

August 6, 2007

Business Results Announcement For the First Quarter of Fiscal Year Ending March 2008

Toray Industries, Inc.

I. Business Results for the 1Q of Fiscal Year Ending March 2008 (Consolidated Basis)

Summary (Profits)	(P4)
Non-operating Income and Expenses	(P5)
Special Credits and Charges	(P6)
Summary (Financial Position)	(P7)
Capital Expenditures, Depreciation	(P8)
Results by Business Segment	(P9-15)
Income Variance Factor Analysis	(P16)

II. Midterm Business Forecast for the Fiscal Year Ending March 2008 (Consolidated Basis)

Midterm Forecast Summary	(P18)
Midterm Forecast by Business Segment	(P19)

**I. Business Results for the
1Q of Fiscal Year
Ending March 2008
(Consolidated Basis)**

Summary (Profits)

Billion ¥

	1Q FY Mar/07	1Q FY Mar/08	Changes	FYI: Before Revision of Depreciation Rules	
				1Q FY Mar/08	Changes
Net Sales	358.1	385.8	+27.7 (+7.7%)	385.8	+27.7 (+7.7%)
Cost of Sales	286.0	308.1	+22.0 (+7.7%)	306.7	+20.7 (+7.2%)
Gross Profit	72.0	77.7	+5.7 (+7.9%)	79.0	+7.0 (+9.7%)
(Gross Profit to Net Sales)	20.1%	20.1%	+0.0 points	20.5%	+0.4 points
Operating Income	18.6	19.5	+0.9 (+5.1%)	20.8	+2.3 (+12.1%)
(Operating Income to Net Sales)	5.2%	5.1%	-0.1 point	5.4%	+0.2 points
Non-operating Income and Expenses, net	▲ 0.0	▲ 0.8	-0.7	▲ 0.7	-0.7
Ordinary Income	18.5	18.8	+0.2 (+1.2%)	20.1	+1.6 (+8.5%)
Special Credits and Charges, net	1.0	0.5	-0.5	0.5	-0.5
Income before Income Taxes	19.5	19.3	-0.3 (-1.4%)	20.6	+1.1 (+5.5%)
Net Income	11.7	10.2	-1.5 (-12.7%)	11.0	-0.7 (-5.8%)

Exchange Rate

<Yen/US\$>

(FY Mar/07 1Q → FY Mar/08 1Q)

1Q average: 114.5 → 120.8

End of the term: 115.2 → 123.3

<Yen/Euro>

(FY Mar/07 1Q → FY Mar/08 1Q)

1Q average: 143.8 → 162.7

End of the term: 146.0 → 165.6

Oil Price

<US\$/B> (DUBAI FOB)

(FY Mar/07 1Q → FY Mar/08 1Q)

1Q average: 64.8 → 64.8

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

Percentage of Achievement in Midterm Operating Income

	FY Mar/07	FY Mar/08
First Quarter Operating Income	18.6	19.5
Midterm Operating Income FY Mar/07: Actual FY Mar/08: Forecast	42.9	44.0
Percentage of Achievement	43.3%	44.4%

* FY Mar/08 midterm forecast is that announced in May 2007.

Non-operating Income and Expenses

Billion ¥

	1Q FY Mar/07	1Q FY Mar/08	Changes	Comments
Non-operating Income	5.2	4.1	-1.1	
Interest and Dividend Income	1.0	1.4	+0.4	
Equity in Earnings of Affiliates	1.8	1.1	-0.6	
Others	2.4	1.5	-0.9	Decrease of gain on foreign exchange, etc.
Non-operating Expenses	▲ 5.2	▲ 4.8	+0.4	
Interest Expenses	▲ 2.1	▲ 2.6	-0.6	
Others	▲ 3.2	▲ 2.2	+1.0	Decrease in expenses generated by trial operation of new facilities, etc.
Non-operating Income and Expenses, net	▲ 0.0	▲ 0.8	-0.7	
Interest and Dividend Income, Interest Expenses, net	▲ 1.1	▲ 1.2	-0.1	
Other Income and Expenses, net	▲ 0.7	▲ 0.7	+0.1	

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

Special Credits and Charges

Billion ¥

	1Q FY Mar/07	1Q FY Mar/08	Changes	Comments
Special Credits	1.8	1.8	+0.1	
Gain on Sales of Property, Plant and Equipment	0.2	0.1	-0.2	
Gain on Sales of Investment Securities	1.5	1.8	+0.2	Selling of insignificant stocks
Others	-	0.0	+0.0	
Special Charges	▲ 0.8	▲ 1.3	-0.6	
Loss on Sales or Disposal of Property, Plant and Equipment	▲ 0.5	▲ 0.8	-0.3	
Loss on Write-down of Investment Securities	▲ 0.0	-	+0.0	
Special Severance Payments and Other Restructuring Expenses	▲ 0.3	▲ 0.5	-0.3	
Others	-	▲ 0.0	-0.0	
Special Credits and Charges, net	1.0	0.5	-0.5	

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

Summary (Financial Position)

Billion ¥

	End of Mar/07	End of Jun/07	Changes	Comments
Total Assets	1,674.4	1,697.4	+22.9	
Current Assets	727.5	724.0	- 3.5	
Tangible Assets	643.4	656.2	+12.8	Increase of capital expenditures, etc.
Intangible Assets	13.5	13.7	+0.2	
Investments and Other Assets	290.1	303.5	+13.4	Increase of investment securities, etc.

	End of Mar/07	End of Jun/07	Changes	Comments
Total Liabilities	1,024.8	1,040.4	+15.7	
Current Liabilities	541.0	543.3	+2.3	
Other Liabilities	483.8	497.1	+13.3	
Total Net Assets	649.7	656.9	+7.3	
Interest-bearing Debts	536.9	579.1	+42.2	
D/E ratio*	0.91	0.97	+0.06	

* Interest-bearing Debts / Shareholders' Equity

(Shareholders' Equity = Total Net Assets – Minority Interests in Consolidated Subsidiaries)

Capital Expenditures, Depreciation

Billion ¥

	1Q FY Mar/07	1Q FY Mar/08	Changes	Comments
Capital Expenditures	19.4	28.0	+8.6	Toray : 10.0, Japan : 2.1, Overseas : 15.9
Depreciation -)	15.8	20.5	+4.7	Toray : 9.4, Japan : 2.5, Overseas : 8.6
Transfer, Disposal, etc.	6.8	5.3	-1.5	
Changes in Tangible Assets	10.4	12.8		

Major Capital Expenditures :

<Japan>

Toray : Carbon fiber production facilities

Operation will start in Jan/08

<Overseas>

TSI : Optical film production facilities (Korea)

Operation started in Apr/07

SOFICAR : Carbon fiber production facilities (France)

Operation started in Aug/07

Results by Business Segment

Billion ¥

	Net Sales			Operating Income			FYI : Before Revision of Depreciation Rules Operating Income		
	1Q FY Mar/07	1Q FY Mar/08	Changes	1Q FY Mar/07	1Q FY Mar/08	Changes	1Q FY Mar/07	1Q FY Mar/08	Changes
Fibers & Textiles	146.0	154.0	+8.0 (+5.5%)	3.8	3.9	+0.2 (+4.4%)	3.8	4.4	+0.7 (+17.9%)
Plastics & Chemicals	90.8	98.1	+7.3 (+8.0%)	3.6	4.2	+0.6 (+16.0%)	3.6	4.5	+0.9 (+25.5%)
IT-related Products	64.6	66.4	+1.8 (+2.8%)	6.8	6.1	-0.6 (-9.2%)	6.8	6.4	-0.4 (-5.2%)
Carbon Fiber Composite Materials	14.6	19.3	+4.7 (+32.4%)	4.4	3.8	-0.6 (-14.6%)	4.4	3.9	-0.5 (-12.4%)
Environment & Engineering	27.3	32.9	+5.7 (+20.7%)	▲ 0.6	1.1	+1.7 (-)	▲ 0.6	1.1	+1.7 (-)
Life Science & Other Businesses	14.9	15.2	+0.3 (+1.8%)	0.6	0.9	+0.3 (+55.5%)	0.6	0.9	+0.4 (+69.2%)
(Pharmaceuticals & Medical Products Included)	9.2	10.3	+1.1 (+11.6%)	▲ 0.0	0.1	+0.2 (-)	▲ 0.0	0.2	+0.2 (-)
Total	358.1	385.8	+27.7 (+7.7%)	18.5	20.0	+1.5 (+8.0%)	18.5	21.3	+2.8 (+15.1%)
Elimination & Corporate				0.1	▲ 0.4	-0.5	0.1	▲ 0.4	-0.5
Consolidated	358.1	385.8	+27.7 (+7.7%)	18.6	19.5	+0.9 (+5.1%)	18.6	20.8	+2.3 (+12.1%)

Results by Business Segment (Fibers and Textiles)

Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/07	1Q FY Mar/08	Changes	1Q FY Mar/07	1Q FY Mar/08	Changes	
Toray	31.2	30.2	-0.9 (-3.0%)	1.8	1.3	-0.5 (-27.6%)	Sales decreased due to partial transfer of commercial right to a subsidiary and reduction of plant technology export. Income decreased due to the increase of fixed costs stemming from the effect of revision of depreciation rules, etc.
Japanese Subsidiaries	70.7	73.4	+2.7 (+3.8%)	2.0	2.2	+0.1 (+7.1%)	Sales and income increased through robust exports of textiles at trading subsidiaries.
Overseas Subsidiaries	44.1	50.3	+6.3 (+14.3%)	0.3	0.8	+0.5 (+144.8%)	Sales and income increased through steady businesses at subsidiaries in China, Korea, and Italy. In Southeast Asia, fuel conversion in Indonesian subsidiaries worked well, however, income decreased due to the strong local currencies. In total, both sales and income increased.
Adjustment				▲ 0.4	▲ 0.3	+0.0	
Total	146.0	154.0	+8.0 (+5.5%)	3.8	3.9	+0.2 (+4.4%)	

<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)

Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/07	1Q FY Mar/08	Changes	1Q FY Mar/07	1Q FY Mar/08	Changes	
Toray	20.9	22.8	+1.9 (+8.9%)	0.5	0.8	+0.3 (+71.4%)	Plastic resins business mainly in automobiles and home appliances were steady. Sales of films for industrial applications including hybrid car capacitors were also strong. In chemicals business, sales of fine chemicals did well. In total, sales and income increased.
Japanese Subsidiaries	35.4	33.8	-1.5 (-4.3%)	2.1	2.4	+0.2 (+11.4%)	Though overall businesses were steady, sales decreased at a chemical subsidiary and a film processing subsidiary. In total, sales decreased but income increased.
Overseas Subsidiaries	34.6	41.6	+7.0 (+20.2%)	0.8	1.0	+0.2 (+20.7%)	Total sales and income increased through progress in price raise at Korean film subsidiary as well as sales expansion of high value-added products at US film subsidiary.
Adjustment				0.2	0.1	-0.2	
Total	90.8	98.1	+7.3 (+8.0%)	3.6	4.2	+0.6 (+16.0%)	

<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)

Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/07	1Q FY Mar/08	Changes	1Q FY Mar/07	1Q FY Mar/08	Changes	
Toray	24.6	28.8	+4.3 (+17.3%)	2.7	3.7	+1.0 (+38.0%)	Despite of the sluggish circuit materials and LCD color filters businesses, total sales and income increased through steady businesses in FPD-related films, electronic component-related films, and semiconductor coating materials.
Japanese Subsidiaries	24.1	19.1	-5.1 (-21.0%)	3.0	2.0	-1.0 (-33.0%)	Sales and income decreased due to the sluggish sales of LCD color filter production equipments at IT-related equipments subsidiary whose businesses were strong in the same period of the previous fiscal year.
Overseas Subsidiaries	15.9	18.5	+2.6 (+16.3%)	1.0	0.3	-0.7 (-68.7%)	Sales and income increased in films business at Korean subsidiary through sales expansion of processed film products whose capacity increased in the previous year. However in total, sales increased while income decreased due to Korean circuit material businesses affected by the production adjustment of FPD manufacturers in Jan-Mar.
Adjustment				0.1	0.1	+0.1	
Total	64.6	66.4	+1.8 (+2.8%)	6.8	6.1	-0.6 (-9.2%)	

<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)

Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/07	1Q FY Mar/08	Changes	1Q FY Mar/07	1Q FY Mar/08	Changes	
Toray	11.8	16.1	+4.2 (+35.8%)	2.5	1.9	-0.6 (-24.5%)	Sales increased through strong businesses in aircraft, sports and industrial applications. However, income decreased due the increase of depreciation cost accompanying the new facility at Ehime plant which started operation in January 2007.
Japanese Subsidiaries	8.4	11.1	+2.7 (+31.9%)	0.1	0.1	+0.1 (+96.7%)	Sales and income increased through steady sales expansion at trading subsidiary.
Overseas Subsidiaries	11.9	15.2	+3.3 (+27.6%)	1.9	2.1	+0.2 (+8.9%)	Despite of the increase in start-up cost at US subsidiary accompanying full-scale shipment of B787, in total, sales and income increased through steady businesses in aircraft and industrial applications in both Europe and US.
Adjustment	▲ 17.6	▲ 23.1	-5.5	0.0	▲ 0.3	-0.3	
Total	14.6	19.3	+4.7 (+32.4%)	4.4	3.8	-0.6 (-14.6%)	

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.

<Major Subsidiaries>

Japan : Toray International, Inc.

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

Results by Business Segment (Environment & Engineering)

Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/07	1Q FY Mar/08	Changes	1Q FY Mar/07	1Q FY Mar/08	Changes	
Toray	1.6	2.0	+0.4 (+23.9%)	▲ 0.2	0.0	+0.3 (-)	Sales increased and income improved due to sales increase through export of RO membranes. Operating income turned into a positive figure.
Japanese Subsidiaries	25.4	30.9	+5.5 (+21.5%)	▲ 0.3	1.4	+1.7 (-)	Sales and income increased mainly through steady progresses in construction works at engineering subsidiary as well as advancement in corporate-structure reinforcement at building-material-related subsidiary.
Overseas Subsidiaries	0.2	0.0	-0.2 (-87.7%)	▲ 0.0	▲ 0.1	-0.1 (-)	
Adjustment				▲ 0.1	▲ 0.2	-0.1	
Total	27.3	32.9	+5.7 (+20.7%)	▲ 0.6	1.1	+1.7 (-)	

<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)

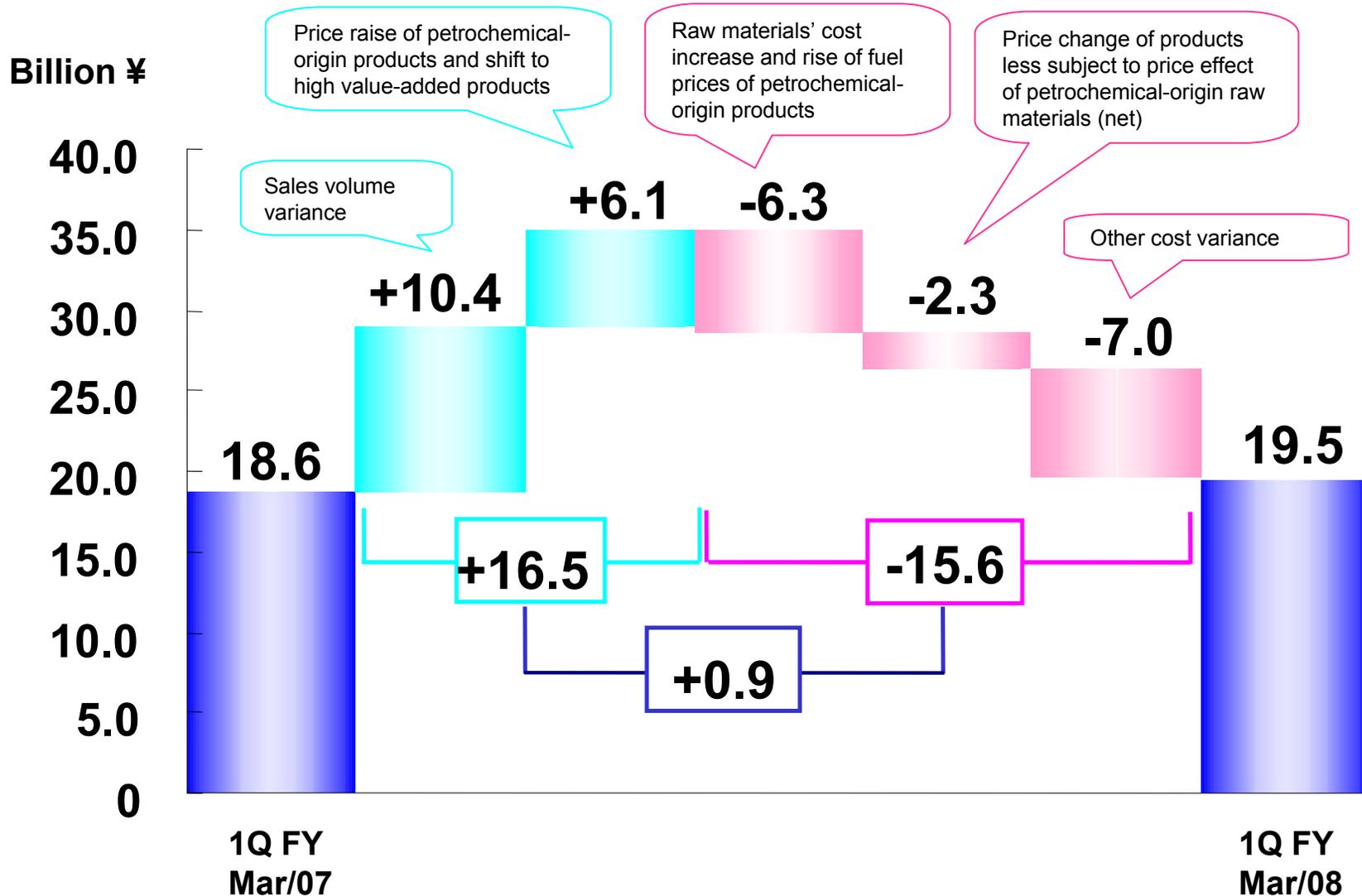
Billion ¥

	Net Sales				Operating Income				Comments
	1Q FY Mar/07	1Q FY Mar/08	Changes		1Q FY Mar/07	1Q FY Mar/08	Changes		
Toray	1.8	1.9	+0.2	(+9.8%)	▲ 0.2	▲ 0.3	-0.1	(-)	In pharmaceuticals and medical products, sales and income increased through sales expansion of Interferon preparation through new indications as well as sales increase of new artificial kidney product.
Japanese Subsidiaries	12.5	12.8	+0.3	(+2.7%)	0.7	0.8	+0.1	(+21.0%)	
Overseas Subsidiaries	0.7	0.4	-0.2	(-36.8%)	0.1	0.0	-0.0	(-23.2%)	
Adjustment					▲ 0.0	0.3	+0.3		
Total	14.9	15.2	+0.3	(+1.8%)	0.6	0.9	+0.3	(+55.5%)	
(Pharmaceuticals & Medical Products Included)	9.2	10.3	+1.1	(+11.6%)	▲ 0.0	0.1	+0.2	(-)	

<Major Subsidiaries>

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

Income Variance Factor Analysis



II. Midterm Business Forecast for the Fiscal Year Ending March 2008 (Consolidated Basis)

Midterm Forecast Summary

Billion ¥

	FY Mar/07 Midterm <Actual>	FY Mar/08 Midterm <New Forecast>	Changes	FY Mar/08 Midterm <Initial Forecast>	FYI:Forecast Before Revision of Depreciation Rules
Net Sales	746.2	770.0	+23.8 (+3.2%)	770.0	770.0
Operating Income	42.9	44.0	+1.1 (+2.6%)	44.0	46.0
Ordinary Income	40.5	40.0	-0.5 (-1.3%)	40.0	42.0
Net Income	28.0	22.0	-6.0 (-21.6%)	22.0	23.0

Expected exchange rate : 115yen / US\$

Note) FY Mar/08 midterm forecast unchanged from its previous announcement on May 9, 2007.
FY Mar/08 forecast will be reviewed at the announcement of midterm business results,
if necessary, by taking account of changes in the external environment.

Midterm Forecast by Business Segment

Billion ¥

	Net Sales				Operating Income				FYI: Before Revision of Depreciation Rules Operating Income			
	FY Mar/07 Midterm <Actual>	FY Mar/08 Midterm <New Forecast>	Changes		FY Mar/07 Midterm <Actual>	FY Mar/08 Midterm <New Forecast>	Changes		FY Mar/07 Midterm <Actual>	FY Mar/08 Midterm <New Forecast>	Changes	
Fibers & Textiles	301.8	300.0	-1.8	(-0.6%)	9.5	9.0	-0.5	(-4.8%)	9.5	10.0	+0.5	(+5.7%)
Plastics & Chemicals	184.6	190.0	+5.4	(+2.9%)	8.7	9.5	+0.8	(+9.6%)	8.7	10.0	+1.3	(+15.4%)
IT-related Products	127.8	140.0	+12.2	(+9.6%)	14.5	13.5	-1.0	(-7.1%)	14.5	14.0	-0.5	(-3.6%)
Carbon Fiber Composite Materials	31.9	40.0	+8.1	(+25.4%)	8.8	9.0	+0.2	(+1.8%)	8.8	9.0	+0.2	(+1.8%)
Environment & Engineering	67.8	70.0	+2.2	(+3.2%)	0.1	2.0	+1.9	(+1639.1%)	0.1	2.0	+1.9	(+1639.1%)
Life Science & Other Businesses	32.3	30.0	-2.3	(-7.1%)	2.0	2.0	+0.0	(+1.9%)	2.0	2.0	+0.0	(+1.9%)
(Pharmaceuticals & Medical Products Included)	20.0	20.0	-0.0	(-0.0%)	0.6	0.5	-0.1	(-17.6%)	0.6	0.5	-0.1	(-17.6%)
Elimination & Corporate					▲ 0.7	▲ 1.0	-0.3	(-)	▲ 0.7	▲ 1.0	-0.3	
Consolidated	746.2	770.0	+23.8	(+3.2%)	42.9	44.0	+1.1	(+2.6%)	42.9	46.0	+3.1	(+7.2%)

Descriptions of forecasted business results, estimates, expectations, and business plans for the midterm of Fiscal Year ending March 2008 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.