

July 26, 2011
Nippon Manufacturing Service Corporation

Nippon Manufacturing Service Corporation is Proud to Announce the Acquisition of Shares in TKR Corporation, Turning the Company into Subsidiary (Management Integration)

Nippon Manufacturing Service (nms) Group is proud to announce that at the board of directors meeting held on July 26, 2011, a resolution was passed to purchase 53.01% of TKR Corporation's shares, turning the company into a subsidiary, details of which are provided below. nms is also proud to announce that the subsidiaries of TKR Corporation, Tohoku TKR Corporation, Iwate TKR Corporation, Ibaraki TKR Corporation, TKR HOLDINGS LIMITED, TKR MANUFACTURING (MALAYSIA) SDN. BHD., TKR PRECISION (MALAYSIA) SDN. BHD., TKR HONG KONG LIMITED, TKR HUANAN ELECTRONICS (DONG GUAN) CO., LTD., will also become second-tier subsidiaries of nms Group.

1. Reason for acquiring the shares

The Great East Japan Earthquake of March 11 this year has since caused extremely adverse business conditions for nms Group. Specifically, the unclear operating environment requires manufacturers, the Group's main clients, to adjust production and contemplate moving production overseas and may before long also compel the diversification of business models and globalization as conditions for survival.

In light of this situation, nms Group has adopted a business strategy concept "neo EMS" that consist not only of domestic human resources operations but, ahead of competitors, will provide on a global scale services of high added-value not available to other companies engaged in manufacturing-staff provision and manufacturing subcontracting. Under the strategy adopted and announced internally and externally as the Medium-Term Management Plan, nms Group will also over the medium term reliably provide in-depth manufacturing (*monozukuri*) solutions required by Japanese manufacturers and provide the manufacturing outsourcing services acclaimed in Japan also in East Asia, specifically in China, as well as in Vietnam, Malaysia, and other ASEAN countries, and in the regions where Japan's manufacturers may choose to set up business.

In order to attain the objectives of the Medium-Term Management Plan, acquiring a controlling stake in TKR Corporation is an indispensable step. The reason is that, under the new strategy, by strengthening development, design, and module assembly including substrate mounting, and by reinforcing or expanding the ODM and OEM areas, nms Group will raise the level and scope of sophistication of the services that the Group is able to provide, and will buttress existing operating bases overseas. We believe that due to this step the "neo EMS" business strategy concept proposed by the Group will lead to a wider scope of service offerings and a surge in business opportunities.

Established in 1954, TKR Corporation commands excellent technological strengths in design and development, and engages in operations that range from the design and manufacture of dies and molds to press processing, module assembly including substrate mounting, and ODM / OEM operations. TKR Corporation is a comprehensive EMS company with domestic bases in Iwate (2 bases) and Ibaraki and with overseas bases in Malaysia (2 bases), Hong Kong, and China.

We believe that the Group's growth strategy will benefit in the following ways from the management integration of TKR Corporation with its Group companies.

- Strengthening of the "neo EMS" functions and business bases in Japan and overseas
- Substantial rise in business opportunities from increased customer segment and widened product and service ranges

- Enhanced operating efficiency from the use of infrastructure such as production management systems of TKR Corporation

Notably, according to trial calculations, as a result of the planned management integration, the overseas sales ratio of nms Group will rise above 50%. Moreover, the scale of the Group's business (sales revenue of ¥50.5 billion, operating income of ¥1.4 billion, and net assets of ¥5 billion; based on totals for the twelve months to March 2011) is seen to reach a magnitude that will qualify nms Group as a leading company in the manufacturing outsourcing industry, establishing the Group's position as manufacturers' strategic global partner.

2. Outlook

This share purchase will result in the nms Group holding 53.01% of all the issued shares of TKR Corporation held by shareholders, turning TKR Corporation into a consolidated subsidiary of the Group.

It is projected that this management integration will generate around 800 million yen in negative goodwill (extraordinary profit) for fiscal year ending March 31, 2012. The impact of the integration on fiscal year ending March 31, 2012 earnings is currently being examined and the results will be promptly announced after they are confirmed.

TKR Performance Information

TKR Corporation (Fiscal year end: 31-Mar)

JPY(Million)	FY2009	FY2010	FY 2011
Net Assets	4,260	4,519	4,946
Total Assets	8,789	8,508	8,624
Net Assets per Share(yen)	4,383.33	4,649.54	5,088.48
Net Sales	11,788	8,808	8,644
Operating Income	△163	60	319
Ordinary Income	△79	175	299
Net Income	△675	184	520
Net Income per Share (yen)	△695.24	190.06	535.66
Dividends per Share (yen)	1	-	-

Tohoku TKR Corporation (Fiscal year end: 31-Dec)

JPY(Million)	FY2008	FY2009	FY2010
Net Assets	601	498	565
Total Assets	1,435	1,243	1,302
Net Assets per Share(yen)	1,044.98	865.06	982.52
Net Sales	2,443	1,228	1,674
Operating Income	81	△25	75
Ordinary Income	82	△23	85
Net Income	56	△41	66

Net Income per Share (yen)	97.27	△72.39	114.87
Dividends per Share (yen)	-	-	-

Iwate TKR Corporation (Fiscal year end: 31-Dec)

JPY(Million)	FY2008	FY2009	FY2010
Net Assets	175	85	103
Total Assets	611	582	733
Net Assets per Share(yen)	1,754.80	859.90	1,037.78
Net Sales	1,266	701	1,715
Operating Income	△54	△82	21
Ordinary Income	△57	△86	16
Net Income	△64	△88	17
Net Income per Share (yen)	△649.51	△887.57	179.79
Dividends per Share (yen)	-	-	-

Ibaraki TKR Corporation (Fiscal year end: 31-Dec)

JPY(Million)	FY2008	FY2009	FY2010
Net Assets	124	157	202
Total Assets	937	1,415	1,525
Net Assets per Share(yen)	1,300.19	1,644.68	2,105.76
Net Sales	2,135	1,910	2,851
Operating Income	34	30	120
Ordinary Income	31	50	136
Net Income	16	33	44
Net Income per Share (yen)	175.10	344.49	461.08
Dividends per Share (yen)	-	-	-

TKR HOLDINGS LIMITED (Fiscal year end: 31-Dec)

JPY(Million)	FY2008	FY2009	FY2010
Net Assets		△1	146
Total Assets		1,019	1,031
Net Assets per Share(yen)		△1	146
Net Sales		-	-
Operating Income		△0	△3
Ordinary Income		△6	73
Net Income		△6	73
Net Income per Share (yen)		△6	73

Dividends per Share (yen)		-	56
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Since TKR HOLDINGS LIMITED was established in 2009, figures for the fiscal year ended Dec 31, 2008 are not stated.

TKR MANUFACTURING (MALAYSIA) SDN. BHD. (Fiscal year end: 31-Dec)

JPY(Million)	FY2008	FY2009	FY2010
Net Assets	1,021	1,360	1,272
Total Assets	2,271	2,696	2,700
Net Assets per Share(yen)	102.19	136.02	127.25
Net Sales	10,521	8,706	10,801
Operating Income	49	211	188
Ordinary Income	68	258	155
Net Income	39	228	159
Net Income per Share (yen)	3.98	22.84	15.95
Dividends per Share (yen)	9.71	9.81	5.11

TKR PRECISION (MALAYSIA) SDN. BHD. (Fiscal year end: 31-Dec)

JPY(Million)	FY2008	FY2009	FY2010
Net Assets	112	206	399
Total Assets	565	674	667
Net Assets per Share(yen)	23.50	43.05	83.27
Net Sales	2,102	1,649	2,855
Operating Income	△77	58	192
Ordinary Income	△11	92	277
Net Income	△9	78	281
Net Income per Share (yen)	△1.91	16.31	58.69
Dividends per Share (yen)	-	-	14.02

TKR HONG KONG LIMITED (Fiscal year end: 31-Dec)

JPY(Million)	FY2008	FY2009	FY2010
Net Assets	337	287	81
Total Assets	2,315	2,447	1,696
Net Assets per Share(yen)	22.52	19.17	5.43
Net Sales	11,609	7,883	9,744
Operating Income	△225	△131	△260
Ordinary Income	△150	△64	△174
Net Income	△301	△57	△183

Net Income per Share (yen)	△20.08	△3.83	△12.23
Dividends per Share (yen)	-	-	-

TKR HUANAN ELECTRONICS (DONG GUAN) CO., LTD. (Fiscal year end: 31-Dec)

Since the company was converted into an independently capitalized company in October 2010, operating and financial information for the last three years has been omitted.

TKR Group Consolidated Performance Information (Fiscal year end: 31-Mar)

JPY(Million)	FY2009	FY2010	FY 2011
Net Assets	4,187	4,618	5,363
Total Assets	13,431	13,461	13,750
Net Sales	32,362	23,773	29,828
Operating Income	△373	200	754
Ordinary Income	△529	209	713
Net Income	△936	197	837

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