

November 7, 2008

## Toray Announces Consolidated Results for the Six Months Ended September 30, 2008

Tokyo, November 7, 2008 - Toray Industries, Inc. today announced its consolidated business results for the six months ended September 30, 2008. 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 Financial Highlights

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

	Six months ended September 30,			(Reference) Fiscal 2007
	2008	2007	2008	
	Yen		U.S. Dollars	Yen
Net sales	<b>¥800,865</b>	¥802,332	<b>\$7,730</b>	¥1,649,670
Operating income	<b>30,295</b>	44,027	<b>292</b>	103,429
Ordinary income	<b>27,497</b>	41,877	<b>265</b>	91,471
Net income	<b>10,532</b>	22,993	<b>102</b>	48,069

Depreciation	<b>¥41,258</b>	¥42,355	<b>\$398</b>	¥85,053
Capital investment	<b>43,248</b>	61,786	<b>417</b>	148,307
Total assets	<b>1,690,178</b>	1,711,397	<b>16,314</b>	1,698,226
Property, plant and equipment, net	<b>666,530</b>	670,090	<b>6,434</b>	680,993
Net assets	<b>614,838</b>	668,248	<b>5,935</b>	642,159

#### Per Share of common stock (yen)

Net Income Basic	<b>¥7.52</b>	¥16.43	-	¥34.34
Cash dividends	<b>5.00</b>	5.00	-	10.00
Net assets	<b>404.15</b>	438.03	-	423.78

#### Ratios (%)

Operating income to net sales	<b>3.8%</b>	5.5%	-	6.3%
Net income to net sales	<b>1.3%</b>	2.9%	-	2.9%
Equity ratio	<b>33.5%</b>	35.8%	-	34.9%
Return on equity	<b>3.6%</b>	7.6%	-	8.1%

#### Notes:

- Percentage change is not presented because quarterly accounting standards, as defined and published by the Accounting Standards Board of Japan, are applied for the first time from the current fiscal year.
- U.S. dollar amounts have been converted from yen at the exchange rate of ¥103.6=U.S.\$1, the approximate rate of exchange prevailing on September 30, 2008.
- Amounts are rounded to the nearest million.

## Consolidated Business Segment Information

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

Net Sales	Six months ended September 30,			(Reference)
	2008	2007	2008	Fiscal 2007
	Yen		U.S. dollars	Yen
Fibers and Textiles	<b>¥300,546</b>	¥320,936	<b>\$2,901</b>	¥637,343
Plastics and Chemicals	<b>219,407</b>	199,393	<b>2,118</b>	404,015
IT-related Products	<b>131,151</b>	138,723	<b>1,266</b>	283,734
Carbon Fiber Composite Materials	<b>38,112</b>	39,888	<b>368</b>	83,580
Environment and Engineering	<b>80,392</b>	71,125	<b>776</b>	173,213
Life Science and Other Businesses	<b>31,257</b>	32,267	<b>302</b>	67,785
Total	<b>800,865</b>	802,332	<b>7,730</b>	1,649,670
Elimination and Corporate	-	-	-	-
Consolidated Total	<b>800,865</b>	802,332	<b>7,730</b>	1,649,670

Operating Income	Six months ended September 30,			(Reference)
	2008	2007	2008	Fiscal 2007
	Yen		U.S. dollars	Yen
Fibers and Textiles	<b>¥6,227</b>	¥9,992	<b>\$60</b>	¥21,352
Plastics and Chemicals	<b>8,207</b>	8,956	<b>79</b>	20,716
IT-related Products	<b>9,603</b>	12,780	<b>93</b>	29,753
Carbon Fiber Composite Materials	<b>5,573</b>	8,164	<b>54</b>	18,096
Environment and Engineering	<b>237</b>	2,455	<b>2</b>	9,754
Life Science and Other Businesses	<b>756</b>	2,445	<b>7</b>	6,299
Total	<b>30,603</b>	44,792	<b>295</b>	105,970
Elimination and Corporate	<b>(308)</b>	(765)	<b>(3)</b>	(2,541)
Consolidated Total	<b>30,295</b>	44,027	<b>292</b>	103,429

### Notes:

1. Percentage change is not presented because quarterly accounting standards, as defined and published by the Accounting Standards Board of Japan, are applied for the first time from the current fiscal year.
2. U.S. dollar amounts have been converted from yen at the exchange rate of ¥103.6=U.S.\$1, the approximate rate of exchange prevailing on September 30, 2008.
3. Amounts are rounded to the nearest million.

## Consolidated Geographic Segment Information

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

Net Sales	Six months ended September 30, 2008		(Reference) Fiscal 2007
	Yen	<i>U.S. dollars</i>	Yen
Japan	<b>¥546,763</b>	<b>\$5,278</b>	¥1,139,664
Asia	<b>170,548</b>	<b>1,646</b>	339,774
North America, Europe & Others	<b>83,554</b>	<b>807</b>	170,232
Total	<b>800,865</b>	<b>7,730</b>	1,649,670
Elimination and Corporate	-	-	-
Consolidated Total	<b>800,865</b>	<b>7,730</b>	1,649,670

Operating Income	Six months ended September 30, 2008		(Reference) Fiscal 2007
	Yen	<i>U.S. dollars</i>	Yen
Japan	<b>¥20,540</b>	<b>\$198</b>	¥73,479
Asia	<b>4,940</b>	<b>48</b>	15,228
North America, Europe & Others	<b>5,040</b>	<b>49</b>	15,746
Total	<b>30,520</b>	<b>295</b>	104,453
Elimination and Corporate	<b>(225)</b>	<b>(2)</b>	(1,024)
Consolidated Total	<b>30,295</b>	<b>292</b>	103,429

## Overseas Sales

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

	Six months ended September 30, 2008		(Reference) Fiscal 2007
	Yen	<i>U.S. dollars</i>	Yen
Asia	<b>¥244,609</b>	<b>\$2,361</b>	¥478,454
North America, Europe & Others	<b>140,616</b>	<b>1,357</b>	271,006
Total	<b>385,225</b>	<b>3,718</b>	749,460

Percentage against consolidated net sales	Six months ended September 30, 2008	(Reference) Fiscal 2007
Asia	<b>30.5 %</b>	29.0%
North America, Europe & Others	<b>17.6 %</b>	16.4%
Total	<b>48.1 %</b>	45.4%

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥103.6=U.S.\$1, the approximate rate of exchange prevailing on September 30, 2008.
2. Amounts are rounded to the nearest million.

## Forecast of Consolidated Results for the fiscal year ending March 31, 2009

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

	Year ending March 31, 2009	
	Yen	<i>U.S. dollars</i>
Net sales	¥1,700,000	<i>\$17,000</i>
Operating income	75,000	<i>750</i>
Ordinary income	70,000	<i>700</i>
Net income	30,000	<i>300</i>

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥100=U.S.\$1, the estimated rate of exchange for the second half of 2008 (October 2008- March 2009).

# Consolidated Business Results and Financial Condition

## 1. Overview of First Half (April 2008 – September 2008)

During the six months under review, uncertainty over the global economy grew stronger reflecting factors such as the economic slowdown in the U.S. and Europe caused by the deepening financial crisis triggered by the U.S., sharp increase in oil and other resource prices, and large fluctuations in exchange rates. The Japanese economy also showed signs of slowing down, as corporate profits deteriorated and capital spending weakened amid sluggish exports while consumer spending slumped.

Under such circumstances, Toray Group advanced its efforts to implement measures under the new mid-term business strategies “Project Innovation TORAY 2010 (IT-2010),” launched in October 2006, and promoted the expansion of businesses as well as revenues and profits through business structure reform and structural reinforcement. In response to the steep rise in raw materials and fuel prices worldwide, it also strived to reduce expenses and transfer the cost increase on to the selling price, and shift towards high value added products.

As a result, the Group managed to maintain the level of consolidated net sales for the first half through September 30, 2008 roughly unchanged from a year earlier at ¥800.9 billion (US\$7,730 million). Despite aforementioned efforts, however, operating income declined 31.2% to ¥30.3 billion (US\$292 million) and ordinary income fell 34.3% to ¥27.5 billion (US\$265 million), reflecting overwhelming negative factors including sharp increases in raw materials and fuel prices. Net income fell 54.2% to ¥10.5 billion (US\$102 million), partly due to lower levels of extraordinary gains compared with the same period a year earlier.

### **Business Performance by Segment:**

#### *Fibers and Textiles*

In Japan, sales of textiles for industrial use, in particular for seatbelts and ropes, as well as those of *Tetoron*\* polyester fiber for non-woven fabric were relatively strong, while apparel applications remained sluggish in general reflecting poor clothing demand. Overseas, the suede-like microfiber textile business in Europe as well as nylon fiber and textile operations for air bag applications in Thailand expanded robustly.

As a result, overall sales of Fibers and Textiles declined 6.4% to ¥300.5 billion (US\$2,901 million) from the same period a year earlier and operating income also fell 37.7% to ¥6.2 billion (US\$60 million), also reflecting lower sales volume at the domestic trading subsidiaries.

On the production side, Toray Polytech (Nantong) Co., Ltd. in Nantong, Jiangsu, China completed construction of a new production facility for polypropylene spunbond and commenced its operation.

### *Plastics and Chemicals*

In the plastic resins business, sales of *Amilan*\* nylon resin were robust primarily in automobile application while *Toraycon*\* polybutylene terephthalate (PBT) resin in electric and electronic applications also had strong sales. In addition, sales of *Torelina*\* polyphenylene sulfide (PPS) resin whose production capacity was boosted at the Tokai Plant and those of *Toyolac*\* acrylonitrile butadiene styrene (ABS) resin whose facility was expanded in Malaysia, increased.

In the film business, sales of *Lumirror*\* polyester (PET) film continued to advance particularly in use for solar batteries and those of *Torayfan*\* polypropylene film expanded steadily thanks to higher demand for use in capacitors for hybrid vehicles.

Combined with higher transaction volumes at the domestic trading subsidiaries, the total sales for Plastics and Chemicals increased 10.0% year-on-year to ¥219.4 billion (US\$2,118 million). On the other hand, operating income fell 8.4% to ¥8.2 billion (US\$79 million) hurt by steep increase in fuel and raw material prices.

### *IT-related Products*

Semiconductor coating materials led by *Photoneece*\* photosensitive polyimide coatings and liquid-crystal materials performed strongly and sales volume of plasma display panel materials expanded. On the other hand, demand in films for electronic parts slowed and shipment of liquid crystal manufacturing equipment remained sluggish, on top of the continued slump in circuit and printing materials.

As a result, sales of IT-related Products fell 5.5% to ¥131.2 billion (US\$1,266 million) and operating income declined 24.9% to ¥9.6 billion (US\$93 million).

### *Carbon Fiber Composite Materials*

In the Carbon Fiber Composite Materials segment, Toray Group expects continued full-scale growth in demand for the materials over the medium term led by aircraft and industrial uses. The Group is making active efforts to develop new applications for carbon fiber *Torayca*\* and *Torayca* prepreg (sheet-form carbon fiber impregnated with epoxy resin) and carbon fiber molded products (composites) with focus on the crucial fields of automobile, environmental and energy applications. In the short term, however, tightness in supply-demand balance has been eased especially in general-purpose products as manufacturers have been increasing production capacity, and the demand in sports applications has weakened by the economic slowdown in the U.S.

As a result, overall sales of the Carbon Fiber Composite Materials segment declined 4.5% on year to ¥38.1 billion (US\$368 million). Operating income of the segment fell 31.7% to ¥5.6 billion (US\$54 million), primarily reflecting an increase in depreciation cost caused by expansion of facilities in Japan and Europe that started operations in the third quarter of the previous fiscal year as well as the price hike in fuel and raw materials and currency fluctuation.

### *Environment and Engineering*

In the Environment and Engineering business, the water treatment membrane business in general performed strongly led by the reverse osmosis membrane

*Romembra\**, while the water treatment and engineering subsidiary continued weak. The total sales of Environment and Engineering increased 13.0% to ¥80.4 billion (US\$776 million) on increased machinery exports at a trading subsidiary. Operating income of the segment plummeted to ¥0.2 billion (US\$2 million) due to increased expenses accompanying business expansion in water treatment business and the worsening profits at the water treatment and engineering subsidiary.

#### *Life Science and Other Businesses*

In the pharmaceuticals and medical products business, sales volume of the artificial kidney *Toraylite\** increased compared with the same period a year earlier. Amid severe market conditions with intensified competition and price declines due to the revision of National Health Insurance (NHI) drug prices and reimbursement prices, sales of the business on the whole remained at the same level as a year earlier.

Overall sales of the Life Science and Other Businesses segment fell 3.1% to ¥31.3 billion (US\$302 million) from the same period a year earlier, while operating income fell 69.1% to ¥0.8 billion (US\$7 million) due to the impact of falling prices and lower licensing income.

#### *New Businesses and Investments*

Toray has been working on building “Automotive & Aircraft Center,” an integrated technology development base for automobile and aircraft applications, at the Nagoya Plant, and established the “Automotive Center” in this period, following the existing “Resin Applications Development Center.” In addition, the Company plans to establish the “Advanced Composite Center” next spring and strengthen the advanced materials businesses catering to automobile and aircraft applications.

Comparisons with the same period a year earlier are provided as a reference.

## 2. Analysis of Financial Condition

As of September 30, 2008, Toray Group’s total assets stood at ¥1,690.2 billion (US\$16,314 million), down ¥8.0 billion compared with the end of the previous fiscal year. Current assets rose ¥17.6 billion primarily due to higher levels of inventory, while fixed assets fell by ¥25.6 billion reflecting a decrease in property, plant and equipment.

Total liabilities increased by ¥19.3 billion to ¥1,075.3 billion (US\$10,380 million) compared to the end of the previous fiscal year owing to increased short- and long-term borrowings.

Net assets fell by ¥27.3 billion compared with the end of the previous fiscal year to ¥614.8 billion (US\$5,935 million) due to dividend payout and fluctuation in foreign currency translation adjustment, and net assets less minority interests stood at ¥565.7 billion (US\$5,460 million).

### 3. Forecast of Consolidated Results

Against the backdrop of the worsening financial crisis engulfing the U.S. and Europe affecting the real economy, there is greater uncertainty over the global economy as global stock markets mark drastic declines and there is a likelihood of developed economies going into simultaneous recession. Under such circumstances, despite signs of calming of steep rise in material prices, the Japanese economy also faces mounting threats of a slowdown in both overseas and domestic demand, reflecting weakening exports caused by a significant swing towards stronger yen coupled with the declining capital investments and cooling consumer sentiments.

Against this background, Toray Group will further pursue reform of its business structure and enhancement of its earnings base under mid-term business strategies IT-2010, which aim for challenge for further growth, to transform itself into a highly profitable corporate group. The forecasts for the full year through March 31, 2009 are unchanged, assuming a foreign currency exchange rate of ¥100 to a U.S. dollar in and after October, from the numbers announced on August 6 at the time of the first quarter result announcement: consolidated net sales of ¥1,700 billion (US\$17,000 million), operating income of ¥75 billion (US\$750 million), ordinary income of ¥70 billion (US\$700 million), and net income of ¥30 billion (US\$300 million).

#### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥103.6 = U.S.\$1, the approximate rate of exchange prevailing on September 30, 2008.
2. U.S. dollar amounts of forecast for FY Mar/09 have been converted from yen at the exchange rate of ¥100=U.S.\$1, the estimated rate of exchange for the second half of 2008 (October 2008 - March 2009).
3. Product names with (\*) abbreviation are trademarks of Toray Industries, Inc.

#### Disclaimer

Descriptions of predicted business results, forecasts and business plans contained in this material are based on predictive forecasts of the future business environment made at the present time. The material in this statement is not a guarantee of the Company's future business performance.

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