

Summary of Consolidated Financial Results
for the First Quarter Ended June 30, 2017(Unaudited)

August 2, 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 First Quarter Ended June 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 First quarter ended June 30, 2017	3,675	35.9	431	133.6	427	181.5	316	200.8
June 30, 2016	2,705	(19.3)	184	(28.4)	152	(41.2)	105	(38.1)

Note: Comprehensive income:

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

As of June 30, 2016: 96 million yen (44.9)%

	EPS
For the First quarter ended June 30, 2017	Yen 25.96
June 30, 2016	8.63

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
As of	Millions of Yen	Millions of Yen	%
June 30, 2017	10,891	6,024	55.3
March 31, 2017	10,716	5,754	53.7

Note: Shareholders' equity As of June 30, 2017: 6,024 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	-				
March 31, 2018(expected)		5.00	-	25.00	-

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

※The Company plans to conduct 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 ¥5.00 per share and the annual dividend forecast is ¥10.00 per share.

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

(%: Change from the previous fiscal half year for First half 2017)

(%: 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									
First half 2017	6,500	21.3	500	29.8	500	48.9	340	46.5	27.84
Full year	13,000	12.9	1,000	3.4	1,000	4.7	680	5.4	278.44

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

※Earnings per share 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. Excluding the impact of the reverse stock split, earnings per share in the consolidated business forecasts for the fiscal year ending March 31, 2018 (full year) is ¥55.69. For more details, please refer to "Explanation on appropriate use of business forecasts, and other special notes."

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, 2017: 13,029,500

As of March 31, 2017: 13,029,500

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

As of June 30, 2017: 819,974

As of March 31, 2017: 818,477

3. Average number of outstanding shares during period:

For the 1st Quarter ending March 31, 2018: 12,210,510

For the 1st Quarter ended March 31, 2017: 12,212,702

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.

(Dividend and business forecasts after the reverse stock split)

In accordance with a resolution approved at the 122nd Ordinary General Meeting of Shareholders on June 29, 2017, the Company plans to conduct a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2017. Effective the same date, the Company plans to change the minimum trading unit from 1,000 shares to 100 shares. Excluding the impact of the reverse stock split, the Company's dividend and consolidated business forecasts for the fiscal year ending March 31, 2018 are as follows:

1. Dividend forecast for the fiscal year ending March 31, 2018

Dividend per share

Second quarter ending September 30, 2017: ¥5.00

Fiscal year ending March 31, 2018: ¥5.00

2. Consolidated business forecasts for the fiscal year ending March 31, 2018

Earnings per share

First half 2017: ¥27.84

Full year: ¥55.69

Consolidated quarterly balance sheets

(Thousands of Japanese yen)

	March 31,2017	June 30,2017
Assets		
Current assets		
Cash and deposits	2,393,613	2,451,722
Notes and accounts receivable-trade	1,836,923	2,093,254
Merchandise and finished goods	1,027,819	1,114,281
Work in process	227,470	273,735
Raw materials and supplies	790,838	671,222
Other	143,313	121,096
Allowance for doubtful accounts	(5,645)	(6,540)
Total current assets	6,414,333	6,718,772
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,448,823	1,438,029
Machinery, equipment and vehicles, net	697,429	652,739
Land	1,478,590	1,478,590
Other, net	203,351	210,297
Total property, plant and equipment	3,828,194	3,779,656
Intangible assets	45,673	45,660
Investments and other assets	428,735	347,470
Total non-current assets	4,302,604	4,172,787
Total assets	10,716,938	10,891,560
Liabilities		
Current liabilities		
Notes and accounts payable-trade	924,271	962,131
Electronically recorded obligations-operating	335,338	364,299
Short-term loans payable	1,632,000	1,632,000
Income taxes payable	218,346	116,130
Provision for bonuses	134,141	66,602
Other	337,801	380,882
Total current liabilities	3,581,899	3,522,046
Non-current liabilities		
Long-term loans payable	938,000	893,750
Net defined benefit liability	328,931	338,878
Asset retirement obligations	35,680	35,797
Other	77,897	76,495
Total non-current liabilities	1,380,509	1,344,921
Total liabilities	4,962,408	4,866,967
Net assets		
Shareholders' equity		
Capital stock	1,018,126	1,018,126
Capital surplus	564,725	564,725
Retained earnings	4,295,556	4,551,467
Treasury shares	(149,135)	(149,795)
Total shareholders' equity	5,729,272	5,984,524
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,217	36,821
Foreign currency translation adjustment	5,038	3,246
Total accumulated other comprehensive income	25,256	40,068
Total net assets	5,754,529	6,024,592
Total liabilities and net assets	10,716,938	10,891,560

Consolidated quarterly statements of income

(Thousands of Japanese yen)

	1st Quarter ended June 30,2016	1st Quarter ended June 30,2017
Net sales	2,705,235	3,675,937
Cost of sales	2,278,022	3,003,743
Gross profit	427,212	672,193
Selling, general and administrative expenses	242,576	240,862
Operating profit	184,636	431,330
Non-operating income		
Dividend income	1,654	2,201
Insurance income	275	1,584
Subsidy income	60	1,860
Other	995	1,531
Total non-operating income	2,984	7,176
Non-operating expenses		
Interest expenses	5,242	5,112
Foreign exchange losses	25,434	1,591
Other	4,903	3,817
Total non-operating expenses	35,580	10,520
Ordinary profit	152,041	427,986
Extraordinary income		
Gain on sales of investment securities	—	29,100
Total extraordinary income	—	29,100
Extraordinary losses		
Loss on retirement of non-current assets	89	5
Total extraordinary losses	89	5
Profit before income taxes	151,951	457,081
Income taxes-current	48,908	123,107
Income taxes-deferred	(2,345)	17,007
Total income taxes	46,562	140,114
Profit	105,389	316,966
Profit attributable to owners of parent	105,389	316,966

Consolidated quarterly statements of comprehensive income

(Thousands of Japanese yen)

	1st Quarter ended June 30,2016	1st Quarter ended June 30,2017
Profit	105,389	316,966
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,136)	16,604
Foreign currency translation adjustment	(3,612)	(1,792)
Total other comprehensive income	(8,748)	14,811
Comprehensive income	96,640	331,778
Comprehensive income attributable to owners of parent	96,640	331,778

Segment Information

(1) For the first quarter ended June 30, 2016

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	1,346,838	1,352,695	2,699,534	5,701	2,705,235	-	2,705,235
Inter-segment	99	10,920	11,020	-	11,020	(11,020)	-
Total	1,346,938	1,363,616	2,710,555	5,701	2,716,256	(11,020)	2,705,235
Operating income	(24,881)	201,727	176,846	5,292	182,139	2,497	184,636

※ 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, 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.