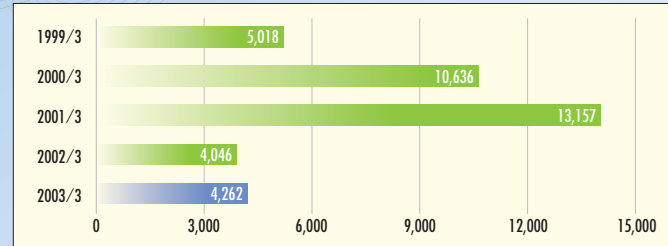




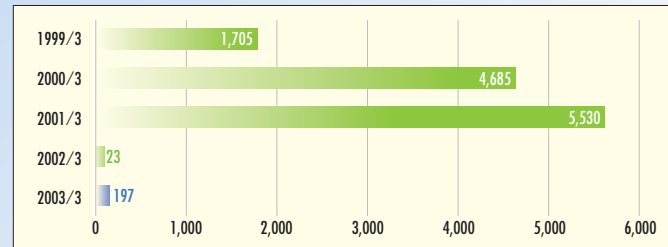
Business Report for the 31st Term

from April 1, 2002 to March 31, 2003

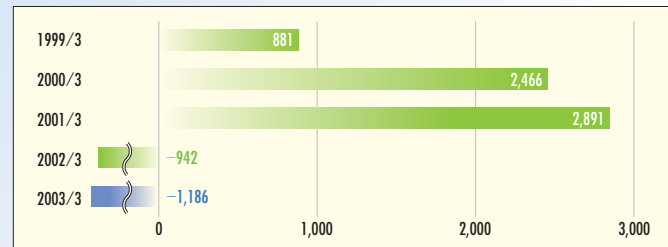
Sales (Millions of yen)



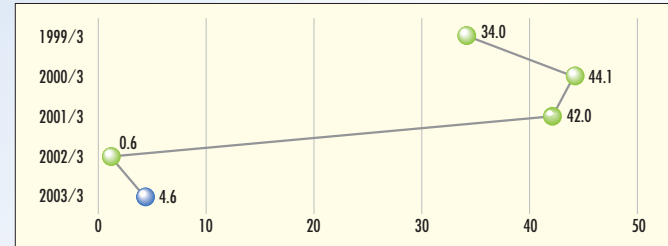
Ordinary profit (Millions of yen)



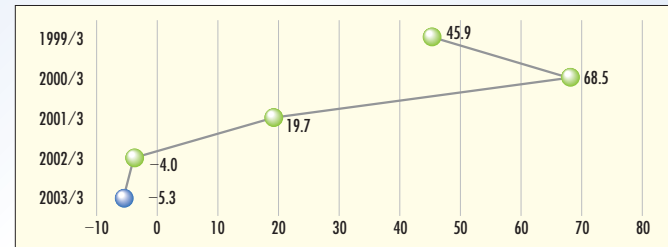
Net income (Millions of yen)



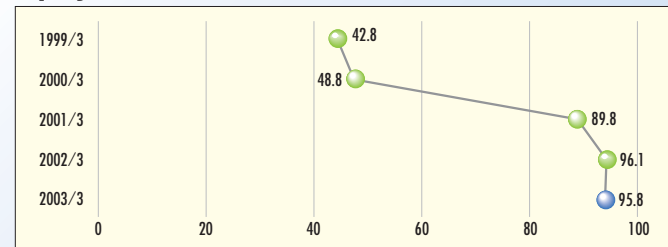
Ratio of ordinary profit to sales (%)



Return on assets (%)



Equity ratio (%)



* Starting with the fiscal year that ended March 31, 2002, we have adopted consolidated accounting that includes our consolidated subsidiaries.

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Implementing the structural improvements required for the emerging business opportunities of the broadband era



Masatoshi Ueno
President and CEO

I am proud to present the achievements of the SEIKOH GIKEN Group's 31st Term, along with my deepest appreciation for the continuing support and encouragement of our shareholders.

Increased sales led by the solid performance of DVD molds

Current term sales of DVD molds performed very well, 2.5 times higher than the previous term, due to the increase of DVD-ROMs of movies and game software, the reduced prices of DVD recorders, and the popularization of DVD drives as a standard equipment in PCs. Consequently, consolidated sales of the Mold Products Group jumped dramatically, 83.3% to ¥3,300 million, compared with the previous term. At the same time, sales in the Optical Communications Group decreased, following the deep decline of capital investment in the optical communications industry, restraining consolidated sales to a 5.3% increase over the previous term to ¥4,262 million.

A variety of cost reduction measures impacted our profit and loss statement, including reductions in our domestic workforce through voluntary retirement and the restructuring of our organization to better correspond with market scale. Consequently, consolidated ordinary profit increased 748.3% to ¥197 million, compared with previous term. On the other hand, we reported an extraordinary loss of ¥1,449 million due to the reevaluation of inventory assets to further strengthen our organizational structure, leading us to report a consolidated net loss totaling ¥1,186 million for the term. Nevertheless, in our commitment to maintain dividend payments to our shareholders, we have decided to pay dividends of ¥20 per share from our general reserve.

Looking ahead to the next term, we project ¥4,441 million in consolidated sales, ¥568 million in ordinary profit and ¥397 million in consolidated net income. These projections are based on these restructuring efforts and anticipated continuing expansion of demand in the optical disk market.

Supporting the full-scale arrival of the broadband era

The full-scale arrival of the broadband era represents incredible business opportunities, and we intend to aggressively pursue the structural improvements required to seize these opportunities.

Specifically, we have been further strengthening systems for customer services in our Mold Products Group to accommodate the anticipated growth in demand—driven by the expansion of broadband access—for DVD mold products, such as DVD-R and DVD-RW, as high-capacity recording media for video and images. In our Optical Communications Group, we have been taking advantage of our prowess in developing competitive, high-quality products to enter markets for metro/access networks (short haul lines) and have been establishing a system for developing new products and technologies to accurately respond to customer demand.

In the face of a persistently severe business environment, the entire group will unite to improve corporate revenues and increase corporate value through micro-mechanics technology, our most valuable technology resource, and by bolstering technology development, our sales force, and productivity. Throughout these efforts, we deeply appreciate your continuing support for SEIKOH GIKEN.

Mold Products Group

Dramatic sales growth in the wake of growing demand

Sales of the Mold Products Group dramatically increased 83.3% to ¥3,300 million compared with the previous term, due to factors such as the expanding demand for DVD-ROM molds in response to the increasing popularity of DVD-ROMs as a replacement for video and the continuing expansion of new facilities by optical disk manufacturers in the North American and Europe to meet the escalating demand for DVD movies and game software. In addition, in the second half of the term, orders for DVD-R molds rose, mainly from optical disk manufacturers in Taiwan, as demand for recording disks accelerated in the wake of reduced prices for DVD recorders and popularization of the DVD drives as standard equipment in PCs.

In response to these positive trends in global demand, we acted to further reinforce our overseas marketing by establishing service centers for optical disk molds in Germany in May, after having established service centers in the United States and Taiwan in the previous term. The results were increased flexibility and speed in customer support while at the same time enhancing the quality of our service worldwide.

Optical Communications Group

Focusing on promising new products and technologies in anticipation of market recovery

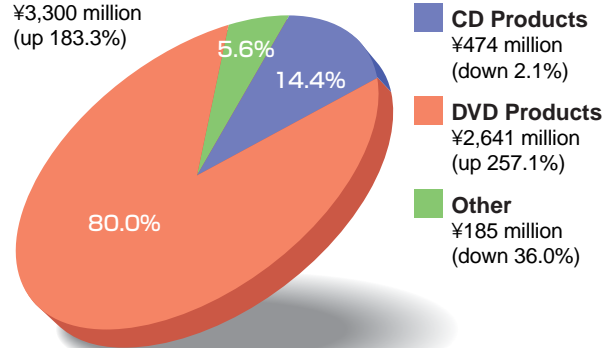
Sales of the Optical Communications Group decreased 57.1% to ¥962 million compared with the previous term, mainly due to restrained capital investment in the optical communication industry in the United States, Europe and other countries, following the collapse of the IT bubble economy.

On the other hand, despite the slow recovery expected in final demand, revitalization of the optical communication industry was seen in such areas as the development of optical communication infrastructure necessary for the arrival of the full-scale broadband era. To this end, we sought to develop products tailored to ever-changing customer needs, and focused on enhancing the development of new products and technologies, timed to correspond with the expected recovery in the optical communication industry. In terms of productivity, we expanded the optical product line at our production center in China toward the establishment of a system providing products with higher functionality at lower cost.

Product Sales, by Groups (compared with the previous year)

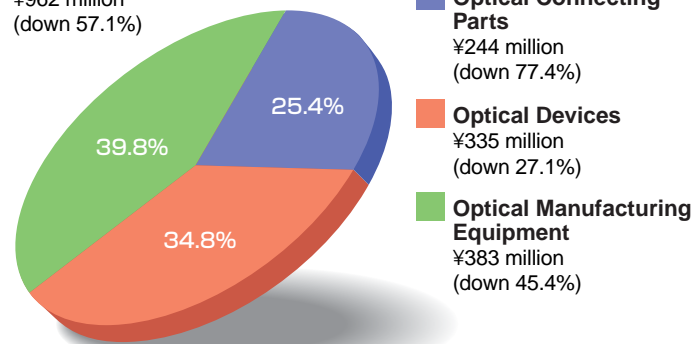
Mold Products Group

Total Sales
¥3,300 million
(up 183.3%)



Optical Communications Group

Total Sales
¥962 million
(down 57.1%)



The outlook for the global economy is at best uncertain, with investment activities dampened by concerns over political unrest and SARS, and therefore unlikely to offset falling stock prices and deflationary trends.

Under these business conditions, with “taking on challenges” as our basic policy, we will make the utmost effort to raise corporate value by aggressive pursuit for ever-more sophisticated product development, stronger sales capabilities, price competitiveness, and the exploration of new businesses—achieving improved profit performance and a more solid business foundation.

We will also employ our core technologies to promote technology development in new fields, by integrating the previously separate new business development sections from each of our two current Groups into a new core business group. This entails combining the specific technologies developed by our Mold Products Group, represented by precision molds, with those developed by our Optical Communications Group, specializing in highly functional products. Moreover, in order to reinforce our organizational structure, we will replace the current seniority-based system with a performance-based one to boost employee and corporate capacities. Specifically, in April this year we adopted a nine-level pay grade system and reviewed our conventional evaluation assessment and salary/reward systems.

We will also promote the following measures in each business group.

Mold Products Group

Supporting next-generation optical disks, including Blu-ray and AOD

In preparation for the expected growth in demand for optical disks including DVD-ROM and DVD-R, we will further reinforce our sales capabilities in the United States, Germany, Taiwan and other countries and strengthen our partnership with our existing customers. In product development, to quickly respond to customer requirements, we will closely monitor the latest industry market trends and information as a top manufacturer of optical disk molds, while at the same time applying our technical capabilities to enable mold manufacturers to participate from the development stage to produce next-generation optical disks, including Blu-ray and AOD.

Consequently, we released U-type molds exclusively for DVD-ROM in May 2003, in response to high-cycle requirements for advanced molding speed.

Optical Communications Group

Enhancing sales activities in the vast Chinese market

We will develop products for metro/access networks in anticipation of the expected growth of optical fiber-based short haul lines driven by the steady diffusion of broadband access. We will also hone our competitive edge by taking full advantage of technology cultivated through the development of our products for long haul backbone networks, while establishing a system to provide high-quality, low-priced products through optimal use of our production bases in China.

With the upcoming Beijing Olympics in 2008 and Shanghai Expo 2010, China is expected to experience a sharp increase in demand for communication infrastructure, marking this region important not only as a production base, but also as a vast market meriting significant sales promotion efforts. Consequently, by adding sales and marketing capabilities to our Chinese production base, increasing the number of local employees, and enhancing our domestic sales support structure, we will strengthen overall marketing strategies targeting foreign communication companies who seek to expand into China through joint efforts with local companies.

Promising New Products

Mold Products Group

Development Background

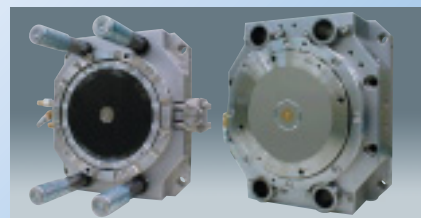
Demand for both DVD-ROM and DVD-R continues to expand rapidly, driven by the growing popularity of DVD movies and game software and DVD drives as standard equipment in PCs, as well as their use as image recording media for video and medical records. Under such conditions, optical disk manufacturers require advanced, high-cycle molding speed and stable disk characteristics that generate no distortion or burr, and achieve reduced disk birefringence, in order to provide a stable, mass supply of high quality DVD products.



Executive Director
Mold Products Group
Group leader
Tamotsu Kimura

U-type High-cycle DVD-ROM Molds

We developed U-type DVD molds in response to these customer needs and the demand for advanced, high-cycle molding speed. This highly acclaimed product exhibits the outstanding reproducibility, or component compatibility characteristic of our conventional molds, while achieving a high-cycle molding speed of only 3 seconds or less per disk by specializing its functions in DVD-ROM molds.



U-type DVD-ROM molds

Optical Communications Group

Development Background

The advent of full-scale broadband communications is accompanied by increasing demand for lower prices, better integration of optical functionality, and miniaturization for various optical function devices, including optical switches, optical couplers, optical MUX/DMUX for metro WDM, and optical OADM required for economic, highly reliable optical networks. In order to realize these desired characteristics, light guide circuits* incorporating optical packaging technology have been increasingly applied. This technology plays an important role for this realization by making the most use of element functions and achieving secure binding with optical fiber.



Director
Optical Communications Group
Group leader
Shigeta Ishikawa

Optical Packaging Products and Parts for Precision Optical Fiber Shaping

We cultivate a broad array of core technologies required for optical packaging, including precision optical fiber shaping, thin-film coating, hermetic seals, and optical fiber arrays. We will further strengthen this optical packaging technology and contribute to the establishment of broadband networks through the mass production at reduced costs of optical function devices.



Optical packaging products



Parts for precision optical fiber shaping

*A circuit which bends and splits light similar to electric wiring, and which serves as a key device for various control machines related to high-speed, high-capacity optical communication networks, such as optical switches.

Mold Products Group

Next-Generation Media

A total volume of shipments of 17.1 million DVD players in the United States in 2002, a 34.5% increase above the previous year, with the diffusion rate of DVD players in US households increasing 35%¹ compared with 25% in the previous year.

Under these circumstances, worldwide demand for recording DVDs for 2003 is estimated to be 192 million², 179% over the previous year. We are restructuring to support quick delivery and mass volume orders for our DVD molds, whose demand is expected to rise even further.

In addition, high-capacity media using blue-violet laser light source called Blu-ray and AOD have recently attracted attention. While ten companies, including Hitachi Ltd., LG Electronics Inc., Matsushita Electric Industrial Co., Ltd., Pioneer Corporation, Royal Philips Electronics N.V., Samsung Electronics

Co., Ltd., Sharp Corporation, Sony Corporation, Thomson Multimedia, and Mitsubishi Electronic Corporation have established standard specifications for Blu-ray, Toshiba and NEC are proposing AOD standards. Both feature recording capacities far exceeding DVD, each with unique characteristics, thereby attracting market attention. We are producing prototype molds for both media in preparation for practical application in 2005.

Taking advance of our top position in DVD molds, we are pursuing the development of next-generation media, including Holographic Optical Disk Systems, through aggressive R&D activities.

¹ The Dempa Shimbun, February 12, 2003

² Announced by the Japan Recording-Media Industries Association, November 25, 2002.

Comparison of next-generation media

	Blu-ray	AOD	Holographic optical disk
Company establishing or proposing standards	Sony and 9 other companies	Toshiba, NEC	Optware
Recording capacity	Single-sided single layer over 30GB, Single-sided double layer 50GB	30GB, Rewritable or Single-sided monolayer 20GB	100GB-1TB
Disk diameter	12cm	12cm	12cm
Disk thickness	1.1mm+0.1mm	0.6mm+0.6mm	-
Laser wavelength	405nm (blue-violet)	405nm (blue-violet)	Recording media using holographic technology
Other features	Launched sales in April, 2003. Capable of recording two hours of high-definition television broadcasts.	High compatibility with CD/DVD. Scheduled for practical application in 2005.	Compatibility with CD/DVD. Expected to be adopted by TV stations or government agencies, but is being developed for future consumer products as well.

Optical Communications Group

Chinese Market and Broadband Market

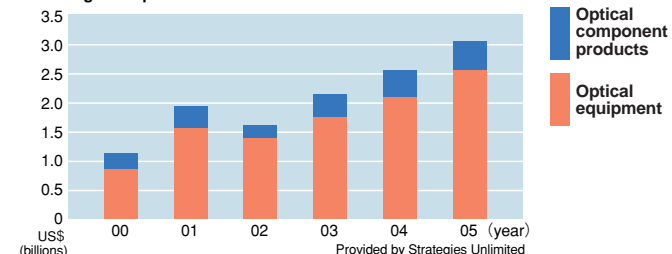
Following the collapse of the IT bubble economy, the worldwide optical communications market in general suffered a downturn, although the outlook is somewhat more promising when viewed by region or by application area.

By region, the expansion of Chinese optical communications market is particularly striking. The average annual growth rate of optical component products is expected to reach 29% by 2005. Furthermore, the worldwide share of optical component products produced in China is expected to rapidly expand from the year 2002 mark of 16%, as a result of the production shift to China and the expansion of the Chinese domestic market.

By application area, the shift toward metro/access network markets is steadily progressing while the number of domestic broadband subscribers in Japan is demonstrating outstanding growth. The number of optical network subscribers is also rising and is expected to exceed 7 million by the end of fiscal year 2005. The U.S. Federal Communications Commission (FCC) has eased regulations on FTTH network structures for major regional communication companies, fueling expectations for greater investment in broadband communications.

We are taking action to provide support in these growing markets, through strengthening our production and sales centers in China while focusing on the development of metro/access network products in these centers.

Changes in optical communication market scale in China



SEIKOH GIKEN HANGZHOU Co., Ltd.

China has been a nation of rapid growth, not only as a world's production base attracting leading global manufacturers, but also as a vast marketplace in the wake of the recent market reforms.

In this context, here are highlights of SEIKOH GIKEN HANGZHOU Co., Ltd. activities to promote both production and sales in response to these trends.



■Current Status of the information communication markets in China

The field of information communications in China has entered a phase of dramatic change as a result of the rapid progress of market reforms due to government policy.

First, mobile phones, PCs and cars have become extremely popular "dream tools". Mobile phones incorporating cameras or Internet capability are near the top of the list and are carrying an increasing volume of communication traffic. In addition, the rapid spread of PCs is further driving market growth, leading to projections for increased investments in communication infrastructure.

In addition, along with new housing construction, the installation of LAN (10-100Mb/s) equipment is becoming a standard feature in new homes. New CATV base stations are being connected with optical fiber.

These trends will accelerate the growth in the number of people using PC-based communication and high-definition televisions, requiring higher capacity metro networks using optical communications.

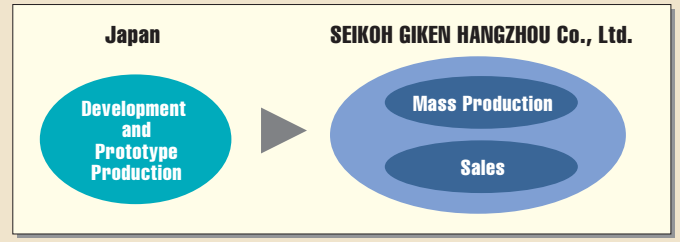
Moreover, in the run up to the 2008 Beijing Olympics, it has been decided that television will adopt digital broadcasting starting in 2005. Consequently, the government has announced the continued construction of new infrastructure, including those for communications, toward reaping the economic benefits associated with hosting the Olympics.

These are the major factors driving the expansion of the information communication fields including the optical fiber market, which in turn fuel the growth of the overall economy.

SEIKOH GIKEN HANGZHOU Co., Ltd.

The company operates a manufacturing plant with 22 employees (as of March 31, 2003) for optical products, such as various jumper cables, fixed attenuators, and adapters. Since April, the company has employed three people in sales and marketing to support the strengthening and expansion of its operational structure.

Role of SEIKOH GIKEN HANGZHOU Co., Ltd.



Hangzhou City

Hangzhou City, with a population of 3 million people, is one of the major cities in Zhejiang Province, and is located two hours from Shanghai via train or car. As the former capital city of the Nansong Dynasty, it is one of the most popular tourist destinations in China. Today, the city has dramatically evolved into an academic center hosting a number of universities, as well as a major region for light industry, in which 20 of the top 500 leading international companies are located. More high-tech companies are expected to locate in Hangzhou, taking advantage of the city's ample human resources and rich social infrastructure.

Achieving low-cost operation As a base for mass-production

We mass produce various jumper cables, fixed attenuators and adapters for markets in Japan, Asia, Europe and the United States, enhancing price competitiveness in those regions. Recently, local material makers in China that produce optical communication products, particularly optical parts for all-purpose systems, have been steadily expanding their capacities, drawing upon the ready availability of inexpensive, high-quality local materials. Labor costs are approximately one-twentieth of those in Japan, forming the foundation for highly price-competitive products. In addition, many foreign-affiliated IT companies have come to Hangzhou, bringing with them a wealth of information including the latest industry trends, further enriching the overall environment for business development within China. With these advantages, the SEIKOH GIKEN Group has been strengthening customer trust by further improving on the already high quality of our products, while at the same time pursuing competitive pricing to enhance our presence in the market.



Positioned for significant market expansion As a sales base

We engage in sales and services for local telecommunications carriers and system manufacturers by providing mass-produced devices such as jumper cables, attenuators, adapters, and manufacturing equipment such as grinding machines. As international system manufacturers shift production to China, parts procurement will be more necessary within the country. Consequently, the demand for parts procurement will require improved sales and services systems, a factor we consider critical for emerging ahead of the competition. Although until now, the demand for quality has been relatively loose in China, systems featuring communication speeds in excess of 10Gb/s, which are recognized as a growth area, will require products with more exacting standards. Under such conditions, we are focusing on providing high quality, low-price products in China by adopting technologies from our Head Office.



Consolidated Balance Sheets

Item	Term	Current Consolidated Fiscal Year as of March 31, 2003	Previous Consolidated Fiscal Year as of March 31, 2002
ASSETS			
Current Assets		13,964,330	16,049,061
Cash and deposits		10,154,795	10,913,510
Notes receivable and accounts receivable—trade		662,878	670,191
Marketable securities		2,002,120	999,651
Inventory		810,963	2,058,764
Income tax, refundable		307,490	1,274,610
Other		29,520	136,032
Allowance for doubtful accounts		(3,437)	(3,699)
Fixed Assets		8,516,075	8,221,920
Property, Plant and Equipment		6,545,211	6,913,868
Buildings and structures		2,869,136	3,088,413
Machinery, equipment and delivery equipment		279,300	344,904
Land		2,984,278	2,984,278
Construction in progress		115,397	86,292
Other		297,097	409,980
Intangible Fixed Assets		299,773	395,684
Goodwill		239,805	334,995
Other		59,968	60,688
Investments and Other Assets		1,671,089	912,368
Securities investment		1,501,216	692,478
Other		169,882	219,899
Allowance for doubtful accounts		(10)	(10)
Total Assets		22,480,405	24,270,981
Accumulated depreciation of property, plant and equipment		2,739,748	2,311,083

Point 1 Revaluation of Inventory

Due to the revaluation of inventory, focusing on materials for optical communications, inventory at the fiscal year-end decreased by ¥1.247 billion compared to the previous year-end. This will transform our corporate structure into a more profitable one in the coming years.

(Thousands of yen)

Item	Term	Current Consolidated Fiscal Year as of March 31, 2003	Previous Consolidated Fiscal Year as of March 31, 2002
LIABILITIES			
Current Liabilities		558,789	412,408
Trade accounts payable		180,477	73,974
Income tax payable		3,994	3,899
Other		374,317	334,534
Long-term Liabilities		315,905	473,238
Allowance for retirement bonuses for officers		123,260	279,150
Allowance for retirement benefits		192,645	194,088
Total Liabilities		874,695	885,646
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES			
Minority Interest		66,464	71,540
STOCKHOLDERS' EQUITY			
Common Stock		6,791,682	6,791,682
Capital Surplus		10,571,419	10,571,419
Retained Earnings		4,453,239	5,920,214
Variance from Valuation of Securities		(189,673)	(1,498)
Foreign Exchange Translation Adjustment		(19,716)	(33,801)
Treasury Stock		(67,705)	(1,826)
Total Stockholders' Equity		21,539,245	23,313,794
Total Liabilities, Minority Interest and Stockholders' Equity		22,480,405	24,270,981

* Pursuant to the revision of the Commercial Code, "Additional Paid-in Capital" listed under the Stockholders' Equity section in the previous consolidated accounting period was changed to "Capital Surplus," and "Consolidated Surplus" to "Retained Earnings."

Point 2 Acquisition of Treasury Stock

During the current fiscal year, the Company acquired 31,000 shares in treasury stock, under the provision of Article 210 of the Commercial Code. Combined with acquisitions in response to purchase requests for odd lots, ¥67 million was reported in this statement as treasury stock acquired by the Company. As a result, treasury stock held by the Company at the fiscal year-end totaled 31,308 shares.

Consolidated Income Statement

(Thousands of yen)

Item	Term	Current Consolidated Fiscal Year from April 1, 2002 to March 31, 2003	Previous Consolidated Fiscal Year from April 1, 2001 to March 31, 2002
Sales		4,262,410	4,046,236
Cost of Sales		2,572,795	2,607,079
Gross profit		1,689,614	1,439,157
Selling, General and Administrative Expenses		1,412,158	1,267,912
Operating Profit		277,456	171,244
Non-operating Income		90,410	69,314
Interest received		3,935	15,100
Dividends received		19,114	104
Refund of income taxes		37,830	—
Royalties received		12,747	27,200
Foreign exchange gain		—	13,627
Other		16,781	13,281
Non-operating Expenses		170,027	217,237
Loss on securities sold		—	104,084
Depreciation of inactive fixed assets		137,040	76,654
Foreign exchange loss		19,829	—
Other		13,157	36,499
Ordinary Profit		197,839	23,320
Extraordinary Profits		163,852	146,858
Gain on sale of fixed assets		0	1,138
Reversal of allowance for doubtful accounts		141	3,740
Reversal of allowance for retirement bonuses for officers		163,680	—
Gain on sale of investment securities		30	—
Prior year royalties received		—	141,980
Extraordinary Losses		1,491,616	952,244
Loss on disposal of fixed assets		4,259	99,316
Valuation loss on investment securities		2,443	336,373
Loss on sale of investment securities		96	—
Loss on valuation and retirement of inventory		1,449,280	516,554
Special retirement benefits, etc.		23,036	—
Patent royalties paid for previous years		12,500	—
Net Loss Before Income Taxes		1,129,924	782,064
Income Taxes and Enterprise Tax		7,846	3,899
Prior Year Income Taxes and Enterprise Tax		—	(39,292)
Income Tax—deferred		52,785	203,780
Loss on Minority Interests		3,589	7,659
Net Loss		1,186,967	942,793

Point 3 Improved Operating Profit

During the fiscal year, strong sales in the Product Molds Group contributed to a year-on-year increase of ¥216 million in income. Cost of sales decreased by ¥34 million due to various cost reduction measures, resulting in a year-on-year increase of ¥106 million in operating profit.

Point 4 Heavy Extraordinary Losses

In addition to the loss on valuation and retirement of inventory amounting to ¥1.449 billion, the Company reported ¥23 million in special retirement benefits and financial support for the re-employment of retirees under the voluntary retirement program implemented in October last year, resulting in extraordinary losses totaling ¥1.491 billion.

Consolidated Statements of Cash Flows

(Thousands of yen)

Item	Term	Current Consolidated Fiscal Year from April 1, 2002 to March 31, 2003	Previous Consolidated Fiscal Year from April 1, 2001 to March 31, 2002
Cash Flows from Operating Activities		1,695,121	(1,618,143)
Net loss before taxes, etc.		(1,129,924)	(782,064)
Depreciation		542,804	570,957
Decrease in allowance for doubtful accounts		(141)	(3,740)
Increase (decrease) in allowance for retirement bonuses for officers		(155,890)	9,200
Increase (decrease) in allowance for retirement benefits		(1,442)	49,313
Interest and dividends received		(23,050)	(15,204)
Miscellaneous income		(2,700)	—
Loss on disposal of fixed assets		4,259	99,316
Gain on sale of fixed assets		0	(1,138)
Valuation loss on investment securities		2,443	336,373
Loss on sale of investment securities		96	—
Gain on sale of investment securities		(30)	—
Loss on valuation and retirement of inventory		1,449,280	516,554
Gain (loss) on valuation of foreign currency-denominated deposits		1,768	(416)
Decrease in accounts receivable		2,470	1,793,495
Increase in inventory		(209,240)	(998,844)
Increase in other current assets		(241,478)	(19,105)
Increase (decrease) in accounts payable		113,415	(365,286)
Increase (decrease) in other current liabilities		56,630	(161,281)
Officers' bonuses		—	(18,900)
Interest and dividends received		18,984	16,353
Refund of income taxes		1,274,610	—
Payment of income taxes		(7,742)	(2,643,724)
Cash Flows from Investing Activities		(1,067,423)	392,668
Increase in term deposits		(519)	(2,089,262)
Decrease in term deposits		—	4,289,096
Income from sale of securities		—	799,646
Expenditure on acquisition of property, plant and equipment		(64,295)	(2,133,751)
Income from sale of property, plant and equipment		5,512	2,000
Expenditure on acquisition of intangible fixed assets		(8,219)	(49,597)
Expenditure on goodwill acquisition		—	(418,744)
Expenditure on purchase of investment securities		(1,000,253)	(1,576)
Income from sale of investment securities		3,530	—
Other expenditures for acquisitions of investments		(3,178)	(5,142)
Cash Flows from Financing Activities		(343,982)	(200,808)
Income from payments from minority stockholders		—	79,200
Expenditure for stock buyback		(65,879)	—
Dividend payment		(278,102)	(280,008)
Cash and Cash Equivalents-related Conversion Difference		(40,481)	3,456
Increase (decrease) in Cash and Cash Equivalents		243,233	(1,422,826)
Cash and Cash Equivalents at Beginning of Term		11,913,162	13,335,989
Cash and Cash Equivalents at the End of Term		12,156,396	11,913,162

* Amounts reported have been provided by abbreviating figures below ¥1,000.

Balance Sheets

Item	Term	(Thousands of yen)	
		The 31st term as of March 31, 2003	The 30th term as of March 31, 2002
ASSETS			
Current Assets		13,701,630	15,881,876
Cash and deposits		9,897,097	10,610,481
Notes receivable		42,630	47,256
Accounts receivable—trade		632,466	787,224
Marketable securities		2,002,120	999,651
Goods		2,264	21,987
Finished products		108,458	38,876
Raw materials		123,628	946,979
Work in progress		486,663	989,433
Stored goods		6,538	7,292
Prepaid expenses		15,266	17,612
Consumption taxes refundable		—	102,143
Income tax refundable		307,490	1,274,610
Other		79,926	41,625
Allowance for doubtful accounts		(2,920)	(3,300)
Fixed Assets		9,017,079	8,593,386
Property, Plant and Equipment		6,462,494	6,844,615
Buildings		2,777,858	2,981,295
Structures		87,656	107,117
Machinery and equipment		268,354	335,221
Vehicles and delivery equipment		1,360	1,986
Tools, furniture and fixtures		229,111	352,280
Land		2,984,278	2,984,278
Construction in progress		113,876	82,435
Intangible Fixed Assets		126,481	197,278
Goodwill		109,413	184,103
Software		10,937	6,465
Rights to use facilities		6,130	6,709
Investments and Other Assets		2,428,103	1,551,492
Investment securities		1,501,216	692,478
Stock of affiliated companies		358,781	358,781
Capital investment in affiliated companies		399,744	280,800
Long-term loans to employees		1,194	1,294
Deferred tax assets		66,838	119,623
Reserves for insurance payments		98,669	96,795
Other		1,668	1,729
Allowance for doubtful accounts		(10)	(10)
Total Assets		22,718,709	24,475,262

Accumulated depreciation of property, plant and equipment	2,717,112	2,306,953
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Item	Term	(Thousands of yen)	
		The 31st term as of March 31, 2003	The 30th term as of March 31, 2002
LIABILITIES			
Current Liabilities		566,518	547,182
Trade accounts payable		191,894	216,701
Accrued amounts payable		187,657	129,220
Business office tax payable		6,273	42,663
Accrued expenses		128,023	134,444
Income tax payable		3,893	3,800
Advance received		4,256	518
Deposits received		8,246	19,833
Other		36,273	—
Long-term Liabilities		315,905	473,238
Allowance for retirement bonuses for officers		123,260	279,150
Allowance for retirement benefits		192,645	194,088
Total Liabilities		882,424	1,020,421
STOCKHOLDERS' EQUITY			
Common Stocks		6,791,682	6,791,682
Capital Surplus		10,571,419	10,571,419
Additional paid-in capital		10,571,419	10,571,419
Retained Earnings		4,730,562	4,397,142
Legal reserves		1,697,920	1,697,920
Voluntary reserves		—	—
Reserves for special depreciation		5,891	7,113
Other reserves		4,000,000	5,000,000
Unappropriated losses		973,250	609,971
Variance from Valuation of Securities		(189,673)	(1,498)
Treasury Stock		(67,705)	(1,826)
Total Stockholders' Equity		21,836,285	23,454,841
Total Liabilities, Minority Interest and Stockholders' Equity		22,718,709	24,475,262

*Pursuant to the revision of the Commercial Code, "Additional Paid-in Capital" listed under the Stockholders' Equity section in the 30th accounting period was changed to "Capital Surplus," and "Other Surplus" to "Retained Earnings."

Income Statement

Item	Term	(Thousands of yen)	
		The 31st Term from April 1, 2002 to March 31, 2003	The 30th Term from April 1, 2001 to March 31, 2002
Sales		4,108,530	4,247,523
Cost of Sales		2,555,871	2,779,788
Gross profit		1,552,658	1,467,734
Selling, General and Administrative Expenses		1,163,262	1,127,951
Operating Profit		389,396	339,782
Non-operating Income		87,455	81,016
Interest received		1,546	6,141
Interests on marketable securities		1,393	8,204
Dividends received		19,114	104
Refund of income taxes		37,830	—
Royalties received		12,747	27,200
Foreign exchange gain		—	27,358
Other		14,822	12,007
Non-operating Expenses		173,187	219,308
Loss on securities sold		—	104,084
Loss on retirement of inventory		1,707	21,171
Depreciation of inactive fixed assets		137,040	76,654
Foreign exchange loss		22,999	—
Other		11,440	17,398
Ordinary Profit		303,664	201,489
Extraordinary Profits		164,090	150,323
Gain on sale of fixed assets		0	4,203
Reversal of allowance for doubtful accounts		380	4,140
Reversal of allowance for retirement bonuses for officers		163,680	—
Gain on sale of investment securities		30	—
Prior year royalties received		—	141,980
Extraordinary Losses		1,491,616	952,244
Loss on disposal of fixed assets		4,259	99,316
Valuation loss on investment securities		2,443	336,373
Loss on sale of investment securities		96	—
Loss on valuation and retirement of inventory		1,449,280	516,554
Special retirement benefits, etc.		23,036	—
Patent royalties paid for previous years		12,500	—
Net Loss before Tax		1,023,861	600,431
Income Taxes and Enterprise Tax		7,846	3,800
Prior Year Income Taxes and Enterprise Tax		—	(39,292)
Income Tax—deferred		52,785	203,780
Net Loss		1,084,492	768,719
Retained Earnings Carried Forward from the Previous Term		111,242	158,748
Unappropriated Loss		973,250	609,971

Profit Appropriation Statement

Item	Term	(Yen)	
		The 31st Term	
Unappropriated Loss			973,250
Reversal of Voluntary Reserves			
Reversal of special depreciation reserves			1,101
Reversal of other reserves			1,200,000
Total			227,851
Appropriated Profit			
Dividend payment			186,046
Total			186,046
Retained Earnings Carried Forward to the Following Term			41,804

*Amounts reported have been provided by abbreviating figures below ¥1,000.

Profile

Company Name

SEIKOH GIKEN Co., Ltd.

Domestic Offices

1st Building

286-23 Matsuhidai, Matsudo-city, Chiba 270-2214, Japan

2nd Building (Head Office)

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

3rd Building

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

4th Building

415-2 Matsuhidai, Matsudo-city, Chiba 270-2214, 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

Number of Employees

247 (including subsidiaries)

Board of Directors (as of June 20, 2003)**President and Chief Executive Officer** Masatoshi Ueno**Executive Director** Tamotsu Kimura**Director** Shigeta Ishikawa**Director** Masahide Hioki**Director** Koichi Hosokawa**Senior Corporate Auditor** Hirao Yamamoto**Senior Corporate Auditor** Takeshi Miyanaga**Corporate Auditor** Kyouhei Nitta**Corporate Auditor** Toru Miyoshi

Status of Stocks

Authorized Shares

37,000,000

Shares Outstanding

9,333,654

Shareholders

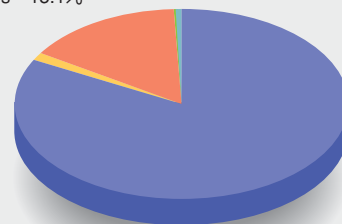
6,717

Major Shareholders

Name	Number of Shares Held	Percentage
Masatoshi Ueno	912,000	9.8
Yumiko Tomaru	890,500	9.6
Yukiko Hosoe	882,500	9.5
KOUSHI Ltd.	694,000	7.5
KOUKEN Ltd.	623,000	6.7
Tamotsu Kimura	609,200	6.5
Mitsuo Takahashi	450,100	4.8
Fujiko Takahashi	430,500	4.6
Jun Ueno	329,000	3.5
Chie Ueno	329,000	3.5

Breakdown of Shareholders

Individuals	82.7%
Financial institutions	1.0%
Other domestic corporations	15.1%
Foreigners	0.1%
Others	1.1%

**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-branch

Offices of Japan Securities Agents, Ltd.

Media of Public Notice*The Nihon Keizai Shimbun* (daily newspaper)

Financial statements online

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

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

The logo consists of a blue circle containing a white stylized 'S' and 'E' intertwined.

SEIKOH GIKEN Co., Ltd.

Contact

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