

**Business Results Announcement
<Fiscal Year Ended March 2006>**

Toray Industries, Inc.

Contents

I. Business Results for the Fiscal Year Ended March 2006 (Consolidated Basis)

Summary (Profits)	(P4)
Non-operating Income and Expenses	(P5)
Special Credits and Charges	(P6)
Summary (Financial Position)	(P7-8)
Capital Expenditures, Depreciation	(P9)
Results by Business Segment	(P10-16)
Income Variance Factor Analysis	(P17)
Results of Major Subsidiaries	(P18)
Research and Development (R&D) Expenses, Number of Employees	(P19)
Changes in Subsidiaries and Affiliates	(P20)

II. Business Forecast for the Fiscal Year Ending March 2007 (Consolidated Basis)

Forecast Summary	(P22)
Forecast by Business Segment	(P23)
Business Environment and Action Plans by Business Segment	(P24)
Forecast of Capital Expenditures, Depreciation, R&D Expenses	(P25)

III. Business Results for the Fiscal Year Ended March 2006 and Business Forecast for the Fiscal Year Ending March 2007 (Non-consolidated Basis)

Summary (Profits)	(P27)
Summary (Financial Position)	(P28)
Forecast for the Fiscal Year Ending March 2007	(P29)

**I. Business Results for the
Fiscal Year Ended March 2006
(Consolidated Basis)**

Summary (Profits)

	FY Mar/05			FY Mar/06			Changes	
	1st Half	2nd Half	Total	1st Half	2nd Half	Total		
Net Sales	575.7	722.9	1,298.6	678.8	748.7	1,427.5	+128.9	(+9.9%)
Cost of Sales	448.6	575.0	1,023.7	536.7	587.5	1,124.2	+100.6	(+9.8%)
Gross Profit	127.1	147.8	274.9	142.1	161.2	303.3	+28.3	(+10.3%)
(Gross Profit to Net Sales)	22.1%	20.5%	21.2%	20.9%	21.5%	21.2%	+0.1	points
Operating Income	35.6	45.5	81.1	38.8	54.2	93.0	+12.0	(+14.8%)
(Operating Income to Net Sales)	6.2%	6.3%	6.2%	5.7%	7.2%	6.5%	+0.3	points
Non-operating Income and Expenses, net	▲ 0.8	▲ 3.4	▲ 4.3	▲ 2.0	▲ 3.4	▲ 5.4	-1.1	(-)
Ordinary Income	34.8	42.0	76.8	36.8	50.8	87.7	+10.9	(+14.1%)
Special Credits and Charges, net	▲ 4.1	▲ 19.5	▲ 23.7	▲ 6.0	▲ 1.4	▲ 7.3	+16.4	(-)
Income before Income Taxes	30.6	22.5	53.1	30.9	49.5	80.3	+27.2	(+51.3%)
Net Income	19.8	14.6	34.4	16.8	30.7	47.4	+13.0	(+37.8%)

Excluding Chori and Suido Kiko Effects **Billion ¥**

	FY Mar/05	FY Mar/06	Changes	
	Total	Total		
Net Sales	1,178.1	1,207.4	+29.4	(+2.5%)
Cost of Sales	916.1	926.8	+10.7	(+1.2%)
Gross Profit	261.9	280.7	+18.7	(+7.2%)
(Gross Profit to Net Sales)	22.2%	23.2%	+1.0	points
Operating Income	77.8	89.0	+11.2	(+14.4%)
(Operating Income to Net Sales)	6.6%	7.4%	+0.8	points

Net Income per Share	14.1 yen	10.3 yen	24.5 yen	12.0 yen	21.8 yen	33.7 yen
Dividend per Share	3.5 yen	3.5 yen	7.0 yen	4.0 yen	4.0 yen	8.0 yen

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

*Chori and Suido Kiko are accounted for affiliated companies by Equity Method until Midterm FY Mar/05.

Exchange Rates

		FY Mar/05	→	FY Mar/06		FY Mar/05	→	FY Mar/06	
< Yen/US\$ >	Annual average:	107.5	→	113.3	< Yen/Euro >	Annual average:	135.2	→	137.9
	End of the term :	107.4	→	117.5		End of the term :	138.9	→	142.8

Non-operating Income and Expenses

Billion ¥

	FY Mar/05	FY Mar/06	Changes	Comments
Non-operating Income	14.2	16.1	+1.9	
Interest and Dividend Income	1.7	2.5	+0.8	
Equity in Earnings of Affiliates	5.7	6.2	+0.5	
Others	6.8	7.4	+0.6	
Non-operating Expenses	▲ 18.4	▲ 21.5	-3.1	
Interest Expenses	▲ 7.1	▲ 8.0	-0.9	
Others	▲ 11.4	▲ 13.5	-2.2	Expenses generated by commencement of new business, etc.
Non-operating Income and Expenses, net	▲ 4.3	▲ 5.4	-1.1	
Interest and Dividend Income, Interest Expenses, net	▲ 5.4	▲ 5.5	-0.1	
Other Income and Expenses, net	▲ 4.5	▲ 6.2	-1.6	

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

Special Credits and Charges

Billion ¥

	FY Mar/05	FY Mar/06	Changes	Comments
Special Credits	2.3	4.7	+2.4	
Gain on Sales of Property, Plant and Equipment	1.2	1.0	-0.2	
Gain on Sales of Investments in Securities	0.5	3.6	+3.2	Selling of insignificant stocks
Others	0.6	0.1	-0.6	
Special Charges	▲ 26.0	▲ 12.0	+14.0	
Loss on Sales or Disposal of Property, Plant and Equipment	▲ 3.5	▲ 3.5	-0.0	
Loss on Write-down of Property, Plant, and Equipment	▲ 13.0	-	+13.0	Decrease of loss on write-down of fixed assets of overseas subsidiaries
Loss on Impairment of Fixed Assets	-	▲ 1.7	-1.7	Loss on impairment of unused land
Loss on Write-down of Investments in Securities	▲ 0.3	▲ 0.2	+0.1	
Loss on Liquidation and Devaluation of Affiliates	-	▲ 0.9	-0.9	
Special Severance Payments and Other Restructuring Expenses	▲ 6.1	▲ 2.0	+4.0	Decrease of losses and expenses of equipments for fibers & textiles, and plastics & chemicals
Environmental Treatment Expenses	▲ 1.7	-	+1.7	
Loss on Transition to Defined Contribution Pension Plan	-	▲ 1.4	-1.4	Loss generated by change to defined-contribution pension plan
Amortization of Net Transition Obligation due to the Change in Accounting for Retirement Benefits in the UK	-	▲ 1.8	-1.8	Loss generated by changes in the UK pension accounting standards
Others	▲ 1.4	▲ 0.4	+1.0	
Special Credits and Charges, net	▲ 23.7	▲ 7.3	+16.4	

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

Summary (Financial Position)

Billion ¥

	End of Mar/ 05	End of Mar/06	Changes	Comments
Total Assets	1,402.3	1,537.4	+135.2	
Current Assets	644.4	662.3	+17.9	
Tangible Fixed Assets	532.0	586.2	+54.3	Increase of capital expenditures, etc.
Intangible Assets	10.8	11.5	+0.7	
Investments and Other Assets	215.1	277.4	+62.3	Increase of investments in securities, etc.

	End of Mar/05	End of Mar/06	Changes	Comments
Total Liabilities	896.4	946.7	+50.3	
Current Liabilities	523.7	537.9	+14.2	
Other Liabilities	372.7	408.8	+36.1	Increase of deferred tax liabilities, etc.
Minority Interests in Consolidated Subsidiaries	53.3	53.7	+0.3	
Total Stockholders' Equity	452.5	537.0	+84.5	Increase of retained earnings, increase of valuation of listed stocks, etc.
Interest-bearing Debts	466.8	484.4	+17.6	
D/E ratio	1.03	0.90	-0.13	

Summary (Financial Position)

Billion ¥

	FY Mar/05	FY Mar/06	Changes
ROE ^{*1}	7.9%	9.6%	+1.6 points
ROA ^{*2}	6.0%	6.3%	+0.3 points
Free Cash Flows	86.6	▲ 9.7	-96.2

*1) ROE = Net Income / Stockholders' Equity *2) ROA = Operating Income / Total Assets

<Details of Free Cash Flows>

	FY Mar/05	FY Mar/06	Changes
Cash Flows from Operating Activities	133.5	116.0	-17.5 (-13.1%)
Cash Flows from Investment Activities	46.9	125.7	-78.8
Free Cash Flows	86.6	9.7	-96.2

Capital Expenditures, Depreciation

Billion ¥

	FY Mar/05	FY Mar/06	Changes	Comments
Capital Expenditures	69.5	102.9	+33.4	Toray : 42.8, Japan : 13.1, Overseas : 47.1
Depreciation -)	62.6	62.9	+0.3	Toray : 26.1, Japan : 10.0, Overseas : 26.7
Transfer, Disposal, etc.	▲ 18.3	14.2	+32.5	
Changes in Tangible Fixed Assets	▲ 11.4	54.3		

Major Capital Expenditures

<Japan>

Toray : PP film for hybrid car capacitors production facilities
 : Carbon fiber / prepregs production facilities

Operation started in Apr/06
 Operation will start in Jan/07

<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

Billion ¥

		Net Sales				Operating Income			
		FY Mar/05	FY Mar/06	Changes	(%)	FY Mar/05	FY Mar/06	Changes	(%)
Fibers & Textiles	1st Half	224.2	288.7	+64.5	(+28.8%)	10.1	10.4	+0.3	(+3.0%)
	2nd Half	289.1	291.8	+2.7	(+0.9%)	10.8	10.3	-0.5	(-4.5%)
	Total	513.4	580.5	+67.2	(+13.1%)	20.9	20.7	-0.2	(-0.9%)
Plastics & Chemicals	1st Half	134.8	158.8	+24.0	(+17.8%)	6.0	8.6	+2.6	(+42.7%)
	2nd Half	165.6	179.1	+13.6	(+8.2%)	9.6	9.9	+0.2	(+2.6%)
	Total	300.4	338.0	+37.6	(+12.5%)	15.7	18.5	+2.8	(+18.0%)
IT-related Products	1st Half	108.5	111.1	+2.7	(+2.5%)	15.0	13.1	-1.9	(-12.5%)
	2nd Half	110.7	123.9	+13.2	(+11.9%)	13.3	18.2	+4.9	(+36.5%)
	Total	219.1	235.0	+15.9	(+7.2%)	28.3	31.3	+3.0	(+10.6%)
Carbon Fiber Composite Materials	1st Half	21.5	24.4	+2.9	(+13.6%)	2.8	5.9	+3.1	(+109.7%)
	2nd Half	23.2	28.3	+5.1	(+22.0%)	2.8	5.9	+3.1	(+112.8%)
	Total	44.7	52.7	+8.0	(+17.9%)	5.6	11.8	+6.2	(+111.2%)
Environment & Engineering	1st Half	52.0	61.9	+9.9	(+19.0%)	0.3	▲ 1.2	-1.4	(-)
	2nd Half	96.6	92.2	-4.4	(-4.6%)	4.0	6.1	+2.1	(+51.4%)
	Total	148.7	154.1	+5.5	(+3.7%)	4.3	4.9	+0.6	(+14.6%)
Life Science & Other Businesses	1st Half	34.7	33.7	-1.0	(-2.7%)	1.3	2.0	+0.7	(+56.2%)
	2nd Half	37.7	33.4	-4.3	(-11.4%)	5.2	4.4	-0.7	(-14.3%)
	Total	72.3	67.1	-5.2	(-7.2%)	6.5	6.5	-0.0	(-0.2%)
(Pharmaceuticals & Medical Products Included Above)	1st Half	20.2	20.3	+0.1	(+0.6%)	▲ 0.3	0.6	+0.9	(-)
	2nd Half	24.1	23.2	-1.0	(-3.9%)	3.1	2.6	-0.6	(-18.7%)
	Total	44.4	43.5	-0.8	(-1.9%)	2.9	3.2	+0.4	(+12.5%)
Total	1st Half	575.7	678.8	+103.1	(+17.9%)	35.4	38.8	+3.4	(+9.5%)
	2nd Half	722.9	748.7	+25.8	(+3.6%)	45.7	54.8	+9.1	(+19.9%)
	Total	1,298.6	1,427.5	+128.9	(+9.9%)	81.2	93.6	+12.5	(+15.4%)
Elimination & Corporate	1st Half					0.2	0.0	-0.1	
	2nd Half					▲ 0.3	▲ 0.6	-0.3	
	Total					▲ 0.1	▲ 0.6	-0.5	
Consolidated	1st Half	575.7	678.8	+103.1	(+17.9%)	35.6	38.8	+3.2	(+9.1%)
	2nd Half	722.9	748.7	+25.8	(+3.6%)	45.5	54.2	+8.8	(+19.3%)
	Total	1,298.6	1,427.5	+128.9	(+9.9%)	81.1	93.0	+12.0	(+14.8%)

Results by Business Segment (Fibers and Textiles)

Billion ¥

	Net Sales			Operating Income			Comments
	FY Mar/05	FY Mar/06	Changes	FY Mar/05	FY Mar/06	Changes	
Toray	124.9	119.0	-5.9 (-4.7%)	8.6	7.4	-1.1 (-13.4%)	Sales decreased due to increase of inter-company elimination caused by consolidation of Chori. Operating income decreased due to increase of raw materials' cost and rise of fuel prices, and decrease of licensing of plant technologies to overseas.
Japanese Subsidiaries	236.4	295.1	+58.6 (+24.8%)	7.0	7.8	+0.8 (+11.7%)	Sales and income increased by consolidation of Chori.
Overseas Subsidiaries	152.0	166.5	+14.5 (+9.5%)	5.4	5.1	-0.3 (-5.8%)	Sales increased through sales expansion at subsidiaries in Southeast Asia and Chinese subsidiaries achieved earnings recoveries, however, total income decreased due to sluggish business in European man-made suede manufacturing subsidiary, etc.
Adjustment				▲ 0.1	0.3	+0.5	
Total	513.4	580.5	+67.2 (+13.1%)	20.9	20.7	-0.2 (-0.9%)	

<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
	FY Mar/05	FY Mar/06	Changes	FY Mar/05	FY Mar/06	Changes	
Toray	83.2	79.6	-3.7 (-4.4%)	4.3	3.7	-0.7 (-15.7%)	Plastics businesses were steady mainly in automobile applications and sales of films businesses expanded in industrial applications, however, sales and income decreased due to discontinuance of selling of caprolactum, partial transfer of films business to subsidiaries, and increase of inter-company elimination caused by transfer of China-related plastics sales business to our subsidiary.
Japanese Subsidiaries	109.3	132.3	+23.0 (+21.1%)	5.9	7.7	+1.8 (+31.4%)	Sales and income increased by consolidation of Chori and good business in industrial applications at film processing subsidiary.
Overseas Subsidiaries	107.9	126.1	+18.2 (+16.9%)	5.5	7.5	+2.0 (+36.1%)	Sales and income increased through steady plastics and films businesses at subsidiaries in Malaysia.
Adjustment				▲ 0.0	▲ 0.4	-0.3	
Total	300.4	338.0	+37.6 (+12.5%)	15.7	18.5	+2.8 (+18.0%)	

<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
	FY Mar/05	FY Mar/06	Changes	FY Mar/05	FY Mar/06	Changes	
Toray	78.6	93.3	+14.7 (+18.8%)	17.5	18.3	+0.7 (+4.1%)	With the expansion of demand for IT appliances, sales and income increased through steady sales expansion in IT-related plastics and films, circuit materials, and PDP-related materials.
Japanese Subsidiaries	94.0	87.7	-6.3 (-6.7%)	8.6	8.8	+0.1 (+1.5%)	Sales decreased due to adjustment in slit-coater demand which was good during the previous fiscal year while operating income increased through sales expansion of IT-related films mainly for FPDs and circuit materials at film processing subsidiary.
Overseas Subsidiaries	46.6	54.0	+7.4 (+15.9%)	2.3	4.2	+1.9 (+81.8%)	Sales and income increased through sales expansion of IT-related films for FPDs, and circuit materials business mainly for TAB and COF processing at Korean subsidiaries.
Adjustment				▲ 0.2	0.0	+0.2	
Total	219.1	235.0	+15.9 (+7.2%)	28.3	31.3	+3.0 (+10.6%)	

<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
	FY Mar/05	FY Mar/06	Changes	FY Mar/05	FY Mar/06	Changes	
Toray	33.7	45.6	+11.9 (+35.4%)	3.6	7.2	+3.6 (+99.0%)	Demand increased for aircrafts and industrial applications. Under the tight supply condition, sales and income increased through sales expansion of high value-added products mainly for aircrafts as well as price raise of sports and industrial applications.
Japanese Subsidiaries	22.3	28.3	+5.9 (+26.6%)	0.1	0.2	+0.1 (+66.2%)	Sales and income increased through solid sales expansion of a trading company.
Overseas Subsidiaries	33.7	40.9	+7.2 (+21.2%)	2.0	5.0	+3.0 (+148.9%)	Sales and income increased through capacity increase and sales expansion at European subsidiary and sales expansion mainly for aircrafts at US subsidiaries as well as price raise of sports and industrial applications in US and Europe.
Adjustment	▲ 45.0	▲ 62.0		▲ 0.2	▲ 0.6	-0.4	
Total	44.7	52.7	+8.0 (+17.9%)	5.6	11.8	+6.2 (+111.2%)	

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
	FY Mar/05	FY Mar/06	Changes	FY Mar/05	FY Mar/06	Changes	
Toray	7.2	7.2	-0.0 (-0.4%)	▲ 0.9	▲ 0.7	+0.3 (-)	
Japanese Subsidiaries	139.8	145.7	+5.9 (+4.2%)	5.2	5.9	+0.7 (+13.2%)	Sales increased by consolidation of Suido Kiko, and income also increased by sales expansion and corporate-structure reinforcement at engineering-related subsidiary.
Overseas Subsidiaries	1.7	1.3	-0.4 (-24.7%)	0.0	▲ 0.0	-0.1 (-)	
Adjustment				▲ 0.0	▲ 0.3	-0.3	
Total	148.7	154.1	+5.5 (+3.7%)	4.3	4.9	+0.6 (+14.6%)	

<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)

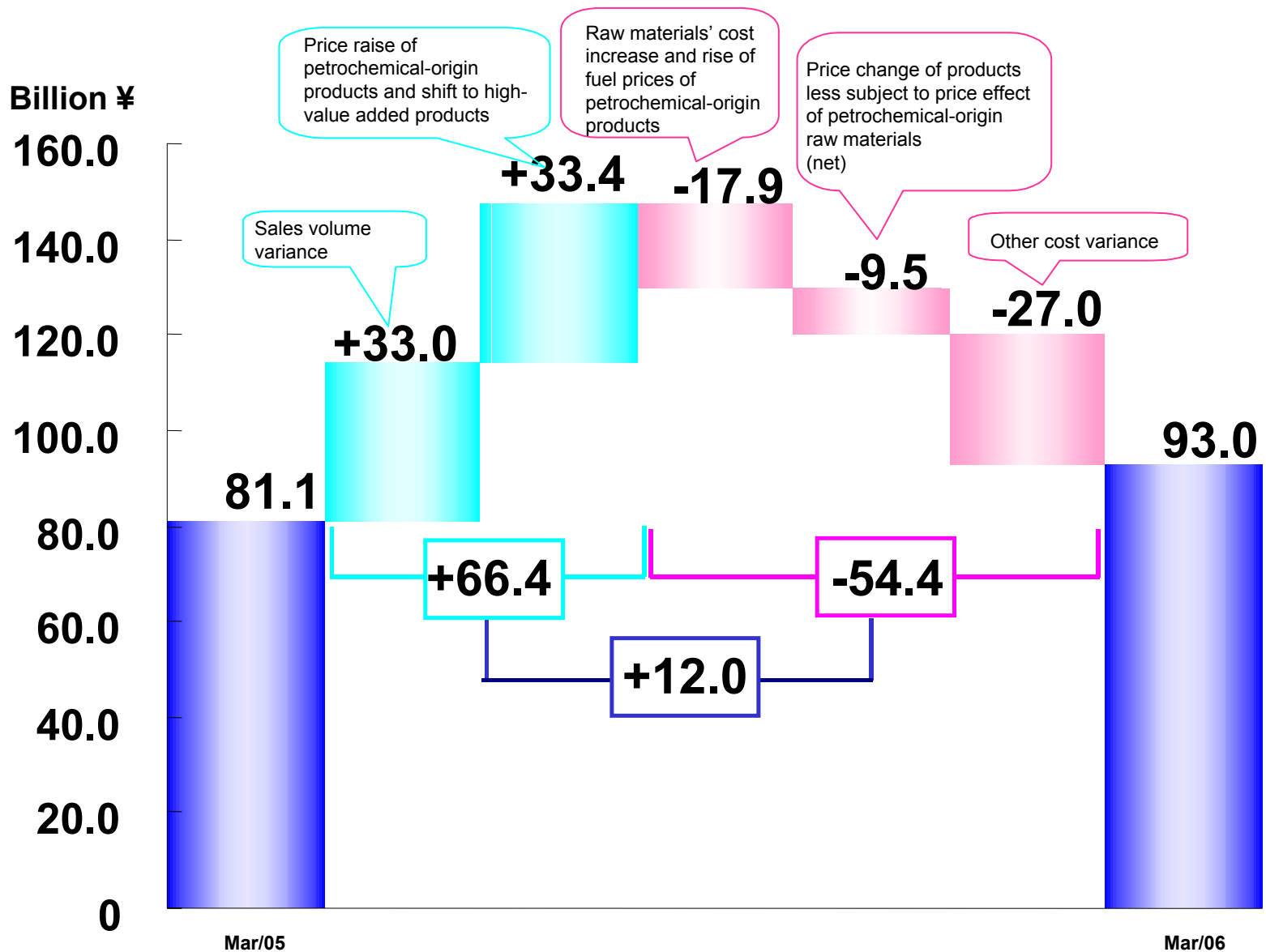
Billion ¥

	Net Sales				Operating Income				Comments
	FY Mar/05	FY Mar/06	Changes		FY Mar/05	FY Mar/06	Changes		
Toray	13.4	12.4	-1.0	(-7.1%)	2.3	1.7	-0.6	(-26.6%)	In pharmaceuticals businesses, sales and income decreased due to tough competition in the market.
Japanese Subsidiaries	55.5	50.9	-4.6	(-8.3%)	3.9	4.3	+0.4	(+11.3%)	Sales decreased due to transfer of a subsidiary's hotel business in the previous fiscal year. Operating income increased through sales expansion and corporate-structure reinforcement at medical products subsidiary.
Overseas Subsidiaries	3.4	3.8	+0.4	(+10.3%)	0.2	0.2	+0.1	(+63.6%)	
Adjustment					0.2	0.2	+0.1		
Total	72.3	67.1	-5.2	(-7.2%)	6.5	6.5	-0.0	(-0.2%)	
(Pharmaceuticals & Medical Products Included Above)	44.4	43.5	-0.8	(-1.9%)	2.9	3.2	+0.4	(+12.5%)	

<Major Subsidiaries>

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

Income Variance Factor Analysis



Results of Major Subsidiaries

Billion ¥

	Net Sales			Operating Income		
	FY Mar/05	FY Mar/06	Changes	FY Mar/05	FY Mar/06	Changes
Toray International Inc.	298.5	323.5	+25.1	3.6	3.7	+0.1
Toray Engineering Co., Ltd.	103.5	99.6	-3.8	6.2	6.7	+0.5
Toray Construction Co., Ltd.	64.9	61.2	-3.7	2.2	2.4	+0.2
Toray Advanced Film Co., Ltd.	32.6	39.0	+6.4	3.4	4.7	+1.3
TSI	61.0	71.5	+10.5	4.3	4.8	+0.6
TPM	32.4	38.0	+5.7	1.1	1.7	+0.6
Film Subsidiaries (Overseas) *1	98.3	106.8	+8.5	4.4	7.0	+2.5
Carbon Fibers Subsidiaries (Overseas) *2	28.7	35.2	+6.5	2.0	4.9	+3.0
14 Subsidiaries in China *3	74.6	94.2	+19.6	▲0.8	▲0.2	+0.6
Fibers & Textiles Subsidiaries in Southeast Asia *4	87.5	95.8	+8.3	4.3	4.7	+0.4

*1 : TSI (films), Penfibre (films), TPA, TPEu sum total *2 : SOFICAR, CFA, TCA sum total

*3 : TFNL, TSD, TCH, TAK/TAZ, TPHK/TPSZ, RKH/RKZ, THK-G, TSL sum total

*4 : ITS, ETX, ISTEM, ACTEM, CENTEX, Penfibre (fibers), PAB-G, TTS (fibers), LTX, TTTM sum total

Research and Development (R&D) Expenses, Number of Employees

R&D Expenses

Billion ¥

	FY Mar/05	FY Mar/06	Changes
Toray	31.3	32.6	+1.3
Consolidated Subsidiaries	7.1	7.1	- 0.0
Consolidated Basis	38.4	39.7	+1.3

Number of Employees

Number of people

	End of Mar/05	End of Mar/06	Changes
Toray	6,638	6,595	-43
Consolidated Japanese Subsidiaries	9,574	9,617	+43
Consolidated Overseas Subsidiaries	17,495	18,458	+963
Total	33,707	34,670	+963

Changes in Subsidiaries and Affiliates

Number of companies

		End of Mar/05	End of Mar/06	Changes
Consolidated Subsidiaries (a)	Japan	68	67	-1
	Overseas	71	71	±0
	Total	139	138	-1
Subsidiaries accounted for by Equity Method (b)	Japan	39	38	-1
	Overseas	20	21	+1
	Total	59	59	±0
Total Subsidiaries (a) + (b)	Japan	107	105	-2
	Overseas	91	92	+1
	Total	198	197	-1
Affiliates accounted for by Equity Method (c)	Japan	16	17	+1
	Overseas	23	24	+1
	Total	39	41	+2
Companies subject to Consolidation (a) + (b) + (c)	Japan	123	122	-1
	Overseas	114	116	+2
	Total	237	238	+1

II. Business Forecast for the Fiscal Year Ending March 2007 (Consolidated Basis)

Forecast Summary

Billion ¥

		FY Mar/06 Actual	FY Mar/07 Forecast	Changes
Net Sales	1st Half	678.8	725.0	+46.2 (+6.8%)
	2nd Half	748.7	785.0	+36.3 (+4.8%)
	Total	1,427.5	1,510.0	+82.5 (+5.8%)
Operating Income	1st Half	38.8	43.0	+4.2 (+10.7%)
	2nd Half	54.2	61.0	+6.8 (+12.5%)
	Total	93.0	104.0	+11.0 (+11.8%)
Ordinary Income	1st Half	36.8	41.0	+4.2 (+11.4%)
	2nd Half	50.8	60.0	+9.2 (+18.0%)
	Total	87.7	101.0	+13.4 (+15.2%)
Net Income	1st Half	16.8	24.0	+7.3 (+43.3%)
	2nd Half	30.7	31.0	+0.3 (+1.1%)
	Total	47.4	55.0	+7.6 (+16.0%)
Net Income per Share	1st Half	11.96 yen	17.14 yen	
	2nd Half	21.76 yen	22.14 yen	
	Total	33.72 yen	39.28 yen	
Dividend per Share	1st Half	4.0 yen	5.0 yen	
	2nd Half	4.0 yen	5.0 yen	
	Total	8.0 yen	10.0 yen	
Dividend Payout Ratio	1st Half	33.4%	29.2%	
	2nd Half	18.4%	22.6%	
	Total	23.7%	25.5%	

Expected exchange rate : 110 yen / US\$
 Expected oil price : US\$60/ B (Dubai FOB)

Forecast by Business Segment

Billion ¥

		Net Sales				Operating Income			
		FY Mar/06	FY Mar/07	Changes	(%)	FY Mar/06	FY Mar/07	Changes	(%)
Fibers & Textiles	1st Half	288.7	290.0	+1.3	(+0.4%)	10.4	10.5	+0.2	(+1.4%)
	2nd Half	291.8	295.0	+3.2	(+1.1%)	10.3	10.5	+0.2	(+1.6%)
	Total	580.5	585.0	+4.5	(+0.8%)	20.7	21.0	+0.3	(+1.5%)
Plastics & Chemicals	1st Half	158.8	175.0	+16.2	(+10.2%)	8.6	7.5	-1.1	(-13.0%)
	2nd Half	179.1	180.0	+0.9	(+0.5%)	9.9	11.0	+1.1	(+11.5%)
	Total	338.0	355.0	+17.0	(+5.0%)	18.5	18.5	+0.0	(+0.1%)
IT-related Products	1st Half	111.1	135.0	+23.9	(+21.5%)	13.1	15.5	+2.4	(+18.3%)
	2nd Half	123.9	145.0	+21.1	(+17.1%)	18.2	21.5	+3.3	(+18.4%)
	Total	235.0	280.0	+45.0	(+19.2%)	31.3	37.0	+5.7	(+18.3%)
Carbon Fiber Composite Materials	1st Half	24.4	30.0	+5.6	(+22.9%)	5.9	8.0	+2.1	(+35.6%)
	2nd Half	28.3	35.0	+6.7	(+23.7%)	5.9	7.5	+1.6	(+26.7%)
	Total	52.7	65.0	+12.3	(+23.3%)	11.8	15.5	+3.7	(+31.1%)
Environment & Engineering	1st Half	61.9	60.0	-1.9	(-3.1%)	▲ 1.2	0.0	+1.2	(-)
	2nd Half	92.2	95.0	+2.8	(+3.0%)	6.1	5.5	-0.6	(-9.7%)
	Total	154.1	155.0	+0.9	(+0.6%)	4.9	5.5	+0.6	(+11.8%)
Life Science & Other Businesses	1st Half	33.7	35.0	+1.3	(+3.7%)	2.0	1.5	-0.5	(-25.6%)
	2nd Half	33.4	35.0	+1.6	(+4.9%)	4.4	5.0	+0.6	(+12.7%)
	Total	67.1	70.0	+2.9	(+4.3%)	6.5	6.5	+0.0	(+0.7%)
(Pharmaceuticals & Medical Products Included Above)	1st Half	20.3	20.0	-0.3	(-1.6%)	0.6	0.5	-0.1	(-22.8%)
	2nd Half	23.2	25.0	+1.8	(+7.8%)	2.6	3.5	+0.9	(+36.7%)
	Total	43.5	45.0	+1.5	(+3.4%)	3.2	4.0	+0.8	(+24.7%)
Total	1st Half	678.8	725.0	+46.2	(+6.8%)	38.8	43.0	+4.2	(+10.8%)
	2nd Half	748.7	785.0	+36.3	(+4.8%)	54.8	61.0	+6.2	(+11.3%)
	Total	1,427.5	1,510.0	+82.5	(+5.8%)	93.6	104.0	+10.4	(+11.1%)
Elimination & Corporate	1st Half					0.0	0.0	-0.0	
	2nd Half					▲ 0.6	0.0	+0.6	
	Total					▲ 0.6	0.0	+0.6	
Consolidated	1st Half	678.8	725.0	+46.2	(+6.8%)	38.8	43.0	+4.2	(+10.7%)
	2nd Half	748.7	785.0	+36.3	(+4.8%)	54.2	61.0	+6.8	(+12.5%)
	Total	1,427.5	1,510.0	+82.5	(+5.8%)	93.0	104.0	+11.0	(+11.8%)

Business Environment and Action Plans by Business Segment

Billion ¥

Business Segment	Operating Income 06/3 → 07/3 () variance	Business Environment	Action Plans for FY Mar/07
Fibers & Textiles	20.7 → 21.0 (+0.3)	<ul style="list-style-type: none"> Concerns about further price rise of raw materials and fuels 	<ul style="list-style-type: none"> Improve earnings at Chinese subsidiaries Establish new supply chain with Japanese SPA and overseas mega retailers
Plastics & Chemicals	18.5 → 18.5 (+0.0)	<ul style="list-style-type: none"> Concerns about further price rise of raw materials and fuels 	<ul style="list-style-type: none"> Expand sales of products in growing areas such as solar cells, films for hybrid cars, etc. Expand sales of plastics for automobiles Establish global supply system for plastics businesses
IT-related Products	31.3 → 37.0 (+5.7)	<ul style="list-style-type: none"> IT-related equipment (FPD, etc.) market is expanding Continuous strong pressure for price reduction 	<ul style="list-style-type: none"> Expand sales of optical films for FPDs and processed film products Expand sales of circuit materials Expand sales of IT-related films/circuit materials at Korean subsidiaries
Carbon Fiber Composite Materials	11.8 → 15.5 (+3.7)	<ul style="list-style-type: none"> Stable demand in all applications Especially aircrafts and industrial applications are expected to expand drastically 	<ul style="list-style-type: none"> Respond to full-scale expansion of aircrafts applications Expand capacity and sales at US subsidiaries Develop downstream market (strengthen prepregs and composites)
Environment & Engineering	4.9 → 5.5 (+0.6)	<ul style="list-style-type: none"> Demand for seawater desalination and wastewater reuse systems are expected to expand 	<ul style="list-style-type: none"> Expand water treatment businesses in China Expand Integrated Membrane Systems businesses through combination of various membrane technologies Strengthen partnership with Suido Kiko
Life Science & Other Businesses	6.5 → 6.5 (+0.0)	<ul style="list-style-type: none"> Price reduction of drugs Reduction of reimbursement prices of medical devices 	<ul style="list-style-type: none"> Expand Feron* sales through new indications (type-c compensatory cirrhosis) Expand sales of dried Toraysulfone* (Toraylite*)
Adjustment	0.6 → 0.0 (+0.6)		
Consolidated	93.0 → 104.0 (+11.0)		

Forecast of Capital Expenditures, Depreciation, R&D Expenses

Capital Expenditures

Billion ¥

	FY Mar/06 Actual	FY Mar/07 Forecast	Changes
Toray	42.8	53.0	+10.2
Consolidated Subsidiaries	60.1	67.0	+6.9
Consolidated Basis	102.9	120.0	+17.1

R&D Expenses

Billion ¥

	FY Mar/06 Actual	FY Mar/07 Forecast	Changes
Toray	32.6	34.0	+1.4
Consolidated Subsidiaries	7.1	8.0	+0.9
Consolidated Basis	39.7	42.0	+2.3

Depreciation

Billion ¥

	FY Mar/06 Actual	FY Mar/07 Forecast	Changes
Toray	26.1	32.0	+5.9
Consolidated Subsidiaries	36.7	42.0	+5.3
Consolidated Basis	62.9	74.0	+11.1

**III. Business Results for the
Fiscal Year Ended March 2006
and
Business Forecast for the
Fiscal Year Ending March 2007
(Non-consolidated Basis)**

Summary (Profits)

(Non-consolidated Basis)

Billion ¥

	FY Mar/05	FY Mar/06	Changes	
Net Sales	476.1	499.3	+23.3	(+4.9%)
Gross Profit	118.4	124.7	+6.3	(+5.3%)
(Gross Profit to Net Sales)	24.9%	25.0%	+0.1	points
Operating Income	35.4	37.5	+2.1	(+6.0%)
(Operating Income to Net Sales)	7.4%	7.5%	+0.1	points
Non-operating Income and Expenses, net	7.7	16.1	+8.4	
Ordinary Income	43.1	53.6	+10.6	(+24.5%)
Special Credits and Charges, net	▲ 29.9	▲ 27.1	+2.8	
Net Income	11.8	24.2	+12.4	(+104.9%)

Summary (Financial Position)

(Non-consolidated Basis)

Billion ¥

	End of Mar/05	End of Mar/06	Changes
Total Assets	890.0	992.7	+102.7 (+11.5%)
Stockholders' Equity	441.9	481.7	+39.8 (+9.0%)
Interest-bearing Debts	275.5	311.1	+35.7 (+12.9%)

	FY Mar/05	FY Mar/06	Changes
ROE ^{*1}	2.7%	5.2%	+2.5 points
ROA ^{*2}	4.0%	4.0%	+0.0 points

Net Income per Share	8.32 yen	17.12 yen
Dividend per Share	7.0 yen	8.0 yen
Dividend Payout Ratio	84.1%	46.7%

*1) ROE = Net Income / Stockholders' Equity *2) ROA = Operating Income / Total Assets

Forecast for the FY Ending March 2007 (Non-consolidated Basis)



Billion ¥

		FY Mar/06	FY Mar/07	Changes	
Net Sales	1st Half	243.2	260.0	+16.8	(+6.9%)
	2nd Half	256.2	280.0	+23.8	(+9.3%)
	Total	499.3	540.0	+40.7	(+8.1%)
Operating Income	1st Half	18.2	18.5	+0.3	(+1.9%)
	2nd Half	19.4	24.5	+5.1	(+26.4%)
	Total	37.5	43.0	+5.5	(+14.5%)
Ordinary Income	1st Half	22.6	20.0	-2.6	(-11.3%)
	2nd Half	31.1	30.0	-1.1	(-3.5%)
	Total	53.6	50.0	-3.6	(-6.8%)
Net Income	1st Half	12.8	13.0	+0.2	(+1.9%)
	2nd Half	11.4	13.0	+1.6	(+14.1%)
	Total	24.2	26.0	+1.8	(+7.7%)
Net Income per Share	1st Half	9.10 yen	9.28 yen		
	2nd Half	8.02 yen	9.28 yen		
	Total	17.12 yen	18.56 yen		
Dividend per Share	1st Half	4.0 yen	5.0 yen		
	2nd Half	4.0 yen	5.0 yen		
	Total	8.0 yen	10.0 yen		
Dividend Payout Ratio	1st Half	43.9%	53.9%		
	2nd Half	49.9%	53.9%		
	Total	46.7%	53.9%		

Descriptions of predicted business results, projections, and business plans for the Fiscal Year ending March 2007 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.