

## Toray Announces Consolidated Results for the Fiscal Year Ended March 31, 2012

Tokyo, May 8, 2012 - Toray Industries, Inc. (the "Company") today announced its consolidated business results for the fiscal year ended March 31, 2012 (FY Mar/12). 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,			
	2012	2011	Change	2012
	Yen		%	U.S. dollars
Net sales	¥1,588,604	¥1,539,693	3.2	\$19,326
Operating income	107,721	100,087	7.6	1,310
Ordinary income	109,849	98,888	11.1	1,336
Net income	64,218	57,925	10.9	781

Depreciation	¥66,681	¥69,539	(4.1)	\$811
Capital investment	94,307	55,394	70.2	1,147
Total assets	1,581,501	1,567,470	0.9	19,240
Property, plant and equipment, net	561,923	531,595	5.7	6,836
Net assets	674,149	640,970	5.2	8,201

#### Per Share of common stock (yen)

Net income – Basic	¥39.41	¥36.41	8.2	-
Net income – Diluted	37.46	34.43	8.8	-
Cash dividends	10.00	7.5	33.3	-
Net assets	384.90	363.90	5.8	-

#### Ratios (%)

Operating income to net sales	6.8%	6.5%	-	-
Net income to net sales	4.0%	3.8%	-	-
Equity ratio	39.7%	37.8%	-	-
Return on equity	10.5%	10.9%	-	-

#### Notes:

1. For calculation of "net assets per share" and "equity ratio," minority interests and subscription rights to shares are deducted from net assets.
2. U.S. dollar amounts have been converted from yen at the exchange rate of ¥82.2 = U.S.\$1, the approximate rate of exchange prevailing on March 31, 2012.
3. Amounts are rounded to the nearest million.
4. Comprehensive income at March 31, 2012 and 2011 is ¥52,653 million (\$641 million) and ¥29,095 million.

## Segment Information

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

Net Sales	Year ended March 31,		
	2012	2011	2012
	Yen		<i>U.S. dollars</i>
Fibers and Textiles	<b>¥638,375</b>	¥584,115	<b>\$7,766</b>
Plastics and Chemicals	<b>397,815</b>	382,299	<b>4,840</b>
IT-related Products	<b>243,404</b>	262,027	<b>2,961</b>
Carbon Fiber Composite Materials	<b>69,914</b>	67,018	<b>851</b>
Environment and Engineering	<b>170,247</b>	178,183	<b>2,071</b>
Life Science	<b>55,554</b>	52,430	<b>676</b>
Others	<b>13,295</b>	13,621	<b>162</b>
Consolidated Total	<b>1,588,604</b>	1,539,693	<b>19,326</b>

Segment Income	Year ended March 31,		
	2012	2011	2012
	Yen		<i>U.S. dollars</i>
Fibers and Textiles	<b>¥45,327</b>	¥32,449	<b>\$551</b>
Plastics and Chemicals	<b>27,381</b>	27,108	<b>333</b>
IT-related Products	<b>34,512</b>	42,233	<b>420</b>
Carbon Fiber Composite Materials	<b>7,671</b>	3,285	<b>93</b>
Environment and Engineering	<b>4,882</b>	3,349	<b>59</b>
Life Science	<b>5,981</b>	6,129	<b>73</b>
Others	<b>1,334</b>	1,047	<b>16</b>
Total	<b>127,088</b>	115,600	<b>1,546</b>
Adjustment	<b>(19,367)</b>	(15,513)	<b>(236)</b>
Consolidated Total (Operating income)	<b>107,721</b>	100,087	<b>1,310</b>

### Notes:

1. "Others" represents service-related businesses such as analysis, survey and research.
2. "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. "Adjustment" of segment income for the year ended March 31, 2011 of (15,513) million yen includes intersegment eliminations of 1,257 million yen and corporate expenses of (16,770) 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 ¥82.2 = U.S.\$1, the approximate rate of exchange prevailing on March 31, 2012.
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, 2012	
		Yen	<i>U.S. dollars</i>
Japan		<b>¥876,224</b>	<b>\$10,660</b>
Asia	China	<b>203,419</b>	<b>2,475</b>
	Others	<b>284,430</b>	<b>3,460</b>
North America, Europe & Others		<b>224,531</b>	<b>2,732</b>
Consolidated Total		<b>1,588,604</b>	<b>19,326</b>

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥82.2 = U.S.\$1, the approximate rate of exchange prevailing on March 31, 2012.
2. Amounts are rounded to the nearest million.

## Forecast of Consolidated Results for the fiscal 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	¥1,730,000	\$21,625
Operating income	115,000	1,438
Ordinary income	114,000	1,425
Net income	66,000	825

Reference: EPS forecast (year ending March 31, 2013) ¥40.51

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥80 = U.S.\$1, the estimated rate of exchange for FY Mar/13 (April 2012 - March 2013).

# Consolidated Business Results and Financial Condition

## 1. Overview of FY Mar/12 (April 2011 – March 2012)

During the period under review, after experiencing a mild expansion in the first half, the global economy slowed down due to the uncertainties stemming from the European sovereign debt problems and deceleration in emerging countries' economic growth. The Japanese economy, in spite of signs of recovery following the swift restoration of the supply networks that were damaged by the Great East Japan Earthquake, came to a standstill because of the slowing global economy, the yen's historic rise and the floods in Thailand. Once 2012 started, the domestic as well as overseas economies showed steady recovery, reflecting factors such as the progress in handling of the European sovereign debt problems, improvement of the U.S. economy and the move to rein in the strong yen.

Under such circumstances, Toray Group in April 2011 launched the new medium-term management program "Project AP-G 2013." Under the project, the Group has been striving to strengthen its revenue base by pursuing business expansion in growth business fields and growth regions and by bolstering its total cost competitiveness.

Reflecting these efforts, consolidated net sales for the fiscal year ended March 31, 2012 rose 3.2% compared with a year ago to ¥1,588.6 billion (US\$19,326 million). Operating income increased 7.6% to a record ¥107.7 billion (US\$1,310 million). Ordinary income rose 11.1% to ¥109.8 billion (US\$1,336 million) and net income increased 10.9% to ¥64.2 billion (US\$781 million), which were also the highest ever.

Business performance by segment is described below.

### **Business Performance by Segment:**

#### *Fibers and Textiles*

In Japan, sales increased strongly in apparel applications including inner wear using functional materials. Sales of industrial-use materials, especially automotive applications, also recovered along with retrieval of automobile manufacturers' operations. Overseas, despite the impact of the floods in Thailand on both production and sales, the polyester filament and staple fiber as well as clothing textile businesses in China and ASEAN countries, the polypropylene spunbond business for disposable diapers in Republic of Korea and China, the air bag material business in Thailand and Czech Republic, and the suede-texture artificial leather business in Italy expanded sales and shifted focus to high value-added products. These efforts resulted in strong performance in both apparel and industrial applications abroad.

Overall sales of Fibers and Textiles in the fiscal year ended March 31, 2012 rose 9.3% to ¥638.4 billion (US\$7,766 million) from the previous year and operating income expanded 39.7% to ¥45.3 billion (US\$551 million).

#### *Plastics and Chemicals*

In the Plastics and Chemicals segment, sales volume of products for automotive

applications in the resin business, which had been affected by the Great East Japan Earthquake, recovered from the second quarter mainly in Japan. On the other hand, demand for general purpose ABS stagnated overseas against the backdrop of global economic slowdown. In the film business, products for industrial material and packaging material applications performed strongly in Japan and Toray Group expanded sales in the U.S., Europe and Asia in the first half. From the third quarter, however, the demand for these products waned both in Japan and abroad because of the global economic slowdown and intensifying price competition.

On the whole, sales of Plastics and Chemicals increased 4.1% to ¥397.8 billion (US\$4,840 million). Operating income rose 1.0% to ¥27.4 billion (US\$333 million).

#### *IT-related Products*

In the IT-related Products segment, while sales of materials for small and mid-sized displays such as for smartphones performed strongly, those of LCD and PDP TV-related products including films and processed film products fell due to the impact of panel production adjustments caused by the slowdown in the flat-screen TV market.

Sales of IT-related Products declined 7.1% to ¥243.4 billion (US\$2,961 million) and operating income fell 18.3% to ¥34.5 billion (US\$420 million).

#### *Carbon Fiber Composite Materials*

In the Carbon Fiber Composite Materials segment, despite the impact of the appreciation of the yen, Toray Group actively pursued sales expansion in the aerospace and general industrial applications, as demand for aircraft applications grew and that in environmental and energy field including the compressed natural gas tank application expanded. In the first half, the Group also made steady efforts to push back prices primarily in the area of general products for sports and general industrial applications. Demand for the sports application products, however, weakened in the second half due to the impact of economic slowdown in Japan as well as overseas.

On the whole, sales in the Carbon Fiber Composite Materials segment increased 4.3% to ¥69.9 billion (US\$851 million) on year, while operating income surged 133.5% to ¥7.7 billion (US\$93 million).

#### *Environment and Engineering*

In the Environment and Engineering segment, sales of the water treatment business at the Company declined due to lack of large-scale projects similar to those during the previous year and also because of the stronger yen. Nevertheless, Toray Group as a whole actively pursued activities to win orders for reverse osmosis membranes and other water treatment membranes around the world. In Japan, large projects at a water treatment engineering subsidiary made progress, while sales at construction and real estate subsidiaries expanded.

The total sales of the segment fell 4.5% to ¥170.2 billion (US\$2,071 million). Operating income increased 45.8% to ¥4.9 billion (US\$59 million).

### *Life Science*

In the Life Science segment, sales of pharmaceutical products including *REMITCH*<sup>®</sup>, an oral antipruritus drug for hemodialysis patients, as well as those of *TORAYMYXIN*<sup>™</sup>, a hemoperfusion absorption column for removing endotoxin, and *TORAYLIGHT*<sup>™</sup>, a polysulfone membrane artificial kidney, increased.

Overall sales of Life Science rose 6.0% to ¥55.6 billion (US\$676 million) from a year earlier, while operating income fell 2.4% to ¥6.0 billion (US\$73 million), partly due to an increased burden of development expenses.

Note: *REMITCH*<sup>®</sup> 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 emphasized on “business expansion in growth business fields and growth regions.”

In response to growing demand for disposable baby diapers in ASEAN countries, the Group will start the high-performance polypropylene spunbond business in Indonesia as part of its Fibers and Textiles Business. In September 2011, Toray Advanced Materials Korea Inc. established a subsidiary P.T. Toray Polytech Jakarta, which plans to start full-scale operation of its production facility having an annual capacity of 20,000 tons in June 2013.

In the Plastics and Chemicals segment, the Group will enhance the production capacity of polyphenylene sulfide (PPS) resin *TORELINA*<sup>®</sup>. The Company is currently building a production facility at Tokai Plant to increase the capacity by 5,000 tons a year and the facility is slated to start operations in January 2013. PPS resin has superior heat resistance, chemical resistance, mechanical strength and flame resistance and is used in automobile electric parts, electric and electronic devices, and housing parts. The PPS resin market is expected to continue growing in the future.

In the IT-related Products segment, Toray Advanced Film Co., Ltd. in May 2011 established subsidiary Toray Advanced Film Kaohsiung Co., Ltd. in Kaohsiung, Taiwan, in response to increasing demand for surface protection films primarily for liquid crystal display parts. The new company’s plant for producing polyolefin-based self-adhesive protective film *TORETEC*<sup>®</sup> is expected to start operations in January 2013 and it will expand the production capacity up to 17,000 tons a year in a phased manner. In addition, the Company made Toray Tonen Specialty Separator Godo Kaisha, a 50-50 joint venture with Exxon Mobile Group engaged in production and distribution of battery separator films, into a wholly owned subsidiary in January 2012. The subsidiary was renamed as Toray Battery Separator Film Godo Kaisha, with which the Group aims to further expand earnings from battery separators, the core parts of lithium ion batteries, and improve the business’s competitiveness by utilizing its film production and development technologies and global operation system.

In the Carbon Fiber Composite Materials segment, the Group plans to increase production capacity of its four global carbon fiber production bases in Japan, the U.S., France and Republic of Korea. It will add a total of 6,000 tons in capacity at the four bases and the additional facilities are expected to start operations from 2014 one after another. This major production capacity expansion will boost Toray Group’s overall

carbon fiber production capacity to 27,100 tons by March 2015, ensuring a structure for stable supply of Toray's high-quality, high-grade carbon fibers to its customers around the world. In December 2011, the Group also purchased the remaining shares in Société des Fibres de Carbone S.A. (SOFICAR), a subsidiary engaged in manufacturing and distribution of carbon fibers in France, in which the Company held a 70% stake, from Arkema, the French business partner with a 30% stake in SOFICAR, thus making it into a wholly owned subsidiary. The company was renamed as Toray Carbon Fibers Europe S.A. and the Group will accelerate the business expansion by strengthening its production structure and promoting global operations.

In the Life Science segment, Toray Medical (Qingdao) Co., Ltd., a joint venture with Qingdao Jifa Group Co., Ltd. established in Jimo City, Qingdao, Shandong, China, in June 2011, expects its dialysis equipment plant to start operations and plans to build a new plant to manufacture artificial kidneys. The move is in response to the increasing demand in the Chinese dialysis market, which is growing with support from the central government through measures such as improvement of the medical insurance system. The dialysis equipment plant will start production in the first half of 2012 and the artificial kidney plant in the latter half of 2014 and sales of these products will start subsequently.

#### **Forecast for FY Mar/13 (April 2012 – March 2013):**

While there are causes for concerns such as steep rise in crude oil price and the impact of the European sovereign debt problems, the Global economy is expected to grow at a higher rate driven by the U.S. and the emerging countries. The Japanese economy is also expected to progress on a gradual recovery track thanks to improvements in overseas economies and as the post-quake reconstruction demand gains momentum in Japan.

Under such circumstances, Toray Group will continue to focus on measures under the medium-term management program "Project AP-G 2013." Under the project, the Group will strive to drive forward the growth strategy and strengthen its revenue base by pursuing group-wide projects of "Green Innovation Business Expansion (GR) Project" to contribute to solutions for global environmental issues as well as energy and resource issues, "Asia and Emerging Country Business Expansion (AE) Project" to expand its businesses in rapidly growing Asia and emerging countries elsewhere to leverage growth opportunities in these region and countries, and "Total Cost Reduction (TC-II) Project" to further reinforce the robust business footing.

While there remain uncertainties regarding economic conditions both in Japan and abroad, the Group, after taking into account the ongoing efforts to expand earnings under "Project AP-G 2013," expects consolidated net sales of ¥1,730 billion (US\$21,625 million) for the fiscal year through March 31, 2013, operating income of ¥115 billion (US\$1,438 million), ordinary income of ¥114 billion (US\$1,425 million), and net income of ¥66 billion (US\$825 million). These forecasts are calculated based on an exchange rate of ¥80 to the U.S. dollar.

## 2. Financial Position and Cash Flows

### Analysis of Assets, Liabilities, Net Assets and Cash Flows

As of March 31, 2012, Toray's total assets stood at ¥1,581.5 billion (US\$19,240 million), up ¥14.0 billion from the end of the previous fiscal year, as current assets rose by ¥2.2 billion primarily reflecting an increase in inventory despite a decline in cash and time deposits and fixed assets rose by ¥11.9 billion due mainly to increase in property, plant and equipment.

Total liabilities fell ¥19.1 billion from the end of the previous fiscal year to ¥907.4 billion (US\$11,039 million), primarily due to a decrease in interest-bearing debts.

Net assets increased by ¥33.2 billion compared with the end of the previous fiscal year to ¥674.1 billion (US\$8,201 million), reflecting the increase in retained earnings from net income. Net assets less minority interests and subscription rights to shares stood at ¥627.1 billion (US\$7,629 million). The equity ratio at the end of the fiscal year was 39.7%, a 1.8 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 ¥0.4 billion (US\$5 million). Cash flows, as well as changes in the balances of cash and cash equivalents, for the fiscal year ended March 31, 2012 are as follows:

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

	Year ended March 31,		
	2012	2011	2012
	Yen		U.S. \$
Cash flows from operating activities	<b>104.4</b>	129.2	<b>1,270</b>
Cash flows from investing activities	<b>(104.0)</b>	(50.7)	<b>(1,265)</b>
Free cash flows	<b>0.4</b>	78.5	<b>5</b>
Cash flows from financing activities	<b>(23.6)</b>	(33.0)	<b>(287)</b>
Effect of exchange rate changes	<b>(1.7)</b>	(4.5)	<b>(21)</b>
Change in cash and cash equivalents for the year	<b>(24.9)</b>	40.9	<b>(303)</b>
Cash and cash equivalents at beginning of the year	<b>105.3</b>	64.3	<b>1,281</b>
Effect of changes in consolidated subsidiaries	<b>0.9</b>	0.0	<b>11</b>
Cash and cash equivalents at end of the year	<b>81.3</b>	105.3	<b>989</b>

### Indices related to Financial Position and Cash Flows:

	Year ended March 31,				
	2008	2009	2010	2011	<b>2012</b>
Equity ratio (%)	34.9	30.8	30.3	37.8	<b>39.7</b>
Market capitalization / Total assets (%)	53.3	36.3	49.1	62.9	<b>63.3</b>
Interest-bearing debt / Cash flows from operating activities	5.4	17.3	3.8	3.8	<b>4.6</b>
Cash flows from operating activities / Interest paid	10.4	3.2	17.1	19.7	<b>17.7</b>

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/13

The Company 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 coming fiscal year, the Company 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, 2013, the Company 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 ¥82.2 = U.S.\$1, the approximate rate of exchange prevailing on March 31, 2012.
2. U.S. dollar amounts of forecast for FY Mar/13 have been converted from yen at the exchange rate of ¥80 = US\$1, the estimated rate of foreign currency exchange for the FY Mar/13 (April 2012 - March 2013).

# 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 successfully overcame the economic crisis triggered by the collapse of Lehman Brothers' in the fall of 2008 by formulating and implementing the medium-term management program "Project IT-II (Innovation TORAY II)" and drastically improved its earnings.

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

Under "AP-Growth TORAY 2020," the 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 businesses that contribute to solutions of environmental and resource- and energy-related issues (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" and has been implementing growth strategies on the key principle of pursuing business expansion in growth business fields and growth regions building on the robust business footing established over years. In the three years beginning in fiscal 2011, the Group plans to implement

350 billion yen in capital investments and 160 billion yen in R&D investments to launch and drive forward the group-wide projects of Green Innovation Business Expansion Project and Asia and Emerging Country Business Expansion Project, as it takes on the Total Cost Reduction Project from a new angle.

In fiscal 2011, which was the first year of “Project AP-G 2013,” cataclysmic changes to business environment including the Great East Japan Earthquake, the European sovereign debt problems, the yen’s historic appreciation and the floods in Thailand had significant impact on the Japanese and global economies. Despite these challenges, Toray Group posted the highest ever consolidated operating income by working on implementation of the growth strategy and internal reforms in a comprehensive and enthusiastic manner. The Group also has been making investments aimed at global expansion of 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 and support green innovation.

While uncertainties do remain with respect to the business environment in the immediate future, Toray Group will continue with relentless reform 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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