

Consolidated Financial Report for the Third Quarter ended December 31, 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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Quarterly report filing date (Planned): February 14, 2012

Start of dividend payments (Planned): -

(Figures are rounded to the nearest million yen)

1. Consolidated Business Performance

1) Consolidated Operating Results

Nine months ended December 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	%
2011	258,832	3.7	14,216	(4.5)	12,283	(1.5)	5,212	856.9
2010	249,561	7.5	14,887	155.9	12,473	352.5	545	—

	Net income per share	Net income per share after dilution
	Yen	Yen
2011	5.88	5.87
2010	0.73	0.73

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 30, 2011	434,931	146,709	29.8
March 31, 2011	443,516	149,773	28.4

(Reference) Total shareholders' equity: December 30, 2011: ¥129,453 million, March 31, 2011: ¥125,770 million

2. Dividends

Year ended/ ending March 31

Record date	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2011	—	0.00	—	3.50	3.50
2012	—	0.00	—		
2012 (Forecast)				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	%
Fiscal Year	350,000	2.8	20,000	(4.3)	17,000	(0.3)

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal Year	6,500	56.4	7.33

(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):

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

December 30, 2011: 3,819,234 shares	March 31, 2011: 3,833,088 shares
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 - 3) Average number of shares outstanding for each period (cumulative term):

Nine months ended December 30	2011: 886,649,872 shares	
	2010: 746,677,467 shares	

This quarterly earnings report is exempt from the quarterly review procedure based upon the Financial Instruments and Exchange Act. Furthermore, it was undergoing the review procedure process at the time of release.

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. QUALITATIVE INFORMATION AND FINANCIAL STATEMENTS

(1) Qualitative Information on Consolidated Results

The business environment for the Toyobo Group through the end of the third quarter of fiscal 2012, ending March 31, 2012 (April 1, 2011, through December 31, 2011), in the domestic economy was characterized by a subsiding of the turmoil in supply chains caused by the Great East Japan Earthquake. However, economic conditions remained challenging because of the effects of the flooding in Thailand, the decline in competitiveness due to the historically high value of the yen, and other factors. In overseas economies, in China and the other countries of Asia, even though firm expansion continued in domestic demand, adjustments through the use of monetary policy and the slowing of exports to Europe and the United States caused rising concerns about a weakening of growth trends. In addition, as a result of the prolongation of the financial and monetary problems in the EU and other factors, uncertainty regarding economic trends increased.

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 overseas sales of its volatile organic compounds (VOC) emission treatment equipment, while in the life science field, Toyobo endeavored to develop and increase sales of new products, including new types of medical membranes, an antithrombotic coating material that lessens the physical burden on patients during surgery, and other products. In the field of high-function products, the Company worked to expand sales of new products, such as films for the manufacturing process of ceramic capacitors, and, in December 2011, expanded its coating facilities for these films as well as the production capacity for HARDLEN, a chlorinated polypropylene paint used as an undercoating for automobile bumpers..

As a result, consolidated net sales during the third quarter of the fiscal year increased ¥9.3 billion (3.7%), from the same period of the previous fiscal year, to ¥258.8 billion, with operating income down ¥0.7 billion (4.5%), to ¥14.2 billion; ordinary income down ¥0.2 billion (1.5%), to ¥12.3 billion; and net income increasing ¥4.7 billion, to ¥5.2 billion (856.9%).

Results by business segment were as follows.

Films and Functional Polymers

This segment endeavored to expand sales of films for use in applications other than LCDs and other high-function products, but despite an increase in sales, operating income declined because of the effects of production cutbacks in the flat panel displays (FPDs) field and the adverse impact on users in the automotive industry of the Great East Japan Earthquake and flooding in Thailand.

In the Films business, this segment increased its revenue from packaging films during the first half of the period ending March 31, 2012. However, in the third quarter, after the impact of the earthquake had subsided, users made inventory adjustments. Among industrial films, efforts

were made to expand sales of films for applications other than LCDs, but, from the second quarter onward, revenues were dealt a serious blow by production adjustments among users in the LCD panel related field in Japan and overseas.

In the Functional Polymers business, revenue from the “VYLON” series of industrial adhesives was influenced by production adjustments among users in the IT and electronic parts industries in China and South Korea in the latter half of the period through the end of the third quarter, but overall demand remained firm. In the engineering plastics business, demand from the automotive industry, which is the principal customer sector for this business, began to recover, and revenues were at about the same level as in the same period of the previous fiscal year. Revenues from acrylic resins expanded because of the water absorbing and other functional properties of their microparticles.

As a result, sales in this segment increased ¥6.8 billion (7.1%) from the same period of the previous year, to ¥102.5 billion, and operating income decreased ¥1.8 billion (18.2%), to ¥8.1 billion.

Industrial Materials

In this segment, users in the automotive industry were adversely affected by the Great East Japan Earthquake and the flooding in Thailand, but conditions in the environment-related industries continued to be firm. This segment reported a decline in sales and an increase in operating income.

Revenues from airbag fabrics began to recover in volume terms in the second quarter. Revenues from supplying polyester tire cords to domestic users were steady, but performance was influenced by the flooding in Thailand and foreign currency fluctuations. Sales of the high-performance fibers were influenced to some degree by the earthquake, but sales in volume terms held firm. In the Functional Filters business, sales of filters for use in air conditioners continued to be favorable, but sales of VOC emission treatment equipment were influenced by the postponement of investments in this equipment among customers.

As a consequence, sales in this segment decreased ¥0.3 billion (0.6%) from the same period of the previous year, to ¥51.4 billion, and operating income rose ¥0.2 billion (6.8%), to ¥3.4 billion.

Life Science

Performance of the products and services of the businesses of this segment—which include bioproducts, medical products, and functional membranes—continued to be favorable, but, as a result of foreign currency fluctuations and other factors, sales increased while operating income decreased.

In the bioproducts business, sales of enzymes for diagnostic reagents, which are the

principal product in this field, expanded, led mainly by exports, but performance was affected by foreign currency fluctuations. In the medical business, the contract manufacturing of pharmaceuticals remained firm. In addition, the Company developed an antithrombotic coating material that lessens the physical burden on patients during surgery and implemented marketing activities to expand sales of this material. In the functional membranes for medical-use business, performance, mainly in Japan, continued to be steady. In the water treatment membrane business, orders for the replacement of membranes at existing plants in Japan and overseas are continuing to be favorable, but were influenced by foreign currency fluctuations. In the fine chemical business, conditions in the intermediate medicines field continued to be difficult during the period under review.

As a result, sales in this segment increased ¥0.1 billion (0.3%) over the same period of the previous year, to ¥22.0 billion, and operating income declined ¥0.1 billion (3.4%), to ¥2.3 billion.

Textiles

In this segment, sales and operating income both increased compared with the same period of the previous fiscal year.

In the apparel business, Toyobo expanded sales of sports apparel, but products for sale in department stores experienced tough conditions. In the inner wear field, sales mainly of functional textiles showed steady expansion in volume terms. In the textiles field, sales in the uniform business increased, and, while demand for textile materials for traditional Arabic menswear in the Middle East grew in volume terms, the appreciation of the yen made market conditions difficult. Demand for acrylic fiber “EXLAN” as a unique, specialized fiber was strong in Japan and overseas, and sales in volume terms were firm.

As a consequence, sales in this segment increased ¥1.3 billion (2.1%) from the same period of the previous year, to ¥63.8 billion, and operating income showed up ¥0.8 billion, to ¥0.8 billion. (versus a net loss of ¥0 billion for the same period of the previous fiscal year)

Real Estate and Other Businesses

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

As a result, sales in these segments increased ¥1.4 billion (7.6%) from the same period of the previous fiscal year to ¥19.1 billion, with operating income up ¥0.2 billion (13.6%) to ¥1.8 billion.

(2)Qualitative Information on the Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the third quarter (December 31, 2011) decreased ¥8.6 billion (1.9%) from the end of the previous fiscal year (March 31, 2011) to ¥434.9 billion. This was due mainly

to declines in Cash and deposits.

Total liabilities decreased ¥5.5 billion (1.9%) to ¥288.2 billion. This was due mainly to a decline in deferred tax liability for revaluation reserve for land.

Total net assets decreased ¥3.1 billion (2.0%) to ¥146.7 billion. This was due mainly to an increase in retained earnings, which offset a decline in minority interests.

(3) Qualitative Information on Consolidated Forecasts

During the third quarter ended December 31, 2011, (the three-month period from October 1 to December 31, 2011), the performance of the Toyobo Group came under pressure because of the spreading effects of the economic downturn triggered by financial and monetary problems in Europe, the adverse impact on supply chains from the flooding in Thailand, and the continuing historically high levels of the yen against other major currencies. In addition, as a result of the change in Japan's corporate income tax rate accompanying tax law revisions, the Company reversed a portion of its deferred tax assets and liabilities, resulting in an increase in income taxes.

Amid these conditions, during the fourth quarter, the temporary inventory adjustments among users of the products of the Films and Functional Polymers and other segments have run their course, and production is recovering. However, in view of the uncertainty about future trends because of the prolongation of the financial and monetary problems in Europe, concerns about a weakening of economic growth in Asian countries, and other factors, the Company has issued the following forecast for performance during the full fiscal year ending March 31, 2012.

Year ending March 31, 2012

	Millions of Yen			
	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	355,000	22,000	19,000	9,000
Revised Forecast (B)	350,000	20,000	17,000	6,500
Change (B-A)	(5,000)	(2,000)	(2,000)	(2,500)
Percent Change (%)	(1.4)	(9.1)	(10.5)	(27.8)

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2011) (Condensed)	Current Third Quarter (As of December 31, 2011)
Assets		
Current assets		
Cash and deposits	22,014	9,914
Notes and accounts receivable-trade	72,647	67,111
Merchandise and finished goods	38,794	50,554
Work in process	13,803	15,935
Raw materials and supplies	13,391	15,724
Other	11,668	11,260
Allowance for doubtful accounts	(316)	(214)
Total current assets	172,001	170,283
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	47,510	46,826
Machinery, equipment and vehicles, net	37,026	35,407
Land	106,949	106,746
Other, ne	12,267	12,026
Total property, plant and equipment	203,751	201,005
Intangible assets	1,872	1,662
Investments and other assets		
Other	67,341	63,420
Allowance for doubtful accounts	(1,450)	(1,439)
Total investments and other assets	65,892	61,980
Total noncurrent assets	271,515	264,648
Total assets	443,516	434,931

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2011) (Condensed)	Current Third Quarter (As of December 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	49,068	50,553
Short-term loans payable	49,870	52,900
Current portion of long-term loans payable	26,990	23,883
Provision	4,276	2,108
Other	33,239	32,961
Total current liabilities	163,444	162,405
Noncurrent liabilities		
Bonds payable	15,000	15,000
Long-term loans payable	52,990	54,101
Provision for retirement benefits	15,867	17,031
Provision for directors' retirement benefits	435	408
Provision for environmental measures	1,085	1,029
Other	44,923	38,249
Total noncurrent liabilities	130,299	125,817
Total liabilities	293,743	288,222
Net assets		
Shareholders' equity		
Capital stock	51,730	51,730
Capital surplus	32,227	32,227
Retained earnings	15,481	17,594
Treasury stock	(562)	(559)
Total shareholders' equity	98,876	100,991
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	305	(672)
Deferred gains or losses on hedges	(159)	(174)
Revaluation reserve for land	38,132	41,491
Foreign currency translation adjustment	(11,384)	(12,183)
Total accumulated other comprehensive income	26,894	28,462
Minority interests	24,003	17,256
Total net assets	149,773	146,709
Total liabilities and net assets	443,516	434,931

(2) Consolidated Statements of Income

(Millions of yen)

	Nine Months Ended December 31, 201 (From April 1, 2010 To December 31, 2010)	Nine Months Ended December 31, 2011 (From April 1, 2011 To December 31, 2011)
Net sales	249,561	258,832
Cost of sales	193,513	202,763
Gross profit	56,049	56,068
Selling, general and administrative expenses	41,162	41,853
Operating income	14,887	14,216
Non-operating income		
Amortization of negative goodwill	734	734
Other	2,504	2,604
Total non-operating income	3,239	3,339
Non-operating expenses		
Interest expenses	1,975	1,557
Amortization of net retirement benefit obligation at transition	1,181	1,179
Other	2,496	2,536
Total non-operating expenses	5,653	5,272
Ordinary income	12,473	12,283
Extraordinary income		
Gain on sales of noncurrent assets	139	133
Gain on sales of securities	-	53
Other	29	-
Total extraordinary income	168	186
Extraordinary loss		
Loss on litigation	1,386	1,358
Other	6,811	781
Total extraordinary losses	8,196	2,139
Income before income taxes and minority interests	4,445	10,330
Income taxes	3,226	4,124
Income before minority interests	1,219	6,205
Minority interests in income	675	993
Net income	545	5,212

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine Months Ended December 31, 2010 (From April 1, 2010 To December 31, 2010)	Nine Months Ended December 31, 2011 (From April 1, 2011 To December 31, 2011)
Income before minority interests	1,219	6,205
Other comprehensive income		
Valuation difference on available-for-sale securities	1,230	(1,018)
Deferred gains or losses on hedges	(28)	(15)
Revaluation reserve for land	-	3,434
Foreign currency translation adjustment	(333)	(821)
Share of other comprehensive income of associates accounted for using equity method	(47)	21
Total other comprehensive income	821	1,601
Comprehensive income	2,040	7,807
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,382	6,792
Comprehensive income attributable to minority interests	658	1,015

(3) Note to Going Concern

Not applicable

(4) Segment Information

Segment sales and operating income

1) Nine months ended December 31, 2010 (from April 1, 2010 to December 31, 2010)

(Millions of yen)

	Segment to be reported						Other Businesses	Total	Adjustment	Consolidated Statements of Income
	Films and Functional Polymers	Industrial Materials	Life Science	Textiles	Real Estate	Total				
Net Sales										
(1) Outside customers	95,655	51,695	21,948	62,502	2,707	234,505	15,056	249,561	—	249,561
(2) Inter-segment sales and transfers	403	185	86	563	961	2,199	6,008	8,207	(8,207)	-
Total	96,058	51,880	22,034	63,064	3,668	236,704	21,064	257,768	(8,207)	249,561
Operating Income (loss)	9,949	3,209	2,344	(5)	1,228	16,726	381	17,107	(2,220)	14,887

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

2. Includes segment income adjustment of (¥2,220) million, eliminations of inter segment transactions of (¥ 52) million, and companywide expenses that are not allocated across reporting segments of (¥2,167) 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.

2) Nine months ended December 31, 2011 (from April 1, 2011 to December 31, 2011)

(Millions of yen)

	Segment to be reported						Other Businesses	Total	Adjustment	Consolidated Statements of Income
	Films and Functional Polymers	Industrial Materials	Life Science	Textiles	Real Estate	Total				
Net Sales										
(1) Outside customers	102,494	51,394	22,004	63,823	2,851	242,566	16,265	258,832	—	258,832
(2) Inter-segment sales and transfers	155	50	28	893	944	2,070	7,902	9,972	(9,972)	—
Total	102,649	51,444	22,032	64,716	3,795	244,637	24,167	268,804	(9,972)	258,832
Operating Income (loss)	8,134	3,427	2,263	831	1,070	15,726	758	16,484	(2,268)	14,216

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

2. Includes segment income adjustment of (¥2,268) million, eliminations of inter segment transactions of (¥ 67) million, and companywide expenses that are not allocated across reporting segments of (¥2,201) 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

Not applicable