



Summary of Financial Statements for the First Quarter of the Fiscal Year 2012 [Japan GAAP]

August 12, 2011

Listed market: JASDAQ

Listed company name SEIKOH GIKEN Co., Ltd.
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 Due date of quarterly financial statements submission August 12, 2011
 Date of dividend payment -

(All amounts rounded down to the nearest million yen)

1. Consolidated business results for the first quarter of fiscal 2012 (April 1, 2011 to June 30, 2011)

(1) Consolidated business performance (accumulated total) (Percentage figures show the changes from the previous Second quarter.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2011	1,210	1.9	(25)	—	(10)	—	9	—
Three months ended June 30, 2010	1,187	13.4	(99)	—	(100)	—	(260)	—

	Net profit per share		Fully diluted net profit per share	
	Yen		Yen	
Three months ended June 30, 2011	0.99		—	
Three months ended June 30, 2010	(28.50)		—	

(2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
Three months ended June 30, 2011	20,676		19,403		93.8		2,122.96	
Fiscal year ended March 31, 2011	20,588		19,306		93.8		2,112.32	

(Reference) Shareholders' equity Three months ended June 30, 2011 19,403 million yen Fiscal year ended March 31, 2011 19,306 million yen

2. Dividend status

	Dividend per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the year	Full year
	Yen				
Fiscal year ended March 31, 2011	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2012	—	—	—	—	—
Fiscal year ending March 31, 2013 (Forecast)	—	0.00	—	0.00	0.00

Note: Revision to the forecast for the dividend during the current third quarter: None

3. Forecast of consolidated business performance for the year ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(Percentage figures for "Full year" show the changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net profit per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Half year	2,640	7.0	(70)	—	20	—	10	—	1.09	
Full year	5,430	13.6	(70)	—	120	—	60	—	6.56	

Note: Revision to the forecast for the figures of consolidated business performance during the current first quarter: None

4. Others

(1) Transfer of important subsidiaries during the current period (Transfer of specified subsidiaries necessary to change the range of consolidation): None

(2) Simplified accounting procedures and special accounting procedures applied in preparing the quarterly consolidated financial statements: None

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

1) Changes according to the amendment of accounting standards, etc.: None

2) Changes other than 1): None

(4) Number of shares issued (common stocks)

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

[Three months ended June 30, 2011] 9,333,654 shares / [Fiscal year ended March 31, 2011] 9,333,654 shares

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

[Three months ended June 30, 2011] 193,611 shares / [Fiscal year ended March 31, 2011] 193,611 shares

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

[Three months ended June 30, 2011] 9,140,043 shares / [Three months ended June 30, 2010] 9,140,122 shares

*Indication of progress status of quarterly report review procedures

This quarterly financial report is not subject to the quarterly financial report review procedures pursuant to the Financial Instruments and Exchange Act, but as of the time of disclosure of this quarterly financial report, the quarterly report review procedures were being implemented pursuant to the Financial Instruments and Exchange Act.

*Explanation of appropriate use of performance forecasts and other notes

Statements in this material regarding the future, such as performance forecasts, are based to a certain extent on information available to the Company at the time and rational decision-making, but the actual performance could vary widely from these statements due to a variety of factors. Regarding items relating to performance forecasts, please refer to “(3) Qualitative Information Regarding Consolidated Performance Forecasts” on page 3 of the Quarterly Financial Report (Appendix).

1. Qualitative Information Regarding the Consolidated Performance for the Current Quarter

(1) Qualitative Information Regarding the Consolidated Operation Results

The global economy in the period under review generally displayed a moderate recovery thanks to the continuing growth in emerging economies, specifically China, amid concerns about high raw materials prices and the European fiscal debt crisis. Meanwhile, the Japanese economy saw first signs of a rebound as depressed corporate profits and stagnating consumption after the Great East Japan Earthquake appeared to bottom out. Nonetheless, the outlook for the Japanese economy remains uncertain owing to factors such as electric power shortages and yen strength.

In the key customer industries of the Group, specifically information and telecommunications technology, and digital home appliances, domestic markets saw increased demand for smart phones, i.e., multi-function mobile phones, as well as strong sales of flat-screen TVs ahead of the end of analog broadcasting. However, final selling prices of digital home appliance plunged and the competition among suppliers to these markets are globally intensifying.

In this operating environment, the Group has been working to retain existing customers and acquire new customers in the two segments of precision machinery related products (mainly optical disk molds) and optical related products (mainly components for fiber-optic communications technology). As a result, first-quarter consolidated sales increased 1.9% on the year to 1,210,106 thousand yen. Earnings posted an operating loss of 25,572 thousand yen (compared with a year-earlier operating loss of 99,907 thousand yen) and ordinary loss of 10,815 thousand yen (compared with a year-earlier ordinary loss of 100,219 thousand yen). The improved loss levels compared with a year earlier are due to lower fixed costs, specifically expenses for personnel, R&D, and depreciation charges. Net income for the period improved markedly to 9,063 thousand yen (from a year-earlier net loss of 260,459 thousand yen) aided by gains mainly from the sale of non-current assets, which were provided under extraordinary gains.

Segment results developed as follows.

(i) Precision machinery related products

Capacity utilization ratios at producers of optical disc molds have generally been low, with weak demand for new molds, mold maintenance, and mold replacement. By contrast, heat-resistant lenses for mobile-phone mounted cameras saw strong sales thanks to robust demand from customers in China. As a result, first-quarter consolidated sales of precision machinery related products totaled 210,738 thousand yen (-15.5% on the year). Income posted an operating loss of 83,173 thousand yen, improved over the year-earlier operating loss of 121,513 thousand yen thanks mainly to ongoing efforts to lower input costs as well as fixed-cost reduction measures implemented last fiscal year.

(ii) Optical related products

The fiber-optics related market continues to grow, reflecting rising data volumes disseminated over the internet. As a result of strengthened sales frameworks to address the demand expansion in China where growth has been particularly strong, first-quarter consolidated sales of fiber-optics related products increased 6.5% on the year to 999,368 thousand yen. Operating income increased 166.6% on the year to 57,600 thousand yen, aided by effort toward a shift to local procurement of parts and materials, supply chain adjustments, and fixed-cost and other cost reduction measures.

(2) Qualitative information on consolidated financial position

Consolidated assets at the end of the period under review totaled 20,676,791 thousand yen, reflecting an increase of 88,251 thousand yen from the end of the previous fiscal year. Current assets increased 187,161 thousand yen from the end of the previous fiscal year to 15,390,386 thousand yen. Main factors were increased cash and deposits from sales of the precious metals used in product manufacturing processes and other non-current assets. Non-current assets decreased 98,909 thousand yen from the end of the previous fiscal year to 5,286,404 thousand yen. This decrease was mainly due to the sale of the precious metals referred to above.

Liabilities at the end of the period under review totaled 1,272,885 thousand yen, reflecting a decrease of 8,935 thousand yen from the end of the previous fiscal year. Main factors were lower trade accounts payable and accrued expenses.

Net assets at the end of the period under review increased 97,187 thousand yen from the end of the previous fiscal year to 19,403,905 thousand yen. The main factor was a drop in the foreign currency adjustment account.

(3) Qualitative information on consolidated results forecasts

Consolidated performance to date largely bears out the consolidated results forecast for the fiscal year to March 2012. Consolidated results forecasts for the 2nd quarter and for the fiscal year to March 2012 stated in the summary of financial statements released on May 13, 2011, remain intact.

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Unit: Thousands of yen)

	At the end of the current first quarter (as of June 30, 2011)	Summary of consolidated balance sheet at the end of the previous year (As of March 31, 2011)
Assets		
Current assets		
Cash and deposits	13,163,157	13,047,328
Notes and accounts receivable-trade	1,272,234	1,284,011
Merchandise and finished goods	195,755	163,324
Work in process	314,838	299,948
Raw materials and supplies	317,998	268,754
Income taxes receivable	11,089	11,449
Other	117,558	130,672
Allowance for doubtful accounts	(2,246)	(2,264)
Total current assets	15,390,386	15,203,225
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,714,462	3,705,782
Accumulated depreciation	(2,186,986)	(2,160,639)
Buildings and structures, net	1,527,476	1,545,143
Machinery, equipment and vehicles	2,084,464	2,079,999
Accumulated depreciation	(1,872,227)	(1,856,193)
Machinery, equipment and vehicles, net	212,237	223,806
Land	2,035,325	2,035,325
Construction in progress	379,234	358,468
Other	1,616,897	1,694,638
Accumulated depreciation	(1,468,846)	(1,454,108)
Other, net	148,051	240,529
Total property, plant and equipment	4,302,324	4,403,272
Intangible assets		
Other	48,169	43,783
Total intangible assets	48,169	43,783
Investments and other assets		
Investment securities	14,014	13,558
Real estate for investment, net	860,512	862,063
Other	61,383	62,635
Total investments and other assets	935,910	938,257
Total noncurrent assets	5,286,404	5,385,313
Total assets	20,676,791	20,588,539

(Unit: Thousands of yen)

	At the end of the current first quarter (as of June 30, 2011)	Summary of consolidated balance sheet at the end of the previous year (As of March 31, 2011)
Liabilities		
Current liabilities		
Accounts payable-trade	205,641	220,953
Income taxes payable	35,427	42,345
Other	422,171	418,322
Total current liabilities	663,241	681,621
Noncurrent liabilities		
Provision for retirement benefits	336,943	323,081
Long-term accounts payable-other	145,370	145,370
Long-term guarantee deposited	107,081	111,364
Long-term lease deposited	19,037	19,037
Other	1,212	1,346
Total noncurrent liabilities	609,644	600,199
Total liabilities	1,272,885	1,281,820
Net assets		
Shareholders' equity		
Capital stock	6,791,682	6,791,682
Capital surplus	10,571,419	10,571,419
Retained earnings	2,897,200	2,888,137
Treasury stock	(427,188)	(427,188)
Total Shareholders' equity	19,833,114	19,824,051
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,702)	(3,098)
Foreign currency translation adjustment	(426,506)	(514,234)
Total accumulated other comprehensive income	(429,208)	(517,332)
Total net assets	19,403,905	19,306,718
Total liabilities and net assets	20,676,791	20,588,539

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

(Unit: Thousands of yen)

	Three months ended June 30, 2010 (from April 1, 2010 to June 30, 2010)	Three months ended June 30, 2011 (from April 1, 2011 to June 30, 2011)
Sales amount	1,187,688	1,210,106
Cost of sales	824,294	827,491
Gross profit	363,394	382,614
Selling, general and administrative expenses	463,301	408,187
Operating loss	(99,907)	(25,572)
Non-operating income		
Interest income	10,173	6,819
Dividends income	186	162
Rent of real estate for investment	9,600	9,600
Other	10,259	3,698
Total non-operating income	30,218	20,280
Non-operating expenses		
Cost of real estate rent	3,064	2,814
Foreign exchange losses	27,282	1,516
Other	184	1,192
Total non-operating expenses	30,530	5,523
Ordinary loss	(100,219)	(10,815)
Extraordinary income		
Gain on sales of noncurrent assets	8,441	44,202
Reversal of allowance for doubtful accounts	579	—
Total extraordinary income	9,021	44,202
Extraordinary loss		
Loss on retirement of noncurrent assets	5,811	119
Loss on sales of noncurrent assets	1,698	—
Business structure improvement expenses	147,967	—
Total extraordinary losses	155,476	119
Net Income or Net loss before taxes	(246,674)	33,267
Income taxes-current	13,253	24,000
Income taxes-deferred	530	203
Total income taxes	13,784	24,204
Loss before minority interests	(260,459)	9,063
Net Income or Net loss	(260,459)	9,063

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

(Unit: Thousands of yen)

	Consolidated cumulative 1st quarter of fiscal 2011 (Apr. 1, 2010 - Jun. 30, 2010)	Consolidated cumulative 1st quarter of fiscal 2012 (Apr. 1, 2011 - Jun. 30, 2011)
Net income before adjustment for minority interests	(260,459)	9,063
Other comprehensive income		
Net unrealized holding gains on securities	(1,563)	395
Foreign currency translation adjustments	12,158	87,728
Total other comprehensive income	10,595	88,124
Comprehensive income	(249,864)	97,187
(Items)		
Comprehensive income attributable to owners of the parent	(249,864)	97,187