

February 7, 2013

## Toray Announces Consolidated Results for the Nine Months Ended December 31, 2012

Tokyo, February 7, 2013 - Toray Industries, Inc. (the "Company") today announced its consolidated business results for the nine months ended December 31, 2012 of the fiscal year ending March 31, 2013. The following summary of the business results that the Company 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)

	Nine months ended December 31,			2012	(Reference) Fiscal 2011
	2012	2011	Change		
	Yen		%	U.S. dollars	Yen
Net sales	<b>¥1,173,395</b>	¥1,199,698	(2.2)	<b>\$13,550</b>	¥1,588,604
Operating income	<b>61,350</b>	89,197	(31.2)	<b>708</b>	107,721
Ordinary income	<b>63,825</b>	91,572	(30.3)	<b>737</b>	109,849
Net income	<b>37,286</b>	53,974	(30.9)	<b>431</b>	64,218
Net income per share - Basic	<b>22.88</b>	33.13	-	-	39.41
Net income per share - Diluted	<b>22.23</b>	31.35	-	-	37.46

### Consolidated Financial Condition

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

	Nine months ended December 31,			2012	(Reference) Fiscal 2011
	2012	2011			
	Yen			U.S. dollars	Yen
Total assets	<b>¥1,627,349</b>	¥1,554,847		<b>\$18,792</b>	1,581,501
Property, plant and equipment, net	<b>584,573</b>	518,826		<b>6,750</b>	561,923
Net assets	<b>707,558</b>	648,208		<b>8,170</b>	674,149
Equity ratio	<b>40.4%</b>	38.7%		-	39.7%

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 ¥86.6 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2012.
3. Amounts are rounded to the nearest million.

## Segment Information

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

Net Sales	Nine months ended December 31,		
	2012	2011	2012
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	<b>¥478,298</b>	¥492,674	<b>\$5,523</b>
Plastics & Chemicals	<b>291,352</b>	300,082	<b>3,364</b>
IT-related Products	<b>177,620</b>	183,847	<b>2,051</b>
Carbon Fiber Composite Materials	<b>56,286</b>	53,325	<b>650</b>
Environment & Engineering	<b>118,748</b>	118,049	<b>1,371</b>
Life Science	<b>41,069</b>	41,976	<b>474</b>
Others	<b>10,022</b>	9,745	<b>116</b>
Consolidated Total	<b>1,173,395</b>	1,199,698	<b>13,550</b>

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

Segment Income (Loss)	Nine months ended December 31,		
	2012	2011	2012
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	<b>¥34,721</b>	¥38,230	<b>\$401</b>
Plastics & Chemicals	<b>14,704</b>	22,293	<b>170</b>
IT-related Products	<b>15,907</b>	25,033	<b>184</b>
Carbon Fiber Composite Materials	<b>5,510</b>	7,630	<b>64</b>
Environment & Engineering	<b>(345)</b>	3,925	<b>(4)</b>
Life Science	<b>5,094</b>	5,240	<b>59</b>
Others	<b>914</b>	738	<b>11</b>
Total	<b>76,505</b>	103,089	<b>883</b>
Adjustment	<b>(15,155)</b>	(13,892)	<b>(175)</b>
Consolidated Total (Operating income)	<b>61,350</b>	89,197	<b>708</b>

### Notes:

1. "Others" represents service-related businesses such as analysis, survey and research.
2. "Adjustment" of segment income (loss) for the nine months ended December 31, 2012 of (15,155) million yen includes intersegment eliminations of 162 million yen and corporate expenses of (15,317) million yen. "Adjustment" of segment income (loss) for the nine months ended December 31, 2011 of (13,892) million yen includes intersegment eliminations of 76 million yen and corporate expenses of (13,968) 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 ¥86.6 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2012.
4. Amounts are rounded to the nearest million.

## Forecast of Consolidated Results for the Year Ending March 31, 2013

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

	Year ending March 31, 2013	
	Yen	<i>U.S. dollars</i>
Net sales	¥1,610,000	\$18,295
Operating income	87,000	989
Ordinary income	88,000	1,000
Net income	50,000	568

Reference: EPS forecast (year ending March 31, 2013) ¥30.69

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥88 = U.S.\$1, the estimated rate of exchange from January onwards.
2. Amounts are rounded to the nearest million.

# Consolidated Business Results and Financial Condition

## 1. Overview of the Nine Months Ended December 31, 2012

During the nine months under review, the global economy on the whole remained under harsh conditions, as European real economy continued to struggle from the region's sovereign debt problems while the Chinese economy slowed down and the U.S. economic recovery slowed. The Japanese economy recovered at a gradual pace on the back of reconstruction demand related to the Great East Japan Earthquake and the effect of stimulus measures including subsidies for and tax cut on purchase of eco-cars. The recovery, however, leveled off since summer reflecting the global economic slowdown, the prolonged appreciation of the yen against major currencies and the end of subsidies for purchase of eco-cars.

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 nine-month period declined 2.2% compared with the same period of the previous fiscal year to ¥1,173.4 billion (US\$13,550 million). Operating income fell 31.2% to ¥61.4 billion (US\$708 million) and ordinary income declined 30.3% to ¥63.8 billion (US\$737 million). Net income fell 30.9% to ¥37.3 billion (US\$431 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 declined in the third quarter as the offering of subsidies for purchase of eco-cars ended. Demand for apparel applications remained weak due to the unseasonal weather in early spring as well as 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 fell 2.9% to ¥478.3 billion (US\$5,523 million) from the same period a year earlier and operating income declined 9.2% to ¥34.7 billion (US\$401 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 production expansion primarily by automobile manufacturers in Japan, though demand declined in 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 stagnating 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, the total sales for Plastics & Chemicals declined 2.9% year-on-year to ¥291.4 billion (US\$3,364 million) and operating income fell 34.0% to ¥14.7 billion (US\$170 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 in the first half 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 3.4% to ¥177.6 billion (US\$2,051 million) and operating income fell 36.5% to ¥15.9 billion (US\$184 million).

#### *Carbon Fiber Composite Materials*

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

Overall sales of the Carbon Fiber Composite Materials segment increased 5.6% on year to ¥56.3 billion (US\$650 million) while operating income declined 27.8% to ¥5.5 billion (US\$64 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, the Company has been pursuing activities to win orders for various water treatment membranes including reverse osmosis membrane around the world. Among domestic subsidiaries, the water treatment engineering subsidiary and others performed strongly.

The total sales of Environment & Engineering increased 0.6% to ¥118.7 billion (US\$1,371 million). The segment posted operating loss of ¥0.3 billion (US\$4 million), a decrease of ¥4.3 billion from the same period a year earlier, when large projects were completed by the real estate business.

#### *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 (NHI) price revision in April 2012.

Overall sales of Life Science fell 2.2% to ¥41.1 billion (US\$474 million) from the same period a year earlier and operating income declined 2.8% to ¥5.1 billion (US\$59 million).

#### *New Businesses and New Investments*

The Company decided to establish a new resin compounding base at P.T. Indonesia Toray Synthetics, its subsidiary in Indonesia. The new nylon and PBT resin compounding facility will have an annual capacity of 6,000 tons and is expected to start operations in November 2013. Indonesia is the biggest economy in ASEAN region continuing economic growth. The country is expected to see progress in motorization and expansion in consumption of electrical and electronic products including home electronics. Local production of automobiles as well as electrical and electronic products has been increasing. In a bid to expand the business, the Company aims to promptly capitalize on the growing engineering plastic demand in Indonesia by leveraging localized production to swiftly respond and provide meticulous technical service to customers.

In the life science field, which the Company has positioned as one of the Intensively Developing and Expanding Businesses, it 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 the start of full-scale operation in January 2015, ultimately to double the Company's production capacity of TORAYMYXIN™ for full-fledged development of the product's overseas business. TORAYMYXIN™ 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.

## 2. Analysis of Financial Condition

As of December 31, 2012, Toray Group's total assets stood at ¥1,627.3 billion (US\$18,792 million), up ¥45.8 billion compared with the end of the previous fiscal year, due primarily to higher inventory and property, plant and equipment.

Total liabilities rose ¥12.4 billion to ¥919.8 billion (US\$10,621 million) compared to the end of the previous fiscal year, owing mainly to an increase in interest-bearing debts.

Net assets increased ¥33.4 billion compared with the end of the previous fiscal year to ¥707.6 billion (US\$8,170 million), reflecting an increase in retained earnings as Toray Group recorded net income. Net assets less minority interests and stock acquisition rights stood at ¥657.7 billion (US\$7,595million).

## 3. Forecast of Consolidated Results

Going forward, the global economy as a whole is tending towards a gradual pickup, driven by the emerging economies led by China, although there still remain uncertainties associated with the European sovereign debt problems and how the U.S. would respond to the fiscal tightening. While the outlook is still uncertain, it is expected that the Japanese economy would also gradually shift towards recovery amid improving exports, the realization of the post-quake reconstruction demand and improving business sentiment following the change in government.

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

The Company revised its full-year earnings forecasts for the current fiscal year given the continuing difficult economic situations both in Japan and abroad as well as the business results for the nine months of the fiscal year. It now expects consolidated sales of ¥1,610.0 billion (US\$18,295 million), operating income of ¥87.0 billion (US\$989 million), ordinary income of ¥88.0 billion (US\$1,000 million) and net income of ¥50.0 billion (US\$568 million). The Company estimates an exchange rate of ¥88.0 to US\$1 for the period from January 2013 onwards.

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥86.6 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2012.
2. U.S. dollar amounts of forecasts have been converted from yen at the exchange rate of ¥88 = U.S.\$1, the estimated rate of exchange from January 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 the Company's future business performance.

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