

Summary of Consolidated Financial Results
for the Second Quarter Ended September 30, 2017(Unaudited)

November 1, 2017

English translation from the original Japanese-language document

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

Company name: Nihon Seiko Co., Ltd.
 URL: <http://www.nihonseiko.co.jp>
 Listed stock exchange: The second section of Tokyo Stock Exchange
 Securities Code: 5729
 Company Representative: Michifumi Watanabe, President & CEO
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1. Consolidated Financial Results for the Second Quarter Ended September 30, 2017 and 2016

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the Second quarter ended								
September 30, 2017	7,347	37.2	828	115.0	818	143.6	585	152.3
September 30, 2016	5,357	(17.2)	385	(14.0)	335	(23.0)	232	(17.9)

Note: Comprehensive income:

As of September 30, 2017: 630 million yen 189.6% As of September 30, 2016: 217 million yen (22.4)%

	EPS
For the Second quarter ended	Yen
September 30, 2017	239.89
September 30, 2016	95.04

※The Company conducted a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2017. Earnings per share(EPS) has been calculated assuming the reverse stock split was conducted at the start of the previous fiscal year.

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
As of	Millions of Yen	Millions of Yen	%
September 30, 2017	11,435	6,322	55.3
March 31, 2017	10,716	5,754	53.7

Note: Shareholders' equity As of September 30, 2017: 6,322 million yen As of March 31, 2017: 5,754 million yen

2. Cash Dividends

	Cash Dividends per Share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
For the year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2017	-	5.00	-	5.00	10.00
March 31, 2018	-	7.50			
March 31, 2018(expected)			-	37.50	-

Note: Revision of outlook for dividends in the Second quarter : Yes

※The Company conducted a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2017. The per share year-end cash dividend forecast for the fiscal year ending March 31, 2018 takes into account the impact of the reverse stock split, and the total for the annual dividend has been left blank. Excluding the impact of the reverse stock split, the year-end dividend forecast for the fiscal year ending March 31, 2018 is ¥7.50 per share and the annual dividend forecast is ¥15.00 per share.

3. Consolidated Earnings Forecast for the Year Ending March 2018(April 1, 2017 ~ March 31, 2018):

(%: Change from the previous fiscal year for Year ending March 31,2018)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
For the year ending March 31, 2018 Full year	14,000	21.6	1,330	37.6	1,310	37.1	920	42.6	376.82

Note: Revision of outlook for fiscal 2017 consolidated earnings results in the Second quarter : No

※The Company conducted a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2017. Earnings per share(EPS) in the consolidated business forecasts for the fiscal year ending March 31, 2018 (full year) takes into account the impact of the reverse stock split.

4. Others

- (1) Changes in major subsidiaries during the fiscal year (changes in specified subsidiaries accompanying changes in scope of consolidation). : No
- (2) Application of special accounting for preparing quarterly consolidated financial statements : No
- (3) Changes in accounting policies, accounting estimates and retrospective restatements in the consolidated financial statements
- Changes due to amendment of accounting standards : No
 - Changes due to other reasons : No
 - Changes in accounting estimates : No
 - Retrospective restatements : No
- (4) Number of outstanding shares at the end of the period:
- Number of outstanding shares at the end of the period:

As of September 30, 2017: 2,605,900	As of March 31, 2017: 2,605,900
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 - Number of treasury shares at the end of the period:

As of September 30, 2017: 164,407	As of March 31, 2017: 163,695
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 - Average number of outstanding shares during period:

For the 2nd Quarter ending March 31, 2018: 2,441,849	For the 2nd Quarter ended March 31, 2017: 2,442,519
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※The Company conducted a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2017. Number of outstanding shares at the end of period, number of treasury shares at the end of period and average number of outstanding shares during period have been calculated assuming the reverse stock split was conducted at the start of the previous fiscal year.

Explanation on appropriate use of business forecasts, and other special notes

The aforementioned forecasts are based on certain assumptions that Company has deemed relevant and appropriate as of the date of publication.

Actual results may differ materially from the forecast due to many factors.

Consolidated quarterly balance sheets

(Thousands of Japanese yen)

	March 31,2017	September 30,2017
Assets		
Current assets		
Cash and deposits	2,393,613	2,578,264
Notes and accounts receivable–trade	1,836,923	2,427,604
Merchandise and finished goods	1,027,819	1,187,000
Work in process	227,470	214,285
Raw materials and supplies	790,838	710,689
Other	143,313	117,911
Allowance for doubtful accounts	(5,645)	(7,617)
Total current assets	6,414,333	7,228,137
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,448,823	1,418,930
Machinery, equipment and vehicles, net	697,429	680,519
Land	1,478,590	1,478,590
Other, net	203,351	213,947
Total property, plant and equipment	3,828,194	3,791,988
Intangible assets	45,673	44,443
Investments and other assets	428,735	370,929
Total non-current assets	4,302,604	4,207,361
Total assets	10,716,938	11,435,499
Liabilities		
Current liabilities		
Notes and accounts payable–trade	924,271	994,624
Electronically recorded obligations–operating	335,338	313,210
Short-term loans payable	1,632,000	1,662,000
Income taxes payable	218,346	265,896
Provision for bonuses	134,141	134,422
Other	337,801	447,259
Total current liabilities	3,581,899	3,817,413
Non-current liabilities		
Long-term loans payable	938,000	857,000
Net defined benefit liability	328,931	328,144
Asset retirement obligations	35,680	35,915
Other	77,897	75,009
Total non-current liabilities	1,380,509	1,296,068
Total liabilities	4,962,408	5,113,482
Net assets		
Shareholders' equity		
Capital stock	1,018,126	1,018,126
Capital surplus	564,725	564,725
Retained earnings	4,295,556	4,820,265
Treasury shares	(149,135)	(150,794)
Total shareholders' equity	5,729,272	6,252,322
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,217	65,617
Foreign currency translation adjustment	5,038	4,076
Total accumulated other comprehensive income	25,256	69,693
Total net assets	5,754,529	6,322,016
Total liabilities and net assets	10,716,938	11,435,499

Consolidated quarterly statements of income

(Thousands of Japanese yen)

	Six months ended September 30,2016	Six months ended September 30,2017
Net sales	5,357,277	7,347,797
Cost of sales	4,496,833	6,037,162
Gross profit	860,443	1,310,635
Selling, general and administrative expenses	475,132	482,145
Operating profit	385,311	828,489
Non-operating income		
Dividend income	1,654	2,201
Subsidy income	60	2,760
Other	3,244	6,687
Total non-operating income	4,958	11,648
Non-operating expenses		
Interest expenses	11,654	11,827
Foreign exchange losses	32,518	—
Care and maintenance costs of suspended mine	6,271	7,285
Other	3,993	2,857
Total non-operating expenses	54,438	21,970
Ordinary profit	335,831	818,168
Extraordinary income		
Gain on sales of non-current assets	2,999	—
Gain on sales of investment securities	—	29,100
Total extraordinary income	2,999	29,100
Extraordinary losses		
Loss on retirement of non-current assets	545	1,110
Total extraordinary losses	545	1,110
Profit before income taxes	338,285	846,158
Income taxes-current	108,096	262,265
Income taxes-deferred	(1,951)	(1,871)
Total income taxes	106,145	260,394
Profit	232,139	585,764
Profit attributable to owners of parent	232,139	585,764

Consolidated quarterly statements of comprehensive income

(Thousands of Japanese yen)

	Six months ended September 30,2016	Six months ended September 30,2017
Profit	232,139	585,764
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,914)	45,399
Foreign currency translation adjustment	(10,637)	(962)
Total other comprehensive income	(14,552)	44,437
Comprehensive income	217,587	630,201
Comprehensive income attributable to owners of parent	217,587	630,201

Segment Information

(1) For the six months ended September 30, 2016

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	2,637,069	2,708,634	5,345,704	11,572	5,357,277	-	5,357,277
Inter-segment	99	24,443	24,543	-	24,543	(24,543)	-
Total	2,637,169	2,733,078	5,370,247	11,572	5,381,820	(24,543)	5,357,277
Operating income	17,929	352,471	370,400	11,389	381,790	3,520	385,311

※ The above-mentioned "Others" category is a real estate lease business not included in the reportable segments.

(2) For the six months ended September 30, 2017

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	3,895,208	3,441,050	7,336,259	11,537	7,347,797	-	7,347,797
Inter-segment	-	31,460	31,460	-	31,460	(31,460)	-
Total	3,895,208	3,472,511	7,367,720	11,537	7,379,257	(31,460)	7,347,797
Operating income	289,693	525,085	814,778	11,331	826,110	2,379	828,489

※ The above-mentioned "Others" category is a real estate lease business not included in the reportable segments.