

August 4, 2005

**Business Results Announcement
First Quarter of
Fiscal Year Ending March 2006**

Toray Industries, Inc.

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I. Business Results for the 1Q of the Fiscal Year Ending March 2006

Summary (Profits)

Billion ¥

	1Q FY Mar/05	1Q FY Mar/06	Changes
Net Sales	272.1	324.1	+52.0 (+19.1%)
Cost of Sales	210.5	256.9	+46.4 (+22.0%)
Gross Profits	61.6	67.2	+5.6 (+9.1%)
(Gross Profit to Net Sales)	22.6%	20.7%	-1.9 points
Operating Income	16.1	15.9	-0.2 (-1.2%)
(Operating Income to Net Sales)	5.9%	4.9%	-1.0 points
Non-operating Income and Expenses, net	0.4	▲ 0.9	-1.3 (-)
Ordinary Income	16.5	15.0	-1.5 (-9.3%)
Special Credits and Charges, net	▲ 1.1	▲ 2.1	-1.0 (-)
Net Income	8.8	6.4	-2.4 (-27.2%)

Excluding Chori and Suido Kiko Effects

	1Q FY Mar/05	1Q FY Mar/06	Changes
Net Sales	272.1	276.3	+4.1 (+1.5%)
Cost of Sales	210.5	213.9	+3.3 (+1.6%)
Gross Profits	61.6	62.4	+0.8 (+1.3%)
(Gross Profit to Net Sales)	22.6%	22.6%	-0.0 points
Operating Income	16.1	15.8	-0.4 (-2.3%)
(Operating Income to Net Sales)	5.9%	5.7%	-0.2 points

Percentage of Achievement of Midterm Operating Income Forecast

	FY Mar/05	FY Mar/06
First Quarter Operating Income	16.1	15.9
Midterm Operating Income FY Mar/05 is Actual FY Mar/06 is Forecast	35.6	34.0
Percentage of Achievement	45.3%	46.9%

*First quarter 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.

*FY Mar/06 midterm forecast is that announced in May 2005

Summary (Financial Position)

Billion ¥

	End of Mar/05	End of June/05	Changes
Total Assets	1,402.3	1,412.5	+10.2 (+0.7%)
Stockholders' Equity	452.5	458.5	+6.0 (+1.3%)
Interest-bearing Debts	466.8	502.3	+35.5 (+7.6%)

Non-operating Income and Expenses, Ordinary Income

Billion ¥

	1Q FY Mar/05	1Q FY Mar/06	Changes	Comments
Non-operating Income	3.5	2.8	-0.7	
Interest and Dividend Income	0.6	0.9	+0.3	
Equity in Earnings of Affiliates	1.7	0.5	-1.3	Loss on impairment and decline in profit of domestic affiliated companies
Others	1.2	1.4	+0.3	
Non-operating Expenses	▲ 3.1	▲ 3.7	-0.6	
Interest Expenses	▲ 1.5	▲ 1.9	-0.4	
Others	▲ 1.6	▲ 1.8	-0.2	
Non-operating Income and Expenses, net	0.4	▲ 0.9	-1.3	
Ordinary Income	16.5	15.0	-1.5	
Interest and Dividend Income, Interest Expenses, net	▲ 0.9	▲ 1.0	-0.1	
Other Income and Expenses, net	▲ 0.4	▲ 0.4	+0.0	

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

Special Credits and Charges, Income Before Income Taxes



Billion ¥

	1Q FY Mar/05	1Q FY Mar/06	Changes	Comments
Special Credits	0.0	0.0	+0.0	
Gain on Sales of Property, Plant, and Equipment	0.0	0.0	+0.0	
Gain on Sales of Investments in Securities	0.0	0.0	-0.0	
Special Charges	▲ 1.1	▲ 2.1	-1.0	
Loss on Sales or Disposal of Property, Plant, and Equipment	▲ 0.6	▲ 0.2	+0.4	
Loss on Impairment	-	▲ 1.7	-1.7	Loss on impairment of unused land
Loss on Write-down of Investments in Securities	▲ 0.0	▲ 0.0	-0.0	
Restructuring Expenses	▲ 0.6	▲ 0.1	+0.4	
Others	▲ 0.0	▲ 0.0	+0.0	
Special Credits and Charges, net	▲ 1.1	▲ 2.1	-1.0	
Income Before Income Taxes	15.4	12.9	-2.5	

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

Assets, Capital Expenditures, Depreciation

Billion ¥

	End of Mar/05	End of June/05	Changes	Comments
Total Assets	1,402.3	1,412.5	+10.2	
Total Current Assets	644.4	641.9	-2.5	
Tangible Fixed Assets	532.0	530.9	-1.0	
Intangible Assets	10.8	11.4	+0.6	
Investments and Other Assets	215.1	228.3	+13.2	Increase of investments in securities, etc.

	1Q FY Mar/06	Comments		
Capital Expenditures	12.5	Toray : 3.9	Japan : 1.5	Overseas : 7.1
Depreciation -)	14.8	Toray : 6.0	Japan : 2.3	Overseas : 6.5
Transfer, Disposal, etc.	1.3			
Changes in Tangible Fixed Assets	▲ 1.0			

Major Capital Expenditures

<Japan>

Toray : Artificial kidney production facility (Okazaki Plant), etc.

<Overseas>

CFA (US), etc.

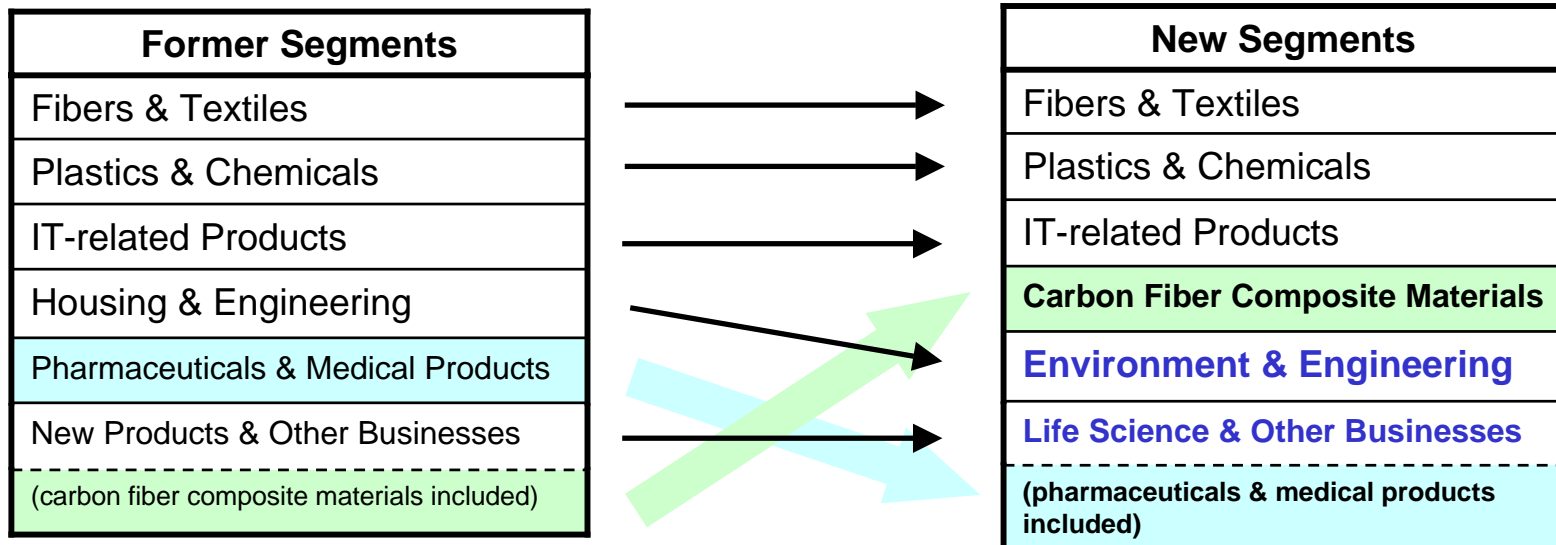
Liabilities, Stockholders' Equity

Billion ¥

	End of Mar/05	End of June/05	Changes	Comments
Total Liabilities	896.4	905.8	+9.4	
Current Liabilities	523.7	525.0	+1.3	
Other Liabilities	372.7	380.8	+8.1	Increase of long-term debts, etc.
Minority Interests in Consolidated Subsidiaries	53.3	48.2	-5.2	
Total Stockholders' Equity	452.5	458.5	+6.0	Increase of retained earnings, etc.

Changes in Business Segments

	Changes	Reasons for the Changes
Revision of Business Segments	Make "Carbon Fiber Composite Materials" an independent sector	Operating income is expected to grow up to around 10% of consolidated operating income in this fiscal year according to business expansion
	Merge pharmaceuticals and medical products in "Life Science & Other Businesses"	The current business scale has got relatively small, while still aiming for business expansion in the medium and long-term
Renaming of Business Segments	Rename "Housing & Engineering" to "Environment & Engineering"	Clarify Toray's business strategies to expand environmental businesses including water treatment
	Rename "New Products & Other Businesses" to "Life Science & Other Businesses"	Merge "Pharmaceuticals & Medical Products" and "New Products & Other Businesses" excluding carbon fiber composite materials



Results by Business Segment

Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/05	1Q FY Mar/06	Changes	1Q FY Mar/05	1Q FY Mar/06	Changes	
Fibers & Textiles	110.8	140.4	+29.6 (+26.7%)	5.6	4.9	-0.7 (-12.4%)	Sales increased by consolidation of Chori however income decreased due to high price of raw materials and fuels mainly in Asian subsidiaries.
Plastics & Chemicals	65.3	78.0	+12.7 (+19.4%)	3.0	3.9	+1.0 (+32.8%)	Sales increased by consolidation of Chori. Overseas sales and income increased through efforts of passing raw materials and fuel prices on to customers and shift to high-value added products in Asia, Europe, and US.
IT-related Products	51.8	51.7	-0.1 (-0.2%)	6.7	5.0	-1.6 (-24.7%)	Income decreased due to demand adjustment in the IT-related business which was healthy in the previous year. Sales was flat effected by Chori consolidation.
Carbon Fiber Composite Materials	10.6	11.9	+1.4 (+12.8%)	1.5	2.6	+1.1 (+71.4%)	Sales and income increased through sales expansion in all applications together with capacity increase effect at European subsidiary.
Environment & Engineering	16.0	24.7	+8.7 (+54.4%)	▲ 1.0	▲ 0.9	+0.1 (-)	Sales increased through sales expansion of construction-related and engineering-related subsidiaries and by consolidation effect of Suido Kiko.
Life Science & Other Businesses	17.7	17.4	-0.2 (-1.2%)	0.3	0.3	-0.0 (-3.2%)	Sales decreased due to tough competition in pharmaceuticals and medical products market, though income improved through promotion of corporate structure reinforcement.
(Pharmaceuticals & Medical Products included)	9.9	9.3	-0.6 (-5.6%)	▲ 0.4	▲ 0.1	+0.3 (-)	
Consolidated	272.1	324.1	+52.0 (+19.1%)	16.1	15.9	-0.2 (-1.2%)	

Results by Business Segment (Fibers and Textiles)

Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/05	1Q FY Mar/06	Changes	1Q FY Mar/05	1Q FY Mar/06	Changes	
Toray	33.4	30.1	-3.2 (-9.7%)	2.3	2.1	-0.3 (-11.3%)	Sales expansion of industrial use mainly in automotive applications covered the sluggish apparel business, however, total sales dropped due to increase of inter-company elimination caused by consolidation of Chori. Despite of efforts in passing raw materials and fuel prices on to customers and shift to high-value added products, income decreased due to soaring raw materials and fuel prices.
Japanese Subsidiaries	41.4	70.3	+28.9 (+69.9%)	1.4	1.8	+0.4 (+32.0%)	Sales and income increased through consolidation of Chori.
Overseas Subsidiaries	36.0	39.9	+3.9 (+10.7%)	1.7	0.9	-0.8 (-47.4%)	Income decreased due to effect of high price of raw materials and fuels in Asian subsidiaries as well as slump in European subsidiaries.
Adjustment	0.0	0.0		0.2	0.1	-0.1	
Total	110.8	140.4	+29.6 (+26.7%)	5.6	4.9	-0.7 (-12.4%)	

<Major Subsidiaries >

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

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

Europe & U.S. : ALCANTARA (Italy), etc.

Results by Business Segment (Plastics and Chemicals)



Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/05	1Q FY Mar/06	Changes	1Q FY Mar/05	1Q FY Mar/06	Changes	
Toray	21.3	20.5	-0.8 (-3.6%)	0.7	0.9	+0.1 (+18.0%)	Film business was partially transferred to a subsidiary and sales of chemicals dropped due to holding to sell caprolactum out of Toray Group, however, excluding these effects, resins, films, and chemical businesses were good and substantial sales increased.
Japanese Subsidiaries	20.0	30.5	+10.5 (+52.8%)	1.1	1.8	+0.7 (+68.3%)	Sales and income increased through consolidation of Chori and transfer of packaging film business from Toray to a film-processing subsidiary.
Overseas Subsidiaries	24.0	27.0	+2.9 (+12.2%)	1.0	1.5	+0.5 (+51.0%)	Sales and income increased through passing raw materials and fuel prices on to customers and promotion of business structure reform.
Adjustment	0.0	0.0		0.2	▲ 0.2	-0.4	
Total	65.3	78.0	+12.7 (+19.4%)	3.0	3.9	+1.0 (+32.8%)	

<Major Subsidiaries>

Domestic : Toray Advanced Film Co., Ltd., Toray Fine Chemicals Co., Ltd., Soda Aromatic Co., Ltd., Chori Co., Ltd., etc.
Overseas : TPA (U.S.), TPM (Malaysia), TPEu (France), TSI (Korea), etc.

Results by Business Segment (IT-related Products)



Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/05	1Q FY Mar/06	Changes	1Q FY Mar/05	1Q FY Mar/06	Changes	
Toray	19.9	19.5	-0.4 (-2.2%)	3.8	3.2	-0.6 (-14.7%)	Digital-related products have entered the demand adjustment phase since the latter half of the previous fiscal year so total sales and income decreased due to sales drop of circuit materials, etc.
Japanese Subsidiaries	20.1	20.6	+0.5 (+2.4%)	2.2	1.7	-0.5 (-20.9%)	Sales increased through consolidation of Chori, however, income decreased due to shipment decline of LCD-related equipment resulted from the adjustment in LCD panel investments which were in good form in 1Q FY Mar/05.
Overseas Subsidiaries	11.7	11.6	-0.1 (-1.2%)	0.7	▲ 0.1	-0.8 (-)	Sales and income decreased by demand decline of magnetic tapes in Korean subsidiary together with inventory adjustment by circuit materials' customers.
Adjustment	0.0	0.0		▲ 0.1	0.2	+0.2	
Total	51.8	51.7	-0.1 (-0.2%)	6.7	5.0	-1.6 (-24.7%)	

<Major Subsidiaries>

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

Overseas : TPA (U.S.), TPEu (France), TSI (Korea), etc.

Result by Business Segment (Carbon Fiber Composite Materials)



Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/05	1Q FY Mar/06	Changes	1Q FY Mar/05	1Q FY Mar/06	Changes	
Toray	2.6	2.9	+0.3 (+10.1%)	0.8	1.7	+0.9 (+106.5%)	Sales and income increased through good businesses in all applications mainly in aircrafts, industrials including machine parts, sports, especially golf shafts and others as well as progress in shift to high-profitable products.
Japanese Subsidiaries	2.0	2.6	+0.7 (+34.3%)	0.0	0.0	+0.0 (+56.7%)	Results are sales of Toray International, Inc. (a trading subsidiary).
Overseas Subsidiaries	6.0	6.4	+0.4 (+6.8%)	0.6	1.0	+0.4 (+77.5%)	Sales and income increased through sales expansion of aircrafts and industrials together with capacity increase effect at European subsidiary.
Adjustment	0.0	0.0		0.1	▲ 0.1	-0.2	
Total	10.6	11.9	+1.4 (+12.8%)	1.5	2.6	+1.1 (+71.4%)	

<Major Subsidiaries>

Domestic : Toray International, Inc.

Overseas : SOFICAR (France), etc.

Results by Business Segment (Environment & Engineering)

Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/05	1Q FY Mar/06	Changes	1Q FY Mar/05	1Q FY Mar/06	Changes	
Toray	1.5	1.6	+0.1 (+8.2%)	▲ 0.3	▲ 0.3	-0.0 (-)	
Japanese Subsidiaries	14.3	22.8	+8.5 (+59.5%)	▲ 0.6	▲ 0.3	+0.3 (-)	Although Suido Kiko was in red, profit improved through each subsidiary's sales expansion and promotion of corporate structure reinforcement efforts.
Overseas Subsidiaries	0.2	0.3	+0.1 (+35.8%)	0.0	▲ 0.0	-0.0 (-)	
Adjustment	0.0	0.0		▲ 0.1	▲ 0.2	-0.1	
Total	16.0	24.7	+8.7 (+54.4%)	▲ 1.0	▲ 0.9	+0.1 (-)	

<Major Subsidiaries>

Domestic : 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)

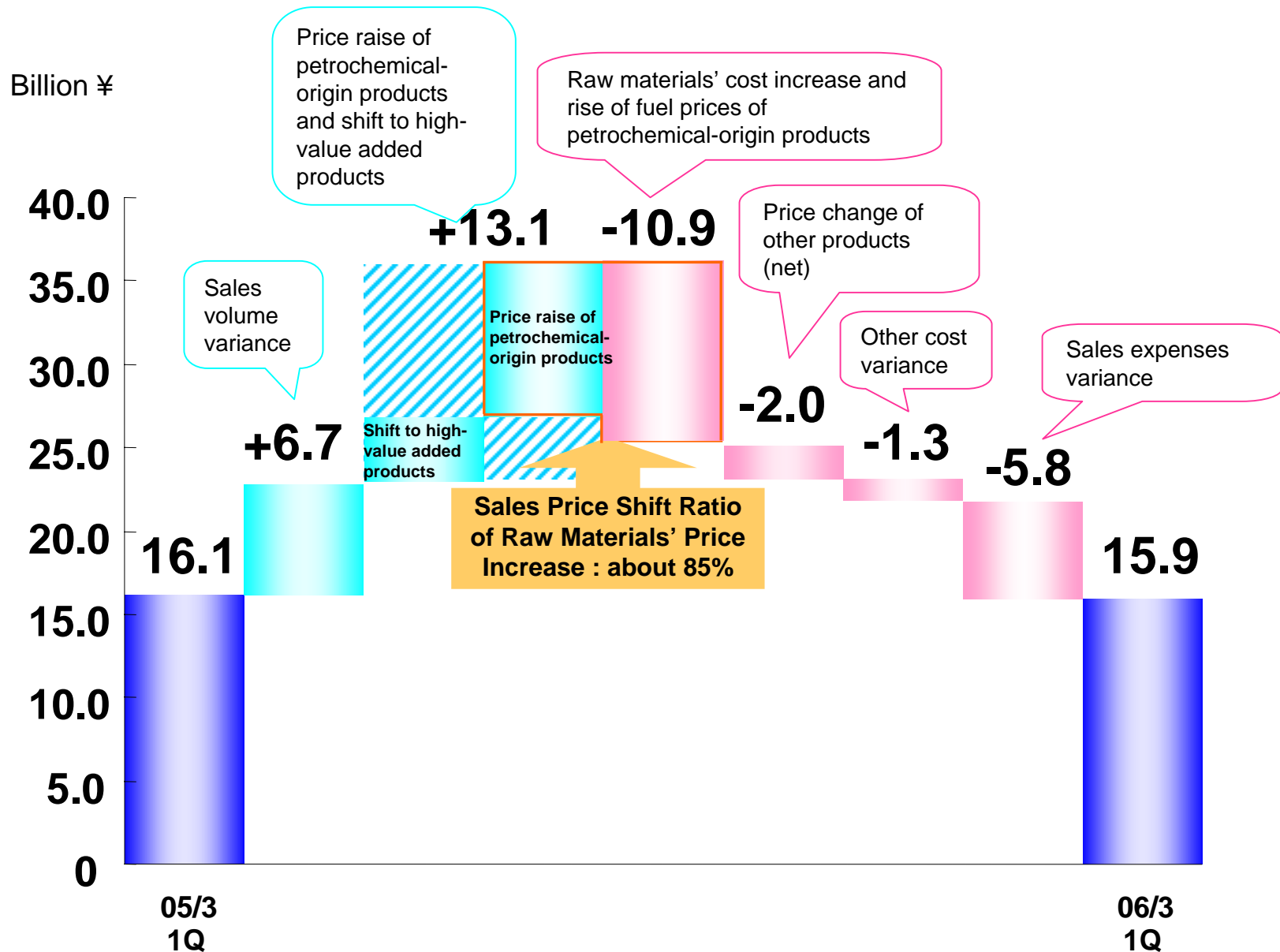
Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/05	1Q FY Mar/06	Changes	1Q FY Mar/05	1Q FY Mar/06	Changes	
Toray	2.4	2.1	-0.4 (-15.0%)	▲ 0.4	▲ 0.2	+0.2 (-)	Sales decreased due to tough competition in pharmaceuticals and medical products market while income improved through corporate structure reinforcement efforts.
Japanese Subsidiaries	14.4	14.3	-0.1 (-0.5%)	0.6	0.4	-0.2 (-36.3%)	
Overseas Subsidiaries	0.9	1.1	+0.2 (+26.9%)	0.0	0.0	-0.0 (-64.3%)	
Adjustment	0.0	0.0		0.0	0.1	+0.1	
Total	17.7	17.4	-0.2 (-1.2%)	0.3	0.3	-0.0 (-3.2%)	
(Pharmaceuticals & Medical Products; included above)	9.9	9.3	-0.6 (-5.6%)	▲ 0.4	▲ 0.1	+0.3 (-)	

<Major Subsidiaries>

Domestic : 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 2006

Midterm Forecast Summary

Billion ¥

	FY Mar/05 Midterm <Actual>	FY Mar/06 Midterm <New Forecast>	Changes	FY Mar/06 Midterm <Initial Forecast>	Changes
Net Sales	575.7	700.0	+124.3 (+21.6%)	700.0	- (-)
Operating Income	35.6	34.0	-1.6 (-4.5%)	34.0	- (-)
Ordinary Income	34.8	31.0	-3.8 (-10.9%)	31.0	- (-)
Net Income	19.8	13.0	-6.8 (-34.3%)	13.0	- (-)

* Expected exchange rate : 105 yen / US\$

Note) FY Mar/06 midterm forecast unchanged from its previous announcement on May 11 , 2005.
 FY Mar/06 forecast will be reviewed at the announcement of midterm business results.

Forecast by Business Segment

(1) Midterm-on-midterm comparison

Billion ¥

FY Mar/06 Midterm

	Net Sales			Operating Income			Comments
	FY Mar/05 Midterm (Actual)	FY Mar/06 Midterm <New Forecast>	Changes	FY Mar/05 Midterm (Actual)	FY Mar/06 Midterm <New Forecast>	Changes	
Fibers & Textiles	224.2	295.0	+70.8 (+31.6%)	10.1	9.0	-1.1 (-10.5%)	Sales are expected to increase through consolidation of Chori, etc., while income is estimated to drop due to high price of raw materials and fuels and slump of European subsidiaries, etc.
Plastics & Chemicals	134.8	173.0	+38.2 (+28.3%)	6.0	8.5	+2.5 (+40.7%)	Sales are expected to increase through consolidation of Chori, etc. Although the prices of raw materials and fuels are high, income is still expected to increase through price raise to cover raw materials' cost increase and sales expansion of high-value added products.
IT-related Products	108.5	105.0	-3.5 (-3.2%)	15.0	11.0	-4.0 (-26.5%)	Sales and income are estimated to fall due to demand adjustment of digital-related products and temporary slowdown of LCD panel investments.
Carbon Fiber Composite Materials	21.5	26.0	+4.5 (+21.0%)	2.8	5.0	+2.2 (+77.7%)	Sales and income are expected to increase through good business conditions in all applications and price increase.
Environment & Engineering	52.0	65.0	+13.0 (+24.9%)	0.3	▲ 1.0	-1.3 (-)	Sales are expected to increase while income is estimated to decrease as most of the income from Suido Kiko is accounted for the latter half of the fiscal year.
Life Science & Other Businesses	34.7	36.0	+1.3 (+3.8%)	1.3	1.5	+0.2 (+16.2%)	Sales are estimated to fall due to tough competition in the pharmaceuticals and medical products market, however, income is expected to increase through corporate structure reinforcement efforts.
(Pharmaceuticals & Medical Products included above)	20.2	20.0	-0.2 (-1.1%)	▲ 0.3	0.3	+0.6 (-)	
Consolidated	575.7	700.0	+124.3 (+21.6%)	35.6	34.0	-1.6 (-4.5%)	

Forecast by Business Segment

(2) Comparison with Initial Forecast

Billion ¥

FY Mar/06 Midterm

	Net Sales			Operating Income			Comments
	FY Mar/06 Midterm <Initial Forecast>	FY Mar/06 Midterm <New Forecast>	Changes	FY Mar/06 Midterm <Initial Forecast>	FY Mar/06 Midterm <New Forecast>	Changes	
Fibers & Textiles	305.0	295.0	-10.0 (-3.3%)	11.0	9.0	-2.0 (-18.2%)	Lower our sales and income forecast due to slumping overseas subsidiaries.
Plastics & Chemicals	165.0	173.0	+8.0 (+4.8%)	7.0	8.5	+1.5 (+21.4%)	Raise sales and income forecast through sales expansion of resins for automotive applications and good film business conditions in Asian subsidiaries.
IT-related Products	105.0	105.0	- (-)	12.0	11.0	-1.0 (-8.3%)	Japan: Lower our forecast due to prolonged inventory adjustment of digital-related products. Overseas: Keep the same as initial forecast.
Carbon Fiber Composite Materials	24.0	26.0	+2.0 (+8.3%)	4.0	5.0	+1.0 (+25.0%)	Raise sales and income forecast through good business in all applications.
Environment & Engineering	65.0	65.0	- (-)	▲ 1.0	▲ 1.0	- (-)	Keep the same as initial forecast expected through good results in construction-related and engineering-related subsidiaries covering water treatment subsidiary.
Life Science & Other Businesses	36.0	36.0	- (-)	1.0	1.5	+0.5 (+50.0%)	Raise income forecast through promotion of corporate structure reinforcement in pharmaceuticals and medical products business area.
(Pharmaceuticals & Medical Products included above)	20.0	20.0	- (-)	0.0	0.3	+0.3 (-)	
Consolidated	700.0	700.0	- (-)	34.0	34.0	- (-)	

Descriptions of forecasted business results, estimates, expectations, and business plans for the midterm of Fiscal Year ending March 2006 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.