

**Summary of Consolidated Financial Results  
for the First Quarter Ended June 30, 2006**

August 7, 2006

Company name : Nihon Seiko Co., Ltd.  
 (URL <http://www.nihonseiko.co.jp>)  
 Listed stock exchange: The second section of Tokyo Stock Exchange  
 Headquarters : Tokyo  
 Securities Code : 5729  
 Company Representative : Osamu Iwayama, President & CEO  
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**1. Basis for Preparation of Quarterly Financial Results**

- (1) Adoption of simplified accounting policies : Yes  
 (2) Changes in accounting policies from the previous fiscal year : None  
 (3) Changes in scope of consolidation and equity method of accounting : None  
 (4) Involvement of independent auditors : None

**2. Consolidated Financial Results for the First Quarter Ended June 30, 2006 and 2005**

**(1) Operating Results(Consolidated) (Rounded down to millions of Japanese Yen)**

	Net Sales		Operating Income		Recurring Profit		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the first quarter ended								
June 30, 2006	2,039	41.9	180	21.1	171	13.8	60	9.8
June 30, 2005	1,437	(2.5)	149	(16.4)	151	(22.0)	55	(28.8)
(Ref)FY 2005	6,405		737		763		280	

	Net Income per share
	Yen
For the first quarter ended	
June 30, 2006	4.66
June 30, 2005	4.24
(Ref)FY 2005	20.96

**Note:**

Percentage indicate changes in net sales, operating income, recurring profit and net income are compared with preceding period.

**(2) Financial Position(Consolidated)**

	Total Assets	Total Net Assets	Shareholders' Equity Ratio	Shareholder's Equity per share
	Millions of Yen	Millions of Yen	%	Yen
As of				
June 30, 2006	6,942	3,884	48.0	256.37
June 30, 2005	5,897	3,117	52.9	239.86
(Ref)March 31, 2006	6,487	3,317	51.1	254.78

**Notes:**

- a. Total net assets as of June 30, 2005 and March 31, 2006 do not include minority interests.  
 b. Shareholder's equity ratio and shareholder's equity per share calculations are as follows:  
 Shareholder's equity ratio : (Total net assets at end of period – minority interests at end of period) ÷ total assets x 100  
 Shareholder's equity per share : (Total net assets at end of period – minority interests at end of period) ÷ number of shares outstanding at end of period

**(3) Consolidated 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 first quarter ended				
June 30, 2006	(279)	(41)	192	835
June 30, 2005	6	(38)	(73)	702
(Ref)FY 2005	172	(1)	(13)	965

**3. Consolidated Earnings Forecast for the Year Ending March 2007(April 1,2006 ~ March 31, 2007):**

The forecast for the year ending March 2007 remains unchanged from the prior forecast that was released on May 18,2006.

	Net Sales	Recurring Profit	Net Income
	Millions of Yen	Millions of Yen	Millions of Yen
For the half year ending September 30, 2006	3,600	430	165
For the year ending march 31, 2007	7,100	830	310

(Ref) Net income per share(projection) : JPY23.86

Note : The above-mentioned forecast is based on available information at present.  
 Therefore, actual results may differ materially from the forecast due to many factors.

## Consolidated Balance Sheets

(Thousands of Japanese yen)

	June 30,2006	June 30,2005	Increase (Decrease)	March 31,2006	Increase (Decrease)
<Assets>					
Current assets:					
Cash and time deposits	835,963	702,012	133,951	965,181	(129,217)
Notes and accounts receivable, trade	1,684,967	1,275,120	409,846	1,431,877	253,089
Inventories	1,738,588	973,739	764,849	1,377,139	361,449
Others	84,684	165,188	(80,504)	108,868	(24,184)
Total current assets	4,344,204	3,116,061	1,228,142	3,883,067	461,136
Fixed assets:					
Tangible fixed assets	2,164,067	2,234,704	(70,637)	2,151,300	12,766
Intangible fixed assets	77,826	115,593	(37,766)	86,822	(8,996)
Investments and others	356,565	431,218	(74,653)	366,063	(9,498)
Total fixed assets	2,598,458	2,781,516	(183,057)	2,604,186	(5,727)
Total assets	6,942,663	5,897,577	1,045,085	6,487,254	455,408
<Liabilities>					
Current liabilities					
Notes and accounts payable, trade	1,005,786	718,920	286,865	696,116	309,669
Short-term loans	842,500	499,500	343,000	592,500	250,000
Others	407,987	348,562	59,425	480,261	(72,274)
Total current liabilities	2,256,273	1,566,983	689,290	1,768,878	487,395
Non-current liabilities					
Long-term loans	473,125	422,625	50,500	483,750	(10,625)
Allowance for retirement benefits of employee	237,182	251,641	(14,458)	240,275	(3,092)
Others	91,794	96,840	(5,046)	126,512	(34,718)
Total non-current liabilities	802,101	771,106	30,995	850,538	(48,436)
Total liabilities	3,058,375	2,338,090	720,285	2,619,416	438,959
<Minority interests>	-	441,723	-	550,191	-
<Shareholders' equity>					
Common stock	-	1,018,126	-	1,018,126	-
Capital surplus	-	564,725	-	564,725	-
Retained earnings	-	1,531,988	-	1,724,455	-
Net unrealized gains on available-for-sale securities	-	14,842	-	25,029	-
Treasury stock	-	(11,919)	-	(14,690)	-
Total shareholders' equity	-	3,117,763	-	3,317,646	-
Total liabilities, minority interests and shareholders' equity	-	5,897,577	-	6,487,254	-
<Net assets>					
Shareholders' equity					
Common stock	1,018,126	-	-	-	-
Capital surplus	564,725	-	-	-	-
Retained earnings	1,744,892	-	-	-	-
Treasury stock	(14,910)	-	-	-	-
Total shareholders' equity	3,312,834	-	-	-	-
Valuation and translation adjustments					
Net unrealized gains on available-for-sale securities	17,738	-	-	-	-
Minority interests	553,714	-	-	-	-
Total net assets	3,884,287	-	-	-	-
Total liabilities and net assets	6,942,663	-	-	-	-

Consolidated Statements of income

(Thousands of Japanese yen)

	1st Quarter ended June30,2006	1st Quarter ended June30,2005	Increase (Decrease)	FY2005
Net sales	2,039,026	1,437,215	601,811	6,405,649
Cost of sales	1,675,354	1,131,793	543,560	5,003,894
Gross profit	363,672	305,421	58,251	1,401,754
Selling, general and administrative expenses	182,764	156,026	26,737	664,153
Operating income	180,908	149,394	31,513	737,600
Other income				
Interest income & Dividends	1,053	1,860	(806)	4,695
Others	3,610	4,730	(1,119)	44,672
Total other income	4,664	6,591	(1,926)	49,367
Other expenses				
Interest expenses	4,991	4,230	760	18,376
Others	8,585	610	7,974	5,210
Total other expenses	13,576	4,841	8,735	23,587
Recurring profit	171,996	151,144	20,851	763,381
Extraordinary income	-	-	-	22,131
Extraordinary loss	293	1,379	(1,086)	23,933
Income before income taxes and minority interests	171,703	149,765	21,937	761,578
Income taxes	77,375	66,232	11,142	313,820
Minority interests in consolidated subsidiaries	33,842	28,437	5,404	167,704
Net income	60,486	55,095	5,390	280,053

## Consolidated Statements of Cash Flows

(Thousands of Japanese yen)

	1st Quarter ended June30,2006	1st Quarter ended June30,2005	FY2005
Cash flows from operating activities			
Income before income taxes and minority interests	171,703	149,765	761,578
Depreciation and amortization	61,699	64,971	261,756
Increase(decrease)in allowance for retirement benefits of employee	(3,092)	(117)	(11,482)
Increase(decrease) in allowance for retirement benefits of directors and corporate auditors	(35,512)	3,748	15,633
Increase(decrease) in accrued bonuses	(8,306)	(15,126)	3,252
Increase(decrease)in allowance for doubtful accounts	692	14	(645)
Interest and dividend income(accrual basis)	(1,053)	(1,860)	(5,013)
Interest expense(accrual basis)	4,991	4,230	18,376
Foreign exchange gain	–	(327)	(356)
(Increase)decrease in notes and accounts receivable, trade	(253,089)	6,313	(150,443)
(Increase) in inventories	(361,449)	(34,032)	(437,431)
Increase in notes and accounts payable, trade	309,669	8,486	60,444
Others	39,549	14,844	(10,699)
Interest and dividend income(cash basis)	1,067	1,043	4,744
Interest expense(cash basis)	(5,851)	(4,826)	(18,738)
Income taxes(cash basis)	(200,543)	(190,320)	(318,728)
Net cash provided by operating activities	(279,526)	6,807	172,246
Cash flows from investing activities			
Acquisition of securities	(1,000)	(1,000)	(1,000)
Redemption of securities	1,000	1,000	1,000
Acquisition of investments in securities	(1,354)	–	(17,240)
Redemption of investments in securities	–	–	100,000
Proceeds from sale of investments in securities	–	–	120,639
Acquisition of tangible fixed assets	(40,630)	(47,232)	(234,554)
Proceeds from sale of tangible fixed assets	–	12,729	32,968
Acquisition of intangible fixed assets	–	(1,337)	(1,794)
Others	–	(2,591)	(1,100)
Net cash used in investing activities	(41,984)	(38,432)	(1,080)
Cash flows from financing activities			
Net increase in short-term loans	250,000	–	200,000
Proceeds from long-term loans	–	–	100,000
Repayments of long-term loans	(10,625)	(27,175)	(173,050)
Payments for purchase of treasury stock	(219)	(14)	(17,084)
Cash dividends	(16,562)	(30,808)	(97,483)
Cash dividends to minority shareholders	(30,300)	(15,750)	(31,500)
Others	–	–	5,719
Net cash used in financing activities	192,293	(73,748)	(13,398)
Effect of exchange rate changes on cash and cash equivalents	–	327	356
Net increase in cash and cash equivalents	(129,217)	(105,045)	158,123
Cash and cash equivalents at beginning of period	965,181	807,057	807,057
Cash and cash equivalents at end of period	835,963	702,012	965,181

Industrial Segment Information

(1) For the first quarter ended June 30, 2006

(Thousands of Japanese yen)

	Antimony products	Atomized metal powders	Total	Elimination & corporate	Consolidated
Net sales					
Outside customers	1,189,703	849,323	2,039,026	-	2,039,026
Inter-segment	-	2,031	2,031	(2,031)	-
Total	1,189,703	851,354	2,041,058	(2,031)	2,039,026
Operating expenses	1,128,722	732,220	1,860,943	(2,824)	1,858,118
Operating income	60,980	119,134	180,115	793	180,908

(2) For the first quarter ended June 30, 2005

(Thousands of Japanese yen)

	Antimony products	Atomized metal powders	Total	Elimination & corporate	Consolidated
Net sales					
Outside customers	807,506	629,709	1,437,215	-	1,437,215
Inter-segment	-	5,018	5,018	(5,018)	-
Total	807,506	634,728	1,442,234	(5,018)	1,437,215
Operating expenses	760,566	533,262	1,293,829	(6,008)	1,287,820
Operating income	46,939	101,465	148,404	990	149,394