

Summary of Consolidated Financial Results  
for the Year Ended March 31, 2017(Unaudited)

May 12, 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 Years Ended March 31, 2017 and 2016

## (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, 2017	11,511	(2.4)	966	81.5	955	89.0	644	106.1
March 31, 2016	11,797	(10.4)	532	(45.0)	505	(48.1)	312	(48.1)

Note: Comprehensive income:

Fiscal year ended March 31, 2017: 663 million yen 118.8% Fiscal year ended March 31, 2016: 303 million yen (51.5)%

	EPS	Return on equity	Recurring profit to total assets ratio	Operating income to net sales ratio
	Yen	%	%	%
For the years ended				
March 31, 2017	52.81	11.8	9.1	8.4
March 31, 2016	25.63	6.1	4.7	4.5

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

Fiscal year ended March 31, 2017: – million yen

Fiscal year ended March 31, 2016: – million yen

## (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, 2017	10,716	5,754	53.7	471.26
March 31, 2016	10,257	5,213	50.8	426.89

Note: Shareholders' equity As of March 31, 2017: 5,754 million yen As of March 31, 2016: 5,213 million yen

## (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, 2017	925	(477)	(613)	2,393
March 31, 2016	1,577	(738)	(651)	2,563

## 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, 2016	—	5.00	—	5.00	10.00	122	39.0	2.4
March 31, 2017	—	5.00	—	5.00	10.00	122	18.9	2.2
March 31, 2018 (expected)	—	5.00	—	5.00	10.00		18.0	

## 3. Consolidated Earnings Forecast for the Year Ending March 2017(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
First half 2017	6,500	21.3	500	29.8	500	48.9	340	46.5	27.84
Year ending March 31,2018	13,000	12.9	1,000	3.4	1,000	4.7	680	5.4	55.69

## 4. Others

(1) Changes in major subsidiaries during the fiscal year ended March 31,2017 : No

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

1. Changes due to amendment of accounting standards : Yes

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, 2017: 13,029,500

As of March 31, 2016: 13,029,500

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

As of March 31, 2017: 818,477

As of March 31, 2016: 816,772

3. Average number of outstanding shares during period:

As of March 31, 2017: 12,212,110

As of March 31, 2016: 12,213,313

## 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 31,2016	March 31,2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,563,260	2,393,613
Notes and accounts receivable-trade	1,465,015	1,836,923
Merchandise and finished goods	1,037,012	1,027,819
Work in process	194,650	227,470
Raw materials and supplies	512,114	790,838
Deferred tax assets	48,161	62,635
Other	82,085	80,677
Allowance for doubtful accounts	(4,442)	(5,645)
<b>Total current assets</b>	<b>5,897,856</b>	<b>6,414,333</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	3,751,732	3,764,847
Accumulated depreciation	(2,217,398)	(2,316,024)
Buildings and structures, net	1,534,334	1,448,823
Machinery, equipment and vehicles	5,370,196	5,544,000
Accumulated depreciation	(4,618,484)	(4,846,571)
Machinery, equipment and vehicles, net	751,712	697,429
Tools, furniture and fixtures	492,612	491,473
Accumulated depreciation	(411,031)	(424,235)
Tools, furniture and fixtures, net	81,581	67,237
Land	1,478,590	1,478,590
Construction in progress	39,934	136,114
<b>Total property, plant and equipment</b>	<b>3,886,153</b>	<b>3,828,194</b>
<b>Intangible assets</b>		
Other	52,279	45,673
<b>Total intangible assets</b>	<b>52,279</b>	<b>45,673</b>
<b>Investments and other assets</b>		
Investment securities	194,631	230,335
Deferred tax assets	86,453	53,376
Net defined benefit asset	22,271	27,805
Other	117,956	117,218
<b>Total investments and other assets</b>	<b>421,312</b>	<b>428,735</b>
<b>Total non-current assets</b>	<b>4,359,745</b>	<b>4,302,604</b>
<b>Deferred assets</b>		
Bond issuance cost	77	—
<b>Total deferred assets</b>	<b>77</b>	<b>—</b>
<b>Total assets</b>	<b>10,257,680</b>	<b>10,716,938</b>

## Consolidated balance sheets

(Thousands of Japanese yen)

	March 31,2016	March 31,2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	618,375	924,271
Electronically recorded obligations-operating	290,612	335,338
Short-term loans payable	2,082,000	1,632,000
Accounts payable-other	246,256	157,735
Income taxes payable	83,257	218,346
Provision for bonuses	103,783	134,141
Provision for directors' bonuses	9,000	18,660
Other	219,229	161,406
Total current liabilities	3,652,515	3,581,899
Non-current liabilities		
Long-term loans payable	960,000	938,000
Deferred tax liabilities	51,123	45,979
Net defined benefit liability	312,755	328,931
Asset retirement obligations	35,571	35,680
Other	32,270	31,918
Total non-current liabilities	1,391,720	1,380,509
Total liabilities	5,044,235	4,962,408
Net assets		
Shareholders' equity		
Capital stock	1,018,126	1,018,126
Capital surplus	564,725	564,725
Retained earnings	3,772,716	4,295,556
Treasury shares	(148,476)	(149,135)
Total shareholders' equity	5,207,092	5,729,272
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(4,702)	20,217
Foreign currency translation adjustment	11,054	5,038
Total accumulated other comprehensive income	6,352	25,256
Total net assets	5,213,444	5,754,529
Total liabilities and net assets	10,257,680	10,716,938

## Consolidated statements of income

(Thousands of Japanese yen)

	FY2016	FY2017
Net sales	11,797,708	11,511,041
Cost of sales	10,347,048	9,566,433
Gross profit	1,450,659	1,944,608
Selling, general and administrative expenses		
Freight-out and storage expense	155,462	174,744
Salaries and allowances	360,733	360,848
Provision for bonuses	19,190	26,531
Provision for directors' bonuses	9,000	18,660
Retirement benefit expenses	10,358	9,780
Welfare expenses	58,508	56,885
Depreciation	8,700	7,618
Traveling and communication expenses	44,044	43,481
Rent expenses	24,980	23,345
Other	227,009	255,791
Total selling, general and administrative expenses	917,987	977,688
Operating income	532,672	966,920
Non-operating income		
Interest income	1,249	594
Dividend income	4,218	4,568
Gain on valuation of interest rate swaps	—	3,294
Subsidy income	16,710	15,364
Insurance premiums refunded cancellation	3,588	4,570
Other	5,910	3,651
Total non-operating income	31,676	32,043
Non-operating expenses		
Interest expenses	32,294	22,105
Foreign exchange losses	10,483	4,884
Care and maintenance costs of suspended mine	8,059	10,593
Other	7,986	5,918
Total non-operating expenses	58,823	43,502
Ordinary income	505,525	955,461
Extraordinary income		
Gain on sales of non-current assets	600	2,999
Total extraordinary income	600	2,999
Extraordinary losses		
Loss on sales of non-current assets	—	21
Loss on retirement of non-current assets	12,160	1,635
Loss on valuation of golf club membership	—	3,900
Total extraordinary losses	12,160	5,557
Profit before income taxes	493,966	952,904
Income taxes – current	190,414	305,265
Income taxes – deferred	(9,446)	2,674
Total income taxes	180,967	307,940
Profit	312,998	644,964
Profit attributable to owners of parent	312,998	644,964

## Consolidated statements of comprehensive income

(Thousands of Japanese yen)

	FY2016	FY2017
Profit	312,998	644,964
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,828)	24,919
Foreign currency translation adjustment	(3,803)	(6,015)
Total other comprehensive income	(9,632)	18,904
Comprehensive income	303,366	663,868
Comprehensive income attributable to		
owners of parent	303,366	663,868

## Consolidated statements of changes in net assets

FY2016

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	1,018,126	564,725	3,606,284	(147,832)	5,041,303	1,126	14,857	15,984	5,057,287
Changes of items during period									
Dividends of surplus			(146,566)		(146,566)				(146,566)
Profit attributable to owners of parent			312,998		312,998				312,998
Purchase of treasury shares				(643)	(643)				(643)
Net changes of items other than shareholders' equity						(5,828)	(3,803)	(9,632)	(9,632)
Total changes of items during period	—	—	166,432	(643)	165,788	(5,828)	(3,803)	(9,632)	156,156
Balance at end of current period	1,018,126	564,725	3,772,716	(148,476)	5,207,092	(4,702)	11,054	6,352	5,213,444

FY2017

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	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
Balance at end of current period	1,018,126	564,725	4,295,556	(149,135)	5,729,272	20,217	5,038	25,256	5,754,529

## Consolidated statements of cash flows

(Thousands of Japanese yen)

	FY2016	FY2017
Cash flows from operating activities		
Profit before income taxes	493,966	952,904
Depreciation	409,712	424,935
Increase (decrease) in provision for bonuses	(11,365)	30,357
Increase (decrease) in provision for directors' bonuses	(4,620)	9,660
Increase (decrease) in allowance for doubtful accounts	(1,867)	1,202
Increase (decrease) in net defined benefit liability	(1,004)	16,175
Increase (decrease) in net defined benefit asset	11,266	(5,533)
Interest and dividend income	(5,467)	(5,162)
Interest expenses	32,294	22,105
Foreign exchange losses (gains)	2,488	795
Loss (gain) on sales of property, plant and equipment	(600)	(2,978)
Loss on retirement of property, plant and equipment	12,160	1,635
Loss on valuation of golf club memberships	—	3,900
Decrease (increase) in notes and accounts receivable-trade	461,438	(372,380)
Decrease (increase) in inventories	841,969	(302,691)
Increase (decrease) in notes and accounts payable-trade	(307,823)	349,614
Other, net	35,323	(24,747)
Subtotal	1,967,871	1,099,793
Interest and dividend income received	5,561	5,162
Interest expenses paid	(32,215)	(22,562)
Income taxes paid	(363,537)	(189,885)
Income taxes refund	—	33,134
Net cash provided by (used in) operating activities	1,577,679	925,642
Cash flows from investing activities		
Purchase of property, plant and equipment	(729,250)	(469,410)
Proceeds from sales of property, plant and equipment	918	3,040
Payments for retirement of property, plant and equipment	(6,069)	(6,914)
Purchase of intangible assets	(3,947)	(4,017)
Other, net	(47)	(81)
Net cash provided by (used in) investing activities	(738,396)	(477,383)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	(100,000)
Proceeds from long-term loans payable	200,000	300,000
Repayments of long-term loans payable	(476,000)	(672,000)
Redemption of bonds	(228,000)	(18,000)
Purchase of treasury shares	(643)	(659)
Cash dividends paid	(146,566)	(122,124)
Other, net	(540)	(540)
Net cash provided by (used in) financing activities	(651,749)	(613,323)
Effect of exchange rate change on cash and cash equivalents	(5,113)	(4,582)
Net increase (decrease) in cash and cash equivalents	182,419	(169,647)
Cash and cash equivalents at beginning of period	2,380,841	2,563,260
Cash and cash equivalents at end of period	2,563,260	2,393,613



## Segment Information

(1) For the Year ended March 31, 2016

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	6,240,462	5,537,704	11,778,167	19,541	11,797,708	-	11,797,708
Inter-segment	-	40,736	40,736	-	40,736	(40,736)	-
Total	6,240,462	5,578,441	11,818,904	19,541	11,838,445	(40,736)	11,797,708
Segment income (loss)	(68,410)	572,565	504,155	19,132	523,287	9,385	532,672
Segment assets	4,721,378	5,494,430	10,215,809	41,870	10,257,680	-	10,257,680
Other							
Depreciation and amortization	88,821	319,070	407,891	1,821	409,712	-	409,712
Property, plant and equipment and Intangible assets increase	137,782	564,833	702,616	4,300	706,916	-	706,916

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

(2) 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.