



## Carbon Fibers & Composite Materials

Sales of the Company's Carbon Fibers & Composite Materials segment for the reporting term came to ¥37,887 million (US\$386 million), a decrease of ¥8,903 million, or 19.0%, over the previous business term.

Although no change is observable in the long-term growth trend of the carbon fiber market, over the short term we have been severely impacted by a situation of oversupply and intensified competition caused by investments in increased production capacity by all carbon fiber makers (including ourselves) against the background of weakening demand due to the global business downturn. Demand has plunged particularly steeply in the field of sports and leisure-use products, where we boast special strength. In industrial uses for carbon fibers,

we are making steady progress in realizing markets for the new PYROFIL P330 Series of carbon fibers, which has been developed for use in large structures.

The sudden sharp fall in demand forced us to cut back on production volume during the reporting period, and in view of the difficult business circumstances we decided to temporarily halt construction work on new carbon fiber sintering facilities at our Otake Production Center. The start of production at these new facilities has been postponed by approximately one year.



Our Diamana-brand (above) and Bassara-brand (below) carbon fiber-reinforced golf-club shafts



Carbon fibers are in increasing use for wind turbine blades.



Comments by  
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We are currently working on measures to speed up the application of our carbon fiber and composite material products to industrial fields with good growth potential, as well as measures to create a business structure that optimally leverages the Group's originality and plays to its strengths.

We had postponed the completion of new production facilities for carbon fibers in view of weak demand, but we now expect demand to recover by the third quarter (Oct.-Dec.) of fiscal 2010. We are scheduling the completion of the new facilities for that point in time, so as to take advantage of widening applications in the fields of aircraft and wind-turbine manufacture.