

November 6, 2009

## Toray Announces Consolidated Results for the Six Months Ended September 30, 2009

Tokyo, November 6, 2009 - Toray Industries, Inc. today announced its consolidated business results for the six months ended September 30, 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 Financial Highlights

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

	Six months ended September 30,				(Reference) Fiscal 2008
	2009	2008	Change	2009	
	Yen		%	U.S. Dollars	Yen
Net sales	<b>¥617,928</b>	¥800,865	(22.8)	<b>\$6,851</b>	¥1,471,561
Operating income	<b>5,493</b>	30,295	(81.9)	<b>61</b>	36,006
Ordinary income (loss)	<b>(2,678)</b>	27,497	-	<b>(30)</b>	20,522
Net income (loss)	<b>(6,320)</b>	10,532	-	<b>(70)</b>	(16,326)

Depreciation	<b>¥36,750</b>	¥41,258	(10.9)	<b>\$407</b>	¥82,880
Capital investment	<b>24,913</b>	43,248	(42.4)	<b>276</b>	91,303
Total assets	<b>1,541,103</b>	1,690,178	(8.8)	<b>17,085</b>	1,523,603
Property, plant and equipment, net	<b>595,312</b>	666,530	(10.7)	<b>6,600</b>	596,261
Net assets	<b>525,383</b>	614,838	(14.5)	<b>5,825</b>	512,610

#### Per Share of common stock (yen)

Net Income (loss) Basic	<b>¥(4.52)</b>	¥7.52	-	-	¥(11.66)
Cash dividends	<b>2.50</b>	5.00	(50.0)	-	7.5
Net assets	<b>342.17</b>	404.15	(15.3)	-	335.04

#### Ratios (%)

Operating income (loss) to net sales	<b>0.9%</b>	3.8%	-	-	2.4%
Net income (loss) to net sales	<b>(1.0)%</b>	1.3%	-	-	(1.1)%
Equity ratio	<b>31.1%</b>	33.5%	-	-	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 ¥90.2=U.S.\$1, the approximate rate of exchange prevailing on September 30, 2009.
3. Amounts are rounded to the nearest million.

## Consolidated Business Segment Information

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

Net Sales	Six months ended September 30,			
	2009	2008	Change	2009
	Yen		%	<i>U.S. dollars</i>
Fibers and Textiles	<b>¥245,099</b>	¥300,546	(18.4)	<b>\$2,717</b>
Plastics and Chemicals	<b>153,724</b>	219,407	(29.9)	<b>1,704</b>
IT-related Products	<b>107,301</b>	131,151	(18.2)	<b>1,190</b>
Carbon Fiber Composite Materials	<b>20,978</b>	38,112	(45.0)	<b>233</b>
Environment and Engineering	<b>61,787</b>	80,392	(23.1)	<b>685</b>
Life Science and Other Businesses	<b>29,039</b>	31,257	(7.1)	<b>322</b>
Total	<b>617,928</b>	800,865	(22.8)	<b>6,851</b>
Elimination and Corporate	-	-	-	-
Consolidated Total	<b>617,928</b>	800,865	(22.8)	<b>6,851</b>

Operating Income (loss)	Six months ended September 30,			
	2009	2008	Change	2009
	Yen		%	<i>U.S. dollars</i>
Fibers and Textiles	<b>¥212</b>	¥6,227	(96.6)	<b>\$2</b>
Plastics and Chemicals	<b>1,122</b>	8,207	(86.3)	<b>12</b>
IT-related Products	<b>5,311</b>	9,603	(44.7)	<b>59</b>
Carbon Fiber Composite Materials	<b>(1,769)</b>	5,573	-	<b>(20)</b>
Environment and Engineering	<b>(98)</b>	237	-	<b>(1)</b>
Life Science and Other Businesses	<b>41</b>	756	(94.6)	<b>0</b>
Total	<b>4,819</b>	30,603	(84.3)	<b>53</b>
Elimination and Corporate	<b>674</b>	(308)	-	<b>7</b>
Consolidated Total	<b>5,493</b>	30,295	(81.9)	<b>61</b>

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥90.2=U.S.\$1, the approximate rate of exchange prevailing on September 30, 2009.
2. Amounts are rounded to the nearest million.

## Consolidated Geographic Segment Information

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

Net Sales	Six months ended September 30,			
	2009	2008	Change	2009
	Yen		%	U.S. dollars
Japan	<b>¥442,903</b>	¥546,763	(19.0)	<b>\$4,910</b>
Asia	<b>125,660</b>	170,548	(26.3)	<b>1,393</b>
North America, Europe & Others	<b>49,365</b>	83,554	(40.9)	<b>547</b>
Total	<b>617,928</b>	800,865	(22.8)	<b>6,851</b>
Elimination and Corporate	-	-	-	-
Consolidated Total	<b>617,928</b>	800,865	(22.8)	<b>6,851</b>

Operating Income (loss)	Six months ended September 30,			
	2009	2008	Change	2009
	Yen		%	U.S. dollars
Japan	<b>¥(420)</b>	¥20,540	-	<b>\$(5)</b>
Asia	<b>5,225</b>	4,940	5.8	<b>58</b>
North America, Europe & Others	<b>(295)</b>	5,040	-	<b>(3)</b>
Total	<b>4,510</b>	30,520	(85.2)	<b>50</b>
Elimination and Corporate	<b>983</b>	(225)	-	<b>11</b>
Consolidated Total	<b>5,493</b>	30,295	(81.9)	<b>61</b>

## Overseas Sales

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

	Six months ended September 30,			
	2009	2008	Change	2009
	Yen		%	U.S. dollars
Asia	<b>¥180,493</b>	¥244,609	(26.2)	<b>\$2,001</b>
North America, Europe & Others	<b>79,555</b>	140,616	(43.4)	<b>882</b>
Total	<b>260,048</b>	385,225	(32.5)	<b>2,883</b>

Percentage against consolidated net sales	Six months ended September 30,	
	2009	2008
Asia	<b>29.2 %</b>	30.5 %
North America, Europe & Others	<b>12.9 %</b>	17.6 %
Total	<b>42.1 %</b>	48.1 %

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥90.2=U.S.\$1, the approximate rate of exchange prevailing on September 30, 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	<i>\$14,444</i>
Operating income	25,000	<i>278</i>
Ordinary income	10,000	<i>111</i>
Net income	0	<i>0</i>

### 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 for the second half of 2009 (October 2009- March 2010).
2. Amounts are rounded to the nearest million.

# Consolidated Business Results and Financial Condition

## 1. Overview of First Half (April 2009 – September 2009)

During the six months under review, though the global economy continued to be in a serious situation, there were some signs of recovery reflecting the impact of the economic stimulus measures implemented by various governments. The Japanese economy also appeared to have left the worst behind and begun bottoming out as shown its positive real GDP growth for the April-June period after the contraction for four quarters thanks to the economic stimulus measures as well as the progress in destocking.

Under such circumstances, Toray Group has been working on measures to achieve drastic reduction in total costs, expansion of earnings by ensuring sales through every possible effort, and improvement of 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 this year.

Reflecting these efforts, Toray Group's earnings improved with each passing month, though the impact of the global slowdown in demand since last fall remained significant. Consolidated net sales for the first half through September 30, 2009 fell 22.8% compared with the same period of the previous fiscal year to ¥617.9 billion (US\$6,851 million). Operating income declined 81.9% to ¥5.5 billion (US\$61 million), partly due to the continued decreased production to realize proper level of inventory in response to lower demand. The Group posted ordinary loss of ¥2.7 billion (US\$30 million), down ¥30.2 billion from the same period a year earlier and net loss of ¥6.3 billion (US\$70 million), down ¥16.9 billion year-on-year, also resulting from a decline in equity in earnings of unconsolidated subsidiaries and affiliated companies and costs related to idle facilities.

### **Business Performance by Segment:**

#### *Fibers and Textiles*

In Japan, shipment of clothing materials continued to be sluggish, except for some sewn products, against the backdrop of weak demand for apparels. While demand for industrial-use materials in general also remained weak, shipment began to recover from the first quarter to the second quarter led by automotive applications. Overseas, sales volume in the polyester filament business in South Korea and non-woven fabric business in China expanded as well as some other businesses including yarn and textile operations for air bag applications in Thailand and Czech Republic also showed signs of recovery.

Overall sales of Fibers and Textiles declined 18.4% to ¥245.1 billion (US\$2,717 million) from the same period a year earlier and operating income plummeted 96.6% to ¥0.2 billion (US\$2 million).

### *Plastics and Chemicals*

Businesses in the overall Plastic and Chemicals segment also remained low. However, demand for products in the resin business in Japan and Malaysia as well as in the film business for capacitors used in hybrid automobiles registered a recovery from the drastic decline in the latter half of last year.

On the whole, the total sales for Plastics and Chemicals declined 29.9% year-on-year to ¥153.7 billion (US\$1,704 million). Operating income fell 86.3% to ¥1.1 billion (US\$12 million).

### *IT-related Products*

The IT-related Products segment was also weak as a whole compared with the same period a year earlier. Still, there were signs of recovery in demand for materials used in flat panel displays and electronic parts, reflecting effects of stimulating consumption in China and Japan.

Sales of IT-related Products fell 18.2% to ¥107.3 billion (US\$1,190 million) and operating income declined 44.7% to ¥5.3 billion (US\$59 million).

### *Carbon Fiber Composite Materials*

Demand was also stagnant in the Carbon Fiber Composite Materials segment. Reflecting the global economic downturn, shipment in aircraft and space, sports, and general industry applications declined. 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, in which demand is expected to see full-fledged expansion amid growing concern for the environmental issues. In the short-term, however, the Group stepped up its move to adjust production at its manufacturing facilities in response to continued destocking process throughout the supply chains.

Overall sales of the Carbon Fiber Composite Materials segment declined 45.0% on year to ¥21.0 billion (US\$233 million). The segment had operating loss of ¥1.8 billion (US\$20 million), down ¥7.3 billion compared with the same period of the previous fiscal year.

On the production side, Toray Group started operation of a new production facility for prepreg (carbon fiber sheets impregnated with epoxy resin) at its Ishikawa Plant, the second domestic facility making the product after Ehime Plant, in order to develop a supply structure to meet the anticipated growth in demand.

### *Environment and Engineering*

In the Environment and Engineering segment, shipment of products led by reverse osmosis membranes in the water treatment membrane business was steady and the business at a water treatment and engineering subsidiary improved. On the other hand, the construction and engineering businesses at domestic subsidiaries remained weak.

The total sales of Environment and Engineering decreased 23.1% to ¥61.8 billion (US\$685 million). Operating loss of the segment came to ¥0.1 billion (US\$1 million), down ¥0.3 billion from the same period a year earlier.

### *Life Science and Other Businesses*

In the pharmaceuticals and medical products business, sales of pharmaceuticals were steady and sales volume of artificial kidneys increased during the period.

Overall sales of the Life Science and Other Businesses segment fell 7.1% to ¥29.0 billion (US\$322 million) from the same period a year earlier and operating income fell 94.6% to ¥41 million (US\$0.5 million), due to the impact of falling transaction volume at a domestic trading subsidiary and lower customer orders at an analytical service subsidiary.

### *New Businesses and Investments*

On November 4, 2009, the Company concluded a basic agreement to start a 50-50 joint venture in battery separator film business in January 2010 through an investment in Tonen Specialty Separator Godo Kaisha, which is a wholly-owned subsidiary of TonenGeneral Sekiyu K. K., an ExxonMobil Group company.

The details of the business and capital alliance will be announced at a later date upon further discussions.

## 2. Analysis of Financial Condition

As of September 30, 2009, Toray Group's total assets stood at ¥1,541.1 billion (US\$17,085 million), up ¥17.5 billion compared with the end of the previous fiscal year. Current assets increased ¥1.3 billion primarily due to higher levels of notes and accounts receivable while merchandise and finished goods decreased. Fixed assets rose by ¥16.2 billion reflecting an increase in investment securities.

Total liabilities increased by ¥4.7 billion to ¥1,015.7 billion (US\$11,261 million) compared to the end of the previous fiscal year owing to a higher level of interest-bearing debt, while notes and accounts payable declined.

While retained earnings declined due to recording of quarterly net loss and payment of dividends, net assets increased by ¥12.8 billion compared with the end of the previous fiscal year to ¥525.4 billion (US\$5,825 million) due to increases in net unrealized gains on securities and fluctuation in foreign currency translation adjustments. Net assets less minority interests stood at ¥478.8 billion (US\$5,309 million).

### 3. Forecast of Consolidated Results

While economies in Japan and elsewhere are expected to continue recovering at a gradual pace, it is too early to anticipate any self-sustaining recovery led by private sector demand. Overall outlook is extremely uncertain considering concerns that the effects of the stimulus measures will reduce bringing about the sense of standstill and various risk factors such as worsening employment situation and exchange rate fluctuations.

Against this background, Toray Group will further continue with its efforts to enhance total cost competitiveness, reform its business structure, and promote growth strategy with the aim of strengthening its earnings base under Project IT-II.

While uncertainties clouding the business environment still remain, Toray has revised upwards its earnings forecasts for the fiscal year through March 31, 2010, taking into account the profit improvement efforts being made by the Group including thorough cost cutting and sales volume expansion under Project IT-II. For the full year, the Company now expects consolidated net sales of ¥1,300 billion (US\$14,444 million), operating income of ¥25 billion (US\$278 million), and ordinary income of ¥10 billion (US\$111 million), and to break even at the net income level. The Company based its revised earnings forecasts on an estimated exchange rate of ¥90 to US\$1 for the period starting October 1, 2009.

#### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥90.2=U.S.\$1, the approximate rate of exchange prevailing on September 30, 2009.
2. U.S. dollar amounts of forecast for FY Mar/10 have been converted from yen at the exchange rate of ¥90=U.S.\$1, the estimated rate of exchange for the second half of 2009 (October 2009 - March 2010).

#### 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.

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