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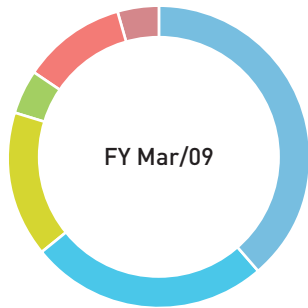
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RESEARCH & DEVELOPMENT AND INTELLECTUAL PROPERTY

TORAY'S BUSINESS AT A GLANCE

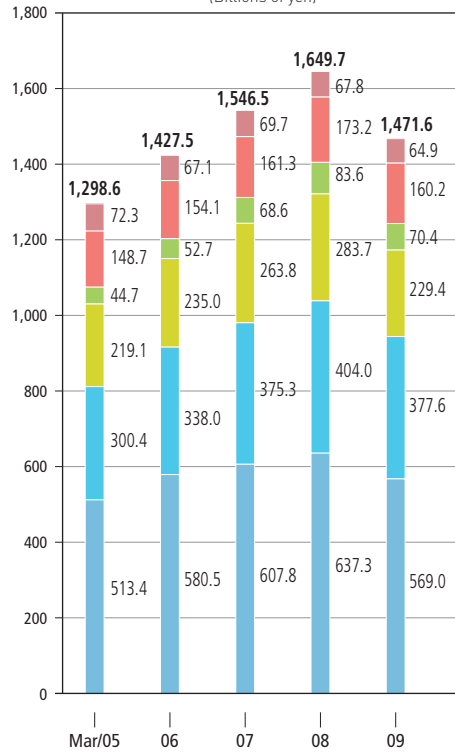
PERFORMANCE BY BUSINESS SEGMENT

Sales Ratio by Business Segment (%)

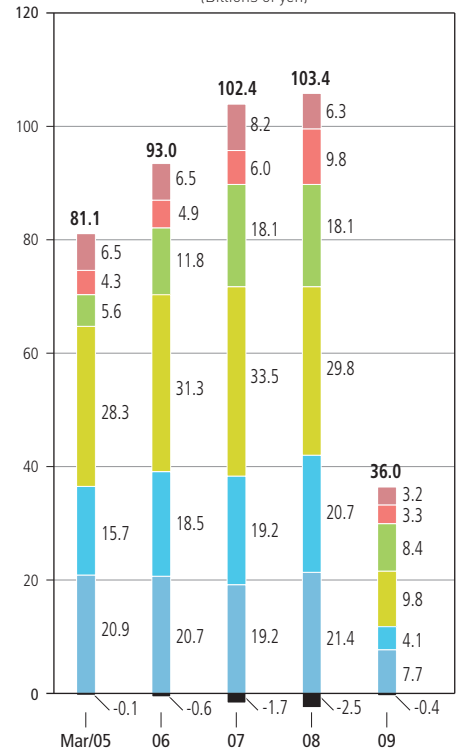


Fibers & Textiles	38.7%
Plastics & Chemicals	25.6%
IT-Related Products	15.6%
Carbon Fiber Composite Materials	4.8%
Environment & Engineering	10.9%
Life Science & Other Businesses	4.4%

Net Sales by Business Segment (Billions of yen)



Operating Income by Business Segment (Billions of yen)

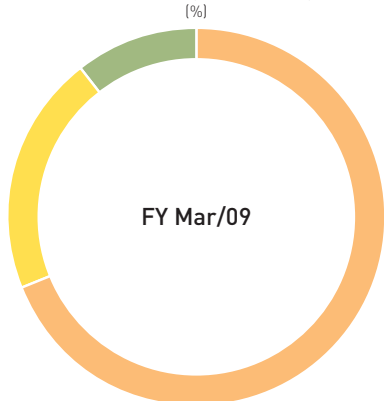


Fibers & Textiles Plastics & Chemicals IT-Related Products Carbon Fiber Composite Materials Environment & Engineering Life Science & Other Businesses Elimination & Corporate

PERFORMANCE BY REGIONAL SEGMENT

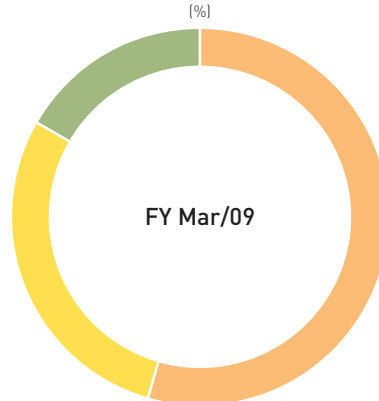
Toray Group has 124 overseas subsidiaries and affiliates. It engages in global operations that match the unique characteristics of 21 countries and regions.

Net Sales by Geographic Segment* (%)



Japan	69.0%
Asia	20.6%
North America, Europe and other areas	10.4%

Net Sales by Market Area** (%)



Japan	53.9%
Asia	29.3%
North America, Europe and other areas	16.8%

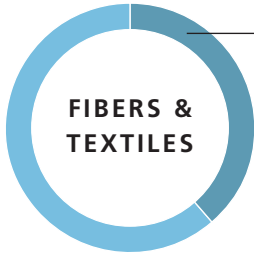
*Net sales of the company and consolidated subsidiaries by geographic segment

** includes export sales from Japan

TORAY'S BUSINESS SEGMENTS

MAIN PRODUCTS

APPLICATION EXAMPLES



38.7%

Filament yarns, staple fibers, and woven and knitted fabrics of nylon, polyester and acrylic fibers, etc.; non-woven fabrics, man-made suede, apparel products

- Women's and men's clothes (coats: man-made suede, dress shirts: polyester-cotton blended fabric, stockings: nylon fiber, apparel products, swimwear)
- Automobiles (car seats: polyester fiber, airbags: nylon fiber, seatbelts: polyester fiber)
- Sportswear
- Furniture & interior (sofas: man-made suede, carpets: BCF nylon, curtains: halogen-free, flame retardant materials)
- Disposable diapers: polypropylene filament yarn non-woven fabric
- Tents: polyester fiber



25.6%

Nylon, ABS, PBT, PPS and other resins and molded products, polyolefin foam; polyester, polypropylene, PPS and other films and processed film products; raw materials for synthetic fibers and other plastics; gypsum; zeolite catalysts; fine chemicals for pharmaceuticals and agrochemicals; veterinary medicine (excludes film and resin covered in IT-related Products segment)

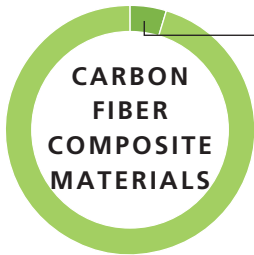
- Automobiles (radiator tanks: nylon resin, intake manifold: nylon resin, connectors: PBT resin, capacitor for hybrid cars: polypropylene film)
- Home appliances (housing for washing machines, vacuum cleaners, air conditioners: ABS resin)
- Power tools (circular tools housing: nylon resin)
- Helmets (nylon resin)
- Solar battery panels (PET film)
- Potato chip bags (polypropylene film)
- Veterinary medicine (for dogs and cats)



15.6%

Films and plastic products for information and telecommunications related products; materials for electronic circuits and semiconductors; color filters for LCDs and related materials and equipment; materials for plasma display panels; magnetic recording materials; graphic materials and related equipment

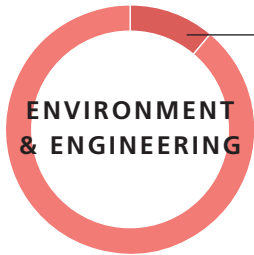
- Flat panel display televisions (PET film, PDP rear panel pastes)
- PCs (circuit materials, PET film, polyimide coatings)
- Cellular phones (color filters, LCP resin, circuit materials, PET film)
- Printing (waterless printing plates, relief printing on resins, printing equipment)
- Digital video camera recording film (PET film)
- In-vehicle multimedia LANs (optical fiber)



4.8%

Carbon fibers, carbon fiber composite materials and their molded products

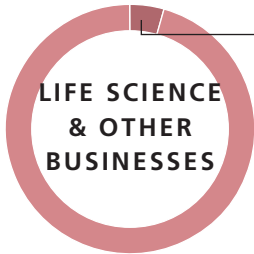
- Aircraft structure (carbon fiber composite materials)
- Bridge pier reinforcement (carbon fiber woven fabrics)
- PC chassis (carbon fiber molded products)
- Wind-power generator blades (carbon fibers)
- Marine vessels (carbon fibers)



10.9%

Comprehensive engineering; condominiums; industrial equipment and machinery; environment-related equipment; water treatment membranes and related equipment; materials for housing, building and civil engineering

- Seawater desalination facilities (water treatment membranes and equipment)
- Sewage and waste-water treatment facilities (water treatment membranes and equipment)
- Condominiums
- Housing (wall siding for houses, interior materials for buildings)
- Plants and manufacturing facilities (comprehensive engineering services)



4.4%

Pharmaceuticals and medical products; analysis, physical evaluation and research services

- Pharmaceuticals (natural interferon-β drugs, prostacyclin)
- Medical treatment devices (hemodialyzers, artificial dialyzer and equipment)
- Analytical services

FIBERS & TEXTILES

SUMMARY OF BUSINESS RESULTS FOR THE FISCAL YEAR ENDED MARCH 2009

In the fiscal year ended March 2009 (FY Mar/09), sales in this segment declined 10.7% year-on-year, to ¥569.0 billion, and operating income fell 64.1%, to ¥7.7 billion.

Toray (the parent company) recorded a decline in both sales and operating income. Amid a continued slump in demand for apparel products, sales for industrial applications were comparatively strong in the first half of the year. However, along with deteriorating economic conditions worldwide in the second half of the year, the Company saw a further decline in demand for apparel products and a large fall in demand for products for automobile applications. We also reduced output from the second half of the year in order to adjust inventory levels.

Japanese subsidiaries recorded lower sales and operating income. Some trading subsidiaries reported steady sales in apparel businesses. Overall, however, most subsidiaries were affected by the global economic downturn.

Total sales and operating income of overseas subsidiaries also declined. Businesses such as the man-made suede business in Europe and nylon fibers and fabrics businesses for airbag applications in Thailand recorded strong sales up until summer. However, businesses in all parts of the world were affected by the broadening impact of the economic downturn from autumn onwards.

OUTLOOK

Business conditions for the fibers and textiles segment are expected to remain challenging due to long-term stagnation in demand for apparel products coupled with slow recovery of industrial applications primarily for automobiles.

Under these circumstances, we will make an all out effort to reduce costs, and faced with a flagging market we will strive to increase our market share in major applications and customers by adopting optimal pricing strategies. We will also improve profitability by expanding sales in high value-added products and reviewing and taking action on unprofitable and low-profit products.

We suppose sales volumes to decline significantly in the next fiscal year due to depressed demand. As a result, we forecast a 12.1% year-on-year decline in segment sales, to ¥500 billion, and a 60.9% decline in operating income, to ¥3.0 billion.

TOPICS

Launch of Machine-washable Knitwear under Toray-UNIQLO Strategic Partnership

In December 2008, machine-washable knitwear, which was developed by Toray and UNIQLO Inc., under a strategic partnership, was launched. Easily washed in a household machine, the new sweaters are made using Toray's anti-pilling micro acrylic fiber, which is colorfast and finer than cashmere.

In June 2006, Toray and UNIQLO signed a comprehensive medium-to-long-term procurement and supply MOU, under which, both companies have been promoting medium-to-long-term collaboration to realize the target that Toray should supply materials and products to UNIQLO worth more than ¥200 billion over a five-year period from 2006 through 2010.

Construction of Next-generation Weather Simulation Laboratory, "Technorama GII," Completed in China

At Toray Fibers & Textiles Research Laboratories (China) Co., Ltd. (TFRC), a Chinese research subsidiary, Toray established a next-generation weather simulation laboratory, "Technorama GII (Generation 2nd)," and its construction has been completed on June 30, 2008. "Technorama" is able to reproduce meteorological environments found in all parts of the world, including polar blizzards, dry deserts and high-humidity tropical jungles.

Weather simulations replicating complex environmental changes can be held in "Technorama GII." Scientific data obtained from the tests, including the effects of such changes on human physiology, will be used for designing high-functional textiles and industrial materials. The addition of the climate facility at TFRC makes it possible to efficiently develop new materials and products.

Toray established TFRC in Nantong, Jiangsu Province in 2002 to provide a key base for research and technological development activities in China, where there is huge potential for market growth and abundant human resources. TFRC was the first fiber and textiles research subsidiary established by a foreign company in China. The completion of "Technorama GII" marks the strengthening of research into cutting-edge materials in China aimed at developing and bringing to market fibers and textiles for apparel and industrial applications with new and advanced functions.

Ecsaine*, Toray's suede-texture artificial leather that holds the world No.1 market share for man-made suede.

ROA:

1.7%

Operating income to net sales:

1.3%

Capital expenditures:
(property, plant and equipment)

13.8
billions yen

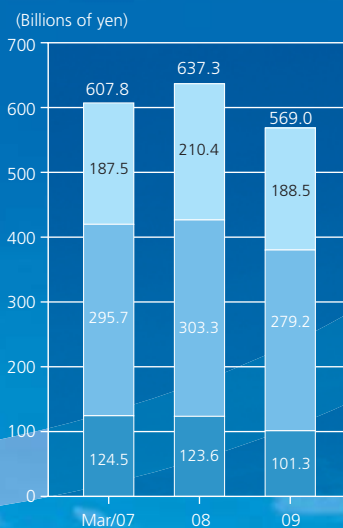


Machine-washable knitwear for women developed by Toray and UNIQLO.

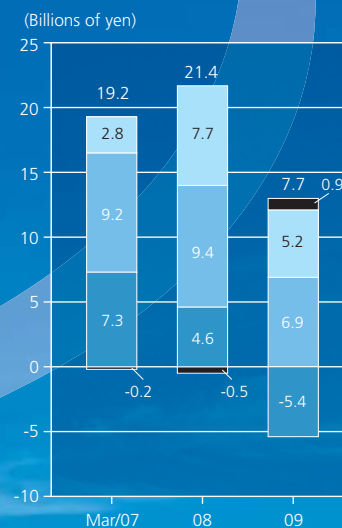


In-vehicle tests conducted in the Next-generation Weather Simulation Laboratory, "Technorama GII."

Net Sales



Operating Income



Toray Japanese Subsidiaries
Overseas Subsidiaries Adjustment

PLASTICS & CHEMICALS

SUMMARY OF BUSINESS RESULTS FOR THE FISCAL YEAR ENDED MARCH 2009

In the fiscal year ended March 2009 (FY Mar/09), net sales in this segment declined 6.5% year-on-year, to ¥377.6 billion. Operating income fell 80.3%, to ¥4.1 billion.

Toray (the parent company) recorded a decline in both sales and operating income. In the plastic resins business, it recorded strong sales of its offerings for automotive and electric and electronic applications in the first half of the year. However, this was insufficient to offset the decline in demand caused by a worsening worldwide economic environment in the second half of the year. In the films business, it achieved higher sales of products used in solar cells. In the second half of the year, however, sales volumes for other applications declined. From the third quarter it reduced output with the aim of adjusting inventory levels in both the plastic resins and films businesses.

Japanese subsidiaries posted similar sales to the previous year, but recorded a fall in operating income. Up to the second half of the year, our fine chemicals-related subsidiary reported strong sales, and trading subsidiaries posted an increase in transaction volumes. However, they were not immune from the decline in demand caused by the worsening global economic situation from the third quarter onwards.

With the exception of our films subsidiaries, which performed well, overseas subsidiaries recorded a decline in both sales and operating income. Our plastic resins subsidiary in Malaysia was affected by soaring raw materials and fuel costs up through the second quarter and the global economic downturn that began in the following quarter.

OUTLOOK

We suppose to see a continuation of the challenging operating environment, while expecting a slight recovery from the huge fall in demand due to adjustments made to inventories of end products and intermediate materials in the second half of FY Mar/09.

Under these circumstances, we expect demand to grow in environment-related areas especially for next-generation energy applications and environmentally-friendly products. We will work hard to improve operating income through thorough cost reductions and sales expansion efforts including sales increase of bio-based plastics and films used in solar cells and hybrid car capacitors.

However, we assume the slump in demand to cause a significant decline in sales. Therefore, for the fiscal year ending March 2010, we forecast a 19.2% year-on-year fall in sales, to ¥305.0 billion, and a 26.3% fall in operating income, to ¥3.0 billion.

TOPICS

Joint Development with Canon Inc. of Bio-based Plastics with World's Highest level of Flame Retardance

Toray and Canon Inc. have succeeded in developing bio-based plastics called *Ecodear** that achieve the world's highest level of flame retardance. The new bio-based plastics include more than 25% (by weight) of plant-derived components.

Plant-derived bio-based plastics, which curb increases in CO₂ and decrease the consumption of oil resources, offer material properties that effectively reduce environmental burden. To date, however, bio-based plastics have not performed as well as conventional petroleum-based plastics in such areas as flame retardance, impact resistance, heat resistance and moldability, and therefore their use in products had been limited to a very few number of parts.

From 2009, Canon intends to introduce multifunction office systems that incorporate the newly developed *Ecodear**. Through continued technical development, Toray and Canon will work to realize further enhancements in the field of bio-based plastics with the aim of expanding the range of applications in which they can be used.

Full-scale Launch of Sales of *PICASUS** Metallic Luster, Easy-moldable Film

Toray has launched full-scale sales of *PICASUS**, an environmentally-friendly, easy-moldable film with metallic luster, through a blend of its proprietary nano-multilayer and polymer design technologies.

*PICASUS** is a polyester film made by alternatively laminating several hundred to several thousand layers of different polymers with high precision. Because it reflects light with high luminance, the material produces metallic luster and texture without using metal.

When *PICASUS** is laminated onto the surface of components, it makes possible the metallic texture without plating or coating which generate harmful waste solutions. Therefore, the product is expected to contribute to the reduction of environmental burden.

*PICASUS** is rustless and also allows the transmission of radio waves in wireless communication. These properties make it suitable for use in a wide range of applications. Furthermore, its excellent moldability and integral molding with resin enable simplified processes. *PICASUS** also has excellent heat resistance, chemical resistance and printability, and with its excellent moldability, makes it possible to simplify processes through integral molding with plastic resins.

Our aim is to utilize these properties to develop its use in automobiles, communication equipment, household appliance and construction material applications. We will increase production capacity to enable the supply of 10,000,000m² of the film in 2009.

A motorbike cowl made from ABS resin *Toyolac**, which combines exceptional physical properties with moldability.



ROA:

1.0%

Operating income to net sales:

1.1%

Capital expenditures:
(property, plant and equipment)

23.6
billions yen

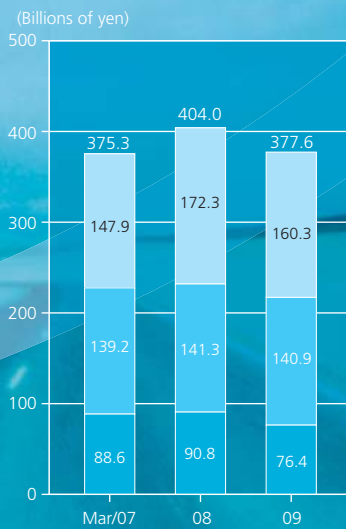


Bio-based plastics, *Ecodear**, with world's highest level of flame retardance used in multifunction office systems.

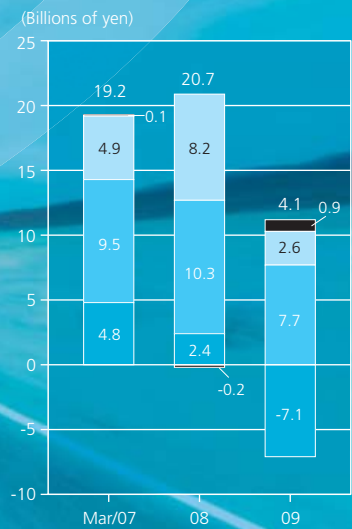


Examples of the application of metallic luster, easy-moldable film, *PICASUS**.

Net Sales



Operating Income



■ Toray
■ Overseas Subsidiaries
■ Japanese Subsidiaries
■ Adjustment

IT-RELATED PRODUCTS

SUMMARY OF BUSINESS RESULTS FOR THE FISCAL YEAR ENDED MARCH 2009

In the fiscal year ended March 2009 (FY Mar/09), the IT-related Products segment posted a 19.1% year-on-year decrease in sales, to ¥229.4 billion. Operating income fell 67.0%, to ¥9.8 billion.

Toray (the parent company) recorded substantial declines in sales and operating income in this segment. In the first half of the year, we reported strong sales of semiconductor coating materials, color filters for LCDs, and plasma display panel (PDP) materials. From the third quarter, however, sales volumes for most products declined in the wake of major production adjustments in the flat panel display, semiconductor and electronic component industries. In addition to this, we reduced output to adjust inventory levels.

Most of our Japanese subsidiaries also posted year-on-year declines in sales and operating income. The exception was our IT-related machinery subsidiary, which generated healthy sales. Our film processing subsidiary recorded a decrease in sales due to production adjustments for flat panel displays. Meanwhile, Japanese trading subsidiaries reported a fall in transaction volume.

Overseas subsidiaries also recorded decreases in both sales and operating income. Our Korean films subsidiary and our circuit materials-related subsidiary posted considerable declines in sales. These were due to the impact of production adjustments in the fourth quarter by makers of flat panel displays and electronic components.

(Billions of yen)

Sub-Segment	FY Mar/08	FY Mar/09	Changes
Display Materials	84.5	75.2	-11%
Electronic Component, Semiconductor, Circuit Materials	97.1	73.1	-25%
Data Storage Materials	48.8	40.0	-18%
Equipments, Others	53.4	41.1	-23%
Total of IT-related Products Segment	283.7	229.4	-19%

Sub-Segment	Products
Display Materials	Optical films, processed optical films, PDP paste materials, color filters, others
Electronic Component, Semiconductor, Circuit Materials	Films for electronic components / circuit materials, electronic circuit materials, semiconductor coating materials, plastics, others
Data Storage Materials	Magnetic materials, TTR (Thermal Transfer Ribbon), films for graphic art base, graphic materials, others
Equipments, Others	IT-related equipment, trading companies, IT support systems, services, others

OUTLOOK

Following the low point reached in the first three months of calendar 2009, we expect to see a recovery in capacity utilization for flat panel displays, semiconductors and electronic components owing to positive measures to stimulate the Chinese economy and other strategies. However, the sustainability of such a recovery is uncertain. Although major manufacturers have some plans to expand production facilities for flat panel displays and semiconductors, at this stage we are not expecting their large-scale capital investments.

Under these circumstances, we will strive to optimize our global production structure for LCD-related films and transform ourselves into a highly profitable business group. At the same time, we will work hard to expand the market shares of our semiconductor coating materials and other products. We will also increase operating income by implementing drastic cost reduction measures.

However, we cannot expect sales to recover to the strong levels posted in the first half of FY Mar/09. As a result, for the year ending March 2010 we forecast a 12.8% decline in sales for the segment, to ¥200.0 billion, and a 58.9% fall in operating income, to ¥4.0 billion.

TOPICS

Organic Thin Film Solar Cell with World's Highest Conversion Efficiency

Toray has succeeded in developing an organic thin film solar cell with a conversion efficiency (efficiency of converting light to electricity) of 5.5%, the highest efficiency achieved to date. The most common type of solar cell today is an inorganic silicon solar cell. Due to the complicated manufacturing process involved and problems related to cost, however, attention has turned to an organic thin film solar cell that uses an organic semiconductor. The cost advantages and versatile applications for this new material make it a leading contender as a next-generation solar cell. However, the low conversion efficiency achieved by organic thin film solar cells up until now has made commercialization difficult.

Toray is accelerating development in order to establish technologies capable of achieving higher conversion efficiency. By around 2015, we aim to commercialize a lightweight and flexible organic thin film solar cell with a conversion efficiency of 7% by fully exploiting the advantages of this organic material.

Development of Positive-tone High Photosensitive Polyimide Coating Material

Toray has developed the PW-3000 Series of *Photoneece**, a positive-tone photosensitive polyimide coating material which has the highest level of photosensitivity in the world, as well as exceptional dimensional stability. With these features, the PW-3000 Series boasts an unprecedented wide margin of processability and has prompted many leading semiconductor manufacturers to adopt this material as buffer coatings for semiconductor devices in their mass production. We intend to accelerate proposals for both Japanese and overseas semiconductor manufacturers with the aim of expanding market share even further.

At present, Toray's market share of positive-tone photosensitive polyimide coating materials for semiconductor applications stands at around 40%. By taking advantage of the development of the PW-3000 Series, we intend to capture new demand. While working to further expand its market share, Toray will cement its position as the market leader.

*Photoneece**, Toray's positive-tone photosensitive polyimide coating material protects the surface of cutting-edge semiconductor devices. *Photoneece** holds the world No.1 market share for buffer coatings used in 300mm wafer production.

ROA:

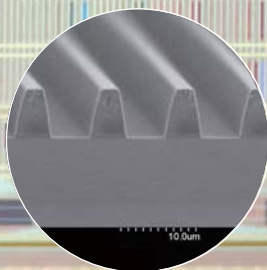
3.1%

Operating income to net sales:

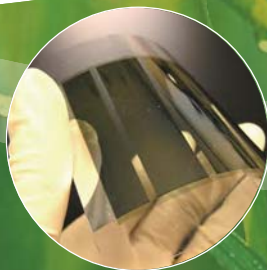
4.3%

Capital expenditures:
(property, plant and equipment)

15.9
billions yen

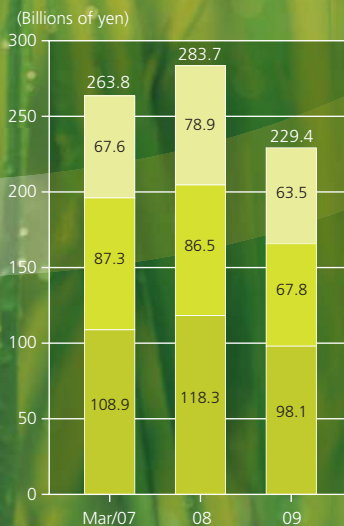


Cross-section pattern profile with positive-tone high photosensitive polyimide coating material, *Photoneece**.

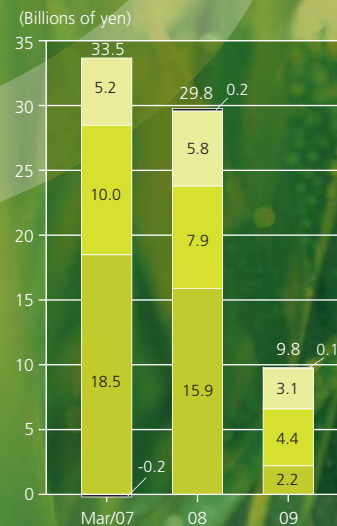


Toray's organic thin film solar cell with world's highest conversion efficiency.

Net Sales



Operating Income



■ Toray
■ Japanese Subsidiaries
■ Overseas Subsidiaries
■ Adjustment

CARBON FIBER COMPOSITE MATERIALS

SUMMARY OF BUSINESS RESULTS FOR THE FISCAL YEAR ENDED MARCH 2009

In the fiscal year ended March 2009 (FY Mar/09), Toray Group recorded segment sales of ¥70.4 billion, down 15.8% year-on-year. Operating income fell 53.6%, to ¥8.4 billion.

Toray is actively developing new applications for carbon fiber composite materials, focusing on major growing business fields that include automotive, environmental and energy-related applications. In the medium and long terms, we expect to see substantial growth in demand for our materials, mainly for aircraft and industrial applications. However, tight supply and demand situation has been eased off mainly in general purpose products due to the expansion of production facilities by each supplier in the industry since the previous fiscal year. We have faced a decline in shipments for sports and industrial applications with the impact of the worsening economic situation and in sales for aircraft applications mainly due to the delay in the Boeing 787 program. Sales in this segment were also affected by exchange rate fluctuations and reduced output due to inventory adjustments from the end of the previous fiscal year. In response to slowing growth in demand for carbon fiber, we have decided to delay bringing some of our new production facilities into operation.

(Billions of yen)

Sub-Segment	FY Mar/08	FY Mar/09	Changes
Aircraft	34.3	31.3	-9%
Sports	16.6	11.7	-29%
Industrial	32.7	27.4	-16%
Total of Carbon Fiber Composite Materials Segment	83.6	70.4	-16%

OUTLOOK

In the medium and long terms, we project ongoing growth in demand for carbon fiber composite materials, mainly for aircraft and industrial applications. However, we suppose the business environment to remain challenging amid a deteriorating global economy since the latter half of FY Mar/09, including the delay in the Boeing 787 program. By contrast, we forecast considerable expansion in the market for environmental applications on the back of ongoing growth in demand for materials used in wind power generation.

Under these circumstances, we will strive to expand sales of materials for industrial applications, for example, windmill blades used in large-scale wind power generation projects. We will also take strategic steps aimed at expanding business over the medium and long terms.

In FY Mar/10, we forecast a 14.8% year-on-year decline in segment sales, to ¥60.0 billion, and a 100% decline in operating income, to around the break-even point. We base these forecasts on uncertainties surrounding the economy, falling sales of aircraft and sports applications, reduced output due to adjustments of inventories, and impact of exchange rate fluctuations.

TOPICS

Completion of the "Automotive and Aircraft Center (A&A Center)"

In April 2009, Toray completed construction of the "Advanced Composite Center (ACC)," a technology development facility at the Nagoya Plant for composite products (carbon fiber composite products).

The opening of the new facility marks the completion of the "Automotive and Aircraft Center (A&A Center)," which will serve as a comprehensive technological development base for the automobile and aircraft industries, integrating two other entities: the "Automotive Center (AMC)," an integrated base for automobiles opened at the Nagoya Plant in June 2008, and Toray's existing "Plastics Applications Technology Development Center (PATEC)."

Through the organic cooperation between the ACC, AMC and PATEC as the A&A Center, Toray will offer solutions to its many customers by integrating the Group's advanced materials and technologies. We will strengthen and accelerate joint development with customers, taking advantage of the Nagoya Plant's proximity to Japan's leading automotive and aircraft manufacturers.

Taking the opportunity of the start-up of the A&A Center, we will reform the function of our Nagoya Plant from the chemical plant to Toray's production base for high-performance plastic resins, composites and high-performance chemical products for automobile and aircraft applications.

Development and Production of Carbon Fiber Reinforced Plastics-based Automobile Parts in Europe (Equity Participation in a German advanced composites manufacturer)

In December 2008, Toray invested in ACE Advanced Composite Engineering GmbH (ACE), a German advanced composites manufacturer, taking an equity stake of 21%. The aim is to establish a development and production base for carbon fiber reinforced plastics (CFRP) in Europe, with a view to expanding Toray's business in the automobile industry.

By embarking on local development and production of CFRP in Europe, where CFRP application for automotive parts is advanced, we aim to achieve significant expansion of our automobile-related CFRP business, which is projected to grow rapidly in the future.

Established in 2001, ACE develops, produces and sells CFRP components for high-end vehicles, trucks and other vehicles. The company possesses advanced technological capabilities, including technologies for the design and molding of CFRP automotive parts, mold jig manufacture and machining. ACE enjoys an excellent reputation among leading European automobile manufacturers.

Torayca *cloth, carbon fiber woven fabric which has characteristics such as high workability and easy impregnability for resin.

ROA:

3.7%

Operating income to net sales:

11.9%

Capital expenditures:
(property, plant and equipment)

37.8
billions yen



Advanced Composite Center (ACC) opened in April 2009.



As the segment highly conducts global operation with Japanese, Europe and US facilities, internal sales figures are shown in adjustment line, to describe the true state of the business.

■ Toray
■ Japanese Subsidiaries
■ Overseas Subsidiaries
■ Adjustment

ENVIRONMENT & ENGINEERING

SUMMARY OF BUSINESS RESULTS FOR THE FISCAL YEAR ENDED MARCH 2009

In the fiscal year ended March 2009 (FY Mar/09), the Environment & Engineering segment recorded a 7.5% decline in sales, to ¥160.2 billion. Operating income fell 66.1%, to ¥3.3 billion.

In the water treatment business, we expanded sales of reverse osmosis (RO) membranes and submerged membrane modules for membrane bioreactor (MBR) processes in overseas markets, primarily Europe, the United States, China and the Middle East. We reported firm sales of home water purifiers in Japan. However, declining revenues from exports due to a high yen and increased up-front business development costs accompanying business expansion in the water treatment business squeezed operating income. Toray's water treatment engineering subsidiary also recorded a decline in sales.

As for Japanese subsidiaries, the engineering business and condominium business reported weaker year-on-year results.

OUTLOOK

Despite a slowdown in the rate of expansion due to the impact of the global economic downturn, the water treatment market is expected to grow steadily as a result of worldwide water shortages and heightened awareness of the need to protect the environment. Meanwhile, operating conditions in the engineering business are supposed to be challenging due to hold down of corporate capital investments.

Under these circumstances, in the expanding water treatment market we will increase sales of RO membranes and submerged membrane modules for MBR processes primarily in Europe, the United States, China and the Middle East. At the same time, we will endeavor to improve the profitability of our water treatment engineering subsidiary.

For FY Mar/10, we forecast a 6.1% increase in sales, to ¥170.0 billion, and operating income of ¥3.0 billion, mostly unchanged from the year under review.

TOPICS

Establishment of Water Treatment Joint Venture Company in China

In July 2009, Toray and China National BlueStar (Group) Co., Ltd. established a new joint venture company in Beijing to manufacture, sell, import and export water treatment membrane products. The company, called Toray BlueStar Membrane Co., Ltd. (TBMC), was established with a capital of \$US35 million, with Toray Group investment of 50.1%. TBMC is planning to spend approximately ¥7.5 billion on the construction of facilities for RO membrane production and element assembly. Construction started in August 2009, and operations are scheduled to commence in April 2010.

Once the plant starts operation in 2010, Toray Group's

annual production capacity for RO membrane elements will be 1.5 times that of FY Mar/09 including its existing production facilities at the Ehime Plant and Toray Membrane USA, Inc.

Demand for RO membranes continues to increase at an annual rate of more than 20% in China, owing to surging water consumption along with that nation's strong economic growth. Membrane manufacturers from around the world are establishing operations in China to seize a share of this expanding market. TBMC will introduce Toray Group's state-of-the-art technologies in water treatment membranes. It will utilize China BlueStar's sales network to supply water treatment membranes with world-class quality and cost competitiveness to wastewater reuse and seawater desalination projects in China. The water treatment membrane market in China is expected to expand to ¥50.0 billion in five years' time, and Toray Group aims to acquire a 30% share of this growing market.

Solid RO Membrane Orders from Singapore and the Middle East

Toray has received orders for seawater desalination plants in the four Arabian Gulf countries of the United Arab Emirates (UAE), Kuwait, Qatar and Oman. This follows a significant order to supply RO membranes to a large wastewater reuse plant in Singapore.

The Changi Water Reclamation Plant in Singapore has the capacity to produce 228,000 cubic meters of water per day, making it the second-largest facility as a wastewater reuse plant in the world. It is the last and biggest plant built under the Singapore government's NEWater project*. The Sulaibiya Wastewater Treatment and Reclamation Plant in Kuwait also uses Toray's RO membranes. With a capacity of 320,000 cubic meters of water per day, it is the world's largest wastewater reuse plant that uses the membrane method. Toray's orders for the Changi and Sulaibiya facilities means that its RO membranes are used by the two largest membrane method wastewater reuse plants in the world.

Toray recently received orders for four seawater desalination plants in the Arabian Gulf with a combined daily production capacity of 332,000 cubic meters. The facilities are the Fujairah II plant in UAE, Shuwaikh plant in Kuwait, Pearl Qatar plant in Qatar, and the Qarn Aram plant in Oman. Until recently, the Arabian Gulf has had few RO desalination plants due to the high technological requirements for desalination of seawater in the region. Toray's advanced technological capabilities and proven track record in desalination using RO membranes were instrumental in its acquisition of these orders.

Toray Group will continue expanding its water treatment business on a global scale, centering on RO membranes used in wastewater reuse plants and seawater desalination plants.

* With the Public Utilities Board of Singapore taking the lead in its implementation, it is a policy that has been set out to consolidate the use of reuse facilities for such purposes of reuse water for industrial use and for supplying reservoirs.



Signing ceremony for the agreement of TBMC establishment.

ROA:

1.8%

Operating income to net sales:

2.1%

Capital expenditures:
(property, plant and equipment)

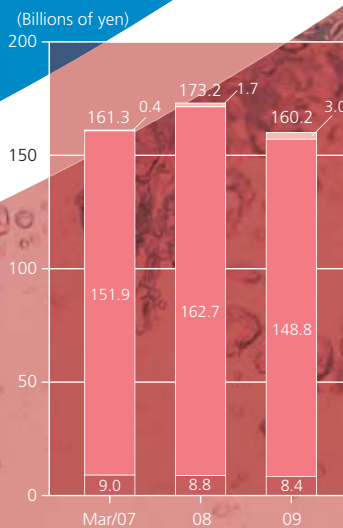
1.4
billions yen

Toray's reverse osmosis (RO) membrane element, *Romembra**, is used in seawater desalination plants, etc.

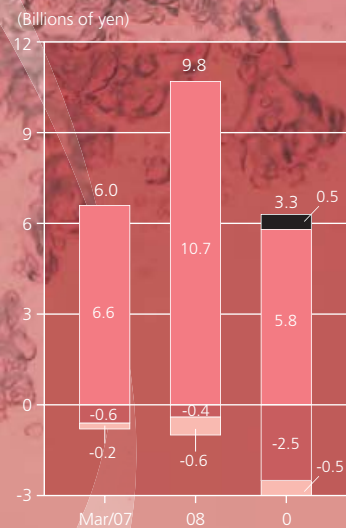


Toray's RO membranes adopted in Middle-East and Singapore.

Net Sales



Operating Income



Legend: Toray (dark red), Overseas Subsidiaries (light red), Japanese Subsidiaries (pink), Adjustment (black)

RO Plants with Toray *Romembra** Elements

Seawater Desalination

as of June 2009

No.	Country	Location	Capacity*1m ³ /d	Operation Year*2
1	Algeria	Hamma	200,000	2008
2	Saudi Arabia	Shuaibah III	150,000	2009
3	Trinidad & Tobago	Point Lisas	136,000	2002
3	Singapore	Tuas	136,000	2005
3	UAE	Fujairah II	136,000	(2010)
3	Kuwait	Shuwaikh	136,000	(2010)
7	Algeria	Oued Sebt	100,000	(2010)
8	Israel	Palmachim	92,250	2007
9	Spain	Alicante	65,000*3	2002
10	UAE	Dubai	64,000	2008

Wastewater Reuse

as of June 2009

No.	Country	Location	Capacity*1m ³ /d	Operation Year*2
1	Kuwait	Sulaibiya	320,000	2005
2	Singapore	Changi	228,000	2009
3	China	Ningxia	78,000	2008
4	Australia	Luggage Point	66,000	2008
5	China	Tianjin TEDA	30,000	2006
6	China	Dongguan	25,000	2005
7	Singapore	Seletar	24,000	2004
8	China	Tianjin Dongjiao	12,000	2008
9	South Africa	Lethabo	11,350	2003
10	China	Shenzhen	10,000	2008

Notes: *1 Total output of all units *2 The year in which the plants started their operations. The RO plants with parenthetic year are under construction. *3 expansion: 15,000m³/d (2006)

LIFE SCIENCE & OTHER BUSINESSES

SUMMARY OF BUSINESS RESULTS FOR THE FISCAL YEAR ENDED MARCH 2009

In the fiscal year ended March 2009 (FY Mar/09), sales in the Life Science & Other Businesses segment declined 4.3%, to ¥64.9 billion, and operating income fell 49.4%, to ¥3.2 billion.

Sales and operating income in the pharmaceuticals and medical products business declined. Although we increased sales of our artificial kidneys on a volume basis, falling pharmaceutical prices due to the revision of National Health Insurance and reimbursement prices and harsher competition had a negative effect on the business. On a positive note, a new drug developed jointly by Toray, Japan Tobacco Inc. and Torii Pharmaceutical Co., Ltd. was launched in March 2009. Called REMITCH®* CAPSULES 2.5µg (REMITCH®), it is an oral antipruritus drug for hemodialysis patients.

Sales in the Other Businesses sector were generally down due to a number of factors. These included a decrease in the transaction volume generated by Japanese trading subsidiaries and a decline in the value of orders received by our analytical service subsidiary.

*REMITCH® is a registered trademark of Torii Pharmaceuticals Co., Ltd.

OUTLOOK

We forecast market growth in our two leading pharmaceuticals, *Feron** and *Dorner**. However, we presume the operating environment to remain challenging due to competition between our products and generic drugs.

Under these circumstances, we will strive to expand sales of the new drug REMITCH®, an oral antipruritus drug for hemodialysis patients launched in March 2009. We will also work hard to expand sales of *Toraylite**, a small, light, moist-type highly functional dialyzer.

In light of the above measures, we expect a 0.1% increase in sales for the Life Science & Other Businesses segment for the fiscal year ending March 2010. However, we forecast a 37.2% fall in operating income due to the negative impact of the economic downturn on the operating income of the Other Businesses sector.

TOPICS

Launch of REMITCH®, an Oral Antipruritus Drug for Hemodialysis Patients

Toray developed this new oral antipruritus drug for hemodialysis patients jointly with Japan Tobacco Inc. and Torii Pharmaceutical Co., Ltd. In January 2009, Toray obtained approval for the manufacturing and marketing of REMITCH® CAPSULES 2.5µg (generic name: Nalfurafine hydrochloride) for improvement of pruritus in hemodialysis patients only for cases resistant to conventional treatments. Torii Pharmaceutical released the drug in Japan in March 2009.

Hemodialysis-related uremic pruritus is a condition that causes systemic and severe itching without inflammation on the skin. The precise cause of the condition remains unclear. In some patients this itching is not relieved adequately by conventional antipruritus drugs, such as antihistamines, and the development of an effective medicine has been long awaited. REMITCH® is the world's first selective κ (kappa)-opioid receptor agonist for treating itching in hemodialysis patients that has been caused due to the resistance from existing treatments. The drug is expected to make a significant contribution to the treatment of pruritus in hemodialysis patients.

Development of Innovative Nanoparticle-based Drug Delivery System Technology

Toray has developed a basic technology for an innovative drug delivery system (DDS*) for the controlled release of biopharmaceuticals that were produced by biotechnology.

Biopharmaceuticals generally have high therapeutic efficacy. Because they are unstable and absorbed poorly by the digestive tract, however, most of the drugs require frequent injections in order to maintain their therapeutic efficacy.

Toray has developed a new technology for encapsulating biopharmaceuticals in reverse-micelle nanoparticles (whose inner side are hydrophilic), which are made of biodegradable amphiphilic polymers. These nanoparticles are then aggregated to form microparticles called "nanoparticle aggregates." Adoption of this unique particle structure and the selection of optimal polymer structure enabled efficient encapsulation and sustained release of drugs.

Expected benefits of the technology are a considerable reduction in the frequency of injections, enhanced therapeutic efficacy and fewer side effects. Toray aims to commercialize this DDS technology in collaboration with biopharmaceutical manufacturers.

* Drug Delivery System (DDS): System that delivers the "required amount" of a drug injected into the body to the "required site" at the "required time." Such systems enhance therapeutic efficacy, reduce side effects, and are more convenient for patients.

Toray's high sensitivity protein analysis chip for testing and diagnostics detects minute amounts of disease marker proteins contained in blood and urine.

ROA:

3.0%

Operating income to net sales:

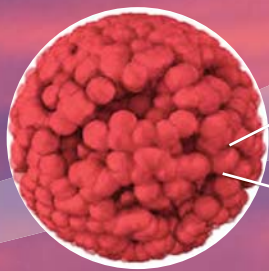
4.9%

Capital expenditures:
(property, plant and equipment)

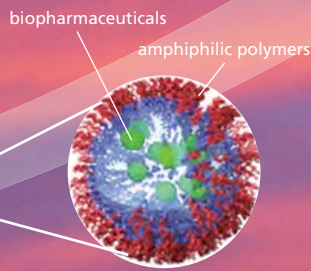
3.1
billions yen



REMITCH®*
*REMITCH® is a registered trademark of Torii Pharmaceuticals Co., Ltd.



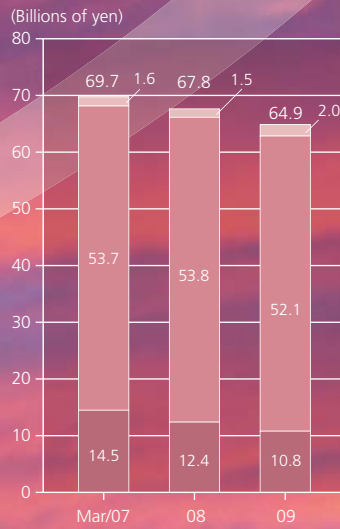
1~10µm
nanoparticle aggregates



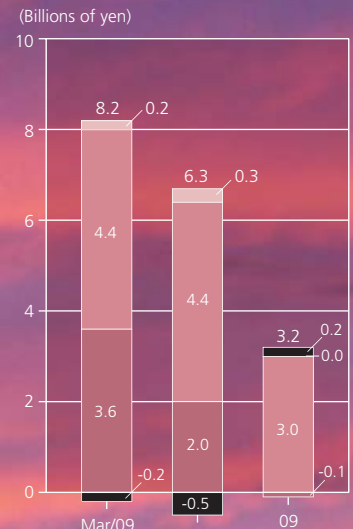
100~300nm
reverse-micelle nanoparticles

Diagram of innovative nanoparticle-based Drug Delivery System (DDS) infolding biopharmaceuticals.

Net Sales



Operating Income



Legend:
 Toray
 Overseas Subsidiaries
 Japanese Subsidiaries
 Adjustment