

# Annual Review 2016

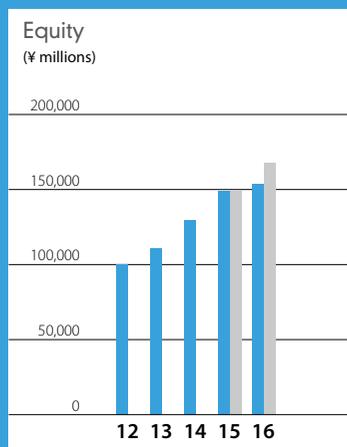
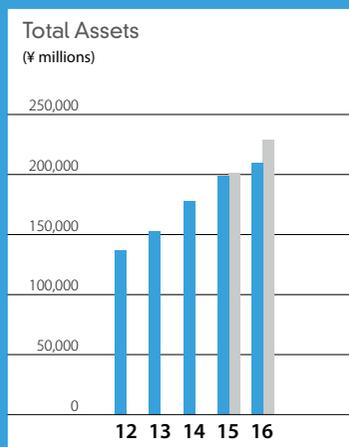
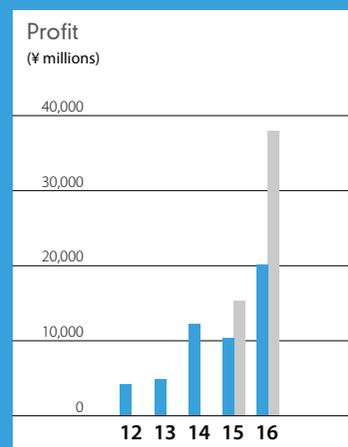
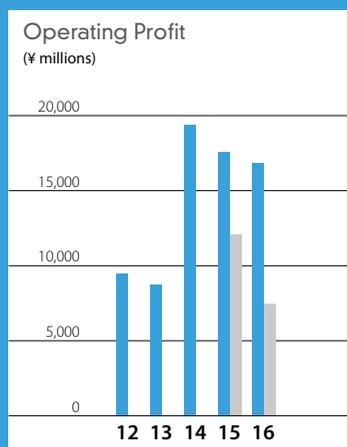
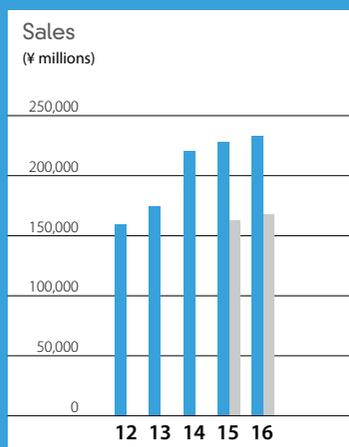
For the year ended March 31, 2016

# Financial Highlights

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
<b>For the year:</b>			
Sales	¥162,784	¥167,709	\$1,488,362
Operating profit	12,090	7,490	66,476
Profit before income tax	13,856	7,406	65,727
Profit	15,276	37,978	337,046
Profit attributable to the owners of the parent	10,917	33,654	298,673
<b>At year-end:</b>			
Total assets	¥201,571	¥229,082	\$2,033,033
Equity	149,767	168,091	1,491,753
<b>Per share (yen and U.S. dollars):</b>			
Basic earnings per share	¥ 168.19	¥ 517.93	\$ 4.60
Cash dividends paid	40.00	42.50	0.38

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥112.68=U.S.\$1, the approximate exchange rate as of March 31, 2016.



□ JGAAP  
■ IFRS

# Message from the President

Thank you to all of our shareholders for your continuing encouragement and support.

The Nissin Kogyo Group is working to enhance its underlying competitiveness and establish a foundation for future growth by developing and providing products that are smaller and lighter, creating cutting-edge value, and offering environmental friendliness and safety.



## Business Results for the Year

In the fiscal year ended March 31, 2016, economic conditions surrounding the Nissin Kogyo Group gradually recovered on the whole, underpinned by recoveries in the U.S. and European economies, despite some signs of softness in the global economy as the Chinese economy decelerated and falling resource prices pushed down economic conditions mainly in emerging countries. In Japan, in the first half of the fiscal year, there were signs of improving corporate earnings due to the weaker yen and a drop in crude oil prices, along with a rebound in consumer spending due to improving employment conditions. However, amid lackluster economic conditions overseas, domestic investment and exports experienced sluggish growth. In the second half of the fiscal year, the Japanese economy largely remained at a standstill, with only a modest pace of recovery, as signs of stagnation were seen in consumer spending due to the yen's appreciation and lower stock prices.

In the automobile market, automobile sales volume rose in the U.S. compared with the previous fiscal year. Sales volume also increased in China owing to a boost from tax-reduction measures initiated in October 2015. In Asia, automobile sales volume climbed in India, buoyed by falling interest rates and fuel prices, as well as a recovery in consumer sentiment, despite declining in Thailand and Indonesia. Sales volume decreased in Brazil due to flagging economic conditions. Moreover, in Japan, automobile sales volume decreased, falling below the 5 million unit mark for the first time in four years. This reflected weak demand mainly due to an increase in compact vehicle taxes and tightening of the standards for eco-car tax reductions. In the motorcycle market, motorcycle sales volume rose in India compared with the previous fiscal year, but decreased in Thailand, Indonesia, and Brazil.

In this business environment, the Nissin Kogyo Group strove to expand local production primarily in growing markets. Concurrently, the Group worked to enhance its underlying competitiveness and establish a foundation for future growth by developing and providing products that are smaller and lighter and creating cutting-edge, high added value based on the themes of environmental friendliness and safety.

In the automotive brake business, on March 31, 2016, the Group completed the transfer of its automotive brake control and brake apply businesses to a joint venture company (Nissin Kogyo's equity interest: 49%) established with Autoliv, Inc. (Head Office: Sweden). This move seeks to help the Group to better address customer needs by winning the race to develop cutting-edge automotive safety products, which are becoming increasingly complex and sophisticated. The joint venture company aims to drive growth in orders from the Group's current main customers by promptly and accurately supporting their desire for new products. It also plans to further expand business by vigorously increasing sales to global automobile manufacturers.

Effective from the fiscal year ended March 31, 2016, the Group has voluntarily adopted the International Financial Reporting Standards (IFRS), which will replace the Japanese generally accepted accounting principles it has

applied to date. Under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, a component of an entity that either has been disposed of or is classified as held-for-sale and represents a separate major line of business must be classified as a discontinued operation. In accordance with this rule, the Group has classified the automotive brake control and brake apply business as a discontinued operation.

As a result of the foregoing, the Group posted sales of ¥167,709 million, up 3.0% year on year, operating profit of ¥7,490 million, down 38.0% year on year, and profit before income tax of ¥7,406 million, down 46.6% year on year. Profit rose 148.6% year on year to ¥37,978 million. Profit attributable to owners of the parent was ¥33,654 million, an increase of 208.3% from the previous fiscal year.

## Forecasts for the Fiscal Year Ending March 31, 2017

In terms of the outlook for economic conditions, Japan is expected to experience only a modest pace of economic recovery mainly based on a downturn in business sentiment and consumer confidence reflecting the impact of natural disasters and the stronger yen and lower stock prices since the beginning of the year. Meanwhile, the global economy is expected to remain on a gradual recovery path, supported by signs of improving economic conditions in China owing to the positive effects of pump-priming measures, despite some uncertainty surrounding the impacts of interest rate hikes in the U.S., falling crude oil prices, and other factors.

In the motorcycle business, the Group will develop and expand sales of high-value-added products (anti-lock braking systems (ABS) and combined braking systems (CBS)) that address the mandatory fitment of advanced braking systems in motorcycles, along with working to capture a greater share of growing markets. In the automobile business, the Group will launch electronic parking brakes and high-value-added aluminum products that help to reduce vehicle weight in response to the need for better fuel economy. In addition, we will reshape our earnings structure by implementing "Scrap & Build" measures in our caliper business. Through these growth strategies, we will further enhance the Nissin brand and establish a solid market position, as we aim to further expand our business and bolster our financial position.

In this environment, the Group's current forecasts for the fiscal year ending March 31, 2017 are for sales of ¥160,000 million, operating profit of ¥9,000 million, profit before income tax of ¥11,000 million, profit of ¥9,000 million and profit attributable to owners of the parent of ¥5,600 million. These forecasts are based on an assumed exchange rate of ¥109 to the U.S. dollar for the fiscal year ending March 31, 2017.

We plan to pay cash dividends of ¥45 per share for the fiscal year ending March 31, 2017.

In closing, I would like to ask for the continued support of all our shareholders.

August 2016

A handwritten signature in black ink that reads "Eiji Okawara".

**Eiji Okawara**  
President

# TOPICS

Initiatives to Strengthen  
Business

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## Global Development and Strengthening Establishing a Joint

Nissin Kogyo has run its business of manufacturing brake components in the two fields of automobiles and motorcycles with a goal of becoming the World's Number One manufacturer of brake systems. As of the fiscal year ended March 31, 2016, in the motorcycle business, we have a global share of about 70% for hydraulic brake systems and 25% for brake systems as a whole, and through further expansion in emerging markets, we will keep striving towards our goal of being the top manufacturer in name and results.

In the automobile business, our goal is to continue our growth in integrated brake systems and expand sales with global manufacturers. Therefore, we judged it best to team up with a partner with a strong presence in automotive safety, and to develop the automobile business together. Based on this understanding, the Nissin Kogyo Group formed a joint venture with Sweden-based Autoliv in March 2016 for the brake control and brake apply businesses.

The Autoliv Group, with global sales of approximately US\$9.2 billion for fiscal 2014, is one of the world's leading suppliers of automotive safety systems, with over 60,000 employees in 80 facilities located in 28 countries worldwide. The Nissin Kogyo Group has collaborated with the Autoliv Group in the field of ESC (electronic stability control) systems and deepened mutual understanding.

Looking ahead, by combining the Nissin Kogyo Group's expertise and capabilities in R&D and production of brake systems with the Autoliv Group's expertise and R&D resources in electronic control units (ECU), sensing units such as radar, and customer base as a global manufacturer, the joint venture will respond promptly to the rapid growth of the cutting-edge automotive safety field and aim to establish a framework for further growth.

## Technology

# Venture with Autoliv

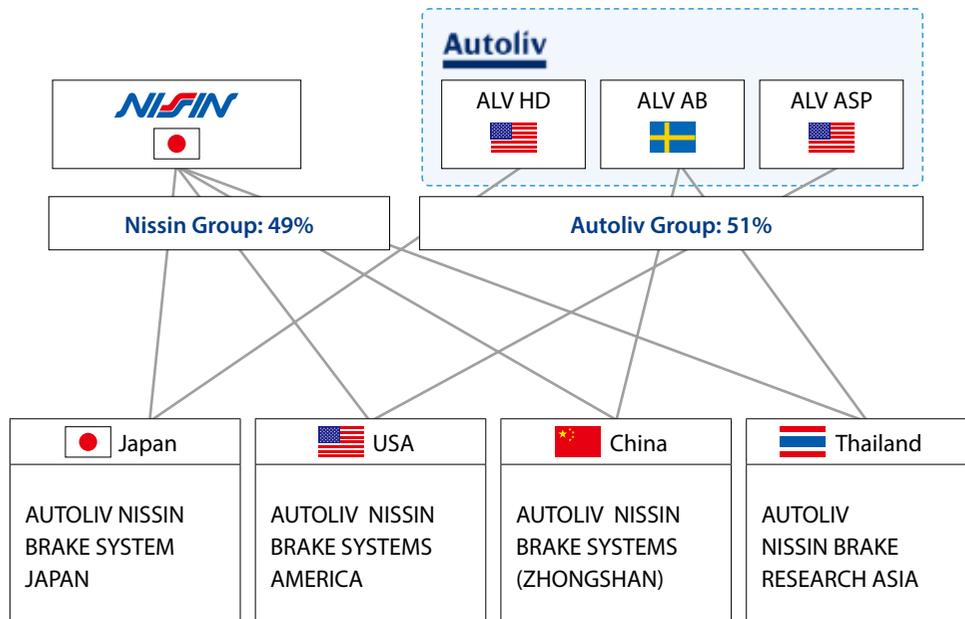
### Expected Developments

Stronger collaboration in the development field

Actively expand business opportunities

Raise cost competitiveness by promoting shared purchases

### Outline of the Joint Venture



### Main Products of the Joint Venture

■ Automobile products and brake control and brake apply systems



ESB (regenerative cooperative brake system)



Master cylinder and master power



Rear tow control



ESC (electronic stability control)

# New Adoptions of Our Products

Through its aluminum-weight-reduction and braking system technologies, Nissin Kogyo makes significant contributions to motorized society in terms of both environmental performance and safety.

## Automobile Business

The Mazda Roadster model is fitted with Nissin Kogyo's brake products and aluminum products, both of which facilitate weight reduction.



Front upper arm fitted to vehicle



Aluminum rear caliper fitted to vehicle



Roadster

## Research and Development Activities

The Nissin Kogyo Group constantly strives to keep one step ahead of changes in the world by conducting research and development activities in order to create new product families that can contribute to safety and environmental performance, while meeting the needs of customers and society. In Japan, Group efforts are centered on basic brake systems, mechatronics-automated control systems for motorcycles, and aluminum products, primarily for motorcycles and automobiles. In these areas, we aim to reduce weight, improve fuel efficiency, and develop products that contribute to

better safety and comfort, as well as develop materials and manufacturing processes, all from a global perspective. We are also responding to needs related to achieving a low-carbon society by developing products, materials and manufacturing processes that can help to reduce CO<sub>2</sub> emissions.

In motorcycles, we have developed lower-priced ABS and CBS systems tailored to customer needs to address the mandatory fitment of advanced braking systems for motorcycles. This requirement is being increasingly enforced around the world, in countries such as Brazil, Japan,

# Motorcycle Business

Products manufactured by Nissin Kogyo at its bases in Japan have been adopted for use in the Honda CRF1000L Africa Twin, a full-scale adventure motorcycle model.



Front master cylinder assembly



Rear caliper assembly



Front caliper assembly



Rear master cylinder assembly



Parking caliper assembly



ABS modulator assembly



CRF1000L  
Africa Twin

India, and China, beginning with 2016 models of European motorcycles. Our advanced braking systems have already been adopted for use in several motorcycle models, including European, Brazilian and Indian models.

We are enhancing our investment in research and development and development platforms to advance these activities more quickly. Specifically, as a form of computerized assessment, we are working on development initiatives utilizing CAE analysis (strength, action confirmation, casting defects, brake screeching, etc.) and simulation technology (ABS using HILS).

In North America, we are developing basic brake systems and aluminum products tailored to the needs of regional customers and society. In tandem, we are conducting market surveys to identify needs and trends in these regions, with a view to contributing to society.

Nissin Kogyo's Development Division is the key driver of the Group's research and development. R&D expenditures in the year under review were ¥4,634 million; by geographic segment, Japan accounted for ¥4,352 million and North America for ¥282 million.

# Corporate Governance

## Basic Philosophy

The Group implements corporate governance based on its guidelines and rules of conduct, including its basic principle, "Rich in spirit. A company that contributes," and its mission statement, "Always stay ahead of changes in the world and provide superior products, technologies and ideas to meet the needs of customers and society."

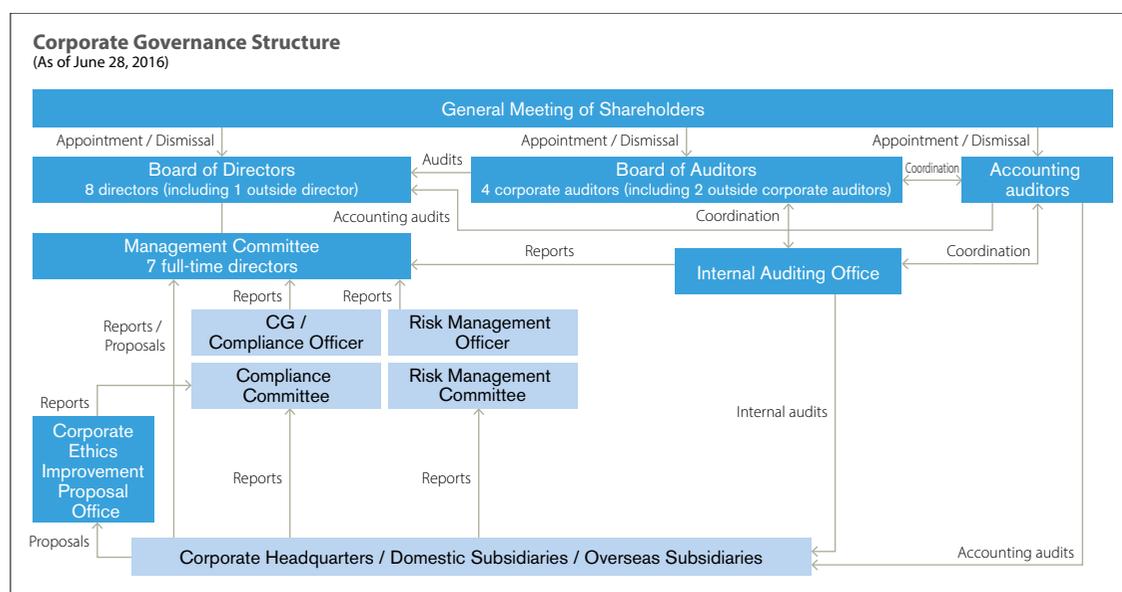
### Overview of Nissin Kogyo's Organization

Nissin Kogyo has a Board of Auditors in accordance with the Companies Act and has developed its corporate governance structure for the basic purpose of enhancing the Board of Director's oversight of business execution and the auditing function of the Board of Auditors and other auditing bodies.

The Board of Directors is comprised of eight directors, one of whom is an outside director. The board is chaired by the president and representative director. It determines and approves legal matters, basic management policies and other important matters related to management, as well as oversees business execution by directors. The board meets on a regular schedule and as necessary on an extraordinary basis.

The Management Committee is comprised of seven full-time directors. It conducts prior deliberations on matters that will be put before the Board of Directors and also deliberates on important matters related to management and business execution within the scope of authority delegated by the Board of Directors.

The Board of Auditors is comprised of four corporate auditors, two of whom are outside corporate auditors. Corporate auditors attend meetings of the Board of Directors, Management Committee and other important meetings and audit business execution. In addition, the corporate auditors work to raise the efficiency of audits through coordination with the Internal Auditing Office, discussions with the president and representative director, and by other means.



### Details of Director and Corporate Auditor Remuneration

Classification	Total compensation paid (Millions of yen)	Total compensation paid by type (Millions of yen)		Number of recipients (Persons)
		Basic compensation	Bonus	
Directors (Excluding the outside director)	296	246	50	11
Corporate auditors (Excluding outside corporate auditors)	45	35	9	3
Outside director and corporate auditors	8	8	—	3

# Environmental Policies

## Environmental Initiatives

Nissin Kogyo positions environmental issues among management's most important challenges, and has taken a progressive approach to environmental protection activities. Beyond providing customers with resource- and energy-saving products, the Nissin Kogyo Group concentrates wholeheartedly on the environment and safety, and is developing a framework for further environmental protection.

### Environmental Policy of Nissin Kogyo

In June 1998, Nissin Kogyo formulated its Environmental Policy to promote environmental protection activities. Every member of the Group is working together toward the formation of a recycling-oriented, sustainable society.

### Environmental Protection Activities

Nissin Kogyo is working to establish environmentally friendly plants that contribute to the reduction of CO<sub>2</sub> emissions in production activities. As a part of this, we have been introducing cogeneration facilities that use natural gas to generate electricity consumed at production plants, while also effectively utilizing the hot water and heat produced when power is generated.

### Initiatives at the Naoetsu Plant

Cogeneration facilities were introduced at the Naoetsu Plant in December 2005. The electricity generated is used by our production plant for automobile parts and the hot water and heat are utilized in surface processing and heating and cooling systems. In the winter months, the hot water and surplus heat are also used to melt snow.

### Initiatives at the Tobu Plant

After the Naoetsu Plant, cogeneration facilities were next installed in November 2006 at the Tobu Plant. The electricity generated is used in our production plant for automobile brakes, and the hot water and heat are used in surface processing and heating and cooling systems.

Nissin Kogyo will continue to actively promote production activities with environmentally friendly facilities that help reduce CO<sub>2</sub> emissions.



Cogeneration facility at the Tobu Plant

### Environmentally Friendly Products

Nissin Kogyo develops and manufactures a wide range of environmentally friendly products. For instance, we have successfully completed the following product development projects: 1) product modifications to improve fuel efficiency through weight reduction, 2) reduction of industrial waste through the use of recycled materials, 3) reduction of environmentally hazardous substances, 4) fuel efficiency improvement through new devices, and 5) reduction of energy used in manufacturing.



Aluminum knuckle

### Aluminum calipers and knuckles (from 2002)

We switched from cast iron to aluminum to reduce weight by 5.6 kg per vehicle.

# Financial Review

## Business Results

In the fiscal year ended March 31, 2016, consolidated net sales increased 3.0% to ¥167,709 million, operating profit declined 38.0% to ¥7,490 million, profit before income tax declined 46.6% to ¥7,406 million, profit increased 148.6% to ¥37,978 million, and profit attributable to owners of the parent increased 208.3% to ¥33,654 million.

Basic net income per share increased from ¥168.19 in the previous year to ¥517.93. Nissin Kogyo paid a year-end dividend of ¥22.5 (full-year dividend of ¥42.5) per share, an increase of ¥2.5 as planned.

## Breakdown by Geographic Segment

### Japan

In Japan, net sales remained mostly level with the previous fiscal year at ¥24,684 million, as increases in sales of components and other items absorbed declines in sales of automobile products and motorcycle products.

Operating profit deteriorated by ¥2,485 million year on year to an operating loss of ¥759 million, mainly due to recording one-time expenses associated with business divestitures and the impact of the decline in sales.

### North America

Net sales increased by 20.6% year on year to ¥43,841 million, mainly due to strong demand in the automobile market and foreign exchange effects.

Operating loss was ¥1,933 million, deteriorating by ¥1,305 million year on year from the previous fiscal year, mainly reflecting impairment losses despite the effect of higher sales and foreign exchange effects.

### Asia

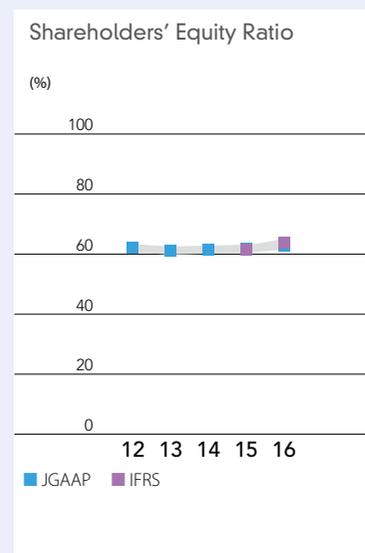
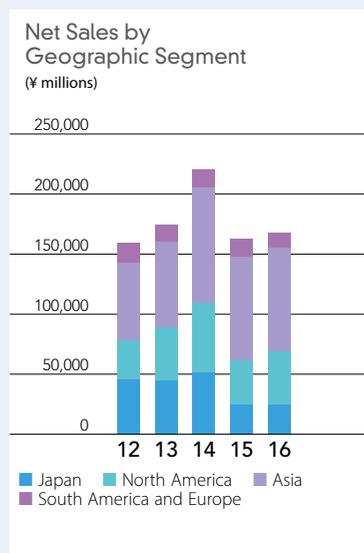
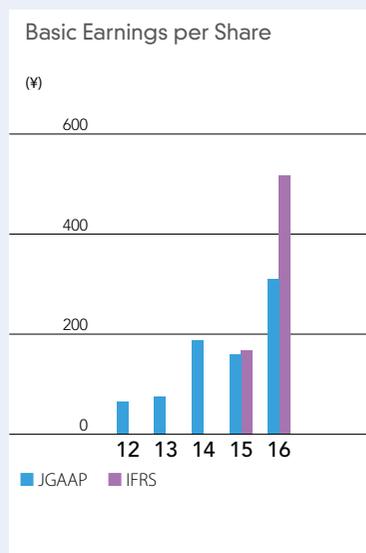
Net sales were almost level with the previous fiscal year at ¥86,452 million, mainly reflecting the effect of model changes in China as well as foreign exchange effects, which offset the impact of declines in sales in Thailand and Indonesia.

Operating profit declined 5.9% year on year to ¥10,214 million, mainly due to the impact of lower sales in Indonesia and Thailand and foreign exchange effects.

### South America and Europe

Net sales declined by 16.2% year on year to ¥12,732 million, mainly due to deterioration of the Brazilian motorcycle market and foreign exchange effects, which outweighed the effect of automobile model changes in Brazil and an increase in sales of motorcycle products to Europe.

Operating profit deteriorated by ¥457 million year on year to an operating loss of ¥376 million, mainly reflecting the slump in the motorcycle market and foreign exchange effects, despite structural changes in motorcycle products and a reduced cost of sales.



## Financial Position

Total assets as of March 31, 2016 were up ¥27,511 million from the previous fiscal year-end to ¥229,082 million.

Current assets were up ¥17,216 million from the previous fiscal year-end to ¥132,260 million. This mainly reflected an increase in cash and cash equivalents.

Non-current assets were up ¥10,295 million from the previous fiscal year-end to ¥96,822 million. This mainly reflected an increase in investments accounted for using the equity method.

Current liabilities were up ¥10,925 million from the previous fiscal year-end to ¥52,919 million. This was mainly due to an increase in income tax payables.

Non-current liabilities were down ¥1,738 million from the previous fiscal year-end to ¥8,072 million. This was mainly due to a decline in deferred tax liabilities.

Total equity was up ¥18,323 million from the previous fiscal year-end to ¥168,091 million. This was mainly due to an increase in retained earnings.

Net cash from operating activities was ¥25,842 million (compared with ¥23,329 million in the previous fiscal year). Principle items included profit before income taxes and depreciation and amortization expense.

Net cash used in investing activities was ¥2,857 million (compared with ¥13,079 million in the previous fiscal year). This mainly reflected purchase of property, plant and equipment.

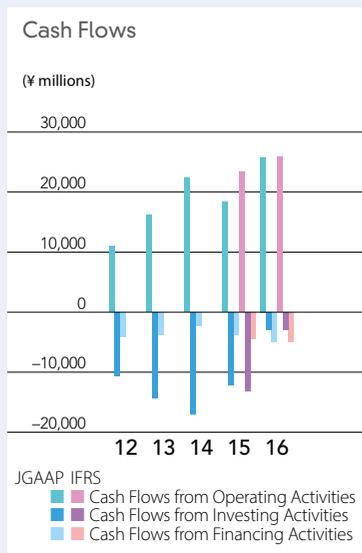
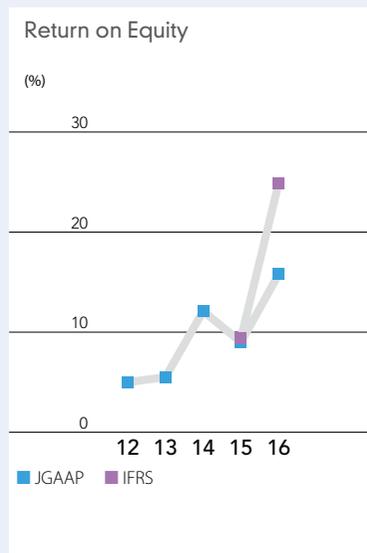
Net cash used in financing activities was ¥4,902 million (compared with ¥4,484 million in the previous fiscal year). This was mainly used for payment of dividends.

## Basic Stance Regarding Selection of Accounting Standards

The Nissin Kogyo Group has voluntarily applied the International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 31, 2016. The new standards should make it easier for the capital markets to compare our financial information internationally and increase the quality of business management in our Group companies.

## Cash Flows

Cash and cash equivalents ("cash") as of March 31, 2016 stood at ¥53,049 million, up ¥15,263 million from the previous fiscal year-end. The increase mainly reflects an increase in cash due to income from business divestitures, while the main use of cash was for capital expenditures.



# Consolidated Statement of Financial Position

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
April 1, 2014 and March 31, 2015 and 2016

ASSETS	Millions of yen			Thousands of U.S. dollars
	As at April 1, 2014 (Transition date)	2015	2016	2016
<b>Current assets:</b>				
Cash and cash equivalents	¥ 30,791	¥ 37,785	¥ 53,049	\$ 470,789
Trade receivables	33,658	34,110	32,308	286,722
Other financial assets	9,460	11,332	22,297	197,881
Inventories	24,356	28,257	21,938	194,690
Other current assets	2,811	3,560	2,520	22,362
Subtotal	101,076	115,045	132,111	1,172,445
Assets classified as held-for-sale	—	—	149	1,325
Total current assets	101,076	115,045	132,260	1,173,770
<b>Non-current assets:</b>				
Property, plant and equipment	57,026	63,830	49,326	437,755
Intangible assets	2,055	3,131	1,727	15,324
Investment property	1,230	132	—	—
Investments accounted for using the equity method	633	454	28,655	254,306
Other financial assets	15,880	17,570	15,369	136,397
Deferred tax assets	507	585	408	3,617
Other non-current assets	820	823	1,337	11,864
Total non-current assets	78,151	86,526	96,822	859,263
<b>Total assets</b>	<b>¥179,228</b>	<b>¥201,571</b>	<b>¥229,082</b>	<b>\$2,033,033</b>

Note: The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into U.S. dollars at the rate of 112.68 = U.S.\$1, the approximate rate of exchange prevailing at March 31, 2016. This translation should not be construed as a representation that all amounts shown could be converted into U.S. dollars at such rate.

# Consolidated Statement of Changes in Equity

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2016

	Millions of yen							
	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Accumulated other comprehensive income	Total		
Balance as of March 31, 2015	¥3,694	¥3,476	¥(693)	¥101,957	¥15,438	¥123,871	¥25,896	¥149,767
<b>Comprehensive income:</b>								
Profit	—	—	—	33,654	—	33,654	4,324	37,978
Other comprehensive income	—	—	—	—	(9,621)	(9,621)	(2,571)	(12,191)
Total comprehensive income	—	—	—	33,654	(9,621)	24,034	1,753	25,787
<b>Total transactions with owners:</b>								
Increase (decrease) in treasury shares	—	25	167	—	—	192	—	192
Dividends	—	—	—	(2,598)	—	(2,598)	(1,794)	(4,392)
Other increase (decrease)	—	407	—	—	—	407	(3,670)	(3,264)
Transfer from other components of equity to retained earnings	—	—	—	(228)	228	—	—	—
Total transactions with owners	—	432	167	(2,827)	228	(2,000)	(5,464)	(7,463)
Balance as of March 31, 2016	¥3,694	¥3,908	¥(526)	¥132,785	¥ 6,045	¥145,905	¥22,186	¥168,091

LIABILITIES AND EQUITY	Millions of yen			Thousands of U.S. dollars
	As at April 1, 2014 (Transition date)	2015	2016	2016
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Trade payables	¥ 22,999	¥ 23,322	¥ 20,727	\$ 183,944
Borrowings	5,288	5,982	7,736	68,659
Other financial liabilities	4,686	5,156	6,482	57,522
Income tax payables	1,130	880	12,878	114,289
Provisions	1,701	668	640	5,683
Other current liabilities	5,628	5,987	4,456	39,544
<b>Total current liabilities</b>	<b>41,432</b>	<b>41,994</b>	<b>52,919</b>	<b>469,641</b>
<b>Non-current liabilities:</b>				
Borrowings	946	1,231	1,371	12,170
Other financial liabilities	51	31	22	194
Net defined benefit liability	3,326	3,093	2,321	20,595
Provisions	46	46	1,082	9,607
Deferred tax liabilities	3,140	4,794	2,739	24,305
Other non-current liabilities	547	615	537	4,768
<b>Total non-current liabilities</b>	<b>8,057</b>	<b>9,810</b>	<b>8,072</b>	<b>71,639</b>
<b>Total liabilities</b>	<b>49,489</b>	<b>51,804</b>	<b>60,991</b>	<b>541,280</b>
<b>Equity:</b>				
Capital stock	3,694	3,694	3,694	32,783
Capital surplus	3,451	3,476	3,908	34,681
Treasury shares	(786)	(693)	(526)	(4,670)
Retained earnings	93,304	101,957	132,785	1,178,421
Other components of equity	8,270	15,438	6,045	53,647
<b>Total equity attributable to owners of the parent</b>	<b>107,932</b>	<b>123,871</b>	<b>145,905</b>	<b>1,294,863</b>
Non-controlling interests	21,807	25,896	22,186	196,890
<b>Total equity</b>	<b>129,739</b>	<b>149,767</b>	<b>168,091</b>	<b>1,491,753</b>
<b>Total liabilities and equity</b>	<b>¥179,228</b>	<b>¥201,571</b>	<b>¥229,082</b>	<b>\$2,033,033</b>

	Thousands of U.S. dollars							
	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Accumulated other comprehensive income	Total		
Balance as of March 31, 2015	\$32,783	\$30,848	\$(6,152)	\$ 904,833	\$137,006	\$1,099,318	\$229,821	\$1,329,138
<b>Comprehensive income:</b>								
Profit	—	—	—	298,673	—	298,673	38,372	337,046
Other comprehensive income	—	—	—	—	(85,382)	(85,382)	(22,813)	(108,195)
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>298,673</b>	<b>(85,382)</b>	<b>213,291</b>	<b>15,559</b>	<b>228,850</b>
<b>Total transactions with owners:</b>								
Increase (decrease) in treasury shares	—	224	1,482	—	—	1,706	—	1,706
Dividends	—	—	—	(23,060)	—	(23,060)	(15,918)	(38,979)
Other increase (decrease)	—	3,609	—	—	—	3,609	(32,572)	(28,963)
Transfer from other components of equity to retained earnings	—	—	—	(2,024)	2,024	—	—	—
<b>Total transactions with owners</b>	<b>—</b>	<b>3,833</b>	<b>1,482</b>	<b>(25,085)</b>	<b>2,024</b>	<b>(17,745)</b>	<b>(48,490)</b>	<b>(66,236)</b>
Balance as of March 31, 2016	\$32,783	\$34,681	\$(4,670)	\$1,178,421	\$ 53,647	\$1,294,863	\$196,890	\$1,491,753

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥112.68=U.S.\$1, the approximate exchange rate as of March 31, 2016.

# Consolidated Statement of Income

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
<b>Sales</b>	¥ 162,784	¥ 167,709	\$ 1,488,362
Cost of sales	(142,630)	(147,875)	(1,312,343)
<b>Gross profit</b>	20,154	19,834	176,019
Selling, general and administrative expenses	(8,153)	(9,117)	(80,908)
Other income	678	1,706	15,140
Other expenses	(590)	(4,933)	(43,775)
<b>Operating profit</b>	12,090	7,490	66,476
Finance income	2,047	1,225	10,873
Finance costs	(77)	(1,131)	(10,037)
Share of profit (loss) of entities accounted for using the equity method	(204)	(179)	(1,585)
<b>Profit before income tax</b>	13,856	7,406	65,727
Income tax expense	(3,209)	(1,719)	(15,257)
Profit from continuing operations	10,648	5,687	50,470
Profit from discontinued operations	4,629	32,291	286,575
<b>Profit</b>	¥ 15,276	¥ 37,978	\$ 337,046
Profit attributable to:			
Owners of the parent:			
Profit from continuing operations	¥ 6,601	¥ 1,655	\$ 14,684
Profit from discontinued operations	4,316	32,000	283,990
Profit attributable to owners of the parent	10,917	33,654	298,673
Non-controlling interests	4,359	4,324	38,372
<b>Profit</b>	¥ 15,276	¥ 37,978	\$ 337,046
Earnings per share:			
Basic earnings per share (yen):			
From continuing operations	¥ 101.69	¥ 25.47	\$ 0.23
From discontinued operations	66.49	492.47	4.37
<b>Total</b>	¥ 168.19	¥ 517.93	\$ 4.60

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥112.68=U.S.\$1, the approximate exchange rate as of March 31, 2016.

# Consolidated Statement of Comprehensive Income

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
<b>Profit</b>	¥15,276	¥ 37,978	\$ 337,046
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss:			
Financial assets valued at fair value through other comprehensive income	1,665	(1,912)	(16,970)
Remeasurements of defined benefit plans	261	(390)	(3,458)
Total other comprehensive income that will not be reclassified to profit or loss, net of taxes	1,926	(2,302)	(20,428)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	7,503	(9,928)	(88,110)
Share of other comprehensive income of entities accounted for using the equity method	27	39	342
Total other comprehensive income that may be reclassified to profit or loss	7,530	(9,890)	(87,768)
Other comprehensive income, net of tax	9,455	(12,191)	(108,195)
<b>Total comprehensive income</b>	¥24,731	¥ 25,787	\$ 228,850
Total comprehensive income attributable to:			
Owners of the parent	¥18,417	¥ 24,034	\$ 213,291
Non-controlling interests	6,315	1,753	15,559
<b>Total comprehensive income</b>	¥24,731	¥ 25,787	\$ 228,850

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥112.68=U.S.\$1, the approximate exchange rate as of March 31, 2016.

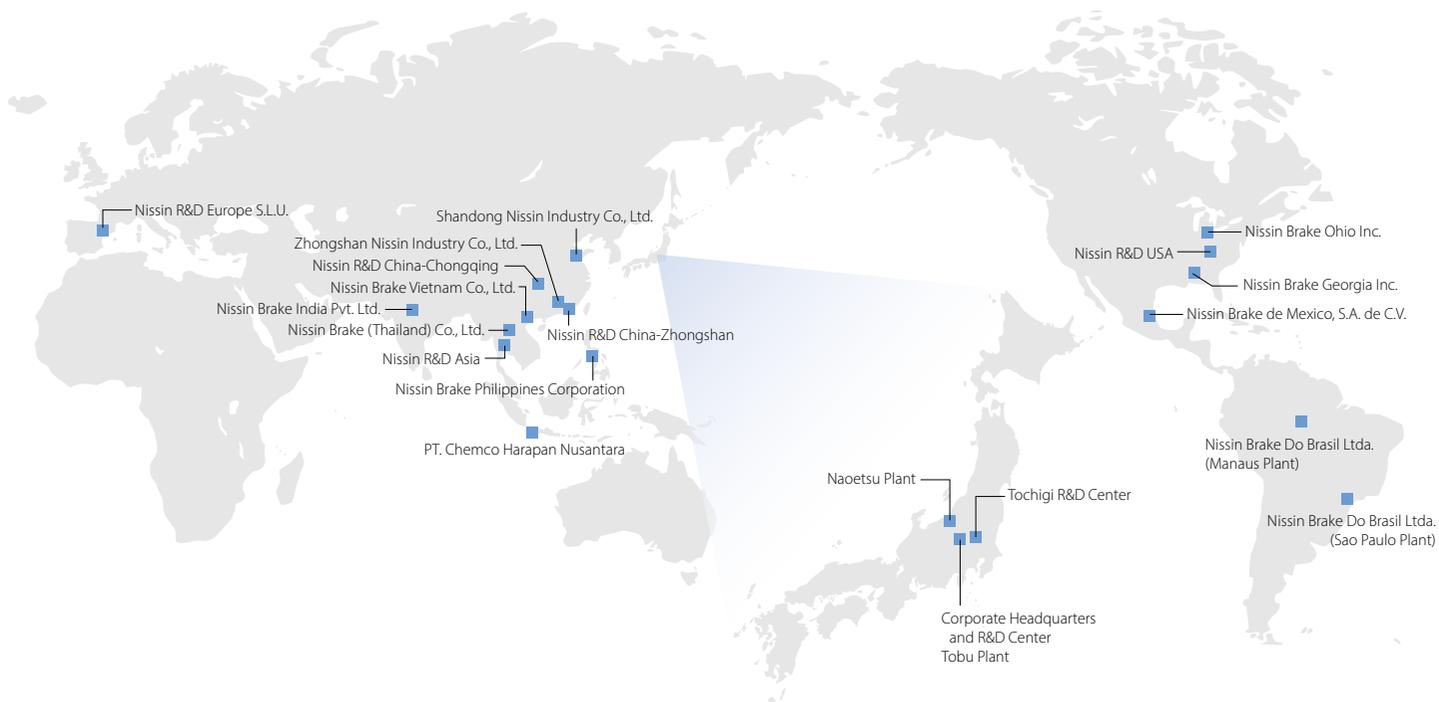
# Consolidated Statement of Cash Flows

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
<b>Cash flows from operating activities:</b>			
Profit before income tax	¥ 13,856	¥ 7,406	\$ 65,727
Profit before tax from discontinued operations	6,790	46,777	415,136
Depreciation and amortization expense	9,784	9,675	85,860
Impairment loss	110	2,137	18,964
Gain on transfer from business divestiture	—	(39,355)	(349,260)
Finance (income) and costs	(1,303)	(482)	(4,281)
Share of (profit) loss of entities accounted for using the equity method	204	179	1,585
Increase (decrease) in provisions and net defined benefit liability	(1,274)	1,044	9,265
(Increase) decrease in trade and other receivables	2,237	113	1,007
(Increase) decrease in inventories	(1,639)	53	467
Increase (decrease) in trade and other payables	(2,134)	(1,448)	(12,851)
Other, net	121	2,823	25,057
Subtotal	26,753	28,922	256,677
Interest and dividends received	1,361	1,226	10,883
Interest paid	(77)	(101)	(896)
Income taxes paid	(4,708)	(4,206)	(37,329)
Net cash flows from (used in) operating activities	23,329	25,842	229,335
<b>Cash flows from investing activities:</b>			
Net (increase) decrease in time deposits	(1,169)	(3,692)	(32,763)
Net (increase) decrease in securities	0	(9,000)	(79,872)
Purchase of property, plant and equipment	(11,660)	(13,409)	(118,997)
Purchase of intangible assets	(1,509)	(1,699)	(15,080)
Purchase of investment securities	(71)	(32)	(280)
Proceeds from the sale of investment securities	—	100	884
Cash advances and loans made to other parties	(193)	(1,604)	(14,231)
Proceeds from business divestiture	—	35,030	310,882
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	231	2,047
Payment for acquisition of investments accounted for using the equity method	—	(9,025)	(80,091)
Proceeds from sale of investments accounted for using the equity method	—	93	825
Other, net	1,522	149	1,323
Net cash flows from (used in) investing activities	(13,079)	(2,857)	(25,353)
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term borrowings	(687)	2,101	18,648
Dividends paid to owners of the parent	(2,596)	(2,598)	(23,060)
Dividends paid to non-controlling shareholders	(2,225)	(1,794)	(15,918)
Purchase of non-controlling interests	—	(2,986)	(26,500)
Other, net	1,024	374	3,324
Net cash flows from (used in) financing activities	(4,484)	(4,902)	(43,507)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	1,229	(2,819)	(25,019)
<b>Net increase (decrease) in cash and cash equivalents</b>	6,995	15,263	135,456
<b>Cash and cash equivalents at beginning of period</b>	30,791	37,785	335,333
<b>Cash and cash equivalents at end of period</b>	¥ 37,785	¥ 53,049	\$ 470,789

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥112.68=U.S.\$1, the approximate exchange rate as of March 31, 2016.

# Network



## [ Domestic ]

### Corporate Headquarters and R&D Center

801 Kazawa, Tomi City,  
Nagano 389-0514, Japan  
Tel: +81-268-61-0061 Fax: +81-268-63-1231

### Tochigi R&D Center

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Tochigi 321-0525, Japan  
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### Tobu Plant

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### Naoetsu Plant

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Niigata 942-0035, Japan  
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## [ Overseas ]

### SPAIN

#### Nissin R&D Europe S.L.U.

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Tel: +34-902-410-999 Fax: +34-936-593-900

### UNITED STATES

#### Nissin Brake Ohio Inc.

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Tel: +1-419-425-6725 Fax: +1-419-425-6729

#### Nissin Brake Georgia Inc.

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#### Nissin R&D USA

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OH 43319-9500, U.S.A.  
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### THAILAND

#### Nissin Brake (Thailand) Co., Ltd.

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#### Nissin R&D Asia

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### INDONESIA

#### PT. Chemco Harapan Nusantara

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Jawa Barat, Indonesia  
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### PHILIPPINES

#### Nissin Brake Philippines Corporation

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### CHINA

#### Shandong Nissin Industry Co., Ltd.

273 Century Avenue, Rushan City,  
Shandong Province, China  
Tel: +86-631-6681246 Fax: +86-631-6681325

#### Zhongshan Nissin Industry Co., Ltd.

No. 34.37. Jian Ye Road Torch Hi-tech Industrial  
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#### Nissin R&D China-Zhongshan

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### Nissin R&D China-Chongqing

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### VIETNAM

#### Nissin Brake Vietnam Co., Ltd.

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Vinh Phuc Province, Vietnam  
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### BRAZIL

#### Nissin Brake Do Brasil Ltda. (Manaus Plant)

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Tel: +55-92-2121-4700 Fax: +55-92-2121-4731

#### Nissin Brake Do Brasil Ltda. (Sao Paulo Plant)

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Bairro Itaim Mirim, ITU-SP, Brazil  
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### MEXICO

#### Nissin Brake de Mexico, S.A. de C.V.

Camino de acceso numero 652  
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Tel & Fax: +52-462-626-0308

### INDIA

#### Nissin Brake India Pvt. Ltd.

SP-1-33-35, New Industrial Area, Phase-III, Neemrana  
301705, Distt-Alwar (Rajasthan), India  
Tel: +91-1494-246733 Fax: +91-1494-246736

# Corporate Data

(As of March 31, 2016)

**Name:** Nissin Kogyo Co., Ltd.

**Established:** October 1953

**Paid-In Capital:** ¥3,694 million

**Employees:** 9,362

## Directors and Corporate Auditors:

(As of June 16, 2016)

### President

Eiji Okawara

### Executive Director

Junya Takei

### Managing Director

Kenji Terada

### Directors

Kazuya Sato

Yuichi Ichikawa

Takayoshi Shinohara

Keiichi Kobayashi

Jiro Miyashita

### Statutory Corporate Auditors

Kiyoshi Sakashita

Makoto Horiuchi

### Corporate Auditors

Hiroyuki Negishi

Heiji Saito

**Total Shares Issued and Outstanding:** 65,452,143

**Number of Shareholders:** 18,362

**Stock Listing:** Tokyo Stock Exchange, First Section

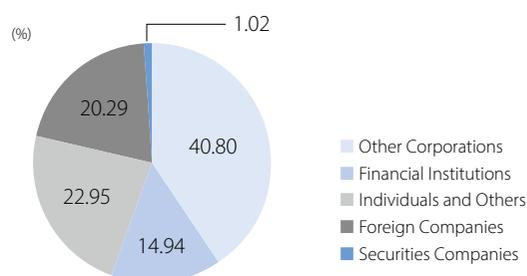
**Stock Code:** 7230

## Transfer Agent:

Sumitomo Mitsui Trust Bank, Limited

1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

## Shareholdings by Shareholder Type:



## Principal Shareholders:

Name	Shareholding (Thousands of shares)	Percentage of total shares outstanding (%)
Honda Motor Co., Ltd.	22,682	34.65
Daishin Sangyo Co., Ltd.	3,398	5.19
Japan Trustee Services Bank, Ltd. (Trust Account)	2,524	3.85
The Bank of New York, Mellon SA/NV 10	2,063	3.15
Naoya Miyashita	1,963	2.99
State Street Bank & Trust Company	1,487	2.27
The Master Trust Bank of Japan, Ltd. (Trust Account)	897	1.37
The Bank of New York 133522	745	1.13
State Street Bank & Trust Company 505103	658	1.00
Northern Trust Co. (AVFC) RE-HCR00	631	0.96



**NISSIN KOGYO CO., LTD.**

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