

Summary of Consolidated Financial Results  
for the Year Ended March 31, 2014(Unaudited)

May 15, 2014

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, 2014 and 2013

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the years ended								
March 31, 2014	12,054	3.3	672	5.4	653	5.0	396	2.8
March 31, 2013	11,671	(10.5)	637	(36.0)	622	(34.5)	385	(39.5)

Note: Comprehensive income:

Fiscal year ended March 31, 2014: 402 million yen 3.2% Fiscal year ended March 31, 2013: 390 million yen (38.6)%

	EPS	Return on equity	Recurring profit to total assets ratio	Operating income to net sales ratio
	Yen	%	%	%
For the years ended				
March 31, 2014	32.41	9.0	6.2	5.6
March 31, 2013	31.53	9.3	6.0	5.5

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

Fiscal year ended March 31, 2014: – million yen Fiscal year ended March 31, 2013: – 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, 2014	10,685	4,562	42.7	373.46
March 31, 2013	10,430	4,282	41.1	350.47

Note: Shareholders' equity As of March 31, 2014 4,562 million yen As of March 31, 2013: 4,282 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, 2014	1,370	(627)	(318)	2,465
March 31, 2013	1,232	(1,125)	293	2,040

## 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, 2013	—	5.00	—	5.00	10.00	122	31.7	2.9
March 31, 2014	—	5.00	—	5.00	10.00	122	30.9	2.8
March 31, 2015 (expected)	—	5.00	—	5.00	10.00		29.8	

## 3. Consolidated Earnings Forecast for the Year Ending March 2015(April 1,2014 ~ March 31, 2015):

(%: Change from the previous fiscal half year for First half 2014)

(%: Change from the previous fiscal year for Year ending March 31,2015)

	Net sales		Operating income		Ordinary income		Net income		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
First half 2014	6,200	2.6	350	(12.0)	340	(14.2)	200	(17.3)	16.38
Year ending March 31,2015	12,600	4.5	710	5.6	690	5.5	410	3.5	33.56

## 4. Others

(1) Changes in major subsidiaries during the fiscal year ended March 31,2014 : 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, 2014: 13,029,500 As of March 31, 2013: 13,029,500

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

As of March 31, 2014: 813,368 As of March 31, 2013: 811,306

3. Average number of outstanding shares during period:

As of March 31, 2014: 12,217,297 As of March 31, 2013: 12,219,368

## 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 31,2013	March 31,2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,040,248	2,465,032
Notes and accounts receivable-trade	1,888,087	1,810,231
Securities	1,000	—
Merchandise and finished goods	1,200,872	1,208,028
Work in process	182,427	185,574
Raw materials and supplies	770,831	642,561
Deferred tax assets	49,149	46,117
Other	41,479	33,389
Allowance for doubtful accounts	(6,184)	(5,775)
<b>Total current assets</b>	<b>6,167,911</b>	<b>6,385,160</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	3,288,835	3,313,409
Accumulated depreciation	(1,943,069)	(2,045,634)
Buildings and structures, net	1,345,766	1,267,774
Machinery, equipment and vehicles	4,865,955	5,020,732
Accumulated depreciation	(3,825,429)	(4,083,569)
Machinery, equipment and vehicles, net	1,040,525	937,163
Tools, furniture and fixtures	419,453	417,965
Accumulated depreciation	(374,935)	(384,672)
Tools, furniture and fixtures, net	44,518	33,293
Land	1,478,590	1,478,590
Construction in progress	25,456	33,498
<b>Total property, plant and equipment</b>	<b>3,934,858</b>	<b>3,750,321</b>
<b>Intangible assets</b>		
Other	66,115	59,452
<b>Total intangible assets</b>	<b>66,115</b>	<b>59,452</b>
<b>Investments and other assets</b>		
Investment securities	74,247	191,575
Deferred tax assets	76,777	83,879
Net defined benefit asset	—	5,158
Other	106,413	206,719
<b>Total investments and other assets</b>	<b>257,437</b>	<b>487,332</b>
<b>Total non-current assets</b>	<b>4,258,411</b>	<b>4,297,106</b>
<b>Deferred assets</b>		
Bond issuance cost	4,525	3,016
<b>Total deferred assets</b>	<b>4,525</b>	<b>3,016</b>
<b>Total assets</b>	<b>10,430,848</b>	<b>10,685,283</b>

## Consolidated balance sheets

(Thousands of Japanese yen)

	March 31,2013	March 31,2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	889,063	1,146,542
Short-term loans payable	1,987,500	1,841,900
Accounts payable-other	270,367	81,358
Income taxes payable	99,698	152,620
Provision for bonuses	97,143	89,114
Provision for directors' bonuses	10,050	8,786
Other	253,939	303,976
Total current liabilities	3,607,762	3,624,298
Non-current liabilities		
Bonds payable	274,000	246,000
Long-term loans payable	1,819,900	1,798,000
Deferred tax liabilities	56,591	55,830
Provision for retirement benefits	304,535	—
Net defined benefit liability	—	313,730
Asset retirement obligations	35,279	34,826
Negative goodwill	787	—
Other	49,906	50,311
Total non-current liabilities	2,540,999	2,498,698
Total liabilities	6,148,762	6,122,997
Net assets		
Shareholders' equity		
Capital stock	1,018,126	1,018,126
Capital surplus	564,725	564,725
Retained earnings	2,859,236	3,133,067
Treasury shares	(146,705)	(147,286)
Total shareholders' equity	4,295,383	4,568,633
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(13,297)	(6,346)
Total accumulated other comprehensive income	(13,297)	(6,346)
Total net assets	4,282,086	4,562,286
Total liabilities and net assets	10,430,848	10,685,283

## Consolidated statements of income

(Thousands of Japanese yen)

	FY2013	FY2014
Net sales	11,671,797	12,054,978
Cost of sales	10,184,574	10,522,099
Gross profit	1,487,222	1,532,879
Selling, general and administrative expenses		
Freight-out and storage expense	143,814	147,914
Salaries and allowances	330,374	346,682
Provision for bonuses	23,460	21,123
Provision for directors' bonuses	10,050	8,786
Retirement benefit expenses	8,187	3,552
Provision for directors' retirement benefits	330	—
Welfare expenses	47,914	52,504
Depreciation	7,847	8,651
Traveling and communication expenses	44,861	47,295
Rent expenses	20,212	17,508
Other	212,508	206,648
Total selling, general and administrative expenses	849,560	860,666
Operating income	637,661	672,212
Non-operating income		
Interest income	284	393
Dividend income	1,488	3,996
Foreign exchange gains	82	19,644
Subsidy income	5,734	5,350
Amortization of negative goodwill	31,618	787
Insurance premiums refunded cancellation	551	5,984
Other	9,874	5,665
Total non-operating income	49,634	41,820
Non-operating expenses		
Interest expenses	51,307	40,536
Care and maintenance costs of suspended mine	4,753	5,749
Loss on valuation of interest swaps	—	7,556
Other	8,556	6,444
Total non-operating expenses	64,617	60,287
Ordinary income	622,678	653,745
Extraordinary losses		
Loss on sales of non-current assets	2,881	—
Loss on retirement of non-current assets	5,301	8,683
Loss on sales of golf club memberships	3,376	—
Total extraordinary losses	11,559	8,683
Income before income taxes and minority interests	611,118	645,061
Income taxes-current	224,022	257,663
Income taxes-deferred	1,877	(8,608)
Total income taxes	225,899	249,054
Income before minority interests	385,218	396,006
Net income	385,218	396,006

## Consolidated statements of comprehensive income

(Thousands of Japanese yen)

	FY2013	FY2014
Income before minority interests	385,218	396,006
Other comprehensive income		
Valuation difference on available-for-sale securities	5,045	6,951
Total other comprehensive income	5,045	6,951
Comprehensive income	390,264	402,958
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	390,264	402,958

## Consolidated statements of changes in net assets

## FY2013

	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	
Balance at beginning of current period	1,018,126	564,725	2,596,217	(146,171)	4,032,897	(18,343)	4,014,554
Changes of items during period							
Dividends of surplus			(122,198)		(122,198)		(122,198)
Net income			385,218		385,218		385,218
Purchase of treasury shares				(533)	(533)		(533)
Net changes of items other than shareholders' equity						5,045	5,045
Total changes of items during period	—	—	263,019	(533)	262,486	5,045	267,531
Balance at end of current period	1,018,126	564,725	2,859,236	(146,705)	4,295,383	(13,297)	4,282,086

## FY2014

	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	
Balance at beginning of current period	1,018,126	564,725	2,859,236	(146,705)	4,295,383	(13,297)	4,282,086
Changes of items during period							
Dividends of surplus			(122,176)		(122,176)		(122,176)
Net income			396,006		396,006		396,006
Purchase of treasury shares				(581)	(581)		(581)
Net changes of items other than shareholders' equity						6,951	6,951
Total changes of items during period	—	—	273,830	(581)	273,249	6,951	280,200
Balance at end of current period	1,018,126	564,725	3,133,067	(147,286)	4,568,633	(6,346)	4,562,286

## Consolidated statements of cash flows

(Thousands of Japanese yen)

	FY2013	FY2014
Cash flows from operating activities		
Income before income taxes and minority interests	611,118	645,061
Depreciation	477,879	484,463
Amortization of negative goodwill	(31,618)	(787)
Increase (decrease) in provision for retirement benefits	3,286	(304,535)
Increase (decrease) in provision for directors' retirement benefits	330	—
Increase (decrease) in provision for bonuses	(5,878)	(8,028)
Increase (decrease) in provision for directors' bonuses	(10,950)	(1,264)
Increase (decrease) in allowance for doubtful accounts	(2,485)	(408)
Increase(decrease)in net defined benefit liability	—	313,730
Interest and dividend income	(1,772)	(4,389)
Interest expenses	51,307	40,536
Foreign exchange losses (gains)	56	(160)
Loss on sale of tangible fixed assets	2,881	—
Loss on retirement of property, plant and equipment	5,301	8,683
Loss (gain) on sales of golf club memberships	3,376	—
Decrease (increase) in notes and accounts receivable – trade	690,477	77,855
Decrease (increase) in inventories	(174,625)	117,966
Increase (decrease) in notes and accounts payable–trade	(88,112)	257,478
Other, net	10,233	(11,884)
Subtotal	1,540,805	1,614,319
Interest and dividend income received	1,772	4,371
Interest expenses paid	(50,407)	(42,433)
Income taxes paid	(259,840)	(205,726)
Net cash provided by (used in) operating activities	1,232,330	1,370,531
Cash flows from investing activities		
Purchase of securities	(1,000)	—
Proceeds from redemption of securities	1,000	1,000
Purchase of property, plant and equipment	(1,091,686)	(419,904)
Proceeds from sales of property, plant and equipment	408	—
Payments for retirement of property, plant and equipment	(14,408)	(2,818)
Purchase of intangible assets	(24,899)	(3,231)
Proceeds from sales of golf club memberships	5,390	—
Purchase of investment securities	—	(106,600)
Payments for investments in capital of subsidiaries and associates	—	(95,256)
Other, net	(179)	(315)
Net cash provided by (used in) investing activities	(1,125,375)	(627,125)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	100,000	—
Proceeds from long-term loans payable	950,000	300,000
Repayments of long-term loans payable	(604,900)	(467,500)
Redemption of bonds	(28,000)	(28,000)
Purchase of treasury shares	(533)	(581)
Cash dividends paid	(122,198)	(122,176)
Other, net	(516)	(525)
Net cash provided by (used in) financing activities	293,851	(318,782)
Effect of exchange rate change on cash and cash equivalents	(56)	160
Net increase (decrease) in cash and cash equivalents	400,749	424,783
Cash and cash equivalents at beginning of period	1,639,499	2,040,248
Cash and cash equivalents at end of period	2,040,248	2,465,032



## Segment Information

(1) For the Year ended March 31, 2013

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	6,882,500	4,775,497	11,657,998	13,798	11,671,797	-	11,671,797
Inter-segment	-	33,513	33,513	-	33,513	(33,513)	-
Total	6,882,500	4,809,011	11,691,511	13,798	11,705,310	(33,513)	11,671,797
Segment income	273,940	323,967	597,908	12,885	610,793	26,867	637,661
Segment assets	5,112,960	5,274,871	10,387,831	43,017	10,430,848	-	10,430,848
Other							
Depreciation and amortization	118,834	356,930	475,765	2,114	477,879	-	477,879
Property, plant and equipment and Intangible assets increase	201,011	438,663	639,674	7,500	647,174	-	647,174

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

(2) For the Year ended March 31, 2014

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	6,818,761	5,221,719	12,040,480	14,498	12,054,978	-	12,054,978
Inter-segment	-	40,504	40,504	-	40,504	(40,504)	-
Total	6,818,761	5,262,223	12,080,984	14,498	12,095,483	(40,504)	12,054,978
Segment income	182,678	452,927	635,606	13,585	649,192	23,020	672,212
Segment assets	5,079,865	5,564,081	10,643,947	41,336	10,685,283	-	10,685,283
Other							
Depreciation and amortization	116,477	366,305	482,782	1,680	484,463	-	484,463
Property, plant and equipment and Intangible assets increase	57,019	243,499	300,519	-	300,519	-	300,519

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