

**Business Results Announcement
For the Third Quarter of
Fiscal Year Ending March 2006**

Toray Industries, Inc.

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**I. Business Results for the
3Q of Fiscal Year
Ending March 2006
(Consolidated Basis)**

Summary (Profits of nine months from '05/4 to '05/12)

Billion ¥

Excluding Chori and Suido Kiko 1st Half Effects

	Apr-Dec of FY Mar/05	Apr-Dec of FY Mar/06	Changes	Apr-Dec of FY Mar/05	Apr-Dec of FY Mar/06	Changes
Net Sales	911.9	1,026.5	+114.6 (+12.6%)	911.9	923.5	+11.6 (+1.3%)
Gross Profit	191.4	213.5	+22.2 (+11.6%)	191.4	203.3	+12.0 (+6.2%)
(Gross Profit to Net Sales)	21.0%	20.8%	-0.2 points	21.0%	22.0%	+1.0 points
Operating Income	50.2	57.8	+7.6 (+15.2%)	50.2	56.9	+6.7 (+13.3%)
(Operating Income to Net Sales)	5.5%	5.6%	+0.1 points	5.5%	6.2%	+0.7 points
Non-operating Income and Expenses, net	▲ 1.8	▲ 3.7	-1.9 (-)			
Ordinary Income	48.4	54.2	+5.7 (+11.8%)			
Special Credits and Charges, net	▲ 6.1	▲ 4.8	+1.2 (-)			
Income before Income Taxes	42.4	49.3	+7.0 (+16.4%)			
Net Income	26.8	28.0	+1.2 (+4.6%)			

Percentage of Achievement of
Year-end Operating Income Forecast

	FY Mar/05	FY Mar/06
Operating Income (Apr.-Dec.)	50.2	57.8
Year-end Operating Income FY Mar/05 is Actual FY Mar/06 is Forecast	81.1	92.0
Percentage of Achievement (Apr.-Dec.)	62.0%	62.9%

*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 (Third Quarter)

Billion ¥

	3Q FY Mar/05	3Q FY Mar/06	Changes	
Net Sales	336.2	347.7	+11.6	(+3.4%)
Gross Profit	64.3	71.5	+7.2	(+11.2%)
(Gross Profit to Net Sales)	19.1%	20.6%	+1.4	points
Operating Income	14.6	19.0	+4.4	(+30.0%)
(Operating Income to Net Sales)	4.4%	5.5%	+1.1	points
Non-operating Income and Expenses, net	▲ 1.0	▲ 1.7	- 0.7	(-)
Ordinary Income	13.6	17.3	+3.7	(+27.1%)
Special Credits and Charges, net	▲ 1.9	1.1	+3.0	(-)
Income before Income Taxes	11.7	18.5	+6.7	(+57.5%)
Net Income	7.0	11.2	+4.3	(+61.3%)

*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/05	3Q FY Mar/06	Changes
Non-operating Income	3.3	3.9	+0.6
Interest and Dividend Income	0.4	0.7	+0.2
Equity in Earnings of Affiliates	1.3	1.7	+0.5
Others	1.6	1.4	-0.2
Non-operating Expenses	▲ 4.3	▲ 5.5	-1.2
Interest Expenses	▲ 1.9	▲ 2.1	-0.2
Others	▲ 2.4	▲ 3.4	-1.0
Non-operating Income and Expenses, net	▲ 1.0	▲ 1.7	-0.7
Interest and Dividend Income, Interest Expenses, net	▲ 1.5	▲ 1.4	+0.0
Other Income and Expenses, net	▲ 0.8	▲ 2.0	-1.2

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

Special Credits and Charges (Third Quarter)

Billion ¥

	3Q FY Mar/05	3Q FY Mar/06	Changes	Comments
Special Credits	0.2	2.4	+2.2	
Gain on Sales of Property, Plant and Equipment	0.0	0.3	+0.3	
Gain on Sales of Investments in Securities	0.1	2.1	+2.0	Selling of insignificant stocks
Special Charges	▲ 2.1	▲ 1.3	+0.8	
Loss on Sales or Disposal of Property, Plant and Equipment	▲ 0.7	▲ 0.8	-0.0	
Restructuring Expenses	▲ 1.3	▲ 0.5	+0.9	Decrease of losses and expenses of equipment for fibers & textiles, and plastics & chemicals,
Others	▲ 0.0	▲ 0.1	-0.0	
Special Credits and Charges, net	▲ 1.9	1.1	+3.0	

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

Summary (Financial Position)

Billion ¥

	End of Sep/05	End of Dec/05	Changes	Comments	End of Mar/05 <FYI>
Total Assets	1,422.6	1,491.1	+68.5		1,402.3
Current Assets	623.9	656.2	+32.3	Increase of cash and cash equivalents, etc.	644.4
Tangible Fixed Assets	535.8	555.9	+20.1	Increase of capital expenditures, etc.	532.0
Intangible Assets	11.2	11.0	-0.2		10.8
Investments and Other Assets	251.7	267.9	+16.2	Increase of investments in securities, etc.	215.1

	End of Sep/05	End of Dec/05	Changes	Comments	End of Mar/05 <FYI>
Total Liabilities	889.2	935.1	+45.9		896.4
Current Liabilities	505.6	526.6	+21.0		523.7
Other Liabilities	383.5	408.5	+24.9	Increase of long-term debts, etc.	372.7
Minority Interests in Consolidated Subsidiaries	49.0	50.9	+1.9		53.3
Total Stockholders' Equity	484.4	505.1	+20.7		452.5
Interest-bearing Debts	459.5	486.1	+26.6		466.8
D/E ratio	0.95	0.96	+0.01		1.03

Capital Expenditures, Depreciation

<Apr-Dec of FY Mar/06>

Billion ¥

	Apr-Dec of FY Mar/05	Apr-Dec of FY Mar/06	Changes	Comments	FY Mar/06 Forecast
Capital Expenditures	38.4	61.2	+22.8	Toray : 21.3, Japan : 8.2, Overseas : 31.7	95.0
Depreciation -)	47.7	46.5	-1.2	Toray : 19.1, Japan : 7.3, Overseas : 20.1	64.0
Transfer, Disposal, etc.	▲ 0.2	9.2	+9.4		
Changes in Tangible Fixed Assets	▲ 9.5	23.9			

<3Q FY Mar/ 06>

	3Q FY Mar/05	3Q FY Mar/06	Changes	Comments
Capital Expenditures	15.0	29.4	+14.4	Toray : 11.5, Japan : 4.4, Overseas : 13.6
Depreciation -)	16.2	16.1	-0.1	Toray : 6.7, Japan : 2.5, Overseas : 6.9
Transfer, Disposal, etc.	3.0	6.9	+3.9	
Changes in Tangible Fixed Assets	1.8	20.1		

Major Capital Expenditures <Japan>

Toray : Reconstruction of PET film production facilities
: PP film production facilities

Operation will start in Sep/06
Operation will start in Apr/06

<Overseas>

CFA : Carbon fiber production facilities (US)
PFR : PET film production facilities (Malaysia)

Operation started in Jan/06
Operation will start in Sep/06

Results by Business Segment

(Nine months from '05/4 to '05/12)

Billion ¥

	Net Sales			Operating Income		
	FY Mar/05 ('04/4-'04/12)	FY Mar/06 ('05/4-'05/12)	Changes	FY Mar/05 ('04/4-'04/12)	FY Mar/06 ('05/4-'05/12)	Changes
Fibers & Textiles	370.5	431.9	+61.4 (+16.6%)	13.7	14.6	+0.8 (+6.0%)
Plastics & Chemicals	218.6	248.6	+30.0 (+13.7%)	9.8	13.3	+3.4 (+35.1%)
IT-related Products	163.6	169.2	+5.7 (+3.5%)	21.2	19.8	-1.4 (-6.5%)
Carbon Fiber Composite Materials	32.7	38.0	+5.3 (+16.2%)	4.1	8.7	+4.6 (+114.2%)
Environment & Engineering	76.2	90.2	+14.0 (+18.3%)	▲ 0.7	▲ 0.8	-0.1 (-)
Life Science & Other Businesses	50.2	48.5	-1.7 (-3.4%)	1.9	2.6	+0.7 (+37.5%)
(Pharmaceuticals & Medical Products Included)	30.2	30.5	+0.4 (+1.3%)	▲ 0.3	0.9	+1.2 (-)
Consolidated	911.9	1,026.5	+114.6 (+12.6%)	50.2	57.8	+7.6 (+15.2%)

Results by Business Segment (Third Quarter)



Billion ¥

	Net Sales			Operating Income		
	3Q FY Mar/05	3Q FY Mar/06	Changes	3Q FY Mar/05	3Q FY Mar/06	Changes
Fibers & Textiles	146.3	143.2	-3.1 (-2.1%)	3.7	4.2	+0.5 (+14.4%)
Plastics & Chemicals	83.8	89.8	+6.0 (+7.2%)	3.8	4.6	+0.9 (+23.0%)
IT-related Products	55.1	58.1	+3.0 (+5.4%)	6.2	6.7	+0.5 (+7.9%)
Carbon Fiber Composite Materials	11.2	13.6	+2.4 (+21.2%)	1.3	2.8	+1.6 (+124.3%)
Environment & Engineering	24.2	28.3	+4.1 (+16.7%)	▲ 1.0	0.4	+1.4 (-)
Life Science & Other Businesses	15.5	14.8	-0.8 (-4.9%)	0.6	0.6	-0.0 (-2.3%)
(Pharmaceuticals & Medical Products Included)	9.9	10.2	+0.3 (+2.6%)	0.0	0.3	+0.2 (+800.0%)
Consolidated	336.2	347.7	+11.6 (+3.4%)	14.6	19.0	+4.4 (+30.0%)

Results by Business Segment (Fibers and Textiles)

Billion ¥

	Net Sales			Operating Income			Comments
	3Q FY Mar/05	3Q FY Mar/06	Changes	3Q FY Mar/05	3Q FY Mar/06	Changes	
Toray	29.5	28.9	-0.5 (-1.8%)	1.5	1.4	-0.1 (-7.9%)	Sales declined due to strategic sales decrease of unprofitable products. Despite of good business in industrial applications, operating income dropped slightly due to continuing weak demand for apparels in Japan.
Japanese Subsidiaries	77.3	71.9	-5.4 (-7.0%)	1.9	1.6	-0.3 (-14.8%)	Sales and income decreased by sluggish business at trading companies.
Overseas Subsidiaries	39.5	42.3	+2.8 (+7.1%)	0.6	1.3	+0.7 (+122.7%)	Sales and income increased through sales expansion at polyester/cotton blended textiles manufacturing subsidiaries in Southeast Asia as well as improvement in income at Chinese subsidiaries.
Adjustment				▲ 0.3	▲ 0.0	+0.2	
Total	146.3	143.2	-3.1 (-2.1%)	3.7	4.2	+0.5 (+14.4%)	

<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 & US : ALCANTARA (Italy), etc.

Results by Business Segment (Plastics and Chemicals)

Billion ¥

	Net Sales			Operating Income			Comments
	3Q FY Mar/05	3Q FY Mar/06	Changes	3Q FY Mar/05	3Q FY Mar/06	Changes	
Toray	20.5	19.3	-1.3 (-6.1%)	0.1	0.6	+0.5 (+451.4%)	Plastics businesses were good mainly for automobile applications, however, sales dropped due to increase of inter-company elimination caused by transfer of China-related sales businesses from external trading companies to our subsidiary. As films businesses expanded sales in industrial applications, Toray's income as total increased.
Japanese Subsidiaries	35.3	36.6	+1.3 (+3.6%)	1.7	2.3	+0.6 (+34.0%)	Sales and income increased by sales expansion at trading companies and good business of industrial applications at film processing subsidiary.
Overseas Subsidiaries	27.9	33.9	+6.0 (+21.5%)	1.5	1.7	+0.2 (+12.1%)	Sales and income increased through strong plastics and films businesses at subsidiaries in Malaysia as well as incorporating China-related plastics sales businesses from external trading companies to our Hong Kong subsidiary.
Adjustment				0.5	0.1	-0.4	
Total	83.8	89.8	+6.0 (+7.2%)	3.8	4.6	+0.9 (+23.0%)	

<Major Subsidiaries>

Domestic : 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
	3Q FY Mar/05	3Q FY Mar/06	Changes	3Q FY Mar/05	3Q FY Mar/06	Changes	
Toray	19.4	23.8	+4.5 (+23.2%)	3.5	3.0	-0.5 (-13.4%)	Sales increased through sales expansion of IT-related plastics & films, circuit materials, and semiconducting materials. Operating income dropped due to increase in development costs for capacity increase preparations of films, and sales price decrease of color filters by intensive competition in LCD market for mobile phone.
Japanese Subsidiaries	23.9	20.7	-3.2 (-13.6%)	2.3	2.4	+0.2 (+8.3%)	Sales decreased due to decline of demand for slit coaters which was strong in the previous fiscal year. Meanwhile, sales and income increased at a film processing subsidiary by sales expansion of films for FPDs and circuit materials. As total, sales decreased but income increased.
Overseas Subsidiaries	11.9	13.6	+1.7 (+14.6%)	0.4	1.2	+0.8 (+213.6%)	Sales and income increased through sales expansion of films for FPDs and good circuit materials-related businesses at Korean subsidiaries.
Adjustment				0.1	▲ 0.0	-0.1	
Total	55.1	58.1	+3.0 (+5.4%)	6.2	6.7	+0.5 (+7.9%)	

<Major Subsidiaries>

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

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

Results by Business Segment (Carbon Fiber Composite Materials)

Billion ¥

	Net Sales			Operating Income			Comments
	3Q FY Mar/05	3Q FY Mar/06	Changes	3Q FY Mar/05	3Q FY Mar/06	Changes	
Toray	8.5	11.3	+2.8 (+33.1%)	0.8	1.5	+0.7 (+79.5%)	Sales and income increased through strong demand of aircraft applications as well as industrial uses including machine parts, civil engineering and construction-related applications. Moreover, carbon fiber prices for sporting applications such as golf shafts recovered due to tight demand.
Japanese Subsidiaries	6.0	7.6	+1.6 (+25.7%)	0.0	0.1	+0.0 (+116.2%)	Sales and income increased through solid sales growth at trading company.
Overseas Subsidiaries	8.4	10.3	+1.8 (+21.7%)	0.4	1.3	+0.9 (+205.9%)	Sales and income increased through capacity increase and sales expansion at European subsidiary as well as sales expansion of aircraft applications at US subsidiaries, and further progress shifting to profitable products in each region including Aisa.
Adjustment	▲ 11.7	▲ 15.5	-3.8	▲ 0.1	▲ 0.1	-0.1	
Total	11.2	13.6	+2.4 (+21.2%)	1.3	2.8	+1.6 (+124.3%)	

<Major Subsidiaries>

Domestic : Toray International, Inc.

Overseas : SOFICAR (France), etc.

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)

Billion ¥

	Net Sales			Operating Income			Comments
	3Q FY Mar/05	3Q FY Mar/06	Changes	3Q FY Mar/05	3Q FY Mar/06	Changes	
Toray	1.7	1.8	+0.2 (+9.8%)	▲ 0.2	▲ 0.2	-0.0 (-)	
Japanese Subsidiaries	22.0	26.2	+4.2 (+18.9%)	▲ 0.9	0.5	+1.4 (-)	Sales and income increased through sales expansion and corporate-structure reinforcement at construction- and engineering-related subsidiaries.
Overseas Subsidiaries	0.6	0.3	-0.3 (-49.5%)	▲ 0.0	0.0	+0.0 (-)	
Adjustment				0.2	0.2	+0.0	
Total	24.2	28.3	+4.1 (+16.7%)	▲ 1.0	0.4	+1.4 (-)	

<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 ¥

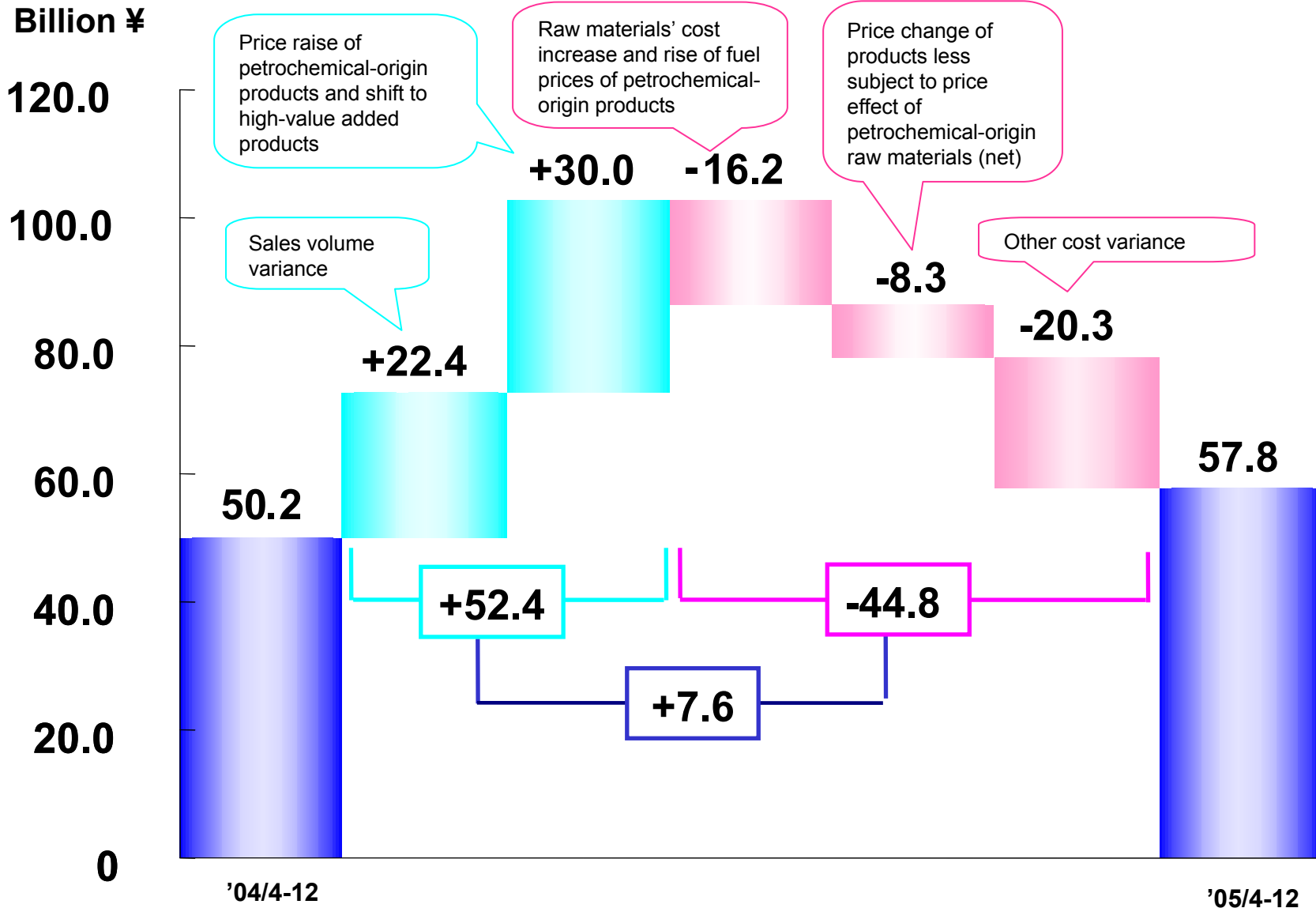
	Net Sales				Operating Income				Comments
	3Q FY Mar/05	3Q FY Mar/06	Changes		3Q FY Mar/05	3Q FY Mar/06	Changes		
Toray	2.4	2.3	-0.1	(-3.9%)	▲ 0.0	▲ 0.3	-0.3	(-)	In pharmaceuticals business, sales and income decreased due to tough market competition.
Japanese Subsidiaries	12.3	11.6	-0.7	(-5.8%)	0.5	0.7	+0.2	(+49.6%)	Sales and income increased in medical products subsidiary by sales expansion and corporate-structure reinforcement, though total Income of Japanese subsidiaries decreased due to the transfer of a subsidiary's hotel business in the previous fiscal year.
Overseas Subsidiaries	0.9	0.9	+0.0	(+5.4%)	0.0	0.0	-0.0	(-55.1%)	
Adjustment					0.1	0.1	+0.0		
Total	15.5	14.8	-0.8	(-4.9%)	0.6	0.6	-0.0	(-2.3%)	
(Pharmaceuticals & Medical Products included above)	9.9	10.2	+0.3	(+2.6%)	0.0	0.3	+0.2	(+800.0%)	

<Major Subsidiaries>

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

Income Variance Factor Analysis

(Nine months from '05/4 to '05/12)



II. Business Forecast for the Fiscal Year Ending March 2006 (Consolidated Basis)

Forecast Summary

Billion ¥

	FY Mar/05 (Actual)	FY Mar/06 (Forecast)	Changes	FY Mar/06 (Previous Forecast as of Nov.9/05)
Net Sales	1,298.6	1,430.0	+131.4 (+10.1%)	1,430.0
Operating Income	81.1	92.0	+10.9 (+13.5%)	92.0
Ordinary Income	76.8	87.0	+10.2 (+13.3%)	87.0
Net Income	34.4	43.0	+8.6 (+25.0%)	43.0

Expected exchange rate (Jan./'06 ~ Mar./'06) : 120 yen / US\$, 143 yen / euro
 Expected oil price (Jan./'06 ~ Mar./'06) : US\$55 / B (Dubai FOB)

Forecast by Business Segment

Billion ¥

	Net Sales			Operating Income			Comments
	FY Mar/05 (Actual)	FY Mar/06 (Forecast)	Changes	FY Mar/05 (Actual)	FY Mar/06 (Forecast)	Changes	
Fibers & Textiles	513.4	580.0	+66.6 (+13.0%)	20.9	21.0	+0.1 (+0.6%)	Sales and income are expected to increase by raising price and promoting value-added products while effected by hovering raw materials and fuel costs.
Plastics & Chemicals	300.4	330.0	+29.6 (+9.9%)	15.7	17.5	+1.8 (+11.8%)	Sales and income are expected to increase by promoting plastics for automotives and films for packaging and industrials, as well as raising price to offset high costs of raw materials and fuels.
IT-related Products	219.1	240.0	+20.9 (+9.5%)	28.3	31.5	+3.2 (+11.4%)	With IT-related product market recovering, sales and income are expected to increase through growing sales of FPD related films, processing films, and circuit materials.
Carbon Fiber Composite Materials	44.7	50.0	+5.3 (+11.9%)	5.6	11.0	+5.4 (+96.6%)	Sales and income are expected to increase due to strong demand for all applications such as aircrafts, industrials, and sports as well as the contribution of capacity increase at SOFICAR in France.
Environment & Engineering	148.7	160.0	+11.3 (+7.6%)	4.3	5.0	+0.7 (+16.4%)	Sales are expected to increase mainly due to consolidation of Suido Kiko. Income is expected to increase mainly due to good business conditions of construction-related and engineering-related subsidiaries.
Life Science & Other Businesses	72.3	70.0	-2.3 (-3.2%)	6.5	6.0	-0.5 (-7.2%)	Income is estimated to fall due to the transfer of a subsidiary's hotel business in the previous fiscal year.
(Pharmaceuticals & Medical Products Included)	44.4	45.0	+0.6 (+1.5%)	2.9	3.0	+0.1 (+5.2%)	
Consolidated	1,298.6	1,430.0	+131.4 (+10.1%)	81.1	92.0	+10.9 (+13.5%)	

III. Business Forecast for the Fiscal Year Ending March 2006 (Non-consolidated Basis)

Forecast Summary

Billion ¥

	FY Mar/05 (Actual)	FY Mar/06 (Forecast)	Changes	FY Mar/06 (Previous Forecast as of Nov.9/05)
Net Sales	476.1	500.0	+23.9 (+5.0%)	500.0
Operating Income	35.4	39.0	+3.6 (+10.1%)	39.0
Ordinary Income	43.1	51.0	+7.9 (+18.4%)	51.0
Net Income	11.8	26.0	+14.2 (+120.6%)	26.0

Descriptions of forecasted business results, estimates, expectations, and business plans for the 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.