

Summary of Consolidated Financial Results
for the First Quarter Ended June 30, 2018(Unaudited)

August 1, 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 First Quarter Ended June 30, 2018 and 2017

(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 First quarter ended June 30, 2018	3,663	(0.3)	393	(8.8)	402	(6.0)	276	(12.8)
June 30, 2017	3,675	35.9	431	133.6	427	181.5	316	200.8

Note: Comprehensive income:

As of June 30, 2018: 275 million yen (16.9)%

As of June 30, 2017: 331 million yen 243.3%

	EPS
For the First quarter ended June 30, 2018	Yen 113.21
June 30, 2017	129.79

※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 June 30, 2018	Millions of Yen 11,620	Millions of Yen 6,765	% 58.2
March 31, 2018	11,781	6,581	55.9

Note: Shareholders' equity As of June 30, 2018: 6,765 million yen As of March 31, 2018: 6,581 million yen

※The company applies ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting" from FY2018. This accounting standard is retroactively applied to the amount of the financial position as of March 31, 2018.

2. Cash Dividends

	Cash Dividends per Share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
For the year ended March 31, 2018	Yen -	Yen 7.50	Yen -	Yen 37.50	Yen -
March 31, 2019	-				
March 31, 2019(expected)		37.50	-	37.50	75.00

Note: Revision of outlook for dividends in the first quarter : No

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

Note: Revision of outlook for fiscal 2018 consolidated earnings results in the first quarter : No

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

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

(4) Number of outstanding shares at the end of the period:

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

As of June 30, 2018: 2,605,900

As of March 31, 2018: 2,605,900

2. Number of treasury shares at the end of the period:

As of June 30, 2018: 164,884

As of March 31, 2018: 164,820

3. Average number of outstanding shares during period:

For the 1st Quarter ending March 31, 2019: 2,441,047

For the 1st Quarter ended March 31, 2018: 2,442,102

※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 31,2018	June 30,2018
Assets		
Current assets		
Cash and deposits	2,597,981	2,049,450
Notes and accounts receivable–trade	2,353,533	2,452,739
Merchandise and finished goods	1,319,246	1,518,482
Work in process	246,288	278,227
Raw materials and supplies	873,465	949,658
Other	70,748	90,776
Allowance for doubtful accounts	(7,296)	(7,677)
Total current assets	7,453,967	7,331,656
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,390,113	1,380,706
Machinery, equipment and vehicles, net	759,455	693,075
Land	1,474,166	1,474,167
Other, net	266,722	308,188
Total property, plant and equipment	3,890,457	3,856,137
Intangible assets	42,242	48,289
Investments and other assets	394,676	384,728
Total non-current assets	4,327,376	4,289,155
Total assets	11,781,344	11,620,812
Liabilities		
Current liabilities		
Notes and accounts payable–trade	973,951	1,063,953
Electronically recorded obligations–operating	374,496	367,172
Short-term loans payable	1,640,500	1,606,250
Income taxes payable	309,077	87,243
Provision for bonuses	161,450	77,392
Other	626,334	531,652
Total current liabilities	4,085,809	3,733,663
Non-current liabilities		
Long-term loans payable	707,500	697,500
Net defined benefit liability	335,717	332,730
Asset retirement obligations	35,907	36,028
Other	35,179	55,666
Total non-current liabilities	1,114,304	1,121,925
Total liabilities	5,200,114	4,855,588
Net assets		
Shareholders' equity		
Capital stock	1,018,126	1,018,126
Capital surplus	564,725	564,725
Retained earnings	5,094,036	5,278,848
Treasury shares	(152,376)	(152,599)
Total shareholders' equity	6,524,511	6,709,101
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	49,678	50,582
Foreign currency translation adjustment	7,040	5,539
Total accumulated other comprehensive income	56,718	56,122
Total net assets	6,581,230	6,765,223
Total liabilities and net assets	11,781,344	11,620,812

Consolidated quarterly statements of income

(Thousands of Japanese yen)

	1st Quarter ended June 30,2017	1st Quarter ended June 30,2018
Net sales	3,675,937	3,663,241
Cost of sales	3,003,743	3,019,830
Gross profit	672,193	643,411
Selling, general and administrative expenses	240,862	249,828
Operating profit	431,330	393,583
Non-operating income		
Dividend income	2,201	2,577
Foreign exchange gains	—	9,342
Other	4,975	6,473
Total non-operating income	7,176	18,393
Non-operating expenses		
Interest expenses	5,112	4,734
Care and maintenance costs of suspended mine	1,859	3,302
Other	3,549	1,563
Total non-operating expenses	10,520	9,599
Ordinary profit	427,986	402,377
Extraordinary income		
Gain on sales of investment securities	29,100	—
Total extraordinary income	29,100	—
Extraordinary losses		
Loss on retirement of non-current assets	5	981
Total extraordinary losses	5	981
Profit before income taxes	457,081	401,395
Income taxes-current	123,107	96,632
Income taxes-deferred	17,007	28,410
Total income taxes	140,114	125,043
Profit	316,966	276,352
Profit attributable to owners of parent	316,966	276,352

Consolidated quarterly statements of comprehensive income

(Thousands of Japanese yen)

	1st Quarter ended June 30,2017	1st Quarter ended June 30,2018
Profit	316,966	276,352
Other comprehensive income		
Valuation difference on available-for-sale securities	16,604	904
Foreign currency translation adjustment	(1,792)	(1,500)
Total other comprehensive income	14,811	(596)
Comprehensive income	331,778	275,756
Comprehensive income attributable to owners of parent	331,778	275,756

Segment Information

(1) For the first quarter ended June 30, 2017

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	1,910,233	1,759,999	3,670,233	5,703	3,675,937	-	3,675,937
Inter-segment	-	16,057	16,057	-	16,057	(16,057)	-
Total	1,910,233	1,776,056	3,686,290	5,703	3,691,994	(16,057)	3,675,937
Operating income	130,857	290,459	421,316	5,594	426,911	4,419	431,330

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

(2) For the first quarter ended June 30, 2018

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	1,981,329	1,676,131	3,657,460	5,781	3,663,241	-	3,663,241
Inter-segment	-	11,238	11,238	-	11,238	(11,238)	-
Total	1,981,329	1,687,369	3,668,699	5,781	3,674,480	(11,238)	3,663,241
Operating income	117,220	267,409	384,629	5,661	390,290	3,292	393,583

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