

ANNUAL REPORT 2011

FROM APRIL 1ST, 2010 TO MARCH 31ST, 2011



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Review of Operations**● Instrument clusters sales**

Sales of instrument clusters for automobiles, motorcycles, agricultural and construction machines and boats increased by 29.2% to ¥124,979 million, from the previous fiscal year.

● Consumer-use products sales

Sales increased by 12.7% to ¥14,762 million from the previous fiscal year, due to an increase in orders for control panels for office equipment, remote controllers for air conditioners and housing and facility equipment, and so on.

● Display products sales

Display product sales increased by 7.5% to ¥4,209 million from the previous fiscal year due to an increase in orders for liquid crystal displays.

● Other businesses

Sales of other products and services totaled ¥23,325 million, a 8.5% increase from the previous fiscal year, due to an increase in the sale of compound resins and so on.

In conclusion, the company's consolidated business operations for fiscal year 2011, ending March 31, 2011, resulted in annual sales of ¥167,276 million, up 23.7% from the previous fiscal year. At the same time, ordinary income for the year increased by 46.0%, to ¥10,490 million, and net income increased by 102.8%, to ¥6,010 million, respectively.

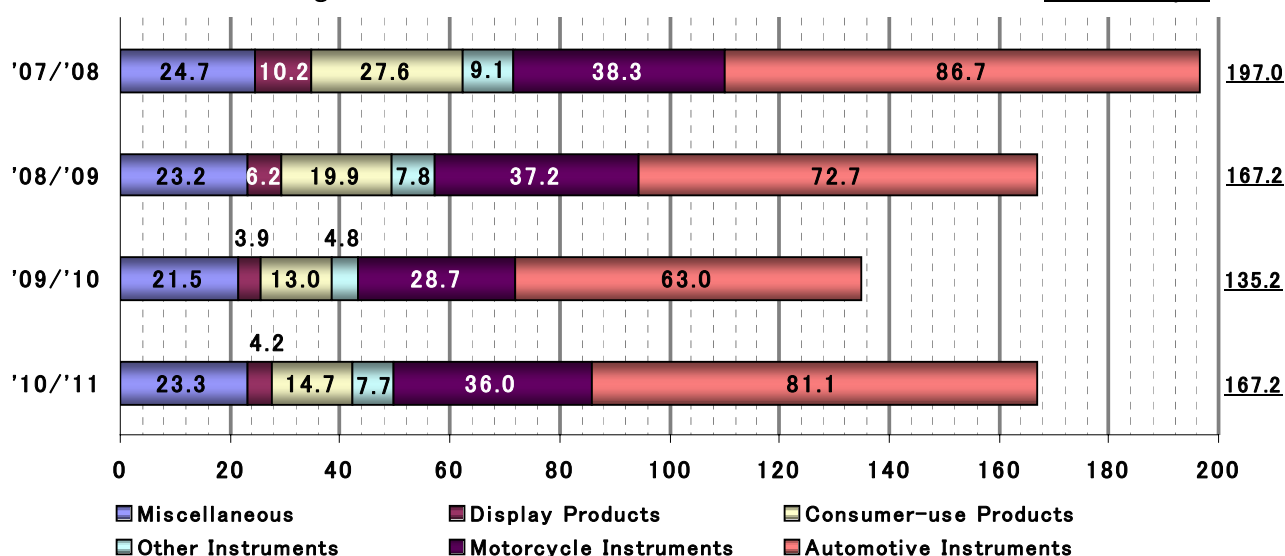
● Consolidated sales by business segment

	Annual sales in FY 2009/2010 (¥ million)	Annual sales in FY 2010/2011 (¥ million)	Increase (Decrease)
Instrument clusters for automobiles, motorcycles, agricultural/construction machines and boats	96,711	124,979	29.2%
Consumer-use products	13,096	14,762	12.7%
Display products	3,916	4,209	7.5%
Other businesses	21,500	23,325	8.5%
Total	135,225	167,276	23.7%

1. Consolidated Financial Highlights

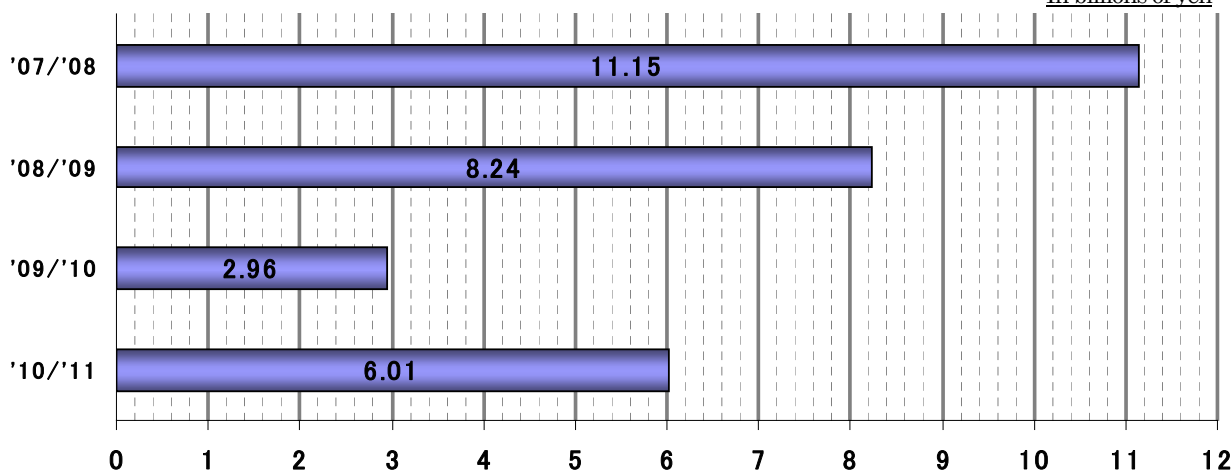
1-1. Consolidated Progress in Sales

In billions of yen



1-2. Consolidated Progress in Net Income

In billions of yen



Consolidated sales for the fiscal year ending March 31, 2011, increased by 23.7% to ¥167,276 million, ordinary income increased by 46.0% to ¥10,490 million, and net income increased by 102.8% to ¥6,010 million.

1-3. Consolidated Financial Highlights

	FY 2007/ 2008 ending March 31, 2008	FY 2008/ 2009 ending March 31, 2009	FY 2009/ 2010 ending March 31, 2010	FY 2010/ 2011 ending March 31, 2011
Sales (¥ million)	197,013	167,296	135,225	167,276
Ordinary income (¥ million)	17,996	12,896	7,185	10,490
Net income (¥ million)	11,153	8,245	2,963	6,010
Net income per share (¥) ※	184.90	142.75	51.84	104.91
Total assets (¥ million)	161,212	132,164	161,633	191,561
Net assets (¥ million)	87,829	81,822	88,782	92,187
Net assets per share (¥)	1,390.71	1,361.82	1,464.39	1,517.74

Notes:

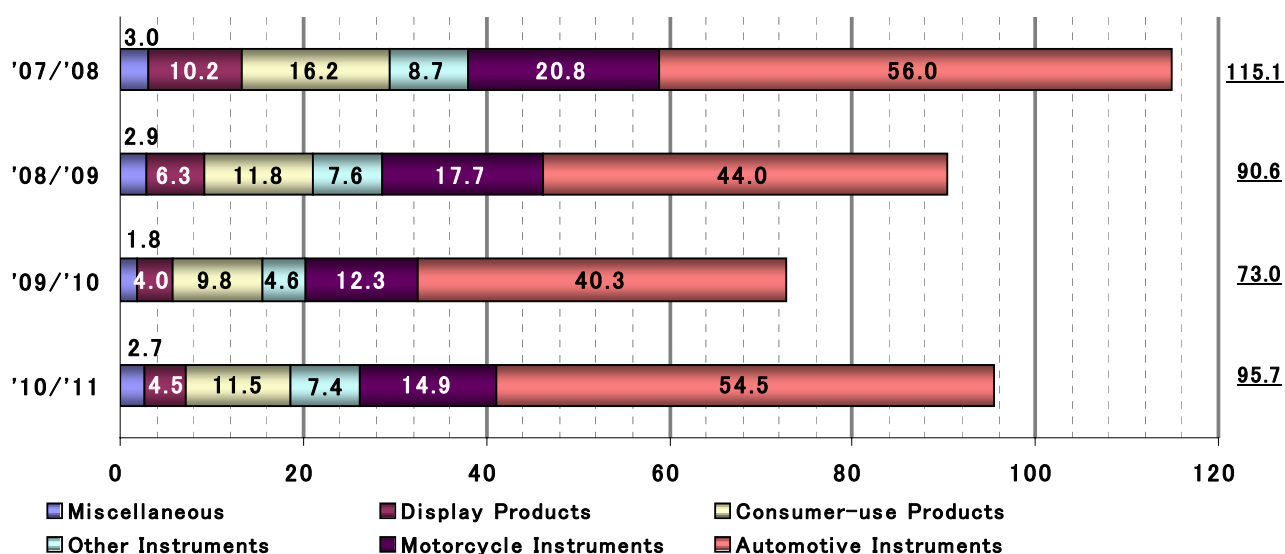
※ Net income per share is calculated by the average number of all issued shares in the fiscal year.

2. Non-Consolidated Business Results

As of March 31, 2011

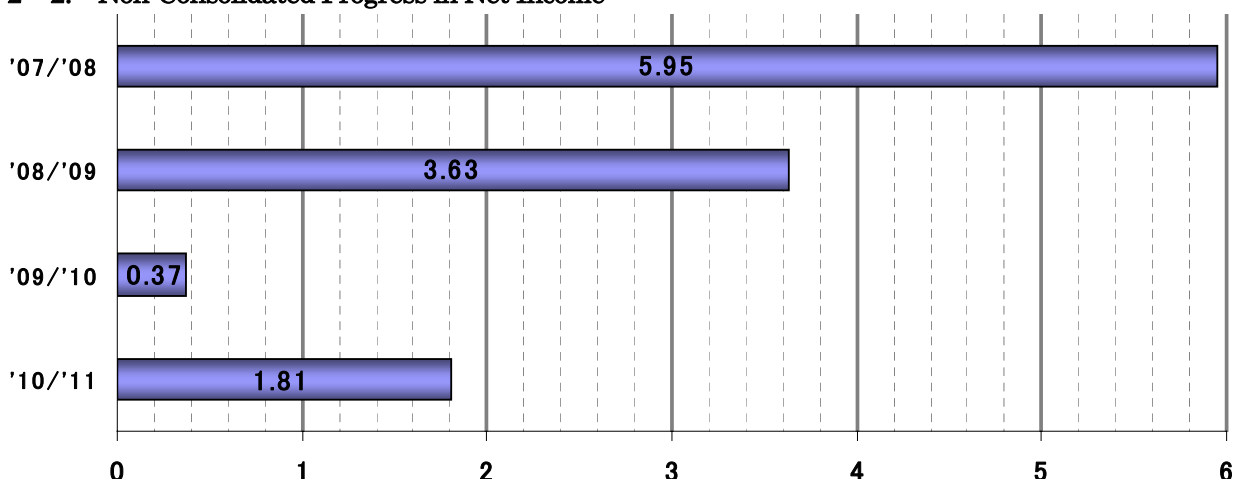
2 – 1. Non-Consolidated Progress in Sales

In billions of yen



2 – 2. Non-Consolidated Progress in Net Income

In billions of yen



2 – 3. Non-Consolidated Progress in Business Results

	FY 2007/ 2008 ending March 31, 2008	FY 2008/ 2009 ending March 31, 2009	FY 2009/ 2010 ending March 31, 2010	FY 2010/ 2011 ending March 31, 2011
Sales (¥ million)	115,146	90,642	73,059	95,794
Ordinary income (¥ million)	8,048	6,199	2,320	2,802
Net income (¥ million)	5,951	3,633	378	1,810
Net income per share (¥) ※	98.66	62.91	6.63	31.60
Dividend per share (¥)	21.00	19.50	12.00	14.00
Total assets (¥ million)	119,136	99,321	123,554	149,657
Net assets (¥ million)	62,501	59,471	61,389	62,182
Common stock capital (¥ million)	14,470	14,470	14,494	14,494
Equity ratio (%)	52.5	59.9	49.7	41.5

Notes:

※ Net income per share is calculated by the average number of all issued shares in the fiscal year.

Consolidated Balance Sheets

	March 31, 2011	March 31, 2010
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
ASSETS		
Current Assets		
Cash and bank deposits (Note 11)	¥ 70,449	¥ 45,621
Notes receivable	768	542
Accounts receivable	28,561	28,339
Marketable securities (Note 10)	305	308
Merchandise and finished goods	8,471	7,890
Work in process	3,228	2,981
Raw materials and supplies	10,668	9,478
Deferred tax assets (Note 5)	2,585	1,856
Other current assets	4,715	4,506
Allowance for doubtful accounts	(135)	(108)
CURRENT ASSETS — TOTAL	129,619	101,417
Fixed Assets		
Tangible Fixed Assets (Note 2)		
Buildings and Structures	11,357	11,373
Machinery, Equipment and Vehicles	6,957	7,597
Tools, Jigs and Fixtures	2,734	3,185
Land	15,174	14,070
Lease Assets	708	521
Construction in Progress	1,095	925
Total	38,028	37,673
Intangible Fixed Assets		
Goodwill	625	40
Other intangible fixed assets	1,225	1,278
Total	1,850	1,318
Investment and Other Assets		
Investment securities (Note 10)	20,740	19,964
Deferred tax assets (Note 5)	385	344
Other investment and assets	954	927
Allowance for doubtful accounts	(17)	(12)
Total	22,062	21,224
FIXED ASSETS — TOTAL	61,941	60,216
TOTAL ASSETS	¥ 191,561	¥ 161,633

	March 31, 2011	March 31, 2010
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
LIABILITIES		
Current Liabilities		
Notes payable	¥ 1,802	¥ 1,422
Accounts payable	25,977	24,448
Short-term loans payable (Note 2)	55,609	33,782
Current portion of bonds	—	246
Lease obligations	171	155
Accrued income taxes (Note 5)	1,801	1,054
Accrued bonuses to employees	1,989	1,481
Allowance for compensation for products	1,176	490
Allowance for losses on order received	139	18
Other current liabilities	5,695	5,181
CURRENT LIABILITIES — TOTAL	94,361	68,282
Long-term Liabilities		
Long-term loans payable (Note 2)	92	204
Lease obligations	240	189
Deferred tax liability (Note 5)	1,778	1,418
Allowance for employees' retirement benefits (Note 3)	2,353	2,072
Allowance for directors' retirement benefits	392	429
Negative goodwill	—	130
Asset retirement obligations	50	—
Other long-term liabilities	104	123
LONG-TERM LIABILITIES — TOTAL	5,012	4,568
TOTAL LIABILITIES	99,374	72,850
CONTINGENT LIABILITIES (Note 7)		
NET ASSETS		
Shareholders' Equity		
Common stock	14,494	14,494
Capital surplus	6,492	6,494
Retained earnings	75,258	70,064
Treasury stock	(6,267)	(6,256)
SHAREHOLDERS' EQUITY — TOTAL	89,977	84,796
Valuation, Translation Adjustments		
Unrealized gain on investment securities	3,116	3,318
Adjustment from foreign currency translation	(6,140)	(4,197)
VALUATION, TRANSLATION ADJUSTMENTS — TOTAL	(3,024)	(878)
Minority Interests	5,234	4,865
TOTAL NET ASSETS	92,187	88,782
TOTAL LIABILITIES AND NET ASSETS	¥ 191,561	¥ 161,633

See notes to consolidated financial statements.

Consolidated Statements of Income

	Year ended March 31, 2011	Year ended March 31, 2010
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
Sales	¥ 167,276	¥ 135,225
Cost of Sales	132,186	112,055
GROSS PROFIT	35,089	23,170
Selling, General and Administrative Expenses		
Packing and Transportation	4,113	3,175
Salaries	6,192	5,939
Provision for allowance for doubtful accounts	8	—
Provision for bonuses	470	337
Provision for compensation for products allowance	832	63
Provision for retirement benefits	92	74
Provision for directors' retirement benefits	74	72
Depreciation	903	878
Other expenses	7,749	6,320
Total	20,439	16,861
OPERATING INCOME	14,650	6,308
Non Operating Income		
Interest income	592	364
Dividend income	256	322
Amortization of negative goodwill	20	99
Other non operating income	609	1,158
Total	1,480	1,945
Non Operating Expenses		
Interest expense	230	187
Loss on foreign exchange	5,351	832
Other non operating expenses	59	48
Total	5,640	1,069
ORDINARY INCOME	10,490	7,185
Special Income		
Gain on sales of fixed assets	55	271
Profits on sales of investment securities	—	8
Reversal of allowance for doubtful accounts	—	106
Other special income	0	36
Total	55	422
Special Loss		
Loss on sales of fixed assets	25	4
Loss on disposal of fixed assets	49	256
Impairment loss	—	1,720
Loss on valuation of investment securities	151	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	8	—
Other special loss	—	10
Total	234	1,991
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	10,311	5,616
Income taxes (Note 5)	3,257	2,020
Income Before Minority Interests	7,054	3,595
Minority Interests in Income	1,043	631
NET INCOME (Note 8)	¥ 6,010	¥ 2,963

Consolidated Statements of Comprehensive Income

	Year ended March 31, 2011	Year ended March 31, 2010
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
Statements of comprehensive income		
Income before minority interests	¥ 7,054	—
Other comprehensive income		
Valuation difference on available-for-sale securities	(202)	—
Foreign currency translation adjustment	(2,166)	—
Total	(2,368)	—
Comprehensive income	4,685	—
Comprehensive income attributable to owners of the parent	3,865	—
Comprehensive income attributable to minority interests	820	—

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

(From April 1, 2010 to March 31, 2011)

(Millions of Japanese Yen)

	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Treasury Stock	Total Shareholders' equity
Balance as of March 31, 2010	¥ 14,494	¥ 6,494	¥ 70,064	¥ (6,256)	¥ 84,796
Changes in the year					
Exercise of stock acquisition rights		(0)		1	0
Dividends from surplus			(802)		(802)
Net income			6,010		6,010
Change of scope of consolidation			(0)		(0)
Employee welfare fund			(13)		(13)
Acquisition of treasury stock				(15)	(15)
Disposal of treasury stock		(1)		2	1
Net changes in items other than those in shareholders' equity					
Total of changes in the year	—	(2)	5,194	(11)	5,181
Balance as of March 31, 2011	¥ 14,494	¥ 6,492	¥ 75,258	¥ (6,267)	¥ 89,977

	Valuation, translation adjustments			Minority interests	Total net assets
	Unrealized gain on investment securities	Adjustment from foreign currency translation	Total valuation, translation adjustments		
Balance as of March 31, 2010	¥ 3,318	¥ (4,197)	¥ (878)	¥ 4,865	¥ 88,782
Changes in the year					
Exercise of stock acquisition rights					0
Dividends from surplus					(802)
Net income					6,010
Change of scope of consolidation					(0)
Employee welfare fund					(13)
Acquisition of treasury stock					(15)
Disposal of treasury stock					1
Net changes in items other than those in shareholders' equity	(202)	(1,943)	(2,145)	369	(1,776)
Total of changes in the year	(202)	(1,943)	(2,145)	369	3,404
Balance as of March 31, 2011	¥ 3,116	¥ (6,140)	¥ (3,024)	¥ 5,234	¥ 92,187

(From April 1, 2009 to March 31, 2010)

(Millions of Japanese Yen)

	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance as of March 31, 2009	¥ 14,470	¥ 6,686	¥ 68,183	¥ (6,697)	¥ 82,642
Changes in the year					
Issuance of stock	23	23			47
Exercise of stock acquisition rights		(215)		454	239
Dividends from surplus			(827)		(827)
Net income			2,963		2,963
Change of scope of consolidation			(235)		(235)
Employee welfare fund			(19)		(19)
Acquisition of treasury stock				(14)	(14)
Disposal of treasury stock		(0)		0	0
Net changes in items other than those in shareholders' equity					
Total of changes in the year	23	(192)	1,880	440	2,153
Balance as of March 31, 2010	¥ 14,494	¥ 6,494	¥ 70,064	¥ (6,256)	¥ 84,796

	Valuation, translation adjustments			Minority interests	Total net assets
	Unrealized gain on investment securities	Adjustment from foreign currency translation	Total valuation, translation adjustments		
Balance as of March 31, 2009	¥ 1,219	¥ (6,230)	¥ (5,010)	¥ 4,190	¥ 81,822
Changes in the year					
Issuance of stock					47
Exercise of stock acquisition rights					239
Dividends from surplus					(827)
Net income					2,963
Change of scope of consolidation					(235)
Employee welfare fund					(19)
Acquisition of treasury stock					(14)
Disposal of treasury stock					0
Net changes in items other than those in shareholders' equity	2,098	2,032	4,131	674	4,806
Total of changes in the year	2,098	2,032	4,131	674	6,960
Balance as of March 31, 2010	¥ 3,318	¥ (4,197)	¥ (878)	¥ 4,865	¥ 88,782

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Year ended March 31, 2011	Year ended March 31, 2010
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 10,311	¥ 5,616
Depreciation and amortization	5,514	6,926
Impairment loss	—	1,720
Amortization of goodwill	(20)	(66)
Accrued bonuses to employees, net of payment	469	102
Employees' retirement benefits, net of payments	84	(0)
Directors' retirement benefits, net of payment	(33)	38
Allowance for doubtful accounts	26	(106)
Allowance for compensation for products	689	(410)
Allowance for loss on order received	121	—
Interest and dividend income	(849)	(687)
Interest expense	230	187
Loss (gain) on foreign exchange	3,713	340
Loss (gain) on sales of investment securities	—	(8)
Loss (gain) on sales or disposal of property, net	19	(10)
Loss (gain) on valuation of securities	2	(9)
Loss (gain) on valuation of investment securities	151	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	8	—
Decrease (increase) in accounts and notes receivable	(1,632)	(4,294)
Decrease (increase) in inventories	(2,586)	1,218
Increase in accounts and notes payable	3,368	4,038
Other, net	778	999
Sub-total	20,367	15,594
Interest and dividend received	847	687
Interest paid	(235)	(193)
Income taxes paid	(1,949)	(2,546)
Cash provided by operating activities	19,029	13,542
Cash flows from investing activities:		
Purchase of property	(4,643)	(4,461)
Proceeds from sale of property	462	744
Purchase of investment securities	(2,126)	(677)
Proceeds from sales of investment securities	—	21
Other, net	(3,218)	(839)
Cash used in investing activities	(9,525)	(5,213)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	21,213	16,960
Repayments of long-term loans	(112)	(262)
Redemption of bonds	(245)	—
Repayment of lease obligations	(200)	(102)
Cash acquisition or sales of treasury stock	(17)	(14)
Cash dividend paid	(801)	(828)
Cash dividend paid to minority shareholders	(163)	(208)
Cash provided by (used in) financing activities	19,671	15,543
Effect of exchange rate changes on cash and cash equivalents	(4,348)	891
Net increase (decrease) in cash and cash equivalents	24,827	24,763
Cash and cash equivalents at beginning of year	45,553	20,601
Increase in cash and cash equivalents from newly consolidated subsidiary	—	188
Cash and cash equivalents at end of year (Note 11)	¥ 70,381	¥ 45,553

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nippon Seiki Co., Ltd. and Consolidated Subsidiaries
March 31, 2011

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 27 significant subsidiaries (the "Companies") at March 31, 2011, except for six 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 six non-consolidated subsidiaries and one affiliate were stated at cost because the effect of application of the equity method would be immaterial.

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

All assets and liabilities of the subsidiaries are revaluated at fair values on 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

All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are cash equivalents.

(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 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
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Others	Identified method
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Materials	Weighted average method
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(g) Depreciation and Amortization

Depreciation of tangible assets is mainly calculated by the declining-balance method. Useful lives of the respective assets are based on the Corporation Tax Law.

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

Depreciation of lease assets under finance lease transactions that do not transfer ownership is calculated by the straight-line method, taking the useful lives of the respective assets as the term of the lease and depreciating the residual value to zero. The finance lease transactions that do not transfer ownership, which were acquired prior to April 1, 2008, continue to be accounted for by the method similar to the accounting for ordinary rental transactions.

(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 for probable doubtful accounts based on a review of the collectibility of individual receivables.

(i) Accrued bonuses to employees

Accrued bonuses are recognized based on expected total expenditure at the end of fiscal year.

(j) Allowance for compensation for products

The allowance for compensation for products is provided in order to deal with occurred market claim.

(k) Allowance for losses on order received

Allowance for losses on order received is provided in order to deal with expected losses on contract for orders received.

(l) Pension and retirement benefits

Employees' retirement benefits

The allowance for employees' retirement benefits has been provided based on the projected retirement benefit obligation and pension assets.

The difference at change of accounting standard is amortized by the straight-line method over 5 years.

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

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

Directors' retirement benefits

The allowance for directors' retirement benefits has been provided 100% allowance under the internal rules.

(m) Recognition criteria for revenues and costs of completed construction work

With respect to construction contracts of made-to-order software development that started during the fiscal year ended March 31, 2011, the percentage-of-completion method (cost comparison method for estimating the percentage of completion of construction activity) is applied to a construction work if the outcome of the construction work is deemed certain for the progress made by the end of the fiscal year ended March 31, 2011, otherwise the completed-contract method is applied.

(n) Income taxes

Deferred income taxes are recognized by the asset and liability method. Under this method, deferred assets and liabilities are determined based on the difference between financial reporting and the tax basis of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

2. Short-term Loans and Long-term Debt

The weighted average interest rate of short-term loans payable to banks was 0.5% at March 31, 2011.

Long-term loans as of March 31, 2011 consisted of the following:

	<u>Millions of Yen</u>	
Loans from banks, due through 2013		
At average rates of 0.7% for current and non-current portion, respectively	¥	203
Less: Current portion		<u>111</u>
	¥	<u>92</u>

Aggregate annual maturities of long-term loans subsequent to March 31, 2011 are as follows:

<u>Year ending March 31,</u>	<u>Millions of Yen</u>	
2012	¥	111
2013		<u>92</u>
	¥	<u>203</u>

Long-term lease obligations as of March 31, 2011 consisted of the following:

	<u>Millions of Yen</u>	
Current and non-current portion	¥	412
Less: Current portion		<u>171</u>
	¥	<u>240</u>

Aggregate annual maturities of long-term lease obligations subsequent to March 31, 2011 are as follows:

<u>Year ending March 31,</u>	<u>Millions of Yen</u>
2012	¥ 171
2013	105
2014	73
2015	30
2016	15
2017	15
	<u>¥ 412</u>

The assets mortgaged for short-term and long-term loans payable as of March 31, 2011 were as follows:

	<u>Millions of Yen</u>
Plant, net of accumulated depreciation	¥ 426
Land	344
	<u>¥ 770</u>

3. Retirement Benefits

The Company and its consolidated subsidiaries have mainly defined contribution plans.

The Company and certain consolidated subsidiaries also have defined benefit pension plans, pension fund plans and lump-sum payment plans. The amount of benefits under the plans is determined on the basis of years of service at the time of termination of employment.

The following table sets forth the funded and accrued status for the plans, and the amounts recognized in the consolidated balance sheet as of March 31, 2011 for the Company and consolidated subsidiaries' defined benefit plans:

	<u>Millions of Yen</u>
Projected benefit obligation	¥ 2,562
Pension assets	(175)
Unrecognized past service cost	50
Unrecognized actuarial gain or loss	(84)
Allowance for employees' retirement benefits	<u>¥ 2,353</u>

The components of retirement benefit expenses for the year ended March 31, 2011 were outlined as follows:

	<u>Millions of Yen</u>
Service cost	¥ 163
Interest cost	45
Expected return on plan assets	(1)
Amortization of net retirement obligation at change of accounting standard	49
Amortization of past service cost	(12)
Amortization of actuarial gain or loss	13
Net retirement benefit expenses	<u>¥ 257</u>

The amount of cost recognized for the contribution to the plans for the year ended March 31, 2011 was ¥798 millions.

The assumptions used in accounting for the above plans are as follows:

Discount Rate mainly used	2.0%
Expected return rate on plan assets	2.25%
Amortization period of past service cost	10 years (straight-line method)
Amortization period of actuarial gain or loss	10 years (straight-line method)
Amortization period of net retirement benefits obligation at change of accounting standard	5 years (straight-line method)

4. Supplementary Changes in Net Assets Information

Issued shares

Type of shares	Number of shares as of March 31, 2010	Increase	Decrease	Number of shares as of March 31, 2011
Common stock(Thousands of share)	60,907	—	—	60,907

Treasury stock

Type of shares	Number of shares as of March 31, 2010	Increase	Decrease	Number of shares as of March 31, 2011
Common stock	3,602,211	16,779	2,363	3,616,627

The details of increase and decrease are as follows:

Increase by purchase of odd-lot stock	16,779
Decrease by exercise of stock acquisition rights	1,092
Decrease by additional purchase order of odd-lot stock	1,271

Dividends

Dividends paid

Resolution	Type of shares	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 14, 2010	Common stock	401	7.0	March 31, 2010	June 28, 2010
Board of Directors meeting held on October 29, 2010	Common stock	401	7.0	September 30, 2010	December 10, 2010

Of the dividends for which the record date belongs to the fiscal year ended March 31, 2011, those for which the effective date of the dividends will be in the fiscal year ending March 31, 2012.

Resolution	Type of shares	Source of funds for dividends	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 13, 2011	Common stock	Retained earnings	401	7.0	March 31, 2011	June 29, 2011

5. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprised corporation tax, inhabitant's taxes and enterprise tax which, in aggregate, resulted in a statutory tax rate of approximately 40% for the year ended March 31, 2011. 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, 2011 were as follows:

	<u>Millions of Yen</u>
Deferred tax assets	
Loss on valuation of inventories	¥ 490
Accrued bonuses	808
Retirement benefits	997
Depreciation	426
Unrealized gains on inventories, property and equipment	738
Others	<u>2,737</u>
	6,199
Valuation allowance for deferred tax assets	<u>(821)</u>
Total deferred tax assets	<u>5,378</u>
Deferred tax liabilities	
Reserve for special depreciation	(49)
Unrealized gains on investment securities	(2,634)
Undistributed earnings of foreign subsidiaries	(1,298)
Others	<u>(204)</u>
Total deferred tax liabilities	<u>(4,187)</u>
Net deferred tax assets	<u>¥ 1,191</u>

6. Lease Transactions

2011(From April 1, 2010 to March 31, 2011)

Finance leases that do not transfer ownership, which were acquired prior to April 1, 2008, continue to be accounted for by the method similar to the accounting for ordinary rental transactions.

The amounts corresponding to acquisition cost, accumulated depreciation and net book value at March 31, 2011 were as follows:

	<u>Millions of Yen</u>
Acquisition cost	¥ 1,422
Accumulated depreciation	<u>1,245</u>
Net book value	<u>¥ 176</u>

The obligations under finance leases at March 31, 2011 were as follows:

	<u>Millions of Yen</u>
Due within one year	¥ 145
Due after one year	<u>31</u>
Total	<u>¥ 176</u>

The lease payments and amounts corresponding to depreciation under finance leases for the years ended March 31, 2011 were as follows:

	<u>Millions of Yen</u>
Lease payments	¥ 255
Depreciation	255

The obligations under non-cancelable operating leases at March 31,2011 were as follows:

	<u>Millions of Yen</u>
Due within one year	¥ 196
Due after one year	<u>167</u>
Total	<u>¥ 364</u>

2010(From April 1, 2009 to March 31, 2010)

Finance leases that do not transfer ownership, which were acquired prior to April 1, 2008, continue to be accounted for by the method similar to the accounting for ordinary rental transactions.

The amounts corresponding to acquisition cost, accumulated depreciation and net book value at March 31, 2010 were as follows:

	<u>Millions of Yen</u>
Acquisition cost	¥ 2,390
Accumulated depreciation	<u>1,863</u>
Net book value	<u>¥ 526</u>

The obligations under finance leases at March 31, 2010 were as follows:

	<u>Millions of Yen</u>
Due within one year	¥ 343
Due after one year	<u>183</u>
Total	<u>¥ 526</u>

The lease payments and amounts corresponding to depreciation under finance leases for the years ended March 31, 2010 were as follows:

	<u>Millions of Yen</u>
Lease payments	¥ 536
Depreciation	536

The obligations under non-cancelable operating leases at March 31,2010 were as follows:

	<u>Millions of Yen</u>
Due within one year	¥ 346
Due after one year	<u>205</u>
Total	<u>¥ 551</u>

7. Contingent Liabilities

At March 31, 2011, one subsidiary was contingently liable as guarantor of bank loans of non-consolidated company in the amount of ¥65 millions.

8. Amounts per Share

Net income per share shown below is based on the weighted average number of shares of common stock outstanding during the year.

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

Net income per share and net assets per share for the year ended or as of March 31, 2011 were as follows:

Net income per share	¥ 104.91
Net assets per share	¥ 1,517.74

9. Financial instruments

2011(From April 1, 2010 to March 31, 2011)

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 for of financial instruments

Notes receivable and accounts receivable are exposed to credit risk in relation to customers. The Companies manage credit risk arising 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 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. The Companies have short-term/long-term loans receivables mainly from other companies with which it has business relationships.

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

Short-term borrowings are raised mainly in connection with business activities, and long-term borrowings and lease obligations are taken out principally for the purpose of making capital investments.

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

(3) Supplementary explanation of the estimated fair value of financial statements

The notional amounts of derivatives in Notes 12 "Derivative Transactions-Supplemental Explanation on Quantitative Information" are not necessarily indicative of the actual market risk involved in derivative transactions.

2) Matters concerning fair value of financial instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2011 and unrealized gains (losses) are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2 below).

	Carrying Value	Estimated Fair value	(Millions of Yen) Unrealized Gain (Loss)
(1) Cash and bank deposits	70,449	70,449	—
(2) Notes receivable	768	768	—
(3) Accounts receivable	28,561	28,561	—
Allowance for doubtful accounts	(135)	(135)	—
	28,426	28,426	—
(4) Marketable securities and investment securities			
Trading securities	305	305	—
Other securities	13,460	13,460	—
Assets - total	113,410	113,410	—
(5) Notes payable	(1,802)	(1,802)	—
(6) Accounts payable	(25,977)	(25,977)	—
(7) Short-term loans payable	(55,498)	(55,498)	—
(8) Long-term loans payable*	(203)	(203)	0
(9) Lease obligations	(412)	(402)	(9)
Liabilities – total	(83,893)	(83,884)	(9)
(10) Derivative transactions	—	—	—

*Long-term loans payable and Lease obligations within one year are included.

Notes:

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

(1) Cash and bank deposits (2) Notes receivable (3) Accounts receivable

Since these items are settled in a short period of time, their carrying value approximates fair value.

(4) 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 10 "Marketable Securities".

(5) Notes payable (6) Accounts payable (7) Short-term loans payable

Since these items are settled in a short period of time, their carrying value approximates fair value.

(8) Long-term loans payable

The fair value is 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.

(9) Lease obligations

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

(10) Derivative transactions

Please refer to Note 12 "Derivatives" of the notes the consolidated financial statements.

2.Unlisted stocks of ¥7,279 millions on balance sheet are not included in (4) Marketable securities and Investment securities because no quoted market price is not available and it is extremely difficult to determine the fair value.

3.Redemption schedule for receivables and marketable securities with maturities at March 31, 2011 are as follows:

	(Millions of Yen)
	Due in One Year or Less
Cash and bank deposits	70,449
Notes receivable	768
Accounts receivable	28,561
Total	<u>99,779</u>

4. Redemption schedule for long-term loans payable and lease obligations with maturities at March 31, 2011 are as follows:

	(Millions of Yen)					
	2012	2013	2014	2015	2016	2017
Long-term loans payable	111	92	—	—	—	—
Lease obligations	171	105	73	30	15	15
Total	<u>282</u>	<u>198</u>	<u>73</u>	<u>30</u>	<u>15</u>	<u>15</u>

10. Marketable Securities

Securities classified as trading securities

Valuation included in Consolidated Statement of Income was ¥(2) millions for March, 2011.

Other securities

The following is a summary of the carrying amounts, acquisition cost and gross unrealized holding gains and losses by each holding category at March 31, 2011.

	Millions of Yen		
	Carrying Amounts	Acquisition Cost	Gross unrealized gains/(losses)
Securities with unrealized gains			
Equity securities	¥ 12,143	¥ 6,858	¥ 5,285
Securities with unrealized losses or no gains/losses			
Equity securities	486	537	(50)
Money management fund	830	830	—
Sub-total	1,317	1,368	(50)
Total	¥ 13,460	¥ 8,226	¥ 5,234

Securities classified as trading securities

Valuation included in Consolidated Statement of Income was ¥9 millions for March, 2010.

Other securities

The following is a summary of the carrying amounts, acquisition cost and gross unrealized holding gains and losses by each holding category at March 31, 2010.

	Millions of Yen		
	Carrying Amounts	Acquisition Cost	Gross unrealized gains/(losses)
Securities with unrealized gains			
Equity securities	¥ 12,052	¥ 6,216	¥ 5,835
Securities with unrealized losses or no gains/losses			
Equity securities	472	647	(175)
Money management fund	928	928	—
Sub-total	1,401	1,576	(175)
Total	¥ 13,453	¥ 7,792	¥ 5,660

11. Supplementary Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2011 and 2010.

	Millions of Yen	
	2011	2010
Cash and bank deposits	¥ 70,449	¥ 45,621
Time deposits with a maturity of more than three months	(67)	(67)
Cash and cash equivalents	¥ 70,381	¥ 45,553

12. Derivatives

2011(From April 1, 2010 to March 31, 2011)

The following is a summary of the notional amounts and the fair value of the derivative instruments outstanding at March 31, 2011, for which deferral hedged accounting has not been applied.

Currency-related transactions

	Millions of Yen		
	Notional Amount	Fair value	Unrealized gains/(losses)
Forward foreign exchange contracts			
Sell:	(Euro24,000,000)		
Euro	¥ 2,732	¥ 2,630	¥ (101)
Buy:	(US dollar1,500,000)		
Us dollar	¥ 121	¥ 124	¥ 3
	¥ 2,853	¥ 2,754	¥ (98)

2010(From April 1, 2009 to March 31, 2010)

The following is a summary of the notional amounts and the fair value of the derivative instruments outstanding at March 31, 2010, for which deferral hedged accounting has not been applied.

Currency-related transactions

	Millions of Yen		
	Notional Amount	Fair value	Unrealized gains/(losses)
Forward foreign exchange contracts			
Sell:	(Euro21,000,000)		
Euro	¥ 2,655	¥ 2,682	¥ 26
	¥ 2,655	¥ 2,682	¥ 26

13. Segment Information

(a) Overview of reportable segments

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

The Companies have business units categorized by products and services, and each business units plans comprehensive business strategies and operates business activities domestically and internationally.

Therefore, the Companies report the segments, such as Instruments, Consumer Use Products and Display Products based on business units categorized by products and services.

(b) Methods of calculating amounts of 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, 2011 was as follows:

Year ended or as of March 31, 2011	Reportable segments			Sub Total	Others	Total	Amount of adjustment	Consolidated Total
	Instruments	Consumer- Use Products	Display Products					
Sales								
Unaffiliated								
customers.....	¥ 124,979	¥ 14,762	¥ 4,209	¥ 143,950	¥ 23,325	¥ 167,276	¥ —	¥ 167,276
Intersegment.....	—	—	356	356	8,889	9,245	(9,245)	—
Total sales.....	124,979	14,762	4,565	144,307	32,215	176,522	(9,245)	167,276
Segment income (loss).....	¥ 13,819	¥ (45)	¥ (239)	¥ 13,534	¥ 1,303	¥ 14,838	¥ (187)	¥ 14,650
Segment assets.....	¥ 80,254	¥ 8,685	¥ 2,582	¥ 91,521	¥ 25,080	¥ 116,602	¥ 74,959	¥ 191,561
Others								
Depreciation and amortization.....	¥ 4,520	¥ 209	¥ 43	¥ 4,773	¥ 647	¥ 5,420	¥ 90	¥ 5,511
Increase in tangible and intangible fixed assets.....	¥ 4,091	¥ 141	¥ 144	¥ 4,377	¥ 813	¥ 5,191	¥ 2	¥ 5,193

Segment information as of and for the year ended March 31, 2010, which was restated in conformity with the requirements of the Standard, was as follows:

Year ended or as of March 31, 2010	Millions of Yen						Amount of adjustment	Consolidated Total	
	Reportable segments			Sub Total	Others	Total			
	Instruments	Consumer- Use Products	Display Products						
Sales									
Unaffiliated									
customers.....	¥ 96,711	¥ 13,096	¥ 3,916	¥ 113,724	¥ 21,500	¥ 135,225	¥ —	¥ 135,225	
Intersegment.....	—	—	85	85	7,043	7,129	(7,129)	—	
Total sales.....	96,711	13,096	4,002	113,810	28,543	142,354	(7,129)	135,225	
Segment income (loss).....	¥ 6,262	¥ (29)	¥ (1,253)	¥ 4,979	¥ 1,099	¥ 6,078	¥ 230	¥ 6,308	
Segment assets.....	¥ 74,916	¥ 9,848	¥ 3,864	¥ 88,629	¥ 20,502	¥ 109,132	¥ 52,500	¥ 161,633	
Others									
Depreciation and amortization.....	¥ 5,550	¥ 295	¥ 340	¥ 6,186	¥ 645	¥ 6,832	¥ 91	¥ 6,923	
Increase in tangible and intangible fixed assets.....	¥ 3,357	¥ 100	¥ 97	¥ 3,555	¥ 702	¥ 4,257	¥ 13	¥ 4,270	

[Related information]

Geographic Information

Year ended March 31, 2011	Millions of Yen				
	Japan	Americas	Europe	Asia	Total
Sales	¥ 77,263	¥ 27,439	¥ 13,809	¥ 48,764	¥ 167,276
Tangible Fixed assets	¥ 28,075	¥ 2,355	¥ 372	¥ 7,224	¥ 38,028

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

Year ended March 31, 2011	Millions of Yen				
	Instruments	Consumer- Use Products	Sub Total	Others	Total
Goodwill					
Amortization of goodwill	¥ 60	¥ —	¥ 60	¥ 57	¥ 117
Balance at the end of current period	¥ 207	¥ —	¥ 207	¥ 479	¥ 687
Negative goodwill					
Amortization of negative goodwill	¥ 73	¥ 5	¥ 78	¥ 59	¥ 138
Balance at the end of current period	¥ 37	¥ —	¥ 37	¥ 24	¥ 62

For the year ended March 31, 2010 under former Accounting Standard for Segment Information

Year ended or as of March 31, 2010	Millions of Yen							Elimination and Corporate	Consolidated Total
	Instruments	Consumer-Use Products	Display Products	Others	Total				
Sales									
Unaffiliated customers.....	¥ 96,711	¥ 13,096	¥ 3,916	¥ 21,500	¥ 135,225	¥ —	¥ 135,225	¥ —	¥ 135,225
Intersegment.....	—	—	85	7,043	7,129	(7,129)	—	(7,129)	—
Total sales	96,711	13,096	4,002	28,543	142,354	(7,129)	135,225	(7,129)	135,225
Operating costs and expenses									
	90,449	13,125	5,256	27,444	136,276	(7,359)	128,916	(7,359)	128,916
Operating income (loss)	¥ 6,262	¥ (29)	¥ (1,253)	¥ 1,099	¥ 6,078	¥ 230	¥ 6,308	¥ 230	¥ 6,308
Total assets	¥ 74,916	¥ 9,848	¥ 3,864	¥ 20,502	¥ 109,132	¥ 52,500	¥ 161,633	¥ 52,500	¥ 161,633
Depreciation and amortization									
	¥ 5,550	¥ 295	¥ 340	¥ 645	¥ 6,832	¥ 91	¥ 6,923	¥ 91	¥ 6,923
Impairment loss	¥ —	¥ —	¥ 1,720	¥ —	¥ 1,720	¥ —	¥ 1,720	¥ —	¥ 1,720
Capital expenditures.....	¥ 3,357	¥ 100	¥ 97	¥ 702	¥ 4,257	¥ 13	¥ 4,270	¥ 13	¥ 4,270

Geographic Information

Year ended or as of March 31, 2010	Millions of Yen					Elimination and Corporate	Consolidated Total
	Japan	Americas	Europe	Asia	Total		
Sales							
Unaffiliated customers.....	¥ 70,736	¥ 20,992	¥ 9,976	¥ 33,520	¥ 135,225	¥ —	¥ 135,225
Intersegment.....	31,329	21	0	6,670	38,021	(38,021)	—
Total sales	102,065	21,013	9,976	40,190	173,246	(38,021)	135,225
Operating costs and expenses							
	99,004	20,202	10,154	37,807	167,167	(38,251)	128,916
Operating income (loss)	¥ 3,061	¥ 811	¥ (177)	¥ 2,383	¥ 6,078	¥ 230	¥ 6,308
Total assets	¥ 82,652	¥ 13,501	¥ 6,214	¥ 26,630	¥ 128,998	¥ 32,635	¥ 161,633

Overseas Sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries, for the years ended March 31, 2010 were summarized as follows:

Year ended March 31, 2010	Millions of Yen			
	Americas	Europe	Asia	Total
Overseas sales	¥ 21,177	¥ 10,780	¥ 39,255	¥ 71,212
Consolidated net sales				135,225
Overseas sales as a percentage of consolidated net sales.....	15.7%	8.0%	29.0%	52.7%

Report of Independent Auditors

The Board of Directors
Nippon Seiki Co., Ltd.

We have audited the accompanying consolidated balance sheets of Nippon Seiki Co., Ltd. and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Seiki Co., Ltd. and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

Niigata, Japan
June 28, 2011

Non-consolidated Financial Statements of NIPPON SEIKI Co., Ltd. for the Fiscal Year 2010/ 2011

Balance Sheets

	March 31, 2011	March 31, 2010
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
ASSETS		
Current Assets		
Cash and bank deposits	¥ 54,224	¥ 32,832
Notes receivable	340	210
Accounts receivable	27,432	26,250
Marketable Securities	305	308
Merchandise and Finished goods	3,264	2,809
Work in process	2,065	1,921
Raw materials and Supplies	2,601	2,207
Prepaid expenses	101	96
Deferred tax assets	1,312	939
Short-term loans	4,543	3,842
Sundry receivables	1,888	2,162
Other current assets	17	14
Allowance for doubtful accounts	(157)	(9)
CURRENT ASSETS — TOTAL	97,941	73,586
Fixed Assets		
Tangible Fixed Assets		
Buildings	3,411	3,686
Structures	206	251
Machinery and Equipment	1,225	1,382
Vehicles	23	32
Tools, Jigs and Fixtures	1,395	1,946
Land	8,303	8,319
Lease Assets	14	—
Construction in progress	246	203
Total	14,826	15,822
Intangible Fixed Assets		
Software	613	421
Other intangible assets	3	40
Total	616	462
Investment and Other Assets		
Investment securities	15,328	15,322
Investment in subsidiary and affiliate companies	20,492	17,899
Long-term loans	36	60
Long-term loans receivable from subsidiaries and affiliates	140	60
Prepaid expenses	191	258
Other investments and assets	93	92
Allowance for doubtful accounts	(10)	(10)
Total	36,272	33,682
FIXED ASSETS — TOTAL	51,715	49,968
TOTAL ASSETS	¥ 149,657	¥ 123,554

	March 31, 2011	March 31, 2010
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
LIABILITIES		
Current Liabilities		
Notes payable	¥ 222	¥ 146
Accounts payable	20,594	18,360
Short-term loans payable	60,079	37,600
Current portion of bonds	—	246
Current maturities of long-term loans payable	110	110
Lease obligations	4	—
Accrued liabilities	459	555
Accrued expenses	1,809	1,799
Accrued income taxes	251	49
Advances received	—	0
Deposits received	87	93
Accrued bonuses to employees	1,043	667
Allowance for compensation for products	919	448
Bills payable - capital investment	20	44
CURRENT LIABILITIES — TOTAL	85,602	60,122
Long-term Liabilities		
Long-term loans payable	92	202
Lease obligations	11	—
Deferred tax liabilities	138	206
Allowance for employees' retirement benefits	1,359	1,351
Allowance for directors' retirement benefits	220	230
Other long-term liabilities	50	51
LONG-TERM LIABILITIES — TOTAL	1,872	2,042
TOTAL LIABILITIES	87,475	62,165
NET ASSETS		
Shareholders' Equity		
Common stock	14,494	14,494
Capital surplus		
Additional paid-in capital	6,214	6,214
Other capital surplus	277	279
Total capital surplus	6,492	6,494
Retained earnings		
Legal reserves	960	960
Other retained earnings		
Reserve for special depreciation	34	52
General reserve	39,680	38,180
Earned surplus carried forward	3,681	4,155
Total retained earnings	44,356	43,347
Treasury stock	(6,267)	(6,256)
SHAREHOLDERS' EQUITY — TOTAL	59,074	58,079
Valuation, Translation Adjustments		
Unrealized gain on investment securities	3,107	3,309
VALUATION, TRANSLATION ADJUSTMENTS — TOTAL	3,107	3,309
TOTAL NET ASSETS	62,182	61,389
TOTAL LIABILITIES AND NET ASSETS	¥ 149,657	¥ 123,554

Statements of Income

	Year ended March 31, 2011	Year ended March 31, 2010
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
Sales	¥ 95,794	¥ 73,059
Operating Expenses		
Cost of Sales	80,726	65,109
Selling, General and Administrative Expenses	8,986	6,868
Total	89,712	71,977
OPERATING INCOME	6,081	1,082
Non Operating Income		
Interest and Dividend income	1,367	1,403
Other non operating income	345	481
Total	1,712	1,885
Non Operating Expenses		
Interest expenses	205	148
Loss on foreign exchange	4,636	496
Other non operating expenses	150	1
Total	4,992	647
ORDINARY INCOME	2,802	2,320
Special Income		
Gain on sales of fixed assets	30	15
Profits on sales of investment securities	—	0
Other special income	0	—
Total	30	15
Special Loss		
Loss on disposal of fixed assets	30	139
Impairment loss	—	1,720
Loss on investment securities revaluation	420	9
Other special loss	0	—
Total	450	1,870
INCOME BEFORE TAXES	2,382	466
Income Taxes	571	87
NET INCOME	¥ 1,810	¥ 378

Statements of Changes in Net Assets
(From April 1, 2010 to March 31, 2011)

(Millions of Japanese Yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid in capital	Other capital surplus	Total capital surplus
Balance as of March 31, 2010	¥ 14,494	¥ 6,214	¥ 279	¥ 6,494
Changes in the year				
Exercise of stock acquisition rights			(0)	(0)
Dividends from surplus				
Reversal of reserve for special depreciation				
Provision of general reserve				
Net income				
Acquisition of treasury stock				
Disposal of treasury stock			(1)	(1)
Net changes in items other than those in shareholders' equity				
Total of changes in the year			(2)	(2)
Balance as of March 31, 2011	¥ 14,494	¥ 6,214	¥ 277	¥ 6,492

	Shareholders' equity				
	Retained earnings				Total retained earnings
	Legal reserve	Other retained earnings			
Reserve for special depreciation		General reserve	Earned surplus carried forward		
Balance as of March 31, 2010	¥ 960	¥ 52	¥ 38,180	¥ 4,155	¥ 43,347
Changes in the year					
Exercise of stock acquisition rights					
Dividends from surplus				(802)	(802)
Reversal of reserve for special depreciation		(18)		18	—
Provision of general reserve			1,500	(1,500)	—
Net income				1,810	1,810
Acquisition of treasury stock					
Disposal of treasury stock					
Net changes in items other than those in shareholders' equity					
Total of changes in the year	—	(18)	1,500	(473)	1,008
Balance as of March 31, 2011	¥ 960	¥ 34	¥ 39,680	¥ 3,681	¥ 44,356

(Millions of Japanese Yen)

	Shareholders' equity		Valuation, translation adjustment	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain on investment securities	
Balance as of March 31, 2010	¥ (6,256)	¥ 58,079	¥ 3,309	¥ 61,389
Changes in the year				
Exercise of stock acquisition rights	1	0		0
Dividends from surplus		(802)		(802)
Reversal of reserve for special depreciation		—		—
Provision of general reserve		—		—
Net income		1,810		1,810
Acquisition of treasury stock	(15)	(15)		(15)
Disposal of treasury stock	2	1		1
Net changes in items other than those in shareholders' equity			(201)	(201)
Total of changes in the year	(11)	994	(201)	792
Balance as of March 31, 2011	¥ (6,267)	¥ 59,074	¥ 3,107	¥ 62,182

(From April 1, 2009 to March 31, 2010)

(Millions of Japanese Yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid in capital	Other capital surplus	Total capital surplus
Balance as of March 31, 2009	¥ 14,470	¥ 6,191	¥ 495	¥ 6,686
Changes in the year				
Issuance of stock	23	23		23
Exercise of stock acquisition rights			(215)	(215)
Dividends from surplus				
Reserve for special depreciation				
Reversal of reserve for special depreciation				
Net income				
Acquisition of treasury stock				
Disposal of treasury stock			(0)	(0)
Net changes in items other than those in shareholders' equity				
Total of changes in the year	23	23	(215)	(192)
Balance as of March 31, 2010	¥ 14,494	¥ 6,214	¥ 279	¥ 6,494

	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, 2009	¥ 960	¥ 79	¥ 38,180	¥ 4,577	¥ 43,796
Changes in the year					
Issuance of stock					
Exercise of stock acquisition rights					
Dividends from surplus				(827)	(827)
Reserve for special depreciation		4		(4)	—
Reversal of reserve for special depreciation		(31)		31	—
Net income				378	378
Acquisition of treasury stock					
Disposal of treasury stock					
Net changes in items other than those in shareholders' equity					
Total of changes in the year	—	(27)	—	(421)	(448)
Balance as of March 31, 2010	¥ 960	¥ 52	¥ 38,180	¥ 4,155	¥ 43,347

(Millions of Japanese Yen)

	Shareholders' equity		Valuation, translation adjustment	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain on investment securities	
Balance as of March 31, 2009	¥ (6,697)	¥ 58,256	¥ 1,215	¥ 59,471
Changes in the year				
Issuance of stock		47		47
Exercise of stock acquisition rights	454	239		239
Dividends from surplus		(827)		(827)
Reserve for special depreciation		—		—
Reversal of reserve for special depreciation		—		—
Net income		378		378
Acquisition of treasury stock	(14)	(14)		(14)
Disposal of treasury stock	0	0		0
Net changes in items other than those in shareholders' equity			2,094	2,094
Total of changes in the year	440	(176)	2,094	1,917
Balance as of March 31, 2010	¥ (6,256)	¥ 58,079	¥ 3,309	¥ 61,389

- **Company name** : Nippon Seiki Co., Ltd.
- **Established** : December 24, 1946
- **Common stock capital** : 14,494,287,162 Yen
- **Number of employees** : 1,731

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

- Automotive instruments
- Head up display ※
- 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
- Liquid crystal display panels and modules
- Organic light emitting diode display panels and modules
- Aftermarket car products
- Resin material processing and sales
- Freight transportation
- Software development
- Car dealer
etc.

Notes:

- ※ The product, "Head up display (HUD)," uses 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

Research & Development Center

190-1, Fujihashi 1-chome, Nagaoka-shi, Niigata, 940-2141 JAPAN

Offices

Utsunomiya, Tokyo, Hamamatsu, Nagoya, Suzuka, Osaka, Mizushima, Kumamoto, ShenZhen, Wuhan

Branch Office

Hong Kong

Notes:

- ※ ShenZhen Office was established on April 29, 2010.
- ※ Wuhan Office was established on June 1, 2010.

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 ※1
- 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 Car Sales Nagaoka Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Mazda Rent Car Niigata Co., Ltd. / Niigata-shi, Niigata, Japan
- Car Station Niigata Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Nissei Kyusyoku Co., Ltd. / Nagaoka-shi, Niigata, Japan

● ***North America***

- New Sabina Industries, Inc. / Sabina, Ohio, U.S.A.
- N.S. International, Ltd. / Troy, Michigan, U.S.A.

● ***Latin America and Caribbean area***

- Nippon Seiki Do Brasil Ltda. / Manaus, Amazonas, Brazil
- NS Sao Paulo Componentes Automotivos Ltda. / Sao Paulo, Brazil
- Shan Chih Investments Limited. / British Virgin Islands
- Nippon Seiki De Mexico S.A. De C.V. / Nuevo Leon, Mexico
- Nissei Advantech Mexico S.A. De C.V. / Nuevo Leon, Mexico

● ***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
- 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
- Hong Kong Ek Chor Nissei Co., Ltd. / Hong Kong, China
- Taiwan Nissei Display System Co., Ltd. / Taipei, Taiwan R.O.C. ※3
- 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
- JNS Instruments Ltd. / Haryana, India

Notes:

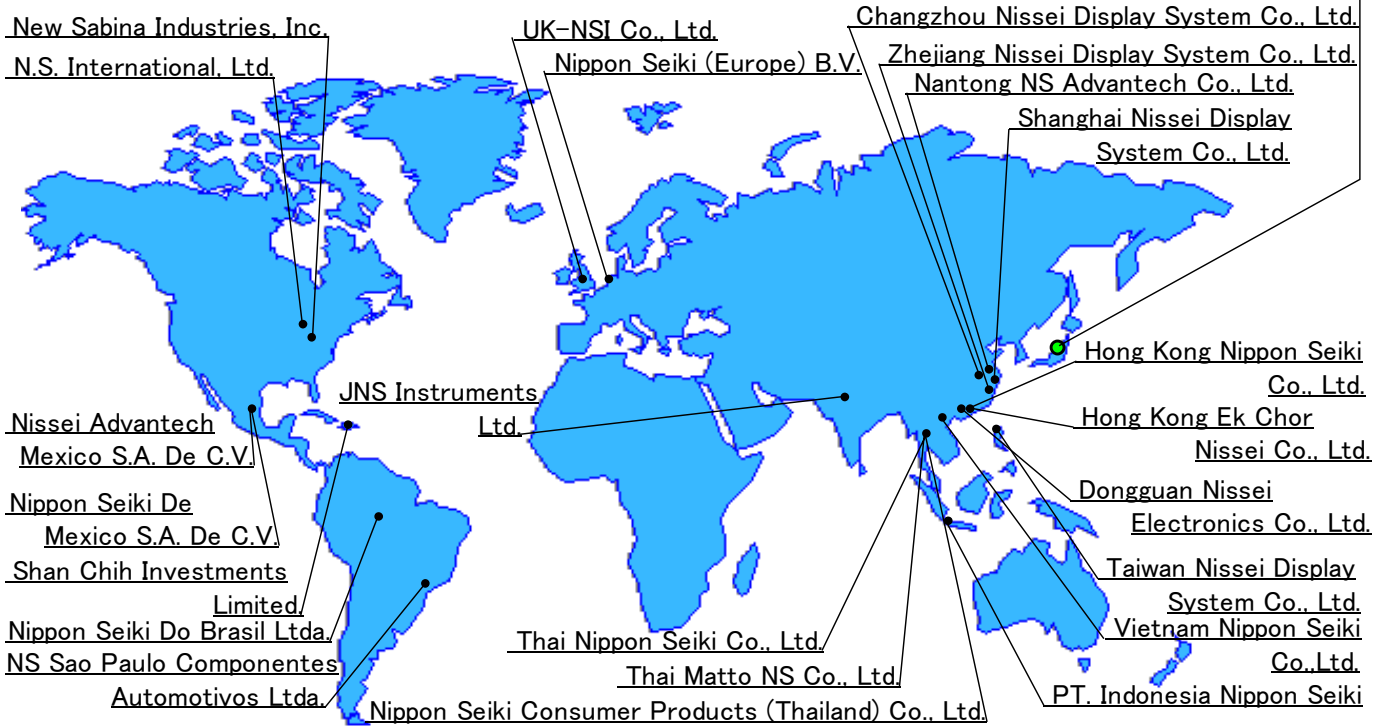
※1 YNS Inc. changed its name to NS WEST Inc. on September 1, 2010.

※2 Niigata Mazda Co., Ltd. and Mazda Rent Car Niigata Co., Ltd.
became our subsidiary companies on December 1, 2010.

※3 Tatung Precise Meter Co., Ltd. changed its name to Taiwan Nissei
Display System Co., Ltd. on April 22, 2010.

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 Car Sales Nagaoka Co., Ltd.
- Mazda Rent Car Niigata Co., Ltd.
- Car Station Niigata Co., Ltd.
- Nissei Kyusyoku Co., Ltd.



Nippon Seiki Group is composed of 33 subsidiaries and 1 affiliated company. The main business of the group is responsible for the manufacture and sale of instrument clusters for automobiles, motorcycles, agricultural / construction machines and boats, and the manufacture and sale of liquid crystal display panels and modules, consumer-use products 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, car sales 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 clusters and gauges / 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 instrument clusters and remote controllers	Purchasing products and component parts
NS WEST Inc.	100.0	Manufacture and sales of automotive instrument clusters 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	Outsource software development
Nissei Service Co., Ltd.	100.0	Transportation / Advertising agency / Car sales	Outsource packing and transporting products
Honda Car Sales Nagaoka Co., Ltd.	100.0	Honda car dealer	Purchasing cars
Niigata Mazda Co., Ltd.	90.0	Mazda car dealer	None
Mazda Car Sales Nagaoka Co., Ltd.	100.0	Mazda car dealer	Purchasing cars
Mazda Rent Car Niigata Co., Ltd.	90.0	Rent a car	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 instrument clusters	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 and motorcycle instrument clusters	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 Do Brasil Ltda.	100.0	Manufacture and sales of motorcycle instrument clusters	Selling products
NS Sao Paulo Componentes Automotivos Ltda.	100.0	Manufacture and sales of automotive instrument clusters	Selling products
Thai Nippon Seiki Co., Ltd.	69.9	Manufacture and sales of automotive and motorcycle instrument clusters	Selling and purchasing products
Thai Matto NS Co., Ltd.	83.5	Compounding, and coloring of plastics, and trading	None
PT. Indonesia Nippon Seiki	70.0	Manufacture and sales of motorcycle instrument clusters	Selling products
Vietnam Nippon Seiki Co., Ltd.	70.0	Manufacture and sales of motorcycle instrument clusters	Selling products
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

Name of Company	Voting rights equity ratio	Main activities	Main trade with subsidiaries
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 instrument clusters	Selling products
Hong Kong Ek Chor Nissei Co., Ltd.	100.0	Investment and holding company	Investment in China on behalf of the parent
Taiwan Nissei Display System Co., Ltd. ※3	80.0	Manufacture and sales of automotive and motorcycle instrument clusters	Selling products
Changzhou Nissei Display System Co., Ltd.	80.0	Manufacture and sales of automotive and motorcycle instrument clusters	None
Shan Chih Investments Limited.	80.0	Investment and holding company	Investment in China on behalf of the parent

● **Non-consolidated subsidiaries and Affiliated Company are as follows:**

Non-consolidated subsidiaries

- Nissei Kyusyoku Co., Ltd.
- Nippon Seiki De Mexico S.A. De C.V.
- Nissei Advantech Mexico S.A. De C.V.
- Nippon Seiki Consumer Products (Thailand) Co., Ltd.
- Nantong NS Advantech Co., Ltd.
- Zhejiang Nissei Display System Co., Ltd.

Affiliated Company (which does not influence the consolidated financial statements)

- JNS Instruments Ltd.

2,997 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

Status of bonds with stock acquisition rights

- The bonds with stock acquisition rights with a due date of September 30, 2010 were redeemed.

● Major shareholders

(1,000 shares)

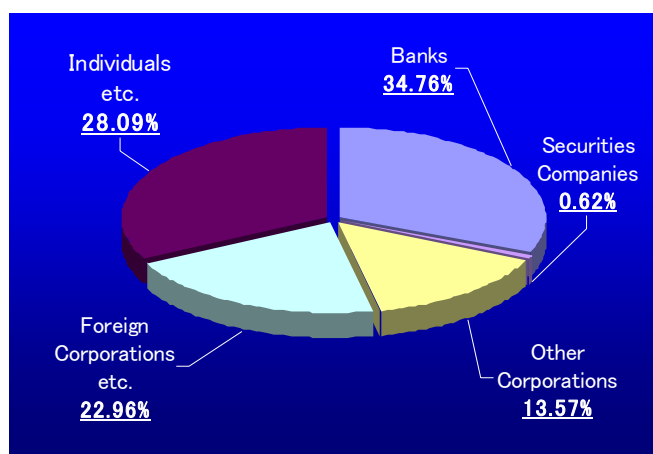
Name	Shares owned (percentage of shareholdings)
The Master Trust Bank of Japan, Ltd.	4,047 (7.06%)
Honda Motor Co., Ltd.	3,753 (6.55%)
BBH FOR FIDELITY LOW-PRICED STOCK FUND	2,530 (4.42%)
THE CHASE MANHATTAN BANK, N. A. LONDON SECS LENDING OMNIBUS ACCOUNT	1,823(3.18%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,779 (3.11%)
The Daishi Bank, Ltd.	1,568 (2.74%)
Shareholding association of Nippon Seiki Employees	1,482 (2.59%)
Japan Trustee Services Bank, Ltd.	1,307 (2.28%)
Yamaha Motor Co., Ltd.	1,217 (2.13%)
Nichia Corporation	1,188 (2.07%)

Notes:

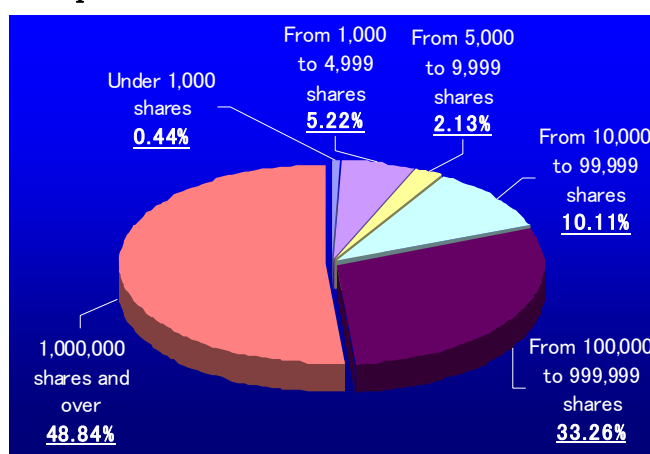
※1 Percentage of shareholdings ratio is calculated by deducting 3,616,627 shares of treasury stocks from total shares issued.

2 Nippon Seiki holds treasury stocks (3,616,627 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



DIRECTORS

	(Name)
President and Representative Director	Shoji Nagai
Vice-president and Representative Director	Kazuo Nirasawa
Senior Managing and Representative Director	Hirotoishi Takada
Managing Director	Yoshiaki Yazawa
Managing Director	Takeyoshi Ikarashi
Managing Director	Makoto Okawa
Managing Director	Junichi Suzuki
Managing Director	Seiichiro Okada
Managing Director	Toshiaki Ichihashi
Director	Yoshiki Takebe
Director	Akira Nakamura
Director	Morito Sato
Director	Yoichi Ayata
Director	Masaharu Takano
Director	Masami Sakatsume
Director	Koichi Sato

CORPORATE AUDITORS

	(Name)
Corporate Auditor (Full-time)	Takashi Komagata
Corporate Auditor (Full-time)	Masao Asano
Corporate Auditor	Yoichi Sakurai
Corporate Auditor	Michiaki Miyajima