

ANNUAL REPORT 2016

FROM APRIL 1ST, 2015 TO MARCH 31ST, 2016



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 8.8% to ¥189,784 million, from the previous fiscal year.

● Consumer-use products sales

Sales increased by 3.2% to ¥13,993 million from the previous fiscal year, mainly due to an increase in orders for control panels for office equipment and PCB assemblies for amusement products and so on.

● Automobile sales

Sales of cars at our dealerships increased by 1.0% to ¥22,845 million from the previous fiscal year mainly due to an increase in orders for new cars.

● Other businesses

Sales of other products and services totaled ¥16,982 million, 3.9% 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, 2016, resulted in sales of ¥243,606 million, an increase of 7.3% from the previous fiscal year. At the same time, ordinary income for the year decreased by 30.7%, to ¥16,378 million, and profit for the year decreased by 36.8%, to ¥9,143 million, respectively.

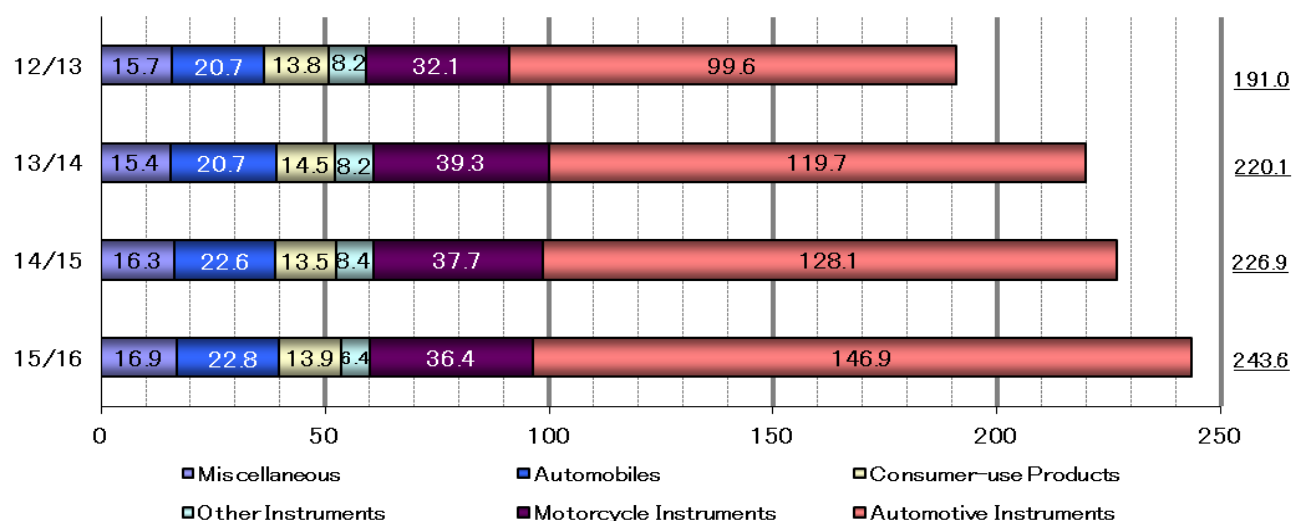
● Consolidated sales by business segment

	2013 (Yen in millions)	2014 (Yen in millions)	2015 (Yen in millions)	2016 (Yen in millions)	Increase (Decrease)
Instruments for automobiles, motorcycles, agricultural / construction machines and boats	140,014	167,820	174,436	189,784	8.8%
Consumer-use products	14,516	13,150	13,556	13,993	3.2%
Automobiles	20,784	23,766	22,617	22,845	1.0%
Other businesses	15,705	15,407	16,345	16,982	3.9%
Total	191,021	220,144	226,956	243,606	7.3%

1. Consolidated Financial Highlights

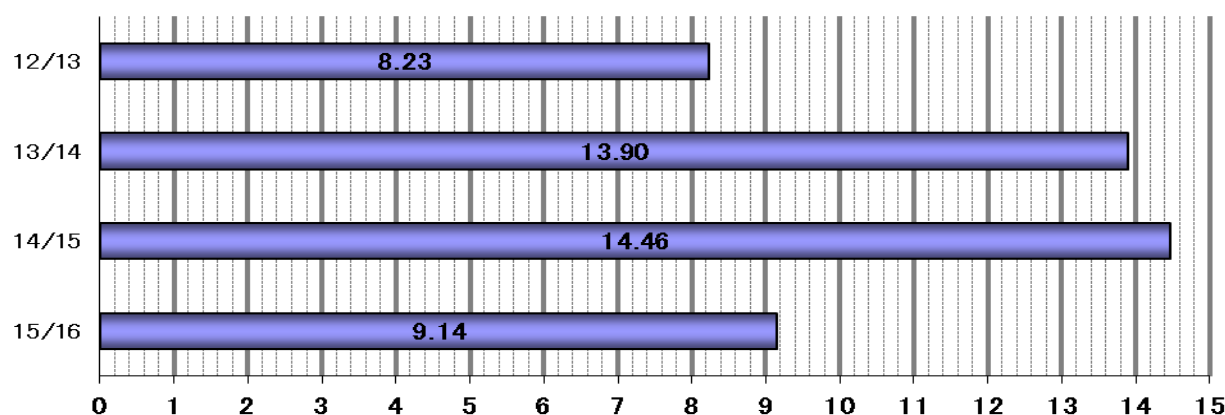
1-1. Consolidated Sales

Yen in billions



1-2. Consolidated Profit for the year

Yen in billions



Consolidated sales for the fiscal year ending March 31, 2016, increased by 7.3% to ¥243,606 million, ordinary income decreased by 30.7% to ¥16,378 million, and profit for the year decreased by 36.8% to ¥9,143 million.

1-3. Consolidated Financial Highlights

	2013	2014	2015	2016
Sales (Yen in millions)	191,021	220,144	226,956	243,606
Ordinary income (Yen in millions)	15,611	23,029	23,619	16,378
Profit for the year (Yen in millions)	8,231	13,908	14,467	9,143
Earnings per share attributable to owners of parent (Yen) ※	143.69	242.79	252.60	159.67
Total assets (Yen in millions)	231,990	263,132	299,132	292,130
Net assets (Yen in millions)	115,873	139,256	170,663	164,847
Net assets per share (Yen)	1,905.58	2,278.25	2,794.24	2,697.71

Note:

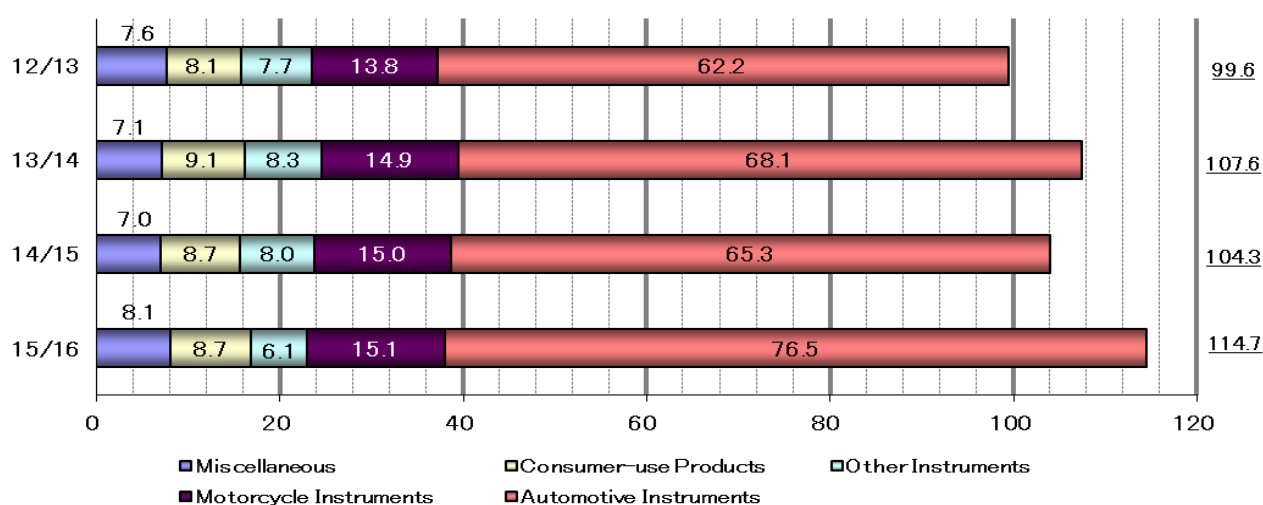
※ Earnings per share attributable to owners of parent is calculated by the weighted average number of shares of common stock outstanding during the year.

2. Non-Consolidated Financial Highlights

As of March 31, 2016

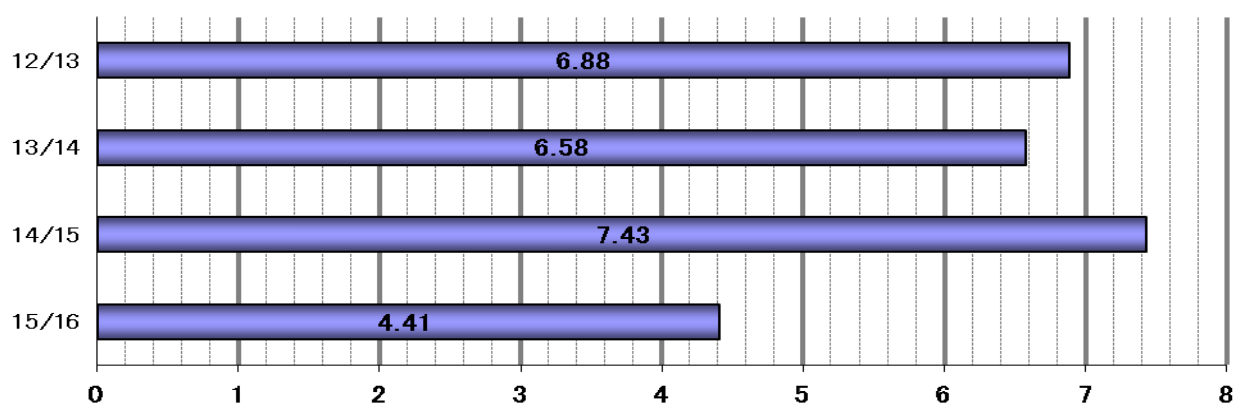
2-1. Non-Consolidated Sales

Yen in billions



2-2. Non-Consolidated Profit for the year

Yen in billions



Non-Consolidated sales for the fiscal year ending March 31, 2016, increased by 9.9% to ¥114,703 million, ordinary income decreased by 50.6% to ¥5,485 million, and profit for the year decreased by 40.6% to ¥4,414 million.

2-3. Non-Consolidated Financial Highlights

	2013	2014	2015	2016
Sales (Yen in millions)	99,613	107,699	104,376	114,703
Ordinary income (Yen in millions)	11,735	11,049	11,107	5,485
Profit for the year (Yen in millions)	6,880	6,585	7,437	4,414
Earnings per share (Yen) ※	120.11	114.97	129.86	77.09
Dividend per share (Yen)	20.00	27.00	33.00	35.00
Total assets (Yen in millions)	172,836	183,316	194,437	197,879
Net assets (Yen in millions)	72,866	78,531	85,896	85,788
Common stock (Yen in millions)	14,494	14,494	14,494	14,494
Equity ratio (%)	42.1	42.8	44.1	43.3

Note:

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

Consolidated Balance Sheets

	March 31, 2016	March 31, 2015
Assets	(Yen in millions)	(Yen in millions)
Current assets		
Cash and deposits (Note 8,10)	¥58,861	¥123,591
Notes and accounts receivable - trade (Note 8)	47,261	40,997
Securities (Note 9)	—	300
Merchandise and finished goods	13,091	14,127
Work in process	3,600	4,936
Raw materials and supplies	18,917	19,373
Deferred tax assets (Note 5)	2,768	3,443
Other	9,481	7,317
Allowance for doubtful accounts (Note 8)	(189)	(230)
Total current assets	153,792	213,859
Non-current assets		
Property, plant and equipment		
Buildings and structures (Note 2)	15,290	16,125
Machinery, equipment and vehicles	14,712	15,738
Tools, fixture and fixtures	4,991	5,195
Land (Note 2)	16,148	16,103
Leased assets	254	398
Construction in progress	2,155	1,867
Total property, plant and equipment	53,552	55,429
Intangible assets		
Goodwill	6	89
Other	3,662	3,558
Total intangible assets	3,669	3,647
Investments and other assets		
Investment securities (Note 8,9)	19,302	23,095
Deferred tax assets (Note 5)	1,712	872
Long-term time deposits (Note 8)	58,122	429
Other	1,990	1,809
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	81,115	26,196
Total non-current assets	138,338	85,273
Total assets	¥292,130	¥299,132

	March 31, 2016	March 31, 2015
Liabilities	(Yen in millions)	(Yen in millions)
Current liabilities		
Notes and accounts payable - trade (Note 8)	¥32,760	¥30,655
Short-term loans payable (Note 2,8)	61,693	58,361
Lease obligations (Note 2)	111	120
Income taxes payable (Note 5)	1,327	3,188
Provision for bonuses	2,132	1,913
Provision for directors' bonuses	70	—
Provision for compensation for products	580	342
Provision for loss on order received	19	4
Provision for loss on litigation	870	928
Provision for loss on liquidation of subsidiaries and associates	—	162
Other	12,638	13,104
Total current liabilities	112,205	108,782
Non-current liabilities		
Long-term loans payable (Note 2,8)	8,460	13,000
Lease obligations (Note 2)	169	191
Deferred tax liabilities (Note 5)	2,957	3,259
Provision for directors' retirement benefits	223	206
Net defined benefit liability (Note 3)	2,985	2,766
Asset retirement obligations	68	65
Other	214	198
Total non-current liabilities	15,078	19,687
Total liabilities	127,283	128,469
Net assets		
Shareholders' equity		
Capital stock (Note 4)	14,494	14,494
Capital surplus	6,473	6,476
Retained earnings	120,432	113,218
Treasury shares (Note 4)	(6,314)	(6,302)
Total shareholders' equity	135,085	127,887
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,032	6,540
Foreign currency translation adjustment	15,487	25,710
Remeasurements of defined benefit plans	(116)	(112)
Total accumulated other comprehensive income	19,403	32,138
Subscription rights to shares (Note 12)	80	66
Non-controlling interests	10,277	10,570
Total net assets	164,847	170,663
Total liabilities and net assets	¥292,130	¥299,132

See notes to consolidated financial statements.

Consolidated Statements of Income

	Year ended March 31, 2016	Year ended March 31, 2015
	(Yen in millions)	(Yen in millions)
Net Sales	¥243,606	¥226,956
Cost of sales	191,858	181,176
Gross profit	51,748	45,779
Selling, general and administrative expenses		
Packing and transportation expenses	5,294	5,126
Employees' salaries	12,072	10,635
Provision of allowance for doubtful accounts	—	7
Provision for bonuses	622	560
Provision for compensation for products	305	28
Retirement benefit expenses	638	434
Provision for directors' retirement benefits	40	37
Depreciation	1,571	1,428
Other	13,119	11,084
Total selling, general and administrative expenses	33,664	29,343
Operating income	18,083	16,436
Non-operating income		
Interest income	1,780	1,155
Dividend income	421	443
Foreign exchange gains	—	5,516
Other	1,151	587
Total non-operating income	3,352	7,703
Non-operating expenses		
Interest expenses	308	321
Provision for loss on litigation	—	132
Foreign exchange losses	4,617	—
Other	132	65
Total non-operating expenses	5,057	519
Ordinary income	16,378	23,619
Extraordinary income		
Gain on sales of non-current assets	108	37
Gain on sales of investment securities	16	—
Total extraordinary income	124	37
Extraordinary losses		
Loss on sales of non-current assets	14	7
Loss on retirement of non-current assets	74	78
Impairment loss	—	252
Loss on valuation of investment securities	—	0
Provision for loss on liquidation of subsidiaries and associates	—	144
Other	—	0
Total extraordinary losses	88	483
Profit before income taxes	16,414	23,174
Income taxes (Note 5)	6,293	7,629
Profit for the year	10,121	15,544
Profit attributable to non-controlling interests	977	1,077
Profit attributable to owners of parent (Note 7)	¥9,143	¥14,467

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Year ended March 31, 2016	Year ended March 31, 2015
	(Yen in millions)	(Yen in millions)
Profit for the year	¥10,121	¥15,544
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,508)	1,728
Foreign currency translation adjustment	(11,059)	16,406
Remeasurements of defined benefit plans	3	(10)
Total other comprehensive income	(13,564)	18,124
Comprehensive income	(3,442)	33,669
Comprehensive income attributable to owners of parent	(3,590)	31,376
Comprehensive income attributable to non-controlling interests	147	2,293

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Year ended March 31, 2016

(Yen in millions)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2015	¥14,494	¥6,476	¥113,218	¥(6,302)	¥127,887
Changes of items during period					
Dividends of surplus			(2,004)		(2,004)
Profit attributable to owners of parent			9,143		9,143
Change of scope of consolidation			109		109
Employee welfare fund			(36)		(36)
Purchase of treasury shares				(22)	(22)
Disposal of treasury shares		(3)		10	7
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(3)	7,213	(12)	7,197
Balance as of March 31, 2016	¥14,494	¥6,473	¥120,432	¥(6,314)	¥135,085

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of March 31, 2015	¥6,540	¥25,710	¥(112)	¥32,138	¥66	¥10,570	¥170,663
Changes of items during period							
Dividends of surplus							(2,004)
Profit attributable to owners of parent							9,143
Change of scope of consolidation							109
Employee welfare fund							(36)
Purchase of treasury shares							(22)
Disposal of treasury shares							7
Net changes of items other than shareholders' equity	(2,508)	(10,222)	(4)	(12,734)	14	(293)	(13,013)
Total changes of items during period	(2,508)	(10,222)	(4)	(12,734)	14	(293)	(5,816)
Balance as of March 31, 2016	¥4,032	¥15,487	¥(116)	¥19,403	¥80	¥10,277	¥164,847

See notes to consolidated financial statements.

Year ended March 31, 2015

(Yen in millions)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury shares	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 of items during period					
Dividends of surplus			(1,832)		(1,832)
Profit attributable to owners of parent			14,467		14,467
Change of scope of consolidation			(13)		(13)
Employee welfare fund			(30)		(30)
Purchase of treasury shares				(24)	(24)
Disposal of treasury shares		(2)		5	3
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(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				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
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 of items during period							
Dividends of surplus							(1,832)
Profit attributable to owners of parent							14,467
Change of scope of consolidation							(13)
Employee welfare fund							(30)
Purchase of treasury shares							(24)
Disposal of treasury shares							3
Net changes of items other than shareholders' equity	1,728	15,191	(11)	16,908	18	1,854	18,782
Total changes of items during period	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.

Consolidated Statements of Cash Flows

	Year ended March 31, 2016	Year ended March 31, 2015
Cash flows from operating activities:	(Yen in millions)	(Yen in millions)
Profit before income taxes	¥16,414	¥23,174
Depreciation and amortization	9,113	8,152
Impairment loss	—	252
Amortization of goodwill	80	152
Share-based compensation expenses	19	21
Interest and dividend income	(2,201)	(1,599)
Interest expenses	308	321
Foreign exchange losses (gains)	2,246	(1,841)
Loss (gain) on sales or disposal of property, net	(19)	47
Decrease(increase) in		
Notes and accounts receivable - trade	(10,037)	4,000
Inventories	451	(2,518)
Increase (decrease) in		
Provision for bonuses	218	8
Provision for directors' bonuses	(38)	—
Provision for directors' retirement benefits	17	19
Allowance for doubtful accounts	(26)	(30)
Provision for compensation for products	237	(206)
Provision for loss on litigation	(57)	132
Provision for loss on liquidation of subsidiaries and associates	(161)	144
Net defined benefit liability	288	60
Notes and accounts payable - trade	6,109	(4,019)
Other, net	(779)	(681)
Sub total	22,184	25,590
Interest and dividend income received	2,187	1,582
Interest expenses paid	(300)	(322)
Compensation for damage paid	—	(544)
Income taxes paid	(7,181)	(7,103)
Net cash provided by (used in) operating activities	16,890	19,202
Cash flows from investing activities:		
Net decrease (increase) in time deposits	2,879	(74,731)
Purchase of property, plant and equipment	(10,855)	(10,433)
Proceeds from sale of property, plant and equipment	429	142
Purchase of investment securities	(53)	(50)
Other, net	(1,787)	(1,491)
Net cash provided by (used in) investing activities	(9,386)	(86,564)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	3,600	2,588
Proceeds from long-term loans payable	—	5,000
Repayments of long-term loans payable	(4,809)	(3,800)
Repayments of lease obligations	(146)	(202)
Net decrease (increase) in treasury shares	(30)	(20)
Cash dividends paid	(2,003)	(1,832)
Dividends paid to non-controlling interests	(432)	(431)
Net cash provided by (used in) financing activities	(3,823)	1,303
Effect of exchange rate change on cash and cash equivalents	(2,095)	6,591
Net increase (decrease) in cash and cash equivalents	1,585	(59,467)
Cash and cash equivalents at beginning of year	39,429	98,813
Increase in cash and cash equivalents from newly consolidated subsidiary	—	83
Cash and cash equivalents at end of year (Note 10)	¥41,015	¥39,429

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

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 33 significant subsidiaries (the Companies) at March 31, 2016 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.

19 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 valuation difference on available-for-sale 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) Provision for bonuses

Provision for bonuses is recognized based on expected total expenditure.

(j) Provision for directors' bonuses

Provision for directors' bonuses is recognized based on expected total expenditure.

(k) Provision for compensation for products

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

(l) Provision for loss on order received

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

(m) 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.

(n) Provision for loss on liquidation of subsidiaries and associates

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

(o) Pension and retirement benefits

Employees' retirement benefits

Net defined benefit liability is recorded on the benefit formula basis as the attribution method for projected retirement benefits.

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.

(p) 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, 2016, 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.

(q) 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, 2016.

Long-term loans as of March 31, 2016 consist of the following:

	Yen in millions
Loans from banks, due through 2020 with average interest rates of 0.4%	¥13,010
Less: Current portion due within one year	4,550
	<u>¥8,460</u>

Aggregate annual maturities of long-term loans subsequent to March 31, 2016 are as follows:

Year ending March 31,	Yen in millions
2017	¥4,550
2018	4,560
2019	2,550
2020	1,350
	<u>¥13,010</u>

Long-term lease obligations as of March 31, 2016 consist of the following:

	Yen in millions
Finance lease obligations	¥281
Less: Current portion due within one year	111
	¥169

Maturities of long-term lease obligations at March 31, 2016 are as follows:

Year ending March 31,	Yen in millions
2017	¥111
2018	68
2019	46
2020	29
2021	12
Thereafter	12
	¥281

The assets mortgaged for transaction as of March 31, 2016 were as follows:

	Yen in millions
Building, net of accumulated depreciation	¥414
Land	153
	¥567

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, 2015	¥2,347
Service cost	161
Interest cost	46
Actuarial loss (gain)	16
Benefit paid	(97)
Other	(95)
Balance at March 31, 2016	¥2,377

(2) Movement in plan assets

	Yen in millions
Balance at April 1, 2015	¥177
Expected return on plan assets	3
Actuarial loss (gain)	1
Contributions paid by the employer	28
Benefit paid	(18)
Other	(5)
Balance at March 31, 2016	¥186

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

	Yen in millions
Funded retirement benefit obligations	¥322
Plan assets	(186)
	136
Unfunded retirement benefit obligations	2,055
Total net liability for retirement benefits at March 31, 2016	2,191
Liability for retirement benefits	2,191
Total net liability for retirement benefits at March 31, 2016	¥2,191

(4) Retirement benefit costs

	Yen in millions
Service cost	¥161
Interest cost	46
Expected return on plan assets	(3)
Net actuarial loss (gain) amortization	19
Past service costs amortization	0
Balance at March 31, 2016	¥223

(5) Adjustments for retirement benefit

	Yen in millions
Past service costs	¥0
Net actuarial loss (gain)	4
Total balance at March 31, 2016	¥4

(6) Accumulated adjustments for retirement benefit

	Yen in millions
Past service costs that are yet to be recognized	¥169
Total balance at March 31, 2016	¥169

(7) Plan assets

① Plan assets at March 31, 2016 comprise:

Cash and 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, 2016 (expressed as weighted averages) are as follows:

Discount rate	2.0%
Long-term expected rate of return	1.8%
Expected increase in salary	3.9%

Defined benefit plans applying a simplified method

(1) Movement in retirement benefit obligations

	Yen in millions
Balance at April 1, 2015	¥595
Service cost	211
Benefit paid	(13)
Balance at March 31, 2016	¥793

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

	Yen in millions
Unfunded retirement benefit obligations	¥793
Liability for retirement benefits	793
Total net liability for retirement benefits at March 31, 2016	¥793

(3) Retirement benefit costs

	Yen in millions
Retirement benefit costs calculated based on a simplified method	¥211

Defined contribution plans

Contributions to defined contribution plans are ¥1,267 million for the year ended March 31, 2016.

4. Supplementary information of changes in equity

Issued shares

Type of shares	Number of shares as of March 31, 2015	Increase	Decrease	Number of shares as of March 31, 2016
Common stock	60,907,599	—	—	60,907,599

Treasury shares

Type of shares	Number of shares as of March 31, 2015	Increase	Decrease	Number of shares as of March 31, 2016
Common stock	3,637,650	9,026	5,907	3,640,769

The details of increase and decrease are as follows:

Increase by purchase of odd-lot shares	9,026
Decrease by exercise of subscription rights to shares	5,400
Decrease by purchase requests of odd-lot shares	507

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, 2015	Common stock	1,030	18.0	March 31, 2015	June 29, 2015
Board of Directors meeting held on October 29, 2015	Common stock	973	17.0	September 30, 2015	December 9, 2015

Dividends with the record date in the fiscal year ended March 31, 2016, 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 13, 2016	Common stock	Retained earnings	1,030	18.0	March 31, 2016	June 29, 2016

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 33% for the year ended March 31, 2016. 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, 2016 were as follows:

	Yen in millions
Deferred tax assets	
Loss on valuation of inventories	¥766
Provision for bonuses	628
Net defined benefit liability	916
Depreciation	396
Impairment loss	697
Unrealized gains on inventories, property and equipment	1,041
Software development expenses	1,498
Other	1,468
Gross deferred tax assets	7,413
Less: Valuation allowance for deferred tax assets	(1,089)
Total deferred tax assets, net of valuation allowance	6,323
Deferred tax liabilities	
Reserve for special depreciation	(35)
Valuation difference on available-for-sale securities	(2,203)
Undistributed earnings of foreign subsidiaries	(2,273)
Other	(287)
Total deferred tax liabilities	(4,800)
Net deferred tax assets	¥1,523

6. Lease transactions

Year ended March 31, 2016

The obligations under non-cancelable operating leases at March 31, 2016 were as follows:

	Yen in millions
Due within one year	¥221
Due after one year	113
Total	¥334

Year ended 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

7. Per share amounts

Earnings per share attributable to owners of parent are 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.

Earnings per share attributable to owners of parent for the year ended and net assets per share as of March 31, 2016 were as follows:

Earnings per share attributable to owners of parent	¥159.67
Net assets per share	¥2,697.71

8. Financial instruments

Year ended March 31, 2016

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, electronically recorded monetary claims 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.

2) Fair value of financial instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2016 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 deposits	¥58,861	¥58,861	¥—
(2) Notes and accounts receivable-trade	47,261		
Allowance for doubtful accounts	(189)		
	47,071	47,068	(3)
(3) Securities and investment securities			
Other securities	14,836	14,836	—
(4) Long-term time deposits	58,122	57,973	(148)
Total assets	178,891	178,739	(151)
(5) Notes and accounts payable-trade	32,760	32,760	—
(6) Short-term loans payable	57,143	57,143	—
(7) Long-term loans payable*	13,010	12,978	(31)
Total liabilities	¥102,913	¥102,881	¥(31)

*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 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 stated at their present value which is calculated for each receivables group categorized by the remaining period to maturity discounted by the interest rate applicable to the period and the credit risk.

(3) 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) Long-term time deposits

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 loans were executed.

(5) Notes and accounts payable-trade and (6) short-term loans payable

These liabilities are carried at amounts that approximate fair values.

(7) 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.

(8) Derivative transactions

Please refer to Note 11 Derivatives.

2. Unlisted stocks of ¥4,465 million on the consolidated balance sheet are not included in (3) 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, 2016 is as follows:

	(Yen in millions)	
	Due within one year	Due after one year
Cash and deposits	¥58,861	¥—
Notes and accounts receivable-trade	46,735	525
Long-term time deposits	—	58,122
Total	<u>¥105,596</u>	<u>¥58,647</u>

4. Redemption of short-term and long-term loans payable as of March 31, 2016 is as follows:

	(Yen in millions)					
	2017	2018	2019	2020	2021	Thereafter
Short-term loans payable	¥57,143	¥—	¥—	¥—	¥—	¥—
Long-term loans payable	4,550	4,560	2,550	1,350	—	—
Total	<u>¥61,693</u>	<u>¥4,560</u>	<u>¥2,550</u>	<u>¥1,350</u>	<u>¥—</u>	<u>¥—</u>

9. Marketable securities

Securities classified as held-to-maturity securities

There was no balance of securities classified as held-to-maturity securities at March 31, 2016.

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	Fair value	Unrealized gain (loss)
Securities with carrying amount not exceeding acquisition cost			
Other	¥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, 2016.

	Yen in millions		
	Carrying amounts	Acquisition cost	Unrealized gain (loss)
Securities with carrying amount exceeding acquisition cost			
Equity securities	¥13,355	¥7,431	¥5,923
Securities with carrying amount not exceeding acquisition cost			
Equity securities	343	473	(130)
Other	1,137	1,213	(76)
Sub total	1,480	1,687	(206)
Total	¥14,836	¥9,119	¥5,717

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
Other	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

10. Supplementary cash flow information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2016 and 2015.

	Yen in millions	
	2016	2015
Cash and deposits	¥58,861	¥123,591
Time deposits with a maturity of more than three months	(17,845)	(84,162)
Cash and cash equivalents	¥41,015	¥39,429

11. Derivatives

Year ended March 31, 2016

Disclosure is omitted due to lack of materiality.

Year ended March 31, 2015

Disclosure is omitted due to lack of materiality.

12. Stock option

Stock option plan	2016 stock option
Number of individuals covered by the plan:	
Directors	7
Operating Officers	12
Total	19
Type and number of shares to be issued upon exercise of stock subscription rights	Common stock 8,300 shares
Grant date	July 17, 2015
Exercise period	July 18, 2015~ July 17, 2045

Non-vested stock options (Number of shares):

Outstanding at March 31, 2015	63,500 shares
Granted	8,300 shares
Forfeited	—
Vested	5,400 shares
Outstanding at March 31, 2016	66,400 shares
Vested stock options (Number of shares)	
Outstanding at March 31, 2015	—
Vested	5,400 shares
Exercised	5,400 shares
Forfeited	—
Outstanding at March 31, 2016	—

	Vested	Outstanding
Exercise price (Yen)	1	1
Average stock price at the time of exercise(Yen)	2,439	—
Fair value per stock at grant date (Yen)	1,075.37	1,280.65

Stock option expenses included in selling, general and administrative expenses for the year ended March 31, 2016 amounted to ¥ 19 million. The fair value of options granted is estimated using the Black-Scholes option pricing model with the following assumptions.

	2016 stock option
Expected volatility	37.85%
Expected holding period	6.4 years
Expected dividend	¥33 per share
Risk-free interest rate	0.15%

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, 2016 was as follows:

(Yen in millions)

Year ended or as of March 31, 2016	Reportable segments				Others	Total	Adjustment	Consolidated total
	Instruments	Consumer-use products	Automobile sales	Sub total				
Sales								
Unaffiliated customers	¥189,784	¥13,993	¥22,845	¥226,623	¥16,982	¥243,606	¥—	¥243,606
Intersegment	—	—	27	27	15,956	15,984	(15,984)	—
Total sales	¥189,784	¥13,993	¥22,873	¥226,651	¥32,939	¥259,591	¥(15,984)	¥243,606
Segment income (loss)	¥15,876	¥(338)	¥969	¥16,507	¥1,730	¥18,238	¥(154)	¥18,083
Segment assets	¥211,020	¥9,374	¥11,901	¥232,296	¥16,384	¥248,680	¥43,450	¥292,130
Others								
Depreciation and amortization	¥7,549	¥266	¥499	¥8,314	¥736	¥9,051	¥36	¥9,088
Increase in fixed assets	¥8,183	¥193	¥1,053	¥9,430	¥1,219	¥10,650	¥250	¥10,901

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

[Related information]

Geographic Information

(Yen in millions)

Year ended March 31, 2016	Japan	Americas	Europe	Asia	Total
Sales	¥87,863	¥56,439	¥27,562	¥71,742	¥243,606
Property, plant and equipment	¥29,282	¥9,005	¥1,582	¥13,682	¥53,552

(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

[Information on amortization and balance of goodwill by reportable segment]

(Yen in millions)

Year ended March 31, 2016	Instruments	Automobile sales	Sub total	Others	Total
Goodwill					
Amortization of goodwill	¥—	¥80	¥80	¥—	¥80
Balance at the end of current period	¥—	¥6	¥6	¥—	¥6
Negative goodwill					
Amortization of negative goodwill	¥—	¥—	¥—	¥—	¥—
Balance at the end of current period	¥—	¥—	¥—	¥—	¥—

(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	¥—	¥—	¥—	¥—	¥—

[Information on impairment loss on non-current assets by reportable segments]

Year ended March 31, 2016

There was no impairment loss on non-current assets recognized.

Year ended March 31, 2015

(Yen in millions)

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

Non-consolidated Financial Statements of NIPPON SEIKI Co., Ltd. for the Fiscal Year 2016 and 2015

Balance Sheets

	March 31, 2016	March 31, 2015
	(Yen in millions)	(Yen in millions)
Assets		
Current assets		
Cash and deposits	¥17,789	¥19,617
Notes receivable - trade	330	496
Electronically recorded monetary claims - operating	4,789	2,923
Accounts receivable - trade	38,365	30,137
Securities	—	300
Finished goods	3,574	3,638
Raw materials	2,281	2,310
Work in process	1,572	3,067
Supplies	325	283
Prepaid expenses	33	71
Deferred tax assets	797	1,396
Short-term loans receivable	11,656	12,462
Accounts receivable - other	4,896	3,816
Other	10	19
Allowance for doubtful accounts	(98)	(263)
Total current assets	86,325	80,276
Non-current assets		
Property, plant and equipment		
Buildings	3,450	3,633
Structures	126	124
Machinery and equipment	1,680	1,828
Vehicles	21	30
Tools, fixture and fixtures	1,646	1,668
Land	7,278	7,284
Leased assets	11	18
Construction in progress	393	178
Total property, plant and equipment	14,609	14,769
Intangible assets		
Software	1,354	1,690
Software in progress	845	269
Other	0	0
Total intangible assets	2,200	1,960
Investments and other assets		
Investment securities	16,345	20,151
Shares of subsidiaries and associates	74,135	74,206
Long-term loans receivable	3,466	2,915
Long-term prepaid expenses	48	57
Deferred tax assets	636	—
Other	120	111
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	94,743	97,432
Total non-current assets	111,553	114,161
Total assets	¥197,879	¥194,437

	March 31, 2016	March 31, 2015
Liabilities	(Yen in millions)	(Yen in millions)
Current liabilities		
Notes payable - trade	¥745	¥752
Accounts payable - trade	19,311	17,044
Short-term loans payable	65,446	60,476
Current portion of long-term loans payable	4,550	4,550
Lease obligations	6	7
Accounts payable - other	3,630	3,566
Income taxes payable	10	1,475
Accrued expenses	6,299	2,738
Advances received	0	0
Provision for bonuses	882	865
Provision for directors' bonuses	33	—
Provision for compensation for products	4	136
Provision for loss on litigation	870	928
Deposits received	171	312
Notes payable - facilities	171	458
Other	0	—
Total current liabilities	102,134	93,311
Non-current liabilities		
Long-term loans payable	8,450	13,000
Lease obligations	6	12
Deferred tax liabilities	—	720
Provision for retirement benefits	1,331	1,303
Other	168	193
Total non-current liabilities	9,955	15,229
Total liabilities	112,090	108,541
Net assets		
Shareholders' equity		
Capital stock	14,494	14,494
Capital surplus		
Legal capital surplus	6,214	6,214
Other capital surplus	258	261
Total capital surplus	6,473	6,476
Retained earnings		
Legal retained earnings	960	960
Other retained earnings		
Reserve for special depreciation	0	2
General reserve	60,580	54,980
Retained earnings brought forward	5,530	8,718
Total retained earnings	67,071	64,661
Treasury shares	(6,314)	(6,302)
Total shareholders' equity	81,724	79,330
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,983	6,499
Total valuation and translation adjustments	3,983	6,499
Subscription rights to shares	80	66
Total net assets	85,788	85,896
Total liabilities and net assets	¥197,879	¥194,437

Statements of Income

	Year ended March 31, 2016	Year ended March 31, 2015
	(Yen in millions)	(Yen in millions)
Net sales	¥114,703	¥104,376
Cost of sales	101,182	92,790
Gross profit	13,521	11,585
Selling, general and administrative expenses	9,927	9,177
Operating income	3,594	2,408
Non-operating income		
Interest and dividend income	3,489	2,890
Foreign exchange gains	—	5,851
Other	683	380
Total non-operating income	4,172	9,122
Non-operating expenses		
Interest expenses	272	284
Provision for loss on litigation	—	132
Foreign exchange losses	1,992	—
Other	16	6
Total non-operating expenses	2,281	423
Ordinary income	5,485	11,107
Extraordinary income		
Gain on sales of non-current assets	2	13
Gain on sales of investment securities	16	—
Total extraordinary income	18	13
Extraordinary losses		
Loss on disposal of non-current assets	14	19
Impairment loss	—	84
Loss on valuation of investment securities	—	0
Loss on valuation of shares of subsidiaries and associates	71	851
Total extraordinary losses	85	957
Profit before income taxes	5,418	10,164
Income taxes	1,003	2,726
Profit for the year	¥4,414	¥7,437

Statements of Changes in Equity

Year ended March 31, 2016

(Yen in millions)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital Surplus
Balance as of March 31, 2015	¥14,494	¥6,214	¥261	¥6,476
Changes of items during period				
Dividends of surplus				
Reversal of reserve for special depreciation				
Provision of general reserve				
Profit for the year				
Purchase of treasury shares				
Disposal of treasury shares			(3)	(3)
Net changes of items other than shareholders' equity				
Total changes of items during period	—	—	(3)	(3)
Balance as of March 31, 2016	¥14,494	¥6,214	¥258	¥6,473

	Shareholders' equity				
	Retained earnings				
	Legal retained earnings	Other retained earnings			Total retained earnings
Reserve for special depreciation		General reserve	Retained earnings brought forward		
Balance as of March 31, 2015	¥960	¥2	¥54,980	¥8,718	¥64,661
Changes of items during period					
Dividends of surplus				(2,004)	(2,004)
Reversal of reserve for special depreciation		(1)		1	—
Provision of general reserve			5,600	(5,600)	—
Profit for the year				4,414	4,414
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(1)	5,600	(3,187)	2,410
Balance as of March 31, 2016	¥960	¥0	¥60,580	¥5,530	¥67,071

(Yen in millions)

	Shareholders' equity		Valuation and translation adjustments	Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities		
Balance as of March 31, 2015	¥(6,302)	¥79,330	¥6,499	¥66	¥85,896
Changes of items during period					
Dividends of surplus		(2,004)			(2,004)
Reversal of reserve for special depreciation		—			—
Provision of general reserve		—			—
Profit for the year		4,414			4,414
Purchase of treasury shares	(22)	(22)			(22)
Disposal of treasury shares	10	7			7
Net changes of items other than shareholders' equity			(2,516)	14	(2,502)
Total changes of items during period	(12)	2,394	(2,516)	14	(107)
Balance as of March 31, 2016	¥(6,314)	¥81,724	¥3,983	¥80	¥85,788

Year ended March 31, 2015

(Yen in millions)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	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 of items during period				
Dividends of surplus				
Reversal of reserve for special depreciation				
Provision of general reserve				
Profit for the year				
Purchase of treasury shares				
Disposal of treasury shares			(2)	(2)
Net changes of items other than shareholders' equity				
Total changes of items during period	—	—	(2)	(2)
Balance as of March 31, 2015	¥14,494	¥6,214	¥261	¥6,476

	Shareholders' equity				
	Retained earnings				
	Legal retained earnings	Other retained earnings			Total retained earnings
Reserve for special depreciation		General reserve	Retained earnings brought 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 of items during period					
Dividends of surplus				(1,832)	(1,832)
Reversal of reserve for special depreciation		(2)		2	—
Provision of general reserve			5,000	(5,000)	—
Profit for the year				7,437	7,437
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(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 and translation adjustments	Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale 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 of items during period					
Dividends of surplus		(1,832)			(1,832)
Reversal of reserve for special depreciation		—			—
Provision of general reserve		—			—
Profit for the year		7,437			7,437
Purchase of treasury shares	(24)	(24)			(24)
Disposal of treasury shares	5	3			3
Net changes of items other than shareholders' equity			1,708	18	1,726
Total changes of items during period	(18)	5,583	1,708	18	7,310
Balance as of March 31, 2015	¥(6,302)	¥79,330	¥6,499	¥66	¥85,896

- **Company name** : Nippon Seiki Co., Ltd.
- **Established** : December 24, 1946
- **Common stock** : 14,494,287,162 Yen
- **Number of employees** : 1,705

- **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, Fujimashi 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
- Hong Kong Ek Chor Nissei Co., Ltd. / Hong Kong, China
- JNS Instruments Ltd. / Haryana, India

Notes:

※Zhejiang Nissei Display System Co., Ltd. is excluded from consolidation at the end of the current fiscal year because the liquidation was completed.

[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 Kyusvoku Co., Ltd.](#)



Nippon Seiki Group is composed of 35 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 instruments for automotive, motorcycle, agricultural/construction machines and boats / 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 and motorcycle instruments	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 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 for automotive instruments and 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	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 and sales 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	Software development	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 components for automotive and motorcycle instruments	Selling products
Nantong NS Advantech Co., Ltd.	100.0	Compounding, and coloring of plastics, and trading	Purchasing component parts
Hong Kong Ek Chor Nissei Co., Ltd.	100.0	Investment and holding company	Investment in China on behalf of the parent

Notes:

※Zhejiang Nissei Display System Co., Ltd. is excluded from consolidation at the end of the current fiscal year because the liquidation was completed.

● **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.

2,265 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)

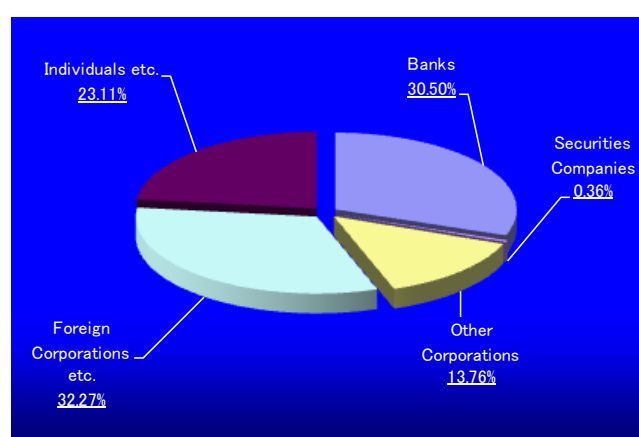
Name	Shares owned (percentage of shareholdings)
Honda Motor Co., Ltd.	3,753 (6.55%)
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	2,868 (5.01%)
JP MORGAN CHASE BANK 385632	2,063 (3.60%)
Japan Trustee Services Bank, Ltd.	1,911 (3.34%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,779 (3.11%)
The Master Trust Bank of Japan, Ltd.	1,679 (2.93%)
The Daishi Bank, Ltd.	1,568 (2.74%)
Shareholding association of Nippon Seiki Employees	1,292 (2.26%)
Yamaha Motor Co., Ltd.	1,217 (2.13%)
Nichia Corporation	1,188 (2.07%)

Notes:

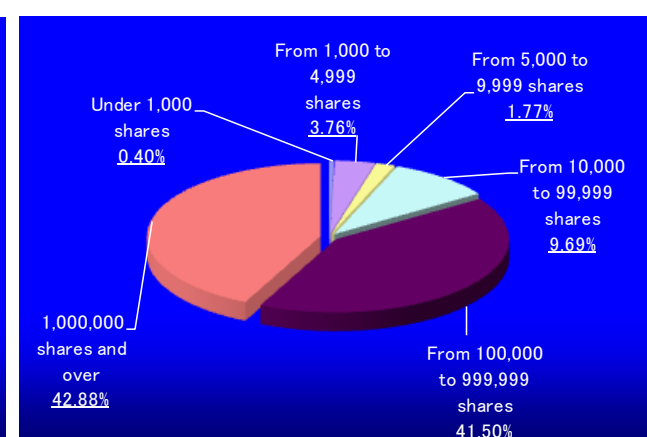
※1 Percentage of shareholdings ratio is calculated by deducting 3,640,769 shares of treasury stocks from total shares issued.

※2 Nippon Seiki holds treasury stocks (3,640,769 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 28, 2016

Directors

⟨Name⟩

Chairman and Representative Director	Shoji Nagai
President, Chief Executive Officer and Representative Director	Hirotooshi Takada
Senior Managing Officer and Director	Makoto Okawa
Senior Managing Officer and Director	Morito Sato
Managing Officer and Director	Junichi Suzuki
Managing Officer and Director	Koichi Sato
Senior Operating Officer and Director	Yuji Hirata
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