

**NISSIN  
ELECTRIC**



ANNUAL REPORT  
**2014**  
Year Ended March 31, 2014

The Nissin Electric Group supplies a wide range of products and services that support well-rounded social and industrial infrastructure, with an emphasis on power system and energy equipment. We will constantly create products and technologies essential for the world by leveraging our proprietary high voltage, vacuum, as well as monitoring and control technologies developed over the course of our almost 100-year history.

## 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.

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### 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
	2014	2013	2012	2011	2010	2014
Net sales	¥ 109,864	¥ 103,309	¥ 100,341	¥ 90,430	¥ 87,177	\$ 1,077,098
Operating income	9,499	7,078	7,652	7,466	4,722	93,127
Net income	5,354	3,336	3,702	4,530	2,792	52,490
Total assets	119,491	118,216	112,303	109,410	100,140	1,171,481
Shareholders' equity	65,438	63,434	58,203	55,199	52,900	641,550
Capital expenditure	3,011	3,648	5,759	2,344	2,729	29,520
Depreciation and amortization	2,745	2,443	2,370	3,327	3,870	26,912
Research and development expenses	5,318	4,751	4,280	3,881	4,476	52,137

Per share of common stock:	Yen					U.S. dollars
	2014	2013	2012	2011	2010	2014
Net income	¥ 50.09	¥ 31.21	¥ 34.64	¥ 42.44	¥ 26.17	\$ 0.49
Diluted net income	–	–	34.63	42.43	26.16	–
Cash dividends	12.00	10.00	9.00	9.00	5.50	0.12
Shareholders' equity	612.27	593.50	544.54	516.79	495.81	6.00

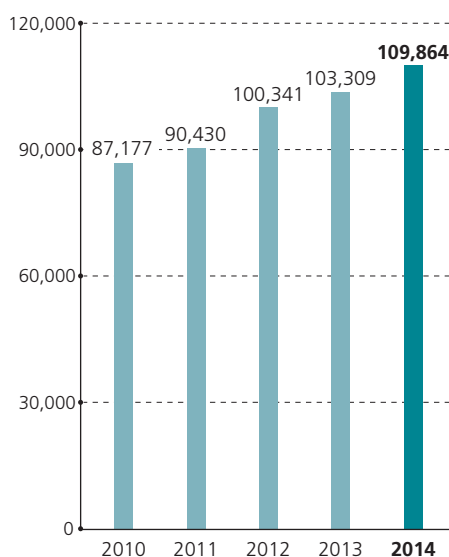
Note: 1. For convenience only, Japanese yen amounts have been translated into U.S. dollar amounts at the rate of ¥ 102 to US\$1.00, the approximate exchange rate prevailing on March 31, 2014.

2. For the fiscal years ended March 31, 2014 and 2013, there were no dilutive potential common stocks.

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

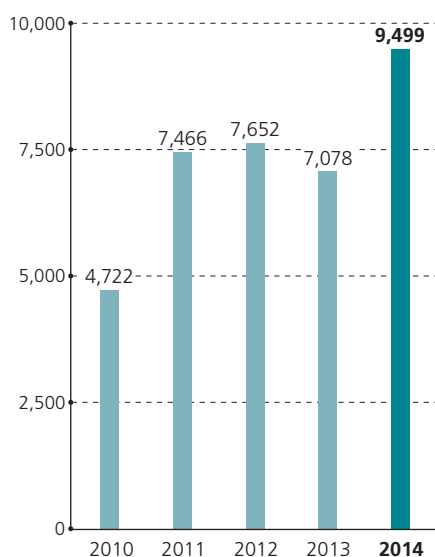
## Net Sales

(Millions of yen)



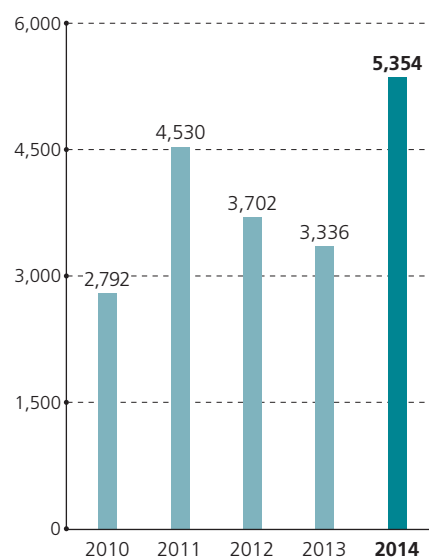
## Operating Income

(Millions of yen)



## Net Income

(Millions of yen)







## Performance for the Last Reporting Year

In the fiscal year under review (April 1, 2013 to March 31, 2014), the Japanese economy recovered moderately, underpinned by robust personal consumption and public investment as well as corporate earnings improvement buoyed by the continuation of the weak yen. Internationally, on the other hand, economic growth slowed down in China, our core overseas market. While economic conditions varied in ASEAN countries, signs of economic slowdown became increasingly visible in Thailand and some other countries.

In light of the environment described above, I will now report on trends seen in the Nissin Electric Group's primary markets. Demand slumped in the market for electric power companies in Japan, as their deteriorating earnings performance formed to cut back on new investment. However, the renewable energy market, centering on photovoltaic power generation systems, maintained the previous fiscal year's momentum to show significant growth, supported by the government's feed-in tariff program for renewable energy. Demand increased in the power system equipment market in China thanks to sustained high levels of equipment investment. Demand relevant to the Nissin Electric Group is also recovering from the stagnation in the previous fiscal year influenced by the cooling in Japan-China relations. In the charged beam equipment and processing market, demand for ion implanters for manufacturing small/medium high-definition Flat Panel Displays (FPDs) decreased, but demand for electron-beam processing systems continued to grow, centering on those for automobile-related industries.

The Nissin Electric Group has developed products and services corresponding to market trends and customer needs and brought

them to the market. We also proactively promoted measures to enhance our cost competitiveness. As a result, the Group's total order receipts were up 5.5% year on year to ¥110.716 billion.

Order receipts by business segment are as follows:

Order receipts for the Power System Equipment Business totaled ¥48.465 billion, an increase of 15.7% year on year thanks to larger orders received from electric power companies in China.

Order receipts for the Charged Beam Equipment and Processing Business came to ¥20.219 billion, down 18.8% year on year, reflecting a drop in orders for ion implanters for manufacturing small/medium high-definition FPDs.

Order receipts for the Renewable Energy and Environment Business totaled ¥22.171 billion, up 20.7% year on year, backed by increased orders for power conditioners for photovoltaic systems.

Order receipts for the Life Cycle Engineering Business edged up 0.1% year on year to ¥19.86 billion.

Net sales of the Group rose 6.3% year on year to ¥109.864 billion.

Net sales by business segment are as follows:

Net sales for the Power System Equipment Business totaled ¥41.468 billion, a decrease of 10.2% year on year, as demand from electric power companies in Japan declined along with private-sector demand generally.

Net sales for the Charged Beam Equipment and Processing Business came to ¥28.014 billion, up 24.4% year on year, with growth of ion implanters for manufacturing small/medium high-definition FPDs offsetting a decrease in ion implanters for manufacturing semiconductors.

Net sales for the Renewable Energy and Environment Business totaled ¥21.072 billion, up a whopping 42.2% year on year, thanks to significantly larger sales of power conditioners for photovoltaic systems.

Net sales for the Life Cycle Engineering Business dropped 2.4% year on year to ¥19.310 billion.

Ordinary income of the Group came to ¥9.638 billion, with a noticeable year-on-year increase of 34.1% stemming from thorough efforts for cost reductions and the promotion of reinforcement of organizational culture across the Group.

In the fiscal year under review, we reviewed the valuation of fixed assets and liquidation costs of Nissin Electric (Wujiang) Co., Ltd. and other subsidiaries in China. As a result, we booked ¥328 million of impairment losses on fixed assets and ¥255 million of losses on the liquidation of affiliated companies as extraordinary losses.

Based on the above, the net income of the Group rose 60.5% over the previous fiscal year to ¥5.354 billion after income taxes and adjustments for minority interests.

## Medium-to-Long-Term Business Plan “VISION 2015” (2011-2015)

The Group formulated its medium-to-long-term business plan “VISION 2015” in April 2011, and launched activities to achieve its goals. 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 as four well-balanced business pillars and globalizing each to their fullest.

The numerical target for the fiscal year ending March 31, 2016, presented under the vision is an operating income of ¥12 billion on net sales of ¥150 billion. In the fiscal year under review, the third year since the launch of VISION 2015, the environment surrounding the Nissin Electric Group grew increasingly severe, such as restraints in investment by electric power companies, declines in sales prices amid intense competition and the economic slowdown in China and Thailand. Under these circumstances, we took a host of steps, including bringing dedicated outdoor equipment to the burgeoning market for power conditioners for photovoltaic systems, cultivating markets in emerging economies by leveraging overseas manufacturing bases in the Charged Beam Equipment and Processing Business, improving production efficiency through the merger of Nissin Power Distribution Systems Co., Ltd., a switchgear manufacturing subsidiary, and enhancing our profit-earning capacity through thorough cost reductions.

While the impact of the hike in the consumption tax rate remains a cause for concern going forward, the Japanese economy is expected to pick up, underpinned by the government’s economic measures and external demand. The Group will implement five important measures that support VISION 2015 and reinforce activities to achieve its goals in order to realize an expansion of net sales by acquiring replacement demand in the private sector, expanding sales in the Renewable Energy and Environment Business that is expected to continue to grow and accelerating the globalization of our business operations, mainly in the ASEAN market, and enhancement of our profit-earning capacity.

## Global Growth of Four Core Business Segments

### Power System Equipment Business

In the domestic market, in addition to restraints in investment by electric power companies, no high expectations can be placed on demand for new equipment installations in both the private and public sectors. Thus, in the Power System Equipment Business, we will steadily acquire replacement demand for existing equipment and strengthen our profit-earning capacity through an expansion of market shares by bringing new products to the market, standardization of

designs and renovation of operations. In the overseas market, on top of the Chinese market where we have thus far achieved satisfactory results, we will accelerate business operations in the ASEAN region where further economic growth and a further expansion of Japanese-affiliated companies are expected. In Thailand and Vietnam, we will expand the production capacity and strengthen sales structures of subsidiaries, and in Indonesia, we will make use of the Jakarta Representative Office established in 2013. We will also strive to build up a global structure for optimal local production. At overseas subsidiaries in various countries, we will strengthen equipment and facilities and push ahead with cost reductions for the development and production of products in line with the Group’s global strategy.

### Charged Beam Equipment and Processing Business

Let me start with ion implanters. The Nissin Electric Group has an overwhelming market share for ion implanters for manufacturing small / medium high-definition FPDs and we will firmly maintain this status at home and abroad. We will seek to further expand the market share for ion implanters for manufacturing semiconductors. To that end, we will proceed with such measures as commercialization of next generation process equipment and the strengthening of cost competitiveness through cost reductions by leveraging the manufacturing base that started operating in Yangzhou, Jiangsu Province, China, in 2013.

Next, in the Electron-beam Processing Business, we will continue to expand sales of electron-beam processing systems to automobile-related industries. In particular, we will make use of the manufacturing base in Shanghai, China, which started operating in 2012, to expansion business operations in China and the ASEAN region.

In the Thin-film Coating Business, we will develop new applications for diamond-like carbon (DLC) film with surface smoothness and wear resistance, which represents one of our strengths, and strive to expand sales mainly to the automobile industry. We will also put greater efforts into increasing sales of new arc coating machines that can form a film in a small amount of time and at low cost.

### Renewable Energy and Environment Business

In the Renewable Energy Business, we will redouble efforts to expand sales of power conditioners essential for photovoltaic systems. To that end, we will seek to further increase sales of dedicated outdoor equipment brought to the market in 2013, which is compact and contributes to lowering installation costs, as well as 500-kW equipment newly added to the lineup of products. We will also develop new products, such as the Smart

Power Supply Systems (SPSS) that combine the technology to improve electric power quality and the electric power system stabilizing technology, our strong points, with the energy management system (EMS), and develop new demand.

In the Environment Business, we will strive to expand the business scope by introducing the water energy management system (WEMS) instrumental at water treatment facilities, in addition to electrical equipment and supervisory control systems at such facilities we have been selling thus far. WEMS is the new product that responds to the introduction of renewable energy and the need to promote energy-saving at water treatment facilities.

### **Life Cycle Engineering Business**

The Life Cycle Engineering Business is the business where we undertake work from equipment installation and adjustment to maintenance for customers and contribute to increasing the operating rate of equipment and enhancing productivity. Since it leads to the acquisition of replacement demand, we expect the business to become the pillar of growth going forward. Therefore, we will strive to provide a diverse range of solutions covering products of all of our business segments. We offer a broad array of service menus, ranging from carrying out product life assessment by inspecting the equipment and analyzing measurement data to extending the lifetime of the equipment, or replacing it, by monitoring the operational status and providing operational management. Domestically in particular, a string of power system equipment is approaching its time for replacement. We will expand the business of inspection, maintenance and repair work for such equipment and thereby stimulate replacement demand. Furthermore, we will seek to globalize the Life Cycle Engineering Business by expanding and upgrading service bases in overseas markets.

### **Five Important Measures that Support Our Business Expansion**

We will steadily implement five important measures in order to seek global growth of our four core business segments and realize the goals of operating income of ¥12 billion on net sales of ¥150 billion set out in VISION 2015.

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 costs 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 steadily nurture and pass on the technologies and skills that will serve as the core of the Group's businesses.

### **Promoting a Thorough Approach to Compliance and CSR**

The Nissin Electric Group believes that the promotion of thorough compliance and corporate social responsibility (CSR) forms the very foundation of corporate management. On that basis, we also recognize the importance of pursuing business activities grounded in our corporate principles, and we will thoroughly seek the further penetration of the corporate principles across the Group and business activities based on them. For this purpose, we will steadily implement measures to ensure the appropriate function of corporate governance.

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

I would like to ask our shareholders for continued support and encouragement.



Hideaki Obata  
President

# Consolidated Balance Sheets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
March 31, 2014 and 2013

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Current assets:</b>			
Cash and cash equivalents	¥ 9,891	¥6,399	\$ 96,971
Time deposits	443	431	4,343
Receivables:			
Trade notes and accounts	45,447	44,658	445,559
Other	759	777	7,441
	46,206	45,435	453,000
Allowance for doubtful receivables	(550)	(666)	(5,392)
	45,656	44,769	447,608
Inventories (Note 4)	23,892	27,896	234,235
Deferred tax assets (Note 11)	3,888	3,253	38,118
Other current assets	1,590	1,656	15,588
Total current assets	85,360	84,404	836,863
<b>Property, plant and equipment:</b>			
Land	4,129	4,115	40,480
Buildings and structures	29,268	28,316	286,941
Machinery and equipment	39,042	38,281	382,765
Construction in progress	284	491	2,784
Total property, plant and equipment	72,723	71,203	712,970
Accumulated depreciation	(48,976)	(47,323)	(480,157)
Net property, plant and equipment	23,747	23,880	232,813
<b>Investments and other assets:</b>			
Investment securities (Note 3)	5,321	4,600	52,167
Deferred tax assets (Note 11)	2,284	302	22,392
Prepaid pension cost (Note 12)	–	2,411	–
Net defined benefit assets (Note 12)	65	–	637
Other assets	1,573	1,489	15,422
Allowance for doubtful receivables	(197)	(224)	(1,931)
Total investments and other assets	9,046	8,578	88,687
<b>Intangible assets</b>	1,338	1,354	13,118
Total assets	¥ 119,491	¥118,216	\$ 1,171,481

See accompanying notes.

# Consolidated Balance Sheets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
March 31, 2014 and 2013

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short-term bank loans (Note 5)	¥ 3,429	¥ 4,209	\$ 33,618
Payables:			
Trade notes and accounts	18,451	22,059	180,892
Other	1,728	2,125	16,941
	20,179	24,184	197,833
Advances from customers	3,866	7,176	37,902
Accrued income taxes	3,125	1,185	30,637
Accrued expenses	7,152	5,854	70,118
Allowance for losses on contracts	659	477	6,461
Other provision	958	937	9,392
Other current liabilities	214	180	2,098
Total current liabilities	39,582	44,202	388,059
<b>Long-term liabilities:</b>			
Long-term debt due after one year (Note 5)	64	102	627
Employees' severance and retirement benefits (Note 12)	–	3,912	–
Allowance for environmental protection measures	2,273	2,304	22,284
Net defined benefit liabilities (Note 12)	8,066	–	79,078
Asset retirement obligations	487	499	4,775
Other long-term provision	156	283	1,530
Other long-term liabilities (Note 11)	102	351	1,000
Total long-term liabilities	11,148	7,451	109,294
Total liabilities	50,730	51,653	497,353
<b>Contingent liabilities (Note 10)</b>			
<b>NET ASSETS (Note 6 and 7)</b>			
<b>Shareholders' equity:</b>			
Common stock:			
Authorized - 431,329,000 shares			
Issued and outstanding - 107,832,445 shares	10,253	10,253	100,520
Capital surplus	6,679	6,679	65,480
Retained earnings	48,930	44,752	479,706
Treasury stock, at cost:			
953,580 shares in 2014 and 950,193 shares in 2013	(299)	(297)	(2,931)
Total shareholders' equity	65,563	61,387	642,775
<b>Other comprehensive income:</b>			
Valuation difference on available-for-sale securities	1,751	1,225	17,167
Deferred gains and losses on hedges	(10)	24	(98)
Foreign currency translation adjustments	2,095	798	20,539
Remeasurements of defined benefit plans (Note 12)	(3,961)	–	(38,833)
Total other comprehensive income	(125)	2,047	(1,225)
<b>Minority interests</b>	3,323	3,129	32,578
Total net assets	68,761	66,563	674,128
<b>Total liabilities and net assets</b>	¥ 119,491	¥ 118,216	\$ 1,171,481

See accompanying notes.



# Consolidated Statements of Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Net sales</b>	<b>¥ 109,864</b>	¥ 103,309	<b>\$ 1,077,098</b>
<b>Cost and expenses:</b>			
Cost of sales (Note 8)	<b>78,578</b>	75,976	<b>770,373</b>
Selling, general and administrative expenses (Note 8 and 9)	<b>21,787</b>	20,255	<b>213,598</b>
<b>Operating income</b>	<b>9,499</b>	7,078	<b>93,127</b>
<b>Other income (expenses):</b>			
Interest and dividend income	<b>173</b>	143	<b>1,696</b>
Interest expense	<b>(158)</b>	(208)	<b>(1,549)</b>
Insurance income for disaster (Thailand flood)	–	685	–
Impairment loss (Note 14)	<b>(328)</b>	(422)	<b>(3,216)</b>
Loss on liquidation of subsidiaries and affiliates (Note 15)	<b>(255)</b>	(332)	<b>(2,500)</b>
Loss on valuation of investment securities	–	(237)	–
Loss on disaster (Thailand flood) (Note 13)	–	(127)	–
Expenses for environmental protection measures (Note 16)	–	(220)	–
Other, net	<b>124</b>	173	<b>1,217</b>
<b>Income before income taxes and minority interests</b>	<b>9,055</b>	6,533	<b>88,775</b>
<b>Income taxes (Note 11):</b>			
Current	<b>4,428</b>	2,637	<b>43,412</b>
Deferred	<b>(779)</b>	415	<b>(7,637)</b>
Total income taxes	<b>3,649</b>	3,052	<b>35,775</b>
<b>Income before minority interests</b>	<b>5,406</b>	3,481	<b>53,000</b>
<b>Minority interests</b>	<b>52</b>	145	<b>510</b>
<b>Net income</b>	<b>¥ 5,354</b>	¥ 3,336	<b>\$ 52,490</b>
	Yen		U.S. dollars (Note 1)
<b>Amounts per share:</b>			
Net income	<b>¥ 50.09</b>	¥ 31.21	<b>\$ 0.49</b>
Diluted net income	–	–	–
Cash dividends applicable to the period	<b>12.00</b>	10.00	<b>0.12</b>

See accompanying notes.

# Consolidated Statements of Comprehensive Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Income before minority interests</b>	<b>¥ 5,406</b>	¥ 3,481	<b>\$ 53,000</b>
<b>Other comprehensive income (Note 17):</b>			
Valuation difference on available-for-sale securities	<b>527</b>	531	<b>5,167</b>
Deferred gains and losses on hedges	<b>(35)</b>	44	<b>(343)</b>
Foreign currency translation adjustments	<b>1,544</b>	2,759	<b>15,137</b>
Share of other comprehensive income of associates accounted for using equity method	<b>10</b>	6	<b>98</b>
Total other comprehensive income	<b>2,046</b>	3,340	<b>20,059</b>
<b>Comprehensive income</b>	<b>¥ 7,452</b>	¥ 6,821	<b>\$ 73,059</b>
Comprehensive income attributable to			
Owners of the parent	<b>¥ 7,142</b>	¥ 6,301	<b>\$ 70,020</b>
Minority interests	<b>310</b>	520	<b>3,039</b>

See accompanying notes.

# Consolidated Statements of Changes in Net Assets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2014 and 2013

	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	–	–	–	–	–
<b>Balance at March 31, 2013</b>	<b>¥ 10,253</b>	<b>¥ 6,679</b>	<b>¥ 44,752</b>	<b>¥ (297)</b>	<b>¥ 61,387</b>

	Millions of yen						
	Other comprehensive income				Share subscription rights	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Total other comprehensive income			
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
<b>Balance at March 31, 2013</b>	<b>¥ 1,225</b>	<b>¥ 24</b>	<b>¥ 798</b>	<b>¥ 2,047</b>	<b>¥ –</b>	<b>¥ 3,129</b>	<b>¥ 66,563</b>

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2013</b>	<b>¥ 10,253</b>	<b>¥ 6,679</b>	<b>¥ 44,752</b>	<b>¥ (297)</b>	<b>¥ 61,387</b>
Cash dividends	–	–	(1,176)	–	(1,176)
Net income	–	–	5,354	–	5,354
Purchase of treasury stock	–	–	–	(2)	(2)
Net changes for the year	–	–	–	–	–
<b>Balance at March 31, 2014</b>	<b>¥ 10,253</b>	<b>¥ 6,679</b>	<b>¥ 48,930</b>	<b>¥ (299)</b>	<b>¥ 65,563</b>

Millions of yen

	Other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income		
<b>Balance at April 1, 2013</b>	<b>¥ 1,225</b>	<b>¥ 24</b>	<b>¥ 798</b>	<b>¥ –</b>	<b>¥ 2,047</b>	<b>¥ 3,129</b>	<b>¥ 66,563</b>
Cash dividends	–	–	–	–	–	–	(1,176)
Net income	–	–	–	–	–	–	5,354
Purchase of treasury stock	–	–	–	–	–	–	(2)
Net changes for the year	526	(34)	1,297	(3,961)	(2,172)	194	(1,978)
<b>Balance at March 31, 2014</b>	<b>¥ 1,751</b>	<b>¥ (10)</b>	<b>¥ 2,095</b>	<b>¥ (3,961)</b>	<b>¥ (125)</b>	<b>¥ 3,323</b>	<b>¥ 68,761</b>

Thousands of U.S. dollars (Note 1)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2013</b>	<b>\$ 100,520</b>	<b>\$ 65,480</b>	<b>\$ 438,745</b>	<b>\$ (2,911)</b>	<b>\$ 601,834</b>
Cash dividends	–	–	(11,529)	–	(11,529)
Net income	–	–	52,490	–	52,490
Purchase of treasury stock	–	–	–	(20)	(20)
Net changes for the year	–	–	–	–	–
<b>Balance at March 31, 2014</b>	<b>\$ 100,520</b>	<b>\$ 65,480</b>	<b>\$ 479,706</b>	<b>\$ (2,931)</b>	<b>\$ 642,775</b>

Thousands of U.S. dollars (Note 1)

	Other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income		
<b>Balance at April 1, 2013</b>	<b>\$ 12,010</b>	<b>\$ 235</b>	<b>\$ 7,824</b>	<b>\$ –</b>	<b>\$ 20,069</b>	<b>\$ 30,676</b>	<b>\$ 652,579</b>
Cash dividends	–	–	–	–	–	–	(11,529)
Net income	–	–	–	–	–	–	52,490
Purchase of treasury stock	–	–	–	–	–	–	(20)
Net changes for the year	5,157	(333)	12,715	(38,833)	(21,294)	1,902	(19,392)
<b>Balance at March 31, 2014</b>	<b>\$ 17,167</b>	<b>\$ (98)</b>	<b>\$ 20,539</b>	<b>\$ (38,833)</b>	<b>\$ (1,225)</b>	<b>\$ 32,578</b>	<b>\$ 674,128</b>

See accompanying notes.

# Consolidated Statements of Cash Flows

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 9,055	¥ 6,533	\$ 88,775
Adjustments for:			
Depreciation and amortization	2,745	2,443	26,912
Impairment loss	328	422	3,216
Loss on disaster (Thailand flood)	–	127	–
Expenses for environmental protection measures	–	220	–
Amortization of goodwill	132	130	1,294
Increase (decrease) in allowance for doubtful receivables	(205)	(280)	(2,010)
Increase (decrease) in allowance for employees' severance and retirement benefits	–	339	–
Increase (decrease) in net defined benefit liabilities	360	–	3,529
Increase (decrease) in allowance for loss on contracts	182	(248)	1,784
Increase (decrease) in other provision	(136)	63	(1,333)
Interest and dividend income	(173)	(143)	(1,696)
Insurance income for disaster (Thailand flood)	–	(685)	–
Interest expense	158	208	1,549
Loss on valuation of investment securities	–	237	–
Decrease (increase) in trade receivables	306	(3,355)	3,000
Decrease (increase) in inventories	4,482	1,040	43,941
Increase (decrease) in trade payables	(4,072)	(18)	(39,922)
Increase (decrease) in accrued expenses	1,224	(160)	12,000
Increase (decrease) in advances from customers	(3,402)	1,450	(33,353)
Other, net	(112)	152	(1,098)
Subtotal	10,872	8,475	106,588
Interest and dividends received	172	144	1,686
Interest paid	(172)	(226)	(1,686)
Proceeds from insurance income for disaster	–	685	–
Payments for loss on disaster (Thailand flood)	–	(184)	–
Income taxes paid	(2,583)	(2,609)	(25,323)
<b>Net cash provided by (used in) operating activities</b>	<b>8,289</b>	<b>6,285</b>	<b>81,265</b>
<b>Cash flows from investing activities:</b>			
Payments for purchase of time deposits	(259)	(57)	(2,539)
Proceeds from refund of time deposits	288	62	2,824
Purchase of short-term investment securities	(1,600)	–	(15,686)
Proceeds from sale and redemption of short-term investment securities	1,600	–	15,686
Proceeds from sale of investment securities	103	2	1,010
Payments for purchase of property, plant and equipment	(2,681)	(3,395)	(26,284)
Payments for purchase of intangible assets	(322)	(214)	(3,157)
Other, net	177	(64)	1,734
<b>Net cash provided by (used in) investing activities</b>	<b>(2,694)</b>	<b>(3,666)</b>	<b>(26,412)</b>
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term loans	(1,070)	(2,788)	(10,490)
Proceeds from long-term debt	7	90	69
Payments for long-term debt	(25)	(315)	(245)
Cash dividends paid	(1,176)	(1,069)	(11,529)
Other, net	(69)	14	(677)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,333)</b>	<b>(4,068)</b>	<b>(22,872)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>230</b>	<b>535</b>	<b>2,255</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,492</b>	<b>(914)</b>	<b>34,236</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>6,399</b>	<b>7,313</b>	<b>62,735</b>
<b>Cash and cash equivalents at end of year</b>	<b>¥ 9,891</b>	<b>¥ 6,399</b>	<b>\$ 96,971</b>

See accompanying notes.



# Notes to Consolidated Financial Statements

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2014 and 2013

## 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, 2014, which was ¥102 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, 8 (10 in 2013) domestic subsidiaries and 20 (22 in 2013) overseas subsidiaries.

Nissin Power Distribution Systems Co., Ltd. and EcoTron Co., Ltd., which had been consolidated subsidiaries, were excluded from the scope of consolidation following with the Company mergers during the consolidated fiscal year ended March 31, 2014.

NHV Corporation Shanghai and Nissin Electric (Dalian) Technology Development Co., Ltd., which had been consolidated subsidiaries, were excluded from the scope of consolidation following the completion of their liquidation during the consolidated fiscal year ended March 31, 2014.

Arteche Nissin, Sociedad Limitada, which had been an affiliate under the equity method, was excluded from the scope of application of the equity method following a decrease in the Company’s equity stake in the firm during the consolidated fiscal year ended March 31, 2014.

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 11 other overseas subsidiaries is December 31. These 15 overseas subsidiaries performed additional financial

closings at the end of March for consolidation purposes, aim to provide 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 based 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**

Inventories are stated mainly at the lower of cost or net realizable value. 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)**

The Company and its consolidated subsidiaries (the "Companies") use the straight-line method to depreciate property, plant and equipment, excluding lease assets.

### **Intangible assets (excluding lease assets)**

The Companies use the straight-line method to amortize intangible assets, excluding lease assets.

### **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**

To provide for losses on contracts, the Company and some consolidated subsidiaries accrue the amounts which are reasonably estimated at the end of the year.

### **Allowance for environmental protection measures**

To provide for expenses related to the disposal of PCB waste, the Company accrues the amounts which are reasonably estimated at the end of the year.

### **Accounting method for retirement benefits**

In the calculation of retirement benefit obligations, straight-line attribution was adopted as the method to attribute retirement benefit obligations to the period up to the end of the consolidated fiscal year ended March 31, 2014. Actuarial gains and losses are recognized in expenses in equal amounts mainly over a certain number of years (mainly 14 years), a period which is within the average of the estimated remaining service years of employees, commencing with the following period.

### **(Change in accounting policy)**

The Company adopted the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012, hereinafter "Accounting Standard for Retirement Benefits") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012, hereinafter "Guidance on Accounting Standard for Retirement Benefits") at the end of the consolidated fiscal year ended March 31, 2014, excluding those specified by Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. The Company has changed to the method of recognizing the excess of retirement benefit obligations over pension assets as net defined benefit liabilities or assets and booked previously unrecognized actuarial gains and losses and unrecognized prior service costs as net defined benefit liabilities.

The Accounting Standard for Retirement Benefits and other accounting methods are applied in a transitional manner as stipulated in Paragraph 37 of the Accounting Standard for Retirement Benefits. Consequently, the amount affected by this change is reflected in remeasurements of defined benefit plans in other comprehensive income as of the end of the consolidated fiscal year ended March 31, 2014. As a result, the Company recorded ¥8,066 million (*\$79,078 thousand*) as net defined benefit liabilities, and other comprehensive income was ¥3,961 million (*\$38,833 thousand*) less than the amount that would have been reported without the change.

### **Accounting standard for construction contracts**

The Company and its consolidated domestic subsidiaries apply the percentage-of-completion method with the cost comparison method 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. The completed contract method is applied to other construction contracts.

### **Income taxes**

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. For the fiscal years ended March 31, 2014 and 2013, there were no dilutive potential common stocks.

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 seek to improve the accounting methods for unrecognized actuarial differences and unrecognized past service costs, the enhancement of the calculation method for retirement benefit obligations and disclosure.

### (2) Scheduled date of enforcement

The changes to the calculation methods for retirement benefit obligations and current service costs will be applied from the beginning of the fiscal year ending March 2015.

### (3) Effects of the application of the accounting standards

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

## 3. INVESTMENT SECURITIES

The carrying amounts of investment securities at March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Available-for-sale securities with available fair values	¥ 5,072	¥ 4,336	\$ 49,726
Available-for-sale securities with no available fair values	249	264	2,441
Total	¥ 5,321	¥ 4,600	\$ 52,167

The following is a summary of available-for-sale securities included in investment securities that had a fair value at March 31, 2014 and 2013.

	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book (fair) value
<b>2014</b>				
Equity securities	¥ 2,509	¥ 2,563	¥ –	¥ 5,072
<b>2013</b>				
Equity securities	¥ 2,568	¥ 1,768	¥ –	¥ 4,336

2014	Thousands of U.S. dollars			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book (fair) value
Equity securities	\$ 24,598	\$ 25,128	\$ –	\$ 49,726

The gross realized gains and losses on the sale of available-for-sale securities for the fiscal years ended March 31, 2014 and 2013 were not material.

The “acquisition cost” in the table represents the book value after recognition of the impairment loss. The Company recognized impairment loss and recorded ¥237 million as loss on valuation of investment securities for the fiscal year ended March 31, 2013.

#### 4. INVENTORIES

Inventories at March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Finished goods	¥ 3,509	¥ 3,466	\$ 34,402
Work-in-process	14,044	18,740	137,686
Raw materials and supplies	6,339	5,690	62,147
	¥ 23,892	¥ 27,896	\$ 234,235

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, 2014 and 2013 were ¥252 million (\$2,471 thousand) and ¥274 million, respectively.

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

Short-term loans at March 31, 2014 and 2013 were represented by short-term notes that consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Short-term loans bearing average interest rates of 3.52% (2014) and 3.82% (2013)	¥ 3,381	¥ 4,184	\$ 33,147

A summary of long-term debt at March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Long-term debt	¥ 112	¥ 127	\$ 1,098
Current portion of long-term debt	(48)	(25)	(471)
Loans maturing serially through 2016 bearing average interest rates of 2.36% (2014) and 2.68% (2013)	¥ 64	¥ 102	\$ 627



The annual maturities of long-term debt outstanding at March 31, 2014 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2015	¥ 48	\$ 471
2016	34	333
2017	15	147
2018	15	147
2019 and thereafter	—	—
Total	¥ 112	\$ 1,098

## 6. NET ASSETS

“Net assets” comprises three subsections, which are shareholders’ equity, other comprehensive income and 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.

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.

## 7. CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

### Dividend information

Dividends paid in the fiscal year ended March 31, 2014 and after March 31, 2014 were as follows:

#### Dividends paid in the fiscal year ended March 31, 2014

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	\$ 5,235
Board of Directors meeting on October 30, 2013	September 30, 2013	December 6, 2013	641	6,284

#### Dividends paid after March 31, 2014 and for which the record date was in the fiscal year ended March 31, 2014

Approved by	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S. dollars
Shareholders’ meeting on June 24, 2014	March 31, 2014	June 25, 2014	¥ 641	\$ 6,284

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
Shareholders' meeting on June 26, 2012	March 31, 2012	June 27, 2012	¥ 534
Board of Directors meeting on October 30, 2012	September 30, 2012	December 6, 2012	534

**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
Shareholders' meeting on June 25, 2013	March 31, 2013	June 26, 2013	¥ 534

## 8. 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, 2014 and 2013 were ¥5,318 million (*\$52,137 thousand*) and ¥4,751 million, respectively.

## 9. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Salaries and bonuses for employees	¥ 7,553	¥ 7,091	\$ 74,049
Research and development expenses	3,747	3,158	36,735
Cost of transportation of goods	1,594	1,477	15,627
Retirement benefits costs	787	777	7,716
Sales commissions	763	696	7,480
Reversal of allowance for doubtful receivables	(189)	(114)	(1,853)

## 10. ENDORSEMENT TRADE NOTES

Endorsement trade notes for the fiscal years ended March 31, 2014 and 2013 were ¥169 million (*\$1,657 thousand*) and ¥59 million, respectively.

## 11. INCOME TAXES

The Companies are subject to several taxes based on income, which, in the aggregate, indicate a statutory rate in Japan of 37.9% for the fiscal years ended March 31, 2014 and 2013.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
<b>Deferred tax assets:</b>			
Net defined benefit liabilities	¥ 2,941	¥ –	\$ 28,833
Employees' severance and retirement benefits	–	1,498	–
Devaluation of inventories	1,150	1,159	11,275
Cost of sales	1,019	597	9,990
Accrued employees' bonuses	1,003	898	9,833
Tax loss carryforwards	850	748	8,333
Allowance for environmental protection measures	818	819	8,020
Retirement benefits trust	569	560	5,578
Research and development expenses	555	557	5,441
Depreciation	495	376	4,853
Provision for product warranties	272	308	2,667
Write-down of investment securities	248	208	2,431
Allowance for losses on contracts	234	181	2,294
Accrued enterprise taxes	229	116	2,245
Unrealized intercompany profits	224	230	2,196
Allowance for doubtful receivables	206	237	2,020
Asset retirement obligation	119	120	1,167
Other temporary differences	505	691	4,951
Total deferred tax assets	11,437	9,303	112,127
Valuation allowance	(3,359)	(3,521)	(32,931)
Net deferred tax assets	8,078	5,782	79,196
<b>Deferred tax liabilities:</b>			
Valuation difference on available-for-sale securities	(811)	(543)	(7,951)
Undistributed earnings of overseas subsidiaries	(810)	(713)	(7,941)
Reserve for deferred gains related to fixed assets for tax purposes	(284)	(268)	(2,784)
Prepaid pension cost	–	(828)	–
Other temporary differences	(42)	(55)	(412)
Total deferred tax liabilities	(1,947)	(2,407)	(19,088)
Net deferred tax assets	¥ 6,131	¥ 3,375	\$ 60,108

Reconciliations to the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Deferred tax assets reported in current assets	¥ 3,888	¥ 3,253	\$ 38,118
Deferred tax assets reported in investments and other assets	2,284	302	22,392
Deferred tax liabilities reported in other long-term liabilities	(41)	(180)	(402)
Net deferred tax assets	¥ 6,131	¥ 3,375	\$ 60,108

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, 2014 and 2013 were as follows:

	2014	2013
Statutory income tax rate	37.9 %	37.9 %
Nondeductible expenses	2.2	2.0
Nontaxable dividend income	(0.3)	(1.9)
Inhabitants taxes	0.6	0.9
Changes in valuation allowance	0.0	8.2
Tax credit for research and development expenses	(5.6)	(4.9)
The change in tax rate	2.8	0.6
Effect of lower tax rates on overseas subsidiaries	(0.7)	(2.9)
Overseas retained earnings	1.1	3.0
Others	2.3	3.8
Effective income tax rate	40.3 %	46.7 %

**(Revisions to deferred tax assets and deferred tax liabilities due to changes in the corporate tax rates)**

The Act for Partial Amendment of the Income Tax Act, etc., was promulgated on March 31, 2014, removing the imposition of the special corporation tax for restoration beginning with the consolidated fiscal year starting on or after April 1, 2014. In the wake of this change, the statutory effective tax rate used for the calculation of deferred tax assets and deferred tax liabilities in the consolidated fiscal year ended March 31, 2014 has been changed

from 37.9% in the previous consolidated fiscal year to 35.5% for temporary differences that are expected to be realized in the consolidated fiscal year that beginning on April 1, 2014. As a result, the amount of deferred tax assets (the amount obtained by deducting the amount of deferred tax liabilities) was ¥189 million (*\$1,853 thousand*) less, while income taxes - deferred recorded for the consolidated fiscal year were ¥189 million (*\$1,853 thousand*) more than the amounts that would have been reported without the change.

## 12. EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

### Fiscal year ended March 31, 2013

The Company and some of its consolidated subsidiaries have unfunded retirement benefit plans, defined contribution pension plans and defined benefit pension plans. There are also cases when an employee is given premium severance pay on leaving the company. In addition, the Company has an employee pension trust.

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

	Millions of yen
	2013
Retirement benefit obligation	¥ 25,826
Less fair value of pension assets	(14,972)
Unrecognized actuarial differences	(9,353)
Prepaid pension cost	2,411
Liability for employees' severance and retirement benefits	¥ 3,912



Retirement benefit costs included in the consolidated statements of income for the fiscal year ended March 31, 2013 comprised the following:

	Millions of yen
	2013
Service costs - benefits earned during the year	¥ 817
Interest cost on retirement benefit obligation	574
Expected return on pension assets	(261)
Amortization of unrecognized actuarial differences	1,175
Severance and retirement benefit expenses	¥ 2,305
Payment to defined contribution plans	158
Total	¥ 2,463

Assumptions used for the fiscal year ended March 31, 2013 were as follows:

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

## Fiscal year ended March 31, 2014

### A. Overview of retirement benefit plans

The Company and some of its consolidated subsidiaries have unfunded retirement benefit plans, defined contribution pension plans and defined benefit pension plans. There are also cases when an employee is given premium severance pay on leaving the company. In addition, the Company has an employee pension trust.

### B. Defined benefit plans

#### (1) Movements in retirement benefit obligations

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Balance at beginning	¥ 25,826	\$ 253,196
Service costs - benefits earned during the year	968	9,490
Interest cost on retirement benefit obligations	385	3,775
Actuarial differences	(732)	(7,177)
Payment of retirement benefits	(1,478)	(14,490)
Other	-	-
Balance at end	¥ 24,969	\$ 244,794

#### (2) Movements in pension assets

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Balance at beginning	¥ 14,972	\$ 146,784
Expected return on pension assets	300	2,941
Actuarial differences	1,180	11,569
Contributions from the employer	1,666	16,333
Payment of retirement benefits	(1,139)	(11,167)
Other	(11)	(107)
Balance at end	¥ 16,968	\$ 166,353

**(3) Reconciliation from retirement benefit obligations and pension assets to net defined benefit liabilities (assets)  
in the consolidated balance sheet**

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Retirement benefit obligation of funded plans	¥ 24,902	\$ 244,137
Pension assets	(16,968)	(166,353)
	¥ 7,934	\$ 77,784
Retirement benefit obligation of unfunded plans	67	657
Net defined benefit liabilities (assets) recorded in the consolidated balance sheet	¥ 8,001	\$ 78,441

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Net defined benefit liabilities	¥ 8,066	\$ 79,078
Net defined benefit assets	(65)	(637)
Net defined benefit liabilities (assets) recorded in the consolidated balance sheet	¥ 8,001	\$ 78,441

**(4) Retirement benefit costs**

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Service costs - benefits earned during the year	¥ 968	\$ 9,490
Interest cost on retirement benefit obligation	385	3,775
Expected return on pension assets	(300)	(2,941)
Amortization of unrecognized actuarial differences	1,296	12,705
Other	-	-
	¥ 2,349	\$ 23,029

**(5) Accumulated remeasurements of defined benefit plans (before tax)**

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Unrecognized actuarial differences	¥ 6,145	\$ 60,245

**(6) Pension assets**

Pension assets consist of the followings:

	2014
Bonds	16 %
Stock	40
Cash	9
Alternative	29
Other	6
	100 %

Total pension assets include an employees' retirement benefit trust, which is equivalent to 18% of pension assets, set up for the corporate pension plan.

In order to determine the long-term expected rate of return, the Company takes into account the current and expected allocation of pension assets as well as the current and future expected rate of return of long-term investment of diverse assets that comprise pension assets.

## (7) Actuarial assumptions

	2014
Discount rate	<b>mainly 1.5%</b>
Long-term expected rate of return	<b>mainly 2.5%</b>

### C. Defined contribution plans

The required contribution of the Company and certain consolidated subsidiaries was ¥152 million (\$1,490 thousand).

## 13. 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. A breakdown of the losses on the disaster (Thailand flood) is noted below.

	Millions of yen
	2013
Loss on devaluation of inventories	¥ 121
Loss on disposal of fixed assets	12
Expense for repair of fixed assets	(103)
Others	97
Total	¥ 127

## 14. IMPAIRMENT LOSS

Fiscal year ended March 31, 2013

Location	Group	Assets	Millions of yen
			Impairment loss
Wujiang, Jiangsu Province, China	Reactor production facilities	Buildings, machinery and equipment and intangible assets	¥ 419
Dalian, Liaoning Province, China	Equipment for research and development	Machinery	3
		Total	¥ 422

The Nissin Electric Group categorizes business assets by site and business 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 the assets held by this subsidiary to the expected recoverable amount and accrued an impairment loss of ¥419 million.

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 the assets held by this subsidiary to the expected recoverable amount and recognized an impairment loss of ¥3 million.

## Fiscal year ended March 31, 2014

Location	Group	Assets	Millions of yen	Thousands of U.S. dollars
			Impairment loss	
Wujiang, Jiangsu Province, China	Reactor production facilities	Buildings, machinery and equipment and intangible assets	¥ 201	\$ 1,971
Dongguan, Guangdong Province, China	Production facilities of power conditioner for photovoltaic system	Buildings and machinery	106	1,039
Kyoto, Kyoto Prefecture, Japan	Metal plating	Buildings, machinery and equipment	12	118
Kyoto, Kyoto Prefecture, Japan	Water treatment equipment production facilities	Intangible assets	9	88
		Total	¥ 328	\$ 3,216

The Nissin Electric Group categorizes business assets by site and business in principle. As a result of the progress being made in the liquidation proceedings of the consolidated subsidiary Nissin Electric (Wujiang) Co., Ltd. the Company wrote down the book value of the assets held by this subsidiary to the recoverable amount and accrued an impairment loss of ¥201 million (\$1,971 thousand).

As a result of a decrease in the profitability deterioration of power conditioners for photovoltaic systems of consolidated subsidiary Nissin Advanced Technology Electric (Dongguan) Co., Ltd. the Company wrote down the book value of the assets held by this subsidiary to the recoverable amount and accrued an impairment loss of ¥106 million (\$1,039 thousand).

As a result of the shutdown of the metal plating plant at the Company's Head Office, the Company wrote down the book value of assets to the recoverable amount and accrued an impairment loss of ¥12 million (\$118 thousand).

As a result of the discontinued use of intangible fixed assets held by the Company for production of water treatment equipment, the Company wrote down the book value of the assets to the recoverable amount and accrued an impairment loss of ¥9 million (\$88 thousand).

The recoverable value is measured by the net sale value and is assessed on the basis of estimated sale prices, etc.

## 15. LOSS ON LIQUIDATION OF SUBSIDIARIES AND AFFILIATES

As the Company decided to liquidate the following five subsidiaries and affiliates, the Company accrued the expected costs for those liquidations.

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Auland (Wuxi) Reactor Co., Ltd.	¥ 175	¥ –	\$ 1,716
Nissin Electric (Wujiang) Co., Ltd.	75	181	735
Nissin Electric (Dalian) Technology Development Co., Ltd.	5	12	49
Fuji Weld (Wuxi) Co. Ltd.	–	138	–
Nissin Electric U.S.A	–	1	–
Total	¥ 255	¥ 332	\$ 2,500

## 16. EXPENSES FOR ENVIRONMENTAL PROTECTION MEASURES

### Fiscal year ended March 31, 2013

The Company accrued expenses for the disposal of PCB waste. These expenses consisted of ¥101 million for highly concentrated PCB waste in capacitors weighing less than 10kg and fluorescent lamp stabilizers and ¥119 million for low concentrated PCB waste.



## 17. OTHER COMPREHENSIVE INCOME

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
<b>Valuation difference on available-for-sale securities:</b>			
Current period	¥ 824	¥ 543	\$ 8,078
Adjustments	(29)	227	(284)
Before income tax effect	795	770	7,794
Tax effects	(268)	(239)	(2,627)
Total	¥ 527	¥ 531	\$ 5,167
<b>Deferred gains and losses on hedges:</b>			
Current period	¥ (56)	¥ 70	\$ (549)
Adjustments	—	—	—
Before income tax effect	(56)	70	(549)
Tax effects	21	(26)	206
Total	¥ (35)	¥ 44	\$ (343)
<b>Foreign currency translation adjustments:</b>			
Current period	¥ 1,568	¥ 2,759	\$ 15,373
Adjustments	(24)	—	(236)
Total	¥ 1,544	¥ 2,759	\$ 15,137
<b>Share of other comprehensive income of associates accounted for using the equity method:</b>			
Current period	¥ 10	¥ 6	\$ 98
<b>Total other comprehensive income:</b>	<b>¥ 2,046</b>	<b>¥ 3,340</b>	<b>\$ 20,059</b>

## 18. SEGMENT INFORMATION

### A. Overview of Reporting Segments

#### (1) 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.

#### (2) 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 for semiconductor, 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, 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, 2014	Millions of yen						Consolidated
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Adjustment	
<b>Sales:</b>							
Sales to outside customers	¥ 41,468	¥ 28,014	¥ 21,072	¥ 19,310	¥ 109,864	¥ –	¥ 109,864
Intersegment sales and transfers	874	21	0	1,618	2,513	(2,513)	–
Total	42,342	28,035	21,072	20,928	112,377	(2,513)	109,864
Segment profit (loss)	¥ 3,307	¥ 2,607	¥ 3,098	¥ 2,899	¥ 11,911	¥ (2,412)	¥ 9,499
Segment assets	¥ 56,036	¥ 19,702	¥ 16,649	¥ 16,127	¥ 108,514	¥ 10,977	¥ 119,491
<b>Other:</b>							
Depreciation and amortization	¥ 1,231	¥ 972	¥ 285	¥ 153	¥ 2,641	¥ 104	¥ 2,745
Amortization of goodwill	118	14	–	–	132	–	132
Increase in property, plant and equipment and intangible assets	1,627	689	354	198	2,868	143	3,011

Year ended March 31, 2014	Thousands of U. S. dollars						Consolidated
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Adjustment	
<b>Sales:</b>							
Sales to outside customers	\$ 406,549	\$ 274,647	\$ 206,588	\$ 189,314	\$ 1,077,098	\$ –	\$ 1,077,098
Intersegment sales and transfers	8,568	206	0	15,863	24,637	(24,637)	–
Total	415,117	274,853	206,588	205,177	1,101,735	(24,637)	1,077,098
Segment profit (loss)	\$32,421	\$ 25,559	\$ 30,372	\$ 28,422	\$ 116,774	\$ (23,647)	\$ 93,127
Segment assets	\$ 549,373	\$ 193,157	\$ 163,225	\$ 158,108	\$ 1,063,863	\$107,618	\$ 1,171,481
<b>Other:</b>							
Depreciation and amortization	\$ 12,069	\$ 9,529	\$ 2,794	\$ 1,500	\$ 25,892	\$1,020	\$ 26,912
Amortization of goodwill	1,157	137	–	–	1,294	–	1,294
Increase in property, plant and equipment and intangible assets	15,951	6,755	3,471	1,941	28,118	1,402	29,520

An adjustment of negative ¥2,412 million (\$23,647 thousand) in segment profit (loss) includes an elimination of transactions between the segments of ¥30 million (\$294 thousand) and corporate expenses of negative ¥2,442 million (\$23,941 thousand). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥10,977 million (\$107,618 thousand) in segment assets includes an elimination of transactions between the segments of negative ¥1,164 million (\$11,411 thousand) and corporate assets of ¥12,141 million (\$119,029 thousand). Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥104 million (\$1,020 thousand) in depreciation

and amortization includes an elimination of transactions between the segments of negative ¥2 million (\$19 thousand) and corporate expenses of ¥106 million (\$1,039 thousand). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥143 million (\$1,402 thousand) in increase in property, plant and equipment and intangible asset includes an elimination of transactions between the segments of negative ¥3 million (\$29 thousand) and corporate assets of ¥146 million (\$1,431 thousand). Corporate assets are mainly assets not attributable to the reporting segments.

Segment profit (loss) has been adjusted with operating income in the consolidated statements of income.

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
<b>Sales:</b>							
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
<b>Other:</b>							
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 assets	1,619	1,188	407	285	3,499	148	3,647

An adjustment of negative ¥2,073 million in segment profit (loss) includes an elimination of transactions between the segments of negative ¥8 million and corporate expenses of negative ¥2,065 million. Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥8,988 million in segment assets includes an elimination of transactions between the segments of negative ¥805 million and corporate assets of ¥9,793 million. Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥75 million in depreciation and amortization

includes an elimination of transactions between the segments of negative ¥14 million and corporate expenses of ¥89 million. Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥148 million in increase in property, plant and equipment and intangible asset is for increases in corporate assets. Corporate assets are mainly assets not attributable to the reporting segments.

Segment profit (loss) has been adjusted with operating income in the consolidated statements of income.

### C. Information about geographical segments

Year ended March 31, 2014	Millions of yen			
	Japan	Asia	Other	Total
Sales	¥ 71,697	¥ 34,156	¥ 4,011	¥ 109,864
Property, plant and equipment	16,654	7,056	37	23,747

Year ended March 31, 2014	Thousands of U.S. dollars			
	Japan	Asia	Other	Total
Sales	\$ 702,912	\$ 334,863	\$ 39,323	\$ 1,077,098
Property, plant and equipment	163,274	69,176	363	232,813

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

## D. Impairment loss by reporting segment

Year ended March 31, 2014	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	¥ 222	¥ –	¥ 106	¥ –	¥ 328	¥ –	¥ 328

Year ended March 31, 2014	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	\$ 2,177	\$ –	\$ 1,039	\$ –	\$ 3,216	\$ –	\$ 3,216

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

## E. Goodwill by reporting segment

Year ended March 31, 2014	Millions of yen						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Elimination or corporate	Consolidated
Amortization	¥ 118	¥ 14	¥ –	¥ –	¥ 132	¥ –	¥ 132
Unamortized balance	43	7	–	–	50	–	50

Year ended March 31, 2014	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	\$ 1,157	\$ 137	\$ –	\$ –	\$ 1,294	\$ –	\$ 1,294
Unamortized balance	421	69	–	–	490	–	490

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



# Independent Auditor's 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, 2014 and 2013, and the consolidated income statements, statements of 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, 2014 and 2013, 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, 2014 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 29, 2014

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

4,720

## 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**  
1 Kandaizumi-cho, Chiyoda-ku, Tokyo  
101-0024, Japan  
Telephone: +81-3-5821-5908  
Facsimile: +81-3-5821-5877

### Maebashi Works

2121 Soja, Soja-machi, Maebashi, Gumma  
371-8515, Japan  
Telephone: +81-27-251-1131  
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

### 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 24, 2014)

### Chairman

Yoshikazu Amano

### President

Hideaki Obata \*

### Senior Managing Directors

Kazumasa Ishida\*  
Naoyuki Yamabayashi

### Managing Directors

Kiyoshi Ogata  
Masahide Nobu  
Tomoaki Ishizu  
Yoshiaki Kittaka  
Yasuhisa Hoshi  
Tadashi Ueno  
Michinaga Miyashita

### Director

Masahiro Yurino

### Standing Auditors

Satoru Nakahori  
Michio Inada

### Auditors

Mamoru Morita  
Toshihide Kimura  
Hitoshi Tanaka

\* 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.**

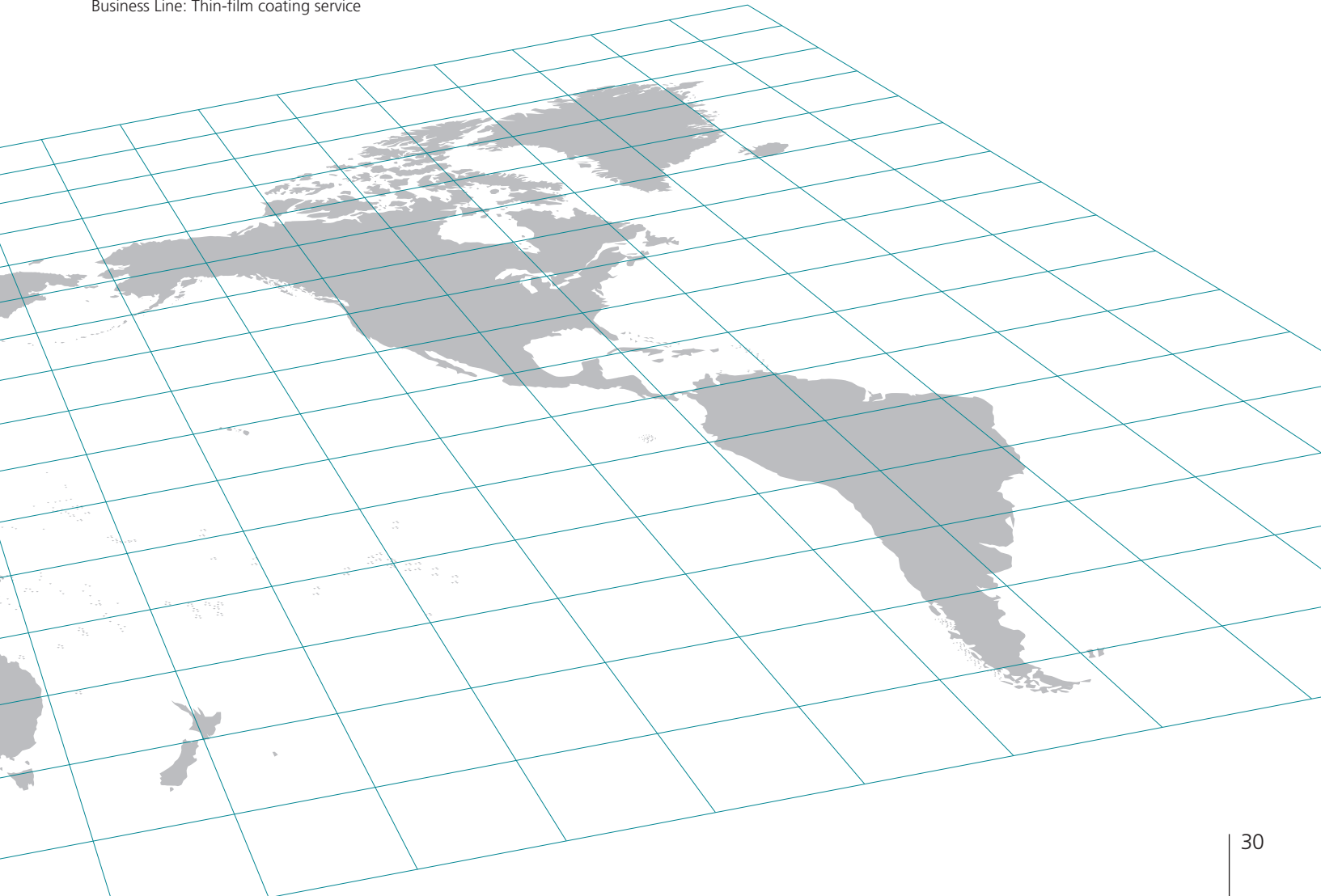
Hwang Seong-city, Gyeonggi-Do, Korea  
Business Line: Customer service of LSI/LCD manufacturing equipment

### **Nissin Electric Vietnam Co., Ltd.**

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

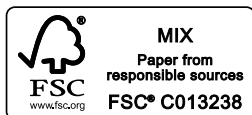
### **Nissin Advanced Coating Indo Co., Ltd.**

Noida, India  
Business Line: Thin-film coating service



## NISSIN ELECTRIC CO., LTD.

47, Umezu-Takase-cho, Ukyo-ku, Kyoto  
615-8686, Japan  
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Facsimile: +81-75-864-8312  
<http://nissin.jp/e>



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

## Cover Story



### Sekison-tei

*Sekison-tei was the beloved villa of a great writer Junichiro Tanizaki, which was initially known as Senkan-tei. He passed over the residence to Nissin in 1956 when he left Kyoto. At that time, he requested that the villa be maintained in the same condition since he wanted to see it on his visits to Kyoto. The Nissin Electric Group continues to conserve Sekison-tei in the same condition as Tanizaki handed it over some 57 years ago as a symbol of its code of conduct "Integrity, Trust and Long-term Relationships."*