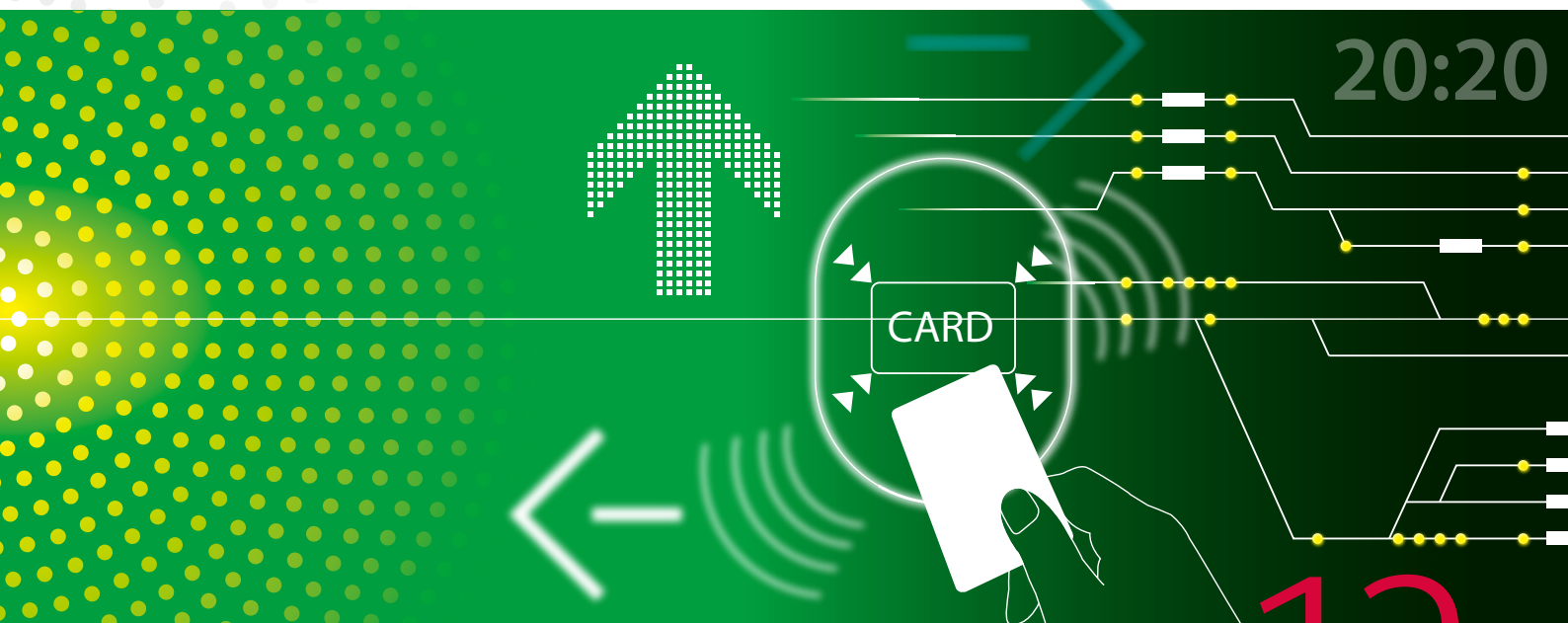


N I P P O N S I G N A L

Opening New Paths with Advanced Technology



A n n u a l R e p o r t

2012



Since its establishment in 1928, Nippon Signal has contributed to the realization of a more comfortable society with advanced technologies for “Safety and Reliability.”

In order for us to continue to contribute to society, we formulated and are currently implementing “Vision-2020 3E,” a long-term management plan to guide us through fiscal 2020, with the goal of helping us transform into a company that generates sustainable growth, while continually adapting to the wide fluctuations in the social environment. We are actively seeking market expansion through the implementation of this long-term plan, including the development and growth of new businesses that apply the technologies of existing businesses, along with overseas expansion focused on the Asia region.

Nippon Signal will continue to follow its corporate philosophy of “Contribute to society through advanced technologies for ‘Safety and Reliability,’ with the aim of realizing a more livable society,” and will pursue the type of advanced manufacturing expected of a company recognized by society.

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Consolidated Financial Highlights

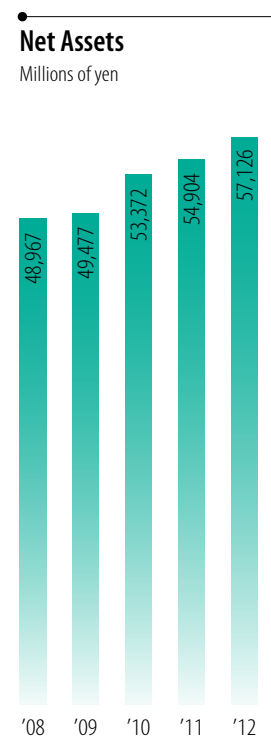
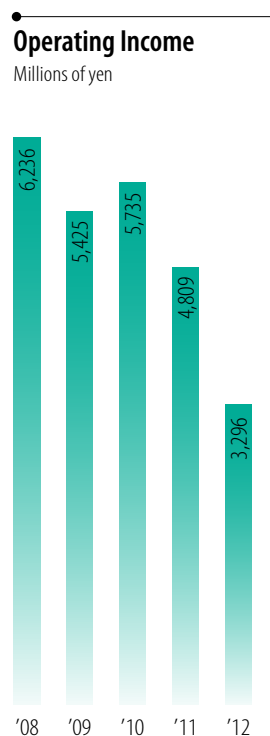
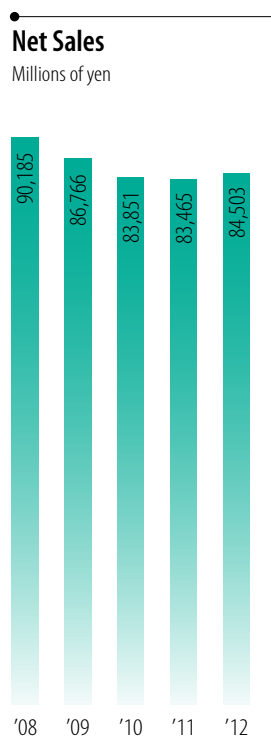
The Nippon Signal Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010, 2011 and 2012

For the fiscal year	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2011	2012	2012
Net sales.....	¥83,851	¥ 83,465	¥ 84,503	\$1,030,527
Operating income.....	5,735	4,809	3,296	40,201
Income before income taxes and minority interests.....	6,307	5,300	3,576	43,613
Net income.....	3,305	2,643	1,628	19,855
Comprehensive income.....	4,469	2,407	3,001	36,597
Amounts per share of common stock (in yen and U.S. dollars):				
Net income.....	¥ 52.96	¥ 42.35	¥ 26.09	\$ 0.32
Cash dividends applicable to the year.....	13.00	13.00	10.00	0.12

At fiscal year-end

Net assets.....	¥53,372	¥ 54,904	¥ 57,126	\$ 696,656
Total assets.....	98,902	108,578	105,591	1,287,700

Note: U.S. dollar amounts represent translation of Japanese yen, for convenience only, at the rate of ¥82 to US\$1, the approximate exchange rate at March 31, 2012.



I would like to take this opportunity to extend my warmest greetings to our shareholders in presenting this Annual Report on the Nippon Signal Group's operating performance for the fiscal year ended March 31, 2012, covering the period from April 1, 2011 to March 31, 2012.

Summary of Operating Performance during the Fiscal Year under Review

During the fiscal year under review, ended March 31, 2012, the Japanese economy entered into uncharted territory where past experience and precedents no longer apply, with the effects of the Great East Japan Earthquake and the accident at the Fukushima Daiichi Nuclear Power Station, flooding in Thailand, the global recession sparked by the European debt crisis, and the high yen. While earthquake disaster recovery works are gradually proceeding in some areas, the future remains unclear with concerns about restarting nuclear power plants, possible electricity shortages, and higher electricity rates.

In the Nippon Signal Group's operating environment, the Traffic and Transportation Infrastructure Division performed solidly, driven particularly by new signal systems projects being implemented by railway operators. However, the ICT Solutions Division operating environment remained harsh, with sluggish capital investment in automatic fare collection (AFC) systems.

In the first half, productivity declined from electricity restrictions in the summer, development expenses for platform gates and other new products increased, and loss reserves were posted for some inventory on further problems with the enterprise resource planning (ERP) system introduced from July

Advancing strategic expansion into foreign markets and creating new businesses in Japan to win the global competition

2010. Although the Company worked hard for recovery in the second half, these developments pushed down profits.

As a result, while consolidated net sales rose 1.2% year-on-year to ¥84,503 million (US\$1,030 million), the value of orders received slipped 1.1% to ¥77,608 million (US\$946 million), operating income dropped 31.5% to ¥3,296 million (US\$40 million), and net income was down 38.4% to ¥1,628 million (US\$19 million).

Dividend Policy

In line with our basic dividend policy of maintaining stable dividend payments and providing returns to shareholders based on business performance, in the fiscal year under review, after taking into consideration the need for stable dividend payments to shareholders and the dividend payout ratio, we set the year-end dividend at ¥7.00 per share. As a result, combined with the interim dividend of ¥3.00 per share, the annual cash dividend amounted to ¥10.00 per share.

Medium-Term Management Plan

The fiscal year from April 2012 marks the start of stage 2 (fiscal 2012-2014) of our long-term management plan "Vision-2020 3E." To win the global competition over these three years, this phase calls for the speedy execution of strategic expansion into foreign markets and creating new businesses in the mature domestic market, under the slogans "implementing manufacturing reform with ERP" and "embracing the challenge of new business fields." The Nippon Signal Group will strive to strengthen our management foundations and move onto a growth track toward achieving the final goals of "Vision-2020 3E."

In these endeavors, I look forward to the continued support and guidance of our all our shareholders.

June 2012


Yohei Furuhashi
CEO & COO

 日本信号株式会社

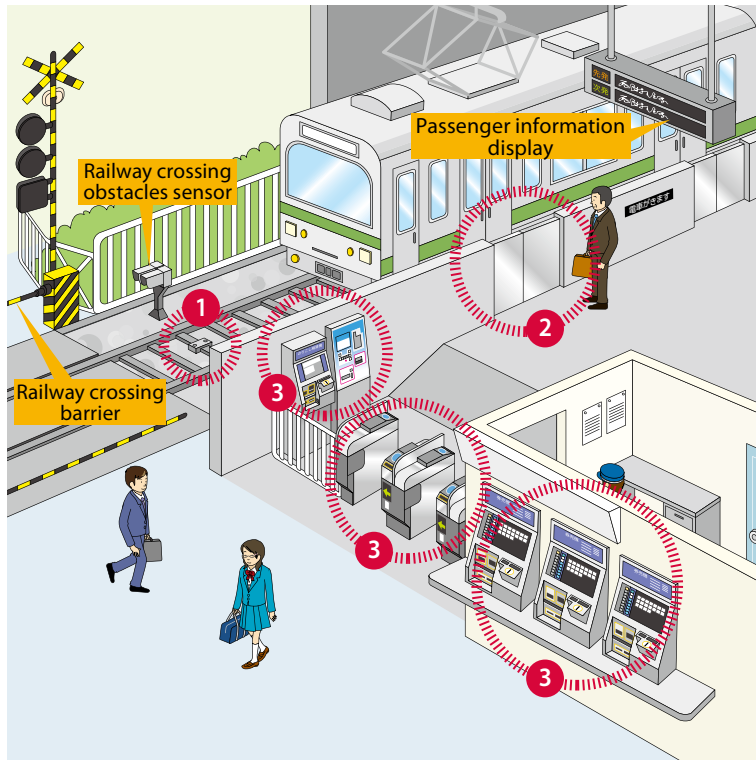


Special Feature 1:

The Nippon Signal Group's Business Domains

Nippon Signal is engaged in railway, road and other transportation infrastructure works. This section introduces our products focusing on two areas: train stations in the railway business and downtown areas.

Nippon Signal's technologies support safe and comfortable transit in railways. In road infrastructure, our technologies provide appropriate traffic control and easy-to-use parking systems, contributing to a reduction in traffic accidents and traffic congestion.



1 ATP (Automatic Train Protection System)

To prevent train accidents caused by ignoring traffic signals and speeding, the ATP (Automatic Train Protection) system automatically applies the brakes when trains pass a given point moving faster than a set speed. ATP is one of the "new signal systems" that Nippon Signal is advancing nationwide. It has supported our long-term business performance.

2 Platform Gates

Heartbreaking accidents resulting in injury or death occur at train stations nationwide from accidental falls from platforms and collisions. The installation of platform door equipment will increase to secure the safety of train station users, ensure safe and stable train operations and prevent such incidents.

3 AFC

AFC is an abbreviation for Automatic Fare Collection systems, which is an overall term for ticket vending machines, collection machines, fair adjustment machines and other equipment related to automated fare collection. The spread of IC cards is making the use of AFC systems even smoother.

4 Image-type Pedestrian Sensor

These sensors detect pedestrians in crosswalks, extend green lights so even elderly people who walk slowly can cross without concern, and prevent crossing against red and flashing lights with verbal warnings. There are plans to install these sensors – which prevent pedestrian traffic accidents using high-sensitivity detection equipment – at many intersections from now on.

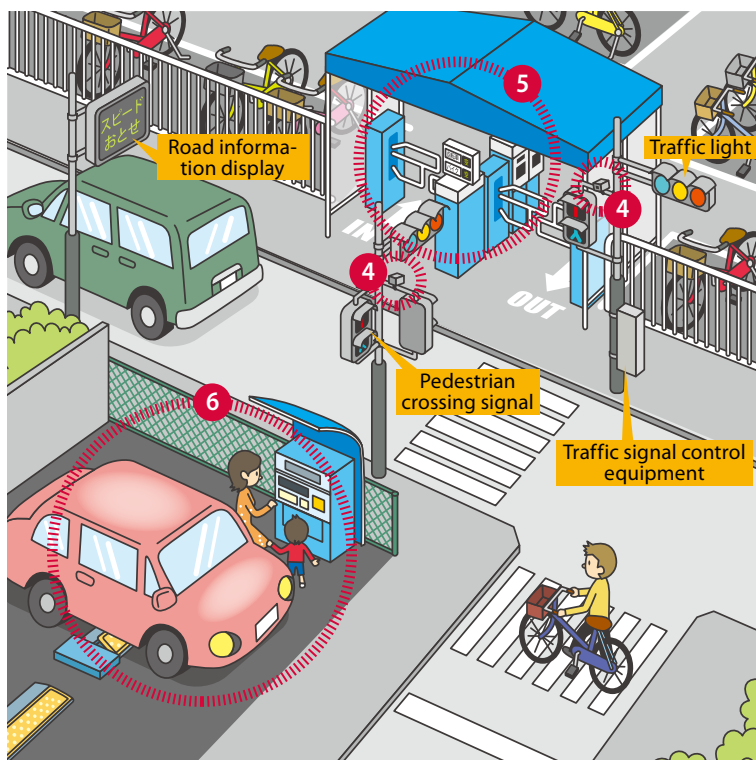
5 Bicycle and Motorcycle Parking Lot Management System

Bicycle use has recently been rising from an ecological perspective. While the number of abandoned bicycles at train stations and shopping streets has been reduced by shortening the period before they are removed, increased removal costs are still a serious problem.

To address this, Nippon Signal is providing bicycle and motorcycle parking lot management systems that contribute to improved convenience and administrative efficiency, powerfully supporting the bicycle and motorcycle parking lot business.

6 PARK-LOC® System

Ever since we introduced the PARK-LOC® system in 1970, Nippon Signal has continuously pursued optimal parking lot management equipment as a pioneer in this field. The PARK-LOC® system enables unattended parking lot operations from a single parking space. The system is composed of one fee collection machine and multiple lock devices. Nippon Signal is now providing "ECO-PARKING" as a more environmentally friendly parking lot system.



Special Feature 2:

Fiscal 2011 Topics

This page introduces a few main topics from orders received and sales of Nippon Signal's products worldwide during the subject fiscal year (April 1, 2011 through March 31, 2012).

World's First Completely Wireless Train Control System "SPARCS" Begins Operations



Beijing Subway

The SPARCS (Simple-Structure and High-Performance ATC by Radio Communication System) wireless train control system independently developed by Nippon Signal began operations on Beijing Subway line 15 from December 2011. While wireless communications have been used for communications between subways and above-ground in the past, SPARCS is the first fully wireless system including communications among above-ground centers.

The first section (about 20 km) of Beijing Subway line 15 began operations using conventional train position detection technology in on December 30, 2010. The SPARCS system has now been introduced for the first section and the section section (about 11 km). With the third section (about 8 km) scheduled for operations from 2014, the line will have a total length of about 40 km.

Tokyo Skytree Underground Parking System



Tokyo Skytree underground parking system

Tokyo Skytree is a new Japanese landmark as the tallest free-standing tower in the world, with over than 300 commercial facilities. Its underground parking lot has capacity for 1,000 vehicles. Parking fees can be paid with credit cards, of course, and using PASMO or Suica prepaid cards. The parking is linked with a POS register system so that users automatically receive discounts from merchants in Skytree Town upon checkout. The system introduces a license plate number recognition system that automatically opens the parking lot exit gate, linking with information from prepaid parking tickets.



Tokyo Skytree

Traffic and Transportation Infrastructure

Division

Net sales increased 0.2% year-on-year as orders for new signal systems held firm in railway signaling, and the Company stepped up sales promotion of LED signal lamps and emergency electricity supply units in traffic information systems. Nevertheless, operating income fell 19.4%.

Business Performance

In the railway signaling systems business, we actively advanced sales activities on the domestic and foreign markets. In addition to new signal system projects for JR and private railway companies inside Japan, the SPARCS completely wireless railway signaling system, which has been positioned as a strategic product for the Company's overseas development, began operations on Beijing Subway line 15 from December 2011.

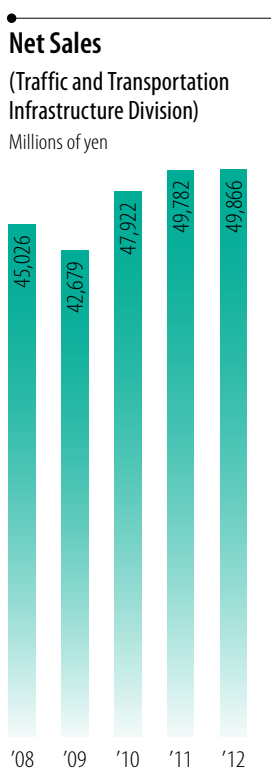
In the traffic information systems business, while expanded public investment in traffic safety equipment cannot be expected, social infrastructure is being reviewed under the growing awareness of energy savings and disaster prevention and reduction brought on by the Great East Japan Earthquake. The Company advanced sales activities for LED signal lamps, which provide superior energy savings, and emergency electricity supply units.

As a result, in the Traffic and Transportation Infrastructure Division, the value of orders received rose 4.0% compared with the previous fiscal year to ¥45,753 million (US\$557 million). Net sales increased 0.2% to ¥49,866 (US\$608 million), but operating income was down ¥19.4% to ¥5,978 million (US\$72 million).

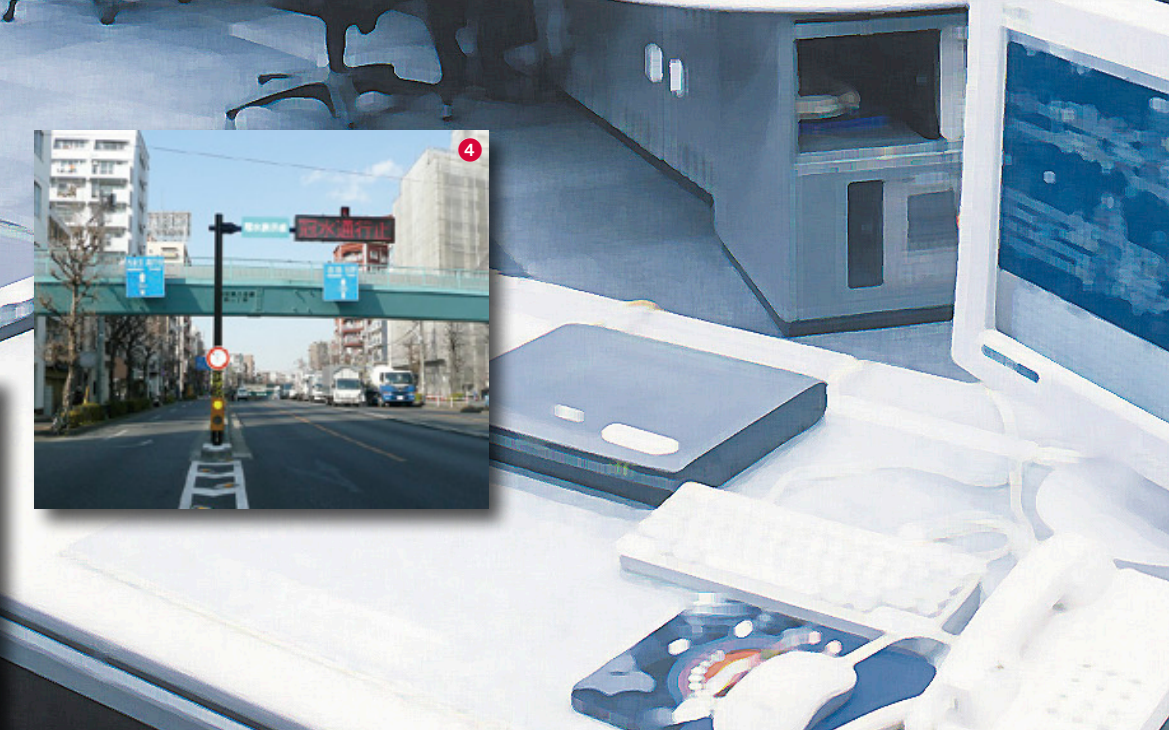
Future Outlook

In railway signaling systems, orders are projected to gradually decline after the peak of domestic new signal systems projects passes this fiscal year. Nippon Signal is working to strengthen our support system and provide systems for safer and more comfortable train operation and win stronger trust from our customers. Overseas, we will make use of the performance of the SPARCS system to secure orders for comprehensive system projects, primarily in Asia, and strengthen our business for subsystems, such as electronic interlocking devices.

In traffic information systems, to reinforce Nippon Signal's position in the market for traffic safety facilities, which reduce accidents and traffic congestion, the Company conducted vigorous sales activities for the traffic management market using image technologies that can recognize and discriminate between pedestrians and automobiles. To respond to rising demand for energy conservation and disaster prevention and reduction, we continued sales of emergency electricity supply units and proposed information signs which display disaster and evacuation information.



- 1 Automatic train protection system (ATP)
- 2 Relay interlocking equipment
- 3 Railway crossing system
- 4 Traffic information board
- 5 Local controller and emergency electricity supply unit



ICT Solutions

Division

The operating environment was harsh, with restrained investment by railway operators following the Great East Japan Earthquake and reduced demand for introducing IC card train tickets as many stations nationwide are already equipped. Sales rose 2.8%, but operating income dropped 72.0%.

Business Performance

In the AFC business centered on equipment for automating station operations, the operating environment remained harsh with restrained investment by railway operators as a result of the Great East Japan Earthquake and reduced demand for introducing IC card train tickets as many stations nationwide are already equipped. Under those conditions, the Company advanced the introduction of new automated fare collection and ticket sales machines with superior energy conservation and safety functions, toward future replacement demand. In the platform gate market, our equipment began operating at all stations on the Nagoya Municipal Subway Sakura-dori Line, and construction works on the Tokyo Metropolitan Subway Toei Oedo Line steadily proceeded.

In our control equipment business centered on parking lot management systems, replacement demand from parking lot operators increased, and the Company focused on developing new projects including the provision of some of the equipment for the Tokyo Skytree underground parking system, which began operations from May 2012. On the other hand, information display systems were also affected, like AFC, by railway operators' restrained investment.

Consequently, in the ICT Solutions Division, the value of orders received declined 7.6% compared with the previous fiscal year to ¥31,855 million (US\$388 million). Net sales rose 2.8% to ¥34,637 million (US\$422 million), while operating income remained at a low level, dropping 72.0% to ¥66 million (US\$0.8 million).

Future Outlook

In the AFC business centered on equipment for automating station operations, conditions are expected to remain harsh until projected replacement demand emerges from the second half of fiscal 2013. In the platform gate market, however, projects to meet the requirements of the new Barrier Free Act are expected to gradually increase. The Company will now work to contribute to the spread of platform gates by developing new products with lower introduction costs.

The control equipment business centered on parking lot management systems is expected to hold firm, as development plans by parking lot operators are still rising on a rising trend and replacement demand is expected to increase under the revised Road Traffic Act. While protecting our brand strength, which has been built up over many long years, Nippon Signal will work to reinforce our product lineup including simple series and systems that are compatible with all types of IC cards, and to bolster our competitiveness.



- 1 Bicycle parking lot management support system
- 2 Automatic ticket vending machine
- 3 Automatic passenger gate
- 4 Information display
- 5 Parking fee collection system (ISP)



Management's Discussion and Analysis

■ Group Overview

The Nippon Signal Group comprises the Company, its 11 consolidated subsidiaries and seven other companies to which the equity method is not applied (six non-consolidated subsidiaries and one affiliated company). The

Group is engaged in the manufacture and sale of railway signaling systems, traffic information systems, automatic fare collection (AFC) systems and control equipment, as well as related business operations.

■ Results for the Fiscal Year Ended March 31, 2012

During the fiscal year under review (ended March 31, 2012), the operating environment surrounding the Nippon Signal Group remained harsh. While railway operators steadily continued

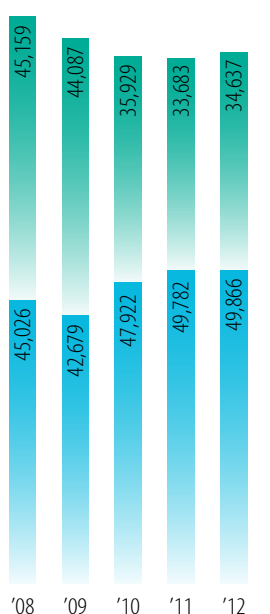
Consolidated Five-Year Summary

The Nippon Signal Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen				
For the fiscal year	2008	2009	2010	2011	2012
Net sales.....	¥90,185	¥86,766	¥83,851	¥ 83,465	¥ 84,503
Operating income.....	6,236	5,425	5,735	4,809	3,296
Income before income taxes and minority interests.....	5,974	4,943	6,307	5,300	3,576
Net income.....	3,018	2,500	3,305	2,643	1,628
Per share (in yen):					
Net income.....	¥ 48.36	¥ 40.07	¥ 52.96	¥ 42.35	¥ 26.09
Cash dividends applicable to the year.....	12.00	12.00	13.00	13.00	10.00
At fiscal year-end					
Net assets.....	¥48,967	¥49,477	¥53,372	¥ 54,904	¥ 57,126
Total assets.....	95,224	91,691	98,902	108,578	105,591

Net Sales by Business Segment

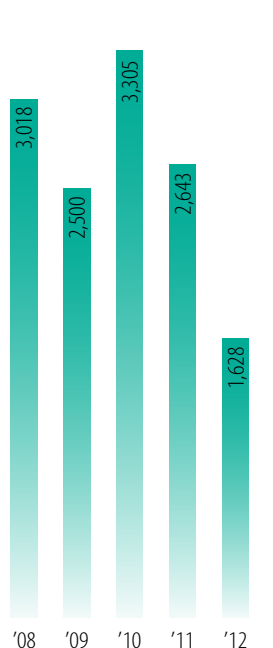
Millions of yen



ICT Solutions Division
Traffic and Transportation Infrastructure Division

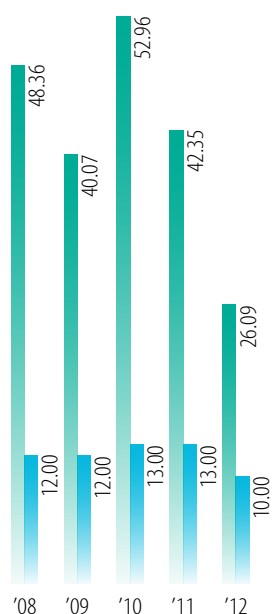
Net Income

Millions of yen



Net Income per Share/ Cash Dividends per Share

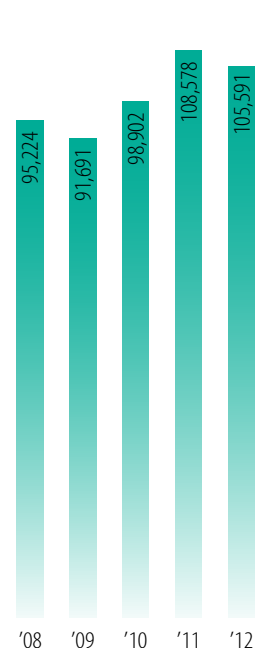
Yen



Net Income per Share
Cash Dividends per Share

Total Assets

Millions of yen



investing in new signal systems to improve safety, investment in automatic fare collection (AFC) systems was sluggish.

In the first half, productivity declined from the electricity restrictions in the summer, new product development expenses increased, and loss reserves were posted for some inventory on further problems with the enterprise resource planning (ERP) system introduced from July 2010. While the Company worked hard for recovery in the second half, these developments pushed down profits.

As a result, the value of orders received slipped 1.1% year-on-year to ¥77,608 million (US\$946 million). Consolidated net sales fell 1.2% to ¥84,503 million (US\$1,030 million). Operating income dropped 31.5% to ¥3,296 million (US\$40 million) and net income was down 38.4% to ¥1,628 million (US\$19 million). Net income per share declined from ¥42.35 the previous fiscal year to ¥26.09 (US\$0.32).

■ Financial Position

Total assets at March 31, 2012 amounted to ¥105,591 million (US\$1,287 million), down ¥2,986 million from the end of the previous fiscal year. This drop primarily reflected decreases in inventories and notes and accounts receivable. Total liabilities amounted to ¥48,465 (US\$591 million), down ¥5,208 million year-on-year. This was mostly because of declines in notes and accounts payable, and in advances received.

Total net assets amounted to ¥57,126 (US\$696 million), an increase of ¥2,221 million from the end of the previous fiscal year. This increase primarily reflected an increase in valuation differences on available-for-sale securities. The equity ratio rose from 45.6% at the end of the previous fiscal year to 48.9%.

■ Analysis of Cash Flows

Net cash used in operating activities amounted to ¥7,043 million (US\$85 million), which was ¥5,649 million less than during previous fiscal year. Although the Company posted income before income taxes and minority interests, the net cash used in operating activities increased mostly because of higher notes and accounts receivable.

Net cash used in investing activities amounted to ¥1,469 million (US\$17 million), which was ¥657 million less than during the previous fiscal year. Significant items included expenditures for the purchase of property, plant and equipment and for the purchase of intangible assets.

Net cash provided by financing activities amounted to ¥4,237 million (US\$51 million), up ¥1,597 million from the previous fiscal year. Although cash was used for such items as the payment of dividends, the cash mostly rose on an increase in short-term bank loans.

As a result of the above developments, cash and cash equivalents at the end of the fiscal year amounted to ¥6,603 million (US\$80 million), a decrease of ¥4,269 million from the end of the previous fiscal year.

■ Outlook for the Fiscal Year Ending March 31, 2013

For the fiscal year ending March 31, 2013, in the Traffic and Transportation Infrastructure Division, we will make use of the performance of the SPARCS system which has begun operating on the Beijing Subway to secure orders for comprehensive system projects, primarily in Asia, and we will strengthen our sales activities for the traffic safety equipment and road management markets. We forecast net sales for the division totaling ¥48,000 million (down 3.7% from the subject fiscal year), with operating income of ¥6,200 million (up 3.7%).

In the ICT Solutions Division, we will strive to further bolster competitiveness by contributing to the spread of platform gates and reinforcing our lineup of parking lot system products. We forecast net sales for the division of ¥38,000 million (up 9.7%), with a sharp rise in operating income from ¥66 million during the subject fiscal year to ¥2,300 million.

For the Nippon Signal Group as a whole, we forecast consolidated net sales of ¥86,000 million (up 1.8% from the subject fiscal year), with operating income of ¥5,500 million (up 66.8%) and net income of ¥3,000 million (up 84.3%).

■ Basic Policy on Distribution of Profits

The Nippon Signal Group seeks to maintain stable dividend payments and performance-based distribution of profits to shareholders. In accordance with this policy, we have set a consolidated dividend payout ratio target of approximately 25% for the time being.

For the fiscal year ended March 31, 2012, in line with this dividend policy and after comprehensively considering the Group's consolidated performance, we decided to implement a year-end dividend of ¥7.00 (US\$0.08) per share, as previously planned. Consequently, the annual cash dividend amounted to ¥10.00 (US\$0.12) per share, comprising an interim dividend of ¥3.00 (US\$0.03) per share and a year-end dividend of ¥7.00 per share. The consolidated dividend payout ratio was 38.3%.

For the fiscal year ending March 31, 2013, based on the above policy, we plan to pay an annual dividend of ¥13.00 per share, consisting of an interim dividend of ¥5.00 per share and a year-end dividend of ¥8.00 per share.

Consolidated Balance Sheets

The Nippon Signal Co., Ltd. and Consolidated Subsidiaries
March 31, 2011 and 2012

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
Current assets:			
Cash and time deposits (Notes 3 and 13)	¥ 11,029	¥ 6,751	\$ 82,335
Notes and accounts receivable (Note 3).....	38,672	41,928	511,312
Marketable securities (Notes 3, 4 and 13).....	213	19	236
Inventories (Note 5).....	27,669	26,091	318,186
Deferred tax assets (Note 7)	3,779	3,178	38,758
Other current assets	756	547	6,656
Allowance for doubtful accounts (Note 3).....	(10)	(17)	(205)
Total current assets.....	82,108	78,497	957,278
Property, plant and equipment:			
Land (Note 16).....	5,488	5,782	70,517
Buildings and structures (Note 16).....	11,622	11,637	141,914
Machinery and equipment.....	16,541	16,984	207,125
Construction in progress.....	138	131	1,591
Lease assets (Note 12).....	21	21	255
	33,810	34,555	421,402
Accumulated depreciation.....	(21,625)	(22,517)	(274,597)
Total property, plant and equipment.....	12,185	12,038	146,805
Intangible assets			
	2,178	1,841	22,456
Investments and other assets:			
Investment securities (Notes 3 and 4).....	9,061	10,638	129,727
Lease deposits.....	846	822	10,024
Other investments.....	496	464	5,654
Deferred tax assets (Note 7)	613	237	2,895
Other assets.....	1,145	1,109	13,526
Allowance for doubtful accounts	(54)	(55)	(665)
Total investments and other assets	12,107	13,215	161,161
Total assets.....	¥108,578	¥105,591	\$1,287,700

See accompanying notes.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
Current liabilities:			
Notes and accounts payable (Note 3).....	¥ 22,343	¥ 15,785	\$ 192,505
Short-term bank loans (Notes 3 and 6).....	9,000	14,000	170,732
Lease obligations (Note 12).....	5	5	64
Advances received.....	2,399	680	8,297
Accrued expenses.....	1,738	1,786	21,781
Income taxes payable (Note 7).....	1,710	777	9,470
Accrued employees' bonuses.....	2,609	2,421	29,525
Accrued bonuses to directors.....	121	106	1,287
Accrued contract losses.....	1,607	577	7,037
Other current liabilities.....	3,035	3,519	42,919
Total current liabilities.....	44,567	39,656	483,617
Long-term liabilities:			
Long-term payable.....	297	220	2,685
Lease obligations (Note 12).....	11	6	69
Deferred tax liabilities (Note 7).....	388	497	6,056
Employees' severance and retirement benefits (Note 10).....	8,243	7,893	96,257
Directors' and corporate auditors' retirement benefits.....	168	193	2,360
Total long-term liabilities.....	9,107	8,809	107,427
Total liabilities.....	53,674	48,465	591,044
Contingent liabilities (Note 11)			
Net assets:			
Shareholders' equity (Note 9):			
Common stock:			
Authorized—200,000,000 shares			
Issued—62,448,052 shares in 2011 and 2012.....	6,846	6,846	83,494
Capital surplus.....	5,303	5,303	64,675
Retained earnings.....	34,807	35,749	435,950
Treasury stock, at cost: 48,326 shares in 2011 and 48,475 shares in 2012.....	(24)	(24)	(289)
Total shareholders' equity.....	46,932	47,874	583,830
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities.....	2,621	3,808	46,434
Total accumulated other comprehensive income.....	2,621	3,808	46,434
Minority interests.....	5,351	5,444	66,392
Total net assets.....	54,904	57,126	696,656
Total liabilities and net assets.....	¥108,578	¥105,591	\$1,287,700

See accompanying notes.

Consolidated Statement of Income and Comprehensive Income

for the Years Ended March 31, 2010, 2011 and 2012

The Nippon Signal Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010, 2011 and 2012

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2011	2012	2012
Net sales (Note 14).....	¥83,851	¥83,465	¥84,503	\$1,030,527
Cost of sales (Notes 10 and 15).....	63,369	65,016	68,111	830,627
Gross profit.....	20,482	18,449	16,392	199,900
Selling, general and administrative expenses (Notes 10 and 15).....	14,747	13,640	13,096	159,699
Operating income.....	5,735	4,809	3,296	40,201
Other income (expenses):				
Interest and dividend income.....	298	493	329	4,015
Interest expenses.....	(35)	(35)	(42)	(515)
Gain on sales of marketable and investment securities.....	37	—	5	64
Life insurance dividend.....	217	160	209	2,549
Loss on sales and disposals of property, plant and equipment, net.....	(58)	(94)	(9)	(113)
Loss on devaluation of investment securities.....	(74)	(413)	(6)	(73)
Reversal of allowance for doubtful accounts.....	83	16	—	—
Loss on disaster.....	—	(50)	—	—
Gain on termination of defined benefit plans (Notes 2 and 10).....	—	597	34	414
Special retirement expenses (Notes 2 and 10).....	—	(145)	(268)	(3,263)
Other, net.....	104	(38)	28	334
	572	491	280	3,412
Income before income taxes and minority interests	6,307	5,300	3,576	43,613
Income taxes (Note 7):				
Current.....	3,488	2,241	977	11,920
Deferred.....	(666)	70	799	9,739
	2,822	2,311	1,776	21,659
Income before minority interests	3,485	2,989	1,800	21,954
Minority interests	(180)	(346)	(172)	(2,099)
Net income	¥ 3,305	¥ 2,643	¥ 1,628	\$ 19,855
Minority interests	(180)	(346)	(172)	(2,099)
Income before minority interests	3,485	2,989	1,800	21,954
Other comprehensive income (Note 8)				
Valuation difference on available-for-sale securities.....	984	(582)	1,201	14,643
Total other comprehensive income	984	(582)	1,201	14,643
Comprehensive income	¥ 4,469	¥ 2,407	¥ 3,001	\$ 36,597
Comprehensive income attributable to:				
Comprehensive income attributable to owners of the parent.....	¥ 4,278	¥ 2,068	¥ 2,815	\$ 34,330
Comprehensive income attributable to minority interests.....	¥ 191	¥ 339	¥ 186	\$ 2,267
		Yen		U.S. dollars (Note 1)
Amounts per share of common stock:				
Net income.....	¥ 52.96	¥ 42.35	¥ 26.09	\$ 0.32
Cash dividends applicable to the year.....	13.00	13.00	10.00	0.12

See accompanying notes.

Consolidated Statements of Changes in Net Assets

The Nippon Signal Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010, 2011 and 2012

	Thousands		Millions of yen					
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Minority interests	Total net assets
Balance at April 1, 2009	62,448	¥6,846	¥5,303	¥30,324	¥(22)	¥2,223	¥4,803	¥49,477
Net income.....	—	—	—	3,305	—	—	—	3,305
Cash dividends paid	—	—	—	(749)	—	—	—	(749)
Increase in treasury stock.....	—	—	—	—	(1)	—	—	(1)
Change in scope of consolidation.....	—	—	—	95	—	—	—	95
Other, net	—	—	—	—	—	973	272	1,245
Balance at March 31, 2010	62,448	6,846	5,303	32,975	(23)	3,196	5,075	53,372
Net income.....	—	—	—	2,643	—	—	—	2,643
Cash dividends paid	—	—	—	(811)	—	—	—	(811)
Increase in treasury stock.....	—	—	—	—	(1)	—	—	(1)
Other, net	—	—	—	—	—	(575)	276	(299)
Balance at March 31, 2011	62,448	6,846	5,303	34,807	(24)	2,621	5,351	54,904
Net income.....	—	—	—	1,628	—	—	—	1,628
Cash dividends paid	—	—	—	(686)	—	—	—	(686)
Increase in treasury stock.....	—	—	—	—	(0)	—	—	(0)
Other, net	—	—	—	—	—	1,187	93	1,280
Balance at March 31, 2012	62,448	¥6,846	¥5,303	¥35,749	¥(24)	¥3,808	¥5,444	¥57,126

	Thousands of U.S. dollars (Note 1)						
Balance at April 1, 2011	\$83,494	\$64,675	\$424,466	\$(288)	\$31,959	\$65,253	\$669,559
Net income.....	—	—	19,855	—	—	—	19,855
Cash dividends paid	—	—	(8,371)	—	—	—	(8,371)
Increase in treasury stock.....	—	—	—	(1)	—	—	(1)
Other, net	—	—	—	—	14,475	1,139	15,614
Balance at March 31, 2012	\$83,494	\$64,675	\$435,950	\$(289)	\$46,434	\$66,392	\$696,656

See accompanying notes.

Consolidated Statements of Cash Flows

The Nippon Signal Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010, 2011 and 2012

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2011	2012	2012
Cash flows from operating activities:				
Income before income taxes and minority interests.....	¥ 6,307	¥ 5,300	¥ 3,576	\$ 43,613
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization.....	1,748	1,820	1,916	23,370
Interest and dividend income.....	(298)	(493)	(329)	(4,015)
Interest expenses.....	35	35	42	515
Loss on sales and disposals of property, plant and equipment, net.....	58	94	9	113
Decrease in notes and accounts receivable	(742)	(1,821)	(3,257)	(39,715)
Increase (decrease) in inventories	(2,483)	(8,657)	1,578	19,244
Increase (decrease) in notes and accounts payable.....	1,110	5,021	(6,525)	(79,569)
Decrease in employees' severance and retirement benefits.....	(474)	(85)	(1,719)	(20,960)
Increase (decrease) in advances received.....	667	276	(349)	(4,262)
Other, net.....	1,186	183	(303)	(3,716)
Sub total.....	7,114	1,673	(5,361)	(65,382)
Interest and dividends received.....	298	493	329	4,015
Interest paid.....	(37)	(36)	(42)	(516)
Income taxes paid.....	(2,619)	(3,524)	(1,969)	(24,012)
Net cash provided by (used in) operating activities.....	4,756	(1,394)	(7,043)	(85,895)
Cash flows from investing activities:				
Deposit for time deposits.....	(153)	(162)	(192)	(2,343)
Proceeds from withdrawal of time deposits.....	197	147	192	2,342
Expenditure for purchase of property, plant and equipment.....	(888)	(1,203)	(1,301)	(15,862)
Proceeds from sale of property, plant and equipment.....	3	6	24	297
Expenditure for purchase of intangible assets.....	(1,201)	(829)	(352)	(4,291)
Expenditure for purchase of marketable and investment securities.....	(13)	(18)	(58)	(706)
Proceeds from sale of marketable and investment securities.....	38	35	206	2,517
Other, net.....	26	(103)	12	131
Net cash used in investing activities.....	(1,991)	(2,127)	(1,469)	(17,915)
Cash flows from financing activities:				
Repayment of long-term debt.....	(771)	—	—	—
Net increase in short-term bank loans.....	800	3,500	5,000	60,976
Proceeds from deposits received from an affiliated company.....	30	20	20	244
Proceeds from deposits received from an unaffiliated entity.....	100	—	—	—
Cash dividends paid.....	(749)	(811)	(686)	(8,371)
Cash dividends paid for minority shareholders.....	(74)	(64)	(91)	(1,116)
Other, net.....	(6)	(5)	(6)	(64)
Net cash provided by (used in) financing activities.....	(670)	2,640	4,237	51,669
Effect of exchange rate changes on cash and cash equivalents.....	(0)	(14)	5	70
Net increase (decrease) in cash and cash equivalents.....	2,095	(895)	(4,270)	(52,071)
Cash and cash equivalents at beginning of year (Note 13).....	9,564	11,768	10,873	132,592
Increase in cash and cash equivalents from a newly consolidated subsidiary.....	109	—	—	—
Cash and cash equivalents at end of year (Note 13).....	¥11,768	¥10,873	¥ 6,603	\$ 80,521

See accompanying notes.

Notes to Consolidated Financial Statements

The Nippon Signal Co., Ltd. and Consolidated Subsidiaries

1

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The Nippon Signal Co., Ltd. (the “Company”) and its consolidated subsidiaries (together the “Companies”) maintain their official accounting records in Japanese yen, in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate as of March 31, 2012, which was ¥82 to U.S. \$1. The translations included for convenience should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries. Intercompany accounts and transactions have been eliminated.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

In the year ended March 31, 2010, the number of subsidiaries included in the consolidated financial statements increased by one (IPOS NET INC.), due to an increase in the materiality of a subsidiary.

In the year ended March 31, 2011, the number of subsidiaries included in the consolidated financial statements decreased by one (IPOS NET INC.), due to merger with Nisshin Electronics Service Co., Ltd. as of April 1, 2010.

As a result, the number of subsidiaries included in the consolidated financial statements was 12, 11 and 11 for the years ended March 31, 2010, 2011 and 2012, respectively.

Equity method

Investments in unconsolidated subsidiaries and affiliates are stated at cost since they are considered immaterial in the aggregate. Earnings of these companies are recorded in the Company’s books only to the extent that cash dividends are received.

Statements of cash flows

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Marketable securities and investment securities

The Companies examine the intent of holding each security and classify those securities as (a) securities held for trading purposes (hereafter, “trading securities”), (b) debt securities intended to be held to maturity (hereafter, “held-to-maturity debt securities”), (c) equity securities issued by subsidiaries and affiliated companies, and (d) all other securities that are not classified in any of the above categories (hereafter, “available-for-sale securities”).

Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliates which are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of such securities are computed using moving-average cost. The Companies have no trading securities.

As well the equity to the income and expenses concerning anonymous associations is recorded under non-operating profit and loss and the amount is included in investment securities.

Inventories

Inventories are stated at cost, being determined principally by the following methods:

- Finished goods and raw materials—Moving average method (The method of write-down based on decrease in profitability is applied in order to calculate the inventory value on the balance sheet.)
- Goods in process—Specific identification method per each order (The method of write-down based on decrease in profitability is applied in order to calculate the inventory value on the balance sheet.)
- Supplies—Mainly last purchase price method

Depreciation

Buildings, structures, machinery and equipment are carried at cost. Depreciation is computed primarily using the declining-balance method. Buildings acquired after March 31, 1998 are depreciated using the straight-line method.

Software costs

The Companies include software in intangible assets and depreciate it using the straight-line method over the estimated useful lives (three to five years).

Accounting for lease transactions

Finance leases which do not transfer ownership are capitalized as the lease assets and depreciated by the straight-line method over lease periods, supposing estimated residual value to be zero.

Allowance for doubtful accounts

Allowance for doubtful accounts is provided in amounts sufficient to cover possible losses on collection by estimating individually uncollectible amounts and applying a percentage based on collection experience in the past to the remaining accounts.

Accrued employees' bonuses

The Companies accrue the estimated amounts of employees' bonuses to be paid in the subsequent period.

Accrued bonuses to directors

The Companies accrue directors' bonuses based on the estimated amounts to be paid in the subsequent period.

Accrued contract losses

Accrued contract losses are provided at the fiscal year-end when losses are anticipated in the future and such losses can be reasonably estimated.

The inventories and accrued contract losses are represented in current assets and liabilities respectively, without offset. As of March 31, 2011 and 2012, accrued contract losses corresponding to inventories are ¥513 million (Goods-in-process: ¥513 million) and ¥568 million (\$6,922 thousand) (Goods-in-process: ¥568 million (\$6,922 thousand)).

For the years ended March 31, 2011 and 2012, provision for accrued contract losses included in cost of sales are ¥770 million and ¥323 million (\$3,938 thousand).

Employees' severance and retirement benefits

The liabilities and expenses for employees' severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Companies recognized liabilities for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date.

Unrecognized prior service obligation is being amortized by the straight-line method within the specific period (15 years) in the remaining period of the employees' average working period.

Actuarial differences incurred are recognized on a one-time basis in the following years' income statement, while one consolidated subsidiary recognizes actuarial differences using the declining-balance method over the average of the estimated remaining service life (15 years) commencing with the following year.

<Additional information>

1. At October 1, 2010, Nisshin Electronics Service Co., Ltd which is a consolidated subsidiary of the Company changed its pension plan from a tax-qualified retirement pension plan to a defined contribution pension plan and a defined benefit pension plan.

Additionally, three other consolidated subsidiaries changed from a tax-qualified retirement pension plan and an unfunded lump-sum payment plan to a defined contribution pension plan and a defined benefit pension plan at April 1, 2010 and October 1, 2010.

As a result, in the year ended March 31, 2011, the Companies recorded gain on termination of defined benefit plans of ¥597 million.

In these changes, the Companies adopted "Guidance on Accounting Standard for Transfers between Retirement Benefit Plans" (ASBJ Guidance No. 1, issued on January 14, 2002).

2. At October 1, 2011, Nisshin Industry Co., Ltd., which is a consolidated subsidiary of the Company, changed its pension plan from a tax-qualified retirement pension plan to a smaller and medium enterprise retirement allowance cooperative plan. The unfunded lump-sum payment plan remains the same.

Additionally, Sendai Nisshin Electronics Co., Ltd. which is a consolidated subsidiary of the Company, changed from a tax-qualified retirement pension plan to an unfunded lump-sum payment plan and a defined contribution pension plan at October 1, 2011.

As a result, in the year ended March 31, 2012, the Companies recorded gain on termination of defined benefit plans of ¥34 million (\$414 thousand).

In these changes, the Companies adopted "Guidance on Accounting Standard for Transfers between Retirement Benefit Plans" (ASBJ Guidance No. 1, issued on January 14, 2002).

Directors' and corporate auditors' retirement benefits

Certain consolidated subsidiaries accrue directors' and corporate auditors' retirement benefits which are required if they retire at the balance sheet date.

Recognition of revenue and costs of construction contracts

Revenue and costs of construction contracts, the outcome of which can be estimated reliably during the accounting period are recognized by the percentage-of-completion method. The percentage of completion at the end of the reporting period is measured by the proportion of the estimated cost of the finished process to the estimated total cost of whole process.

Revenue and costs of other constructions are recognized by the completed-contract method.

Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date with the resulting gain or loss included in the current statements of income.

Income taxes

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

Asset retirement obligations

Effective from the year ended March 31, 2011, the Companies adopted "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18, issued on March 31, 2008) and "Guidance on Accounting Standard for Assets Retirement Obligations" (ASBJ Guidance No. 21, issued on March 31, 2008).

As a result, operating income decreased by ¥2 million and income before income taxes and minority interests decreased by ¥20 million for the year ended March 31, 2011.

Business combination

Effective from the year ended March 31, 2011, the Companies adopted "Accounting Standards for Business Combinations" (ASBJ Statement No. 21, revised on December 26, 2008), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, revised on December 26, 2008).

Changes in classification of costs of specification development

Until the first quarter of the year ended March 31, 2011, costs of specification development by engineering divisions had been classified as selling, general and administrative expenses. However, effective from the second quarter of the year ended March 31, 2011, these costs have been classified as cost of manufacturing.

This change was aimed at calculating periodic profit and loss more accurately, taking the opportunity of having become possible to manage each project cost exactly due to the enhancement of the project control function by introduction of the Enterprise Resource Planning System (ERP).

As a result, gross profit decreased by ¥125 million and operating income and income before income taxes and minority interests increased by ¥643 million for the year ended March 31, 2011, compared with the amounts which would have been calculated under the former method.

Effects of this change on the segment information are disclosed in Note 14.

Comprehensive income

Effective March 31, 2011, the Companies adopted "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25 on June 30, 2010) and "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, revised on June 20, 2010).

As a result of the adoption of these standards, the Companies have presented the consolidated statement of comprehensive income in the consolidated financial statements for the year ended March 31, 2011 and 2012, respectively.

In addition the Companies have presented the consolidated statement of comprehensive income for the year ended March 31, 2010.

Accounting changes and error corrections

The Companies adopted "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan ("ASBJ") Statement No. 24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued on December 4, 2009) for accounting changes and corrections of prior period errors which are made from the fiscal year beginning on April 1, 2011.

Per share data

Computations of net income per share are based on the weighted average number of shares of common stock outstanding during each year.

Diluted net income per share for the years ended March 31, 2010, 2011 and 2012 is not presented since the Company had no securities with dilutive effect to net income per share.

Cash dividends per share presented in the consolidated statements of income and comprehensive income represent the cash dividends declared applicable to each respective year.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously reported results of operations or total net assets.

3

FINANCIAL INSTRUMENTS

(1) Qualitative information on financial instruments

- Policies for using financial instruments

The Companies procure capital required (mainly from finance institutions) based on investing plan.

Temporary idle funds are operated mainly to highly liquid financial instruments, and the Companies procure short-term operating money by loaning from banks.

- Details of financial instruments used and the exposures to risk and policies and processes for managing risk

Notes and accounts receivable are exposed to the credit risk of customers. The Companies control this risk by credit exposure management based on operating management rule, term and credit balance management for every customer, and early recognition and management of doubtful receivables which occur after stimulation by worsening financial conditions. In addition, some receivables are exposed to the foreign currency risk, but the Companies control due date and manage credit balance.

Investment securities, obtained mainly through business relationships, are exposed to the market risk, but the Companies regularly recognize their fair value.

Notes and accounts payable are due within one year.

The Companies have no long-term bank loans as of March 31, 2011 and 2012. Short-term bank loans are used for temporary operating money, and the interest rate is fixed.

Notes and accounts payable and bank loans are exposed to the liquidity risk. The Companies control this risk by monthly cash management etc.

(2) Fair values of financial instruments

Book values, fair values, and differences of the financial instruments included in the consolidated balance sheets as of March 31, 2011 and 2012 are as follows:

March 31, 2011	Millions of yen		
	Book values	Fair values	Differences
Cash and time deposits.....	¥11,029	¥11,029	¥ —
Notes and accounts receivable.....	38,672	38,648	(24)
Allowance for doubtful accounts.....	(10)	(10)	—
	38,662	38,638	(24)
Marketable securities and investment securities.....	8,228	8,228	—
Assets.....	57,919	57,895	(24)
Notes and accounts payable.....	22,343	22,343	—
Short-term bank loans.....	9,000	9,000	—
Liabilities.....	31,343	31,343	—

March 31, 2012	Millions of yen		
	Book values	Fair values	Differences
Cash and time deposits.....	¥ 6,751	¥ 6,751	¥ —
Notes and accounts receivable.....	41,928	41,859	(69)
Allowance for doubtful accounts.....	(17)	(17)	—
	41,911	41,842	(69)
Marketable securities and investment securities.....	9,530	9,530	—
Assets.....	58,192	58,123	(69)
Notes and accounts payable.....	15,785	15,785	—
Short-term bank loans.....	14,000	14,000	—
Liabilities.....	29,785	29,785	—

March 31, 2012	Thousands of U.S. dollars		
	Book values	Fair values	Differences
Cash and time deposits.....	\$ 82,335	\$ 82,335	\$ —
Notes and accounts receivable.....	511,312	510,467	(845)
Allowance for doubtful accounts.....	(205)	(205)	—
	511,107	510,262	(845)
Marketable securities and investment securities.....	116,222	116,222	—
Assets.....	709,664	708,819	(845)
Notes and accounts payable.....	192,505	192,505	—
Short-term bank loans.....	170,732	170,732	—
Liabilities.....	363,237	363,237	—

(3) Method of calculating fair value of financial instruments and securities

Assets

Cash and time deposits:

Book value is considered to be a fair value, because it is settled within short terms.

Notes and accounts receivable:

Fair value means the current value discounting receivable which is periodically sorted out by the rate at which credit risk is taken into consideration.

Securities and investment securities:

As for the stocks of available-for-sale securities, fair value means market price, and as for the bonds of available-for-sale securities, fair value means market price or price presented by financial institutions.

Liabilities

Notes and accounts payable and short-term bank loans:

Book value is considered to be a fair value, because it is settled within short terms.

(4) The following tables summarize book values of securities with difficulty in calculating fair values as of March 31, 2011 and 2012.

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Money management fund.....	¥ 12	¥ 19	\$ 236
Non-listed equity securities.....	660	654	7,974
Preferred subscription certificate.....	147	145	1,772
Investment in anonymous association.....	—	39	471
Securities of unconsolidated subsidiaries and affiliated companies.....	226	270	3,288

(5) Expected repayment of monetary assets and investment securities with maturities as of March 31, 2011 and 2012 are as follows:

March 31, 2011	Millions of yen	
	Within one year	Over one year but within five years
Cash and time deposits.....	¥11,029	¥ —
Notes and accounts receivable.....	37,383	1,289
Investment securities		
Available-for-sale securities with maturities		
Governmental bond and municipal bond.....	100	—
Corporate bond.....	100	—
	¥48,612	¥1,289

March 31, 2012	Millions of yen	
	Within one year	Over one year but within five years
Cash and time deposits.....	¥ 6,751	¥ —
Notes and accounts receivable.....	36,093	5,835
	¥42,844	¥5,835

March 31, 2012	Thousands of U.S. dollars	
	Within one year	Over one year but within five years
Cash and time deposits.....	\$ 82,335	\$ —
Notes and accounts receivable.....	440,149	71,163
	\$522,484	\$71,163

4

SECURITIES

(1) The following tables summarize book values and acquisition costs of securities with fair value as of March 31, 2011 and 2012:

Available-for-sale securities

March 31, 2011	Millions of yen		
	Book value	Acquisition cost	Difference
Securities with book values (fair value) exceeding acquisition costs:			
Equity securities.....	¥6,187	¥1,473	¥4,714
Bonds.....	201	200	1
	¥6,388	¥1,673	¥4,715
Securities with book values (fair value) not exceeding acquisition costs:			
Equity securities.....	¥1,840	¥2,145	¥ (305)
	¥1,840	¥2,145	¥ (305)

March 31, 2012	Millions of yen		
	Book value	Acquisition cost	Difference
Securities with book values (fair value) exceeding acquisition costs:			
Equity securities.....	¥8,137	¥2,044	¥6,093
	¥8,137	¥2,044	¥6,093
Securities with book values (fair value) not exceeding acquisition costs:			
Equity securities.....	¥1,393	¥1,589	¥ (196)
	¥1,393	¥1,589	¥ (196)

March 31, 2012	Thousands of U.S. dollars		
	Book value	Acquisition cost	Difference
Securities with book values (fair value) exceeding acquisition costs:			
Equity securities.....	\$99,237	\$24,925	\$74,312
	\$99,237	\$24,925	\$74,312
Securities with book values (fair value) not exceeding acquisition costs:			
Equity securities.....	\$16,985	\$19,374	\$ (2,389)
	\$16,985	\$19,374	\$ (2,389)

(2) Sales of securities classified as available-for-sale securities

Sales and aggregate gain and loss on sales of securities classified as available-for-sale securities for the years ended March 31, 2010, 2011 and 2012 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	2011	2012	2012
Sales proceeds	¥38	¥—	¥6	\$78
Gain	37	—	5	64
Loss	—	—	—	—

(3) Impairment losses of investment securities

Impairment losses of ¥74 million, ¥413 million, and ¥6 million (\$73 thousand) were recognized in the consolidated statements of income as "Loss on devaluation of investment securities", for available-for-sale securities for the years ended March 31, 2010, 2011, and 2012, respectively.

Where the fair market value of available-for-sale securities has declined by more than 50% from their acquisition costs, the value of those securities is considered to have "substantially declined" and the impairment losses are recognized in the consolidated statements of income on those securities, unless the value is considered recoverable.

5

INVENTORIES

Inventories as of March 31, 2011 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Finished goods	¥ 5,703	¥ 6,906	\$ 84,222
Goods in process	13,605	12,730	155,247
Raw materials and supplies	8,361	6,455	78,717
	¥27,669	¥26,091	\$318,186

Loss on valuation of inventories for the years ended March 31, 2010, 2011 and 2012 are ¥300 million, ¥351 million and ¥464 million (\$5,654 thousand), and are included in cost of sales.

6

SHORT-TERM BANK LOANS

Short-term bank loans outstanding bore interest at average rates of 0.6% and 0.6% as of March 31, 2011 and 2012, respectively.

7

INCOME TAXES

The Companies are subject to a number of taxes based on income, which consist of corporate taxes, inhabitants taxes and enterprise taxes. As a result, the normal statutory income tax rate is approximately 40.0% for the years ended March 31, 2010, 2011 and 2012.

The following table summarizes the significant differences between the statutory tax rates and the Companies' effective tax rates for financial statement purposes for the years ended March 31, 2010, 2011 and 2012.

	2010	2011	2012
Statutory tax rate	40.0%	40.0%	40.0%
Non-taxable income including dividends	(1.1)	(1.9)	(2.1)
Non-deductible expenses including entertainment	1.8	2.1	3.0
Per capita inhabitants taxes	1.7	2.0	2.9
Tax credit on research and development costs, etc.	(0.7)	(0.5)	(0.5)
Valuation allowance	2.1	1.5	(2.7)
Adjustment of deferred tax assets for enacted changes in tax laws and rates	—	—	8.6
Other	0.9	0.4	0.5
Effective tax rate	44.7%	43.6%	49.7%

Significant components of deferred tax assets and liabilities of the Companies as of March 31, 2011 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Deferred tax assets:			
Depreciation.....	¥ 518	¥ 516	\$ 6,292
Impairment loss of fixed assets.....	1,149	1,006	12,264
Bonuses accrued.....	1,059	925	11,281
Employees' severance and retirement benefits.....	2,924	2,521	30,747
Directors' and corporate auditors' retirement benefits.....	65	71	868
Non-deductible inventory losses.....	1,606	1,677	20,452
Accrued contract losses.....	643	219	2,674
Enterprise taxes.....	144	76	921
Valuation allowance.....	(1,869)	(1,571)	(19,163)
Other.....	912	741	9,046
Total deferred tax assets.....	7,151	6,181	75,382
Deferred tax liabilities:			
Tax deferral for capital gain on property.....	(1,349)	(1,180)	(14,392)
Net unrealized holding gains on securities.....	(1,791)	(2,078)	(25,337)
Other.....	(7)	(4)	(56)
Total deferred tax liabilities.....	(3,147)	(3,262)	(39,785)
Net deferred tax assets.....	¥4,004	¥2,919	\$35,597

<Additional Information>

On December 2, 2011, amendments to the Japanese tax regulations were enacted into law. As a result of these amendments, the statutory income tax rate for the Companies will be reduced for the years beginning on or after April 1, 2012. Due to these changes in statutory income tax rates, net deferred tax assets decreased by ¥10 million as of March 31, 2012 and net unrealized holding gains on securities increased by ¥296 million, and income taxes-deferred increased by ¥307 million.

8

COMPREHENSIVE INCOME

Amounts reclassified to net income in the current period that were recognized in other comprehensive income in the current or previous period and tax effects for each component of other comprehensive income are as follows:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Unrealized gains on available-for-sale securities:		
Increase during the year.....	¥1,488	\$18,140
Reclassification adjustments.....	—	—
Sub total, before tax.....	1,488	18,140
Tax effect.....	(287)	(3,497)
Sub total, net of tax.....	1,201	14,643
Total other comprehensive income.....	¥1,201	\$14,643

9

SHAREHOLDERS' EQUITY

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 26, 2012, the shareholders approved cash dividends amounting to ¥436 million (\$6,014 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2012.

Such appropriations are recognized in the period in which they are approved by the shareholders.

Changes in number of shares issued and treasury stocks outstanding during the years ended March 31, 2010, 2011 and 2012 are as follows:

	2010	2011	2012
Common stock issued			
Balance at beginning of year	62,448,052	62,448,052	62,448,052
Balance at end of year	62,448,052	62,448,052	62,448,052
Treasury stock outstanding			
Balance at beginning of year	47,261	47,931	48,326
Increase due to purchase of odd stock.....	670	395	149
Decrease due to disposal of odd stock.....	—	—	—
Balance at end of year	47,931	48,326	48,475

10

EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The liabilities for employees' severance and retirement benefits included in the consolidated balance sheets as of March 31, 2011 and 2012 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Projected benefit obligation.....	¥13,465	¥13,028	\$158,881
Unrecognized actuarial differences.....	(411)	(273)	(3,331)
Unrecognized prior service obligation.....	960	887	10,819
Fair value of pension assets.....	(6,845)	(6,796)	(82,876)
Prepaid pension cost.....	1,074	1,047	12,764
Liabilities for severance and retirement benefits.....	¥ 8,243	¥ 7,893	\$ 96,257

Included in the consolidated statements of income and comprehensive income for the years ended March 31, 2010, 2011 and 2012 are employees' severance and retirement benefit expenses comprised of the following:

	Millions of yen			Thousands of U.S. dollars
	2010	2011	2012	2012
Service costs – benefits earned during the year.....	¥ 805	¥ 855	¥ 677	\$ 8,254
Interest cost on projected benefit obligation.....	283	260	229	2,788
Expected return on plan assets.....	(68)	(47)	(26)	(321)
Amortization of actuarial differences.....	74	435	49	603
Amortization of prior service obligation.....	(25)	(49)	(73)	(887)
Severance and retirement benefit expenses.....	1,069	1,454	856	10,437
Premiums paid to defined contribution pension plan	339	444	505	6,159
	¥1,408	¥1,898	¥1,361	\$16,596

Severance and retirement benefits expenses of consolidated subsidiaries using the simplified method are included in the service costs above.

Other than the items listed on the above table, in the year ended March 31, 2011 and 2012, gain on termination of defined benefit plans of ¥597 million and ¥34 million (\$414 thousand) was recognized on the consolidated statement of income and comprehensive income, respectively.

The discount rate used by the Companies is 2.0% for the years ended March 31, 2010, 2011 and 2012. The expected rates of return on plan assets for the year ended March 31, 2010 used by the Company and a subsidiary are 0.6% and 1.11%, for the year ended March 31, 2011 are 0.6% and 0.76%, and for the year ended March 31, 2012 are 0.6% and 0.43%, respectively.

The estimated amount of all retirement benefits to be paid at a future retirement date will be allocated equally to each service year using the estimated number of total service years. Unrecognized prior service obligation is being amortized by the straight-line method within the specific period (15 years) in the remaining period of the employees' average working period.

Actuarial differences incurred by the Company are recognized at one-time in the following years' income statement, while one consolidated subsidiary recognizes the actual gains or losses using the declining-balance method over 15 years, commencing with the following year.

11

CONTINGENT LIABILITIES

The Company is contingently liable under guarantees for bank borrowings of employees, etc., in the amount of ¥293 million and ¥230 million (\$2,810 thousand) as of March 31, 2011 and 2012, respectively.

12

INFORMATION ON LEASE TRANSACTIONS

Assets capitalized under finance leases consist of equipments for board production (machinery and equipment) and software (intangible assets). Depreciation method was discussed in Note 2.

Finance leases which commenced prior to April 1, 2009 and have been accounted for as operating leases continue to be accounted for as operating leases. Their information was as follows:

(1) A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value as of March 31, 2011 and 2012

March 31, 2011

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery and equipment	¥223	¥180	¥43

March 31, 2012

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery and equipment	¥ 96	¥ 80	¥16

March 31, 2012

	Thousands of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery and equipment	\$1,168	\$980	\$188

(2) Lease obligations under such leases, including finance charges, as of March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Payments due within one year.....	¥28	¥10	\$118
Payments due after one year.....	15	6	79
	¥43	¥16	\$197

(3) Lease payments under such leases for the years ended March 31, 2010, 2011 and 2012 were ¥82 million, ¥61 million and ¥30 million (\$363 thousand), respectively.

In addition, lease obligations under operating leases, including finance charges, as of March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Payments due within one year.....	¥13	¥122	\$1,492
Payments due after one year.....	27	244	2,974
	¥40	¥366	\$4,466

13

CASH AND CASH EQUIVALENTS

Reconciliations of cash and time deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of March 31, 2010, 2011 and 2012 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	2011	2012	2012
Cash and time deposits	¥11,916	¥11,029	¥6,751	\$82,335
Add: Marketable securities	5	213	19	236
Less: Time deposits with maturities exceeding three months.....	(153)	(168)	(167)	(2,050)
Less: Bonds with maturities exceeding three months.....	—	(201)	—	—
Cash and cash equivalents.....	¥11,768	¥10,873	¥6,603	\$80,521

[General information about reportable segments]

The Companies report separated financial information for each segment, and management periodically validate each segment to decide management resource allocation to evaluate the performance.

The Companies have two reportable segments, "Traffic and Transportation Infrastructure Division" and "ICT Solutions Division" which are related to its products and services.

The "Traffic and Transportation Infrastructure Division" provides services for the manufacture, sale and maintenance of products relating to Railway signals and Traffic systems.

The "ICT Solution Division" provides services for the manufacture, sale and maintenance of products relating to Automatic fare collection, Automatic control systems and Parking systems.

[Basis of measurement about reported segment profit or loss, segment assets, segment liabilities and other material items]

The accounting method of reportable segments are almost the same as those described in Note 2.

Segment profit is based on operating income.

[Information about reportable segment profit or loss, segment assets, segment liabilities and other material items]

Information by reportable segment as of and for the years ended March 31, 2010, 2011 and 2012 is summarized as follows:

	Millions of yen				
	Traffic and Transportation Infrastructure Division	ICT Solutions Division	Total	Adjustments	Consolidated
Year ended March 31, 2010:					
Net sales:					
Customers.....	¥ 47,922	¥ 35,929	¥ 83,851	¥ —	¥ 83,851
Segment profit.....	¥ 6,345	¥ 2,270	¥ 8,615	¥ (2,880)	¥ 5,735
Segment assets	¥ 50,579	¥ 28,394	¥ 78,973	¥ 19,929	¥ 98,902
Depreciation and amortization.....	¥ 999	¥ 653	¥ 1,652	¥ 96	¥ 1,748
Increase of property, plant, equipment and intangible assets.....	846	229	1,075	1,024	2,099
Year ended March 31, 2011:					
Net sales:					
Customers.....	¥49,782	¥33,683	¥83,465	¥ —	¥ 83,465
Segment profit.....	¥ 7,415	¥ 236	¥ 7,651	¥ (2,842)	¥ 4,809
Segment assets	¥58,017	¥36,891	¥94,908	¥13,670	¥108,578
Depreciation and amortization.....	¥ 995	¥ 682	¥ 1,677	¥ 143	¥ 1,820
Increase of property, plant, equipment and intangible assets.....	928	465	1,393	766	2,159
Year ended March 31, 2012:					
Net sales:					
Customers.....	¥49,866	¥34,637	¥84,503	¥ —	¥ 84,503
Segment profit.....	¥ 5,978	¥ 66	¥ 6,044	¥ (2,748)	¥ 3,296
Segment assets	¥57,390	¥33,947	¥91,337	¥14,254	¥105,591
Depreciation and amortization.....	¥ 826	¥ 585	¥ 1,411	¥ 505	¥ 1,916
Increase of property, plant, equipment and intangible assets.....	699	359	1,058	492	1,550

	Thousands of U.S. dollars				
	Traffic and Transportation Infrastructure Division	ICT Solutions Division	Total	Adjustments	Consolidated
Year ended March 31, 2012:					
Net sales:					
Customers.....	\$608,121	\$422,406	\$1,030,527	\$ —	\$1,030,527
Segment profit.....	\$ 72,902	\$ 807	\$ 73,709	\$ (33,508)	\$ 40,201
Segment assets	\$699,873	\$413,995	\$1,113,868	\$173,832	\$1,287,700
Depreciation and amortization.....	\$ 10,075	\$ 7,136	\$ 17,211	\$ 6,159	\$ 23,370
Increase of property, plant, equipment and intangible assets.....	8,529	4,377	12,906	6,000	18,906

Adjustments of segments profits are corporate cost allocated to no segments. They are mainly related with the management departments of the Company.

Segment profits have been adjusted for operating income of consolidated statements of income.

Adjustments of segment assets are principally cash and time deposits, marketable securities and investment securities, and are related with management departments of the Company.

<Change in accounting policies>

As discussed in Note 2, the Companies changed in classification of costs of specification development by the engineering division, effective from the second quarter of the year ended March 31, 2011.

This change was aimed at calculating periodic profit and loss more accurately, taking the opportunity of having become possible to manage each project cost exactly due to the enhancement of the project control function by introduction of the Enterprise Resource Planning System (ERP).

As a result, segment profits increased by ¥428 million (\$5,154 thousand) in the Traffic and Transportation Infrastructure Division and ¥ 215 million (\$2,596 thousand) in the ICT Solutions Division compared with the amounts which would have been calculated under the former method.

<Additional information>

The Companies adopted ASBJ Statement No. 17 issued on March 27, 2009, "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" and ASBJ Guidance No. 20 issued on March 21, 2008, "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information" in the year ended March 31, 2011.

<Related information>

<Information about products and services>

Information about products and services is not shown since the information is provided previously in this section.

<Information about geographic area>

<Revenues>

Information of revenues is not shown since domestic sales of the Companies for the years ended March 31, 2010, 2011 and 2012 was more than 90% of net sales of Consolidated Statements of Income and Comprehensive income.

<Property, plant and equipment>

The information of property, plant and equipment is not shown since the amount of property, plant and equipment that located Japan as of March 31, 2010, 2011 and 2012 was more than 90% of the amount of property, plant and equipment of Consolidated Balance Sheets.

<Information about major customers>

Information about major customers is not shown since net sales to every customer for the year ended March 31, 2012 was less than 10 % of the amount of net sales of Consolidated Statements of Income and Comprehensive income.

15

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of the Companies for the years ended March 31, 2010, 2011 and 2012 were ¥3,063 million, ¥2,298 million and ¥2,221 million (\$27,086 thousand), respectively, and are included in selling, general and administrative expenses or manufacturing costs.

16

FAIR VALUE OF INVESTMENT AND RENTAL PROPERTY

The Companies rent a part of the land in Saitama Prefecture and other areas.

The main property is the site of the former Yono Plant, which is temporarily rented out as a parking lot.

The Companies are investigating effective use for most of those properties.

For the period ended March 31, 2010, 2011 and 2012, the net loss of the rental properties is ¥38 million, ¥39 million and ¥37 million (\$456 thousand). Rental revenue is ¥19 million, ¥19 million and ¥20 million (\$239 thousand), and rental cost is ¥57 million, ¥58 million and ¥57 million (\$695 thousand) each year. For the period ended March 31, 2010, loss on disposal of investment and rental property is ¥24 million.

Information about fair value of investment and rental property included in the consolidated financial statements as of March 31, 2011 and 2012 is as follows:

March 31, 2012	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Book value at the end of prior fiscal year	¥ 196	¥ 192	\$ 2,342
Increase (decrease) in the fiscal year	(4)	282	3,444
Book value.....	192	474	5,786
Fair value	¥6,301	¥6,816	\$83,123

The fair value of main real estate is computed based on appraisal amounts valued by outstanding real estate appraisers.

17**BUSINESS
COMBINATIONS**

- (1) Names of the combined party and description of its business
 - (a) Names of the combined party
Supporting service in parking management of Nisshin Electronics Service Co., Ltd. and IPOS NET INC.
 - (b) Description of the combined party
Nisshin Electronics Service Co., Ltd. is mainly engaged in the maintenance of electrical equipment manufactured by the Company. IPOS NET INC. is mainly engaged in supporting service in the development and sales of parking management.
- (2) Date of combination
April 1, 2010
- (3) Legal form of the business combination
IPOS NET INC. merged by absorption with Nisshin Electronics Service Co., Ltd.
- (4) Name of company after business combination
Nisshin Electronics Service Co., Ltd.
- (5) Other related the transaction
The purpose of the combination is concentration of management resources and enhancement of business base by combining organically the know-how of parking maintenance services and sales in Nisshin Electronics Service Co., Ltd. with supporting service in parking management in IPOS NET INC.

The business combination has been accounted for as a "Transaction under Common Control" in accordance with the accounting standards, "Accounting Standards for Business Combinations" (ASBJ Statement No. 21, as revised by on December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, as revised on December 26, 2008).

18**SUBSEQUENT
EVENT**

At the annual shareholders' meeting held on June 26, 2012, the shareholders approved cash dividends amounting to ¥437 million (\$5,327 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2012.

Such appropriations are recognized in the period in which they are approved by the shareholders.



Independent Auditor's Report

To the Board of Directors of The Nippon Signal Co., Ltd.:

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Nippon Signal Co., Ltd. and its consolidated subsidiaries as at March 31, 2012 and 2011, and their financial performance and cash flows for each of the three years in period ended March 31, 2012, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

As discussed in Note 2 to the consolidated financial statements, in the year ended March 31, 2010, the Companies changed the method for recognizing revenues and costs of construction contracts.

As discussed in Note 2 to the consolidated financial statements, in the year ended March 31, 2011, the Companies changed in classification of costs of specification development.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

KPMG AZSA LLC

July 13, 2012

Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Board of Directors and Corporate Auditors

As of July 1, 2012



Chairman
Kazuyoshi Nishimura



President
Yohei Furuhashi

Senior Executive Officers

Hidehiko Tsukamoto

Executive Officers

Hisatoshi Horiuchi
Hitoshi Oga
Yoshinori Azuma
Toshio Takano
Takashi Hasegawa
Takeshi Fujiwara
Hideo Oshima
Kazumi Shimizu



**Director and
Deputy Chief Executive
Officer**
Nariyuki Ohashi



**Director and
Senior Executive Officer**
Yasuo Saito



**Director and
Senior Executive Officer**
Yoshitaka Tokubuchi



**Director and
Senior Executive Officer**
Shoji Kawada



Director
Takashi Kobayashi



Corporate Auditor
Masaru Wakao



Corporate Auditor
Yukio Yoshikawa



Corporate Auditor
Keiichiro Sue



Corporate Auditor
Ryoichi Tahara

THE NIPPON SIGNAL CO., LTD.

Date of Establishment

December 27, 1928

Number of Employees

1,243

Paid-in Capital

¥6,846 million

Number of Shares of Common Stock Issued

62,448,052

Number of Stockholders

12,105

Securities Traded

Tokyo Stock Exchange (First Section)

Osaka Securities Exchange (First Section)

Transfer Agent and Registrar

The Mizuho Trust & Banking Co., Ltd.

The Mizuho Investors Securities Co., Ltd.

Independent Certified Public Accountant

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Utsunomiya Plant

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Tochigi 321-8651, Japan

Tel: +81-28-660-3000

SUBSIDIARIES

Consolidated Subsidiaries

■ Manufacturing

The Nisshin Electrics Construction Co., Ltd.

Nisshin Industry Co., Ltd.

Tochigi Nisshin Electronics Co., Ltd.

Nisshin Software Engineering Co., Ltd.

Yamagata Nisshin Electronics Co., Ltd.

Nisshin Tokki Co., Ltd.

■ Servicing

Nisshin Electronics Service Co., Ltd.

Sapporo Nisshin Electronics Co., Ltd.

Fukuoka Nisshin Electronics Co., Ltd.

Mie Nisshin Electronics Co., Ltd.

Sendai Nisshin Electronics Co., Ltd.

Non-Consolidated Subsidiaries

■ Manufacturing

Asahi Electronics Co., Ltd.

■ Servicing

Nisshin Enterprise Co., Ltd.

Nisshin TECHNO Service Co., Ltd.

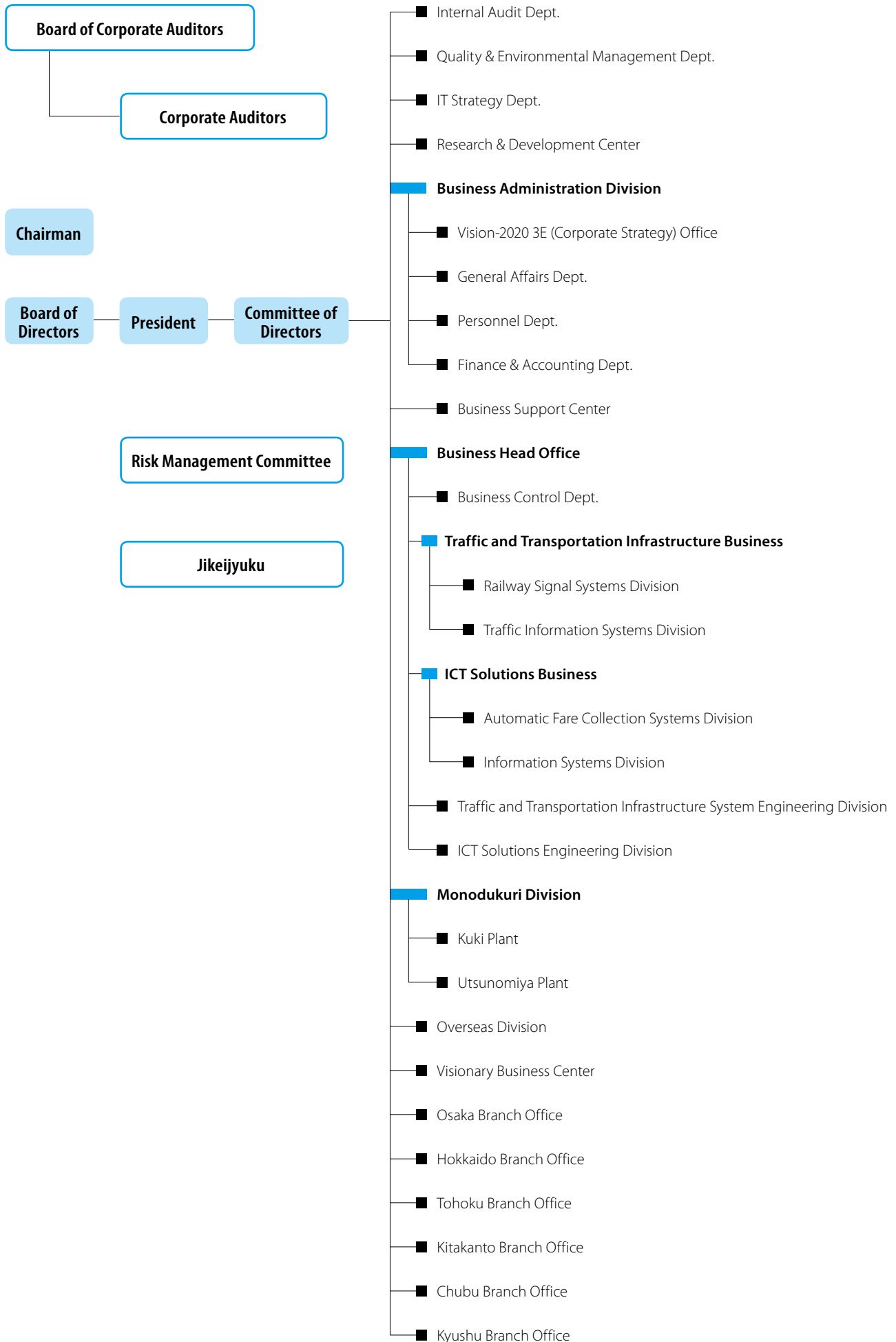
Nisshin Career Service Co., Ltd.

Circuit Technology Inc.

Beijing Nippon Signal Co., Ltd.

Organization

As of July 1, 2012



1. Railway Signaling Systems

- Automatic Train Supervision System
- Automatic Train Protection System (ATP)
- Automatic Train Operation System (ATO)
- Train Detection Equipment
- Transponder
- Maintenance Management System
- Relay Interlocking Equipment
- Train Information Processing System
- Electronic Interlocking Equipment
- Electronic Block System
- Railway Crossing System
- Train Navigation System (TNS)
- Other Signal Equipment

2. Traffic Control Systems

- Universal Traffic Management System
- Centralized Area Traffic Control System
- Local Controllers
- Traffic Signal-Integrated Street Lights
- Ultrasonic Vehicle Detector
- Vehicle-Type Classifying Detector
- Image Processing Vehicle Detector
- Road Traffic Information System
- Traffic Information Board
- Traffic Flow Data Counter

3. Automatic Fare Collection Systems

- Automatic Passenger Gate
- Automatic Ticket Vending Machine
- Automatic Fare Adjustment Machine
- Data Processing Equipment
- Station Controller
- Coupon Vending Machine
- Automatic Coupon Vending Machine
- Automatic Prepaid Card Vending Machine
- Centralized Card Encoder
- Ticket Issuing Machine for Station Staff
- Centralized Monitoring Equipment

4. Integrated Airport Passenger Systems

- Boarding Pass Printer
- Boarding Pass Reader

5. Parking Control Systems

- Parking Fee Collection System (ISP)
- PARK-LOC® System (P/L)
- Parking Management and Control System
- Intelligent PARK-LOC® (IPL)
- Centralized Monitoring System
- Parking Management Support System
- Bicycle Parking Lot Management Support System
- Information Port System (IPOS)

6. Electronics Information and Control Equipment

(1) Card Systems

- Visible Magnetic Card (VISMAG)
- Point Card System
- Contact-Less IC Card
- Various Card Writers and Readers

(2) Entry/Exit Control Systems

- Security Gate System
- Security Control System for Buildings
- Automatic Card Vending Machine

(3) Information Display Systems

- LED Display System
- Passenger Information System

7. RFID

8. MEMS



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