



# Presentation to Investors



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# Highlights

## H1 FY 3/11 Results

- Significant recovery in operating income, exceeding the previous forecast
  - Rise in shipments for flat panel displays, electronics, and automotive fields
  - Launch of new products improves product portfolio
  - Constraints on fixed cost through cost reduction measures (CR100)
- Posted net loss due to the loss on valuation of investment securities

## FY 3/11 Forecasts

- Full-year forecasts for profit are unchanged, with continued healthy demand expected in lifestyle and safety, environment, and life science fields.

¥bn.

	FY 3/09		FY 3/10		FY 3/11	
	H1	H2	H1	H2	H1	H2 (Forecasts)
Net sales	202.5	164.8	154.9	163.9	169.7	170.3
Operating income	9.7	1.5	3.0	8.5	10.9	11.1

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## I. Results for the 1<sup>st</sup> Half of FY 3/11

## (1) Results for the 1<sup>st</sup> Half of FY 3/11

¥ bn.

	H1 FY 3/09	H1 FY 3/10	H2 FY 3/10	H1 FY 3/11		Previous forecasts (Aug. 2010)	
				Q1	Q2		
<b>Net sales</b>	<b>202.5</b>	<b>154.9</b>	<b>163.9</b>	82.2	87.6	<b>169.7</b>	173.0
<b>Operating income</b>	<b>9.7</b>	<b>3.0</b>	<b>8.5</b>	4.5	6.5	<b>10.9</b>	10.0
<b>Ratio to sales</b>	<b>4.8%</b>	<b>1.9%</b>	<b>5.2%</b>	5.4%	7.4%	<b>6.5%</b>	
<b>Net income</b>	<b>-5.6</b>	<b>-0.6</b>	<b>2.6</b>	-2.5	0.6	<b>-1.9</b>	-1.5
<b>Depreciation</b>	<b>9.5</b>	<b>10.1</b>	<b>10.3</b>	4.6	4.6	<b>9.2</b>	
<b>CAPEX</b>	<b>11.4</b>	<b>9.0</b>	<b>6.2</b>	2.1	3.3	<b>5.4</b>	
<b>Operating CF</b>	<b>-4.0</b>	<b>12.1</b>	<b>17.0</b>	8.8	9.1	<b>17.9</b>	
Exchange rate (¥/US\$)	106	96	90	92	86	89	
Naphtha price in Japan (¥ K/kl)	78	38	45	49	44	46	

## (2) Financial Position

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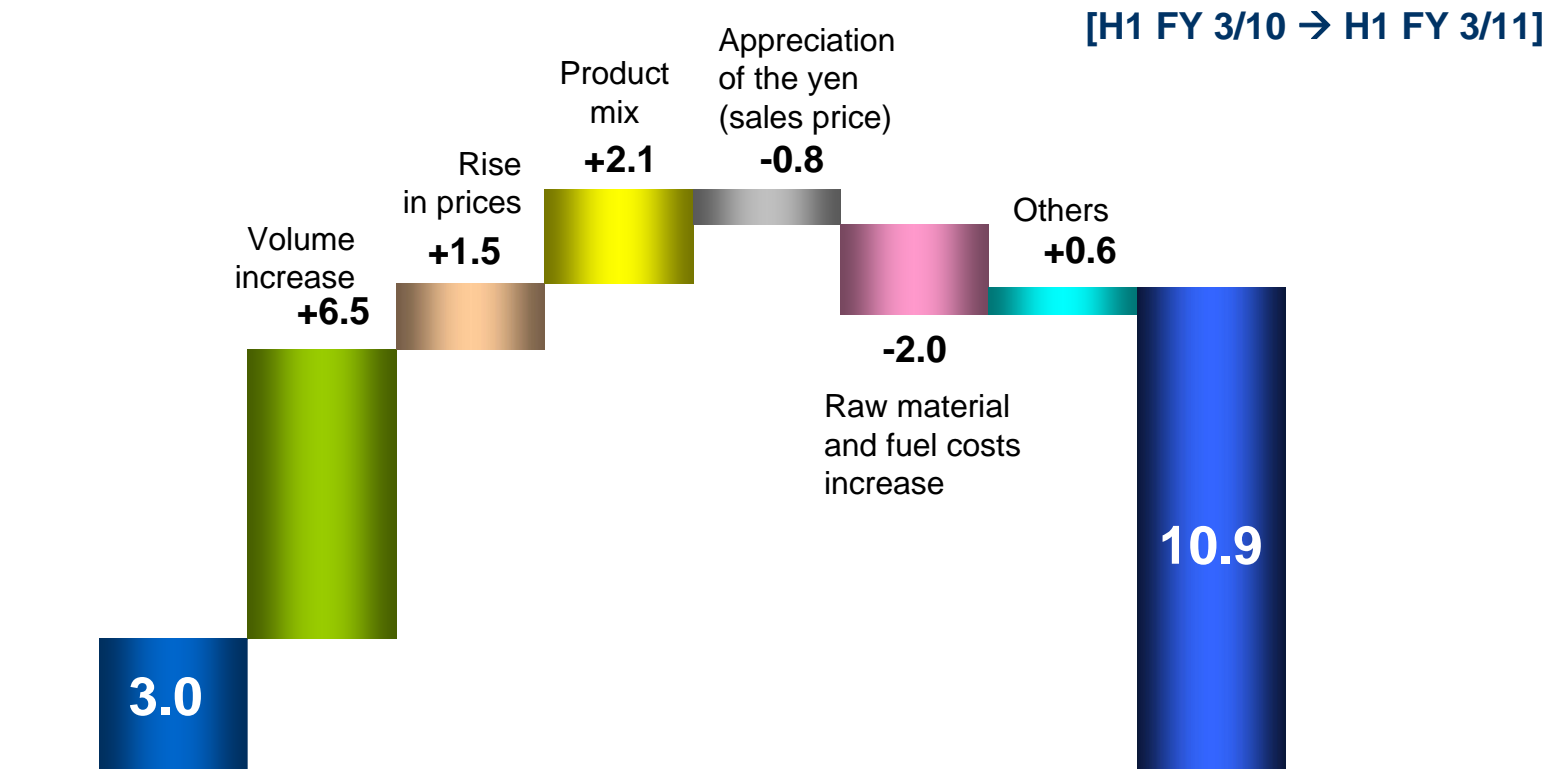
	Mar. 31, 2009	Mar. 31, 2010	Sep. 30, 2010
<b>Total assets</b>	443.8	438.4	421.7
<b>Inventories</b>	75.8	62.5	62.4
<b>Net assets</b>	134.0	131.1	127.0
<b>Shareholders' equity</b>	98.3	107.1	103.0
<b>(Equity ratio)</b>	22.1%	24.4%	24.4%
<b>Minority interests</b>	35.7	24.0	24.0
<b>Interest-bearing debt</b>	178.9	171.0	161.0
<b>D/E ratio</b>	1.82	1.60	1.56
<b>ROA : Operating income / Total assets</b>	2.5%	2.6%	5.2%

## (3) Results by Segment

¥ bn.

	Net Sales				Operating Income			
	H1 FY 3/09	H1 FY 3/10	H2 FY 3/10	H1 FY 3/11	H1 FY 3/09	H1 FY 3/10	H2 FY 3/10	H1 FY 3/11
Films & Functional Polymers	69.7	55.3	59.7	<b>64.0</b>	4.8	1.2	4.9	<b>6.9</b>
Industrial Materials	41.6	28.7	34.4	<b>34.5</b>	2.9	0.7	1.6	<b>2.4</b>
Life Science	17.0	15.7	16.7	<b>14.9</b>	1.9	1.7	2.3	<b>1.7</b>
Specialty Businesses	128.3	99.7	110.8	<b>113.5</b>	9.6	3.6	8.8	<b>11.0</b>
Operating income ratio					7.5%	3.6%	8.0%	<b>9.7%</b>
Textiles	59.9	45.9	42.5	<b>44.3</b>	1.0	0.2	0.2	<b>0.3</b>
Real Estate and Others	14.3	9.3	10.7	<b>12.0</b>	0.9	0.7	1.1	<b>1.2</b>
Elimination & Corporate	-	-	-	-	-1.8	-1.6	-1.7	<b>-1.5</b>
<b>Total</b>	<b>202.5</b>	<b>154.9</b>	<b>163.9</b>	<b>169.7</b>	<b>9.7</b>	<b>3.0</b>	<b>8.5</b>	<b>10.9</b>

## (4) Analysis of Changes in Operating Income



H1 FY 3/10

H1 FY 3/11 (¥ bn.)

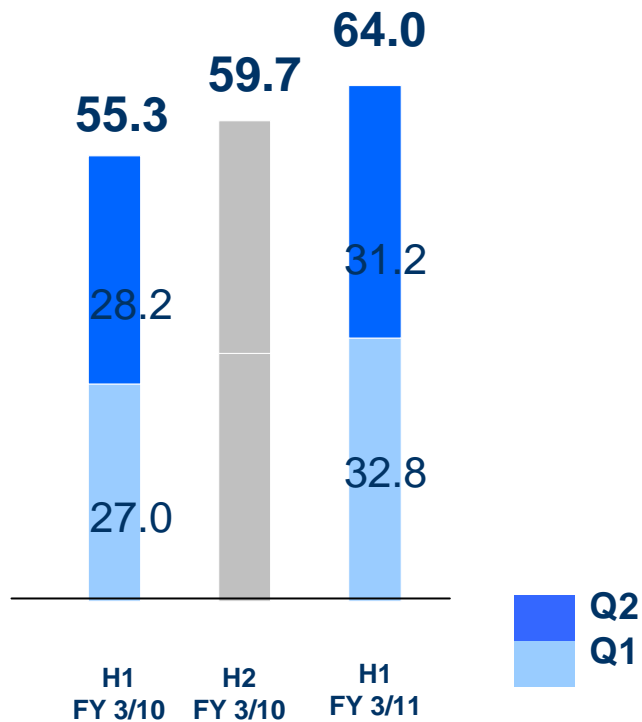
	H1 FY 3/10	H1 FY 3/11
Naphtha price in Japan (¥ K/kl)	38	46
Exchange rate (¥/US\$)	96	89



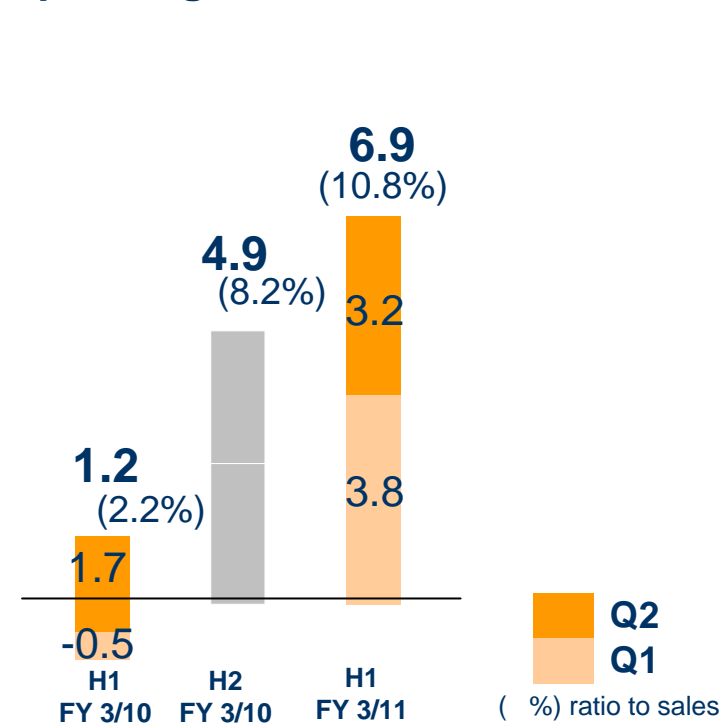
# 1) Films & Functional Polymers

- Brisk shipments of films for flat panel displays
- Steady demand for packaging films
- Increase in sales of functional polymers such as industrial adhesives

**Net sales** (¥bn.)



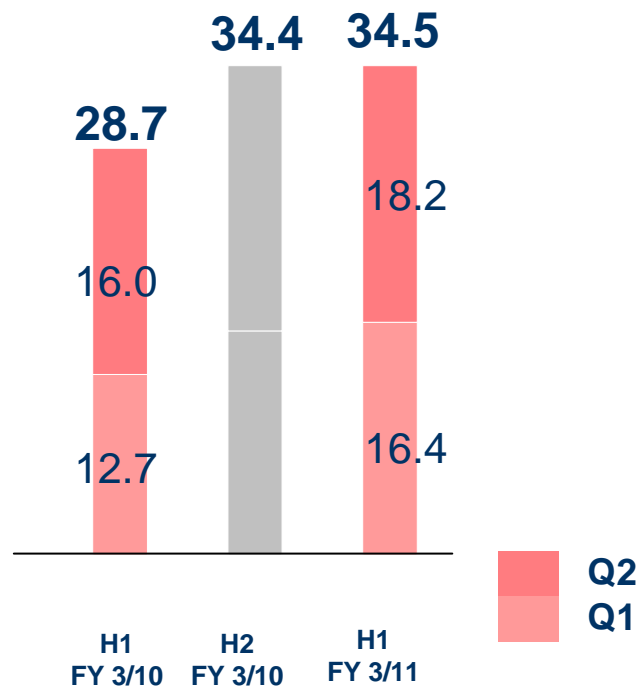
**Operating income** (¥bn.)



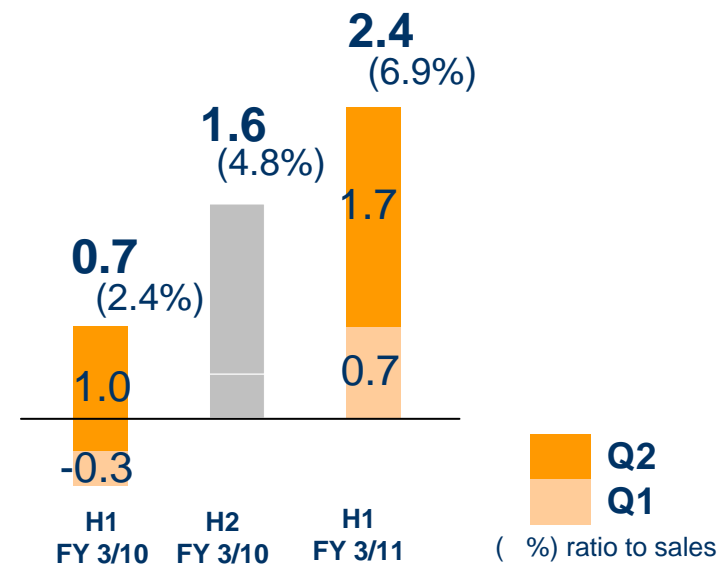
## 2) Industrial Materials

- Steady growth for functional filters
- Recovery of shipments for automotive products such as airbag fabrics
- Expansion of production capacity of high performance fiber “Dyneema”

**Net sales** (¥bn.)



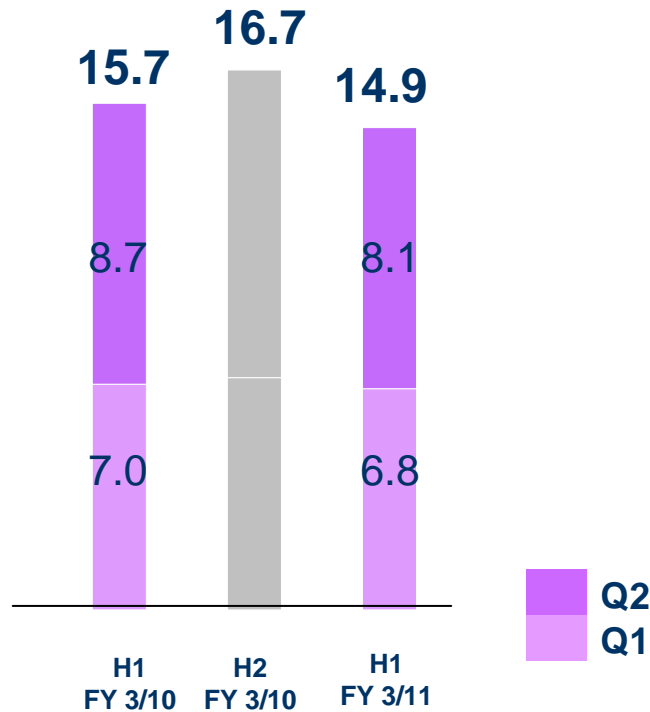
**Operating income** (¥bn.)



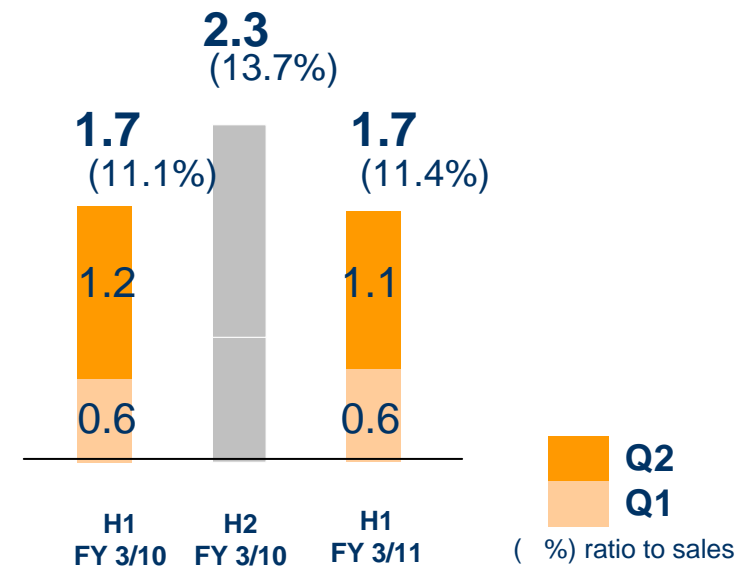
### 3) Life Science

- Increase in sales of bioproducts such as diagnostic enzymes
- Medical membranes affected by government price revisions
- Toyobo RO membranes adopted for use in one of the largest seawater desalination plants in the Middle East

**Net sales** (¥bn.)



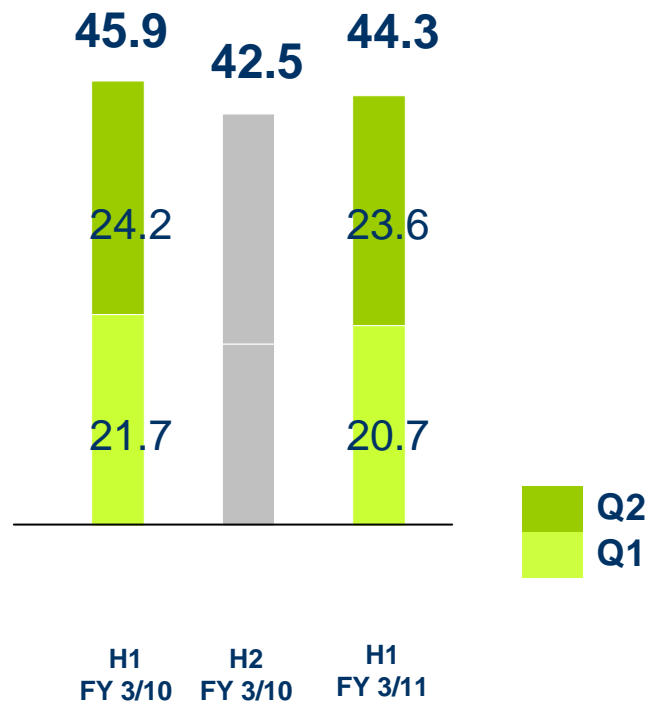
**Operating income** (¥bn.)



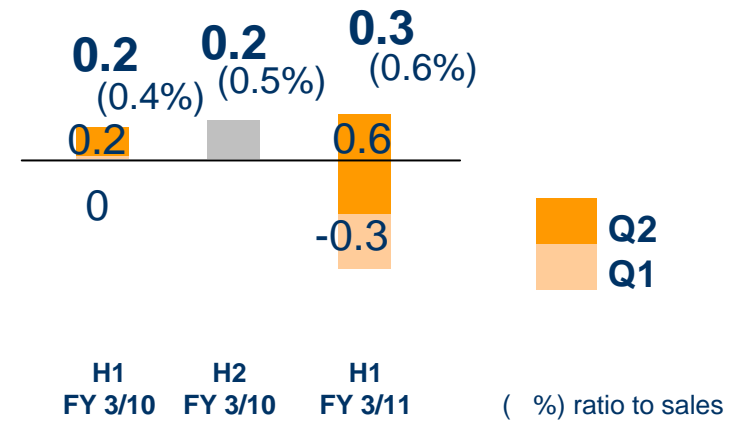
## 4) Textiles

- Focus on functional textiles businesses for sportswear and underwear fields
- Exports of acrylic fibers and fabrics for *thoub* (traditional Arab clothing) were affected by the appreciation of the yen

**Net sales** (¥bn.)



**Operating income** (¥bn.)



## II. Forecasts for FY 3/11

## (1) Forecasts for FY 3/11

	¥ bn.						Previous forecasts (Aug. 2010)
	FY 3/10			FY 3/11 (Forecasts)			
	H1	H2		H1	H2		
<b>Net sales</b>	<b>154.9</b>	<b>163.9</b>	<b>318.8</b>	<b>169.7</b>	<b>170.3</b>	<b>340.0</b>	350.0
<b>Operating income</b>	<b>3.0</b>	<b>8.5</b>	<b>11.5</b>	<b>10.9</b>	<b>11.1</b>	<b>22.0</b>	22.0
<b>Ratio to sales</b>	<b>1.9%</b>	<b>5.2%</b>	<b>3.6%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	
<b>Net income</b>	<b>-0.6</b>	<b>2.6</b>	<b>2.1</b>	<b>-1.9</b>	<b>6.9</b>	<b>5.0</b>	5.0
<b>Depreciation</b>	<b>10.1</b>	<b>10.3</b>	<b>20.4</b>	<b>9.2</b>	<b>9.3</b>	<b>18.5</b>	
<b>CAPEX</b>	<b>9.0</b>	<b>6.2</b>	<b>15.2</b>	<b>5.4</b>	<b>8.6</b>	<b>14.0</b>	
Exchange rate ( ¥/US\$ )	96	90	93	89	80	84	
Naphtha price in Japan ( ¥ K/kl)	38	45	41	46	45	46	

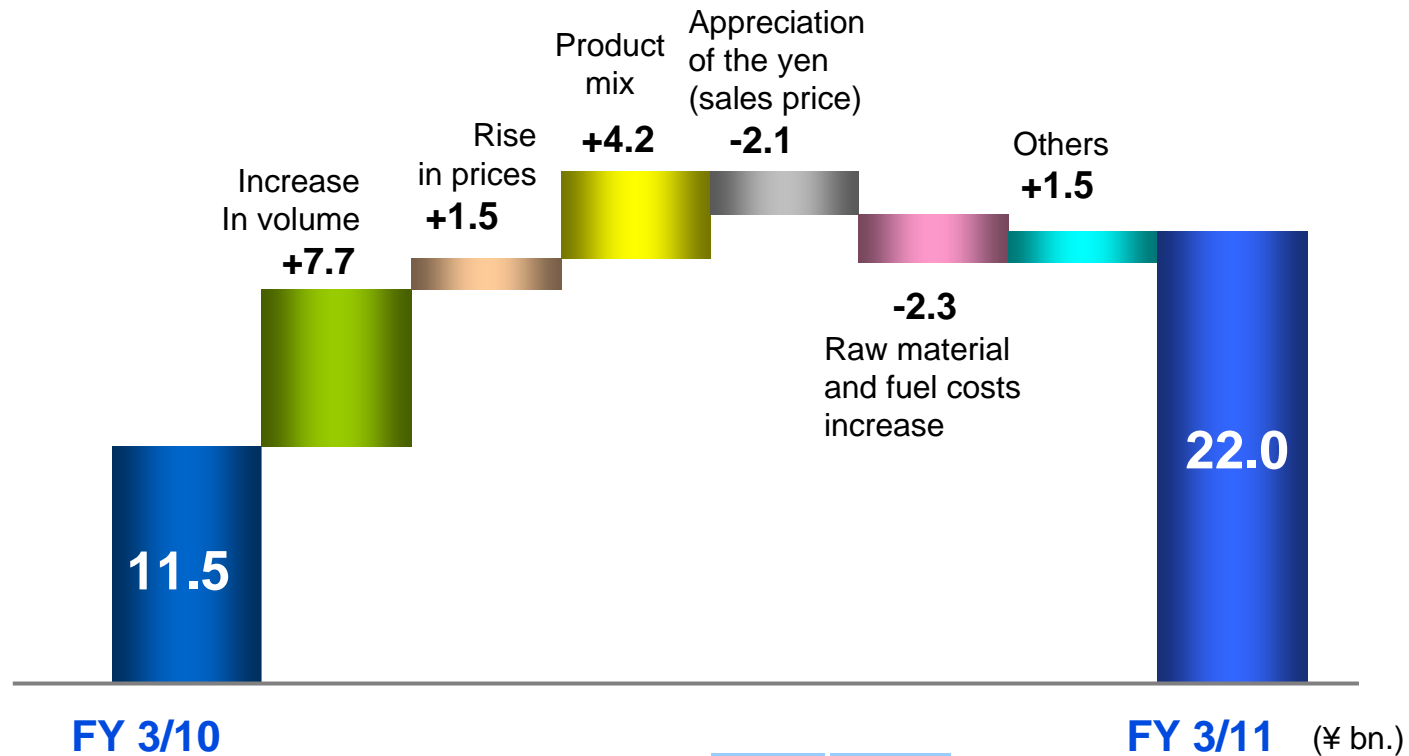
## (2) Forecasts by Segment

¥ bn.

	Net Sales				Operating Income			
	FY 3/10	FY 3/11 (Forecasts)			FY 3/10	FY 3/11 (Forecasts)		
		H1	H2			H1	H2	
Films & Functional Polymers	114.9	64.0	63.0	127.0	6.1	6.9	6.1	13.0
Industrial Materials	63.2	34.5	37.5	72.0	2.3	2.4	2.6	5.0
Life Science	32.4	14.9	16.0	31.0	4.0	1.7	2.3	4.0
Specialty Businesses	210.5	113.5	116.5	230.0	12.5	11.0	11.0	22.0
Textiles	88.4	44.3	40.7	85.0	0.4	0.3	0.3	0.6
Real Estate and Others	19.9	12.0	13.1	25.0	1.8	1.2	1.2	2.4
Elimination & Corporate	-	-	-	-	-3.2	-1.5	-1.5	-3.0
<b>Total</b>	<b>318.8</b>	<b>169.7</b>	<b>170.3</b>	<b>340.0</b>	<b>11.5</b>	<b>10.9</b>	<b>11.1</b>	<b>22.0</b>

### (3) Analysis of Changes in Operating Income

[Forecasts : FY 3/10 → FY 3/11]



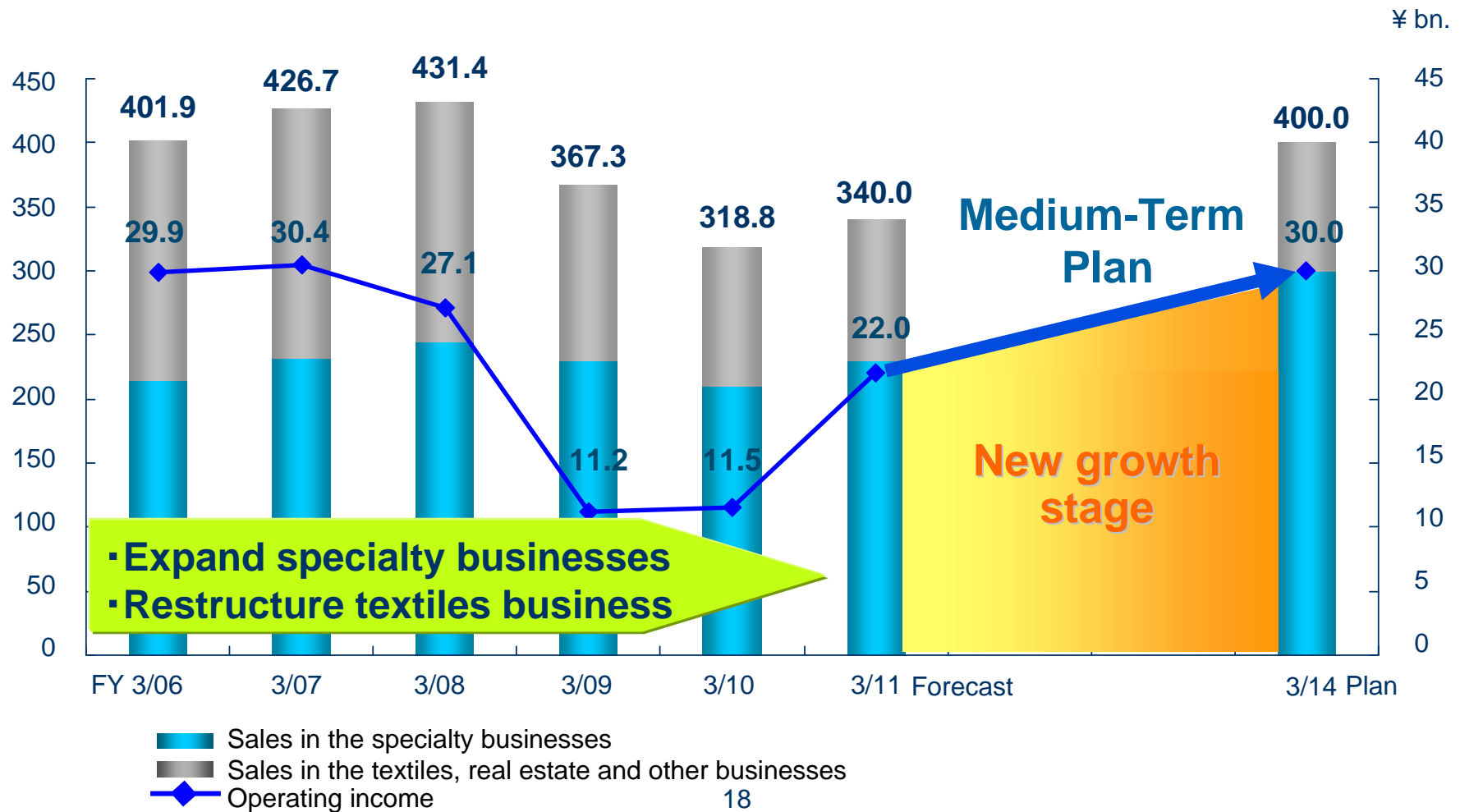
	FY 3/10	FY 3/11
Naphtha price in Japan (¥ K/k)	41	46
Exchange rate (¥/US\$)	93	84



### **III. Progress of Medium-Term Plan**

# (1) Medium-Term Plan

“The category leader for providing new value in the environment, life science, and high-function products fields”



## (2) Strategies and Action Plan

### Strategies

- **Continual reform of the business portfolio**
- **Aggressive expansion of specialty businesses**

### Action Plan

- 1) **Capital investment**
- 2) **Overseas business development**
- 3) **Improvement of the product portfolio**
- 4) **Improved asset efficiency**

### (3) Targets for FY 3/14

	FY 3/11 forecasts	FY 3/14 targets
Net sales	340.0	400.0
Specialty businesses	230.0	300.0
Composition ratio	68%	75%
Operating income	22.0	30.0

¥ bn.

- CAPEX                    **¥65 billion** (Over the next four years)
- R&D expenses       **¥40 billion** (Over the next four years)

#### Direction

- Growth of specialty businesses: 8% growth annually
- Efficiency and profitability: ROA 8%
- Financial stability: \*D/E ratio of 1.0 times

\*D/E ratio: Interest-bearing debt/net assets excluding minority interests

## (4) Action Plan and Progress

### ■ Action Plan

### ■ Progress

#### 1) Capital investment

- PET films for industrial use
- Modified polyolefin adhesives

#### 2) Overseas business development

- Percentage of overseas sales:  
19%(H1 FY 3/10) →23% (H1 FY 3/11)
- Airbags fabrics in China
- Joint venture for desalination membranes in Saudi Arabia

#### 3) Improvement in the product portfolio

- Biomass high-melting-point polyamide resin for LED reflectors
- PET films for solar cell backsheets
- Diagnostic systems and reagents

#### 4) Improved asset efficiency

- ROA:2.6%(FY2010) →5.2% (H1 FY2011)
- Asset contraction in the textile business

# Appendix

## Appendix 1) Status of Litigation related to Body Armor using ZYLON Fiber

### Summary

1. In June 2003, an accident involving body armor (BA) using Zylon fiber occurred in Pennsylvania, USA. (This is the only accident in which a bullet penetrated BA.)
2. The injured/deceased persons and purchasers of the same type of BA sued the BA manufacturer and Toyobo for damages.
3. An ex-director of the BA manufacturer filed a lawsuit based on the U.S. False Claims Act. The U.S. Government (DOJ) participated as a plaintiff in this lawsuit.
4. DOJ also filed a lawsuit relating to BA except for the BA mentioned above.
5. Class action by the purchasers has been settled. (Amount: ¥4.4 billion in total. Extraordinary loss posted in the first half of FY 3/06.)  
Actions by the injured/deceased persons (product liability cases) have been settled.
6. In a lawsuit filed by German state governments, a lower court dismissed the action, ruling that it did not have jurisdiction, and a settlement was reached while the case was pending before the U.S. Court of Appeals.
7. In a lawsuit filed by Second Chance Body Armor, a bench trial started in November 2009.

### <Progress of litigation>

(As of November 2, 2010)

	Class action	Product liability	Government-related		BA manufacturer			Government-related
Plaintiff	Purchasers	Pennsylvania policeman, etc.	Arkansas State	US DOJ, et al.	Second Chance Body Armor	Point Blank Solutions	First Choice Armor & Equipment	Two German states
Status	Settled (05/10/26)	Settled (06/1, 06/11, 07/1)	No progress after receipt of claims	Discovery is proceeding.	Trial is proceeding.	A complaint is served.	A complaint is served.	Settled (09/2/26)
Number of cases	10	4	1	2	1	1	1	



## Appendix 2) Forecasts of Sales by Segment

¥ bn.

	FY 3/11 Forecasts	FY 3/14 Plan	Change
Films & Functional Polymers	127.0	160.0	+33.0
Industrial Materials	72.0	85.0	+13.0
Life Science	31.0	55.0	+24.0
Specialty Businesses	230.0	300.0	+70.0
Textiles	85.0	82.0	- 3.0
Real Estate and Others	25.0	18.0	- 7.0
<b>Total</b>	<b>340.0</b>	<b>400.0</b>	<b>+60.0</b>





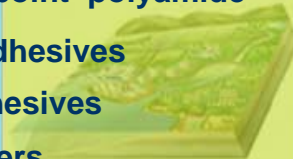


# Appendix 3) Business Fields

Fields:  
Business Segments

**Films & Functional Polymers**

**Industrial Materials**

**Life Science**

Automotive	Electronics & Information Display	Environment	Life Science	Lifestyle & Safety
<ul style="list-style-type: none"> <li>•Engineering plastics</li> <li>•Airbag fabrics</li> <li>•Functional filters</li> <li>•Nonwoven fabrics</li> </ul> 	<ul style="list-style-type: none"> <li>•PET films for flat panel displays</li> <li>•Biomass high-melting-point polyamide</li> <li>•Co-polyester adhesives</li> <li>•Modified polyolefin adhesives</li> <li>•Acrylate polymers</li> </ul> 	<ul style="list-style-type: none"> <li>•PET films for solar cells</li> <li>•VOC emissions treatment equipment and systems</li> <li>•Functional filters</li> <li>•Water treatment membranes</li> </ul> 	<ul style="list-style-type: none"> <li>•Medical membranes</li> <li>•Diagnostic enzymes</li> <li>•Diagnostic systems and reagents</li> <li>•Pharmaceuticals (contract manufacturing)</li> </ul> 	<ul style="list-style-type: none"> <li>•Packaging Films</li> <li>•Ultra-high-strength polyethylene fiber "Dyneema"</li> <li>•Cosmetics ingredients</li> </ul> 



## Please Note

The business performance forecasts and targets included in the business plans contained in this presentation are based on information known to the Company's management as of the day of presentation. Please be aware that the content of the future forecasts may differ significantly from actual results, due to a number of unforeseeable factors.