

MESSAGE FROM THE PRESIDENT



TAMOTSU ABE
President

I would like to take this opportunity to thank our shareholders and other investors for their steadfast support and understanding.

In line with our basic philosophy of always staying ahead of changes in the world and providing excellent products, technologies and ideas that meet the needs of our customers and society at large, the Nissin Kogyo Group is working to further establish Nissin as a quality brand that creatively contributes to the environment and safety. Nissin Kogyo aims to become a company that gains the wide-ranging trust and support of its customers, shareholders, local communities, business partners and employees.

OVERVIEW (FISCAL YEAR ENDED MARCH 31, 2006)

During the year under review, consolidated net sales rose 18.3% year on year to ¥166,796 million and operating income increased 21.0% to ¥17,661 million. Both figures were records for Nissin Kogyo.

On the sales front, in Japan, we saw our past efforts in research and development (R&D) bear fruit with the adoption of the NK15 series, our regenerative coordinated braking system for hybrid vehicles, for use in Honda Motor's new Civic Hybrid. Furthermore, our anti-lock brake systems (ABS), vehicle stability assists (VSA) and aluminum products were successively adopted by major customers for new vehicles and full model changes, and we started business transactions with new automakers. With this progress, production steadily expanded at each plant in Japan. To expand production capacity for aluminum products for four-wheeled vehicles, in December 2005, the enlarged Naoetsu No. 2 Factory commenced operations. At the same plant, we installed an environmentally friendly cogeneration system, as was installed at the Ueda Factory, to improve energy efficiency and significantly reduce carbon dioxide emissions.

Overseas, in the U.S., we continued to steadily expand production as we won orders for the NK12 series and aluminum products. And having substantially ramped up production capacity in the rapidly growing Asian markets, Nissin Kogyo posted large increases in both production and sales at operating bases in China, Thailand, Indonesia and Vietnam.

On the profit front, both operating income and net income rose significantly over the previous year, despite the impact of price rises in steel and other raw materials, due to increased earnings at production and sales bases throughout the world and active steps to reduce costs. Nissin Kogyo paid a full-year dividend of ¥60 per share, an increase of ¥18 from the previous year.

In April 2006, Nissin Kogyo conducted a 3-for-1 stock split to increase the free float of its shares and expand its base of individual investors. Moreover, I'm pleased to report that in March 2006, we obtained an "A" rating from Rating and Investment Information, Inc.

BUSINESS PROSPECTS FOR THE FISCAL YEAR ENDING MARCH 31, 2007

Nissin Kogyo's ninth medium-term management plan, which was launched in April 2005, got off to a steady start. We anticipate both increased sales and increased earnings for the year ending March 31, 2007, with projected net sales of ¥180 billion and projected net income of ¥9.5 billion.

Nissin Kogyo recognizes that the difficult business environment of the year under review will persist, amid continuing high prices of crude oil and steel, and intensifying competition with industry rivals. In these circumstances, the Nissin Kogyo Group will further strengthen its global management foundation and create next-generation products that satisfy the safety and environmental requirements of customers. The overriding goals are to accelerate growth and ensure that we establish Nissin as a trustworthy brand. In conclusion, I ask for your continued support as we strive to achieve these goals.

September 2006



Tamotsu Abe
President