
INVESTORS'
GUIDE

NICHIRIN

2015

NICHIRIN CO., LTD.

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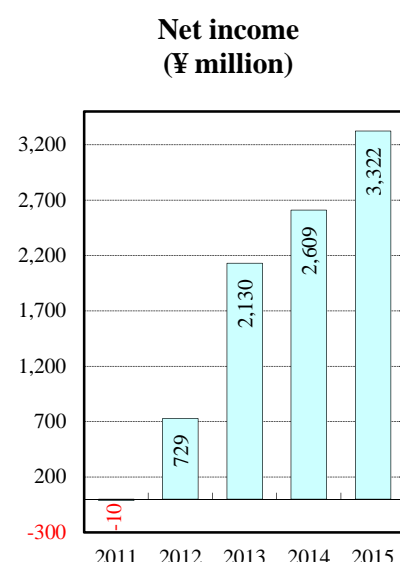
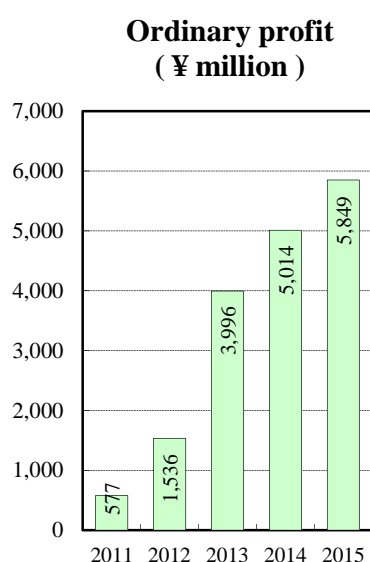
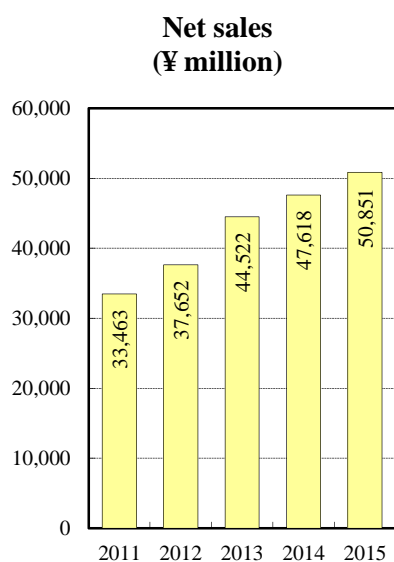
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Financial Highlights

[in ¥million]

As of December 31	2011	2012	2013	2014	2015
Consolidated					
Net sales	33,463	37,652	44,522	47,618	50,851
Ordinary profit (loss)	577	1,536	3,996	5,014	5,849
Net income (loss) for the period	(10)	729	2,130	2,609	3,322
Shareholder's equity	10,085	12,085	19,051	22,662	25,788
Total assets	29,741	31,026	39,461	43,235	45,066
Shareholder's equity per share [Yen]	1,013.60	1,211.65	1,441.87	1,713.55	1,990.84
Net income per share [Yen]	(1.13)	81.17	210.81	236.31	301.00
Net cash used in operating activities	(157)	1,972	3,945	3,988	5,481
Net cash used in investment activities	(660)	(1,178)	(1,824)	(1,543)	(1,388)
Net cash provided by financing activities	(348)	(538)	(134)	(1,681)	(1,503)
Cash and cash equivalents at end of period	3,212	3,683	6,141	7,426	9,762



[in ¥million]

As of December 31	2011	2012	2013	2014	2015
Non-consolidated					
Net sales	26,102	27,621	28,297	28,576	28,709
Ordinary profit	442	820	2,198	2,351	2,643
Net income (loss) for the period	130	535	1,503	1,718	2,057
Capital stock	1,729	1,729	2,158	2,158	2,158
Share outstanding [thousands of shares]	9,000	9,000	10,050	11,055	11,055
Shareholder's equity	8,615	9,340	12,048	13,421	15,621
Total assets	25,587	25,697	28,808	30,074	30,835
Shareholder's equity per share [Yen]	958.49	1,039.17	1,091.15	1,215.70	1,415.12
Dividends per share [Yen]	12.00	12.00	16.00	22.00	28.00
Net income per share [Yen]	14.56	59.55	148.73	155.63	186.34
Dividends payout ratio [%]	82.4	20.1	9.8	14.1	15.0

Financial Statements

Consolidated Balance Sheets

[in ¥thousand]

As of December 31	2014	2015	Thousands of U.S.\$
	Amount	Amount	
Assets			
Current assets			
Cash and deposits	8,803,673	10,868,419	90,164
Notes and accounts receivable—trade	8,910,650	8,888,036	73,735
Merchandise and finished goods	2,008,754	1,898,078	15,746
Work in process	2,615,003	2,531,264	20,999
Raw materials and supplies	2,053,565	1,914,847	15,886
Deferred tax assets	447,631	641,906	5,325
Others	1,476,061	1,541,179	12,786
Allowance for doubtful accounts	(63,647)	(69,841)	(579)
Total current assets	26,251,694	28,213,892	234,062
Fixed assets			
Tangible fixed assets			
Building and structures, net	3,553,256	3,547,483	29,430
Machinery, equipment and vehicles, net	4,308,252	4,218,493	34,997
Land	3,672,694	3,658,866	30,354
Construction in progress	501,411	543,459	4,509
Others	436,996	446,095	3,701
Total property, plant and equipment	12,472,611	12,414,399	102,990
Intangible assets			
Goodwill	—	4,421	37
Others	210,418	243,894	2,023
Total intangible assets	210,418	248,316	2,060
Investments and other assets			
Investment securities	3,329,347	3,492,002	28,970
Deferred tax assets	367,544	106,939	887
Others	606,433	593,239	4,922
Allowance for doubtful accounts	(2,240)	(2,240)	(19)
Total investments and other assets	4,301,085	4,189,940	34,760
Total non-current assets	16,984,115	16,852,656	139,810
Total assets	43,235,809	45,066,549	373,872

[in ¥thousand]			
As of December 31	2014	2015	Thousands of U.S.\$
	Amount	Amount	
Liabilities			
Current liabilities			
Notes and accounts payable–trade	8,228,127	8,256,291	68,494
Short–term loans payable	100,000	—	—
Current portion of long–term loans payable	1,268,880	1,035,518	8,591
Income taxes payable	707,990	403,006	3,343
Provision for bonuses	87,038	88,358	733
Others	1,853,857	2,553,337	21,182
Total current liabilities	12,245,897	12,336,513	102,344
Long–term liabilities			
Long–term loans payable	2,327,578	2,020,660	16,763
Deferred tax liabilities for land revaluation	959,448	870,511	7,222
Deferred tax liabilities	93,909	428,952	3,559
Provision for directors' retirement benefits	192,880	20,805	173
Net defined benefit liability	4,478,286	3,081,121	25,561
Others	275,300	519,003	4,306
Total long–term liabilities	8,327,404	6,941,054	57,583
Total liabilities	20,573,301	19,277,567	159,927
Net assets			
Shareholders' equity			
Capital stock	2,158,000	2,158,000	17,903
Capital surplus	2,083,251	2,083,251	17,283
Retained earnings	10,493,288	13,681,151	113,499
Treasury stock	(8,627)	(10,395)	(86)
Total shareholders' equity	14,725,912	17,912,006	148,598
Accumulated other comprehensive income			
Valuation difference on available–for–sale securities	1,163,908	1,354,712	11,239
Revaluation difference on land	1,735,632	1,824,569	15,137
Remeasurements of defined benefit plans	(234,239)	(192,584)	(1,598)
Foreign currency translation adjustment	1,527,018	1,078,646	8,948
Total accumulated other comprehensive income	4,192,319	4,065,343	33,726
Minority interests	3,744,275	3,811,630	31,621
Total net assets	22,662,507	25,788,981	213,945

Note : Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥ 120.54=U.S.\$1.

Consolidated Statements of Income

[in ¥thousand]

Years ended December 31	2014	2015	Thousands of U.S.\$
	Amount	Amount	
Net sales	47,618,842	50,851,828	421,867
Cost of sales	37,472,722	39,258,777	325,691
Gross profit on sales	10,146,120	11,593,051	96,176
Total selling, general and administrative expenses	5,640,652	5,828,590	48,354
Operating income	4,505,468	5,764,460	47,822
Non-operating income			
Interest income	87,819	84,519	701
Dividend income	50,739	53,369	443
Foreign exchange gains	358,411	—	—
Share of profit of entities accounted for using equity method	—	4,205	35
Gain on sales of non-current assets	65,756	3,518	29
Gain on sales of investment in securities	32	—	—
gain on reversal of foreign currency transaction adjustment	174,057	—	—
Reversal of allowance for Net defined benefit liability	—	335,067	2,780
Others	138,782	158,980	1,319
Total non-operating income	875,598	639,660	5,307
Non-operating expenses			
Interest expenses	61,880	55,642	462
Foreign exchange losses	—	99,457	825
Loss on sales of non-current assets	2,268	975	8
Loss on retirement of non-current assets	89,057	23,597	196
Share of loss of entities accounted for using equity method	14,410	—	—
Loss on sales of investment securities	84,317	—	—
Employees' pension fund dissolution loss	467,580	—	—
Loss on change in equity	64,433	—	—
Others	50,289	60,613	503
Total non-operating expenses	834,238	240,285	1,993
Ordinary income	5,014,639	5,849,820	48,530
Income before income taxes and minority interests	4,546,828	6,163,834	51,135
Income taxes – current	1,410,107	1,412,655	11,719
Income taxes for prior periods	—	144,000	1,195
Income taxes – deferred	(267,966)	311,538	2,585
Total income taxes	1,142,141	1,868,194	15,499
Income before minority interests	3,404,687	4,295,640	35,637
Minority interests in income	795,352	972,689	8,069
Net income	2,609,334	3,322,950	27,567

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥120.54=U.S.\$1.

Consolidated Statements of Cash Flows

[in ¥thousand]

Years ended December 31	2014	2015	Thousands of U.S.\$
	Amount	Amount	
Net cash used in operating activities			
Income before income taxes and minority interestst	4,546,828	6,163,834	51,135
Depreciation	1,341,002	1,571,057	13,033
Increase (decrease) in provision for bonuses	12,474	1,335	11
Increase (decrease) in provision for retirement benefits	(3,633,808)	—	—
Increase (decrease) in provision for directors' retirement benefits	20,090	(172,075)	(1,428)
Increase (decrease) in net defined benefit liability	4,109,345	(1,354,084)	(11,233)
Interest and dividend income	(138,559)	(137,888)	(1,144)
Interest expenses	61,880	55,642	462
Loss (gain) on sales and retirement of non-current assets	25,570	21,053	175
Loss (gain) on sales of investment securities	84,285	—	—
Amortization of goodwill	966	491	4
Loss (gain) on change in equity	64,433	—	—
Share of (profit) loss of entities accounted for using equity method	14,410	(4,205)	(35)
Decrease (increase) in notes and accounts receivable – trade	238,837	(187,622)	(1,557)
Decrease (increase) in inventories	(468,519)	180,916	1,501
Increase (decrease) in notes and accounts payable – trade	(654,925)	137,056	1,137
Increase (decrease) in accounts payable of changeover to defined contribution pension plan	(77,492)	(107,142)	(889)
Others	(624,495)	1,013,480	8,408
Subtotal	4,922,322	7,181,850	59,581
Interest and dividend income received	138,388	137,886	1,144
Interest expenses paid	(59,605)	(56,044)	(465)
Income taxes refund	6,917	1,504	12
Income taxes paid	(1,019,864)	(1,784,129)	(14,801)
Net cash provided by (used in) operating activities	3,988,158	5,481,068	45,471
Cash flows from investing activities			
Net decrease (increase) in time deposits	7,240	166,307	1,380
Purchase of property, plant and equipment	(1,812,142)	(1,485,656)	(12,325)
Proceeds from sales of property, plant and equipment	217,645	9,296	77
Payments for retirement of property, plant and equipment	(2,986)	(740)	(6)
Purchase of investment securities	(25,345)	(25,937)	(215)
Proceeds from sales of investment securities	159,780	—	—
Payments of long-term loans receivable	—	(5,570)	(46)
Collection of long-term loans receivable	358	2,463	20
Others	(87,836)	(49,028)	(407)
Net cash provided by (used in) investing activities	(1,543,285)	(1,388,865)	(11,522)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(53,762)	(100,000)	(830)
Proceeds from long-term loans payable	800,000	800,000	6,637
Repayments of long-term loans payable	(1,621,146)	(1,340,602)	(11,122)
Cash dividends paid	(200,759)	(242,875)	(2,015)
Cash dividends paid to minority shareholders	(603,955)	(618,653)	(5,132)
Others	(2,090)	(1,767)	(15)
Net cash provided by (used in) financing activities	(1,681,714)	(1,503,899)	(12,476)
Effect of exchange rate change on cash and cash equivalents	522,240	(253,036)	(2,099)
Net increase (decrease) in cash and cash equivalents	1,285,398	2,335,267	19,373
Cash and cash equivalents at beginning of period	6,141,564	7,426,963	61,614
Cash and cash equivalents at end of period	7,426,963	9,762,230	80,987

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥120.54=U.S.\$1.

Non-consolidated Balance Sheets

[in ¥thousand]

As of December 31	2014	2015	Thousands of U.S.\$
	Amount	Amount	
Assets			
Current assets			
Cash and deposits	2,539,255	2,938,024	24,374
Notes receivable—trade	953,285	1,417,423	11,759
Accounts receivable—trade	6,021,632	5,677,707	47,102
Merchandise and finished goods	502,999	608,412	5,047
Work in process	469,051	360,312	2,989
Raw materials and supplies	335,373	313,894	2,604
Short-term loans receivable from subsidiaries and associates	556,226	561,620	4,659
Prepaid expenses	68,914	60,847	505
Accrued income	1,901,993	2,020,213	16,760
Deferred tax assets	120,669	253,808	2,106
Others	57,752	53,595	445
Allowance for doubtful accounts	(7,000)	(7,100)	(59)
Total current assets	13,520,155	14,258,760	118,291
Fixed Assets			
Tangible fixed assets			
Buildings	1,643,348	1,602,369	13,293
Structures	78,851	74,666	619
Machinery and equipment	1,182,045	1,171,066	9,715
Vehicles	5,359	14,469	120
Tools, furniture and fixtures	103,749	169,763	1,408
Land	3,323,503	3,323,503	27,572
Construction in progress	101,520	226,952	1,883
Total property, plant and equipment	6,438,378	6,582,790	54,611
Intangible fixed assets			
Software	71,818	79,163	657
Telephone subscription right	4,481	4,481	37
Total intangible fixed assets	76,300	83,644	694
Investments and other assets			
Investment securities	2,804,663	3,024,342	25,090
Shares of subsidiaries and associates	3,866,086	4,281,170	35,517
Investment in capital	1,789	1,789	15
Investments in capital of subsidiaries and associates	2,039,704	2,039,704	16,921
Long-term loans receivable from employees	2,213	5,320	44
Long-term loans receivable from subsidiaries and associates	216,954	—	—
Guarantee deposit	69,712	69,472	576
Deferred tax assets	814,833	244,969	2,032
Others	245,871	243,352	2,019
Allowance for investment evaluation	(22,000)	—	—
Total investments and other assets	10,039,829	9,910,122	82,214
Total non-current assets	16,554,509	16,576,556	137,519
Total assets	30,074,664	30,835,317	255,810

[in ¥thousand]			
As of December 31	2014	2015	Thousands of U.S.\$
	Amount	Amount	
Liabilities			
Current liabilities			
Notes payable-trade	3,853,468	3,956,590	32,824
Accounts payable-trade	2,284,307	2,424,349	20,112
Current portion of long-term loans payable	1,176,156	1,028,056	8,529
Accounts payable-other	805,290	1,375,975	11,415
Income taxes payable	454,459	141,120	1,171
Accrued business office taxes	34,666	34,973	290
Accrued expenses	114,745	68,057	565
Advances received	168,451	2,397	20
Deposit received	126,639	144,288	1,197
Provision for bonuses	69,000	71,683	595
Notes payable - facilities	810	—	—
Accounts payable - facilities	84,203	142,875	1,185
Others	141,562	139,827	1,160
Total current liabilities	9,313,761	9,530,195	79,063
Non-current liabilities			
Long-term loans payable	2,320,116	2,020,660	16,763
Deferred tax liabilities for land revaluation	959,448	870,511	7,222
Long-term accounts payable-other	99,302	285,733	2,370
Provision for retirement benefits	3,801,902	2,506,366	20,793
Provision for directors' retirement benefits	158,280	—	—
Total non-current liabilities	7,339,050	5,683,271	47,148
Total liabilities	16,652,811	15,213,466	126,211
Net assets			
Shareholders' equity			
Capital stock	2,158,000	2,158,000	17,903
Legal capital surplus	2,083,251	2,083,251	17,283
Total capital surpluses	2,083,251	2,083,251	17,283
Retained earnings			
Legal retained earnings	89,928	89,928	746
Other earned surplus			
Reserve for warranty claims	200,000	400,000	3,318
General reserve	4,127,000	5,327,000	44,193
Retained earnings brought forward	1,872,760	2,394,784	19,867
Total Retained earnings	6,289,689	8,211,713	68,124
Treasury shares	(8,627)	(10,395)	(86)
Total shareholders' equity	10,522,312	12,442,568	103,224
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	1,163,908	1,354,712	11,239
Revaluation reserve for land	1,735,632	1,824,569	15,137
Total valuation and translation adjustments	2,899,540	3,179,282	26,375
Total net assets	13,421,852	15,621,850	129,599

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥120.54=U.S.\$1.

Non-consolidated Statements of Income

[in ¥thousand]

Years ended December 31	2014	2015	Thousands of U.S.\$
	Amount	Amount	
Net sales	28,576,964	28,709,012	238,170
Cost of sales	23,897,554	23,482,119	194,808
Gross profit	4,679,409	5,226,893	43,362
Selling, general and administrative expenses	3,588,235	3,607,408	29,927
Operating income	1,091,174	1,619,484	13,435
Non-operating income			
Interest income	5,205	8,067	67
Dividend income	899,289	1,038,099	8,612
Rent income	17,463	16,782	139
Foreign exchange gains	361,197	—	—
Others	41,891	53,519	444
Total non-operating income	1,325,049	1,116,469	9,262
Non-operating expenses			
Interest expenses	51,248	39,767	330
Foreign exchange losses	—	39,429	327
Others	13,225	13,511	112
Total non-operating expenses	64,473	92,708	769
Ordinary income	2,351,749	2,643,245	21,928
Extraordinary income			
Gain on sales of non-current assets	6	26	0
Reversal of allowance for investment securities	—	22,000	183
Gain on reversal of provision for retirement benefits	—	335,067	2,780
Gain on sales of investment in securities	49,020	—	—
Gain on liquidation of subsidiaries and associates	133,853	—	—
Total extraordinary income	182,880	357,094	2,962
Extraordinary losses			
Loss on sales of non-current assets	32	147	1
Loss on retirement of non-current assets	49,112	17,928	149
Employees' pension fund dissolution loss	467,580	—	—
Total extraordinary losses	516,725	18,075	150
Income before income taxes	2,017,903	2,982,264	24,741
Income taxes – current	612,150	406,949	3,376
Income taxes for prior periods	—	144,000	1,195
Income taxes – deferred	(312,739)	374,203	3,104
Total income taxes	299,410	925,152	7,675
Net income	1,718,492	2,057,111	17,066

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥120.54=U.S.\$1.

Corporate Data

NICHIRIN CO., LTD.

Headquarters:	98-1 Edo-machi, Chuo, Kobe, Hyogo 650-0033 JAPAN Phone: 078-392-1471
Himeji Factory:	1118 Sazuchi, Bessho, Himeji, Hyogo 671-0224 JAPAN Phone: 079-252-4151
Tokyo Branch:	1-3-11 Shibaura, Minato, 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	23.0%
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	360,000	3.3%
5. Mizuho Bank, Ltd.	287,100	2.6%
6. The Hongkong And Shanghai Banking Corporation Limited Clients A/C 513 Singapore Clients	225,000	2.0%
7. Nippon Fine Chemical Co., Ltd.	220,000	2.0%
8. Japan Trustee Services Bank, Ltd.	193,300	1.8%
9. Mizuho Securities Co., Ltd.	153,540	1.4%
10. Employees stock ownership plan.	138,671	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.
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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