

ANNUAL REPORT 2012

FROM APRIL 1ST, 2011 TO MARCH 31ST, 2012



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Review of Operations**● Instruments sales**

Sales of instruments for automobiles, motorcycles, agricultural and construction machines and boats increased by 2.9% to ¥128,588 million, from the previous fiscal year.

● Consumer-use products sales

Sales decreased by 6.2% to ¥13,849 million from the previous fiscal year, mainly due to a decrease in orders for control panels for office equipment.

● Display products sales

Display products sales decreased by 1.4% to ¥4,149 million from the previous fiscal year mainly due to a decrease in orders for liquid crystal displays.

● Automobile sales ※

Sales of cars at our dealerships increased by 42.7% to ¥18,893 million from the previous fiscal year mainly due to an increase in orders for new cars.

● Other businesses ※

Sales of other products and services totaled ¥10,500 million, a 4.1% increase from the previous fiscal year, mainly due to an increase in the sale of compound resins.

As a result, the company's consolidated business operations for the fiscal year 2012, ending March 31, 2012, resulted in sales of ¥175,981 million, increased by 5.2% from the previous fiscal year. At the same time, ordinary income for the year increased by 41.7%, to ¥14,866 million, and net income increased by 23.3%, to ¥7,409 million, respectively.

Note:

※ As a consequence of promotion of enhancement and expansion of our dealers' business, "Automobile sales", which was originally categorized as "Other businesses", has become more important in terms of sales volume. Therefore, it is separately categorized as "Automobile sales" from the current fiscal year. FY2012 is compared with FY2011 based on the information prepared according to the modified category.

"Automobile sales" mainly offers services such as sales of new and used cars, car inspections and car maintenance.

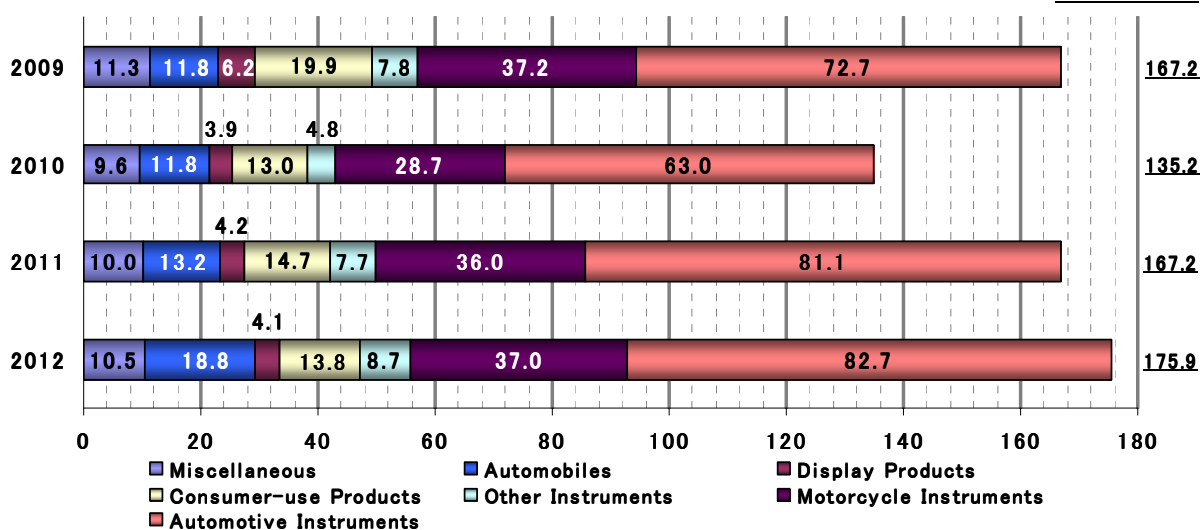
● Consolidated sales by business segment

	2011 (Yen in millions)	2012 (Yen in millions)	Increase (Decrease)
Instruments for automobiles, motorcycles, agricultural / construction machines and boats	124,979	128,588	2.9%
Consumer-use products	14,762	13,849	(6.2%)
Display products	4,209	4,149	(1.4%)
Automobiles	13,238	18,893	42.7%
Other businesses	10,087	10,500	4.1%
Total	167,276	175,981	5.2%

1. Consolidated Financial Highlights

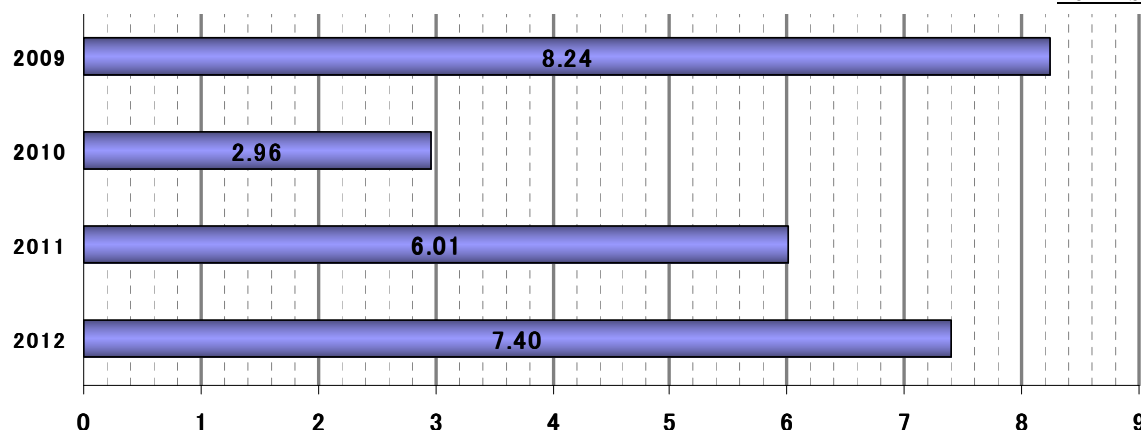
1-1. Consolidated Sales

Yen in billions



1-2. Consolidated Net Income

Yen in billions



Consolidated sales for the fiscal year ending March 31, 2012, increased by 5.2% to ¥175,981 million, ordinary income increased by 41.7% to ¥14,866 million, and net income increased by 23.3% to ¥7,409 million.

1-3. Consolidated Financial Highlights

	2009	2010	2011	2012
Sales (Yen in millions)	167,296	135,225	167,276	175,981
Ordinary income (Yen in millions)	12,896	7,185	10,490	14,866
Net income (Yen in millions)	8,245	2,963	6,010	7,409
Net income per share (Yen) ※	142.75	51.84	104.91	129.33
Total assets (Yen in millions)	132,164	161,633	191,561	207,632
Net assets (Yen in millions)	81,822	88,782	92,187	96,243
Net assets per share (Yen)	1,361.82	1,464.39	1,517.74	1,588.78

Note:

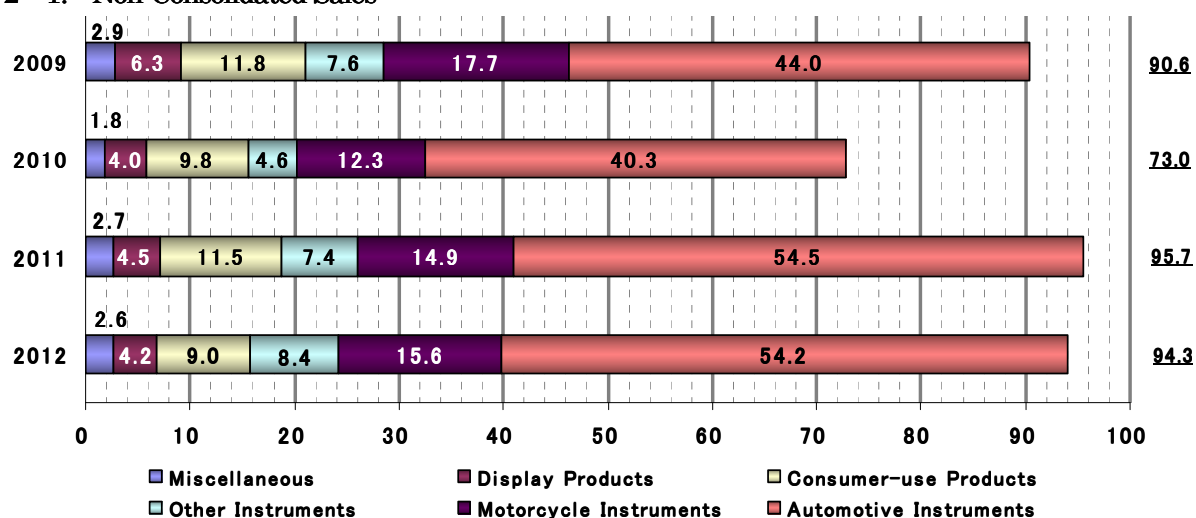
※ Net income per share is calculated by the weighted average number of shares of common stock outstanding during the year.

2. Non-Consolidated Financial Highlights

As of March 31, 2012

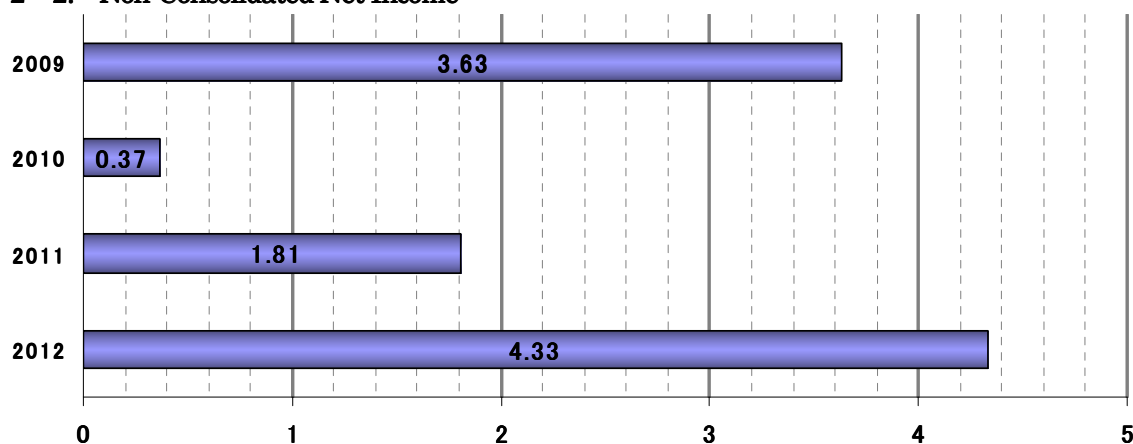
2-1. Non-Consolidated Sales

Yen in billions



2-2. Non-Consolidated Net Income

Yen in billions



Non-Consolidated sales for the fiscal year ending March 31, 2012, decreased by 1.5% to ¥94,316 million, ordinary income increased by 199.8% to ¥8,399 million, and net income increased by 139.2% to ¥4,330 million.

2-3. Non-Consolidated Financial Highlights

	2009	2010	2011	2012
Sales (Yen in millions)	90,642	73,059	95,794	94,316
Ordinary income (Yen in millions)	6,199	2,320	2,802	8,399
Net income (Yen in millions)	3,633	378	1,810	4,330
Net income per share (Yen) ※	62.91	6.63	31.60	75.58
Dividend per share (Yen)	19.50	12.00	14.00	18.00
Total assets (Yen in millions)	99,321	123,554	149,657	162,736
Net assets (Yen in millions)	59,471	61,389	62,182	65,896
Common stock (Yen in millions)	14,470	14,494	14,494	14,494
Equity ratio (%)	59.9	49.7	41.5	40.5

Note:

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

Consolidated Balance Sheets

	March 31, 2012	March 31, 2011
	(Yen in millions)	(Yen in millions)
Assets		
Current assets		
Cash and bank deposits (Note 8,10)	¥ 76,344	¥ 70,449
Notes receivable-trade (Note 8)	876	768
Accounts receivable (Note 8)	33,854	28,561
Marketable securities (Note 8,9)	300	305
Merchandise and finished goods	9,486	8,471
Work in process	3,848	3,228
Raw materials and supplies	12,151	10,668
Deferred tax assets (Note 5)	2,719	2,585
Other current assets	6,715	4,715
Allowance for doubtful accounts (Note 8)	(120)	(135)
Total current assets	146,175	129,619
Noncurrent assets		
Property, plant and equipment		
Buildings and structures(Note 2)	10,993	11,357
Machinery, equipment and vehicles	7,604	6,957
Tools, jigs and fixtures	2,581	2,734
Land	14,202	15,174
Leased assets	658	708
Construction in progress	1,166	1,095
Total property, plant and equipment	37,205	38,028
Intangible assets		
Goodwill	511	625
Other intangible assets	1,593	1,225
Total intangible assets	2,104	1,850
Investment and other assets		
Investment securities (Note 8,9)	21,017	20,740
Deferred tax assets (Note 5)	412	385
Other investment and assets	726	954
Allowance for doubtful accounts	(11)	(17)
Total investment and other assets	22,146	22,062
Total noncurrent assets	61,456	61,941
Total assets	¥ 207,632	¥ 191,561

	March 31, 2012	March 31, 2011
Liabilities	(Yen in millions)	(Yen in millions)
Current liabilities		
Notes payable-trade (Note 8)	¥ 2,009	¥ 1,802
Accounts payable (Note 8)	28,173	22,100
Short-term loans payable (Note 2,8)	57,524	55,609
Lease obligations (Note 2,8)	181	171
Income tax payable (Note 5)	3,100	1,801
Deferred tax liabilities (Note 5)	0	—
Accrued bonuses	1,915	1,989
Provision for compensation for products	982	1,176
Provision for losses on order received	—	139
Other current liabilities	12,589	9,571
Total current liabilities	106,476	94,361
Long-term liabilities		
Long-term loans payable (Note 2,8)	2	92
Lease obligations (Note 2,8)	331	240
Deferred tax liabilities (Note 5)	1,670	1,778
Provision for employees' retirement benefits (Note 3)	2,436	2,353
Provision for directors' retirement benefits	175	392
Asset retirement obligations	49	50
Other long-term liabilities	245	104
Total long-term liabilities	4,912	5,012
Total liabilities	111,388	99,374
Net assets		
Shareholders' equity		
Common stock (Note 4)	14,494	14,494
Capital surplus	6,492	6,492
Retained earnings	81,886	75,258
Treasury stock (Note 4)	(6,272)	(6,267)
Total shareholders' equity	96,601	89,977
Accumulated other comprehensive income (loss)		
Unrealized gain on investment securities	3,291	3,116
Adjustments from foreign currency translation	(8,877)	(6,140)
Total accumulated other comprehensive income (loss)	(5,586)	(3,024)
Subscription rights to shares(Note 12)	17	—
Minority interests	5,211	5,234
Total net assets	96,243	92,187
Total liabilities and net assets	¥ 207,632	¥ 191,561

See notes to consolidated financial statements.

Consolidated Statements of Income

	Year ended March 31, 2012	Year ended March 31, 2011
	(Yen in millions)	(Yen in millions)
Sales	¥ 175,981	¥ 167,276
Cost of sales	140,508	132,186
Gross profit	35,473	35,089
Selling, general and administrative expenses		
Packing and transportation	4,386	4,113
Salaries	7,228	6,192
Provision for doubtful accounts	2	8
Provision for bonuses	457	470
Provision for compensation for products	—	832
Provision for retirement benefits	104	92
Provision for directors' retirement benefits	60	74
Depreciation	966	903
Other expenses	8,756	7,749
Total selling, general and administrative expenses	21,963	20,439
Operating income	13,509	14,650
Non operating income		
Interest income	863	592
Dividend income	291	256
Amortization of negative goodwill	—	20
Other non operating income	551	609
Total non operating income	1,706	1,480
Non operating expenses		
Interest expense	300	230
Loss on foreign exchange	—	5,351
Other non operating expenses	48	59
Total non operating expenses	349	5,640
Ordinary income	14,866	10,490
Extraordinary income		
Gain on sales of fixed assets	46	55
Gain on negative goodwill	42	—
Other extraordinary income	9	0
Total extraordinary income	98	55
Extraordinary loss		
Loss on sales of fixed assets	12	25
Loss on disposal of fixed assets	97	49
Impairment loss	1,077	—
Loss on valuation of investment securities	277	151
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	8
Total extraordinary loss	1,463	234
Income before income taxes and minority interests	13,501	10,311
Income taxes (Note 5)	5,269	3,257
Income before minority interests	8,231	7,054
Minority interests in income	822	1,043
Net income (Note 7)	¥ 7,409	¥ 6,010

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Year ended March 31, 2012	Year ended March 31, 2011
	(Yen in millions)	(Yen in millions)
Income before minority interests	¥ 8,231	¥ 7,054
Other comprehensive income		
Valuation difference on available-for-sale securities	175	(202)
Foreign currency translation adjustment	(3,156)	(2,166)
Total other comprehensive income	(2,980)	(2,368)
Comprehensive income	5,250	4,685
Comprehensive income attributable to owners of the parent	4,847	3,865
Comprehensive income attributable to minority interests	403	820

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

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

(Yen in millions)

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

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

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

(Yen in millions)

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

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

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Year ended March 31, 2012	Year ended March 31, 2011
	(Yen in millions)	(Yen in millions)
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 13,501	¥ 10,311
Depreciation and amortization	5,776	5,514
Impairment loss	1,077	—
Amortization of goodwill	130	(20)
Gain on negative goodwill	(42)	—
Share-based compensation expenses	17	—
Accrued bonuses to employees, net of payment	(74)	469
Employees' retirement benefits, net of payments	106	84
Directors' retirement benefits, net of payment	(41)	(33)
Allowance for doubtful accounts	(12)	26
Provision for compensation for products	(180)	689
Provision for loss on order received	(139)	121
Interest and dividend income	(1,154)	(849)
Interest expense	300	230
Loss (gain) on foreign exchange	(221)	3,713
Loss (gain) on sales of investment securities	(9)	—
Loss (gain) on sales or disposal of property, net	62	19
Loss (gain) on valuation of securities	5	2
Loss (gain) on valuation of investment securities	277	151
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	8
Decrease (increase) in accounts and notes receivable-trade	(6,059)	(1,632)
Decrease (increase) in inventories	(3,558)	(2,586)
Increase in accounts and Notes payable-trade	7,107	2,046
Other, net	1,967	2,100
Sub total	18,838	20,367
Interest and dividend received	1,157	847
Interest paid	(299)	(235)
Income taxes paid	(3,938)	(1,949)
Net cash provided by operating activities	15,758	19,029
Cash flows from investing activities:		
Purchase of property	(5,972)	(4,643)
Proceeds from sale of property	397	462
Purchase of investment securities	(1,770)	(2,126)
Proceeds from sales of investment securities	90	—
Other, net	(1,422)	(3,218)
Net cash used in investing activities	(8,677)	(9,525)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	1,799	21,213
Proceeds from long-term loans payable	4	—
Repayments of long-term loans	(111)	(112)
Redemption of bonds	—	(245)
Repayment of lease obligations	(161)	(200)
Cash acquisition or sales of treasury stock	(4)	(17)
Cash dividend paid	(801)	(801)
Cash dividend paid to minority shareholders	(219)	(163)
Net cash provided by (used in) financing activities	506	19,671
Effect of exchange rate changes on cash and cash equivalents	(1,739)	(4,348)
Net increase (decrease) in cash and cash equivalents	5,847	24,827
Cash and cash equivalents at beginning of year	70,381	45,553
Increase in cash and cash equivalents from newly consolidated subsidiary	46	—
Cash and cash equivalents at end of year (Note 10)	¥ 76,275	¥ 70,381

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nippon Seiki Co., Ltd. and Consolidated Subsidiaries
March 31, 2012

1. Summary of significant accounting policies

(a) Basis of presentation

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

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

The consolidated financial statements include the accounts of the Company and its 27 significant subsidiaries (the "Companies") at March 31, 2012, except for eight 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 eight 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.

(l) Pension and retirement benefits

Employees' retirement benefits

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

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

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

Directors' retirement benefits

In some subsidiary companies, the provision for directors' retirement benefits is provided 100% provision under the internal rules.

(Additional information)

Though the Company had recorded 100% provision for directors' retirement benefits in previous years, the proposal of abolishment of directors' retirement benefits system and the corresponding payment was approved in the annual shareholders' meeting held on Jun 28, 2011. According to the resolution, the Company reclassified its allowance for directors' retirement benefits and the balance is included in other long-term liabilities of long-term liabilities in the year ended March 31, 2012.

(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, 2012, the percentage-of-completion method (cost comparison method for estimating the percentage of completion of construction activity) is applied to a construction work if its outcome is deemed certain for the progress made by the end of the fiscal year ended March 31, 2012, otherwise the completed-contract method is applied.

(n) Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets and liabilities are established using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

2. Short-term loans and long-term debt

The weighted average interest rate of short-term loans payable to banks was 0.5% at March 31, 2012.

Long-term loans as of March 31, 2012 consisted of the following:

	Yen in millions	
Loans from banks, due through 2016 with average interest rates of 0.8% and 7.1% for current and non-current, respectively.	¥	96
Less: Current portion		93
	¥	<u>2</u>

Aggregate annual maturities of long-term loans subsequent to March 31, 2012 are as follows:

Year ending March 31,	Yen in millions	
2013	¥	93
2014		0
2015		0
2016		0
2017		0
	¥	<u>96</u>

Long-term lease obligations as of March 31, 2012 consisted of the following:

	Yen in millions	
Current and non-current portion	¥	513
Less: Current portion		181
	¥	331

Aggregate annual maturities of long-term lease obligations subsequent to March 31, 2012 are as follows:

Year ending March 31,	Yen in millions	
2013	¥	181
2014		151
2015		111
2016		41
2017		27
2018		0
	¥	513

The assets mortgaged for short-term and long-term loans payable as of March 31, 2012 were as follows:

	Yen in millions	
Building, net of accumulated depreciation	¥	307
	¥	307

3. Retirement benefits

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

The Company and certain consolidated subsidiaries also have defined benefit pension plans, pension fund plans and lump-sum payment plans. The amount of benefits under the plans is determined 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, 2012 for the Company and consolidated subsidiaries' defined benefit plans:

	Yen in millions	
Projected benefit obligation	¥	2,695
Pension plan assets		(165)
Unrecognized prior service cost		37
Unrecognized actuarial gain (loss)		(131)
Provision for employees' retirement benefits	¥	2,436

The components of retirement benefit expenses for the year ended March 31, 2012 were outlined as follows:

	Yen in millions	
Service cost	¥	207
Interest cost		47
Expected return on plan assets		(1)
Amortization of past service cost		(12)
Amortization of actuarial (gain) loss		16
Net retirement benefit expenses	¥	257

The amount of cost recognized for the contribution to the plans for the year ended March 31, 2012 was ¥ 851 millions.

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

Discount rate mainly used	2.0%
Expected rate of return on pension plan assets	2.25%
Amortization period of prior service cost	10 years (straight-line method)
Amortization period of actuarial gain or loss	10 years (straight-line method)

4. Supplementary changes in net assets information

Issued shares

Type of shares	Number of shares as of March 31, 2011	Increase	Decrease	Number of shares as of March 31, 2012
Common stock (Thousands of share)	60,907	—	—	60,907

Treasury stock

Type of shares	Number of shares as of March 31, 2011	Increase	Decrease	Number of shares as of March 31, 2012
Common stock	3,616,627	4,767	—	3,621,394

The detail of increase is as follows:

Increase by purchase of odd-lot stock 4,767

Dividends

Dividends paid

Resolution	Type of shares	Total dividend amount (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 13, 2011	Common stock	401	7.0	March 31, 2011	June 29, 2011
Board of Directors meeting held on October 27, 2011	Common stock	401	7.0	September 30, 2011	December 9, 2011

Of the dividends for which the record date belongs to the fiscal year ended March 31, 2012, those for which the effective date of the dividends will be in the fiscal year ending March 31, 2013.

Resolution	Type of shares	Source of funds for dividends	Total dividend amount (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 15, 2012	Common stock	Retained earnings	630	11.0	March 31, 2012	June 28, 2012

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, 2012. 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, 2012 were as follows:

	<u>Yen in millions</u>
Deferred tax assets	
Loss on valuation of inventories	¥ 636
Accrued bonuses	728
Retirement benefits	890
Depreciation	379
Impairment loss	928
Unrealized gains on inventories, property and equipment	804
Others	<u>1,958</u>
Gross deferred tax assets	6,326
Less: Valuation allowance for deferred tax assets	<u>(982)</u>
Total deferred tax assets, net of valuation allowance	<u>5,343</u>
Deferred tax liabilities	
Reserve for special depreciation	(40)
Unrealized gains on investment securities	(2,241)
Undistributed earnings of foreign subsidiaries	(1,404)
Others	<u>(196)</u>
Total deferred tax liabilities	<u>(3,882)</u>
Net deferred tax assets	<u>¥ 1,461</u>

6. Lease transactions

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

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

The amounts corresponding to acquisition cost, accumulated depreciation and net book value at March 31, 2012 were as follows:

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

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

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

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

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

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

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

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

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

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

	<u>Yen in millions</u>
Acquisition cost	¥ 1,422
Less: Accumulated depreciation	<u>(1,245)</u>
Net book value	<u>¥ 176</u>

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

	<u>Yen in millions</u>
Due within one year	¥ 145
Due after one year	<u>31</u>
Total	<u>¥ 176</u>

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

	<u>Yen in millions</u>
Lease payments	¥ 255
Depreciation	255

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

	<u>Yen in millions</u>
Due within one year	¥ 196
Due after one year	<u>167</u>
Total	<u>¥ 364</u>

7. Per share amounts

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

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

Net income per share for the year ended and net assets per share as of March 31, 2012 were as follows:

Net income per share	¥ 129.33
Net assets per share	¥ 1,588.78

8. Financial instruments

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

1) Overview

(1) Policy for financial instruments

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

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

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

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

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

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

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

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

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

2) Matters concerning fair value of financial instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2012 and unrealized gains (losses) are shown in the following table. It does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2 below).

	Carrying amount	Estimated fair value	(Yen in millions) Unrealized gain (Loss)
(1) Cash and bank deposits	¥ 76,344	¥ 76,344	¥ —
(2) Notes receivable-trade	876	876	—
(3) Accounts receivable	33,854	33,854	—
Allowance for doubtful accounts	(120)	(120)	—
	33,733	33,733	—
(4) Marketable securities and investment securities			
Trading securities	300	300	—
Other securities	13,347	13,347	—
Total assets	124,602	124,602	—
(5) Notes payable-trade	2,009	2,009	—
(6) Accounts payable	28,173	28,173	—
(7) Short-term loans payable	57,430	57,430	—
(8) Long-term loans payable*	96	96	0
(9) Lease obligations*	513	501	(11)
Total liabilities	88,222	88,211	(11)
(10) Derivative transactions	¥ —	¥ —	¥ —

*Include amount due within one year

Notes:

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

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

These assets are recorded using book values as the fair values are almost equal to the book values because of their short-term maturities.

(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 9 Marketable securities.

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

These liabilities are recorded using book values as the fair values are almost equal to the book values because of their short-term maturities.

(8) Long-term loans payable

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

(9) Lease obligations

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

(10) Derivative transactions

Please refer to Note 11 Derivatives.

2. Unlisted stocks of ¥7,670 millions on the consolidated balance sheet are not included in (4) Marketable securities and investment securities because no quoted market price is available and it is extremely difficult to determine the fair value.

3. Redemption schedule for receivables and marketable securities with maturities as of March 31, 2012 is as follows:

	(Yen in millions)	
	Due within one year	
Cash and bank deposits	¥	76,344
Notes receivable-trade		876
Accounts receivable		33,854
Total	¥	111,075

4. Redemption schedule for long-term loans payable and lease obligations with maturities as of March 31, 2012 is as follows:

	(Yen in millions)					
	2013	2014	2015	2016	2017	2018
Long-term loans payable	¥ 93	¥ 0	¥ 0	¥ 0	¥ 0	¥ —
Lease obligations	181	151	111	41	27	0
Total	¥ 274	¥ 151	¥ 112	¥ 42	¥ 27	¥ 0

9. Marketable securities

Securities classified as trading securities

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

Other securities

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

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

Securities classified as trading securities

Loss on valuation included in the consolidated statement of income was ¥ (2) millions for the year ended March 31, 2011.

Other securities

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

	Yen in millions		
	Carrying amounts	Acquisition cost	Unrealized gain (Loss)
Securities with carrying amount exceeding acquisition cost			
Equity securities	¥ 12,143	¥ 6,858	¥ 5,285
Securities with carrying amount not exceeding acquisition cost			
Equity securities	486	537	(50)
Money management fund	830	830	—
Sub total	1,317	1,368	(50)
Total	¥ 13,460	¥ 8,226	¥ 5,234

10. Supplementary cash flow information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2012 and 2011.

	Yen in millions	
	2012	2011
Cash and bank deposits	¥ 76,344	¥ 70,449
Time deposits with a maturity of more than three months	(69)	(67)
Cash and cash equivalents	¥ 76,275	¥ 70,381

11. Derivatives

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

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

Currency-related transactions

	Yen in millions		
	Notional amount	Fair value	Unrealized gain (Loss)
Forward foreign exchange contracts			
Sell:	(EUR 28,800,000)		
EUR	¥ 3,189	¥ 3,219	¥ 30
	(GBP 12,016,000)		
GBP	¥ 1,578	¥ 1,496	¥ (82)
	—	—	¥ (52)

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

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

Currency-related transactions

	Yen in millions		
	Notional amount	Fair value	Unrealized gain (Loss)
Forward foreign exchange contracts			
Sell:	(EUR 24,000,000)		
EUR	¥ 2,732	¥ 2,630	¥ (101)
Buy:	(USD 1,500,000)		
USD	¥ 121	¥ 124	¥ 3
	—	—	¥ (98)

12. Stock option

Stock option plan	2012 stock option	
Number of individuals covered by the plan:		
Directors		15
Total		15
Type and number of shares to be issued upon exercise of stock subscription rights	Common stock	24,700 shares
Grant date	July 19, 2011	
Exercise period	July 20, 2011~ July 19, 2041	
Non-vested stock options (Number of shares):		
Outstanding at March 31, 2011		—
Granted		24,700 shares
Forfeited		—
Vested		—
Outstanding at March 31, 2012		24,700 shares
Vested stock options (Number of shares)		
Outstanding at March 31, 2011		—
Vested		—
Exercised		—
Forfeited		—
Outstanding at March 31, 2012		—
Exercise price (Yen)	¥	1
Weighted average exercise price (Yen)	¥	—
Fair value per stock at the grant date (Yen)	¥	921.83

Stock option expenses included in selling, general and administrative expenses for the year ended March 31, 2012 amounted to ¥ 17 million. The fair value of options granted is estimated using the Black-Scholes option pricing model with the following weighted average assumptions.

	2012 stock option	
Expected volatility		49.61%
Expected holding period		5.2 years
Expected dividend	¥ 14 per share	
Risk-free rate		0.39%

13. Segment information

(a) Overview of reportable segments

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

The Companies have business units categorized by product and service, and each business unit plans comprehensive business strategies and operates business activities domestically and internationally.

Therefore, the Companies have reportable segments, such as instruments, consumer use products, display products and automobile sales based on business units categorized by products and services.

(b) Methods of calculating amounts of sales, income or loss, assets and other items by reportable segment

Accounting procedure for reportable segments is mostly the same as procedures indicated in 1. summary of significant accounting policies. Income for reportable segment is based on operating income. Intersegment transaction prices are based on the market prices.

(c) Information on sales, income or loss, assets and other items by reportable segment

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

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

Segment information as of and for the year ended March 31, 2011, which was restated in conformity with the requirements of the Standard, was as follows:

Year ended or as of March 31, 2011	Yen in millions					Others	Total	Amount of adjustment	Consolidated total
	Reportable segments				Sub total				
	Instruments	Consumer- use products	Display products	Automobile sales					
Sales									
Unaffiliated customers.....	¥ 124,979	¥ 14,762	¥ 4,209	¥ 13,238	¥ 157,189	¥ 10,087	¥ 167,276	¥ —	¥ 167,276
Intersegment.....	—	—	356	29	386	8,747	9,133	(9,133)	—
Total sales.....	124,979	14,762	4,565	13,268	157,575	18,834	176,409	(9,133)	167,276
Segment income (loss).....	¥ 13,819	¥ (45)	¥ (239)	¥ 286	¥ 13,820	¥ 1,017	¥ 14,838	¥ (187)	¥ 14,650
Segment assets.....	¥ 80,254	¥ 8,685	¥ 2,582	¥ 8,710	¥ 100,232	¥ 7,243	¥ 107,475	¥ 84,085	¥ 191,561
Others									
Depreciation and amortization.....	¥ 4,520	¥ 209	¥ 43	¥ 308	¥ 5,081	¥ 346	¥ 5,428	¥ 83	¥ 5,511
Increase in tangible and intangible fixed assets.....	¥ 4,091	¥ 141	¥ 144	¥ 356	¥ 4,734	¥ 457	¥ 5,191	¥ 2	¥ 5,193

[Related information]

Geographic Information

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

Year ended March 31, 2011	Yen in millions				
	Japan	Americas	Europe	Asia	Total
Sales	¥ 77,263	¥ 27,439	¥ 13,809	¥ 48,764	¥ 167,276
Property, plant and equipment	¥ 28,075	¥ 2,355	¥ 372	¥ 7,224	¥ 38,028

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

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

Year ended March 31, 2011	Yen in millions					
	Instruments	Consumer use products	Automobile sales	Sub total	Others	Total
Goodwill						
Amortization of goodwill	¥ 60	¥ —	¥ 57	¥ 117	¥ —	¥ 117
Balance at the end of current period	¥ 207	¥ —	¥ 479	¥ 687	¥ —	¥ 687
Negative goodwill						
Amortization of negative goodwill	¥ 73	¥ 5	¥ —	¥ 78	¥ 59	¥ 138
Balance at the end of current period	¥ 37	¥ —	¥ —	¥ 37	¥ 24	¥ 62

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

Year ended March 31, 2012	Yen in millions							
	Instruments	Reportable segments				Sub total	Others	Corporate and elimination
Consumer-use products		Display products	Automobile sales					
Impair loss on fixed assets	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 1,077	¥ 1,077

Independent Auditor's Report

The Board of Directors
Nippon Seiki Co., Ltd.

We have audited the accompanying consolidated financial statements of Nippon Seiki Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012 and 2011, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Seiki Co., Ltd. and its consolidated subsidiaries as at March 31, 2012 and 2011, and their consolidated financial performance and cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

June 27, 2012
Niigata, Japan

Non-consolidated Financial Statements of Nippon Seiki Co., Ltd. for the Fiscal Year 2011 and 2012

Balance Sheets

	March 31, 2012	March 31, 2011
	(Yen in millions)	(Yen in millions)
Assets		
Current assets		
Cash and bank deposits	¥ 11,908	¥ 54,224
Notes receivable-trade	385	340
Accounts receivable	30,441	27,432
Marketable securities	300	305
Merchandise and finished goods	3,612	3,264
Work in process	2,741	2,065
Raw materials and supplies	3,011	2,601
Prepaid expenses	71	101
Deferred tax assets	1,304	1,312
Short-term loans	4,903	4,543
Other receivables	2,502	1,888
Other current assets	42	17
Allowance for doubtful accounts	(133)	(157)
Total current assets	61,093	97,941
Noncurrent assets		
Property, plant and equipment		
Buildings	3,091	3,411
Structures	168	206
Machinery and equipment	1,257	1,225
Vehicles	15	23
Tools, jigs and fixtures	1,289	1,395
Land	7,294	8,303
Leased assets	15	14
Construction in progress	185	246
Total property, plant and equipment	13,318	14,826
Intangible assets		
Software	830	613
Other intangible assets	2	3
Total intangible assets	832	616
Investment and other assets		
Investment securities	15,210	15,328
Investment in subsidiary and affiliate companies	71,902	20,492
Long-term loans	24	36
Long-term loans receivable from subsidiaries and affiliates	80	140
Long-term prepaid expenses	137	191
Deferred tax assets	58	—
Other investments and assets	90	93
Allowance for doubtful accounts	(10)	(10)
Total investment and other assets	87,492	36,272
Total noncurrent assets	101,642	51,715
Total assets	¥ 162,736	¥ 149,657

	March 31, 2012	March 31, 2011
Liabilities	(Yen in millions)	(Yen in millions)
Current liabilities		
Notes payable-trade	¥ 323	¥ 222
Accounts payable	20,308	16,717
Short-term loans payable	61,464	60,079
Current portion of long-term loans payable	92	110
Lease obligations	5	4
Other payable	6,573	4,336
Accrued expenses	2,585	1,809
Income tax payable	2,007	251
Advances received	0	—
Deposits received	233	87
Accrued bonuses to employees	875	1,043
Provision for compensation for products	745	919
Notes payable-trade capital investment	22	20
Total current liabilities	95,239	85,602
Long-term liabilities		
Long-term loans payable	—	92
Lease obligations	11	11
Deferred tax liabilities	—	138
Provision for employees' retirement benefits	1,364	1,359
Provision for directors' retirement benefits	—	220
Other long-term liabilities	224	50
Total long-term liabilities	1,600	1,872
Total liabilities	96,839	87,475
Net assets		
Shareholders' equity		
Common stock	14,494	14,494
Capital surplus		
Additional paid-in capital	6,214	6,214
Other capital surplus	277	277
Total capital surplus	6,492	6,492
Retained earnings		
Legal reserves	960	960
Other retained earnings		
Reserve for special depreciation	21	34
General reserve	40,680	39,680
Earned surplus carried forward	6,222	3,681
Total retained earnings	47,884	44,356
Treasury stock	(6,272)	(6,267)
Total shareholders' equity	62,598	59,074
Valuation and translation adjustments		
Unrealized gain on investment securities	3,281	3,107
Total valuation and translation adjustments	3,281	3,107
Subscription rights to shares	17	—
Total net assets	65,896	62,182
Total liabilities and net assets	¥ 162,736	¥ 149,657

Statements of Income

	Year ended March 31, 2012	Year ended March 31, 2011
	(Yen in millions)	(Yen in millions)
Sales	¥ 94,316	¥ 95,794
Operating costs and Expenses		
Cost of sales	80,273	80,726
Selling, general and administrative expenses	9,026	8,986
Total operating costs and expenses	89,299	89,712
Operating income	5,016	6,081
Non operating income		
Interest and dividend income	2,193	1,367
Foreign exchange gains	1,083	—
Other non operating income	385	345
Total non operating income	3,661	1,712
Non operating expenses		
Interest expenses	268	205
Foreign exchange losses	—	4,636
Other non operating expenses	9	150
Total non operating expenses	278	4,992
Ordinary income	8,399	2,802
Extraordinary income		
Gain on sales of fixed assets	26	30
Other extraordinary income	—	0
Total extraordinary income	26	30
Extraordinary loss		
Loss on sales and disposal of fixed assets	76	30
Impairment loss	1,077	—
Loss on valuation of investment securities	277	420
Other extraordinary loss	—	0
Total extraordinary loss	1,430	450
Income before income taxes	6,995	2,382
Income taxes	2,664	571
Net income	¥ 4,330	¥ 1,810

Statements of Changes in Net Assets

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

(Yen in millions)

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

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

(Yen in millions)

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

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

(Yen in millions)

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

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

(Yen in millions)

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

- **Company name** : Nippon Seiki Co., Ltd.
- **Established** : December 24, 1946
- **Common stock** : 14,494,287,162 Yen
- **Number of employees** : 1,692

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

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

Note:

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

- **Offices and Factories**

- **Head office and Factory**

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

- **Takami Division**

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

- **NS Technical Center**

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

- **Research & Development Center**

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

- **Offices**

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

- **Branch Office**

Hong Kong

Note:

- ※ Wuhan Office was closed in June 2012 due to the establishment of Nissei Display Sales and Development Co., Ltd.

Worldwide Network

● ***Japan***

- NS Advantech Co., Ltd. / Ojiya-shi, Niigata, Japan
- N.S. Electronics Co., Ltd. / Nagaoka-shi, Niigata, Japan
- NS WEST Inc. / Shobara-shi, Hiroshima, Japan
- N.S.Computer Service Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Nissei Service Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Honda Car Sales Nagaoka Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Niigata Mazda Co., Ltd. / Niigata-shi, Niigata, Japan ※2
- Mazda Car Sales Nagaoka Co., Ltd. / Nagaoka-shi, Niigata, Japan ※2
- Mazda Rent Car Niigata Co., Ltd. / Niigata-shi, Niigata, Japan
- Car Station Niigata Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Nissei Kyusyoku Co., Ltd. / Nagaoka-shi, Niigata, Japan

● ***The Americas***

- New Sabina Industries, Inc. / Sabina, Ohio, U.S.A.
- N.S. International, Ltd. / Troy, Michigan, U.S.A.
- Nippon Seiki Do Brasil Ltda. / Manaus, Amazonas, Brazil
- NS Sao Paulo Componentes Automotivos Ltda. / Sao Paulo, Brazil
- Nippon Seiki De Mexico S.A. De C.V. / Nuevo Leon, Mexico
- Nissei Advantech Mexico S.A. De C.V. / Nuevo Leon, Mexico

● ***Europe***

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

● ***Asia***

- Thai Nippon Seiki Co., Ltd. / Chonburi, Thailand
- Thai Matto NS Co., Ltd. / Chonburi, Thailand
- Nippon Seiki Consumer Products (Thailand) Co., Ltd. / Chonburi, Thailand
- PT. Indonesia Nippon Seiki / Banten, Indonesia
- Vietnam Nippon Seiki Co., Ltd. / Hanoi, Vietnam
- Hong Kong Nippon Seiki Co., Ltd. / Hong Kong, China
- Dongguan Nissei Electronics Co., Ltd. / Dongguan, Guangdong, China
- Shanghai Nissei Display System Co., Ltd. / Shanghai, China
- Hong Kong Ek Chor Nissei Co., Ltd. / Hong Kong, China
- Taiwan Nissei Display System Co., Ltd. / Taipei, Taiwan R.O.C.
- Changzhou Nissei Display System Co., Ltd. / Changzhou, Jiangsu, China
- Nantong NS Advantech Co., Ltd. / Nantong, Jiangsu, China
- Zhejiang Nissei Display System Co., Ltd. / Cixi, Zhejiang, China
- Wuhan Nissei Display System Co., Ltd. / Hubei, China
- Nissei Display Sales and Development Co., Ltd. / Shanghai, China
- NS Instruments India Private Ltd. / Andhara Pradesh, India
- JNS Instruments Ltd. / Haryana, India

Notes:

※1 Shan Chih Investments Ltd. was dissolved on August 31, 2011.

※2 Niigata Mazda Co., Ltd. merged with Mazda Car Sales Nagaoka Co., Ltd. on June 1, 2012. As a result, Niigata Mazda Co., Ltd. survives the merger and Mazda Car Sales Nagaoka Co., Ltd. was dissolved.

Nippon Seiki Co., Ltd.

NS Advantech Co., Ltd.

N.S. Electronics Co., Ltd.

NS WEST Inc.

N.S.Computer Service Co., Ltd.

Nissei Service Co., Ltd.

Honda Car Sales Nagaoka Co., Ltd.

Niigata Mazda Co., Ltd.

Mazda Car Sales Nagaoka Co., Ltd.

Mazda Rent Car Niigata Co., Ltd.

Car Station Niigata Co., Ltd.

Nissei Kyusyoku Co., Ltd.



Nippon Seiki Group is composed of 35 subsidiaries and 1 affiliated company. The main business of the group is responsible for the manufacture and sale of instruments for automobiles, motorcycles, agricultural / construction machines and boats, and the manufacture and sale of liquid crystal display panels and modules, consumer-use products, automobiles and other products. NS Group also has businesses related to transport and research & development connected with the above products. NS Group is also involved in software development and other services.

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

● Consolidated subsidiaries

Name of Company	Voting rights equity ratio	Main activities	Main trade with subsidiaries
NS Advantech Co., Ltd.	100.0	Manufacture of automotive and motorcycle and gauges / Plastic injection molding / Compounding, coloring of plastics, and trading	Purchasing products and component parts
N.S. Electronics Co., Ltd.	100.0	Manufacture of electronic sub-assemblies for instruments and remote controllers	Purchasing products and component parts
NS WEST Inc.	100.0	Manufacture and sales of automotive instruments and peripheral systems	Selling and purchasing products
N.S.Computer Service Co., Ltd.	100.0	Software development and sales/ Office automation equipment sales / Computer services	Outsourcing software development
Nissei Service Co., Ltd.	100.0	Transportation / Advertising agency	Outsourcing packing and transporting products
Honda Car Sales Nagaoka Co., Ltd.	100.0	Honda car dealer	Purchasing cars
Niigata Mazda Co., Ltd.	100.0	Mazda car dealer	None
Mazda Car Sales Nagaoka Co., Ltd.	100.0	Mazda car dealer	Purchasing cars
Mazda Rent Car Niigata Co., Ltd.	100.0	Car rental	None
Car Station Niigata Co., Ltd.	100.0	Second-hand car dealing and sales of cars	Purchasing cars
UK-NSI Co., Ltd.	100.0	Manufacture of automotive and motorcycle instruments	Selling products
Nippon Seiki (Europe) B.V.	100.0	Sales of products manufactured by Nippon Seiki Group in the European market	Selling products
New Sabina Industries, Inc.	100.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
N.S. International, Ltd.	100.0	Sales of products manufactured by Nippon Seiki Group in the North American market	Selling products
Nippon Seiki Do Brasil Ltda.	100.0	Manufacture and sales of motorcycle instruments	Selling products
NS Sao Paulo Componentes Automotivos Ltda.	100.0	Manufacture and sales of automotive instruments	Selling products
Thai Nippon Seiki Co., Ltd.	69.9	Manufacture and sales of automotive and motorcycle instruments	Selling and purchasing products
Thai Matto NS Co., Ltd.	83.5	Compounding, and coloring of plastics, and trading	None
PT. Indonesia Nippon Seiki	70.0	Manufacture and sales of motorcycle instruments	Selling products
Vietnam Nippon Seiki Co., Ltd.	70.0	Manufacture and sales of motorcycle instruments	Selling products
Hong Kong Nippon Seiki Co., Ltd.	100.0	Sales of control panels for office automation equipment and remote controllers for air conditioners and household equipment	Purchasing and selling products

Name of Company	Voting rights equity ratio	Main activities	Main trade with subsidiaries
Dongguan Nissei Electronics Co., Ltd.	100.0	Manufacture of control panels for office automation equipment and remote controllers for air conditioners and household equipment	Selling products
Shanghai Nissei Display System Co., Ltd.	80.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
Hong Kong Ek Chor Nissei Co., Ltd.	100.0	Investment and holding company	Investment in China on behalf of the parent
Taiwan Nissei Display System Co., Ltd.	80.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
Changzhou Nissei Display System Co., Ltd.	100.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
Nantong NS Advantech Co., Ltd.	100.0	Coloration processing and sales of resin materials	None

● **Non-consolidated subsidiaries and the affiliated company are as follows:**

• **Non-consolidated subsidiaries**

- Nissei Kyusyoku Co., Ltd.
- Nippon Seiki De Mexico S.A. De C.V.
- Nissei Advantech Mexico S.A. De C.V.
- Nippon Seiki Consumer Products (Thailand) Co., Ltd.
- NS Instruments India Private Ltd.
- Zhejiang Nissei Display System Co., Ltd.
- Wuhan Nissei Display System Co., Ltd.
- Nissei Display Sales and Development Co., Ltd.

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

- JNS Instruments Ltd.

3,027 shareholders, in total, hold the company's common shares.

Details of the issued shares and shareholders are as follows:

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

● Major shareholders

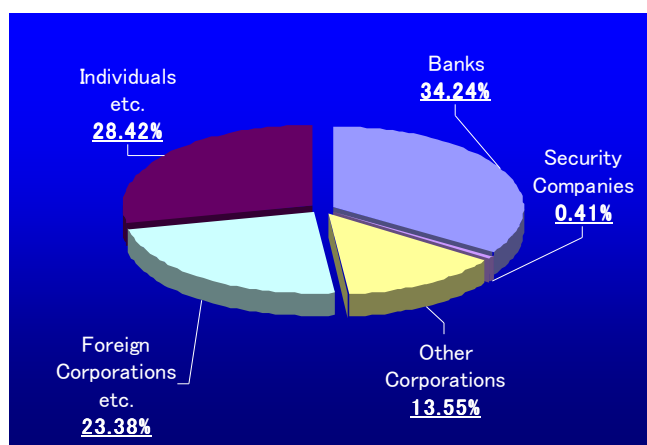
(1,000 shares)

Name	Shares owned (percentage of shareholdings)
Honda Motor Co., Ltd.	3,753 (6.55%)
The Master Trust Bank of Japan, Ltd.	3,514 (6.13%)
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFO	2,531 (4.42%)
Japan Trustee Services Bank, Ltd.	1,873 (3.27%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,779 (3.11%)
The Daishi Bank, Ltd.	1,568 (2.74%)
Shareholding association of Nippon Seiki Employees	1,478 (2.58%)
Yamaha Motor Co., Ltd.	1,217 (2.13%)
THE CHASE MANHATTAN BANK, N. A. LONDON SECS LENDING OMNIBUS ACCOUNT	1,195 (2.09%)
Nichia Corporation	1,188 (2.07%)

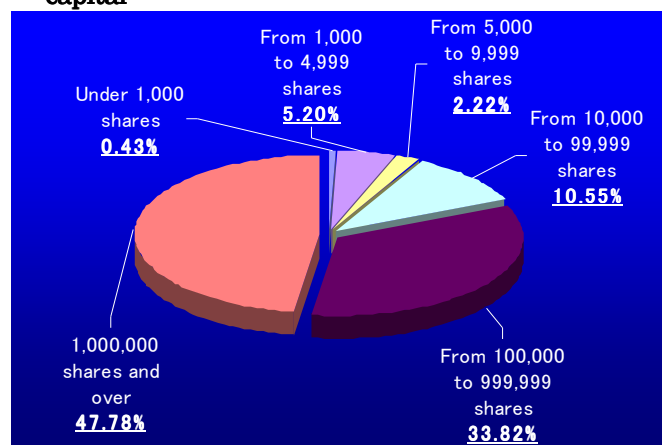
Notes:

- ※1 Percentage of shareholdings ratio is calculated by deducting 3,621,394 shares of treasury stocks from total shares issued.
- ※2 Nippon Seiki holds treasury stocks (3,621,394 shares), but this has not been included in the above major shareholders' information.

● Distribution ratio by type of shareholder



● Distribution ratio by number of shares of total capital



Note:

- ※ Nippon Seiki has issued share acquisition rights in the form of stock options for a stock-based compensation plan to the company's directors.

Directors

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

Corporate Auditors

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