

February 7, 2007

Business Results Announcement For the Third Quarter of Fiscal Year Ending March 2007

Toray Industries, Inc.

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**I. Business Results for the
3Q of Fiscal Year
Ending March 2007
(Consolidated Basis)**

Summary (Profits of nine months from '06/4 to '06/12)



Innovation by Chemistry

Billion ¥

	Apr-Dec of FY Mar/06	Apr-Dec of FY Mar/07	Changes
Net Sales	1,026.5	1,129.6	+103.1 (+10.0%)
Cost of Sales	813.0	900.7	+87.7 (+10.8%)
Gross Profit	213.5	228.9	+15.4 (+7.2%)
(Gross Profit to Net Sales)	20.8%	20.3%	-0.5 points
Operating Income	57.8	64.1	+6.3 (+10.8%)
(Operating Income to Net Sales)	5.6%	5.7%	+0.0 points
Non-operating Income and Expenses, net	▲ 3.7	▲ 2.6	+1.1
Ordinary Income	54.2	61.5	+7.4 (+13.6%)
Special Credits and Charges, net	▲ 4.8	▲ 11.0	-6.2
Income before Income Taxes	49.3	50.5	+1.2 (+2.5%)
Net Income	28.0	40.6	+12.6 (+45.1%)

*Consolidated business results are the sums of Apr–Dec business results in companies whose FY ends on March 31, and Jan–Sep business results in companies whose FY ends on December 31.

Summary (Profits of Third Quarter)

Billion ¥

	3Q FY Mar/06	3Q FY Mar/07	Changes
Net Sales	347.7	383.4	+35.7 (+10.3%)
Cost of Sales	276.3	306.6	+30.4 (+11.0%)
Gross Profit	71.5	76.8	+5.3 (+7.4%)
(Gross Profit to Net Sales)	20.6%	20.0%	- 0.5 points
Operating Income	19.0	21.2	+2.2 (+11.6%)
(Operating Income to Net Sales)	5.5%	5.5%	+0.1 points
Non-operating Income and Expenses, net	▲ 1.7	▲ 0.2	+1.5
Ordinary Income	17.3	21.0	+3.7 (+21.2%)
Special Credits and Charges, net	1.1	0.1	-1.0
Income before Income Taxes	18.5	21.1	+2.7 (+14.4%)
Net Income	11.2	12.6	+1.3 (+11.9%)

*Consolidated business results are the sums of Oct–Dec business results in companies whose FY ends on March 31, and Jul–Sep business results in companies whose FY ends on December 31.

Non-operating Income and Expenses (Third Quarter)

Billion ¥

	3Q FY Mar/06	3Q FY Mar/07	Changes
Non-operating Income	3.9	4.9	+1.0
Interest and Dividend Income	0.7	1.0	+0.3
Equity in Earnings of Affiliates	1.7	2.0	+0.3
Others	1.4	1.8	+0.4
Non-operating Expenses	▲ 5.5	▲ 5.0	+0.5
Interest Expenses	▲ 2.1	▲ 2.7	-0.6
Others	▲ 3.4	▲ 2.3	+1.1
Non-operating Income and Expenses, net	▲ 1.7	▲ 0.2	+1.5
Interest and Dividend Income, Interest Expenses, net	▲ 1.4	▲ 1.7	-0.3
Other Income and Expenses, net	▲ 2.0	▲ 0.5	+1.5

* Positive numbers : Income , Negative Numbers (▲) : Expenses

Special Credits and Charges (Third Quarter) **TORAY**

Innovation by Chemistry

Billion ¥

	3Q FY Mar/06	3Q FY Mar/07	Changes
Special Credits	2.4	1.5	-0.9
Gain on Sales of Property, Plant and Equipment	0.3	0.1	-0.2
Gain on Sales of Investments in Securities	2.1	1.4	-0.7
Special Charges	▲ 1.3	▲ 1.4	-0.1
Loss on Sales or Disposal of Property, Plant and Equipment	▲ 0.8	▲ 1.1	-0.3
Loss on Impairment of Fixed Assets	-	▲ 0.1	-0.1
Loss on Write-down of Investments in Securities	▲ 0.0	▲ 0.0	+0.0
Special Severance Payments and Other Restructuring Expenses	▲ 0.5	▲ 0.2	+0.3
Loss on Allowance for Retirement Benefits of the U.K. Subsidiary	▲ 0.0	▲ 0.0	+0.0
Others	▲ 0.0	-	+0.0
Special Credits and Charges, net	1.1	0.1	-1.0

* Positive numbers : Income , Negative Numbers (▲) : Expenses

Summary (Financial Position)

Billion ¥

	End of Sep/06	End of Dec/06	Changes	Comments	End of Mar/06 <FYI>
Total Assets	1,561.8	1,614.2	+52.4		1,537.4
Current Assets	686.6	710.9	+24.3	Increase of inventories, etc.	662.3
Tangible Assets	594.9	613.7	+18.8	Increase of capital expenditures, etc.	586.2
Intangible Assets	12.3	12.9	+0.6		11.5
Investments and Other Assets	268.1	276.7	+8.7	Increase of investments in securities, etc.	277.4

	End of Sep/06	End of Dec/06	Changes	Comments	End of Mar/06 <FYI>
Total Liabilities	957.1	990.2	+33.1		946.7
Current Liabilities	589.3	624.5	+35.2		537.9
Other Liabilities	367.8	365.7	-2.0		408.8
Minority Interests in Consolidated Subsidiaries	-	-	-		53.7
Total Stockholders' Equity	-	-	-		537.0
Total Net Assets	604.7	624.0	+19.2		-
Interest-bearing Debts	507.4	529.2	+21.7		484.4
D/E ratio*	0.92	0.94	+0.01		0.90

* End of Mar/06 : Interest-bearing Debts / Total Stockholders' Equity

End of Sep/06 and Dec/06 : Interest-bearing Debts / Shareholders' Equity
 (Shareholders' Equity = Total Net Assets – Minority Interests in Consolidated Subsidiaries)

Capital Expenditures, Depreciation

Billion ¥

	Apr-Dec of FY Mar/06	Apr-Dec of FY Mar/07	Changes	Comments	FY Mar/07 Forecast
Capital Expenditures	61.2	74.7	+13.5	Toray : 32.9, Japan : 7.3, Overseas : 34.5	120.0
Depreciation -)	46.5	51.6	+5.1	Toray : 20.5, Japan : 7.5, Overseas : 23.6	74.0
Transfer, Disposal, etc.	9.2	4.3	-4.9		
Changes in Tangible Assets	23.9	27.5			

<3Q FY Mar/07>

	3Q FY Mar/06	3Q FY Mar/07	Changes	Comments
Capital Expenditures	29.4	23.3	-6.0	Toray : 10.8, Japan : 2.7, Overseas : 9.8
Depreciation -)	16.1	18.2	+2.0	Toray : 7.5, Japan : 2.6, Overseas : 8.0
Transfer, Disposal, etc.	6.9	13.6	+6.8	
Changes in Tangible Assets	20.1	18.8		

Major Capital Expenditures :

- <Japan>
 - Toray (Ehime Plant) : carbon fiber / prepregs production facilities
 - Toray Advanced Film : film processing facilities
- <Overseas>
 - TSI (Korea) : optical films production facilities

Results by Business Segment

(Nine months from '06/4 to '06/12)



Innovation by Chemistry
Billion ¥

	Net Sales			Operating Income		
	Apr-Dec of FY Mar/06	Apr-Dec of FY Mar/07	Changes	Apr-Dec of FY Mar/06	Apr-Dec of FY Mar/07	Changes
Fibers & Textiles	431.9	457.8	+25.9 (+6.0%)	14.6	14.4	-0.1 (-0.9%)
Plastics & Chemicals	248.6	279.8	+31.2 (+12.6%)	13.3	12.6	-0.6 (-4.7%)
IT-related Products	169.2	197.2	+27.9 (+16.5%)	19.8	21.8	+2.0 (+10.2%)
Carbon Fiber Composite Materials	38.0	50.3	+12.2 (+32.2%)	8.7	13.0	+4.3 (+49.4%)
Environment & Engineering	90.2	96.8	+6.6 (+7.4%)	▲ 0.8	0.4	+1.2 (-)
Life Science & Other Businesses	48.5	47.7	-0.9 (-1.8%)	2.6	2.9	+0.3 (+11.3%)
(Pharmaceuticals & Medical Products Included)	30.5	30.4	-0.2 (-0.5%)	0.9	0.8	-0.2 (-17.4%)
Total	1,026.5	1,129.6	+103.1 (+10.0%)	58.2	65.2	+7.0 (+12.1%)
Elimination & Corporate				▲ 0.3	▲ 1.1	-0.8
Consolidated	1,026.5	1,129.6	+103.1 (+10.0%)	57.8	64.1	+6.3 (+10.8%)

Results by Business Segment (Third Quarter)

Innovation by Chemistry
Billion ¥

	Net Sales			Operating Income		
	3Q FY Mar/06	3Q FY Mar/07	Changes	3Q FY Mar/06	3Q FY Mar/07	Changes
Fibers & Textiles	143.2	156.0	+12.8 (+9.0%)	4.2	5.0	+0.8 (+18.1%)
Plastics & Chemicals	89.8	95.2	+5.4 (+6.1%)	4.6	4.0	-0.7 (-14.3%)
IT-related Products	58.1	69.4	+11.3 (+19.4%)	6.7	7.3	+0.6 (+8.8%)
Carbon Fiber Composite Materials	13.6	18.4	+4.8 (+35.0%)	2.8	4.2	+1.4 (+48.5%)
Environment & Engineering	28.3	29.0	+0.7 (+2.6%)	0.4	0.3	-0.1 (-28.1%)
Life Science & Other Businesses	14.8	15.4	+0.6 (+4.0%)	0.6	0.9	+0.3 (+58.5%)
(Pharmaceuticals & Medical Products Included)	10.2	10.4	+0.2 (+1.7%)	0.3	0.2	-0.1 (-44.1%)
Total	347.7	383.4	+35.7 (+10.3%)	19.3	21.6	+2.3 (+11.8%)
Elimination & Corporate				▲ 0.3	▲ 0.4	-0.1
Consolidated	347.7	383.4	+35.7 (+10.3%)	19.0	21.2	+2.2 (+11.6%)

Results by Business Segment (Fibers and Textiles)

Innovation by Chemistry

Billion ¥

	Net Sales			Operating Income			Comments
	3Q FY Mar/06	3Q FY Mar/07	Changes	3Q FY Mar/06	3Q FY Mar/07	Changes	
Toray	28.9	30.1	+1.2 (+4.1%)	1.4	1.1	-0.3 (-19.5%)	Sales increased but income decreased due to the steep rise in raw materials and fuel prices in spite of price raise and shift to high value-added products. While in textiles businesses, sales and income increased through export expansion of high value-added products for high-grade dress fabrics and sporting fabrics.
Japanese Subsidiaries	71.9	77.1	+5.2 (+7.3%)	1.6	2.5	+0.9 (+56.5%)	Sales and income increased through sales expansion at trading subsidiaries.
Overseas Subsidiaries	42.3	48.7	+6.4 (+15.2%)	1.3	1.4	+0.2 (+12.3%)	Sales and income increased through improvement of profits at subsidiaries in China as well as good man-made suede business at a subsidiary in Italy.
Adjustment				▲ 0.0	▲ 0.1	-0.0	
Total	143.2	156.0	+12.8 (+9.0%)	4.2	5.0	+0.8 (+18.1%)	

<Major Subsidiaries >

Japan : Toray International Inc., Ichimura Sangyo, Co., Ltd., Chori Co., Ltd., etc.

Asia : PENFABRIC (Malaysia), LUCKYTEX (Thailand), ITS (Indonesia), TFNL (China), etc.

Europe & US : ALCANTARA (Italy), etc.

Results by Business Segment (Plastics and Chemicals)

Innovation by Chemistry

Billion ¥

	Net Sales			Operating Income			Comments
	3Q FY Mar/06	3Q FY Mar/07	Changes	3Q FY Mar/06	3Q FY Mar/07	Changes	
Toray	19.3	22.2	+2.9 (+15.3%)	0.6	0.6	+0.0 (+3.7%)	In plastics businesses, sales expanded mainly for automobiles, home appliances and game machines, etc. In films businesses, sales expanded mainly for hybrid car capacitors. However, income of plastics businesses and films businesses in total decreased due to the steep rise in raw materials and fuel prices in spite of price raise. Sales and income increased in chemicals which led to total increase in sales and income of the segment.
Japanese Subsidiaries	36.6	35.6	-1.0 (-2.8%)	2.3	2.4	+0.1 (+3.9%)	Sales decreased due to sluggish businesses at some trading subsidiaries, however, income of Japanese subsidiaries increased as a whole.
Overseas Subsidiaries	33.9	37.5	+3.6 (+10.6%)	1.7	0.7	-0.9 (-55.1%)	Sales increased through sales expansion at Asian plastics subsidiaries and US film subsidiary, however, total income decreased due to strategic shift of films businesses to IT-related products at Korean film subsidiary as well as the effect of the steep rise in raw materials and fuel prices at film subsidiaries.
Adjustment				0.1	0.2	+0.1	
Total	89.8	95.2	+5.4 (+6.1%)	4.6	4.0	-0.7 (-14.3%)	

<Major Subsidiaries>

Japan : Toray Advanced Film Co., Ltd., Toray Fine Chemicals Co., Ltd., Soda Aromatic Co., Ltd., Chori Co., Ltd., etc.

Overseas : TPA (US), TPM (Malaysia), TPEu (France), TSI (Korea), etc.

Results by Business Segment (IT-related Products)

Innovation by Chemistry

Billion ¥

	Net Sales			Operating Income			Comments
	3Q FY Mar/06	3Q FY Mar/07	Changes	3Q FY Mar/06	3Q FY Mar/07	Changes	
Toray	23.8	27.3	+3.5 (+14.5%)	3.0	3.2	+0.2 (+5.4%)	Sales and income increased through sales expansion of IT-related plastics and films, and PDP-related materials along with the growth of FPD market as well as strong sales of semiconductor-related materials.
Japanese Subsidiaries	20.7	25.2	+4.6 (+22.1%)	2.4	3.3	+0.9 (+35.2%)	Sales and income increased mainly through sales expansion of LCD color filters manufacturing equipments, etc.
Overseas Subsidiaries	13.6	16.8	+3.3 (+24.0%)	1.2	0.8	-0.4 (-35.9%)	At Korean subsidiary, sales increased through sales expansion of FPD/electronic component-related films and processed films, however, income decreased due to circuit materials effected by tough market competition. Furthermore, Korean circuit materials processing subsidiary was affected by customers' production adjustment. In total, sales increased but income decreased.
Adjustment				▲ 0.0	0.0	+0.0	
Total	58.1	69.4	+11.3 (+19.4%)	6.7	7.3	+0.6 (+8.8%)	

<Major Subsidiaries>

Japan : Toray Engineering Co., Ltd., Toray Advanced Film Co., Ltd., etc.

Overseas : TPA (US), TPEu (France), TSI (Korea), STEMCO (Korea), etc.

Results by Business Segment (Carbon Fiber Composite Materials)

Innovation by Chemistry

Billion ¥

	Net Sales			Operating Income			Comments
	3Q FY Mar/06	3Q FY Mar/07	Changes	3Q FY Mar/06	3Q FY Mar/07	Changes	
Toray	11.3	13.4	+2.1 (+18.8%)	1.5	1.6	+0.1 (+6.4%)	Sales and income increased through sales expansion of carbon fibers, intermediate materials, and molded products in response to the active demand of aircraft, sporting and industrial applications.
Japanese Subsidiaries	7.6	10.7	+3.2 (+41.5%)	0.1	0.1	+0.0 (+33.8%)	Sales and income increased through steady sales expansion at trading subsidiary.
Overseas Subsidiaries	10.3	15.3	+5.1 (+49.2%)	1.3	2.5	+1.1 (+85.5%)	Sales and income increased due to the active demand of aircraft and industrial applications as well as capacity/sales increase effect at US subsidiaries which started operation in January 2006.
Adjustment	▲ 15.5	▲ 21.1	-5.6	▲ 0.1	▲ 0.0	+0.1	
Total	13.6	18.4	+4.8 (+35.0%)	2.8	4.2	+1.4 (+48.5%)	

<Major Subsidiaries>

Japan : Toray International, Inc.

Overseas : SOFICAR (France), CFA (US), TCA (US)

As the segment highly conducts global operation with Japanese, Europe, and US facilities, Internal sales figures are shown in adjustment line, to describe the true state of the business.

Results by Business Segment (Environment & Engineering)

Innovation by Chemistry

Billion ¥

	Net Sales			Operating Income			Comments
	3Q FY Mar/06	3Q FY Mar/07	Changes	3Q FY Mar/06	3Q FY Mar/07	Changes	
Toray	1.8	2.2	+0.3 (+19.0%)	▲ 0.2	▲ 0.2	+0.0 (-)	Water-treatment businesses enjoyed large sales through export of reverse osmosis membranes though income was the same level year-on-year due to increase in expenses generated by trial operation.
Japanese Subsidiaries	26.2	26.8	+0.6 (+2.2%)	0.5	0.5	+0.1 (+13.2%)	Sales increased and income was the same level year-on-year through steady businesses at engineering subsidiary.
Overseas Subsidiaries	0.3	0.1	-0.2 (-65.4%)	0.0	▲ 0.0	-0.1 (-)	
Adjustment				0.2	▲ 0.0	-0.2	
Total	28.3	29.0	+0.7 (+2.6%)	0.4	0.3	-0.1 (-28.1%)	

<Major Subsidiaries>

Japan : Toray Construction Co., Ltd., Toray Engineering Co., Ltd.,
Toray ACE Co., Ltd., Suido Kiko Kaisha, Ltd., etc.

Results by Business Segment (Life Science & Other Businesses)

Innovation by Chemistry

Billion ¥

	Net Sales			Operating Income			Comments
	3Q FY Mar/06	3Q FY Mar/07	Changes	3Q FY Mar/06	3Q FY Mar/07	Changes	
Toray	2.3	2.2	-0.1 (-4.3%)	▲ 0.3	▲ 0.4	-0.1 (-)	
Japanese Subsidiaries	11.6	12.9	+1.3 (+11.0%)	0.7	1.0	+0.3 (+44.3%)	Sales and income increased through steady business at analytical services subsidiary.
Overseas Subsidiaries	0.9	0.3	-0.6 (-65.2%)	0.0	0.1	+0.0 (+168.2%)	
Adjustment				0.1	0.2	+0.1	
Total	14.8	15.4	+0.6 (+4.0%)	0.6	0.9	+0.3 (+58.5%)	
(Pharmaceuticals & Medical Products Included)	10.2	10.4	+0.2 (+1.7%)	0.3	0.2	-0.1 (-44.1%)	

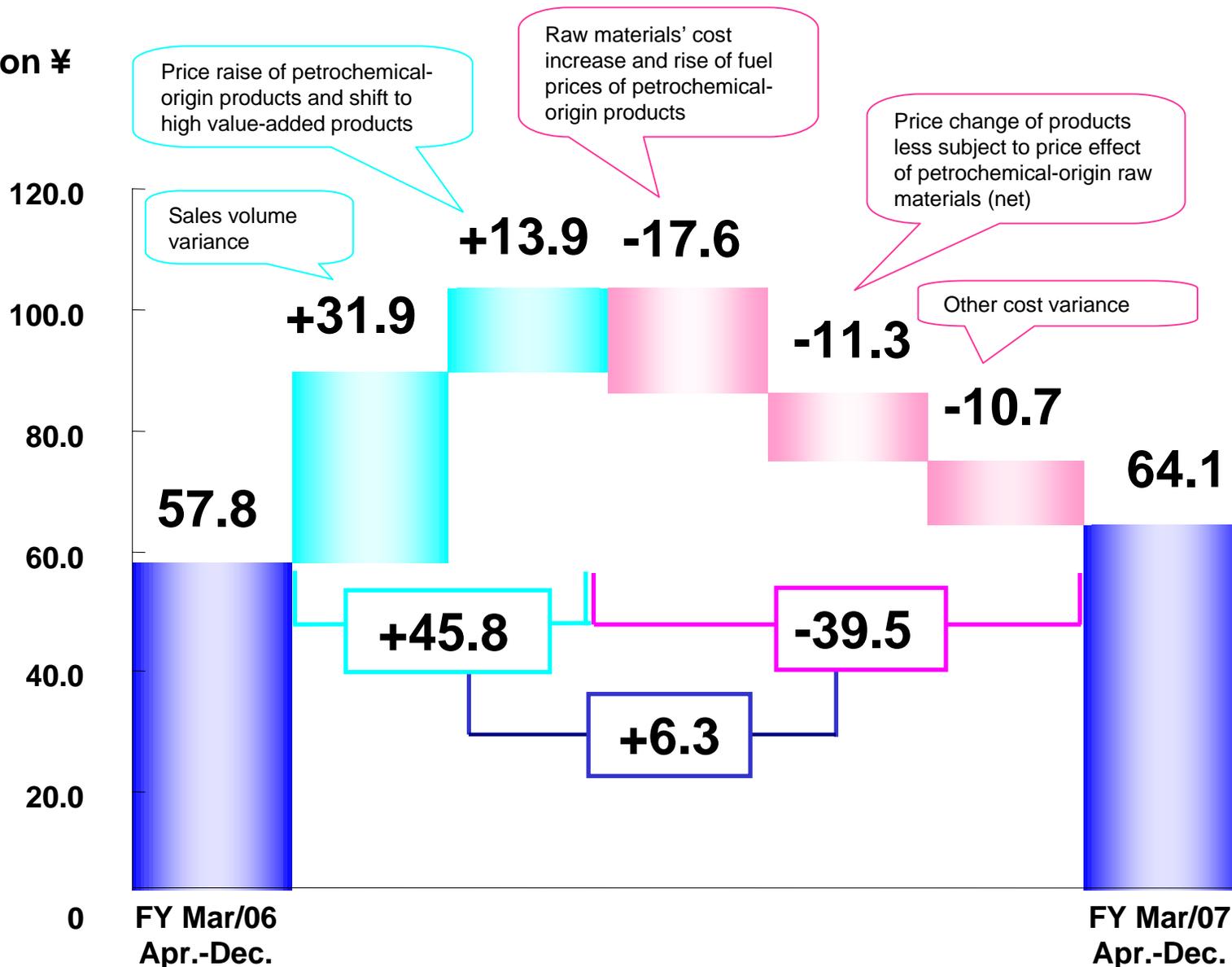
<Major Subsidiaries>

Japan : Toray Medical Co., Ltd., Toray Research Center Inc., Toray Enterprise Corp., etc.

Income Variance Factor Analysis

(Nine months from '06/4 to '06/12)

Billion ¥



II. Business Forecast for the Fiscal Year Ending March 2007 (Consolidated Basis)

Forecast Summary



Innovation by Chemistry

Billion ¥

	FY Mar/06 (Actual)	FY Mar/07 (Forecast)	Changes	FY Mar/07 (Previous Forecast as of Nov.8/06)
Net Sales	1,427.5	1,540.0	+112.5 (+7.9%)	1,550.0
Operating Income	93.0	102.0	+9.0 (+9.7%)	104.0
Ordinary Income	87.7	99.0	+11.4 (+12.9%)	101.0
Net Income	47.4	58.0	+10.6 (+22.3%)	59.0

(FYI) Percentage of Achievement of Year-end Operating Income Forecast

Billion ¥

	FY Mar/06	FY Mar/07
Operating Income (Apr.-Dec.)	57.8	64.1
Year-end Operating Income FY Mar/06 is Actual FY Mar/07 is Forecast	93.0	102.0
Percentage of Achievement (Apr.-Dec.)	62.2%	62.8%

Expected exchange rate (Jan./'07 ~ Mar./'07) : 120Yen / US\$, 153 Yen / Euro
 Expected oil price (Jan./'07 ~ Mar./'07) : US\$55 / B (Dubai FOB)

Forecast by Business Segment



Innovation by Chemistry

Billion ¥

	Net Sales			Operating Income			Comments
	FY Mar/06 (Actual)	FY Mar/07 (Forecast)	Changes	FY Mar/06 (Actual)	FY Mar/07 (Forecast)	Changes	
Fibers & Textiles	580.5	600.0	+19.5 (+3.4%)	20.7	19.5	-1.2 (-5.7%)	Sales are expected to increase through price raise and shift to high value-added products as well as export expansion of textiles. However, in spite of drastic profits improvement of Chinese fibers and textiles subsidiaries, income is estimated to decrease due to the steep rise in raw materials and fuel prices.
Plastics & Chemicals	338.0	370.0	+32.0 (+9.5%)	18.5	19.0	+0.5 (+2.8%)	Sales and income are expected to increase through sales expansion of resin compoundings for automobiles and films for high growth fields such as hybrid car capacitors and solar cells.
IT-related Products	235.0	270.0	+35.0 (+14.9%)	31.3	34.0	+2.7 (+8.8%)	Sales and income are expected to increase through business expansion of PDP-related materials, semiconductor-related materials, and IT-related equipments along with sales expansion of optical films, films for electronic components, and processed films.
Carbon Fiber Composite Materials	52.7	70.0	+17.3 (+32.8%)	11.8	18.0	+6.2 (+52.3%)	Sales and income are expected to increase through demand expansion in all applications including aircraft, sporting and industrial as well as capacity/sales increase effect at US subsidiaries.
Environment & Engineering	154.1	160.0	+5.9 (+3.8%)	4.9	5.0	+0.1 (+1.6%)	Sales and income are expected to increase through sales expansion of RO membranes to US, Europe, and China along with steady businesses in condominiums and engineering.
Life Science & Other Businesses	67.1	70.0	+2.9 (+4.3%)	6.5	7.5	+1.0 (+16.2%)	Sales and income are expected to increase through sales expansion of Feron which got approval of new indications and steady sales of medical devices as well as increase of royalty receipt, etc.
(Pharmaceuticals & Medical Products Included)	43.5	45.0	+1.5 (+3.4%)	3.2	4.5	+1.3 (+40.3%)	
Total	1,427.5	1,540.0	+112.5 (+7.9%)	93.6	103.0	+9.4 (+10.0%)	
Elimination & Corporate				▲ 0.6	▲ 1.0	-0.4	
Consolidated	1,427.5	1,540.0	+112.5 (+7.9%)	93.0	102.0	+9.0 (+9.7%)	

III. Business Forecast for the Fiscal Year Ending March 2007 (Non-consolidated Basis)

Forecast Summary

Billion ¥

	FY Mar/06 (Actual)	FY Mar/07 (Forecast)	Changes	FY Mar/07 (Previous Forecast as of Nov.8/06)
Net Sales	499.3	545.0	+45.7 (+9.1%)	545.0
Operating Income	37.5	41.0	+3.5 (+9.2%)	41.0
Ordinary Income	53.6	48.0	-5.6 (-10.5%)	48.0
Net Income	24.2	15.0	-9.2 (-37.9%)	15.0

Descriptions of forecasted business results, estimates, expectations, and business plans for the Fiscal Year ending March 2007 contained in this material are based on predictive forecasts of the future business environment made at the present time.

The material in this presentation is not a guarantee of the Company's future business performance.