

Summary of Consolidated Financial Results  
for the Year Ended March 31, 2004

May 21, 2004

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

Company Representative: Toshihiro Tamura, President

Contact Information: Katsumi Hatokawa, Director

Tel +81-3-3235-0021

Date of Director Meetings for FY2003 Financial Results: May 21, 2004

1. Consolidated Financial Results for the Years Ended March 31, 2004 and 2003

(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, 2004	4,765	13.0	370	6.6	362	0.3	147	8.0
March 31, 2003	4,217	32.2	347	358.8	361	217.5	136	-

	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, 2004	10.92	5.0	6.8	7.6
March 31, 2003	10.04	4.8	7.3	8.6

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 13,009,650 Last fiscal year : 13,020,520

3 Change in accounting policies during the period : No

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, 2004	5,714	2,970	52.0	227.96
March 31, 2003	4,922	2,861	58.1	219.52

Note:

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

Current fiscal year 13,007,646 Last fiscal year : 13,010,451

(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, 2004	547	(330)	166	742
March 31, 2003	404	204	(421)	358

(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 2005 (April 1, 2004 ~ March 31, 2005):

	Net Sales	Recurring Profit	Net Income
	Millions of Yen	Millions of Yen	Millions of Yen
First half 2004	2,700	280	120
Year ended March 31, 2005	5,300	570	250

Reference: EPS (projection): JPY 19.22

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)

	FY2003 As of March 31,2004	FY2002 As of March 31,2003	Increase (Decrease)
Assets			
I Current assets:			
Cash and time deposits	742,380	358,415	383,965
Notes and accounts receivable, trade	1,224,556	1,003,040	221,516
Securities	101,226	100,499	727
Inventories	727,625	865,685	(138,059)
Deferred tax assets	35,845	28,842	7,003
Others	15,907	21,711	(5,803)
Allowance for doubtful accounts	(4,015)	(3,423)	(591)
Total current assets	2,843,528	2,374,770	468,757
II Fixed assets:			
(1) Tangible fixed assets			
Buildings and structures	731,364	683,184	48,180
Machinery and equipments	692,169	533,460	158,708
Land	884,567	884,567	-
Total tangible fixed assets	2,308,101	2,101,212	206,889
(2) Intangible fixed assets			
Goodwill	113,358	-	113,358
Others	48,620	52,045	(3,424)
Total intangible fixed assets	161,979	52,045	109,933
(3) Investments and others			
Investments in securities	328,928	321,598	7,329
Securities in affiliated company	2,500	2,500	-
Others	69,581	72,737	(3,156)
Allowance for doubtful accounts	-	(2,400)	2,400
Total investments and others	401,009	394,436	6,573
Total fixed assets	2,871,090	2,547,694	323,396
Total assets	5,714,619	4,922,464	792,154

(Thousands of Japanese yen)

	FY2003 As of March 31,2004	FY2002 As of March 31,2003	Increase (Decrease)
<b>Liabilities</b>			
<b>I Current liabilities</b>			
Notes and accounts payable, trade	601,082	461,454	139,628
Short-term loans	438,450	594,150	(155,700)
Accounts payable, other	94,434	56,793	37,640
Accrued income taxes	126,966	78,070	48,896
Accrued bonuses	63,176	61,182	1,994
Others	212,657	100,647	112,009
<b>Total current liabilities</b>	<b>1,536,767</b>	<b>1,352,297</b>	<b>184,470</b>
<b>II Long-term liabilities</b>			
Long-term loans	549,300	147,750	401,550
Allowance for retirement benefits of employee	244,808	217,125	27,682
Deferred tax liabilities	22,518	2,896	19,621
Goodwill	-	10,418	(10,418)
Others	87,667	79,333	8,334
<b>Total long-term liabilities</b>	<b>904,294</b>	<b>457,523</b>	<b>446,770</b>
<b>Total liabilities</b>	<b>2,441,061</b>	<b>1,809,821</b>	<b>631,240</b>
<b>Minority interests</b>	<b>303,245</b>	<b>251,049</b>	<b>52,195</b>
<b>Shareholders' equity</b>			
<b>I Common stock</b>	<b>1,018,126</b>	<b>1,018,126</b>	<b>-</b>
<b>II Capital surplus</b>	<b>564,725</b>	<b>564,725</b>	<b>-</b>
<b>III Retained earnings</b>	<b>1,383,380</b>	<b>1,306,744</b>	<b>76,636</b>
<b>IV Net unrealized gains on available-for-sale securities</b>	<b>13,056</b>	<b>(19,880)</b>	<b>32,937</b>
<b>V Treasury stock</b>	<b>(8,977)</b>	<b>(8,122)</b>	<b>(855)</b>
<b>Total shareholders' equity</b>	<b>2,970,311</b>	<b>2,861,594</b>	<b>108,717</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>5,714,619</b>	<b>4,922,464</b>	<b>792,154</b>

Consolidated Statements of income

(Thousands of Japanese yen)

	FY2003	FY2002	Increase (Decrease)
I Net sales	4,765,380	4,217,534	547,846
II Cost of sales	3,805,628	3,300,837	504,791
Gross profit	959,752	916,697	43,055
III Selling, general and administrative expenses	589,251	568,987	20,264
Operating income	370,500	347,709	22,791
IV Other income			
Interest income	1,114	8,722	(7,608)
Dividends	163	113	50
Amortization of negative goodwill	10,418	20,836	(10,418)
Others	11,329	14,013	(2,684)
Total other income	23,025	43,685	(20,660)
V Other expenses			
Interest expenses	17,610	18,015	(405)
Others	13,030	11,754	1,276
Total other expenses	30,640	29,770	870
Recurring profit	362,885	361,625	1,260
VI Extraordinary income			
Reversal of allowance for doubtful accounts	-	1,982	(1,982)
Gain on sale of tangible fixed assets	294	1,722	(1,428)
Gain on sale of investment in securities	43,502	353	43,149
Total extraordinary profit	43,797	4,057	39,740
VII Extraordinary loss			
Loss on sale of tangible fixed assets	206	50,206	(50,000)
Loss on disposal of tangible fixed assets	21,082	3,764	17,318
Loss on sale of investment in securities	87	13,652	(13,565)
Others	7,352	378	6,974
Total extraordinary loss	28,728	68,001	(39,273)
Income before income taxes and minority interests	377,954	297,681	80,273
Income taxes - current	174,998	103,497	71,501
Income taxes - deferred	(9,594)	19,383	(28,977)
Minority interests in consolidated subsidiaries	65,362	38,517	26,845
Net income	147,188	136,283	10,905

## Consolidated Statements of Cash Flows

(Thousands of Japanese yen)

	FY2003	FY2002	Increase (Decrease)
<b>I</b> Cash flows from operating activities			
Income before income taxes and minority interests	377,954	297,681	80,273
Depreciation and amortization	220,836	185,808	35,028
Amortization of negative goodwill	(10,418)	(20,836)	10,418
Increase in allowance for retirement benefits of employee	27,682	18,174	9,508
Increase in allowance for retirement benefits of directors and corporate auditors	8,334	13,625	(5,291)
Increase in accrued bonuses	1,994	933	1,061
Increase(decrease)in allowance for doubtful accounts	591	(6,703)	7,294
Interest and dividend income(accrual basis)	(1,277)	(8,835)	7,558
Interest expense(accrual basis)	17,610	18,015	(405)
Gain on sale of investment in securities	(43,502)	-	(43,502)
Loss on sale of investment in securities	87	13,652	(13,565)
Gain on sale of tangible fixed assets	(294)	(1,722)	1,428
Loss on sale of tangible fixed assets	206	67,350	(67,144)
Loss on disposal of tangible fixed assets	21,082	3,764	17,318
Increase in notes and accounts receivable, trade	(221,516)	(138,969)	(82,547)
Increase(decrease) in inventories	138,059	(136,849)	274,908
Increase in notes and accounts payable, trade	139,628	129,382	10,246
Others	10,811	7,224	3,587
Interest and dividend income(cash basis)	3,337	28,101	(24,764)
Interest expense(cash basis)	(17,280)	(18,241)	961
Income taxes(cash basis)	(126,102)	(47,052)	(79,050)
Net cash provided by operating activities	547,824	404,503	143,321
<b>II</b> Cash flows from investing activities			
Acquisition of securities	(202,906)	(599,801)	396,895
Redemption of securities	201,000	1,000,962	(799,962)
Acquisition of investments in securities	(19,800)	(9,548)	(10,252)
Proceeds from sale of investments in securities	110,830	17,368	93,462
Proceeds from cancellation of investments in securities	-	10,353	(10,353)
Redemption of investments in securities	-	59,721	(59,721)
Payments for purchase of securities in subsidiary companies	-	(2,500)	2,500
Acquisition of tangible fixed assets	(265,148)	(321,357)	56,209
Proceeds from sale of tangible fixed assets	3,038	68,066	(65,028)
Payments for disposal of tangible fixed assets	(9,487)	(1,052)	(8,435)
Acquisition of intangible fixed assets	(147,818)	(17,428)	(130,390)
Others	(10)	(11)	1
Net cash used in investing activities	(330,301)	204,772	(535,073)
<b>III</b> Cash flows from financing activities			
Net increase(decrease) in short-term loans	(38,000)	(298,250)	260,250
Proceeds from long-term loans	440,000	100,000	340,000
Repayments of long-term loans	(156,150)	(138,891)	(17,259)
Payments for purchase of treasury stock	(855)	(7,818)	6,963
Cash dividends	(65,052)	(65,141)	89
Cash dividends to minority shareholders	(13,500)	(11,070)	(2,430)
Net cash used in financing activities	166,442	(421,170)	587,612
<b>IV</b> Effect of exchange rate changes on cash and cash equivalents	-	458	(458)
<b>V</b> Net increase in cash and cash equivalents	383,965	188,564	195,401
<b>VI</b> Cash and cash equivalents at beginning of period	358,415	169,851	188,564
<b>VII</b> Cash and cash equivalents at end of period	742,380	358,415	383,965