NISSHINBO

Staying True to Our Goals

Annual Report 2011

Fiscal Year Ended March 2011

NISSHINBO

www.nisshinbo.co.jp/english/

Nisshinbo Holdings Inc.
2-31-11, Ningyo-cho, Nihonbashi,
Chuo-ku, Tokyo 103-8650, JAPAN
TEL +81-3-5695-8833 FAX +81-3-5695-8970

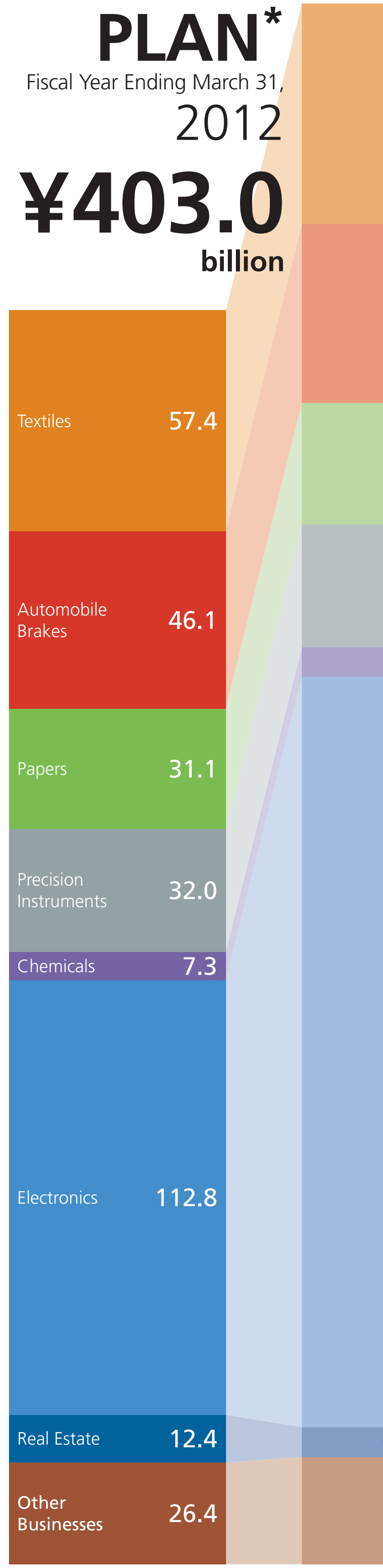
VEGETABLE OIL INK

Printed in Japan

Net Sales of Nisshinbo Holdings Inc.

PLAN*
Fiscal Year Ending March 31,
2012
¥403.0
billion

ACTUAL
Fiscal Year Ended March 31,
2011
¥325.6
billion



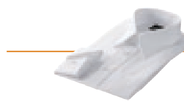
Implementing bold reforms to achieve our long-term management targets

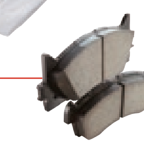
Under the Challenge 2012 Three-Year Management Plan, launched in April 2010, we are pushing ahead with bold management reforms that will take Nisshinbo in a new direction. We are targeting net sales of more than ¥600 billion and ROE of over 9% by the fiscal year ending March 2018. To achieve these goals, we are promoting production and sales in optimal locations worldwide and channeling management resources into environmental and energy businesses.

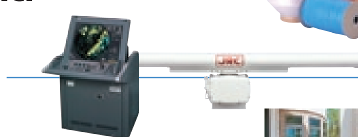
In the fourth quarter of the fiscal year ended March 2011, Japan Radio and Nagano Japan Radio joined the Nisshinbo Group as consolidated subsidiaries. These companies will contribute a full year of earnings from the fiscal year ending March 2012. Synergies in non-operational areas are likely to emerge first, but we plan to rapidly realize operational synergies to support a surge in growth.

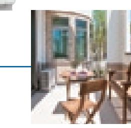
*Nisshinbo has revised its earnings forecasts following the announcement of a major business restructuring plan by consolidated subsidiary New Japan Radio Co., Ltd. (as of August 30, 2011).

Contents









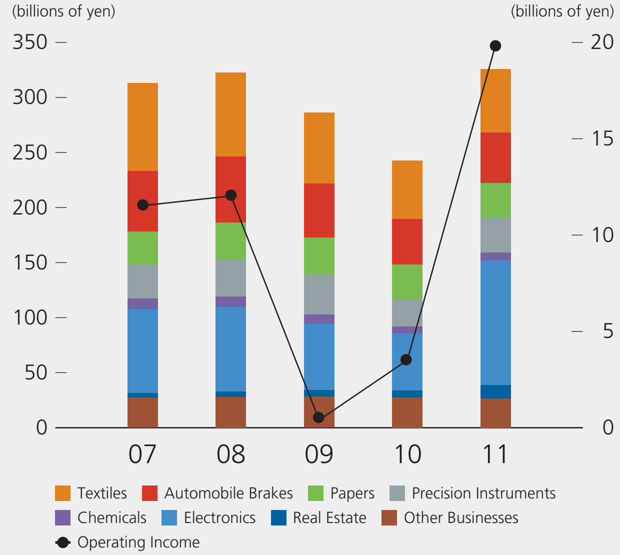
Financial Highlights

For the years ended March 31

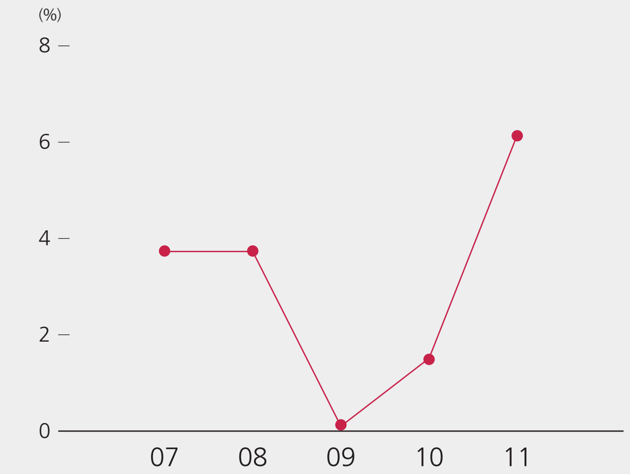
	2007	2008	2009	2010	2011	2011
					(millions of yen)	(thousands of US dollars)
Operating Results						
Net Sales	¥312,825	¥322,412	¥286,167	¥242,409	**¥325,555**	**$3,830,059**
Textiles	79,960	76,094	64,392	53,222	**57,400**	**675,294**
Automobile Brakes	54,819	59,812	49,230	41,046	**46,119**	**542,577**
Papers	29,908	33,547	34,214	31,536	**31,122**	**366,141**
Precision Instruments	30,885	34,021	35,602	24,908	**32,020**	**376,706**
Chemicals	9,588	9,582	8,059	6,309	**7,284**	**85,694**
Electronics	76,068	76,475	60,549	51,699	**112,820**	**1,327,294**
Real Estate	4,374	5,010	6,011	6,298	**12,437**	**146,318**
Other Businesses	27,223	27,871	28,110	27,391	**26,353**	**310,035**
Operating Income	11,551	12,034	408	3,570	**19,843**	**233,447**
Net Income (Loss)	15,107	12,290	(1,286)	1,896	**11,185**	**131,588**
Financial Position						
Total Assets	¥472,670	¥424,706	¥366,858	¥358,110	**¥479,852**	**$5,645,318**
Equity	282,015	245,909	193,698	193,639	**211,557**	**2,488,906**
Cash Flows						
Net Cash Provided by Operating Activities	¥19,352	¥24,779	¥11,939	¥27,538	**¥16,529**	**$194,458**
Net Cash Provided by (Used in) Investing Activities	(10,109)	(19,147)	(14,393)	(9,949)	**11,591**	**136,365**
Net Cash Provided by (Used in) Financing Activities	(13,231)	(8,829)	11,940	(30,347)	**703**	**8,271**
					(yen)	(dollars)
Per Share						
Net Income (Loss)	¥74.19	¥63.34	¥(7.08)	¥10.38	**¥63.32**	**$0.74**
Shareholders' Equity	1,301.14	1,179.43	985.19	1,034.04	**1,036.80**	**12.20**
Cash Dividends	15.00	15.00	15.00	15.00	**15.00**	**0.18**
					(%)	
Key Ratios						
Return on Assets (ROA)	3.1	2.7	(0.3)	0.5	**2.7**	
Return on Equity (ROE)	5.7	5.1	(0.6)	1.0	**6.1**	

Note: The United States dollar amounts in this report are given for convenience only and represent translations of Japanese yen at the rate of ¥85 = US$1.

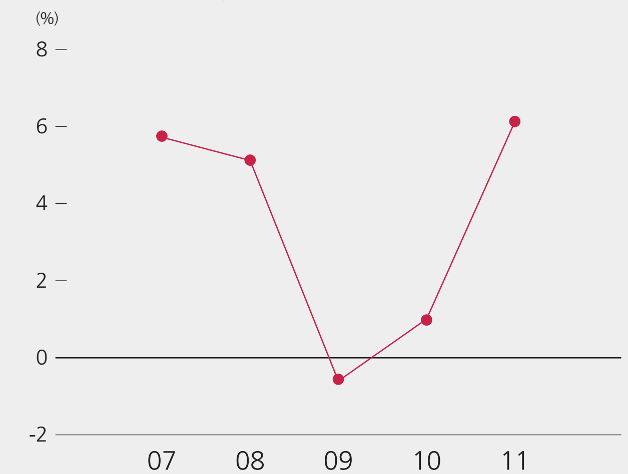
Net Sales and Operating Income



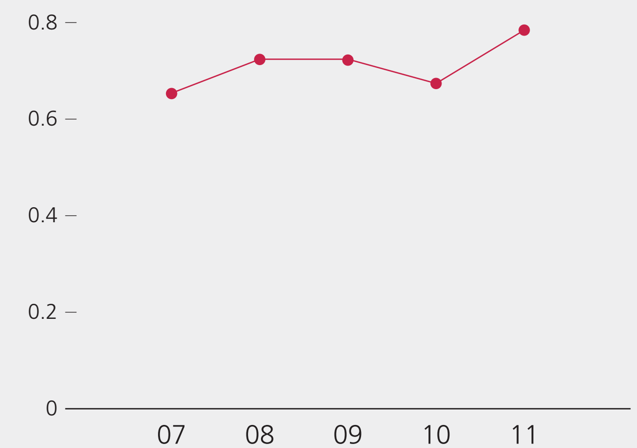
Operating Margin



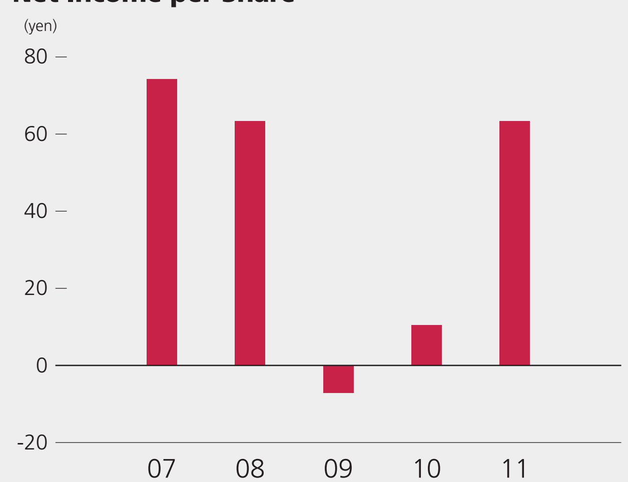
Return on Equity



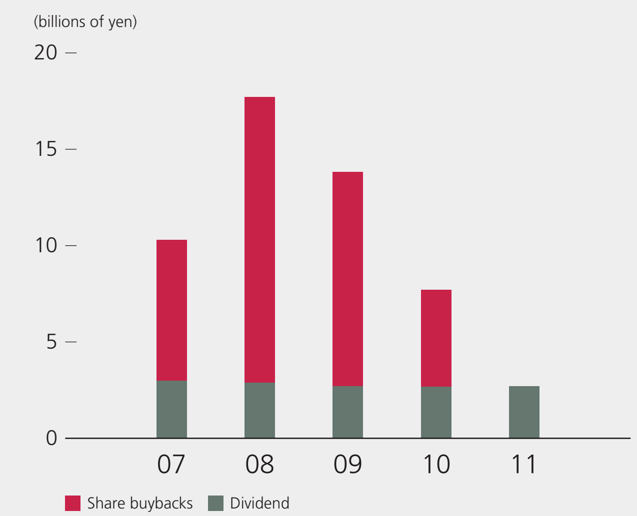
Total Asset Turnover Ratio



Net Income per Share



Total Cash Returned to Shareholders



To Our Shareholders

SHIZUKA UZAWA
President
Nisshinbo Holdings Inc.

On behalf of the Nisshinbo Group, I would like to express our condolences to the families who lost relatives in the Great East Japan Earthquake on March 11, 2011. We wish a speedy recovery to all those affected by the disaster. We are doing what we can to help with the recovery effort through the donation of funds and the Group's household paper products and the provision of other support.

I believe the disaster will mark a major turning point for many people in Japan and for Japanese companies. Since the war, most of our citizens have been unaware that the lifestyles and convenience they have taken for granted have existed side-by-side with a high level of risk. I believe the experience of this tragic disaster will make Japanese people and companies even tougher. The Nisshinbo Group is no exception. We will continue to move forward each day with real purpose.

Staying True to Our Goals

The fiscal year ended March 2011 marked the first year of our Challenge 2012 Three-Year Management Plan. This plan is underpinned by our determination to realize a radical structural shift for the Nisshinbo Group, and it incorporates a range of measures to realize this goal. We achieved the plan's first-year numerical targets, but I am even more pleased to see that the measures in Challenge 2012 are being implemented effectively. In the past year, we put the first foundations in place to support the Group's future development. Encouraged by this progress, we will remain committed to developing and firmly implementing strategies that increase Nisshinbo's corporate value.

A Year That Exceeded Our Expectations

We achieved strong results, even excluding the consolidation of Japan Radio.

We achieved strong growth in both sales and profits, with sales rising 34.3% year on year to ¥325,555 million and operating income increasing to ¥19,843 million, from ¥3,570 million in the previous fiscal year. Net income totaled ¥11,185 million, compared with ¥1,896 million last year. Net sales and operating income were both record highs.

This sharp improvement in our results partly reflected the consolidation of Japan Radio Co., Ltd. and Nagano Japan Radio Co., Ltd. from the fourth quarter. We acquired Japan Radio through a tender offer in December 2010. However, the past year was still an excellent year for Nisshinbo even after excluding special factors such as the Japan Radio acquisition.

One of the biggest issues we face is rebuilding the textiles business. Here, we moved more aggressively on business restructuring, shifting production overseas. This supported an improvement in profitability and the textiles business reported its first profit in four years. Our mainstay business is currently automobile brakes. Profits in this business also expanded owing to a large increase in automobile production, which was driven by recovery in the global economy and tax incentives and subsidies for eco-cars in Japan. The precision instruments business returned to the black, with profits rising sharply year on year on the back of recovering demand for photovoltaic power generation systems. The electronics business also achieved a sharp improvement in profitability, even excluding the consolidation of Japan Radio, thanks to a return to profit at New Japan Radio after two years of losses. The real estate business is a key source of cash for the Group through the development and sale of idle land. This year the business generated significant profits due to major sales of real estate.

Unfortunately, the Great East Japan Earthquake in March this year also had a considerable impact on the Nisshinbo Group. Buildings and facilities at some business sites were damaged, and after the earthquake we were forced to suspend operations and adjust operating schedules due to production adjustments at customers and rolling power blackouts. As a result, in the fiscal year under review, we incurred disaster-related losses of ¥551 million, while net sales and operating income were negatively impacted by around ¥1.6 billion and ¥0.4 billion, respectively. Fortunately, the damage to our facilities was not great enough to halt operations for an extended period, and all our business sites are now running as normal. Nevertheless, the outlook for the Japanese economy in the fiscal year ending March 2012 is particularly uncertain due to power shortages and other issues, so we will be monitoring trends in the industry in order to minimize any impact.

Setting the Stage for Future Growth in the Textiles Business Through Restructuring

The textiles business returned to profit, but our next goal is to boost sales overseas.

Restructuring the textiles business was our main goal in the year under review. Textiles is our founding business with more than a century of history. However, over the last decade, the business has seen a prevailing trend of strong results overseas but weakness in Japan. This strength overseas has reflected rising profits on the back of increased production capacity, mainly in Brazil and Indonesia, and in my view, it also shows that the technological strengths and high added-value of our products has been recognized worldwide. In Brazil, against the backdrop of robust demand, we are continuing to expand our spinning facilities to drive profit growth in the business. However, our domestic textile operations have been under constant pressure from imports, and faced with an unrelenting shift to low-priced products, we positioned the restructuring of the textiles business as our priority management issue.

We have gradually been downsizing our domestic production capacity. As the final step in this process, we decided to withdraw completely from volume textile production in Japan during the year under review, leaving only a product development capability. As a result, we closed our main factory in the textiles business—the spinning and weaving plant at our Shimada business site in Shizuoka Prefecture—and sharply downsized our dyeing and processing plant in Aichi Prefecture. We also took the difficult decision of implementing a voluntary retirement program, with 150 employees taking up the offer and leaving the Group as of the end of September 2010.

Meanwhile, in Indonesia, Brazil, China, and India, we made major investments to boost spinning, weaving, dyeing, and shirt manufacturing capacity. These investments in overseas capacity totaled nearly ¥4.0 billion. Our decision to boost overseas output is aimed at supporting stepped-up efforts to tap into the growing markets of Asia. We are confident that our easy-care 100% cotton shirts, which are made using our next-generation non-iron processing technology APOLLOCOT, will also prove popular among the growing middle classes of China and other emerging markets.

In the second half of the fiscal year ended March 2011, Nisshinbo Textile Inc. returned to profit thanks to the success of these restructuring measures. In the current fiscal year, we expect this overseas investment to begin contributing to the Group's earnings, as our strategy of carrying out production and sales in optimal locations starts to materialize. Our ultimate goal is to drive a revival in our textiles business by promoting global sales of textile products that are recognized for their quality because they are made by Nisshinbo, regardless of where they are produced.

Generating Synergies with the Japan Radio Group

We have set up three working groups to rapidly realize synergies.

In December 2010, we made Japan Radio Co., Ltd. a consolidated subsidiary through a friendly takeover. The company, a leading manufacturer of wireless communication equipment, was previously an equity-method affiliate. In addition, we sold all our shares in another equity-method affiliate ALOKA Co., Ltd., a maker of ultrasound diagnostic equipment, to Hitachi Medical Corporation. As a result of the Japan Radio acquisition, Nagano Japan Radio Co., Ltd., previously an equity-method affiliate, also became a consolidated subsidiary based on accounting standards for effective control. Nagano Japan Radio is a leading maker of power supply and wireless devices. These two companies have joined existing consolidated subsidiaries in the electronics business, New Japan Radio Co., Ltd. and Ueda Japan Radio Co., Ltd., making electronics the Nisshinbo Group's biggest business segment and accounting for roughly half of consolidated sales.

We have positioned Japan Radio as the core company in the electronics business, giving it the initiative to restructure the entire segment based on its grand design. At the same time, we are working to rapidly realize synergies between Japan Radio and other businesses in the Group. Immediately after the successful completion of the tender offer, we set up a steering committee made up of executives from each company. This committee oversees three working groups on business synergies, governance and non-operational synergies, and overseas strategy. In non-operational synergies, we have already identified potential cost savings of several hundred million yen that can be realized relatively quickly by incorporating Japan Radio into the Group's cash management system, thereby reducing its interest payment burden.

Concrete business synergies have already been realized in our electric double-layer capacitors, which have been built on Nisshinbo's chemical technology, ionic liquid in this case, and the electronic control technologies of Japan Radio. Electric double-layer capacitors are compact, lightweight, and offer high output. Repeated charging and discharging causes minimal degradation of the capacitors and they can also operate in a wide temperature range. They do not ignite even when overcharged, making them extremely safe. Leveraging these characteristics, we are working with a number of automakers to develop them for use in the next generation of vehicles.

The business synergy working group is looking at a number of other potential candidates for new products. By combining Nisshinbo's chemical technologies and Japan Radio's electronics technologies, I believe we can develop a strong range of products unrivalled by our competitors that will support a new phase of rapid growth for the Group.

Overseas Developments in the Year Under Review

Textiles

Indonesia

PT. NIKAWA TEXTILE INDUSTRY

We increased our stake from 63.3% to 70% after buying shares from another investor in the company for around ¥200 million (December 2010). The company has built a new weaving mill (81 air-jet looms, total investment of around ¥800 million), which started operations in April 2011. The new mill has boosted weaving capacity by 40% to 39 million yards per year.

PT. NISSHINBO INDONESIA

We increased our stake from 60% to 89% after buying shares from another investor in the company for around ¥300 million (May 2010) and through an additional capital injection of approximately ¥800 million (October 2010). In the spring of 2010, we introduced new equipment to manufacture easy-care shirt fabric, boosting the company's total monthly output from 1.5 million yards to 1.9 million yards.

PT. NAIGAI SHIRTS INDONESIA

We increased capital in the company by around ¥100 million (100% investment by Nisshinbo; December 2010) and constructed a new shirt manufacturing facility (total investment of around ¥400 million). The new facility will have a line for standard easy-care shirts, as well as a dedicated APOLLOCOT line making our next-generation non-iron shirts. We are targeting annual production capacity of 1.6 million shirts, of which 840,000 will be APOLLOCOT shirts. This will double the Group's total APOLLOCOT output to 1.68 million shirts. Sales of these shirts are strong in Japan and we plan to bring the new plant on stream as quickly as possible.

PT. MALAKASARI NISSHINBO DENIM INDUSTRY

We established this company in July 2010 as a denim rope dyeing joint venture with capital of $6.5 million. Nisshinbo Textile Inc. has a 49% stake in the company. Construction of a plant has already been completed and the company is preparing product samples ahead of the start of full-scale production.

China

NISSHINBO TEXTILE CHANGZHOU CO., LTD.

We established this company in July 2010 as a shirt fabric processing business with capital of 13.5 million yuan (approximately ¥200 million). Nisshinbo Textile Inc. has a 100% stake in the company. A plant with a planned annual output of 6 million meters of shirt fabric is currently under construction.

India

VARDHMAN NISSHINBO GARMENTS CO., LTD.

We have established a shirt manufacturing joint venture with Vardhman Textiles Limited, India's largest textiles maker. Nisshinbo has invested around ¥150 million in the company, giving it a 49% stake. Construction of a plant has already been completed and the company is preparing samples ahead of the start of full-scale production. We are targeting annual production capacity of 1.8 million shirts.

Brazil

NISSHINBO DO BRASIL INDUSTRIA TEXTIL LTDA.

We established this company in 1972. In response to growth in the Brazilian market, we plan to invest to install an additional 11,000 spindles. The company currently has 69,000 spindles, with our expansion plans taking this to 72,000 in July 2011 and then 80,000 in June 2013.

Automobile Brakes

China

Nisshinbo Saeron (Changshu) Automotive Co., Ltd.

Aiming to tap into rapidly expanding automobile production in China, we established this company in February 2011 as a manufacturing joint venture with Saeron Automotive, a Nisshinbo subsidiary listed in South Korea. The company, based in Changshu City in China's Jiangsu Province, will produce and sell automotive brake friction materials. We are targeting a production startup date of around autumn 2012. We plan to invest a total of 380 million yuan (around ¥5 billion), with a first phase investment budget of 208 million yuan (around ¥2.8 billion).

Precision Instruments

China

Nisshinbo-Yawei Precision Instruments & Machinery (Jiangsu) Co., Ltd.

We are expanding our presence in the Asian market for photovoltaic module manufacturing equipment, a promising growth market. In June 2010, we increased our stake in this company from 25% to 58.2% after subscribing to a new share issue, making it a consolidated subsidiary. We are currently increasing production capacity, targeting laminator output of 30 units per month. We have budgeted total investment of 65 million yuan (around ¥900 million).

South Korea

NISSHINBO PHOTOVOLTAIC KOREA CORPORATION

We set up this local sales company in January 2011 to strengthen after-sales service and marketing. The company's capital is 200 million won (around ¥14 million).

Promoting Production and Sales in Optimal Locations to Increase ROE

We are accelerating moves into overseas markets to boost ROE.

Our long-term financial targets are net sales of at least ¥600 billion and ROE of over 9%. We are implementing strategies to achieve these objectives by the fiscal year ending March 2018.

Organic growth is key to expanding our business, but external growth driven by M&A deals such as the acquisition of Japan Radio will become increasingly important. Also, in all our business segments except real estate, we are pushing ahead with the globalization of operations in an effort to boost ROE. To raise ROE, we will need to channel management resources into growth markets, businesses and products, and expand production sites while rapidly establishing sales networks in Asia, where we continue to enjoy growth. Against this backdrop, we achieved a number of successes during the year under review.

In the automobile brakes business, as with the textiles business, we made a concerted push into China. In the past, even if our Japanese automaker customers were based overseas, the rational approach in the automobile brakes business was to manufacture the brakes in Japan and export them, due to the specific characteristics of the components. As a result, our automobile brakes business only had four sites overseas—in the US, Thailand, South Korea (Saeron Automotive, a joint venture with a local company), and Beijing, China (a subsidiary of Saeron Automotive). However, the auto sector map was redrawn after the financial crisis triggered by the collapse of Lehman Brothers, with demand in China, India and other emerging markets now driving global auto production and more automakers appearing on the scene. We therefore decided to establish a subsidiary in Changshu City in China's Jiangsu Province as a joint venture with Saeron Automotive, with a commitment to invest a total of approximately ¥5.0 billion to build a brake manufacturing plant. We are targeting autumn 2012 as the plant's startup date and aim to boost our share of the growing Chinese auto market from the current 5% to 20%. In India, we plan to expand sales of products equivalent in quality to those made by Nisshinbo through a technological partnership with RANE BRAKE LINING LIMITED, the country's leading friction materials company and a Nisshinbo equity-method affiliate.

Meanwhile, in photovoltaic module manufacturing equipment, the main product in our precision instruments business, we have a dominant share of the domestic market, but exports to the increasingly active East Asian market have been driving growth over the last few years. In response, we set up a sales and service center in Taiwan in 2009, and in the year under review, we increased our investment in a joint venture in China to build a production facility. Also, in January 2011, we opened a new sales and service center in South Korea.

In plastic molding and processing, also part of the precision instruments business, we set up a new plant on land next to our subsidiary in Thailand to produce fans for air conditioners amid growing demand, mainly from emerging markets. We plan to bring the plant online during the fiscal year ending March 2012.

I am confident that these efforts to promote production and sales in optimal locations, together with similar moves in the textiles business, will realize a structural change in Nisshinbo's business and drive further globalization of our operations. Although we are still in the investment phase, I am excited about the developments that lie ahead.

Contributing to Society Through Our Business Activities

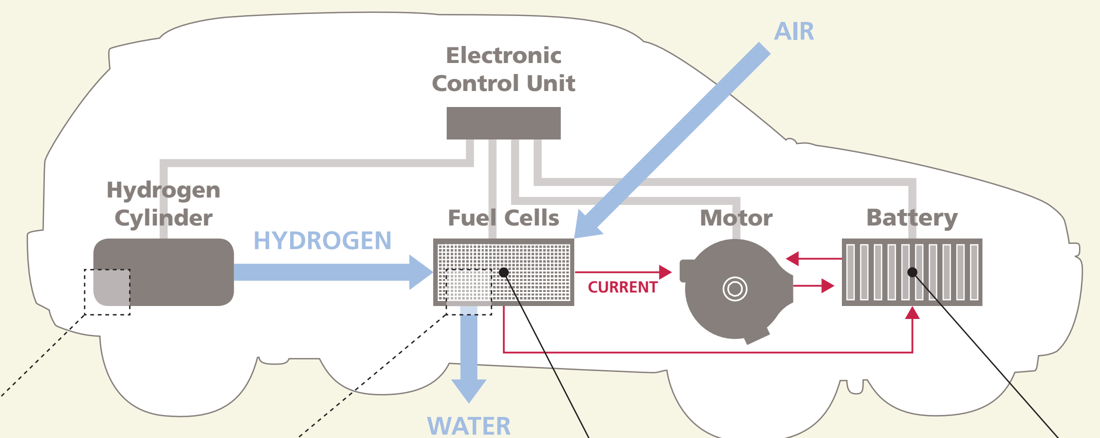
Our next growth drivers lie in the environmental and energy fields.

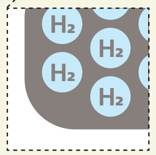
Another characteristic of Nisshinbo is our efforts to contribute to society. Our fundamental philosophy since the Company was established in 1907 has been to contribute to society through our business activities. Guided by this thinking, our policy is to channel management resources into areas that help resolve some of the energy and environmental problems we face today.

One of these areas is photovoltaic power generation systems, a growth business for Nisshinbo, and another is carbon bipolar plates for fuel cells, part of our chemicals business. These bipolar plates, which are mainly used in residential fuel cells, currently generate sales of less than ¥1.0 billion, but we are positioning them as a future growth driver. Our ultimate goal is to see our bipolar plates adopted for use in fuel cell vehicles (FCVs). In Japan, a group of companies made up of automakers and leading players in the energy and infrastructure fields has come together in an effort to realize volume production of FCVs by 2015. I am excited about prospects here as well.

The chemicals business also supplies a functional chemical called Carbodilite, which has become an indispensable modifier to enhance the durability of bio-plastics. Bio-plastics are made without using petrochemicals. Carbodilite has extremely low toxicity and is competitive globally. It has many potential applications, and we expect it to be adopted more widely going forward.

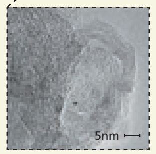
The Nisshinbo Group's Initiatives to Support Fuel-Cell Use





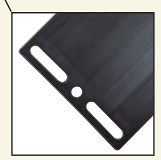
Hydrogen-Storing Carbon

Automotive fuel cells require high-pressure hydrogen tanks, which creates a number of technological and cost issues. Hydrogen-storing carbon reduces pressures inside storage tanks, resulting in highly safe, low-cost hydrogen tanks.



Carbon Alloy Catalysts

Carbon alloy catalysts boast catalytic performance (open-circuit voltage and output density) that is at least as high as platinum, supplies of which are concentrated in a few countries. They also potentially cost less than platinum catalysts.



Carbon Bipolar Plates

Bipolar plates separate the hydrogen and oxygen in fuel cells and act as the electrode. Carbon bipolar plates have outstanding corrosion resistance properties and have captured a dominant share in the residential fuel cell market.

Electric Double-Layer Capacitors

Electric double-layer capacitors are energy storage devices that have many unique properties. They are compact, lightweight, and offer high power density. They can also operate in a wide temperature range, have a long operational life, and are extremely safe.

Pursuing Efficient Use of Cash to Meet Shareholder Expectations

We are maximizing capital efficiency.

In the real estate business, we are working to efficiently use land that has been freed up through business restructuring and the transfer of manufacturing sites. In the past, our strategy was to lease the land to commercial facilities, but we began selling land for residential building lots after shifting to a policy of selling our remaining available real estate from the fiscal year ended March 2009.

In the year under review, we booked sales of ¥6.1 billion from the sale of land at our former Harisaki Plant, which will be used to build a medical facility and a junior high school. Under our three-year management plan, we forecast sales from real estate disposals of approximately ¥12 billion. We plan to channel these funds into areas where we see large potential returns, namely the capital investment, R&D, and M&A themes I have talked about so far, in order to boost Nisshinbo's corporate value.

We are also focusing on shareholder returns. At the moment, our basic policy is to pay an annual dividend of ¥15 per share, with an emphasis on dividend stability, but we are also actively buying back and retiring shares. In the last five years, we have bought back a total of ¥38 billion of our own shares, with total cash returned to shareholders (total dividends and share buybacks) exceeding net income during the last decade. We have also cancelled treasury stock, with only around ¥2.6 billion on our balance sheet as of March 31, 2011. In addition, in the current fiscal year, we spent roughly ¥2.6 billion on buying back the Nisshinbo shares held by Japan Radio.

In this way, we are redirecting cash flow into high-margin businesses and actively returning profits to shareholders in order to deliver growth and boost value for shareholders. We will continue to do our best to meet the expectations of all our shareholders.

The True Strength of a Company Lies in Its Ability to Reignite Growth

We are disconnecting from the past to deliver growth for the future.

Over the years, we have developed a range of new businesses that leverage the materials and technologies we have accumulated in the manufacture of textiles, primarily cotton, our founding business. For example, our automobile brakes business, which underpins the Group's profits today, was created by transferring our skills in textile spinning. However, this approach of applying existing technologies and expertise to drive business diversification is not enough for today's dramatically changing business environment. Demands on companies from the state and society have always changed over the years, but now companies are being asked what they can do to contribute to today's major theme—sustainable development. The days are gone in business when there was a clear line connecting the past to the present, so we need to raise our game as a company. That means having the courage to move boldly into business areas that have no continuity with our existing operations, even fields where we lack experience, to deliver a new phase of growth for the Nisshinbo Group.

July 2011

Shizuka Uzawa

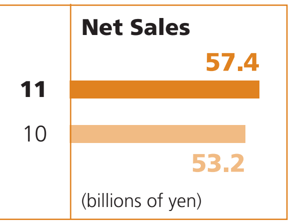
SHIZUKA UZAWA
President

Overview of Business Segments

Nisshinbo Textile Inc.

Textiles

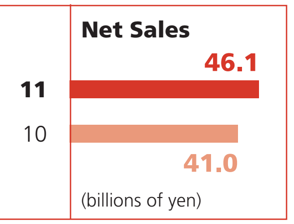
Mainstay business is products made from natural cotton; supplies high-quality "Made by Nisshinbo" dress shirts, denim, uniforms, and other products to markets worldwide



Nisshinbo Brake Inc.

Automobile Brakes

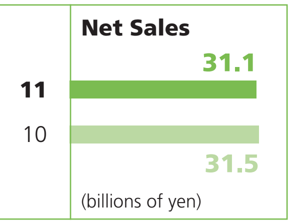
Supplies automotive brake products underpinned by Nisshinbo's track record and trusted brand in the field; currently expanding its presence as a global supplier, with manufacturing bases in North America, South Korea, Thailand, and China

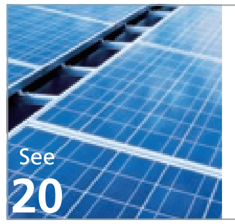


Nisshinbo Paper Products Inc.

Papers

Makes high value-added products for everyday use such as toilet paper and other household paper products, specialty paper used in pamphlets and other materials, and processed paper products such as telegram paper

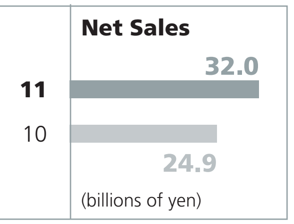




Nisshinbo Mechatronics Inc.

Precision Instruments

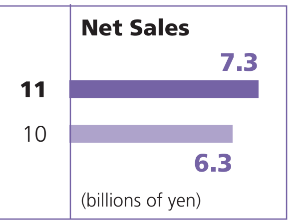
Supplies a wide range of products in the rapidly growing environmental and energy fields, including photovoltaic module manufacturing equipment, air conditioner fans, and processed precision automotive parts



Nisshinbo Chemical Inc.

Chemicals

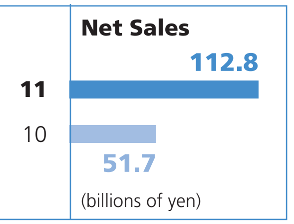
Manufactures a range of highly promising products for the future, such as Carbodilite, an additive used in bio-plastic manufacturing, and bipolar plates for fuel cells

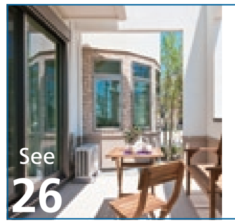


Japan Radio Co., Ltd.

Electronics

Using the consolidation of Japan Radio, a pioneer in wireless communication devices, to develop and reinforce its presence in power generation, storage, and control in the energy business field

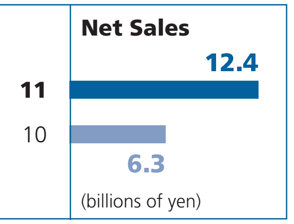




Nisshinbo Holdings Inc.

Real Estate

Effectively utilizing idle assets created from the shift to operations overseas to secure funds that support the Nisshinbo Group's growth



Textiles

Nisshinbo Textile Inc.

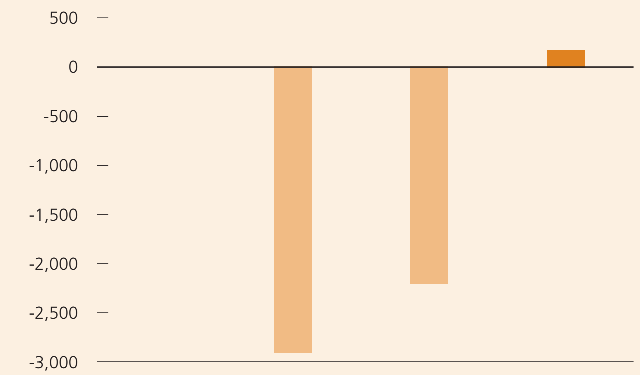
Since its founding in 1907, Nisshinbo has led the Japanese textile industry with its state-of-the-art technologies and high quality. Nisshinbo expanded its business into the spinning, weaving, processing, and sewing fields and possesses some of the world's most advanced technologies in areas ranging from development to production. It is currently expanding overseas bases in Indonesia, India, China, and elsewhere and shifting domestic production abroad while reconstructing its domestic business to specialize in new product and technology development.

Challenge 2012 Targets

1. Establish optimal production and sales structures through further expansion of overseas production sites in Indonesia, India, China, and other countries and shift production from Japan to reconstruct the business on a global level.
2. Position domestic business sites as technology development bases and focus on the development of competitive new products and technologies.
3. Use original processing technologies to develop and market products that respond to market changes and customer needs.

Segment Income

(millions of yen)



	2009	2010	**2011**
Domestic	(3,830)	(2,723)	**(800)**
Overseas	854	302	**822**
Eliminations	70	202	**161**
Total	(2,906)	(2,220)	**184**

Summary of Financial Results for the Fiscal Year Ended March 2011

In the fiscal year ended March 2011, our textiles business reported net sales of ¥57,400 million, up 7.9% from the previous year, and operating income of ¥184 million, the segment's first profit in four fiscal years and a sharp improvement from the operating loss of ¥2,220 million in the previous year.

During the year under review, the recovery in domestic consumer spending was sluggish and there was little sign of an improvement in apparel sales, particularly at department stores in Japan. The strong recovery in the textiles business segment, despite this tough environment, reflected bolder efforts than in the past to rebuild the business. Specifically, we integrated two spinning and weaving plants at one location and sharply reduced the size of our processing plants while expanding facilities overseas. We also ran a voluntary retirement program, with a targeted quota of 150 employees retiring in the first half of the fiscal year. We also downsized facilities at other domestic business sites to convert them into research and development bases. As a result of these moves, the number of spindles at our domestic spinning facilities declined from approximately 81,000 at the end of the previous fiscal year to around 12,000 at the end of the fiscal year under review, while the capacity of our weaving mills in Japan was cut back to one tenth of the level in the previous fiscal year. Meanwhile, we took a number of steps to support the further development of our business overseas. We established a denim rope dyeing joint venture in Indonesia and set up a shirt fabric processing company in China to carry out finishing. We also expanded a shirt manufacturing site in India and installed additional spinning capacity at an existing plant in Indonesia.

On the sales side of the business, APOLLOCOT 100% cotton non-iron shirts, a new type of shirt made using unique processing technology, registered healthy sales on the back of strong product appeal.

As a result of the above initiatives, the shirt, uniform, and other businesses in the segment exceeded their sales and profit targets.

However, sluggish department store sales in Japan had a major impact on CHOYA and the knit products and fabrics business, while the denim business also struggled in the face of an ongoing contraction in the domestic jeans market. We are targeting a rapid upturn in profits in these businesses by launching new products and shifting to a global manufacturing and sales structure.

Business Strategies and Outlook for the Fiscal Year Ending March 2012

The Great East Japan Earthquake fortunately had only a limited impact on our supply chain, and the segment's results for the fiscal year ended March 2011 were largely unaffected. However, in the current fiscal year, there are concerns of a further decline in consumer spending, and weak sales of luxury goods in particular could persist at department stores and other channels. Meanwhile, owing to power shortages in the summer, moves to save energy by restricting the use of air conditioning could trigger demand for new types of business wear.

Sales of shirts, a practical clothing item, are likely to remain strong in the current fiscal year. We will focus on rapidly starting up operations at NISSHINBO TEXTILE CHANGZHOU CO., LTD. (our shirt fabric processing company in China) and on quickly enhancing the capabilities of our shirt manufacturing sites in India and Indonesia to drive further sales expansion for APOLLOCOT cotton shirts. At PT. Naigai Shirts Indonesia, we plan to build a new plant to expand shirt production facilities. This Group company currently has the capacity to produce 720,000 standard shirts each year, but this move will give it the capacity to manufacture an additional 840,000 APOLLOCOT shirts annually by December 2011.

In addition, at our Brazilian subsidiary, where production and sales are extremely strong, we plan to gradually increase the number of spindles by around 11,000 from the current fiscal year onward, to approximately 80,000 by the end of June 2013.

In new products, our plant in Tokushima has succeeded in developing conjugated yarn using proprietary polymer synthesis technology, and we plan to launch the new product on the market sometime during the current fiscal year. Also, using our existing APOLLOCOT technology, we have developed non-iron handkerchiefs, 100% cotton stretch knitwear, and a type of stretchable nonwoven cotton material.

APOLLOCOT
100% cotton non-iron shirt

Automobile Brakes

Nisshinbo Brake Inc.

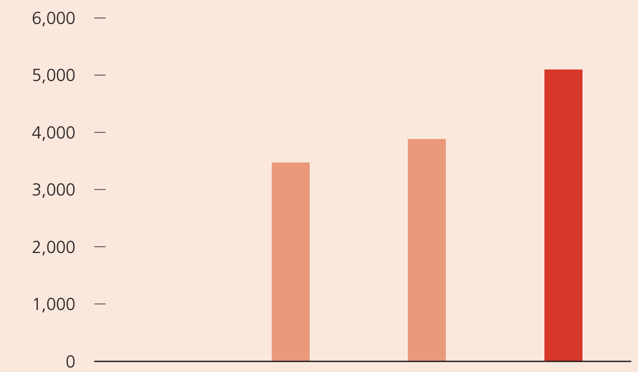
Nisshinbo has become a global supplier with world-class development capabilities in the field of friction materials, which are key components of automobile brake systems. With "customer first" and "continuous improvement" as our main quality policies, Nisshinbo meets the procurement needs of the world's automakers through technological advancement and global business development.

Challenge 2012 Targets

1. **Expand business by implementing global business strategies that take local market characteristics into account.**
2. **Develop original products with high price competitiveness that take customer needs and the global environment into consideration. Also, establish development structures based on future technology trends, such as electronic control of brakes.**
3. **Conduct comprehensive inspections of quality control systems and reinforce supply chain management (SCM) to maintain the high reliability of these crucial safety products.**

Segment Income

(millions of yen)



	2009	2010	**2011**
Domestic	976	2,959	**2,751**
Overseas	2,405	1,135	**2,279**
Eliminations	86	(215)	**61**
Total	3,467	3,880	**5,090**

Summary of Financial Results for the Fiscal Year Ended March 2011

In the fiscal year ended March 2011, the automobile brakes business reported net sales of ¥46,119 million, up 12.4% from the previous year, and operating income of ¥5,090 million, up 31.2%.

During the year under review, automobile sales volume increased in Japan and overseas, with domestic output rising 21% from the previous year amid a strong business environment in the sector. Orders grew until the second quarter of the fiscal year on the back of rising domestic automobile sales supported by tax incentives and subsidies for eco-cars. However, although orders from the third quarter were affected by a fallback in demand after the end of eco-car subsidies and the suspension of production activities at automakers due to the Great East Japan Earthquake, sales increased over the full year, supported by buoyant exports.

Sales increased at all our overseas business sites thanks to growing demand in China and other emerging markets and a moderate recovery in demand in the US. A number of factors weighed on profits, such as higher costs for imported materials due to the strong yen from June, but the integration of some subsidiaries led to an improvement in profit margins.

We implemented a number of initiatives in the segment during the fiscal year, including a merger to absorb subsidiary Nisshinbo Brake Sales Co., Ltd. in April 2010, which has enabled more dynamic business execution and rapid decision making. This company was previously responsible for all brake product marketing and sales activities in the domestic market. We also continued our efforts, triggered by the sharp drop in demand after the collapse of Lehman Brothers, to reduce the automobile brakes business's breakeven point by 30% compared with the fiscal year ended March 2008. This contributed to profit growth. The outlook for the automobile market is uncertain again owing to the Great East Japan Earthquake in March 2011, so we intend to step up our efforts across the Group to reduce the breakeven point.

Disc pad

Business Strategies and Outlook for the Fiscal Year Ending March 2012

The Great East Japan Earthquake probably had a larger impact on the automobile brakes business than any other business segment in the Nisshinbo Group. In the fiscal year ended March 2011, the business incurred disaster-related extraordinary losses of ¥41 million, owing to a slump in orders when automakers suspended some production activities immediately after the earthquake. We expect demand in Japan to remain weak until operations return to normal at the automakers. Although the disaster had almost no impact on our operations overseas in March, the impact of halts to production by automakers spread to our overseas sites from April, leading to a decline in orders. The pessimistic view to emerge immediately after the earthquake was that the impact would be prolonged, but this is now being revised slightly and some automakers are now forecasting a pickup in the second half of the fiscal year. We plan to continue monitoring trends in the industry and at individual automakers, while at the same time taking steps to minimize any potential impact.

Despite this environment, we intend to continue rolling out our global strategy for the automobile brakes business. In February 2011, we established Nisshinbo Saeron (Changshu) Automotive Co., Ltd. in Changshu City, Jiangsu Province to tap into rapidly expanding local automobile production in China. Mass production is scheduled to start from autumn 2012. Nisshinbo Saeron (Changshu) Automotive is a joint venture between Nisshinbo and Korean company Saeron Automotive Corp. in which Nisshinbo has a 67.8% stake. We also plan to strengthen our partnership with Indian company Rane Brake Lining Ltd. as part of efforts to boost sales in the Indian market. Nisshinbo also has a 20.15% stake in this company.

In research and development, we are focusing on developing products that are compatible with new US regulations on friction material copper content.* With other countries around the world expected to adopt similar regulations, we are working on research and development themes for new friction materials. Also, we are putting priority on purchasing raw materials, components, secondary materials, and auxiliary materials with minimal environmental impact as part of green procurement activities.

* The US state of California has passed a law, effective from 2021, prohibiting the sale of new friction materials or vehicles fitted with friction materials that have a copper content of more than 5%. From 2023, the limit on copper content will be reduced to no more than 0.5%.

Papers

Nisshinbo Paper Products Inc.

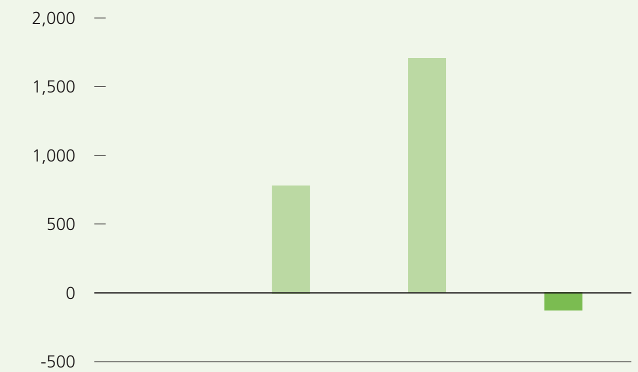
Nisshinbo supplies high added-value paper products that match market needs in three fields: household paper products, specialty paper, and processed paper products. Based on the concept of environment- and people-friendly manufacturing, in the household products segment we developed the world's first highly absorbent bathroom tissue paper designed for use with bidets and launched flushable paper wipes for the nursing care market; in the specialty paper segment we supply top-quality printing paper products such as VENT NOUVEAU for the fine paper field and a new product called KI•HOU•SHI, mainly aimed at creating new markets in the packaging field; and in the processed paper products segment we sell telegram paper, luxury packaging, and other products.

Challenge 2012 Targets

1. Reinforce and develop sales and production systems tailored to customer needs in the household, specialty, and processed paper product business lines.
2. Develop new products, enhance design and planning capabilities to distinguish our products, and reinforce alliances with other companies.
3. Reinforce alliances with overseas companies through OEM arrangements and capital tie-ups to promote production and sales in optimal locations.

Segment Income

(millions of yen)



	2009	2010	**2011**
Household	(32)	1,077	**(646)**
Fine Papers	805	739	**618**
Eliminations	7	(110)	**(103)**
Total	780	1,706	**(131)**

Summary of Financial Results for the Fiscal Year Ended March 2011

In the fiscal year ended March 2011, the paper products business reported net sales of ¥31,122 million, down 1.3% from the previous year, and an operating loss of ¥131 million, with operating income deteriorating ¥1,837 million from the previous year.

This deterioration in earnings was caused by falling sales prices for household paper products due to deflation and consumer preference for low-priced products, as well as an increase in manufacturing costs owing to higher prices for pulp and crude oil. In specialty paper, products such as fine paper for printing staged a recovery, but an increase in raw material costs due to the rise in pulp prices and changes in the product mix led to a decline in profits, despite steady sales year on year. In processed paper products, earnings were buoyant thanks to strong sales of photo mounts, packaging products, and printer products, and benefits from restructuring in the label business.

Business Strategies and Outlook for the Fiscal Year Ending March 2012

The Great East Japan Earthquake damaged some of the paper products business's inventories but none of its facilities was affected. Operations continued largely as normal.

In the current fiscal year, we are concerned about the impact of the earthquake on production activities due to planned power blackouts and material procurement constraints, but we plan to respond flexibly to the situation by increasing the efficiency of plants and sourcing alternative materials. Meanwhile, we expect sales to be affected owing to weak consumer spending in Japan and lower demand in the disaster-affected region as a result of the earthquake. These factors, together with higher raw material costs due to rising pulp and crude oil prices, and falling demand centered on the commercial printing sector, are likely to result in a tough operating environment.

Against this backdrop, we are implementing the following key initiatives in each business in order to achieve our medium-term business targets and our earnings targets for the current fiscal year.

In household paper products, we are strengthening our supply framework in Japan and overseas as part of our efforts to become a household paper product trading business with a manufacturing base. In the current fiscal year, we are working to achieve our sales and profit targets by achieving appropriate prices for our products to support a sustainable business, boosting sales of value-added products, and efficiently leveraging capital investment at Group company Tokai Seishi Kougyou Co., Ltd.

In specialty paper, we are developing our business overseas, centered on East Asia, and planning moves into peripheral business fields in Japan. In the current fiscal year, we are focusing on exports, mainly to South Korea, while in Japan, we are working to boost sales of existing products and cultivate new applications for our products, primarily in the packaging field. We are also creating new products based on an integrated approach to products, sales, and development.

In processed paper products, we will expand and upgrade our range of telegram-related products and manufacture and sell luxury packaging products such as cosmetics boxes, mainly in Asia, as part of our global strategy. In the current fiscal year, we are targeting sales and profit growth by stepping up business initiatives in China and working to expand sales of packaging products in Japan and overseas to cover the slump in sales of existing products due to the earthquake. We also plan to reinforce quality assurance management systems to underpin business expansion.

Flushable paper wipes for the nursing care market

KI•HOU•SHI: a new paper product aimed at the packaging field

Precision Instruments

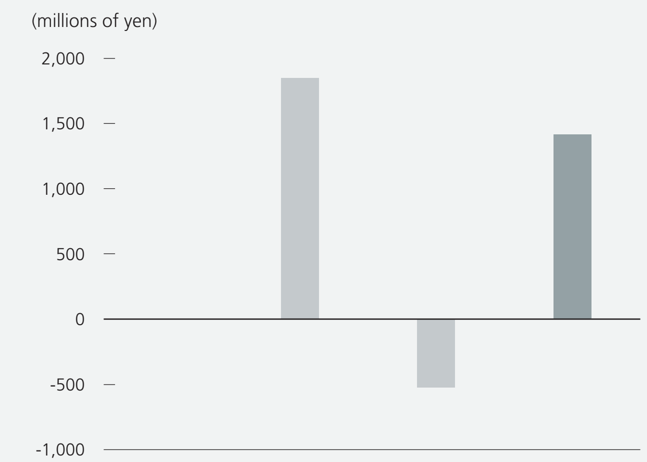
Nisshinbo Mechatronics Inc.

Utilizing the know-how it has accumulated over more than half a century as a machine tool maker supporting various manufacturing industries, Nisshinbo is focusing on three businesses: manufacturing equipment for photovoltaic modules, which are seen as a promising source of clean energy; precision automotive parts, which help improve the safety and environmental performance of cars; and plastic molding and processing, primarily fans for air conditioners. We are developing these businesses globally, centered on Asia. Our aim in the photovoltaic module manufacturing equipment business is to build a total solutions business model.

Challenge 2012 Targets

1. Develop the photovoltaic module manufacturing equipment business on a global scale with a focus on East Asia.
2. Expand the photovoltaic module business as a total solution business that integrates materials, manufacturing equipment, and consulting on ideal processing conditions.

Segment Income



	2009	2010	**2011**
Mechatronics	1,395	(583)	**741**
Plastics	452	57	**672**
Total	1,847	(526)	**1,414**

Summary of Financial Results for the Fiscal Year Ended March 2011

In the fiscal year ended March 2011, the precision instruments business reported net sales of ¥32,020 million, up 28.6% from the previous year. The business moved into the black at the operating level with operating income of ¥1,414 million, an improvement of ¥1,940 million from the previous year.

In the year under review, earnings were weak owing to sluggish demand for specialized machine tools for the automotive and aerospace industries. However, the mainstay photovoltaic module manufacturing equipment business secured orders on the back of major investment by domestic photovoltaic module makers and exports of our equipment rose to East Asia and India. Together with cost reduction, this supported a strong performance in the photovoltaic module manufacturing equipment business. Also, earnings rose in precision parts processing for the automotive sector (ABS components) owing to a recovery in demand at customers and cost reduction. In plastic molding and processing, sales and profits both increased from the previous year due to a strong performance in mainstay air conditioner fans. Demand was spurred by the hot summer in Japan, government subsidies, and rising demand in Southeast Asia.

Key initiatives in the photovoltaic module manufacturing equipment business included additional investment in Nisshinbo-Yawei Precision Instruments & Machinery (Jiangsu) Co., Ltd., a joint venture in Jiangsu Province, China, in June 2010. This further investment made the company into a consolidated subsidiary and marked the start of full-scale manufacturing and sales activities for photovoltaic module manufacturing equipment in China. The subsidiary's Jiangsu Plant, which came on stream in April 2011, has the capacity to manufacture around 30 module laminators per month, tripling Nisshinbo's production capacity. Meanwhile, we enhanced our after-sales service in South Korea with the establishment of sales company Nisshinbo Photovoltaic Korea Corp. in January 2011.

Module laminator

Business Strategies and Outlook for the Fiscal Year Ending March 2012

The Great East Japan Earthquake had only a small impact on our photovoltaic module manufacturing equipment and plastic molding and processing plants. However, shipments in our precision automotive parts processing business declined owing to the suspension or reduction of operations at automakers as a result of the earthquake. In response, we worked to reduce costs by suspending production on some lines, promoting work sharing, and limiting overtime. We expect the business environment to improve through to the end of the fiscal year but we intend to monitor trends here closely.

In the precision instruments business, we are putting the highest priority on expanding the production and sale of photovoltaic module manufacturing equipment on a global basis, with a focus on East Asia. To achieve this objective, we are working to strengthen our operating framework so that we can further expand output and sales in China and Taiwan, boost quality, and raise customer satisfaction. Also, we are aiming to rapidly launch standard models as part of our global strategy. Meanwhile, we plan to expand our photovoltaic-related business by shifting to a total solutions business model, starting with the development of new long-life encapsulation materials. We have set up a dedicated division within Nisshinbo Holdings, High-reliability Material Group, to bring together the Group's expertise on this kind of new material and product and to head development.

In precision parts processing for the automotive sector, we plan to start up a new manufacturing site in Shanghai, China, by the fiscal year ending March 2016 to tap into expansion in the global market. We will begin installing new manufacturing equipment at the site in the current fiscal year. In air conditioner fans, the mainstay product in our plastic molding and processing business, we intend to boost production in Thailand by opening a new plant and expanding facilities at an existing plant by the fiscal year ending March 2013. Construction on the new plant will begin in the current fiscal year. This additional capacity will support efforts to boost sales, mainly in East Asia.

Plastic molding parts

Chemicals

Nisshinbo Chemical Inc.

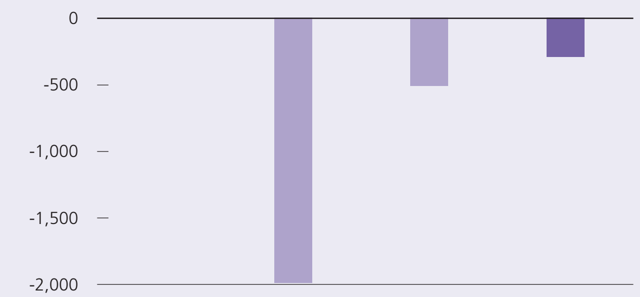
Utilizing its know-how in the chemicals field, Nisshinbo is working on a daily basis to help realize a low-carbon society. Our products, such as bipolar plates for fuel cells, Carbodilite, which is a high-performance resin material with unique characteristics (such as its ability to increase the durability of bio-plastics), and electric double-layer capacitors, will play an essential role in the uptake of environment-related products. We are investing management resources in these promising growth areas as a matter of priority.

Challenge 2012 Targets

1. **Use expertise in the chemicals business to actively develop environment-related businesses.**
2. **Reinforce face-to-face customer interactions and develop original products.**
3. **Expand sales of strategic products, including bipolar plates for fuel cells and Carbodilite high-performance resin.**
4. **Expand the capacitor business to include automotive applications.**

Segment Income

(millions of yen)



	2009	2010	**2011**
Urethane, etc.	299	403	**561**
Environmental & Energy Business	(2,284)	(916)	**(925)**
Others	(5)	0	**61**
Eliminations	2	1	**9**
Total	(1,988)	(513)	**(295)**

Summary of Financial Results for the Fiscal Year Ended March 2011

In the fiscal year ended March 2011, the chemicals business reported net sales of ¥7,284 million, up 15.5% from the previous year, and an operating loss of ¥295 million, an improvement in operating income of ¥218 million from the previous year. This business supplies chemical-related products such as thermal insulation products, carbon products, and elastomer products, which are a stable source of income, and promising environment- and energy-related products such as bipolar plates for fuel cells, electric double-layer capacitors, and functional chemicals.

In thermal insulation products, orders increased for stock solution products for onsite foaming used in the cold chain field, supporting stable earnings. Sales and profits rose in carbon products due to a market recovery in the semiconductor sector and emerging benefits from cost reduction. However, sales and profits both declined in elastomer products due to tough competition with overseas products.

In environment- and energy-related products, there was a recovery in domestic and overseas orders for functional chemical Carbodilite, driving an improvement in profits.

Losses in the electric double-layer capacitor business decreased on the back of a recovery in sales to the industrial machinery sector and new product launches. However, sales of bipolar plates for fuel cells struggled, mainly due to a reduction in subsidies for the purchase of household fuel cells.

Urethane elastomer NISSHINBO MOBILON

Business Strategies and Outlook for the Fiscal Year Ending March 2012

There was only light damage to manufacturing facilities in this segment as a result of the Great East Japan Earthquake and almost no impact on operations. However, we had problems sourcing certain chemical raw materials, which unfortunately led to delays for some of our customers. Although we expect demand for our products from the automotive sector to decline, the impact is likely to be minimal due to strong demand from the building materials sector on the back of rebuilding demand.

In the fiscal year ending March 2012, we plan to continue working to boost sales of new environment-related products and new products carefully tailored to customer needs. We have launched a wide range of new products, including non-fluorocarbon stock solution products that are foamed onsite and do not generate greenhouse gases, and water treatment products. We are also focusing on developing new functional chemical products.

In bipolar plates for fuel cells, we see growing prospects for market growth in the automotive sector following a joint declaration by three automakers, 10 energy companies, and the Ministry of Economy, Trade, and Industry (METI) in January 2011 committing to the full-scale launch of fuel cell vehicles (FCVs) from 2015. We plan to utilize the expertise accumulated from our dominant share in the household fuel cell market in order to develop bipolar plates that are becoming the de-facto standard in the FCV market as well.

Meanwhile, we will work to boost sales of Carbodilite in the bio-plastic market and in the photovoltaic panel field, where new applications have emerged.

High-performance chemical product CARBODILITE

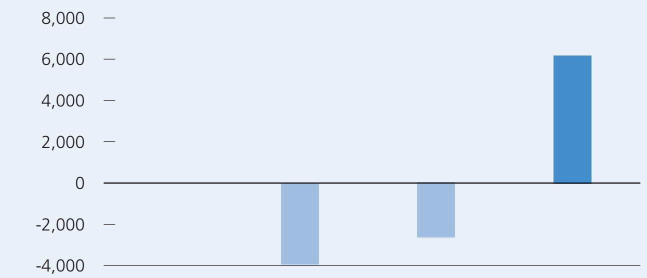
Electronics

Japan Radio Co., Ltd.

Nisshinbo has been involved in the semiconductor, electronic device, and communication fields through subsidiaries New Japan Radio Co., Ltd. and Ueda Japan Radio Co., Ltd. In December 2010, we made leading communications company Japan Radio Co., Ltd. a consolidated subsidiary through a tender offer. As a result, Nagano Japan Radio Co., Ltd. also became a consolidated subsidiary. This acquisition means the electronics business segment now comprises four companies and has expanded considerably to become our largest segment.

Segment Income

(millions of yen)



	2009	2010	2011
Japan Radio	—	—	**4,829**
New Japan Radio	(4,364)	(2,755)	**761**
Nagano Japan Radio	—	—	**538**
Ueda Japan Radio	442	82	**340**
Eliminations	4	19	**(285)**
Total	(3,918)	(2,654)	**6,184**

Summary of Financial Results for the Fiscal Year Ended March 2011

In the fiscal year ended March 2011, the electronics business reported net sales of ¥112,820 million, up 118.2% from the previous year, and operating income of ¥6,184 million, an improvement of ¥8,838 million.

Japan Radio and Nagano Japan Radio were included in the scope of consolidation from the fourth quarter, leading to a sharp increase in both sales and profits.

New Japan Radio, previously the main company in this business segment, also returned to profit. This strong performance, despite the impact of sharp yen appreciation and the Great East Japan Earthquake, reflected a number of factors: steady improvement in demand for the company's products, primarily mainstay semiconductors, buoyant OEM production and sales, strong sales of operational amplifiers and power supply ICs, and further efficiency gains and rationalization across all areas of the business.

MUSES Series: high quality sound 2-channel electronic volume

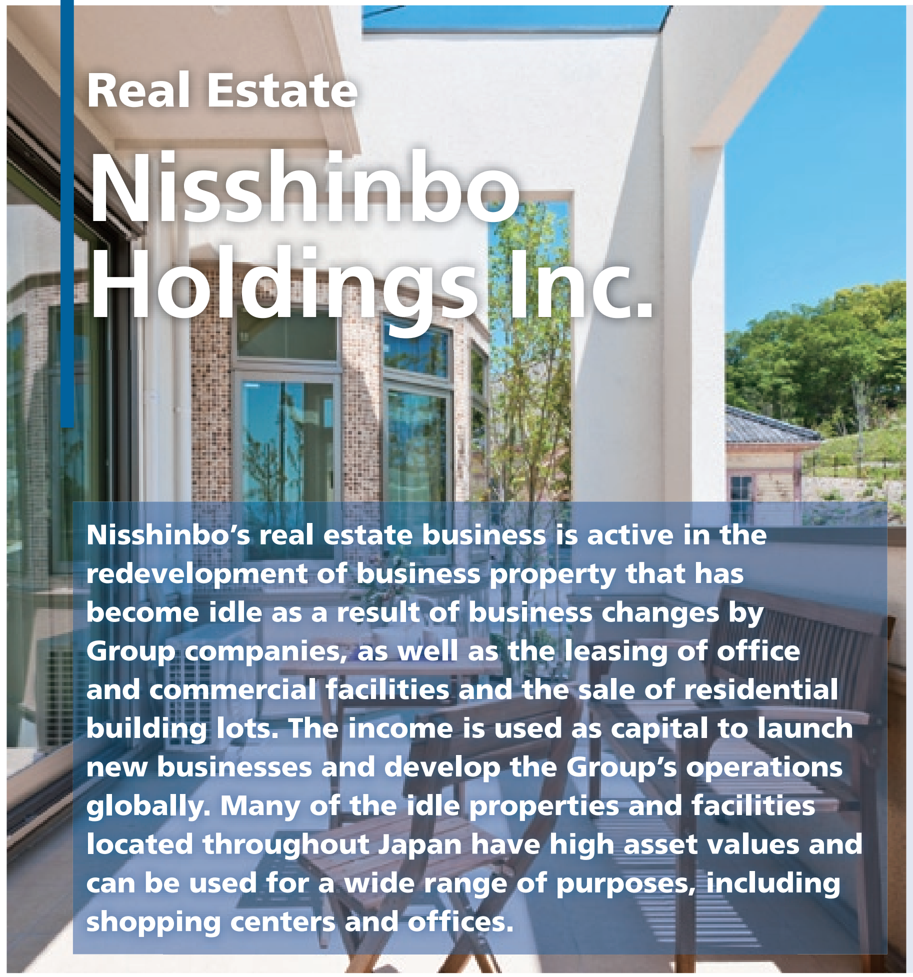
Business Strategies and Outlook for the Fiscal Year Ending March 2012

All four companies in the segment fortunately experienced only minimal direct damage from the Great East Japan Earthquake. The supply capacity of suppliers has declined since the earthquake, causing procurement problems for some components, but we are working to mitigate the impact of these supply chain problems on our production activities. However, with some of our customers suspending or delaying projects, there is a distinct possibility that demand will decline amid a slowdown in the domestic economy. Based on this outlook, each company in the segment will strive to generate profits by developing new products, rolling out new businesses, expanding overseas sales, and implementing further cost reductions.

Our decision to acquire Japan Radio was based on the view that it will benefit both companies by boosting corporate value. We plan to achieve this by combining Japan Radio's wireless communication and control technologies with our expertise in environmental and energy technologies, helping us to respond to the increasingly advanced and diversifying needs of the energy sector. Nisshinbo and Japan Radio had a close relationship prior to the merger, so we expect the integration of our respective corporate cultures to go smoothly.

We are now focusing on realizing synergies with Japan Radio as quickly as possible. In terms of synergies in non-operational areas, we estimate that annual cost savings of several hundred million yen are achievable through asset reduction and lower interest payments, with these savings being realized relatively quickly. A more important area for generating synergies will be developing new businesses based on even closer integration of our respective technologies. For example, our electric double-layer capacitor business has been built on Nisshinbo's chemical technology, ionic liquid in this case, and the electronic control technologies of Japan Radio and Nagano Japan Radio. We plan to further deepen these technological ties so that we can create systems that increase fuel efficiency, in addition to electric storage devices. This will allow us to enhance our proposal capabilities for automotive clients. In addition, we plan to develop new and innovative products in the automotive field that boost fuel efficiency, safety and comfort, and also move into the smart city and smart grid business areas in the environmental field. In materials, we possess promising new functional materials in the electronics business segment that are viable candidates for new businesses.

Solid-state RADAR



Real Estate

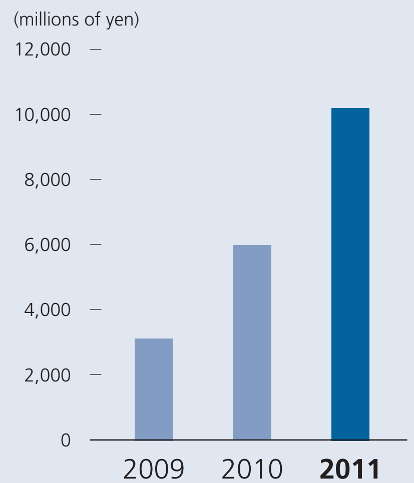
Nisshinbo Holdings Inc.

Nisshinbo's real estate business is active in the redevelopment of business property that has become idle as a result of business changes by Group companies, as well as the leasing of office and commercial facilities and the sale of residential building lots. The income is used as capital to launch new businesses and develop the Group's operations globally. Many of the idle properties and facilities located throughout Japan have high asset values and can be used for a wide range of purposes, including shopping centers and offices.

Challenge 2012 Targets

Slim up properties by selling out idle real estate and then invest the funds in launching new businesses and expanding businesses in Asian countries.

Segment Income



Summary of Financial Results for the Fiscal Year Ended March 2011

In the fiscal year ended March 2011, the real estate business reported net sales of ¥12,437 million, up 97.5% from the previous year, and operating income of ¥10,191 million, up 70.3%. Sales rose sharply on the back of rental income and sales of subdivided lots at the site of the former Harisaki Plant.

The rental business generated strong rental income from large-scale commercial facilities. During the fiscal year under review, we began leasing land to a volume retailer at our Shimada Plant site and started renting out an office building in Tokyo. In the building lot sales business, we sold residential lots at the site of the former Hamamatsu Plant and sold land for public use at the former Harisaki Plant site as part of our redevelopment of the area into residential building lots.

Business Strategies and Outlook for the Fiscal Year Ending March 2012

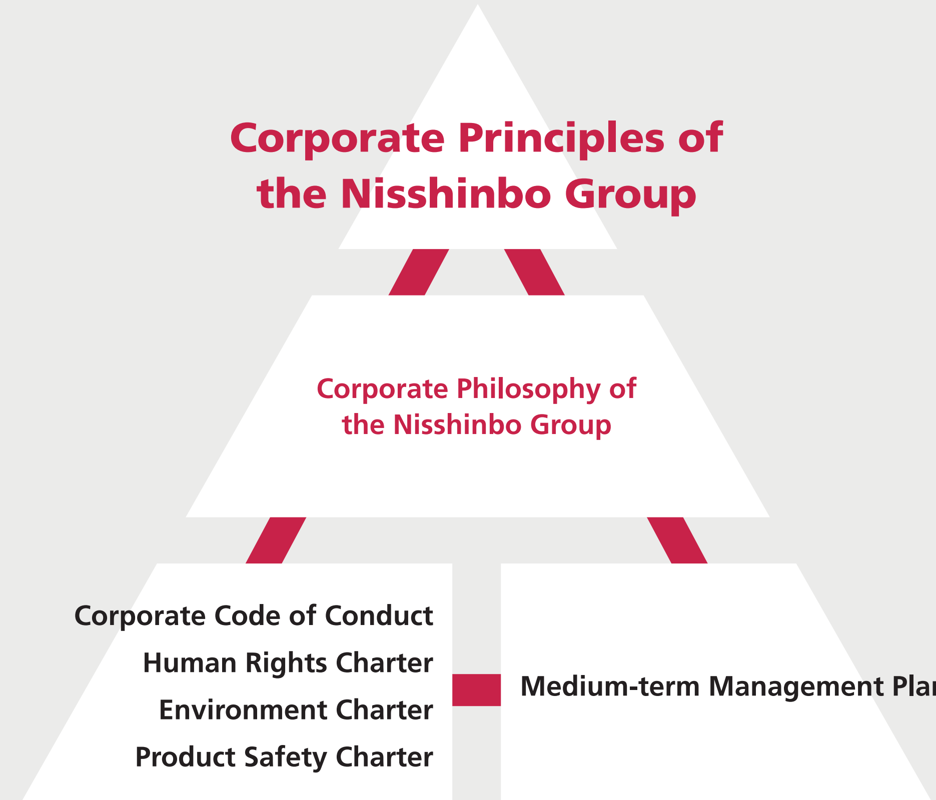
The Great East Japan Earthquake damaged the structures and facilities of some of our rental commercial properties. However, damage was limited, and the earthquake had almost no impact on the segment's results for the fiscal year ended March 2011.

In the real estate business, we plan to aggressively develop the building lot sales business, acting as the lead developer for site preparation work and collaborating with housing builders and others to subdivide and sell residential building lots.

Many of the properties that we own are located in urban areas close to train stations and therefore have high asset values. By acting as the lead developer, we can conduct integrated planning and development of entire areas, making it possible to create high-quality communities that take into consideration the environment and security.

Other major projects, in addition to the Harisaki Plant site, include redeveloping the former Kawagoe Plant site and Nagoya Plant site into building lots.

A desire to contribute to society through our business activities underpins everything we do at the Nisshinbo Group. We will continue to do our best to help improve the lives of people worldwide while increasing Nisshinbo's value as an environmental company.



Corporate Principles of the Nisshinbo Group

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

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

Innovation: We shall create the future through continuous innovation.

Corporate Philosophy of the Nisshinbo Group

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

Corporate Code of Conduct

Fulfilling our corporate social responsibility (CSR) as a company is vital to ensure that the public retains its trust in Nisshinbo.

Our Corporate Code of Conduct forms the underlying principles of our CSR activities. The code ensures that every one of our employees clearly understands that Nisshinbo has a responsibility to contribute to society through its business activities, giving them an awareness of CSR that allows them to actively take their own initiative.

Corporate Code of Conduct

The Nisshinbo Group is deeply aware that companies are public entity, and that, while they are business entities pursuing economic aims such as the creation of added value through fair competition and the creation of employment opportunities, their mission is to widely contribute to society through their corporate activities. For that purpose, both domestically and internationally, we shall respect human rights, observe related legislation and international rules and the spirit behind them, and act on the basis of the following 10 principles toward the creation of a sustainable society with consistent integrity as our fundamental creed.

1. Giving proper consideration to safety, we shall develop and supply socially beneficial products and services and obtain the satisfaction and trust of consumers and clients.
2. In a spirit of accountability, we shall engage in fair, transparent, and open competition and proper business transactions. We shall also maintain sound and healthy relations with political and government organizations.
3. As well as with shareholders, we shall engage in wide-ranging communication with society and disclose corporate information positively and fairly. We shall also endeavor to ensure the protection of personal information and client information through proper data management.
4. We shall respect the diversity, character, and individuality of employees, ensure a safe and work-friendly environment for them, and realize their comfort and affluence.
5. We recognize that efforts to address environmental problems are a common issue for humankind and an essential condition for the existence and activities of the Nisshinbo Group, and we shall take the initiative in this regard.
6. We shall actively engage in social contribution activities as a good corporate citizen.
7. We shall resolutely resist any antisocial forces or organizations that pose a threat to the order and safety of civil society and shall have no links to such organizations.
8. Responding to the globalization of business activities, and complying with international rules and local legislation, we shall engage in management that respects regional culture and customs, takes the interests of the respective stakeholders into consideration, and contributes to the respective national and regional economic development.
9. The top management of Nisshinbo Group companies recognizes that it is our duty to realize the spirit of this charter and, by setting a good example, to effectively disseminate it throughout the Group and promote it to business partners. Furthermore, we shall constantly monitor opinions both inside and outside the Group, establish an effective in-house setup, and thoroughly imbue corporate ethics.
10. If a situation arises that appears to violate this charter, the top management of Nisshinbo Group companies shall make clear both internally and externally our position of solving the problem and shall endeavor to investigate the causes and prevent a recurrence. Furthermore, the top management shall execute the disclosure of speedy and accurate information and accountability to the public and, after clarifying authority and responsibility, undertake strict penalties, including upon ourselves.

Corporate Governance

Based on our belief that corporations are public entities, the Nisshinbo Group adheres to its fundamental stance of always acting with integrity and in good faith toward its stakeholders. Reflecting this in our corporate governance activities, we work to ensure the transparency of management, reinforce accountability, and act ethically in all matters.

Corporate Governance Structure

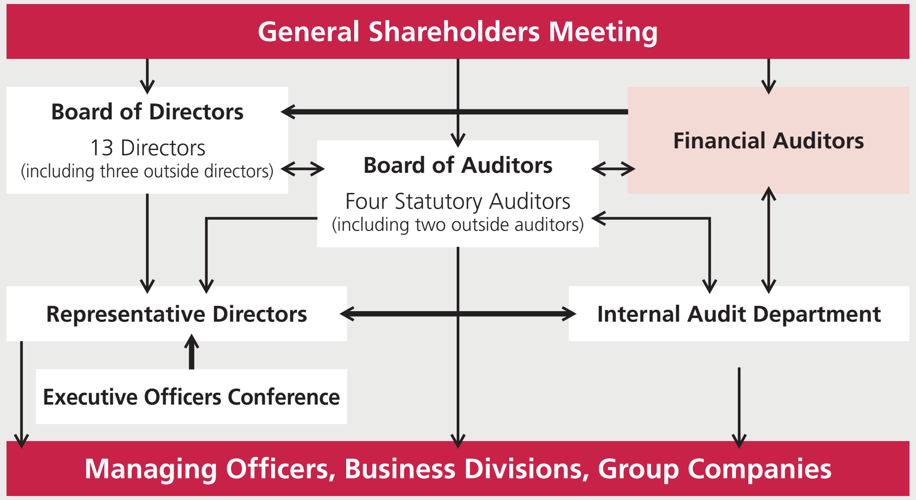
Nisshinbo has adopted a managing officer system in order to speed up decision-making with respect to business execution. The Board of Directors has 13 members, three of whom are outside directors (as of June 29, 2011). Of the 13 directors, nine are also managing officers.

Nisshinbo has also established an Executive Officers Conference made up of all 12 managing officers, including the three who are not directors. Directors also take part in meetings, which are held to discuss important matters related to business execution at the Company and the Group as a whole.

The Board of Directors discusses important corporate matters, reviews executive decisions, and fulfills other responsibilities.

Drawing on their extensive knowledge and experience, outside directors monitor the management of the Company from an objective and independent perspective. This serves to strengthen the supervisory functions of the Board of Directors and enhance management transparency.

Corporate Governance Structure



Audit Functions

Nisshinbo has established a Board of Auditors comprising four statutory corporate auditors, two of whom are outside auditors.

The auditors monitor the directors' execution of their responsibilities as well as operations and financial conditions at the Company and its subsidiaries. The two outside auditors attended every Board of Directors meeting (16) and every Board of Auditors meeting (13) held in the fiscal year ended March 2011 and were active in presenting their opinions.

The Board of Auditors works closely with the Audit Office, which is the Company's Internal Audit Department, to ensure business is conducted in an appropriate manner.

Internal Audit Department
Nisshinbo has established an Audit Office independent from executive business functions to act as the Internal Audit Department. The Audit Office conducts audits of operations throughout the entire Nisshinbo Group, including reviews of all relevant documents and account ledgers. It also works to protect the Company's assets and increase management efficiency by providing advice and proposals for remedial measures from a legal and rational perspective. The Audit Office continually works with the corporate and financial auditors to make audits more appropriate and effective.

Timely Information Disclosure
The Company holds briefings for all of its shareholders and investors on a regular basis. It also publishes convocation and resolution notices for the General Shareholders Meeting, financial results, business reports, securities reports, annual reports, press releases and other information on a timely basis via its corporate website, and constantly works to improve the provision of information to stakeholders.

Maintaining Internal Control Systems
Nisshinbo endeavors to create a healthy corporate culture in accordance with the Corporate Principles of the Nisshinbo Group and the Corporate Philosophy of the Nisshinbo Group. An internal control system has been established to identify and then remedy any issues in business execution processes.

Internal Control System Reporting Related to Financial Reporting
Companies have been obligated since the fiscal year ended March 2009 to submit reports on internal controls in order to ensure the reliability of financial statements. The Nisshinbo Group established group regulations in response to this development and developed a Group-wide system of internal controls.

During the system's third year of operation, the fiscal year ended March 2011, the Internal Audit Department assessed the operational status of the internal control systems in each Group company to confirm their effectiveness.

Risk Management
The Nisshinbo Group engages in risk management activities in order to minimize various risks. In risk management, we believe it is important to develop measures for preventing risk and measures to respond in a timely manner should a problem occur.

Quick response measures include the creation of Crisis Management Regulations to respond to a crisis such as a major earthquake. In order to (1) minimize damage, (2) ensure the continuity of business through rapid recovery, and (3) contribute to the rapid recovery of the community when a crisis occurs, we will strive to (i) put a premium on human life, (ii) act in ways befitting a responsible corporation, (iii) collaborate with governmental bodies and business partners, and (iv) give fullest consideration to our community and neighbors.

Major risk areas

Internal risks	Product quality and labeling, environmental pollution, workplace accidents, human rights and labor issues, information leaks, IT system failures, legal infringements
External risks	Damage from natural disasters, accidents or damage at business partners, sharp fluctuations in exchange rates, targeted accumulation of the Company's stock, product liability lawsuits

Crisis Management System
Nisshinbo has created a system for times of crisis under which response task forces will be created at the Company and subsidiary companies (excluding listed subsidiaries in Japan). The authority to direct each task force is placed in the hands of the president of the Company. Regular drills and inspections take place to ensure that the crisis management system can perform as expected.

For example, each year the Company conducts emergency contact drills to ensure it has the ability to verify the safety of all its employees and restore operations rapidly in the event of an emergency such as a major earthquake.

Water discharge drill

Disaster Prevention System
Firefighting teams at each Group business site conduct drills to improve disaster prevention capabilities. These drills increase readiness for early-stage fires, earthquakes, and life-saving situations. The teams also prepare for potential emergencies such as gas or chemical leaks in accordance with the type and location of each business site.

In addition, every year managing officers conduct inspections at major business sites, including those of subsidiaries, in order to energize disaster prevention management activities. In the fiscal year ended March 2011, managing officers inspected 14 business sites.

An exercise using oil fences to prevent leaks of heavy oil

Initiatives to Protect Personal Information
To ensure important information related to customers and employees is managed in an appropriate manner, the Company conducts regular internal audits each year in accordance with internal regulations and constantly works to improve data management. Nisshinbo's privacy policy on personal information can be viewed on the corporate website.

The Company has stringent measures in place to prevent this important information from being accessed by external parties.

Initiatives to Ensure Information Security
The Nisshinbo Group is constantly improving information security measures to prevent leaks of important personal information about customers and trade secrets. We are addressing information security through measures to manage both information systems and the people who operate them.

On our information systems, we are reinforcing monitoring of the network shared throughout the Group. We are also tightening oversight of the data that employees are allowed to take out of company offices.

In addition to the aforementioned measures, we conduct annual internal audits and continually improve our control systems to protect personal information and manage trade secrets. In addition to measures for handling leaks of confidential Group information, measures have been devised to prevent confidential information from being brought in, and we are endeavoring to prevent the intellectual property of third parties from being infringed. We are also working to ensure our key computer servers can operate 24 hours a day, 365 days a year by locating them in a safe facility that is resistant to major earthquakes and other disasters.

Topics

Recovery efforts after the Great East Japan Earthquake

We would like to extend our condolences to all those who were affected by the disaster.

After the earthquake, the Nisshinbo Group rapidly set up a disaster response headquarters headed by the president and worked to gather information on the situation.

Some buildings and equipment at the Group's business sites were damaged, but fortunately there were no serious injuries or loss of life. The Group restored and verified the operation of facilities at production sites, gradually bringing them back on stream. By March 14, all production sites were operating again.

However, extensive damage from the earthquake and tsunami, as well as the nuclear accident and resulting power shortages, disrupted the procurement of raw materials and other supplies, which affected the Group's production and distribution activities.

The Great East Japan Earthquake has prompted us to review the Group's entire disaster response plans, including the disaster prevention system, disaster risk assessment, and initiatives to ensure the continued safe and reliable operation of our supply framework.

Support for the disaster region

In order to do our part to support those affected by the disaster and help the region recover, the Company donated ¥30 million to the Japanese Red Cross Society and provided supplies of the Nisshinbo Group's household paper products and textile products.

Also, Group company Japan Radio donated ¥10 million to the Japanese Red Cross Society.

The Group will continue to do what it can to help. We hope the region will be able to recover from the disaster as soon as possible.

Compliance

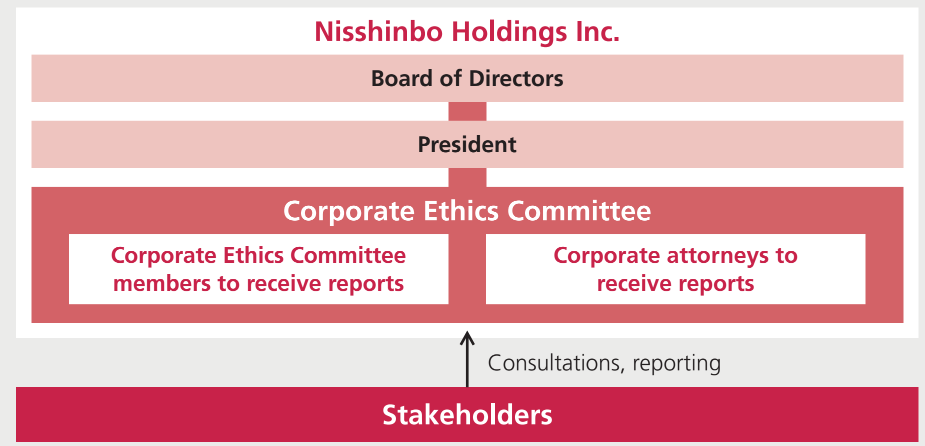
The Nisshinbo Group believes it is important for all employees to maintain the highest ethical standards and, in keeping with the principle of "consistent integrity," to act with fairness and integrity toward our stakeholders in order to obtain society's trust and understanding for our business. For that reason, we ask all employees to comply fully with the Nisshinbo Group's Corporate Code of Conduct.

Corporate Ethics Committee and Corporate Ethics Reporting System

Nisshinbo has established a Corporate Ethics Committee to oversee Group-wide compliance activities. The committee answers directly to the president and is headed by a managing officer.

The Corporate Ethics Reporting System was created to rapidly identify and prevent potential legal violations. Group employees and external parties can submit reports to the system, which can be used to communicate directly with the Corporate Ethics Committee or an outside corporate attorney. The confidentiality of persons making reports is strictly guaranteed and every effort is made to prevent any prejudicial treatment toward them. Reports are dealt with by the Corporate Ethics Committee.

Corporate Ethics Reporting System



Compliance Education

The Nisshinbo Group has created Japanese and English handbook versions of its Corporate Vision of the Nisshinbo Group and uses the handbook as an educational tool for compliance-related topics. We are making every effort to communicate this information to all employees, including local executive staff in non-English-speaking countries as well. In the fiscal year ended March 2011, we translated the Corporate Vision into local languages for textiles business employees working at Nisshinbo Do Brasil Industria Textil and PT. Naigai Shirts Indonesia and used the handbook for compliance training.

Topic

In July 2010, senior managers from each Group company met to actively discuss compliance issues in order to reinforce the Nisshinbo Group's administrative divisions. Compliance is an increasingly important issue as Nisshinbo rapidly becomes a more international organization, and we plan to further enhance cooperation between administrative divisions to respond to this trend.

Board of Directors (As of June 29, 2011)

Director,
Chairman
Takashi Iwashita

Director,*1
President
Shizuka Uzawa

Director,*1
Vice President
Yoshihito Onda

Director,
Vice President
Yorihisa Suwa

Director,
Executive Managing Officer
Masaaki Isobe

Director,
Executive Managing Officer
Masaya Kawata

Director,
Managing Officer
Masahiro Murakami

Director,
Managing Officer
Hiroshi Nakano

Director,
Managing Officer
Nobuyuki Hagiwara

Director,
Managing Officer
Koji Nishihara

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 29, 2011)

President
Shizuka Uzawa*1

Vice President
Yoshihito Onda*1
Yorihisa Suwa*1

Executive Managing Officer
Masaaki Isobe*1
Masaya Kawata*1

*1 Board member as well
*2 Outside auditor

Managing Officer
Masahiro Murakami*1
Hiroshi Nakano*1
Nobuyuki Hagiwara*1
Koji Nishihara*1
Toshihiro Kijima
Takayoshi Okugawa
Kazunori Baba

Standing Statutory Auditor
Yoshio Ide
Masao Satsuka

Statutory Auditor
Yo Kawakami*2
Toshihiko Tomita*2

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

HIGHLIGHTS

- **Japan Radio became a consolidated subsidiary through a friendly takeover aimed at strengthening and expanding our electronics business. As a result, Nagano Japan Radio also became a consolidated subsidiary.**
- **Sales and operating income both hit record highs owing to the consolidation of these two companies in the fourth quarter and a strong performance by all business segments except papers.**
- **Under Challenge 2012, our three-year management plan in effect through the fiscal year ending March 2013, we plan to rapidly realize synergies from the merger with Japan Radio and continue rolling out our global strategy focused on Asia.**

OPERATING RESULTS

Overview

During the fiscal year ended March 2011, the global economy continued to expand at a moderate pace supported by sustained economic growth in Asian emerging economies and stimulus measures mainly in Europe and the US. The Japanese economy remained on a moderate recovery trend for most of the year thanks to government stimulus measures and rising exports, but the recovery stalled from the third quarter owing to sharp yen appreciation, rising crude oil prices and a slowdown in exports. Also, the Great East Japan Earthquake that occurred on March 11, 2011 caused considerable damage, disruption to distribution networks, and rolling power blackouts, resulting in a sharp drop in production activity and consumer spending.

Against this backdrop, we made Japan Radio Co., Ltd. a consolidated subsidiary through a friendly takeover to strengthen and expand our electronics business segment. Nagano Japan Radio Co., Ltd. also became a consolidated subsidiary. In addition, as part of the major restructuring of our businesses in this segment, we sold all our shares in equity-method affiliate ALOKA Co., Ltd. (renamed Hitachi Aloka Medical, Ltd. on April 1, 2011).

In the textiles, automobile brakes, and precision instruments business segments, we aggressively expanded our overseas presence by setting up new subsidiaries and increasing investment in existing subsidiaries.

As a result, all our business segments except papers reported higher sales and profits compared with the previous fiscal year. In electronics, this reflected the consolidation of Japan Radio and Nagano Japan Radio from the fourth quarter and an improvement in earnings at New Japan Radio Co., Ltd. on the back of a recovery in demand for analog semiconductors. In textiles, earnings were strong at a Brazilian subsidiary and the benefits of business restructuring began to feed through into profit improvement. In precision instruments, sales of photovoltaic module manufacturing equipment increased. As a result, all three segments reported higher sales and a return to profit after losses in the previous fiscal year.

Meanwhile, the automobile brakes and real estate businesses both achieved sharp increases in sales and profits. In automobile brakes, demand rose strongly in Japan through the second quarter owing to the government's tax incentives and subsidies for eco-cars, and automobile production increased to meet demand, mainly in Asian markets. In real estate, the redevelopment of the former Harisaki Plant site and the sale of subdivided lots for housing gained momentum.

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

Net sales totaled ¥325,555 million (US$3,830 million), up 34.3% from the previous year. The cost of goods sold was ¥262,067 million (US$3,083 million), an increase of 30.0% year on year. Selling, general and administrative expenses came to ¥43,645 million (US$514 million), up 17.3% from the previous year. As a result, operating income increased by ¥16,273 million from the previous fiscal year to ¥19,843 million (US$233 million).

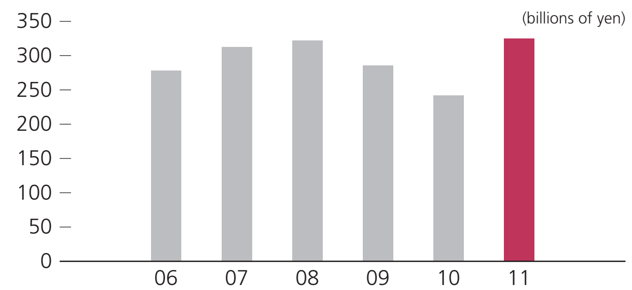
In addition, Nisshinbo reported ¥3,348 million in investment income from the equity method, despite a large decrease due to the consolidation of Japan Radio Co., Ltd. and other factors. This income mainly reflected a strong performance by auto parts affiliate Continental Automotive Corporation.

Nisshinbo also booked other income of ¥3,487 million for the amortization of goodwill, including a one-time gain on the amortization of negative goodwill arising from the consolidation of Japan Radio Co., Ltd. Other expenses included ¥1,769 million for the difference between the book value of the net equity of investments in Japan Radio when it was an equity-method affiliate and the fair value of the company when it became a subsidiary, ¥1,469 million for loss on the sale of securities, and ¥1,366 million for retirement benefits paid due to restructuring of business operations.

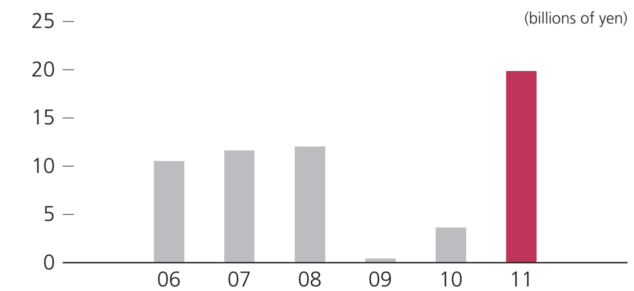
As a result, Nisshinbo posted net income of ¥11,185 million (US$132 million), an increase of ¥9,289 million from the previous year. Net income per share was ¥63.32 (US$0.74), compared with ¥10.38 in the previous year. Net sales and operating income were both record highs.

The Great East Japan Earthquake damaged buildings and equipment at some of the Group's business sites. Production was temporarily suspended and operating schedules realigned due to production adjustments at customers and rolling power blackouts. However, there was no damage resulting in long-term disruption to the Group's operations and all our businesses are now operating as normal. In our supply chain, supplies of raw materials and parts from suppliers based in the disaster-affected region are a concern, but we are working with our customers and suppliers to respond to the situation by sourcing alternative products and taking other steps.

Net Sales



Operating Income



CURRENT BUSINESS STRATEGIES AND FUTURE PROSPECTS

The Group is currently implementing Challenge 2012, a three-year management plan in effect through the fiscal year ending March 2013. Under the plan, we are aiming to build a competitive operating base for the future by intensively investing management resources in environment- and energy-related business fields to nurture and strengthen new businesses such as photovoltaic modules, fuel cells, electric double-layer capacitors, Carbodilite, and carbon catalysts. We are also accelerating the globalization of our operations, with a focus on Asia, and executing business strategies that are aimed at finding optimal locations for production and sales in all areas of our business.

In the fiscal year ending March 2012, Japan Radio and Nagano Japan Radio, which we acquired through a tender offer, will contribute a full year of earnings to the Group's consolidated results in the electronics segment, which will become Nisshinbo's largest business segment. Japan Radio, a pioneer in wireless communication devices, will be positioned as the core company in the segment to reinforce and expand the business.

In the automobile brakes, textiles, and precision instruments businesses, the Group is rapidly establishing new bases and reinforcing existing sites in Asia amid a shift in the global economy from Europe and the US to China and other markets in Asia. We plan to further develop our global strategy centered on Asia as part of our efforts to achieve a radical structural change in our businesses and boost earnings potential.

We forecast a large increase in sales owing to the contribution of a full year of results from Japan Radio and Nagano Japan Radio in the electronics business segment (they contributed only fourth-quarter results in the fiscal year ended March 2011). We also forecast an increase in net income, owing to the absence of loss on investment securities in affiliates sold and retirement benefits paid due to restructuring of business operations booked in the fiscal year ended March 2011.

Our projections factor in reasonable current assumptions for the impact of the Great East Japan Earthquake on the Group's business from restrictions on power supplies, deterioration in the economy, and other factors.

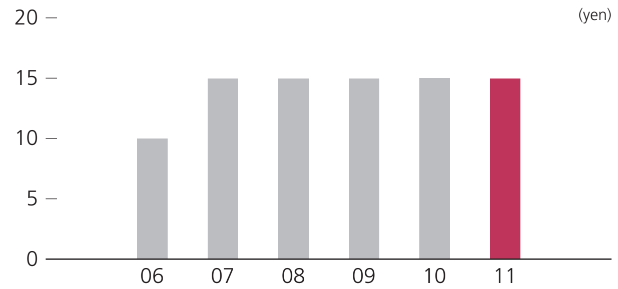
	Net Sales (millions of yen)		**Operating Income (Loss)** (millions of yen)	
Textiles	57,400	up 7.9%	184	an improvement of ¥2,404 million
Automobile Brakes	46,119	up 12.4%	5,090	up 31.2%
Papers	31,122	down 1.3%	(131)	a deterioration of ¥1,837 million
Precision Instruments	32,020	up 28.6%	1,414	an improvement of ¥1,940 million
Chemicals	7,284	up 15.5%	(295)	an improvement of ¥218 million
Electronics	112,820	up 118.2%	6,184	an improvement of ¥8,838 million
Real Estate	12,437	up 97.5%	10,191	up 70.3%
Other Businesses	26,353	down 3.8%	408	down 40.2%

Note: Changes in net sales and operating income (loss) are year-on-year figures; please refer to pages 14 to 26 for details on performance in individual segments.

DIVIDEND

Recognizing its responsibility to pay shareholders a stable dividend, Nisshinbo Holdings Inc. paid a full-year dividend of ¥15.0 per share for the fiscal year ended March 2011. Nisshinbo will maintain its basic policy of paying ¥15.0 per share while working to distribute profits to shareholders by flexibly increasing dividends in response to changes in business conditions.

Cash Dividends



FINANCIAL POSITION

Total assets at the end of the fiscal year under review stood at ¥479,852 million (US$5,645 million), an increase of ¥121,742 million from the end of the previous fiscal year. This increase mainly reflected the consolidation of Japan Radio and Nagano Japan Radio Co., Ltd. The main increases in assets were ¥27,795 million in cash and cash equivalents, ¥54,607 million in notes and accounts receivable–trade, ¥33,235 million in inventories, and ¥35,212 million in property, plant and equipment, while the main decrease in assets was ¥25,646 million in investments in and advances to unconsolidated subsidiaries and affiliates.

Total liabilities at the end of the fiscal year were ¥268,295 million (US$3,156 million), an increase of ¥103,824 million from the end of the previous fiscal year. This was mainly due to increases of ¥29,935 million in notes and accounts payable–trade, ¥21,523 million in the current portion of long-term debt, ¥3,000 million in commercial paper, ¥10,564 million in long-term debt, ¥10,931 million in deferred tax liabilities, and ¥20,913 million in accrued severance benefits.

Net assets at the end of the fiscal year totaled ¥211,557 million (US$2,489 million), an increase of ¥17,918 million from the end of the previous fiscal year. This primarily reflected an increase in retained earnings of ¥3,646 million, a decrease in net unrealized gain on available-for-sale securities of ¥3,662 million due to declines in the fair value of securities holdings, and an increase of ¥18,482 million in minority interests.

As a result of the above, the shareholders' equity ratio declined 13.1 percentage points year on year to 38.0%.

CASH FLOWS

Cash Flows from Operating Activities

Cash flows from operating activities totaled ¥16,529 million (US$194 million), mainly reflecting income before income taxes and minority interests of ¥20,536 million, depreciation and amortization of ¥13,158 million, and a decrease in operating cash flow of ¥19,640 million owing to an increase in receivables.

Cash Flows from Investing Activities

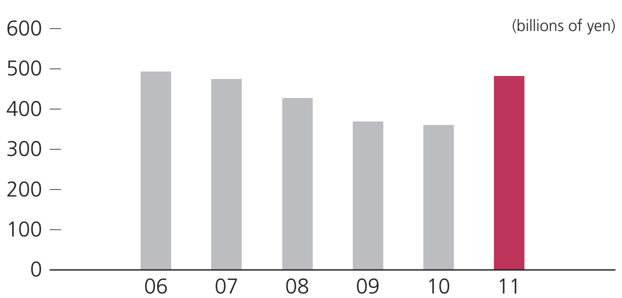
Cash flows from investing activities totaled ¥11,591 million (US$136 million), primarily reflecting cash used of ¥10,391 million for the purchase of property, plant and equipment, versus cash provided of ¥11,432 million from the sale of investment securities and investments in and advances to unconsolidated subsidiaries and affiliates and ¥12,504 million from cash acquired from newly consolidated subsidiaries, net of payment for purchase of companies.

Cash Flows from Financing Activities

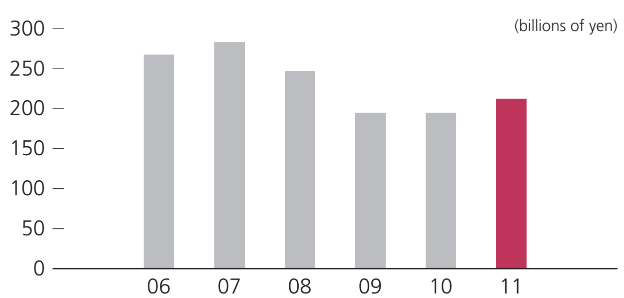
Cash flows from investing activities totaled ¥703 million (US$8 million), mainly reflecting a decrease in short-term bank loans of ¥4,106 million and cash dividends paid of ¥2,672 million, versus cash provided of ¥7,498 million from proceeds from the issuance of long-term debt.

As a result of the above, cash and cash equivalents at the end of the fiscal year totaled ¥45,563 million (US$536 million), an increase of ¥27,795 million from the end of the previous fiscal year.

Total Assets



Equity



PRODUCTION RESULTS

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

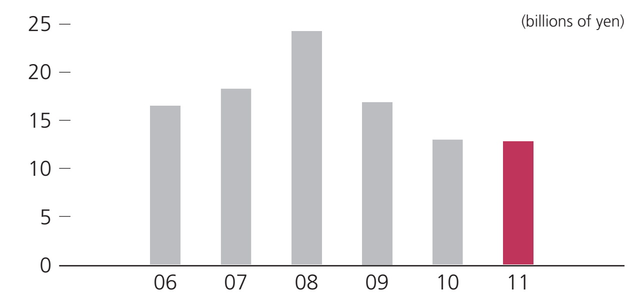
Industry Segment	Amount (millions of yen)	Year-on-Year Change (%)
Textiles	41,927	6.2
Automobile Brakes	40,862	15.2
Papers	27,093	4.5
Precision Instruments	29,669	20.6
Chemicals	6,305	4.7
Electronics	115,758	136.6
Other Businesses	80	—
Total	261,694	45.0

Notes: 1. Amounts are calculated based on manufacturing costs.
2. The real estate segment does not engage in manufacturing, and therefore the above amounts do not include any amounts from this segment.
3. The above amounts do not include consumption taxes.
4. The sharp year-on-year increase in production results for the electronics segment mainly reflects the consolidation of Japan Radio Co., Ltd. and Nagano Japan Radio Co., Ltd. from the fourth quarter.

CAPITAL EXPENDITURES

The Nisshinbo Group channels its capital expenditures into priority product fields that offer the potential for long-term growth and into upgrading manufacturing equipment to raise product quality. In the fiscal year under review, capital expenditures amounted to ¥12,800 million (US$151 million). This mainly included ¥998 million in the textiles business, primarily for additional textile production capacity at consolidated subsidiary PT. Nikawa Textile Industry (Indonesia), and ¥937 million in the automobile brakes business for investments such as additional friction material production capacity at Saeron Automotive Corporation and one of its subsidiaries. In addition, ¥3,420 million was used in the electronics business, mainly for semiconductor manufacturing and R&D facilities at consolidated subsidiary New Japan Radio Co., Ltd.

Capital Expenditures



RISK INFORMATION

Forward-looking statements in this report are based on information available to the Nisshinbo Group as of March 31, 2011.

Risks Associated with New Businesses

The Nisshinbo Group is actively developing new businesses such as electric double-layer capacitors and carbon catalysts in order to expand sales and profits. However, uncertainties are inherent in new businesses and the development of appealing new products and the formation of new markets may not proceed as anticipated. This could delay or prevent the recovery of 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. Based on current accounting standards and standards for asset impairment, there is a limited possibility that impairment losses will have an impact on net income, as the acquisition cost of the investment securities was low. However, comprehensive income may fluctuate significantly owing to changes in market value. 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.

Risks Associated with the Utilization of Idle Land

To reform its business structures, Nisshinbo is taking active steps to close certain business sites and subsequently use the idle land. Income from these redevelopment projects is providing a significant contribution to the Company's profits. The redevelopment of this land may result in cleanup expenses and revisions to laws could impede redevelopment work.

Risks Associated with Product Quality

The majority of the Nisshinbo Group manufactures products 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 Group's financial results.

Risks Associated with Market Shifts Relating to Product Sale Prices and Raw Material Procurement

Some of the Nisshinbo Group's products can be significantly affected by fluctuations in market prices owing to market developments and competition with other companies. Sales prices for textile and paper products and raw materials procured by the Group such as cotton, pulp, steel, and other materials are particularly susceptible to these market trends.

The New Japan Radio Group (New Japan Radio Co., Ltd. and its consolidated subsidiaries) generates more than 80% of its consolidated sales from semiconductor devices. Significant fluctuations in demand in the semiconductor market may therefore have a large impact on the Nisshinbo Group's financial results.

Risk Associated with Fluctuations in Exchange Rates

The Nisshinbo Group imports raw materials such as cotton and pulp. An inability to reflect changes in exchange rates in product prices may put pressure on profits.

The Japan Radio Group (Japan Radio Co., Ltd. and its consolidated subsidiaries) and the New Japan Radio Group both have high ratios of overseas sales. Fluctuations in exchange rates may therefore affect the Nisshinbo Group's financial results, with phases of yen appreciation putting pressure on profits.

Risk Associated with Unforeseen Revisions to Laws and Regulations

Products supplied by the Japan Radio Group are subject to a range of laws and regulations governing areas such as national security. These laws include export restrictions, import regulations, and environmental and recycling laws. The Japan Radio Group has established clear internal regulations regarding compliance with these laws. However, unforeseen revisions to laws and regulations may limit the Group's business activities and lead to an increase in costs.

Risks Associated with Changes in Customer Business Performance

The customers of the Nisshinbo Group's automobile brakes business are automobile manufacturers that conduct business globally. The cancellation of contracts or requests to sharply reduce prices owing to changes in the business results of such client companies are factors outside the control of Nisshinbo, and consequently may have an impact on the Group's financial results.

The Japan Radio Group has a relatively high ratio of business with central and local governments, so sales tend to be concentrated toward the end of the fiscal year. In addition, trends in central and local government spending plans and capital expenditure in the telecommunications sector may affect the Group's financial results.

Risks Associated with Overseas Business Development

The Nisshinbo Group owns many production bases overseas. Risks inherent to this international presence include unforeseen changes in laws and regulations, unfavorable political or economic factors, and social turmoil.

Risks Associated with Financial Covenants Related to Capital Procurement

The Company and its consolidated subsidiaries Japan Radio, New Japan Radio, and Nagano Japan Radio have entered into commitment line contracts with multiple financial institutions. Since certain financial covenants and acceleration clauses are attached to these contracts, it is possible that the terms for borrowing may change due to future fluctuations in the Group's financial results.

Risks Associated with Supply Chain

The Group may face difficulties in securing necessary components owing to changes in the economic environment. For example, rapid developments in specific parts supply regions and product fields may affect supply capacity at parts companies and lead to delivery delays. This in turn could impact the Group's shipment plans or lead to deterioration in margins owing to sharp increases in the price of components.

Risks Associated with Disasters and Accidents

The Nisshinbo Group takes steps to manage risk related to disasters and accidents. However, a large earthquake or other major disaster or a sudden accident such as a fire may cause significant damage to the Group's manufacturing facilities, leading to the suspension of production activities that causes shipment delays. The Group may also incur considerable costs to restore damaged buildings or facilities.

In addition, the outbreak and spread of a new infectious disease may have an impact on the Group's operations.

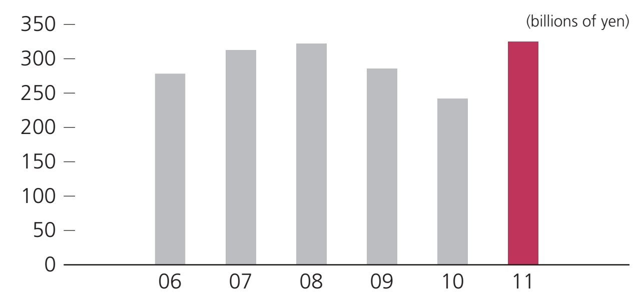
SIX-YEAR SUMMARY

(millions of yen)

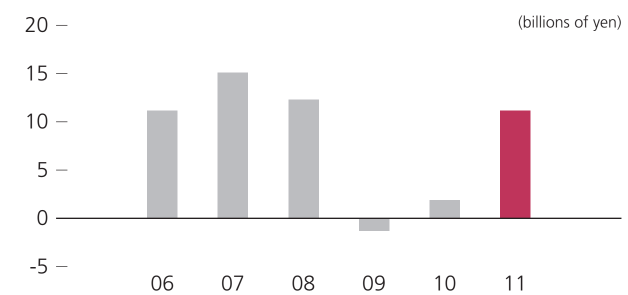
	2006	2007	2008	2009	2010	**2011**
Net Sales	278,617	312,825	322,412	286,167	242,409	**325,555**
Operating Income	10,524	11,551	12,034	408	3,570	**19,843**
Net Income (Loss)	11,183	15,107	12,290	(1,286)	1,896	**11,185**
Equity	266,434	282,015	245,909	193,698	193,639	**211,557**
Total Assets	491,230	472,670	424,706	366,858	358,110	**479,852**
Shareholders' Equity Ratio (%)	54.2	55.3	53.0	49.0	51.1	**38.0**
Return on Assets (%)	2.6	3.1	2.7	(0.3)	0.5	**2.7**
Return on Equity (%)	4.6	5.7	5.1	(0.6)	1.0	**6.1**
Payout Ratio (%)*	32.2	35.6	—	—	167.7	**27.5**
Capital Expenditures	16,548	18,306	24,280	16,872	13,027	**12,800**
Depreciation and Amortization	13,835	14,984	16,890	18,025	12,960	**13,158**
Common Shares Issued	208,198,939	201,698,939	198,698,939	184,098,939	184,098,939	**178,798,939**
Per Share (in yen):						
Net Income (Loss)	53.21	74.19	63.34	(7.08)	10.38	**63.32**
Shareholders' Equity	1,283.21	1,301.14	1,179.43	985.19	1,034.04	**1,036.80**
Cash Dividends	10.00	15.00	15.00	15.00	15.00	**15.00**
Number of Employees	12,602	12,744	13,253	12,726	12,488	**18,292**

*Payout Ratio is on a non-consolidated basis.

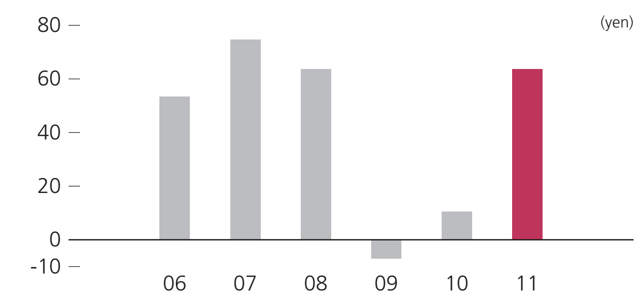
Net Sales



Net Income (Loss)



Net Income (Loss) per Share



CONSOLIDATED BALANCE SHEETS

(March 31, 2011 and 2010)

ASSETS	2011 (millions of yen)	2010 (millions of yen)	2011 (thousands of US dollars) (Note 1)
Current assets:			
Cash and cash equivalents	¥45,563	¥17,768	$536,035
Time deposits (Note 5)	1,313	2,413	15,447
Marketable securities (Note 4)	160	2	1,883
Receivables			
Notes receivable, trade	13,129	7,449	154,459
Accounts receivable, trade (Note 5)	97,918	48,991	1,151,977
Unconsolidated subsidiaries and affiliates	1,589	5,819	18,694
Other	3,123	1,264	36,741
	115,759	63,523	1,361,871
Less allowance for doubtful accounts	(478)	(300)	(5,624)
	115,281	63,223	1,356,247
Inventories (Notes 3 and 5)	74,528	41,293	876,800
Deferred tax assets (Note 7)	3,057	3,982	35,965
Other current assets	1,775	1,925	20,882
Total current assets	241,677	130,606	2,843,259
Property, plant and equipment (Note 5):			
Land	56,194	27,643	661,106
Buildings and structures	160,834	127,477	1,892,165
Machinery, equipment and tools	254,941	234,003	2,999,306
Construction in progress	2,247	1,550	26,435
	474,216	390,673	5,579,012
Less accumulated depreciation	(324,278)	(275,947)	(3,815,035)
	149,938	114,726	1,763,977
Investments and other assets:			
Investment securities (Notes 4 and 5)	57,909	60,471	681,282
Investments in and advances to unconsolidated subsidiaries and affiliates	13,972	39,618	164,376
Deferred tax assets (Note 7)	5,237	4,596	61,612
Goodwill	1,225	616	14,412
Other	9,894	7,477	116,400
	88,237	112,778	1,038,082
	¥479,852	¥358,110	$5,645,318

See Notes to Consolidated Financial Statements.

LIABILITIES AND EQUITY	2011 (millions of yen)	2010 (millions of yen)	2011 (thousands of US dollars) (Note 1)
Current liabilities:			
Short-term bank loans (Note 5)	¥25,494	¥24,340	$299,929
Commercial paper	25,000	22,000	294,118
Current portion of long-term debt (Note 5)	23,854	2,331	280,635
Payables			
Notes and accounts payable, trade (Note 5)	54,770	24,835	644,353
Unconsolidated subsidiaries and affiliates	278	760	3,271
Other	7,699	7,822	90,576
	62,747	33,417	738,200
Accrued expenses	8,790	5,740	103,412
Accrued income taxes	1,662	3,137	19,553
Deferred tax liabilities (Note 7)	54	44	635
Other current liabilities (Note 5)	9,284	3,358	109,224
Total current liabilities	156,885	94,367	1,845,706
Long-term liabilities:			
Long-term debt (Note 5)	24,988	14,424	293,976
Accrued severance benefits (Note 6)	41,783	20,870	491,565
Deferred tax liabilities (Note 7)	26,835	15,914	315,706
Other long-term liabilities (Note 5)	17,804	18,896	209,459
	111,410	70,104	1,310,706
Commitments and contingencies (Note 11)			
Equity (Note 12):			
Common stock:			
Authorized—371,755,000 shares			
Issued 2011—178,798,939 shares	27,588	—	324,565
2010—184,098,939 shares	—	27,588	—
Capital surplus	20,401	20,401	240,012
Stock acquisition rights	203	156	2,388
Retained earnings	133,230	129,584	1,567,412
Net unrealized gain on available-for-sale securities	13,430	17,092	158,000
Deferred loss on derivatives under hedge accounting	(76)	(82)	(894)
Foreign currency translation adjustments	(9,601)	(5,538)	(112,953)
Less shares in treasury			
2011—2,892,315 shares	(2,591)	—	(30,482)
2010—7,137,858 shares	—	(6,053)	—
	182,584	183,148	2,148,048
Minority interests	28,973	10,491	340,858
	211,557	193,639	2,488,906
	¥479,852	¥358,110	$5,645,318

CONSOLIDATED STATEMENTS OF INCOME

(Years ended March 31, 2011 and 2010)

	(millions of yen) 2011	2010	(thousands of US dollars) (Note 1) 2011
Net sales	¥325,555	¥242,409	$3,830,059
Costs and expenses:			
Cost of sales	262,067	201,625	3,083,141
Selling, general and administrative expenses	43,645	37,214	513,471
	305,712	238,839	3,596,612
Operating income	19,843	3,570	233,447
Other income (expenses):			
Interest and dividend income	1,757	2,144	20,671
Interest expenses	(832)	(816)	(9,788)
Equity in earnings of affiliates	3,348	3,887	39,388
Other, net (Note 10)	(3,580)	(3,449)	(42,118)
	693	1,766	8,153
Income before income taxes and minority interests	20,536	5,336	241,600
Income taxes (Note 7)**:**			
Current	2,430	3,238	28,588
Deferred	4,663	4,042	54,859
	7,093	7,280	83,447
Income (loss) before minority interests	13,443	(1,944)	158,153
Minority interests in net income	2,258	(3,840)	26,565
Net income	¥11,185	¥1,896	$131,588

Per share:		(yen)	(US dollars)
Net income	¥63.32	¥10.38	$0.74
Cash dividends	15.00	15.00	0.18

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Years ended March 31, 2011)

	(millions of yen) 2011	2010	(thousands of US dollars) (Note 1) 2011
Income before minority interests	¥13,443	—	$158,153
Other comprehensive income:			
Net unrealized loss on available-for-sale securities	(3,570)	—	(42,000)
Deferred loss on derivatives under hedge accounting	7	—	82
Foreign currency translation adjustments	(4,374)	—	(51,458)
Equity in loss of affiliates	(145)	—	(1,706)
	(8,082)	—	(95,082)
Comprehensive income	¥5,361	—	$63,071
Comprehensive income:			
Parent	¥3,467	—	$40,788
Minority interest	¥1,894	—	$22,283

All items of comprehensive income are required to be recognized under ASBJ statement No.25 as components of comprehensive income and reported in a consolidated financial statement, effective for fiscal years beginning on or after April 1, 2010.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Years ended March 31, 2011 and 2010)

	(millions of yen) 2011	2010	(thousands of US dollars) (Note 1) 2011
Common stock:			
Balance at beginning of year			
(2011 and 2010—184,098,939 shares)	¥27,588	¥27,588	$324,565
Balance at end of year			
(2011—178,798,939 shares and 2010—184,098,939 shares)	¥27,588	¥27,588	$324,565
Capital surplus:			
Balance at beginning of year	¥20,401	¥20,401	$240,012
Balance at end of year	¥20,401	¥20,401	$240,012
Stock acquisition rights:			
Balance at beginning of year	¥156	¥107	$1,835
Net changes	47	49	553
Balance at end of year	¥203	¥156	$2,388
Retained earnings:			
Balance at beginning of year	¥129,584	¥130,521	$1,524,517
Net income	11,185	1,896	131,588
Cash dividends	(2,672)	(2,755)	(31,435)
Adjustment due to increase in consolidated subsidiaries	558	(68)	6,565
Retirement of treasury stock	(5,422)	(1)	(63,788)
Other	(3)	(9)	(35)
Balance at end of year	¥133,230	¥129,584	$1,567,412
Net unrealized gain on available-for-sale securities:			
Balance at beginning of year	¥17,092	¥10,555	$201,082
Net changes	(3,662)	6,537	(43,082)
Balance at end of year	¥13,430	¥17,092	$158,000
Deferred loss on derivatives under hedge accounting:			
Balance at beginning of year	¥(82)	¥(42)	$(965)
Net changes	6	(40)	71
Balance at end of year	¥(76)	¥(82)	$(894)
Foreign currency translation adjustments:			
Balance at beginning of year	¥(5,538)	¥(8,168)	$(65,153)
Net changes	(4,063)	2,630	(47,800)
Balance at end of year	¥(9,601)	¥(5,538)	$(112,953)
Treasury stock at cost:			
Balance at beginning of year	¥(6,053)	¥(1,018)	$(71,212)
Add: acquired	(30)	(5,037)	(353)
Add: increase in the consolidated subsidiaries	(1,931)	—	(22,717)
Add: increase in the affiliate accounted for by the equity method	—	(5)	—
Deduct: sold and retirement	5,423	7	63,800
Balance at end of year	¥(2,591)	¥(6,053)	$(30,482)
Minority interests:			
Balance at beginning of year	¥10,491	¥13,754	$123,423
Net changes	18,482	(3,263)	217,435
Balance at end of year	¥28,973	¥10,491	$340,858

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Years ended March 31, 2011 and 2010)

	(millions of yen) 2011	2010	(thousands of US dollars) (Note 1) 2011
Cash flows from operating activities:			
Income before income taxes and minority interests	¥20,536	¥5,336	$241,600
Adjustments to reconcile net income to net cash provided by operating activities:			
Income taxes—paid	(5,960)	(30)	(70,118)
Depreciation and amortization	13,158	12,960	154,800
Amortization of goodwill	(3,130)	(242)	(36,824)
Equity in earnings of affiliates	(3,348)	(3,887)	(39,388)
Reversal of doubtful receivables	(44)	(175)	(518)
Provision for accrued pension and severance benefits	4,007	3,439	47,141
Payment of accrued pension and severance benefits	(4,096)	(2,738)	(48,188)
Loss on sale of property, plant and equipment	336	623	3,953
Impairment of long-lived assets	1,015	2,354	11,941
Loss (Gain) on sale of investment securities and investments in and advances to unconsolidated subsidiaries and affiliates	1,469	(543)	17,283
Loss on write-down of investments in and advances to unconsolidated subsidiaries and affiliates	124	557	1,459
Loss on plant closures	331	435	3,894
Loss due to increase in the Company's share of the affiliate accounted for by the equity method	1,769	—	20,812
Other	1,189	(127)	13,988
Changes in operating assets and liabilities:			
Receivables	(19,640)	229	(231,059)
Inventories	9,397	7,334	110,553
Payables	2,086	4,050	24,541
Other, net	(2,670)	(2,037)	(31,412)
Net cash provided by operating activities	16,529	27,538	194,458
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	419	290	4,930
Proceeds from sale of investment securities and investments in and advances to unconsolidated subsidiaries and affiliates	11,432	3,339	134,494
Payment for purchase of property, plant and equipment	(10,391)	(13,250)	(122,247)
Payment for purchase of investment securities and investments in and advances to unconsolidated subsidiaries and affiliates	(2,265)	(1,149)	(26,647)
Decrease in time deposits	1,524	904	17,929
Cash acquired from newly consolidated subsidiaries, net of payment for purchase of companies	12,504	—	147,106
Other, net	(1,632)	(83)	(19,200)
Net cash provided by (used in) investing activities	11,591	(9,949)	136,365
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	7,498	12,666	88,212
Repayment of long-term debt	(3,014)	(3,065)	(35,459)
Decrease in short-term bank loans	(4,106)	(35,883)	(48,306)
Increase in commercial paper	3,000	4,000	35,294
Cash dividends paid	(2,672)	(2,755)	(31,435)
Payment for purchase of treasury stock	(30)	(5,037)	(353)
Proceeds from treasury stock sold	829	—	9,753
Decrease in other long-term liabilities	(703)	(569)	(8,271)
Other, net	(99)	296	(1,164)
Net cash provided by (used in) financing activities	703	(30,347)	8,271
Effect of exchange rate changes on cash	(1,034)	1,299	(12,165)
Net increase (decrease) in cash and cash equivalents	27,789	(11,459)	326,929
Cash and cash equivalents of newly consolidated subsidiaries at beginning of year	6	24	71
Cash and cash equivalents at beginning of year	17,768	29,203	209,035
Cash and cash equivalents at end of year	¥45,563	¥17,768	$536,035

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 ¥85=$1, the approximate exchange rate at March 31, 2011. 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 Holdings, 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 measured principally at the lower of cost and net realizable value, 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

Effective April 1, 2009, the Group adopted the straight-line method of depreciation, which had been previously depreciated principally by the declining balance method. This change was made to provide a more accurate allocation of depreciation. The effects of this change were to decrease depreciation by ¥3,789 million and to increase income before income taxes and minority interests by ¥3,518 million for the year ended March 31, 2010.

(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.

Effective April 1, 2010, the Company changed its accounting method for excess of fair value of acquired net assets over cost to be recognized as other income.

(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

The Group has defined benefit plans and defined contribution plans that cover substantially all employees. Under the defined benefit plans for the Group, 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 that 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 charged 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, currency swaps, coupon swaps, currency options 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, coupon swaps and currency options are utilized to hedge foreign currency exposures in sales of finished products to overseas customers and procurement of raw materials from overseas suppliers. Trade receivables and payables denominated in foreign currencies are translated at the contracted rates if the contracts qualify for hedge accounting.

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

(o) Asset retirement obligations

Effective April 1, 2010, the Group adopted "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement No.18 March 31, 2008) and "Implementation Guidance for Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Implementation Guidance No.21 March 31, 2008).

The effects of this change were to decrease operating income by ¥24 million ($282 thousand) and to decrease income before income taxes and minority interests by ¥268 million ($3,153 thousand).

(p) Accounting for business combinations

Effective April 1 2010, the Group adopted "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No.21 December 26, 2008) and related statements issued by Accounting Standards Board of Japan.

3. Inventories

Inventories at March 31, 2011 and 2010 were as follows:

	(millions of yen)		(thousands of US dollars)
	2011	2010	**2011**
Finished products	**¥24,510**	¥18,100	**$288,353**
Work in process	**34,732**	14,275	**408,612**
Materials and supplies	**15,286**	8,918	**179,835**
	¥74,528	¥41,293	**$876,800**

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, 2011 and 2010 were as follows:

	(millions of yen)		(thousands of US dollars)
	2011	2010	**2011**
Cost	**¥31,667**	¥27,683	**$372,553**
Unrealized gains	**27,543**	31,236	**324,035**
Unrealized losses	**(3,474)**	(790)	**(40,870)**
Fair value	**¥55,736**	¥58,129	**$655,718**

Aggregate cost of non-marketable securities accounted for under the cost method totaled ¥2,333 million ($27,447 thousand) and ¥2,344 million at March 31, 2011 and 2010, respectively.

5. Short-Term Bank Loans and Long-Term Debt

The annual interest rates applicable to the short-term bank loans at March 31, 2011 and 2010 were 0.5% to 6.8%. Long-term debt at March 31, 2011 and 2010 consisted of the following:

	(millions of yen)		(thousands of US dollars)
	2011	2010	**2011**
Long-term debt with collateral:			
Loans from banks maturing serially to 2025, ranging from 0.8% to 2.6%	**¥17,715**	¥13,183	**$208,412**
Long-term debt without collateral:			
Loans from banks maturing serially to 2016, ranging from 0.6% to 3.7%	**30,420**	3,306	**357,882**
Capital lease obligations, due through 2016	**707**	266	**8,317**
	48,842	16,755	**574,611**
Less current portion	**(23,854)**	(2,331)	**(280,635)**
	¥24,988	¥14,424	**$293,976**

Annual maturities of long-term debt were as follows:

	(millions of yen)	(thousands of US dollars)
Year ending March 31,		
2012	¥23,854	$280,635
2013	12,798	150,565
2014	4,217	49,611
2015	5,066	59,600
2016 and thereafter	2,907	34,200
	¥48,842	$574,611

At March 31, 2011 and 2010, 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)
	2011	2010	**2011**
Inventories	**¥9,931**	¥10,137	**$116,835**
Property, plant and equipment	**15,376**	10,056	**180,894**
Notes and accounts receivable, trade	**4,052**	4,494	**47,671**
Investment securities	**452**	2,712	**5,318**
	¥29,811	¥27,399	**$350,718**

At March 31, 2011 and 2010, in addition, pledged assets as collateral for liabilities other than the above were as follows:

	(millions of yen)		(thousands of US dollars)
	2011	2010	**2011**
Assets pledged:			
Property, plant and equipment	**¥7,965**	¥8,292	**$93,706**
Investment securities	**369**	441	**4,341**
Time deposits	**1**	209	**12**
	¥8,335	¥8,942	**$98,059**

	(millions of yen)		(thousands of US dollars)
	2011	2010	**2011**
Liabilities with collateral:			
Other long-term liabilities	**¥8,596**	¥9,396	**$101,130**
Notes and accounts payable, trade	**292**	264	**3,435**
Other current liabilities	**564**	179	**6,635**
	¥9,452	¥9,839	**$111,200**

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 Group provides defined benefit plans and defined contribution plans. In addition, the Company has established an employee retirement benefit trust.

The liability for retirement benefits for directors and corporate auditors at March 31, 2011 and 2010 were ¥303 million ($3,565 thousand) and ¥153 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, 2011 and 2010 consisted of the following:

	(millions of yen)		(thousands of US dollars)
	2011	2010	**2011**
Projected benefit obligation	**¥89,753**	¥45,359	**$1,055,918**
Fair value of plan assets	**(44,648)**	(19,662)	**(525,271)**
	45,105	25,697	**530,647**
Unrecognized prior service cost	**1,777**	2,009	**20,906**
Unrecognized actuarial loss	**(9,040)**	(9,102)	**(106,353)**
Unrecognized transitional obligation	**—**	(39)	**—**
	37,842	18,565	**445,200**
Prepaid pension cost	**3,638**	2,152	**42,800**
	¥41,480	¥20,717	**$488,000**

The components of net periodic retirement benefit costs for the years ended March 31, 2011 and 2010 were as follows:

	(millions of yen)		(thousands of US dollars)
	2011	2010	**2011**
Defined benefits plans:			
Service cost	**¥2,668**	¥2,098	**$31,388**
Interest cost	**1,105**	883	**13,000**
Expected return on plan assets	**(424)**	(456)	**(4,988)**
Amortization of prior service cost	**(228)**	(243)	**(2,682)**
Recognized actuarial loss	**850**	1,083	**10,000**
Amortization of transitional obligation	**40**	48	**470**
Net periodic benefit costs	**4,011**	3,413	**47,188**
Defined contribution plan:			
Defined contribution pension cost	**474**	429	**5,577**
Total	**¥4,485**	¥3,842	**$52,765**

Retirement benefits paid due to restructuring of business operations for the years ended March 31, 2011 and 2010 were ¥1,366 million ($16,071 thousand) and ¥797 million, respectively.

Assumptions used for the years ended March 31, 2011 and 2010 were set forth as follows:

	2011	2010
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**0.0%–2.9%**	2.0%–2.8%
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, 2011 and 2010 were as follows:

	(millions of yen)		(thousands of US dollars)
	2011	2010	**2011**
Deferred tax assets:			
Loss on devaluation of inventories	**¥2,837**	¥511	**$33,376**
Tax loss carryforwards	**14,992**	17,569	**176,376**
Allowance for doubtful accounts	**923**	166	**10,859**
Accrued employees' bonuses	**2,386**	1,151	**28,071**
Accrued severance benefits	**15,861**	7,777	**186,600**
Impairment of long-lived assets and depreciation in excess of tax limitation	**855**	1,050	**10,059**
Devaluation of investment securities	**3,462**	410	**40,729**
Software costs	**2,817**	—	**33,141**
Other	**4,754**	3,294	**55,930**
Less valuation allowance	**(37,382)**	(17,826)	**(439,788)**
	¥11,505	¥14,102	**$135,353**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**¥(10,613)**	¥(12,377)	**$(124,859)**
Deferred gains on sale of property	**(4,377)**	(4,396)	**(51,494)**
Land revaluation surplus	**(12,583)**	(2,550)	**(148,035)**
Other	**(2,527)**	(2,159)	**(29,729)**
	¥(30,100)	¥(21,482)	**$(354,117)**
Net deferred tax	**¥(18,595)**	¥(7,380)	**$(218,764)**

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2011 and 2010 and the actual effective tax rates reflected in the accompanying consolidated statements of income was as follows:

	2011	2010
Normal effective statutory tax rate	**40.7%**	40.7%
Net changes in valuation allowance	**(4.9)**	175.0
Equity in earnings of affiliates	**(6.6)**	(29.7)
Devaluation of investment in subsidiary allowed	**—**	(61.7)
Intercompany dividends	**8.2**	22.8
Cash dividends and other permanent differences	**(12.9)**	(19.2)
Lower income tax rates applicable to income in certain foreign countries	**(1.8)**	(4.6)
Amortization of goodwill	**(5.7)**	(0.1)
Loss on investment securities in affiliates sold	**11.3**	—
Other	**6.2**	13.3
Actual effective tax rate	**34.5%**	136.5%

8. Leases

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

Total rental expenses for the years ended March 31, 2011 and 2010 were ¥408 million ($4,800 thousand) and ¥423 million, respectively, including ¥254 million ($2,988 thousand) and ¥256 million of lease payments under finance leases.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligation under finance leases, and 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, 2011 and 2010 was as follows:

	(millions of yen)		(thousands of US dollars)
	2011	2010	2011
Acquisition cost	¥2,036	¥1,185	$23,953
Accumulated depreciation	(1,635)	(906)	(19,235)
Accumulated impairment loss	(15)	—	(177)
Net leased property	¥386	¥279	$4,541

	(millions of yen)		(thousands of US dollars)
	2011	2010	2011
Obligations under finance leases:			
Due within one year	¥248	¥151	$2,918
Due after one year	138	128	1,623
Total	¥386	¥279	$4,541

	(millions of yen)		(thousands of US dollars)
	2011	2010	2011
Depreciation expense under finance leases:			
Depreciation expense	¥251	¥256	$2,953

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 and currency swap 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, 2011 and 2010 and such amounts which are assigned to the associated assets and liabilities are recorded on the balance sheets at March 31, 2011 and 2010, 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, 2011 and 2010 were as follows:

	(millions of yen)						(thousands of US dollars)		
	2011			2010			2011		
Not hedged:	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Interest rate swaps:									
Fixed rate payments, floating rate receipt	¥407	¥(18)	¥(18)	¥184	¥(9)	¥(9)	$4,788	$(212)	$(212)
Foreign currency forward contracts:									
Sold	¥1,667	¥(24)	¥(24)	¥1,735	¥(65)	¥(65)	$19,612	$(282)	$(282)
Purchased	¥280	¥3	¥3	¥390	¥21	¥21	$3,294	$35	$35
Currency swap:									
Receive EUR · Pay JP¥	¥2,629	¥(350)	¥(350)	¥3,405	¥431	¥431	$30,929	$(4,118)	$(4,118)
Receive EUR · Pay US$	¥559	¥(10)	¥(10)	¥1,044	¥(28)	¥(28)	$6,576	$(118)	$(118)

10. Other Income (Expenses) — Other, Net

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

	(millions of yen)		(thousands of US dollars)
	2011	2010	2011
Loss on sale of property, plant and equipment	¥(336)	¥(623)	$(3,953)
Impairment of long-lived assets	(1,015)	(2,354)	(11,941)
Gain (loss) on sale of securities	(1,469)	543	(17,283)
Write-down of investment securities	(124)	(557)	(1,459)
Loss on plant closures	(331)	(435)	(3,894)
Retirement benefits paid due to restructuring of business operations	(1,366)	(797)	(16,071)
Amortization of goodwill	3,487	569	41,024
Loss due to increase in the Company's share of the affiliate accounted for by the equity method	(1,769)	—	(20,812)
Other, net	(657)	205	(7,729)
	¥(3,580)	¥(3,449)	$(42,118)

11. Commitments and Contingencies

Commitments for capital expenditures outstanding at March 31, 2011 and 2010 were in the approximate amounts of ¥2,155 million ($25,353 thousand) and ¥2,505 million, respectively.

12. Subsequent Events

(a) Year-end cash dividends

On May 11, 2011, the Board of Directors of Nisshinbo Holdings Inc. declared year-end cash dividends (¥7.5 per share) in the amounts of ¥1,335 million ($15,706 thousand).

(b) Purchase of treasury stock

On May 31, 2011, the Board of Directors of Nisshinbo Holdings Inc. approved the Company to purchase treasury stock 3,370 thousand shares of the Company's common stock from a consolidated subsidiary.

On June 1, 2011, the Company purchased 3,370 thousand shares of treasury stock of the Company's common stock.

(c) Stock option

At the general shareholders meeting held on June 29, 2011, the Company's shareholders approved a stock option plan to grant stock purchase rights up to 200 thousand shares of the Company's common stock to directors and key employees in the period from August 1, 2013 to July 31, 2018.

13. Segment Information

Information about industry segments of the Company and its consolidated subsidiaries for the years ended March 31, 2011 and 2010 was as follows:

(millions of yen)

2011

	Textiles	Automobile Brakes	Papers	Precision Instruments	Chemicals	Electronics	Real Estate	Other Businesses	Eliminations/ Corporate	Consolidated
I. Sales and Operating Income (loss)										
Sales to customers	¥57,400	¥46,119	¥31,122	¥32,020	¥7,284	¥112,820	¥12,437	¥26,353	¥—	¥325,555
Intersegment sales	23	346	176	701	533	149	3,477	1,085	(6,490)	—
Total sales	57,423	46,465	31,298	32,721	7,817	112,969	15,914	27,438	(6,490)	325,555
Operating expenses	57,239	41,375	31,429	31,307	8,112	106,785	5,723	27,030	(3,288)	305,712
Operating income (loss)	¥184	¥5,090	¥(131)	¥1,414	¥(295)	¥6,184	¥10,191	¥408	¥(3,202)	¥19,843
II. Total Assets, Depreciation and Amortization, Impairment of Long-lived Assets and Capital Expenditures										
Total assets	¥49,324	¥40,637	¥22,926	¥23,956	¥7,843	¥222,476	¥52,029	¥21,581	¥39,080	¥479,852
Depreciation and amortization	¥1,242	¥2,486	¥1,047	¥1,149	¥719	¥4,050	¥1,852	¥122	¥491	¥13,158
Impairment of long-lived assets	¥954	¥—	¥—	¥—	¥—	¥61	¥—	¥—	¥—	¥1,015
Capital expenditures	¥1,837	¥2,625	¥1,457	¥1,114	¥111	¥4,043	¥814	¥82	¥717	¥12,800

(millions of yen)

2010

	Textiles	Automobile Brakes	Papers	Precision Instruments	Chemicals	Electronics	Real Estate	Other Businesses	Eliminations/ Corporate	Consolidated
I. Sales and Operating Income (loss)										
Sales to customers	¥53,222	¥41,046	¥31,536	¥24,908	¥6,309	¥51,699	¥6,298	¥27,391	¥—	¥242,409
Intersegment sales	45	305	134	790	582	10	4,099	879	(6,844)	—
Total sales	53,267	41,351	31,670	25,698	6,891	51,709	10,397	28,270	(6,844)	242,409
Operating expenses	55,487	37,471	29,964	26,224	7,404	54,363	4,413	27,588	(4,075)	238,839
Operating income (loss)	¥(2,220)	¥3,880	¥1,706	¥(526)	¥(513)	¥(2,654)	¥5,984	¥682	¥(2,769)	¥3,570
II. Total Assets, Depreciation and Amortization, Impairment of Long-lived Assets and Capital Expenditures										
Total assets	¥47,605	¥49,088	¥22,522	¥21,788	¥7,323	¥56,368	¥52,905	¥23,856	¥76,655	¥358,110
Depreciation and amortization	¥1,933	¥2,344	¥952	¥1,127	¥599	¥3,724	¥1,806	¥124	¥353	¥12,960
Impairment of long-lived assets	¥1,756	¥—	¥—	¥56	¥—	¥—	¥—	¥—	¥542	¥2,354
Capital expenditures	¥1,957	¥2,589	¥1,263	¥1,844	¥906	¥842	¥4,154	¥123	¥(650)	¥13,028

(thousands of US dollars)

2011

	Textiles	Automobile Brakes	Papers	Precision Instruments	Chemicals	Electronics	Real Estate	Other Businesses	Eliminations/ Corporate	Consolidated
I. Sales and Operating Income (loss)										
Sales to customers	$675,294	$542,577	$366,141	$376,706	$85,694	$1,327,294	$146,318	$310,035	$—	$3,830,059
Intersegment sales	271	4,070	2,071	8,247	6,270	1,753	40,906	12,765	(76,353)	—
Total sales	675,565	546,647	368,212	384,953	91,964	1,329,047	187,224	322,800	(76,353)	3,830,059
Operating expenses	673,400	486,765	369,753	368,318	95,435	1,256,294	67,329	318,000	(38,682)	3,596,612
Operating income (loss)	$2,165	$59,882	$(1,541)	$16,635	$(3,471)	$72,753	$119,895	$4,800	$(37,671)	$233,447
II. Total Assets, Depreciation and Amortization, Impairment of Long-lived Assets and Capital Expenditures										
Total assets	$580,282	$478,082	$269,718	$281,835	$92,271	$2,617,365	$612,106	$253,894	$459,765	$5,645,318
Depreciation and amortization	$14,612	$29,247	$12,318	$13,518	$8,459	$47,647	$21,788	$1,435	$5,776	$154,800
Impairment of long-lived assets	$11,223	$—	$—	$—	$—	$718	$—	$—	$—	$11,941
Capital expenditures	$21,612	$30,882	$17,141	$13,106	$1,306	$47,565	$9,576	$965	$8,435	$150,588

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Nisshinbo Holdings Inc.

We have audited the consolidated balance sheets of Nisshinbo Holdings Inc. and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, consolidated statements of comprehensive 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, 2011 and 2010, 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 29, 2011
Tokyo, Japan

HISTORY

1907	Established Nisshin Cotton Spinning Co., Ltd.
1937	Acquired Kawagoe Cotton Spinning Co., Ltd.
1938	Merged with Nisshin Rayon Co., Ltd. (now the Miai Plant)
1940	Established Toa Jitsugyo Co., Ltd. (name changed to Nisshin Toa Inc. in 1990)
1945	Acquired Meiji Plant, Nanshin Seiki Co., Ltd. (now the Fuji Plant)
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) (acquired by Nisshinbo Mechatronics Inc. in 2010)
1962	English name of company changed to Nisshin Spinning Co., Ltd.
1972	Established Nisshinbo Do Brasil Industria Textil LTDA. (Brazil)
1978	Acquired Tokai Seishi Kougyou Co., Ltd.
1985	Acquired Nisshin Denim Inc.
1989	Established Kohbunshi (Thailand) Ltd. (Thailand)
1993	Established Pudong Kohbunshi (Shanghai) Co., Ltd. (China) (name changed to Nisshinbo Mechatronics (Shanghai) Co., Ltd. in 2010)
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 PT. Gistex Nisshinbo Indonesia (Indonesia)
1999	Established Saeron Automotive Corporation (South Korea)
2000	Purchased additional shares of PT. 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. (China)
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 CORP.
	Acquired all shares of Nisshinbo Brake Sales Co., Ltd. (acquired by Nisshinbo Brake Inc. in 2010)
2009	Spun off five businesses — Textiles, Automobile Brakes, Papers, Mechatronics, and Chemicals — and converted to holding company; corporate name changed to Nisshinbo Holdings Inc.
2010	Established Nisshinbo-Yawei Precision Instruments & Machinery (Jiangsu) Co., Ltd. (China) (formerly Jiangsu Yawei Nisshinbo Precision Instruments & Machinery Co., Ltd.)
	Acquired additional shares in Japan Radio Co., Ltd., making it a consolidated subsidiary Nagano Japan Radio Co., Ltd. also becomes a consolidated subsidiary as a result
	Sold all shares in ALOKA Co., Ltd.
2011	Established Nisshinbo Saeron (Changshu) Automotive Co., Ltd. (China)

CORPORATE DATA

(As of March 31, 2011)

Founded

February 5, 1907

Head Office

2-31-11, Ningyo-cho, Nihonbashi, Chuo-ku,
Tokyo 103-8650, Japan
Tel: +81-3-5695-8833
Fax: +81-3-5695-8970

Osaka Branch

2-4-2, Kitakyuhouji-machi, Chuo-ku,
Osaka 541-0057, Japan
Tel: +81-6-6267-5501
Fax: +81-6-6267-5529

Nagoya Branch

5-2-38, Sakae, Naka-ku,
Nagoya 460-0008, Japan
Tel: +81-52-261-6151
Fax: +81-52-263-9480

Employees

Parent Company	228
Subsidiaries	18,064
Total	18,292

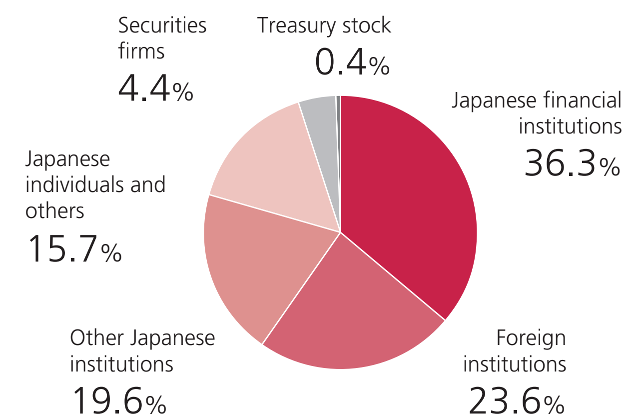
Common Stock

Authorized	371,755,000 shares
Issued	178,798,939 shares
	¥27,588 million—US$325 million

Shareholders

13,837

Composition of Shareholders



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

Stock Price and Trading Volume