

Summary of Consolidated Financial Results
for the Year Ended March 31, 2005

May 20, 2005

Nihon Seiko Co., Ltd.

(URL <http://www.nihonseiko.co.jp>)

Listed stock exchange: The second section of Tokyo Stock Exchange

Headquarters: Tokyo

Securities Code: 5729

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Date of Director Meetings for FY2004 Financial Results: May 20, 2005

1. Consolidated Financial Results for the Years Ended March 31, 2005 and 2004

(1) Operating Results (Consolidated) (Rounded down to millions of Japanese Yen)

	Net Sales		Operating Income		Recurring Profit		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the years ended								
March 31, 2005	5,688	19.4	599	61.7	627	73.0	236	60.7
March 31, 2004	4,765	13.0	370	6.6	362	0.3	147	8.0

	Net Income per share	Return on Equity	Recurring Profit to Total Assets ratio	Recurring Profit to Net Sales ratio
	Yen	%	%	%
For the years ended				
March 31, 2005	17.58	7.7	10.7	11.0
March 31, 2004	10.92	5.0	6.8	7.6

Notes:

1 Equity in Earnings of Unconsolidated subsidiaries and affiliate during the period: (Millions of Yen)

Current fiscal year : - Last fiscal year : -

2 Average number of outstanding shares during the period:

Current fiscal year 13,002,981 Last fiscal year : 13,009,650

3 Change in accounting policies during the period : Yes

4 Percentage indicate changes in net sales, operating income, recurring profit and net income are compared with preceding period.

(2) Financial Position (Consolidated)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per share
	Millions of Yen	Millions of Yen	%	Yen
As of				
March 31, 2005	6,024	3,142	52.2	241.18
March 31, 2004	5,714	2,970	52.0	227.96

Note:

1 Number of outstanding shares at the end of the period:

Current fiscal year 12,998,486 Last fiscal year : 13,007,646

(3) Consolidated Statements of Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash & Cash Equivalents at the end of the period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
For the years ended				
March 31, 2005	450	(283)	(101)	807
March 31, 2004	547	(330)	166	742

(4) Consolidated subsidiaries: 1

Unconsolidated subsidiaries (accounted for by the equity method): -

Unconsolidated affiliates (accounted for by the equity method): -

(5) Consolidated subsidiaries: (Increase) - (Decrease) -

Affiliated companies accounted for by the equity method: (Increase) - (Decrease) -

2. Consolidated Earnings Forecast for the Year Ending March 2006 (April 1, 2005 ~ March 31, 2006):

	Net Sales	Recurring Profit	Net Income
	Millions of Yen	Millions of Yen	Millions of Yen
First half 2005	2,900	280	120
Year ended March 31, 2006	5,900	600	240

Reference: EPS (projection): JPY 18.46

Note : The above-mentioned forecast is based on available information at present.

Therefore, actual results may differ materially from the forecast due to many factors.

Consolidated Balance Sheets

(Thousands of Japanese yen)

	FY2004 As of March 31,2005	FY2003 As of March 31,2004	Increase (Decrease)
Assets			
I Current assets:			
Cash and time deposits	807,057	742,380	64,676
Notes and accounts receivable, trade	1,281,434	1,224,556	56,877
Securities	101,920	101,226	693
Inventories	939,707	727,625	212,082
Deferred tax assets	44,458	35,845	8,612
Others	34,794	15,907	18,886
Allowance for doubtful accounts	(4,195)	(4,015)	(180)
Total current assets	3,205,176	2,843,528	361,648
II Fixed assets:			
(1) Tangible fixed assets			
Buildings and structures	728,228	731,364	(3,136)
Machinery and equipments	644,693	692,169	(47,476)
Land	874,776	884,567	(9,790)
Construction in progress	7,793	-	7,793
Total tangible fixed assets	2,255,492	2,308,101	(52,609)
(2) Intangible fixed assets			
Goodwill	85,018	113,358	(28,339)
Others	40,281	48,620	(8,339)
Total intangible fixed assets	125,299	161,979	(36,679)
(3) Investments and others			
Investments in securities	362,580	328,928	33,652
Securities in affiliated company	2,500	2,500	-
Others	73,874	69,581	4,292
Total investments and others	438,954	401,009	37,944
Total fixed assets	2,819,746	2,871,090	(51,344)
Total assets	6,024,923	5,714,619	310,304

(Thousands of Japanese yen)

	FY2004 As of March 31,2005	FY2003 As of March 31,2004	Increase (Decrease)
Liabilities			
I Current liabilities			
Notes and accounts payable, trade	635,671	601,082	34,588
Short-term loans	506,700	438,450	68,250
Accounts payable, other	78,148	94,434	(16,285)
Accrued income taxes	200,685	126,966	73,718
Accrued bonuses	72,622	63,176	9,445
Others	163,564	212,657	(49,092)
Total current liabilities	1,657,392	1,536,767	120,624
II Long-term liabilities			
Long-term loans	442,600	549,300	(106,700)
Allowance for retirement benefits of employee	251,758	244,808	6,950
Deferred tax liabilities	13,140	22,518	(9,378)
Others	88,612	87,667	945
Total long-term liabilities	796,110	904,294	(108,183)
Total liabilities	2,453,503	2,441,061	12,441
Minority interests	428,444	303,245	125,199
Shareholders' equity			
I Common stock	1,018,126	1,018,126	-
II Capital surplus	564,725	564,725	-
III Retained earnings	1,549,885	1,383,380	166,504
IV Net unrealized gains on available-for-sale securities	22,142	13,056	9,085
V Treasury stock	(11,905)	(8,977)	(2,927)
Total shareholders' equity	3,142,974	2,970,311	172,663
Total liabilities, minority interests and shareholders' equity	6,024,923	5,714,619	310,304

Consolidated Statements of income

(Thousands of Japanese yen)

	FY2004	FY2003	Increase (Decrease)
I Net sales	5,688,753	4,765,380	923,373
II Cost of sales	4,446,980	3,805,628	641,352
Gross profit	1,241,773	959,752	282,021
III Selling, general and administrative expenses	642,544	589,251	53,293
Operating income	599,229	370,500	228,729
IV Other income			
Interest income	2,054	1,114	940
Dividends	454	163	291
Amortization of negative goodwill	-	10,418	(10,418)
Gain on sale of scrap metal	45,967	-	45,967
Others	5,395	11,329	(5,934)
Total other income	53,871	23,025	30,846
V Other expenses			
Interest expenses	19,251	17,610	1,641
Foreign exchange loss	1,328	3,518	(2,190)
Others	4,903	9,512	(4,609)
Total other expenses	25,483	30,640	(5,157)
Recurring profit	627,617	362,885	264,732
VI Extraordinary income			
Gain on sale of tangible fixed assets	-	294	(294)
Gain on sale of investment in securities	-	43,502	(43,502)
Total extraordinary profit	-	43,797	(43,797)
VII Extraordinary loss			
Loss on sale of tangible fixed assets	-	206	(206)
Loss on disposal of tangible fixed assets	4,196	21,082	(16,886)
Loss on sale of investment in securities	-	87	(87)
Impairment losses on fixed assets	9,790	-	9,790
Dilution loss from changes in equity interest	20,022	-	20,022
Others		7,352	(7,352)
Total extraordinary loss	34,009	28,728	5,281
Income before income taxes and minority interests	593,607	377,954	215,653
Income taxes - current	280,997	174,998	105,999
Income taxes - deferred	(24,297)	(9,594)	(14,703)
Minority interests in consolidated subsidiaries	100,364	65,362	35,002
Net income	236,543	147,188	89,355

Consolidated Statements of Cash Flows

(Thousands of Japanese yen)

	FY2004	FY2003	Increase (Decrease)
I Cash flows from operating activities			
Income before income taxes and minority interests	593,607	377,954	215,653
Depreciation and amortization	264,541	220,836	43,705
Amortization of negative goodwill	–	(10,418)	10,418
Increase in allowance for retirement benefits of employee	6,950	27,682	(20,732)
Increase in allowance for retirement benefits of directors and corporate auditors	5,625	8,334	(2,709)
Increase in accrued bonuses	9,445	1,994	7,451
Increase in allowance for doubtful accounts	180	591	(411)
Interest and dividend income(accrual basis)	(2,508)	(1,277)	(1,231)
Interest expense(accrual basis)	19,251	17,610	1,641
Foreign exchange gain	(375)	–	(375)
Gain on sale of investment in securities	–	(43,502)	43,502
Loss on sale of investment in securities	–	87	(87)
Gain on sale of tangible fixed assets	–	(294)	294
Loss on sale of tangible fixed assets	–	206	(206)
Loss on disposal of tangible fixed assets	4,196	21,082	(16,886)
Impairment losses on fixed assets	9,790	–	9,790
Dilution loss from changes in equity interest	20,022	–	20,022
Increase in notes and accounts receivable, trade	(56,877)	(221,516)	164,639
Increase(decrease) in inventories	(212,082)	138,059	(350,141)
Increase in notes and accounts payable, trade	34,588	139,628	(105,040)
Others	(11,697)	10,811	(22,508)
Interest and dividend income(cash basis)	2,559	3,337	(778)
Interest expense(cash basis)	(19,525)	(17,280)	(2,245)
Income taxes(cash basis)	(217,674)	(126,102)	(91,572)
Net cash provided by operating activities	450,019	547,824	(97,805)
II Cash flows from investing activities			
Acquisition of securities	(1,000)	(202,906)	201,906
Redemption of securities	101,000	201,000	(100,000)
Acquisition of investments in securities	(118,662)	(19,800)	(98,862)
Proceeds from sale of investments in securities	–	110,830	(110,830)
Acquisition of tangible fixed assets	(263,880)	(265,148)	1,268
Proceeds from sale of tangible fixed assets	–	3,038	(3,038)
Payments for disposal of tangible fixed assets	(577)	(9,487)	8,910
Acquisition of intangible fixed assets	(681)	(147,818)	147,137
Others	–	(10)	10
Net cash used in investing activities	(283,801)	(330,301)	46,500
III Cash flows from financing activities			
Net increase(decrease) in short-term loans	(50,000)	(38,000)	(12,000)
Proceeds from long-term loans	50,000	440,000	(390,000)
Repayments of long-term loans	(38,450)	(156,150)	117,700
Proceeds from issuance of common stock	24,750	–	24,750
Payments for purchase of treasury stock	(2,927)	(855)	(2,072)
Cash dividends	(65,038)	(65,052)	14
Cash dividends to minority shareholders	(20,250)	(13,500)	(6,750)
Net cash used in financing activities	(101,915)	166,442	(268,357)
IV Effect of exchange rate changes on cash and cash equivalents	375	–	375
V Net increase in cash and cash equivalents	64,676	383,965	(319,289)
VI Cash and cash equivalents at beginning of period	742,380	358,415	383,965
VII Cash and cash equivalents at end of period	807,057	742,380	64,677