

Highlights of the Year

Japan VIAM Co., Ltd.

In February 2007, we invested ¥350 million to establish Japan VIAM Co., Ltd., a wholly owned subsidiary. We set up the company to manufacture and sell car floor mats in Japan in direct response to the strategies of domestic automakers. The new company is

located on the premises of the Shiga Factory and began operations in June 2007. Together with our existing car floor mat operations in North America and China, we now have three worldwide production bases operating under the VIAM company name.

Profile

Company name: Japan VIAM Co., Ltd.
Address: 1-11, Katsube 4-chome, Moriyama-shi, Shiga (on the grounds of Japan Vilene's Shiga Factory)
Main business: Manufacture and sale of car floor mats
Capitalization: ¥200 million



Launch of X-3500 Series of Metal-Free Disposable Masks

We recently developed and launched the X-3500 series of metal-free disposable face masks. Vilene Create Co., Ltd., a subsidiary, sells this new series, which are upgraded versions of our existing industrial masks. The series comprises

four models: Japanese DS2-compliant X-3502 and X-3562 (containing activated carbon), and Japanese DS1-compliant X-3501 and X-3561 (containing activated carbon).

Features

1. Since the mask does not contain any metal, it can be disposed of without requiring disassembly or sorting.
2. A newly developed electrically charged filter delivers a high particle collection rate and enables easy respiration. It is ideal for assuring the safety of workers exposed to welding fumes, regarded as a major factor in pneumoconiosis, as well as dust particles.
3. Adjustable rubber strap.



Wadding Integrated under the "Airpack®" Brand

Japan Vilene has integrated its wadding products for apparel applications under a new brand named "Airpack®". Wadding products manufactured by the Japan Vilene Group have already earned a strong reputation among apparel manufacturers in China and other Asian countries for their high quality and stable supply. The

Group's dominance in the Asian market was further boosted when Freudenberg & Vilene Nonwovens (Suzhou) Co., Ltd. (FVC) began full-scale production in 2006. The aim is to establish an internationally recognized brand by identifying Vilene's wadding materials with the Airpack name.



Exhibition Report 2007

***Japan International Welding Show 2006**

International exhibition showcasing cutting-edge technologies and new products for the welding industry

Period: April 12–15, 2006
Venue: Tokyo Big Sight, Japan

Vilene exhibited various types of dust masks used for the protection and safety of workers.



***Asia Nonwovens Exhibition & Conference (ANEX 2006)**

Largest exhibition and conference in Asia for the nonwovens industry

Period: May 24–26, 2006
Venue: Tokyo Big Sight, Japan

Japan Vilene exhibited highly functional nonwovens (fabrics with nano-fibers, biodegradable fabrics and fabrics with functional particles) and its environmentally friendly "Ecoalpha" air filters.



***Green Cross Exhibition 2006**

Exhibition promoting safe and healthy work environments

Period: September 20–22, 2006
Venue: Industry Promotion Center, Niigata City, Japan

Japan Vilene exhibited various dust masks used for the safety and protection of workers.



***Hydrogen & Fuel Cell Expo 2007 (FC Expo 2007)**

Exhibition featuring technologies, components, materials and systems related to fuel cells

Period: February 7–9, 2007
Venue: Tokyo Big Sight, Japan

Japan Vilene exhibited gas diffusion porous materials and air filters for fuel cells.



VIAM Company Receives "2006 Supplier Excellence Award"

VIAM Manufacturing Inc., which manufactures and sells car floor mats in the U.S., received the 2006 Supplier Excellence Award from a major Japanese automaker with U.S. operations. This extremely prestigious award is presented annually to one company among a large number of suppliers deemed to have the highest overall rating in development, production, shipment, and quality. In January 2007, VIAM Manufacturing also

received an "Industry of the Year" award from the Chamber of Commerce in Manchester, Tennessee, for its contributions and increased employment opportunities in the region.



FVFC Receives String of Awards

Freudenberg & Vilene Filter (Changchun) Co., Ltd. (FVFC), a joint venture with Freudenberg that makes and sells automotive filters in Changchun, China, received a succession of awards in January 2007 from local governments and customers. It earned the "Best Foreign Company Award" from Jilin Province for the growth of its business since its establishment in April 2004. Some 28 companies were presented with awards from a total of around 800 companies. FVFC also received the 2006 Ten Best Suppliers Award from a German and Chinese joint venture car manufacturer in Changchun City, and the

Supreme Supplier Award from a Chinese automaker in Beijing. These two awards were presented in recognition of the company's product quality and supply system.



CSR Activities

- ◆ Monthly monetary donations to Nihon Foster Plan Kyokai
- ◆ Donation of goods in August 2006 to JA Zennou Nagano for flood relief
- ◆ Donation of masks and other items to Eco Pavement, a non-profit organization that helps people with mild intellectual disabilities (November 2006)
- ◆ Monetary donations to the Japan Juvenile Writers' Association (June and December 2006)
- ◆ Monetary donations to the AJU Wheelchair Children's Center (August 2006 and February 2007)
- ◆ Donation of goods to the Osaka City Home Help Association (September 2006 and March 2007)
- ◆ Blood donations to the Shiga Red Cross Blood Center and the Ibaraki Red Cross Blood Center (April and October 2006)