



# **ANNUAL REVIEW 2010**

For the year ended March 31, 2010

**NISSIN KOGYO CO., LTD.**

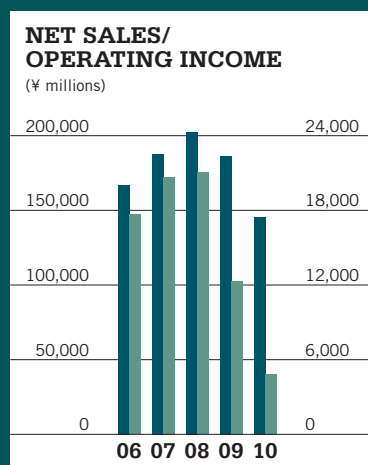
## FINANCIAL HIGHLIGHTS

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended 31st March, 2009 and 2010

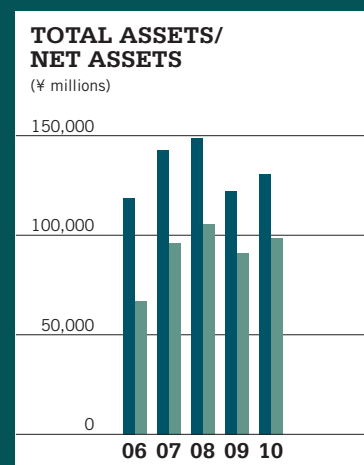
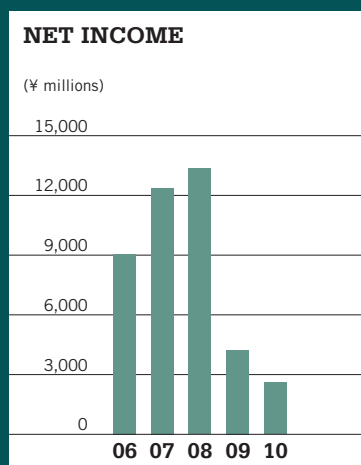
	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
<b>For the year:</b>			
Net sales	¥186,346	¥145,353	\$1,562,264
Operating income	12,317	4,830	51,915
Income before income taxes and minority interests	10,602	6,015	64,649
Net income	4,222	2,597	27,913
<b>At year-end:</b>			
Total assets	¥122,206	¥130,850	\$1,406,381
Net assets	91,134	98,739	1,061,257
<b>Per share (Yen and U.S. dollars):</b>			
Net income—primary	¥ 64.57	¥ 39.72	\$ 0.43
Cash dividends paid	30.00	14.00	0.15

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥93.04=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2010.

2. Nissin Kogyo conducted a 3-for-1 stock split on April 1, 2006.



□ Net Sales (left scale)  
■ Operating Income (right scale)



□ Total Assets  
■ Net Assets

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I would like to begin by extending my warm greetings to all our stakeholders and thanking our shareholders and investors for their steadfast support.

The business environment facing the Nissin Kogyo Group is expected to remain adverse for some time. In this climate, we will continue to implement important ongoing measures to achieve our medium- to long-term business objectives, including development of a low-cost structure through globalization, establishment of a position as a systems integrator, creation of next-generation products that anticipate market needs, and production and logistics optimization to reinforce the earnings structure. In this way, we will continue to strive to apply the collective strength of the Group to further reinforce the business structure.

### OVERVIEW OF THE FISCAL YEAR ENDED MARCH 31, 2010

—Despite ongoing structural enhancements, revenues and earnings declined due to the impact of the recession

The year under review brought the bottoming out of the severe global recession triggered by the financial crisis in the U.S. and the start of gradual recovery. Nevertheless, government economic stimulus measures in the U.S., Europe, and elsewhere failed to bring about a turnaround in the employment and income environment, and the pace of recovery remained sluggish. In these circumstances, in accordance with the tenth medium-term management plan, the Nissin Kogyo Group engaged in the development and provision of lightweight and high value-added products to contribute to environmental protection and safety. At the same time, we undertook further reinforcement of our business structure by securing orders to meet demand in Asia and reducing costs and expenses, primarily in Japan and the U.S. These efforts notwithstanding, the Group's business was severely affected by lower production from automakers and the impact of foreign exchange movements, and consolidated net sales fell 22.0% year on year to ¥145,353 million.

With regard to profit, although we rigorously engaged in company-wide cost reduction activities and stepped up efforts to reduce labor costs and business expenses, operating income fell 60.8% to ¥4,830 million, ordinary income decreased 43.4% to ¥6,111 million, and net income fell 38.5% to ¥2,597 million as a result of lower revenues and the strong yen.

### BUSINESS PROSPECTS FOR THE FISCAL YEAR ENDING MARCH 31, 2011

—We will continue to reinforce the basis for growth and secure favorable business results by developing and providing environment-friendly products

With regard to automotive industry trends, although recovery in demand is expected in the U.S., possible production curtailment in Europe as a result of termination of sales support measures is a source of concern. In Asia, on the other hand, expansion of demand is expected in developing countries, notably China and India, where economic growth continues. We will expand local procurement and local production in developing countries to take advantage of this favorable demand situation and strive to lay a foundation for future growth by developing and providing lightweight and high value-added products. On the basis of the above assumptions about the business environment, we project net sales of ¥165.0 billion, operating income of ¥10.5 billion, ordinary income of ¥11.0 billion, and net income of ¥6.0 billion in the fiscal year ending March 31, 2011. We forecast a dividend of ¥24 per share, an increase of ¥10 from the previous year.

We will strive to secure favorable business results by continuing to implement initiatives including global sales expansion activities, reinforcement of development of attractive new products, and rigorous cost-cutting measures. I ask for the continued steadfast support of our shareholders in the coming years.

A handwritten signature in black ink, reading "Akihiro Kubo". The signature is written in a cursive, flowing style.

Akihiro Kubo  
President

## NEW ADOPTIONS OF OUR PRODUCTS

Through its aluminum weight reduction and braking system technologies, Nissin Kogyo makes considerable contributions to motorized society in terms of both environment and safety.

### FOUR-WHEELED VEHICLE BUSINESS

The Honda CR-Z, a new hybrid sports car launched in February 2010, has adopted brake and aluminum products that leverage Nissin Kogyo's core technologies. Hybrid cars, which are not only safe and comfortable but also environmentally friendly, have multiple power sources (gasoline engine + electric motor). Demand for these cars is expected to continue growing due to the superior fuel efficiency they offer and their contribution to reducing CO<sub>2</sub> emissions.

MASTER CYLINDER &  
MASTER POWER



DISC BRAKE (FRONT)



ALUMINUM BRACKET



AUTOMOBILE  
BUSINESS  
CR-Z



CLUTCH SYSTEM



DISK BRAKE (REAR)



## MOTORCYCLE BUSINESS

The Honda PCX, a 125cc scooter launched in Japan in March 2010, has adopted products developed by Nissin Brake (Thailand) Co., Ltd.

The entire PCX line comes equipped with the Combined Brake System (CBS) standard. CBS is an interlocked brake system between the front and rear wheels of the motorcycle. Gripping the left brake lever alone causes braking force to be properly distributed to the front and rear wheels.

Produced in Thailand, the PCX is a globally strategic scooter model scheduled for export to the ASEAN region, Europe and the United States.

### FRONT MASTER CYLINDER



### NISSIN BRAKE (THAILAND)



### CBS MASTER CYLINDER



## MOTORCYCLE BUSINESS PCX



### FRONT DISK BRAKE

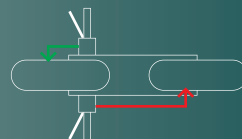


### ABOUT THE COMBINED BRAKE SYSTEM

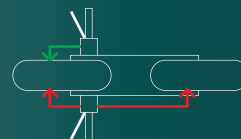
#### ■ KEY FEATURES

Braking force is simultaneously applied to the front and rear wheels, helping to maintain stability and improve braking performance.

#### CONVENTIONAL BRAKES



#### COMBINED BRAKE SYSTEM (FRONT- AND REAR-WHEEL INTERLOCKED BRAKE SYSTEM)



## RESEARCH AND DEVELOPMENT ACTIVITIES

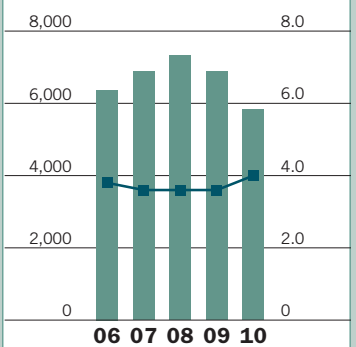
The Nissin Kogyo Group constantly strives to keep one step ahead of changes in the world by conducting research and development activities in order to create new product families that can contribute to safety and the environment while meeting the needs of customers and society.

We aim to raise the levels of safety and comfort and to reduce weight, for motorcycles and four-wheeled vehicles. Placing importance on basic brake and mechatronics automated control system development, aluminum-based weight reduction design technology, materials development and manufacturing process technology development, we are steering research and development in a direction that will facilitate production on a global scale. We are also working jointly with dedicated automakers to develop full braking systems.

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 ¥5,828 million.

### R&D EXPENDITURES/ RATIO TO NET SALES

(¥ millions/%)



■ R&D Expenditures (left scale)  
■ Ratio to Net Sales (right scale)

**BASIC PHILOSOPHY**

The Nissin Kogyo Group executes its corporate governance based on policies and regulations concerning conduct, placing importance on its basic company philosophy of “warm-heartedness and contribution,” and its credo of “providing superior products, technologies and ideas to meet the needs of customers and society one step ahead of the changes in the world.”

**OVERVIEW OF NISSIN KOGYO’S ORGANIZATION AND DEVELOPMENT OF INTERNAL CONTROL SYSTEMS**

Nissin Kogyo’s Board of Directors comprises nine Directors, and its role is to deliberate upon legal matters and major management issues. The Management Committee comprises eight Directors and its role is to sufficiently deliberate upon important matters of management, share management issues and decide upon measures to solve those issues.

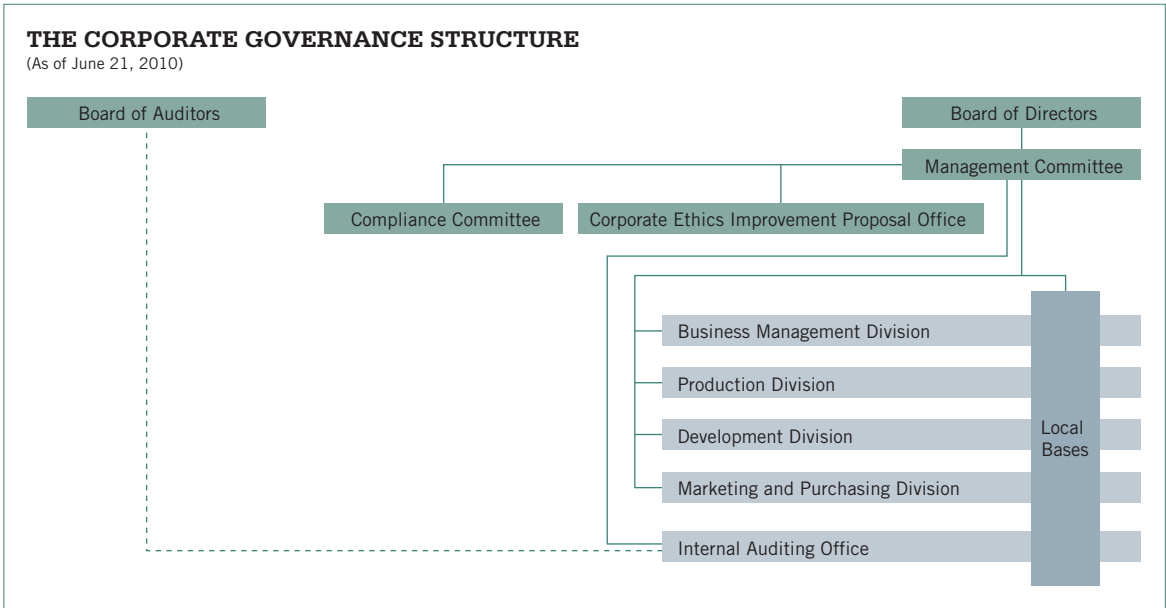
Nissin Kogyo has a Board of Auditors in accordance with the Companies Act. The Board of Auditors comprises four Auditors, two of which are Outside Auditors. Auditors attend meetings of the Board of Directors and the Management Committee and it is their job to audit the status of management’s execution of duties.

The Internal Auditing Office appoints four full-time staff members to form an Independent Operation Auditing Department, and it is the job of this department to provide support in the execution of internal auditing and to respond to requests from Auditors. In internal auditing, in addition to the staff of the Internal Auditing Office, two Internal Auditors are elected from each field such as development and accounting. While these Internal Auditors execute internal auditing of all divisions on a twice-yearly basis, they also execute regular audits of overseas bases.

The system for execution of operations is modeled on a high standard of effectiveness and efficiency and utilizes the cooperation of the four functional headquarters and overseas bases.

**DETAILS OF DIRECTOR AND AUDITOR REMUNERATION**

Director	13	¥225 million
Auditor (Outside Auditor)	2 (2)	¥34 million (¥6 million)
Total	17	¥265 million



### ENVIRONMENTAL INITIATIVES

Nissin Kogyo treats environmental issues as among management's most important challenges, and vigorously conducts 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

Aiming to establish environmentally friendly plants that contribute to the reduction of CO<sub>2</sub> emissions, Nissin Kogyo is promoting the introduction of cogeneration facilities that use natural gas. This system generates electricity to be used by our factories from natural gas. We also effectively utilize the hot water and heat produced by these systems.

The first of our factories to introduce a cogeneration facility was the Ueda Factory in July 2004. This was followed by the introduction of the same system at the Naoetsu Factory and the Tobu Factory.

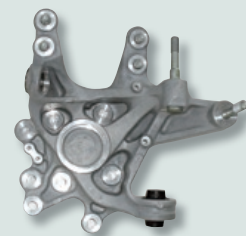
In addition to using the electricity generated by these systems for factory operations, we also effectively utilize the hot water and heat produced for the cooling and heating systems of our Corporate Headquarters and the Ueda Factory. At the Naoetsu Factory, the electricity generated is used at the new plant for four-wheeled vehicle parts, with the hot water and surplus heat utilized not only in alumite treatment and surface treatment processes, but also to melt snow in the winter.



Cogeneration facility of the Tobu Factory

#### ENVIRONMENT-FRIENDLY PRODUCTS

Nissin Kogyo develops and manufactures a wide range of environment-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 Knuckles

The Nissin Kogyo Group consists of the parent company, fifteen subsidiaries (including one non-consolidated subsidiary), and six affiliates accounted for by the equity method. Group companies are primarily engaged in the manufacture and sale of automobile brake systems and components.

## BUSINESS RESULTS

Consolidated net sales in the fiscal year ended March 31, 2010 fell 22.0% year on year to ¥145,353 million. The result is attributable to the impact on sales of production cuts at automakers as a result of the worldwide recession, principally in developed countries, which more than offset higher revenues from demand expansion in China and the start-up of production plants in India and Brazil.

Although the Group strove to reduce costs and implemented rigorous expense reduction initiatives, as a result of the impact of foreign exchange rates the cost of sales fell just 19.5% year on year to ¥131,649 million, and the cost of sales ratio increased by 2.9 points. Selling, general and administrative (SG&A) expenses decreased 16.1% to ¥8,874 million. Consequently, operating income fell 60.8% to ¥4,830 million, ordinary income declined 43.4% to ¥6,111 million, and net income fell 38.5% to ¥2,597 million.

Net income per share fell from ¥64.57 in the previous year to ¥39.72. Nissin Kogyo paid a year-end dividend of ¥7 (full-year dividend of ¥14) per share.

## BREAKDOWN BY GEOGRAPHIC SEGMENT

**Japan**—Although the market for four-wheeled vehicles is recovering, net sales declined by 29.0% to ¥45,676 million as a result of manufacturer production cuts in response to a decrease in exports of finished vehicles, the transition to local production in overseas markets, and a stagnant motorcycle market.

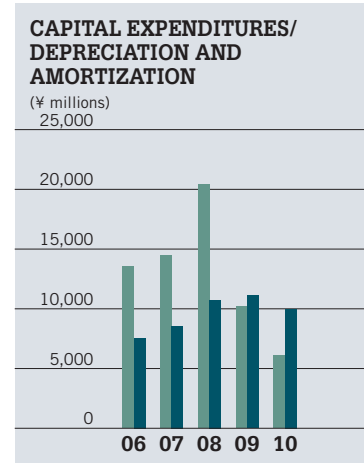
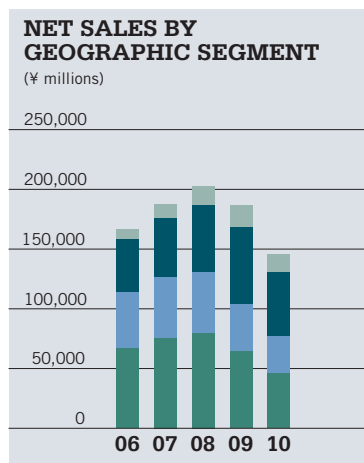
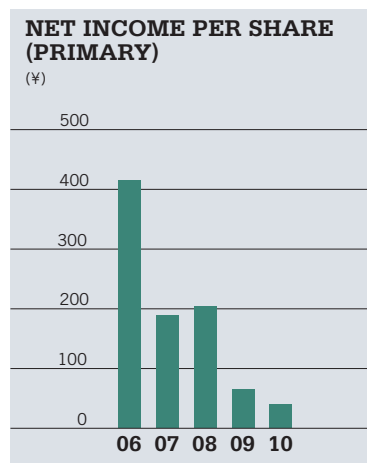
Notwithstanding efforts to cut costs and rigorously reduce expenses, the operating loss was ¥551 million, largely as a result of lower revenues. This followed an operating loss the previous year. On a quarterly basis, profitability recovered after bottoming out in the first quarter, and quarterly operating profits were posted from the third quarter onward.

**North America**—Although the market for four-wheeled vehicles began to recover, demand did not return to the prior-year level. Net sales declined by 19.9% to ¥31,753 million due to production cuts by automakers and the impact of foreign exchange rates.

The operating loss was ¥270 million, following an operating loss the previous year. The loss was attributable to the decrease in revenues and the impact of foreign exchange rates. Cost reductions and expense cuts resulted in a return to profitability from the third quarter onward.

**Asia**—Notwithstanding revenue increases due to robust market conditions in China, expansion of local production, and the start-up of a new production plant in India, net sales fell 17.4% year on year to ¥53,336 million as a result of production cuts by manufacturers of motorcycles and four-wheeled vehicles in Thailand and Indonesia and foreign exchange impact.

Despite a sales increase in China and the effects of cost reductions at production plants, operating income fell sharply year on year to ¥4,371 million as a result of lower revenues and the impact of foreign exchange rates. In response to market recovery, profitability showed a steady improvement trend from the second quarter onward.



**Other regions**—Although the start-up of a four-wheeled vehicle parts factory in Brazil contributed to revenues, net sales fell 18.3% year on year to ¥14,588 million due to production cuts by motorcycle makers and foreign exchange rate effects.

Notwithstanding the revenue contribution from the four-wheeled vehicle parts factory in Brazil, operating income declined sharply to ¥1,201 million due to a decrease in revenues from motorcycle parts and the effect of foreign exchange rates. On a quarterly basis, the business returned to profitability in the second quarter and subsequently continued on a recovery trajectory.

### CAPITAL EXPENDITURES

Capital expenditures in the year under review declined 40.5% year on year to ¥6,076 million. Principal investments were for the acquisition of a site for a new plant in Japan and expansion of production capacity in Asia and South America.

### FINANCIAL POSITION

Current assets increased ¥7,130 million from the previous fiscal year-end to ¥69,118 million due to factors including an increase in notes and accounts receivable. Noncurrent assets increased ¥1,514 million from the previous fiscal year-end to ¥61,731 million due to factors including an increase in investment securities. As a result, total assets at the fiscal year-end were ¥130,850 million, up ¥8,644 million from the previous year.

Current liabilities decreased ¥379 million from the previous fiscal year-end to ¥26,364 million due to factors including a decrease in short-term borrowings. Long-term liabilities increased ¥1,417 million from the previous fiscal year-end to ¥5,747 million, due in part to an increase in deferred tax liabilities. As a result, net assets increased ¥7,606 million from the previous fiscal year-end to ¥98,739 million due to an increase in foreign currency translation adjustments and other factors.

### CASH FLOWS

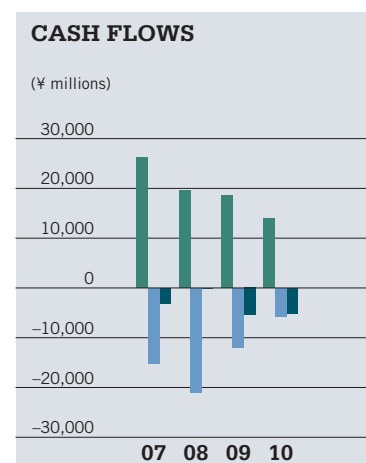
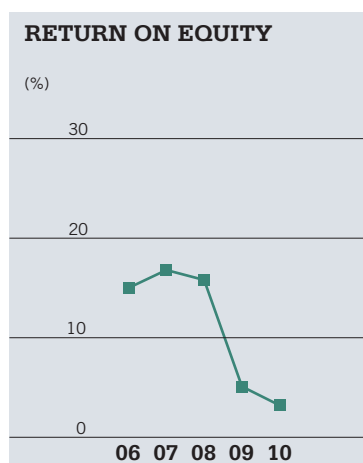
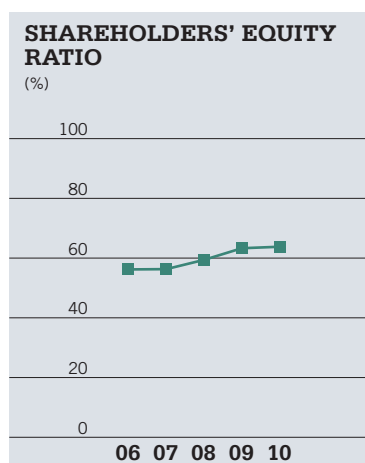
Cash and cash equivalents (“cash”) as of March 31, 2010 stood at ¥24,622 million, up ¥4,459 million from the previous fiscal year-end, reflecting an increase in cash from factors including income before income taxes and minority interests and a decrease in cash from factors including the purchase of property, plant and equipment.

Net cash provided by operating activities was ¥13,969 million. Principal items included income before income taxes and minority interests and depreciation and amortization.

Net cash used in investing activities was ¥5,735 million. Principal items included capital investment.

Net cash used in financing activities was ¥5,170 million. Principal items were a decrease in short-term borrowings and dividends paid.

Cash stood at ¥24,622 million as of March 31, 2010. The Company will allocate internal reserves to capital needs for product development essential for future growth and business expansion.



■ Cash Flows from Operating Activities  
■ Cash Flows from Investing Activities  
■ Cash Flows from Financing Activities

## CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
31st March, 2009 and 2010

ASSETS	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
<b>Current assets:</b>			
Cash and bank deposits	¥ 20,679	¥ 24,877	\$ 267,381
Marketable securities	334	0	0
Notes and accounts receivable	17,320	23,355	251,024
Inventories	19,296	17,365	186,640
Deferred income taxes	1,019	811	8,715
Prepaid expenses and other current assets	3,353	2,727	29,308
Allowance for doubtful accounts	(13)	(17)	(183)
Total current assets	61,988	69,118	742,887
<b>Property, plant and equipment:</b>			
Land	3,641	5,521	59,339
Buildings and structures	19,272	20,609	221,506
Machinery and equipment	73,954	79,022	849,339
Vehicles and fixtures	15,836	16,319	175,394
Lease assets	585	661	7,101
Construction in progress	2,488	1,428	15,343
	115,776	123,559	1,328,023
Accumulated depreciation	(68,713)	(78,487)	(843,579)
Property, plant and equipment, net	47,063	45,073	484,444
<b>Investments and other assets:</b>			
Investment securities	11,064	14,396	154,727
Deferred income taxes	112	234	2,520
Other assets	1,013	1,122	12,059
Allowance for doubtful accounts	(36)	(92)	(989)
Total investments and other assets	12,154	15,660	168,311
<b>Total assets</b>	<b>¥122,206</b>	<b>¥130,850</b>	<b>\$1,406,381</b>

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥93.04=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2010.

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)

	Millions of yen											
	Stockholders' equity					Valuation and translation adjustments					Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gains on securities	Gains on deferred hedge	Foreign currency translation adjustments	Total			
Balance as of March 31, 2009	¥3,694	¥3,419	¥76,242	¥(101)	¥83,254	¥3,801	¥ (4)	¥(9,718)	¥(5,921)	¥13,800	¥91,134	
Changes in the period:												
Net income			2,597		2,597						2,597	
Dividends			(1,242)		(1,242)						(1,242)	
Acquisition of treasury stock				(0.18)	(0.18)						(0.18)	
Net changes of items other than stockholders' equity						1,935	(34)	2,938	4,839	1,413	6,251	
Total changes in the period	-	-	1,355	(0.18)	1,354	1,935	(34)	2,938	4,839	1,413	7,606	
Balance as of March 31, 2010	¥3,694	¥3,419	¥77,596	¥(101)	¥84,609	¥5,736	¥(38)	¥(6,780)	¥(1,082)	¥15,213	¥98,739	

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
<b>Current liabilities:</b>			
Short-term borrowings	¥ 3,555	¥ 1,114	\$ 11,975
Notes and accounts payable	20,617	22,021	236,683
Accrued expenses	1,820	2,171	23,334
Accrued income taxes	392	371	3,989
Other current liabilities	358	686	7,373
Total current liabilities	26,742	26,364	283,359
<b>Long-term liabilities:</b>			
Deferred income taxes	2,039	3,380	36,327
Accrued retirement benefits	1,360	1,520	16,340
Retirement benefits for directors and corporate auditors	303	15	166
Other long-term liabilities	177	425	4,565
Total long-term liabilities	4,330	5,747	61,766
<b>Net assets</b>			
<b>Shareholders' equity:</b>			
Common stock:			
Authorized: 150,000,000 shares			
Issued: 65,452,143 shares in 2008			
Issued: 65,452,143 shares in 2009	3,694	3,694	39,703
Capital surplus	3,419	3,419	36,751
Retained earnings	76,242	77,596	834,011
Treasury stock, at cost;			
30,324 shares in 2008 and 68,398 shares in 2009	(101)	(101)	(1,083)
Total shareholders' equity	83,254	84,609	909,382
<b>Valuation, translation adjustments and others:</b>			
Net unrealized holding gain on investment securities	3,801	5,736	61,649
Deferred gains or losses on hedges	(4)	(38)	(408)
Foreign currency translation adjustments	(9,718)	(6,780)	(72,871)
Total valuation, translation adjustments and others	(5,921)	(1,082)	(11,632)
<b>Minority interests</b>	13,800	15,213	163,507
Total net assets	91,134	98,739	1,061,257
<b>Total liabilities and shareholders' equity</b>	¥122,206	¥130,850	\$1,406,381

	Thousands of U.S. dollars											
	Stockholders' equity					Valuation and translation adjustments					Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gains on securities	Gains on deferred hedge	Foreign currency translation adjustments	Total			
Balance as of March 31, 2009	\$39,703	\$36,751	\$819,452	\$(1,082)	\$894,824	\$40,849	\$ (41)	\$(104,445)	\$(63,637)	\$148,322	\$ 979,510	
Changes in the period:												
Net income			27,913		27,913						27,913	
Dividends			(13,353)		(13,353)						(13,353)	
Acquisition of treasury stock				(1.89)	(1.89)						(1.89)	
Net changes of items other than stockholders' equity						20,799	(369)	31,574	52,005	15,185	67,190	
Total changes in the period	-	-	14,559	(1.89)	14,557	20,799	(369)	31,574	52,005	15,185	81,747	
Balance as of March 31, 2010	\$39,703	\$36,751	\$834,011	\$(1,083)	\$909,382	\$61,649	\$(410)	\$(72,871)	\$(11,632)	\$163,507	\$1,061,257	

## CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended 31st March, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
<b>Net sales</b>	¥186,346	<b>¥145,353</b>	<b>\$1,562,264</b>
Cost of sales	163,447	<b>131,649</b>	<b>1,414,969</b>
<b>Gross profit</b>	22,900	<b>13,704</b>	<b>147,295</b>
Selling, general and administrative expenses	10,583	<b>8,874</b>	<b>95,380</b>
<b>Operating income</b>	12,317	<b>4,830</b>	<b>51,915</b>
<b>Other income (expenses):</b>			
Interest and dividend income	1,253	<b>617</b>	<b>6,632</b>
Interest expense	(135)	<b>(92)</b>	<b>(987)</b>
Foreign exchange gain (loss), net	(2,592)	<b>0</b>	<b>0</b>
Gain on sale of securities	-	-	-
Loss on disposal of fixed assets	(173)	<b>(157)</b>	<b>(1,686)</b>
Equity in earnings of affiliates	60	<b>5</b>	<b>54</b>
Loss on disposal of inventories	26	<b>0</b>	<b>0</b>
Loss on compensation of defective products	(37)	<b>0</b>	<b>0</b>
Prior year adjustment	-	-	-
Other, net		<b>303</b>	<b>3,257</b>
Other income, net	(1,715)	<b>1,185</b>	<b>12,736</b>
<b>Income before income taxes and minority interests</b>	10,602	<b>6,015</b>	<b>64,649</b>
<b>Income taxes</b>			
Current	2,631	<b>1,762</b>	<b>18,938</b>
Refund	-	-	-
Deferred	335	<b>177</b>	<b>1,901</b>
Income before minority interests	7,636	<b>4,076</b>	<b>43,809</b>
Minority interests	3,414	<b>1,479</b>	<b>15,901</b>
<b>Net income</b>	¥ 4,222	<b>¥ 2,597</b>	<b>\$ 27,913</b>

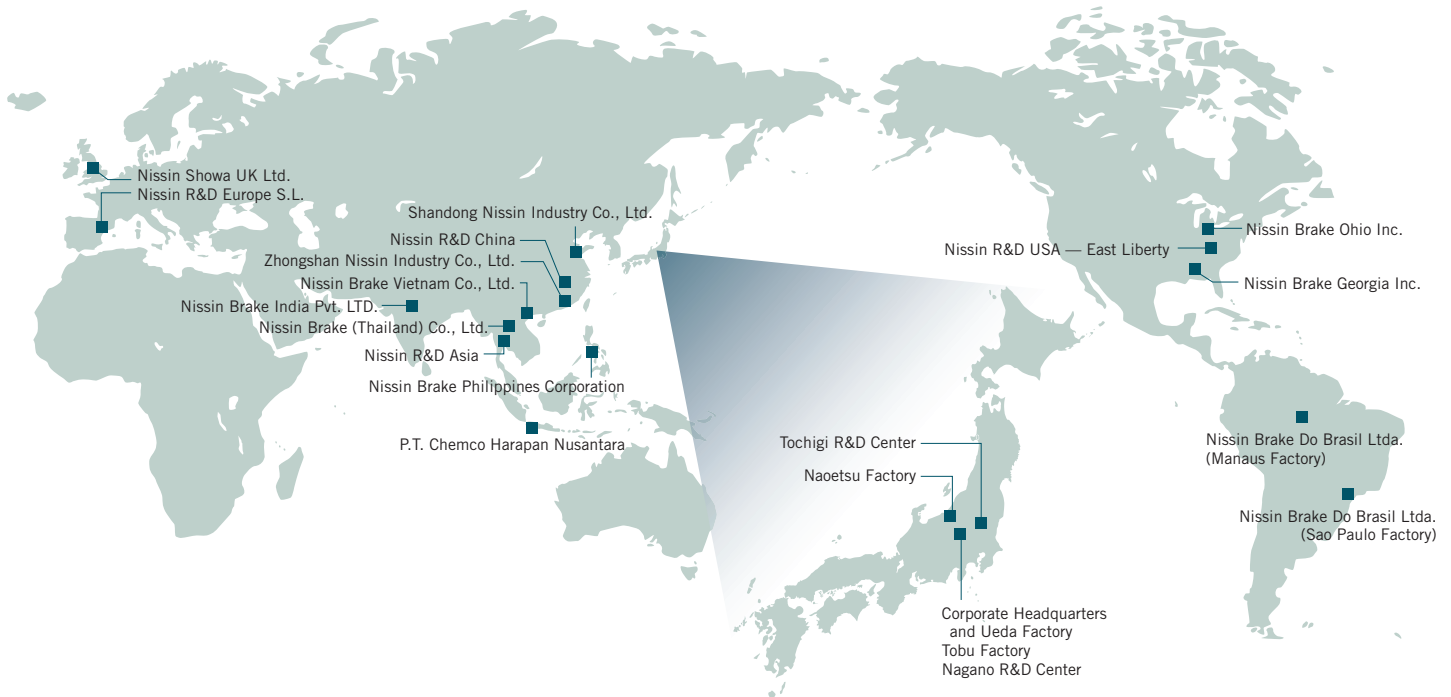
Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥93.04=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2010.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended 31st March, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	¥ 10,602	¥ 6,015	\$ 64,649
Depreciation and amortization	11,098	9,967	107,123
Amortization of consolidation goodwill differences	8	0	0
Increase (decrease) in allowance for doubtful accounts	26	60	640
Increase in allowance for directors' bonuses	(69)	(44)	(472)
Increase (decrease) in accrued retirement benefits	185	146	1,570
Increase in retirement benefits for directors and corporate auditors	(32)	(288)	(3,095)
Interest and dividend income	(1,253)	(617)	(6,626)
Interest expense	135	92	987
Foreign exchange gain, net	0	(100)	(1,073)
Equity in earnings of affiliates	(60)	(5)	(55)
Loss (gain) on sales of property, plant and equipment	(66)	(15)	(166)
Loss on disposal of property, plant and equipment	173	157	1,686
Loss (gain) on valuation of short-term and long-term investment securities	3	0	0
Increase in notes and accounts receivable—trade	7,674	(5,273)	(56,674)
Increase in inventories	(3,770)	2,915	31,335
Increase in notes and accounts payable—trade	(2,127)	35	371
Increase in accounts payable	(1,707)	678	7,289
Other, net	526	1,434	15,413
Subtotal	21,346	15,089	162,180
Interest and dividends received	1,271	614	6,594
Interest paid	(135)	(92)	(987)
Income taxes paid	(3,869)	(1,640)	(17,627)
Net cash provided by operating activities	18,614	13,969	150,138
<b>Cash flows from investing activities</b>			
Increase in time deposits	(915)	(155)	(1,664)
Purchases of property and equipment	(10,206)	(6,076)	(65,307)
Proceeds from sale of property and equipment	234	49	526
Purchase of intangible assets	(252)	(160)	(1,717)
Purchases of investment securities	(23)	(4)	(40)
Purchase of investments in subsidiaries	(895)	0	0
Collection of loans receivable	5	0	0
Other, net	119	610	6,556
Net cash used in investing activities	(11,933)	(5,735)	(61,645)
<b>Cash flows from financing activities</b>			
Decrease in short-term borrowings	(796)	2,325	24,985
Repayments of finance lease obligations	(21)	(125)	(1,346)
Dividends paid	(2,355)	(1,242)	(13,353)
Dividends paid to minority shareholders	(2,212)	(1,462)	(15,718)
Other, net	(49)	(15)	(160)
Net cash used in financing activities	(5,433)	(5,170)	(55,562)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(5,083)	1,396	14,999
<b>Net increase in cash and cash equivalents</b>	(3,835)	4,459	47,929
<b>Cash and cash equivalents at beginning of year</b>	23,571	20,163	216,714
<b>Cash and cash equivalents of newly consolidated subsidiaries</b>	427	0	0
<b>Cash and cash equivalents at end of year</b>	¥ 20,163	¥ 24,622	\$264,644

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥93.04=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2010.



## [ DOMESTIC ]

### Corporate Headquarters and Ueda Factory

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Nagano 386-8505, Japan  
Tel: +81-268-24-3111 Fax: +81-268-24-7520

### Tobu Factory

801 Kazawa, Toumi-city,  
Nagano 389-0514, Japan  
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### Naoetsu Factory

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Niigata 942-0035, Japan  
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### Nagano R&D Center

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### Tochigi R&D Center

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## [ OVERSEAS ]

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### SPAIN

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

### UNITED STATES

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#### Nissin Brake Georgia Inc.

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#### Nissin R&D USA — East Liberty

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### THAILAND

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

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#### Nissin R&D Asia

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1010 Viphavadi Rangsit RD., Chatuchak,  
Chatuchak, Bangkok 10900, Thailand  
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### INDONESIA

#### P.T. Chemco Harapan Nusantara

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### PHILIPPINES

#### Nissin Brake Philippines Corporation

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Binan Laguna, Philippines  
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### CHINA

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

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

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Zhongshan City, Guangdong, China  
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#### Nissin R&D China

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

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Vinh Phuc Province, Vietnam  
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### BRAZIL

#### Nissin Brake Do Brasil Ltda.

##### (Manaus Factory)

AV. Dos Oitis, No. 658-Distrito Industrial,  
Manaus-Am, Brazil  
Tel: +55-92-2121-4702 Fax: +55-92-3615-3979

#### Nissin Brake Do Brasil Ltda.

##### (Sao Paulo Factory)

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### INDIA

#### Nissin Brake India Pvt. LTD.

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Majrakath, Neemrana, Alwar  
Rajasthan - 301705, India  
Tel: +91-124-4748205 Fax: +91-124-4748206

## CORPORATE DATA

(As of 31st March, 2010)

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

**ESTABLISHED:** October 1953

**PAID-IN CAPITAL:** ¥3,694 million

**EMPLOYEES:** 8,167

### DIRECTORS AND AUDITORS:

(As of June 18, 2010)

#### President

Akihiro Kubo

#### Senior Managing Director

Katsutoshi Ueda

#### Managing Directors

Hiroyuki Suganuma

Hideaki Yanagisawa

Keiji Himori

#### Directors

Junichi Beppu

Akihiko Kishimoto

Masahiro Himura

Naotoshi Tamai

#### Statutory Auditors

Hidenori Misaizu

Kimio Oshimori

#### Auditors

Norimasa Oguchi

Eiichi Matsumoto

**TOTAL SHARES ISSUED AND OUTSTANDING:**  
65,452,143

**NUMBER OF SHAREHOLDERS:** 17,443

**STOCK LISTING:** Tokyo Stock Exchange, First Section

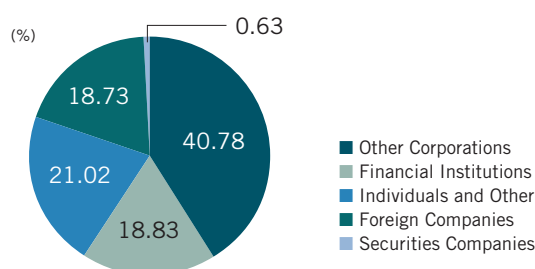
**STOCK CODE:** 7230

### TRANSFER AGENT:

Mitsubishi UFJ Trust and Banking Corporation

4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

### SHAREHOLDINGS BY SHAREHOLDER TYPE:



### PRINCIPAL SHAREHOLDERS:

Name	Holdings (Thousands of Shares)	Voting Rights (%)
Honda Motor Co., Ltd.	22,682	34.65
Japan Trustee Services Bank, Ltd. (Trust Account)	3,702	5.65
Daishin Sangyo Co., Ltd.	3,368	5.14
CBNY·UMB·Fund	2,258	3.45
Naoya Miyashita	1,864	2.84
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,095	1.67
Mizuho Corporate Bank, Ltd.	1,000	1.52
BBH for Fidelity Low-Priced Stock Fund	835	1.27
Nissin Kogyo Employee Shareholding Association	784	1.19
The Chase Manhattan Bank NA London SL Omnibus Account	747	1.14



**Nissin Kogyo Co., Ltd.**

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<http://www.nissinkogyo.co.jp>

