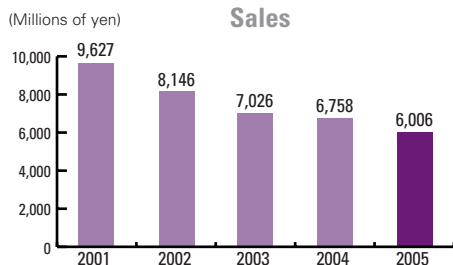


# Review of Operations



## Apparel Materials



In the fiscal year ended March 2005, sales of apparel materials totaled ¥6,006 million, down 11.1% from the previous year.

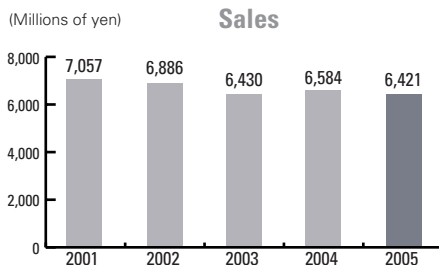
Domestic demand for apparel materials has continued to decline amid the ongoing trend for companies shifting their sewing operations overseas and procuring materials offshore. In a proactive response to this trend, we have developed operations in overseas markets through joint venture businesses with the Freudenberg Group, our global partner. In the interlinings field, we focus on the luxury products market, which has not been affected by falling demand. Indeed, the solid reputation of our mainstay offerings resulted in an increase in sales of our woven interlinings. By contrast, sales of nonwoven interlinings and wadding materials declined as a result of a weak domestic demand.

### Main Products

Interlinings, bonded wadding, handicraft materials, sewing notions



## Medical and Consumer Materials



Sales of medical and consumer materials slipped 2.5%, to ¥6,421 million.

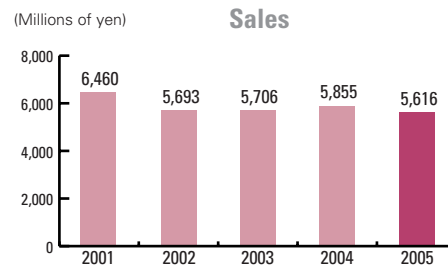
During the year, we noticed signs of a recovery in demand for cold compress base materials, and we launched an active sales campaign in response. Despite declines in market prices of dust mops, we worked hard to expand our market share and succeeded in boosting sales of these products. However, sales of industrial-use protective masks were down, due to falling market prices and a return to normal after strong demand in the previous year generated by the SARS outbreak.

### Main Products

Pharmaceutical materials, cosmetic base materials, hospital supplies, masks, consumer goods, food product packing materials



## Industrial Materials

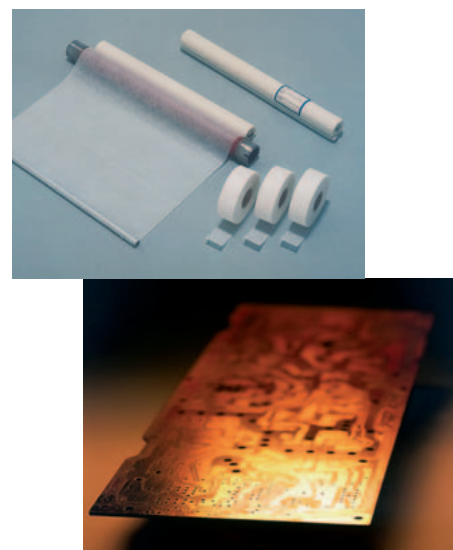


In the year under review, sales of industrial materials declined 4.1%, to ¥5,616 million.

The Group worked hard to meet rising overseas demand for printed circuit board substrates stemming from increased overseas production. Sales of liquid filters rose slightly, due to the Group's new marketing success for highly functional products in the beverages field. By contrast, sales of photocopier cleaning rolls declined amid falling demand for copiers. This was due to widespread use of printers and the impact of changes in specifications accompanying a shift to new copiers with improved functionality.

### Main Products

Industrial, information, and audio equipment supplies, industrial processing materials, shoe and bag backing materials, electrical insulation materials

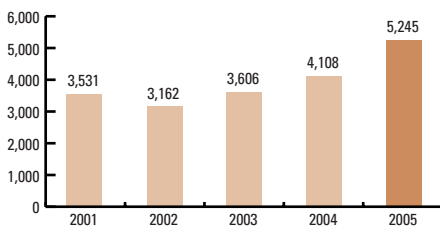




## Electrical Materials

(Millions of yen)

### Sales



Sales of electrical materials jumped 27.7%, to ¥5,245 million.

In the year under review, sales of separators for rechargeable nickel-cadmium batteries increased substantially. This was the result of growth in demand for both industrial-use and general-use power tools accompanying an increase in new housing starts in North America. Sales of separators for rechargeable nickel-hydrogen batteries also posted a considerable jump. This was due to three main factors: growth in the use of rechargeable batteries for digital cameras as a substitute for dry cells, higher demand in Europe for batteries used in cordless phones, and growing demand for batteries used in hybrid vehicles.

#### Main Products

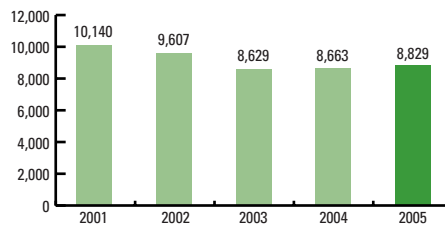
Battery materials



## Air Filters

(Millions of yen)

### Sales

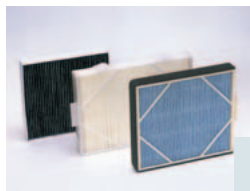


For the year under review, sales of air filters rose 1.9%, to ¥8,829 million.

During the period, sales of cabin air filters for automotive use declined due to intensified market competition. However, replacement demand for such filters increased. Brisk capital spending in hospitals and pharmaceutical-related facilities led to a significant increase in sales of filters for use in clean rooms. Despite longer filter replacement cycles and a trend toward lower prices, sales of air-conditioner filters for office buildings remained mostly unchanged. This was attributable to the launch of environmentally friendly medium- and high-function air filters, proposals for recycling systems, and stronger efforts aimed at generating replacement demand.

#### Main Products

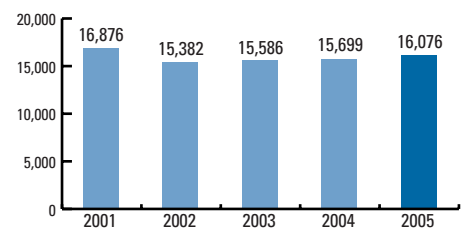
Air filters and equipment, dust collectors, clean room equipment and systems, car cabin air filters



## Automotive Materials

(Millions of yen)

### Sales



Sales of automotive materials grew 2.4%, to ¥16,076 million.

Unit sales of headliner materials for automotive applications increased slightly over the previous year, but continued price declines led to a fall in sales in value terms.

Sales of floor mats were up as growth in sales of products with added functions enabled us to acquire new business. This segment also benefited from healthy demand in the United States.

#### Main Products

Automobile components, automobile accessories, office and house interior materials



## Sales Breakdown by Business Segment

