NISSHINBO

Nisshinbo Holdings Inc.

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NISSHINBO

Annual Report 2009

Fiscal Year Ended March 2009

New Business Frontiers of the Environment

Using a Century of Experience for a New Era

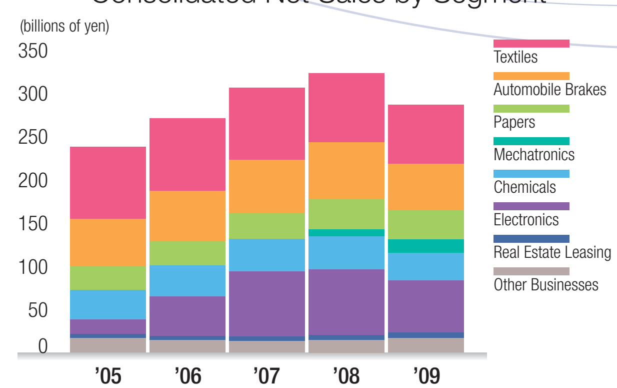
Nisshinbo was established in 1907 as a manufacturer of cotton yarn and thread. In over a century since then, we have consistently created value that meets the demands of society. We have done this by supplying goods and services that contribute to quality of life in a wide range of fields including textiles, brakes, paper products, mechatronics, chemicals, and electronics. In April 2009, Nisshinbo Industries, Inc. implemented a corporate split and made a new start as a corporate group with Nisshinbo Holdings Inc. as its holding company. We are now striving to be an environmental company. The Nisshinbo Group will chart its way through this new business frontier, the environment, by making use of the technology and human strengths that it has accumulated since its foundation.

Financial Highlights (Years ended March 31)

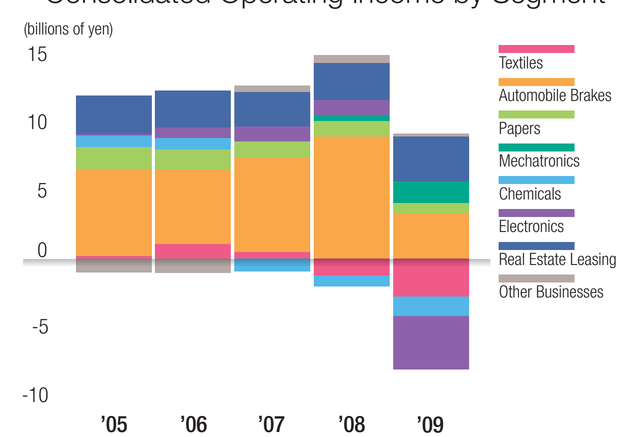
				(millions of yen)	(thousands of US dollars)
Consolidated:	2005	2006	2007	2008	2009	2009
Net Sales	¥ 243,421	¥ 278,617	¥ 312,825	¥ 322,412	¥ 286,167	$ 2,861,670
Textiles	82,164	82,879	82,243	78,816	67,593	675,930
Automobile Brakes	54,306	58,130	61,764	66,397	53,261	532,610
Papers	28,585	28,612	29,908	33,547	34,214	342,140
Mechatronics	5,561	7,572	6,844	8,083	14,738	147,380
Chemicals	34,199	36,007	37,671	38,528	32,624	326,240
Electronics	16,843	45,858	76,068	76,475	60,550	605,500
Real Estate Leasing	4,945	4,781	4,788	5,446	6,433	64,330
Other Businesses	16,818	14,778	13,539	15,120	16,754	167,540
Operating Income	9,651	10,524	11,551	12,034	408	4,080
Net Income (loss)	8,199	11,183	15,107	12,290	(1,286)	(12,860)
Equity	222,771	266,434	282,015	245,909	193,698	1,936,980
Per Share:					(yen)	(dollars)
Net Income (loss)	¥ 39.03	¥ 53.21	¥ 74.19	¥ 63.34	¥ (7.08)	$ (0.07)
Shareholders' Equity	1,072.54	1,283.21	1,301.14	1,179.43	985.19	9.85
Cash Dividends	10.00	10.00	15.00	15.00	15.00	0.15
Key Ratio:					(%)	
Return on Assets (ROA)	2.2	2.6	3.1	2.7	(0.3)	
Return on Equity (ROE)	3.8	4.6	5.7	5.1	(0.6)	

Note: The United States dollar amounts in this report are given for convenience only and represent translations of Japanese yen at the rate of ¥100 = US$1.

Consolidated Net Sales by Segment



Consolidated Operating Income by Segment



Note: The mechatronics segment, which previously was included in the other business segment, has increased in significance, and accordingly, is now presented as a separate category. The table shows the categories following this change for fiscal 2008 and 2009, but data for fiscal 2007 and earlier has not been modified.

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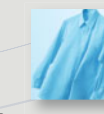
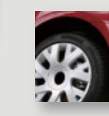
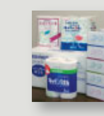
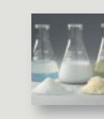
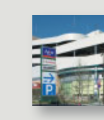










The Nisshinbo Group Has Set Course to Overcome Global Economic Turmoil and Become an Environmental Company

The fiscal year ended March 2009 was extremely trying for the global economy. The financial crisis sparked by the subprime loan problem in the United States caused a severe global recession the like of which occurs only once a century. It was unavoidable for the Nisshinbo Group to post lower net sales and income.

Despite these hard times, the Nisshinbo Group has set a new course to become a collective of environmental companies. The photovoltaic module manufacturing equipment business continues to grow at a rapid pace, and other new business fields that can contribute to alleviating global warming are also showing signs of steady growth. Meanwhile, Nisshinbo Industries, Inc. implemented a corporate split in April 2009 and was reborn as Nisshinbo Holdings Inc., a holding company at the center of a corporate group active in six main business areas.

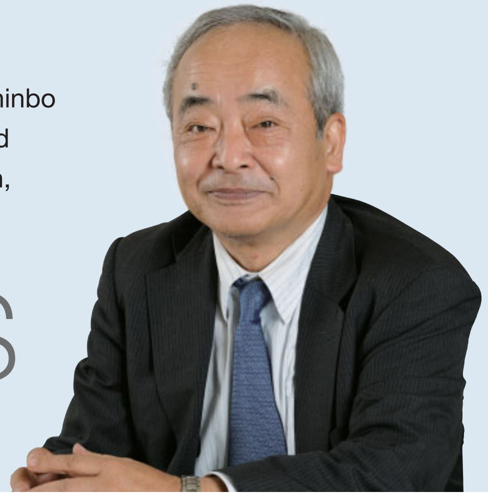
I look forward to receiving your continued support for the new Nisshinbo Group in the coming year.

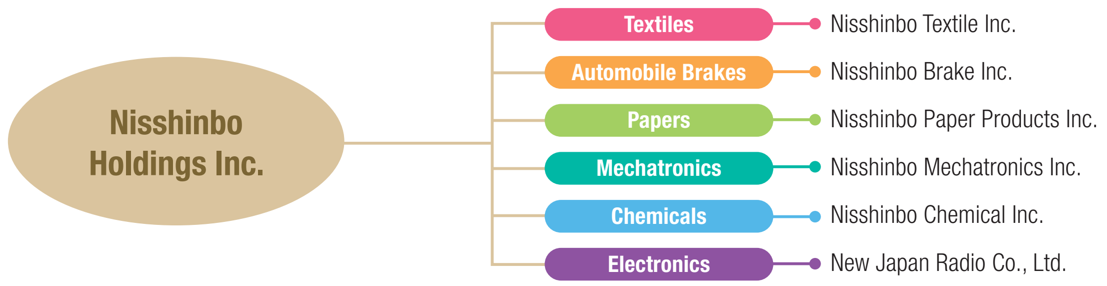
Shizuka Uzawa, President
Nisshinbo Holdings Inc.

5-Questions

Five Questions for President Uzawa

Shizuka Uzawa was appointed president of Nisshinbo Holdings Inc. in June 2009. How will he steer the Nisshinbo Group, which recently embarked on a new course amid extremely difficult economic conditions? In this section, President Uzawa responds to five key questions.





Q.1 The Nisshinbo Group made a new start with a corporate split in April 2009. Could you explain the background of the split and the prospects for Nisshinbo's future?

A.1 The corporate split was designed to raise overall corporate value by enabling each business to respond rapidly to market changes through autonomous management.

I am honored to have been appointed president of the new Nisshinbo Holdings Inc., and I ask for the continued support and guidance of our shareholders and investors.

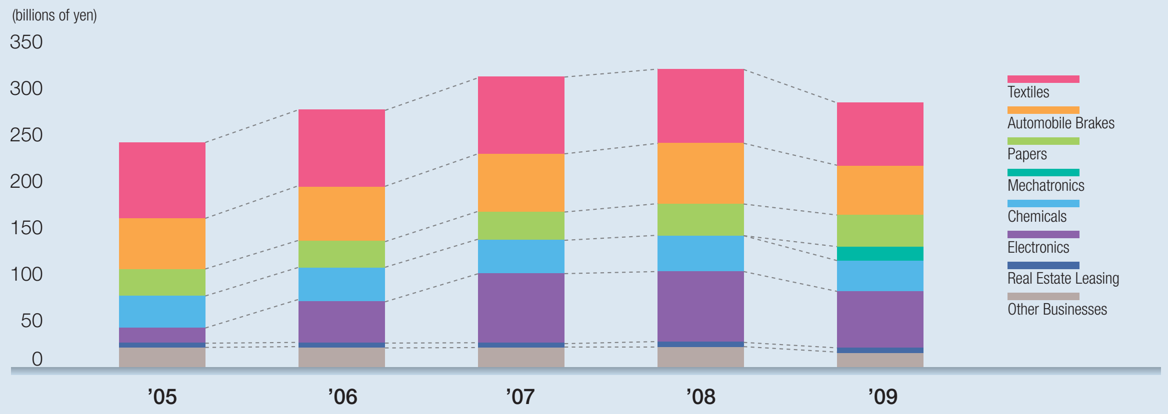
On April 1, 2009, the Nisshinbo Group spun off five business segments: textiles, automobile brakes, papers, mechatronics, and chemicals. It adopted a holding company structure with six business companies including an electronics company under the management of Nisshinbo Holdings Inc.

We decided to split the Group into separate companies to raise overall corporate value. The Nisshinbo Group has a history of more than a century and has expanded from its initial textile business to a wide range of business areas. In the past, if the textile business performed poorly, for example, the brake business was able to make up the difference, and we were able to maintain a well-balanced, integrated management. Changes in the economic environment, however, have become faster and more extreme, and this means that rapid decision-making is essential for achieving continuous growth. We therefore determined that our management format had to be reformed, and we decided to split the company and transfer management authority to the individual companies. We sought to raise overall corporate value by giving each of the main subsidiaries more maneuverability, thereby enhancing competitiveness.

Nisshinbo's financial foundations are solid, but this can lead to complacency and lagging profitability at underperforming business sectors. Following the corporate split, the profitability of each business segment will be much clearer. By reforming the repeated selection of priority areas and concentration of resources, each group company can focus its managerial resources in areas that can be expected to generate high returns. This continuous reform will mean higher profitability for the entire Group. We used the corporate split to give each group company a greater sense of urgency and to clarify responsibilities and authority in each business segment. By supporting independent and agile operations at each unit, Nisshinbo will be reborn as a group in which every business can survive and thrive even amid harsh economic conditions.

Since the corporate split was announced in November 2007, the Group has disseminated information concerning its vision throughout all group companies. The categorization of "textile" and "non-textile" businesses that has been in place since our foundation will no longer be used. Each business segment will be given the managerial freedom to operate independently. Expect great things from the new Nisshinbo Group.

Sales by Business Segment



Targets for the Fiscal Year Ending March 2010

Net sales	¥262,000 million
Operating income	¥5,000 million
Net income	¥7,000 million

Q.2 Please explain the Nisshinbo Group’s financial results for the fiscal year ended March 2009 amid the global recession.

A.2 We were able to support our financial results with a well-balanced business portfolio despite the difficult business environment.

The rapid changes in the global environment following the Lehman Brothers shock have had a major impact on the automobile brake business, one of our main business lines.

Under this environment, our consolidated financial performance for the fiscal year ended March 2009 was as follows: Sales were ¥286,167 million (down 11.2% from the previous year) and operating income was ¥408 million (down 96.6%). Thus, we experienced declines in both sales and income. Ordinary income was ¥7,151 million (down 62.2%) due to dividends received and equity method investment income, but we posted extraordinary losses for special severance payments under an early retirement incentive program and for other expenditures. As a result, we posted a net loss of ¥1,286 million (compared to net income of ¥12,290 million in the previous fiscal year).

Although operating income in the automobile brake business was only about 70% that of the previous year and the electronics business also deteriorated, sales of photovoltaic module manufacturing equipment were strong and the mechatronics business posted substantially higher sales and income. Also, the paper products business, which consists of household paper products, high-quality printing paper, and processed paper products, maintained its results from the previous year despite the difficult economic environment, and the real estate leasing business was strong. Other businesses compensated for the slowdown in the automobile brake business.

The ability of a wide range of business sectors to complement each other and support our financial results is one of the strengths of the Nisshinbo Group. Our businesses have a flexible structure, and by linking units with different characteristics, we are able to absorb a variety of risks caused by the recession as well as factors such as exchange rate fluctuations and high materials costs. In addition, the cash flows generated from the effective use of real estate assets serve to support the Group’s financial results, becoming a source of capital to develop high-growth sectors. The corporate split will strengthen each business segment and make it better adapted to the times.

Q.3 What are the medium- to long-term prospects for the Nisshinbo Group’s business?

A.3 A downturn is preparation for recovery. By establishing a high-profit structure, the Group will embark on a course to new growth in three years.

The current fiscal year (ending March 2010) is the initial period of our new medium-term management plan, but we have postponed announcement of the plan. Under these unclear economic conditions, we cannot know what circumstances will be in six months, so we determined that announcing quantitative targets for the next three years may mislead investors. This does not mean, however, that we are standing idly by. We are rapidly implementing measures to overcome these economic conditions.

First, in conjunction with the corporate split, we implemented an early retirement incentive program and streamlined the personnel structure of Nisshinbo Industries during the previous fiscal year. As a result, the personnel expenses will decrease this year by approximately ¥2.6 billion. We have created a structure that will allow our human resources to exhibit their full potential.

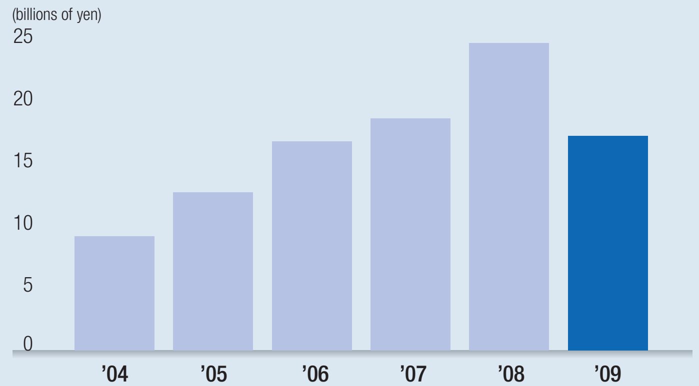
Also, we switched our depreciation calculation method from the declining balance method to the straight line method, which is the global standard, making it consistent with the method used by our overseas subsidiaries. The result is a reduction in depreciation expenses of approximately ¥3.4 billion. Moreover, New Japan Radio Co., Ltd., which is one of our main subsidiaries, is expected to reduce fixed expenses by approximately ¥5.0 billion, and other group companies will reduce fixed expenses by a total of ¥1.0 billion, for a combined decrease in fixed expenses of approximately ¥12.0 billion.

In conjunction with the structural reforms, we are also creating and expanding new businesses. We’re starting to see results in a number of new businesses that will support the Nisshinbo Group’s growth as an environmental company, such as the photovoltaic module manufacturing equipment business, which achieved substantial increases in sales and income in the fiscal year ended March 2009. Expanding new businesses will also set us on a course for new growth in three years.

As a result of these measures, the outlook for the fiscal year ending March 2010, under the anticipated ongoing financial difficulties and with the effects of the lower fixed costs, is for lower revenues but higher income. We are projecting sales of ¥262,000 million, operating income of ¥5,000 million, and net income of ¥7,000 million. We postponed the announcement of our new medium-term management plan this term. Based on group corporate principle and philosophy, and management principle adopted in conjunction with the corporate split, however, our long-term goals are to achieve an ROE in excess of 9% and sales in excess of ¥600 billion by the fiscal year ending March 2018 by achieving both dynamic implementation of business and proper governance.

During Nisshinbo’s century-long history, we have overcome major recessions as well as a war that devastated Japan. Now, we must overcome a global recession. A period of downturn is an opportunity to eliminate all excess from the company and make preparations for future growth. We must not neglect this chance.

Capital Investment



Q.4 Environmental policies are being implemented on a national level in many countries around the world, such as the U.S. Green New Deal. As an environmental company, how will Nisshinbo respond to this development?

A.4 We will make the environment and energy the centers of all business fields, boldly develop overseas business, and make capital investments.

The "environmental company" that we seek to become is based on the idea of contributing to society through our business activities by employing our technologies to address environmental issues such as global warming. In this way, we can carry out our corporate principle of serving as a "public entity."

We are currently working to develop environmental technologies that use solar energy and carbon to prevent global warming. By focusing all business segments including new businesses on the environment and energy, the Nisshinbo Group can achieve rapid growth as an environmental company.

One of our main environmental businesses is photovoltaic module manufacturing equipment, which is essential for solar power generation. We have the highest domestic market share in this business and are rapidly expanding sales channels to increase global market share. We will expand our business in response to America's Green New Deal and the environmental policies of other countries.

The carbon bipolar plates that are necessary for fuel cells are also one of Nisshinbo's core environmental businesses. Our bipolar plates for fuel cells are at the world's highest levels in terms of both quality and quantity, and demand has been increasing since the launch of the Ene-Farm household fuel cells in May 2009. Construction of a new plant is to be completed in September 2009, and we hope to increase production even further. We are conducting research and development on bipolar plates for fuel cells for motor vehicle use, and we expect rapid growth in conjunction with the widespread use of next-generation fuel cell vehicles. We are also developing a carbon alloy catalyst that can replace platinum catalyst, which is the key to reducing the cost of fuel cells. Our carbon bipolar plates and a carbon alloy catalyst will play crucial roles in expanding the use of fuel cells.

In addition, Carbodilite, a modifying material that is essential for the manufacture of green plastics, and electric double-layer capacitors that can recover energy from automobiles, industrial equipment, and construction equipment and contribute to stabilizing the output of natural energy are expected to contribute to Nisshinbo's future growth along with other new products. The beginnings of our environmental business can be seen in various areas.

We are also making capital investments in response to these developments. Total group-wide capital investment in the fiscal year ended March 2009 was ¥16.8 billion, and we plan capital investment of ¥13.3 billion for the fiscal year ending March 2010 despite the harsh economic environment. We have established commitment lines and electronic commercial paper frameworks with financial institutions and taken other measures to secure the capital necessary to support our aggressive business development.

New environmental policies of countries around the world are significant favorable developments for the Nisshinbo Group. We will strive to become an essential social contributor as an environmental company within a low-carbon (hydrogen-based) economy.

Q.5 Please discuss Nisshinbo's policies concerning returns to shareholders, distribution of profits, and fending off hostile takeovers. Also, as Nisshinbo's new president what message do you have for shareholders and investors?

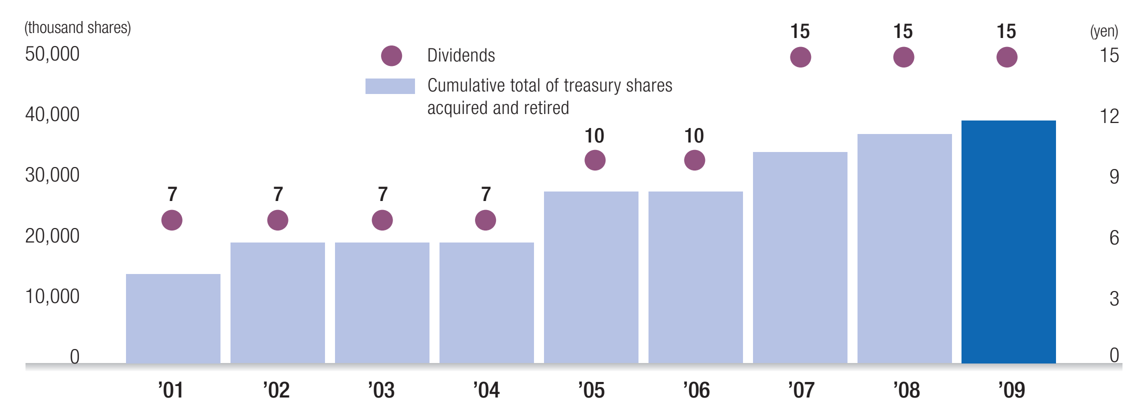
A.5 It is our responsibility to provide stable dividends to shareholders. We have set ¥15 per year as the minimum dividend and are working to increase dividends by raising income.

The fundamental policy of the Nisshinbo Group is the payment of stable dividends. The total annual dividend for the fiscal year ended March 2009 including the interim dividend was ¥15 per share. We have set a policy of paying at least ¥15 in the fiscal year ending March 2010 and are working to increase the dividend by raising profits. We executed a buyback of 10 million of our own shares in May 2008 and retired 6.6 million shares in April and an additional 8 million shares in September.

The continuation of our takeover defense measures for three years was approved at the 2009 general shareholders meeting. The objective is to reduce the risk of takeover by funds that do not intend to manage the company, such as greenmailers. It is not intended to preclude strategic buyers. We consider these measures to be necessary for maintaining sound corporate governance.

I have held a variety of positions within the Nisshinbo Group and learned from many people. I believe every encounter is a once-in-a-lifetime opportunity, and that applies to our relationship with shareholders as well as businesses. As I put all of my effort into meeting new business, I also value my encounters with shareholders. I ask our shareholders to give us their support from a long-term perspective.

Dividends and Retirement of Treasury Shares



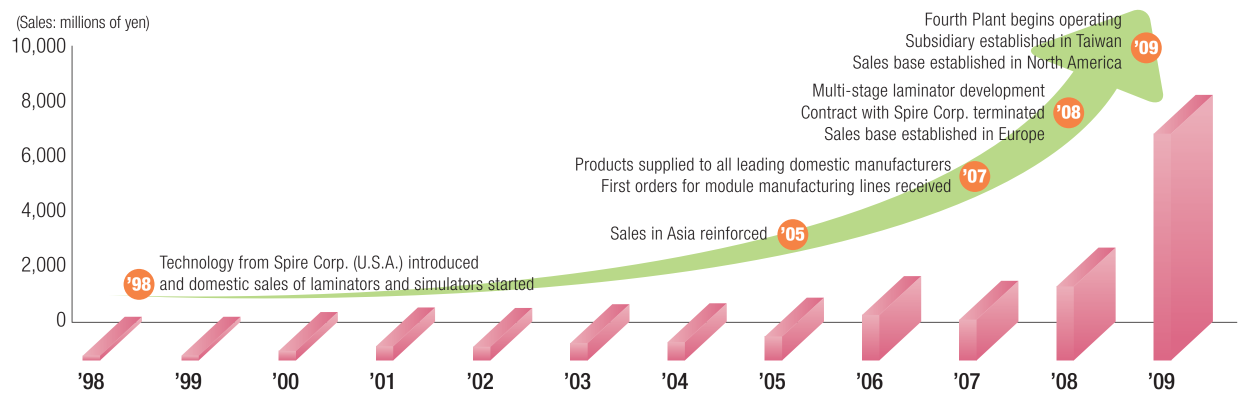
ANSWER 1

Photovoltaic Module Manufacturing Equipment

Becoming a Leading Player in the Solar Cell Business, a Key Factor in Renewable Energy

Solar cells are attracting increasing attention around the world as a source of renewable energy that does not produce carbon dioxide and has no impact on the global environment. The Nisshinbo Group is developing its photovoltaic module manufacturing equipment business based on mechatronics technologies accumulated over half a century. Nisshinbo Mechatronics has already generated substantial income as a core business in Nisshinbo's environmental strategy. Hiroshi Nakano, President of Nisshinbo Mechatronics Inc., discusses the current status and future prospects of the rapidly growing manufacturing equipment business.

Sales and Business Plan



The Leading Domestic Back-End Manufacturer

Solar cell manufacturing includes the initial process (front-end) of making the solar cells and the subsequent process (back-end) of assembling them into a module in panel format. Nisshinbo Mechatronics Inc. produces core back-end equipment, including solar simulators, module laminators, electro-luminescence (EL) cell inspection equipment for detecting cracks in panels from manufacturing, and manufacturing lines that integrate these devices, and supplies them to manufacturers in Japan, Asia, Europe, and the United States. In Japan, we command overwhelming market shares for laminators (more than 70%) and simulators (more than 90%), and we have a roughly 10% share of the global market. Our product reliability and our overall capabilities have been praised by solar cell manufacturers worldwide.

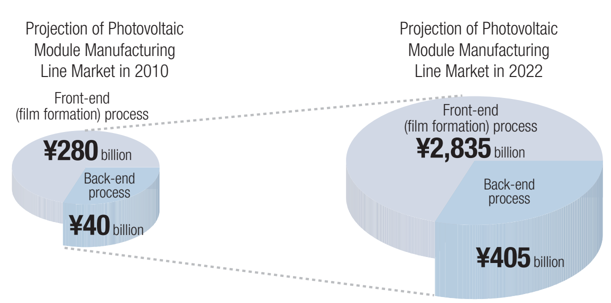
The Nisshinbo Group began developing and manufacturing specialized machine tools in the 1940s and has built solid foundations for producing photovoltaic module manufacturing equipment. Starting in 1998, we made use of this accumulated experience and introduced technology from overseas to introduce simulators and laminators to the domestic market. The business has experienced rapid growth over the past 2 to 3 years.

We Aim to Control 30% of the Rapidly Growing Back-End Market

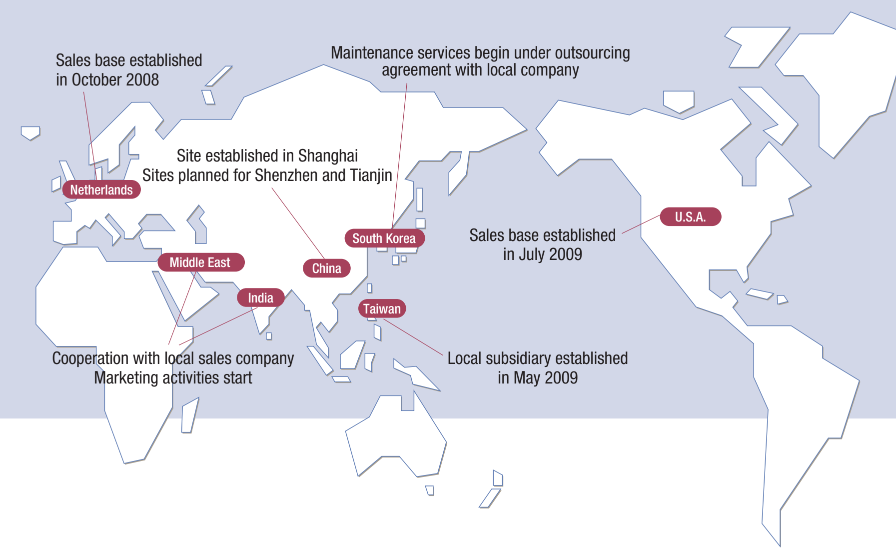
The photovoltaic module manufacturing line market leveled off in the fiscal year ending March 2010, but we are confident that it will grow over the medium- to long-term, and projects are that the market will reach ¥3 trillion in 2030. The back-end market is expected to reach ¥120 billion in the fiscal year ending March 2012, and we have set a target of capturing 30% of the market or achieving sales of at least ¥30 billion. This is a very ambitious target, but I believe we can achieve it by reacting quickly to developments in global markets.

For example, in the United States, which is currently implementing the Green New Deal policies, use of new energy sources centered on solar cells is expected to become obligatory, and use of solar cells is expected to increase to 30 GW (gigawatts) by about 2030. Total global solar cell installations are currently 6 GW, so the United States will be using five times that volume. Use of solar cells is likely to expand rapidly throughout the world. We have therefore set targets of capturing 10% of the market for back-end lines and 30% of the market for laminators and simulators, the key units on back-end manufacturing lines. If we can do this, our annual sales revenues in the U.S. market alone will increase from ¥3 billion to ¥8 billion. We are currently aggressively developing our global business to achieve these targets.

Scale of Markets for Solar Cell Manufacturing Equipment in the Future



Global Sales and Service Sites



Hiroshi Nakano, President
Nisshinbo Mechatronics Inc.

Aggressive Manufacturing and Sales Strategies to Win Global Markets

First, we completed construction of the Miai Machinery Plant, a specialized photovoltaic manufacturing equipment plant in Okazaki City, Aichi Prefecture, in April 2009. When this plant goes online, production capacity is expected to double.

We are also working on expanding and improving our global sales and service network. We established a business site in the Netherlands in October 2008, bolstering our sales and service structures in the European market, which has the world's highest demand. In Taiwan, where sales are expected to increase to ¥2.5 billion in the fiscal year ending March 2010, we established a local subsidiary in May 2009. In South Korea, we began providing maintenance services by concluding a service outsourcing agreement with a local company and plan to establish a sales base during the fiscal year ending March 2010. We are also cooperating with local sales companies in the Middle East and India and have started marketing activities in these regions. In China, Asia's largest producer country, we opened a marketing office in Shanghai and plan to establish service sites in the Shenzhen and Tianjin regions. In the United States, we established a sales office on the West Coast this summer.

As that solar cell panel manufacturers adopt on-demand structures and increase local production around the world, we are considering global production structures for manufacturing and producing equipment overseas. Core devices such as laminators and simulators would be produced at mother plants in Japan such as the Miai Machinery Plant, and other units will be produced overseas, and we would be able to reduce business risks by operating our own plants.

The local procurement and local production model will allow us to respond immediately to increases in overseas demand while avoiding currency exchange rate risks and reducing costs. We have implemented the local production concept in Taiwan as a model case and anticipate two bases in Asia and the United States.

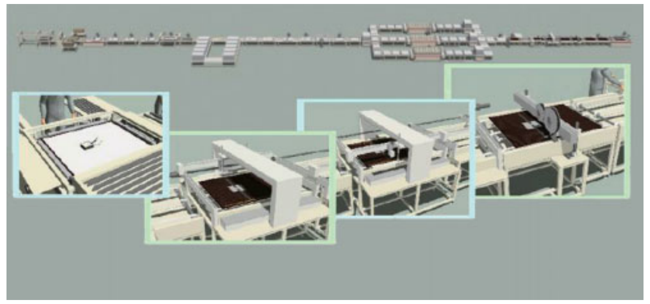
Total Photovoltaic Module Manufacturing Equipment Solutions Supported by High Added-Value

We are also working to increase the added-value of our products so we can establish a position of market superiority. We will propose new solar cell sealing technologies that improve durability to increase the lifespan of solar cells, which is currently said to be approximately 20 years, to as long as 60 or even 100 years. To do this, we are investigating the module production and installation business in collaboration with a front-end manufacturer.

We are also developing manufacturing equipment that allows changes in workpieces from manufacturing to be visible to eliminate defective products. Development of products that integrate manufacturing and inspection is proceeding, and we hope to reinforce total solar cell manufacturing solutions by covering everything from line design to maintenance.

Some manufacturers predict solar cells will account for 75% of all energy in 100 years, suggesting they are a potential source of tremendous wealth with numerous new business opportunities. We are striving to continuously improve photovoltaic module manufacturing equipment to meet customer needs and to make Nisshinbo Mechatronics a leading force in the solar cell industry.

A Thin-Film Photovoltaic Module Manufacturing Line

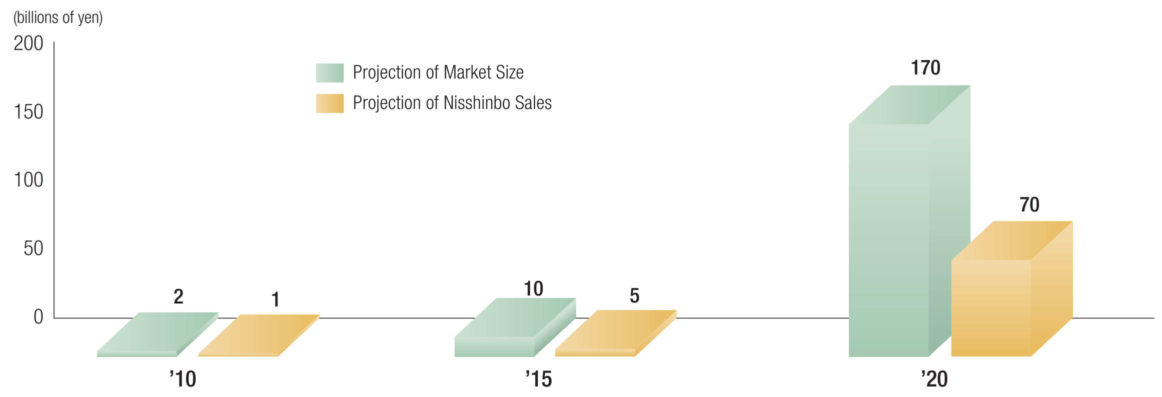


ANSWER 2
Fuel Cell Products Business

Carbon Technologies Will Pave the Way for a Hydrogen-based Economy

Fuel cells generate electricity using a chemical reaction between hydrogen and oxygen but generate almost no substances of concern, making them an ideal method for both preventing global warming and providing stable energy supplies. The Nisshinbo Group produces carbon bipolar plates, an essential component in fuel cells, and is a world-class player in terms of quality and quantity. Masaaki Isobe, President of Nisshinbo Chemical Inc. and General Manager of the Business Development Division, discussed the fuel cell products business, a main pillar of Nisshinbo's environmental strategy.

Outlook for the Fuel Cell Materials Business



Nisshinbo's Bipolar Plates Control the Domestic Market for Household Fuel Cells

Television commercials for Ene-Farm household fuel cells began airing in Japan in spring 2009. Nisshinbo Chemical supplies nearly all bipolar plates to manufacturers of household fuel cells. Bipolar plates, key components in fuel cells, are available in two types: carbon and metal. Although carbon bipolar plates are superior to metal ones in terms of corrosion resistance, metal bipolar plates are stronger. Nisshinbo Chemical used its carbon technologies to overcome this problem and create thin but strong carbon bipolar plates that can match metal bipolar plates. Our carbon bipolar plates lead the global market in terms of strength, thinness, corrosion resistance, moldability, flexibility, conductivity, and weight.

The Japanese market for household fuel cells is expected to expand rapidly in the next few years, and we are working to raise cost performance in order to maintain our existing share of the market. We will complete construction of a new plant in Chiba Prefecture in September 2009 and expand production. Over the short term, we anticipate sales in the ¥3.0 billion to ¥5.0 billion range annually.

The next potential market for carbon bipolar plates will emerge when automotive fuel cells begin to enter widespread use starting around 2015. The fuel cell materials business including both household and automotive applications is expected to expand to ¥170 billion annually by 2020. Nisshinbo Chemical was an early innovator in products for fuel cell vehicles and is aiming for annual sales of ¥70 billion. We expect competition in high-durability metal bipolar plates. We thus intend to capitalize on our carbon technologies and compete successfully against metal bipolar plates based on the superior cost and ease-of-use of our products.

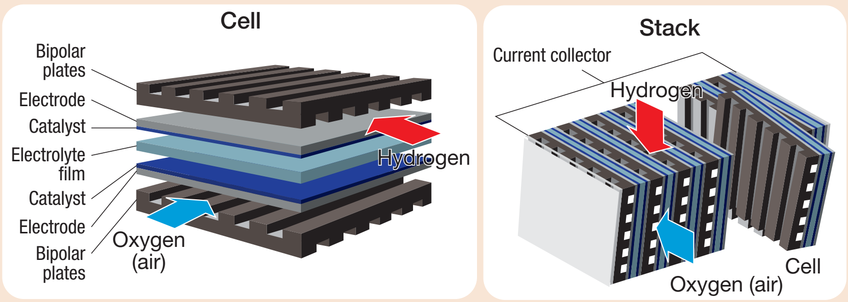
Developing Carbon Alloy Catalysts to Reduce Fuel Cell Manufacturing Costs

Fuel cells use platinum as a catalyst to promote the chemical reaction between hydrogen and oxygen. But platinum is quite expensive and is one of the main factors behind the high cost of fuel cells. To address this issue, the Nisshinbo Group began joint development of an alternative catalyst with Professor Junichi Ozaki of Gunma University in 2006 and participated in a project organized by the New Energy and Industrial Technology Development Organization (NEDO). It successfully developed a carbon catalyst that can be supplied stably and at low cost.

Nisshinbo's carbon alloy catalyst boasts world-class performance that is nearly equivalent to that of platinum. In tests, the catalyst exhibited no deterioration after 500 continuous hours of generating electricity, confirming its outstanding stability and output. Above all, it offers substantial cost benefits — about one-sixth that of platinum catalyst. If carbon alloy catalysts were used in fuel cell vehicles, the cost per vehicle would fall by an estimated ¥500,000.


The new plant for bipolar plates for fuel cells in Chiba

Structure of a Fuel Cell



A fuel cell consists of layers of cells made of plate-shaped electrodes, an electrolyte, and a catalyst. The bipolar plate supports the structure and is an important component that serves as the passageway for the oxygen and hydrogen necessary to generate electricity.

Masaaki Isobe, Director, Executive Managing Officer, and General Manager, Business Development Division, Nisshinbo Holdings Inc.
President, Nisshinbo Chemical Inc.

Accelerating Fuel Cell Use with Two Key Products

Nisshinbo Chemical will begin shipping samples of the plates and catalyst to manufacturers of automotive and household fuel cells in spring 2010. We also plan to establish a full-scale production site around 2015 when the automotive fuel cell market is expected to take off. We hope to accelerate the widespread use of fuel cells with our carbon bipolar plates and carbon alloy catalyst.

The catalyst has many potential applications apart from fuel cells. With its ability to activate oxygen and increase oxidizing power, it can be used in a wide range of applications, such as treating nitrogen oxides in emissions gases, deodorizing ammonia, and in chemical production processes. The carbon alloy catalyst presents tremendous potential for Nisshinbo's environmental strategy.

Fuel Cell Electric Power Generation Performance of the Carbon Alloy Catalyst

	Carbon alloy catalyst developed by Nisshinbo	Platinum catalyst
Open voltage OCV (V)	0.98	0.95 – 1.00
Voltage at 0.2A/cm² (V)	0.67	0.70 – 0.75
Output density (mW/cm²)	525	500 – 700
Catalyst cost	1,000 yen/g or less when mass produced	6,000 – 10,000yen/g
Stability	No deterioration after 500 hours of charging	—

The Nisshinbo Group's Vision for a Hydrogen-based Economy

	By 2009	By 2015	From 2020
Business Development	Photovoltaic module manufacturing line Bipolar plates for fuel cells Capacitors	Solar cell business Bipolar plates for fuel cells Capacitors Carbon catalysts Hydrogen storage materials	**Become a maker of a wide range of materials, components, and systems in a new energy and hydrogen-based society**
Development Strategy	Carbon catalyst Hydrogen storage materials	Solar cell materials Components of electric power storage device	

A Company Supporting the Hydrogen-based Economy Through Solar Cells

The Nisshinbo Group has a bold vision of contributing to the coming hydrogen-based economy through the provision of various environmental technologies. The hydrogen-based economy uses hydrogen produced from water through electrolysis as an energy source and returns the hydrogen to water, a clean energy cycle that does not produce carbon dioxide. We hope to advance the arrival of the hydrogen-based economy by combining the carbon and new energy technologies that we have accumulated.

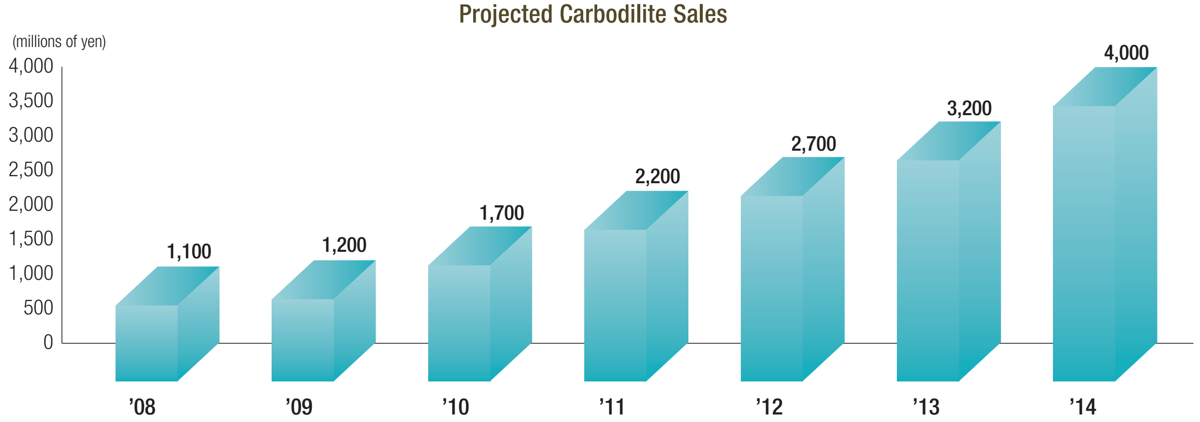
For example, by combining solar cells with fuel cells, we can break down water using electricity generated by the solar cells, transport the extracted hydrogen to remote locations, and generate electricity by using the hydrogen in fuel cells. By using a method such as this, the losses that occur from transmitting electricity over power lines are eliminated, and it is possible to generate electricity from hydrogen whenever it is needed. To achieve this vision of a hydrogen-based economy, the Nisshinbo Group's Business Development Division is developing not only solar cells and fuel cells but also various other environmental technologies such as hydrogen storage materials and electric power storage devices. A company that supports the hydrogen-based economy of the future — this is the true image of the environmental company that the Nisshinbo Group strives to be.

ANSWER 3
Carbodilite

Unique Technology Supports Green Plastics Limiting Environmental Impact

The Nisshinbo Group is developing a broad range of environmental businesses in addition to the photovoltaic module manufacturing equipment and fuel cell products discussed already. One such business is Carbodilite, a high-performance chemical product that is used in green plastics and other materials.

Projected Carbodilite Sales



Nisshinbo Provides Functional Chemicals Essential for Plant-based Plastics

As global environmental problems worsen, the importance of green plastics made from plant materials such as corn is increasing as environmental materials that can help minimize the implication of products throughout their life cycles. But green plastics lack durability and heat resistance and require modification for use in a wide range of products.

Carbodilite is a high-performance chemical product developed by the Nisshinbo Group. It has been praised as a modifier that enhances durability and heat resistance when added to polylactic acid resin and other materials during manufacturing. Applications include a wide range of industrial fields including use as crosslinking agent for waterborne resins and as resin for printed circuit board. Carbodilite is an essential material for the development of environmentally friendly products.

Because of its low toxicity, Carbodilite is distinguished from other products around the world and has attracted considerable attention from numerous manufacturers.

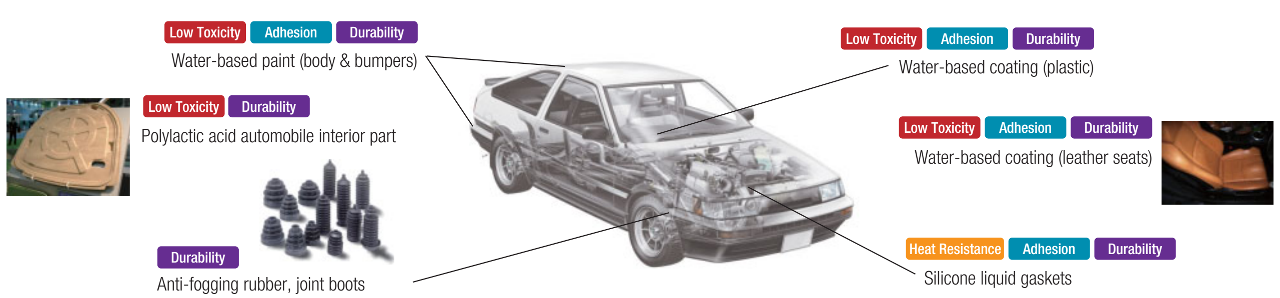
Propelled by Environmental Regulations, Business Will Grow to ¥4 Billion

Various laws and regulations cutting substances of concern and chemical substances, including VOC and RoHS regulations, are being adopted around the world, and as petroleum-based resources diminish, demand for green plastics is rising rapidly. Carbodilite is also expected to see rapid growth in the future.

For example, Carbodilite has been praised for its safety as crosslinking agent for waterborne resins and inks, and demand is increasing in Europe, the United States, and Asia. It is also attracting attention for its lead-free and halogen-free composition, heat resistance, and compatibility with high-speed and low-profile applications when used as an adhesive in electronic components and as resin for printed circuit board. The Nisshinbo Group is expanding applications for Carbodilite in automobiles and electrical and electronic components. We have set a target of increasing annual sales to ¥4 billion by 2014.

As environmental regulations around the world become stricter, demand for green plastics and water-based paints with minimal environmental impact is expected to increase. As a result, Carbodilite will become a key business supporting Nisshinbo's core environmental strategy.

Automotive Applications of Carbodilite



ANSWER 4
Electric Double-Layer Capacitors (EDLC)

Advanced Energy Devices Can Store Solar and Wind Power

Electric double-layer capacitors (EDLCs) can store and reuse energy that until now has been wasted. These devices can contribute to saving energy and reducing carbon dioxide emissions. They are attracting attention as key components in environmentally friendly automobiles such as hybrid vehicles. This technology holds considerable potential to support the Nisshinbo Group's vision of a hydrogen-based society.

Automotive on-board devices

Components for industrial equipment

Convert to Electricity and Store Energy That Would Be Wasted

When you use the brakes of a vehicle and decelerate, energy is created. This energy has traditionally been wasted by releasing it into the air, but it can be converted into electricity, stored, and used to help power the vehicle. The device that makes this possible is the electric double-layer capacitor (energy can also be recovered by a battery, but capacitors have higher uptake efficiency). This device is a type of capacitor that stores electricity.

Capacitors are more durable than secondary batteries, can take in and discharge large currents very rapidly, do not contain lead or other substances of concern, and have high energy efficiency. They offer outstanding environmental performance and can reduce carbon dioxide emissions. Nisshinbo Group's EDLCs are highly energy efficient, compact, lightweight, and high-performance.

EDLCs can provide additional power during times of peak load, allow energy recovery, and have an established track record in applications such as industrial and construction machinery. In 2007, the Nisshinbo Group constructed its Asahi Plant in Chiba Prefecture with production capacity of 30,000 cells per month to support mass production.

Application Fields Expand From Eco-Cars to New Energy Standardization

A market for EDLCs that is expected to undergo rapid growth is environmentally friendly vehicles. The Nisshinbo Group is developing EDLCs for automotive use and is working to increase sales in markets including hybrid vehicles. We plan to launch products between 2011 and 2015 under a rough sales target of tens of billions of yen annually by 2020.

We have high expectations concerning standardization of new energy sources including solar cells and wind power. Electric power generation from these energy sources is dependent on weather conditions and as a result is unstable. We believe that capacitors, which can respond to changes instantaneously, can supply electric power in a stable fashion. We believe the EDLCs to be a key technology for developing a hydrogen-based economy along with solar cells and fuel cells. We are committed to increasing EDLC performance.

Performance and Applications of Electric Double-Layer Capacitors

1 Supplementing peak output
Reduce input power supply capacity
Make equipment more compact

2 Energy recovery and reuse
Charging during recovery
Discharging during high loads

3 Increased battery life
Energy saving and higher operating efficiency
Improved battery lifespan

4 Distribution of power supplies
Improved power supply reliability
Distribution of power supplies

- Higher output
- Faster acceleration
- Higher operating efficiency
- Energy saving

- Maintenance free
- Lead free
- Reduced CO_2 emissions

Overview and Business Results of Individual Business Segments

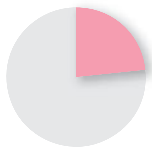
Main Business Areas | Sales Composition (%)

Textiles

Our Inaugural Business Leads Japan's Textile Industry

Since its foundation in 1907, Nisshinbo has led the Japanese textile industry with its advanced technologies and high quality. Nisshinbo expanded its business into the spinning, weaving, processing, and sewing fields and possesses the world's most advanced technologies in areas ranging from development to production. Nisshinbo is focusing on the development of new technologies and products that incorporate the concepts of environmental sustainability, health, and comfort. To enhance international competitiveness, Nisshinbo is shifting general textile production to sites in China and Indonesia and is constructing a global production system.

- **Shirts:** Dress shirts, school uniform shirts, casual shirts, and fabric
- **Textiles:** Uniform fabrics, home furnishing fabrics (bedding), casual fabrics
- **Denim:** Jeans and denim fabric
- **Knits:** Knit products and fabrics
- **Oikos:** Nonwoven material
- **Mobilon:** Polyurethane elastomer fiber
- **Yarn:** Fiber material



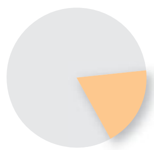
23.6

Automobile Brakes

A Global Supplier of Brake Friction Materials for Safer Driving

Nisshinbo has world-class development capabilities for brake systems, which play a crucial role in the safety and comfort of automobiles, and brake friction materials, a key component in brakes. To respond to the global optimal procurement needs of automakers, we are strengthening collaboration with domestic and overseas affiliates, establishing strategic alliances, and reinforcing our stable supply system with central bases in Asia, North America, and Europe. We are also developing applications for high-performance, high-quality products and are focusing our energies on expanding our lineup of Green Pad products manufactured from environmentally friendly materials.

- **Friction materials:** Brake linings, disc pads
- **Assembly products:** Drum brake products, disc brake products for trucks
- **ABS**



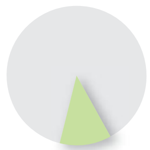
18.6

Papers

Paper Products Characterized by Environment- and People-Friendly Manufacturing

Nisshinbo Paper Products manufactures and sells various paper products including household tissues and toilet paper, speciality paper and other fine papers, telegram papers, and high-quality packaging. Based on the concept of environment- and people-friendly manufacturing, for the household products segment we developed Cotton Feel, a tissue paper that contains cotton, and highly porous toilet paper designed for use with bidets. In the speciality paper segment, we developed distinctive, top-quality printing papers featuring both outstanding texture and print quality such as Vent Nouveau fine paper. We are also putting priority on expanding the use of products certified by the Forest Stewardship Council (FSC) to contribute to the preservation of forests.

- **Household paper products:** Tissues, toilet paper (made with virgin and recycled pulp), and kitchen-related products
- **Speciality paper:** Fine paper, synthetic paper
- **Process paper products:** Telegram paper, high-end packaging, advertising-related products, card products, photo mounts, and other products



11.9

Mechatronics

Rapid Expansion in the Solar Cell Business

Nisshinbo Mechatronics is using its expertise acquired as a machine tool manufacturer over a half-century to aggressively develop the photovoltaic module manufacturing equipment business, which holds great potential as a source of clean energy. Our products feature outstanding performance and reliability. We offer high-quality technology services ranging from individual production units to the construction of integrated module manufacturing lines. We have constructed numerous production lines, particularly in Taiwan, South Korea, and China, and have been recognized for the quality of our products and services by numerous manufacturers.

- **Photovoltaic module manufacturing equipment:** Photovoltaic module laminators, solar simulators, EL cell inspection equipment, edge isolation systems, assemblers
- **Customized machinery:** Customized machinery for aircraft and automobiles, special presses, welding systems, mass production component assembly units
- **Precision parts processing**

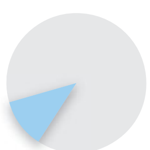
5.1

Chemicals

Expanding High Added-Value Products Business with Environmental Focus

Nisshinbo Chemical is focusing management resources on environmental technologies and products in promising, high-growth fields, such as bipolar plates for fuel cells and the Carbodilite high-performance chemical product. We are also working to create new applications and markets by developing high added-value products such as thermoplastic urethane elastomer, glass-like carbon, and rigid urethane foam. Going forward, we are committed to developing new creative technologies and enhancing the functionality and performance of existing products while expanding sales structures globally. We will also strive to supply next-generation chemical products that will respond to social needs everywhere.

- Bipolar plates for fuel cells
- Carbodilite high-performance chemical product
- Rigid urethane foam
- Mobilon urethane elastomer
- Carbon products



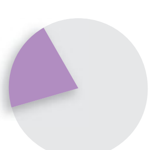
11.4

Electronics

Strategic Collaboration Holds the Key to Group Development

New Japan Radio Co., Ltd. and Ueda Japan Radio Co., Ltd. play central roles in the semiconductor, electronic equipment, and information and communications business segments. We enjoy a strong superiority in the semiconductor field with respect to analog technologies and in the information and communication field with respect to microwave technologies. We are developing new products with a focus on consumer audiovisual equipment, industrial and automotive devices, and information and communications. The electronics business is key to developing our energy business, one of the Nisshinbo Group's priority areas, and we are actively working to reinforce and expand our business through strategic collaboration within the Group.

- Semiconductor products
- Information and communications devices and equipment
- Power supply units and electronic components
- Microwave products
- Electronic medical devices and instruments



21.1

Real Estate Leasing

Effective Use of Assets in Leasing and Sales

Nisshinbo's real estate business is active in using idle assets, redeveloping vacant commercial lots, leasing office and commercial facilities, and dividing and selling residential land. We strive to contribute to local communities through the creation of more pleasant urban environments. The Group is making use of its assets for the development of shopping centers, sports and leisure facilities, office buildings, housing, nursing home facilities, and model homes.

- **Leasing**
- **Sales:** Unused sites at the former Hamamatsu Plant and the former Harisaki Plant

2.2

Textiles

Yoshihito Onda, President
Nisshinbo Textile Inc.

Message to Shareholders and Investors

I believe that the measures we took prior to the corporate split to streamline facilities and reduce costs will start to produce results gradually as we move forward. This is the first year of the new company, and all personnel are working together to achieve the target of returning to profitability. I ask for the cooperation and support of our shareholders and investors.

TEXTILES

Reforms, New Products to Power Return to Profitability Following the Split

Summary of Financial Results for the Fiscal Year Ended March 2009

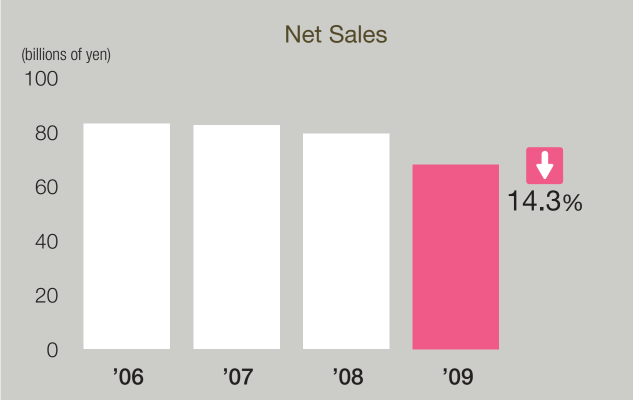
Sluggish Personal Consumption Leads to Lower Revenues and Income; Overseas Business Shows Positive Signs

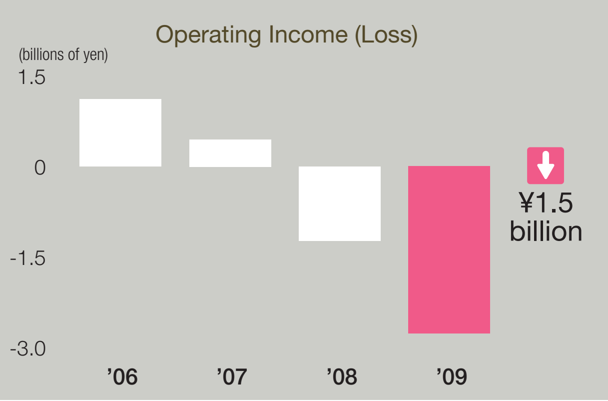
The textile business continued to face an extremely difficult business environment including a substantial drop in demand for finished clothing products along with sluggish personal consumption caused by the economic recession.

In Japan, uniform fabrics generated higher income due to efforts to lower costs. However, sales of shirt fabrics and spandex products fell in both the domestic and overseas markets. Sales of denim were weak because of slumping sales to major jeans makers, and as a result both sales revenues and income were down.

Overseas, P.T. Gistex Nisshinbo Indonesia's sales and income declined because of higher raw materials and fuel costs and other factors. Nisshinbo Do Brasil Industria Textil LTDA. performed well, though, while P.T. Nikawa Textile Industry in Indonesia reported lower sales but higher income as a result of shifting from unprofitable products to high added-value products.

As a result, the textile business as a whole recorded lower net sales and lower income, with net sales of ¥67,593 million (down 14.3% from the previous year) and an operating loss of ¥2,743 million (a deterioration of ¥1,527 million from the previous year).





Business Strategies and Outlook for the Fiscal Year Ending March 2010

An Organization That Integrates Manufacturing and Sales

At the time of the corporate split, the textile business carefully examined and reviewed the content of its business and took measures to eliminate all waste including withdrawal from unprofitable businesses. Amid the ongoing deterioration of the business environment, the transition to an organization that can generate profits remains an ongoing process, but the effects of structural reforms are starting to be felt.

Following the reforms, the textile business created an organization with a strong awareness of integrated manufacturing and sales and began its first year following the corporate split.

The Textile Fabrics Division consists of a weaving and finishing division and a sales division that covers almost all textile areas including casual fabrics and bedding, with a focus on shirt fabrics and uniform fabrics. Shirt fabrics play a central role in the global sales development business strategy, which makes use of close ties with leading domestic customers and overseas production sites. Efforts are also being made to increase profits from the uniform fabric business by introducing new products and increasing sales in the white garment field.

The Yarns Division consists of a procurement division that handles yarn for in-group use and sale, as well as a spinning division. Production is currently performed domestically and in China and India, but it is likely that production will increasingly be shifted overseas.

The Denim Department, Knitted Fabrics Department, Mobilon Department, and Oikos Department will work to use the unique characteristics of their respective products and expand sales under organizations that integrate manufacturing and sales.

Measures to Return to Profitability

To achieve profitability following the corporate split, Nisshinbo Textile will increase local production, reinforce product development, and work for a recovery in the leading shirt and denim segments.

Regarding the shirt business, Nisshinbo Textile will shore up CHOYA Co., Ltd., which continues to experience poor results, and reinforce integrated operations of Nisshinbo, CHOYA, and Naigai Shirts Co., Ltd. Specific measures include reciprocal use of the production sites of the three companies and readjusting sales channels for each brand to improve profitability. Examples of expanded local production include increasing the facilities of P.T. Gistex Nisshinbo Indonesia (G&N) in Indonesia and establishing a joint venture with Vardhman in India. Under the joint venture business, Nisshinbo Textile performs fabric processing, CHOYA performs product sewing, and Vardhman conducts sales in India. In this way, each company is able to operate in its areas of strength.

The denim business is suffering from excess inventory, but a thorough identification and disposal of defective inventory was implemented prior to the April 2009 corporate split. New production rules were adopted to improve structures so that excess inventories do not occur. As a result, unreasonable sales necessitated by excess inventories can be eliminated.

Environmentally Friendly Products

Nisshinbo Textile is responding to increasing demand for environmentally friendly products by marketing original materials and appealing products.

It is encouraging the use of banana fibers, bamboo fibers, and other natural and ecological fibers. Banana fiber is already used in leading apparel brands and is attracting considerable attention around the world including frequent visits by ministers from leading banana-producing countries. In addition, the use of recycled materials such as polyester and cotton is increasing. Nisshinbo Textile is also working to develop products that can promote a low-carbon economy in fields that make use of existing materials.

Automobile Brakes

Kunihiro Toda, Chairman
Nisshinbo Brake Inc.

Masaya Kawata, President
Nisshinbo Brake Inc.

Message to Shareholders and Investors

Current conditions are, on the whole, extremely challenging, but our structural reform efforts are producing results. If we are able to establish the "70% structure"* that we are aiming for, the brake business will be transformed into an even more profitable business when a recovery in auto production occurs. The entire Group is committed to efforts to establish this "70% structure"* as soon as possible.

AUTOMOBILE BRAKES

Urgently Raising Cost Competitiveness Ahead of Production Recovery at Automakers

Summary of Financial Results for the Fiscal Year Ended March 2009

Plummeting Automobile Sales Worldwide Drive Net Sales and Income Down

Net sales of brake products in Japan and by our subsidiaries abroad fell as domestic and overseas production by Japanese and South Korean manufacturers plunged amid the deepening global recession and declining auto sales in Japan, North America, and emerging markets in the second half. Also, factors including higher domestic depreciation costs in conjunction with a review of the useful lives of assets at the time of changes to the tax system pushed operating income down substantially.

ABS products also posted lower net sales and income as a result of the completion of the transfer of business to Continental Automotive Corporation, a joint venture company, at the end of December 2008.

As a result, the automobile brake business as a whole reported lower net sales and lower income, with net sales of ¥53,261 million (down 19.8% from the previous year) and operating income of ¥3,310 million (down 62.7% from the previous year).

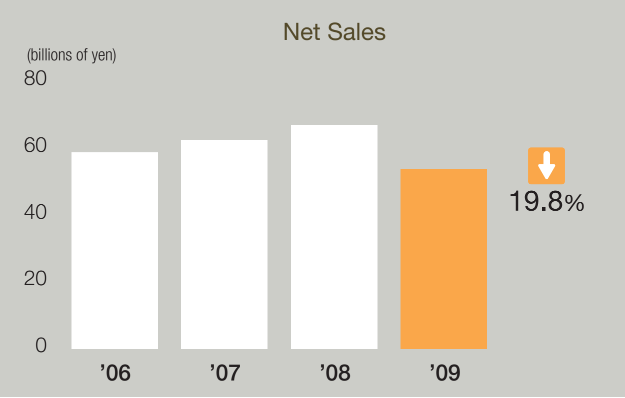
Business Strategies and Outlook for the Fiscal Year Ending March 2010

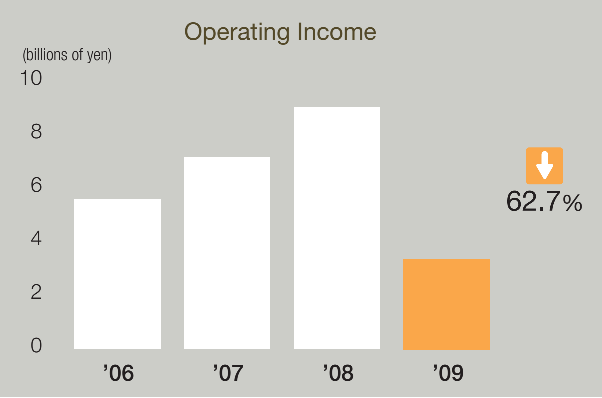
Transforming to Profitable Structures in Difficult Times

The current economic recession, said to be a once-in-a-century occurrence, has had a severe impact on the automobile industry. At this time there are no signs of recovery in production for domestic sales or export. The brake business has grown in step with the growth and global expansion of Japanese automobile manufacturers. It has made significant contributions to the profitability of the Nisshinbo Group, so the rapid decline in orders since October 2008 represents a drastic change in the business environment.

In response, the brake business proposed the rapid establishment of a "70% structure"* in November 2008. Considering that the downturn is the result of extreme change in the demand structure and an unprecedented drop in automobile demand throughout the world, it may be some time before demand returns to previous levels, particularly in developed countries. Thus, we reorganized our business structures so we can generate a profit even with orders at levels lower than they have been in the past.

Specifically, we are constructing flexible production structures that can adapt to changes in order volumes, eliminating all non-essential and non-urgent investment, and implementing cost-cutting measures with no areas off-limits. Overseas business sites are implementing similar measures to reduce fixed costs, increasing local procurement of raw materials and components and streamlining production sites according to the cost structures of each site. More than six months have passed since these reform measures went into effect, and we are starting to see some results both in Japan and abroad.





Advancing in Emerging Markets

In addition to structural reforms, we are making active advances into emerging countries, which are expected to act as a driving force for new demand when automobile markets recover. For example, Japanese and Korean makers have established full-scale operations in India. In 1984 we concluded a technology support agreement with Rane Brake Lining Ltd. (RBL), the leading friction material manufacturer in India. In 1996, we acquired 10% of RBL's shares, and we are now cooperating with RBL to expand sales in the Indian market. We plan to increase our holdings of RBL shares to strengthen our relationship.

We are committed to making the most of our good relationships with Japanese and Korean makers and maintaining our leadership position while developing cost-competitive products tailored to specific markets.

New Friction Materials for Next-Generation Automobile Technologies

The next-generation brake systems needed by hybrid vehicles, electric vehicles, and fuel cell vehicles will vary greatly depending on advances in automotive electronic controls and trends in the use of electronic components. Auto parts manufacturers are focusing technology developments on electronically controlled brake systems (EBS), and there will likely be little change in the importance of friction materials themselves for the time being. We will continue intensive research on technologies related to friction materials for brake performance.

Our environmental responses are focused on compliance with regulations concerning chemical substances in the EU, the adoption of our own stricter standards, and the development of green friction materials that do not use substances of concern. We are also working to develop production technologies that reduce carbon dioxide emissions.

* Seventy percent structure: A Group effort to reorganize business structures in a manner that a profit can be generated even with orders at 70% of their level in fiscal 2007 with the assumption that this will continue for at least three years.

Papers

Shinji Takeuchi, President
Nisshinbo Paper Products Inc.

Message to Shareholders and Investors

We are working to increase profitability and expand business in the household paper products, speciality papers, and processed paper segments by collaborating with other group companies. We have implemented a policy of selecting target areas and focusing resources on them. Although demand conditions remain unfavorable, we aim to be a company with a strong market presence. Our shareholders and investors can expect significant developments from new Nisshinbo Paper Products.

PAPERS

Boosting Product Added-Value with Other Group Companies to Raise Profitability

Summary of Financial Results for the Fiscal Year Ended March 2009

Household Paper Flat, Speciality Papers Down for Higher Sales and Lower Income Overall

Net sales of household paper products were higher due to increased sales of core products including toilet paper designed for bidets and recycled toilet paper. But operating income remained flat because of higher costs for pulp and fuel and rising prices for various materials.

In the speciality papers segment, sales of packaging-related products for sweets by Daiwa Shiko Co., Ltd., a subsidiary, and of processed telegram paper were strong. Sales of the main fine paper products, however, were down as a result of the recession, and sales of printer-related products by Nisshinbo Postal Chemical Co., Ltd. fell, resulting in lower net sales and income.

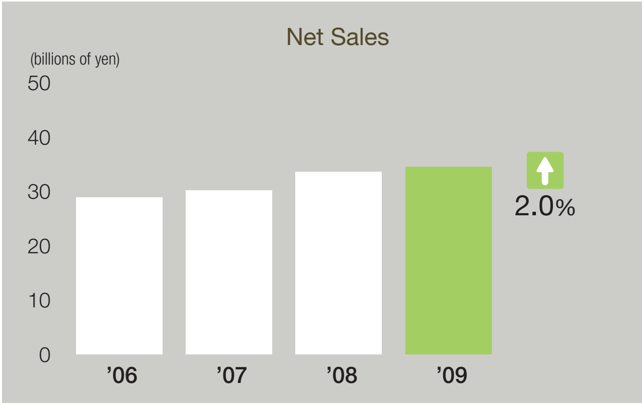
As a result, the paper products business as a whole recorded higher net sales and lower income, with net sales of ¥34,214 million (up 2.0% from the previous year) and operating income of ¥780 million (down 32.8%).

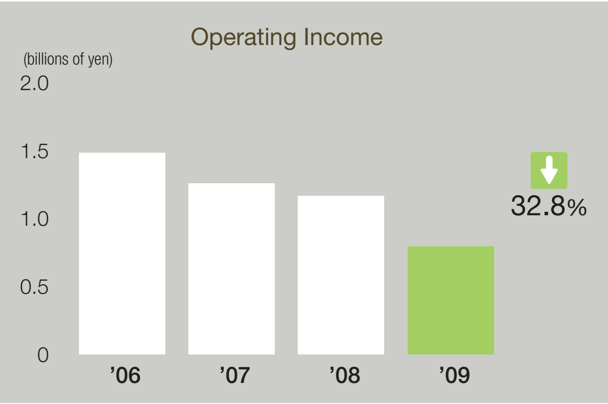
Business Strategies and Outlook for the Fiscal Year Ending March 2010

Increasing Profitability and Establishing a New Business Model

As paper product prices continue to fall and demand declines, we will carry out responses tailored to each business segment in the fiscal year ending March 2010 to raise overall profitability.

In the household paper products segment, we will increase sales with a focus on toilet paper designed for bidets. We will also improve distinctive pulp products and enhance the quality of recycled paper products by improving facilities, particularly raw material processing, to increase income. In addition, we will raise international cost competitiveness by forming alliances with overseas companies in relation to products that we market in the future.





In the speciality papers segment, we will prioritize increasing sales of high added-value products and marketing new products. We will offer more environmentally friendly products and add new functions to fine papers to make them more distinctive and stimulate demand. In the synthetic papers segment, we will shift from unprofitable products to high-profit products and take other steps to reorganize the business.

In the processed paper products segment, we will strive to increase sales of telegram-related products, which have generated stable income, by proposing new projects. With respect to packaging products, we will strengthen collaboration with Daiwa Shiko Co., Ltd., a subsidiary, and expand our range of business. In the label business, we will integrate business with Nisshinbo Postal Chemical Co., Ltd. to raise profitability.

Further Advances in High Added-Value Products

Until now, the paper products business has maintained and improved its financial performance by developing distinctive products with high added-value. Going forward, we will strengthen this trend.

Cotton Feel is a high-quality tissue product using the attributes of natural cotton fibers that has enhanced our product lineup. We will continue to create distinctive products such as Shower Roll, a rolled paper product, and market new high added-value products such as new printed and embossed products.

Nisshinbo Paper Products is also actively developing environmentally friendly products. In the household paper segment, we are expanding sales of Cotton Feel, which uses some natural materials, and of resource-saving Shower Roll. Tokai Seishi Co., Ltd., a subsidiary that manufactures recycled toilet paper, is increasing the use of recycled paper by updating its raw material processing facilities.

With respect to speciality papers, we are increasing products that use natural materials as well as products that incorporate pulp made from recycled paper. Also, we have positioned products certified by the Forest Stewardship Council (FSC) as priority products.

Becoming a Core Member of Nisshinbo Through Synergy Effects with Subsidiaries

Nisshinbo Paper Products is collaborating with subsidiaries with the aim of becoming a highly profitable, core member of the Nisshinbo Group.

The operations of Tokai Seishi Co., Ltd. were integrated in the fiscal year ended March 2009, and with updates to its raw material processing facilities, we expect significant improvements in product quality and cost competitiveness. We are also working to integrate the label business with Nisshinbo Postal Chemical Co., Ltd. to raise profitability. In the packaging products segment, we are working to generate synergy effects with Daiwa Shiko Co., Ltd., which was acquired in the fiscal year ended March 2008, to increase income. With respect to telegram products, we are collaborating with Shanghai Sun-Rich Arts & Crafts Co., Ltd., a production site, to raise income.

Mechatronics

Message to Shareholders and Investors

For solar cells to come into widespread use, module prices must fall. It seems likely that demand concerning manufacturing costs will become more pressing. That is why it is essential we increase the added-value and competitiveness of our products even further. We hope to use the strengths of the entire Nisshinbo Group and become the world's leading supplier of photovoltaic module manufacturing equipment.

Yoshihiro Sakaki, Chairman
Nisshinbo Mechatronics Inc.

Hiroshi Nakano, President
Nisshinbo Mechatronics Inc.

MECHATRONICS

Enhancing Competitiveness of Photovoltaic Module Manufacturing Equipment and Promoting Rapid Globalization

Summary of Financial Results for the Fiscal Year Ended March 2009

Rapid Growth in Photovoltaic Module Manufacturing Equipment Boosts Sales and Income

In the mechatronics segments, rising interest in clean energy continues to spur rapid growth in solar power markets. Sales of solar simulators, module laminators, and particularly of integrated photovoltaic module manufacturing lines were sharply higher. At the same time, the global downturn caused a rapid decline in demand for automobile manufacturing line equipment and precision parts processing in the second half.

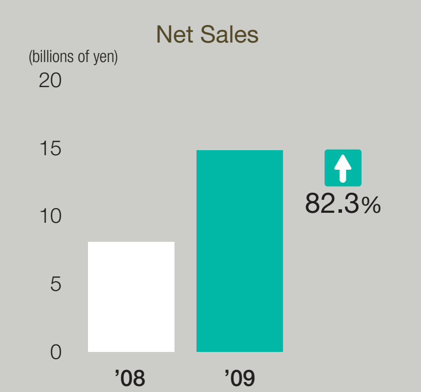
As a result, the mechatronics business as a whole reported higher net sales and income, with net sales of ¥14,738 million (up 82.3% from the previous year) and operating income of ¥1,554 million (up 285.6%).

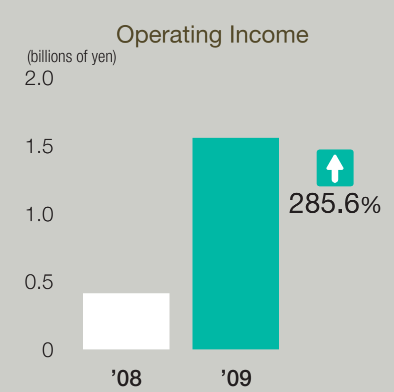
Business Strategies and Outlook for the Fiscal Year Ending March 2010

Market Trends for Photovoltaic Module Manufacturing Equipment

Sales of photovoltaic module manufacturing equipment, our main product line, were somewhat sluggish in the first half as a result of production adjustments, particularly in Asia. In the second half, however, we received inquiries highly likely to result in sales, and the prospects are good for sales to exceed the previous year's performance of ¥8.1 billion. Going forward, we have set a target of ¥12 billion in net sales. Demand for solar power will continue to increase in many leading countries because of electric power purchasing policies, and we believe that we will be able to achieve this target.

The Miai Machinery Plant, a new specialized photovoltaic module manufacturing equipment plant located in Okazaki City, Aichi Prefecture, began operating in April 2009 at the same time as the corporate split. Demand for solar cells fell as a result of the so-called "Spain shock," and the market cooled, but this proved to be temporary, and there has been no fundamental change in market growth. We believe that growth in the range of 30% annually can be sustained in the future. We are raising the added-value of our products by developing EL cell inspection equipment that makes module laminators with outstanding productivity. We will also cautiously increase production capacity in conjunction with the expansion of sales channels from Asia to Europe and the United States.





Note: The mechatronics segment, which previously was included in the other business segment, has increased in significance and accordingly is now presented as a separate category.

Chemicals

Message to Shareholders and Investors

Favorable developments regarding environmental products are unfolding globally. We have laid the groundwork for expanding our environmental product business in the future. We are working hard to expand the use of fuel cells, and the practical application of high-performance carbon alloy catalysts is now in sight. Nisshinbo Chemical is ready to make great leaps forward.

Masaaki Isobe, President
Nisshinbo Chemical Inc.

CHEMICALS

High Profitability Based on a Lineup of Advanced Environmental Technologies

Summary of Financial Results for the Fiscal Year Ended March 2009

Recession Weighs on Income, But New Environmental Businesses Achieve Steady Results

The insulating products segment posted higher income despite lower sales due to withdrawing unprofitable products and higher shipments of LNG panels. Elastomer products, however, experienced lower sales and income as a result of slumping exports to Europe and the United States. The plastic molding and processing business saw lower sales and income because of downturns in global markets in the second half and declining production in conjunction with inventory adjustments.

In new business segments, automotive-related orders for high-performance chemical products plunged and sales were lower. But sales of bipolar plates for fuel cells to leading fuel cell manufacturers were steady as they prepared for mass production of household fuel cells. Also, electric double-layer capacitor production structures were established to respond to increasing demand by installing full-scale mass production facilities.

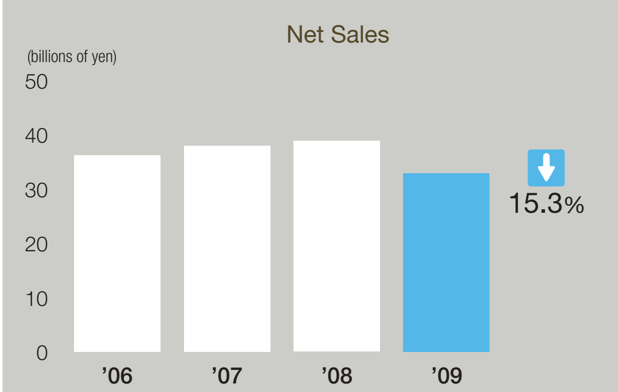
As a result, the chemical products business as a whole reported net sales of ¥32,624 million (down 15.3% from the previous year) and an operating loss of ¥1,449 million (a deterioration of ¥660 million from the previous year).

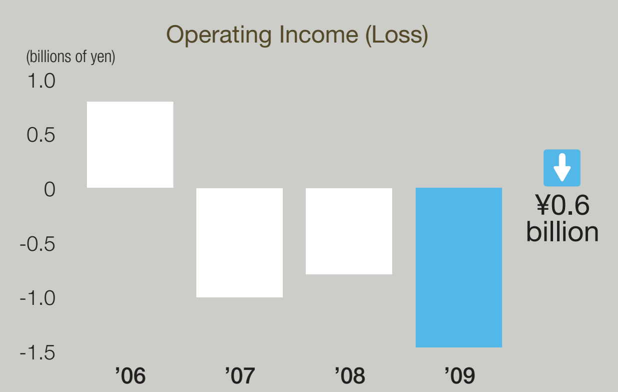
Business Strategies and Outlook for the Fiscal Year Ending March 2010

Growth Centered on Environmental Businesses

Environment-related technologies and business will prosper within the chemical products business as a core part of the Nisshinbo Group. We anticipate that sales of both bipolar plates for fuel cells, of which we control nearly 100% of the domestic market, will take off along with Carbodilite high-performance resin additive, with demand for electric double-layer capacitors following suit several years later. We will also begin sample shipments of carbon alloy catalysts in spring 2010 and are currently preparing for the start of full-scale business. The development and enhancement of these one-of-a-kind, industry-leading, and highly competitive products as well as the accurate determination of customer needs are our key policies.

We are working to improve profitability by withdrawing from unprofitable businesses and consolidating production sites. Through these measures, we aim to achieve profitability in fiscal 2010.



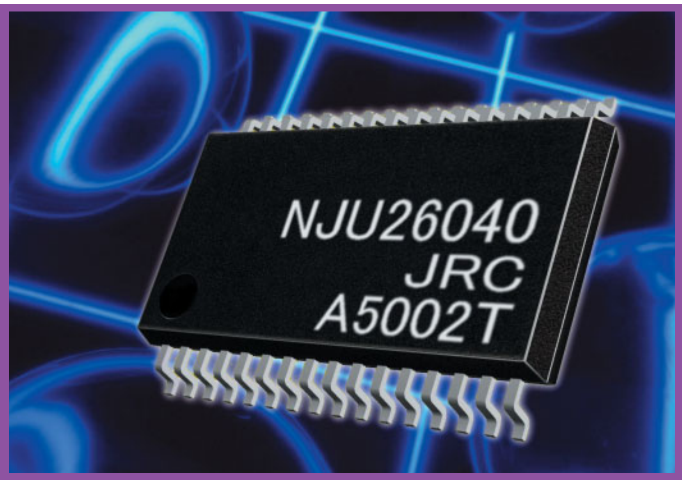


Electronics

Message to Shareholders and Investors

Fiscal 2010 marks the 50th anniversary of New Japan Radio's establishment. Based on our accumulated know-how, we have engaged in business ranging from research and development to manufacturing and sales with a focus on analog semiconductors, one of our strengths, and boast world-leading sales volume of operational amplifiers, our main product line. As the functionality of semiconductors and wireless communications equipment increases, we will raise our corporate value by using our original technologies to provide optimal components.

Kazuo Hirata, President
New Japan Radio Co., Ltd.



ELECTRONICS

New Japan Radio Co., Ltd. and Ueda Japan Radio Co., Ltd. Play Central Roles in the Semiconductor, Electronic Equipment, and Other Business Segments

Summary of Financial Results for the Fiscal Year Ended March 2009

Slump in Global Demand Causes Larger Operating Loss

In the fiscal year ended March 2009, the electronics industry performed sluggishly as a result of a global slump in demand and a major drop in exports, which had been a driving industry force. New Japan Radio Co., Ltd. saw its sales fall considerably as a result of lower production by customers in the main semiconductor segment, lower sales of large electron tubes, and a decline in sales of microwave application products including satellite communication component products. This resulted in an overall extremely poor performance.

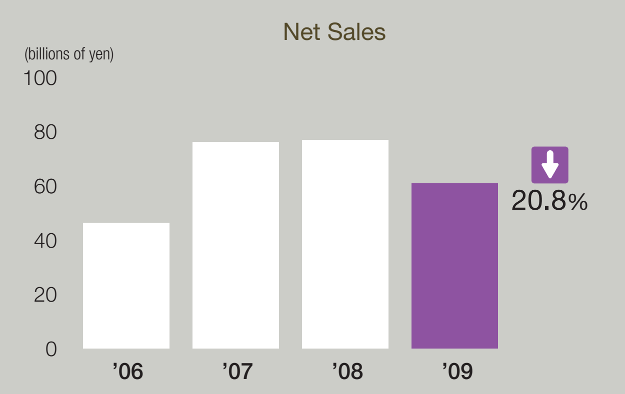
The electronics product business had net sales of ¥60,550 million (down 20.8% from the previous year) and an operating loss of ¥3,918 million (a deterioration of ¥5,021 million from the previous year).

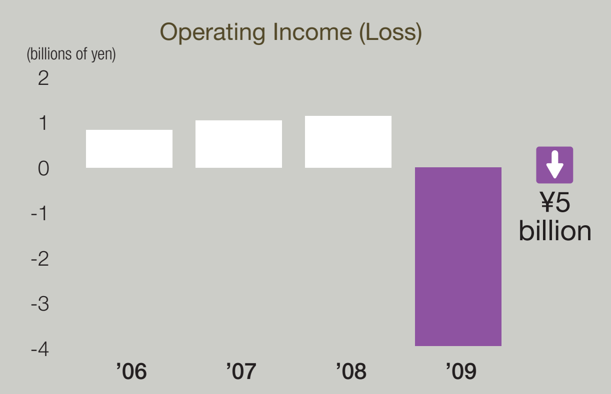
Business Strategies and Outlook for the Fiscal Year Ending March 2010

New Japan Radio Co., Ltd., which plays a central role in the electronics business, will strive to become profitable in fiscal 2010

Raising corporate value by eliminating New Japan Radio's losses is an urgent task for the future development of the Group's electronics business. In the current term year ending March 2010, we expect that inventory adjustments will end and markets will begin to recover in the second quarter. A large-scale recovery of demand cannot be anticipated in the near future, so we are planning on sales at levels of the previous year. Even so, we anticipate increases in sales of microwave devices (GaAs ICs) for mobile phone use in Japan and for third-generation mobile markets in China. In addition, we will improve performance and return to profitability by reconstructing sales strategies by formulating and implementing new product development strategies, reorganizing production structures, reconstructing and implementing cost-cutting strategies, and raising process quality.

Our medium- to long-term strategy for our main semiconductor business calls for us to bolster marketing capabilities, maintain marketing structures, and develop new competitive products. To do this, we will reinforce marketing activities closely tied to customers through our design centers in Osaka and Singapore. We will also expand sales in the north and east of China through NJR Shanghai Co., Ltd., a group business established in January 2008, and take steps in new application fields with respect to communications, industrial equipment, and automotive devices so we can respond accurately to customer needs.





World-Leading Product Strategies

New Japan Radio Co., Ltd. is also implementing integrated product strategies to achieve dominant positions in markets with high added-value. In fiscal 2010, we will focus on expanding sales of highly reliable automotive operational amplifiers, high-precision, stable operational amplifiers for industrial equipment, MUSES operational amplifiers for higher-end audio devices, microwave devices (GaAs ICs) in domestic and overseas markets, and the world's smallest reflectors for camera modules used in increasingly compact mobile phones.

We are also working on development of a number of new devices with which we hope to expand business over the medium to long term. These products include digital power supply control ICs, digital video decoders used primarily in car navigation systems, and micro-electro-mechanical systems used in electronic switches and silicon microphones. In addition, we are developing SiC devices and GaN devices as wide-gap semiconductor devices.

In addition, Ueda Japan Radio Co., Ltd. supplies new products based on original wireless and ultrasonic technologies in a wide range of fields including marine radar and medical ultrasound imaging equipment.

Evolving As an Environmental Company with Group Companies

Collaborating with other Nisshinbo Group firms is an important priority. For example, in the core photovoltaic module manufacturing equipment business, electric power storage technologies and control technologies are crucial for expanding business. We anticipate collaboration with the electronics products business in the future. We are expanding the electronics products business by collaborating with other Nisshinbo Group companies in a wide range of fields and are making every effort to maintain our status as a highly valued company benefiting society.

Real Estate Leasing

Message to Shareholders and Investors

The role of the real estate leasing business in the Nisshinbo Group is to support the financial performance of the Group by effectively using properties vacated by business shifts to generate income. Following the corporate split, real estate leasing has become a central division of the holding company, and we hope to serve by raising the corporate value of the entire Group.

Shinji Takeuchi, Senior Executive Managing Officer
Nisshinbo Holdings Inc.

REAL ESTATE LEASING

Maintaining Sound Group Management Through the Building Lot Sales Segment and Effectively Using Assets

Summary of Financial Results for the Fiscal Year Ended March 2009

Higher Sales and Income Maintained Through Effective Use of Former Plant Sites

The real estate leasing business reported higher net sales and income due to more area at the former Hamamatsu Plant site being leased as well as the leasing of large-scale commercial facilities constructed on the site of the former Tokyo Plant.

As a result, the real estate leasing business overall had net sales of ¥6,433 million (up 18.1% from the previous year) and operating income of ¥3,340 million (up 22.7%).

Business Strategies and Outlook for the Fiscal Year Ending March 2010

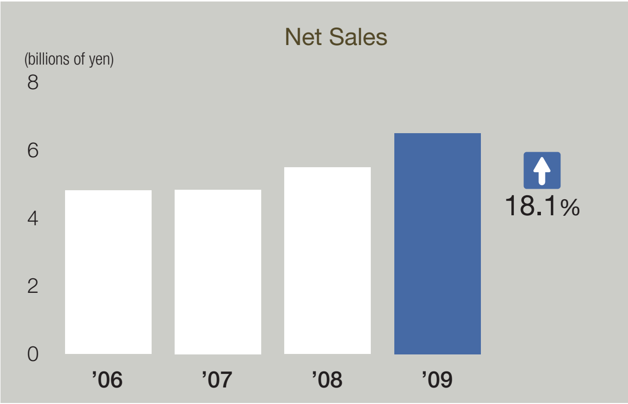
Entering the Building Lot Sales Segment

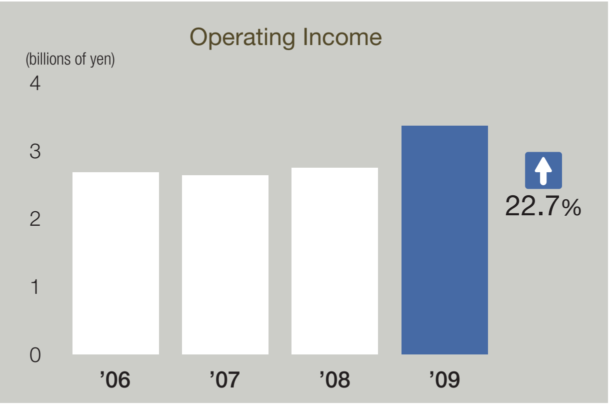
In the real estate leasing business, long-term leases are possible, and for this reason leased properties were maintained and managed pursuant to medium- to long-term repair plans. The central aspect of the real estate leasing business is leasing property to major distribution companies, but restructuring as well as the "scrap-and-build" of stores are happening in the distribution industry. We expect it will be difficult to conclude new contracts in the future. In addition, changes in the business environment, including stricter regulatory schemes, are making redevelopment more difficult. The number of projects that require considerable time before profitability is increasing. We are thus considering land uses including residential sales as a means of maintaining and increasing income.

Higher Sales and Income Expected in Fiscal 2010 with Two Residential Sales Projects

We have decided to implement two residential sales projects: redevelopment of the Hamamatsu and Harisaki Plant sites. In terms of project scale, we expect sales of approximately ¥14.0 billion from fiscal 2010 to fiscal 2014.

In fiscal 2010, we project increases in sales and income as we begin the subdivision of single-family residential lots at the Hamamatsu site (6,500 m²). Going forward, we plan to increase the pace of business to achieve profitability at the earliest possible time and to engage in town development that contributes to the improvement of local communities.





Contributing to Society Through Good Faith and Fair Business Activities Based on the Management Principle of the Group as a Public Entity

Since its foundation in 1907, the Nisshinbo Group has undertaken business activities that contribute to society based on our belief that companies are public entities. This is reflected in our creed of "consistent integrity." All our employees in Japan and abroad know our principle and philosophy, which is to improve quality of life for people around the world, do business in harmony with society and the global environment, and work in good faith and fairly. In addition, we strive to maintain management transparency and run our business based on the principle that corporations are public entities. Corporate social responsibility (CSR) is the most important management principle for the Nisshinbo Group.

Group Corporate Principles

Public Entity: We shall contribute to human society through our business activities.

Consistent Integrity: We shall respond to stakeholders with honesty and integrity.

Innovation: We shall create the future through continuous innovation.

Group Corporate Philosophy

- As the eco-company, we shall contribute broadly toward enhancing the comfortable lifestyles and cultures of people around the world.
- We shall aim to achieve harmony with society and conduct business activities with honesty and integrity based on the belief that companies are public entities.
- We shall constantly aim to raise corporate value and become a corporate group with a strong presence.

1. Corporate Governance

Basic Stance

The Nisshinbo Group has long held a basic belief that companies are public entities, and this is reflected in the way we deal with the public, customers, shareholders, employees, and other stakeholders with integrity and in good faith. This thinking is put into practice in corporate governance as well. Nisshinbo is working to ensure the transparency of management, reinforce accountability, and strengthen corporate ethics.

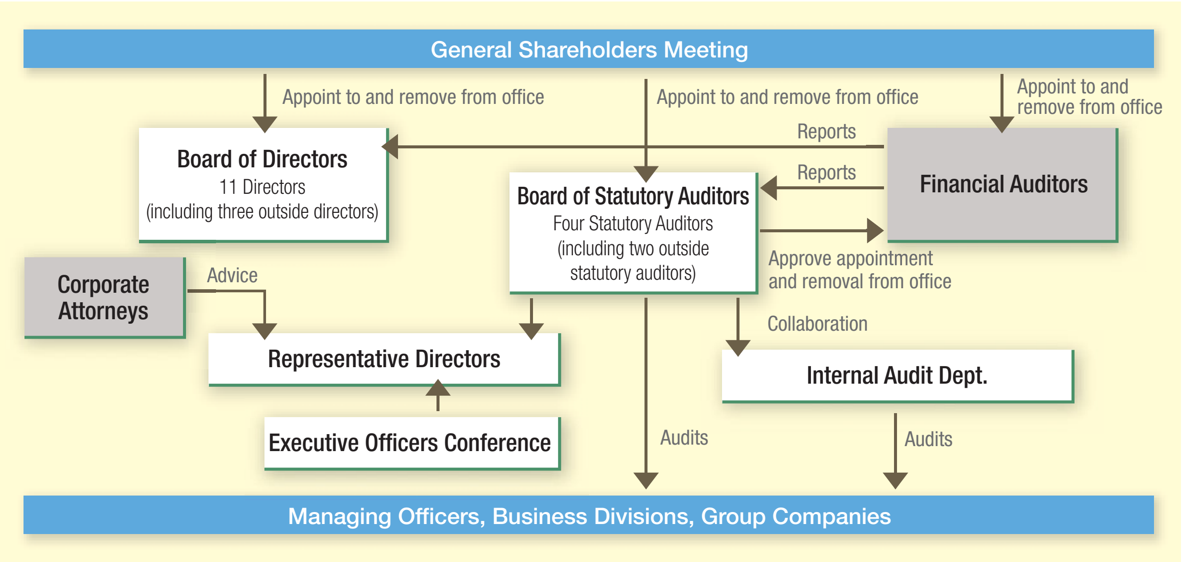
Following the transition to a holding company structure, we will continue our efforts to maximize the corporate value of the entire Nisshinbo Group and to further strengthen corporate governance.

Corporate Governance Structures

Nisshinbo is reinforcing corporate governance through the following management structures:

1. There are 11 directors, of which three are outside directors (as of June 26, 2009); the directors make timely decisions on management strategies and policies and supervise business execution and audit functions.
2. The term of office for directors is one year, and managerial responsibilities are clarified each fiscal year.
3. The three outside directors serve to enhance the transparency of management.
4. Nisshinbo instituted a managing officer system with the intention of separating management decision-making and execution.

Nisshinbo's Corporate Governance Structures



Management Oversight Functions

Two standing statutory auditors and two outside statutory auditors attend Board of Directors' meetings to understand and oversee the status of management. The statutory auditors also investigate the finances of subsidiaries.

Corporate attorneys provide legal advice to management. Veritas & Co. has been appointed to serve as the Group's financial auditors and perform rigorous and fair financial audits.

The Internal Audit Department works with the corporate and financial auditors to improve audit effectiveness.

Establishment of Internal Controls

In conjunction with the enactment of the Companies Act in May 2006, there has been growing demand for the establishment of corporate internal control systems. The submission of internal control reports has been obligatory since fiscal 2008 under the Financial Instruments and Exchange Act, which aims to ensure the reliability of financial statements.

In response to these developments, the Nisshinbo Group established pertinent group regulations in April 2008. In consultation with financial auditors and relevant divisions, the Group developed comprehensive internal control systems.

In addition, the Internal Audit Department assesses internal control structures and implements improvements. Nisshinbo will continue to improve its internal control structures.

2. Risk Management and Compliance

Enhancing Risk Management

Corporate management entails a wide range of unforeseeable risks, but we believe that mitigating risk is part of our corporate social responsibility.

We work to avoid management risks in numerous areas including external risks such as natural disasters and internal risks such as leaks of confidential and personal information. If a problem should occur, we have systems in place to respond in a timely and appropriate manner.

1 Risk Management Structures

The Nisshinbo Group adopted Crisis Management Regulations to respond immediately to a crisis such as earthquake or fire. Also, we conduct annual emergency contact training to prepare for crises. The emergency contact network is used to confirm the whereabouts and safety of employees and speed recovery from crisis.

2 Disaster Prevention and Response

Nisshinbo Holdings and its five core subsidiaries have organized firefighting teams at each business site to prevent and respond to fires, perform regular inspections of firefighting facilities, and train staff on the use of fire hydrants. Our operating officers have been performing annual fire inspections for more than 40 years.

3 Influenza Countermeasures

To prepare for the outbreak of the new strain of influenza, health information is periodically distributed to group companies. We also distributed high-performance filtration masks developed by Nisshinbo to all group employees.

4 Information Systems (Server Management)

We have created systems that allow crucial computer servers to operate 24 hours a day, 365 days a year by installing them in secure facilities designed to withstand major earthquakes and other disasters.

5 Protection of Personal Information

Nisshinbo continuously strives to enhance information security. We perform annual audits to ensure the safety of important information concerning customers, employees, and others. Our Personal Information Protection Charter (Privacy Policy) is available on our Web site. (http://www.nisshinbo.co.jp/site/privacy.html)

Total Compliance

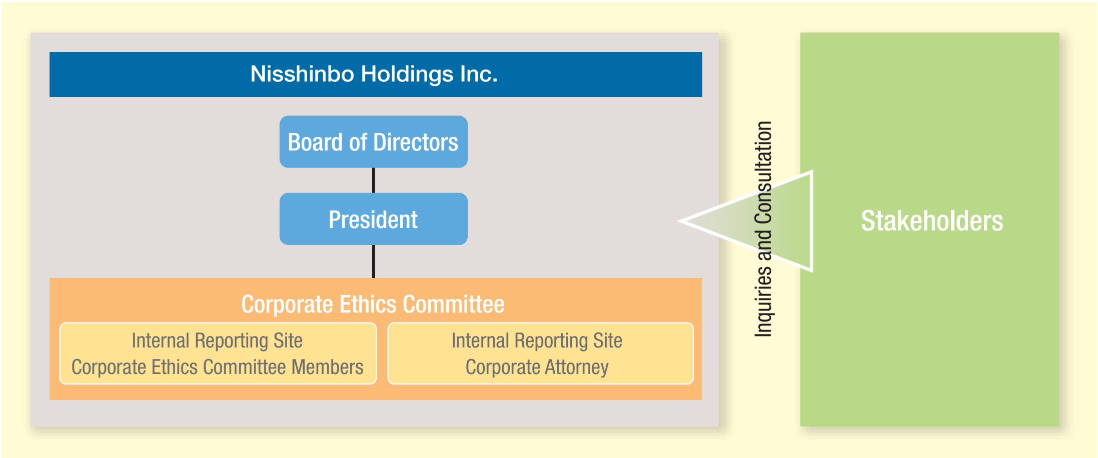
Nisshinbo adopted the Corporate Code of Conduct as a statement of specific conduct guidelines for Nisshinbo Group employees. We ensure employees are aware of the Code and follow it. The Corporate Ethics Committee, under the direct authority of the president and chaired by a Nisshinbo Holdings operating officer, undertakes corporate ethics activities directly linked to management.

1 Corporate Ethics Committee and Corporate Ethics Reporting System

Nisshinbo established the Corporate Ethics Committee to oversee group-wide compliance activities.

The Corporate Ethics Reporting System was created for the early discovery and prevention of legal violations. People outside the Group can also report to the system, which can be used to communicate directly with the Corporate Ethics Committee or an outside corporate attorney. The confidentiality of users is guaranteed, and every effort is made to prevent any detriment to them. Reports are dealt with by the Corporate Ethics Committee.

Corporate Ethics Reporting System



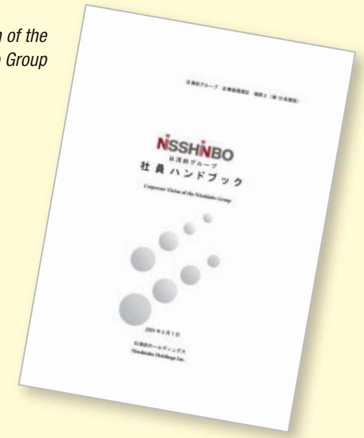
❷ Legal Risk Management

The Nisshinbo Group conducts legal risk management as one aspect of its activities to ensure compliance in all of its business undertakings. Checklists are used to conduct periodic inspections concerning major laws and regulations. Making the requirements of major laws and regulations more visible has facilitated confirmation and raised worksite awareness concerning compliance.

❸ Compliance Education

The Nisshinbo Group prepared *Corporate Vision of the Nisshinbo Group* as an educational tool concerning compliance-related topics. The handbook is available to all employees on the Group intranet in Japanese and English. It has been translated into local languages in non-English-speaking countries for employee training.

Corporate Vision of the Nisshinbo Group



3. Antitakeover Defenses

Nisshinbo has adopted a set of rules for parties making large purchases of our stock that include purchase information provision requirements. The Company also has antitakeover defenses in place. For instance, the Board of Directors can issue new share warrants when a party does not comply with the rules. This can also occur when a company deemed unsuitable by the Company is in compliance with the rules while seeking to gain control of it.

These antitakeover defenses are aimed at ensuring shareholders get enough information to appropriately respond to large stock purchases and we believe that they contribute to the shared interests of shareholders. If the Board of Directors issues new share warrants or takes other defensive measures, a corporate value committee consisting of the outside directors and outside statutory auditors will review its actions and make a recommendation. The Board will comply with that recommendation to the greatest possible extent.

The antitakeover defenses were approved at the general shareholders meeting in June 2009. They will remain in effect for three years, but they can be rescinded at any time before expiration of their term by a resolution of the general shareholders meeting.

More detailed information concerning the Nisshinbo Group's environmental and social activities can be found in its CSR Report (http://www.nisshinbo.co.jp).

Contents

Management Discussion and Analysis

Highlights

- **Net sales and operating income fell as a result of the rapid downturn of the global economy. The Nisshinbo Group recorded a net loss for the fiscal year.**
- **In April 2009, Nisshinbo spun off five major businesses, adopted a holding company structure, and changed its name to Nisshinbo Holdings Inc. The aim is to maximize group corporate value by strengthening diversified management.**

Operating Results

Overview

During the fiscal year under review (the fiscal year ended March 2009), the Japanese economy experienced an unprecedented downturn because of the global economic recession brought about by the subprime loan crisis in the United States. As a result, the Nisshinbo Group's business environment was extremely adverse.

It was under these circumstances that the Group reviewed its business structures pursuant to the core "selection and concentration" policy of its Three-Year Management Plan 2008 and took active measures to reduce inventories, cut costs, and review non-urgent capital investment.

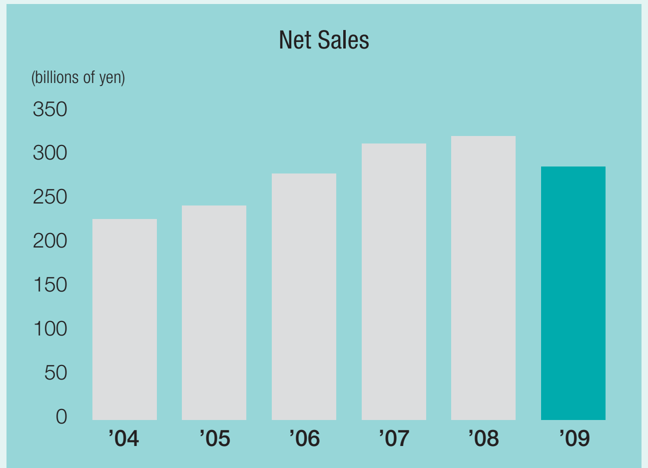
Also, Nisshinbo spun off its textiles, automobile brakes, papers, mechatronics, and chemicals businesses, established them as subsidiaries, and adopted a holding company structure effective April 1, 2009, to prepare for future advances. By implementing this corporate split, we intend to reinforce diversified management, one of our strengths, contribute broadly to society through our business activities, and maintain and increase our momentum as a group.

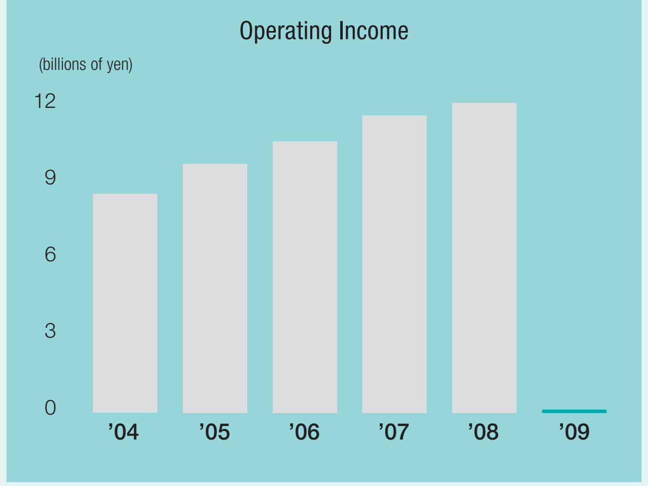
Results of Operations in the Current Term and Comparison with the Previous Term

Net sales were ¥286,167 million (US$2,862 million), down 11.2% from the previous fiscal year. The cost of goods sold was ¥243,858 million (US$2,439 million), down ¥22,168 million (8.3%) from the prior year. Selling, general, and administrative expenses were ¥41,901 million (US$419 million), down ¥2,451 million (5.5%) from the prior year. As a result, operating income was ¥408 million (US$4 million), down ¥11,626 million (96.6%) from the prior year. Although the mechatronics business posted higher net sales and income as a result of strong sales of photovoltaic module manufacturing equipment, the brake products business and electronics business were severely impacted by the recession.

In addition, although Nisshinbo received ¥4,436 million in investment income from the equity method and gains on the sale of investment securities, ¥3,844 million in special retirement benefits were paid in conjunction with the implementation of an early retirement incentive program and ¥3,120 million in investment security valuation losses were recorded as a result of the downturn in stock market prices.

As a result, Nisshinbo recorded a net loss of ¥1,286 million (US$13 million), down ¥13,576 million from the prior year. The net loss per share was ¥7.08 (US$0.07), compared to net income per share of ¥63.34 in the prior year.





Current Business Strategies and Future Prospects

In the textile business, we plan to reorganize the business of CHOYA Co., Ltd. and other consolidated subsidiaries and develop a global network with production and sales located in the best possible sites to create profitable business structures.

In the mechatronics business, we will rapidly establish overseas sales sites for photovoltaic module manufacturing lines and take other measures to develop business globally while investigating the potential for developing new business in related fields.

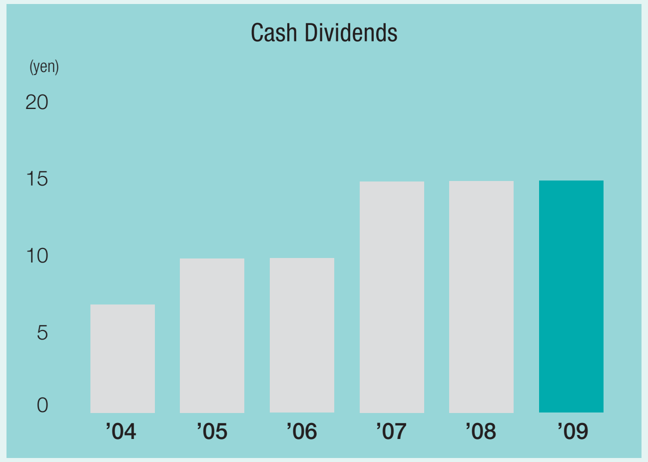
In new environmental and energy-saving fields including bipolar plates for fuel cells, Carbodilite high-performance chemical product, and carbon alloy catalysts, our products boast high levels of individuality and are at the industry's highest levels. We will focus the investment of management resources in these fields to achieve rapid growth as an environmental company.

	Net sales (million yen)		Operating income (million yen)	
Textiles	67,593	down 14.3% from the previous year	(2,743)	a deterioration of ¥1,527 million from the previous year
Automobile Brakes	53,261	down 19.8 % from the previous year	3,310	down 62.7% from the previous year
Papers	34,214	up 2.0% from the previous year	780	down 32.8% from the previous year
Mechatronics	14,738	up 82.3% from the previous year	1,554	up 285.6% from the previous year
Chemicals	32,624	down 15.3% from the previous year	(1,449)	a deterioration of ¥660 million from the previous year
Electronics	60,550	down 20.8% from the previous year	(3,918)	a deterioration of ¥5,021 million from the previous year
Real Estate Leasing	6,433	up 18.1% from the previous year	3,340	up 22.7% from the previous year
Other Businesses	16,754	up 10.8% from the previous year	156	down 1.8% from the previous year
Eliminations / Corporate	—	—	(622)	—
Total	286,167	down 11.2% from the previous year	408	down 96.6% from the previous year

Note: Refer to pages 16 to 26 for details on performance in individual segments.

Dividends

Nisshinbo Holdings Inc. paid a year-end dividend of ¥7.5 per share and an interim dividend of ¥7.5 per share for a total dividend of ¥15.0 per share. Nisshinbo will continue its policy of paying ¥15.0 per share in the future while working to increase the distribution of profits to shareholders by increasing dividends in conjunction with higher income and by taking other measures.



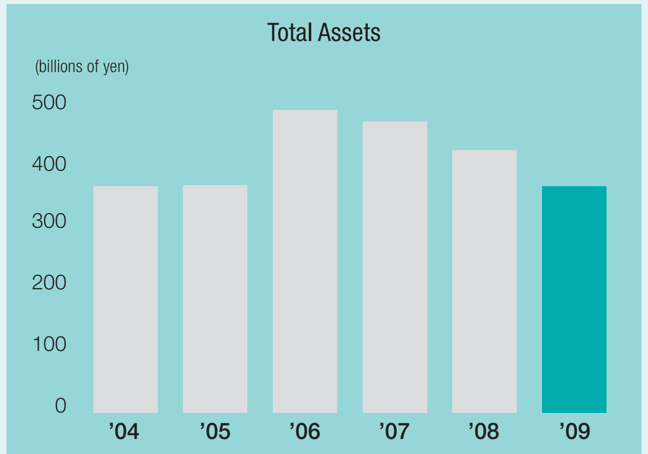
Financial Position

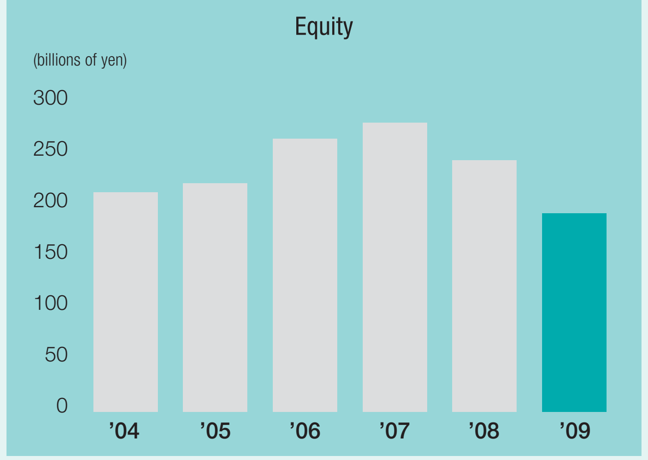
Total assets at the end of the fiscal year under review were ¥366,858 million, a decrease of ¥57,848 million from the end of the previous fiscal year. The decrease was the result of a ¥15,129 million drop in sales receivables and other factors.

Total liabilities at the end of the fiscal year were ¥173,160 million, a decrease of ¥5,637 million from the end of the previous fiscal year. Short-term borrowings increased by ¥18,618 million, while trade payables declined by ¥13,094 million, and deferred tax liabilities fell by ¥15,285 million in conjunction with a decrease in valuation income from investment securities.

Net assets at the end of the fiscal year were ¥193,698 million, down ¥52,211 million from the end of the prior year. The major factors behind the decline were a decrease of ¥9,886 million as a result of the acquisition and retirement of treasury shares, a decrease of ¥19,590 million from lower net unrealized gain on available for sale securities as a result of lower securities prices, a decrease of ¥12,490 million from foreign currency translation adjustments, and a decrease of ¥6,910 million from lower minority interests.

Net assets per share were ¥985.19 (US$9.85), down ¥194.24 from the end of the prior year.





Cash Flows

Cash Flows from Operating Activities

Cash flows from operating activities were ¥11,939 million (US$119 million), a decrease of ¥12,840 million from the previous fiscal year. Although amounts recovered from trade receivables increased, a net loss was recorded for the fiscal year, income dropped substantially, and payments of trade payables increased.

Cash Flows from Investing Activities

Cash flows used in investing activities were ¥14,393 million (US$144 million), an increase of ¥4,754 million from the previous fiscal year. The main factors were decreases in expenditures for acquisition of investment securities and expenditures for acquisition of fixed assets.

Cash Flows from Financing Activities

Cash flows from financing activities were ¥11,940 million (US$119 million), an increase of ¥20,769 million from the previous fiscal year. The main factor in the increase was higher short-term borrowings.

As a result of the above, cash and cash equivalents at the end of the fiscal year were ¥29,203 million (US$292 million), up ¥5,942 million from the end of the previous fiscal year.

Production Results

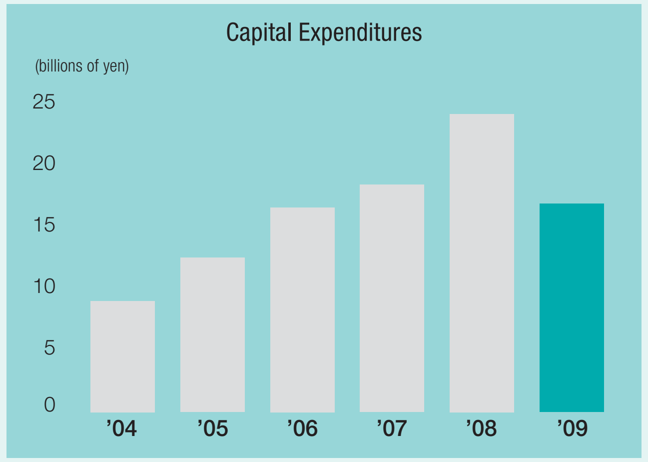
Production results in each segment for the fiscal year under review were as follows:

Industry Segment	Amount (million yen)	Year-on-Year Change (%)
Textiles	46,159	△30.4
Automobile brakes	48,790	△7.9
Papers	29,954	+14.5
Mechatronics	11,950	+100.0
Chemicals	25,506	△7.2
Electronics	57,700	△23.8
Total	220,059	△13.6

Notes 1. Amounts are calculated based on manufacturing costs.
2. The real estate leasing business does not engage in manufacturing, and therefore the above table does not include any amounts from this segment.
3. The above amounts do not include consumption taxes.

Capital Expenditures

Capital expenditures amounted to ¥16,872 million during the fiscal year under review. These included ¥1,380 million for the acquisition of real estate for the fuel cell business in the chemicals business and expenditures to increase the capacity of household paper product manufacturing at the Shimada Plant in the paper products business. In addition, ¥2,843 million was used in the electronics business for New Japan Radio Co., Ltd., a consolidated subsidiary, to invest in semiconductor manufacturing facilities.

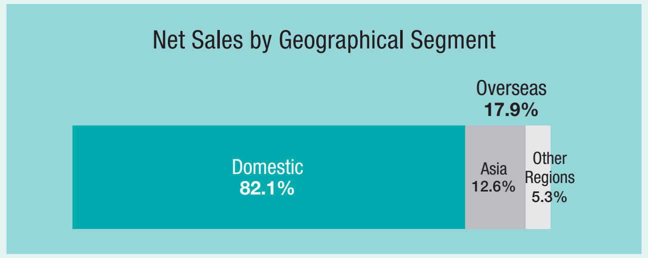


Geographical Segment Information

Sales in Japan were ¥234,950 million, down ¥25,138 million (9.7%) from the previous year, and an operating loss of ¥3,006 million was posted, a drop of ¥8,944 million from the previous year. The decline was the result of poor results by New Japan Radio, a consolidated subsidiary, and other factors.

In Asia, performance by consolidated subsidiaries in the brake business was down, with sales of ¥36,013 million, a decrease of ¥8,613 million (19.3%) from the previous year, and operating income of ¥2,947 million, down ¥1,608 million (35.3%) from the previous year.

In other regions, sales and income were down. Lower sales and income by consolidated subsidiaries in the automobile brake business in North America and other factors resulted in sales of ¥15,204 million, down ¥2,494 million (14.1%) from the previous year, and operating income of ¥963 million, a decrease of ¥998 million (50.9%).



Risk Information

New Business Risks
The Nisshinbo Group is actively developing new businesses with the aim of increasing sales and income, but there are many uncertain factors in such new businesses, and it is possible that the development of appealing new products and the formation of new markets may not proceed as anticipated. This could result in delays or the inability to recover prior investments.

Risk of Fluctuation in the Value of Investment Securities
Investment securities held by Nisshinbo are marked to market in accordance with accounting standards for financial products, and the Company implements impairment accounting based on even stricter internal standards for a portion of these securities. If accounting standards are changed in the future, however, periodic income or losses may vary widely. Also, the Company plans to limit increases in interest-bearing liabilities by selling investment securities to procure capital needed for mergers and acquisitions, overseas business development, and capital investment, but misalignment of the timing between sale and investment may give rise to unforeseen circumstances.

In addition, Nisshinbo made a trust contribution of ¥14.7 billion in response to losses resulting from a change in accounting standards regarding employee retirement plans made in 2000. In the fiscal year under review, the Company realized a valuation loss of ¥4.2 billion on the contributed portion. The Company amortizes retirement benefits evenly over an average 15-year employment term, and therefore, retirement benefit expenses affected by fluctuations in stock prices could have an impact on income for the fiscal year.

Risks Associated with the Utilization of Idle Land
To reform its business structures, Nisshinbo is taking active measures to close certain business sites and subsequently use the idle land. Such redevelopment may result in cleanup expenses, and revisions to laws could impede redevelopment.

Product Quality Risks
The vast majority of the Nisshinbo Group's products are manufactured in accordance with international quality control standards, but there is no guarantee that quality-related problems will not occur in the future. The Company has product liability insurance, but the occurrence of a large liability could have an adverse impact on the Company's business results.

Risks Associated with Market Shifts relating to Product Sale Prices and Raw Material Procurement
Some of the Nisshinbo Group's products are significantly affected by fluctuations in market prices in conjunction with competition with other companies and market developments. Changes in currency exchange rates when procuring imported raw materials may also curtail income.

Risks Associated with Changes in Customers' Business Performance
The customers of the Nisshinbo Group's automobile brake business are automobile manufacturers that conduct business globally. Changes in the business results of such client companies are a factor that the Group cannot control, and consequently, they may have an impact on our financial results.

Risks Associated with the Electronics Product Business
Semiconductors account for more than 80% of the consolidated sales of New Japan Radio Co., Ltd., which is a consolidated subsidiary, and changes in demand in semiconductor markets may have an impact on business results. Also, overseas sales account for approximately half of New Japan Radio's sales, and changes in exchange rates may have an impact on business results.

Corporation Division and Transition to Holding Company Structure

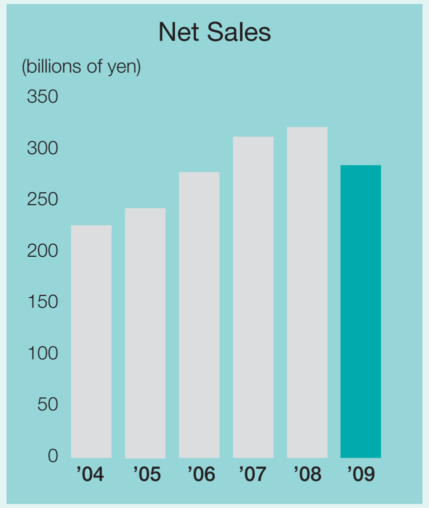
Nisshinbo implemented a corporate split, spun off its major business segments, and adopted a holding company structure effective April 1, 2009. All rights and duties relating to the textile business were transferred to Nisshinbo Textile Inc., rights and duties relating to the automobile brake business were transferred to Nisshinbo Brake Inc., rights and duties relating to the paper business were transferred to Nisshinbo Paper Products Inc., rights and duties relating to the mechatronics business were transferred to Nisshinbo Mechatronics Inc., and rights and duties relating to the chemical business were transferred to Nisshinbo Chemical Inc. As consideration for these transfers, all shares were granted to Nisshinbo Holdings at the time of their issuance by the respective companies. On the effective date of the corporate split, Nisshinbo changed its name to Nisshinbo Holdings Inc.

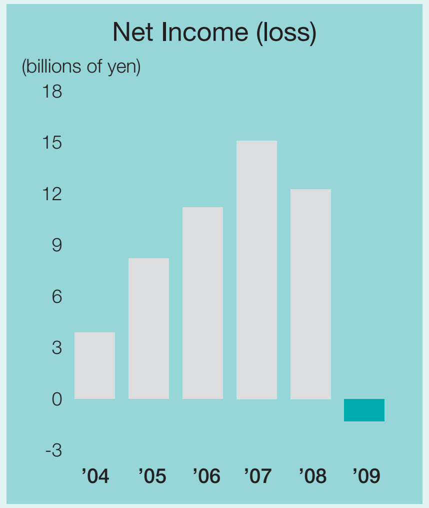
Six-Year Summary

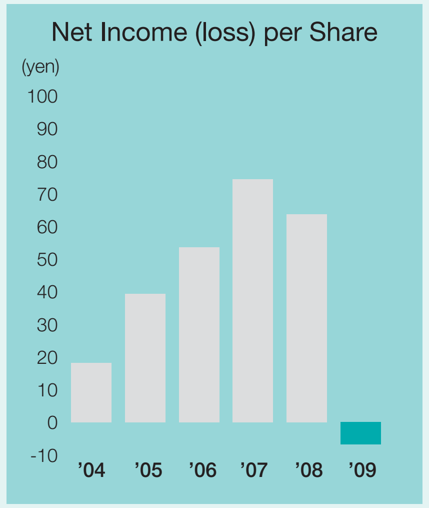
(millions of yen)

	2004	2005	2006	2007	2008	**2009**
Net Sales	226,883	243,421	278,617	312,825	322,412	**286,167**
Operating Income	8,496	9,651	10,524	11,551	12,034	**408**
Net Income (loss)	3,919	8,199	11,183	15,107	12,290	**(1,286)**
Equity	214,132	222,771	266,434	282,015	245,909	**193,698**
Total Assets	368,444	370,168	491,230	472,670	424,706	**366,858**
Shareholders' Equity Ratio (%)	58.1	60.2	54.2	55.3	53.0	**49.0**
Return on Assets (%)	1.2	2.2	2.6	3.1	2.7	**(0.3)**
Return on Equity (%)	2.0	3.8	4.6	5.7	5.1	**(0.6)**
Payout Ratio (%)*	51.9	28.1	32.2	35.6	—	**—**
Capital Expenditures	8,989	12,504	16,548	18,306	24,280	**16,872**
Depreciation and Amortization	11,776	11,046	13,835	14,984	16,890	**18,025**
Common Shares Issued	216,580,939	208,198,939	208,198,939	201,698,939	198,698,939	**184,098,939**
Per Share (in yen):						
Net Income (loss)	17.86	39.03	53.21	74.19	63.34	**(7.08)**
Shareholders' Equity	1,030.98	1,072.54	1,283.21	1,301.14	1,179.43	**985.19**
Cash Dividends	7.00	10.00	10.00	15.00	15.00	**15.00**
Number of Employees	9,875	9,505	12,602	12,744	13,253	**12,726**

*Payout Ratio is on a non-consolidated basis.







Consolidated Balance Sheets

(March 31, 2009 and 2008)

ASSETS

	(millions of yen) 2009	(millions of yen) 2008	(thousands of US dollars) (Note 1) 2009
Current assets:			
Cash and cash equivalents	¥ 29,203	¥ 23,261	$ 292,030
Time deposits (Note 5)	3,202	2,505	32,020
Marketable securities (Note 4)	1,637	1,858	16,370
Receivables			
Notes receivable, trade	9,415	11,063	94,150
Accounts receivable, trade	45,067	58,922	450,670
Unconsolidated subsidiaries and affiliates	6,649	7,342	66,490
Other	2,182	1,344	21,820
	63,313	78,671	633,130
Less allowance for doubtful accounts	(320)	(549)	(3,200)
	62,993	78,122	629,930
Inventories (Note 3)	48,217	52,179	482,170
Deferred tax assets (Note 7)	1,665	2,853	16,650
Other current assets	2,948	2,510	29,480
Total current assets	149,865	163,288	1,498,650
Property, plant and equipment (Note 5):			
Land	28,063	26,987	280,630
Buildings and structures	127,373	131,627	1,273,730
Machinery, equipment and tools	232,833	256,442	2,328,330
Construction in progress	2,542	2,562	25,420
	390,811	417,618	3,908,110
Less accumulated depreciation	(272,632)	(290,422)	(2,726,320)
	118,179	127,196	1,181,790
Investments and other assets:			
Investment securities (Notes 4 and 5)	51,565	91,020	515,650
Investments in and advances to unconsolidated subsidiaries and affiliates	35,640	32,978	356,400
Deferred tax assets (Note 7)	4,000	1,743	40,000
Goodwill	329	438	3,290
Other	7,280	8,043	72,800
	98,814	134,222	988,140
	¥ 366,858	¥ 424,706	$ 3,668,580

See Notes to Consolidated Financial Statements.

LIABILITIES AND EQUITY

	(millions of yen) 2009	(millions of yen) 2008	(thousands of US dollars) (Note 1) 2009
Current liabilities:			
Short-term bank loans (Note 5)	¥ 60,070	¥ 41,452	$ 600,700
Commercial paper	18,000	10,000	180,000
Current portion of long-term debt (Note 5)	2,432	2,880	24,320
Payables			
Notes and accounts payable, trade (Note 5)	21,826	32,529	218,260
Unconsolidated subsidiaries and affiliates	547	1,118	5,470
Other	6,530	8,350	65,300
	28,903	41,997	289,030
Employees' savings deposits	185	242	1,850
Accrued expenses	6,307	7,648	63,070
Accrued income taxes	929	2,546	9,290
Deferred tax liabilities (Note 7)	1	1	10
Other current liabilities (Note 5)	3,348	2,708	33,480
Total current liabilities	120,175	109,474	1,201,750
Long-term liabilities:			
Long-term debt (Note 5)	4,601	3,949	46,010
Accrued severance benefits (Note 6)	25,634	28,573	256,340
Deferred tax liabilities (Note 7)	4,748	20,033	47,480
Other long-term liabilities (Note 5)	18,002	16,768	180,020
	52,985	69,323	529,850
Commitments and contingencies (Note 11)			
Equity (Note 12):			
Common stock:			
Authorized — 371,755,000 shares			
Issued			
2009 — 184,098,939 shares			
2008 — 198,698,939 shares	27,588	27,588	275,880
Capital surplus	20,401	20,401	204,010
Stock acquisition rights	107	59	1,070
Retained earnings	130,521	153,746	1,305,210
Net unrealized gain on available-for-sale securities	10,555	30,145	105,550
Deferred gain (loss) on derivatives under hedge accounting	(42)	(112)	(420)
Foreign currency translation adjustments	(8,168)	4,322	(81,680)
Less shares in treasury			
2009 — 1,567,705 shares			
2008 — 7,771,654 shares	(1,018)	(10,904)	(10,180)
	179,944	225,245	1,799,440
Minority interests	13,754	20,664	137,540
	193,698	245,909	1,936,980
	¥ 366,858	¥ 424,706	$ 3,668,580

Consolidated Statements of Income

(Years ended March 31, 2009 and 2008)

	(millions of yen) 2009	(millions of yen) 2008	(thousands of US dollars) (Note 1) 2009
Net sales	¥ 286,167	¥ 322,412	$ 2,861,670
Costs and expenses:			
Cost of sales	243,858	266,026	2,438,580
Selling, general and administrative expenses	41,901	44,352	419,010
	285,759	310,378	2,857,590
Operating income	408	12,034	4,080
Other income (expenses):			
Interest and dividend income	3,466	3,319	34,660
Interest expenses	(1,140)	(1,255)	(11,400)
Equity in earnings of affiliates	4,436	5,203	44,360
Other, net (Note 10)	(9,738)	584	(97,380)
	(2,976)	7,851	(29,760)
Income (loss) before income taxes and minority interests	(2,568)	19,885	(25,680)
Income taxes (Note 7):			
Current	2,120	5,161	21,200
Deferred	(3,257)	1,365	(32,570)
	(1,137)	6,526	(11,370)
Income (loss) before minority interests	(1,431)	13,359	(14,310)
Minority interests in net income	145	(1,069)	1,450
Net income (loss)	¥ (1,286)	¥ 12,290	$ (12,860)

	(yen) 2009	(yen) 2008	(US dollars) 2009
Per share:			
Net income (loss)	¥ (7.08)	¥ 63.34	$ (0.07)
Cash dividends	15.00	15.00	0.15

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

(Years ended March 31, 2009 and 2008)

	(millions of yen) 2009	(millions of yen) 2008	(thousands of US dollars) (Note 1) 2009
Common stock:			
Balance at beginning of year (2009 — 198,698,939 shares; 2008 — 201,698,939 shares)	¥ 27,588	¥ 27,588	$ 275,880
Balance at end of year (2009 — 184,098,939 shares; 2008 — 198,698,939 shares)	¥ 27,588	¥ 27,588	$ 275,880
Capital surplus:			
Balance at beginning of year	¥ 20,401	¥ 20,401	$ 204,010
Balance at end of year	¥ 20,401	¥ 20,401	$ 204,010
Stock acquisition rights:			
Balance at beginning of year	¥ 59	¥ 16	$ 590
Net changes	48	43	480
Balance at end of year	¥ 107	¥ 59	$ 1,070
Retained earnings:			
Balance at beginning of year	¥ 153,746	¥ 149,507	$ 1,537,460
Net income (loss)	(1,286)	12,290	(12,860)
Cash dividends	(2,812)	(3,479)	(28,120)
Adjustment due to increase in consolidated subsidiaries	132	—	1,320
Retirement of treasury stock	(19,211)	(4,642)	(192,110)
Other	(48)	70	(480)
Balance at end of year	¥ 130,521	¥ 153,746	$ 1,305,210
Net unrealized gain on available-for-sale securities:			
Balance at beginning of year	¥ 30,145	¥ 61,225	$ 301,450
Net changes	(19,590)	(31,080)	(195,900)
Balance at end of year	¥ 10,555	¥ 30,145	$ 105,550
Deferred gain (loss) on derivatives under hedge accounting:			
Balance at beginning of year	¥ (112)	¥ 68	$ (1,120)
Net changes	70	(180)	700
Balance at end of year	¥ (42)	¥ (112)	$ (420)
Foreign currency translation adjustments:			
Balance at beginning of year	¥ 4,322	¥ 2,989	$ 43,220
Net changes	(12,490)	1,333	(124,900)
Balance at end of year	¥ (8,168)	¥ 4,322	$ (81,680)
Treasury stock at cost:			
Balance at beginning of year	¥ (10,904)	¥ (559)	$ (109,040)
Add: acquired	(11,074)	(14,832)	(110,740)
Add: increase in the Company's share of the affiliate accounted for by the equity method	(0)	(166)	(0)
Deduct: sold and retirement	20,960	4,653	209,600
Balance at end of year	¥ (1,018)	¥ (10,904)	$ (10,180)
Minority interests:			
Balance at beginning of year	¥ 20,664	¥ 20,780	$ 206,640
Net changes	(6,910)	(116)	(69,100)
Balance at end of year	¥ 13,754	¥ 20,664	$ 137,540

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(Years ended March 31, 2009 and 2008)

	(millions of yen)		(thousands of US dollars) (Note 1)
	2009	2008	2009
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ (2,568)	¥ 19,885	$ (25,680)
Adjustments to reconcile net income to net cash provided by operating activities:			
Income taxes-paid	(4,914)	(6,126)	(49,140)
Depreciation and amortization	18,025	16,890	180,250
Amortization of goodwill	1,280	3,212	12,800
Equity in earnings of affiliates	(4,436)	(5,203)	(44,360)
Provision for (reversal of) doubtful receivables	(1,076)	36	(10,760)
Provision for accrued pension and severance benefits	3,564	3,145	35,640
Payment of accrued pension and severance benefits	(6,147)	(2,530)	(61,470)
(Gain) loss on sale of property, plant and equipment	1,818	(2,250)	18,180
Gain on sale of investment securities and investments in and advances to unconsolidated subsidiaries and affiliates	(3,948)	(3,678)	(39,480)
Loss on write-down of investments in and advances to unconsolidated subsidiaries and affiliates	3,120	5	31,200
Loss on plant closures	2,004	1,403	20,040
Other, net	848	666	8,480
Changes in operating assets and liabilities:			
Receivables	14,540	3,085	145,400
Inventories	1,602	2,060	16,020
Payables	(9,974)	(4,383)	(99,740)
Other, net	(1,799)	(1,438)	(17,990)
Net cash provided by operating activities	11,939	24,779	119,390
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	770	3,776	7,700
Proceeds from sale of investment securities and investments in and advances to unconsolidated subsidiaries and affiliates	7,644	8,014	76,440
Payment for purchase of property, plant and equipment	(17,669)	(21,331)	(176,690)
Payment for purchase of investment securities and investments in and advances to unconsolidated subsidiaries and affiliates	(2,095)	(7,669)	(20,950)
Increase in time deposits	(1,317)	(489)	(13,170)
Cash acquired from newly consolidated subsidiaries, net of payment for purchase of companies	—	(792)	—
Other, net	(1,726)	(656)	(17,260)
Net cash used in investing activities	(14,393)	(19,147)	(143,930)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	3,570	1,859	35,700
Repayment of long-term debt	(2,420)	(3,972)	(24,200)
Increase (decrease) in short-term bank loans	19,196	(2,710)	191,960
Increase in commercial paper	8,000	10,000	80,000
Cash dividends paid	(2,812)	(3,479)	(28,120)
Payment for purchase of treasury stock	(11,074)	(14,832)	(110,740)
Increase (decrease) in other long-term liabilities	(402)	4,702	(4,020)
Other, net	(2,118)	(397)	(21,180)
Net cash provided by (used in) investing activities	11,940	(8,829)	119,400
Effect of exchange rate changes on cash	(3,947)	693	(39,470)
Net increase (decrease) in cash and cash equivalents	5,539	(2,504)	55,390
Cash and cash equivalents of newly consolidated subsidiaries at beginning of year	403	1	4,030
Cash and cash equivalents at beginning of year	23,261	25,764	232,610
Cash and cash equivalents at end of year	¥ 29,203	¥ 23,261	$ 292,030

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

In addition, the accompanying footnotes include information which is not required under generally accepted accounting principles and practices in Japan but is presented herein as additional information.

The United States dollar ($) amounts included herein are given solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥100 = $1, the approximate exchange rate at March 31, 2009. The 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 United States dollars.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

The consolidated financial statements include the accounts of Nisshinbo Industries, Inc. (hereinafter the “Company”) and its significant subsidiaries (together, the “Group”).

Under the control or influence concept, those companies in which the Parent, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in unconsolidated subsidiaries and associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

(b) Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

Investments in and advances to unconsolidated subsidiaries and affiliates in foreign currencies are translated at the historical rates effective at the dates of transaction from which such accounts were originated.

(c) Foreign currency financial statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits placed with banks on demand and highly liquid investments with insignificant risk of changes in value which have maturities of six months or less when purchased.

(e) Inventories

Inventories are stated principally at the lower of cost or market, cost being substantially determined by the average cost method.

(f) Marketable securities and other investments

The Group classifies all of its marketable securities as available-for-sale which are reported at fair value, with unrealized gains and losses included in equity as net unrealized gain on available-for-sale securities. Other investments without quoted market prices are stated at cost. Realized gains or losses on the sale of securities are based on the average cost of a particular security held at the time of sale.

Marketable securities and other investment securities are regularly reviewed for other-than-temporary declines in carrying amount based on criteria that include the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and the Company’s intent and ability to retain marketable securities and investment securities for a period of time sufficient to allow for any anticipated recovery in market value. When such a decline exists, the Company recognizes an impairment loss to the extent of such decline.

(g) Property, plant and equipment
Property, plant and equipment is stated at cost. Depreciation is computed principally on the declining balance method over their estimated useful lives. Contributions in aid of purchases of property, plant and equipment from national and local governments are deducted from the acquisition costs of related assets in accordance with tax regulations.

(h) Goodwill
The difference between the cost and underlying fair value of the net equity of investments in subsidiaries at acquisition is included in goodwill or other long-term liabilities and amortized on a straight-line basis over five years.

(i) Impairment of long-lived assets
Long-lived assets are evaluated for impairment using an estimate of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. If the estimate of undiscounted cash flow is less than the carrying amount of the asset, an impairment loss is recorded based on the fair value of the asset. Fair value is determined primarily by using the anticipated cash flows discounted at a rate commensurate with the risk involved. For assets held for sale, an impairment loss is further increased by costs to sell. Long-lived assets to be disposed of other than by sale are considered held and used until disposed of.

(j) Retirement and pension plans
Under the employees' retirement plans for the Company and certain consolidated subsidiaries, the annual provision for retirement benefits is calculated to state the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Retirement benefits to directors and corporate auditors are provided at the amount which would be required if all directors and corporate auditors retired at the balance sheet date.

(k) Stock options
The accounting standard for stock options requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

(l) Research and development costs
Research and development costs are changed to income as incurred.

(m) Income taxes
The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(n) Derivative financial instruments
The Group uses a variety of derivative financial instruments, including foreign currency forward contracts and interest rate swaps, as a means of hedging exposure to foreign currency and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

The foreign currency forward contracts are utilized to hedge foreign currency exposures in procurement of raw materials from overseas suppliers. Trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Interest rate swaps are utilized to hedge interest rate exposures of long-term debt.

3. INVENTORIES

Inventories at March 31, 2009 and 2008 were as follows:

	(millions of yen)		(thousands of US dollars)
	2009	2008	2009
Finished products	¥ 22,204	¥ 23,916	$ 222,040
Work in process	15,909	15,879	159,090
Materials and supplies	10,104	12,384	101,040
	¥ 48,217	¥ 52,179	$ 482,170

4. MARKETABLE AND INVESTMENT SECURITIES

The carrying amounts and aggregate fair values of securities available-for-sale included in marketable and investment securities at March 31, 2009 and 2008 were as follows:

	(millions of yen)		(thousands of US dollars)
	2009	2008	2009
Cost	¥ 28,084	¥ 33,061	$ 280,840
Unrealized gains	22,267	56,039	222,670
Unrealized losses	(2,119)	(3,554)	(21,190)
Fair value	¥ 48,232	¥ 85,546	$ 482,320

Aggregate cost of non-marketable securities accounted for under the cost method totaled ¥4,970 million ($49,700 thousand) and ¥7,332 million at March 31, 2009 and 2008, respectively.

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

The annual interest rates applicable to the short-term bank loans at March 31, 2009 and 2008 were 0.8% to 6.8%.
Long-term debt at March 31, 2009 and 2008 consisted of the following:

	(millions of yen)		(thousands of US dollars)
	2009	2008	2009
Long-term debt with collateral:			
Loans from banks maturing serially to 2024, ranging from 1.1% to 2.6%	¥ 3,225	¥ 709	$ 32,250
Long-term debt without collateral:			
Loans from banks maturing serially to 2013, ranging from 1.5% to 5.6%	1,570	1,659	15,700
Capital lease obligations, due through 2014	2,238	4,461	22,380
	7,033	6,829	70,330
Less current portion	(2,432)	(2,880)	(24,320)
	¥ 4,601	¥ 3,949	$ 46,010

Annual maturities of long-term debt were as follows:

Year ending March 31,	(millions of yen)	(thousands of US dollars)
2010	¥ 2,432	$ 24,320
2011	1,229	12,290
2012	637	6,370
2013	1,035	10,350
2014 and thereafter	1,700	17,000
	¥ 7,033	$ 70,330

At March 31, 2009 and 2008, net book value of assets pledged as collateral for short-term bank loans and long-term debt were as follows:

	(millions of yen)		(thousands of US dollars)
	2009	2008	**2009**
Property, plant and equipment	**¥ 9,272**	¥ 8,861	**$ 92,720**

In addition, pledged assets as collateral for liabilities other than the above were as follows:

Assets pledged:

	(millions of yen)		(thousands of US dollars)
	2009	2008	**2009**
Property, plant and equipment	**¥ 8,692**	¥ 9,225	**$ 86,920**
Investment securities	**402**	405	**4,020**
Time deposits	**209**	209	**2,090**
	¥ 9,303	¥ 9,839	**$ 93,030**

Liabilities with collateral:

	(millions of yen)		(thousands of US dollars)
	2009	2008	**2009**
Other long-term liabilities	**¥ 9,396**	¥ 9,396	**$ 93,960**
Notes and accounts payable, trade	**313**	181	**3,130**
Other current liabilities	**185**	187	**1,850**
	¥ 9,894	¥ 9,764	**$ 98,940**

6. RETIREMENT AND PENSION PLANS

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at termination, years of service and certain other factors.

The Company and certain domestic subsidiaries have basically two types of pension plans for employees: a non-contributory and a contributory funded defined benefit pension plan. The plan also provides for lump-sum retirement benefits, payable upon earlier termination of employment. The Company has established an employee retirement benefit trust.

The liability for retirement benefits for directors and corporate auditors at March 31, 2009 and 2008 were ¥478 million ($4,780 thousand) and ¥455 million. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

The liability for employees' retirement benefits at March 31, 2009 and 2008 consisted of the following:

	(millions of yen)		(thousands of US dollars)
	2009	2008	**2009**
Projected benefit obligation	**¥ 50,401**	¥ 52,531	**$ 504,010**
Fair value of plan assets	**(17,758)**	(23,296)	**(177,580)**
	32,643	29,235	**326,430**
Unrecognized prior service cost	**2,252**	2,492	**22,520**
Unrecognized actuarial loss	**(12,482)**	(6,644)	**(124,820)**
Unrecognized transitional obligation	**(87)**	(144)	**(870)**
	22,326	24,939	**223,260**
Prepaid pension cost	**2,830**	3,179	**28,300**
Net liability	**¥ 25,156**	¥ 28,118	**$ 251,560**

The components of net periodic retirement benefit costs for the years ended March 31, 2009 and 2008 were as follows:

	(millions of yen)		(thousands of US dollars)
	2009	2008	**2009**
Service cost	**¥ 2,447**	¥ 2,526	**$ 24,470**
Interest cost	**1,095**	1,053	**10,950**
Expected return on plan assets	**(508)**	(460)	**(5,080)**
Amortization of prior service cost	**(240)**	(242)	**(2,400)**
Recognized actuarial loss	**698**	232	**6,980**
Amortization of transitional obligation	**56**	48	**560**
Net periodic benefit costs	**3,548**	3,157	**35,480**
Defined contribution pension cost	**94**	94	**940**
Retirement benefits paid due to restructuring of business operations	**3,844**	32	**38,440**
Total	**¥ 7,486**	¥ 3,283	**$ 74,860**

Assumptions used for the years ended March 31, 2009 and 2008 were set forth as follows:

	2009	2008
Discount rate	**2.0%**	2.0%–2.5%
Expected rate of return on plan assets	**1.9%–3.3%**	1.4%–2.5%
Amortization period of prior service cost	**10–15 years**	10–15 years
Recognition period of actuarial gain / loss	**10–15 years**	10–15 years
Amortization period of transitional obligation	**10 years**	10 years

7. INCOME TAXES

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	(millions of yen)		(thousands of US dollars)
	2009	2008	**2009**
Deferred tax assets:			
Inventories	**¥ 563**	¥ 509	**$ 5,630**
Tax loss carryforwards	**12,715**	6,644	**127,150**
Allowance for doubtful accounts	**174**	264	**1,740**
Accrued employees' bonuses	**1,295**	1,773	**12,950**
Accrued severance benefits	**10,004**	11,602	**100,040**
Impairment of long-lived assets and depreciation in excess of tax limitation	**216**	1,420	**2,160**
Other	**1,582**	1,761	**15,820**
Less valuation allowance	**(9,745)**	(9,949)	**(97,450)**
	¥ 16,804	¥ 14,024	**$ 168,040**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**¥ (8,181)**	¥ (21,326)	**$ (81,810)**
Deferred gains on sale of property	**(4,406)**	(4,685)	**(44,060)**
Other	**(3,301)**	(3,451)	**(33,010)**
	¥ (15,888)	¥ (29,462)	**$ (158,880)**
Net deferred tax	**¥ 916**	¥ (15,438)	**$ 9,160**

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2009 and 2008 and the actual effective tax rates reflected in the accompanying consolidated statement of income was as follows:

	2009	2008
Normal effective statutory tax rate	**40.7 %**	40.7 %
Equity in earnings of affiliates	**70.3**	(10.7)
Lower income tax rates applicable to income in certain foreign countries	**24.3**	(5.8)
Valuation allowance	**(39.9)**	0.0
Amortization of goodwill	**(24.6)**	6.6
Intercompany dividends	**(18.6)**	6.6
Other	**(7.9)**	(4.6)
Actual effective tax rate	**44.3 %**	32.8 %

8. LEASES

The Group leases certain machinery, computer equipment and other assets.

Total rental expenses for the years ended March 31, 2009 and 2008 were ¥514 million ($5,140 thousand) and ¥431 million, respectively, including ¥365 million ($3,650 thousand) and ¥419 million of lease payments under finance leases.

On March 30, 2007 the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions" which revised the existing accounting standard for lease transactions issued on June 17, 1993.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized; however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transactions should be capitalized. The revised accounting standard for lease transactions is effective from the fiscal year beginning on April 1, 2008.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2009 and 2008 was as follows:

	(millions of yen)		(thousands of US dollars)
	2009	2008	**2009**
Acquisition cost	**¥ 1,988**	¥ 2,050	**$ 19,880**
Accumulated depreciation	**(1,290)**	(1,152)	**(12,900)**
Net leased property	**¥ 698**	¥ 898	**$ 6,980**

Obligations under finance leases:

	(millions of yen)		(thousands of US dollars)
	2009	2008	**2009**
Due within one year	**¥ 238**	¥ 347	**$ 2,380**
Due after one year	**460**	551	**4,600**
Total	**¥ 698**	¥ 898	**$ 6,980**

Depreciation expense under finance leases:

	(millions of yen)		(thousands of US dollars)
	2009	2008	**2009**
Depreciation expense	**¥ 365**	¥ 419	**$ 3,650**

Depreciation expense, which is not reflected in the accompanying statements of income, is computed by the straight-line method.

9. DERIVATIVES

The Group enters into foreign currency forward contracts to hedge exchange risk associated with certain assets and liabilities denominated in foreign currencies. Foreign currency forward contracts which qualify for hedge accounting for the years ended March 31, 2009 and 2008 and such amounts which are assigned to the associated assets and liabilities and are recorded on the balance sheets at March 31, 2009 and 2008 are excluded from disclosure of market value information.

The Group also enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities. Such contracts outstanding at March 31, 2009 and 2008 were as follows:

	(millions of yen)						(thousands of US dollars)		
	2009			2008			**2009**		
	Contract amount	Fair value	Unrealized loss	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized loss
Interest rate swaps:									
Fixed rate payments, floating rate receipt	**¥ 7,684**	**¥ (692)**	**¥ (692)**	¥ 6,879	¥ 135	¥ 135	**$ 76,840**	**$ (6,920)**	**$ (6,920)**
Foreign currency forward contracts									
Sold	**¥ 1,139**	**¥ 1,178**	**¥ (39)**	¥ —	—	¥ —	**$ 11,390**	**$ 11,780**	**$ (390)**
Purchased	**¥ 689**	**¥ 645**	**¥ (44)**	¥ 183	¥ 182	¥ (1)	**$ 6,890**	**$ 6,450**	**$ (440)**

10. OTHER INCOME (EXPENSES) — OTHER, NET

Other income (expenses) — Other, net consisted of the following:

	(millions of yen)		(thousands of US dollars)
	2009	2008	2009
Gain (loss) on sale of property, plant and equipment	¥ (1,818)	¥ 2,250	$ (18,180)
Gain on sale of securities	3,948	3,678	39,480
Loss on inventory disposal	(709)	(1,039)	(7,090)
Write-down of investment securities	(3,120)	(5)	(31,200)
Loss on plant closures	(2,004)	(1,403)	(20,040)
Retirement benefits paid due to restructuring of business operations	(3,844)	(32)	(38,440)
Amortization of goodwill	(1,280)	(2,320)	(12,800)
Other, net	(911)	(545)	(9,110)
	¥ (9,738)	¥ 584	$ (97,380)

11. COMMITMENTS AND CONTINGENCIES

Contingent liabilities at March 31, 2008 for loans guaranteed amounted to ¥372 million.

Commitments for capital expenditures outstanding at March 31, 2009 and 2008 were in the approximate amounts of ¥3,856 million ($38,560 thousand) and ¥13,417 million, respectively.

12. SUBSEQUENT EVENTS

(a) Changes of company name

On April 1, 2009, the Company divestitured and formed its separate five wholly owned subsidiaries from the textiles, automobile brakes, papers, mechatronics and chemicals divisions.

The Company changed its name on that date to Nisshinbo Holdings Inc.

(b) Year-end cash dividends

On May 13, 2009, the Board of Directors of Nisshinbo Holdings Inc. declared year-end cash dividends (¥7.5 per share) in the amounts of ¥1,377 million ($13,770 thousand).

(c) Stock option

At the general shareholders meeting held on June 26, 2009, the Company's shareholders approved a stock option plan to grant stock purchase rights up to 154 thousand shares of the Company's common stock to directors and key employees in the period from August 1, 2011 to July 31, 2016.

(d) Pension plan

According to the enactment of the Defined Contribution Pension Plan Law, the Company and certain domestic subsidiaries implemented a defined contribution pension plan in April 1, 2009 by which the former qualified defined benefit pensions plan and the severance lump-sum payment plan were terminated.

As a result of the above change, income before income taxes and minority interests would increase by ¥900 million ($9,000 thousand) approximately in the following year.

13. SEGMENT INFORMATION

(a) Industry segments

Information about industry segments of the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2008 were as follows:

(millions of yen) 2009

	Textiles	Automobile Brakes	Papers	Mechatronics	Chemicals	Electronics	Real Estate Leasing	Other Businesses	Eliminations/ Corporate	Consolidated
I. Sales and Operating Income (loss)										
Sales to customers	¥ 67,593	¥ 53,261	¥ 34,214	¥ 14,738	¥ 32,624	¥ 60,550	¥ 6,433	¥ 16,754	¥ —	¥ 286,167
Intersegment sales	2	377	48	524	592	—	464	1,365	(3,372)	—
Total sales	67,595	53,638	34,262	15,262	33,216	60,550	6,897	18,119	(3,372)	286,167
Operating expenses	70,338	50,328	33,482	13,708	34,665	64,468	3,557	17,963	(2,750)	285,759
Operating income (loss)	¥ (2,743)	¥ 3,310	¥ 780	¥ 1,554	¥ (1,449)	¥ (3,918)	¥ 3,340	¥ 156	¥ (622)	¥ 408
II. Total Assets, Depreciation and Amortization, Impairment of Long-lived Assets and Capital Expenditures										
Total assets	¥ 54,955	¥ 55,274	¥ 25,487	¥ 11,410	¥ 21,022	¥ 62,817	¥ 22,142	¥ 8,113	¥105,638	¥ 366,858
Depreciation and amortization	¥ 2,898	¥ 4,299	¥ 1,869	¥ 758	¥ 1,930	¥ 4,754	¥ 1,476	¥ 41	¥ —	¥ 18,025
Impairment of long-lived assets	¥ 85	¥ —	¥ —	¥ —	¥ 26	¥ —	¥ —	¥ —	¥ —	¥ 111
Capital expenditures	¥ 2,959	¥ 3,409	¥ 2,965	¥ 467	¥ 2,135	¥ 2,843	¥ 411	¥ 52	¥ 1,631	¥ 16,872

(millions of yen) 2008

	Textiles	Automobile Brakes	Papers	Mechatronics	Chemicals	Electronics	Real Estate Leasing	Other Businesses	Eliminations/ Corporate	Consolidated
I. Sales and Operating Income (loss)										
Sales to customers	¥ 78,816	¥ 66,397	¥ 33,547	¥ 8,083	¥ 38,528	¥ 76,475	¥ 5,446	¥ 15,120	¥ —	¥ 322,412
Intersegment sales	8	—	46	480	895	—	513	447	(2,389)	—
Total sales	78,824	66,397	33,593	8,563	39,423	76,475	5,959	15,567	(2,389)	322,412
Operating expenses	80,040	57,525	32,431	8,160	40,212	75,371	3,236	15,408	(2,005)	310,378
Operating income (loss)	¥ (1,216)	¥ 8,872	¥ 1,162	¥ 403	¥ (789)	¥ 1,104	¥ 2,723	¥ 159	¥ (384)	¥ 12,034
II. Total Assets, Depreciation and Amortization, Impairment of Long-lived Assets and Capital Expenditures										
Total assets	¥ 67,841	¥ 70,561	¥ 23,308	¥ 6,047	¥ 26,235	¥ 93,715	¥ 27,971	¥ 8,612	¥100,416	¥ 424,706
Depreciation and amortization	¥ 2,979	¥ 4,292	¥ 1,303	¥ 374	¥ 1,817	¥ 4,938	¥ 1,081	¥ 106	¥ —	¥ 16,890
Impairment of long-lived assets	¥ 155	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 155
Capital expenditures	¥ 2,117	¥ 5,221	¥ 2,746	¥ 391	¥ 2,136	¥ 4,847	¥ 6,547	¥ 5	¥ 270	¥ 24,280

(thousands of US dollars) 2009

	Textiles	Automobile Brakes	Papers	Mechatronics	Chemicals	Electronics	Real Estate Leasing	Other Businesses	Eliminations/ Corporate	Consolidated
I. Sales and Operating Income (loss)										
Sales to customers	$ 675,930	$ 532,610	$ 342,140	$ 147,380	$ 326,240	$ 605,500	$ 64,330	$ 167,540	$ —	$ 2,861,670
Intersegment sales	20	3,770	480	5,240	5,920	—	4,640	13,650	(33,720)	—
Total sales	675,950	536,380	342,620	152,620	332,160	605,500	68,970	181,190	(33,720)	2,861,670
Operating expenses	703,380	503,280	334,820	137,080	346,650	644,680	35,570	179,630	(27,500)	2,857,590
Operating income (loss)	$ (27,430)	$ 33,100	$ 7,800	$ 15,540	$ (14,490)	$ (39,180)	$ 33,400	$ 1,560	$ (6,220)	$ 4,080
II. Total Assets, Depreciation and Amortization, Impairment of Long-lived Assets and Capital Expenditures										
Total assets	$ 549,550	$ 552,740	$ 254,870	$ 114,100	$ 210,220	$ 628,170	$ 221,420	$ 81,130	$1,056,380	$ 3,668,580
Depreciation and amortization	$ 28,980	$ 42,990	$ 18,690	$ 7,580	$ 19,300	$ 47,540	$ 14,760	$ 410	$ —	$ 180,250
Impairment of long-lived assets	$ 850	$ —	$ —	$ —	$ 260	$ —	$ —	$ —	$ —	$ 1,110
Capital expenditures	$ 29,590	$ 34,090	$ 29,650	$ 4,670	$ 21,350	$ 28,430	$ 4,110	$ 520	$ 16,310	$ 168,720

(b) Geographical segments

The geographical segments of the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2008 were as follows:

	(millions of yen)				
	2009				
	Japan	Asia	Other Regions	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 234,950	¥ 36,013	¥ 15,204	¥ —	¥ 286,167
Interarea transfer	9,405	11,001	349	(20,755)	—
Total sales	244,355	47,014	15,553	(20,755)	286,167
Operating expenses	247,361	44,067	14,590	(20,259)	285,759
Operating income (loss)	¥ (3,006)	¥ 2,947	¥ 963	¥ (496)	¥ 408
Total assets	¥ 224,937	¥ 29,546	¥ 12,955	¥ 99,420	¥ 366,858

	(millions of yen)				
	2008				
	Japan	Asia	Other Regions	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 260,088	¥ 44,626	¥ 17,698	¥ —	¥ 322,412
Interarea transfer	11,432	13,949	54	(25,435)	—
Total sales	271,520	58,575	17,752	(25,435)	322,412
Operating expenses	265,582	54,020	15,791	(25,015)	310,378
Operating income (loss)	¥ 5,938	¥ 4,555	¥ 1,961	¥ (420)	¥ 12,034
Total assets	¥ 267,150	¥ 42,362	¥ 20,160	¥ 95,034	¥ 424,706

	(thousands of US dollars)				
	2009				
	Japan	Asia	Other Regions	Eliminations/ Corporate	Consolidated
Sales to customers	$ 2,349,500	$ 360,130	$ 152,040	$ —	$ 2,861,670
Interarea transfer	94,050	110,010	3,490	(207,550)	—
Total sales	2,443,550	470,140	155,530	(207,550)	2,861,670
Operating expenses	2,473,610	440,670	145,900	(202,590)	2,857,590
Operating income (loss)	$ (30,060)	$ 29,470	$ 9,630	$ (4,960)	$ 4,080
Total assets	$ 2,249,370	$ 295,460	$ 129,550	$ 994,200	$ 3,668,580

(c) Sales to foreign customers

Sales to foreign customers for the years ended March 31, 2009 and 2008 amounted to ¥80,528 million ($805,280 thousand) and ¥93,827 million, respectively.

Independent Auditors' Report

To the Board of Directors of
Nisshinbo Holdings Inc.

We have audited the consolidated balance sheet of Nisshinbo Holdings Inc. (formerly Nisshinbo Industries, Inc.) and consolidated subsidiaries as of March 31, 2009, and the related consolidated statements of income, changes in equity, and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. 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 and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nisshinbo Holdings Inc. and consolidated subsidiaries as of March 31, 2009, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles and practices generally accepted in Japan.

The United States dollar amounts shown in the consolidated financial statements have been translated solely for convenience. We have reviewed this translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into US dollars on the basis described in Note 1.

Veritas & Co.

VERITAS & Co.

June 26, 2009
Tokyo, Japan

Independent Auditors' Report

To the Board of Directors of
Nisshinbo Industries, Inc.

We have audited the consolidated balance sheet of Nisshinbo Industries, Inc. and consolidated subsidiaries as of March 31, 2008, and the related consolidated statements of income, changes in equity, and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. 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 and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nisshinbo Industries, Inc. and consolidated subsidiaries as of March 31, 2008, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles and practices generally accepted in Japan.

E. Nagashima

Etsuko Nagashima
Certified Public Accountant

T. Takubo

Takeshi Takubo
Certified Public Accountant

June 27, 2008
Tokyo, Japan

Board of Directors (As of June 26, 2009)

Director, Chairman
Takashi Iwashita

Director *1, President
Shizuka Uzawa

Director *1,
Senior Executive Vice President
Kunihiro Toda

Director, Senior Executive Managing Officer
Shinji Takeuchi

Director,
Executive Managing Officer
Yoshihito Onda

Director,
Executive Managing Officer
Yoshihiro Sakaki

Director,
Executive Managing Officer
Masaaki Isobe

Director, Managing Officer
Masaya Kawata

Director *2
Tomofumi Akiyama

Director *2
Toshiya Hanawa

Director *2
Koji Kato

*1 Representative director
*2 Outside director

Managing Officers and Auditors (As of June 26, 2009)

President
Shizuka Uzawa *1

Vice President
Kunihiro Toda *1

Senior Executive Managing Officer
Shinji Takeuchi *1

Executive Managing Officers
Yoshihito Onda *1
Yoshihiro Sakaki *1
Masaaki Isobe *1

Managing Officers
Masaya Kawata *1
Masahiro Murakami
Kazunori Baba

Standing Statutory Auditors
Yoshio Ide
Masao Satsuka

Statutory Auditors
Yo Kawakami *2
Toshihiko Tomita *2

*1 Board member as well
*2 Outside auditor

History

1907	Established Nisshin Cotton Spinning Co., Ltd.
1937	Acquired Kawagoe Cotton Spinning Co., Ltd. (now the Kawagoe Business Office)
1938	Merged with Nisshin Rayon Co., Ltd. (now the Miai Business Office)
1940	Established Toa Jitsugyo Co., Ltd. (name changed to Nisshin Toa Co., Ltd. in 1990)
1945	Acquired Meiji Plant, Nanshin Seiki Co., Ltd. (now the Fuji Business Office)
1949	Established Nihon Postal Franker Co., Ltd. (name changed to Nisshinbo Postal Chemical Co., Ltd. in 2006)
1958	Established Nippon Kohbunshikan Co., Ltd. (name changed to Nippon Kohbunshi Co., Ltd. in 1986)
1962	English name of company changed to Nisshin Spinning Co., Ltd.
1972	Established Nisshinbo Do Brasil Industria Textil LTDA.
1978	Acquired Tokai Seishi Co., Ltd.
1985	Acquired Nisshin Denim Co., Ltd.
1989	Established Kohbunshi (Thailand) Ltd.
1993	Established Pudong Kohbunshi (Shanghai) Co., Ltd.
1995	Established Nisshinbo Automotive Corporation (U.S.A.) Established Nisshinbo Urban Development Co., Ltd.
1996	Established Nisshinbo Somboon Automotive Co., Ltd. (Thailand)
1997	Established Nisshinbo Automotive Manufacturing Inc. (U.S.A.)
1998	Established P.T. Gistex Nisshinbo Indonesia
1999	Established Saeron Automotive Corporation (South Korea)
2000	Purchased additional shares of P.T. Nikawa Textile Industry (Indonesia) Established Continental Teves Co., Ltd. through merger with Continental Teves AG & Co. oHG (name changed to Continental Automotive Co., Ltd. in 2007)
2002	Acquired all shares of Iwao Co., Ltd. Established NISSHINBO (SHANGHAI) CO., LTD.
2003	Established Saeron Automotive Beijing Corporation (China)
2004	Established Continental Teves Corporation (Lian Yun Gang) (China)
2005	Acquired additional shares of ALOKA Co., Ltd. Made tender offer for additional shares of New Japan Radio Co., Ltd.
2006	Acquired additional shares of Japan Radio Co., Ltd. and Nagano Japan Radio Co., Ltd.
2007	Acquired all shares of Daiwa Shiko Co., Ltd.
2008	Acquired all shares of CHOYA Co., Ltd. Acquired all shares of Nisshinbo Brake Sales Co., Ltd.
2009	Spun off five businesses—Textiles, Automobile Brakes, Papers, Mechatronics, and Chemicals—and converted to holding company; corporate name changed to Nisshinbo Holdings Inc.

Corporate Data (As of March 31, 2009)

Founded: Feb. 5, 1907

Head Office: 2-31-11, Ningyo-cho, Nihonbashi, Chuo-ku, Tokyo 103-8650, Japan
Tel: 03-5695-8833 Fax: 03-5695-8970

Osaka Branch: 2-4-2, Kitakyuhouji-machi, Chuo-ku, Osaka 541-0057, Japan
Tel: 06-6267-5501 Fax: 06-6267-5529

Nagoya Branch: 5-2-38, Sakae, Nakaku, Nagoya 460-0008, Japan
Tel: 052-261-6151 Fax: 052-263-9480

Employees:
Parent Company 2,484
Subsidiaries 10,242
Total 12,726

Common Stock:
Authorized 371,755,000 shares
Issued 184,098,939 shares
¥27,588 million — US$276 million

Shareholders: 13,153

Listings: Tokyo, Osaka, Nagoya, Fukuoka, and Sapporo

Transfer Agent: Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

Nisshinbo Holdings Inc.

- General Shareholders Meeting
- Board of Directors
- Chairman
- President
- Board of Management
- Board of Statutory Auditors
- Statutory Auditor

- Corporate Strategy Center
- Business Support Center
- Business Development Division
- Property Management Department

Nisshinbo Textile Inc.

Textiles

Development, manufacture, processing, trading, and import/export of thread, woven fabric, nonwoven fabric, apparel, industrial textile materials, and other fiber products.

- CHOYA Co., Ltd.
- Nisshin Denim Inc.
- Nisshinbo Do Brasil Industria Textil LTDA.
- P.T. Gistex Nisshinbo Indonesia
- P.T. Nikawa Textile Industry
- NISSHINBO (SHANGHAI) CO., LTD.
- P.T. Naigai Shirts Indonesia

Nisshinbo Brake Inc.

Automobile Brakes

Development, manufacture, processing, trading, and import/export of friction materials, brake equipment, and brake parts for automobiles and transport machinery.

- Nisshinbo Brake Sales Co., Ltd.
- Nisshinbo Automotive Corporation
- Nisshinbo Automotive Manufacturing Inc.
- Nisshinbo Somboon Automotive Co., Ltd.
- Saeron Automotive Corporation

Nisshinbo Paper Products Inc.

Papers

Development, manufacture, processing, trading, and import/export of paper and processed paper products and processing of industrial waste.

- Tokai Seishi Kougyou Co., Ltd.
- Daiwa Shiko Co., Ltd.
- Nisshinbo Postal Chemical Co., Ltd.

Nisshinbo Mechatronics Inc.

Mechatronics

Development, manufacture, processing, trading, and import/export of special-purpose industrial machinery, general industrial machinery, other equipment, and parts for these products.

- Nippon Kohbunshi Co., Ltd.
- Nisshinbo Precision Instrument & Machinery Hiroshima Corporation
- Nisshinbo Alps tech Co., Ltd.
- Taiwan Nisshinbo Photovoltaic Co., Ltd.
- Pudong Kohbunshi (Shanghai) Co., Ltd.
- Kohbunshi (Thailand) Ltd.

Nisshinbo Chemical Inc.

Chemicals

Development, manufacture, processing, trading, and import/export of inorganic chemical industrial products, organic chemical industrial products, medical products, and other industrial chemical products as well as construction and civil engineering design, implementation, and management.

- Iwao & Co., Ltd.

New Japan Radio Co., Ltd.

Electronics

Development, manufacture, processing, trading, and import/export of electron tubes, semiconductor elements, integrated circuits, and other electronic components and electrical machinery using these products.

- Ueda Japan Radio Co., Ltd.

Other Group Companies

Real Estate Leasing
Other Businesses

- Nisshinbo Urban Development Co., Ltd.
- Nisshinbo Europe B.V.
- Nisshin Toa Inc.