

# Nippon Manufacturing Service Corporation (nms) Fact Sheet 3Q FY2011

Stock exchange listings : JASDAQ Securities Exchange  
Stock code : 2162

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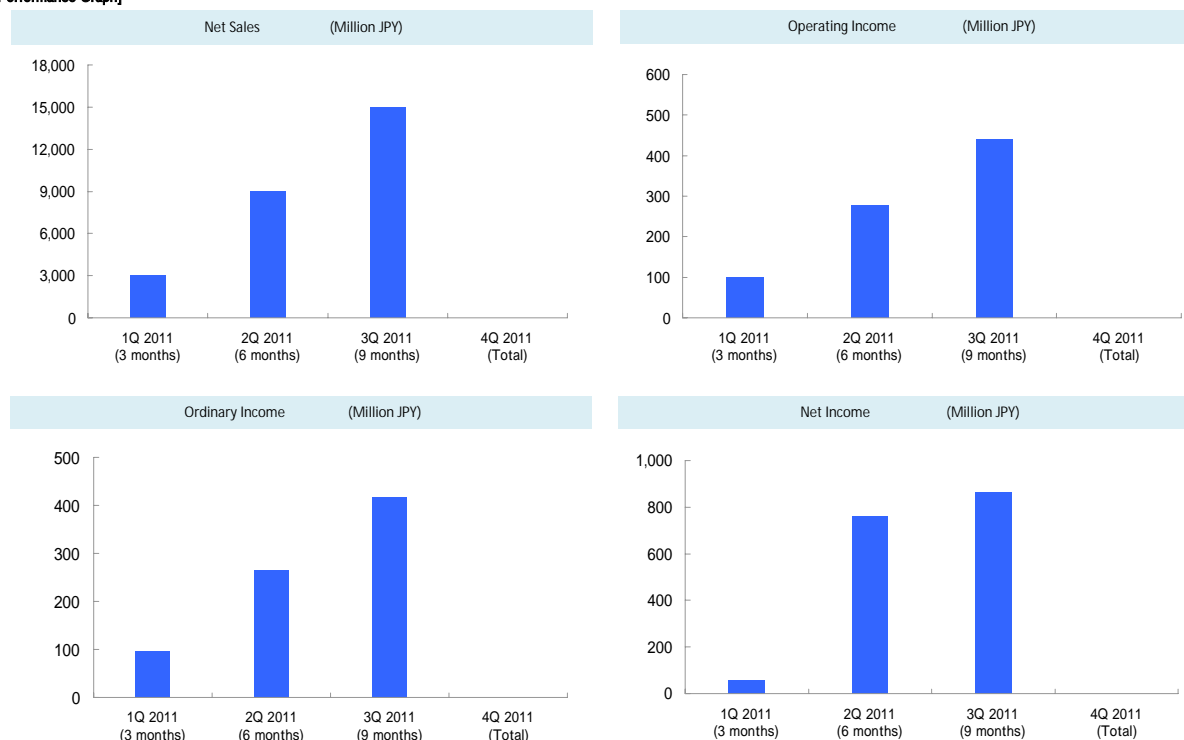
nms is the leading manufacturing outsourcing company in Japan, and expanding our business globally and helps to preserve and pass down Japan's exceptional, world-renowned capabilities for Monozukuri. We will provide a one-stop service for Monozukuri in the form of "neo EMS" that handles everything from design and development to repairs and customer service both in Japan and abroad. We are the first Japanese company to acquire licenses in Vietnam for in-plant contract manufacturing and contract manufacturing businesses and to receive a permit to provide dispatch labor services in China, the only manufacturing outsourcing company that makes it possible to do "Monozukuri" on the level that Japanese manufacturers want whether in Japan or overseas.

## Summary of Quarterly Financial Information

(Million JPY)

	1Q 2011 (3 months)	2Q 2011 (6 months)	3Q 2011 (9 months)	4Q 2011 (Total)
Net Sales	3,044	8,983	14,974	
Operating Income	99	276	440	
Ordinary Income	98	265	417	
Net Income	57	764	865	
Net Income per share (JPY)	2,877.13	38,428.46	43,453.08	
Dividends per share (JPY)	-	-	-	
[Financial Data]				
Operating profit margin (%)	3.3	3.1	2.9	

### [Performance Graph]



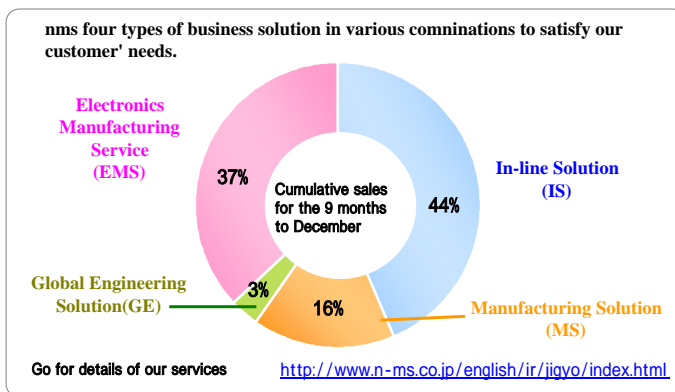
## Qualitative Information Concerning Financial Results

The Japanese economy in the period under review continued to show a moderate recovery, supported by the growth in emerging economies in Asia, specifically China. The outlook remains uncertain, however, due to negative factors such as the recent yen appreciation and deflationary pressures as well as the crisis-level national fiscal deficit for which no solution is in sight. Moreover, while other countries have set their sights on the abolition of tariff barriers and the promotion of free trade, Japan has yet to draw up a clear growth strategy for the future and reach a consensus on a participation in the Trans-Pacific Strategic Economic Partnership Agreement (TPP). In this setting, Japan's export-driven industries, which have been driving the economy, have been dealt a blow by the current yen appreciation, prompting an accelerating overseas shift in manufacturing.

Although manufacturers in the contractor industry where nms has been making effort to bolster earnings have been working to rebuild earnings, for manufacturing worker dispatch services and contract manufacturing services a business recovery has yet to take clear shape, given an undercurrent that has a growing number of clients consider moving their manufacturing bases overseas. Moreover, although the parliamentary debate about the Worker Dispatching Act remains suspended, industry members and manufacturing clients alike are making preparations in the anticipation that manufacturing worker dispatch will in principle be barred. Specifically, manufacturers have started probing for the optimal solution among moving their manufacturing bases overseas, outsourcing to partner companies (i.e., contracting), and hiring employees under irregular contracts on their own account, among other options. The ongoing shakeout in the contractor industry will therefore likely continue as a consequence of weakening comprehensive manufacturing frameworks in terms of legal compliance issues and contracting capabilities.

Occasioned by these developments, nms Group (the Company and its consolidated subsidiaries) has formulated a new business strategy concept ("neo EMS") under which the Group will promote business initiatives that address key issues of the Group's individual operations. Specific measures include the following:

- Raise the competitive strength of Inline Solutions (IS) operations, the Group's core business
  - Expand Manufacturing Solution (MS) operations, a business with growth potential
  - Improve business systems in Global Engineering (GE) operations, indispensable for the "neo EMS" one-stop service concept
  - Establish a business platform for Electronics Manufacturing Service (EMS) operations, necessary for gaining greater manufacturing prowess
- Based on the foregoing, for the period under review, the Group reported revenues of 14,974 million yen, operating income of 440 million yen, ordinary income of 417 million yen, and net income of 865 million yen.



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## TOPICS

**nms is Proud to Announce the Establishment of a Joint Venture in China by One of its Subsidiaries and the Launch of Manufacturing Staff Dispatches in China, the First for a Japanese-affiliated Company [Jan.20, 2011]**

[http://www.n-ms.co.jp/english/ir/pdf/ir20110120\\_1\\_e.pdf](http://www.n-ms.co.jp/english/ir/pdf/ir20110120_1_e.pdf)

**nms is Proud To Announce Its Subsidiary Was the Only Japanese-Affiliated Company Appointed to the China Labor Dispatch Services Committee [Jan.20, 2011]**

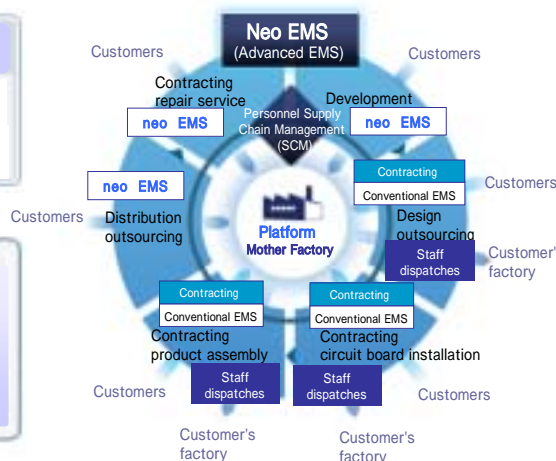
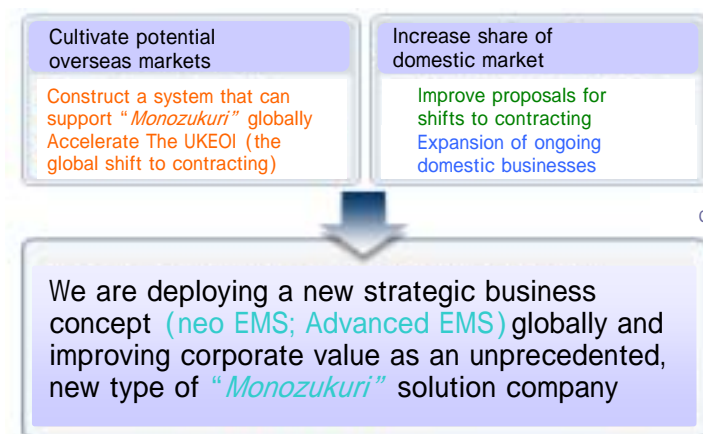
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## Next Solution

### Mid-Term Business Plan

Seeking to achieve synergy between nms' "Monozukuri" capabilities (extensive contracting capacity) and SHIMA Electronic Industry Co., Ltd. – the subsidiary acquired in July 2010 engaged in EMS overseas – we have deployed our neo EMS (Advanced EMS) solution globally in our capacity as an unprecedented, new type of "Monozukuri" solution company.

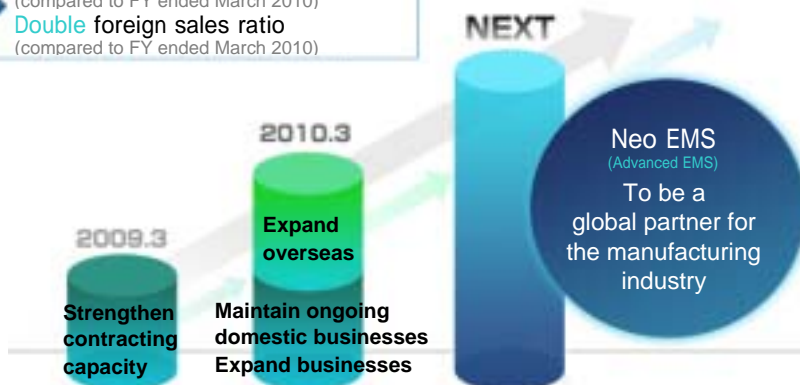
Through these efforts, we are working to expand the overseas market by getting manufacturer demand for overseas expansion, to increase domestic market share, and to improve corporate value.



### Mid-year nms Group Consolidated Performance Targets

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- Triple sales** (compared to FY ended March 2010)
- Double foreign sales ratio** (compared to FY ended March 2010)

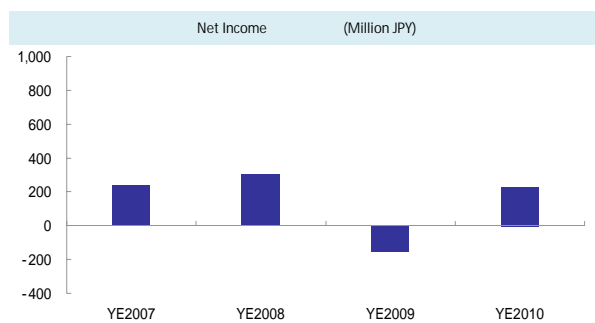
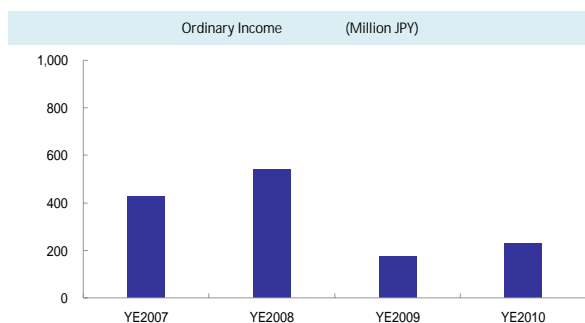
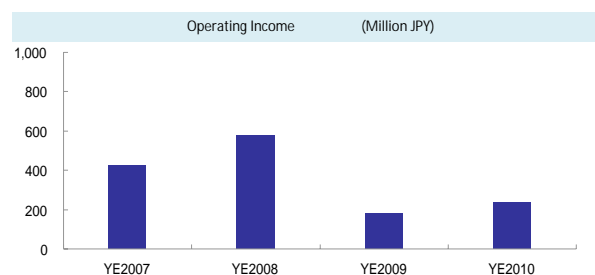
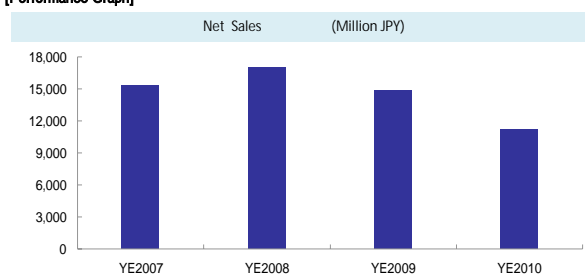


## Performance Information

(Million JPY)

Operational Results (Non-consolidated)	YE2007	YE2008	YE2009	YE2010
Net Sales	15,322	16,963	14,822	11,224
Operating Income	423	576	184	234
Ordinary Income	427	542	174	230
Net Income	234	302	-152	230
Net Income per share (JPY)	11,371.51	14,352.31	-7,143.89	11,497.36
Dividends per share (JPY)	-	-	-	500
Net Sales by Business Segment	YE2007	YE2008	YE2009	YE2010
In-line Solutions (IS)	12,452	13,553	11,097	7,936
Manufacturing Solutions (MS)	1,718	1,956	2,276	2,526
Global Engineering (GE)	1,151	1,454	1,449	762
Electronics Manufacturing Service (EMS)	-	-	-	-
Total assets/Net assets/Equity ratio(Non-consolidated)	YE2007	YE2008	YE2009	YE2010
Total assets	3,937	4,218	2,832	3,117
Net assets	811	1,252	1,069	1,295
Equity ratio	20.6%	29.7%	37.8%	41.3%
Net Cash flows (Non-consolidated)	YE2007	YE2008	YE2009	YE2010
Cash flows from operating activities	311	80	-302	352
Cash flows from investing activities	-85	-71	-21	-80
Cash flows from financing activities	-360	19	-132	-264
Financial Indicators	YE2007	YE2008	YE2009	YE2010
Operating profit margin (%)	2.8	3.4	1.2	2.1
ROE (%)	33.8	29.4	-	19.5
ROA (%)	11.4	13.3	4.9	7.7

### [Performance Graph]



## Basic Information

Company Name	Nippon Manufacturing Service Corporation (nms)
Head Office	Tokyo Opera City Tower 11F, 3-20-2 Nishi-shinjuku, Shinjuku-ku, Tokyo 163-1411, Japan
Established/Incorporated	Sep-85/Aug-90
Capital	500,600,000yen(as of March 31,2009)
Officers	President : Fumiaki Ono Executive Managing Director : Hidehisa Fukumoto Executive Director : Norihiko Suehiro

## Stock Information (As of September 30, 2010)

### Basic Information

Fiscal year end	31-March
General meeting of shareholders	June
Record date	Year-end dividends: March 31/Interim dividends: September 30
Number of shares constituting one unit	1share
Number of shares authorized	82,400 shares
Number of shares issued	21,611 shares
Number of shareholders	730

### Major Shareholders

Shareholder name	Stock Holdings	Stock Holding Ratio
JUFCO Buyout No.2 Investment Limited Partnership	7,738	35.80
Fumiaki Ono	3,640	16.84
Employee Stock Ownership	580	2.68
Kyouji Hasegawa	528	2.44
Asahi Pretec Corp	500	2.31
Hidehisa Fukumoto	440	2.03
JP Morgan Chase Bank 380084	345	1.59
Nomura Securities Co., Ltd.	333	1.54
JAFCO Buyout NO.2 Investment Limited Partnership (Cayman) L.P.	332	1.48
Toru Nakamura	300	1.38
Treasury Stock	1,703	7.88

### Share price/Market Value

490,000JPY [Closing price Feb.14, 2011] / 10,589 mil JPY

### Forward P/E

13.95 [Consolidated]