

FINANCIAL REVIEW

The Nissin Kogyo Group is made up of the parent company and 14 consolidated subsidiaries, as well as 7 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, 2009, consolidated net sales fell 8.0% year on year to ¥186,346 million. A breakdown of this is as follows. Despite strong sales for four-wheeled vehicle components in China and Thailand and motorcycle components in Indonesia, Vietnam and Brazil, which more than offset the related foreign exchange impact, in Japan and North America there were considerable production cuts for major partners, which was confounded by the related foreign exchange impact.

On the expenses front, the cost of sales fell 4.1% year on year to ¥163,447 million, and the cost of sales ratio increased by 3.5 points. This reflected the impacts of the foreign exchange rate and the soaring raw material prices. Selling, general and administrative (SG&A) expenses decreased 3.8% to ¥10,583 million, and due to cuts in export-related expenses and R&D expenditure, these expenses fell 0.2 of a percentage point as a percentage of net sales. As a result, operating income was ¥12,317 million, down 41.4%.

Other loss, net was ¥1,715 million, compared with the previous year's other income, net of ¥1,345 million, due mostly to the foreign exchange impact. As a result, net income declined 68.4% year on year to ¥4,222 million.

Net income per share fell from ¥204.03 in the previous year to ¥64.57. Nissin Kogyo paid a year-end dividend of ¥12 (full-year dividend of ¥30) per share.

Breakdown by Geographic Segment

Japan—Despite a revenue increase in new acquisitions, net sales declined by 19.2% to ¥64,325 million due to the impact of considerable production cuts by all manufacturers of motorcycles and four-wheeled vehicles in the fourth quarter.

Despite cost-cutting activities, operating loss was ¥170 million. This was largely attributable to the considerable drop in revenues, the soaring raw material prices and the foreign exchange impact.

North America—Despite a revenue increase in new acquisitions, net sales declined by 22.5% to ¥39,623 million due to the impacts of considerable production cuts by all manufacturers of motorcycles and four-wheeled vehicles in the fourth quarter and the foreign exchange rates.

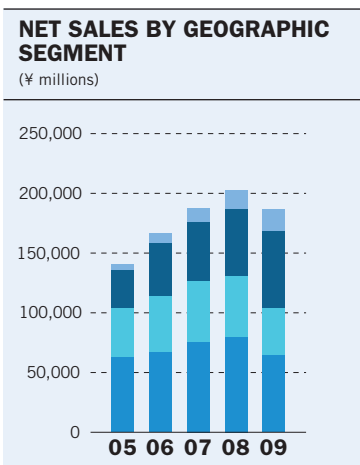
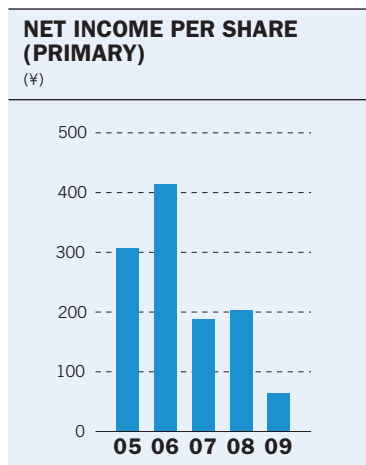
Operating loss was ¥538 million, which was largely attributable to the considerable drop in revenues, the soaring raw material prices and the foreign exchange impact.

Asia—Despite a drop in revenue from the foreign exchange impact, net sales rose 16.2% year on year to ¥64,552 million due to the strong sales in Indonesia, China, Thailand and Vietnam and the start of operations at our new factory in India.

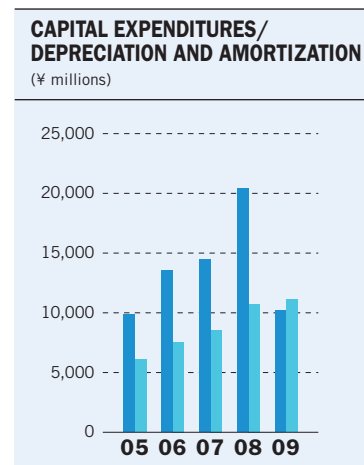
Despite the effect from increased revenues, however, operating income decreased by 3.8% year on year to ¥9,546 million, which was largely attributable to the soaring raw material prices, the foreign exchange impact and the start-up costs at our new factory in India.

Other regions—Despite a drop in revenue from the foreign exchange impact, net sales rose 10.2% year on year to ¥17,846 million due to the strong sales in Brazil.

Despite the effect from increased revenues in Brazil, however, operating income decreased by 21.4% year on year to ¥2,254 million, which was largely attributable to the foreign exchange impact, the addition of various costs and the start-up costs related to a new four-wheeled vehicle factory.



■ Japan ■ North America ■ Asia
■ Other Regions



■ Capital Expenditures
■ Depreciation and Amortization

Capital Expenditures

Capital expenditures in the year under review was ¥10,206 million. This was mainly attributable to the investment in supply capability expansion and rationalization. There were no sales or retirements of facilities that materially impacted production capacity.

Financial Position

Current assets stood at ¥61,988 million, a decrease of ¥14,879 million, due to a decrease in notes and accounts receivable. Noncurrent assets stood at ¥60,217 million, a decrease of ¥11,733 million due to a decrease in property, plant and equipment. Investments and other assets declined ¥4,359 million to ¥12,154 million, mainly due to a decrease in investment securities. As a result, total assets at the fiscal year-end amounted to ¥122,206 million, down ¥26,612 million from a year earlier.

Current liabilities decreased ¥11,726 million compared to a year ago to ¥26,742 million, due to a decrease in notes and accounts payable. Long-term liabilities were ¥4,330 million, down ¥476 million. As a result, total liabilities at the fiscal year-end amounted to ¥31,072 million, down ¥12,201 million from a year earlier.

Net assets decreased ¥14,411 million compared to a year ago to ¥91,134 million due to a decrease in foreign currency translation adjustments and other factors.

Cash Flows

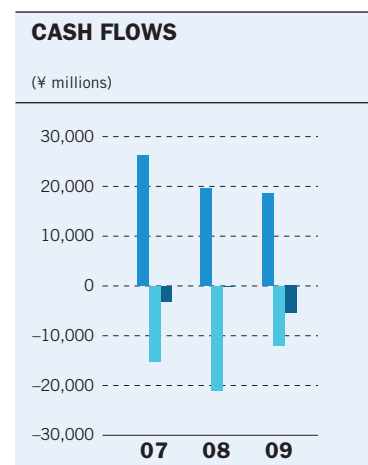
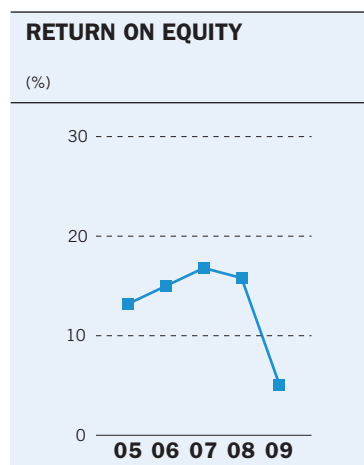
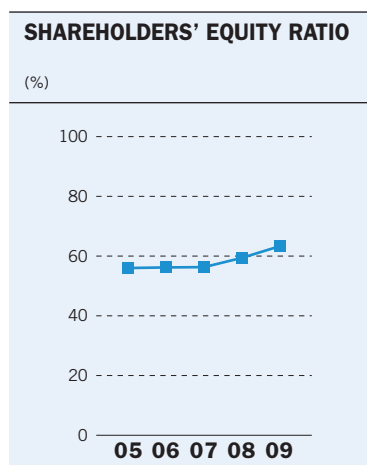
Cash and cash equivalents ("cash") as of March 31, 2009, stood at ¥20,163 million, down ¥3,408 million from the previous fiscal year-end. This reflected an increase in cash due to income before income taxes and minority interests and a decrease in cash mainly due to the purchase of property, plant and equipment.

Net cash provided by operating activities was ¥18,614 million. The main component was income before income taxes and minority interests and depreciation and amortization.

Net cash used in investing activities was ¥11,933 million, mainly due to capital investment.

Net cash used in financing activities was ¥5,433 million, which reflected the payment of dividends.

As of March 31, 2009, cash stood at ¥20,163 million. Nissin Kogyo's internal reserves will be allotted as needed for the product development and business expansion indispensable to future growth.



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