



ANNUAL REPORT 2013

Year Ended March 31, 2013



Profile

Nissin Electric Co., Ltd. is a leading manufacturer of power system equipment and charged particle beam-oriented equipment. Power system equipment is necessary to ensure reliable power supplies.

Charged particle beam-oriented equipment includes high technology products such as ion implanters, electron processing systems, and thin-film coating equipment.

Nissin also provides a variety of engineering services ranging from installation and adjustment of high technology based products to advanced technical treatments.

◆ Corporate Principles of Nissin Electric

Our Mission

Forge a bright future for both people and technology

With the aim of realizing a sustainable society, gentle to humans and the environment, Nissin Electric develops original technology to meet the fundamental needs of society and industry.

Company Code of Conduct

Integrity, Trust, and Long-term Relationships

We take the following Five Trusts as the point of origin for our activities. Through these Trusts, we strive to promote the growth of the company and foster the personal development of its employee.

(1) Customer Trust

We provide reliable, high-quality products and services that are useful to customers. This will facilitate our efforts to enhance our technologies, which are the source of value delivered to customers. In addition, the Company commits itself to providing constantly dependable services in order to foster long-term relationships with customers.

(2) Shareholder Trust

We exert efforts to provide appropriate dividends and to enhance the net share value for our shareholders, who are the financial supporters of Nissin Electric.

(3) Societal Trust

We comply with law and other social codes, seek to coexist with the natural environment, and strive to maintain a good relationship with the local community in order to fulfill our obligation as a responsible member of society.

(4) Partner Trust

We place a strong emphasis on our relationships with our business partners. In our pursuit of growth, we remain committed to dealing with our partners in an honest and fair manner.

(5) Employee mutual Trust

It is we, the employees, who are the source of Trust. In our business activities, we highly-motivated employees cooperate with each other in order to achieve a stable life, to find meaning in life, and to encourage personal development of all employees.

◆ Contents

Consolidated Financial Highlights	2
Message from the President.....	3
Consolidated Balance Sheets	5
Consolidated Statements of Income	7
Consolidated Statements of Comprehensive Income	7
Consolidated Statements of Changes in Net Assets	8
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements.....	11
Independent Auditors' Report.....	24
Corporate Data	25

Forward-Looking Statements

Statements regarding earnings projections, market outlooks and similar items are forward-looking statements based on information available to the company at the present time and thus contain many uncertainties. Readers should understand that such forward-looking statements embody risks and that actual results, market conditions and other events may differ significantly from the estimates and projections contained in this publication.

Consolidated Financial Highlights

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2013	2012	2011	2010	2009	2013
Net sales	¥ 103,309	¥ 100,341	¥ 90,430	¥ 87,177	¥ 109,674	\$ 1,099,032
Operating income	7,078	7,652	7,466	4,722	6,492	75,298
Net income	3,336	3,702	4,530	2,792	3,770	35,489
Total assets	118,216	112,303	109,410	100,140	105,902	1,257,617
Shareholders' equity	63,434	58,203	55,199	52,900	49,329	674,830
Capital expenditure	3,648	5,759	2,344	2,729	4,493	38,809
Depreciation and amortization	2,443	2,370	3,327	3,870	3,858	25,989
Research and development expenses	4,751	4,280	3,881	4,476	5,272	50,543

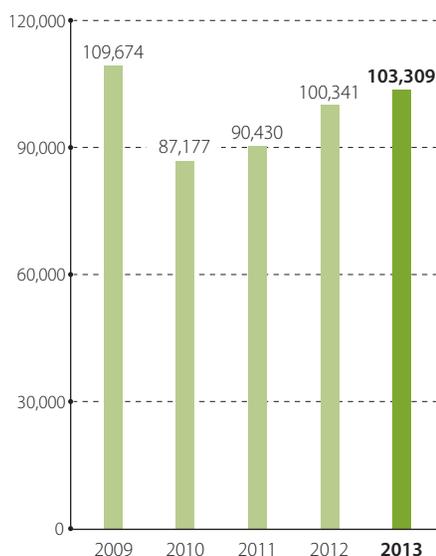
Per share of common stock:	Yen					U.S. dollars
	2013	2012	2011	2010	2009	2013
Net income	¥ 31.21	¥ 34.64	¥ 42.44	¥ 26.17	¥ 35.35	\$ 0.33
Diluted net income	–	34.63	42.43	26.16	35.33	–
Cash dividends	10.00	9.00	9.00	5.50	7.00	0.11
Shareholders' equity	593.50	544.54	516.79	495.81	462.54	6.31

Note: 1. For convenience only, Japanese yen amounts have been translated into U.S. dollar amounts at the rate of ¥94 to US\$1.00, the approximate exchange rate prevailing on March 31, 2013.

2. Shareholders' equity = net assets excluding share subscription rights and minority interests.

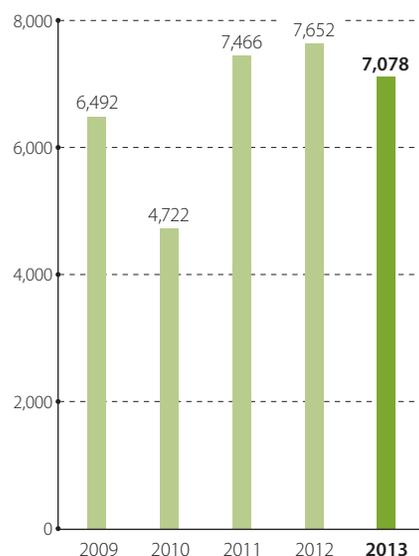
Net sales

(Millions of yen)



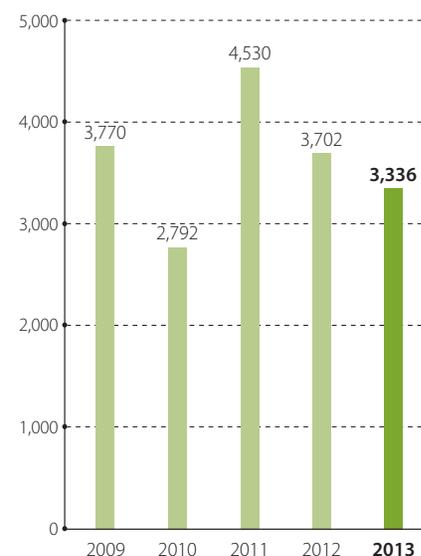
Operating income

(Millions of yen)



Net income

(Millions of yen)



Message from the President



Hideaki Obata
President

Performance for the Last Reporting Year

In the fiscal year under review (April 1, 2012 to March 31, 2013), Japan's economy faced worsening conditions during the first half, as exports trended at lower levels due to the strength of the yen, causing capital investment and production activities to also decline. After the start of 2013, however, the new Abe administration implemented decisive and bold monetary policies that heightened expectations for an economic revival, while the yen weakened and stock prices skyrocketed.

Internationally, economic growth in China, which is our core overseas market, slowed somewhat, but ASEAN member countries in general saw steady economic expansion.

In light of the above conditions, I will now report on trends seen in the Nissin Electric Group's primary markets.

In the renewable energy market, Japan's feed-in tariff program for renewable energy started in July 2012, causing a rapid increase in demand mainly for photovoltaic systems. In conjunction with this, demand for power conditioners used in photovoltaic systems also grew sharply.

Sales to electric power companies in Japan saw little in the way of growth as the recovery in demand following Japan's earthquake and tsunami disaster remained limited. The power system equipment market in China also saw a drop in orders for power capacitors and other products amid a cooling in Japan-China relations.

As for the charged beam equipment market, challenging conditions persisted as a recovery in capital investment failed to materialize. As a result, demand for ion implanters for semiconductors failed to increase. However, demand for ion implanters for manufacturing small/medium high-definition Flat Panel Displays (FPDs) used

in smartphones increased markedly.

Given these conditions, the Group's total order receipts were up 5.1% year on year to ¥105 billion thanks to an increase in orders from the Renewable Energy and Environment Business.

Net sales of the Group rose 3.0% year on year to ¥103.3 billion because an increase in sales from the Renewable Energy and Environment Business offset the decrease in sales from the Charged Beam Equipment and Processing Business.

Ordinary income of the Group fell 10.1% year on year to ¥7.2 billion due to downward pressure on prices caused by intense competition, in spite of the promotion of reform and reinforcement of organizational culture and efforts to improve profitability through cost reductions made across the Group.

Extraordinary gains realized by the Group totaled ¥690 million from insurance proceeds received as compensation for the floods in Thailand. Extraordinary losses included ¥240 million in losses on the valuation of investment securities, ¥750 million incurred from the liquidation of Nissin Electric (Wujiang) Co., Ltd., one of the subsidiaries in China, and ¥220 million in expenses for environmental measures.

Based on the above, net income of the Group fell 9.9% from the previous fiscal year to ¥3.3 billion after the inclusion of income taxes and adjustments for minority interests.

Medium-to-Long-Term Business Plan "VISION 2015" (2011-2015)

The Group launched its medium-to-long-term business plan "VISION 2015" in April 2011. This vision calls for us to become a group of companies with the ability to achieve more sustainable growth by developing our four core segments in a well-balanced manner and globalizing each to their fullest.

This fiscal year, which marks the second year of VISION 2015, was filled with adversity as the environment surrounding the Group became even more challenging. This was because power companies cut back investments following the Great East Japan Earthquake, stagnant conditions persisted in the semiconductor market, and serious impacts were felt from the cooling in Japan-China relations. Amidst this, we significantly increased our production capacity of power conditioners for photovoltaic systems, one of our key growth segments, and brought new products to market. At the same time, we established a new overseas site for our Charged Beam Equipment and Processing Business. In this manner, we expanded our business operations, while also taking aggressive steps to reorganize unprofitable businesses and secure future profitability, which included liquidating our subsidiary in China that manufactures and sells oil-immersed shunt reactors.

Going forward, Japan's economy is expected to grow on the back

of the government's stimulus measures, but a certain period of time will likely be required before a full-fledged recovery will materialize. In light of this outlook, the Group will focus on expanding its presence primarily in the Renewable Energy and Environment Business segment, ASEAN markets, and the Life Cycle Engineering Business segment, each of which are likely to see growth in the future. At the same time, we will also strengthen our earnings capacity by thoroughly reducing costs and enhancing quality. To that end, the entire Group will help implement the measures laid out in VISION 2015 and step up activities aimed at reaching the targets set forth therein.

Global expansion in core business segments

Renewable Energy and Environment Business

We are committed to growing the Renewable Energy and Environment Business as a new pillar of the Group.

First, in the Renewable Energy Business, we will launch unique new power conditioner products, which are essential to photovoltaic systems, and develop new products for Smart Power Supply Systems (SPSS) that combine Energy Management System (EMS) technologies with our strengths in electric power quality improvement technologies and electric power system stabilizing technologies. Through these efforts, we hope to capture new demand from each of these segments.

In the Environment Business, we have worked to expand orders for electrical equipment for water treatment facilities and supervisory control systems. Going forward, we will continue to expand the business by launching a new Water Treatment Plant Energy Management System (WEMS) to capture demand for renewable energy and energy conservation promotion.

Life Cycle Engineering Business

The Life Cycle Engineering Business provides services ranging from equipment installation and adjustment through to maintenance, with the goal of eventually winning orders for replacement facilities. Through this business we are able to help customers increase the utilization rate of their facilities, enhancing productivity at the same time.

We have positioned the Life Cycle Engineering Business as one of our key growth pillars of the future. As a result, we are currently expanding the presence of this business globally, covering products from all business segments. Therefore, we are looking to expand the number of service centers we operate outside of Japan. Furthermore, in Japan, we are aspiring to provide solutions that span from carrying out product life assessment by inspecting the equipment and analyzing measurement data through to extending the lifetime, replacing products and providing operational management by monitoring operational status.

Five Important Measures that Support Our Business Expansion

The Group will continue to grow its four core business segments globally in order to achieve the targets set out in VISION 2015. Our business expansion will be supported by the steady implementation of the following five important measures.

1. Accelerate the development of new products and launch them in a timely manner, and at the same time, establish a powerful sales structure.
2. Promote aggressive globalization in all facets, including the organization, human resources and business processes.
3. Thoroughly reduce cost prices and further enhance quality to capture greater trust from customers.
4. Enhance the driving force behind our businesses by strengthening collaboration between departments across the entire Group, as well as outside the Group.
5. Develop human resources that will lead the globalization of our businesses, and nurture human resources to pass on the Group's core technologies and skills.

Promoting a Thorough Approach to Compliance and CSR

We believe that compliance and corporate social responsibility (CSR) forms the very foundation of our corporate management. In our thorough approach to compliance and promoting our CSR, we also recognize the importance of pursuing business activities grounded in our corporate principles. As a result, we have initiated measures to ensure the appropriate function of corporate governance so that all of our employees are deeply aware of and practice our corporate principles.

At the same time, we are committed to continually providing solutions for customers and society according to their needs by pushing forward with initiatives and commercialization projects for the utilization of renewable energy and promotion of greater energy conservation.

Based on the approaches above, we will work collectively as a group to enhance our business performance and fulfill our responsibilities to society through fair and sound business activities.

I thank you for your continued understanding and support.



Hideaki Obata, President

Consolidated Balance Sheets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
March 31, 2013 and 2012

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Current assets:			
Cash and cash equivalents	¥ 6,399	¥ 7,313	\$ 68,074
Time deposits	431	381	4,585
Receivables:			
Trade notes and accounts (Note 11 and 12)	44,658	39,444	475,085
Other	577	545	6,138
	45,235	39,989	481,223
Allowance for doubtful receivables	(666)	(708)	(7,085)
	44,569	39,281	474,138
Securities (Note 3)	–	10	–
Inventories (Note 4)	27,896	28,379	296,766
Deferred tax assets (Note 13)	3,253	3,603	34,606
Other current assets	1,856	1,760	19,746
Total current assets	84,404	80,727	897,915
Property, plant and equipment:			
Land	4,115	4,084	43,777
Buildings and structures	28,316	27,033	301,234
Machinery and equipment	38,281	35,142	407,245
Construction in progress	491	654	5,223
Total property, plant and equipment	71,203	66,913	757,479
Accumulated depreciation	(47,323)	(45,087)	(503,436)
Net property, plant and equipment	23,880	21,826	254,043
Investments and other assets:			
Investment securities (Note 3)	4,600	4,059	48,936
Deferred tax assets (Note 13)	302	442	3,213
Prepaid pension cost (Note 14)	2,411	2,549	25,649
Other assets	1,489	1,580	15,840
Allowance for doubtful receivables	(224)	(364)	(2,383)
Total investments and other assets	8,578	8,266	91,255
Intangible assets	1,354	1,484	14,404
	¥ 118,216	¥ 112,303	\$ 1,257,617

See accompanying notes.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Current liabilities:			
Short-term bank loans (Note 5)	¥ 4,209	¥ 6,545	\$ 44,777
Payables:			
Trade notes and accounts (Note 12)	22,059	21,496	234,670
Other	2,112	1,849	22,468
	24,171	23,345	257,138
Advances from customers	7,176	5,588	76,340
Accrued income taxes	1,185	1,154	12,606
Accrued expenses	5,854	6,050	62,277
Allowance for losses on contracts	477	724	5,074
Other provision	937	1,114	9,968
Other current liabilities	193	248	2,054
Total current liabilities	44,202	44,768	470,234
Long-term liabilities:			
Long-term debt due after one year (Note 5)	102	153	1,085
Employees' severance and retirement benefits (Note 14)	3,912	3,678	41,617
Allowance for environmental protection measures	2,304	2,203	24,511
Asset retirement obligations	499	376	5,309
Other long-term provision	283	–	3,011
Other long-term liabilities	351	290	3,734
Total long-term liabilities	7,451	6,700	79,266
Contingent liabilities (Note 6 and 11)			
NET ASSETS (Note 7 and 8):			
Shareholders' equity:			
Common stock:			
Authorized - 431,329,000 shares			
Issued and outstanding - 107,832,445 shares	10,253	10,253	109,075
Capital surplus	6,679	6,679	71,053
Retained earnings	44,752	42,485	476,085
Treasury stock, at cost:			
949,327 shares in 2012 and 950,193 shares in 2013	(297)	(296)	(3,160)
Total shareholders' equity	61,387	59,121	653,053
Other comprehensive income:			
Unrealized gains (losses) on securities, net of taxes	1,225	693	13,032
Unrealized gains (losses) on hedging derivatives, net of taxes	24	(19)	255
Foreign currency translation adjustments	798	(1,592)	8,490
Total other comprehensive income	2,047	(918)	21,777
Share subscription rights	–	10	–
Minority interests	3,129	2,622	33,287
Total net assets	66,563	60,835	708,117
	¥ 118,216	¥ 112,303	\$ 1,257,617

See accompanying notes.

Consolidated Statements of Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Net sales	¥ 103,309	¥ 100,341	\$1,099,032
Cost and expenses:			
Cost of sales (Note 9)	75,976	72,282	808,255
Selling, general and administrative expenses (Note 9 and 10)	20,255	20,407	215,479
Operating income	7,078	7,652	75,298
Other income (expenses):			
Interest and dividend income	143	182	1,521
Interest expense	(208)	(240)	(2,213)
Insurance income for disaster (Thailand flood)	685	–	7,287
Loss on valuation of investment securities	(237)	–	(2,521)
Loss on disaster (Thailand flood) (Note 15)	(127)	(789)	(1,351)
Loss on liquidation of affiliates (Note 17)	(332)	–	(3,532)
Provision of allowance for doubtful receivables	–	(207)	–
Impairment loss (Note 16)	(422)	(47)	(4,489)
Expenses for environmental measures (Note 18)	(220)	–	(2,340)
Other, net	173	398	1,840
Income before income taxes and minority interests	6,533	6,949	69,500
Income taxes (Note 13):			
Current	2,637	2,237	28,053
Deferred	415	658	4,415
Total income taxes	3,052	2,895	32,468
Income before minority interests	3,481	4,054	37,032
Minority interests	145	352	1,543
Net income	¥ 3,336	¥ 3,702	\$ 35,489
	Yen		U.S. dollars (Note 1)
Amounts per share:			
Net income	¥ 31.21	¥ 34.64	\$ 0.33
Diluted net income	–	34.63	–
Cash dividends applicable to the period	10.00	9.00	0.11

See accompanying notes.

Consolidated Statements of Comprehensive Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Income before minority interests	¥ 3,481	¥ 4,054	\$ 37,032
Other comprehensive income (Note 19):			
Unrealized gains (losses) on securities, net of taxes	531	(231)	5,649
Unrealized gains (losses) on hedging derivatives, net of taxes	44	(38)	468
Foreign currency translation adjustments	2,759	613	29,351
Share of other comprehensive income of associates accounted for using equity method	6	2	64
Total other comprehensive income	3,340	346	35,532
Comprehensive income	¥ 6,821	¥ 4,400	\$ 72,564
Comprehensive income attributable to			
Owners of the parent	¥ 6,301	¥ 3,975	\$ 67,032
Minority interests	520	425	5,532

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2011	¥ 10,253	¥ 6,664	¥ 39,792	¥ (318)	¥ 56,391
Effect of changes in resulting from fiscal year change of subsidiaries	-	-	59	-	59
Cash dividends	-	-	(1,068)	-	(1,068)
Net income	-	-	3,702	-	3,702
Purchase of treasury stock	-	-	-	(0)	(0)
Sale of treasury stock	-	15	-	22	37
Net changes for the year	-	-	-	-	-
Balance at March 31, 2012	¥ 10,253	¥ 6,679	¥ 42,485	¥ (296)	¥ 59,121

	Millions of yen						
	Other comprehensive income			Total other comprehensive income	Share subscription rights	Minority interests	Total net assets
	Unrealized gains (losses) on securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments				
Balance at April 1, 2011	¥ 924	¥ 19	¥ (2,135)	¥ (1,192)	¥ 17	¥ 2,235	¥ 57,451
Effect of changes in resulting from fiscal year change of subsidiaries	-	-	-	-	-	-	59
Cash dividends	-	-	-	-	-	-	(1,068)
Net income	-	-	-	-	-	-	3,702
Purchase of treasury stock	-	-	-	-	-	-	(0)
Sale of treasury stock	-	-	-	-	-	-	37
Net changes for the year	(231)	(38)	543	274	(7)	387	654
Balance at March 31, 2012	¥ 693	¥ (19)	¥ (1,592)	¥ (918)	¥ 10	¥ 2,622	¥ 60,835

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2012	¥ 10,253	¥ 6,679	¥ 42,485	¥ (296)	¥ 59,121
Cash dividends	-	-	(1,069)	-	(1,069)
Net income	-	-	3,336	-	3,336
Purchase of treasury stock	-	-	-	(1)	(1)
Net changes for the year	-	-	-	-	-
Balance at March 31, 2013	¥ 10,253	¥ 6,679	¥ 44,752	¥ (297)	¥ 61,387

Consolidated Statements of Changes in Net Assets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen						
	Other comprehensive income			Total other comprehensive income	Share subscription rights	Minority interests	Total net assets
	Unrealized gains (losses) on securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments				
Balance at April 1, 2012	¥ 693	¥ (19)	¥ (1,592)	¥ (918)	¥ 10	¥ 2,622	¥ 60,835
Cash dividends	-	-	-	-	-	-	(1,069)
Net income	-	-	-	-	-	-	3,336
Purchase of treasury stock	-	-	-	-	-	-	(1)
Net changes for the year	532	43	2,390	2,965	(10)	507	3,462
Balance at March 31, 2013	¥ 1,225	¥ 24	¥ 798	¥ 2,047	¥ -	¥ 3,129	¥ 66,563

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2012	\$ 109,075	\$ 71,053	\$ 451,968	\$ (3,149)	\$ 628,947
Cash dividends	-	-	(11,372)	-	(11,372)
Net income	-	-	35,489	-	35,489
Purchase of treasury stock	-	-	-	(11)	(11)
Net changes for the year	-	-	-	-	-
Balance at March 31, 2013	\$ 109,075	\$ 71,053	\$ 476,085	\$ (3,160)	\$ 653,053

	Thousands of U.S. dollars (Note 1)						
	Other comprehensive income			Total other comprehensive income	Share subscription rights	Minority interests	Total net assets
	Unrealized gains (losses) on securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments				
Balance at April 1, 2012	\$ 7,372	\$ (202)	\$ (16,936)	\$ (9,766)	\$ 106	\$ 27,894	\$ 647,181
Cash dividends	-	-	-	-	-	-	(11,372)
Net income	-	-	-	-	-	-	35,489
Purchase of treasury stock	-	-	-	-	-	-	(11)
Net changes for the year	5,660	457	25,426	31,543	(106)	5,393	36,830
Balance at March 31, 2013	\$ 13,032	\$ 255	\$ 8,490	\$ 21,777	\$ -	\$ 33,287	\$ 708,117

See accompanying notes.

Consolidated Statements of Cash Flows

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 6,533	¥ 6,949	\$ 69,500
Adjustments for:			
Depreciation and amortization	2,443	2,370	25,989
Loss on disaster (Thailand flood)	127	789	1,351
Expenses for environmental measures	220	–	2,340
Amortization of goodwill	130	238	1,383
Increase (decrease) in allowance for doubtful receivables	(280)	301	(2,979)
Increase (decrease) in allowance for employees' severance and retirement benefits	339	233	3,606
Increase (decrease) in long-term accounts payable	(250)	(265)	(2,660)
Impairment loss	422	59	4,489
Increase (decrease) in allowance for loss on contracts	(248)	(71)	(2,638)
Increase (decrease) in other provision	62	195	660
Insurance income for disaster (Thailand flood)	(685)	–	(7,287)
Interest and dividend income	(143)	(182)	(1,521)
Interest expense	208	240	2,213
Loss on valuation of investment securities	237	3	2,521
Decrease (increase) in trade receivables	(3,355)	(7,180)	(35,691)
Decrease (increase) in inventories	1,040	(1,385)	11,064
Increase (decrease) in trade payables	(18)	1,325	(191)
Increase (decrease) in accrued expenses	(160)	629	(1,702)
Increase (decrease) in advances from customers	1,450	(3,521)	15,426
Increase (decrease) in consumption tax payable	150	334	1,596
Other, net	253	(187)	2,691
Subtotal	8,475	874	90,160
Interest and dividends received	144	182	1,532
Interest paid	(226)	(236)	(2,404)
Payments for loss on disaster (Thailand flood)	(184)	(413)	(1,957)
Proceeds from insurance income for disaster	685	–	7,287
Income taxes paid	(2,609)	(2,755)	(27,756)
Net cash provided by (used in) operating activities	6,285	(2,348)	66,862
Cash flows from investing activities:			
Payments for purchase of time deposits	(57)	(120)	(606)
Proceeds from refund of time deposits	62	22	660
Purchase of short-term investment securities	–	(4,595)	–
Proceeds from sales of short-term investment securities	–	7,588	–
Payments for purchase of property, plant and equipment	(3,395)	(5,544)	(36,117)
Payments for purchase of intangible assets	(214)	(130)	(2,277)
Additional acquisition of shares in consolidated subsidiaries from minority interests	–	(68)	–
Other, net	(62)	(33)	(660)
Net cash used in investing activities	(3,666)	(2,880)	(39,000)
Cash flows from financing activities:			
Increase (decrease) in short-term loans	(2,788)	1,751	(29,660)
Proceeds from long-term debt	90	–	957
Payments for long-term debt	(315)	(238)	(3,351)
Cash dividends paid	(1,069)	(1,068)	(11,372)
Other, net	14	(9)	149
Net cash provided by (used in) financing activities	(4,068)	436	(43,277)
Effect of exchange rate changes on cash and cash equivalents	535	50	5,691
Net (decrease) increase in cash and cash equivalents	(914)	(4,742)	(9,723)
Cash and cash equivalents at beginning of year	7,313	12,722	77,798
Increase (decrease) in cash and cash equivalents resulting from fiscal year change of subsidiaries	–	(667)	–
Cash and cash equivalents at end of year	¥ 6,399	¥ 7,313	\$ 68,074

See accompanying notes.

Notes to Consolidated Financial Statements

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of overseas consolidated subsidiaries are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified five items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English with some expanded disclosure from the consolidated financial statements of Nissin Electric Co., Ltd. (the "Company") prepared in accordance with Japanese GAAP and

filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements. Certain reclassifications of prior year amounts have been made to conform to the current year presentation.

The translations of the Japanese yen amounts into U.S. dollar amounts has been included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2013, which was ¥94 to U.S. \$1.00. These translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the Company, ten (ten in 2012) domestic subsidiaries and twenty two (twenty two in 2012) overseas subsidiaries. One unconsolidated subsidiary was accounted for using the equity method in 2013 (one in 2012). Material intercompany balances, transactions and unrealized profits have been eliminated in consolidation.

The fiscal year-end for Nissin Allis Electric Co., Ltd., Nissin Electric (Wuxi) Co., Ltd., Nissin Electric Wuxi Co., Ltd., Beijing Hongda Nissin Electric Co., Ltd., and 13 other overseas subsidiaries is December 31. From the fiscal year ended March 31, 2012, these 17 overseas subsidiaries performed additional financial closings at the end of March for consolidated purpose, aiming at more accurate reporting.

Translation of foreign currencies

Foreign currency monetary assets and liabilities are translated into Japanese yen at fiscal year-end rates, and resulting translation gains and losses are included in net income. The balance sheets of the consolidated overseas subsidiaries are translated into Japanese yen at fiscal year-end rates, except for shareholders' equity accounts, which are translated at historical rates. Income statements of the consolidated overseas subsidiaries are translated at average rates. The resulting foreign currency translation adjustments are shown as a separate component of net assets, net of minority interests.

Securities and investment securities

Investment securities are classified and accounted for, depending on management's intent, as follows:

Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method

are stated at moving-average cost. Available-for-sale securities with available fair market values are stated at fair market value at the fiscal year-end, and unrealized gains and losses are reported net of applicable income taxes and minority interests as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using moving average cost. Other available-for-sale securities with no available fair market value are stated at moving average cost. Held-to-maturity debt securities are stated at amortized cost.

Inventories

Cost is determined by the specific identification method for finished goods and work-in-process and by the average cost method for raw materials and supplies.

Property, plant and equipment (excluding lease assets)

Property, plant and equipment are carried at cost. Depreciation is computed using the straight-line method.

Intangible assets (excluding lease assets)

Intangible assets are carried at cost. Amortization is computed by the straight-line method over the estimated useful life of the asset. Costs of software for in-house use are included in intangible assets and amortized using the straight-line method over the estimated useful life of five years. Amortization of intangible assets of the foreign subsidiaries is computed mainly by the straight-line method over the estimated useful life of the asset.

Leases

Finance leases, except for certain immaterial leases, are capitalized and depreciated over the estimated useful life or term of the lease, as applicable.

Allowance for doubtful receivables

The allowance for doubtful receivables is provided to cover possible losses on collection. With respect to normal trade accounts receivable, it is stated at an amount based on the actual rate of historical bad debts. For certain doubtful receivables, the uncollectible amount is individually estimated.

Allowance for losses on contracts

The allowance for losses on contracts is provided when the estimated costs of a completed contract exceeds the respective contract revenues at the end of the year.

Employees' severance and retirement benefits

The Domestic Companies provide three types of post-employment benefit plans: defined contribution plans, unfunded lump-sum payment plans and funded defined benefit pension plans. Also, the Company has set up an employees' retirement benefit trust. In calculating the payment amount for an involuntary retiring employee, including employees retiring due to reaching the mandatory retirement age, the Domestic Companies may grant additional benefits.

The liability and expenses for severance and retirement benefits are determined based on amounts actuarially calculated using certain assumptions.

The Domestic Companies provide the allowance for employees' severance and retirement benefits at the end of the fiscal year based on the estimated amounts of projected benefit obligation and the fair value of the plan assets. Prior service costs are recognized in expenses in equal amounts over three years, and actuarial gains and losses are recognized in expenses in equal amounts mainly over 14 years, a period which is within the average of the estimated remaining service years of employees, commencing with the following period.

Allowance for environmental protection measures

To provide for disposal expenses for PCB waste, the Company accrues the amount estimated at the balance sheet date.

(Change in accounting estimate)

The Company accrued disposal expenses expected to occur in the future for highly concentrated PCB waste contained in transformers and capacitors weighing more than 10kg. The Company additionally accrued ¥101 million (*\$1,074 thousand*) as the disposal expense expected to occur in the future for highly concentrated PCB waste contained in fluorescent lamp stabilizers and capacitors weighing less than 10kg because the reasonable estimate of these expenses became possible.

Accounting standard for construction contracts

The Company and its consolidated domestic subsidiaries apply the percentage-of-completion method (the cost comparison method is used to estimate the progress in construction) to construction contracts for which the portion of the contract completed by the end of the fiscal year can be estimated reliably and the completed contract method to other construction contracts.

Income taxes

The Company and its consolidated subsidiaries (the "Companies") recognize the tax effects of loss carryforwards and the temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting purposes. The asset-liability approach is

used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company files a tax return under the consolidated tax system, which allows companies to base tax payments on the combined profits and losses of the parent company and its wholly owned domestic subsidiaries.

Goodwill

Goodwill is amortized on a straight-line basis over a period of five years. However, when the amount is immaterial, it is written off in the current year.

Cash equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Amounts per share

The computations of net income per share of common stock are based on the weighted average number of shares outstanding during each period. Diluted net income per share of common stock assumes that all stock options were exercised at the beginning of the fiscal year.

In accordance with the Japanese Corporate Law, the declaration of dividends and the appropriations of retained earnings are approved at the general meeting of shareholders held after the end of the fiscal year. However, cash dividends per share shown in the consolidated statements of income reflect the final dividends approved after the end of the relevant fiscal year.

(Unapplied accounting standards)

Accounting Standards for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012)

Application Guideline for the Standards for Retirement Benefits (ASBJ Guideline No. 25, May 17, 2012)

(1) Overview

The accounting standards were revised to improve financial reporting and based on international trends. The changes mainly cover the enhancement of accounting methods for unrecognized actuarial difference and unrecognized past service costs, the enhancement of the calculation method for retirement benefit obligations and improved disclosure.

(2) Schedule date of enforcement

The accounting standards will be applied beginning in the fiscal year ending March 2014. However, changes to calculation methods for retirement benefit obligations and current service costs will be applied from the start of the fiscal year ending March 2015.

(3) Effects from the application of the accounting standards

The Company is still in the processes of assessing the impact of the changes as these financial statements are being prepared.

3. SECURITIES AND INVESTMENT SECURITIES

The carrying amounts of investment securities at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Available-for-sale securities with available fair values:			
Equity securities	¥ 4,499	¥ 4,066	\$ 47,862

The following is a summary of available-for-sale securities included in investment securities that had a quoted market value at March 31, 2013 and 2012.

2013	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book (fair) value
Available-for-sale securities:				
Equity securities	¥ 2,568	¥ 1,768	¥ –	¥ 4,336
Other	163	–	–	163
Total	¥ 2,731	¥ 1,768	¥ –	¥ 4,499

2012	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book (fair) value
Available-for-sale securities:				
Equity securities	¥ 2,791	¥ 1,291	¥ 293	¥ 3,789
Other	277	–	–	277
Total	¥ 3,068	¥ 1,291	¥ 293	¥ 4,066

2013	Thousands of U.S. dollars			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book (fair) value
Available-for-sale securities:				
Equity securities	\$ 27,319	\$ 18,809	\$ –	\$ 46,128
Other	1,734	–	–	1,734
Total	\$ 29,053	\$ 18,809	\$ –	\$ 47,862

The gross realized gains and losses on the sale of available-for-sale securities for the fiscal years ended March 31, 2013 and 2012 were not material.

The “acquisition cost” in the table represents the book value after recognition of impairment loss. The Company recognized impairment loss and recorded ¥226 million (*\$2,404 thousand*) and ¥3 million as loss on valuation of investment securities for the fiscal years ended March 31, 2013 and 2012, respectively.

4. INVENTORIES

Inventories at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Finished goods	¥ 3,466	¥ 4,576	\$ 36,872
Work-in-process	18,740	18,267	199,362
Raw materials and supplies	5,690	5,536	60,532
	¥ 27,896	¥ 28,379	\$ 296,766

Inventories related to construction contracts for which losses were expected after being offset by the allowance for loss on contracts for the fiscal years ended March 31, 2013 and 2012 were ¥274 million (\$2,915 thousand) and ¥495 million, respectively.

5. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term loans at March 31, 2013 and 2012 were represented by short-term notes that consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Short-term loans bearing average interest rates of 3.82% (2013) and 3.78% (2012)	¥ 4,184	¥ 6,361	\$ 44,511

A summary of long-term debt at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Long-term debt	¥ 127	¥ 337	\$ 1,351
Current portion of long-term debt	(25)	(184)	(266)
Loans maturing serially through 2016 bearing average interest rates of 2.68% (2013) and 2.40% (2012)	¥ 102	¥ 153	\$ 1,085

The annual maturities of long-term debt outstanding at March 31, 2013 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 25	\$ 266
2015	42	446
2016	30	319
2017	15	160
2018 and thereafter	15	160
Total	¥ 127	\$ 1,351

6. CONTINGENT LIABILITIES (GUARANTEED LIABILITIES)

Debt guarantees provided for the financial institution borrowings of non-consolidated subsidiaries and affiliates

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Arteche Nissin, Sociedad Limitada	¥ 314	¥ 154	\$ 3,340

7. NET ASSETS

"Net assets" comprises three (four in 2012) subsections, which are shareholders' equity, other comprehensive income, share subscription rights and minority interests.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Japanese Corporate Law ("the Law"), in cases where a dividend distribution of surplus is made, the smaller of an amount equal to

10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may, by resolution of the shareholders, be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

8. CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Dividend information

The maximum amount that the Company can distribute as dividends is based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

Dividends paid in the fiscal year ended March 31, 2013 and after March 31, 2013 were as follows:

Dividends paid in the fiscal year ended March 31, 2013

Approved by	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 26, 2012	March 31, 2012	June 27, 2012	¥ 534	\$ 5,681
Board of Directors meeting on October 30, 2011	September 30, 2012	December 6, 2012	534	5,681

Dividends paid after March 31, 2013 and for which the record date was in the fiscal year ended March 31, 2013

Approved by	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 25, 2013	March 31, 2013	June 26, 2013	¥ 534	\$ 5,681

Dividends paid in the fiscal year ended March 31, 2012 and after March 31, 2012 were as follows:

Dividends paid in the fiscal year ended March 31, 2012

Approved by	Record date	Effective date	Total amount
			Millions of yen
Shareholders' meeting on June 23, 2011	March 31, 2011	June 24, 2011	¥ 640
Board of Directors meeting on October 27, 2011	September 30, 2011	December 6, 2011	428

Dividends paid after March 31, 2012 and for which the record date was in the fiscal year ended March 31, 2012

Approved by	Record date	Effective date	Total amount
			Millions of yen
Shareholders' meeting on June 26, 2012	March 31, 2012	June 27, 2012	¥ 534

9. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in cost of sales and selling, general and administrative expenses for the fiscal years ended March 31,

2013 and 2012 were ¥4,751 million (\$50,543 thousand) and ¥4,280 million, respectively.

10. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major components of selling, general and administrative expenses were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Salaries and bonuses for employees	¥ 7,091	¥ 7,057	\$ 75,436
Research and development expenses	3,158	3,160	33,596
Cost of transportation of goods	1,477	1,593	15,713
Selling commissions	696	780	7,404
Retirement benefits	777	764	8,266
Provision for reversal of allowance for bad debt	(114)	275	(1,213)

11. ENDORSEMENT TRADE NOTES

Endorsement trade notes for the fiscal years ended March 31, 2013 and 2012 were ¥59 million (\$628 thousand) and ¥174 million, respectively.

12. TRADE NOTES MATURING ON THE BALANCE SHEET DATE

Trade notes maturing on the final day of the fiscal year are settled on the trade note exchange date.

The following trade notes maturing at fiscal year-end were

included in the end-of-term balance because the final day of the fiscal year fell on a financial institution holiday.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Notes receivable	¥ 129	¥ 323	\$ 1,372
Notes payable	241	318	2,564

13. INCOME TAXES

The Companies are subject to several taxes based on income, which, in the aggregate, indicate statutory rates in Japan of 37.9% and 40.6% for the fiscal years ended March 31, 2013 and 2012, respectively.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets:			
Employees' severance and retirement benefits	¥ 1,237	¥ 1,169	\$ 13,160
Employees' bonuses	898	882	9,553
Devaluation of inventories	1,159	1,067	12,330
Tax loss carryforwards	748	718	7,957
Foreign tax credit carryforwards	105	142	1,117
Cost of sales	597	518	6,351
Reserve for deferred gains related to fixed assets for tax purposes	376	323	4,000
Research and development expenses	557	576	5,926
Impairment loss on fixed assets	227	127	2,415
Allowance for losses on contracts	181	272	1,926
Provision for product warranties	308	364	3,277
Allowance for doubtful receivables	237	249	2,521
Unrealized intercompany profits	230	285	2,447
Allowance for environmental protection measures	819	783	8,713
Write-down of investment securities	208	129	2,213
Other temporary differences	590	604	6,275
Total deferred tax assets	8,477	8,208	90,181
Valuation allowance	(3,521)	(3,012)	(37,458)
Net deferred tax assets	4,956	5,196	52,723
Deferred tax liabilities:			
Depreciation	(268)	(299)	(2,851)
Unrealized gains on investment securities	(543)	(305)	(5,777)
Undistributed earnings of overseas subsidiaries	(713)	(519)	(7,585)
Other temporary differences	(57)	(42)	(606)
Total deferred tax liabilities	(1,581)	(1,165)	(16,819)
Net deferred tax assets	¥ 3,375	¥ 4,031	\$ 35,904

Reconciliations to the balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets reported in current assets	¥ 3,253	¥ 3,603	\$ 34,606
Deferred tax assets reported in investments and other assets	302	442	3,213
Deferred tax liabilities reported in long-term liabilities	(180)	(14)	(1,915)
Net deferred tax assets	¥ 3,375	¥ 4,031	\$ 35,904

Significant differences between the statutory income tax rate and the effective income tax rate in the consolidated financial statements for the fiscal years ended March 31, 2013 and 2012 were as follows:

	2013	2012
Statutory income tax rate	37.9 %	40.6 %
Nondeductible expenses	2.0	1.7
Nontaxable dividend income	(1.9)	(0.4)
Inhabitants taxes	0.9	0.8
Changes in valuation allowance	8.2	(2.3)
Tax credit for research and development expenses	(4.9)	(5.3)
Effect of lower tax rates on overseas subsidiaries	(2.9)	(2.7)
Decrease in deferred tax assets by tax rate changes	-	5.3
Overseas retained earnings	3.0	0.5
Others	4.4	3.5
Effective income tax rate	46.7 %	41.7 %

14. EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The liability for severance and retirement benefits included in the liabilities section of the consolidated balance sheets as of March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Projected benefit obligation	¥ 25,826	¥ 23,054	\$ 274,745
Unrecognized actuarial differences	(9,353)	(8,528)	(99,500)
Prepaid pension cost	2,411	2,549	25,649
Less fair value of pension assets	(14,972)	(13,397)	(159,277)
Liability for severance and retirement benefits	¥ 3,912	¥ 3,678	\$ 41,617

Severance and retirement benefit expenses included in the consolidated statements of income for the fiscal years ended March 31, 2013 and 2012 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Service costs - benefits earned during the year	¥ 817	¥ 814	\$ 8,692
Interest cost on projected benefit obligation	574	580	6,106
Expected return on plan assets	(261)	(255)	(2,777)
Amortization of unrecognized actuarial differences	1,175	1,134	12,500
Severance and retirement benefit expenses	¥ 2,305	¥ 2,273	\$ 24,521
Payment of defined contribution plans	158	156	1,681
Total	¥ 2,463	¥ 2,429	\$ 26,202

Assumptions used for the fiscal years ended March 31, 2013 and 2012 were as follows:

	2013	2012
Method of attributing benefits to periods of service	Straight-line basis	Straight-line basis
Discount rate	1.5%	2.5%
Expected rate of return on plan assets	2.5%	2.5%
Amortization period of prior service cost	3 years	3 years
Amortization period of unrecognized actuarial differences	Mainly 14 years	Mainly 14 years

The discount rate was changed to 1.5% in the fiscal year 2013 because it would affect over 10% of the amount of the projected benefit obligation.

15. LOSS ON DISASTER (Thailand flood)

The flooding that occurred in Thailand in October 2011 due to torrential rains caused damage at the Company's consolidated subsidiary, Nissin Electric (Thailand) Co., Ltd. The breakdown of losses on disaster (Thailand flood) is noted below.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Loss on devaluation of inventories	¥ 121	¥ 280	\$ 1,287
Loss on disposal of fixed assets	12	20	128
Expense for repair of fixed assets	(103)	489	(1,096)
Others	97	–	1,032
Total	¥ 127	¥ 789	\$ 1,351

16. IMPAIRMENT LOSS

Fiscal year ended March 31, 2012

The Company acquired all the equity interest of Nissin Electric (Wujiang) Co., Ltd. from the minority interest holder to dissolve the joint venture, considering the change of future business plan of Nissin Electric (Wujiang) Co., Ltd. The Company recognized impairment loss for the balance of the goodwill generated from the acquisition amounting to ¥47 million as the carrying amount was assessed to have exceeded the fair value.

Fiscal year ended March 31, 2013

Location	Group	Assets	Millions of yen	Thousands of U.S. dollars
			Impairment loss	
Wujiang, Jiangsu Province, China	Reactor production facilities	Building, machinery, intangible assets	¥ 419	\$ 4,457
Dalian, Liaoning Province, China	Equipment for research and development	Machinery	3	32
		Total	¥ 422	\$ 4,489

The Nissin Electric Group, categorizes business assets by site and business group in principle. As a result of the resolution to discontinue the operations of consolidated subsidiary Nissin Electric (Wujiang) Co., Ltd. and enter into liquidation proceedings, the Company wrote down the book value of assets held by this subsidiary to the expected recoverable amount and accrued an impairment loss of ¥419 million (\$4,457 thousand).

As a result of the resolution to discontinue the operations of consolidated subsidiary Nissin Electric (Dalian) Technology Development Co., Ltd. and enter into liquidation proceedings, the Company reduced the book value of assets held by this subsidiary to the expected recoverable amount and recognized an impairment loss of ¥3 million (\$32 thousand).

(Subsequent events)

As a result of the progress of the liquidation proceedings regarding Nissin Electric (Wujiang) Co., Ltd., the Company additionally recognized an impairment loss of ¥196 million (\$2,085 thousand) in the 1st quarter of the fiscal year ending March 31, 2014.

Location	Group	Assets	Millions of yen	Thousands of U.S. dollars
			Impairment loss	
Wujiang, Jiangsu Province, China	Reactor production facilities	Building, machinery, intangible assets	¥ 196	\$ 2,085

17. LOSS ON LIQUIDATION OF AFFILIATES

As the Company decided to liquidate the following four affiliates in the fiscal year 2013, the Company accrued the expected costs for those liquidations.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Nissin Electric (Wujiang) Co., Ltd.	¥ 181	¥ –	\$ 1,926
Fuji Weld (Wuxi) Co. Ltd.	138	–	1,468
Nissin Electric (Dalian) Technology Development Co., Ltd.	12	–	127
Nissin Electric U.S.A	1	–	11
Total	¥ 332	¥ –	\$ 3,532

18. EXPENSES FOR ENVIRONMENTAL MEASURES

The Company accrued disposal expenses for PCB waste. These expenses consisted of ¥101 million (\$1,074 thousand) for highly concentrated PCB waste in capacitors weighing less than 10kg and fluorescent lamp stabilizers and ¥119 million (\$1,266 thousand) for low concentrated PCB waste.

19. OTHER COMPREHENSIVE INCOME

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Valuation difference on available-for-sale securities:			
Current period	¥ 543	¥ (464)	\$ 5,777
Adjustments	227	3	2,415
Before income tax effect	770	(461)	8,192
Tax effects	(239)	230	(2,543)
Total	¥ 531	¥ (231)	\$ 5,649
Deferred gains and losses on hedges:			
Current period	¥ 70	¥ (64)	\$ 745
Adjustments	–	–	–
Before income tax effect	70	(64)	745
Tax effects	(26)	26	(277)
Total	¥ 44	¥ (38)	\$ 468
Foreign currency translation adjustments:			
Current period	¥ 2,759	¥ 610	\$ 29,351
Adjustments	–	3	–
Total	¥ 2,759	¥ 613	\$ 29,351
Share of other comprehensive income of associates accounted for using the equity method:			
Current period	¥ 6	¥ 2	\$ 64
Total other comprehensive income:	¥ 3,340	¥ 346	\$ 35,532

20. SEGMENT INFORMATION

A. Overview of Reporting Segments

Method of Determining Reporting Segments

The reporting segments are the components of the Company for which separate financial information is available and that is evaluated regularly by the Board of Directors in deciding how to allocate management resources and in assessing business performance.

The Company has four reporting segments classified by the type and nature of its products and services: Power System Equipment, Charged Beam Equipment and Processing, Renewable Energy and Environment and Life Cycle Engineering.

Types of products and services related to each reporting segment

Segment Name	Main Products and Services
Power System Equipment	Switchgear, Transformer, Instrument transformer, Relay, Circuit breaker, Gas insulated switchgear, Capacitor, Harmonic filter equipment, Reactor, etc.
Charged Beam Equipment and Processing	Ion implanter, Ion implanter for FPD, Electron-beam processing system, Electron-beam processing service, Thin-film coating equipment, Thin-film coating service, etc.
Renewable Energy and Environment	Photovoltaic system, Power conditioner for photovoltaic system, Smart grid, Voltage dip compensator, Static var compensator, Monitoring and control system, Vehicle recognition system, etc.
Life Cycle Engineering	Comprehensive support services: installation, adjustment, inspection, maintenance, etc.

B. Information about net sales, profit (loss), assets and other items by reporting segment

Year ended March 31, 2013	Millions of yen						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Adjustment	Consolidated
Sales:							
Sales to outside customers	¥ 46,179	¥ 22,523	¥ 14,822	¥ 19,785	¥ 103,309	¥ –	¥ 103,309
Intersegment sales and transfers	285	21	4	1,191	1,501	(1,501)	–
Total	46,464	22,544	14,826	20,976	104,810	(1,501)	103,309
Segment profit (loss)	¥ 3,510	¥ 1,964	¥ 941	¥ 2,736	¥ 9,151	¥ (2,073)	¥ 7,078
Segment assets	¥ 56,689	¥ 23,559	¥ 12,469	¥ 16,511	¥ 109,228	¥ 8,988	¥ 118,216
Other:							
Depreciation and amortization	¥ 1,192	¥ 838	¥ 198	¥ 140	¥ 2,368	¥ 75	¥ 2,443
Amortization of goodwill	116	14	–	–	130	–	130
Increase in property, plant and equipment and intangible asset	1,619	1,188	407	285	3,499	148	3,647

Year ended March 31, 2013	Thousands of U. S. dollars						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Adjustment	Consolidated
Sales:							
Sales to outside customers	\$ 491,266	\$ 239,606	\$ 157,681	\$ 210,479	\$ 1,099,032	\$ –	\$ 1,099,032
Intersegment sales and transfers	3,032	224	42	12,670	15,968	(15,968)	–
Total	494,298	239,830	157,723	223,149	1,115,000	(15,968)	1,099,032
Segment profit (loss)	\$ 37,340	\$ 20,894	\$ 10,011	\$ 29,106	\$ 97,351	\$ (22,053)	\$ 75,298
Segment assets	\$ 603,074	\$ 250,628	\$ 132,649	\$ 175,649	\$ 1,162,000	\$ 95,617	\$ 1,257,617
Other:							
Depreciation and amortization	\$ 12,681	\$ 8,915	\$ 2,106	\$ 1,489	\$ 25,191	\$ 798	\$ 25,989
Amortization of goodwill	1,234	149	–	–	1,383	–	1,383
Increase in property, plant and equipment and intangible asset	17,223	12,638	4,330	3,032	37,223	1,575	38,798

An adjustment of negative ¥2,073 million (*\$22,053 thousand*) in segment income includes an elimination of transactions between the segments of negative ¥8 million (*\$85 thousand*) and corporate expenses of negative ¥2,065 million (*\$21,968 thousand*). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥8,988 million (*\$95,617 thousand*) in segment assets includes an elimination of transactions between the segments of negative ¥805 million (*\$8,564 thousand*) and corporate assets of ¥9,793 million (*\$104,181 thousand*). Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥75 million (*\$798 thousand*) in depreciation expenses includes an elimination of transactions between the segments of negative ¥14 million (*\$149 thousand*) and corporate expenses of ¥89 million (*\$947 thousand*). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥148 million (*\$1,575 thousand*) in the increases in tangible fixed assets and intangible fixed assets is for increases in corporate assets. Corporate assets are mainly assets not attributable to the reporting segments.

Segment income has been adjusted with operating income in the consolidated financial statements.

Year ended March 31, 2012	Millions of yen						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Adjustment	Consolidated
Sales:							
Sales to outside customers	¥ 45,977	¥ 25,136	¥ 9,903	¥ 19,325	¥ 100,341	¥ –	¥ 100,341
Intersegment sales and transfers	420	19	7	848	1,294	(1,294)	–
Total	46,397	25,155	9,910	20,173	101,635	(1,294)	100,341
Segment profit (loss)	¥ 3,731	¥ 2,387	¥ 308	¥ 3,484	¥ 9,910	¥ (2,258)	¥ 7,652
Segment assets	¥ 54,313	¥ 24,450	¥ 9,370	¥ 14,332	¥ 102,465	¥ 9,838	¥ 112,303
Other:							
Depreciation and amortization	¥ 1,271	¥ 755	¥ 148	¥ 127	¥ 2,301	¥ 69	¥ 2,370
Amortization of goodwill	222	16	–	–	238	–	238
Increase in property, plant and equipment and intangible asset	1,325	1,778	240	327	3,670	2,089	5,759

An adjustment of negative ¥2,258 million in segment income includes an elimination of transactions between the segments of ¥11 million and corporate expenses of negative ¥2,269 million. Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of negative ¥9,838 million in segment assets includes an elimination of transactions between the segments of negative ¥591 million and corporate assets of ¥10,429 million. Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥69 million in depreciation expenses includes

an elimination of transactions between the segments of negative ¥6 million and corporate expenses of ¥75 million. Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥2,089 million in the increases in tangible fixed assets and intangible fixed assets is for increases in corporate assets. Corporate assets are mainly assets not attributable to the reporting segments.

Segment income has been adjusted with operating income in the consolidated financial statements.

C. Information about geographical segments

Year ended March 31, 2013	Millions of yen			
	Japan	Asia	Other	Total
Sales	¥ 74,617	¥ 25,508	¥ 3,184	¥ 103,309
Property, plant and equipment	16,659	7,185	36	23,880

Year ended March 31, 2013	Thousands of U.S. dollars			
	Japan	Asia	Other	Total
Sales	\$ 793,798	\$ 271,362	\$ 33,872	\$ 1,099,032
Property, plant and equipment	177,223	76,436	384	254,043

Year ended March 31, 2012	Millions of yen			
	Japan	Asia	Other	Total
Sales	¥ 65,352	¥ 29,991	¥ 4,998	¥ 100,341
Property, plant and equipment	15,697	6,100	29	21,826

D. Impairment loss by reporting segment

Year ended March 31, 2013	Millions of yen						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Elimination or corporate	Consolidated
Impairment loss	¥ 422	¥ –	¥ –	¥ –	¥ 422	¥ –	¥ 422

Year ended March 31, 2013	Thousands of U. S. dollars						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Elimination or corporate	Consolidated
Impairment loss	\$ 4,489	\$ –	\$ –	\$ –	\$ 4,489	\$ –	\$ 4,489

Year ended March 31, 2012	Millions of yen						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Elimination or corporate	Consolidated
Impairment loss	¥ 47	¥ –	¥ –	¥ –	¥ 47	¥ –	¥ 47

E. Goodwill by reporting segment

Year ended March 31, 2013	Millions of yen						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Elimination or corporate	Consolidated
Amortization	¥ 116	¥ 14	¥ –	¥ –	¥ 130	¥ –	¥ 130
Unamortized balance	159	22	–	–	181	–	181

Year ended March 31, 2013	Thousands of U.S. dollars						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Elimination or corporate	Consolidated
Amortization	\$ 1,234	\$ 149	\$ –	\$ –	\$ 1,383	\$ –	\$ 1,383
Unamortized balance	1,692	234	–	–	1,926	–	1,926

Year ended March 31, 2012	Millions of yen						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Elimination or corporate	Consolidated
Amortization	¥ 222	¥ 16	¥ –	¥ –	¥ 238	¥ –	¥ 238
Unamortized balance	271	37	–	–	308	–	308



Independent Auditors' Report

To the Board of Directors of Nissin Electric Co., Ltd.:

We have audited the accompanying consolidated financial statements of Nissin Electric Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2013 and 2012, and the consolidated statements of income and comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nissin Electric Co., Ltd. and its consolidated subsidiaries as at March 31, 2013 and 2012, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2013 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

August 28, 2013

Kyoto, Japan

Company Outline

Company Name
Nissin Electric Co., Ltd.

Founded
November 1910

Incorporated
April 1917

Head Office
47 Umezu-takase-cho, Ukyo-ku,
Kyoto 615-8686, Japan
Telephone: +81-75-861-3151
Facsimile: +81-75-864-8312

Stated Capital
¥10,252,845,127

Authorized Shares
431,329,000

Issued Shares
107,832,445

Employees
4,971

Major Offices and Works

Head Office and Works
47 Umezu-takase-cho, Ukyo-ku, Kyoto
615-8686, Japan
Telephone: +81-75-861-3151
Facsimile: +81-75-864-8312

**Tokyo Office
Overseas Marketing and Sales Division**
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Facsimile: +81-27-254-1578

Kuze Works
575 Kuze-tonoshiro-cho Minami-ku, Kyoto
601-8205, Japan
Telephone: +81-75-922-4611
Facsimile: +81-75-922-4615

Domestic Major Subsidiaries and Affiliates

NHV Corporation
Business Line: Manufacturing and customer service for electron processing systems, irradiation service of electron beam

Nissin Denki Shouji Co., Ltd.
Business Line: Sales of electrical equipment

Nissin Systems Co., Ltd.
Business Line: Design and sales of computer software

Nissin Ion Equipment Co., Ltd.
Business Line: Manufacturing and customer service of LSI/LCD manufacturing equipment

EcoTron Co., Ltd.
Business Line: R&D, manufacturing and sales of power semi-conductors

Nippon ITF Inc.
Business Line: Thin-film coating of various materials

Nissin Pulse Electronics Co., Ltd.
Business Line: Manufacturing and Sales of high voltage equipment and related equipment

Board of Directors and Statutory Auditors (as of June 25, 2013)

Chairman
Yoshikazu Amano*

President
Hideaki Obata *

Managing Directors
Kazumasa Ishida
Michio Inada
Kiyoshi Ogata
Masahide Nobu
Tomoaki Ishizu
Yoshiaki Kittaka
Yasuhisa Hoshi
Tadashi Ueno

Standing Auditors
Fusao Kimma
Satoru Nakahori

Auditors
Mamoru Morita
Toshihide Kimura
Masahiro Yurino

* Representative Director



Overseas Major Subsidiaries and Affiliates

Nissin Electric (Wuxi) Co., Ltd.

Wuxi, Jiangsu, China
Business Line: Manufacturing and sales of power capacitors and capacitor voltage transformers

Beijing Hongda Nissin Electric Co., Ltd.

Beijing, China
Business Line: Manufacturing and sales of gas insulated switchgears (GIS)

Nissin Electric Wuxi Co., Ltd.

Wuxi, Jiangsu, China
Business Line: Manufacturing and sales of gas insulated voltage transformers for GIS, current transformers.
Thin-film coating service

Nissin Allis Ion Equipment (Shanghai) Co., Ltd.

PuDong New Area, Shanghai, China
Business Line: Sales and customer service of LSI/LCD manufacturing equipment

Nissin Advanced Technology Electric (Dongguan) Co., Ltd.

Dongguan, China
Business Line: Manufacturing and sales of power conditioners for photovoltaic system. Thin-film coating service

Nissin Advanced Coating (Shenyang) Co., Ltd.

Shenyang, China
Business Line: Thin-film coating service

Nissin Advanced Coating (Tianjin) Co., Ltd.

Tianjin, China
Business Line: Thin-film coating service

Nissin Hengtong Electric Co., Ltd.

Jilin, China
Business Line: Manufacturing and sales of circuit breakers, switchgears, and protection relays

Nissin Ion HighTech (Yangzhou) Co., Ltd.

Yangzhou, China
Business Line: Manufacturing and sales of LSI/LCD manufacturing equipment

NHV Accelerator Technologies Shanghai

Shanghai, China
Business Line: Manufacturing and customer service for electron processing systems

Nissin Allis Electric Co., Ltd.

Taoyuan, Taiwan
Business Line: Manufacturing and sales of gas insulated switchgears

Nissin Allis Union Ion Equipment Co., Ltd.

Hsin-Chu City, Taiwan
Business Line: Customer service of LSI/LCD manufacturing equipment

Nissin Electric (Thailand) Co., Ltd.

Pathumthani, Thailand
Business Line: Manufacturing and sales of power capacitors, gas circuit breakers and metal parts.
Thin-film coating service

NHV America Inc.

Methuen, Massachusetts, U.S.A.
Business Line: Manufacturing and sales of electron processing systems

Nissin Ion Equipment USA, Inc.

Austin, Texas, U.S.A.
Business Line: Customer service of LSI/LCD manufacturing equipment

Nissin Ion Korea Co., Ltd.

Hwang Seong-city, Gyeonggi-Do, Korea
Business Line: Customer service of LSI/LCD manufacturing equipment

Nissin Electric Vietnam Co., Ltd.

Bac Ninh, Vietnam
Business Line: Manufacturing and sales of metal parts, electrical equipment

Nissin Advanced Coating Indo Co., Ltd.

Noida, India
Business Line: Thin-film coating service

Arteche Nissin, Sociedad Limitada.

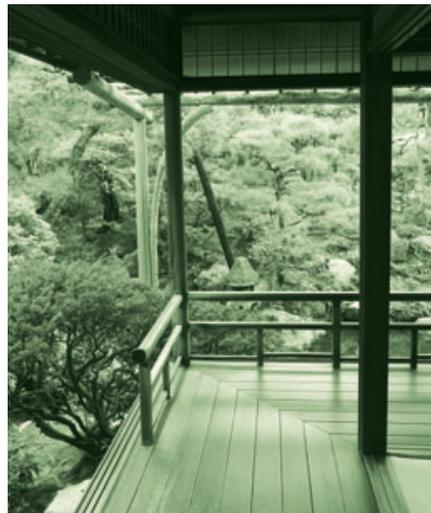
Vitoria, Spain
Business Line: Manufacturing and sales of gas insulated voltage transformers for GIS



NISSIN ELECTRIC CO., LTD.

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<http://nissin.jp>

Cover Story



Sekison-tei

Sekison-tei was the mansion of Junichiro Tanizaki, a great writer known as the author of "The Makioka Sisters". He passed over the residence to Nissin in 1956 when he left Kyoto. At that time, he requested that the mansion be maintained in the same condition, since he wanted to see it on his visits to Kyoto. Nissin has kept this promise to Tanizaki, and is using this mansion as a guest house while maintaining its traditional elegance.



Taking into consideration concerns for the environment,
this brochure uses plant-based ink.