

November 4, 2010

Announcement of Business Results  
For the Second Quarter of  
Fiscal Year Ending March 2011

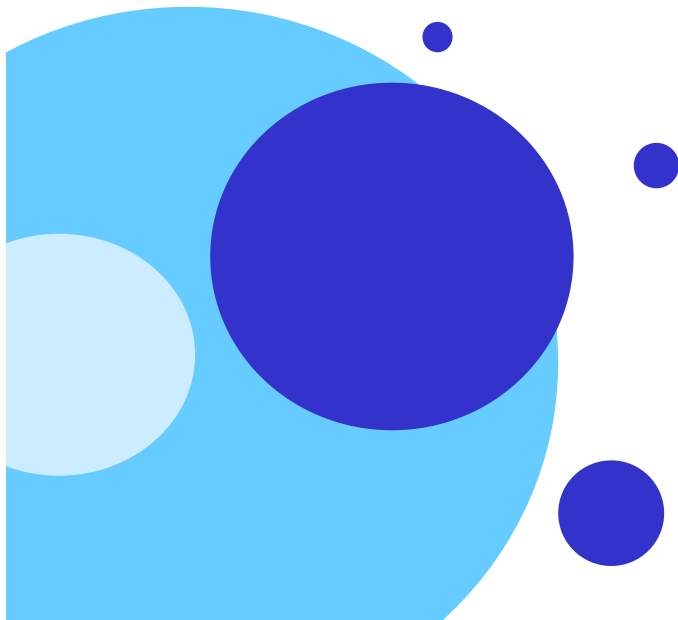


Toray Industries, Inc.

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# I. Business Results for the 2Q of Fiscal Year Ending March 2011 (Consolidated Basis)



# Summary of Consolidated Business Results For the 2Q of FY Ending March 2011

Billion yen

	FY Mar/10 2Q (Jul.-Sept.)	FY Mar/11 2Q (Jul.-Sept.)	Changes	FY Mar/10 Six-months (Apr.-Sept.)	FY Mar/11 Six-months (Apr.-Sept.)	Changes
Net Sales	339.3	383.0	+43.8 (+12.9%)	617.9	733.4	+115.4 (+18.7%)
Cost of Sales	280.3	304.0	+23.6 (+8.4%)	511.6	586.9	+75.3 (+14.7%)
Gross Profit	58.9	79.1	+20.1 (+34.1%)	106.3	146.5	+40.2 (+37.8%)
(Gross Profit to Net Sales)	17.4%	20.6%	+3.3 points	17.2%	20.0%	+2.8 points
Operating Income	7.9	26.3	+18.4 (+233.9%)	5.5	42.5	+37.0 (+674.1%)
(Operating Income to Net Sales)	2.3%	6.9%	+4.5 points	0.9%	5.8%	+4.9 points
Non-operating Income and Expenses, net	▲ 3.0	▲ 0.4	+2.6	▲ 8.2	▲ 2.1	+6.1
Ordinary Income (Loss)	4.9	25.9	+21.0 (+427.5%)	▲ 2.7	40.5	+43.1 (-)
Special Credits and Charges, net	▲ 2.4	▲ 1.2	+1.1	▲ 5.0	▲ 4.5	+0.5
Income (Loss) before Income Taxes	2.5	24.7	+22.2 (+871.6%)	▲ 7.7	35.9	+43.6 (-)
Net Income (Loss)	1.1	16.3	+15.2 (-)	▲ 6.3	24.9	+31.2 (-)

	(FY Mar/10 2Q)	(FY Mar/11 2Q)	(FY Mar/10 1H)	(FY Mar/11 1H)		
Exchange Rate <Yen/US\$>	Average	: 93.7	85.9	95.5	89.0	
	End of the term	: 90.2	83.8			
	<Yen/Euro>	Average	: 133.7	110.7	133.2	113.8
		End of the term	: 131.7	114.2		
Oil Price <US\$/B>	(DUBAI FOB)	Average	: 67.9	73.9	63.5	76.0

\*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

	FY Mar/10 2Q (Jul.-Sept.)	FY Mar/11 2Q (Jul.-Sept.)	Changes	FY Mar/10 Six-months (Apr.-Sept.)	FY Mar/11 Six-months (Apr.-Sept.)	Changes
<b>Non-operating Income</b>	2.5	3.0	+0.5	3.6	7.8	+4.2
Interest and Dividend Income	0.3	0.2	-0.0	1.3	1.4	+0.1
Equity in Earnings of Affiliates	0.9	2.0	+1.1	0.2	4.2	+4.0
Others	1.3	0.7	-0.6	2.1	2.3	+0.1
<b>Non-operating Expenses</b>	▲ 5.4	▲ 3.4	+2.1	▲ 11.8	▲ 9.9	+1.9
Interest Expenses	▲ 2.5	▲ 1.7	+0.8	▲ 4.9	▲ 3.4	+1.5
Others	▲ 3.0	▲ 1.7	+1.3	▲ 6.8	▲ 6.5	+0.4
<b>Non-operating Income and Expenses, net</b>	▲ 3.0	▲ 0.4	+2.6	▲ 8.2	▲ 2.1	+6.1
<b>Interest and Dividend Income, Interest Expenses, net</b>	▲ 2.2	▲ 1.4	+0.8	▲ 3.7	▲ 2.0	+1.6

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

# Special Credits and Charges

Billion yen

	FY Mar/10 2Q (Jul.-Sept.)	FY Mar/11 2Q (Jul.-Sept.)	Changes	FY Mar/10 Six-months (Apr.-Sept.)	FY Mar/11 Six-months (Apr.-Sept.)	Changes
<b>Special Credits</b>	<b>0.1</b>	<b>0.3</b>	<b>+0.1</b>	<b>0.2</b>	<b>1.9</b>	<b>+1.7</b>
Gain on Sales of Property, Plant and Equipment	0.1	0.3	+0.2	0.2	0.3	+0.2
Gain on Sales of Investment Securities	0.0	-	-0.0	0.0	1.6	+1.5
<b>Special Charges</b>	<b>▲ 2.5</b>	<b>▲ 1.5</b>	<b>+1.0</b>	<b>▲ 5.2</b>	<b>▲ 6.4</b>	<b>-1.2</b>
Loss on Sales and Disposal of Property, Plant and Equipment	▲ 1.1	▲ 1.1	-0.0	▲ 1.6	▲ 1.7	-0.1
Loss on Impairment of Fixed Assets	▲ 0.8	-	+0.8	▲ 0.8	-	+0.8
Loss on Write-down of Investment Securities	▲ 0.1	▲ 0.2	-0.1	▲ 2.1	▲ 3.0	-0.9
Loss on Adjustment for Changes of Accounting Standards for Asset Retirement Obligations	-	-	-	-	▲ 1.4	-1.4
Others	▲ 0.6	▲ 0.2	+0.4	▲ 0.7	▲ 0.2	+0.5
<b>Special Credits and Charges, net</b>	<b>▲ 2.4</b>	<b>▲ 1.2</b>	<b>+1.1</b>	<b>▲ 5.0</b>	<b>▲ 4.5</b>	<b>+0.5</b>

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

# Assets, Liabilities, Net Assets and Free Cash Flows

Billion yen

	End of Mar/10	End of Sept/10	Changes
<b>Total Assets</b>	<b>1,556.8</b>	<b>1,552.9</b>	<b>-3.9</b>
Current Assets	640.5	684.6	+44.2
Tangible Assets	580.3	543.1	-37.3
Intangible Assets	10.4	9.8	-0.6
Investment and Other Assets	325.6	315.4	-10.2

	End of Mar/10	End of Sept/10	Changes
<b>Total Liabilities</b>	<b>1,038.6</b>	<b>937.6</b>	<b>-101.0</b>
Current Liabilities	514.0	447.4	-66.6
Other Liabilities	524.6	490.3	-34.4
<b>Total Net Assets</b>	<b>518.2</b>	<b>615.2</b>	<b>+97.0</b>
<b>Interest-bearing Debts</b>	<b>632.2</b>	<b>527.4</b>	<b>-104.8</b>
<b>D/E Ratio</b>	<b>1.34</b>	<b>0.93</b>	<b>-0.41</b>

<Free Cash Flows>

Billion yen

	FY Mar/10 Six-months (Apr.-Sept.)	FY Mar/11 Six-months (Apr.-Sept.)	Changes
Cash Flows from Operating Activities	27.2	31.2	+4.0
Cash Flows from Investment Activities	▲ 35.2	▲ 19.7	+15.5
Free Cash Flows	▲ 8.0	11.4	+19.5

# Capital Expenditures, Depreciation, R&D Expenses

Billion yen

	FY Mar/10 Six-months (Apr.-Sept.)	FY Mar/11 Six-months (Apr.-Sept.)	Changes	Comments
Capital Expenditures	24.9	20.2	-4.7	Toray : 4.3, Japan : 2.5, Overseas : 13.4
Depreciation -)	36.8	34.4	-2.4	Toray : 17.2, Japan : 4.5, Overseas : 12.7
Transfer, Disposal, etc.	10.9	▲ 23.1	-34.0	
Changes in Tangible Assets	▲ 0.9	▲ 37.3		

## Major Capital Expenditures: <Overseas>

T B M C (Toray BlueStar Membrane Co., Ltd.) : Water treatment membrane production facilities (China)

T A K (Toray Advanced Materials Korea Inc.) : Optical polyester (PET) film production facilities (Korea)

## R&D Expenses

Billion yen

	FY Mar/10 Six-months (Apr.-Sept.)	FY Mar/11 Six-months (Apr.-Sept.)	Changes
Toray	18.3	18.2	- 0.1
Consolidated Subsidiaries	4.6	4.8	+0.2
Consolidated Basis	22.9	23.0	+0.1



# Net Sales and Operating Income by Segment **TORAY** Innovation by Chemistry

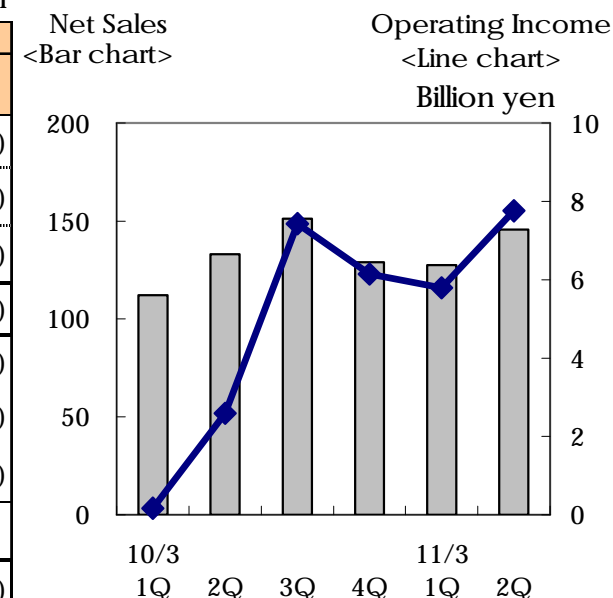
	Net Sales			Operating Income			Billion yen
	FY Mar/10 2Q (Jul.-Sept.)	FY Mar/11 2Q (Jul.-Sept.)	Changes	FY Mar/10 2Q (Jul.-Sept.)	FY Mar/11 2Q (Jul.-Sept.)	Changes	
Fibers & Textiles	133.0	145.6	+12.5 (+9.4%)	2.6	7.8	+5.2 (+199.6%)	
Plastics & Chemicals	83.0	92.4	+9.4 (+11.3%)	3.2	6.6	+3.4 (+105.1%)	
IT-related Products	57.1	72.6	+15.5 (+27.1%)	5.1	13.0	+7.9 (+155.9%)	
Carbon Fiber Composite Materials	11.0	16.2	+5.2 (+46.8%)	▲ 0.7	1.3	+2.0 (-)	
Environment & Engineering	39.6	38.9	-0.7 (-1.8%)	1.2	▲ 0.8	-2.0 (-)	
Life Science	11.9	13.7	+1.9 (+15.6%)	0.6	2.2	+1.6 (+259.6%)	
Others	3.7	3.7	+0.0 (+0.5%)	0.1	0.3	+0.2 (+385.9%)	
Total	339.3	383.0	+43.8 (+12.9%)	12.0	30.3	+18.3 (+152.4%)	
Adjustment				▲ 4.1	▲ 4.0	+0.1 (-)	
Consolidated	339.3	383.0	+43.8 (+12.9%)	7.9	26.3	+18.4 (+233.9%)	
	Net Sales			Operating Income			
	FY Mar/10 Six-months (Apr.-Sept.)	FY Mar/11 Six-months (Apr.-Sept.)	Changes	FY Mar/10 Six-months (Apr.-Sept.)	FY Mar/11 Six-months (Apr.-Sept.)	Changes	
Fibers & Textiles	245.1	273.1	+28.0 (+11.4%)	2.8	13.6	+10.8 (+392.5%)	
Plastics & Chemicals	153.7	186.5	+32.8 (+21.3%)	3.6	12.1	+8.5 (+238.7%)	
IT-related Products	107.3	136.2	+28.9 (+26.9%)	7.4	21.3	+13.9 (+186.9%)	
Carbon Fiber Composite Materials	21.0	31.9	+10.9 (+51.9%)	▲ 1.0	1.2	+2.3 (-)	
Environment & Engineering	61.8	73.5	+11.7 (+18.9%)	▲ 0.3	▲ 1.5	-1.2 (-)	
Life Science	22.3	25.5	+3.2 (+14.2%)	0.6	3.3	+2.8 (+500.7%)	
Others	6.7	6.8	+0.1 (+0.9%)	0.1	0.4	+0.3 (+174.5%)	
Total	617.9	733.4	+115.4 (+18.7%)	13.1	50.4	+37.3 (+285.3%)	
Adjustment				▲ 7.6	▲ 7.8	-0.3 (-)	
Consolidated	617.9	733.4	+115.4 (+18.7%)	5.5	42.5	+37.0 (+674.1%)	

Segment components have been changed based on a management approach from FY Mar/11.  
The figures for FY Mar/10 are modified to show the results according to the new segment components.

# Business Results by Segment (Fibers & Textiles)

Unit : Billion yen

		2Q (Jul.-Sept.)				Six-months (Apr.-Sept.)			
		FY Mar/10	FY Mar/11	Changes		FY Mar/10	FY Mar/11	Changes	
Net Sales	Toray	22.4	25.8	+3.4	(+15.1%)	43.1	50.2	+7.1	(+16.5%)
	Japanese Subsidiaries	69.8	72.7	+3.0	(+4.2%)	127.4	134.6	+7.2	(+5.7%)
	Overseas Subsidiaries	40.9	47.1	+6.2	(+15.2%)	74.6	88.2	+13.6	(+18.3%)
	Total	133.0	145.6	+12.5	(+9.4%)	245.1	273.1	+28.0	(+11.4%)
Operating Income	Toray	▲ 0.8	2.2	+3.0	(-)	▲ 1.5	4.8	+6.3	(-)
	Japanese Subsidiaries	1.8	1.7	-0.1	(-7.6%)	2.5	2.8	+0.3	(+13.3%)
	Overseas Subsidiaries	1.7	4.2	+2.4	(+140.3%)	1.6	6.9	+5.3	(+329.6%)
	Adjustment	▲ 0.2	▲ 0.3	-0.1		0.2	▲ 0.9	-1.1	
	Total	2.6	7.8	+5.2	(+199.6%)	2.8	13.6	+10.8	(+392.5%)



## 2Q (Jul.-Sept.)

## Sales / Income Increased

- Toray** : Following the 1Q, demand for industrial-use materials led by airbags and other automotive applications as well as general applications grew steadily. Meanwhile, sales volume expanded in apparel applications with the increase in demand.
- Japanese Subsidiaries** : Overall business was steady while trading companies were impacted by the strong yen.
- Overseas Subsidiaries** : Both apparel and industrial applications showed steady progress, such as polypropylene spunbond business for diapers in Korea and China, yarn and textile business for air bag applications in Thailand and Czech Republic and the garment business in China.

## Six-months (Apr.-Sept.)

## Sales / Income Increased

In Japan, industrial applications remained steady in automotive use including airbags and in general applications while sales volume expanded in apparel applications. Overseas, performance were steady in the polypropylene spunbond business for diapers in Korea and China, yarn and textile operations for air bag applications in Thailand and Czech Republic and the textile business in China.

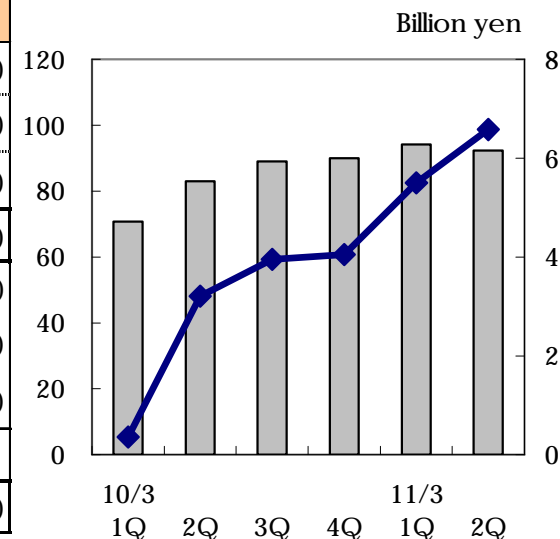
# Business Results by Segment (Plastics & Chemicals)

Unit : Billion yen

		2Q (Jul.-Sept.)				Six-months (Apr.-Sept.)			
		FY Mar/10	FY Mar/11	Changes		FY Mar/10	FY Mar/11	Changes	
Net Sales	Toray	15.8	17.2	+1.5	(+9.3%)	30.0	35.4	+5.4	(+17.9%)
	Japanese Subsidiaries	32.3	32.0	-0.3	(-0.8%)	62.2	68.0	+5.8	(+9.3%)
	Overseas Subsidiaries	34.9	43.1	+8.2	(+23.5%)	61.5	83.2	+21.6	(+35.2%)
	Total	83.0	92.4	+9.4	(+11.3%)	153.7	186.5	+32.8	(+21.3%)
Operating Income	Toray	0.7	1.2	+0.5	(+81.9%)	▲ 1.0	2.5	+3.5	(-)
	Japanese Subsidiaries	1.3	1.8	+0.5	(+34.9%)	2.3	4.0	+1.8	(+78.0%)
	Overseas Subsidiaries	1.1	3.5	+2.4	(+216.9%)	2.2	5.6	+3.5	(+160.4%)
	Adjustment	0.1	0.1	-0.0		0.1	▲ 0.1	-0.2	
	Total	3.2	6.6	+3.4	(+105.1%)	3.6	12.1	+8.5	(+238.7%)

Net Sales  
<Bar chart>

Operating Income  
<Line chart>



## 2Q (Jul.-Sept.)

### Sales / Income Increased

#### Toray

: Sales volume in the plastic resins business expanded particularly in automotive and consumer electronics applications. In the films business, products in industrial materials applications performed steadily led by back sheets for solar cells, etc.

#### Japanese Subsidiaries

: Despite the negative impact of the strong yen, manufacturing subsidiaries and trading subsidiaries delivered steady results in general.

#### Overseas Subsidiaries

: Sales volume expanded at each films subsidiary. Performance showed steady progress at a plastic resins subsidiary in Malaysia mainly in consumer electronics applications.

## Six-months (Apr.-Sept.)

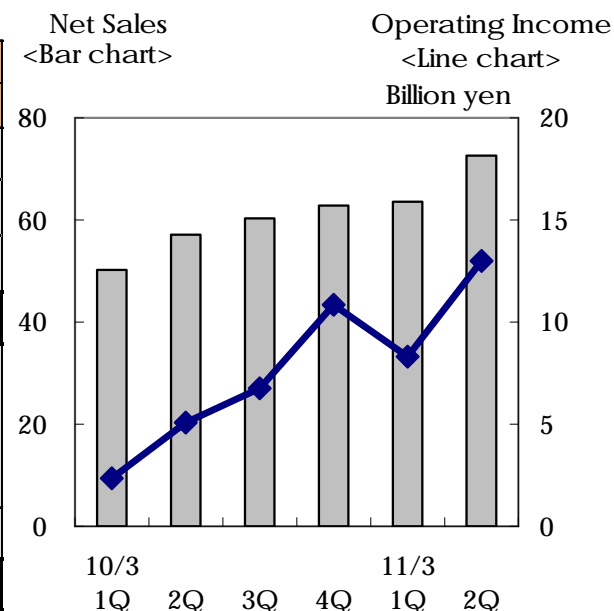
### Sales / Income Increased

In the plastic resins business, recovery in demand continued on the back of growth in automobile sales thanks to eco-car subsidies and sales increase in home electric appliances due to the heat wave. In the films business, sales expanded in solar cell applications and for capacitors used in hybrid automobiles as well as the industrial materials field in general such as packaging materials applications.

# Business Results by Segment (IT-related Products)

Unit : Billion yen

		2Q (Jul.-Sept.)				Six-months (Apr.-Sept.)			
		FY Mar/10	FY Mar/11	Changes		FY Mar/10	FY Mar/11	Changes	
Net Sales	Toray	24.5	29.7	+5.3	(+21.5%)	46.3	56.9	+10.6	(+22.8%)
	Japanese Subsidiaries	17.4	22.2	+4.9	(+28.1%)	34.3	40.5	+6.2	(+18.2%)
	Overseas Subsidiaries	15.3	20.6	+5.4	(+35.1%)	26.7	38.7	+12.1	(+45.2%)
	Total	57.1	72.6	+15.5	(+27.1%)	107.3	136.2	+28.9	(+26.9%)
Operating Income	Toray	3.2	8.1	+4.9	(+153.5%)	3.9	13.4	+9.5	(+244.1%)
	Japanese Subsidiaries	0.6	1.7	+1.1	(+177.3%)	1.7	2.8	+1.1	(+63.2%)
	Overseas Subsidiaries	1.3	3.1	+1.8	(+142.6%)	1.8	5.0	+3.3	(+185.7%)
	Adjustment	▲ 0.0	0.0	+0.1		0.1	0.1	+0.0	
	Total	5.1	13.0	+7.9	(+155.9%)	7.4	21.3	+13.9	(+186.9%)



## 2Q (Jul.-Sept.)

### Sales / Income Increased

#### Toray

: Films and processed film products used in flat panel displays (FPDs) and electronic components applications were steady. As for LCD color filters, thanks to the healthy smartphone demand, sales of high-definition products increased.

#### Japanese Subsidiaries

: Sales of FPD-related processed films increased at a film processing subsidiary. Fine chemicals subsidiaries also performed steadily.

#### Overseas Subsidiaries

: Films and processed film products performed well and sales volume of electric circuit materials expanded at Korean subsidiaries.

## Six-months (Apr.-Sept.)

Films and processed film products used in FPDs performed strong, reflecting growth in demand for TV and other large displays and for small and mid-sized displays for smartphones. Sales volume of semiconductor-related materials and plasma display materials also increased.

### Sales / Income Increased

# Details of the Sales of IT-related Products Segment

[Sales ratio by sub-segment]

Billion yen

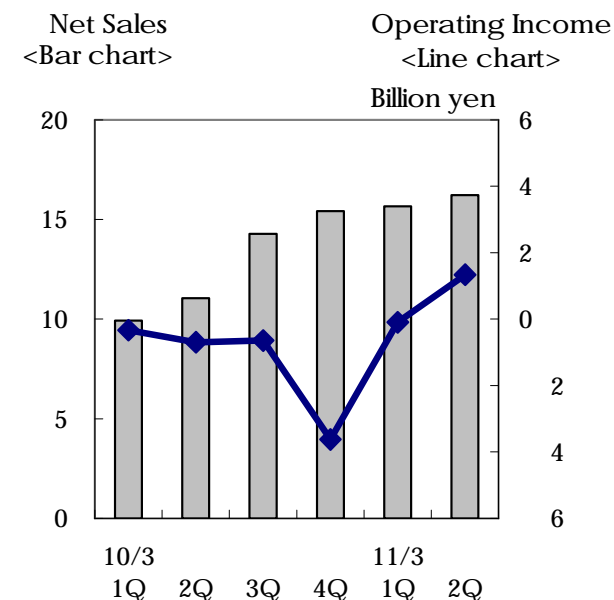
	FY Mar/10 2Q (Jul. -Sept.)		FY Mar/11 2Q (Jul.-Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Display Materials	21.1	37%	30.4	42%	+44%
Electronic Components, Semiconductor, Electric Circuit Materials	20.5	36%	25.4	35%	+24%
Data Storage Materials	7.2	13%	8.4	12%	+17%
Equipment, others	8.3	15%	8.4	12%	+1%
Total of IT-related Products Segment	57.1		72.6		+27%

	FY Mar/10 Six Months (Apr. - Sept.)		FY Mar/11 Six Months (Apr. - Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Display Materials	39.8	37%	56.5	41%	+42%
Electronic Components, Semiconductor, Electric Circuit Materials	36.5	34%	48.8	36%	+34%
Data Storage Materials	13.8	13%	16.6	12%	+20%
Equipment, others	17.2	16%	14.4	11%	-17%
Total of IT-related Products Segment	107.3		136.2		+27%

# Business Results by Segment (Carbon Fiber Composite Materials)

Unit : Billion yen

		2Q (Jul.-Sept.)			Six-months (Apr.-Sept.)		
		FY Mar/10	FY Mar/11	Changes	FY Mar/10	FY Mar/11	Changes
Net Sales	Toray	8.7	12.8	+4.1 (+46.4%)	16.1	24.9	+8.8 (+55.1%)
	Japanese Subsidiaries	5.7	9.5	+3.8 (+67.2%)	10.2	17.8	+7.6 (+74.0%)
	Overseas Subsidiaries	6.8	11.9	+5.1 (+74.4%)	12.8	23.1	+10.2 (+79.8%)
	Adjustment	▲ 10.2	▲ 17.9	-7.8	▲ 18.2	▲ 33.9	-15.8
	Total	11.0	16.2	+5.2 (+46.8%)	21.0	31.9	+10.9 (+51.9%)
Operating Income (Loss)	Toray	▲ 1.3	1.4	+2.7 (-)	▲ 2.4	1.6	+4.0 (-)
	Japanese Subsidiaries	0.0	0.1	+0.1 (+167.5%)	0.1	0.2	+0.1 (+200.0%)
	Overseas Subsidiaries	▲ 0.5	0.2	+0.6 (-)	▲ 0.8	0.1	+0.8 (-)
	Adjustment	1.0	▲ 0.3	-1.3	2.0	▲ 0.7	-2.7
	Total	▲ 0.7	1.3	+2.0 (-)	▲ 1.0	1.2	+2.3 (-)



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 Increased

In all the business areas, demand continued to improve and sales volume expanded in all the applications of aircraft, sports and industrial. Accordingly, production cutback was alleviated.

Six-months  
(Apr.-Sept.)

Sales / Income  
Increased

Sales and production volumes of carbon fibers and prepreg (carbon fiber sheet impregnated with epoxy resin) increased on the back of sustained recovery in demand in aircraft, sports and industrial applications. Sales of carbon fiber composite materials also expanded led by demand in the IT field such as for pc chassis.

# Details of the Sales of Carbon Fiber Composite Materials Segment

[Sales ratio by sub-segment]

Billion yen

	FY Mar/10 2Q (Jul.-Sept.)		FY Mar/11 2Q (Jul.-Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Aircraft	4.0	36%	6.6	41%	+65%
Sports	2.3	21%	3.5	22%	+52%
Industrial	4.8	43%	6.1	38%	+29%
Total of Carbon Fiber Composite Materials	11.0		16.2		+47%

	FY Mar/10 Six-months (Apr.-Sept.)		FY Mar/11 Six-months (Apr.-Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Aircraft	7.4	35%	12.5	39%	+68%
Sports	4.2	20%	6.7	21%	+61%
Industrial	9.3	45%	12.6	40%	+35%
Total of Carbon Fiber Composite Materials	21.0		31.9		+52%

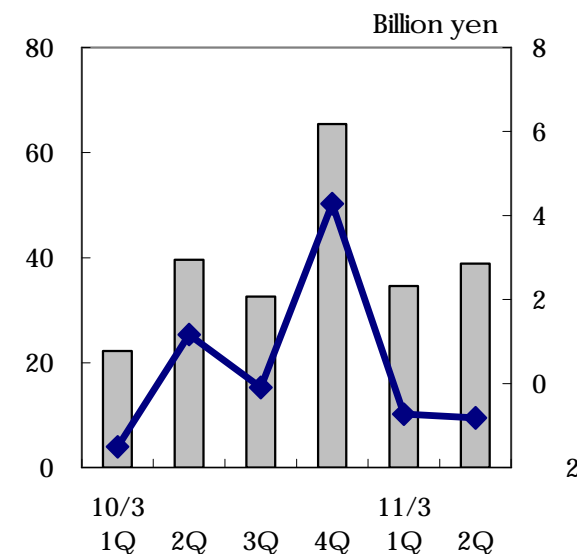
# Business Results by Segment (Environment & Engineering)

Unit : Billion yen

Net Sales  
<Bar chart>

Operating Income  
<Line chart>

		2Q (Jul.-Sept.)				Six-months (Apr.-Sept.)			
		FY Mar/10	FY Mar/11	Changes		FY Mar/10	FY Mar/11	Changes	
Net Sales	Toray	1.8	3.0	+1.1	(+59.9%)	3.1	5.5	+2.4	(+79.2%)
	Japanese Subsidiaries	36.4	34.9	-1.4	(-3.9%)	56.7	66.0	+9.3	(+16.4%)
	Overseas Subsidiaries	1.4	1.0	-0.4	(-29.1%)	2.0	2.0	-0.1	(-2.8%)
	Total	39.6	38.9	-0.7	(-1.8%)	61.8	73.5	+11.7	(+18.9%)
Operating Income (Loss)	Toray	▲ 0.9	▲ 1.0	-0.1	(-)	▲ 1.4	▲ 1.7	-0.3	(-)
	Japanese Subsidiaries	1.7	0.2	-1.6	(-90.2%)	1.1	0.1	-0.9	(-86.6%)
	Overseas Subsidiaries	▲ 0.2	0.0	+0.2	(-)	▲ 0.5	▲ 0.0	+0.5	(-)
	Adjustment	0.5	▲ 0.0	-0.5		0.5	0.1	-0.5	
	Total	1.2	▲ 0.8	-2.0	(-)	▲ 0.3	▲ 1.5	-1.2	(-)



2Q (Jul.-Sept.)

**Sales / Income Decreased**

- Toray** : Sales of reverse osmosis membranes expanded for large-scale overseas projects.
- Japanese Subsidiaries** : Performance was weak at a construction subsidiary as well as at an engineering subsidiary due to the absence of the completion of large-scale projects compared with the same period of the previous fiscal year.
- Overseas Subsidiaries** : Sales of reverse osmosis membranes increased substantially at a US subsidiary.

Six-months  
(Apr.-Sept.)

Sales of reverse osmosis membranes in the water treatment membrane business expanded for large-scale overseas projects. Among Japanese subsidiaries, while a trading company improved its performance, sales at a construction subsidiary declined.

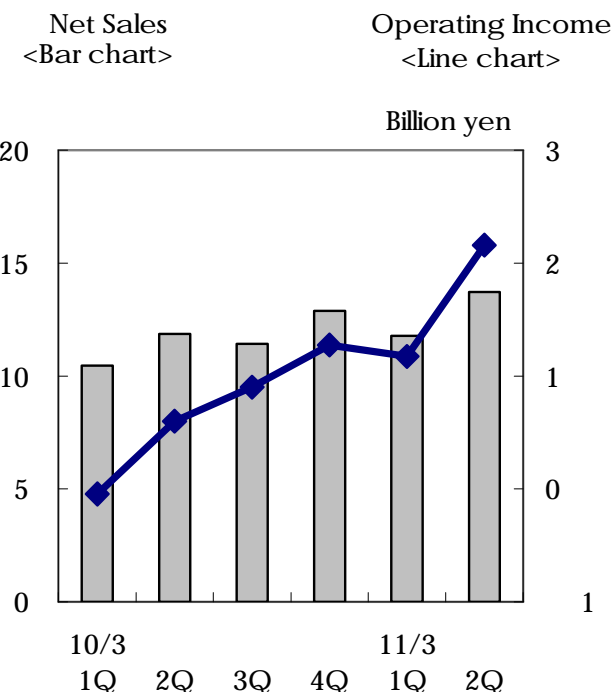
**Sales Increased /  
Income Decreased**



# Business Results by Segment (Life Science)

Unit : Billion yen

		2Q (Jul.-Sept.)				Six-months (Apr.-Sept.)			
		FY Mar/10	FY Mar/11	Changes		FY Mar/10	FY Mar/11	Changes	
Net Sales	Toray	2.5	3.8	+1.3	(+50.0%)	4.3	6.7	+2.4	(+54.2%)
	Japanese Subsidiaries	9.0	9.7	+0.7	(+8.3%)	17.1	18.2	+1.2	(+7.0%)
	Overseas Subsidiaries	0.4	0.3	-0.1	(-35.0%)	1.0	0.6	-0.4	(-38.2%)
	Total	11.9	13.7	+1.9	(+15.6%)	22.3	25.5	+3.2	(+14.2%)
Operating Income	Toray	▲ 0.0	1.6	+1.6	(-)	▲ 0.1	2.5	+2.6	(-)
	Japanese Subsidiaries	0.2	0.4	+0.3	(+164.6%)	0.0	0.6	+0.6	(-)
	Overseas Subsidiaries	0.0	0.0	-0.0	(-57.1%)	0.1	0.0	-0.0	(-38.2%)
	Adjustment	0.4	0.1	-0.3		0.5	0.2	-0.4	
	Total	0.6	2.2	+1.6	(+259.6%)	0.6	3.3	+2.8	(+500.7%)



2Q (Jul.-Sept.)

**Sales / Income Increased**

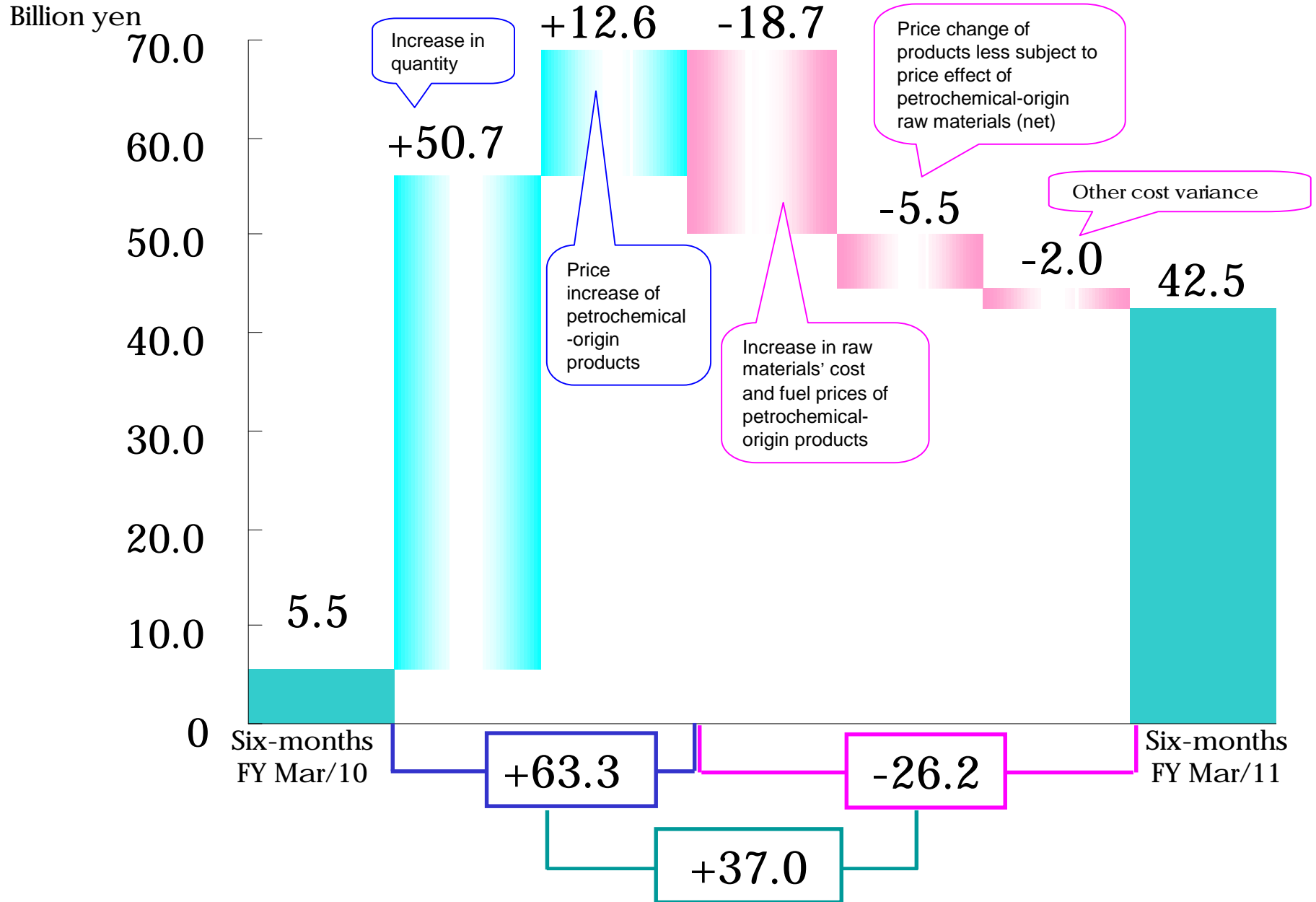
Following the 1Q, sales volume of Feron\*, a natural-type interferon beta preparation, and Toraymyxin\*, a hemoperfusion absorption column for endotoxin removal, continued to expand. Shipment of REMITCH®, an oral anti-pruritus drug, was also strong.

Six-months  
(Apr.-Sept.)

**Sales / Income  
Increased**

Sales volume of Feron\*, a natural-type interferon beta preparation, continued to increase, and shipments of REMITCH®, an oral anti-pruritus drug, and Toraymyxin\*, a hemoperfusion absorption column for endotoxin removal, were also strong in the period.

# Income Variance Factor Analysis (Six Months)



# Results of Major Subsidiaries (Six Months)

Billion yen

	Net Sales			Operating Income		
	FY Mar/10 Six-months (Apr.-Sept.)	FY Mar/11 Six-months (Apr.-Sept.)	Changes	FY Mar/10 Six-months (Apr.-Sept.)	FY Mar/11 Six-months (Apr.-Sept.)	Changes
Toray International Inc.	148.7	200.1	+51.4	2.4	2.6	+0.2
Toray Engineering Co., Ltd.	39.8	34.6	-5.2	1.8	1.2	-0.6
Toray Construction Co., Ltd.	19.8	13.0	-6.8	0.3	▲0.6	-0.9
Toray Advanced Film Co., Ltd.	21.1	28.3	+7.2	0.8	2.2	+1.4
Toray Medical Co., Ltd.	17.2	18.4	+1.2	0.0	0.6	+0.6
TAK (Korea)	32.1	44.5	+12.4	2.8	6.8	+4.1
TPM (Malaysia)	26.2	32.8	+6.6	0.9	1.2	+0.3

Subsidiaries in Southeast Asia *1	Fibers & Textiles	35.7	44.6	+8.9	▲0.0	1.5	+1.5
	Plastics & Chemicals	28.6	38.0	+9.4	1.0	2.3	+1.3
	Others	3.3	3.8	+0.5	0.1	0.2	+0.1
	Total	67.6	86.4	+18.8	1.1	4.0	+2.9

Subsidiaries in China *2	Fibers & Textiles	38.3	46.4	+8.1	0.3	2.5	+2.2
	Plastics & Chemicals	15.9	22.6	+6.7	0.1	0.6	+0.5
	Others	3.9	5.5	+1.6	▲0.0	0.2	+0.2
	Total	58.0	74.5	+16.5	0.4	3.3	+2.9

Films Subsidiaries (Overseas) *3	Plastics & Chemicals	29.8	38.2	+8.4	1.1	3.1	+2.0
	IT-related Products	15.2	24.0	+8.8	1.0	4.1	+3.1
	Total	45.0	62.2	+17.2	2.1	7.2	+5.1

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

\*2 : TFNL, TSD, TJQ, TPN, TCH, TSL, THK-G, TPCH-G, RKH/RKZ, TFH/TFZ, TBMC sum total

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

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

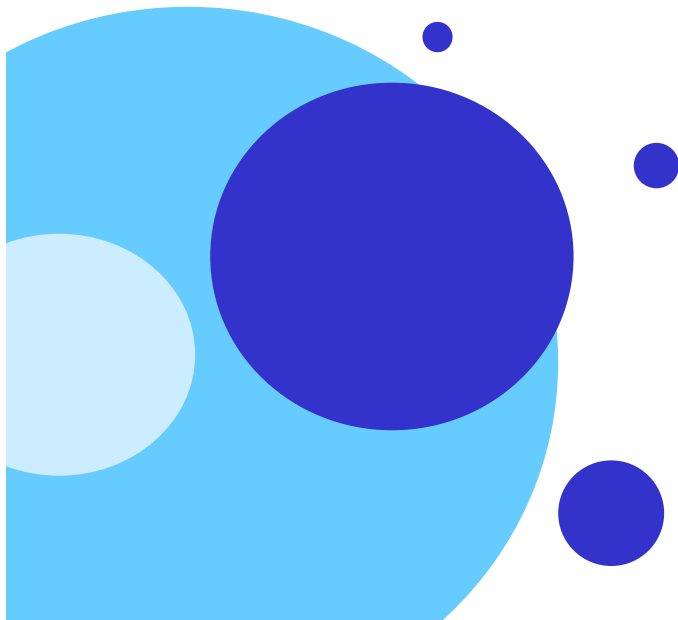
Segment	Operating Income FY Mar/11 1Q → FY Mar/11 2Q ( ) difference	Variance Factors
Fibers & Textiles	5.8 → 7.8 (+2.0)	<ul style="list-style-type: none"> <li>•Trading subsidiaries in Japan performed steadily.</li> <li>•Garment business at a trading subsidiary in Hong Kong was strong. The textile business at a Chinese subsidiary has entered seasonal production.</li> </ul>
Plastics & Chemicals	5.5 → 6.6 (+1.1)	<ul style="list-style-type: none"> <li>•Most of the plastic resins business in Japan and overseas were steady.</li> <li>•Films business in Japan and overseas performed strongly.</li> </ul>
IT-related Products	8.3 → 13.0 (+4.7)	<ul style="list-style-type: none"> <li>•As for Toray parent, LCD color filters for smartphone were steady and some revenue from technical fee was included in the 2Q.</li> <li>•Overseas, films subsidiaries in Korea posted healthy results on the back of strong demand in flat panel displays and electronic components.</li> </ul>
Carbon Fiber Composite Materials	0.1 → 1.3 (+1.4)	<ul style="list-style-type: none"> <li>•Sales volume increased in aircraft, industrial and sports applications respectively.</li> </ul>
Environment & Engineering	0.7 → 0.8 (-0.1)	<ul style="list-style-type: none"> <li>•Water treatment business had impact of the strong yen.</li> </ul>
Life Science	1.2 → 2.2 (+1.0)	<ul style="list-style-type: none"> <li>•Sales of Feron* and REMITCH® expanded.</li> </ul>
Others	0.1 → 0.3 (+0.2)	<ul style="list-style-type: none"> <li>•An analysis, survey and research service subsidiary registered tones of recovery.</li> </ul>
Adjustment	3.8 → 4.0 (-0.2)	
Consolidated	16.2 → 26.3 (+10.1)	

# Comparison of 2Q Operating Income with Previous Forecast by Segment

Billion yen

Segment	2Q Operating Income Previous Forecast* → Actual ( ) difference	Variance Factors
Fibers & Textiles	7.7 → 7.8 (+0.1)	• Mostly in line with the forecast.
Plastics & Chemicals	4.5 → 6.6 (+2.1)	• As for Toray parent and Japanese subsidiaries, sales remained steady in films and processed film products for solar cells, consumer electronic parts, and packaging applications.
IT-related Products	11.7 → 13.0 (+1.3)	• Led by the healthy smartphone demand, sales remained strong in films for electronic components, LCD color filters, etc.
Carbon Fiber Composite Materials	1.1 → 1.3 (+0.2)	• Mostly in line with the forecast.
Environment & Engineering	1.3 → 0.8 (+0.5)	• Export of RO elements performed strong.
Life Science	1.3 → 2.2 (+0.8)	• Sales of Feron* and REMITCH® performed strong. • There was a delay in potential cost.
Others	0.1 → 0.3 (+0.4)	• Performance was steady at a trading subsidiary.
Adjustment	5.2 → 4.0 (+1.2)	
Consolidated	19.8 → 26.3 (+6.5)	* Previous forecast refers to the previous business announcement for the 1Q of FY Mar/11 on August 6, 2010.

## II. Business Forecast for the Fiscal Year Ending March 2011 (Consolidated Basis)



# Forecast Summary

Billion yen

		FY Mar/10 Actual	FY Mar/11 Previous Forecast	FY Mar/11 New Forecast	Changes		Difference from FY Mar/11 Previous Forecast
Net Sales	1st Half	617.9	730.0	733.4	+115.4	(+18.7%)	+3.4
	2nd Half	741.7	800.0	796.6	+54.9	(+7.4%)	-3.4
	Total	1,359.6	1,530.0	1,530.0	+170.4	(+12.5%)	-
Operating Income	1st Half	5.5	36.0	42.5	+37.0	(+674.1%)	+6.5
	2nd Half	34.6	40.0	40.5	+5.9	(+16.9%)	+0.5
	Total	40.1	76.0	83.0	+42.9	(+106.9%)	+7.0
Ordinary Income	1st Half	▲ 2.7	33.0	40.5	+43.1	(-)	+7.5
	2nd Half	11.7	35.0	35.5	+23.9	(+204.1%)	+0.5
	Total	9.0	68.0	76.0	+67.0	(+743.9%)	+8.0
Net Income (Loss)	1st Half	▲ 6.3	20.0	24.9	+31.2	(-)	+4.9
	2nd Half	▲ 7.8	17.0	17.1	+24.9	(-)	+0.1
	Total	▲ 14.2	37.0	42.0	+56.2	(-)	+5.0

Net Income(Loss) per Share	1st Half	4.5yen	12.9yen	16.0yen
	2nd Half	5.6yen	10.4yen	10.5yen
	Total	10.1yen	23.3yen	26.4yen
Dividend per Share	1st Half	2.5yen	2.5yen	2.5yen
	2nd Half	2.5yen	2.5yen	2.5yen
	Total	5.0yen	5.0yen	5.0yen

Remarks : Estimated exchange rate : 80 yen / US\$ (October ~)  
Estimated oil price : 78 US\$/ B (DU B AI FOB) (October ~)

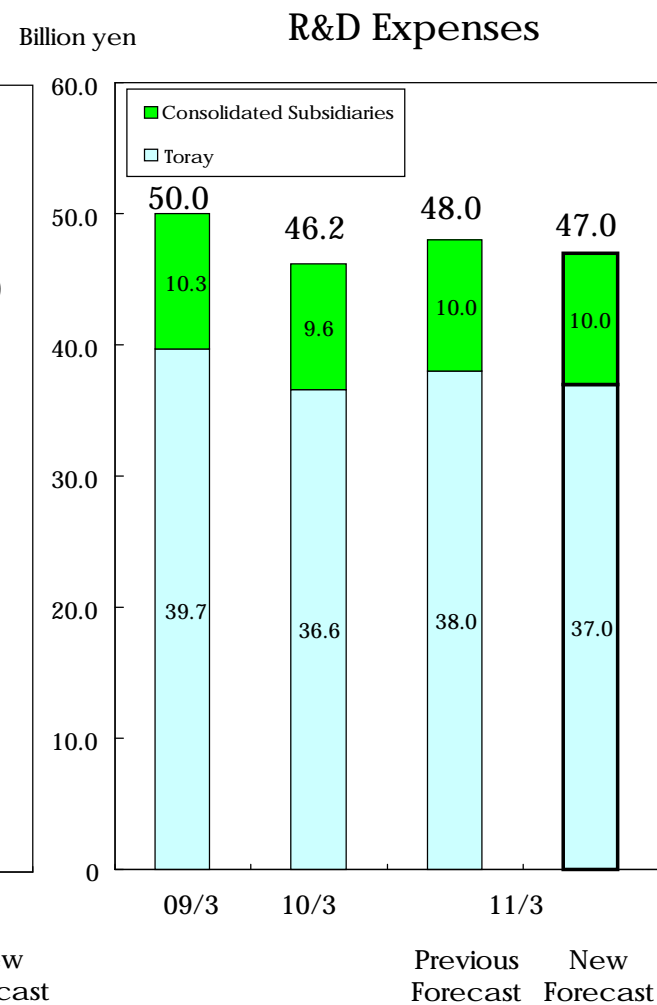
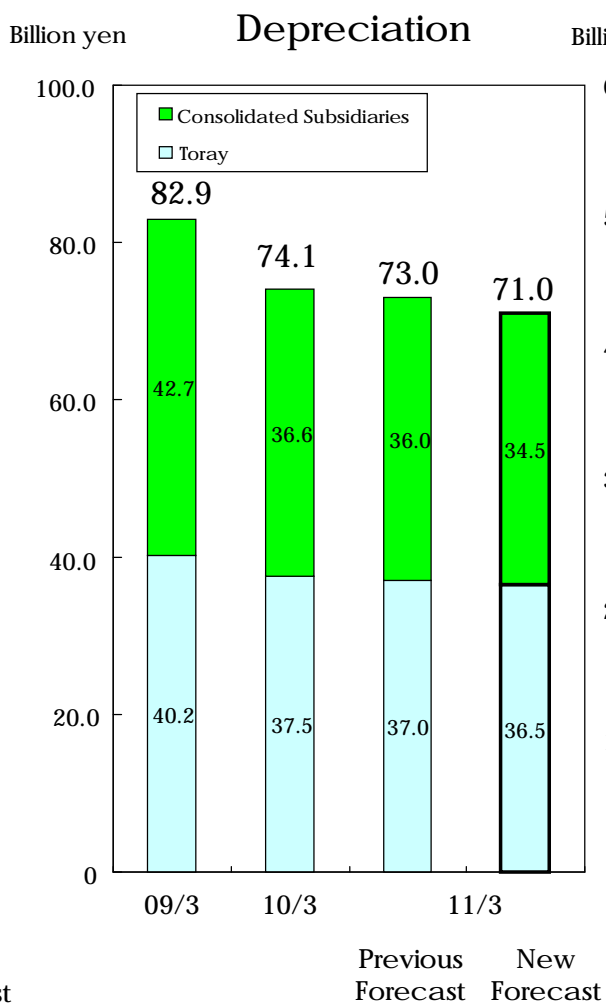
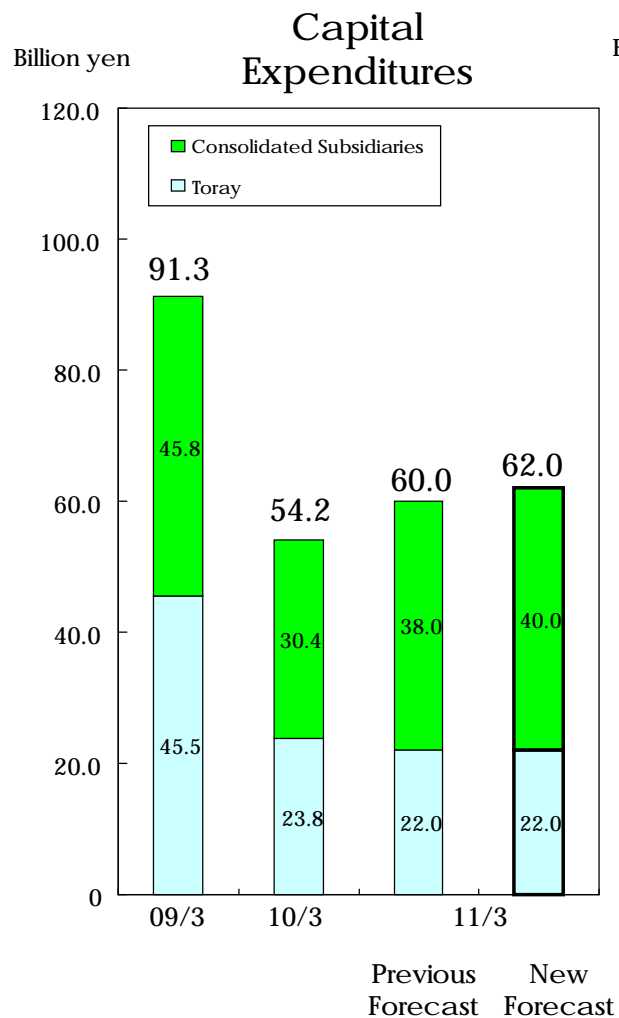
# Business Forecast by Segment

Billion yen

		FY Mar/10 Actual			FY Mar/11 Forecast			Changes		
		1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total
Net Sales	Fibers & Textiles	245.1	280.1	525.2	273.1	286.9	560.0	+28.0	+6.8	+34.8
	Plastics & Chemicals	153.7	179.0	332.7	186.5	193.5	380.0	+32.8	+14.5	+47.3
	IT-related Products	107.3	123.1	230.4	136.2	138.8	275.0	+28.9	+15.7	+44.6
	Carbon Fiber Composite Materials	21.0	29.7	50.7	31.9	36.1	68.0	+10.9	+6.4	+17.3
	Environment & Engineering	61.8	98.0	159.8	73.5	106.5	180.0	+11.7	+8.5	+20.2
	Life Science	22.3	24.3	46.7	25.5	26.5	52.0	+3.2	+2.2	+5.3
	Others	6.7	7.4	14.1	6.8	8.2	15.0	+0.1	+0.8	+0.9
	Consolidated	617.9	741.7	1,359.6	733.4	796.6	1,530.0	+115.4	+54.9	+170.4
Operating Income	Fibers & Textiles	2.8	13.6	16.3	13.6	14.0	27.5	+10.8	+0.4	+11.2
	Plastics & Chemicals	3.6	8.0	11.6	12.1	8.9	21.0	+8.5	+0.9	+9.4
	IT-related Products	7.4	17.6	25.0	21.3	16.7	38.0	+13.9	-0.9	+13.0
	Carbon Fiber Composite Materials	▲ 1.0	▲ 4.3	▲ 5.3	1.2	▲ 0.2	1.0	+2.3	+4.0	+6.3
	Environment & Engineering	▲ 0.3	4.2	3.9	▲ 1.5	5.5	4.0	-1.2	+1.4	+0.2
	Life Science	0.6	2.2	2.7	3.3	2.7	6.0	+2.8	+0.5	+3.3
	Others	0.1	0.7	0.9	0.4	1.1	1.5	+0.3	+0.4	+0.6
	Adjustment	▲ 7.6	▲ 7.4	▲ 14.9	▲ 7.8	▲ 8.2	▲ 16	-0.3	-0.8	-1.1
	Consolidated	5.5	34.6	40.1	42.5	40.5	83.0	+37.0	+5.9	+42.9



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



Descriptions of predicted business results, projections, and business plans for the Fiscal Year ending March 2011 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.