

## MESSAGE FROM THE PRESIDENT



**Akihiro Kubo**  
President

**I would like to take this opportunity to extend warm greetings to all our shareholders and other investors, to thank them for their steadfast support and understanding.**

**Nissin Kogyo Co., Ltd. will soon celebrate the 55th anniversary of its establishment. The Nissin Group as a whole has developed into a multi-functional brake system maker capable of providing entire car brake systems, with over 10,000 employees. Such growth stems from our early understanding of the global situation leading to our expansion of production and development bases in Asia, the U.S. and Europe as well as our continuing efforts to address the universal issues raised by motorization: environment and reliability.**

**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. Going forward, 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, 2007)

#### Income and profits increase due to expanded sales in Japan and overseas and currency rates

During the year under review, consolidated net sales rose 12.6% year on year to ¥187,878 million and operating income increased 17.0% to ¥20,666 million. Both figures continued the improvements Nissin Kogyo achieved in the previous fiscal year.

On the sales front, we were able to absorb the impact on sales of the downturn in Indonesia thanks mainly to new sales expansion in Japan, increased exports to the EU and North America, growing demand for four-wheeled vehicles in China, and increased sales of motorcycle products in Brazil.

On the profit front, a weak yen combined with activities to increase income and reduce initial costs yielded increased profits, despite negative factors such as soaring costs for raw materials.

#### Aggressive expansion of business in Japan and overseas bears fruit

In Japan, our major customers continued to use our mechatronics and aluminum products in their new 2007 model cars. This stems from the fact that, following our activities in the motorcycle industry, we now supply full brake systems for four-wheeled vehicles which we developed in collaboration with automakers.

In North America, we initiated expansion of our Georgia factory as part of a drive to boost production capacity.

In Asia, construction is underway of a second factory in Shandong Province, China to respond to orders from Japan for commissioned production of motorcycle components. In Thailand, we are expanding our factory to enhance our complete production lines from materials to finished products. A third factory is also under construction in Vietnam, to respond to the growing motorcycle market there.

Brazil, a cornerstone of the BRIC countries, has seen continued growth in recent years; in response to the future expansion of its automobile market, we began construction of an automobile component factory in the suburbs of Sao Paolo. In India, to meet the needs of growing automobile markets for motorcycles and four-wheeled vehicles, as well as demand from our major customers, we decided to establish a new company to produce brake and aluminum products, and are preparing to construct a new plant.

## **Business Prospects for the Fiscal Year Ending March 31, 2008**

### **Continuing to expand operations in Japan and overseas, and bolstering our business structure**

Nissin Kogyo's ninth medium-term management plan, in operation for two years, has only one year remaining. During the plan, we conducted aggressive expansion of our bases, worked to boost production capacity, and steadily expanded operations, bringing net sales of ¥200 billion within view. In the fiscal year ending March 31, 2008, we aim to achieve the targets of the ninth medium-term management plan, while working to further bolster our business structure, the base for further enhancement in our next medium-term management plan.

In the fiscal year ending March 31, 2008, we forecast net sales of ¥205 billion, operating income of ¥22 billion, ordinary income of ¥23 billion and net income of ¥13.2 billion, based on a projected exchange rate of ¥116 to U.S.\$1. We expect to increase the cash dividend payment by ¥4 per share to ¥36 for fiscal 2008.

Going forward, Nissin Kogyo Group faces numerous uncertain variables in its environment, such as rising materials and resources costs, fluctuations in exchange rates, and diversification of user needs. However, as we enter a new stage, the Nissin Kogyo Group will use all of its collective strength to achieve further advances.

In conclusion, I ask for your continued support and cooperation as we strive to achieve these goals.

September 2007



Akihiro Kubo  
*President*