

August 6, 2008

Toray Announces Consolidated Results for the First Quarter Ended June 30, 2008

Tokyo, Aug 6, 2008 - Toray Industries, Inc. today announced its consolidated business results for the three months ended June 30, 2008, the first quarter of the year ending March 31, 2009. 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,			(Reference) Fiscal 2007
	2008	2007	2008	
	Yen		<i>U.S. dollars</i>	Yen
Net sales	¥387,407	¥385,794	\$3,641	¥1,649,670
Operating income	13,216	19,514	124	103,429
Ordinary income	12,457	18,763	117	91,471
Net income	4,393	10,186	41	48,069
Net income basic per share	3.14	7.28	-	34.34

Consolidated Financial Condition

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

	First quarter ended June 30,			(Reference) Fiscal 2007
	2008	2007	2008	
	Yen		<i>U.S. dollars</i>	Yen
Total assets	¥1,665,342	¥1,697,362	\$15,652	¥1,698,226
Property, plant and equipment, net	654,740	656,177	6,154	680,993
Net assets	614,210	656,935	5,773	642,159
Net assets per share	404.88	426.75	-	423.78
Equity ratio	34.0%	35.2%	-	34.9%

Notes:

1. Percentage change is not presented because quarterly accounting standards, as defined and published by the Accounting Standards Board of Japan, are applied for the first time from the current fiscal year.
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 ¥106.4 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2008.
4. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the Six Months Ending September 30, 2008

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

	Forecast		Difference	Revised Forecast
	Previous	Revised		
	Yen			<i>U.S. dollars</i>
Net sales	¥790,000	¥790,000	-	\$7,524
Operating income	31,000	25,000	(¥6,000)	238
Ordinary income	26,000	22,000	(4,000)	210
Net income	12,000	7,000	(5,000)	67

Reference: Forecast EPS (six months ending September 30, 2008) ¥5.00

Forecast of Consolidated Results for the Year Ending March 31, 2009

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

	Forecast		Difference	Revised Forecast
	Previous	Revised		
	Yen			<i>U.S. dollars</i>
Net sales	¥1,700,000	¥1,700,000	-	\$16,190
Operating income	95,000	75,000	(¥20,000)	714
Ordinary income	86,000	70,000	(¥16,000)	667
Net income	44,000	30,000	(14,000)	286

Reference: Forecast EPS (year ending March 31, 2009) ¥21.43

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥105 = U.S.\$1, the estimated rate of exchange for the fiscal year ending March 31, 2009.
2. Amounts are rounded to the nearest million.

Consolidated Business Segment Information

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

Net Sales	First quarter ended June 30,		
	2008	2007	2008
	Yen		U.S. dollars
Fibers and Textiles	¥144,958	¥153,971	\$1,362
Plastics and Chemicals	106,798	98,063	1,004
IT-related Products	62,315	66,379	586
Carbon Fiber Composite Materials	19,673	19,283	185
Environment and Engineering	38,649	32,903	363
Life Science and Other Businesses	15,014	15,195	141
Total	387,407	385,794	3,641
Elimination and Corporate	-	-	-
Consolidated Total	387,407	385,794	3,641

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

Operating Income	First quarter ended June 30,		
	2008	2007	2008
	Yen		U.S. dollars
Fibers and Textiles	¥3,125	¥3,929	\$29
Plastics and Chemicals	3,541	4,165	33
IT-related Products	3,571	6,142	34
Carbon Fiber Composite Materials	3,320	3,766	31
Environment and Engineering	(731)	1,091	(7)
Life Science and Other Businesses	126	869	1
Total	12,952	19,962	122
Elimination and Corporate	264	(448)	2
Consolidated Total	13,216	19,514	124

(Millions of yen)

	(Reference) Fiscal 2007 ended March 31, 2008	
	Net Sales	Operating Income
Fibers and Textiles	¥637,343	¥21,352
Plastics and Chemicals	404,015	20,716
IT-related Products	283,734	29,753
Carbon Fiber Composite Materials	83,580	18,096
Environment and Engineering	173,213	9,754
Life Science and Other Businesses	67,785	6,299
Total	1,649,670	105,970
Elimination and Corporate	-	(2,541)
Consolidated Total	1,649,670	103,429

Notes:

1. Percentage change is not presented because quarterly accounting standards, as defined and published by the Accounting Standards Board of Japan, are applied for the first time from the current fiscal year.
2. U.S. dollar amounts have been converted from yen at the exchange rate of ¥106.4 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2008.
3. Amounts are rounded to the nearest million.

Consolidated Geographic Segment Information

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

Net Sales	First quarter ended June 30, 2008		(Reference) Fiscal 2007
	Yen	<i>U.S. dollars</i>	Yen
Japan	¥265,139	\$2,492	¥1,139,664
Asia	79,907	751	339,774
North America, Europe & Others	42,361	398	170,232
Total	387,407	3,641	1,649,670
Elimination and Corporate	-	-	-
Consolidated Total	387,407	3,641	1,649,670

Operating Income	First quarter ended June 30, 2008		(Reference) Fiscal 2007
	Yen	<i>U.S. dollars</i>	Yen
Japan	¥8,573	\$81	¥73,479
Asia	1,432	13	15,228
North America, Europe & Others	2,554	24	15,746
Total	12,559	118	104,453
Elimination and Corporate	657	6	(1,024)
Consolidated Total	13,216	124	103,429

Overseas Sales

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

	First quarter ended June 30, 2008		(Reference) Fiscal 2007
	Yen	<i>U.S. dollars</i>	Yen
Asia	¥115,001	\$1,081	¥478,454
North America, Europe & Others	70,068	659	271,006
Total	185,069	1,739	749,460

Percentage against consolidated net sales	First quarter ended June 30, 2008	(Reference) Fiscal 2007
Asia	29.7%	29.0%
North America, Europe & Others	18.1%	16.4%
Total	47.8%	45.4%

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥106.4 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2008.
2. Amounts are rounded to the nearest million.

Consolidated Business Results and Financial Condition

1. Overview of the First Quarter Ended June 30, 2008

During the three months under review, the U.S. and European economies continued with the slowdown that started in the second half of the previous fiscal year, reflecting the deepening turmoil in the financial markets and the prolonged adjustment in the housing market caused by the U.S. subprime loan crisis. The outlook for the global economy was also clouded by inflation concerns against the backdrop of further increases in resource prices paced by that of crude oil. The Japanese economy also showed signs of weakening, as corporate capital investments and consumer spending stagnated under the impact of sharp increases in prices of resources.

Under such circumstances, Toray Group advanced its efforts to implement measures under the new mid-term business strategies "Project Innovation TORAY 2010 (IT-2010)" launched in October 2006 and promoted business and profit expansion through business structure reform and structural reinforcement. At the same time, to cope with further increases in raw materials and fuel prices worldwide, Toray Group made efforts to transfer cost increases on to selling prices.

As a result, consolidated net sales for the three months ended June 30, 2008 increased 0.4% on a year-on-year basis to ¥387.4 billion (US\$3,641 million). On the other hand, operating income declined 32.3% to ¥13.2 billion (US\$124 million), ordinary income fell 33.6% to ¥12.5 billion (US\$117 million) and net income came to ¥4.4 billion (US\$41 million), down 56.9%, as the impact of negative factors including rising fuel and raw material prices was not fully absorbed.

Business Performance by Segment:

Fibers and Textiles

In Japan, the products for industrial applications performed strongly, while clothing materials remained sluggish overall reflecting weak demand for apparel products. Overseas, nylon fiber and textile operations for air bag applications in Thailand and suede-like microfiber textile business in Europe continued to register strong growth.

As a result, total sales of Fibers and Textiles fell 5.9% to ¥145.0 billion (US\$1,362 million) from the previous year and operating income declined 20.5% to ¥3.1 billion (US\$29 million), reflecting factors including sharp rises in fuel and raw material prices and lower sales volume at its domestic trading subsidiaries.

Plastics and Chemicals

In the plastic resins business, sales of engineering plastic resins such as *Amilan** nylon resin and *Toraycon** polybutylene terephthalate (PBT) resin saw strong growth mainly in the automobile sector. Sales volumes of *Torelina** polyphenylene sulfide (PPS) resin, the production capacity for which was boosted at the Tokai Plant, and the *Toyolac** acrylonitrile butadiene styrene (ABS) resin, whose facility was expanded in Malaysia, also increased.

In the films business, sales of *Lumirror** polyester (PET) film advanced in solar cell applications. Sales of *Torayfan** polypropylene film, used in capacitors for hybrid vehicles, also expanded steadily.

As a result, total sales of Plastics and Chemicals increased 8.9% year-on-year to ¥106.8 billion (US\$1,004 million), reflecting expanded transaction amounts at the trading subsidiaries. On the other hand, operating income fell 15.0% to ¥3.5 billion (US\$33 million), hurt by sharp rises in fuel and raw material prices.

IT-related Products

Among IT-related products, sales of display materials including films used in flat panel displays and liquid crystal color filters as well as coatings for semiconductors grew strongly. On the other hand, sales of circuit and graphic materials remained sluggish and shipment of liquid crystal-related manufacturing equipment decreased.

As a result, sales of IT-related Products fell 6.1% to ¥62.3 billion (US\$586 million) compared with the same period a year earlier, while operating income suffered a 41.9% decline to ¥3.6 billion (US\$34 million).

Carbon Fiber Composite Materials

In the Carbon Fiber Composite Materials segment, there was strong growth in demand, primarily in aircraft and industrial applications. The Company is also actively pursuing development of new applications with focus on the crucial fields of automobile, environment and energy applications. In the short term, the tight market condition for general-purpose field has started easing off as companies expanded production, while sales of products for high-end applications such as aircraft and space grew steadily.

On the whole, the Carbon Fiber Composite Materials registered a year-on-year sales increase of 2.0% to ¥19.7 billion (US\$185 million). On the other hand, operating

income fell by 11.8% to ¥3.3 billion (US\$31 million) compared to the same period of the previous fiscal year, due to rising fuel and raw materials costs and exchange rate fluctuations as well as the effect of the increase in depreciation cost for the new facilities that started operations in Japan and Europe in the third quarter of the last fiscal year.

Environment and Engineering

In the Environment and Engineering segment, sales of the water treatment membrane business led by reverse osmosis membrane element registered brisk growth in general, though performance at a water treatment engineering subsidiary slumped. Condominium and construction business at a domestic subsidiary saw strong growth and machinery exports at a trading subsidiary also expanded.

As a result, overall sales of the segment grew 17.5% on year to ¥38.6 billion (US\$363 million), though the segment posted an operating loss of ¥0.7 billion (US\$7 million) due to increase in expenses following the expansion of water treatment business and a slowdown in large-scale construction orders at the domestic engineering subsidiary.

Life Science and Other Businesses

Sales in the pharmaceuticals and medical products business remained at about the same levels compared with the same period of the previous fiscal year amidst severe market conditions including falling pharmaceutical prices due to revision of National Health Insurance (NHI) drug prices and reimbursement prices and intensified competition.

The Life Science and Other Businesses segment, on the whole, registered an overall decrease in sales, falling 1.2% to ¥15.0 billion (US\$141 million). Operating income of the segment fell 85.5% to ¥0.1 billion (US\$1 million), reflecting the significant decline in the prices of pharmaceuticals and medical products.

2. Analysis of Financial Condition

As of June 30, 2008, Toray's total assets stood at ¥1,665.3 billion (US\$15,652 million), down ¥32.9 billion from the end of the previous fiscal year. Current assets fell by ¥14.8 billion compared to the end of the previous fiscal year due primarily to decreases in notes and account receivables, while fixed assets fell by ¥18.1 billion reflecting lower levels of property, plant and equipment.

Liabilities decreased by ¥4.9 billion to ¥1,051.1 billion (US\$9,879 million) compared to the end of the previous fiscal year owing to reduction in notes and account payables, income taxes payable and provision.

Net assets came to ¥614.2 billion (US\$5,773 million), down ¥27.9 billion, after payment of dividends and fluctuation in foreign currency translation adjustment, and net assets less minority interests stood at ¥566.7 billion (US\$5,326 million).

3. Forecast of Consolidated Results

For the fiscal year ending March 2009, amid concerns of economic slowdown in the U.S. and Europe, there is greater uncertainty over the global economy as rising crude oil and other material prices lead to increased inflationary pressures. Under such circumstances, the Japanese economy also faces mounting threats of a slowdown in both overseas and domestic demand, reflecting weakening exports coupled with the worsening corporate earnings environment resulting from higher resource prices and cooling consumer sentiments.

Against this background, Toray Group will further pursue reform of its business structure and enhancement of its earnings base under mid-term business strategies IT-2010 aimed at transforming itself into a highly profitable corporate group. Reflecting factors including the greater-than-expected increases in fuel and raw material prices, the Company revised its forecast. The Group expects net sales of ¥790 billion (US\$7,524 million), operating income of ¥25 billion (US\$238 million), ordinary income of ¥22 billion (US\$210 million), and net income of ¥7 billion (US\$67 million) for the six months ending September 30, 2008, and consolidated net sales of ¥1,700 billion (US\$16,190 million), operating income of ¥75 billion (US\$714 million), ordinary income of ¥70 billion (US\$667 million), and net income of ¥30 billion (US\$286 million) for the full year through March 31, 2009. These forecasts are calculated based on assumptions of an exchange rate of ¥105 to the U.S. dollar and assumed crude oil price of \$125 per barrel (Dubai FOB).

Notes:

- 1) U.S. dollar amounts have been converted from yen at the exchange rate of ¥106.4 = U.S.\$1, the approximate rate of exchange prevailing on June 30, 2008.
- 2) U.S. dollar amounts of forecasts have been converted from yen at the exchange rate of ¥105=U.S.\$1, the estimated rate of exchange for the FY Mar/09 (April 2008 - March 2009).
- 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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