

Summary of Consolidated Financial Results
for the Year Ended March 31, 2018(Unaudited)

May 11, 2018

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 Years Ended March 31,2018 and 2017

(1) Operating Results (Rounded down to millions of Japanese Yen)
 (%: Changes from the previous fiscal year)

	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 years ended								
March 31,2018	14,528	26.2	1,420	47.0	1,372	43.6	951	47.5
March 31,2017	11,511	(2.4)	966	81.5	955	89.0	644	106.1

Note: Comprehensive income:

Fiscal year ended March 31, 2018: 982 million yen 48.0% Fiscal year ended March 31, 2017: 663 million yen 118.8%

	EPS	Return on equity	Recurring profit to total assets ratio	Operating income to net sales ratio
	Yen	%	%	%
For the years ended				
March 31,2018	389.55	15.4	12.2	9.8
March 31,2017	264.07	11.8	9.1	8.4

Note: Equity in earnings of unconsolidated subsidiaries and affiliate during the period:

Fiscal year ended March 31, 2018: - million yen Fiscal year ended March 31, 2017: - million yen

※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	Shareholders' equity per share
	Millions of Yen	Millions of Yen	%	Yen
As of				
March 31,2018	11,820	6,581	55.7	2,696.03
March 31,2017	10,716	5,754	53.7	2,356.28

Note: Shareholders' equity As of March 31, 2018: 6,581 million yen As of March 31, 2017: 5,754 million yen

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

(3) 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 31,2018	773	(202)	(366)	2,597
March 31,2017	925	(477)	(613)	2,393

2. Cash dividends

	Cash dividends per share					Total amount of cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends to net assets ratio (consolidated)
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual			
For the years ended	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
March 31,2017	—	5.00	—	5.00	10.00	122	18.9	2.2
March 31,2018	—	7.50	—	37.50	—	183	19.3	3.0
March 31,2019 (expected)	—	37.50	—	37.50	75.00		22.6	

※The Company conducted a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2017. The dividend at the end of the second quarter of the period ending March 2018 considering this reverse stock split was ¥37.50 per share and the total amount of dividends for the period ending March 2018 was ¥75.00 per share.

3. Consolidated Earnings Forecast for the Year Ending March 2018(April 1,2018 ~ March 31, 2019):

(%: Change from the previous fiscal half year for First half 2018)

(%: Change from the previous fiscal year for Year ending March 31,2019)

	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
First half 2018	7,400	0.7	660	(20.3)	610	(25.4)	420	(28.3)	172.05
Year ending March 31,2019	15,000	3.2	1,240	(12.7)	1,180	(14.0)	810	(14.8)	331.82

4. Others

(1) Changes in major subsidiaries during the fiscal year ended March 31,2018 : No

(2) Changes in accounting policies, accounting estimates and retrospective restatements in the consolidated financial statements

1. Changes due to amendment of accounting standards : No
2. Changes due to other reasons : No
3. Changes in accounting estimates : No
4. Retrospective restatements : No

(3) Number of outstanding shares at the end of the period

1. Number of outstanding shares at the end of the period:
As of March 31, 2018: 2,605,900 As of March 31, 2017: 2,605,900
2. Number of treasury shares at the end of the period:
As of March 31, 2018: 164,820 As of March 31, 2017: 163,695
3. Average number of outstanding shares during period:
As of March 31, 2018: 2,441,522 As of March 31, 2017: 2,442,422

※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.

Note concerning the Appropriate Use of Forecast

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 balance sheets

(Thousands of Japanese yen)

	March 31,2017	March 31,2018
Assets		
Current assets		
Cash and deposits	2,393,613	2,597,981
Notes and accounts receivable – trade	1,836,923	2,353,533
Merchandise and finished goods	1,027,819	1,319,246
Work in process	227,470	246,288
Raw materials and supplies	790,838	873,465
Deferred tax assets	62,635	78,466
Other	80,677	70,748
Allowance for doubtful accounts	(5,645)	(7,296)
Total current assets	6,414,333	7,532,434
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,764,847	3,781,606
Accumulated depreciation	(2,316,024)	(2,391,493)
Buildings and structures, net	1,448,823	1,390,113
Machinery, equipment and vehicles	5,544,000	5,841,702
Accumulated depreciation	(4,846,571)	(5,082,247)
Machinery, equipment and vehicles, net	697,429	759,455
Tools, furniture and fixtures	491,473	556,528
Accumulated depreciation	(424,235)	(455,283)
Tools, furniture and fixtures, net	67,237	101,244
Land	1,478,590	1,474,166
Construction in progress	136,114	165,477
Total property, plant and equipment	3,828,194	3,890,457
Intangible assets		
Other	45,673	42,242
Total intangible assets	45,673	42,242
Investments and other assets		
Investment securities	230,335	165,943
Deferred tax assets	53,376	38,955
Net defined benefit asset	27,805	30,086
Other	117,218	120,118
Total investments and other assets	428,735	355,103
Total non-current assets	4,302,604	4,287,803
Total assets	10,716,938	11,820,238

Consolidated balance sheets

(Thousands of Japanese yen)

	March 31,2017	March 31,2018
Liabilities		
Current liabilities		
Notes and accounts payable – trade	924,271	973,951
Electronically recorded obligations – operating	335,338	374,496
Short-term loans payable	1,632,000	1,640,500
Accounts payable – other	157,735	174,269
Income taxes payable	218,346	309,077
Provision for bonuses	134,141	161,450
Provision for directors' bonuses	18,660	31,300
Other	161,406	420,764
Total current liabilities	3,581,899	4,085,809
Non-current liabilities		
Long-term loans payable	938,000	707,500
Deferred tax liabilities	45,979	40,809
Net defined benefit liability	328,931	335,717
Asset retirement obligations	35,680	35,907
Other	31,918	33,264
Total non-current liabilities	1,380,509	1,153,198
Total liabilities	4,962,408	5,239,008
Net assets		
Shareholders' equity		
Capital stock	1,018,126	1,018,126
Capital surplus	564,725	564,725
Retained earnings	4,295,556	5,094,036
Treasury shares	(149,135)	(152,376)
Total shareholders' equity	5,729,272	6,524,511
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,217	49,678
Foreign currency translation adjustment	5,038	7,040
Total accumulated other comprehensive income	25,256	56,718
Total net assets	5,754,529	6,581,230
Total liabilities and net assets	10,716,938	11,820,238

Consolidated statements of income

(Thousands of Japanese yen)

	FY2017	FY2018
Net sales	11,511,041	14,528,716
Cost of sales	9,566,433	12,099,612
Gross profit	1,944,608	2,429,104
Selling, general and administrative expenses		
Freight-out and storage expense	174,744	188,632
Salaries and allowances	360,848	366,117
Provision for bonuses	26,531	32,536
Provision for directors' bonuses	18,660	31,300
Retirement benefit expenses	9,780	8,975
Welfare expenses	56,885	59,677
Depreciation	7,618	7,332
Traveling and communication expenses	43,481	39,349
Rent expenses	23,345	22,667
Other	255,791	251,615
Total selling, general and administrative expenses	977,688	1,008,203
Operating profit	966,920	1,420,901
Non-operating income		
Interest income	594	982
Dividend income	4,568	2,937
Gain on valuation of interest-rate swaps	3,294	2,190
Subsidy income	15,364	4,913
Insurance premiums refunded cancellation	4,570	1,541
Other	3,651	7,874
Total non-operating income	32,043	20,438
Non-operating expenses		
Interest expenses	22,105	21,596
Foreign exchange losses	4,884	30,301
Care and maintenance costs of suspended mine	10,593	11,878
Other	5,918	5,417
Total non-operating expenses	43,502	69,193
Ordinary profit	955,461	1,372,146
Extraordinary income		
Gain on sales of non-current assets	2,999	43
Gain on sales of investment securities	—	29,100
Total extraordinary income	2,999	29,143
Extraordinary losses		
Loss on sales of non-current assets	21	4,936
Loss on retirement of non-current assets	1,635	6,116
Loss on valuation of golf club membership	3,900	—
Total extraordinary losses	5,557	11,052
Profit before income taxes	952,904	1,390,236
Income taxes-current	305,265	458,473
Income taxes-deferred	2,674	(19,327)
Total income taxes	307,940	439,145
Profit	644,964	951,091
Profit attributable to owners of parent	644,964	951,091

Consolidated statements of comprehensive income

(Thousands of Japanese yen)

	FY2017	FY2018
Profit	644,964	951,091
Other comprehensive income		
Valuation difference on available-for-sale securities	24,919	29,460
Foreign currency translation adjustment	(6,015)	2,001
Total Other comprehensive income	18,904	31,462
Comprehensive income	663,868	982,553
Comprehensive income attributable to owners of parent	663,868	982,553

Consolidated statements of changes in net assets

FY2017

	Shareholders' equity					Accumulated other comprehensive income			Net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Valuation and translation adjustments	
Net assets	1,018,126	564,725	3,772,716	(148,476)	5,207,092	(4,702)	11,054	6,352	5,213,444
Changes of items during period									
Dividends of surplus			(122,124)		(122,124)				(122,124)
Profit attributable to owners of parent			644,964		644,964				644,964
Purchase of treasury shares				(659)	(659)				(659)
Net changes of items other than shareholders' equity						24,919	(6,015)	18,904	18,904
Total changes of items during period	—	—	522,840	(659)	522,180	24,919	(6,015)	18,904	541,085
Net assets	1,018,126	564,725	4,295,556	(149,135)	5,729,272	20,217	5,038	25,256	5,754,529

FY2018

	Shareholders' equity					Accumulated other comprehensive income			Net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Valuation and translation adjustments	
Net assets	1,018,126	564,725	4,295,556	(149,135)	5,729,272	20,217	5,038	25,256	5,754,529
Changes of items during period									
Dividends of surplus			(152,611)		(152,611)				(152,611)
Profit attributable to owners of parent			951,091		951,091				951,091
Purchase of treasury shares				(3,241)	(3,241)				(3,241)
Net changes of items other than shareholders' equity						29,460	2,001	31,462	31,462
Total changes of items during period	—	—	798,479	(3,241)	795,238	29,460	2,001	31,462	826,700
Net assets	1,018,126	564,725	5,094,036	(152,376)	6,524,511	49,678	7,040	56,718	6,581,230

Consolidated statements of cash flows

(Thousands of Japanese yen)

	FY2017	FY2018
Cash flows from operating activities		
Profit before income taxes	952,904	1,390,236
Depreciation	424,935	420,231
Increase (decrease) in provision for bonuses	30,357	27,309
Increase (decrease) in provision for directors' bonuses	9,660	12,640
Increase (decrease) in allowance for doubtful accounts	1,202	1,650
Increase (decrease) in net defined benefit liability	16,175	6,786
Decrease (increase) in net defined benefit asset	(5,533)	(2,281)
Interest and dividend income	(5,162)	(3,953)
Interest expenses	22,105	21,596
Foreign exchange losses (gains)	795	3,802
Loss (gain) on sales of investment securities	—	(29,100)
Loss (gain) on sales of property, plant and equipment	(2,978)	4,892
Loss on retirement of property, plant and equipment	1,635	6,116
Loss on valuation of golf club memberships	3,900	—
Decrease (increase) in notes and accounts receivable—trade	(372,380)	(514,277)
Decrease (increase) in inventories	(302,691)	(402,348)
Increase (decrease) in notes and accounts payable—trade	349,614	85,133
Other, net	(24,747)	130,060
Subtotal	1,099,793	1,158,496
Interest and dividend income received	5,162	3,952
Interest expenses paid	(22,562)	(21,610)
Income taxes paid	(189,885)	(367,024)
Income taxes refund	33,134	—
Net cash provided by (used in) operating activities	925,642	773,814
Cash flows from investing activities		
Proceeds from sales of investment securities	—	135,700
Purchase of property, plant and equipment	(469,410)	(339,862)
Proceeds from sales of property, plant and equipment	3,040	4,000
Payments for retirement of property, plant and equipment	(6,914)	(3,719)
Purchase of intangible assets	(4,017)	(2,128)
Proceeds from sales of golf club memberships	—	3,800
Other, net	(81)	(10)
Net cash provided by (used in) investing activities	(477,383)	(202,221)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(100,000)	—
Proceeds from long-term loans payable	300,000	100,000
Repayments of long-term loans payable	(672,000)	(322,000)
Redemption of bonds	(18,000)	—
Purchase of treasury shares	(659)	(3,241)
Cash dividends paid	(122,124)	(141,056)
Other, net	(540)	(540)
Net cash provided by (used in) financing activities	(613,323)	(366,838)
Effect of exchange rate change on cash and cash equivalents	(4,582)	(387)
Net increase (decrease) in cash and cash equivalents	(169,647)	204,367
Cash and cash equivalents at beginning of period	2,563,260	2,393,613
Cash and cash equivalents at end of period	2,393,613	2,597,981

Segment Information

(1) For the Year ended March 31, 2017

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	5,734,837	5,753,042	11,487,880	23,161	11,511,041	-	11,511,041
Inter-segment	99	49,291	49,391	-	49,391	(49,391)	-
Total	5,734,937	5,802,334	11,537,271	23,161	11,560,433	(49,391)	11,511,061
Segment income	178,968	759,162	938,130	22,755	960,885	6,034	966,920
Segment assets	4,729,375	5,947,463	10,676,839	40,148	10,716,988	(49)	10,716,938
Other							
Depreciation and amortization	82,904	340,308	423,213	1,722	424,935	-	424,935
Property, plant and equipment and Intangible assets increase	142,287	219,602	361,889	-	361,889	-	361,889

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

(2) For the Year ended March 31, 2018

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	7,780,564	6,725,028	14,505,593	23,123	14,528,716	-	14,528,716
Inter-segment	-	52,890	52,890	-	52,890	(52,890)	-
Total	7,780,564	6,777,918	14,558,483	23,123	14,581,607	(52,890)	14,528,716
Segment income	485,085	908,388	1,393,473	22,695	1,416,169	4,731	1,420,901
Segment assets	5,169,713	6,607,771	11,777,485	42,753	11,820,238	-	11,820,238
Other							
Depreciation and amortization	80,940	337,604	418,545	1,686	420,231	-	420,231
Property, plant and equipment and Intangible assets increase	91,932	391,886	483,819	-	483,819	-	483,819

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