ANNUAL REPORT 2018

FROM APRIL 1ST, 2017 TO MARCH 31ST, 2018

NIPPON SEIKI

CONTENTS

Review of Operations

● Instruments revenue

Revenue of instruments for automobiles in the Americas, Japan markets decreased while in Asia, Europe the market increased. Instruments revenue for the year increased by 5.6% to ¥206,993 million, from the previous fiscal year.

● Consumer-use products revenue

Revenue increased by 23.1% to ¥14,037 million from the previous fiscal year, mainly due to a increase in orders for control panels for PCB assemblies for amusement products and so on.

● Automobile revenue

Revenue of cars at our dealerships increased by 6.5% to ¥22,826 million from the previous fiscal year mainly due to a increase in orders for new cars.

● Other businesses

Revenue of other products and services totaled ¥19,307 million, 12.6% increase from the previous fiscal year, mainly due to an increase in orders of compound resins and so on.

As a result, the company's consolidated business operations for this fiscal year, ending March 31, 2018, resulted in revenue of ¥263,163 million, a increase of 7.0% from the previous fiscal year. At the same time, operating profit for the year decreased by 7.0%, to ¥14,109 million, and profit attributable to owners of the parent increased by 9.3%, to ¥11,105 million, respectively.

● Consolidated revenue by business segment

	2017 (Yen in millions)	2018 (Yen in millions)	Increase (Decrease)
Instruments for automobiles, motorcycles, agricultural / construction machines and boats	195,990	206,993	5.6%
Consumer-use products	11,398	14,037	23.1%
Automobiles	21,435	22,826	6.5%
Other businesses	17,142	19,307	12.6%
Total	245,967	263,163	7.0%

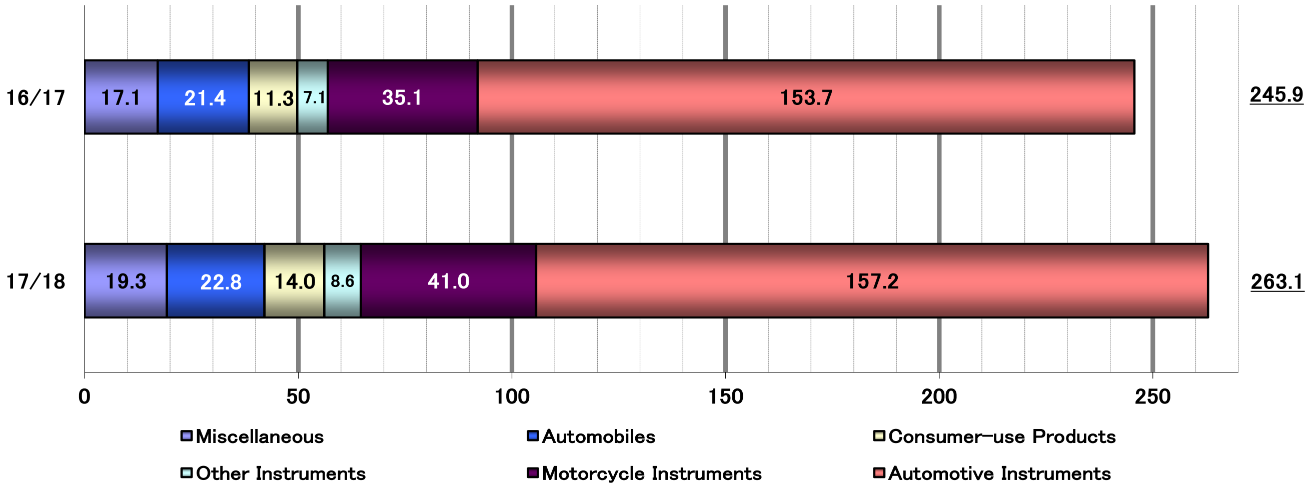
Note:

※ NIPPON SEIKI CO., LTD. and its subsidiaries in Japan and overseas have adopted International Financial Reporting Standards ("IFRS") and prepared the consolidated financial statements from the fiscal year ending March 31, 2018.

1. Consolidated Financial Highlights

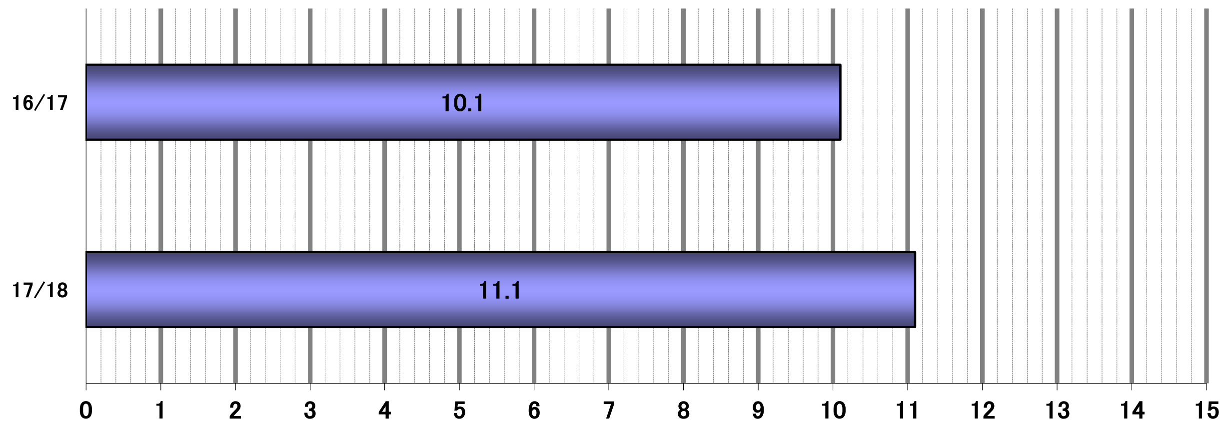
1－1. Revenue

Yen in billions



1－2. Consolidated Profit attributable to owners of the parent

Yen in billions



Consolidated revenue for the fiscal year ending March 31, 2018, increased by 7.0% to ¥263,163 million, operating profit decreased by 7.0% to ¥14,109 million, and profit attributable to owners of the parent for the year increased by 9.3% to ¥11,105 million.

1－3. Consolidated Financial Highlights

	2017	2018
Revenue (Yen in millions)	245,967	263,163
Operating profit (Yen in millions)	15,172	14,109
Profit attributable to owners of parent (Yen in millions)	10,164	11,105
Basic profit per share ※	177.51	193.94
Total assets (Yen in millions)	293,279	298,132
Total equity (Yen in millions)	169,969	176,281
Equity per share attributable to owners of the parent (Yen)	2,873.05	2,975.34

Note:

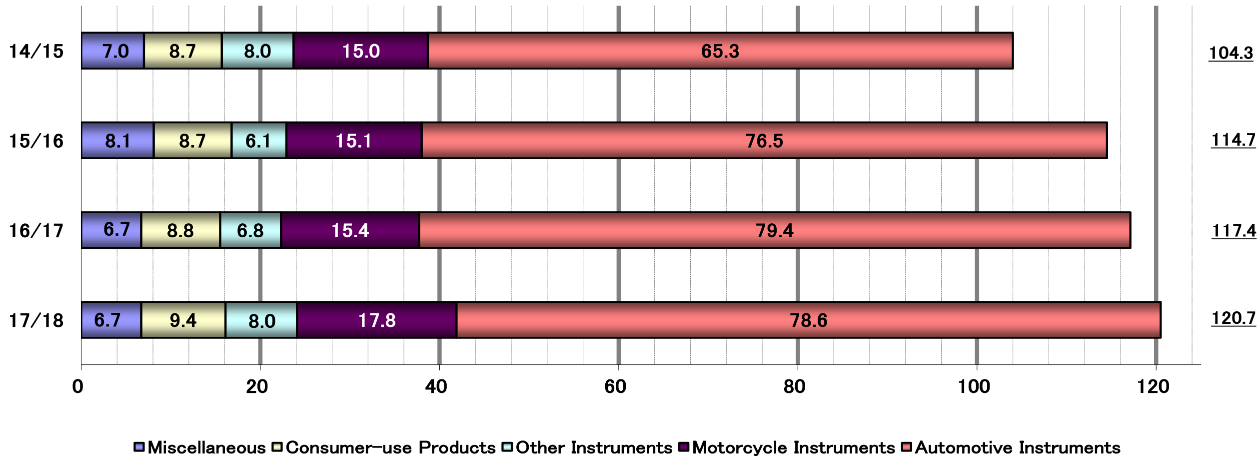
※ Basic profit per share is calculated by the weighted average number of shares of common stock outstanding during the year.

2. Non-Consolidated Financial Highlights

As of March 31, 2018

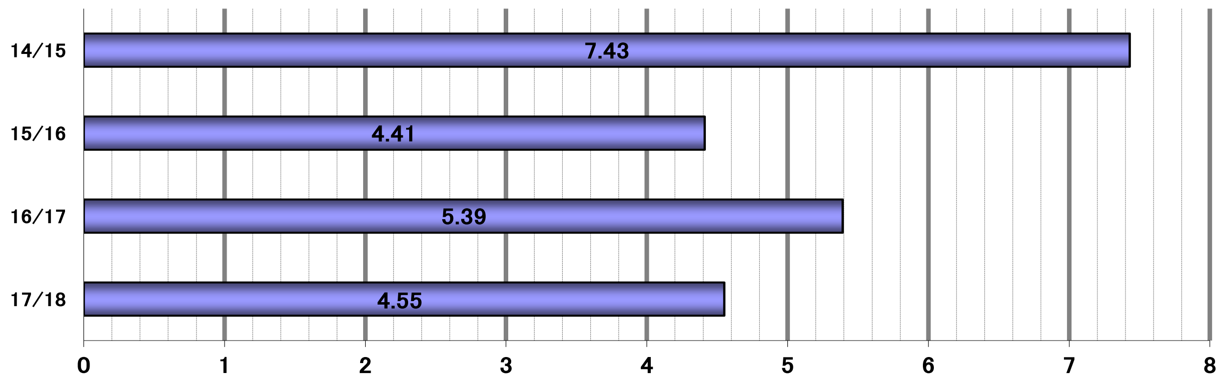
2－1. Non-Consolidated Sales

Yen in billions



2－2. Non-Consolidated Profit for the year

Yen in billions



Non-Consolidated sales for the fiscal year ending March 31, 2018, increased by 2.8% to ¥120,752 million, ordinary income decreased by 36.4% to ¥6,530 million, and profit for the year decreased by 15.5% to ¥4,558 million.

2－3. Non-Consolidated Financial Highlights

	2015	2016	2017	2018
Sales (Yen in millions)	104,376	114,703	117,415	120,752
Ordinary income (Yen in millions)	11,107	5,485	10,266	6.530
Profit for the year (Yen in millions)	7,437	4,414	5,392	4,558
Earnings per share (Yen) ※	129.86	77.09	94.18	79.60
Dividend per share (Yen)	33.00	35.00	35.00	42.00
Total assets (Yen in millions)	194,437	197,879	205,595	202,863
Net assets (Yen in millions)	85,896	85,788	90,439	94,055
Common stock (Yen in millions)	14,494	14,494	14,494	14,494
Equity ratio (%)	44.1	43.3	43.9	46.3

Note:

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

Financial Summary

Accounting standards	IFRS (International Financial Reporting Standards)		
Fiscal year end	April 1, 2016 (Transition date)	March 31, 2017	March 31, 2018
Revenue (Millions of yen)	—	245,967	263,163
Profit before tax (Millions of yen)	—	15,356	15,854
Profit attributable to owners of the parent (Millions of yen)	—	10,164	11,105
Comprehensive income attributable to owners of the parent (Millions of yen)	—	10,341	7,938
Equity attributable to owners of the parent (Millions of yen)	156,649	164,500	170,381
Total assets (Millions of yen)	296,127	293,279	298,132
Equity per share attributable to owners of the parent (Yen)	2,735.44	2,873.05	2,975.34
Basic profit per share (Yen)	—	177.51	193.94
Diluted profit per share (Yen)	—	177.27	193.67
Equity attributable to owners of the parent ratio (%)	52.90	56.09	57.15
Return on equity attributable to owners of the parent (%)	—	6.33	6.63
Price-to-earnings ratio (Times)	—	13.49	9.96
Net cash provided by operating activities (Millions of yen)	—	16,504	22,522
Net cash used in investing activities (Millions of yen)	—	(2,476)	(13,263)
Net cash used in financing activities (Millions of yen)	—	(16,388)	(4,461)
Cash and cash equivalents at end of year (Millions of yen)	41,548	38,212	42,637
Number of employees	13,284	13,912	13,927

(Note)

1. NIPPON SEIKI CO., LTD. and its subsidiaries in Japan and overseas have adopted International Financial Reporting Standards ("IFRS") and prepared the consolidated financial statements from the fiscal year ending March 31, 2018.
2. Consumption tax and other taxes are not included in revenue.

1 【Consolidated Financial Statements】

(1)【Consolidated Statement of Financial Position】

(Unit: Millions of yen)

	Notes	2016	2017	2018
Assets				
Current assets				
Cash and cash equivalents	7,27	41,548	38,212	42,637
Trade and other current receivables	8,27	49,816	48,313	50,542
Other current financial assets	9,27	17,859	65,378	62,212
Inventories	10	38,926	43,878	40,674
Other current assets		3,577	6,279	5,957
Total current assets		151,729	202,062	202,024
Non-current assets				
Property, plant and equipment	11,13	57,981	60,199	61,459
Goodwill and intangible assets	12,13	4,029	4,055	5,229
Trade and other non-current receivables	8,27	57	40	16
Other non-current financial assets	9,27	78,778	23,302	25,294
Deferred tax assets	14	2,737	2,751	3,078
Other non-current assets		813	868	1,028
Total non-current assets		144,398	91,217	96,108
Total assets		296,127	293,279	298,132

(Unit: Millions of yen)

	Notes	2016	2017	2018
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other current payables	15,27	44,780	44,169	44,583
Short-term loans	16,27	61,749	54,598	46,815
Other current financial liabilities	9,27,28	112	95	123
Income tax payables		1,340	1,947	1,904
Short-term employee benefits	18	3,926	4,300	4,356
Provisions	17	1,720	4,188	3,036
Other current liabilities		1,007	940	1,128
Total current liabilities		114,637	110,240	101,948
Non-current liabilities				
Long-term loans	16,27	8,587	7,452	13,116
Other non-current financial liabilities	9,27,28	175	204	319
Long-term employee benefits	18	2,966	3,129	3,388
Provisions	17	66	67	68
Deferred tax liabilities	14	2,892	1,733	2,595
Other non-current liabilities		431	483	415
Total non-current liabilities		15,120	13,070	19,903
Total liabilities		129,758	123,310	121,851
Equity				
Common stock		14,494	14,494	14,494
Capital surplus		6,553	6,110	6,054
Retained earnings		135,959	144,068	153,117
Treasury stock		(6,314)	(6,336)	(6,325)
Other components of equity		5,956	6,164	3,040
Equity attributable to owners of the parent		156,649	164,500	170,381
Non-controlling interests		9,719	5,468	5,899
Total equity		166,369	169,969	176,281
Total liabilities and equity		296,127	293,279	298,132

(2)【Consolidated Statement of Income】

(Unit: Millions of yen)

	Notes	2017	2018
Revenue	21	245,967	263,163
Cost of revenue		(198,311)	(217,924)
Gross profit		47,655	45,239
Selling, general and administrative expenses	22	(32,076)	(30,380)
Other income	23	1,150	818
Other expenses	23	(1,557)	(1,567)
Operating profit		15,172	14,109
Finance income	24	2,188	2,392
Finance costs	24	(2,003)	(648)
Profit before tax		15,356	15,854
Income tax expense	14	(4,159)	(3,801)
Profit for the year		11,197	12,052
Profit attributable to:			
Owners of the parent		10,164	11,105
Non-controlling interests		1,032	947
Profit for the year		11,197	12,052
Earnings per share attributable to owners of the parent:			
Basic earnings per share(Yen)	25	177.51	193.94
Diluted earnings per share(Yen)	25	177.27	193.67

(3)【Consolidated Statement of Comprehensive Income】

(Unit: Millions of yen)

	Notes	2017	2018
Profit for the year		11,197	12,052
Other comprehensive income			
Items that will not be reclassified to profit or loss, net of tax:			
Remeasurements of net defined benefit liabilities(assets)	26	(35)	(34)
Total comprehensive income (loss) that will not be reclassified to profit or loss, net of tax		(35)	(34)
Items that may be reclassified to profit or loss, net of tax:			
Changes in fair value measurements of available-for-sale financial assets	26	1,439	1,290
Foreign currency translation adjustments	26	(1,359)	(4,598)
Total comprehensive income (loss) that may be reclassified to profit or loss, net of tax		80	(3,307)
Other comprehensive income (loss) for the year	26	45	(3,341)
Total comprehensive income for the year		11,242	8,710
Comprehensive income attributable to:			
Owners of the parent		10,341	7,938
Non-controlling interests		900	771
Comprehensive income for the year		11,242	8,710

(4)【Consolidated Statement of Changes in Equity】

Year ended March 31, 2017

(Unit: Millions of yen)

	Notes	Equity attributable to owners of the parent					
						Other components of equity	
		Common stock	Capital surplus	Retained earnings	Treasury stock	Gains (losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liabilities (assets)
As of April 1, 2016		14,494	6,553	135,959	(6,314)	5,956	—
Comprehensive income							
Profit for the year		—	—	10,164	—	—	—
Other comprehensive income (loss)		—	—	—	—	1,439	(30)
Total comprehensive income (loss)		—	—	10,164	—	1,439	(30)
Transactions with owners							
Dividends paid	20	—	—	(2,004)	—	—	—
Share-based payment transactions	31	—	20	—	—	—	—
Purchase of treasury Stock		—	—	—	(21)	—	—
Disposal of treasury stock		—	—	—	—	—	—
Acquisitions of non-controlling interests		—	(463)	—	—	—	—
Transfer from other components of equity to retained earnings		—	—	(30)	—	—	30
Other		—	—	(20)	—	—	—
Total transactions with Owners		—	(443)	(2,056)	(21)	—	30
As of March 31, 2017		14,494	6,110	144,068	(6,336)	7,396	—

	Notes	Equity attributable to owners of the parent			Non-controlling interests	Total equity
		Other components of equity		Total equity attributable to owners of the parent		
		Foreign currency translation adjustments	Total			
As of April 1, 2016		—	5,956	156,649	9,719	166,369
Comprehensive income						
Profit for the year		—	—	10,164	1,032	11,197
Other comprehensive income (loss)		(1,231)	177	177	(131)	45
Total comprehensive income (loss)		(1,231)	177	10,341	900	11,242
Transactions with owners						
Dividends paid	20	—	—	(2,004)	(2,027)	(4,032)
Share-based payment transactions	31	—	—	20	—	20
Purchase of treasury Stock		—	—	(21)	—	(21)
Disposal of treasury stock		—	—	—	—	—
Acquisitions of non-controlling interests		—	—	(463)	(3,124)	(3,588)
Transfer from other components of equity to retained earnings		—	30	—	—	—
Other		—	—	(20)	—	(20)
Total transactions with owners		—	30	(2,490)	(5,152)	(7,643)
As of March 31, 2017		(1,231)	6,164	164,500	5,468	169,969

For the year ended March 31, 2018

(Unit: Millions of yen)

	Notes	Equity attributable to owners of the parent					
						Other components of equity	
		Common stock	Capital surplus	Retained earnings	Treasury stock	Gains (losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liabilities (assets)
As of April 1, 2017		14,494	6,110	144,068	(6,336)	7,396	—
Comprehensive income							
Profit for the year		—	—	11,105	—	—	—
Other comprehensive income (loss)		—	—	—	—	1,290	(42)
Total comprehensive income (loss)		—	—	11,105	—	1,290	(42)
Transactions with owners							
Dividends paid	20	—	—	(2,004)	—	—	—
Share-based payment transactions	31	—	18	—	—	—	—
Purchase of treasury stock		—	—	—	(9)	—	—
Disposal of treasury stock		—	(20)	—	21	—	—
Acquisitions of non-controlling interests		—	(54)	—	—	—	—
Transfer from other components of equity to retained earnings		—	—	(42)	—	—	42
Other		—	—	(9)	—	—	—
Total transactions with owners		—	(55)	(2,056)	11	—	42
As of March 31, 2018		14,494	6,054	153,117	(6,325)	8,687	—

	Notes	Equity attributable to owners of the parent			Non-controlling interests	Total equity
		Other components of equity		Total equity attributable to owners of the parent		
		Foreign currency translation adjustments	Total			
As of April 1, 2017		(1,231)	6,164	164,500	5,468	169,969
Comprehensive income						
Profit for the year		—	—	11,105	947	12,052
Other comprehensive income (loss)		(4,415)	(3,166)	(3,166)	(175)	(3,341)
Total comprehensive income (loss)		(4,415)	(3,166)	7,938	772	8,710
Transactions with owners						
Dividends paid	20	—	—	(2,004)	(233)	(2,237)
Share-based payment transactions	31	—	—	18	—	18
Purchase of treasury stock		—	—	(9)	—	(9)
Disposal of treasury stock		—	—	1	—	1
Acquisitions of non-controlling interests		—	—	(54)	(106)	(160)
Transfer from other components of equity to retained earnings		—	42	—	—	—
Other		—	—	(9)	—	(9)
Total transactions with owners		—	42	(2,057)	(340)	(2,398)
As of March 31, 2018		(5,646)	3,040	170,381	5,899	176,281

(5)【Consolidated Statement of Cash Flows】

(Unit: Millions of yen)

	Notes	2017	2018
Cash flows from operating activities:			
Profit before tax		15,356	15,854
Depreciation and amortization		8,461	9,142
Impairment loss		812	53
Interest and dividends income		(2,169)	(2,392)
Interest expense		244	186
(Gain) loss on sale of property, plant and equipment		51	113
(Increase) decrease in trade and other receivables		(3,041)	(895)
(Increase) decrease in inventories		(5,897)	3,564
Increase(decrease) in trade and other payables		747	(257)
Increase (decrease) in provisions		2,626	(1,146)
Increase (decrease) in retirement benefit liabilities		143	250
Foreign exchange losses(gains)		1,021	(374)
Other, net		1,747	880
Subtotal		20,101	24,979
Interest and dividends received		2,151	2,234
Interest paid		(314)	(244)
Income taxes paid		(5,421)	(4,002)
Other, net		(12)	(444)
Net cash provided by operating activities		16,504	22,522
Cash flows from investing activities:			
(Increase)decrease in time deposits, net		9,734	(812)
Purchase of property, plant and equipment and intangible assets		(12,400)	(13,017)
Proceeds from sale of property, plant and equipment and intangible assets		236	359
Purchase of investment securities		(59)	(66)
Proceeds from sale of investment securities		23	0
Increase in loans receivable		(5)	(5)
Collection of loans		9	281
Other, net		(15)	(2)
Net cash used in investing activities		(2,476)	(13,263)
Cash flows from financing activities:			
(Decrease) increase in short-term loans, net		(7,071)	(7,535)
Proceeds from long-term loans		5,000	10,000
Repayments of long-term loans		(6,300)	(4,400)
Repayments of lease obligations		(207)	(118)
Dividends paid to non-controlling interests		(2,698)	(244)
Net decrease (increase) in treasury stock		(10)	(45)
Dividends paid to owners of the parent	20	(2,004)	(2,004)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation		(3,095)	(113)
Net cash used in financing activities		(16,388)	(4,461)
Foreign currency translation adjustments on cash and cash equivalents		(975)	(373)
Net increase (decrease) in cash and cash equivalents		(3,335)	4,424
Cash and cash equivalents at beginning of year	7	41,548	38,212
Cash and cash equivalents at end of year	7	38,212	42,637

[Notes to Consolidated Financial Statements]

1. Reporting Entity

Nippon Seiki Co., Ltd. (hereinafter the "Company") is a company incorporated in Japan. The consolidated financial statements for the fiscal year ended March 31, 2018 consist of the financial statements of the Company and its consolidated subsidiaries (hereinafter the "Group").
The Group's primary businesses are business of instruments for automobiles, motorcycles, agricultural / construction machines, boats, business of consumer-use products and business of automobile sales.

2. Basis of Preparation

(1) Compliance with IFRS and matters related to first-time adoption
The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") promulgated by the International Accounting Standards Board. Since the Company meets all requirements of a "specified company applying designated International Financial Reporting Standards" stipulated in Article 1-2 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976), the Company prepares the consolidated financial statements in accordance with IFRS under the provisions of Article 93 of said Ordinance.
The Group has adopted IFRS from the current fiscal year beginning on April 1, 2017 and the consolidated financial statements for the current fiscal year are the first statements prepared in accordance with IFRS. The date of transitions to IFRS is April 1, 2016. The most recent consolidated financial statements prepared in accordance with Japanese generally accepted accounting principles are those relating to the fiscal year ended March 31, 2017. The Group applied exemptions allowed in IFRS 1 "First-time Adoption of International Financial Reporting Standards". Reconciliation of the consolidated financial statements which is required to disclose under IFRS is stated in Notes "33. First-time Adoption".
The consolidated financial statements were approved by Morito Sato, President of the Company on June 26, 2018.

(2) Basis of measurement
As stated in Note "3. Significant Accounting Policies," the consolidated financial statements of the Group have been prepared on a historical cost basis except for certain assets and liabilities, such as financial instruments measured at fair value.

(3) Functional and presentation currency
The consolidated financial statements of the Group are presented in Japanese yen which is the Company's functional currency. The units are in millions of yen and figures less than one million yen are rounded down to the nearest million yen.

3. Significant Accounting Policies
The following accounting policies are applied to all fiscal periods stated in the consolidated financial statements which include the consolidated statement of financial position as of transition date to IFRS.

(1) Basis of consolidation
Subsidiaries are entities that are controlled by the Group. Control means that the Company has exposure or rights to variable returns from its involvement with any investee and has the ability to affect those returns through its power over the investee.
The financial statements of subsidiaries are included in the scope of consolidation from the date when control is obtained by the Group until the date when it is lost.
When the accounting policies adopted by subsidiaries differ from those adopted by the Company, the financial statements of the relevant subsidiaries are adjusted, when necessary. Intra-group balances of receivables and payables, intra-group transactions, and unrealized gains and losses arising from intra-group transactions are eliminated in preparing consolidated financial statements.
Non-controlling interests in subsidiaries are recognized separately from the Group's interests. Comprehensive income for subsidiaries is allocated to the equity attributable to owners of the parent company and non-controlling interests even if the non-controlling interests result in a deficit balance.

(2) Business combinations

Business combinations are accounted for using the acquisition method. Consideration of acquisition in a business combination is measured as the sum of the fair value on the acquisition date of the assets transferred, the liabilities assumed, and equity instruments issued by the Company in exchange for control over an acquiree. If the consideration of acquisition exceeds the fair value of identifiable assets and liabilities, the excess is recorded as goodwill. However, if the consideration of acquisition is lower than the fair value of the identifiable assets and liabilities, the difference is recognized in profit or loss.

Changes in the ownership interests in subsidiaries without a loss of control are accounted for as equity transactions.

(3) Foreign currency translation

1) Foreign currency transactions

Each company of the Group defines its own functional currency as the currency of the primary economic environment in which it operates, and measures transactions using its functional currency.

When each company prepares its standalone financial statements, transactions in currencies other than the functional currency are translated using the exchange rate prevailing at the date of the transactions or an exchange rate that approximates thereto.

Monetary assets and liabilities denominated in foreign currencies at the fiscal year-end are translated at the exchange rate prevailing at the fiscal year-end.

Exchange differences arising from settlement or translation of accounts are basically recognized in profit or loss.

2) Financial statements of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rate at the fiscal year-end, and income and expenses are translated at the average exchange rate for the fiscal year. However, if such an average exchange rate is not considered as a reasonable approximation of the cumulative effect of the exchange rates at the transaction dates, the exchange rates at the transaction dates are used. Translation differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income. If control of foreign operations is lost, cumulative translation differences of foreign operations are recognized in profit or loss in the period of disposal.

The Group applied exemptions allowed in IFRS 1 "First-time Adoption of International Financial Reporting Standards" and cumulative translation differences that existed at the date of transition to IFRS were reclassified to retained earnings.

(4) Financial instruments

1) Financial assets

(i) Initial recognition and measurement

Financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument, and are classified into the following categories:

(a) Financial assets at fair value through profit or loss

Financial assets that are either defined as held for trading, or are designated to measure at fair value through profit or loss on initial recognition

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity

(c) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market

(d) Available-for-sale financial assets

Non-derivative financial assets designated as available for sale or any other financial assets that are not classified as (a), (b) and (c) above

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

(ii) Subsequent measurement

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are measured at its fair value and any gain or loss resulting from changes in fair value is recognized in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment loss.

(c) Loans and receivables

Loans and receivables are basically measured at amortized cost using the effective interest method less any impairment loss.

(d) Available-for-sale financial assets

Available-for-sale financial assets are measured at fair value as of the end of reporting period, and any gain and loss resulting from changes in fair value is recognized in other comprehensive income. Differences arising from the translation of monetary assets are recognized in profit or loss.

(iii) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset other than those at fair value through profit or loss is impaired. Impairment loss on financial assets is recognized when objective evidence shows that the loss event occurred after the initial recognition of assets, and when it is reasonably expected that the loss event has a negative impact on the estimated future cash flows of the financial assets.

In case of available-for-sale financial assets, objective evidence includes a significant or prolonged decline in the fair value of the investment below its cost.

In case of specific type of financial assets such as trade receivables, the Group assesses whether there is any objective evidence of impairment individually for separately significant assets or collectively for assets that are not individually significant.

For financial assets carried at amortized cost, the amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed and re-recognized in profit or loss. When there is evidence of impairment loss on available-for-sale financial assets, the cumulative loss is removed from other comprehensive income and recognized in profit or loss.

Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss in a subsequent period. In case of debt instruments classified as available for sale, if, in a subsequent period, the fair value of the debt instruments increases, and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed and recognized in profit or loss.

(iv) Derecognition

The Group derecognizes financial assets only when contractual rights to the cash flows from the financial assets are expired, or when the Group transfers substantially all of the risks and economic value incidental to ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset and the consideration received or receivable including any cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

2) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, when the Group becomes a party to the contractual provisions of the instrument as follows:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities that are designated as such on initial recognition

(b) Other financial liabilities including borrowings

Financial liabilities that are not designated at fair value through profit or loss.

Transaction costs directly attributable to the issuance of financial liabilities, other than financial liabilities measured at fair value through profit or loss, are deducted from the fair value of the financial liabilities.

(ii) Subsequent measurement

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are measured at fair value, and any gain or loss arising from remeasurement is recognized in profit or loss.

(b) Other financial liabilities including borrowings

Other financial liabilities including borrowings are measured at amortized cost mainly using the effective interest method.

(iii) Derecognition

The Group derecognizes financial liabilities only when they are extinguished, i.e. when obligations specified in the contract are discharged, cancelled, or expired. When a financial liability is derecognized, the difference between the carrying amount of the financial liability and the consideration paid or to be paid is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position, if there is a currently enforceable legal right to offset the recognized amounts and if there is an intention of settlement on a net basis, or of simultaneous realization of the assets and settlement of the liabilities.

3) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date when the derivative contract is entered into and are subsequently remeasured at fair value.

Any gains or losses arising from changes in the fair value of derivatives are recognized directly to profit or loss except for those that qualify for hedge accounting.

The Group uses derivative financial instruments, such as forward currency contracts, options and interest rate swaps, to hedge foreign currency risk and interest rate risk.

At the inception of the hedge, the Group formally designates and documents the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge.

The Group doesn't have any hedged item that meets requirements of hedge accounting.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible and subject to an insignificant risk of changes in value and are due within three months from the date of acquisition.

(6) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs of inventories are determined based on the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

(7) Property, plant and equipment

Property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes costs directly attributable to the acquisition, and restoration costs, etc.

Depreciation of each item of property, plant and equipment, other than land and construction in progress, is recorded using the straight-line method over the estimated useful life of each item.

The main estimated useful lives are as follows:

- Buildings and structures	2 to 60 years
- Machinery, equipment and vehicles	2 to 15 years
- Tools, fixture and fixtures	2 to 25 years

The estimated useful lives, residual value, and depreciation method are reviewed every fiscal year and revised if necessary.

(8) Intangible assets

1) Software

Software for internal use is measured at cost at initial recognition. Internal and external expenses incurred at the preparation stage are recorded as expenses when they are incurred, and internal and external expenses incurred at the development stage are recorded in intangible assets.

Expenses incurred after the introduction of the software, such as maintenance expenditure, are recorded as expenses when they are incurred. Amortization is recorded using the straight-line method over the estimated useful life (mainly 5 years). The estimated useful lives and amortization method are reviewed every fiscal year and revised if necessary.

2) Development cost

Expenditures arising from research activities to obtain new scientific or technical knowledge are recorded as expenses when incurred.

Expenditures arising from development activities are recorded as intangible assets, only when all of the following conditions are met:

(a)The Group has the technical feasibility of completing the intangible asset so that it will be available for use or sale.

(b)The Group has its intention to use or sell the intangible asset.

(c)The Group has its ability to use or sell the intangible asset.

(d)Intangible asset will generate probable future economic benefits.

(e)The Group has the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f)The Group has its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortization is recorded using the straight-line method over the estimated useful life (5 years). The estimated useful lives and amortization method are reviewed every fiscal year and revised if necessary.

(9) Leases

Leases are classified as finance leases (lessee) when all the risks and rewards of ownership of an asset in an arrangement are substantially transferred to the Group, and all leases other than finance leases are classified as operating leases (lessee). Leased assets under finance lease transactions (lessee) are initially recognized at the lower of the fair value of leased properties or the present value of minimum lease payments, which were determined at the inception of the lease. After the initial recognition, the leased assets are depreciated over the estimated useful life of the assets or the term of the lease, whichever is shorter, based on the relevant accounting policies.

Lease payments are allocated to finance costs and payments of lease obligations in accordance with the interest method, and financial costs are recognized in the consolidated statement of income.

In operating lease transactions (lessee), lease payments are recognized as expenses in the consolidated statement of income using the straight-line method over the lease term. However, if the time pattern of benefits is more appropriately presented, the lease payments are recognized as expenses in the period in which they are incurred.

Leases are classified as finance leases (lessor) when all the risks and rewards of ownership of an asset in an arrangement is substantially transferred to the lessee.

Lease receivables under finance leases (lessor) are initially recognized at the net investment in the lease. After initial recognition, the lease receivables are recognized in profit or loss in the period in which they are attributable after reflecting a constant periodic rate of return on the net investment in the lease.

(10) Impairment of non-financial assets

The carrying amount of non-financial assets of the Company, excluding inventories and deferred tax assets, is evaluated every fiscal year to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial assets is estimated. A recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less cost to sell. In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and risks specific to the assets. Assets that are not individually tested for impairment are included in the smallest cash-generating unit that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If, and only if, the recoverable amount of an asset or a cash-generating unit is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is recognized as an impairment loss in profit or loss.

An impairment loss recognized related to a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of other assets of the cash-generating unit on a pro-rata basis.
An impairment loss recognized in prior years is evaluated every fiscal year to determine whether there is any indication that such impairment may have decreased or may no longer exist.
An impairment loss is reversed if there is an indication of reversal of impairment and there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed up to the amount not exceeding the carrying amount, net of depreciation or amortization, that would have been determined if no impairment had been recognized.
These estimates are based on the best available estimates by management. However, they may differ from actual results due to changes in uncertain future economic conditions.

(11) Employee benefits
1) Post-employment benefits
The Group has defined benefit plans and defined contribution plans as post-employment benefit plans for employees.
The Group calculates the present value of defined benefit obligations and related current service cost using the projected unit credit method.
The rate used to discount defined benefit obligations is basically determined by reference to market yields at the end of the reporting period on high quality corporate bonds.
Liabilities or assets for defined benefit plans are calculated by deducting the fair value of plan assets from the present value of defined benefit obligations. Service cost and net interest on defined benefit liabilities (assets) are recognized in profit or loss in the accounting period in which they are incurred. The Group recognizes the increase or decrease in obligations due to the remeasurement of benefit obligations and plan assets of defined benefit plans in other comprehensive income and then immediately reclassifies them from other comprehensive income to retained earnings.
These estimates are based on the best available estimates by management. However, they may differ from actual results due to changes in uncertain future economic conditions.
2) Short-term employee benefits
When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service in profit or loss. The Group recognizes the expected cost of profit-sharing and bonus payments as a liability when it has a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made.
These estimates are based on the best available estimates by management. However, they may differ from actual results due to changes in uncertain future economic conditions.

(12) Provisions
Provisions are recognized when the Group has present legal and constructive obligations as a result of past events, and when it is probable that outflows of economic resources embodying economic benefits will be required to settle the obligations, and reliable estimates of the amount of such obligations can be made. When the effect of the time value of money is material, provisions are calculated by discounting estimated future cash flows to the present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the liabilities.
These estimates are based on the latest information from customers, previous years' results and the best available estimates by management. However, they may differ from actual results due to changes in uncertain future economic conditions.

The main provisions are as follows:
1) Provision for compensation for products
The provision for compensation for products is recorded in order to deal with market claim.
2) Provision for loss on litigation
The provision for loss on litigation is recorded to cover probable losses on lawsuits based on the information currently available.

(13) Treasury stock
Treasury stock is measured at cost and recognized as a deduction from equity. When the Group sells the treasury stock, the difference between the carrying amount and the consideration received from the sale is recognized as capital surplus.

(14) Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services rendered less discounts, rebates, and sales-related taxes.

1) Sales of goods

Revenue from sales of goods is recognized when all the following conditions are satisfied:

(a) The Group has transferred to the buyer the significant risks and economic value incidental to ownership of the goods.

(b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) The amount of revenue can be measured reliably.

(d) It is probable that the economic benefits associated with the transaction will flow to the Group.

(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

(a) The amount of revenue can be measured reliably.

(b) It is probable that the economic benefits associated with the transaction will flow to the Group.

(c) The stage of completion of the transaction at the end of the reporting period can be measured reliably.

(d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

3) Interest income and dividends

Revenue arising from the use of the Group's assets yielding interest and dividends by others is recognized when all the following conditions are satisfied:

(a)It is probable that the economic benefits associated with the transaction will flow to the Group.

(b)The amount of revenue can be measured reliably.

(15) Income taxes

Income taxes comprise current taxes and deferred taxes. These are recognized in profit or loss, except for items that relate to business combinations and items recognized directly in equity or in other comprehensive income.

Current taxes are measured at the amount expected to be paid to or refunded from the taxation authorities. The tax amount is calculated in accordance with the tax laws and tax rates that have been enacted or substantially enacted by the end of the fiscal year in the country where the Group conducts business activities and earns taxable income.

Deferred taxes are recognized on temporary differences between the carrying amount of assets and liabilities on statement of financial position as at reporting date and such amount on a tax law basis, and unused tax losses and unused tax credits.

Deferred tax liabilities are, in principle, recognized for all taxable temporary differences, and deferred tax assets are recognized for deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that they can be utilized for future taxable income.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced for the amount that it is probable that sufficient taxable income will no longer be available to allow all or part of the deferred tax assets to be recovered.

Unrecognized deferred tax assets are re-evaluated at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will be available to allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured in accordance with tax laws and tax rates that are expected to apply in the period in which the assets are realized or the liabilities are settled, based on the tax laws and tax rates that have been enacted or substantially enacted by the end of reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same entity by the same tax authority.

These estimates are based on the best available estimates by management. However, they may differ from actual results due to changes in uncertain future economic conditions.

4. Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. However, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognized in the accounting period in which the estimates are changed and in future accounting periods affected by the changes.

The estimates and judgments made by management that may have significant effects on the amounts in the consolidated financial statements are as follows:

(1) Impairment of non-financial assets: Note 3 (10) “Impairment of non-financial assets”
(2) Measurement of defined benefit obligation: Note 3 (11) "Employee benefits"
(3) Provision for compensation for products: Note 3 (12) “Provisions”
(4) Recoverability of deferred tax assets: Note 3 (15) "Income taxes"

5. Accounting Standards and Interpretations Issued but Not Yet Adopted

The new or amended standards and interpretations that have been issued up to the date of approval of the consolidated financial statements, which are not early adopted by the Group, are mainly as follows.

IFRS	Title	Mandatory effective date (Fiscal year beginning on or after)	Year of adoption by the Group	Outline of new /amended standards
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	Fiscal year ending March 31, 2019	Clarification of framework for revenue recognition
IFRS 9	Financial Instruments (Amended in July 2014)	January 1, 2018	Fiscal year ending March 31, 2019	Classification, measurement and recognition of financial instruments, etc.
IFRS 16	Leases	January 1, 2019	Fiscal year ending March 31, 2020	Amendment of accounting for lease contract

IFRS15, “Revenue from Contracts with Customers”, specifies recognition of revenue and the Group shall apply this standard to fiscal year beginning on April 1, 2018. This new standard replaces current IAS 18, “Revenue”, and IAS11, “Construction Contracts”. The Group is estimating the impact by adoption of the standard and it is assumed that the impact to the consolidated financial statements is insignificant, although it may result in changes in revenue from contracts with automobile sales.

IFRS9, “Financial Instruments”, replaces current IAS 39, “Recognition and Measurement”. Main changes by adoption of this standard are as follows:

(1) Changes in classification categories of financial instruments
(2) Changes of treatment related to valuation difference in subsequent measurement of financial instruments
(3) Application of expected credit loss impairment model to receivables, etc.
(4) Simplification of requirements relating to hedge effectiveness testing in general hedge accounting
(5) Changes in cost of hedging

The Group assumes that there is no significant impact to the consolidated financial statements by applying this standard.

Main changes by adoption of IFRS 16, “Leases”, are as follows:

(1) Current IAS 17, “Leases”, requires an entity to provide the information of obligation of payment relating to operating lease transactions in the financial statements in the Notes section, while IFRS 16 requires to recognize right to use lease asset and obligation of lease payment as right-of-use asset and lease liability in the consolidated statement of financial position.

(2) Depreciation and interest expenses instead of rent expenses are recognized in the consolidated statement of Income. The Group is investigating any impact including the impact to financial statements by applying IFRS 16.

6. Segment Information

(1) Overview of reportable segments

The reportable segments of the Group are those units for which separate financial information is available, and which are reviewed regularly by the Group's management in order to determine allocation of resources and to assess business performance. The segments are not aggregated for reporting purposes.

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

Therefore, the Group has reportable segments, such as instruments, consumer-use products, and automobile sales based on business units categorized by products and services.

In instruments business, the Group manufactures and sells instruments for automobiles, head-up displays, instruments for motorcycles/agricultural / construction machines and boats, and various sensors. In consumer-use products business, the Group manufactures and sells operating panels for office automation (OA) and information equipment, controllers for air-conditioning and household equipment, assemblies for factory automation (FA) and amusement units, as well as high-density mounting boards. In automobile sales business, the Group is engaged in the sale of new and used automobiles, as well as the provision of car inspection and maintenance services.

(2)Revenue, segment profit or loss and other items by reportable segment

Revenue, profit or loss and other items of the Group's reportable segments are as follows:

For the year ended March 31, 2017

(Unit: Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Total on consolidated statement of income
	Instruments	Consumer-use products	Automobile sales	Total				
Revenue								
Customers	195,990	11,398	21,435	228,824	17,142	245,967	—	245,967
Intersegment	—	—	34	34	16,679	16,713	(16,713)	—
Total revenue	195,990	11,398	21,469	228,859	33,821	262,681	(16,713)	245,967
Segment profit (loss)	15,188	18	1,055	16,263	(833)	15,430	(257)	15,172
Finance income	—	—	—	—	—	—	—	2,188
Finance costs	—	—	—	—	—	—	—	(2,003)
Profit before tax	—	—	—	—	—	—	—	15,356
Segment assets	203,892	9,858	12,070	225,821	16,279	242,101	51,178	293,279
Other items								
Depreciation and amortization	6,858	240	502	7,601	761	8,363	97	8,461
Impairment loss	—	—	—	—	812	812	—	812
Capital expenditure	9,710	285	1,153	11,148	1,171	12,320	383	12,703

(Note)

1. "Others" is the business segment that is not categorized as reportable segment and includes production and sales of liquid crystal display panels and modules, transportation of cargoes, development and sales of software, entrusted accounting business and the processing and sales of resin materials etc.
2. The breakdown of "Adjustment" is as follows:
   (1) Segment profit (loss) totaling (257) million is elimination of inter-segment transactions, etc.
   (2) Corporate assets totaling 51,677 million are included in adjustment of segment assets. Main corporate assets are the Company`s cash, deposits and investment securities.
   (3) Adjustment totaling 97 million in depreciation and amortization is for corporate assets.
   (4) Capital expenditure totaling 383 million is investment to corporate assets.

For the year ended March 31, 2018

(Unit: Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Total on consolidated statement of income
	Instruments	Consumer-use products	Automobile sales	Total				
Revenue								
Customers	206,993	14,037	22,826	243,856	19,307	263,163	—	263,163
Intersegment	—	—	64	64	17,393	17,457	(17,457)	—
Total revenue	206,993	14,037	22,890	243,921	36,700	280,621	(17,457)	263,163
Segment profit (loss)	11,308	(532)	1,140	11,916	2,701	14,617	(507)	14,109
Finance income	—	—	—	—	—	—	—	2,392
Finance costs	—	—	—	—	—	—	—	(648)
Profit before tax	—	—	—	—	—	—	—	15,854
Segment assets	198,484	11,224	12,471	222,181	19,500	241,681	56,451	298,132
Other items								
Depreciation and amortization	7,577	317	511	8,406	661	9,068	74	9,142
Impairment loss	—	53	—	53	—	53	—	53
Capital expenditure	9,752	327	843	10,923	1,149	12,072	222	12,295

(Note)

1. "Others" is the business segment that is not categorized as reportable segment and includes production and sales of liquid crystal display panels and modules, transportation of cargoes, development and sales of software, entrusted accounting business and the processing and sales of resin materials etc.
2. The breakdown of "Adjustment" is as follows:
   (1) Segment profit (loss) totaling (507) million is elimination of inter-segment transactions, etc.
   (2) Corporate assets totaling 56,405 million are included in adjustment of segment assets. Main corporate assets are the Company`s cash, deposits and investment securities.
   (3) Adjustment totaling 74 million in depreciation and amortization is for corporate assets.
   (4) Capital expenditure totaling 222 million is investment to corporate assets.

(3) Information by region

Revenue from customers and non-current assets (excluding financial assets, deferred tax assets, retirement benefit assets and rights arising under insurance contracts) of the Group by geographical region are as follows. Revenue from customers is classified by country and area based on geographic location.

1) Revenue from customers

(Unit: Millions of yen)

2017				
Japan	Americas	Europe	Asia	Total
97,121	62,948	21,304	64,592	245,967

(Unit: Millions of yen)

2018				
Japan	Americas	Europe	Asia	Total
90,085	55,231	25,221	92,624	263,163

2) Non-current assets

(Unit: Millions of yen)

April 1, 2016 (Transition date)				
Japan	Americas	Europe	Asia	Total
38,719	8,631	1,639	13,835	62,825

(Unit: Millions of yen)

2017				
Japan	Americas	Europe	Asia	Total
40,676	8,883	1,753	13,810	65,123

(Unit: Millions of yen)

2018				
Japan	Americas	Europe	Asia	Total
43,817	8,212	2,012	13,676	67,718

(4) Information about major customers

Revenue from an individual customer accounted for more than 10 % of consolidated revenue is as follows:

(Unit: Millions of yen)

Name of customer	Segment	2017	2018
Honda Motor Corporation and its subsidiaries	Instruments	51,456	59,236
General Motors Company and its subsidiaries	Instruments	26,151	29,189

7. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Cash and deposits	41,548	38,212	42,637

The balance of "cash and cash equivalents" on the consolidated statement of financial position is consistent with "cash and cash equivalents" on the consolidated statement of cash flows.

8. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Trade receivables	37,643	38,233	37.927
Note and electronically recorded monetary claims	5,598	6,358	7,317
Accounts receivable - other	6,711	4,020	5,561
Other	90	73	26
Allowance for doubtful accounts	(169)	(332)	(274)
Total	49,873	48,353	50,559
Current	49,816	48,313	50,542
Non-current	57	40	16
Total	49,873	48,353	50,559

9. Other Financial Assets and Other Financial Liabilities

(1) The breakdown of other financial assets

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Other financial assets			
Financial assets measured at fair value through profit or loss	—	135	37
Available-for-sale financial assets	19,654	21,712	23,589
Loans and receivables	76,983	66,832	63,880
Total	96,638	88,680	87,507
Current	17,859	65,378	62,212
Non-current	78,778	23,302	25,294
Total	96,638	88,680	87,507

(2) The breakdown of other financial liabilities

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Other Financial liabilities			
Financial liabilities measured at amortized cost	288	299	442
Total	288	299	442
Current	112	95	123
Non-current	175	204	319
Total	288	299	442

10. Inventories

The breakdown of inventories is as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Merchandise and finished goods	13,045	16,751	15,840
Work in process	3,559	4,022	4,069
Raw materials and supplies	22,321	23,104	20,763
Total	38,926	43,878	40,674

1. Inventories recognized as an expense account for a large part of cost of revenue.
2. The amounts of write-down of inventories to net realizable value recognized as cost of revenue are as follows:

(Unit: Millions of yen)

	2017	2018
The amounts of write-down	396	158

11. Property, Plant and Equipment

(1) Schedule of property, plant and equipment

The breakdown and schedule of property, plant and equipment are as follows:

1) Acquisition costs

(Unit: Millions of yen)

	Buildings	Structures	Machinery and equipment	Vehicles	Tools, fixture and fixtures	Land	Construction in progress	Total
As of April 1, 2016	42,203	3,358	58,019	1,822	39,761	18,041	2,257	165,465
Acquisition (Note)	1,503	160	4,485	803	3,297	577	7,402	18,229
Sales or disposal	(411)	(43)	(793)	(97)	(1,448)	(1,060)	(1)	(3,856)
Transfer (Note)	—	—	—	—	—	—	(6,477)	(6,477)
Foreign currency translation adjustments	(337)	(0)	(1,155)	(5)	(229)	(15)	(37)	(1,781)
Other	(2)	—	(68)	(486)	(53)	—	(66)	(676)
As of March 31, 2017	42,955	3,474	60,487	2,036	41,327	17,542	3,077	170,901
Acquisition (Note)	1,889	195	4,585	783	3,176	147	6,403	17,180
Sales or disposal	(632)	(38)	(1,676)	(92)	(1,313)	(28)	(1)	(3,782)
Transfer (Note)	—	—	—	—	—	—	(6,716)	(6,716)
Foreign currency translation adjustments	(132)	(9)	153	(9)	(191)	(18)	8	(200)
Other	(18)	—	(31)	(535)	39	(20)	(100)	(667)
As of March 31, 2018	44,061	3,621	63,519	2,182	43,037	17,622	2,670	176,715

(Note) The reduction of “Transfer” is transferred to the increase of “acquisition” in each asset.

2) Accumulated depreciation and accumulated impairment loss

(Unit: Millions of yen)

	Buildings	Structures	Machinery and equipment	Vehicles	Tools, fixture and fixtures	Land	Total
As of April 1, 2016	(26,223)	(2,797)	(43,141)	(944)	(32,428)	(1,947)	(107,483)
Depreciation	(1,347),	(88)	(3,047)	(363)	(2,584)	—	(7,431)
Impairment loss	(29)	(3)	(385)	—	(9)	(173)	(601)
Sales or disposal	377	40	715	308	1,343	1,059	3,845
Foreign currency translation adjustments	178	3	681	10	144	—	1,019
Other	2	—	(12)	(5)	(35)	—	(51)
As of March 31, 2017	(27,041)	(2,844)	(45,190)	(994)	(33,570)	(1,061)	(110,702)
Depreciation	(1,230)	(108)	(3,435)	(318)	(2,651)	—	(7,743)
Impairment loss	(0)	—	—	—	(42)	—	(43)
Sales or disposal	466	36	1,430	86	1,261	—	3,281
Foreign currency translation adjustments	(25)	8	(256)	6	178	—	(87)
Other	(18)	(0)	(23)	225	(142)	—	40
As of March 31, 2018	(27,850)	(2,908)	(47,475)	(993)	(34,967)	(1,061)	(115,255)

Depreciation of property, plant and equipment is included in "cost of revenue" and "selling, general and administrative expenses" in the consolidated statement of income. The information of impairment loss is disclosed in Note "13 Impairment Loss."

3) Carrying amount

(Unit: Millions of yen)

	Buildings	Structures	Machinery and equipment	Vehicles	Tools, fixture and fixtures	Land	Construction in progress	Total
As of April 1, 2016	15,980	561	14,877	877	7,332	16,094	2,257	57,981
As of March 31, 2017	15,914	629	15,297	1,042	7,756	16,481	3,077	60,199
As of March 31, 2018	16,211	713	16,043	1,189	8,070	16,561	2,670	61,459

Carrying amount of leased assets under finance leases including in each property, plant and equipment is as follow:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Machinery and equipment	89	78	71
Tools, fixture and fixtures	164	171	281
Total	253	249	353

(2) Carrying amount of assets pledged as collateral for funding and guarantee transaction as at transition date, March 31, 2017 and March 31, 2018 is as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Property, plant and equipment	567	506	475

12. Goodwill and Intangible Assets

The breakdown and schedule of intangible assets are as follows:

(1) Acquisition costs

(Unit: Millions of yen)

	Software	Development cost	Software in progress	Other	Total
As of April 1, 2016	6,628	1,415	871	11	8,927
Acquisition	1,125	―	194	0	1,320
Increase arising from internal development	―	70	―	―	70
Sales or disposal	(4)	―	―	―	(4)
Transfer	―	―	―	―	―
Foreign currency translation adjustments	(0)	―	0	―	(0)
Other	3	―	―	―	3
As of March 31, 2017	7,752	1,486	1,065	12	10,316
Acquisition (Note)	1,358	―	1,314	―	2,672
Increase arising from internal development	―	0	―	―	0
Sales or disposal	(18)	―	―	―	(18)
Transfer (Note)	―	―	(13)	―	(13)
Foreign currency translation adjustments	(14)	―	(0)	―	(15)
Other	9	(108)	―	―	(98)
As of March 31, 2018	9,086	1,378	2,365	12	12,843

(Note) Acquisition totaling 2,672 million includes transfer totaling 13 million.

(2) Accumulated depreciation and accumulated impairment loss

(Unit: Millions of yen)

	Software	Development cost	Other	Total
As of April 1, 2016	(4,472)	(418)	(6)	(4,897)
Amortization	(899)	(253)	(0)	(1,153)
Impairment loss	(210)	―	―	(210)
Sales or disposal	4	―	―	4
Foreign currency translation adjustments	8	―	―	8
Other	(11)	―	―	(11)
As of March 31, 2017	(5,582)	(671)	(6)	(6,260)
Amortization	(926)	(345)	(0)	(1,272)
Impairment loss	(10)	―	―	(10)
Sales or disposal	13	―	―	13
Foreign currency translation adjustments	15	―	―	15
Other	(206)	108	―	(98)
As of March 31, 2018	(6,696)	(909)	(7)	(7,613)

1. The amortization of intangible assets is included in “cost of revenue” and “selling, general and administrative expenses” in the consolidated statement of income.
2. The amount of development expenses recognized in profit or loss during the fiscal years ended March 31, 2017 and 2018 is ¥4,404 million and ¥4,147 million respectively and is included in “cost of revenue” and “selling, general and administrative expenses” in the consolidated statement of income.

(3) Carrying amount

(Unit: Millions of yen)

	Software	Development cost	Software in progress	Other	Total
As of April 1, 2016	2,155	997	871	5	4,029
As of March 31, 2017	2,170	814	1,065	5	4,055
As of March 31, 2018	2,390	468	2,365	5	5,229

13. Impairment Loss

(1) Property, plant and equipment

The Group recognized an impairment loss for the following assets:

For the fiscal year ended March 31, 2017

(Unit: Millions of yen)

Segment	Purpose of use	Type of assets	Amount
Others	Production of liquid crystal display panels and modules	Buildings and structures, machinery, equipment and vehicles, tools, fixture and fixtures, land	601

Assets are grouped by reporting segment. Due to environment changes to business of liquid crystal displays and modules categorized in "Others", the Group reduced the carrying amount of the assets to recoverable amount and the reduction was recognized as an impairment loss in profit or loss. Recoverable amount of the assets was measured by net sale prices or value in use. The Group determined net sale prices primarily by making reasonable adjustments to appraisal values in accordance with the "Real Estate Appraisal Standards". Recoverable amount based on value in use was appraised at 0 because future cash flows are negative.

For the fiscal year ended March 31, 2018

(Unit: Millions of yen)

Segment	Purpose of use	Type of assets	Amount
Consumer-use products	Equipment for design and development, etc.	Buildings and structures, tools, fixture and fixtures	43

Assets are grouped by reporting segment. Due to environment changes to business of Consumer-use products, the Group reduced the carrying amount of the assets to recoverable amount and the reduction was recognized as an impairment loss in profit or loss. Recoverable amount of the assets was measured by value in use. Recoverable amount based on value in use was appraised at 0 because future cash flows are negative.

(2) Intangible assets

The Group recognized an impairment loss for the following assets:

For the fiscal year ended March 31, 2017

(Unit: Millions of yen)

Segment	Purpose of use	Type of assets	Amount
Others	Production of liquid crystal display panels and modules	Software	210

Due to environment changes to business of liquid crystal displays and modules categorized in "Others", the Group reduced the carrying amount of the assets to recoverable amount and the reduction was recognized as an impairment loss in profit or loss. Recoverable amount of the assets was measured by value in use. Recoverable amount based on value in use was appraised at 0 because future cash flows are negative.

For the fiscal year ended March 31, 2018

(Unit: Millions of yen)

Segment	Purpose of use	Type of assets	Amount
Consumer-use products	Equipment for design and development, etc.	Software	10

Due to environment changes to Consumer-use products business, the Group reduced the carrying amount of the assets to recoverable amount and the reduction was recognized as an impairment loss in profit or loss. Recoverable amount of the assets was measured by value in use. Recoverable amount based on value in use was appraised at 0 because future cash flows are negative.

14. Income Taxes

(1) Deferred tax assets and deferred tax liabilities

The breakdown and schedule of deferred tax assets and deferred tax liabilities are as follows:

For the fiscal year ended March 31, 2017

(Unit: Millions of yen)

	As of April 1, 2016	Recognized in profit or loss	Recognized in other comprehensive income	As of March 31, 2017
Deferred tax assets				
Inventories	1,568	13	—	1,582
Employees' salaries	1,972	35	7	2,015
Property, plant and equipment and intangible assets	2,801	408	—	3,209
Accrued expenses	379	(76)	—	302
Provisions	450	745	—	1,195
Other	114	405	—	520
Total	7,286	1,531	7	8,826
Deferred tax liabilities				
Property, plant and equipment and intangible assets	1,786	(261)	—	1,524
Available-for-sale financial assets	2,617	—	549	3,167
Undistributed retained earnings of foreign subsidiaries	2,253	91	—	2,345
Other	783	(12)	—	770
Total	7,441	(182)	549	7,807

For the fiscal year ended March 31, 2018

(Unit: Millions of yen)

	As of April 1, 2017	Recognized in profit or loss	Recognized in other comprehensive income	As of March 31, 2018
Deferred tax assets				
Inventories	1,582	(315)	—	1,266
Employees' salaries	2,015	(130)	16	1,901
Property, plant and equipment and intangible assets	3,209	455	—	3,664
Accrued expenses	302	78	—	381
Provisions	1,195	(315)	—	880
Other	520	(496)	—	23
Total	8,826	(725)	16	8,117
Deferred tax liabilities				
Property, plant and equipment and intangible assets	1,524	(560)	—	964
Available-for-sale financial assets	3,167	—	588	3,755
Undistributed retained earnings of foreign subsidiaries	2,345	(78)	—	2,266
Other	770	(123)	—	647
Total	7,807	(762)	588	7,633

(2) Unrecognized deferred tax assets

The amount of deductible temporary differences and unused tax losses, for which no deferred tax assets were recognized, is as follows. The amount of deductible temporary differences and unused tax losses is described as income basis amount.

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Deductible temporary differences	826	555	609
Unused tax losses	1,038	1,467	540

Unused tax losses for which no deferred tax assets are recognized expire as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
1st year	36	56	32
2nd year	56	32	—
3rd year	32	—	1
4th year	—	1	—
5th year and thereafter	912	1,376	506
Total	1,038	1,467	540

(3) Income taxes

The breakdown of income tax expense is as follows:

(Unit: Millions of yen)

	2017	2018
Current income tax	(5,909)	(3,728)
Deferred income tax	1,749	(73)
Total	(4,159)	(3,801)

(4) Reconciliation between the applicable and effective tax rate

The reconciliation between the applicable tax rate and the effective tax rate is as follows:

(Unit: Millions of yen)

	2017	2018
Statutory income tax rate	30.6%	30.6%
(Reconciliation)		
Items such as entertainment expenses that are not deductible permanently	3.6%	1.0%
Items such as dividends that are excluded from income permanently	(1.8%)	(2.2%)
Special tax exemption	(1.9%)	(0.5%)
Business tax on foreign income	(0.6%)	(1.5%)
Difference on tax rates applied to foreign Subsidiaries	2.2%	(1.1%)
Valuation allowance	(2.1%)	0.4%
Undistributed retained earnings of foreign subsidiaries	(0.6%)	(0.5%)
Other	(2.3%)	(2.2%)
Effective tax rate	27.1%	24.0%

15. Trade and Other Current Payables

The breakdown of trade and other current payables is as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Trade payables	31,158	29,849	29,429
Notes and electronically recorded obligations	2,397	2,326	1,976
Accounts payable - other	9,306	9,988	10,710
Notes payable - facilities	296	634	571
Other	1,621	1,371	1,896
Total	44,780	44,169	44,583

16. Loans

(1)The breakdown of loans

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018	Average interest rate	Repayment period
Current					
Financial liabilities measured at amortized cost					
Short-term loans	57,199	50,297	42,614	0.30%	—
Long-term loans to be repaid within one year	4,550	4,301	4,201	0.30%	—
Total	61,749	54,598	46,815		
Non-current					
Financial liabilities measured at amortized cost					
Long-term loans	8,587	7,452	13,116	0.09%	From Dec. 10, 2019 to Dec. 29, 2023
Total	8,587	7,452	13,116		

Average interest rate indicates the weighted-average interest rates applicable to borrowings at each fiscal year end..

(2) Changes in liabilities associated with Cash flows from financing activities:

(Unit: Millions of yen)

	Borrowings
As of April 1, 2017	62,051
Changes in cash flow by proceeds and repayments	
(Decrease) increase in short-term loans, net	(7,535)
Proceeds from long-term loans	10,000
Repayments of long-term loans	(4,400)
Total changes in cash flows from financing activities	(1,935)
Foreign currency translation adjustments	(183)
As of March 31, 2018	59,932

17. Provisions

The schedule of provisions is as follows:
For the fiscal year ended March 31, 2017

(Unit: Millions of yen)

	Provision for compensation for products	Provision for loss on litigation	Provision for loss on liquidation of subsidiaries and associates	Other	Total
As of April 1, 2016	599	870	—	316	1,786
Provision made	3,042	—	46	2	3,092
Provision used	(149)	—	—	—	(149)
Provision reversed	(217)	—	—	(219)	(436)
Foreign currency translation adjustments	(0)	(3)	—	(32)	(36)
As of March 31, 2017	3,274	867	46	67	4,256
Current	3,274	867	46	—	4,188
Non-current	—	—	—	67	67

For the fiscal year ended March 31, 2018

(Unit: Millions of yen)

	Provision for compensation for products	Provision for loss on litigation	Provision for loss on liquidation of subsidiaries and associates	Other	Total
As of March 31, 2017	3,274	867	46	67	4,256
Provision made	110	—	—	2	113
Provision used	(648)	(537)	(3)	—	(1,189)
Provision reversed	(8)	—	(43)	—	(51)
Foreign currency translation adjustments	(1)	(20)	—	(1)	(23)
As of March 31, 2018	2,727	309	–	68	3,104
Current	2,727	309	—	—	3,036
Non-current	—	—	—	68	68

18. Employee Benefits

The Company has both unfunded defined benefit and defined contribution plans. Its consolidated subsidiaries have funded defined benefit, unfunded defined benefit and defined contribution plans. Funded defined benefit plans provide pensions to the employees based on their salary and length of service. The payments of retirement allowance are also determined based on salary and the length of service.

(1) Defined benefit plans
1) The Breakdown of defined benefit obligation and plan assets
The breakdown of defined benefit obligation and plan assets are as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Present value of funded defined benefit obligations	327	317	254
Fair value of plan assets	(177)	(193)	(151)
Subtotal	150	123	102
Present value of unfunded defined benefit obligations	2,806	2,995	3,285
Defined benefit obligation and assets (net)	2,956	3,118	3,388

2) Changes in present value of retirement benefit obligations

Changes in present value of retirement benefit obligations are as follows:

(Unit: Millions of yen)

	2017	2018
Balance beginning of year	3,134	3,312
Service cost	293	302
Interest cost	37	53
Changes by remeasurement		
Actuarial gain or loss arising from changes in demographic assumptions	1	(0)
Actuarial gain or loss arising from changes in financial assumptions	59	70
Other	(18)	(19)
Benefits paid	(209)	(191)
Past service cost	17	(8)
Other	(4)	20
Balance end of year	3,312	3,540

3) Significant actuarial assumptions and sensitivity analysis

The significant actuarial assumptions are as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Discount rate	1.99%	1.69%	1.50%
Salary raise percentage	3.91%	3.28%	3.82%

The effects on the present value of defined benefit obligations by assuming a 0.5% increase or decrease are as follows:

(Unit: Millions of yen)

Changes in assumptions		April 1, 2016 (Transition date)	2017	2018
Discount rate	Increase of 0.5%	(134)	(109)	(128)
	Decrease of 0.5%	146	113	139

The present values of the defined benefit obligations in cases of a 0.5% increase and decrease in the discount rate are calculated in the same manner as used in the calculation of present values of the defined benefit obligations recognized in the consolidated statement of financial position, and thereby, the differences from the actual present values of the defined benefit obligations are determined as the result of the sensitivity analysis. In such analysis, it is assumed that variables other than the discount rate remain fixed. However, in practice, changes in some of the assumptions may occur and affect the result.

4) Information on the maturity composition of defined benefit obligations

The weighted average duration is as follows:

	April 1, 2016 (Transition date)	2017	2018
Weighted average duration	8.7 years	8.5 years	10.0 years

5) Schedule of fair value of plan assets

The changes in fair value of plan assets are as follows:

Unit: Millions of yen)

	2017	2018
Balance beginning of year	177	193
Interest income (Note)	0	1
Changes by remeasurement		
Return on plan assets	0	—
Contributions by the employer	27	30
Benefits paid	(23)	(72)
Other	10	(2)
Balance end of year	193	151

(Note) Interest income is measured by multiplying the fair value of plan assets at the beginning of the fiscal year by the discount rate used for the calculation of the present value of defined benefit obligations.

6) The Breakdown of fair value of plan assets by type

The breakdown of fair value of plan assets by type is as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)		2017		2018	
	Plan assets that have a quoted price in an active market	Plan assets that do not have a quoted price in an active market	Plan assets that have a quoted price in an active market	Plan assets that do not have a quoted price in an active market	Plan assets that have a quoted price in an active market	Plan assets that do not have a quoted price in an active market
Bonds	30	—	29	—	25	—
Stocks	81	—	87	—	65	—
Cash and deposits	60	—	64	—	50	—
Other	—	5	—	13	—	10
Total	172	5	180	13	140	10

7) The breakdown of defined benefit cost

The breakdown of defined benefit cost is as follows:

(Unit: Millions of yen)

	2017	2018
Service cost	293	302
Net interest	36	51
Past service cost	17	(8)
Other	(20)	0
Total	327	346

These costs are included in “cost of revenue” and “selling, general and administrative expenses” in the consolidated statement of income.

(2) Defined contribution pension plans

The amount of cost recognized during the fiscal years ended March 31, 2017 and 2018 is as follows.

(Unit: Millions of yen)

	2017	2018
Contributions	3,189	3,333

The cost is included in “cost of revenue” and “selling, general and administrative expenses” in the consolidated statement of income and includes pension contributions by the employer under “Employees' Pension Insurance Act” in Japan.

(3) Employee benefits expenses

Employee benefits expenses included in “cost of revenue” and “selling, general and administrative expenses” in the consolidated statement of income are as follows:.

(Unit: Millions of yen)

	2017	2018
Wages, salaries and bonuses, etc.	38,968	41,176
Retirement benefit expenses	1,403	1,468
Other	5,194	5,468
Total	45,566	48,112

(4) Other employee benefits

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Short-term employee benefits			
Salaries payable, etc.	650	1,070	1,062
Accrued bonuses	2,256	2,274	2,273
Liabilities relating to compensated absences	1,019	956	1,020
Total	3,926	4,300	4,356
Long-term employee benefits			
Other	9	11	—
Total	9	11	—

19. Equity and Other Equity Items

(1) Management of equity

The Group makes capital, research and development investments to increase corporate value through growth on a global scale. To meet fund requirement for investments, the Group considers an appropriate balance between debts and equity and manages equity.

(2) Number of shares authorized, issued and treasury stock

(Unit: Shares)

	2017	2018
Class of shares	Ordinary shares	Ordinary shares
Number of shares authorized	220,000,000	220,000,000
Number of shares issued:		
Beginning of year	60,907,599	60,907,599
Increase(decrease)	—	—
End of year	60,907,599	60,907,599
Number of treasury stock:		
Ordinary shares	3,650,974	3,642,961

(3) Information on surplus included in equity

1) Capital surplus

The components of capital surplus are as follows:

(i) Legal capital surplus

Under the Companies Act of Japan (the "Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to "Capital stock." The remainder of the proceeds shall be credited to "Capital surplus." The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from "Capital surplus" to "Capital stock."

(ii) Other capital surplus

Changes in the ownership interest in a subsidiary without a loss of control is treated as an equity transaction, and the amount equivalent to goodwill, negative goodwill, etc., incurred in connection with any such changes is recorded in other capital surplus.

(iii) Stock acquisition rights

Stock acquisition rights are those issued for stock option remuneration plan.

2) Retained earnings

The components of retained earnings are as follows:

(i) Legal retained earnings

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as "Capital surplus" or as a legal reserve until the aggregate amount of the "Capital surplus" and the legal reserve equals to 25% of "Capital stock." The legal reserve may be used to eliminate or reduce a deficit or be transferred to "Retained earnings" upon approval at the general meeting of shareholders.

In some foreign subsidiaries local laws stipulate that dividend of retained earnings shall be appropriated as "Capital surplus" or as a legal reserve.

(ii) Other retained earnings
Other retained earnings represent the accumulated amount of profit earned by the Group.

(4) Information on other components of equity
1) Gains or losses on financial assets measured at fair value through other comprehensive income
This is the accumulated amount of changes in fair value of financial assets measured at fair value through other comprehensive income.

2) Remeasurements of net defined benefit liabilities (assets)
Remeasurements of net defined benefit liabilities (assets) comprise actuarial gain or loss and the return on plan assets (excluding the amount included in net interest on defined benefit liabilities (assets)). Remeasurements of defined benefit liabilities (assets), net, are recognized as other comprehensive income in the fiscal year in which they occurred and are immediately transferred to retained earnings.

3) Foreign currency translation adjustments
This is an accumulated amount of exchange differences occurring when standalone financial statements of foreign subsidiaries prepared in foreign currencies are translated into Japanese yen upon consolidation.

20. Dividends

For the fiscal year ended March 31, 2017
(1) Cash dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 13, 2016	Ordinary shares	1,030	18.0	March 31, 2016	Jun 29, 2016
Board of Directors' meeting held on October 28, 2016	Ordinary shares	973	17.0	September 30, 2016	December 9, 2016

(2) Dividends with a record date in the fiscal year ended March 31, 2017 and an effective date in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2017	Ordinary shares	1,030	18.0	March 31, 2017	Jun 29, 2017

For the fiscal year ended March 31, 2018

(1) Cash dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2017	Ordinary shares	1,030	18.0	March 31, 2017	Jun 29, 2017
Board of Directors' meeting held on October 27, 2017	Ordinary shares	973	17.0	September 30, 2017	December 12, 2017

(2) Dividends with a record date in the fiscal year ended March 31, 2018 and an effective date in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 14, 2018	Ordinary shares	1,431	25.0	March 31, 2018	Jun 28, 2018

21. Revenue

The breakdown of revenue is as follows:

(Unit: Millions of yen)

	2017	2018
Sales of goods	242,089	259,266
Rending services	3,878	3,897
Total	245,967	263,163

22. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

(Unit: Millions of yen)

	2017	2018
Packing and transportation expenses	(5,919)	(5,675)
Employees' salaries	(9,931)	(10,171)
Provision of allowance for doubtful accounts	(154)	(38)
Provision for compensation for products	(2,494)	(80)
Retirement benefit expenses	(472)	(505)
Provision for directors' retirement benefits	(41)	(35)
Depreciation	(1,392)	(1,557)
Other	(11,668)	(12,316)
Total	(32,076)	(30,380)

23. Other Income and Other Expenses

(1) The breakdown of other income

(Unit: Millions of yen)

	2017	2018
Gain on sales of non-current assets	90	89
Other	1,059	729
Total	1,150	818

(2) The breakdown of other expenses

(Unit: Millions of yen)

	2017	2018
Loss on sales of non-current assets	(39)	(78)
Loss on retirement of non-current assets	(102)	(123)
Impairment loss	(812)	(53)
Provision for loss on liquidation of subsidiaries and associates	(47)	—
Settlement package	(127)	(1,162)
Other	(428)	(149)
Total	(1,557)	(1,567)

24. Finance Income and Finance Costs

(1) The breakdown of finance income

(Unit: Millions of yen)

	2017	2018
Interest income		
Cash and cash equivalents	107	100
Loans and receivables	1,580	1,765
Dividend income		
Available-for-sale financial assets	481	526
Gain on sales		
Available-for-sale financial assets	18	0
Total	2,188	2,392

(2) The breakdown of finance costs

(Unit: Millions of yen)

	2017	2018
Interest expenses		
Borrowings	(244)	(186)
Other	(4)	(4)
Foreign exchange losses	(1,755)	(456)
Total	(2,003)	(648)

25. Earnings per Share

(1) Basis of calculating basic earnings per share

1) Profit for the year attributable to owners of the parent company

(Unit: Millions of yen)

	2017	2018
Profit for the year attributable to owners of the parent company	10,164	11,105

2) Weighted average number of ordinary shares – basic

(Unit: Thousands of shares)

	2017	2018
Weighted average number of ordinary shares – basic	57,262	57,262

(2) Basis of calculating diluted earnings per share

1) Profit for the year attributable to owners of the parent company – diluted

(Unit: Millions of yen)

	2017	2018
Profit for the year attributable to owners of the parent company – diluted	10,164	11,105

2) Weighted average number of ordinary shares –diluted

(Unit: Thousands of shares)

	2017	2018
Weighted average number of ordinary shares – basic	57,262	57,262
Dilutive potential ordinary shares	77	78
Weighted average number of ordinary shares – diluted	57,340	57,340

26. Other Comprehensive Income

The amount of changes and income tax effects relating to each component of other comprehensive income for each year, including non-controlling interests, are as follows:

(Unit: Millions of yen)

	2017	2018
Items that will not be reclassified to profit or loss		
Remeasurements of the net defined benefit liabilities (assets)		
Amount arising during the year	(42)	(50)
Tax effect	7	16
Subtotal	(35)	(34)
Items that may be reclassified to profit or loss		
Changes in fair value measurements of available-for-sale financial assets		
Amount arising during the year	2,026	1,862
Reclassification to profit or loss	(18)	(0)
Tax effect	(568)	(571)
Subtotal	1,439	1,290
Foreign currency translation adjustments		
Amount arising during the year	(1,359)	(4,607)
Reclassification to profit or loss	－	9
Subtotal	(1,359)	(4,598)
Total other comprehensive income (loss)	45	(3,341)

27. Financial Instruments

(1) Capital management

The Group's basic policy for capital management is to aim increase of corporate value while achieving a good balance between financial stability and capital efficiency. In financial stability, assessment by credit rating agencies is one of the standards and the Group endeavors to procure funds from external institutions with low cost by maintaining a high credit rating for long-term borrowings.

In capital efficiency, the Group gives priority to procuring funds by debt while maintaining a high credit rating and reduces total capital costs by restraint of capital size. The Group is not exposed to material capital restrictions by external parties.

(2) The Breakdown of Financial instruments

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Financial assets			
Loans and receivables			
Trade and other receivables	49,873	48,353	50,559
Other financial assets	76,983	66,832	63,880
Available-for-sale financial assets			
Other financial assets	19,654	21,712	23,589
Cash and cash equivalents	41,548	38,212	42,637
Financial assets measured at fair value through profit or loss			
Other financial assets	－	135	37
Total	188,060	175,246	180,703
Financial liabilities			
Financial liabilities measured at amortized cost			
Trade and other liabilities	44,780	44,169	44,583
Loans	70,337	62,051	59,932
Other financial liabilities	288	299	442
Total	115,406	106,520	104,958

(3) Financial instruments risk

1) Credit risk management

i) Credit risk management

Notes, electronically recorded monetary claims and accounts receivable - trade are exposed to customer credit risk. The Group manages 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.

ii) Credit risk exposure

An aging analysis of financial assets that are past due but not impaired is as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Within 90 days past due	153	17	167
Within one year past due	5	140	125
More than one year past due	6	84	106
Total	165	242	399

When a financial asset is impaired, the carrying amount of the financial asset is not reduced by the impairment loss directly and the amount is reduced through the use of allowance for doubtful accounts.

The movement in allowance for doubtful accounts is as follows:

(Unit: Millions of yen)

	2017	2018
Beginning balance	169	332
Increase	183	36
Decrease by use	(1)	–
Decrease by reversal	(3)	(108)
Other	(16)	13
Ending balance	332	274

2) Liquidity risk

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

Short-term loans are used mainly in connection with business activities. Long-term loans and leases are taken out principally for the purpose of capital investments.

Trading liabilities and borrowings are exposed to liquidity risk. The Group prepares and updates cash flow plans monthly to manage liquidity risk.

Financial liabilities by maturity are as follows:

For the fiscal year ended March 31, 2017

(Unit: Millions of yen)

	Carrying amount	Contractual cash flows	Within one year	More than one year within two years	More than two years within three years	More than three years within four years	More than four years within five years	More than five years
Financial liabilities measured at amortized cost								
Trade and other liabilities	44,169	44,169	44,169	—	—	—	—	—
Long-term loans due after more than one year	7,452	7,469	—	3,866	2,353	1,250	—	—
Long-term loans due within one year	4,301	4,327	4,327	—	—	—	—	—
Short-term loans	50,297	50,433	50,433	—	—	—	—	—
Long-term leases	204	209	—	74	57	47	22	7
Short-term leases	95	99	99	—	—	—	—	—
Total	106,520	106,709	99,029	3,940	2,411	1,297	22	7

A financial asset and a financial liability arising from derivative transactions are offset and the net amount is presented.

For the fiscal year ended March 31, 2018

(Unit: Millions of yen)

	Carrying amount	Contractual cash flows	Within one year	More than one year within two years	More than two years within three years	More than three years within four years	More than four years within five years	More than five years
Financial liabilities measured at amortized cost								
Trade and other liabilities	44,583	44,583	44,583	—	—	—	—	—
Long-term loans due after more than one year	13,116	13,142	—	2,775	1,405	5,654	303	3,002
Long -term loans due within one year	4,201	4,216	4,216	—	—	—	—	—
Short-term loans	42,614	42,740	42,740	—	—	—	—	—
Long-term leases	319	325	—	107	96	71	46	4
Short-term leases	123	127	127	—	—	—	—	—
Total	104,958	105,135	91,668	2,882	1,502	5,725	349	3,007

A financial asset and a financial liability arising from derivative transactions are offset and the net amount is presented.

3) Market risk management

(i) Foreign exchange risk

The Group's main foreign exchange risk arises mainly from the Company's US dollar deposit aiming at settlement for transactions with overseas customers and suppliers. Therefore the Company mainly has the exchange risk. If the Japanese yen as a functional currency in the Company appreciates by 1% against the U.S. dollar at the fiscal year-end, effects on profit before tax by the translation of the Company's US dollar deposit are as follows.

It is assumed that currencies other than the exchange rate between the U.S. dollar and Japanese yen are fixed.

Foreign currency sensitivity analysis

(Unit: Millions of yen)

	2017	2018
Profit before tax	(162)	(134)

The above amount in parentheses shows negative effects on profit before tax if the yen appreciated 1.0% against the dollar and the effects would be positive if the yen depreciated 1% against the dollar.

The effects on other comprehensive income by translation of foreign subsidiaries are not included.

(ii) Interest rate risk

The Group raises funds through bank borrowings and is exposed to interest rate risk. To hedge the risk, the Group endeavors to fix financial cost by long-term borrowings and performs good cash flow management to receivables and payables. As a result, the effects on interest expenses by interest rate change are insignificant.

(iii) Market volatility risk

The Group holds equity instruments, such as shares of listed companies with which the Group has a business relationship, and these equity instruments are exposed to market volatility risk. The current fair value of the equity instruments and the financial status of issuers are assessed regularly and holding status is reviewed periodically.

Market volatility sensitivity analysis

Sensitivity analysis to market volatility of financial instruments is as follows:

It is based on the assumption that all parameters other than the share prices used for the calculation do not fluctuate and shows the impact on other comprehensive income (before tax effects), if the share prices of these instruments decline 10% at the fiscal year-end.

(Unit: Millions of yen)

	2017	2018
Other comprehensive income	(1,553)	(1,711)

(4) Fair value of financial instruments
1) Measurement of fair value
(Loans and receivables)
Trade and other receivables
The carrying amount approximates the fair value due to the short maturities of the instruments.
Other financial assets
Time deposits with duration exceeding three months are settled within short term and the carrying amount reasonably approximates to the respective fair value.

(Available-for-sale financial assets)
The fair value of listed shares is based on quoted market prices at reporting date and the fair value of unlisted shares is mainly based on net assets value.

(Cash and cash equivalents)
The carrying amount approximates the fair value due to the short maturities of the instruments.

(Financial assets measured at fair value through profit or loss)
The fair value is based on the quoted price, etc. provided by the relevant financial institutions.

(Financial liabilities measured at amortized cost)
Short-term loan
The carrying amount approximates the respective fair value since the instruments are settled within short term.
Long-term loan including loan due within one year
The instruments are calculated based on the present value by discounting the sum of the principal and interest at the interest rate assumed for a new similar borrowing.
Other liabilities
The carrying amount approximates the respective fair value since the instruments are settled within short term.

2) Fair value hierarchy
The levels of the fair value hierarchy are as follows:
Level 1 – Fair value measured using quoted prices in active markets
Level 2 – Fair value measured using inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly
Level 3 – Fair value measured using unobservable inputs

Any transfers of the financial instruments between levels are recognized at the date of events that causes the transfers.
When unobservable inputs were changed to alternative and reasonable assumptions in Level 3, significant changes of fair value are not considered.

3) Carrying amount and fair value of financial instruments

(Unit: Millions of yen)

	2017		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term loans	11,754	11,737	17,317	17,305

4) Financial instruments measured at fair value

The clarification by level based on fair value hierarchy of financial instruments measured at fair value is as follows:

For the fiscal year ended March 31, 2017

(Unit: Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	—	135	—	135
Available-for-sale financial assets	15,545	—	5,022	20,568
Total	15,545	135	5,022	20,703

For the fiscal year ended March 31, 2018

(Unit: Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	—	37	—	37
Available-for-sale financial assets	17,112	—	5,374	22,487
Total	17,112	37	5,374	22,525

5) The movement in fair value of financial assets categorized in Level 3 is as follows:

(Unit: Millions of yen)

	2017	2018
Beginning balance	4,813	5,022
Total gain and loss:		
Other comprehensive income	209	351
Ending balance	5,022	5,374

28. Leases

(1) Finance lease as lessee

The breakdown of future minimum lease payments under finance lease as at transition date, March 31, 2017 and March 31, 2018 is as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)		2017		2018	
	Minimum lease payments	Minimum lease payments at fair value	Minimum lease payments	Minimum lease payments at fair value	Minimum lease payments	Minimum lease payments at fair value
Within one year	112	111	95	94	123	122
More than one year to five years	163	159	197	191	312	304
More than five years	12	12	7	6	6	6
Total	288	283	299	292	442	432
Future financing cost	(4)	—	(6)	—	(9)	—
Total minimum lease payments at fair value	283	283	292	292	432	432

(2) Operating lease as lessee

1) Future minimum lease payments

The breakdown of future minimum lease payments under non-cancellable operating lease as at transition date, March 31, 2017 and March 31, 2018 is as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Within one year	95	86	46
More than one year to five years	145	126	85
More than five years	—	—	—
Total	240	212	131

The Group leases vehicles, etc. and some lease contracts cover the right for renewal.

2) Operating lease payments recognized as an expense

Operating lease payments recognized as an expense are as follows:

(Unit: Millions of yen)

2017	2018
163	161

29. Subsidiaries

The consolidated subsidiaries of the Group as at March 31, 2018 are as follows:

Company name	Location	Voting rights (%)
NS Advantech Co., Ltd.	Niigata prefecture, Japan	100.0
N.S.Electronics Co., Ltd.	Niigata prefecture, Japan	100.0
NS West Inc.	Hiroshima prefecture, Japan	100.0
NS･Computer Service Co., Ltd.	Niigata prefecture, Japan	100.0
Nissei Service Co., Ltd.	Niigata prefecture, Japan	100.0
Honda Car Sales Nagaoka Co., Ltd.	Niigata prefecture, Japan	100.0
Niigata Mazda Co., Ltd.	Niigata prefecture, Japan	100.0
UK-NSI Co., Ltd.	United Kingdom	100.0
Nippon Seiki (Europe)B.V.	Netherlands	100.0
New Sabina Industries, Inc.	U.S.A.	100.0 (7.9)
N.S.International, Ltd.	U.S.A.	100.0
Nippon Seiki De Mexico S.A. De C.V.	Mexico	100.0 (20.5)
Nissei Advantech Mexico S.A. De C.V.	Mexico	100.0 (95.59)
Nippon Seiki Do Brasil Ltda.	Brazil	100.0
Thai Nippon Seiki Co., Ltd.	Thailand	100.0
PT.Indonesia Nippon Seiki	Indonesia	70.0
Vietnam Nippon Seiki Co., Ltd.	Vietnam	70.0
NS Instruments India Private Ltd.	India	100.0 (1.0)
Hong Kong Nippon Seiki Co., Ltd.	Hong Kong	100.0 (30.0)
Dongguan Nissei Electronics Co., Ltd.	China	100.0 (30.0)
Shanghai Nissei Display System Co., Ltd.	China	80.0 (80.0)
Taiwan Nissei Display System Co., Ltd.	Taiwan	100.0
Changzhou Nissei Display System Co., Ltd.	China	100.0
Nantong NS Advantech Co., Ltd.	China	100.0 (100.0)
Wuhan Nissei Display System Co., Ltd.	China	75.0
Nissei Display Sales and Development Co., Ltd.	China	91.0 (31.0)
Other 10 companies	—	—

(Note) The percentages in parentheses in the column of "Voting rights (%)" indicate indirect ownership out of the total ownership.

30. Related parties

Management emoluments

Emoluments for the Company's directors and corporate auditors are as follows:

(Unit: Millions of yen)

	2017	2018
Basic emolument and bonus	324	340
Share-based Payment	20	14
Total	344	354

31. Share-based Payment

(1) Stock option remuneration plans

The Company adopts the stock option remuneration plans as described below.

Issuer	The Company	The Company	The Company	The Company
Date of resolution at the Board of Directors' Meeting	June 28, 2011	June 27, 2012	June 25, 2013	June 26, 2014
Grantees	Directors 15	Directors 14	Directors 13	Directors 15
Class and number of granted shares	Ordinary shares 24,700 shares	Ordinary shares 30,400 shares	Ordinary shares 13,900 shares	Ordinary shares 12,200 shares
Grant date	July 19, 2011	July 19, 2012	July 18, 2013	July 17, 2014
Vesting Conditions	No condition is set out.	No condition is set out.	No condition is set out.	No condition is set out.
Service period	No service period is stipulated.	No service period is stipulated.	No service period is stipulated.	No service period is stipulated.
Exercisable period	From July 20, 2011 to July 19, 2041	From July 20, 2012 to July 19, 2042	From July 19, 2013 to July 18, 2043	From July 18, 2014 to July 17, 2044

Issuer	The Company	The Company	The Company
Date of resolution at the Board of Directors' Meeting	June 26, 2015	June 28, 2016	June 28, 2017
Grantees	Directors 7 Operating Officers 12	Directors 6 Operating Officers 14	Directors 7 Operating Officers 4
Class and number of granted shares	Ordinary shares 8,300 shares	Ordinary shares 13,800 shares	Ordinary shares 9,000 shares
Grant date	July 17, 2015	July 20, 2016	July 20, 2017
Vesting Conditions	No condition is set out.	No condition is set out.	No condition is set out.
Service period	No service period is stipulated.	No service period is stipulated.	No service period is stipulated.
Exercisable period	From July 18, 2015 to July 17, 2045	From July 21, 2016 to July 20, 2046	From July 21, 2017 to July 20, 2047

The stock options outstanding as of March 31, 2017 and 2018 are as follows:

For the fiscal year ended March 31, 2017

	Number of options (Share)	Weighted-average exercise price(Yen)
Beginning balance	66,400	1
Granted	13,800	1
Forfeited	—	—
Exercised	—	—
Expired	—	—
Ending balance	80,200	1
Options exercisable at the end of year	—	—

For the fiscal year ended March 31, 2018

	Number of options (Share)	Weighted-average exercise price(Yen)
Beginning balance	80,200	1
Granted	9,000	1
Forfeited	—	—
Exercised	(11,900)	1
Expired	—	—
Ending balance	77,300	1
Options exercisable at the end of year	—	—

(Note) The weighted-average stock price of options as of the date of exercising, which was exercised in the reporting period, is ¥2,315.

(2) Measurement approach for fair value of stock options

The fair value of stock options is estimated using the Black-Scholes model. The fair value and assumptions used in the calculation are as follows.

	2017	2018
Fair value per stock at measuring date (Yen)	1,317.83	1,403.89
Share price at grant date (Yen)	—	—
Exercise price (Yen)	1	1
Expected volatility of the share price (%)	37.06	35.13
Expected remaining life of the option (years)	5.8	4.3
Expected dividend (Yen)	35	35
Risk-free interest rate (%)	(0.33)	(0.06)

(3) Share-based compensation recorded in consolidated statement of income

(Unit: Millions of yen)

	2017	2018
Share-based compensation recorded in Selling, general and administrative expenses	20	18

32. Commitments

Contractual commitments for the acquisition of property, plant, equipment and intangible assets are as follows:

(Unit: Millions of yen)

	April 1, 2016 (Transition date)	2017	2018
Contractual commitments for the acquisition of property, plant, equipment and intangible assets	5,442	5,297	6,861

33. First-time Adoption

The Group has disclosed its condensed consolidated financial statements in accordance with IFRS from the current first quarter accounting period (from April 1, 2017 to June 30, 2017). The most recent consolidated financial statements prepared in accordance with Japanese Generally Accepted Accounting Principles (hereinafter Japanese GAAP) are those relating to the fiscal year ended March 31, 2017, and the date of transition to IFRS is April 1, 2016.
IFRS stipulates that, in principle, an entity that adopts IFRS for the first time shall apply standards required by IFRS retrospectively. However, IFRS 1 "First-time Adoption of International Financial Reporting Standards" (hereinafter "IFRS 1") allows some exemptions on the retrospective application of certain standards required by IFRS.
The Group adopted the following exemptions when applying IFRS:

(1) Business combinations
In IFRS 1, the entity may elect to not apply IFRS 3 "Business Combinations" (hereinafter "IFRS 3") to business combinations that were recognized before the date of transition retrospectively. The Group elected this exemption and did not apply IFRS 3 to business combinations that were recognized before the date of transition retrospectively.

(2) Deemed cost
In IFRS 1, the entity may use fair value as at transition date as deemed cost for property, plant and equipment. The Group uses fair value at transition date as deemed cost for some assets.

(3) Foreign currency translation adjustments
IFRS 1 allows the entity the option of deeming the cumulative foreign currency translation adjustments to be zero at the date of transition to IFRS. The Group adopted this exemption and the cumulative foreign currency translation adjustments are deemed to be zero at the date of transition to IFRS.

Reconciliation that is required to disclose in first-time adoption is as follows:
"Reclassification" presented the items to which comprehensive income and retained earnings are not affected, while "Differences in recognition and measurement" presented the items to which comprehensive income and retained earnings are affected.

Reconciliation of equity as of the transition date to IFRS (April 1, 2016)

(Unit: Millions of yen)

Japanese GAAP		Effects by change of fiscal year- end	Re-classification	Differences in recognition and measurement	IFRS		
Account item	Amount	Amount	Amount	Amount	Amount	Note	Account item
Assets							Assets
Current assets							Current assets
Cash and deposits	58,861	539	(17,851)	–	41,548	F	Cash and cash equivalents
Notes and accounts receivable – trade	47,261	(3,468)	6,547	(524)	49,816		Trade and other current receivables
	–	–	17,859	–	17,859	F	Other current financial assets
Merchandise and finished goods	13,091	(934)	25,900	869	38,926	F	Inventories
Work in process	3,600	(77)	(3,522)	–	–	F	
Raw materials and supplies	18,917	3,460	(22,377)	–	–	F	
Deferred tax assets	2,768	(86)	(2,682)	–	–	F	
Other	9,481	667	(6,741)	170	3,577		Other current assets
Allowance for doubtful accounts	(189)	3	186	–	–		
Total current assets	153,792	103	(2,682)	515	151,729		Total current assets
Non-current assets							Non-current assets
Property, plant and equipment	53,552	991	–	3,437	57,981	A	Property, plant and equipment
Intangible assets	3,669	(105)	(478)	943	4,029	B	Goodwill and intangible assets
Investment securities	19,302	(2,431)	(16,870)	–	–		
Long-term deposits	58,122	(23)	(58,098)	–	–		
	–	–	57	–	57		Trade and other non-current receivables
	–	–	75,999	2,778	78,778		Other non-current financial assets
Deferred tax assets	1,712	35	2,682	(1,691)	2,737	F	Deferred tax assets
Other	1,990	(556)	(619)	–	813		Other non-current assets
Allowance for doubtful accounts	(10)	0	10	–	–		
Total non-current assets	138,338	(2,090)	2,682	5,468	144,398		Total non-current assets
Total assets	292,130	(1,986)	–	5,983	296,127		Total assets

(Unit: Millions of yen)

Japanese GAAP		Effects by change of fiscal year- end	Re-classification	Differences in recognition and measurement	IFRS		
Account item	Amount	Amount	Amount	Amount	Amount	Note	Account item
							Liabilities and equity
Liabilities							Liabilities
Current liabilities							Current liabilities
Notes and accounts payable - trade	32,760	795	10,691	533	44,780		Trade and other current payables
Short-term loans payable	61,693	56	—	—	61,749		Short-term loans
Lease obligations	111	(1)	—	2	112		Other current financial liabilities
Income taxes payable	1,327	13	—	—	1,340		Income tax payables
Provision for bonuses	2,132	111	(2,243)	—	—		
	—	—	2,909	1,016	3,926	C	Short-term employee benefits
Provision for directors' bonuses	70	(3)	(67)	—	—		
Provision for compensation for products	580	18	890	230	1,720		Provisions
Provision for loss on order received	19	—	(19)	—	—		
Provision for loss on litigation	870	—	(870)	—	—		
Other	12,638	(341)	(11,289)	—	1,007		Other current liabilities
Total current liabilities	112,205	650	(0)	1,782	114,637		Total current liabilities
Non-current liabilities							Non-current liabilities
Long-term loans payable	8,460	127	—	—	8,587		Long-term loans
Lease obligations	169	0	—	5	175		Other non-current financial liabilities
Deferred tax liabilities	2,957	84	0	(150)	2,892	F	Deferred tax liabilities
Provision for directors' retirement benefits	223	(25)	(197)	—	—		
Net defined benefit liability	2,985	(148)	9	120	2,966		Long-term employee benefits
Asset retirement obligations	68	(1)	—	—	66		Provisions
Other	214	29	188	—	431		Other non-current liabilities
Total non-current liabilities	15,078	66	0	(25)	15,120		Total non-current liabilities
Total liabilities	127,283	717	—	1,757	129,758		Total liabilities
Net assets							Equity
Capital stock	14,494	—	—	—	14,494		Common stock
Capital surplus	6,473	—	80	—	6,553	F	Capital surplus
Retained earnings	120,432	(817)	—	16,344	135,959	D	Retained earnings
Treasury shares	(6,314)	—	—	—	(6,314)		Treasury stock
Subscription rights to shares	80	—	(80)	—	—	F	
Accumulated other comprehensive income	19,403	(1,386)	—	(12,060)	5,956	D	Other components of equity
	154,569	(2,203)	—	4,284	156,649		Equity attributable to owners of the parent
Non-controlling interests	10,227	(500)	—	(57)	9,719		Non-controlling interests
Total net assets	164,847	(2,704)	—	4,226	166,369		Total equity
Total liabilities and net equity	292,130	(1,986)	—	5,983	296,127		Total liabilities and equity

The differences in the amount of equity under Japanese GAAP and those under IFRS are mainly due to the following reasons:

A: Depreciation of property, plant and equipment
With regard to the depreciation method of property, plant and equipment, the Group mainly adopted the declining balance method under JGAAP, however the Group has adopted the straight-line method and changed estimated useful life under IFRS. As a result, the balance of "property, plant and equipment" increased by ¥3,437 million.

B: Reconciliation of development cost
Some development costs, which were recognized as expenses under Japanese GAAP, are recognized as intangible assets since they meet requirement stipulated in IFRS 38 "Intangible Asset". As a result, the amount of "Intangible asset" increased by ¥997 million.

C. Reconciliation of liabilities relating to compensated absences
Liabilities relating to compensated absences, which was not recognized under Japanese GAAP, is recognized as a liability under IAS 19 "Employee Benefits" when compensated absences are earned and their use is deferred to later period.
As a result, the amount of "Short-term employee benefits" increased by ¥1,019 million.

D. Reconciliation of other components of equity
In applying IFRS, the Group adopted the exemption in IFRS 1 for the cumulative foreign currency translation adjustments and deemed the cumulative foreign currency translation adjustments that existed at the date of transition to IFRS to be zero. As a result, (¥14,101) million was transferred from "Other components of equity" to "Retained earnings."

E. Reconciliation relating to the end of a reporting period
As for some consolidated subsidiaries that have a different closing date from that of the parent company, the Group carries out consolidation by unifying the closing date of such subsidiaries or by preparing additional financial statements as of the end of the reporting period of the parent company. As a result, the amount of respective accounts in the consolidated statement of financial position is affected.

F. Reclassifications in presentation

The following reclassifications in presentation were made:

1) Time deposits with duration exceeding three months included in "Cash and deposits" under Japanese GAAP are included in "Other current financial assets" under IFRS.
2) "Merchandise and finished goods," "Work in process," and "Raw materials and supplies" separately presented under Japanese GAAP are collectively presented as "Inventories" under IFRS.
3) "Deferred tax assets" and "Deferred tax liabilities" are presented as non-current items under IFRS.
4) "Subscription rights to shares" separately presented under Japanese GAAP is included in "Capital surplus" under IFRS.

Reconciliation of equity as of March 31, 2017

(Unit: Millions of yen)

Japanese GAAP		Effects by change of fiscal year- end	Re-classification	Differences in recognition and measurement	IFRS		
Account item	Amount	Amount	Amount	Amount	Amount	Note	Account item
Assets							Assets
Current assets							Current assets
Cash and deposits	101,886	1,288	(64,962)	—	38,212	F	Cash and cash equivalents
Notes and accounts receivable – trade	48,478	(2,820)	3,695	(1,040)	48,313		Trade and other current receivables
	—	—	65,378	—	65,378	F	Other current financial assets
Merchandise and finished goods	16,315	(583)	27,146	1,000	43,878	F	Inventories
Work in process	4,040	(29)	(4,010)	—	—	F	
Raw materials and supplies	23,047	87	(23,135)	—	—	F	
Deferred tax assets	3,826	(32)	(3,794)	—	—	F	
Other	10,249	304	(4,458)	185	6,279		Other current assets
Allowance for doubtful accounts	(349)	2	347	—	—		
Total current assets	207,494	(1,782)	(3,794)	144	202,062		Total current assets
Non-current assets							Non-current assets
Property, plant and equipment	56,785	(51)	—	3,465	60,199	A	Property, plant and equipment
Intangible assets	3,745	(22)	(409)	742	4,055	B	Goodwill and intangible assets
Investments and other assets							
Investment securities	18,717	—	(18,717)	—	—		
	—	—	40	—	40		Trade and other non-current receivables
	—	—	20,313	2,988	23,302		Other non-current financial assets
Deferred tax assets	2,094	114	3,794	(3,252)	2,751	F	Deferred tax assets
Other	2,107	(1)	(1,237)	—	868		Other non-current assets
Allowance for doubtful accounts	(10)	0	10	—	—		
Total non-current assets	83,439	38	3,794	3,944	91,217		Total non-current assets
Total assets	290,934	(1,743)	—	4,089	293,279		Total assets

(Unit: Millions of yen)

Japanese GAAP		Effects by change of fiscal year- end	Re-classification	Differences in recognition and measurement	IFRS		
Account item	Amount	Amount	Amount	Amount	Amount	Note	Account item
							Liabilities and equity
Liabilities							Liabilities
Current liabilities							Current liabilities
Notes and accounts payable - trade	34,805	(2,629)	11,632	360	44,169		Trade and other current payables
Short-term loans payable	54,449	149	—	—	54,598		Short-term loans
Lease obligations	92	0	—	2	95		Other current financial liabilities
Income taxes payable	1,565	374	—	6	1,947		Income tax payables
	—	—	3,353	947	4,300	C	Short-term employee benefits
Provision for bonuses	2,180	100	(2,280)	—	—		
Provision for directors' bonuses	59	—	(59)	—	—		
Provision for compensation for products	3,273	0	913	—	4,188		Provisions
Provision for loss on litigation	867	—	(867)	—	—		
Provision for loss on liquidation of subsidiaries and associates	48	(1)	(46)	—	—		
Other	14,987	(1,401)	(12,646)	—	940		Other current liabilities
Total current liabilities	112,329	(3,406)	(0)	1,317	110,240		Total current liabilities
Non-current liabilities							Non-current liabilities
Long-term loans payable	7,410	42	—	—	7,452		Long-term loans
Lease obligations	201	(0)	—	3	204		Other non-current financial liabilities
Deferred tax liabilities	3,277	(1)	0	(1,542)	1,733	F	Deferred tax liabilities
Provision for directors' retirement benefits	231	—	(231)	—	—		
Net defined benefit liability	3,180	(165)	11	104	3,129		Long-term employee benefits
Asset retirement obligations	69	(1)	—	—	67		Provisions
Other	248	13	220	—	483		Other non-current liabilities
Total non-current liabilities	14,619	(113)	0	(1,435)	13,070		Total non-current liabilities
Total liabilities	126,948	(3,519)	—	(118)	123,310		Total liabilities
Net assets							Equity
Capital stock	14,494	—	—	—	14,494		Common stock
Capital surplus	5,855	154	100	—	6,110	F	Capital surplus
Retained earnings	126,203	15,899	—	1,965	144,068	D	Retained earnings
Treasury shares	(6,336)	—	—	—	(6,336)		Treasury stock
Subscription rights to shares	100	—	(100)	—	—	F	
Accumulated other comprehensive income	18,056	(14,135)	—	2,242	6,164	D	Other components of equity
	158,373	1,919	—	4,207	164,500		Equity attributable to owners of the parent
Non-controlling interests	5,611	(143)	—	—	5,468		Non-controlling interests
Total net assets	163,985	1,775	—	4,207	169,969		Total equity
Total liabilities and net equity	290,934	(1,743)	—	4,089	293,279		Total liabilities and equity

The differences in the amount of equity under Japanese GAAP and those under IFRS are mainly due to the following reasons:

A: Depreciation of property, plant and equipment
With regard to the depreciation method of property, plant and equipment, the Group mainly adopted the declining balance method under JGAAP, however the Group has adopted the straight-line method and changed estimated useful life under IFRS. As a result, the balance of "property, plant and equipment" increased by ¥3,465 million.

B: Reconciliation of development cost
Some development costs, which were recognized as expenses under Japanese GAAP, are recognized as intangible assets since they meet requirement stipulated in IFRS 38 "Intangible Asset". As a result, the amount of "Intangible Asset" increased by ¥814 million.

C. Reconciliation of liabilities relating to compensated absences
Liabilities relating to compensated absences, which was not recognized under Japanese GAAP, is recognized as a liability under IAS 19 "Employee Benefits" when compensated absences are earned and their use is deferred to later period.
As a result, the amount of "Short-term employee benefits" increased by ¥956 million.

D. Reconciliation of other components of equity
In applying IFRS, the Group adopted the exemption in IFRS 1 for the cumulative foreign currency translation adjustments and deemed the cumulative foreign currency translation adjustments that existed at the date of transition to IFRS to be zero. As a result, (¥14,101) million was transferred from "Other components of equity" to "Retained earnings."

E. Reconciliation relating to the end of a reporting period
As for some consolidated subsidiaries that have a different closing date from that of the parent company, the Group carries out consolidation by unifying the closing date of such subsidiaries or by preparing additional financial statements as of the end of the reporting period of the parent company. As a result, the amount of respective accounts in the consolidated statement of financial position is affected.

F. Reclassifications in presentation

The following reclassifications in presentation were made:

1) Time deposits with duration exceeding three months included in "Cash and deposits" under Japanese GAAP are included in "Other current financial assets" under IFRS.
2) "Merchandise and finished goods," "Work in process," and "Raw materials and supplies" separately presented under Japanese GAAP are collectively presented as "Inventories" under IFRS.
3) "Deferred tax assets" and "Deferred tax liabilities" are presented as non-current items under IFRS.
4) "Subscription rights to shares" separately presented under Japanese GAAP is included in "Capital surplus" under IFRS.

Reconciliation of comprehensive income for the fiscal year ended March 31, 2017

(Unit: Millions of yen)

Japanese GAAP		Effects by change of fiscal year- end	Re-classification	Differences in recognition and measurement	IFRS		
Account item	Amount	Amount	Amount	Amount	Amount	Note	Account item
Net Sales	240,520	5,688	—	(241)	245,967		Revenue
Cost of sales	(193,537)	(4,999)	—	225	(198,311)		Cost of revenue
Gross profit	46,982	689	—	(16)	47,655		Gross profit
Selling, general and administrative expenses	(29,686)	(126)	(2,236)	(27)	(32,076)	B	Selling, general and administrative expenses
	—	—	946	203	1,150	B	Other income
	—	—	(1,337)	(219)	(1,557)	B	Other expenses
Operating income	17,296	563	(2,627)	(60)	15,172		Operating profit
Non-operating income	3,013	15	(840)	—	2,188	B	Finance income
Non-operating expenses	(2,545)	487	54	—	(2,003)	B	Finance costs
Extraordinary income	113	(8)	(105)	—	—	B	
Extraordinary losses	(3,507)	(11)	3,518	—	—	B	
Profit before income taxes	14,370	1,046	—	(60)	15,356		Profit before tax
Income taxes	(3,974)	93	—	(92)	(4,159)		Income tax expense
Profit for the year	10,396	953	—	(152)	11,197		Profit for the year
Profit attributable to non-controlling interests	983	48	—	—	1,032		Profit attributable to non-controlling interests
Profit attributable to owners of parent	9,412	904	—	(152)	10,164		Profit attributable to owners of the parent

(Unit: Millions of yen)

Japanese GAAP		Effects by change of fiscal year-end	Re-classification	Differences in recognition and measurement	IFRS		
Account item	Amount	Amount	Amount	Amount	Amount	Note	Account item
Profit for the year	10,396	953	—	(152)	11,197		Profit for the year
Other comprehensive income							Other comprehensive income
Valuation difference on available-for-sale securities	1,279	—	—	160	1,439		Changes in fair value measurements of available-for-sale financial assets
Foreign currency translation adjustment	(3,323)	4,133	—	(2,169)	(1,359)		Foreign currency translation adjustments
Remeasurements of defined benefit plans	5	—	—	(41)	(35)		Remeasurements of net defined benefit liabilities(assets)
Total other comprehensive income	(2,038)	4,133	—	(2,049)	45		Other comprehensive income (loss) for the year
Comprehensive income	8,357	5,087	—	(2,202)	11,242		Total comprehensive income for the year
							Comprehensive income attributable to:
Comprehensive income attributable to owners of parent	8,065	3,607	—	(1,330)	10,341		Owners of the parent
Comprehensive income attributable to non-controlling interests	292	1,479	—	(871)	900		Non-controlling interests

The differences in the amount of comprehensive income under Japanese GAAP and those under IFRS are mainly due to the following reasons:

A. Reconciliation relating to the end of a reporting period

As for some consolidated subsidiaries that have a different closing date from that of the parent company, the Group carries out consolidation by unifying the closing date of such subsidiaries or by preparing additional financial statements as of the end of the reporting period of the parent company. As a result, the amount of respective accounts in the consolidated statement of income and consolidated statement of comprehensive income is affected.

B. Reclassifications in presentation

Items presented in "Selling, general and administrative expenses," "Non-operating income," "Non-operating expenses", "Extraordinary income" and "Extraordinary losses" under Japanese GAAP are presented, as to financial-related items, in "Financial income" and "Financial costs" and, as to other items, in "Selling, general and administrative expenses," "Other income" and "Other expenses" under IFRS, respectively.

In addition, reclassification items impacting comprehensive income among those listed in the notes to the reconciliations of equity also are factors in the differences in the amounts under Japanese GAAP and those under IFRS, regarding the amount of respective accounts in the consolidated statement of income and consolidated statement of comprehensive income.

Disclosure of major reconciliation items in the consolidated statement of cash flows for the previous fiscal year (from April 1, 2016 to March 31, 2017)

There is no significant difference between the consolidated statement of cash flows in accordance with Japanese GAAP and the consolidated statement of cash flows disclosed in accordance with IFRS.

Ⅳ. OUTLINE OF THE COMPANY

As of March 31, 2018

- **Company name** : Nippon Seiki Co., Ltd.
- **Established** : December 24, 1946
- **Common stock** : 14,494,287,162 Yen
- **Number of employees** : 1,765

● 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
- Automobile sales
- Aftermarket car products
- Liquid crystal display panels and modules
- Organic light emitting diode display panels and modules
- Resin material processing and sales
- Freight transportation
- Software development

etc.

Note:

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

● Offices and Factories

- **Head office and Factory**
  2-34, Higashi-Zaoh 2-chome, Nagaoka-shi, Niigata, 940-8580 JAPAN
- **Takami Division**
  2-8, Higashi-Takami 2-chome, Nagaoka-shi, Niigata, 940-0006 JAPAN
- **NS Technical Center**
  2-8, Higashi-Takami 2-chome, Nagaoka-shi, Niigata, 940-0006 JAPAN
- **NS Tokyo Technical Center**
  Tabata Asuka Tower4F, 1-1, Tabata 6-chome, Kita-ku, Tokyo, 114-0014 JAPAN
- **Research & Development Center**
  190-1, Fujihashi 1-chome, Nagaoka-shi, Niigata, 940-2141 JAPAN
- **Offices**
  Utsunomiya, Tokyo, Hamamatsu, Nagoya, Suzuka, Osaka, Mizushima, Kumamoto
- **Branch Office**
  Hong Kong

Worldwide Network

● **Japan**

・NS Advantech Co., Ltd. / Ojiya-shi, Niigata, Japan
・N.S. Electronics Co., Ltd. / Nagaoka-shi, Niigata, Japan
・NS WEST Inc. / Shobara-shi, Hiroshima, Japan
・N.S.Computer Service Co., Ltd. / Nagaoka-shi, Niigata, Japan
・Nissei Service Co., Ltd. / Nagaoka-shi, Niigata, Japan
・Honda Car Sales Nagaoka Co., Ltd. / Nagaoka-shi, Niigata, Japan
・Niigata Mazda Co., Ltd. / Niigata-shi, Niigata, Japan
・Mazda Mobility 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 De Mexico S.A. De C.V. / Nuevo Leon, Mexico
・Nissei Advantech Mexico S.A. De C.V. / Nuevo Leon, Mexico
・Nissei Display Mexico S.A. De C.V. / Nuevo Leon, Mexico
・Nippon Seiki Do Brasil Ltda. / Manaus, Amazonas, Brazil
・NS Sao Paulo Componentes Automotivos Ltda. / Sao Paulo, Brazil

● **Europe**

・UK-NSI Co., Ltd. / Redditch, Worcs, U.K.
・Nippon Seiki (Europe) B.V. / North Holland, 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
・DaNang Nippon Seiki Co., Ltd. / DaNang city, Vietnam
・NS Instruments India Private Ltd. / Andhara Pradesh, India
・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
・Wuhan Nissei Display System Co., Ltd. / Hubei, China
・Nissei Display Sales and Development Co., Ltd. / Shanghai, 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
・Hong Kong Ek Chor Nissei Co., Ltd. / Hong Kong, China
・JNS Instruments Ltd. / Haryana, India

Notes:

※1 NIPPON SEIKI CO., LTD. acquired shares in Taiwan Nissei Display System Co., Ltd. on March 30, 2018, with the result that the capital ratio of NIPPON SEIKI CO., LTD. has increased from 80.0% to 100.0%.

※2 The decision to dissolve Changzhou Nissei Display System Co., Ltd. was decided by the Board of Directors held on February 20, 2017 and received the approval of the government body on April 10, 2018.


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 Mobility Niigata Co., Ltd.
Car Station Niigata Co., Ltd.
Nissei Kyusyoku Co., Ltd.
Wuhan Nissei Display System Co., Ltd.
Changzhou Nissei Display System Co., Ltd.
Nantong NS Advantech Co., Ltd.
Nissei Display Sales and Development Co., Ltd.
Shanghai Nissei Display System Co., Ltd.
New Sabina Industries, Inc.
N.S. International, Ltd.
UK-NSI Co., Ltd.
Nippon Seiki (Europe) B.V.
Hong Kong Nippon Seiki Co., Ltd.
JNS Instruments Ltd.
Hong Kong Ek Chor Nissei Co., Ltd.
Nissei Display Mexico S.A. De C.V.
Nissei Advantech Mexico S.A. De C.V.
Dongguan Nissei Electronics Co., Ltd.
Nippon Seiki De Mexico S.A. De C.V.
Taiwan Nissei Display System Co., Ltd.
Vietnam Nippon Seiki Co.,Ltd.
Nippon Seiki Do Brasil Ltda.
NS Instruments India Private Ltd.
NS Sao Paulo Componentes Automotivos Ltda.
Thai Nippon Seiki Co., Ltd.
DaNang Nippon Seiki Co.,Ltd.
Thai Matto NS Co., Ltd.
Nippon Seiki Consumer Products (Thailand) Co., Ltd.
PT. Indonesia Nippon Seiki

V. PROFILE OF THE GROUP COMPANIES

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:

● **Significant consolidated subsidiaries**

Name of Company	Voting rights equity ratio	Main activities	Main trade with subsidiaries
NS Advantech Co., Ltd.	100.0	Manufacture of instruments for automotive, motorcycle, agricultural/construction machines and boats / 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 and motorcycle instruments	Purchasing products and component parts
NS WEST Inc.	100.0	Manufacture and sales of automotive instruments and peripheral systems	Selling and purchasing products
N.S.Computer Service Co., Ltd.	100.0	Software development and sales/ Office automation equipment sales / Computer services	Outsourcing software development
Nissei Service Co., Ltd.	100.0	Transportation / Advertising agency	Outsourcing packing and transporting products
Honda Car Sales Nagaoka Co., Ltd.	100.0	Honda car dealer	Purchasing cars
Niigata Mazda Co., Ltd.	100.0	Mazda car dealer	Purchasing cars
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 of automotive 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 De Mexico S.A. De C.V.	100.0	Manufacture of electronic sub-assemblies for automotive instruments and automotive instruments	Selling products
Nissei Advantech Mexico S.A. De C.V.	100.0	Manufacture and sales of parts for automotive instruments	None
Nippon Seiki Do Brasil Ltda.	100.0	Manufacture and sales of motorcycle instruments	Selling products
Thai Nippon Seiki Co., Ltd.	100.0	Manufacture and sales of automotive and motorcycle instruments / Manufacture of control panels for office automation equipment and remote controllers for air conditioners and household equipment	Selling and purchasing products
PT. Indonesia Nippon Seiki	70.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
Vietnam Nippon Seiki Co., Ltd.	70.0	Manufacture and sales of motorcycle instruments	Selling products
NS Instruments India Private Ltd.	100.0	Manufacture and sales of automotive and motorcycle instruments	Selling products

Name of Company	Voting rights equity ratio	Main activities	Main trade with subsidiaries
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 instruments	Selling products and purchasing component parts
Taiwan Nissei Display System Co., Ltd.	100.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
Changzhou Nissei Display System Co., Ltd.	100.0	Manufacture and sales of components for automotive and motorcycle instruments	Selling products
Nantong NS Advantech Co., Ltd.	100.0	Compounding, and coloring of plastics, and trading	Purchasing component parts
Wuhan Nissei Display system Co., Ltd.	75.0	Manufacture of automotive instruments	Selling products
Nissei Display Sales and Development Co., Ltd.	91.0	Sales of products manufactured by Nippon Seiki Group in the Chinese market	Selling products
And 9 companies			

Notes:

※1 NIPPON SEIKI CO., LTD. acquired shares in Taiwan Nissei Display System Co., Ltd. on March 30, 2018, with the result that the capital ratio of NIPPON SEIKI CO., LTD. has increased from 80.0% to 100.0%.

※2 The decision to dissolve Changzhou Nissei Display System Co., Ltd. was decided by the Board of Directors held on February 20, 2017 and received the approval of the government body on April 10, 2018.

● **The affiliated company is as follow:**

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

・JNS Instruments Ltd.

2,414 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%)
JP MORGAN CHASE BANK 385632	2,670 (4.66%)
BBH FOR FIDELITY LOW－PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	2,657 (4.64%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,779 (3.10%)
The Master Trust Bank of Japan, Ltd.	1,737 (3.03%)
Japan Trustee Services Bank, Ltd.	1,577 (2.75%)
The Daishi Bank, Ltd.	1,568 (2.73%)
Yamaha Motor Co., Ltd.	1,217 (2.12%)
Shareholding association of Nippon Seiki Employees	1,192 (2.08%)
Nichia Corporation	1,188 (2.07%)

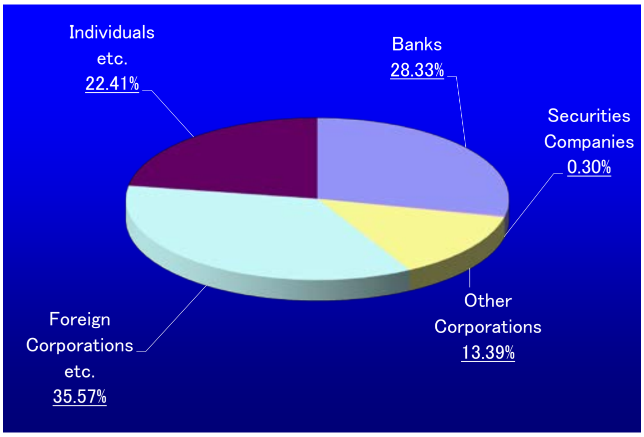
Notes:

※1 Percentage of shareholdings ratio is calculated by deducting 3,642,961 shares of treasury stocks from total shares issued.

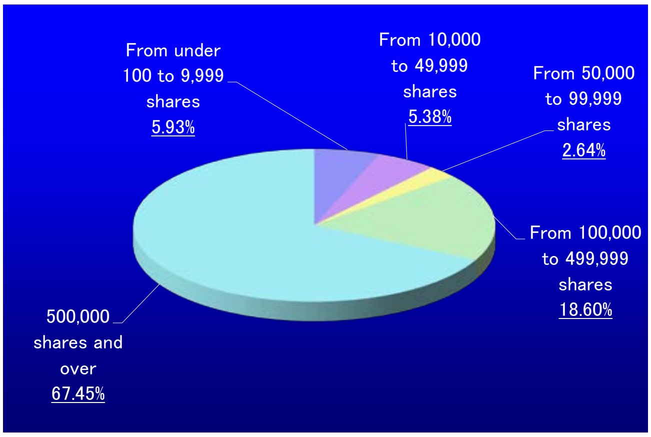
※2 Nippon Seiki holds treasury stocks (3,642,961 shares), but this has not been included in the above major shareholders' information.

※3 The Bank of Tokyo-Mitsubishi UFJ, Ltd., has changed its name to MUFG Bank, Ltd., on April 1, 2018.

● 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.

※ Nippon Seiki has changed the size of the share-unit from 1,000 to 100 on October 1st, 2017.

VII. BOARD OF DIRECTORS AND AUDIT AND SUPERVISORY BOARD MEMBERS

As of June 27, 2018

Directors

	〈Name〉
Chairman and Representative Director	Shoji Nagai
Vice Chairman and Director	Hirotoshi Takada
President, Chief Executive Officer and Representative Director	Morito Sato
Senior Managing Officer and Director	Makoto Okawa
Senior Managing Officer and Director	Koichi Sato
Managing Officer and Director	Junichi Suzuki
Managing Officer and Director	Yuji Hirata
Outside Director	Takashi Sakikawa
Outside Director	Eiko Tomiyama

Audit & Supervisory Board Members

	〈Name〉
Audit & Supervisory Board Member (Full-time)	Haruhiko Otaki
Audit & Supervisory Board Member (Full-time)	Tatsuya Nagai
Audit & Supervisory Board Member	Michiaki Miyajima
Audit & Supervisory Board Member	Etsuo Saiki