

August 6, 2012

## Toray Announces Consolidated Results for the First Quarter Ended June 30, 2012

Tokyo, Aug 6, 2012 - Toray Industries, Inc. (the "Company") today announced its consolidated business results for the three months ended June 30, 2012, the first quarter of the 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)

	First quarter ended June 30,			2012	(Reference) Fiscal 2011
	2012	2011	Change		
	Yen		%	<i>U.S. dollars</i>	Yen
Net sales	<b>¥364,092</b>	¥374,833	(2.9)	<b>\$4,591</b>	¥1,588,604
Operating income	<b>17,267</b>	27,263	(36.7)	<b>218</b>	107,721
Ordinary income	<b>19,105</b>	29,079	(34.3)	<b>241</b>	109,849
Net income	<b>10,082</b>	17,768	(43.3)	<b>127</b>	64,218
Net income per share - Basic	<b>6.19</b>	10.90	-	-	39.41
Net income per share - Diluted	<b>6.01</b>	10.32	-	-	37.46

### Consolidated Financial Condition

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

	First quarter ended June 30,			2012	(Reference) Fiscal 2011
	2012	2011	2012		
	Yen		<i>U.S. dollars</i>	Yen	
Total assets	<b>¥1,616,119</b>	¥1,589,909	<b>\$20,380</b>	1,581,501	
Property, plant and equipment, net	<b>581,145</b>	536,182	<b>7,328</b>	561,923	
Net assets	<b>688,009</b>	661,123	<b>8,676</b>	674,149	
Equity ratio	<b>39.5%</b>	38.4%	-	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 ¥79.3 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2012.
3. Amounts are rounded to the nearest million.

## Forecast of Consolidated Results for the Six Months Ending September 30, 2012

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

	Six months ending September 30, 2012	
	Yen	<i>U.S. dollars</i>
Net sales	¥790,000	\$10,000
Operating income	40,000	506
Ordinary income	39,000	494
Net income	21,000	266

Reference: EPS forecast (six months ending September 30, 2012) ¥12.89

## 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	¥1,730,000	\$21,899
Operating income	115,000	1,456
Ordinary income	114,000	1,443
Net income	66,000	835

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 ¥79 = U.S.\$1, the estimated rate of exchange from July onwards.
2. Amounts are rounded to the nearest million.

## Segment Information

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

Net Sales	First quarter ended June 30,		
	2012	2011	2012
	Yen		<i>U.S. dollars</i>
Fibers and Textiles	<b>¥135,767</b>	¥142,258	<b>\$1,712</b>
Plastics and Chemicals	<b>97,232</b>	102,983	<b>1,226</b>
IT-related Products	<b>58,031</b>	64,265	<b>732</b>
Carbon Fiber Composite Materials	<b>18,358</b>	18,973	<b>232</b>
Environment and Engineering	<b>38,455</b>	30,137	<b>485</b>
Life Science	<b>13,143</b>	13,125	<b>166</b>
Others	<b>3,106</b>	3,092	<b>39</b>
Consolidated Total	<b>364,092</b>	374,833	<b>4,591</b>

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

Segment Income (Loss)	First quarter ended June 30,		
	2012	2011	2012
	Yen		<i>U.S. dollars</i>
Fibers and Textiles	<b>¥8,744</b>	¥10,151	<b>\$110</b>
Plastics and Chemicals	<b>5,489</b>	8,646	<b>69</b>
IT-related Products	<b>4,163</b>	9,473	<b>52</b>
Carbon Fiber Composite Materials	<b>2,202</b>	2,717	<b>28</b>
Environment and Engineering	<b>(110)</b>	(1,362)	<b>(1)</b>
Life Science	<b>1,588</b>	1,934	<b>20</b>
Others	<b>222</b>	112	<b>3</b>
Total	<b>22,298</b>	31,671	<b>281</b>
Adjustment	<b>(5,031)</b>	(4,408)	<b>(63)</b>
Consolidated Total (Operating Income)	<b>17,267</b>	27,263	<b>218</b>

### Notes:

1. "Others" represents service-related businesses such as analysis, survey and research.
2. "Adjustment" of segment income (loss) for the 1st quarter ended June 30, 2012 of (5,031) million yen includes intersegment eliminations of 5 million yen and corporate expenses of (5,036) million yen. "Adjustment" of segment income (loss) for the 1st quarter ended June 30, 2011 of (4,408) million yen includes intersegment eliminations of 308 million yen and corporate expenses of (4,716) 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 ¥79.3 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2012.
4. Amounts are rounded to the nearest million.

# Consolidated Business Results and Financial Condition

## 1. Overview of the First Quarter Ended June 30, 2012

In the period under review, while the U.S. economy continued to recover, albeit at a slow pace, the European sovereign debt problems affected the region's real economy. At the same time, growth in exports and investment slowed in emerging countries. On the other hand, the Japanese economy continued to recover at a gradual pace on the back of demand related to reconstruction from the Great East Japan Earthquake and the effect of stimulus measures for automobile consumption. Demand for apparels, flat-screen TV sets and IT-related products, which was relatively strong both in Japan and overseas in the first half of 2011, has been affected by the worldwide economic slowdown since last fall. While currently in a recovery phase, the demand has not recovered to the level of the same period a year earlier.

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" launched in April 2011.

As a result, consolidated net sales for the three months ended June 30, 2012 declined 2.9% compared with the same period of the previous fiscal year to ¥364.1 billion (US\$4,591 million). Operating income fell 36.7% to ¥17.3 billion (US\$218 million) and ordinary income decreased 34.3% to ¥19.1 billion (US\$241 million). Net income declined 43.3% to ¥10.1 billion (US\$127 million).

Business performance by segment is described below.

## **Business Performance by Segment:**

### *Fibers and Textiles*

In Japan, sales of industrial-use materials in general grew strongly fueled by factors including rising sales for automotive applications reflecting production expansion by automobile manufacturers. Demand for apparel applications, however, remained weak due to the unseasonal weather in early spring as well as other factors. Overseas, in addition to sluggish demand in Asia given the impact of the economic slowdown in the U.S. and Europe, both production and sales continued to be affected by the floods in Thailand following the fourth quarter of the previous fiscal year.

As a result, overall sales of Fibers and Textiles fell 4.6% to ¥135.8 billion (US\$1,712 million) from the previous year and operating income declined 13.9% to ¥8.7 billion (US\$110 million).

### *Plastics and Chemicals*

In the Plastics and Chemicals segment, sales volume of engineering plastics for automotive applications in the resin business increased on production expansion primarily by automobile manufacturers in Japan. Overseas, the inventory adjustment of general purpose ABS resins in supply chains having continued from the previous year bottomed out in China, the biggest market for such resins. The shipment of the material, however, remained slow reflecting the uncertainties over the economic outlook. The Japanese and overseas demand for film business's products remained sluggish due to the worldwide economic slowdown, while price competition continued to intensify.

On the whole, sales of Plastics and Chemicals declined 5.6% year-on-year to ¥97.2 billion (US\$1,226 million) and operating income fell 36.5% to ¥5.5 billion (US\$69 million).

### *IT-related Products*

In the IT-related Products segment, while production adjustment for LCD panel caused by the slowdown in the flat-screen TV market ended and the production registered a gradual 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. Price competition intensified also reflecting declines in prices of end products. Sales of materials for small and mid-sized displays remained sluggish except for some products including those for smartphones.

As a result, overall sales of the segment declined 9.7% to ¥58.0 billion (US\$732 million) compared with the same period a year earlier, and operating income fell 56.1% to ¥4.2 billion (US\$52million).

### *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 environmental and energy fields including compressed natural gas tanks expanded. Demand for sports applications declined, hurt by the impact of the economic slowdown in Japan and overseas since the second half of the previous fiscal year. There are some signs of recovery in demand for sports applications, though price competition has been intensifying at the same time.

On the whole, overall sales of the Carbon Fiber Composite Materials declined 3.2% to ¥18.4 billion (US\$232 million) and operating income fell 19.0% to ¥2.2 billion (US\$28 million).

#### *Environment and Engineering*

In the Environment and Engineering segment, while demand for the water treatment membrane 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, sales at the construction and real estate companies and engineering subsidiaries were stronger than the same period a year ago.

As a result, overall sales of the segment increased 27.6% on year to ¥38.5 billion (US\$485 million) and operating loss narrowed to ¥0.1 billion (US\$1 million), a ¥1.3 billion improvement.

#### *Life Science*

In the Life Science segment, sales of medical products including TORAYLIGHT™NV, a new polysulfone membrane artificial kidney introduced in 2011, increased strongly, while those of pharmaceutical products were affected by fall in selling price resulting from the NHI drug price revision in April this year.

On the whole, sales of the Life Science segment increased 0.1% on year to ¥13.1 billion (US\$166 million) while operating income declined 17.9% to 1.6 billion (US\$20 million).

#### *New Businesses and New Investments*

In June, the Company signed an offtake agreement for purchasing a certain amount of renewable bio-paraxylene (bioPX) produced at U.S. based Gevo, Inc.'s planned pilot plant. The agreement will enable the Company to carry out pilot-scale production of fully renewable, bio-based polyethylene terephthalate (fully bioPET), of its fibers and films for the first time in the world, and it plans to start offering samples for market evaluation to its business partners, who are the end-users, in 2013. Due to exhaustion of oil resources and increase of oil price, producing PET from fully renewable feedstock has become a crucial challenge on a medium- to long-term basis. The Company will vigorously work to find a solution to this issue.

## 2. Analysis of Financial Condition

As of June 30, 2012, Toray Group's total assets stood at ¥1,616.1 billion (US\$20,380 million), up ¥34.6 billion from the end of the previous fiscal year. Current assets rose by ¥22.9 billion compared to the end of the previous fiscal year, due primarily to increases in cash and time deposits and inventory, while notes and accounts receivable - trade decreased. Fixed assets rose by ¥11.7 billion reflecting primarily the increase in property, plant and equipment, while investment securities declined.

Liabilities increased by ¥20.8 billion to ¥928.1 billion (US\$11,704 million) compared to the end of the previous fiscal year, owing mainly to an increase in interest-bearing debts.

Net assets increased 13.9 billion compared to the end of the previous fiscal year to ¥688.0 billion (US\$8,676 million), reflecting an increase in retained earnings as Toray Group recorded net income and the fluctuation in foreign currency translation adjustments. Net assets less minority interests and stock acquisition rights came to ¥638.6 billion (US\$8,053 million).

### 3. Forecast of Consolidated Results

While the global economy on the whole is expected to gradually head towards recovery led by growth in the U.S. and emerging countries, uncertainties over European sovereign debt problems and the Chinese economy are likely to remain as factors for concern. Despite the end of eco-car subsidies, the Japanese economy is expected to track a moderate recovery path as the post-quake reconstruction demand gathers momentum along with improvements in overseas economies. Nevertheless, the outlook remains unclear.

Under such circumstances, Toray Group will continue to focus on measures under the medium-term management program “Project AP-G 2013”. Under the program, Toray Group has been driving forward the growth strategy and strengthening its revenue base by pursuing the three 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.

The Company kept its first-half and full-year consolidated forecasts announced on May 8 unchanged. The calculation of Toray Group’s earnings forecasts from July onwards is based on an assumed foreign currency exchange rate of ¥79 to the U.S. dollar

Notes:

- 1) U.S. dollar amounts have been converted from yen at the exchange rate of ¥79.3 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2012.
- 2) U.S. dollar amounts of forecasts have been converted from yen at the exchange rate of ¥79 = U.S.\$1, the estimated rate of exchange from July onwards.

#### Disclaimer

The above stated forecasts are formulated based on estimates of future economic environment as of the announcement date of this material and the actual results could differ from the forecasts due to various factors in the future. The material in this statement is not a guarantee of the Company’s future business performance.

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