

August 4, 2011

Toray Announces Consolidated Results for the First Quarter Ended June 30, 2011

Tokyo, Aug 4, 2011 - Toray Industries, Inc. (the "Company") today announced its consolidated business results for the three months ended June 30, 2011, the first quarter of the year ending March 31, 2012. 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,			2011	(Reference) Fiscal 2010
	2011	2010	Change		
	Yen		%	U.S. dollars	Yen
Net sales	¥374,833	¥350,362	7.0	\$4,645	¥1,539,693
Operating income	27,263	16,211	68.2	338	100,087
Ordinary income	29,079	14,537	100.0	360	98,888
Net income	17,768	8,648	105.5	220	57,925
Net income per share - Basic	10.90	5.86	-	-	36.41
Net income per share - Diluted	10.32	5.52	-	-	34.43

Consolidated Financial Condition

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

	First quarter ended June 30,			(Reference) Fiscal 2010
	2011	2010	2011	
	Yen		U.S. dollars	Yen
Total assets	¥1,589,909	¥1,595,395	\$19,701	1,567,470
Property, plant and equipment, net	536,182	567,436	6,644	531,595
Net assets	661,123	618,165	8,192	640,970
Equity ratio	38.4%	35.8%	-	37.8%

Notes:

1. For calculation of "equity ratio," minority interests are deducted from net assets.
2. U.S. dollar amounts have been converted from yen at the exchange rate of ¥80.7 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2011.
3. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the Six Months Ending September 30, 2011

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

	Six months ending September 30, 2011	
	Yen	<i>U.S. dollars</i>
Net sales	¥800,000	\$10,000
Operating income	60,000	750
Ordinary income	62,000	775
Net income	39,000	488

Reference: EPS forecast (six months ending September 30, 2011) ¥23.94

Forecast of Consolidated Results for the Year Ending March 31, 2012

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

	Year ending March 31, 2012	
	Yen	<i>U.S. dollars</i>
Net sales	¥1,670,000	\$20,875
Operating income	120,000	1,500
Ordinary income	120,000	1,500
Net income	74,000	925

Reference: EPS forecast (year ending March 31, 2012) ¥45.42

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥80 = 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,		
	2011	2010	2011
	Yen		<i>U.S. dollars</i>
Fibers and Textiles	¥142,258	¥127,497	\$1,763
Plastics and Chemicals	102,983	94,165	1,276
IT-related Products	64,265	63,578	796
Carbon Fiber Composite Materials	18,973	15,655	235
Environment and Engineering	30,137	34,586	373
Life Science	13,125	11,793	163
Others	3,092	3,088	38
Consolidated Total	374,833	350,362	4,645

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

Segment Income (Loss)	First quarter ended June 30,		
	2011	2010	2011
	Yen		<i>U.S. dollars</i>
Fibers and Textiles	¥10,151	¥5,791	\$126
Plastics and Chemicals	8,646	5,501	107
IT-related Products	9,473	8,299	117
Carbon Fiber Composite Materials	2,717	(95)	34
Environment and Engineering	(1,362)	(726)	(17)
Life Science	1,934	1,173	24
Others	112	98	1
Total	31,671	20,041	392
Adjustment	(4,408)	(3,830)	(55)
Consolidated Total (Operating Income)	27,263	16,211	338

Notes:

1. "Others" represents service-related businesses such as analysis, survey and research.
2. "Adjustment" of segment income (loss) for the 1st quarter ended June 30, 2011 of (4,408) million yen includes intersegment eliminations of 308 million yen and corporate expenses of (4,716) million yen. "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. The corporate expenses consist of the headquarters' research expenses, etc. that are not allocated to each reportable segment.
3. U.S. dollar amounts have been converted from yen at the exchange rate of ¥80.7 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2011.
4. Amounts are rounded to the nearest million.

Consolidated Business Results and Financial Condition

1. Overview of the First Quarter Ended June 30, 2011

In the period under review, while economies of developed countries on the whole continued to recover at a steady pace, the slow improvement in employment pulled down the pace of the U.S. economic growth, and concerns over the financial system came to the fore reflecting financial instability in various nations in the euro area. China and other emerging countries continued expanding on the back of domestic demand, though there were signs of the economy heating up in some countries fueling inflation concerns. Despite the difficult start of the term as production and other sectors were affected by the Great East Japan Earthquake, the Japanese economy started looking up as the restoration of disrupted supply chains led to recovery in production activity, which in turn boosted corporate and household mindsets.

Under such circumstances, Toray Group in April 2011 launched the new medium-term management program "Project AP-G 2013." Under the project, the Group will strive to strengthen its revenue base by pursuing business expansion in growth business fields and growth regions and by bolstering its total cost competitiveness.

As a result, consolidated net sales for the three months ended June 30, 2011 rose 7.0% compared with the same period of the previous fiscal year to ¥374.8 billion (US\$4,645 million). Operating income came to ¥27.3 billion (US\$338 million), up 68.2%, and ordinary income doubled to ¥29.1 billion (US\$360 million). Net income surged 105.5% to ¥17.8 billion (US\$220 million).

Business Performance by Segment:

Fibers and Textiles

In Japan, sales increased strongly in overall apparel applications including inner wear using functional materials and the sewn products business mainly targeting major specialty store retailers of private label apparel. However, shipment of industrial-use materials led by automotive applications was stagnant due to the impact of the Great East Japan Earthquake. Overseas, the nylon filament and polyester filament and staple fiber business in ASEAN countries, the fiber and textile business in China and ASEAN countries and the yarn and textile business for air bag applications in Thailand and Czech Republic expanded sales on the back of strong demand. The Group also made efforts to shift focus to high value added products and transfer cost increases to selling prices to reflect steep rises in raw materials and fuel prices, resulting in steady performance in both apparel and industrial applications.

As a result, total sales of Fibers and Textiles rose 11.6% to ¥142.3 billion (US\$1,763 million) from the previous year and operating income jumped 75.3% to ¥10.2 billion (US\$126 million).

Plastics and Chemicals

In the Plastics and Chemicals segment, sales volume of automotive application and other products, mainly in the resin business, in Japan declined due to the impact of the Great East Japan Earthquake. However, products in industrial material applications such as back sheets for solar cells as well as those for packaging materials performed strongly in the film business. The Group also made efforts to transfer cost increases due to raw material price hike to selling prices. Overseas, the polyester film business and polypropylene film business expanded sales in the U.S., Europe and Asia.

As a result, total sales of Plastics and Chemicals increased 9.4% year-on-year to ¥103.0 billion (US\$1,276 million) and operating income rose 57.2% to ¥8.6 billion (US\$107 million).

IT-related Products

In the IT-related Products segment, shipment of films and processed film products such as for electronics remained robust. Materials related to small and mid-sized displays such as for smartphones performed strongly and sales volume of semiconductor-related materials also increased.

As a result, sales of the segment increased 1.1% to ¥64.3 billion (US\$796 million) compared with the same period a year earlier, and operating income rose 14.1% to ¥9.5 billion (US\$117 million).

Carbon Fiber Composite Materials

In the Carbon Fiber Composite Materials segment, Toray Group has been actively expanding sales as demand for aircraft as well as in environmental and energy field including compressed natural gas tanks expanded and the sports and leisure market around the world led by golf gear, fishing goods and bicycles continued to recover. As a result, sales volume increased and factory utilization recovered. The Group also made steady efforts to push back prices of primarily general products for sports and general industrial applications.

On the whole, the Carbon Fiber Composite Materials registered a year-on-year sales increase of 21.2% to ¥19.0 billion (US\$235 million) and posted operating income of ¥2.7 billion (US\$34 million), an improvement of ¥2.8 billion.

Environment and Engineering

In the Environment and Engineering segment, though sales of the water treatment business declined as there was no shipment for large-scale projects unlike a year earlier, the Group has been actively seeking orders for various water treatment membranes including reverse osmosis membrane around the world. The sales volume of home-use water purifiers increased as consumers attached a greater importance to safety. Among domestic subsidiaries, construction work by a water-treatment engineering subsidiary progressed smoothly, while sales at an engineering subsidiary remained stagnant mainly because of delays in works due to the impact of the Great East Japan Earthquake.

As a result, overall sales of the segment declined 12.9% on year to ¥30.1 billion (US\$373 million) and operating loss expanded by ¥0.6 billion to ¥1.4 billion (US\$17 million).

Life Science

In the Life Science segment, the Group pursued sales expansion of pharmaceutical products including REMITCH[®], an oral antipruritus drug, *Feron*^{*}, a natural-type interferon-β preparation, and *Dorner*^{*}, the orally active prostacyclin preparation.

Overall sales of segment increased 11.3% on year to ¥13.1 billion (US\$163 million) and operating income surged 64.9% to 1.9 billion (US\$24 million).

Note: REMITCH[®] is a registered trademark of Torii Pharmaceutical Co., Ltd.

New Businesses and New Investments

In Fibers and Textiles, Toray Group will start a high-performance polypropylene spunbond business in Indonesia for hygiene products such as disposable diapers. The move is in response to growing demand for the material primarily for baby diaper application that is rapidly expanding in the country and other ASEAN countries. The Group plans to establish P.T. Toray Polytech Jakarta as a subsidiary of Toray Advanced Materials Korea Inc., and start full-scale operations of the new facilities with annual production of 20,000 tons in June 2013.

In Plastics and Chemicals, the Group plans to enhance production capacity of *Torelina*^{*} PPS (polyphenylene sulfide) resin. The Company is currently adding production facilities at its Tokai Plant to increase the material's annual production capacity by 5,000 tons with a plan to start operations of the additional facilities in January 2013. PPS resin is superior in heat and chemical resistance, mechanical strength and flame retardance, and used in automobile electric components, electrical and electronic equipment, office automation equipment, and housing parts. The PPS resin market is expected to grow at an annual rate exceeding 7%.

In IT-related Products, the Group in May this year established Toray Advanced Film Kaohsiung Co., Ltd. in Kaohsiung, Taiwan, as a subsidiary of Toray Advanced Film Co., Ltd. The demand for surface protection films used in luminance improvement films and light guide plates, materials for LCDs primarily in Asia and the new company plans to build a plant producing the polyethylene-based self-adhesive surface protection film *Toretac** and start its operation in January 2013, with a plan to gradually expand its production capacity to 17,000 tons by following summer.

2. Analysis of Financial Condition

As of June 30, 2011, Toray's total assets stood at ¥1,589.9 billion (US\$19,701 million), up ¥22.4 billion from the end of the previous fiscal year. Current assets rose by ¥18.8 billion compared to the end of the previous fiscal year, due primarily to an increase in inventory, while cash and time deposits as well as notes and accounts receivable - trade decreased. Fixed assets rose by ¥3.6 billion reflecting primarily the increase in property, plant and equipment.

Liabilities increased by ¥2.3 billion to ¥928.8 billion (US\$11,509 million) compared to the end of the previous fiscal year, owing to a rise in interest-bearing debts.

Net assets increased 20.2 billion compared to the end of the previous fiscal year to ¥661.1 billion (US\$8,192 million), reflecting an increase in retained earnings as the Company recorded net income and the fluctuation in foreign currency translation adjustments. Net assets less minority interests came to ¥611.0 billion (US\$7,572 million).

3. Forecast of Consolidated Results

While the global economy on the whole is expected to stay on a gradual recovery track, the outlook remains unpredictable due to alarming downswing factors including financial instability and worsening employment condition in the U.S. and Europe and elsewhere in developed countries as well as risks associated with rising prices in emerging countries. The Japanese economy is likely to track a moderate recovery path reflecting production recovery along with restoration of supply chains disrupted by the Great East Japan Earthquake and rising exports on the back of the economic expansion overseas. Still, there also remain risks for domestic economy, including restrictions in power supply, surge in oil price and the stronger yen and other fluctuations in foreign exchange. Under such circumstances, Toray Group has shifted its strategy to an aggressive one and been implementing the new medium-term management program "Project AP-G 2013" that pursues business expansion in growth business fields and growth regions, while continuing with the reforms promoted by the previous medium-term management program "Project IT-II." Under "Project AP-G 2013," Toray Group shall drive forward the three group-wide projects in an integrated and aggressive manner: "Green Innovation Business Expansion (GR) Project" aimed at expanding businesses contributing to solution of environmental and resource- and energy-related issues and "Asia and Emerging Country Business Expansion (AE) Project" for growing businesses in respective regions to take

advantage of remarkable economic growths in emerging countries in Asia and elsewhere, and the “Total Cost Reduction (TC-II) Project” to further enhance the corporate competitiveness.

Given the business results for the first quarter and the progress of measures under “Project AP-G 2013,” the Company revised its first-half and full-year forecasts announced on May 10. The Company now expects consolidated net sales of ¥800 billion (US\$10,000 million), operating income of ¥60 billion (US\$750 million), ordinary income of ¥62 billion (US\$775 million), and net income of ¥39 billion (US\$488 million) for the six months ending September 30, 2011. As for the full year through March 31, 2012, it expects consolidated net sales of ¥1,670 billion (US\$20,875 million), operating income of ¥120 billion (US\$1,500 million), ordinary income of ¥120 billion (US\$1,500 million), and net income of ¥74 billion (US\$925 million). The Company bases calculation of its earnings forecasts from July onwards on assumptions of a foreign currency exchange rate of ¥80 to the U.S. dollar.

Notes:

- 1) U.S. dollar amounts have been converted from yen at the exchange rate of ¥80.7 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2011.
- 2) U.S. dollar amounts of forecasts have been converted from yen at the exchange rate of ¥80 = 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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