

November 7, 2013

Toray Announces Consolidated Results for the Six Months Ended September 30, 2013

Tokyo, November 7, 2013 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the six months ended September 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)

	Six months ended September 30,			2013	(Reference) Fiscal 2012
	2013	2012	Change		
	Yen		%	U.S. dollars	Yen
Net sales	¥853,757	¥753,729	13.3	\$8,730	¥1,592,279
Operating income	44,296	36,692	20.7	453	83,436
Ordinary income	46,527	38,040	22.3	476	88,244
Net income	29,372	20,006	46.8	300	48,477
Net income per share - Basic	18.03	12.28	-	-	29.75
Net income per share - Diluted	17.51	11.93	-	-	28.90

Consolidated Financial Condition

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

	As of September 30, 2013		As of March 31, 2013
	Yen	U.S. dollars	Yen
Total assets	¥1,876,700	\$19,189	¥1,731,933
Net assets	858,483	8,778	778,626
Equity ratio	42.5%	-	41.8%

Cash Dividends

(Yen)

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Annual
FY2012	-	¥5.00	-	¥ 5.00	¥10.00
FY2013	-	5.00			
FY2013 (forecast)			-	5.00	10.00

Notes:

1. For calculation of "Equity ratio," minority interests and stock acquisition rights are deducted from net assets.

- U.S. dollar amounts have been converted from yen at the exchange rate of ¥97.8 = U.S.\$1, the approximate rate of exchange prevailing on September 30, 2013.
- Amounts are rounded to the nearest million.
- 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	Six months ended September 30,		
	2013	2012	2013
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	¥335,069	¥288,852	\$3,426
Plastics & Chemicals	228,011	194,965	2,331
IT-related Products	121,963	121,120	1,247
Carbon Fiber Composite Materials	52,088	36,544	533
Environment & Engineering	83,096	78,147	850
Life Science	26,632	27,018	272
Others	6,898	7,083	71
Consolidated Total	853,757	753,729	8,730

Segment Income (Loss)	Six months ended September 30,		
	2013	2012	2013
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	¥24,174	¥18,537	\$247
Plastics & Chemicals	9,014	10,521	92
IT-related Products	10,836	9,645	111
Carbon Fiber Composite Materials	7,080	4,188	72
Environment & Engineering	644	(38)	7
Life Science	1,859	3,005	19
Others	696	650	7
Total	54,303	46,508	555
Adjustment	(10,007)	(9,816)	(102)
Consolidated Total (Operating income)	44,296	36,692	453

Notes:

- "Others" represents service-related businesses such as analysis, survey and research.
- "Adjustment" of segment income (loss) for the six months ended September 30, 2013 of (10,007) million yen includes intersegment eliminations of (65) million yen and corporate expenses of (9,942) million yen. "Adjustment" of segment income (loss) for the six months ended September 30, 2012 of (9,816) million yen includes intersegment eliminations of 168 million yen and corporate expenses of (9,984) million yen. The corporate expenses consist of the headquarters' research expenses, etc. that are not allocated to each reportable segment.
- U.S. dollar amounts have been converted from yen at the exchange rate of ¥97.8 = U.S.\$1, the approximate rate of exchange prevailing on September 30, 2013.
- 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	¥1,850,000	\$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 October onwards.
2. Amounts are rounded to the nearest million.

Consolidated Business Results and Financial Condition

1. Overview of the Six Months Ended September 30, 2013

During the six months under review, the global economy continued to expand gradually, as consumer spending in the U.S. grew on the back of improved employment, despite the European economy continuing to stagnate after bottoming out and China and other emerging economies slowing down. The Japanese economy has been recovering at a gradual pace with consumer spending increasing and capital expenditure and exports also showing signs of recovery.

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 six months ended September 30, 2013 increased 13.3% compared with the same period of the previous fiscal year to ¥853.8 billion (US\$8,730 million). Operating income came to ¥44.3 billion (US\$453 million), up 20.7%, and ordinary income rose 22.3% to ¥46.5 billion (US\$476 million). Net income increased by 46.8% to ¥29.4 billion (US\$300 million).

Business performance by segment is described below.

Business Performance by Segment:

Fibers & Textiles

In Japan, while sales of functional materials for fall and winter wear grew strongly, sales of general apparel applications, though showing signs of recovery, remained weak. On the other hand, exports recovered partly 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 pursued sales expansion and a shift towards high 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 increased 16.0% to ¥335.1 billion (US\$3,426 million) compared with the same period a year earlier, and operating income increased 30.4% to ¥24.2 billion (US\$247 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, sales targeting North American automobile applications and Southeast Asia expanded.

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 transactions on the back of market recovery and strong overseas business.

As a result, overall sales of Plastics & Chemicals segment increased 16.9% to ¥228.0 billion (US\$2,331 million) compared with the same period a year earlier, and operating income fell 14.3% to ¥9.0 billion (US\$92 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 entered a correction phase with demand for TV stagnating, while sales for small and mid-sized displays such as smartphones and tablet terminals grew strongly. Overseas, subsidiaries making films and processed film products as well as electronic circuit materials in Republic of Korea performed strongly. In general, 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 increased 0.7% to ¥122.0 billion (US\$1,247 million) compared with the same period a year earlier, and operating income rose 12.3% to ¥10.8 billion (US\$111 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, expanded.

As a result, overall sales of Carbon Fiber Composite Materials segment increased 42.5% to ¥52.1 billion (US\$533 million) compared with the same period a year earlier, and operating income rose 69.1% to ¥7.1 billion (US\$72 million).

Environment & Engineering

In the Environment & Engineering segment, while the market for water treatment membranes has not yet fully recovered reflecting continued uncertainties over the global economic outlook, shipment of reverse osmosis membranes to the Middle East was strong at Toray. Among domestic subsidiaries, profitability at the construction and real estate subsidiary declined, and the plant construction projects declined at the engineering subsidiary.

As a result, overall sales of Environment & Engineering segment increased 6.3% to ¥83.1 billion (US\$850 million), and operating income reached at ¥0.6 billion yen

(US\$7 million), which is a ¥0.7 billion improvement from the same period 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.

As a result, overall sales of Life Science segment fell 1.4% to ¥26.6 billion (US\$272 million) compared with same period a year earlier, and operating income declined 38.1% to ¥1.9 billion (US\$19 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 Carbon Fiber Composite Materials business, Toray decided to expand the production facility for prepreg (resin-impregnated carbon fiber sheet) using the carbon fiber TORAYCA[®] at its Ishikawa Plant. Toray plans to introduce state-of-the-art facility for producing high value-added prepreg and it is expected to start production in February 2015. This expansion not only enables Toray to address the growing demand for high value-added prepreg used in chassis for IT devices and in automobile exteriors but also gives it flexibility in production to respond to future demand trend with the specifications that allow the facility to manufacture products for Boeing 787 aircraft.

In addition, Toray agreed with U.S. large tow carbon fiber manufacturer Zoltek Companies, Inc. (“Zoltek”) to acquire the entire stake in it. The use of large tow carbon fibers, produced on modified acrylic staple fiber production line for textiles, is expected to expand in applications including wind energy-related, which has been showing rapid demand growth in recent years, and automobile structural parts in the future. Zoltek is the biggest manufacturer of large tow carbon fibers and has been significantly expanding the business, as the material’s wind energy-related application grew. Toray until now has focused its business resources on high-performance, high-quality regular tow carbon fibers and has been performing strongly in advanced fields such as aircraft and compressed natural gas tank. The purchase of the entire stake in Zoltek enables Toray to expand into the highly versatile industrial field with large tow carbon fibers, giving it an opportunity for further growth.

2. Analysis of Financial Condition

As of September 30, 2013, Toray Group’s total assets stood at ¥1,876.7 billion (US\$19,189 million), up ¥144.8 billion from the end of the previous fiscal year primarily due to increases in inventory and fixed assets.

Liabilities increased by ¥64.9 billion to ¥1,018.2 billion (US\$10,411 million) compared to the end of the previous fiscal year, owing mainly to an increase in interest-bearing debts.

Net assets increased ¥79.9 billion compared with the end of the previous fiscal year to ¥858.5 billion (US\$8,778 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 ¥797.7 billion (US\$8,157 million).

3. Forecast of Consolidated Results

While there remain uncertainties over the European economy and concerns regarding U.S. fiscal negotiations that are making little headway and the risk of a downward swing of the Chinese economy, the global economy as a whole is expected to register a gradual recovery reflecting continued steadiness of the U.S. economy and recovery in the European and emerging economies. The growth rate of the Japanese economy is expected to increase towards the second half of the fiscal year on the effect of economic policies, last-minute demand before the consumption tax hike and the improvement in export environment, though concerns remain that a potential downswing in overseas economies could lead to an economic slowdown.

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.

Toray has kept its full-year earnings forecasts announced on August 6 unchanged. The calculation of Toray Group’s earnings forecasts from October 2013 onwards is based on an assumed foreign currency exchange rate of ¥95 to the U.S. dollar.

Notes:

U.S. dollar amounts have been converted from yen at the exchange rate of ¥97.8 = U.S.\$1, the approximate rate of exchange prevailing on September 30, 2013.

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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