

Toray Announces Consolidated Results for the Three Months Ended June 30, 2013

Tokyo, Aug 6, 2013 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the three months ended June 30, 2013 of the fiscal year ending March 31, 2014. 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 Business Results

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

	Three months ended June 30,				(Reference)
	2013	2012	Change	2013	Fiscal 2012
	Yen		%	<i>U.S. dollars</i>	Yen
Net sales	¥402,748	¥364,092	10.6	\$4,085	¥1,592,279
Operating income	18,038	17,267	4.5	183	83,436
Ordinary income	20,002	19,105	4.7	203	88,244
Net income	13,260	10,082	31.5	134	48,477
Net income per share - Basic	8.14	6.19	-	-	29.75
Net income per share - Diluted	7.91	6.01	-	-	28.90

Consolidated Financial Condition

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

	As of June 30, 2013		As of March 31, 2013
	Yen	<i>U.S. dollars</i>	Yen
Total assets	¥1,806,869	\$18,325	¥1,731,933
Net assets	817,643	8,293	778,626
Equity ratio	42.1%	-	41.8%

Notes:

1. For calculation of "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 ¥98.6 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2013.
3. Amounts are rounded to the nearest million.
4. Consolidated financial conditions as of March 31, 2013 are adjusted retrospectively by changes in accounting policies due to applying revised IAS 19.

Segment Information

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

Net Sales	Three months ended June 30,		
	2013	2012	2013
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	¥153,138	¥135,767	\$1,553
Plastics & Chemicals	113,406	97,232	1,150
IT-related Products	57,515	58,031	583
Carbon Fiber Composite Materials	24,395	18,358	247
Environment & Engineering	38,813	38,455	394
Life Science	12,297	13,143	125
Others	3,184	3,106	32
Consolidated Total	402,748	364,092	4,085

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

Segment Income (Loss)	Three months ended June 30,		
	2013	2012	2013
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	¥10,287	¥8,744	\$104
Plastics & Chemicals	4,297	5,489	44
IT-related Products	4,498	4,163	46
Carbon Fiber Composite Materials	2,542	2,202	26
Environment & Engineering	247	(110)	3
Life Science	672	1,588	7
Others	174	222	2
Total	22,717	22,298	230
Adjustment	(4,679)	(5,031)	(47)
Consolidated Total (Operating Income)	18,038	17,267	183

Notes:

1. "Others" represents service-related businesses such as analysis, survey and research.
2. "Adjustment" of segment income (loss) for the three months ended June 30, 2013 of (4,679) million yen includes intersegment eliminations of 134 million yen and corporate expenses of (4,813) million yen. "Adjustment" of segment income (loss) for the three months ended June 30, 2012 of (5,031) million yen includes intersegment eliminations of 5 million yen and corporate expenses of (5,036) 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 ¥98.6 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2013.
4. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the Six Months Ending September 30, 2013

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

	Six months ending September 30, 2013	
	Yen	<i>U.S. dollars</i>
Net sales	¥845,000	\$8,895
Operating income	45,000	474
Ordinary income	45,000	474
Net income	25,000	263

Reference: EPS forecast (six months ending September 30, 2013) ¥15.35

Forecast of Consolidated Results for the 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	¥1,850,000	\$19,474
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) ¥39.90

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 from July onwards.
2. Amounts are rounded to the nearest million.

Consolidated Business Results and Financial Condition

1. Overview of the Three Months Ended June 30, 2013

In the period under review, while the European economy continued its downward trend and growth slowed in emerging economies led by China, the U.S. economy showed signs of gradual recovery as consumer spending rose amid improvement in employment. The Japanese economy saw slow recovery due to continued weakness in capital expenditure and increased import prices, even as exports recovered and individual and corporate mindset improved on expectations placed on the economic measures of the government of 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 three months ended June 30, 2013 increased 10.6% compared with the same period of the previous fiscal year to ¥402.7 billion (US\$4,085 million). Operating income rose 4.5% to ¥18.0 billion (US\$183 million) and ordinary income increased 4.7% to ¥20.0 billion (US\$203 million). Net income increased 31.5% to ¥13.3 billion (US\$134 million).

Business performance by segment is described below.

Business Performance by Segment:

Fibers & Textiles

In Japan, while sales of functional inner-wear applications grew strongly, sales of general apparel applications remained weak. On the other hand, there were signs of recovery in exports under the influence of the correction of the strong yen. Sales for industrial applications, despite demand for automobile-related applications bottoming out, failed to recover to the levels of the same period of the previous fiscal year when subsidies for purchase of eco-cars had boosted demand.

Overseas, while the conditions continued to be tough with Europe remaining mired in economic slump and sluggish domestic demand in China, textile subsidiaries in Southeast Asia and China expanded the sales of value-added products. Also, while the floods in Thailand in October 2011 had affected the operations in the same period a year earlier, the production and sales recovered since then, contributing to the improved performance.

As a result, overall sales of Fibers & Textiles segment rose 12.8% to ¥153.1 billion (US\$1,553 million) from the previous year and operating income increased 17.6% to ¥10.3 billion (US\$104 million).

Plastics & Chemicals

In the Plastics & Chemicals segment, though demand for automotive applications in the resin business increased in Japan, it was affected by the increased raw material prices resulting from the correction of the strong yen. Overseas, while general

purpose ABS resins remained weak, Toray Group worked to expand the sales of value-added products.

Demand for the film business's products remained sluggish on the whole within and outside Japan, with continued price competition, even though domestic sales for capacitors used in hybrid cars remained strong.

Also, trading subsidiaries expanded their business on the back of market recovery and strong overseas business.

On the whole, sales of Plastics & Chemicals segment rose 16.6% year-on-year to ¥113.4 billion (US\$1,150 million). Operating income fell 21.7% to ¥4.3 billion (US\$44 million).

IT-related Products

In the IT-related Products segment, shipment of films and processed film products for large LCD panels used in flat-screen TVs was robust, and sales for small and mid-sized displays such as smartphones and tablet terminals also grew strongly.

Especially overseas, subsidiaries making films and processed film products as well as circuit materials in Republic of Korea performed strongly. On the other hand, price competition in the field continued partly due to the impact of price declines of final products. Also, equipment sales at a Japanese subsidiary declined compared with the same period a year earlier..

As a result, overall sales of IT-related Products segment declined 0.9% to ¥57.5 billion (US\$583 million) compared with the same period a year earlier, while operating income increased 8.0% to ¥4.5 billion (US\$46 million).

Carbon Fiber Composite Materials

In the Carbon Fiber Composite Materials segment, as demand for aircraft as well as that in the environment and energy fields including compressed natural gas tank applications expanded, sales of carbon fibers and intermediate product (prepreg) grew strongly for aerospace applications and general industrial applications. In the composite business, sales of carbon fiber reinforced plastic chassis for notebook PCs which boasts high strength and light weight grew significantly.

On the whole, overall sales of Carbon Fiber Composite Materials segment increased 32.9% to ¥24.4 billion (US\$247 million) and operating income rose 15.4% to ¥2.5 billion (US\$26 million).

Environment & Engineering

In the Environment & Engineering segment, while the market for water treatment membranes has not yet fully recovered due to uncertainties regarding the global economy, shipment of reverse osmosis membranes for Middle East was strong at Toray. Among domestic subsidiaries, sales at the construction and real estate subsidiary was strong, while the plant construction business of the engineering subsidiary remained sluggish.

As a result, overall sales of Environment & Engineering segment increased 0.9% on year to ¥38.8 billion (US\$394 million) and operating income reached at ¥0.2 billion (US\$3 million), which is a ¥0.4 billion improvement from a year earlier.

Life Science

In the Life Science segment, sales of REMITCH^{®*}, an oral anti-pruritus drug for

hemodialysis patients expanded, while other pharmaceutical products were affected by intensifying competition. License revenue also decreased. Sales in Japan as well as exports of medical products including TORAYSULFONE[®] and TORAYLIGHT[™], polysulfone membrane artificial kidneys, increased strongly, while sales of dialysis equipment remained slow.

On the whole, sales of Life Science segment declined 6.4% on year to ¥12.3 billion (US\$125 million) while operating income fell 57.7% to 0.7 billion (US\$7 million).

* REMITCH[®] is a registered trademark of Torii Pharmaceutical Co., Ltd.

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 expand the high-performance polypropylene spunbond (hereinafter referred to as “PP spunbond”) production facility in China at its subsidiary Toray Polytech (Nantong) Co., Ltd. The new facility will have a production capacity of about 20,000 tons a year, increasing its capacity to about 78,000 tons a year. The additional facility is expected to start operations in December 2014. PP spunbond is the main raw material for disposable diapers, and demand for disposable baby diapers is forecasted to rapidly grow from 14 billion pieces in 2012 to 38 billion pieces a year in 2020 in China. The expansion of the production capacity is intended to respond the strong demand for PP spunbond in China as well as the requirements for high-performance materials for disposable diapers and to strengthen the cost competitiveness.

In the Plastics & Chemicals segment, Toray built a new TORAYCA[®] resin compound facility, which started operation in June 2013, with an annual production capacity of 2,500 tons at its resin compound business subsidiary Toray Plastics (Shenzhen) Ltd. TORAYCA[®] resin is a carbon fiber reinforced thermoplastic compound, which is engineering plastic, etc. strengthened by compounding Toray’s carbon fiber TORAYCA[®], and its sales are expected to grow at an annual rate exceeding 10% in applications including digital equipment such as cameras and PCs, rotating parts such as bearings, sports equipment, high-end home electronics and automobiles. It is expected to grow significantly especially in China, and Toray Group aims to expand the business by thoroughly taking on the growing demand for TORAYCA[®] resin in the country.

2. Analysis of Financial Condition

As of June 30, 2013, Toray Group’s total assets stood at ¥1,806.9 billion (US\$18,325 million), up ¥74.9 billion from the end of the previous fiscal year primarily due to increases in inventory and fixed assets.

Liabilities increased by ¥35.9 billion to ¥989.2 billion (US\$10,033 million) compared to the end of the previous fiscal year, owing mainly to an increase in interest-bearing debts.

Net assets increased ¥39.0 billion compared to the end of the previous fiscal year to ¥817.6 billion (US\$8,293 million), reflecting an increase in retained earnings as Toray Group recorded net income and fluctuations in foreign currency translation adjustment.

Net assets less minority interests and stock acquisition rights came to ¥760.2 billion (US\$7,710 million).

3. Forecast of Consolidated Results

While there remain uncertainties over the European economy and concerns of an economic slowdown in China, the global economy is expected to show a gradual recovery reflecting the improvement in the U.S. economy and the recovery of emerging economies such as those in Southeast Asia. The pace of growth in the Japanese economy is also expected to gradually pick up in terms of both domestic and foreign demand towards the second half of the fiscal year.

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.

Based on the business performance of the first quarter and the progress in “Project AP-G 2013,” Toray revised upwards its first-half consolidated forecasts of net sales and net income announced on May 10. It now expects consolidated net sales of ¥ 845.0 billion (US\$8,895 million), operating income of ¥45.0 billion (US\$474 million), ordinary income of ¥45.0 billion (US\$474 million) and net income of ¥25.0 billion (US\$263 million) for the six months through September 30, 2013. As for the full-year forecast through March 31, 2014, Toray revised upwards its net sales forecast and now expects net sales of ¥1,850.0 billion (US\$19,474 million), operating income of ¥120.0 billion (US\$1,263 million), ordinary income of ¥120.0 billion (US\$1,263 million) and net income of ¥65.0 billion (US\$684 million). The calculation of Toray Group’s earnings forecasts from July 2013 onwards is based on an assumed foreign currency exchange rate of ¥95 to the U.S. dollar.

Notes:

- 1) U.S. dollar amounts have been converted from yen at the exchange rate of ¥98.6 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2013.
- 2) U.S. dollar amounts of forecasts have been converted from yen at the exchange rate of ¥95 = U.S.\$1, the estimated rate of exchange from July onwards.

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 Toray’s future business performance.

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