

**'TORAY'**

Innovation by Chemistry

**November 6, 2009**

# **Announcement of Business Results For the Second Quarter of Fiscal Year Ending March 2010**

**Toray Industries, Inc.**



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# I. Business Results for the 2Q of Fiscal Year Ending March 2010 (Consolidated Basis)

# Summary of Business Results



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Unit : Billion yen

	2Q FY Mar/09 (Jul.-Sept.)	2Q FY Mar/10 (Jul.-Sept.)	Changes		Six-months FY Mar/09 (Apr.-Sept.)	Six-months FY Mar/10 (Apr.-Sept.)	Changes	
Net Sales	413.5	<b>339.3</b>	- 74.2	(-17.9%)	800.9	<b>617.9</b>	-182.9	(-22.8%)
Cost of Sales	337.0	<b>280.3</b>	- 56.6	(-16.8%)	651.9	<b>511.6</b>	-140.3	(-21.5%)
Gross Profit	76.5	<b>58.9</b>	- 17.5	(-22.9%)	148.9	<b>106.3</b>	-42.6	(-28.6%)
(Gross Profit to Net Sales)	18.5%	<b>17.4%</b>	- 1.1	points	18.6%	<b>17.2%</b>	-1.4	points
Operating Income	17.1	<b>7.9</b>	- 9.2	(-53.9%)	30.3	<b>5.5</b>	-24.8	(-81.9%)
(Operating Income to Net Sales)	4.1%	<b>2.3%</b>	- 1.8	points	3.8%	<b>0.9%</b>	-2.9	points
Non-operating Income and Expenses, net	▲ 2.0	▲ <b>3.0</b>	- 0.9		▲ 2.8	▲ <b>8.2</b>	-5.4	
Ordinary Income (Loss)	15.0	<b>4.9</b>	- 10.1	(-67.3%)	27.5	▲ <b>2.7</b>	-30.2	( - )
Special Credits and Charges, net	▲ 1.6	▲ <b>2.4</b>	- 0.8		▲ 4.8	▲ <b>5.0</b>	-0.2	
Income (Loss) before Income Taxes	13.5	<b>2.5</b>	- 10.9	(-81.1%)	22.7	▲ <b>7.7</b>	-30.4	( - )
Net Income (Loss)	6.1	<b>1.1</b>	- 5.0	(-81.8%)	10.5	▲ <b>6.3</b>	-16.9	( - )

	(FY Mar/09 2Q)	→	(FY Mar/10 2Q)	(FY Mar/09 1H)	→	(FY Mar/10 1H)
Exchange Rate <Yen/US\$> Average	: 107.7	→	93.7	106.1	→	95.5
End of the term	: 103.6	→	90.2			
<Yen/Euro> Average	: 161.9	→	133.7	162.7	→	133.2
End of the term	: 149.1	→	131.7			
Oil Price <US\$/B> (DUBAI FOB) Average	: 113.4	→	67.9	115.1	→	63.5

\*Consolidated business results are the sums of Jul. – Sept. business results in companies whose FY ends on March 31 and Apr. – Jun. business results in companies whose FY ends on December 31.

# Non-operating Income and Expenses

Billion yen

	2Q FY Mar/09 (Jul.-Sept.)	2Q FY Mar/10 (Jul.-Sept.)	Changes	Six-months FY Mar/09 (Apr.-Sept.)	Six-months FY Mar/10 (Apr.-Sept.)	Changes
Non-operating Income	3.9	<b>2.5</b>	-1.5	8.6	<b>3.6</b>	-5.0
Interest and Dividend Income	0.5	<b>0.3</b>	-0.3	2.0	<b>1.3</b>	-0.8
Equity in Earnings of Affiliates	2.1	<b>0.9</b>	-1.2	3.8	<b>0.2</b>	-3.6
Others	1.3	<b>1.3</b>	+0.0	2.8	<b>2.1</b>	-0.6
Non-operating Expenses	<b>▲ 6.0</b>	<b>▲ 5.4</b>	+0.5	<b>▲ 11.4</b>	<b>▲ 11.8</b>	-0.4
Interest Expenses	<b>▲ 2.9</b>	<b>▲ 2.5</b>	+0.4	<b>▲ 5.5</b>	<b>▲ 4.9</b>	+0.6
Costs related to Idle Facilities	-	<b>▲ 1.8</b>	-1.8	-	<b>▲ 2.4</b>	-2.4
Others	<b>▲ 3.1</b>	<b>▲ 1.2</b>	+1.9	<b>▲ 5.8</b>	<b>▲ 4.4</b>	+1.4
Non-operating Income and Expenses, net	<b>▲ 2.0</b>	<b>▲ 3.0</b>	-0.9	<b>▲ 2.8</b>	<b>▲ 8.2</b>	-5.4
Interest and Dividend Income, Interest Expenses, net	<b>▲ 2.4</b>	<b>▲ 2.2</b>	+0.2	<b>▲ 3.5</b>	<b>▲ 3.7</b>	-0.1

\* Positive numbers : Income , Negative numbers ( ▲ ) : Expenses

# Special Credits and Charges

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Billion yen

	2Q FY Mar/09 (Jul.-Sept.)	2Q FY Mar/10 (Jul.-Sept.)	Changes	Six-months FY Mar/09 (Apr.-Sept.)	Six-months FY Mar/10 (Apr.-Sept.)	Changes
Special Credits	0.1	0.1	+0.1	2.2	0.2	-2.0
Gain on Sales of Property, Plant and Equipment	0.1	0.1	+0.0	0.5	0.2	-0.4
Gain on Sales of Investment Securities	0.0	0.0	+0.0	1.7	0.0	-1.6
Special Charges	▲ 1.7	▲ 2.5	-0.8	▲ 6.9	▲ 5.2	+1.7
Loss on Sales and Disposal of Property, Plant and Equipment	▲ 0.8	▲ 1.1	-0.2	▲ 1.8	▲ 1.6	+0.1
Loss on Impairment of Fixed Assets	-	▲ 0.8	-0.8	-	▲ 0.8	-0.8
Loss on Write-down of Investment Securities	▲ 0.6	▲ 0.1	+0.5	▲ 0.6	▲ 2.1	-1.5
Loss on Liquidation and Devaluation of Subsidiaries and Affiliates	-	-	-	▲ 2.8	▲ 0.0	+2.8
Loss on Valuation of Inventories	-	-	-	▲ 1.2	-	+1.2
Others	▲ 0.2	▲ 0.6	-0.4	▲ 0.6	▲ 0.7	-0.1
Special Credits and Charges, net	▲ 1.6	▲ 2.4	-0.8	▲ 4.8	▲ 5.0	-0.2

\* Positive numbers : Income , Negative numbers ( ▲ ) : Expenses

# Assets, Liabilities, Net Assets, Free Cash Flows



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	End of Mar/09	End of Sept/09	Changes
Total Assets	1,523.6	<b>1,541.1</b>	+17.5
Current Assets	655.9	<b>657.2</b>	+1.3
Tangible Assets	596.3	<b>595.3</b>	-0.9
Intangible Assets	10.5	<b>10.4</b>	-0.1
Investments and Other Assets	260.9	<b>278.2</b>	+17.2

Billion yen

	End of Mar/09	End of Sept/09	Changes
Total Liabilities	1,011.0	<b>1,015.7</b>	+4.7
Current Liabilities	460.8	<b>466.7</b>	+5.9
Other Liabilities	550.2	<b>549.1</b>	-1.2
Total Net Assets	512.6	<b>525.4</b>	+12.8
Interest-bearing Debts	663.9	<b>681.4</b>	+17.5
D/E Ratio	1.42	<b>1.42</b>	+0.01

<Free Cash Flows>

	Six-months FY Mar/09 (Apr.-Sept.)	Six-months FY Mar/10 (Apr.-Sept.)	Changes
Cash Flows from Operating Activities	1.9	27.2	+25.3
Cash Flows from Investment Activities	▲ 60.4	▲ 35.2	+25.2
Free Cash Flows	▲ 58.5	▲ 8.0	+50.4

Billion yen

# Capital Expenditures, Depreciation, R&D Expenses



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Billion yen

	Six-months FY Mar/09 (Apr.-Sept.)	Six-months FY Mar/10 (Apr.-Sept.)	Changes	Comments
Capital Expenditures	43.2	<b>24.9</b>	-18.3	Toray : 12.0, Japan : 2.7, Overseas : 10.2
Depreciation - )	41.3	<b>36.8</b>	-4.5	Toray : 18.4, Japan : 5.0, Overseas : 13.3
Transfer, Disposal, etc.	▲ 16.5	<b>10.9</b>	+27.3	
Changes in Tagible Assets	▲ 14.5	▲ <b>0.9</b>		

## Major Capital Expenditures:

<Japan> Toray : Carbon fiber production facilities

<Overseas> TFE (Toray Films Europe) : PP Film production facilities

## R&D Expenses

Billion yen

	Six-months FY Mar/09 (Apr.-Sept.)	Six-months FY Mar/10 (Apr.-Sept.)	Changes
Toray	20.5	<b>18.3</b>	- 2.2
Consolidated Subsidiaries	5.1	<b>4.6</b>	- 0.5
Consolidated Basis	25.6	<b>22.9</b>	- 2.7



# Net Sales and Operating Income by Business Segment



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Unit : Billion yen

	Net Sales			Operating Income		
	2Q FY Mar/09 (Jul.-Sept.)	2Q FY Mar/10 (Jul.-Sept.)	Changes	2Q FY Mar/09 (Jul.-Sept.)	2Q FY Mar/10 (Jul.-Sept.)	Changes
Fibers & Textiles	155.6	<b>133.0</b>	-22.6 (-14.5%)	3.1	<b>1.3</b>	-1.8 (-59.2%)
Plastics & Chemicals	112.6	<b>83.0</b>	-29.6 (-26.3%)	4.7	<b>2.0</b>	-2.6 (-56.7%)
IT-related Products	68.8	<b>57.1</b>	-11.7 (-17.1%)	6.0	<b>3.8</b>	-2.2 (-36.3%)
Carbon Fiber Composite Materials	18.4	<b>11.0</b>	-7.4 (-40.1%)	2.3	<b>▲ 1.0</b>	-3.2 (-)
Environment & Engineering	41.7	<b>39.6</b>	-2.1 (-5.1%)	1.0	<b>1.4</b>	+0.4 (+41.1%)
Life Science & Other Businesses	16.2	<b>15.5</b>	-0.7 (-4.4%)	0.6	<b>0.3</b>	-0.3 (-48.1%)
(Pharmaceuticals and Medical Products)	11.7	<b>11.9</b>	+0.2 (+1.7%)	<b>▲ 0.1</b>	<b>0.3</b>	+0.3 (-)
<b>Total</b>	<b>413.5</b>	<b>339.3</b>	<b>-74.2 (-17.9%)</b>	<b>17.7</b>	<b>7.8</b>	<b>-9.8 (-55.6%)</b>
Elimination & Corporate				<b>▲ 0.6</b>	<b>0.0</b>	+0.6
<b>Consolidated</b>	<b>413.5</b>	<b>339.3</b>	<b>-74.2 (-17.9%)</b>	<b>17.1</b>	<b>7.9</b>	<b>-9.2 (-53.9%)</b>

	Net Sales			Operating Income		
	Six-months FY Mar/09 (Apr.-Sept.)	Six-months FY Mar/10 (Apr.-Sept.)	Changes	Six-months FY Mar/09 (Apr.-Sept.)	Six-months FY Mar/10 (Apr.-Sept.)	Changes
Fibers & Textiles	300.5	<b>245.1</b>	-55.4 (-18.4%)	6.2	<b>0.2</b>	-6.0 (-96.6%)
Plastics & Chemicals	219.4	<b>153.7</b>	-65.7 (-29.9%)	8.2	<b>1.1</b>	-7.1 (-86.3%)
IT-related Products	131.2	<b>107.3</b>	-23.9 (-18.2%)	9.6	<b>5.3</b>	-4.3 (-44.7%)
Carbon Fiber Composite Materials	38.1	<b>21.0</b>	-17.1 (-45.0%)	5.6	<b>▲ 1.8</b>	-7.3 (-)
Environment & Engineering	80.4	<b>61.8</b>	-18.6 (-23.1%)	0.2	<b>▲ 0.1</b>	-0.3 (-)
Life Science & Other Businesses	31.3	<b>29.0</b>	-2.2 (-7.1%)	0.8	<b>0.0</b>	-0.7 (-94.6%)
(Pharmaceuticals and Medical Products)	22.1	<b>22.3</b>	+0.2 (+1.0%)	<b>▲ 0.7</b>	<b>▲ 0.1</b>	+0.6 (-)
<b>Total</b>	<b>800.9</b>	<b>617.9</b>	<b>-182.9 (-22.8%)</b>	<b>30.6</b>	<b>4.8</b>	<b>-25.8 (-84.3%)</b>
Elimination & Corporate				<b>▲ 0.3</b>	<b>0.7</b>	+1.0
<b>Consolidated</b>	<b>800.9</b>	<b>617.9</b>	<b>-182.9 (-22.8%)</b>	<b>30.3</b>	<b>5.5</b>	<b>-24.8 (-81.9%)</b>

# Results by Business Segment (Fibers & Textiles)



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Billion yen

		2Q (Jul.-Sept.)				Six-months (Apr.-Sept.)			
		FY Mar/09	FY Mar/10	Changes		FY Mar/09	FY Mar/10	Changes	
Net Sales	Toray	28.1	22.4	-5.7	(-20.4%)	56.4	43.1	-13.3	(-23.6%)
	Japanese Subsidiaries	73.5	69.8	-3.7	(-5.1%)	141.6	127.4	-14.2	(-10.0%)
	Overseas Subsidiaries	54.0	40.9	-13.1	(-24.3%)	102.5	74.6	-27.9	(-27.2%)
	Total	155.6	133.0	-22.6	(-14.5%)	300.5	245.1	-55.4	(-18.4%)
Operating Income	Toray	▲ 0.2	▲ 2.1	-1.9	(-)	0.0	▲ 4.0	-4.0	(-)
	Japanese Subsidiaries	1.9	1.8	-0.1	(-5.3%)	4.0	2.5	-1.5	(-38.0%)
	Overseas Subsidiaries	1.6	1.7	+0.1	(+9.1%)	2.5	1.6	-0.9	(-36.0%)
	Adjustment	▲ 0.2	▲ 0.2	+0.0		▲ 0.3	0.2	+0.4	
	Total	3.1	1.3	-1.8	(-59.2%)	6.2	0.2	-6.0	(-96.6%)

## <Major Subsidiaries >

Japan : Toray International, Inc.,  
Ichimura Sangyo, Co., Ltd.,  
Chori Co., Ltd., etc.  
Asia : PENFABRIC (Malaysia),  
LUCKYTEX (Thailand),  
ITS (Indonesia),  
TFNL (China), etc.  
Europe  
& US : ALCANTARA (Italy), etc.

2Q (Jul.-Sept.)

### Sales / Income Decreased

Operating income (loss) returned to the black in the 2Q from the red in the 1Q

**Toray** : Shipment of apparel applications remained sluggish in general except for some sewn products. Industrial applications showed signs of recovery particularly in automobiles, however, severe demand conditions continued on a year-to-year comparison.

**Japanese Subsidiaries:** Some trading subsidiaries reported healthy performance from the first quarter to the second quarter.

**Overseas Subsidiaries:** Performance was steady in the polyester filament business in Korea, non-woven fabric business and polyester filament textiles business in China, and sewn products for a major SPA. Yarn and textile operations for air bag applications in Thailand and Czech Republic showed signs of recovery.

Six-months  
(Apr.-Sept.)

### Sales / Income Decreased

In Japan, shipment of apparel applications continued to be sluggish, except for some sewn products, against the backdrop of weak demand for apparels. While demand for industrial applications in general also remained weak, shipment began to recover from the first quarter to the second quarter led by automotive applications. Overseas, sales volume in the polyester filament business in Korea and non-woven fabric business in China expanded as well as some other businesses including yarn and textile operations for air bag applications in Thailand and Czech Republic also showed signs of recovery.

# Results by Business Segment (Plastics & Chemicals)



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Billion yen

		2Q (Jul.-Sept.)				Six-months (Apr.-Sept.)			
		FY Mar/09	FY Mar/10	Changes		FY Mar/09	FY Mar/10	Changes	
Net Sales	Toray	23.0	15.8	-7.2	(-31.5%)	46.1	30.0	-16.0	(-34.8%)
	Japanese Subsidiaries	41.1	32.3	-8.8	(-21.5%)	81.1	62.2	-18.9	(-23.3%)
	Overseas Subsidiaries	48.5	34.9	-13.6	(-28.0%)	92.2	61.5	-30.7	(-33.3%)
	Total	112.6	83.0	-29.6	(-26.3%)	219.4	153.7	-65.7	(-29.9%)
Operating Income	Toray	▲ 0.1	▲ 0.5	-0.5	(-)	▲ 0.5	▲ 3.4	-2.9	(-)
	Japanese Subsidiaries	3.0	1.3	-1.7	(-55.9%)	5.9	2.3	-3.6	(-61.7%)
	Overseas Subsidiaries	1.8	1.1	-0.7	(-37.5%)	2.5	2.2	-0.3	(-13.7%)
	Adjustment	▲ 0.1	0.1	+0.2		0.3	0.1	-0.2	
	Total	4.7	2.0	-2.6	(-56.7%)	8.2	1.1	-7.1	(-86.3%)

## <Major Subsidiaries>

Japan : Toray Advanced Film Co., Ltd.,  
Toray Fine Chemicals Co., Ltd.,  
Soda Aromatic Co., Ltd.,  
Chori Co., Ltd., etc.  
Overseas : TPA (US), TPM (Malaysia),  
TPEu (France), TSI (Korea), etc.

2Q (Jul.-Sept.)

### Sales / Income Decreased

Operating income (loss) returned to the black in the 2Q from the red in the 1Q

**Toray** : While slow demand continued compared with the corresponding period of the previous fiscal year, there were signs of recovering demand for automotive and electric/electronic applications.

**Japanese Subsidiaries** : Although slow demand continued on a year-to-year comparison, demand is tending toward recovery at fine chemicals subsidiaries and trading subsidiaries, etc.

**Overseas Subsidiaries** : Demand remained low as a whole, however, sales of ABS resins to China and ASEAN countries increased at a plastic resins subsidiary in Malaysia. US films subsidiary reported steady performance particularly in high-performance gas barrier films.

Six-months  
(Apr.-Sept.)

Sales / Income  
Decreased

Business in the overall segment remained low. However, demand for products in the plastic resins business in Japan and Malaysia as well as in the films business for capacitors used in hybrid cars registered a recovery from the drastic decline in the latter half of the previous fiscal year.

# Results by Business Segment (IT-related Products)



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Billion yen

		2Q (Jul.-Sept.)			Six-months (Apr.-Sept.)		
		FY Mar/09	FY Mar/10	Changes	FY Mar/09	FY Mar/10	Changes
Net Sales	Toray	30.2	24.5	-5.8 (-19.0%)	60.0	46.3	-13.7 (-22.8%)
	Japanese Subsidiaries	20.0	17.4	-2.6 (-13.2%)	35.3	34.3	-1.0 (-2.8%)
	Overseas Subsidiaries	18.6	15.3	-3.3 (-17.9%)	35.8	26.7	-9.2 (-25.6%)
	Total	68.8	57.1	-11.7 (-17.1%)	131.2	107.3	-23.9 (-18.2%)
Operating Income	Toray	2.9	2.0	-0.9 (-31.8%)	5.0	1.8	-3.3 (-64.6%)
	Japanese Subsidiaries	1.8	0.6	-1.2 (-66.1%)	2.6	1.7	-0.9 (-33.6%)
	Overseas Subsidiaries	1.2	1.3	+0.0 (+3.0%)	1.8	1.8	-0.1 (-3.5%)
	Adjustment	0.1	▲ 0.0	-0.1	0.2	0.1	-0.1
	Total	6.0	3.8	-2.2 (-36.3%)	9.6	5.3	-4.3 (-44.7%)

## <Major Subsidiaries>

Japan : Toray Engineering Co., Ltd.,  
Toray Advanced Film Co., Ltd., etc.  
Overseas : TPA (US), TPEu (France),  
TSI (Korea), STEMCO (Korea), etc.

2Q (Jul.-Sept.)

### Sales / Income Decreased

**Toray** : Reflecting such stimulatory consumption measures in China and Japan, demand for FPD-related films recovered.

**Japanese Subsidiaries:** Although sales of LCD color filter production equipment decreased at an IT-related machinery subsidiary, there were such positive impact as consumption stimulating measures in China and Japan, and demand for FPD-related processed films recovered at a film processing subsidiary.

**Overseas Subsidiaries:** Demand for FPD-related materials is tending toward recovery reflecting effects of stimulating consumption in China and Japan, etc.

Six-months  
(Apr.-Sept.)

### Sales / Income Decreased

Overall business of the segment was weak compared with the same period a year earlier. Still, there were signs of recovery in demand for materials used in FPDs and electronic parts, reflecting effects of stimulating consumption in China and Japan.

# Details of the Sales of IT-related Products Segment



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Billion yen

## 【Sales trend by sub-segment】

	2Q FY Mar/09 (Jul. - Sept.)		2Q FY Mar/10 (Jul.- Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Display Materials	23.2	34%	21.1	37%	-9%
Electronic Component, Semiconductor, Circuit Materials	23.1	34%	20.5	36%	-11%
Data Storage Materials	11.1	16%	7.2	13%	-35%
Equipments, others	11.5	17%	8.3	15%	-28%
<b>Total of IT-related Products Segment</b>	<b>68.8</b>		<b>57.1</b>		<b>-17%</b>

	Six Months FY Mar/09 (Apr. - Sept.)		Six Months FY Mar/10 (Apr. - Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Display Materials	45.7	35%	39.8	37%	-13%
Electronic Component, Semiconductor, Circuit Materials	46.0	35%	36.5	34%	-21%
Data Storage Materials	21.8	17%	13.8	13%	-37%
Equipments, others	17.6	13%	17.2	16%	-2%
<b>Total of IT-related Products Segment</b>	<b>131.2</b>		<b>107.3</b>		<b>-18%</b>

# Results by Business Segment (Carbon Fiber Composite Materials)



Innovation by Chemistry

Billion yen

		2Q (Jul.-Sept.)				Six-months (Apr.-Sept.)			
		FY Mar/09	FY Mar/10	Changes		FY Mar/09	FY Mar/10	Changes	
Net Sales	Toray	14.8	8.7	-6.1	(-41.0%)	27.2	16.1	-11.1	(-40.8%)
	Japanese Subsidiaries	10.1	5.7	-4.4	(-43.9%)	19.9	10.2	-9.7	(-48.6%)
	Overseas Subsidiaries	16.0	6.8	-9.1	(-57.3%)	34.1	12.8	-21.2	(-62.3%)
	Adjustment	▲ 22.4	▲ 10.2	+12.3	(-)	▲ 43.0	▲ 18.2	+24.8	(-)
	Total	18.4	11.0	-7.4	(-40.1%)	38.1	21.0	-17.1	(-45.0%)
Operating Income	Toray	1.4	▲ 1.6	-3.0	(-)	2.3	▲ 3.1	-5.4	(-)
	Japanese Subsidiaries	0.0	0.0	-0.0	(-9.1%)	0.2	0.1	-0.1	(-56.0%)
	Overseas Subsidiaries	1.4	▲ 0.5	-1.8	(-)	3.0	▲ 0.8	-3.7	(-)
	Adjustment	▲ 0.5	1.0	+1.6		0.2	2.0	+1.9	
	Total	2.3	▲ 1.0	-3.2	(-)	5.6	▲ 1.8	-7.3	(-)

## <Major Subsidiaries>

Japan : Toray International, Inc.  
Overseas : SOFICAR (France),  
CFA (US), TCA (US)

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.

2Q (Jul.-Sept.)

## Sales / Income Decreased

Demand was stagnant reflecting the global economic downturn, and shipment in aircraft, sports, and industrial applications declined. The Group stepped up its move to adjust production at its manufacturing facilities in response to continued destocking process throughout the supply chains.

Six-months  
(Apr.-Sept.)

## Sales / Income Decreased

Demand was stagnant reflecting the global economic downturn, and shipment in aircraft, sports, and industrial applications declined. The Group stepped up its move to adjust production at its manufacturing facilities in response to continued destocking process throughout the supply chains.

# Details of the Sales of Carbon Fiber Composite Materials Segment



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【Sales trend by sub-segment】

Billion yen

	2Q FY Mar/09 (Jul. - Sept.)		2Q FY Mar/10 (Jul.- Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Aircraft	6.8	37%	4.0	36%	-41%
Sports	3.1	17%	2.3	21%	-27%
Industrial	8.4	46%	4.8	43%	-44%
<b>Total of Carbon Fiber Composite Materials</b>	<b>18.4</b>		<b>11.0</b>		<b>-40%</b>

	Six Months FY Mar/09 (Apr. - Sept.)		Six Months FY Mar/10 (Apr. - Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Aircraft	15.6	41%	7.4	35%	-52%
Sports	6.6	17%	4.2	20%	-37%
Industrial	15.9	42%	9.3	45%	-41%
<b>Total of Carbon Fiber Composite Materials</b>	<b>38.1</b>		<b>21.0</b>		<b>-45%</b>



# Results by Business Segment (Environment & Engineering)



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Billion yen

		2Q (Jul.-Sept.)				Six-months (Apr.-Sept.)			
		FY Mar/09	FY Mar/10	Changes		FY Mar/09	FY Mar/10	Changes	
Net Sales	Toray	2.0	1.8	-0.2	(-8.9%)	3.7	3.1	-0.6	(-17.1%)
	Japanese Subsidiaries	39.1	36.4	-2.7	(-7.0%)	75.5	56.7	-18.8	(-24.9%)
	Overseas Subsidiaries	0.6	1.4	+0.8	(+128.2%)	1.2	2.0	+0.8	(+67.8%)
	Total	41.7	39.6	-2.1	(-5.1%)	80.4	61.8	-18.6	(-23.1%)
Operating Income	Toray	▲ 0.3	▲ 0.7	-0.3	(-)	▲ 0.9	▲ 1.2	-0.3	(-)
	Japanese Subsidiaries	1.4	1.7	+0.4	(+29.3%)	1.4	1.1	-0.4	(-24.4%)
	Overseas Subsidiaries	▲ 0.1	▲ 0.2	-0.1	(-)	▲ 0.3	▲ 0.5	-0.2	(-)
	Adjustment	0.1	0.5	+0.4		▲ 0.0	0.5	+0.6	
	Total	1.0	1.4	+0.4	(+41.1%)	0.2	▲ 0.1	-0.3	(-)

## <Major Subsidiaries>

Japan : Toray Construction Co., Ltd.,  
Toray Engineering Co., Ltd.,  
Toray ACE Co., Ltd.,  
Suido Kiko Kaisha, Ltd., etc.

2Q (Jul.-Sept.)

### Sales Decreased / Income Increased

**Toray** : Shipment of reverse osmosis membranes and microfiltration membranes were steady.

**Japanese Subsidiaries:** While transaction volume decreased at a trading subsidiary, a large-scale project completed at a construction subsidiary, and performance also improved at a water-treatment engineering subsidiary.

Six-months  
(Apr.-Sept.)

### Sales / Income Decreased

In the water-treatment membrane business, shipment of products led by reverse osmosis membranes was steady and the business at a water-treatment engineering subsidiary improved. On the other hand, the construction and engineering businesses at Japanese subsidiaries remained weak and transaction volume decreased substantially at a trading subsidiary.



# Results by Business Segment (Life Science & Other Businesses)



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Billion yen

		2Q (Jul.-Sept.)			Six-months (Apr.-Sept.)		
		FY Mar/09	FY Mar/10	Changes	FY Mar/09	FY Mar/10	Changes
Net Sales	Toray	2.2	2.5	+0.4 (+16.6%)	3.7	4.3	+0.6 (+16.0%)
	Japanese Subsidiaries	13.7	12.5	-1.2 (-8.8%)	26.6	23.5	-3.1 (-11.7%)
	Overseas Subsidiaries	0.4	0.6	+0.1 (+30.1%)	0.9	1.2	+0.3 (+31.6%)
	Total	16.2	15.5	-0.7 (-4.4%)	31.3	29.0	-2.2 (-7.1%)
	(Pharmaceuticals and Medical Products)	11.7	11.9	+0.2 (+1.7%)	22.1	22.3	+0.2 (+1.0%)
Operating Income	Toray	▲ 1.0	▲ 0.3	+0.7 (-)	▲ 1.7	▲ 0.7	+1.0 (-)
	Japanese Subsidiaries	0.9	0.3	-0.6 (-71.1%)	1.6	0.2	-1.4 (-89.9%)
	Overseas Subsidiaries	0.0	0.0	-0.0 (-19.4%)	0.1	0.1	-0.0 (-11.2%)
	Adjustment	0.8	0.4	-0.4	0.8	0.5	-0.3
	Total	0.6	0.3	-0.3 (-48.1%)	0.8	0.0	-0.7 (-94.6%)
	(Pharmaceuticals and Medical Products)	▲ 0.1	0.3	+0.3 (-)	▲ 0.7	▲ 0.1	+0.6 (-)

## <Major Subsidiaries>

Japan : Toray Medical Co., Ltd.,  
Toray Research Center Inc.,  
Toray Enterprise Corp., etc.

2Q (Jul.-Sept.)

### Sales / Income Decreased

**Pharmaceuticals and Medical Products :**

Sales of pharmaceuticals were steady and sales volume of artificial kidneys also increased.

**Others :**

Customer orders decreased at an analytical service subsidiary.

Six-months  
(Apr.-Sept.)

**Sales / Income  
Decreased**

In the pharmaceuticals and medical products business, performance was steady in pharmaceuticals and sales volume of artificial kidneys increased. As for the whole segment, transaction volume fell at a Japanese trading subsidiary and customer orders decreased at an analytical service subsidiary.

# Results of Major Subsidiaries (Six Months)



Innovation by Chemistry

Billion yen

		Net Sales			Operating Income		
		Six-months FY Mar/09	Six-months FY Mar/10	Changes	Six-months FY Mar/09	Six-months FY Mar/10	Changes
Toray International Inc.		204.6	<b>148.7</b>	-55.9	3.0	<b>2.4</b>	-0.7
Toray Engineering Co., Ltd.		43.2	<b>39.8</b>	-3.4	3.2	<b>1.8</b>	-1.4
Toray Construction Co., Ltd.		22.8	<b>19.8</b>	-3.0	0.4	<b>0.3</b>	-0.0
Toray Advanced Film Co., Ltd.		24.1	<b>21.1</b>	-3.0	1.1	<b>0.8</b>	-0.3
Toray Medical Co., Ltd.		17.9	<b>17.2</b>	-0.7	0.2	<b>0.0</b>	-0.2
TSI (Korea)		43.4	<b>32.1</b>	-11.3	2.2	<b>2.8</b>	+0.5
TPM (Malaysia)		36.8	<b>26.2</b>	-10.6	0.3	<b>0.9</b>	+0.6
Subsidiaries in Southeast Asia *1	Fibers & Textiles	56.4	<b>35.7</b>	-20.7	1.0	<b>▲0.0</b>	-1.0
	Plastics & Chemicals	41.3	<b>28.6</b>	-12.7	0.8	<b>1.0</b>	+0.2
	Others	5.0	<b>3.3</b>	-1.7	0.0	<b>0.1</b>	+0.1
	Total	102.7	<b>67.6</b>	-35.1	1.7	<b>1.1</b>	-0.7
Subsidiaries in China *2	Fibers & Textiles	40.4	<b>38.3</b>	-2.1	<b>▲0.4</b>	<b>0.3</b>	+0.8
	Plastics & Chemicals	23.9	<b>15.9</b>	-8.0	0.3	<b>0.1</b>	-0.2
	Others	6.6	<b>3.9</b>	-2.7	0.4	<b>▲0.0</b>	-0.4
	Total	70.9	<b>58.0</b>	-12.9	0.2	<b>0.4</b>	+0.1
Films Subsidiaries (Overseas) *3	Plastics & Chemicals	45.4	<b>29.8</b>	-15.6	1.2	<b>1.1</b>	-0.1
	IT-related Products	19.6	<b>15.2</b>	-4.4	1.4	<b>1.0</b>	-0.4
	Total	64.9	<b>45.0</b>	-20.0	2.6	<b>2.1</b>	-0.5

\*1 : ITS, ETX, ISTEM, ACTEM, CENTEX, Penfibre, PAB-G, TTS, LTX, TTTM, TPM sum total

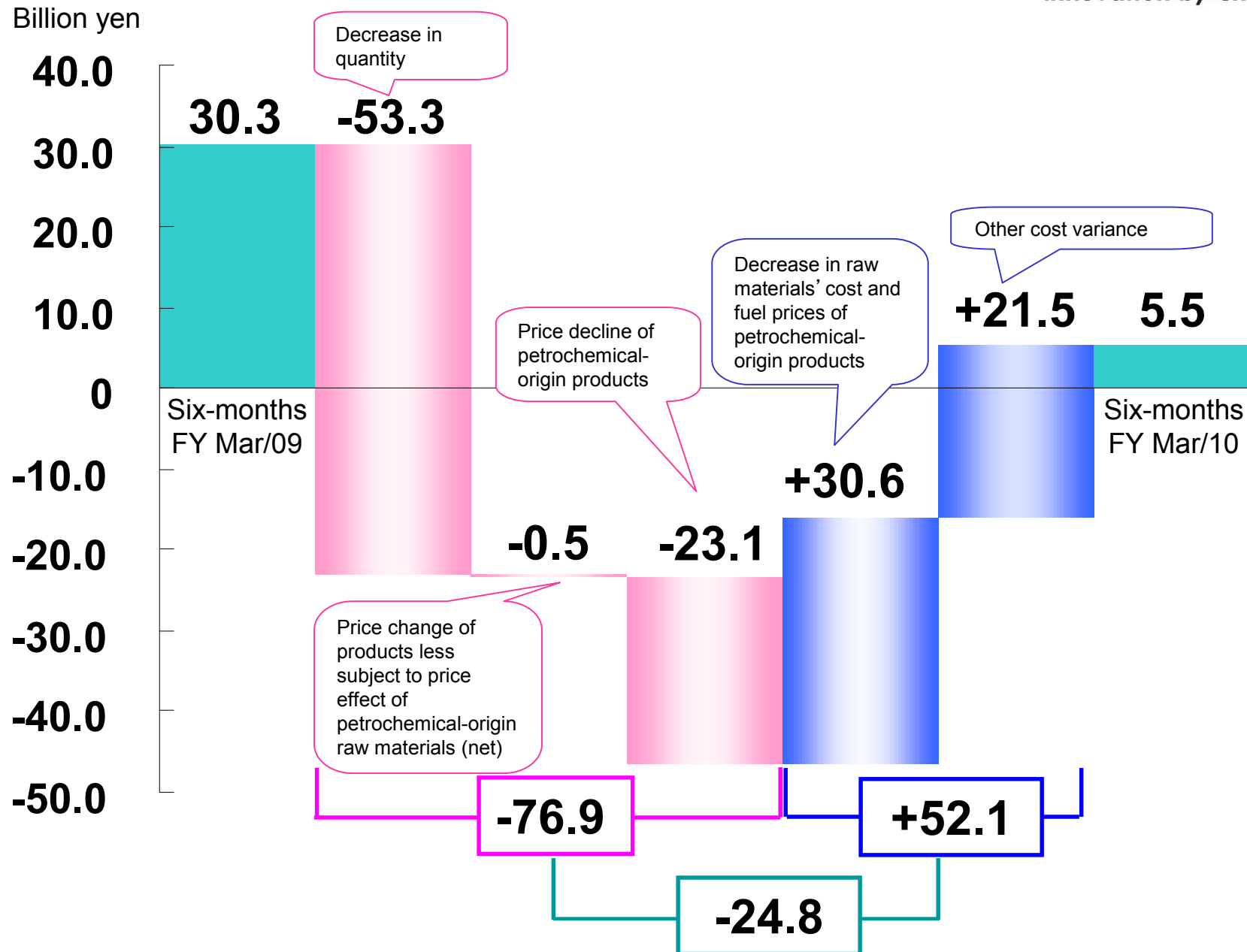
\*2 : TFNL, TSD, TAK/TAZ, TJQ, TPN, TCH, TSL, THK-G, TPHK/TPSZ, RKH/RKZ, TFH/TFZ sum total

\*3: TSI, Penfibre, TPA, TPEu, TFH/TFZ sum total

# Income Variance Factor Analysis (Six Months)



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# Achievements of the Total Cost Reduction (TC) Project



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Cost reduction target (~FY March 2011) :

Total 100 billion yen (breakdown: fixed costs; 60 billion yen / variable costs; 40 billion yen)  
(internal management basis compared with FY Mar/09 budget)

→ aim for 50 billion yen of cost reduction by FY Mar/10

## <Progression of TC Project>

Unit: Billion yen

	FY Mar/09FY Budget→Actual	FY Mar/09 Actual → FY Mar/10		FY Mar/09 Budget → FY Mar/10 Forecast ( ) achievement rate <sup>*3)</sup>	TC Reduction Target FY Mar/09 Budget → FY Mar/11
		Six-month Actual	Full-year Forecast		
Reduction of Fixed Costs <sup>*1)</sup>	20	24	30 or over	50 or over (over 83%)	60
Reduction of Variable Costs <sup>*2)</sup> (gross)		10	20	20 (50%)	40
Total	20	34	50 or over	70 or over (over 70%)	100

\*1) "Reduction of Fixed Costs" is included as "Other cost variance" in the "Income Variance Factor Analysis"

\*2) "Reduction of Variable Costs (gross)" contains total reduction of variable costs such as raw materials' cost reduction excluding market fluctuation of raw materials and fuels and exchange fluctuation, and self-improvement efforts in improvement of production efficiency or logistic efficiency, etc. In the "Income Variance Factor Analysis" the aforementioned is included as;

①Decrease in raw materials' cost and fuel prices of petrochemical-origin products,

②Price change of products less subject to price effect of petrochemical-origin raw materials (net), and ③Other cost variance.

\*3) "Achievement rate" is the ratio of FY Mar/10 reduction forecast to the TC reduction target

# 1Q vs. 2Q Comparison of Operating Income by Business Segment



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Billion yen

Business Segment	Operating Income 1Q FY Mar/10→ 2Q FY Mar/10 ( ) difference	Variance Factors
Fibers & Textiles	▲1.1 → 1.3 (+2.3)	<ul style="list-style-type: none"> <li>As for Japanese subsidiaries, shipment increased at a trading subsidiary due to the in-season of autumn/winter items.</li> <li>As for overseas subsidiaries, further to the entering of seasonal production at a Chinese textiles subsidiary, shipment of sewn products to a major SPA increased at a Chinese trading subsidiary. Yarn and textiles operations for air bag applications showed signs of recovery.</li> </ul>
Plastics & Chemicals	▲0.9 → 2.0 (+2.9)	<ul style="list-style-type: none"> <li>Sales volume increased mainly in plastic resins and films reflecting the recovering demand for end products such as automobiles and home appliances, etc. as well as advancement of destocking process throughout supply chains.</li> </ul>
IT-related Products	1.5 → 3.8 (+2.4)	<ul style="list-style-type: none"> <li>Sales volume of FPD-related materials increased following the rise in operation rate at FPD manufacturers.</li> </ul>
Carbon Fiber Composite Materials	▲0.8 →▲ 1.0 (-0.2)	<ul style="list-style-type: none"> <li>Demand slumped in each application due to the impact of economic downturn and the continued destocking process throughout the supply chain.</li> </ul>
Environment & Engineering	▲1.5 → 1.4 (+2.8)	<ul style="list-style-type: none"> <li>Sales increased due to the completion of large-scale project at a construction subsidiary and development in construction works at an engineering subsidiary.</li> </ul>
Life Science & Other Businesses	▲0.3 → 0.3 (+0.6)	<ul style="list-style-type: none"> <li>In pharmaceuticals and medical products business, sales volume of artificial kidneys increased.</li> </ul>
Elimination & Corporate	0.6 → 0.0 (-0.6)	
Consolidated	▲2.4 → 7.9 (+10.3)	

# Comparison of 2Q Results with Previous Forecast by Business Segment



Innovation by Chemistry  
Billion yen

Business Segment	2Q Operating Income Previous Forecast → Actual ( ) difference	Variance Factors
Fibers & Textiles	▲0.4 → 1.3 (+1.7)	<ul style="list-style-type: none"> <li>• Inventory adjustment advanced in automotive applications, etc. and market conditions is tending toward recovery.</li> <li>• Promoted total cost reduction.</li> </ul>
Plastics & Chemicals	▲1.1 → 2.0 (+3.1)	<ul style="list-style-type: none"> <li>• Sales volume increased against the 1Q forecast resulting from demand recovery in automotive and home appliances applications, etc.</li> <li>• Promoted total cost reduction.</li> </ul>
IT-related Products	1.5 → 3.8 (+2.3)	<ul style="list-style-type: none"> <li>• Sales volume increased against the 1Q forecast following demand recovery in FPD-related materials.</li> <li>• Promoted total cost reduction.</li> </ul>
Carbon Fiber Composite Materials	▲2.2 → ▲1.0 (+1.2)	<ul style="list-style-type: none"> <li>• Further to achievements of total cost reduction project, adjustment of unrealized profits exceeded the assumptions of 1Q forecast.</li> </ul>
Environment & Engineering	▲0.0 → 1.4 (+1.4)	<ul style="list-style-type: none"> <li>• Promoted total cost reduction.</li> </ul>
Life Science & Other Businesses	▲0.2 → 0.3 (+0.5)	<ul style="list-style-type: none"> <li>• Promoted total cost reduction.</li> </ul>
Elimination & Corporate	▲0.1 → 0.0 (+0.2)	
Consolidated	▲2.6 → 7.9 (+10.5)	

\* Previous Forecast refers to the previous business announcement for the 1Q of FY Mar/10 on August 7, 2009.

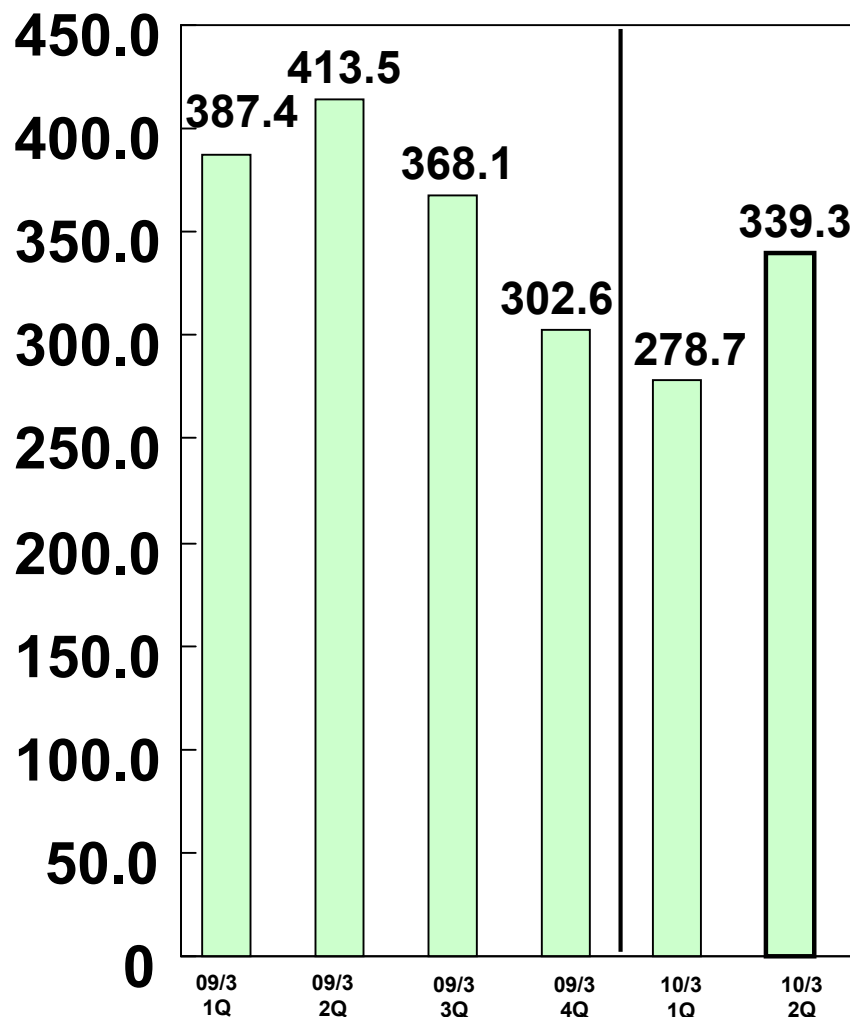
# Quarterly Trends in Net Sales and Operating Income (Loss)



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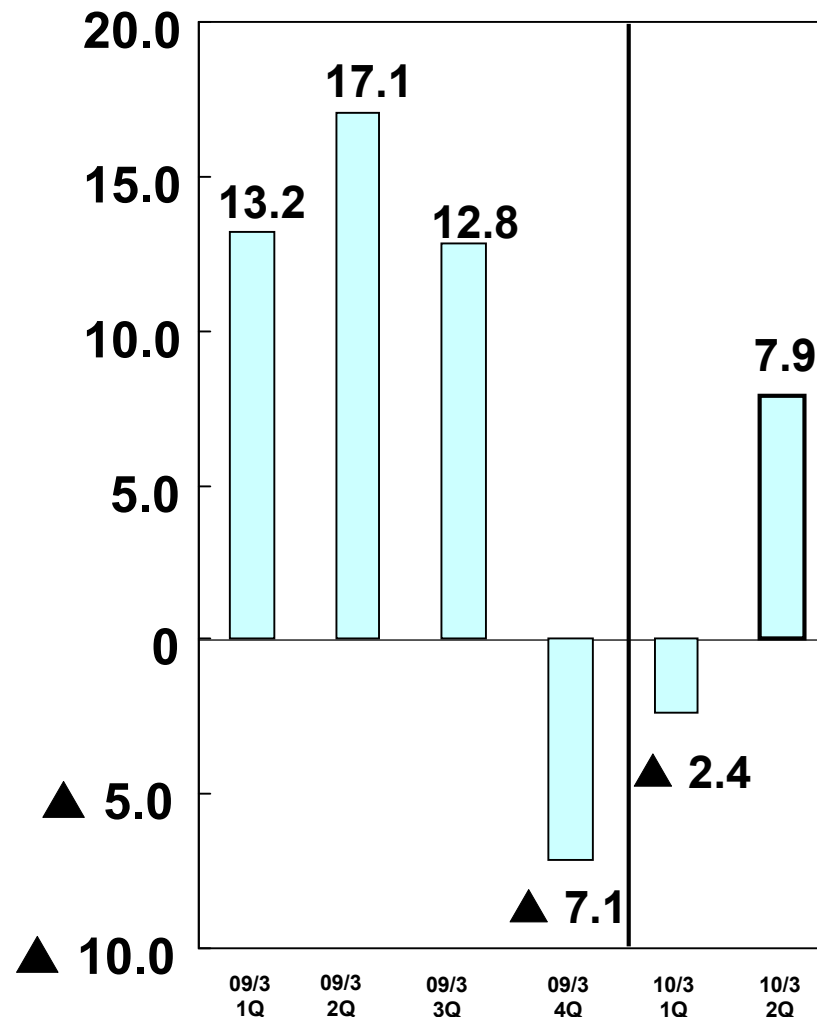
Billion yen

## Net Sales



Billion yen

## Operating Income (Loss)



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## **II. Business Forecast for the Fiscal Year Ending March 2010 (Consolidated Basis)**



# Forecast Summary



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Billion yen

	FY Mar/09 Actual	FY Mar/10 Previous Forecast	FY Mar/10 New Forecast	Changes	Difference from FY Mar/10 Previous Forecast
Net Sales	1,471.6	1,300.0	1,300.0	-171.6 (-11.7%)	—
Operating Income	36.0	15.0	25.0	-11.0 (-30.6%)	+10.0
Ordinary Income	20.5	5.0	10.0	-10.5 (-51.3%)	+5.0
Net Income	▲ 16.3	▲ 5.0	0.0	+16.3 (-)	+5.0

Net Income per Share	▲11.7 yen	▲3.6 yen	0.0 yen
Dividend per Share	7.5 yen	5.0 yen	5.0 yen

Remarks : Estimated exchange rate : 90 yen / US\$ (October ~)  
Estimated oil price : 75 US\$/ B (DUBAI FOB) (October ~)

# Forecast by Business Segment

**TORAY**

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Unit : Billion yen

	Net Sales			Operating Income			Difference from FY Mar/10 Previous Forecast	
	FY Mar/09	FY Mar/10	Changes	FY Mar/09	FY Mar/10	Changes	Net Sales	Operating Income
Fibers & Textiles	569.0	<b>500.0</b>	-69.0 (-12.1%)	7.7	<b>5.0</b>	-2.7 (-34.8%)	—	+2.0
Plastics & Chemicals	377.6	<b>310.0</b>	-67.6 (-17.9%)	4.1	<b>5.0</b>	+0.9 (+22.8%)	+5.0	+2.0
IT-related Products	229.4	<b>220.0</b>	-9.4 (-4.1%)	9.8	<b>16.0</b>	+6.2 (+62.9%)	+20.0	+12.0
Carbon Fiber Composite Materials	70.4	<b>50.0</b>	-20.4 (-29.0%)	8.4	<b>▲ 8.0</b>	-16.4 (-)	-10.0	-8.0
Environment & Engineering	160.2	<b>160.0</b>	-0.2 (-0.1%)	3.3	<b>4.5</b>	+1.2 (+36.2%)	-10.0	+1.5
Life Science & Other Businesses	64.9	<b>60.0</b>	-4.9 (-7.6%)	3.2	<b>2.5</b>	-0.7 (-21.5%)	-5.0	+0.5
(Pharmaceuticals & Medical Products)	47.5	<b>48.0</b>	+0.5 (+1.1%)	0.4	<b>1.5</b>	+1.1 (+326.1%)	—	+1.5
Elimination & Corporate				<b>▲ 0.4</b>	<b>0.0</b>	+0.4		—
Consolidated	1,471.6	<b>1,300.0</b>	-171.6 (-11.7%)	36.0	<b>25.0</b>	-11.0 (-30.6%)	—	+10.0

# 1H vs. 2H Comparison of Operating Income by Business Segment



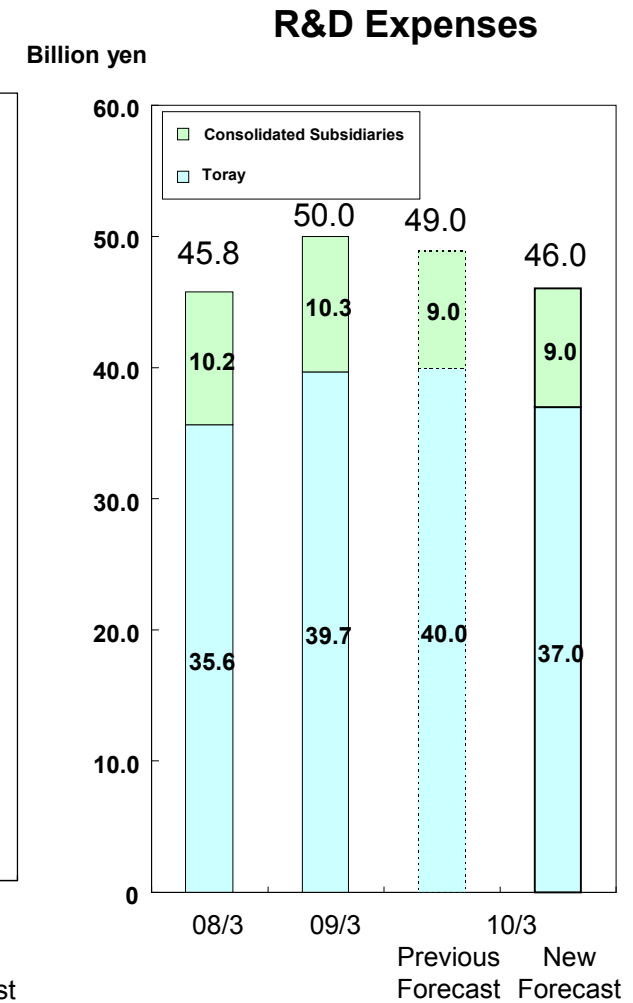
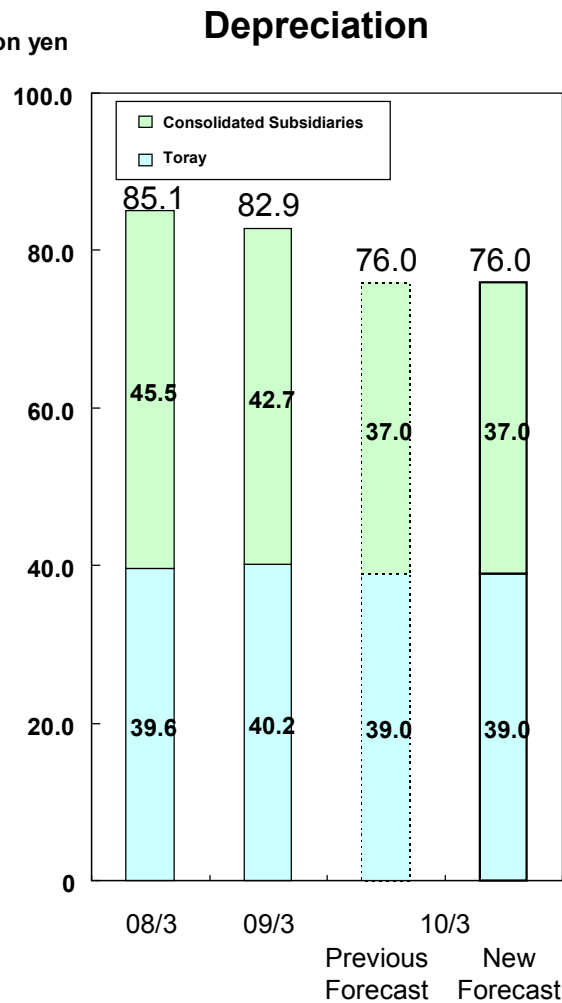
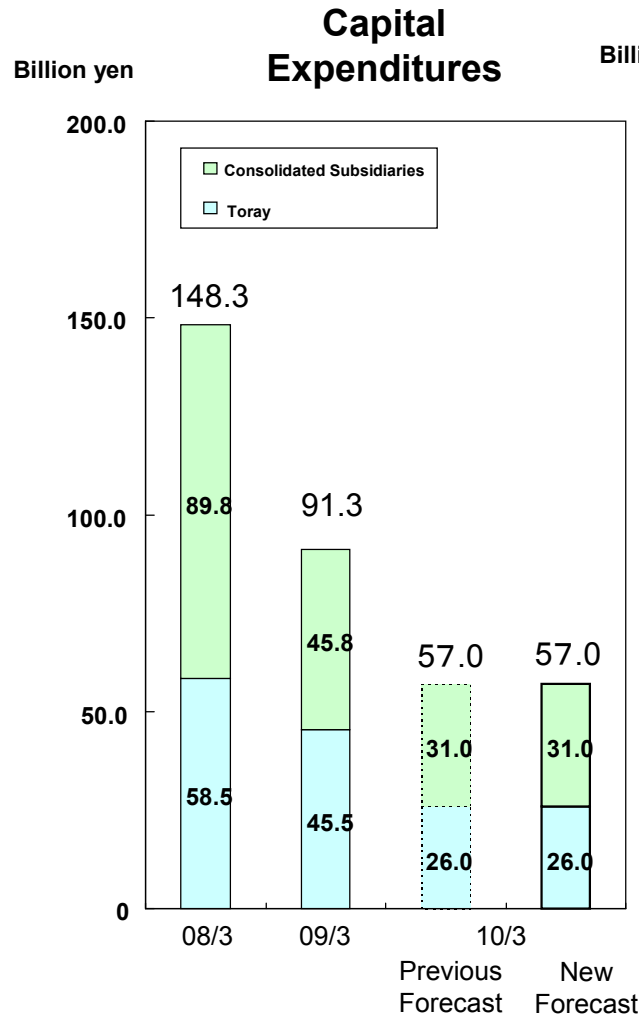
Innovation by Chemistry  
Billion yen

Business Segment	FY Mar/10 Operating Income 1H Actual → 2H Forecast ( ) difference	Variance Factors
Fibers & Textiles	0.2 → 4.8 (+4.6)	<ul style="list-style-type: none"> <li>• In apparel applications, severe business environment is estimated to continue, however, automotive applications is tending toward recovery and output reduction is expected to be eased.</li> <li>• Shipment of winter items for a major SPA is expected to increase at certain Japanese and overseas subsidiaries.</li> <li>• Promote further total cost reduction.</li> </ul>
Plastics & Chemicals	1.1 → 3.9 (+2.8)	<ul style="list-style-type: none"> <li>• Shipment is recovering in accordance with the market recovery. Output reduction is expected to be eased.</li> <li>• Promote further total cost reduction.</li> </ul>
IT-related Products	5.3 → 10.7 (+5.4)	<ul style="list-style-type: none"> <li>• Sales volume of IT-related materials, including FPD-related materials, is expected to increase. Output reduction is expected to be eased.</li> <li>• Promote further total cost reduction.</li> </ul>
Carbon Fiber Composite Materials	▲1.8 → ▲6.2 (-4.5)	<ul style="list-style-type: none"> <li>• Sales volume is expected to increase particularly in aircraft and industrial applications, however, average unit price is estimated to fall due to the impact of the strong yen and price decline of products for industrial application.</li> <li>• Amid downturn in demand, further output reduction is estimated in order to adjust inventory levels.</li> <li>• Promote further total cost reduction.</li> </ul>
Environment & Engineering	▲0.1 → 4.6 (+4.7)	<ul style="list-style-type: none"> <li>• Income of Japanese subsidiaries tends to be mostly accounted for the 4Q.</li> <li>• Delivery of RO membrane to a large-scale project which has already been ordered is scheduled at US water treatment subsidiary.</li> <li>• Promote further total cost reduction.</li> </ul>
Life Science & Other Businesses	0.0 → 2.5 (+2.4)	<ul style="list-style-type: none"> <li>• Expand sales of pharmaceuticals and medical products.</li> <li>• Promote further total cost reduction.</li> </ul>
Elimination & Corporate	0.7 → ▲0.7 (-1.3)	
Consolidated	5.5 → 19.5 (+14.0)	

# Forecast of Capital Expenditures, Depreciation, R&D Expenses



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Descriptions of predicted business results, projections, and business plans for the Fiscal Year ending March 2010 contained in this material are based on predictive forecasts of the future business environment made at the present time.

The material in this presentation is not a guarantee of the Company's future business performance.