

November 4, 2010

Toray Announces Consolidated Results for the Six Months Ended September 30, 2010

Tokyo, November 4, 2010 - Toray Industries, Inc. (the "Company") today announced its consolidated business results for the six months ended September 30, 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 Financial Highlights

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

	Six months ended September 30,				(Reference) Fiscal 2009
	2010	2009	Change	2010	
	Yen		%	U.S. Dollars	Yen
Net sales	¥733,377	¥617,928	18.7	\$8,752	¥1,359,631
Operating income	42,520	5,493	674.1	507	40,107
Ordinary income (loss)	40,464	(2,678)	-	483	9,006
Net income (loss)	24,919	(6,320)	-	297	(14,158)

Depreciation	¥34,354	¥36,750	(6.5)	\$410	¥74,101
Capital investment	20,196	24,913	(18.9)	241	54,170
Total assets	1,552,861	1,541,103	0.8	18,531	1,556,796
Property, plant and equipment, net	543,091	595,312	(8.8)	6,481	580,344
Net assets	615,249	525,383	17.1	7,342	518,216

Per Share of common stock (yen)

Net Income (loss) - Basic	¥16.05	¥(4.52)	-	-	¥(10.12)
Net income - Diluted	15.16	-	-	-	-
Cash dividends	2.50	2.50	-	-	5.0
Net assets	348.99	342.17	2.0	-	336.65

Ratios (%)

Operating income to net sales	5.8%	0.9%	-	-	2.9%
Net income (loss) to net sales	3.4%	(1.0)%	-	-	(1.0)%
Equity ratio	36.6%	31.1%	-	-	30.3%

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 ¥83.8 = U.S.\$1, the approximate rate of exchange prevailing on September 30, 2010.
3. Amounts are rounded to the nearest million.

Segment Information

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

Net Sales	Six months ended September 30,		
	2010	2009	2010
	Yen		<i>U.S. dollars</i>
Fibers and Textiles	¥273,065	¥245,099	\$3,259
Plastics and Chemicals	186,539	153,724	2,226
IT-related Products	136,162	107,301	1,625
Carbon Fiber Composite Materials	31,871	20,978	380
Environment and Engineering	73,461	61,787	877
Life Science	25,517	22,340	304
Others	6,762	6,699	81
Consolidated Total	733,377	617,928	8,752

Segment Income (Loss)	Six months ended September 30,		
	2010	2009	2010
	Yen		<i>U.S. dollars</i>
Fibers and Textiles	¥13,550	¥2,751	\$162
Plastics and Chemicals	12,080	3,567	144
IT-related Products	21,286	7,419	254
Carbon Fiber Composite Materials	1,240	(1,034)	15
Environment and Engineering	(1,541)	(338)	(18)
Life Science	3,334	555	40
Others	409	149	5
Total	50,358	13,069	601
Adjustment	(7,838)	(7,576)	(94)
Consolidated Total (Operating income)	42,520	5,493	507

Notes:

1. From the first quarter ended June 30, 2010, "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No.17 of March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20 of March 21, 2008) are applied. Accordingly, segment information on the six months ended September 30, 2009 is restated.
2. "Others" represents service-related businesses such as analysis, survey and research.
3. "Adjustment" of segment income (loss) for the six months ended September 30, 2010 of (7,838) million yen includes intersegment eliminations of 708 million yen and corporate expenses of (8,546) million yen. "Adjustment" of segment income (loss) for the six months ended September 30, 2009 of (7,576) million yen includes intersegment eliminations of 674 million yen and corporate expenses of (8,250) million yen. The corporate expenses consist of the headquarters' research expenses, etc. that are not allocated to each reportable segment.
4. U.S. dollar amounts have been converted from yen at the exchange rate of ¥83.8 = U.S.\$1, the approximate rate of exchange prevailing on September 30, 2010.
5. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the fiscal year ending March 31, 2011

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

	Year ending March 31, 2011	
	Yen	<i>U.S. dollars</i>
Net sales	¥1,530,000	\$19,125
Operating income	83,000	1,038
Ordinary income	76,000	950
Net income	42,000	525

Reference: EPS forecast (year ending March 31, 2011) ¥26.40

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥80 = U.S.\$1, the estimated rate of exchange from October onwards.
2. Amounts are rounded to the nearest million.

Consolidated Business Results and Financial Condition

1. Overview of First Half (April 2010 – September 2010)

During the six months under review, despite concerns over the severe employment situation and the fiscal health of Southern European countries, the global economy on the whole continued to expand sustained by the high-rate growth in China and other Asian emerging economies and the impact of the economic stimulus measures implemented by various governments. The Japanese economy also, in spite of the tough environment such as the continued high unemployment rate, improved across the board, as capital investment and consumer spending recovered gradually amid expanding exports primarily to Asian countries.

Under such circumstances, Toray Group has been working on measures to improve profitability by comprehensively ensuring sales through every possible effort and strengthening cost competitiveness, and actively pursued business expansion under its medium-term management program Project IT-II (Innovation Toray II) launched in April 2009.

Reflecting these efforts, Toray Group's earnings improved in the first half through September 30, 2010, with consolidated net sales rising 18.7% compared with the same period a year ago to ¥733.4 billion (US\$8,752 million). Operating income surged 674.1% to ¥42.5 billion (US\$507 million). The Group posted ordinary income of ¥40.5 billion (US\$483 million), a remarkable improvement of ¥43.1 billion from the same period a year earlier, and net income of ¥24.9 billion (US\$297 million), a turnaround of ¥31.2 billion year-on-year.

Business performance by segment is described below. The figures for the same period of the previous year used for comparison have been modified according to the reportable segment.

Business Performance by Segment:

Fibers and Textiles

In Japan, demand for industrial-use materials led by airbags and other automotive applications as well as general applications grew strongly while sales volume expanded in apparel applications. Overseas, the polypropylene spunbond business for diapers in Republic of Korea and China expanded, and businesses including yarn and textile operations for air bag applications in Thailand and Czech Republic and the textile business in China also performed strongly.

Overall sales of Fibers and Textiles rose 11.4% to ¥273.1 billion (US\$3,259 million) from the same period a year earlier and operating income soared 392.5% to ¥13.6 billion (US\$162 million).

Plastics and Chemicals

In the Plastic and Chemicals segment, recovery in demand continued in the resin business on the back of growth in automobile sales thanks to eco-car subsidies and sales increase in home electric appliances due to the heat wave. In the film business, sales expanded in solar cell applications and for capacitors used in hybrid automobiles as well as the industrial materials field in general such as packaging applications.

On the whole, the total sales for Plastics and Chemicals rose 21.3% year-on-year to ¥186.5 billion (US\$2,226 million). Operating income jumped 238.7% to ¥12.1 billion (US\$144 million).

IT-related Products

The IT-related Products segment also performed strongly as sales for films and processed film products used in flat panel displays expanded, reflecting growth in demand for TV and other large displays and for small and mid-sized displays such as for smartphones. Sales volume of semiconductor-related materials and plasma display-related materials also increased.

Sales of IT-related Products grew 26.9% to ¥136.2 billion (US\$1,625 million) and operating income soared 186.9% to ¥21.3 billion (US\$254 million).

Carbon Fiber Composite Materials

In the Carbon Fiber Composite Materials segment, sales and production volumes of *Torayca** and *Torayca** prepreg (carbon fiber sheets impregnated with epoxy resin) increased on the back of sustained recovery in demand in aircraft and space, sports, and general industrial applications. Sales of carbon fiber molded products (composites) also expanded led by demand in the IT field such as for PC chassis.

Overall sales of the Carbon Fiber Composite Materials segment rose 51.9% on year to ¥31.9 billion (US\$380 million) while posting an operating profit of ¥1.2 billion (US\$15 million), an improvement of ¥2.3 billion compared with the same period of the previous fiscal year.

Environment and Engineering

In the Environment and Engineering segment, sales of reverse osmosis membranes in the water treatment membrane business expanded for large-scale overseas projects. Among domestic subsidiaries, while a trading company improved its performance, sales at a construction subsidiary declined.

The total sales of Environment and Engineering increased 18.9% to ¥73.5 billion (US\$877 million). The segment posted operating loss of ¥1.5 billion (US\$18 million), worsening by ¥1.2 billion from the same period a year earlier.

Life Science

In the Life Science segment, sales volume of *Feron**, a natural-type interferon- β preparation, continued to increase, and shipments of *REMITCH*®, an oral antipruritus

drug, and *Toraymyxin**, an extracorporeal hemoperfusion device for endotoxin removal, were also strong in the period.

Overall sales of Life Science rose 14.2% to ¥25.5 billion (US\$304 million) from the same period a year earlier and operating income surged 500.7% to ¥3.3 million (US\$40 million).

New Businesses and New Investments

In the six-month period under review, the Company decided to enhance the production capacity in Japan as well as abroad for polyester film *Lumirror** used in reflective plates and polarizing plates for liquid crystal displays as well as in touch panels, and *Torettec**, a polyethylene-type self-adhesive protective film. This is aimed at ensuring a steady supply of optical films in anticipation of growing demand fueled by the robust flat panel display-related market as well as the further improvements in thinness and weight of touch panels.

2. Analysis of Financial Condition

As of September 30, 2010, Toray Group's total assets stood at ¥1,552.9 billion (US\$18,531 million), down ¥3.9 billion compared with the end of the previous fiscal year. Current assets increased ¥44.2 billion from the end of the previous fiscal year primarily due to higher levels of notes and accounts receivable and work in progress. Fixed assets fell by ¥48.1 billion reflecting decreases in property, plant and equipment and investment securities.

Total liabilities fell by ¥101.0 billion to ¥937.6 billion (US\$11,189 million) compared to the end of the previous fiscal year, owing to a decline in interest-bearing debts.

While there were changes such as a decline in net unrealized gains on securities and fluctuation in foreign currency translation adjustments, net assets increased by ¥97.0 billion compared with the end of the previous fiscal year to ¥615.2 billion (US\$7,342 million). This reflected the increases in common stock and capital surplus resulting from the issuance of new shares, as well as increased retained earnings from net income. Net assets less minority interests stood at ¥568.6 billion (US\$6,786 million).

3. Forecast of Consolidated Results

Going forward, the global economy on the whole is expected to stay on a gradual recovery track, driven by the growing economies of emerging countries in Asia. The outlook, however, remains unpredictable reflecting concerns related to the waning impact of the stimulus measures in various countries and the credit crunch, risk of slowdown in overseas economies due to possible switch to fiscal austerity and downward risk in domestic economy such as sustained appreciation of the yen and asset deflation.

Under such harsh business environment, 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 continue to cloud the business environment outlook, the Company revised upwards its full-year earnings forecasts from the earlier estimates announced on August 3, taking into account the Group's profit improvement efforts including thorough cost cutting and sales volume increase under Project IT-II. For the fiscal year through March 31, 2011, the Company now expects consolidated net sales of ¥1,530 billion (US\$19,125 million), operating income of ¥83 billion (US\$1,038 million), and ordinary income of ¥76 billion (US\$950 million), and net income of ¥42.0 billion (US\$525 million). The Company based its revised earnings forecasts on an estimated exchange rate of ¥80 to US\$1 for the period starting October 1, 2010.

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥83.8 = U.S.\$1, the approximate rate of exchange prevailing on September 30, 2010.
2. U.S. dollar amounts of forecast for FY Mar/11 have been converted from yen at the exchange rate of ¥80 = U.S.\$1, the estimated rate of exchange from October onwards.
3. Product names with (*) abbreviation are trademarks of Toray Industries, Inc.

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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