

Consolidated Financial Report for Year ended March 31, 2011

Toyobo Co., Ltd.

Listed on the First Section of both the TSE and OSE

Stock Code: 3101

URL <http://www.toyobo.co.jp/e/annai/zaimu/financial/index.htm>

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Date of the General Meeting of the Shareholders: June 29, 2011

Planned start of dividend payments: June 30, 2011

Planned filing of an annual security report: June 29, 2011

(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	%
2011	340,573	6.8	20,890	82.1	17,043	129.0	4,155	98.4
2010	318,773	(13.2)	11,469	2.1	7,441	261.4	2,094	---

(Note) Comprehensive income: Year ended March 31, 2011: ¥ 5,416 million, Year ended March 31, 2010: ¥ 4,782 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	%	%	%
2011	5.49	5.48	3.6	3.9	6.1
2010	2.88	2.73	2.0	1.7	3.6

(Reference) Gain (loss) on investment by equity method: Year ended March 31, 2011: ¥ 251 million,
Year ended March 31, 2010: ¥ (189) 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
2011	443,516	149,773	28.4	141.85
2010	438,439	131,097	24.4	143.43

(Reference) Total shareholders' equity: March 31, 2011: ¥125,770 million, March 31, 2010: ¥107,095 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
2011	33,714	(11,579)	(9,915)	21,927
2010	29,024	(13,455)	(15,832)	9,953

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			
2010	---	0.00	---	3.50	3.50	2,620	121.4	2.5
2011	---	0.00	---	3.50	3.50	3,110	63.8	2.5
2012 (Forecast)	---	0.00	---	3.50	3.50		44.3	

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	160,000	(5.7)	8,000	(26.9)	6,000	(32.9)
Fiscal year	345,000	1.3	20,000	(4.3)	16,000	(6.1)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	2,300	---	2.59
Fiscal year	7,000	68.5	7.89

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: Yes
 - Other changes: Yes
- Number of Shares Outstanding (Common stock)

Number of shares outstanding at fiscal year-end:
2011: 890,487,922 shares 2010: 750,487,922 shares

Number of treasury stocks at fiscal year-end:
2011: 3,833,088 shares 2010: 3,799,615 shares

Average number of shares outstanding:
2011: 757,441,667 shares 2010: 726,356,422 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	%
2011	219,043	13.7	16,712	113.1	13,261	125.5	2,769	(47.6)
2010	192,621	(4.3)	7,842	18.2	5,880	61.1	5,288	---

	Net income per share	Net income per share after dilution
	Yen	Yen
2011	3.65	3.64
2010	7.26	6.88

(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
2011	402,329	141,894	35.3	159.68
2010	395,530	123,510	31.2	164.98

(Reference) Total shareholders' equity: March 31, 2011: ¥141,894 million, March 31, 2010: ¥123,510 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 the first half of fiscal 2011, ended March 31, 2011, was characterized by gradual recovery in industrial production and private capital investment driven by exports in Japan and elsewhere against a background of recovery in overseas economies, especially China. However, in the latter half of fiscal 2011, uncertainty regarding economic trends increased suddenly because of the appreciation of the yen, sharp increases in raw material prices and fuel costs, and the occurrence of the Great East Japan Earthquake in March.

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, Toyobo’s water treatment membranes were selected for a new world-scale desalination plant in the Gulf Cooperation Council of the Middle East, and the Company launched new products, including film for solar cell backsheets, a polyamide resin with a high-melting-point made from biomass, and other products. In the life science field, Toyobo took initiatives to expand sales of new products, including its automated gene analyzer and other equipment. In the field of high-function products for LEDs and other electronic components, automotive products, and other items, the Company worked to expand its business activities globally, including expanding sales of high-function polymers in the rest of Asia.

As a result, consolidated net sales for the subject fiscal year increased ¥21.8 billion (6.8%) from the previous fiscal year to ¥340.6 billion, with operating income up ¥9.4 billion (82.1%) to ¥20.9 billion, and net income of ¥4.2 billion.

Results by business segment were as follows:

Films and Functional Polymers

This segment reported major increases in sales and earnings year on year along with the expansion in the volume of products supplied to the advanced information terminal field, automobile, and other industries.

In the films business, performance of packaging films, which are used mainly for packaging food products, was affected in the latter half of the fiscal year by the rise in raw material prices, but demand remained firm. Industrial films were influenced from the latter half of the second quarter into the third quarter by production adjustments among some users in the flat panel TV industry, but shipments of films for use in touch panels and electronic components continued to be favorable, and overall industrial film revenues expanded. In the Functional Polymers business, revenue from the “VYLON” series of industrial adhesives expanded substantially because of favorable performance of products for use in electronic components, especially in China. Engineering plastics showed major gains in sales, driven by exports, principally to China for mainstay automotive applications. In the Fine Polymer business, sales of modified polyolefins remained firm for paints applied to automotive bumpers and other uses.

As a result, sales in this segment increased ¥12.0 billion (10.5%) from the previous fiscal year to ¥127.0 billion, while operating income rose ¥6.4 billion (105.5%) to ¥12.5 billion.

Industrial Materials

In this segment, the unit volume of products supplied to the mainstay automotive and environment industries increased, and, as a consequence, this segment reported substantial gains in revenue and earnings year on year.

Revenue from airbag fabrics increased as a result of the recovery in the unit volume of automobiles produced, and revenue from tire cords also expanded along with the recovery in volume. Sales of the high-performance fiber “Dyneema” rose significantly because of strong demand from such applications as protective gloves, net, and rope as well as the start-up of operations at a new production facility in June 2010. In the Functional Filters business, shipments of filters for use in office equipment and automotive components as well as those for use in home electronics appliances held firm, and, accompanying recovery in demand for VOC* emissions treatment equipment, overall sales expanded.

* VOC : volatile organic compounds

As a result, sales in this segment increased ¥8.3 billion (13.1%) from the previous fiscal year to ¥71.5 billion, with operating income rose ¥2.6 billion (110.5%) to ¥4.9 billion.

Life Science

Demand remained firm for the products and services of the businesses of this segment, which include enzymes for diagnostic reagents and the contract manufacturing of pharmaceuticals. However, because of the impact of foreign currency factors, revenues and earnings declined year on year.

In the bioproducts business, sales in enzymes for diagnostic reagents, mainly of enzymes for blood glucose sensors, expanded. Toyobo implemented initiatives to increase revenues, including the launching of new diagnostic systems and new products. In the contract manufacturing of pharmaceuticals business, steady progress was reported in obtaining orders. In the medical membrane business, although performance in Japan was influenced by the revision in drug prices under Japan's National Health Insurance system, shipments to overseas users held firm. Toyobo's water treatment membranes were selected for a new world-scale desalination plant in the Middle East Gulf Cooperation Council. In the fine chemical business, sales of intermediate medicines decreased in volume terms year on year.

As a result, sales in this segment declined ¥1.0 billion (3.1%) from the previous fiscal year to ¥31.4 billion, while operating income down ¥0.3 billion (7.4%) to ¥3.7 billion.

Textiles

Revenues in this segment decreased as earnings rose because of Toyobo's continued scaling back of products in this segment and also due to weakness in personal consumption in Japan.

In the sports apparel field, conditions were tough because of the impact of weakness in market conditions for department store brand apparel, but Toyobo reported steady progress in its initiatives with major sports apparel companies. In the underwear field, sales of functional textiles to mass retailers expanded. In the nylon fabric field, orders for down jackets were brisk. In the textiles field, performance in the uniform field was steady, but conditions for textile materials that were developed for the Middle East were challenging because of the effects of yen appreciation.

Shipments of acrylic fiber “EXLAN” held strong, but performance was affected by increases in raw material and fuel prices.

As a result, sales in this segment declined ¥1.5 billion (1.7%) from the previous fiscal year to ¥86.8 billion, with operating income up ¥0.2 billion (49.5%) to ¥0.6 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 ¥4.0 billion (20.0%) from the previous fiscal year to ¥23.9 billion, with operating income rose 0.5% to ¥2.3 billion.

Forecast for Fiscal 2012 (ending March 31, 2012)

During fiscal 2012, ending March 31, 2012, the outlook is for continued growth in the economies of Asia outside Japan, centered on China, and for a continuation of the recovery trend as external demand remains firm. However, conditions will be influenced by the substantial increases in raw material and fuel prices, and foreign currency fluctuations. In addition, there are concerns regarding a decline in domestic production activity and the disruption of supply chains accompanying the impact of the Great East Japan Earthquake. Going forward, extremely uncertain conditions may persist.

In view of this business environment, the Toyobo Group will continue its thoroughgoing initiatives to reduce costs and will work to create an earnings structure that will be strong against changes in operating circumstances. In addition, the Toyobo Group will endeavor to become “the category leader for providing new value in the environment, life science, and high-function products fields.” To attain this goal, the Group will work to reform its business portfolio and further increase its profitability by focusing its management resources in highly profitable businesses with growth potential, proceed with aggressive expansion in Japan and overseas, and endeavor to increase the efficiency of its capital and strengthen its financial position.

Considering such factors, for fiscal 2012 the Toyobo Group is forecasting consolidated net sales of ¥345.0 billion (up ¥4.4 billion year on year), with operating income of ¥20.0 billion (down ¥0.9 billion), and net income of ¥7.0 billion (up ¥2.8 billion).

(2) Analysis of Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the subject fiscal year (March 31, 2011) increased ¥5.1 billion (1.2%) from the end of the previous fiscal year (March 31, 2010) to ¥443.5 billion. This was due mainly to increase in cash and deposits.

Total liabilities decreased ¥13.6 billion (4.4%) to ¥293.7 billion. This was due mainly to decline in short-term loans payable, current portion of long-term loans payable and long-term loans payable.

Total net assets increased ¥18.7 billion (14.2%) to ¥149.8 billion. This was due mainly to increase in capital stock capital surplus by making investments.

Cash Flows

Net cash provided by operating activities amounted to ¥33.7 billion at the end of the subject fiscal year. This consisted mainly of ¥5.0 billion before income taxes; ¥19.1 billion in depreciation and amortization; and ¥3.7 billion increase in notes and accounts payable-trade.

Net cash used in investing activities amounted to ¥11.6 billion. This consisted mainly of ¥14.1 billion in expenditures for the acquisition of property, plant and equipment; and ¥1.0 billion on gain from the sale of property, plant and equipment.

Net cash used in financing activities amounted to ¥9.9 billion. This consisted mainly of ¥30.7 billion in expenditures for repayment of long-term debt; ¥2.6 billion in payment of dividends (including dividends to minority shareholders); ¥16.6 billion in making investments; and ¥16.9 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, 2011) stood at ¥21.9 billion, an increase of ¥12.0 billion from the end of the previous fiscal year (March 31, 2010).

(Reference) Cash Flow Indicators

Years ended March 31

	2007	2008	2009	2010	2011
Equity ratio (%)	26.0	26.2	22.1	24.4	28.4
Equity ratio, based on market value (%)	47.7	29.4	20.0	25.4	24.0
Interest-bearing debt to cash flow ratio (Years)	7.2	7.7	---	5.9	4.5
Interest coverage ratio (Times)	8.4	7.3	---	10.7	13.3
D/E ratio (Times)	1.45	1.38	1.82	1.60	1.21

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 2011, we expect to pay a dividend of ¥3.50 per share, based on the forecast net income of ¥7.0 billion.

2. MANAGEMENT POLICY

(1) Basic Management Policy

The Toyobo Group has adopted as its fundamental principle the ancient proverb Junri-Sokuyu, 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.” The business environment is undergoing dynamic change, and, as competition becomes more intense in Japan and overseas, Toyobo is making investments in promising businesses to avoid missing opportunities and attain a significantly higher level of growth. To this end, Toyobo raised additional capital through an issue of new share in overseas capital markets in March 2011.

At present, under its four-year Medium-Term Management Plan that was announced in May 2010 and will cover the period through the year ending March 2014, Toyobo is working to become “the category leader for providing new value in the environment, life science, and high-function products fields.” 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. These include investments in capacity for industrial films for use in touch panels, solar cell backsheets, and other products where expansion in demand is expected. Investments also include high-melting-point polyamides, fine polymers, automobile airbag fabrics, bio-products, contract manufacturing of pharmaceuticals, water treatment membranes, all of which are expected to be growth sectors.

(b) Acceleration of Overseas Business Development

The Toyobo Group is working to expand its revenues in growing overseas markets, including China. During fiscal 2011, the ratio of the Group's overseas sales to total revenues was 21.3%, and initiatives are under way to accelerate overseas expansion. In addition to the markets for materials for flat panel displays, electronic components, auto parts, and other items, demand in the environment-related fields, including VOC emissions treatment equipment for preventing air pollution and water treatment membranes, is also forecast to expand.

Looking ahead, the Toyobo Group will move forward with the establishment of overseas manufacturing and marketing bases as well as expand its development capabilities for responding to local needs. In addition, the Group is actively forming partnerships and alliances with local companies overseas, as in the case of the Group's joint venture in Saudi Arabia in the water treatment membrane business.

(c) Improvement of the Product Portfolio through New Product Development

The Toyobo Group, drawing on its experience in restructuring its textile business is aware that "over the course of time some products will become commoditized." For companies to survive and grow, they must add to their product lineup as the times change to respond to evolution in the business environment. 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 to customers. In addition, in our product development activities, we must collaborate proactively with other companies and organizations on the outside.

(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 to insist on management with an emphasis on the efficient use of capital.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

(Millions of yen)

	2010 (As of March 31, 2010)	2011 (As of March 31, 2011)
Assets		
Current assets		
Cash and deposits	10,110	22,014
Notes and accounts receivable-trade	72,931	72,647
Merchandise and finished goods	38,538	38,794
Work in process	12,312	13,803
Raw materials and supplies	11,663	13,391
Deferred tax assets	2,967	3,203
Other	9,356	8,465
Allowance for doubtful accounts	(548)	(316)
Total current assets	157,329	172,001
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	48,872	47,510
Machinery, equipment and vehicles, net	40,569	37,026
Land	107,293	106,949
Lease assets, net	7,009	6,133
Construction in progress	3,861	3,631
Other, net	2,647	2,504
Total property, plant and equipment	210,251	203,751
Intangible assets		
Goodwill	466	634
Other	1,137	1,238
Total intangible assets	1,603	1,872
Investments and other assets		
Investment securities	25,760	22,807
Deferred tax assets	26,732	26,810
Other	18,302	17,724
Allowance for doubtful accounts	(1,538)	(1,450)
Total investments and other assets	69,255	65,892
Total noncurrent assets	281,110	271,515
Total assets	438,439	443,516

(Millions of yen)

	2010 (As of March 31, 2010)	2011 (As of March 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	45,360	49,068
Short-term loans payable	54,528	49,870
Current portion of long-term loans payable	30,660	26,990
Accrued expenses	3,138	4,598
Income taxes payable	661	1,134
Deferred tax liabilities	85	19
Deposits received	12,512	13,501
Provision for bonuses	3,728	4,123
Other	12,883	14,139
Total current liabilities	163,554	163,444
Noncurrent liabilities		
Bonds payable	15,225	15,000
Long-term loans payable	63,060	52,990
Lease obligations	6,175	5,257
Deferred tax liabilities	3,097	2,899
Deferred tax liabilities for land revaluation	28,203	28,158
Provision for retirement benefits	15,248	15,867
Provision for directors' retirement benefits	486	435
Negative goodwill	4,163	3,184
Provision for environmental measures	1,092	1,085
Other	7,040	5,425
Total noncurrent liabilities	143,787	130,299
Total liabilities	307,341	293,743
Net assets		
Shareholders' equity		
Capital stock	43,341	51,730
Capital surplus	23,839	32,227
Retained earnings	13,881	15,481
Treasury stock	(558)	(562)
Total shareholders' equity	80,503	98,876
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(584)	305
Deferred gains or losses on hedges	(182)	(159)
Revaluation reserve for land	38,197	38,132
Foreign currency translation adjustment	(10,839)	(11,384)
Total accumulated other comprehensive income	26,592	26,894
Minority interests	24,002	24,003
Total net assets	131,097	149,773
Total liabilities and net assets	438,439	443,516

(2) Consolidated Statements of Income

(Millions of yen)

	2010 (From April 1, 2009 To March 31, 2010)	2011 (From April 1, 2010 To March 31, 2011)
Net sales	318,773	340,573
Cost of sales	253,695	264,980
Gross profit	65,078	75,593
Selling, general and administrative expenses	53,609	54,703
Operating income	11,469	20,890
Non-operating income		
Interest income	301	232
Dividends income	734	709
Rent income	604	474
Amortization of negative goodwill	945	979
Other	2,205	1,744
Total non-operating income	4,789	4,138
Non-operating expenses		
Interest expenses	2,809	2,519
Amortization of net retirement benefit obligation at transition	1,578	1,570
Salaries paid to dispatched employees	1,241	-
Other	3,189	3,895
Total non-operating expenses	8,817	7,985
Ordinary income	7,441	17,043
Extraordinary income		
Gain on sales of noncurrent assets	192	357
Gain on sales of investment securities	138	28
Gain on sales of investments in capital	-	29
Reversal of allowance for doubtful accounts	35	13
Total extraordinary income	365	427

(Millions of yen)

	2010 (From April 1, 2009 To March 31, 2010)	2011 (From April 1, 2010 To March 31, 2011)
Extraordinary loss		
Loss on sales of noncurrent assets	194	341
Impairment loss	316	386
Loss on disposal of noncurrent assets	1,686	1,279
Loss on sales of investment securities	72	26
Loss on valuation of investment securities	475	4,499
Provision of allowance for doubtful accounts	27	28
Loss on liquidation of subsidiaries and affiliates	705	28
Loss on transfer of business	77	636
Extra retirement payments	312	594
Loss on abolishment of retirement benefit plan	82	33
Environmental expenses	956	1,932
Provision for environmental measures	1,091	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	271
Loss on litigation	2,067	2,426
Total extraordinary losses	8,061	12,479
Income (loss) before income taxes and minority interests	(255)	4,991
Income taxes-current	737	1,425
Income taxes-deferred	(3,349)	(1,515)
Total income taxes	(2,612)	(90)
Income before minority interests	-	5,080
Minority interests in income	263	925
Net income	2,094	4,155

Consolidated Statements of Comprehensive Income

(Millions of yen)

	2010 (From April 1, 2009 To March 31, 2010)	2011 (From April 1, 2010 To March 31, 2011)
Income before minority interests	-	5,080
Other comprehensive income		
Valuation difference on available-for-sale securities	-	909
Deferred gains or losses on hedges	-	23
Foreign currency translation adjustment	-	(534)
Share of other comprehensive income of associates accounted for using equity method	-	(63)
Total other comprehensive income	-	335
Comprehensive income	-	5,416
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-	4,521
Comprehensive income attributable to minority interests	-	894

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	2010 (From April 1, 2009 To March 31, 2010)	2011 (From April 1, 2010 To March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	43,341	43,341
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	43,341	51,730
Capital surplus		
Balance at the end of previous period	16,027	23,839
Changes of items during the period		
Disposal of treasury stock	196	-
Issuance of new shares	-	8,389
Increase by share exchanges	7,616	-
Total changes of items during the period	7,812	8,389
Balance at the end of current period	23,839	32,227
Retained earnings		
Balance at the end of previous period	13,573	13,881
Changes of items during the period		
Dividends from surplus	(2,443)	(2,620)
Net income	2,094	4,155
Reversal of revaluation reserve for land	657	64
Total changes of items during the period	308	1,600
Balance at the end of current period	13,881	15,481
Treasury stock		
Balance at the end of previous period	(270)	(558)
Changes of items during the period		
Purchase of treasury stock	(7)	(5)
Disposal of treasury stock	29	1
Increase by share exchanges	(310)	-
Change in equity in affiliates accounted for by equity method-treasury stock	(1)	-
Total changes of items during the period	(288)	(4)
Balance at the end of current period	(558)	(562)
Total shareholders' equity		
Balance at the end of previous period	72,671	80,503
Changes of items during the period		
Issuance of new shares	-	16,778
Dividends from surplus	(2,443)	(2,620)
Net income	2,094	4,155
Reversal of revaluation reserve for land	657	64
Purchase of treasury stock	(7)	(5)
Disposal of treasury stock	225	1
Increase by share exchanges	7,306	-
Change in equity in affiliates accounted for by equity method-treasury stock	(1)	-
Total changes of items during the period	7,832	18,373
Balance at the end of current period	80,503	98,876

(Millions of yen)

	2010 (From April 1, 2009 To March 31, 2010)	2011 (From April 1, 2010 To March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(1,623)	(584)
Changes of items during the period		
Net changes of items other than shareholders' equity	1,039	888
Total changes of items during the period	1,039	888
Balance at the end of current period	(584)	305
Deferred gains or losses on hedges		
Balance at the end of previous period	(159)	(182)
Changes of items during the period		
Net changes of items other than shareholders' equity	(23)	23
Total changes of items during the period	(23)	23
Balance at the end of current period	(182)	(159)
Revaluation reserve for land		
Balance at the end of previous period	39,301	38,197
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,104)	(64)
Total changes of items during the period	(1,104)	(64)
Balance at the end of current period	38,197	38,132
Foreign currency translation adjustment		
Balance at the end of previous period	(11,938)	(10,839)
Changes of items during the period		
Net changes of items other than shareholders' equity	1,099	(546)
Total changes of items during the period	1,099	(546)
Balance at the end of current period	(10,839)	(11,384)
Total accumulated other comprehensive income		
Balance at the end of previous period	25,581	26,592
Changes of items during the period		
Net changes of items other than shareholders' equity	1,011	302
Total changes of items during the period	1,011	302
Balance at the end of current period	26,592	26,894
Minority interests		
Balance at the end of previous period	35,714	24,002
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,712)	1
Total changes of items during the period	(11,712)	1
Balance at the end of current period	24,002	24,003

(Millions of yen)

	2010 (From April 1, 2009 To March 31, 2010)	2011 (From April 1, 2010 To March 31, 2011)
Total net assets		
Balance at the end of previous period	133,967	131,097
Changes of items during the period		
Issuance of new shares	-	16,778
Dividends from surplus	(2,443)	(2,620)
Net income	2,094	4,155
Reversal of revaluation reserve for land	657	64
Purchase of treasury stock	(7)	(5)
Disposal of treasury stock	225	1
Increase by share exchanges	7,306	-
Change in equity in affiliates accounted for by equity method-treasury stock	(1)	-
Net changes of items other than shareholders' equity	(10,701)	303
Total changes of items during the period	(2,870)	18,676
Balance at the end of current period	131,097	149,773

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	2010 (From April 1, 2009 To March 31, 2010)	2011 (From April 1, 2010 To March 31, 2011)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(255)	4,991
Depreciation and amortization	20,419	19,113
Amortization of negative goodwill	(945)	(979)
Decrease in allowance for doubtful accounts	(2,551)	(305)
Increase (decrease) in provision for environmental measures	1,092	-
Environmental expenses	-	1,932
Increase in provision for retirement benefits	1,358	695
Interest and dividends income	(1,036)	(941)
Interest expenses	2,809	2,519
Equity in (earnings) losses of affiliates	189	(251)
Impairment loss	316	386
Loss on sales and disposal of property, plant and equipment, net	1,688	1,263
Loss on sales and valuation of investment securities	410	4,497
Loss on transfer of business	77	636
Loss on litigation	2,067	2,426
Decrease (increase) in notes and accounts receivable-trade	(11,800)	166
Decrease (increase) in inventories	13,251	(4,630)
Increase in notes and accounts payable-trade	8,690	3,671
Increase in prepaid pension costs	(2,274)	(572)
Other, net	(1,244)	1,211
Subtotal	32,261	35,828
Payments for loss on litigation	(2,048)	(1,843)
Income taxes paid	(1,189)	-
Income taxes (paid) refund	-	(271)
Net cash provided by (used in) operating activities	29,024	33,714
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(14,429)	(14,054)
Proceeds from sales of property, plant and equipment and intangible assets	1,752	987
Purchase of investment securities	(1,048)	(43)
Proceeds from sales of investment securities	287	112
Proceeds from transfer of business	334	-
Interest and dividends income received	1,036	959
Proceeds from dividends income from equity method affiliate	37	13
Other, net	(1,424)	448
Net cash provided by (used in) investing activities	(13,455)	(11,579)

(Millions of yen)

	2010 (From April 1, 2009 To March 31, 2010)	2011 (From April 1, 2010 To March 31, 2011)
Net cash provided by (used in) financing activities		
Net decrease in short-term loans payable	(2,657)	(4,541)
Proceeds from long-term loans payable	34,600	16,932
Repayment of long-term loans payable	(27,064)	(30,671)
Redemption of bonds with subscription rights to shares	(19,775)	-
Proceeds from issuance of common stock	-	16,599
Purchase of treasury stock	(7)	(5)
Proceeds from sales of treasury stock	229	1
Repayments of finance lease obligations	(1,855)	(2,197)
Interest expenses paid	(2,716)	(2,533)
Cash dividends paid	(2,443)	(2,604)
Cash dividends paid to minority shareholders	(934)	(898)
Proceeds from sale and lease-back transaction	6,791	-
Net cash provided by (used in) financing activities	<u>(15,832)</u>	<u>(9,915)</u>
Effect of exchange rate change on cash and cash equivalents	483	(246)
Net increase (decrease) in cash and cash equivalents	<u>220</u>	<u>11,975</u>
Cash and cash equivalents at beginning of period	9,802	9,953
Decrease in cash and cash equivalents resulting from change of scope of consolidation	(69)	-
Cash and cash equivalents at end of period	<u>9,953</u>	<u>21,927</u>

Segment Information

a. Segment Information by Business Type

[Fiscal Year ended March 31, 2010]

(Millions of yen)

	Films and Functional Polymers	Industrial Materials	Life Science	Textiles	Real Estate	Other Businesses	Total	Elimination or Corporate	Consolidated
I. Net Sales and Operating Income									
(1) Net sales to external customers	114,928	63,157	32,377	88,373	4,564	15,374	318,773	—	318,773
(2) Intersegment net sales or transfer amounts	642	46	181	298	1,479	9,145	11,792	(11,792)	—
Net Sales	115,570	63,203	32,558	88,671	6,043	24,519	330,565	(11,792)	318,773
Operating Expenses	109,475	60,870	28,535	88,254	4,569	24,154	315,857	(8,553)	307,304
Operating Income	6,095	2,333	4,023	418	1,474	365	14,708	(3,239)	11,469
II. Assets, Depreciation & Amortization and Capital Expenditure									
Assets	118,281	71,784	31,093	83,123	48,805	20,185	373,271	65,168	438,439
Depreciation and Amortization	8,031	4,094	3,347	2,661	895	317	19,345	1,074	20,419
Capital Expenditure	4,107	2,558	2,539	1,344	1,917	245	12,709	2,457	15,166

Notes

1. Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled ¥3,041 million. These mainly included operating costs and expenses connected with basic research.
2. In Assets, the total of all corporate assets including those in Elimination or Corporate amounted to ¥87,901 million. These mainly included the Company's surplus funds (cash and cash equivalents), funds for long-term investment (investment securities), and assets for divisions connected with management and basic research divisions.

3. Changes in Accounting Policy

Accounting Standard for Retirement Benefits

As noted in "Significant Accounting Policies: Basis for Preparation of the Consolidated Financial Statements," from the subject fiscal year, Toyobo has applied "Partial Amendments to 'Accounting Standard for Retirement Benefits' (Part3)" (ASBJ Statement No. 19, July 31, 2008). There is no impact on operating income as a result of this change.

Change in Accounting Classification for the Real Estate Business

Toyobo had previously recorded real estate-related income and expenses as "non-operating income" and "non-operating expenses," respectively. However, real estate-related income increased following the absorption-type split of Toyobo Real Estate Co., Ltd. on February 1, 2010, with the subject revenues derived primarily from sales activities. To properly reflect this situation, from the subject fiscal year, the classification of the real estate-related income and expenses in Toyobo's financial statement will be changed to "net sales" and "cost of sales." The impact on earnings as a result of this change is minimal.

4. The main products and services of each business are as follows.

Films and Functional Polymers:	Packaging films, industrial films, industrial adhesives, engineering plastics, photo-sensitive printing plates, etc.
Industrial Materials:	Fiber materials for automobiles, high-performance fibers, functional filters, non-woven fabrics, etc.
Life Science:	Bioproducts such as diagnostic enzymes, contract manufacturing of pharmaceuticals, hollow fiber membranes for artificial kidneys, medical

	equipment, water treatment membranes, etc.
Textiles:	Functional textiles, apparel products, apparel textiles, apparel fibers, etc.
Real Estate:	Lease and maintenance of real estate, etc.
Other Businesses:	Design and construction of buildings and machinery, information processing services, logistics services, etc.

b. Geographic Segments

For the fiscal years ended March 31, 2010, geographical segment information is not disclosed because businesses within Japan occupied more than 90% of total sales of all segments, and of total assets of all segments.

c. Overseas Sales

[Fiscal Year ended March 31, 2010] (From April 1, 2009 to March 31, 2010) (Millions of yen)

	Southeast Asia	Other Regions	Total
I. Overseas sales	36,080	28,425	64,505
II. Consolidated sales			318,773
III. Percentage of overseas sales to total consolidated sales	11.3%	8.9%	20.2%

Notes

- Country and regional segments are based on geographic proximity.
- Main countries and regions included in each segment:
 South East Asia: China, South Korea, Taiwan, Malaysia, Indonesia, Thailand
 Other: United States, Germany, Brazil, Saudi Arabia, etc.
- Overseas sales indicate the sales of the Company and its consolidated subsidiaries made to customers located in countries or regions outside Japan.

d. Business Segments Reported

[Fiscal Year ended March 31, 2011]

i) Overview of reportable segments

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 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	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

iii) Overseas Sales

[Fiscal Year ended March 31, 2011] (From April 1, 2010 to March 31, 2011) (Millions of yen)

Japan	Asia	Other	Total
268,130	46,595	25,848	340,573