



# ANNUAL REVIEW 2005

For the year ended March 31, 2005

NISSIN KOGYO CO., LTD.

## PROFILE

Nissin Kogyo Co., Ltd. was established in 1953 as a company specializing in brake components. As the automotive industry has evolved, so has Nissin Kogyo, developing and manufacturing a wide range of brake products for motorcycles and four-wheeled vehicles. Nissin Kogyo was quick to respond to the internationalization of the automobile industry, initiating local production in Thailand in 1973 to

meet the needs of its global customers. Expansion into other parts of Asia, the Americas, and Europe soon followed, resulting in Nissin Kogyo's network today of 14 production sites in 9 countries.

Nissin Kogyo's overriding goal is to constantly produce the most advanced braking systems possible. To this end, the company is engaged in research and development encompassing a wide range of technologies and products. Since production commenced in 1982, Nissin Kogyo's series of anti-lock brake systems (ABS)—a fusion of advanced brake and computerized control system technologies—have already sold a cumulative total of more than 10 million units worldwide. Nissin Kogyo is also utilizing aluminum casting and processing technologies, a second strength rivaling its expertise in brake technology, to develop and manufacture lighter products. By leveraging technological prowess in these core business areas to deliver compact, lightweight, and high-performance components, Nissin Kogyo is doing its part to reduce environmental impact and enhance safety—two universal requirements of the automotive industry.

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### Forward-Looking Statements

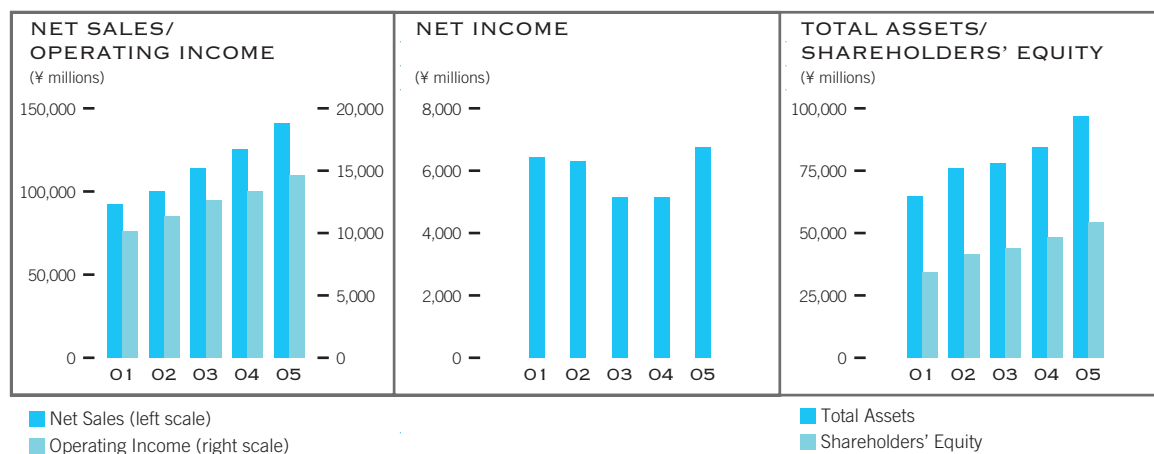
This annual report contains forward-looking statements about future plans, strategies, beliefs and performance that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which Nissin Kogyo operates, and represent beliefs and assumptions made by management. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, actual results may differ materially from those projected. Nissin Kogyo therefore wishes to caution readers not to place undue reliance on forward-looking statements. Furthermore, the company undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments.

# FINANCIAL HIGHLIGHTS

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended 31st March, 2004 and 2005

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
<b>For the year:</b>			
Net sales	¥124,943	¥140,964	\$1,312,643
Operating income	13,313	14,593	135,892
Income before income taxes and minority interests	11,969	13,647	127,080
Net income	5,141	6,755	62,911
<b>At year-end:</b>			
Total assets	¥ 84,199	¥ 96,897	\$ 902,298
Shareholders' equity	48,276	54,295	505,593
<b>Per share (Yen and U.S. dollars):</b>			
Net income — primary	¥ 232.89	¥ 307.29	\$ 2.8614
Cash dividends paid	24.00	42.00	0.391

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥107.39=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2005.



## MESSAGE FROM THE PRESIDENT

I am pleased to report that Nissin Kogyo posted higher consolidated net sales for the sixth consecutive business term. Operating income, meanwhile, grew for the ninth straight year. I would like to take this opportunity to thank our shareholders and other investors for their steadfast support and understanding.

### OVERVIEW (FISCAL YEAR ENDED MARCH 31, 2005)

At Nissin Kogyo, our corporate philosophy encourages us to anticipate global trends to provide superior products, technologies and ideas that meet the needs of our customers and society. With this in mind, we deliver products targeting industry demands in the key areas of the environment and safety.

During the year under review, we saw our past efforts in research and development (R&D) bear fruit. We also posted higher sales volume, particularly of ABS and multifunctional vehicle stability assists (VSA), in Japan, as we worked to bolster sales. In addition, sales of brake products for motorcycles and aluminum products were robust in the rapidly growing Asian markets. These and other factors substantially boosted our top line, with consolidated net sales rising 12.8% year on year to ¥140,964 million. This was a record for Nissin Kogyo. On the profit front, unfavorable currency movements, rising steel prices and other negative factors were offset by higher sales and active steps to reduce costs. As a result, operating income rose 9.6% to ¥14,593 million, ordinary income grew 11.1% to ¥14,904 million, and net income jumped 31.4% to ¥6,755 million—all record highs.

### REINFORCING THE BUSINESS FRAMEWORK FOR FURTHER GROWTH

Our eighth medium-term management plan (from fiscal 2003 to fiscal 2005), which ended on March 31, 2005, was launched to build and reinforce development and supply capabilities and R&D frameworks in the four strategic areas of Japan, the Americas, Europe, and Asia. Its goal was to lay the foundation for further growth by staying in step with growth in automobile markets, especially in Asia. As a result, production and sales in both Japan and overseas have grown steadily, with sales increasing by approximately 40% over the three years of the plan.

In fiscal 2005, Nissin Kogyo significantly expanded production capabilities at each of its Asian bases in Indonesia, Thailand, China, and Vietnam, while reinforcing R&D in Thailand and China. In particular, integrated production encompassing casting, processing, and assembly began in February 2005 at Zhongshan Nissin Industry Co., Ltd. in China. This move will enable us to meet demand in the rapidly growing four-wheeled vehicle market in China.

In North America, to meet the growing need for lightweight components, mass production started in July 2004 at Nissin Brake Ohio Inc., following completion of a fully integrated production line for aluminum knuckles.

To enhance production technology, the company purchased shares in Ishii Corporation, a manufacturer of cutting equipment, making it a subsidiary. This initiative was part of efforts to improve Nissin Kogyo's processing technology and enable proprietary production of cutting tools by expanding its scope of expertise.



Tamotsu Abe  
*President*

Finally, Nissin Kogyo took further steps in its drive to drastically cut emissions of carbon dioxide. To this end, the company began full-scale operation in August 2004 of a “gas engine cogeneration system” at the Corporate Headquarters and Ueda Factory. This will enable the company to improve energy efficiency by upward of 70%, and is expected to result in a 30% reduction in carbon dioxide emissions at the Ueda Factory. We plan to continue striving to reduce our environmental impact, one of our two basic management themes, not only through product development but also in production activities.

#### LOOKING AHEAD: FUTURE BUSINESS DEVELOPMENTS

Given the uncertainties in the world economy and movements in crude oil prices, we expect demand for automobiles in domestic and North American markets to remain relatively at the same level. However, we foresee a further increase in demand for products that respond to the safety and environmental requirements of customers. That’s why we will improve our core aluminum and brake technologies, develop new products, and offer greater variety in our product lineup. Through these steps, we will acquire new customers and expand our market share. At the same time, we foresee continued growth in demand mainly for motorcycles in ASEAN countries. And, although expansion of the four-wheeled vehicle market is likely to slow in China, we believe the expansion will continue. Therefore, Nissin Kogyo will reinforce production and sales capabilities in both regions to drive further growth in our results.

In April 2005, we launched our ninth medium-term management plan. Under the banner “Nissin: the Company Trusted for Delivering Safety,” we aim to expand our business on a global scale to better meet the expectations of our customers, shareholders, and business partners.

I ask for your continued support as we strive to achieve this goal.

September 2005

*Tamotsu Abe.*

Tamotsu Abe  
*President*

# CONTRIBUTING TO SAFETY AND THE ENVIRONMENT ACROSS THE GLOBE: SUMMARY OF THE NINTH MEDIUM-TERM MANAGEMENT PLAN

Under the eighth medium-term management plan, Nissin Kogyo built frameworks for product development and sales that give full attention to the needs of customers worldwide. At the same time, the company put in place a global supply system by expanding production sites in the Asian region. The ninth plan launched in April 2005 endeavors to further expand our development and production capabilities to increase sales around the world.

## EXPANDING SALES

As the need to ensure safety and reduce the environmental impact of vehicles increases each year in the automobile industry, Nissin Kogyo strives to develop safer brake systems and aluminum components that make vehicles lighter. The overriding goal is to increase sales.

### SALES STRATEGIES

Brake products for four-wheeled vehicles	<ul style="list-style-type: none"> <li>Stay in step with expansion in the Chinese market</li> <li>Market new products</li> </ul>
Brake products for motorcycles	<ul style="list-style-type: none"> <li>Stay in step with expansion of markets in ASEAN countries and South America</li> </ul>
Mechatronics	<ul style="list-style-type: none"> <li>Four-wheeled vehicles: expand use of next-generation ABS products</li> <li>Motorcycles: increase product variety</li> </ul>
Aluminum components	<ul style="list-style-type: none"> <li>Expand sales by offering competitive prices, reinforcing product strength, and exploiting the stretch flangeability of aluminum</li> <li>Expand applications for knuckles and sales of calipers to new corporate clients</li> </ul>
Aftermarket	<ul style="list-style-type: none"> <li>Exploit greater business opportunities created by higher number of vehicle owners</li> <li>Sell decorative parts for motorcycles for recreational use</li> </ul>

## □ Products

### TECHNOLOGY FOR BRAKING SYSTEMS



*NK11 series ABS products*

The world's most compact and lightweight series of ABS products, the *NK11* series was made possible by using smaller electromagnetic valves and motors and fewer electronic components.



*NK11VL series multifunctional VSA products*

The *NK11VL* series ensures driving comfort and safety by offering capabilities such as cruise controls adaptive to the front axle, automatic braking to reduce collisions, braking assists with learning functions, and brakes that control vehicle motion. *NK11VL* products weigh 43% less than previous models.



*NK11B2 series ABS products for motorcycles*

Amid rising awareness of motorcycle safety, this series has been adopted in motorcycles manufactured by Honda Motor Co., Ltd., Suzuki Motor Corporation, and Harley-Davidson, Inc. in the U.S.

### LIGHTWEIGHT TECHNOLOGY



Rear knuckles

Use of aluminum made it possible to develop knuckles weighing 2.8kg, 50% lighter than those produced from cast iron. Nissin Kogyo's knuckles are used in Honda Motor's *Accord*, *Elysion*, and *Legend* models.



Master cylinders

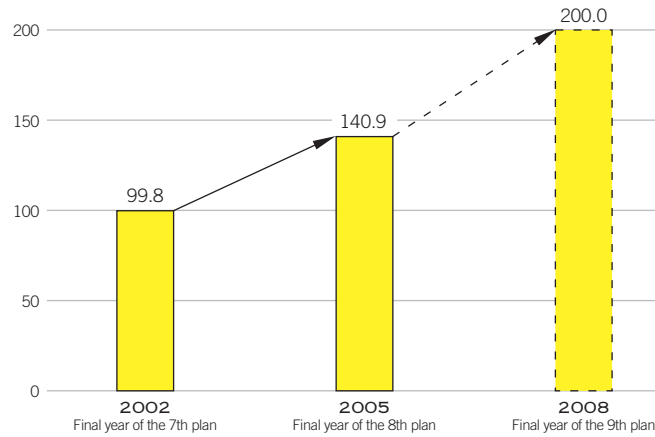
Master cylinders integrate brake master cylinders and vacuum boosters. More compact and lighter in weight, these cylinders are also 50mm shorter than the company's previous products, making them easier to install in vehicles. These products have been adopted by Suzuki Motor for its new *ALTO* and *SWIFT* models.



Rear calipers

Use of aluminum yielded rear calipers that are 16% lighter than conventional products. They are used in Honda Motor's *Accord*, *Odyssey*, *Elysion*, and *Legend* models.

□ Goals for Net Sales (¥ billions)



## EXPANDING PRODUCTION CAPABILITIES

Nissin Kogyo has development and production bases in four key regions—the Americas, Europe, Asia, and Japan. During the period under review, we focused on the Asian region to meet growing local demand. We expanded our production capabilities by building additional factories in Indonesia, Thailand, China, and Vietnam.

### PRODUCTION STRATEGIES

Japan	<ul style="list-style-type: none"> <li>Introduce additional production lines for aluminum components and ABS products</li> </ul>
North America	<ul style="list-style-type: none"> <li>Establish a new production line for ABS products (compatible with main vehicle models)</li> </ul>
Asia/Thailand	<ul style="list-style-type: none"> <li>Take full advantage of the new production line, added during the eighth medium-term management plan, for ABS products and knuckles</li> </ul>
/Indonesia	<ul style="list-style-type: none"> <li>Build a new factory for the manufacture of motorcycle products</li> </ul>
/Vietnam	<ul style="list-style-type: none"> <li>Build a new factory for the manufacture of motorcycle products</li> </ul>
/China	<ul style="list-style-type: none"> <li>Fully utilize the new production line in Shandong, added during the eighth medium-term management plan</li> <li>Build a new factory in Guangzhou for the manufacture of products for four-wheeled vehicles</li> </ul>
South America	<ul style="list-style-type: none"> <li>Increase production volume by improving productivity</li> </ul>

□ Production Framework

### JAPAN



The company purchased shares in Ishii Corporation, a manufacturer of cutting equipment, making it a subsidiary. This initiative was part of efforts to improve Nissin Kogyo's processing technology and enable proprietary production of cutting tools by expanding its scope of expertise.

### UNITED STATES



U.S. subsidiary Nissin Brake Ohio completed an integrated production line for aluminum knuckles, expanding the group's annual production capacity in Japan and the U.S. to 760,000 units.

### THAILAND



To seize business opportunities created by the expanding market for four-wheeled vehicles in Thailand and capture more orders from clients, Nissin Brake (Thailand) Co., Ltd. constructed a production facility in the country. The new facility began operations in March 2005. Plans call for production capacity at Nissin Brake (Thailand) to be increased by 150% in 2007 compared to levels in 2004.

### CHINA



A new factory was constructed at Zhongshan Nissin Industry, boosting output. Plans are for this company's production capacity to roughly triple by 2007, compared to 2004. Since February 2005, Zhongshan Nissin Industry has also been operating an integrated production system that handles everything from aluminum casting to machining and processing, and assembly.

# FINANCIAL REVIEW

The Nissin Kogyo Group is made up of the parent company, four domestic and nine overseas consolidated subsidiaries, and one domestic and two overseas affiliates accounted for by the equity method. Group companies are primarily engaged in the manufacture and sale of brake systems and components for automobiles.

## Business Results

In the fiscal year ended March 31, 2005, consolidated net sales rose 12.8% year on year to ¥140,964 million. This mainly reflected increased sales volumes of ABS and VSA in Japan and the effects of expanded sales, as well as strong sales of brake products for motorcycles and aluminum products in the fast-growing Asian markets.

In line with higher sales, cost of sales rose 13.3% to ¥118,060 million from a year earlier, and the cost of sales ratio edged up 0.4 of a percentage point to 83.8%. Although selling, general and administrative (SG&A) expenses increased 11.7% to ¥8,310 million, they declined 0.1 of a percentage point to 5.8% as a percentage of net sales. Operating income was ¥14,593 million, up 9.6%. The operating income ratio declined 0.3 of a percentage point to 10.4%.

Other expenses, net improved from ¥1,343 million in the previous year to ¥946 million in the year under review. As a result, income before income taxes and minority interests increased 14.0% to ¥13,647 million. Net income rose 31.4% to ¥6,755 million. Earnings per share rose from ¥232.89 to ¥307.29. Finally, Nissin Kogyo paid a full-year dividend of ¥42 per share.

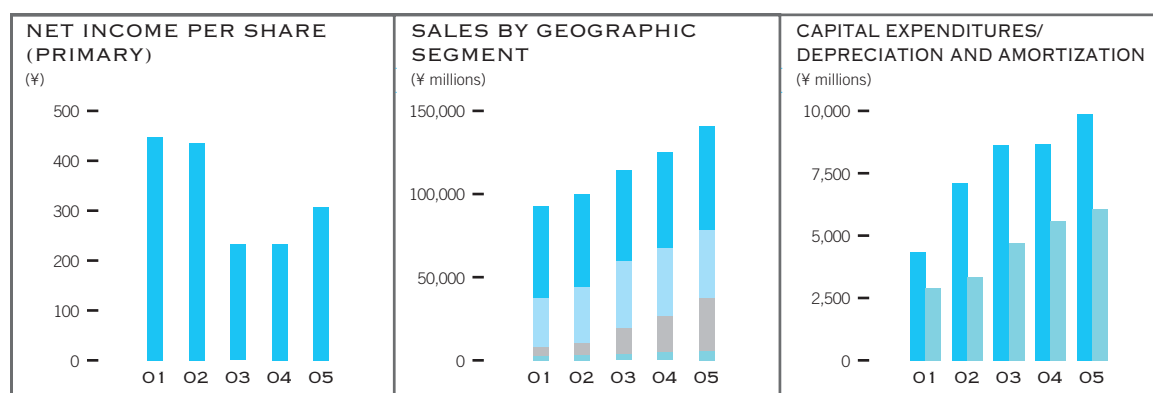
## Breakdown by Geographic Segment

Japan—Sales increased 9.6% year on year to ¥62,727 million, mainly due to higher production of finished vehicles by major business partners and expanded sales to other companies. Operating income fell 9.4% to ¥5,186 million. This is largely attributable to surging steel prices and the appreciation of the yen against the U.S. dollar.

North America—Sales dropped 0.5% to ¥41,040 million. During the year under review, the segment posted higher revenues on a local currency basis, the result of strong sales of vehicles that underwent full model changes, an increased number of vehicles equipped with Nissin Kogyo products, and the start of full-scale production at certain U.S. motorcycle manufacturers, a new source of demand for the company's products. However, sales fell when converted into yen. Operating income was ¥1,141 million, down 38.4% from the previous year. Although the company absorbed lower sales prices caused by stiffer competition through cost reductions, earnings declined because of the higher cost of imported parts due to currency movements.

Asia—Sales jumped 44.8% to ¥31,547 million. This sharp rise in sales, despite the impact of currency exchange rates, was the result of favorable market conditions for motorcycles in ASEAN countries, expansion of the aluminum products business, and consolidation of a Chinese company. Although currency exchange rates impacted earnings, operating income rose 43.7% to ¥7,378 million, thanks to higher sales in Thailand and Indonesia and efforts to lower costs.

South America—Sales climbed 20.5% to ¥5,649 million, reflecting increased motorcycle production by major clients and expanded sales of aluminum products. Despite higher sales, operating income edged up only 3.1% to ¥637 million. This marginal increase was attributable to the effects of currency exchange rates and a shortening of the depreciation period for molds, an action taken to improve the company's financial position.



Note: A 1-1.5 stock split was conducted in May 2002.

Legend: Japan (dark blue), North America (light blue), Asia (grey), South America (teal)

Legend: Capital Expenditures (dark blue), Depreciation and Amortization (teal)

### Capital Expenditures

Capital expenditures increased 13.9% during the year to ¥9,864 million. This was attributable to the construction of new factories in Indonesia, Thailand, China, and Vietnam to raise production capacity in order to respond to higher orders from local clients in the Asian region. Another factor was the completion of an integrated aluminum knuckle production line at U.S. subsidiary Nissin Brake Ohio.

### R&D Expenditures

R&D expenditures rose 9.7% to ¥6,089 million compared to the previous fiscal year. During the year under review, VSA and a new aluminum rear caliper were newly adopted for use in two models and one model, respectively. In addition, Nissin Kogyo developed a new brake master cylinder, which is 30% shorter than conventional products. These cylinders were adopted for use in a variety of vehicles in Japan. ABS products specifically geared for motorcycles were selected for use by a U.S. manufacturer and three models in Japan. Finally, Nissin Kogyo developed a vertical brake master cylinder that features superior control and power for use in “super sports motorcycles.” This cylinder was adopted for use in two models in Japan.

### Financial Position

Total assets at the fiscal year-end amounted to ¥96,897 million, up ¥12,698 million from the previous year. Current assets stood at ¥51,526 million, an increase of ¥8,904 million, due in large part to an increase in cash and bank deposits, and notes and accounts receivable accompanying higher sales. Property, plant and equipment, net rose ¥3,437 million to ¥31,103 million, the result mainly of an increase in machinery and equipment, and vehicles and fixtures for improving capacity. Finally, investments and other assets rose ¥357 million to ¥14,267 million.

Current liabilities increased ¥4,492 million to ¥29,384 million compared to a year ago. Long-term liabilities were ¥4,228 million, up ¥709 million. This was partially due to an increase in deferred income taxes.

Shareholders' equity, net rose ¥6,018 million to ¥54,295 million due to a ¥5,216 million year-on-year increase in consolidated retained earnings. The shareholders' equity ratio decreased 1.3 percentage points to 56.0%. Return on equity rose 2.0 percentage points to 13.2%.

### Cash Flows

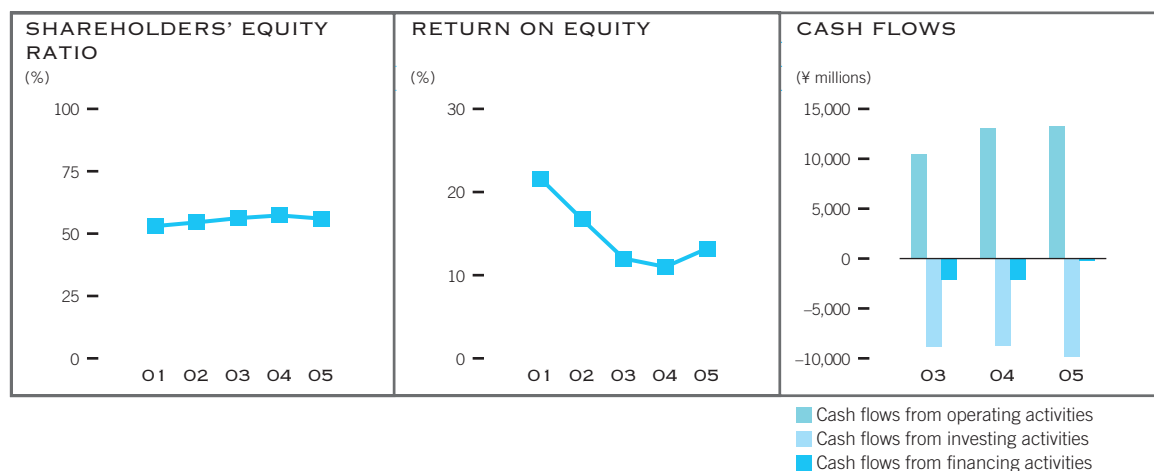
Cash and cash equivalents as of March 31, 2005 stood at ¥14,468 million, up ¥3,103 million compared with the previous fiscal year-end.

Net cash provided by operating activities was ¥13,291 million, or ¥224 million more than the previous year. The main components were income before income taxes and minority interests of ¥13,647 million and depreciation and amortization of ¥6,077 million, which were partially offset by income taxes paid of ¥3,492 million.

Net cash used in investing activities was ¥9,870 million, or ¥1,083 million more than the previous year, mainly due to cash of ¥9,864 million used to purchase property and equipment.

Free cash flows decreased ¥858 million from the previous year, to ¥3,421 million.

Net cash used in financing activities was ¥250 million, ¥1,862 million less than the previous year. This mainly reflected a ¥934 million increase in short-term borrowings, offset by ¥523 million for the payment of dividends, and dividends paid to minority shareholders of ¥659 million.



# CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
31st March, 2004 and 2005

ASSETS	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
<b>Current assets:</b>			
Cash and bank deposits	¥ 11,073	¥ 13,950	\$ 129,902
Marketable securities	291	517	4,823
Notes and accounts receivable	20,088	22,092	205,722
Inventories	9,030	11,505	107,141
Deferred income taxes	1,664	1,671	15,564
Prepaid expenses and other current assets	475	1,813	16,887
Allowance for doubtful accounts	(1)	(24)	(228)
<b>Total current assets</b>	<b>42,622</b>	<b>51,526</b>	<b>479,811</b>
<b>Property, plant and equipment:</b>			
Land	3,437	3,362	31,307
Buildings and structures	12,966	13,621	126,846
Machinery and equipment	39,269	44,822	417,382
Vehicles and fixtures	11,129	12,064	112,343
Construction in progress	2,363	2,457	22,880
	69,166	76,328	710,758
Accumulated depreciation	(41,499)	(45,225)	(421,131)
<b>Property, plant and equipment, net</b>	<b>27,666</b>	<b>31,103</b>	<b>289,627</b>
<b>Investments and other assets:</b>			
Investment securities	11,728	12,064	112,339
Deferred income taxes	490	647	6,025
Other assets	1,733	1,603	14,936
Allowance for doubtful accounts	(41)	(47)	(440)
<b>Total investments and other assets</b>	<b>13,910</b>	<b>14,267</b>	<b>132,860</b>
<b>Total assets</b>	<b>¥ 84,199</b>	<b>¥ 96,897</b>	<b>\$ 902,298</b>

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥107.39=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2005.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
<b>Current liabilities:</b>			
Short-term borrowings	¥ 762	¥ 1,797	\$ 16,742
Notes and accounts payable	19,663	22,892	213,170
Accrued expenses	906	2,383	22,192
Accrued income taxes	1,749	1,777	16,556
Other current liabilities	1,810	533	4,968
<b>Total current liabilities</b>	<b>24,892</b>	<b>29,384</b>	<b>273,628</b>
<b>Long-term liabilities:</b>			
Deferred income taxes	2,726	3,001	27,953
Accrued retirement benefits	775	1,016	9,462
Retirement benefits for directors and corporate auditors	–	193	1,800
Other long-term liabilities	17	17	160
<b>Total long-term liabilities</b>	<b>3,519</b>	<b>4,228</b>	<b>39,375</b>
<b>Minority interests</b>	<b>7,511</b>	<b>8,988</b>	<b>83,702</b>
<b>Contingent liabilities</b>			
<b>Shareholders' equity:</b>			
Common stock:			
Authorized: 40,000,000 shares			
Issued: 21,817,381 shares in 2004			
21,817,381 shares in 2005	3,693	3,693	34,398
Capital surplus	3,419	3,419	31,840
Retained earnings	39,992	45,208	420,978
Net unrealized holding gain on investment securities	4,218	4,737	44,119
Foreign currency translation adjustments	(3,029)	(2,744)	(25,553)
	48,294	54,315	505,782
Less treasury common stock, at cost;			
6,099 shares in 2004 and 6,949 shares in 2005	(17)	(20)	(189)
<b>Total shareholders' equity, net</b>	<b>48,276</b>	<b>54,295</b>	<b>505,593</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥84,199</b>	<b>¥96,897</b>	<b>\$902,298</b>

# CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended 31st March, 2004 and 2005

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Net sales	¥124,943	¥140,964	\$1,312,643
Cost of sales	104,187	118,060	1,099,367
Gross profit	20,755	22,903	213,276
Selling, general and administrative expenses	7,442	8,310	77,384
Operating income	13,313	14,593	135,892
Other income (expenses):			
Interest and dividend income	162	226	2,107
Interest expense	(43)	(16)	(153)
Foreign exchange loss, net	(353)	(212)	(1,978)
Gain on sale of securities	–	81	761
Loss on sale of securities	(84)	–	–
Loss on disposal of fixed assets	(235)	(137)	(1,278)
Equity in earnings of affiliates	329	239	2,230
Loss on disposal of inventories	(346)	(111)	(1,036)
Loss on compensation of defective products	(729)	(900)	(8,382)
Prior year's provision for retirement benefits for directors and corporate auditors	–	(129)	(1,204)
Prior year adjustment	–	(153)	(1,430)
Other, net	(43)	166	1,551
Other expenses, net	(1,343)	(946)	(8,812)
Income before income taxes and minority interests	11,969	13,647	127,080
Income taxes			
Current	4,375	3,766	35,071
Refund	–	(275)	(2,569)
Deferred	32	(36)	(341)
Income before minority interests	7,561	10,193	94,919
Minority interests	(2,420)	(3,437)	(32,008)
Net income	¥ 5,141	¥ 6,755	\$ 62,911

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥107.39=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2005.

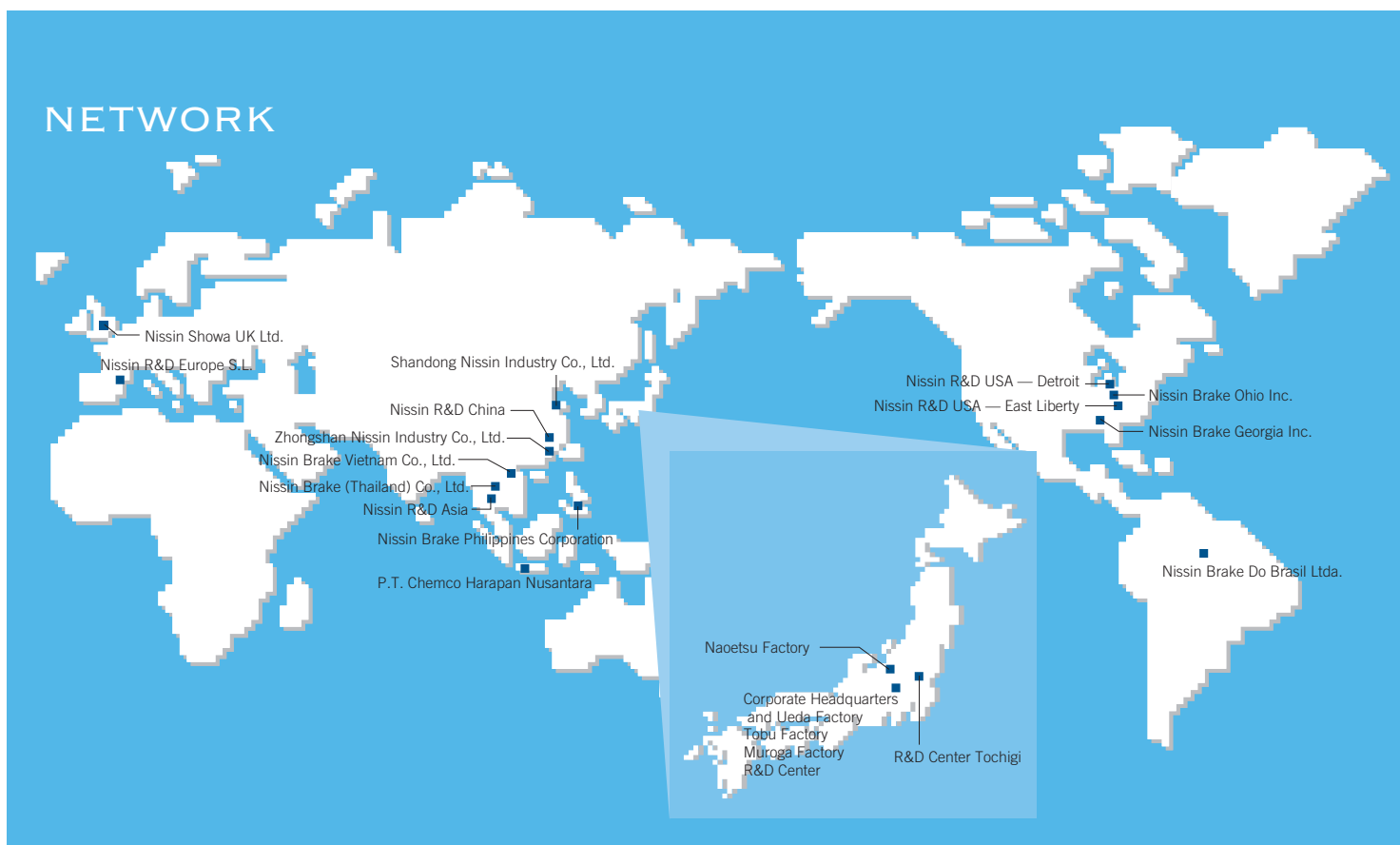
# CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Nissin Kogyo Co., Ltd. and Consolidated Subsidiaries  
Years ended 31st March, 2004 and 2005

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	¥11,969	¥13,647	\$127,080
Depreciation and amortization	5,426	6,077	56,589
Amortization of consolidation goodwill differences	2	10	100
Increase (decrease) in allowance for doubtful accounts	(50)	25	240
Increase in accrued retirement benefits	129	240	2,240
Increase in retirement benefits for directors and corporate auditors	–	175	1,637
Interest and dividend income	(162)	(226)	(2,107)
Interest expense	43	16	153
Foreign exchange gain, net	120	5	54
Equity in earnings of affiliates	(329)	(239)	(2,230)
Gain on sale of property, plant and equipment	(20)	(27)	(257)
Loss on sale of property, plant and equipment	46	17	162
Loss on disposal of property, plant and equipment	235	133	1,244
Gain on sale of investment securities	–	(81)	(761)
Loss on sale of investment securities	84	–	–
Increase in notes and accounts receivable – trade	(909)	(3,343)	(31,131)
Increase in inventories	(764)	(2,476)	(23,065)
Increase (decrease) in notes and accounts payable – trade	2,404	(266)	(2,485)
Bonuses to directors and statutory auditors	(78)	(67)	(629)
(Increase) decrease in other assets	(596)	182	1,704
Increase in other liabilities	68	2,759	25,698
Subtotal	17,618	16,563	154,236
Interest and dividends received	295	237	2,207
Interest paid	(43)	(16)	(153)
Income taxes paid	(4,804)	(3,492)	(32,524)
Net cash provided by operating activities	13,066	13,291	123,766
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	(8,661)	(9,864)	(91,861)
Proceeds from sale of property and equipment	127	201	1,878
Purchases of intangible fixed assets	(179)	(429)	(4,000)
Purchases of investment securities	(42)	(13)	(130)
Proceeds from sale of investment securities	195	615	5,733
Purchases of equity of consolidated subsidiaries	(82)	(6)	(60)
Collection of loans receivable	285	9	89
Increase in other investment	(543)	(540)	(5,033)
Decrease in other investment	114	157	1,469
Net cash used in investing activities	(8,787)	(9,870)	(91,915)
<b>Cash flows from financing activities</b>			
(Decrease) increase in short-term borrowings	(630)	934	8,705
Repayment of long-term debt	(9)	–	–
Increase in treasury stock	(2)	(2)	(26)
Dividends paid	(512)	(523)	(4,874)
Dividends paid to minority shareholders	(958)	(659)	(6,142)
Net cash used in financing activities	(2,113)	(250)	(2,337)
Effect of exchange rate changes on cash and cash equivalents	(335)	(172)	(1,610)
Net increase in cash and cash equivalents	1,831	2,996	27,904
Cash and cash equivalents at beginning of year	9,533	11,364	105,825
Cash and cash equivalents of newly consolidated subsidiaries	–	106	996
<b>Cash and cash equivalents at end of year</b>	<b>¥11,364</b>	<b>¥14,468</b>	<b>\$134,725</b>

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥107.39=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2005.

# NETWORK



## DOMESTIC

**Corporate Headquarters and Ueda Factory**  
840 Kokubu, Ueda-city,  
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Tel: +81-268-24-3111 Fax: +81-268-24-7520

**Tobu Factory**  
801 Kazawa, Toumi-city,  
Nagano 389-0514, Japan  
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**Muroga Factory**  
1687 Shimomuroga, Ueda-city,  
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**R&D Center**  
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**R&D Center Tochigi**  
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## OVERSEAS

**UNITED KINGDOM**  
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1901 Industrial Drive, P.O. Box 886  
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**Nissin R&D USA — Detroit**  
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Nakornratchasrima 30000, Thailand  
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**INDONESIA**  
**P.T. Chemco Harapan Nusantara**  
JL. Jababeka Raya Blok-F,  
19-28 Kawasan Industri Jababeka Cikarang,  
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**THE PHILIPPINES**  
**Nissin Brake Philippines Corporation**  
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Laguna Technopark Inc.,  
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**CHINA**  
**Shandong Nissin Industry Co., Ltd.**  
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**Zhongshan Nissin Industry Co., Ltd.**  
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# CORPORATE DATA

(As of 31st March, 2005)

Name: Nissin Kogyo Co., Ltd.

Established: October 1953

Paid-in Capital: ¥3,693 million

Employees: 5,238

Directors and Auditors (As of June 17, 2005)

*President*

Tamotsu Abe

*Executive Vice President*

Jyoichi Nakano

*Senior Executive Directors and Senior Managing Directors*

Mitsutoyo Mizusawa

Masayuki Seki

*Executive Directors and Managing Directors*

Hideo Ikuma

Kenji Uehara

Masaaki Mizuno

Shigetoshi Okada

Hideaki Yanagisawa

*Executive Directors*

Etsuo Takiguchi

Toshio Hori

Tamiyuki Maejima

Tatsumi Hara

Itsuo Miyake

Genichiro Fukuzawa

Shogo Netsu

Katsutoshi Ueda

Kenji Miyamoto

Junichi Beppu

Yoichi Iijima

Naotoshi Tamai

Hiroo Suzuki

Kimio Koyano

Masahiko Osawa

Tetsuo Shimizu

Hideyuki Terashima

*Statutory Auditor*

Kyoji Sano

*Auditors*

Itsuro Kawashima

Mamoru Morino

Kenji Koyama

Total Shares Issued and Outstanding: 21,817,381

Number of Shareholders: 4,106

Stock Listing: Tokyo Stock Exchange, First Section

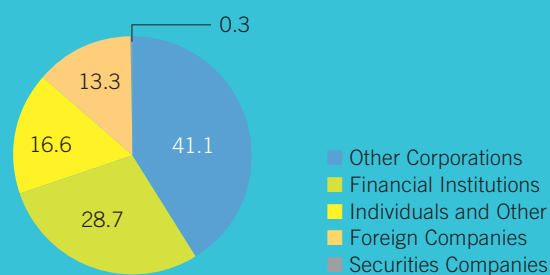
Stock Code: 7230

Transfer Agent:

The Mitsubishi Trust and Banking Corporation

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

Shareholdings by Shareholder Type (%)



Principal Shareholders

Name	Holding (Thousands of Shares)	Voting Rights (%)
Honda Motor Co., Ltd.	7,560	34.6
Japan Trustee Services Bank, Ltd.	1,868	8.5
The Master Trust Bank of Japan, Ltd.	1,254	5.7
Daishin Sangyo Co., Ltd.	1,122	5.1
The Nomura Trust and Banking Co., Ltd.	1,077	4.9
Mellon Bank Treaty Clients Omnibus	740	3.3
Naoya Miyashita	618	2.8
Trust & Custody Services Bank Ltd.	453	2.0
Nikko CitiTrust and Banking Corporation	335	1.5
Citibank London	262	1.2



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