



Lightweight and flexible, the acrylic resin optical fiber ESKA contributes to car weight reduction, and is drawing attention as an in-car network material.



Mitsubishi Rayon's acrylic material has been adopted by Toyota Motor for the lenses used in the LED headlights (a world first) of its Lexus LS600hl model.

## Chemicals and Plastics

Sales of the Company's Chemicals and Plastics segment for the reporting term came to ¥156,835 million (US\$1,597 million), a decrease of ¥30,133 million, or 16.1%, over the previous business term.

### Chemicals

The reporting period saw weak demand for MMA monomer in the Japanese market for application to the manufacture of transparent plastics, while sales to other East Asian countries, which had been registering a firm trend, fell sharply. In the latter half of fiscal 2008 the Company's operations in this field were also impacted heavily by the rapid appreciation of the yen against the U.S. dollar, as well as downward pressure on selling prices in line with the slump in fuel and raw materials prices. As a result of these factors we were forced to cut back production levels, and earnings were poor across the board. Our subsidiaries Thai MMA Co., Ltd. and Huizhou MMA Co., Ltd. (China) enjoyed steady business results in the first half of the term, but were hit hard by a rapid slide in product demand accompanying the global economic downturn in the second half.

### Plastics, coating resins, and modifiers

Demand for acrylic molding materials from the automotive, electronic appliance, and other industries contracted sharply, and sales as a whole were weak. In the latter half of the term we were forced to scale back production at plants in Japan and overseas. Demand contracted sharply for acrylic sheets for application to light guide panels, signs, and display screens. Product selling prices fell in tandem, and overall sales were sluggish.

Demand for acrylic coating resins from shipbuilders for use in painting vessels remained firm, but our mainline business of automotive paints suffered from a slump in demand in the second half of the term, leading to production cutbacks and a rapid deterioration in profitability.

Sales of our Metablen series of modifiers were poor in all fields of application, particularly for construction materials, owing to a slump in demand for PVC products

accompanying the fall in housing construction levels in Japan. In non-PVC applications, where demand had been holding firm up to the first half of the reporting term, the business downturn similarly caused a steep drop in sales volume in the latter half of the business year.

Sales of acrylic films were stagnant owing to poor demand for construction material use against the backdrop of the housing market slump.

### Information materials

Sales of plastic optical fibers were impacted by a sharp drop in the volume of demand from European automakers for in-vehicle LAN systems. The sales volume of DIAART prism sheets for LCDs dropped steeply owing to a falloff in demand plus intensified competition, and unit selling prices also continued to move downward. Profitability continued to deteriorate despite further cutbacks in DIAART production levels.



### Comments by Takumi Ubagai In charge of Chemicals & Plastics Segment

As a step toward our goal of becoming the world's No. 1 enterprise in the MMA field in respect of both business scale and profitability, during the reporting period we worked on the construction of a new MMA monomer and polymer plant in South Korea, while work was also commenced on expanding production facilities for MMA monomer and on the construction of a new plant for acrylic sheet by Thai MMA Co., Ltd.

In May 2009 we acquired the Lucite Group of Britain, the world's largest maker of MMA. From here on we will be devoting our efforts to further developing synergy between the operations of the parent company and those of Lucite, to ensure that our position as the No. 1 enterprise in the MMA business is unshakeable.