May 8, 2008

Consolidated Financial Report for Year Ended March 31, 2008

Toyobo Co., Ltd. Listed on the First Section of both the TSE and OSE
Stock Code: 3101 URL http: //www.toyobo.co.jp/annai/zaimu/
Representative: Ryuzo Sakamoto, President & Representative Director
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Date of the General Meeting of the Shareholders: June 27, 2008
Planned start of dividend payments: June 30, 2008
Planned filing of an annual security report: June 27, 2008

(Figures are rounded to the nearest million yen.)

1. Consolidated Business Performance

(1) Consolidated Operating Results

Years ended March 31 Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2008	431,417	1.1	27,075	(11.0)	21,049	(16.9)	4,698	(65.1)
2007	426,666	6.1	30,435	1.8	25,342	3.1	13,472	7.0

	Net income per share	Net income per share after dilution	Return on equity	Ordinary income-to-total assets ratio	Operating income-to-net sales ratio
	Yen	Yen	%	%	%
2008	6.73	6.33	3.6	4.2	6.3
2007	19.32	19.22	10.4	4.9	7.1

(Reference) Gain (loss) on investment by equity method: Year ended March 31, 2008: ¥ (415) million,
Year ended March 31, 2007: ¥772 million

(2) Consolidated Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2008	494,496	146,500	26.2	185.79
2007	513,191	152,224	26.0	191.28

(Reference) Total shareholders' equity: March 31, 2008: ¥129,671 million, March 31, 2007: ¥133,521 million

(3) Consolidated Cash Flows

Years ended March 31

	Cash flow provided by operating activities	Cash flow used in investing activities	Cash flow used in financing activities	Cash and cash equivalent at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2008	23,282	(10,193)	(17,948)	9,749
2007	27,064	(2,925)	(22,439)	14,140

2. Dividends

Years ended/ending March 31

Record date	Dividends per share: Interim dividends	Dividends per share: Year-end dividends	Dividends per share: Total	Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-net assets ratio
	Yen	Yen	Yen	Millions of yen	%	%
2007	---	5.00	5.00	3,491	25.9	2.7
2008	---	5.00	5.00	3,490	74.3	2.7
2009 (Forecast)	---	5.00	5.00		34.9	

3. Forecasts for Fiscal Year ending March 31, 2009

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	215,000	0.7	12,500	(10.3)	10,000	(12.9)
Fiscal year	435,000	0.8	25,000	(7.7)	20,000	(5.0)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	4,000	(27.9)	5.73
Fiscal year	10,000	112.9	14.33

4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
2. Changes in accounting rules, procedures or method of presentation relating to the preparation of the consolidated financial statements (Matters included in changes to significant items that form the basis for preparation of the consolidated financial statements).
    a. Changes in accordance with revisions to accounting standards: Yes
    b. Other changes: Yes

   Note: For further details see page 22, "Significant Accounting Policies: Basis for Preparation of the Consolidated Financial Statements."

3. Number of Shares Outstanding (Common stock)

   Number of shares outstanding at fiscal year-end:

   2008: 699,027,598 shares 2007: 699,027,598 shares

   Number of treasury stocks at fiscal year-end:

   2008: 1,096,154 shares 2007: 991,636 shares

   Note: For information on the number of shares used as the basis for calculation for net income per share (consolidated), see page 37, "Per Share Information."

(Reference)

1. Non-Consolidated Business Performance

(1) Non-Consolidated Operating Results

Years ended March 31 Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2008	259,780	1.7	19,250	(14.9)	19,318	(2.8)	3,508	(71.7)
2007	255,467	3.5	22,609	2.0	19,874	1.3	12,391	19.9

	Net income per share	Net income per share after dilution
	Yen	Yen
2008	5.03	4.73
2007	17.75	17.65

(2) Non-Consolidated Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2008	386,342	129,764	33.6	185.89
2007	380,035	135,715	35.7	194.38

(Reference) Total shareholders' equity: March 31, 2008: ¥129,764 million, March 31, 2007: ¥135,715 million

2. Forecasts for Fiscal Year ending March 31, 2009

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	118,000	(8.6)	8,500	(12.7)	7,500	(26.2)
Fiscal year	242,000	(6.8)	17,500	(9.1)	15,000	(22.4)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	2,500	(35.8)	3.58
Fiscal year	6,500	85.3	9.31

Note: The above forecast is based on the information available at the time of the announcement of this data.
Actual business performance may differ from the projections due to various factors in the future.
Please refer to pp. 4-7 of "Qualitative Information and Financial Statements" for information on performance forecast and other related matters.

QUALITATIVE INFORMATION AND FINANCIAL STATEMENTS

1. Operating Results

(1) Analysis of Operating Results

The business environment for the Toyobo Group during fiscal 2008 (ended March 31, 2008) was bolstered by expansion of the Japanese economy on the back of strong exports and capital expenditures. A sense of uncertainty grew during the second half of the period, however, driven by further rises in prices for raw material and fuel, the slowdown in the U.S. economy and turmoil in the financial markets arising from the subprime loan fallout, and the weakened dollar and stronger yen.

Under such circumstances the Toyobo Group took steps to strengthen and expand its specialty business segments—Films and Functional Polymers, Industrial Materials, and Life Science—but was unable to avoid a falloff in earnings due to the impact from rising raw material and fuel costs. In the Textiles segment, we moved forward with a program of restructuring that included withdrawal from and consolidation of less profitable businesses, with the aim of narrowing the overall focus of the Group to functional textiles.

As a result, net sales for the subject fiscal year rose ¥4.8 billion (1.1%) from the previous fiscal year to ¥431.4 billion. Earnings declined, however, with operating income down ¥3.4 billion (11.0%) to ¥27.1 billion, ordinary income down ¥4.3 billion (16.9%) to ¥21.0 billion, and net income down ¥8.8 billion (65.1%) to ¥4.7 billion.

Results by business segment were as follows.

Films and Functional Polymers

Sales in this segment rose from the previous fiscal year, due to proactive sales efforts in the consumer electronics, automotive, electronic components, and other fields. Earnings declined, however, due to continued rising prices for raw materials and fuel, and despite efforts to shift cost increases to product prices.

In the films business, revenue was up due to strong demand for packaging films and the revision of product prices. For industrial films, the user inventory adjustments that had continued since the previous fiscal year for flat-screen televisions, personal computers and other electronics devices with liquid crystal and other optical functions, came to a close during the first half of the subject period, and demand recovered substantially, centered on exports to Taiwan and South Korea.

In the functional polymers business, revenue was up due to greater sales of engineering plastics centered on the automotive industry both in Japan and overseas, mainly for headlight parts, engine covers, and interior finishing material. Sales of the industrial adhesive “VYLON” were strong for IT and recording devices and electronics components applications, while sales of photo sensitive printing plates also increased, centered on North America, South America, and Asia.

As a result, sales in this segment rose ¥10.0 billion (8.0%) from the previous fiscal year to ¥134.6 billion, though operating income declined ¥1.6 billion (10.3%) to ¥13.7 billion.

Industrial Materials

Sales in this segment rose due to continued strong performance of automotive-related materials and high-performance fibers. Earnings, however, declined due to the impact from rising prices for raw materials and fuel.

Airbag fabric sales were up due to expanded production by Japanese automakers both in Japan and overseas, and greater demand stemming from a rise in the proportion of vehicles fitted with airbags. Tire cords remained in strong demand, but were affected by rising prices for raw materials and fuel. Sales of the high-performance fiber “DYNEEMA” were boosted by new production equipment that was brought online in January 2008, rising in all application categories, including safety gloves, fishing line, and ropes for large ships. In the filters field, sales were up for the functional filters used in such products as automobiles, office equipment and household appliances, and also increased for “PROCON,” a PPS (polyphenylene sulfide) fiber for the bag filters that are effective in preventing airborne contaminants. Sales of non-woven filament fabrics were up slightly overall, with declines in construction applications offset by increases in the automotive field.

As a result, sales in this segment rose ¥1.7 billion (2.3%) from the previous fiscal year to ¥76.1 billion, though operating income declined ¥0.4 billion (7.1%) to ¥5.5 billion.

Life Science

This segment posted a slight increase in revenue overall, but earnings were down. Drug production equipment was steadily brought online and sales in the bio-science business were strong, but performance was offset by sluggish growth for hollow fiber membranes for artificial kidneys.

In the bio-science business, revenue was up due to continued strong sales of enzymes for blood glucose measuring applications, and greater sales of automatic analysis systems for urinary sediment and other diagnostic systems. In contract manufacturing of pharmaceuticals, new equipment for production of injectable solutions was steadily brought online, and orders for contract development and clinical trials also increased. In hollow fiber membranes for artificial kidneys, Toyobo introduced new products overseas and made strenuous efforts, but domestic shipments lagged. In reverse osmosis membrane modules for desalination Toyobo completed shipments to Rabigh (Saudi Arabia), and received its next order for a large-scale project.

As a result, sales in this segment rose ¥1.3 billion (4.0%) from the previous fiscal year to ¥34.0 billion, though operating income was down ¥0.4 billion (8.0%) to ¥5.1 billion.

Textiles

Both revenue and earnings were down in this segment as we continued to scale back unprofitable products and narrow the commodity textile field, tightening our focus to functional and specialty textiles that utilize Toyobo’s proprietary technologies.

In the textiles business, sales rose on the back of continued strong exports to the Middle East region, and the popularity of fine count, high-density textiles for sport applications. At the same time, the scale of the business for working uniform and bedding linens applications shrunk, and revenue declined. In apparel products, sales rose with the launch of a sub-brand of “Munsingwear” aimed at younger consumers. In the wholesale original yarn business, the shifting to product prices of a portion of the increased cost for worsted yarn provided greater revenue, but sales were down due to contraction of less profitable businesses such as synthetic fiber and cotton yarn for commodity textiles. Sales of the acrylic fiber “EXLAN” were also sluggish due to a falloff in exports induced by the rising yen.

As a result, sales in this segment declined ¥7.1 billion (4.8%) from the previous fiscal year to

¥142.5 billion, with operating income down ¥0.6 billion (13.0%) to ¥3.8 billion.

Other Businesses

This segment includes such businesses as engineering, real estate, information processing services, and logistics services. Performance was essentially in line with plan.

As a result, sales in this segment declined ¥1.2 billion (2.7%) from the previous fiscal year to ¥44.2 billion, though operating income rose ¥0.1 billion (5.3%) to ¥2.6 billion.

Forecast for Fiscal 2009 (ending March 31, 2009)

The Toyobo Group will actively expand its films and functional polymers, industrial materials and life science businesses by utilizing such proprietary technologies as industrial films and "DYNEEMA", while for the textiles business will narrow the business across the Group to focus on functional textiles, thereby stabilizing earnings and raising asset efficiency.

However, the business environment during fiscal 2009 will likely remain difficult and require constant attention to such concerns as further appreciation of raw material and fuel prices, and slowdown in the U.S. economy.

Considering such factors, for fiscal 2009 the Toyobo Group forecasts net sales of ¥435.0 billion (up ¥3.6 billion year on year), operating income of ¥25.0 billion (down ¥2.1 billion), ordinary income of ¥20.0 billion (down ¥1.0 billion), and net income of ¥10.0 billion (up ¥5.3 billion).

(2) Analysis of Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the subject fiscal year (March 31, 2008) decreased ¥18.7 billion (3.6%) from March 31, 2007 (the end of the previous fiscal year) to ¥494.5 billion. This was due mainly to decreases in the market value of investment securities following a drop a share prices.

Liabilities decreased ¥13.0 billion (3.6%) to ¥348.0 billion. This was due mainly to decline in interest-bearing debt.

Net assets decreased ¥5.7 billion (3.8%) to ¥146.5 billion. Although retained earnings and foreign currency translation adjustments increased, this was offset by declines in the valuation difference on net unrealized holding gain on securities.

Cash Flows

Net cash provided by operating activities declined ¥3.8 billion from the previous fiscal year to ¥23.3 billion. This was due mainly to ¥13.7 billion in income before income taxes; ¥19.3 billion in depreciation and amortization; and ¥10.5 billion in income taxes paid.

Net cash used in investing activities increased ¥7.3 billion to ¥10.2 billion. This was due mainly to increases in expenditures for the acquisition of property, plant and equipment. The main item on the financial statements was ¥30.1 billion in expenditures for the acquisition of property, plant and equipment.

Net cash used in financing activities decreased ¥4.5 billion to ¥17.9 billion. This was due mainly to expenditures of ¥13.0 billion in repayment of short-term bank loans; ¥24.4 billion in repayment of long-term debt; ¥0.3 billion in redemption of corporate bonds; and ¥3.8 billion in payment of dividends (including dividends to minority shareholders); against ¥22.3 billion in proceeds from long-term debt.

As a result, the balance of cash and cash equivalents at March 31, 2008, decreased ¥4.4 billion from March 31, 2007, to ¥9.7 billion.

(Reference) Cash Flow Indicators

Years ended March 31

	2004	2005	2006	2007	2008
Equity ratio (%)	21.0	21.0	24.3	26.0	26.2
Equity ratio, based on market value (%)	35.3	35.5	49.3	47.7	29.4
Interest-bearing debt to cash flow ratio (Years)	8.7	7.4	7.6	7.2	7.7
Interest coverage ratio (Times)	6.9	9.2	8.8	8.4	7.3
D/E ratio (Times)	2.31	2.06	1.65	1.45	1.38

Notes:

Equity ratio: shareholders' equity/ total assets

Market-based rate of equity ratio: total market capitalization/ total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt/ operating cash flows

Interest coverage ratio: operating cash flows/ interest expense

D/E ratio: interest-bearing debt/ net assets excluding minority interests

(3) Basic Policy Regarding Earnings Distribution, and Dividends for Fiscal 2008 and 2009

The Toyobo Group recognizes that returning earnings to shareholders is one of the highest priority issues for a corporation. Regarding dividends, the Company makes decisions regarding earnings distribution based on the principle of continually paying a stable dividend, taking into general account such factors as earnings level, financial position (retained earnings), and investment for business expansion.

In accordance with this policy, the Company plans to pay a year-end dividend of ¥5 per share. For fiscal 2009, we plan to pay a dividend of ¥5 per share, assuming forecast net income of ¥10.0 billion.

2. Status of Enterprise Group

The following is a description of principal businesses run by the Company and its affiliates, the Company and its affiliates' positioning in the said businesses and their relationship with the each segment by business type.

Films and Functional Polymers:

The Company manufactures, processes and sells packaging films, industrial films, industrial adhesives, engineering plastics, printing materials, etc.

Its six consolidated subsidiaries, such as Toyo Cloth Co., Ltd., Toyo Kasei Kogyo Co., Ltd., Kureha Elastomer Co., Ltd., and 13 non-consolidated subsidiaries, such as Toyoshina Film Co., Ltd. (subject to the equity method) and affiliates, manufacture, process and sell chemical products and plastics products such as films, highly functional polymers and rubber products. They also purchase raw materials from and supply products to Toyobo Co., Ltd.

Mizushima Aroma Co., Ltd. (subject to the equity method) manufactures and sells raw materials for plastic products and synthetic fibers and supplies to Toyobo Co., Ltd.

Industrial Materials:

Toyobo Co., Ltd. manufactures, processes and sells textile materials for automotives, high-performance fibers, functional filters, non-woven fabrics, etc.

Its five consolidated subsidiaries, such as Yuho Co., Ltd. and Kureha Ltd. and its nine non-consolidated subsidiaries and affiliates manufacture and sell non-woven fabrics. They also purchase raw materials from and supply products to Toyobo Co., Ltd.

Life Science:

Toyobo Co., Ltd. manufactures, processes and sells biochemicals such as enzymes for diagnostic reagents, pharmaceuticals, medical membranes, medical devices and water treatment membranes.

Its four consolidated subsidiaries, such as Toyobo Gene Analysis Co., Ltd., and two non-consolidated subsidiaries and affiliates provide gene analysis services and are engaged in the manufacture, sale, etc., of diagnostic agents.

Textiles:

Toyobo Co., Ltd. manufactures and sells functional textiles, apparel products, clothing textiles and textile fibers.

Its 23 consolidated domestic subsidiaries, such as Japan Exlan Co., Ltd., Sundia Inc., Miyuki Keori Co., Ltd., and its 22 non-consolidated domestic subsidiaries and domestic affiliates are engaged in the processing of textiles such as spinning, looming, and dyeing and manufacture and sale of synthetic fibers, secondary textile products, etc. They are also engaged in production, processing and sale under contract with Toyobo Co., Ltd.

Its eight consolidated overseas subsidiaries, such as Perak Textile Mills SDN.BHD, and 13 overseas affiliates manufacture and sell spun yarn, woven fabrics and processed goods. They also supply them to Toyobo Co., Ltd.

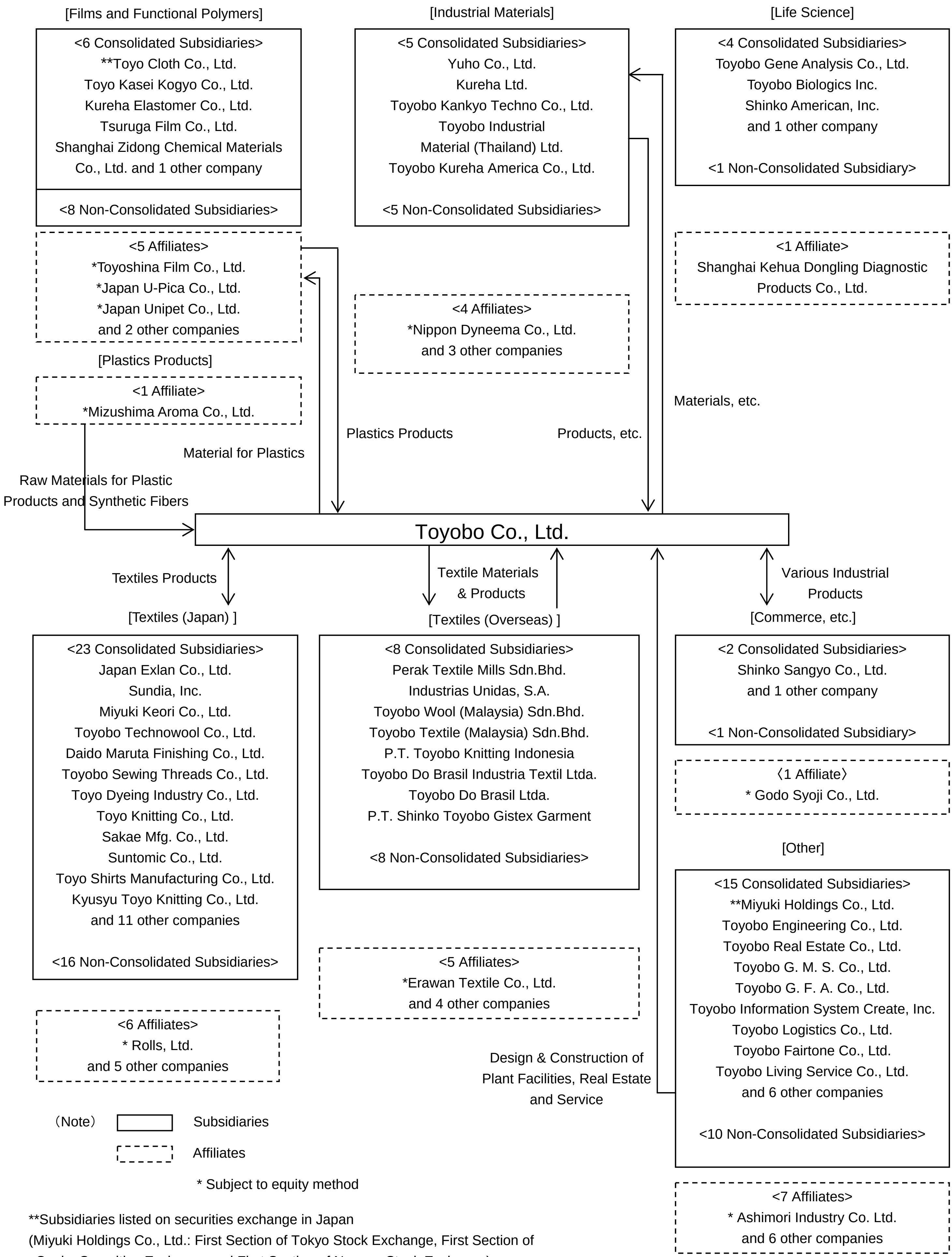
Its two consolidated subsidiaries, such as Shinko Sangyo Co., Ltd., and two non-consolidated subsidiaries and affiliates are engaged in the distribution, etc., of textiles and various non-textile industrial products.

Other:

Toyobo Engineering Co., Ltd. is engaged in the design and construction of buildings and machinery as well as equipment sales. It is also entrusted with the design and construction of the Company's plant facilities.

Its 15 consolidated subsidiaries, such as Miyuki Holdings Co., Ltd. (real estate leasing, management, etc.), Toyobo Real Estate Co., Ltd. (real estate sale and leasing), Toyobo G.M.S. Co., Ltd. (real estate leasing, management, etc.), Toyobo G.F.A. Co., Ltd. (financial services), Toyobo Information System Create, Inc. (information processing services), Toyobo Logistics Co., Ltd. (logistics services, etc.) and Toyobo Living Service Co., Ltd. (linen supply) and 17 non-consolidated companies and affiliates are engaged in the respective businesses shown in parentheses. They also provide services, etc. to Toyobo Co., Ltd.

The organization of businesses described above is illustrated on the next page.



* Subject to equity method

**Subsidiaries listed on securities exchange in Japan
(Miyuki Holdings Co., Ltd.: First Section of Tokyo Stock Exchange, First Section of Osaka Securities Exchange and First Section of Nagoya Stock Exchange)
(Toyo Cloth Co., Ltd.: Second Section of Osaka Securities Exchange)

3. MANAGEMENT POLICY

(1) Basic Management Policy

The Toyobo Group aims to be a manufacturer of high-function products that continually creates new value by utilizing its core technologies. However, the pace of growth has been slow amid the severe changes in the business environment over the past three years. We will work toward "rebuilding for growth capability," seeking a business structure able to withstand changes in the business environment.

(2) Target Managerial Indices

The Toyobo Group emphasizes return on assets (ROA) as a management benchmark, and with due consideration to the cost of capital aims to achieve ROA of 8% or greater. Business divisions and Group companies are assessed according to the common standards of profit/loss, ROA and cash flow, and business portfolio revised.

As a measure of its financial position the Group emphasizes its debt-equity (D/E) ratio, the ratio of interest-bearing debt to net assets (excluding minority interests). The previous target of "1.5 times or less" was achieved at the end of fiscal 2006. We seek to achieve an even stronger financial position going forward, and have set a goal of lowering the D/E ratio to 1.0 times over the medium term.

(3) Medium- to Long-Term Business Strategies

Toyobo is reforming its business portfolio in accordance with its management policy of "rebuilding for growth capability." In the specialty businesses we will achieve solid growth through proactive investment of management resources and speedy decision-making and implementation, while for the textiles business we will tighten our focus on functional textiles and ensure that management emphasizes asset efficiency. Over the medium term, we will further increase the proportion of specialty businesses in order to enhance the asset efficiency of the company overall, improve the financial position and achieve earnings growth.

(4) Issues to Be Addressed

i. Strengthen Earnings Capacity

Toyobo will actively expand the three business segments designated as specialty businesses—Films and Functional Polymers, Industrial Materials, and Life Science. We will strengthen earnings capacity by making effective investments in new equipment for industrial films, high-performance fibers and other products, as well as establishing short-term development initiatives and pursuing innovations in production technology to reduce costs.

ii. Strategic Moves to Establish Growth Potential

To raise the growth potential of specialty businesses, Toyobo will accelerate at the company-wide level the development and commercialization of new specialty businesses such as next-generation electronics materials, and enhance production capacity for industrial films, high-performance fibers and other products for which demand is growing. In engineering plastics and airbag fabrics, we will expand our overseas production and sales in line with the global development of our client companies.

iii. Improve Asset Efficiency

Toyobo has restructured its Textile and Other business segments along with reducing the scale of equipment and facilities. Going forward, we will improve asset efficiency by making a concerted effort as a Group to stabilize earnings by narrowing our business fields, as well as constricting employed capital through consolidation and other measures.

iv. Enhance the CSR Structure

With the fundamental realization that companies are members of society, Toyobo will fulfill its corporate social responsibility (CSR) to society, and contribute to the development of a sound and sustainable society. Specifically, we will formulate a fundamental policy regarding CSR for the Toyobo Group, and establish a CSR Committee chaired by the president to obtain an integrated understanding and conduct oversight of initiatives with regard to customers, employees, investors, local communities, conservation of the global environment and all stakeholders.

(5) Business Development by Segment

Films and Functional Polymers: In the films business, Toyobo expanded production capacity with a new production line that went into operation in spring 2008, and will consider further investments to increase production capacity, in order to meet demand for films for LCD and optical uses, which is expected to remain on a growth path. In the functional polymers business, such as for engineering plastics and industrial functional adhesives, we will strengthen sales capacity in the U.S., Europe and Asia to expand the business. We will also seek to commercialize the high heat-resistant polyimide film XENOMAX as a next-generation electronics material.

Industrial Materials: For airbag fabrics Toyobo will expand production capacity both in Japan and overseas. We also introduced a new production line for the high performance polyethylene fiber “DYNEEMA” in January 2008, and will consider further increases in production capacity. In the functional filters business, we will actively pursue growth in automobile applications, as well as in fields that contribute to environmental conservation, such as bag filters and solvent adsorption equipment.

Life Science: In the bio-science business, Toyobo will promote the creation of new businesses, such as development in diagnostic systems, and manufacturing of functional substances for fields other than diagnostic agents. In the contract manufacturing of pharmaceuticals, we will focus on increasing orders. For hollow fiber membranes for artificial kidneys we will enhance cost-competitiveness and secure earnings. In water treatment membranes, we will respond to growing demand for water production with existing applications for water desalination and purification, and make a full-scale entry into the market for tap water membranes.

Textiles: Toyobo will narrow its business focus to the high-value-added, functional textiles produced with its proprietary technologies, such as high-grade cloth exports to the Middle East, and moisture-absorbent, thermal fibers. We will also pursue business restructuring of the entire Group and constriction of less profitable businesses in order to improve asset efficiency and stabilize earnings.

CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

At March 31

	2007		2008		Change from the previous year
	Millions of yen	%	Millions of yen	%	
ASSETS					
Current assets:					
1. Cash and cash equivalents	14,470		10,025		(4,445)
2. Notes and accounts receivable	90,730		84,296		(6,433)
3. Inventories	92,092		86,215		(5,876)
4. Deferred income taxes	4,576		6,047		1,471
5. Other current assets	12,038		13,935		1,897
Allowance for doubtful receivables	(1,020)		(875)		145
Total current assets	212,885	41.5	199,644	40.4	(13,241)
Fixed Assets:					
1. Property, plant and equipment					
(1) Buildings and structures	47,690		49,203		1,513
(2) Machinery and equipment	59,221		55,793		(3,427)
(3) Land	116,076		119,766		3,690
(4) Construction in progress	5,120		8,198		3,077
(5) Other property, plant and equipment	2,778		3,339		561
Total property, plant and equipment	230,885	45.0	236,299	47.8	5,414
2. Intangible assets					
(1) Goodwill	979		713		(266)
(2) Other intangible assets	1,891		1,943		52
Total intangible assets	2,870	0.6	2,656	0.5	(214)
3. Investments and noncurrent assets					
(1) Investment securities	45,801		31,631		(14,170)
(2) Loans	4,501		5,385		883
(3) Claims provable in bankruptcy, claims provable in rehabilitation and other	---		5,325		5,325
(4) Deferred income taxes	12,296		14,436		2,141
(5) Other investments and other assets	7,726		10,211		2,485
Allowance for doubtful receivables	(3,772)		(11,091)		(7,318)
Total investments and other assets	66,551	12.9	55,897	11.3	(10,654)
Total fixed assets	300,306	58.5	294,852	59.6	(5,454)
Total assets	513,191	100.0	494,496	100.0	(18,695)

At March 31

	2007		2008		Change from the previous year
	Millions of yen	%	Millions of yen	%	
LIABILITIES					
Current Liabilities:					
1. Notes and accounts payable	62,793		66,142		3,350
2. Short-term borrowings	77,436		64,675		(12,762)
3. Long-term debt due within one year	21,519		26,352		4,833
4. Bonds maturing within one year	300		10,000		9,700
5. Accrued expenses	4,232		3,968		(264)
6. Accrued income taxes	5,123		6,833		1,709
7. Deferred income taxes	90		76		(14)
8. Deposits received	15,520		15,760		240
9. Accrued employees' bonuses	4,676		4,655		(21)
10. Other current liabilities	11,766		13,899		2,133
Total current liabilities	203,457	39.6	212,360	42.9	8,904
Long-term Liabilities:					
1. Bonds	10,000		---		(10,000)
2. Convertible bond-type bond with stock acquisition rights	20,000		20,000		---
3. Long-term debt	64,983		57,815		(7,168)
4. Deferred income taxes	7,464		4,947		(2,518)
5. Deferred income taxes on land revaluation	28,164		27,837		(327)
6. Employees' severance and retirement benefits	16,989		13,710		(3,279)
7. Retirement benefits for directors, operating officers and corporate auditors	1,366		1,394		28
8. Negative goodwill	2,243		1,889		(355)
9. Other long-term liabilities	6,300		8,044		1,744
Total long-term liabilities	157,511	30.7	135,636	27.4	(21,875)
Total liabilities	360,968	70.3	347,996	70.3	(12,971)

At March 31 (Unit: millions of yen)

	2007		2008		Change from the previous year
	Millions of yen	%	Millions of yen	%	
NET ASSETS					
Shareholders' equity:					
Common stock	43,341	8.4	43,341	8.8	---
Capital surplus	16,033	3.1	16,033	3.2	---
Retained earnings	28,131	5.5	29,754	6.0	1,623
Treasury stock, at cost	(235)	(0.0)	(267)	(0.0)	(32)
Total shareholders' equity	87,269	17.0	88,860	18.0	1,591
Valuation and translation adjustments:					
Net unrealized holding gain on securities	8,909	1.7	2,110	0.4	(6,799)
Deferred losses on hedges	(67)	(0.0)	(230)	(0.0)	(163)
Land revaluation excess	39,996	7.8	39,524	8.0	(472)
Revaluation excess-foreign	6,620	1.3	6,620	1.3	---
Foreign currency translation adjustments	(9,206)	(1.8)	(7,213)	(1.5)	1,993
Total valuation and translation adjustments:	46,252	9.0	40,811	8.3	(5,441)
Minority interests in consolidated subsidiaries	18,702	3.7	16,828	3.4	(1,874)
Total net assets	152,224	29.7	146,500	29.7	(5,724)
Total liabilities and net assets	513,191	100.0	494,496	100.0	(18,695)

(2) Consolidated Statements of Income

Years ended March 31

	2007		2008		Change from the previous year
	Millions of yen	%	Millions of yen	%	Millions of yen
Net sales	426,666	100.0	431,417	100.0	4,751
Cost of sales	335,369	78.6	342,506	79.4	7,136
Gross profit	91,297	21.4	88,911	20.6	(2,385)
Selling, general and administrative expenses	60,862	14.3	61,836	14.3	975
Operating income	30,435	7.1	27,075	6.3	(3,360)
Non-operating income:					
1. Interest income	396		421		25
2. Dividend income	1,045		1,235		189
3. Rent	761		1,006		245
4. Amortization on negative goodwill	889		923		34
5. Equity in income of unconsolidated subsidiaries and affiliates	772		---		(772)
6. Other	2,363		2,817		454
Total non-operating income	6,226	1.5	6,401	1.5	175
Non-operating expenses:					
1. Interest expense	3,229		3,161		(68)
2. Retirement benefits for employees for prior periods	1,637		1,620		(17)
3. Salaries paid to dispatched employees	1,275		1,257		(18)
4. Other	5,179		6,389		1,210
Total non-operating expenses	11,320	2.7	12,427	2.9	1,107
Ordinary income	25,342	5.9	21,049	4.9	(4,292)
Extraordinary gain:					
1. Gain on sale of property, plant and equipment	1,305		8,791		7,486
2. Gain on sale of investment securities	5,154		370		(4,784)
3. Gain on amortization of cross holding shares	5		---		(5)
4. Reversal of allowance for doubtful receivables	---		63		63
5. Gain on securities contributed to employee retirement benefit trust	---		1,921		1,921
6. Gain on termination of retirement benefit scheme	---		113		113
7. Gain on condemnation	---		1,807		1,807
8. Bonus dividend	---		5,826		5,826
	6,464	1.5	18,891	4.4	12,427

	2007		2008		Change from the previous year
	Millions of yen	%	Millions of yen	%	Millions of yen
Extraordinary loss:					
1. Loss on sales of property, plant and equipment	53		563		510
2. Loss on disposal of property, plant and equipment	2,612		1,712		(900)
3. Loss on deduction of property, plant and equipment	---		264		264
4. Loss on sales of investment securities	---		32		32
5. Write-down of investment securities	1,130		216		(915)
6. Special allowance for doubtful receivables	825		6,388		5,562
7. Loss on bad debts	---		134		134
8. Loss on liquidation of affiliates	389		20		(369)
9. Write-down of inventories	2,414		6,316		3,902
10. Loss on restructuring of businesses	2,730		7,093		4,363
11. Losses related to lawsuits	780		1,974		1,194
12. Loss on impairment of fixed assets	787		1,544		757
Total extraordinary loss	11,720	2.7	26,254	6.1	14,534
Income before income taxes	20,086	4.7	13,686	3.2	(6,400)
Provision for income taxes:					
Current	7,617		10,631		3,014
Deferred	(1,518)		(1,277)		241
	6,099	1.4	9,354	2.2	3,255
Minority interest in income of consolidated subsidiaries	515	0.1	(365)	(0.1)	(880)
Net income	13,472	3.2	4,698	1.1	(8,775)

(3) Consolidated Statement of Changes in Net Assets

Year ended March 31, 2007 (Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of March 31, 2006	43,341	16,086	18,556	(416)	77,567
Change in the fiscal year					
Cash dividends paid (Note)			(3,492)		(3,492)
Net income			13,472		13,472
Decrease due to increase in consolidated subsidiaries			(220)		(220)
Changes in the scope of equity method application			(180)	58	(122)
Decrease due to merger			(8)		(8)
Adjustments for reversal of revaluation of land			2		2
Purchase of treasury stock				(47)	(47)
Sale of treasury stock		(53)		169	116
Net change in the fiscal year, other than shareholders' equity					
Total	---	(53)	9,574	181	9,702
Balance as of March 31, 2007	43,341	16,033	28,131	(235)	87,269

	Valuation and Translation Adjustments						Minority interest in consolidated subsidiaries	Total net assets
	Net unrealized holding gains on securities	Deferred losses on hedges	Land revaluation excess	Revaluation excess-foreign	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	12,640	---	39,998	6,620	(11,682)	47,576	17,294	142,437
Change in the fiscal year								
Cash dividends paid (Note)								(3,492)
Net income								13,472
Decrease due to increase in consolidated subsidiaries								(220)
Changes in the scope of equity method application								(122)
Decrease due to merger								(8)
Adjustments for reversal of revaluation of land								2
Purchase of treasury stock								(47)
Sale of treasury stock								116
Net change in the fiscal year, other than shareholders' equity	(3,731)	(67)	(2)	---	2,476	(1,324)	1,408	84
Total	(3,731)	(67)	(2)	---	2,476	(1,324)	1,408	9,787
Balance as of March 31, 2007	8,909	(67)	39,996	6,620	(9,206)	46,252	18,702	152,224

Note: They are items in appropriation of earnings resolved in General Meeting of Shareholders held on June 2006.

Year ended March 31, 2008 (Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of March 31, 2007	43,341	16,033	28,131	(235)	87,269
Change in the fiscal year					
Cash dividends paid			(3,491)		(3,491)
Net income			4,698		4,698
Decrease due to increase in consolidated subsidiaries			(4)		(4)
Decrease due to decrease in consolidated subsidiaries			(51)		(51)
Adjustments for reversal of revaluation of land			472		472
Purchase of treasury stock				(37)	(37)
Sale of treasury stock		0		6	6
Increase/ decrease in equity of affiliates accounted for under the equity method				(1)	(1)
Net change in the fiscal year, other than shareholders' equity					
Total	---	0	1,623	(32)	1,591
Balance as of March 31, 2008	43,341	16,033	29,754	(267)	88,860

	Valuation and Translation Adjustments						Minority interest in consolidated subsidiaries	Total net assets
	Net unrealized holding gains on securities	Deferred losses on hedges	Land revaluation excess	Revaluation excess-foreign	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	8,909	(67)	39,996	6,620	(9,206)	46,252	18,702	152,224
Change in the fiscal year								
Cash dividends paid								(3,491)
Net income								4,698
Decrease due to increase in consolidated subsidiaries								(4)
Decrease due to decrease in consolidated subsidiaries								(51)
Adjustments for reversal of revaluation of land								472
Purchase of treasury stock								(37)
Sale of treasury stock								6
Increase/ decrease in equity of affiliates accounted for under the equity method								(1)
Net change in the fiscal year, other than shareholders' equity	(6,799)	(163)	(472)	---	1,993	(5,441)	(1,874)	(7,315)
Total	(6,799)	(163)	(472)	---	1,993	(5,441)	(1,874)	(5,724)
Balance as of March 31, 2008	2,110	(230)	39,524	6,620	(7,213)	40,811	16,828	146,500

(4) Consolidated Statements of Cash Flows

Years ended March 31

	2007	2008	Change from the previous year
	Millions of yen	Millions of yen	Millions of yen
Cash flows from operating activities:			
1. Income before income taxes and minority interests	20,086	13,686	(6,400)
2. Depreciation and amortization	16,938	19,274	2,336
3. Amortization of negative goodwill	(889)	(923)	(34)
4. Allowance for doubtful receivables, net	174	6,616	6,443
5. Retirement benefits, net	(3,265)	(3,277)	(12)
6. Interest and dividend income	(1,441)	(1,655)	(214)
7. Interest expense	3,229	3,161	(68)
8. Equity in losses (income) of unconsolidated subsidiaries and affiliates	(772)	415	1,188
9. Bonus dividend	---	(5,826)	(5,826)
10. Loss on impairment of fixed assets	787	1,544	757
11. Loss (Gain) on sale and disposal of property, plant and equipment, net	1,360	(6,516)	(7,876)
12. Loss on deduction of property, plant and equipment	---	264	264
13. Gain on sale and unrealized holding gains on investment	(4,024)	(159)	3,865
14. Gain on amortization of cross holding shares	(5)	---	5
15. Compensation for transfer of property, plant and equipment	---	(1,807)	(1,807)
16. Loss on restructuring of businesses	2,730	7,093	4,363
17. Losses related to lawsuits	780	1,974	1,194
18. Decrease in trade notes and accounts receivable	1,343	3,377	2,034
19. Increase (decrease) in inventories	(2,670)	2,903	5,574
20. Increase in trade notes and accounts payable	422	2,012	1,591
21. Increase in prepaid pension costs	---	(3,422)	(3,422)
22. Other, net	3,328	(2,800)	(6,128)
Total	38,109	35,934	(2,176)
23. Payments for restructuring costs of businesses	(1,421)	(1,368)	53
24. Payments related to lawsuits	(2,305)	(1,850)	455
25. Receipt of litigation liability insurance	1,269	432	(837)
26. Receipt of accident insurance	---	631	631
27. Income taxes paid	(8,588)	(10,496)	(1,909)
Net cash provided by operating activities	27,064	23,282	(3,782)

	2007	2008	Change from the previous year
	Millions of yen	Millions of yen	Millions of yen
Cash flows from investing activities:			
1. Purchase of property, plant and equipment	(14,747)	(30,109)	(15,363)
2. Proceeds from sale of property, plant and equipment	2,433	15,455	13,023
3. Purchase of investment securities	(793)	(4,740)	(3,947)
4. Proceeds from sale of investment securities	9,626	2,528	(7,098)
5. Outlays associated with equity participation	(1)	---	1
6. Payments from purchase of shares of subsidiaries	---	(138)	(138)
7. Payments from purchase of shares of consolidated subsidiaries due to change in scope of consolidation	(87)	---	87
8. Proceeds from purchase of shares of consolidated subsidiaries due to change in scope of consolidation	---	69	69
9. Interest and dividend income excluding unconsolidated subsidiaries and affiliates	1,466	7,516	6,050
10. Dividend income from affiliates for by equity method	161	134	(27)
11. Other, net	(985)	(909)	76
Net cash used in investing activities	(2,925)	(10,193)	(7,268)
Cash flows from financing activities:			
1. Decrease in short-term bank loans	(17,744)	(12,996)	4,748
2. Proceeds from long-term debt	31,701	22,290	(9,411)
3. Repayment of long-term debt	(39,726)	(24,433)	15,293
4. Proceeds from issuance of corporate bonds with stock purchase rights	19,988	---	(19,988)
5. Payment of bonds	(10,300)	(300)	10,000
6. Payment for purchase of treasury stock	(47)	(37)	9
7. Proceeds from sale of treasury stock	746	6	(740)
8. Payment of interest	(3,206)	(3,208)	(2)
9. Cash dividends	(3,492)	(3,491)	1
10. Cash dividends to minority interests	(360)	(280)	80
11. Proceeds from sale and lease-back transactions	---	4,500	4,500
Net cash used in financing activities	(22,439)	(17,948)	4,490
Adjustment for foreign currency translation	165	167	2
Increase (decrease) in cash and cash equivalents	1,866	(4,692)	(6,558)
Cash and cash equivalents at beginning of year	11,894	14,140	2,245
Increase in cash and cash equivalents due to change in scope of consolidation	306	279	(27)
Increase resulting from changes in consolidated subsidiaries	74	22	(52)
Cash and cash equivalents at end of year	14,140	9,749	(4,391)

Significant Accounting Policies: Basis for Preparation of the Consolidated Financial Statements

1. Scope of Consolidation

(1) There are 63 consolidated subsidiaries. The names of major consolidated subsidiaries are as stated in "Status of Enterprise Group". In the current fiscal year, Cosmo Electronics Co., Ltd., (formerly Toyobo Eco Tech Co., Ltd.) and Kingo Shoji Co., Ltd. were transformed into consolidated subsidiaries out of consideration of the importance of the companies. In addition, Santoyoko Co., Ltd., which had been made a subsidiary through additional purchases of the company's shares, was also turned into a consolidated subsidiary.

As a result of the withdrawal of WS Electronics Co., Ltd. (formerly Cosmo Electronics Co., Ltd.) and Miyuki Life from their respective businesses and the reduction of Aruma Corporation's business, which made the companies no longer material, all three companies were removed from the scope of consolidation.

In addition, the name of PAC Biologics Co., Ltd. was changed to Toyobo Biologics Inc.

(2) Non-consolidated subsidiaries (Kureha Apparel Co., Ltd and others) are excluded from the scope of consolidation because all of them are small and do not, as a whole, materially affect the consolidated financial statements.

2. Application of Equity Method

(1) There are no non-consolidated subsidiaries accounted for using the equity method. In the current fiscal year, TEXTIL TOYOBO LTDA. merged with TOYOBO DO BRASIL INDUSTRIA TEXTIL LTDA. and is no longer accounted for using the equity method.

(2) There were 14 affiliates accounted for by the equity method. The names of major affiliates accounted for by the equity method are as stated in "Status of Enterprise Group".

(3) Non-consolidated subsidiaries (Kureha Apparel Co., Ltd and others) and affiliates (Shanghai Kehua Dongling Diagnostic Products Co., Ltd. and others) not accounted for by the equity method are excluded from the scope of the equity method because all of them are small and do not, as a whole, materially affect the consolidated financial statements.

3. Fiscal Year, etc. of Consolidated Subsidiaries

There are 24 consolidated subsidiaries that settle their accounts on a different date, as described below.

Dec. 31: 18 companies   Jan. 31: 1 company   Feb. 29: 2 companies   Mar. 20: 3 companies

The respective financial statements of the 24 consolidated subsidiaries for the relevant fiscal year serve as the basis for preparing the consolidated financial statements. However, necessary adjustments have been made in cases where material transactions have taken place between the fiscal year end of the consolidated subsidiaries concerned and the consolidated fiscal year end.

4. Accounting Standards

(1) Valuation Standard and Method of Significant Assets

Available-for-sale securities:

(a) Available-for-sale securities with fair market value: Stated at fair market value based on the quoted market price, etc. at the current fiscal year end. (Unrealized gains and losses are reported as part of shareholders' equity. The cost of sales of such securities is calculated using the moving average method.)

(b) Available-for-sale securities without fair market value: Stated at moving-average cost.

Inventories: Mainly stated at cost based on the periodic average method.

(2) Depreciation Method of Significant Depreciable Assets

Property, plant and equipment: Depreciated primarily using the declining-balance method at Toyobo Co., Ltd. and its domestic consolidated subsidiaries (except that certain assets are depreciated using the straight-line method), and primarily using the straight-line method at overseas consolidated subsidiaries.

(Changes in Accounting Methods)

Toyobo and its domestic consolidated subsidiaries, in accordance with revisions to the corporate tax code, have changed their depreciation method for tangible fixed assets. Tangible fixed assets acquired on and after April 1, 2007 are depreciated in accordance with the provisions of the revised corporate tax code.

Compared to the previous fiscal year using the same method, gross profit decreased ¥230 million; operating income ¥294 million; and ordinary income and income before income taxes ¥299 million, respectively.

Effects on segment information are given in the relevant place.

(Additional Information)

Toyobo and its domestic consolidated subsidiaries, in accordance with revisions to corporate tax code, apply the following accounting for tangible fixed assets acquired on and before March 31, 2007. When the depreciated value of a tangible fixed asset reaches 5% of its acquisition cost (under the depreciation method applicable before revision) in a certain fiscal year, the difference between such value (5% of the acquisition cost) and the memorandum value of the asset is depreciated in an equal amount over five years from the next fiscal year. This amount is included in depreciation expenses.

In accordance with this change, compared with the previous method, gross profit decreased ¥1,510 million; operating income ¥1,738 million; ordinary income and income before income taxes ¥1,872 million, respectively.

Effects on segment information are given in the relevant place.

Intangible assets: Depreciated using the straight-line method. Software used within the company is depreciated using the straight-line method over its useful life within the company (i.e., five years).

(3) Accounting Standards for Significant Allowances and Reserves

Allowance for doubtful receivables: With respect to normal trade accounts receivable, an allowance to prepare against losses incurred from bad debt is stated at an amount based on the actual rate of bad debts in the past, whereas for certain doubtful receivables, the estimated uncollectible amount is stated according to an assessment of collectability on a case-by-case basis.

Accrued employees' bonuses: The amount expected to be required for the payment of employee's bonuses is stated.

Reserve for employees' severance and retirement benefits: A reserve for employees' severance and retirement benefits is stated on the basis of the projected amount of retirement benefit obligations and pension assets at the end of the consolidated fiscal year. As for the Company's corporate pension system, since the value of projected pension assets was greater than expected retirement obligations adjusted for using unrecognized prior service costs and unrecognized actuarial differences, the surplus was recorded as prepaid pension expenses in Other within Investments and other assets.

The excess of the projected benefit obligations over the total of the fair value of pension assets and the liabilities for severance and retirement benefits recorded ("net transition obligations") is recognized as an expense and allocated equally to each year over a period of 15 years (or equally to each year over a period of ten years in the case of some consolidated subsidiaries, etc.). However, the net transition obligations are quickly amortized in the event of the mass retirement of employees who were employed.

Prior service costs are recognized as expenses using the straight-line method over a period of 10 years (a certain number of years not exceeding the average remaining employment period of the employee at the time of accrual). Actuarial gains/losses are recognized as expenses using the straight-line method over a period of 10 years (a certain number of years not exceeding the average remaining employment period of the employee at the time of accrual) starting from the following consolidated fiscal year.

(Additional information)

In January 2008, some of the Group's Japanese consolidated subsidiaries moved from a lump-sum pension plan to a defined contribution pension system and have adopted "Accounting for the Transfers Between Retirement Benefit Systems" (Accounting Standard Board of Japan Guidance No. 1) following the implementation of the Defined Contribution Pension Plan Law.

The transfer resulted in extraordinary gain of ¥113 million.

Reserve for directors' and executive officers' retirement benefits: A reserve for directors' and statutory auditors' retirement benefits are stated at the estimated amount as of the end of the consolidated fiscal year based on internal regulations.

(4) Accounting Method of Significant Lease Transactions

Financial lease transaction are treated in the same manner as ordinary lease transactions except those in which the ownership of the leased property is deemed to have been transferred to the borrower.

(5) Significant Hedge Accounting Method

- Hedge accounting method: Special accounting treatment and deferred hedge accounting for interest-rate swaps
- Hedging instruments and hedged items: Risks associated with fluctuations in the exchange rate and interest rate are hedged by using forward foreign exchange contracts, interest-rate swap contracts and other such instruments.
- Hedging policy: Hedging is limited to reducing the burden of risks associated with fluctuations in the exchange rate and interest rate to an appropriate level.
- Method of evaluating effectiveness of hedging: The effectiveness of hedging is evaluated on the basis of the criteria for applying special accounting treatment of interest-rate swaps and by comparing the cumulative respective fluctuations in the market price or cash flows in the hedged items and hedging instruments.

(6) Other Significant Policies for Preparation of Consolidated Financial Statements

Consumption taxes are excluded.

(Changes in presentation)

Consolidated balance sheet:

Claims provable in bankruptcy, claims provable in rehabilitation and other, which until the previous fiscal year had been included in "Other" within Investments and other assets, are listed separately since their value increased to more than 1% of the total assets.

Claims provable in bankruptcy, claims provable in rehabilitation and other, which had been included in "Other" within Investments and other assets totaled ¥1,325 million for the previous fiscal year.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

All assets and liabilities of consolidated subsidiaries are appraised at fair market value.

6. Items on Amortization of Goodwill and Negative Goodwill

With the exception of a negligible amount we have maintained a balance amortization of goodwill and negative goodwill over a period of five years.

7. Scope of Funds in Consolidated Statements of Cash Flows

Funds (cash and cash equivalents) in the Consolidated Statements of Cash Flows consist of cash on hand, readily-available deposits, and fixed-term deposits with a term of no more than 3 months which are readily convertible and subject to an insignificant risk of changes in value.

Notes to Consolidated Financial Statements

1. Notes to Consolidated Balance Sheets

(Millions of yen)

	Year ended March 31	
	2007	2008
(1) Accumulated depreciation of property, plant and equipment	374,920	384,181
(2) Principal assets pledged as collateral and secured debt:		
Property, plant and equipment pledged as collateral	24,976	18,112
Secured short-term borrowings	264	200
Secured long-term debt (including debt due within one year)	7,030	3,207
(3) Guaranteed obligations (including those based on commitment to guarantee and keepwell agreement)	4,452	5,132
(4) Discounted notes receivable and notes endorsed for transfer	14	30
(5) The following relates to non-consolidated subsidiaries and affiliates:		
Investment securities (stock)	10,421	9,895
Investments and other non-current assets (contribution to capital)	857	552

(6) Land revaluation excess

Pursuant to the Law Concerning Revaluation of Land, the Company, its 3 consolidated subsidiaries and an affiliate accounted for by the equity method revaluated land for business use. The revaluation gain/loss corresponding to the Company's share was declared as part of net assets, and the portion subject to tax effect accounting was declared as part of liabilities.

(i) The Company, two consolidated subsidiaries and one affiliate accounted for by the equity method

- Revaluation Method: Value was calculated according to the method set forth in Article 2-1, 2-3 and 2-4 of the Enforcement Ordinance of the Law Concerning Revaluation of Land.
- Revaluation date: March 31, 2002
- Difference between market value of revaluated land at the fiscal year end and book value after revaluation: ¥23,657 million

(ii) One consolidated subsidiary

- Revaluation Method: Value was calculated according to the method set forth in Article 2-4 of the Enforcement Ordinance of the Law Concerning Revaluation of Land.
- Revaluation date: March 31, 2000
- Difference between market value of revaluated land at the fiscal year end and book value after revaluation: ¥2,537 million

(7) Revaluation Excess-foreign

Revaluation excess-foreign refers to an allowance based on the revaluation of assets performed by one consolidated subsidiaries in Brazil in accordance with the local company law. Assets subject to revaluation were declared in "buildings and structures" and "land" in the Consolidated Balance Sheets.

2. Notes to Consolidated Statements of Income

(Millions of yen)

	Year ended March 31	
	2007	2008
(1) Principal Items and amounts of selling, general and administrative expenses		
Transport and storages	9,999	10,121
Salaries, wages, bonuses, etc.	15,781	16,146
Provision for employees' bonuses	1,619	1,596
Reserve for employees' severance and retirement benefits	1,039	1,138
Research and development	10,383	10,743
(2) Research and development expenses included in general and administrative expenses and manufacturing costs for the period	10,426	10,877

(3) Impairment Losses

The following losses on impairment of non-current assets were reported during the consolidated fiscal year ended March 31, 2008.

Location	Usage	Type
Toyo Cloth Co., Ltd. (Iwakuni, Yamaguchi)	Business assets (synthetic leather production facilities)	Buildings and structures Machinery and equipment Property, plant and equipment and other
Daido Maruta Finishing Co., Ltd. (Kyoto, Kyoto)	Assets expected to be transferred	Buildings Machinery and equipment Property, plant and equipment and other
Toyo Shirts Manufacturing Co., Ltd. (Minami-Aizu, Fukushima)	Rental assets	Buildings Land
Miyuki Holdings Co., Ltd. (Higashi-Osaka, Osaka)	Business assets (including medical equipment production facilities)	Buildings and structures Property, plant and equipment and other
Toyobo Kankyo Techno Co., Ltd. (Toyokawa, Aichi)	Idle assets	Land

The Group uses the category of business assets for managerial accounting purposes, and records idle assets and rental assets individually.

The Group recorded ¥1,544 million in losses on impaired assets under extraordinary losses since the book value of the assets declined to their recoverable amount for the following reasons. Among business assets, although earnings generated from synthetic leather production facilities improved by reducing fixed and variable costs, earnings are projected to deteriorate on account of expected increases in fuel and material costs and investment expenses for processing equipment due to VOC regulations. For medical equipment production facilities, the Company recorded ordinary losses for more than two consecutive years. Furthermore, the transfer price or assets expected to be transferred fell below the book value, and recovering the amount invested in rental assets is expected to be difficult for several reasons including a decline in profitability. As for idle assets, the value of the assets declined as a result of falling land prices.

	(Millions of yen)
Buildings and structures	612
Machinery and equipment	786
Land	85
Property, plant and equipment and other	61
Total	1,544

These assets and the recoverable value of the asset group was calculated using the net selling price, and the price of land was calculated making logical adjustment to items such as valuation of fixed asset taxes.

3. Notes to Consolidated Statement of Changes in Net Assets

(1) Notes to the class and total number of shares outstanding, and the class and total number of treasury stocks

(Unit: 1,000 shares)

	No. of shares at the end of year ended March 31, 2007	No. of shares increased during year ended March 31, 2008	No. of shares decreased during year ended March 31, 2008	No. of shares at the end of year ended March 31, 2008
Issued stock Common stock	699,027	---	---	699,027
Treasury stock Common stock (Note)	991	127	23	1,096

（Notes） 1. The increase in the number of common stock was due to the purchase of 125,000 odd lot shares and a 2,000 share increase in the number of Toyobo’s imputed number of treasury shares held by equity-method companies based on changes in Toyobo’s stake in the equity-method companies.

2. The decrease in the number of common stock was due to the selling off of odd-lot shares.

(2) Notes to dividend

(Amount of dividend paid)

（Resolution）	Class of shares	Amount of dividend (Million yen)	Dividend per share (yen)	Reference date	Effective date
Ordinary general meeting of shareholders on June 28, 2007	Common stock	3,491	5.0	March 31, 2007	June 29, 2007

(Of the dividend for which the date of record belongs to this consolidated fiscal year, those for which the date of entry into force of the dividend is the following consolidated fiscal year.)

（Resolution）	Class of shares	Amount of dividend (Million yen)	Dividend per share (yen)	Reference date	Effective date
Ordinary general meeting of shareholders on June 27, 2008	Common stock	3,490	5.0	March 31, 2008	June 30, 2008

4. Notes to Consolidated Statements of Cash Flows

(1) Relationship between the closing balance of cash and cash equivalents and the respective amounts of items stated in Consolidated Balance Sheets

(Millions of yen)

	March 31, 2007	March 31, 2008
Cash and cash equivalents in balance sheet	14,470	10,025
Fixed-term deposits with a term exceeding three months	(330)	(277)
Cash and cash equivalents in cash flow statement	14,140	9,749

Segment Information

1. Segment Information by Business Type

[Fiscal Year ended March 31, 2007] (Millions of yen)

	Films and Functional Polymers	Industrial Materials	Life Science	Textiles	Other Businesses	Total	Elimination or Corporate	Consolidated
I. Net Sales and Operating Income								
(1) Net sales to external customers	124,614	74,391	32,639	149,585	45,436	426,666	---	426,666
(2) Intersegment net sales or transfer amounts	180	88	132	260	9,963	10,623	(10,623)	---
Net Sales	124,794	74,479	32,771	149,845	55,399	437,289	(10,623)	426,666
Operating Expenses	109,490	68,561	27,186	145,460	52,928	403,625	(7,395)	396,231
Operating Income	15,304	5,917	5,585	4,386	2,471	33,663	(3,228)	30,435
II. Assets, Depreciation & Amortization and Capital Expenditure								
Assets	126,206	79,541	36,826	133,076	97,495	473,145	40,046	513,191
Depreciation and Amortization	6,525	3,428	2,514	2,562	1,076	16,104	834	16,938
Capital Expenditure	5,364	2,989	4,179	1,904	503	14,938	815	15,753

Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled ¥2,929 million.

[Fiscal Year ended March 31, 2008] (Millions of yen)

	Films and Functional Polymers	Industrial Materials	Life Science	Textiles	Other Businesses	Total	Elimination or Corporate	Consolidated
I. Net Sales and Operating Income								
(1) Net sales to external customers	134,631	76,138	33,961	142,471	44,216	431,417	---	431,417
(2) Intersegment net sales or transfer amounts	414	48	227	184	12,687	13,560	(13,560)	---
Net Sales	135,045	76,186	34,188	142,656	56,903	444,977	(13,560)	431,417
Operating Expenses	121,314	70,687	29,048	138,842	54,301	414,192	(9,850)	404,342
Operating Income	13,731	5,499	5,139	3,814	2,602	30,785	(3,709)	27,075
II. Assets, Depreciation & Amortization and Capital Expenditure								
Assets	130,018	78,545	35,956	126,312	94,497	465,327	29,169	494,496
Depreciation and Amortization	7,030	3,792	3,178	3,125	1,124	18,249	1,025	19,274
Capital Expenditure	11,609	3,282	2,179	2,103	12,358	31,531	955	32,486

Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled ¥3,495 million.

Changes in Accounting Methods

Toyobo and its domestic consolidated subsidiaries, in accordance with revisions to the corporate tax code, have changed their depreciation method for tangible fixed assets. Tangible fixed assets acquired on and after April 1, 2007 are depreciated in accordance with the provisions of the revised corporate tax code.

Compared to the previous fiscal year using the same method, Films and Functional Polymers increased ¥109 million; Industrial Materials ¥32 million; Life Science ¥84 million; Textiles ¥17 million; Other Businesses ¥26 million; and Elimination or Corporate ¥24 million; with corresponding decreases in operating income.

Additional Information

Toyobo and its domestic consolidated subsidiaries, in accordance with revisions to corporate tax code, apply the following accounting for tangible fixed assets acquired on and before March 31, 2007. When the depreciated value of a tangible fixed asset reaches 5% of its acquisition cost (under the depreciation method applicable before revision) in a certain fiscal year, the difference between such value (5% of the acquisition cost) and the memorandum value of the asset is depreciated in an equal amount over five years from the next fiscal year. This amount is included in depreciation expenses.

In accordance with this change, compared with the previous method, Films and Functional Polymers increased ¥629 million; Industrial Materials ¥319 million; Life Science ¥188 million; Textiles ¥460 million; Other Businesses ¥58 million; and Elimination or Corporate ¥84 million; with corresponding decreases in operating income.

(Reference) The main products and services of each business are as follows.

Films and Functional Polymers:	Packaging films, industrial films, industrial adhesives, engineering plastics, photo-functional materials, etc.
Industrial Materials:	Fiber materials for automobiles, high-performance fibers, functional filters, non-woven fabrics, etc.
Life Science:	Bio-science products such as diagnostic enzymes, pharmaceutical production, hollow fiber membrane for artificial kidneys, desalination membranes, etc.
Textiles:	Functional textiles, apparel products, apparel textiles, apparel fibers, etc.
Other Businesses:	Design and construction of buildings and machinery, rental and management of real estate, information processing services, logistics services, etc.

2. Geographic Segments

This information is omitted because sales generated in Japan accounted for more than 90% of sales generated in all geographic segments.

3. Overseas Sales

[Fiscal Year ended March 31, 2007] (From April 1, 2006 to March 31, 2007) (Millions of yen)

	Southeast Asia	Other Regions	Total
I. Overseas sales	36,817	38,930	75,748
II. Consolidated sales			426,666
III. Percentage of overseas sales to total consolidated sales	8.7%	9.1%	17.8%

[Fiscal Year ended March 31, 2008] (From April 1, 2007 to March 31, 2008) (Millions of yen)

	Southeast Asia	Other Regions	Total
I. I Overseas sales	43,308	41,562	84,870
II. Consolidated sales			431,417
III. Percentage of overseas sales to total consolidated sales	10.0%	9.6%	19.7%

Tax-Effect Accounting

1. Breakdown and Principal Sources of Deferred Tax Assets and Liabilities

(Millions of yen)

	March 31, 2007	March 31, 2008
Deferred tax assets:		
Accrued bonuses included in accrued expenses	1,997	1,985
Accrued enterprise tax included in accrued income taxes	393	627
Devaluation loss on inventories	1,128	2,427
Accrued retirement benefits	7,676	5,163
Directors and statutory auditors' retirement benefits	560	572
Allowance for doubtful receivables	818	3,490
Impairment loss	952	1,482
Write-down of investment securities	2,061	2,681
Tax loss carryforwards	4,897	4,952
Unrealized income eliminated from consolidation	9,009	8,953
Securities acquired through merger	271	270
Others	1,877	1,339
Subtotal	31,639	33,940
Valuation allowance	(7,799)	(7,348)
Total	23,840	26,592
Deferred tax liabilities:		
Unrealized holding gain on securities	(6,820)	(1,627)
Reserve for deferred gain on sale of property	(828)	(3,910)
Undistributed earnings of overseas subsidiaries and affiliates	(473)	(794)
Consolidation adjustment for allowance for doubtful receivables	(137)	(117)
Gain on valuation of assets of consolidated subsidiaries	(2,217)	(2,217)
Tax deferred gains on assets transferred to a new company	(1,810)	(1,810)
Tax deferred gains on spin-off	(2,238)	(657)
Subtotal	(14,523)	(11,131)
Deferred tax assets, net	9,317	15,461
In addition to the above, deferred tax liabilities associated with land revaluation has been declared.	(28,164)	(27,837)

2. Difference in the Burden of Corporate and Other Taxes between the Statutory Tax Rate and after Application of Tax-Effect Accounting

	March 31, 2007	March 31, 2008
	%	%
Statutory tax rate	41.0	41.0
(Adjustment)		
Non-taxable dividend income	(0.5)	(10.3)
Expenses not deductible for tax purposes	0.9	2.0
Tax reduction due to amount of loss carried forward	(1.6)	---
equity in earnings of affiliates	(1.5)	1.3
Allowance account	4.3	47.8
Tax deduction	(7.2)	(7.7)
Taxes for previous period	(5.8)	---
Per capita portion of residence tax	---	0.3
Retained earnings of entities such as overseas subsidiaries	---	2.4
Investment in subsidiaries	---	(10.3)
Other	0.8	1.9
Effective tax rate	30.4	68.3

Securities

[Previous Consolidated Fiscal Year End] (As of March 31, 2007)

1. Available-for-Sale Securities with Fair Market Value

(Securities whose value declared in Consolidated Balance Sheets exceeds the acquisition cost)

(Millions of yen)

	Acquisition Cost	Value declared in Consolidated Balance Sheets	Difference
Stocks	10,582	27,931	17,348
Government bonds	150	150	0
Other	10	14	4
Subtotal	10,742	28,094	17,352

(Securities whose value declared in Consolidated Balance Sheets does not exceed the acquisition cost)

(Millions of yen)

	Acquisition Cost	Value declared in Consolidated Balance Sheets	Difference
Stocks	2,368	1,632	(736)
Subtotal	2,368	1,632	(736)

2. Available-for-sale Securities Sold during the Fiscal Year ended March 31, 2007

(Millions of yen)

Amount Sold	Total Gain on Sale	Total Loss on Sale
441	325	8

3. Breakdown of Securities lacking Market Valuation and Value declared in Consolidated Balance Sheets

(1) Available-for-sale securities

Non-listed stocks	¥5,589 million
Contributions to investment funds, etc.	¥214 million

(2) Subsidiaries' stocks and Affiliates' stocks

Non-consolidated subsidiaries' stocks and affiliates' stocks	¥10,421 million

4. Subsidiaries' Stocks and Affiliates' Stocks with Fair Market Value

(Millions of yen)

	Value declared in Consolidated Balance Sheets	Market Value	Difference
Subsidiaries' stocks	6,909	7,184	275
Affiliates' stocks	2,622	3,293	671

(Note) This is based on non-consolidated financial statements.

5. Amount of other securities that are maturing and expected to be repaid

(Millions of yen)

	1 year or less	More than 1 year, 5 years or less	More than 5 years, 10 years or less	More than 10 years
Government bonds	150	---	---	---
Total	150	---	---	---

[Subject Consolidated Fiscal Year End] (As of March 31, 2008)

1. Available-for-Sale Securities with Fair Market Value

(Securities whose value declared in Consolidated Balance Sheets exceeds the acquisition cost)

(Millions of yen)

	Acquisition Cost	Value declared in Consolidated Balance Sheets	Difference
Stocks	8,460	15,122	6,662
Government bonds	150	150	0
Other	10	10	0
Subtotal	8,620	15,281	6,662

(Securities whose value declared in Consolidated Balance Sheets does not exceed the acquisition cost)

(Millions of yen)

	Acquisition Cost	Value declared in Consolidated Balance Sheets	Difference
Stocks	7,626	5,209	(2,417)
Subtotal	7,626	5,209	(2,417)

2. Available-for-sale Securities Sold during the Fiscal Year ended March 31, 2007

(Millions of yen)

Amount Sold	Total Gain on Sale	Total Loss on Sale
2,517	407	32

3. Breakdown of Securities lacking Market Valuation and Value declared in Consolidated Balance Sheets

(1) Available-for-sale securities

Non-listed stocks ¥ 1,311million

Contributions to investment funds, etc. ¥ 85 million

(2) Subsidiaries' stocks and Affiliates' stocks

Non-consolidated subsidiaries' stocks and affiliates' stocks ¥ 9,895 million

4. Subsidiaries' Stocks and Affiliates' Stocks with Fair Market Value

(Millions of yen)

	Value declared in Consolidated Balance Sheets	Market Value	Difference
Subsidiaries' stocks	6,909	4,767	(2,142)
Affiliates' stocks	2,622	2,164	(458)

(Note) This is based on non-consolidated financial statements.

5. Amount of other securities that are maturing and expected to be repaid

(Millions of yen)

	1 year or less	More than 1 year, 5 years or less	More than 5 years, 10 years or less	More than 10 years
Government bonds	150	---	---	---
Total	150	---	---	---

Retirement Benefits for Employees

1. Overview of the Retirement Benefits System Adopted by the Company

The Company and its domestic consolidated subsidiaries have established defined benefit plans, consisting of a qualified pension plan and a retirement lump-sum payment plan. In addition, some overseas subsidiaries have established a lump-sum retirement benefit system. Situations may arise when an extra retirement benefit is paid that is not included in expected retirement benefit obligations based on actuarial calculations complaint with the retirement benefit accounting.

Some of the Group's Japanese consolidated subsidiaries eliminated their lump-sum retirement benefit system and moved to a defined contribution pension system as of January 2008.

2. Retirement Benefit Obligation

(Millions of yen)

	March 31,2007	March 31,2008
(1) Retirement benefit obligation	(70,297)	(65,795)
(2) Plan assets at fair value	28,773	30,218
(3) Retirement benefit trust	7,753	11,375
(4) Unfunded retirement benefit obligation [(1) + (2)+ (3)]	(33,771)	(24,202)
(5) Unrecognized net retirement benefit obligation at transition	13,172	11,054
(6) Unrecognized actuarial loss	4,891	3,802
(7) Unrecognized prior service cost (Note 1)	(1,281)	(942)
(8) Net retirement benefit obligation [(4) + (5) + (6) + (7)]	(16,989)	(10,288)
(9) Prepaid pension cost	---	3,422
(10) Accrued retirement benefits [(8) – (9)]	(16,989)	(13,710)

Note: 1. Primarily due to the revision of the Company's welfare pension fund scheme in January 2001.
2. Some subsidiaries adopt the simplified method in calculating retirement benefit obligations.
3. The following are the effects of moving from a lump-sum retirement benefit system to a defined contribution pension system.

Decrease in projected retirement obligation	588	million yen
Unrecognized actuarial difference	150	million yen
Decrease in retirement benefit allowance	738	million yen

In addition, ¥119 million worth of assets will be transferred to the defined contribution pension system, and the transfer is expected to take four years. The ¥88 million in assets that had not been transferred at the end of the current fiscal year were recorded as accrued liability (under Other within Current liabilities) and long-term accrued liability (under Other within Long-term liabilities).

3. Retirement Benefit Expenses

(Millions of yen)

	Years ended March 31	
	2007	2008
(1) Service cost	2,356	2,474
(2) Interest cost	1,467	1,452
(3) Expected return on plan assets	(1,064)	(1,127)
(4) Amortization of net retirement benefit obligation at transition	1,705	2,114
(5) Amortization of actuarial loss	943	1,202
(6) Amortization of prior service cost	(332)	(332)
(7) [(1) + (2) + (3) + (4) + (5) + (6)]	5,075	5,782
(8) Gain (loss) on transfer to defined contribution system	---	(113)
(9) Other	---	9
(10) Total	5,075	5,678

Note: 1. In addition to the retirement benefit expenses stated above, premium severance pay in the amount of 584 million yen in the fiscal year under review and 1,313 million yen in the previous fiscal year have been paid and declared as an extraordinary loss, etc.
2. The amount of employee contributions to the welfare pension fund is deducted.
3. Mainly due to the revision of the Company's welfare pension fund scheme in January 2001.
4. Premium payment to the defined contribution system
5. Retirement benefit expenses of consolidated subsidiaries which adopt the simplified method are stated in "(1) Service costs" and "(4) Amortization of net transition benefit obligation at transition."

4. Items related to Basis for Calculation of Retirement Benefit Obligation

(1) Method allocating projected retirement benefits over period	Straight-line standards
(2) Discount rates	2.0-2.5%
(3) Expected rate of return on plan assets	2.5-3.5%
(4) Amortization period of prior service	10 years (Amortized using the straight-line method over a certain number of years not exceeding the average remaining employment period of the employee at the time of accrual)
(5) Amortization period of actuarial gain or loss	10 years (Amortized using the straight-line method over a certain number of years not exceeding the average remaining employment period of the employee at the time of accrual, starting from the following consolidated fiscal year)
(6) Years over which net transition obligation arising from changes in accounting standards is amortized	Mainly 15 years. 10 years in the case of some subsidiaries, etc. However, in the case that employees who were employed at the time of the change in accounting standards retire in large numbers, amortization will be conducted promptly.

Per Share Information

(Yen)

	Year ended March 31	
	2007	2008
Net assets per share	191.28	185.79
Earnings per share	19.32	6.73
Net income per share after dilution	19.22	6.33

Note: The basis for calculating the amount for net assets per share, current net earnings per share and current net earnings per share after adjustment of residual securities is shown below.

(Millions of yen)

	Year ended March 31	
	2007	2008
Net assets per share:		
Total net assets	152,224	146,500
Amount deducting from total net assets [Minority interests]	18,702 [18,702]	16,828 [16,828]
Net assets relating to common shares	133,521	129,671
Number of shares of common stock used as basis for calculation of net assets per share (Thousands of shares)	698,035	697,931
Earnings per share:		
Net income	13,472	4,698
Net income not available to common shares	---	---
Net income available to common shares	13,472	4,698
Weighted average number of shares outstanding (Thousands of shares)	697,214	697,973
Net income per share after dilution:		
Effect of dilutive securities	---	---
Increase in the number of common shares (Thousands of shares) [Corporate bonds with stock purchase rights] (Thousands of shares)		
Increase in weighted average number of shares out standing(Thousands of shares) [Stock purchase rights] (Thousands of shares)	3,639 [3,639]	43,668 [43,668]

Subsequent Events

(Comprehensive resolution on issuance of corporate bonds)

At the board of directors meeting held on April 25, 2008, a comprehensive resolution was passed to issue straight corporate bonds in Japan. The following are the details:

(1) Issuance amount	Not exceeding ¥20 billion
(2) Issuance period	Between April 25, 2008 and September 30, 2008
(3) Amount to pay in	¥100 per ¥100 of bond
(4) Maturity	3-10 years
(5) Interest rate	Fixed rate, not exceeding 1.0 percentage point over the Tokyo yen interest-rate swap rate
(6) Use of funds	Redemption of corporate bonds and funds for capital investments

To the extent listed as above, the representative directors are fully entrusted with determining the actual terms of the issuance and other items necessary for the issuance of the corporate bonds.

(Establishment of new company through a joint spin off)

On April 1, 2008, the Company spun off its development and sales department within the textile business segment, and the Company's consolidated subsidiary Shinko Sangyo Co., Ltd. spun off its films, functional polymers, industrial materials, life science, and textile businesses. All of these businesses were transferred to the newly founded Toyobo Specialties Trading Co., Ltd. on April 1, 2008.

1. Name and details of the businesses that were spun off, legal form of the merger, name of the merged company, and business summary, including business objective

(1) Name and details of the businesses that were spun off

Names of the businesses: the Company's textile development and sales department and Shinkyo Sangyo's films, functional polymers, industrial materials, life science, and textiles businesses

Details of the business: sales of films, functional polymers, industrial materials, and life science products and the development and sales of textiles

(2) Legal form of the merger

Toyobo Specialties Trading Co., Ltd. is a newly created joint venture between the Company and Shinkyo Sangyo, created by spinning off particular business from both the Company and Shinkyo Sangyo.

(3) Name of the merged company

Toyobo Specialties Trading Co., Ltd.

(4) Business summary, including business objective

In order to strengthen and expand the specialty business comprised of the films, functional polymers, industrial materials, and life science products, that make use of the Group's core technologies, the Group founded a global trading company, as the core of its efforts to sell these advanced functional products and develop overseas markets.

At the same time, by merging the Company’s textile development and sales division with Shinko Sangyo’s textile business (sales) division, the Company has launched a development and sales business that focuses on functional clothing that can utilize the Group’s competitively advantageous technologies, and is making progress with creating a proposal-based specialty business with high asset efficiency within the textile business.

Through this spin off, Toyobo Specialties Trading inherited the assets and liabilities, rights and obligations, and contractual position related to the businesses from both the Company and Shinko Sangyo. In addition, the new company issued 50,000 shares of common stock at the time of the spin off, which were completely allocated to the Company either directly or through dividends from Shinko Sangyo. The spin off did not involve the payment of spin-off fee.

2. Summary of accounting treatment

Based on “*Accounting Standards for Business Combinations in Japan*” (Business Accounting Council, October 31, 2003), and “*Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures*” (Accounting Standard Board of Japan Guidance No. 10, final version released December 22, 2006), this report was processed subject to both of them.

(Omitted items)

Notes related to leases, derivatives, businesses with related parties, and corporate consolidations have been omitted since they are considered immaterial for this report.