

## Toray Announces Consolidated Results for the First Quarter Ended June 30, 2006

Tokyo, Aug 2, 2006 - Toray Industries, Inc. today announced its consolidated business results for the three months ended June 30, 2006, the first quarter of the year ending March 31, 2007. 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)

	First quarter ended June 30,			2006	(Reference) Fiscal 2005
	2006	2005	Change		
	Yen		%	<i>U.S. dollars</i>	Yen
Net sales	<b>¥358,063</b>	¥324,134	10.5	<b>\$3,108</b>	¥1,427,488
Operating income	<b>18,574</b>	15,949	16.5	<b>161</b>	93,043
Ordinary income	<b>18,541</b>	15,008	23.5	<b>161</b>	87,650
Net income	<b>11,669</b>	6,377	83.0	<b>101</b>	47,409
Net income primary per share	<b>8.33</b>	4.55	83.1	-	33.72

Notes:

1. The percentage change is year-on-year change compared with the same period of the previous fiscal year.
2. U.S. dollar amounts have been converted from yen at the exchange rate of ¥115.2 = US\$1, the approximate rate of exchange prevailing on June 30, 2006.
3. Amounts are rounded to the nearest million.

During the three months under review, the global economy continued to expand briskly despite of rising crude oil prices. The domestic economy also maintained its expansion with the strong capital investment by corporate sector and the improvements in household consumption. On the other hand, while the global economy as well as the domestic economy is expected to maintain the growth, there are also some uncertainties such as further increase in crude oil prices, slowdown in the U.S. economy and inventory adjustment in the IT sector.

Under such circumstances, the Toray Group has worked on the reinforcement of corporate structure and the expansion of revenues and profits through business structure reform, in order to achieve the target of consolidated operating income of more than 100 billion yen under mid-term management reform program "Project NT-II." Also, in the second half of the fiscal year, the Group is set to start its new mid-term business strategies "IT-2010" and, through innovation in every aspect of its operations, strengthen corporate structure and develop "New Toray" highly profitable and evolving and expanding dynamically.

Net sales for the first quarter increased 10.5% from the same period a year ago to 358.1 billion yen (US\$3,108 million), due primarily to growing sales by Plastics and Chemicals and IT-related Products businesses. Operating income rose 16.5% to 18.6 billion yen (US\$161 million), led by the strong performance of IT-related Products and Carbon Fiber Composite Materials segments. Ordinary income increased 23.5% to 18.5 billion yen (US\$161 million) and net income rose 83.0% to 11.7 billion yen (US\$101 million).

## Consolidated Financial Condition

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

	First quarter ended June 30,			(Reference)
	2006	2005	2006	Fiscal 2005
	Yen		<i>U.S. dollars</i>	Yen
Total assets	<b>¥1,521,873</b>	¥1,412,482	<b>\$13,211</b>	¥1,537,422
Property, plant and equipment, net	<b>596,597</b>	530,926	<b>5,179</b>	586,215
Net assets	<b>589,179</b>	458,508	<b>5,114</b>	537,026
Net assets per share	<b>381.74</b>	327.42	-	383.42
Equity ratio	<b>35.1%</b>	32.5%	-	34.9%

Notes:

1. Net assets for both the first quarter and full year of fiscal 2005 do not include minority interests and deferred gains and losses on hedge. Net assets of the first quarter under review comprise "stockholders' equity," "valuation, transition adjustment and others" and "minority interests."
2. For calculation of "net assets per share" and "equity ratio," minority interests are deducted from net assets.
3. U.S. dollar amounts have been converted from yen at the exchange rate of ¥115.2 = US\$1, the approximate rate of exchange prevailing on June 30, 2006.
4. Amounts are rounded to the nearest million.

At the end of the first quarter, the Group's assets totaled 1,521.9 billion yen (US\$13,211 million), down 15.5 billion yen from the end of the previous fiscal year, primarily as cash and time deposits decreased. Liabilities decreased by 14.0 billion yen to 932.7 billion yen (US\$8,096 million) due to factors such as decrease in current liabilities. Net assets were 589.2 billion yen (US\$5,114 million). The equity ratio at the end of the quarter increased by 0.2 percentage points to 35.1% from the end of the previous fiscal year, reflecting an increase in items such as retained earnings.

## Forecast of Consolidated Results for the Half Year Ending September 30, 2006

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

	Forecast	
	Yen	<i>U.S. dollars</i>
Net sales	<b>¥725,000</b>	<b>\$6,591</b>
Operating income	<b>43,000</b>	<b>391</b>
Ordinary income	<b>41,000</b>	<b>373</b>
Net income	<b>24,000</b>	<b>218</b>

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥110 = US\$1, the estimated rate of exchange for the half year ending September 30, 2006.
2. Amounts are rounded to the nearest million.

The Company left its forecasts for the half year ending September 30, 2006 unchanged from its previous announcement on May 10, 2006.

Also, the Company intends to review its full-year forecasts when announcing the half-year results.

## Consolidated Business Segment Information

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

Net Sales	First quarter ended June 30,			
	2006	2005	Change	2006
	Yen		%	U.S. dollars
Fibers and Textiles	<b>¥145,963</b>	¥140,388	4.0	<b>\$1,267</b>
Plastics and Chemicals	<b>90,759</b>	78,001	16.4	<b>788</b>
IT-related Products	<b>64,593</b>	51,681	25.0	<b>561</b>
Carbon Fiber Composite Materials	<b>14,565</b>	11,931	22.1	<b>126</b>
Environment and Engineering	<b>27,252</b>	24,693	10.4	<b>237</b>
Life Science and Other Businesses	<b>14,931</b>	17,440	(14.4)	<b>130</b>
Elimination and Corporate	-	-	-	-
Consolidated Total	<b>358,063</b>	324,134	10.5	<b>3,108</b>

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

Operating Income	First quarter ended June 30,			
	2006	2005	Change	2006
	Yen		%	U.S. dollars
Fibers and Textiles	<b>¥3,763</b>	¥4,875	(22.8)	<b>\$33</b>
Plastics and Chemicals	<b>3,589</b>	3,949	(9.1)	<b>31</b>
IT-related Products	<b>6,766</b>	5,016	34.9	<b>59</b>
Carbon Fiber Composite Materials	<b>4,411</b>	2,640	67.1	<b>38</b>
Environment and Engineering	<b>(612)</b>	(891)	-	<b>(5)</b>
Life Science and Other Businesses	<b>559</b>	270	107.0	<b>5</b>
Elimination and Corporate	<b>98</b>	90	-	<b>1</b>
Consolidated Total	<b>18,574</b>	15,949	16.5	<b>161</b>

(Millions of yen)

	<b>(Reference) Fiscal 2005 ended March 31, 2006</b>	
	Net Sales	Operating Income
Fibers and Textiles	¥580,549	¥20,687
Plastics and Chemicals	337,978	18,484
IT-related Products	234,994	31,264
Carbon Fiber Composite Materials	52,714	11,820
Environment and Engineering	154,135	4,920
Life Science and Other Businesses	67,118	6,453
Elimination and Corporate	-	(585)
Consolidated Total	1,427,488	93,043

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥115.2 = US\$1, the approximate rate of exchange prevailing on June 30, 2006.
2. Amounts are rounded to the nearest million.

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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