

ANNUAL REPORT  
**2015**

Year Ended March 31, 2015

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
	2015	2014	2013	2012	2011	2015
Net sales	¥ 107,090	¥ 109,864	¥ 103,309	¥ 100,341	¥ 90,430	\$ 892,417
Operating income	9,029	9,499	7,078	7,652	7,466	75,242
Net income	5,242	5,354	3,336	3,702	4,530	43,683
Total assets	125,925	119,491	118,216	112,303	109,410	1,049,375
Shareholders' equity	76,861	65,438	63,434	58,203	55,199	640,508
Capital expenditure	3,162	3,011	3,648	5,759	2,344	26,350
Depreciation and amortization	2,964	2,745	2,443	2,370	3,327	24,700
Research and development expenses	4,937	5,318	4,751	4,280	3,881	41,142

Per share of common stock:	Yen					U.S. dollars
	2015	2014	2013	2012	2011	2015
Net income	¥ 49.05	¥ 50.09	¥ 31.21	¥ 34.64	¥ 42.44	\$ 0.41
Diluted net income	–	–	–	34.63	42.43	–
Cash dividends	13.00	12.00	10.00	9.00	9.00	0.11
Shareholders' equity	719.17	612.27	593.50	544.54	516.79	5.99

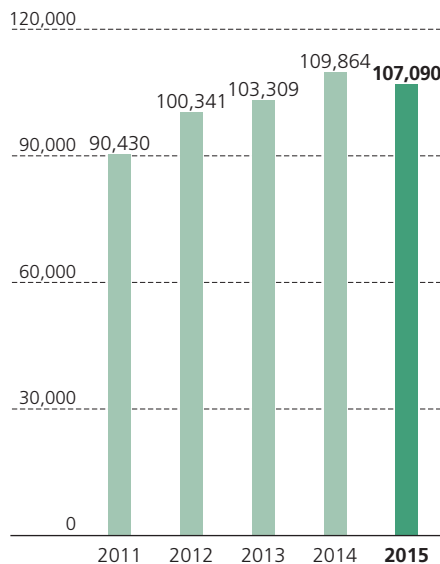
Note: 1. For convenience only, Japanese yen amounts have been translated into U.S. dollar amounts at the rate of ¥120 to US\$1.00, the approximate exchange rate prevailing on March 31, 2015.

2. For the fiscal years ended March 31, 2015, 2014 and 2013 there were no potentially dilutive common stocks.

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

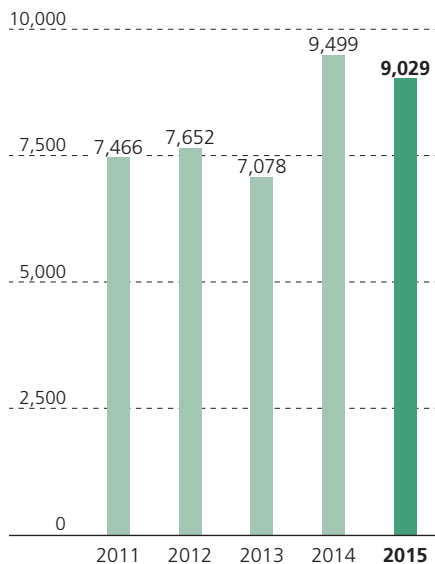
## Net Sales

(Millions of yen)



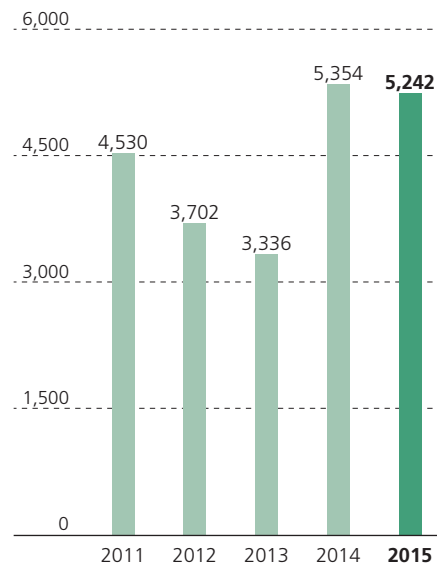
## Operating Income

(Millions of yen)

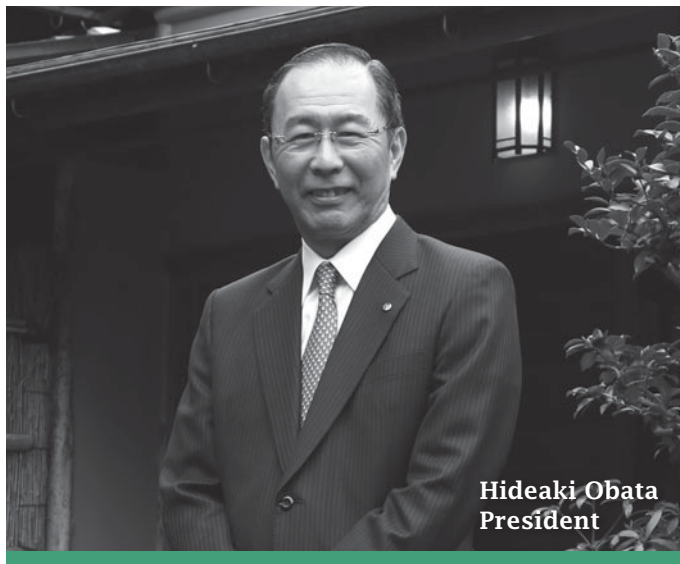


## Net Income

(Millions of yen)



# Message from the President



## Performance for the Last Reporting Year

In the first half of the fiscal year under review (April 1, 2014, to March 31, 2015), the Japanese economy posted negative growth as personal consumption and equipment investment declined under the influence of the hike in the consumption tax rate. Since then, however, some signs of an economic recovery emerged, albeit moderate ones, thanks to a pickup in personal consumption and an improvement in corporate earnings helped by the weak yen. Overseas, on the other hand, while the economies of ASEAN countries were on a recovery track as a whole, economic growth slowed down in China, the Nissin Electric Group's primary market.

Next, I will report on trends seen in the Nissin Electric Group's primary markets. Demand remained weak in the market for electric power companies in Japan as their investment continued to be subdued. The private sector market remained firm, however, centering on replacement of equipment and facilities at plants. The renewable energy market maintained high levels of demand as in the previous fiscal year, led by power conditioners for photovoltaic systems.

Looking at the power system equipment market overseas, demand increased in ASEAN countries, but the business environment became increasingly tough, with competition with local manufacturers intensifying. In the charged beam equipment and processing market, there was a slight pause in demand for electron-beam processing systems due to a slowdown of the Chinese economy. However, demand for ion implanters for manufacturing small/medium high-definition flat panel displays (FPDs) has been growing rapidly mainly in overseas markets in 2015, raising expectations of higher net sales going forward.

In light of the situation described above, the Nissin Electric Group has developed products and services corresponding to market trends and customer needs and brought them to market. We also proactively promoted measures to enhance our cost competitiveness. As a result, the Group's total order receipts were up 11.4% year on year to the record-high level of ¥123.306 billion.

Order receipts by business segment are as follows:

Order receipts for the Power System Equipment Business totaled ¥51.158 billion, an increase of 5.6% year on year thanks to larger orders received from the private sector in Japan.

Order receipts for the Charged Beam Equipment and Processing Business came to ¥27.213 billion, up 34.6% year on year, reflecting an expansion in orders for ion implanters for manufacturing small/medium high-definition FPDs.

Order receipts for the Renewable Energy and Environment Business totaled ¥23.345 billion, up 5.3% year on year, backed by increased orders for industrial power conditioners for photovoltaic systems.

Order receipts for the Life Cycle Engineering Business increased 8.7% year on year to ¥21.590 billion.

Net sales of the Group dropped 2.5% year on year to ¥107.090 billion.

Net sales by business segment are as follows:

Net sales for the Power System Equipment Business totaled ¥47.283 billion, a rise of 14.0% year on year, as demand from the private sector in Japan and overseas demand (ASEAN countries and China) increased.

Net sales for the Charged Beam Equipment and Processing Business came to ¥16.185 billion, down 42.2% year on year, as ion implanters for manufacturing small/medium high-definition FPDs declined sharply, reflecting a temporary dip in demand.

Net sales for the Renewable Energy and Environment Business totaled ¥24.034 billion, up 14.1% year on year, thanks to larger sales of power conditioners for photovoltaic systems and the energy management system for water treatment facilities.

Net sales for the Life Cycle Engineering Business rose 1.4% year on year to ¥19.588 billion.

Ordinary income of the Group came to ¥9.302 billion, down 3.5% year on year, due mainly to a substantial fall in net sales in the Charged Beam Equipment and Processing Business, despite 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 liquidated some businesses at subsidiaries in China. As a result, we booked as extraordinary losses ¥109 million of liquidation costs, ¥43 million of impairment losses on fixed assets

and ¥326 million of losses on the liquidation of affiliated companies for Nissin Advanced Technology Electric (Dongguan) Co., Ltd., as well as ¥180 million of impairment losses on fixed assets for Nissin Hengtong Electric Co., Ltd. respectively.

Based on the above, net income of the Group decreased 2.1% from the previous fiscal year to ¥5.242 billion after income tax and adjustments for minority interests.

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

The Nissin Electric Group has formulated its medium- to long-term business plan “VISION 2015” with the numerical target for the fiscal year ending March 31, 2016, of an operating income of ¥12 billion and net sales of ¥150 billion, and commenced activities to achieve this target in April 2011. We will take a balanced approach to growing each of these four segments and exert our best efforts to expand each segment globally. By doing so, our aim will be to transform ourselves into a group of companies that can achieve more stable and sustainable growth.

In the fiscal year under review, the fourth year since the launch of VISION 2015, we strove to enhance our profit-earning capacity by taking various steps, including an expansion of sales of new products, such as large-capacity power conditioners for photovoltaic systems, the energy management system (EMS) for water treatment facilities and new arc coating machines, enhancement of productivity by promoting the efficiency of manufacturing lines and thorough cost reductions. However, the business environment surrounding the Group remained severe because of factors such as restraints in investment by electric power companies and declines in sales prices at home and overseas amid intense competition, and we experienced lower net income and lower net sales due chiefly to a sharp drop in net sales for the Charged Beam Equipment and Processing Business, stemming from a lull in equipment investment by our customers.

However, as the impact of the consumption tax rate hike has already run its course, the Japanese economy is expected to recover going forward, driven by an improvement in the employment situation, an increase in personal consumption and a recovery in equipment investment. The Group will pursue to acquire replacement demand in the private sector, expand the business of inspection, maintenance and repair work, and expand sales in the Renewable Energy and Environment Business where high levels of demand is expected to continue. In overseas markets, meanwhile, the Group will strive to expand net sales by accelerating the globalization of our business operations, mainly in the ASEAN market. We will strive to increase earnings by further promoting cost reduction and quality enhancement efforts across the Group, and capturing major changes

taking place in the Japanese society and markets, such as the electric power system reform, as new businesses opportunities and fostering them as a new growth business.

## Global Growth of Four Core Business Segments

### Power System Equipment Business

In the domestic market, restraints in investment in equipment repair and replacement by electric power companies are expected to continue for the time being, but their investment associated with the expanding cross-regional accommodation of electric power is likely to increase. In addition, replacement demand in the private sector is expected to remain steady. The Group will steadily acquire this demand 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, we will expand sales of products related to ultrahigh voltage transmission in which investment is expanding in the Chinese market where we have thus far achieved satisfactory results. On top of this, we will accelerate business operations in the ASEAN region, where further economic growth and a further expansion of Japanese-affiliated companies are expected, by expanding the production capacity and strengthening the sales structures of a subsidiary in Thailand and another subsidiary in Vietnam.

### Charged Beam Equipment and Processing Business

The Nissin Electric Group has the major market share for ion implanters for manufacturing small/medium high-definition FPDs at home and overseas. We will firmly maintain this advantage and respond to increasing demand and also powerfully proceed with the deployment of ion implanters for manufacturing semiconductors in new fields. Furthermore, we will seek to further expand the market share by leveraging the manufacturing base in Yangzhou, Jiangsu Province, China, to enhance cost competitiveness.

In the Electron-beam Processing Business, we will continue to expand sales of electron-beam processing systems in China and the ASEAN region, mainly to automobile-related industries, by making use of the manufacturing base in Shanghai, China.

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 effort 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 by bringing to the market new products and new functions corresponding to customer needs. They include, for example, compact dedicated outdoor equipment that contributes to lowering installation costs, 500-kW equipment newly added to the lineup of products in the fiscal year under review, the mounting of remote output control function on all equipment, and DC 1,000V 660-kW equipment for large-scale mega solar systems. We will also develop new products, such as the Smart Power Supply Systems (SPSS), that combines the energy management system (EMS) consisting of the technology to improve electric power quality and the electric power system stabilizing technology, two of the Group's strong points, with a variety of power system equipment, generators and storage batteries, etc., and procure new channels of demand.

In the Environment Business, we will strive to expand the scope of business by proactively proposing the Smart Power Supply Systems-Water (SPSS-W) that responds to the introduction of renewable energy and the need to promote energy-saving at water treatment facilities, in addition to electrical equipment and supervisory control systems at such facilities we have been selling thus far.

## Life Cycle Engineering Business

In the Life Cycle Engineering Business, we undertake work from equipment installation and adjustment to maintenance for customers and contribute to increasing the operating rate of equipment and enhancing productivity. As demand for equipment maintenance is expected to increasingly expand in the future, we expect this business to become the pillar of growth going forward. Therefore, we will strive to provide a diverse range of solutions covering products from 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. Seizing this opportunity, 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 set out in "VISION 2015".

1. Accelerate the development of new products and launch them in a timely manner, and, simultaneously establish a powerful sales structure.
2. Promote aggressive globalization on all fronts, 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. At the same time, we will nurture engineers who will inherit and advance 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. With that as a 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. Along with this, we will proactively promote efforts to respond to society's needs, such as utilization of renewable energy and promotion of energy-saving, as well as their commercialization.

The Nissin Electric Group aims to become a group of companies that continues to provide solutions to customers' and society's problems. 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.

  
Hideaki Obata, President

# Consolidated Balance Sheets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	¥ 9,989	¥ 9,891	\$ 83,242
Time deposits	465	443	3,875
Receivables:			
Trade notes and accounts	50,736	45,447	422,800
Other	911	759	7,592
	51,647	46,206	430,392
Allowance for doubtful receivables	(343)	(550)	(2,858)
	51,304	45,656	427,534
Inventories (Note 4)	22,890	23,892	190,750
Advance payments	1,354	367	11,283
Deferred tax assets (Note 11)	3,233	3,888	26,942
Other current assets	1,809	1,223	15,074
Total current assets	91,044	85,360	758,700
<b>Property, plant and equipment:</b>			
Land	4,165	4,129	34,708
Buildings and structures	30,768	29,268	256,400
Machinery and equipment	41,282	39,042	344,017
Construction in progress	347	284	2,892
Total property, plant and equipment	76,562	72,723	638,017
Accumulated depreciation	(51,775)	(48,976)	(431,459)
Net property, plant and equipment	24,787	23,747	206,558
<b>Investments and other assets:</b>			
Investment securities (Note 3)	6,848	5,321	57,067
Deferred tax assets (Note 11)	466	2,284	3,883
Net defined benefit asset (Note 12)	62	65	517
Other assets	1,532	1,573	12,767
Allowance for doubtful receivables	(242)	(197)	(2,017)
Total investments and other assets	8,666	9,046	72,217
<b>Intangible assets</b>	1,428	1,338	11,900
Total assets	¥ 125,925	¥ 119,491	\$ 1,049,375

See accompanying notes.

# Consolidated Balance Sheets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2014

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short-term bank loans (Note 5)	¥ 3,893	¥ 3,429	\$ 32,442
Payables:			
Trade notes and accounts	19,419	18,451	161,825
Other	2,824	1,728	23,533
	22,243	20,179	185,358
Advances from customers	4,809	3,866	40,075
Accrued income taxes	545	3,125	4,542
Accrued expenses	6,785	7,152	56,542
Allowance for losses on contracts (Note 4)	460	659	3,833
Other provision	626	958	5,217
Other current liabilities	260	214	2,166
Total current liabilities	39,621	39,582	330,175
<b>Long-term liabilities:</b>			
Long-term debt due after one year (Note 5)	30	64	250
Allowance for environmental protection measures	2,273	2,273	18,942
Net defined benefit liability (Note 12)	2,176	8,066	18,133
Asset retirement obligations	473	487	3,942
Other long-term provision	411	156	3,425
Other long-term liabilities (Note 11)	946	102	7,883
Total long-term liabilities	6,309	11,148	52,575
Total liabilities	45,930	50,730	382,750
<b>Contingent liabilities (Note 6)</b>			
<b>NET ASSETS (Note 7 and 8)</b>			
<b>Shareholders' equity:</b>			
Common stock:			
Authorized - 431,329,000 shares			
Issued and outstanding - 107,832,445 shares	10,253	10,253	85,442
Capital surplus	6,679	6,679	55,658
Retained earnings	54,634	48,930	455,283
Treasury stock, at cost:			
957,386 shares in 2015 and 953,580 shares in 2014	(301)	(299)	(2,508)
Total shareholders' equity	71,265	65,563	593,875
<b>Other comprehensive income:</b>			
Valuation difference on available-for-sale securities	2,926	1,751	24,383
Deferred gains and losses on hedges	6	(10)	50
Foreign currency translation adjustments	4,883	2,095	40,692
Remeasurements of defined benefit plans (Note 12)	(2,219)	(3,961)	(18,492)
Total other comprehensive income	5,596	(125)	46,633
<b>Minority interests</b>	3,134	3,323	26,117
Total net assets	79,995	68,761	666,625
<b>Total liabilities and net assets</b>	¥ 125,925	¥ 119,491	\$ 1,049,375

See accompanying notes.



# Consolidated Statements of Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
<b>Net sales</b>	<b>¥ 107,090</b>	¥ 109,864	<b>\$ 892,417</b>
<b>Cost and expenses:</b>			
Cost of sales (Note 9)	<b>76,379</b>	78,578	<b>636,492</b>
Selling, general and administrative expenses (Note 9 and 10)	<b>21,682</b>	21,787	<b>180,683</b>
<b>Operating income</b>	<b>9,029</b>	9,499	<b>75,242</b>
<b>Other income (expenses):</b>			
Interest and dividend income	<b>183</b>	173	<b>1,525</b>
Interest expense	<b>(151)</b>	(158)	<b>(1,258)</b>
Impairment loss (Note 13)	<b>(223)</b>	(328)	<b>(1,858)</b>
Loss on liquidation of subsidiaries and affiliates (Note 14)	<b>(326)</b>	(255)	<b>(2,717)</b>
Loss on discontinued operation (Note 15)	<b>(109)</b>	—	<b>(908)</b>
Other, net	<b>241</b>	124	<b>2,007</b>
<b>Income before income taxes and minority interests</b>	<b>8,644</b>	9,055	<b>72,033</b>
<b>Income taxes (Note 11):</b>			
Current	<b>2,653</b>	4,428	<b>22,108</b>
Deferred	<b>851</b>	(779)	<b>7,092</b>
Total income taxes	<b>3,504</b>	3,649	<b>29,200</b>
<b>Income before minority interests</b>	<b>5,140</b>	5,406	<b>42,833</b>
<b>Minority interests</b>	<b>(102)</b>	52	<b>(850)</b>
<b>Net income</b>	<b>¥ 5,242</b>	¥ 5,354	<b>\$ 43,683</b>
	Yen		U.S. dollars (Note 1)
<b>Amounts per share:</b>			
Net income	<b>¥ 49.05</b>	¥ 50.09	<b>\$ 0.41</b>
Diluted net income	—	—	—
Cash dividends applicable to the period	<b>13.00</b>	12.00	<b>0.11</b>

See accompanying notes.

# Consolidated Statements of Comprehensive Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
<b>Income before minority interests</b>	<b>¥ 5,140</b>	¥ 5,406	<b>\$ 42,833</b>
<b>Other comprehensive income (Note 16):</b>			
Valuation difference on available-for-sale securities	<b>1,175</b>	527	<b>9,792</b>
Deferred gains and losses on hedges	<b>16</b>	(35)	<b>133</b>
Foreign currency translation adjustments	<b>3,205</b>	1,544	<b>26,708</b>
Remeasurements of defined benefit plans	<b>1,691</b>	—	<b>14,092</b>
Share of other comprehensive income of affiliates accounted for using equity method	—	10	—
Total other comprehensive income	<b>6,087</b>	2,046	<b>50,725</b>
<b>Comprehensive income</b>	<b>¥ 11,227</b>	¥ 7,452	<b>\$ 93,558</b>
Comprehensive income attributable to			
Owners of the parent	<b>¥ 10,927</b>	¥ 7,142	<b>\$ 91,058</b>
Minority interests	<b>300</b>	310	<b>2,500</b>

See accompanying notes.

# Consolidated Statements of Changes in Net Assets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2014

	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>	¥ 10,253	¥ 6,679	¥ 44,752	¥ (297)	¥ 61,387
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>	¥ 10,253	¥ 6,679	¥ 48,930	¥ (299)	¥ 65,563

	Millions of yen						
	Other comprehensive income				Total 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			
<b>Balance at April 1, 2013</b>	¥ 1,225	¥ 24	¥ 798	¥ –	¥ 2,047	¥ 3,129	¥ 66,563
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>	¥ 1,751	¥ (10)	¥ 2,095	¥ (3,961)	¥ (125)	¥ 3,323	¥ 68,761

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2014</b>	¥ 10,253	¥ 6,679	¥ 48,930	¥ (299)	¥ 65,563
Cumulative effect of changes in accounting policies	–	–	1,744	–	1,744
Restated balance at April 1, 2014	10,253	6,679	50,674	(299)	67,307
Cash dividends	–	–	(1,282)	–	(1,282)
Net income	–	–	5,242	–	5,242
Purchase of treasury stock	–	–	–	(2)	(2)
Net changes for the year	–	–	–	–	–
<b>Balance at March 31, 2015</b>	¥ 10,253	¥ 6,679	¥ 54,634	¥ (301)	¥ 71,265

	Millions of yen						
	Other comprehensive income				Total 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			
<b>Balance at April 1, 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>
Cumulative effect of changes in accounting policies	–	–	–	–	–	–	1,744
Restated balance at April 1, 2014	1,751	(10)	2,095	(3,961)	(125)	3,323	70,505
Cash dividends	–	–	–	–	–	–	(1,282)
Net income	–	–	–	–	–	–	5,242
Purchase of treasury stock	–	–	–	–	–	–	(2)
Net changes for the year	1,175	16	2,788	1,742	5,721	(189)	5,532
<b>Balance at March 31, 2015</b>	<b>¥ 2,926</b>	<b>¥ 6</b>	<b>¥ 4,883</b>	<b>¥ (2,219)</b>	<b>¥ 5,596</b>	<b>¥ 3,134</b>	<b>¥ 79,995</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, 2014</b>	<b>\$ 85,442</b>	<b>\$ 55,658</b>	<b>\$ 407,750</b>	<b>\$ (2,492)</b>	<b>\$ 546,358</b>
Cumulative effect of changes in accounting policies	–	–	14,534	–	14,534
Restated balance at April 1, 2014	85,442	55,658	422,284	(2,492)	560,892
Cash dividends	–	–	(10,684)	–	(10,684)
Net income	–	–	43,683	–	43,683
Purchase of treasury stock	–	–	–	(16)	(16)
Net changes for the year	–	–	–	–	–
<b>Balance at March 31, 2015</b>	<b>\$ 85,442</b>	<b>\$ 55,658</b>	<b>\$ 455,283</b>	<b>\$ (2,508)</b>	<b>\$ 593,875</b>

	Thousands of U.S. dollars (Note 1)						
	Other comprehensive income				Total 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			
<b>Balance at April 1, 2014</b>	<b>\$ 14,592</b>	<b>\$ (83)</b>	<b>\$ 17,458</b>	<b>\$ (33,009)</b>	<b>\$ (1,042)</b>	<b>\$ 27,692</b>	<b>\$ 573,008</b>
Cumulative effect of changes in accounting policies	–	–	–	–	–	–	14,534
Restated balance at April 1, 2014	14,592	(83)	17,458	(33,009)	(1,042)	27,692	587,542
Cash dividends	–	–	–	–	–	–	(10,684)
Net income	–	–	–	–	–	–	43,683
Purchase of treasury stock	–	–	–	–	–	–	(16)
Net changes for the year	9,791	133	23,234	14,517	47,675	(1,575)	46,100
<b>Balance at March 31, 2015</b>	<b>\$ 24,383</b>	<b>\$ 50</b>	<b>\$ 40,692</b>	<b>\$ (18,492)</b>	<b>\$ 46,633</b>	<b>\$ 26,117</b>	<b>\$ 666,625</b>

See accompanying notes.

# Consolidated Statements of Cash Flows

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 8,644	¥ 9,055	\$ 72,033
Adjustments for:			
Depreciation and amortization	2,964	2,745	24,700
Impairment loss	223	328	1,858
Amortization of goodwill	46	132	383
Increase (decrease) in allowance for doubtful receivables	(232)	(205)	(1,933)
Increase (decrease) in net defined benefit liability	(382)	360	(3,183)
Increase (decrease) in allowance for loss on contracts	(199)	182	(1,658)
Increase (decrease) in other provision	(85)	(136)	(708)
Interest and dividend income	(183)	(173)	(1,525)
Interest expense	151	158	1,258
Decrease (increase) in trade receivables	(3,150)	306	(26,250)
Decrease (increase) in inventories	1,974	4,482	16,450
Increase (decrease) in trade payables	277	(4,072)	2,308
Decrease (increase) in advance payments	(947)	133	(7,892)
Increase (decrease) in accrued expenses	(539)	1,224	(4,492)
Increase (decrease) in advances from customers	793	(3,402)	6,608
Other, net	(287)	(245)	(2,390)
Subtotal	9,068	10,872	75,567
Interest and dividends received	187	172	1,558
Interest paid	(158)	(172)	(1,317)
Income taxes paid	(5,247)	(2,583)	(43,725)
<b>Net cash provided by (used in) operating activities</b>	<b>3,850</b>	<b>8,289</b>	<b>32,083</b>
<b>Cash flows from investing activities:</b>			
Payments for purchase of time deposits	(309)	(259)	(2,575)
Proceeds from refund of time deposits	347	288	2,892
Purchase of short-term securities	(5,300)	(1,600)	(44,167)
Proceeds from sale and redemption of short-term securities	5,300	1,600	44,167
Proceeds from sale of investment securities	115	103	958
Payments for purchase of property, plant and equipment and intangible assets	(2,642)	(3,003)	(22,017)
Other, net	59	177	492
<b>Net cash provided by (used in) investing activities</b>	<b>(2,430)</b>	<b>(2,694)</b>	<b>(20,250)</b>
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term loans	(75)	(1,070)	(625)
Cash dividends paid	(1,282)	(1,176)	(10,683)
Payments for purchase of treasury shares of subsidiaries	(394)	—	(3,283)
Other, net	(97)	(87)	(808)
<b>Net cash provided by (used in) financing activities</b>	<b>(1,848)</b>	<b>(2,333)</b>	<b>(15,399)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>526</b>	<b>230</b>	<b>4,383</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>98</b>	<b>3,492</b>	<b>817</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>9,891</b>	<b>6,399</b>	<b>82,425</b>
<b>Cash and cash equivalents at end of year</b>	<b>¥ 9,989</b>	<b>¥ 9,891</b>	<b>\$ 83,242</b>

See accompanying notes.

# Notes to Consolidated Financial Statements

Nissin Electric Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2015 and 2014

## 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 have been included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2015, which was ¥120 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 domestic subsidiaries (8 in 2014) and 19 overseas subsidiaries (20 in 2014).

Nissin Electric U.S.A. Inc. was excluded from the scope of consolidation following the completion of its liquidation during the consolidated fiscal year ended March 31, 2015.

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 10 other overseas subsidiaries is December 31. These 14 overseas subsidiaries performed additional financial closings for the consolidation at the end of March 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 the 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, the benefit formula method was adopted to attribute retirement benefit obligations to the period of service up to the end of the consolidated fiscal year ended March 31, 2015. Actuarial differences are recognized in expenses in equal amounts 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.

### **(Changes in accounting policy)**

The Company and some consolidated subsidiaries 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, March 26, 2015, hereinafter "Guidance on Accounting Standard for Retirement Benefits") at the beginning of the consolidated fiscal year ended March 31, 2015, with regard to provisions set forth in the text of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for

Retirement Benefits. The Company and some consolidated subsidiaries revised the method used to calculate retirement benefit obligations and service cost, changed the method used to determine discount rates from one that based the discount rate on the remaining service years of employees to one that uses a single weighted average discount rate, and changed the method used to attribute expected retirement benefits to periods of service from a straight-line method to one based on the benefit formula.

At the application of the Accounting Standard for Retirement Benefits, the Company and some consolidated subsidiaries recognized the effect of this change in the method used to calculate retirement benefit obligations and service cost by adding to or deducting from retained earnings at the beginning of the consolidated fiscal year ended March 31, 2015, in accordance with the transitional treatment set forth in Paragraph 37 of the Accounting Standard for Retirement Benefits. As a result, at the beginning of the fiscal year ended March 31, 2015, net defined benefit liability decreased ¥2,709 million (*\$22,575 thousand*) and retained earnings increased ¥1,744 million (*\$14,534 thousand*). Operating income and income before income taxes and minority interests both decreased ¥120 million (*\$1,000 thousand*).

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

The Company and its consolidated domestic subsidiaries apply the percentage-of-completion method with the cost comparison method to estimate the progress under construction contracts for the portions of the contract completed by the end of the fiscal year that 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, 2015 and 2014, there were no potentially dilutive 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 Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013)

Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013)

Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013)

Accounting Standard for Earnings Per Share (ASBJ Statement No. 2, September 13, 2013)

Application Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013)

Application Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4, September 13, 2013)

### (1) Overview

The accounting standards were revised mainly to address 1) the treatment of changes in a parent company's ownership interest in a subsidiary in which the parent company retains its control when acquiring additional equity shares of the subsidiary, 2) the treatment of expenses related to these acquisitions, 3) presentation of net income and the change from minority interests to non-controlling interests, and 4) provisional accounting treatment.

### (2) Scheduled date of enforcement

The accounting standards will be applied from the beginning of the fiscal year ending March 2016. The provisional accounting treatment will be applied to business combinations to be implemented at the beginning of the fiscal year ending March 2016 or later.

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

Application of the revised accounting standards has had no impact on the consolidated financial statements.

## 3. INVESTMENT SECURITIES

The carrying amounts of investment securities at March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Available-for-sale securities with available fair values	¥ 6,601	¥ 5,072	\$ 55,009
Available-for-sale securities with no available fair values	247	249	2,058
Total	¥ 6,848	¥ 5,321	\$ 57,067

The following is a summary of available-for-sale securities included in investment securities that had a fair value at March 31, 2015 and 2014.

2015	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book (fair) value
Equity securities	¥ 2,445	¥ 4,156	¥ –	¥ 6,601

	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
	Thousands of U.S. dollars			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book (fair) value
<b>2015</b>				
Equity securities	<b>\$ 20,375</b>	<b>\$ 34,633</b>	<b>\$ –</b>	<b>\$ 55,009</b>

The gross realized gains and losses on the sale of available-for-sale securities for the fiscal years ended March 31, 2015 and 2014 were not material.

The “acquisition cost” in the table represents the book value after recognition of impairment loss. The Company recognized no impairment loss for the fiscal years ended March 31, 2015 and 2014.

#### 4. INVENTORIES

Inventories at March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Finished goods	¥ 1,823	¥ 3,509	\$ 15,192
Work-in-process	14,635	14,044	121,958
Raw materials and supplies	6,432	6,339	53,600
	<b>¥ 22,890</b>	<b>¥ 23,892</b>	<b>\$ 190,750</b>

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, 2015 and 2014 were ¥169 million (\$1,408 thousand) and ¥252 million, respectively.

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

Short-term loans at March 31, 2015 and 2014 were represented by short-term notes that consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Short-term loans bearing average interest rates of 2.91% (2015) and 3.52% (2014)	¥ 3,856	¥ 3,381	\$ 32,134

A summary of long-term debt at March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Long-term debt	¥ 67	¥ 112	\$ 558
Current portion of long-term debt	(37)	(48)	(308)
Loans maturing serially through 2017 bearing average interest rates of 0.76% (2015) and 2.36% (2014)	¥ 30	¥ 64	\$ 250

The annual maturities of long-term debt outstanding at March 31, 2015 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2016	¥ 37	\$ 308
2017	15	125
2018	15	125
2019	–	–
2020 and thereafter	–	–
Total	¥ 67	\$ 558

## 6. CONTINGENT LIABILITIES

At March 31, 2015 and 2014, the Companies' contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Discounted trade notes	¥ 31	¥ –	\$ 258
Endorsed trade notes	106	169	883
Debt guarantees provided to the financial institution borrowings of non-consolidated subsidiaries and affiliates: Arteche Nissin, Sociedad Limitada	17	–	142

## 7. NET ASSETS

"Net assets" comprises three subsections: shareholders' equity, other comprehensive income 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 in which 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.

## 8. CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

### Dividend information

Dividends paid in the fiscal year ended March 31, 2015 and after March 31, 2015 were as follows:

#### Dividends paid in the fiscal year ended March 31, 2015

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	\$ 5,342
Board of Directors meeting on October 29, 2014	September 30, 2014	December 8, 2014	641	5,342

### Dividends paid after March 31, 2015 and for which the record date was in the fiscal year ended March 31, 2015

Approved by	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 23, 2015	March 31, 2015	June 24, 2015	<b>¥ 748</b>	<b>\$ 6,233</b>

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
Shareholders' meeting on June 25, 2013	March 31, 2013	June 26, 2013	¥ 534
Board of Directors meeting on October 30, 2013	September 30, 2013	December 6, 2013	641

### 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
Shareholders' meeting on June 24, 2014	March 31, 2014	June 25, 2014	¥ 641

## 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, 2015 and 2014 were ¥4,937 million (*\$41,142 thousand*) and ¥5,318 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
	2015	2014	2015
Salaries and bonuses for employees	<b>¥ 7,682</b>	¥ 7,553	<b>\$ 64,017</b>
Research and development expenses	<b>3,531</b>	3,747	<b>29,425</b>
Cost of transportation of goods	<b>1,639</b>	1,594	<b>13,658</b>
Retirement benefits costs	<b>754</b>	787	<b>6,283</b>
Sales commissions	<b>733</b>	763	<b>6,108</b>
Reversal of allowance for doubtful receivables	<b>(250)</b>	(189)	<b>(2,083)</b>

## 11. INCOME TAXES

The Companies are subject to several taxes based on income, which, in the aggregate, indicate a statutory rate in Japan of 35.5% and 37.9% for the fiscal years ended March 31, 2015 and 2014.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
<b>Deferred tax assets:</b>			
Devaluation of inventories	¥ 959	¥ 1,150	\$ 7,992
Accrued employees' bonuses	882	1,003	7,350
Tax loss carryforwards	870	850	7,250
Cost of sales	844	1,019	7,033
Retirement benefits trust	748	569	6,233
Allowance for environmental protection measures	732	818	6,100
Net defined benefit liability	731	2,941	6,092
Depreciation	556	495	4,633
Research and development expenses	539	555	4,492
Unrealized intercompany profits	219	224	1,825
Write-down of investment securities	201	248	1,675
Other temporary differences	1,258	1,565	10,483
Total deferred tax assets	8,539	11,437	71,158
Valuation allowance	(3,153)	(3,359)	(26,275)
Net deferred tax assets	5,386	8,078	44,883
<b>Deferred tax liabilities:</b>			
Valuation difference on available-for-sale securities	(1,229)	(811)	(10,242)
Undistributed earnings of overseas subsidiaries	(991)	(810)	(8,258)
Reserve for deferred gains related to fixed assets for tax purposes	(257)	(284)	(2,142)
Other temporary differences	(95)	(42)	(791)
Total deferred tax liabilities	(2,572)	(1,947)	(21,433)
Net deferred tax assets	¥ 2,814	¥ 6,131	\$ 23,450

Reconciliations to the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets reported in current assets	¥ 3,233	¥ 3,888	\$ 26,942
Deferred tax assets reported in investments and other assets	466	2,284	3,883
Deferred tax liabilities reported in other long-term liabilities	(885)	(41)	(7,375)
Net deferred tax assets	¥ 2,814	¥ 6,131	\$ 23,450

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, 2015 and 2014 were as follows:

	2015	2014
Statutory income tax rate	35.5 %	37.9 %
Nondeductible expenses	1.7	2.2
Changes in valuation allowance	1.9	(0.0)
Tax credit for research and development expenses	(3.8)	(5.6)
Tax credit for increase in salaries	(1.3)	–
Change in tax rate	1.5	2.8
Effect of lower tax rates on overseas subsidiaries	(1.3)	(0.7)
Overseas retained earnings	2.1	1.1
Foreign withholding tax	1.2	0.7
Extinction of loss carryforwards	1.7	0.6
Others	1.3	1.3
Effective income tax rate	40.5 %	40.3 %

**(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., and The Act for Partial Amendment of the Local Income Tax Act, etc., were promulgated on March 31, 2015, changing the statutory effective tax rate used in calculating deferred tax assets and deferred tax liabilities (limited to those to be eliminated on April 1, 2015 and after) from 35.5% in the previous consolidated fiscal year to 33.0% for those expected to be recovered or paid during the period from April 1, 2015 to March 31, 2016 and to 32.2%

for those expected to be recovered or paid on April 1, 2016 or after. As a result, the amount of deferred tax assets (the amount obtained by deducting the amount of deferred tax liabilities) was ¥290 million (\$2,417 thousand) less and income taxes – deferred, valuation difference on available-for-sale securities, and remeasurements of defined benefit plans recorded for the consolidated fiscal year ¥306 million (\$2,550 thousand), ¥127 million (\$1,058 thousand) and 109 million (\$908 thousand) more, respectively, than the amounts that would have been reported without the change.

## 12. EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

### A. Overview of retirement benefit plans

The Company and some 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
	2015	2014	2015
Balance at beginning	¥ 24,969	¥ 25,826	\$ 208,075
Cumulative effect of changes in accounting policies	(2,709)	–	(22,575)
Restated balance at beginning	22,260	25,826	185,500
Service cost - benefits earned during the year	1,163	968	9,691
Interest cost on retirement benefit obligations	308	385	2,567
Actuarial differences	256	(732)	2,133
Payment of retirement benefits	(1,360)	(1,478)	(11,333)
Balance at end	¥ 22,627	¥ 24,969	\$ 188,558



**(2) Movements in pension assets**

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning	¥ 16,968	¥ 14,972	\$ 141,400
Expected return on pension assets	348	300	2,900
Actuarial differences	1,899	1,180	15,825
Contributions from the employer	2,366	1,666	19,717
Payment of retirement benefits	(1,068)	(1,139)	(8,900)
Other	—	(11)	—
Balance at end	¥ 20,513	¥16,968	\$ 170,942

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Retirement benefit obligation of funded plans	¥ 22,554	¥ 24,902	\$ 187,950
Pension assets	(20,513)	(16,968)	(170,942)
	¥ 2,041	¥ 7,934	\$ 17,008
Retirement benefit obligation of unfunded plans	73	67	608
Net defined benefit liability (asset) recorded in the consolidated balance sheet	¥ 2,114	¥ 8,001	\$ 17,616

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net defined benefit liability	¥ 2,176	¥ 8,066	\$ 18,133
Net defined benefit asset	(62)	(65)	(517)
Net defined benefit liability (asset) recorded in the consolidated balance sheet	¥ 2,114	¥ 8,001	\$ 17,616

**(4) Retirement benefit costs**

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost - benefits earned during the year	¥ 1,163	¥ 968	\$ 9,691
Interest cost on retirement benefit obligation	308	385	2,567
Expected return on pension assets	(348)	(300)	(2,900)
Amortization of unrecognized actuarial differences	1,154	1,296	9,617
	¥ 2,277	¥ 2,349	\$ 18,975

**(5) Remeasurements of defined benefit plans (before tax)**

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Actuarial differences	¥ 2,797	¥ —	\$ 23,308

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized actuarial differences	¥ 3,348	¥ 6,145	\$ 27,900

**(7) Pension assets**

Pension assets consist of the followings:

	2015	2014
Bonds	19 %	16 %
Stock	35	40
Cash	11	9
Alternative	30	29
Other	5	6
	100 %	100 %

Alternative consists mainly of investment for hedge funds.

Total pension assets include an employees' retirement benefit trust which is set up for the corporate pension plan. The proportion of pension assets in trust was 21% and 18% for the fiscal year ended March 31, 2015 and 2014, respectively.

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.

**(8) Actuarial assumptions**

	2015	2014
Discount rate	mainly 1.38 %	mainly 1.5 %
Long-term expected rate of return	mainly 2.5 %	mainly 2.5 %

The Nissin Electric Group provides mainly a point based plan. The group does not use the salary increase rate in order to calculate retirement benefit obligation.

**C. Defined contribution plans**

The required contributions of the Company to defined contribution plans and certain consolidated subsidiaries were ¥156 million (\$1,300 thousand) and ¥152 million for the fiscal year ended March 31, 2015 and 2014, respectively.

## 13. IMPAIRMENT LOSS

Fiscal year ended March 31, 2015

Location	Group	Assets	Millions of yen	Thousands of U.S. dollars
			Impairment loss	
Jilin, Jilin Province, China	Circuit breaker and Switchgear production facilities	Buildings, machinery and equipment and intangible assets	¥ 180	\$ 1,500
Dongguan, Guangdong Province, China	Thin-film coating equipment production facilities	Machinery	43	358
		Total	¥ 223	\$ 1,858

The Nissin Electric Group categorizes business assets by site and business. As a result of a decrease in the profitability of consolidated subsidiary Nissin Hengtong Electric 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 ¥180 million (\$1,500 thousand). The recoverable amount is measured by the value in use, and future cash flows are calculated by

discounting at the discount rate of 7.8%.

As a result of the discontinued use of thin-film coating equipment held by Nissin Advanced Technology Electric (Dongguan) Co., Ltd., the Company wrote down the book value of the assets to the recoverable amount and accrued an impairment loss of ¥43 million (\$358 thousand). The recoverable amount, measured by the net sale value, is zero.

Fiscal year ended March 31, 2014

Location	Group	Assets	Millions of yen
			Impairment loss
Wujiang, Jiangsu Province, China	Reactor production facilities	Buildings, machinery and equipment and intangible assets	¥ 201
Dongguan, Guangdong Province, China	Production facilities of power conditioner for photovoltaic system	Buildings and machinery	106
Kyoto, Kyoto Prefecture, Japan	Metal plating	Buildings, machinery and equipment	12
Kyoto, Kyoto Prefecture, Japan	Water treatment equipment production facilities	Intangible assets	9
		Total	¥ 328

The Nissin Electric Group categorizes business assets by site and business. As a result of the progress 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.

As a result of a decrease in the profitability due to the 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.

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.

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.

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

## 14. LOSS ON LIQUIDATION OF SUBSIDIARIES AND AFFILIATES

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Nissin Advanced Technology Electric (Dongguan) Co., Ltd.	¥ 326	¥ –	\$ 2,717
Auland (Wuxi) Reactor Co., Ltd.	–	175	–
Nissin Electric (Wujiang) Co., Ltd.	–	75	–
Nissin Electric (Dalian) Technology Development Co., Ltd.	–	5	–
Total	¥ 326	¥ 255	\$ 2,717

## 15. LOSS ON DISCONTINUED OPERATION

The Company accrued the expected losses for the discontinued operation of the following subsidiary.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Nissin Advanced Technology Electric (Dongguan) Co., Ltd.	¥ 109	¥ –	\$ 908

## 16. OTHER COMPREHENSIVE INCOME

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
<b>Valuation difference on available-for-sale securities:</b>			
Current period	¥ 1,641	¥ 824	\$ 13,675
Adjustments	(48)	(29)	(400)
Before income tax effect	1,593	795	13,275
Tax effects	(418)	(268)	(3,483)
Total	¥ 1,175	¥ 527	\$ 9,792
<b>Deferred gains and losses on hedges:</b>			
Current period	¥ 26	¥ (56)	\$ 217
Adjustments	—	—	—
Before income tax effect	26	(56)	217
Tax effects	(10)	21	(84)
Total	¥ 16	¥ (35)	\$ 133
<b>Foreign currency translation adjustments:</b>			
Current period	¥ 3,203	¥ 1,568	\$ 26,692
Adjustments	2	(24)	16
Total	¥ 3,205	¥ 1,544	\$ 26,708
<b>Remeasurements of defined benefit plans:</b>			
Current period	¥ 1,643	¥ —	\$ 13,692
Adjustments	1,154	—	9,616
Before income tax effect	2,797	—	23,308
Tax effects	(1,106)	—	(9,216)
Total	¥ 1,691	¥ —	\$ 14,092
<b>Share of other comprehensive income of affiliates accounted for using the equity method:</b>			
Current period	¥ —	¥ 10	\$ —
<b>Total other comprehensive income:</b>	<b>¥ 6,087</b>	<b>¥ 2,046</b>	<b>\$ 50,725</b>

## 17. 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 flat panel display (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, 2015	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	¥ 47,283	¥ 16,185	¥ 24,034	¥ 19,588	¥ 107,090	¥ –	¥ 107,090
Intersegment sales and transfers	168	47	0	1,301	1,516	(1,516)	–
Total	47,451	16,232	24,034	20,889	108,606	(1,516)	107,090
Segment profit (loss)	¥ 4,470	¥ 562	¥ 3,717	¥ 2,652	¥ 11,401	¥ (2,372)	¥ 9,029
Segment assets	¥ 59,129	¥ 19,656	¥ 17,494	¥ 16,867	¥ 113,146	¥ 12,779	¥ 125,925
<b>Other:</b>							
Depreciation and amortization	¥ 1,371	¥ 1,042	¥ 271	¥ 173	¥ 2,857	¥ 107	¥ 2,964
Amortization of goodwill	39	7	–	–	46	–	46
Increase in property, plant and equipment and intangible assets	1,865	478	333	302	2,978	184	3,162



	Thousands of U. S. dollars						
Year ended March 31, 2015	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	\$ 394,025	\$ 134,875	\$ 200,284	\$ 163,233	\$ 892,417	\$ –	\$ 892,417
Intersegment sales and transfers	1,400	392	0	10,841	12,633	(12,633)	–
Total	395,425	135,267	200,284	174,074	905,050	(12,633)	892,417
Segment profit (loss)	\$37,250	\$ 4,684	\$ 30,975	\$ 22,100	\$ 95,009	\$ (19,767)	\$ 75,242
Segment assets	\$ 492,742	\$ 163,800	\$ 145,783	\$ 140,558	\$ 942,883	\$ 106,492	\$ 1,049,375
<b>Other:</b>							
Depreciation and amortization	\$ 11,425	\$ 8,683	\$ 2,258	\$ 1,442	\$ 23,808	\$892	\$ 24,700
Amortization of goodwill	325	58	–	–	383	–	383
Increase in property, plant and equipment and intangible assets	15,542	3,983	2,775	2,517	24,817	1,533	26,350

An adjustment of negative ¥2,372 million (\$19,767 thousand) in segment profit (loss) includes an elimination of transactions between the segments of ¥10 million (\$83 thousand) and corporate expenses of negative ¥2,382 million (\$19,850 thousand). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥12,779 million (\$106,492 thousand) in segment assets includes an elimination of transactions between the segments of negative ¥1,919 million (\$15,991 thousand) and corporate assets of ¥14,698 million (\$122,483 thousand). Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥107 million (\$892 thousand) in depreciation and amortization includes an elimination of transactions between

the segments of negative ¥12 million (\$100 thousand) and corporate expenses of ¥119 million (\$992 thousand). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥184 million (\$1,533 thousand) in increase in property, plant and equipment and intangible asset includes an elimination of transactions between the segments of negative ¥11 million (\$92 thousand) and corporate assets of ¥195 million (\$1,625 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.

	Millions of yen						
Year ended March 31, 2014	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	¥ 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

An adjustment of negative ¥2,412 million in segment profit (loss) includes an elimination of transactions between the segments of ¥30 million and corporate expenses of negative ¥2,442 million.

Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥10,977 million in segment assets includes an elimination of transactions between the segments of negative ¥1,164 million and corporate assets of ¥12,141 million. Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥104 million in depreciation and amortization includes an elimination of transactions between the segments of

negative ¥2 million and corporate expenses of ¥106 million.

Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥143 million in increase in property, plant and equipment and intangible asset includes an elimination of transactions between the segments of negative ¥3 million and corporate assets of ¥146 million. 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

	Millions of yen			
	Japan	Asia	Other	Total
<b>Year ended March 31, 2015</b>				
Sales	¥ 76,635	¥ 26,123	¥ 4,332	¥ 107,090
Property, plant and equipment	16,885	7,881	21	24,787

	Thousands of U.S. dollars			
	Japan	Asia	Other	Total
<b>Year ended March 31, 2015</b>				
Sales	\$ 638,625	\$ 217,692	\$ 36,100	\$ 892,417
Property, plant and equipment	140,708	65,675	175	206,558

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

### D. Impairment loss by reporting segment

	Millions of yen						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Elimination or corporate	Consolidated
<b>Year ended March 31, 2015</b>							
Impairment loss	¥ 180	¥ –	¥ 43	¥ –	¥ 223	¥ –	¥ 223

	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
<b>Year ended March 31, 2015</b>							
Impairment loss	\$ 1,500	\$ –	\$ 358	\$ –	\$ 1,858	\$ –	\$ 1,858

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

## E. Goodwill by reporting segment

Year ended March 31, 2015	Millions of yen						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Elimination or corporate	Consolidated
Amortization	¥ 39	¥ 7	¥ –	¥ –	¥ 46	¥ –	¥ 46
Unamortized balance	6	–	–	–	6	–	6

Year ended March 31, 2015	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	\$ 325	\$ 58	\$ –	\$ –	\$ 383	\$ –	\$ 383
Unamortized balance	50	–	–	–	50	–	50

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

# 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, 2015 and 2014, 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, 2015 and 2014, 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, 2015 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 31, 2015

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

4,845

## Board of Directors and Statutory Auditors (as of June 23, 2015)

### Chairman

Yoshikazu Amano

### President

Hideaki Obata\*

### Senior Managing Directors

Kazumasa Ishida\*  
Naoyuki Yamabayashi\*

### Managing Directors

Masahide Nobu  
Yasuhisa Hoshi  
Tadashi Ueno  
Michinaga Miyashita

### Director

Masahiro Yurino

### Standing Auditors

Satoru Nakahori  
Michio Inada

### Auditors

Mamoru Morita  
Hitoshi Tanaka  
Go Saeki

\* Representative Director

## 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

## 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 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., Private Ltd.

Noida, India  
Business Line: Thin-film coating service

## NISSIN ELECTRIC CO., LTD.

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615-8686, Japan  
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<http://nissin.jp/e/>



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## Cover Story



### Sekison-tei

*Sekison-tei was the residence 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 residence 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 residence as a guest house while maintaining its traditional elegance.*