

February 3, 2011

Toray Announces Consolidated Results for the Nine Months Ended December 31, 2010

Tokyo, February 3, 2011 - Toray Industries, Inc. (the "Company") today announced its consolidated business results for the nine months ended December 31, 2010 of the fiscal year ending March 31, 2011. 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, | | | (Reference) | |
|--|--------------------------------|----------|--------|---------------------|-------------|
| | 2010 | 2009 | Change | 2010 | Fiscal 2009 |
| | Yen | | % | <i>U.S. dollars</i> | Yen |
| Net sales | ¥1,126,840 | ¥979,818 | 15.0 | \$13,826 | ¥1,359,631 |
| Operating income | 69,966 | 20,184 | 246.6 | 858 | 40,107 |
| Ordinary income (loss) | 68,667 | (7,270) | - | 843 | 9,006 |
| Net income (loss) | 43,779 | (19,446) | - | 537 | (14,158) |
| Net income (loss) per share - Basic | 27.74 | (13.90) | - | - | (10.12) |
| Net income per share - Diluted | 26.22 | - | - | - | - |

Consolidated Financial Condition

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

| | Nine months ended December 31, | | | (Reference) | |
|------------------------------------|--------------------------------|------------|---------------------|-------------|--|
| | 2010 | 2009 | 2010 | Fiscal 2009 | |
| | Yen | | <i>U.S. dollars</i> | Yen | |
| Total assets | ¥1,580,940 | ¥1,530,884 | \$19,398 | 1,556,796 | |
| Property, plant and equipment, net | 535,665 | 581,251 | 6,573 | 580,344 | |
| Net assets | 633,092 | 503,832 | 7,768 | 518,216 | |
| Net assets per share | 359.27 | 326.76 | - | 336.65 | |
| Equity ratio | 37.0% | 29.9% | - | 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 ¥81.5 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2010.
3. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the 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 | 96,000 | 1,200 |
| Ordinary income | 94,000 | 1,175 |
| Net income | 54,000 | 675 |

Reference: EPS forecast (year ending March 31, 2011) ¥33.94

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 January onwards.
2. Amounts are rounded to the nearest million.

Segment Information

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

| Net Sales | Nine months ended December 31, | | |
|----------------------------------|--------------------------------|----------|---------------------|
| | 2010 | 2009 | 2010 |
| | Yen | | <i>U.S. dollars</i> |
| Fibers and Textiles | ¥441,316 | ¥396,327 | \$5,415 |
| Plastics and Chemicals | 280,480 | 242,749 | 3,441 |
| IT-related Products | 196,594 | 167,603 | 2,412 |
| Carbon Fiber Composite Materials | 49,527 | 35,249 | 608 |
| Environment and Engineering | 109,712 | 94,344 | 1,346 |
| Life Science | 39,274 | 33,770 | 482 |
| Others | 9,937 | 9,776 | 122 |
| Consolidated Total | 1,126,840 | 979,818 | 13,826 |

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

| Segment Income (Loss) | Nine months ended December 31, | | |
|--|--------------------------------|----------|---------------------|
| | 2010 | 2009 | 2010 |
| | Yen | | <i>U.S. dollars</i> |
| Fibers and Textiles | ¥25,507 | ¥10,181 | \$313 |
| Plastics and Chemicals | 19,767 | 7,524 | 243 |
| IT-related Products | 30,905 | 14,161 | 379 |
| Carbon Fiber Composite Materials | 1,971 | (1,681) | 24 |
| Environment and Engineering | (2,242) | (432) | (28) |
| Life Science | 5,328 | 1,456 | 65 |
| Others | 700 | 220 | 9 |
| Total | 81,936 | 31,429 | 1,005 |
| Adjustment | (11,970) | (11,245) | (147) |
| Consolidated Total (Operating income) | 69,966 | 20,184 | 858 |

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 nine months ended December 31, 2009 is restated.
2. "Others" represents service-related businesses such as analysis, survey and research.
3. "Adjustment" of segment income (loss) for the nine months ended December 31, 2010 of (11,970) million yen includes intersegment eliminations of 947 million yen and corporate expenses of (12,917) million yen. "Adjustment" of segment income (loss) for the nine months ended December 31, 2009 of (11,245) million yen includes intersegment eliminations of 889 million yen and corporate expenses of (12,134) 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 ¥81.5 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2010.
5. Amounts are rounded to the nearest million.

Consolidated Business Results and Financial Condition

1. Overview of the Nine Months Ended December 31, 2010

During the nine months under review, despite concerns over the severe employment situation and the fiscal health of 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 including the continued high unemployment rate, improved across the board, as domestic demand recovered gradually against the backdrop of expanding exports primarily to Asian countries. Nevertheless, the economic growth has been held back since last fall by the impact of the scaling back of the measures to stimulate consumer spending.

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 for the nine-month period, with consolidated net sales rising 15.0% compared with the same period a year ago to ¥1,126.8 billion (US\$13,826 million). Operating income surged 246.6% to ¥70.0 billion (US\$858 million). The Group posted ordinary income of ¥68.7 billion (US\$843 million), an improvement of ¥75.9 billion from the same period a year earlier, and net income of ¥43.8 billion (US\$537 million), a turnaround of ¥63.2 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 including garments primarily to major SPAs. Overseas, the polypropylene spunbond business for diapers in Republic of Korea and China expanded, yarn and textile operations for air bag applications in Thailand and Czech Republic, the textile business in China and the polyester fiber business in China, Republic of Korea and ASEAN countries also performed strongly.

Overall sales of Fibers and Textiles rose 11.4% to ¥441.3 billion (US\$5,415 million) from the same period a year earlier and operating income increased 150.5% to ¥25.5 billion (US\$313 million).

Plastics and Chemicals

In the Plastic and Chemicals segment, despite the impact of slow automobile sales in Japan since fall reflecting the discontinuation of the eco-car subsidies, recovery in demand continued in the resin business on the back of strong growth in automobile production for emerging countries, and increase in domestic sales in home electric appliances due to the heat wave and the eco-point system. In the film business, sales expanded in the industrial materials field in general led by solar cell and packaging applications.

On the whole, the total sales for Plastics and Chemicals rose 15.5% year-on-year to ¥280.5 billion (US\$3,441 million). Operating income jumped 162.7% to ¥19.8 billion (US\$243 million).

IT-related Products

In the IT-related Products segment, sales for films, processed film products used in flat panel displays and liquid crystal-related materials expanded, reflecting growing demand on the whole for TV and other large displays despite some adjustments in demand for this application since fall, and the continued robust expansion in demand 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 17.3% to ¥196.6 billion (US\$2,412 million) and operating income soared 118.2% to ¥30.9 billion (US\$379 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 primarily in the IT field such as for PC chassis. At the same time, the company focused on improving the selling price that had fallen due to loose supply and demand balance.

Overall sales of the Carbon Fiber Composite Materials segment rose 40.5% on year to ¥49.5 billion (US\$608 million) while posting an operating profit of ¥2.0 billion (US\$24 million), an improvement of ¥3.7 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 business continued to expand for large-scale overseas projects. Among domestic subsidiaries, while a trading company improved its performance, sales at a construction subsidiary remained stagnant.

The total sales of Environment and Engineering increased 16.3% to ¥109.7 billion (US\$1,346 million). The segment posted operating loss of ¥2.2 billion (US\$28 million), worsening by ¥1.8 billion from the same period a year earlier.

Life Science

In the Life Science segment, sales volumes of *Feron**, a natural-type interferon-β preparation, and *REMITCH®*, an oral antipruritus drug, continued to increase. Among medical devices, shipment of *Toraymyxin**, a hemoperfusion absorption column for removing endotoxin, was strong in the period.

Overall sales of Life Science rose 16.3% to ¥39.3 billion (US\$482 million) from the same period a year earlier and operating income surged 265.9% to ¥5.3 million (US\$65 million).

2. Analysis of Financial Condition

As of December 31, 2010, Toray Group's total assets stood at ¥1,580.9 billion (US\$19,398 million), up ¥24.1 billion compared with the end of the previous fiscal year. Current assets increased ¥76.7 billion from the end of the previous fiscal year primarily due to higher levels of notes and accounts receivable, work in progress and cash and deposits. Fixed assets fell by ¥52.5 billion reflecting decreases in property, plant and equipment.

Total liabilities fell by ¥90.7 billion to ¥947.8 billion (US\$11,630 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 ¥114.9 billion compared with the end of the previous fiscal year to ¥633.1 billion (US\$7,768 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 ¥585.4 billion (US\$7,182 million).

3. Forecast of Consolidated Results

Going forward, though both domestic and global economies are expected to remain at a standstill for the time being, it is expected to resume gradual recovery by mid-2011 driven by the growing foreign economies. The outlook, however, remains unpredictable reflecting concerns such as the risk of slowdown in overseas economies and downward risk in domestic economy from sustained appreciation of the yen, asset deflation and rising fuel prices.

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 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 ¥96 billion (US\$1,200 million), ordinary income of ¥94 billion (US\$1,175 million), and net income of ¥54.0 billion (US\$675 million). The Company based its revised earnings forecasts on an estimated exchange rate of ¥80 to US\$1 for the period starting January 1, 2011.

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥81.5 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2010.
2. U.S. dollar amounts of forecasts have been converted from yen at the exchange rate of ¥80 = U.S.\$1, the estimated rate of exchange from January onwards.
3. Product names with (*) abbreviation are trademarks of Toray Industries, Inc.

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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