

## Consolidated Financial Report for Year ended March 31, 2009

**Toyobo Co., Ltd.**

Listed on the First Section of both the TSE and OSE

Stock Code: 3101

URL <http://www.toyobo.co.jp/e/annai/zaimu/>

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Date of the General Meeting of the Shareholders: June 26, 2009

Planned start of dividend payments: June 29, 2009

Planned filing of an annual security report: June 26, 2009

(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	%
2009	367,271	(14.9)	11,229	(58.5)	2,059	(90.2)	(12,505)	---
2008	431,417	1.1	27,075	(11.0)	21,049	(16.9)	4,698	(65.1)

	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	%	%	%
2009	(17.92)	---	(11.0)	0.4	3.1
2008	6.73	6.33	3.6	4.2	6.3

(Reference) Gain (loss) on investment by equity method: Year ended March 31, 2009: ¥ (1,476) million,  
Year ended March 31, 2008: ¥ (415) 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
2009	443,816	133,967	22.1	140.79
2008	494,496	146,500	26.2	185.79

(Reference) Total shareholders' equity: March 31, 2009: ¥98,253 million, March 31, 2008: ¥129,671 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
2009	(368)	(15,803)	17,379	9,802
2008	23,282	(10,193)	(17,948)	9,749

## 2. Dividends

Years ended/ending March 31

Record date	Dividends per share					Total amount of dividends (for the entire fiscal year) Millions of yen	Payout ratio %	Dividends-to-net assets ratio %
	June 30	Sept. 30	Dec. 31	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
2008	---	---	---	5.00	5.00	3,490	74.3	2.7
2009	---	---	---	3.50	3.50	2,443	---	2.1
2010 (Forecast)	---	---	---	3.50	3.50		81.4	

## 3. Forecasts for Fiscal Year ending March 31, 2010

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	164,000	(19.0)	4,800	(50.5)	1,800	(73.4)
Fiscal year	340,000	(7.4)	14,000	24.7	8,000	288.6

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	0	---	0.00
Fiscal year	3,000	---	4.30

## 4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation):

Additions: Two companies (Toyobo Specialties Trading Co., Ltd., TC Preferred Capital Limited)

Deletions: One company (Shinko Sangyo Co., Ltd.)

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

3. Number of Shares Outstanding (Common stock)

Number of shares outstanding at fiscal year-end:

2009: 699,027,598 shares    2008: 699,027,598 shares

Number of treasury stocks at fiscal year-end:

2009: 1,149,171 shares    2008: 1,096,154 shares

**(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	%
2009	201,209	(22.5)	6,637	(65.5)	3,650	(81.1)	(8,996)	---
2008	259,780	1.7	19,250	(14.9)	19,318	(2.8)	3,508	(71.7)

	Net income per share	Net income per share after dilution
	Yen	Yen
2009	(12.89)	---
2008	5.03	4.73

**(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
2009	362,475	113,532	31.3	162.65
2008	386,342	129,764	33.6	185.89

(Reference) Total shareholders' equity: March 31, 2009: ¥113,532 million, March 31, 2008: ¥129,764 million

## 1. Operating Results

### (1) Analysis of Operating Results

The business environment for the Toyobo Group during fiscal 2009 (ended March 31, 2009) was marked during the first half by sustained high prices for fuel and raw materials, while during the second half the financial crisis precipitated by the subprime loan problems in the United States impacted the real economy. The Japanese economy also experienced an acute downturn, suffering from sluggish growth in exports, a scaling back 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 and Other Businesses segments narrowed the focus of its business fields in accordance with its policy of emphasizing asset efficiency. The specialty business segments, however, struggled as a result of the dramatic shift in circumstances for the markets targeted by the Toyobo Group, such as the automotive and LCD display materials fields. Further, losses stemming from the implementation of a business restructuring plan to withdraw from non-core businesses and narrow the focus of the textiles business, along with the strict application of *Accounting Standard for Measurement of Inventories*, resulted in an unavoidable deterioration in earnings.

As a result, net sales for the subject fiscal year decreased ¥64.1 billion (14.9%) from the previous fiscal year to ¥367.3 billion. Operating income declined ¥15.8 billion (58.5%) to ¥11.2 billion, and ordinary income was down ¥19.0 billion (90.2%) to ¥2.1 billion, with Toyobo posting a net loss for the year of ¥12.5 billion.

Results by business segment were as follows.

#### **Films and Functional Polymers**

Both sales and earnings declined considerably in this segment from the previous fiscal year. This was due mainly to inventory adjustments during the second half of the year by clients in the display panels, electronics components, and automotive components businesses, along with a steep falloff in sales volumes stemming from an acute worsening of the business climate, such as the continued appreciation of the yen.

In the films business, revenue was up for the packaging films used mainly for wrapping food, due to strong demand. For industrial films, sales were down considerably as a result of a substantial slowdown in production by flat-panel display manufacturers, and more intense competition. In the functional polymers business, sales of the “VYLON” series of industrial adhesives declined on a falloff in demand for applications for data and recording devices, and electronics components. Revenue from engineering plastics fell sharply due to the falloff in automotive-related products.

As a result, sales in this segment declined ¥12.3 billion (9.2%) from the previous fiscal year to ¥122.3 billion, with operating income down ¥9.4 billion (68.4%) to ¥4.3 billion.

## **Industrial Materials**

Both revenue and earnings were down in this segment despite continued strong sales of high-performance fibers, due to weak demand for automotive components.

Airbag fabrics sales declined as a result of the worldwide production adjustments for automobiles during the second half of the subject fiscal year. Tire cord sales rose slightly despite the decline in automobile production, as expansion of market share and other measures minimized the impact. Sales of the high-performance fiber “DYNEEMA” rose on the back of continued strong demand for such applications as safety gloves, fishing lines, and mooring cables. In the filters field, sales were up slightly for the functional filters used in such applications as automotive components, office equipment and home electronics. Revenue from spunbond declined due to a slowdown in construction and automotive-related demand.

As a result, sales in this segment declined ¥1.5 billion (1.9%) from the previous fiscal year to ¥74.7 billion, with operating income down ¥1.4 billion (24.6%) to ¥4.1 billion.

## **Life Science**

Revenue in this segment was down overall despite strong sales from contract manufacturing of pharmaceuticals and water treatment membranes (reverse osmosis membrane modules for seawater desalination), mainly as a result of the considerable decline in the medical membranes business. Earnings were also down as a result of the appreciation of the yen.

In the bioproducts business, sales rose steadily for enzymes for blood glucose measuring applications and diagnostic systems. In contract manufacturing of pharmaceuticals, sales rose with the continued acquisition of large-scale contracts. Sales of membranes for medical use were down, as increases from an ongoing switchover to a new membrane type failed to absorb first half declines. Revenue from water treatment membranes rose substantially on the back of shipments for a large-scale project in the Middle East.

As a result, sales in this segment declined ¥0.8 billion (2.5%) the previous fiscal year to ¥33.1 billion, with operating income down ¥2.1 billion (41.8%) to ¥3.0 billion.

## **Textiles**

Both revenue and earnings were down in this segment as we scaled back general-purpose and less profitable products in line with our policy of emphasizing asset efficiency, and narrowed our focus to functional textiles that utilize Toyobo’s proprietary technologies.

Sales for sportswear applications rose steadily for high-density fine count nylon fabric, and polyester knit fabric and products. Sales for underwear applications rose on strong sales of functional materials using acrylic microfiber and specialty nylon. The sales volume for specialty fabrics to the Middle East region increased, but revenue suffered considerable impact from the appreciation of the yen during the second half of the subject fiscal year. Revenue from textiles for shirts, work uniform and bedding linen applications declined considerably due to sluggish demand and contraction of unprofitable businesses. Production of the acrylic fiber “EXLAN” was scaled back following a sharp falloff in exports.

As a result, sales in this segment declined ¥30.7 billion (21.6%) from the previous fiscal year to ¥111.7 billion, with operating income down ¥2.4 billion (62.1%) to ¥1.4 billion.

## **Real Estate and Other Businesses**

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

As a result, sales in this segment declined ¥18.8 billion (42.5%) from the previous fiscal year to ¥25.4 billion, with operating income down ¥0.7 billion (28.5%) to ¥1.9 billion.

## **Forecast for Fiscal 2010 (ending March 31, 2010)**

The business climate during fiscal 2010 will likely remain difficult, with recovery in the global economy expected to take considerable time. The Toyobo Group, in view of these harsh economic conditions and in line with its management policy to “reinforcing our foundations, laying the cornerstones for future growth,” has already begun implementing an emergency total cost reduction program aimed at trimming ¥10 billion in expenses through the streamlining of fixed manufacturing costs, lowering of variable costs, and far-reaching cuts in a wide range of expenditures. We will further seek to improve earnings through aggressive expansion in areas that utilize Toyobo’s unique technologies, such as the medical and environmental fields.

Considering such factors, for fiscal 2010 the Toyobo Group is forecasting net sales of ¥340.0 billion (down ¥27.3 billion year on year), with operating income of ¥14.0 billion (up ¥2.8 billion), ordinary income of ¥8.0 billion (up ¥5.9 billion), and net income of ¥3.0 billion (up ¥15.5 billion).

## **(2) Analysis of Financial Position**

### **Assets, Liabilities and Net Assets**

Total assets at the end of the subject fiscal year (March 31, 2009) decreased ¥50.7 billion (10.2%) from March 31, 2008 (the end of the previous fiscal year) to ¥443.8 billion. This was due mainly to declines in notes and accounts receivable-trade and 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 decreased ¥38.1 billion (11.0%) to ¥309.8 billion. This was due mainly to declines in notes and accounts payable-trade, and accrued income taxes.

Total net assets decreased ¥12.5 billion (8.6%) to ¥134.0 billion. This was due mainly to declines in retained earnings and net unrealized holdings gains on securities, along with reversal of revaluation reserves for land recorded by certain overseas subsidiaries.

### **Cash Flows**

Net cash used in operating activities amounted to ¥0.4 billion at the end of the subject fiscal year. This was due mainly to a ¥20.7 billion loss before income taxes; ¥21.2 billion in depreciation and amortization; and ¥6.4 billion in income taxes paid.

Net cash used in investing activities amounted to ¥15.8 billion. This was due mainly to ¥21.8 billion in expenditures for the acquisition of property, plant and equipment; against ¥7.1

billion in proceeds from the sale of property, plant and equipment.

Net cash provided by financing activities amounted to ¥17.4 billion. This was due mainly to expenditures of ¥28.2 billion in repayment of long-term debt; ¥10.0 billion in redemption of corporate bonds; and ¥3.7 billion in payment of dividends (including dividends to minority interests); against proceeds of ¥31.7 billion from long-term debt; ¥14.9 billion from the issuance of corporate bonds; and ¥21.6 billion from the issuance of preferred subscription securities.

As a result, the balance of cash and cash equivalents at the end of the subject fiscal year (March 31, 2009) stood at ¥9.8 billion, up ¥0.1 billion from the end of the previous fiscal year (March 31, 2008).

### **(Reference) Cash Flow Indicators**

Years ended March 31

	2005	2006	2007	2008	2009
Equity ratio (%)	21.0	24.3	26.0	26.2	22.1
Equity ratio, based on market value (%)	35.5	49.3	47.7	29.4	20.0
Interest-bearing debt to cash flow ratio (Years)	7.4	7.6	7.2	7.7	---
Interest coverage ratio (Times)	9.2	8.8	8.4	7.3	---
D/E ratio (Times)	2.06	1.65	1.45	1.38	1.82

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 2009 and 2010**

Toyobo considers providing returns to shareholders to be one of its highest priorities. Our basic policy is to continually provide a stable dividend, determined in a comprehensive consideration of such factors as profit levels, financial position (retained earnings), and investments necessary for expansion.

In accordance with this policy, Toyobo is lowering its year-end dividend by ¥1.50 per share from the previous fiscal year, to ¥3.50 per share. For fiscal 2010, despite the difficult business climate, we expect to pay a dividend of ¥3.50 per share, based on the forecast net income of ¥3.0 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.

Certain portions of business segments have been changed from the subject fiscal year. See "Notes to Consolidated Financial Statements – Segment Information" for details on the changes.

### **Films and Functional Polymers:**

The Company manufactures, processes and sells packaging films, industrial films, industrial adhesives, engineering plastics, photo-sensitive printing plates, etc.

Its five 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 fiber materials for automobiles, high-performance fibers, functional filters, non-woven fabrics, etc.

Its five consolidated subsidiaries, such as Yuho Co., Ltd. and Kureha Ltd. and its eight 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 bioproducts such as enzymes for diagnostic reagents, pharmaceuticals, hollow fiber membranes for artificial kidneys, medical equipment 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, apparel textiles and apparel fibers.

Its 24 consolidated domestic subsidiaries, such as Japan Exlan Co., Ltd., Sundia Inc., Miyuki Keori Co., Ltd., and its 16 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 11 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 Toyobo Specialties Trading Co., Ltd., and two non-consolidated subsidiaries and affiliates are engaged in the distribution, etc., of textiles and various non-textile industrial products.

**Real Estate:**

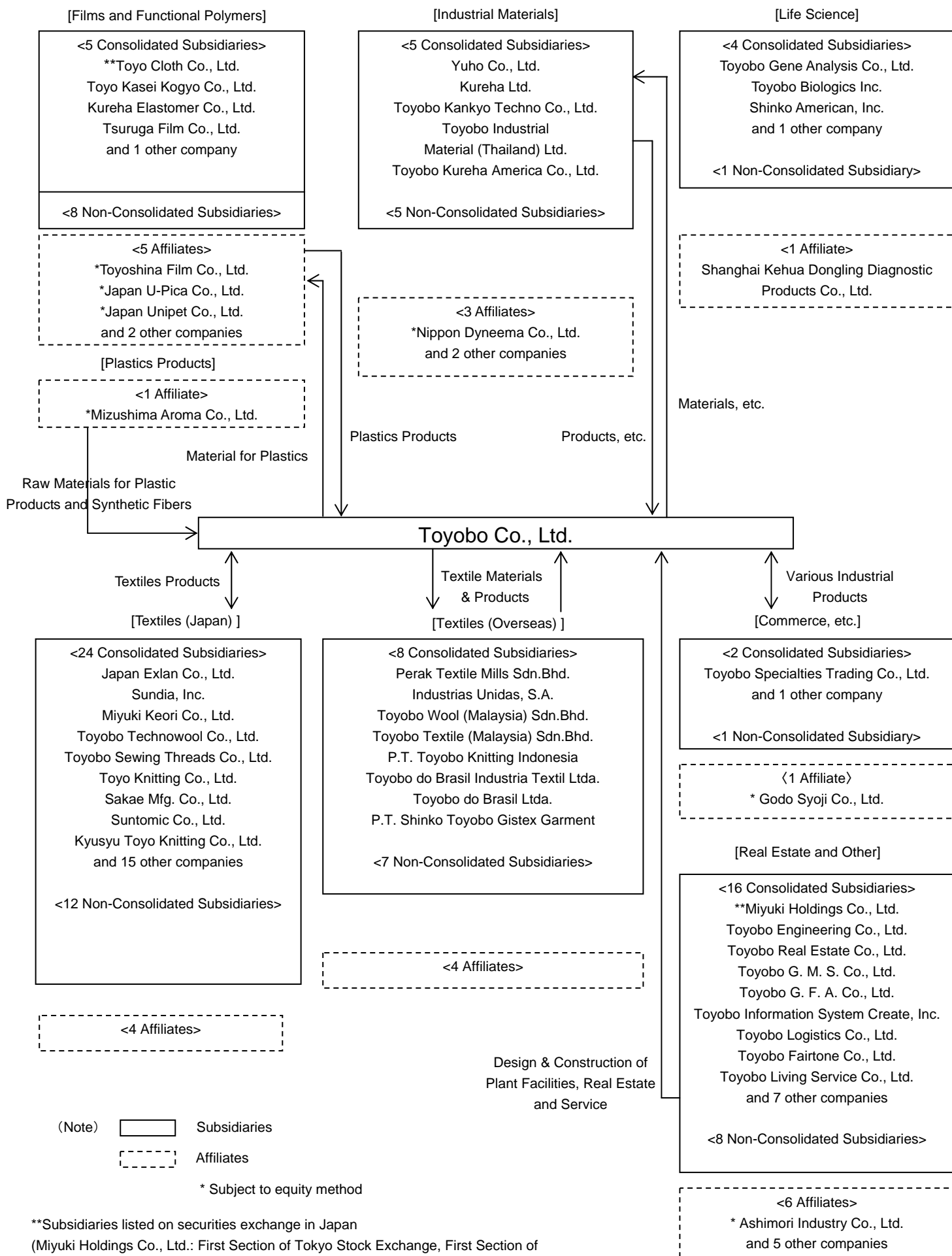
Four domestic consolidated subsidiaries, including Miyuki Holdings Co., Ltd. and Toyobo Real Estate Co., Ltd., are engaged in the sale, leasing and maintenance of real estate, etc. Toyobo Real Estate Co., Ltd. leases property to the Company.

**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 nine consolidated subsidiaries, such as 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.



### **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, from the second half of fiscal 2008 the global financial crisis has had an impact on the real economy, and the rapid falloff in demand has inevitably led to deterioration in Toyobo's earnings. In view of this harsh business environment, Toyobo is pursuing a new program of reform under its management policy to "reinforce foundations, and lay the cornerstones for future growth."

#### **(2) Target Managerial Indicators**

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

As a measure of its financial position, the Toyobo Group places emphasis on its debt-equity (D/E) ratio, reflecting the ratio of interest-bearing debt to net assets (excluding minority interests). Toyobo's goal is to quickly regain a D/E ratio of 1.5 times or less, and to achieve an even stronger financial position going forward, we 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**

The Toyobo Group, in its medium-term business plan announced in May 2008, put forward the goal of accelerated growth and rapid expansion for its specialty businesses. However, with the acute change in the business climate, for the present we will focus on securing short-term profits and cash flow, and efforts aimed at future growth under its management policy to "reinforce foundations, and lay the cornerstones for future growth.". Over the medium term, through expansion of our specialty business segments—Films and Functional Polymers, Industrial Materials, and Life Science—we will enhance asset efficiency, improve our financial position, and achieve earnings growth.

#### **(4) Issues to Be Addressed**

##### **1) Reinforcing Our Foundations**

###### *• Secure earnings capability*

In response to the sharp falloff in demand from November 2008, the Toyobo Group has already begun implementing an emergency total cost reduction program aimed at trimming ¥10 billion in expenses through the streamlining of fixed manufacturing costs, lowering of variable unit costs, and far-reaching cuts in a wide range of expenditures. The steady implementation of this program will improve our earnings.

###### *• Emphasize cash flow*

The Toyobo Group has continued to revise its approach to inventories and pursue more stringent inventory management, including a strict application of the lower of cost or market (LCM) rule for inventory valuation from fiscal 2008. By reducing inventory volume to a level

more appropriate to sales volume, we will further reduce our level of working capital. For capital expenditures we will carefully select from among investment options, and by scaling back near-term investment will secure free cash flow.

- *Raise asset efficiency*

Toyobo has restructured its Textiles and Other Businesses segments, but in view of the harsh business climate going forward will further narrow operations. At the same time, for the specialty businesses we will reallocate resources in growth fields as part of our efforts to improve asset efficiency.

## **2) Laying the Cornerstones for Future Growth**

Toyobo believes that R&D is the key for growth that will allow expansion of the specialty business segments over the medium term, and without cutting its R&D budget is working to generate and nurture new products and businesses. We will improve development efficiency through careful management of the progress of research themes, and the altering or abandoning of particular themes, as well as pursue at a company-wide level the generation of development themes for new businesses in the fields of environmental cleanup, energy, biotechnology, and functional membranes.

## **3) Enhance the CSR Structure**

The Toyobo Group, with the fundamental realization that companies are members of society, will fulfill its corporate social responsibility (CSR) to society, and contribute to the development of a sound and sustainable society. The CSR Committee, chaired by the president, provides unified oversight and direction of all activities that affect stakeholders, including customers, shareholders and investors, business partners, local communities and the environment, and employees. We have also established the Toyobo Group CSR Charter as a code of conduct for the group, and continually work to act in a manner consistent with the standpoint of stakeholders.

Through the steady implementation of these measures, and by enhancing asset efficiency and earnings capabilities, and improving our financial position, we will work to raise our corporate value.

## 4. CONSOLIDATED FINANCIAL STATEMENTS

### (1) Consolidated Balance Sheets

(Millions of yen)

	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)
<b>Assets</b>		
Current assets		
Cash and deposits	10,025	9,956
Notes and accounts receivable-trade	84,296	60,978
Inventories	86,215	-
Merchandise and finished goods	-	48,974
Work in process	-	13,241
Raw materials and supplies	-	13,584
Deferred tax assets	6,047	4,154
Other	13,935	9,975
Allowance for doubtful accounts	(875)	(625)
Total current assets	199,644	160,238
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	49,203	47,198
Machinery, equipment and vehicles, net	55,793	53,546
Land	119,766	107,559
Construction in progress	8,198	4,914
Other, net	3,339	3,136
Total property, plant and equipment	236,299	216,354
Intangible assets		
Goodwill	713	390
Other	1,943	1,624
Total intangible assets	2,656	2,014
Investments and other assets		
Investment securities	31,631	23,872
Long-term loans receivable	5,385	-
Deferred tax assets	14,436	27,028
Other	15,536	18,509
Allowance for doubtful accounts	(11,091)	(4,200)
Total investments and other assets	55,897	65,210
Total noncurrent assets	294,852	283,578
Total assets	494,496	443,816

(Millions of yen)

	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	66,142	37,072
Short-term loans payable	64,675	56,985
Current portion of long-term loans payable	26,352	25,572
Current portion of bonds	10,000	-
Accrued expenses	3,968	3,044
Income taxes payable	6,833	605
Deferred tax liabilities	76	61
Deposits received	15,760	15,157
Provision for bonuses	4,655	3,883
Other	13,899	12,698
<b>Total current liabilities</b>	<b>212,360</b>	<b>155,077</b>
<b>Noncurrent liabilities</b>		
Bonds payable	-	15,000
Bonds with subscription rights to shares	20,000	20,000
Long-term loans payable	57,815	60,571
Deferred tax liabilities	4,947	7,014
Deferred tax liabilities for land revaluation	27,837	28,216
Provision for retirement benefits	13,710	13,941
Provision for directors' retirement benefits	1,394	1,373
Negative goodwill	1,889	915
Other	8,044	7,743
<b>Total noncurrent liabilities</b>	<b>135,636</b>	<b>154,772</b>
<b>Total liabilities</b>	<b>347,996</b>	<b>309,849</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	43,341	43,341
Capital surplus	16,033	16,027
Retained earnings	29,754	13,573
Treasury stock	(267)	(270)
<b>Total shareholders' equity</b>	<b>88,860</b>	<b>72,671</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	2,110	(1,623)
Deferred gains or losses on hedges	(230)	(159)
Revaluation reserve for land	39,524	39,301
Revaluation excess foreign	6,620	-
Foreign currency translation adjustment	(7,213)	(11,938)
<b>Total valuation and translation adjustments</b>	<b>40,811</b>	<b>25,581</b>
<b>Minority interests</b>	<b>16,828</b>	<b>35,714</b>
<b>Total net assets</b>	<b>146,500</b>	<b>133,967</b>
<b>Total liabilities and net assets</b>	<b>494,496</b>	<b>443,816</b>

## (2) Consolidated Statements of Income

Years ended March 31

(Millions of yen)

	2008 (From April 1, 2007 To March 31, 2008)	2009 (From April 1, 2008 To March 31, 2009)
<b>Consolidated statements of income</b>		
Net sales	431,417	367,271
Cost of sales	342,506	295,877
Gross profit	88,911	71,394
Selling, general and administrative expenses	61,836	60,166
Operating income	27,075	11,229
<b>Non-operating income</b>		
Interest income	421	372
Dividends income	1,235	763
Rent income	1,006	895
Amortization of negative goodwill	923	975
Contribution for construction	892	-
Other	1,925	2,435
Total non-operating income	6,401	5,439
<b>Non-operating expenses</b>		
Interest expenses	3,161	3,096
Amortization of net retirement benefit obligation at transition	1,620	1,578
Salaries paid to dispatched employees	1,257	-
Equity in losses of affiliates	-	1,476
Other	6,389	8,460
Total non-operating expenses	12,427	14,609
Ordinary income	21,049	2,059
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	8,791	3,795
Gain on sales of investment securities	370	187
Reversal of allowance for doubtful accounts	63	40
Gain on contribution of securities to retirement benefit trust	1,921	-
Gain on abolishment of retirement benefit plan	113	-
Compensation income for expropriation	1,807	-
Bonus dividend	5,826	-
Subsidy	-	156
Total extraordinary income	18,891	4,177

	2008 (From April 1, 2007 To March 31, 2008)	2009 (From April 1, 2008 To March 31, 2009)
Extraordinary loss		
Loss on sales of noncurrent assets	563	669
Loss on disposal of noncurrent assets	1,712	1,758
Loss on reduction of noncurrent assets	264	150
Loss on sales of investment securities	32	830
Loss on valuation of investment securities	216	1,526
Loss on valuation of investments in capital	-	76
Provision of allowance for doubtful accounts	6,388	1,851
Bad debts written off	134	-
Loss on liquidation of subsidiaries and affiliates	20	1,152
Loss on valuation of inventories	6,316	4,057
Loss on restructuring of Business	7,093	11,790
Loss on abolishment of retirement benefit plan	-	855
Loss on litigation	1,974	1,681
Impairment loss	1,544	579
Total extraordinary losses	26,254	26,974
Income (loss) before income taxes and minority interests	13,686	(20,738)
Income taxes-current	10,631	1,464
Income taxes for prior periods	-	1,203
Income taxes-deferred	(1,277)	(8,873)
Total income taxes	9,354	(6,206)
Minority interests in loss	(365)	(2,028)
Net income (loss)	4,698	(12,505)



### (3) Consolidated Statement of Changes in Net Assets

Years ended March 31

(Millions of yen)

	2008 (From April 1, 2007 To March 31, 2008)	2009 (From April 1, 2008 To March 31, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	43,341	43,341
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	43,341	43,341
Capital surplus		
Balance at the end of previous period	16,033	16,033
Changes of items during the period		
Disposal of treasury stock	0	(6)
Total changes of items during the period	0	(6)
Balance at the end of current period	16,033	16,027
Retained earnings		
Balance at the end of previous period	28,131	29,754
Changes of items during the period		
Dividends from surplus	(3,491)	(3,490)
Net loss	4,698	(12,505)
Decrease due to increase in consolidated subsidiaries	(4)	-
Decrease due to decrease in consolidated subsidiaries	(51)	-
Change of scope of equity method	-	(95)
Reversal of revaluation reserve for land	472	(91)
Total changes of items during the period	1,623	(16,181)
Balance at the end of current period	29,754	13,573
Treasury stock		
Balance at the end of previous period	(235)	(267)
Changes of items during the period		
Change of scope of equity method	-	3
Purchase of treasury stock	(37)	(23)
Disposal of treasury stock	6	19
Decrease in equity of affiliates accounted for under the equity method	(1)	-
Total changes of items during the period	(32)	(2)
Balance at the end of current period	(267)	(270)
Total shareholders' equity		
Balance at the end of previous period	87,269	88,860
Changes of items during the period		
Dividends from surplus	(3,491)	(3,490)
Net loss	4,698	(12,505)
Decrease due to increase in consolidated subsidiaries	(4)	-
Decrease due to decrease in consolidated subsidiaries	(51)	-
Change of scope of equity method	-	(93)
Reversal of revaluation reserve for land	472	(91)
Purchase of treasury stock	(37)	(23)
Disposal of treasury stock	6	13
Decrease in equity of affiliates accounted for under the equity method	(1)	-
Total changes of items during the period	1,591	(16,189)
Balance at the end of current period	88,860	72,671

	2008 (From April 1, 2007 To March 31, 2008)	2009 (From April 1, 2008 To March 31, 2009)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	8,909	2,110
Changes of items during the period		
Net changes of items other than shareholders' equity	(6,799)	(3,733)
Total changes of items during the period	(6,799)	(3,733)
Balance at the end of current period	2,110	(1,623)
Deferred gains or losses on hedges		
Balance at the end of previous period	(67)	(230)
Changes of items during the period		
Net changes of items other than shareholders' equity	(163)	71
Total changes of items during the period	(163)	71
Balance at the end of current period	(230)	(159)
Revaluation reserve for land		
Balance at the end of previous period	39,996	39,524
Changes of items during the period		
Net changes of items other than shareholders' equity	(472)	(223)
Total changes of items during the period	(472)	(223)
Balance at the end of current period	39,524	39,301
Revaluation excess foreign		
Balance at the end of previous period	6,620	6,620
Changes of items during the period		
Net changes of items other than shareholders' equity	-	(6,620)
Total changes of items during the period	-	(6,620)
Balance at the end of current period	6,620	-
Foreign currency translation adjustment		
Balance at the end of previous period	(9,206)	(7,213)
Changes of items during the period		
Net changes of items other than shareholders' equity	1,993	(4,725)
Total changes of items during the period	1,993	(4,725)
Balance at the end of current period	(7,213)	(11,938)
Total valuation and translation adjustments		
Balance at the end of previous period	46,252	40,811
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,441)	(15,229)
Total changes of items during the period	(5,441)	(15,229)
Balance at the end of current period	40,811	25,581
Minority interests		
Balance at the end of previous period	18,702	16,828
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,874)	18,886
Total changes of items during the period	(1,874)	18,886
Balance at the end of current period	16,828	35,714

Years ended March 31

(Millions of yen)

	2008 (From April 1, 2007 To March 31, 2008)	2009 (From April 1, 2008 To March 31, 2009)
<b>Total net assets</b>		
Balance at the end of previous period	152,224	146,500
Changes of items during the period		
Dividends from surplus	(3,491)	(3,490)
Net loss	4,698	(12,505)
Decrease due to increase in consolidated subsidiaries	(4)	-
Decrease due to decrease in consolidated subsidiaries	(51)	-
Change of scope of equity method	-	(93)
Reversal of revaluation reserve for land	472	(91)
Purchase of treasury stock	(37)	(23)
Disposal of treasury stock	6	13
Decrease in equity of affiliates accounted for under the equity method	(1)	-
Net changes of items other than shareholders' equity	(7,315)	3,656
Total changes of items during the period	(5,724)	(12,533)
Balance at the end of current period	146,500	133,967

#### (4) Consolidated Statement of Cash Flows

Years ended March 31

(Millions of yen)

	2008 (From April 1, 2007 To March 31, 2008)	2009 (From April 1, 2008 To March 31, 2009)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	13,686	(20,738)
Depreciation and amortization	19,274	21,206
Amortization of negative goodwill	(923)	(975)
Increase (decrease) in allowance for doubtful accounts	6,616	(6,045)
Increase (decrease) in provision for retirement benefits	(3,277)	276
Interest and dividends income	(1,655)	(1,134)
Interest expenses	3,161	3,096
Equity in losses of affiliates	415	1,476
Bonus dividend	(5,826)	-
Impairment loss	1,544	579
Gain on sales and disposal of property, plant and equipment, net	(6,516)	(1,368)
Loss on reduction of noncurrent assets	264	150
Loss (gain) on sales and valuation of investment securities	(159)	2,169
Loss on valuation of investments in capital	-	76
Compensation income for expropriation	(1,807)	-
Loss on restructuring of businesses	7,093	11,790
Loss on litigation	1,974	1,681
Decrease in notes and accounts receivable-trade	3,377	21,508
Decrease in inventories	2,903	5,627
Increase (decrease) in notes and accounts payable-trade	2,012	(28,074)
Increase in prepaid pension costs	(3,422)	(3,278)
Other, net	(2,800)	834
Subtotal	35,934	8,855
Loss on restructuring of Business	(1,368)	(1,257)
Loss on litigation	(1,850)	(1,559)
Proceeds from litigation liability insurance	432	-
Proceeds from fire insurance	631	-
Income taxes paid	(10,496)	(6,407)
Net cash provided by (used in) operating activities	23,282	(368)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(30,109)	(21,843)
Proceeds from sales of property, plant and equipment	15,455	7,094
Purchase of investment securities	(4,740)	(2,817)
Proceeds from sales of investment securities	2,528	798
Purchase of investments in subsidiaries	(138)	-
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	69	-
Payments for transfer of business	(529)	-
Interest and dividends income received	7,516	1,173
Proceeds from dividends income from equity method affiliate	134	329
Other, net	(380)	(537)
Net cash provided by (used in) investing activities	(10,193)	(15,803)

	2008 (From April 1, 2007 To March 31, 2008)	2009 (From April 1, 2008 To March 31, 2009)
Net cash provided by (used in) financing activities		
Net decrease in short-term loans payable	(12,996)	(5,510)
Proceeds from long-term loans payable	22,290	31,650
Repayment of long-term loans payable	(24,433)	(28,228)
Proceeds from issuance of preferred securities	-	21,638
Proceeds from issuance of bonds	-	14,906
Redemption of bonds	(300)	(10,000)
Purchase of treasury stock	(37)	(24)
Proceeds from sales of treasury stock	6	13
Repayments of finance lease obligations	-	(947)
Interest expenses paid	(3,208)	(2,901)
Cash dividends paid	(3,491)	(3,491)
Cash dividends paid to minority shareholders	(280)	(228)
Proceeds from sale and lease-back transaction	4,500	500
Net cash provided by (used in) financing activities	<u>(17,948)</u>	<u>17,379</u>
Effect of exchange rate change on cash and cash equivalents	167	(1,009)
Net increase (decrease) in cash and cash equivalents	<u>(4,692)</u>	<u>199</u>
Cash and cash equivalents at beginning of period	14,140	9,749
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	279	(146)
Increase (decrease) in cash and cash equivalents resulting from merger of subsidiaries	22	-
Cash and cash equivalents at end of period	<u>9,749</u>	<u>9,802</u>

## Segment Information

### a. Segment Information by Business Type

[Fiscal Year ended March 31, 2008]

(Millions of yen)

	Films and Functional Polymers	Industrial Materials	Life Science	Textiles	Real Estate	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	4,267	39,950	431,417	---	431,417
(2) Intersegment net sales or transfer amounts	414	48	227	184	1,535	11,152	13,560	(13,560)	---
Net Sales	135,045	76,186	34,188	142,656	5,802	51,101	444,977	(13,560)	431,417
Operating Expenses	121,314	70,687	29,048	138,842	4,526	49,775	414,192	(9,850)	404,342
Operating Income	13,731	5,499	5,139	3,814	1,275	1,327	30,785	(3,709)	27,075
II. Assets, Depreciation & Amortization and Capital Expenditure									
Assets	130,018	78,545	35,956	126,312	44,672	49,825	465,327	29,169	494,496
Depreciation and Amortization	7,030	3,792	3,178	3,125	752	372	18,249	1,025	19,274
Capital Expenditure	11,609	3,282	2,179	2,103	11,588	770	31,531	955	32,486

#### Notes

1. Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled ¥3,495 million. These mainly included operating costs and expenses connected with basic research.
2. In Assets, the total of all corporate assets including those in Elimination or Corporate amounted to ¥78,638 million. These mainly included the Company's surplus funds (cash and cash equivalents), funds for long-term investment (investment securities), and assets for divisions connected with management and basic research divisions.

[Fiscal Year ended March 31, 2009]

(Millions of yen)

	Films and Functional Polymers	Industrial Materials	Life Science	Textiles	Real Estate	Other Businesses	Total	Elimination or Corporate	Consolidated
I. Net Sales and Operating Income									
(1) Net sales to external customers	122,312	74,656	33,123	111,736	4,649	20,795	367,271	—	367,271
(2) Intersegment net sales or transfer amounts	314	35	368	249	1,468	11,911	14,345	(14,345)	—
Net Sales	122,626	74,691	33,491	111,984	6,117	32,707	381,616	(14,345)	367,271
Operating Expenses	118,289	70,547	30,502	110,538	4,676	32,287	366,839	(10,797)	356,042
Operating Income	4,337	4,144	2,990	1,446	1,441	419	14,777	(3,549)	11,229
II. Assets, Depreciation & Amortization and Capital Expenditure									
Assets	124,302	74,007	33,062	92,102	42,618	42,940	409,031	34,784	443,816
Depreciation and Amortization	8,467	3,959	3,507	2,898	874	398	20,103	1,103	21,206
Capital Expenditure	8,822	4,126	2,965	2,358	690	275	19,235	804	20,039

#### Notes

1. Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled ¥3,451 million. These mainly included operating costs and expenses connected with basic research.
2. In Assets, the total of all corporate assets including those in Elimination or Corporate amounted to ¥94,330 million. These mainly included the Company's surplus funds (cash and cash equivalents), funds for long-term investment (investment securities), and assets for divisions connected with management and basic research divisions.

### 3. Changes in Accounting Policy

#### Accounting Standard for Valuation of Inventory Assets

As noted in "Significant Accounting Policies: Basis for Preparation of the Consolidated Financial Statements," from the subject fiscal year Toyobo has applied *Accounting Standard for Measurement of Inventories* (ASBJ Statement No. 9, July 5, 2006).

As a result of this change, compared to the former method, operating income decreased in Films and Functional Polymers ¥1,722 million; Industrial Materials ¥526 million; Life Science ¥531 million; Textiles ¥1,663 million; Real Estate ¥10 million; and Other Businesses ¥20 million.

#### Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

As noted in "Significant Accounting Policies: Basis for Preparation of the Consolidated Financial Statements," from the subject fiscal year Toyobo 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 assets in the Textiles segment decreased ¥4,971 million. The impact on operating income of business segments was minimal.

### 4. Additional Information

As noted in "Significant Accounting Policies: Basis for Preparation of the Consolidated Financial Statements," following a revision to the depreciable life of assets in revisions to the corporation tax law, from the subject fiscal year Toyobo and its domestic consolidated subsidiaries have adjusted the depreciable life of certain tangible fixed assets.

As a result of this change, compared to the former method, depreciation increased in Films and Functional Polymers ¥178 million; Industrial Materials ¥171 million; Textiles ¥66 million; and Real Estate ¥2 million; and decreased in Life Science ¥6 million; and Other Businesses ¥16 million. Operating expenses increased in Films and Functional Polymers ¥166 million; Industrial Materials ¥169 million; Life Science ¥3 million; Textiles ¥53 million; and Real Estate ¥2 million; and decreased in Other Businesses ¥16 million. Operating income decreased by the same amounts in all segments except Other Businesses, which recorded an increase by the same amount.

### 5. 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:	Bioproducts such as diagnostic enzymes, contract manufacturing of pharmaceuticals, hollow fiber membranes for artificial kidneys, medical equipment, water treatment membranes, etc.
Textiles:	Functional textiles, apparel products, apparel textiles, apparel fibers, etc.
Real Estate:	Lease and maintenance of real estate, etc.
Other Businesses:	Design and construction of buildings and machinery, information processing services, logistics services, etc.

#### Change in Classification of Business Segments

The real estate leasing business was previously included as part of the Other Businesses segment, but since the value of the assets in this business have exceeded more than 10% of the total value of assets in the segment, from the subject fiscal year the segment classification has been changed to include the Real Estate segment. Figures for previous fiscal years have been adjusted to reflect the revised segment categories.

Segment information for previous fiscal years under the former segment categories is as follows.

[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

## b. Geographic Segments

For the fiscal years ended March 31, 2008 and 2009, geographical segment information is not disclosed because businesses within Japan occupied more than 90% of total sales of all segments, and of total assets of all segments.

## c. Overseas Sales

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

(Millions of yen)

	Southeast Asia	Other Regions	Total
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%

[Fiscal Year ended March 31, 2009] (From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Southeast Asia	Other Regions	Total
I. Overseas sales	35,913	35,240	71,153
II. Consolidated sales			367,271
III. Percentage of overseas sales to total consolidated sales	9.8%	9.6%	19.4%

### Notes

- Country and regional segments are based on geographic proximity.
- Main countries and regions included in each segment:  
 South East Asia: China, South Korea, Taiwan, Malaysia, Indonesia, Thailand  
 Other: United States, Germany, Brazil, Saudi Arabia, etc.
- Overseas sales indicate the sales of the Company and its consolidated subsidiaries made to customers located in countries or regions outside Japan.



## Per Share Information

(Yen)

	Year ended March 31	
	2008	2009
Net assets per share	185.79	140.79
Earnings per share	6.73	17.92
Net income per share after dilution	6.33	The amount of net earnings per share after adjustment of residual securities has been omitted, despite the existence of residual securities, as the value of net earnings per share is a net loss.

Notes: 1. The basis for calculating the amount for net assets per share is shown below.

(Millions of yen)

	Year ended March 31	
	2008	2009
Net assets per share:		
Total net assets	146,500	133,967
Amount deducting from total net assets [Minority interests]	16,828 [16,828]	35,714 [35,714]
Net assets relating to common shares	129,671	98,253
Number of shares of common stock used as basis for calculation of net assets per share (Thousands of shares)	697,931	697,878

2. The basis for calculating the amount for 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	
	2008	2009
Earnings per share:		
Net income (loss)	4,698	(12,505)
Net income not available to common shares	---	---
Net income (loss) available to common shares	4,698	(12,505)
Weighted average number of shares outstanding (Thousands of shares)	697,973	697,912
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)	43,668 [43,668]	--- [---]
Increase in weighted average number of shares outstanding (Thousands of shares) [Stock purchase rights] (Thousands of shares)	43,668 [43,668]	--- [---]
Overview of residual securities not included in the calculation of net earnings per share after adjustment of residual securities because there is no effect of dilutive securities.	-----	Unsecured Euroyen convertible bonds with share warrants due in 2012 (Nominal amounts: ¥20,000 million)

## 5. NON-CONSOLIDATED FINANCIAL STATEMENTS

### (1) Non-Consolidated Balance Sheets

(Millions of yen)

	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,047	3,561
Notes receivable-trade	3,436	2,913
Accounts receivable-trade	43,280	31,102
Finished goods	32,609	-
Merchandise and finished goods	-	27,722
Work in process	10,197	6,353
Raw materials	3,506	-
Supplies	3,032	-
Raw materials and supplies	-	5,210
Prepaid expenses	470	576
Deferred tax assets	3,292	2,333
Accounts receivable-other	3,935	4,477
Deposits paid	7,500	13,500
Other	1,787	1,249
Allowance for doubtful accounts	(329)	(248)
<b>Total current assets</b>	<b>114,761</b>	<b>98,748</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings, net	19,992	20,592
Structures, net	2,497	2,491
Machinery and equipment, net	38,473	39,941
Vehicles, net	72	78
Tools, furniture and fixtures, net	1,548	1,399
Land	82,578	77,935
Lease assets, net	-	40
Construction in progress	7,185	2,958
<b>Total property, plant and equipment</b>	<b>152,344</b>	<b>145,434</b>
<b>Intangible assets</b>		
Goodwill	5	2
Patent right	101	94
Leasehold right	300	300
Right of trademark	1	1
Software	810	682
Lease assets	-	32
Other	24	24
<b>Total intangible assets</b>	<b>1,240</b>	<b>1,134</b>

(Millions of yen)

	2008	2009
	(As of March 31, 2008)	(As of March 31, 2009)
Investments and other assets		
Investment securities	16,067	11,076
Stocks of subsidiaries and affiliates	60,493	58,973
Investments in capital	221	15
Investments in capital of subsidiaries and affiliates	7,276	6,257
Long-term loans receivable	536	438
Long-term loans receivable from subsidiaries and affiliates	31,847	25,344
Claims provable in bankruptcy, claims provable in rehabilitation and other	577	205
Long-term prepaid expenses	377	397
Deferred tax assets	7,122	17,631
Prepaid pension cost	-	6,700
Other	5,630	3,504
Allowance for doubtful accounts	(12,149)	(13,380)
Total investments and other assets	117,996	117,160
Total noncurrent assets	271,581	263,728
Total assets	386,342	362,475

(Millions of yen)

	2008	2009
	(As of March 31, 2008)	(As of March 31, 2009)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable-trade	1,773	1,930
Accounts payable-trade	35,746	18,939
Short-term loans payable	49,215	39,265
Current portion of long-term loans payable	23,288	21,341
Current portion of bonds	10,000	-
Lease obligations	-	16
Accounts payable-other	14,111	9,049
Accrued expenses	1,282	1,279
Income taxes payable	3,024	29
Advances received	66	74
Deposits received	7,808	7,096
Deposits received from employees	5,435	5,248
Provision for bonuses	2,613	2,059
Other	57	9
<b>Total current liabilities</b>	<b>154,417</b>	<b>106,333</b>
<b>Noncurrent liabilities</b>		
Bonds payable	-	37,000
Bonds with subscription rights to shares	20,000	20,000
Long-term loans payable	47,853	50,542
Deferred tax liabilities for land revaluation	24,764	25,302
Lease obligations	-	56
Provision for retirement benefits	4,879	5,805
Provision for directors' retirement benefits	714	770
Other	3,950	3,136
<b>Total noncurrent liabilities</b>	<b>102,161</b>	<b>142,610</b>
<b>Total liabilities</b>	<b>256,578</b>	<b>248,943</b>

(Millions of yen)

	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)
Net assets		
Shareholders' equity		
Capital stock	43,341	43,341
Capital surplus		
Legal capital surplus	13,019	13,019
Other capital surplus	3,557	3,551
Total capital surpluses	16,576	16,570
Retained earnings		
Other retained earnings		
Retained earnings brought forward	32,565	19,757
Total earned surpluses	32,565	19,757
Treasury stock	(230)	(235)
Total shareholders' equity	92,252	79,433
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,001	(1,392)
Deferred gains or losses on hedges	(124)	(151)
Revaluation reserve for land	35,635	35,643
Total valuation and translation adjustments	37,513	34,100
Total net assets	129,764	113,532
Total liabilities and net assets	386,342	362,475

## (2) Non-Consolidated Statements of Income

Years ended March 31

(Millions of yen)

	2008 (From April 1, 2007 To March 31, 2008)	2009 (From April 1, 2008 To March 31, 2009)
Net sales	259,780	201,209
Cost of sales		
Beginning finished goods	29,960	24,888
Cost of products manufactured	136,553	116,677
Purchase of finished goods	70,430	46,302
Total	236,943	187,867
Transfer to other account	(1,240)	(3,428)
Ending finished goods	32,609	27,722
Cost of finished goods sold	205,574	163,572
Gross profit	54,206	37,637
Selling, general and administrative expenses	34,956	31,000
Operating income	19,250	6,637
Non-operating income		
Interest income	517	709
Dividends income	4,484	1,893
Rent income	1,216	1,156
Contribution for construction	892	-
Other	1,144	1,539
Total non-operating income	8,253	5,297
Non-operating expenses		
Interest expenses	1,854	1,841
Interest on bonds	130	356
Depreciation	525	528
Amortization of net retirement benefit obligation at transition	1,356	1,356
Salaries paid to dispatched employees	1,257	1,095
Compensation expenses	-	918
Other	3,064	2,191
Total non-operating expenses	8,185	8,284
Ordinary income	19,318	3,650
Extraordinary income		
Gain on sales of noncurrent assets	42	1,485
Gain on sales of investment securities	305	28
Reversal of allowance for doubtful accounts	1,719	40
Gain on contribution of securities to retirement benefit trust	1,921	-
Bonus dividend	7,000	4,000
Total extraordinary income	10,986	5,553

Years ended March 31

(Millions of yen)

	2008 (From April 1, 2007 To March 31, 2008)	2009 (From April 1, 2008 To March 31, 2009)
Statements of income		
Extraordinary loss		
Loss on sales of noncurrent assets	95	-
Loss on disposal of noncurrent assets	1,499	1,280
Loss on sales of investment securities	1	-
Loss on sales of stocks of subsidiaries and affiliates	-	466
Loss on valuation of investment securities	11,570	5,790
Loss on valuation of investments in capital of subsidiaries and affiliates	-	1,018
Provision of allowance for doubtful accounts	6,584	4,061
Loss on liquidation of subsidiaries and affiliates	20	10,449
Loss on valuation of inventories	950	2,613
Loss on restructuring of Business	2,816	357
Loss on litigation	1,974	1,681
Total extraordinary losses	<u>25,510</u>	<u>27,715</u>
Income (loss) before income taxes	<u>4,794</u>	<u>(18,513)</u>
Income taxes-current	5,058	53
Income taxes-deferred	<u>(3,773)</u>	<u>(9,570)</u>
Total income taxes	<u>1,286</u>	<u>(9,517)</u>
Net income (loss)	<u>3,508</u>	<u>(8,996)</u>

### (3) Non-Consolidated Statements of Changes in Net Assets

Years ended March 31

(Millions of yen)

	2008 (From April 1, 2007 To March 31, 2008)	2009 (From April 1, 2008 To March 31, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	43,341	43,341
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	43,341	43,341
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	13,019	13,019
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	13,019	13,019
Other capital surplus		
Balance at the end of previous period	3,557	3,557
Changes of items during the period		
Disposal of treasury stock	0	(7)
Total changes of items during the period	0	(7)
Balance at the end of current period	3,557	3,551
Total capital surplus		
Balance at the end of previous period	16,576	16,576
Changes of items during the period		
Disposal of treasury stock	0	(7)
Total changes of items during the period	0	(7)
Balance at the end of current period	16,576	16,570
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the end of previous period	32,454	32,565
Changes of items during the period		
Dividends from surplus	(3,491)	(3,490)
Net loss	3,508	(8,996)
Reversal of revaluation reserve for land	93	(322)
Total changes of items during the period	110	(12,808)
Balance at the end of current period	32,565	19,757



Years ended March 31

(Millions of yen)

	2008 (From April 1, 2007 To March 31, 2008)	2009 (From April 1, 2008 To March 31, 2009)
<b>Treasury stock</b>		
Balance at the end of previous period	(199)	(230)
Changes of items during the period		
Purchase of treasury stock	(37)	(23)
Disposal of treasury stock	6	19
Total changes of items during the period	(31)	(4)
Balance at the end of current period	(230)	(235)
<b>Total shareholders' equity</b>		
Balance at the end of previous period	92,172	92,252
Changes of items during the period		
Dividends from surplus	(3,491)	(3,490)
Net loss	3,508	(8,996)
Reversal of revaluation reserve for land	93	(322)
Purchase of treasury stock	(37)	(23)
Disposal of treasury stock	6	13
Total changes of items during the period	80	(12,819)
Balance at the end of current period	92,252	79,433

	2008 (From April 1, 2007 To March 31, 2008)	2009 (From April 1, 2008 To March 31, 2009)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	7,913	2,001
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,913)	(3,393)
Total changes of items during the period	(5,913)	(3,393)
Balance at the end of current period	2,001	(1,392)
Deferred gains or losses on hedges		
Balance at the end of previous period	(99)	(124)
Changes of items during the period		
Net changes of items other than shareholders' equity	(25)	(28)
Total changes of items during the period	(25)	(28)
Balance at the end of current period	(124)	(151)
Revaluation reserve for land		
Balance at the end of previous period	35,728	35,635
Changes of items during the period		
Net changes of items other than shareholders' equity	(93)	8
Total changes of items during the period	(93)	8
Balance at the end of current period	35,635	35,643
Total valuation and translation adjustments		
Balance at the end of previous period	43,543	37,513
Changes of items during the period		
Net changes of items other than shareholders' equity	(6,030)	(3,413)
Total changes of items during the period	(6,030)	(3,413)
Balance at the end of current period	37,513	34,100

Years ended March 31	(Millions of yen)	
	2008	2009
	(From April 1, 2007 To March 31, 2008)	(From April 1, 2008 To March 31, 2009)
<b>Total net assets</b>		
Balance at the end of previous period	135,715	129,764
Changes of items during the period		
Dividends from surplus	(3,491)	(3,490)
Net loss	3,508	(8,996)
Reversal of revaluation reserve for land	93	(322)
Purchase of treasury stock	(37)	(23)
Disposal of treasury stock	6	13
Net changes of items other than shareholders' equity	(6,030)	(3,413)
Total changes of items during the period	(5,950)	(16,232)
Balance at the end of current period	129,764	113,532