2008/03 Term

Summary of Financial Statements for the Fiscal Year Ended March 31, 2008

May 15, 2008

Listed company name	SEIKOH GIKEN Co., Ltd.	Listed market JASDAQ
Code number	6834	URL http://www.seikoh-giken.co.jp
Representative (Title name)	President & CEO	(Name) Masatoshi Ueno
For inquiries (Title name)	Team Leader, Management Planning Office	(Name) Yuji Saito Tel +81-47- 388-6401
Scheduled date of general shareholder's meeting	June 19, 2008	Scheduled date of dividend payment: June 20, 2008
Scheduled date of securities report submission	June 20, 2008	

(All amounts rounded down to the nearest million yen)

1. Consolidated business results for 2008/03 Term (April 1, 2007 to March 31, 2008)

(1) Consolidated business performance

(Percentage figures show the changes from the previous term.)

	Sales amount		Operating profit		Ordinary profit		Net profit	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
2008/03 Term	7,148	(0.1)	(426)	–	(540)	–	(1,071)	–
2007/03 Term	7,156	13.5	(74)	–	73	(93.9)	208	(72.4)

	Net profit per share		Fully diluted earnings per share in net profit		Net profit ratio per shareholders' equity	Ordinary profit ratio to total assets	Operating profit ratio to sales amount
	Yen	Sen	Yen	Sen	%	%	%
2008/03 Term	(116)	(35)	–	–	(4.5)	(2.1)	(6.0)
2007/03 Term	22	58	22	55	0.8	0.3	(1.0)

(Reference) Investment profit (loss) on equity method: [2008/03 Term] – ¥ million/ [2007/03 Term] – ¥ million

(2) Consolidated financial conditions

	Total assets	Net assets	Shareholders' equity ratio	Net asset per share	
	¥ million	¥ million	%	Yen	Sen
2008/03 Term	25,115	23,136	92.1	2,514	95
2007/03 Term	26,214	24,510	93.5	2,655	66

(Reference) Shareholders' equity: [2008/03 Term] 23,136 million yen/ [2007/03 Term] 24,510 million yen

(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 the term
	¥ million	¥ million	¥ million	¥ million
2008/03 Term	984	347	(335)	2,857
2007/03 Term	695	(1,335)	(360)	1,887

2. Dividend status

(Base Date)	Dividend per share										Gross dividend amount (annual)	Dividend propensity (consolidated)	Dividend ratio to net asset (consolidated)
	End of the 1st Quater		End of the interim Term		End of the 3rd Quater		End of the Term		Full year				
	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	¥ million	%	%
2008/03 Term	–	–	–	–	–	–	30	00	30	00	275	(25.8)	1.2
2007/03 Term							30	00	30	00	276	132.8	1.1
2009/03 Term (Forecast)	–	–	–	–	–	–	30	00	30	00		125.6	

3. Forecast of consolidated business performance for 2009/03 Term (April 1, 2008 to March 31, 2009)

(Percentage figures for "Full year" show the changes from the previous term, and percentage figures for "Interim" show the changes from the previous interim term.)

	Sales amount		Operating profit		Ordinary profit		Net profit		Net profit per share	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	Yen	Sen
Interim	3,600	(2.4)	(160)	–	(130)	–	(140)	–	(15)	(20)
Full year	8,500	18.9	260	–	320	–	270	–	29	31

4. Others

(1) Transfer of important subsidiaries during the term (Transfer of specified subsidiaries nessesary to change the range of consolidation) ——————— None

(2) Changes in principle, procedure, display method, etc. relating to accounting procedures for the preparation of consolidated financial statements (Items to be described in the “Changes in Important Matters Used as the Base for Preparing the Consolidated Financial Statements”)

1) Changes according to the amendment of accounting criteria, etc. ——— Exist

2) Changes other than 1) —————————————————— None

(Note) For details, please see page 18, “4 Matters regarding the accounting criteria and procedures in (5) Important Matters Used as the Base for Preparing the Consolidated Financial Statements.”

(3) Number of shares issued (common shares)

1) Number of shares issued at the end of the term (treasury stocks included):
[2008/03 Term] 9,333,654 shares/ [2007/03 Term] 9,333,654 shares

2) Number of treasury stocks at the end of the term:
[2008/03 Term] 134,046 shares/ [2007/03 Term] 103,968 shares

(Note) As to the number of shares used as the base for calculating net profit per share (consolidated), please see page 30, “Information per share.”

(Reference) Summary of individual business results

1. Individual business results for 2008/03 Term (April 1, 2007 to March 31, 2008)

(1) Individual business performance (Percentage figures show the changes from the previous term.)

	Sales amount		Operating profit		Ordinary profit		Net profit	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
2008/03 Term	6,149	(0.9)	(546)	–	(697)	–	(1,137)	–
2007/03 Term	6,202	7.0	(121)	–	8	(99.2)	211	(68.5)

	Net profit per share		Fully diluted earnings per share in net profit	
	Yen	Sen	Yen	Sen
2008/03 Term	(123)	(45)	–	–
2007/03 Term	22	96	22	92

(2) Individual financial conditions

	Total assets	Net assets	Capital ratio	Net assets per share	
	¥ million	¥ million	%	Yen	Sen
2008/03 Term	24,956	23,075	92.5	2,508	36
2007/03 Term	26,271	24,556	93.5	2,660	59

(Reference) Owned capital: [2008/03 Term] 23,075 million yen/ [2007/03 Term] 24,556 million yen

2. Forecast of individual business results for 2009/03 Term (April 1, 2008 to March 31, 2009)

(Percentage figures for “Full year” show the changes from the previous term, and percentage figures for “Interim” show the changes from the previous interim term.)

	Sales amount		Operating profit		Ordinary profit		Net profit		Net profit per share	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	Yen	Sen
Interim	3,100	(2.5)	(220)	–	(190)	–	(190)	–	(20)	(63)
Full year	7,500	22.0	120	–	170	–	170	–	18	46

*Notes on using the business performance forecast and other special instructions

References to the future in this report including the business performance forecast figures are based on the information available and hypotheses regarded as reasonable as of the date of disclosure of this material, and therefore include many uncertainities. Actual results may differ from the forecast figures, depending on various factors such as changes in business conditions.

1. Business Results

(1) Analysis of business results

(Business results for the current term)

In the first half of the current consolidated accounting year, the Japanese economy continued to recover at a modest pace, supported by increasing exports and equipment investment together with improved employment conditions against the backdrop of improved corporate profits. In the second half, however, the fall in stock prices due to subprime loan problems in the United States, rapid appreciation of the yen and higher raw material prices adversely affected the performance of companies, particularly exporting companies. All these factors, together with a slump in consumer spending due to the skyrocketing oil prices which pushed up prices, caused the domestic economy to slow down.

In the information telecommunications/digital electronic appliance industries related to the business operations of our Company Group, the sales of mobile phones, digital cameras and flat-panel TV sets continued to expand steadily. Competition among rival companies was so intense that R&D expenses had to be increased to differentiate products technologically from contenders. Meanwhile, the sale prices of products that had lost the technological edge continued to fall. As a result, an increasing number of companies were forced to exit the markets or seek alliances with other companies within the industry.

Amid this business environment, our Company Group applied our precision processing and optical technologies, which we have been developing since the establishment of the company, to create a wide variety of products. We also aggressively invested in development to enable the Company Group to offer new values to broader markets.

Specifically, we developed new lens manufacturing techniques as an application of mold and optical related technologies, and started to enter the camera mobile phone market, which is new to our Group. Our lenses, which are characterized by high heat resistance, are expected to find applications in the automobile and security markets. Furthermore, our Company Group, to create a foothold for entering the terrestrial digital broadcasting and mobile terminals markets which have good growth potential, developed optical transmission devices and optical electric field sensors as applications of optical fiber and crystal related technologies.

In the existing two groups, the Optical Disc Mold Group handles mainly optical disc molds and the Optical Communications Group handles mainly optical telecommunication parts and related manufacturing devices, and we implemented various measures to respond immediately to the evolving market situation in production, sales and development. Moreover, to improve business efficiency, we reduced costs across the company while our overseas subsidiaries consolidated their branches. We made great efforts to strengthen our competitiveness and satisfy our customers in quality, delivery time and prices.

Through these measures, the sales of the current consolidated accounting year decreased to ¥7,148,820 thousand (down 0.1% from the previous consolidated accounting year). In the profit/loss statements, operating loss increased to ¥426,686 thousand (¥74,149 thousand operating loss in the previous consolidated accounting year) due to a substantial increase in R&D expenses. The ordinary loss for the current term was ¥540,353 thousand (¥73,901 thousand ordinary profit in the previous consolidated accounting year) due to loss on disposal of inventory assets and foreign exchange loss in non-operating expenses. Owing to the impairment of some fixed assets in the Optical Communications Group and decreased deferred tax assets, the net profit fell sharply to record a net loss of ¥1,071,766 thousand (¥208,425 thousand net profit in the previous consolidated accounting year).

Performance by sector was as follows.

1) Optical Disc Mold Group

In early 2008, a major U.S. movie company announced its support for the Blu-ray disc standard, effectively ending the fierce two-year battle over the next-generation DVD standard between Blu-ray and HD-DVD since the two standards came to the market. As the market prices of flat-panel TV sets and next-generation DVD players/recorders continue to fall, conditions are improving for Blu-ray discs to prevail in the market.

During the current consolidated accounting year, however, initial demand for Blu-ray discs was not strong and so Blu-ray disc manufacturers refrained from investing heavily. Accordingly, optical disc mold sales faced a tough environment. In addition, optical disc manufacturers were reluctant to invest in their existing DVD production facilities prior to capital spending on Blu-ray disc production. This resulted in a decrease in mold maintenance services which are relatively profitable.

Under these circumstances, the Optical Disc Mold Group started to prepare for full-scale Blu-ray disc production when the time comes. We improved and stabilized the quality of our molds with our users through prototype molds while releasing standard molds for Blu-ray discs to improve our profitability.

Simultaneously, applying precision mold technology and precision polishing/processing technology, we remained active in businesses other than optical disc molds and developed lens mold technologies and SiC crystal polishing/processing technologies.

As a result, the sales revenue of the Optical Disc Mold Group in the current consolidated accounting year was ¥1,569,535 thousand (down 18.0% from the previous consolidated accounting year).

2) Optical Communications Group

In the markets related to the Optical Communications Group, optical communication networks for high-speed, large-volume communication are being constructed worldwide to keep pace with the increasing flow of information in line with the proliferation of Internet users. The demand for constructing submarine cables and long-distance optical communication networks connecting continents is reviving, since existing optical trunk networks cannot keep up with the increasing flow of information. In Japan, the Next Generation Network started in March 2008, offering high-quality picture delivery, TV phone, and highly reliable communication over optical lines.

However, the growth rate of domestic optical fiber networks started to decelerate. For example, NTT revised its target downward from 30 million optical line subscriber households by the end of 2010, to 20 million households. Furthermore, as companies from Asian countries such as China enter optical fiber related markets one after another, prices of conventional optical telecommunication parts are falling further.

In such circumstances, the Optical Communications Group took measures to improve profitability and broaden the scope of its business. We streamlined product ranges, since the number and types of products had increased due to acquisitions for two years until the previous consolidated accounting year, optimized the production structure for each product, and built efficient production lines, mainly in our Chinese subsidiaries. We developed and released new optical connectors that can construct fiber-optic networks efficiently and holders for polishing machines that can polish many edges of optical connectors simultaneously.

As a result, the sales of the Optical Communications Group in the current consolidated accounting year amounted to ¥5,579,284 thousand (an increase of 6.4% from the previous consolidated accounting year).

Performance by region was as follows.

1) Japan

In Japan, demand for optical disc molds remained sluggish in the midst of the transition from DVD discs to next-generation optical discs. Our domestic sales fell to ¥3,341,879 thousand (down 5.0% from the previous consolidated accounting year) due to a slowdown in once-active investment in constructing optical telecommunication infrastructure. With regard to profit and loss, the figures drastically deteriorated and recorded a ¥574,928 thousand operating loss (¥182,095 thousand operating loss for the previous accounting year) because of a large increase in R&D expenses related to new business projects.

2) North America

In North America, the demand for mold maintenance reduced because optical disc manufacturers took a wait-and-see attitude toward new investment in preparation for next-generation optical disc investment. Meanwhile, as a major telecommunication company continued to construct short-distance optical communication infrastructure, the demand for optical telecommunication parts rose steadily. As a result, the sales for North America were ¥1,498,441 thousand (down 3.4% from the previous consolidated accounting year), and operating profit recorded ¥75,745 thousand (down 6.4% from the previous consolidated accounting year).

3) Asia

In Asia, the demand for mold maintenance and parts replacement decreased because optical disc manufacturers, mainly Taiwanese, pulled back on capital investment. On the other hand, Seiko Giken Hong Kong Co., Ltd. started full-scale operation and sales of optical telecommunication parts in Asia increased. As a result, sales in the region rose to ¥905,739 thousand (up 39.5% from the previous consolidated accounting year) with operating profit of ¥75,191 thousand (¥39,156 thousand operating loss for the previous accounting year).

4) Europe

In Europe, equipment investment by optical disc manufacturers remained low, while the demand for optical telecommunication parts increased due to active investment in optical communication infrastructure ranging from short-distance to long-distance infrastructure including the construction of submarine cables. As a result, sales for Europe decreased to ¥1,402,760 thousand (down 2.5% from the previous consolidated accounting year) and operating loss was ¥21,533 thousand (¥64,385 thousand operating profit for the previous accounting year).

(Forecast for the next accounting term)

In the 2009/03 Term (April 1, 2008 to March 31, 2009), the widespread introduction of Blu-ray discs is expected in the markets related to the Optical Disc Mold Group now that the battle for the next-generation optical disc standard is over. Optical disc manufacturers are gradually beginning to invest in mass production of Blu-ray discs. This investment activity, however, is still modest and there is uncertainty over when capital investment for mass production will accelerate.

Meanwhile, in the markets related to the Optical Communications Group expects the volume of video and audio data on the Internet to increase, and optical communication infrastructure to be built worldwide. Even considering the decline in sales prices, it is obvious that related markets are on an upward trend with the start of large-scale investment in submarine cables and optical communication infrastructure connecting continents.

The markets for optical transmission devices, one of our new businesses, continue to expand with the scheduled introduction of full terrestrial digital broadcasting in Japan. Our high heat resistance lenses, which are currently targeted at the camera mobile phone market, are expected to start contributing to profits from the next consolidated accounting year.

As for the forecast for the next accounting term, we estimate ¥8,500 million in sales, ¥260 million in operating profit, ¥320 million in ordinary profit, and ¥270 million in net profit, on a consolidated basis.

(2) Analysis of financial conditions

1) Conditions of assets, liabilities and net assets

(Assets)

The total balance of assets at the end of the current consolidated accounting year was ¥25,115,511 thousand, a reduction of ¥1,098,773 thousand from the end of the previous consolidated accounting year. The main factor for the decrease was an increase in tools, instruments and furniture for new business projects and a reduced balance of inventory assets, goodwill and others.

(Liabilities)

The total balance of liabilities at the end of the current consolidated accounting year was ¥1,978,924 thousand, an increase of ¥275,503 thousand from the end of the previous consolidated accounting year. The main factors for the increase were increased accrued liabilities and trade accounts payable due to the change of payment conditions.

(Net Assets)

The total balance of net assets at the end of the current consolidated accounting year was ¥23,136,587 thousand, a decrease of ¥1,374,276 thousand from the end of the previous consolidated accounting year. The main factor for the decrease was reduced retained earnings.

2) Cash flow status

The balance of cash and cash equivalents at the end of the current consolidated accounting year was ¥2,857,613 thousand, an increase of ¥970,101 thousand from the end of the previous consolidated accounting year. The status and factors of the cash flow from respective activities are as follows:

(Cash flow from operating activities)

The fund earned from operating activities was ¥984,695 thousand (up 41.5% from the previous consolidated accounting year). The main factors for an increase in the fund from operations were depreciation of ¥634,663 thousand, a decrease in inventory assets of ¥308,810 thousand, and an impairment loss of ¥283,915 thousand. The main factors for a decrease in the fund were a net loss before taxes and other adjustments of ¥828,239 thousand, and an increase in trade accounts receivable and others of ¥153,060 thousand.

(Cash flow from investing activities)

The fund earned from investing activities was ¥347,333 thousand (¥1,335,407 thousand used in the previous consolidated accounting year). The main factor for an increase from investing activities was ¥12,310,899 thousand in income from the repayment of a time deposit. The main factors for a decrease were ¥11,440,880 thousand in time deposit payment, and ¥627,953 thousand in payment for acquisition of tangible fixed assets.

(Cash flow from financing activities)

The fund used for financing activities was ¥335,803 thousand (down 6.8% from the previous consolidated accounting year). The main factor for the decrease in fund from financing activities was ¥275,217 thousand in dividend payments.

(Reference) Changes in indicators related to cash flow

	2004/03 Term	2005/03 Term	2006/03 Term	2007/03 Term	2008/03 Term
Equity ratio	91.3%	95.2%	94.2%	93.5%	92.1%
Equity ratio on market value base	203.6%	118.2%	145.7%	97.9%	75.5%
Cash flow versus ratio of interest-bearing liabilities	–	–	–	–	–
Interest coverage ratio	–	–	–	–	–

Equity ratio: Equity/total assets
Equity ratio on market value basis: Market capitalization/total assets
Cash flow versus ratio of interest-bearing liabilities: Interest-bearing liabilities/cash flow
Interest coverage ratio: 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).
* Since there were no interest-bearing liabilities or interest payments, neither “Cash flow versus ratio of interest-bearing liabilities” nor “Interest coverage ratio” is described.

(3) Basic policies for the allocation of earnings and dividends in this term/next term

Considering internal reserves to prepare for future investments, we have a policy to return profits to our shareholders, aiming for more than 30% of the current consolidated net profits and to pay a stable dividend to shareholders.

The consolidated net loss of this term recorded ¥1,071,766 thousand due to unusually high R&D expenses, non-operating expenses incurred including loss on disposal of inventory assets and foreign exchange loss, impairment loss and reversal of deferred tax assets.

However, based on the aforementioned dividend policy, we plan to pay a ¥30 dividend per share as in the previous term, and to pay ¥30 per share/annum for the dividend for the next term as well.

2. Conditions of Seikoh Giken Group

The conditions of Seikoh Giken Group are not disclosed here, since there is no significant change from the “Business Contents” and “Conditions of Affiliated Companies” disclosed in the recent securities reports (submitted on June 21, 2007).

3. Management Policies

(1) Basic policies of corporate management

(2) Management index targets

The descriptions of (1) and (2) are omitted here, since there is no significant change from the items and contents of "Basic policies of corporate management" and "Management index targets" disclosed in the Financial Summary of Statements for 2007/03 Term (disclosed on May 24, 2007).

The Financial Summary of Statements for the 2007/03 Term is given on the following websites.

(Our company website)

http://www.seikoh-giken.co.jp/

(JASDAQ Securities Exchange Website (JASDAQ Internet Disclosure System))

http://jds.jasdaq.co.jp/tekiji/

(3) Management strategies in the long and medium terms

Our Company Group is making great efforts to improve its core precision processing and optical technologies and to develop external technological seeds, which we expect to yield synergies, so that we can establish a solid business base both to achieve stable profit growth in the long and medium terms and to steadily enhance our company's value. Our Company Group desires to help build an affluent and convenient society through the provision of new values with our leading technologies and originality which our competitors cannot imitate.

In the Optical Disc Mold Group, we are preparing for mass production of Blu-ray discs when the time comes and maintaining our top brand name in the world in optical disc molds, while also cultivating new businesses that use our precision mold and polishing technologies.

In the Optical Telecommunications Group, we plan to expand our product range to higher value added composite parts and modules based on connecting parts (optical connectors, ferrules, etc.) that are the basis of expanding optical telecommunication infrastructure. In the long and medium terms, applying our technologies that we have developed through manufacturing optical telecommunication parts, we will introduce our new products to the markets other than the telecommunication market.

In addition to our existing businesses, high heat resistance lenses, which are manufactured using our mold and optics related technologies, and radio wave transmitting systems using optical modules based on our optical crystal and fiber related technologies, are expected to boost our corporate earnings in the long and medium terms. In both fields, we aim to gain the largest market share in the world by improving our technological edge and raising production efficiency. Our Company Group's policy is to continuously invest in R&D and R&D related plants and equipment in the years to come in order to establish a solid foundation of our new businesses that will serve our Company Group in the future.

(4) Issues to be addressed by the Company

1) Business profitability improvement

In the current consolidated accounting year, our Company Group recorded weak business results due to unusually large-scale R&D investments made, which far exceeded the total profits of the Optical Disc Mold Group and the Optical Telecommunications Group. Investment in R&D is essential in order to continuously enhance the value of our Company Group in the long term. Meanwhile, our core existing businesses must generate enough profit to provide funds for investment, which will generate future profits, and to provide returns to our shareholders. To achieve this goal, we endeavor to increase our business profitability by strengthening and utilizing: our ability to identify customer needs, our ability to increase sales with ideas and suggestions, our technological development capacity to embody high value added products and new technologies at a faster pace than our competitors, our enhanced manufacturing capability to produce products faster and more cheaply, and our thorough cost-saving initiatives.

2) Growth of the existing businesses

In the 36 years since its foundation, our Company Group has offered optical disc molds, optical telecommunication parts, related manufacturing devices and others to the market, utilizing precision polishing and processing/assembly technologies, which are our core technologies. These products are highly reputed and trusted by customers, especially in terms of quality and performance. Some of our products enjoy the top share in the world market. In the long and medium terms, however, there is concern as to whether the optical disc itself can maintain its superiority as a recording media, and we are facing difficulties in increasing profitability in the optical telecommunication parts market due to its market structure. Therefore, we will continue to expand our existing businesses with higher value added products by promptly grasping trends in markets where our technologies are applicable and by developing and releasing superior products and technologies through positive alliances with other organizations.

3) Development of new businesses

Our Company Group has only two businesses, the Optical Disc Mold Group and the Optical Communications Group, which comprise the basis of our profit. However, both of these are greatly affected by our clients' capital investment. Therefore, to increase our profitability in a stable way, we must establish our businesses that will become the third or fourth pillars, and so we have continued to invest in the development of many business plans, targeting various markets. In the current consolidated accounting year, we narrowed down these business plans to those that have commercial potential, and selected and centralized our resources. As a result, new businesses including high heat resistance lenses, optical transmission devices and optical electric field sensors, which will lead our Company Group in the next generation, are gradually taking shape. Looking ahead, we will continue to develop new businesses in partnership with our clients and make them profitable as soon as possible.

4) Human resources development and enhancement

Market needs change as technology progresses. To continue to supply products that lead social development in the market, grasping changes before other companies, we must hire eager, competent staff who can forecast changes and will actively adjust to situations. Meanwhile, to maintain the originality of our Company Group, we must transfer to the next generation our skills and technologies that distinguish us from other companies. We systematically train human resources to raise the skills of our employees and effectively transfer core technologies. Furthermore, we will actively and regularly hire human resources from outside organizations for key positions, as well as hire fresh staff with potential, to enhance our comprehensive human resources from a long and short-term viewpoint.

5) Social contribution

Our Company Group seeks to provide society with new values through our precision processing and optical technologies. We are also committed to stably enhancing our value to stakeholders in the Company Group including all shareholders, customers, employees, and their families. To do this, we conduct quality control of our products based on the ISO9001 standards, and continuously maintain and improve the environment based on the ISO14001 standards. We also systematically control internal information based on the ISO27001 standards. Going forward, we will fully operate an internal control system in compliance with the J-SOX law, to ensure that our activities operate in a legal, accurate and efficient manner.

(5) Status of development/operations in the internal control system

The description is omitted here, since the items and contents of the "Status of development/operations in the internal control system" are the same as the items and contents described in the "Report on Corporate Governance."

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

		Previous Consolidated Accounting Year (As of March 31, 2007)			Current Consolidated Accounting Year (As of March 31, 2008)		
Item	Notes No.	Amount (Thousands of yen)		Percentage (%)	Amount (Thousands of yen)		Percentage (%)
(Assets)							
I. Current Assets							
1. Cash and deposits			13,399,660			13,984,423	
2. Notes receivable and trade accounts receivable			1,684,303			1,845,576	
3. Inventory assets			1,743,753			1,294,853	
4. Uncollected corporate taxes and others			76,614			68,395	
5. Others			546,354			329,767	
Bad debt allowance			(7,918)			(6,005)	
Total current assets			17,442,768	66.5		17,517,010	69.7
II. Fixed Assets							
1. Tangible fixed assets							
(1) Buildings and structures		4,373,938			4,458,047		
Accumulated depreciation		1,763,897	2,610,040		1,941,999	2,516,048	
(2) Mechanical equipment and vehicles		2,494,099			2,583,250		
Accumulated depreciation		1,542,738	951,361		1,734,279	848,970	
(3) Land			2,211,508			2,211,508	
(4) Others		1,694,494			1,866,409		
Accumulated depreciation		1,059,865	634,628		1,173,260	693,149	
Total tangible fixed assets			6,407,539	24.5		6,269,677	25.0
2. Intangible fixed assets							
(1) Goodwill			570,981			162,964	
(2) Others			157,162			130,935	
Total intangible fixed assets			728,143	2.8		293,899	1.2
3. Investment and other assets							
(1) Investment securities			30,082			23,730	
(2) Investment real assets			896,611			886,100	
(3) Others			710,735			126,690	
Bad debt allowance			(1,597)			(1,597)	
Total investment and other assets			1,635,832	6.2		1,034,924	4.1
Total fixed assets			8,771,516	33.5		7,598,501	30.3
Total Assets			26,214,285	100.0		25,115,511	100.0

Item	Notes No.	Previous Consolidated Accounting Year (As of March 31, 2007) Amount (Thousands of yen)	Percentage (%)	Current Consolidated Accounting Year (As of March 31, 2008) Amount (Thousands of yen)	Percentage (%)
(Liabilities)					
I. Current Liabilities					
1. Trade accounts payable		215,342		395,398	
2. Accrued corporate taxes and others		34,517		56,392	
3. Others		867,659		920,197	
Total Current Liabilities		1,117,518	4.3	1,371,988	5.5
II. Fixed Liabilities					
1. Allowance for retirement benefits		243,508		269,076	
2. Long-term accrued liabilities		148,570		149,126	
3. Guarantee deposit received		171,330		164,191	
4. Deposit key money		19,037		19,037	
5. Others		3,457		5,504	
Total Fixed Liabilities		585,902	2.2	606,936	2.4
Total Liabilities		1,703,420	6.5	1,978,924	7.9
(Net Assets)					
I. Shareholders' Equity					
1. Capital		6,791,682	25.9	6,791,682	27.1
2. Capital surplus		10,571,419	40.3	10,571,419	42.1
3. Retained earnings		7,335,020	28.0	5,986,363	23.8
4. Treasury stocks		(309,876)	(1.2)	(370,462)	(1.5)
Total Shareholders' Equity		24,388,246	93.0	22,979,003	91.5
II. Valuation/Conversion Differentials and Others					0.9
1. Differential from valuation of securities and others		7,705	0.0	1,814	0.0
2. Foreign exchange translation adjustment		114,912	0.5	155,770	0.6
Total of valuation/conversion differentials		122,617	0.5	157,584	0.6
Total Net Assets		24,510,864	93.5	23,136,587	92.1
Total Liabilities/Net assets		26,214,285	100.0	25,115,511	100.0

(2) Consolidated Income Statement

Item	Notes No.	Previous Consolidated Accounting Year (from April 1, 2006 to March 31, 2007) Amount (Thousands of yen)		Percentage (%)	Current Consolidated Accounting Year (from April 1, 2007 to March 31, 2008) Amount (Thousands of yen)		Percentage (%)
I. Sales Amount			7,156,427	100.0		7,148,820	100.0
II. Cost of Sales			4,765,310	66.6		4,898,098	68.5
Gross profit			2,391,116	33.4		2,250,721	31.5
III. Selling, General and Administrative			2,465,266	34.4		2,677,408	37.5
Operating (loss)			(74,149)	(1.0)		(426,686)	(6.0)
IV. Non-operating Income							
1. Interest received		34,708			96,897		
2. Dividends received		145			227		
3. House rent income		38,400			39,434		
4. Patent royalties		21,429			22,038		
5. Foreign exchange gains		31,295			–		
6. Profit on sale of scrap materials		–			26,957		
7. Others		44,271	170,251	2.3	18,556	204,111	2.8
V. Non-operating Expenses							
1. Cost of house rent income		17,774			15,957		
2. Foreign exchange loss		–			140,814		
3. Loss on retirement of inventory assets		–			147,150		
4. Others		4,426	22,200	0.3	13,856	317,778	4.4
Ordinary profit or (loss)			73,901	1.0		(540,353)	(7.6)
VI. Extraordinary Profit							
1. Gain on sale of fixed assets		805			7,137		
2. Profit on sale of investment securities		403,848			–		
3. Reversal of bad debt allowance		917	405,572	5.7	68	7,205	0.1
VII. Extraordinary Loss							
1. Loss on retirement of fixed assets		14,021			6,407		
2. Loss on sale of fixed assets		–			660		
3. Impairment loss		–			283,915		
4. Loss on inventory assets valuation and others		21,903			–		
5. Loss on investment securities valuation		42,763			4,108		
6. Service pay and others in prior years		10,000	88,687	1.2	–	295,091	4.1
Net profit or (loss) before taxes and other adjustment			390,785	5.5		(828,239)	(11.6)
Corporate taxes, local and enterprise taxes		168,995			48,919		
Adjustment to corporate taxes		13,363	182,359	2.5	194,607	243,527	3.4
Net profit or (1oss)			208,425	3.0		(1,071,766)	(15.0)

(3) Statement of Changes in Consolidated Shareholders' Equity

Previous consolidated accounting year (from April 1, 2006 to March 31, 2007)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Stocks	Total Shareholders' Equity
Balance at March 31, 2006 (Thousands of yen)	6,791,682	10,571,419	7,412,828	(314,340)	24,461,590
Changes During the Consolidated Accounting Year					
Dividend of Surplus (Note)			(276,844)		(276,844)
Payment of Director Bonus (Note)			(8,120)		(8,120)
Net Profit			208,425		208,425
Loss on Sale of Treasury Stocks			(1,269)		(1,269)
Acquisition of Treasury Stocks				(304)	(304)
Sale of Treasury Stocks				4,768	4,768
Changes in Items Other than Shareholders' Equity during the Consolidated Accounting Year (Net Amount)					
Total amount of Changes during the Consolidated Accounting Term (Thousands of yen)	–	–	(77,808)	4,464	(73,344)
Balance at March 31, 2007 (Thousands of yen)	6,791,682	10,571,419	7,335,020	(309,876)	24,388,246

	Valuation/Conversion Differentials and Others			Minority Shareholders' Interest	Total Net Assets
	Valuation Differentials for Other Marketable Securities	Account for Foreign Exchange Conversion Adjustment	Total Valuation/Conversion Differentials and Others		
Balance at March 31, 2006 (Thousands of yen)	241,453	6,738	248,192	78,782	24,788,565
Changes During the Consolidated Accounting Year					
Dividend of Surplus (Note)					(276,844)
Payment of Director Bonus (Note)					(8,120)
Net Profit					208,425
Loss on Sale of Treasury Stocks					(1,269)
Acquisition of Treasury Stocks					(304)
Sale of Treasury Stocks					4,768
Changes in Items Other than Shareholders' Equity during the Consolidated Accounting Year (Net Amount)	(233,748)	108,174	(125,574)	(78,782)	(204,357)
Total amount of Changes during the Consolidated Accounting Term (Thousands of yen)	(233,748)	108,174	(125,574)	(78,782)	(277,701)
Balance at March 31, 2007 (Thousands of yen)	7,705	114,912	122,617	–	24,510,864

(Note) The above are the profit appropriation items as approved by the General Meeting of Shareholders in June 2006.

Current consolidated accounting year (from April 1, 2007 to March 31, 2008)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Stocks	Total Shareholders' Equity
Balance at March 31, 2007 (Thousands of yen)	6,791,682	10,571,419	7,335,020	(309,876)	24,388,246
Changes during the Consolidated Accounting Year					
Dividend of Surplus			(276,890)		(276,890)
Net Loss			(1,071,766)		(1,071,766)
Acquisition of Treasury Stocks				(60,586)	(60,586)
Changes in Items Other than Shareholders' Equity during the Consolidated Accounting Year (Net Amount)					
Total amount of Changes during the Consolidated Accounting Term (Thousands of yen)	–	–	(1,348,657)	(60,586)	(1,409,243)
Balance at March 31, 2008 (Thousands of yen)	6,791,682	10,571,419	5,986,363	(370,462)	22,979,003

	Valuation/Conversion Differentials and Others			Total Net Assets
	Valuation Differentials for Other Marketable Securities	Account for Foreign Exchange Conversion Adjustment	Total Valuation/Conversion Differentials and Others	
Balance at March 31, 2007 (Thousands of yen)	7,705	114,912	122,617	24,510,864
Changes During the Consolidated Accounting Year				
Dividend of Surplus				(276,890)
Net Loss				(1,071,766)
Acquisition of Treasury Stocks				(60,586)
Changes in Items Other than Shareholders' Equity during the Consolidated Accounting Year (Net Amount)	(5,890)	40,857	34,966	34,966
Total amount of Changes during the Consolidated Accounting Term (Thousands of yen)	(5,890)	40,857	34,966	(1,374,276)
Balance at March 31, 2008 (Thousands of yen)	1,814	155,770	157,584	23,136,587

(4) Consolidated Cash Flow Statement

Item	Note No.	Previous Consolidated Accounting Year (from April 1, 2006 to March 31, 2007) Amount (Thousands of yen)	Current Consolidated Accounting Year (from April 1, 2007 to March 31, 2008) Amount (Thousands of yen)
I. Cash Flow from Operating Activities			
1.Net profit or (loss) before taxes and other adjustment		390,785	(828,239)
2. Depreciation expenses		614,983	634,663
3. Depreciation of goodwill		173,507	165,214
4. Impairment loss		–	283,915
5. Interest received and dividends received		(34,854)	(97,125)
6. House rent income		(38,400)	(39,434)
7. Miscellaneous income		(1,584)	(1,225)
8. Miscellaneous payment		236	–
9. Profit on sale of fixed assets		(805)	(7,137)
10. Loss on sale of fixed assets		–	660
11. Loss on retirement of fixed assets		14,021	6,407
12.Profit on sale of investment securities		(403,848)	–
13.Loss on investment securities valuation		42,763	4,108
14.Loss on retirement of inventory assets and others		50,035	147,150
15.Increase/(decrease) in bad debt allowance		363	(2,008)
16.Increase/(decrease) in allowance for retirement benefits for directors		(136,350)	–
17.Increase/(decrease) in long-term accrued liabilities		148,570	556
18.Increase/(decrease) in allowance for retirement benefits		20,453	25,568
19.(Gain)/loss on valuation of foreign currency deposit		436	37,150
20. (Increase)/decrease in trade accounts receivable		439,629	(153,060)
21.(Increase)/decrease in inventory assets		(413,215)	308,810
22.(Increase)/decrease in other current assets		(236,695)	218,767
23.Increase/(decrease) in trade accounts payable		(18,369)	175,309
24.Increase/(decrease) in other current liabilities		534,403	81,356
25.Bonus paid to directors		(8,120)	–
Subtotal		1,137,947	961,409
26.Interest and dividends received		16,960	62,437
27.Repayment of corporate taxes and others		1,671	70,856
28.Payment of corporate taxes and others		(460,738)	110,006
Cash Flow from Operating Activities		695,840	984,695
II. Cash Flow from Investing Activities			
1. Payment into time deposit		(11,585,757)	(11,440,880)
2. Income from repayment of time deposit		10,585,757	12,310,899
3. Payment for acquisition of tangible fixed assets		(462,852)	(627,953)
4. Income from sale of tangible fixed assets		5,834	86,909
5. Payment for acquisition of intangible fixed assets		(25,189)	(10,923)
6. Payment for acquisition of investment securities		(279)	(7,640)
7. Income from sale of investment securities		1,076,637	–
8. Payment for acquisition of business		(962,457)	–
9.House rent income		38,400	39,434
10.Payment for other investing activities		(6,192)	(5,639)
11.Income from other investing activities		691	3,127
Cash Flow from Investing Activities		(1,335,407)	347,333
III. Cash Flow from Financing Activities			
1. Income from sale of treasury stocks		3,499	–
2. Payment for purchase of treasury stocks		(304)	(60,586)
3. Payment of dividends		(277,114)	(275,217)
4. Payment for acquisition of minority shareholder's equity		(86,488)	–
Cash Flow from Financing Activities		(360,407)	(335,803)
IV. Conversion Differentials Related to Cash and Cash Equivalents		24,125	(26,124)
V. Increase/(decrease) in Cash and Cash Equivalents		(975,849)	970,101
VI. Opening Balance of Cash and Cash Equivalents		2,863,362	1,887,512
VII. Ending Balance of Cash and Cash Equivalents		1,887,512	2,857,613

(Segment Information)

1. Segment Information by Business Type

Previous Consolidated Accounting Year (from April 1, 2006 to March 31, 2007)

(Unit: Thousands of yen)

	Optical Disk Mold Group	Optical Communications Group	Total	Elimination or Company-total	Consolidated
I. Sales Amount and Operating Loss					
Sales Amount					
(1) Sales amount to external customers	1,914,493	5,241,934	7,156,427	–	7,156,427
(2) Internal sales amount or transfer amount between segments	–	–	-	–	–
Total	1,914,493	5,241,934	7,156,427	–	7,156,427
Operating Expenses	1,903,999	5,326,576	7,230,576	–	7,230,576
Operating Profit or (Loss)	10,493	(84,642)	(74,149)	–	(74,149)
II. Assets, Depreciation Expenses and Capital Expenditure					
Assets	1,966,035	6,184,903	8,150,939	18,063,346	26,214,285
Depreciation Expenses	82,135	496,533	578,668	209,822	788,491
Capital Expenditure	69,804	1,130,274	1,200,078	93,597	1,293,675

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: Molds for optical disc molding, molds for powder metallurgy molding

(2) Optical Communications Group: Optical connectors, optical connector cords, optical attenuators, ferrules, isolators, optical connector polishing machines and others

3. Changes in the method of operating expenses allocation

Common expenses related to the management section of the parent company had been allocated to each business section in proportion to the total sales figure of each business. However, from the current consolidated accounting year, with an aim to reflect our business results more accurately and to enhance the efficacy of segment information, we adopted a method where common expenses are allocated to each business section based on reasonable allocation criteria according to each expense. As a result, compared with the outcome calculated using the traditional method, the Optical Disk Mold Group showed an increase of operating expenses by ¥281,046 thousand and a reduction of operating profit by the same amount, and the Optical Communications showed the reduction of operating expenses by ¥281,046 thousand and a reduction of operating loss by the same amount.

4. The company-wide asset figure included in the "Elimination or Company-total" item out of the total assets is ¥18,063,346 thousand and its main components are surplus investment funds (cash and deposits) and assets related to administrative organization of the Company.

Current Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)

(Unit: Thousands of yen)

	Optical Disk Mold Group	Optical Communications Group	Total	Elimination or Company-total	Consolidated
I. Sales Amount and Operating Loss					
Sales Amount					
(1) Sales amount to external customers	1,569,535	5,579,284	7,148,820	–	7,148,820
(2) Internal sales amount or transfer amount between segments	–	–	–	–	–
Total	1,569,535	5,579,284	7,148,820	–	7,148,820
Operating Expenses	1,851,728	5,723,778	7,575,506	–	7,575,506
Operating (Loss)	(282,192)	(144,493)	(426,686)	–	(426,686)
II. Assets, Depreciation Expenses and Capital Expenditure					
Assets	1,787,369	5,800,270	7,587,640	17,527,871	25,115,511
Depreciation Expenses	82,832	493,332	576,165	223,619	799,877
Impairment loss	–	283,915	283,915	–	283,915
Capital Expenditure	16,096	266,519	282,616	302,798	585,414

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 Molds for optical disc molding, molds for powder metallurgy molding

(2) Optical Communications Group Optical connectors, optical connector cords, optical attenuators, ferrules, isolators, optical connector polishing machines and others

3. The company-wide assets amount included in the "Elimination or Company-total" item out of the total assets is ¥17,527,871 thousand, and its main components are surplus funds for investment (cash and deposits) related to administrative organization of the Company.

4. Changes in accounting principles

Changes in depreciation method applied to tangible fixed assets

As noted in the "Changes in Important Matters Used as the Basis for Preparing the Consolidated Financial Statements," in accordance with the revision in the Corporate Tax Law, our depreciation method has been changed to the method under the revised Corporate Tax Law from the current consolidated accounting year. The new method is applied to tangible fixed assets acquired after April 1, 2007. Accordingly, in comparison with the old method, both operating expenses and operating loss for the current consolidated accounting year increased by ¥6,577 thousand in the Optical Disc Mold Group and by ¥9,857 thousand in the Optical Communications Group, respectively under the new methods.

5. Additional information

As noted in the "Changes in Important Matters Used as the Basis for Preparing the Consolidated Financial Statements," in accordance with the revision in the Corporate Tax Law, if the value of an asset acquired before March 31, 2007 is depreciated to 5% of its acquisition price under the old Corporate Tax Law, the difference between the value equal to 5% of the acquisition price and its memorandum price is evenly depreciated over five years from the next consolidated accounting year when the value of an asset is depreciated to 5% of the acquisition price, and the amount is recorded in depreciation. Accordingly, in comparison with the old method, both operating expenses and operating loss for the current consolidated accounting year increased by ¥5,500 thousand in the Optical Disc Mold Group and by ¥3,976 thousand in the Optical Communications Group, respectively under the new methods.

2. Segment Information by Location

Previous Consolidated Accounting Year (from April 1, 2006 to March 31, 2007)

(Unit: Thousands of 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	3,518,235	1,550,604	649,109	1,438,477	7,156,427	–	7,156,427
(2) Internal sales amount or transfer amount between segments	2,597,181	9,494	1,239,100	764	3,846,540	(3,846,540)	–
Total	6,115,416	1,560,099	1,888,210	1,439,242	11,002,967	(3,846,540)	7,156,427
Operating Expenses	6,297,511	1,479,138	1,927,366	1,374,856	11,078,873	(3,848,296)	7,230,576
Operating Profit or (Loss)	(182,095)	80,960	(39,156)	64,385	(75,906)	1,756	(74,149)
II. Assets	4,936,619	626,464	1,963,542	624,312	8,150,939	18,063,346	26,214,285

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 figure included in the “Elimination or Company-total” item out of total assets is ¥18,063,346 thousand and its main components are surplus investment funds (cash and deposits) and assets related to administrative organization.

Current Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)

(Unit: Thousands of 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	3,341,879	1,498,441	905,739	1,402,760	7,148,820	–	7,148,820
(2) Internal sales amount or transfer amount between segments	2,744,406	11,092	1,672,639	783	4,428,921	(4,428,921)	–
Total	6,086,285	1,509,534	2,578,378	1,403,543	11,577,742	(4,428,921)	7,148,820
Operating Expenses	6,661,213	1,433,788	2,503,187	1,425,077	12,023,266	(4,447,759)	7,575,506
Operating Profit or (Loss)	(574,928)	75,745	75,191	(21,533)	(445,524)	18,837	(426,686)
II. Assets	4,120,592	638,724	2,214,034	614,288	7,587,640	17,527,871	25,115,511

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 ¥17,527,871 thousand and its main components are surplus funds for investment (cash and deposits) related to administrative organizations.

4. Changes in accounting principles

Changes in depreciation method applied to tangible fixed assets

As noted in the "Changes in Important Matters Used as the Basis for Preparing the Consolidated Financial Statements," in accordance with the revision in the Corporate Tax Law, our depreciation method has been changed to the method under the revised Corporate Tax Law from the current consolidated accounting year. The new method is applied to tangible fixed assets acquired after April 1, 2007. Accordingly, in comparison with the old method, both operating expenses and operating loss for the current consolidated accounting year increased by ¥16,434 thousand in Japan under the new methods.

5. Additional information

As noted in the "Changes in Important Matters Used as the Basis for Preparing the Consolidated Financial Statements," in accordance with the revision in the Corporate Tax Law, if the value of an asset acquired before March 31, 2007 is depreciated to 5% of its acquisition price under the old Corporate Tax Law, the difference between the value equal to 5% of the acquisition price and its memorandum price is evenly depreciated over five years from the next consolidated accounting year when the value of an asset is depreciated to 5% of the acquisition price, and the amount is recorded in depreciation. Accordingly, in comparison with the old method, both operating expenses and operating loss for the current consolidated accounting year increased by ¥9,476 thousand in Japan under the new methods.

3. Overseas Sales Amount

Previous Consolidated Accounting Year (from April 1, 2006 to March 31, 2007)

(Unit: Thousands of yen)

	America and Regions	Europe and Regions	Asia and Other Regions	Total
I. Overseas sales amount	1,552,472	1,458,735	1,287,084	4,298,291
II. Consolidated sales amount	–	–	–	7,156,427
III. Overseas sales amount ratio to consolidated sales amount	21.7%	20.4%	18.0%	60.1%

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.

Current Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)

(Unit: Thousands of yen)

	America and Regions	Europe and Regions	Asia and Other Regions	Total
I. Overseas sales amount	1,498,441	1,466,874	1,193,528	4,158,844
II. Consolidated sales amount	–	–	–	7,148,820
III. Overseas sales amount ratio to consolidated sales amount	21.0%	20.5%	16.7%	58.2%

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.

5. Individual Financial Statements

(1) Balance Sheet

Item	Notes No.	35th Term (As of March 31, 2007) Amount (Thousands of yen)		Percentage (%)	36th Term (As of March 31, 2008) Amount (Thousands of yen)		Percentage (%)
(Assets)							
I. Current Assets							
1. Cash and deposits			12,820,193			12,944,976	
2. Notes receivable			111,847			141,550	
3. Trade accounts receivable			1,595,415			1,726,964	
4. Inventory - goods			314			21	
5. Inventory - products			42,642			16,771	
6. Raw materials			436,314			240,028	
7. Work in process			738,025			512,662	
8. Supplies			10,886			15,913	
9. Prepaid expenses			18,147			3,414	
10.Uncollected corporate taxes and others			68,860			68,395	
11.Accrued revenue			317,589			293,939	
12.Deferred tax assets			104,691			56,886	
13.Uncollected consumption tax and others			160,553			92,565	
14.Short-term loan to affiliated companies			–			70,000	
15.Others			43,900			64,008	
Bad debt allowance			(610)			(450)	
Total Current Assets			16,468,774	62.7		16,247,648	65.1
II. Fixed Assets							
1. Tangible fixed assets							
(1) Buildings		3,891,541			3,952,266		
Accumulated depreciation		1,616,257	2,275,283		1,762,244	2,190,021	
(2) Structures		185,725			185,725		
Accumulated depreciation		125,457	60,267		134,677	51,048	
(3) Machinery and equipment		1,555,233			1,575,771		
Accumulated depreciation		1,166,726	388,507		1,258,792	316,978	
(4) Vehicles		9,518			21,757		
Accumulated depreciation		4,003	5,515		7,546	14,210	
(5) Tools, instruments and furniture		1,310,720			1,468,821		
Accumulated depreciation		878,916	431,804		933,042	535,779	
(6) Land			2,211,508			2,211,508	
(7) Construction in progress			28,575			218	
Total tangible fixed assets			5,401,460	20.6		5,319,765	21.3
2. Intangible fixed assets							
(1) Goodwill			503,449			117,021	
(2) Software			83,186			59,334	
(3) Facility utility rights			3,811			3,427	
Total intangible fixed assets			590,448	2.2		179,782	0.7
3. Investment and other assets							
(1) Investment securities			30,082			23,730	
(2) Equity of affiliated companies			431,322			431,322	
(3) Investment in affiliated companies			1,748,217			1,748,217	
(4) Long-lived deposit			500,000			–	
(5) Investments real assets			896,611			886,100	
(6) Deferred tax assets			93,017			6,368	
(7) Insurance reserve fund			107,838			111,009	
(8) Others			4,950			3,768	
Bad debt allowance			(1,597)			(1,597)	
Total Investment and other assets			3,810,444	14.5		3,208,921	12.9
Total Fixed Assets			9,802,353	37.3		8,708,469	34.9
Total Assets			26,271,127	100.0		24,956,117	100.0

Item	Notes No.	35th Term (As of March 31, 2007) Amount (Thousands of yen)		Percentage (%)	36th Term (As of March 31, 2008) Amount (Thousands of yen)		Percentage (%)
(Liabilities)							
I. Current Liabilities							
1. Trade accounts payable			313,149			452,631	
2. Accrued liabilities			516,382			521,656	
3. Accrued expenses			234,251			214,043	
4. Accrued corporate taxes and others			30,864			44,170	
5. Deposit received			20,613			27,945	
6. Unearned income			3,200			3,200	
7. Others			13,836			14,441	
Total Current Liabilities			1,132,297	4.3		1,278,088	5.1
II. Fixed Liabilities							
1. Deferred taxes liabilities			–			1,230	
2. Allowance for retirement benefits			243,508			269,076	
3. Long-term accrued liabilities			148,570			148,570	
4. Guarantee deposit received			171,330			164,191	
5. Deposit key money			19,037			19,037	
Total Fixed Liabilities			582,445	2.2		602,104	2.4
Total Liabilities			1,714,743	6.5		1,880,193	7.5
(Net Assets)							
I. Shareholders' Equity							
1. Capital			6,791,682	25.9		6,791,682	27.2
2. Capital surplus							
(1) Capital Reserves		10,571,419			10,571,419		
Total Capital Surplus			10,571,419	40.2		10,571,419	42.4
3. Retained Earnings							
(1) Earned Surplus Reserves		1,697,920			1,697,920		
(2) Other Retained Earnings							
Special Depreciation Reserve		201			–		
Contingent Reserves		5,500,000			5,500,000		
Earned Surplus Carried Over		297,330			(1,116,451)		
Total Retained Earnings			7,495,452	28.5		6,081,469	24.3
4. Treasury Stocks			(309,876)	(1.1)		(370,462)	(1.4)
Total Shareholders' Equity			24,548,678	93.5		23,074,109	92.5
II. Valuation/Conversion Differentials and Others							
1.Differential from Valuation of Securities			7,705	0.0		1,814	0.0
Total of Valuation/Conversion Differentials and Others			7,705	0.0		1,814	0.0
Total Net Assets			24,556,384	93.5		23,075,924	92.5
Total Liabilities/Net assets			26,271,127	100.0		24,956,117	100.0

(2) Income Statement

		35th Term (From April 1, 2006 to March 31, 2007)			36th Term (From April 1, 2007 to March 31, 2008)		
Item	Notes No.	Amount (Thousands of yen)		Percentage (%)	Amount (Thousands of yen)		Percentage (%)
I. Sales Amount							
1. Product sales amount		6,113,893			6,079,395		
2. Goods sales amount		88,938	6,202,832	100.0	69,736	6,149,132	100.0
II. Cost of Sales							
(Product cost of sales)							
1. Product inventory at beginning of term		46,991			42,642		
2. Product manufacturing cost for current term		4,489,371			4,699,312		
Total		4,536,362			4,741,954		
3. Transfer amount of other accounts		60,172			69,722		
4. Product inventory at end of term		42,642			16,771		
Product cost of sales		4,433,547			4,655,461		
(Goods cost of sales)							
1. Goods inventory at beginning of term		10,349			314		
2. Goods purchase amount for current term		52,853			48,785		
Total		63,203			49,099		
3. Goods inventory at end of term		314			21		
Goods cost of sales		62,888	4,496,436	72.5	49,078	4,704,539	76.5
Gross Profit			1,706,396	27.5		1,444,592	23.5
III. Selling, General and Administrative Expenses			1,828,006	29.5		1,991,267	32.3
Operating (Loss)			(121,610)	(2.0)		(546,675)	(8.8)
IV. Non-operating Income							
1. Interest received		23,641			80,990		
2. Dividends received		145			227		
3. House rent income		38,400			39,434		
4. Patent royalties		34,186			33,887		
5. Foreign exchange gains		31,849			–		
6. Others		21,995	150,218	2.4	10,820	165,359	2.6
V. Non-operating Expenses							
1. Cost of house rent income		17,774			15,957		
2. Foreign exchange loss		–			151,179		
3. Loss on retirement of inventory assets		–			147,150		
4. Others		2,294	20,069	0.3	1,586	315,872	5.1
Ordinary Profit or (Loss)			8,538	0.1		(697,188)	(11.3)
VI. Extraordinary Profit							
1. Gain on sale of fixed assets		805			7,098		
2. Gain on sale of investment securities		403,848			–		
3. Reversal of bad debt allowance		440	405,094	6.5	160	7,258	0.1
VII. Extraordinary Loss							
1. Loss on retirement of fixed assets		3,279			3,023		
2. Brand royalties in prior years		9,546			–		
3. Loss on investment securities valuation		42,763			4,108		
4. Impairment loss		–			283,915		
5. Compensation cost for defective supplied materials		–			4,229		
6. Service pay in prior years and others		10,000	65,588	1.0	–	295,276	4.8
Net Profit or (Loss) before Taxes			348,044	5.6		(985,207)	(16.0)
Corporate Taxes, Local and Enterprise Taxes		112,665			12,931		
Adjustment to corporate taxes		23,495	136,160	2.2	138,953	151,885	2.4
Net Profit or (Loss)			211,884	3.4		(1,137,092)	(18.4)

(3) Statement of Changes in Shareholders' Equity and Others

Previous business year (from April 1, 2006 to March 31, 2007)

	Shareholders' Equity		
	Capital	Capital Surplus	
		Capital Reserves	Total Capital Surplus
Balance at March 31, 2006 (Thousands of yen)	6,791,682	10,571,419	10,571,419
Changes in the business year			
Dividend of surplus (Note)			
Payment of director bonus (Note)			
Reversal of special depreciation reserves			
Contingent reserves accumulation			
Net profit			
Changes in differential from valuation of securities and others that are directly recorded to the net assets section			
Acquisition of treasury stocks			
Sale of treasury stocks			
Total amount of changes during the business year (Thousands of yen)	–	–	–
Balance at March 31, 2007 (Thousands of yen)	6,791,682	10,571,419	10,571,419

	Shareholders' Equity						
	Retained Earnings					Treasury Stocks	Total Shareholders' Equity
	Earned Surplus Reserves	Other Retained Earnings			Total Retained Earnings		
		Special Depreciation Reserve	Contingent Reserves	Earned Surplus Carried Over			
Balance at March 31, 2006 (Thousands of yen)	1,697,920	799	5,100,000	771,082	7,569,802	(314,340)	24,618,564
Changes in the business year							
Dividend of surplus (Note)				(276,844)	(276,844)		(276,844)
Payment of director bonus (Note)				(8,120)	(8,120)		(8,120)
Reversal of special depreciation reserves		(598)		598	–		–
Contingent reserves accumulation			400,000	(400,000)	–		–
Net profit				211,884	211,884		211,884
Changes in differential from valuation of securities and others that are directly recorded to the net assets section.					–		–
Acquisition of treasury stocks					–	(304)	(304)
Sale of treasury stocks				(1,269)	(1,269)	4,768	3,499
Total amount of changes during the business year (Thousands of yen)	–	(598)	400,000	(473,751)	(74,349)	4,464	(69,885)
Balance at March 31, 2007 (Thousands of yen)	1,697,920	201	5,500,000	297,330	7,495,452	(309,876)	24,548,678

	Valuation/Conversion Differentials and Others		Total Net Assets
	Differential from Valuation of Securities and Others	Total of Valuation/Conversion Differentials and Others	
Balance at March 31, 2006 (Thousands of yen)	241,453	241,453	24,860,018
Changes in the business year			
Dividend of surplus (Note)			(276,844)
Payment of director bonus (Note)			(8,120)
Reversal of special depreciation reserves			–
Contingent reserves accumulation			–
Net profit			211,884
Changes in differential from valuation of securities and others that are directly recorded to the net assets section	(233,748)	(233,748)	(233,748)
Acquisition of treasury stocks			(304)
Sale of treasury stocks			3,499
Total amount of changes during the business year (Thousands of yen)	(233,748)	(233,748)	(303,633)
Balance at March 31, 2007 (Thousands of yen)	7,705	7,705	24,556,384

Note: The above are the profit appropriation items as approved by the General Meeting of Shareholders in June 2006.

Current business year (from April 1, 2007 to March 31, 2008)

	Shareholders' Equity		
	Capital	Capital Surplus	
		Capital Reserves	Total Capital Surplus
Balance at March 31, 2007 (Thousands of yen)	6,791,682	10,571,419	10,571,419
Changes in the business year			
Dividend of surplus			
Reversal of special depreciation reserves			
Net loss			
Changes in differential from valuation of securities and others that are directly recorded to the net assets section			
Acquisition of treasury stocks			
Total amount of changes during the business year (Thousands of yen)	–	–	–
Balance at March 31, 2008 (Thousands of yen)	6,791,682	10,571,419	10,571,419

	Shareholders' Equity						
	Retained Earnings					Treasury Stocks	Total Shareholders' Equity
	Earned Surplus Reserves	Other Retained Earnings			Total Retained Earnings		
		Special Depreciation Reserve	Contingent Reserves	Earned Surplus Carried Over			
Balance at March 31, 2007 (Thousands of yen)	1,697,920	201	5,500,000	297,330	7,495,452	(309,876)	24,548,678
Changes in the business year							
Dividend of surplus				(276,890)	(276,890)		(276,890)
Reversal of special depreciation reserves		(201)		201	–		–
Net loss				(1,137,092)	(1,137,092)		(1,137,092)
Changes in differential from valuation of securities and others that are directly recorded to the net assets section					–		–
Acquisition of treasury stocks					–	(60,586)	(60,586)
Total amount of changes during the business year (Thousands of yen)	–	(201)	–	(1,413,781)	(1,413,983)	(60,586)	(1,474,569)
Balance at March 31, 2008 (Thousands of yen)	1,697,920	–	5,500,000	(1,116,451)	6,081,469	(370,462)	23,074,109

	Valuation/Conversion Differentials and Others		Total Net Assets
	Differential from Valuation of Securities and Others	Total of Valuation/Conversion Differentials and Others	
Balance at March 31, 2007 (Thousands of yen)	7,705	7,705	24,556,384
Changes in the business year			
Dividend of surplus			(276,890)
Reversal of special depreciation reserves			–
Net loss			(1,137,092)
Changes in differential from valuation of securities and others that are directly recorded to the net assets section	(5,890)	(5,890)	(5,890)
Acquisition of treasury stocks			(60,586)
Total amount of changes during the business year (Thousands of yen)	(5,890)	(5,890)	(1,480,459)
Balance at March 31, 2008 (Thousands of yen)	1,814	1,814	23,075,924