

# ANNUAL REPORT 2007

FROM APRIL 1<sup>ST</sup>, 2006 TO MARCH 31<sup>ST</sup>, 2007



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**Review of Operations****Instrument Sales**

Automotive instrument sales increased due to an increase in sales for Japanese, North American, European and Chinese car makers.

Motorcycle instrument sales increased due to an increase in sales for Japanese and Brazilian makers.

Overall, instruments sales for the year totaled ¥127,207million, a 13.9% increase from the previous fiscal year.

**Consumer-use Products Sales**

Sales increased by 11.3% to ¥26,716million due to an increase in orders for PCB Assy for amusement products, operation panels for electronic office equipment and so on.

**Display Products Sales**

Display Products sales decreased by 19.1% to ¥15,528million from the previous fiscal year due to a decrease in orders for mobile-telecommunications equipment.

**Other businesses**

Sales of other products and services totaled ¥23,725million, a 16.4% increase from the previous fiscal year, due to a sales increase in car sales.

**In conclusion**, the company's consolidated business operations for fiscal year 2007, ending March 31, 2007, resulted in annual sales of ¥193,178million, up 10.2% from the previous year. At the same time, ordinary income for the year increased by 15.9%, to ¥20,770million, and net income increased by 27.1%, to ¥11,840million, respectively.

**Consolidated Sales by business segment**

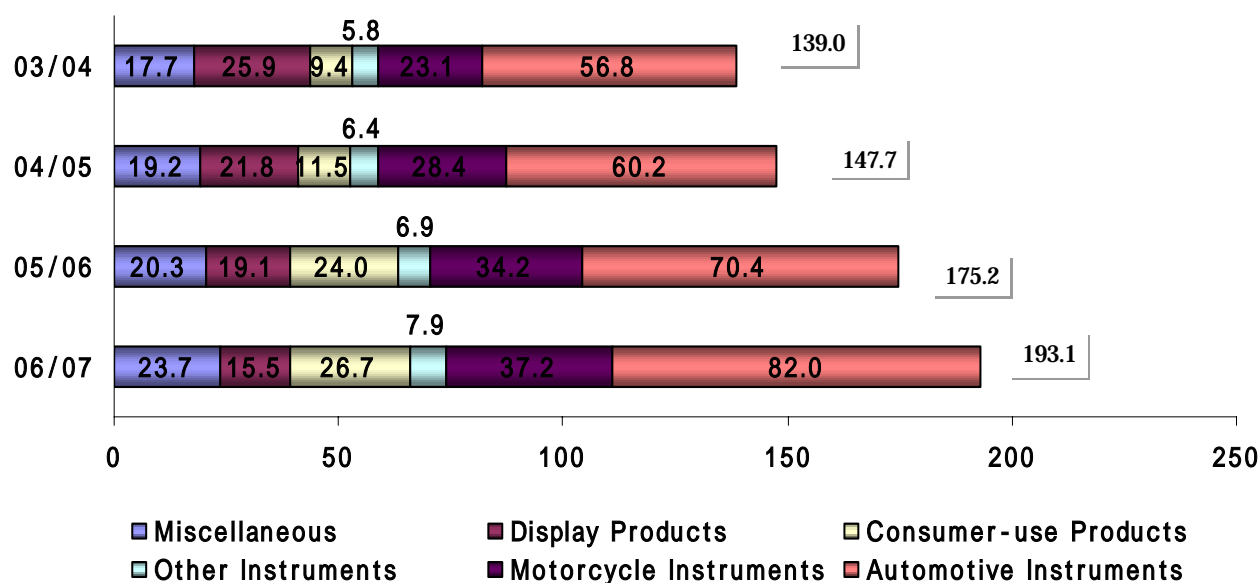
(¥ million)

|  | Annual sales<br>in F.Y. 2005/2006 | Annual sales<br>in F.Y. 2006/2007 | Increase<br>(Decrease) |
|--|-----------------------------------|-----------------------------------|------------------------|
| Instrument clusters for automobiles,<br>Motorcycles, agricultural/construction<br>machines and boats | 111,641                           | 127,207                           | 13.9%                  |
| Consumer-use products  | 24,011                            | 26,716                            | 11.3%                  |
| Display Products   | 19,191                            | 15,528                            | ( 19.1% )              |
| Other businesses   | 20,384                            | 23,725                            | 16.4%                  |
| Total  | 175,229                           | 193,178                           | 10.2%                  |

# 1. Consolidated Financial Highlights

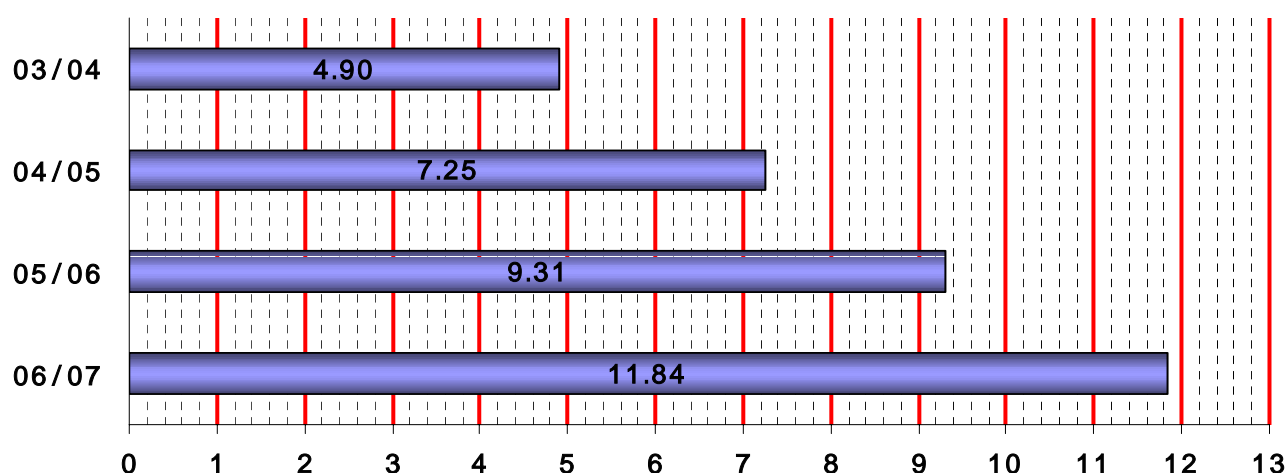
## 1 - 1 . Consolidated Progress in Sales

In billions of yen



## 1 - 2 . Consolidated Progress in Net Income

In billions of yen



Consolidated sales for the fiscal year ending March 31, 2007, increased by 10.2% to ¥193,178million, Ordinary income increased by 15.9% to ¥20,770million, and net income increased by 27.1% to ¥11,840million.

## 1 - 3 . Consolidated Financial Highlights

|                             | F.Y.2003/2004<br>ending March 31<br>2004 | F.Y.2004/2005<br>ending March 31<br>2005 | F.Y.2005/2006<br>ending March 31<br>2006 | F.Y.2006/2007<br>ending March 31<br>2007 |
|-----------------------------|--|--|--|--|
| Sales (¥ million)           | 139,007                                  | 147,737                                  | 175,229                                  | 193,178                                  |
| Ordinary income (¥ million) | 8,467                                    | 13,719                                   | 17,925                                   | 20,770                                   |
| Net income (¥ million)      | 4,902                                    | 7,253                                    | 9,318                                    | 11,840                                   |
| Net income per share (¥)    | 85.60                                    | 128.32                                   | 152.15                                   | 195.09                                   |
| Total assets (¥ million)    | 114,075                                  | 118,350                                  | 137,798                                  | 150,592                                  |
| Net assets (¥ million)      | 42,955                                   | 53,483                                   | 68,128                                   | 85,514                                   |
| Net assets per share (¥)    | 796.24                                   | 924.46                                   | 1,117.37                                 | 1,322.80                                 |

### Notes:

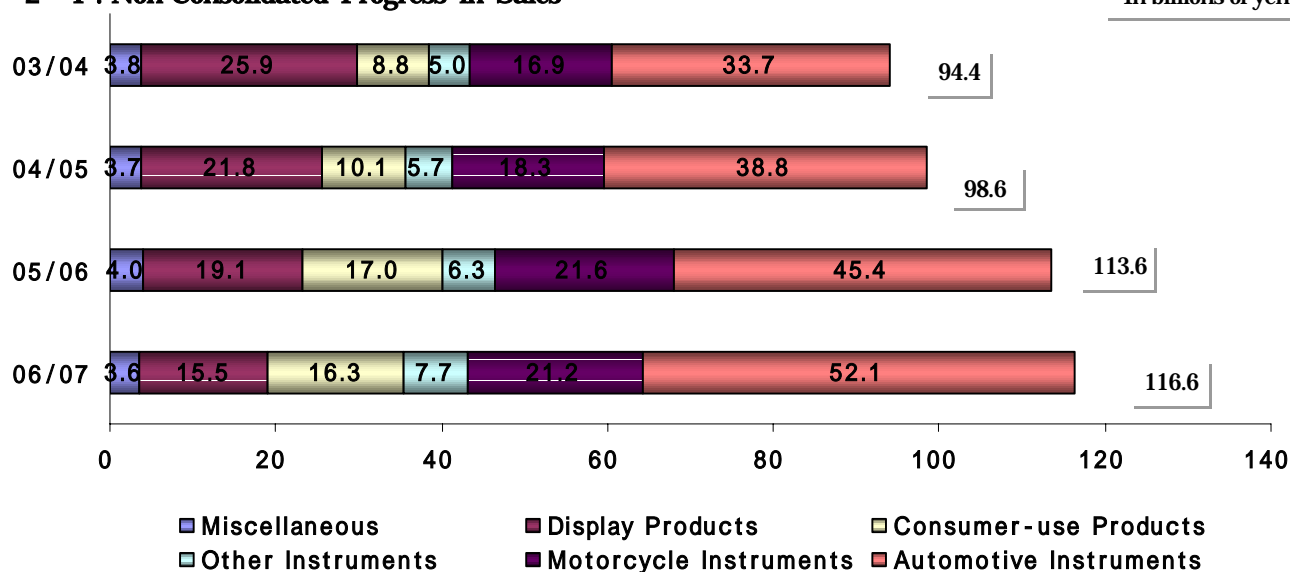
Net income per share is calculated by the average number of all issued- shares in the F./Y.

## 2 . Non-Consolidated Business Results

-as of March 31, 2007

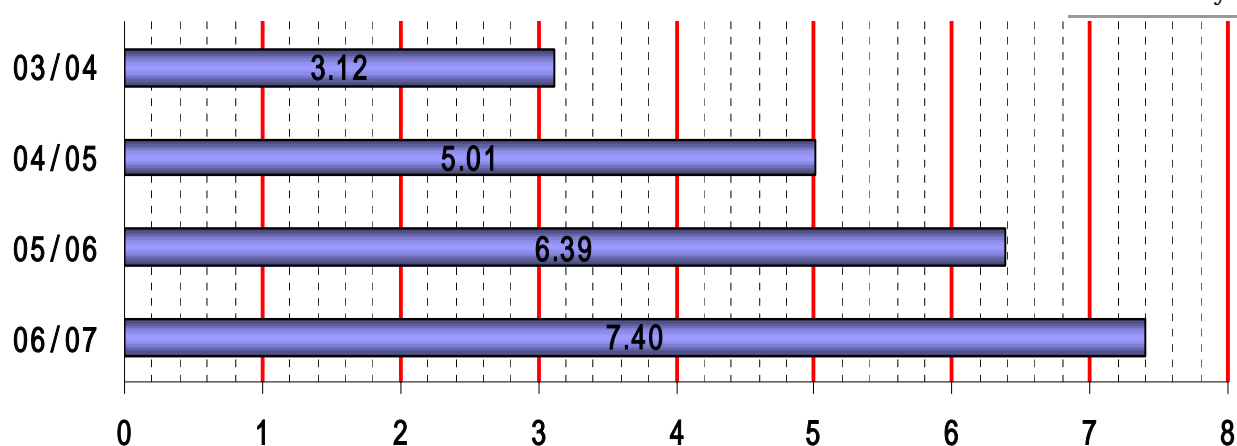
### 2 - 1 . Non-Consolidated Progress in Sales

In billions of yen



### 2 - 2 . Non-Consolidated Progress in Net Income

In billions of yen



### 2 - 3 . Non-Consolidated Progress in Business Results

|                                     | F.Y. 2003/2004<br>ending March 31<br>2004 | F.Y. 2004/2005<br>ending March 31<br>2005 | F.Y. 2005/2006<br>ending March 31<br>2006 | F.Y. 2006/2007<br>ending March 31<br>2007 |
|-------------------------------------|---|---|---|---|
| Sales (¥ million)                   | 94,405                                    | 98,620                                    | 113,640                                   | 116,682                                   |
| Ordinary income (¥ million)         | 4,472                                     | 8,439                                     | 11,555                                    | 12,362                                    |
| Net income (¥ million)              | 3,122                                     | 5,016                                     | 6,392                                     | 7,405                                     |
| Net income per share (¥)            | 55.06                                     | 89.49                                     | 105.04                                    | 122.02                                    |
| Dividend per share (¥)              | 10.00                                     | 15.00                                     | 19.00                                     | 21.00                                     |
| Total assets (¥million)             | 93,282                                    | 95,373                                    | 107,397                                   | 110,545                                   |
| Net assets (¥million)               | 38,750                                    | 47,324                                    | 57,906                                    | 64,453                                    |
| Common stock capital<br>(¥ million) | 12,495                                    | 12,982                                    | 14,401                                    | 14,406                                    |
| Equity ratio (%)                    | 41.5                                      | 49.6                                      | 53.9                                      | 58.3                                      |

#### Notes:

Net income per share is calculated by the average number of all issued- shares in the F./Y.

# Consolidated Balance Sheets

|                                   | March 31, 2007              | March 31, 2006              |
|-----------------------------------|-----------------------------|-----------------------------|
|                                   | (Thousands of Japanese Yen) | (Thousands of Japanese Yen) |
| <b>ASSETS</b>                     |                             |                             |
| Current Assets                    |                             |                             |
| Cash and bank deposits (Note 9)   | ¥ 11,013,972                | ¥ 6,196,067                 |
| Notes receivable                  | 1,343,494                   | 1,488,213                   |
| Accounts receivable               | 38,978,878                  | 38,369,539                  |
| Marketable securities (Note 3)    | 1,700,000                   | —                           |
| Inventories                       | 22,176,803                  | 21,978,388                  |
| Deferred tax assets (Note 5)      | 1,710,254                   | 2,074,585                   |
| Other current assets              | 4,476,778                   | 4,672,540                   |
| Allowance for doubtful accounts   | ( 174,320 )                 | ( 219,258 )                 |
| CURRENT ASSETS — TOTAL            | 81,225,862                  | 74,560,076                  |
| Fixed Assets                      |                             |                             |
| Tangible Fixed Assets (Note 4)    |                             |                             |
| Buildings and Structures          | 12,419,193                  | 10,441,864                  |
| Machinery, Equipment and Vehicles | 11,973,291                  | 11,225,141                  |
| Tools, Jigs and Fixtures          | 4,424,760                   | 4,022,491                   |
| Land                              | 14,490,485                  | 13,764,841                  |
| Construction in Progress          | 3,085,745                   | 2,264,943                   |
| Total                             | 46,393,475                  | 41,719,283                  |
| Intangible Fixed Assets           |                             |                             |
| Goodwill                          | 137,700                     | —                           |
| Other intangible fixed assets     | 1,304,634                   | 1,192,707                   |
| Total                             | 1,442,334                   | 1,192,707                   |
| Investment and Other Assets       |                             |                             |
| Investment securities (Note 4)    | 20,181,558                  | 18,433,177                  |
| Deferred tax assets (Note 5)      | 466,194                     | 839,654                     |
| Other investment and assets       | 709,071                     | 1,003,320                   |
| Allowance for doubtful accounts   | ( 40,260 )                  | ( 187,433 )                 |
| Total                             | 21,316,563                  | 20,088,720                  |
| FIXED ASSETS — TOTAL              | 69,152,373                  | 63,000,711                  |
| Deferred Assets                   |                             |                             |
| Research and Development expenses | 214,250                     | 237,659                     |
| TOTAL ASSETS                      | ¥ 150,592,486               | ¥ 137,798,447               |

|   | March 31, 2007              | March 31, 2006              |
|---|-----------------------------|-----------------------------|
|   | (Thousands of Japanese Yen) | (Thousands of Japanese Yen) |
| <b>LIABILITIES</b>                                    |                             |                             |
| Current Liabilities                                   |                             |                             |
| Notes payable   | ¥ 2,472,350                 | ¥ 2,396,001                 |
| Accounts payable                                      | 38,661,034                  | 34,337,849                  |
| Short-term loans payable (Note 4)                     | 3,086,811                   | 5,921,632                   |
| Accrued income taxes (Note 5)                         | 2,005,445                   | 3,654,250                   |
| Accrued bonuses to employees                          | 1,848,087                   | 1,697,103                   |
| Allowance for compensation for products               | 101,345                     | 194,524                     |
| Allowance for support to related company              | —                           | 867,000                     |
| Other current liabilities                             | 7,853,126                   | 7,167,621                   |
| CURRENT LIABILITIES — TOTAL                           | 56,028,201                  | 56,235,983                  |
| Long-term Liabilities                                 |                             |                             |
| Bonds   | 731,000                     | 772,000                     |
| Long-term loans payable (Note 4)                      | 1,735,542                   | 2,984,445                   |
| Deferred tax liability (Note 5)                       | 3,568,945                   | 2,599,577                   |
| Allowance for employees' retirement benefits (Note 6) | 2,004,198                   | 1,920,662                   |
| Allowance for directors' retirement benefits          | 483,098                     | 515,643                     |
| Consolidation adjustment account                      | —                           | 157,568                     |
| Negative goodwill                                     | 447,556                     | —                           |
| Other long-term liabilities                           | 78,985                      | 270,423                     |
| LONG-TERM LIABILITIES — TOTAL                         | 9,049,326                   | 9,220,320                   |
| TOTAL LIABILITIES                                     | 65,077,527                  | 65,456,304                  |
| <b>CONTINGENT LIABILITIES</b> (Note11)                |                             |                             |
| <b>NET ASSETS</b>                                     |                             |                             |
| Shareholders' Equity                                  |                             |                             |
| Common stock  | 14,406,676                  | 14,401,173                  |
| Capital surplus                                       | 6,777,519                   | 6,824,133                   |
| Retained earnings                                     | 51,705,997                  | 41,495,925                  |
| Treasury stock  | ( 105,634 )                 | ( 10,674 )                  |
| SHAREHOLDERS' EQUITY — TOTAL                          | 72,784,559                  | 62,710,558                  |
| Valuation, Translation Adjustments                    |                             |                             |
| Unrealized gain on investment securities              | 6,633,655                   | 5,910,994                   |
| Adjustment from foreign currency translation          | 845,857                     | ( 493,190 )                 |
| VALUATION, TRANSLATION ADJUSTMENTS — TOTAL            | 7,479,512                   | 5,417,804                   |
| Minority Interests                                    | 5,250,886                   | 4,213,781                   |
| TOTAL NET ASSETS                                      | 85,514,959                  | 72,342,143                  |
| TOTAL LIABILITIES AND NET ASSETS                      | ¥ 150,592,486               | ¥ 137,798,447               |

See notes to consolidated financial statements.

## Consolidated Statements of Income

|  | Year ended March 31, 2007   | Year ended March 31, 2006   |
|--|-----------------------------|-----------------------------|
|  | (Thousands of Japanese Yen) | (Thousands of Japanese Yen) |
| Sales  | ¥ 193,178,621               | ¥ 175,229,182               |
| Cost of Sales  | 155,075,562                 | 141,201,311                 |
| GROSS PROFIT   | 38,103,058                  | 34,027,870                  |
| Selling, General and Administrative Expenses               |                             |                             |
| Packing and Transportation                                 | 3,631,500                   | 3,714,400                   |
| Salaries   | 6,276,380                   | 5,839,759                   |
| Provision for accrued bonuses to employees                 | 443,149                     | 374,404                     |
| Provision for accrued compensation for products allowance  | —                           | 194,524                     |
| Provision for accrued retirement allowance                 | 41,607                      | 42,891                      |
| Provision for accrued directors' retirement allowance      | 66,425                      | 62,812                      |
| Depreciation   | 687,414                     | 645,661                     |
| Other expenses   | 7,253,399                   | 6,854,082                   |
| Total  | 18,399,878                  | 17,728,538                  |
| OPERATING INCOME   | 19,703,180                  | 16,299,332                  |
| Non Operating Income                                       |                             |                             |
| Interest income  | 231,646                     | 139,525                     |
| Dividend income  | 299,435                     | 166,155                     |
| Amortization of negative goodwill                          | 9,561                       | —                           |
| Profits on foreign exchange                                | 85,989                      | 976,850                     |
| Other non operating income                                 | 706,513                     | 564,394                     |
| Total  | 1,333,145                   | 1,846,926                   |
| Non Operating Expenses                                     |                             |                             |
| Interest expense   | 181,593                     | 115,911                     |
| Equity in loss of affiliates                               | 62,864                      | 82,640                      |
| Other non operating expenses                               | 21,330                      | 22,435                      |
| Total  | 265,788                     | 220,987                     |
| ORDINARY INCOME  | 20,770,536                  | 17,925,270                  |
| Special Income   |                             |                             |
| Gain on sales of fixed assets                              | 56,480                      | 100,017                     |
| Reversal of allowance for doubtful accounts                | 72,018                      | —                           |
| Profits from termination of defined benefit pension plans  | —                           | 31,340                      |
| Other special income                                       | 5,232                       | 27,110                      |
| Total  | 133,731                     | 158,467                     |
| Special Loss   |                             |                             |
| Loss on sales of fixed assets                              | 394,252                     | 8,963                       |
| Loss on disposal of fixed assets                           | 323,193                     | 246,116                     |
| Loss on sales of investment securities                     | —                           | 17,006                      |
| Loss on investment security revaluation                    | 315,763                     | 15,400                      |
| Loss on termination of defined benefit pension plans       | 67,052                      | —                           |
| Provision for accrued director's retirement allowance      | —                           | 44,100                      |
| Provision for accrued support to related company allowance | —                           | 867,000                     |
| Other special loss   | 358,123                     | 185,162                     |
| Total  | 1,458,385                   | 1,383,748                   |
| INCOME BEFORE INCOME TAXES<br>AND MINORITY INTERESTS       | 19,445,882                  | 16,699,989                  |
| Income taxes (Note 5)                                      | 6,418,018                   | 6,176,998                   |
| Minority Interests in Income                               | 1,186,913                   | 1,204,925                   |
| NET INCOME (Note 7)  | ¥ 11,840,950                | ¥ 9,318,065                 |

See notes to consolidated financial statements.

## **Consolidated Statement of Retained Earnings**

|   | Year ended March 31, 2006   |
|---|-----------------------------|
|   | (Thousands of Japanese Yen) |
| Retained earnings at beginning  | ¥ 33,504,480                |
| Increase in retained earnings :   |                             |
| Net income  | 9,318,065                   |
| Total   | 9,318,065                   |
| Decrease in retained earnings :   |                             |
| Dividends   | 994,525                     |
| Bonus to directors  | 304,743                     |
| [Bonus to corporate auditors included]                                      | [ 14,677 ]                  |
| Decrease due to change in ownership ratio of consolidated subsidiary        | 133                         |
| Decrease in retained earnings due to decrease of affiliate by equity method | 16,002                      |
| Employee welfare fund   | 11,215                      |
| Total   | 1,326,620                   |
| Retained earnings at end  | ¥ 41,495,925                |

See notes to consolidated financial statements.

## Consolidated Statements of Changes in Net Assets

(From April 1, 2006 to March 31, 2007)

(Thousands of Japanese Yen)

|   | Shareholders' equity |                 |                   |                |                            |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
|   | Common stock         | Capital surplus | Retained earnings | Treasury stock | Total shareholder's equity |
| Balance as of March 31, 2006                                  | ¥ 14,401,173         | ¥ 6,824,133     | ¥ 41,495,925      | ¥ ( 10,674 )   | ¥ 62,710,558               |
| Changes in the year   |                      |                 |                   |                |                            |
| Issuance of stock   | 5,503                | 5,491           |                   |                | 10,994                     |
| Exercise of stock acquisition rights                          |                      | ( 52,167 )      |                   | 82,158         | 29,990                     |
| Dividends from surplus  |                      |                 | ( 1,274,698 )     |                | ( 1,274,698 )              |
| Bonus to directors and corporate auditors                     |                      |                 | ( 303,662 )       |                | ( 303,662 )                |
| Net income  |                      |                 | 11,840,950        |                | 11,840,950                 |
| Change in ownership ratio of consolidated subsidiary          |                      |                 | ( 28,932 )        |                | ( 28,932 )                 |
| Employee welfare fund   |                      |                 | ( 23,584 )        |                | ( 23,584 )                 |
| Acquisition of treasury stock                                 |                      |                 |                   | ( 178,566 )    | ( 178,566 )                |
| Disposal of treasury stock                                    |                      | 61              |                   | 1,448          | 1,510                      |
| Net changes in items other than those in shareholders' equity |                      |                 |                   |                |                            |
| Total of changes in the year                                  | 5,503                | ( 46,614 )      | 10,210,071        | ( 94,959 )     | 10,074,001                 |
| Balances as of March 31, 2007                                 | ¥ 14,406,676         | ¥ 6,777,519     | ¥ 51,705,997      | ¥ ( 105,634 )  | ¥ 72,784,559               |

|   | 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, 2006                                  | ¥ 5,910,994                              | ¥ ( 493,190 )                                | ¥ 5,417,804                              | ¥ 4,213,781        | ¥ 72,342,143     |
| Changes in the year   |  |  |  |                    |                  |
| Issuance of stock   |  |  |  |                    | 10,994           |
| Exercise of stock acquisition rights                          |  |  |  |                    | 29,990           |
| Dividends from surplus  |  |  |  |                    | ( 1,274,698 )    |
| Bonus to directors and corporate auditors                     |  |  |  |                    | ( 303,662 )      |
| Net income  |  |  |  |                    | 11,840,950       |
| Change in ownership ratio of consolidated subsidiary          |  |  |  |                    | ( 28,932 )       |
| Employee welfare fund   |  |  |  |                    | ( 23,584 )       |
| Acquisition of treasury stock                                 |  |  |  |                    | ( 178,566 )      |
| Disposal of treasury stock                                    |  |  |  |                    | 1,510            |
| Net changes in items other than those in shareholders' equity | 722,660                                  | 1,339,048                                    | 2,061,708                                | 1,037,105          | 3,098,814        |
| Total of changes in the year                                  | 722,660                                  | 1,339,048                                    | 2,061,708                                | 1,037,105          | 13,172,815       |
| Balances as of March 31, 2007                                 | ¥ 6,633,655                              | ¥ 845,857                                    | ¥ 7,479,512                              | ¥ 5,250,886        | ¥ 85,514,959     |

See notes to consolidated financial statements.

## Consolidated Statements of Cash Flows

|  | Year ended March 31, 2007   | Year ended March 31, 2006   |
|--|-----------------------------|-----------------------------|
|  | (Thousands of Japanese Yen) | (Thousands of Japanese Yen) |
| <b>Cash flows from operating activities:</b>                 |                             |                             |
| Income before income taxes and minority interests            | ¥ 19,445,882                | ¥ 16,699,989                |
| Depreciation and amortization                                | 6,412,258                   | 5,882,924                   |
| Amortization of consolidation adjustment account             | —                           | 6,612                       |
| Amortization of goodwill                                     | 14,738                      | —                           |
| Accrued bonuses to employees, net of payment                 | 150,984                     | 30,618                      |
| Employees' retirement benefits, net of payments              | 79,234                      | 32,015                      |
| Directors' retirement benefits, net of payment               | 3,575                       | ( 77,458 )                  |
| Allowance for doubtful accounts                              | ( 202,219 )                 | 114,556                     |
| Allowance for compensation for products                      | ( 93,179 )                  | 194,524                     |
| Allowance for support to related company                     | ( 867,000 )                 | 867,000                     |
| Interest and dividend income                                 | ( 531,081 )                 | ( 305,681 )                 |
| Interest expense   | 181,593                     | 115,911                     |
| Gain on foreign exchange                                     | ( 93 )                      | ( 144,888 )                 |
| Equity in loss of affiliates                                 | 62,864                      | 82,640                      |
| Loss (gain) on sales of marketable securities                | ( 3,584 )                   | 17,006                      |
| Loss on sales or disposal of property, net                   | 623,994                     | 52,219                      |
| Loss on investment securities revaluation                    | 321,230                     | 15,400                      |
| Loss on liquidation of related companies                     | 38,740                      | —                           |
| Decrease (Increase) in accounts and notes receivable         | 1,225,814                   | ( 4,035,098 )               |
| Decrease (Increase) in inventories                           | 669,518                     | ( 2,716,283 )               |
| Increase in accounts and notes payable                       | 2,625,187                   | 4,818,164                   |
| Bonuses to directors   | ( 320,970 )                 | ( 320,400 )                 |
| Other, net   | 301,446                     | ( 1,862,054 )               |
| Sub-total  | 30,138,938                  | 19,467,720                  |
| Interest and dividend received                               | 488,204                     | 319,805                     |
| Interest paid  | ( 175,175 )                 | ( 100,594 )                 |
| Income taxes paid  | ( 6,886,793 )               | ( 5,916,096 )               |
| Cash provided by operating activities                        | 23,565,174                  | 13,770,834                  |
| <b>Cash flows from investing activities:</b>                 |                             |                             |
| Purchase of property   | ( 9,716,955 )               | ( 8,260,884 )               |
| Proceeds from sale of property                               | 652,964                     | 475,799                     |
| Purchase of investment securities                            | ( 783,993 )                 | ( 335,351 )                 |
| Proceeds from sales of investment securities                 | 17,472                      | 35,469                      |
| Other, net   | ( 2,047,960 )               | ( 452,459 )                 |
| Cash used in investing activities                            | ( 11,878,472 )              | ( 8,537,427 )               |
| <b>Cash flows from financing activities:</b>                 |                             |                             |
| Decrease in short-term loans                                 | ( 3,833,475 )               | ( 2,337,514 )               |
| Proceeds from long-term loans                                | 392,848                     | 1,165,154                   |
| Repayments of long-term loans                                | ( 1,969,607 )               | ( 2,358,266 )               |
| Cash dividend paid   | ( 1,274,188 )               | ( 993,760 )                 |
| Cash dividend paid to minority shareholders                  | ( 232,565 )                 | ( 853,074 )                 |
| Other, net   | ( 231,470 )                 | ( 225,947 )                 |
| Cash used in financing activities                            | ( 7,148,459 )               | ( 5,603,410 )               |
| Effect of exchange rate changes on cash and cash equivalents | 277,383                     | 304,711                     |
| Net increase (decrease) in cash and cash equivalents         | 4,815,625                   | ( 65,291 )                  |
| Cash and cash equivalents at beginning of year               | 6,132,847                   | 6,198,138                   |
| Cash and cash equivalents at end of year (Note 9)            | ¥ 10,948,472                | ¥ 6,132,847                 |

See notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

Nippon Seiki Co., Ltd. and Consolidated Subsidiaries

March 31, 2007

### 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 Securities and Exchange Law 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 22 significant subsidiaries (the "Companies") at March 31, 2007, except for five 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 one affiliate have been accounted for by the equity method. Investments in five non-consolidated subsidiaries and one affiliate were stated at cost because the effect of application of the equity method would be immaterial. One domestic subsidiary is consolidated on the basis of fiscal period ending last day of February, and eight 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 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

Finished goods and Work in process;

Instruments Stated at cost by the weighted average method

Others Stated at cost by the identified method

Materials Stated at cost by the weighted average method

Supplies Stated at cost by the most recent purchase price method

(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.

(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) Pension and retirement benefits

Employees' retirement benefits

Effective the year ended March 31, 2001, the Company and its domestic subsidiaries adopted a new accounting standard for retirement benefits. In accordance with this standard, allowance for employees' retirement benefits has been provided based on the projected retirement benefit obligation and the pension fund assets.

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 Company and eight domestic subsidiaries provided 100% allowance for retirement benefits for the directors under their internal rules.

#### (l) Leases

Finance leases for which ownership does not transfer to lessees are principally accounted for as ordinary rental transactions.

#### (m) 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. Changes in Accounting Policies

#### (a) Accounting Standard for presentation of net assets in the balance sheet

Effective from the year ended March 31, 2007, the "Accounting Standards for Presentation of Net Assets in the Balance Sheet"(Accounting Standards Board of Japan Statement No.5 issued by the ASBJ on December 9, 2005) and the "Implementation Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Implementation Guidance No.8 issued by the ASBJ on December 9, 2005) have been applied. The amount corresponding to the previous "Shareholders' equity" is ¥80,264,072 thousand.

#### (b) Accounting standards for bonuses to directors

Effective from the year ended March 31, 2007, the "Accounting Standards for Directors' Bonus"(Financial Accounting Standard No.4 issued by the ASBJ on November 29, 2005) have been applied.

As a result of this change, operating income, ordinary income and income before taxes each decreased by ¥347,002 thousand compared with the previous accounting method.

### 3. Marketable Securities

The following is a summary of the acquisition cost, carrying amounts, and gross unrealized holding gains and losses on marketable securities for each holding category at March 31, 2007.

|                                | Thousands of Yen   |                     |                                 |
|--------------------------------|--------------------|---------------------|---------------------------------|
|                                | Acquisition cost   | Carrying amounts    | Gross unrealized gains/(losses) |
| Other securities:              |                    |                     |                                 |
| Equity securities              | ¥ 5,569,491        | ¥ 16,700,330        | ¥ 11,130,838                    |
| Corporate bonds and debentures | 666                | 666                 | —                               |
| Other securities               | —                  | —                   | —                               |
|                                | <u>¥ 5,570,158</u> | <u>¥ 16,700,996</u> | <u>¥ 11,130,838</u>             |

The fair value of marketable securities has been estimated based on quoted market price.

Unlisted equity securities of ¥2,104,872 thousands and unlisted other bonds in held-to-maturity bonds of ¥1,170,500 thousands have been excluded from the above summary.

The contractual maturities of bonds and debentures and other securities of March 31, 2007 are summarized as follows:

|  | Thousands of Yen<br>Carrying amount |
|--|-------------------------------------|
| Due within one year                    | ¥ 1,700,666                         |
| Due after one year through five years  | —                                   |
| Due after five years through ten years | 1,170,500                           |
| Due after ten years                    | —                                   |
|  | <u>¥ 2,871,166</u>                  |

The following is a summary of marketable securities at March 31, 2006.

|                                | Thousands of Yen   |                     |                                 |
|--------------------------------|--------------------|---------------------|---------------------------------|
|                                | Acquisition cost   | Carrying amounts    | Gross unrealized gains/(losses) |
| Other securities:              |                    |                     |                                 |
| Equity securities              | ¥ 5,513,106        | ¥ 15,434,105        | ¥ 9,920,999                     |
| Corporate bonds and debentures | 666                | 666                 | —                               |
| Other securities               | —                  | —                   | —                               |
|                                | <u>¥ 5,513,773</u> | <u>¥ 15,434,772</u> | <u>¥ 9,920,999</u>              |

The fair value of marketable securities has been estimated based on quoted market price.

Unlisted equity securities of ¥696,583 thousands and unlisted other bonds in held-to-maturity bonds of ¥1,164,700 thousands have been excluded from the above summary.

#### 4. Short-term Loans and Long-term Debt

The weighted average interest rate of short-term loans payable to banks was 4.2% at March 31, 2007.

Long-term debt as of March 31, 2007 consisted of the following:

|   | <u>Thousands of Yen</u> |
|---|-------------------------|
| Loans from banks and insurance companies, due through 2013                          |                         |
| At average rates of 3.1% and 3.0% for current and non-current portion, respectively | ¥ 3,337,473             |
| Less: Current portion   | <u>1,601,931</u>        |
|   | <u>¥ 1,735,542</u>      |

Aggregate annual maturities of long-term debt subsequent to March 31, 2007 are as follows:

| <u>Year ending March 31,</u> | <u>Thousands of Yen</u> |
|------------------------------|-------------------------|
| 2008                         | ¥ 1,601,931             |
| 2009                         | 1,152,558               |
| 2010                         | 262,925                 |
| 2011                         | 117,558                 |
| 2012 and thereafter          | <u>202,500</u>          |
|                              | <u>¥ 3,337,473</u>      |

The assets mortgaged for short-term and long-term loans payable as of March 31, 2007 were as follows:

|  | <u>Thousands of Yen</u> |
|--|-------------------------|
| Property, plant and equipment, net of accumulated depreciation | ¥ 3,419,781             |
| Securities   | 3,657,900               |

#### 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, 2007. 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, 2007 were as follows:

|   | <u>Thousands of Yen</u> |
|---|-------------------------|
| Deferred tax assets                                     |                         |
| Accrued bonuses   | ¥ 749,801               |
| Retirement benefits                                     | 999,401                 |
| Amortization of intangible assets                       | 414,710                 |
| Unrealized gains on inventories, property and equipment | 815,134                 |
| Others  | <u>1,932,304</u>        |
|   | 4,911,351               |
| Valuation allowance for deferred tax assets             | <u>( 8,845)</u>         |
| Total deferred tax assets                               | <u>4,902,505</u>        |
| Deferred tax liabilities                                |                         |
| Reserve for special depreciation                        | ( 133,052)              |
| Unrealized gains on investment securities               | ( 4,864,609)            |
| Undistributed earnings of foreign subsidiaries          | ( 1,114,201)            |
| Others  | <u>( 183,138)</u>       |
| Total deferred tax liabilities                          | <u>( 6,295,002)</u>     |
| Net deferred tax assets                                 | <u>¥( 1,392,496)</u>    |

## 6. 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, welfare 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.

On October 31, 2006 and March 31, 2007, one consolidated subsidiary withdrew from two welfare pension fund plans .

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, 2007 for the Company and consolidated subsidiaries' defined benefit plans;

|  | <u>Thousands of Yen</u> |
|--|-------------------------|
| Projected benefit obligation                 | ¥ 1,973,551             |
| Unrecognized past service cost               | 100,942                 |
| Unrecognized actuarial gain or loss          | <u>( 70,295)</u>        |
| Allowance for employees' retirement benefits | <u>¥ 2,004,198</u>      |

The effect of a withdrawal from welfare pension fund plans was as follows;

|                                       | <u>Thousands of Yen</u> |
|---------------------------------------|-------------------------|
| Special premium lump-sum contribution | <u>¥ 67,032</u>         |

The assets yet to be transferred to defined contribution plans at March 31, 2007 amounted to ¥185,990 thousands and were included in accounts payable-other.

The components of retirement benefit expenses for the year ended March 31, 2007 were outlined as follows;

|  | <u>Thousands of Yen</u> |
|--|-------------------------|
| Service cost                           | ¥ 171,967               |
| Interest cost                          | 25,121                  |
| Amortization of past service cost      | <u>( 12,617)</u>        |
| Amortization of actuarial gain or loss | 6,352                   |
| Net retirement benefit expenses        | <u>¥ 190,823</u>        |

The amount of cost recognized for the contribution to the plans for the year ended March 31, 2007 was ¥694,550 thousands.

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

|   |                                 |
|---|---------------------------------|
| Discount Rate                                 | 2.0%                            |
| Amortization period of past service cost      | 10 years (straight-line method) |
| Amortization period of actuarial gain or loss | 10 years (straight-line method) |

## 7. 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, 2007 were as follows;

|                                     |            |
|-------------------------------------|------------|
| Net income per share                | ¥ 195.09   |
| Net income per share, fully diluted | ¥ 192.49   |
| Net assets per share                | ¥ 1,322.80 |

## 8. Supplementary Changes in Net Assets Information

### Issued shares

| Type of shares | Number of shares<br>as of<br>March 31, 2006 | Increase | Decrease | Number of shares<br>as of<br>March 31, 2007 |
|----------------|---|----------|----------|---|
| Common stock   | 60,704,293                                  | 12,016   | —        | 60,716,309                                  |

The detail of increase is as follows:

Increase by exercise of stock acquisition rights 12,016

### Treasury stock

| Type of shares | Number of shares<br>as of<br>March 31, 2006 | Increase | Decrease | Number of shares<br>as of<br>March 31, 2007 |
|----------------|---|----------|----------|---|
| Common stock   | 4,192                                       | 67,901   | 33,353   | 38,740                                      |

The details of increase and decrease are as follows:

|  |        |
|--|--------|
| Increase by purchase of odd-lot stock                  | 67,901 |
| Decrease by exercise of stock acquisition rights       | 32,777 |
| Decrease by additional purchase order of odd-lot stock | 576    |

### Dividends

#### Dividends paid

| Resolution   | Type of<br>shares | Total<br>dividend<br>amount<br>(Thousands<br>of yen) | Dividend<br>per share<br>(Yen) | Record date        | Effective<br>date |
|--|-------------------|--|--------------------------------|--------------------|-------------------|
| Ordinary General Meeting of Shareholders held on June 28, 2006 | Common stock      | 728,401  | 12                             | March 31, 2006     | June 29, 2006     |
| Board of Directors meeting held on November 14, 2006           | Common stock      | 546,297  | 9                              | September 30, 2006 | December 12, 2006 |

Of the dividends for which the record date belongs to the fiscal year ended March 31, 2007, those for which the effective date of the dividends will be in the fiscal year ending March 31, 2008

| Resolution  | Type of<br>shares | Source of<br>funds for<br>dividends | Total<br>dividend<br>amount<br>(Thousands<br>of yen) | Dividend<br>per share<br>(Yen) | Record date    | Effective<br>date |
|---|-------------------|-------------------------------------|--|--------------------------------|----------------|-------------------|
| Board of Directors meeting held on April 27, 2007 | Common stock      | Retained earnings                   | 728,130  | 12                             | March 31, 2007 | June 28, 2007     |

## 9. Supplementary Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2007 and 2006.

|   | Thousands of Yen |             |
|---|------------------|-------------|
|   | 2007             | 2006        |
| Cash and bank deposits                                  | ¥ 11,013,972     | ¥ 6,196,067 |
| Time deposits with a maturity of more than three months | ( 65,500 )       | ( 63,220 )  |
| Cash and cash equivalents                               | ¥ 10,948,472     | ¥ 6,132,847 |

## 10. Derivatives

The Companies, which operate globally, are exposed to market risk arising from fluctuations in foreign currency exchange rates and enter into derivative financial instruments for the purpose of reducing such risk. The Companies do not hold or issue derivatives for speculative or dealing purposes. As the counterparties to these derivatives are limited to authentic financial institutions, the Companies do not anticipate any losses arising from credit risk.

All derivative transactions are entered into to hedge foreign currency exposures incorporated within business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. Derivative transactions entered into by the Companies have been made in accordance with the Companies' policies. The execution and control of derivatives are controlled by the Corporate Finance Department.

Fair Value of Derivative Financial Instruments:

The fair value of the Companies' derivative financial instruments at March 31, 2007 and 2006 were as follows:

### Currency-Related Transactions

| As of March 31, 2007  | Thousands of Yen |            |                      |
|-----------------------|------------------|------------|----------------------|
|                       | Notional Amount  | Fair Value | Unrealized Gain/Loss |
| Call option contracts |                  |            |                      |
| Sell position-US\$    | US\$12,500,000   | —          | —                    |
|                       | ¥ 10,300         | ¥ 4,646    | ¥ 5,654              |
| Put option contracts  |                  |            |                      |
| Buy position-US\$     | US\$ 5,000,000   | —          | —                    |
|                       | ¥ 11,200         | ¥ 6,534    | ¥ (4,666)            |
|                       |                  |            | ¥ 988                |

| As of March 31, 2006  | Thousands of Yen |            |                      |
|-----------------------|------------------|------------|----------------------|
|                       | Notional Amount  | Fair Value | Unrealized Gain/Loss |
| Call option contracts |                  |            |                      |
| Sell position-US\$    | US\$25,000,000   | —          | —                    |
|                       | ¥ 28,750         | ¥ 11,116   | ¥ 17,633             |
| Put option contracts  |                  |            |                      |
| Buy position-US\$     | US\$10,000,000   | —          | —                    |
|                       | ¥ 26,500         | ¥ 14,811   | ¥ (11,688)           |
|                       |                  |            | ¥ 5,945              |

## 11. Contingent Liabilities

At March 31, 2007, one subsidiary was contingently liable as guarantor of bank loans of non-consolidated company in the amount of ¥156,700 thousands.

## 12. Lease Transactions

Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees are generally accounted for by the same method as that applicable to operating leases.

The amounts corresponding to acquisition cost, accumulated depreciation and net book value at March 31, 2007 and 2006 were as follows:

|                          | Thousands of Yen |             |
|--------------------------|------------------|-------------|
|                          | 2007             | 2006        |
| Acquisition cost         | ¥ 4,517,668      | ¥ 4,031,172 |
| Accumulated depreciation | 2,232,198        | 2,094,654   |
| Net book value           | ¥ 2,285,469      | ¥ 1,936,517 |

The obligations under finance leases at March 31, 2007 and 2006 were as follows:

|                     | Thousands of Yen |             |
|---------------------|------------------|-------------|
|                     | 2007             | 2006        |
| Due within one year | ¥ 865,720        | ¥ 716,656   |
| Due after one year  | 1,419,749        | 1,219,861   |
| Total               | ¥ 2,285,469      | ¥ 1,936,517 |

The lease payments and amounts corresponding to depreciation under finance leases for the years ended March 31, 2007 and 2006 were as follows:

|                | Thousands of Yen |           |
|----------------|------------------|-----------|
|                | 2007             | 2006      |
| Lease payments | ¥ 903,097        | ¥ 760,858 |
| Depreciation   | 903,097          | 760,858   |

The obligations under operating leases at March 31, 2007 and 2006 were as follows:

|                     | Thousands of Yen |           |
|---------------------|------------------|-----------|
|                     | 2007             | 2006      |
| Due within one year | ¥ 299,349        | ¥ 239,332 |
| Due after one year  | 336,004          | 288,443   |
| Total               | ¥ 635,354        | ¥ 527,776 |

### 13. Segment Information

The Companies primary business activities include (1) Instrument clusters for automobiles, motorcycles, agricultural/construction machines and boats ("Instrument"), (2) Consumer-use products, (3) Display products and (4) Others. A summary of net sales, operating costs and expenses, and operating income by segment of business activities for the years ended March 31, 2007 and 2006 were as follows:

| Year ended or as of<br>March 31, 2007 | Thousands of Yen |                          |                     |              |              | Elimination<br>and Corporate | Consolidated<br>Total |
|---------------------------------------|------------------|--------------------------|---------------------|--------------|--------------|------------------------------|-----------------------|
|                                       | Instruments      | Consumer-Use<br>Products | Display<br>Products | Others       | Total        |                              |                       |
| Sales                                 |                  |                          |                     |              |              |                              |                       |
| Unaffiliated customers.....           | ¥127,207,716     | ¥ 26,716,969             | ¥ 15,528,351        | ¥ 23,725,584 | ¥193,178,621 | ¥ —                          | ¥193,178,621          |
| Intersegment.....                     | —                | —                        | —                   | 9,210,101    | 9,210,101    | (9,210,101)                  | —                     |
| Total sales.....                      | 127,207,716      | 26,716,969               | 15,528,351          | 32,935,685   | 202,388,722  | (9,210,101)                  | 193,178,621           |
| Operating costs and<br>expenses.....  | 110,122,311      | 25,725,437               | 15,528,292          | 31,406,347   | 182,782,389  | (9,306,947)                  | 173,475,441           |
| Operating income.....                 | ¥ 17,085,404     | ¥ 991,531                | ¥ 58                | ¥ 1,529,338  | ¥ 19,606,333 | ¥ 96,846                     | ¥ 19,703,180          |
| Total assets.....                     | ¥ 82,590,561     | ¥ 14,300,287             | ¥ 9,795,806         | ¥ 23,917,861 | ¥130,604,517 | ¥ 19,987,969                 | ¥150,592,486          |
| Depreciation and<br>amortization..... | ¥ 4,778,819      | ¥ 398,599                | ¥ 464,691           | ¥ 576,919    | ¥ 6,219,030  | ¥ 66,622                     | ¥ 6,285,652           |
| Capital expenditures.....             | ¥ 7,979,505      | ¥ 530,420                | ¥ 35,249            | ¥ 2,505,884  | ¥ 11,051,060 | ¥ 436,676                    | ¥ 11,487,737          |

According to the start of productions and sales for OLED (Organic Light Emitting Diode), business segment of "LCD Products" was changed to "Display Products".

| Year ended or as of<br>March 31, 2006 | Thousands of Yen |                          |              |              |              | Elimination<br>and Corporate | Consolidated<br>Total |
|---------------------------------------|------------------|--------------------------|--------------|--------------|--------------|------------------------------|-----------------------|
|                                       | Instruments      | Consumer-Use<br>Products | LCD Products | Others       | Total        |                              |                       |
| Sales                                 |                  |                          |              |              |              |                              |                       |
| Unaffiliated customers.....           | ¥111,641,302     | ¥ 24,011,629             | ¥ 19,191,545 | ¥ 20,384,705 | ¥175,229,182 | ¥ —                          | ¥175,229,182          |
| Intersegment.....                     | —                | —                        | —            | 8,846,957    | 8,846,957    | (8,846,957)                  | —                     |
| Total sales.....                      | 111,641,302      | 24,011,629               | 19,191,545   | 29,231,662   | 184,076,139  | (8,846,957)                  | 175,229,182           |
| Operating costs and<br>expenses.....  | 97,398,262       | 22,913,453               | 19,066,212   | 28,411,877   | 167,789,806  | (8,859,956)                  | 158,929,850           |
| Operating income.....                 | ¥ 14,243,039     | ¥ 1,098,176              | ¥ 125,332    | ¥ 819,785    | ¥ 16,286,333 | ¥ 12,998                     | ¥ 16,299,332          |
| Total assets.....                     | ¥ 71,869,537     | ¥ 14,417,154             | ¥ 13,565,115 | ¥ 19,319,442 | ¥119,171,249 | ¥ 18,627,198                 | ¥137,798,447          |
| Depreciation and<br>amortization..... | ¥ 3,933,237      | ¥ 527,482                | ¥ 551,564    | ¥ 554,227    | ¥ 5,566,512  | ¥ 65,323                     | ¥ 5,631,836           |
| Capital expenditures.....             | ¥ 7,513,484      | ¥ 524,732                | ¥ 39,325     | ¥ 717,539    | ¥ 8,795,082  | ¥ 53,742                     | ¥ 8,848,824           |

## Geographic Information

| Year ended or as of<br>March 31, 2007 | Thousands of Yen |              |              |              |              | Elimination<br>and Corporate | Consolidated<br>Total |
|---------------------------------------|------------------|--------------|--------------|--------------|--------------|------------------------------|-----------------------|
|                                       | Japan            | Americas     | Europe       | Asia         | Total        |                              |                       |
| Sales                                 |                  |              |              |              |              |                              |                       |
| Unaffiliated customers.....           | ¥109,660,658     | ¥ 31,772,147 | ¥ 13,335,422 | ¥ 38,410,391 | ¥193,178,621 | ¥ —                          | ¥193,178,621          |
| Intersegment.....                     | 38,227,254       | 128,651      | 247,338      | 5,904,918    | 44,508,163   | (44,508,163)                 | —                     |
| Total sales.....                      | 147,887,913      | 31,900,799   | 13,582,761   | 44,315,310   | 237,686,784  | (44,508,163)                 | 193,178,621           |
| Operating costs and<br>expenses.....  | 134,607,965      | 30,018,632   | 12,896,503   | 40,557,350   | 218,080,451  | (44,605,010)                 | 173,475,441           |
| Operating income.....                 | ¥ 13,279,948     | ¥ 1,882,167  | ¥ 686,258    | ¥ 3,757,959  | ¥ 19,606,333 | ¥ 96,846                     | ¥ 19,703,180          |
| Total assets.....                     | ¥ 99,715,688     | ¥ 14,460,362 | ¥ 8,234,940  | ¥ 26,753,299 | ¥149,164,291 | ¥ 1,428,195                  | ¥150,592,486          |

| Year ended or as of<br>March 31, 2006 | Thousands of Yen |              |              |              |              | Elimination<br>and Corporate | Consolidated<br>Total |
|---------------------------------------|------------------|--------------|--------------|--------------|--------------|------------------------------|-----------------------|
|                                       | Japan            | Americas     | Europe       | Asia         | Total        |                              |                       |
| Sales                                 |                  |              |              |              |              |                              |                       |
| Unaffiliated customers.....           | ¥103,520,043     | ¥ 30,067,785 | ¥ 10,493,619 | ¥ 31,147,734 | ¥175,229,182 | ¥ —                          | ¥175,229,182          |
| Intersegment.....                     | 36,982,804       | 196,091      | —            | 5,211,682    | 42,390,579   | (42,390,579)                 | —                     |
| Total sales.....                      | 140,502,848      | 30,263,876   | 10,493,619   | 36,359,417   | 217,619,762  | (42,390,579)                 | 175,229,182           |
| Operating costs and<br>expenses.....  | 129,077,734      | 28,978,127   | 10,032,671   | 33,244,895   | 201,333,428  | (42,403,578)                 | 158,929,850           |
| Operating income.....                 | ¥ 11,425,114     | ¥ 1,285,748  | ¥ 460,948    | ¥ 3,114,522  | ¥ 16,286,333 | ¥ 12,998                     | ¥ 16,299,332          |
| Total assets.....                     | ¥ 97,153,518     | ¥ 12,622,552 | ¥ 6,547,075  | ¥ 21,533,427 | ¥137,856,573 | ¥ (58,126)                   | ¥137,798,447          |

### 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, 2007 and 2006 were summarized as follows:

| Year ended March 31, 2007  | Thousands of Yen |              |              |              |
|--|------------------|--------------|--------------|--------------|
|  | Americas         | Europe       | Asia         | Total        |
| Overseas sales .....   | ¥ 32,773,488     | ¥ 14,500,924 | ¥ 41,887,232 | ¥ 89,161,645 |
| Consolidated net sales.....                                      |                  |              |              | 193,178,621  |
| Overseas sales as a percentage of consolidated<br>net sales..... | 17.0%            | 7.5%         | 21.7%        | 46.2%        |

| Year ended March 31, 2006  | Thousands of Yen |              |              |              |
|--|------------------|--------------|--------------|--------------|
|  | Americas         | Europe       | Asia         | Total        |
| Overseas sales .....   | ¥ 30,360,288     | ¥ 11,436,017 | ¥ 33,835,958 | ¥ 75,632,264 |
| Consolidated net sales.....                                      |                  |              |              | 175,229,182  |
| Overseas sales as a percentage of consolidated<br>net sales..... | 17.3%            | 6.5%         | 19.3%        | 43.2%        |

## 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, 2007 and 2006, the related consolidated statements of income, retained earnings, and cash flows for the years then ended, the related consolidated statement of retained earnings for the year ended March 31, 2006 and the related consolidated statement of changes in net assets for the year ended March 31, 2007, 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, 2007 and 2006, 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.

### *Additional Information*

1. As described in Note 2(a), effective from the year ended March 31, 2007, the Company adopted the "Accounting Standards for Presentation of Net Assets in the Balance Sheet."
2. As described in Note 2(b), effective from the year ended March 31, 2007, the Company adopted the "Accounting Standards for Directors' Bonus."



Niigata, Japan  
June 27, 2007

## . OTHER INFORMATION

Non-consolidated Financial Statements of NIPPON SEIKI Co., Ltd. for the Fiscal Year 2006/2007

### **Balance Sheets**

|  | March 31, 2007              | March 31, 2006              |
|--|-----------------------------|-----------------------------|
|  | (Thousands of Japanese Yen) | (Thousands of Japanese Yen) |
| <b>ASSETS</b>                                    |                             |                             |
| Current Assets                                   |                             |                             |
| Cash and bank deposits                           | ¥ 3,123,639                 | ¥ 1,087,439                 |
| Notes receivable                                 | 774,019                     | 1,025,218                   |
| Accounts receivable                              | 35,465,281                  | 36,110,948                  |
| Finished goods                                   | 2,183,451                   | 1,937,465                   |
| Raw materials and Parts                          | 3,286,340                   | 4,023,245                   |
| Work in process                                  | 1,610,242                   | 1,151,140                   |
| Supplies   | 134,288                     | 143,751                     |
| Prepaid expenses                                 | 34,726                      | 34,420                      |
| Deferred tax assets                              | 567,750                     | 1,017,392                   |
| Short-term loans                                 | 7,097,420                   | 5,417,985                   |
| Sundry receivables                               | 1,865,344                   | 2,763,152                   |
| Other current assets                             | 19,448                      | 57,839                      |
| Allowance for doubtful accounts                  | ( 13,309 )                  | ( 13,382 )                  |
| CURRENT ASSETS — TOTAL                           | 56,148,645                  | 54,756,616                  |
| Fixed Assets                                     |                             |                             |
| Tangible Fixed Assets                            |                             |                             |
| Buildings  | 5,477,125                   | 4,255,195                   |
| Structures                                       | 381,055                     | 285,615                     |
| Machinery and Equipment                          | 3,862,238                   | 4,212,255                   |
| Vehicles   | 50,296                      | 47,503                      |
| Tools, Jigs and Fixtures                         | 3,039,547                   | 2,841,019                   |
| Land   | 8,491,949                   | 8,966,591                   |
| Construction in progress                         | 248,804                     | 927,418                     |
| Total  | 21,551,018                  | 21,535,599                  |
| Intangible Fixed Assets                          |                             |                             |
| Software   | 611,872                     | 631,944                     |
| Other intangible assets                          | 76,748                      | 9,922                       |
| Total  | 688,621                     | 641,866                     |
| Investment and Other Assets                      |                             |                             |
| Investment securities                            | 18,172,390                  | 17,197,898                  |
| Investment in subsidiary and affiliate companies | 13,606,475                  | 12,651,937                  |
| Long-term loans                                  | 217,270                     | 743,800                     |
| Prepaid expenses                                 | 136,943                     | 161,961                     |
| Other investments and assets                     | 120,120                     | 327,741                     |
| Allowance for doubtful accounts                  | ( 96,391 )                  | ( 619,708 )                 |
| Total  | 32,156,808                  | 30,463,630                  |
| FIXED ASSETS — TOTAL                             | 54,396,447                  | 52,641,097                  |
| TOTAL ASSETS                                     | ¥ 110,545,093               | ¥ 107,397,713               |

|   | March 31, 2007              | March 31, 2006              |
|---|-----------------------------|-----------------------------|
|   | (Thousands of Japanese Yen) | (Thousands of Japanese Yen) |
| <b>LIABILITIES</b>                            |                             |                             |
| Current Liabilities                           |                             |                             |
| Notes payable                                 | ¥ 697,682                   | ¥ 756,341                   |
| Accounts payable                              | 30,920,824                  | 28,949,472                  |
| Short-term loans payable                      | 911,611                     | 3,431,001                   |
| Current maturities of long-term loans payable | 1,295,200                   | 1,545,200                   |
| Accrued liabilities                           | 1,127,191                   | 1,321,280                   |
| Accrued expenses                              | 2,314,991                   | 1,857,625                   |
| Accrued income taxes                          | 1,001,708                   | 2,230,610                   |
| Advances received                             | 18,077                      | 33,051                      |
| Deposits received                             | 285,620                     | 244,370                     |
| Accrued bonuses to employees                  | 905,623                     | 795,207                     |
| Allowance for compensation for products       | 27,102                      | 115,914                     |
| Allowance for support to related company      | —                           | 867,000                     |
| Bills payable - capital investment            | 449,254                     | 553,477                     |
| CURRENT LIABILITIES — TOTAL                   | 39,954,888                  | 42,700,552                  |
| Long-term Liabilities                         |                             |                             |
| Bonds   | 731,000                     | 772,000                     |
| Long-term loans payable                       | 1,478,200                   | 2,773,400                   |
| Deferred tax liability                        | 2,289,339                   | 1,671,381                   |
| Allowance for employees' retirement benefits  | 1,356,846                   | 1,313,728                   |
| Allowance for directors' retirement benefits  | 212,400                     | 195,200                     |
| Other long-term liabilities                   | 68,600                      | 64,742                      |
| LONG-TERM LIABILITIES — TOTAL                 | 6,136,386                   | 6,790,452                   |
| TOTAL LIABILITIES                             | 46,091,274                  | 49,491,005                  |
| <b>NET ASSETS</b>                             |                             |                             |
| Shareholders' Equity                          |                             |                             |
| Common stock                                  | 14,406,676                  | 14,401,173                  |
| Capital surplus                               |                             |                             |
| Additional paid-in capital                    | 6,127,526                   | 6,122,035                   |
| Other capital surplus                         | 649,992                     | 702,098                     |
| Total capital surplus                         | 6,777,519                   | 6,824,133                   |
| Retained earnings                             |                             |                             |
| Legal reserves                                | 960,230                     | 960,230                     |
| Other retained earnings                       |                             |                             |
| Reserve for special depreciation              | 136,601                     | 162,043                     |
| General reserve                               | 27,680,000                  | 22,680,000                  |
| Earned surplus carried forward                | 7,990,869                   | 7,004,243                   |
| Total retained earnings                       | 36,767,701                  | 30,806,516                  |
| Treasury stock                                | ( 105,634 )                 | ( 10,674 )                  |
| SHAREHOLDERS' EQUITY — TOTAL                  | 57,846,262                  | 52,021,149                  |
| Valuation, Translation Adjustments            |                             |                             |
| Unrealized gain on investment securities      | 6,607,555                   | 5,885,559                   |
| VALUATION, TRANSLATION ADJUSTMENTS — TOTAL    | 6,607,555                   | 5,885,559                   |
| TOTAL NET ASSETS                              | 64,453,818                  | 57,906,708                  |
| TOTAL LIABILITIES AND NET ASSETS              | ¥ 110,545,093               | ¥ 107,397,713               |

## Statements of Income

|  | Year ended March 31, 2007   | Year ended March 31, 2006   |
|--|-----------------------------|-----------------------------|
|  | (Thousands of Japanese Yen) | (Thousands of Japanese Yen) |
| Sales  | ¥ 116,682,794               | ¥ 113,640,784               |
| Operating Expenses   |                             |                             |
| Cost of Sales  | 98,785,158                  | 96,875,538                  |
| Selling, General and Administrative Expenses               | 8,075,893                   | 8,782,322                   |
| Total  | 106,861,052                 | 105,657,860                 |
| OPERATING INCOME   | 9,821,741                   | 7,982,924                   |
| Non Operating Income                                       |                             |                             |
| Interest and Dividend income                               | 1,677,565                   | 1,998,982                   |
| Other non operating income                                 | 986,004                     | 1,649,174                   |
| Total  | 2,663,569                   | 3,648,157                   |
| Non Operating Expenses                                     |                             |                             |
| Interest expenses  | 65,979                      | 63,715                      |
| Other non operating expenses                               | 56,507                      | 11,448                      |
| Total  | 122,486                     | 75,164                      |
| ORDINARY INCOME  | 12,362,824                  | 11,555,917                  |
| Special Income   |                             |                             |
| Gain on sales of fixed assets                              | 9,321                       | 2,890                       |
| Reversal of allowance for doubtful accounts                | 17,209                      | —                           |
| Other special income                                       | 3,656                       | —                           |
| Total  | 30,187                      | 2,890                       |
| Special Loss   |                             |                             |
| Loss on disposal of fixed assets                           | 552,973                     | 178,670                     |
| Loss on investment securities revaluation                  | 308,591                     | 53,399                      |
| Provision for accrued support to related company allowance | —                           | 867,000                     |
| Provision for doubtful accounts                            | —                           | 539,709                     |
| Loss on liquidation of related companies                   | 133,457                     | —                           |
| Other special loss   | 313,915                     | —                           |
| Total  | 1,308,937                   | 1,638,780                   |
| INCOME BEFORE TAXES  | 11,084,074                  | 9,920,027                   |
| Income Taxes   | 3,678,191                   | 3,527,031                   |
| NET INCOME   | ¥ 7,405,882                 | 6,392,997                   |
| Retained earnings brought forward from previous period     | —                           | 1,030,526                   |
| Interim dividends paid                                     | —                           | 419,279                     |
| Unappropriated retained earnings                           | —                           | ¥ 7,004,243                 |

## **Statement of Retained Earnings**

|  | Year ended March 31, 2006   |
|--|-----------------------------|
|  | (Thousands of Japanese Yen) |
| Unappropriated retained earnings for the period  | ¥ 7,004,243                 |
| Disposition of special depreciation allowance  | 47,240                      |
| Total  | 7,051,483                   |
| Appropriations of surplus  |                             |
| Dividends [¥4 per share for ordinary dividend<br>and ¥8 per share for special dividend for F.Y.2006] | 728,401                     |
| Bonus to directors   | 170,000                     |
| [Bonus to corporate auditors included]   | [ 19,900 ]                  |
| Allowance for special depreciation   | 57,630                      |
| General reserve  | 5,000,000                   |
| Retained earnings brought forward to the next period   | ¥ 1,095,452                 |

\* Interim dividend: ¥419,279thousand at December 13, 2005 [ ¥ 7 per share for dividend ]

**Statements of Changes in Net Assets**  
(From April 1, 2006 to March 31, 2007)

(Thousands of Japanese Yen)

|   | Shareholders' equity |                            |                       |                       |
|---|----------------------|----------------------------|-----------------------|-----------------------|
|   | Common stock         | Capital surplus            |                       |                       |
|   |                      | Additional paid in capital | Other capital surplus | Total capital surplus |
| Balance as of March 31, 2006                                  | ¥ 14,401,173         | ¥ 6,122,035                | ¥ 702,098             | ¥ 6,824,133           |
| Changes in the year   |                      |                            |                       |                       |
| Issuance of stock   | 5,503                | 5,491                      |                       | 5,491                 |
| Exercise of stock acquisition rights                          |                      |                            | ( 52,167 )            | ( 52,167 )            |
| Dividends from surplus  |                      |                            |                       |                       |
| Bonus to directors and corporate auditors                     |                      |                            |                       |                       |
| Reserve for special depreciation                              |                      |                            |                       |                       |
| Reversal of reserve for special depreciation                  |                      |                            |                       |                       |
| Reserve of general reserve                                    |                      |                            |                       |                       |
| Net income  |                      |                            |                       |                       |
| Acquisition of treasury stock                                 |                      |                            |                       |                       |
| Disposal of treasury stock                                    |                      |                            | 61                    | 61                    |
| Net changes in items other than those in shareholders' equity |                      |                            |                       |                       |
| Total of changes in the year                                  | 5,503                | 5,491                      | ( 52,105 )            | ( 46,614 )            |
| Balances as of March 31, 2007                                 | ¥ 14,406,676         | ¥ 6,127,526                | ¥ 649,992             | ¥ 6,777,519           |

|   | 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, 2006                                  | ¥ 960,230            | ¥ 162,043                        | ¥ 22,680,000    | ¥ 7,004,243                    | ¥ 30,806,516            |
| Changes in the year   |                      |                                  |                 |                                |                         |
| Issuance of stock   |                      |                                  |                 |                                |                         |
| Exercise of stock acquisition rights                          |                      |                                  |                 |                                |                         |
| Dividends from surplus  |                      |                                  |                 | ( 1,274,698 )                  | ( 1,274,698 )           |
| Bonus to directors and corporate auditors                     |                      |                                  |                 | ( 170,000 )                    | ( 170,000 )             |
| Reserve for special depreciation                              |                      | 67,053                           |                 | ( 67,053 )                     | —                       |
| Reversal of reserve for special depreciation                  |                      | ( 92,494 )                       |                 | 92,494                         | —                       |
| Reserve of general reserve                                    |                      |                                  | 5,000,000       | ( 5,000,000 )                  | —                       |
| Net income  |                      |                                  |                 | 7,405,882                      | 7,405,882               |
| Acquisition of treasury stock                                 |                      |                                  |                 |                                |                         |
| Disposal of treasury stock                                    |                      |                                  |                 |                                |                         |
| Net changes in items other than those in shareholders' equity |                      |                                  |                 |                                |                         |
| Total of changes in the year                                  | —                    | ( 25,441 )                       | 5,000,000       | 986,625                        | 5,961,184               |
| Balances as of March 31, 2007                                 | ¥ 960,230            | ¥ 136,601                        | ¥ 27,680,000    | ¥ 7,990,869                    | ¥ 36,767,701            |

(Thousands of Japanese Yen)

|  | Shareholders' equity |                               | Valuation,<br>translation<br>adjustment     | Total net assets |
|--|----------------------|-------------------------------|---|------------------|
|  | Treasury stock       | Total shareholders'<br>equity | Unrealized gain on<br>investment securities |                  |
| <b>Balance as of March 31, 2006</b>                                  | ¥ ( 10,674 )         | ¥ 52,021,149                  | ¥ 5,885,559                                 | ¥ 57,906,708     |
| <b>Changes in the year</b>   |                      |                               |   |                  |
| <b>Issuance of stock</b>   |                      | 10,994                        |   | 10,994           |
| <b>Exercise of stock acquisition rights</b>                          | 82,158               | 29,990                        |   | 29,990           |
| <b>Dividends from surplus</b>  |                      | ( 1,274,698 )                 |   | ( 1,274,698 )    |
| <b>Bonus to directors and corporate auditors</b>                     |                      | ( 170,000 )                   |   | ( 170,000 )      |
| <b>Reserve for special depreciation</b>                              |                      | —                             |   | —                |
| <b>Reversal of reserve for special depreciation</b>                  |                      | —                             |   | —                |
| <b>Reserve of general reserve</b>                                    |                      | —                             |   | —                |
| <b>Net income</b>  |                      | 7,405,882                     |   | 7,405,882        |
| <b>Acquisition of treasury stock</b>                                 | ( 178,566 )          | ( 178,566 )                   |   | ( 178,566 )      |
| <b>Disposal of treasury stock</b>                                    | 1,448                | 1,510                         |   | 1,510            |
| <b>Net changes in items other than those in shareholders' equity</b> |                      |                               | 721,996                                     | 721,996          |
| <b>Total of changes in the year</b>                                  | ( 94,959 )           | 5,825,113                     | 721,996                                     | 6,547,110        |
| <b>Balances as of March 31, 2007</b>                                 | ¥ ( 105,634 )        | ¥ 57,846,262                  | ¥ 6,607,555                                 | ¥ 64,453,818     |

**Company name** : Nippon Seiki Co., Ltd.  
**Established** : December 24, 1946  
**Common stock capital** : 14,406,676,342 Yen  
**Number of Employees** : 1,711

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

- Automotive instruments
- Head Up Display <sup>1</sup>
- Motorcycle instruments
- Instruments for agricultural and construction machines and boats
- Sensors for automobiles
- Remote controllers for air conditioners and housing accommodation equipment
- System controllers for air conditioner equipment
- Control panels for office equipment
- Personal digital assistants
- PCB Assy for amusement
- EMS of high-density mounting boards
- Liquid crystal display panels and modules
- Applied products of organic electro luminescence
- Aftermarket car products
- Resin material processing and sales
- Freight transportation
- Software development
- Car dealer etc.

**Notes:**

<sup>1</sup> 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

**# 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, Ageo, Tokyo, Hamamatsu, Nagoya, Suzuka, Osaka, Mizushima, Kumamoto

**# Branch Office**

Hong Kong

**Worldwide Network**

**North America**

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

**South America**

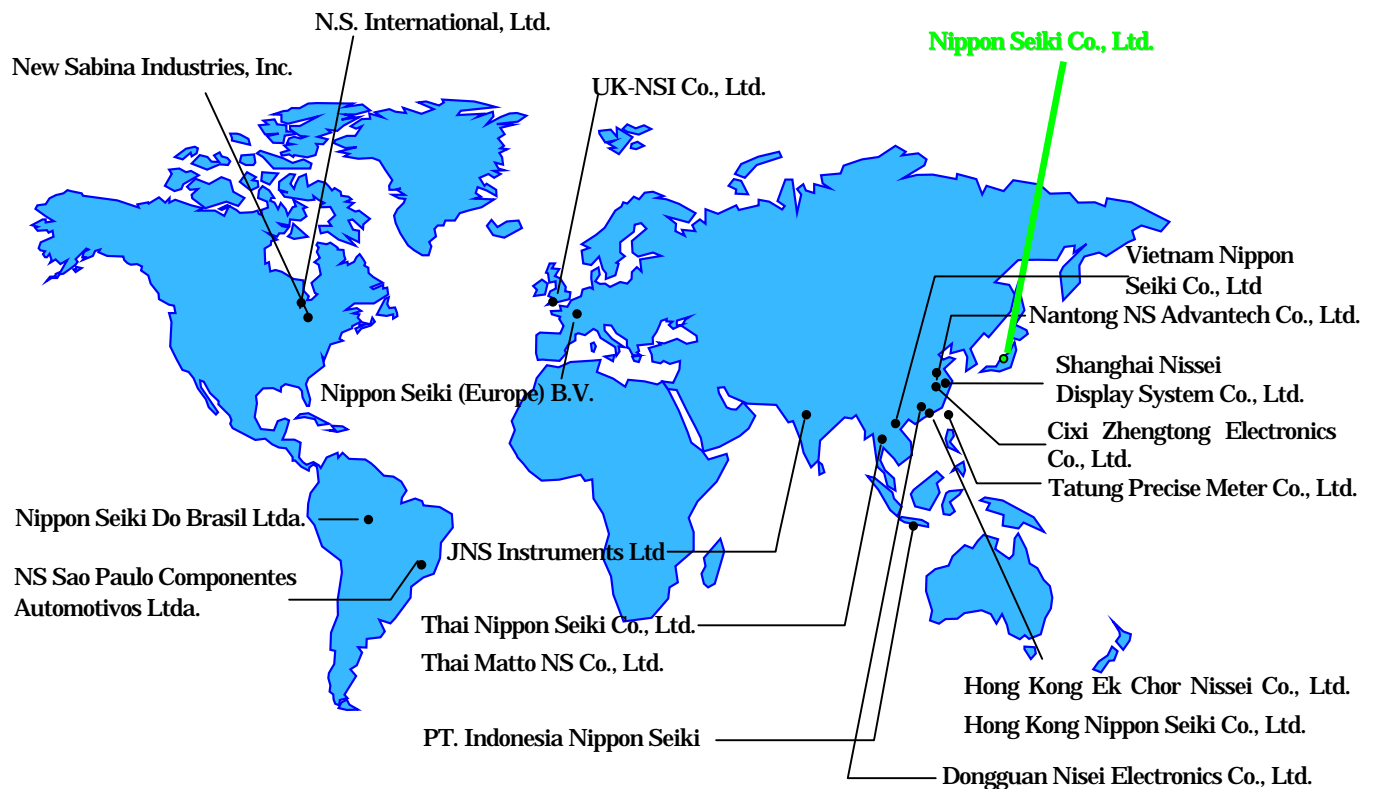
- Nippon Seiki Do Brasil Ltda./ Manaus, Amazonas, Brazil
- NS Sao Paulo Componentes Automotivos Ltda./ Sao Paulo, Brazil

**Europe**

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

## Asia

- Thai Nippon Seiki Co., Ltd. / Chonburi, Thailand
- Thai Matto NS Co., Ltd. / Chonburi, Thailand
- PT. Indonesia Nippon Seiki / Banten, Indonesia
- Hong Kong Nippon Seiki Co., Ltd / Hong Kong, China
- Dongguan Nisei Electronics Co., Ltd. / Dongguan, Guangdong, China
- Shanghai Nissei Display System Co., Ltd. / Shanghai, China
- Hong Kong Ek Chor Nissei Co., Ltd. / Hong Kong, China
- Cixi Zhengtong Electronics Co., Ltd./ Cixi, Zhejiang, China
- Nantong NS Advantech Co., Ltd./ Nantong, Jiangsu, China
- Tatung Precise Meter Co., Ltd. / Taipei, Taiwan R.O.C.
- JNS Instruments Ltd. / Haryana, India
- Vietnam Nippon Seiki Co., Ltd/ Hanoi, Vietnam



Nippon Seiki Group is composed of 27 subsidiaries and 2 affiliated companies. 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 trading with the parent                        |
|--|----------------------------|--|---|
| NS Advantech Co., Ltd.                   | 100.0                      | Manufacturing of automotive and motorcycle clusters and gauges / Plastic injection molding /Compounding, colouring of Plastics and Trading | Selling products and component parts                |
| NS Electronics Co., Ltd.                 | 100.0                      | Manufacturing of electronic subassemblies for instrument clusters and remote controllers   | Selling products and component parts                |
| YNS Inc.                                 | 80.0                       | Manufacturing and sales of automotive instrument clusters and peripheral systems   | Purchasing component parts                          |
| NS Computer Service Co., Ltd.            | 92.0                       | Computer services, software development and office automation equipment sales  | Software development                                |
| Nissei Service Co., Ltd.                 | 100.0                      | Transport and car sales  | Packing and transporting products                   |
| Honda Car Sales Nagaoka Co., Ltd.        | 100.0                      | Honda car dealer   | Car sales   |
| Mazda Car Sales Nagaoka Co., Ltd.        | 100.0                      | Mazda car dealer   | Car sales   |
| NS Motors Co., Ltd.                      | 100.0                      | An imported car dealer   | Car sales   |
| NS Body Service Co., Ltd.                | 100.0                      | Repairing of car bodies  | Repairing of cars                                   |
| Pretech. N Co., Ltd.                     | 48.8                       | Manufacturing components of automotive and motorcycle instrument clusters  | Selling products and component parts                |
| UK-NSI Co., Ltd.                         | 100.0                      | Manufacturing of automotive and motorcycle instrument clusters   | Purchasing component parts                          |
| Nippon Seiki (Europe) B.V.               | 100.0                      | Sales of products made by Nippon Seiki Group in the European market  | Purchasing products                                 |
| New Sabina Industries, Inc.              | 100.0                      | Manufacturing and sales of automotive and motorcycle instrument clusters   | Purchasing products and component parts             |
| NS International, Ltd.                   | 100.0                      | Sales of products made by Nippon Seiki Group in the North American market  | Purchasing products                                 |
| Nippon Seiki Do Brasil Ltda.             | 100.0                      | Manufacturing and sales of motorcycle instrument clusters  | Purchasing products and component parts             |
| Thai Nippon Seiki Co., Ltd.              | 63.8                       | Manufacturing and sales of automotive and motorcycle instrument clusters   | Purchasing component parts and production equipment |
| Thai Matto NS Co., Ltd.                  | 83.5                       | Compounding and colouring of plastics and trading  | None  |
| PT. Indonesia Nippon Seiki               | 70.0                       | Manufacturing and sales of motorcycle instrument clusters  | Purchasing component parts and production equipment |
| Hong Kong Nippon Seiki Co., Ltd.         | 100.0                      | Manufacturing and sales of control panels for office equipment and remote controllers for air conditioners and household equipment         | Purchasing and selling products                     |
| Dongguan Nisei Electronics Co., Ltd.     | 100.0                      | Manufacturing of control panels for office equipment and remote controllers for air conditioners and household equipment                   | Purchasing Products                                 |
| Shanghai Nissei Display System Co., Ltd. | 80.0                       | Manufacturing and sales of automotive and motorcycle instrument clusters   | Purchasing component parts and production equipment |
| Hong Kong Ek Chor Nissei Co., Ltd.       | 90.0                       | Investment and holding company   | Investment in China on behalf of the parent         |

**Notes:** NS Body Service Co., Ltd transferred its business to Honda Car Sales Nagaoka Co., Ltd. as of June the 1<sup>st</sup> 2007, and has since been dissolved.

**Affiliated Companies by equity method**

| Name of Company                | Voting rights equity ratio | Main activities   | Main Trading with Nippon Seiki          |
|--------------------------------|----------------------------|---|---|
| Tatung Precise Meter Co., Ltd. | 49.0                       | Manufacturing and sales of automotive and motorcycle instruments and peripheral systems | Purchasing products and component parts |

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

**# Non-consolidated subsidiaries**

- Nissei Kyusyoku Co., Ltd.
- Cixi Zhengtong Electronics Co., Ltd.
- Nantong NS Advantech Co., Ltd.
- NS Sao Paulo Componentes Automotivos Ltda.
- Vietnam Nippon Seiki Co., Ltd

**# Affiliated Company (doesn't influence consolidated financial statements)**

- JNS Instruments Ltd.

3,121 shareholders in total hold of 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: 60,716,309 shares

### Major shareholders

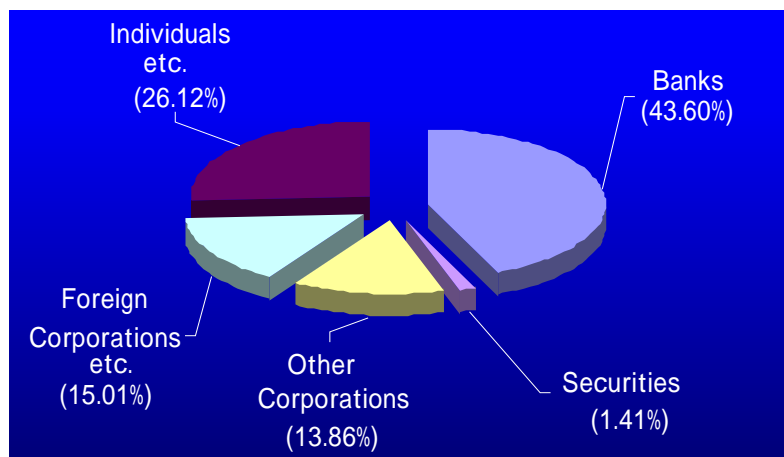
( 1000 shares)

| Name   | Number of shares<br>(Shareholder's equity<br>ratio) |
|--|---|
| Honda Motor Co., Ltd.                              | 3,753(6.19%)  |
| The Master Trust Bank of Japan, Ltd.               | 3,702(6.10%)  |
| Yasuo Nagai  | 3,380(5.57%)  |
| Japan Trustee Services Bank, Ltd.                  | 2,693(4.44%)  |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd.             | 2,541(4.19%)  |
| The Hokuetsu Bank, Ltd.                            | 2,022(3.33%)  |
| Shareholding association of Nippon Seiki Employees | 1,653(2.72%)  |
| The Daishi Bank, Ltd.                              | 1,568(2.58%)  |
| The Nomura Trust and Banking Co., Ltd.             | 1,565(2.58%)  |
| Yamaha Motor Co., Ltd.                             | 1,217(2.01%)  |

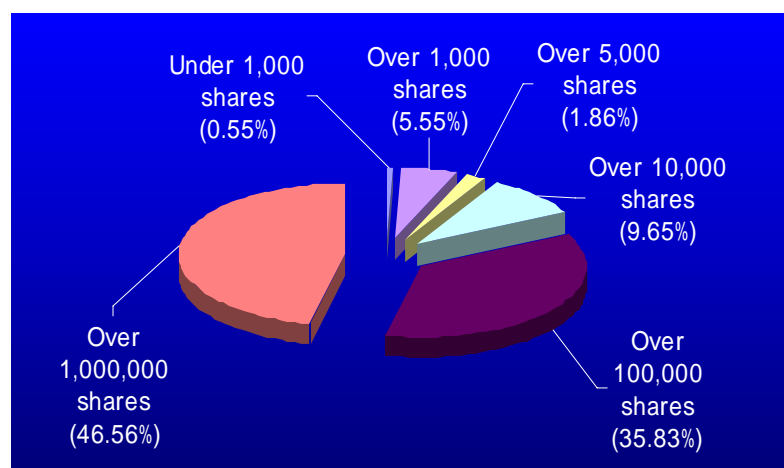
### Notes:

The above chart has been calculated by not including the Treasury stocks information(38,740 shares).

### Distribution Ratio by type of Shareholder



### Distribution Ratio by number of shares of total capital



***DIRECTORS***

|   | Name               |
|---|--------------------|
| President and Representative Director       | Shoji Nagai        |
| Senior Managing and Representative Director | Kazuo Nirasawa     |
| Senior Managing and Representative Director | Takashi Nagatsuka  |
| Managing Director                           | Michio Hirokawa    |
| Managing Director                           | Mitsuhiro Kawamata |
| Managing Director                           | Hitoshi Yoshikawa  |
| Managing Director                           | Yoshiaki Yazawa    |
| Managing Director                           | Takeyoshi Ikarashi |
| Managing Director                           | Hiroshi Araki      |
| Director                                    | Kazuyoshi Kishi    |
| Director                                    | Akira Nakamura     |
| Director                                    | Hirotohi Takada    |
| Director                                    | Makoto Okawa       |
| Director                                    | Junichi Suzuki     |
| Director                                    | Seiichiro Okada    |
| Director                                    | Morito Sato        |

***CORPORATE AUDITORS***

|                               | Name           |
|-------------------------------|----------------|
| Corporate Auditor (Full-time) | Yasuo Nagai    |
| Corporate Auditor (Full-time) | Kimiyuki Saito |
| Corporate Auditor             | Tadao Endo     |
| Corporate Auditor             | Yoichi Sakurai |