
**I N V E S T O R S '
G U I D E**

NICHIRIN

2013

NICHIRIN CO., LTD.

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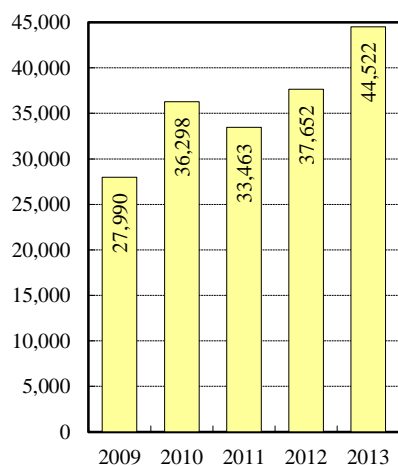
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Financial Highlights

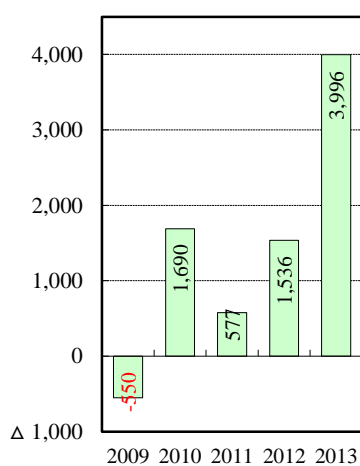
[in ¥million]

As of December 31	2009	2010	2011	2012	2013
Consolidated					
Net sales	27,990	36,298	33,463	37,652	44,522
Ordinary profit (loss)	(550)	1,690	577	1,536	3,996
Net income (loss) for the period	(1,216)	880	(10)	729	2,130
Shareholder's equity	10,106	10,326	10,085	12,085	19,051
Total assets	28,307	30,430	29,741	31,026	39,461
Shareholder's equity per share [Yen]	1,040.64	1,069.51	1,013.60	1,211.65	1,586.06
Net income per share [Yen]	(135.34)	97.98	(1.13)	81.17	231.89
Net cash used in operating activities	391	1,499	(157)	1,972	3,945
Net cash used in investment activities	(1,342)	(1,151)	(660)	(1,178)	(1,824)
Net cash provided by financing activities	1,185	564	(348)	(538)	(134)
Cash and cash equivalents at end of period	3,760	4,481	3,212	3,683	6,141

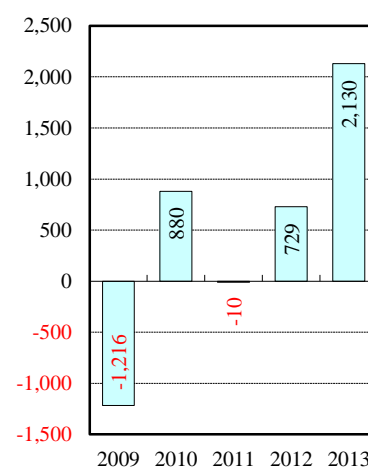
Net sales
(¥ million)



Ordinary profit
(¥ million)



Net income
(¥ million)



[in ¥million]

As of December 31	2009	2010	2011	2012	2013
Non-consolidated					
Net sales	20,087	27,772	26,102	27,621	28,297
Ordinary profit	(663)	809	442	820	2,198
Net income (loss) for the period	(924)	643	130	535	1,503
Capital stock	1,729	1,729	1,729	1,729	2,158
Share outstanding [thousands of shares]	9,000	9,000	9,000	9,000	10,050
Shareholder's equity	8,075	8,644	8,615	9,340	12,048
Total assets	24,285	25,999	25,587	25,697	28,808
Shareholder's equity per share [Yen]	898.13	961.68	958.49	1,039.17	1,200.26
Dividends per share [Yen]	6.00	9.00	12.00	12.00	16.00
Net income per share [Yen]	(102.79)	71.57	14.56	59.55	163.60
Dividends payout ratio [%]	-	12.6	82.4	20.1	9.8

Financial Statements

Consolidated Balance Sheets

[in ¥thousand]

As of December 31	2012	2013	Thousands of U.S.\$
	Amount	Amount	
Assets			
Current assets			
Cash and cash equivalents	3,683,909	7,359,437	69,824
Notes and accounts receivable—trade	6,509,851	8,626,289	81,843
Merchandise and finished goods	1,695,221	1,632,271	15,486
Work in process	2,231,790	2,514,224	23,854
Raw materials and supplies	1,133,040	1,454,104	13,796
Deferred tax assets	180,372	301,209	2,858
Others	1,237,631	1,224,647	11,619
Allowance for doubtful accounts	(51,084)	(69,993)	(664)
Total current assets	16,620,733	23,042,192	218,617
Fixed assets			
Tangible fixed assets			
Building and structure	2,400,770	3,100,903	29,420
Machinery and equipment, vehicles	3,268,886	3,788,616	35,945
Land	3,633,920	3,648,680	34,617
Construction in progress	308,412	552,940	5,246
Others	184,495	362,445	3,439
Total tangible fixed assets	9,796,485	11,453,587	108,668
Intangible fixed assets			
Consolidated adjustment account	1,962	966	9
Others	173,824	190,034	1,803
Total intangible fixed assets	175,787	191,000	1,812
Investment and other assets			
Investments in securities	3,379,588	4,076,257	38,674
Deferred tax assets	419,896	77,699	737
Others	645,985	622,835	5,909
Allowance for doubtful accounts	(11,740)	(2,240)	(21)
Total investment and other assets	4,433,730	4,774,552	45,299
Total fixed assets	14,406,003	16,419,140	155,779
Total assets	31,026,736	39,461,333	374,396

[in ¥thousand]			
As of December 31	2012	2013	Thousands of U.S.\$
	Amount	Amount	
Liabilities			
Current liabilities			
Notes and accounts payable-trade	7,340,665	8,592,129	81,519
Short-term debt	466,514	153,563	1,457
Current portion of long term debt	1,684,063	1,549,197	14,698
Income taxes payable	72,432	342,971	3,254
Reserve for bonuses	74,321	74,507	707
Others	1,513,132	1,596,290	15,145
Total current liabilities	11,151,130	12,308,660	116,780
Long-term liabilities			
Long-term debt	3,008,767	2,860,232	27,137
Revaluation deferred income taxes	959,448	959,448	9,103
Deferred tax liabilities	53,272	195,947	1,859
Provision for retirement benefits	3,233,002	3,633,547	34,474
Reserve for director's retirement benefits	178,840	172,790	1,639
Consolidated adjustment account	866	—	—
Others	356,057	279,372	2,651
Total long-term liabilities	7,790,256	8,101,338	76,863
Total liabilities	18,941,387	20,409,999	193,643
Net assets			
Owners' equity			
Paid-in capital	1,729,000	2,158,000	20,474
Capital surplus	1,655,608	2,083,251	19,765
Earned surplus	6,311,892	8,316,724	78,906
Treasury stock	(6,536)	(6,536)	(62)
Deposit for subscriptions to treasury stock	9,689,963	12,551,438	119,084
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	831,800	1,305,948	12,390
Revaluation difference on land	1,735,632	1,735,632	16,467
Translation adjustments	(1,367,091)	327,841	3,110
Total valuation and translation adjustments	1,200,341	3,369,422	31,968
Minority interest	1,195,044	3,130,472	29,701
Total net assets	12,085,349	19,051,333	180,753

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥105.40=U.S.\$1.

Consolidated Statements of Income

[in ¥thousand]

Years ended December 31	2012	2013	Thousands of U.S.\$
	Amount	Amount	
Net sales	37,652,690	44,522,660	422,416
Cost of sales	32,037,401	36,098,960	342,495
Gross profit on sales	5,615,289	8,423,700	79,921
Selling, general and administrative expenses	4,442,625	4,903,883	46,526
Operating income	1,172,664	3,519,816	33,395
Non-operating income			
Interest income	7,359	29,322	278
Dividend income	42,260	49,781	472
Foreign exchange gain	211,645	357,585	3,393
Depreciation of consolidated adjustment account	2,746	866	8
Equity in earnings of unconsolidated companies	114,997	121,713	1,155
Subsidy income	7,496	5,897	56
Return of allowance for doubtful accounts	—	531	5
Gain on sales of fixed assets	1,887	61,884	587
Gain on sales of investment in securities	—	26,236	249
Gain on bargain purchase—EI	—	160,595	1,524
Others	137,284	74,107	703
Total non-operating income	525,677	888,521	8,430
Non-operating expenses			
Interest expenses	100,125	82,905	787
Loss on sales and disposal of fixed assets	24,828	75,721	718
Impairment loss of fixed assets	9,460	—	—
Loss on valuation of investment securities	13,900	—	—
Provisions for bad debts	5,500	—	—
Loss on step acquisitions—EL	—	82,145	779
Pension Assets Disappearance Loss EL	—	453,684	4,304
Others	54,593	79,839	757
Total non-operating expenses	208,407	774,303	7,346
Ordinary profit	1,536,236	3,996,877	37,921
Income before taxes and other adjustments	1,489,934	3,634,034	34,479
Corporate, inhabitant and enterprise taxes	299,195	778,543	7,387
Adjustment for income and other taxes	239,991	119,577	1,135
Subtotal	539,186	898,120	8,521
Income before minority interests	950,748	2,735,914	25,957
Minority interest income in consolidated subsidiaries	221,107	605,249	5,742
Net income for (loss) the period	729,640	2,130,664	20,215

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥105.40=U.S.\$1.

Consolidated Statements of Cash Flows

[in ¥thousand]

Years ended December 31	2012	2013	Thousands of U.S.\$
	Amount	Amount	
Net cash used in operating activities			
Net income before taxes and other adjustment	1,489,934	3,634,034	34,479
Depreciation and amortization	1,050,466	1,228,317	11,654
Increase (decrease) in reserve for bonuses	433	(6,935)	(66)
Increase (decrease) in allowance for retirement benefit scheme	(181,952)	392,466	3,724
Increase (decrease) in reserve for director's retirement benefits	16,790	(6,050)	(57)
Increase (decrease) interest and dividend income	(49,619)	(79,103)	(751)
Interest expenses	100,125	82,905	787
Loss (gain) on sales and retirement of noncurrent assets	22,941	13,845	131
Impairment loss of fixed assets	9,460	—	—
Loss (gain) on sales of investment	—	(26,236)	(249)
Amortization of goodwill—OpeCF	1,160	1,025	10
Amortization of negative goodwill—OpeCF	(2,746)	(866)	(8)
Gain on bargain purchase—OpeCF	—	(160,595)	(1,524)
Loss (gain) on step acquisitions—OpeCF	—	82,145	779
Gain (loss) on equity in earnings of unconsolidated companies	(114,997)	(121,713)	(1,155)
Decrease (increase) in trade receivables	755,062	(828,281)	(7,858)
Decrease (increase) in inventory	24,257	474,438	4,501
Increase (decrease) in account payable—trade	(511,355)	237,216	2,251
Increase in accounts payable of changeover to defined contribution pension plan	(115,517)	(104,009)	(987)
Others	(207,001)	(448,923)	(4,259)
Subtotal	2,287,438	4,363,679	41,401
Interest and dividend income	49,638	135,594	1,286
Interest expenses	(104,098)	(81,819)	(776)
Amount of return, such as a corporation tax	7,367	49,685	471
Income tax and others	(268,067)	(521,575)	(4,949)
Total net cash used in operating activities	1,972,279	3,945,563	37,434
Net cash used in investment activities			
Decrease (increase) in time deposits	(44)	(578,693)	(5,490)
Acquisition cost of tangible fixed assets	(1,136,107)	(1,664,593)	(15,793)
Gain on sales of tangible fixed assets	3,093	78,376	744
Payments for retirement of property, plant and equipment—InvCF	—	(6,011)	(57)
Acquisition cost of purchase of investment securities	(23,243)	(24,968)	(237)
Gain on sales of marketable securities	133	102,495	972
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation—InvCF	—	784,228	7,440
Purchase of shares of subsidiaries and associates—InvCF	—	(489,627)	(4,645)
Payments for loans and advances	(2,300)	(1,513)	(14)
Proceeds from collection of loans and advances	5,623	3,353	32
Others	(25,893)	(27,265)	(259)
Total net cash used in investment activities	(1,178,738)	(1,824,220)	(17,308)
Net cash provided by financing activities			
Increase (decrease) in short-term loan	(137,097)	(338,299)	(3,210)
Long-term borrowings	1,500,000	1,500,000	14,231
Payments of long-term loan	(1,686,714)	(1,837,435)	(17,433)
Dividends payment	(107,856)	(125,831)	(1,194)
Cash dividends paid to minority shareholders	(106,344)	(177,374)	(1,683)
Proceeds from issuance of common shares—FinCF	—	844,725	8,014
Others	(26)	—	—
Total net cash provided by financing activities	(538,040)	(134,216)	(1,273)
Effect of exchange rate changes on cash and cash equivalents	215,498	470,890	4,468
Increase (decrease) in cash and cash equivalents	470,999	2,458,017	23,321
Cash and cash equivalents at beginning of period	3,212,547	3,683,546	34,948
Cash and cash equivalents at end of period	3,683,546	6,141,564	58,269

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥105.40=U.S.\$1.

Non-consolidated Balance Sheets

[in ¥thousand]

As of December 31	2012 Amount	2013 Amount	Thousands of U.S.\$
Assets			
Current assets			
Cash and cash equivalents	1,378,136	2,135,229	20,258
Notes receivable—trade	438,892	447,245	4,243
Accounts receivable—trade	5,785,359	6,566,394	62,300
Finished products	578,758	480,225	4,556
Work in process	352,731	431,553	4,094
Materials and Supplies	266,488	308,558	2,927
Short-term loans in affiliated companies	—	50,000	474
Prepaid expenses	69,519	71,897	682
Accrued income	1,441,058	1,749,850	16,602
Deferred income taxes	74,476	89,193	846
Others	70,422	15,396	146
Allowance for doubtful accounts	(6,300)	(7,100)	(67)
Total current assets	10,449,545	12,338,446	117,063
Fixed Assets			
Tangible fixed assets			
Buildings	1,166,694	1,528,341	14,500
Structures	75,559	84,161	798
Machinery and equipment	1,034,457	942,056	8,938
Vehicles and delivery equipment	5,648	4,799	46
Tools, furniture and fixture	86,012	75,251	714
Land	3,315,545	3,323,503	31,532
Construction in progress	61,698	248,785	2,360
Total tangible fixed assets	5,745,616	6,206,899	58,889
Intangible fixed assets			
Software	66,712	62,668	595
Telephone subscription rights	4,481	4,481	43
Total intangible fixed assets	71,194	67,149	637
Investment and other assets			
Investments in securities	2,074,058	2,759,023	26,177
Stock in affiliated companies	4,129,072	4,643,862	44,059
Investment in capital	1,789	1,789	17
Investment in affiliated companies	2,039,704	2,039,704	19,352
Long-term loans to employees	4,412	2,572	24
Long-term loans to affiliated companies	129,870	—	—
Guarantee deposit	69,508	69,801	662
Deferred income taxes	764,350	455,050	4,317
Others	249,444	246,603	2,340
Reserve for investment valuation	(22,000)	(22,000)	(209)
Allowance for doubtful accounts	(9,500)	—	—
Total investment and other assets	9,430,710	10,196,408	96,740
Total fixed assets	15,247,521	16,470,456	156,266
Total assets	25,697,066	28,808,903	273,329

[in ¥thousand]			
As of December 31	2012	2013	Thousands of U.S.\$
	Amount	Amount	
Liabilities			
Current liabilities			
Notes payable-trade	4,098,379	4,226,683	40,101
Accounts payable-trade	2,284,819	2,493,224	23,655
Short-term debt	200,000	—	—
Current portion of long term debt	1,459,300	1,374,600	13,042
Accounts payable-other	671,649	672,686	6,382
Income taxes payable	18,868	110,898	1,052
Enterprise taxes payable	32,622	34,342	326
Accrued expenses	63,180	70,031	664
Advances received	60	14,834	141
Deposit received	80,710	115,375	1,095
Reserve for bonuses	60,400	59,000	560
Notes payable-equipment	117,657	491	5
Accounts payable-equipment	90,044	72,876	691
Others	58,368	131,386	1,247
Total current liabilities	9,236,062	9,376,433	88,960
Long-term liabilities			
Long-term debt	2,775,200	2,767,700	26,259
Revaluation deferred income taxes	959,448	959,448	9,103
Long-term accounts payable-other	261,050	173,656	1,648
Provision for retirement benefits	2,972,931	3,341,183	31,700
Reserve for director's retirement benefits	152,320	142,230	1,349
Total long-term liabilities	7,120,951	7,384,218	70,059
Total liabilities	16,357,013	16,760,651	159,019
Net assets			
Owners' equity			
Paid-in capital	1,729,000	2,158,000	20,474
Capital legal reserve	1,655,608	2,083,251	19,765
Total capital surplus	1,655,608	2,083,251	19,765
Earned surplus			
Earned legal reserve	89,928	89,928	853
Other earned surplus			
Reserve for product warranty	200,000	200,000	1,898
Other reserves	2,527,000	2,527,000	23,975
Retained earnings, carry for ward	577,620	1,955,027	18,549
Total Retained earnings	3,394,549	4,771,956	45,275
Treasury stock	(6,536)	(6,536)	(62)
Total owners' equity	6,772,621	9,006,670	85,452
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	831,800	1,305,948	12,390
Revaluation difference on land	1,735,632	1,735,632	16,467
Total valuation and translation adjustments	2,567,432	3,041,580	28,857
Total net assets	9,340,053	12,048,251	114,310

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥105.40=U.S.\$1.

Non-consolidated Statements of Income

[in ¥thousand]

Years ended December 31	2012	2013	Thousands of U.S.\$
	Amount	Amount	
Net sales	27,621,401	28,297,521	268,477
Cost of sales	24,390,384	23,974,832	227,465
Gross profit on sales	3,231,016	4,322,689	41,012
Selling, general and administrative expenses	2,955,341	3,165,337	30,032
Operating income (loss)	275,675	1,157,351	10,981
Non-operating income			
Interest income	3,607	984	9
Dividend income	373,036	627,125	5,950
Rental income	17,761	16,903	160
Foreign exchange gain	227,399	465,706	4,418
Others	24,850	15,928	151
Total non-operating income	646,656	1,126,649	10,689
Non-operating expenses			
Interest expenses	70,530	62,781	596
Stock issuance cost	—	11,919	113
Loss from revaluation of securities	15,000	—	—
Others	15,863	10,780	102
Total non-operating expenses	101,393	85,480	811
Ordinary profit	820,938	2,198,520	20,859
Extraordinary income			
Gain on sales of fixed assets	—	245	2
Gain on sales of investment in securities	—	26,236	249
Total extraordinary income	—	26,482	251
Extraordinary losses			
Loss on sales of fixed assets	8	8	0
Loss on disposal of fixed assets	24,267	62,298	591
Write-down of investments in securities	13,900	—	—
Pension Assets Disappearance Loss EL	—	453,684	4,304
Loss on valuation of stocks of subsidiaries and affiliates	75,000	—	—
Total extraordinary losses	113,175	515,590	4,892
Net income before taxes	707,762	1,709,011	16,215
Corporate, inhabitant and enterprise taxes	73,188	173,297	1,644
Adjustment for income and other taxes	99,287	32,475	308
Subtotal	172,476	205,773	1,952
Net income	535,285	1,503,238	14,262

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥105.40=U.S.\$1.

Corporate Data

NICHIRIN CO., LTD.

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Phone: 079-252-4151

Tokyo Branch: 1-3-11 Shibaura, Minato-ku, Tokyo 105-0023 JAPAN
Phone: 03-5476-8050

Capital Stock: ¥2,158,000,000

Common Stock: Authorized 32,000,000 shares
Issued 10,050,000 shares

Incorporated: March 8, 1924

Listing: August 7, 1997
Osaka Securities Exchange, Second section [Code:5184]

Operation: Sales and manufacturing of rubber and plastic hose for automobile

URL: <http://www.nichirin.co.jp/>

Principal Shareholders

1. Taiyo Koko Co., Ltd.	2,307,211	22.96%
2. Sojitz Corporation	800,000	7.96%
3. Century Tokyo Leasing Corporation	332,600	3.31%
4. Mizuho Bank, Ltd.	261,000	2.60%
5. The Tachibana Securities Co., Ltd.	216,300	2.15%
6. Nippon Fine Chemical Co., Ltd.	200,000	1.99%
7. Employees stock ownership plan.	182,547	1.82%
8. Mizuho Investors Securities Co., Ltd.	152,600	1.52%
9. Sbi Securities Co., Ltd.	118,100	1.17%
10. Strategic Capital, Inc.	117,600	1.17%

Overseas Company

NICHIRIN NORTH AMERICA SALES [<http://www.nichirincanada.com/>]

139 Copernicus Blvd., Brantford Ontario N3P 1N4 CANADA

NICHIRIN TENNESSEE INC.

1620 Old Belfast Road, Lewisburg, Tennessee 37091 U.S.A.

NICHIRIN-FLEX U.S.A., INC.

9600 Plaza Circle, El Paso, Texas, 79927 U.S.A.

NICHIRIN COUPLER TEC MEXICO, S.A. de C.V.

9835 Carretera Panamerica, Ciudad Juarez, CHI 32690 MEXICO

NICHIRIN U.K. LTD

Unit B, Hibernia Way, Stretford Motorway Estate Manchester, M32 0ZD UK

SHANGHAI NICHIRIN AUTOMOBILE ACCESSORIES CO., LTD.

351 Wuxing Road, Beical, Pudong, Shanghai, 201204 CHINA

NICHIRIN RUBBER INDUSTRIAL(SHANGHAI) CO., LTD.

Building No.2, No.333, Qianqiao Rd. Qingcun Town. Fengxian District, Shanghai, CHINA

NICHIRIN VIETNAM CO., LTD.

Lot No.B4, Quang Chau Industrial Park, Viet Yen District, Bac Giang Province VIETNAM

PT.NICHIRIN INDONESIA

Kawasan Industri Mitra Karawang Jl Mitra Timur 1 Blok C6 Parungmulya, Ciampel Karawang,

41361, Jawa Barat INDONESIA

NICHIRIN AUTOPARTS INDIA PVT., LTD.

116A, First Floor, Vipul Agora, MG Road, Gurgaon, -122001, Haryana, INDIA

NICHIRIN (THAILAND) CO., LTD.

55/33 Mhutee 13, Navanakorn, Paholyotin Road Klong Nueng, Klong Luang Patumtanee 12120 THAILAND

SUNCHIRIN INDUSTRIES (MALAYSIA) BERHAD

Lot 7, Jalan Api-Api 26/1, Hicom Industrial Estate, Section 26, 40400 Shah Alam Selangor Darul Ehasan MALAYSIA

SUNCHIRIN INDUSTRY (THAILAND) LTD.

700/347 Moo 6, Amata Nakorn Industrial Estate Bangna-Trad Rd., KM 57, Tambol Donhualor, Amphur Muang Chonburi 20000, THAILAND

NICHIRIN