Management Philosophy
We will endeavor to enhance the corporate value of the company and make a broad contribution to society by manufacturing products that enable people to live fuller and more comfortable lives, with all employees striving to meet the confidence of customers through sound and fair corporate activities.

Japan Vilene is proactive on

Engineering Fabric Innovation

taking the opportunity of the Company’s 50th anniversary.

Engineering Fabrics is the generic name of highly functional products invented by integrating superior raw material technologies, production processes and finishing methods.

Engineering Fabrics responds to the product development needs of our customers.

Japan Vilene strives to meet the expectations of our stakeholders through continuous innovations in business model efficiency, quality, cost, organization and operations.
Development Process of Engineering Fabrics

A leading non-woven company

Ongoing development of original technologies
Cooperation with Freudenberg

Joint development with raw material suppliers
Accumulated know-how

Superior Raw Materials Technologies
Production Process and Equipment
Advanced Converting Technologies

Integration Technology

Industrial Materials

Automotive Materials

Nano Fiber Materials

New Business

New Technology

Air Filters
Masks
Transdermal Materials
Apparel Interlinings

Liquid Filters
Cleaning Rolls
Battery Separators
Wadding

Automotive Filters
Automotive Floor Mats
Automotive Interiors
Automotive Headliners

Wadding

Automotive Filters
Automotive Floor Mats
Automotive Interiors
Automotive Headliners
Expansion of Engineering Fabrics

- Capacitor Separators
- Dye-sensitized Solar Cell Components
- Li-ion Battery Separators
- Transdermal Patch Base Materials
- Fuel Cell Components
- Environmental Purification Filters
- Cell Culture Sheets
- Antiviral Filters
- Nano Structural Sound Absorbing Materials
- Ultra Heat Spreaders
- Bioreactors

Engineering Fabric Innovation
Aim for consolidated sales of 70 billion yen by fiscal 2014

*The above sales amounts are based on the existing accounting standard for FY2009.

*New business + 13 billion yen and existing business + 11 billion yen are compared to FY2009 results.
Key Targets Five Years from Now

**Sales** (Million Yen)

<table>
<thead>
<tr>
<th></th>
<th>2008/3</th>
<th>2011/3</th>
<th>2015/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>59,020</td>
<td>50,239</td>
<td>48,000</td>
<td></td>
</tr>
</tbody>
</table>

**Ordinary Income** (Million Yen)

<table>
<thead>
<tr>
<th></th>
<th>2008/3</th>
<th>2011/3</th>
<th>2015/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,379</td>
<td>1,905</td>
<td>2,400</td>
<td></td>
</tr>
</tbody>
</table>

**Net Profit** (Million Yen)

<table>
<thead>
<tr>
<th></th>
<th>2008/3</th>
<th>2011/3</th>
<th>2015/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,434</td>
<td>672</td>
<td>1,500</td>
<td></td>
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</tbody>
</table>

**Return on Sales**

<table>
<thead>
<tr>
<th></th>
<th>2008/3</th>
<th>2011/3</th>
<th>2015/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.4%</td>
<td>4.3%</td>
<td>&gt; 9%</td>
<td></td>
</tr>
</tbody>
</table>

**Return on Asset**

<table>
<thead>
<tr>
<th></th>
<th>2008/3</th>
<th>2011/3</th>
<th>2015/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.7%</td>
<td>3.8%</td>
<td>4.7%</td>
<td>&gt; 11%</td>
</tr>
</tbody>
</table>

**Return on Invested Capital**

<table>
<thead>
<tr>
<th></th>
<th>2008/3</th>
<th>2011/3</th>
<th>2015/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1%</td>
<td>3.2%</td>
<td>4.4%</td>
<td>&gt; 9%</td>
</tr>
</tbody>
</table>

*ROIC (Return on Invested Capital) = (Operating income + Equity profit) x (1-Tax rate 40%) / Shareholders’ equity + Debts with interests*
Eight Basic Strategies

- Promoting New Business
- Expanding Overseas Business
- Rapidly Commercializing New Developments
- Setting the Direction for Existing Business
- Optimizing Production Sites
- Improving Operating and Administrative Efficiency
- Cultivating the Necessary Talent
- Committing to CSR and Environmental Management

*CSR: Corporate Social Responsibility*
Promoting New Business

Engineering Fabrics makes it possible to develop new materials and to advance into new target markets for Healthcare, Ecology and Comfort, as well as into new geographic markets. We aim for sales of 13 billion yen from all new business in fiscal 2014.

- **Healthcare**: Medical products such as transdermal materials and masks contributing to a healthy and friendly life
- **Ecology**: Materials for next generation batteries and the smart grid, and recycled fibers helping to protect the environment
- **Comfort**: Deodorizing filters and automotive interiors contributing to comfortable living space and quality of life
Expanding Overseas Business

Increase sales and profit of the overseas business, and equity in earnings of affiliates in our priority regions of North America and Asia through effective use of our global networks.

<table>
<thead>
<tr>
<th>Asia</th>
<th>North America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Battery separators,</td>
<td>Automotive floor mats /</td>
</tr>
<tr>
<td>Automotive floor mats /</td>
<td>headliners / interiors,</td>
</tr>
<tr>
<td>headliners / interiors,</td>
<td>Transdermal materials,</td>
</tr>
<tr>
<td>Transdermal materials,</td>
<td>Apparel interlinings and</td>
</tr>
<tr>
<td>Apparel interlinings and</td>
<td>Air-filters</td>
</tr>
<tr>
<td>Automotive floor mats /</td>
<td>Automotive related</td>
</tr>
<tr>
<td>headliners / interiors,</td>
<td>business and Transdermal</td>
</tr>
<tr>
<td>other Automotive related</td>
<td>materials</td>
</tr>
<tr>
<td>Automotive related</td>
<td></td>
</tr>
<tr>
<td>business and Transdermal</td>
<td></td>
</tr>
<tr>
<td>materials</td>
<td></td>
</tr>
</tbody>
</table>
Rapidly Commercializing New Developments

Reforming the conventional development system for the rapid commercialization of new developments by MOT with Engineering Fabrics

- Create new core technology.
- Strengthen integrated technologies.
- Reform the development system.
- Collaborate with outside institutes and networks.

Rapid Commercialization of New Developments
Setting the Direction for Existing Business

Set the direction of existing business and actively pursue a concentration on core competencies, optimization and efficiency, and a review of business models.

Concentration on core competencies
- Battery separators
- Transdermal materials
- Liquid filters
- Automotive floor mats (North America and China)

Promotion of optimization and efficiency
- Masks (Converting)
- Automotive floor mats (Domestic)
- Automotive cabin air filters
- Air filters

Review of business models
- Apparel interlinings
- Masks (B to C)
- Air filters
Optimizing Production Sites

Optimize global production to meet the expectation of our customers.
Set the direction for domestic production sites based on the features of each plant for high efficiency production.

Global Production Sites

Domestic Production Sites

Shiga Plant
- Build environmentally friendly production lines
- Create more value through better conversion
- Making use of the infrastructure

Set the direction for each function

Tokyo Plant
- Produce highly functional and value-added products
- State-of-the-art production lines (labor-saving and high efficiency)
- Strengthen pilot lines

* Shiga plant includes the group companies
Improve capital and cost efficiency by continuously adopting Innovative administration, strengthening SCM and reviewing the cost structure, and aim to increase cash flow.

**Innovation of Administration**
- Take advantage of ERP and IT.
- Consolidate organizations and the functions of related work.

**Strengthening SCM**
- Rationalize supply logistics.
- Strengthen group cooperation in SCM.

**Review of Cost Structure**
- Reduce variable costs.
- Improve the cost structure by reducing fixed costs.

**Efficient operation of working capital**

**Optimization for cost efficiency**

**Increase Operating Cash Flow**
Recruiting and training the necessary talent is one of the most important elements in executing the global management vision, requiring us to define the talent needed and pursue our human resources strategy.

**Human Resources Strategy to Cultivate the Necessary Talent**

- Strategic Recruitment
- Training Program
- Reforming HR Systems

**Overseas Human Resources Strategy**

- Local Recruitment and Training
- Improving Local HR Systems
- Training as Overseas Strategy Planner
- Training as Local Operation Manager
Committing to CSR and Environmental Management

Place a major emphasis on compliance, and maintain and reinforce corporate governance, regulations and systems as the norm for sound and fair corporate activities.

In accordance with fundamental environmental principles, operate under a reduced environmental impact and continuously supply environmentally friendly products.

**Systems and Regulations**
The norms of Behavior
CSR Charter

**Corporate Governance System**
Board of Company Auditors, CSR Committee, Internal Auditors Committee, Personnel Committee

**Environmental Management**
Environment Basic Philosophy, Environment Direction, Environment Report
Statements and information provided in this document other than historical facts represent the future direction of the Japan Vilene Group, and are forecasts and forward-looking statements that reflect expectations and strategies. A number of important factors could cause actual results to differ materially from those in the forecasts and forward-looking statements. Statements and forecasts in the document do not imply a guarantee of actual outcomes in the future.