quality product efficiently at a price demanded by the market. Furthermore, we plan to acquire the optical device business from NEC TOKIN Corporation in June this year, which will contribute to increasing the sales amount of the optical product division in the current accounting term.

In addition, we sold our investment securities in April 2006, bringing about ¥403 million of special profits.

Subsequently, the 2007/03 Term business performance is forecast to produce ¥7,800 million of the sales amount, ¥610 million of the ordinary profit and ¥790 million of the net profit.

4. Risk of business

(1) Changes in economy

The demands for the products and services of our Company Group are influenced by the economical situations of the countries where we provide the products and services. Therefore, if there are changes in the economic environment of Asia and North America, major markets of our Company Group, it will give an impact on the business performance and the financial conditions of our Company Group.

(2) Changes in foreign exchange rates

Our Company group has consolidated subsidiaries overseas and is exporting the products to various countries overseas. Generally speaking, a stronger yen against other foreign currencies brings an unfavorable influence to the business performance of our Company Group, and a weaker yen brings a favorable influence. Since our Company Group has consolidated subsidiaries that have manufacturing facilities in China, if the Chinese currency of Yuan becomes stronger, it will push up the manufacturing costs in China. It will possibly lower the competitiveness of our Company Group.

(3) New product development

Our Company Group well understands that it is the requirement for enabling the growth/continuation of our Company Group to capture the future market needs for optical disc molds and optical telecommunication parts as soon as possible and develop innovative products and technology. The changes in the market, however, are rapidly taking place and the market launch process of new products and development is complex and highly uncertain due to its characteristics. If our Company Group cannot forecast such changes in the market needs or cannot develop an attractive new product, and if technological innovation appears and causes the obsolescence of our products, it will give a great impact on the business performance and the financial conditions of our Company Group.

(4) Price competition

The products and services offered by our Company Group are targeted at those companies belonging to the industries of machinery manufacturing, optical disc manufacturing and optical telecommunications. Those industries are suffering from serious price competition due to participation of competitors from China and other countries and are giving us a pressure for lowering the prices of our products and services. Our Company Group continues to carry out efforts for reducing costs, but if market prices for products and services keep on dropping for a long time and we lose price competitiveness, it will affect the business performance and the financial conditions of our Company Group.

(5) International activities

Our Company Group has business locations in the U.S.A., Germany, China and Taiwan and is carrying out global manufacturing and marketing activities there. If any risk as listed below takes place in any of these countries, it will possibly give a negative influence to the business performance and the financial conditions of our Company Group.

- Unfavorable political or economical factors (such as import restriction)
- Unexpected changes in systems, laws or regulations
- International tax risk such as transfer price taxation and others
- Any risk causing an impediment or disturbance in manufacturing activities due to power failure or flood arising from insufficient infrastructure, or risk related to such failure, resulting in the decline in customers' support of products and services of our Company Group
- Labor dispute including strikes
- Difficulty of employing and securing the personnel
- Social disturbance such as terrorism, war, regional epidemic disease and other factors

(6) Dependence on particular customer

Our Company group is manufacturing optical disc molds and selling its greater part to Sumitomo Heavy Industries, Ltd. Out of the consolidated sales amount in the 2006/03 Term, 33.9% is from the company, and out of the total operating receivables of our Company Group, 43.5% is from the company. Therefore, if a significant change occurs such as a change in the management performance of the company, a change in their business policy or a change in the relationship between the company and our Company Group, it can possibly affect the business performance or the financial conditions of our Company Group.

(7) Securing and developing human resources

To continue to enhance the corporate value, it is essential for our Company Group to secure and develop human resources with excellent abilities in technology and management. In this connection, the competition for acquiring excellent human resources is really formidable. Therefore, it is not necessarily possible to continue securing human resources needed by our Company Group. While we sufficiently invest in the development of human resources and the training of employees, there is a significant tendency of mobility in human resources under the current changing employment situations. There can be an outflow of human resources from our key personnel. From the long-term viewpoints, the business performance and the financial conditions of our Company Group can be affected if plans are not carried out as expected to secure and develop excellent human resources.

(8) Limitation to intellectual property protection

Our Company Group has positively acquired the intellectual property rights such as patents and design registrations with regard to important technology and know-how from the strategic viewpoints to protect our rights. While we make the best efforts for the protection of intellectual property rights, there are cases where the protection of these rights is difficult or only protected in a limited manner in particular areas of the world. As a result, it may be possible that we cannot prevent the manufacturing of products imitating the technology of our Company Group.

(9) Product defect

Although our Company Group is making the best possible efforts for maintaining the quality of products, the business performance and the financial conditions of our Company Group can be affected by expenses for compensation or complaint responses to the customers if a defect occurs with the products sold.

(10) Success/failure of tie-up with other companies

To win the heavy competition and heighten the corporate value continuously, it is necessary for our Company Group to acquire a new technology in addition to further improve our core technology accumulated by us. For this purpose, our Company Group continues to develop a product targeting at the next generation at all times and promotes the alliance with other companies aggressively, such as seeking an M&A possibilities and technical tie-up with a company having the technology that we do not have. But, in order to realize a tie-up producing synergy effects with other companies owning an attractive technology, a huge amount of investment may be needed. Also, a plan may not be carried out as expected if a problem arises in the intellectual property rights or human relations. If alliances with other companies cannot be achieved as planned over a long range of time, it may possibly cause the slowdown in technology innovation in our Company Group and lower the corporate competitiveness.

(11) Asset-impairment accounting

If the market condition or business environment significantly worsens, it is conceivable that the market values of the assets owned by our Company Group may drop and the business profitability arising from the assets may go down. If such a situation occurs, asset impairment can take place with the fixed assets owned by our company, which may affect the business performance and the financial conditions of our Company Group.

(12) Natural disaster

The Headquarters and Main Plant of our Company Group is located at the Matsuhidai Industrial Park in Matsudo City of Chiba Prefecture. In addition to the Main Plant, there are Plant No. 1, Plant No. 2 and Plant No. 4. in the same industrial park. In particular, the facilities of the Main Plant, which is the primary manufacturing base of the Company, are constructed with seismically-isolated structures resistible against a large-scale earthquake. If, however, an extremely large-scale earthquake should occur, causing enormous regional damages, there is no guarantee for preventing or reducing the influences of such an earthquake completely.

Furthermore, our Company Group is undertaking the business activities in various foreign countries such as the U.S.A., Germany, China, Taiwan and so forth. If the business operations should be suspended for a long period of time due to a natural disaster like an earthquake in these areas, the business performance and the financial conditions of our Company Group can be affected.

4. Consolidated Financial Statements

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: Thousand Yen)

Item	Notes No.	Current Consolidated Accounting Year (As of March 31, 2006) Amount		Percentage	Previous Consolidated Accounting Year (As of March 31, 2005) Amount		Percentage
(Assets)				%			%
I. Current Assets							
1. Cash and deposits			13,275,534			13,231,706	
2. Notes receivable and trade accounts receivable			2,092,977			2,021,362	
3. Inventory assets			1,185,331			775,508	
4. Uncollected income taxes			-			92,716	
5. Others			369,679			265,758	
Bad debt allowance			(8,231)			(3,507)	
Total Current Assets			16,915,290	64.5		16,383,545	64.6
II. Fixed Assets							
1. Tangible fixed assets							
(1) Buildings and structures		4,156,668			4,149,654		
Accumulated depreciation		1,597,320	2,559,348		1,445,960	2,703,694	
(2) Mechanical equipment and vehicles		2,196,844			1,262,798		
Accumulated depreciation		1,285,973	910,870		972,249	290,548	
(3) Land			2,211,508			2,211,508	
(4) Others		1,279,534			1,026,188		
Accumulated depreciation		932,287	347,246		804,111	222,077	
Total tangible fixed assets			6,028,973	23.0		5,427,828	21.4
2. Intangible fixed assets							
(1) Trade rights			347,876			67,300	
(2) Others			178,196			143,788	
Total intangible fixed assets			526,073	2.0		211,089	0.8
3. Investment and other assets							
(1) Investment securities			1,137,550			2,235,902	
(2) Investment real assets	*1		908,849			923,207	
(3) Others			711,348			170,395	
Bad debt allowance			(507)			(507)	
Total investment and other asset			2,757,240	10.5		3,328,996	13.1
Total Fixed Assets			9,312,287	35.5		8,967,915	35.4
Total Assets			26,227,578	100.0		25,351,460	100.0

(Unit: Thousand Yen)

Item	Notes No.	Current Consolidated Accounting Year (As of March 31, 2006) Amount	Percentage	Previous Consolidated Accounting Year (As of March 31, 2005) Amount	Percentage
(Liabilities)			%		%
I. Current Liabilities					
1. Trade accounts payable		199,138		241,318	
2. Accrued income taxes		254,250		42,679	
3. Others		361,960		330,602	
Total Current Liabilities		815,349	3.1	614,600	2.5
II. Fixed Liabilities					
1. Allowance for retirement benefits for directors		136,350		130,850	
2. Allowance for retirement benefits		223,055		218,665	
3. Guarantee deposit received	*1	171,330		171,330	
4. Deposit key money	*1	19,037		19,037	
5. Others		73,891		-	
Total Fixed Liabilities		623,663	2.4	539,882	2.1
Total Liabilities		1,439,012	5.5	1,154,482	4.6
(Minority Interest)					
Minority Interest		78,782	0.3	62,900	0.2
(Shareholders' Equity)					
I. Capital		6,791,682	25.9	6,791,682	26.8
II. Capital Surplus		10,571,419	40.3	10,571,419	41.7
III. Retained Earnings		7,412,828	28.3	7,134,303	28.1
IV. Differential from Valuation of Securities and Others		241,453	0.9	32,031	0.1
V. Foreign Exchange Translation Adjustment		6,738	0.0	(67,840)	(0.2)
VI. Treasury Stocks		(314,340)	(1.2)	(327,519)	(1.3)
Total Shareholders' Equity		24,709,782	94.2	24,134,077	95.2
Total Liabilities, Minority Interest and Shareholders' Equity		26,227,578	100.0	25,351,460	100.0

(2) Consolidated Income Statement

(Unit: Thousand Yen)

Item	Note s	Current Consolidated Accounting Year (from April 1, 2005 to March 31, 2006) Amount		%	Previous Consolidated Accounting Year (from April 1, 2004 to March 31, 2005) Amount		%
				%			%
I. Sales Amount			6,304,666	100.0		6,103,562	100.0
II. Cost of Sales			3,228,424	51.2		2,758,574	45.2
Gross Profit			3,076,241	48.8		3,344,988	54.8
III.Selling, General and Administrative expenses	*1/2		2,028,137	32.2		1,630,672	26.7
Operating Profit			1,048,104	16.6		1,714,315	28.1
IV. Non-operating Income							
1. Interest received		8,926			10,915		
2. Dividends received		35,068			36,096		
3. House rent income		38,400			38,400		
4. Patent royalties		23,551			20,327		
5. Foreign exchange gains		39,161			29,009		
6. Others		47,406	192,513	3.1	30,033	164,782	2.7
V. Non-operating Expenses							
1. Cost of house rent income		20,287			25,238		
2. Treasury stock purchase		-			7,338		
3. Others		2,389	22,677	0.4	3,848	36,424	0.6
Ordinary Profit			1,217,940	19.3		1,842,672	30.2
VI. Extraordinary Profit							
1. Gain on sale of fixed	*3	348			437		
2. Reversal of bad debt allowance		-	348	0.0	15,587	16,024	0.3
VII. Extraordinary Loss							
1. Loss on sale of fixed assets	*4	-			32		
2. Loss on retirement of fixed assets	*5	5,271			2,272		
3. Loss on sale of investment securities		14,500	19,771	0.3	5,263	7,569	0.1
Net Profit before Taxes and Other Adjustment			1,198,517	19.0		1,851,128	30.3
Corporate Taxes, Local and Enterprise Taxes		373,216			282,778		
Adjustment to Corporate Taxes		63,549	436,766	6.9	(209,325)	73,452	1.2
Minor Shareholders' Profit			5,370	0.1		9,578	0.2
Net Profit			756,380	12.0		1,768,096	29.0

(3) Consolidated Surplus Statement

(Unit: Thousand Yen)

Item	Notes No.	Current Consolidated Accounting Year (from April 1, 2005 to March 31, 2006) Amount		Previous Consolidated Accounting Year (from April 1, 2004 to March 31, 2005) Amount	
(Capital Surplus)					
I. Balance of Capital Surplus at the Beginning of the Term			10,571,419		10,571,495
II. Capital Surplus Increase					
1. Gain on sale of treasury stocks		-	-	17	17
III. Capital Surplus Decrease					
1. Loss on sale of treasury stocks		-	-	92	92
IV. Balance of Capital Surplus at the End of Term			10,571,419		10,571,419
(Retained Earnings)					
I. Balance of Retained Earnings at the Beginning of Term			7,134,303		5,658,734
II. Increase in Retained Earnings					
Net Profit		756,380	756,380	1,768,096	1,768,096
III. Decrease in Retained Earnings					
1. Dividend		461,187		279,163	
2. Benefit for directors		13,100		12,000	
3. Loss on sale of treasury stocks		3,567	477,855	1,363	292,527
IV. Balance of Retained Earnings at the End of Term			7,412,828		7,134,303

(4) Consolidated Cash Flow Statement

(Unit: Thousand Yen)

Item	Note No.	Current Consolidated Accounting Year (from April 1, 2005 to March 31, 2006) Amount	Previous Consolidated Accounting Year (from April 1, 2004 to March 31, 2005) Amount
I. Cash Flow from Operating Activities			
1. Net profit before taxes and other adjustment		1,198,517	1,851,128
2. Depreciation expenses		573,477	500,016
3. Interest received and dividends received		(43,994)	(47,011)
4. House rent income		(38,400)	(38,400)
5. Miscellaneous income		(3,295)	(8,564)
6. Cost of house rent income		-	8,265
7. Miscellaneous expenses		277	-
8. Gain on sale of fixed assets		(348)	(437)
9. Loss on sale of fixed assets		-	32
10. Loss on retirement of fixed assets		5,271	2,272
11. Loss on sale of investment securities		14,500	5,263
12. Increase/(decrease) in bad debt allowance		4,572	(17,327)
13. Increase/(decrease) in allowance for retirement benefits for directors		5,500	8,490
14. Increase/(decrease) in allowance for retirement benefits		4,389	8,663
15. (Gain)/loss on valuation of foreign currency deposit		(1,654)	4,111
16. (Increase)/decrease in trade accounts receivable		(41,598)	1,542,152
17. (Increase)/decrease in inventory assets		114,022	92,868
18. (Increase)/decrease in construction in progress		(23,813)	-
19. (Increase)/decrease in other current assets		(82,469)	6,563
20. Increase/(decrease) in trade accounts payable		(90,167)	(3,129)
21. Increase/(decrease) in other current liabilities		56,978	(93,099)
22. Bonus paid to directors		(13,100)	(12,000)
Subtotal		1,638,664	3,809,857
23. Interest and dividends received		42,051	45,701
24. Repayment of corporate taxes and others		90,837	-
25. Payment of corporate taxes and others		(201,479)	(1,089,242)
Cash Flow from Operating Activities		1,570,073	2,766,316
II. Cash Flow from Investing Activities			
1. Payment into time deposit		(11,012,034)	(8,011,986)
2. Income from repayment of time deposit		8,012,034	415,558
3. Payment for acquisition of tangible fixed assets		(241,145)	(261,181)
4. Income from sale of tangible fixed assets		2,937	8,013
5. Payment for acquisition of intangible fixed assets		(55,779)	(89,912)
6. Payment for acquisition of investment securities		(50,269)	(261)
7. Income from sale of investment securities		1,485,500	3,984
8. Payment for acquisition of business	*2	(908,231)	-
9. Payment for new acquisition of consolidated subsidiaries	*3	(769,164)	-
10. House rent income		38,400	38,400
11. Income from guarantee deposit received		-	30
12. Cost of house rent income		-	(8,265)
13. Payment for other investing activities		(5,173)	(3,738)
14. Income from other investing activities		510	9,097
Cash Flow from Investing Activities		(3,502,415)	(7,900,261)
III. Cash Flow from Financing Activities			
1. Income from sale of treasury stocks		9,841	6,123
2. Payment for purchase of treasury stocks		(230)	(281,419)
3. Payment of dividends		(459,864)	(278,041)
Cash Flow from Financing Activities		(450,253)	(553,337)
IV. Conversion Differentials Related to Cash and Cash Equivalents		26,284	4,521
V. (Decrease) in Cash and Cash Equivalents		(2,356,310)	(5,682,761)
VI. Opening Balance of Cash and Cash Equivalents		5,219,672	10,902,433
VII. Ending Balance of Cash and Cash Equivalents	*1	2,863,362	5,219,672

(Segment Information)

1. Segment Information by Business Type

Current Consolidated Accounting Year (April 1, 2005 - March 31, 2006) (Unit: Thousand Yen)

	Optical Disk Mold Group	Optical Communications Group	Total	Elimination or Company-total	Consolidated
I. Sales Amount and Operating Profit					
Sales Amount					
(1) Sales amount to external customers	4,029,400	2,275,265	6,304,666	-	6,304,666
(2) Internal sales amount or transfer amount between segments	-	-	-	-	-
Total	4,029,400	2,275,265	6,304,666	-	6,304,666
Operating Expenses	2,754,083	2,502,478	5,256,562	-	5,256,562
Operating Profit or (Loss)	1,275,317	(227,213)	1,048,104	-	1,048,104
II. Assets, Depreciation Expenses and Capital Expenditure					
Assets	2,927,067	4,122,818	7,049,886	19,177,691	26,227,578
Depreciation Expenses	164,442	209,900	374,342	199,135	573,477
Capital Expenditure	53,911	1,165,656	1,219,568	214,904	1,434,473

(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: Mold for optical disc molding, mold for powder metallurgy molding

(2) Optical Communications Group: Optical connector, optical connector chord, attenuator, light-gathering optical fiber, optical connector polishing machine, light measurement inspection device and others

3. The company-wide asset amount included in the "Elimination or Company-total" item out of the total assets is ¥19,177,691 thousand and its main components are surplus funds for investment (cash and securities) related to administrative organizations.

Previous Consolidated Accounting Year (April 1, 2004 - March 31, 2005) (Unit: Thousand Yen)

	Optical Disk Mold Group	Optical Communications Group	Total	Elimination or Company-total	Consolidated
I. Sales Amount and Operating Profit					
Sales Amount					
(1) Sales amount to external customers	4,853,036	1,250,526	6,103,562	-	6,103,562
(2) Internal sales amount or transfer amount between segments	-	-	-	-	-
Total	4,853,036	1,250,526	6,103,562	-	6,103,562
Operating Expenses	3,029,962	1,359,284	4,389,247	-	4,389,247
Operating Profit or (loss)	1,823,073	(108,757)	1,714,315	-	1,714,315
II. Assets, Depreciation Expenses and Capital Expenditure					
Assets	3,414,013	2,021,144	5,435,157	19,916,303	25,351,460
Depreciation Expenses	163,341	139,467	302,808	180,235	483,043
Capital Expenditure	35,105	74,444	109,550	59,219	168,769

(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: Mold for optical disc molding, mold for powder metallurgy molding

(2) Optical Communications Group: Optical connector, optical connector chord, attenuator, light-gathering optical fiber, optical connector polishing machine, light measurement inspection device and others

3. The company-wide asset amount included in the "Elimination or Company-total" item out of the total assets is ¥19,916,303 thousand and its main components are surplus funds for investment (cash and securities) related to administrative organizations.

2. Segment Information by Location

Current Consolidated Accounting Year (April 1, 2005 - March 31, 2006)

(Unit: Thousand Yen)

	Japan	North America	Asia	Europe	Total	Elimination or Company-total	Consolidated
I. Sales Amount and Operating Profit							
Sales Amount							
(1) Sales amount to external customers	3,743,923	1,371,762	592,285	596,695	6,304,666	-	6,304,666
(2) Internal sales amount or transfer amount between segments	1,798,709	10,670	301,000	206	2,110,587	(2,110,587)	-
Total	5,542,633	1,382,432	893,285	596,902	8,415,253	(2,110,587)	6,304,666
Operating Expenses	4,797,854	1,323,298	693,915	570,611	7,385,680	(2,129,118)	5,256,562
Operating Profit	744,778	59,134	199,370	26,290	1,029,572	18,531	1,048,104
II. Assets	4,493,461	523,968	1,506,460	525,996	7,049,886	19,177,691	26,227,578

(Notes) 1. The category of country or territory is based on geographical proximity.

2. Details of countries and territories belonging to the category other than Japan are as follows:

(1) North America: U.S.A.
(2) Asia: China, Taiwan
(3) Europe: Germany

3. The company-wide asset amount included in the "Elimination or Company-total" item out of the total assets is ¥19,177,691 thousand and its main components are surplus funds for investment (cash and securities) related to administrative organizations.

Previous Consolidated Accounting Year (April 1, 2004 - March 31, 2005)

(Unit: Thousand Yen)

	Japan	North America	Asia	Europe	Total	Elimination or Company-total	Consolidated
I. Sales Amount and Operating Profit							
Sales Amount							
(1) Sales amount to external customers	4,204,856	1,160,316	437,401	300,988	6,103,562	-	6,103,562
(2) Internal sales amount or transfer amount between segments	1,406,462	6,029	240,895	1,126	1,654,514	(1,654,514)	-
Total	5,611,319	1,166,346	678,297	302,114	7,758,076	(1,654,514)	6,103,562
Operating Expenses	4,127,747	1,132,972	524,350	274,048	6,058,789	(1,669,542)	4,389,247
Operating Profit	1,483,901	33,373	153,946	28,065	1,699,287	15,028	1,714,315
II. Assets	4,341,477	341,579	567,662	184,437	5,435,157	19,916,303	25,351,460

(Notes) 1. The category of country or territory is based on geographical proximity.

2. Details of countries and territories belonging to the category other than Japan are as follows:。

(1) North America: U.S.A.
(2) Asia: China, Taiwan
(3) Europe: Germany

3. The company-wide asset amount included in the "Elimination or Company-total" item out of the total assets is ¥19,916,303 thousand and its main components are surplus funds for investment (cash and securities) related to administrative organizations.

3. Overseas Sales Amount

Current Consolidated Accounting Year (April 1, 2005 - March 31, 2006)

(Unit: Thousand Yen)

	America and Regions	Europe and Regions	Asia and Regions	Total
I. Overseas sales amount	1,371,780	676,822	986,565	3,035,168
II. Consolidated sales amount	-	-	-	6,304,666
III. Overseas sales amount ratio to consolidated sales amount	21.8%	10.7%	15.6%	48.1%

(Notes) 1. The category of country or territory is based on geographical proximity.

2. Main countries or territories belonging to each category:

(1) America and Regions: U.S.A.
(2) Europe and Regions: Germany
(3) Asia and Other Regions: China, Taiwan

3. Overseas sales amount means the sales amount of our Company and consolidated subsidiaries in countries and territories other than Japan.

Previous Consolidated Accounting Year (April 1, 2004 - March 31, 2005)

(Unit: Thousand Yen)

	America and Regions	Europe and Regions	Asia and Regions	Total
I. Overseas sales amount	1,160,354	428,209	612,450	2,201,013
II. Consolidated sales amount	-	-	-	6,103,562
III. Overseas sales amount ratio to consolidated sales amount	19.0%	7.0%	10.0%	36.0%

(Notes) 1. The category of country or territory is based on geographical proximity.

2. Main countries or territories belonging to each category:

(1) America and Regions: U.S.A.
(2) Europe and Regions: Germany
(3) Asia and Other Regions: China

3. Overseas sales amount means the sales amount of our Company and consolidated subsidiaries in countries and territories other than Japan.

5. Details of Production, Orders Received and Sales

(1) Actual production results

The actual production results by business type segment in the current consolidated accounting year are as follows:

(Unit: Thousand Yen)

Name of segment by business type	Production amount	Year-to-year comparison (%)
Optical Disk Mold	3,816,873	77.1
Optical Communications	2,381,741	197.6
Total	6,198,614	100.7

(Notes) 1. Transactions between segments are set off and eliminated.

2. The amounts are based on sales prices.

3. The amounts above do not include consumption tax and others.

(2) Actual orders received

The actual orders received by business type segment in the current consolidated accounting year are as follows:

(Unit: Thousand Yen)

Name of segment by business type	Amount of orders received	Year-to-year comparison (%)	Order backlog	Year-to-year comparison (%)
Optical Disk Mold	3,591,385	87.2	199,322	31.2
Optical Communications	2,450,097	195.9	255,742	316.0
Total	6,041,482	112.5	455,064	63.3

(Notes) 1. Transactions between segments are set off and eliminated.

2. The amounts above do not include consumption tax and others.

(3) Actual sales results

Actual sales results by business type segment in the current consolidated accounting year are as follows:

(Unit: Thousand Yen)

Name of segment by business type	Sales amount	Year-to-year comparison (%)
Optical Disk Mold	4,029,400	83.0
Optical Communications	2,275,265	181.9
Total	6,304,666	103.2

(Notes) 1. Transactions between segments are set off and eliminated.

2. Actual sales results of a main client and the ratio of the actual sales results to the gross actual sales results:

Client	Previous Consolidated Accounting Year		Current Consolidated Accounting Year	
	Sales amount	Ratio (%)	Sales amount	Ratio (%)
Sumitomo Heavy Industries, Ltd.	3,122,806	51.2	2,138,985	33.9

3. The amounts above do not include consumption tax and others.

2006/03 Term Summary of Individual Financial Statement May 23, 2006

Company name	SEIKOH GIKEN Co., Ltd.	Listed market	JASDAQ
Code number	6834	Location	Chiba Prefecture

(URL http://www.seikoh-giken.co.jp)

Representative	Title	President & CEO		
	Name	Masatoshi Ueno		
For inquiry	Department in charge	Management Planning Office		
	Name	Yuji Saito, Team Leader	TEL (047) 388 - 6401	

Date of Board of Directors Meeting for closing	May 23, 2006	Interim dividend payment	Yes
Date of General Shareholders' Meeting	June 22, 2006	Unit share system	Yes (Unit: 100shares)

1. Business results of 2006/03 Term (April 1, 2005 - March 31, 2006)

(1) Business performance

	Sales amount	Operating profit	Ordinary Profit
	¥Million %	¥Million %	¥Million %
2006/03 Term	5,795[0.1]	917[(42.4)]	1,099[(36.5)]
2005/03 Term	5,789[(15.7)]	1,594[(32.6)]	1,730[(23.2)]

	Net profit	Net profit per share	Fully diluted earnings per share	Net profit ratio to shareholders' equity	Ordinary profit ratio to total assets	Ordinary profit ratio to sales amount
	¥Million %	Yen Sen	Yen Sen	%	%	%
2005/03 Term	672[(60.1)]	71.98	71.82	2.7	4.2	19.0
2005/03 Term	1,684[17.1]	180.42	179.95	7.1	6.8	29.9

(Notes) 1. Average number of shares issued: [2006/03 Term] 9,225,222 shares/ [2005/03 Term] 9,266,435shares

2. Changes in accounting procedures: None

3. Percentage figures in Sales amount, Operating profit, Ordinary profit and Net profit are increase/decrease ratios versus the previous year.

(2) Dividend status

	Annual dividend per share						Gross dividend amount (annual)	Dividend propensity	Dividend ratio to shareholders' equity
			Interim		Full year				
	Yen	Sen	Yen	Sen	Yen	Sen	¥Million	%	%
2006/03 Term	30	0	-		30	0	276	41.7	1.1
2005/03 Term	50	0	-		50	0	461	27.7	1.9

(3) Financial conditions

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share	
	¥Million	¥Million	%	Yen	Sen
2006/03 Term	26,394	24,860	94.2	2,693	05
2005/03 Term	25,530	24,443	95.7	2,648	60

(Note) 1. Number of shares issued at end of term:

[2006/03 Term] 9,228,166shares/ [2005/03 Term] 9,223,746shares

2. Number of treasury stocks at end of term:

[2006/03 Term] 105,488 shares / [2005/03 Term] 109,908shares

2. Forecast business performance for 2007/03 Term (April 1, 2005 - March 31, 2006)

	Sales amount	Ordinary Profit	Net profit	Annual dividend per share		
				Interim	Full year	
	¥Million	¥Million	¥Million	Yen Sen	Yen Sen	Yen Sen
Interim	3,000	140	480	00 0	----	----
Full year	6,600	510	740	----	30 0	30 0

(Reference) Forecast net profit per share (full year) ¥79.33

*`The forecast above was created based on the information available as of the date of the announcement of the materials. Actual figures can deviate from the forecast figures depending on various factors from now. For items related to the forecast above, please refer to page 9. Regarding the figures described, a monetary amount is rounded off at the displayed unit and a ratio and others are rounded.

Financial Statements and others

Financial Statement

Balance Sheet

(Unit: Thousand Yen)

Item	Notes No.	34th Term (As of March 31, 2006) Amount		Percentage	33rd Term (As of March 31, 2005) Amount		Percentage
[Assets]				%			%
I. Current Assets							
1. Cash and deposits			12,889,363			13,020,849	
2. Notes receivable			819,254			979,484	
3. Trade accounts receivable	*2		1,345,013			1,113,927	
4. Inventory - goods			10,349			290	
5. Inventory - products			46,991			103,868	
6. Raw materials			201,669			139,694	
7. Work in process			529,496			372,004	
8. Supplies			6,889			7,202	
9. Prepaid expenses			46,153			18,030	
10. Uncollected corporate taxes and others			-			92,716	
11. Deferred tax assets and			136,648			206,079	
12. Uncollected consumption tax and others			100,768			-	
13. Others			181,086			29,885	
Bad debt allowance			(2,140)			(1,910)	
Total Current Assets			16,311,543	61.8		16,082,123	63.0
II. Fixed Assets							
1 Tangible fixed assets							
1. Buildings		3,799,732			3,807,605		
Accumulated depreciation		1,472,446	2,327,285		1,337,627	2,469,978	
2. Structures		186,500			186,500		
Accumulated depreciation		115,808	70,692		102,758	83,742	
3. Machinery and equipment		1,326,537			1,249,059		
Accumulated depreciation		1,000,411	326,126		964,022	285,037	
4. Vehicles		9,134			2,656		
Accumulated depreciation		3,687	5,447		2,013	643	
5. Tools, instruments and furniture		999,030			941,317		
Accumulated depreciation		796,908	202,122		762,409	178,908	
6. Land			2,211,508			2,211,508	
7. Construction in progress			23,750			-	
Total tangible fixed			5,166,931	19.6		5,229,816	20.5
2 Total intangible fixed assets							
(1) Trade rights			262,717			36,471	
(2) Software			113,052			91,911	
(3) Facility utility rights			4,391			4,970	
Total intangible fixed			380,161	1.4		133,353	0.5
3 Investment and other assets							
1. Investment securities			1,137,550			2,235,902	
2. Equity of affiliated companies			431,322			358,781	
3. Investment in affiliated companies			1,350,033			399,744	
4. Long-lived deposit			600,000			-	
5. Investments real assets	*3		908,849			923,207	
6. Long term loan to employees			325			717	
7. Deferred tax assets and others			-			63,873	
8. Insurance reserve fund			104,666			101,495	
9. Others			3,921			2,456	
Bad debt allowance			(507)			(507)	
Total Investment and other assets			4,536,161	17.2		4,085,669	16.0
Total Fixed Assets			10,083,254	38.2		9,448,840	37.0
Total Assets			26,394,797	100.0		25,530,963	100.0

(Unit: Thousand Yen)

Item	Note s No.	34th Term (As of March 31, 2006) Amount	Percentage	33rd Term (As of March 31, 2005) Amount	Percentage
[Liabilities]			%		%
I. **Current Liabilities**					
1. Trade accounts payable		261,296		202,749	
2. Accrued liabilities		183,274		104,129	
3. Accrued expenses		197,085		167,029	
4. Accrued income taxes		233,922		35,541	
5. Advance receipt		-		2,023	
6. Deposit received		13,316		8,303	
7. Unearned income		3,200		3,200	
8. Others		19,020		24,989	
Total Current Liabilities		911,116	3.5	547,965	2.2
II. **Fixed Liabilities**					
1. Deferred taxes liabilities		73,891		-	
2. Allowance for retirement benefits for directors		136,350		130,850	
3. Allowance for retirement benefits		223,055		218,665	
4. Guarantee deposit received	*3	171,330		171,330	
5. Deposit key money	*3	19,037		19,037	
Total Fixed Liabilities		623,663	2.3	539,882	2.1
Total liabilities		1,534,779	5.8	1,087,848	4.3
[Shareholders' Equity]					
I. Capital	*1	6,791,682	25.7	6,791,682	26.6
II. Capital Surplus					
1. Capital reserves		10,571,419		10,571,419	
Total Capital Surplus		10,571,419	40.1	10,571,419	41.4
III. Retained earnings					
1. Earned surplus reserves		1,697,920		1,697,920	
2. Free reserve fund					
(1) Special depreciation reserves		799		2,191	
(2) Contingent reserves		5,100,000		3,900,000	
3. Unappropriated retained earnings for the period		771,082		1,775,389	
Total retained earnings		7,569,802	28.7	7,375,500	28.9
IV. Differential from valuation of securities and others	*4	241,453	0.9	32,031	0.1
V. Repurchased shares		(314,340)	(1.2)	(327,519)	(1.3)
Total Assets		24,860,018	94.2	24,443,115	95.7
Total Liabilities/Assets		26,394,797	100.0	25,530,963	100.0

Income Statement

(Unit: Thousand Yen)

Item	Notes No.	34th Term (from April 1, 2005 to March 31, 2006) Amount		%	33rd Term (from April 1, 2004 to March 31, 2005) Amount		%
I. Sales Amount	*1						
1. Product sales revenue		5,731,113			5,738,624		
2. Goods sales revenue		64,016	5,795,130	100.0	51,019	5,789,644	100.0
II. Cost of Sales							
(Product cost of sales)							
1. Product inventory at beginning of term		103,868			107,443		
2. Product manufacturing cost for current term		3,174,837			2,831,143		
Total		3,278,705			2,938,587		
3. Transfer amount of other accounts	*2	34,910			45,256		
4. Product inventory at end of term		46,991			103,868		
Product cost of sales		3,196,803			2,789,461		
(Goods cost of sales)							
1. Goods inventory at beginning of term		290			54		
2. Goods purchase amount for current term		53,961			34,458		
Total		54,251			34,513		
3. Goods inventory at end of term		10,349			290		
Goods cost of sales		43,902	3,240,706	55.9	34,223	2,823,685	48.8
Gross Profit			2,554,424	44.1		2,965,959	51.2
III. Selling, General and Administrative Expenses	*3/4		1,636,563	28.2		1,371,637	23.7
Operating profit			917,861	15.9		1,594,321	27.5
IV. Non-operating Income							
1. Interest received		5,976			10,072		
2. Dividends received		35,068			36,096		
3. House rent income		38,400			38,400		
4. Patent royalties		39,241			20,327		
5. Foreign exchange gains		39,058			28,300		
6. Others		46,031	203,775	3.5	39,705	172,902	3.0
V. Non-operating expenses							
1. Cost of house rent income		20,287			25,238		
2. Treasury stock purchase fees		-			7,338		
3. Others		1,529	21,817	0.4	3,840	36,417	0.6
Ordinary Profit			1,099,819	19.0		1,730,806	29.9
VI. Extraordinary Profit							
1. Gain on sale of fixed assets	*5	348			437		
2. Reversal of bad debt allowance		-	348	0.0	18,562	18,999	0.3
VII. Extraordinary Loss							
1. Loss on sale of fixed assets	*`6	-			32		
2. Loss on retirement of fixed assets	*7	5,271			2,272		
3. Loss on sale of investment securities		14,500	19,771	0.4	5,263	7,569	0.1
Net profit before taxes			1,080,395	18.6		1,742,236	30.1
Corporate Taxes, Local and Enterprise Taxes		343,000			270,000		
Adjustment to corporate taxes		65,238	408,238	7.0	(212,735	57,264	1.0
Net profit			672,156	11.6		1,684,971	29.1
Profit carried forward from the previous term			102,493			91,781	
Loss on sale of treasury stocks			3,567			1,363	
Unappropriated retained earnings for the period			771,082			1,775,389	

(Unit: Thousand Yen)

Proposed Appropriation of Profit			Profit Appropriation Statement		
34th Term			33rd Term Date of approval by General Meeting of Shareholders (June 22, 2005)		
Item	Notes No.	Amount	Item	Notes No.	Amount
I. Unappropriated retained earnings for the period		771,082	I. Unappropriated retained earnings for the period		1,775,389
II. Reversal of free reserve fund			II. Reversal of free reserve fund		
Reversal of special depreciation reserves		304	Reversal of special depreciation reserves		1,391
Total		771,387	Total		1,776,780
III. Appropriation of profit			IV. Appropriation of profit		
1. Dividend		276,844	1. Dividend		461,187
2. Bonus for directors		8,120	2. Bonus for directors		13,100
3. Free reserve fund			3. Free reserve fund		
Contingent reserves		400,000	Contingent reserves		1,200,000
Total		684,964	Total		1,674,287
IV. Retained Earnings Carried Forward		86,422	IV. Retained Earnings Carried Forward		102,493