



## Acrylic Fibers & AN Monomer and Derivatives

Sales of the Company's Acrylic Fibers & AN Monomer and Derivatives segment for the reporting term came to ¥47,275 million (US\$481 million), a decrease of ¥26,462 million, or 35.8%, from the previous business term.



VONNEL, a high-performance wet-spun acrylic staple fiber that produces textiles with the soft feel of fur, is used not only in apparel such as knitted goods and fake fur, but also for interior goods such as curtains, carpets and upholstery.

### Acrylic fibers

Demand for acrylic staple declined further worldwide due to a consumer shift to lower-priced alternatives against the backdrop of rising fuel and raw materials prices during the first half of the reporting period. In response, we carried out further production adjustments at our plants in Japan and China, but profitability continued to deteriorate. In these difficult circumstances, we undertook measures to reorganize our production system, including selling off investments in our spinning subsidiary P.T. Vonex Indonesia. We have thus completed our withdrawal from the spinning sector, and have also made drastic reductions in our acrylic fiber production capacity in Japan as well as deciding on a radical restructuring of Ningbo Rayon Acrylic Fibers in China. This business will continue to face a severe

operating environment, but we intend to reshuffle our product portfolio to shift the focus more onto specialty materials. We also intend to re-engineer some of our production acrylic fiber facilities to switch over to manufacturing carbon fiber precursor.

### AN monomer and derivatives

As a result of a decline in demand for acrylonitrile for the production of acrylic fibers, our subsidiary Dia-Nitrix Co., Ltd. suffered a steep drop in sales for the reporting period. This was compounded by downward pressure on selling prices in the second half of the term, due to the sharp fall in market prices of oil and naphtha, and losses consequently increased sharply. Sales of acrylamide declined in both the Japanese and overseas markets, due to weak demand.



Comments by  
**Noriyuki Tajiri** In charge of Acrylic Fibers & AN Monomer and Derivatives Segment

We are pursuing the restructuring of our AN business portfolio, principally involving downsizing our operations in the areas of fibers for apparel as well as interior items such as curtains and carpets. We are also speeding up the conversion of acrylic fiber production facilities into facilities for the production of carbon fiber precursors. By this means, we aim to create a comprehensive production and supply chain covering all of the Company's strengths from AN monomer to carbon fiber precursors and finished carbon fiber products as well as composite materials.