

ANNUAL REPORT 2013

FROM APRIL 1ST, 2012 TO MARCH 31ST, 2013



NIPPON SEIKI

CONTENTS

| | |
|---|----|
| I. SUMMARY OF OPERATING RESULTS BY BUSINESS | |
| <u>Review of Operations</u> | 1 |
| II. FINANCIAL HIGHLIGHTS | |
| <u>1. Consolidated Financial Highlights</u> | 2 |
| <u>2. Non-Consolidated Financial Highlights</u> | 3 |
| III. CONSOLIDATED FINANCIAL STATEMENTS | |
| <u>Consolidated Balance Sheets</u> | 4 |
| <u>Consolidated Statements of Income</u> | 6 |
| <u>Consolidated Statements of Comprehensive Income</u> | 7 |
| <u>Consolidated Statements of Changes in Net Assets</u> | 8 |
| <u>Consolidated Statements of Cash Flows</u> | 10 |
| <u>Notes to Consolidated Financial Statements</u> | 11 |
| <u>Independent Auditor's Report</u> | 26 |
| IV. OTHER INFORMATION (Non-Consolidated Financial Statements) | |
| <u>Balance Sheets</u> | 27 |
| <u>Statements of Income</u> | 29 |
| <u>Statements of Changes in Net Assets</u> | 30 |
| V. OUTLINE OF THE COMPANY | 34 |
| VI. PROFILE OF THE GROUP COMPANIES | 37 |
| VII. OWNERSHIP OF THE COMPANY'S SHARES | 39 |
| VIII. BOARD OF DIRECTORS AND AUDIT AND SUPERVISORY BOARD MEMBERS | 40 |

Review of Operations**● Instruments sales**

Sales of instruments for automobiles increased, but motorcycles, agricultural and construction machines and boats decreased. Overall, instruments sales for the year increased by 8.9% to ¥140,014 million, from the previous fiscal year.

● Consumer-use products sales

Sales increased by 4.8% to ¥14,516 million from the previous fiscal year, mainly due to an increase in orders for PCB assemblies for amusement products and so on.

● Display products sales

Display products sales decreased by 6.7% to ¥3,870 million from the previous fiscal year mainly due to a decrease in orders for liquid crystal displays.

● Automobile sales

Sales of cars at our dealerships increased by 10.0% to ¥20,784 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 ¥11,835 million, 12.7% increase from the previous fiscal year, mainly due to an increase in the sale of compound resins, software and office equipment.

As a result, the company's consolidated business operations for the fiscal year 2013, ending March 31, 2013, resulted in sales of ¥191,021 million, increased by 8.5% from the previous fiscal year. At the same time, ordinary income for the year increased by 5.0%, to ¥15,611 million, and net income increased by 11.1%, to ¥8,231 million, respectively.

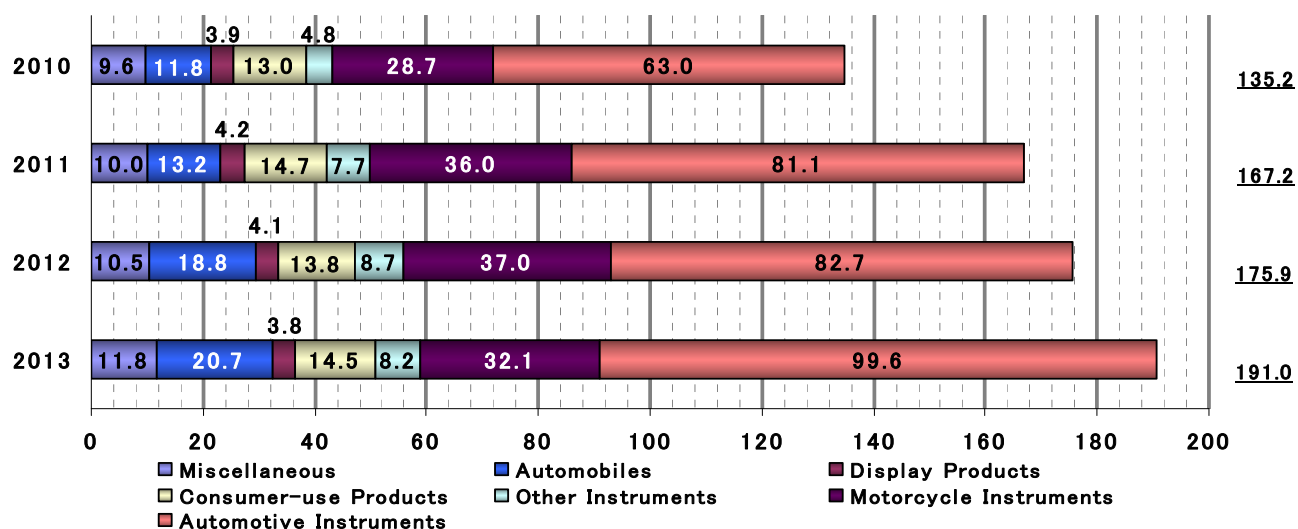
● Consolidated sales by business segment

| | 2012 (Yen in millions) | 2013 (Yen in millions) | Increase (Decrease) |
|--|---------------------------|---------------------------|------------------------|
| Instruments for automobiles, motorcycles, agricultural / construction machines and boats | 128,588 | 140,014 | 8.9% |
| Consumer-use products | 13,849 | 14,516 | 4.8% |
| Display products | 4,149 | 3,870 | (6.7%) |
| Automobiles | 18,893 | 20,784 | 10.0% |
| Other businesses | 10,500 | 11,835 | 12.7% |
| Total | 175,981 | 191,021 | 8.5% |

1. Consolidated Financial Highlights

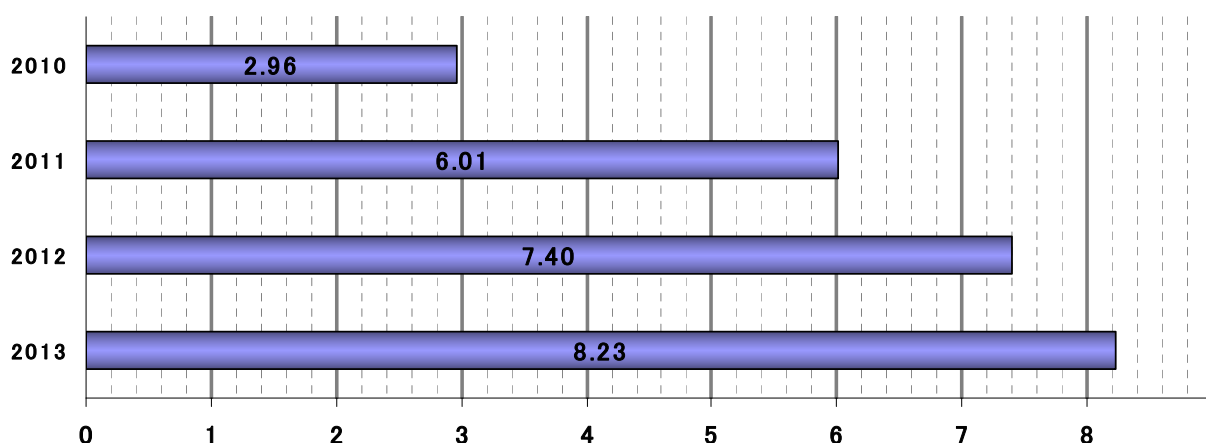
1-1. Consolidated Sales

Yen in billions



1-2. Consolidated Net Income

Yen in billions



Consolidated sales for the fiscal year ending March 31, 2013, increased by 8.5% to ¥191,021 million, ordinary income increased by 5.0% to ¥15,611 million, and net income increased by 11.1% to ¥8,231 million.

1-3. Consolidated Financial Highlights

| | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|----------|----------|----------|----------|
| Sales (Yen in millions) | 135,225 | 167,276 | 175,981 | 191,021 |
| Ordinary income (Yen in millions) | 7,185 | 10,490 | 14,866 | 15,611 |
| Net income (Yen in millions) | 2,963 | 6,010 | 7,409 | 8,231 |
| Net income per share (Yen) ※ | 51.84 | 104.91 | 129.33 | 143.69 |
| Total assets (Yen in millions) | 161,633 | 191,561 | 207,632 | 231,990 |
| Net assets (Yen in millions) | 88,782 | 92,187 | 96,243 | 115,873 |
| Net assets per share (Yen) | 1,464.39 | 1,517.74 | 1,588.78 | 1,905.58 |

Note:

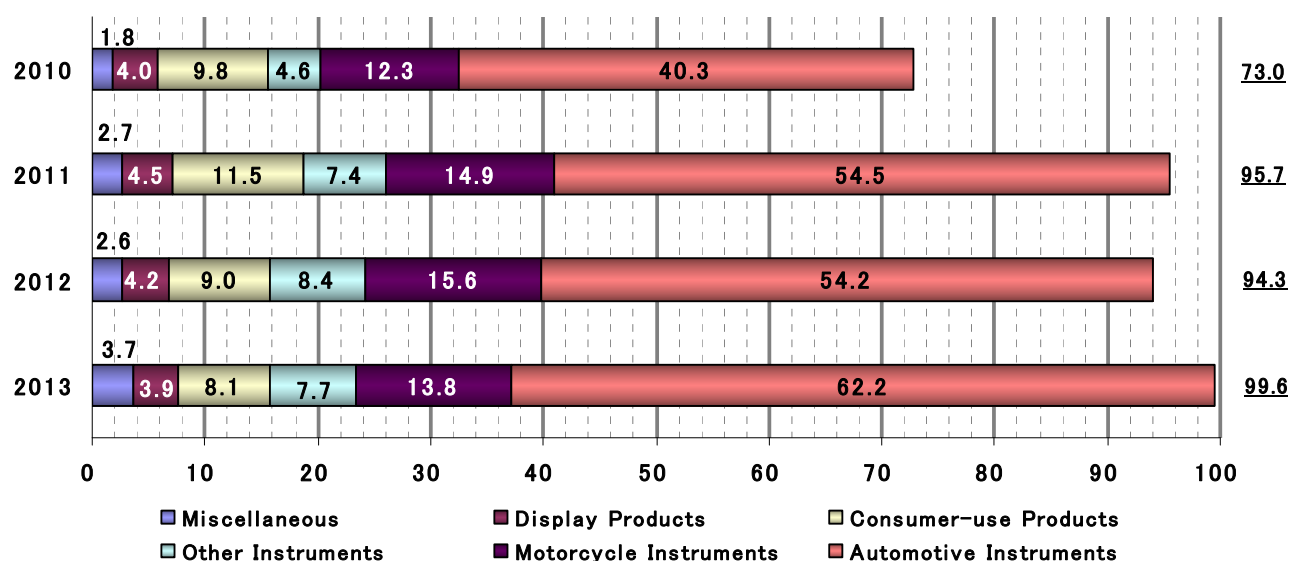
※ Net income per share is calculated by the weighted average number of shares of common stock outstanding during the year.

2. Non-Consolidated Financial Highlights

As of March 31, 2013

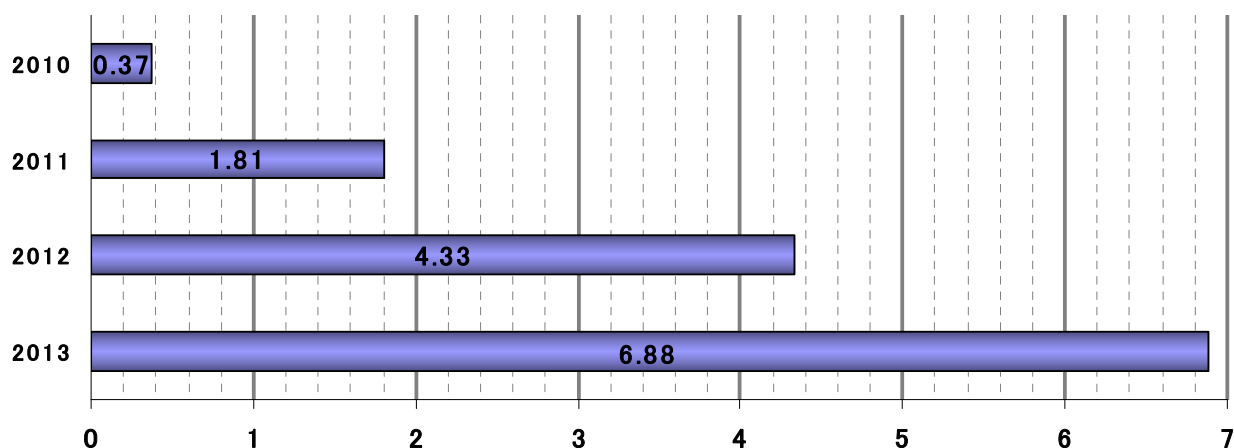
2-1. Non-Consolidated Sales

Yen in billions



2-2. Non-Consolidated Net Income

Yen in billions



Non-Consolidated sales for the fiscal year ending March 31, 2013, increased by 5.6% to ¥99,613 million, ordinary income increased by 39.7% to ¥11,735 million, and net income increased by 58.9% to ¥6,880 million.

2-3. Non-Consolidated Financial Highlights

| | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|---------|---------|---------|---------|
| Sales (Yen in millions) | 73,059 | 95,794 | 94,316 | 99,613 |
| Ordinary income (Yen in millions) | 2,320 | 2,802 | 8,399 | 11,735 |
| Net income (Yen in millions) | 378 | 1,810 | 4,330 | 6,880 |
| Net income per share (Yen) ※ | 6.63 | 31.60 | 75.58 | 120.11 |
| Dividend per share (Yen) | 12.00 | 14.00 | 18.00 | 20.00 |
| Total assets (Yen in millions) | 123,554 | 149,657 | 162,736 | 172,836 |
| Net assets (Yen in millions) | 61,389 | 62,182 | 65,896 | 72,866 |
| Common stock (Yen in millions) | 14,494 | 14,494 | 14,494 | 14,494 |
| Equity ratio (%) | 49.7 | 41.5 | 40.5 | 42.1 |

Note:

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

Consolidated Balance Sheets

| | March 31, 2013 | March 31, 2012 |
|--|-------------------|-------------------|
| Assets | (Yen in millions) | (Yen in millions) |
| Current assets | | |
| Cash and bank deposits (Note 8,10) | ¥86,419 | ¥76,344 |
| Notes and accounts receivable-trade (Note 8) | 36,986 | 34,730 |
| Marketable securities (Note 8,9) | — | 300 |
| Merchandise and finished goods | 9,907 | 9,486 |
| Work in process | 4,049 | 3,848 |
| Raw materials and supplies | 13,503 | 12,151 |
| Deferred tax assets (Note 5) | 3,820 | 2,719 |
| Other current assets | 9,088 | 6,715 |
| Allowance for doubtful accounts (Note 8) | (114) | (120) |
| Total current assets | 163,661 | 146,175 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures (Note 2) | 10,764 | 10,993 |
| Machinery, equipment and vehicles | 9,256 | 7,604 |
| Tools, jigs and fixtures | 3,004 | 2,581 |
| Land | 14,665 | 14,202 |
| Leased assets (Note 6) | 563 | 658 |
| Construction in progress | 2,633 | 1,166 |
| Total property, plant and equipment | 40,888 | 37,205 |
| Intangible assets | | |
| Goodwill | 385 | 511 |
| Other intangible assets | 2,616 | 1,593 |
| Total intangible assets | 3,001 | 2,104 |
| Investment and other assets | | |
| Investment securities (Note 8,9) | 22,882 | 21,017 |
| Deferred tax assets (Note 5) | 757 | 412 |
| Other investment and assets | 809 | 726 |
| Allowance for doubtful accounts | (10) | (11) |
| Total investment and other assets | 24,438 | 22,146 |
| Total noncurrent assets | 68,328 | 61,456 |
| Total assets | ¥231,990 | ¥207,632 |

| | March 31, 2013 | March 31, 2012 |
|---|-------------------|-------------------|
| Liabilities | (Yen in millions) | (Yen in millions) |
| Current liabilities | | |
| Notes and accounts payable-trade (Note 8) | ¥30,970 | ¥30,182 |
| Short-term loans payable (Note 2,8) | 50,882 | 57,524 |
| Lease obligations (Note 2,8) | 198 | 181 |
| Income tax payable (Note 5) | 4,075 | 3,100 |
| Deferred tax liabilities (Note 5) | 0 | 0 |
| Accrued bonuses | 1,947 | 1,915 |
| Provision for compensation for products | 1,030 | 982 |
| Provision for loss on litigation | 1,235 | — |
| Other current liabilities | 11,562 | 12,589 |
| Total current liabilities | 101,903 | 106,476 |
| Noncurrent liabilities | | |
| Long-term loans payable (Note 2,8) | 8,603 | 2 |
| Lease obligations (Note 2,8) | 309 | 331 |
| Deferred tax liabilities (Note 5) | 2,359 | 1,670 |
| Provision for employees' retirement benefits (Note 3) | 2,375 | 2,436 |
| Provision for directors' retirement benefits | 183 | 175 |
| Asset retirement obligations | 49 | 49 |
| Other noncurrent liabilities | 332 | 245 |
| Total noncurrent liabilities | 14,213 | 4,912 |
| Total liabilities | 116,116 | 111,388 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock (Note 4) | 14,494 | 14,494 |
| Capital surplus | 6,491 | 6,492 |
| Retained earnings | 89,058 | 81,886 |
| Treasury stock (Note 4) | (6,275) | (6,272) |
| Total shareholders' equity | 103,769 | 96,601 |
| Accumulated other comprehensive income (loss) | | |
| Unrealized gain on investment securities | 4,396 | 3,291 |
| Adjustments from foreign currency translation | 989 | (8,877) |
| Total accumulated other comprehensive income (loss) | 5,386 | (5,586) |
| Subscription rights to shares (Note 12) | 38 | 17 |
| Minority interests | 6,679 | 5,211 |
| Total net assets | 115,873 | 96,243 |
| Total liabilities and net assets | ¥231,990 | ¥207,632 |

See notes to consolidated financial statements.

Consolidated Statements of Income

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|--|---------------------------|---------------------------|
| | (Yen in millions) | (Yen in millions) |
| Sales | ¥191,021 | ¥175,981 |
| Cost of sales | 158,120 | 140,508 |
| Gross profit | 32,901 | 35,473 |
| Selling, general and administrative expenses | | |
| Packing and transportation | 4,551 | 4,386 |
| Salaries | 7,744 | 7,228 |
| Provision for doubtful accounts | 1 | 2 |
| Provision for bonuses | 534 | 457 |
| Provision for compensation for products | 670 | — |
| Provision for retirement benefits | 106 | 104 |
| Provision for directors' retirement benefits | 38 | 60 |
| Depreciation | 946 | 966 |
| Other expenses | 8,539 | 8,756 |
| Total selling, general and administrative expenses | 23,133 | 21,963 |
| Operating income | 9,767 | 13,509 |
| Non-operating income | | |
| Interest income | 889 | 863 |
| Dividend income | 319 | 291 |
| Foreign exchange gains | 4,456 | 2 |
| Other non-operating income | 532 | 548 |
| Total non-operating income | 6,197 | 1,706 |
| Non-operating expenses | | |
| Interest expense | 294 | 300 |
| Other non-operating expenses | 59 | 48 |
| Total non-operating expenses | 353 | 349 |
| Ordinary income | 15,611 | 14,866 |
| Extraordinary income | | |
| Gain on sales of fixed assets | 28 | 46 |
| Gain on negative goodwill | — | 42 |
| Other extraordinary income | — | 9 |
| Total extraordinary income | 28 | 98 |
| Extraordinary loss | | |
| Loss on sales of fixed assets | 10 | 12 |
| Loss on disposal of fixed assets | 74 | 97 |
| Impairment loss | 272 | 1,077 |
| Loss on valuation of investment securities | — | 277 |
| Loss from antitrust law suit | 80 | — |
| Provision for loss on litigation | 1,235 | — |
| Total extraordinary loss | 1,673 | 1,463 |
| Income before income taxes and minority interests | 13,966 | 13,501 |
| Income taxes (Note 5) | 5,120 | 5,269 |
| Income before minority interests | 8,846 | 8,231 |
| Minority interests in income | 614 | 822 |
| Net income (Note 7) | ¥8,231 | ¥7,409 |

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---------------------------|---------------------------|
| | (Yen in millions) | (Yen in millions) |
| Income before minority interests | ¥8,846 | ¥8,231 |
| Other comprehensive income | | |
| Unrealized gain on investment securities | 1,105 | 175 |
| Foreign currency translation adjustment | 10,509 | (3,156) |
| Total other comprehensive income | 11,614 | (2,980) |
| Comprehensive income | 20,460 | 5,250 |
| Comprehensive income attributable to owners of the parent | 19,203 | 4,847 |
| Comprehensive income attributable to minority interests | 1,257 | 403 |

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

(From April 1, 2012 to March 31, 2013)

(Yen in millions)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Capital surplus | Retained Earnings | Treasury stock | Total shareholders' equity |
| Balance as of March 31, 2012 | ¥14,494 | ¥6,492 | ¥81,886 | ¥(6,272) | ¥96,601 |
| Changes in the year | | | | | |
| Dividends from surplus | | | (1,031) | | (1,031) |
| Net income | | | 8,231 | | 8,231 |
| Change in the scope of consolidation | | | (6) | | (6) |
| Employee welfare fund | | | (20) | | (20) |
| Acquisition of treasury stock | | | | (5) | (5) |
| Disposal of treasury stock | | (0) | | 1 | 1 |
| Net changes in items other than those in shareholders' equity | | | | | |
| Total changes in the year | — | (0) | 7,172 | (3) | 7,168 |
| Balance as of March 31, 2013 | ¥14,494 | ¥6,491 | ¥89,058 | ¥(6,275) | ¥103,769 |

| | Accumulated other comprehensive income (loss) | | | Subscription rights to shares | Minority interests | Total net assets |
|---|---|---|---|-------------------------------|--------------------|------------------|
| | Unrealized gain on investment securities | Foreign currency translation adjustment | Total accumulated other comprehensive income (loss) | | | |
| Balance as of March 31, 2012 | ¥3,291 | ¥(8,877) | ¥(5,586) | ¥17 | ¥5,211 | ¥96,243 |
| Changes in the year | | | | | | |
| Dividends from surplus | | | | | | (1,031) |
| Net income | | | | | | 8,231 |
| Change in the scope of consolidation | | | | | | (6) |
| Employee welfare fund | | | | | | (20) |
| Acquisition of treasury stock | | | | | | (5) |
| Disposal of treasury stock | | | | | | 1 |
| Net changes in items other than those in shareholders' equity | 1,105 | 9,867 | 10,972 | 21 | 1,467 | 12,461 |
| Total changes in the year | 1,105 | 9,867 | 10,972 | 21 | 1,467 | 19,629 |
| Balance as of March 31, 2013 | ¥4,396 | ¥989 | ¥5,386 | ¥38 | ¥6,679 | ¥115,873 |

(From April 1, 2011 to March 31, 2012)

(Yen in millions)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common Stock | Capital surplus | Retained earnings | Treasury Stock | Total shareholders' equity |
| Balance as of March 31, 2011 | ¥14,494 | ¥6,492 | ¥75,258 | ¥(6,267) | ¥89,977 |
| Changes in the year | | | | | |
| Dividends from surplus | | | (802) | | (802) |
| Net income | | | 7,409 | | 7,409 |
| Change in the scope of consolidation | | | 39 | | 39 |
| Employee welfare fund | | | (19) | | (19) |
| Acquisition of treasury stock | | | | (4) | (4) |
| Net changes in items other than those in shareholders' equity | | | | | |
| Total changes in the year | — | — | 6,627 | (4) | 6,623 |
| Balance as of March 31, 2012 | ¥14,494 | ¥6,492 | ¥81,886 | ¥(6,272) | ¥96,601 |

| | Accumulated other comprehensive income (loss) | | | Subscription rights to shares | Minority interests | Total net assets |
|---|---|---|---|-------------------------------|--------------------|------------------|
| | Unrealized gain on investment securities | Foreign currency translation adjustment | Total accumulated other comprehensive income (loss) | | | |
| Balance as of March 31, 2011 | ¥3,116 | ¥(6,140) | ¥(3,024) | ¥— | ¥5,234 | ¥92,187 |
| Changes in the year | | | | | | |
| Dividends from surplus | | | | | | (802) |
| Net income | | | | | | 7,409 |
| Change in the scope of consolidation | | | | | | 39 |
| Employee welfare fund | | | | | | (19) |
| Acquisition of treasury stock | | | | | | (4) |
| Net changes in items other than those in shareholders' equity | 175 | (2,737) | (2,561) | 17 | (22) | (2,566) |
| Total changes in the year | 175 | (2,737) | (2,561) | 17 | (22) | 4,056 |
| Balance as of March 31, 2012 | ¥3,291 | ¥(8,877) | ¥(5,586) | ¥17 | ¥5,211 | ¥96,243 |

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---------------------------|---------------------------|
| Cash flows from operating activities: | (Yen in millions) | (Yen in millions) |
| Income before income taxes and minority interests | ¥13,966 | ¥13,501 |
| Depreciation and amortization | 5,766 | 5,776 |
| Impairment loss | 272 | 1,077 |
| Amortization of goodwill | 138 | 130 |
| Gain on negative goodwill | — | (42) |
| Share-based compensation expenses | 22 | 17 |
| Interest and dividend income | (1,209) | (1,154) |
| Interest expense | 294 | 300 |
| Loss (gain) on foreign exchange | (1,290) | (221) |
| Loss (gain) on sales of investment securities | — | (9) |
| Loss (gain) on sales or disposal of property, net | 45 | 62 |
| Loss on disposal of intangible assets | 10 | — |
| Loss (gain) on valuation of securities | — | 5 |
| Loss (gain) on valuation of investment securities | — | 277 |
| (Increase) decrease in | | |
| Accounts and notes receivable-trade | 551 | (6,059) |
| Inventories | (260) | (3,558) |
| Increase (decrease) in | | |
| Accrued bonuses to employees | 25 | (74) |
| Employees' retirement benefits | (104) | 106 |
| Directors' retirement benefits | 8 | (41) |
| Allowance for doubtful accounts | (34) | (12) |
| Provision for compensation for products | 29 | (180) |
| Provision for loss on litigation | 1,235 | — |
| Provision for loss on order received | — | (139) |
| Accounts and notes payable-trade | (2,463) | 7,107 |
| Other, net | (1,998) | 1,967 |
| Sub total | 15,005 | 18,838 |
| Interest and dividend received | 1,208 | 1,157 |
| Interest paid | (294) | (299) |
| Income taxes paid | (5,542) | (3,938) |
| Net cash provided by (used in) operating activities | 10,376 | 15,758 |
| Cash flows from investing activities: | | |
| Net decrease (increase) in time deposits | (49,966) | (1) |
| Proceeds from sales of marketable securities | 300 | — |
| Purchase of property | (8,123) | (5,972) |
| Proceeds from sale of property | 231 | 397 |
| Purchase of investment securities | (1,049) | (1,770) |
| Proceeds from sales of investment securities | — | 90 |
| Other, net | (2,160) | (1,421) |
| Net cash provided by (used in) investing activities | (60,768) | (8,677) |
| Cash flows from financing activities: | | |
| Increase (decrease) in short-term loans | (8,144) | 1,799 |
| Proceeds from long-term loans payable | 10,000 | 4 |
| Repayments of long-term loans | (93) | (111) |
| Proceeds from stock issuance to minority shareholders | 70 | — |
| Repayment of lease obligations | (190) | (161) |
| Net decrease (increase) in treasury stock | (6) | (4) |
| Dividend paid | (1,032) | (801) |
| Dividend paid to minority shareholders | (201) | (219) |
| Net cash provided by (used in) financing activities | 401 | 506 |
| Effect of exchange rate changes on cash and cash equivalents | 2,350 | (1,739) |
| Net increase (decrease) in cash and cash equivalents | (47,639) | 5,847 |
| Cash and cash equivalents at beginning of year | 76,275 | 70,381 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 1,042 | 46 |
| Cash and cash equivalents at end of year (Note 10) | ¥29,679 | ¥76,275 |

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nippon Seiki Co., Ltd. and Consolidated Subsidiaries

March 31, 2013

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 28 significant subsidiaries (the Companies) at March 31, 2013, 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.

Fifteen 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

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

(e) Securities

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

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

(f) Inventories

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

Finished goods and work in process:

| | |
|-------------|--------------------------------|
| Instruments | Weighted average method |
| Others | Specific identification method |
| 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.

Depreciation of leased assets under finance lease transactions that do not transfer ownership is calculated by the straight-line method, using 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 collectability of individual receivables.

(i) Accrued bonuses to employees

Accrued bonuses are recognized based on expected total expenditure.

(j) Provision for compensation for products

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

(k) Provision for loss on litigation

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

(l) Pension and retirement benefits

Employees' retirement benefits

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

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

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

Directors' retirement benefits

In some subsidiary companies, the provision for directors' retirement benefits is fully recorded 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, 2013, the percentage-of-completion method (cost comparison method for estimating the percentage of completion of construction activity) is applied to a construction work if its outcome is deemed certain for the progress made by the end of the fiscal year ended March 31, 2013, otherwise the completed-contract method is applied.

(n) 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 reverse.

2. Loans payable

The weighted average interest rate of short-term loans payable to banks was 0.4% at March 31, 2013.

Long-term loans as of March 31, 2013 consist of the following:

| | Yen in millions |
|--|-----------------|
| Loans from banks, due through 2019 with average interest rates of 0.5% | ¥10,004 |
| Less: Current portion due within one year | 1,401 |
| | <u>¥8,603</u> |

Aggregate annual maturities of long-term loans subsequent to March 31, 2013 are as follows:

| <u>Year ending March 31,</u> | <u>Yen in millions</u> |
|------------------------------|------------------------|
| 2014 | ¥1,401 |
| 2015 | 1,801 |
| 2016 | 1,801 |
| 2017 | 1,800 |
| 2018 | 1,800 |
| Thereafter | 1,400 |
| | <u>¥10,004</u> |

Long-term lease obligations as of March 31, 2013 consist of the following:

| | <u>Yen in millions</u> |
|---|------------------------|
| Finance lease obligations | ¥507 |
| Less: Current portion due within one year | 198 |
| | <u>¥309</u> |

Maturities of long-term lease obligations at March 31, 2013 are as follows:

| <u>Year ending March 31,</u> | <u>Yen in millions</u> |
|------------------------------|------------------------|
| 2014 | ¥198 |
| 2015 | 155 |
| 2016 | 81 |
| 2017 | 54 |
| 2018 | 13 |
| Thereafter | 4 |
| | <u>¥507</u> |

The assets mortgaged for short-term and long-term loans payable as of March 31, 2013 were as follows:

| | <u>Yen in millions</u> |
|---|------------------------|
| Building, net of accumulated depreciation | ¥324 |
| | <u>¥324</u> |

3. Retirement benefits

The Company and its consolidated subsidiaries mainly have 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 based on the lengths of service.

The following table sets forth the funded status for the plans, and the amounts recognized in the consolidated balance sheet as of March 31, 2013 for defined benefit plans:

| | <u>Yen in millions</u> |
|--|------------------------|
| Projected benefit obligation | ¥2,783 |
| Pension plan assets | (101) |
| Unrecognized prior service cost | 25 |
| Unrecognized actuarial (gain) loss | (331) |
| Provision for employees' retirement benefits | <u>¥2,375</u> |

The components of retirement benefit expenses for the year ended March 31, 2013 are outlined as follows:

| | <u>Yen in millions</u> |
|---------------------------------------|------------------------|
| Service cost | ¥194 |
| Interest cost | 47 |
| Expected return on plan assets | (1) |
| Amortization of past service cost | (4) |
| Amortization of actuarial (gain) loss | 16 |
| Net retirement benefit expenses | <u>¥251</u> |

The amount of cost recognized for the contribution to the plans for the year ended March 31, 2013 was ¥ 883 millions.

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

| | |
|--|---------------------------------|
| Discount rate mainly used | 1.37% |
| Expected rate of return on pension plan assets | 2.00% |
| Amortization period of prior service cost | 10 years (straight-line method) |
| Amortization period of actuarial gain or loss | 10 years (straight-line method) |

4. Supplementary changes in net assets information

Issued shares

| Type of shares | Number of shares as of March 31, 2012 | Increase | Decrease | Number of shares as of March 31, 2013 |
|-----------------------------------|---|----------|----------|---|
| Common stock (Thousands of share) | 60,907 | — | — | 60,907 |

Treasury stock

| Type of shares | Number of shares as of March 31, 2012 | Increase | Decrease | Number of shares as of March 31, 2013 |
|----------------|---|----------|----------|---|
| Common stock | 3,621,394 | 5,096 | 1,100 | 3,625,390 |

The details of increase and decrease are as follows:

| | |
|---|-------|
| Increase by purchase of odd-lot stock | 5,096 |
| Decrease by exercise of subscription rights to shares | 1,100 |

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, 2012 | Common stock | 630 | 11.0 | March 31, 2012 | June 28, 2012 |
| Board of Directors meeting held on October 30, 2012 | Common stock | 400 | 7.0 | September 30, 2012 | December 12, 2012 |

Of the dividends for which the record date belongs to the fiscal year ended March 31, 2013, those for which the effective date of the dividends will be in the fiscal year ending March 31, 2014.

| 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 14, 2013 | Common stock | Retained earnings | 744 | 13.0 | March 31, 2013 | June 26, 2013 |

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 38% for the year ended March 31, 2013. 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, 2013 were as follows:

| | <u>Yen in millions</u> |
|---|------------------------|
| Deferred tax assets | |
| Loss on valuation of inventories | ¥663 |
| Accrued bonuses | 745 |
| Retirement benefits | 909 |
| Depreciation | 390 |
| Impairment loss | 977 |
| Unrealized gains on inventories, property and equipment | 920 |
| Others | 3,211 |
| Gross deferred tax assets | 7,818 |
| Less: Valuation allowance for deferred tax assets | (1,207) |
| Total deferred tax assets, net of valuation allowance | 6,610 |
| Deferred tax liabilities | |
| Reserve for special depreciation | (36) |
| Unrealized gains on investment securities | (2,812) |
| Undistributed earnings of foreign subsidiaries | (1,447) |
| Others | (95) |
| Total deferred tax liabilities | (4,392) |
| Net deferred tax assets | <u>¥2,218</u> |

6. Lease transactions

2013 (From April 1, 2012 to March 31, 2013)

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.

Acquisition cost, accumulated depreciation and net book value at March 31, 2013 were as follows:

| | <u>Yen in millions</u> |
|--------------------------------|------------------------|
| Acquisition cost | ¥244 |
| Less: Accumulated depreciation | (237) |
| Net book value | <u>¥7</u> |

The obligations under finance leases at March 31, 2013 were as follows:

| | <u>Yen in millions</u> |
|---------------------|------------------------|
| Due within one year | ¥7 |
| Due after one year | — |
| Total | <u>¥7</u> |

The lease payments and depreciation under finance leases for the years ended March 31, 2013 were as follows:

| | <u>Yen in millions</u> |
|----------------|------------------------|
| Lease payments | ¥11 |
| Depreciation | 11 |

The obligations under non-cancelable operating leases at March 31, 2013 were as follows:

| | <u>Yen in millions</u> |
|---------------------|------------------------|
| Due within one year | ¥289 |
| Due after one year | 327 |
| Total | <u>¥616</u> |

2012 (From April 1, 2011 to March 31, 2012)

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.

Acquisition cost, accumulated depreciation and net book value at March 31, 2012 were as follows:

| | <u>Yen in millions</u> |
|--------------------------------|------------------------|
| Acquisition cost | ¥1,156 |
| Less: Accumulated depreciation | (1,123) |
| Net book value | <u>¥32</u> |

The obligations under finance leases at March 31, 2012 were as follows:

| | <u>Yen in millions</u> |
|---------------------|------------------------|
| Due within one year | ¥25 |
| Due after one year | 7 |
| Total | <u>¥32</u> |

The lease payments and depreciation under finance leases for the years ended March 31, 2012 were as follows:

| | <u>Yen in millions</u> |
|----------------|------------------------|
| Lease payments | ¥73 |
| Depreciation | 73 |

The obligations under non-cancelable operating leases at March 31, 2012 were as follows:

| | <u>Yen in millions</u> |
|---------------------|------------------------|
| Due within one year | ¥186 |
| Due after one year | 358 |
| Total | <u>¥545</u> |

7. Per share amounts

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

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

Net income per share for the year ended and net assets per share as of March 31, 2013 were as follows:

| | |
|----------------------|-----------|
| Net income per share | ¥143.69 |
| Net assets per share | ¥1,905.58 |

8. Financial instruments

2013 (From April 1, 2012 to March 31, 2013)

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-trade and accounts receivable 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. The Companies also have short-term and long-term loans receivables mainly from other companies with which the Companies have business relationships.

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

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

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

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

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

2) Fair value of financial instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2013 and unrealized gains (losses) are shown in the following table. It does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2 below).

| | Carrying Amount | Estimated fair value | (Yen in millions) Unrealized gain (Loss) |
|---|--------------------|-------------------------|--|
| (1) Cash and bank deposits | ¥86,419 | ¥86,419 | ¥— |
| (2) Notes receivable-trade and accounts receivable | 36,986 | | |
| Allowance for doubtful accounts | (114) | | |
| | <u>36,872</u> | <u>36,862</u> | <u>(9)</u> |
| (3) Marketable securities and investment securities | | | |
| Held-to-maturity securities | 300 | 300 | — |
| Other securities | 15,189 | 15,189 | — |
| Total assets | <u>138,781</u> | <u>138,771</u> | <u>(9)</u> |
| (4) Notes payable-trade and accounts payable | 30,970 | 30,970 | — |
| (5) Short-term loans payable | 49,481 | 49,481 | — |
| (6) Long-term loans payable* | 10,004 | 9,959 | (44) |
| (7) Lease obligations* | 507 | 491 | (15) |
| Total liabilities | <u>90,964</u> | <u>90,903</u> | <u>(59)</u> |
| (8) Derivative transactions | <u>¥35</u> | <u>¥35</u> | <u>¥—</u> |

*Include amount due within one year

Notes:

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

(1) Cash and bank deposits

These assets are carried at amounts that approximate fair values.

(2) Notes receivable-trade and accounts receivable

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

(3) Marketable securities and investment securities

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

(4) Notes payable-trade and accounts payable (5) Short-term loans payable

These liabilities are carried at amounts that approximate fair values.

(6) 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.

(7) Lease obligations

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 lease agreements were entered into.

(8) Derivative transactions

Please refer to Note 11 Derivatives.

2. Unlisted stocks of ¥7,393 millions on the consolidated balance sheet are not included in (3) Marketable securities and investment securities because no quoted market price is available and it is extremely difficult to determine the fair value.

3. Redemption of receivables and marketable securities as of March 31, 2013 is as follows:

| | (Yen in millions) | |
|---|---------------------|--------------------|
| | Due within one year | Due after one year |
| Cash and bank deposits | ¥86,419 | ¥— |
| Notes receivable-trade and accounts receivable | 36,293 | 693 |
| Marketable securities and investment securities | | |
| Held-to-maturity securities | | |
| Others | — | 300 |
| Total | ¥122,712 | ¥993 |

4. Redemption of long-term loans payable and lease obligations as of March 31, 2013 is as follows:

| | (Yen in millions) | | | | | |
|--------------------------|-------------------|--------|--------|--------|--------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | Thereafter |
| Short-term loans payable | ¥49,481 | ¥— | ¥— | ¥— | ¥— | ¥— |
| Long-term loans payable | 1,401 | 1,801 | 1,801 | 1,800 | 1,800 | 1,400 |
| Lease obligations | 198 | 155 | 81 | 54 | 13 | 4 |
| Total | ¥51,080 | ¥1,957 | ¥1,882 | ¥1,855 | ¥1,813 | ¥1,404 |

9. Marketable securities

Securities classified as trading securities

No loss was recognized for the year ended March 31, 2013.

Loss on valuation included in the consolidated statement of income was ¥ (5) millions for the year ended March 31, 2012.

Securities classified as held-to-maturity securities

The following is a summary of the carrying amounts, acquisition cost and unrealized gains and losses at March 31, 2013.

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

There were no held-to-maturity securities for the year ended March 31, 2012.

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, 2013.

| | Yen in millions | | |
|--|------------------|------------------|------------------------|
| | Carrying amounts | Acquisition Cost | Unrealized gain (Loss) |
| Securities with carrying amount exceeding acquisition cost | | | |
| Equity securities | ¥13,939 | ¥7,132 | ¥6,806 |
| Securities with carrying amount not exceeding acquisition cost | | | |
| Equity securities | 306 | 345 | (39) |
| Money management fund | 943 | 943 | — |
| Sub total | 1,250 | 1,289 | (39) |
| Total | ¥15,189 | ¥8,422 | ¥6,767 |

The following is a summary of the carrying amounts, acquisition cost and unrealized gains and losses by each holding category at March 31, 2012.

| | Yen in millions | | |
|--|------------------|------------------|------------------------|
| | Carrying amounts | Acquisition cost | Unrealized gain (Loss) |
| Securities with carrying amount exceeding acquisition cost | | | |
| Equity securities | ¥12,221 | ¥7,072 | ¥5,148 |
| Securities with carrying amount not exceeding acquisition cost | | | |
| Equity securities | 303 | 360 | (57) |
| Money management fund | 822 | 822 | — |
| Sub total | 1,125 | 1,183 | (57) |
| Total | ¥13,347 | ¥8,256 | ¥5,091 |

10. Supplementary cash flow information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2013 and 2012.

| | Yen in millions | |
|---|-----------------|---------|
| | 2013 | 2012 |
| Cash and bank deposits | ¥86,419 | ¥76,344 |
| Time deposits with a maturity of more than three months | (56,739) | (69) |
| Cash and cash equivalents | ¥29,679 | ¥76,275 |

11. Derivatives

2013 (From April 1, 2012 to March 31, 2013)

The following is a summary of the notional amounts and the fair value of the derivative instruments outstanding at March 31, 2013, for which hedge accounting is not applied.

Currency-related transactions

| | Yen in millions | | |
|------------------------------------|-----------------|------------|------------------------|
| | Notional Amount | Fair value | Unrealized gain (Loss) |
| Forward foreign exchange contracts | | | |
| Sell | | | |
| EUR | ¥2,351 | ¥35 | ¥35 |
| | ¥2,351 | ¥35 | ¥35 |

2012 (From April 1, 2011 to March 31, 2012)

The following is a summary of the notional amounts and the fair value of the derivative instruments outstanding at March 31, 2012, for which hedge accounting is not applied.

Currency-related transactions

| | Yen in millions | | |
|------------------------------------|-----------------|------------|------------------------|
| | Notional Amount | Fair value | Unrealized gain (Loss) |
| Forward foreign exchange contracts | | | |
| Sell | | | |
| EUR | ¥3,189 | ¥3,219 | ¥30 |
| GBP | ¥1,578 | ¥1,496 | ¥(82) |
| | ¥4,767 | ¥4,715 | ¥(52) |

12. Stock option

| Stock option plan | 2013 stock option |
|---|---------------------------------|
| Number of individuals covered by the plan: | |
| Directors | 14 |
| Total | 14 |
| Type and number of shares to be issued upon exercise of stock subscription rights | Common stock 30,400 shares |
| Grant date | July 19, 2012 |
| Exercise period | July 20, 2012~ July 19, 2042 |
| Non-vested stock options (Number of shares): | |
| Outstanding at March 31, 2012 | 24,700 shares |
| Granted | 30,400 shares |
| Forfeited | — |
| Vested | 1,100 shares |
| Outstanding at March 31, 2013 | 54,000 shares |
| Vested stock options (Number of shares) | |
| Outstanding at March 31, 2012 | — |
| Vested | 1,100 shares |
| Exercised | 1,100 shares |
| Forfeited | — |
| Outstanding at March 31, 2013 | — |

| | Vested | Outstanding |
|--|--------|-------------|
| Exercise price (Yen) | 1 | 1 |
| Weighted average exercise price (Yen) | 843 | — |
| Fair value per stock at the grant date (Yen) | 921.83 | 814.15 |

Stock option expenses included in selling, general and administrative expenses for the year ended March 31, 2013 amounted to ¥ 22 million. The fair value of options granted is estimated using the Black-Scholes option pricing model with the following weighted average assumptions.

| | 2013 stock option |
|-------------------------|-------------------|
| Expected volatility | 50.23% |
| Expected holding period | 5.2 years |
| Expected dividend | ¥18 per share |
| Risk-free rate | 0.197% |

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, display products and automobile sales 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, 2013 was as follows:

| Yen in millions | | | | | | | | | |
|---|---------------------|---------------------------|---------------------|---------------------|-----------|---------|----------|------------|-----------------------|
| Year ended or as of March 31, 2013 | Reportable segments | | | | | Others | Total | Adjustment | Consolidated total |
| | Instruments | Consumer- use products | Display products | Automobile sales | Sub total | | | | |
| Sales | | | | | | | | | |
| Unaffiliated customers | ¥140,014 | ¥14,516 | ¥3,870 | ¥20,784 | ¥179,186 | ¥11,835 | ¥191,021 | ¥— | ¥191,021 |
| Intersegment | — | — | 190 | 48 | 238 | 13,183 | 13,421 | (13,421) | — |
| Total sales | 140,014 | 14,516 | 4,060 | 20,832 | 179,424 | 25,018 | 204,443 | (13,421) | 191,021 |
| Segment income (loss) | ¥8,638 | ¥(493) | ¥(637) | ¥538 | ¥8,046 | ¥1,967 | ¥10,013 | ¥(246) | ¥9,767 |
| Segment assets | ¥162,096 | ¥9,237 | ¥2,808 | ¥9,876 | ¥184,019 | ¥8,592 | ¥192,612 | ¥39,377 | ¥231,990 |
| Others | | | | | | | | | |
| Depreciation and amortization | ¥4,549 | ¥161 | ¥145 | ¥422 | ¥5,279 | ¥423 | ¥5,702 | ¥39 | ¥5,742 |
| Increase in tangible and intangible fixed assets | ¥8,127 | ¥162 | ¥251 | ¥971 | ¥9,513 | ¥378 | ¥9,891 | ¥— | ¥9,891 |

Segment information as of and for the year ended March 31, 2012 was as follows:

| Yen in millions | | | | | | | | | |
|---|---------------------|---------------------------|---------------------|---------------------|-----------|---------|----------|------------|-----------------------|
| Year ended or as of March 31, 2012 | Reportable segments | | | | | Others | Total | Adjustment | Consolidated total |
| | Instruments | Consumer- use products | Display products | Automobile sales | Sub total | | | | |
| Sales | | | | | | | | | |
| Unaffiliated customers | ¥128,588 | ¥13,849 | ¥4,149 | ¥18,893 | ¥165,481 | ¥10,500 | ¥175,981 | ¥— | ¥175,981 |
| Intersegment | — | — | 113 | 44 | 157 | 10,064 | 10,221 | (10,221) | — |
| Total sales | 128,588 | 13,849 | 4,262 | 18,937 | 165,639 | 20,564 | 186,203 | (10,221) | 175,981 |
| Segment income (loss) | ¥11,989 | ¥350 | ¥(376) | ¥478 | ¥12,440 | ¥1,342 | ¥13,782 | ¥(273) | ¥13,509 |
| Segment assets | ¥137,774 | ¥9,878 | ¥3,903 | ¥9,504 | ¥161,061 | ¥8,213 | ¥169,275 | ¥38,357 | ¥207,632 |
| Others | | | | | | | | | |
| Depreciation and amortization | ¥4,598 | ¥190 | ¥94 | ¥383 | ¥5,266 | ¥430 | ¥5,697 | ¥53 | ¥5,750 |
| Increase in tangible and intangible fixed assets | ¥5,466 | ¥178 | ¥135 | ¥551 | ¥6,331 | ¥337 | ¥6,669 | ¥9 | ¥6,679 |

[Related information]

Geographic Information

| Yen in millions | | | | | |
|-------------------------------|---------|----------|---------|---------|----------|
| Year ended March 31, 2013 | Japan | Americas | Europe | Asia | Total |
| Sales | ¥80,670 | ¥41,477 | ¥17,208 | ¥51,664 | ¥191,021 |
| Property, plant and equipment | ¥25,377 | ¥2,795 | ¥945 | ¥11,769 | ¥40,888 |

| Yen in millions | | | | | |
|-------------------------------|---------|----------|---------|---------|----------|
| Year ended March 31, 2012 | Japan | Americas | Europe | Asia | Total |
| Sales | ¥81,849 | ¥32,134 | ¥14,745 | ¥47,251 | ¥175,981 |
| Property, plant and equipment | ¥25,479 | ¥2,293 | ¥653 | ¥8,778 | ¥37,205 |

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

| Yen in millions | | | | | |
|--------------------------------------|-------------|------------------|-----------|--------|-------|
| Year ended March 31, 2013 | Instruments | Automobile sales | Sub total | Others | Total |
| Goodwill | | | | | |
| Amortization of goodwill | ¥57 | ¥105 | ¥162 | ¥— | ¥162 |
| Balance at the end of current period | ¥92 | ¥296 | ¥388 | ¥— | ¥388 |
| Negative goodwill | | | | | |
| Amortization of negative goodwill | ¥15 | ¥— | ¥15 | ¥8 | ¥24 |
| Balance at the end of current period | ¥3 | ¥— | ¥3 | ¥— | ¥3 |

| Yen in millions | | | | | |
|--------------------------------------|-------------|------------------|-----------|--------|-------|
| Year ended March 31, 2012 | Instruments | Automobile sales | Sub total | Others | Total |
| Goodwill | | | | | |
| Amortization of goodwill | ¥58 | ¥107 | ¥165 | ¥— | ¥165 |
| Balance at the end of current period | ¥137 | ¥401 | ¥539 | ¥— | ¥539 |
| Negative goodwill | | | | | |
| Amortization of negative goodwill | ¥18 | ¥— | ¥18 | ¥16 | ¥35 |
| Balance at the end of current period | ¥18 | ¥— | ¥18 | ¥8 | ¥27 |

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

| Yen in millions | | | | | | | | |
|-----------------------------|---------------------|-----------------------|------------------|------------------|-----------|--------|----------------------------------|-------|
| Year ended March 31, 2013 | Reportable segments | | | | | | Elimination · Unallocated amount | Total |
| | Instruments | Consumer-use products | Display products | Automobile sales | Sub total | Others | | |
| Impair loss on fixed assets | ¥— | ¥— | ¥272 | ¥— | ¥272 | ¥— | ¥— | ¥272 |

| Yen in millions | | | | | | | | |
|-----------------------------|---------------------|-----------------------|------------------|------------------|-----------|--------|----------------------------------|--------|
| Year ended March 31, 2012 | Reportable segments | | | | | | Elimination · Unallocated amount | Total |
| | Instruments | Consumer-use products | Display products | Automobile sales | Sub total | Others | | |
| Impair loss on fixed assets | ¥— | ¥— | ¥— | ¥— | ¥— | ¥— | ¥1,077 | ¥1,077 |

Independent Auditor's Report

The Board of Directors
Nippon Seiki Co., Ltd.

We have audited the accompanying consolidated financial statements of Nippon Seiki Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2013 and 2012 and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Seiki Co., Ltd. and its consolidated subsidiaries as at March 31, 2013 and 2012, and their consolidated financial performance and cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

June 25, 2013
Niigata, Japan

Non-consolidated Financial Statements of NIPPON SEIKI Co., Ltd. for the Fiscal Year 2012 and 2013

Balance Sheets

| | March 31, 2013 | March 31, 2012 |
|---|-------------------|-------------------|
| | (Yen in millions) | (Yen in millions) |
| Assets | | |
| Current assets | | |
| Cash and bank deposits | ¥15,054 | ¥11,908 |
| Notes receivable-trade | 401 | 385 |
| Electronically recorded monetary claims-operating | 825 | — |
| Accounts receivable | 31,497 | 30,441 |
| Marketable securities | — | 300 |
| Merchandise and finished goods | 3,172 | 3,612 |
| Work in process | 2,815 | 2,741 |
| Raw materials and supplies | 2,469 | 3,011 |
| Prepaid expenses | 60 | 71 |
| Deferred tax assets | 2,089 | 1,304 |
| Short-term loans | 7,721 | 4,903 |
| Other receivables | 2,216 | 2,502 |
| Other current assets | 26 | 42 |
| Allowance for doubtful accounts | (130) | (133) |
| Total current assets | 68,222 | 61,093 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 2,916 | 3,091 |
| Structures | 143 | 168 |
| Machinery and equipment | 935 | 1,257 |
| Vehicles | 20 | 15 |
| Tools, jigs and fixtures | 1,012 | 1,289 |
| Land | 7,289 | 7,294 |
| Leased assets | 18 | 15 |
| Construction in progress | 215 | 185 |
| Total property, plant and equipment | 12,552 | 13,318 |
| Intangible assets | | |
| Software | 1,136 | 830 |
| Software in progress | 395 | — |
| Other intangible assets | 1 | 2 |
| Total intangible assets | 1,533 | 832 |
| Investment and other assets | | |
| Investment securities | 17,346 | 15,210 |
| Investment in subsidiary and affiliate companies | 72,881 | 71,902 |
| Long-term loans | 12 | 24 |
| Long-term loans receivable from subsidiaries and affiliates | 110 | 80 |
| Long-term prepaid expenses | 91 | 137 |
| Deferred tax assets | — | 58 |
| Other investments and assets | 98 | 90 |
| Allowance for doubtful accounts | (10) | (10) |
| Total investment and other assets | 90,529 | 87,492 |
| Total noncurrent assets | 104,614 | 101,642 |
| Total assets | ¥172,836 | ¥162,736 |

| | March 31, 2013 | March 31, 2012 |
|--|-------------------|-------------------|
| Liabilities | (Yen in millions) | (Yen in millions) |
| Current liabilities | | |
| Notes payable-trade | ¥404 | ¥323 |
| Accounts payable | 19,465 | 20,308 |
| Short-term loans payable | 55,067 | 61,464 |
| Current portion of long-term loans payable | 1,400 | 92 |
| Lease obligations | 6 | 5 |
| Other payable | 5,035 | 6,573 |
| Accrued expenses | 2,493 | 2,585 |
| Income tax payable | 2,810 | 2,007 |
| Advances received | 0 | 0 |
| Deposits received | 99 | 233 |
| Accrued bonuses to employees | 875 | 875 |
| Provision for compensation for products | 364 | 745 |
| Provision for loss on litigation | 1,235 | — |
| Notes payable-trade capital investment | 94 | 22 |
| Total current liabilities | 89,353 | 95,239 |
| Long-term liabilities | | |
| Long-term loans payable | 8,600 | — |
| Lease obligations | 13 | 11 |
| Deferred tax liabilities | 422 | — |
| Provision for employees' retirement benefits | 1,360 | 1,364 |
| Other long-term liabilities | 220 | 224 |
| Total long-term liabilities | 10,617 | 1,600 |
| Total liabilities | 99,970 | 96,839 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 14,494 | 14,494 |
| Capital surplus | | |
| Additional paid-in capital | 6,214 | 6,214 |
| Other capital surplus | 276 | 277 |
| Total capital surplus | 6,491 | 6,492 |
| Retained earnings | | |
| Legal reserves | 960 | 960 |
| Other retained earnings | | |
| Reserve for special depreciation | 9 | 21 |
| General reserve | 44,180 | 40,680 |
| Earned surplus carried forward | 8,584 | 6,222 |
| Total retained earnings | 53,733 | 47,884 |
| Treasury stock | (6,275) | (6,272) |
| Total shareholders' equity | 68,444 | 62,598 |
| Valuation and translation adjustments | | |
| Unrealized gain on investment securities | 4,383 | 3,281 |
| Total valuation and translation adjustments | 4,383 | 3,281 |
| Subscription rights to shares | 38 | 17 |
| Total net assets | 72,866 | 65,896 |
| Total liabilities and net assets | ¥172,836 | ¥162,736 |

Statements of Income

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|--|---------------------------|---------------------------|
| | (Yen in millions) | (Yen in millions) |
| Sales | ¥99,613 | ¥94,316 |
| Operating costs and Expenses | | |
| Cost of sales | 84,937 | 80,273 |
| Selling, general and administrative expenses | 9,140 | 9,026 |
| Total operating costs and expenses | 94,078 | 89,299 |
| Operating income | 5,534 | 5,016 |
| Non operating income | | |
| Interest and dividend income | 1,866 | 2,193 |
| Foreign exchange gains | 4,281 | 1,083 |
| Other non operating income | 328 | 385 |
| Total non operating income | 6,476 | 3,661 |
| Non operating expenses | | |
| Interest expenses | 272 | 268 |
| Other non operating expenses | 3 | 9 |
| Total non operating expenses | 275 | 278 |
| Ordinary income | 11,735 | 8,399 |
| Extraordinary income | | |
| Gain on sales of fixed assets | 117 | 26 |
| Total extraordinary income | 117 | 26 |
| Extraordinary loss | | |
| Loss on sales and disposal of fixed assets | 49 | 76 |
| Impairment loss | 272 | 1,077 |
| Loss on valuation of investment securities | — | 277 |
| Loss from antitrust law suit | 80 | — |
| Provision for loss on litigation | 1,235 | — |
| Total extraordinary loss | 1,637 | 1,430 |
| Income before income taxes | 10,215 | 6,995 |
| Income taxes | 3,335 | 2,664 |
| Net income | ¥6,880 | ¥4,330 |

Statements of Changes in Net Assets
(From April 1, 2012 to March 31, 2013)

(Yen in millions)

| | Shareholders' equity | | | |
|---|----------------------|----------------------------|-----------------------|-----------------------|
| | Common stock | Capital surplus | | |
| | | Additional paid in capital | Other capital surplus | Total capital Surplus |
| Balance as of March 31, 2012 | ¥14,494 | ¥6,214 | ¥277 | ¥6,492 |
| Changes in the year | | | | |
| Dividends from surplus | | | | |
| Reversal of reserve for special depreciation | | | | |
| Provision of general reserve | | | | |
| Net income | | | | |
| Acquisition of treasury stock | | | | |
| Disposal of treasury stock | | | (0) | (0) |
| Net changes in items other than those in shareholders' equity | | | | |
| Total changes in the year | — | — | (0) | (0) |
| Balance as of March 31, 2013 | ¥14,494 | ¥6,214 | ¥276 | ¥6,491 |

| | 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, 2012 | ¥960 | ¥21 | ¥40,680 | ¥6,222 | ¥47,884 |
| Changes in the year | | | | | |
| Dividends from surplus | | | | (1,031) | (1,031) |
| Reversal of reserve for special depreciation | | (11) | | 11 | — |
| Provision of general reserve | | | 3,500 | (3,500) | — |
| Net income | | | | 6,880 | 6,880 |
| Acquisition of treasury stock | | | | | |
| Disposal of treasury stock | | | | | |
| Net changes in items other than those in shareholders' equity | | | | | |
| Total changes in the year | — | (11) | 3,500 | 2,361 | 5,849 |
| Balance as of March 31, 2013 | ¥960 | ¥9 | ¥44,180 | ¥8,584 | ¥53,733 |

(Yen in millions)

| | Shareholders' equity | | Valuation, translation adjustment | Subscription right to shares | Total net assets |
|---|----------------------|----------------------------|--|------------------------------|------------------|
| | Treasury stock | Total shareholders' equity | Unrealized gain on investment securities | | |
| Balance as of March 31, 2012 | ¥(6,272) | ¥62,598 | ¥3,281 | ¥17 | ¥65,896 |
| Changes in the year | | | | | |
| Dividends from surplus | | (1,031) | | | (1,031) |
| Reversal of reserve for special depreciation | | — | | | — |
| Provision of general reserve | | — | | | — |
| Net income | | 6,880 | | | 6,880 |
| Acquisition of treasury stock | (5) | (5) | | | (5) |
| Disposal of treasury stock | 1 | 1 | | | 1 |
| Net changes in items other than those in shareholders' equity | | | 1,102 | 21 | 1,123 |
| Total changes in the year | (3) | 5,845 | 1,102 | 21 | 6,969 |
| Balance as of March 31, 2013 | ¥(6,275) | ¥68,444 | ¥4,383 | ¥38 | ¥72,866 |

Statements of Changes in Net Assets
(From April 1, 2011 to March 31, 2012)

(Yen in millions)

| | Shareholders' equity | | | |
|--|----------------------|----------------------------|-----------------------|-----------------------|
| | Common stock | Capital surplus | | |
| | | Additional paid in capital | Other capital surplus | Total capital Surplus |
| Balance as of March 31, 2011 | ¥14,494 | ¥6,214 | ¥277 | ¥6,492 |
| Changes in the year | | | | |
| Dividends from surplus | | | | |
| Reversal of reserve for special depreciation | | | | |
| Provision of reserve for special depreciation by tax rate change | | | | |
| Provision of general reserve | | | | |
| Net income | | | | |
| Acquisition of treasury stock | | | | |
| Net changes in items other than those in shareholders' equity | | | | |
| Total changes in the year | — | — | — | — |
| Balance as of March 31, 2012 | ¥14,494 | ¥6,214 | ¥277 | ¥6,492 |

| | 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, 2011 | ¥960 | ¥34 | ¥39,680 | ¥3,681 | ¥44,356 |
| Changes in the year | | | | | |
| Dividends from surplus | | | | (802) | (802) |
| Reversal of reserve for special depreciation | | (14) | | 14 | — |
| Provision of reserve for special depreciation by tax rate change | | 0 | | (0) | — |
| Provision of general reserve | | | 1,000 | (1,000) | — |
| Net income | | | | 4,330 | 4,330 |
| Acquisition of treasury stock | | | | | |
| Net changes in items other than those in shareholders' equity | | | | | |
| Total changes in the year | — | (13) | 1,000 | 2,541 | 3,528 |
| Balance as of March 31, 2012 | ¥960 | ¥21 | ¥40,680 | ¥6,222 | ¥47,884 |

(Yen in millions)

| | Shareholders' equity | | Valuation, translation adjustment | Subscription right to shares | Total net assets |
|--|----------------------|----------------------------|--|------------------------------|------------------|
| | Treasury stock | Total shareholders' equity | Unrealized gain on investment securities | | |
| Balance as of March 31, 2011 | ¥(6,267) | ¥59,074 | ¥3,107 | ¥ — | ¥62,182 |
| Changes in the year | | | | | |
| Dividends from surplus | | (802) | | | (802) |
| Reversal of reserve for special depreciation | | — | | | — |
| Provision of reserve for special depreciation by tax rate change | | — | | | — |
| Provision of general reserve | | — | | | — |
| Net income | | 4,330 | | | 4,330 |
| Acquisition of treasury stock | (4) | (4) | | | (4) |
| Net changes in items other than those in shareholders' equity | | | 173 | 17 | 190 |
| Total changes in the year | (4) | 3,523 | 173 | 17 | 3,714 |
| Balance as of March 31, 2012 | ¥(6,272) | ¥62,598 | ¥3,281 | ¥17 | ¥65,896 |

- **Company name** : Nippon Seiki Co., Ltd.
- **Established** : December 24, 1946
- **Common stock** : 14,494,287,162 Yen
- **Number of employees** : 1,682

- **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
- 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
- Automobile sales etc.

Note:

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

- **Offices and Factories**

- **Head office and Factory**

2-34, Higashi-Zaoh 2-chome, Nagaoka-shi, Niigata, 940-8580 JAPAN

- **Takami Division**

2-8, Higashi-Takami 2-chome, Nagaoka-shi, Niigata, 940-0006 JAPAN

- **NS Technical Center**

2-8, Higashi-Takami 2-chome, Nagaoka-shi, Niigata, 940-0006 JAPAN

- **NS Tokyo Technical Center** ※

27-3, Taito 2-chome, Taito-ku, Tokyo, 110-0016 JAPAN

- **Research & Development Center**

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

- **Offices**

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

- **Branch Office**

Hong Kong

Note:

- ※ NS Tokyo Technical Center was established on Oct 1, 2012.

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 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

● The Americas

- New Sabina Industries, Inc. / Sabina, Ohio, U.S.A.
- N.S. International, Ltd. / Troy, Michigan, U.S.A.
- Nippon Seiki Do Brasil Ltda. / Manaus, Amazonas, Brazil
- NS Sao Paulo Componentes Automotivos Ltda. / Sao Paulo, Brazil
- 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.
- Changzhou Nissei Display System Co., Ltd. / Changzhou, Jiangsu, China
- Nantong NS Advantech Co., Ltd. / Nantong, Jiangsu, China
- Wuhan Nissei Display System Co., Ltd. / Hubei, China
- Nissei Display Sales and Development Co., Ltd. / Shanghai, China
- Zhejiang Nissei Display System Co., Ltd. / Cixi, Zhejiang, China
- NS Instruments India Private Ltd. / Andhra Pradesh, India
- JNS Instruments Ltd. / Haryana, India

Note:

- ※ Mazda Rent Car Niigata Co., Ltd changed its name to Mazda Mobility Niigata Co., Ltd. on April 1, 2013.

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 Rent Car Niigata Co., Ltd.
- Car Station Niigata Co., Ltd.
- Nissei Kyusyoku Co., Ltd.



Nippon Seiki Group is composed of 34 subsidiaries and 1 affiliated company. The main business of the group is responsible for the manufacture and sale of instruments for automobiles, motorcycles, agricultural / construction machines and boats, and the manufacture and sale of liquid crystal display panels and modules, consumer-use products, automobiles and other products. NS Group also has businesses related to transport and research & development connected with the above products. NS Group is also involved in software development and other services.

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

● Consolidated subsidiaries

| Name of Company | Voting rights equity ratio | Main activities | Main trade with subsidiaries |
|--|----------------------------|--|---|
| NS Advantech Co., Ltd. | 100.0 | Manufacture of automotive and motorcycle and 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 instruments and remote controllers | Purchasing products and component parts |
| NS WEST Inc. | 100.0 | Manufacture and sales of automotive instruments and peripheral systems | Selling and purchasing products |
| N.S.Computer Service Co., Ltd. | 100.0 | Software development and sales/ Office automation equipment sales / Computer services | Outsourcing software development |
| Nissei Service Co., Ltd. | 100.0 | Transportation / Advertising agency | Outsourcing packing and transporting products |
| Honda Car Sales Nagaoka Co., Ltd. | 100.0 | Honda car dealer | Purchasing cars |
| Niigata Mazda Co., Ltd. | 100.0 | Mazda car dealer | Purchasing cars |
| Mazda Rent Car Niigata Co., Ltd. ※ | 100.0 | Car rental and car sharing | None |
| Car Station Niigata Co., Ltd. | 100.0 | Second-hand car dealing and sales of cars | Purchasing cars |
| UK-NSI Co., Ltd. | 100.0 | Manufacture of automotive and motorcycle instruments | Selling products |
| Nippon Seiki (Europe) B.V. | 100.0 | Sales of products manufactured by Nippon Seiki Group in the European market | Selling products |
| New Sabina Industries, Inc. | 100.0 | Manufacture and sales of automotive and motorcycle 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 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 |
| PT. Indonesia Nippon Seiki | 70.0 | Manufacture and sales of motorcycle instruments | Selling products |
| Vietnam Nippon Seiki Co., Ltd. | 70.0 | Manufacture and sales of motorcycle instruments | 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 instruments | 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. | 80.0 | Manufacture and sales of automotive and motorcycle instruments | Selling products |
| Changzhou Nissei Display System Co., Ltd. | 100.0 | Manufacture and sales of automotive and motorcycle instruments | Selling products |
| Nantong NS Advantech Co., Ltd. | 100.0 | Coloration processing and sales of resin materials | None |
| 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 |

Note:

※ Mazda Rent Car Niigata Co., Ltd changed its name to Mazda Mobility Niigata Co., Ltd. on April 1, 2013.

● **Non-consolidated subsidiaries and the 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.
- NS Instruments India Private Ltd.
- Zhejiang Nissei Display System Co., Ltd.

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

- JNS Instruments Ltd.

2,949 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)

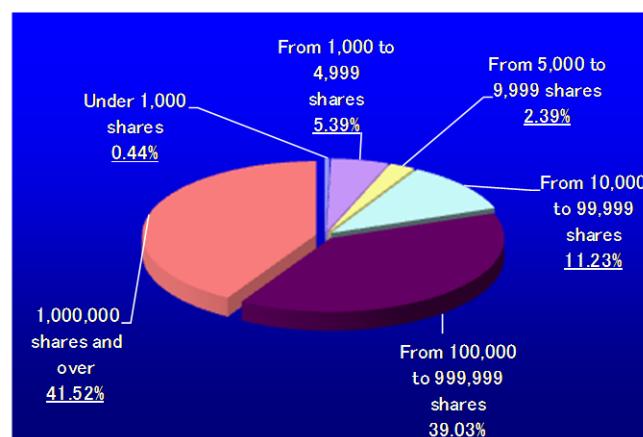
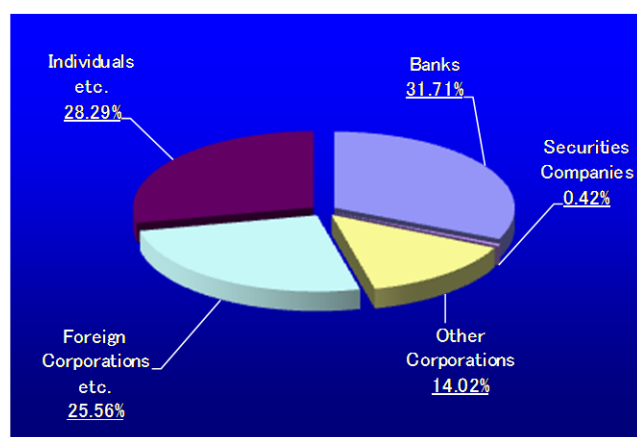
| Name | Shares owned (percentage of shareholdings) |
|---|---|
| Honda Motor Co., Ltd. | 3,753 (6.55%) |
| The Master Trust Bank of Japan, Ltd. | 3,013 (5.26%) |
| BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO) | 2,531 (4.42%) |
| Japan Trustee Services Bank, Ltd. | 1,857 (3.24%) |
| 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 | 1,447 (2.53%) |
| Yamaha Motor Co., Ltd. | 1,217 (2.13%) |
| THE CHASE MANHATTAN BANK, N. A. LONDON SECS LENDING OMNIBUS ACCOUNT | 1,195 (2.09%) |
| Nichia Corporation | 1,188 (2.07%) |

Notes:

- ※1 Percentage of shareholdings ratio is calculated by deducting 3,625,390 shares of treasury stocks from total shares issued.
- ※2 Nippon Seiki holds treasury stocks (3,625,390 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 25, 2013

Directors

⟨Name⟩

| | |
|---------------------------------------|--------------------|
| Chairman and Representative Director | Shoji Nagai |
| President and Representative Director | Hirotooshi Takada |
| Managing Director | Takeyoshi Ikarashi |
| Managing Director | Makoto Okawa |
| Managing Director | Junichi Suzuki |
| Managing Director | Toshiaki Ichihashi |
| Managing Director | Akira Nakamura |
| Managing Director | Masaharu Takano |
| Managing Director | Koichi Sato |
| Director | Morito Sato |
| Director | Yoichi Ayata |
| Director | Masami Sakatsume |
| Director | Katsunori Masuma |
| Director | Yuji Hirata |
| Director | Junichi Endo |
| Director | Teruyuki Matsui |

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 | Yoichi Sakurai |
| Audit & Supervisory Board Member | Michiaki Miyajima |