November 5, 2008

Consolidated Financial Report for the Second Quarter ended September 30, 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/

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(Figures are rounded to the nearest million yen.)

1. Consolidated Business Performance

(1) Consolidated Operating Results

Six months ended September 30

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	202,471	---	9,690	---	7,047	---	(5,320)	---
2007	213,433	(0.0)	13,932	(8.6)	11,476	(10.6)	5,546	(12.6)

	Net income per share	Net income per share after dilution
	Yen	Yen
2008	(7.62)	---
2007	7.95	7.48

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2008	484,713	128,833	23.3	161.51
March 31, 2008	494,496	146,500	26.2	185.79

(Reference) Total shareholders' equity: September 30, 2008: ¥ 112,714 million, March 31, 2008: ¥129,671 million

2. Dividends

Year ended March 31

Record date	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2008	---	---	---	5.00	5.00
2009	---	---	---	---	---
2009 (Forecast)	---	---	---	5.00	5.00

(Note) Revision of dividends forecast for this period: None

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	%
Fiscal year	410,000	(5.0)	20,000	(26.1)	15,000	(28.7)

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	(5,000)	---	(7.16)

(Note) Revision of earnings forecast for this period: Yes

4. Others

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None

2. Adoption of simplified accounting practices and special accounting policy for quarterly financial reporting: Yes

3. Changes from accounting methods, procedures and the presentation of the quarterly consolidated financial statements:
   1) Changes based on revision of accounting standards: Yes
   2) Changes other than 1) above: Yes

4. Number of shares issued and outstanding (Common share)
   1) Number of shares issued and outstanding (including treasury stock):
      September 30, 2008: 699,027,598 shares   March 31, 2008: 699,027,598 shares
   2) Number of treasury stock
      September 30, 2008: 1,129,807 shares   March 31, 2008: 1,096,154 shares
   3) Average number of shares outstanding for each period (cumulative term):
      Six months ended September 30   2008: 697,915,768 shares
      2007: 698,003,435 shares

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release. Actual results may differ from the results anticipated in the statements.

QUALITATIVE INFORMATION AND FINANCIAL STATEMENTS

1. Qualitative Information on Consolidated Results

The business environment for the Toyobo Group during the first half of fiscal 2009 (the six-month period from April 1 to September 30, 2008) was marked by increasingly apparent setbacks for the economy. Overseas the sense of slowdown in the U.S. economy grew stronger with rising oil prices and the turmoil in the financial markets precipitated by the subprime loan crisis, while the Japanese economy saw sluggish growth in the exports that had been the driving force for the economy, along with a retreat of capital investment following deterioration in corporate earnings, and stagnant consumer spending.

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—while in the Textiles segment further narrowed the focus of business fields in accordance with its policy of emphasizing asset efficiency. However, increased costs stemming from rising prices for raw material and fuel, more intense competition both in Japan and abroad, the implementation of business restructuring and the strict application of *Accounting Standard for Measurement of Inventories*, led to harsh consequences in terms of earnings.

As a result, net sales for the subject first half decreased ¥11.0 billion (5.1%) from the same period of the previous fiscal year to ¥202.5 billion. Earnings also declined, with operating income down ¥4.2 billion (30.5%) to ¥9.7 billion, and ordinary income down ¥4.4 billion (38.6%) to ¥7.0 billion, with Toyobo posting a net loss for the first half of ¥5.3 billion.

Results by business segment were as follows.

Note: Toyobo has applied accounting standards for quarterly reports from the subject fiscal year. Year-on-year percentage changes (or year-on-year amount changes) in Qualitative Information on Consolidated Reports are provided as a reference.

Films and Functional Polymers

Sales in this segment rose from the same period of the previous fiscal year, due to proactive sales efforts in the automotive, electronic components and other fields. Earnings declined, however, due mainly to intensifying competition in industrial films.

In the films business, revenue was up due to strong demand for packaging films centered on polyolefin and polyamide, along with the revision of product prices. For industrial films, sales were down as the main user industries scaled back production with the sluggishness of flat-panel display sales, along with greater competition in Taiwan and South Korea accompanying the rise of Korean film manufacturers. In the functional polymers business, sales of the industrial adhesive “VYLON” were strong for electronics components applications, with revenue from engineering plastics also rising, centered on the automotive industry.

As a result, sales in this segment rose ¥4.1 billion (6.3%) from the same period of the previous fiscal year to ¥69.7 billion, though operating income declined ¥2.5 billion (34.0%) to ¥4.8

billion.

Industrial Materials

Sales in this segment rose due to aggressive marketing to expand sales of automotive-related materials, high-performance fibers, and functional filters, with earnings up as well.

Airbag fabric sales rose, bolstered by increased use of airbags in automobiles. Tire cord sales were up substantially as the falloff in the U.S. automotive market was offset by greater sales in other regions, but the high cost of raw material had a significant impact. Demand for the ultra high-strength polyethylene fiber “DYNEEMA” continued to rise for such applications as safety gloves, fishing line, and mooring cable, with sales rising significantly due to increased production following the introduction of new production equipment. In the filters field, sales continued to rise for automotive cabin filters, office equipment filters and other applications. Revenue from spunbond was down slightly due to a slowdown in construction-related demand, and deterioration in the U.S. automobile market.

As a result, sales in this segment rose ¥4.3 billion (11.6%) from the same period of the previous fiscal year to ¥41.6 billion, with operating income up ¥0.2 billion (6.4%) to ¥2.9 billion.

Life Science

This segment posted greater sales due to strong performance in the bioproducts, contract manufacturing of pharmaceuticals, and water treatment membranes businesses, but earnings were down as a result of a falloff in the medical membranes business.

In bio products, revenue from enzymes for diagnostic reagents rose due to expanded sales in the U.S. and Europe, and the diagnostic systems business was strong, but sales lagged for research reagents.

In contract manufacturing of pharmaceuticals, sales rose substantially with the successive acquisition of large-scale contracts. Sales of membranes for medical use declined as a result of inventory adjustments following the change of the national insurance reimbursement in April 2008. Revenue from reverse osmosis membrane modules for seawater desalination rose substantially on the back of healthy orders for replacement filters at existing plants, and the commencement of shipments for a new large-scale project in the Middle East.

As a result, sales in this segment rose ¥0.7 billion (4.3%) from the same period of the previous fiscal year to ¥17.0 billion, though operating income was down ¥0.7 billion (25.8%) to ¥1.9 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 in accordance with our policy of emphasizing asset efficiency, tightening our focus to functional textiles that utilize Toyobo’s proprietary technologies.

In the textiles business, sales rose with continued strong exports to the Middle East region, and sales of textiles for underwear and sportswear applications remained steady. As the same time Toyobo reduced its sales of synthetic yarn for apparel use, and gradually withdrew from the unprofitable apparel and uniform businesses. Sales of the acrylic fiber “EXLAN” were down considerably due to a falloff in exports to China, and scaling back the production.

As a result, sales in this segment declined ¥12.5 billion (17.3%) from the same period of the previous fiscal year to ¥59.9 billion, with operating income down ¥0.9 billion (47.1%) to ¥1.0 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 ¥7.6 billion (34.6%) from the same period of the previous fiscal year to ¥14.3 billion, with operating income down ¥0.3 billion (26.8%) to ¥0.9 billion.

2.Qualitative Information on the Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the subject second quarter (September 30, 2008) decreased ¥9.8 billion (2.0%) from March 31, 2008 (the end of the previous fiscal year) to ¥484.7 billion. This was due mainly to a decline in inventories, along with integration of accounting procedures for overseas subsidiaries, which resulted in the reversal of revaluation reserves for land recorded by certain overseas subsidiaries, and a decline in the value of such land.

Total liabilities increased ¥7.9 billion (2.3%) to ¥355.9 billion. This was due mainly to a rise in interest-bearing debt.

Total net assets decreased ¥17.7 billion (12.1%) to ¥128.8 billion. This was due mainly to a decline in retained earnings, along with reversal of revaluation reserves for land recorded by certain overseas subsidiaries.

Cash Flows

Net cash used in operating activities amounted to ¥4.0 billion at the end of the subject second quarter. This was due mainly to a ¥12.1 billion loss before income taxes; ¥9.5 billion in depreciation and amortization; and ¥4.5 billion in income taxes paid.

Net cash used in investing activities amounted to ¥11.1 billion. This was due mainly to ¥12.7 billion in expenditures for the acquisition of property, plant and equipment.

Net cash provided by financing activities amounted to ¥13.0 billion. This was due mainly to expenditures of ¥8.6 billion in repayment of long-term debt; ¥10.0 billion in redemption of corporate bonds; and ¥3.6 billion in payment of dividends (including dividends to minority interests); against proceeds of ¥2.7 billion from short-term bank loans; ¥5.0 billion from the issuance of commercial paper; ¥14.5 billion from long-term debt, and ¥14.9 billion from the issuance of corporate bonds.

As a result, the balance of cash and cash equivalents at the end of the subject second quarter (September 30, 2008) decreased ¥4.7 billion from the end of the previous fiscal year (March 31, 2008), to ¥7.5 billion.

3. Qualitative Information on Consolidated Forecasts

Toyobo anticipates that the future business environment will become increasingly difficult to forecast and remain tight, due to the slowdown in demand stemming from the global financial crisis and economic outlook.

The Toyobo Group expects demand to remain firm in such areas as packaging films, the high-performance fiber “DYNEEMA,” airbag fabrics, medical and environmental fields. Through such measures as raising prices and cutting expenses we expect to be able to achieve operating income and ordinary income during the second half on par with that of the first.

However, we revised downward our forecast of net income due to additional restructuring for the acrylic fiber and other businesses, responding to the rapid deterioration in the business environment. We expect for the full term of the fiscal year to March 31, 2009, forecast net sales of ¥410 billion. In terms of earnings, operating income is forecast to be ¥20 billion, and the net loss ¥ 5 billion.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
2008 Previous forecast	400,000	20,000	15,000	1,000	1.43
2008 Revised forecast	410,000	20,000	15,000	(5,000)	(7.16)
2007	431,417	27,075	21,049	4,698	6.73

The decline in net income is due to temporary factors, such as losses incurred for business restructuring, for which the subject fiscal year is the final phase. Consequently, Toyobo plans to pay dividends for the year ending March 31, 2009 of ¥5 per share, as was previously announced.

4. Other Items

1. Significant changes in subsidiaries during the subject fiscal period (Transfer of particular subsidiaries following a change in the scope of consolidation)
   None

2. Application of simplified accounting methods or special accounting methods for the preparation of consolidated quarterly statements
   Calculation of the amount of income taxes paid at certain consolidated subsidiaries is limited to major items such as those that increase or decrease the amount, or tax credit items.
   Also, the value of deferred income taxes includes income taxes.

3. Changes in accounting principles or procedures related to the preparation of consolidated quarterly statements, or style of presentation
   1) Application of Accounting Standard for Quarterly Financial Reporting
      From the subject fiscal year the Company has applied Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). Also, quarterly financial statements have been prepared in accordance with regulations regarding quarterly consolidated financial statements.
   2) Change in evaluation standard and method for major assets

Inventories held for sale in the ordinary course of business have formerly been calculated using the cost standard based on the gross average method. From the first quarter the Company has applied Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 5, 2006). Accordingly, such inventories are calculated primarily using the cost standard based on the gross average method (value shown on the balance sheets is a devaluation of the book value based on decreased profitability).

As a result of this change, compared to the former method, gross profit on sales, operating income and ordinary income have each decreased by ¥2,011 million, with the net loss before income taxes increased ¥6,068 million.

3) Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

The Company has applied Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ PITF No. 18, May 17, 2006), and made the necessary revisions to its consolidated financial statements. As a result of this change, compared to the former method, total assets and net assets decreased ¥8,700 million. The impact of this change on retained earnings, or profit and loss is minimal.

4) Application of accounting standard for lease transactions

Financial lease transactions other than ownership transfers have formerly been accounted for according to methods for lease transactions. However, as it is now possible to apply Accounting Standard for Lease Transactions (ASBJ Statement No. 13, (Business Accounting Council Committee No.1, June 17, 1993), revised March 30, 2007), and Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No.16 (Japanese Institute of Certified Public Accountants, Accounting System Committee, January 18, 1994), revised March 30, 2007), on quarterly financial statements for consolidated fiscal years beginning on April 1, 2008, from the first quarter, the Company has applied these accounting standards from the subject first quarter, accounting for such assets as ordinary sale transactions.

Depreciation for financial lease transactions other than ownership transfers is calculated by the straight-line method, with the lease period equivalent to the serviceable life of the asset, with no residual value.

Financial lease transactions other than ownership transfers where the lease commencement date is prior to the application of these standards will continue to be accounted for according to methods for ordinary lease transactions.

The impact of this change on total assets is minimal, and has no impact on profit and loss.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets (Millions of yen)

	Current Second Quarter (As of September 30, 2008)	Prior Fiscal Year (As of March 31, 2008) (Condensed)
Assets		
Current assets		
Cash and deposits	7,731	10,025
Notes and accounts receivable-trade	90,344	84,296
Merchandise and finished goods	49,481	55,146
Work in process	16,187	17,333
Raw materials and supplies	15,283	13,736
Other	18,964	19,983
Allowance for doubtful accounts	(757)	(875)
Current assets	197,233	199,644
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	48,719	49,203
Machinery, equipment and vehicles, net	53,415	55,793
Land	111,135	119,766
Other, net	15,653	11,537
Property, plant and equipment	228,921	236,299
Intangible assets	2,495	2,656
Investments and other assets		
Other	70,411	66,988
Allowance for doubtful accounts	(14,348)	(11,091)
Investments and other assets	56,063	55,897
Noncurrent assets	287,480	294,852
Assets	484,713	494,496

(Millions of yen)

	Current Second Quarter (As of September 30, 2008)	Prior Fiscal Year (As of March 31, 2008) (Condensed)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	61,946	66,142
Short-term loans payable	67,122	64,675
Current portion of long-term loans payable	29,867	26,352
Provision	4,621	4,729
Other	38,803	50,462
Current liabilities	202,359	212,360
Noncurrent liabilities		
Bonds payable	15,000	–
Bonds with subscription rights to shares	20,000	20,000
Long-term loans payable	60,191	57,815
Provision for retirement benefits	12,919	13,710
Provision for directors' retirement benefits	1,269	1,394
Other	44,141	42,717
Noncurrent liabilities	153,520	135,636
Liabilities	355,879	347,996
Net assets		
Shareholders' equity		
Capital stock	43,341	43,341
Capital surplus	16,032	16,033
Retained earnings	21,011	29,754
Treasury stock	(273)	(267)
Shareholders' equity	80,111	88,860
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,360	2,110
Deferred gains or losses on hedges	(111)	(230)
Revaluation reserve for land	39,503	39,524
Revaluation excess-foreign	–	6,620
Foreign currency translation adjustment	(9,149)	(7,213)
Valuation and translation adjustments	32,604	40,811
Minority interests	16,119	16,828
Net assets	128,833	146,500
Liabilities and net assets	484,713	494,496

(2) Consolidated Statement of Income

Six months period ended September 30, 2008 (Millions of yen)

	Six Months Ended September 30, 2008 (From April 1, 2008 To September 30, 2008)
Net sales	202,471
Cost of sales	161,752
Gross profit	40,719
Selling, general and administrative expenses	31,029
Operating income	9,690
Non-operating income	
Other	3,480
Non-operating income	3,480
Non-operating expenses	
Interest expenses	1,512
Other	4,610
Non-operating expenses	6,123
Ordinary income	7,047
Extraordinary income	
Gain on sales of noncurrent assets	74
Extraordinary income	74
Extraordinary loss	
Loss on valuation of inventories	4,057
loss on restructuring of business	10,685
Other	4,505
Extraordinary loss	19,247
Income before income taxes	(12,126)
Income taxes	(6,144)
Minority interests in income	(663)
Net income	(5,320)

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2008 (From April 1, 2008 To September 30, 2008)
Net cash provided by (used in) operating activities	
Income before income taxes	(12,126)
Depreciation and amortization	9,492
Interest expenses	1,512
Decrease (increase) in notes and accounts receivable-trade	(2,821)
Decrease (increase) in inventories	4,807
Increase (decrease) in notes and accounts payable-trade	(3,958)
Other, net	3,586
Subtotal	493
Income taxes paid	(4,538)
Net cash provided by (used in) operating activities	(4,045)
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(12,693)
Other, net	1,573
Net cash provided by (used in) investment activities	(11,120)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	2,676
Increase (decrease) in commercial papers	4,986
Proceeds from long-term loans payable	14,450
Repayment of long-term loans payable	(8,558)
Proceeds from issuance of bonds	14,906
Redemption of bonds	(10,000)
Cash dividends paid	(3,481)
Interest expenses paid	(1,423)
Other, net	(596)
Net cash provided by (used in) financing activities	12,961
Effect of exchange rate change on cash and cash equivalents	(3)
Net increase (decrease) in cash and cash equivalents	(2,207)
Cash and cash equivalents at beginning of the period	9,749
Cash and cash equivalents	7,542

From the subject fiscal year the Company has applied *Accounting Standard for Quarterly Financial Reporting* (ASBJ Statement No. 12) and *Guidance on Accounting Standard for Quarterly Financial Reporting* (ASBJ Guidance No. 14). Quarterly financial statements have been prepared in accordance with regulations regarding quarterly consolidated financial statements.

(4) Note to going concern

None

(5) Segment information

Segment information by business type

Six months ended September 30, 2008 (From April 1, 2008 To September 30, 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	69,707	41,618	16,996	59,862	14,289	202,471	---	202,471
(2) Intersegment net sales and transfer amounts	68	17	260	132	7,337	7,814	(7,814)	---
Net sales	69,775	41,635	17,256	59,994	21,626	210,286	(7,814)	202,471
Operating income	4,814	2,892	1,924	1,041	865	11,535	(1,845)	9,690

(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-sensitive printing plates, etc.

Industrial Materials: Fiber materials for automobiles, high-performance fibers, functional filters, non-woven fabrics, etc.

Life Science: Bio products such as diagnostic enzymes, contract manufacturing of pharmaceuticals, 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.

Geographic Segments

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

Overseas Sales

Six Months ended September 30, 2008 (From April 1, 2008 To September 30, 2008) (Millions of yen)

	Southeast Asia	Other Regions	Total
I. Overseas sales	21,552	19,698	41,251
II. Consolidated sales			202,471
III. Percentage of overseas sales to total consolidated sales	10.6%	9.7%	20.4%

【Reference】
(1) Consolidated Statement of Income

Six months period ended September 30, 2007

	2007	
	Millions of yen	%
Net sales	213,433	100.0
Cost of sales	169,236	79.3
Gross profit	44,197	20.7
Selling, general and administrative expenses	30,265	14.2
Operating income	13,932	6.5
Non-operating income:		
1. Interest income	230	
2. Dividend income	679	
3. Rent	523	
4. Amortization on negative goodwill	461	
5. Equity in income of unconsolidated subsidiaries and affiliates	167	
6. Other	1,210	
Total non-operating income	3,270	1.5
Non-operating expenses:		
1. Interest expense	1,599	
2. Retirement benefits for employees for prior periods	812	
3. Salaries paid to dispatched employees	595	
4. Other	2,720	
Total non-operating expenses	5,726	2.6
Ordinary income	11,476	5.4

	2007	
	Millions of yen	%
Extraordinary gain:		
1. Gain on sale of property, plant and equipment	5	
2. Gain on sale of investment securities	81	
3. Reversal of allowance for doubtful receivables	69	
4. Compensation for transfer of property	1,811	
Total extraordinary income	1,967	0.9
Extraordinary loss:		
1. Loss on sale of property, plant and equipment	45	
2. Loss on disposal of property, plant and equipment	644	
3. Loss on deduction of property, plant and equipment	264	
4. Loss on sales of investment securities	2	
5. Write-down of investment securities	71	
6. Special allowance for doubtful receivables	155	
7. Write-down of inventories	1,111	
8. Loss on restructuring of businesses	605	
9. Losses related to lawsuits	1,022	
10. Loss on impairment of fixed assets	716	
Total extraordinary loss	4,634	2.2
Income before income taxes	8,809	4.1
Provision for income taxes:		
Current	2,007	
Deferred	883	
	2,889	1.4
Minority interest in income of consolidated subsidiaries	373	0.1
Net income	5,546	2.6

(2) Consolidated Statements of Cash Flows

Six Months period ended September 30, 2007

	2007
	Millions of yen
Cash flows from operating activities:	
1. Income before income taxes	8,809
2. Depreciation and amortization	9,203
3. Amortization of negative goodwill	(461)
4. Allowance for doubtful receivables, net	1,030
5. Retirement benefits, net	(102)
6. Interest and dividend income	(909)
7. Interest expense	1,599
8. Equity in income of unconsolidated subsidiaries and affiliates	(167)
9. Loss on impairment of fixed assets	716
10. Loss on sale and disposal of property, plant and equipment, net	684
11. Loss on deduction of property, plant and equipment	264
12. Gain/Loss on sale and unrealized holding gains on investment	(8)
13. Compensation for transfer of property, plant and equipment	(1,811)
14. Loss on restructuring of businesses	605
15. Losses related to lawsuits	1,022
16. Decrease in trade notes and accounts receivable	2,460
17. Increase in inventories	(3,067)
18. Increase in trade notes and accounts payable	2,736
19. Increase in prepaid pension expenses	(1,629)
20. Other, net	(1,354)
Total	19,619
21. Payments for restructuring costs of businesses	(582)
22. Payments related to lawsuits	(932)
23. Receipt of litigation liability insurance	432
24. Receipt of accident insurance	631
25. Income taxes paid	(5,332)
Net cash provided by operating activities	13,836

	2007
	Millions of yen
Cash flows from investing activities:	
1. Purchase of property, plant and equipment	(9,045)
2. Proceeds from sale of property, plant and equipment	700
3. Purchase of investment securities	(2,026)
4. Proceeds from sale of investment securities	117
5. Proceeds from purchase of shares of subsidiaries	(138)
6. Interest and dividend income excluding unconsolidated subsidiaries and affiliates	909
7. Dividend income from affiliates for by equity method	88
8. Other, net	35
Net cash used in investing activities	(9,361)
Cash flows from financing activities:	
1. Increase in short-term bank loans	4,913
2. Proceeds from long-term debt	6,100
3. Repayment of long-term debt	(11,879)
4. Payment of bonds	(300)
5. Payment for purchase of treasury stock	(24)
6. Proceeds from sale of treasury stock	3
7. Payment of interest	(1,591)
8. Cash dividends	(3,491)
9. Cash dividends to minority interests	(188)
Net cash used in financing activities	(6,457)
Adjustment for foreign currency translation	180
Decrease in cash and cash equivalents	(1,802)
Cash and cash equivalents at beginning of the period	14,140
Increase/decrease in cash and cash equivalents due to change in scope of consolidation	(111)
Cash and cash equivalents at end of the period	12,226

(3) Segment information
Segment information by business type

[Six Months ended September 30, 2007] (Millions of yen)

	Films and functional polymers	Industrial materials	Life science	Textiles	Other businesses	Total	Elimination or corporate	Consolidated
I. Net sales								
(1) Net sales to external customers	65,603	37,289	16,294	72,391	21,857	213,433	---	213,433
(2) Intersegment net sales or transfer amounts	171	22	84	89	5,423	5,789	(5,789)	---
Net sales	65,774	37,311	16,378	72,481	27,280	219,223	(5,789)	213,433
Operating costs and expenses	58,477	34,594	13,785	70,513	26,099	203,468	(3,967)	199,501
Operating income	7,296	2,717	2,592	1,968	1,181	15,755	(1,822)	13,932

Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled ¥1,735 million.

(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-sensitive printing plates, etc.
Industrial Materials:	Fiber materials for automobiles, high-performance fibers, functional filters, non-woven fabrics, etc.
Life Science:	Bio products such as diagnostic enzymes, contract manufacturing of pharmaceuticals, 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.

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 interim period using the same method, Films and Functional Polymers increased ¥25 million; Industrial Materials ¥7 million; Life Science ¥11 million; Textiles ¥5 million; Other Businesses ¥8 million; and Elimination or Corporate ¥5 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 ¥304 million; Industrial Materials ¥151 million; Life Science ¥89 million; Textiles ¥227 million; Other Businesses ¥19 million; and Elimination or Corporate ¥43 million; with corresponding decreases in operating income.

Geographic Segments

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

Overseas Sales

[Six Months ended September 30, 2007] (Millions of yen)

	Southeast Asia	Other areas	Total
I. I Overseas sales	21,075	21,012	42,087
II. Consolidated sales			213,433
III. Percentage of overseas sales to total consolidated sales	9.9%	9.8%	19.7%