

Consolidated Financial Report for the First Quarter ended June 30, 2011

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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(Figures are rounded to the nearest million yen)

1. Consolidated Business Performance

(1) Consolidated Operating Results

First quarter ended June 30

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	%
2011	87,239	6.2	5,671	27.0	5,541	38.1	2,879	—
2010	82,161	12.9	4,465	—	4,012	—	(2,478)	—

	Net income per share	Net income per share after dilution
	Yen	Yen
2011	3.25	3.25
2010	(3.32)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2011	446,455	149,899	28.2
March 31, 2011	443,516	149,773	28.4

(Reference) Total shareholders' equity: June 30, 2011: ¥125,807 million, March 31, 2011: ¥125,770 million

2. Dividends

Record date	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 3/2011	—	0.00	—	3.50	3.50
FY 3/2012	—				
FY 3/2012 (Forecast)		0.00	—	3.50	3.50

(Note) Revision of dividends forecast for this period: None

3. Forecasts for Fiscal Year ending March 31, 2012

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	170,000	0.2	10,000	(8.7)	8,500	(5.0)
Fiscal year	355,000	4.2	22,000	5.3	19,000	11.5

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	4,000	—	4.51
Fiscal year	9,000	116.6	10.15

(Note) Revision of earnings forecast for this period: Yes

4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
2. Adoption of simplified and special accounting methods: None
3. Changes from accounting methods, procedures and the presentation of the consolidated financial statements:
 - 1) Changes based on revision of accounting standards : None
 - 2) Changes other than 1) above : None
 - 3) Changes due to accounting estimation change : None
 - 4) Error correction : None
4. Number of shares issued and outstanding (common share)
 - 1) Number of shares outstanding (including treasury stock):

June 30, 2011: 890,487,922 shares	March 31, 2011: 890,487,922 shares
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 - 2) Number of treasury stock

June 30, 2011: 3,835,957 shares	March 31, 2011: 3,833,088 shares
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 - 3) Average number of shares outstanding for each period (cumulative term):

Three months ended June 30	2011: 886,653,317 shares
	2010: 746,684,027 shares

※ Implementation status of Quarterly review

This Financial Results report for the First Quarter was exempt from Quarterly review which was based on Financial Instruments and Exchange Law of Japan. As of the First Quarter disclosing, Quarterly review for the quarterly financial statements are under review.

※ Explanation regarding the appropriate use of forecasts of business results

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.

QUALITATIVE INFORMATION AND FINANCIAL STATEMENTS

(1) Qualitative Information on Consolidated Results

The business environment for the Toyobo Group in Japan during the first quarter of fiscal 2012 (the fiscal year ending March 31, 2012) was characterized by continued difficult operating conditions because of the effects of the Great East Japan Earthquake. Amid these conditions, however, the decline in personal consumption appeared to be ending, and industrial production showed signs of rising because of the rapid restoration of supply chains. Overseas, firm demand continued in the rest of Asia outside Japan, especially in China, and this brought a moderate recovery in Japan's exports.

Within this operating environment, in accordance with its four-year, Medium-Term Management Plan, which will cover the period through March 31, 2014, the Toyobo Group aimed to become "The category leader for providing new value in the environment, life science, and high-function products fields." During the first quarter, the Company worked to expand sales of new products, including high-melting-point polyamide resin made from biomass and enzymes for the self-monitoring of blood glucose sensors. In the contract manufacturing of pharmaceuticals, the Company decided to increase its production capacity for injectable solutions and worked to expand its environment-related and life science businesses. In the high-function product fields, including products for LCDs and electronic parts as well as for automotive use, the Company increased its sales of films for used in touch panels and for manufacturing process of ceramic capacitors and endeavored to increase the unit volume of sales of functional polymers to the rest of Asia.

As a result, net sales for the first quarter rose ¥5.1 billion (6.2%) in comparison with the same period of the previous fiscal year, to ¥87.2 billion, and operating income expanded ¥1.2 billion (27.0%), to ¥5.7 billion. Ordinary income rose ¥1.5 billion (38.1%), to ¥5.5 billion, and net income for the first quarter amounted to ¥2.9 billion (compared with a net loss of ¥2.5 billion for the first quarter of the previous fiscal year.)

Results by business segment were as follows.

Films and Functional Polymers

This segment reported an increase in sales, compared with the same quarter of the previous fiscal year, and a decline in operating income. Although sales of films for packaging food products reported steady expansion, sales to the LCD and automotive industries were adversely affected by production cutbacks in those industries.

In the films business, sales of packaging films for food products showed steady expansion. In the industrial films business, films for manufacturing process of ceramic capacitors were firm, however, films for LCDs were adversely affected by production adjustments of some users and the appreciation of the yen, and sales decreased from the same period of the previous year when shipments in this field were at a high level. In the functional polymers business, revenue

from the “VYLON” series of industrial adhesives expanded because of firm demand for use in electronic components overseas, particularly in China. Engineering plastics experienced difficult operating conditions because of production cutbacks by automotive companies, the principal customer industry for these products.

As a result, sales in this segment rose ¥3.4 billion (10.2%) from the same quarter of the previous fiscal year, to ¥36.2 billion, but operating income declined ¥0.2 (4.6%), to ¥3.6 billion.

Industrial Materials

In the industrial materials business, the unit volume of products supplied decreased because of the effects of the Great East Japan Earthquake and production cutbacks by customers in the automobile industry. Nevertheless, sales in the environment-related field remained firm, thus resulting in increases in sales and operating income.

Revenues from airbag fabrics and tire cords decreased because of production cutbacks among user industries. Sales in volume terms of the high-performance polyethylene fiber “Dyneema” also slowed because of the impact of the earthquake. On the other hand, in the functional filters field, sales of filters for air conditioners continued to be strong, and sales of VOC emission treatment equipment rose on the back of recovery in capital investment. As a result, this business posted a major rise in sales. Also, overseas demand for the polyphenylene sulfide fiber “PROCON” for bag filters, which are used for particulate recovery in thermal power plants, continued to be firm.

As a result, sales in this segment rose ¥0 billion (0.2%) from the same quarter of the previous year, to ¥16.4 billion, and operating income increased ¥0.2 (35.5%), to ¥0.9 billion.

Life Science

This segment reported gains in sales and operating income as its bioproducts, pharmaceuticals, and functional membranes business posted strong performances.

In the bioproducts business, sales of mainstay enzymes for diagnostic reagents expanded in Japan and Europe. In the contract manufacturing pharmaceuticals business, sales of injectable solutions were firm. In the functional membranes business, new products in the medical membranes contributed to expansion in sales. In the water treatment membranes business, shipments of replacement units to existing plants in Japan and overseas showed favorable performance. In the fine chemicals business, sales of pharmaceutical intermediate medicines declined in unit volume terms.

As a result, sales in this segment rose ¥0.6 billion (8.8%) from the same quarter of the previous year, to ¥7.4 billion, and operating income rose ¥0 (5.4%), to ¥0.7 billion.

Textiles

Sales and operating income of this segment expanded over the same quarter of the previous fiscal year.

In the sports apparel field, market conditions for apparel products recovered, and sales expanded. In the underwear field, sales, principally of functional materials, expanded in unit volume terms. In the textiles field, sales of uniforms increased steadily. Although sales of textile materials developed for the Middle East expanded in volume terms, the appreciation of the yen created a tough operating environment. Shipments of acrylic fiber "EXLAN" were firm, especially to overseas markets.

As a result, sales in this segment rose ¥0.5 billion (2.6%) from the same quarter of the previous year, to ¥21.3 billion, and operating income increased ¥1.0 billion, to ¥0.6 billion (compared with an operating loss of ¥0.3 billion for the first quarter of the previous fiscal year).

Real Estate and Other Businesses

These segments include infrastructure-related businesses such as real estate, engineering, information processing services, and logistics services. Results were essentially in line with plan.

As a result, sales in these segments increased ¥0.5 billion (9.8%) from the same period of the previous fiscal year to ¥6.0 billion, with operating income up ¥0 billion (3.1%) to ¥0.5 billion.

(2) Qualitative Information on the Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets increased ¥2.9 billion (0.7%) over the end of the previous fiscal year, to ¥446.5 billion, primarily because of higher inventories of merchandise and finished products.

Total liabilities rose ¥2.8 billion (1.0%), to ¥296.6 billion. This was mainly because of an increase in current liabilities.

Among net assets, although retained earnings declined, the foreign currency translation adjustment account increased, resulting in a gain in net assets of ¥0.1 billion (0.1%), to ¥149.9 billion.

(3) Qualitative Information on Consolidated Forecasts

In the previous outlook announced on May 9, 2011, the Company took account of the effects of the decline in sales in volume terms as a result of the effects of the Great East Japan Earthquake. As a result, on a consolidated basis, in the interim results through the end of the second quarter of fiscal 2012 and in the results for the full fiscal year, ending March 31, 2012, operating income and ordinary income were forecast to be below the level of the previous fiscal year.

However, as a result of the fact that the effects of the earthquake during the first quarter under review were confined to certain industries, such as the automotive-related sector, while, on the other hand, performance of the electronic component and environment-related fields held strong, net sales and all income indicators for the first quarter were above the levels of the same quarter of the previous fiscal year.

In view of these circumstances, although there are still uncertainties, such as concern about substantial appreciation in the value of the yen and increases in raw material prices and fuel costs, the automotive-related sector is expected to recover. In view of these and other considerations, the interim result through the end of the second quarter of fiscal 2012 and the results for the full fiscal year are now expected to exceed the Company's initial outlook.

Six months ending September 30, 2011

	Millions of Yen			
	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A) (Announced on May 9,2011)	160,000	8,000	6,000	2,300
Revised Forecast (B)	170,000	10,000	8,500	4,000
Change (B-A)	10,000	2,000	2,500	1,700
Percent Change (%)	6.3	25.0	41.7	73.9

Year ending March 31, 2012

	Millions of Yen			
	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A) (Announced on May 9,2011)	345,000	20,000	16,000	7,000
Revised Forecast (B)	355,000	22,000	19,000	9,000
Change (B-A)	10,000	2,000	3,000	2,000
Percent Change (%)	2.9	10.0	18.8	28.6

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2011)	Current First Quarter (As of June 30, 2011)
Assets		
Current assets		
Cash and deposits	22,014	18,786
Notes and accounts receivable-trade	72,647	73,868
Merchandise and finished goods	38,794	41,786
Work in process	13,803	15,588
Raw materials and supplies	13,391	14,961
Other	11,668	11,811
Allowance for doubtful accounts	(316)	(264)
Total current assets	172,001	176,536
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	47,510	47,653
Machinery, equipment and vehicles, net	37,026	37,719
Land	106,949	106,838
Other, net	12,267	10,669
Total property, plant and equipment	203,751	202,879
Intangible assets	1,872	1,772
Investments and other assets		
Other	67,341	66,745
Allowance for doubtful accounts	(1,450)	(1,476)
Total investments and other assets	65,892	65,268
Total noncurrent assets	271,515	269,919
Total assets	443,516	446,455

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2011)	Current First Quarter (As of June 30, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	49,068	51,832
Short-term loans payable	49,870	51,150
Current portion of long-term loans payable	26,990	26,059
Provision	4,276	2,194
Other	33,239	37,004
Total current liabilities	163,444	168,239
Noncurrent liabilities		
Bonds payable	15,000	15,000
Long-term loans payable	52,990	51,786
Provision for retirement benefits	15,867	16,192
Provision for directors' retirement benefits	435	360
Provision for environmental measures	1,085	1,084
Other	44,923	43,895
Total noncurrent liabilities	130,299	128,317
Total liabilities	293,743	296,556
Net assets		
Shareholders' equity		
Capital stock	51,730	51,730
Capital surplus	32,227	32,227
Retained earnings	15,481	15,261
Treasury stock	(562)	(562)
Total shareholders' equity	98,876	98,656
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	305	238
Deferred gains or losses on hedges	(159)	(171)
Revaluation reserve for land	38,132	38,120
Foreign currency translation adjustment	(11,384)	(11,036)
Total accumulated other comprehensive income	26,894	27,151
Minority interests	24,003	24,092
Total net assets	149,773	149,899
Total liabilities and net assets	443,516	446,455

(2) Consolidated Statements of Income and Consolidated Comprehensive Income Statements

Consolidated Statements of Income

(Millions of yen)

	Previous First Quarter (From April 1, 2010 To June 30, 2010)	Current First Quarter (From April 1, 2011 To June 30, 2011)
Net sales	82,161	87,239
Cost of sales	64,025	67,970
Gross profit	18,135	19,269
Selling, general and administrative expenses	13,670	13,598
Operating income	4,465	5,671
Non-operating income		
Dividends income	422	372
Equity in earnings of affiliates	157	316
Other	891	808
Total non-operating income	1,470	1,496
Non-operating expenses		
Interest expenses	712	556
Amortization of net retirement benefit obligation at transition	393	391
Other	818	678
Total non-operating expenses	1,923	1,626
Ordinary income	4,012	5,541
Extraordinary income		
Gain on sales of noncurrent assets	6	92
Other	-	5
Total extraordinary income	6	97
Extraordinary loss		
Loss on litigation	489	756
Other	4,696	171
Total extraordinary losses	5,185	927
Income (loss) before income taxes and minority interests	(1,167)	4,711
Income taxes	1,088	1,535
Income (loss) before minority interests	(2,255)	3,176
Minority interests in income	223	297
Net income (loss)	(2,478)	2,879

Consolidated Comprehensive Income Statements

(Millions of yen)

	Previous First Quarter (From April 1, 2010 To June 30, 2010)	Current First Quarter (From April 1, 2011 To June 30, 2011)
Income (loss) before minority interests	(2,255)	3,176
Other comprehensive income		
Valuation difference on available-for-sale securities	975	(71)
Deferred gains or losses on hedges	(41)	(13)
Foreign currency translation adjustment	185	353
Share of other comprehensive income of associates accounted for using equity method	(42)	14
Total other comprehensive income	1,078	284
Comprehensive income	(1,177)	3,459
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(1,418)	3,148
Comprehensive income attributable to minority interests	241	311

(3) Note to Going Concern: None

(4) Segment Information

a. Segment information by business type

(i) Previous first quarter (from April 1, 2010 to June 30, 2010)

(Millions of yen)

	Segment to be reported						Other Business- ses	Total	Adjustm ent	Consolidated Statements of Income
	Films and Functional Polymers	Industrial Materials	Life Science	Textiles	Real Estate	Total				
Net Sales										
(1) Outside customers	32,796	16,369	6,810	20,707	1,253	77,936	4,225	82,161	—	82,161
(2) Inter-segment sales and transfers	106	172	4	72	289	644	1,343	1,987	(1,987)	-
Total	32,902	16,541	6,814	20,779	1,543	78,580	5,568	84,147	(1,987)	82,161
Operating Income (loss)	3,754	698	639	(332)	444	5,202	37	5,239	(774)	4,465

Note: 1. Other includes design and construction of buildings, equipment, etc., information services, logistics services and other items.

2. Includes segment income adjustment of ¥-774 million, eliminations of intersegment transactions of ¥ 16 million, and companywide expenses that are not allocated across reporting segments of ¥-789 million. The principal components of companywide expenses are those related to basic research and development.

3. Segment income has been adjusted with operating income on the consolidated financial statements

(ii) Current first quarter (from April 1, 2011 to June 30, 2011)

(Millions of yen)

	Segment to be reported						Other Business- ses	Total	Adjustme nt	Consolidated Statements of Income
	Films and Functional Polymers	Industrial Materials	Life Science	Textiles	Real Estate	Total				
Net Sales										
(1) Outside customers	36,155	16,404	7,408	21,256	975	82,198	5,041	87,239	—	87,239
(2) Inter-segment sales and transfers	26	23	24	334	289	696	2,000	2,696	(2,696)	—
Total	36,181	16,427	7,432	21,590	1,264	82,894	7,041	89,935	(2,696)	87,239
Operating Income (loss)	3,581	946	674	624	376	6,200	119	6,320	(649)	5,671

Note: 1. Other includes design and construction of buildings, equipment, etc., information services, logistics services and other items.

2. Includes segment income adjustment of ¥-649 million, eliminations of intersegment transactions of ¥43 million, and companywide expenses that are not allocated across reporting segments of ¥-692 million. The principal components of companywide expenses are those related to basic research and development.

3. Segment income has been adjusted with operating income on the consolidated financial statements

5) Note to Significant Changes in Shareholders' Equity: None