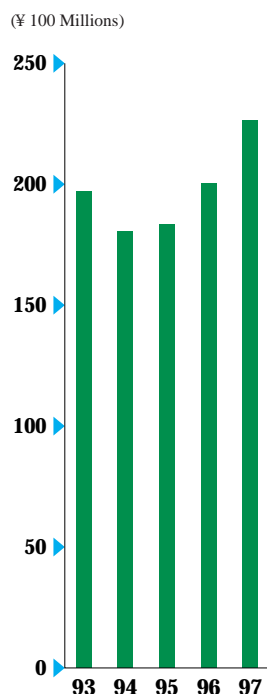


1997
FACTS AND
FIGURES

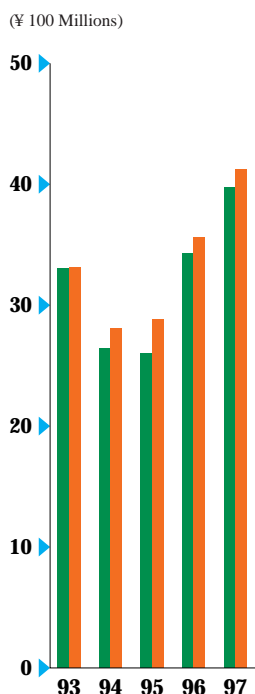


FINANCIAL HIGHLIGHTS

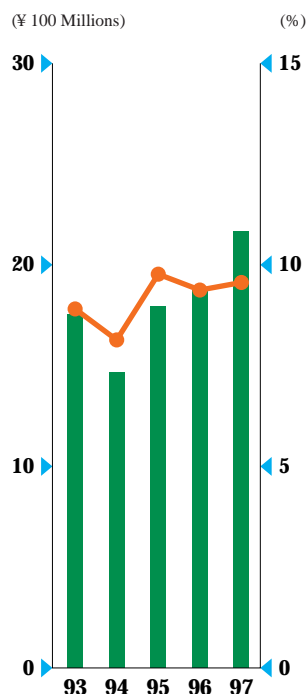
Net Sales



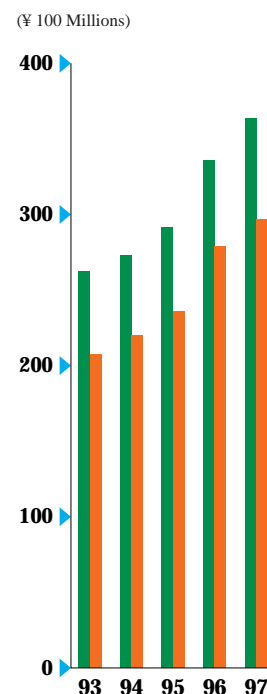
Operating Income and Ordinary Income



Net Income and Net Income to Net Sales



Total Assets and Shareholders' Equity



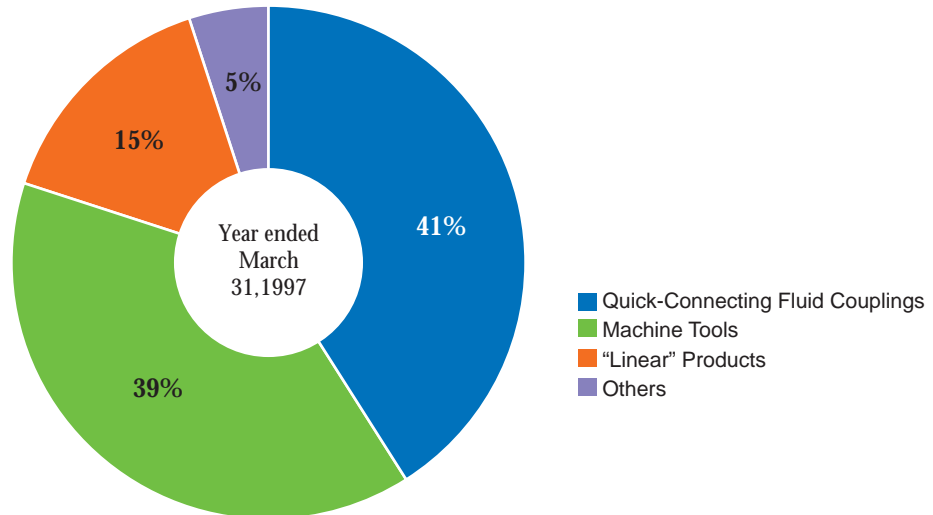
■ Operating Income
■ Ordinary Income

■ Net Income
■ Net Income to Net Sales

■ Total Assets
■ Shareholders' Equity

Fiscal Year Ended	(¥ Millions)				
	1993/3	1994/3	1995/3	1996/3	1997/3
Net Sales	19,722	18,040	18,333	20,044	22,636
Operating Income	3,297	2,646	2,601	3,426	3,978
Ordinary Income	3,314	2,809	2,882	3,562	4,122
Net Income	1,754	1,467	1,791	1,878	2,167
Net Income to Net Sales (%)	8.90	8.14	9.77	9.37	9.57
Total Assets	26,194	27,311	29,136	33,556	36,341
Shareholders' Equity	20,759	21,980	23,581	27,896	29,696

Share of Total Sales



Quick-Connecting Fluid Couplings

Fluid couplings are indispensable in providing connections in systems that involve the flow of air, water, oil or gas. Having pioneered Japan's first couplings for chloro-fluorocarbon gases, Nitto Kohki is a leading company in the field of one-touch fluid couplings. Building on this position of strength, the company has worked to expand into new fields and develop new applications for these products. Nitto Kohki couplings are distinguished by their safe and easy one-hand connection and disconnection, enabling superior operability, and by their built-in automatic open and shut valve, providing easy flow control and realizing a perfect seal.

To meet diverse needs for couplings for applications in the home as well as in the medical, biotechnology, nuclear, semiconductor and computer fields, Nitto Kohki offers a full product line-up comprising 3,000 series and some 20,000 individual models. This abundant line-up, backed by a powerful sales network, industry-leading precision engineering and excellent quality, has enabled Nitto Kohki couplings to capture an unrivaled position in the Japanese market in terms of both customer loyalty and market share. Couplings are the company's main product group, representing 41% of total sales.

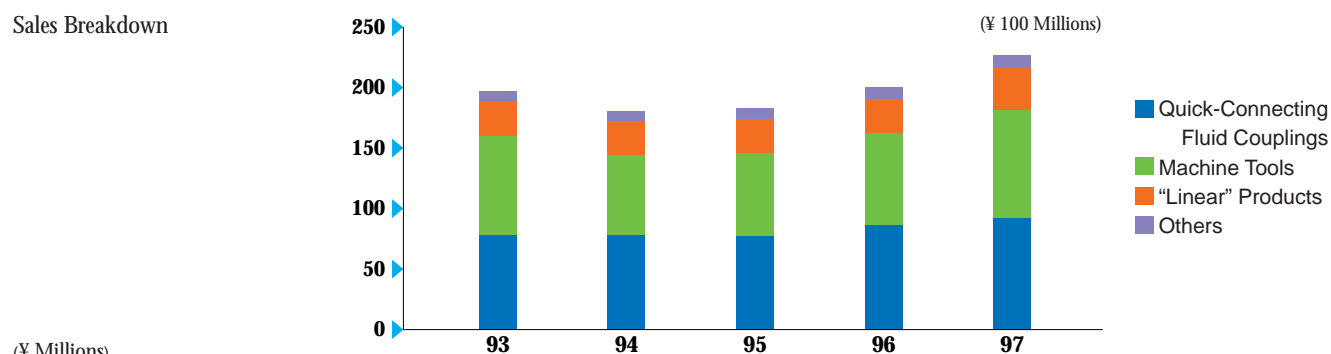
Machine Tools

Nitto Kohki's machine tools are used in various industrial sectors, including construction, shipbuilding and metal working. These tools satisfy needs for improved efficiency and labor-saving automation in work such as scaling, chipping, sanding, grinding, filing, cutting, drilling and chamfering. This product group accounts for 39% of the company's total sales. Sales of supplies such as cutters and needles generate a third of the company's sales in this business field, representing a stable source of revenue.

Machine tools are classified according to power source: pneumatic, electric and hydraulic. Driven by compressed air, pneumatic tools have the benefits of compactness and light weight, high torque and non-exploding design, non-susceptibility to overloading, and easy control of speed and power. Nitto Kohki currently offers 35 major pneumatic tools. Electric machine tools are versatile and convenient because they can be used anywhere, running off an AC power source or battery. Products in Nitto Kohki's Atra series are noted for their combination of sophisticated electric drill and electromagnetic technology. By exploiting the advantages of hydraulic power, Nitto Kohki has introduced a series of handy hydraulic tools that are compact and lightweight, offer high performance, and meet the most exacting safety criteria.

BUSINESS OUTLINE AND REVIEW OF OPERATIONS

Sales Breakdown



(¥ Millions)

Fiscal Year Ended	1993/3	1994/3	1995/3	1996/3	1997/3
Sales Breakdown	19,722	18,040	18,333	20,044	22,636
Couplings	7,862	7,783	7,779	8,684	9,259
Machine Tools	8,137	6,670	6,871	7,569	8,932
'Linear' Products	2,907	2,826	2,824	2,843	3,427
Others	815	759	857	947	1,016

'Linear' Products

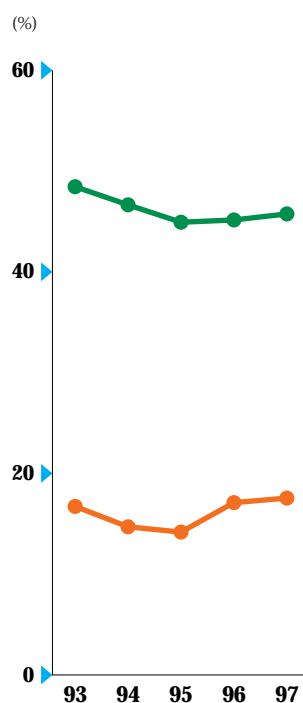
Nitto Kohki in 1973 became the first company in the world to commercialize "linear" compressors. Since then, these products have become commonplace in the air compressors and vacuum pumps incorporated in various types of equipment. They can be found in many fields, including housing, health care, hair and beauty care, and food processing. The company's "linear" products have won a strong following in worldwide markets. They are distinguished by their unique linear-type free-piston system, in which an electromagnet and return spring alternately drive the pistons inside the cylinders, as well as by their compact composite structure, low-noise, low-vibration, oil-less construction.

Others

Drawing on expertise gained in its core operations, Nitto Kohki is expanding into promising new fields. Using sophisticated pneumatic control technology, the company developed the NK Balaman series of balancers. These products alleviate the burden of lifting and moving heavy objects. The company also manufactures and markets various robots and wireless measuring systems.

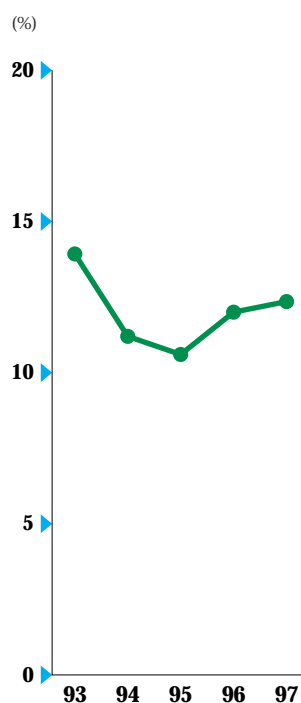
PROFITABILITY

Gross Profit to Net Sales and Operating Income to Net Sales

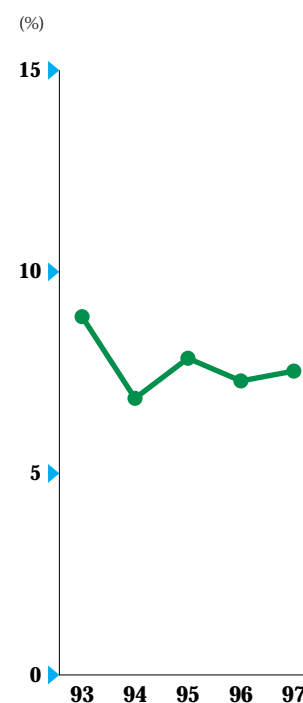


■ Gross Profit to Net Sales
■ Operating Income to Net Sales

Return on Assets



Return on Equity



(%)

Fiscal Year Ended	1993/3	1994/3	1995/3	1996/3	1997/3
Gross Profit to Net Sales	48.47	46.66	44.96	45.17	45.77
Operating Income to Net Sales	16.72	14.67	14.19	17.09	17.58
Return on Assets	13.93	11.19	10.61	12.00	12.35
Return on Equity	8.88	6.87	7.86	7.30	7.53
Dividends on Equity	1.06	0.82	0.77	1.38	1.35

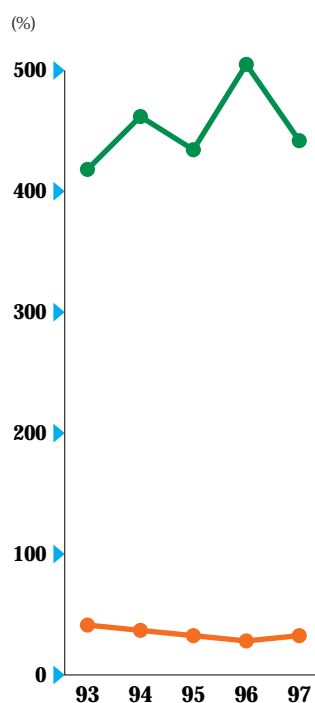
Notes: Return on Assets = (Operating Income + Interest and Dividend Income)/Total Assets (Yearly Average) × 100

Return on Equity = Net Income/Shareholders' Equity (Yearly Average) × 100

Dividends on Equity = Total Cash Dividends/Shareholders' Equity (Yearly Average) × 100

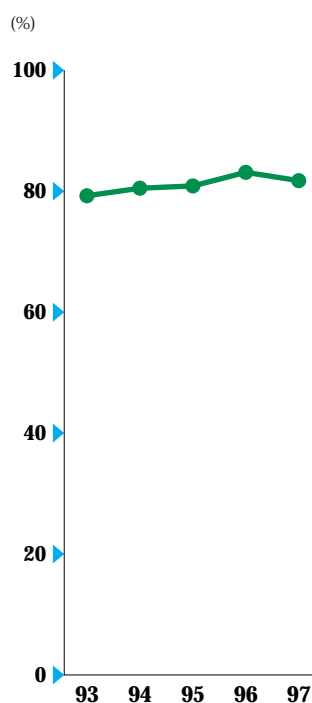
STABILITY

Current Ratio
and Fixed Assets Ratio

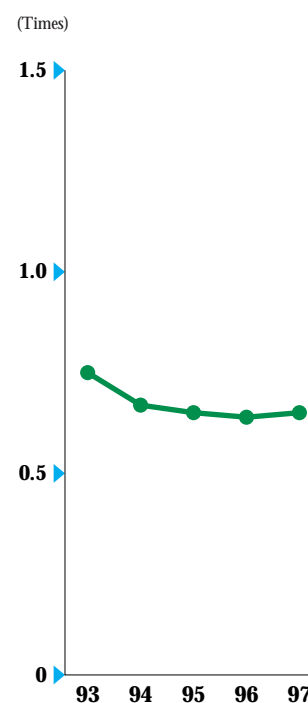


■ Current Ratio
■ Fixed Assets Ratio

Shareholders' Equity Ratio



Total Assets Turnover

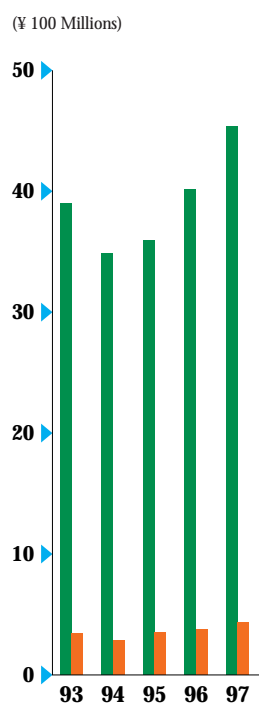


Fiscal Year Ended	1993/3	1994/3	1995/3	1996/3	1997/3
Current Ratio (%)	418.15	461.82	434.07	504.74	441.96
Fixed Assets Ratio (%)	41.10	37.04	32.34	28.41	32.46
Interest-Bearing Debt (¥ million)	0	0	0	0	0
Shareholders' Equity Ratio (%)	79.25	80.48	80.93	83.13	81.71
Total Assets Turnover (Times)	0.75	0.67	0.65	0.64	0.65

Notes: Current Ratio = Current Assets (Fiscal Year-end)/Current Liabilities (Fiscal Year-end) × 100
 Fixed Assets Ratio = Fixed Assets (Fiscal Year-end)/Shareholders' Equity (Fiscal Year-end) × 100
 Total Assets Turnover = Net Sales/Total Assets (Yearly Average)

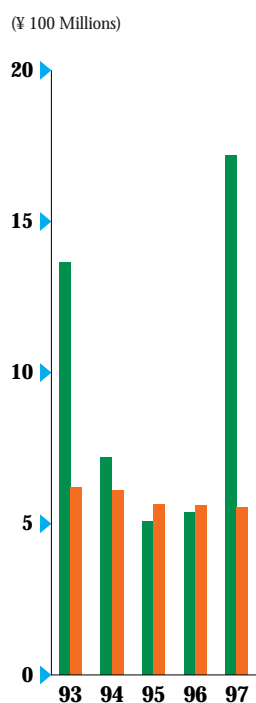
PRODUCTIVITY

Net Sales per Employee and Net Income per Employee



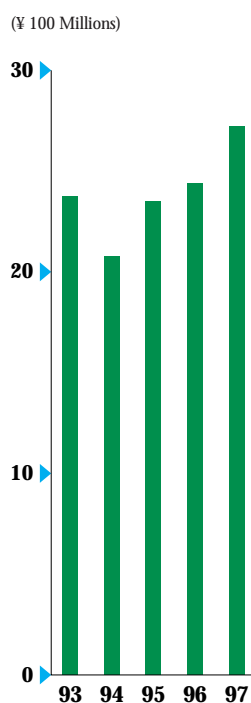
■ Net Sales per Employee
■ Net Income per Employee

Capital Expenditure and Depreciation and Amortization

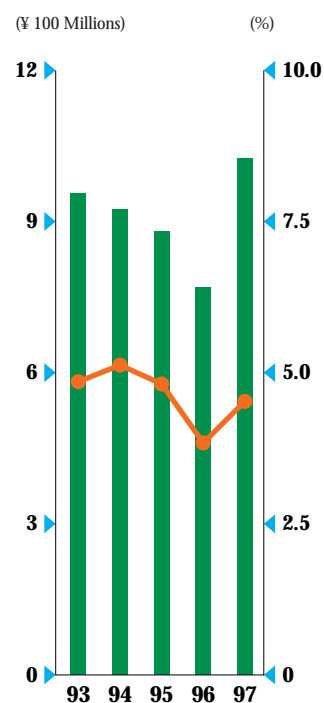


■ Capital Expenditure
■ Depreciation and Amortization

Cash Flows



R&D Expense and R&D Expense to Net Sales



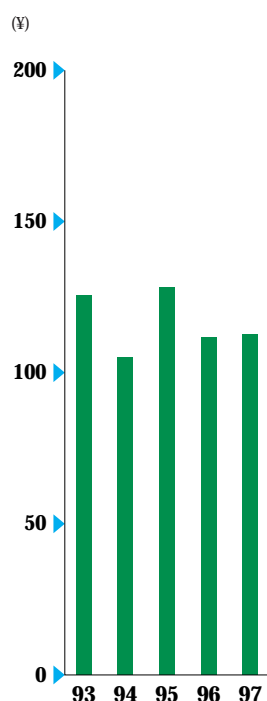
■ R&D Expense
■ R&D Expense to Net Sales

Fiscal Year Ended	1993/3	1994/3	1995/3	1996/3	1997/3
Net Sales per Employee (¥ Thousands)	38,976	34,894	35,912	40,130	45,408
Net Income per Employee (¥ Thousands)	3,467	2,839	3,509	3,761	4,347
Number of Employees at Fiscal Year-end	517	517	504	495	502
Capital Expenditure (¥ Millions)	1,366	720	507	537	1,720
Depreciation and Amortization (¥ Millions)	620	609	562	559	556
Cash Flows (¥ Millions)	2,375	2,076	2,353	2,437	2,723
R&D Expense (¥ Millions)	956	924	880	769	1,025
R&D Expense to Net Sales (%)	4.85	5.13	4.81	3.84	4.53

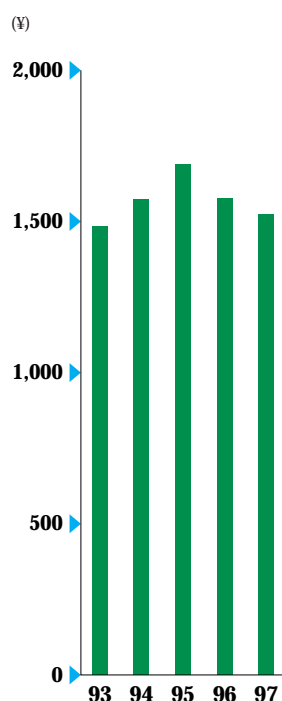
Notes: Per Employee Data are based on the average number of employees.

PER SHARE DATA

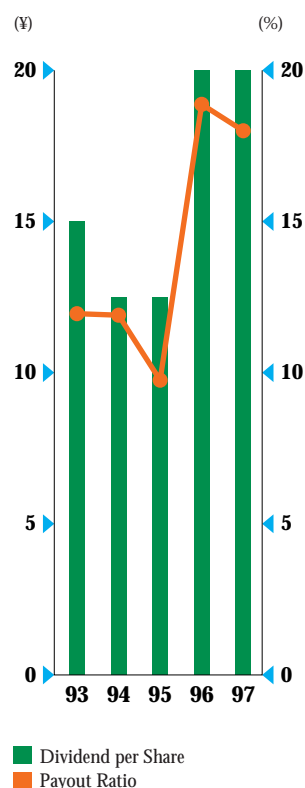
Net Income per Share



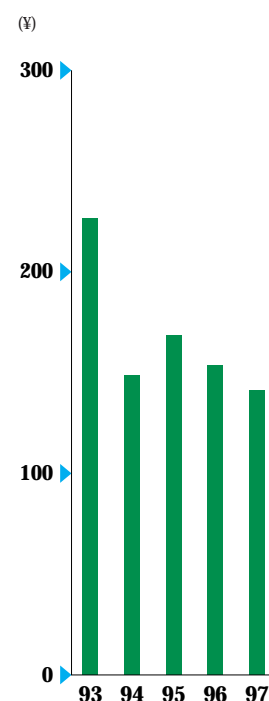
Shareholders' Equity per Share



Dividend per Share and Payout Ratio



Cash Flows per Share



■ Dividend per Share
 ■ Payout Ratio

Fiscal Year Ended	1993/3	1994/3	1995/3	1996/3	1997/3
Net Income per Share (¥)	125.52	105.01	128.16	111.69	112.55
Shareholders' Equity per Share (¥)	1,572.74	1,687.22	1,574.18	1,523.40	1,485.35
Dividend per Share (¥)	15.00	12.50	12.50	20.00	20.00
Cash Flows per Share (¥)	226.58	148.60	168.37	153.82	141.41
Number of Shares Outstanding	13,976,238	13,976,238	17,721,485	19,493,633	19,493,633
Payout Ratio (%)	11.95	11.90	9.75	18.87	17.99

Notes: Net Income per Share and Cash Flows per Share are based on the average number of shares outstanding in the respective fiscal years, and Shareholders' Equity per Share is based on the number of shares outstanding at the end of the respective fiscal years.
 Stock split (1→1.2) was executed May 19, 1995.
 Stock split (1→1.1) was executed May 20, 1996.
 Stock split (1→1.1) was executed May 20, 1997.

BALANCE SHEETS

(¥ Millions)

Fiscal Year Ended	1995/3	1996/3	1997/3
Assets			
Current Assets:			
Cash & Deposits	12,005	14,831	14,184
Notes Receivable and Accounts Receivable, Trade	6,778	7,831	9,507
Marketable Securities	124	435	206
Finished Goods	1,406	1,368	1,314
Raw Material and Work in Progress	1,029	1,101	1,211
Other Current Assets	165	60	277
Total Current Assets	21,510	25,629	26,703
Fixed Assets:			
Tangible Fixed Assets	5,158	5,124	6,275
Buildings and Structures	2,184	2,031	2,239
Machinery and Equipment	380	412	399
Automotive Equipment	10	27	18
Tools, Furniture, Fixtures and Other	541	526	518
Land	1,894	1,894	2,533
Construction in Progress	147	230	564
Intangible Fixed Assets	129	82	44
Patent Rights	76	42	15
Other Intangible Fixed Assets	52	40	29
Investments and Other Assets	2,337	2,719	3,317
Investments in Securities	417	512	943
Investments in Affiliates	1,338	1,253	1,264
Other Investments	581	953	1,109
Total Fixed Assets	7,625	7,926	9,638
Total Assets	29,136	33,556	36,341
Liabilities			
Current Liabilities:			
Notes Payable, Trade	2,263	2,019	2,791
Accounts Payable, Trade	819	692	817
Accounts Payable, Other	94	208	210
Accrued Income Taxes	784	1,100	1,090
Accrued Enterprises Taxes	226	310	305
Accrued Expenses Other	298	289	334
Accrued Bonuses	393	401	436
Other Current Liabilities	52	55	56
Total Current Liabilities	4,955	5,077	6,042
Long-term Liabilities			
Reserve for Retirement Allowances	378	378	369
Board of Directors' Retirement Allowances	182	164	193
Other Long-term Liabilities	39	38	38
Total Long-term Liabilities	599	581	602
Total Liabilities	5,555	5,659	6,645
Shareholders' Equity			
Common Stock	768	1,850	1,850
Legal Capital Surplus	385	1,925	1,925
Retained Earnings Surplus	172	192	229
Other Retained Earnings	22,254	23,928	25,691
Voluntary Reserve	20,340	21,939	23,499
Unappropriated Retained Earnings	1,914	1,988	2,191
Total Shareholders' Equity	23,581	27,896	29,696
Total Liabilities and Shareholders' Equity	29,136	33,556	36,341

STATEMENTS OF INCOME

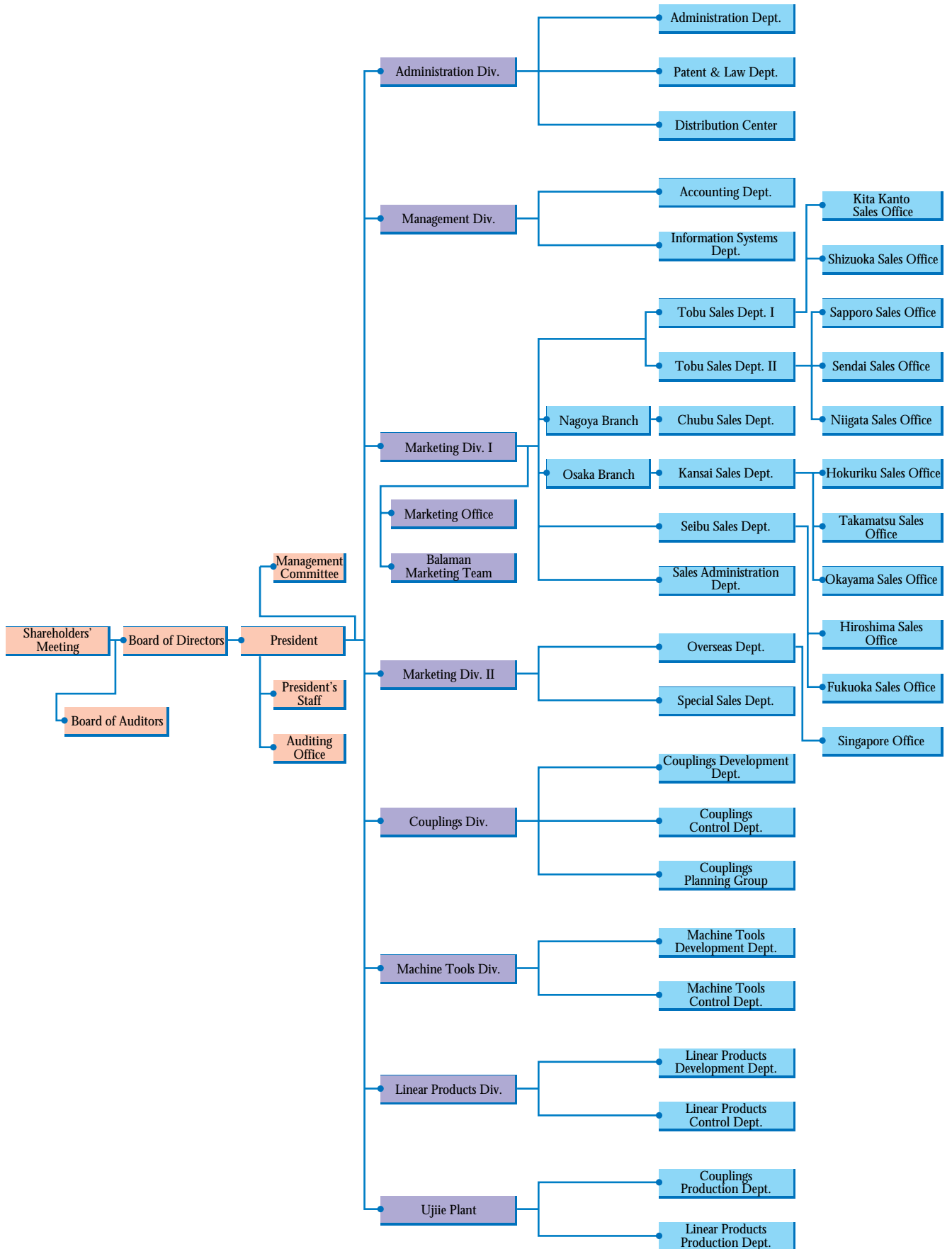
(¥ Millions)

Fiscal Year Ended	1995/3	1996/3	1997/3
Net Sales	18,333	20,044	22,636
Cost of Sales	10,090	10,991	12,275
Gross Profit	8,243	9,053	10,360
Selling, General and Administrative Expenses	5,641	5,626	6,382
Operating Income	2,601	3,426	3,978
Non-operating Income	437	376	379
Interest Income	245	128	73
Other Non-operating Income	192	248	306
Non-operating Expenses	156	240	235
Interest Expenses	14	7	4
Other Non-operating Expenses	141	233	231
Ordinary Income	2,882	3,562	4,122
Extraordinary Income	70	36	36
Extraordinary Losses	10	37	53
Income before Income Taxes	2,942	3,561	4,104
Income Taxes	1,151	1,682	1,937
Net Income	1,791	1,878	2,167
Unappropriated Retained Earnings Brought Forward	122	110	24
Unappropriated Retained Earnings	1,914	1,988	2,191

Change of Capital Structure

March 1992	Allotment of shares to third parties (80,000 shares, ¥1,200)
	Allotment of shares to third parties (103,000 shares, ¥6,000)
	Stock split (1→2)
May 1995	Stock split (1→1.2)
October 1995	Allotment of shares by public offering (950,000 shares, ¥2,760)
May 1996	Stock split (1→1.1)
May 1997	Stock split (1→1.1)

ORGANIZATION CHART





Headquarters

Corporate Name	NITTO KOHKI Co., Ltd.
Head Office	9-4, Naka-ikegami 2-chome, Ota-ku, Tokyo 146, Japan
Established	October 22, 1956
Paid-in Capital	¥1,850 million (As of June 30, 1997)
Number of Shares Outstanding	21,442,996 (As of June 30, 1997)
Fiscal Year-end	March 31
Number of Employees	513 (As of June 30, 1997)

Board of Directors and Auditors

President	Motoyuki Takata
Senior Managing Director	Yasunori Takahashi
Executive Managing Directors	Kohsuke Joya Hirosato Takeuchi
Directors	Yutaka Tanaka Tadahisa Mogaki Akihito Matsunaga Osahiko Miyazaki Hiroshi Komakine Junji Suzukawa
Standing Statutory Auditor	Teruhiko Tsuji
Statutory Auditors	Taneji Shimada Ichiro Himono Norihisa Ishikawa

Network

Osaka Branch, Nagoya Branch, Sapporo Sales Office, Sendai Sales Office, Niigata Sales Office, Kitakanto Sales Office, Shizuoka Sales Office, Hokuriku Sales Office, Takamatsu Sales Office, Okayama Sales Office, Hiroshima Sales Office, Fukuoka Sales Office, Ujiie Plant, Singapore Representative Office

Subsidiaries and Affiliated Companies

Medotech Co., Ltd., Medoman Co., Ltd., Medo Industries Co., Ltd., NITTO KOHKI U.S.A., INC., NITTO KOHKI EUROPE CO., LTD., NITTO KOHKI DEUTSCHLAND GMBH, MEDO U.S.A., INC., WESTAIR-NITTO SALES PTY., LTD. NITTO KOHKI THAILAND CO., LTD.