



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

February 10, 2012
Listed market: JASDAQ

Listed company name SEIKOH GIKEN Co., Ltd.
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 Due date of quarterly financial statements submission February 10, 2012
 Date of dividend payment -

(All amounts rounded down to the nearest million yen)

1. Consolidated business results for the third quarter of fiscal 2012 (April 1, 2011 to December 31, 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	%
Nine months ended December 31, 2011	3,503	(2.9)	(29)	—	(24)	—	(20)	—
Nine months ended December 31, 2010	3,607	7.2	(133)	—	(112)	—	(629)	—

	Net profit per share		Fully diluted net profit per share	
	Yen		Yen	
Nine months ended December 31, 2011	(2.23)		—	
Nine months ended December 31, 2010	(68.82)		—	

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Nine months ended December 31, 2011	20,433	19,222	94.1	2,102.67
Fiscal year ended March 31, 2011	20,588	19,306	93.8	2,112.32

(Reference) Shareholders' equity Nine months ended December 31, 2011 19,218 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	—	0.00	—	—	—
Fiscal year ending March 31, 2013 (Forecast)	—	—	—	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
Full year	4,830	1.1	20	—	20	—	0	—	0.00

Note: Revision to the forecast for the figures of consolidated business performance during the current third quarter: Exist

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

3) Changes in accounting estimates : None

4) Revisions or restatement : None

(4) Number of shares issued (common stocks)

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

[Nine months ended December 31, 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:

[Nine months ended December 31, 2011] 193,671 shares / [Fiscal year ended March 31, 2010] 193,611 shares

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

[Nine months ended December 31, 2011] 9,140,010 shares / [Nine months ended December 31, 2010] 9,140,095 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 Operating Results

The global economy in the period under review displayed strengthening signs of a slowdown under the impact of the European debt crisis and the flood damage in Thailand. In Japan, the economy staged a moderately paced rebound driven by reconstruction demand after the Great East Japan Earthquake. Nonetheless, amid protracted yen appreciation and stagnant overseas economies, downward pressures on domestic corporate earnings and personal consumption persisted.

The information and telecommunications and digital home appliances industries, of which the Group is a part, continues to see rising demand for smart phones, i.e., multi-function mobile phones, while concerns over energy conservation and environmental protection put LED lighting and next-generation power semiconductors at center stage. On the other hand, with the changeover to terrestrial digital broadcasting now completed, plummeting prices of flat-screen TVs have been compelling electric appliance manufacturers to review their TV operations, highlighting the problem of product commoditization that is facing the industry.

In this business environment, based on its long-term management plan "Master Plan 2010" initiated last fiscal year, the Group implemented measures at its precision machinery segment (main products in metal molds for optical disk and lenses of high heat resistance) and the optical products segment (main products in parts for fiber-optic communications).

Consolidated sales in the period under review totaled 3,503,797 thousand yen, reflecting a 2.9% decline compared with the year earlier, as efforts at the retention of existing customers and the acquisition of new customers were eclipsed by the effects of downward price pressure and yen appreciation. Earnings posted an operating loss of 29,172 thousand yen (compared with a year-earlier operating loss of 133,669 thousand yen) and ordinary loss of 24,855 thousand yen (compared with a year-earlier ordinary loss of 112,284 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. Although net income for the period posted a loss 20,361 thousand yen due to a special loss from the sale of non-current assets, the result was much improved compared with the loss of 629,012 thousand yen reported for the same year-earlier period when significant special losses were recognized.

Segment results developed as follows.

(i) Precision machinery related products

Capacity utilization ratios at producers of optical disc molds have generally been low, with continued weak demand for fresh investment in optical disc production lines, maintenance of optical disc metal molds, and replacement parts. Therefore, in the segment of precision machinery related products, the Group has been working to increase order receipts for metal molds other than for optical disc applications as well as orders for precision processing of metal parts drawing on the Group's core technologies in precision processing and precision metal mold technologies. In addition, heat-resistant lenses for mobile-phone mounted cameras saw strong expansion thanks to robust demand from customers in China. As a result, third-quarter consolidated sales of precision machinery related products totaled 684,322 thousand yen (+1.3% on the year). Income posted an operating loss of 182,262 thousand yen, improved over the year-earlier operating loss of 273,225 thousand yen thanks mainly to ongoing efforts to lower input costs as well as fixed-cost reduction measures.

(ii) Optical related products

Emerging economies, specifically China, have been seeing FTTH applications proliferate amid a rising trend in the data volumes circulated over the Internet. Moreover, in the U.S. and in Japan, demand for fiber-optic communications parts has been increasing overall, such as for the construction of data centers for the storage and management of customer data. However, with selling prices for general-purpose fiber-optic communications parts in continuous decline, sales revenue has been struggling to grow in step with sales volumes. Moreover, due to the flood damage in Thailand, some parts and materials have been affected by supply disruptions. As a result, third-quarter consolidated sales of fiber-optics related products totaled 2,819,475 thousand yen (-3.8% on the year). Operating income posted 153,089 thousand yen, up 9.7 percent on the year, reflecting effort toward advancing optimization for local procurement of parts and materials as well as the supply chain, sweeping cost cutting efforts, including in fixed costs.

(2) Qualitative information on consolidated financial position

Consolidated assets at the end of the period under review totaled 20,433,084 thousand yen, reflecting a decrease of 155,454 thousand yen from the end of the previous fiscal year. Current assets decreased 17,183 thousand yen from the end of the previous fiscal year to 15,186,041 thousand yen. The main factor was a drop in cash and deposits caused by bonus payments and capital investments at subsidiary Seikoh Giken Hangzhou. Non-current assets totaled 5,247,043 thousand yen, which was 138,270 thousand yen lower than at the end of the previous fiscal year. The main factor was a partial sale of precious metals as well as machinery and equipment used in product manufacturing process.

Liabilities at the end of the period under review totaled 1,210,635 thousand yen, reflecting a decrease of 71,185 thousand yen from the end of the previous fiscal year. The main factor was a decline in accounts payable and accrued expenses.

Net assets at the end of the period under review decreased 84,268 thousand yen from the end of the previous fiscal year to 19,222,449 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 fiscal year to March 2012 released on November 11, 2011, remain intact.

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Unit: Thousands of yen)

	Summary of consolidated balance sheet at the end of the previous year (As of March 31, 2011)	At the end of the current Third quarter (as of December 31, 2011)
Assets		
Current assets		
Cash and deposits	13,047,328	12,847,730
Notes and accounts receivable-trade	1,284,011	1,269,026
Merchandise and finished goods	163,324	278,710
Work in process	299,948	292,586
Raw materials and supplies	268,754	367,739
Income taxes receivable	11,449	3,152
Other	130,672	129,253
Allowance for doubtful accounts	(2,264)	(2,157)
Total current assets	15,203,225	15,186,041
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,705,782	3,700,786
Accumulated depreciation	(2,160,639)	(2,228,308)
Buildings and structures, net	1,545,143	1,472,477
Machinery, equipment and vehicles	2,079,999	1,971,148
Accumulated depreciation	(1,856,193)	(1,780,947)
Machinery, equipment and vehicles, net	223,806	190,201
Land	2,035,325	2,035,325
Construction in progress	358,468	400,972
Other	1,694,638	1,522,415
Accumulated depreciation	(1,454,108)	(1,360,310)
Other, net	240,529	162,105
Total property, plant and equipment	4,403,272	4,261,081
Intangible assets		
Other	43,783	43,964
Total intangible assets	43,783	43,964
Investments and other assets		
Investment securities	13,558	11,980
Real estate for investment, net	862,063	857,415
Other	62,635	72,716
Allowance for doubtful accounts	—	(115)
Total investments and other assets	938,257	941,997
Total noncurrent assets	5,385,313	5,247,043
Total assets	20,588,539	20,433,084

(Unit: Thousands of yen)

	Summary of consolidated balance sheet at the end of the previous year (As of March 31, 2011)	At the end of the current Third quarter (as of December 31, 2011)
Liabilities		
Current liabilities		
Accounts payable-trade	220,953	259,417
Income taxes payable	42,345	32,449
Other	418,322	301,587
Total current liabilities	681,621	593,455
Noncurrent liabilities		
Provision for retirement benefits	323,081	353,129
Long-term accounts payable-other	145,370	145,370
Long-term guarantee deposited	111,364	98,514
Long-term lease deposited	19,037	19,037
Other	1,346	1,128
Total noncurrent liabilities	600,199	617,179
Total liabilities	1,281,820	1,210,635
Net assets		
Shareholders' equity		
Capital stock	6,791,682	6,791,682
Capital surplus	10,571,419	10,571,419
Retained earnings	2,888,137	2,867,775
Treasury stock	(427,188)	(427,218)
Total Shareholders' equity	19,824,051	19,803,659
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,098)	(4,934)
Foreign currency translation adjustment	(514,234)	(580,393)
Total accumulated other comprehensive income	(517,332)	(585,327)
Subscription rights to shares	—	4,117
Total net assets	19,306,718	19,222,449
Total liabilities and net assets	20,588,539	20,433,084

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

(Unit: Thousands of yen)

	Nine months ended December 31, 2010 (from April 1, 2010 to December 31, 2010)	Nine months ended December 31, 2011 (from April 1, 2011 to December 31, 2011)
Sales amount	3,607,959	3,503,797
Cost of sales	2,437,820	2,349,205
Gross profit	1,170,138	1,154,592
Selling, general and administrative expenses	1,303,808	1,183,765
Operating loss	(133,669)	(29,172)
Non-operating income		
Interest income	28,270	22,629
Dividends income	350	372
Rent of real estate for investment	28,800	30,235
Other	30,777	9,715
Total non-operating income	88,199	62,952
Non-operating expenses		
Cost of real estate rent	9,192	8,436
Foreign exchange losses	57,010	48,140
Other	611	2,058
Total non-operating expenses	66,814	58,635
Ordinary loss	(112,284)	(24,855)
Extraordinary income		
Gain on sales of noncurrent assets	9,852	44,440
Reversal of allowance for doubtful accounts	542	—
Gain on transfer of business	—	15,760
Total extraordinary income	10,394	60,201
Extraordinary loss		
Loss on retirement of noncurrent assets	12,909	3,798
Loss on sales of noncurrent assets	1,724	—
Business structure improvement expenses	232,526	—
Impairment loss	239,530	—
Losses due to disasters	—	975
Total extraordinary losses	486,691	4,773
Net Income or Net loss before taxes	(588,580)	30,571
Income taxes-current	39,029	61,199
Income taxes-deferred	1,402	(10,265)
Total income taxes	40,431	50,933
Loss before minority interests	(629,012)	(20,361)
Net loss	(629,012)	(20,361)

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

(Unit: Thousands of yen)

	Nine months ended December 31, 2010 (from April 1, 2010 to December 31, 2010)	Nine months ended December 31, 2011 (from April 1, 2011 to December 31, 2011)
Net loss before adjustment for minority interests	(629,012)	(20,361)
Other comprehensive income		
Net unrealized holding gains on securities	(1,055)	(1,835)
Foreign currency translation adjustments	(203,936)	(66,158)
Total other comprehensive income	(204,992)	(67,994)
Comprehensive income	(834,004)	(88,356)
(Items)		
Comprehensive income attributable to owners of the parent	(834,004)	(88,356)