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NEXT 2015

Heading in the Right Direction

Annual Report 2014

Fiscal Year Ended March 2014

As an environmental and energy company contributing to the sustained development of society, Nisshinbo Holdings Inc. has set strategic targets of net sales in excess of ¥600 billion, operating income of over ¥40 billion and return on equity (ROE) of more than 9% by the fiscal year ending March 2018.

In April 2013, the Group announced a new three-year management plan called NEXT 2015, a key milestone on the road to achieving the strategic targets. Under the plan's three basic policies—reinforcing the Group's management, strengthening the business structure, and fostering growth drivers—Nisshinbo will work to increase the corporate value of the Group.

NEXT 2015

"Integration for Growth"

Unification of domestic and overseas management for each business

Integration transcending business fields

Reforms to ensure sustained income and sturdy management structure

Fostering and expansion of environmental and energy businesses

"NEXT 2015" targets for fiscal year ending March 2016

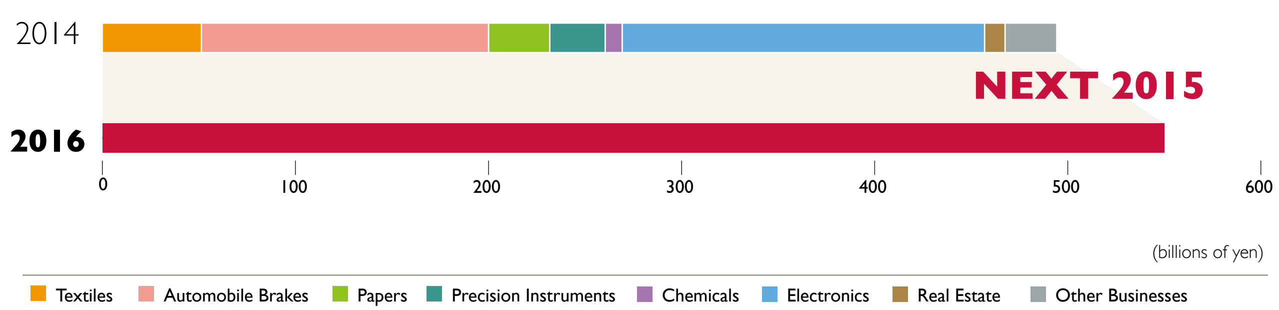
Net sales
¥550.0 billion

Operating income
¥24.0 billion

Progress toward NEXT 2015 targets

Net Sales of Nisshinbo Holdings Inc.

(For the years ended March 31)



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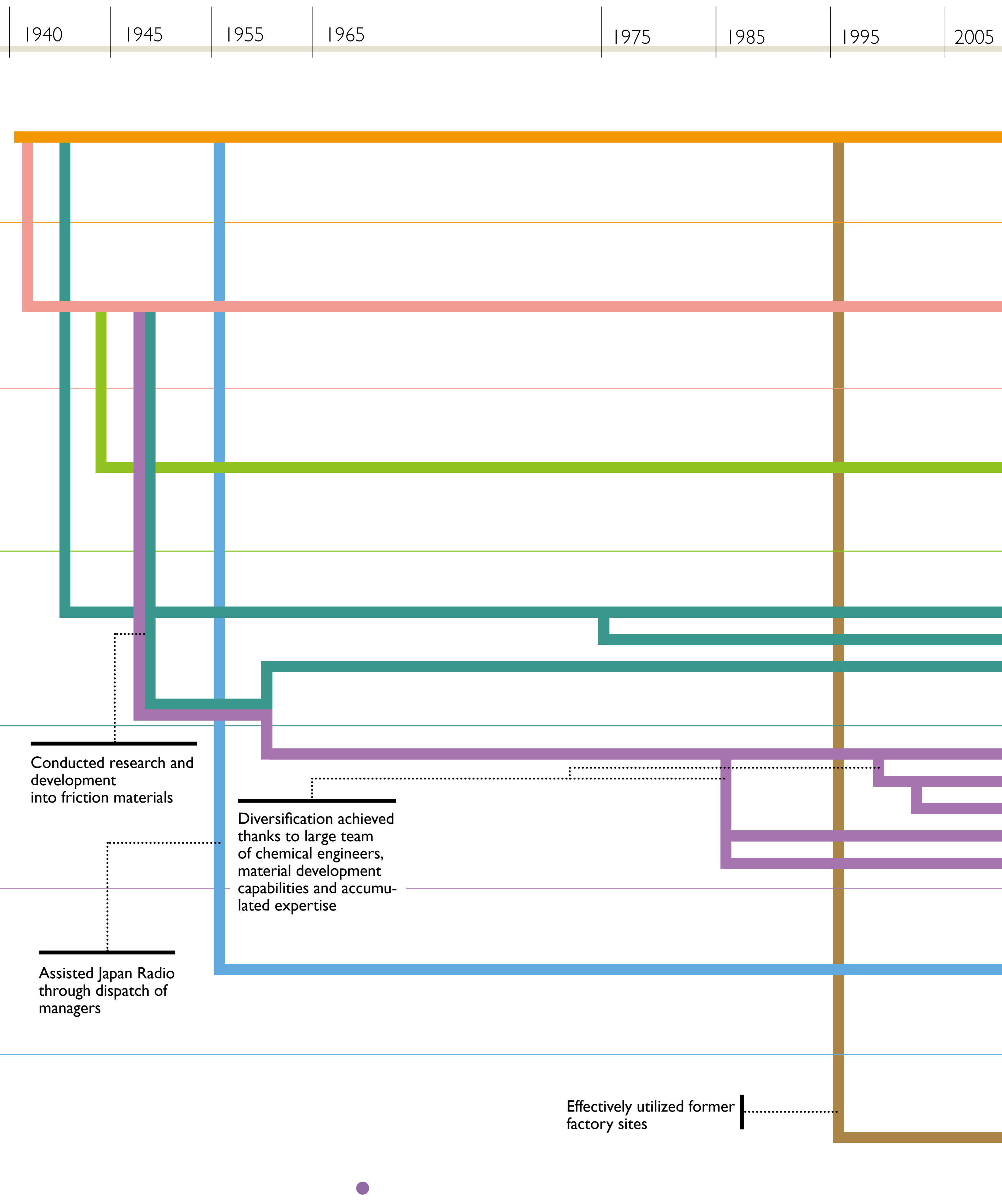
Financial Highlights

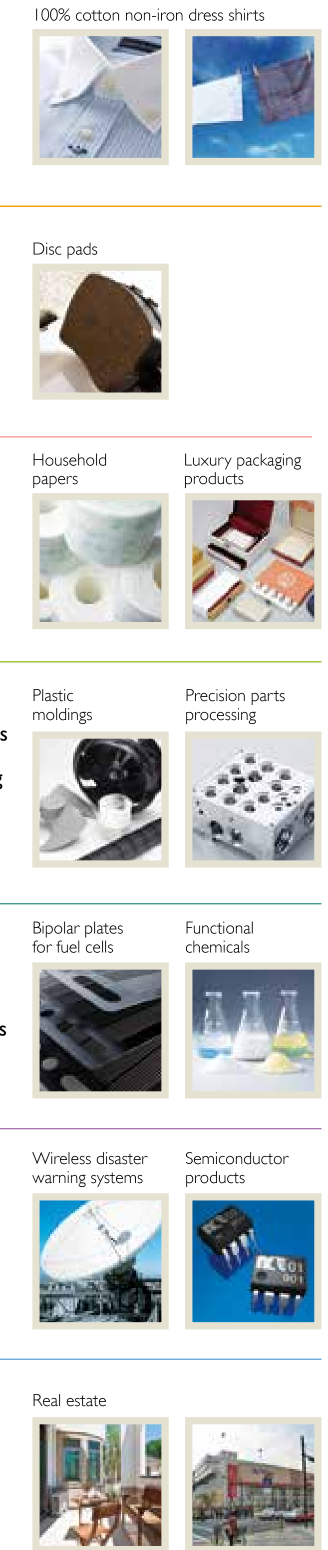
For the years ended March 31

	2010	2011	2012	2013	2014 (millions of yen)	2014 (thousands of US dollars)
Operating Results						
Net Sales	¥242,409	¥325,555	¥379,340	¥450,693	**¥494,350**	**$4,708,095**
Textiles	53,222	57,400	60,964	50,773	**51,349**	**489,038**
Automobile Brakes	41,046	46,119	47,450	118,849	**148,699**	**1,416,181**
Papers	31,536	30,326	30,220	30,524	**31,686**	**301,771**
Precision Instruments	24,908	32,020	25,191	24,520	**28,655**	**272,905**
Chemicals	6,309	7,284	8,258	8,150	**8,810**	**83,905**
Electronics	51,699	112,820	169,907	175,308	**187,743**	**1,788,029**
Real Estate	6,298	12,437	9,082	15,367	**10,567**	**100,638**
Other Businesses	27,391	27,149	28,268	27,202	**26,841**	**255,628**
Operating Income	3,570	19,843	4,170	13,394	**13,175**	**125,476**
Net Income	1,896	11,185	9,416	6,418	**9,012**	**85,829**
Financial Position						
Total Assets	¥358,110	¥479,852	¥534,584	¥551,933	**¥611,311**	**$5,822,010**
Net Assets	193,639	211,557	213,751	242,623	**276,865**	**2,636,810**
Cash Flows						
Net Cash Provided by Operating Activities	¥27,538	¥16,529	¥12,974	¥34,095	**¥26,075**	**$248,333**
Net Cash Provided by (Used in) Investing Activities	(9,949)	11,591	(57,861)	(10,973)	**(19,862)**	**(189,162)**
Net Cash Provided by (Used in) Financing Activities	(30,347)	703	16,835	(24,073)	**(2,321)**	**(22,104)**
					(yen)	(dollars)
Per Share						
Net Income	¥10.38	¥63.32	¥53.83	¥36.74	**¥51.60**	**$0.49**
Shareholders' Equity	1,034.04	1,036.80	1,063.19	1,198.67	**1,369.78**	**13.05**
Cash Dividends	15.00	15.00	15.00	15.00	**15.00**	**0.14**
					(%)	
Key Ratios						
Return on Assets (ROA)	0.5	2.7	1.9	1.2	**1.5**	
Return on Equity (ROE)	1.0	6.1	5.1	3.2	**4.0**	

Note: The U.S. dollar amounts in this report are given for convenience only and represent translations of Japanese yen at the rate of ¥105 = US$1.

Business Diversification





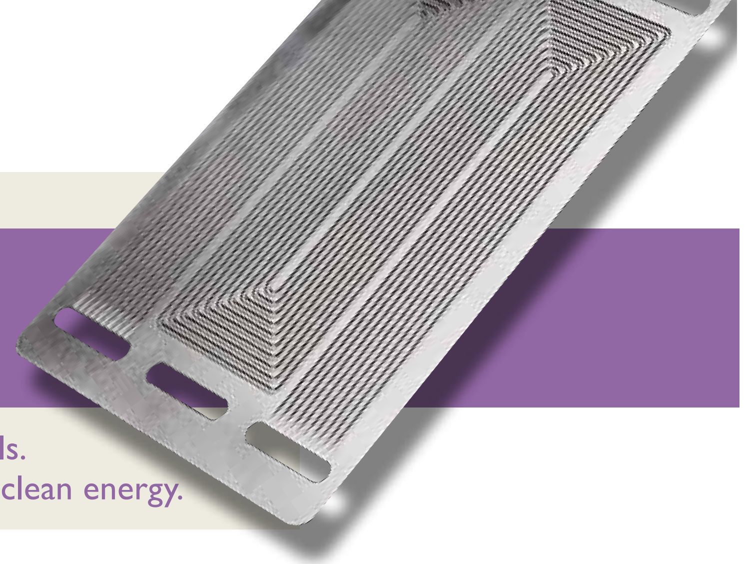
Fiscal year ended Mar. 2014

Segment	Description	Main products	Segment Sales: Share	Segment Sales: Amount (billions of yen)
Textiles	Cotton spinning has been Nisshinbo's core business since it was founded in 1907. Since launching APOLLOCOT 100% cotton non-iron shirts in 2009, we have been using the same technology to develop and sell a range of new APOLLOCOT products.	• Dress shirts, denim	10.4%	51.3
Automobile Brakes	Leveraging our technologies in textile spinning, we diversified into automotive friction materials immediately after World War II. Nisshinbo became the world's leading maker of brake friction materials by market share in 2012. We are currently working on the development of new materials that meet environmental standards for lower copper content.	• Automotive friction materials	30.1%	148.7
Papers	After World War II, we began focusing on household paper products and specialty paper amid a shift in demand to the private sector. We now focus on high value-added products such as highly absorbent toilet tissue for use with bidets and fine paper for high-grade printing applications.	• Household papers • Fine papers	6.4%	31.7
Precision Instruments	During World War II, our facilities were used as factories to make aircraft parts. After the war, we switched to the manufacture of various machine tools. Today, we make fans and other plastic molded parts and precision processed parts for automobiles.	• Customized machine tools • Precision parts processing • Plastic molding	5.8%	28.7
Chemicals	This business has its roots in our man-made fiber business. We are currently stepping up the development of environmental and energy products, such as rigid urethane foam used in insulation materials, functional chemicals, and fuel cell parts and materials.	• Rigid urethane foam • Functional chemicals • Bipolar plates for fuel cells • Electric double-layer capacitors	1.8%	8.8
Electronics	Nisshinbo's involvement in this field began in the 1950s when we transferred management personnel to Japan Radio Co., Ltd. after receiving a request for support. Over the years, we gradually strengthened our partnership with the Japan Radio Group to enhance our presence in the environmental and energy field. The four companies of the Japan Radio Group are now consolidated subsidiaries.	• Wireless disaster warning systems and other solutions, marine radio systems, semiconductor products	38.0%	187.7
Real Estate	Since the 1990s this business has been working to effectively use the Group's idle land that was freed up due to a shift in manufacturing overseas. The business has focused on leasing real estate for shopping centers, and more recently, on releasing land for residential development.	• Residential building lot sales, property leasing and other real estate businesses	2.1%	10.6
Other Businesses		• Others	5.4%	26.8

TOTAL ¥494.3 billion

Feature 01

Bipolar Plates for Fuel Cells

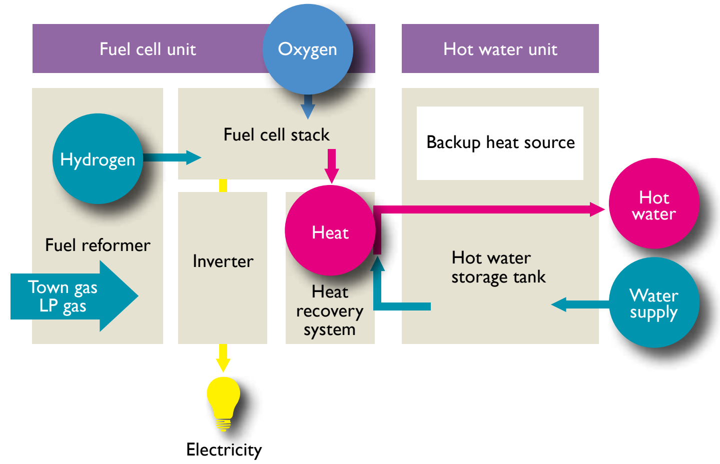


The Nisshinbo Group makes bipolar plates for fuel cells.
These plates are playing a crucial role in the switch to clean energy.

Fuel cells are a promising source of clean energy

Fuel cells generate electricity through a chemical reaction between oxygen from the air and hydrogen. Fuel cells do not require a heat engine, which gives them a number of advantages. Energy efficiency is high, there are no CO_2 emissions and they are very quiet. These characteristics make them a promising source of clean energy. Bipolar plates made by Nisshinbo are an important component in fuel cells. As part of the fuel cell process, oxygen and hydrogen pass through these plates, and our products have been recognized for their high performance in this area.

How Fuel Cell Cogeneration Systems Work



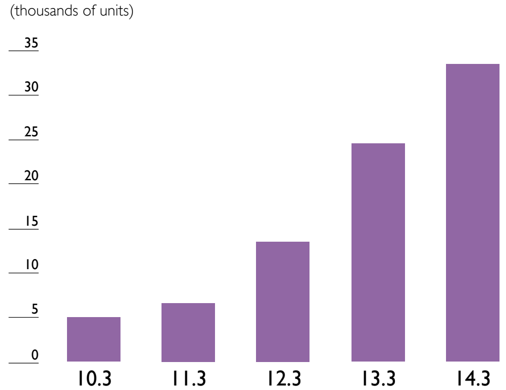
Use of residential fuel cell cogeneration systems is gaining momentum

Residential fuel cell cogeneration systems work by extracting hydrogen from the residential gas supply, which is then reacted with oxygen to produce electricity. Heat generated as part of that process is also used to heat water. These systems are expected to become increasingly popular. Thermal power plants waste vast amounts of heat energy in the electricity generation process. In comparison, fuel cell cogeneration systems achieve much higher levels of energy efficiency because they utilize this heat. Many people in Japan have experienced power outages due to major earthquakes, so cogeneration systems are attracting attention as a reliable source of energy during natural disasters.

Our bipolar plates are used in fuel cell cogeneration systems and have captured a large share of the market. Lower-priced systems for condominiums are likely to drive increased uptake going forward. Meanwhile, European governments and companies are interested in promoting fuel cell cogeneration systems in their own countries due to their high energy efficiency.

Sales of Residential Fuel Cell Cogeneration Systems

(thousands of units)



Fuel cells for vehicles

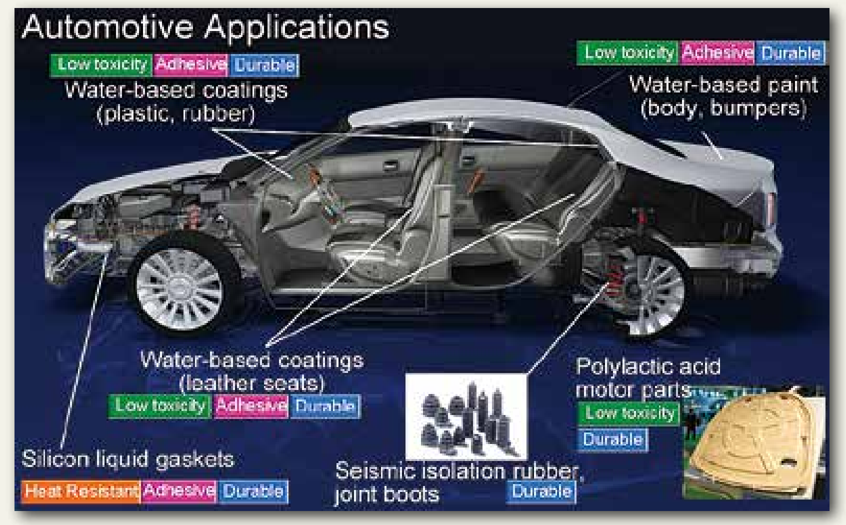
Fuel cells do not emit CO_2 and the only exhaust is water. Automakers, together with active support from the government, are therefore working to develop and promote fuel cell vehicles as a key part of efforts to tackle environmental issues. The first fuel cell vehicles are set to appear on the market in 2015, but costs are still high.

We expect the use of fuel cell vehicles to take off from around 2020. With that goal in mind, we are working on a daily basis to help develop more affordable fuel cell vehicles with our highly cost-competitive bipolar plates.

Feature 02

Carbodilite

Carbodilite is seeing steady growth in demand as a modifier that improves the durability of bioplastic and as a cross-linking agent used in water-based resins for paint, which are both attracting attention as environmental materials.



Extending the usable life of bioplastic

Switching from petrochemical-based plastic to plant-derived bioplastic such as polylactic acid (PLA) resin is attracting growing attention. When burned, waste plastic produces CO_2, which is a greenhouse gas. Steps are being taken by countries worldwide, including emerging economies, to reduce emissions of CO_2.

Bioplastic is already being used in many and varied real-world applications, such as interior parts for cars, PC and projector housings, photocopier manual cases, food and cosmetics containers, supermarket bags and multi-use film for agricultural applications. However, bioplastic still lacks durability. Our Carbodilite modifier helps to rectify this issue, enhancing the advantages of biodegradable resins by controlling the speed of the degradation process. This is likely to support strong demand for Carbodilite in the future.

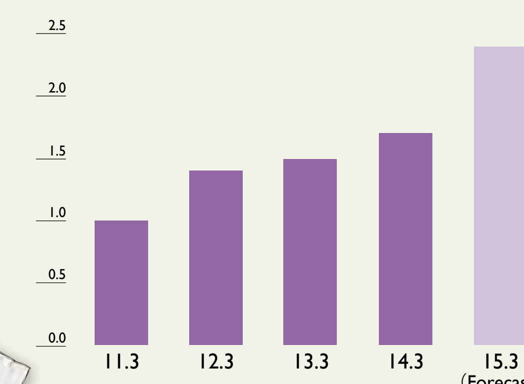
Helping to protect the environment in many ways

Carbodilite is helping to protect the environment in other ways, not just as a modifier for strengthening eco-materials. One of those applications is as a cross-linking agent used in water-based resins for paint and ink. In this way, Carbodilite is helping to drive growth in the market for highly safe water-based resins that do not contain organic solvents.

Although biodegradable plastic offers significant benefits due to its low environmental impact, water in the plastic tends to make it degrade too quickly, presenting a significant hurdle to commercialization. Wider use of Carbodilite as a modifier therefore offers significant benefits for the environment.

Sales of CARBODILITE

(billions of yen)



APOLLOBERRY® Plant Factory

Plant factories are the ultimate in modern agriculture. By controlling all aspects of the growing environment, they can deliver significant improvements in food safety and yields.

All photos show the Fujieda plant factory.

Jiro Fukuda
Center President
Business Development Department

Tadatoshi Manabe
Senior Manager
Business Development Department

From Tokushima to Fujieda

In 2011, the Nisshinbo Group succeeded in cultivating strawberries on a large scale using a plant factory in Tokushima. In Japan, the six-month period from December to May is generally the best time to grow sweet and tasty strawberries using conventional outdoor cultivation methods. However, our plant factories have turned this thinking on its head, allowing tasty strawberries to be grown all year round. Large-scale cultivation has already started at our Tokushima plant, where we have increased the plant factory's capacity to 70,000 strawberry plants.

We have branded our plant factory strawberries APOLLOBERRY®* and shipments to cake shops and hotels are rising steadily. In order to expand the business, we have opened a second plant factory in Fujieda with a capacity of 100,000 strawberry plants. We plan to start shipping APOLLOBERRY® strawberries from Fujieda near the end of 2014.

* Named after the Apollo program to invoke the "first-ever" milestone of Nisshinbo's achievement.

Further gains in yields and profitability

APOLLOBERRY® strawberries have ended the seasonal nature of premium strawberry cultivation and have also proved popular in the market. However, we see further scope for gains in yields and profitability. To achieve these improvements, we are conducting ongoing research into maximizing productivity per plant by making changes to the growing environment inside the plant factories. We currently harvest around three tons of strawberries each month at our Tokushima plant, but we are aiming to boost annual output to 100 tons without increasing the number of strawberry plants. Similarly, we plan to raise annual output at the Fujieda plant to 150 tons.

We currently use fluorescent tube lighting in our plant factories, but we are now on the verge of switching to LED lights, which normally make it difficult to alter the flavor of the strawberries. However, we have made progress in resolving this problem. Switching to LED lights will help to halve electricity costs, which currently account for around 30% of total business costs.

Supporting local jobs

We currently employ 20 people to harvest strawberries at our Tokushima plant and 28 at the Fujieda plant. This workforce includes five people with disabilities. Job opportunities for disabled people are another important benefit of our plant factories. The Fujieda plant also receives regular help from a local school for disabled students, who visit the plant factory as part of their work experience studies.

Heading in the Right Direction

We have completed the first year of our current three-year management plan, NEXT 2015, which was launched in April 2013. In the fiscal year ended March 2014, operating income fell slightly, but net sales and net income both increased year on year. The year under review marked steady progress toward the goals in our three-year management plan.

Financial Results for the Fiscal Year Ended March 2014

The electronics business and automobile brakes business drove earnings, and Nisshinbo became a more global corporate Group

In the fiscal year ended March 2014, net sales increased 9.7% year on year to ¥494.3 billion, but operating income slipped 1.6% to ¥13.1 billion. However, net income rose 40.4% to ¥9.0 billion. The main factor behind the decline in operating income was a drop of ¥4.5 billion year on year in profits from the real estate business. However, this was mostly offset by strong performances in the electronics business and the automobile brakes business, which limited the decline in operating income to roughly ¥0.2 billion year on year.

In the electronics business, Japan Radio Co., Ltd. registered another year of solid sales in solutions for the public sector, and New Japan Radio Co., Ltd. posted higher sales and profits in all its business segments, including semiconductors. The company also moved into new markets with its SAW filters*1 and MEMS devices*2, starting up supplies to makers of smartphones and tablet PCs. Earnings at Ueda Japan Radio Co., Ltd. were also firm. Nagano Japan Radio Co., Ltd. significantly cut back its industrial equipment power supply business in order to refocus management resources on other businesses. The company was also forced to book inventory valuation losses in excess of ¥1 billion. However, we are confident that Nagano Japan Radio can rapidly turn around earnings through business restructuring and other measures.

In the automobile brakes business, sales increased in Japan, mainly due to a rush in demand ahead of the hike to consumption tax. Overseas, sales were also strong in the US and Asia, and aftermarket sales recovered in Europe. The business also benefited from favorable exchange rates. As a result, sales in the automobile brakes business rose 25.1% year on year. One highlight was that Nisshinbo Brake Inc. reported sales and profit growth at all its overseas business sites in the US, South Korea, China and Thailand. TMD Friction Group S.A. also reported higher sales and a return to profit at the EBIT level (earnings before interest and taxes).

*1 Surface acoustic wave filters: Used in smartphones and other communication devices
*2 Micro electro-mechanical system devices: Small devices made using semiconductor fabrication technology.

NEXT 2015: Initiatives for the Second Year of the Three-year Management Plan

The fiscal year ending March 2015 is the second year of our three-year management plan. We aim to build on the results of the plan's first year to grow earnings further.

We continue to make good progress with restructuring the electronics business – one of the key issues faced by Nisshinbo

Electronics Business

We are steadily restructuring the electronics business, which is one of the key areas we have to tackle under our three-year management plan. We are currently building a new Advanced Technology Center in Nagano, which is due to be completed in November 2014. The center will be staffed by 1,000 engineers from both Japan Radio and Nagano Japan Radio, leading to greater cooperation between the two companies. Also, Japan Radio has decided to acquire land from Nagano Japan Radio to build a new plant. The plant, which is scheduled for completion in March 2015, will produce municipal disaster prevention systems and other products.

Japan Radio acquired Dutch company Alphatron Marine Beheer B.V. in December 2013 to strengthen sales of electronic equipment for vessels used in offshore development. Japan Radio plans to work with Alphatron Marine, a leading developer of vessel control systems, to develop integrated equipment, enabling it to supply highly competitive products. We see significant potential in the growing market of offshore development vessels.

Automobile Brakes Business

The automobile brakes business holds the key to earnings at Nisshinbo. The business is currently adding extra production capacity at its sites in China and Thailand, with the new capacity set to become fully operational in 2014. TMD is also moving and expanding its Sao Paulo Plant in Brazil, aiming to steadily increase capacity through to 2020.

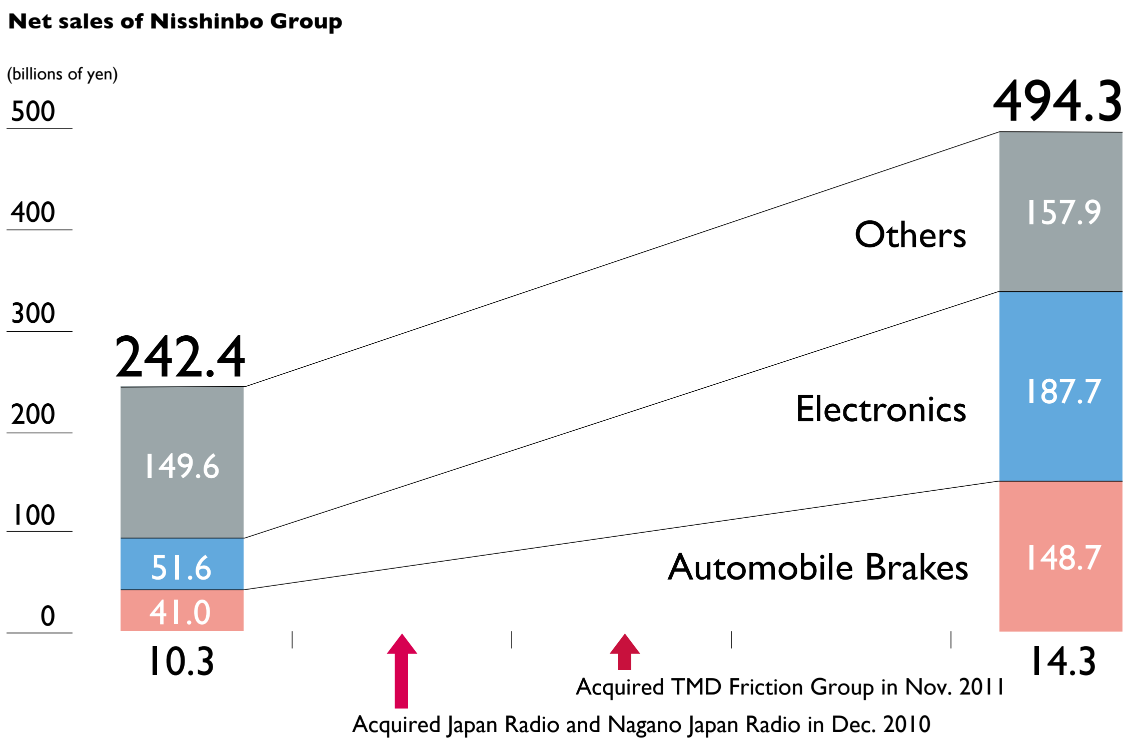
TMD is targeting further profit growth by integrating procurement activities with Nisshinbo Brake and by strengthening its aftermarket business. The company also aims to reinforce its business base by boosting operational efficiency.

Textiles Business

Even in our founding business of textiles, we are steadily strengthening the operating structure and making the business more global. Textile processing at our Miai business site in Aichi Prefecture has been transferred to Yoshinogawa in Tokushima Prefecture. We are also strengthening textile processing technology at Yoshinogawa so that it can become a research and development center to support global expansion.

In Indonesia, we are reinforcing local production facilities in order to manufacture the full line of APOLLOCOT products locally. Targeting increased exports to the US and Europe, we plan to boost production capacity in Indonesia by around 10–20% and establish sales channels to overseas markets before the end of 2014, which should provide a significant boost to sales and profits. However, amid sharp increases in local wage costs in Indonesia, we are actively cutting costs by adopting more automated production processes.

Focusing on Automobile Brakes and Electronics



Four Business Fields to Drive Growth

The Nisshinbo Group has seven business segments operating in four main business fields. Wireless communications and electronics is our largest business field, represented by key subsidiary Japan Radio. The second business field is automotive parts and devices, which covers the automobile brakes business, parts processing in the precision instruments business, and semiconductor devices. Third is the lifestyle and materials field,

We are aiming to generate significant value through cooperation and synergies between business fields

which is focused on textiles and paper products that play an important role in everyday life. Fourth is the new energy and smart society field.

In each of these business fields, we are aiming to leverage our competitive advantages to boost earnings. Also, as an environmental and energy company, we aim to generate significant new value through cooperation and synergies between businesses in each of the four fields. By steadily implementing the initiatives in our NEXT 2015 three-year management plan, we are confident that we can achieve our strategic targets for the fiscal year ending March 2018: net sales in excess of ¥600 billion, operating income of over ¥40 billion and ROE of at least 9%.

Opportunities as an Environmental and Energy Company

The environment and energy is a theme that runs through all four business fields

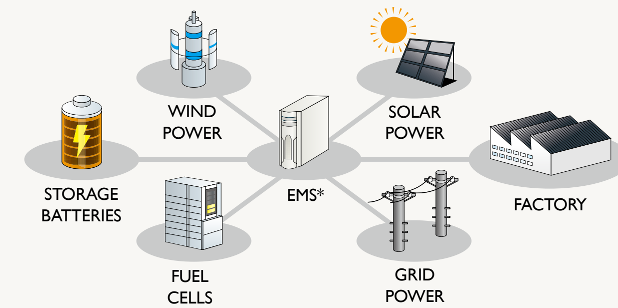
The Nisshinbo Group develops carbon bipolar plates, which are used in fuel cells. We are also developing carbon alloy catalysts, which are seen as potential replacements for platinum catalysts. Nisshinbo also supplies Carbodilite, an essential modifier used in bio-plastics production. These products are the most obvious examples of our environmental and energy products, but as an environmental and energy company, we believe manufacturing, product development and the provision of solutions in all our businesses must have a close connection to the environment and energy.

For example, in the textiles business, the advanced processing technology we use to make APOLLOCOT 100% cotton shirts means ironing is no longer required. In the automobile brakes business, we are implementing green guidelines and developing copper-free friction materials in response to tighter environmental regulations. In the paper products business, we are helping to create a recycling-based society by making our products from recycled paper. Our photovoltaic (PV) business, which is part of the precision instruments business segment, is steadily building a track record in PV module installation, and the business has also successfully developed an encapsulation sheet for PV modules that eliminates potential induced degradation (PID).

Also, as mentioned above, the Group manufactures carbon bipolar plates for fuel cells. Our bipolar plates have a dominant market share in residential cogeneration systems in Japan. Our next application target for these products is automotive fuel cells. Meanwhile, demand for bio-plastic modifier Carbodilite is poised to expand as environmental standards become tougher. At the Nisshinbo Group, our aim is to deliver growth by contributing to society through environmental products and products that support the development of clean energy.

Smart Factory Initiatives

We have set up a smart factory test facility at our Tokushima business site. The facility includes a power generation system based on solar panels, wind turbines and fuel cells, a power storage system incorporating electric double-layer capacitors, and a high-voltage direct current power supply system that eliminates power losses that occur when electricity is converted between direct current and alternating current. All these elements are monitored and controlled by an energy management system.



*Energy Management System

Working Together with Shareholders

We are now stepping up global expansion. As we implement our growth strategy targeting market needs, we will focus on two areas in the fiscal year ending March 2015.

First, we will spread our Corporate Philosophy and Business Conduct Guidelines to all areas of the Group. Specifically, we will encourage our 25,000 Group employees to take onboard the main principles of our Corporate Philosophy – Public Entity, Consistent Integrity and Innovation – and share the ideals of our Business Conduct Guidelines. We will also create an organization that ties the growth of our employees to the growth of the Company, as we believe that cycle is crucial to transforming Nisshinbo into a Group with a vital presence in every region worldwide.

Second, we will improve cash flow management. Focusing on cash flow will enable us to streamline the balance sheet and strengthen the Company through more efficient management, ultimately boosting the corporate value of the Group. To achieve that goal, we will have to visualize the everyday business processes of all our personnel and ensure the plan–do–check–act (PDCA) process is followed rigorously.

The Nisshinbo Group aims to be a global company with a key role to play in every region worldwide. Guided by our Corporate Philosophy and Business Conduct Guidelines, it is vital we develop our business overseas while paying due attention to the different characteristics of each market.

By focusing on these two areas, I am confident we can achieve our strategic targets for the fiscal year ending March 2018 and realize our vision for the Nisshinbo Group's next stage of development in the 2020s.

I hope you can join us as we work to deliver even greater success going forward.

June 2014

Masaya Kawata

Masaya Kawata
President

At a Glance

The Nisshinbo Group comprises seven businesses: textiles, automobile brakes, papers, precision instruments, chemicals, electronics and real estate. Leveraging the manufacturing technologies and assets of our original cotton spinning business, we have diversified into other business fields, where we supply high value-added products to satisfy a range of customer needs.

	Textiles	Automobile Brakes	Papers	Precision Instruments	Chemicals	Electronics	Real Estate
SEGMENT SHARE	10.4%	30.1%	6.4%	5.8%	1.8%	38.0%	2.1%
NET SALES (billions of yen) 13.3	50.8	118.8	30.5	24.5	8.2	175.3	15.4
NET SALES (billions of yen) 14.3	51.3	148.7	31.7	28.7	8.8	187.7	10.6
MAIN BUSINESS AREAS	Mainstay business is products made from natural cotton; supplies high-quality "Made by Nisshinbo" dress shirts, denim, uniforms and other products to markets worldwide	The Nisshinbo Group is the world's leading maker of brake friction materials by market share; acquired TMD Friction Group S.A., Europe's largest manufacturer of brake friction materials, in 2011; now expanding presence as a true global supplier, with manufacturing bases in North America, South Korea, Thailand, China, Europe, South America, and South Africa.	Makes high value-added products for everyday use such as toilet tissue and other household paper products, specialty paper used in pamphlets and other materials and processed paper products such as telegram paper	Leverages advanced mechatronics technologies in a wide range of business fields, such as customized machine tools, air conditioner fans and processed precision automotive parts	Manufactures a range of highly promising products in the environmental and energy fields, such as Carbodilite, an additive used in bio-plastic manufacturing, and bipolar plates for fuel cells	Using the consolidation of Japan Radio, a pioneer in wireless communication devices, to develop and strengthen the Group's energy businesses by drawing on the company's advanced control technologies	Contributing to the growth and financial strength of the Nisshinbo Group by effectively utilizing idle plant sites and other real estate assets arising from business restructuring
	— **Shirts:** Dress shirts, casual shirts and fabric — **Textiles:** Uniform fabric and casual fabric — **Denim:** Jeans and denim fabric — **Others**	— **Friction materials:** Disc pads and brake linings — **Assembly products:** Drum brake products	— **Household paper products:** Toilet tissue, facial tissue (made with virgin and recycled pulp) and kitchen-related products — **Specialty paper:** Fine paper and synthetic paper — **Processed paper products:** Telegram paper, high-end packaging and other products	— **Customized machine tools, LED mounting equipment and photovoltaic generation system businesses** — **Precision parts processing** — **Plastic molding and processing**	— **Carbodilite high-performance chemical additive** — **Bipolar plates for fuel cells** — **Electric double-layer capacitors** — **Rigid urethane foam** — **Mobilon urethane elastomer** — **Carbon products**	— **Solutions business including wireless disaster warning systems** — **Semiconductor products** — **Information and communications devices and equipment** — **Power supply units and electronic components** — **Microwave products**	— **Leasing:** ARIO Nishi Arai and other properties — **Sales:** Unused sites at the former Harisaki Plant, the former Kawagoe Plant and other locations

Overview of Business Segments

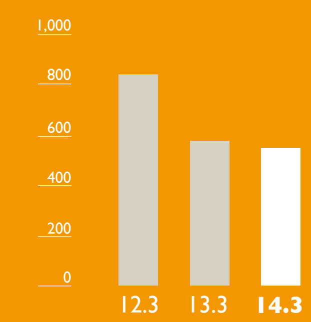
Textiles

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. Nisshinbo is currently upgrading its overseas sites in Indonesia, China and India and working to expand sales of the APOLLOCOT brand worldwide.

Segment Income

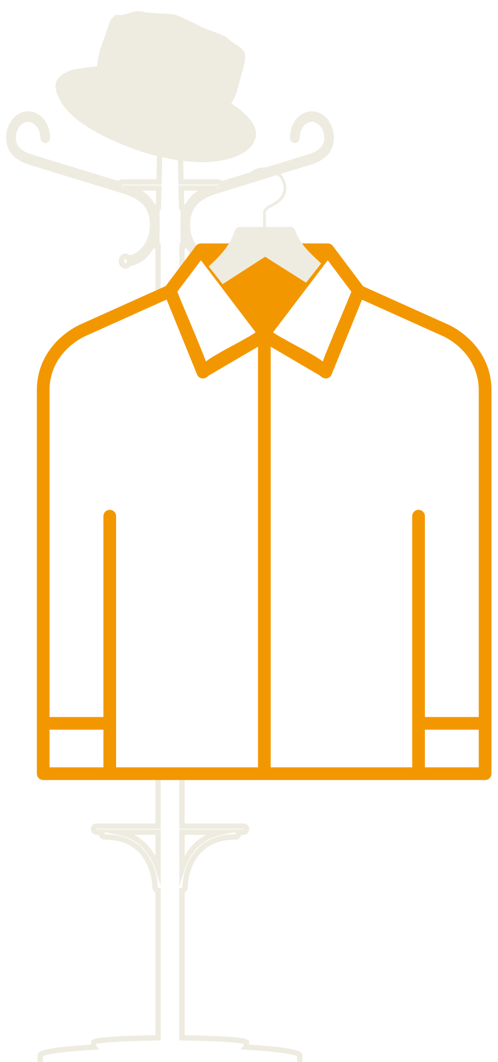
(millions of yen)



Segment Income Breakdown

(millions of yen)

	12.3	13.3	**14.3**
Domestic	847	287	**(41)**
Overseas	76	126	**689**
Eliminations	(83)	161	**(96)**
Total	840	575	**552**



Summary of Financial Results for the Fiscal Year Ended March 2014

In the fiscal year ended March 2014, the textiles business reported net sales of ¥51,349 million, up 1.1% year on year, and operating income of ¥552 million, a decline of 4.0%.

In the domestic market, earnings were affected by an increase in the price of products imported from overseas manufacturing sites due to the yen's rapid depreciation, and by a slow recovery in market conditions in the uniform sector. However, earnings from spandex fiber increased, driven by exports, and there was an upturn in shirt fabric from the second half of the fiscal year. Overseas operations moved clearly back into profit, supported by investment in labor-saving equipment and price hikes by key Indonesia subsidiaries, and by growth in exports from Indonesia to Europe, North America and Japan. The Group's subsidiary in Brazil also performed well.

In order to create an integrated research and development facility focused on the textile business's core textile processing technology, we decided to transfer the functions of the Miai business site, operated by Nisshinbo Textile Inc., to a business site in Yoshinogawa operated by Nisshin Denim Inc. We also made the decision to merge Nisshin Denim into Nisshinbo Textile. Separately, we started negotiations with a potential buyer for the business of subsidiary CHOYA CORP.

Business Strategies for the Fiscal Year Ending March 2015

Under the NEXT 2015 three-year management plan, the textiles business is building a global operating structure and working to boost sales of APOLLOCOT-branded products.

At key manufacturing sites in Indonesia, we are installing automated production facilities and labor-saving equipment. We plan to invest more in our local facilities in 2014 to expand production capacity, as well as reduce manual labor processes, with the aim of carrying out all stages of APOLLOCOT product manufacturing in Indonesia.

The APOLLOCOT brand is gaining ground in the business wear market in Japan in areas such as pants, knitted shirts and handkerchiefs, on top of its existing presence in business shirts. In the fiscal year ending March 2015, we plan to continue strengthening our manufacturing capabilities in Indonesia to support the start of full-scale APOLLOCOT sales in Europe and North America.

APOLLOCOT
100% cotton non-iron shirt

Overview of Business Segments

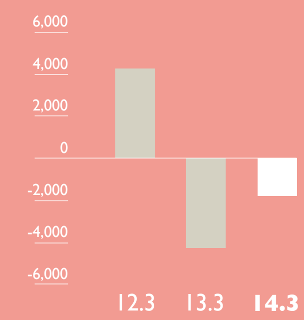
Automobile Brakes

Nisshinbo Brake Inc./TMD Friction Group S.A.

Nisshinbo is a global supplier with world-class development capabilities in the field of friction materials, which are key components of automobile brake systems. The automobile brakes business also includes Luxembourg-based TMD Friction Group S.A., making Nisshinbo one of the world's leading manufacturers of friction materials. As a global leader in the friction materials industry, we are working to address global automaker needs for optimum parts procurement.

Segment Income

(millions of yen)



Segment Income Breakdown

(millions of yen)

	12.3	13.3	14.3
NISB* —Domestic	2,615	1,732	**1,836**
NISB —Overseas	1,788	2,158	**4,824**
TMD	—	(941)	**718**
TMD acquisition costs	—	(7,284)	**(9,172)**
Eliminations	(149)	34	**(20)**
Total	4,254	(4,302)	**(1,814)**

* Nisshinbo Brake Inc.

Summary of Financial Results for the Fiscal Year Ended March 2014

In the fiscal year ended March 2014, the automobile brakes business reported net sales of ¥148,699 million, up 25.1% year on year, and an operating loss of ¥1,814 million, an improvement of ¥2,488 million compared with the previous fiscal year. Operating income improved despite goodwill amortization costs of ¥5,978 million and adjustments of ¥3,193 million due to the alignment of accounting standards related to the acquisition of TMD.

In Japan, car sales declined slightly in the first half of the fiscal year after the end of the government's subsidy scheme. However, there was a sharp rise in sales in the second half, supported by new model launches by automakers and a rush in demand ahead of the hike to consumption tax. As a result, domestic car sales rose nearly 10% year on year. Overseas, demand in Asia and North America expanded year on year, building on growth registered in the previous fiscal year. In Europe, which has seen a prolonged impact from financial instability, car markets in Germany, Spain and other countries showed signs of recovery in the second half of the fiscal year, with sales overall falling only slightly year on year. Nisshinbo Brake Inc. reported sales and profit growth in Japan and overseas.

TMD saw a decline in orders for friction materials used in new vehicles, reflecting the weak car market in Europe, but sales and profits overall rose year on year due to a recovery in aftermarket orders. As a result, the automobile brakes business comfortably cleared its second-year targets in the three-year management plan.

In production, Thai subsidiary Nisshinbo Somboon Automotive Co., Ltd. completed construction of its second plant in August 2013. Also, at the same site, we established Nisshinbo Commercial Vehicle Brake Ltd. to manufacture brakes for commercial vehicles. The company's manufacturing facility was completed in May 2014 and mass production is scheduled to start in December.

Business Strategies for the Fiscal Year Ending March 2015

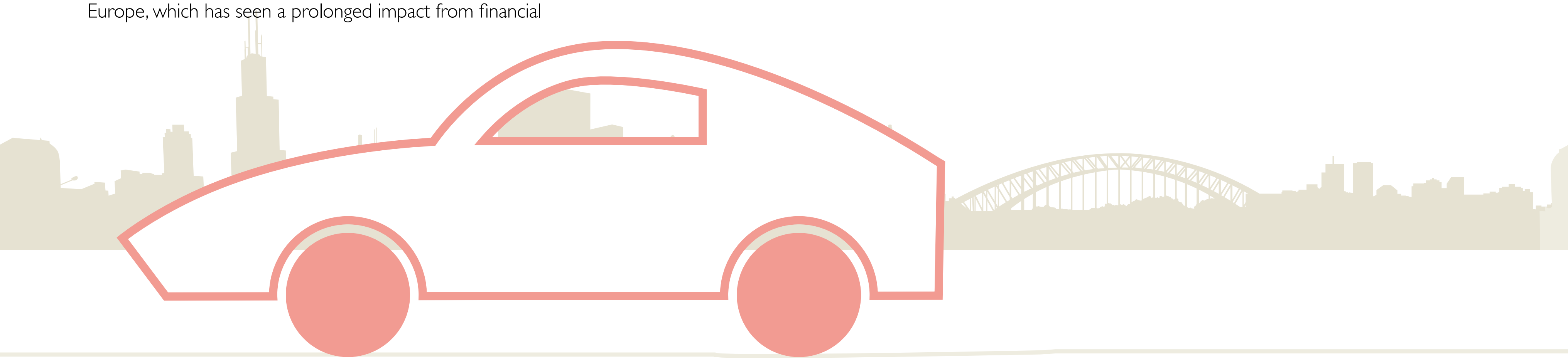
In the fiscal year ending March 2015, we forecast a decline in domestic sales due to a pullback in demand after the hike to consumption tax. However, we forecast overseas sales will expand, supported by continued growth in North America and Asia and recovery in Europe. Against this backdrop, the automobile brakes business will increase production capacity in Asia and work to boost earnings at TMD, in line with strategies in the NEXT 2015 three-year management plan.

We started mass production at our new plant in Changshu, China in January 2013. We plan to rapidly strengthen the plant's operating base by further upgrading its capabilities in manufacturing, quality management and sales. Together with our second plant in Thailand, which came onstream in March 2014, we plan to expand our business by boosting global supply capacity in order to secure a larger share of the Asia market, which is projected to continue expanding. In Latin America, TMD is building a new plant in Brazil, scheduled to come onstream in 2016. Production at TMD's existing site in Brazil will be transferred to the new plant, which will also increase our production capacity in the region.

In order to boost earnings at TMD, we are currently working on a joint purchasing system that we plan to have up and running in 2015. We have also adopted a business unit system at TMD to manage profits more carefully, as part of ongoing efforts to strengthen the earnings structure.

Our research and development efforts will remain focused on developing products that comply with new regulations on copper content in friction materials*.

* 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 or 2025, the limit on copper content will be reduced to no more than 0.5%.



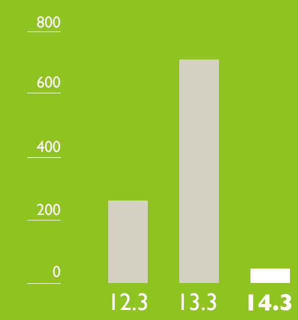
Friction materials, disc pads, brake linings

Papers

Nisshinbo Paper Products Inc.

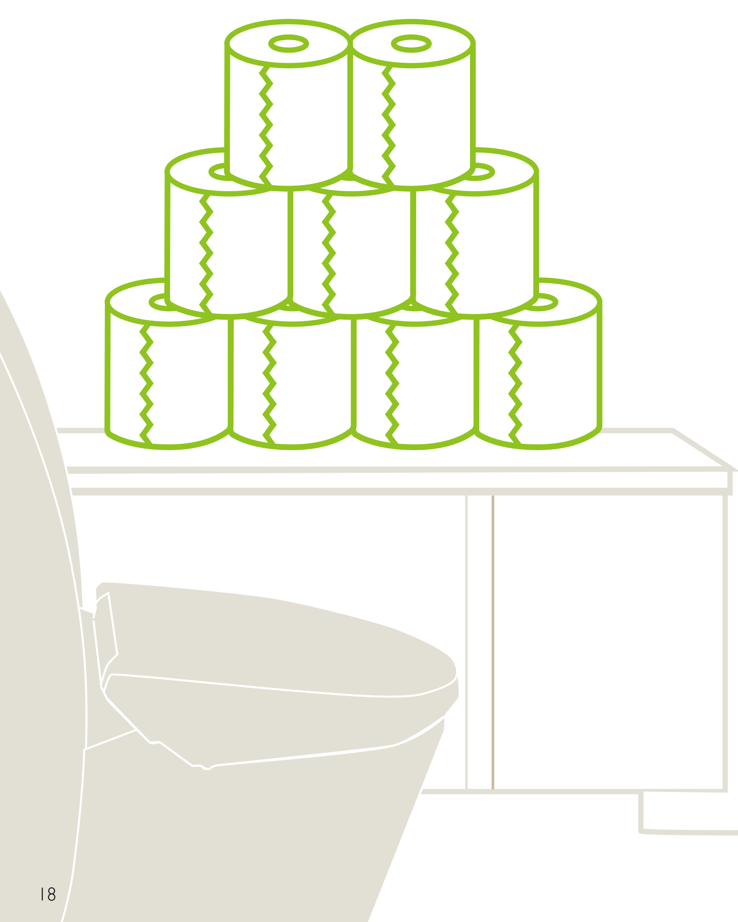
This business supplies high value-added paper products tailored to market needs in various fields, from facial tissue and toilet tissue in the household paper products field, to fine paper and synthetic paper products in the commercial printing and business communication paper field and telegram paper, luxury packaging and other products in the processed paper products field.

Segment Income
(millions of yen)



Segment Income Breakdown
(millions of yen)

	12.3	13.3	14.3
Household	(246)	92	**(118)**
Fine Papers	615	618	**159**
Eliminations	(108)	(1)	**1**
Total	260	709	**42**



Summary of Financial Results for the Fiscal Year Ended March 2014

In the fiscal year ended March 2014, the paper products business reported net sales of ¥31,686 million, up 3.8% year on year, and operating income of ¥42 million, a decline of 94.0%. Although sales rose, driven by an increase in sales volume and sales value, mainly in household paper products, profits declined year on year due to a surge in the cost of imported raw materials caused by the weak yen.

In household paper products, sales grew year on year, supported by targeted efforts to boost sales of toilet tissue for use with bidets and the launch of new character-themed facial tissue featuring Snoopy and Kumamon.

In specialty paper, sales of KI•HOU•SHI paper for packaging applications increased and demand for high-grade printing paper expanded. However, total sales of specialty paper declined slightly year on year due to weak demand for synthetic paper products.

In processed paper products, sales were affected by the transfer of the Hasler postage meter business in the previous fiscal year and a decrease in demand for telegram paper, but total sales were steady year on year on the back of strong sales of packaging products and label products.

Business Strategies for the Fiscal Year Ending March 2015

Although we see some signs of recovery in domestic demand for printing paper, we think the operating environment in the paper products business will remain challenging. We forecast falling demand from the publishing and commercial printing sectors amid wider use of digital media, and costs are likely to rise due to persistently high prices for imported fuel and raw materials caused by the weak yen. Uncertainties related to the supply-demand environment for waste paper could also lead to higher costs. Against this backdrop, the paper products business will step up its shift to high value-added products and seek business alliances at the global level, in line with strategies in the NEXT 2015 three-year management plan.

In household paper products, we will reinforce our supply framework in Japan and overseas as part of efforts to become a household paper product trading company with manufacturing bases. We will also strive to secure fair prices for our products and work to boost sales of high-margin products such as toilet tissue for use with bidets. In addition, we will work to create a stable earnings structure through initiatives such as improving profitability at consolidated subsidiary Tokai Seishi Kogyo Co., Ltd.

In specialty paper, we are aiming to create a highly competitive and profitable business model. Specifically, we plan to develop new applications for fine paper and synthetic paper products, launch new products designed to energize the market, and step up cooperation with partner companies in order to stimulate demand and reinforce the earnings structure.

In processed paper products, we are aiming to build a position as a global supplier of luxury packaging products by developing the business worldwide. We intend to leverage synergies in the segment to expand operations in order to secure more business from leading overseas packaging users. To support business expansion, we will upgrade our product and sales sites and reinforce quality control and other systems.

Luxury packaging products

Overview of Business Segments

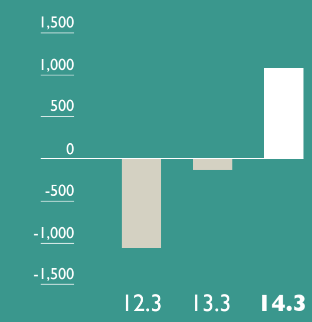
Precision Instruments

Nisshinbo Mechatronics Inc.

Utilizing know-how accumulated over roughly 70 years as a machine tool maker supporting various manufacturing industries, Nisshinbo is focusing on three areas in this field: customized production equipment, including manufacturing equipment for photovoltaic modules; precision parts processing, mainly for automotive applications; and plastic molding and processing, primarily fans for air conditioners. We are developing these businesses globally, centered on Asia.

Segment Income

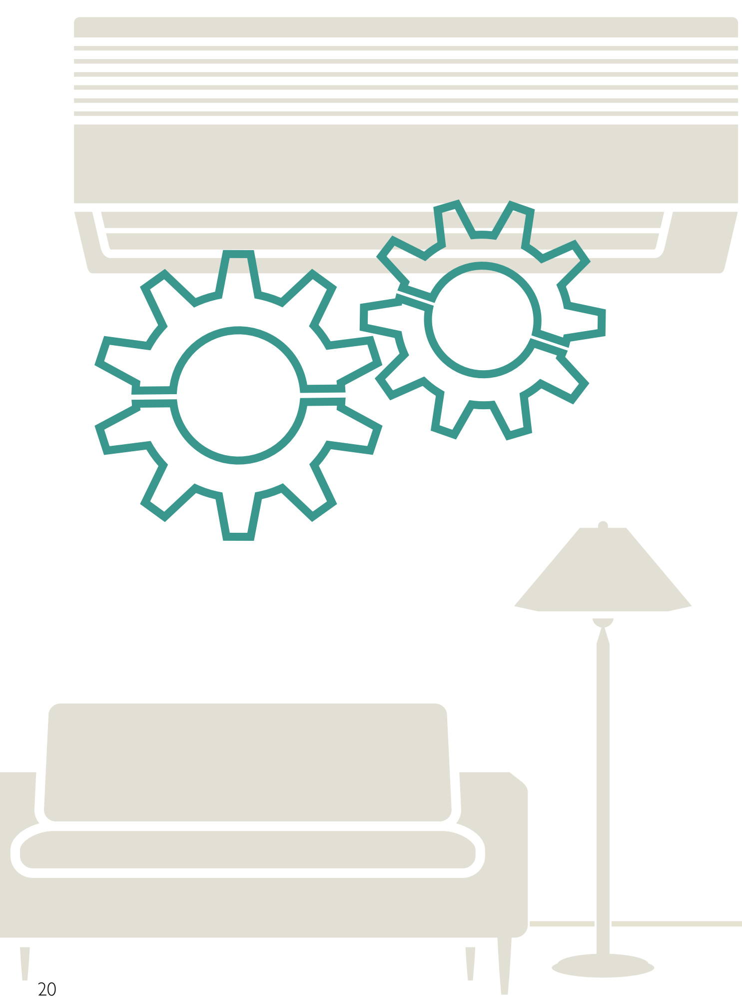
(millions of yen)



Segment Income Breakdown

(millions of yen)

	12.3	13.3	14.3
Mechatronics	(1,653)	(790)	**218**
Plastic molding	584	689	**949**
Eliminations	-	(46)	**(92)**
Total	(1,070)	(146)	**1,075**



Summary of Financial Results for the Fiscal Year Ended March 2014

In the fiscal year ended March 2014, the precision instruments business reported net sales of ¥28,655 million, up 16.9% year on year, and operating income of ¥1,075 million, a large improvement from the operating loss of ¥146 million in the previous fiscal year.

In manufacturing equipment for photovoltaic modules, demand for modules was at a high level due to the government's renewable energy feed-in tariff system, but module makers remained cautious on capital investment, resulting in flat sales year on year. However, there was a substantial improvement in the operating loss due to cost reduction measures. The photovoltaic generation system installation business, started in October 2012, also performed well. In addition, sales of other customized production equipment were strong, supported by rising investment by customers at their overseas facilities.

In precision parts processing, sales and profits both rose year on year, reflecting strong orders in Japan and improvements to the volume production system in China.

In plastic molding and processing, sales and profits also grew year on year, driven by rising demand in China and ASEAN countries and measures to reduce raw material costs and boost productivity.

In the fiscal year ended March 2014, we dissolved our photovoltaic module subsidiary in the US, but we established a new joint venture in Yangzhou, China with Continental Automotive Holding Co., Ltd. The new company, Nisshinbo-Continental Precision Machining (Yangzhou) Co. Ltd., will manufacture and sell valve blocks, a key component in electronic brake systems (EBS). Volume production is scheduled to start in 2015.

Business Strategies for the Fiscal Year Ending March 2015

In line with strategies in the NEXT 2015 three-year management plan, the precision instruments business will work to strengthen earnings through business restructuring and accelerate efforts to expand its manufacturing and sales network globally.

In the photovoltaic module-related business, we will strengthen the earnings structure ahead of a projected recovery in demand for photovoltaic module manufacturing equipment in 2015. We will also continue to work on developing competitive new products. One of those products, ethylene-propylene diene monomer (EPDM) rubber diaphragms, which are high value-added consumables used in module laminators, are scheduled to enter full-scale production in 2014. The addition of this new product to our range will allow us to offer total solutions for photovoltaic modules, bringing together materials, manufacturing equipment, and consulting services.

In the precision parts processing business, we will make preparations to start volume production at our joint venture in China with Continental Automotive Holding.

In the plastic molding and processing business, we aim to boost competitiveness amid growing demand in ASEAN countries. Specifically, we will make products that are lighter and cost less. We will also actively target the automotive components field, aiming to boost productivity through sustained capital investment. Supported by these measures, we plan to step up efforts to expand our global presence.

Plastic moldings

Overview of Business Segments

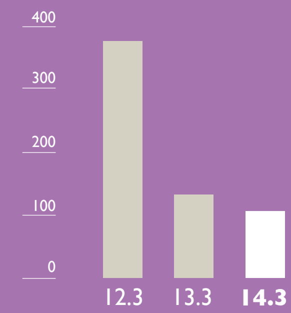
Chemicals

Nisshinbo Chemical Inc.

This segment is pushing ahead with the development of environment-related products on a global basis, drawing on a broad base of expertise and intellectual property in the chemical field. Our environment- and energy-related products include bipolar plates for fuel cells and Carbodilite, which is a high-performance plastic material that increases the durability of bio-plastics. We are investing management resources in these promising growth areas as a matter of priority.

Segment Income

(millions of yen)



Segment Income Breakdown

(millions of yen)

	12.3	13.3	**14.3**
Urethane, etc.	937	823	**849**
Environmental & Energy Business	(601)	(761)	**(785)**
Others	36	60	**40**
Eliminations	1	10	**1**
Total	374	133	**106**

Summary of Financial Results for the Fiscal Year Ended March 2014

In the fiscal year ended March 2014, the chemicals business reported net sales of ¥8,810 million, up 8.1% year on year, and operating income of ¥106 million, down 20.5%. Despite heavy spending on research and development in environment- and energy-related products, the chemicals business reported a third consecutive year of profits at the operating income level.

In chemical products, sales of thermal insulation products rose year on year, supported by strong demand for residential and tunnel repair applications. However, profits from chemical products declined due to the high price of naphtha and other raw materials. Carbon products registered lower sales and profits amid weak investment in LCD panel manufacturing equipment. However, sales and profits in elastomer products increased year on year, reflecting the successful launch of new tape products amid rising demand for apparel applications.

In environment- and energy-related products, sales of fuel cell bipolar plates increased, supported by continued strong demand for the Ene-Farm residential fuel cell system. Sales of electric double-layer capacitors for construction machinery applications declined, but sales overall expanded year on year due to rising demand from the motorsport field. In functional chemicals, sales of bio-plastic modifier Carbodilite rose year on year, but profits declined due to an increase in costs for reinforcing the research and development system and as a result of the weak yen, which led to higher costs for imported raw materials.

In the fiscal year ended March 2014, the Japanese government paid out subsidies of ¥20.0 billion for the installation of residential fuel cell systems. We expect the government to provide a similar amount in the fiscal year ending March 2015. In June 2013, we completed our new Carbodilite production facility, tripling production capacity for water-based cross-linking agents*.

* Added to water-based paint and ink with active hydrogen compounds in order to improve durability, chemical resistance and adhesiveness; Carbodilite has been certified as safe, allowing users to comply with VOC standards.

Business Strategies for the Fiscal Year Ending March 2015

Under the NEXT 2015 three-year management plan, the chemical business will boost production of Carbodilite and strengthen the product's sales network, while also working to expand the environmental business.

In our Carbodilite business, where we have significantly increased production capacity after completing a new facility, we forecast continued growth in demand for use in bio-plastic and PET film applications. We will strengthen our sales network for Carbodilite, as we see potential demand for new applications such as water-based linking-agents and prospects for growth in users of existing applications.

In fuel cell bipolar plates, our products remain the industry standard in Japan for residential fuel cells. Going forward, we plan to build on this position by expanding sales in fixed fuel cells overseas and by pushing ahead with the development of automotive applications.

Our carbon alloy catalysts are promising products for fuel cell vehicles, which are expected to become more common on Japan's roads from 2017. Carbon alloy catalysts potentially offer much better cost performance than current platinum catalysts, and we are now working to overcome a number of issues before commercialization.

Bipolar plates for fuel cells

Overview of Business Segments

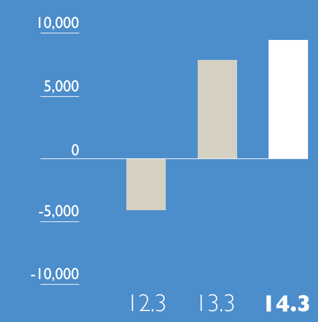
Electronics

Japan Radio Co., Ltd.

This segment is Nisshinbo's largest and is centered on leading communications equipment company Japan Radio Co., Ltd. Other major subsidiaries in the segment include New Japan Radio Co., Ltd, Nagano Japan Radio Co., Ltd. and Ueda Japan Radio Co., Ltd., which operate businesses in the electronic equipment, communications, and semiconductor fields.

Segment Income

(millions of yen)



Segment Income Breakdown

(millions of yen)

	12.3	13.3	14.3
Japan Radio	(2,791)	3,919	**7,281**
New Japan Radio	(4,101)	1,470	**2,276**
Nagano Japan Radio	918	864	**(1,813)**
Ueda Japan Radio	556	330	**437**
Eliminations	1,307	1,205	**1,170**
Total	(4,111)	7,788	**9,352**

Summary of Financial Results for the Fiscal Year Ended March 2014

In the fiscal year ended March 2014, the electronics business reported net sales of ¥187,743 million, up 7.1% year on year, and operating income of ¥9,352 million, an increase of 20.1%.

A continued strong performance by Japan Radio Co., Ltd. was the main reason behind the rise in sales.

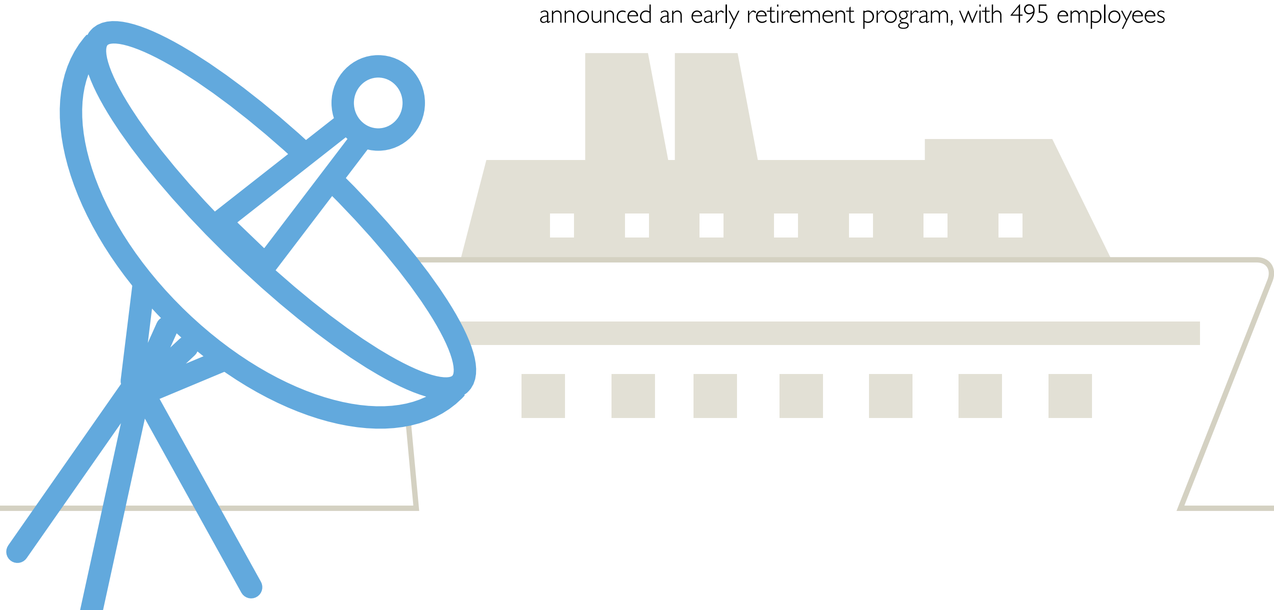
Japan Radio struggled in the marine equipment and communications equipment fields due to weak market conditions, but sales rose on the back of robust public-sector demand in the solutions and specialized equipment fields, mainly for water and river information systems and satellite communication systems.

New Japan Radio was affected by weaker-than-expected demand for semiconductors from customers in China, but the company ramped up its MEMS device*1 business, with aggregate shipments of MEMS transducers for microphones used in smartphones and tablet PCs topping 100 million units. New Japan Radio's earnings capabilities also improved after the completion of a new plant in Thailand.

Amid weak profits from power supplies and energy equipment, Nagano Japan Radio scaled back its industrial equipment power supply business in order to refocus management resources on other businesses. The company also booked inventory valuation losses of ¥1,011 million, mainly related to the industrial equipment power supply business, which weighed on overall profits in the electronics business.

Ueda Japan Radio reported an increase in sales and profits on the back of sharp growth in manufacturing orders for measurement equipment.

We also continued to make steady progress on restructuring the electronics business. In June 2013, Japan Radio announced an early retirement program, with 495 employees applying to take up the offer. The company is also in the process of transferring production and technology development functions at its Mitaka Plant to a new site in Nagano. Using land acquired from Nagano Japan Radio, Japan Radio is currently building a new Advanced Technology Center and a new manufacturing plant. The center will become the main technology development site for Japan Radio, Nagano Japan Radio and Ueda Japan Radio.



Meanwhile, in the marine equipment field, Japan Radio acquired a majority stake in Alphatron Marine Beheer B.V., a company with a strong presence in marine equipment system integration. Going forward, we plan to expand our overseas business by integrating the two companies' product development and sales strategies.

Business Strategies for the Fiscal Year Ending March 2015

Under the NEXT 2015 three-year management plan, the electronics business is aiming to generate new growth by restructuring its operations, based on two basic strategies: implement a growth strategy and reform the global cost structure.

In order to build a new earnings base, Japan Radio will focus on expanding its global business in emerging economies, particularly the fast-growing markets of Southeast Asia. Marine equipment will also be a key field. Here the company will reinforce its strategic business alliance with Alphatron in order to boost its share of marine equipment in the recovering commercial vessel market and in the workboat and offshore vessel market. Japan Radio will increase cost competitiveness by using overseas production sites and target growth in services that support safe vessel operations. In the solutions and specialized equipment field, the government is leading major upgrades of disaster prevention facilities across Japan. We therefore forecast continued strong demand for disaster management wireless communication systems and water and river information systems. We are also planning to develop and expand our solutions business overseas.

New Japan Radio ramped up its SAW filter*2 and MEMS device business in the fiscal year ended March 2014. Building on this progress, we will work to expand the business further in the next fiscal year, while also shifting our focus in the semiconductor business to the promising growth markets of automotive and industrial electronics.

*1 Micro electromechanical system devices: small devices made using semiconductor fabrication technology

*2 Surface acoustic wave filters: used in smartphones and other communication devices

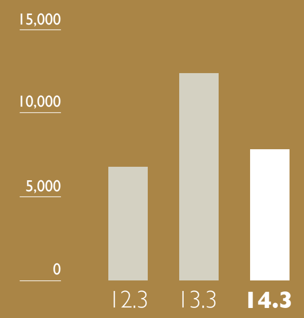
JRC Premium Bridge

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. It is also involved in the leasing of office and commercial facilities and the sale of residential building lots. Income from those activities is used as capital to launch new businesses and develop the Group's global operations. Many Group properties and facilities located throughout Japan have high asset values and have been used for a wide range of purposes, including shopping centers and offices.

Segment Income
(millions of yen)



Summary of Financial Results for the Fiscal Year Ended March 2014

In the fiscal year ended March 2014, the real estate business reported net sales of ¥10,567 million, down 31.2% year on year, and operating income of ¥7,781 million, a drop of 36.7%. The declines in sales and profits came after a large-scale property release in the previous fiscal year as part of the redevelopment of the former Nagoya Plant site.

In the building lot sales business, we sold lots at former plant sites, such as Harisaki, Hamamatsu and Kawagoe.

In the property leasing business, revenues were strong in land leasing and facility leasing, such as offices and commercial properties. We also began leasing land for a commercial facility at our Shimada Plant site.

Business Strategies for the Fiscal Year Ending March 2015

Under the NEXT 2015 three-year management plan, the real estate business will continue to fulfill its role as a source of funds to help Nisshinbo attain its management targets by effectively utilizing the real estate assets of the whole Group. We are targeting stable operations in real estate, underpinned by the twin businesses of building lot sales and property leasing.

In the fiscal year ending March 2015, we will start releasing lots for detached houses at the former Nagoya Plant site, in addition to ongoing lot sales at other sites from the previous fiscal year. We have also started looking at the best ways to maximize the location of the Miai Plant site, which is due to be redeveloped following the transfer of operations to the Yoshinogawa Plant. After further surveys and site preparation work, we expect the sale of lots at the site to contribute to earnings from around the fiscal year ending March 2020.

Redevelopment projects in the fiscal year ending March 2015

Sites now on sale
Former Kawagoe Plant site (all 257 lots)
Former Harisaki Plant site (all 227 lots)
Former Notogawa Plant site (all 42 lots)

Site scheduled for sale
Former Nagoya Plant site (detached houses)
(all 72 lots)

CORPORATE VISION

The Nisshinbo Group believes strongly that its companies are public entities. While pursuing profit on the basis of fair competition, we consider it our mission to contribute to society at large through our corporate activities. To achieve further growth in global society by utilizing the organizational culture we have cultivated, we have formulated our Corporate Philosophy and Business Conduct Guidelines to reflect the values and standards of behavior that all of our employees throughout the world share and respect.

Nisshinbo Group Corporate Philosophy

Business Conduct Guidelines of the Nisshinbo Group

Compliance	Environment	Human Rights
Workplace	Product Safety	Procurement

Nisshinbo Group Corporate Philosophy

Our corporate philosophy expresses the values we share as members of the Nisshinbo Group.

PUBLIC ENTITY

Believing that our companies are public entities, we shall aim to realize a sustainable society*1 by proposing solutions to global environmental problems.

- ☐ We remember at all times and in all our activities that the ultimate goal of our Group is to contribute to society.
- ☐ We offer products and services that help solve global environmental issues, with an eye to developing a society where all people can enjoy comfortable lifestyles long into the future.

*1 A sustainable society is a society where environmental preservation and effective resource use are balanced with economic rationality and where, as a result, all people can enjoy comfortable lifestyles long into the future.

CONSISTENT INTEGRITY

Respecting the diverse cultures and customs of the world, as well as biodiversity, we shall conduct fair and sincere business activities with pride as a corporate citizen.

- ☐ We fulfill our social responsibilities as a corporate citizen by acting in good faith and with fairness at all times.
- ☐ We respect the diverse cultures and customs of countries and regions throughout the world and uphold the laws and regulations of each.
- ☐ We conduct our business activities with full recognition that the global environment depends on the maintenance of a delicate harmony among all living things and that we are part of that diverse harmony.

INNOVATION

Maintaining our spirit of response to change and unceasing challenge, we shall create an affluent future together with our stakeholders*2.

- ☐ We work toward the creation of an affluent society by constantly creating new and original value.
- ☐ We satisfy stakeholder expectations by sensitively anticipating changes in the times and the environment and boldly taking on new challenges.
- ☐ We build ties of trust with stakeholders and work together with them in our business activities.

*2 A stakeholder is any person or organization involved in or affected by our corporate activities, including customers, shareholders, employees, business partners, community residents, and governmental organizations.

CORPORATE GOVERNANCE

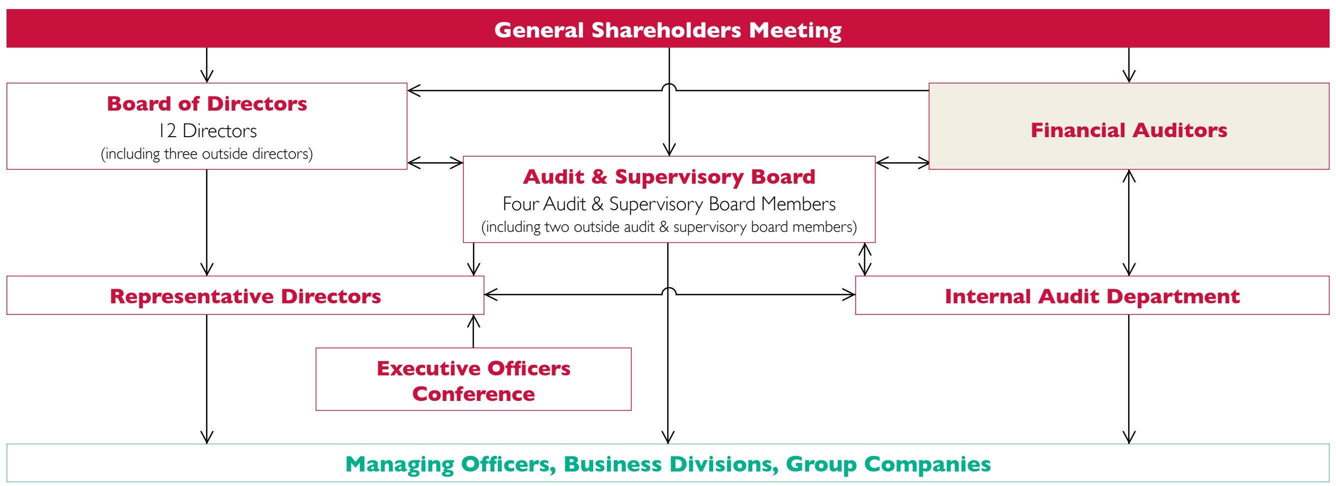
Guided by two key principles in its Corporate Philosophy – Public Entity and Consistent Integrity – the Nisshinbo Group adheres to its fundamental stance of always acting with integrity and in good faith toward its stakeholders. Reflecting this in our corporate governance activities, we work to ensure the transparency of management, reinforce accountability and act ethically in all matters.

The Group's Business Oversight and Execution Framework

The Company's Board of Directors is responsible for making decisions on key management matters and for overseeing business execution by the directors. We have also adopted a managing officer system in order to strengthen and separate decision-making and oversight functions and business execution functions.

The Executive Officers Conference, which is made up of directors, managing officers and other senior personnel, holds meetings to discuss important matters related to business execution throughout the Group.

Corporate Governance Structure



Representative Directors

Representative directors are selected by resolutions of the Board of Directors. As of June 27, 2014, the chairman and president were the Company's two representative directors.

Directors

As of June 27, 2014, the Company had 12 directors, including three outside directors. The Board of Directors is responsible for making decisions on important management matters and for monitoring the execution of duties by directors. Directors are appointed for one-year terms in order to clarify management responsibility each fiscal year.

Managing Officers

Nisshinbo has adopted a managing officer system to speed up decision-making for business execution and clarify operational responsibilities. As of June 27, 2014, the Company had 15 managing officers, including eight directors with dual roles as managing officers. Managing officers are also appointed for one-year terms.

The Group's Audit Framework

Nisshinbo has established an Audit & Supervisory Board. The audit framework comprises the audit & supervisory board members, who conduct audits, the independent auditor, who carries out accounting audits, and the Internal Audit Department, which is responsible for conducting internal audits. These groups work closely together to improve corporate governance.

Nisshinbo also conducts oversight of specific areas such as workplace safety, environmental issues and IT systems.

1) Audit & Supervisory Board

The Company's Audit & Supervisory Board comprises four audit & supervisory board members, two of whom are outside audit & supervisory board members. In accordance with audit policy and plans determined by the Audit & Supervisory Board, the audit & supervisory board members monitor business management and execution at the Company and its subsidiaries by attending important management meetings such as meetings of the Board of Directors and Executive Officers Conference in order to understand operating conditions.

2) Internal Audit Division

Nisshinbo has established an Internal Audit Department independent from executive business functions to act as the Internal Audit Division. The Internal Audit Department conducts ongoing audits of operations across the entire Nisshinbo Group and works to protect corporate assets and increase management efficiency by providing advice and proposals for remedial measures from a legal and rational standpoint. In the fiscal year ended March 2014, the Internal Audit Department stepped up the oversight of Group subsidiaries overseas, which now play an increasingly important role in the Group's operations.

Timely Information Disclosure

Nisshinbo is working to ensure it is accountable to all stakeholders in order to create a highly transparent business. In addition to fulfilling timely disclosure standards determined by the Tokyo Stock Exchange, we hold briefings for shareholders and investors on a regular basis and provide other timely information via our corporate website as part of ongoing efforts to improve the provision of information to stakeholders and retain their trust.

Maintaining Internal Control Systems

Nisshinbo endeavors to create a healthy and highly transparent corporate culture in accordance with 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.

1) Internal Control System Reporting Related to Financial Reporting

The Financial Instruments and Exchange Law, which includes provisions on internal corporate control known as J-SOX, came into force in April 2008. Since then, we have implemented control measures to maintain and upgrade our internal control system related to financial reporting. During the fiscal year ended March 2014, an assessment led by the Audit Office confirmed that the internal control system related to financial reporting is operating effectively.

GLOBAL MANAGEMENT SYSTEM

Centralized Management of Operations in Asia

In the fiscal year ended March 2012, we established two management companies in Asia to support business expansion in the region. The first management company, Nisshinbo Singapore Pte. Ltd., is responsible for providing financial and internal control support to 10 subsidiaries (as of April 1, 2014) located in ASEAN countries such as Thailand and Indonesia. It also trains personnel for the Group's global operations. The second management company, Nisshinbo Business Management (Shanghai) Co., Ltd., provides internal control and operational support to 24 subsidiaries (as of April 1, 2014) in China.

Going forward, Nisshinbo will utilize these two subsidiaries as business hubs in their respective regions to reinforce corporate governance from a global perspective and optimize the Group's operating structure.

RISK MANAGEMENT

In order to fulfill its corporate social responsibility by contributing to society through ongoing business activities, the Nisshinbo Group has established systems to ensure stable operations by mitigating a range of risks that could have a serious impact on the smooth operation of the business.

Crisis Management System

In order to mitigate and minimize risk and any potential losses, the Company has formulated Crisis Management Regulations covering the whole Group. It also conducts annual training exercises and inspections. Action plans have been created to respond to any risk that impacts on the Group, while systems have been put in place to minimize any losses. In the fiscal year ended March 2014, the Group continued to carry out emergency response drills to test its rapid response system, which was overhauled in the fiscal year ended March 2012.

1) Disaster Prevention System

Firefighting teams at each Group business site conduct regular drills to improve disaster prevention capabilities. These drills increase readiness for early-stage fires, life-saving situations and potential emergencies such as gas or chemical leaks, and are developed based on the type and location of each facility. Major business sites conduct annual comprehensive disaster drills, which are reviewed by senior management, to ensure disaster prevention management activities remain at a high state of readiness. In the fiscal year ended March 2014, managing officers inspected 14 business sites.

Initiatives to Protect Personal Information

The Nisshinbo Group recognizes that one of its key corporate responsibilities is to ensure important information related to customers, suppliers, employees and other individuals is protected appropriately. In order to fulfill this responsibility, we handle personal information in accordance with an internal privacy policy. In addition, internal audits are conducted based on Company regulations to ensure systems are working properly, and steps are taken to prevent information leaks and realize ongoing improvements.

Initiatives to Ensure Information Security

The Nisshinbo Group is constantly reinforcing information security measures to prevent leaks of personal information about customers and other sensitive information. Nisshinbo widely uses anti-virus software and programs to remedy security issues in its IT systems in order to prevent computer viruses from causing leaks of sensitive data. Steps are also being taken to tighten access to IT systems to prevent and limit leaks of information caused by internal unethical actions.

We have also formulated information security guidelines, which are used as a checklist by Group companies in Japan and overseas to conduct their own inspections of information security systems.

In addition to the above measures to protect IT systems, we are making continuous improvements to the protection of personal information and management of trade secrets through annual internal audits.

COMPLIANCE

Based on two key principles in its Corporate Philosophy – Public Entity and Consistent Integrity – the Nisshinbo Group's mission is to act with fairness and integrity in order to contribute to society through its business activities. To achieve this aim, we have formulated the Nisshinbo Group Business Conduct Guidelines, which clearly define the standards of behavior that Nisshinbo employees are expected to follow as part of wider efforts to enforce compliance.

Corporate Ethics Committee

Nisshinbo has established a Corporate Ethics Committee that answers directly to the president. The committee is led by a director with a dual role as a managing officer, who is responsible for handling all compliance matters across the Nisshinbo Group.

Specifically, the Corporate Ethics Committee is responsible for (1) implementing corporate ethics systems and regulations, (2) deciding the content and methods of corporate ethics training for employees, and (3) formulating and implementing investigations, responses, procedures and remedial measures related to consultations and reports received through the Company's Corporate Ethics Reporting System.

Corporate Ethics Reporting System

The Nisshinbo Group has established a Corporate Ethics Reporting System to rapidly identify and prevent any reoccurrence of potential or actual 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. Every effort is made to protect those who have used the system from unfair treatment.

If the Corporate Ethics Committee receives a report via the system, it convenes a meeting, launches an investigation and takes appropriate action where necessary. If the outside corporate attorney receives a report, appropriate action is taken based on close cooperation with the Corporate Ethics Committee.

In the case of reports received from individuals who have provided their name and contact details, the Corporate Ethics Committee provides information about how the matter is being dealt with, such as updates on the investigation and a summary of its conclusions. The Corporate Ethics Committee also works to prevent any future violations of law or corporate ethics by providing information to all companies in the Group about its response to the issue based on the results of the investigation.

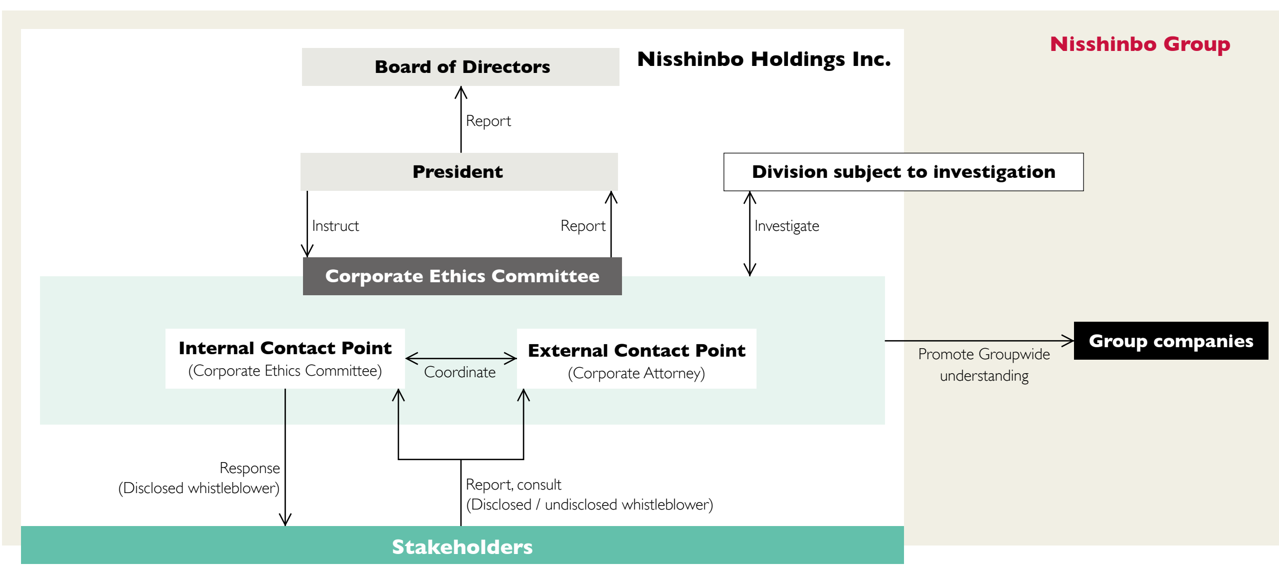
Compliance Education

In order to promote wider understanding of corporate ethics, the Nisshinbo Group conducts compliance training for different employee levels and work sites. Compliance is also part of the curriculum for new employee orientation courses.

Basic Stance on Antisocial Forces

The Nisshinbo Group rejects all contact with antisocial forces, which threaten the peace and stability of civil society. The Group as a whole takes an uncompromising approach to any antisocial forces and their associates. We will work closely with the relevant authorities to deal with any illegitimate demands received from antisocial forces. We do not respond to such demands in any circumstances.

Corporate Ethics Reporting System



Outside Director interview

Tomofumi Akiyama
Outside Director, Nisshinbo Holdings Inc.
Chairman, Fukoku Mutual Life Insurance Company

What is your role as outside director?

I believe it is important to ask the other directors candidly about the "how" and "why" of their decision-making from the perspective of an ordinary member of the public.

I work for a financial institution, so I lack specialist knowledge about the manufacturing sector. However, as the representative of the Company's shareholders, I believe one of my key roles in the management of the Company is to ask the other directors candidly about the "how" and "why" of their management decisions from the perspective of an ordinary member of the public. Naturally, I also use my expertise from the finance sector to offer forthright opinions about the health of Nisshinbo's management and investment efficiency.

The Nisshinbo Group's Board of Directors is extremely active and open to new ideas. Every member of the board is also committed to achieving the Group's management goals. I and the other two outside directors actively participate in meetings of the board, sometimes to the point where I worry that we may be obstructing proceedings, but often our ideas and opinions are reflected in the running of the Company, making our participation worthwhile. We also regularly visit the Group's business sites. These visits give us insights into Nisshinbo's many businesses to help us discuss proposals that come before the board.

What is your view of the Nisshinbo Group?

I am excited about Nisshinbo's future, because it has the scope to innovate totally new businesses by combining its strengths in existing fields.

Nisshinbo has traditionally had a sound corporate culture, offering reassurance in terms of risk management. Also, it returns profits to shareholders and invests in its businesses, rather than holding onto large reserves of cash. Management strategy is also clear. I believe Nisshinbo's strategy of channeling management resources into promising growth businesses and overseas operations is the right way to go to achieve its targets for the fiscal year ending March 2018: net sales in excess of ¥600 billion, operating income of over ¥40 billion and ROE of at least 9%.

However, amid rapid expansion in overseas production, Nisshinbo needs to make every effort to ensure safe operations. I want Nisshinbo to be one of the most highly trusted companies for safety in Japan and overseas.

Throughout its history, the Nisshinbo Group has faced many far-reaching changes in its operating environment. However, every time, the Group has overcome these challenges due to the ability of its employees and senior managers to adapt to change. The Group today is made up of seven main businesses. Just as the automobile brakes business was born out of the textiles business in the past, I believe Nisshinbo has the scope to innovate totally new businesses by combining its strengths in existing fields. I am excited about what lies ahead for the Nisshinbo Group.

Board of Directors (As of June 27, 2014)

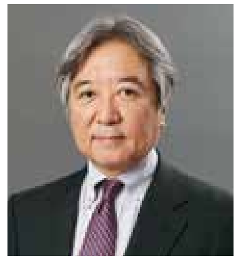
Director,*1
Chairman
Shizuka Uzawa

Director,*1
President
Masaya Kawata

Director,
Executive Managing Officer
Masahiro Murakami

Director,
Managing Officer
Takayoshi Tsuchida

Director,
Managing Officer
Nobuyuki Hagiwara



Director,
Managing Officer
Koji Nishihara

Director,
Managing Officer
Toshihiro Kijima

Director,
Managing Officer
Takayoshi Okugawa

Director,
Managing Officer
Kazunori Baba

Director*2
Tomofumi Akiyama

Director*2
Noboru Matsuda

Director*2
Yoshinori Shimizu

*1 Representative director *2 Outside director

Audit & Supervisory Board Members
(As of June 27, 2014)

Yoshio Ide
Yoichi Fujiwara

Outside Audit & Supervisory Board Members
Yo Kawakami
Toshihiko Tomita

Managing Officers
(As of June 27, 2014)

President
Masaya Kawata*

Executive Managing Officer
Masahiro Murakami*

Managing Officers
Takayoshi Tsuchida*
Nobuyuki Hagiwara*
Koji Nishihara*
Toshihiro Kijima*
Takayoshi Okugawa*
Kazunori Baba*
Masahiro Kawamura
Akihiro Yoshino
Hajime Sasaki
Hiroshi Nakano
Kazuhiro Iwata
Akihiro Ishizaka
Makoto Sugiyama

* Concurrent board member

Financial Section

Management's Discussion and Analysis

HIGHLIGHTS

- Net sales increased 9.7% year on year, reflecting a large rise in sales in the automotive brakes business and the electronics business.
- Net income rose 40.4% year on year.
- For the fiscal year ending March 2015, we forecast higher earnings in the electronics business and the automobile brakes business, supported by the start of full-scale operations at a brake subsidiary in China.

OPERATING RESULTS

Economic Environment

During the fiscal year ended March 2014, the US economy continued to recover at a moderate pace. The European economy also gained momentum, with Germany, the U.K. and other countries in the region starting to see a pickup in economic growth. However, the slowdown in emerging economies deepened, reflecting the impact of fund flows back to advanced economies after the US started to wind back monetary easing. China sought to move away from its policy of rapid economic growth fueled by major economic stimulus packages to a more sustainable growth path, while geopolitical risks such as the crisis in Ukraine were a cause for concern.

The Japanese economy continued to see a modest recovery. A coordinated effort between the government and the Bank of Japan in economic and monetary policy led to a weakening in the yen and gains in the equity market. This supported an improvement in consumer confidence, which along with a spike in demand ahead of the increase to consumption tax, spurred an upturn in consumer spending. Corporate earnings also gained momentum on the back of factors such as strengthening consumer spending and post-earthquake rebuilding demand.

Going forward, rising household incomes and private-sector capital investment could underpin a more established recovery in the domestic economy, but the risk of a downturn is likely to persist due to the impact of higher import prices caused by the weak yen and a possible pullback in demand after the consumption tax hike.

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

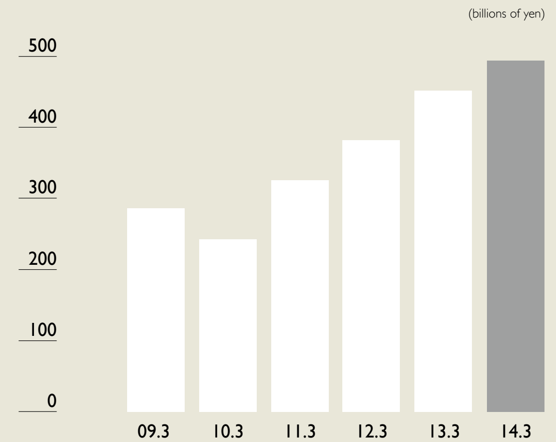
The Nisshinbo Group reported higher sales, but a modest decline in operating income compared with the fiscal year ended March 2013, when the Group booked sales from a large-scale property release. However, net income increased year on year.

Net sales totaled ¥494,350 million (US$4,708 million), an increase of 9.7% year on year. This reflected a large rise in sales in the automobile brakes business due to strong sales at overseas subsidiaries and the positive impact of the weak yen on overseas sales when converted into yen. Sales also rose in the electronics business on the back of strong performances by solutions and semiconductors.

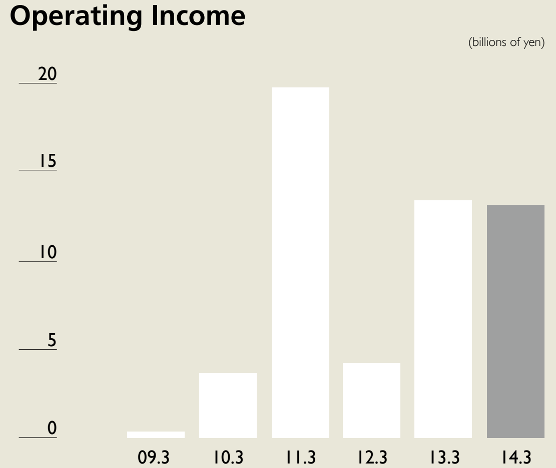
Operating income declined 1.6% year on year to ¥13,175 million (US$125 million). The modest decline in operating income reflected a drop in profits of ¥4,509 million in the real estate business from the previous fiscal year, when the Group carried out a large-scale property release. This was mainly offset by a sharp improvement in earnings in the automobile brakes business due to a recovery at TMD Friction Group S.A. (TMD) and a strong performance by other overseas subsidiaries, and also by profit growth at Japan Radio Co., Ltd. in the electronics business. The operating income figure of ¥13,175 million is after ¥9,172 million in total costs related to the TMD acquisition, including goodwill amortization and costs related to the alignment of Japanese, US and European accounting standards.

Net income increased 40.4% year on year to ¥9,012 million (US$86 million). Although the Company booked extraordinary losses of ¥4,541 million due to business restructuring costs at Japan Radio Co., Ltd. and other factors, corporate taxes declined due to the recognition of deferred tax assets at a subsidiary.

Net Sales



Operating Income



CURRENT BUSINESS STRATEGIES AND FUTURE PROSPECTS

As an environmental and energy company providing solutions to help tackle humanity's greatest challenge – global environmental issues – Nisshinbo is targeting net sales in excess of ¥600 billion, operating income of over ¥40 billion and ROE of at least 9% by the fiscal year ending March 2018. We aim to achieve these targets by focusing on strategic businesses in four areas: wireless communications and electronics, automotive parts and devices, lifestyle and materials, and new energy and smart society. In April 2013, we formulated a new three-year management plan called NEXT 2015, the roadmap for our strategic targets. Under the plan, we are aiming for net sales of ¥550 billion and operating income of ¥24 billion in the fiscal year ending March 2016. In order to achieve those targets, we are enhancing the Group's global competitiveness by restructuring and expanding the electronics business, strengthening the automobile brakes business, and improving profitability in the textiles, papers, precision instruments and chemicals businesses.

In the fiscal year ending March 2015, our main priorities will be restructuring and expanding the electronics business and boosting earnings in the automobile brakes business. In the electronics business, we plan to build on the success of business restructuring at New Japan Radio Co., Ltd. in the fiscal year ended March 2014. In order to further strengthen the operating structure in the electronics business, we will roll out a strategy to generate new growth and implement radical structural reforms, centered on Japan Radio Co., Ltd., which is focused on wireless communications technology, and at Nagano Japan Radio Co., Ltd. and Ueda Japan Radio Co., Ltd. In the automobile brakes business, we plan to reinforce the earnings structure further by implementing cost reforms at TMD. For the fiscal year ending March 2015, we forecast higher earnings in the electronics business due to growth in solutions and steady progress with business restructuring. We also project earnings growth in the automobile brakes business, supported by a stronger performance by TMD and the start of full-scale operations at a subsidiary in China. Our estimates are based on average exchange rates for the fiscal year of ¥105/US$ and ¥140/€.

	Net Sales (millions of yen)		Operating Income (Loss) (millions of yen)	
Textiles	51,349	up 1.1%	552	down 4.0%
Automobile Brakes	148,699	up 25.1%	(1,814)	an improvement of ¥2,488 million
Papers	31,686	up 3.8%	42	down 94.0%
Precision Instruments	28,655	up 16.9%	1,075	an improvement of ¥1,221 million
Chemicals	8,810	up 8.1%	106	down 20.5%
Electronics	187,743	up 7.1%	9,352	up 20.1%
Real Estate	10,567	down 31.2%	7,781	down 36.7%
Other Businesses	26,841	down 1.3%	(67)	a deterioration of ¥330 million

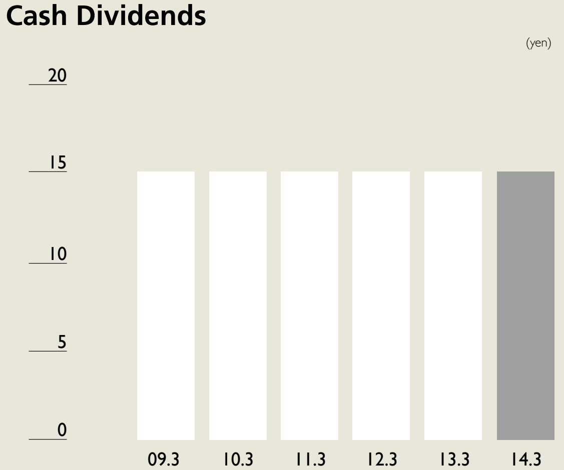
Note: Changes in net sales and operating income (loss) are year-on-year figures; please refer to pages 14 to 26 for details on performance in individual segments.

DIVIDEND

Paying shareholders a stable dividend is one of Nisshinbo's top management priorities. Based on this thinking, the Company's basic policy is to pay a stable and consistent dividend while taking into account the need to strengthen the entire Group over the long term and to ensure sufficient internal reserves to fund business development.

In line with this policy, Nisshinbo aims to pay an annual dividend of ¥15.00 (US$0.14) per share while working to distribute profits to shareholders by flexibly increasing dividends in response to growth in earnings. Also, in principle, Nisshinbo intends to retire treasury stock rather than hold it for long periods.

Cash Dividends

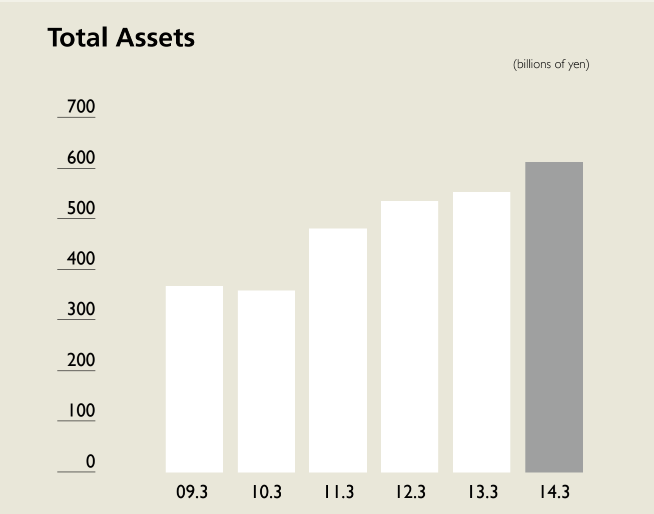


FINANCIAL POSITION

Total assets at the end of the fiscal year stood at ¥611,311 million (US$5,822 million), an increase of ¥59,378 million from the end of the previous fiscal year. This mainly reflected increases of ¥6,422 million in cash and cash equivalents, ¥14,899 million in receivables, ¥9,719 million in inventories, ¥8,695 million in property, plant and equipment, and ¥10,068 million in investment securities.

Total liabilities at the end of the fiscal year were ¥334,446 million (US$3,185 million), an increase of ¥25,136 million from the end of the previous fiscal year. This was mainly attributable to increases of ¥19,917 million in short-term bank loans, ¥7,602 million in payables and ¥6,912 million in deferred tax liabilities (under long-term liabilities), and a decrease of ¥14,366 million in the current portion of long-term debt.

Net assets at the end of the fiscal year totaled ¥276,865 million (US$2,637 million), an increase of ¥34,242 million from the end of the previous fiscal year. This primarily reflected increases of ¥6,392 million in retained earnings, ¥7,460 million in net unrealized gain on available-for-sale securities, and ¥19,612 million in foreign currency translation adjustments. As a result of the above, the shareholders' equity ratio increased 1.2 percentage points year on year to 39.1%.



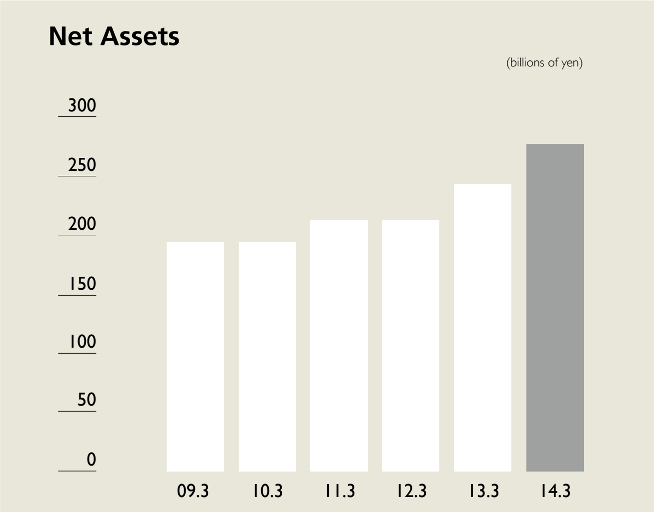
CASH FLOWS

Cash Flows from Operating Activities
Cash flows provided by operating activities totaled ¥26,075 million (US$248 million), mainly reflecting income before income taxes and minority interests of ¥14,517 million, depreciation and amortization of ¥21,486 million, and a decrease in operating cash flow of ¥7,128 million owing to an increase in receivables.

Cash Flows from Investing Activities
Cash flows used in investing activities totaled ¥19,862 million (US$189 million), mainly reflecting cash used of ¥18,902 million for the purchase of property, plant and equipment.

Cash Flows from Financing Activities
Cash flows used in financing activities totaled ¥2,321 million (US$22 million), mainly attributable to an increase of ¥18,148 million in short-term bank loans and ¥22,737 million in proceeds from issuance of long-term debt, versus decreases in cash flow of ¥39,604 million for the repayment of long-term debt, ¥1,042 million for decrease in other long-term liabilities, and ¥2,620 million for cash dividends paid.

As a result of the above, cash and cash equivalents at the end of the fiscal year totaled ¥24,825 million (US$236 million), an increase of ¥6,422 million from the end of the previous fiscal year.



PRODUCTION RESULTS

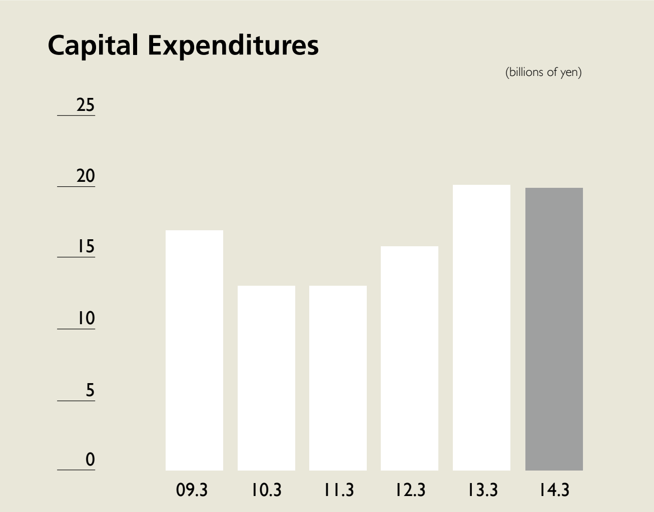
Production results in each segment for the fiscal year under review were as follows:

Industry Segment	Amount (millions of yen)	Year-on-Year Change (%)
Textiles	42,121	+13.2
Automobile Brakes	121,429	+27.1
Papers	29,054	+8.9
Precision Instruments	26,876	+14.0
Chemicals	6,783	+5.3
Electronics	197,615	+7.5
Other Businesses	360	+136.2
Total	424,233	+13.6

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

CAPITAL EXPENDITURES

The Nisshinbo Group channels capital expenditures into priority product fields that offer the potential for long-term growth and into upgrading manufacturing equipment to raise product quality. It also invests in environmental measures such as the reduction of greenhouse gases and in manufacturing facilities in China and Southeast Asia in response to rising demand driven by market expansion. In the fiscal year ended March 2014, capital expenditures totaled ¥19,896 million. In the automobile brakes business, the Group invested ¥3,801 million to increase brake friction material manufacturing capacity at consolidated subsidiary TMD Friction GmbH and other companies, and ¥2,651 million to upgrade brake friction material manufacturing facilities at consolidated subsidiaries Nisshinbo Somboon Automotive Co., Ltd. and Nisshinbo Saeron (Changshu) Automotive Co., Ltd. In the electronics business, ¥3,308 million in capital expenditures was mainly spent on electronic component manufacturing facilities at consolidated subsidiary Japan Radio Co., Ltd., and ¥1,699 million was mainly spent on semiconductor manufacturing and R&D facilities at consolidated subsidiary New Japan Radio Co., Ltd.



RISK INFORMATION

Forward-looking statements in this report are based on information available to the Nisshinbo Group as of March 31, 2014.

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

Fluctuations in foreign exchange rates can have an impact on the yen value of the Nisshinbo Group's revenues, expenses, receivables and payables arising from business transactions that are denominated in foreign currencies and on foreign currency translation adjustments in the financial statements related to overseas consolidated subsidiaries, which prepare their statements in foreign currencies. While the Group takes steps to mitigate the risk of exchange rate fluctuations, not all this risk can be avoided. Fluctuations in exchange rates may therefore affect the Group's financial results, with periods of yen appreciation putting pressure on profits.

Risk Associated with Unforeseen Revisions to Laws and Regulations

Products supplied by the Japan Radio Group (Japan Radio Co., Ltd. and its consolidated subsidiaries) 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 Nisshinbo Group has secured funding from multiple financial institutions. The Company and some consolidated subsidiaries have entered into commitment line contracts, while consolidated subsidiary New Japan Radio Co., Ltd. has entered into a term loan contract. These companies are bound by certain financial covenants.

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

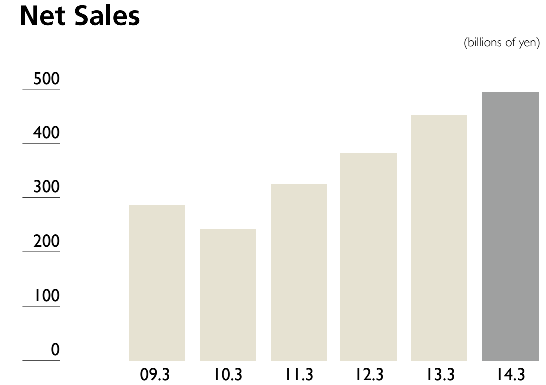
For the years ended March 31

(millions of yen)

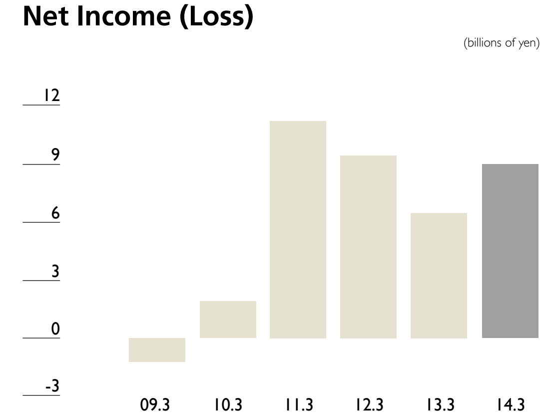
	2009	2010	2011	2012	2013	**2014**
Net Sales	286,167	242,409	325,555	379,340	450,693	**494,350**
Operating Income	408	3,570	19,843	4,170	13,394	**13,175**
Net Income (Loss)	(1,286)	1,896	11,185	9,416	6,418	**9,012**
Net Assets	193,698	193,639	211,557	213,751	242,623	**276,865**
Total Assets	366,858	358,110	479,852	534,584	551,933	**611,311**
Shareholders' Equity Ratio (%)	49.0	51.1	38.0	34.7	37.9	**39.1**
Return on Assets (%)	(0.3)	0.5	2.7	1.9	1.2	**1.5**
Return on Equity (%)	(0.6)	1.0	6.1	5.1	3.2	**4.0**
Payout Ratio (%)*	—	167.7	27.5	36.1	31.5	**27.8**
Capital Expenditures	16,872	13,027	12,800	15,705	20,123	**19,896**
Depreciation and Amortization	18,025	12,960	13,158	14,550	18,969	**21,486**
Common Shares Issued	184,098,939	184,098,939	178,798,939	178,798,939	178,798,939	**178,798,939**
Per Share (in yen):						
Net Income (Loss)	(7.08)	10.38	63.32	53.83	36.74	**51.60**
Shareholders' Equity	985.19	1,034.04	1,036.80	1,063.19	1,198.67	**1,369.78**
Cash Dividends	15.00	15.00	15.00	15.00	15.00	**15.00**
Number of Employees	12,726	12,488	18,292	22,304	22,083	**22,052**

* Payout Ratio is on a non-consolidated basis.

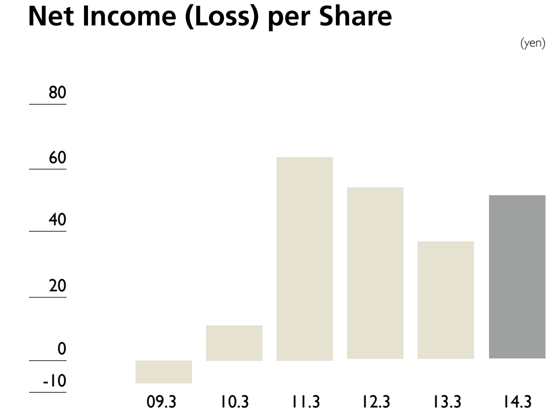
Net Sales



Net Income (Loss)



Net Income (Loss) per Share



Consolidated Balance Sheets

(March 31, 2014 and 2013)

ASSETS	2014 (millions of yen)	2013 (millions of yen)	2014 (thousands of US dollars) (Note 1)
Current assets:			
Cash and cash equivalents	**¥24,825**	¥18,403	**$236,429**
Time deposits (Note 5)	**3,208**	1,798	**30,552**
Marketable securities (Note 4)	**9**	162	**86**
Receivables			
Notes receivable, trade	**9,243**	10,059	**88,029**
Accounts receivable, trade (Note 5)	**134,229**	118,806	**1,278,371**
Unconsolidated subsidiaries and affiliates	**1,278**	1,317	**12,171**
Other	**4,427**	4,073	**42,162**
	149,177	134,255	**1,420,733**
Less allowance for doubtful accounts	**(827)**	(804)	**(7,876)**
	148,350	133,451	**1,412,857**
Inventories (Notes 3 and 5)	**89,425**	79,706	**851,667**
Deferred tax assets (Note 7)	**3,020**	2,832	**28,762**
Other current assets (Note 5)	**3,606**	2,967	**34,343**
Total current assets	**272,443**	239,319	**2,594,696**
Property, plant and equipment (Note 5):			
Land	**52,227**	51,792	**497,400**
Buildings and structures	**172,584**	166,154	**1,643,657**
Machinery, equipment and tools	**297,684**	282,553	**2,835,086**
Construction in progress	**4,193**	2,389	**39,933**
	526,688	502,888	**5,016,076**
Less accumulated depreciation	**(352,441)**	(337,336)	**(3,356,581)**
	174,247	165,552	**1,659,495**
Investments and other assets:			
Investment securities (Notes 4 and 5)	**82,081**	72,013	**781,724**
Investments in and advances to unconsolidated subsidiaries and affiliates	**22,374**	18,845	**213,086**
Deferred tax assets (Note 7)	**8,831**	5,883	**84,105**
Goodwill	**23,378**	23,002	**222,647**
Other	**27,957**	27,319	**266,257**
	164,621	147,062	**1,567,819**
	¥611,311	¥551,933	**$5,822,010**

See Notes to Consolidated Financial Statements.

LIABILITIES AND NET ASSETS	2014 (millions of yen)	2013 (millions of yen)	2014 (thousands of US dollars) (Note 1)
Current liabilities:			
Short-term bank loans (Note 5)	**¥48,653**	¥28,736	**$463,362**
Commercial paper	**30,000**	30,000	**285,714**
Current portion of long-term debt (Note 5)	**20,750**	35,116	**197,619**
Payables			
Notes and accounts payable, trade (Note 5)	**66,412**	58,543	**632,496**
Unconsolidated subsidiaries and affiliates	**166**	217	**1,581**
Other	**8,855**	9,071	**84,333**
	75,433	67,831	**718,410**
Accrued expenses	**13,833**	12,838	**131,743**
Accrued income taxes	**2,835**	3,066	**27,000**
Deferred tax liabilities (Note 7)	**1**	41	**10**
Other current liabilities	**12,156**	10,777	**115,771**
Total current liabilities	**203,661**	188,405	**1,939,629**
Long-term liabilities:			
Long-term debt (Note 5)	**29,722**	27,346	**283,067**
Liabilities for retirement benefits (Note 6)	**43,092**	41,008	**410,400**
Deferred tax liabilities (Note 7)	**41,321**	34,409	**393,533**
Other long-term liabilities (Note 5)	**16,650**	18,142	**158,571**
	130,785	120,905	**1,245,571**
Commitments and contingencies (Note 11)			
Net assets (Note 12):			
Shareholders' equity:			
Common stock:			
Authorized—371,755,000 shares			
Issued 2014 and 2013—178,798,939 shares	**27,588**	27,588	**262,743**
Capital surplus	**20,404**	20,401	**194,324**
Retained earnings	**150,347**	143,955	**1,431,876**
Less treasury stock at cost			
2014—4,149,386 shares	**(3,553)**	—	**(33,838)**
2013—4,126,301 shares	**—**	(3,534)	**—**
Total shareholders' equity	**194,786**	188,410	**1,855,105**
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities	**32,707**	25,247	**311,495**
Deferred gain (loss) on derivatives under hedge accounting	**(42)**	65	**(400)**
Foreign currency translation adjustments	**15,265**	(4,347)	**145,381**
Post retirement liability adjustments	**(3,485)**	—	**(33,190)**
Total accumulated other comprehensive income	**44,445**	20,965	**423,286**
Stock acquisition rights	**264**	282	**2,514**
Minority interests	**37,370**	32,966	**355,905**
Total net assets	**276,865**	242,623	**2,636,810**
	¥611,311	¥551,933	**$5,822,010**

Consolidated Statements of Income

(Years ended March 31, 2014 and 2013)

	(millions of yen) 2014	2013	(thousands of US dollars) (Note 1) 2014
Net sales	**¥494,350**	¥450,693	**$4,708,095**
Costs and expenses:			
Cost of sales	**395,084**	359,463	**3,762,705**
Selling, general and administrative expenses	**86,091**	77,836	**819,914**
	481,175	437,299	**4,582,619**
Operating income	**13,175**	13,394	**125,476**
Other income (expenses):			
Interest and dividend income	**2,288**	1,621	**21,790**
Interest expenses	**(1,578)**	(2,241)	**(15,029)**
Equity in earnings of affiliates	**4,900**	3,075	**46,667**
Other, net (Note 10)	**(4,268)**	1,037	**(40,647)**
	1,342	3,492	**12,781**
Income before income taxes and minority interests	**14,517**	16,886	**138,257**
Income taxes (Note 7):			
Current	**4,134**	3,750	**39,371**
Deferred	**(491)**	2,541	**(4,676)**
	3,643	6,291	**34,695**
Income before minority interests	**10,874**	10,595	**103,562**
Minority interests in net income	**1,862**	4,177	**17,733**
Net income	**¥9,012**	¥6,418	**$85,829**

Per share:	(yen)		(US dollars)
Net income	**¥51.60**	¥36.74	**$0.49**
Cash dividends	**15.00**	15.00	**0.14**

See Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(Years ended March 31, 2014 and 2013)

	(millions of yen) 2014	2013	(thousands of US dollars) (Note 1) 2014
Income before minority interests	**¥10,874**	¥10,595	**$103,562**
Other comprehensive income:			
Net unrealized gain on available-for-sale securities	**7,699**	10,042	**73,324**
Deferred gain (loss) on derivatives under hedge accounting	**(107)**	76	**(1,019)**
Foreign currency translation adjustments	**19,982**	10,411	**190,305**
Equity in earnings of affiliates	**1,143**	508	**10,885**
	28,717	21,037	**273,495**
Comprehensive income	**¥39,591**	¥31,632	**$377,057**
Comprehensive income:			
Parent	**¥35,978**	¥26,330	**$342,648**
Minority interests	**¥3,613**	¥5,302	**$34,409**

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

(Years ended March 31, 2014 and 2013)

(millions of yen)

	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Post retirement liability adjustments	Stock acquisition rights	Minority interests	Total net assets
Balance at April 1, 2012	¥27,588	¥20,401	¥140,213	¥(3,522)	¥15,344	¥(11)	¥(14,280)	¥—	¥246	¥27,772	¥213,751
Cash dividends, ¥15.00 per share			(2,620)								(2,620)
Net income			6,418								6,418
Purchase of treasury stock				(13)							(13)
Disposal of treasury stock			(1)	1							0
Adjustment due to increase in consolidated subsidiaries			(54)								(54)
Other			(1)								(1)
Net changes					9,903	76	9,933		36	5,194	25,142
Balance at March 31, 2013	27,588	20,401	143,955	(3,534)	25,247	65	(4,347)	—	282	32,966	242,623
Cash dividends, ¥15.00 per share			**(2,620)**								**(2,620)**
Net income			**9,012**								**9,012**
Purchase of treasury stock				**(32)**							**(32)**
Disposal of treasury stock		**3**		**13**							**16**
Other			**0**								**0**
Net changes					**7,460**	**(107)**	**19,612**	**(3,485)**	**(18)**	**4,404**	**27,866**
Balance at March 31, 2014	**¥27,588**	**¥20,404**	**¥150,347**	**¥(3,553)**	**¥32,707**	**¥(42)**	**¥15,265**	**¥(3,485)**	**¥264**	**¥37,370**	**¥276,865**

(Thousands of U.S. dollars) (Note 1)

	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Post retirement liability adjustments	Stock acquisition rights	Minority interests	Total net assets
Balance at March 31, 2013	$262,743	$194,295	$1,371,000	$(33,657)	$240,448	$619	$(41,400)	$—	$2,686	$313,962	$2,310,696
Cash dividends, $0.14 per share			**(24,953)**								**(24,953)**
Net income			**85,829**								**85,829**
Purchase of treasury stock				**(305)**							**(305)**
Disposal of treasury stock		**29**		**124**							**153**
Other			**0**								**0**
Net changes					**71,047**	**(1,019)**	**186,781**	**(33,190)**	**(172)**	**41,943**	**265,390**
Balance at March 31, 2014	**$262,743**	**$194,324**	**$1,431,876**	**$(33,838)**	**$311,495**	**$(400)**	**$145,381**	**$(33,190)**	**$2,514**	**$355,905**	**$2,636,810**

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(Years ended March 31, 2014 and 2013)

	(millions of yen) 2014	2013	(thousands of US dollars) (Note 1) 2014
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥14,517**	¥16,886	**$138,257**
Adjustments to reconcile net income to net cash provided by operating activities:			
Income taxes—paid	**(5,018)**	(2,410)	**(47,790)**
Depreciation and amortization	**21,486**	18,969	**204,629**
Amortization of goodwill	**6,584**	4,899	**62,705**
Equity in earnings of affiliates	**(4,900)**	(3,075)	**(46,667)**
Provision for (reversal of) doubtful receivables	**(278)**	161	**(2,648)**
Provision for accrued pension and retirement benefits	**7,240**	6,325	**68,952**
Payment of accrued pension and retirement benefits	**(8,703)**	(9,121)	**(82,886)**
(Gain) loss on sale of property, plant and equipment	**286**	(2,191)	**2,724**
Impairment of long-lived assets	**1,257**	384	**11,971**
Gain on sale of investment securities and investments in and advances to unconsolidated subsidiaries and affiliates	**(1,195)**	(255)	**(11,381)**
Loss on write-down of investment securities and investments in and advances to unconsolidated subsidiaries and affiliates	**498**	328	**4,743**
Other	**1,708**	602	**16,267**
Changes in operating assets and liabilities:			
Receivables	**(7,128)**	(1,146)	**(67,886)**
Inventories	**(3,453)**	4,033	**(32,886)**
Payables	**3,493**	(1,543)	**33,267**
Other, net	**(319)**	1,249	**(3,038)**
Net cash provided by operating activities	**26,075**	34,095	**248,333**
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	**673**	6,859	**6,410**
Proceeds from sale of investment securities and investments in and advances to unconsolidated subsidiaries and affiliates	**5,052**	314	**48,114**
Payment for purchase of property, plant and equipment	**(18,902)**	(19,489)	**(180,019)**
Payment for purchase of investment securities and investments in and advances to unconsolidated subsidiaries and affiliates	**(1,397)**	(246)	**(13,305)**
(Increase) decrease in time deposits	**(1,112)**	2,742	**(10,591)**
Cash paid for newly consolidated subsidiaries, net of payment for purchase of companies	**(2,585)**	—	**(24,619)**
Other, net	**(1,591)**	(1,153)	**(15,152)**
Net cash used in investing activities	**(19,862)**	(10,973)	**(189,162)**
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	**22,737**	4,301	**216,543**
Repayment of long-term debt	**(39,604)**	(28,884)	**(377,181)**
Increase in short-term bank loans	**18,148**	1,380	**172,838**
Increase in commercial paper	**—**	3,000	**—**
Cash dividends paid	**(2,620)**	(2,620)	**(24,953)**
Payment for purchase of treasury stock	**(32)**	(13)	**(304)**
Proceeds from treasury stock sold of consolidated subsidiaries	**180**	0	**1,714**
Decrease in other long-term liabilities	**(1,042)**	(1,089)	**(9,923)**
Other, net	**(88)**	(148)	**(838)**
Net cash used in financing activities	**(2,321)**	(24,073)	**(22,104)**
Effect of exchange rate changes on cash	**2,530**	1,662	**24,095**
Net increase in cash and cash equivalents	**6,422**	711	**61,162**
Cash and cash equivalents of newly consolidated subsidiaries at beginning of year	**—**	788	**—**
Cash and cash equivalents at beginning of year	**18,403**	16,904	**175,267**
Cash and cash equivalents at end of year	**¥24,825**	¥18,403	**$236,429**

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 notes 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 ¥105=$1, the approximate exchange rate at March 31, 2014. 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 affiliated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and affiliated 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.

Translation adjustments are presented under minority interests and foreign currency translation adjustments as a component of net assets.

(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 or net realizable value, cost being substantially determined by the actual cost method or the average cost method.

(f) Marketable and investment securities
The Group classifies all of its marketable and investment securities as available-for-sale, which are reported at fair value, with unrealized gains and losses included in net assets as net unrealized gain on available-for-sale securities. Other investment securities 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 and 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 securities for a period of time sufficient to allow for any anticipated recovery in market value.

When such a decline exists, the Company recognizes an impairment loss to the extent of such decline.

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

(h) Goodwill
The difference between the cost and underlying fair value of the net assets 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 assets 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 Company, domestic consolidated subsidiaries and certain foreign consolidated subsidiaries have defined benefit plans and defined contribution plans that cover substantially all employees. Under the defined benefit plans, the annual provision for retirement benefits is calculated to state the asset and liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

On May 17, 2012, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No.26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No.25, "Guidance on Accounting Standard for Retirement Benefits", which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 and the other related guidance.

Under the revised accounting standard, actuarial gains and losses and past service cost are recognized within net assets accumulated other comprehensive income in the consolidated balance sheets after adjusting for tax effects, and the funding deficit or surplus is recognized as a liability or asset.

The Group has applied the revised accounting standard from the year ended March 31, 2014.

The effect of this revised accounting standard, the Group has recognized this actuarial gains and losses and past service costs as of March 31, 2014 and recorded ¥3,485 million ($33,190 thousand) as 'Post retirement liability adjustments' within net assets.

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. On the balance sheet, the stock option is presented as a stock acquisition right as a separate component of net assets 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, commodity swap contracts and interest rate swaps, as a means of hedging exposure to foreign currency and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income, and b) for derivatives used for hedging purpose if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and hedged items, gain or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense.

(o) Asset retirement obligation

The asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of such tangible fixed assets under the Japanese accounting standard.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made.

The asset retirement cost is allocated to expense through depreciation over the remaining useful life of the assets.

3. Inventories

Inventories at March 31, 2014 and 2013 were as follows:

	(millions of yen) 2014	2013	(thousands of US dollars) 2014
Finished products	**¥29,948**	¥27,606	**$285,219**
Work in process	**38,094**	34,344	**362,800**
Materials and supplies	**21,383**	17,756	**203,648**
	¥89,425	¥79,706	**$851,667**

4. Marketable and Investment Securities

The carrying amounts and aggregate fair values of available-for-sale securities included in marketable and investment securities at March 31, 2014 and 2013 were as follows:

	(millions of yen) 2014	2013	(thousands of US dollars) 2014
Cost	**¥27,901**	¥29,421	**$265,724**
Unrealized gains	**52,933**	41,621	**504,124**
Unrealized losses	**(799)**	(1,483)	**(7,610)**
Fair value	**¥80,035**	¥69,559	**$762,238**

Aggregate cost of non-marketable securities accounted for under the cost method totaled ¥2,055 million ($19,572 thousand) and ¥2,616 million at March 31, 2014 and 2013, respectively.

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

The annual interest rates applicable to the short-term bank loans at March 31, 2014 and 2013 were 0.5% to 6.1%. Long-term debt at March 31, 2014 and 2013 consisted of the following:

	(millions of yen) 2014	2013	(thousands of US dollars) 2014
Long-term debt with collateral:			
Loans from banks maturing serially to 2025, ranging from 0.7% to 3.8%	**¥10,770**	¥12,851	**$102,572**
10.8% bonds due in 2014	**—**	11,134	**—**
Long-term debt without collateral:			
Loans from banks maturing serially to 2019, ranging from 0.5% to 7.6%	**38,438**	37,306	**366,076**
Capital lease obligations, due through 2020	**1,264**	1,171	**12,038**
	50,472	62,462	**480,686**
Less current portion	**(20,750)**	(35,116)	**(197,619)**
	¥29,722	¥27,346	**$283,067**

Annual maturities of long-term debt were as follows:

	(millions of yen)	(thousands of US dollars)
Year ending March 31,		
2015	¥20,750	$197,619
2016	15,557	148,162
2017	12,091	115,153
2018	575	5,476
2019 and thereafter	1,499	14,276
	¥50,472	$480,686

At March 31, 2014 and 2013, net book value of assets pledged as collateral for short-term bank loans and long-term debt was as follows:

	(millions of yen) 2014	2013	(thousands of US dollars) 2014
Inventories	**¥—**	¥15,360	**$—**
Property, plant and equipment	**17,045**	26,524	**162,333**
Accounts receivable, trade	**9,600**	13,982	**91,429**
Investment securities	**527**	409	**5,019**
Time deposits	**—**	1,612	**—**
Other current assets	**—**	482	**—**
	¥27,172	¥58,369	**$258,781**

At March 31, 2014 and 2013, in addition, pledged assets as collateral for liabilities other than the above were as follows:

	(millions of yen) 2014	2013	(thousands of US dollars) 2014
Assets pledged:			
Property, plant and equipment	**¥7,817**	¥7,378	**$74,448**
Investment securities	**466**	488	**4,438**
Time deposits	**1**	1	**9**
	¥8,284	¥7,867	**$78,895**

	(millions of yen) 2014	2013	(thousands of US dollars) 2014
Liabilities with collateral:			
Other long-term liabilities	**¥7,466**	¥8,031	**$71,105**
Notes and accounts payable, trade	**1,025**	314	**9,762**
	¥8,491	¥8,345	**$80,867**

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.

The liability for retirement benefits for directors and corporate auditors at March 31, 2014 and 2013 was ¥29 million ($276 thousand) and ¥153 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

Changes of the liability for employees' retirement benefits for the years ended March 31, 2014 and 2013 were as follows:

	(millions of yen)		(thousands of US dollars)
	2014	2013	**2014**
Projected benefit obligation			
Balance at beginning of year	**¥107,866**	¥98,258	**$1,027,295**
Service cost	**5,036**	4,546	**47,962**
Interest cost	**1,634**	2,105	**15,562**
Recognized actuarial (gain) loss	**(921)**	10,486	**(8,771)**
Actual payment of retirement benefits	**(10,525)**	(9,101)	**(100,238)**
Exchange differences	**3,239**	1,572	**30,848**
Other	**(845)**	—	**(8,048)**
Balance at end of year	**¥105,484**	¥107,866	**$1,004,610**
Fair value of plan assets			
Balance at beginning of year	**¥58,219**	¥51,746	**$554,467**
Expected return on plan assets	**1,110**	1,221	**10,571**
Recognized actuarial gain	**4,713**	4,169	**44,886**
Contributions to the defined pension plan	**3,456**	5,276	**32,914**
Payment	**(5,337)**	(5,332)	**(50,828)**
Exchange differences	**1,896**	1,139	**18,057**
Balance at end of year	**¥64,057**	¥58,219	**$610,067**

The components of net periodic retirement benefit costs for the years ended March 31, 2014 and 2013 were as follows:

	(millions of yen)		(thousands of US dollars)
	2014	2013	**2014**
Defined benefits plans:			
Service cost	**¥5,036**	¥4,546	**$47,962**
Interest cost	**1,634**	2,105	**15,562**
Expected return on plan assets	**(1,110)**	(1,221)	**(10,571)**
Amortization of prior service cost	**(302)**	(308)	**(2,876)**
Recognized actuarial loss	**1,953**	1,139	**18,600**
Total	**¥7,211**	¥6,261	**$68,677**

Retirement benefits paid due to restructuring of business operations for the years ended March 31, 2014 and 2013 were ¥4,065 million ($38,714 thousand) and ¥1,093 million, respectively.

Assumptions used for the years ended March 31, 2014 and 2013 were set forth as follows:

	2014	2013
Discount rate	**1.0%–2.0%**	1.0%–2.0%
Expected rate of return on plan assets	**0.0%–4.5%**	1.5%–4.2%

7. Income Taxes

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2014 and 2013 were as follows:

	(millions of yen)		(thousands of US dollars)
	2014	2013	**2014**
Deferred tax assets:			
Loss on devaluation of inventories	**¥1,637**	¥1,951	**$15,590**
Tax loss carryforwards	**24,104**	23,620	**229,562**
Unrealized gain caused by intercompany transactions	**1,277**	1,043	**12,162**
Accrued employees' bonuses	**2,147**	2,184	**20,448**
Accrued severance benefits	**13,513**	10,663	**128,695**
Impairment of long-lived assets and depreciation in excess of tax limitation	**1,853**	1,088	**17,648**
Devaluation of investment securities	**894**	1,024	**8,514**
Software costs	**1,731**	2,080	**16,486**
Other	**4,327**	4,299	**41,209**
Less valuation allowance	**(36,216)**	(34,925)	**(344,914)**
	¥15,267	¥13,027	**$145,400**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**¥(18,885)**	¥(14,659)	**$(179,857)**
Deferred gains on sale of property	**(5,334)**	(5,497)	**(50,800)**
Land revaluation surplus	**(9,741)**	(9,461)	**(92,771)**
Intangible assets recognized in business combination	**(5,400)**	(5,117)	**(51,429)**
Other	**(5,378)**	(4,028)	**(51,219)**
	¥(44,738)	¥(38,762)	**$(426,076)**
Net deferred tax	**¥(29,471)**	¥(25,735)	**$(280,676)**

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2014 and 2013 and the actual effective tax rates reflected in the accompanying consolidated statements of income was as follows:

	2014	2013
Normal effective statutory tax rate	**38.0%**	38.0%
Net changes in valuation allowance	**(13.5)**	(10.2)
Equity in earnings of affiliates	**(12.3)**	(6.8)
Dividends income not taxable	**(7.0)**	(1.0)
Lower income tax rates applicable to income in certain foreign countries	**(8.7)**	(0.3)
Amortization of goodwill	**16.1**	12.0
Effects of revised tax rate	**1.8**	—
Other	**10.7**	5.6
Actual effective tax rate	**25.1%**	37.3%

As a result of changes in the corporate tax rate, the deferred tax assets using enacted tax rates in effect for the years in which differences are expected to reverse at 35.6% for the years ending March 31, 2015 and thereafter.

8. Leases

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

Total rental expenses for the years ended March 31, 2014 and 2013 were ¥665 million ($6,333 thousand) and ¥639 million, respectively.

9. Derivatives

The Group enters into foreign currency forward contracts, currency swap contracts and commodity swap contracts to hedge exchange risk associated with certain assets and liabilities denominated in foreign currencies and also into interest rate swap contracts to manage its interest rate exposures on certain liabilities. Such contracts outstanding at March 31, 2014 and 2013 were as follows:

	2014 (millions of yen)			2013 (millions of yen)			2014 (thousands of US dollars)		
Not hedged:	Contract amount	Fair value	Unrealized loss	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized loss
Interest rate swap:									
Fixed rate payments, floating rate receipt	**¥309**	**¥(10)**	**¥(10)**	¥433	¥(16)	¥(16)	**$2,943**	**$(95)**	**$(95)**
Commodity swap:									
Purchased raw materials	**¥1,268**	**¥(17)**	**¥(17)**	¥—	¥—	¥—	**$12,076**	**$(162)**	**$(162)**
Foreign currency forward contracts:									
Sold	**¥2,128**	**¥(9)**	**¥(9)**	¥1,040	¥(36)	¥(36)	**$20,267**	**$(86)**	**$(86)**
Purchased	**¥1,345**	**¥(6)**	**¥(6)**	¥945	¥(11)	¥(11)	**$12,810**	**$(57)**	**$(57)**
Currency swap:									
Receive EUR · Pay JP¥	**¥—**	**¥—**	**¥—**	¥456	¥2	¥2	**$—**	**$—**	**$—**
Receive EUR · Pay US$	**¥231**	**¥(1)**	**¥(1)**	¥183	¥(9)	¥(9)	**$2,200**	**$(10)**	**$(10)**

	2014 (millions of yen)			2013 (millions of yen)			2014 (thousands of US dollars)		
Hedged:	Contract amount	Contract amount due after one year	Fair value	Contract amount	Contract amount due after one year	Fair value	Contract amount	Contract amount due after one year	Fair value
Commodity swap:									
Purchased raw materials	**¥957**	**¥—**	**¥(76)**	¥1,070	¥—	¥42	**$9,114**	**$—**	**$(724)**
Foreign currency forward contracts:									
Sold	**¥259**	**¥—**	**¥(1)**	¥190	¥—	¥1	**$2,467**	**$—**	**$(10)**
Purchased	**¥1,300**	**¥—**	**¥19**	¥735	¥—	¥41	**$12,381**	**$—**	**$181**

10. Other Income (Expenses) — Other, Net

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

	2014 (millions of yen)	2013 (millions of yen)	2014 (thousands of US dollars)
Gain (loss) on sale of property, plant and equipment	**¥(286)**	¥2,191	**$(2,724)**
Impairment of long-lived assets	**(1,257)**	(384)	**(11,971)**
Gain on sale of securities	**1,195**	255	**11,381**
Write-down of investment securities	**(498)**	(328)	**(4,743)**
Retirement benefits paid due to restructuring of business operations	**(4,065)**	(1,093)	**(38,714)**
Amortization of goodwill	**94**	357	**895**
Other, net	**549**	39	**5,229**
	¥(4,268)	¥1,037	**$(40,647)**

11. Commitments and Contingencies

Contingent liabilities at March 31, 2014 and 2013 for trade notes discounted with banks amounted to ¥659 million ($6,276 thousand) and ¥1,107 million, respectively.

Contingent liabilities at March 31, 2014 and 2013 for loans guaranteed amounted to ¥90 million ($857 thousand) and ¥43 million, respectively.

Commitments for capital expenditures outstanding at March 31, 2014 and 2013 were in the approximate amounts of ¥3,057 million ($29,114 thousand) and ¥2,258 million, respectively.

12. Subsequent Events

(a) Year-end cash dividends

On May 8, 2014, the Board of Directors of Nisshinbo Holdings Inc. declared year-end cash dividends (¥7.5 per share) in the amount of ¥1,310 million ($12,476 thousand).

(b) Stock option

At the general shareholders meeting held on June 27, 2014, 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, 2016 to July 31, 2021.

13. Segment Information

Information about industry segments of the Company and its consolidated subsidiaries for the years ended March 31, 2014 and 2013 was as follows:

(millions of yen)

2014	Textiles	Automobile Brakes	Papers	Precision Instruments	Chemicals	Electronics	Real Estate	Other Businesses	Eliminations/ Corporate	Consolidated
Sales and Segment Profit (loss):										
Sales to customers	**¥51,349**	**¥148,699**	**¥31,686**	**¥28,655**	**¥8,810**	**¥187,743**	**¥10,567**	**¥26,841**	**¥—**	**¥494,350**
Intersegment sales	**193**	**44**	**746**	**1,351**	**267**	**93**	**2,479**	**1,514**	**(6,687)**	**—**
Total sales	**¥51,542**	**¥148,743**	**¥32,432**	**¥30,006**	**¥9,077**	**¥187,836**	**¥13,046**	**¥28,355**	**¥(6,687)**	**¥494,350**
Segment profit (loss) [Operating income (loss)]	**¥552**	**¥(1,814)**	**¥42**	**¥1,075**	**¥106**	**¥9,352**	**¥7,781**	**¥(67)**	**¥(3,852)**	**¥13,175**
Segment assets:	**¥47,837**	**¥167,264**	**¥22,311**	**¥29,857**	**¥8,215**	**¥208,527**	**¥47,274**	**¥32,533**	**¥47,493**	**¥611,311**
Other:										
Depreciation and amortization	**¥1,504**	**¥9,732**	**¥1,041**	**¥1,459**	**¥605**	**¥4,751**	**¥1,767**	**¥275**	**¥352**	**¥21,486**
Increase in property, plant and equipment and intangible assets	**¥1,036**	**¥8,735**	**¥416**	**¥980**	**¥1,080**	**¥7,287**	**¥550**	**¥834**	**¥(1,022)**	**¥19,896**

(millions of yen)

2013	Textiles	Automobile Brakes	Papers	Precision Instruments	Chemicals	Electronics	Real Estate	Other Businesses	Eliminations/ Corporate	Consolidated
Sales and Segment Profit (loss):										
Sales to customers	¥50,773	¥118,849	¥30,524	¥24,520	¥8,150	¥175,308	¥15,367	¥27,202	¥—	¥450,693
Intersegment sales	27	166	708	862	485	113	2,570	2,259	(7,190)	—
Total sales	¥50,800	¥119,015	¥31,232	¥25,382	¥8,635	¥175,421	¥17,937	¥29,461	¥(7,190)	¥450,693
Segment profit (loss) [Operating income (loss)]	¥575	¥(4,302)	¥709	¥(146)	¥133	¥7,788	¥12,290	¥263	¥(3,916)	¥13,394
Segment assets:	¥44,703	¥139,592	¥22,178	¥26,092	¥7,965	¥197,358	¥49,608	¥27,633	¥36,804	¥551,933
Other:										
Depreciation and amortization	¥1,345	¥8,424	¥1,061	¥1,318	¥595	¥3,888	¥1,799	¥243	¥296	¥18,969
Increase in property, plant and equipment and intangible assets	¥615	¥11,043	¥293	¥1,673	¥354	¥4,942	¥1,016	¥681	¥(494)	¥20,123

(thousands of US dollars)

2014	Textiles	Automobile Brakes	Papers	Precision Instruments	Chemicals	Electronics	Real Estate	Other Businesses	Eliminations/ Corporate	Consolidated
Sales and Segment Profit (loss):										
Sales to customers	**$489,038**	**$1,416,181**	**$301,771**	**$272,905**	**$83,905**	**$1,788,029**	**$100,638**	**$255,628**	**$—**	**$4,708,095**
Intersegment sales	**1,838**	**419**	**7,105**	**12,866**	**2,543**	**886**	**23,610**	**14,419**	**(63,686)**	**—**
Total sales	**$490,876**	**$1,416,600**	**$308,876**	**$285,771**	**$86,448**	**$1,788,915**	**$124,248**	**$270,047**	**$(63,686)**	**$4,708,095**
Segment profit (loss) [Operating income (loss)]	**$5,257**	**$(17,276)**	**$400**	**$10,238**	**$1,010**	**$89,066**	**$74,105**	**$(638)**	**$(36,686)**	**$125,476**
Segment assets:	**$455,591**	**$1,592,991**	**$212,486**	**$284,352**	**$78,238**	**$1,985,971**	**$450,229**	**$309,838**	**$452,314**	**$5,822,010**
Other:										
Depreciation and amortization	**$14,324**	**$92,686**	**$9,914**	**$13,895**	**$5,762**	**$45,248**	**$16,829**	**$2,619**	**$3,352**	**$204,629**
Increase in property, plant and equipment and intangible assets	**$9,867**	**$83,190**	**$3,962**	**$9,333**	**$10,286**	**$69,400**	**$5,238**	**$7,943**	**$(9,733)**	**$189,486**

Independent Auditor's Report

To the Board of Directors of Nisshinbo Holdings Inc.

We have audited the accompanying consolidated financial statements of Nisshinbo Holdings Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nisshinbo Holdings Inc. and its consolidated subsidiaries as at March 31, 2014, and their financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience translations

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1 to the consolidated financial statements.

Veritas & Co.

VERITAS & Co.
June 27, 2014
Tokyo, Japan

History

1907	Established Nisshin 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)
1985	Acquired Nisshin Denim Inc.
1989	Established Kohbunshi (Thailand) Ltd. (Thailand) (name changed to Nisshinbo Mechatronics (Thailand) Ltd. in 2011)
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 P.T. Gistex Nisshinbo Indonesia (Indonesia) (name changed to P.T. Nisshinbo Indonesia in 2010)
1999	Established Saeron Automotive Corporation (South Korea)
2000	Purchased additional shares of P.T. Nikawa Textile Industry (Indonesia)
	Established Continental Teves Co., Ltd. through merger with Continental Teves AG & Co. oHG (name changed to Continental Automotive Co., Ltd. in 2007)
2002	Established Nisshinbo (Shanghai) Co., Ltd. (China)
	Acquired all shares of Iwao & Co., Ltd.
2003	Established Saeron Automotive Beijing Corporation (China)
2004	Established Continental Automotive Corporation (Lian Yun Gang) Co., Ltd. (China)
2005	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, Precision Instruments, 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 became a consolidated subsidiary as a result
2011	Established Nisshinbo Saeron (Changshu) Automotive Co., Ltd. (China)
	Established Nisshinbo Singapore Pte. Ltd. (Singapore)
	Acquired all shares of TMD Friction Group S.A. (Luxembourg)
2012	Established Nisshinbo Business Management (Shanghai) Co., Ltd. (China)
2013	Established Nisshinbo Commercial Vehicle Brake Ltd. (Thailand)

Corporate Data

(As of March 31, 2014)

Founded

February 5, 1907

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Employees

Parent Company	230
Subsidiaries	21,822
Total	22,052

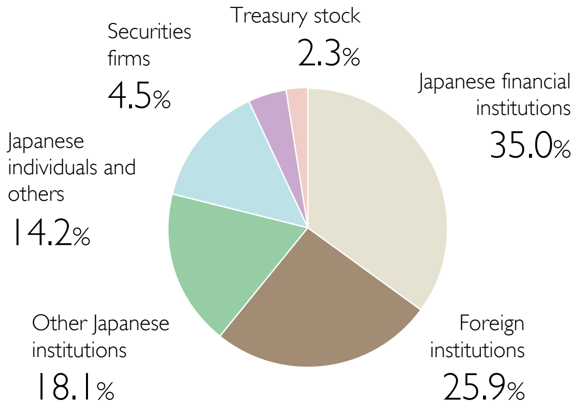
Common Stock

Authorized	371,755,000 shares
Issued	178,798,939 shares
	¥27,588 million (US$263 million)

Shareholders

12,353

Composition of Shareholders



Listings

Tokyo, 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