Innovation by Chemistry

May 8, 2014

[Summary] Consolidated Results for the Fiscal Year Ended March 31, 2014

Tokyo, May 8, 2014 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the fiscal year ended March 31, 2014 (FY Mar/14). 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)

	Year ended March 31,			
	2014	2013	Change	**2014**
	Yen		%	*U.S. dollars*
Net sales	**¥1,837,778**	¥1,592,279	15.4	***$17,860***
Operating income	**105,253**	83,436	26.1	***1,023***
Ordinary income	**110,648**	88,244	25.4	***1,075***
Net income	**59,608**	48,477	23.0	***579***
Net income per share - Basic (Yen)	**36.59**	29.75	-	-
Net income per share - Diluted (Yen)	**35.70**	28.90	-	-
Return on equity	**7.5%**	7.2%	-	-
Ordinary income to total assets	**5.7%**	5.3%	-	-
Operating income to net sales	**5.7%**	5.2%	-	-

Consolidated Financial Condition

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

	As of March 31, 2014		As of March 31, 2013
	Yen	*U.S. dollars*	Yen
Total assets	**¥2,119,683**	***$20,599***	¥1,731,933
Net assets	**944,625**	***9,180***	778,626
Equity ratio	**40.5%**	-	41.8%
Net assets per share (Yen)	**527.32**	-	444.45

Cash Dividends

(Yen)

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Annual
FY2012	-	**¥5.00**	-	**¥ 5.00**	**¥10.00**
FY2013	-	**5.00**	-	**5.00**	**10.00**
FY2014 (forecast)	-	**5.00**	-	**5.00**	**10.00**

Notes:
1. For calculation of “Net assets per share” and "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 ¥102.9 = U.S.$1, the approximate rate of exchange prevailing on March 31, 2014.
3. Amounts are rounded to the nearest million.
4. Comprehensive income at March 31, 2014 and 2013 is ¥179,328 million ($1,743 million) and ¥119,821 million.
5. Consolidated business results for the fiscal year ended March 31, 2013 are adjusted retrospectively by changes in accounting policies due to applying revised IAS 19.
6. From the year ended March 31, 2014, “Accounting Standard for Retirement Benefits” (ASBJ Statement No.26 of May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25 of May 17, 2012) are applied.

Segment Information

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

Net Sales	Year ended March 31,		
	2014	2013	**2014**
	Yen		*U.S. dollars*
Fibers & Textiles	**¥755,474**	¥632,150	***$7,342***
Plastics & Chemicals	**470,542**	395,835	***4,573***
IT-related Products	**245,741**	237,593	***2,388***
Carbon Fiber Composite Materials	**113,342**	77,620	***1,101***
Environment & Engineering	**180,197**	178,355	***1,751***
Life Science	**58,205**	56,599	***566***
Others	**14,277**	14,127	***139***
Consolidated Total	**1,837,778**	1,592,279	***17,860***

Segment Income	Year ended March 31,		
	2014	2013	**2014**
	Yen		*U.S. dollars*
Fibers & Textiles	**¥52,919**	¥43,222	***$514***
Plastics & Chemicals	**18,010**	18,302	***175***
IT-related Products	**24,586**	22,959	***239***
Carbon Fiber Composite Materials	**16,927**	7,299	***164***
Environment & Engineering	**6,397**	2,628	***62***
Life Science	**5,605**	7,456	***54***
Others	**1,987**	1,557	***19***
Total	**126,431**	103,423	***1,229***
Adjustment	**(21,178)**	(19,987)	***(206)***
Consolidated Total (Operating income)	**105,253**	83,436	***1,023***

Notes:
1. “Others” represents service-related businesses such as analysis, survey and research.
2. “Adjustment” of segment income for the year ended March 31, 2014 of (21,178) million yen includes intersegment eliminations of (934) million yen and corporate expenses of (20,244) million yen. “Adjustment” of segment income for the year ended March 31, 2013 of (19,987) million yen includes intersegment eliminations of (27) million yen and corporate expenses of

(19,960) 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 ¥102.9 = U.S.$1, the approximate rate of exchange prevailing on March 31, 2014.
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, 2014	
		Yen	*U.S. dollars*
Japan		**¥925,867**	***$8,998***
Asia	China	**305,742**	***2,971***
	Others	**323,151**	***3,140***
North America, Europe & Others		**283,018**	***2,750***
Consolidated Total		**1,837,778**	***17,860***

Notes:
1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥102.9 = U.S.$1, the approximate rate of exchange prevailing on March 31, 2014.
2. 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	*U.S. dollars*
Net sales	¥2,150,000	*$21,500*
Operating income	130,000	*1,300*
Ordinary income	125,000	*1,250*
Net income	70,000	*700*

Reference: EPS forecast (year ending March 31, 2015) ¥42.97

Notes:
1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥100 = U.S.$1, the estimated rate of exchange for FY Mar/15 (April 2014 - March 2015).

Consolidated Business Results and Financial Condition

1. Overview of FY Mar/14 (April 2013 – March 2014)

During the period under review, the global economy continued to expand gradually, as consumer spending in the U.S. increased on the back of improved employment, while the European economy continued to stagnate despite some signs of recovery and the growth rate of China and other emerging economies slowed down. The Japanese economy has been recovering at a gradual pace with consumer spending and public investment remaining steady, the private sector's capital expenditure also showing signs of recovery and employment situation improving steadily.

Under such circumstances, Toray Group implemented 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 fiscal year ended March 31, 2014 increased 15.4% compared with a year ago to ¥1,837.8 billion (US$17,860 million). Operating income increase 26.1% to ¥105.3 billion (US$1,023 million), ordinary income increased 25.4% to ¥110.6 billion (US$1,075 million) and net income increased 23.0% to ¥59.6 billion (US$579 million).

Business performance by segment is described below.

Business Performance by Segment:

Fibers & Textiles
In Japan, while sales of functional apparel applications grew strongly, those of general apparel applications, though showing signs of recovery, remained weak. On the other hand, exports recovered partly due to the correction in the strong yen. Sales for industrial applications, led by automobile-related applications, continued on track to recovery.
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 that occurred 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 in the fiscal year ended March 31, 2014 increased 19.5% to ¥755.5 billion (US$7,342 million) from the previous year and operating income increased 22.4% to ¥52.9 billion (US$514 million).

Plastics & Chemicals
In the Plastics & Chemicals segment, though sales for automotive applications in the resin business increased in Japan, those for electronics and general industrial applications remained weak. The business was also affected by the increase in raw material prices resulting from the correction of the strong yen. Overseas, automotive

applications in North America, China and Southeast Asia led the sales expansion.
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 increased 18.9% to ¥470.5 billion (US$4,573 million) from the previous year while operating income, on the other hand, declined 1.6% to ¥18.0 billion (US$175 million).

IT-related Products
In the IT-related Products segment, the sales of products for small and mid-sized displays such as smartphones and tablet terminals in general were strong, although they were partly affected by the production adjustment of end products in the second half. Sales of films and processed film products for large LCD panels, after performing strongly in the first half, were influenced by stagnating demand for flat-screen TV sets in the second half.

As a result, overall sales of IT-related Products increased 3.4% to ¥245.7 billion (US$2,388 million) from the previous year and operating income increased 7.1% to ¥24.6 billion (US$239 million).

Carbon Fiber Composite Materials
In the Carbon Fiber Composite Materials segment, as demand for aircrafts as well as that in the environment and energy fields including compressed natural gas tank applications expanded, sales of carbon fibers and intermediate products (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 boast high strength and light weight, increased.

As a result, overall sales of Carbon Fiber Composite Materials segment increased 46.0% to ¥113.3 billion (US$1,101 million) from the previous year while operating income increased 131.9% to ¥16.9 billion (US$164 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, the progress of plant construction projects remained slow at an engineering subsidiary.

As a result, overall sales of Environment & Engineering segment increased 1.0% to ¥180.2 billion (US$1,751 million) from the previous year and operating income increased 143.4% to ¥6.4 billion (US$62 million).

Life Science
In the Life Science segment, sales of REMITCH®*, an oral anti-pruritus drug for

hemodialysis patients, expanded robustly, though other pharmaceutical products were affected by intensifying competition and royalty income on some products decreased. In medical devices, sales in Japan as well as exports of FILTRYZER®, polymethylmethacrylate (PMMA) dialysis membrane-based hemodialyzer, and TORAYSULFONE®, polysulfone membrane artificial kidneys, grew strongly.

As a result, overall sales of Life Science increased 2.8% to ¥58.2 billion (US$566 million) from the previous year while operating income declined 24.8% to ¥5.6 billion (US$54 million).

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

New Businesses and New Investments

In the Fibers & Textiles segment, Toray decided to expand the high-performance polypropylene spunbond (PP spunbond) production facility in China at its subsidiary Toray Polytech (Nantong) Co., Ltd. (TPN). After the new facility goes online in December 2014, TPN's production capacity will increase up to about 78,000 tons a year. PP spunbond is the main raw material for disposable diapers, and demand for disposable baby diapers is forecasted to rapidly grow in China from 14 billion pieces in 2012 to 38 billion pieces a year in 2020. The expansion of the production capacity is intended to respond to the strong demand for PP spunbond in China as well as the requirements for high-performance materials for disposable diapers and other hygiene products and to strengthen the cost competitiveness.

In the Plastics & Chemicals segment, Toray decided to establish a new plant to produce polyphenylene sulfide (PPS) resin TORELINA® at its wholly owned subsidiary in Republic of Korea, Toray Advanced Materials Korea Inc. The integrated production plant converting from main raw materials to compounding, to be constructed in Gunsan, Jeollabuk-do province of the country, is Toray's first manufacturing base for PPS resin outside of Japan. The plant is expected to become operational in April 2016 and is expected to boost Toray's annual production capacity of PPS resin to 27,600 tons together with the existing Tokai Plant. PPS resins are super engineering plastics, which are superior in heat resistance, chemical resistance, mechanical strength and flame retardation, and are used in electric automotive components and electric and electrical devices. Global demand for PPS resin compounds is expected to grow at a high rate exceeding 8% a year in the future.

In the Carbon Fiber Composite Materials segment, Toray decided to expand the production facility for prepreg (resin-impregnated carbon fiber sheet) using the carbon fiber TORAYCA® at its Ishikawa Plant as well as at its U.S. subsidiary Toray Composites (America), Inc. Toray plans to introduce state-of-the-art facility for producing high value-added prepreg to address the growing demand for prepreg used in aircraft, automobile and IT devices and further bolster its stable supply system.

In addition, Toray acquired the entire stake in U.S. large tow carbon fiber manufacturer Zoltek Companies, Inc. (Zoltek) and made it a wholly owned subsidiary. 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.

In the Environment & Engineering segment, Toray agreed with Abunayyan Holding Company, a leading strategic company of Saudi Arabia in the power and water desalination fields, to establish Toray Membrane Middle East LLC, a water treatment joint venture, and signed a joint venture agreement. The joint venture will newly construct a plant in Dammam 3rd Industrial City in the Kingdom of Saudi Arabia, and start production of reverse osmosis membrane elements beginning in 2015. Toray and Abunayyan Holding aim to establish a strong presence as the leading company in the water treatment membrane field in the Middle East and North African markets by leveraging their powerful sales network, high quality products and superior technical service.

In Research & Development, Toray established new life innovation-related bases in Medical Devices Center of the University of Minnesota, the U.S., and KOBE Biomedical Innovation Cluster in Japan to expand its business in the life innovation field. As well as pursuing its medical devices, pharmaceuticals and bio tools businesses, Toray Group aims to offer solutions to the increasingly sophisticated needs in the medical field by providing advanced materials to medical device manufacturers and advanced functional materials for various products used in the field. At the same time, the recent developments in medical technology has led to increasingly complex and sophisticated needs, necessitating a closer and swifter exchange of information with the medical field. At the newly established bases, Toray Group will start with building and enhancing networks with medical institutions and medical device manufacturers to grasp medical needs and expand its activities to research and technology development functions as well as business planning function in a phased manner. By doing so, Toray Group aims to grow its medical device business and develop the advanced materials business in the life innovation field.

In addition to above, Toray acquired new management rights and commercial land for new businesses with an eye on further business expansions in the future.

First of all, Toray Advanced Materials Korea Inc. (TAK), Toray's consolidated subsidiary in the Republic of Korea, purchased a 56.2% stake in Woongjin Chemical Co., Ltd. (Woongjin Chemical) for 430 billion won. The acquisition of the stake expands and strengthens TAK's business foundations in the country, as it adds Woongjin Chemical's main business of fibers and textiles as well as the water treatment filter business, which has been growing in recent years. The share acquisition was decided also on the grounds that it would be able to strategically utilize Woongjin Chemical in business development of Toray Group as a whole while generating synergies with its existing businesses. Toray Group will integrate Woongjin Chemical into its operation to pursue sales expansion of high value added products on a global basis by leveraging Woongjin Chemical´s management, human resources and technological strengths and combining them with Toray Group's core technologies, where its strength lies. Woongjin Chemical changed its name to Toray Chemical Korea Inc. on March 31, 2014.

In the U.S. Toray Group purchased an approximately 400 acre (about 1.6 million m^2) commercial land for its future business expansion in Spartanburg County, South Carolina. The demand for advanced materials is growing in the U.S., as the country regains its industrial competitiveness on the back of shale gas/oil revolution and the manufacturing industry revives as a result. Toray plans to actively invest its management resources in the acquired land to make it the supply hub of advanced materials including carbon fibers.

Forecast for FY Mar/15 (April 2014 – March 2015):

While there remain uncertainties over the impact of the curtailment of monetary easing in the U.S. and the debt-related issues of China's local governments, the global economy as a whole is expected to recover gradually driven by the recovery in the U.S. economy and economic improvement in Europe and emerging countries. The Japanese economy, despite some temporary impact of the increase in the consumption tax, is also expected to sustain the gradual expansion on the back of the impact of public investment, expansion of overseas demand, increase in capital investment and improvement in the employment situation.

Under such circumstances, Toray Group in April 2014 launched its new medium-term management program "Project AP-G 2016," announced in this February, and will continue to drive forward the growth strategy and structural strengthening measures.

After taking into account the expansion of business under "Project AP-G 2016" in the growth business fields of Green Innovation and Life Innovation as well as in the growth countries and regions of Asia, emerging countries and the Americas, Toray Group expects consolidated net sales of ¥2,150.0 billion (US$21,500 million) for the fiscal year through March 31, 2015, operating income of ¥130.0 billion (US$1,300 million), ordinary income of ¥125.0 billion (US$1,250 million), and net income of ¥70.0 billion (US$700 million).

Further, Toray and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment, will primarily adopt the straight-line method from the fiscal year through March 31, 2015. This is expected to result in a decline of approximately ¥9.0 billion in depreciation and its impact has been incorporated into the forecast.

These forecasts are calculated based on an estimated exchange rate of ¥100 to the U.S. dollar after April.

2. Financial Position and Cash Flows

Analysis of Assets, Liabilities, Net Assets and Cash Flows

As of March 31, 2014, Toray Group's total assets stood at ¥2,119.7 billion (US$20,599 million), up ¥387.8 billion from the end of the previous fiscal year, as current assets rose by ¥123.6 billion primarily reflecting an increase in inventory as well as notes and accounts receivable while fixed assets rose by ¥264.1 billion due mainly to increase in property, plant and equipment.

Total liabilities rose ¥221.8 billion from the end of the previous fiscal year to ¥1,175.1 billion (US$11,419 million), primarily due to an increase in interest-bearing debts.

Net assets grew by ¥166.0 billion compared with the end of the previous fiscal year to ¥944.6 billion (US$9,180 million), reflecting the increase in retained earnings from net income and fluctuation in foreign currency translation adjustment. Net assets less minority interests and stock acquisition rights stood at ¥859.0 billion (US$8,348 million). The equity ratio at the end of the fiscal year came to 40.5%, a 1.3 percentage-point decrease 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 ¥53.4 billion (US$519 million) in negative. Cash flows, as well as changes in the balances of cash and cash equivalents, for the fiscal year ended March 31, 2014 are as follows:

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

	Year ended March 31,		
	2014	2013	**2014**
	Yen		*U.S. $*
Cash flows from operating activities	**161.5**	100.8	***1,569***
Cash flows from investing activities	**(214.8)**	(107.5)	***(2,088)***
Free cash flows	**(53.4)**	(6.7)	***(519)***
Cash flows from financing activities	**41.5**	26.2	***403***
Effect of exchange rate changes	**17.3**	6.8	***169***
Change in cash and cash equivalents for the year	**5.4**	26.3	***53***
Cash and cash equivalents at beginning of the year	**107.7**	81.3	***1,047***
Effect of changes in consolidated subsidiaries	**-**	0.1	**-**
Cash and cash equivalents at end of the year	**113.1**	107.7	***1,099***

Indices related to Financial Position and Cash Flows:

	Year ended March 31,				
	2010	2011	2012	2013	**2014**
Equity ratio (%)	30.3	37.8	39.7	41.8	**40.5**
Market capitalization / Total assets (%)	49.1	62.9	63.3	59.8	**52.4**
Interest-bearing debt / Cash flows from operating activities	3.8	3.8	4.6	5.3	**4.1**
Cash flows from operating activities / Interest paid	17.1	19.7	17.7	18.1	**32.5**

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 (excluding treasury stock) at the end of the period.
3. Cash flows from operating activities are stated in the consolidated statements of cash flows. Interest paid is the interest payment figures in the consolidated statements of cash flows.

3. Policy on Distribution of Surplus Profits and Dividends for the Period under Review and FY Mar/15

Toray 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 fiscal year that started in April 2014, Toray 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, 2015, Toray 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 ¥102.9 = U.S.$1, the approximate rate of exchange prevailing on March 31, 2014.
2. U.S. dollar amounts of forecast for FY Mar/15 have been converted from yen at the exchange rate of ¥100 = US$1, the estimated rate of foreign currency exchange for the FY Mar/15 (April 2014 - March 2015).

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, in February 2011, formulated a long-term corporate vision "AP-Growth TORAY 2020" established with the next 10 years in focus and a medium-term management program "Project AP-G 2013" for three years from FY Mar/12 through Mar/14.

Under "AP-Growth TORAY 2020," Toray 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 the Green Innovation Business.

Under its medium-term management program "Project AP-G 2013", Toray Group worked on implementing growth strategies and structural strengthening in a comprehensive and powerful manner, even as the business environment continued to significantly change both in Japan and abroad. Furthermore, Toray Group made investments aimed at global expansion in the various business fields and brought about steady results in research and development that are expected to lead to large-scale products and innovative technologies in the future.

In February 2014, Toray Group drafted a new three-year medium-term management program "Project AP-G 2016," covering the period from FY Mar/15 to FY Mar/17. Toray Group will continue with the proactive management strategy of "Project AP-G

2013” and further advance the growth strategy and structural strengthening efforts to ensure business expansion.

Toray Group, with the belief that the materials, which form the base of all products, have the power to intrinsically change society, aims to develop and commercialize cutting-edge technologies and new materials by constantly pursuing technological innovations ahead of its competition around the world. Further, Toray Group shall aim to sustain its growth by focusing on all the aspects of our business activities, grasping the situation thoroughly and overcoming the hurdles through analysis of the situation, and shall strive to realize 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 Toray’s future business performance.

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