

# **Announcement of Business Results For the 2Q and Six Months Ended September 30, 2014**

**November 6, 2014**

**Toray Industries, Inc.**

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# I. **Business Results for the 2Q and Six Months Ended September 30, 2014**

# Summary of Consolidated Business Results for the 2Q and Six Months Ended September 30, 2014

Billion yen

	FY Mar/14 2Q (Jul.-Sept.)	FY Mar/15 2Q (Jul.-Sept.)	Changes	FY Mar/14 Six Months (Apr.-Sept.)	FY Mar/15 Six Months (Apr.-Sept.)	Changes
Net Sales	451.0	<b>499.4</b>	+48.4 (+10.7%)	853.8	<b>948.0</b>	+94.2 (+11.0%)
Cost of Sales	362.7	<b>401.5</b>	+38.8 (+10.7%)	688.6	<b>762.3</b>	+73.7 (+10.7%)
Gross Profit	88.3	<b>97.8</b>	+9.5 (+10.8%)	165.1	<b>185.7</b>	+20.5 (+12.4%)
(Gross Profit to Net Sales)	19.6%	<b>19.6%</b>	+0.0 points	19.3%	<b>19.6%</b>	+0.2 points
Operating Income	26.3	<b>29.8</b>	+3.5 (+13.5%)	44.3	<b>51.3</b>	+7.0 (+15.9%)
(Operating Income to Net Sales)	5.8%	<b>6.0%</b>	+0.1 points	5.2%	<b>5.4%</b>	+0.2 points
Non-operating Income and Expenses, net	0.3	<b>4.3</b>	+4.0	2.2	<b>5.2</b>	+2.9
Ordinary Income	26.5	<b>34.1</b>	+7.5 (+28.4%)	46.5	<b>56.5</b>	+10.0 (+21.4%)
Special Credits and Charges, net	▲ 2.5	▲ <b>1.4</b>	+1.1	▲ 2.7	▲ <b>2.1</b>	+0.6
Income before Income Taxes	24.0	<b>32.6</b>	+8.7 (+36.1%)	43.8	<b>54.4</b>	+10.6 (+24.2%)
Net Income	16.1	<b>26.6</b>	+10.4 (+64.8%)	29.4	<b>41.3</b>	+11.9 (+40.5%)

	(FY Mar/14 2Q) → (FY Mar/15 2Q)	(FY Mar/14 1H) → (FY Mar/15 1H)
Exchange Rate <Yen/US\$> Average	: 99.0 → 103.9	98.9 → 103.0
End of the term	: 97.8 → 109.5	
<Yen/Euro> Average	: 131.1 → 137.8	130.0 → 138.9
End of the term	: 131.9 → 138.9	

\*Consolidated business results are the sums of Jul. – Sept. business results in companies whose FY ends on March 31 and Apr. – Jun. business results in companies whose FY ends on December 31.

# Non-operating Income and Expenses

Billion yen

	FY Mar/14 2Q (Jul.-Sept.)	FY Mar/15 2Q (Jul.-Sept.)	Changes	FY Mar/14 Six Months (Apr.-Sept.)	FY Mar/15 Six Months (Apr.-Sept.)	Changes
Non-operating Income	3.5	<b>8.0</b>	+4.5	8.7	<b>12.5</b>	+3.8
Interest and Dividend Income	0.5	<b>0.7</b>	+0.2	2.0	<b>2.5</b>	+0.4
Equity in Earnings of Affiliates	1.6	<b>6.3</b>	+4.7	3.8	<b>8.4</b>	+4.6
Others	1.4	<b>1.0</b>	-0.4	2.9	<b>1.6</b>	-1.2
Non-operating Expenses	▲ 3.2	▲ <b>3.8</b>	-0.5	▲ 6.5	▲ <b>7.3</b>	-0.8
Interest Expenses	▲ 1.3	▲ <b>1.4</b>	-0.1	▲ 2.6	▲ <b>2.9</b>	-0.3
Others	▲ 1.9	▲ <b>2.3</b>	-0.4	▲ 3.9	▲ <b>4.4</b>	-0.5
Non-operating Income and Expenses, net	0.3	<b>4.3</b>	+4.0	2.2	<b>5.2</b>	+2.9
Interest and Dividend Income, Interest Expenses, net	▲ 0.8	▲ <b>0.7</b>	+0.1	▲ 0.6	▲ <b>0.4</b>	+0.1

\* Positive numbers : Income, Negative numbers ( ▲ ) : Expenses

# Special Credits and Charges

Billion yen

	FY Mar/14 2Q (Jul.-Sept.)	FY Mar/15 2Q (Jul.-Sept.)	Changes	FY Mar/14 Six Months (Apr.-Sept.)	FY Mar/15 Six Months (Apr.-Sept.)	Changes
Special Credits	6.7	0.2	-6.6	7.2	0.2	-7.0
Gain on Sales of Property, Plant and Equipment	0.0	0.2	+0.2	0.2	0.2	+0.0
Insurance Income	6.7	-	-6.7	6.9	-	-6.9
Others	0.0	-	-0.0	0.1	0.0	-0.1
Special Charges	▲ 9.3	▲ 1.6	+7.7	▲ 9.9	▲ 2.3	+7.6
Loss on Sales and Disposal of Property, Plant and Equipment	▲ 1.0	▲ 1.4	-0.4	▲ 1.6	▲ 1.9	-0.3
Loss on Impairment of Fixed Assets	▲ 8.2	-	+8.2	▲ 8.2	-	+8.2
Others	▲ 0.1	▲ 0.2	-0.1	▲ 0.1	▲ 0.4	-0.3
Special Credits and Charges, net	▲ 2.5	▲ 1.4	+1.1	▲ 2.7	▲ 2.1	+0.6

\* Positive numbers : Income, Negative numbers ( ▲ ) : Expenses

# Assets, Liabilities, Net Assets and Free Cash Flows

	End of Mar/14	End of Sept/14	Changes
Total Assets	2,119.7	<b>2,195.5</b>	+75.9
Current Assets	920.4	<b>977.0</b>	+56.6
Property, Plant and Equipment	781.2	<b>787.4</b>	+6.1
Intangible Assets	100.1	<b>95.0</b>	-5.1
Investment and Other Assets	318.0	<b>336.1</b>	+18.1

Billion yen

	End of Mar/14	End of Sept/14	Changes
Total Liabilities	1,175.1	<b>1,257.0</b>	+82.0
Current Liabilities	596.6	<b>588.0</b>	-8.5
Other Liabilities	578.5	<b>669.0</b>	+90.5
Total Net Assets	944.6	<b>938.5</b>	-6.1
Interest-bearing Debts	654.2	<b>746.4</b>	+92.3
D/E Ratio	0.76	<b>0.88</b>	+0.11

<Free Cash Flows>

	FY Mar/14 Six Months (Apr.-Sept.)	FY Mar/15 Six Months (Apr.-Sept.)	Changes
Cash Flows from Operating Activities	<b>22.9</b>	<b>4.3</b>	-18.6
Cash Flows from Investment Activities	<b>▲ 53.6</b>	<b>▲ 70.6</b>	-17.0
Free Cash Flows	<b>▲ 30.7</b>	<b>▲ 66.3</b>	-35.7

Billion yen

# Capital Expenditures, Depreciation and R&D Expenses

Billion yen

	FY Mar/14 Six Months (Apr.-Sept.)	FY Mar/15 Six Months (Apr.-Sept.)	Changes	Comments
Capital Expenditures	46.5	<b>54.6</b>	+8.1	Toray : 14.6, Consolidated subsidiaries : 40.0
Depreciation -)	37.4	<b>37.5</b>	+0.2	Toray : 11.7, Consolidated subsidiaries : 25.9
Transfer, Disposal, etc.	19.8	<b>▲ 10.9</b>	-30.7	
Changes in Tangible Assets	28.9	<b>6.1</b>	-22.8	
R&D Expenses	27.5	<b>28.8</b>	+1.3	

## Major Capital Expenditures:

Toray

CFA (Toray Carbon Fibers America, Inc.)

CFE (Toray Carbon Fibers Europe S.A.)



Carbon fiber production facilities

TAK (Toray Advanced Materials Korea Inc.): PPS (polyphenylene sulfide) resin production facility



# Net Sales and Operating Income by Segment

Billion yen

	Net Sales			Operating Income		
	FY Mar/14 2Q (Jul.-Sept.)	FY Mar/15 2Q (Jul.-Sept.)	Changes	FY Mar/14 2Q (Jul.-Sept.)	FY Mar/15 2Q (Jul.-Sept.)	Changes
Fibers & Textiles	181.9	<b>206.9</b>	+25.0 (+13.7%)	13.9	<b>12.2</b>	-1.6 (-11.8%)
Plastics & Chemicals	114.6	<b>125.7</b>	+11.1 (+9.7%)	4.7	<b>6.0</b>	+1.3 (+28.2%)
IT-related Products	64.4	<b>60.8</b>	-3.7 (-5.7%)	6.3	<b>5.4</b>	-1.0 (-15.2%)
Carbon Fiber Composite Materials	27.7	<b>38.8</b>	+11.1 (+40.1%)	4.5	<b>7.2</b>	+2.7 (+58.9%)
Environment & Engineering	44.3	<b>49.1</b>	+4.8 (+10.9%)	0.4	<b>2.3</b>	+1.9 (+480.1%)
Life Science	14.3	<b>14.3</b>	-0.1 (-0.5%)	1.2	<b>1.2</b>	+0.0 (+2.5%)
Others	3.7	<b>3.8</b>	+0.1 (+2.4%)	0.5	<b>0.5</b>	-0.1 (-12.6%)
Total	451.0	<b>499.4</b>	+48.4 (+10.7%)	31.6	<b>34.9</b>	+3.3 (+10.3%)
Adjustment				▲ 5.3	▲ 5.1	+0.3
Consolidated	451.0	<b>499.4</b>	+48.4 (+10.7%)	26.3	<b>29.8</b>	+3.5 (+13.5%)

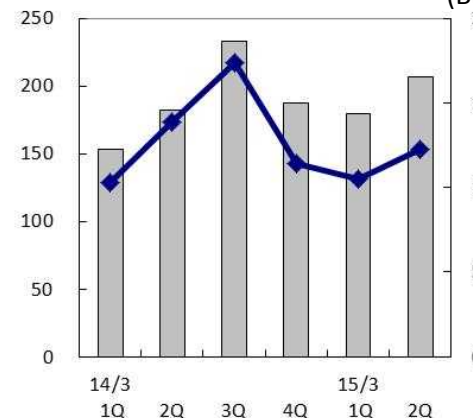
	Net Sales			Operating Income		
	FY Mar/14 Six Months (Apr.-Sept.)	FY Mar/15 Six Months (Apr.-Sept.)	Changes	FY Mar/14 Six Months (Apr.-Sept.)	FY Mar/15 Six Months (Apr.-Sept.)	Changes
Fibers & Textiles	335.1	<b>386.2</b>	+51.1 (+15.2%)	24.2	<b>22.8</b>	-1.4 (-5.9%)
Plastics & Chemicals	228.0	<b>246.2</b>	+18.2 (+8.0%)	9.0	<b>11.7</b>	+2.7 (+30.0%)
IT-related Products	122.0	<b>121.8</b>	-0.1 (-0.1%)	10.8	<b>10.3</b>	-0.5 (-4.7%)
Carbon Fiber Composite Materials	52.1	<b>76.6</b>	+24.5 (+47.1%)	7.1	<b>11.8</b>	+4.7 (+66.3%)
Environment & Engineering	83.1	<b>83.4</b>	+0.3 (+0.4%)	0.6	<b>2.1</b>	+1.4 (+221.7%)
Life Science	26.6	<b>26.5</b>	-0.1 (-0.4%)	1.9	<b>1.7</b>	-0.2 (-8.5%)
Others	6.9	<b>7.2</b>	+0.3 (+4.5%)	0.7	<b>0.7</b>	+0.0 (+3.0%)
Total	853.8	<b>948.0</b>	+94.2 (+11.0%)	54.3	<b>61.1</b>	+6.8 (+12.5%)
Adjustment				▲ 10.0	▲ 9.8	+0.3
Consolidated	853.8	<b>948.0</b>	+94.2 (+11.0%)	44.3	<b>51.3</b>	+7.0 (+15.9%)

# Business Results by Segment (Fibers & Textiles)

Unit: Billion yen

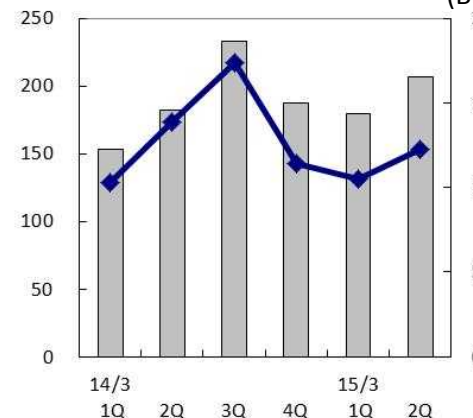
		2Q (Jul.-Sept.)				Six Months (Apr.-Sept.)			
		FY Mar/14	FY Mar/15	Changes		FY Mar/14	FY Mar/15	Changes	
Net Sales	Toray	26.7	25.6	-1.2	(-4.4%)	54.5	52.5	-2.0	(-3.6%)
	Japanese Subsidiaries	85.9	90.7	+4.9	(+5.7%)	156.7	163.8	+7.1	(+4.5%)
	Overseas Subsidiaries	69.3	90.6	+21.3	(+30.7%)	123.8	169.8	+46.0	(+37.1%)
	Total	181.9	206.9	+25.0	(+13.7%)	335.1	386.2	+51.1	(+15.2%)
Operating Income	Toray	3.8	3.2	-0.6	(-15.3%)	8.5	6.6	-1.9	(-22.6%)
	Japanese Subsidiaries	3.3	3.0	-0.3	(-9.7%)	5.1	4.6	-0.5	(-9.9%)
	Overseas Subsidiaries	7.7	7.8	+0.1	(+1.0%)	12.2	14.2	+1.9	(+15.8%)
	Adjustment	▲ 1.0	▲ 1.8	-0.8		▲ 1.7	▲ 2.6	-0.9	
	Total	13.9	12.2	-1.6	(-11.8%)	24.2	22.8	-1.4	(-5.9%)

Net Sales  
<Bar chart>



Operating Income  
<Line chart>

(Billion yen)



## 2Q (Jul.-Sept.)

In Japan, shipment of apparel applications remained weak due to the impact of the reaction to the last-minute demand caused by the consumption tax rate increase and unseasonal weather. Sales for industrial applications, led by automotive applications, continued to be strong.

Overseas, shipment of PP spunbond for hygiene products expanded at a subsidiary in Indonesia which started operation in June 2013. Other subsidiaries performed almost at the same level as the same period of the previous year.

Toray Chemical Korea Inc., which became a consolidated subsidiary at the end of the previous fiscal year, contributed to sales increase of the segment, but amortization of goodwill affected profit.

## Six Months (Apr.-Sept.)

In Japan, shipment of apparel applications remained weak due to the impact of the reaction to the last-minute demand caused by the consumption tax rate increase and unseasonal weather. Sales for industrial applications, led by automotive applications, continued to be strong. The domestic businesses were generally affected by higher raw materials and fuel prices, to a certain extent due to the weaker yen.

Overseas, while being affected by a slowdown in demand in Europe 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 shipment for automotive applications and hygiene products in emerging countries remained strong.

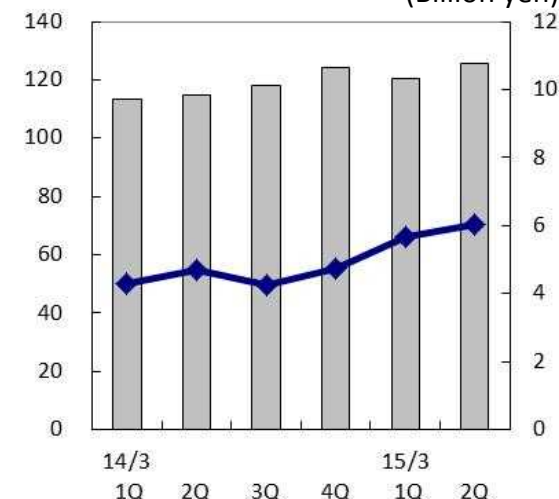
Toray Chemical Korea Inc., which became a consolidated subsidiary at the end of the previous fiscal year, contributed to sales increase of the segment, but amortization of goodwill affected profit.

# Business Results by Segment (Plastics & Chemicals)

Unit: Billion yen

		2Q (Jul.-Sept.)				Six Months (Apr.-Sept.)			
		FY Mar/14	FY Mar/15	Changes		FY Mar/14	FY Mar/15	Changes	
Net Sales	Toray	20.4	21.6	+1.3	(+6.3%)	41.0	43.4	+2.3	(+5.6%)
	Japanese Subsidiaries	45.6	45.9	+0.4	(+0.8%)	89.2	89.6	+0.4	(+0.5%)
	Overseas Subsidiaries	48.7	58.1	+9.4	(+19.4%)	97.8	113.2	+15.4	(+15.8%)
	Total	114.6	125.7	+11.1	(+9.7%)	228.0	246.2	+18.2	(+8.0%)
Operating Income	Toray	▲ 0.5	0.7	+1.3	(-)	▲ 0.4	1.3	+1.7	(-)
	Japanese Subsidiaries	1.8	2.3	+0.5	(+29.8%)	4.0	4.5	+0.6	(+14.6%)
	Overseas Subsidiaries	3.4	3.0	-0.4	(-12.5%)	5.3	6.0	+0.7	(+14.2%)
	Adjustment	0.1	0.0	-0.0		0.2	▲ 0.1	-0.3	
	Total	4.7	6.0	+1.3	(+28.2%)	9.0	11.7	+2.7	(+30.0%)

Net Sales  
<Bar chart>



Operating Income  
<Line chart>  
(Billion yen)

2Q  
(Jul.-Sept.)

**Resins Business** : Shipment of automotive applications remained steady in Japan and China. In Japan, pursued measures to pass on higher raw materials and fuel prices to the selling prices.

**Films Business** : On the back of strong demand within and outside Japan, shipment of films for solar cell back sheets and food packages expanded, although the business continued to be affected partly by price competition.

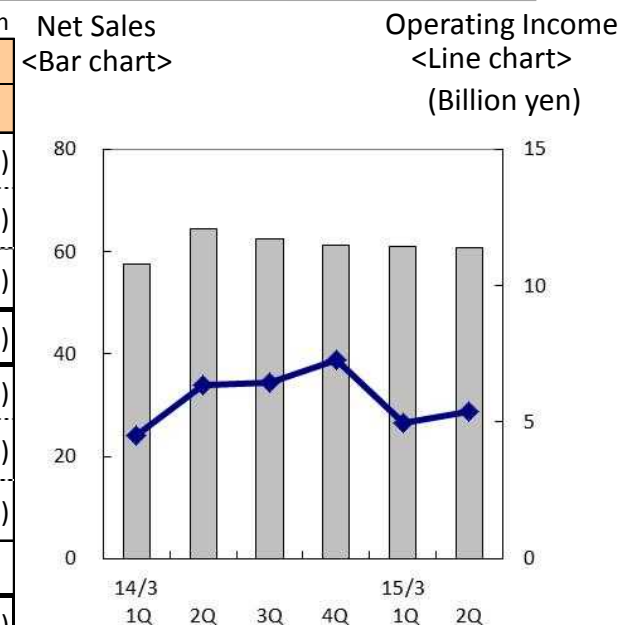
Six Months  
(Apr.-Sept.)

In the resins business, overall domestic sales remained strong despite being affected partly by the higher prices of some raw materials and fuels, as the impact of the reaction to the last-minute demand caused by the increase in consumption tax rate was limited. Overseas, shipment at the subsidiaries in the U.S. and China expanded for automotive applications. Demand for the films business's products was strong especially for industrial materials and packaging materials within and outside Japan, and shipment expanded led by films for solar cell back sheets and food packages, although the business was affected partly by price competition.

# Business Results by Segment (IT-related Products)

Unit: Billion yen

		2Q (Jul.-Sept.)				Six Months (Apr.-Sept.)			
		FY Mar/14	FY Mar/15	Changes		FY Mar/14	FY Mar/15	Changes	
Net Sales	Toray	20.8	17.6	-3.2	(-15.5%)	40.2	35.3	-4.9	(-12.2%)
	Japanese Subsidiaries	20.3	20.4	+0.1	(+0.4%)	36.3	40.6	+4.3	(+11.8%)
	Overseas Subsidiaries	23.3	22.8	-0.5	(-2.2%)	45.5	46.0	+0.5	(+1.1%)
	<b>Total</b>	<b>64.4</b>	<b>60.8</b>	<b>-3.7</b>	<b>(-5.7%)</b>	<b>122.0</b>	<b>121.8</b>	<b>-0.1</b>	<b>(-0.1%)</b>
Operating Income	Toray	2.5	1.7	-0.8	(-30.8%)	5.0	3.7	-1.4	(-27.3%)
	Japanese Subsidiaries	1.6	2.0	+0.3	(+19.9%)	2.2	3.5	+1.3	(+59.0%)
	Overseas Subsidiaries	3.0	2.4	-0.5	(-18.0%)	5.2	4.7	-0.5	(-9.1%)
	Adjustment	▲ 0.8	▲ 0.8	+0.0		▲ 1.6	▲ 1.6	+0.0	
	<b>Total</b>	<b>6.3</b>	<b>5.4</b>	<b>-1.0</b>	<b>(-15.2%)</b>	<b>10.8</b>	<b>10.3</b>	<b>-0.5</b>	<b>(-4.7%)</b>



## 2Q (Jul.-Sept.)

Sales of large LCD panel-related materials increased reflecting the steady production of panel manufacturers and the shift to larger displays. While shipment for smartphones and tablet terminals was steady mainly with electronic components related materials, the business was affected by some production adjustments by end customers. On the other hand, shipment of PDP-related materials declined, as a major customer withdrew from the PDP business. Meanwhile, price competition continued in general.

## Six Months (Apr.-Sept.)

Shipment of large LCD panel-related materials such as films and processed film products increased, reflecting the recovery in production by panel manufacturers and the shift to larger displays. While shipment of smartphone- and tablet terminal-related materials was strong in general, the business was affected by some production adjustments by end customers. On the other hand, shipment of PDP-related materials declined, as a major customer withdrew from the PDP business. Also, all materials continued to be affected by price competition.

# Details of the Sales of IT-related Products Segment

## 【Sales ratio by sub-segment】

Unit: Billion yen

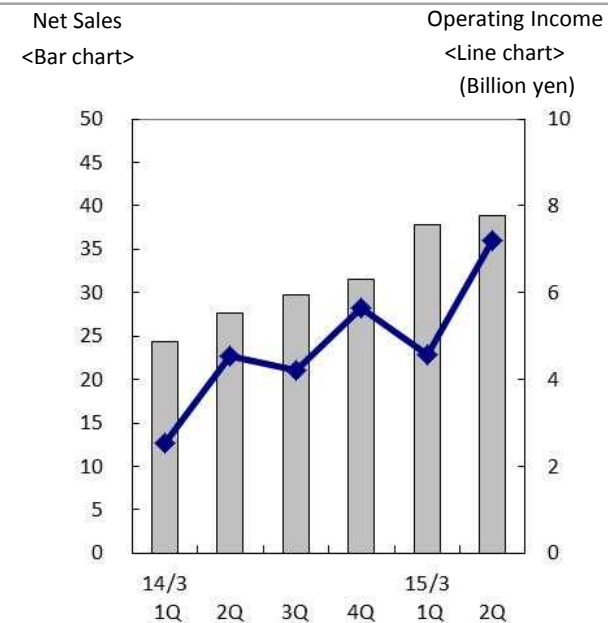
	FY Mar/14 2Q (Jul.-Sept.)		FY Mar/15 2Q (Jul.-Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Display Materials	23.2	36%	20.9	34%	-10%
Electronic Components, Semiconductor, Electric Circuit Materials	28.0	43%	26.7	44%	-5%
Data Storage Materials	7.8	12%	8.3	14%	+7%
Equipment, others	5.5	8%	4.9	8%	-11%
<b>Total of IT-related Products Segment</b>	<b>64.4</b>		<b>60.8</b>		<b>-6%</b>

	FY Mar/14 Six Months (Apr.-Sept.)		FY Mar/15 Six Months (Apr.-Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Display Materials	44.2	36%	42.1	35%	-5%
Electronic Components, Semiconductor, Electric Circuit Materials	53.8	44%	53.2	44%	-1%
Data Storage Materials	15.3	13%	15.9	13%	+4%
Equipment, others	8.7	7%	10.6	9%	+23%
<b>Total of IT-related Products Segment</b>	<b>122.0</b>		<b>121.8</b>		<b>-0%</b>

# Business Results by Segment (Carbon Fiber Composite Materials)

Unit: Billion yen

		2Q (Jul.-Sept.)				Six Months (Apr.-Sept.)			
		FY Mar/14	FY Mar/15	Changes		FY Mar/14	FY Mar/15	Changes	
Net Sales	Toray	22.1	23.7	+1.6	(+7.1%)	43.1	46.6	+3.5	(+8.1%)
	Japanese Subsidiaries	12.9	14.9	+2.0	(+15.8%)	25.8	29.6	+3.9	(+15.0%)
	Overseas Subsidiaries	22.2	33.7	+11.4	(+51.3%)	41.9	67.0	+25.1	(+59.9%)
	Adjustment	▲ 29.5	▲ 33.4	-3.9		▲ 58.7	▲ 66.5	-7.9	
	Total	27.7	38.8	+11.1	(+40.1%)	52.1	76.6	+24.5	(+47.1%)
Operating Income	Toray	3.0	4.2	+1.2	(+38.4%)	4.1	8.0	+3.9	(+93.7%)
	Japanese Subsidiaries	0.2	0.2	+0.0	(+10.8%)	0.4	0.4	-0.1	(-14.9%)
	Overseas Subsidiaries	1.7	3.1	+1.4	(+80.4%)	3.1	5.0	+1.9	(+62.0%)
	Adjustment	▲ 0.4	▲ 0.3	+0.1		▲ 0.6	▲ 1.6	-1.0	
	Total	4.5	7.2	+2.7	(+58.9%)	7.1	11.8	+4.7	(+66.3%)



As the segment highly conducts global operation, internal sales figures are shown in the adjustment line to describe the true state of the business.

## 2Q (Jul.-Sept.)

Sales of carbon fibers and intermediate products (prepreg) remained strong for aerospace applications and that in the environment and energy fields including compressed natural gas tank applications. The composite business was steady with materials for notebook PCs. Toray Group also worked on restoration of prices of general products used in sports and industrial applications. Zoltek Companies, Inc., which became a consolidated subsidiary at the end of the previous fiscal year, contributed to sales increase of the segment, but amortization of goodwill affected profit.

## Six Months (Apr.-Sept.)

Demand for aircraft as well as that in the environment and energy fields including compressed natural gas tank applications expanded and automotive-related demand was also strong primarily in Europe, while shipment of carbon fibers and intermediate products (prepreg) increased for aerospace applications and general industrial applications. Toray Group also worked on restoration of prices of general products used in sports and industrial applications. Zoltek Companies, Inc., which became a consolidated subsidiary at the end of the previous fiscal year, contributed to sales increase of the segment, but amortization of goodwill affected profit.

# Details of the Sales of Carbon Fiber Composite Materials Segment

【Sales ratio by sub-segment】

Unit: Billion yen

	FY Mar/14 2Q (Jul.-Sept.)		FY Mar/15 2Q (Jul.-Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Aerospace	14.0	50%	19.4	50%	+39%
Sports	3.4	12%	4.1	10%	+18%
Industrial	10.3	37%	15.4	40%	+49%
Total	27.7		38.8		+40%

	FY Mar/14 Six Months (Apr.-Sept.)		FY Mar/15 Six Months (Apr.-Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Aerospace	25.2	48%	37.5	49%	+49%
Sports	6.6	13%	7.8	10%	+18%
Industrial	20.3	39%	31.4	41%	+54%
Total	52.1		76.6		+47%

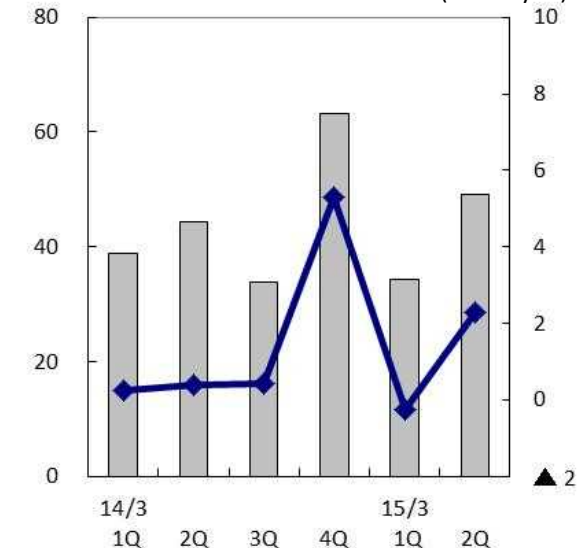
# Business Results by Segment (Environment & Engineering)

Unit: Billion yen

		2Q (Jul.-Sept.)				Six Months (Apr.-Sept.)			
		FY Mar/14	FY Mar/15	Changes		FY Mar/14	FY Mar/15	Changes	
Net Sales	Toray	2.6	3.6	+1.0	(+37.2%)	4.7	6.0	+1.3	(+28.3%)
	Japanese Subsidiaries	40.0	40.5	+0.5	(+1.1%)	75.3	68.1	-7.2	(-9.6%)
	Overseas Subsidiaries	1.7	5.1	+3.4	(+202.4%)	3.1	9.4	+6.2	(+200.2%)
	Total	44.3	49.1	+4.8	(+10.9%)	83.1	83.4	+0.3	(+0.4%)
Operating Income	Toray	0.2	0.3	+0.2	(+100.0%)	0.2	0.2	+0.0	(+5.0%)
	Japanese Subsidiaries	0.1	1.8	+1.7	(-)	▲ 0.1	1.4	+1.5	(-)
	Overseas Subsidiaries	0.2	0.4	+0.3	(+182.1%)	0.2	0.7	+0.6	(+346.3%)
	Adjustment	▲ 0.1	▲ 0.2	-0.2		0.4	▲ 0.2	-0.7	
	Total	0.4	2.3	+1.9	(+480.1%)	0.6	2.1	+1.4	(+221.7%)

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



**Water Treatment Business** : Sales of water treatment membranes including reverse osmosis membranes expanded and worked thoroughly to reduce cost.

Toray Chemical Korea Inc., which became a consolidated subsidiary at the end of the previous fiscal year, contributed to the business performance.

**Japan** : A construction subsidiary increased completed condominiums and a water treatment engineering subsidiary performed strongly with its mainstay water supply and sewage businesses.

2Q  
(Jul.-Sept.)

Six Months  
(Apr.-Sept.)

In the water treatment business, amid continued weakness of demand in the global market, the shipment of seawater desalination projects increased and Toray Chemical Korea Inc., which became a consolidated subsidiary at the end of the previous fiscal year, contributed to the business performance.

Domestic subsidiaries in the segment performed strongly, as the number of environmental energy-related projects at an engineering subsidiary increased and more condominiums were completed by a construction subsidiary. Net sales at a trading subsidiary declined due to the change in the form of transaction of some portion of the business.



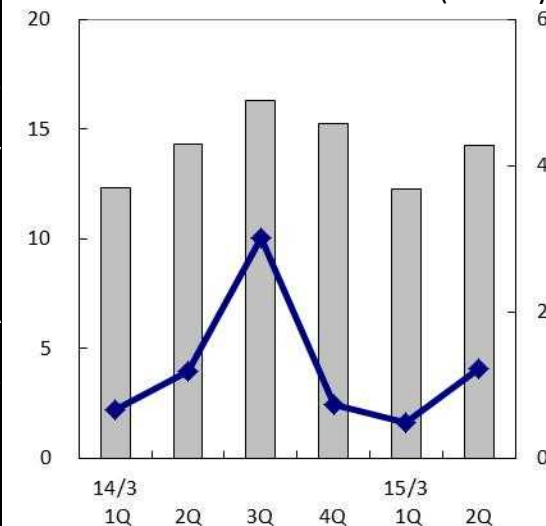
# Business Results by Segment (Life Science)

Unit: Billion yen

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)

		2Q (Jul.-Sept.)				Six Months (Apr.-Sept.)			
		FY Mar/14	FY Mar/15	Changes		FY Mar/14	FY Mar/15	Changes	
Net Sales	Toray	3.5	3.7	+0.2	(+5.0%)	6.9	6.6	-0.4	(-5.1%)
	Japanese Subsidiaries	9.8	9.3	-0.5	(-4.7%)	18.0	17.6	-0.4	(-2.4%)
	Overseas Subsidiaries	1.1	1.3	+0.2	(+19.4%)	1.7	2.3	+0.7	(+40.8%)
	<b>Total</b>	<b>14.3</b>	<b>14.3</b>	<b>-0.1</b>	<b>(-0.5%)</b>	<b>26.6</b>	<b>26.5</b>	<b>-0.1</b>	<b>(-0.4%)</b>
Operating Income	Toray	0.3	1.4	+1.1	(+346.3%)	1.2	2.0	+0.7	(+56.7%)
	Japanese Subsidiaries	0.7	0.2	-0.5	(-72.5%)	0.7	0.1	-0.6	(-87.9%)
	Overseas Subsidiaries	▲ 0.0	▲ 0.1	-0.1	(-)	▲ 0.1	▲ 0.1	-0.1	(-)
	Adjustment	0.2	▲ 0.3	-0.5		0.0	▲ 0.2	-0.2	
	<b>Total</b>	<b>1.2</b>	<b>1.2</b>	<b>+0.0</b>	<b>(+2.5%)</b>	<b>1.9</b>	<b>1.7</b>	<b>-0.2</b>	<b>(-8.5%)</b>



## 2Q (Jul.-Sept.)

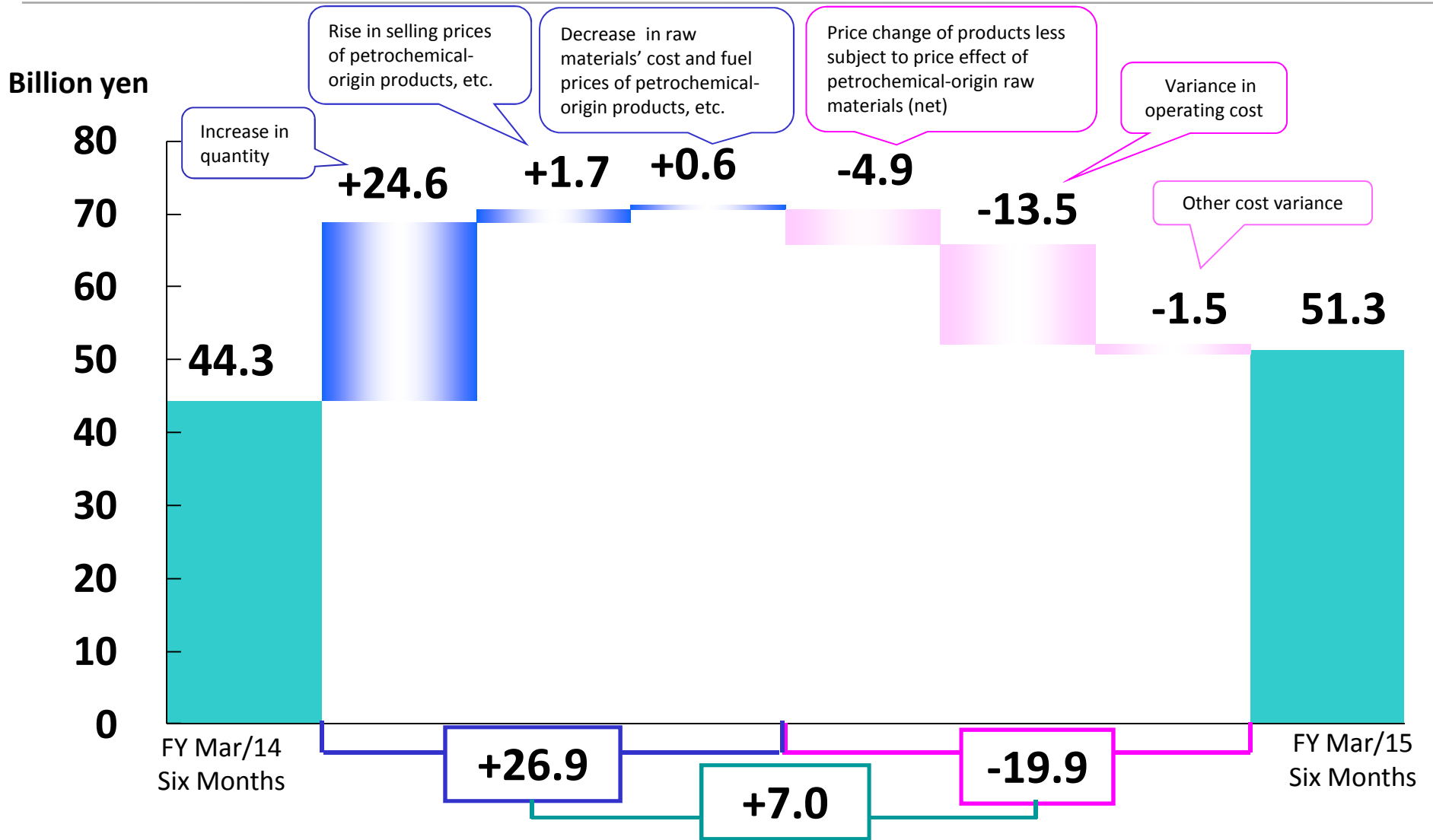
In pharmaceuticals, sales of REMITCH<sup>®</sup>\*, an oral anti-pruritus drug for hemodialysis patients, expanded robustly, but other pharmaceutical products were affected by the NHI drug price revision and the intensified price competition. In the medical devices business, while shipment of dialyzers grew strongly, sales of dialysis machines was weak.

## Six Months (Apr.-Sept.)

In the pharmaceutical business, sales of REMITCH<sup>®</sup>\*, an oral anti-pruritus drug for hemodialysis patients, expanded robustly, but shipment of natural-type interferon beta preparation FERON<sup>®</sup> was weak due to the impact of intensified competition and orally active prostacyclin derivative DORNER<sup>®</sup> was affected by the NHI drug price revision and increasing sales of its generic versions. In the medical devices business, shipment of dialyzers grew strongly.

※ REMITCH<sup>®</sup> is a registered trademark of Torii Pharmaceutical Co., Ltd.

# Income Variance Factor Analysis (Six Months)



“Petrochemical-origin products, etc.” are the total of Fibers & Textiles, Plastics & Chemicals and Carbon Fiber Composite Materials Segments

# Results of Major Subsidiaries (Six Months)

Billion yen

	Net Sales			Operating Income		
	FY Mar/14 Six Months (Apr.-Sept.)	FY Mar/15 Six Months (Apr.-Sept.)	Changes	FY Mar/14 Six Months (Apr.-Sept.)	FY Mar/15 Six Months (Apr.-Sept.)	Changes
Toray International Inc.	253.5	<b>258.3</b>	+4.8	5.3	<b>4.7</b>	-0.6
Toray Engineering Co., Ltd.	30.7	<b>34.6</b>	+3.9	▲ 0.7	<b>0.4</b>	+1.1
Toray Construction Co., Ltd.	21.5	<b>26.0</b>	+4.6	0.4	<b>1.1</b>	+0.7
Toray Advanced Film Co., Ltd.	21.3	<b>24.0</b>	+2.7	0.6	<b>1.2</b>	+0.6
Toray Medical Co., Ltd.	19.5	<b>18.7</b>	-0.8	0.7	<b>0.1</b>	-0.6
TAK (Republic of Korea)	57.0	<b>59.5</b>	+2.5	6.3	<b>5.2</b>	-1.1
TPM (Malaysia)	35.2	<b>35.4</b>	+0.2	1.4	<b>1.1</b>	-0.3

Subsidiaries in Southeast Asia *1	Fibers & Textiles	57.2	<b>60.8</b>	+3.6	2.0	<b>2.6</b>	+0.7
	Plastics & Chemicals	40.7	<b>42.0</b>	+1.3	1.8	<b>1.6</b>	-0.2
	Others	4.3	<b>4.1</b>	-0.2	0.2	<b>0.2</b>	-0.0
	Total	102.1	<b>106.8</b>	+4.7	4.0	<b>4.5</b>	+0.4

Subsidiaries in China *2	Fibers & Textiles	82.5	<b>93.6</b>	+11.1	7.6	<b>7.9</b>	+0.3
	Plastics & Chemicals	31.1	<b>41.4</b>	+10.4	0.7	<b>1.3</b>	+0.6
	Others	8.4	<b>8.7</b>	+0.3	▲ 0.0	<b>▲ 0.1</b>	-0.0
	Total	122.0	<b>143.8</b>	+21.8	8.3	<b>9.1</b>	+0.9

Films Subsidiaries (Overseas) *3	Plastics & Chemicals	48.5	<b>51.3</b>	+2.9	2.5	<b>3.0</b>	+0.4
	IT-related Products	31.6	<b>32.6</b>	+1.0	4.5	<b>4.0</b>	-0.5
	Total	80.0	<b>83.9</b>	+3.9	7.0	<b>6.9</b>	-0.1

\*1 : ITS, ETX, ISTEM, ACTEM, CENTEX, TPJ, PFR, PAB-G, TTS, LTX, TTTM, TPM sum total

\*2 : TFNL, TSD, TJQ, TPN, TCH, TICH, TIHK, THK-G, TPCH-G, TPPH/TPPZ, TFH/TFZ, TBMC, TMQ, TFCC sum total

\*3 : TAK, PFR, TPA, TFE, TFH/TFZ, TAFK sum total

# 1Q vs. 2Q Comparison of Operating Income by Segment

Billion yen

Segment	Operating Income FY Mar/15 1Q → FY Mar/15 2Q ( ) difference	Variance Factors
Fibers & Textiles	10.5 → 12.2 (+1.7)	<ul style="list-style-type: none"> <li>• Shipment of garments for functional wear for autumn and winter made a promising start.</li> <li>• Textile subsidiaries in China performed steadily.</li> </ul>
Plastics & Chemicals	5.7 → 6.0 (+0.4)	<ul style="list-style-type: none"> <li>• In the resins business, engineering plastics for automotive applications were steady.</li> <li>• In the films business, sales of films for solar cell back sheets and packaging materials increased steadily, although price competition continued.</li> </ul>
IT-related Products	5.0 → 5.4 (+0.4)	<ul style="list-style-type: none"> <li>• Shipment increased in related materials for large LCD panels and smartphones.</li> </ul>
Carbon Fiber Composite Materials	4.6 → 7.2 (+2.6)	<ul style="list-style-type: none"> <li>• Sales of aerospace and industrial applications including compressed natural gas tanks were strong.</li> </ul>
Environment & Engineering	▲0.2 → 2.3 (+2.5)	<ul style="list-style-type: none"> <li>• Water treatment business performed steadily.</li> <li>• The construction subsidiary increased the completed condominiums.</li> </ul>
Life Science	0.5 → 1.2 (+0.7)	<ul style="list-style-type: none"> <li>• Proceeded sales expansion of pharmaceutical products and medical devices including dialyzers.</li> </ul>
Others	0.3 → 0.5 (+0.2)	
Adjustment	▲4.7 → ▲5.1 (-0.4)	
Consolidated	21.5 → 29.8 (+8.3)	

## **II. Business Forecast for the Fiscal Year Ending March 2015 (Consolidated Basis)**

# Forecast Summary

		FY Mar/14 Actual	FY Mar/15 Forecast	Changes		Previous Forecast	Difference from Previous Forecast
Net Sales	1st Half	853.8	948.0	+94.2	(+11.0%)	1,000.0	-52.0
	2nd Half	984.0	1,152.0	+168.0	(+17.1%)	1,150.0	+2.0
	<b>Total</b>	<b>1,837.8</b>	<b>2,100.0</b>	<b>+262.2</b>	<b>(+14.3%)</b>	<b>2,150.0</b>	<b>-50.0</b>
Operating Income	1st Half	44.3	51.3	+7.0	(+15.9%)	50.0	+1.3
	2nd Half	61.0	78.7	+17.7	(+29.1%)	80.0	-1.3
	<b>Total</b>	<b>105.3</b>	<b>130.0</b>	<b>+24.7</b>	<b>(+23.5%)</b>	<b>130.0</b>	<b>—</b>
Ordinary Income	1st Half	46.5	56.5	+10.0	(+21.4%)	47.0	+9.5
	2nd Half	64.1	76.5	+12.4	(+19.3%)	78.0	-1.5
	<b>Total</b>	<b>110.6</b>	<b>133.0</b>	<b>+22.4</b>	<b>(+20.2%)</b>	<b>125.0</b>	<b>+8.0</b>
Net Income	1st Half	29.4	41.3	+11.9	(+40.5%)	25.0	+16.3
	2nd Half	30.2	41.7	+11.5	(+38.0%)	45.0	-3.3
	<b>Total</b>	<b>59.6</b>	<b>83.0</b>	<b>+23.4</b>	<b>(+39.2%)</b>	<b>70.0</b>	<b>+13.0</b>
Net Income per Share	1st Half	18.03 yen	25.70 yen	Remarks : Estimated exchange rate : 105 yen / US\$ (from October)			
	2nd Half	18.56 yen	26.11 yen				
	<b>Total</b>	<b>36.59 yen</b>	<b>51.81 yen</b>				
Dividend per Share	1st Half	5.00 yen	5.00 yen				
	2nd Half	5.00 yen	6.00 yen				
	<b>Total</b>	<b>10.00 yen</b>	<b>11.00 yen</b>				

Billion yen

# Forecast by Segment

Billion yen

		FY Mar/14 Actual			FY Mar/15 Forecast			Changes			Difference from Previous Forecast		
		1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total
Net Sales	Fibers & Textiles	335.1	420.4	755.5	386.2	483.9	870.0	+51.1	+63.4	+114.5	-3.9	+3.9	—
	Plastics & Chemicals	228.0	242.5	470.5	246.2	263.8	510.0	+18.2	+21.3	+39.5	-23.8	-16.2	-40.0
	IT-related Products	122.0	123.8	245.7	121.8	148.2	270.0	-0.1	+24.4	+24.3	-3.2	-1.8	-5.0
	Carbon Fiber Composite Materials	52.1	61.3	113.3	76.6	88.4	165.0	+24.5	+27.1	+51.7	-3.4	+8.4	+5.0
	Environment & Engineering	83.1	97.1	180.2	83.4	126.6	210.0	+0.3	+29.5	+29.8	-16.6	+6.6	-10.0
	Life Science	26.6	31.6	58.2	26.5	33.5	60.0	-0.1	+1.9	+1.8	-0.5	+0.5	—
	Others	6.9	7.4	14.3	7.2	7.8	15.0	+0.3	+0.4	+0.7	-0.8	+0.8	—
	Consolidated	853.8	984.0	1,837.8	948.0	1,152.0	2,100.0	+94.2	+168.0	+262.2	-52.0	+2.0	-50.0
Operating Income	Fibers & Textiles	24.2	28.7	52.9	22.8	32.2	55.0	-1.4	+3.5	+2.1	-1.2	+0.2	-1.0
	Plastics & Chemicals	9.0	9.0	18.0	11.7	13.3	25.0	+2.7	+4.3	+7.0	+0.7	+0.3	+1.0
	IT-related Products	10.8	13.8	24.6	10.3	16.7	27.0	-0.5	+2.9	+2.4	-0.7	-2.3	-3.0
	Carbon Fiber Composite Materials	7.1	9.8	16.9	11.8	14.2	26.0	+4.7	+4.4	+9.1	+1.8	+1.2	+3.0
	Environment & Engineering	0.6	5.8	6.4	2.1	7.4	9.5	+1.4	+1.7	+3.1	+0.6	-0.6	—
	Life Science	1.9	3.7	5.6	1.7	4.8	6.5	-0.2	+1.1	+0.9	-0.3	+0.3	—
	Others	0.7	1.3	2.0	0.7	1.3	2.0	+0.0	-0.0	+0.0	-0.3	+0.3	—
	Adjustment	▲ 10.0	▲ 11.2	▲ 21.2	▲ 9.8	▲ 11.3	▲ 21.0	+0.3	-0.1	+0.2	+0.8	-0.8	—
Consolidated	44.3	61.0	105.3	51.3	78.7	130.0	+7.0	+17.7	+24.7	+1.3	-1.3	—	

# Operating Income Comparison with Previous Forecast by Segment

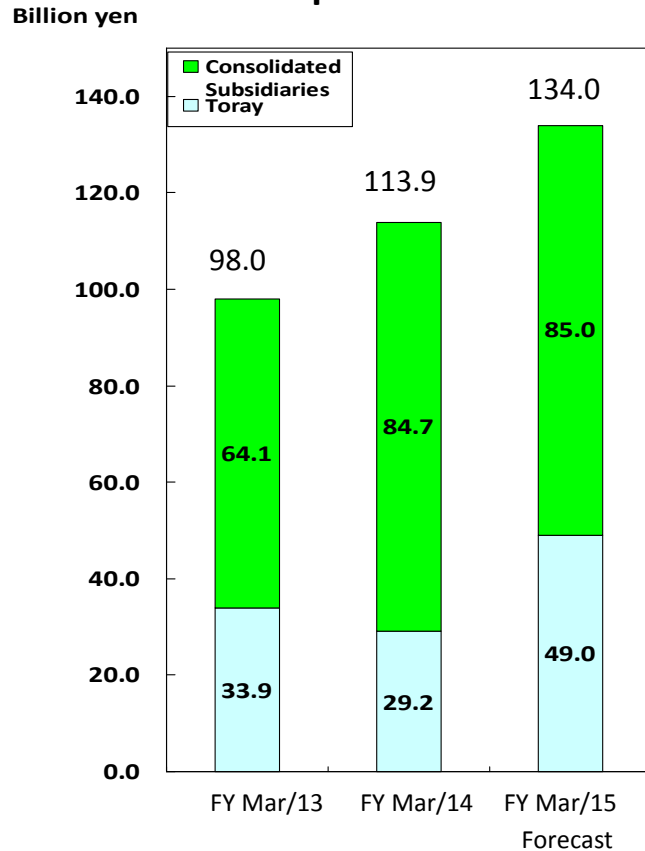
Segment	Full-year Operating Income Previous Forecast → New Forecast ( ) difference	Variance Factors
Fibers & Textiles	56.0 → 55.0 (-1.0)	<ul style="list-style-type: none"> <li>Expect sluggish performance in domestic apparel applications compared with the previous forecast due to the impact of the reaction to the last-minute demand caused by the consumption tax rate increase and unseasonal weather.</li> </ul>
Plastics & Chemicals	24.0 → 25.0 (+1.0)	<ul style="list-style-type: none"> <li>Expect stronger performance compared with the previous forecast reflecting steady sales of resins and films business during the first half of the fiscal year.</li> </ul>
IT-related Products	30.0 → 27.0 (-3.0)	<ul style="list-style-type: none"> <li>Expect weaker production of smartphones and tablet terminals than the previous forecast.</li> </ul>
Carbon Fiber Composite Materials	23.0 → 26.0 (+3.0)	<ul style="list-style-type: none"> <li>Expect stronger demand for aerospace applications and industrial applications compared with the previous forecast.</li> </ul>
Environment & Engineering	9.5 → 9.5 (±0.0)	<ul style="list-style-type: none"> <li>Expect to be in line with the previous forecast.</li> </ul>
Life Science	6.5 → 6.5 (±0.0)	<ul style="list-style-type: none"> <li>Expect to be in line with the previous forecast.</li> </ul>
Others	2.0 → 2.0 (±0.0)	<ul style="list-style-type: none"> <li>Expect to be in line with the previous forecast.</li> </ul>
Adjustment	▲21.0 → ▲21.0 (±0.0)	
Consolidated	130.0 → 130.0 (±0.0)	

Billion yen

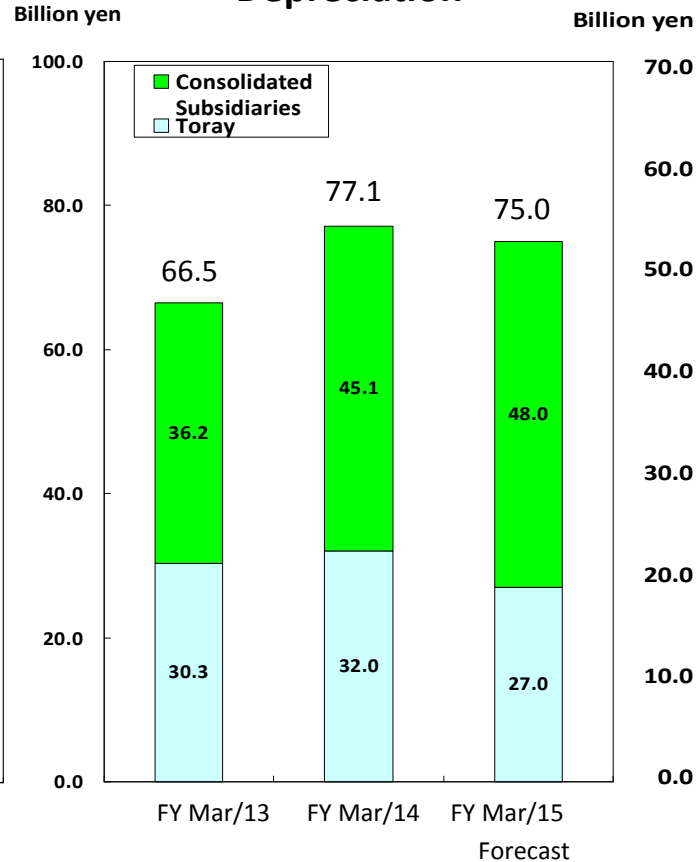


# Forecast of Capital Expenditures, Depreciation, R&D Expenses

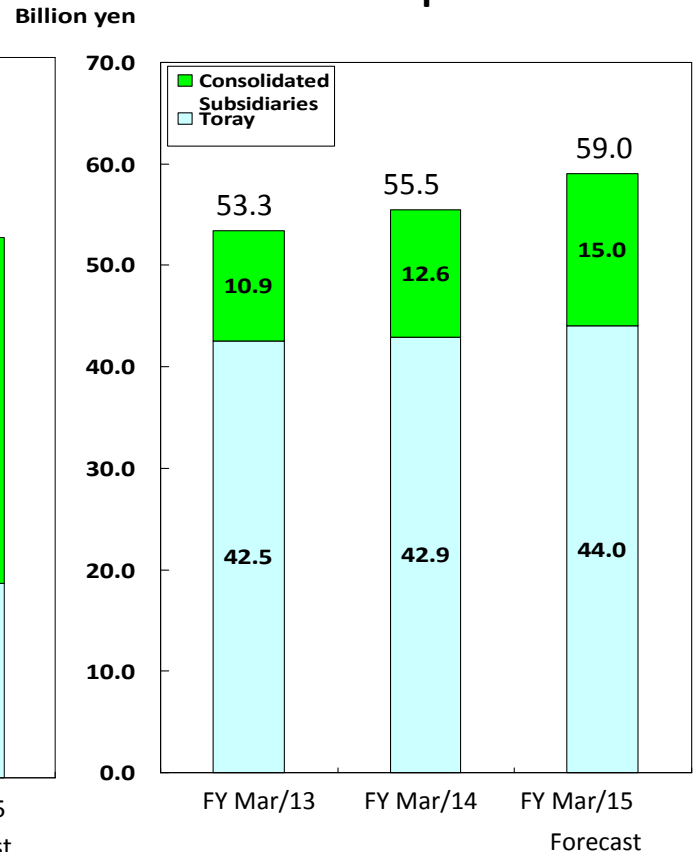
## Capital Expenditures



## Depreciation



## R&D Expenses



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**Descriptions of predicted business results, projections, and business plans for the Fiscal Year Ending March 2015 contained in this material are based on predictive forecasts of the future business environment made at the present time.**

**The material in this presentation is not a guarantee of the Company's future business performance.**