

● Message from the Chairman

NIHONWASOU HOLDINGS, INC. begins a new era in which our unique business model puts you in charge of your life.



NIHONWASOU HOLDINGS, INC. has developed a new business framework as a broker for kimono sales. As the first company in the world to implement this type of business model, we are proud to say that our business has grown remarkably, as evidenced by the fact that NIHONWASOU shares have been listed on JASDAQ since September 2006.

The kimono market has suffered recently for three major reasons: the perception among the public that it is difficult to put on a kimono without help; the industry has not been proactive in promoting kimono fashion; and there is a lack of understanding about quality and value among the public. On the positive side, the fact that 30,000 people annually participate in the complimentary kimono lessons hosted by NIHONWASOU makes it clear that public interest in kimonos is in fact very high. This creates optimism about convincing the public that kimonos are easy to put on without help, an attitude that is likely to spread in the future

One of the major obstacles to increasing kimono sales is a lack of understanding about their quality and value. There is a pervasive lack of knowledge among the public about the standards that determine the worth of each kimono and Obi, the beautiful ornamental sash that wraps around the waist, which makes it difficult to gain consumer trust. NIHONWASOU HOLDINGS, INC. strives to offer opportunities for interested individuals to develop an eye for kimono quality and value.

Another major reason that people shy away from kimonos is that they simply don't know what they are looking for or what they really want, and are

unfamiliar with how one goes about ordering a kimono. According to a consumer survey carried out by NIHONWASOU, it's this very fact that makes people reluctant to visit a kimono store in the first place. In response to this, NIHONWASOU has evolved into an agent representing a wide range of kimono makers to make it easier for shoppers to learn about materials and techniques, and compare prices. Of course, serving as a representative for makers throughout Japan makes it possible for us to secure the highest quality at the most competitive prices available.

During the downturn in the steel industry, steel companies experienced a natural process of consolidation and elimination through which mega companies emerged. While the same thing may not happen in the kimono industry, we believe it is the time for us to exercise our strength and dynamically expand our businesses.

NIHONWASOU is striving to create a new era for kimonos through its agent business, a new business model that connects consumers and makers as a neutral representative unlike retailers or wholesalers, and one that lets individual consumers become the main characters in their lives. It is our hope to also apply this business model into other areas such as food and housing. This is our hope and goal, and I am confident that NIHONWASOU will continue to meet and exceed customer expectations along the way.

Shigehisa Yoshida

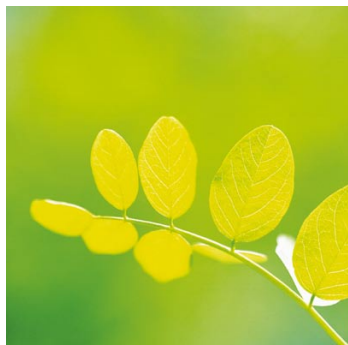
Chairman
NIHONWASOU HOLDINGS, INC.

Where people are pleased and prosperity is achieved.

NIHONWASOU HOLDINGS, INC. aims to create cultural business through its corporate philosophy: “Where people are pleased and prosperity is achieved.”

It is of great importance to us that all of our customers feel in their hearts that they are glad to know us.

We feel the same way about our employees, shareholders, partner companies, and all others who our business touches. It is the pleasure that our customers feel that fuels our satisfaction and sense of responsibility.



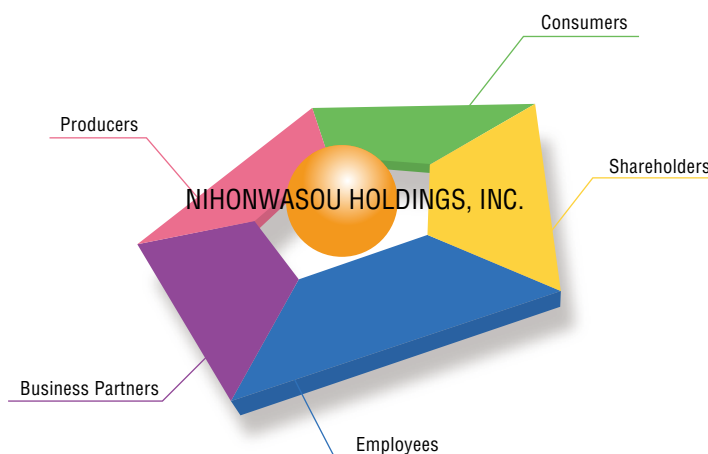
Providing the best service in five priority areas

It is often said that the major goal of a company is the pursuit of profit. However, NIHONWASOU HOLDINGS, INC. does not think that this should be the only goal. There are other goals that are just as important, goals such as honesty and customer benefit.

As a kimono agent, we always consider the perspective of makers and consumers and place a priority on transactions that benefit both.

It is also important for us to remember the responsibility to contribute to society through our business. Specifically, we focus on creating and maintaining employment, promoting employee satisfaction, and helping everyone to realize their dreams.

Striving to provide the best services in five priority areas - consumers, producers, business partners, shareholders, and employees - NIHONWASOU HOLDINGS, INC. sets the goal of sharing joy and benefit with everyone, which we believe will lead to the biggest benefit for the company.



● Business Description

NIHONWASOU HOLDINGS, INC. aims to establish a new business model as a kimono agent, not simply as a retailer.

NIHONWASOU HOLDINGS, INC. business focuses on sustainable technologies for sustainable development that can pass down tradition and value.

Our main business is kimono dressing lessons offered nationwide to spread kimono culture, including knowledge about their value, and how and when they are worn, and the promotion of sales as an agent representing a wide range of makers. We handle products from approximately 40 kimono wholesalers in Japan, including manufacturers of kimono and obi and related products under sales consignment agreements.

NIHONWASOU earns revenue through contracted advertising and sales, mainly commission fees, fees for billing, service fees, and delivery fees, which makes it possible for us to offer free kimono dressing lessons.

NIHONWASOU kimono dressing lessons are advertised twice a year in spring and autumn via media, such as TV and newspapers. Interested individuals contact our call center and are placed into small classes of about 10 people. Our contracted kimono dressing instructors provide instruction (once a week/ 2 hours per lesson/ 15 hours in total). Approximately 20,000 individuals participate in classes every year.

Individuals who are interested in learning how to wear kimonos and in understanding the quality and value of the materials and techniques that go into

making them develop a natural desire to own them. We are in a position to introduce quality products from the companies we represent to these individuals. In addition, one of the major advantages of the direct distributor model that NIHONWASOU has established is being able to offer reduced prices to the students that attend our classes.

As a neutral agent, we manage quality, value, and price with a focus on consumer-oriented service to deliver the greatest benefit to consumers and students.

NIHONWASOU HOLDINGS, INC. prioritizes the creation of new culture and markets through the beauty of traditional Japanese kimonos.

NIHONWASOU also offers other advanced programs for kimono dressing.

■ NIHONWASOU HOLDINGS, INC.

Prioritizing the creation of new culture and markets through the beauty of traditional Japanese kimonos.



● Business Description

Four NIHONWASOU Business Operations



NIHONWASOU HOLDINGS, INC. has four business operations, NIHONWASOU, ITONO TAKUMI CENTER, NIHON WASAI SCHOOL, and KIMONO REFRESHING CENTER. These four businesses sometimes operate mutually and sometimes independently to create new Japanese culture and markets through the beauty of traditional Japanese kimonos.

We strive to meet and exceed the expectations of our customers through a new business model that creates cultural business.



NIHONWASOU

“Spreading the spirit of kimono to every corner in Japan”
Offering free kimono dressing lessons (once a week/ 15 times in total) twice a year nationwide since 1987



ITONO TAKUMI CENTER

Handling inspection and delivery of kimono products
Established in 2004 for the purpose of improving service and quality



NIHON WASAI SCHOOL

Providing support for individuals involved in the manufacture and repair of kimonos and serving as a traditional Japanese kimono making forum



KIMONO REFRESHING CENTER

Offering added-value services for free kimono dressing lessons, such as maintenance (cleaning and stain removal)

