

Summary of Consolidated Financial Results
for the Year Ended March 31, 2003

May 22, 2003

Nihon Seiko Co., Ltd.

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

Listed stock exchange: The second section of Tokyo Stock Exchange and Osaka Stock Exchange

Headquarters: Tokyo

Securities Code: 5729

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Date of Director Meetings for FY2002 Financial Results: May 22, 2003

1. Consolidated Financial Results for the Years Ended March 31, 2003 and 2002

(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, 2003	4,217	32.2	347	358.8	361	217.5	136	-
March 31, 2002	3,190	-	75	-	113	-	(59)	-

	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, 2003	10.04	4.8	7.3	8.6
March 31, 2002	(4.56)	(2.1)	2.2	3.6

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 13,020,520 Last fiscal year : 13,028,285

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, 2003	4,922	2,861	58.1	219.52
March 31, 2002	5,027	2,817	56.0	216.29

Note:

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

Current fiscal year 13,010,451 Last fiscal year : 13,028,285

(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, 2003	404	204	(421)	358
March 31, 2002	168	(559)	(29)	169

(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 2004 (April 1, 2003 ~ March 31, 2004):

	Net Sales	Recurring Profit	Net Income
	Millions of Yen	Millions of Yen	Millions of Yen
First half 2003	2,600	240	110
Year ended March 31, 2004	5,200	500	210

Reference: EPS (projection): JPY16.14

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)

	FY2002 As of March 31,2003	FY2001 As of March 31,2002	Increase (Decrease)
Assets			
I Current assets:			
Cash and time deposits	358,415	169,851	188,564
Notes and accounts receivable, trade	1,003,040	864,070	138,969
Securities	100,499	508,895	(408,395)
Inventories	865,685	728,836	136,849
Deferred tax assets	28,842	67,190	(38,347)
Others	21,711	50,967	(29,256)
Allowance for doubtful accounts	(3,423)	(528)	(2,895)
Total current assets	2,374,770	2,389,283	(14,512)
II Fixed assets:			
(1) Tangible fixed assets			
Buildings and structures	683,184	702,316	(19,131)
Machinery and equipments	533,460	540,634	(7,174)
Land	884,567	847,203	37,363
Total tangible fixed assets	2,101,212	2,090,154	11,057
(2) Intangible fixed assets	52,045	41,961	10,084
(3) Investments and others			
Investments in securities	321,598	435,354	(113,755)
Securities in affiliated company	2,500	-	2,500
Others	72,737	83,120	(10,382)
Allowance for doubtful accounts	(2,400)	(11,998)	9,598
Total investments and others	394,436	506,476	(112,039)
Total fixed assets	2,547,694	2,638,592	(90,897)
Total assets	4,922,464	5,027,875	(105,410)

(Thousands of Japanese yen)

	FY2002 As of March 31,2003	FY2001 As of March 31,2002	Increase (Decrease)
Liabilities			
I Current liabilities			
Notes and accounts payable, trade	461,454	332,071	129,382
Short-term loans	594,150	867,141	(272,991)
Accounts payable, other	56,793	50,451	6,341
Accrued income taxes	78,070	30,740	47,330
Accrued bonuses	61,182	60,248	933
Others	100,647	103,012	(2,364)
Total current liabilities	1,352,297	1,443,665	(91,367)
II Long-term liabilities			
Long-term loans	147,750	211,900	(64,150)
Allowance for retirement benefits of employee	217,125	198,950	18,174
Deferred tax liabilities	2,896	34,911	(32,014)
Goodwill	10,418	31,254	(20,836)
Others	79,333	65,667	13,666
Total long-term liabilities	457,523	542,683	(85,160)
Total liabilities	1,809,821	1,986,349	(176,528)
Minority interests	251,049	223,602	27,447
Shareholders' equity			
I Common stock	1,018,126	1,018,126	-
II Capital surplus	564,725	564,725	-
III Retained earnings	1,306,744	1,235,602	71,142
IV Net unrealized gains on available-for-sale securities	(19,880)	(227)	(19,653)
V Treasury stock	(8,122)	(303)	(7,819)
Total shareholders' equity	2,861,594	2,817,923	43,671
Total liabilities, minority interests and shareholders' equity	4,922,464	5,027,875	(105,410)

Consolidated Statements of income

(Thousands of Japanese yen)

	FY2002	FY2001	Increase (Decrease)
I Net sales	4,217,534	3,190,457	1,027,077
II Cost of sales	3,300,837	2,588,080	712,757
Gross profit	916,697	602,377	314,320
III Selling, general and administrative expenses	568,987	526,586	42,401
Operating income	347,709	75,791	271,918
IV Other income			
Interest income	8,722	42,552	(33,830)
Dividends	113	223	(110)
Amortization of negative goodwill	20,836	20,836	0
Others	14,013	6,565	7,448
Total other income	43,685	70,177	(26,492)
V Other expenses			
Interest expenses	18,015	21,367	(3,352)
Others	11,754	10,703	1,051
Total other expenses	29,770	32,072	(2,302)
Recurring profit	361,625	113,895	247,730
VI Extraordinary income			
Reversal of allowance for doubtful accounts	1,982	-	1,982
Gain on sale of tangible fixed assets	1,722	243	1,479
Gain on sale of investment in securities	353	17,414	(17,061)
Others	-	900	(900)
Total extraordinary profit	4,057	18,557	(14,500)
VII Extraordinary loss			
Loss on sale of tangible fixed assets	50,206	-	50,206
Loss on disposal of tangible fixed assets	3,764	4,237	(473)
Loss on redemption of securities	-	191,551	(19,551)
Loss on sale of investment in securities	13,652	-	13,652
Provision for allowance for doubtful accounts	-	9,421	(9,421)
Others	378	3,500	(3,122)
Total extraordinary loss	68,001	208,711	(140,710)
Income before income taxes and minority interests	297,681	(76,257)	373,938
Income taxes – current	103,497	33,076	70,421
Income taxes – deferred	19,383	(61,580)	80,963
Minority interests in consolidated subsidiaries	38,517	11,751	26,766
Net income	136,283	(59,505)	195,788

Consolidated Statements of Cash Flows

(Thousands of Japanese yen)

	FY2002	FY2001	Increase (Decrease)
I Cash flows from operating activities			
Income before income taxes and minority interests	297,681	(76,257)	373,938
Depreciation and amortization	185,808	198,086	(12,278)
Amortization of negative goodwill	(20,836)	(20,836)	0
Increase in allowance for retirement benefits of employee	18,174	20,058	(1,884)
Increase in allowance for retirement benefits of directors and corporate auditors	13,625	12,500	1,125
Increase in accrued bonuses	933	(3,672)	4,605
Increase(decrease)in allowance for doubtful accounts	(6,703)	9,421	(16,124)
Interest and dividend income(accrual basis)	(8,835)	(42,775)	33,940
Interest expense(accrual basis)	18,015	21,367	(3,352)
Loss on redemption of investment in securities	–	191,551	(191,551)
Gain on sale of investment in securities	–	(17,414)	17,414
Loss on sale of investment in securities	13,652	–	13,652
Gain on sale of tangible fixed assets	(1,722)	(243)	(1,479)
Loss on sale of tangible fixed assets	67,350	–	67,350
Loss on disposal of tangible fixed assets	3,764	4,237	(473)
Increase in notes and accounts receivable, trade	(138,969)	268,471	(407,440)
Increase in inventories	(136,849)	(59,525)	(77,324)
Increase in notes and accounts payable, trade	129,382	(158,642)	288,024
Others	7,224	(43,599)	50,823
Interest and dividend income(cash basis)	28,101	30,770	(2,669)
Interest expense(cash basis)	(18,241)	(21,455)	3,214
Income taxes(cash basis)	(47,052)	(143,294)	96,242
Net cash provided by operating activities	404,503	168,748	235,755
II Cash flows from investing activities			
Decrease(increase)in time deposits	–	131,099	(131,099)
Acquisition of securities	(599,801)	(501,034)	(98,767)
Redemption of securities	1,000,962	333,148	667,814
Acquisition of investments in securities	(9,548)	(285,333)	275,785
Proceeds from sale of investments in securities	17,368	22,429	(5,061)
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 company	(2,500)	–	(2,500)
Acquisition of tangible fixed assets	(321,357)	(215,694)	(105,663)
Proceeds from sale of tangible fixed assets	68,066	450	67,616
Payments for disposal of tangible fixed assets	(1,052)	(450)	(602)
Acquisition of intangible fixed assets	(17,428)	(27,206)	9,778
Others	(11)	(17,002)	16,991
Net cash used in investing activities	204,772	(559,594)	764,366
III Cash flows from financing activities			
Net increase(decrease) in short-term loans	(298,250)	243,125	(541,375)
Proceeds from long-term loans	100,000	–	100,000
Repayments of long-term loans	(138,891)	(193,196)	54,305
Payments for purchase of treasury stock	(7,818)	(772)	(7,046)
Proceeds from sale of treasury stock	–	443	(443)
Cash dividends	(65,141)	(65,146)	5
Cash dividends to minority shareholders	(11,070)	(13,500)	2,430
Net cash used in financing activities	(421,170)	(29,046)	(392,124)
IV Effect of exchange rate changes on cash and cash equivalents	458	–	458
V Net increase(decrease) in cash and cash equivalents	188,564	(419,892)	608,456
VI Cash and cash equivalents at beginning of period	169,851	589,744	(419,893)
VII Cash and cash equivalents at end of period	358,415	169,851	188,564