

Consolidated Financial Report for Year ended March 31, 2012

Toyobo Co., Ltd.

Listed on the First Section of both the TSE and OSE

Stock Code: 3101

URL <http://www.toyobo-global.com/ir/>

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Date of the General Meeting of the Shareholders: June 28, 2012

Planned start of dividend payments: June 29, 2012

Planned filing of an annual security report: June 28, 2012

(Figures are rounded to the nearest million yen.)

1. Consolidated Business Performance

(1) Consolidated Operating Results

Years ended March 31

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2012	349,505	2.6	18,305	(12.4)	15,730	(7.7)	4,587	10.4
2011	340,573	6.8	20,890	82.1	17,043	129.0	4,155	98.4

(Note) Comprehensive income: Year ended March 31, 2012: ¥ 9,065 million, Year ended March 31, 2011: ¥ 5,416 million

	Net income per share	Net income per share after dilution	Return on equity	Ordinary income-to-total assets ratio	Operating income-to-net sales ratio
	Yen	Yen	%	%	%
2012	5.17	---	3.6	3.6	5.2
2011	5.49	5.48	3.6	3.9	6.1

(Reference) Gain (loss) on investment by equity method: Year ended March 31, 2012: ¥ 608 million,
Year ended March 31, 2011: ¥ 251 million

(2) Consolidated Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2012	437,841	147,724	29.8	147.26
2011	443,516	149,773	28.4	141.85

(Reference) Total shareholders' equity: March 31, 2012: ¥130,572 million, March 31, 2011: ¥125,770 million

(3) Consolidated Cash Flows

Years ended March 31

	Cash flow provided by operating activities	Cash flow used in investing activities	Cash flow used in financing activities	Cash and cash equivalent at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2012	14,192	(15,061)	(11,531)	9,481
2011	33,714	(11,579)	(9,915)	21,927

2. Dividends

Years ended/ending March 31

Record date	Dividends per share					Total amount of dividends (for the entire fiscal year) Millions of yen	Payout ratio %	Dividends-to-net assets ratio %
	June 30	Sept. 30	Dec. 31	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
2011	---	0.00	---	3.50	3.50	3,110	63.8	2.5
2012	---	0.00	---	3.50	3.50	3,110	67.6	2.4
2013 (Forecast)	---	0.00	---	3.50	3.50		31.0	

3. Forecasts for Fiscal Year ending March 31, 2013

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	180,000	1.1	11,500	4.1	10,500	3.5
Fiscal year	365,000	4.4	24,000	31.1	21,000	33.5

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	5,000	(3.8)	5.64
Fiscal year	10,000	118.0	11.28

4. Other

- Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
- Changes in accounting rules, procedures or method of presentation relating to the preparation of the consolidated financial statements (Matters included in changes to significant items that form the basis for preparation of the consolidated financial statements).
 - Changes in accordance with revisions to accounting standards: None
 - Other changes: None
- Number of Shares Outstanding (Common stock)

Number of shares outstanding at fiscal year-end:
2012: 890,487,922 shares 2011: 890,487,922 shares

Number of treasury stocks at fiscal year-end:
2012: 3,822,973 shares 2011: 3,833,088 shares

Average number of shares outstanding:
2012: 886,658,160 shares 2011: 757,441,667 shares

(Reference)**1. Non-Consolidated Business Performance****(1) Non-Consolidated Operating Results**

Years ended March 31

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2012	226,163	3.3	13,469	(19.4)	10,485	(20.9)	1,916	(30.8)
2011	219,043	13.7	16,712	113.1	13,261	125.5	2,769	(47.6)

	Net income per share	Net income per share after dilution
	Yen	Yen
2012	2.16	---
2011	3.65	3.64

(2) Non-Consolidated Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2012	394,613	144,059	36.5	162.12
2011	402,329	141,894	35.3	159.68

(Reference) Total shareholders' equity: March 31, 2012: ¥144,059 million, March 31, 2011: ¥141,894 million

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release. Actual results may differ from the results anticipated in the statements.

1. Operating Results

(1) Analysis of Operating Results

The business environment for the Toyobo Group during fiscal 2012, ended March 31, 2012 (April 1, 2011, through March 31, 2012), in the domestic economy was characterized by a sharp decline in industrial activities at the beginning of the fiscal year as a result of the Great East Japan Earthquake. Nevertheless, signs of recovery were seen in the second quarter of the fiscal year as progress was made toward the early restoration of supply chains. However, in the second half of the fiscal year, floods in Thailand, the appreciation of the yen, the increase in crude oil prices, and other factors combined to create a challenging business environment. In overseas economies also, the overall outlook continued to be uncertain because of slower economic growth in China and other countries in Asia, the debt crises in Europe, and other factors.

Amid this operating environment, the Toyobo Group aimed to become “The category leader for providing new value in the environment, life science, and high-function products fields.” In the environment field, the Company worked to expand sales of high-melting point polyamide made from biomass and the volatile organic compounds (VOC) emission treatment equipment in overseas, while in the life science field, Toyobo endeavored to increase sales of enzymes for blood glucose sensors and new types of medical membranes. In the field of high-function products, the Company worked to expand sales of films for the manufacturing process of ceramic capacitors and expanded its coating facilities for these films as well as the production capacity for a chlorinated polypropylene paint used as an undercoating for automobile bumpers. In addition, the Company worked to expand specialty business activities globally, including making the decision to establish a manufacturing and sales company for co-polymer polyester in Thailand and a sales company for airbag fabrics in North America.

As a result, consolidated net sales for the subject fiscal year increased ¥8.9 billion (2.6%) from the previous fiscal year to ¥349.5 billion, with operating income down ¥2.6 billion (12.4%) to ¥18.3 billion, and net income of ¥4.6 billion.

Results by business segment were as follows:

Films and Functional Polymers

This segment reported firm performances in businesses related to lifestyles. However, as a result of the effects of production adjustments in the latter half of the fiscal year in Japan and overseas in the large-sized LCD TV and electronic components fields, sales for the fiscal year increased in comparison with the previous fiscal year, but operating income declined.

In the Films business, revenues from packaging films held firm during the first half of the fiscal year, but, in the latter half, they were adversely affected by temporary users' adjustments in inventories. In the Industrial Films business, this segment worked to develop businesses outside films for LCDs, including films for electronic parts in the information and telecommunications field, but the decline in prices and production adjustments in the LCD panel related field had a strong adverse impact on sales. For this reason, the segment endeavored to reduce inventories through reduction in production. In the Functional Polymers business, the “VYLON” series of industrial adhesives experienced difficulties in applications related to electronic parts because of the

downturn in the world economy during the latter half of the fiscal year. In the engineering plastics business, demand from the automotive industry, which is the principal customer sector for this business, was adversely affected by the Great East Japan Earthquake and the flooding in Thailand, but demand in volume terms recovered and remained firm for the fiscal year as a whole. Sales of acrylate polymer expanded as demand for functional products, including those that give a feeling of coolness or warmth, were favorable. In the fine polymer business, sales of modified-polyolefin resin for use in manufacturing automotive bumpers were negatively affected by the stoppage of production in user industries due to the flooding in Thailand.

As a result, sales in this segment increased ¥6.4 billion (5.0%) from the previous fiscal year to ¥133.3 billion, while operating income down ¥3.3 billion (26.5%) to ¥9.2 billion.

Industrial Materials

In this segment, some businesses were affected by the production adjustments in the automotive industry owing to the flooding in Thailand, but demand from the environment-related industries and consumer safety field continued to be firm. As a result, sales declined in comparison with the previous fiscal year but operating income increased.

Revenues from airbag fabrics recovered from the second quarter and were favorable for the fiscal year. In the tire cords business, operating conditions were challenging because of the effects of flood damage in Thailand and foreign currency fluctuations. In the high-performance fibers business, sales of “ZYLON” for use in heat-resistant applications were steady, but sales of “Dyneema” were affected by the delay in market recovery for certain applications. In the Functional Filters business, sales of filters for use in air conditioners and office equipment continued to be favorable, but, as this segment worked to expand sales of VOC emissions treatment equipment in Asia, sales were adversely affected by adjustments in investment projects among certain users. Sales of the non-woven fabrics “Spunbond” for automotive applications recovered steadily in the second half of the fiscal year. In addition, demand for heat-resistant filters for use in thermal power generation plants was firm.

* VOC : volatile organic compounds

As a result, sales in this segment decreased ¥0.2 billion (0.3%) from the previous fiscal year to ¥71.2 billion, with operating income rose ¥0.4 billion (8.8%) to ¥5.3 billion.

Life Science

Performances of the businesses in this segment—which include bioproducts, medical products, and functional membranes—were favorable, but as a result of foreign currency fluctuations, sales increased in comparison with the previous fiscal year while operating income declined.

In the bioproducts business, sales of enzymes for diagnostic reagents, which are the principal product in this field, expanded. This was led mainly by exports, but performance was affected by foreign currency fluctuations. In the medical business, in the contract manufacturing of pharmaceuticals, sales of injection materials remained stable. In the functional membranes for medical-use business, sales remained favorable as a result of expansion in overseas markets. In the water treatment membrane business, shipments for new projects in Saudi Arabia got off to a steady start, but were influenced by foreign currency fluctuations. In the fine chemicals business,

conditions in the intermediate medicines field continued to be difficult during the fiscal year.

As a result, sales in this segment increased ¥0.3 billion (1.0%) from the previous fiscal year to ¥31.7 billion, while operating income down ¥0.2 billion (6.1%) to ¥3.5 billion.

Textiles

In this segment, sales and operating income increased compared with the previous fiscal year, even though a condition of weakness in consumer spending and foreign currency fluctuations existed.

In the sports apparel field, this segment's sports products business recorded a steady performance. In the inner wear field, sales of functional textiles for example thermal fabrics showed steady expansion, but the nylon-related business experienced tough operating conditions because of the increase in prices of raw materials. In the textiles field, orders for uniforms were favorable; sales of textile materials for traditional Arabic menswear expanded in volume terms but were adversely influenced by the appreciation of the yen.

As a result, sales in this segment increased ¥1.2 billion (1.3%) from the previous fiscal year to ¥88.0 billion, with operating income up ¥0.4 billion (69.4%) to ¥1.1 billion.

Real Estate and Other Businesses

This segment includes infrastructure-related businesses such as real estate, engineering, information processing services, and logistics services. Results in these businesses were in line with plans.

As a result, sales in these segments increased ¥1.3 billion (5.6%) from the previous fiscal year to ¥25.3 billion, with operating income rose 0.2% to ¥2.5 billion.

Forecast for Fiscal 2013 (ending March 31, 2013)

The business environment during the fiscal year ending March 31, 2013, is likely to be characterized by firm overseas demand, principally in the emerging countries and an overall continuation of a moderate recovery trend. However, a strong sense of uncertainty is thought likely to continue because of the rising trends in raw material and fuel costs, financial uncertainty and concerns accompanying the government debt crises in Europe, the range of effects that may emerge from shortages of electric power in Japan, and other factors.

In view of these expected trends in the business environment, the Toyobo Group will work to build an earnings base that will be strong against changes in the operating environment. The Group will also aim to become "The category leader for providing new value in the environment, life science, and high-function products fields." The Group will focus its management resources on businesses that have high profitability and potential for growth and aggressively expand its activities in Japan and overseas. The Group will also work to strengthen its financial position by increasing the return on assets and adopting other measures. The Group will further increase profitability through improvements in its business portfolio.

Considering such factors, for fiscal 2013 the Toyobo Group is forecasting consolidated net sales of ¥365.0 billion (up ¥15.5 billion year on year), with operating income of ¥24.0 billion (up ¥5.7 billion), and net income of ¥10.0 billion (up ¥5.4 billion).

(2) Analysis of Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the subject fiscal year (March 31, 2012) decreased ¥5.7 billion (1.3%) from the end of the previous fiscal year (March 31, 2011) to ¥437.8 billion. This was due mainly to decrease in cash and deposits.

Total liabilities decreased ¥3.6 billion (1.2%) to ¥290.1 billion. This was due mainly to decrease in deferred tax liabilities for land revaluation

Total net assets decreased ¥2.0 billion (1.4%) to ¥147.7 billion. This was due mainly to increase in revaluation reserve for land and decrease in minority interests by repurchase and cancellation of a portion of perpetual preferred securities.

Cash Flows

Net cash provided by operating activities amounted to ¥14.2 billion at the end of the subject fiscal year. This consisted mainly of ¥10.9 billion before income taxes; ¥19.5 billion in depreciation and amortization; and ¥11.8 billion increase in inventories.

Net cash used in investing activities amounted to ¥15.1 billion. This consisted mainly of ¥16.7 billion in expenditures for the acquisition of property, plant and equipment; and ¥1.0 billion in received Interest and dividends income.

Net cash used in financing activities amounted to ¥11.5 billion. This consisted mainly of ¥27.3 billion in expenditures for repayment of long-term debt; ¥3.1 billion in payment of dividends (including dividends to minority shareholders); ¥7.2 billion in repurchase and cancellation of a portion of perpetual preferred securities; and ¥30.1 billion in proceeds from long-term debt.

As a result, the balance of cash and cash equivalents at the end of the subject fiscal year (March 31, 2012) stood at ¥9.5 billion, an decrease of ¥12.4 billion from the end of the previous fiscal year (March 31, 2011).

(Reference) Cash Flow Indicators

Years ended March 31

	2008	2009	2010	2011	2012
Equity ratio (%)	26.2	22.1	24.4	28.4	29.8
Equity ratio, based on market value (%)	29.4	20.0	25.4	24.0	23.9
Interest-bearing debt to cash flow ratio (Years)	7.7	---	5.9	4.5	10.9
Interest coverage ratio (Times)	7.3	---	10.7	13.3	6.6
D/E ratio (Times)	1.38	1.82	1.60	1.21	1.19

Notes:

Equity ratio: shareholders' equity/ total assets

Market-based rate of equity ratio: total market capitalization/ total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt/ operating cash flows

Interest coverage ratio: operating cash flows/ interest expense

D/E ratio: interest-bearing debt/ net assets excluding minority interests

(3) Basic Policy Regarding Earnings Distribution, and Dividends for Fiscal 2011 and 2012

Toyobo considers providing returns to shareholders to be one of its highest priorities. Our basic policy is to continually provide a stable dividend, determined in a comprehensive consideration of such factors as improving the financial position, profit levels, and retention of earnings for future investment.

In accordance with this policy, Toyobo plans to pay a year-end dividend for the subject fiscal year of ¥3.50 per share. For fiscal 2013, we expect to pay a dividend of ¥3.50 per share, based on the forecast net income of ¥10.0 billion.

2. MANAGEMENT POLICY

(1) Basic Management Policy

The Toyobo Group has adopted as its fundamental principle the ancient proverb “Jun-ri-Soku-yu,” meaning “Adhering to Reason Leads to Prosperity.” In accordance with this principle, the Toyobo Group, in order to remain a company trusted by the public, will help create a sound and sustainable society by providing the world with useful products.”

The management policy of the Toyobo Group is a “continual reform of the business portfolio.” Toyobo works continually to raise its corporate value by concentrating its management resources in businesses that are highly profitable and have growth potential, by expanding its activities aggressively in Japan and overseas, and by increasing the efficiency of its capital and strengthening its financial position.

(2) Target Managerial Indicators

The key management benchmark for the Toyobo Group is return on assets (ROA), and, with due consideration for the cost of capital, the Group aims to achieve ROA of 8% or higher. The performance of all business divisions and Group companies is assessed according to the common standards of profit and loss, ROA, and cash flow, and the Group reviews and reforms its business portfolio based on these standards.

To evaluate its financial position, the Toyobo Group places emphasis on its debt-equity (D/E) ratio, which reflects the ratio of interest-bearing debt to net assets (excluding minority interests). To achieve an even stronger financial position, Toyobo has set a medium-term goal of lowering the D/E ratio to 1.0.

(3) Medium- to Long-Term Business Strategies and Issues to Be Addressed

The Toyobo Group has thus far addressed two management issues simultaneously. These are making structural reforms in its textile and other related products business and expanding its specialty businesses: namely, films and functional plastics, industrial materials, and life science.

By the fiscal year ended March 2009, Toyobo had almost completed its restructuring of the textile and other related products business and is now giving maximum priority to accelerating growth in its specialty businesses to “enter a new stage in growth.”

At present, Toyobo is working to become “the strong company with growth and stability.” To attain this objective, Toyobo is devoting its resources to implement the following:

(a) Investments to Expand Capacity

The Toyobo Group is implementing investments, alliances, and M&A deals to increase its production capacity in its specialty businesses to capture emerging opportunities.

In the fiscal year ended March 2012, Toyobo decided to build hybrid-type production facilities of polyester films for both industrial films and packaging films and, in the contract manufacturing of pharmaceuticals business. The company will implement investments also include films, fine polymers, automobile airbag fabrics, bio-products, functional membranes, without missing the timing.

(b) Acceleration of Overseas Business Development

The Toyobo Group will accelerate the development of its business activities in overseas markets that are continuing to grow, especially in China. Thus far, the Company's principal business has been exporting products from Japan to overseas markets. Going forward, however, the Company is moving forward to structure a more-autonomous model for overseas operations by establishing and upgrading its business bases that can conduct integrated overseas operations from product development through manufacturing and marketing.

In line with this policy, during fiscal 2012, Toyobo made the decision to establish a company to manufacture and sell "VYLON" co-polyester in Thailand. Also, in the airbag fabric business, Toyobo made the decision to follow on from its market development activities in China and form a sales company in North America. Similarly, in the water treatment membrane business, Toyobo's joint venture with local business interests in Saudi Arabia went into full operation.

Looking ahead, Toyobo will accelerate the development of its international business activities, including alliances with overseas companies, with activities centering around the newly formed Global Business Planning Division.

(c) Improvement of the Product Portfolio

The activities of the Toyobo Group comprise many specialty businesses. To build positions of strength in each of these businesses, we believe it will be important to continue developing new products and increasing value added.

The key to this is the development of new products. We must anticipate changes in the market, and with our development, manufacturing and marketing functions working together, we must offer new products and service to customers. In addition, in our product development activities, we must collaborate proactively with other companies and organizations on the outside such as research institutions for speeding up of developments.

(d) Improving Asset Efficiency

In the textile business, we have moved ahead without hesitation with structural reforms that have involved downsizing and scrapping of facilities. However, going forward, we foresee difficult conditions continuing. Therefore, we are continuing to sharpen our focus on the functional textiles field, including sportswear and underwear. We move forward together with Group companies in all business fields including specialty businesses to insist on management with an emphasis on the efficient use of capital.

Toyobo marked the 130th anniversary of its establishment in May 2012. Since it began business as a textile company in 1882, Toyobo has overcome periods of sluggish economic conditions and other difficulties, and while using these challenges as a springboard for entering new fields, the Company has developed to become a manufacturer of high-function products. With this record of accomplishments in mind, Toyobo has adopted "Ideas & Chemistry" as its new corporate slogan. Based on the spirit of the Company's corporate philosophy, which is expressed in the aphorism "Jun-Ri-Soku-Yu" (Adhering to Reason Leads to Prosperity), the Toyobo Group is working to continue to make contributions to society drawing on its "Ideas" that lead to the creation of high-function products and its "Chemistry" that leads to the development of new materials.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

(Millions of yen)

	2011 (As of March 31, 2011)	2012 (As of March 31, 2012)
Assets		
Current assets		
Cash and deposits	22,014	9,608
Notes and accounts receivable-trade	72,647	75,542
Merchandise and finished goods	38,794	47,963
Work in process	13,803	14,830
Raw materials and supplies	13,391	14,779
Deferred tax assets	3,203	7,373
Other	8,465	7,837
Allowance for doubtful accounts	(316)	(196)
Total current assets	172,001	177,735
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	47,510	46,530
Machinery, equipment and vehicles, net	37,026	33,780
Land	106,949	106,631
Lease assets, net	6,133	4,970
Construction in progress	3,631	5,427
Other, net	2,504	2,451
Total property, plant and equipment	203,751	199,789
Intangible assets		
Goodwill	634	454
Other	1,238	1,152
Total intangible assets	1,872	1,606
Investments and other assets		
Investment securities	22,807	23,757
Deferred tax assets	26,810	18,828
Other	17,724	17,526
Allowance for doubtful accounts	(1,450)	(1,401)
Total investments and other assets	65,892	58,710
Total noncurrent assets	271,515	260,105
Total assets	443,516	437,841

(Millions of yen)

	2011 (As of March 31, 2011)	2012 (As of March 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	49,068	47,741
Short-term loans payable	49,870	51,432
Current portion of long-term loans payable	26,990	28,132
Accrued expenses	4,598	4,064
Income taxes payable	1,134	1,040
Deferred tax liabilities	19	8
Deposits received	13,501	13,305
Provision for bonuses	4,123	4,089
Other	14,139	13,039
Total current liabilities	163,444	162,850
Noncurrent liabilities		
Bonds payable	15,000	15,000
Long-term loans payable	52,990	54,833
Lease obligations	5,257	3,925
Deferred tax liabilities	2,899	2,897
Deferred tax liabilities for land revaluation	28,158	24,673
Provision for retirement benefits	15,867	17,302
Provision for directors' retirement benefits	435	444
Negative goodwill	3,184	2,204
Provision for environmental measures	1,085	1,931
Other	5,425	4,059
Total noncurrent liabilities	130,299	127,267
Total liabilities	293,743	290,116
Net assets		
Shareholders' equity		
Capital stock	51,730	51,730
Capital surplus	32,227	32,227
Retained earnings	15,481	17,042
Treasury stock	(562)	(559)
Total shareholders' equity	98,876	100,440
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	305	1,038
Deferred gains or losses on hedges	(159)	(117)
Revaluation reserve for land	38,132	41,412
Foreign currency translation adjustment	(11,384)	(12,201)
Total accumulated other comprehensive income	26,894	30,132
Minority interests	24,003	17,153
Total net assets	149,773	147,724
Total liabilities and net assets	443,516	437,841

(2) Consolidated Statements of Income

(Millions of yen)

	2011 (From April 1, 2010 To March 31, 2011)	2012 (From April 1, 2011 To March 31, 2012)
Net sales	340,573	349,505
Cost of sales	264,980	274,803
Gross profit	75,593	74,701
Selling, general and administrative expenses	54,703	56,396
Operating income	20,890	18,305
Non-operating income		
Interest income	232	207
Dividends income	709	761
Amortization of negative goodwill	979	1,006
Equity in earnings of affiliates	251	608
Other	1,967	1,920
Total non-operating income	4,138	4,502
Non-operating expenses		
Interest expenses	2,519	2,064
Amortization of net retirement benefit obligation at transition	1,570	1,570
Other	3,895	3,443
Total non-operating expenses	7,985	7,077
Ordinary income	17,043	15,730
Extraordinary income		
Gain on sales of noncurrent assets	357	217
Gain on sales of investment securities	28	146
Gain on sales of investments in capital	29	-
Reversal of allowance for doubtful accounts	13	-
Total extraordinary income	427	364
Extraordinary loss		
Impairment loss	386	-
Loss on disposal of noncurrent assets	1,279	1,509
Loss on sales of investment securities	26	-
Provision of allowance for doubtful accounts	28	-
Loss on liquidation of subsidiaries and affiliates	28	-
Loss on transfer of business	636	-
Loss on abolishment of retirement benefit plan	33	-
Provision for environmental measures	-	894
Loss on adjustment for changes of accounting standard for asset retirement obligations	271	-
Loss on litigation	2,426	2,237
Other	7,365	591
Total extraordinary losses	12,479	5,231
Income before income taxes and minority interests	4,991	10,863
Income taxes-current	1,425	1,621
Income taxes-deferred	(1,515)	3,521
Total income taxes	(90)	5,142
Income before minority interests	5,080	5,721
Minority interests in income	925	1,134
Net income	4,155	4,587

Consolidated Statements of Comprehensive Income

(Millions of yen)

	2011 (From April 1, 2010 To March 31, 2011)	2012 (From April 1, 2011 To March 31, 2012)
Income before minority interests	5,080	5,721
Other comprehensive income		
Valuation difference on available-for-sale securities	909	714
Deferred gains or losses on hedges	23	42
Revaluation reserve for land	-	3,428
Foreign currency translation adjustment	(534)	(829)
Share of other comprehensive income of associates accounted for using equity method	(63)	(11)
Total other comprehensive income	335	3,344
Comprehensive income	5,416	9,065
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,521	7,909
Comprehensive income attributable to minority interests	894	1,156

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	2011 (From April 1, 2010 To March 31, 2011)	2012 (From April 1, 2011 To March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	43,341	51,730
Changes of items during the period		
Issuance of new shares	8,389	-
Total changes of items during the period	8,389	-
Balance at the end of current period	51,730	51,730
Capital surplus		
Balance at the beginning of current period	23,839	32,227
Changes of items during the period		
Disposal of treasury stock	-	(0)
Issuance of new shares	8,389	-
Total changes of items during the period	8,389	(0)
Balance at the end of current period	32,227	32,227
Retained earnings		
Balance at the beginning of current period	13,881	15,481
Changes of items during the period		
Dividends from surplus	(2,620)	(3,110)
Net income	4,155	4,587
Reversal of revaluation reserve for land	64	84
Decrease due to decrease in consolidated subsidiaries	-	(0)
Total changes of items during the period	1,600	1,561
Balance at the end of current period	15,481	17,042
Treasury stock		
Balance at the beginning of current period	(558)	(562)
Changes of items during the period		
Purchase of treasury stock	(5)	(2)
Disposal of treasury stock	1	5
Total changes of items during the period	(4)	3
Balance at the end of current period	(562)	(559)
Total shareholders' equity		
Balance at the beginning of current period	80,503	98,876
Changes of items during the period		
Issuance of new shares	16,778	-
Dividends from surplus	(2,620)	(3,110)
Net income	4,155	4,587
Reversal of revaluation reserve for land	64	84
Decrease due to decrease in consolidated subsidiaries	-	(0)
Purchase of treasury stock	(5)	(2)
Disposal of treasury stock	1	4
Total changes of items during the period	18,373	1,564
Balance at the end of current period	98,876	100,440

(Millions of yen)

	2011 (From April 1, 2010 To March 31, 2011)	2012 (From April 1, 2011 To March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(584)	305
Changes of items during the period		
Net changes of items other than shareholders' equity	888	733
Total changes of items during the period	888	733
Balance at the end of current period	305	1,038
Deferred gains or losses on hedges		
Balance at the beginning of current period	(182)	(159)
Changes of items during the period		
Net changes of items other than shareholders' equity	23	42
Total changes of items during the period	23	42
Balance at the end of current period	(159)	(117)
Revaluation reserve for land		
Balance at the beginning of current period	38,197	38,132
Changes of items during the period		
Net changes of items other than shareholders' equity	(64)	3,280
Total changes of items during the period	(64)	3,280
Balance at the end of current period	38,132	41,412
Foreign currency translation adjustment		
Balance at the beginning of current period	(10,839)	(11,384)
Changes of items during the period		
Net changes of items other than shareholders' equity	(546)	(817)
Total changes of items during the period	(546)	(817)
Balance at the end of current period	(11,384)	(12,201)
Total accumulated other comprehensive income		
Balance at the beginning of current period	26,592	26,894
Changes of items during the period		
Net changes of items other than shareholders' equity	302	3,238
Total changes of items during the period	302	3,238
Balance at the end of current period	26,894	30,132
Minority interests		
Balance at the beginning of current period	24,002	24,003
Changes of items during the period		
Net changes of items other than shareholders' equity	1	(6,850)
Total changes of items during the period	1	(6,850)
Balance at the end of current period	24,003	17,153

(Millions of yen)

	2011	2012
	(From April 1, 2010 To March 31, 2011)	(From April 1, 2011 To March 31, 2012)
Total net assets		
Balance at the beginning of current period	131,097	149,773
Changes of items during the period		
Issuance of new shares	16,778	-
Dividends from surplus	(2,620)	(3,110)
Net income	4,155	4,587
Reversal of revaluation reserve for land	64	84
Decrease due to decrease in consolidated subsidiaries	-	(0)
Purchase of treasury stock	(5)	(2)
Disposal of treasury stock	1	4
Net changes of items other than shareholders' equity	303	(3,613)
Total changes of items during the period	18,676	(2,049)
Balance at the end of current period	149,773	147,724

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	2011 (From April 1, 2010 To March 31, 2011)	2012 (From April 1, 2011 To March 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	4,991	10,863
Depreciation and amortization	19,113	19,473
Amortization of negative goodwill	(979)	(1,006)
Increase (decrease) in allowance for doubtful accounts	(305)	(146)
Increase (decrease) in provision for environmental measures	(7)	846
Environmental expenses	1,932	220
Increase (decrease) in provision for retirement benefits	695	1,412
Interest and dividends income	(941)	(968)
Interest expenses	2,519	2,064
Equity in (earnings) losses of affiliates	(251)	(608)
Impairment loss	386	-
Loss (gain) on sales and disposal of property, plant and equipment, net	1,263	1,325
Loss (gain) on sales and valuation of investment securities	4,497	(88)
Loss on transfer of business	636	-
Loss on litigation	2,426	2,237
Decrease (increase) in notes and accounts receivable-trade	166	(2,756)
Decrease (increase) in inventories	(4,630)	(11,787)
Increase (decrease) in notes and accounts payable-trade	3,671	(1,861)
Decrease (increase) in prepaid pension costs	(572)	145
Other, net	1,218	(1,222)
Subtotal	<u>35,828</u>	<u>18,142</u>
Payments for loss on litigation	(1,843)	(2,685)
Income taxes (paid) refund	(271)	(1,265)
Net cash provided by (used in) operating activities	<u>33,714</u>	<u>14,192</u>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(14,054)	(16,659)
Proceeds from sales of property, plant and equipment and intangible assets	987	613
Purchase of investment securities	(43)	(46)
Proceeds from sales of investment securities	112	323
Interest and dividends income received	959	976
Proceeds from dividends income from equity method affiliate	13	173
Other, net	448	(442)
Net cash provided by (used in) investing activities	<u>(11,579)</u>	<u>(15,061)</u>

(Millions of yen)

	2011 (From April 1, 2010 To March 31, 2011)	2012 (From April 1, 2011 To March 31, 2012)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(4,541)	1,575
Proceeds from long-term loans payable	16,932	30,100
Repayment of long-term loans payable	(30,671)	(27,285)
Payment for retirement by preferred securities	-	(7,242)
Proceeds from issuance of common stock	16,599	-
Purchase of treasury stock	(5)	(2)
Proceeds from sales of treasury stock	1	4
Repayments of finance lease obligations	(2,197)	(2,468)
Interest expenses paid	(2,533)	(2,160)
Cash dividends paid	(2,604)	(3,094)
Cash dividends paid to minority shareholders	(898)	(735)
Other, net	-	(225)
Net cash provided by (used in) financing activities	(9,915)	(11,531)
Effect of exchange rate change on cash and cash equivalents	(246)	(195)
Net increase (decrease) in cash and cash equivalents	11,975	(12,595)
Cash and cash equivalents at beginning of period	9,953	21,927
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	149
Cash and cash equivalents at end of period	21,927	9,481

Segment Information

a) Segment Information

Toyobo's reportable segments allow it to acquire financial data separated into the various components of the corporate group. The scope of the segments is reviewed on a regular basis in order to allow the highest decision-making body to determine the allocation of management resources, and evaluate earnings performance.

Toyobo's basic organization comprises business headquarters and business divisions within the head office, separated by the type, nature and market for products and services. Each business headquarters and business division formulates comprehensive strategies for its domestic and overseas operations, and conducts business activities.

Accordingly, Toyobo comprises business segments by product and service. Its five reportable segments are "Films and Functional Polymers," "Industrial Materials," "Life Science," "Textiles" and "Real Estate." The "Films and Functional Polymers" segment manufactures and sells packaging films, industrial films, industrial adhesives, engineering plastics, optical function materials photo-sensitive printing plates and other products. The "Industrial Materials" segment manufactures and sells fiber materials for automotive applications, high-performance fibers, functional filters, VOC emissions treatment equipment and systems, non-woven fabrics and other products. The "Life Science" segment manufactures and sells bio-products such as enzymes for diagnostics, contract manufacturing of pharmaceuticals, medical-use membranes, medical equipment and equipment devices, water treatment membranes, and other products. The "Textiles" segment manufactures and sells functional textiles, apparel products, apparel textiles, apparel fibers, and other products. The "Real Estate" segment leases and manages real estate properties.

ii) Segment sales and operating income

[Fiscal Year ended March 31, 2011]

(Millions of yen)

	Segment to be reported						Other Business- ses	Total	Adjustment	Consolidated Statements of Income
	Films and Functional Polymers	Industrial Materials	Life Science	Textiles	Real Estate	Total				
Net Sales										
(1) Outside customers	126,960	71,462	31,386	86,832	3,602	320,242	20,331	340,573	—	340,573
(2) Inter-segment sales and transfers	590	206	87	933	1,535	3,351	9,927	13,278	(13,278)	—
Total	127,550	71,668	31,474	87,765	5,137	323,593	30,258	353,851	(13,278)	340,573
Operating Income	12,528	4,911	3,724	624	1,569	23,356	753	24,108	(3,219)	20,890
Assets	121,772	70,136	34,366	75,895	46,173	348,341	19,846	368,188	75,329	443,516
Others										
Depreciation and Amortization	7,547	3,799	3,199	2,353	862	17,759	334	18,093	1,020	19,113
Capital Expenditure	5,757	2,703	1,877	1,571	738	12,646	326	12,972	959	13,931

[Fiscal Year ended March 31, 2012]

(Millions of yen)

	Segment to be reported						Other Busines- ses	Total	Adjustment	Consolidated Statements of Income
	Films and Functional Polymers	Industrial Materials	Life Science	Textiles	Real Estate	Total				
Net Sales										
(1) Outside customers	133,322	71,221	31,695	87,999	3,793	328,031	21,474	349,505	—	349,505
(2) Inter-segment sales and transfers	445	79	40	1,176	1,269	3,008	12,251	15,259	(15,259)	—
Total	133,767	71,300	31,735	89,175	5,062	331,040	33,724	364,764	(15,259)	349,505
Operating Income	9,209	5,342	3,498	1,058	1,353	20,460	1,125	21,585	(3,280)	18,305
Assets	133,675	70,892	30,633	79,471	45,907	360,578	20,710	381,288	56,552	437,841
Others										
Depreciation and Amortization	8,160	3,564	3,062	2,355	887	18,029	422	18,451	1,022	19,743
Capital Expenditure	8,650	2,435	1,614	2,141	473	15,313	301	15,613	904	16,517