

November 6, 2014

Toray Announces Consolidated Results for the Six Months Ended September 30, 2014

Tokyo, November 6, 2014 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the six months ended September 30, 2014 of the fiscal year ending March 31, 2015. 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,				(Reference) Fiscal 2013
	2014	2013	Change	2014	
	Yen		%	U.S. dollars	Yen
Net sales	¥947,979	¥853,757	11.0	\$8,657	¥1,837,778
Operating income	51,324	44,296	15.9	469	105,253
Ordinary income	56,489	46,527	21.4	516	110,648
Net income	41,270	29,372	40.5	377	59,608
Net income per share - Basic (Yen)	25.70	18.03	-	-	36.59
Net income per share - Diluted (Yen)	25.67	17.51	-	-	35.70

Consolidated Financial Condition

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

	As of September 30, 2014		As of March 31, 2014
	Yen	U.S. dollars	Yen
Total assets	¥2,195,549	\$20,051	¥2,119,683
Net assets	938,506	8,571	944,625
Equity ratio	38.8%	-	40.5%

Cash Dividends

(Yen)

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total
FY2013	-	¥5.00	-	¥ 5.00	¥10.00
FY2014	-	5.00	-	-	-
FY2014 (forecast)	-	-	-	6.00	11.00

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 ¥109.5 = U.S.\$1, the approximate rate of exchange prevailing on September 30, 2014.
- Amounts are rounded to the nearest million.

Segment Information

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

Net Sales	Six months ended September 30,		
	2014	2013	2014
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	¥386,150	¥335,069	\$3,526
Plastics & Chemicals	246,195	228,011	2,248
IT-related Products	121,846	121,963	1,113
Carbon Fiber Composite Materials	76,635	52,088	700
Environment & Engineering	83,420	83,096	762
Life Science	26,524	26,632	242
Others	7,209	6,898	66
Consolidated Total	947,979	853,757	8,657

Segment Income	Six months ended September 30,		
	2014	2013	2014
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	¥22,755	¥24,174	\$208
Plastics & Chemicals	11,722	9,014	107
IT-related Products	10,330	10,836	94
Carbon Fiber Composite Materials	11,777	7,080	108
Environment & Engineering	2,072	644	19
Life Science	1,701	1,859	16
Others	717	696	7
Total	61,074	54,303	558
Adjustment	(9,750)	(10,007)	(89)
Consolidated Total (Operating income)	51,324	44,296	469

Notes:

- "Others" represents service-related businesses such as analysis, survey and research.
- "Adjustment" of segment income for the six months ended September 30, 2014 of (9,750) million yen includes intersegment eliminations of (326) million yen and corporate expenses of (9,424) million yen. "Adjustment" of segment income 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. 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 ¥109.5 = U.S.\$1, the approximate rate of exchange prevailing on September 30, 2014.
- Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the fiscal year ending March 31, 2015

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

	Year ending March 31, 2015	
	Yen	<i>U.S. dollars</i>
Net sales	¥2,100,000	\$20,000
Operating income	130,000	1,238
Ordinary income	133,000	1,267
Net income	83,000	790

Reference: EPS forecast (year ending March 31, 2015) ¥51.81

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥105 = 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, 2014

During the six months under review, the global economy in general continued to expand steadily. While the pace of economic expansion in China remained slow and the economy of the ASEAN region also remained stagnant, the U.S. economy showed clear signs of recovery and Europe as a whole picked up steadily. Japan continued to register modest recovery on the back of steady improvement in employment and income situations as well as policy effects, despite signs of weakness in consumer spending and production stemming from the reaction to the last-minute demand caused by the consumption tax rate increase.

Under such circumstances, Toray Group in April 2014 launched its new medium-term management program “Project AP-G 2016” with the final year being fiscal year 2016, and has been implementing the growth strategy with focus on taking advantage of growth business fields and business opportunities and pursuing business expansion in growth countries and regions and further bolstering its total cost competitiveness in accordance with the program.

As a result, consolidated net sales for the six months ended September 30, 2014 increased 11.0% compared with the same period of the previous fiscal year to ¥948.0 billion (US\$8,657 million). Operating income came to ¥51.3 billion (US\$469 million), up 15.9%, and ordinary income rose 21.4% to ¥56.5 billion (US\$516 million). Net income increased by 40.5% to ¥41.3 billion (US\$377 million).

Business performance by segment is described below.

Business Performance by Segment:

Fibers & Textiles

In Japan, shipment of apparel applications remained weak partly 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.

As a result, overall sales of Fibers & Textiles segment increased 15.2% to ¥386.2 billion (US\$3,526 million) compared with the same period a year earlier, while operating income declined 5.9% to ¥22.8 billion (US\$208 million).

Plastics & Chemicals

In the resin 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 film 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.

As a result, overall sales of Plastics & Chemicals segment increased 8.0% to ¥246.2 billion (US\$2,248 million) compared with the same period a year earlier, and operating income rose 30.0% to ¥11.7 billion (US\$107 million).

IT-related Products

In the IT-related Products segment, 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.

As a result, overall sales of IT-related Products segment declined 0.1% to ¥121.8 billion (US\$1,113 million) compared with the same period a year earlier, and operating income fell 4.7% to ¥10.3 billion (US\$94 million).

Carbon Fiber Composite Materials

In the Carbon Fiber Composite Materials segment, demand for aircrafts 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.

As a result, overall sales of Carbon Fiber Composite Materials segment increased 47.1% to ¥76.6 billion (US\$700 million) compared with the same period a year earlier, and operating income rose 66.3% to ¥11.8 billion (US\$108 million).

Environment & Engineering

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.

As a result, overall sales of Environment & Engineering segment increased 0.4% to ¥83.4 billion (US\$762 million), and operating income rose 221.7% to ¥2.1 billion yen (US\$19 million).

Life Science

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

As a result, overall sales of Life Science segment declined 0.4% to ¥26.5 billion (US\$242 million) compared with the same period a year earlier, and operating income fell 8.5% to ¥1.7 billion (US\$16 million).

*REMITCH[®] is a registered trademark of Torii Pharmaceutical Co., Ltd.

New Businesses and New Investments

In the Fibers & Textiles business, Toray in India established Toray Kusumgar Advanced Textile Private Limited, a manufacturer and distributor of airbag base fabric, jointly with local partner Kusumgar Corporates private limited, a local manufacturer and distributor of functional textiles. The new company will start mass production and distribution of the textiles in October 2016. In the airbag business, Toray Group has been further boosting quality competitiveness through integrated production starting from yarns to base fabric and expanding its global production structure as well as research and development and marketing functions. Toray Group will further enhance its responses to customers by organically linking the functions possessed by each base.

In the Plastics & Chemicals business, Toray decided to establish Toray Resin Mexico, S.A. de C.V., jointly with its subsidiary Toray Resin Co., in the United Mexican States. The new company will be the first own resin compounding base to be set up by a Japanese engineering plastic manufacturer in Mexico. Toray will introduce nylon and polybutylene terephthalate (PBT) resin compounding facilities within the Mexican plant of Zoltek Companies, Inc., which became a subsidiary in February 2014. Toray aims to start operating the plant in February 2015. As an export production base, Mexico's automobile industry has been growing rapidly and related businesses have been actively entering the country. Having a production and distribution base in such a market, Toray aims to strengthen its supply structure and develop new demands. The move will ensure Toray Group's resin compounding bases spread over eight countries including Mexico to boost collaboration even further to expand the Toray Group's resin business.

2. Analysis of Financial Condition

As of September 30, 2014, Toray Group's total assets stood at ¥2,195.5 billion (US\$20,051 million), up ¥75.9 billion from the end of the previous fiscal year primarily due to increases in inventory and investment securities.

Liabilities increased by ¥82.0 billion to ¥1,257.0 billion (US\$11,480 million) compared to the end of the previous fiscal year, owing mainly to an increase in interest-bearing debts.

Net assets decreased by ¥6.1 billion compared with the end of the previous fiscal year to ¥938.5 billion (US\$8,571 million), reflecting an increase in treasury stock and fluctuations in foreign currency translation adjustment. Net assets less minority interests and stock acquisition rights came to ¥852.6 billion (US\$7,786 million).

3. Forecast of Consolidated Results

The global economy as a whole is expected to register a gradual recovery led by the strong U.S. economy, although it is necessary to pay attention to risk factors such as a downturn in the European economy and a slowdown in the Chinese economy. The Japanese economy is also expected to continue recovering moderately aided by improving employment and policy effects, though there are concerns of an economic downswing if consumer spending and capital investment by businesses do not make headway.

Under such circumstances, Toray Group will continue to focus on measures under the medium-term management program "Project AP-G 2016" and strive to drive forward the growth strategy and strengthen its revenue base.

As for the full year through March 31, 2015, Toray revised its earnings forecasts to reflect the financial results for the first six months. It now expects consolidated net sales of ¥2,100.0 billion (US\$20,000 million), operating income of ¥130.0 billion (US\$1,238 million), ordinary income of ¥133.0 billion (US\$1,267 million) and net income of ¥83.0 billion (US\$790 million). Toray also revised its year-end dividend forecast for the current fiscal year to ¥6 per share of common stock. This brings the aggregate annual dividend to ¥11 per share of common stock including the interim dividend. The calculation of Toray Group's earnings forecasts from October 2014 onwards is based on an assumed foreign currency exchange rate of ¥105 to the U.S. dollar.

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥109.5 = U.S.\$1, the approximate rate of exchange prevailing on September 30, 2014.

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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