

Consolidated Financial Report for Year ended March 31, 2013

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 27, 2013

Planned start of dividend payments: June 28, 2013

Planned filing of an annual security report: June 27, 2013

(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	%
2013	339,009	(3.0)	17,081	(6.7)	15,522	(1.3)	7,639	66.5
2012	349,505	2.6	18,305	(12.4)	15,730	(7.7)	4,587	10.4

(Note) Comprehensive income: Year ended March 31, 2013: ¥ 11,097 million, Year ended March 31, 2012: ¥ 9,065 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	%	%	%
2013	8.61	---	5.7	3.5	5.0
2012	5.17	---	3.6	3.6	5.2

(Reference) Gain (loss) on investment by equity method: Year ended March 31, 2013: ¥ 657 million,
Year ended March 31, 2012: ¥ 608 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
2013	447,445	155,522	30.8	155.35
2012	437,841	147,724	29.8	147.26

(Reference) Total shareholders' equity: March 31, 2013: ¥138,024 million, March 31, 2012: ¥130,572 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
2013	30,354	(11,294)	(2,636)	26,467
2012	14,192	(15,061)	(11,531)	9,481

2. Dividends

Years ended/ending March 31

Record date	Dividends per share					Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-net assets ratio
	June 30	Sept. 30	Dec. 31	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2012	---	0.00	---	3.50	3.50	3,110	67.6	2.4
2013	---	0.00	---	3.50	3.50	3,110	40.6	2.3
2014 (Forecast)	---	0.00	---	3.50	3.50		32.7	

3. Forecasts for Fiscal Year ending March 31, 2014

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	172,000	0.5	10,000	31.0	9,000	39.0
Fiscal year	350,000	3.2	22,000	28.8	19,500	25.6

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	4,300	59.1	4.84
Fiscal year	9,500	24.4	10.69

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: Yes
- Number of Shares Outstanding (Common stock)

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

Number of treasury stocks at fiscal year-end:
 2012: 2,039,578 shares 2012: 3,822,973 shares

Average number of shares outstanding:
 2012: 886,957,070 shares 2012: 886,658,160 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	%
2013	216,832	(4.1)	13,053	(3.1)	9,601	(8.4)	2,296	19.8
2012	226,163	3.3	13,469	(19.4)	10,485	(20.9)	1,916	(30.8)

	Net income per share	Net income per share after dilution
	Yen	Yen
2013	2.58	---
2012	2.16	---

(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
2013	401,380	144,293	35.9	162.39
2012	394,613	144,059	36.5	162.12

(Reference) Total shareholders' equity: March 31, 2013: ¥144,293 million, March 31, 2012: ¥144,059 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 through the end of fiscal 2013, ended March 31, 2013, was characterized by moderate recovery in the Japanese economy as reconstruction work progressed in the wake of the Great East Japan Earthquake, and the positive effects emerged of policies to revitalize consumer spending through eco-car subsidies and other measures. However, future trends continued to be uncertain in part because of the effects of the prolonged appreciation of the yen, concerns about shortages of electric power, boycotts of Japanese products in China, and other issues. However, during the fourth quarter, positive expectations emerged regarding the economic policies of the new government in Japan, and signs of recovery began to appear along with such positive developments such as the downward correction in the value of the yen and increases in stock prices. In the world economy, however, uncertain conditions continued along with the slowing of economic growth in China and the emerging countries elsewhere in Asia, the prolonged debt issues faced by some European governments, and other issues.

Amid this operating environment, the Toyobo Group aims to become “The category leader that continues to create new value that contributes to society in the environment, life science, and high-function products fields.” Accordingly, Toyobo is proceeding with activities targeted at further expanding its businesses by developing specialty products and increasing their sales in domestic and overseas markets. In the environment field, Toyobo’s accomplishments have been recognized, and its reverse osmosis membranes for seawater desalination have been selected for use in the largest desalination plants in Saudi Arabia. In the life science field, Toyobo successfully developed and began to market Nerbridge™, the first medical treatment device for the regeneration of damaged peripheral nerves in Japan. In the high-function product field, Toyobo has worked to develop and expand sales of new products, such as film for LCDs with new optical properties, and shrink film for plastic bottles that are thinner and stronger, and that contribute to increased productivity. In addition, Toyobo worked to further expand its overseas business activities. Toyobo’s facilities in China and the United States for the manufacturing of airbag fabrics have gone into full production. Moreover, to gain a foothold in the shrink film market in China, which is expected to expand in the year ahead, Toyobo decided to invest, together with a South Korean film manufacturer, in a joint venture in China.

As previously mentioned, the Toyobo Group is addressing business issues as well as implementing measures and improvements that will lead to further growth and expansion. However, recovery was in progress in the second quarter, even after factoring in the effects of lower shipments in the first quarter, but deterioration of Japanese-Chinese relations emerged from the beginning of the third quarter.

As a result, consolidated net sales for the subject fiscal year decreased ¥10.5 billion (3.0%) from the previous fiscal year to ¥339.0 billion, with operating income down ¥1.2 billion (6.7%) to ¥17.1 billion, and net income of ¥3.1 billion.

Results by business segment were as follows:

Films and Functional Polymers

Within this segment, in the functional polymers business, although business performance, in general, proceeded steadily, especially in products sold to the automotive industry, sales in the films business were lackluster because of weakness in sales of packaging films. As a result, sales declined and operating income decreased as a whole.

In the films business, although sales in the packaging films business are on a recovery trend because of expansion in sales of newly developed products, from the third quarter onward, sales showed a substantial decline, in part because of the difficulty in passing higher raw materials costs on to customers. In the industrial films business, sales in unit terms recovered, driven by increased exports to South Korea and Taiwan as well as domestic sales for smartphones and tablet PCs. In films for LCDs, which is the principal use of these products, we launched a new product with special optical properties not previously available in PET films in the latter half of the third quarter. In the functional polymers business, sales of industrial adhesive "VYLON" for electronic components to China were favorable through the second quarter. However, sales were adversely influenced by the deterioration of the Chinese market in the third quarter. In the engineering plastics business, sales, principally for automotive uses, were adversely influenced by the boycotts of Japanese products in China in the third quarter, but signs of recovery emerged in the fourth quarter

As a result, sales in this segment decreased ¥1.0 billion (0.8%) from the previous fiscal year to ¥137.4 billion, while operating income down ¥0.9 billion (11.0%) to ¥7.6 billion.

Industrial Materials

Although the airbag business and the high-performance fiber business showed favorable expansion in sales and operating income, performance in the tire cord business was lackluster, and environment-related businesses in this segment were adversely affected by the stagnation of the conditions in the Chinese market. As a consequence, sales were up and operating income increased.

In the airbag fabrics business, performance held firm, in part because of the recovery in demand in the U.S. market. Conditions in the tire cord business were affected adversely by changes in the procurement method among users, thus resulting in a major decline in sales. In the high-performance fiber business, sales of ultra-high-strength polyethylene fiber "Dyneema" were influenced by market stagnation through the third quarter, but sales of "ZYLON" for applications requiring a high level of heat resistance expanded. In the functional filters business, operating conditions continued to be difficult because of stagnation in the European markets and the postponement of capital investments among customers in China.

As a result, sales in this segment increased ¥0.7 billion (0.9%) from the previous fiscal year to ¥71.9 billion, with operating income rose ¥0.1 billion (2.1%) to ¥5.5 billion.

Life Science

Sales of this segment were lower than forecast in the first quarter, but, beginning in the

second quarter, performance in the bioproducts business and the contract manufacturing of pharmaceuticals business was favorable, and, as a result, sales declined from the same period of the previous fiscal year, while operating income increased.

In the bioproducts business, sales of mainstay enzymes for diagnostic reagents began to recover in the second quarter and performed favorably. In the medical business, orders for the contract manufacturing of pharmaceuticals continued to be strong. In the medical device business, Toyobo became the first company in Japan to receive a manufacturing permit from the Ministry of Health, Labour and Welfare for its Nerbridge™ a device for the regeneration of damaged peripheral nerves, and commenced marketing of this product in the fourth quarter. In the functional membranes business, sales of membranes for medical use declined because of inventory adjustments among users in the first quarter. In the water treatment membrane business, shipments related to a major order for membrane units for seawater desalination plants began in the fourth quarter.

As a result, sales in this segment declined ¥1.7 billion (6.6%) from the previous fiscal year to ¥24.8 billion, while operating income up ¥0.0 billion (0.9%) to ¥4.2 billion.

Textiles

Sales in this segment contracted in comparison with the same period of the previous year, while operating income decreased.

Sales of sports apparel were steady, but the nylon-related business experienced difficult conditions because of market weakness. Sales of fabrics for traditional Arabic menswear expanded in volume terms, and, in the fourth quarter, the downward correction in the value of the yen resulted in improvement in profitability. In the acrylic fiber business, sales in unit terms experienced difficulty because of stagnant demand in China through the second quarter, but, from the third quarter onward, sales recovered. In addition, in the first quarter, some of the subsidiaries of the Toyobo Group began to review the life cycles of their products to take account of the weakness in domestic consumer spending on these items and reported inventory valuation losses.

As a result, sales in this segment decreased ¥8.8 billion (10.0%) from the previous fiscal year to ¥79.2 billion, with operating income down ¥0.8 billion (79.9%) to ¥0.2 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 ¥0.4 billion (1.6%) from the previous fiscal year to ¥25.7 billion, with operating income rose ¥0.3 billion (10.6%) to ¥2.7 billion.

Forecast for Fiscal 2014 (ending March 31, 2014)

During the fiscal year ending March 31, 2014, important developments in the operating environment are expected to include further economic growth in the emerging countries, including the ASEAN economies, and moderate recovery in the Japanese economy due to the downward correction in the value of the yen, expansion in government public works investment, and other

developments. However, the outlook is for continued uncertainty in the business environment because of rising prices of raw materials, concerns about financial instabilities in Europe, and other factors.

In view of this outlook for the operating environment, the Toyobo Group will continue to strengthen its earnings base to cope successfully with changes in the external environment. The Group aims to become “the category leader that continues to create new value that contributes to society in the environment, life science, and high-function products fields.” The Group works for further enhancing its profitability by focusing its management resources on businesses that are profitable and have high growth potential, as it aggressively expands its business activities in Japan and overseas and improving its business portfolio, such as increasing the efficiency of its capital, strengthening its financial position, and other factors.

Considering such factors, for fiscal 2014 the Toyobo Group is forecasting consolidated net sales of ¥350.0 billion (up ¥11.0 billion year on year), with operating income of ¥22.0 billion (up ¥4.9 billion), and net income of ¥9.5 billion (up ¥1.9 billion).

(2) Analysis of Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the subject fiscal year (March 31, 2013) increased ¥9.6 billion (2.2%) from the end of the previous fiscal year (March 31, 2012) to ¥447.4 billion. This was due mainly to increase in cash and deposits.

Total liabilities increased ¥1.8 billion (0.6%) to ¥291.9 billion. This was due mainly to increase in new issue of bond.

Total net assets increased ¥7.8 billion (5.3%) to ¥155.5 billion. This was due mainly to an increase in retained earnings and up in valuation difference on available-for-sale securities.

Cash Flows

Net cash provided by operating activities amounted to ¥30.4 billion at the end of the subject fiscal year. This consisted mainly of ¥12.8 billion before income taxes; ¥13.2 billion in depreciation and amortization; and ¥6.2 billion decrease in inventories.

Net cash used in investing activities amounted to ¥11.3 billion. This consisted mainly of ¥16.5 billion in expenditures for the acquisition of property, plant and equipment; and ¥3.9 billion in gain on sales of investment securities.

Net cash used in financing activities amounted to ¥2.6 billion. This consisted mainly of ¥29.3 billion in expenditures for repayment of long-term debt and ¥20.3 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, 2013) stood at ¥26.5 billion, an increase of ¥17.0 billion from the end of the previous fiscal year (March 31, 2012).

(Reference) Cash Flow Indicators

Years ended March 31

	2009	2010	2011	2012	2013
Equity ratio (%)	22.1	24.4	28.4	29.8	30.8
Equity ratio, based on market value (%)	20.0	25.4	24.0	23.9	31.8
Interest-bearing debt to cash flow ratio (Years)	---	5.9	4.5	10.9	5.3
Interest coverage ratio (Times)	---	10.7	13.3	6.6	16.0
D/E ratio (Times)	1.82	1.60	1.21	1.19	1.16

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 2012 and 2013

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 2014, we expect to pay a dividend of ¥3.50 per share, based on the forecast net income of ¥9.5 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.

During the fiscal year ended March 31, 2013, investments completed in the industrial and packaging films business included hybrid-type polyester film facilities. Also, in the contract manufacturing of pharmaceutical business, a new plant for production of injection agents was completed. 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 2013, in the field of automotive airbag fabrics, the Group began the production of these fabrics in China and the United States. In the membranes for water desalination business, the Group's reverse osmosis membrane elements for seawater desalination were adopted in the largest such plant in Saudi Arabia based on the Group's entry into the local market through a joint venture. In addition, in the shrink film market in China, where growth is expected going forward, the Group made the decision to invest in a joint venture in China through an alliance with a film manufacturer based in South Korea.

Going forward, through alliances with companies based overseas, the Group will accelerate the development of its overseas business operations.

(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.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

(Millions of yen)

	2012 (As of March 31, 2012)	2013 (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	9,608	26,600
Notes and accounts receivable-trade	75,542	74,598
Merchandise and finished goods	47,963	43,073
Work in process	14,830	14,179
Raw materials and supplies	14,779	13,757
Deferred tax assets	7,373	6,291
Other	7,837	6,438
Allowance for doubtful accounts	(196)	(198)
Total current assets	177,735	184,739
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	46,530	46,239
Machinery, equipment and vehicles, net	33,780	33,876
Land	106,631	106,202
Construction in progress	5,427	9,303
Other, net	7,421	6,653
Total property, plant and equipment	199,789	202,273
Intangible assets	1,606	1,242
Investments and other assets		
Investment securities	23,757	26,937
Deferred tax assets	18,828	16,636
Other	17,526	16,844
Allowance for doubtful accounts	(1,401)	(1,226)
Total investments and other assets	58,710	59,191
Total noncurrent assets	260,105	262,707
Total assets	437,841	447,445

(Millions of yen)

	2012 (As of March 31, 2012)	2013 (As of March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	47,741	48,452
Short-term loans payable	51,432	51,211
Current portion of long-term loans payable	28,132	21,815
Current portion of bonds	-	10,000
Deposits received	13,305	12,488
Provision for bonuses	4,089	4,028
Other	18,151	16,837
Total current liabilities	162,850	164,831
Noncurrent liabilities		
Bonds payable	15,000	20,000
Long-term loans payable	54,833	52,278
Deferred tax liabilities for land revaluation	24,673	24,678
Provision for retirement benefits	17,302	17,576
Provision for directors' retirement benefits	444	379
Provision for environmental measures	1,931	1,771
Other	13,085	10,410
Total noncurrent liabilities	127,267	127,093
Total liabilities	290,116	291,923
Net assets		
Shareholders' equity		
Capital stock	51,730	51,730
Capital surplus	32,227	32,239
Retained earnings	17,042	21,568
Treasury stock	(559)	(295)
Total shareholders' equity	100,440	105,242
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,038	2,815
Deferred gains or losses on hedges	(117)	(72)
Revaluation reserve for land	41,412	41,422
Foreign currency translation adjustment	(12,201)	(11,384)
Total accumulated other comprehensive income	30,132	32,782
Minority interests	17,153	17,498
Total net assets	147,724	155,522
Total liabilities and net assets	437,841	447,445

(2) Consolidated Statements of Income

(Millions of yen)

	2012 (From April 1, 2011 To March 31, 2012)	2013 (From April 1, 2012 To March 31, 2013)
Net sales	349,505	339,009
Cost of sales	274,803	267,694
Gross profit	74,701	71,315
Selling, general and administrative expenses	56,396	54,234
Operating income	18,305	17,081
Non-operating income		
Dividends income	761	859
Amortization of negative goodwill	1,006	946
Equity in earnings of affiliates	608	657
Foreign exchange gains	-	952
Other	2,127	1,406
Total non-operating income	4,502	4,821
Non-operating expenses		
Interest expenses	2,064	1,894
Amortization of net retirement benefit obligation at transition	1,570	1,570
Salaries paid to dispatched employees	443	700
Other	3,000	2,218
Total non-operating expenses	7,077	6,381
Ordinary income	15,730	15,522
Extraordinary income		
Gain on sales of investment securities	146	2,426
Other	217	247
Total extraordinary income	364	2,673
Extraordinary loss		
Impairment loss	-	1,668
Loss on disposal of noncurrent assets	1,509	1,583
Provision for environmental measures	894	-
Loss on litigation	2,237	1,335
Other	591	834
Total extraordinary losses	5,231	5,420
Income before income taxes and minority interests	10,863	12,774
Income taxes	5,142	4,398
Income before minority interests	5,721	8,377
Minority interests in income	1,134	737
Net income	4,587	7,639

Consolidated Statements of Comprehensive Income

(Millions of yen)

	2012 (From April 1, 2011 To March 31, 2012)	2013 (From April 1, 2012 To March 31, 2013)
Income (loss) before minority interests	5,721	8,377
Other comprehensive income		
Valuation difference on available-for-sale securities	714	1,719
Deferred gains or losses on hedges	42	45
Revaluation reserve for land	3,428	-
Foreign currency translation adjustment	(829)	852
Share of other comprehensive income of associates accounted for using equity method	(11)	105
Total other comprehensive income	3,344	2,721
Comprehensive income	9,065	11,097
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	7,909	10,279
Comprehensive income attributable to minority interests	1,156	818

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	2012 (From April 1, 2011 To March 31, 2012)	2013 (From April 1, 2012 To March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	51,730	51,730
Changes of items during the period		
Issuance of new shares	-	-
Total changes of items during the period	-	-
Balance at the end of current period	51,730	51,730
Capital surplus		
Balance at the beginning of current period	32,227	32,227
Changes of items during the period		
Disposal of treasury stock	(0)	12
Issuance of new shares	-	-
Total changes of items during the period	(0)	12
Balance at the end of current period	32,227	32,239
Retained earnings		
Balance at the beginning of current period	15,481	17,042
Changes of items during the period		
Dividends from surplus	(3,110)	(3,110)
Net income	4,587	7,639
Reversal of revaluation reserve for land	84	(10)
Increase by increase of consolidated subsidiaries	-	7
Decrease due to decrease in consolidated subsidiaries	(0)	-
Total changes of items during the period	1,561	4,526
Balance at the end of current period	17,042	21,568
Treasury stock		
Balance at the beginning of current period	(562)	(559)
Changes of items during the period		
Purchase of treasury stock	(2)	(3)
Disposal of treasury stock	5	267
Total changes of items during the period	3	264
Balance at the end of current period	(559)	(295)
Total shareholders' equity		
Balance at the beginning of current period	98,876	100,440
Changes of items during the period		
Issuance of new shares	-	-
Dividends from surplus	(3,110)	(3,110)
Net income	4,587	7,639
Reversal of revaluation reserve for land	84	(10)
Increase by increase of consolidated subsidiaries	-	7
Decrease due to decrease in consolidated subsidiaries	(0)	-
Purchase of treasury stock	(2)	(3)
Disposal of treasury stock	4	280
Total changes of items during the period	1,564	4,802
Balance at the end of current period	100,440	105,242

(Millions of yen)

	2012 (From April 1, 2011 To March 31, 2012)	2013 (From April 1, 2012 To March 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	305	1,038
Changes of items during the period		
Net changes of items other than shareholders' equity	733	1,777
Total changes of items during the period	733	1,777
Balance at the end of current period	1,038	2,815
Deferred gains or losses on hedges		
Balance at the beginning of current period	(159)	(117)
Changes of items during the period		
Net changes of items other than shareholders' equity	42	45
Total changes of items during the period	42	45
Balance at the end of current period	(117)	(72)
Revaluation reserve for land		
Balance at the beginning of current period	38,132	41,412
Changes of items during the period		
Net changes of items other than shareholders' equity	3,280	10
Total changes of items during the period	3,280	10
Balance at the end of current period	41,412	41,422
Foreign currency translation adjustment		
Balance at the beginning of current period	(11,384)	(12,201)
Changes of items during the period		
Net changes of items other than shareholders' equity	(817)	818
Total changes of items during the period	(817)	818
Balance at the end of current period	(12,201)	(11,384)
Total accumulated other comprehensive income		
Balance at the beginning of current period	26,894	30,132
Changes of items during the period		
Net changes of items other than shareholders' equity	3,238	2,650
Total changes of items during the period	3,238	2,650
Balance at the end of current period	30,132	32,782
Minority interests		
Balance at the beginning of current period	24,003	17,153
Changes of items during the period		
Net changes of items other than shareholders' equity	(6,850)	346
Total changes of items during the period	(6,850)	346
Balance at the end of current period	17,153	17,498

(Millions of yen)

	2012	2013
	(From April 1, 2011 To March 31, 2012)	(From April 1, 2012 To March 31, 2013)
Total net assets		
Balance at the beginning of current period	149,773	147,724
Changes of items during the period		
Issuance of new shares	-	-
Dividends from surplus	(3,110)	(3,110)
Net income	4,587	7,639
Reversal of revaluation reserve for land	84	(10)
Increase by increase of consolidated subsidiaries	-	7
Decrease due to decrease in consolidated subsidiaries	(0)	-
Purchase of treasury stock	(2)	(3)
Disposal of treasury stock	4	280
Net changes of items other than shareholders' equity	(3,613)	2,995
Total changes of items during the period	(2,049)	7,798
Balance at the end of current period	147,724	155,522

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	2012 (From April 1, 2011 To March 31, 2012)	2013 (From April 1, 2012 To March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	10,863	12,774
Depreciation and amortization	19,473	13,246
Amortization of negative goodwill	(1,006)	(946)
Increase (decrease) in allowance for doubtful accounts	(146)	(187)
Increase (decrease) in provision for retirement benefits	1,412	819
Interest and dividends income	(968)	(999)
Interest expenses	2,064	1,894
Equity in (earnings) losses of affiliates	(608)	(657)
Impairment loss	-	1,668
Loss (gain) on sales and disposal of property, plant and equipment, net	1,325	1,432
Loss (gain) on sales and valuation of investment securities	(88)	(2,200)
Loss on litigation	2,237	1,335
Decrease (increase) in notes and accounts receivable-trade	(2,756)	1,710
Decrease (Increase) in inventories	(11,787)	6,203
Increase (decrease) in notes and accounts payable-trade	(1,861)	(272)
Decrease (increase) in prepaid pension costs	145	(311)
Other, net	(156)	(2,561)
Subtotal	18,142	32,948
Payments for loss on litigation	(2,685)	(1,430)
Income taxes (paid) refund	(1,265)	(1,163)
Net cash provided by operating activities	14,192	30,354
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(16,659)	(16,475)
Proceeds from sales of property, plant and equipment and intangible assets	613	622
Purchase of investment securities	(46)	(33)
Proceeds from sales of investment securities	323	3,903
Purchase of investments in subsidiaries	(71)	(1,730)
Proceeds from sales of investments in subsidiaries	-	1,630
Interest and dividends income received	976	963
Proceeds from dividends income from equity method affiliate	173	60
Other, net	(371)	(234)
Net cash used in investing activities	(15,061)	(11,294)

(Millions of yen)

	2012 (From April 1, 2011 To March 31, 2012)	2013 (From April 1, 2012 To March 31, 2013)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,575	(637)
Proceeds from long-term loans payable	30,100	20,285
Repayment of long-term loans payable	(27,285)	(29,280)
Payment for retirement by preferred securities	(7,242)	-
Proceeds from issuance of bonds	-	15,000
Purchase of treasury stock	(2)	(3)
Proceeds from sales of treasury stock	4	287
Repayments of finance lease obligations	(2,468)	(2,694)
Interest expenses paid	(2,160)	(1,897)
Cash dividends paid	(3,094)	(3,096)
Cash dividends paid to minority shareholders	(735)	(600)
Other, net	(225)	-
Net cash used in financing activities	(11,531)	(2,636)
Effect of exchange rate change on cash and cash equivalents	(195)	227
Net increase (decrease) in cash and cash equivalents	(12,595)	16,652
Cash and cash equivalents at beginning of period	21,927	9,481
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	149	334
Cash and cash equivalents at end of period	9,481	26,467

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, 2012]

(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	138,437	71,221	26,580	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	138,882	71,300	26,620	89,175	5,062	331,040	33,724	364,764	(15,259)	349,505
Operating Income	8,574	5,342	4,133	1,058	1,353	20,460	1,125	21,585	(3,280)	18,305
Assets	139,265	70,892	25,043	79,471	45,907	360,578	20,710	381,288	56,552	437,841
Others										
Depreciation and Amortization	8,740	3,564	2,482	2,355	887	18,029	422	18,451	1,022	19,473
Capital Expenditure	8,857	2,435	1,407	2,141	473	15,313	301	15,613	904	16,517

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

2. Includes segment income adjustment of (¥3,280) million, eliminations of inter segment transactions of (¥ 362) million, and companywide expenses that are not allocated across reporting segments of (¥2,918) 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.

[Fiscal Year ended March 31, 2013]

(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	137,394	71,891	24,839	79,211	3,741	317,077	21,932	339,009	—	339,009
(2) Inter-segment sales and transfers	1	197	90	221	1,312	1,820	12,073	13,893	(13,893)	—
Total	137,395	72,088	24,930	79,432	5,053	318,897	34,005	352,902	(13,893)	339,009
Operating Income	7,634	5,453	4,170	213	1,680	19,149	1,060	20,209	(3,128)	17,081
Assets	141,534	70,293	27,307	71,980	44,925	356,039	21,499	377,538	69,908	447,445
Others										
Depreciation and Amortization	5,834	2,471	1,414	1,708	671	12,099	507	12,606	641	13,246
Capital Expenditure	7,764	3,311	3,636	1,733	295	16,739	548	17,286	755	18,041

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

2. Includes segment income adjustment of (¥3,128) million, eliminations of inter segment transactions of (¥ 323) million, and companywide expenses that are not allocated across reporting segments of (¥2,805) 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.