

Toray Announces Consolidated Results for the Fiscal Year Ended March 31, 2013

Tokyo, May 10, 2013 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the fiscal year ended March 31, 2013 (FY Mar/13). The following summary of the business results that Toray submitted to the Tokyo Stock Exchange is unaudited and for reference only. (Code Number: 3402)

Consolidated Financial Highlights

(Millions of yen, millions of U.S. dollars, except per share data)

	Year ended March 31,			
	2013	2012	Change	2013
	Yen		%	U.S. dollars
Net sales	¥1,592,279	¥1,588,604	0.2	16,921
Operating income	83,436	107,721	(22.5)	887
Ordinary income	88,244	109,849	(19.7)	938
Net income	48,477	64,218	(24.5)	515

Depreciation	¥66,487	¥66,681	(0.3)	\$707
Capital investment	97,994	94,307	3.9	1,041
Total assets	1,731,830	1,581,501	9.5	18,404
Property, plant and equipment, net	627,240	561,923	11.6	6,666
Net assets	779,615	674,149	15.6	8,285

Per Share of common stock (yen)

Net income – Basic	¥29.75	¥39.41	(24.5)	-
Net income – Diluted	28.90	37.46	(22.9)	-
Cash dividends	10.00	10.00	-	-
Net assets	444.95	384.90	15.6	-

Ratios (%)

Operating income to net sales	5.2%	6.8%	-	-
Net income to net sales	3.0%	4.0%	-	-
Equity ratio	41.9%	39.7%	-	-
Return on equity	7.2%	10.5%	-	-

Notes:

1. For calculation of "Net assets per share" and "Equity ratio," minority interests and stock acquisition rights are deducted from net assets.
2. U.S. dollar amounts have been converted from yen at the exchange rate of ¥94.1 = U.S.\$1, the approximate rate of exchange prevailing on March 31, 2013.
3. Amounts are rounded to the nearest million.
4. Comprehensive income at March 31, 2013 and 2012 is ¥120,329 million (\$1,279 million) and ¥52,653 million.

Segment Information

(Millions of yen, *millions of U.S. dollars*)

Net Sales	Year ended March 31,		
	2013	2012	2013
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	¥632,150	¥638,375	\$6,718
Plastics & Chemicals	395,835	397,815	4,207
IT-related Products	237,593	243,404	2,525
Carbon Fiber Composite Materials	77,620	69,914	825
Environment & Engineering	178,355	170,247	1,895
Life Science	56,599	55,554	601
Others	14,127	13,295	150
Consolidated Total	1,592,279	1,588,604	16,921

Segment Income	Year ended March 31,		
	2013	2012	2013
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	¥43,222	¥45,327	\$459
Plastics & Chemicals	18,302	27,381	194
IT-related Products	22,959	34,512	244
Carbon Fiber Composite Materials	7,299	7,671	78
Environment & Engineering	2,628	4,882	28
Life Science	7,456	5,981	79
Others	1,557	1,334	17
Total	103,423	127,088	1,099
Adjustment	(19,987)	(19,367)	(212)
Consolidated Total (Operating income)	83,436	107,721	887

Notes:

1. "Others" represents service-related businesses such as analysis, survey and research.
2. "Adjustment" of segment income for the year ended March 31, 2013 of (19,987) million yen includes intersegment eliminations of (27) million yen and corporate expenses of (19,960) million yen. "Adjustment" of segment income for the year ended March 31, 2012 of (19,367) million yen includes intersegment eliminations of (793) million yen and corporate expenses of (18,574) million yen. The corporate expenses consist of the headquarters' research expenses, etc. that are not allocated to each reportable segment.
3. U.S. dollar amounts have been converted from yen at the exchange rate of ¥94.1 = U.S.\$1, the approximate rate of exchange prevailing on March 31, 2013.
4. Amounts are rounded to the nearest million.

Consolidated Geographic Segment Information

(Millions of yen, *millions of U.S. dollars*)

Net Sales		Year ended March 31, 2013	
		Yen	<i>U.S. dollars</i>
Japan		¥870,315	\$9,249
Asia	China	222,514	2,365
	Others	268,291	2,851
North America, Europe & Others		231,159	2,457
Consolidated Total		1,592,279	16,921

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥94.1 = U.S.\$1, the approximate rate of exchange prevailing on March 31, 2013.
2. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the fiscal year ending March 31, 2014

(Millions of yen, *millions of U.S. dollars*)

	Year ending March 31, 2014	
	Yen	<i>U.S. dollars</i>
Net sales	¥1,840,000	\$19,368
Operating income	120,000	1,263
Ordinary income	120,000	1,263
Net income	65,000	684

Reference: EPS forecast (year ending March 31, 2014) ¥39.89

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥95 = U.S.\$1, the estimated rate of exchange for FY Mar/14 (April 2013 - March 2014).

Consolidated Business Results and Financial Condition

1. Overview of FY Mar/13(April 2012 – March 2013)

During the period under review, the global economy on the whole remained under harsh conditions, as the European real economy's protracted struggle with its sovereign debt problems continued while the Chinese economy and the U.S. economic recovery slowed down. The Japanese economy recovered at a gradual pace on the back of mainly reconstruction demand related to the Great East Japan Earthquake, though the recovery leveled off since summer reflecting primarily the global economic slowdown. Since the end of 2012, there have been some positive signs on the back of expectations on the economic measures by the administration led by Prime Minister Shinzo Abe.

Under such circumstances, Toray Group has been implementing the growth strategy with focus on pursuing business expansion in growth business fields and growth regions and further bolstering its total cost competitiveness in accordance with the medium-term management program "Project AP-G 2013."

As a result, consolidated net sales for the fiscal year ended March 31, 2013 increased 0.2% compared with a year ago to ¥1,592.3 billion (US\$16,921 million). Operating income, on the other hand, declined 22.5% to ¥83.4 billion (US\$887 million), ordinary income fell 19.7% to ¥88.2 billion (US\$938 million) and net income decreased 24.5% to ¥48.5 billion (US\$515 million)

Business performance by segment is described below.

Business Performance by Segment:

Fibers & Textiles

In Japan, while sales of industrial-use materials grew strongly fueled by factors including rising sales for automotive applications reflecting production expansion by automobile manufacturers in the first half, the demand showed a decelerating trend in the second half as the subsidies for purchase of eco-cars ended. Demand for apparel applications remained weak due to the slowing economy, except for functional apparel materials for fall and winter, sales of which were strong. Overseas, in addition to sluggish demand in Asia given the impact of the slowdown in the U.S. and European economies and deceleration of China's domestic demand, both production and sales in the first half were affected by the floods in Thailand.

Overall sales of Fibers & Textiles in the fiscal year ended March 31, 2013 fell 1.0% to ¥632.2 billion (US\$6,718 million) from the previous year and operating income declined 4.6% to ¥43.2 billion (US\$459 million).

Plastics & Chemicals

In the Plastics & Chemicals segment, sales volume of engineering plastics for automotive applications in the resin business increased in the first half on expanded production primarily by automobile manufacturers in Japan, though demand declined from the third quarter due to the ending of subsidies for purchase of eco-cars.

Overseas, while freight movement of general purpose ABS resins remained sluggish reflecting the continued stagnation in the Chinese market, sales of resin compounds, etc. for automobile application in the U.S. expanded. Demand for film products remained sluggish in Japan and overseas due to the worldwide economic slowdown, while price competition continued to intensify.

On the whole, sales of Plastics & Chemicals decreased 0.5% to ¥395.8 billion (US\$4,207 million) and operating income fell 33.2% to ¥18.3 billion (US\$194 million).

IT-related Products

In the IT-related Products segment, despite production adjustment for LCD panel caused by the slowdown in the flat-screen TV market being almost over and production showing signs of recovery, the flat-screen TV-related products including films and processed film products did not reach the levels marked in the same period a year earlier, as recovery in demand was slow, and price competition intensified. Among materials for small and mid-sized displays, sales of smartphone-related products increased, while those for other applications remained sluggish in general.

Sales of IT-related Products declined 2.4% to ¥237.6 billion (US\$2,525 million) and operating income fell 33.5% to ¥23.0 billion (US\$244 million).

Carbon Fiber Composite Materials

In the Carbon Fiber Composite Materials segment, sales in aerospace and general industrial applications were strong, as demand for aircraft applications grew and that for environmental and energy fields including compressed natural gas tanks applications expanded. The recovery of the market for sports applications stalled reflecting the economic slowdown in Japan and abroad, and price competition has been intensifying.

On the whole, sales in the Carbon Fiber Composite Materials segment increased 11.0% to ¥77.6 billion (US\$825 million) on year, while operating income fell 4.8% to ¥7.3 billion (US\$78 million).

Environment & Engineering

In the Environment & Engineering segment, while demand for water treatment membranes was sluggish in its main markets such as Europe, U.S., Middle East and China, Toray Group has been pursuing global sales expansion and cost reduction of various water treatment membranes including reverse osmosis membrane. Its Japanese subsidiaries in general expanded sales, while a construction and real estate subsidiary was affected by cost increases and an engineering subsidiary by order price declines due to intensifying competition.

The total sales of the segment increased 4.8% to ¥178.4 billion (US\$1,895 million). Operating income decreased 46.2% to ¥2.6 billion (US\$28 million).

Life Science

In the Life Science segment, sales of medical products including TORAYLIGHT™NV, a polysulfone membrane artificial kidney, and TORAYMYXIN™ a hemoperfusion

absorption column for removing endotoxins, increased strongly. Sales of pharmaceutical products, however, were affected by intensified competition as well as the lowering of the selling price under the National Health Insurance price revision in April 2012.

Overall sales of Life Science rose 1.9% to ¥56.6 billion (US\$601 million) from a year earlier, while operating income increased 24.7% to ¥7.5 billion (US\$79 million).

New Businesses and New Investments

Under “Project AP-G 2013,” Toray Group has been implementing a growth strategy with emphasis on “business expansion in growth business fields and growth regions.”

In the Fibers & Textiles segment, Toray decided to increase the production capacity of Nylon 66 fiber used for automobile airbags at the Ayutthaya Plant of its subsidiary Thai Toray Synthetics Co., Ltd. (TTS). The capacity of the new facility will be about 7,000 tons a year and it is expected to start operations in January 2015. Once the construction of the new facility is completed, TTS’s capacity to produce Nylon 66 fiber will rise by about 40% to 23,000 tons a year. Global demand for airbag fabrics is expected to grow at an annual rate of about 7% or more, driven by the growth in four-wheeled vehicle production and rise in ratio of vehicles equipped with airbag in emerging markets led by Asian countries. Toray has been expanding its airbag business on a global scale and has established a global integrated production structure starting from production of original yarn to textile.

In the Plastics & Chemicals segment, Toray will enhance the ability of the group's vapor deposition facilities for food packaging films in Asia. Toray Advanced Film Co., Ltd. in Japan will introduce state-of-the-art vapor deposition equipment at Fukushima Plant to produce polypropylene (PP) film for packaging applications, which will start operation in October 2013. Penfibre Sdn. Berhad in Malaysia will also introduce the latest vapor deposition equipment and start production of polyester (PET) film for packaging in April 2014. Thai Toray Synthetics Co., Ltd. has already completed its capacity increase for cast polypropylene (CPP) film for vapor deposition in October 2012. In the ASEAN region, the demand for packaging materials is expected to grow at an annual rate of 3% to 5% as living standards improve. Toray Group will accelerate its global business expansion by producing high-performance packaging films in the region.

In the IT-related Products segment, Toray made a decision to construct a new plant for manufacturing waterless plates at its subsidiary Toray Textiles Central Europe s.r.o. in response to growing demand for the plates for printing newspapers. The new plant is expected to start operating in January 2014. Waterless printing is a product that represents “Green Innovation Business Expansion (GR) Project.” It is environmentally friendly, as it does not require dampening agents containing substances subject to environmental restrictions and the process does not use strong alkaline solution for development. It has less production loss at the start of printing and contributes to reduction of printing costs.

In the Carbon Fiber Composite Materials segment, Toray purchased the entire stake in DOME CARBON MAGIC LTD. from DOME Group, a racing car designer and manufacturer highly rated by the automobile industry, and made it a wholly owned subsidiary. The company has been producing numerous carbon fiber reinforced

plastics (CFRP) parts in a wide range of fields not limited to automobile applications by leveraging its superior design and manufacturing technology. Toray also acquired a 75% stake in Dome Composites (Thailand) Co., Ltd., a Thai production subsidiary of the DOME Group and made it a subsidiary. Toray Group will continue to expand and enhance the vertical integration business model on a global scale with the aim of further expanding its carbon fiber and advanced composites business by proposing and offering solutions to its customers.

In the Life Science segment, Toray decided to build a new production facility for TORAYMYXIN™, a hemoperfusion absorption column for selectively removing endotoxins to treat severe sepsis, at its Okazaki Plant. The facility will gradually increase production volume towards full-scale operation in January 2015, ultimately to double Toray's production capacity of TORAYMYXIN™. It is a column approved for removing endotoxins in blood purification therapy. Ever since it was introduced in 1994, the product has been widely used in clinical practice primarily in Japan to treat severe sepsis and associated conditions such as multiple organ failure.

In Research & Development, Toray succeeded in developing the world's thinnest nanofiber filaments with a 150nm diameter, half the previous record of 300nm diameter. It also succeeded in manufacturing nanofibers of Y-shaped cross-section in addition to the existing triangular and multi-sided cross-sectional fibers. These new nanofibers not only improve properties such as absorbency, water absorption, water retention and coefficient of friction but also demonstrate higher capability in filtration, separation and wiping functions and have potential as advanced materials in wide-ranging fields of high-performance industrial applications such as filter and medical materials as well as in highly functional apparel products including comfort clothing and sportswear.

Forecast for FY Mar/14 (April 2013 – March 2014):

While there are lingering concerns over the handling of the European sovereign debt problems, the global economy is expected to recover gradually driven by the growth in emerging countries led by China as well as in the U.S. The Japanese economy, despite some uncertainties about the future, is also expected to make a moderate recovery on the back of improvement in exports fueled by corrections to the strong yen, post-quake reconstruction demand and improved business sentiment resulting from expectations on the economic policies of the Abe administration.

Under such circumstances, Toray Group will continue to focus on measures under the medium-term management program "Project AP-G 2013" and strive to drive forward the growth strategy and strengthen its revenue base.

While there remain uncertainties regarding economic conditions both in Japan and abroad, Toray Group, after taking into account the ongoing efforts to expand earnings under "Project AP-G 2013," which is in the final year, expects consolidated net sales of ¥1,840 billion (US\$19,368 million) for the fiscal year through March 31, 2014, operating income of ¥120 billion (US\$1,263 million), ordinary income of ¥120 billion (US\$1,263 million), and net income of ¥65 billion (US\$684 million). These forecasts are calculated based on an estimated exchange rate of ¥95 to the U.S. dollar after April.

2. Financial Position and Cash Flows

Analysis of Assets, Liabilities, Net Assets and Cash Flows

As of March 31, 2013, Toray Group's total assets stood at ¥1,731.8 billion (US\$18,404 million), up ¥150.3 billion from the end of the previous fiscal year, as current assets rose by ¥70.5 billion primarily reflecting an increase in cash and time deposits as well as inventory and fixed assets rose by ¥79.8 billion due mainly to increase in property, plant and equipment.

Total liabilities rose ¥44.9 billion from the end of the previous fiscal year to ¥952.2 billion (US\$10,119 million), primarily due to an increase in interest-bearing debts.

Net assets grew by ¥105.5 billion compared with the end of the previous fiscal year to ¥779.6 billion (US\$8,285 million), reflecting the increase in retained earnings from net income and foreign currency translation adjustment. Net assets less minority interests and stock acquisition rights stood at ¥725.0 billion (US\$7,704 million). The equity ratio at the end of the fiscal year came to 41.9%, a 2.2 percentage-point increase compared with the level at the end of the previous fiscal year.

Free cash flows for the period, derived by subtracting the cash flows from investing activities from the cash flows from operating activities, were ¥6.7 billion (US\$71 million) in negative. Cash flows, as well as changes in the balances of cash and cash equivalents, for the fiscal year ended March 31, 2013 are as follows:

(Billions of yen, *millions of U.S. dollars*)

	Year ended March 31,		
	2013	2012	2013
	Yen		U.S. \$
Cash flows from operating activities	100.8	104.4	1,071
Cash flows from investing activities	(107.5)	(104.0)	(1,143)
Free cash flows	(6.7)	0.4	(71)
Cash flows from financing activities	26.2	(23.6)	278
Effect of exchange rate changes	6.8	(1.7)	72
Change in cash and cash equivalents for the year	26.3	(24.9)	279
Cash and cash equivalents at beginning of the year	81.3	105.3	864
Effect of changes in consolidated subsidiaries	0.1	0.9	1
Cash and cash equivalents at end of the year	107.7	81.3	1,144

Indices related to Financial Position and Cash Flows:

	Year ended March 31,				
	2009	2010	2011	2012	2013
Equity ratio (%)	30.8	30.3	37.8	39.7	41.9
Market capitalization / Total assets (%)	36.3	49.1	62.9	63.3	59.8
Interest-bearing debt / Cash flows from operating activities	17.3	3.8	3.8	4.6	5.3
Cash flows from operating activities / Interest paid	3.2	17.1	19.7	17.7	18.1

Notes:

1. All indices are computed based on consolidated data.
2. Market capitalization equals the stock price at the end of the period multiplied by the number of shares outstanding at the end of the period (excluding treasury stock).
3. Cash flows from operating activities are stated in the consolidated statements of cash flows.

3. Policy on Distribution of Surplus Profits and Dividends for the Period under Review and FY Mar/14

Toray recognizes that its profit distribution policy is a vital matter for the corporate management, and accordingly is committed to distributing such profits fairly through comprehensive consideration of every factor including business results, financial standing and retention of earnings necessary for future investment.

Taking into consideration the earnings performance during the period under review and the outlook for the fiscal year that started in April 2013, Toray is proposing to pay a year-end dividend of ¥5.0 per share of common stock, for an aggregate annual dividend of ¥10.0 per share of common stock including the interim dividend.

For the fiscal year ending March 31, 2014, Toray anticipates to pay an annual dividend of ¥10.0 per share of common stock.

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥94.1 = U.S.\$1, the approximate rate of exchange prevailing on March 31, 2013.
2. U.S. dollar amounts of forecast for FY Mar/14 have been converted from yen at the exchange rate of ¥95 = US\$1, the estimated rate of foreign currency exchange for the FY Mar/14 (April 2013 - March 2014).

Management Policies

1. Corporate Mission

Toray's corporate philosophy is "contributing to society through the creation of new value with innovative ideas, technologies and products." Under this philosophy, Toray has established the following corporate missions:

For our customers:

To provide new value to our customers through high-quality products and superior services

For our employees:

To provide our employees with opportunities for self development in a challenging environment

For our shareholders:

To provide our shareholders with dependable and trustworthy management

For society:

To establish ties and develop mutual trust as a responsible corporate citizen

Toray is committed to taking on responsibility and contributing to its customers, employees, shareholders in society.

2. Medium- to Long-Term Business Strategy and Issues to Be Solved

Toray Group, in February 2011, formulated a long-term corporate vision "AP-Growth TORAY 2020" established with the next 10 years in focus and a medium-term management program "Project AP-G 2013" for three years.

Under "AP-Growth TORAY 2020," Toray Group aims to become a corporate group that "continually expands revenues and profits," "plays an active role in contributing to social development and environmental stewardship," and "offers high values to all stakeholders," while further promoting global business expansion and focusing on growing the Green Innovation Business.

Based on the long-term corporate vision, Toray Group in April 2011 rolled out the new medium-term management program "Project AP-G 2013". In 2012, which is the mid-point of the project, Toray Group worked on implementing growth strategies and structural strengthening in a comprehensive and powerful manner, even as the business environment remained tough both in Japan and abroad. Toray Group also has been making investments aimed at global expansion in the various business fields and brought about substantial results in research and development that are expected to enable large-scale products and innovative technologies in the future.

While uncertainties do remain with respect to the business environment in the immediate future, Toray Group will continue with challenge of innovation and determined efforts in the fiscal year that started in April 2013 to strengthen its

corporate structure and aim for a new growth trajectory by adopting a proactive management stance.

Toray Group aims to sustain its growth by implementing the various measures described above to overcome the hurdles and solve the issues, and shall strive to achieve the ideals of its corporate philosophy of “contributing to society through the creation of new value with innovative ideas, technologies and products.”

Disclaimer

Descriptions of predicted business results, forecasts and business plans contained in this material are based on predictive forecasts of the future business environment made at the present time. The material in this statement is not a guarantee of the Company’s future business performance.

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