

ANNUAL REPORT 2015

FROM APRIL 1ST, 2014 TO MARCH 31ST, 2015



NIPPON SEIKI

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Review of Operations**● Instruments sales**

Sales of instruments for automobiles in North American market increased. Instruments sales for the year increased by 3.9% to ¥174,436 million, from the previous fiscal year.

● Consumer-use products sales

Sales increased by 3.1% to ¥13,556 million from the previous fiscal year, mainly due to an increase in orders for control panels for office equipment.

● Automobile sales

Sales of cars at our dealerships decreased by 4.8% to ¥22,617 million from the previous fiscal year mainly due to demand decrease by postponement of new models release by auto makers and the result of last-minute demand before increasing consumer tax rate in previous fiscal year.

● Other businesses

Sales of other products and services totaled ¥16,345 million, 6.1% increase from the previous fiscal year, mainly due to an increase in the sale of software, office equipment, compound resins and so on.

As a result, the company's consolidated business operations for this fiscal year, ending March 31, 2015, resulted in sales of ¥226,956 million, an increase of 3.1% from the previous fiscal year. At the same time, ordinary income for the year increased by 2.6%, to ¥23,619 million, and net income increased by 4.0%, to ¥14,467 million, respectively.

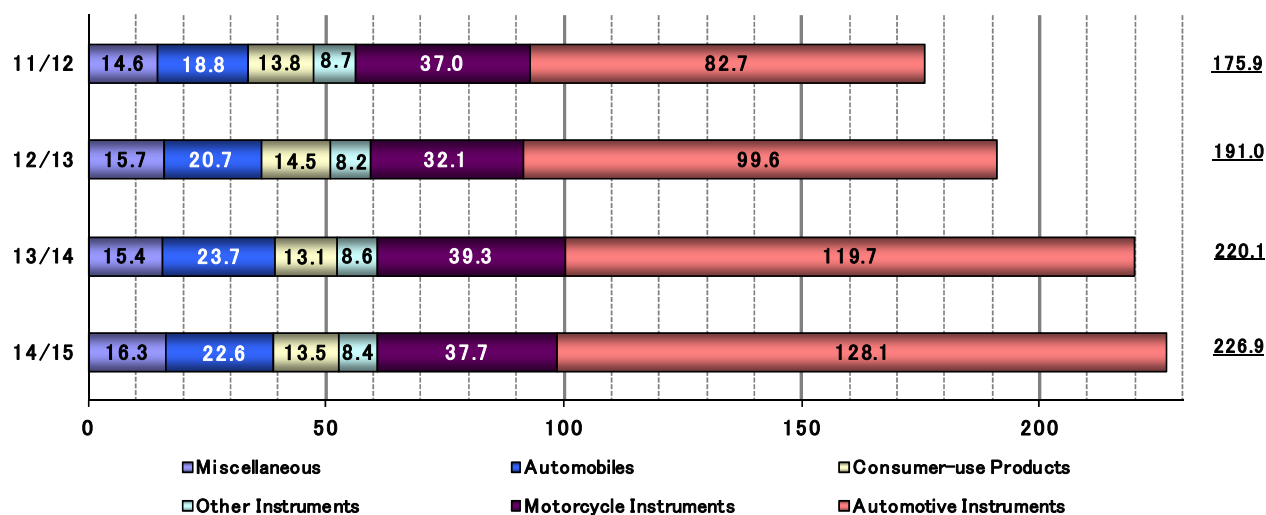
● Consolidated sales by business segment

	2012 (Yen in millions)	2013 (Yen in millions)	2014 (Yen in millions)	2015 (Yen in millions)	Increase (Decrease)
Instruments for automobiles, motorcycles, agricultural / construction machines and boats	128,588	140,014	167,820	174,436	3.9%
Consumer-use products	13,849	14,516	13,150	13,556	3.1%
Automobiles	18,893	20,784	23,766	22,617	(4.8%)
Other businesses	14,649	15,705	15,407	16,345	6.1%
Total	175,981	191,021	220,144	226,956	3.1%

1. Consolidated Financial Highlights

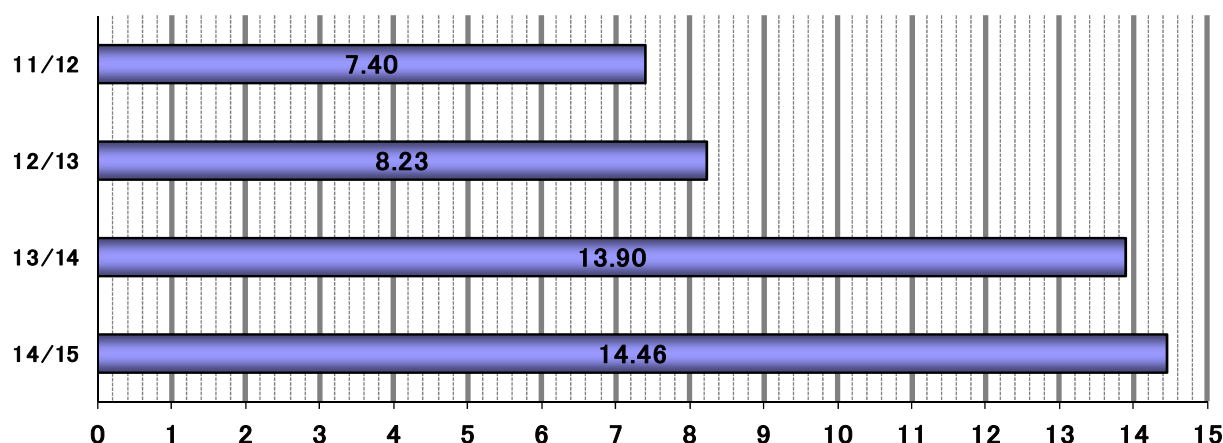
1-1. Consolidated Sales

Yen in billions



1-2. Consolidated Net Income

Yen in billions



Consolidated sales for the fiscal year ending March 31, 2015, increased by 3.1% to ¥226,956 million, ordinary income increased by 2.6% to ¥23,619 million, and net income increased by 4.0% to ¥14,467 million.

1-3. Consolidated Financial Highlights

	2012	2013	2014	2015
Sales (Yen in millions)	175,981	191,021	220,144	226,956
Ordinary income (Yen in millions)	14,866	15,611	23,029	23,619
Net income (Yen in millions)	7,409	8,231	13,908	14,467
Net income per share (Yen) ※	129.33	143.69	242.79	252.60
Total assets (Yen in millions)	207,632	231,990	263,132	299,132
Net assets (Yen in millions)	96,243	115,873	139,256	170,663
Net assets per share (Yen)	1,588.78	1,905.58	2,278.25	2,794.24

Note:

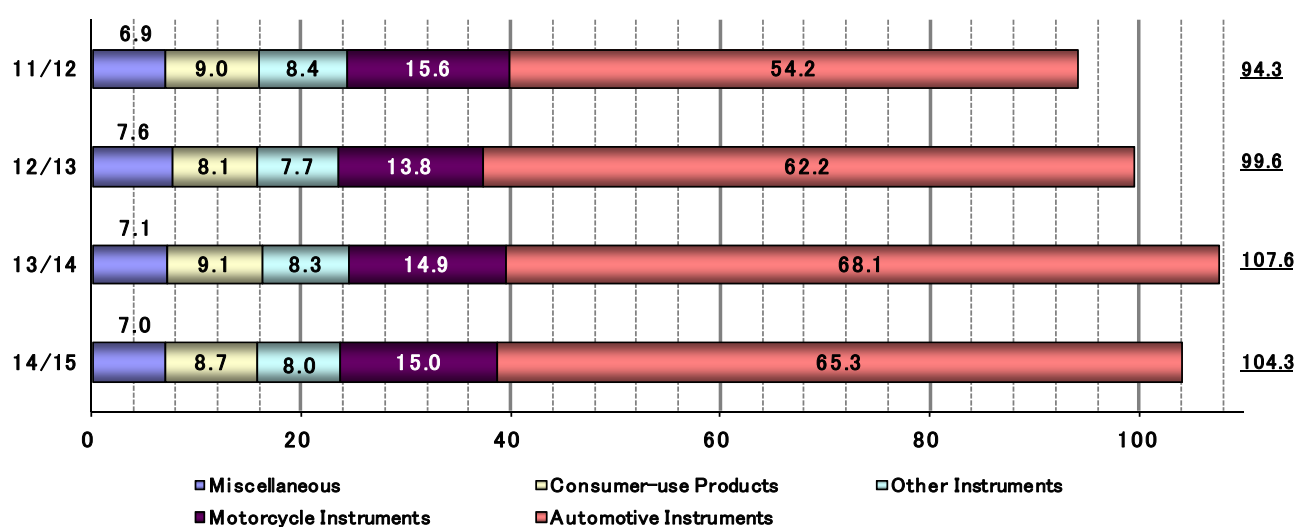
※ Net income per share is calculated by the weighted average number of shares of common stock outstanding during the year.

2. Non-Consolidated Financial Highlights

As of March 31, 2015

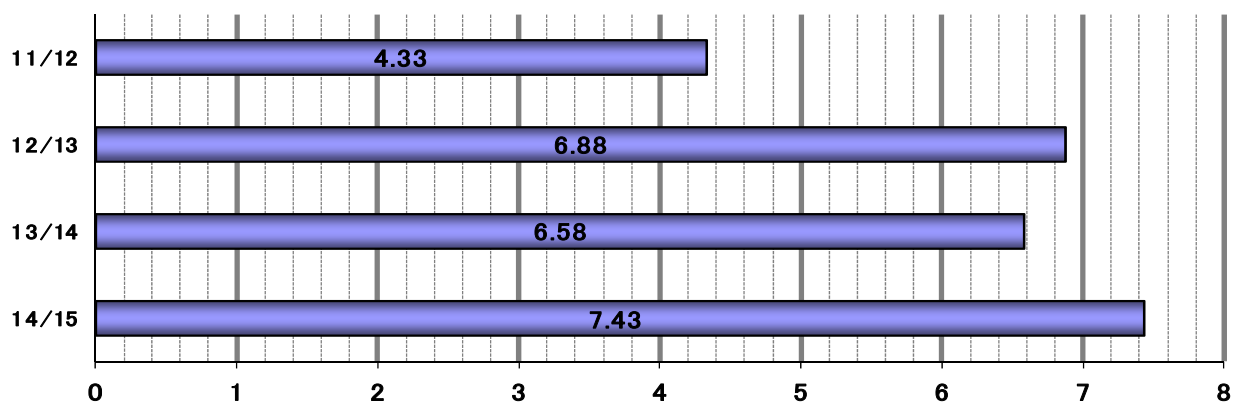
2-1. Non-Consolidated Sales

Yen in billions



2-2. Non-Consolidated Net Income

Yen in billions



Non-Consolidated sales for the fiscal year ending March 31, 2015, decreased by 3.1% to ¥104,376 million, ordinary income increased by 0.5% to ¥11,107 million, and net income increased by 12.9% to ¥7,437 million.

2-3. Non-Consolidated Financial Highlights

	2012	2013	2014	2015
Sales (Yen in millions)	94,316	99,613	107,699	104,376
Ordinary income (Yen in millions)	8,399	11,735	11,049	11,107
Net income (Yen in millions)	4,330	6,880	6,585	7,437
Net income per share (Yen) ※	75.58	120.11	114.97	129.86
Dividend per share (Yen)	18.00	20.00	27.00	33.00
Total assets (Yen in millions)	162,736	172,836	183,316	194,437
Net assets (Yen in millions)	65,896	72,866	78,531	85,896
Common stock (Yen in millions)	14,494	14,494	14,494	14,494
Equity ratio (%)	40.5	42.1	42.8	44.1

Note:

※ Net income per share is calculated by the weighted average number of shares of common stock outstanding during the year.

The consolidated financial statements have been translated into English for reference purposes only from the consolidated financial statements of the Companies prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law.

Please note that English translation is unaudited.

Consolidated Balance Sheets

	March 31, 2015	March 31, 2014
Assets	(Yen in millions)	(Yen in millions)
Current assets		
Cash and bank deposits (Note 8,10)	¥123,591	¥99,319
Notes and accounts receivable-trade (Note 8)	40,997	40,809
Securities	300	—
Merchandise and finished goods	14,127	11,826
Work in process	4,936	4,355
Raw materials and supplies	19,373	17,236
Deferred tax assets (Note 5)	3,443	3,535
Other current assets	7,317	6,933
Allowance for doubtful accounts (Note 8)	(230)	(243)
Total current assets	213,859	183,772
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (Note 2)	16,125	13,745
Machinery, equipment and vehicles	15,738	13,625
Tools, jigs and fixtures	5,195	4,330
Land	16,103	15,473
Leased assets (Note 6)	398	480
Construction in progress	1,867	2,976
Total property, plant and equipment	55,429	50,632
Intangible assets		
Goodwill	89	241
Other intangible assets	3,558	3,439
Total intangible assets	3,647	3,680
Investment and other assets		
Investment securities (Note 8,9)	23,095	21,143
Deferred tax assets (Note 5)	872	853
Other investment and assets	2,239	3,061
Allowance for doubtful accounts	(10)	(10)
Total investment and other assets	26,196	25,048
Total noncurrent assets	85,273	79,360
Total assets	¥299,132	¥263,132

	March 31, 2015	March 31, 2014
Liabilities	(Yen in millions)	(Yen in millions)
Current liabilities		
Notes and accounts payable-trade (Note 8)	¥30,655	¥30,412
Short-term loans payable (Note 2,8)	58,361	54,611
Lease obligations (Note 2)	120	197
Income tax payable (Note 5)	3,188	2,197
Deferred tax liabilities (Note 5)	—	0
Accrued bonuses	1,913	1,902
Provision for compensation for products	342	549
Provision for loss on order received	4	0
Provision for loss on litigation	928	1,350
Provision for loss on liquidation of subsidiaries and affiliates	162	—
Other current liabilities	13,104	12,989
Total current liabilities	108,782	104,212
Noncurrent liabilities		
Long-term loans payable (Note 2,8)	13,000	13,097
Lease obligations (Note 2)	191	270
Deferred tax liabilities (Note 5)	3,259	3,100
Provision for directors' retirement benefits	206	186
Net defined benefit liability (Note 3)	2,766	2,710
Asset retirement obligations	65	59
Other noncurrent liabilities	198	239
Total noncurrent liabilities	19,687	19,663
Total liabilities	128,469	123,875
Net assets		
Shareholders' equity		
Common stock (Note 4)	14,494	14,494
Capital surplus	6,476	6,479
Retained earnings	113,218	100,573
Treasury stock (Note 4)	(6,302)	(6,283)
Total shareholders' equity	127,887	115,263
Accumulated other comprehensive income (loss)		
Unrealized gain on investment securities	6,540	4,811
Foreign currency translation adjustment	25,710	10,518
Remeasurements of defined benefit plans	(112)	(100)
Total accumulated other comprehensive income (loss)	32,138	15,229
Subscription rights to shares (Note 12)	66	47
Minority interests	10,570	8,716
Total net assets	170,663	139,256
Total liabilities and net assets	¥299,132	¥263,132

See notes to consolidated financial statements.

Consolidated Statements of Income

	Year ended March 31, 2015	Year ended March 31, 2014
	(Yen in millions)	(Yen in millions)
Sales	¥226,956	¥220,144
Cost of sales	181,176	175,146
Gross profit	45,779	44,998
Selling, general and administrative expenses		
Packing and transportation	5,126	5,036
Salaries	10,635	9,481
Provision for doubtful accounts	7	—
Provision for bonuses	560	524
Provision for compensation for products	28	—
Retirement benefit expenses	434	404
Provision for directors' retirement benefits	37	39
Depreciation	1,428	1,130
Other expenses	11,084	10,166
Total selling, general and administrative expenses	29,343	26,782
Operating income	16,436	18,215
Non-operating income		
Interest income	1,155	1,044
Dividend income	443	394
Foreign exchange gains	5,516	2,743
Other non-operating income	587	1,019
Total non-operating income	7,703	5,201
Non-operating expenses		
Interest expense	321	315
Provision for loss on litigation	132	—
Other non-operating expenses	65	72
Total non-operating expenses	519	387
Ordinary income	23,619	23,029
Extraordinary income		
Gain on sales of fixed assets	37	38
Total extraordinary income	37	38
Extraordinary loss		
Loss on sales of fixed assets	7	11
Loss on disposal of fixed assets	78	94
Impairment loss	252	—
Loss on valuation of investment securities	0	—
Provision for loss on litigation	—	685
Provision for loss on liquidation of subsidiaries and affiliates	144	—
Others	0	41
Total extraordinary loss	483	831
Income before income taxes and minority interests	23,174	22,236
Income taxes (Note 5)	7,629	6,969
Income before minority interests	15,544	15,266
Minority interests in income	1,077	1,358
Net income (Note 7)	¥14,467	¥13,908

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Year ended March 31, 2015	Year ended March 31, 2014
	(Yen in millions)	(Yen in millions)
Income before minority interests	¥15,544	¥15,266
Other comprehensive income		
Unrealized gain on investment securities	1,728	414
Foreign currency translation adjustment	16,406	10,294
Remeasurements of defined benefit plans	(10)	—
Total other comprehensive income	18,124	10,709
Comprehensive income	33,669	25,975
Comprehensive income attributable to owners of the parent	31,376	23,852
Comprehensive income attributable to minority interests	2,293	2,123

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets
(From April 1, 2014 to March 31, 2015)

(Yen in millions)

	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2014	¥14,494	¥6,479	¥100,573	¥(6,283)	¥115,263
Cumulative effects of changes in accounting policies			54		54
Restated balance	14,494	6,479	100,627	(6,283)	115,317
Changes in the year					
Dividends from surplus			(1,832)		(1,832)
Net income			14,467		14,467
Change in the scope of consolidation			(13)		(13)
Employee welfare fund			(30)		(30)
Acquisition of treasury stock				(24)	(24)
Disposal of treasury stock		(2)		5	3
Net changes in items other than those in shareholders' equity					
Total changes in the year	—	(2)	12,591	(18)	12,569
Balance as of March 31, 2015	¥14,494	¥6,476	¥113,218	¥(6,302)	¥127,887

	Accumulated other comprehensive income (loss)				Subscription rights to shares	Minority interests	Total net assets
	Unrealized gain on investment securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)			
Balance as of March 31, 2014	¥4,811	¥10,518	¥(100)	¥15,229	¥47	¥8,716	¥139,256
Cumulative effects of changes in accounting policies							54
Restated balance	4,811	10,518	(100)	15,229	47	8,716	139,311
Changes in the year							
Dividends from surplus							(1,832)
Net income							14,467
Change in the scope of consolidation							(13)
Employee welfare fund							(30)
Acquisition of treasury stock							(24)
Disposal of treasury stock							3
Net changes in items other than those in shareholders' equity	1,728	15,191	(11)	16,908	18	1,854	18,782
Total changes in the year	1,728	15,191	(11)	16,908	18	1,854	31,351
Balance as of March 31, 2015	¥6,540	¥25,710	¥(112)	¥32,138	¥66	¥10,570	¥170,663

See notes to consolidated financial statements.

(From April 1, 2013 to March 31, 2014)

(Yen in millions)

	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2013	¥14,494	¥6,491	¥89,058	¥(6,275)	¥103,769
Cumulative effects of changes in accounting policies			—		—
Restated balance	14,494	6,491	89,058	(6,275)	103,769
Changes in the year					
Dividends from surplus			(1,317)		(1,317)
Net income			13,908		13,908
Change in the scope of consolidation			(1,046)		(1,046)
Employee welfare fund			(29)		(29)
Acquisition of treasury stock				(32)	(32)
Disposal of treasury stock		(12)		23	11
Net changes in items other than those in shareholders' equity					
Total changes in the year	—	(12)	11,514	(8)	11,494
Balance as of March 31, 2014	¥14,494	¥6,479	¥100,573	¥(6,283)	¥115,263

	Accumulated other comprehensive income (loss)				Subscription rights to shares	Minority interests	Total net assets
	Unrealized gain on investment securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)			
Balance as of March 31, 2013	¥4,396	¥989	¥—	¥5,386	¥38	¥6,679	¥115,873
Cumulative effects of changes in accounting policies							—
Restated balance	4,396	989	—	5,386	38	6,679	115,873
Changes in the year							
Dividends from surplus							(1,317)
Net income							13,908
Change in the scope of consolidation							(1,046)
Employee welfare fund							(29)
Acquisition of treasury stock							(32)
Disposal of treasury stock							11
Net changes in items other than those in shareholders' equity	414	9,529	(100)	9,843	9	2,037	11,889
Total changes in the year	414	9,529	(100)	9,843	9	2,037	23,383
Balance as of March 31, 2014	¥4,811	¥10,518	¥(100)	¥15,229	¥47	¥8,716	¥139,256

Consolidated Statements of Cash Flows

	Year ended March 31, 2015	Year ended March 31, 2014
Cash flows from operating activities:	(Yen in millions)	(Yen in millions)
Income before income taxes and minority interests	¥23,174	¥22,236
Depreciation and amortization	8,152	6,991
Impairment loss	252	—
Amortization of goodwill	152	167
Share-based compensation expenses	21	20
Interest and dividend income	(1,599)	(1,439)
Interest expense	321	315
Loss (gain) on foreign exchange	(1,841)	(427)
Loss (gain) on sales or disposal of property, net	47	66
(Increase) decrease in		
Accounts and notes receivable-trade	4,000	3,277
Inventories	(2,518)	(138)
Increase (decrease) in		
Accrued bonuses to employees	8	(45)
Directors' retirement benefits	19	2
Allowance for doubtful accounts	(30)	80
Provision for compensation for products	(206)	(489)
Provision for loss on litigation	132	685
Provision for loss on liquidation of subsidiaries and associates	144	—
Net defined benefit liability	60	125
Accounts and notes payable-trade	(4,019)	(10,212)
Other, net	(681)	(981)
Sub total	25,590	20,232
Interest and dividend received	1,582	1,438
Interest paid	(322)	(314)
Compensation for damage paid	(544)	(619)
Income taxes paid	(7,103)	(8,158)
Net cash provided by (used in) operating activities	19,202	12,579
Cash flows from investing activities:		
Net decrease (increase) in time deposits	(74,731)	57,831
Purchase of property	(10,433)	(9,116)
Proceeds from sale of property	142	391
Purchase of investment securities	(50)	(1,669)
Other, net	(1,491)	(1,675)
Net cash provided by (used in) investing activities	(86,564)	45,760
Cash flows from financing activities:		
Increase (decrease) in short-term loans	2,588	1,254
Proceeds from long-term loans payable	5,000	8,299
Repayments of long-term loans	(3,800)	(1,650)
Repayments of lease obligations	(202)	(197)
Net decrease (increase) in treasury stock	(20)	(38)
Dividend paid	(1,832)	(1,317)
Dividend paid to minority shareholders	(431)	(198)
Net cash provided by (used in) financing activities	1,303	6,153
Effect of exchange rate changes on cash and cash equivalents	6,591	3,712
Net increase (decrease) in cash and cash equivalents	(59,467)	(68,206)
Cash and cash equivalents at beginning of year	98,813	29,679
Increase in cash and cash equivalents from newly consolidated subsidiary	83	927
Cash and cash equivalents at end of year (Note 10)	¥39,429	¥98,813

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nippon Seiki Co., Ltd. and Consolidated Subsidiaries
March 31, 2015

1. Summary of significant accounting policies

(a) Basis of presentation

Nippon Seiki Co., Ltd. (the Company) and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles and practices generally accepted in Japan, and foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile. The accompanying consolidated financial statements are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. For the purposes of this document, certain reclassifications have been made to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan.

(b) Basis of consolidation and accounting for investments in affiliates

The consolidated financial statements include the accounts of the Company and its 34 significant subsidiaries (the Companies) at March 31, 2015 except for 2 subsidiaries whose gross assets, net sales, and net income were not significant in the aggregate in relation to the comparable figure in the consolidated financial statements. All significant inter-company balances and transactions have been eliminated in consolidation.

Investments in 2 non-consolidated subsidiaries and 1 affiliate were stated at cost because the effect of application of the equity method would be immaterial.

20 foreign subsidiaries are consolidated on the basis of fiscal period ending December 31. Significant transactions, which occurred during the period between such fiscal year-end and March 31, are adjusted in the accompanying consolidated financial statements.

All assets and liabilities of the subsidiaries are revaluated at fair values on the date of acquisition and the excess of cost over underlying net assets at the date of acquisition is amortized over a period of five years on a straight-line basis.

(c) Foreign currency translation

Monetary assets and liabilities of the Company and its domestic subsidiaries denominated in foreign currencies are translated at the current exchange rates in effect at each balance-sheet date. Resulting gains and losses are included in net profit or loss for the period.

Assets and liabilities of the foreign consolidated subsidiaries are translated at the current exchange rates in effect at each balance-sheet date and revenue and expense accounts are translated at the average rate of exchange in effect during the year. The Company has presented translation adjustments as a component of net assets in consolidated financial statements.

(d) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

(e) Securities

Equity securities classified as trading securities are stated at fair value and the cost is determined by the moving average method. Equity securities not classified as trading securities are stated at fair value and the changes in fair value, net of applicable income taxes, have been directly included in net assets as unrealized gain on investment securities.

Other securities, for which fair values are unavailable, are stated at cost as determined by the moving average method.

(f) Inventories

Inventories held for ordinary selling purpose are stated at cost by the method of write-down of book values due to the decline in profitability.

Finished goods and work in process-Instruments	Weighted average method
Finished goods and work in process-Others	Specific identification method
Raw materials	Weighted average method
Supplies	Most recent purchase method

(g) Depreciation and amortization

Depreciation of property, plant and equipment is mainly calculated on the declining-balance method. Useful lives of the respective assets are based on the Corporation Tax Law.

Depreciation of intangible assets is mainly calculated on the straight-line method. Useful lives of the respective assets are based on the Corporation Tax Law.

(h) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on the collection of receivables. For the Company and its consolidated subsidiaries, the amount of the allowance is determined based on (1) past write-off experience and (2) an estimated amount of probable doubtful accounts based on a review of the collectability of individual receivables.

(i) Accrued bonuses to employees

Accrued bonuses are recognized based on expected total expenditure.

(j) Provision for compensation for products

The provision for compensation for products is recorded in order to deal with market claim.

(k) Provision for loss on order received

Provision for loss on order received is recorded to cover probable losses on order received.

(l) Provision for loss on litigation

The provision for loss on litigation is recorded to cover probable losses on lawsuits based on the information currently available.

(m) Provision for loss on business of subsidiaries and associates

Provision for loss on business of subsidiaries and associates is recorded to cover probable losses on business of subsidiaries and associates

(n) Pension and retirement benefits

Employees' retirement benefits

The provision for employees' retirement benefits is recorded based on the projected retirement benefit obligation and pension plan assets.

Prior service costs are amortized by the straight-line method over 10 years which is shorter than the average remaining years of service of the employees.

Actuarial gain and loss are recognized and amortized by the straight-line method over the subsequent 10 years which is shorter than the average remaining years of service of the employees.

Directors' retirement benefits

Some subsidiary companies record the provision for directors' retirement benefits based on the internal rules.

(o) Recognition criteria for revenues and costs of software development

With respect to contracts of made-to-order software development that started during the fiscal year ended March 31, 2015, the percentage-of-completion method (cost comparison method for estimating the percentage of completion) is applied if its outcome is deemed certain for the progress made by the end of the year; otherwise the completed-contract method is applied.

(p) Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets and liabilities are computed using the enacted tax rates which will be in effect when the differences are expected to be reversed.

2. Loans payable

The weighted average interest rate of short-term loans payable to banks was 0.4% at March 31, 2015.

Long-term loans as of March 31, 2015 consist of the following:

	Yen in millions
Loans from banks, due through 2019 with average interest rates of 0.4%	¥17,550
Less: Current portion due within one year	4,550
	<u>¥13,000</u>

Aggregate annual maturities of long-term loans subsequent to March 31, 2015 are as follows:

Year ending March 31,	Yen in millions
2016	¥4,550
2017	4,550
2018	4,300
2019	2,800
2020	1,350
	<u>¥17,550</u>

Long-term lease obligations as of March 31, 2015 consist of the following:

	Yen in millions
Finance lease obligations	¥312
Less: Current portion due within one year	120
	<u>¥191</u>

Maturities of long-term lease obligations at March 31, 2015 are as follows:

Year ending March 31,	Yen in millions
2016	¥120
2017	91
2018	48
2019	29
2020	13
Thereafter	8
	<u>¥312</u>

The assets mortgaged for transaction as of March 31, 2015 were as follows:

	Yen in millions
Building, net of accumulated depreciation	¥8
Land, net of accumulated depreciation	153
	<u>¥161</u>

3. Retirement benefits

The Company has both unfunded defined benefit and defined contribution plans. Its consolidated subsidiaries have funded defined benefit, unfunded defined benefit and defined contribution plans. Defined benefit plans provide pensions to the employees based on their salary and length of service. The payments of retirement allowance are also determined based on salary and the length of service. Certain consolidated subsidiaries use a simplified method for calculating retirement benefits.

Defined benefit plans, exclusive of a plan applying a simplified method

(1) Movement in retirement benefit obligations

	Yen in millions
Balance at April 1, 2014	¥2,286
Cumulative effects of changes in accounting policies	(83)
Restated balance	¥2,202
Service cost	142
Interest cost	44
Actuarial loss (gain)	31
Benefit paid	(144)
Other	71
Balance at March 31, 2015	<u>¥2,347</u>

(2) Movement in plan assets

	Yen in millions
Balance at April 1, 2014	¥149
Expected return on plan assets	2
Actual loss (gain)	(0)
Contributions paid by the employer	44
Benefit paid	(32)
Other	12
Balance at March 31, 2015	<u>¥177</u>

(3) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits

	Yen in millions
Funded retirement benefit obligations	¥333
Plan assets	(177)
	155
Unfunded retirement benefit obligations	2,014
Total net liability for retirement benefits at March 31, 2015	2,170
Liability for retirement benefits	2,170
Total net liability for retirement benefits at March 31, 2015	¥2,170

(4) Retirement benefit costs

	Yen in millions
Service cost	¥142
Interest cost	44
Expected return on plan assets	(2)
Net actuarial loss (gain) amortization	29
Past service costs amortization	(12)
Other	(7)
Balance at March 31, 2015	¥194

(5) Adjustments for retirement benefit

	Yen in millions
Past service costs	¥(12)
Net actuarial loss (gain)	(0)
Total balance at March 31, 2015	¥(13)

(6) Accumulated adjustments for retirement benefit

	Yen in millions
Actuarial gains and losses that are yet to be recognized	¥0
Past service costs that are yet to be recognized	177
Total balance at March 31, 2015	¥177

(7) Plan assets

① Plan assets at March 31, 2015 comprise:

Cash and bank deposits 100%

② Long-term expected rate of return

Terms of payment, portfolio of plan assets, historical returns, operating policy, market trends and other factors have been considered in determining the long-term expected rate of return.

(8) Actuarial assumptions

The principal actuarial assumption at March 31, 2015 (expressed as weighted averages) are as follows:

Discount rate	1.8%
Long-term expected rate of return	1.8%
Expected increase in salary	3.6%

Defined benefit plans applying a simplified method

(1) Movement in retirement benefit obligations

	Yen in millions
Balance at April 1, 2014	¥573
Service cost	66
Benefit paid	(44)
Balance at March 31, 2015	¥595

(2) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits

	Yen in millions
Unfunded retirement benefit obligations	¥595
Liability for retirement benefits	595
Total net liability for retirement benefits at March 31, 2015	¥595

(3) Retirement benefit costs

	Yen in millions
Retirement benefit costs calculated based on a simplified method	¥66

Defined contribution plans

Contributions to defined contribution plans are ¥1,040 million for the year ended March 31, 2015

4. Supplementary information of changes in net assets

Issued shares

Type of shares	Number of shares as of March 31, 2014	Increase	Decrease	Number of shares as of March 31, 2015
Common stock	60,907,599	—	—	60,907,599

Treasury stock

Type of shares	Number of shares as of March 31, 2014	Increase	Decrease	Number of shares as of March 31, 2015
Common stock	3,629,886	11,071	3,307	3,637,650

The details of increase and decrease are as follows:

Increase by purchase of odd-lot shares	11,071
Decrease by exercise of subscription rights to shares	3,300
Decrease by purchase requests of odd-lot shares	7

Dividends paid

Resolution	Type of shares	Total dividend amount (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 15, 2014	Common stock	973	17.0	March 31, 2014	June 27, 2014
Board of Directors meeting held on October 31, 2014	Common stock	859	15.0	September 30, 2014	December 10, 2014

Dividends with the record date in the fiscal year ended March 31, 2015, but are effective in the subsequent period

Resolution	Type of shares	Source of funds for dividends	Total dividend amount (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 15, 2015	Common stock	Retained earnings	1,030	18.0	March 31, 2015	June 29, 2015

5. Income taxes

The Company and its domestic subsidiaries are subject to a number of different income taxes which, in aggregate, indicate a statutory rate of approximately 35% for the year ended March 31, 2015. Income taxes of the foreign subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The major components of deferred tax assets and liabilities as of March 31, 2015 were as follows:

	Yen in millions
Deferred tax assets	
Loss on valuation of inventories	¥870
Accrued bonuses	628
Net defined benefit liability	970
Depreciation	369
Impairment loss	776
Unrealized gains on inventories, property and equipment	1,123
Others	3,424
Gross deferred tax assets	8,163
Less: Valuation allowance for deferred tax assets	(1,221)
Total deferred tax assets, net of valuation allowance	6,941
Deferred tax liabilities	
Reserve for special depreciation	(42)
Unrealized gains on investment securities	(3,020)
Undistributed earnings of foreign subsidiaries	(2,027)
Others	(793)
Total deferred tax liabilities	(5,884)
Net deferred tax assets	¥1,057

6. Lease transactions

2015 (From April 1, 2014 to March 31, 2015)

The obligations under non-cancelable operating leases at March 31, 2015 were as follows:

	Yen in millions
Due within one year	¥233
Due after one year	149
Total	¥383

2014 (From April 1, 2013 to March 31, 2014)

The obligations under non-cancelable operating leases at March 31, 2014 were as follows:

	Yen in millions
Due within one year	¥173
Due after one year	282
Total	¥456

7. Per share amounts

Net income per share is calculated by the weighted average number of shares of common stock outstanding during the year.

Net assets per share are based on the number of shares of common stock outstanding at balance sheet date.

Net income per share for the year ended and net assets per share as of March 31, 2015 were as follows:

Net income per share	¥252.60
Net assets per share	¥2,794.24

8. Financial instruments

2015 (From April 1, 2014 to March 31, 2015)

1) Overview

(1) Policy for financial instruments

The Companies manage cash surpluses through low-risk financial assets, such as bank deposit and raise funds through bank borrowings. For the purpose of reducing the foreign currency exchange risk arising from receivables and payables denominated in foreign currency, the Companies use derivatives and do not enter into derivatives for speculative or trading purposes.

(2) Types of financial instruments, related risk and risk management of financial instruments

Notes and accounts receivable-trade are exposed to customer credit risk. The Companies manage credit risk arising from receivables in accordance with the internal policies, which include monitoring of due dates and outstanding balances by individual customer and the credit worthiness of main customers on an interim basis.

Marketable securities and investment securities are exposed to market risk. Those securities are mainly the shares of common stock of other companies with which the companies have business relationships.

Payment terms of payables, such as notes and accounts payable-trade, are mostly less than one year.

Short-term loans payable are used mainly in connection with business activities, and long-term loans payable are taken out principally for the purpose of capital investments.

Trading liabilities and borrowings are exposed to liquidity risk. The Companies prepare and update cash flow plans monthly to manage liquidity risk.

(3) Supplementary explanation of the fair value of financial instruments

The notional amounts of derivatives in Note 11 Derivative are not necessarily indicative of the actual market risk involved in derivative transactions.

2) Fair value of financial instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2015 and unrealized gains (losses) are shown in the following table. It does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2 below).

	Carrying Amount	Estimated fair value	(Yen in millions) Unrealized gain (loss)
(1) Cash and bank deposits	¥123,591	¥123,591	¥—
(2) Notes and accounts receivable-trade	40,997		
Allowance for doubtful accounts	(230)		
	<u>40,767</u>	<u>40,761</u>	<u>(5)</u>
(3) Marketable securities and investment securities			
Held-to-maturity securities	300	300	—
Other securities	18,345	18,345	—
Total assets	<u>183,005</u>	<u>182,999</u>	<u>(5)</u>
(4) Notes and accounts payable-trade	30,655	30,655	—
(5) Short-term loans payable	53,811	53,811	—
(6) Long-term loans payable*	17,550	17,499	(50)
Total liabilities	<u>¥102,017</u>	<u>¥101,967</u>	<u>¥(50)</u>

*Include amount due within one year

Notes:

1. Method to determine the fair value of financial instruments, and other matters related to securities and derivative transactions

(1) Cash and bank deposits

These assets are carried at amounts that approximate fair values.

(2) Notes and accounts receivable-trade

The fair value of notes and accounts receivable-trade is calculated by discounting expected cash flows to present value using the rates including credit risk.

(3) Marketable securities and investment securities

The fair value of stocks is based on quoted market prices. The fair value of debt securities and money management fund are based on the prices provided by the financial institutions. For information on securities classified by holding purpose, please refer to Note 9 Marketable securities.

(4) Notes and accounts payable-trade and short-term loans payable

These liabilities are carried at amounts that approximate fair values.

(5) Long-term loans payable

The fair value is calculated based on the present value of the total of principal and interest, discounted by the interest rate to be applied if similar new borrowings were entered into.

(6) Derivative transactions

Please refer to Note 11 Derivatives.

2. Unlisted stocks of ¥4,749 million on the consolidated balance sheet are not included in (3) Marketable securities and investment securities because no quoted market price is available and it is extremely difficult to determine the fair value.

3. Redemption of receivables and marketable securities as of March 31, 2015 is as follows:

	(Yen in millions)	
	Due within one year	Due after one year
Cash and bank deposits	¥123,591	¥—
Notes and accounts receivable-trade	40,343	654
Marketable securities and investment securities		
Held-to-maturity securities		
Others	300	—
Total	<u>¥164,234</u>	<u>¥654</u>

4. Redemption of short-term and long-term loans payable as of March 31, 2015 is as follows:

	(Yen in millions)					
	2016	2017	2018	2019	2020	Thereafter
Short-term loans payable	¥53,811	¥—	¥—	¥—	¥—	¥—
Long-term loans payable	4,550	4,550	4,300	2,800	1,350	—
Total	<u>¥58,361</u>	<u>¥4,550</u>	<u>¥4,300</u>	<u>¥2,800</u>	<u>¥1,350</u>	<u>¥—</u>

9. Marketable securities

Securities classified as held-to-maturity securities

The following is a summary of the carrying amounts, acquisition cost and unrealized gains and losses at March 31, 2015.

	Yen in millions		
	Carrying amounts	Acquisition cost	Unrealized gain (loss)
Securities with carrying amount not exceeding acquisition cost			
Others	¥300	¥300	¥—
Sub total	300	300	—
Total	¥300	¥300	¥—

Securities classified as held-to-maturity securities

The following is a summary of the carrying amounts, acquisition cost and unrealized gains and losses at March 31, 2014.

	Yen in millions		
	Carrying Amounts	Acquisition cost	Unrealized gain (loss)
Securities with carrying amount not exceeding acquisition cost			
Others	¥300	¥300	¥—
Sub total	300	300	—
Total	¥300	¥300	¥—

Other securities

The following is a summary of the carrying amounts, acquisition cost and unrealized gains and losses by each holding category at March 31, 2015.

	Yen in millions		
	Carrying amounts	Acquisition cost	Unrealized gain (loss)
Securities with carrying amount exceeding acquisition cost			
Equity securities	¥16,940	¥7,328	¥9,611
Others	1,210	1,035	175
Sub total	18,151	8,364	9,786
Securities with carrying amount not exceeding acquisition cost			
Equity securities	194	246	(52)
Total	¥18,345	¥8,611	¥9,734

The following is a summary of the carrying amounts, acquisition cost and unrealized gains and losses by each holding category at March 31, 2014.

	Yen in millions		
	Carrying Amounts	Acquisition Cost	Unrealized gain (loss)
Securities with carrying amount exceeding acquisition cost			
Equity securities	¥14,669	¥7,182	¥7,487
Securities with carrying amount not exceeding acquisition cost			
Equity securities	274	343	(68)
Others	1,034	1,034	—
Sub total	1,309	1,377	(68)
Total	¥15,979	¥8,560	¥7,418

10. Supplementary cash flow information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2015 and 2014.

	Yen in millions	
	2015	2014
Cash and bank deposits	¥123,591	¥99,319
Time deposits with a maturity of more than three months	(84,162)	(506)
Cash and cash equivalents	¥39,429	¥98,813

11. Derivatives

2015 (From April 1, 2014 to March 31, 2015)

Disclosure is omitted due to lack of materiality

2014 (From April 1, 2013 to March 31, 2014)

Not applicable

12. Stock option

Stock option plan	2015 stock option
Number of individuals covered by the plan:	
Directors	15
Total	15
Type and number of shares to be issued upon exercise of stock subscription rights	Common stock 12,200 shares
Grant date	July 17, 2014
Exercise period	July 18, 2014~ July 17, 2044

Non-vested stock options (Number of shares):

Outstanding at March 31, 2014	54,600 shares
Granted	12,200 shares
Forfeited	—
Vested	3,300 shares
Outstanding at March 31, 2015	63,500 shares
Vested stock options (Number of shares)	
Outstanding at March 31, 2014	—
Vested	3,300 shares
Exercised	3,300 shares
Forfeited	—
Outstanding at March 31, 2015	—

	Vested	Outstanding
Exercise price (Yen)	1	1
Weighted average exercise price (Yen)	1,962	—
Fair value per stock at the grant date (Yen)	933.65	1,133.02

Stock option expenses included in selling, general and administrative expenses for the year ended March 31, 2015 amounted to ¥ 21 million. The fair value of options granted is estimated using the Black-Scholes option pricing model with the following weighted average assumptions.

	2015 stock option
Expected volatility	42.73%
Expected holding period	5.8 years
Expected dividend	¥27 per share
Risk-free rate	0.19%

13. Segment information

(a) Overview of reportable segments

The reportable segments of the Companies are those units for which separate financial information is available, and which are reviewed regularly by the company's management in order to determine allocation of resources and to assess business performance.

The Companies have business units categorized by product and service, and each business unit plans comprehensive business strategies and operates business activities domestically and internationally.

Therefore, the Companies have reportable segments, such as instruments, consumer-use products, and automobile sales based on business units categorized by products and services.

(b) Methods of calculating sales, income or loss, assets and other items by reportable segment

Accounting procedure for reportable segments is mostly the same as procedures indicated in 1. Summary of significant accounting policies. Income for reportable segment is based on operating income. Intersegment transaction prices are based on the market prices.

(c) Information on sales, income or loss, assets and other items by reportable segment

Segment information as of and for the year ended March 31, 2015 was as follows:

(Yen in millions)

Year ended or as of March 31, 2015	Reportable segments				Others	Total	Adjustment	Consolidated total
	Instruments	Consumer-use products	Automobile sales	Sub total				
Sales								
Unaffiliated customers	¥174,436	¥13,556	¥22,617	¥210,610	¥16,345	¥226,956	¥—	¥226,956
Intersegment	—	—	60	60	14,206	14,266	(14,266)	—
Total sales	174,436	13,556	22,677	210,671	30,551	241,222	(14,266)	226,956
Segment income (loss)	¥13,856	¥(538)	¥739	¥14,056	¥1,795	¥15,852	¥(584)	¥16,436
Segment assets	212,404	10,092	11,972	234,470	16,979	251,449	47,683	299,132
Others								
Depreciation and amortization	¥6,738	¥239	¥514	¥7,492	¥602	¥8,094	¥38	¥8,133
Increase in fixed assets	¥9,384	¥215	¥1,179	¥10,779	¥1,167	¥11,947	¥80	¥12,027

Segment information as of and for the year ended March 31, 2014 was as follows:

(Yen in millions)

Year ended or as of March 31, 2014	Reportable segments				Others	Total	Adjustment	Consolidated total
	Instruments	Consumer-use products	Automobile sales	Sub total				
Sales								
Unaffiliated customers	¥167,820	¥13,150	¥23,766	¥204,737	¥15,407	¥220,144	¥—	¥220,144
Intersegment	—	—	55	55	14,076	14,131	(14,131)	—
Total sales	167,820	13,150	23,821	204,792	29,484	234,276	(14,131)	220,144
Segment income (loss)	¥17,034	¥(1,048)	¥909	¥16,895	¥2,068	¥18,964	¥(748)	¥18,215
Segment assets	178,384	9,096	11,375	198,857	13,760	212,617	50,514	263,132
Others								
Depreciation and amortization	¥5,752	¥224	¥442	¥6,419	¥508	¥6,928	¥42	¥6,970
Increase in fixed assets	¥9,520	¥209	¥1,753	¥11,482	¥575	¥12,057	¥3	¥12,061

[Related information]

Geographic Information

(Yen in millions)

Year ended March 31, 2015	Japan	Americas	Europe	Asia	Total
Sales	¥86,094	¥51,608	¥23,740	¥65,513	¥226,956
Property, plant and equipment	¥29,219	¥9,400	¥1,432	¥15,377	¥55,429

(Yen in millions)

Year ended March 31, 2014	Japan	Americas	Europe	Asia	Total
Sales	¥86,269	¥46,541	¥22,020	¥65,313	¥220,144
Property, plant and equipment	¥27,443	¥8,159	¥1,486	¥13,541	¥50,632

[Information on goodwill and its amortization]

(Yen in millions)

Year ended March 31, 2015	Instruments	Automobile sales	Sub total	Others	Total
Goodwill					
Amortization of goodwill	¥47	¥105	¥152	¥—	¥152
Balance at the end of current period	¥—	¥89	¥89	¥—	¥89
Negative goodwill					
Amortization of negative goodwill	¥—	¥—	¥—	¥—	¥—
Balance at the end of current period	¥—	¥—	¥—	¥—	¥—

(Yen in millions)

Year ended March 31, 2014	Instruments	Automobile sales	Sub total	Others	Total
Goodwill					
Amortization of goodwill	¥58	¥105	¥163	¥—	¥163
Balance at the end of current period	¥46	¥194	¥241	¥—	¥241
Negative goodwill					
Amortization of negative goodwill	¥3	¥—	¥3	¥—	¥3
Balance at the end of current period	¥—	¥—	¥—	¥—	¥—

[Information on impairment loss on fixed assets by reportable segments]

Year ended March 31, 2015

(Yen in millions)

	Reportable segments				Others	Elimination · unallocated amount	Total
	Instruments	Consumer-use products	Automobile sales	Sub total			
Impair loss on fixed assets	¥167	¥84	¥—	¥252	¥—	¥—	¥252

Non-consolidated Financial Statements of NIPPON SEIKI Co., Ltd. for the Fiscal Year 2015 and 2014

Balance Sheets

	March 31, 2015	March 31, 2014
	(Yen in millions)	(Yen in millions)
Assets		
Current assets		
Cash and bank deposits	¥19,617	¥17,768
Notes receivable-trade	496	496
Electronically recorded monetary claims-operating	2,923	1,722
Accounts receivable	30,137	31,714
Securities	300	—
Merchandise and finished goods	3,638	3,570
Raw materials	2,310	2,094
Work in process	3,067	2,383
Supplies	283	256
Prepaid expenses	71	60
Deferred tax assets	1,396	1,398
Short-term loans	12,462	9,254
Other receivables	3,816	2,947
Other current assets	19	48
Allowance for doubtful accounts	(263)	(203)
Total current assets	80,276	73,514
Noncurrent assets		
Property, plant and equipment		
Buildings	3,633	2,967
Structures	124	121
Machinery and equipment	1,828	968
Vehicles	30	34
Tools, jigs and fixtures	1,668	1,347
Land	7,284	7,285
Leased assets	18	25
Construction in progress	178	955
Total property, plant and equipment	14,769	13,706
Intangible assets		
Software	1,690	1,936
Software in progress	269	8
Other intangible assets	0	0
Total intangible assets	1,960	1,946
Investment and other assets		
Investment securities	20,151	18,123
Investment in subsidiary and affiliate companies	74,206	74,372
Long-term loans receivable	2,915	1,574
Long-term prepaid expenses	57	55
Other investments and assets	111	103
Allowance for doubtful accounts	(10)	(80)
Total investment and other assets	97,432	94,148
Total noncurrent assets	114,161	109,801
Total assets	¥194,437	¥183,316

	March 31, 2015	March 31, 2014
Liabilities	(Yen in millions)	(Yen in millions)
Current liabilities		
Notes payable-trade	¥752	¥349
Accounts payable	17,044	18,418
Short-term loans payable	60,476	57,589
Current portion of long-term loans payable	4,550	3,550
Lease obligations	7	8
Other payable	3,566	3,953
Income tax payable	1,475	399
Accrued expenses	2,738	2,624
Advances received	0	0
Accrued bonuses to employees	865	862
Provision for compensation for products	136	137
Provision for loss on litigation	928	1,350
Deposits received	312	291
Notes payable-trade capital investment	458	28
Total current liabilities	93,311	89,566
Long-term liabilities		
Long-term loans payable	13,000	12,800
Lease obligations	12	18
Deferred tax liabilities	720	830
Provision for employees' retirement benefits	1,303	1,404
Other long-term liabilities	193	164
Total long-term liabilities	15,229	15,217
Total liabilities	108,541	104,784
Net assets		
Shareholders' equity		
Common stock	14,494	14,494
Capital surplus		
Additional paid-in capital	6,214	6,214
Other capital surplus	261	264
Total capital surplus	6,476	6,479
Retained earnings		
Legal reserves	960	960
Other retained earnings		
Reserve for special depreciation	2	5
General reserve	54,980	49,980
Earned surplus carried forward	8,718	8,056
Total retained earnings	64,661	59,001
Treasury stock	(6,302)	(6,283)
Total shareholders' equity	79,330	73,692
Valuation and translation adjustments		
Unrealized gain on investment securities	6,499	4,791
Total valuation and translation adjustments	6,499	4,791
Subscription rights to shares	66	47
Total net assets	85,896	78,531
Total liabilities and net assets	¥194,437	¥183,316

Statements of Income

	Year ended March 31, 2015	Year ended March 31, 2014
	(Yen in millions)	(Yen in millions)
Sales	¥104,376	¥107,699
Operating costs and expenses		
Cost of sales	92,790	93,373
Selling, general and administrative expenses	9,177	9,266
Total operating costs and expenses	101,967	102,639
Operating income	2,408	5,060
Non-operating income		
Interest and dividend income	2,890	1,837
Foreign exchange gains	5,851	3,809
Other non-operating income	380	668
Total non-operating income	9,122	6,314
Non-operating expenses		
Interest expenses	284	282
Provision of allowance for doubtful accounts	—	38
Provision for loss on litigation	132	—
Other non-operating expenses	6	4
Total non-operating expenses	423	325
Ordinary income	11,107	11,049
Extraordinary income		
Gain on sales of fixed assets	13	2
Total extraordinary income	13	2
Extraordinary loss		
Loss on sales and disposal of fixed assets	19	42
Impairment loss	84	—
Write-off of investment securities	0	—
Loss on valuation of investment securities	851	387
Provision for loss on litigation	—	685
Total extraordinary loss	957	1,114
Income before income taxes	10,164	9,937
Income taxes	2,726	3,351
Net income	¥7,437	¥6,585

Statements of Changes in Net Assets
(From April 1, 2014 to March 31, 2015)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid in capital	Other capital surplus	Total capital Surplus
Balance as of March 31, 2014	¥14,494	¥6,214	¥264	¥6,479
Cumulative effects of changes in accounting policies				
Restated balance	14,494	6,214	264	6,479
Changes in the year				
Dividends from surplus				
Reversal of reserve for special depreciation				
Provision of general reserve				
Net income				
Purchase of treasury shares				
Disposal of treasury shares			(2)	(2)
Net changes in items other than those in shareholders' equity				
Total changes in the year	—	—	(2)	(2)
Balance as of March 31, 2015	¥14,494	¥6,214	¥261	¥6,476

	Shareholders' equity				
	Retained earnings				
	Legal reserve	Other retained earnings			Total retained earnings
Reserve for special depreciation		General reserve	Earned surplus carried forward		
Balance as of March 31, 2014	¥960	¥5	¥49,980	¥8,056	¥59,001
Cumulative effects of changes in accounting policies				54	54
Restated balance	960	5	49,980	8,110	59,056
Changes in the year					
Dividends from surplus				(1,832)	(1,832)
Reversal of reserve for special depreciation		(2)		2	—
Provision of general reserve			5,000	(5,000)	—
Net income				7,437	7,437
Purchase of treasury shares					
Disposal of treasury shares					
Net changes in items other than those in shareholders' equity					
Total changes in the year	—	(2)	5,000	607	5,605
Balance as of March 31, 2015	¥960	¥2	¥54,980	¥8,718	¥64,661

(Yen in millions)

	Shareholders' equity		Valuation, translation adjustment	Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain on investment securities		
Balance as of March 31, 2014	¥(6,283)	¥73,692	¥4,791	¥47	¥78,531
Cumulative effects of changes in accounting policies		54			54
Restated balance	(6,283)	73,746	4,791	47	78,585
Changes in the year					
Dividends from surplus		(1,832)			(1,832)
Reversal of reserve for special depreciation		—			—
Provision of general reserve		—			—
Net income		7,437			7,437
Purchase of treasury shares	(24)	(24)			(24)
Disposal of treasury shares	5	3			3
Net changes in items other than those in shareholders' equity			1,708	18	1,726
Total changes in the year	(18)	5,583	1,708	18	7,310
Balance as of March 31, 2015	¥(6,302)	¥79,330	¥6,499	¥66	¥85,896

(From April 1, 2013 to March 31, 2014)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid in capital	Other capital surplus	Total capital Surplus
Balance as of March 31, 2013	¥14,494	¥6,214	¥276	¥6,491
Cumulative effects of changes in accounting policies				
Restated balance	14,494	6,214	276	6,491
Changes in the year				
Dividends from surplus				
Reversal of reserve for special depreciation				
Provision of general reserve				
Net income				
Purchase of treasury shares				
Disposal of treasury shares			(12)	(12)
Net changes in items other than those in shareholders' equity				
Total changes in the year	—	—	(12)	(12)
Balance as of March 31, 2014	¥14,494	¥6,214	¥264	¥6,479

	Shareholders' equity				
	Retained earnings				
	Legal reserve	Other retained earnings			Total retained earnings
Reserve for special depreciation		General reserve	Earned surplus carried forward		
Balance as of March 31, 2013	¥960	¥9	¥44,180	¥8,584	¥53,733
Cumulative effects of changes in accounting policies				—	—
Restated balance	960	9	44,180	8,584	53,733
Changes in the year					
Dividends from surplus				(1,317)	(1,317)
Reversal of reserve for special depreciation		(3)		3	—
Provision of general reserve			5,800	(5,800)	—
Net income				6,585	6,585
Purchase of treasury shares					
Disposal of treasury shares					
Net changes in items other than those in shareholders' equity					
Total changes in the year	—	(3)	5,800	(527)	5,268
Balance as of March 31, 2014	¥960	¥5	¥49,980	¥8,056	¥59,001

(Yen in millions)

	Shareholders' equity		Valuation, translation adjustment	Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain on investment securities		
Balance as of March 31, 2013	¥(6,275)	¥68,444	¥4,383	¥38	¥72,866
Cumulative effects of changes in accounting policies		—			—
Restated balance	(6,275)	68,444	4,383	38	72,866
Changes in the year					
Dividends from surplus		(1,317)			(1,317)
Reversal of reserve for special depreciation		—			—
Provision of general reserve		—			—
Net income		6,585			6,585
Purchase of treasury shares	(32)	(32)			(32)
Disposal of treasury shares	23	11			11
Net changes in items other than those in shareholders' equity			407	9	417
Total changes in the year	(8)	5,248	407	9	5,665
Balance as of March 31, 2014	¥(6,283)	¥73,692	¥4,791	¥47	¥78,531

- **Company name** : Nippon Seiki Co., Ltd.
- **Established** : December 24, 1946
- **Common stock** : 14,494,287,162 Yen
- **Number of employees** : 1,714

- **Main products and activities (Nippon Seiki Group)**

- Automotive instruments
- Head-up displays ※
- Motorcycle instruments
- Instruments for agricultural and construction machines and boats
- Sensors for automobiles
- Control panels for office equipment
- Remote controllers for air conditioners and housing and facility equipment
- PCB assemblies for amusements
- EMS of high-density mounting boards
- Automobile sales
- Aftermarket car products
- Liquid crystal display panels and modules
- Organic light emitting diode display panels and modules
- Resin material processing and sales
- Freight transportation
- Software development etc.

Note:

- ※ "Head-up displays (HUD)" use projection technology to display vehicle information on the windshield.

- **Offices and Factories**

- **Head office and Factory**
2-34, Higashi-Zaoh 2-chome, Nagaoka-shi, Niigata, 940-8580 JAPAN
- **Takami Division**
2-8, Higashi-Takami 2-chome, Nagaoka-shi, Niigata, 940-0006 JAPAN
- **NS Technical Center**
2-8, Higashi-Takami 2-chome, Nagaoka-shi, Niigata, 940-0006 JAPAN
- **NS Tokyo Technical Center**
27-3, Taito 2-chome, Taito-ku, Tokyo, 110-0016 JAPAN
- **Research & Development Center**
190-1, Fujihashi 1-chome, Nagaoka-shi, Niigata, 940-2141 JAPAN
- **Offices**
Utsunomiya, Tokyo, Hamamatsu, Nagoya, Suzuka, Osaka, Mizushima, Kumamoto, ShenZhen
- **Branch Office**
Hong Kong

Worldwide Network

● Japan

- NS Advantech Co., Ltd. / Ojiya-shi, Niigata, Japan
- N.S. Electronics Co., Ltd. / Nagaoka-shi, Niigata, Japan
- NS WEST Inc. / Shobara-shi, Hiroshima, Japan
- N.S.Computer Service Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Nissei Service Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Honda Car Sales Nagaoka Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Niigata Mazda Co., Ltd. / Niigata-shi, Niigata, Japan
- Mazda Mobility Niigata Co., Ltd. / Niigata-shi, Niigata, Japan
- Car Station Niigata Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Nissei Kyusyoku Co., Ltd. / Nagaoka-shi, Niigata, Japan

● The Americas

- New Sabina Industries, Inc. / Sabina, Ohio, U.S.A.
- N.S. International, Ltd. / Troy, Michigan, U.S.A.
- Nippon Seiki De Mexico S.A. De C.V. / Nuevo Leon, Mexico
- Nissei Advantech Mexico S.A. De C.V. / Nuevo Leon, Mexico
- Nissei Display Mexico S.A. De C.V. / Nuevo Leon, Mexico
- Nippon Seiki Do Brasil Ltda. / Manaus, Amazonas, Brazil
- NS Sao Paulo Componentes Automotivos Ltda. / Sao Paulo, Brazil

● Europe

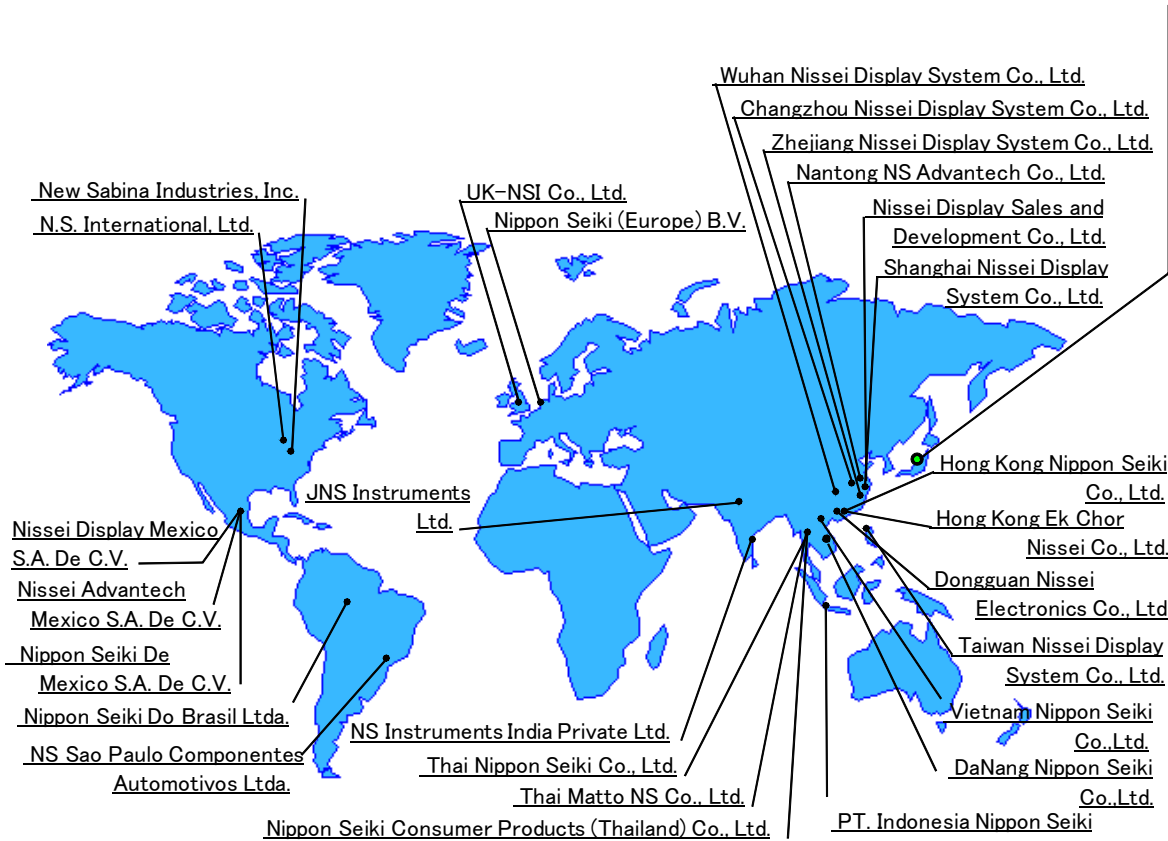
- UK-NSI Co., Ltd. / Redditch, Worcs, U.K.
- Nippon Seiki (Europe) B.V. / Amsterdam, Netherlands

● Asia

- Thai Nippon Seiki Co., Ltd. / Chonburi, Thailand
- Thai Matto NS Co., Ltd. / Chonburi, Thailand
- Nippon Seiki Consumer Products (Thailand) Co., Ltd. / Chonburi, Thailand
- PT. Indonesia Nippon Seiki / Banten, Indonesia
- Vietnam Nippon Seiki Co., Ltd. / Hanoi, Vietnam
- DaNang Nippon Seiki Co., Ltd. / DaNang city, Vietnam
- NS Instruments India Private Ltd. / Andhara Pradesh, India
- Hong Kong Nippon Seiki Co., Ltd. / Hong Kong, China
- Dongguan Nissei Electronics Co., Ltd. / Dongguan, Guangdong, China
- Shanghai Nissei Display System Co., Ltd. / Shanghai, China
- Wuhan Nissei Display System Co., Ltd. / Hubei, China
- Nissei Display Sales and Development Co., Ltd. / Shanghai, China
- Taiwan Nissei Display System Co., Ltd. / Taipei, Taiwan R.O.C.
- Changzhou Nissei Display System Co., Ltd. / Changzhou, Jiangsu, China
- Nantong NS Advantech Co., Ltd. / Nantong, Jiangsu, China
- Zhejiang Nissei Display System Co., Ltd. / Cixi, Zhejiang, China
- Hong Kong Ek Chor Nissei Co., Ltd. / Hong Kong, China
- JNS Instruments Ltd. / Haryana, India

Nippon Seiki Co., Ltd.

- NS Advantech Co., Ltd.
- N.S. Electronics Co., Ltd.
- NS WEST Inc.
- N.S.Computer Service Co., Ltd.
- Nissei Service Co., Ltd.
- Honda Car Sales Nagaoka Co., Ltd.
- Niigata Mazda Co., Ltd.
- Mazda Mobility Niigata Co., Ltd.
- Car Station Niigata Co., Ltd.
- Nissei Kyusyoku Co., Ltd.



Nippon Seiki Group is composed of 36 subsidiaries and 1 affiliated company. The main business of the group is responsible for the manufacture and sale of instruments for automobiles, motorcycles, agricultural / construction machines and boats, and the manufacture and sale of liquid crystal display panels and modules, consumer-use products, automobiles and other products. NS Group also has businesses related to transport and research & development connected with the above products. NS Group is also involved in software development and other services.

Details of each company in the group and its main activities are as follows:

● Consolidated subsidiaries

Name of Company	Voting rights equity ratio	Main activities	Main trade with subsidiaries
NS Advantech Co., Ltd.	100.0	Manufacture of automotive and motorcycle and instruments / Plastic injection molding / Compounding, coloring of plastics, and trading	Purchasing products and component parts
N.S. Electronics Co., Ltd.	100.0	Manufacture of electronic sub-assemblies for instruments and remote controllers	Purchasing products and component parts
NS WEST Inc.	100.0	Manufacture and sales of automotive instruments and peripheral systems	Selling and purchasing products
N.S.Computer Service Co., Ltd.	100.0	Software development and sales/ Office automation equipment sales / Computer services	Outsourcing software development
Nissei Service Co., Ltd.	100.0	Transportation / Advertising agency	Outsourcing packing and transporting products
Honda Car Sales Nagaoka Co., Ltd.	100.0	Honda car dealer	Purchasing cars
Niigata Mazda Co., Ltd.	100.0	Mazda car dealer	Purchasing cars
Mazda Mobility Niigata Co., Ltd.	100.0	Car rental and car sharing	None
Car Station Niigata Co., Ltd.	100.0	Second-hand car dealing and sales of cars	Purchasing cars
UK-NSI Co., Ltd.	100.0	Manufacture of automotive and motorcycle instruments	Selling products
Nippon Seiki (Europe) B.V.	100.0	Sales of products manufactured by Nippon Seiki Group in the European market	Selling products
New Sabina Industries, Inc.	100.0	Manufacture and sales of automotive instruments	Selling products
N.S. International, Ltd.	100.0	Sales of products manufactured by Nippon Seiki Group in the North American market	Selling products
Nippon Seiki De Mexico S.A. De C.V.	100.0	Manufacture of electronic sub-assemblies automotive instruments	Selling products
Nissei Advantech Mexico S.A. De C.V.	100.0	Manufacture and sales of parts for automotive instruments	None
Nissei Display Mexico S.A. De C.V.	100.0	Manufacture and sales of automotive instruments	None
Nippon Seiki Do Brasil Ltda.	100.0	Manufacture and sales of motorcycle instruments	Selling products
NS Sao Paulo Componentes Automotivos Ltda.	100.0	Manufacture and sales of automotive instruments	Selling products
Thai Nippon Seiki Co., Ltd.	69.9	Manufacture and sales of automotive and motorcycle instruments	Selling and purchasing products
Thai Matto NS Co., Ltd.	83.5	Compounding, and coloring of plastics, and trading	None
Nippon Seiki Consumer Products (Thailand) Co., Ltd.	80.0	Manufacture of control panels for office automation equipment and remote controllers for air conditioners and household equipment	Selling products

Name of Company	Voting rights equity ratio	Main activities	Main trade with subsidiaries
PT. Indonesia Nippon Seiki	70.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
Vietnam Nippon Seiki Co., Ltd.	70.0	Manufacture and sales of motorcycle instruments	Selling products
DaNang Nippon Seiki Co., Ltd.	100.0	Manufacture and sales of motorcycle instruments	Outsourcing software development
Hong Kong Nippon Seiki Co., Ltd.	100.0	Sales of control panels for office automation equipment and remote controllers for air conditioners and household equipment	Purchasing and selling products
Dongguan Nissei Electronics Co., Ltd.	100.0	Manufacture of control panels for office automation equipment and remote controllers for air conditioners and household equipment	Selling products
Shanghai Nissei Display System Co., Ltd.	80.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
Wuhan Nissei Display system Co., Ltd.	75.0	Manufacture of automotive instruments	Selling products
Nissei Display Sales and Development Co., Ltd.	91.0	Sales of products manufactured by Nippon Seiki Group in the Chinese market	Selling products
Taiwan Nissei Display System Co., Ltd.	80.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
Changzhou Nissei Display System Co., Ltd.	100.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
Nantong NS Advantech Co., Ltd.	100.0	Compounding, and coloring of plastics, and trading	Purchasing component parts
Zhejiang Nissei Display System Co., Ltd.	100.0	Manufacture and sales of motorcycle instruments	Selling products
Hong Kong Ek Chor Nissei Co., Ltd.	100.0	Investment and holding company	Investment in China on behalf of the parent

● **Non-consolidated subsidiaries and the affiliated company are as follows:**

• **Non-consolidated subsidiaries**

- Nissei Kyusyoku Co., Ltd.
- NS Instruments India Private Ltd.

• **Affiliated company (which does not influence the consolidated financial statements)**

- JNS Instruments Ltd.

2,413 shareholders, in total, hold the company's common shares.

Details of the issued shares and shareholders are as follows:

- Total number of authorized shares: 220,000,000 shares
- Total number of issued shares: 60,907,599 shares

● Major shareholders

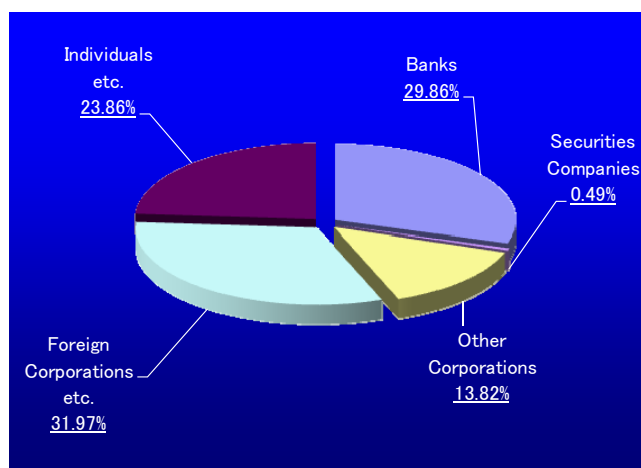
(1,000 shares)

Name	Shares owned (percentage of shareholdings)
Honda Motor Co., Ltd.	3,753 (6.55%)
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	3,036 (5.30%)
The Master Trust Bank of Japan, Ltd.	2,149 (3.75%)
Japan Trustee Services Bank, Ltd.	1,871 (3.27%)
NORTHERN TRUST CO. (AVFC) RE 15PCT TREATY ACCOUNT	1,785 (3.12%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,779 (3.11%)
JP MORGAN CHASE BANK 385632	1,748 (3.05%)
The Daishi Bank, Ltd.	1,568 (2.74%)
Shareholding association of Nippon Seiki Employees	1,401 (2.45%)
Yamaha Motor Co., Ltd.	1,217 (2.13%)

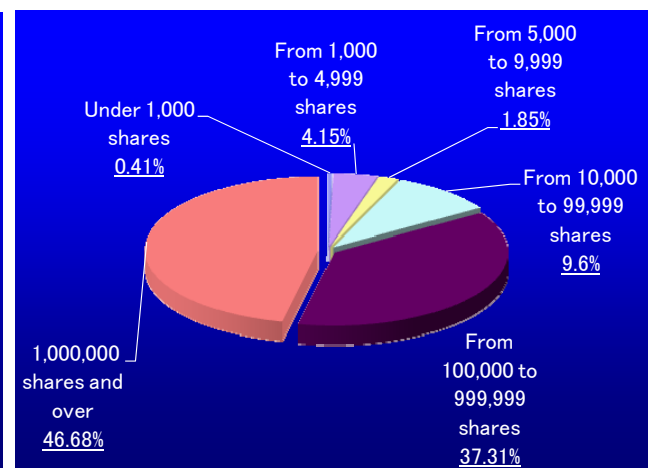
Notes:

- ※1 Percentage of shareholdings ratio is calculated by deducting 3,637,650 shares of treasury stocks from total shares issued.
- ※2 Nippon Seiki holds treasury stocks (3,637,650 shares), but this has not been included in the above major shareholders' information.

● Distribution ratio by type of shareholder



● Distribution ratio by number of shares of total capital



Note:

- ※ Nippon Seiki has issued share acquisition rights in the form of stock options for a stock-based compensation plan to the company's directors.

VIII. BOARD OF DIRECTORS AND AUDIT AND SUPERVISORY BOARD MEMBERS

As of June 26, 2015

Directors

⟨Name⟩

Chairman and Representative Director	Shoji Nagai
President, Chief Executive Officer and Representative Director	Hirotooshi Takada
Senior Managing Officer and Director	Makoto Okawa
Managing Officer and Director	Junichi Suzuki
Managing Officer and Director	Toshiaki Ichihashi
Managing Officer and Director	Akira Nakamura
Managing Officer and Director	Masaharu Takano
Outside Director	Sanji Arisawa
Outside Director	Takashi Sakikawa

Audit & Supervisory Board Members

⟨Name⟩

Audit & Supervisory Board Member (Full-time)	Takashi Komagata
Audit & Supervisory Board Member (Full-time)	Masao Asano
Audit & Supervisory Board Member	Michiaki Miyajima
Audit & Supervisory Board Member	Etsuo Saiki