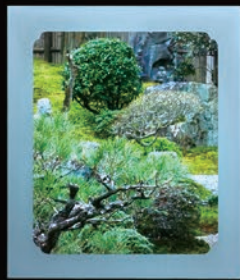


**ANNUAL REPORT
2018**

Year Ended March 31, 2018



Corporate Principles of the Nissin Electric Group

We have established a new Business Mindset to define the Nissin Electric Group DNA passed down since our founding in order to create a driving force aimed at future growth and further evolve our corporate philosophy on our 100th anniversary. The following three elements of our Corporate Philosophy, Principles of Activities and Business Mindset form our revamped Group Philosophy.

Group Slogan

Forge a bright future for both people and technology

Corporate Philosophy

Through corporate activities that support the foundations of society and industry, the Nissin Electric Group will harmonize with the environment and contribute toward realizing a vibrant society.

Principles of Activities

Integrity, Trust and Long-term Relationships

We take the following Five Trusts as the principles of our activities. (Customer Trust, Shareholder Trust, Societal Trust, Partner Trust, Employee Mutual Trust)

Business Mindset

“Venture Spirit” fostered since our founding

The spirit to develop a future with high ambitions and a passion for constantly taking up challenges

The spirit of “New Each Day” embedded in our company name

The unwavering spirit to seek something new each day and make constant efforts toward one’s goals

“Open-mindedness and the ability to digest different cultures and technologies”

The spirit to accept different things and eventually internalize them

Five Trusts

(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 the Nissin Electric Group.

(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
	2018	2017	2016	2015	2014	2018
Net sales	¥ 127,003	¥ 126,910	¥ 113,618	¥ 107,090	¥ 109,864	\$ 1,198,142
Operating income	16,030	18,743	12,424	8,930	9,319	151,226
Profit attributable to owners of parent	11,840	14,158	8,525	5,055	5,194	111,698
Total assets	154,055	154,097	143,287	124,948	118,546	1,453,349
Shareholders' equity	101,015	90,536	77,632	75,976	64,808	952,972
Capital expenditure	4,005	4,858	3,813	3,162	3,011	37,783
Depreciation and amortization	3,198	2,871	2,999	2,964	2,745	30,170
Research and development expenses	6,506	6,442	5,331	4,937	5,318	61,377

Per share of common stock:	Yen					U.S. dollars
	2018	2017	2016	2015	2014	2018
Profit attributable to owners of parent	¥ 110.79	¥ 132.47	¥ 79.77	¥ 47.30	¥ 48.59	\$ 1.05
Diluted profit attributable to owners of parent	—	—	—	—	—	—
Cash dividends	30.00	30.00	18.00	13.00	12.00	0.28
Shareholders' equity	945.17	847.13	726.38	710.88	606.37	8.92

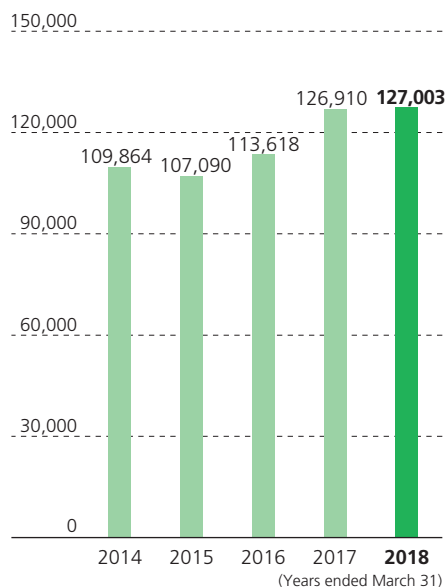
Note: 1. For convenience only, Japanese yen amounts have been translated into U.S. dollar amounts at the rate of ¥106 to US\$1.00, the approximate exchange rate prevailing on March 31, 2018.

2. For the fiscal years ended March 31, 2018, 2017, 2016, 2015, and 2014 there were no potentially dilutive common stocks.

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

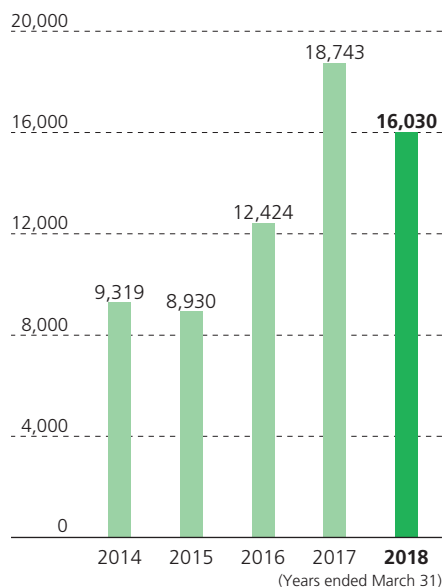
Net Sales

(Millions of yen)



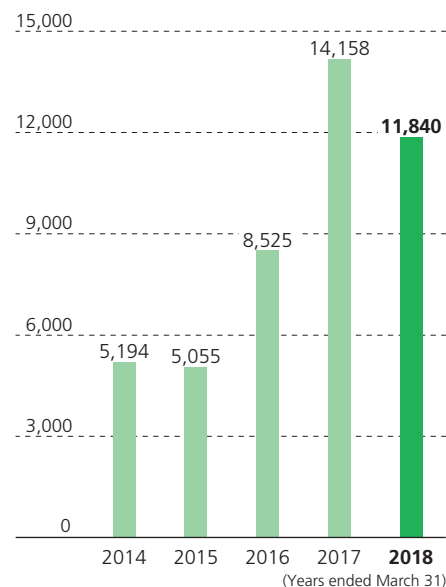
Operating Income

(Millions of yen)



Profit Attributable to Owners of Parent

(Millions of yen)





Performance for the Last Reporting Year

In the fiscal year under review (April 1, 2017, to March 31, 2018), the Japanese economy continued on a course of gradual growth and expansion, supported by rising exports and robust capital investment driven by global economic growth. Overseas, stable growth continued in China, the Nissin Electric Group's primary market, thanks to such factors as strong personal consumption, but the impact of monetary tightening and other factors is projected to cause a gradual slowdown in the Chinese economy going forward. The economies of ASEAN countries moved to a recovery track, backed by the robust U.S. economy and stability in the Chinese economy.

Next, I will report on trends seen in the Nissin Electric Group's primary markets. First, the market for electric power companies in Japan remained robust. In the private sector market, although there was continued high demand for investment to replace aging facilities, a decline in power purchase prices led to a downturn in demand for power conditioners for photovoltaic systems. In China's power system equipment market investment stagnated in the ultrahigh voltage

transmission sector, but since the beginning of 2018 signs of a resumption in investment have been seen. Demand for Industrial equipment and parts contract manufacturing business in Thailand and Vietnam continued to expand steadily. In the charged beam equipment and processing market, during the first half of the fiscal year there was a high level of demand for ion implanters for manufacturing small/medium high-definition flat panel displays (FPDs), driven by rising production of organic light emitting displays in China, but in the second half demand dropped, due to a lull in customer investment in facilities. Demand for ion implanters for semiconductors and electron-beam processing systems expanded.

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 6.1% year on year to ¥133,065 million.

Order receipts by business segment were as follows:

Order receipts for the Power System Equipment Business totaled ¥56,517 million, an increase of 13.4% year on year due to more orders from electric power companies and the private sector in Japan and also from subsidiaries in ASEAN countries.

Order receipts for the Charged Beam Equipment and Processing Business came to ¥36,535 million, up 7.9% year on year. This was due to an increase in orders for electron-beam processing systems and ion implanters for semiconductors.

Order receipts for the Renewable Energy and Environment Business totaled ¥14,143 million, down 20.6% year on year, due to a decrease in orders for power conditioners for photovoltaic systems.

Order receipts for the Life Cycle Engineering Business increased 8.4% year on year to ¥25,870 million thanks to an increase in after-sales services in Japan and overseas.

Net sales of the Group grew 0.1% year on year to ¥127,003 million.

Net sales by business segment are as follows:

Net sales for the Power System Equipment Business totaled ¥50,365 million, an increase of 4.2% year on year, as demand from electric power companies in Japan and subsidiaries in ASEAN countries rose.

Net sales for the Charged Beam Equipment and Processing Business came to ¥36,723 million, a decrease of 8.9% year on year, due to reduced sales of ion implanters for manufacturing small/medium high-definition FPDs.

Net sales for the Renewable Energy and Environment Business totaled ¥15,970 million, a slight 0.8% increase year on year, reflecting sales for photovoltaic power generation and water treatment plants that were broadly equivalent to the previous year.

Net sales for the Life Cycle Engineering Business rose 6.8% year on year to ¥23,945 million, reflecting an increase in after-sales services in Japan and overseas.

Operating income of the Group came to ¥16,030 million, a decrease of ¥2,713 million (14.5%) year on year. As a result of Group-wide efforts to enhance earnings power by increasing product profitability, lowering cost price, and improving as well as reinforcing its organizational culture, the Power System Equipment Business, Renewable Energy and Environment Business and Life Cycle Engineering Business all reported increases in operating income.

However, the significant decrease in income of the Charged Beam Equipment and Processing Business, impacted by falling sales of highly profitable ion implanters for manufacturing small/medium high-definition FPDs was a major factor behind the overall decrease in Group operating income.

As for extraordinary income, we booked a reversal of provision for loss on liquidation of subsidiaries and associates totaling ¥110 million due to a decrease in liquidation costs of Nissin Advanced Technology Electric (Dongguan) Co., Ltd., one of our Chinese subsidiaries. On the other hand, in terms of extraordinary losses, we booked a loss on reversal of foreign currency translation adjustments following the completion of the liquidation of the abovementioned company of ¥155 million, which together with a loss of ¥406 million for environmental expenses required to dispose of polychlorinated biphenyl (PCB) waste, brought extraordinary losses to ¥561 million.

Based on the above, profit attributable to owners of parent decreased 16.4% over the previous fiscal year to ¥11,840 million after income tax and adjustments for non-controlling interests.

Medium- to Long-Term Business Plan “VISION2020” (2016-2020)

In April 2016, we launched our medium- to long-term business plan “VISION2020,” under which we have set the numerical targets for the fiscal year ending March 31, 2021, of net sales of ¥180,000 million, an operating income of ¥18,000 million, and return on assets (ROA) and return on equity (ROE) of over 10%. On the strength of the “4xGlobal” business portfolio built up under the previous medium- to long-term business plan “VISION2015,” we will expand upon the “six growth domains”— Power System Equipment, Renewable Energy and Environment (Japan), Power System Equipment, Renewable Energy and Environment (Overseas), Life Cycle Engineering, Next-Generation, Equipment for Manufacturing Semiconductors and FPDs, Mobility, and New Fields—introducing advanced new products, technologies and business models to utilize the various forms of dynamism found in related markets as a business opportunity in an effort to build a new business portfolio called “4xGlobal+NEW.” At the same time, we will exert fullest endeavors toward structural reforms and untiring cost reduction efforts. We will further

refine our earnings power cultivated over the years with the aim of becoming a “Global, Energy, Environment and Solutions Company,” which will enable us to grow and generate profits in any environment.

The period under review was the second year of VISION2020 and to open new overseas markets and expand sales of new products such as our Smart Power Supply Systems (SPSS®) with a view to achieving the targets of VISION2020, we launched four planning promotion projects and engaged in specific considerations in terms of overseas planning, technology planning, product planning and SPSS planning. Under the leadership of the Department of Designing and Developing New Business, which was established on April 1, 2018 and headed directly by the President, we will move the four planning promotion projects to the implementation phase, further accelerating our efforts to develop new markets and expand sales of new products.

Six Growth Domains

We have selected the following six growth domains to seek new business expansion (+NEW) by leveraging the core technologies of the Nissin Electric Group:

1. Power System Equipment, Renewable Energy and Environment (Japan)

Demand for new products, systems and services can be expected to expand in tandem with drastic reforms in the electric power market triggered by, among other factors, the Great East Japan Earthquake and the nuclear power plant accident.

2. Power System Equipment, Renewable Energy and Environment (Overseas)

An expansion of overseas markets can be expected in tandem with advancements in the development of electric power infrastructure in emerging economies, including the ASEAN countries and India.

3. Life Cycle Engineering

Demand can be expected to grow for monitored maintenance, inspections, repairs and replacement due to the expanded deliveries of such items as power system equipment, power conditioners and charged beam equipment.

4. Next-Generation, Equipment for Manufacturing

Semiconductors and FPDs

Demand can be expected to expand for new equipment in tandem with anticipated innovations in semiconductor and FPD technologies.

5. Mobility

New business opportunities where the Nissin Electric Group can leverage its core technologies can be expected to expand, including such fields as electric vehicles, the employment of new materials and parts, and energy-efficient railways.

6. New Fields

An expansion of business can be expected in new fields, including growing demand in the industrial-use equipment and parts business in Thailand and Vietnam, leveraging technologies in areas such as parts processing and assembly for power system equipment, in response to customer needs for lower costs for a variety of equipment, and the disinfection and the sterilization device business, which utilizes the Group’s electron beam irradiation technologies, in the medical and food industries.

Development and Introduction of the “3 Advances”

We will aim for the growth of our businesses by developing and introducing the following “3 Advances” (Advanced Products, Technology and Business Model) in the six growth domains:

1. Advanced Products

We will develop and put on the market new products based on the concept of “Compact + FACES,” which adds “FACES*” to the Compact, the very source of the competitiveness Nissin Electric Group products.

*Flexible.....Respond to diverse needs
Adjustable.....Easy maintenance
Compact.....More compact
Environment.....Global environment-friendly
Smart.....Control function for energy efficiency and cost savings

2. Advanced Technology

We will proactively invest management resources in research and development and promote the commercialization of novel technologies that will be an impetus for growth.

3. Advanced Business Model

In order to respond to more sophisticated and complicated customer

needs, we will establish a new business model that consists in part of delivering solutions that combine hardware, software, IoT and AI, and offering combinations of various equipment in one package.

Promote Structural Reforms and Untiring Cost Reduction Efforts That Will Support Growth

In addition to the promotion of cross-organizational activities within the Nissin Electric Group, we will undertake business structure reform. This entails implementing various initiatives that include “enhancing vertical, horizontal and external collaborations” which promote collaboration with external organizations, including industries, government entities and academia, untiring cost reductions through “improving NPS (Nissin Production System) productivity” aimed at enhancing the efficiency of the total production process from the receipt of orders to deliveries, “strengthening human resources development” by enriching the Nissin Academy’s curriculums and expanding training facilities, and “reforming sales activities” for proposing solutions that suit customer needs and strategic marketing. Through these four structural reform initiatives, we will work to boost growth and earnings power.

Target Further Growth by Building a Business Portfolio for “4xGlobal+NEW”

We will expand into new business (+NEW) from the four existing business segments (4xGlobal: Power System Equipment Business, Charged Beam Equipment and Processing Business, Renewable Energy and Environment Business, Life Cycle Engineering Business) by introducing the “3 Advances” into the “six growth domains” and advancing structural reforms to create new business (+NEW). We will then go after further growth by building the business portfolio of “4xGlobal+NEW.” New business development (+NEW) in each business segment is as follows:

Power System Equipment Business

In the domestic market, repair and replacement investment by electric power companies is expected to remain robust. In addition, in tandem with the progress in electric power system reforms, investment associated with the expanding cross-regional accommodation of electric power can be expected to increase, together with an anticipated rise

in demand for new equipment related to the separation of power generation and power transmission. In terms of private sector demand too, replacement investment at industrial plants and similar facilities is projected to remain robust and we will move to link this new demand to a steady expansion of sales, centered on ultrahigh voltage substation equipment, in which the Nissin Electric Group has maintained the top domestic share for many years. We also expect to see an increase in new business opportunities stemming from heightening needs in recent years for energy cost reductions and energy saving. In response to these new trends and with a view to further expanding business, we will actively propose to our customers our Smart Power Supply Systems (SPSS®), which provides various solutions by combining hard technologies mainly for power system equipment products and soft technologies for controlling equipment and energy.

Looking at the overseas market, in China we will work to expand sales of equipment related to ultrahigh voltage transmission and equipment tailored to increasingly intelligent systems, which are areas in which we can leverage the Group’s strengths. We will also accelerate business operations and introduce products that are responsive to market needs in ASEAN countries, where further economic growth and ongoing expansion of electric power infrastructure can be expected.

In addition, we will expand commissioned design/manufacturing of industrial-use equipment and parts that we have advanced in Thailand and Vietnam by leveraging our parts processing and equipment assembly technologies, which are core technologies for power system equipment manufacturing, with the aim of nurturing this into a new business segment.

Charged Beam Equipment and Processing Business

[Ion Implanters for Manufacturing Small/Medium High-Definition Flat Panel Displays (FPDs)]

Demand is growing for ion implanters for manufacturing small/medium high-definition FPDs due to increased production and investment by Chinese and Korean panel manufacturers, mainly for organic light emitting displays. By ensuring that we respond to this increased demand by definitely acquiring further orders, we will continue to maintain an overwhelming global market share in this area.

[Ion Implanters for Semiconductors]

In addition to our existing range of medium current implanters, we will expand sales of high current implanters, which we introduced as a new product during the fiscal year under review, and also sales of silicon carbide (SiC) power semiconductor equipment, demand for which is expected to increase going forward.

[Electron-Beam Processing Systems]

We will expand sales in automobile-related sectors, which are expected to grow over the medium- to long-term and also work to develop new applications in the new materials, medical and food sectors.

[Thin-Film Coating Services]

We will push ahead with the development of diamond-like carbon (DLC) film with excellent surface smoothness and wear resistance, which are our particular strengths, and strive to develop new applications for DLC and expand sales mainly to the automobile industry. We plan to enhance our coating capabilities in China, ASEAN countries and India in response to increasing local demand. We will also devote efforts to increasing sales of DLC coating machines, demand for which is increasing, particularly among automobile manufacturers.

Renewable Energy and Environment Business

[Renewable Energy Business]

In terms of power conditioners for photovoltaic systems targeted at the feed-in tariff (FIT) market (fixed price purchasing system for renewable energy), growth remains unpredictable due to a downturn in the power purchase price. However, we will redouble our efforts to increase sales of power conditioners for the self-consumption market and power conditioners for battery energy storage, where demand is forecast to increase. In addition, we will also strive to increase sales of grid connection equipment for wind and biomass power generation, both of which are projected to increase in the future.

[Environment Business]

We will strive to expand the scope of business by proactively proposing the new Smart Power Supply Systems (SPSS®) 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 operations from equipment installation work and on-site testing to maintenance, ensuring safe operations and extending the life of equipment. In Japan, in particular, since there is growing demand to extend the service life of aging power system equipment, we will expand the repair business to meet these needs. In addition, given the increasingly severe labor shortages among our customers for people who can stably operate substation equipment, there are also increase needs to enhance the efficiency of maintenance work utilizing sensors, IoT and AI technologies. As the volume of equipment we deliver increases, we project an increase in such business opportunities and accordingly we will aim to achieve further growth through the active introduction of new technologies.

In overseas markets too, we will seek to globalize the Life Cycle Engineering Business by expanding and upgrading service bases.

Corporate Philosophy and Environment, Society and Governance (ESG) Initiatives

The Nissin Electric Group advances corporate activities based on our “Principles of Activities”, which seek to develop firm relations of trust with our stakeholders and displaying our “Business Mindset” that represents the driving force behind the Group’s century of growth, as we aim to realize our Corporate Philosophy, which states that “Through corporate activities that support the foundations of society and industry, the Nissin Electric Group will harmonize with the environment and contribute toward realizing a vibrant society.”

We will continue to work collectively as a group going forward to promote our business activities in order to enhance our business performance and fulfill our responsibilities to society.



Shigeo Saito, President

Consolidated Balance Sheets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
March 31, 2018 and 2017

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Current assets:			
Cash and cash equivalents	10,447	¥14,656	\$ 98,557
Time deposits	481	454	4,538
Receivables:			
Trade notes and accounts	53,566	48,596	505,340
Other	386	703	3,641
	53,952	49,299	508,981
Allowance for doubtful receivables	(304)	(409)	(2,868)
	53,648	48,890	506,113
Inventories (Note 4)	22,675	27,570	213,915
Deferred tax assets (Note 12)	3,941	3,700	37,179
Short-term loans receivable (Note 20)	22,004	20,000	207,585
Other current assets	2,753	3,198	25,971
Total current assets	115,949	118,468	1,093,858
Property, plant and equipment:			
Land	4,145	4,127	39,104
Buildings and structures	33,459	32,025	315,651
Machinery and equipment	41,859	39,825	394,896
Construction in progress	773	735	7,292
Total property, plant and equipment	80,236	76,712	756,943
Accumulated depreciation	(53,572)	(51,095)	(505,396)
Net property, plant and equipment	26,664	25,617	251,547
Investments and other assets:			
Investment securities (Note 3)	7,274	6,708	68,623
Deferred tax assets (Note 12)	765	932	7,217
Net defined benefit asset (Note 13)	1,062	31	10,019
Other assets	1,230	1,276	11,603
Allowance for doubtful receivables	(220)	(221)	(2,075)
Total investments and other assets	10,111	8,726	95,387
Intangible assets	1,331	1,286	12,557
Total assets	¥154,055	¥154,097	\$ 1,453,349

See accompanying notes.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
LIABILITIES			
Current liabilities:			
Short-term bank loans (Note 5)	¥ 2,018	¥ 3,624	\$ 19,038
Payables:			
Trade notes and accounts	17,082	20,697	161,151
Other	3,173	2,500	29,934
	20,255	23,197	191,085
Accrued expenses	7,705	7,295	72,689
Accrued income taxes	1,121	1,707	10,575
Advances from customers	9,862	16,508	93,038
Allowance for losses on contracts (Note 4)	662	779	6,245
Allowance for environmental protection measures	325	886	3,066
Other provision	1,426	789	13,453
Other current liabilities	304	348	2,868
Total current liabilities	43,678	55,133	412,057
Long-term liabilities:			
Long-term debt due after one year (Note 5)	52	125	490
Allowance for environmental protection measures	522	381	4,925
Net defined benefit liability (Note 13)	5,015	4,837	47,311
Other long-term provision	—	112	—
Other long-term liabilities (Note 12)	975	382	9,198
Total long-term liabilities	6,564	5,837	61,924
Total liabilities	50,242	60,970	473,981
Contingent liabilities (Note 6)			
NET ASSETS (Note 7 and 8)			
Shareholders' equity:			
Common stock:			
Authorized - 431,329,000 shares			
Issued and outstanding - 107,832,445 shares	10,253	10,253	96,726
Capital surplus	6,679	6,679	63,009
Retained earnings	81,288	72,597	766,868
Treasury stock, at cost:			
957,718 shares in 2018 and 957,718 shares in 2017	(301)	(301)	(2,839)
Total shareholders' equity	97,919	89,228	923,764
Other comprehensive income:			
Valuation difference on available-for-sale securities	3,354	2,933	31,642
Deferred gains and losses on hedges	(64)	9	(604)
Foreign currency translation adjustments	2,524	1,937	23,811
Remeasurements of defined benefit plans (Note 13)	(2,718)	(3,571)	(25,641)
Total other comprehensive income	3,096	1,308	29,208
Noncontrolling interests	2,798	2,591	26,396
Total net assets	103,813	93,127	979,368
Total liabilities and net assets	¥ 154,055	¥ 154,097	\$ 1,453,349

See accompanying notes.

Consolidated Statements of Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Net sales	¥ 127,003	¥ 126,910	\$ 1,198,142
Cost and expenses:			
Cost of sales (Note 9)	86,682	84,348	817,755
Selling, general and administrative expenses (Note 9 and 10)	24,291	23,819	229,161
Operating income	16,030	18,743	151,226
Other income (expenses):			
Interest and dividend income	228	186	2,151
Reversal of provision for loss on liquidation of subsidiaries and associates (Note 14)	110	71	1,038
Interest expense	(85)	(66)	(802)
Contribution	(74)	(66)	(698)
Loss on cancellation of derivatives	—	(197)	—
Loss on retirement of noncurrent assets (Note 16)	—	(370)	—
Loss on reversal of foreign currency translation adjustments (Note 17)	(155)	(197)	(1,462)
Environmental expenses (Note 15)	(406)	—	(3,830)
Other, net	63	(205)	594
Income before income taxes	15,711	17,899	148,217
Income taxes (Note 12):			
Current	3,652	3,600	34,453
Deferred	(107)	(225)	(1,009)
Total income taxes	3,545	3,375	33,444
Profit	12,166	14,524	114,773
Profit attributable to noncontrolling interests	326	366	3,075
Profit attributable to owners of parent	¥ 11,840	¥ 14,158	\$ 111,698
Amounts per share:			
Profit attributable to owners of parent	¥ 110.79	¥ 132.47	\$ 1.05
Diluted profit attributable to owners of parent	—	—	—
Cash dividends applicable to the period	30.00	30.00	0.28

See accompanying notes.

Consolidated Statements of Comprehensive Income

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Profit	¥ 12,166	¥ 14,524	\$ 114,773
Other comprehensive income (Note 18):			
Valuation difference on available-for-sale securities	421	781	3,972
Deferred gains and losses on hedges	(73)	21	(689)
Foreign currency translation adjustments	610	(487)	5,755
Remeasurements of defined benefit plans	853	771	8,048
Total other comprehensive income	1,811	1,086	17,086
Comprehensive income	¥ 13,977	¥ 15,610	\$ 131,859
Comprehensive income attributable to			
Owners of parent	¥ 13,627	¥ 15,256	\$ 128,557
Noncontrolling interests	350	354	3,302

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2016	¥ 10,253	¥ 6,679	¥ 60,791	¥ (301)	¥ 77,422
Cash dividends	–	–	(2,352)	–	(2,352)
Profit attributable to owners of parent	–	–	14,158	–	14,158
Purchase of treasury stock	–	–	–	(0)	(0)
Change in scope of consolidation	–	–	–	–	–
Net changes for the year	–	–	–	–	–
Balance at March 31, 2017	¥ 10,253	¥ 6,679	¥ 72,597	¥ (301)	¥ 89,228

	Millions of yen						
	Other comprehensive income				Total other comprehensive income	Noncontrolling 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			
Balance at April 1, 2016	¥ 2,152	¥ (12)	¥ 2,411	¥ (4,341)	¥ 210	¥ 2,350	¥ 79,982
Cash dividends	–	–	–	–	–	–	(2,352)
Profit attributable to owners of parent	–	–	–	–	–	–	14,158
Purchase of treasury stock	–	–	–	–	–	–	(0)
Change in scope of consolidation	–	–	–	–	–	–	–
Net changes for the year	781	21	(474)	770	1,098	241	1,339
Balance at March 31, 2017	¥ 2,933	¥ 9	¥ 1,937	¥ (3,571)	¥ 1,308	¥ 2,591	¥ 93,127

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2017	¥ 10,253	¥ 6,679	¥ 72,597	¥ (301)	¥ 89,228
Cash dividends	–	–	(3,207)	–	(3,207)
Profit attributable to owners of parent	–	–	11,840	–	11,840
Purchase of treasury stock	–	–	–	–	–
Change in scope of consolidation	–	–	58	–	58
Net changes for the year	–	–	–	–	–
Balance at March 31, 2018	¥ 10,253	¥ 6,679	¥ 81,288	¥ (301)	¥ 97,919

Millions of yen

	Other comprehensive income						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	Noncontrolling interests	
Balance at April 1, 2017	¥ 2,933	¥ 9	¥ 1,937	¥ (3,571)	¥ 1,308	¥ 2,591	¥ 93,127
Cash dividends	–	–	–	–	–	–	(3,207)
Profit attributable to owners of parent	–	–	–	–	–	–	11,840
Purchase of treasury stock	–	–	–	–	–	–	–
Change in scope of consolidation	–	–	–	–	–	–	58
Net changes for the year	421	(73)	587	853	1,788	207	1,995
Balance at March 31, 2018	¥ 3,354	¥ (64)	¥ 2,524	¥ (2,718)	¥ 3,096	¥ 2,798	¥ 103,813

Thousands of U.S. dollars (Note 1)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2017	\$ 96,726	\$ 63,009	\$ 684,878	\$ (2,839)	\$ 841,774
Cash dividends	–	–	(30,255)	–	(30,255)
Profit attributable to owners of parent	–	–	111,698	–	111,698
Purchase of treasury stock	–	–	–	–	–
Change in scope of consolidation	–	–	547	–	547
Net changes for the year	–	–	–	–	–
Balance at March 31, 2018	\$ 96,726	\$ 63,009	\$ 766,868	\$ (2,839)	\$ 923,764

Thousands of U.S. dollars (Note 1)

	Other comprehensive income						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	Noncontrolling interests	
Balance at April 1, 2017	\$ 27,670	\$ 85	\$ 18,274	\$ (33,689)	\$ 12,340	\$ 24,443	\$ 878,557
Cash dividends	–	–	–	–	–	–	(30,255)
Profit attributable to owners of parent	–	–	–	–	–	–	111,698
Purchase of treasury stock	–	–	–	–	–	–	–
Change in scope of consolidation	–	–	–	–	–	–	547
Net changes for the year	3,972	(689)	5,537	8,048	16,868	1,953	18,821
Balance at March 31, 2018	\$ 31,642	\$ (604)	\$ 23,811	\$ (25,641)	\$ 29,208	\$ 26,396	\$ 979,368

See accompanying notes.

Consolidated Statements of Cash Flows

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Cash flows from operating activities:			
Income before income taxes	¥ 15,711	¥ 17,899	\$ 148,217
Adjustments for:			
Depreciation and amortization	3,198	2,871	30,170
Environmental expenses	406	—	3,830
Interest and dividend income	(228)	(186)	(2,151)
Interest expense	85	66	802
Loss on reversal of foreign currency translation adjustment	155	197	1,462
Increase (decrease) in allowance for doubtful receivables	(115)	164	(1,085)
Increase (decrease) in net defined benefit liability	338	6	3,189
Increase (decrease) in allowance for loss on contracts	(117)	246	(1,104)
Increase (decrease) in allowance for environmental protection measures	(712)	(888)	(6,717)
Increase (decrease) in other provision	630	164	5,943
Decrease (increase) in trade receivables	(4,270)	514	(40,283)
Decrease (increase) in inventories	5,064	84	47,774
Increase (decrease) in trade payables	(3,806)	(1,555)	(35,906)
Increase (decrease) in accrued expenses	339	426	3,198
Increase (decrease) in advances from customers	(6,667)	1,237	(62,896)
Other, net	1,451	(393)	13,689
Subtotal	11,462	20,852	108,132
Interest and dividends received	229	228	2,160
Interest paid	(89)	(64)	(839)
Income taxes paid	(4,338)	(4,594)	(40,925)
Net cash provided by (used in) operating activities	7,264	16,422	68,528
Cash flows from investing activities:			
Purchase of short-term securities	—	(5,055)	—
Proceeds from sales and redemption of short-term securities	—	5,007	—
Payments for purchases of property, plant and equipment and intangible assets	(4,198)	(4,570)	(39,604)
Net decrease (increase) in short-term loans receivable	(2,004)	(19,992)	(18,906)
Other, net	(98)	403	(924)
Net cash provided by (used in) investing activities	(6,300)	(24,207)	(59,434)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(1,801)	1,460	(16,991)
Cash dividends paid	(3,207)	(2,352)	(30,255)
Cash dividends paid to minority shareholders	(201)	(148)	(1,896)
Other, net	(92)	130	(868)
Net cash provided by (used in) financing activities	(5,301)	(910)	(50,010)
Effect of exchange rate changes on cash and cash equivalents	(24)	28	(226)
Net increase (decrease) in cash and cash equivalents	(4,361)	(8,667)	(41,141)
Cash and cash equivalents at beginning of year	14,656	23,323	138,264
Increase in cash and cash equivalents resulting from change in scope of consolidation	152	—	1,434
Cash and cash equivalents at end of year	¥ 10,447	¥ 14,656	\$ 98,557

See accompanying notes.

Notes to Consolidated Financial Statements

Nissin Electric Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2018 and 2017

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 four items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English with some expanded disclosures 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, 2018, which was ¥106 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, 9 domestic subsidiaries (8 in 2017) and 16 overseas subsidiaries (17 in 2017).

Nissin Heartful Friend Co., Ltd., which had been an unconsolidated subsidiary, was included in the scope of consolidation during the consolidated fiscal year ended March 31, 2018 in light of its growing importance. AuLand Co., Ltd., which had been an affiliated company not accounted for using the equity method, was included in the scope of consolidation during the consolidated fiscal year ended March 31, 2018 as it became a consolidated subsidiary pursuant to the effective control criteria.

Nissin Advanced Technology Electric (Dongguan) Co., Ltd. and another company were excluded from the scope of consolidation during the consolidated fiscal year ended March 31, 2018 because of the completion of their liquidation. Nissin Electric (Wujiang) Co. Ltd. was excluded from the scope of consolidation due to the liquidation of investments in capital during the consolidated fiscal year ended March 31, 2017.

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 7 other overseas subsidiaries (8 in 2017) is December 31. These 11 overseas subsidiaries (12 in 2017) 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 profit attributable to the owners of the parent. 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 noncontrolling 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 associates 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 noncontrolling 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 at the lower of cost or net realizable value. Cost is determined mainly 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, 2018. 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 year.

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 taxation system, which allows companies to base tax payments on the combined profits and losses of the parent company and its wholly owned domestic subsidiaries.

Derivatives and hedge accounting

The Companies state derivative financial instruments at fair value and recognize a change in the fair value as gain or loss unless the derivative financial instruments are used for hedging purposes. If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gain or loss resulting from a change in the fair value of the derivative financial instrument until the related loss or gain on the hedged item is recognized.

When forward foreign exchange contracts meet certain conditions, the hedged items are stated at the forward exchange contract rate. If interest rate and currency swap contracts are used as hedges and meet certain hedging criteria, the hedged items are stated at the forward exchange contract rate and the net amounts to be paid or received under the interest rate and currency swap contracts is added to or deducted from the interest on the assets

or liabilities for which the swap contracts were executed.

The Companies use forward foreign currency contracts and interest rate and currency swap contracts as derivative financial instruments only for the purpose of mitigating future risks of fluctuations in foreign currency exchange rates and interest rates.

The following summarizes the hedging derivative financial instruments used by the Companies and the hedged items:

Hedging instruments:

Forward foreign exchange contracts
Nondeliverable forward contracts
Interest rate and currency swap contracts

Hedged items:

Foreign currency receivables and payables
Foreign currency receivables and payables
Principal and interest of foreign currency
loans receivables and debts

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 profit attributable to the owners of the parent per share of common stock are based on the weighted average number of shares outstanding during each period. Diluted profit attributable to the owners of the parent 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, 2018 and 2017, 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.

Standards and guidance not yet adopted

The following standard and guidance were issued but not yet adopted.

- Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 30, 2018)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No.30, March 30, 2018)

(1) Overview

The above standard and guidance provide comprehensive principles for revenue recognition.

Under the standard and guidance, revenue is recognized by applying following 5 steps:

- Step1: Identify contract(s) with customers.
- Step2: Identify the performance obligations in the contract.
- Step3: Determine the transaction price.
- Step4: Allocate the transaction price to the performance obligation in the contract.
- Step5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(2) Effective date

The standard and guidance will be effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

3. INVESTMENT SECURITIES

The carrying amounts of investment securities at March 31, 2018 and 2017 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Available-for-sale securities with available fair values	¥ 7,046	¥ 6,431	\$ 66,472
Available-for-sale securities with no available fair values	228	277	2,151
Total	¥ 7,274	¥ 6,708	\$ 68,623

The following is a summary of available-for-sale securities included in investment securities that had a fair value at March 31, 2018 and 2017.

2018	Millions of yen			Book (fair) value
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	
Equity securities	¥ 2,372	¥ 4,674	¥ –	¥ 7,046

2017	Millions of yen			Book (fair) value
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	
Equity securities	¥ 2,367	¥ 4,064	¥ –	¥ 6,431

2018	Thousands of U.S. dollars			Book (fair) value
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	
Equity securities	\$ 22,378	\$ 44,094	\$ –	\$ 66,472

Gross realized gains and losses on the sale of available-for-sale securities for the fiscal year ended March 31, 2018 and 2017 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, 2018 and 2017.

4. INVENTORIES

Inventories at March 31, 2018 and 2017 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Finished goods	¥ 2,072	¥ 2,236	\$ 19,547
Work-in-process	15,160	20,634	143,019
Raw materials and supplies	5,443	4,700	51,349
	¥ 22,675	¥ 27,570	\$ 213,915

Inventories related to construction contracts for which losses were expected after being offset by the allowance for losses on contracts for the fiscal years ended March 31, 2018 and 2017 were ¥179 million (\$1,689 thousand) and ¥353 million, respectively.

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

Short-term loans at March 31, 2018 and 2017 were represented by short-term notes that consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Short-term loans bearing average interest rates of 1.94% (2018) and 2.24% (2017)	¥ 1,941	¥ 3,549	\$ 18,311

A summary of long-term debt at March 31, 2018 and 2017 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Long-term debt	¥ 129	¥ 200	\$ 1,217
Current portion of long-term debt	(77)	(75)	(727)
Loans maturing serially through 2021 bearing average interest rates of 7.76% (2018) and 7.19% (2017)	¥ 52	¥ 125	\$ 490

The annual maturities of long-term debt outstanding at March 31, 2018 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2019	¥ 77	\$ 727
2020	25	236
2021	25	236
2022	2	18
2023 and thereafter	—	—
Total	¥ 129	\$ 1,217

6. CONTINGENT LIABILITIES

At March 31, 2018 and 2017, the Companies' contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Endorsed trade notes	¥ 90	¥ 86	\$ 849

7. NET ASSETS

"Net assets" comprises three subsections: shareholders' equity, other comprehensive income and noncontrolling 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, 2018 and after March 31, 2018 were as follows:

Dividends paid in the fiscal year ended March 31, 2018

Approved by	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 27, 2017	March 31, 2017	June 28, 2017	¥ 2,031	\$ 19,160
Board of Directors on October 27, 2017	September 30, 2017	December 5, 2017	¥ 1,176	\$ 11,095

Dividends paid after March 31, 2018 and for which the record date was in the fiscal year ended March 31, 2018.

Approved by	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 26, 2018	March 31, 2018	June 27, 2018	¥ 2,031	\$ 19,160

Dividends paid in the fiscal year ended March 31, 2017 and after March 31, 2017 were as follows:

Dividends paid in the fiscal year ended March 31, 2017

Approved by	Record date	Effective date	Total amount	
			Millions of yen	
Shareholders' meeting on June 22, 2016	March 31, 2016	June 23, 2016	¥ 1,176	
Board of directors on October 28, 2016	September 30, 2016	December 6, 2016	¥ 1,176	

Dividends paid after March 31, 2017 and for which the record date was in the fiscal year ended March 31, 2017

Approved by	Record date	Effective date	Total amount	
			Millions of yen	
Shareholders' meeting on June 27, 2017	March 31, 2017	June 28, 2017	¥ 2,031	

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, 2018 and 2017 were ¥6,506 million (\$61,377 thousand) and ¥6,442 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
	2018	2017	2018
Salaries and bonuses for employees	¥ 8,270	¥ 8,253	\$ 78,019
Research and development expenses	5,145	4,936	48,538
Cost of transportation of goods	1,833	1,184	17,292
Sales commissions	612	762	5,774
Retirement benefit costs	528	653	4,981
Provision of allowance for doubtful receivables	(110)	167	(1,037)

11. DERIVATIVE TRANSACTIONS

A. Derivative transactions to which hedge accounting is not applicable

	Millions of yen				Millions of yen			
	2018				2017			
	Contracted amount	Amount of principal due over one year	Fair value	Recognized gain (loss)	Contracted amount	Amount of principal due over one year	Fair value	Recognized gain (loss)
Transactions other than market transactions								
Forward foreign exchange contracts:								
Trade receivables								
Chinese yuan	¥ 837	¥ –	¥ (18)	¥ (18)	¥ 134	¥ 14	¥ (7)	¥ (7)
U.S. dollars	103	24	(0)	(0)	270	36	(31)	(31)
Trade payables								
Chinese yuan	78	–	(2)	(2)	248	–	(3)	(3)
Thai baht	59	–	0	0	–	–	–	–
U.S. dollars	7	–	(0)	(0)	49	–	(1)	(1)
Japanese yen	–	–	–	–	17	–	0	0
Total	¥ 1,084	¥ 24	¥ (20)	¥ (20)	¥ 718	¥ 50	¥ (42)	¥ (42)

Thousands of U.S. dollars

	2018			
	Contracted amount	Amount of principal due over one year	Fair value	Recognized gain (loss)
Transactions other than market transactions				
Forward foreign exchange contracts:				
Trade receivables				
U.S. dollars	\$ 7,896	\$ –	\$ (170)	\$ (170)
Chinese yuan	972	226	(0)	(0)
Trade payables				
Chinese yuan	736	–	(19)	(19)
Thai baht	557	–	1	1
U.S. dollars	65	–	(0)	(0)
Japanese yen	–	–	–	–
Total	\$ 10,226	\$ 226	\$ (188)	\$ (188)

Fair values are based on quotes obtained from financial institutions.

B. Derivative transactions to which hedge accounting is applicable

	Millions of yen			Millions of yen			Thousands of U.S. dollars		
	2018			2017			2018		
	Contracted amount	Amount of principal due over one year	Fair value	Contracted amount	Amount of principal due over one year	Fair value	Contracted amount	Amount of principal due over one year	Fair value
Allocation method									
Forward foreign exchange contracts:									
Trade receivables									
U.S. dollars	¥ 235	¥ –	¥ 9	¥ 106	¥ 2	¥ (4)	\$ 2,217	\$ –	\$ 85
Euros	–	–	–	36	–	2	–	–	–
Trade payables									
U.S. dollars	47	–	0	14	–	(0)	444	–	1
Euros	2	–	(0)	5	–	(0)	19	–	(0)
Deferred hedge method									
Forward foreign exchange contracts:									
Trade receivables									
U.S. dollars	177	143	(0)	476	22	(14)	1,670	1,349	(0)
Chinese yuan	150	–	(2)	49	–	(0)	1,415	–	(19)
Trade payables									
N.Z. dollars	837	–	(54)	474	–	4	7,896	–	(510)
U.S. dollars	749	–	(35)	430	–	26	7,066	–	(331)
Chinese yuan	496	–	(3)	57	–	(2)	4,679	–	(28)
Swiss francs	44	–	(1)	52	–	(1)	415	–	(9)
Thai baht	–	–	–	8	–	0	–	–	–
Euros	2	–	(0)	5	–	(0)	19	–	(0)
Total	¥ 2,739	¥ 143	¥ (86)	¥ 1,712	¥ 24	¥ 11	\$ 25,840	\$ 1,349	\$ (811)

Fair values are based on quotes obtained from financial institutions.

12. INCOME TAXES

The Companies are subject to several taxes based on income, which, in the aggregate, indicate a statutory rate in Japan of 30.8% and 30.8% for the fiscal years ended March 31, 2018 and 2017, respectively.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Deferred tax assets:			
Net defined benefit liability	¥ 1,533	¥ 1,507	\$ 14,462
Accrued employees' bonuses	1,056	1,028	9,962
Devaluation of inventories	870	893	8,208
Cost of sales	714	612	6,736
Depreciation	649	663	6,123
Research and development expenses	515	398	4,858
Retirement benefits trust	276	513	2,104
Allowance for environmental protection measures	258	389	2,434
Tax loss carryforwards	241	256	2,274
Allowance for losses on contracts	220	240	2,075
Unrealized intercompany profits	202	233	1,906
Other temporary differences	1,647	1,568	15,538
Total deferred tax assets	8,181	8,300	77,180
Valuation allowance	(1,157)	(1,398)	(10,915)
Net deferred tax assets	7,024	6,902	66,265
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(1,319)	(1,130)	(12,443)
Undistributed earnings of overseas subsidiaries	(929)	(871)	(8,764)
Net defined benefit asset	(288)	(11)	(2,717)
Reserve for deferred gains related to fixed assets for tax purposes	(247)	(248)	(2,330)
Other temporary differences	(12)	(25)	(113)
Total deferred tax liabilities	(2,795)	(2,285)	(26,367)
Net deferred tax assets	¥ 4,229	¥ 4,617	\$ 39,898

Reconciliations to the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Deferred tax assets reported in current assets	¥ 3,941	¥ 3,700	\$ 37,179
Deferred tax assets reported in investments and other assets	765	932	7,217
Deferred tax liabilities reported in other long-term liabilities	(477)	(15)	(4,498)
Net deferred tax assets	¥ 4,229	¥ 4,617	\$ 39,898

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, 2018 and 2017 were as follows:

	2018	2017
Statutory income tax rate	30.8 %	30.8 %
Changes in valuation allowance	(1.5)	(3.3)
Tax credit for research and development expenses	(3.7)	(4.1)
Effect of lower tax rates on overseas subsidiaries	(1.7)	(1.8)
Temporary differences for investments in subsidiaries	(3.2)	(3.0)
Others	1.9	0.3
Effective income tax rate	22.6 %	18.9 %

13. 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 in which 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		<i>Thousands of U.S. dollars</i>
	2018	2017	2018
Balance at beginning of year	¥ 25,732	¥ 25,456	\$ 242,755
Service cost - benefits earned during the year	1,366	1,319	12,887
Interest cost on retirement benefit obligations	139	137	1,311
Actuarial differences	(222)	32	(2,094)
Payment of retirement benefits	(902)	(1,212)	(8,509)
Other	5	-	46
Balance at end of year	¥ 26,118	¥ 25,732	\$ 246,396

(2) Movements in pension assets

	Millions of yen		<i>Thousands of U.S. dollars</i>
	2018	2017	2018
Balance at beginning of year	¥ 20,926	¥ 19,542	\$ 197,415
Expected return on pension assets	442	406	4,170
Actuarial differences	549	227	5,179
Contributions from the employer	968	1,749	9,132
Payment of retirement benefits	(716)	(998)	(6,755)
Other	(4)	-	(37)
Balance at end of year	¥ 22,165	¥ 20,926	\$ 209,104

(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
	2018	2017	2018
Retirement benefit obligation of funded plans	¥ 25,963	¥ 25,601	\$ 244,934
Pension assets	(22,165)	(20,926)	(209,104)
	¥ 3,798	¥ 4,675	\$ 35,830
Retirement benefit obligation of unfunded plans	155	131	1,462
Net defined benefit liability (asset) recorded in the consolidated balance sheet	¥ 3,953	¥ 4,806	\$ 37,292

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Net defined benefit liability	¥ 5,015	¥ 4,837	\$ 47,311
Net defined benefit asset	(1,062)	(31)	(10,019)
Net defined benefit liability (asset) recorded in the consolidated balance sheet	¥ 3,953	¥ 4,806	\$ 37,292

(4) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Service cost - benefits earned during the year	¥ 1,366	¥ 1,319	\$ 12,887
Interest cost on retirement benefit obligation	139	137	1,311
Expected return on pension assets	(442)	(406)	(4,170)
Amortization of unrecognized actuarial differences	432	921	4,076
	¥ 1,495	¥ 1,971	\$ 14,104

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

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Actuarial differences	¥ 1,205	¥ 1,113	\$ 11,368

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

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Unrecognized actuarial differences	¥ 4,046	¥ 5,251	\$ 38,170

(7) Pension assets

Pension assets consist of the followings:

	2018	2017
Bonds	25 %	25 %
Stock	27	27
Cash	6	8
Alternative	39	37
Other	3	3
	100 %	100 %

Alternative consists of investments in hedge funds which invest mainly in global REITs, long and short strategies, multi-assets, etc.

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 13% and 16% for the fiscal years ended March 31, 2018 and 2017, 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 on long-term investment of diverse assets that comprise pension assets.

(8) Actuarial assumptions

	2018	2017
Discount rate (mainly)	0.52 %	0.52 %
Long-term expected rate of return (mainly)	2.5 %	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 obligations.

C. Defined contribution plans

The required contributions to the defined contribution plans of the Company and certain consolidated subsidiaries were ¥166 million (\$1,556 thousand) and ¥163 million for the fiscal years ended March 31, 2018 and 2017 respectively.

14. REVERSAL OF PROVISION FOR LOSS ON LIQUIDATION OF SUBSIDIARIES AND ASSOCIATES

Fiscal year ended March 31, 2018

The Company accrued gain from the reversal of the provision for loss on liquidation of Nissin Advanced Technology Electric (Dongguan) Co., Ltd. in the amount of ¥110 million (\$1,038 thousand).

Fiscal year ended March 31, 2017

The Company accrued gain from the reversal of the provision for loss on liquidation of Nissin Advanced Technology Electric (Dongguan) Co., Ltd. Electric (Dongguan) Co., Ltd. and another subsidiary, in the amount of ¥71 million (\$634 thousand).

15. Environmental expenses

Fiscal year ended March 31, 2018

The Company booked expenses for environmental protection measures that are necessary for the disposal of polychlorinated biphenyl (PCB) waste. These expenses for environmental protection measures included ¥292 million (\$2,755 thousand) in provision of allowance for environmental protection measures.

16. LOSS ON RETIREMENT OF NONCURRENT ASSETS

Loss on retirement of noncurrent assets for the year ended March 31, 2017 was as follows:

	Millions of yen	
	2018	2017
Buildings and structures	¥ -	¥ 54
Removal costs	-	316
	¥ -	¥ 370

17. LOSS ON REVERSAL OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

The loss on reversal of foreign currency translation adjustments resulted from the liquidation of follow the subsidiary as follows : Nissin Advanced Technology Electric (Dongguan) Co., Ltd.

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Nissin Advanced Technology Electric (Dongguan) Co., Ltd.	¥ 155	¥ 197	\$ 1,462

18. OTHER COMPREHENSIVE INCOME

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Valuation difference on available-for-sale securities:			
Current period	¥ 610	¥ 1,103	\$ 5,755
Adjustments	–	8	–
Before income tax effect	610	1,111	5,755
Tax effects	(189)	(330)	(1,783)
Total	¥ 421	¥ 781	\$ 3,972
Deferred gains and losses on hedges:			
Current period	¥ (105)	¥ 30	\$ (991)
Adjustments	–	–	–
Before income tax effect	(105)	30	\$ (991)
Tax effects	32	(9)	302
Total	¥ (73)	¥ 21	\$ (689)
Foreign currency translation adjustments:			
Current period	¥ 456	¥ (684)	\$ 4,302
Adjustments	154	197	1,453
Total	¥ 610	¥ (487)	\$ 5,755
Remeasurements of defined benefit plans:			
Current period	¥ 773	¥ 192	\$ 7,292
Adjustments	433	921	4,086
Before income tax effect	1,206	1,113	11,378
Tax effects	(353)	(342)	(3,330)
Total	¥ 853	¥ 771	\$ 8,048
Total other comprehensive income:	¥ 1,811	¥ 1,086	\$ 17,086

19. 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 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, Smart power supply systems(SPSS®), Industrial equipment and components, 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 power supply systems(SPSS®), Voltage dip compensator, Static var compensator, Monitoring and control system, etc.
Life Cycle Engineering	Comprehensive support services: installation, adjustment, inspection, maintenance, etc.

The method of calculation for sales, profit or loss, assets and other items by reportable segment is pursuant to the accounting policies stated in Note 2, Summary of Significant Accounting Policies. Intersegment sales and transfers are determined on the same terms and conditions as ordinary transactions.

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

Year ended March 31, 2018	Millions of yen						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Adjustment	Consolidated
Sales:							
Sales to outside customers	¥ 50,365	¥ 36,723	¥ 15,970	¥ 23,945	¥ 127,003	¥ –	¥ 127,003
Intersegment sales and transfers	247	42	1	1,986	2,276	(2,276)	–
Total	50,612	36,765	15,971	25,931	129,279	(2,276)	127,003
Segment profit (loss)	¥ 5,918	¥ 6,824	¥ 1,879	¥ 4,018	¥ 18,639	¥ (2,609)	¥ 16,030
Segment assets	¥ 63,058	¥ 26,269	¥ 11,142	¥ 19,686	¥ 120,155	¥ 33,900	¥ 154,055
Other:							
Depreciation and amortization	¥ 1,729	¥ 1,005	¥ 188	¥ 198	¥ 3,120	¥ 78	¥ 3,198
Increase in property, plant and equipment and intangible assets	2,342	1,041	223	323	3,929	76	4,005

Year ended March 31, 2018	Thousands of U. S. dollars						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Adjustment	Consolidated
Sales:							
Sales to outside customers	\$ 475,142	\$ 346,443	\$ 150,661	\$ 225,896	\$ 1,198,142	\$ –	\$ 1,198,142
Intersegment sales and transfers	2,330	396	9	18,736	21,471	(21,471)	–
Total	477,472	346,839	150,670	244,632	1,219,613	(21,471)	1,198,142
Segment profit (loss)	\$ 55,830	\$ 64,377	\$ 17,726	\$ 37,906	\$ 175,839	\$ (24,613)	\$ 151,226
Segment assets	\$ 594,887	\$ 247,821	\$ 105,113	\$ 185,717	\$ 1,133,538	\$ 319,811	\$ 1,453,349
Other:							
Depreciation and amortization	\$ 16,311	\$ 9,481	\$ 1,774	\$ 1,868	\$ 29,434	\$ 736	\$ 30,170
Increase in property, plant and equipment and intangible assets	22,094	9,821	2,104	3,047	37,066	717	37,783

An adjustment of negative ¥2,609 million (*\$24,613 thousand*) in segment profit (loss) includes an elimination of transactions between the segments of negative ¥50 million (*\$472 thousand*) and corporate expenses of negative ¥2,659 million (*\$24,132 thousand*). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥33,900 million (*\$319,811 thousand*) in segment assets includes an elimination of transactions between the segments of negative ¥2,558 million (*\$24,132 thousand*) and corporate assets of ¥36,458 million (*\$343,943 thousand*). Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥78 million (*\$736 thousand*) in depreciation and amortization includes an elimination of transactions between the segments of negative ¥16 million (*\$151 thousand*) and corporate expenses of ¥94 million (*\$887 thousand*). Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of negative ¥76 million (*\$717 thousand*) in increase in property, plant and equipment and intangible assets includes an elimination of transactions between the segments of negative ¥23 million (*\$217 thousand*) and corporate assets of ¥99 million (*\$934 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.

"Depreciation and amortization" and "Increase in property, plant and equipment and intangible assets" include long-term prepaid expenses and their amortization.

Year ended March 31, 2017	Millions of yen						
	Power System Equipment	Charged Beam Equipment and Processing	Renewable Energy and Environment	Life Cycle Engineering	Total	Adjustment	Consolidated
Sales:							
Sales to outside customers	¥ 48,341	¥ 40,299	¥ 15,851	¥ 22,419	¥ 126,910	¥ –	¥ 126,910
Intersegment sales and transfers	269	188	–	1,852	2,309	(2,309)	–
Total	48,610	40,487	15,851	24,271	129,219	(2,309)	126,910
Segment profit (loss)	¥ 5,243	¥ 11,560	¥ 1,520	¥ 3,352	¥ 21,675	¥ (2,932)	¥ 18,743
Segment assets	¥ 59,605	¥ 29,541	¥ 12,078	¥ 18,267	¥ 119,491	¥ 34,606	¥ 154,097
Other:							
Depreciation and amortization	¥ 1,451	¥ 920	¥ 198	¥ 207	¥ 2,776	¥ 95	¥ 2,871
Increase in property, plant and equipment and intangible assets	2,711	1,396	325	469	4,901	(43)	4,858

An adjustment of negative ¥2,932 million in segment profit (loss) includes an elimination of transactions between the segments of negative ¥75 million and corporate expenses of negative ¥2,857 million. Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of ¥34,606 million in segment assets includes an elimination of transactions between the segments of negative ¥3,123 million and corporate assets of ¥37,729 million. Corporate assets are mainly assets not attributable to the reporting segments.

An adjustment of ¥95 million in depreciation and amortization includes an elimination of transactions between the segments of negative ¥11 million and corporate expenses of ¥106 million. Corporate expenses are mainly general and administrative expenses not attributable to the reporting segments.

An adjustment of negative ¥43 million in increase in property, plant and equipment and intangible assets includes an elimination of transactions between the segments of negative ¥116 million and corporate assets of ¥73 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.

"Depreciation and amortization" and "Increase in property, plant and equipment and intangible assets" include long-term prepaid expenses and their amortization.

C. Information about geographical segments

		Millions of yen					
Year ended March 31, 2018		Japan	China	Asia Korea Republic	Other	Other	Total
Sales		¥ 76,749	¥ 23,209	¥ 14,344	¥ 8,542	¥ 4,159	¥ 127,003

		Millions of yen				
Year ended March 31, 2018		Japan	China	Asia Other	Other	Total
Property, plant and equipment		19,932	3,244	3,466	22	26,664

		Thousands of U.S. dollars					
Year ended March 31, 2018		Japan	China	Asia Korea Republic	Other	Other	Total
Sales		\$ 724,047	\$ 218,953	\$ 135,321	\$ 80,585	\$ 39,233	\$ 1,198,139

		Thousands of U.S. dollars				
Year ended March 31, 2018		Japan	China	Asia Other	Other	Total
Property, plant and equipment		\$ 188,038	\$ 30,604	\$ 32,698	\$ 207	\$ 251,547

		Millions of yen					
Year ended March 31, 2017		Japan	China	Asia Korea Republic	Other	Other	Total
Sales		¥ 73,958	¥ 29,865	¥ 7,842	¥ 9,647	¥ 5,598	¥ 126,910

		Millions of yen				
Year ended March 31, 2017		Japan	China	Asia Other	Other	Total
Property, plant and equipment		18,896	3,353	3,359	9	25,617

20. Related Party Transactions

Parent Company

Year ended March 31, 2018

Name	Capital Millions of yen	Ratio of voting rights (owned)	Transactions	Amounts Millions of yen	Closing balances	Amounts Millions of yen
Sumitomo Electric Industries, Ltd.	¥ 99,737	Directly (51.5%)	Loan of funds	¥ 21,077	Short-term loans receivable	¥ 22,000

Year ended March 31, 2017

Name	Capital Millions of yen	Ratio of voting rights (owned)	Transactions	Amounts Millions of yen	Closing balances	Amounts Millions of yen
Sumitomo Electric Industries, Ltd.	¥ 99,737	Directly (51.5%)	Loan of funds	¥ 17,250	Short-term loans receivable	¥ 20,000

Year ended March 31, 2018

Name	Capital Thousands of U.S. dollars	Ratio of voting rights (owned)	Transactions	Amounts Thousands of U. S. dollars	Closing balances	Amounts Thousands of U. S. dollars
Sumitomo Electric Industries, Ltd.	\$ 940,915	Directly (51.5%)	Loan of funds	\$ 198,839	Short-term loans receivable	\$ 207,547

The head office of Sumitomo Electric Industries, Ltd. is located in Osaka Chuo-ku, Osaka, Japan.

The parent company supplies products such as cables for power distribution, applications, and other equipment.

The company purchases cables for power distribution and supplies our products at the parent company.

Six of the parent company officers are concurrently serving as officers for the company.

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, 2018 and 2017, and the consolidated statements of income, 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 misstatement, 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, 2018 and 2017, 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, 2018 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

September 25, 2018

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

5,008

Board of Directors and Statutory Auditors (as of June 26, 2018)

Chairman

Hideaki Obata*

President

Shigeo Saito*

Senior Managing Directors

Naoyuki Yamabayashi*
Masahide Nobu*

Managing Directors

Koichi Nagata
Yoshiaki Matsumoto
Yukifumi Teramoto

Directors

Masahiro Yurino
Sachiko Hirabayashi

Standing Auditors

Michio Inada
Tadashi Ueno

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 Group Companies

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

Nissin Heartful Friend Co., Ltd.

Business Line: Digitization of documents

AuLand Co., Ltd.

Business Line: Manufacturing and sales of power transformers

Overseas Domestic Group Companies

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 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

Nissin Electric Vietnam Co., Ltd.

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

NHV America Inc.

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

Nissin Ion Equipment USA, Inc.

Texas Customer Service Center
Austin, Texas, U.S.A.
Massachusetts R&D Center
Methuen, Massachusetts, 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 Advanced Coating Indo Co., Private Ltd.

Noida, India
Business Line: Thin-film coating service

Forge a bright future for both people and technology



47, Umezu-Takase-cho, Ukyo-ku, Kyoto 615-8686, Japan

Tel:+81(75)-861-3151 Fax:+81(75)-864-8312

URL <http://nissin.jp/e/>

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. Sekison-tei is an invaluable asset, and proof that Nissin Electric Group puts its Principles of Activities of "Integrity, Trust and Long-term Relationships" into practice.