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August 7, 2014

[Summary] Consolidated Results for the Three Months Ended June 30, 2014

Tokyo, August 7, 2014 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the three months ended June 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)

	Three months ended June 30,				(Reference) Fiscal 2013
	2014	2013	Change	**2014**	
	Yen		%	*U.S. dollars*	Yen
Net sales	**¥448,620**	¥402,748	11.4	***$4,424***	¥1,837,778
Operating income	**21,524**	18,038	19.3	***212***	105,253
Ordinary income	**22,428**	20,002	12.1	***221***	110,648
Net income	**14,717**	13,260	11.0	***145***	59,608
Net income per share - Basic (Yen)	**9.12**	8.14	-	-	36.59
Net income per share - Diluted (Yen)	**9.11**	7.91	-	-	35.70

Consolidated Financial Condition

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

	As of June 30, 2014		As of March 31, 2014
	Yen	*U.S. dollars*	Yen
Total assets	**¥2,154,514**	***$21,248***	¥2,119,683
Net assets	**906,488**	***8,940***	944,625
Equity ratio	**38.2%**	-	40.5%

Cash Dividends

(Yen)

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

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 ¥101.4 = U.S.$1, the approximate rate of exchange prevailing on June 30, 2014.
3. Amounts are rounded to the nearest million.

Segment Information

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

Net Sales	Three months ended June 30,		
	2014	2013	**2014**
	Yen		*U.S. dollars*
Fibers & Textiles	**¥179,254**	¥153,138	***$1,768***
Plastics & Chemicals	**120,510**	113,406	***1,188***
IT-related Products	**61,062**	57,515	***602***
Carbon Fiber Composite Materials	**37,833**	24,395	***373***
Environment & Engineering	**34,289**	38,813	***338***
Life Science	**12,266**	12,297	***121***
Others	**3,406**	3,184	***34***
Consolidated Total	**448,620**	402,748	***4,424***

Segment Income (Loss)	Three months ended June 30,		
	2014	2013	**2014**
	Yen		*U.S. dollars*
Fibers & Textiles	**¥10,507**	¥10,287	***$104***
Plastics & Chemicals	**5,674**	4,297	***56***
IT-related Products	**4,957**	4,498	***49***
Carbon Fiber Composite Materials	**4,567**	2,542	***45***
Environment & Engineering	**(231)**	247	***(2)***
Life Science	**484**	672	***5***
Others	**261**	174	***3***
Total	**26,219**	22,717	***259***
Adjustment	**(4,695)**	(4,679)	***(46)***
Consolidated Total (Operating income)	**21,524**	18,038	***212***

Notes:
1. “Others” represents service-related businesses such as analysis, survey and research.
2. “Adjustment” of segment income (loss) for the three months ended June 30, 2014 of (4,695) million yen includes intersegment eliminations of 84 million yen and corporate expenses of (4,779) million yen. “Adjustment” of segment income for the three months ended June 30, 2013 of (4,679) million yen includes intersegment eliminations of 134 million yen and corporate expenses of (4,813) 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 ¥101.4 = U.S.$1, the approximate rate of exchange prevailing on June 30, 2014.
4. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the Six Months Ending September 30, 2014

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

	Six Months ending September 30, 2014	
	Yen	*U.S. dollars*
Net sales	¥1,000,000	*$10,000*
Operating income	50,000	*500*
Ordinary income	47,000	*470*
Net income	25,000	*250*

Reference: EPS forecast (six months ending September 30, 2014) ¥15.55

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) ¥43.62

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 from July onwards.

Consolidated Business Results and Financial Condition

1. Overview of the Three Months Ended June 30, 2014

During the period under review, while economic expansion in China remained slow and the economy of the ASEAN region also remained stagnant, the U.S. economy maintained its recovery and Europe as a whole picked up steadily. Japan continued in its modest recovery track on the back of improving corporate earnings and employment situation, 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 three months ended June 30, 2014 increased 11.4% compared with the same period of the previous fiscal year to ¥448.6 billion (US$4,424 million). Operating income came to ¥21.5 billion (US$212 million), up 19.3%, and ordinary income rose 12.1% to ¥22.4 billion (US$221 million). Net income increased by 11.0% to ¥14.7 billion (US$145 million).

Business performance by segment is described below.

Business Performance by Segment:

Fibers & Textiles
In Japan, while sales of apparel applications were showing signs of recovery, shipment remained weak partly due to the impact of the reaction of the last–minute demand caused by the consumption tax rate increase. 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.
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 making it a consolidated subsidiary also resulted in higher expenses.

As a result, overall sales of Fibers & Textiles segment increased 17.1% to ¥179.3 billion (US$1,768 million) compared with the same period a year earlier, and operating income rose 2.1% to ¥10.5 billion (US$104 million).

Plastics & Chemicals
In the resin business, overall domestic sales remained strong, as the impact of the

last-minute demand caused by the increase in consumption tax rate was limited. Overseas, shipment expanded primarily for automotive applications.
Demand for the film business's products was strong especially for industrial materials and packaging materials, except in the European market, and shipment expanded led by the films for solar cell back sheets.

As a result, overall sales of Plastics & Chemicals segment increased 6.3% to ¥120.5 billion (US$1,188 million) compared with the same period a year earlier and operating income rose 32.0% to ¥5.7 billion (US$56 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 there were some adjustment in production of smartphones and tablet terminals, shipment of related materials was strong in general. On the other hand, shipment of PDP-related materials declined, as a major customer discontinued production of PDPs.

As a result, overall sales of IT-related Products segment increased 6.2% to ¥61.1 billion (US$602 million) compared with the same period a year earlier, and operating income rose 10.2% to ¥5.0 billion (US$49 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, shipment of carbon fibers and intermediate products (prepreg) expanded 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 making it a consolidated subsidiary also resulted in higher expenses.

As a result, overall sales of Carbon Fiber Composite Materials segment increased 55.1% to ¥37.8 billion (US$373 million) compared with the same period a year earlier, and operating income rose 79.7% to ¥4.6 billion (US$45 million).

Environment & Engineering
In the Environment & Engineering segment, the water treatment business was affected by falling prices amid continued weakness in the global market, despite positive factors such as contributions from Toray Chemical Korea Inc., which became a consolidated subsidiary at the end of the previous fiscal year, and the increase in shipment in seawater desalination projects.
Among domestic subsidiaries, while an engineering subsidiary performed strongly, the condominium business of a construction subsidiary remained sluggish. Sales at a trading subsidiary declined due to the change in the transaction of some portion of the business.

As a result, overall sales of Environment & Engineering segment decreased 11.7% to ¥34.3 billion (US$338 million), and it posted operating loss of ¥0.2 billion yen (US$2 million), which is a ¥0.5 billion deterioration from the same period a year earlier.

Life Science
In the pharmaceutical business, sales of REMITCH®*, an oral anti-pruritus drug for hemodialysis patients, expanded robustly, though shipment of natural-type interferon beta preparation FERON® and orally active prostacyclin derivative DORNER® was weak due to the impact of intensified competition. License revenue also decreased compared with the same period a year ago. In the medical devices business, domestic shipment of dialyzers grew.

As a result, overall sales of Life Science segment declined 0.3% to ¥12.3 billion (US$121 million) compared with the same period a year earlier, and operating income fell 28.0% to ¥0.5 billion (US$5 million).

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

2. Analysis of Financial Condition

As of June 30, 2014, Toray Group's total assets stood at ¥2,154.5 billion (US$21,248 million), up ¥34.8 billion from the end of the previous fiscal year primarily due to increases in securities and inventory.

Liabilities increased by ¥73.0 billion to ¥1,248.0 billion (US$12,308 million) compared to the end of the previous fiscal year, owing mainly to an increase in interest-bearing debts.

Net assets declined ¥38.1 billion compared with the end of the previous fiscal year to ¥906.5 billion (US$8,940 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 ¥822.2 billion (US$8,108 million).

3. Forecast of Consolidated Results

While there remain risks for an economic downturn such as the impact from a scale-down of the U.S. monetary easing, the handling of Europe's sovereign debt problems and its impact as well as the trends in property price and financial market in China, the global economy as a whole is expected to continue its gradual recovery, as the economies in the U.S., Europe and Asian regions are heading toward improvement. The Japanese economy is also expected to recover gradually, as some persisting weaknesses, caused by the reversal of the last-minute demand caused by the consumption tax rate increase, slowly recede and as the impact of policy become apparent and exports pick up.

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.

Toray has kept its first-half and full-year earnings forecasts announced on May 8, 2014 unchanged. The calculation of Toray Group's earnings forecasts from July 2014 onwards is based on an assumed foreign currency exchange rate of ¥100 to the U.S. dollar.

Notes:
1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥101.4 =U.S.$1, the approximate rate of exchange prevailing on June 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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