

August 6, 2010

Toray Announces Consolidated Results for the First Quarter Ended June 30, 2010

Tokyo, Aug 6, 2010 - Toray Industries, Inc. (the "Company") today announced its consolidated business results for the three months ended June 30, 2010, the first quarter of the year ending March 31, 2011. The following summary of the business results that Toray submitted to the Tokyo Stock Exchange is unaudited and for reference only. (Code Number: 3402)

Consolidated Business Results

(Millions of yen, *millions of U.S. dollars*, except per share data)

	First quarter ended June 30,				(Reference)
	2010	2009	Change	2010	Fiscal 2009
	Yen		%	<i>U.S. dollars</i>	Yen
Net sales	¥350,362	¥278,663	25.7	\$3,959	¥1,359,631
Operating income (loss)	16,211	(2,386)	-	183	40,107
Ordinary income (loss)	14,537	(7,593)	-	164	9,006
Net income (loss)	8,648	(7,440)	-	98	(14,158)
Net income (loss) basic per share	5.86	(5.32)	-	-	(10.12)
Diluted net income basic per share	5.52	-	-	-	-

Consolidated Financial Condition

(Millions of yen, *millions of U.S. dollars*, except per share data)

	First quarter ended June 30,			(Reference)
	2010	2009	2010	Fiscal 2009
	Yen		<i>U.S. dollars</i>	Yen
Total assets	¥1,595,395	¥1,531,540	\$18,027	1,556,796
Property, plant and equipment, net	567,436	597,436	6,412	580,344
Net assets	618,165	523,218	6,985	518,216
Net assets per share	350.25	341.49	-	336.65
Equity ratio	35.8%	31.2%	-	30.3%

Notes:

1. For calculation of "net assets per share" and "equity ratio," minority interests are deducted from net assets.
2. U.S. dollar amounts have been converted from yen at the exchange rate of ¥88.5 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2010.
3. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the Six Months Ending September 30, 2010

(Millions of yen, *millions of U.S. dollars*)

	Six months ending September 30, 2010	
	Yen	<i>U.S. dollars</i>
Net sales	¥730,000	\$8,111
Operating income	36,000	400
Ordinary income	33,000	367
Net income	20,000	222

Reference: EPS forecast (six months ending September 30, 2010) ¥12.88

Forecast of Consolidated Results for the Year Ending March 31, 2011

(Millions of yen, *millions of U.S. dollars*)

	Year ending March 31, 2011	
	Yen	<i>U.S. dollars</i>
Net sales	¥1,530,000	\$17,000
Operating income	76,000	844
Ordinary income	68,000	756
Net income	37,000	411

Reference: EPS forecast (year ending March 31, 2011) ¥23.26

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥90 = U.S.\$1, the estimated rate of exchange from July onwards.
2. Amounts are rounded to the nearest million.

Segment Information

(Millions of yen, *millions of U.S. dollars*)

Net Sales	First quarter ended June 30,		
	2010	2009	2010
	Yen		<i>U.S. dollars</i>
Fibers and Textiles	¥127,497	¥112,078	\$1,441
Plastics and Chemicals	94,165	70,760	1,064
IT-related Products	63,578	50,202	718
Carbon Fiber Composite Materials	15,655	9,930	177
Environment and Engineering	34,586	22,181	391
Life Science	11,793	10,468	133
Others	3,088	3,044	35
Consolidated Total	350,362	278,663	3,959

(Millions of yen, *millions of U.S. dollars*)

Segment Income (Loss)	First quarter ended June 30,		
	2010	2009	2010
	Yen		<i>U.S. dollars</i>
Fibers and Textiles	¥5,791	¥161	\$65
Plastics and Chemicals	5,501	359	62
IT-related Products	8,299	2,343	94
Carbon Fiber Composite Materials	(95)	(339)	(1)
Environment and Engineering	(726)	(1,505)	(8)
Life Science	1,173	(46)	13
Others	98	85	1
Total	20,041	1,058	226
Adjustment	(3,830)	(3,444)	(43)
Consolidated Total (Operating Income (loss))	16,211	(2,386)	183

Notes:

1. From the first quarter ended June 30, 2010, "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No.17 of March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20 of March 21, 2008) are applied. Accordingly, segment information on the first quarter ended June 30, 2009 is restated.
2. "Others" represents service-related businesses such as analysis, survey and research.
3. "Adjustment" of segment income (loss) for the 1st quarter ended June 30, 2010 of (3,830) million yen includes intersegment eliminations of 294 million yen and corporate expenses of (4,124) million yen. "Adjustment" of segment income (loss) for the 1st quarter ended June 30, 2009 of (3,444) million yen includes intersegment eliminations of 632 million yen and corporate expenses of (4,076) million yen. The corporate expenses consist of the headquarters' research expenses, etc. that are not allocated to each reportable segment.
4. U.S. dollar amounts have been converted from yen at the exchange rate of ¥88.5 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2010.
5. Amounts are rounded to the nearest million.

Consolidated Business Results and Financial Condition

1. Overview of the First Quarter Ended June 30, 2010

In the period under review, despite the tough employment conditions prevailing in the developed nations of North America and Europe and the growing concerns regarding the financial situation at some European countries, the global economy continued its slow-paced recovery helped by emerging economies-led growth and the impact of the stimulus measures taken by the various countries. The Japanese economy on the whole also remained on the recovery path, fueled by increased exports and production.

Under such business environment, Toray Group, promoting its medium-term management program “Project IT-II (Innovation TORAY II)” launched in April 2009, continued with measures for improving profitability including expansion of earnings by ensuring sales through every possible effort and improvement of cost competitiveness.

As a result, consolidated net sales for the three months ended June 30, 2010 rose 25.7% compared with the same period of the previous fiscal year to ¥350.4 billion (US\$3,959 million). Operating income came to ¥16.2 billion (US\$183 million), an improvement of ¥18.6 billion, and ordinary income roes to ¥14.5 billion (US\$164 million), up ¥22.1 billion. Net income stood at ¥8.6 billion (US\$98 million), an improvement of ¥16.1 billion compared with the same period a year ago.

Business Performance by Segment:

Fibers and Textiles

In Japan, the demand for industrial-use materials led by airbags and other automotive applications as well as general applications grew as the economy bottomed out, while sales volume also increased for apparel applications. Overseas, industrial and apparel applications on the whole remained robust: polypropylene spunbond for diapers in South Korea and China, yarn and textile operations for airbag applications in Thailand and Czech Republic and textiles in China performed strongly.

As a result, total sales of Fibers and Textiles rose 13.8% to ¥127.5 billion (US\$1,441 million) from the previous year and the segment posted an operating income of ¥5.8 billion (US\$65 million), up ¥5.6 billion on year.

Plastics and Chemicals

In the Plastics and Chemicals segment, along with the recovery in demand, sales volume of the resin business increased across a wide-range of applications led by automotive and home electric appliances. In the film business, products in industrial material applications such as back sheets for solar cells and capacitors used in hybrid automobiles as well as those for packaging materials performed strongly.

As a result, total sales of Plastics and Chemicals increased 33.1% year-on-year to ¥94.2 billion (US\$1,064 million) and operating income rose by ¥5.1 billion to ¥5.5 billion (US\$62 million).

IT-related Products

In the IT-related Products segment, sales of films and processed film products for flat panel displays and electronics performed strongly buoyed by robust demand for these parts. Sales volume also increased in semiconductor-related materials and plasma display-related materials. At the same time, the circuit material business in South Korea remained strong.

As a result, sales of the segment increased 26.6% to ¥63.6 billion (US\$718 million) compared with the same period a year earlier, and operating income rose by ¥6.0 billion to ¥8.3 billion (US\$94 million).

Carbon Fiber Composite Materials

In the Carbon Fiber Composite Materials segment, demand for aircraft, sports and industrial applications were on track for recovery, and their sales volumes improved significantly as stock adjustment in each level of supply chain made progress.

On the whole, the Carbon Fiber Composite Materials registered a year-on-year sales increase of 57.7% to ¥15.7 billion (US\$177 million) and an operating loss of ¥0.1 billion (US\$1 million), an improvement of ¥0.2 billion.

Toray Group is actively pursuing business expansion with focus on aircraft, automobile, environment and energy fields, in which demand for carbon fibers is expected to grow. In May this year, the Company signed a long-term basic supply agreement with the aerospace and defence company EADS to supply carbon fiber prepreg for aircraft application primarily for Airbus S.A.S. over 15 years through 2025.

Environment and Engineering

In the Environment and Engineering segment, the Company pursued sales increase of water treatment membranes led by reverse osmosis membrane elements in the water treatment business. Among Japanese subsidiaries, an engineering company expanded sales of environment-related devices and a trading subsidiary increased machinery exports.

As a result, overall sales of the segment increased 55.9% on year to ¥34.6 billion (US\$391 million), while operating loss narrowed by ¥0.8 billion to ¥0.7 billion (US\$8 million).

Life Science

In the Life Science segment, sales volume of *Feron**, a natural-type interferon- β preparation, increased, following last October's approval of its combination use with ribavirin for treating chronic hepatitis C in Japan. Shipment of *Toraymyxin**, extracorporeal hemoperfusion device for endotoxin removal was also strong in the period. Overall sales of segment increased 12.7% on year to ¥11.8 billion (US\$133 million) while registering an operating income of ¥1.2 billion (US\$13 million), up ¥1.2 billion on year.

2. Analysis of Financial Condition

As of June 30, 2010, Toray's total assets stood at ¥1,595.4 billion (US\$18,027 million), up ¥38.6 billion from the end of the previous fiscal year. Current assets rose by ¥58.9 billion compared to the end of the previous fiscal year, due primarily to an increase in short-term investment securities (negotiable certificates of deposit), while fixed assets fell by ¥20.3 billion reflecting primarily decreases in property, plant and equipment and investment securities.

Liabilities decreased by ¥61.4 billion to ¥977.2 billion (US\$11,042 million) compared to the end of the previous fiscal year, owing to a decline in interest-bearing debts.

Net assets increased ¥99.9 billion compared to the end of the previous fiscal year to ¥618.2 billion (US\$6,985 million). This reflected the increases in common stock and capital surplus, resulting from the issuance of new shares in June. Net assets less minority interests stood at ¥570.7 billion (US\$6,449 million).

3. Forecast of Consolidated Results

While the global economy is expected on the whole to stay on a gradual recovery track, the outlook remains unpredictable due to factors such as concerns of downturn in overseas economies primarily in the U.S. and Europe, risk of financial market fluctuations and credit crunch as well as the impact of deflation that may derail the economic turnaround.

Under such circumstances, Toray Group will continue with its efforts to strengthen its overall cost competitiveness and reform its business structure under the "Project IT-II" initiative. At the same time, it aims to further enhance its earnings base by expanding in the environment, resource and energy fields and promoting growth strategy in mega emerging markets led by China.

Given the fact that earnings have been recovering reflecting expanded sales volume and efforts to radically reduce costs under "Project IT-II," the Company revised its first-half and full-year forecasts announced on May 10. The Company now expects consolidated net sales of ¥730 billion (US\$8,111 million), operating income of ¥36 billion (US\$400 million), ordinary income of ¥33 billion (US\$367 million), and net income of ¥20 billion (US\$222 million) for the six months ending September 30, 2010. As for the full year through March 31, 2011, it expects consolidated net sales of ¥1,530 billion (US\$17,000 million), operating income of ¥76 billion (US\$844 million), ordinary income of ¥68 billion (US\$756 million), and net income of ¥37 billion (US\$411 million). The Company bases calculation of its earnings forecasts from July onwards on assumptions of a foreign currency exchange rate of ¥90 to the U.S. dollar.

Notes:

- 1) U.S. dollar amounts have been converted from yen at the exchange rate of ¥88.5 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2010.
- 2) U.S. dollar amounts of forecasts have been converted from yen at the exchange rate of ¥90 = U.S.\$1, the estimated rate of exchange from July onwards.
- 3) Product names with (*) abbreviation are trademarks of Toray Industries, Inc.

Disclaimer

The above stated forecasts are formulated based on estimates of future economic environment as of the announcement date of this material and the actual results could differ from the forecasts due to various factors in the future. The material in this statement is not a guarantee of the Company's future business performance.

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