

# ANNUAL REPORT 2010

FROM APRIL 1<sup>ST</sup>, 2009 TO MARCH 31<sup>ST</sup>, 2010



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**Review of Operations****● Instrument clusters sales**

Sales of Instrument clusters for automobiles, motorcycles, agricultural/construction machines and boats decreased by 17.9% to ¥96,711 million, from the previous fiscal year.

**● Consumer-use products sales**

Sales decreased by 34.5% to ¥13,096 million from the previous fiscal year, due to a decrease in orders for PCB assemblies for amusement products and so on.

**● Display products sales**

Display product sales decreased by 37.8% to ¥3,916 million from the previous fiscal year due to a decrease in orders for liquid crystal displays.

**● Other businesses**

Sales of other products and services totaled ¥21,500 million, a 7.5% decrease from the previous fiscal year, due to a decrease in the sale of compound resins and so on.

**In conclusion**, the company's consolidated business operations for fiscal year 2010, ending March 31, 2010, resulted in annual sales of ¥135,225 million, down 19.2% from the previous fiscal year. At the same time, ordinary income for the year decreased by 44.3%, to ¥7,185 million, and net income decreased by 64.1%, to ¥2,963 million, respectively.

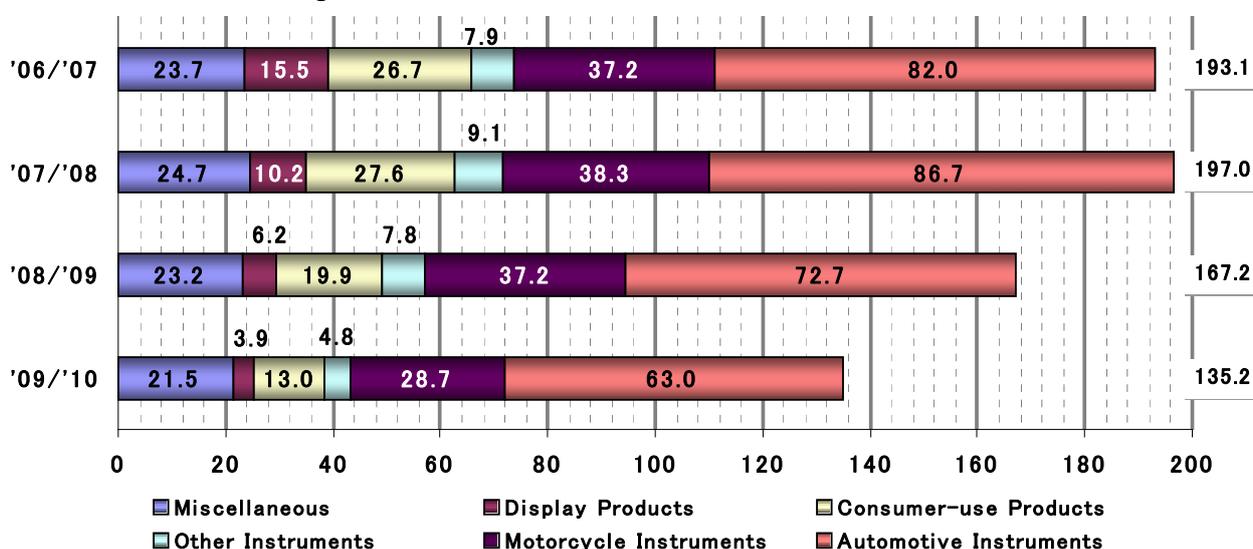
**● Consolidated sales by business segment**

	Annual sales in FY 2008/ 2009 (¥ million)	Annual sales in FY 2009/ 2010 (¥ million)	Increase (Decrease)
Instrument clusters for automobiles, motorcycles, agricultural/construction machines and boats	117,772	96,711	(17.9%)
Consumer-use products	19,996	13,096	(34.5%)
Display products	6,291	3,916	(37.8%)
Other businesses	23,234	21,500	(7.5%)
Total	167,296	135,225	(19.2%)

1. Consolidated Financial Highlights

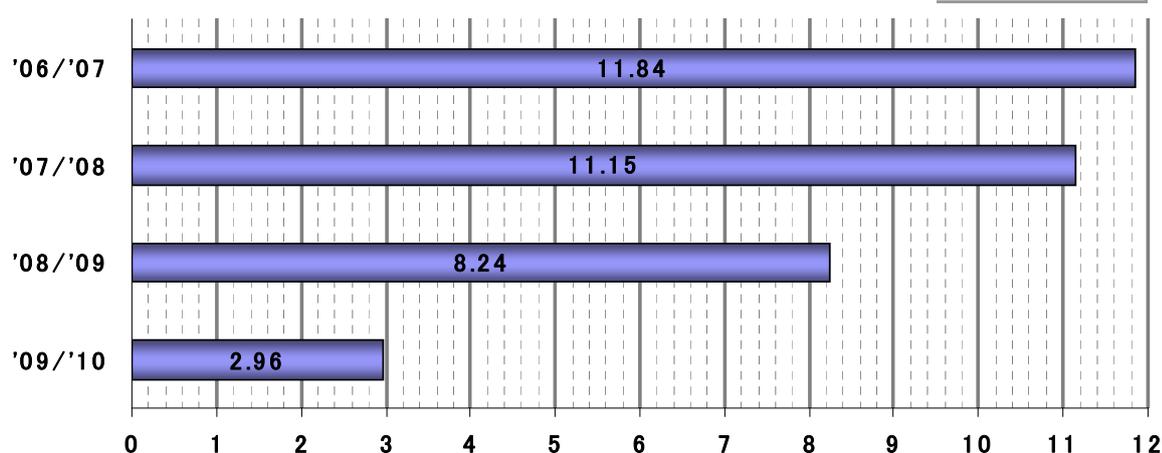
1-1. Consolidated Progress in Sales

In billions of yen



1-2. Consolidated Progress in Net Income

In billions of yen



Consolidated sales for the fiscal year ending March 31, 2010, decreased by 19.2% to ¥135,225 million, ordinary income decreased by 44.3% to ¥7,185 million, and net income decreased by 64.1% to ¥2,963 million.

1-3. Consolidated Financial Highlights

	FY 2006/ 2007 ending March 31, 2007	FY 2007/ 2008 ending March 31, 2008	FY 2008/ 2009 ending March 31, 2009	FY 2009/ 2010 ending March 31, 2010
Sales (¥ million)	193,178	197,013	167,296	135,225
Ordinary income (¥ million)	20,770	17,996	12,896	7,185
Net income (¥ million)	11,840	11,153	8,245	2,963
Net income per share (¥) ※	195.09	184.90	142.75	51.84
Total assets (¥ million)	150,592	161,212	132,164	161,633
Net assets (¥ million)	85,514	87,829	81,822	88,782
Net assets per share (¥)	1,322.80	1,390.71	1,361.82	1,464.39

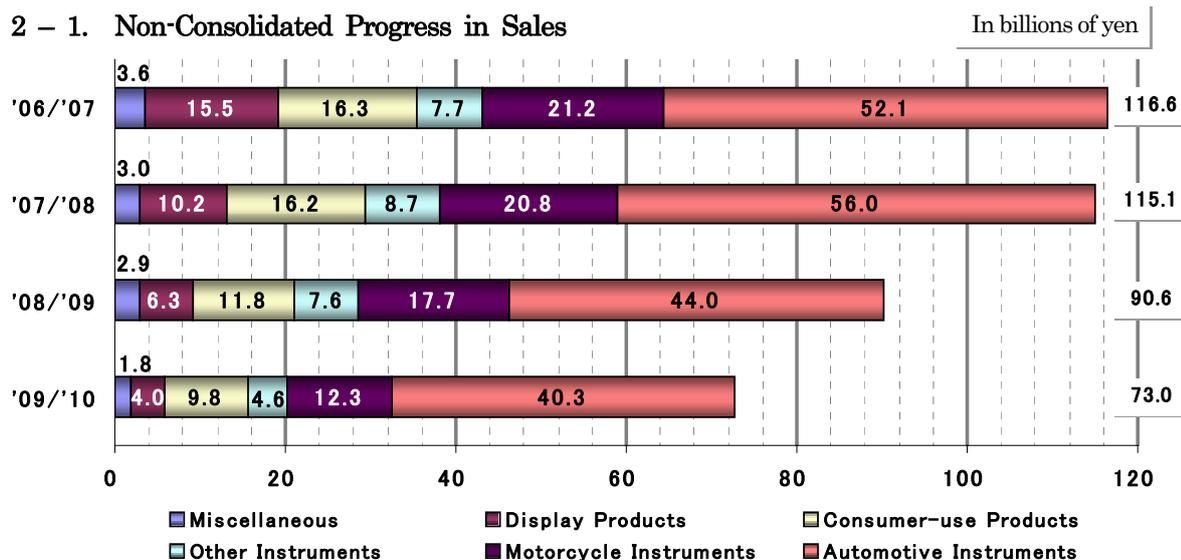
Notes:

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

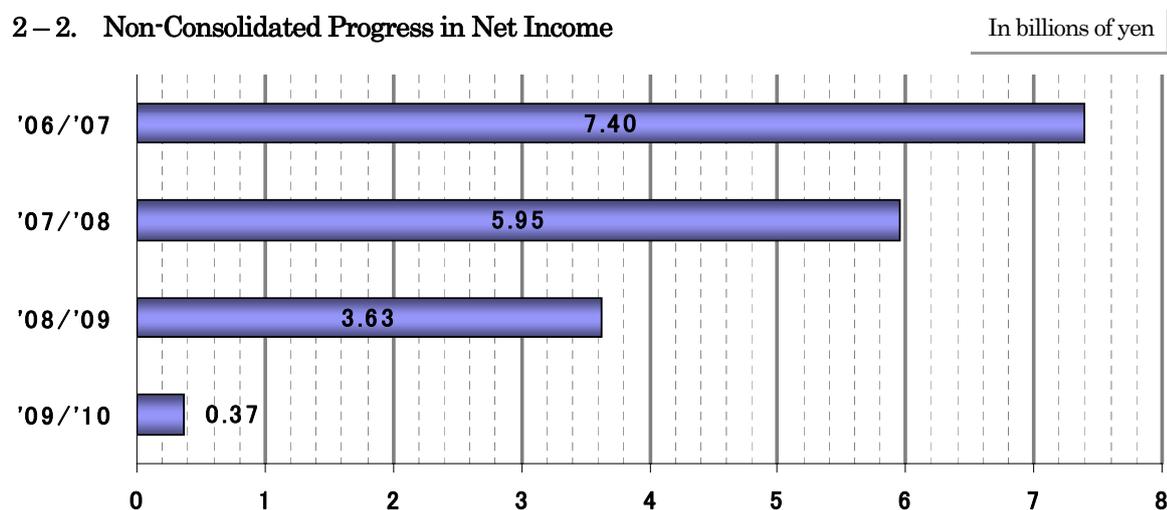
## 2. Non-Consolidated Business Results

As of March 31, 2010

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



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



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

	FY 2006/ 2007 ending March 31, 2007	FY 2007/ 2008 ending March 31, 2008	FY 2008/ 2009 ending March 31, 2009	FY 2009/ 2010 ending March 31, 2010
Sales (¥ million)	116,682	115,146	90,642	73,059
Ordinary income (¥ million)	12,362	8,048	6,199	2,320
Net income (¥ million)	7,405	5,951	3,633	378
Net income per share (¥) ※	122.02	98.66	62.91	6.63
Dividend per share (¥)	21.00	21.00	19.50	12.00
Total assets (¥ million)	110,545	119,136	99,321	123,554
Net assets (¥ million)	64,453	62,501	59,471	61,389
Common stock capital (¥ million)	14,406	14,470	14,470	14,494
Equity ratio (%)	58.3	52.5	59.9	49.7

**Notes:**

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

**Consolidated Balance Sheets**

	March 31, 2010	March 31, 2009
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
<b>ASSETS</b>		
Current Assets		
Cash and bank deposits (Note 11)	¥ 45,621	¥ 20,669
Notes receivable	542	664
Accounts receivable	28,339	23,433
Marketable securities (Note 10)	308	298
Merchandise and finished goods	7,890	6,990
Work in process	2,981	2,973
Raw materials and supplies	9,478	10,970
Deferred tax assets (Note 5)	1,856	1,933
Other current assets	4,506	3,147
Allowance for doubtful accounts	( 108 )	( 190 )
CURRENT ASSETS — TOTAL	101,417	70,891
Fixed Assets		
Tangible Fixed Assets (Note 2)		
Buildings and Structures	11,373	11,778
Machinery, Equipment and Vehicles	7,597	9,621
Tools, Jigs and Fixtures	3,185	3,788
Land	14,070	14,088
Lease Assets	521	280
Construction in Progress	925	1,762
Total	37,673	41,319
Intangible Fixed Assets		
Goodwill	40	72
Other intangible fixed assets	1,278	1,201
Total	1,318	1,274
Investment and Other Assets		
Investment securities (Note 10)	19,964	16,332
Deferred tax assets (Note 5)	344	1,507
Other investment and assets	927	870
Allowance for doubtful accounts	( 12 )	( 31 )
Total	21,224	18,678
FIXED ASSETS — TOTAL	60,216	61,272
TOTAL ASSETS	¥ 161,633	¥ 132,164

	March 31, 2010	March 31, 2009
<b>LIABILITIES</b>	(Millions of Japanese Yen)	(Millions of Japanese Yen)
Current Liabilities		
Notes payable	¥ 1,422	¥ 1,240
Accounts payable	24,448	19,766
Short-term loans payable (Note 2)	33,782	16,882
Current portion of bonds	246	—
Lease obligations	155	105
Accrued income taxes (Note 5)	1,054	552
Accrued bonuses to employees	1,481	1,393
Allowance for compensation for products	490	900
Allowance for losses on order received	18	—
Other current liabilities	5,181	4,502
<b>CURRENT LIABILITIES — TOTAL</b>	<b>68,282</b>	<b>45,345</b>
Long-term Liabilities		
Bonds	—	533
Long-term loans payable (Note 2)	204	316
Lease obligations	189	139
Deferred tax liability (Note 5)	1,418	1,204
Allowance for employees' retirement benefits (Note 3)	2,072	2,084
Allowance for directors' retirement benefits	429	439
Negative goodwill	130	213
Other long-term liabilities	123	64
<b>LONG-TERM LIABILITIES — TOTAL</b>	<b>4,568</b>	<b>4,996</b>
<b>TOTAL LIABILITIES</b>	<b>72,850</b>	<b>50,341</b>
<b>CONTINGENT LIABILITIES</b> (Note 7)		
<b>NET ASSETS</b>		
Shareholders' Equity		
Common stock	14,494	14,470
Capital surplus	6,494	6,686
Retained earnings	70,064	68,183
Treasury stock	( 6,256 )	( 6,697 )
<b>SHAREHOLDERS' EQUITY — TOTAL</b>	<b>84,796</b>	<b>82,642</b>
Valuation, Translation Adjustments		
Unrealized gain on investment securities	3,318	1,219
Adjustment from foreign currency translation	( 4,197 )	( 6,230 )
<b>VALUATION, TRANSLATION ADJUSTMENTS — TOTAL</b>	<b>( 878 )</b>	<b>( 5,010 )</b>
Minority Interests	4,865	4,190
<b>TOTAL NET ASSETS</b>	<b>88,782</b>	<b>81,822</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>¥ 161,633</b>	<b>¥ 132,164</b>

See notes to consolidated financial statements.

## Consolidated Statements of Income

	Year ended March 31, 2010	Year ended March 31, 2009
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
Sales	¥ 135,225	¥ 167,296
Cost of Sales	112,055	137,298
GROSS PROFIT	23,170	29,997
Selling, General and Administrative Expenses		
Packing and Transportation	3,175	3,409
Salaries	5,939	6,546
Provision for allowance for doubtful accounts	—	4
Provision for bonuses	337	308
Provision for compensation for products allowance	63	878
Provision for retirement benefits	74	65
Provision for directors' retirement benefits	72	63
Depreciation	878	881
Other expenses	6,320	7,457
Total	16,861	19,615
OPERATING INCOME	6,308	10,382
Non Operating Income		
Interest income	364	481
Dividend income	322	302
Amortization of negative goodwill	99	152
Profits on foreign exchange	—	863
Other non operating income	1,158	966
Total	1,945	2,766
Non Operating Expenses		
Interest expense	187	196
Equity in loss of affiliates	—	14
Loss on foreign exchange	832	—
Other non operating expenses	48	42
Total	1,069	252
ORDINARY INCOME	7,185	12,896
Special Income		
Gain on sales of fixed assets	271	14
Profits on sales of investment securities	8	—
Reversal of allowance for doubtful accounts	106	—
Other special income	36	—
Total	422	14
Special Loss		
Loss on sales of fixed assets	4	3
Loss on disposal of fixed assets	256	91
Impairment loss	1,720	69
Loss on investment security revaluation	—	0
Loss on valuation of inventories	—	527
Other special loss	10	55
Total	1,991	748
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	5,616	12,163
Income taxes (Note 5)	2,020	2,942
Minority Interests in Income	631	975
NET INCOME (Note 8)	¥ 2,963	¥ 8,245

See notes to consolidated financial statements.

## Consolidated Statements of Changes in Net Assets

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

(Millions of Japanese Yen)

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

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

(From April 1, 2008 to March 31, 2009)

(Millions of Japanese Yen)

	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance as of March 31, 2008	¥ 14,470	¥ 6,695	¥ 61,492	¥ ( 2,626 )	¥ 80,032
Effect of changes in accounting policies applied to foreign subsidiaries			( 123 )		( 123 )
Changes in the year					
Dividends from surplus			( 1,227 )		( 1,227 )
Net income			8,245		8,245
Change of scope of consolidation			( 175 )		( 175 )
Employee welfare fund			( 28 )		( 28 )
Acquisition of treasury stock				( 4,089 )	( 4,089 )
Disposal of treasury stock		( 9 )		18	9
Net changes in items other than those in shareholders' equity					
Total of changes in the year	—	( 9 )	6,814	( 4,071 )	2,733
Balance as of March 31, 2009	¥ 14,470	¥ 6,686	¥ 68,183	¥ ( 6,697 )	¥ 82,642

	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, 2008	¥ 2,584	¥ 442	¥ 3,026	¥ 4,769	¥ 87,829
Effect of changes in accounting policies applied to foreign subsidiaries					( 123 )
Changes in the year					
Dividends from surplus					( 1,227 )
Net income					8,245
Change of scope of consolidation					( 175 )
Employee welfare fund					( 28 )
Acquisition of treasury stock					( 4,089 )
Disposal of treasury stock					9
Net changes in items other than those in shareholders' equity	( 1,364 )	( 6,672 )	( 8,037 )	( 579 )	( 8,616 )
Total of changes in the year	( 1,364 )	( 6,672 )	( 8,037 )	( 579 )	( 5,882 )
Balance as of March 31, 2009	¥ 1,219	¥ ( 6,230 )	¥ ( 5,010 )	¥ 4,190	¥ 81,822

See notes to consolidated financial statements.

## Consolidated Statements of Cash Flows

	Year ended March 31, 2010	Year ended March 31, 2009
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	¥ 5,616	¥ 12,163
Depreciation and amortization	6,926	7,939
Impairment loss	1,720	69
Amortization of goodwill	( 66 )	( 120 )
Accrued bonuses to employees, net of payment	102	( 360 )
Employees' retirement benefits, net of payments	( 0 )	35
Directors' retirement benefits, net of payment	38	21
Allowance for doubtful accounts	( 106 )	2
Allowance for compensation for products	( 410 )	836
Interest and dividend income	( 687 )	( 783 )
Interest expense	187	196
Loss (gain) on foreign exchange	340	( 703 )
Equity in loss (gain) of affiliates	—	14
Loss (gain) on sales of investment securities	( 8 )	55
Loss (gain) on sales or disposal of property, net	( 10 )	80
Loss (gain) on valuation of securities	( 9 )	1
Loss on investment securities revaluation	—	0
Decrease (increase) in accounts and notes receivable	( 4,294 )	7,522
Decrease in inventories	1,218	1,303
Increase (decrease) in accounts and notes payable	4,038	( 7,924 )
Other, net	999	66
Sub-total	15,594	20,416
Interest and dividend received	687	819
Interest paid	( 193 )	( 189 )
Income taxes paid	( 2,546 )	( 5,661 )
Cash provided by operating activities	13,542	15,384
<b>Cash flows from investing activities:</b>		
Purchase of property	( 4,461 )	( 7,596 )
Proceeds from sale of property	744	703
Purchase of investment securities	( 677 )	( 5,031 )
Proceeds from sales of investment securities	21	1,410
Other, net	( 839 )	2,601
Cash used in investing activities	( 5,213 )	( 7,911 )
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term loans	16,960	( 4,654 )
Repayments of long-term loans	( 262 )	( 1,039 )
Repayment of lease obligations	( 102 )	( 6 )
Cash acquisition or sales of treasury stock	( 14 )	( 4,080 )
Cash dividend paid	( 828 )	( 1,227 )
Cash dividend paid to minority shareholders	( 208 )	( 201 )
Cash provided by (used in) financing activities	15,543	( 11,210 )
<b>Effect of exchange rate changes on cash and cash equivalents</b>	891	( 1,940 )
<b>Net increase (decrease) in cash and cash equivalents</b>	24,763	( 5,679 )
<b>Cash and cash equivalents at beginning of year</b>	20,601	26,238
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	188	43
<b>Cash and cash equivalents at end of year (Note 11)</b>	¥ 45,553	¥ 20,601

See notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

Nippon Seiki Co., Ltd. and Consolidated Subsidiaries  
March 31, 2010

### **1. Summary of Significant Accounting Policies**

#### (a) Basis of presentation

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

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

The consolidated financial statements include the accounts of the Company and its 25 significant subsidiaries (the "Companies") at March 31, 2010, except for six subsidiaries whose gross assets, net sales, and net income were not significant in the aggregate in relation to the comparable figure in the consolidated financial statements. All significant inter-company balances and transactions have been eliminated in consolidation.

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

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

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

#### (c) Foreign currency translation

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

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

#### (d) Cash and cash equivalents

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

(e) Securities

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

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

(f) Inventories

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

Finished goods and Work in process:

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

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

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

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

(h) Allowance for doubtful accounts

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

(i) Accrued bonuses to employees

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

(j) Allowance for compensation for products

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

(k) Allowance for losses on order received

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

(l) Pension and retirement benefits

Employees' retirement benefits

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

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

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

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

Directors' retirement benefits

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

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

With respect to construction contracts of made-to-order software development that started during the fiscal year ended March 31, 2010, the percentage-of-completion method (cost comparison method for estimating the percentage of completion of construction activity) is applied to a construction work if the outcome of the construction work is deemed certain for the progress made by the end of the fiscal year ended March 31, 2010, otherwise the completed-contract method is applied.

(n) Income taxes

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

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

The weighted average interest rate of short-term loans payable to banks was 0.6% at March 31, 2010.

Long-term loans as of March 31, 2010 consisted of the following:

	<u>Millions of Yen</u>	
Loans from banks and insurance companies, due through 2013		
At average rates of 0.8% and 0.7% for current and non-current portion, respectively	¥	316
Less: Current portion		<u>112</u>
	¥	<u>204</u>

Aggregate annual maturities of long-term loans subsequent to March 31, 2010 are as follows:

<u>Year ending March 31,</u>	<u>Millions of Yen</u>	
2011	¥	112
2012		111
2013		<u>92</u>
	¥	<u>316</u>

Long-term lease obligations as of March 31, 2010 consisted of the following:

	<u>Millions of Yen</u>	
Current and non-current portion	¥	344
Less: Current portion		<u>155</u>
	¥	<u>189</u>

Aggregate annual maturities of long-term lease obligations subsequent to March 31, 2010 are as follows:

<u>Year ending March 31,</u>	<u>Millions of Yen</u>	
2011	¥	155
2012		114
2013		41
2014		26
2015		7
	¥	<u>344</u>

The assets mortgaged for short-term and long-term loans payable as of March 31, 2010 were as follows:

	<u>Millions of Yen</u>	
Plant, net of accumulated depreciation	¥	332

### 3. Retirement Benefits

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

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

The following table sets forth the funded and accrued status for the plans, and the amounts recognized in the consolidated balance sheet as of March 31, 2010 for the Company and consolidated subsidiaries' defined benefit plans:

	<u>Millions of Yen</u>	
Projected benefit obligation	¥	2,231
Pension assets	(	61 )
Unrecognized difference at change of accounting standard	(	49 )
Unrecognized past service cost		63
Unrecognized actuarial gain or loss	(	110 )
Allowance for employees' retirement benefits	¥	<u>2,072</u>

The components of retirement benefit expenses for the year ended March 31, 2010 were outlined as follows:

	<u>Millions of Yen</u>	
Service cost	¥	154
Interest cost		43
Expected return on plan assets	(	1 )
Amortization of net retirement obligation at change of accounting standard		49
Amortization of past service cost	(	12 )
Amortization of actuarial gain or loss		15
Net retirement benefit expenses	¥	<u>248</u>

The amount of cost recognized for the contribution to the plans for the year ended March 31, 2010 was ¥797 millions.

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

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

#### 4. Supplementary Changes in Net Assets Information

##### Issued shares

Type of shares	Number of shares as of March 31, 2009	Increase	Decrease	Number of shares as of March 31, 2010
Common stock(Thousands of share)	60,855	52	—	60,907

##### Treasury stock

Type of shares	Number of shares as of March 31, 2009	Increase	Decrease	Number of shares as of March 31, 2010
Common stock	3,849,334	14,964	262,087	3,602,211

The details of increase and decrease are as follows:

Increase by purchase of odd-lot stock	14,964
Decrease by exercise of stock acquisition rights	261,521
Decrease by additional purchase order of odd-lot stock	566

##### Dividends

##### Dividends paid

Resolution	Type of shares	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 15, 2009	Common stock	541	9.5	March 31, 2009	June 29, 2009
Board of Directors meeting held on October 29, 2009	Common stock	286	5.0	September 30, 2009	December 11, 2009

Of the dividends for which the record date belongs to the fiscal year ended March 31, 2010, those for which the effective date of the dividends will be in the fiscal year ending March 31, 2011.

Resolution	Type of shares	Source of funds for dividends	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 14, 2010	Common stock	Retained earnings	401	7.0	March 31, 2010	June 28, 2010

## 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, 2010. 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, 2010 were as follows:

	<u>Millions of Yen</u>
Deferred tax assets	
Loss on valuation of inventories	¥ 468
Accrued bonuses	601
Retirement benefits	939
Depreciation	414
Unrealized gains on inventories, property and equipment	540
Others	<u>2,461</u>
	5,425
Valuation allowance for deferred tax assets	<u>( 687 )</u>
Total deferred tax assets	<u>4,737</u>
Deferred tax liabilities	
Reserve for special depreciation	( 61 )
Unrealized gains on investment securities	( 2,711 )
Undistributed earnings of foreign subsidiaries	( 1,010 )
Others	<u>( 172 )</u>
Total deferred tax liabilities	<u>( 3,955 )</u>
Net deferred tax assets	<u>¥ 782</u>

## 6. Lease Transactions

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

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

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

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

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

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

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

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

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

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

2009(From April 1, 2008 to March 31, 2009 )

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

The amounts corresponding to acquisition cost, accumulated depreciation and net book value at March 31, 2009 were as follows:

	<u>Millions of Yen</u>	
Acquisition cost	¥	3,650
Accumulated depreciation		<u>2,524</u>
Net book value	¥	<u>1,126</u>

The obligations under finance leases at March 31, 2009 were as follows:

	<u>Millions of Yen</u>	
Due within one year	¥	606
Due after one year		<u>519</u>
Total	¥	<u>1,126</u>

The lease payments and amounts corresponding to depreciation under finance leases for the years ended March 31, 2009 were as follows:

	<u>Millions of Yen</u>	
Lease payments	¥	814
Depreciation		<u>814</u>

The obligations under non-cancelable operating leases at March 31,2009 were as follows:

	<u>Millions of Yen</u>	
Due within one year	¥	256
Due after one year		<u>156</u>
Total	¥	<u>412</u>

## 7. Contingent Liabilities

At March 31, 2010, one subsidiary was contingently liable as guarantor of bank loans of non-consolidated company in the amount of ¥98 millions.

## 8. Amounts per Share

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

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

Net income per share and net assets per share for the year ended or as of March 31, 2010 were as follows:

Net income per share	¥	51.84
Net income per share, fully diluted	¥	51.47
Net assets per share	¥	1,464.39

## 9. Financial instruments

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

### 1) Overview

#### (1) Policy for financial instruments

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

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

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

Marketable securities and investment securities are exposed to market risk. Those securities are mainly the shares of common stock of other companies with which the companies have business relationships. The Companies have short-term/long-term loans receivables mainly from other companies with which it has business relationships.

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

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

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

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

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

### 2) Matters concerning fair value of financial instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2010 and unrealized gains (losses) are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2 below).

	Carrying Value	Estimated Fair value	(Millions of Yen) Unrealized Gain (Loss)
(1) Cash and bank deposits	45,621	45,621	—
(2) Notes receivable	542	542	—
(3) Accounts receivable	28,339	28,339	—
Allowance for doubtful accounts	( 108)		
	<u>28,231</u>	<u>28,339</u>	<u>—</u>
(4) Marketable securities and investment securities			
Trading securities	308	308	—
Other securities	13,453	13,453	—
Assets - total	<u>88,157</u>	<u>88,265</u>	<u>—</u>
(5) Notes payable	(1,422)	(1,422)	—
(6) Accounts payable	(24,448)	(24,448)	—
(7) Short-term loans payable	(33,669)	(33,669)	—
(8) Current portion of bonds	(246)	(246)	—
(9) Long-term loans payable*	(316)	(317)	0
(10) Lease obligations (Note)*	(344)	(338)	(6)
Liabilities – total	<u>(60,449)</u>	<u>(60,443)</u>	<u>(5)</u>
(11) Derivative transactions	—	—	—

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

Notes:

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

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

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

(4) Marketable securities and investment securities

The fair value of stocks is based on quoted market prices. The fair value of debt securities and money management fund are based on the prices provided by the financial institutions. For information on securities classified by holding purpose, please refer to Note 10 "Marketable Securities".

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

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

(8) Current portion of bonds

The carrying value approximates fair value because of its short maturities and no risk from changes in interest rates.

(9) Long-term loans payable

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

(10) Lease obligations

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

(11) Derivative transactions

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

2.Unlisted stocks of ¥6,510 millions on balance sheet are not included in (4) Marketable securities and Investment securities because no quoted market price is not available and it is extremely difficult to determine the fair value.

3.Redemption schedule for receivables and marketable securities with maturities at March 31, 2010 are as follows:

	(Millions of Yen)	
	Due in One Year or Less	Due after One Year through Five Years
Cash and bank deposits	45,621	—
Notes receivable	542	—
Accounts receivable	28,339	—
Marketable securities and Investment securities		
Securities with maturity		
Corporate bonds	—	308
Total	74,503	308

4. Redemption schedule for long-term loans payable and lease obligations with maturities at March 31, 2010 are as follows:

	(Millions of Yen)				
	2011	2012	2013	2014	2015
Long-term loans payable	112	111	92	—	—
Lease obligations	155	114	41	26	7
Total	267	226	133	26	7

## 10. Marketable Securities

Securities classified as trading securities

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

Other securities

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

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

Securities classified as trading securities

The following is a summary of the carrying amounts and valuation included in Consolidated Statement of Income for March 31, 2009.

	Millions of Yen	
	Carrying Amounts	Valuation included in Consolidated Statement of Income
	¥ 298	¥ ( 1 )
	¥ 298	¥ ( 1 )

Securities not classified as trading securities

The following is a summary of the acquisition cost, carrying amounts, and gross unrealized holding gains and losses by each holding category at March 31, 2009.

	Millions of Yen		
	Acquisition Cost	Carrying Amounts	Gross unrealized gains/(losses)
Other securities:			
Equity securities	¥ 6,858	¥ 8,904	¥ 2,046
	¥ 6,858	¥ 8,904	¥ 2,046

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

Unlisted equity securities of ¥1,941 millions and money management fund of ¥978 millions have been excluded from the above summary.

## 11. Supplementary Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2010 and 2009.

	Millions of Yen	
	2010	2009
Cash and bank deposits	¥ 45,621	¥ 20,669
Time deposits with a maturity of more than three months	( 67 )	( 67 )
Cash and cash equivalents	¥ 45,553	¥ 20,601

## 12. Derivatives

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

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

Currency-related transactions

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

2009(From April 1, 2008 to March 31, 2009)

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 performed by the Corporate Finance Department.

Fair Value of Derivative Financial Instruments:

The fair value of the Companies' derivative financial instruments at March 31, 2009 was as follows:

Currency-Related Transactions

Nil

### 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, 2010 and 2009 were as follows:

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

Year ended or as of March 31, 2009	Millions of Yen							Elimination and Corporate	Consolidated Total
	Instruments	Consumer-Use Products	Display Products	Others	Total				
Sales									
Unaffiliated customers.....	¥ 117,772	¥ 19,996	¥ 6,291	¥ 23,234	¥ 167,296	¥ —	¥ 167,296	¥ —	¥ 167,296
Intersegment.....	—	—	63	8,772	8,835	(8,835)	—	(8,835)	—
Total sales.....	117,772	19,996	6,355	32,007	176,131	(8,835)	167,296	(8,835)	167,296
Operating costs and expenses.....									
	107,255	20,083	7,633	30,902	165,875	(8,961)	156,913	(8,961)	156,913
Operating income (loss).....	¥ 10,516	¥ ( 87)	¥ (1,277)	¥ 1,104	¥ 10,256	¥ 125	¥ 10,382	¥ 125	¥ 10,382
Total assets.....	¥ 69,423	¥ 9,294	¥ 5,653	¥ 20,712	¥ 105,084	¥ 27,079	¥ 132,164	¥ 27,079	¥ 132,164
Depreciation and amortization.....									
	¥ 6,192	¥ 326	¥ 654	¥ 666	¥ 7,840	¥ 96	¥ 7,936	¥ 96	¥ 7,936
Impairment loss .....	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 69	¥ 69	¥ 69	¥ 69
Capital expenditures .....	¥ 5,699	¥ 350	¥ 367	¥ 1,014	¥ 7,432	¥ 22	¥ 7,454	¥ 22	¥ 7,454

Geographic Information

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

Year ended or as of March 31, 2009	Millions of Yen						Elimination and Corporate	Consolidated Total
	Japan	Americas	Europe	Asia	Total			
Sales								
Unaffiliated customers.....	¥ 86,043	¥ 26,018	¥ 11,569	¥ 43,664	¥ 167,296	¥ —	¥ 167,296	
Intersegment.....	36,010	108	2	7,969	44,091	(44,091)	—	
Total sales.....	122,053	26,127	11,571	51,634	211,387	(44,091)	167,296	
Operating costs and expenses.....								
	117,924	24,471	12,299	46,434	201,130	(44,217)	156,913	
Operating income (loss).....	¥ 4,129	¥ 1,655	¥ ( 727)	¥ 5,200	¥ 10,256	¥ 125	¥ 10,382	
Total assets.....	¥ 77,480	¥ 11,360	¥ 4,721	¥ 25,114	¥ 118,677	¥ 13,487	¥ 132,164	

Overseas Sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries, for the years ended March 31, 2010 and 2009 were summarized as follows:

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

Year ended March 31, 2009	Millions of Yen			
	Americas	Europe	Asia	Total
Overseas sales .....	¥ 26,621	¥ 12,732	¥ 48,677	¥ 88,030
Consolidated net sales.....				167,296
Overseas sales as a percentage of consolidated net sales.....	15.9%	7.6%	29.1%	52.6%

## 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, 2010 and 2009, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, 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, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young ShinNihon LLC*

Niigata, Japan  
June 25, 2010

Non-consolidated Financial Statements of NIPPON SEIKI Co., Ltd. for the Fiscal Year 2009/ 2010

**Balance Sheets**

	March 31, 2010	March 31, 2009
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
<b>ASSETS</b>		
Current Assets		
Cash and bank deposits	¥ 32,832	¥ 13,297
Notes receivable	210	234
Accounts receivable	26,250	20,851
Marketable Securities	308	298
Merchandise and Finished goods	2,809	2,214
Work in process	1,921	1,753
Raw materials and Supplies	2,207	2,591
Prepaid expenses	96	83
Deferred tax assets	939	974
Short-term loans	3,842	5,818
Sundry receivables	2,162	1,028
Other current assets	14	38
Allowance for doubtful accounts	( 9 )	( 8 )
CURRENT ASSETS — TOTAL	73,586	49,179
Fixed Assets		
Tangible Fixed Assets		
Buildings	3,686	4,716
Structures	251	308
Machinery and Equipment	1,382	2,664
Vehicles	32	40
Tools, Jigs and Fixtures	1,946	2,447
Land	8,319	8,319
Construction in progress	203	533
Total	15,822	19,029
Intangible Fixed Assets		
Software	421	503
Other intangible assets	40	5
Total	462	509
Investment and Other Assets		
Investment securities	15,322	11,761
Investment in subsidiary and affiliate companies	17,899	17,284
Long-term loans	60	—
Long-term loans receivable from subsidiaries and affiliates	60	—
Prepaid expenses	258	325
Deferred tax assets	—	1,146
Other investments and assets	92	94
Allowance for doubtful accounts	( 10 )	( 10 )
Total	33,682	30,603
FIXED ASSETS — TOTAL	49,968	50,142
TOTAL ASSETS	¥ 123,554	¥ 99,321

	March 31, 2010	March 31, 2009
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
<b>LIABILITIES</b>		
Current Liabilities		
Notes payable	¥ 146	¥ 186
Accounts payable	18,360	13,050
Short-term loans payable	37,600	19,698
Current portion of bonds	246	—
Current maturities of long-term loans payable	110	260
Accrued liabilities	555	926
Accrued expenses	1,799	1,427
Accrued income taxes	49	101
Advances received	0	—
Deposits received	93	182
Accrued bonuses to employees	667	596
Allowance for compensation for products	448	849
Bills payable - capital investment	44	89
<b>CURRENT LIABILITIES — TOTAL</b>	<b>60,122</b>	<b>37,367</b>
Long-term Liabilities		
Bonds	—	533
Long-term loans payable	202	312
Deferred tax liabilities	206	—
Allowance for employees' retirement benefits	1,351	1,368
Allowance for directors' retirement benefits	230	205
Other long-term liabilities	51	63
<b>LONG-TERM LIABILITIES — TOTAL</b>	<b>2,042</b>	<b>2,482</b>
<b>TOTAL LIABILITIES</b>	<b>62,165</b>	<b>39,850</b>
<b>NET ASSETS</b>		
Shareholders' Equity		
Common stock	14,494	14,470
Capital surplus		
Additional paid-in capital	6,214	6,191
Other capital surplus	279	495
<b>Total capital surplus</b>	<b>6,494</b>	<b>6,686</b>
Retained earnings		
Legal reserves	960	960
Other retained earnings		
Reserve for special depreciation	52	79
General reserve	38,180	38,180
Earned surplus carried forward	4,155	4,577
<b>Total retained earnings</b>	<b>43,347</b>	<b>43,796</b>
Treasury stock	( 6,256 )	( 6,697 )
<b>SHAREHOLDERS' EQUITY — TOTAL</b>	<b>58,079</b>	<b>58,256</b>
Valuation, Translation Adjustments		
Unrealized gain on investment securities	3,309	1,215
<b>VALUATION, TRANSLATION ADJUSTMENTS — TOTAL</b>	<b>3,309</b>	<b>1,215</b>
<b>TOTAL NET ASSETS</b>	<b>61,389</b>	<b>59,471</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>¥ 123,554</b>	<b>¥ 99,321</b>

## Statements of Income

	Year ended March 31, 2010	Year ended March 31, 2009
	(Millions of Japanese Yen)	(Millions of Japanese Yen)
Sales	¥ 73,059	¥ 90,642
Operating Expenses		
Cost of Sales	65,109	79,796
Selling, General and Administrative Expenses	6,868	8,370
Total	71,977	88,167
OPERATING INCOME	1,082	2,474
Non Operating Income		
Interest and Dividend income	1,403	1,770
Gain on foreign exchange	—	1,700
Other non operating income	481	395
Total	1,885	3,866
Non Operating Expenses		
Interest expenses	148	135
Loss on foreign exchange	496	—
Other non operating expenses	1	5
Total	647	141
ORDINARY INCOME	2,320	6,199
Special Income		
Gain on sales of fixed assets	15	2
Profits on sales of Investment securities	0	—
Reversal of allowance for doubtful accounts	—	4
Total	15	6
Special Loss		
Loss on disposal of fixed assets	139	50
Impairment loss	1,720	158
Loss on investment securities revaluation	9	0
Loss on valuation of inventories	—	460
Other special loss	—	55
Total	1,870	725
INCOME BEFORE TAXES	466	5,480
Income Taxes	87	1,846
NET INCOME	¥ 378	¥ 3,633

**Statements of Changes in Net Assets**  
(From April 1, 2009 to March 31, 2010)

(Millions of Japanese Yen)

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

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

(Millions of Japanese Yen)

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

(From April 1, 2008 to March 31, 2009)

(Millions of Japanese Yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid in capital	Other capital surplus	Total capital surplus
Balance as of March 31, 2008	¥ 14,470	¥ 6,191	¥ 504	¥ 6,695
Changes in the year				
Issuance of stock				
Exercise of stock acquisition rights				
Dividends from surplus				
Reserve for special depreciation				
Reversal of reserve for special depreciation				
Provision of general reserve				
Net income				
Acquisition of treasury stock				
Disposal of treasury stock			( 9 )	( 9 )
Net changes in items other than those in shareholders' equity				
Total of changes in the year	—	—	( 9 )	( 9 )
Balance as of March 31, 2009	¥ 14,470	¥ 6,191	¥ 495	¥ 6,686

	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, 2008	¥ 960	¥ 108	¥ 33,680	¥ 6,641	¥ 41,390
Changes in the year					
Issuance of stock					
Exercise of stock acquisition rights					
Dividends from surplus				( 1,227 )	( 1,227 )
Reserve for special depreciation		6		( 6 )	—
Reversal of reserve for special depreciation		( 34 )		34	—
Provision of general reserve			4,500	( 4,500 )	—
Net income				3,633	3,633
Acquisition of treasury stock					
Disposal of treasury stock					
Net changes in items other than those in shareholders' equity					
Total of changes in the year	—	( 28 )	4,500	( 2,064 )	2,406
Balance as of March 31, 2009	¥ 960	¥ 79	¥ 38,180	¥ 4,577	¥ 43,796

(Millions of Japanese Yen)

	Shareholders' equity		Valuation, translation adjustment	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain on investment securities	
<b>Balance as of March 31, 2008</b>	¥ ( 2,626 )	¥ 59,930	¥ 2,571	¥ 62,501
<b>Changes in the year</b>				
<b>Issuance of stock</b>				
<b>Exercise of stock acquisition rights</b>				
<b>Dividends from surplus</b>		( 1,227 )		( 1,227 )
<b>Reserve for special depreciation</b>		—		—
<b>Reversal of reserve for special depreciation</b>		—		—
<b>Provision of general reserve</b>		—		—
<b>Net income</b>		3,633		3,633
<b>Acquisition of treasury stock</b>	( 4,089 )	( 4,089 )		( 4,089 )
<b>Disposal of treasury stock</b>	18	9		9
<b>Net changes in items other than those in shareholders' equity</b>			( 1,355 )	( 1,355 )
<b>Total of changes in the year</b>	( 4,071 )	( 1,673 )	( 1,355 )	( 3,029 )
<b>Balance as of March 31, 2009</b>	¥ ( 6,697 )	¥ 58,256	¥ 1,215	¥ 59,471

- **Company name** : Nippon Seiki Co., Ltd.
- **Established** : December 24, 1946
- **Common stock capital** : 14,494,287,162 Yen
- **Number of employees** : 1,747

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

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

**Notes:**

- ※ The product, "Head up display (HUD)," uses projection technology to display vehicle information on the windshield.

- **Offices and Factories**

- # **Head office and Factory**

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

- # **Takami Division**

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

- # **NS Technical Center**

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

- # **Research & Development Center**

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

- # **Offices**

Utsunomiya, Ageo ※, Tokyo, Hamamatsu, Nagoya, Suzuka, Osaka, Mizushima, Kumamoto

- # **Branch Office**

Hong Kong

**Notes:**

- ※ Ageo office was closed on April 1, 2010.

## *Worldwide Network*

- **Japan**

- NS Advantech Co., Ltd. / Ojiya-shi, Niigata, Japan
- N.S. Electronics Co., Ltd. / Nagaoka-shi, Niigata, Japan
- YNS Inc. / Shobara-shi, Hiroshima, Japan ※1
- NS Computer Service Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Nissei Service Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Honda Car Sales Nagaoka Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Mazda Car Sales Nagaoka Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Car Station Niigata Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Nissei Kyusyoku Co., Ltd. / Nagaoka-shi, Niigata, Japan

● **North America**

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

● **Latin America and Caribbean area**

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

● **Europe**

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

● **Asia**

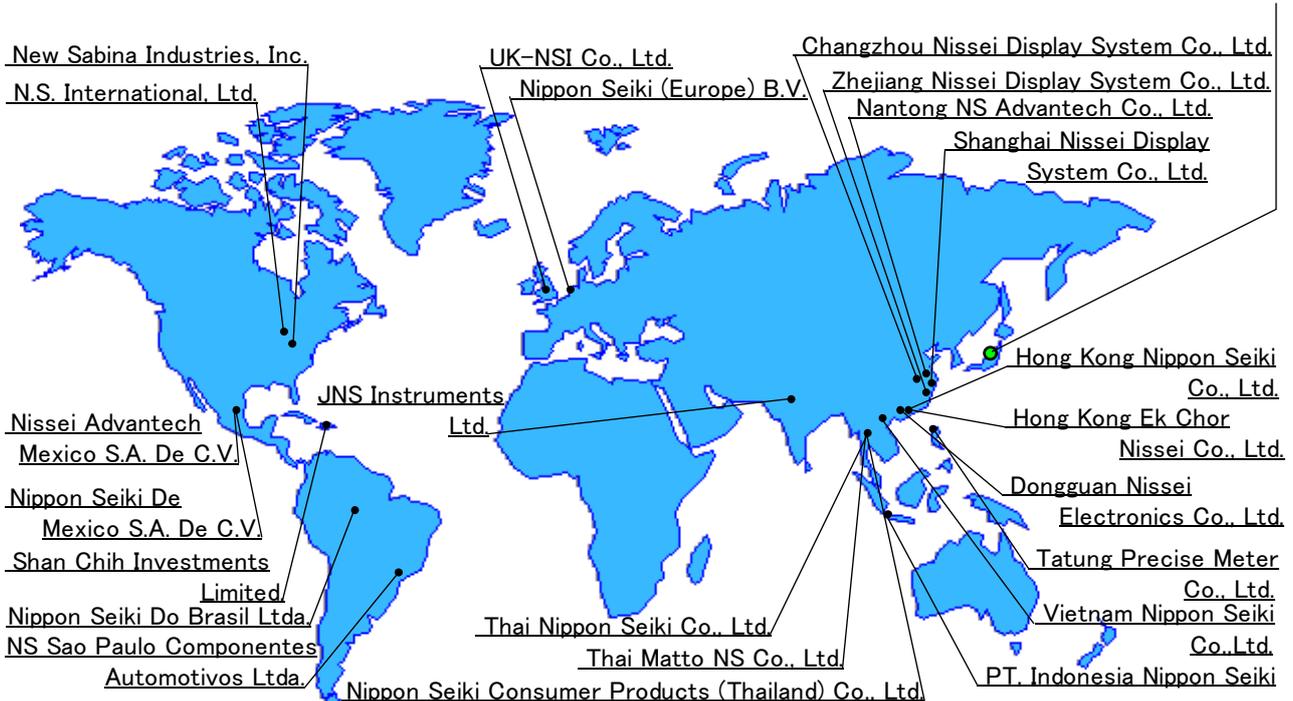
- Thai Nippon Seiki Co., Ltd. / Chonburi, Thailand
- Thai Matto NS Co., Ltd. / Chonburi, Thailand
- Nippon Seiki Consumer Products (Thailand) Co., Ltd. / Chonburi, Thailand
- PT. Indonesia Nippon Seiki / Banten, Indonesia
- Vietnam Nippon Seiki Co., Ltd. / Hanoi, Vietnam
- Hong Kong Nippon Seiki Co., Ltd. / Hong Kong, China
- Dongguan Nissei Electronics Co., Ltd. / Dongguan, Guangdong, China
- Shanghai Nissei Display System Co., Ltd. / Shanghai, China
- Hong Kong Ek Chor Nissei Co., Ltd. / Hong Kong, China
- Tatung Precise Meter Co., Ltd.※1 / Taipei, Taiwan R.O.C. ※2
- Changzhou Nissei Display System Co., Ltd. / Changzhou, Jiangsu, China
- Nantong NS Advantech Co., Ltd. / Nantong, Jiangsu, China
- Zhejiang Nissei Display System Co., Ltd. / Cixi, Zhejiang, China
- JNS Instruments Ltd. / Haryana, India

**Notes:**

- ※1 YNS Inc. changed its name to NS WEST Inc. on September 1, 2010.
- 2 Tatung Precise Meter Co., Ltd. changed its name to Taiwan Nissei Display System Co., Ltd. on April 22, 2010.

**Nippon Seiki Co., Ltd.**

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



Nippon Seiki Group is composed of 31 subsidiaries and 1 affiliated company. The main business of the group is responsible for the manufacture and sale of instrument clusters for automobiles, motorcycles, agricultural / construction machines and boats, and the manufacture and sale of liquid crystal display panels and modules, consumer-use products and other products. NS Group also has businesses related to transport and research & development connected with the above products. NS Group is also involved in software development, car sales and other services.

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

● Consolidated subsidiaries

Name of Company	Voting rights equity ratio	Main activities	Main trade with subsidiaries
NS Advantech Co., Ltd.	100.0	Manufacture of automotive and motorcycle clusters and gauges / Plastic injection molding / Compounding, coloring of plastics, and trading	Purchasing products and component parts
N.S. Electronics Co., Ltd.	100.0	Manufacture of electronic sub-assemblies for instrument clusters and remote controllers	Purchasing products and component parts
YNS Inc. ※1	100.0	Manufacture and sales of automotive instrument clusters and peripheral systems	Selling and purchasing products
NS Computer Service Co., Ltd.	100.0	Software development and sales/ Office automation equipment sales / Computer services	Outsource software development
Nissei Service Co., Ltd.	100.0	Transportation / Advertising agency / Car sales	Outsource packing and transporting products
Honda Car Sales Nagaoka Co., Ltd.	100.0	Honda car dealer	Purchasing cars
Mazda Car Sales Nagaoka Co., Ltd.	100.0	Mazda car dealer	Purchasing cars
Car Station Niigata Co., Ltd.	100.0	Second-hand car dealing and sales of imported cars	Purchasing cars
UK-NSI Co., Ltd.	100.0	Manufacture of automotive and motorcycle instrument clusters	Selling products
Nippon Seiki (Europe) B.V.	100.0	Sales of products manufactured by Nippon Seiki Group in the European market	Selling products
New Sabina Industries, Inc.	100.0	Manufacture and sales of automotive and motorcycle instrument clusters	Selling products
N.S. International, Ltd.	100.0	Sales of products manufactured by Nippon Seiki Group in the North American market	Selling products
Nippon Seiki Do Brasil Ltda.	100.0	Manufacture and sales of motorcycle instrument clusters	Selling products
NS Sao Paulo Componentes Automotivos Ltda.	100.0	Manufacture and sales of automotive instrument clusters	Selling products
Thai Nippon Seiki Co., Ltd.	63.8	Manufacture and sales of automotive and motorcycle instrument clusters	Selling and purchasing products
Thai Matto NS Co., Ltd.	83.5	Compounding, and coloring of plastics, and trading	None
PT. Indonesia Nippon Seiki	70.0	Manufacture and sales of motorcycle instrument clusters	Selling products
Vietnam Nippon Seiki Co., Ltd.	70.0	Manufacture and sales of motorcycle instrument clusters	Selling products
Hong Kong Nippon Seiki Co., Ltd.	100.0	Sales of control panels for office automation equipment and remote controllers for air conditioners and household equipment	Purchasing and selling products
Dongguan Nissei Electronics Co., Ltd.	100.0	Manufacture of control panels for office automation equipment and remote controllers for air conditioners and household equipment	Selling products
Shanghai Nissei Display System Co., Ltd.	80.0	Manufacture and sales of automotive and motorcycle instrument clusters	Selling products

Name of Company	Voting rights equity ratio	Main activities	Main trade with subsidiaries
Hong Kong Ek Chor Nissei Co., Ltd.	100.0	Investment and holding company	Investment in China on behalf of the parent
Tatung Precise Meter Co., Ltd. ※2	80.0	Manufacture and sales of automotive and motorcycle instrument clusters	Selling products
Changzhou Nissei Display System Co., Ltd.	80.0	Manufacture and sales of automotive and motorcycle instrument clusters	None
Shan Chih Investments Limited.	80.0	Investment and holding company	Investment in China on behalf of the parent

**Notes:**

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

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

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

**# Non-consolidated subsidiaries**

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

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

- JNS Instruments Ltd.

3,157 shareholders, in total, hold the company's common shares.

Details of the issued shares and shareholders are as follows:

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

Status of bonds with stock acquisition rights

- Total number of stock acquisition rights  
~246 units
- Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights  
~268,852 shares of the common stock
- Issue price of the stock acquisition rights  
~Zero

#### ● Major shareholders

(1,000 shares)

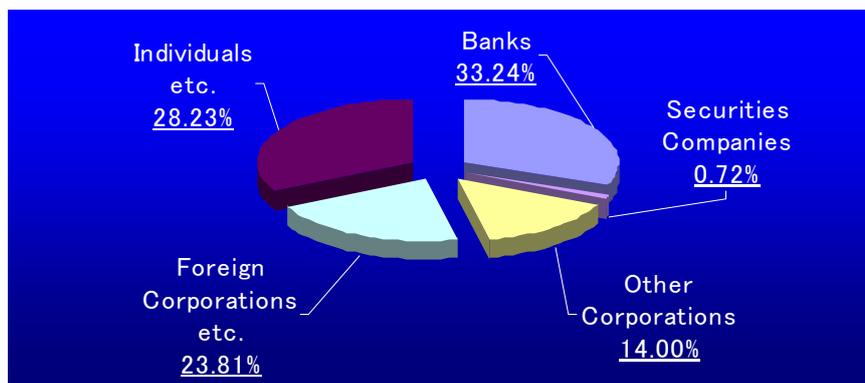
Name	Shares owned (percentage of shareholdings)
Honda Motor Co., Ltd.	3,753 (6.55%)
The Master Trust Bank of Japan, Ltd.	2,894 (5.05%)
BBH FOR FIDELITY LOW-PRICED STOCK FUND	2,300 (4.01%)
Societe Generale Private Banking (Japan) Ltd. Designated Securities Trust	2,150 (3.75%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,779 (3.11%)
Japan Trustee Services Bank, Ltd.	1,631 (2.85%)
The Daishi Bank, Ltd.	1,568 (2.74%)
Shareholding association of Nippon Seiki Employees	1,458 (2.54%)
DEUTSCHE BANK AG FRANKFURT - DOMESTIC CUSTODY SERVICES	1,343 (2.34%)
Yamaha Motor Co., Ltd.	1,217 (2.12%)

#### Notes:

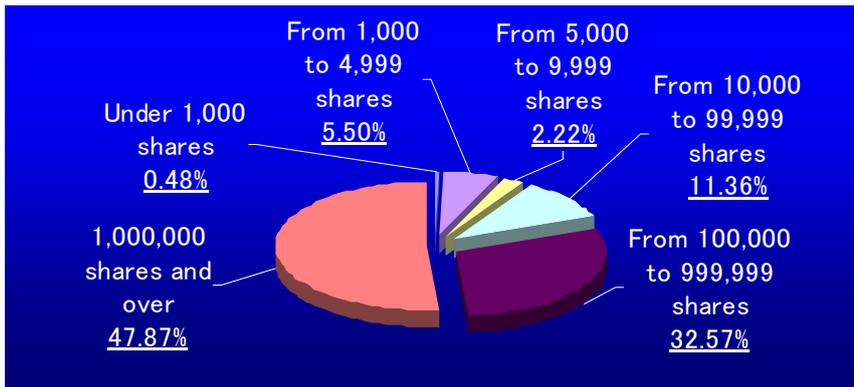
※1 Percentage of shareholdings ratio is calculated by deducting 3,602,211 shares of treasury stocks from total shares issued.

2 Nippon Seiki holds treasury stocks (3,602,211 shares), but this has not been included in the above major shareholders' information.

#### ● Distribution ratio by type of shareholder



● Distribution ratio by number of shares of total capital



***DIRECTORS***

	(Name)
President and Representative Director	Shoji Nagai
Senior Managing and Representative Director	Kazuo Nirasawa
Senior Managing and Representative Director	Takashi Nagatsuka
Managing Director	Mitsuhiro Kawamata
Managing Director	Yoshiaki Yazawa
Managing Director	Takeyoshi Ikarashi
Managing Director	Hiroshi Araki
Managing Director	Hirotohi Takada
Managing Director	Makoto Okawa
Director	Yoshiki Takebe
Director	Akira Nakamura
Director	Junichi Suzuki
Director	Seiichiro Okada
Director	Morito Sato
Director	Toshiaki Ichihashi
Director	Yoichi Ayata

***CORPORATE AUDITORS***

	(Name)
Corporate Auditor (Full-time)	Takashi Komagata
Corporate Auditor (Full-time)	Masao Asano
Corporate Auditor	Tadao Endo
Corporate Auditor	Yoichi Sakurai