

Consolidated Financial Report for the Third Quarter ended December 31, 2008

Toyobo Co., Ltd.

Listed on the First Section of both the TSE and OSE

Stock Code: 3101

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(Figures are rounded to the nearest million yen.)

1. Consolidated Business Performance

(1) Consolidated Operating Results

Nine months ended December 31

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2008	291,424	-	12,712	-	7,695	-	(5,823)	-
2007	322,583	1.7	20,086	(7.5)	16,023	(11.2)	9,230	(13.0)

	Net income per share	Net income per share after dilution
	Yen	Yen
2008	(8.34)	-
2007	13.22	12.45

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2008	478,363	123,316	22.5	154.39
March 31, 2008	494,496	146,500	26.2	185.79

(Reference) Total shareholders' equity: December 31, 2008: ¥ 107,748 million, March 31, 2008: ¥129,671 million

2. Dividends

Year ended March 31

Record date	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2008	-	-	-	5.00	5.00
2009 (Forecast)	-	-	-	3.50	3.50

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

3. Forecasts for Fiscal Year ending March 31, 2009

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	375,000	(13.1)	15,000	(44.6)	8,000	(62.0)

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	(8,500)	-	(12.18)

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

4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
2. Adoption of simplified accounting practices and special accounting policy for quarterly financial reporting: Yes
3. Changes from accounting methods, procedures and the presentation of the quarterly consolidated financial statements:
 - 1) Changes based on revision of accounting standards: Yes
 - 2) Changes other than 1) above: Yes
4. Number of shares issued and outstanding (Common share)
 - 1) Number of shares issued and outstanding (including treasury stock):

December 31, 2008: 699,027,598 shares	March 31, 2008: 699,027,598 shares
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 - 2) Number of treasury stock

December 31, 2008: 1,137,595 shares	March 31, 2008: 1,096,154 shares
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 - 3) Average number of shares outstanding for each period (cumulative term):

Nine months ended December 31 2008: 697,911,281 shares	
	2007: 697,985,198 shares

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

QUALITATIVE INFORMATION AND FINANCIAL STATEMENTS

1. Qualitative Information on Consolidated Results

The business environment for the Toyobo Group during the third quarter period of fiscal 2009 (the nine-month period from April 1 to December 31, 2008) was marked by increasingly apparent setbacks for the economy. Overseas the global financial crisis had begun to affect the manufacturing industry, with the economies of the U.S. and other countries around the world declining rapidly from the second half of the fiscal year. In Japan the economy suffered 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 further narrowed the focus of business fields in accordance with its policy of emphasizing asset efficiency. However, the rapid declines in markets targeted by the Toyobo Group, such as the automotive and LCD display materials fields, along with rising prices for raw materials and fuel during the first half of the subject fiscal year had a significant impact on profitability, and resulted in a decline in earnings. Toyobo also incurred losses stemming from the implementation of a business restructuring plan to withdraw from non-core businesses and narrow the focus of the textiles business, which had a further impact on profitability.

As a result, net sales for the subject third quarter period decreased ¥31.2 billion (9.7%) from the same period of the previous fiscal year to ¥291.4 billion. Operating income declined ¥7.4 billion (36.7%) to ¥12.7 billion, and ordinary income was down ¥8.3 billion (52.0%) to ¥7.7 billion, with Toyobo posting a net loss for the period of ¥5.8 billion.

Results by business segment were as follows.

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

Films and Functional Polymers

Sales in this segment declined from the same period of the previous fiscal year, due to wide-scale production adjustments during the third quarter by clients in the automotive, LCD display materials and electronic components businesses, along with appreciation in the value of the yen. Earnings were also down significantly.

In the films business, revenue was up for the packaging films used mainly for wrapping food, due to strong demand and continued revision of product prices. For industrial films, sales were down as a result of a substantial slowdown in production by flat-panel display manufacturers, and more intense competition in overseas markets.

In the functional polymers business, sales of the industrial adhesive “VYLON” were up just slightly, held back by a rapid falloff in demand for electronics components applications during the third quarter. Revenue from engineering plastics was down as a result of a decline in production of automotive components.

As a result, sales in this segment declined ¥1.1 billion (1.1%) from the same period of the previous fiscal year to ¥100.0 billion, with operating income down ¥4.5 billion (42.7%) to ¥6.0 billion.

Industrial Materials

Revenue in this segment rose despite slow sales growth in the automotive field during the third quarter, due to strong demand for such products as high-performance fibers and functional filters. Earnings were on a par with the previous fiscal year.

Airbag fabrics sales, which had been strong through the first half of the fiscal year, declined for the third quarter period due to worldwide production adjustments for automobiles. Tire cord sales rose 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 continued to rise as a result of replacement demand for automotive cabin filters, office equipment filters and other applications.

As a result, sales in this segment rose ¥3.8 billion (6.6%) from the same period of the previous fiscal year to ¥60.7 billion, with operating income down slightly (0.9%) to ¥4.0 billion.

Life Science

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

In bioproducts, sales of enzymes for diagnostic reagents rose in the U.S. and Europe, but revenue was significantly affected by the rising value of the yen.

In contract manufacturing of pharmaceuticals, sales rose substantially with the successive 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 (reverse osmosis membrane modules for seawater desalination) rose substantially on the back of healthy orders for replacement membranes at existing plants, and the delivery of modules for a new large-scale project in the Middle East (Shuqaiq Water and Electric Company (SqWEC)).

As a result, sales in this segment rose ¥0.8 billion (3.2%) from the same period of the previous fiscal year to ¥24.8 billion, though operating income was down ¥1.2 billion (34.4%) to ¥2.3 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 continued to tighten our focus to functional textiles that utilize Toyobo’s proprietary technologies.

In the textiles business, though sales were up for textiles for underwear and sportswear applications, revenue declined overall due to exports to the Middle East region, which were impacted by the rapid appreciation of the yen during the third quarter. Sales of the acrylic fiber “EXLAN” were down considerably due to a scaling back of production following the falloff in exports to China. Toyobo also

withdrew from the unprofitable apparel and uniform businesses, and continued to reduce its sales of synthetic yarn for apparel use.

As a result, sales in this segment declined ¥20.3 billion (19.1%) from the same period of the previous fiscal year to ¥86.1 billion, with operating income down ¥1.1 billion (39.1%) to ¥1.7 billion.

Other Businesses

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

As a result, sales in this segment declined ¥14.3 billion (41.8%) from the same period of the previous fiscal year to ¥19.9 billion, with operating income down ¥0.5 billion (28.4%) to ¥1.3 billion.

2. Qualitative Information on the Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the subject third quarter (December 31, 2008) decreased ¥16.1 billion (3.3%) from March 31, 2008 (the end of the previous fiscal year) to ¥478.4 billion. This was due mainly to a decline in the net unrealized holdings gains on securities following a fall in stock prices, along with integration of accounting procedures for overseas subsidiaries, which resulted in the reversal of revaluation reserves for land recorded by certain overseas subsidiaries, and a decline in the value of such land.

Total liabilities increased ¥7.1 billion (2.0%) to ¥355.0 billion. Although accounts payable declined, liabilities rose mainly due to a rise in interest-bearing debt.

Total net assets decreased ¥23.2 billion (15.8%) to ¥123.3 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 ¥4.1 billion at the end of the subject third quarter period. This was due mainly to a ¥12.5 billion loss before income taxes; ¥15.1 billion in depreciation and amortization; and ¥5.2 billion in income taxes paid.

Net cash used in investing activities amounted to ¥16.3 billion. This was due mainly to ¥17.1 billion in expenditures for the acquisition of property, plant and equipment.

Net cash provided by financing activities amounted to ¥20.8 billion. This was due mainly to expenditures of ¥13.2 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 ¥9.6 billion from short-term bank loans; ¥25.7 billion from long-term debt, and ¥14.9 billion from the issuance of corporate bonds.

As a result, the balance of cash and cash equivalents at the end of the subject third quarter (December 31, 2008) stood at ¥9.7 billion, basically unchanged from the end of the previous fiscal year (March 31, 2008).

3. Qualitative Information on Consolidated Forecasts

The business environment has become increasingly harsh since November 2008, with global economic conditions leading to a rapid shrinking of demand, and due to an appreciation of the yen to a level that exceeded expectations. The Toyobo Group has managed to maintain solid earnings performance in such businesses as packaging films and the high-performance fiber "DYNEEMA," as well as in the medical and environmental fields, but sales have declined significantly in the automotive and LCD display materials fields.

Toyobo has already begun to implement far-reaching cost-cutting measures and other countermeasures, but expects full-year sales and earnings to fall below previous estimates. Accordingly, we have revised our earnings forecasts as per the tables below.

In consideration of these circumstances, Toyobo is lowering its year-end dividend forecast by ¥1.50 per share from the previous forecast, to ¥3.50 per share.

(1) Consolidated Forecasts

Year ending March 31, 2009

	Millions of Yen				Yen
	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous Forecast (A) (Announced on November 5, 2008)	410,000	20,000	15,000	(5,000)	(7.16)
Revised Forecast (B)	375,000	15,000	8,000	(8,500)	(12.18)
Change (B-A)	(35,000)	(5,000)	(7,000)	(3,500)	
Percent Change (%)	(8.5)	(25.0)	(46.7)	---	
<Reference> Year ended March 31, 2008	431,417	27,075	21,049	4,698	6.73

(2) Non-Consolidated Forecasts

Year ending March 31, 2009

	Millions of Yen				Yen
	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous Forecast (A) (Announced on August 25, 2008)	220,000	13,000	9,000	1,000	1.43
Revised Forecast (B)	210,000	9,000	6,000	(3,000)	(4.29)
Change (B-A)	(10,000)	(4,000)	(3,000)	(4,000)	
Percent Change (%)	(4.5)	(30.8)	(33.3)	---	
<Reference> Year ended March 31, 2008	259,780	19,250	19,318	3,508	5.03

4. Other Items

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

None

2. Application of simplified accounting methods or special accounting methods for the preparation of consolidated quarterly statements

Calculation of the amount of income taxes paid at certain consolidated subsidiaries is limited to major items such as those that increase or decrease the amount, or tax credit items.

Also, the value of deferred income taxes includes income taxes.

3. Changes in accounting principles or procedures related to the preparation of consolidated quarterly statements, or style of presentation

- 1) Application of Accounting Standard for Quarterly Financial Reporting

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

- 2) Change in evaluation standard and method for major assets

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

As a result of this change, compared to the former method, gross profit on sales, operating income and ordinary income have each decreased by ¥2,953 million, with the net loss before income taxes increased ¥7,010 million.

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

The Company has applied Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ PITF No. 18, May 17, 2006), and made the necessary revisions to its consolidated financial statements.

As a result of this change, compared to the former method, total assets and net assets decreased ¥6,936 million.

The impact of this change on retained earnings, or profit and loss is minimal.

4) Application of accounting standard for lease transactions

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

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

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

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

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Current Third Quarter (As of December 31, 2008)	Prior Fiscal Year (As of March 31, 2008) (Condensed)
Assets		
Current assets		
Cash and deposits	9,889	10,025
Notes and accounts receivable-trade	82,593	84,296
Merchandise and finished goods	54,300	55,146
Raw materials and supplies	15,150	13,736
Work in process	16,482	17,333
Other	19,120	19,983
Allowance for doubtful accounts	(708)	(875)
Total current assets	196,826	199,644
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	49,917	49,203
Machinery, equipment and vehicles, net	58,558	55,793
Land	110,978	119,766
Other, net	6,832	11,537
Total property, plant and equipment	226,286	236,299
Intangible assets	2,400	2,656
Investments and other assets		
Other	66,703	66,988
Allowance for doubtful accounts	(13,852)	(11,091)
Total investments and other assets	52,851	55,897
Total noncurrent assets	281,537	294,852
Total assets	478,363	494,496

(Millions of yen)

	Current Third Quarter (As of December 31, 2008)	Prior Fiscal Year (As of March 31, 2008) (Condensed)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	52,989	66,142
Short-term loans payable	73,686	64,675
Current portion of long-term loans payable	29,939	26,352
Provision	2,115	4,729
Other	36,123	50,462
Total current liabilities	194,853	212,360
Noncurrent liabilities		
Bonds payable	15,000	-
Bonds with subscription rights to shares	20,000	20,000
Long-term loans payable	66,604	57,815
Provision for retirement benefits	13,369	13,710
Provision for directors' retirement benefits	1,335	1,394
Other	43,887	42,717
Total noncurrent liabilities	160,194	135,636
Total liabilities	355,047	347,996
Net assets		
Shareholders' equity		
Capital stock	43,341	43,341
Capital surplus	16,027	16,033
Retained earnings	20,411	29,754
Treasury stock	(269)	(267)
Total shareholders' equity	79,510	88,860
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(716)	2,110
Deferred gains or losses on hedges	(345)	(230)
Revaluation reserve for land	39,459	39,524
Revaluation excess-foreign	-	6,620
Foreign currency translation adjustment	(10,160)	(7,213)
Total valuation and translation adjustments	28,238	40,811
Minority interests	15,568	16,828
Total net assets	123,316	146,500
Total liabilities and net assets	478,363	494,496

(2) Consolidated Statement of Income

Nine months period ended December 31, 2008

(Millions of yen)

	Nine Months Ended December 31, 2008 (From April 1, 2008 To December 31, 2008)
Net sales	291,424
Cost of sales	232,238
Gross profit	59,186
Selling, general and administrative expenses	46,475
Operating income	12,712
Non-operating income	
Other	3,995
Total non-operating income	3,995
Non-operating expenses	
Interest expenses	2,323
Other	6,689
Total non-operating expenses	9,011
Ordinary income	7,695
Extraordinary income	
Gain on sales of securities	179
Subsidy	156
Other	122
Total extraordinary income	456
Extraordinary loss	
loss on restructuring of business	10,893
Other	9,758
Total extraordinary losses	20,651
Income before income taxes and minority interests	(12,499)
Total income taxes	(6,078)
Minority interests in income	(599)
Net income	(5,823)

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	Nine Months Ended December 31, 2008
	(From April 1, 2008
	To December 31, 2008)
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	(12,499)
Depreciation and amortization	15,109
Interest expenses	2,323
Decrease (increase) in notes and accounts receivable-trade	4,682
Decrease (increase) in inventories	(702)
Increase (decrease) in notes and accounts payable-trade	(12,682)
Other, net	4,811
Subtotal	1,042
Income taxes paid	(5,158)
Net cash provided by (used in) operating activities	(4,116)
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(17,060)
Other, net	794
Net cash provided by (used in) investment activities	(16,266)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	9,560
Proceeds from long-term loans payable	25,650
Repayment of long-term loans payable	(13,244)
Proceeds from issuance of bonds	14,906
Redemption of bonds	(10,000)
Cash dividends paid	(3,487)
Interest expenses paid	(2,203)
Other, net	(412)
Net cash provided by (used in) financing activities	20,771
Effect of exchange rate change on cash and cash equivalents	(421)
Net increase (decrease) in cash and cash equivalents	(32)
Cash and cash equivalents at beginning of period	9,749
Cash and cash equivalents at end of period	9,716

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

(4) Note to going concern

None

(5) Segment information

Segment information by business type

Nine months ended December 31, 2008 (From April 1, 2008 To December 31, 2008)

(Millions of yen)

	Films and functional polymers	Industrial materials	Life science	Textiles	Other businesses	Total	Elimination or corporate	Consolidated
I. Net sales								
(1) Net sales to external customers	99,953	60,687	24,828	86,105	19,852	291,424	---	291,424
(2) Intersegment net sales and transfer amounts	137	28	275	184	9,841	10,466	(10,466)	---
Net sales	100,090	60,715	25,103	86,289	29,693	301,890	(10,466)	291,424
Operating income	6,034	3,996	2,323	1,717	1,335	15,405	(2,693)	12,712

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

Films and Functional Polymers: Packaging films, industrial films, industrial adhesives, engineering plastics, photo-sensitive printing plates, etc.

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

Life Science: Bio products such as diagnostic enzymes, contract manufacturing of pharmaceuticals, hollow fiber membrane for artificial kidneys, desalination membranes, etc.

Textiles: Functional textiles, apparel products, apparel textiles, apparel fibers, etc.

Other Businesses: Design and construction of buildings and machinery, rental and management of real estate, information processing services, logistics services, etc.

Geographic Segments

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

Overseas Sales

Nine months ended December 31, 2008 (From April 1, 2008 To December 31, 2008)

(Millions of yen)

	Southeast Asia	Other Regions	Total
I. Overseas sales	29,089	28,593	57,682
II. Consolidated sales			291,424
III. Percentage of overseas sales to total consolidated sales	10.0 %	9.8 %	19.8%

【Reference】
(1) Consolidated Statement of Income

Nine months period ended December 31, 2007

	2007
	Millions of yen
Net sales	322,583
Cost of sales	256,557
Gross profit	66,026
Selling, general and administrative expenses	45,940
Operating income	20,086
Non-operating income:	
1. Interest income	340
2. Dividend income	811
3. Rent	761
4. Amortization on negative goodwill	691
5. Equity in income of unconsolidated subsidiaries and affiliates	17
6. Other	1,445
Total non-operating income	4,066
Non-operating expenses:	
1. Interest expense	2,415
2. Retirement benefits for employees for prior periods	1,216
3. Salaries paid to dispatched employees	905
4. Other	3,594
Total non-operating expenses	8,129
Ordinary income	16,023

	2007
	Millions of yen
Extraordinary income:	
1. Gain on sale of property, plant and equipment	8,656
2. Gain on sale of investment securities	81
3. Reversal of allowance for doubtful receivables	70
4. Compensation for transfer of property	1,809
Total extraordinary income	10,617
Extraordinary loss:	
1. Loss on sale of property, plant and equipment	164
2. Loss on disposal of property, plant and equipment	736
3. Loss on deduction of property, plant and equipment	264
4. Loss on sales of investment securities	2
5. Write-down of investment securities	71
6. Special allowance for doubtful receivables	157
7. Write-down of inventories	4,878
8. Loss on restructuring of businesses	837
9. Losses related to lawsuits	1,480
10. Loss on impairment of fixed assets	716
Total extraordinary loss	9,305
Income before income taxes	17,334
Provision for income taxes	5,060
Provision for income taxes (deferred)	2,617
Minority interest in income of consolidated subsidiaries	427
Net income	9,230

(2) Consolidated Statements of Cash Flows

Nine months period ended December 31, 2007

	2007
	Millions of yen
Cash flows from operating activities:	
1. Income before income taxes	17,334
2. Depreciation and amortization	14,179
3. Amortization of negative goodwill	(691)
4. Allowance for doubtful receivables, net	1,004
5. Retirement benefits, net	(773)
6. Interest and dividend income	(1,151)
7. Interest expense	2,415
8. Equity in income of unconsolidated subsidiaries and affiliates	(17)
9. Loss on impairment of fixed assets	716
10. (Gain)loss on sale and disposal of property, plant and equipment, net	(7,756)
11. Loss on deduction of property, plant and equipment	264
12. Gain on sale and unrealized holding gains on investment	(8)
13. Compensation for transfer of property, plant and equipment	(1,809)
14. Loss on restructuring of businesses	837
15. Losses related to lawsuits	1,480
16. Decrease in trade notes and accounts receivable	2,887
17. Increase in inventories	(5,174)
18. Increase in trade notes and accounts payable	7,118
19. Increase in prepaid pension costs	(2,046)
20. Other, net	(2,271)
Total	26,536
21. Payments for restructuring costs of businesses	(775)
22. Payments related to lawsuits	(1,393)
23. Receipt of litigation liability insurance	432
24. Receipt of accident insurance	631
25. Income taxes paid	(6,502)
Net cash provided by operating activities	18,929

	2007
	Millions of yen
Cash flows from investing activities:	
1. Purchase of property, plant and equipment	(24,336)
2. Proceeds from sale of property, plant and equipment	13,829
3. Purchase of investment securities	(2,287)
4. Proceeds from sale of investment securities	117
5. Proceeds from purchase of shares of subsidiaries	(162)
6. Interest and dividend income excluding unconsolidated subsidiaries and affiliates	1,170
7. Dividend income from affiliates for by equity method	130
8. Other, net	(495)
Net cash used in investing activities	(12,033)
Cash flows from financing activities:	
1. Increase (decrease) in short-term bank loans	1,375
2. Proceeds from long-term debt	13,890
3. Repayment of long-term debt	(16,533)
4. Payment of bonds	(300)
5. Payment for purchase of treasury stock	(34)
6. Proceeds from sale of treasury stock	3
7. Payment of interest	(2,367)
8. Cash dividends	(3,491)
9. Cash dividends to minority interests	(269)
Net cash used in financing activities	(7,726)
Adjustment for foreign currency translation	105
Increase (decrease) in cash and cash equivalents	(724)
Cash and cash equivalents at beginning of the period	14,140
Increase in cash and cash equivalents due to change in scope of consolidation	279
Cash and cash equivalents at end of the period	13,694

(3) Segment information

Segment information by business type

Nine months ended December 31, 2007 (From April 1, 2007 To December 31, 2007)

(Millions of yen)

	Films and functional polymers	Industrial materials	Life science	Textiles	Other businesses	Total	Elimination or corporate	Consolidated
Net sales								
(1) Net sales to external customers	101,038	56,903	24,062	106,446	34,134	322,583	---	322,583
(2) Intersegment net sales or transfer amounts	361	41	139	136	7,446	8,124	(8,124)	---
Net sales	101,399	56,944	24,201	106,582	41,580	330,706	(8,124)	322,583
Operating costs and expenses	90,861	52,913	20,662	103,764	39,717	307,917	(5,420)	302,497
Operating income	10,538	4,031	3,539	2,818	1,864	22,790	(2,704)	20,086

Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled ¥2,659 million.

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

Films and Functional Polymers: Packaging films, industrial films, industrial adhesives, engineering plastics, photo-sensitive printing plates, etc.

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

Life Science: Bio products such as diagnostic enzymes, contract manufacturing of pharmaceuticals, hollow fiber membrane for artificial kidneys, desalination membranes, etc.

Textiles: Functional textiles, apparel products, apparel textiles, apparel fibers, etc.

Other Businesses: Design and construction of buildings and machinery, rental and management of real estate, information processing services, logistics services, etc.