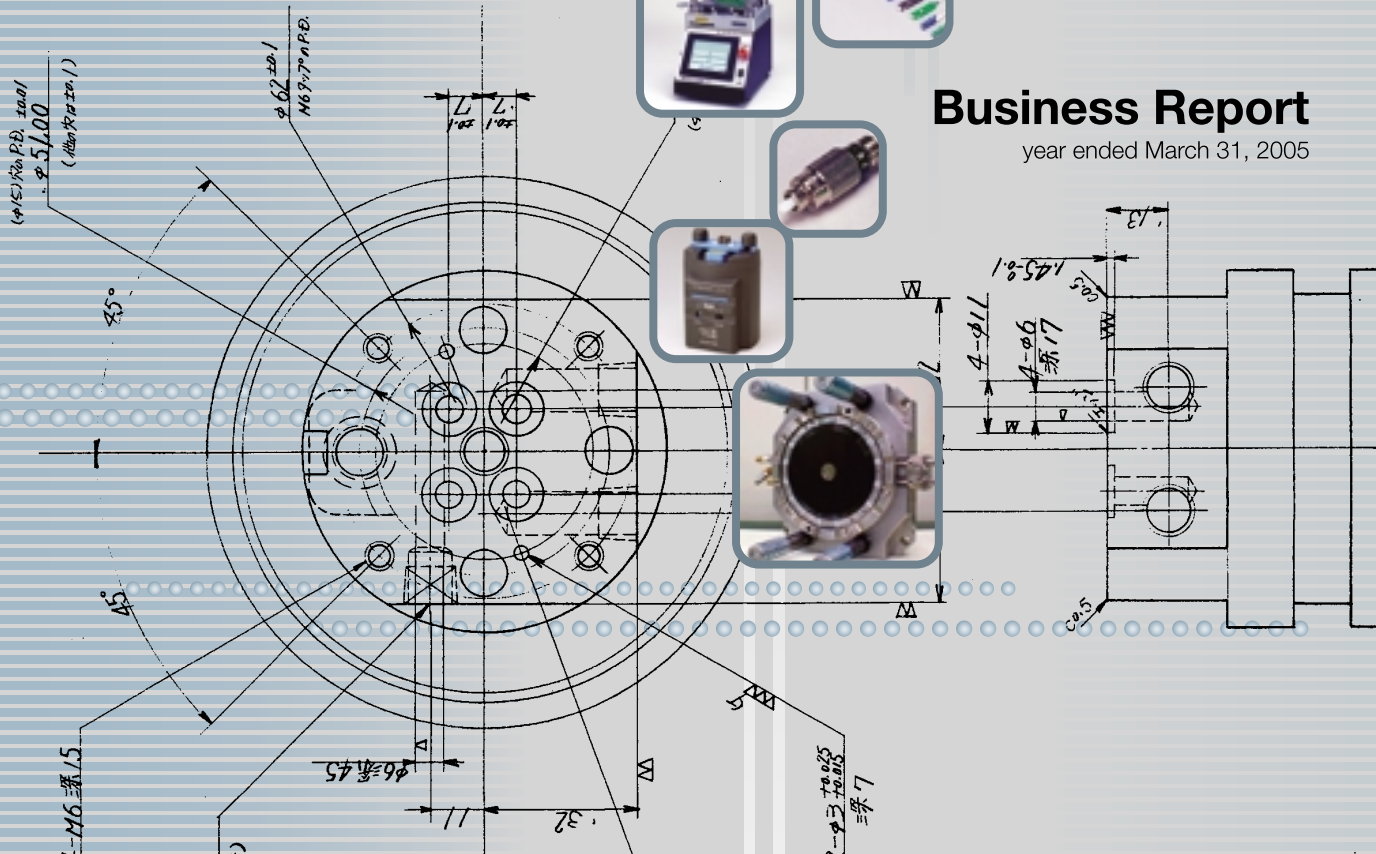


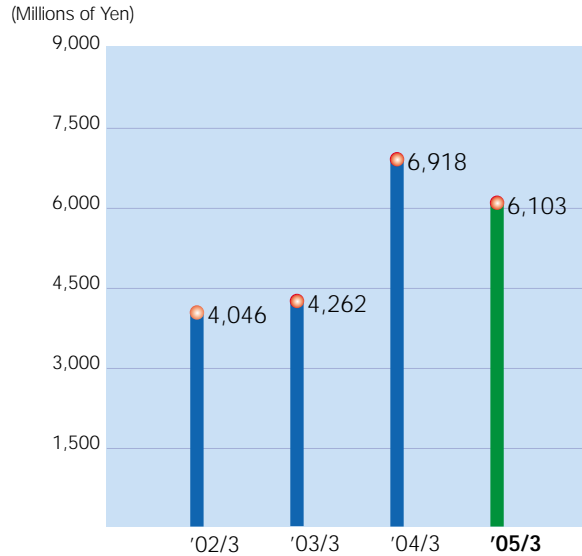
Business Report

year ended March 31, 2005

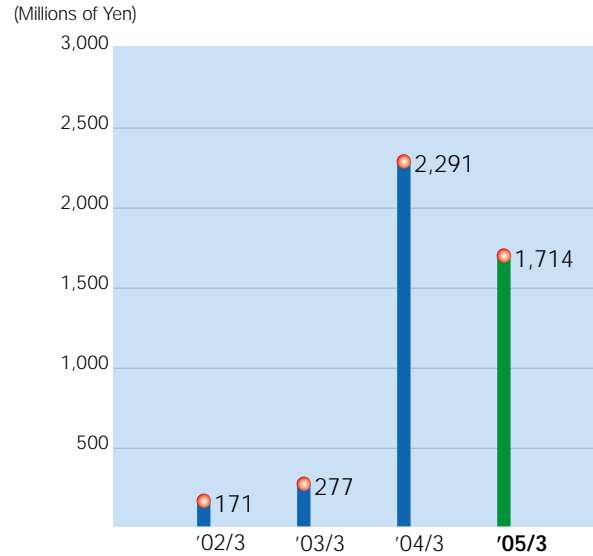


Financial Highlights

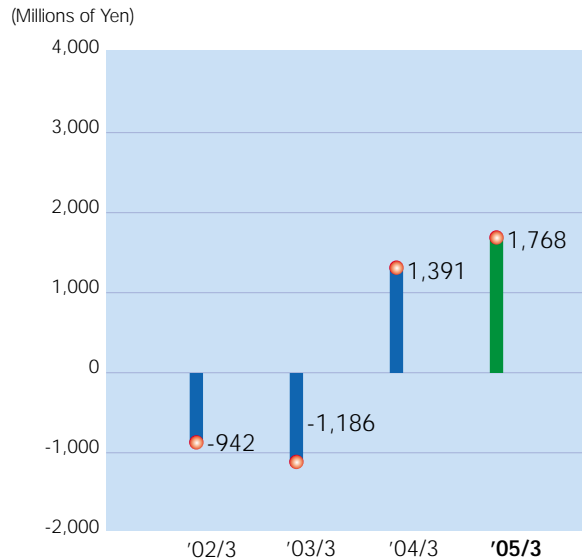
< Sales >



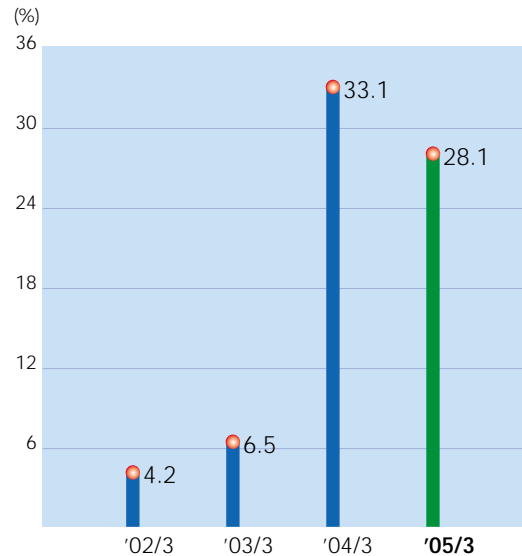
< Operating profit >



< Net income >



< Ratio of operating profit to sales >



To our shareholders

We are building a Company that has the ability to continue to grow and to supply the market with products with high-added value while expanding the scale of our portfolio of technologies.



Masatoshi Ueno
President and CEO

While increasing the value of the Company, we will act to bring a comprehensive return to our stockholders of increased share value and profits.

Results for Year Ending on March 31, 2005

The consolidated results for the SEIKOH GIKEN Group for the period from April 1, 2004 through March 31, 2005 were as follows. During the period, consolidated results for the Mold Products Segment of the business were influenced by such factors as the drop in demand for molds for DVDs. However, the Company was able to produce sales that exceeded our initial plans for the year. In addition, in the case our Optical Communications Segment, there has been a slow, but steady improvement in demand centering on both the US and the Japanese market. However, consolidated sales were ¥6,103 million (Down 11.8% Y/Y).

Regarding profits, the Mold Products Segment had reduced sales of new molds that significantly influenced the level of profits. Although the Optical Communications Segment continued to show improvement in profitability, consolidated profits were ¥1,714 million (Down 25.2% Y/Y). Concerning consolidated net income for period, because of tax effect accounting and other factors that reduced the effects of taxes on corporate profits, net income for period were ¥1,768 million (A significant increase of 27.1% Y/Y).

Concerning new businesses that the Company has been establishing to increase the scale of our overall business and to increase the value of the business, this year in January, we

succeeded in trial manufacturing of fuel cell separators and began development of a trial mass production line. Fuel cells are anticipated to be a next generation source of clean energy. Thus, to be prepared for growth of demand in this market, we have been putting to advantage our unique technology-related strengths and intend to further speed up these efforts.

Because the Company's management policy of emphasizing stockholder value, in addition to our regular dividend, we have added the policy of comprehensive return of value to our stockholders based on balanced performance and retained earnings. Concerning the recent period ended in March 2005, since it was possible to increase profits significantly beyond the management plan at the beginning of the period, a special dividend of ¥20 per share has been added to the regular dividend of ¥30 per share, a total of ¥50 per share in dividends. In addition, for the period just ended, the Company was able to purchase 84,500 shares of the Company common stock for a total sum of ¥274 million.

In the future as well, the Company, while continuing to follow the policy of aggressively increasing the value of the Company and investing in new areas of business, the Company will also continue to follow the policy of comprehensive return of value to our stockholders.

We look forward to receiving your support and guidance.

Measures to Strengthen the Company's Overall Management Systems and Business Operations

Increasing the Scale of the Company's Core Optical Communications Operations

With the acquisition of the SII Optical Communications Segment and the synergy effects of this acquisition, the company is moving to develop a solid position in the optical communications market.



At the present, the optical communications market is gradually expanding. Telecommunications traffic is increasing and it is predicted that this expansion of the market will continue for the foreseeable future and that competition between the various companies involved in the market will

grow more severe. Under these conditions, in order to maintain and increase market share and to raise the value of the company's brand, it is necessary to build an extensive product line-up and to maintain high product quality and reliability. It is also necessary to build a sales system that covers the market in an efficient manner and to have the necessary strengths in technology that will enable the Company to meet the expectations of our customers. To cope with these basic business needs, In May of this year, the Company made the decision to acquire the Optical Communications Segment of Seiko Instruments Inc. (SII) and to integrate this business into the Company's operations. A basic agreement has been reached with SII concerning this acquisition.

The Company's Optical Communications Segment and the SII Optical Operations Segment have both concentrated resources in the area of Optical connections and have built a record of

achievements in this market sector. Since the product line-ups of both companies are similar, the Company is confident that expansion of sale activities will go smoothly, the Company's market share in the optical communications operations will grow larger and, in addition, the acquisition will add significant value to the Company brand. Also, the company's sales network in the North American market is strong and SII has built up a strong customer base in Europe so that with the integration of both systems, it will be possible for the Company to strengthen its predominance in these markets.

In the area of technology, the SII Optical Communications Segment includes outstanding technology in the area of processing and mass production of a very wide range of items of many kinds based on Seiko's precision technology acquired from its long experience in the manufacture of watches. After integration takes place, the technology of both operations can be effectively merged and will supplement each other, enabling the Company to gain new advantages based on the synergy of this combination. The Company will effectively use the scale of merit gains from integrating the two operations to realize continuous growth in both sales and profits from its Optical Communications Segment operations.

Outline of Seiko Instruments Inc.

Location: Chiba City, Chiba Prefecture

Representative director: Yukihiro Chayama, President, CEO, COO & CFO

Establishment: September 1937

Line of business: Manufacture and sales of watches and electronic components, analysis and measurement equipment and IT-related equipment

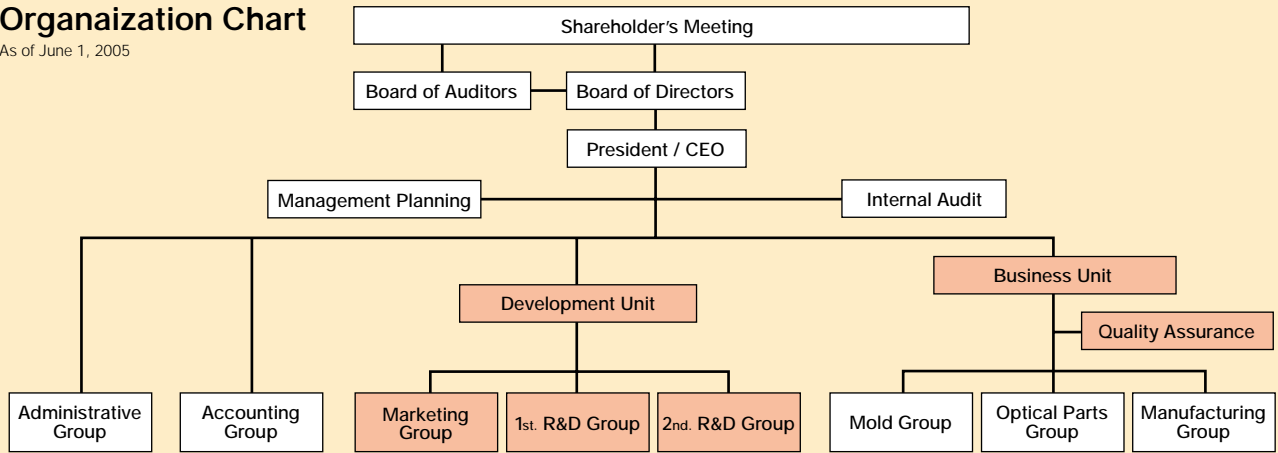
Paid-in Capital: ¥4,750 million

Employees (Consolidated): 8,500 persons (Optical Segment: 230 persons)

Consolidated sales for fiscal 2004: ¥245,800 million
(Optical Segment: ¥2,000 million)

Organization Chart

As of June 1, 2005



Strengthening the Company's R&D system that will create the next-generation business for SEIKOH GIKEN

Building an organization that stresses marketing and R&D systems and speeding up time-to-market

Up to the present time, in the case of the Company's New Business Group and the other business segments, the Company has been investigating entry into new markets and the development of new products. However, the speed of technology change has been rising and the time-to-market cycle has been getting shorter. Thus, it is necessary to create a strong R&D system that will enable the Company to raise the speed of development of new products and be able to anticipate market needs in advance and to have R&D capability to respond in an anticipatory manner, enabling the Company to provide superior products to the market in a timely manner. In order to create such a system, the Company will carry out a thoroughgoing reorganization for achieve this aim.

In more specific terms, in the past, both the Mold Products Segment and the Optical Communications Segment had their own R&D functions. The Company has consolidated all R&D operations

into an independent operation and clearly separated all R&D functions from the other business operations. This will enable the new R&D operation to combine all technology-related opportunities and information and to become a base of support for new business operations and for new product lines, thus enabling the company to establish market-driven business operations that accurately capture the needs of the market and develop the business operations and products to fill these needs. In addition, the company will increase its efforts to expand the sales of the existing business Segments and increase profits from their operations.

In order to the Corporate Group companies contribute to ongoing expansion of the value of the Corporate Group, it is necessary to speed up the expansion of the business and the development of new products. Therefore, the Company will take measures to increase its interfacing with other companies, universities and outside research organizations and will participate in such events as product and technology exhibitions, etc. in order to search out new products and new product ideas from both inside and outside of the Company.

Review of operations

Mold Products Segment

Top Share of the Global Optical Disk Mold Market

The Company has the top share of the global market for optical disk molds. The global production of DVD disks is expanding and the Company brand of optic molds for production of DVD and other disks is the top brand (See image), indicating the strength of the position we have built in the market. In recent years, with the record-breaking expansion in demand for memory products, new standards for increased quality have been developed. The Company uses mold design technology and precision processing technology that it has developed and accumulated since the establishment of the Company and continues to develop molds that are state-of-the-art.



Review of Operations

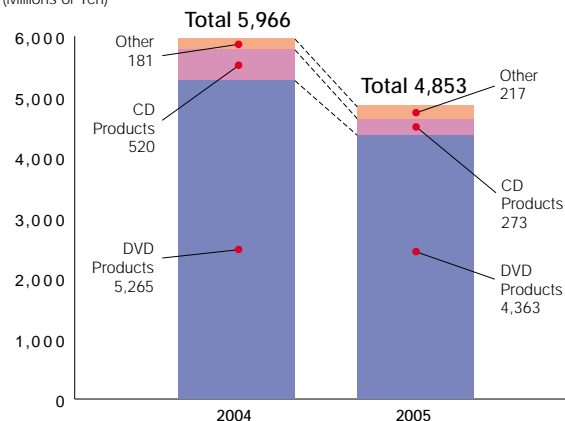
Maintenance Sales Remained Steady, but Demand for New DVD Mold Products Decreased

Because of the accelerating use of DVD, the various optical disk molding companies increased their disk molding production lines and until the last half of the period, demand for DVD mold products continued to be steady. However, during this latter period, the DVD manufacturing capacity of the quantity of manufacturing equipment that was rose from the current level at the time to a level that can supply rising demand for the next two to three years so that DVD market prices are dropping. In addition, during the last half, responding to rise in the price of a main production material, polycarbonate resin, the disk molding companies began to show signs of caution with regard to increasing manufacturing facilities. Thus, orders for DVD mold products were down compared to the same period in the previous year. Meanwhile, business remained steady at mold maintenance service locations in the US, Taiwan and Germany that the company is putting special efforts into and that provide complete customer service and also help to collect market information. In addition, recently, DVD±R disks with 16x writing speeds have appeared on the market and data recording capacities have expanded from 4.7GB to 8.5GB and 9.4GB so that molds are



Changes in Sales by Product

(Millions of Yen)



required to have even higher performance levels. In order to cope with this level of specifications, the Company is putting efforts into raising the level of its mold design, precision processing technology and its assembly technology thereby contributing to broader use of optical disks and providing evolving support to our customers. However, for consolidated results for the year, Mold Products Segment sales were down 18.7% compared to the previous year to ¥4,853 million.

Outlook for the coming fiscal year

Putting our Strengths into Developing Mold Technology for Next-Generation Optical Disk

For the period ending in March 2006, it is predicted that capital investment in DVD manufacturing facilities will decrease. In addition, development of the next-generation optical disk that will succeed the DVD is split into two contending groups and at the present time, it is uncertain when and if a unified specification can be agreed on. Thus, the business environment for the Mold Products Segment is predicted to become even more severe. Because of these factors, with the aim of stabilizing the business performance of the maintenance centers in the US, Germany and Taiwan, the sales systems of these operations will be strengthened. In addition, for the purpose of coping with expansion of demand that will take place when the new standard become official, The Company will continue its efforts to carry out the development of technology for the molds to be used for the next-generation disks.

Optical Communications Segment

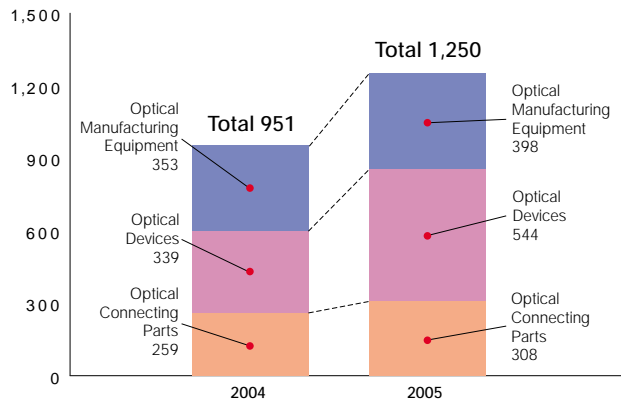
Manufacturing the Necessary Optical Communication Parts for Pleasant and Easy-to-use Broadband Environment

The Optical Communications Segment business consists of operations that the Company developed based on our core business technology, applications of precision processing technology. Creating a pleasant-to-use Internet environment requires optical connecting parts of various types and many other types of optical products plus optical connectors, ferrule end-face cleaners like Ferrule Mate (See image) and connector polishing equipment, etc. concerning which the Company has a full line-up.



Changes in Sales by Product

(Millions of Yen)



Review of Operations

Efforts to improve profitability and strengthen manufacturing and development of technology

With Japan and North America at the center, the Optical Communications Networks are expanding and the market is slowly improving. In Japan, NTT has announced plans for very large-scale facility investment. In addition, various electric-power company-related telecom companies have also announced expansions of their Optical Communications Networks. In the case of the US as well, all regional telecom companies are under even higher regulatory pressure to open up their optical fiber systems. Thus, it can be anticipated that this regulatory action will result in spurring these companies to increase their facilities investments. In these circumstances, the Optical Communications Segment operations were able to improve their profitability. Concerning sales, in addition to reviewing the sales of products with low profit levels, last year in September, in the Northeast part of the US, in the state of New Jersey, the Company opened a branch office, SEIKOH GIKEN USA, Inc. Sales calls on customers with high potential are being increased, detailed business discussions are being carried out and relationships with key customers are being strengthened. In the case of R&D and manufacturing, the Company is building a system that will be able to provide products in a timely manner to respond quickly to market trends. In parallel with this, the company is building new plant as a manufacturing center for China (Seikoh Giken Hangzhou Co., Ltd.) and intends to raise productivity

and lower basic production costs by gradually shifting manufacturing to China. As a result of this effort, during recently ended accounting year, the profits of the Optical Communications Segment increased by 31.4% compared to the previous year, reaching ¥1,250 million.



Outlook for the coming fiscal year

By increasing the scale of the business, the Company will build a solid position in the optical communications market

This year, on May 18th, a memo of understanding was signed with Seiko Instruments Inc. to acquire their optical communications operation. Based on this agreement, the Company will assume control the SII sales assets and it is planning to strengthen and expand the Company's customer network both inside Japan and overseas. This acquisition also increases the Company's share of the optical communications market. In addition, in this period of increasingly strong price competition, in order to secure our dominant position, the Company will utilize the Hangzhou manufacturing plant in China effectively to supply high quality products at prices that are acceptable in the market.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	Current Consolidated Fiscal Year (As of March 31, 2005)	Previous Consolidated Fiscal Year (As of March 31, 2004)
(ASSETS)		
Current Assets	16,383	15,809
Cash and deposits	13,231	9,323
Notes receivable and accounts receivable-trade	2,021	3,565
Marketable Securities	-	2,003
Inventory	775	874
Other	358	64
Allowance for doubtful accounts	(3)	(21)
Fixed Assets	8,967	9,329
Property, Plant and Equipment	5,427	5,684
Buildings and structures	2,703	2,724
Machinery, equipment and delivery equipment	290	360
Land	2,211	2,211
Construction in progress	-	90
Other	222	297
Intangible Fixed Assets	211	280
Investments and Other Assets	3,328	3,365
Securities investment	2,235	2,240
Other	1,093	1,124
Allowance for doubtful accounts	(0)	(0)
Total Assets	25,351	25,138
(LIABILITIES)		
Current Liabilities	614	1,614
Trade accounts payable	241	250
Income tax payable	42	716
Other	330	647
Long-term Liabilities	539	522
Allowance for retirement bonuses to officers	130	122
Allowance for retirement benefits	218	210
Other	190	190
Total Liabilities	1,154	2,137
(MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES)		
Minority Interest	62	55
(STOCKHOLDERS' EQUITY)		
Common Stock	6,791	6,791
Capital Surplus	10,571	10,571
Retained Earnings	7,134	5,658
Variance from Valuation of Securities	32	49
Foreign Exchange Translation Adjustment	(67)	(63)
Treasury Stock	(327)	(61)
Total Stockholders' Equity	24,134	22,946
Total Liabilities, minority Interest and Stockholders' Equity	25,351	25,138

Consolidated Statement of Income

(Millions of Yen)

	Current Consolidated Fiscal Year From Apr. 1, 2004 to Mar. 31, 2005	Previous Consolidated Fiscal Year From Apr. 1, 2003 to Mar. 31, 2004
Sales	6,103	6,918
Cost of Sales	2,758	3,057
Gross profit	3,344	3,861
Selling General and Administrative Expenses	1,630	1,569
Operating profit	1,714	2,291
Non-operating Income	164	103
Non-operating Expenses	36	225
Ordinary Profit	1,842	2,168
Extraordinary Profit	16	0
Extraordinary Losses	7	102
Net Income Before Income Taxes	1,851	2,067
Income Taxes and Enterprise Tax	282	726
Income Tax-deferred	(209)	(46)
Income (Loss) on Minority Interest	9	(4)
Net Income	1,768	1,391

Consolidated Statement of Cash Flows

(Millions of Yen)

	Current Consolidated Fiscal Year From Apr. 1, 2004 to Mar. 31, 2005	Previous Consolidated Fiscal Year From Apr. 1, 2003 to Mar. 31, 2004
Cash Flows from Operating Activities	2,766	122
Cash Flows from Investing Activities	(7,900)	(1,167)
Cash Flows from Financing Activities	(553)	(177)
Cash and Cash Equivalents-related Conversion Difference	4	(30)
Decrease in Cash and Cash Equivalents	(5,682)	(1,253)
Cash and Cash Equivalents at Beginning of Year	10,902	12,156
Cash and Cash Equivalents at End of Year	5,219	10,902

Sales

The sales of Optical Communications Segment increased, but the demand for DVD mold products dropped so that sales for the year were ¥6,103 million, a drop of 11.8% compared to sales of the previous year.

Net Income

Because the amount of taxes decreased, net profits for the period were ¥1,768 million, a significant increase of ¥21.7 million, up 27.1% compared to the previous year.

Non-Consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of Yen)

	The 33rd term (As of March 31, 2005)	The 32nd term (As of March 31, 2004)
(ASSETS)		
Current Assets	16,082	15,664
Fixed Assets	9,448	9,804
Property, Plant and Equipment	5,229	5,524
Intangible Fixed Assts	133	156
Investments and other Assets	4,085	4,122
Total Asstes	25,530	25,468
(LIABILITIES)		
Current Liabilities	547	1,611
Long-term Liabilities	539	522
Total Liabilities	1,087	2,134
(Stockholders' Equity)		
Common Stock	6,791	6,791
Capital Surplus	10,571	10,571
Retained Earnings	7,375	5,983
Variance from Valuation of Securities	32	49
Treasury Stock	(327)	(61)
Total Stockholders' Equity	24,443	23,334
Total Liabilities and Stockholders' Equity	25,530	25,468

Cash Flows from Investing Activities

¥8,011 million was put into fixed deposits. As a result, because of investing activities, cash decreased by ¥7,900 million and there was a significant increase in total expenditures compared to the previous year.

Cash Flows from Financing Activities

The total amount of cash used for dividends to stockholders was ¥278 million. In addition, treasury stock was repurchased requiring ¥281 million. As a result, based on financing activities, cash decreased by ¥553 million.

Non-consolidated Statement of Income

(Millions of Yen)

	The 33rd term From Apr. 1, 2004 to Mar. 31, 2005	The 32nd term From Apr. 1, 2003 to Mar. 31, 2004
Sales	5,789	6,867
Cost of Sales	2,823	3,205
Gross profit	2,965	3,662
Selling, General and Administrative Expenses	1,371	1,297
Operating Profit	1,594	2,364
Non-operating Income	172	105
Non-opeerating Expenses	36	217
Ordinary Profit	1,730	2,253
Extraordinary Profits	18	0
Extraordinary Losses	7	102
Net Income Before Income Taxes	1,742	2,151
Income Taxes and Enterprise Tax	270	725
Income Tax-deferred	(212)	(12)
Net Income	1,684	1,438
Retained Earnings Carried Forward from the previous term	91	41
Disposal loss of treasury stock	1	-
Unappropriated Retained Earnings	1,775	1,480

Profit Appropriation Statement

(Yen)

	The 33rd term	The 32nd term
Unappropriated Retained Earnings (Loss)	1,775,389,094	1,480,345,151
Reversal of Voluntary Reserves		
Reversal of special depreciation reserves	1,391,827	2,599,325
Total	1,776,780,921	1,482,944,476
Appropriated Profit		
Dividend payment	461,187,300	279,163,380
Bonus to directors	13,100,000	12,000,000
Voluntary Reserves		
Other reserves	1,200,000,000	1,100,000,000
Total	1,674,287,300	1,391,163,380
Retained Earnings Carried Forward to the Following Term	102,493,621	91,781,096

TOPICS

Acquisition of ISO 14001

The Company regards protecting the global environment as a way to contribute to society and has promoted the protection of the environment throughout company operations. As a result of these efforts, this year in February, the Company was able to acquire an ISO 14001 certification for environmental management.

In carrying out global business operations, the development of environment friendly products and green procurement practices, etc., we are entering an era where coping with environmental matters is becoming a necessity. The Company will continue its efforts to protect the environment in the future and, at the same time, will provide products that contribute to the development of global culture and contribute to society.



Introduction of the Meister System



The precision processing technology, assembling technology and other professional skills and knowledge that have been created by the employees of the Company have been the basic source of the company's ability to compete. At the same time, they can be said to be a necessary asset for the company's future growth. In order to further promote these outstanding skills and technologies related to making things, and to insure that they take root in the Company, it has introduced the Meister System.

The Meister System is a system that officially recognizes as Meisters employees in the manufacturing operations of the Company that have important skills and provides these employees with special benefits. The system is intended not only to strengthen the core technology of the Company, but is also anticipated to have an effect on the skills and on the training of young employees and to improve morale.

< Corporate Profile >

Company Name: SEIKOH GIKEN Co., Ltd.

Domestic Offices:

- Head Office 296-1 Matsuhidai, Matsudo-city, Chiba Japan
- 1st Building 86-23 Matsuhidai, Matsudo-city, Chiba Japan
- 2nd Building 296-1 Matsuhidai, Matsudo-city, Chiba Japan
- 4th Building 415-2 Matsuhidai, Matsudo-city, Chiba Japan

Overseas Office:

Taiwan Branch 8F-2 285 Kuang Fu Road, Sec 2, Hsin Chu City,
Taiwan, Republic of China

Overseas Subsidiaries:

SEIKOH GIKEN USA, INC
SEIKOH GIKEN HANGZHOU Co., Ltd.
SEIKOH GIKEN EUROPE GmbH

Established: June 17, 1972

Capital: 6,791,682,700 yen

Number of Employees: 306 (including subsidiaries)

< Board of Directors (As of June 22, 2005) >

President and Chief Executive Officer: Masatoshi Ueno

Executive Director: Tamotsu Kimura

Director: Masahide Hioki

Director: Shigeta Ishikawa

Director: Haruo Yanase

Director: Koichi Hosokawa

Director: Yasumasa Yoshida

Senior Corporate Auditor: Takeshi Miyanaga

Corporate Auditor: Toru Miyoshi

Corporate Auditor: Toshio Aiba

(note)

1. Koichi Hosokawa and Yasumasa Yoshida are outside director called for by Article 188, paragraph 2,7-2 of the Law of Corporations.

2. Toru Miyoshi and Toshio Aiba are outside corporate auditors called for by Article 18, paragraph 1 of the Law Concerning Special Exceptions to the Commercial Code on Audit, etc. of Corporations.

< Stock Information >

Authorized Shares: 37,000,000

Shares Outstanding: 9,333,654

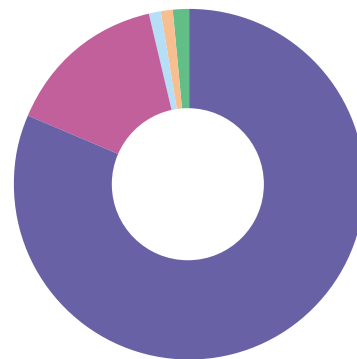
Shareholders: 6,396

< Major Shareholders >

Name	Number of Shares Held	Percentage
Masatoshi Ueno	912,000	9.9
Yumiko Tomaru	890,500	9.7
Yukiko Hosoe	882,500	9.6
KOUSHI Ltd.	694,000	7.5
KOUKEN Ltd.	623,000	6.8
Tamotsu Kimura	609,200	6.6
Mitsuo Takahashi	395,100	4.3
Fujiko Takahashi	381,500	4.1
Jun Ueno	329,000	3.6
Chie Ueno	329,000	3.6

< Breakdown of Shareholders >

Individuals 81.4%
Other domestic corporations 14.9%
Foreigners 1.1%
Financial institutions 1.1%
Others 1.5%



Closing Date of Accounts:

March 31

Ordinary General Meeting of Shareholders:

June every year

Record Date:

March 31 every year

Stock Transfer Agent:

Chuo Mitsui Trust & Banking Co., Ltd.
33-1 Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

Place of Transfer:

Transfer Agent Division, Chuo Mitsui Trust & Banking Co., Ltd.
8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan
Tel: +81-3-3323-7111

Service Offices:

Branches of Chuo Mitsui Trust & Banking Co., Ltd.
Head Office, Branches and Sub-brunces
Office of Japan securities Agents, Ltd.

Financial statements, including our balance sheets and income statements,
are published on our website at:

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

 **SEIKOH GIKEN Co., Ltd.**

Contact: **Management planning**

Head Office

296-1 Matsuhidai, Matsudo-city, Chiba 270-2214, Japan

Tel: +81-47-388-6401 Fax: +81-47-311-5192



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