

Summary of Consolidated Financial Results
for the Year Ended March 31, 2016(Unaudited)

May 13, 2016

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: Masanori Kishima, President & CEO
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1. Consolidated Financial Results for the Years Ended March 31, 2016 and 2015

(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, 2016	11,797	(10.4)	532	(45.0)	505	(48.1)	312	(48.1)
March 31, 2015	13,167	9.2	969	44.2	973	48.9	603	52.3

Note: Comprehensive income:

Fiscal year ended March 31, 2016: 303 million yen (51.5)% Fiscal year ended March 31, 2015: 625 million yen 55.2%

	EPS	Return on equity	Recurring profit to total assets ratio	Operating income to net sales ratio
	Yen	%	%	%
For the years ended				
March 31, 2016	25.63	6.1	4.7	4.5
March 31, 2015	49.38	12.5	9.0	7.4

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

Fiscal year ended March 31, 2016: – million yen Fiscal year ended March 31, 2015: – 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, 2016	10,257	5,213	50.8	426.89
March 31, 2015	11,053	5,057	45.8	414.04

Note: Shareholders' equity As of March 31, 2016: 5,213 million yen As of March 31, 2015: 5,057 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, 2016	1,577	(738)	(651)	2,563
March 31, 2015	602	(312)	(473)	2,380

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, 2015	—	5.00	—	7.00	12.00	146	24.3	3.0
March 31, 2016	—	5.00	—	5.00	10.00	122	39.0	2.4
March 31, 2017 (expected)	—	5.00	—	5.00	10.00		34.9	

3. Consolidated Earnings Forecast for the Year Ending March 2017(April 1,2016 ~ March 31, 2017):

(%: Change from the previous fiscal half year for First half 2016)

(%: Change from the previous fiscal year for Year ending March 31,2017)

	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 2016	4,900	(24.3)	240	(46.4)	220	(49.6)	150	(46.9)	12.28
Year ending March 31,2017	10,000	(15.2)	540	1.4	520	2.9	350	11.8	28.66

4. Others

(1) Changes in major subsidiaries during the fiscal year ended March 31,2016 : 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, 2016: 13,029,500

As of March 31, 2015: 13,029,500

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

As of March 31, 2016: 816,772

As of March 31, 2015: 815,030

3. Average number of outstanding shares during period:

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

As of March 31, 2015: 12,215,033

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 31,2015	March 31,2016
Assets		
Current assets		
Cash and deposits	2,380,841	2,563,260
Notes and accounts receivable-trade	1,927,010	1,465,015
Merchandise and finished goods	1,342,062	1,037,012
Work in process	215,462	194,650
Raw materials and supplies	1,028,701	512,114
Deferred tax assets	61,926	48,161
Other	45,857	82,085
Allowance for doubtful accounts	(6,309)	(4,442)
Total current assets	6,995,551	5,897,856
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,323,401	3,751,732
Accumulated depreciation	(2,138,637)	(2,217,398)
Buildings and structures, net	1,184,763	1,534,334
Machinery, equipment and vehicles	5,194,177	5,370,196
Accumulated depreciation	(4,361,299)	(4,618,484)
Machinery, equipment and vehicles, net	832,878	751,712
Tools, furniture and fixtures	440,273	492,612
Accumulated depreciation	(397,778)	(411,031)
Tools, furniture and fixtures, net	42,495	81,581
Land	1,478,590	1,478,590
Construction in progress	41,991	39,934
Total property, plant and equipment	3,580,719	3,886,153
Intangible assets		
Other	60,053	52,279
Total intangible assets	60,053	52,279
Investments and other assets		
Investment securities	203,024	194,631
Deferred tax assets	63,627	86,453
Net defined benefit asset	33,537	22,271
Other	115,302	117,956
Total investments and other assets	415,491	421,312
Total non-current assets	4,056,264	4,359,745
Deferred assets		
Bond issuance cost	1,508	77
Total deferred assets	1,508	77
Total assets	11,053,325	10,257,680

Consolidated balance sheets

(Thousands of Japanese yen)

	March 31,2015	March 31,2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	814,736	618,375
Electronically recorded obligations - operating	402,099	290,612
Short-term loans payable	1,873,500	2,082,000
Accounts payable-other	200,862	246,256
Income taxes payable	239,525	83,257
Provision for bonuses	115,149	103,783
Provision for directors' bonuses	13,620	9,000
Other	437,676	219,229
Total current liabilities	4,097,169	3,652,515
Non-current liabilities		
Bonds payable	18,000	—
Long-term loans payable	1,444,500	960,000
Deferred tax liabilities	54,073	51,123
Net defined benefit liability	313,759	312,755
Asset retirement obligations	35,220	35,571
Other	33,313	32,270
Total non-current liabilities	1,898,868	1,391,720
Total liabilities	5,996,037	5,044,235
Net assets		
Shareholders' equity		
Capital stock	1,018,126	1,018,126
Capital surplus	564,725	564,725
Retained earnings	3,606,284	3,772,716
Treasury shares	(147,832)	(148,476)
Total shareholders' equity	5,041,303	5,207,092
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,126	(4,702)
Foreign currency translation adjustment	14,857	11,054
Total accumulated other comprehensive income	15,984	6,352
Total net assets	5,057,287	5,213,444
Total liabilities and net assets	11,053,325	10,257,680

Consolidated statements of income

(Thousands of Japanese yen)

	FY2015	FY2016
Net sales	13,167,474	11,797,708
Cost of sales	11,292,570	10,347,048
Gross profit	1,874,903	1,450,659
Selling, general and administrative expenses		
Freight-out and storage expense	163,065	155,462
Salaries and allowances	340,961	360,733
Provision for bonuses	40,212	19,190
Provision for directors' bonuses	13,620	9,000
Retirement benefit expenses	4,909	10,358
Welfare expenses	53,580	58,508
Depreciation	8,447	8,700
Traveling and communication expenses	48,980	44,044
Rent expenses	24,034	24,980
Other	207,976	227,009
Total selling, general and administrative expenses	905,787	917,987
Operating income	969,115	532,672
Non-operating income		
Interest income	1,531	1,249
Dividend income	4,472	4,218
Foreign exchange gains	17,600	—
Subsidy income	19,600	16,710
Insurance premiums refunded cancellation	1,324	3,588
Other	13,429	5,910
Total non-operating income	57,957	31,676
Non-operating expenses		
Interest expenses	39,120	32,294
Foreign exchange losses	—	10,483
Care and maintenance costs of suspended mine	7,038	8,059
Other	7,192	7,986
Total non-operating expenses	53,351	58,823
Ordinary income	973,720	505,525
Extraordinary income		
Gain on sales of non-current assets	241	600
Total extraordinary income	241	600
Extraordinary losses		
Loss on retirement of non-current assets	6,986	12,160
Total extraordinary losses	6,986	12,160
Profit before income taxes	966,976	493,966
Income taxes – current	365,103	190,414
Income taxes – deferred	(1,289)	(9,446)
Total income taxes	363,814	180,967
Profit	603,162	312,998
Profit attributable to owners of parent	603,162	312,998

Consolidated statements of comprehensive income

(Thousands of Japanese yen)

	FY2015	FY2016
Profit	603,162	312,998
Other comprehensive income		
Valuation difference on available-for-sale securities	7,472	(5,828)
Foreign currency translation adjustment	14,857	(3,803)
Total other comprehensive income	22,330	(9,632)
Comprehensive income	625,492	303,366
Comprehensive income attributable to		
owners of parent	625,492	303,366

Consolidated statements of changes in net assets

FY2015

	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	3,133,067	(147,286)	4,568,633	(6,346)	—	(6,346)	4,562,286
Changes of items during period									
Dividends of surplus			(122,154)		(122,154)				(122,154)
Profit attributable to owners of parent			603,162		603,162				603,162
Purchase of treasury shares				(546)	(546)				(546)
Change of scope of consolidation			(7,791)		(7,791)				(7,791)
Net changes of items other than shareholders' equity						7,472	14,857	22,330	22,330
Total changes of items during period	—	—	473,216	(546)	472,670	7,472	14,857	22,330	495,000
Balance at end 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

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)
Change of scope of consolidation					—				—
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

Consolidated statements of cash flows

(Thousands of Japanese yen)

	FY2015	FY2016
Cash flows from operating activities		
Profit before income taxes	966,976	493,966
Depreciation	446,357	409,712
Increase (decrease) in provision for bonuses	26,034	(11,365)
Increase (decrease) in provision for directors' bonuses	4,834	(4,620)
Increase (decrease) in allowance for doubtful accounts	533	(1,867)
Increase (decrease) in net defined benefit liability	28	(1,004)
Increase (decrease) in net defined benefit asset	(28,379)	11,266
Interest and dividend income	(6,003)	(5,467)
Interest expenses	39,120	32,294
Foreign exchange losses (gains)	(1,000)	2,488
Loss (gain) on sales of property, plant and equipment	(241)	(600)
Loss on retirement of property, plant and equipment	6,986	12,160
Decrease (increase) in notes and accounts receivable – trade	(116,779)	461,438
Decrease (increase) in inventories	(548,252)	841,969
Increase (decrease) in notes and accounts payable–trade	69,843	(307,823)
Other, net	55,073	35,323
Subtotal	915,133	1,967,871
Interest and dividend income received	6,038	5,561
Interest expenses paid	(39,285)	(32,215)
Income taxes paid	(279,859)	(363,537)
Net cash provided by (used in) operating activities	602,027	1,577,679
Cash flows from investing activities		
Purchase of property, plant and equipment	(305,678)	(729,250)
Proceeds from sales of property, plant and equipment	313	918
Payments for retirement of property, plant and equipment	(574)	(6,069)
Purchase of intangible assets	(6,049)	(3,947)
Other, net	(132)	(47)
Net cash provided by (used in) investing activities	(312,120)	(738,396)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(100,000)	—
Proceeds from long-term loans payable	100,000	200,000
Repayments of long-term loans payable	(321,900)	(476,000)
Redemption of bonds	(28,000)	(228,000)
Purchase of treasury shares	(546)	(643)
Cash dividends paid	(122,154)	(146,566)
Other, net	(540)	(540)
Net cash provided by (used in) financing activities	(473,140)	(651,749)
Effect of exchange rate change on cash and cash equivalents	7,575	(5,113)
Net increase (decrease) in cash and cash equivalents	(175,658)	182,419
Cash and cash equivalents at beginning of period	2,465,032	2,380,841
Increase in cash and cash equivalents from newly consolidated subsidiary	91,467	—
Cash and cash equivalents at end of period	2,380,841	2,563,260

Segment Information

(1) For the Year ended March 31, 2015

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	7,427,891	5,717,850	13,145,742	21,732	13,167,474	-	13,167,474
Inter-segment	-	38,643	38,643	-	38,643	(38,643)	-
Total	7,427,891	5,756,494	13,184,386	21,732	13,206,118	(38,643)	13,167,474
Segment income	282,559	652,161	934,721	20,864	955,585	13,530	969,115
Segment assets	5,054,356	5,959,176	11,013,533	39,792	11,053,325	-	11,053,325
Other							
Depreciation and amortization	104,748	340,064	444,813	1,544	446,357	-	446,357
Property, plant and equipment and Intangible assets increase	49,232	231,669	280,901	-	280,901	-	280,901

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

(2) 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.