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

NICHIRIN

2014

NICHIRIN CO., LTD.

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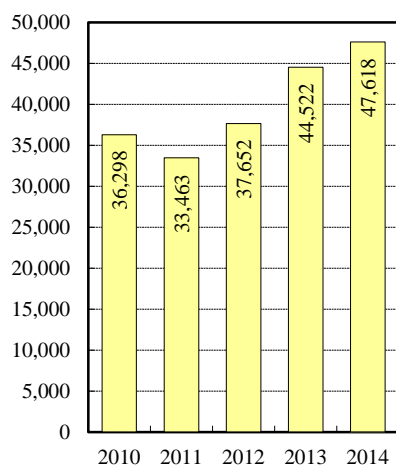
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Financial Highlights

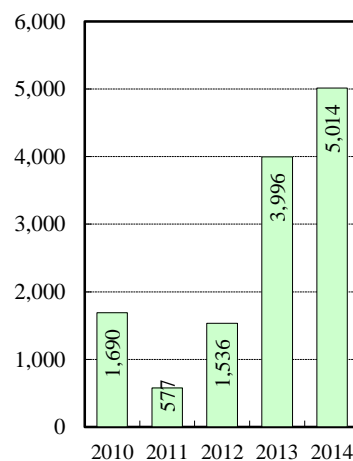
[in ¥million]

As of December 31	2010	2011	2012	2013	2014
Consolidated					
Net sales	36,298	33,463	37,652	44,522	47,618
Ordinary profit (loss)	1,690	577	1,536	3,996	5,014
Net income (loss) for the period	880	(10)	729	2,130	2,609
Shareholder's equity	10,326	10,085	12,085	19,051	22,662
Total assets	30,430	29,741	31,026	39,461	43,235
Shareholder's equity per share [Yen]	1,069.51	1,013.60	1,211.65	1,441.87	1,713.55
Net income per share [Yen]	97.98	(1.13)	81.17	210.81	236.31
Net cash used in operating activities	1,499	(157)	1,972	3,945	3,988
Net cash used in investment activities	(1,151)	(660)	(1,178)	(1,824)	(1,543)
Net cash provided by financing activities	564	(348)	(538)	(134)	(1,681)
Cash and cash equivalents at end of period	4,481	3,212	3,683	6,141	7,426

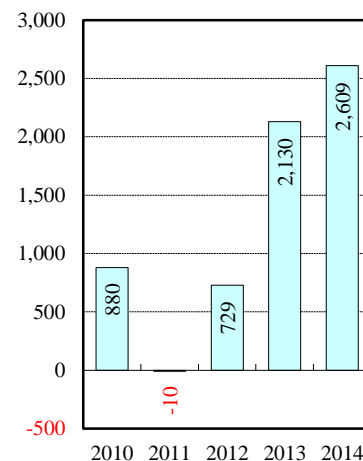
Net sales
(¥ million)



Ordinary profit
(¥ million)



Net income
(¥ million)



[in ¥million]

As of December 31	2010	2011	2012	2013	2014
Non-consolidated					
Net sales	27,772	26,102	27,621	28,297	28,576
Ordinary profit	809	442	820	2,198	2,351
Net income (loss) for the period	643	130	535	1,503	1,718
Capital stock	1,729	1,729	1,729	2,158	2,158
Share outstanding [thousands of shares]	9,000	9,000	9,000	10,050	11,055
Shareholder's equity	8,644	8,615	9,340	12,048	13,421
Total assets	25,999	25,587	25,697	28,808	30,074
Shareholder's equity per share [Yen]	961.68	958.49	1,039.17	1,091.15	1,215.70
Dividends per share [Yen]	9.00	12.00	12.00	16.00	22.00
Net income per share [Yen]	71.57	14.56	59.55	148.73	155.63
Dividends payout ratio [%]	12.6	82.4	20.1	9.8	14.1

Financial Statements

Consolidated Balance Sheets

[in ¥thousand]

As of December 31	2013	2014	Thousands of U.S.\$
	Amount	Amount	
Assets			
Current assets			
Cash and cash equivalents	7,359,437	8,803,673	73,041
Notes and accounts receivable—trade	8,626,289	8,910,650	73,929
Merchandise and finished goods	1,632,271	2,008,754	16,666
Work in process	2,514,224	2,615,003	21,696
Raw materials and supplies	1,454,104	2,053,565	17,038
Deferred tax assets	301,209	447,631	3,714
Others	1,224,647	1,476,061	12,246
Allowance for doubtful accounts	(69,993)	(63,647)	(528)
Total current assets	23,042,192	26,251,694	217,802
Fixed assets			
Tangible fixed assets			
Building and structure	3,100,903	3,553,256	29,480
Machinery and equipment, vehicles	3,788,616	4,308,252	35,744
Land	3,648,680	3,672,694	30,471
Construction in progress	552,940	501,411	4,160
Others	362,445	436,996	3,626
Total tangible fixed assets	11,453,587	12,472,611	103,481
Intangible fixed assets			
Consolidated adjustment account	966	—	—
Others	190,034	210,418	1,746
Total intangible fixed assets	191,000	210,418	1,746
Investment and other assets			
Investments in securities	4,076,257	3,329,347	27,623
Deferred tax assets	77,699	367,544	3,049
Others	622,835	606,433	5,031
Allowance for doubtful accounts	(2,240)	(2,240)	(19)
Total investment and other assets	4,774,552	4,301,085	35,685
Total fixed assets	16,419,140	16,984,115	140,912
Total assets	39,461,333	43,235,809	358,714

[in ¥thousand]			
As of December 31	2013	2014	Thousands of U.S.\$
	Amount	Amount	
Liabilities			
Current liabilities			
Notes and accounts payable-trade	8,592,129	8,228,127	68,266
Short-term debt	153,563	100,000	830
Current portion of long term debt	1,549,197	1,268,880	10,528
Income taxes payable	342,971	707,990	5,874
Reserve for bonuses	74,507	87,038	722
Others	1,596,290	1,853,857	15,381
Total current liabilities	12,308,660	12,245,897	101,600
Long-term liabilities			
Bonds			
Long-term debt	2,860,232	2,327,578	19,311
Revaluation deferred income taxes	959,448	959,448	7,960
Deferred tax liabilities	195,947	93,909	779
Provision for retirement benefits	3,633,547	—	—
Reserve for director's retirement benefits	172,790	192,880	1,600
Net defined nbenefit liability	—	4,478,286	37,155
Others	279,372	275,300	2,284
Total long-term liabilities	8,101,338	8,327,404	69,090
Total liabilities	20,409,999	20,573,301	170,690
Net assets			
Owners' equity			
Paid-in capital	2,158,000	2,158,000	17,904
Capital surplus	2,083,251	2,083,251	17,284
Earned surplus	8,316,724	10,493,288	87,060
Treasury stock	(6,536)	(8,627)	(72)
Deposit for subscriptions to treasury stock	12,551,438	14,725,912	122,176
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	1,305,948	1,163,908	9,657
Revaluation difference on land	1,735,632	1,735,632	14,400
Remeasurements of defined benefit plans	—	(234,239)	(1,943)
Translation adjustments	327,841	1,527,018	12,669
Total valuation and translation adjustments	3,369,422	4,192,319	34,782
Minority interest	3,130,472	3,744,275	31,065
Total net assets	19,051,333	22,662,507	188,024

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥120.53=U.S.\$1.

Consolidated Statements of Income

[in ¥thousand]

Years ended December 31	2013	2014	Thousands of U.S.\$
	Amount	Amount	
Net sales	44,522,660	47,618,842	395,079
Cost of sales	36,098,960	37,472,722	310,900
Gross profit on sales	8,423,700	10,146,120	84,179
Selling, general and administrative expenses	4,903,883	5,640,652	46,799
Operating income	3,519,816	4,505,468	37,380
Non-operating income			
Interest income	29,322	87,819	729
Dividend income	49,781	50,739	421
Foreign exchange gain	357,585	358,411	2,974
Depreciation of consolidated adjustment account	866	—	—
Equity in earnings of unconsolidated companies	121,713	—	—
Subsidy income	5,897	—	—
Return of allowance for doubtful accounts	531	—	—
Gain on sales of fixed assets	61,884	65,756	546
Gain on sales of investment in securities	26,236	32	0
Transaction adjustment	—	174,057	1,444
Gain on bargain purchase-EI	160,595	—	—
Others	74,107	138,782	1,151
Total non-operating income	888,521	875,598	7,265
Non-operating expenses			
Interest expenses	82,905	61,880	513
Loss on sales of non-current assets	8	2,268	19
Loss on sales and disposal of fixed assets	75,721	89,057	739
Using equity method	—	14,410	120
Loss on sales of investment securities	—	84,317	700
Loss on step acquisitions-EL	82,145	—	—
PensionAssetsDisappearanceLossEL	453,684	—	—
Employees' pension fund dissolution loss	—	467,580	3,879
Loss on change in equity	—	64,433	535
Others	79,839	50,289	417
Total non-operating expenses	774,303	834,238	6,921
Ordinary profit	3,996,877	5,014,639	41,605
Income before taxes and other adjustments	3,634,034	4,546,828	37,724
Corporate, inhabitant and enterprise taxes	778,543	1,410,107	11,699
Adjustment for income and other taxes	119,577	(267,966)	(2,223)
Subtotal	898,120	1,142,141	9,476
Income before minority interests	2,735,914	3,404,687	28,248
Minority interest income in consolidated subsidiaries	605,249	795,352	6,599
Net income for (loss) the period	2,130,664	2,609,334	21,649

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥120.53=U.S.\$1.

Consolidated Statements of Cash Flows

[in ¥thousand]

Years ended December 31	2013	2014	Thousands of U.S.\$
	Amount	Amount	
Net cash used in operating activities			
Net income before taxes and other adjustment	3,634,034	4,546,828	37,724
Depreciation and amortization	1,228,317	1,341,002	11,126
Increase (decrease) in reserve for bonuses	(6,935)	12,474	103
Disposition of retirement allowances			
Increase (decrease) in allowance for retirement benefit scheme	392,466	(3,633,808)	(30,149)
Increase (decrease) in reserve for director's retirement benefits	(6,050)	20,090	167
Increase (decrease) in net defined benefit liability	—	4,109,345	34,094
Increase (decrease) interest and dividend income	(79,103)	(138,559)	(1,150)
Interest expenses	82,905	61,880	513
Loss (gain) on sales and retirement of noncurrent assets	13,845	25,570	212
Loss (gain) on sales of investment	(26,236)	84,285	699
Amortization of goodwill—OpeCF	1,025	966	8
Amortization of negative goodwill—OpeCF	(866)	—	—
Gain on bargain purchase—OpeCF	(160,595)	—	—
Loss (gain) on step acquisitions—OpeCF	82,145	—	—
Goodwill Impairment Charges	—	64,433	535
Gain (loss) on equity in earnings of unconsolidated companies	(121,713)	14,410	120
Decrease (increase) in trade receivables	(828,281)	238,837	1,982
Decrease (increase) in inventory	474,438	(468,519)	(3,887)
Increase (decrease) in account payable—trade	237,216	(654,925)	(5,434)
Increase in accounts payable of changeover to defined contribution pension plan	(104,009)	(77,492)	(643)
Others	(448,923)	(624,495)	(5,181)
Subtotal	4,363,679	4,922,322	40,839
Interest and dividend income	135,594	138,388	1,148
Interest expenses	(81,819)	(59,605)	(495)
Amount of return, such as a corporation tax	49,685	6,917	57
Income tax and others	(521,575)	(1,019,864)	(8,461)
Total net cash used in operating activities	3,945,563	3,988,158	33,089
Net cash used in investment activities			
Decrease (increase) in time deposits	(578,693)	7,240	60
Acquisition cost of tangible fixed assets	(1,664,593)	(1,812,142)	(15,035)
Gain on sales of tangible fixed assets	78,376	217,645	1,806
Payments for retirement of property, plant and equipment—InvCF	(6,011)	(2,986)	(25)
Acquisition cost of purchase of investment securities	(24,968)	(25,345)	(210)
Gain on sales of marketable securities	102,495	159,780	1,326
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation—InvCF	784,228	—	—
Purchase of shares of subsidiaries and associates—InvCF	(489,627)	—	—
Payments for loans and advances	(1,513)	—	—
Proceeds from collection of loans and advances	3,353	358	3
Others	(27,265)	(87,836)	(729)
Total net cash used in investment activities	(1,824,220)	(1,543,285)	(12,804)
Net cash provided by financing activities			
Increase (decrease) in short-term loan	(338,299)	(53,762)	(446)
Long-term borrowings	1,500,000	800,000	6,637
Payments of long-term loan	(1,837,435)	(1,621,146)	(13,450)
Dividends payment	(125,831)	(200,759)	(1,666)
Cash dividends paid to minority shareholders	(177,374)	(603,955)	(5,011)
Proceeds from issuance of common shares—FinCF	844,725	—	—
Others	—	(2,090)	—
Total net cash provided by financing activities	(134,216)	(1,681,714)	(13,953)
Effect of exchange rate changes on cash and cash equivalents	470,890	522,240	4,333
Increase (decrease) in cash and cash equivalents	2,458,017	1,285,398	10,665
Cash and cash equivalents at beginning of period	3,683,546	6,141,564	50,955
Cash and cash equivalents at end of period	6,141,564	7,426,963	61,619

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥120.53=U.S.\$1.

Non-consolidated Balance Sheets

[in ¥thousand]

As of December 31	2013 Amount	2014 Amount	Thousands of U.S.\$
Assets			
Current assets			
Cash and cash equivalents	2,135,229	2,539,255	21,067
Notes receivable—trade	447,245	953,285	7,909
Accounts receivable—trade	6,566,394	6,021,632	49,960
Finished products	480,225	502,999	4,173
Work in process	431,553	469,051	3,892
Materials and Supplies	308,558	335,373	2,782
Short-term loans in affiliated companies	50,000	556,226	4,615
Prepaid expenses	71,897	68,914	572
Accrued income	1,749,850	1,901,993	15,780
Deferred income taxes	89,193	120,669	1,001
Others	15,396	57,752	479
Allowance for doubtful accounts	(7,100)	(7,000)	(58)
Total current assets	12,338,446	13,520,155	112,173
Fixed Assets			
Tangible fixed assets			
Buildings	1,528,341	1,643,348	13,634
Structures	84,161	78,851	654
Machinery and equipment	942,056	1,182,045	9,807
Vehicles and delivery equipment	4,799	5,359	44
Tools, furniture and fixture	75,251	103,749	861
Land	3,323,503	3,323,503	27,574
Construction in progress	248,785	101,520	842
Total tangible fixed assets	6,206,899	6,438,378	53,417
Intangible fixed assets			
Software	62,668	71,818	596
Telephone subscription rights	4,481	4,481	37
Total intangible fixed assets	67,149	76,300	633
Investment and other assets			
Investments in securities	2,759,023	2,804,663	23,269
Stock in affiliated companies	4,643,862	3,866,086	32,076
Investment in capital	1,789	1,789	15
Investment in affiliated companies	2,039,704	2,039,704	16,923
Long-term loans to employees	2,572	2,213	18
Long-term loans receivable from subsidiaries and associates	—	216,954	1,800
Guarantee deposit	69,801	69,712	578
Deferred income taxes	455,050	814,833	6,760
Others	246,603	245,871	2,040
Reserve for investment valuation	(22,000)	(22,000)	(183)
Total investment and other assets	10,196,408	10,039,829	83,297
Total fixed assets	16,470,456	16,554,509	137,348
Total assets	28,808,903	30,074,664	249,520

[in ¥thousand]			
As of December 31	2013	2014	Thousands of U.S.\$
	Amount	Amount	
Liabilities			
Current liabilities			
Notes payable-trade	4,226,683	3,853,468	31,971
Accounts payable-trade	2,493,224	2,284,307	18,952
Current portion of long term debt	1,374,600	1,176,156	9,758
Accounts payable-other	672,686	805,290	6,681
Income taxes payable	110,898	454,459	3,771
Enterprise taxes payable	34,342	34,666	288
Accrued expenses	70,031	114,745	952
Advances received	14,834	168,451	1,398
Deposit received	115,375	126,639	1,051
Reserve for bonuses	59,000	69,000	572
Notes payable-equipment	491	810	7
Accounts payable-equipment	72,876	84,203	699
Others	131,386	141,562	1,174
Total current liabilities	9,376,433	9,313,761	77,273
Long-term liabilities			
Long-term debt	2,767,700	2,320,116	19,249
Revaluation deferred income taxes	959,448	959,448	7,960
Long-term accounts payable-other	173,656	99,302	824
Provision for retirement benefits	3,341,183	3,801,902	31,543
Reserve for director's retirement benefits	142,230	158,280	1,313
Total long-term liabilities	7,384,218	7,339,050	60,890
Total liabilities	16,760,651	16,652,811	138,163
Net assets			
Owners' equity			
Paid-in capital	2,158,000	2,158,000	17,904
Capital legal reserve	2,083,251	2,083,251	17,284
Total capital surplus	2,083,251	2,083,251	17,284
Earned surplus			
Earned legal reserve	89,928	89,928	746
Other earned surplus			
Reserve for product warranty	200,000	200,000	1,659
Other reserves	2,527,000	4,127,000	34,240
Retained earnings, carry for ward	1,955,027	1,872,760	15,538
Total Retained earnings	4,771,956	6,289,689	52,184
Treasury stock	(6,536)	(8,627)	(72)
Total owners' equity	9,006,670	10,522,312	87,300
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	1,305,948	1,163,908	9,657
Revaluation difference on land	1,735,632	1,735,632	14,400
Total valuation and translation adjustments	3,041,580	2,899,540	24,057
Total net assets	12,048,251	13,421,852	111,357

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥120.53=U.S.\$1.

Non-consolidated Statements of Income

[in ¥thousand]

Years ended December 31	2013	2014	Thousands of U.S.\$
	Amount	Amount	
Net sales	28,297,521	28,576,964	237,094
Cost of sales	23,974,832	23,897,554	198,271
Gross profit on sales	4,322,689	4,679,409	38,824
Selling, general and administrative expenses	3,165,337	3,588,235	29,770
Operating income (loss)	1,157,351	1,091,174	9,053
Non-operating income			
Interest income	984	5,205	43
Dividend income	627,125	899,289	7,461
Rental income	16,903	17,463	145
Foreign exchange gain	465,706	361,197	2,997
Others	15,928	41,891	348
Total non-operating income	1,126,649	1,325,049	10,994
Non-operating expenses			
Interest expenses	62,781	51,248	425
Stock issuance cost	11,919	—	—
Others	10,780	13,225	110
Total non-operating expenses	85,480	64,473	535
Ordinary profit	2,198,520	2,351,749	19,512
Extraordinary income			
Gain on sales of fixed assets	245	6	0
Gain on sales of investment in securities	26,236	49,020	407
Gain on liquidation of subsidiaries and associates	—	133,853	1,111
Total extraordinary income	26,482	182,880	1,517
Extraordinary losses			
Loss on sales of fixed assets	8	32	0
Loss on disposal of fixed assets	62,298	49,112	407
Pension Assets Disappearance Loss EL	453,684	—	—
Employees' pension fund dissolution loss	—	467,580	3,879
Total extraordinary losses	515,590	516,725	4,287
Net income before taxes	1,709,011	2,017,903	16,742
Corporate, inhabitant and enterprise taxes	173,297	612,150	5,079
Adjustment for income and other taxes	32,475	(312,739)	(2,595)
Subtotal	205,773	299,410	2,484
Net income	1,503,238	1,718,492	14,258

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥120.53=U.S.\$1.

Corporate Data

NICHIRIN CO., LTD.

Headquarters:	98-1 Edo-machi, Chuo-ku, Kobe, Hyogo 650-0033 JAPAN Phone: 078-392-1471
Himeji Factory:	1118 Sazuchi, Bessho-cho, Himeji, Hyogo 671-0224 JAPAN 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 35,200,000 shares Issued 11,055,000 shares
Incorporated:	March 8, 1924
Listing:	August 7, 1997 Tokyo 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.	2,537,932	22.4 %
2. Sojitz Corporation	880,000	8.0 %
3. Century Tokyo Leasing Corporation	365,860	3.3 %
4. BNP Paribas Securities Services Luxembourg/Jasdec/Fim/Luxembourg	290,000	2.6 %
5. Mizuho Bank, Ltd.	287,100	2.6 %
6. Nippon Fine Chemical Co., Ltd.	220,000	1.9 %
7. Employees stock ownership plan.	169,371	1.5 %
8. Mizuho Investors Securities Co., Ltd.	158,640	1.4 %
9. The Hopngkong and Shanghai Banking Corporation Limited Clients A/C 513 Singapore Clients	154,400	1.4 %
10. Japan Trustee Services Bank,Ltd.	153,800	1.3 %

Overseas Company

NICHIRIN NORTH AMERICA SALES [<http://www.nichirincanada.com/>]
20 Roy BLVD.,Unit#28,Brantford,Ontario,N3R 7K2 CANADA

NICHIRIN TENNESSEE INC.
1620 Old Belfast Road, Lewisburg, TN 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.
Plot No.155.Sector 6,IMT Manesar,Gurgaon,-122051, Haryana, INDIA

NICHIRIN (THAILAND) CO., LTD.
55/33 Mhutee 13, Navanakon, Paholyothin Road Klong Nueng, Klong Luang Patumtanee 12120
THAILAND

HUTCHINSON NICHIRIN BRAKE HOSES,S.L.
Paratge la Pietat, s/n, Palamos (Gerona) SPAIN

NICHIRIN