
INVESTORS'
GUIDE

NICHIRIN

2016

NICHIRIN CO., LTD.

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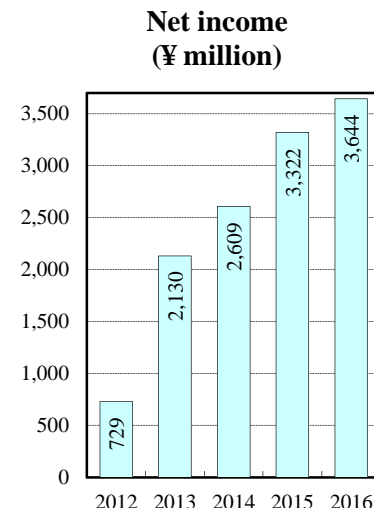
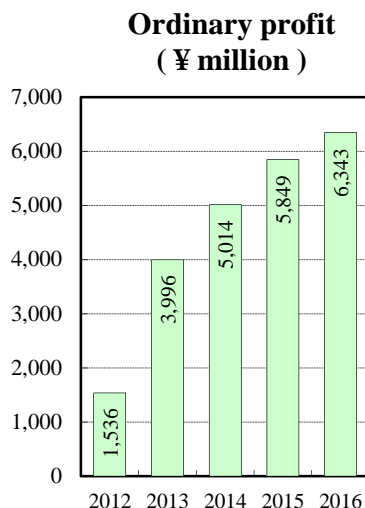
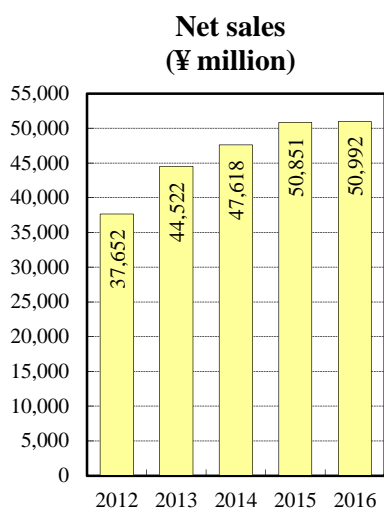
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Financial Highlights

[in ¥million]

As of December 31	2012	2013	2014	2015	2016
Consolidated					
Net sales	37,652	44,522	47,618	50,851	50,992
Ordinary profit (loss)	1,536	3,996	5,014	5,849	6,343
Net income (loss) for the period	729	2,130	2,609	3,322	3,644
Shareholder's equity	12,085	19,051	22,662	25,788	29,100
Total assets	31,026	39,461	43,235	45,066	48,886
Shareholder's equity per share [Yen]	1,211.65	1,441.87	1,713.55	1,990.84	2,229.15
Net income per share [Yen]	81.17	210.81	236.31	301.00	330.10
Net cash used in operating activities	1,972	3,945	3,988	5,481	5,670
Net cash used in investment activities	(1,178)	(1,824)	(1,543)	(1,388)	(2,214)
Net cash provided by financing activities	(538)	(134)	(1,681)	(1,503)	(1,257)
Cash and cash equivalents at end of period	3,683	6,141	7,426	9,762	11,782



[in ¥million]

As of December 31	2012	2013	2014	2015	2016
Non-consolidated					
Net sales	27,621	28,297	28,576	28,709	28,761
Ordinary profit	820	2,198	2,351	2,643	2,038
Net income (loss) for the period	535	1,503	1,718	2,057	1,570
Capital stock	1,729	2,158	2,158	2,158	2,158
Share outstanding [thousands of shares]	9,000	10,050	11,055	11,055	11,055
Shareholder's equity	9,340	12,048	13,421	15,621	16,732
Total assets	25,697	28,808	30,074	30,835	31,597
Shareholder's equity per share [Yen]	1,039.17	1,091.15	1,215.70	1,415.12	1,515.77
Dividends per share [Yen]	12.00	16.00	22.00	28.00	34.00
Net income per share [Yen]	59.55	148.73	155.63	186.34	142.29
Dividends payout ratio [%]	20.1	9.8	14.1	15.0	23.9

Financial Statements

Consolidated Balance Sheets

[in ¥thousand]

As of December 31	2015	2016	Thousands of U.S.\$
	Amount	Amount	
Assets			
Current assets			
Cash and deposits	10,868,419	13,099,813	112,416
Notes and accounts receivable—trade	8,888,036	10,060,584	86,335
Merchandise and finished goods	1,898,078	2,175,988	18,673
Work in process	2,531,264	2,878,699	24,704
Raw materials and supplies	1,914,847	1,772,563	15,211
Deferred tax assets	641,906	401,400	3,445
Others	1,541,179	1,819,193	15,611
Allowance for doubtful accounts	(69,841)	(65,458)	(562)
Total current assets	28,213,892	32,142,785	275,833
Fixed assets			
Tangible fixed assets			
Building and structures, net	3,547,483	3,778,971	32,429
Machinery, equipment and vehicles, net	4,218,493	4,318,742	37,061
Land	3,658,866	3,689,881	31,665
Construction in progress	543,459	666,288	5,718
Others	446,095	402,316	3,452
Total property, plant and equipment	12,414,399	12,856,201	110,325
Intangible assets			
Goodwill	4,421	198,645	1,705
Others	243,894	245,866	2,110
Total intangible assets	248,316	444,512	3,815
Investments and other assets			
Investment securities	3,492,002	2,782,842	23,881
Deferred tax assets	106,939	162,174	1,392
Others	593,239	500,152	4,292
Allowance for doubtful accounts	(2,240)	(2,240)	(19)
Total investments and other assets	4,189,940	3,442,929	29,545
Total non-current assets	16,852,656	16,743,643	143,685
Total assets	45,066,549	48,886,428	419,518

[in ¥thousand]			
As of December 31	2015	2016	Thousands of U.S.\$
	Amount	Amount	
Liabilities			
Current liabilities			
Notes and accounts payable-trade	8,256,291	9,251,316	79,390
Current portion of long-term loans payable	1,035,518	955,956	8,204
Income taxes payable	403,006	445,737	3,825
Provision for bonuses	88,358	86,306	741
Others	2,553,337	2,388,931	20,501
Total current liabilities	12,336,513	13,128,249	112,660
Long-term liabilities			
Long-term loans payable	2,020,660	1,793,304	15,389
Deferred tax liabilities for land revaluation	870,511	824,694	7,077
Deferred tax liabilities	428,952	506,854	4,350
Provision for directors' retirement benefits	20,805	23,105	198
Net defined benefit liability	3,081,121	3,132,124	26,878
Others	519,003	377,549	3,240
Total long-term liabilities	6,941,054	6,657,632	57,132
Total liabilities	19,277,567	19,785,881	169,792
Net assets			
Shareholders' equity			
Capital stock	2,158,000	2,158,000	18,519
Capital surplus	2,083,251	2,083,268	17,878
Retained earnings	13,681,151	16,972,003	145,645
Treasury stock	(10,395)	(10,787)	(93)
Total shareholders' equity	17,912,006	21,202,485	181,949
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,354,712	1,202,374	10,318
Revaluation difference on land	1,824,569	1,870,386	16,051
Remeasurements of defined benefit plans	(192,584)	(201,451)	(1,729)
Foreign currency translation adjustment	1,078,646	533,628	4,579
Total accumulated other comprehensive income	4,065,343	3,404,937	29,219
Minority interests	3,811,630	4,493,123	38,558
Total net assets	25,788,981	29,100,546	249,726

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥116.53=U.S.\$1.

Consolidated Statements of Income

[in ¥thousand]

Years ended December 31	2015	2016	Thousands of U.S.\$
	Amount	Amount	
Net sales	50,851,828	50,992,240	437,589
Cost of sales	39,258,777	38,702,001	332,120
Gross profit on sales	11,593,051	12,290,239	105,468
Total selling, general and administrative expenses	5,828,590	5,671,939	48,674
Operating income	5,764,460	6,618,300	56,795
Non-operating income			
Interest income	84,519	83,837	719
Dividend income	53,369	58,234	500
Share of profit of entities accounted for using equity method	4,205	13,116	113
Gain on sales of non-current assets	3,518	1,011	9
Gain on step acquisitions	—	41,867	—
Reversal of allowance for Net defined benefit liability	335,067	—	—
Others	158,980	75,627	649
Total non-operating income	639,660	273,695	2,349
Non-operating expenses			
Interest expenses	55,642	41,774	358
Foreign exchange losses	99,457	389,414	3,342
Loss on sales of non-current assets	975	5,798	50
Loss on retirement of non-current assets	23,597	27,146	233
Others	60,613	74,880	643
Total non-operating expenses	240,285	538,984	4,625
Ordinary income	5,849,820	6,343,077	54,433
Income before income taxes and minority interests	6,163,834	6,353,011	54,518
Income taxes – current	1,412,655	1,507,003	12,932
Income taxes for prior periods	144,000	(177,044)	(1,519)
Income taxes – deferred	311,538	420,165	3,606
Total income taxes	1,868,194	1,750,123	15,019
Income before minority interests	4,295,640	4,602,887	39,500
Minority interests in income	972,689	958,783	8,228
Net income	3,322,950	3,644,104	31,272

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥116.53=U.S.\$1.

Consolidated Statements of Cash Flows

[in ¥thousand]			
Years ended December 31	2015	2016	Thousands of U.S.\$
	Amount	Amount	
Net cash used in operating activities			
Income before income taxes and minority interestst	6,163,834	6,353,011	54,518
Depreciation	1,571,057	1,504,616	12,912
Increase (decrease) in provision for bonuses	1,335	(27,505)	(236)
Increase (decrease) in provision for directors' retirement benefits	(172,075)	2,300	20
Increase (decrease) in net defined benefit liability	(1,354,084)	42,917	368
Interest and dividend income	(137,888)	(142,072)	(1,219)
Interest expenses	55,642	41,744	358
Loss (gain) on sales and retirement of non-current assets	21,053	31,933	274
Amortization of goodwill	491	13,480	116
Loss (gain) on step acquisitions	—	(41,867)	(359)
Share of (profit) loss of entities accounted for using equity method	(4,205)	(13,116)	(113)
Decrease (increase) in notes and accounts receivable – trade	(187,622)	(1,076,742)	(9,240)
Decrease (increase) in inventories	180,916	(572,065)	(4,909)
Increase (decrease) in notes and accounts payable – trade	137,056	901,070	7,733
Increase (decrease) in accounts payable of changeover to defined contribution pension plan	(107,142)	(53,684)	(461)
Others	1,013,480	100,461	862
Subtotal	7,181,850	7,064,481	60,624
Interest and dividend income received	137,886	142,074	1,219
Interest expenses paid	(56,044)	(42,439)	(364)
Income taxes refund	1,504	22,100	190
Income taxes paid	(1,784,129)	(1,515,852)	(13,008)
Net cash provided by (used in) operating activities	5,481,068	5,670,363	48,660
Cash flows from investing activities			
Net decrease (increase) in time deposits	166,307	(231,330)	(1,985)
Purchase of property, plant and equipment	(1,485,656)	(1,772,686)	(15,212)
Proceeds from sales of property, plant and equipment	9,296	21,518	185
Payments for retirement of property, plant and equipment	(740)	(437)	(4)
Purchase of investment securities	(25,937)	(27,024)	(232)
Payments of long-term loans receivable	(5,570)	(2,000)	(17)
Collection of long-term loans receivable	2,463	1,300	11
resulting in change in scope of consolidation	—	(182,484)	(1,566)
Others	(49,028)	(21,014)	(180)
Net cash provided by (used in) investing activities	(1,388,865)	(2,214,158)	(19,001)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(100,000)	—	—
Proceeds from long-term loans payable	800,000	800,000	6,865
Repayments of long-term loans payable	(1,340,602)	(1,106,918)	(9,499)
Cash dividends paid	(242,875)	(353,251)	(3,031)
Cash dividends paid to minority shareholders	(618,653)	(596,733)	(5,121)
Others	(1,767)	(391)	(3)
Net cash provided by (used in) financing activities	(1,503,899)	(1,257,294)	(10,789)
Effect of exchange rate change on cash and cash equivalents	(253,036)	(178,551)	(1,532)
Net increase (decrease) in cash and cash equivalents	2,335,267	2,020,358	17,338
Cash and cash equivalents at beginning of period	7,426,963	9,762,230	83,774
Cash and cash equivalents at end of period	9,762,230	11,782,589	101,112

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥116.53=U.S.\$1.

Non-consolidated Balance Sheets

[in ¥thousand]

As of December 31	2015	2016	Thousands of U.S.\$
	Amount	Amount	
Assets			
Current assets			
Cash and deposits	2,938,024	2,594,492	22,265
Notes receivable—trade	1,417,423	1,649,798	14,158
Accounts receivable—trade	5,677,707	5,598,327	48,042
Merchandise and finished goods	608,412	816,525	7,007
Work in process	360,312	347,024	2,978
Raw materials and supplies	313,894	267,257	2,293
Short-term loans receivable from subsidiaries and associates	561,620	265,940	2,282
Prepaid expenses	60,847	63,737	547
Accrued income	2,020,213	2,323,444	19,939
Deferred tax assets	253,808	78,777	676
Others	53,595	72,144	619
Allowance for doubtful accounts	(7,100)	(7,300)	(63)
Total current assets	14,258,760	14,070,172	120,743
Fixed Assets			
Tangible fixed assets			
Buildings	1,602,369	1,747,920	15,000
Structures	74,666	82,258	706
Machinery and equipment	1,171,066	1,179,243	10,120
Vehicles	14,469	1,521	13
Tools, furniture and fixtures	169,763	113,378	973
Land	3,323,503	3,328,361	28,562
Construction in progress	226,952	353,815	3,036
Total property, plant and equipment	6,582,790	6,806,498	58,410
Intangible fixed assets			
Software	79,163	96,682	830
Telephone subscription right	4,481	4,481	38
Total intangible fixed assets	83,644	101,163	868
Investments and other assets			
Investment securities	3,024,342	2,782,842	23,881
Shares of subsidiaries and associates	4,281,170	5,018,484	43,066
Investment in capital	1,789	1,789	15
Investments in capital of subsidiaries and associates	2,039,704	2,039,704	17,504
Long-term loans receivable from employees	5,320	6,020	52
Long-term loans receivable from subsidiaries and associates	—	147,940	—
Guarantee deposit	69,472	69,222	594
Deferred tax assets	244,969	312,614	2,683
Others	243,352	241,420	2,072
Allowance for investment evaluation	—	—	—
Total investments and other assets	9,910,122	10,620,038	91,136
Total non-current assets	16,576,556	17,527,700	150,414
Total assets	30,835,317	31,597,873	271,157

[in ¥thousand]			
As of December 31	2015	2016	Thousands of U.S.\$
	Amount	Amount	
Liabilities			
Current liabilities			
Notes payable-trade	3,956,590	4,238,516	36,373
Accounts payable-trade	2,424,349	2,510,703	21,546
Current portion of long-term loans payable	1,028,056	955,956	8,204
Accounts payable-other	1,375,975	976,633	8,381
Income taxes payable	141,120	181,280	1,556
Accrued business office taxes	34,973	34,930	300
Accrued expenses	68,057	66,952	575
Advances received	2,397	25,876	222
Deposit received	144,288	152,988	1,313
Provision for bonuses	71,683	66,644	572
Notes payable - facilities	—	—	—
Accounts payable - facilities	142,875	150,705	1,293
Others	139,827	174,315	1,496
Total current liabilities	9,530,195	9,535,505	81,829
Non-current liabilities			
Long-term loans payable	2,020,660	1,793,304	15,389
Deferred tax liabilities for land revaluation	870,511	824,694	7,077
Long-term accounts payable-other	285,733	152,840	1,312
Provision for retirement benefits	2,506,366	2,559,055	21,960
Provision for directors' retirement benefits	—	—	—
Total non-current liabilities	5,683,271	5,329,894	45,738
Total liabilities	15,213,466	14,865,400	127,567
Net assets			
Shareholders' equity			
Capital stock	2,158,000	2,158,000	18,519
Legal capital surplus	2,083,251	2,083,251	17,877
Total capital surpluses	2,083,251	2,083,251	17,877
Retained earnings			
Legal retained earnings	89,928	89,928	772
Other earned surplus			
Reserve for warranty claims	400,000	600,000	5,149
General reserve	5,327,000	6,827,000	58,586
Retained earnings brought forward	2,394,784	1,912,320	16,411
Total Retained earnings	8,211,713	9,429,248	80,917
Treasury shares	(10,395)	(10,787)	(93)
Total shareholders' equity	12,442,568	13,659,712	117,221
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	1,354,712	1,202,374	10,318
Revaluation reserve for land	1,824,569	1,870,386	16,051
Total valuation and translation adjustments	3,179,282	3,072,760	26,369
Total net assets	15,621,850	16,732,472	143,589

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥116.53=U.S.\$1.

Non-consolidated Statements of Income

[in ¥thousand]

Years ended December 31	2015	2016	Thousands of U.S.\$
	Amount	Amount	
Net sales	28,709,012	28,761,676	246,818
Cost of sales	23,482,119	23,847,600	204,648
Gross profit	5,226,893	4,914,076	42,170
Selling, general and administrative expenses	3,607,408	3,473,335	29,806
Operating income	1,619,484	1,440,740	12,364
Non-operating income			
Interest income	8,067	5,625	48
Dividend income	1,038,099	992,444	8,517
Rent income	16,782	17,080	147
Others	53,519	16,455	141
Total non-operating income	1,116,469	1,031,606	8,853
Non-operating expenses			
Interest expenses	39,767	30,560	262
Foreign exchange losses	39,429	377,047	3,236
Others	13,511	26,636	229
Total non-operating expenses	92,708	434,244	3,726
Ordinary income	2,643,245	2,038,102	17,490
Extraordinary income			
Gain on sales of non-current assets	26	303	3
Reversal of allowance for investment securities	22,000	—	—
Gain on reversal of provision for retirement benefits	335,067	—	—
Gain on liquidation of subsidiaries and associates	—	—	—
Total extraordinary income	357,094	303	3
Extraordinary losses			
Loss on sales of non-current assets	147	—	—
Loss on retirement of non-current assets	17,928	4,396	38
Employees' pension fund dissolution loss	—	—	—
Total extraordinary losses	18,075	4,396	38
Income before income taxes	2,982,264	2,034,009	17,455
Income taxes – current	406,949	416,693	3,576
Income taxes for prior periods	144,000	(177,044)	(1,519)
Income taxes – deferred	374,203	223,572	1,919
Total income taxes	925,152	463,221	3,975
Net income	2,057,111	1,570,787	13,480

Note: Translation into U.S.dollar has been made, solely for the reader's convenience, at the rate of ¥116.53=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	22.9 %
2. Sojitz Corporation	880,000	7.9 %
3. Japan Trustee Services Bank, Ltd.	506,900	4.5 %
4. BNP Paribas Securities Services Luxembourg / Jasdec/Fim/Luxembourg Funds / Ucits Assets	400,000	3.6 %
5. Tokyo Century Corporation	365,860	3.3 %
6. Mizuho Bank, Ltd.	287,100	2.6 %
7. Nippon Fine Chemical Co., Ltd.	220,000	1.9 %
8. The Hongkong And Shanghai Banking Corporation Limited Clients A/C 513 Singapore Clients	164,000	1.4 %
9. Mizuho Securities Co., Ltd.	150,540	1.3 %
10. Employees stock ownership plan.	135,171	1.2 %

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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41361, Jawa Barat INDONESIA

NICHIRIN AUTOPARTS INDIA PVT., LTD.
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NICHIRIN (THAILAND) CO., LTD.
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THAILAND

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Paratge la Pietat, s/n, Palamos (Gerona) SPAIN

NICHIRIN