

**Consolidated Financial Report for Year ended March 31, 2010****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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Date of the General Meeting of the Shareholders: June 29, 2010

Planned start of dividend payments: June 30, 2010

Planned filing of an annual security report: June 29, 2010

(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	%
2010	318,773	(13.2)	11,469	2.1	7,441	261.4	2,094	---
2009	367,271	(14.9)	11,229	(58.5)	2,059	(90.2)	(12,505)	---

	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	%	%	%
2010	2.88	2.73	2.0	1.7	3.6
2009	(17.92)	---	(11.0)	0.4	3.1

(Reference) Gain (loss) on investment by equity method: Year ended March 31, 2010: ¥ (189) million,  
Year ended March 31, 2009: ¥ (1,476) 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
2010	438,439	131,097	24.4	143.43
2009	443,816	133,967	22.1	140.79

(Reference) Total shareholders' equity: March 31, 2010: ¥107,095 million, March 31, 2009: ¥98,253 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
2010	29,024	(13,455)	(15,832)	9,953
2009	(368)	(15,803)	17,379	9,802

## 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			
2009	---	0.00	---	3.50	3.50	2,443	---	2.1
2010	---	0.00	---	3.50	3.50	2,620	121.4	2.5
2011 (Forecast)	---	0.00	---	3.50	3.50		52.3	

## 3. Forecasts for Fiscal Year ending March 31, 2011

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	167,000	7.8	9,000	200.1	7,000	453.6
Fiscal year	340,000	6.7	20,000	74.4	16,000	115.0

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	2,000	---	2.68
Fiscal year	5,000	138.8	6.70

## 4. Other

- Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
- 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).
  - Changes in accordance with revisions to accounting standards: Yes
  - Other changes: Yes
- Number of Shares Outstanding (Common stock)
 

Number of shares outstanding at fiscal year-end:

2010: 750,487,922 shares    2009: 699,027,598 shares

Number of treasury stocks at fiscal year-end:

2010: 3,799,615 shares    2009: 1,149,171 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	%
2010	192,621	(4.3)	7,842	18.2	5,880	61.1	5,288	---
2009	201,209	(22.5)	6,637	(65.5)	3,650	(81.1)	(8,996)	---

	Net income per share	Net income per share after dilution
	Yen	Yen
2010	7.26	6.88
2009	(12.89)	---

**(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
2010	395,530	123,510	31.2	164.98
2009	362,475	113,532	31.3	162.65

(Reference) Total shareholders' equity: March 31, 2010: ¥123,510 million, March 31, 2009: ¥113,532 million

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.

## **1. Operating Results**

### **(1) Analysis of Operating Results**

The business environment for the Toyobo Group during fiscal 2010 (ended March 31, 2010) was marked at the beginning of the subject fiscal year by a continuation of the difficult conditions resulting from the global economic recession that began in the previous fiscal year. However, the economy showed improvement from the latter half of the period on the back of improvement in overseas economies centered on growth in Asia, along with the benefits of emergency economic stimulus packages. Priority markets for the Toyobo Group such as flat panel displays, and the automotive industry, recorded upturns in production as a result of recovery in exports and progress with inventory adjustments.

Under such business circumstances, the Toyobo Group, in line with its management policy of “reinforcing our foundations, laying the cornerstones for future growth,” implemented a total cost reduction program for deep cuts in manufacturing costs and a wide range of expenditures. We also took steps to expand sales of various functional products, and revive sales of materials related to LCD and optical uses and electronic components, automotive applications, and other products.

As a result, consolidated net sales for the subject fiscal year decreased ¥48.5 billion (13.2%) from the previous fiscal year to ¥318.8 billion, with operating income up ¥0.2 billion (2.1%) to ¥11.5 billion, and net income of ¥2.1 billion.

Results by business segment were as follows.

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

Sales in this segment declined during the subject fiscal year as a result of the lingering impact on the home electronics, automotive and other industries from the rapid deterioration in the economy that began in the previous fiscal year. Earnings, however, rose as sales steadily recovered in the second half, along with the implementation of cost-cutting measures and other factors.

In the films business, for packaging films, which consists mainly of food packaging films, despite an increase in sales volume, revenue was down on revised sales prices following a decline in the price of raw materials at the end of the previous fiscal year. For industrial films, revenue increased as sales volume rose on a sharp upturn in demand for LCD and optical uses.

In the functional polymers business, revenue from the “VYLON” series of industrial adhesives increased on expanded sales to China and other parts of Asia, centered on electronics components applications. Engineering plastics steadily recovered for mainstay automotive applications.

As a result, sales in this segment declined ¥7.4 billion (6.0%) from the previous fiscal year to ¥114.9 billion, while operating income rose ¥1.8 billion (40.5%) to ¥6.1 billion.

#### **Industrial Materials**

This segment continued to face difficult circumstances as a result of the sharp downturn centered on the mainstay automotive-related materials field, but demand for certain products

steadily strengthened from the second quarter, and performance improved. However, this upturn was insufficient to regain the ground lost at the beginning of the fiscal year, and both revenue and earnings declined from the previous fiscal year.

Revenue from airbag fabrics and tire cords was down sharply as a result of the drawn-out impact from the falloff in automobile production at the beginning of the period. Sales of the high-performance fiber “DYNEEMA” declined as demand from such applications as safety gloves and mooring cables fell due to the economic slowdown. In the filters field, sales rose for the functional filters used in automobiles, office equipment and household appliances. Revenue from solvent adsorption equipment declined as a result of a falloff in orders that stemmed from companies scaling back on capital expenditures. Sales of spunbond decreased due to equipment reductions.

As a result, sales in this segment declined ¥11.5 billion (15.4%) from the previous fiscal year to ¥63.2 billion, with operating income down ¥1.8 billion (43.7%) to ¥2.3 billion.

### **Life Science**

This business has developed unique and distinctive products for the bioproducts and medical fields. Revenue declined slightly overall, but earnings rose.

In the bioproducts field, growth in enzymes for diagnostic reagents was sluggish due to the appreciation of the yen, but the business for diagnostic systems expanded with the introduction of new products, and sales of research-use reagents grew steadily as a result of the restructuring of business fields. The contract manufacturing of pharmaceuticals business recorded increased sales on steady growth for both pharmaceutical formulations and experimental drugs. Sales of medical membranes were stable.

In the water treatment membranes (reverse osmosis membrane modules for seawater desalination) business, deliveries to new plants decreased, though orders for replacement membranes were strong.

As a result, sales in this segment declined ¥0.7 billion (2.3%) from the previous fiscal year to ¥32.4 billion, while operating income rose ¥1.0 billion (34.6%) to ¥4.0 billion.

### **Textiles**

Commodity and less profitable products in this segment were scaled back in line with Toyobo’s policy of emphasizing asset efficiency, and both revenue and earnings were down sharply as a result of sluggish sales to department stores.

In the textiles field, sales for underwear and sports applications made a strong showing, but revenue declined sharply due to a falloff in demand for exports of specialty fabrics to the Middle East region, along with the appreciation of the yen. In the apparel products business, revenue declined due to the market slowdown, while Toyobo moved forward with efforts to withdraw from the market for less profitable products and cut costs. Sales of the acrylic fiber “EXLAN” were supported by growth in exports to China.

As a result, sales in this segment declined ¥23.4 billion (20.9%) from the previous fiscal year to ¥88.4 billion, with operating income down ¥1.0 billion (71.1%) to ¥0.4 billion.

## **Real Estate and Other Businesses**

These segments include infrastructure-related businesses such as real estate, engineering, information processing services, and logistics services. Results were essentially in line with plan.

As a result, sales in these segments declined ¥5.5 billion (21.6%) from the previous fiscal year to ¥19.9 billion, with operating income down 1.2% to ¥1.8 billion.

## **Forecast for Fiscal 2011 (ending March 31, 2011)**

The business climate during fiscal 2011 is showing signs that it will continue its gentle recovery trend, but we expect the outlook to continue to defy prediction due to such factors as rising fuel and raw material prices, and the appreciation of the yen. The Toyobo Group, in view of these economic conditions, will continue its far-reaching cost reduction program, and work to establish an earnings structure resilient to changes in the business climate. We will also actively expand new businesses focusing on the environment, life sciences and high-function products, and accelerate global expansion for Toyobo products that match the specific characteristics of each market, in order to improve our business portfolio and further increase earnings.

Considering such factors, for fiscal 2011 the Toyobo Group is forecasting consolidated net sales of ¥340.0 billion (up ¥21.2 billion year on year), with operating income of ¥20.0 billion (up ¥8.5 billion), and net income of ¥5.0 billion (up ¥2.9 billion).

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

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

Total assets at the end of the subject fiscal year (March 31, 2010) decreased ¥5.4 billion (1.2%) from the end of the previous fiscal year (March 31, 2009) to ¥438.4 billion. This was due mainly to contraction of inventories, and a decline in property, plant and equipment.

Total liabilities decreased ¥2.5 billion (0.8%) to ¥307.3 billion. This was due mainly to a reduction in interest-bearing debt, mainly corporate bonds with stock warrant redeemed prior to maturity.

Total net assets decreased ¥2.9 billion (2.1%) to ¥131.1 billion. This was due mainly to a decline in revaluation of land, and an increase in treasury stock.

### **Cash Flows**

Net cash provided by operating activities amounted to ¥29.0 billion at the end of the subject fiscal year. This consisted mainly of a ¥0.3 billion loss before income taxes; ¥20.4 billion in depreciation and amortization; and a ¥13.3 billion decrease in inventories.

Net cash used in investing activities amounted to ¥13.5 billion. This consisted mainly of ¥14.1 billion in expenditures for the acquisition of property, plant and equipment; and ¥1.8 billion on gain from the sale of property, plant and equipment.

Net cash used in financing activities amounted to ¥15.8 billion. This consisted mainly of ¥27.1 billion in expenditures for repayment of long-term debt; ¥19.8 billion in expenditures for redemption of corporate bonds with stock warrant; ¥3.4 billion in payment of dividends (including dividends to minority shareholders); and ¥34.6 billion in proceeds from long-term debt.

As a result, the balance of cash and cash equivalents at the end of the subject fiscal year (March 31, 2010) stood at ¥10.0 billion, an increase of ¥0.2 billion from the end of the previous fiscal year (March 31, 2009).

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

Years ended March 31

	2006	2007	2008	2009	2010
Equity ratio (%)	24.3	26.0	26.2	22.1	24.4
Equity ratio, based on market value (%)	49.3	47.7	29.4	20.0	25.4
Interest-bearing debt to cash flow ratio (Years)	7.6	7.2	7.7	---	5.9
Interest coverage ratio (Times)	8.8	8.4	7.3	---	10.7
D/E ratio (Times)	1.65	1.45	1.38	1.82	1.60

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 2010 and 2011**

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 improving the financial position, profit levels, and retention of earnings for future investment.

In accordance with this policy, Toyobo plans to pay a year-end dividend for the subject fiscal year of ¥3.50 per share. For fiscal 2011, we expect to pay a dividend of ¥3.50 per share, based on the forecast net income of ¥5.0 billion.

## **2. Status of Enterprise Group**

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

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

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

Its four consolidated subsidiaries, such as Toyo Cloth Co., Ltd., Kureha Elastomer Co., Ltd., and 11 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 three 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 21 consolidated domestic subsidiaries, such as Japan Exlan Co., Ltd., Sundia Inc., Miyuki Keori Co., Ltd., and its 14 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 10 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:**

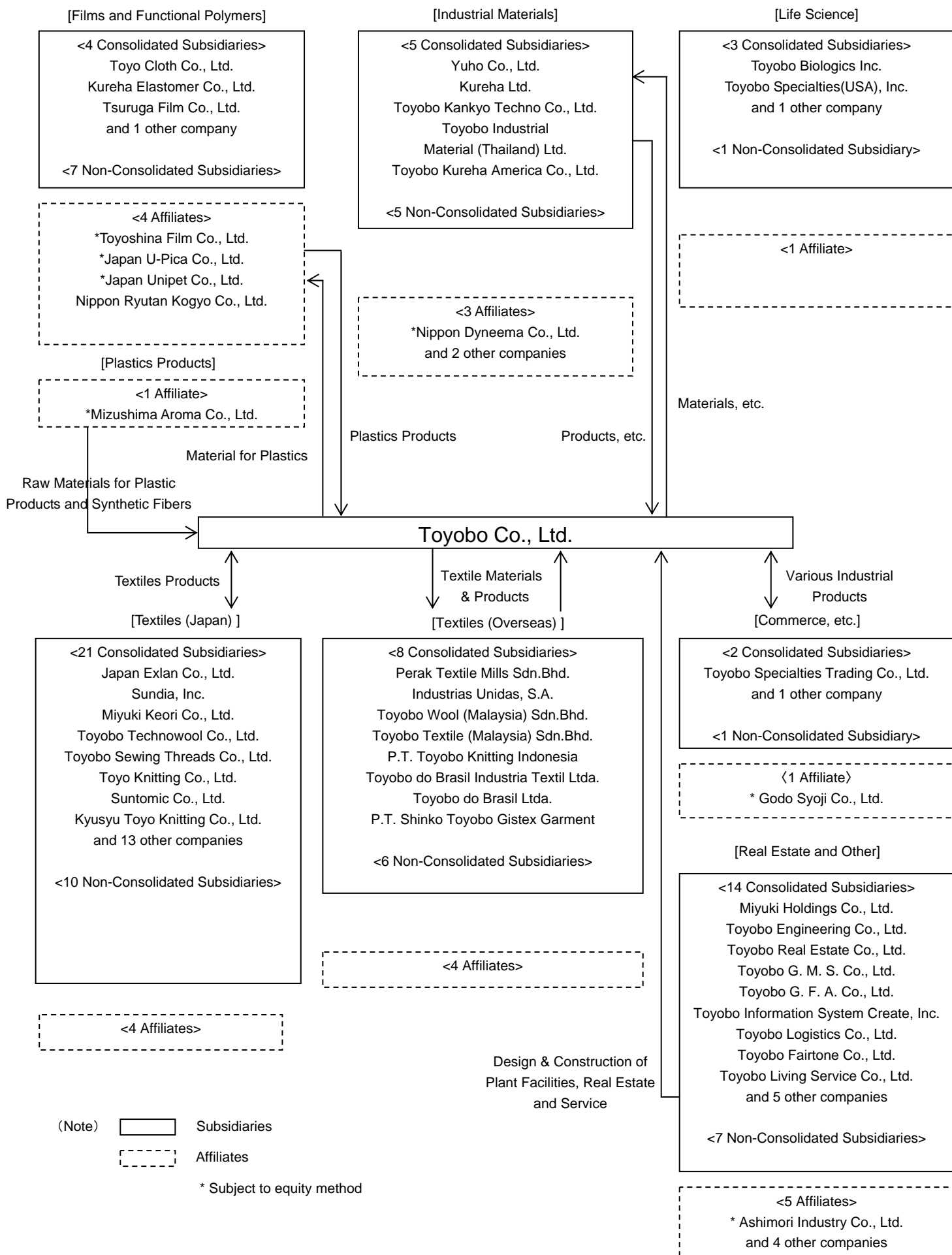
Four domestic consolidated subsidiaries, including Miyuki Holdings Co., Ltd. and Toyobo Real Estate Co., Ltd., are engaged in the sale, leasing and maintenance of real estate, etc. Toyobo Real Estate Co., Ltd. leases property to the Company.

**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 10 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 12 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 has adopted as its fundamental principle the ancient proverb *Junri-Sokuyu*, meaning “Adhering to Reason Leads to Prosperity.” In accordance with this principle, the Toyobo Group, in order to remain a company trusted by the public, will help create a sound and sustainable society by providing the world with useful products.

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

The key management benchmark for the Toyobo Group is return on assets (ROA), and with due consideration to the cost of capital aims to achieve ROA of 8% or greater. The operations of all business divisions and Group companies are assessed according to the common standards of profit/loss, ROA and cash flow, and 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 medium-term goal of lowering the D/E ratio to 1.0 times.

#### **(3) Medium- to Long-Term Business Strategies**

The Toyobo Group has identified as priority markets the five fields of Automotive, Electronics and Information Displays, Environment, Lifestyle and Safety, and Life Sciences. Since the recession triggered by the financial crisis in the United States, certain markets have experienced rapid structural changes, such as altering of demand and the emergence of new patterns of competition. At the same time, population growth and economic development centered on newly emerging nations will sharpen the focus on such issues as resources and global warming, while aging populations in developed countries and higher standards of income in emerging nations is expected to increase demand for medical care.

In consideration of such changes in the business environment, the Toyobo Group formulated a medium-term management plan with the vision for Toyobo to be “the category leader for providing new value in the environment, life science, and high-function products fields.” Over the next four years, we will develop strong businesses through creation of new businesses and overseas expansion, as well as continue to reduce costs in order to enhance earnings capacity and cash flow generation, and improve our financial position.

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

Amid the global financial downturn, the Toyobo Group, in accordance with its management policy of “reinforcing our foundations, laying the cornerstones for future growth,” took steps to secure earnings that included emergency cost reduction measures, as well as forged ahead with the creation of new business themes. Going forward, we will seek to realize our vision of being “a corporation with leading businesses for providing new value in the areas of environment, life sciences, and high-function products” by prioritizing investment of management resources in these fields, and actively pursuing business expansion.

#### i. Creation of New Businesses

Toyobo will create new businesses in the environmental and energy fields, such as polyester films for solar cells, heat-resistant polyamide resins, and new applications for solvent adsorption equipment. We will also expand in the life sciences field in such areas as highly precise, next-generation enzymes for self-monitoring of blood glucose sensors, simple measurement diagnostic systems for infectious diseases, antibody drugs, and contract manufacturing of pharmaceuticals.

#### ii. Expansion of Sales in Overseas Markets

China and other newly emerging nations are forecast to be the drivers for growth in the world economy in the future, not just the United States and Europe. The Toyobo Group will accelerate the global development of products tailored to particular markets, and increase its proportion of international sales. Specifically, we will expand sales of functional polymers such as films for LCD and optical uses, the “VYLON” series of industrial adhesives and engineering plastics, as well as automotive-related materials such as airbag fabrics, and the denatured polyolefin “HARDLEN.” We will also contribute to environmental safety through active expansion in the environmental field, such as in water treatment membranes for seawater desalination, and solvent adsorption equipment to help prevent air pollution.

#### iii. CSR Initiatives

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 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)

	2009 (As of March 31, 2009)	2010 (As of March 31, 2010)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,956	10,110
Notes and accounts receivable-trade	60,978	72,931
Merchandise and finished goods	48,974	38,538
Work in process	13,241	12,312
Raw materials and supplies	13,584	11,663
Deferred tax assets	4,154	2,967
Other	9,975	9,356
Allowance for doubtful accounts	(625)	(548)
<b>Total current assets</b>	<b>160,238</b>	<b>157,329</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	47,198	48,872
Machinery, equipment and vehicles, net	53,546	40,569
Land	107,559	107,293
Lease assets, net	-	7,009
Construction in progress	4,914	3,861
Other, net	3,136	2,647
<b>Total property, plant and equipment</b>	<b>216,354</b>	<b>210,251</b>
<b>Intangible assets</b>		
Goodwill	390	466
Other	1,624	1,137
<b>Total intangible assets</b>	<b>2,014</b>	<b>1,603</b>
<b>Investments and other assets</b>		
Investment securities	23,872	25,760
Deferred tax assets	27,028	26,732
Other	18,509	18,302
Allowance for doubtful accounts	(4,200)	(1,538)
<b>Total investments and other assets</b>	<b>65,210</b>	<b>69,255</b>
<b>Total noncurrent assets</b>	<b>283,578</b>	<b>281,110</b>
<b>Total assets</b>	<b>443,816</b>	<b>438,439</b>

(Millions of yen)

	2009 (As of March 31, 2009)	2010 (As of March 31, 2010)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	37,072	45,360
Short-term loans payable	56,985	54,528
Current portion of long-term loans payable	25,572	30,660
Accrued expenses	3,044	3,138
Income taxes payable	605	661
Deferred tax liabilities	61	85
Deposits received	15,157	12,512
Provision for bonuses	3,883	3,728
Other	12,698	12,883
<b>Total current liabilities</b>	<b>155,077</b>	<b>163,554</b>
<b>Noncurrent liabilities</b>		
Bonds payable	15,000	15,225
Bonds with subscription rights to shares	20,000	-
Long-term loans payable	60,571	63,060
Lease obligations	-	6,175
Deferred tax liabilities	7,014	3,097
Deferred tax liabilities for land revaluation	28,216	28,203
Provision for retirement benefits	13,941	15,248
Provision for directors' retirement benefits	1,373	486
Negative goodwill	915	4,163
Provision for environmental measures	-	1,092
Other	7,743	7,040
<b>Total noncurrent liabilities</b>	<b>154,772</b>	<b>143,787</b>
<b>Total liabilities</b>	<b>309,849</b>	<b>307,341</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	43,341	43,341
Capital surplus	16,027	23,839
Retained earnings	13,573	13,881
Treasury stock	(270)	(558)
<b>Total shareholders' equity</b>	<b>72,671</b>	<b>80,503</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	(1,623)	(584)
Deferred gains or losses on hedges	(159)	(182)
Revaluation reserve for land	39,301	38,197
Foreign currency translation adjustment	(11,938)	(10,839)
<b>Total valuation and translation adjustments</b>	<b>25,581</b>	<b>26,592</b>
<b>Minority interests</b>	<b>35,714</b>	<b>24,002</b>
<b>Total net assets</b>	<b>133,967</b>	<b>131,097</b>
<b>Total liabilities and net assets</b>	<b>443,816</b>	<b>438,439</b>

## (2) Consolidated Statements of Income

(Millions of yen)

	2009 (From April 1, 2008 To March 31, 2009)	2010 (From April 1, 2009 To March 31, 2010)
Net sales	367,271	318,773
Cost of sales	295,877	253,695
Gross profit	71,394	65,078
Selling, general and administrative expenses	60,166	53,609
Operating income	11,229	11,469
Non-operating income		
Interest income	372	301
Dividends income	763	734
Rent income	895	604
Amortization of negative goodwill	975	945
Other	2,435	2,205
Total non-operating income	5,439	4,789
Non-operating expenses		
Interest expenses	3,096	2,809
Amortization of net retirement benefit obligation at transition	1,578	1,578
Salaries paid to dispatched employees	-	1,241
Equity in losses of affiliates	1,476	-
Other	8,460	3,189
Total non-operating expenses	14,609	8,817
Ordinary income	2,059	7,441
Extraordinary income		
Gain on sales of noncurrent assets	3,795	192
Gain on sales of investment securities	187	138
Reversal of allowance for doubtful accounts	40	35
Subsidy	156	-
Total extraordinary income	4,177	365
Extraordinary loss		
Loss on sales of noncurrent assets	669	194
Impairment loss	579	316
Loss on disposal of noncurrent assets	1,758	1,686
Loss on reduction of noncurrent assets	150	-
Loss on sales of investment securities	830	72
Loss on valuation of investment securities	1,526	475
Loss on valuation of investments in capital	76	-
Provision of allowance for doubtful accounts	1,851	27
Loss on liquidation of subsidiaries and affiliates	1,152	705
Loss on valuation of inventories	4,057	-
Loss on transfer of business	-	77
Extra retirement payments	-	312
Loss on restructuring of Business	11,790	-

(Millions of yen)

	2009 (From April 1, 2008 To March 31, 2009)	2010 (From April 1, 2009 To March 31, 2010)
Loss on abolishment of retirement benefit plan	855	82
Environmental expenses	-	956
Provision for environmental measures	-	1,091
Loss on litigation	1,681	2,067
Total extraordinary losses	26,974	8,061
Income before income taxes and minority interests	(20,738)	(255)
Income taxes-current	1,464	737
Income taxes for prior periods	1,203	-
Income taxes-deferred	(8,873)	(3,349)
Total income taxes	(6,206)	(2,612)
Minority interests in income	(2,028)	263
Net income	(12,505)	2,094



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

(Millions of yen)

	2009 (From April 1, 2008 To March 31, 2009)	2010 (From April 1, 2009 To March 31, 2010)
Consolidated statements of changes in net assets		
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	16,027
Changes of items during the period		
Disposal of treasury stock	(6)	196
Increase by share exchanges	-	7,616
Total changes of items during the period	(6)	7,812
Balance at the end of current period	16,027	23,839
Retained earnings		
Balance at the end of previous period	29,754	13,573
Changes of items during the period		
Dividends from surplus	(3,490)	(2,443)
Net income	(12,505)	2,094
Reversal of revaluation reserve for land	(91)	657
Change of scope of equity method	(95)	-
Total changes of items during the period	(16,181)	308
Balance at the end of current period	13,573	13,881
Treasury stock		
Balance at the end of previous period	(267)	(270)
Changes of items during the period		
Purchase of treasury stock	(23)	(7)
Disposal of treasury stock	19	29
Increase by share exchanges	-	(310)
Change of scope of equity method	3	-
Change in equity in affiliates accounted for by equity method-treasury stock	-	(1)
Total changes of items during the period	(2)	(288)
Balance at the end of current period	(270)	(558)
Total shareholders' equity		
Balance at the end of previous period	88,860	72,671
Changes of items during the period		
Dividends from surplus	(3,490)	(2,443)
Net income	(12,505)	2,094
Reversal of revaluation reserve for land	(91)	657
Purchase of treasury stock	(23)	(7)
Disposal of treasury stock	13	225
Increase by share exchanges	-	7,306
Change of scope of equity method	(93)	-
Change in equity in affiliates accounted for by equity method-treasury stock	-	(1)
Total changes of items during the period	(16,189)	7,832
Balance at the end of current period	72,671	80,503

(Millions of yen)

	2009 (From April 1, 2008 To March 31, 2009)	2010 (From April 1, 2009 To March 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	2,110	(1,623)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,733)	1,039
Total changes of items during the period	(3,733)	1,039
Balance at the end of current period	(1,623)	(584)
Deferred gains or losses on hedges		
Balance at the end of previous period	(230)	(159)
Changes of items during the period		
Net changes of items other than shareholders' equity	71	(23)
Total changes of items during the period	71	(23)
Balance at the end of current period	(159)	(182)
Revaluation reserve for land		
Balance at the end of previous period	39,524	39,301
Changes of items during the period		
Net changes of items other than shareholders' equity	(223)	(1,104)
Total changes of items during the period	(223)	(1,104)
Balance at the end of current period	39,301	38,197
Revaluation excess foreign		
Balance at the end of previous period	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	-	-
Foreign currency translation adjustment		
Balance at the end of previous period	(7,213)	(11,938)
Changes of items during the period		
Net changes of items other than shareholders' equity	(4,725)	1,099
Total changes of items during the period	(4,725)	1,099
Balance at the end of current period	(11,938)	(10,839)
Total valuation and translation adjustments		
Balance at the end of previous period	40,811	25,581
Changes of items during the period		
Net changes of items other than shareholders' equity	(15,229)	1,011
Total changes of items during the period	(15,229)	1,011
Balance at the end of current period	25,581	26,592
Minority interests		
Balance at the end of previous period	16,828	35,714
Changes of items during the period		
Net changes of items other than shareholders' equity	18,886	(11,712)
Total changes of items during the period	18,886	(11,712)
Balance at the end of current period	35,714	24,002

(Millions of yen)

	2009	2010
	(From April 1, 2008 To March 31, 2009)	(From April 1, 2009 To March 31, 2010)
Total net assets		
Balance at the end of previous period	146,500	133,967
Changes of items during the period		
Dividends from surplus	(3,490)	(2,443)
Net income	(12,505)	2,094
Reversal of revaluation reserve for land	(91)	657
Purchase of treasury stock	(23)	(7)
Disposal of treasury stock	13	225
Increase by share exchanges	-	7,306
Change of scope of equity method	(93)	-
Change in equity in affiliates accounted for by equity method-treasury stock	-	(1)
Net changes of items other than shareholders' equity	3,656	(10,701)
Total changes of items during the period	(12,533)	(2,870)
Balance at the end of current period	133,967	131,097

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

(Millions of yen)

	2009 (From April 1, 2008 To March 31, 2009)	2010 (From April 1, 2009 To March 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	(20,738)	(255)
Depreciation and amortization	21,206	20,419
Amortization of negative goodwill	(975)	(945)
Decrease in allowance for doubtful accounts	(6,045)	(2,551)
Increase in provision for environmental measures	-	1,092
Increase in provision for retirement benefits	276	1,358
Interest and dividends income	(1,134)	(1,036)
Interest expenses	3,096	2,809
Equity in losses of affiliates	1,476	189
Impairment loss	579	316
Loss (gain) on sales and disposal of property, plant and equipment, net	(1,368)	1,688
Loss on reduction of noncurrent assets	150	-
Loss on sales and valuation of investment securities	2,169	410
Loss on valuation of investments in capital	76	-
Loss on restructuring of businesses	11,790	-
Loss on transfer of business	-	77
Loss on litigation	1,681	2,067
Decrease (increase) in notes and accounts receivable-trade	21,508	(11,800)
Decrease in inventories	5,627	13,251
Increase (decrease) in notes and accounts payable-trade	(28,074)	8,690
Increase in prepaid pension costs	(3,278)	(2,274)
Other, net	834	(1,244)
Subtotal	8,855	32,261
Loss on restructuring of Business	(1,257)	-
Payments for loss on litigation	(1,559)	(2,048)
Income taxes paid	(6,407)	(1,189)
Net cash provided by (used in) operating activities	(368)	29,024
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(21,843)	(14,086)
Proceeds from sales of property, plant and equipment	7,094	1,752
Purchase of investment securities	(2,817)	(1,048)
Proceeds from sales of investment securities	798	287
Proceeds from transfer of business	-	334
Interest and dividends income received	1,173	1,036
Proceeds from dividends income from equity method affiliate	329	37
Other, net	(537)	(1,767)
Net cash provided by (used in) investing activities	(15,803)	(13,455)

(Millions of yen)

	2009 (From April 1, 2008 To March 31, 2009)	2010 (From April 1, 2009 To March 31, 2010)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(5,510)	(2,657)
Proceeds from long-term loans payable	31,650	34,600
Repayment of long-term loans payable	(28,228)	(27,064)
Proceeds from issuance of preferred securities	21,638	-
Redemption of bonds with subscription rights to shares	-	(19,775)
Proceeds from issuance of bonds	14,906	-
Redemption of bonds	(10,000)	-
Purchase of treasury stock	(24)	(7)
Proceeds from sales of treasury stock	13	229
Repayments of finance lease obligations	(947)	(1,855)
Interest expenses paid	(2,901)	(2,716)
Cash dividends paid	(3,491)	(2,443)
Cash dividends paid to minority shareholders	(228)	(934)
Proceeds from sale and lease-back transaction	500	6,791
Net cash provided by (used in) financing activities	17,379	(15,832)
Effect of exchange rate change on cash and cash equivalents	(1,009)	483
Net increase (decrease) in cash and cash equivalents	199	220
Cash and cash equivalents at beginning of period	9,749	9,802
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(146)	(69)
Cash and cash equivalents at end of period	9,802	9,953

## Segment Information

### a. Segment Information by Business Type

[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.

[Fiscal Year ended March 31, 2010]

(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	114,928	63,157	32,377	88,373	4,564	15,374	318,773	—	318,773
(2) Intersegment net sales or transfer amounts	642	46	181	298	1,479	9,145	11,792	(11,792)	—
Net Sales	115,570	63,203	32,558	88,671	6,043	24,519	330,565	(11,792)	318,773
Operating Expenses	109,475	60,870	28,535	88,254	4,569	24,154	315,857	(8,553)	307,304
Operating Income	6,095	2,333	4,023	418	1,474	365	14,708	(3,239)	11,469
II. Assets, Depreciation & Amortization and Capital Expenditure									
Assets	118,281	71,784	31,093	83,123	48,805	20,185	373,271	65,168	438,439
Depreciation and Amortization	8,031	4,094	3,347	2,661	895	317	19,345	1,074	20,419
Capital Expenditure	4,107	2,558	2,539	1,344	1,917	245	12,709	2,457	15,166

#### Notes

1. Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled ¥3,041 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 ¥87,901 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 Retirement Benefits

As noted in “Significant Accounting Policies: Basis for Preparation of the Consolidated Financial Statements,” from the subject fiscal year, Toyobo has applied “Partial Amendments to ‘Accounting Standard for Retirement Benefits’ (Part3)” (ASBJ Statement No. 19, July 31, 2008). There is no impact on operating income as a result of this change.

#### Change in Accounting Classification for the Real Estate Business

Toyobo had previously recorded real estate-related income and expenses as “non-operating income” and “non-operating expenses,” respectively. However, real estate-related income increased following the absorption-type split of Toyobo Real Estate Co., Ltd. on February 1, 2010, with the subject revenues derived primarily from sales activities. To properly reflect this situation, from the subject fiscal year, the classification of the real estate-related income and expenses in Toyobo’s financial statement will be changed to “net sales” and “cost of sales.” The impact on earnings as a result of this change is minimal.

### 4. 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.

### **b. Geographic Segments**

For the fiscal years ended March 31, 2009 and 2010, 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, 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%

[Fiscal Year ended March 31, 2010] (From April 1, 2009 to March 31, 2010)

(Millions of yen)

	Southeast Asia	Other Regions	Total
I. Overseas sales	36,080	28,425	64,505
II. Consolidated sales			318,773
III. Percentage of overseas sales to total consolidated sales	11.3%	8.9%	20.2%

Notes

1. Country and regional segments are based on geographic proximity.
2. 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.
3. 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	
	2009	2010
Net assets per share	140.79	143.43
Earnings per share	(17.92)	2.88
Net income per share after dilution	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.	2.73

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

(Millions of yen)

	Year ended March 31	
	2009	2010
Net assets per share:		
Total net assets	133,967	131,097
Amount deducting from total net assets [Minority interests]	35,714 [35,714]	24,002 [24,002]
Net assets relating to common shares	98,253	107,095
Number of shares of common stock used as basis for calculation of net assets per share (Thousands of shares)	697,878	746,688

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	
	2009	2010
Earnings per share:		
Net income (loss)	(12,505)	2,094
Net income not available to common shares	---	---
Net income (loss) available to common shares	(12,505)	2,094
Weighted average number of shares outstanding (Thousands of shares)	697,912	726,356
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)	---	40,347 [40,347]
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)

	2009 (As of March 31, 2009)	2010 (As of March 31, 2010)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,561	4,398
Notes receivable-trade	2,913	2,642
Accounts receivable-trade	31,102	46,711
Short-term investment securities	-	6
Merchandise and finished goods	27,722	22,332
Work in process	6,353	6,818
Raw materials and supplies	5,210	5,329
Advance payments-trade	-	105
Prepaid expenses	576	1,052
Deferred tax assets	2,333	1,662
Short-term loans receivable from subsidiaries and affiliates	-	16,457
Accounts receivable-other	4,477	-
Deposits paid	13,500	-
Other	1,249	5,248
Allowance for doubtful accounts	(248)	(201)
<b>Total current assets</b>	<b>98,748</b>	<b>112,559</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings, net	20,592	28,365
Structures, net	2,491	3,085
Machinery and equipment, net	39,941	30,855
Vehicles, net	78	56
Tools, furniture and fixtures, net	1,399	1,367
Land	77,935	88,211
Lease assets, net	40	6,863
Construction in progress	2,958	2,961
<b>Total property, plant and equipment</b>	<b>145,434</b>	<b>161,763</b>
<b>Intangible assets</b>		
Goodwill	2	58
Patent right	94	89
Leasehold right	300	3
Right of trademark	1	2
Software	682	622
Lease assets	32	36
Other	24	29
<b>Total intangible assets</b>	<b>1,134</b>	<b>839</b>

(Millions of yen)

	2009	2010
	(As of March 31, 2009)	(As of March 31, 2010)
Investments and other assets		
Investment securities	11,076	12,344
Stocks of subsidiaries and affiliates	58,973	65,472
Investments in capital	15	16
Investments in capital of subsidiaries and affiliates	6,257	6,257
Long-term loans receivable	438	373
Long-term loans receivable from subsidiaries and affiliates	25,344	13,589
Claims provable in bankruptcy, claims provable in rehabilitation and other	205	157
Long-term prepaid expenses	397	418
Deferred tax assets	17,631	15,783
Prepaid pension cost	6,700	8,974
Other	3,504	3,557
Allowance for doubtful accounts	(13,380)	(6,571)
Total investments and other assets	117,160	120,369
Total noncurrent assets	263,728	282,971
Total assets	362,475	395,530

(Millions of yen)

	2009	2010
	(As of March 31, 2009)	(As of March 31, 2010)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable-trade	1,930	3,839
Accounts payable-trade	18,939	26,808
Short-term loans payable	39,265	52,915
Current portion of long-term loans payable	21,341	27,487
Lease obligations	16	1,169
Accounts payable-other	9,049	9,591
Accrued expenses	1,279	1,899
Income taxes payable	29	240
Advances received	74	178
Deposits received	7,096	5,248
Deposits received from employees	5,248	5,112
Provision for bonuses	2,059	2,195
Other	9	88
<b>Total current liabilities</b>	<b>106,333</b>	<b>136,768</b>
<b>Noncurrent liabilities</b>		
Bonds payable	37,000	37,225
Bonds with subscription rights to shares	20,000	-
Long-term loans payable	50,542	53,535
Long-term loans payable to subsidiaries and affiliates	-	636
Lease obligations	56	5,760
Deferred tax liabilities for land revaluation	25,302	24,897
Provision for retirement benefits	5,805	9,486
Provision for directors' retirement benefits	770	-
Provision for environmental measures	-	708
Other	3,136	3,005
<b>Total noncurrent liabilities</b>	<b>142,610</b>	<b>135,251</b>
<b>Total liabilities</b>	<b>248,943</b>	<b>272,020</b>

(Millions of yen)

	2009 (As of March 31, 2009)	2010 (As of March 31, 2010)
Net assets		
Shareholders' equity		
Capital stock	43,341	43,341
Capital surplus		
Legal capital surplus	13,019	20,635
Other capital surplus	3,551	3,551
Total capital surpluses	16,570	24,185
Retained earnings		
Other retained earnings		
Retained earnings brought forward	19,757	23,463
Total retained earnings	19,757	23,463
Treasury stock	(235)	(254)
Total shareholders' equity	79,433	90,735
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(1,392)	(998)
Deferred gains or losses on hedges	(151)	(162)
Revaluation reserve for land	35,643	33,936
Total valuation and translation adjustments	34,100	32,775
Total net assets	113,532	123,510
Total liabilities and net assets	362,475	395,530

## (2) Non-Consolidated Statements of Income

(Millions of yen)

	2009 (From April 1, 2008 To March 31, 2009)	2010 (From April 1, 2009 To March 31, 2010)
Net sales	201,209	192,621
Cost of sales		
Beginning finished goods	24,888	27,722
Transfer of goods by merger	-	1,762
Cost of products manufactured	116,677	102,779
Purchase of finished goods	46,302	43,269
Total	187,867	175,532
Transfer to other account	(3,428)	(3,104)
Ending finished goods	27,722	22,332
Cost of finished goods sold	163,572	156,304
Gross profit	37,637	36,317
Selling, general and administrative expenses	31,000	28,475
Operating income	6,637	7,842
Non-operating income		
Interest income	709	-
Dividends income	1,893	3,283
Rent income	1,156	697
Other	1,539	1,705
Total non-operating income	5,297	5,685
Non-operating expenses		
Interest expenses	1,841	1,981
Interest on bonds	356	1,248
Depreciation	528	-
Amortization of net retirement benefit obligation at transition	1,356	1,356
Salaries paid to dispatched employees	1,095	1,241
Compensation expenses	918	-
Other	2,191	1,822
Total non-operating expenses	8,284	7,647
Ordinary income	3,650	5,880
Extraordinary income		
Gain on sales of noncurrent assets	1,485	526
Gain on sales of investment securities	28	122
Gain on sales of subsidiaries and affiliates' stocks	-	4
Reversal of allowance for doubtful accounts	40	355
Gain on extinguishment of tie-in shares	-	3,074
Bonus dividend	4,000	1,100
Total extraordinary income	5,553	5,181

(Millions of yen)

	2009 (From April 1, 2008 To March 31, 2009)	2010 (From April 1, 2009 To March 31, 2010)
Extraordinary loss		
Loss on disposal of noncurrent assets	1,280	1,044
Loss from adjustment of profit on sale of land	-	26
Loss on sales of investment securities	-	52
Loss on sales of stocks of subsidiaries and affiliates	466	59
Loss on valuation of investment securities	5,790	515
Loss on valuation of investments in capital of subsidiaries and affiliates	1,018	-
Provision of allowance for doubtful accounts	4,061	1,141
Loss on liquidation of subsidiaries and affiliates	10,449	215
Loss on valuation of inventories	2,613	-
Extra retirement payments	-	216
Loss on restructuring of Business	357	-
Environmental expenses	-	950
Provision for environmental measures	-	708
Loss on litigation	1,681	2,067
Total extraordinary losses	<u>27,715</u>	<u>6,992</u>
Income before income taxes	<u>(18,513)</u>	<u>4,069</u>
Income taxes-current	53	31
Income taxes-deferred	<u>(9,570)</u>	<u>(1,250)</u>
Total income taxes	<u>(9,517)</u>	<u>(1,220)</u>
Net income	<u>(8,996)</u>	<u>5,288</u>

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

(Millions of yen)

	2009 (From April 1, 2008 To March 31, 2009)	2010 (From April 1, 2009 To March 31, 2010)
Statements of changes in net assets		
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		
Increase by share exchanges	-	7,616
Total changes of items during the period	-	7,616
Balance at the end of current period	13,019	20,635
Other capital surplus		
Balance at the end of previous period	3,557	3,551
Changes of items during the period		
Disposal of treasury stock	(7)	(0)
Total changes of items during the period	(7)	(0)
Balance at the end of current period	3,551	3,551
Total capital surplus		
Balance at the end of previous period	16,576	16,570
Changes of items during the period		
Disposal of treasury stock	(7)	(0)
Increase by share exchanges	-	7,616
Total changes of items during the period	(7)	7,616
Balance at the end of current period	16,570	24,185
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the end of previous period	32,565	19,757
Changes of items during the period		
Dividends from surplus	(3,490)	(2,443)
Net income	(8,996)	5,288
Reversal of revaluation reserve for land	(322)	861
Total changes of items during the period	(12,808)	3,706
Balance at the end of current period	19,757	23,463
Treasury stock		
Balance at the end of previous period	(230)	(235)
Changes of items during the period		
Purchase of treasury stock	(23)	(7)
Disposal of treasury stock	19	1
Increase by corporate division	-	(14)
Total changes of items during the period	(4)	(20)
Balance at the end of current period	(235)	(254)



(Millions of yen)

	2009 (From April 1, 2008 To March 31, 2009)	2010 (From April 1, 2009 To March 31, 2010)
<b>Total shareholders' equity</b>		
Balance at the end of previous period	92,252	79,433
Changes of items during the period		
Dividends from surplus	(3,490)	(2,443)
Net income	(8,996)	5,288
Reversal of revaluation reserve for land	(322)	861
Purchase of treasury stock	(23)	(7)
Disposal of treasury stock	13	1
Increase by share exchanges	-	7,616
Increase by corporate division	-	(14)
Total changes of items during the period	(12,819)	11,302
Balance at the end of current period	79,433	90,735
<b>Valuation and translation adjustments</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the end of previous period	2,001	(1,392)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,393)	394
Total changes of items during the period	(3,393)	394
Balance at the end of current period	(1,392)	(998)
<b>Deferred gains or losses on hedges</b>		
Balance at the end of previous period	(124)	(151)
Changes of items during the period		
Net changes of items other than shareholders' equity	(28)	(11)
Total changes of items during the period	(28)	(11)
Balance at the end of current period	(151)	(162)
<b>Revaluation reserve for land</b>		
Balance at the end of previous period	35,635	35,643
Changes of items during the period		
Net changes of items other than shareholders' equity	8	(1,707)
Total changes of items during the period	8	(1,707)
Balance at the end of current period	35,643	33,936
<b>Total valuation and translation adjustments</b>		
Balance at the end of previous period	37,513	34,100
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,413)	(1,324)
Total changes of items during the period	(3,413)	(1,324)
Balance at the end of current period	34,100	32,775

(Millions of yen)

	2009 (From April 1, 2008 To March 31, 2009)	2010 (From April 1, 2009 To March 31, 2010)
Total net assets		
Balance at the end of previous period	129,764	113,532
Changes of items during the period		
Dividends from surplus	(3,490)	(2,443)
Net income	(8,996)	5,288
Reversal of revaluation reserve for land	(322)	861
Purchase of treasury stock	(23)	(7)
Disposal of treasury stock	13	1
Increase by share exchanges	-	7,616
Increase by corporate division	-	(14)
Net changes of items other than shareholders' equity	(3,413)	(1,324)
Total changes of items during the period	(16,232)	9,978
Balance at the end of current period	113,532	123,510