

Review of Operations by Business Segment

Apparel and Medical Materials

(Net sales: ¥10,517 million, a decline of 7.9% year on year)

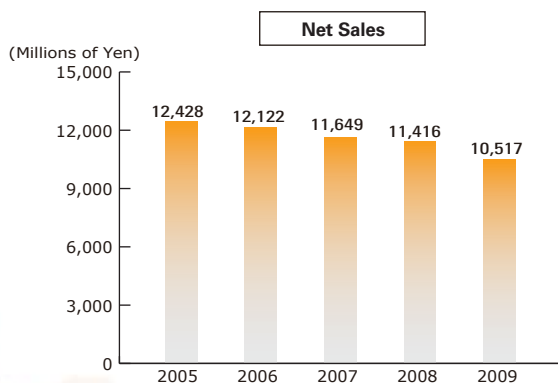
Bonded wadding sales rose from the previous year, driven by an increase in sales of new products. Sales of nonwoven and woven interlinings were down sharply from the previous year, reflecting the further acceleration of local procurements of secondary materials by large apparel manufacturers and the adverse effect of smaller production volumes due to sluggish store sales of garments.

Despite the contraction of the market, the fall in sales of cold compress base materials for cataplasm was small on a year-on-year basis, thanks mainly to the launch of new products. Sales of cold compress base materials for plaster significantly exceeded the year-ago level, with higher sales of new products and the expansion of the market both contributing. Although sales of industrial dust proof particulate respirators declined with weaker demand for mainly automotive applications, sales of N95 particulate respirators and particulate respirators for stockpiling at companies were higher, given stronger demand due to the new type of influenza. Sales of particulate respirators overall rose substantially from the previous year.



Main Products and Related Goods

Interlinings, bonded wadding, handcraft materials, clothing materials, cold compress base materials, and cosmetic and cooling sheet base materials, hospital particulate respirators, gowns and drapes, various types of particulate respirators, professional-use dust mops, and food product packing materials, etc.



Industrial and Electrical Materials

(Net sales: ¥8,700 million, a fall of 18.3% year on year)

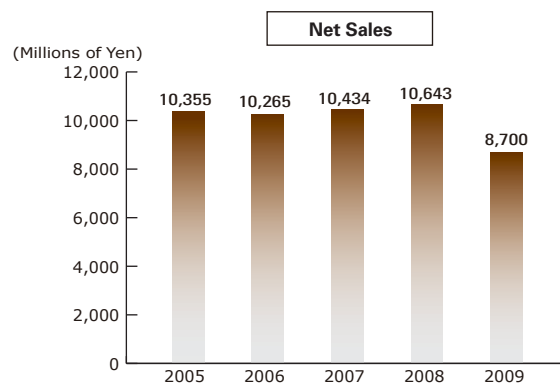
Sales of general-use secondary battery separators were substantially below the year-ago level due to a large fall in demand for electric tool applications, reflecting a fall in housing starts in North America. Sales of secondary battery separators for hybrid vehicles remained solid in the first half, thanks to favorable sales in North America. Although demand fell away significantly in the second half because of the effect of inventory adjustment, full-term sales increased from the previous year on the strength of higher sales of new types of vehicles.

Sales of photocopier cleaning rolls rose from the previous year, because of a rise in shipments of new models and firm demand for genuine parts. Sales of printed circuit board bases fell sharply from the previous year on sluggish demand for home electric appliance and automobile applications.

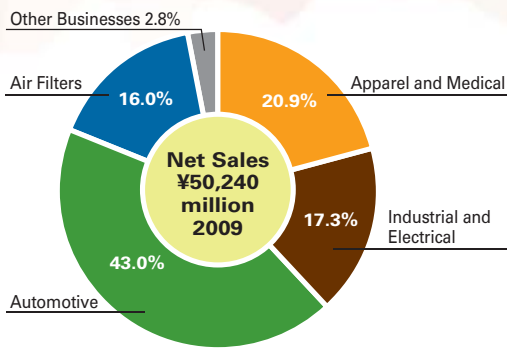


Main Products and Related Goods

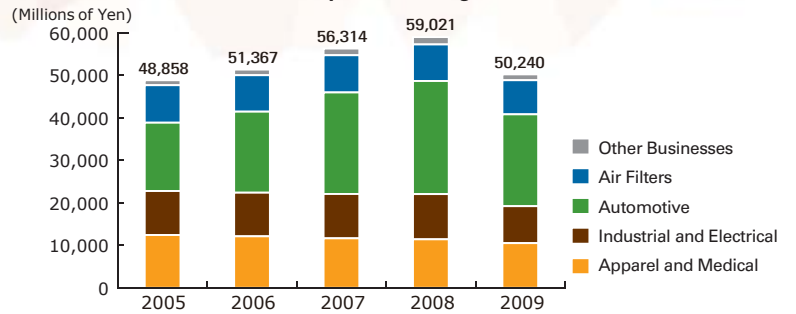
Secondary battery separators (for nickel-cadmium and nickel-metal hybrid batteries), battery electrode base materials and base materials for electric double layer capacitors, photocopier cleaning rolls, packing materials for audio equipment, and roll materials for steel production, heat-and flame-resistant materials, liquid filters, printed circuit board bases, etc.



Composition of Sales by Business Segment



Trends in Sales by Business Segment



(Note) From the fiscal year under review, the Apparel Materials segment and the Medical and Consumer Materials segment were integrated into the Apparel and Medical Materials segment.

Automotive Materials

(Net sales: ¥21,613 million, a decline of 18.8% year on year)

Sales of headliner materials remained firm in the first half, attributable to an increase in export car production, but were adversely influenced by production of domestic automakers in the second half. As a result, full-term sales of headliner materials were down substantially from the previous year.

Sales of floor mats declined markedly from the year-ago level in Japan as new car sales fell. Sales also dropped significantly from the previous year in North America, attributable to a fall in new car sales and the appreciation of the yen. However, sales of floor mats in China grew rapidly, fueled by new business. Overall sales of automobile floor mats were down significantly on a year-on-year basis.

Air Filters

(Net sales: ¥8,029 million, a drop of 6.7% year on year)

Sales of general-use air filters fell below the year-ago result, with users opting for longer replacement cycles to reduce costs and automakers slashing output. Sales of medium- and high-performance air filters for buildings and industrial applications fell year on year, given adverse factors such as the reduced construction of large office buildings, longer replacement cycles for filters, and fewer instances of new capital investment. Sales of built-in filters declined from the year-ago level in the tougher market conditions, despite an increase in orders derived from the response to renewals. Sales of clean room equipment decreased from the previous year affected by a sharp decline in instances of new capital investment. Sales of car cabin air filters increased, thanks to the contribution of more robust sales of new products in the first half.



Main Products and Related Goods

Automotive components (headliner and interior materials, engine intake air filters) and automobile accessories (floor mats, wiping cloths, option parts), etc.



Main Products and Related Goods

Air filters, medium- and high-performance air filters, automatic roll filters, clean room equipment, equipment filters, car cabin air filters, and dust collectors, etc.

