

August 7, 2009

Toray Announces Consolidated Results for the First Quarter Ended June 30, 2009

Tokyo, Aug 7, 2009 - Toray Industries, Inc. today announced its consolidated business results for the three months ended June 30, 2009, the first quarter of the 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)

| | First quarter ended June 30, | | | 2009 | (Reference) Fiscal 2008 |
|-------------------------------------|------------------------------|----------|--------|---------------------|----------------------------|
| | 2009 | 2008 | Change | | |
| | Yen | | % | <i>U.S. dollars</i> | Yen |
| Net sales | ¥278,663 | ¥387,407 | (28.1) | \$2,903 | ¥1,471,561 |
| Operating income (loss) | (2,386) | 13,216 | - | (25) | 36,006 |
| Ordinary income (loss) | (7,593) | 12,457 | - | (79) | 20,522 |
| Net income (loss) | (7,440) | 4,393 | - | (78) | (16,326) |
| Net income (loss) primary per share | (5.32) | 3.14 | - | - | (11.66) |

Consolidated Financial Condition

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

| | First quarter ended June 30, | | | 2009 | (Reference) Fiscal 2008 |
|------------------------------------|------------------------------|------------|---------------------|-----------|----------------------------|
| | 2009 | 2008 | 2009 | | |
| | Yen | | <i>U.S. dollars</i> | Yen | |
| Total assets | ¥1,531,540 | ¥1,665,342 | \$15,954 | 1,523,603 | |
| Property, plant and equipment, net | 597,436 | 654,740 | 6,223 | 596,261 | |
| Net assets | 523,218 | 614,210 | 5,450 | 512,610 | |
| Net assets per share | 341.49 | 404.88 | - | 335.04 | |
| Equity ratio | 31.2% | 34.0% | - | 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 ¥96.0 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2009.
3. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the Six Months Ending September 30, 2009

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

| | Forecast | | Difference | Revised Forecast |
|-------------------------|----------|-----------------|------------|---------------------|
| | Previous | Revised | | |
| | Yen | | | <i>U.S. dollars</i> |
| Net sales | ¥570,000 | ¥590,000 | ¥20,000 | \$6,211 |
| Operating income (loss) | (15,000) | (5,000) | 10,000 | (53) |
| Ordinary income (loss) | (20,000) | (12,000) | 8,000 | (126) |
| Net income (loss) | (20,000) | (12,000) | 8,000 | (126) |

Reference: EPS forecast (six months ending September 30, 2009) (¥8.57)

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 | ¥1,300,000 | \$13,684 |
| Operating income | 15,000 | 158 |
| Ordinary income | 5,000 | 53 |
| Net income (loss) | (5,000) | (53) |

Reference: EPS forecast (year ending March 31, 2010) (¥3.57)

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 the fiscal year ending 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 | First quarter ended June 30, | | | |
|-----------------------------------|------------------------------|----------|--------|----------------|
| | 2009 | 2008 | Change | 2009 |
| | Yen | | % | U.S. dollars |
| Fibers and Textiles | ¥112,078 | ¥144,958 | (22.7) | \$1,167 |
| Plastics and Chemicals | 70,760 | 106,798 | (33.7) | 737 |
| IT-related Products | 50,202 | 62,315 | (19.4) | 523 |
| Carbon Fiber Composite Materials | 9,930 | 19,673 | (49.5) | 103 |
| Environment and Engineering | 22,181 | 38,649 | (42.6) | 231 |
| Life Science and Other Businesses | 13,512 | 15,014 | (10.0) | 141 |
| Total | 278,663 | 387,407 | (28.1) | 2,903 |
| Elimination and Corporate | - | - | - | - |
| Consolidated Total | 278,663 | 387,407 | (28.1) | 2,903 |

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

| Operating Income (loss) | First quarter ended June 30, | | | |
|-----------------------------------|------------------------------|--------|--------|---------------|
| | 2009 | 2008 | Change | 2009 |
| | Yen | | % | U.S. dollars |
| Fibers and Textiles | (¥1,054) | ¥3,125 | - | (\$11) |
| Plastics and Chemicals | (898) | 3,541 | - | (9) |
| IT-related Products | 1,468 | 3,571 | (58.9) | 15 |
| Carbon Fiber Composite Materials | (784) | 3,320 | - | (8) |
| Environment and Engineering | (1,464) | (731) | - | (15) |
| Life Science and Other Businesses | (286) | 126 | - | (3) |
| Total | (3,018) | 12,952 | - | (31) |
| Elimination and Corporate | 632 | 264 | - | 7 |
| Consolidated Total | (2,386) | 13,216 | - | (25) |

(Millions of yen)

| | (Reference) Fiscal 2008 ended March 31, 2009 | |
|-----------------------------------|---|------------------|
| | Net Sales | Operating Income |
| Fibers and Textiles | ¥568,996 | ¥7,664 |
| Plastics and Chemicals | 377,644 | 4,072 |
| IT-related Products | 229,421 | 9,822 |
| Carbon Fiber Composite Materials | 70,390 | 8,398 |
| Environment and Engineering | 160,207 | 3,303 |
| Life Science and Other Businesses | 64,903 | 3,185 |
| Total | 1,471,561 | 36,444 |
| Elimination and Corporate | - | (438) |
| Consolidated Total | 1,471,561 | 36,006 |

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥96.0 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2009.
2. Amounts are rounded to the nearest million.

Consolidated Geographic Segment Information

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

| Net Sales | First quarter ended June 30, | | | | (Reference) Fiscal 2008 |
|--------------------------------|------------------------------|----------|--------|-----------------|----------------------------|
| | 2009 | 2008 | Change | 2009 | |
| | Yen | | % | U.S. dollars | Yen |
| Japan | ¥201,399 | ¥265,139 | (24.0) | \$2,098 | ¥1,016,046 |
| Asia | 54,242 | 79,907 | (32.1) | 565 | 302,547 |
| North America, Europe & Others | 23,022 | 42,361 | (45.7) | 240 | 152,968 |
| Total | 278,663 | 387,407 | (28.1) | 2,903 | 1,471,561 |
| Elimination and Corporate | - | - | - | - | - |
| Consolidated Total | 278,663 | 387,407 | (28.1) | 2,903 | 1,471,561 |

| Operating Income (loss) | First quarter ended June 30, | | | | (Reference) Fiscal 2008 |
|--------------------------------|------------------------------|--------|--------|-----------------|----------------------------|
| | 2009 | 2008 | Change | 2009 | |
| | Yen | | % | U.S. dollars | Yen |
| Japan | (¥4,077) | ¥8,573 | - | (\$42) | ¥18,179 |
| Asia | 1,132 | 1,432 | (20.9) | 12 | 7,211 |
| North America, Europe & Others | (334) | 2,554 | - | (3) | 10,381 |
| Total | (3,279) | 12,559 | - | (34) | 35,771 |
| Elimination and Corporate | 893 | 657 | - | 9 | 235 |
| Consolidated Total | (2,386) | 13,216 | - | (25) | 36,006 |

Overseas Sales

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

| | First quarter ended June 30, | | | | (Reference) Fiscal 2008 |
|--------------------------------|------------------------------|----------|--------|-----------------|----------------------------|
| | 2009 | 2008 | Change | 2009 | |
| | Yen | | % | U.S. dollars | Yen |
| Asia | ¥82,435 | ¥115,001 | (28.3) | 859 | ¥430,438 |
| North America, Europe & Others | 35,775 | 70,068 | (48.9) | 373 | 247,394 |
| Total | 118,210 | 185,069 | (36.1) | 1,231 | 677,832 |

| Percentage against consolidated net sales | First quarter ended June 30, | | (Reference) Fiscal 2008 |
|---|------------------------------|-------|----------------------------|
| | 2009 | 2008 | |
| Asia | 29.6% | 29.7% | 29.3% |
| North America, Europe & Others | 12.8% | 18.1% | 16.8% |
| Total | 42.4% | 47.8% | 46.1% |

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥96.0 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2009.
2. Amounts are rounded to the nearest million.

Consolidated Business Results and Financial Condition

1. Overview of the First Quarter Ended June 30, 2009

The global economy has been in the grip of a serious recession, with the Japanese economy contracting at the fastest rate among developed countries in the October-December 2008 and January-March 2009 quarters. For the April-June quarter, though there were some indications that the economy is bottoming thanks to stimulus measures implemented by governments and the progress in inventory adjustment, the level of economic activity as a whole remained extremely low.

Facing such drastic changes in business environment, Toray Group drew up a new medium-term management program Project IT-II (Innovation TORAY II) to focus on overcoming the economic crisis for the next two years and began implementing related measures in April. Under Project IT-II, the Group has been working on drastic reduction of total costs, expansion of earnings by ensuring sales through every possible effort, and improvement of cash flow by in-depth reduction of capital investment and working capital.

All these efforts, however, were not enough to offset the extremely severe impact of the global slowdown in demand since last fall, and consolidated net sales for the three months ended June 30, 2009 declined 28.1% compared with the same period of the previous fiscal year to ¥278.7 billion (US\$2,903 million). Further, reflecting the production adjustment the Group carried out to bring the inventories to appropriate levels in response to declining demand, the Group posted operating loss of ¥2.4 billion (US\$25 million), down ¥15.6 billion on a year-on-year basis, ordinary loss of ¥7.6 billion (US\$79 million), down ¥20.1 billion partly due to worsening equity in earnings of unconsolidated subsidiaries and affiliated companies, and net loss of ¥7.4 billion (US\$78 million), down ¥11.8 billion reflecting the decrease of income taxes.

Business Performance by Segment:

Fibers and Textiles

In Japan, shipment of clothing materials remained sluggish, except for some sewn products, against the backdrop of weak demand for apparels. The demand for industrial-use materials led by automotive applications also continued to be drastically lower. Overseas, sales volume in general decreased except for some operations such as the polyester filament business in South Korea and the non-woven fabric business in China.

As a result, total sales of Fibers and Textiles fell 22.7% to ¥112.1 billion (US\$1,167 million) from the previous year and the segment posted an operating loss of ¥1.1 billion (US\$11 million), down ¥4.2 billion.

Plastics and Chemicals

In the Plastics and Chemicals segment, demand for automotive, electrical and electronics applications continued to be weak, and shipment for both resins and films also remained sluggish.

As a result, total sales of Plastics and Chemicals declined 33.7% year-on-year to ¥70.8 billion (US\$737 million), with operating loss of ¥0.9 billion (US\$9 million), down ¥4.4 billion.

IT-related Products

In the IT-related Products segment, though there were some signs of recovery in demand for materials used in flat panel displays reflecting the impact of measures to stimulate consumer spending by China and other countries, overall demand remained lower compared with the same period a year ago.

As a result, sales of the segment fell 19.4% to ¥50.2 billion (US\$523 million) compared with the same period a year earlier, and operating income suffered a 58.9% decline to ¥1.5 billion (US\$15 million).

Carbon Fiber Composite Materials

In the Carbon Fiber Composite Materials segment, demand is expected to grow at a strong rate in the medium to long-term and the Company is actively pursuing development of new applications with focus on the crucial fields of automobile, environment and energy applications. In the short term, however, demand slumped in aircraft and space, sports and general industry applications reflecting the global economic downturn, with the Group also carrying out production adjustments at existing facilities and postponing the commencement of operation of new facilities.

On the whole, the Carbon Fiber Composite Materials registered a year-on-year sales decline of 49.5% to ¥9.9 billion (US\$103 million) and an operating loss of ¥0.8 billion (US\$8 million), down ¥4.1 billion.

Environment and Engineering

In the Environment and Engineering segment, shipment of reverse osmosis membrane elements, etc. was steady in the water treatment membrane business, though construction business at a domestic subsidiary was low and machinery exports at a trading subsidiary declined significantly.

As a result, overall sales of the segment fell 42.6% on year to ¥22.2 billion (US\$231 million), while operating loss came to ¥1.5 billion (US\$15 million), down ¥0.7 billion.

Life Science and Other Businesses

In the pharmaceuticals and medical products business, sales of pharmaceuticals were steady and sales volume of artificial kidneys increased. However, the Life Science and Other Businesses segment on the whole registered a decrease in sales, falling 10.0% on year to ¥13.5 billion (US\$141 million), reflecting declining sales volume at a domestic trading subsidiary and lower customer orders at an analytical service subsidiary. The segment had an operating loss of ¥0.3 billion (US\$3 million), down ¥0.4 billion from the same period of the previous fiscal year.

2. Analysis of Financial Condition

As of June 30, 2009, Toray's total assets stood at ¥1,531.5 billion (US\$15,954 million), up ¥7.9 billion from the end of the previous fiscal year. Current assets fell by ¥9.5 billion compared to the end of the previous fiscal year, due primarily to decreases in notes and accounts receivable, while fixed assets rose by ¥17.4 billion reflecting primarily the increase in investment securities.

Despite increases in interest-bearing debt, liabilities decreased by ¥2.7 billion to ¥1,008.3 billion (US\$10,503 million) compared to the end of the previous fiscal year, owing to lower levels of notes and accounts payable and allowances.

While retained earnings declined due to recording of quarterly net loss and payment of dividends, net assets increased ¥10.6 billion compared to the end of the previous fiscal year to ¥523.2 billion (US\$5,450 million). This reflected increases in net unrealized gains on securities and fluctuation in foreign currency translation adjustments. Net assets less minority interests stood at ¥477.9 billion (US\$4,978 million).

3. Forecast of Consolidated Results

Though the Japanese as well as global economy is expected to make a gradual turnaround in the coming months, it is going to be a weak and slow one and the outlook remains extremely uncertain.

Given this severe environment, Toray Group will continue with its efforts to strengthen its overall cost competitiveness, reform its business structure and promote growth strategy with the aim of enhancing its earnings base under the Project IT-II initiative.

Amid the continued tough business environment in most segments excluding IT-related fields, the Company revised its forecast, announced on May 11, to reflect its efforts to promote earnings enhancement through measures such as strengthening of cost competitiveness under the Project IT-II. The Company now expects consolidated net sales of ¥590 billion (US\$6,211 million), operating loss of ¥5 billion (US\$53 million), ordinary loss of ¥12 billion (US\$126 million), and net loss of ¥12 billion (US\$126 million) for the six months ending September 30, 2009. As for the full year through March 31, 2010, however, given the uncertainties in the economic situation, the Company intends to review the forecast at the time of announcing the financial results for the July-September quarter taking into account various factors such as the trends in external environment. The Company bases calculation of its earnings forecasts from July onwards on assumptions of a foreign currency exchange rate of ¥95 to the U.S. dollar.

Notes:

- 1) U.S. dollar amounts have been converted from yen at the exchange rate of ¥96.0 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2009.
- 2) U.S. dollar amounts of forecasts have been converted from yen at the exchange rate of ¥95=U.S.\$1, the estimated rate of exchange for the FY Mar/10 (April 2009 - March 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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