

May 11, 2009

Toray Announces Consolidated Results for the Fiscal Year Ended March 31, 2009

Tokyo, May 11, 2009 - Toray Industries, Inc. (the "Company") today announced its consolidated business results for the fiscal year ended March 31, 2009 (FY Mar/09). 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 Financial Highlights

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

	Year ended March 31,			
	2009	2008	Change	2009
	Yen		%	U.S. dollars
Net sales	¥1,471,561	¥1,649,670	(10.8)	\$14,985
Operating income	36,006	103,429	(65.2)	367
Ordinary income	20,522	91,471	(77.6)	209
Net income (loss)	(16,326)	48,069	-	(166)

Depreciation	¥82,880	¥85,053	(2.6)	\$844
Capital investment	91,303	148,307	(38.4)	930
Total assets	1,523,603	1,698,226	(10.3)	15,515
Property, plant and equipment, net	596,261	680,993	(12.4)	6,072
Net assets	512,610	642,159	(20.2)	5,220

Per Share of common stock (yen)

Net Income (loss) Basic	¥(11.66)	¥34.34	-	-
Cash dividends	7.5	10.00	(25.0)	-
Net assets	335.04	423.78	(20.9)	-

Ratios (%)

Operating income (loss) to net sales	2.4%	6.3%	-	-
Net income to net sales	(1.1)%	2.9%	-	-
Equity ratio	30.8%	34.9%	-	-
Return on equity	(3.1)%	8.1%	-	-

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥98.2=U.S.\$1, the approximate 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	Year ended March 31,			
	2009	2008	Change	2009
	Yen		%	U.S. dollars
Fibers and Textiles	¥568,996	¥637,343	(10.7)	\$5,794
Plastics and Chemicals	377,644	404,015	(6.5)	3,846
IT-related Products	229,421	283,734	(19.1)	2,336
Carbon Fiber Composite Materials	70,390	83,580	(15.8)	717
Environment and Engineering	160,207	173,213	(7.5)	1,631
Life Science and Other Businesses	64,903	67,785	(4.3)	661
Total	1,471,561	1,649,670	(10.8)	14,985
Elimination and Corporate	-	-	-	-
Consolidated Total	1,471,561	1,649,670	(10.8)	14,985

Operating Income	Year ended March 31,			
	2009	2008	Change	2009
	Yen		%	U.S. dollars
Fibers and Textiles	¥7,664	¥21,352	(64.1)	\$78
Plastics and Chemicals	4,072	20,716	(80.3)	41
IT-related Products	9,822	29,753	(67.0)	100
Carbon Fiber Composite Materials	8,398	18,096	(53.6)	86
Environment and Engineering	3,303	9,754	(66.1)	34
Life Science and Other Businesses	3,185	6,299	(49.4)	32
Total	36,444	105,970	(65.6)	371
Elimination and Corporate	(438)	(2,541)	-	(4)
Consolidated Total	36,006	103,429	(65.2)	367

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥98.2=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2009.
2. Amounts are rounded to the nearest million.

Consolidated Geographic Segment Information

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

Net Sales	Year ended March 31,			
	2009	2008	Change	2009
	Yen		%	<i>U.S. dollars</i>
Japan	¥1,016,046	¥1,139,664	(10.8)	\$10,347
Asia	302,547	339,774	(11.0)	3,081
North America, Europe & Others	152,968	170,232	(10.1)	1,558
Total	1,471,561	1,649,670	(10.8)	14,985
Elimination and Corporate	-	-	-	-
Consolidated Total	1,471,561	1,649,670	(10.8)	14,985

Operating Income	Year ended March 31,			
	2009	2008	Change	2009
	Yen		%	<i>U.S. dollars</i>
Japan	¥18,179	¥73,479	(75.3)	\$185
Asia	7,211	15,228	(52.6)	73
North America, Europe & Others	10,381	15,746	(34.1)	106
Total	35,771	104,453	(65.8)	364
Elimination and Corporate	235	(1,024)	-	2
Consolidated Total	36,006	103,429	(65.2)	367

Overseas Sales

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

Net Sales	Year ended March 31,			
	2009	2008	Change	2009
	Yen		%	<i>U.S. dollars</i>
Asia	¥430,438	¥478,454	(10.0)	\$4,383
North America, Europe & Others	247,394	271,006	(8.7)	2,519
Total	677,832	749,460	(9.6)	6,903

Percentage against consolidated net sales	Year ended March 31,	
	2009	2008
Asia	29.3%	29.0%
North America, Europe & Others	16.8%	16.4%
Total	46.1%	45.4%

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥98.2=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2009.
2. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the fiscal 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	¥1,300,000	\$13,684
Operating income	15,000	158
Ordinary income	5,000	53
Net income (loss)	(5,000)	(53)

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥95=U.S.\$1, the estimated rate of exchange for FY Mar/10 (April 2009 - March 2010).

Consolidated Business Results and Financial Condition

1. Overview of FY Mar/09 (April 2008 – March 2009)

During the period under review, the world economy, which underwent only a relatively moderate slowdown in the first six months despite surges in oil and other resource prices and large fluctuations in foreign currency exchange rates, slumped to a worldwide recession in the second half. Reflecting the worsening financial crisis that originated in the U.S, overall demand shrank rapidly and drastically. While the U.S. and European economies worsened with each passing month and China and other emerging economies slowed down significantly, Japanese economy also registered a steep decline, with both domestic and foreign demand weakening sharply.

Under such business environment, Toray Group continued its efforts to reform business structure and enhance earnings strength under the mid-term business strategies “Project Innovation TORAY 2010 (IT-2010)” launched in October 2006. At the same time, to cope with the increases in raw materials and fuel prices in the first half, the Group took actions to reduce costs, 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 adjust inventory levels in response to the economic slowdown.

Despite these efforts, however, the significant drop in demand in the second half meant that consolidated net sales for the fiscal year ended March 31, 2009 declined 10.8% on a year-on-year basis to ¥1,471.6 billion (US\$14,985 million). Operating income was ¥36.0 billion (US\$367 million), down 65.2% from the previous fiscal year, reflecting reduced output to adjust inventory levels, and ordinary income was ¥20.5 billion (US\$209 million), down 77.6% year-on-year partly due to foreign exchange loss. The Group posted a net loss of ¥16.3 billion (US\$166 million) reflecting extraordinary losses of ¥43.0 billion including loss on write-down of investment securities and loss from impairment of property, plant and equipment.

Business Performance by Segment:

Fibers and Textiles

In Japan, reflecting weak demand for clothing, the movement of goods for apparel applications remained sluggish on the whole except for some sewn products. Demand for products for industrial applications, which remained relatively strong in the first half of the fiscal year, declined significantly in the second and the sales volume decreased especially in the automotive sector. Overseas, though some businesses such as suede-like microfiber textile business in Europe and nylon fiber and textile operations for air bag applications in Thailand kept steady sales through summer, almost all businesses were affected by the economic slowdown in the second half.

As a result, total sales of Fibers and Textiles declined 10.7% to ¥569.0 billion (US\$5,794 million) from the previous year and operating income fell 64.1% to ¥7.7 billion (US\$78 million).

Plastics and Chemicals

In the plastic resins business, after posting robust sales in the automotive and electrical and electronics applications in the first half, sales volume of products declined across the board in the second half. In the films business, though sales volume for solar cell applications rose, shipment of products for other applications slowed down in the second half.

As a result, overall sales of Plastics and Chemicals decreased 6.5% year-on-year to ¥377.6 billion (US\$3,846 million), and operating income plummeted 80.3% to ¥4.1 billion (US\$41 million).

IT-related Products

In the IT-related Products segment, sales of coating materials for semiconductors, materials used in liquid crystal displays and PDP materials were relatively strong through the first half. In the second half, however, sales volume dipped for most products, except liquid crystal-related manufacturing equipment, due to the impact of production adjustments in such industries as flat panel displays, semiconductors and electronic parts.

As a result, sales of IT-related Products fell 19.1% to ¥229.4 billion (US\$2,336 million) and operating income dropped 67.0% to ¥9.8 billion (US\$100 million).

Carbon Fiber Composite Materials

In the Carbon Fiber Composite Materials segment, the Group is actively pursuing development of new applications with focus on automobile, environment and energy applications. Demand for the carbon fiber composite materials is expected to continue growing over the medium- to long-term, including in aircraft and industrial applications. In the short term, however, the market eased off mainly in general purpose products as manufacturers in the industry expanded production capacity, and the global economic downturn resulted in low shipping volume for sports and industrial applications. Sales in aerospace applications also decreased.

On the whole, reflecting the impact of foreign exchange fluctuations, the Carbon Fiber Composite Materials registered a year-on-year sales decline of 15.8% to ¥70.4 billion (US\$717 million) and operating income fell 53.6% compared to the previous year to ¥8.4 billion (US\$86 million).

Environment and Engineering

In the Environment and Engineering segment, sales volume of water treatment membranes such as reverse osmosis membrane expanded in overseas markets including China and the Middle East. On the contrary, domestic performance at a water treatment engineering subsidiary remained sluggish.

Overall sales of the segment fell 7.5% to ¥160.2 billion (US\$1,631 million) and operating income declined 66.1% to ¥3.3 billion (US\$34 million) compared to the previous year, partly reflecting lower revenues from the engineering and condominium businesses at domestic subsidiaries.

Life Science and Other Businesses

In the pharmaceuticals and medical products business, sales volume of artificial kidneys registered an increase despite the severe business conditions. However, overall sales in the business declined compared with the previous year, reflecting the significant impact of falling pharmaceutical prices due to revision of National Health Insurance (NHI) drug prices and medical service reimbursement prices as well as intensified competition. In January 2009, an oral antipruritus drug for hemodialysis patients REMITCH[®] developed jointly by the Company, Japan Tobacco Inc. and Torii Pharmaceutical Co., Ltd. received approval. Torii Pharmaceutical launched the product in March.

On the whole, total sales of Life Science and Other Businesses fell 4.3% year-on-year to ¥64.9 billion (US\$661 million) and operating income of the segment dropped 49.4% to ¥3.2 billion (US\$32 million), partly reflecting declining transactions at a domestic trading subsidiary and falling orders at an analysis service subsidiary.

New Businesses and Investments

In the fiscal year under review, Toray Group in June 2008 opened the Automotive Center at the Nagoya Plant. Consequently, the Group in April 2009 opened the Advanced Composite Center at the same plant and established the Automotive & Aircraft Center, a comprehensive technical development center covering the automobile and aircraft fields, comprising the two centers. The move is aimed at reinforcing the advanced materials businesses targeting the “automobile and aircraft” applications.

In November 2008, Toray agreed with China National BlueStar (Group) Co., Ltd., one of China’s most prominent state enterprises, to establish a water treatment joint venture Toray Blue Star Membrane (Beijing) Co., Ltd.. The new company is expected to start manufacturing reverse osmosis membrane products based on Toray’s cutting-edge technology in April 2010 to cater to the rising demand in China for recycling of sewage water and seawater desalination.

Furthermore, in December 2008, the Company made equity participation in carbon fiber reinforced plastics (CFRP) parts manufacturer in Germany ACE Advanced Composite Engineering GmbH to establish a local development and manufacturing base of CFRP for automotive applications in Europe. The Company aims to significantly expand the CFRP-based auto parts business, which is expected to grow dramatically in the future, by developing and producing CFRP parts in Europe, where the use of such parts for automobiles is more advanced than in the other markets.

Forecast for FY Mar/10 (April 2009 – March 2010)

For the fiscal year ending March 2010, the global economy is expected to remain mired in deep recession as developed nations en bloc register negative growth and the economies of developing and resource-rich nations also slow down. Japanese economy also seems to remain weak, as the fall in exports stemming from the worsening economic conditions overseas and the stagnation in consumer spending and capital investments are expected to continue, reflecting falling corporate revenues and weakening employment and income situation. An early recovery of the economy looks unlikely.

In response to this rapid and drastic downturn in the business environment, Toray Group established a new medium-term management program “Project IT-II (Innovation TORAY II).” Under the program being implemented since April 2009, the Group aims to improve earnings through such measures as reinforcement of total cost competitiveness and promote measures towards business structure reform. Given the outlook of continued harsh business environment, for the fiscal year started April 1, 2009, the Group expects consolidated net sales of ¥1,300 billion (US\$13,684 million), operating income of ¥15 billion (US\$158 million), ordinary income of ¥5 billion (US\$53 million), and net loss of ¥5 billion (US\$53 million). These forecasts are calculated based on an exchange rate of ¥95 to the U.S. dollar.

2. Financial Position and Cash Flows

Analysis of Assets, Liabilities, Net Assets and Cash Flows

As of March 31, 2009, Toray’s total assets stood at ¥1,523.6 billion (US\$15,515 million), down ¥174.6 billion from the end of the previous fiscal year. Current assets fell by ¥77.3 billion reflecting primarily lower levels of notes and accounts receivable, while fixed assets also declined ¥97.3 billion due mainly to decreases in property, plant and equipment and investment securities. Though long-term borrowings rose, total liabilities fell ¥45.1 billion from the end of the previous fiscal year to ¥1,011.0 billion (US\$10,295 million), as notes and accounts payable decreased. Net assets came to ¥512.6 billion (US\$5,220 million,) down ¥129.5 billion from the end of the previous fiscal year, and net assets less minority interests stood at ¥468.9 billion (US\$4,775 million) due to recording of net loss and dividend payout as well as the changes to the foreign currency translation adjustments and decrease in net unrealized gains on securities. As a result, the equity ratio at the end of the fiscal year was 30.8%, a 4.2 percentage-point decline compared with the level at the end of the previous fiscal year.

Free cash flows for the period, derived by subtracting the cash flows from investing activities from the cash flows from operating activities, were negative at ¥74.9 billion

(US\$763 million). Cash flows, as well as changes in the balances of cash and cash equivalents, for the fiscal year ended March 2009 are as follows:

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

	Year ended March 31,		
	2009	2008	2009
	Yen		U.S. \$
Cash flows from operating activities	38.4	110.4	392
Cash flows from investing activities	(113.4)	(164.2)	(1,155)
Free cash flows	(74.9)	(53.8)	(763)
Cash flows from financing activities	89.1	39.3	907
Effect of exchange rate changes	(8.6)	(1.1)	(88)
Change in cash and cash equivalents for the year	5.6	(15.6)	57
Cash and cash equivalents at beginning of the year	56.5	72.1	575
Effect of changes in consolidated subsidiaries	0.1	-	1
Cash and cash equivalents at end of the year	62.2	56.5	633

Indices related to Financial Position and Cash Flows:

	Year ended March 31,				
	2005	2006	2007	2008	2009
Equity ratio (%)	32.3	34.9	35.2	34.9	30.8
Market capitalization / Total assets (%)	48.0	87.8	71.2	53.3	36.3
Interest-bearing debt / Cash flows from operating activities	3.5	4.2	6.9	5.4	17.3
Cash flows from operating activities / Interest paid	21.6	14.9	8.4	10.4	3.2

Notes:

1. All indices are computed based on consolidated data.
2. Market capitalization equals the stock price at the end of the period multiplied by the number of shares outstanding at the end of the period (excluding treasury stock).
3. Cash flows from operating activities are stated in the consolidated statements of cash flows.

3. Policy on Distribution of Surplus Profits and Dividends for the Period under Review and FY Mar/10

Toray recognizes that its profit distribution policy is a vital matter for the corporate management, and accordingly is committed to distributing such profits fairly through comprehensive consideration of every factor including business results, financial standing and retention of earnings necessary for future investment.

Taking into consideration the earnings performance during the period under review and the outlook for the coming fiscal year, Toray is proposing to pay a year-end dividend of ¥2.5 per share of common stock, for an aggregate annual dividend of ¥7.5 per share of common stock including the interim dividend.

For the fiscal year ending March 31, 2010, the Company anticipates to pay an annual dividend of ¥5.0 per share of common stock.

Notes:

- 1) U.S. dollar amounts have been converted from yen at the exchange rate of ¥98.2=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2009.
- 2) U.S. dollar amounts of forecast for FY Mar/10 have been converted from yen at the exchange rate of ¥95=US\$1, the estimated rate of foreign currency exchange for the FY Mar/10 (April 2009 - March 2010).

Management Policies

1. Corporate Mission

Toray's corporate philosophy is "to contribute to society through the creation of new value with innovative ideas, technologies and products." Under this philosophy, Toray has established the following corporate missions:

For our customers:

To provide new value to our customers through high-quality products and superior services

For our employees:

To provide our employees with opportunities for self development in a challenging environment

For our shareholders:

To provide our shareholders with dependable and trustworthy management

For society:

To establish ties and develop mutual trust as a responsible corporate citizen

Toray is committed to taking on responsibility and contributing to its customers, employees, shareholders in society.

2. Medium- to Long-Term Business Strategy and Issues to Be Solved

In April 2006, the 80th anniversary of its foundation, Toray Group established "AP (Action Program) – Innovation TORAY 21," a long-term corporate vision incorporating the great aspiration to become a global top company of advanced materials. In pursuit of this vision, the Group established the mid-term business strategies "Project Innovation TORAY 2010 (IT-2010)" in October 2006, undertaking the challenge of further growth through innovation and creativity. Guided by "IT-2010," the Group proactively implemented various activities to transform into a highly profitable business group. Toray Group will continue to adhere to the fundamental, underlying principles of "AP-Innovation TORAY 21" and "IT-2010."

However, with the global economy in a deep recession, the demand for various products including basic materials has fallen significantly, magnified by inventory de-stocking process across supply chains. Toray Group has also been forced to cut production in a number of its businesses. Severely affected by the global recession, the urgent priority of the Group is the implementation of emergency measures to overcome the drastic changes of the business environment.

Over the next two years, the Group will focus its efforts on surviving the economic crisis. As a basic strategy to guide the efforts, the Group has established a new medium-term management program "Project IT-II (Innovation TORAY II,)" launched in April 2009.

Under IT-II, Toray Group will be open to bold and rapid development of initiatives to improve earnings, which are: total cost reduction including reduction in compensation of and return of bonuses from directors of the Company, maximization of earnings by ensuring sales through every possible effort, optimization of the scale and systems of the businesses in response to structural changes in the business environment, in-depth reduction of capital investments and working capital, and promotion of business structure reform to prepare for future growth.

To address these challenges, Toray will promote three group-wide projects – Total Cost Reduction Project, “Action Program for Survival” Project, and “Action Program for Growth” Project. Through these projects, the Group will implement comprehensive measures to bolster earnings as well as promote a growth strategy from the viewpoint of providing solutions for the constraining factors on economic growth in response to socioeconomic structural changes.

Toray Group recognizes this crisis as the severest challenge in the history of the Company as well as an opportunity for growth. Through our concerted efforts, we will overcome the current economic crisis and carve out a new future to achieve sustained growth as a highly profitable business group.

Disclaimer

Descriptions of predicted business results, forecasts and business plans contained in this material are based on predictive forecasts of the future business environment made at the present time. The material in this statement is not a guarantee of the company’s future business performance.

For further information, please contact:

Mr. Kenjiro Kamiyama
General Manager
Investor Relations Department
Tel: +81-3-3245-5113
Fax: +81-3-3245-5459

Mr. Ichiro Maeda
General Manager
Corporate Communications Department
Tel: +81-3-3245-5178
Fax: +81-3-3245-5459

Toray Industries, Inc.
<http://www.toray.com>