



Innovation by Chemistry

February 5, 2010

## Toray Announces Consolidated Results for the Nine Months Ended December 31, 2009

Tokyo, February 5, 2010 - Toray Industries, Inc. today announced its consolidated business results for the nine months ended December 31, 2009 of the fiscal year ending March 31, 2010. 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,			2009	(Reference) Fiscal 2008
	2009	2008	Change		
	Yen		%	U.S. dollars	Yen
Net sales	<b>¥979,818</b>	¥1,168,950	(16.2)	<b>\$10,639</b>	¥1,471,561
Operating income	<b>20,184</b>	43,137	(53.2)	<b>219</b>	36,006
Ordinary income (loss)	<b>(7,270)</b>	33,639	-	<b>(79)</b>	20,522
Net income (loss)	<b>(19,446)</b>	5,480	-	<b>(211)</b>	(16,326)
Net Income (loss) per share - Basic	<b>(13.90)</b>	3.91	-	-	(11.66)

### Consolidated Financial Condition

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

	Nine months ended December 31,			2009	(Reference) Fiscal 2008
	2009	2008	2009		
	Yen		U.S. dollars	Yen	
Total assets	<b>¥1,530,884</b>	¥1,642,050	<b>\$16,622</b>	1,523,603	
Property, plant and equipment, net	<b>581,251</b>	640,687	<b>6,311</b>	596,261	
Net assets	<b>503,832</b>	567,703	<b>5,470</b>	512,610	
Net assets per share	<b>326.76</b>	371.85	-	335.04	
Equity ratio	<b>29.9%</b>	31.7%	-	30.8%	

Notes:

1. For calculation of "net assets per share" and "equity ratio," minority interests are deducted from net assets.
2. U.S. dollar amounts have been converted from yen at the exchange rate of ¥92.1=U.S.\$1, the approximate rate of exchange prevailing on December 31, 2009.
3. Amounts are rounded to the nearest million.

## Forecast of Consolidated Results for the Year Ending March 31, 2010

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

	Year ending March 31, 2010	
	Yen	<i>U.S. dollars</i>
Net sales	¥1,350,000	\$15,000
Operating income	40,000	444
Ordinary income	8,000	89
Net income	(10,000)	(111)

Reference: Forecast EPS (year ending March 31, 2010) ¥(7.15)

### 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, 2010.
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,			
	2009	2008	Change	2009
	Yen		%	<i>U.S. dollars</i>
Fibers and Textiles	<b>¥396,327</b>	¥452,213	(12.4)	<b>\$4,303</b>
Plastics and Chemicals	<b>242,749</b>	316,254	(23.2)	<b>2,636</b>
IT-related Products	<b>167,603</b>	187,447	(10.6)	<b>1,820</b>
Carbon Fiber Composite Materials	<b>35,249</b>	55,046	(36.0)	<b>383</b>
Environment and Engineering	<b>94,344</b>	110,759	(14.8)	<b>1,024</b>
Life Science and Other Businesses	<b>43,546</b>	47,231	(7.8)	<b>473</b>
Total	<b>979,818</b>	1,168,950	(16.2)	<b>10,639</b>
Elimination and Corporate	-	-	-	-
Consolidated Total	<b>979,818</b>	1,168,950	(16.2)	<b>10,639</b>

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

Operating Income (loss)	Nine months ended December 31,			
	2009	2008	Change	2009
	Yen		%	<i>U.S. dollars</i>
Fibers and Textiles	<b>¥6,887</b>	¥9,916	(30.5)	<b>\$75</b>
Plastics and Chemicals	<b>4,527</b>	10,762	(57.9)	<b>49</b>
IT-related Products	<b>10,266</b>	12,789	(19.7)	<b>111</b>
Carbon Fiber Composite Materials	<b>(2,795)</b>	8,653	-	<b>(30)</b>
Environment and Engineering	<b>185</b>	381	(51.4)	<b>2</b>
Life Science and Other Businesses	<b>225</b>	918	(75.5)	<b>2</b>
Total	<b>19,295</b>	43,419	(55.6)	<b>210</b>
Elimination and Corporate	<b>889</b>	(282)	-	<b>10</b>
Consolidated Total	<b>20,184</b>	43,137	(53.2)	<b>219</b>

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥92.1=U.S.\$1, the approximate rate of exchange prevailing on December 31, 2009.
2. 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,			
	2009	2008	Change	2009
	Yen		%	U.S. dollars
Japan	<b>¥695,649</b>	¥793,664	(12.3)	<b>\$7,553</b>
Asia	<b>204,359</b>	253,294	(19.3)	<b>2,219</b>
North America, Europe & Others	<b>79,810</b>	121,992	(34.6)	<b>867</b>
Total	<b>979,818</b>	1,168,950	(16.2)	<b>10,639</b>
Elimination and Corporate	-	-	-	-
Consolidated Total	<b>979,818</b>	1,168,950	(16.2)	<b>10,639</b>

Operating Income (loss)	Nine months ended December 31,			
	2009	2008	Change	2009
	Yen		%	U.S. dollars
Japan	<b>¥7,710</b>	¥26,410	(70.8)	<b>\$84</b>
Asia	<b>11,653</b>	8,217	(41.8)	<b>127</b>
North America, Europe & Others	<b>(458)</b>	7,815	-	<b>(5)</b>
Total	<b>18,905</b>	42,442	(55.5)	<b>205</b>
Elimination and Corporate	<b>1,279</b>	695	-	<b>14</b>
Consolidated Total	<b>20,184</b>	43,137	(53.2)	<b>219</b>

## Overseas Sales

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

	Nine months ended December 31,			
	2009	2008	Change	2009
	Yen		%	U.S. dollars
Asia	<b>¥289,346</b>	¥351,995	(17.8)	<b>\$3,142</b>
North America, Europe & Others	<b>128,094</b>	198,314	(35.4)	<b>1,391</b>
Total	<b>417,440</b>	550,309	(24.1)	<b>4,532</b>

Percentage against consolidated net sales	Nine months ended December 31,	
	2009	2008
Asia	<b>29.5%</b>	30.1%
North America, Europe & Others	<b>13.1%</b>	17.0%
Total	<b>42.6%</b>	47.1%

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥92.1=U.S.\$1, the approximate rate of exchange prevailing on December 31, 2009.
2. Amounts are rounded to the nearest million.

# Consolidated Business Results and Financial Condition

## 1. Overview of the Nine Months Ended December 31, 2009

During the nine months under review, the global economy gradually recovered from the significant slump at the beginning of 2009, on the back of the drastic economic measures implemented by various governments. The growth rate of real GDP turned positive in the April-June quarter in Japan and in the July-September quarter in the U.S. and Europe. Coupled with the recovery and accelerated growth of the Chinese economy since the July-September quarter, the global economy, though still hovering at a low level, began to slowly recover, putting the worst behind.

Under such circumstances, Toray Group continued to implement measures to drastically reduce the total costs, expand earnings by ensuring sales through every possible effort, and improve cash flow through reduction in capital investments and working capital under the new medium-term management program Project IT-II (Innovation Toray II) launched in April 2009.

Reflecting these efforts, Toray Group's earnings improved with each passing month. In the three months ended December 31, 2009, consolidated net sales came to ¥361.9 billion (US\$3,929 million), roughly the same level (a 1.7% decline) as the same period a year ago. Operating income for the quarter increased ¥1.8 billion, or 14.4% on year to ¥14.7 billion (US\$160 million).

As for the nine months through December 31, 2009, consolidated net sales was ¥979.8 billion (US\$10,639 million), down 16.2% from the same period of the previous fiscal year, reflecting the lingering impact of the global slowdown in demand since the fall of 2008. Operating income was ¥20.2 billion (US\$219 million), down 53.2% partly due to the continued cutbacks in production to achieve appropriate inventory levels reflecting the lower demand. Given also equity in losses of unconsolidated subsidiaries and affiliated companies recorded in the October-December quarter, Toray Group posted ordinary loss of ¥7.3 billion (US\$79 million), down ¥40.9 billion from the same period a year earlier, and net loss of ¥19.4 billion (US\$211 million), down ¥24.9 billion year-on-year.

## **Business Performance by Segment:**

### *Fibers and Textiles*

In Japan, while shipment of clothing materials continued to be sluggish except for some sewn products, demand for industrial-use materials mainly led by automotive applications headed for recovery and their shipments improved every passing month. Overseas, in addition to the polyester filament business in South Korea and non-woven fabric business in China, the yarn and textile operations for air bag applications in Thailand and Czech Republic expanded sales volume.

Overall sales of Fibers and Textiles in the nine months of fiscal 2009 declined 12.4% to ¥396.3 billion (US\$4,303 million) from the previous year and operating income fell 30.5% to ¥6.9 billion (US\$75 million).

### *Plastics and Chemicals*

Demand for the products in the Plastics and Chemicals segment was also back on course for recovery, and sales volume at the resin business in Malaysia and the film business for capacitors used in hybrid automobiles expanded.

On the whole, sales of Plastics and Chemicals fell 23.2% year-on-year to ¥242.7 billion (US\$2,636 million) in the nine months. Operating income was ¥4.5 billion (US\$49 million), down 57.9% compared with the same period of the previous fiscal year.

### *IT-related Products*

In the IT-related Products segment, demand for materials used in flat panel displays and those used in electronic parts continued to recover from the significant decline in the second half of the previous fiscal year, thanks to the measures to stimulate consumer spending in countries such as China and Japan.

Overall sales of IT-related Products fell 10.6% to ¥167.6 billion (US\$1,820 million) compared with the same period a year earlier, and operating income fell 19.7% to ¥10.3 billion (US\$111 million).

### *Carbon Fiber Composite Materials*

Demand for the products in the Carbon Fiber Composite Materials segment was stagnant reflecting the global economic downturn. While there recently have been signs of recovery primarily in sports applications, the overall shipment including that of aircraft and space as well as general industrial applications remained sluggish. Toray Group is actively pursuing development of new products and sales expansion with focus on the crucial fields of energy as well as automotive applications, demand for which is expected to see full-fledged expansion amid growing concern for the environmental issues. In the short term, however, the Group cut back production at its manufacturing facilities in response to continued inventory adjustment throughout the supply chains.

Overall sales of the Carbon Fiber Composite Materials registered declined 36.0% on a year-on-year basis to ¥35.2 billion (US\$383 million). The segment posted operating loss of ¥2.8 billion (US\$30 million), down ¥11.4 billion from the same period of the previous fiscal year.

### *Environment and Engineering*

In the Environment and Engineering segment, shipments of reverse osmosis membrane elements were steady and the business of the water treatment engineering subsidiary improved, though the performance of the construction and engineering businesses at domestic subsidiaries remained sluggish.

As a result, overall sales of the segment fell 14.8% year-on-year to ¥94.3 billion (US\$1,024 million) and operating income fell 51.4% to ¥0.2 billion (US\$2 million) for the period under review.

### *Life Science and Other Businesses*

In the pharmaceuticals and medical products business, sales of the oral antipruritus drug for hemodialysis patients REMITCH®, launched last March, steadily expanded, while sales volume of artificial kidneys also grew.

On the whole, total sales of Life Science and Other Businesses for the period under review fell 7.8% year-on-year to ¥43.5 billion (US\$473 million) and operating income of the segment fell 75.5% to ¥0.2 billion (US\$2 million), partly due to stagnant sales at a domestic trading subsidiary and an analytical service subsidiary.

## 2. Analysis of Financial Condition

As of December 31, 2009, the end of the nine months of the current fiscal year, Toray Group's total assets stood at ¥1,530.9 billion (US\$16,622 million), up ¥7.3 billion from the end of the previous fiscal year. Despite a decline in inventories, current assets rose by ¥20.8 billion due primarily to higher levels of notes and accounts receivable. Fixed assets fell by ¥13.5 billion reflecting lower levels of property, plant and equipment and investment securities.

Liabilities increased ¥16.1 billion to ¥1,027.1 billion (US\$11,151 million) compared to the end of the previous fiscal year due to increased interest-bearing debts.

Net assets came to ¥503.8 billion (US\$5,470 million), down ¥8.8 billion compared to the end of the previous fiscal year, primarily due to decrease in retained earnings after recording the net loss and payment of dividends. Net assets less minority interests stood at ¥457.3 billion (US\$4,965 million).

## 3. Forecast of Consolidated Results

The economic recovery so far has been primarily enabled by the stimulus measures taken by various governments, and fluctuations in the currency market and resource prices amid continued decline in prices and tough employment conditions could still depress the economy. Given such factors, it is hard to foresee when the economy would be able to enter into a self-sustaining recovery led by private-sector demand. In principle, however, the economy is expected to continue the gradual recovery trend.

Under such business climate, Toray Group will drive forward its continued efforts to strengthen its total cost competitiveness, reform the business structure and promote its growth strategy as outlined under its medium-term management program Project IT-II to bolster its earnings base.

Taking into account the effects of the profitability improvement measures being pursued under Project IT-II including thorough cost reduction and expanded sales volumes, the Toray Group has revised its full-year consolidated forecasts announced on November 2, 2009. It now expects consolidated sales of ¥1,350 billion (US\$15,000 million), operating income of ¥40 billion (US\$444 million), ordinary income of ¥8 billion (US\$89 million) and net loss of ¥10 billion (US\$111 million). These forecasts are based on an anticipated exchange rate of ¥90 to the U.S. dollar since January 2010.

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥92.1=U.S.\$1, the approximate rate of exchange prevailing on December 31, 2009.
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, 2010.

#### 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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