

February 6, 2009

## Toray Announces Consolidated Results for the Nine Months Ended December 31, 2008

Tokyo, February 6, 2009 - Toray Industries, Inc. today announced its consolidated business results for the nine months ended December 31, 2008 of the fiscal year ending March 31, 2009. 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)

	Nine months ended December 31,			(Reference)
	2008	2007	2008	Fiscal 2007
	Yen		<i>U.S. dollars</i>	Yen
Net sales	<b>¥1,168,950</b>	¥1,207,473	<b>\$12,846</b>	¥1,649,670
Operating income	<b>43,137</b>	63,334	<b>474</b>	103,429
Ordinary income	<b>33,639</b>	59,150	<b>370</b>	91,471
Net income	<b>5,480</b>	32,007	<b>60</b>	48,069
Net income basic per share	<b>3.91</b>	22.87	-	34.34

### Consolidated Financial Condition

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

	Nine months ended December 31,			(Reference)
	2008	2007	2008	Fiscal 2007
	Yen		<i>U.S. dollars</i>	Yen
Total assets	<b>¥1,642,050</b>	¥1,715,478	<b>\$18,045</b>	¥1,698,226
Property, plant and equipment, net	<b>640,687</b>	673,820	<b>7,041</b>	680,993
Net assets	<b>567,703</b>	650,605	<b>6,238</b>	642,159
Net assets per share	<b>371.85</b>	425.00	-	423.78
Equity ratio	<b>31.7%</b>	34.7%	-	34.9%

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. For calculation of "net assets per share" and "equity ratio," minority interests are deducted from net assets.
3. U.S. dollar amounts have been converted from yen at the exchange rate of ¥91.0=U.S.\$1, the approximate rate of exchange prevailing on December 31, 2008.
4. Amounts are rounded to the nearest million.

## Forecast of Consolidated Results for the Year Ending March 31, 2009

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

	Forecast		Difference	Revised Forecast
	Previous	Revised		
	Yen			<i>U.S. dollars</i>
Net sales	¥1,700,000	<b>¥1,500,000</b>	(¥200,000)	<b>\$16,667</b>
Operating income	75,000	<b>38,000</b>	(37,000)	<b>422</b>
Ordinary income	70,000	<b>21,000</b>	(49,000)	<b>233</b>
Net income	30,000	<b>(16,000)</b>	(46,000)	<b>(178)</b>

Reference: Forecast EPS (year ending March 31, 2009) (¥11.43)

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥90=U.S.\$1, the estimated rate of exchange prevailing on March 31, 2009.
2. Amounts are rounded to the nearest million.

## Consolidated Business Segment Information

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

Net Sales	Nine months ended December 31,		
	2008	2007	2008
	Yen		<i>U.S. dollars</i>
Fibers and Textiles	<b>¥452,213</b>	¥485,149	<b>\$4,969</b>
Plastics and Chemicals	<b>316,254</b>	302,347	<b>3,475</b>
IT-related Products	<b>187,447</b>	207,164	<b>2,060</b>
Carbon Fiber Composite Materials	<b>55,046</b>	61,016	<b>605</b>
Environment and Engineering	<b>110,759</b>	104,516	<b>1,217</b>
Life Science and Other Businesses	<b>47,231</b>	47,281	<b>519</b>
Total	<b>1,168,950</b>	1,207,473	<b>12,846</b>
Elimination and Corporate	-	-	-
Consolidated Total	<b>1,168,950</b>	1,207,473	<b>12,846</b>

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

Operating Income	Nine months ended December 31,		
	2008	2007	2008
	Yen		<i>U.S. dollars</i>
Fibers and Textiles	<b>¥9,916</b>	¥14,703	<b>\$109</b>
Plastics and Chemicals	<b>10,762</b>	13,493	<b>118</b>
IT-related Products	<b>12,789</b>	17,017	<b>141</b>
Carbon Fiber Composite Materials	<b>8,653</b>	12,560	<b>95</b>
Environment and Engineering	<b>381</b>	4,174	<b>4</b>
Life Science and Other Businesses	<b>918</b>	2,931	<b>10</b>
Total	<b>43,419</b>	64,878	<b>477</b>
Elimination and Corporate	<b>(282)</b>	(1,544)	<b>(3)</b>
Consolidated Total	<b>43,137</b>	63,334	<b>474</b>

(Millions of yen)

	<b>(Reference) Fiscal 2007 ended March 31, 2008</b>	
	Net Sales	Operating Income
Fibers and Textiles	¥637,343	¥21,352
Plastics and Chemicals	404,015	20,716
IT-related Products	283,734	29,753
Carbon Fiber Composite Materials	83,580	18,096
Environment and Engineering	173,213	9,754
Life Science and Other Businesses	67,785	6,299
Total	1,649,670	105,970
Elimination and Corporate	-	(2,541)
Consolidated Total	1,649,670	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 ¥91.0=U.S.\$1, the approximate rate of exchange prevailing on December 31, 2008.
3. Amounts are rounded to the nearest million.

## Consolidated Geographic Segment Information

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

Net Sales	Nine months ended December 31, 2008		(Reference) Fiscal 2007
	Yen	U.S. dollars	Yen
Japan	<b>¥793,664</b>	<b>\$8,722</b>	¥1,139,664
Asia	<b>253,294</b>	<b>2,783</b>	339,774
North America, Europe & Others	<b>121,992</b>	<b>1,341</b>	170,232
Total	<b>1,168,950</b>	<b>12,846</b>	1,649,670
Elimination and Corporate	-	-	-
Consolidated Total	<b>1,168,950</b>	<b>12,846</b>	1,649,670

Operating Income	Nine months ended December 31, 2008		(Reference) Fiscal 2007
	Yen	U.S. dollars	Yen
Japan	<b>¥26,410</b>	<b>\$290</b>	¥73,479
Asia	<b>8,217</b>	<b>90</b>	15,228
North America, Europe & Others	<b>7,815</b>	<b>86</b>	15,746
Total	<b>42,442</b>	<b>466</b>	104,453
Elimination and Corporate	<b>695</b>	<b>8</b>	(1,024)
Consolidated Total	<b>43,137</b>	<b>474</b>	103,429

## Overseas Sales

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

	Nine months ended December 31, 2008		(Reference) Fiscal 2007
	Yen	U.S. dollars	Yen
Asia	<b>¥351,995</b>	<b>\$3,868</b>	¥478,454
North America, Europe & Others	<b>198,314</b>	<b>2,179</b>	271,006
Total	<b>550,309</b>	<b>6,047</b>	749,460

Percentage against consolidated net sales	Nine months ended December 31, 2008	(Reference) Fiscal 2007
Asia	<b>30.1%</b>	29.0%
North America, Europe & Others	<b>17.0%</b>	16.4%
Total	<b>47.1%</b>	45.4%

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥91.0=U.S.\$1, the approximate rate of exchange prevailing on December 31, 2008.
2. Amounts are rounded to the nearest million.

# Consolidated Business Results and Financial Condition

## 1. Overview of the Nine Months Ended December 31, 2008

During the nine months under review, the deepening financial crisis that began in the U.S. coupled with the credit crunch amid drastic fluctuations in raw materials and foreign exchange markets triggered a worldwide recession. The U.S. and European economies continued to weaken with each passing month while the trends in the emerging economies led by China pointed to a major slowdown. The Japanese economy also rapidly deteriorated beginning in the third quarter as corporate earnings fell on sluggish exports across the board, causing many to cut back capital investments and make production adjustments. Consumer spending also weakened at a rapid pace amid worsening employment and income situations.

Under such circumstances, Toray Group advanced its efforts to implement measures under the mid-term business strategies "Project Innovation TORAY 2010 (IT-2010)" launched in October 2006 and promoted business and profit expansion through business structure reform and structural reinforcement. At the same time, to cope with the increases in raw materials and fuel prices through the second quarter, the Group took action to transfer cost increases on to selling prices and shift to high value added products. It also strived to reduce capital investments, cut down expenses and streamline the operations in response to the changing economic trends.

As a result, consolidated net sales for the nine months ended December 31, 2008 declined 3.2% on a year-on-year basis to ¥1,169.0 billion (US\$12,846 million). Operating income fell 31.9% to ¥43.1 billion (US\$474 million) reflecting the overwhelming impact of negative factors including rising fuel and raw material prices in the first half and falling demand going into the second half. Ordinary income declined 43.1% to ¥33.6 billion (US\$370 million) on decrease in equity in earnings of unconsolidated subsidiaries and affiliated companies and mounting exchange losses. Net income came to ¥5.5 billion (US\$60 million), down 82.9% due to lower levels of extraordinary gains and loss on write-down of investment securities.

## **Business Performance by Segment:**

### *Fibers and Textiles*

In Japan, except for some sewn products, the movement of materials for apparel applications remained sluggish on the whole, reflecting weak demand for clothing. After remaining strong through the first two quarters, sales of products for industrial applications, especially in the automotive sector, declined from the third quarter hurt by the global economic slowdown. Overseas, though suede-like microfiber textile business in Europe and nylon fiber and textile operations for air bag applications in Thailand registered strong growth through summer, the business in various regions was affected by worsening economy from the third quarter, in addition to the slowdown at Chinese subsidiaries caused by declining exports to the U.S.

As a result, total sales of Fibers and Textiles fell 6.8% to ¥452.2 billion (US\$4,969 million) from the previous year and operating income declined 32.6% to ¥9.9 billion (US\$109 million).

### *Plastics and Chemicals*

After the first two quarters in which the automobile and electrical and electronics applications posted robust growth, sales in the overall plastic resins business started to decline from the third quarter on weak demand caused by the global economic slowdown. In the films business, while solar cell application products remained strong, shipment of products for other applications slowed down from the third quarter reflecting the worsening global economy.

As a result, total sales of Plastics and Chemicals increased 4.6% year-on-year to ¥316.3 billion (US\$3,475 million), reflecting expanded transaction volume at the trading subsidiaries through the second quarter. Operating income fell 20.2% to ¥10.8 billion (US\$118 million).

### *IT-related Products*

In the IT-related Products segment, sales of coatings for semiconductors, materials used in liquid crystal displays and PDP materials grew relatively strongly through the second quarter. In the third quarter, however, sales volume dipped in most of the sectors, except for liquid crystal-related manufacturing equipment, due to the impact of production adjustments in flat panel displays, semiconductors and electronic parts.

As a result, sales of IT-related Products fell 9.5% to ¥187.4 billion (US\$2,060 million) compared with the same period a year earlier, while operating income suffered a 24.8% decline to ¥12.8 billion (US\$141 million).

### *Carbon Fiber Composite Materials*

In the Carbon Fiber Composite Materials segment, demand is expected to continue growing over the medium to long-term, especially in aircraft and industrial applications. At the same time the Group is also actively pursuing development of new applications with focus on the crucial fields of automobile, environment and energy applications. In the short term, the market for general-purpose field started easing off as companies expanded production, and the global economic downturn resulted in low shipping volume for sports and industrial applications and declining sales in aircraft and aerospace applications.

On the whole, the Carbon Fiber Composite Materials registered a year-on-year sales decrease of 9.8% to ¥55.0 billion (US\$605 million), which also reflects the impact of foreign exchange fluctuations. Operating income fell by 31.1% to ¥8.7 billion (US\$95 million) compared to the same period of the previous fiscal year.

#### *Environment and Engineering*

In the Environment and Engineering segment, sales volume of the water treatment membranes led by reverse osmosis membrane element expanded briskly especially in the Middle East and other overseas markets, though performance at a water treatment engineering subsidiary remained sluggish.

As a result, overall sales of the segment grew 6.0% on year to ¥110.8 billion (US\$1,217 million) partly thanks to strong machinery exports through the second quarter at a trading subsidiary. However, operating income plummeted 90.9% to ¥0.4 billion (US\$4 million) reflecting increased expenses stemming from the expansion of water treatment membrane business, the impact of foreign exchange fluctuations and profit deterioration at the water treatment engineering subsidiary.

#### *Life Science and Other Businesses*

Overall sales in the pharmaceuticals and medical products business rose on expanded sales volume of artificial kidneys despite the adverse market conditions including falling pharmaceutical prices due to revision of National Health Insurance (NHI) drug prices and reimbursement prices and intensified competition.

Sales of the Life Science and Other Businesses segment, on the whole, remained virtually unchanged at ¥47.2 billion (US\$519 million). Operating income of the segment, however, fell 68.7% to ¥0.9 billion (US\$10 million), reflecting the decline in the sales prices of pharmaceuticals and medical products.

#### *New Businesses and Investments*

In November 2008, Toray agreed with China National BlueStar (Group) Co., Ltd. to establish water treatment joint venture Toray Blue Star Membrane Co., Ltd. (tentative name) to address the growing demand for wastewater recycling and seawater desalination using water treatment membranes in China. The new company is scheduled to be established in May 2009 and is expected to start manufacturing reverse osmosis membrane products based on Toray's cutting-edge technology in April 2010.

Furthermore, in December 2008, the Company decided to make equity participation in carbon fiber reinforced plastics, or CFRP, parts manufacturer ACE Advanced Composite Engineering GmbH of Germany to make it a local development and manufacturing base of CFRP in Europe in a bid to expand the Group's carbon fiber composite materials business in the automobile sector.

## 2. Analysis of Financial Condition

As of December 31, 2008, Toray's total assets stood at ¥1,642.1 billion (US\$18,045 million), down ¥56.2 billion from the end of the previous fiscal year. Current assets rose by ¥7.2 billion compared to the end of the previous fiscal year due primarily to an increase in inventories, while fixed assets fell by ¥63.4 billion reflecting lower levels of property, plant and equipment and investment securities.

Liabilities rose ¥18.3 billion to ¥1,074.3 billion (US\$11,806 million) compared to the end of the previous fiscal year, as notes and accounts payables declined while long-term borrowings increased.

Net assets came to ¥567.7 billion (US\$6,238 million), down ¥74.5 billion compared to the end of the previous fiscal year, after payment of dividends and due to declines in the foreign currency translation adjustments and net unrealized gains on securities. Net assets less minority interests stood at ¥520.7 billion (US\$5,722 million).

## 3. Forecast of Consolidated Results

The current serious downturn in the global economy is expected to continue for a while given the negative growths posted by developed countries coupled with the signs of slowdown in emerging economies and resource-supplying countries. The Japanese economy is also expected to slow down further reflecting significant drop in export and continued sluggishness in domestic demand including individual spending and capital investment caused by the slump in corporate earnings, and the worsening employment and income situation.

Companies are rapidly implementing inventory adjustments especially in the fourth quarter at every level through final demand, and demand for basic materials has also been falling significantly. The Group has been stepping up its efforts to cut back capital investments, thoroughly reduce costs, improve operational efficiency and optimize inventory levels in response to the further worsening of the business environment. However, cutting down production in most businesses, the Group expects its performance in the second half of the fiscal year through March 2009 to fall significantly short of the previous forecast. Under such circumstances, the Group revised down its full-year consolidated forecasts to consolidated sales of ¥1,500.0 billion (US\$16,667 million), operating income of ¥38.0 billion (US\$422 million), ordinary income of ¥21.0 billion (US\$233 million) and net loss of ¥16.0 billion (US\$178 million). Given these earnings forecasts, the Group is also revising its forecast for year-end dividend to ¥2.5 per share of common stock, for an aggregate annual dividend of ¥7.5 per share of common stock including the interim dividend.

In response to this rapid and significant deterioration in the business environment and recognizing the significance of the current crisis, while Toray Group firmly retains the ambitious goal of becoming a global top company of advanced materials under the mid-term business strategies IT-2010, the Group focuses on drastic efforts, including those for overall cost reduction, to promote business structural reinforcement and profit structural reform and share the sense of urgency through measures such as trimming of director compensations, thoroughly reducing costs and improving



operational efficiency. The Group as a whole will overcome this crisis by turning it into an opportunity for making a new leap forward.

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥91.0=U.S.\$1, the approximate rate of exchange prevailing on December 31, 2008.
2. U.S. dollar amounts of forecasts have been converted from yen at the exchange rate of ¥90=U.S.\$1, the estimated rate of exchange prevailing on March 31, 2009..
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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