

May 10, 2006



**Announcement of Business Results  
for the Fiscal Year Ended March 2006**

**Sadayuki Sakakibara, President  
Toray Industries, Inc.**

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**I. Summary of Business Results  
for the FY Ended March 2006**

# Summary (Profits)

Billion ¥

	FY Mar/05			FY Mar/06			Changes	Excluding Chori and Suido Kiko Effects		
	1st Half	2nd Half	Total	1st Half	2nd Half	Total		FY Mar/05 Total	FY Mar/06 Total	Changes
Net Sales	575.7	722.9	<b>1,298.6</b>	678.8	748.7	<b>1,427.5</b>	+128.9 (+9.9%)	<b>1,178.1</b>	<b>1,207.4</b>	+29.4 (+2.5%)
Cost of Sales	448.6	575.0	<b>1,023.7</b>	536.7	587.5	<b>1,124.2</b>	+100.6 (+9.8%)	<b>916.1</b>	<b>926.8</b>	+10.7 (+1.2%)
Gross Profit	127.1	147.8	<b>274.9</b>	142.1	161.2	<b>303.3</b>	+28.3 (+10.3%)	<b>261.9</b>	<b>280.7</b>	+18.7 (+7.2%)
(Gross Profit to Net Sales)	22.1%	20.5%	<b>21.2%</b>	20.9%	21.5%	<b>21.2%</b>	+0.1 points	<b>22.2%</b>	<b>23.2%</b>	+1.0 points
Operating Income	35.6	45.5	<b>81.1</b>	38.8	54.2	<b>93.0</b>	+12.0 (+14.8%)	<b>77.8</b>	<b>89.0</b>	+11.2 (+14.4%)
(Operating Income to Net Sales)	6.2%	6.3%	<b>6.2%</b>	5.7%	7.2%	<b>6.5%</b>	+0.3 points	<b>6.6%</b>	<b>7.4%</b>	+0.8 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	<b>76.8</b>	36.8	50.8	<b>87.7</b>	+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	<b>53.1</b>	30.9	49.5	<b>80.3</b>	+27.2 (+51.3%)			
Net Income	19.8	14.6	<b>34.4</b>	16.8	30.7	<b>47.4</b>	+13.0 (+37.8%)			
Net Income per Share	14.1 yen	10.3 yen	<b>24.5 yen</b>	12.0 yen	21.8 yen	<b>33.7 yen</b>				
Dividend per Share	3.5 yen	3.5 yen	<b>7.0 yen</b>	4.0 yen	4.0 yen	<b>8.0 yen</b>				

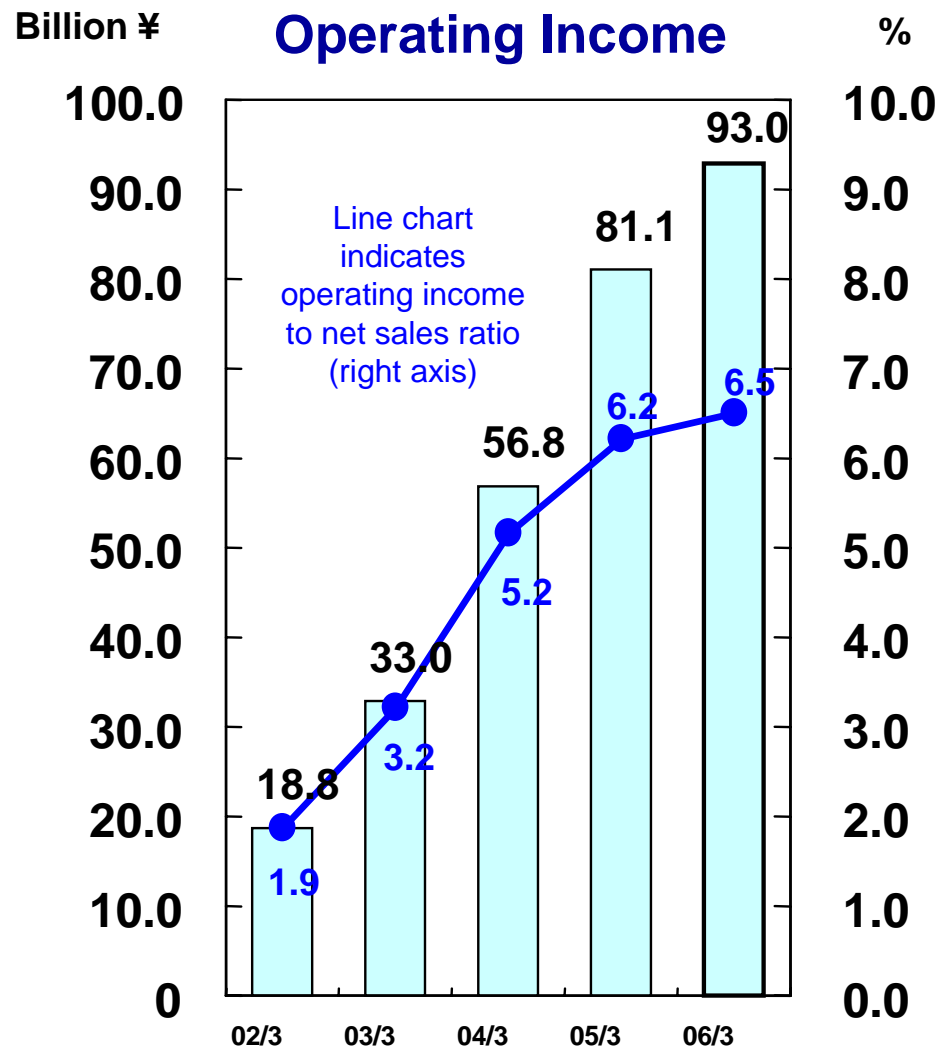
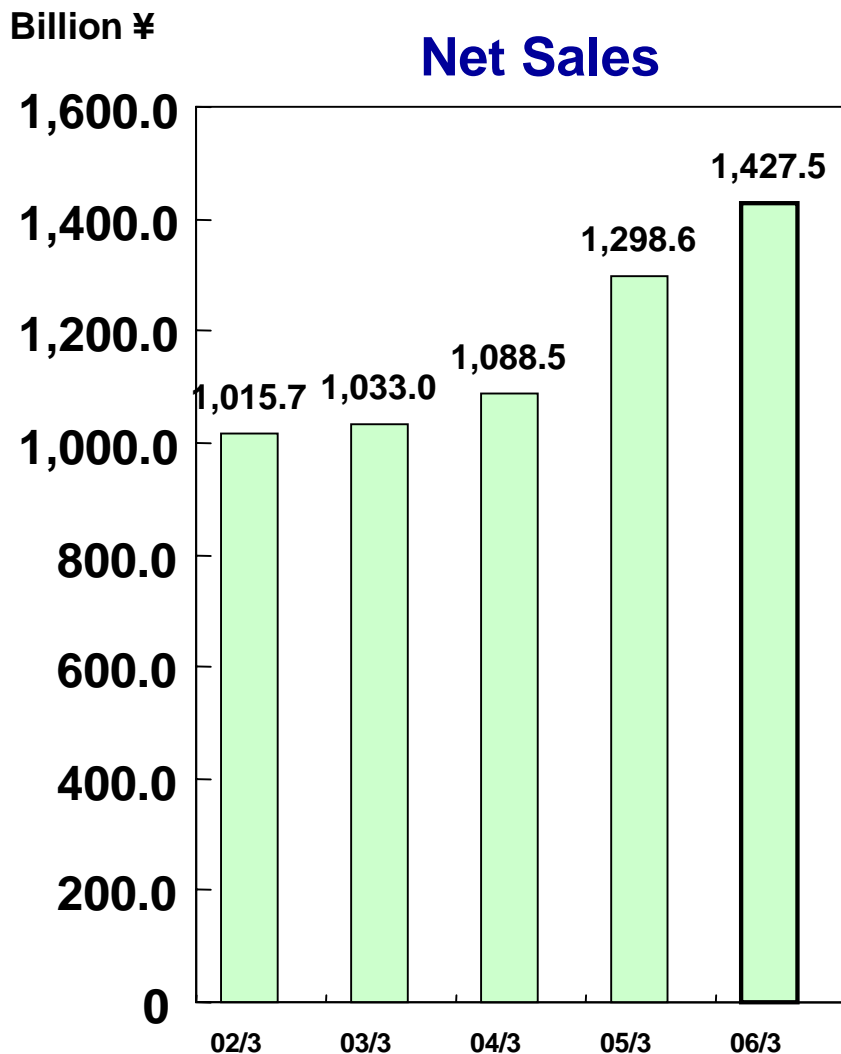
\*Consolidated business results are the sums of Apr–Mar business results in companies whose FY ends on March 31, and Jan–Dec business results in companies whose FY ends on December 31.

\*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

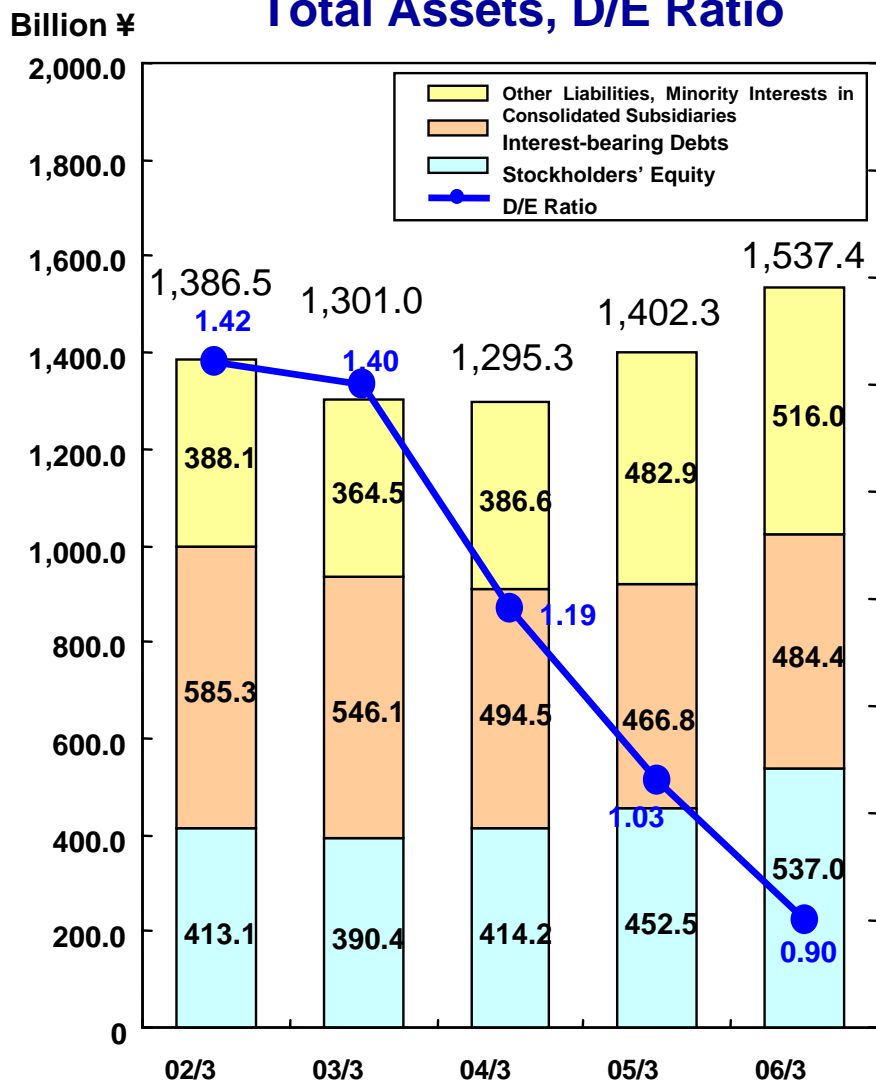
# Trends in Net Sales and Operating Income



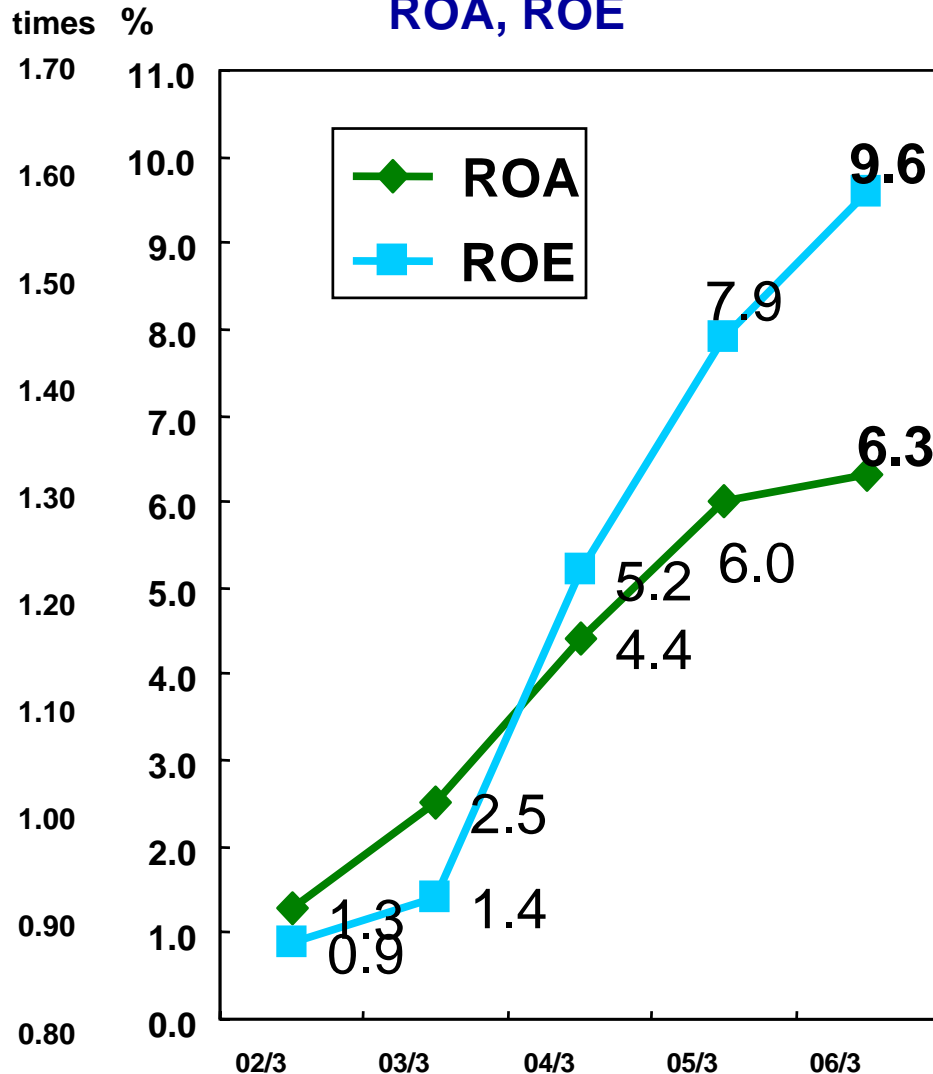
# Total Assets, D/E Ratio, ROA, ROE

ROA = Operating Income / Total Assets  
 ROE = Net Income / Stockholders' Equity

## Total Assets, D/E Ratio



## ROA, ROE



# Non-operating Income and Expenses

Billion ¥

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

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

# Special Credits and Charges

Billion ¥

	FY Mar/05	FY Mar/06	Changes	Comments
<b>Special Credits</b>	<b>2.3</b>	<b>4.7</b>	<b>+2.4</b>	
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	
<b>Special Charges</b>	<b>▲ 26.0</b>	<b>▲ 12.0</b>	<b>+14.0</b>	
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	
<b>Special Credits and Charges, net</b>	<b>▲ 23.7</b>	<b>▲ 7.3</b>	<b>+16.4</b>	

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



# Assets, Liabilities, Stockholders' Equity

Billion ¥

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

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

# Capital Expenditures, Depreciation

Billion ¥

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

## 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

# Sales and Operating Income by Business Segment

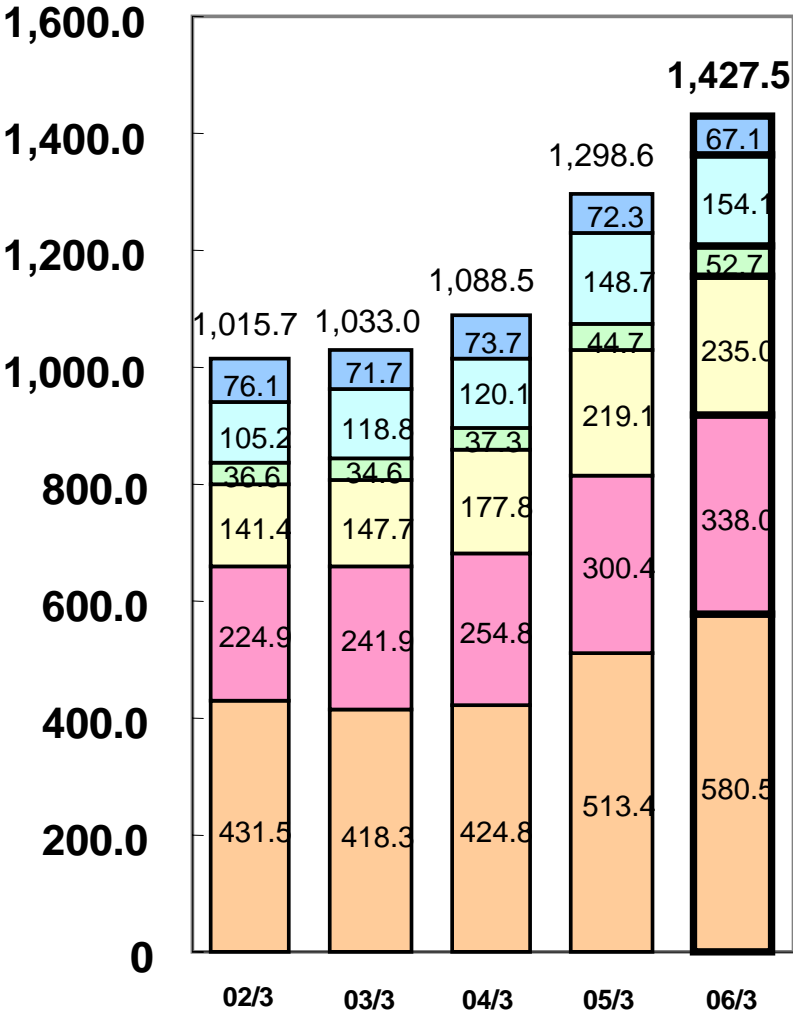
Billion ¥

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

# Trends in Sales and Operating Income by Business Segment

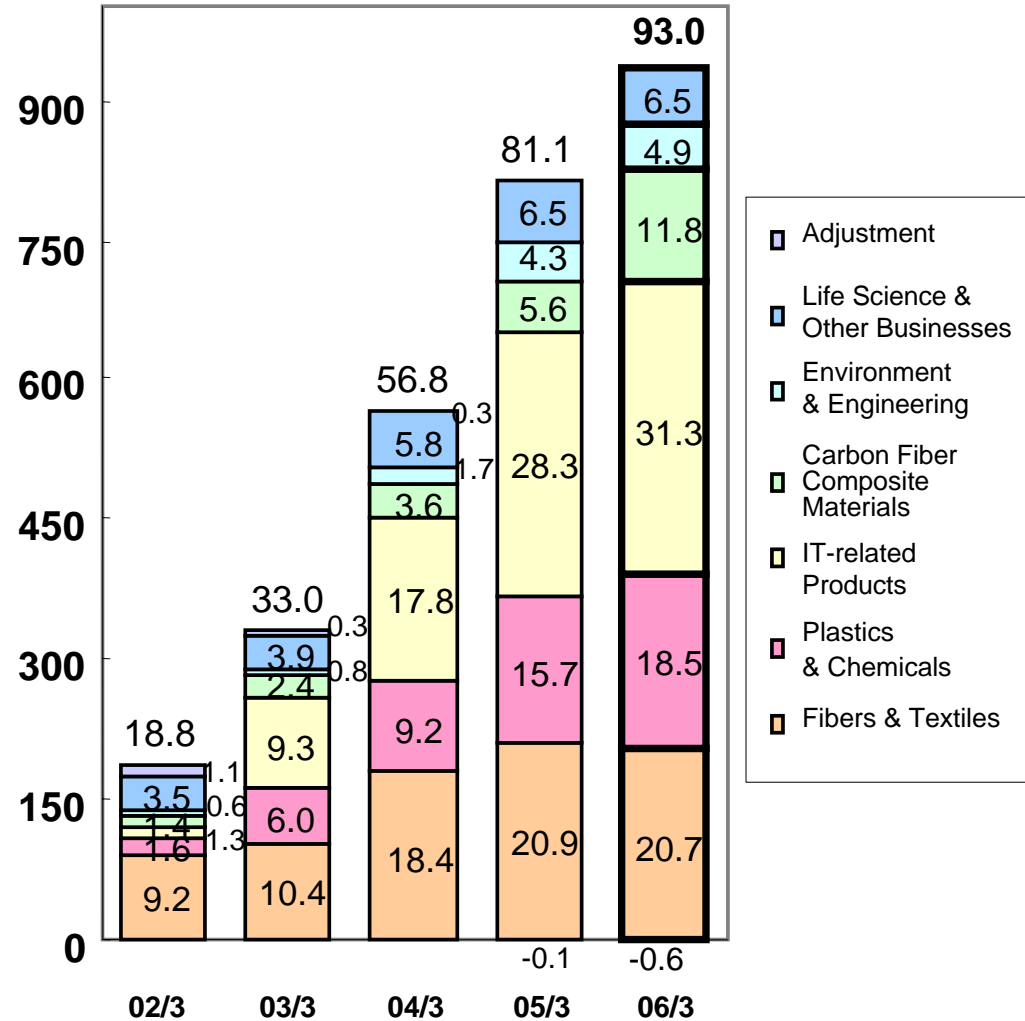
Billion ¥

## Net Sales



Billion ¥

## Operating Income



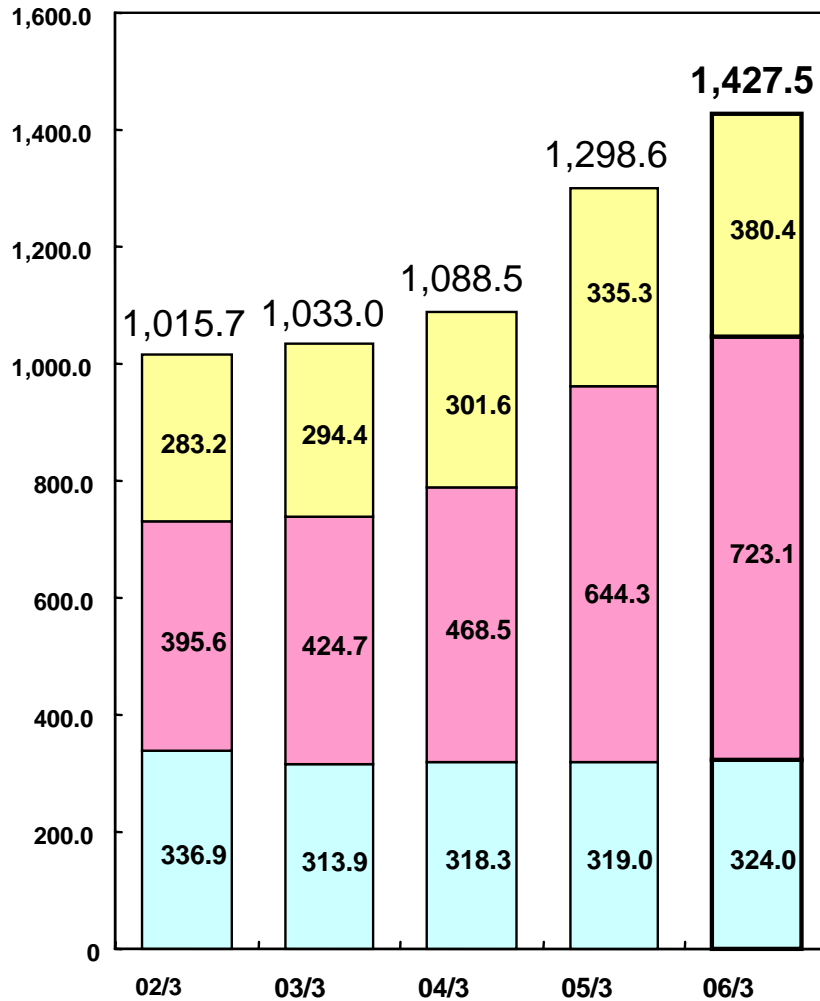
- Adjustment
- Life Science & Other Businesses
- Environment & Engineering
- Carbon Fiber Composite Materials
- IT-related Products
- Plastics & Chemicals
- Fibers & Textiles

# Sales and Operating Income of Toray / Domestic Subsidiaries / Overseas Subsidiaries



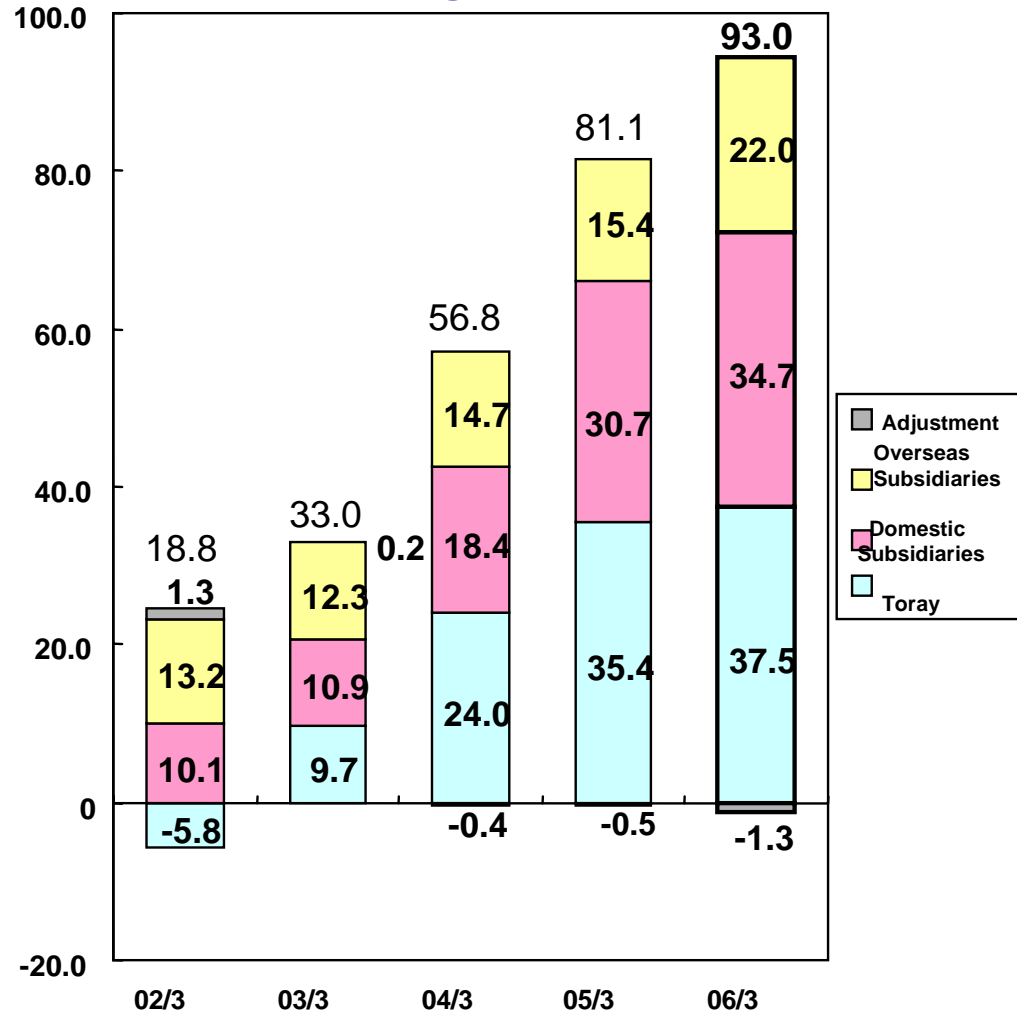
Billion ¥

## Net Sales

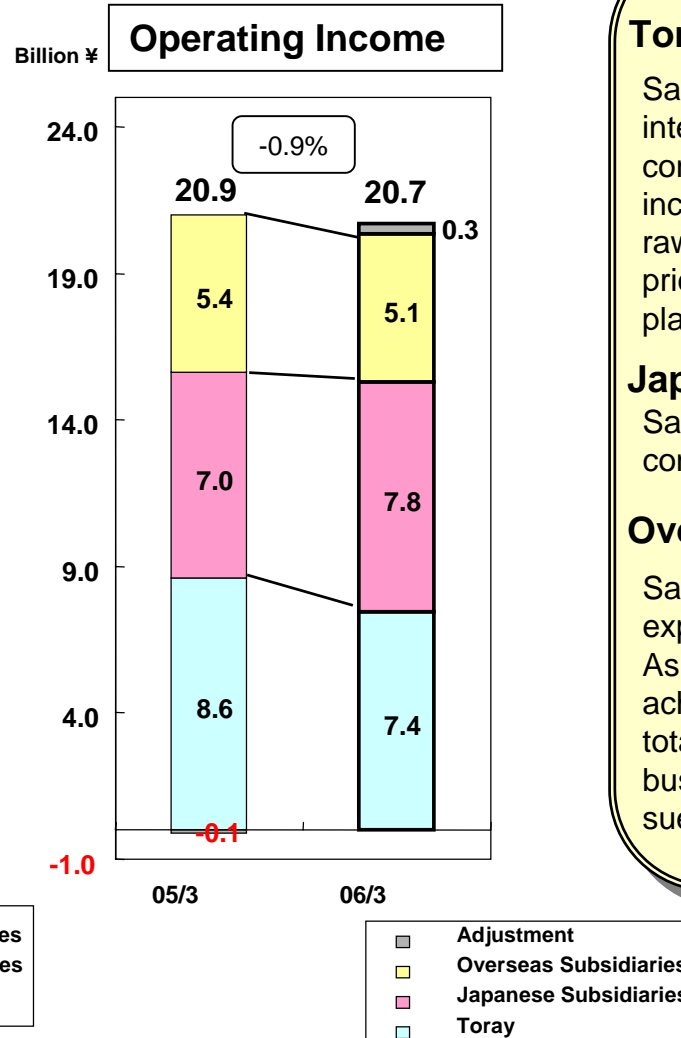
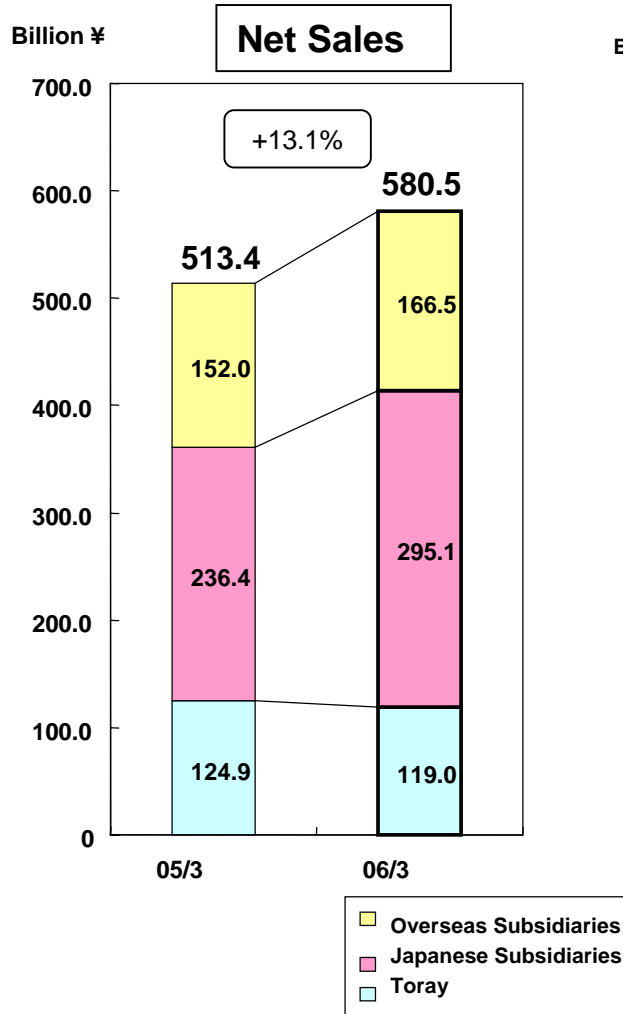


Billion ¥

## Operating Income



# Results by Business Segment (Fibers & Textiles)



## Comments

### Toray

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

Sales and income increased by consolidation of Chori.

### Overseas Subsidiaries

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.

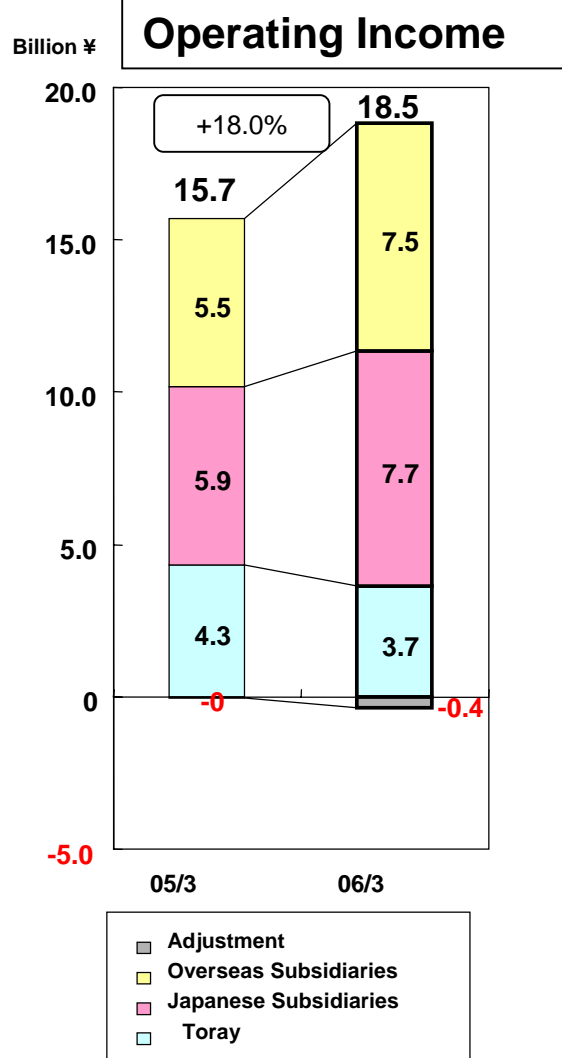
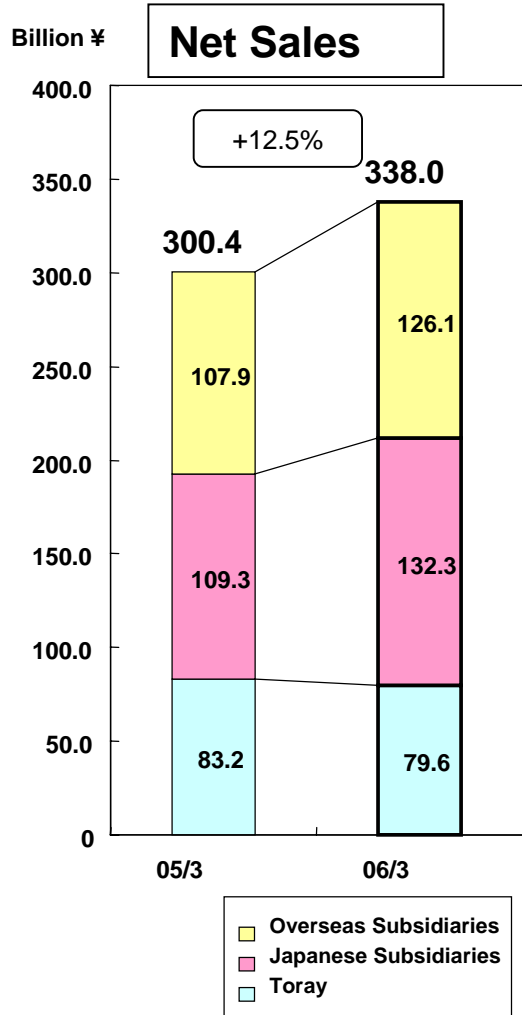
### <Major Subsidiaries >

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 & Chemicals)



## Comments

### Toray

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

Sales and income increased by consolidation of Chori and good business in industrial applications at film processing subsidiary.

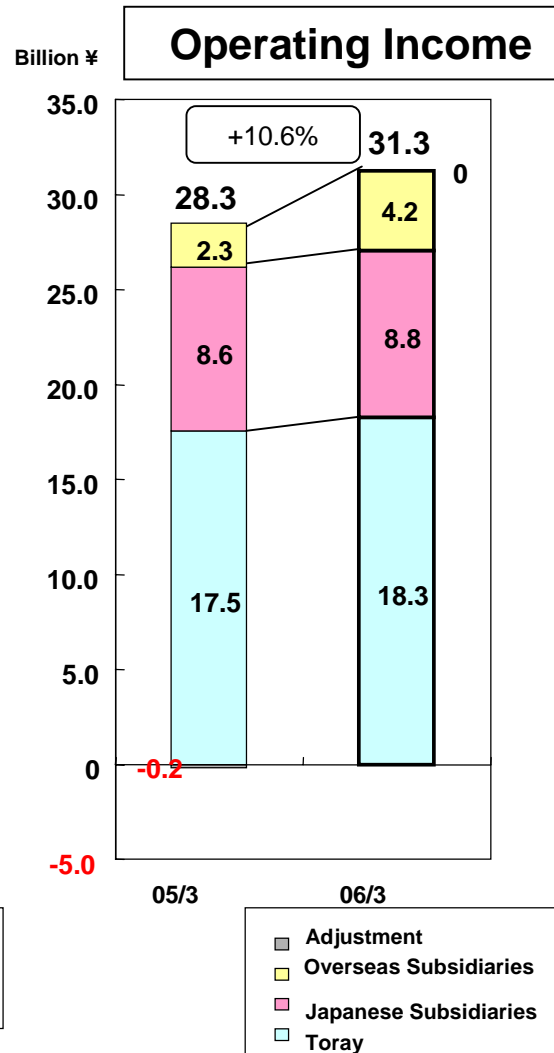
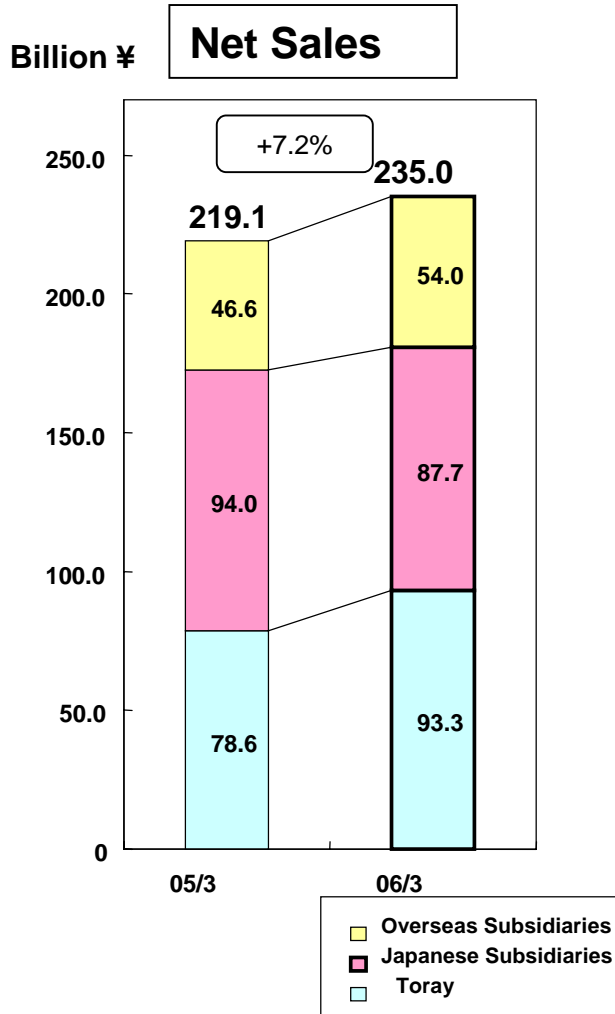
### Overseas Subsidiaries

Sales and income increased through steady plastics and films businesses at subsidiaries in Malaysia.

### <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)



## Comments

### Toray

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

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

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.

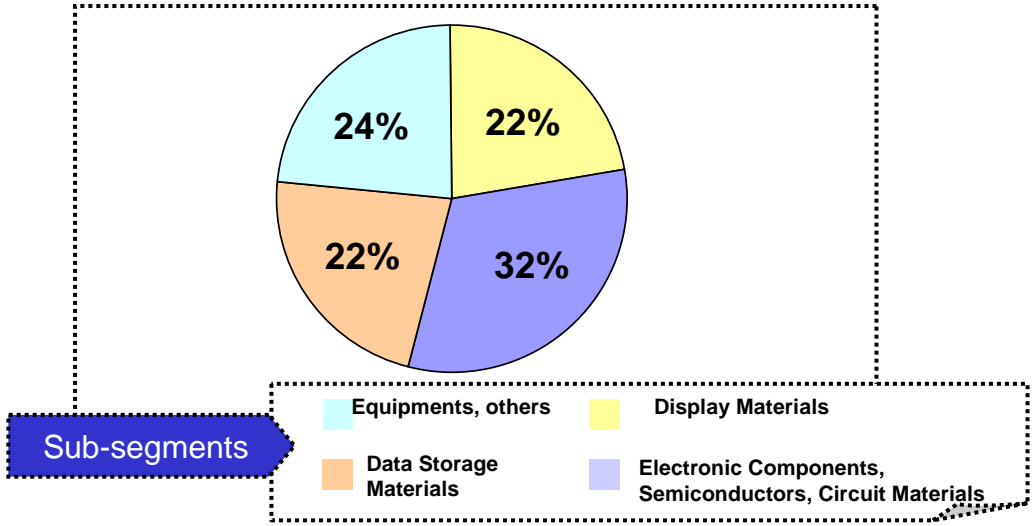
### <Major Subsidiaries>

Japan : Toray Engineering Co., Ltd., Toray Advanced Film Co., Ltd., etc.  
Overseas : TPA (US), TPEu (France), TSI (Korea), STEMCO (Korea), etc.



# Details of the Sales of IT-related Products Segment

[Sales ratio by sub-segment in FY Mar/06]

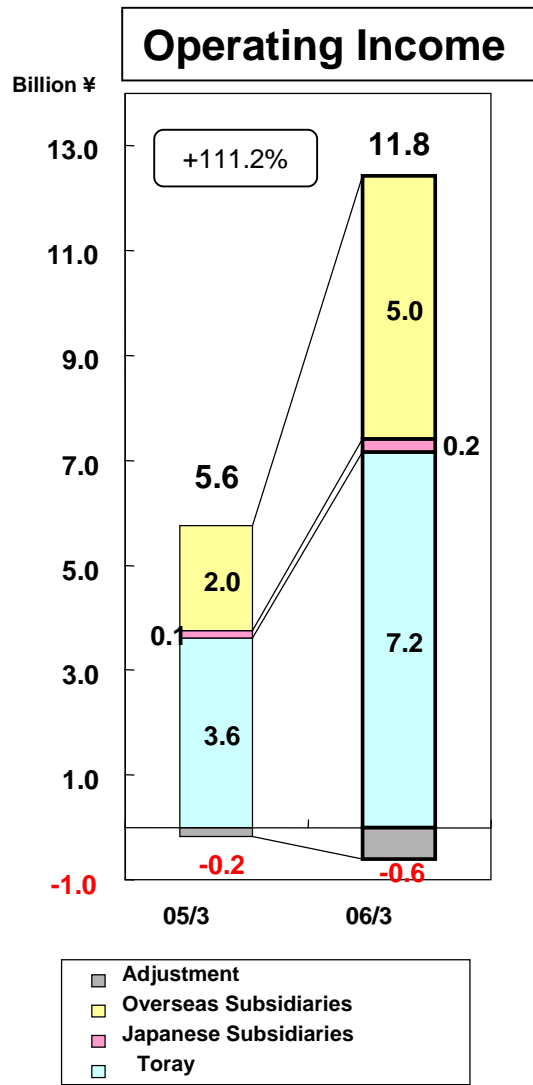
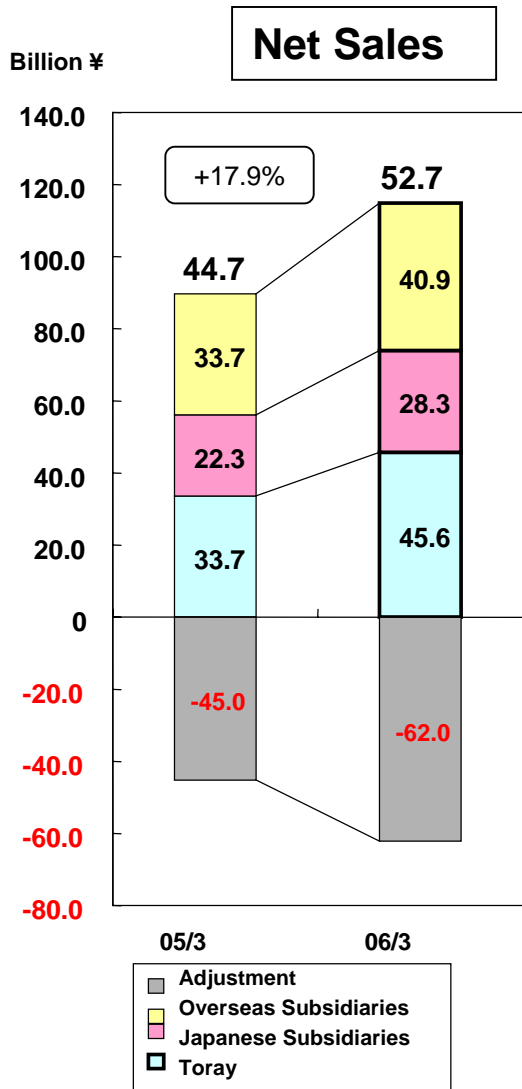


Sub-segments	Products
Display Materials	Optical films, processed optical films, PDP paste materials, color filters, paste materials for color filters, chemicals materials, OLED materials, etc.
Electronic Components, Semiconductors, Circuit Materials	Films for electronic components / circuit materials, FPC copper clad laminated films, adhesive tapes for TAB, adhesive sheets for semiconductors / electronic components, semiconductor coating materials, CMP pads, two-layer copper clad laminated films, TAB tapes, COF tapes, plastics, plastics products, etc.
Data Storage Materials	Magnetic materials, TTR (Thermal Transfer Ribbon), films for graphic art base, printing plates, etc.
Equipments, others	Slit coaters for LCD, die bonding equipment, inspection equipment, equipment / components for PDP, trading companies, IT support services, services, others

[Sales trends by sub-segment] (Billion ¥)

Sub-segment	Full Fiscal Year		
	FY 05/Mar	FY 06/Mar	Changes
Display Materials	43.8	52.7	+20%
Electronic Components, Semiconductors, Circuit Materials	59.5	74.2	+25%
Data Storage Materials	53.4	52.6	-2%
Equipments, others	62.4	55.5	-11%
<b>Total of IT-related Products Segment</b>	<b>219.1</b>	<b>235.0</b>	<b>+7%</b>

# Results by Business Segment (Carbon Fiber Composite Materials)



## Comments

### Toray

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

Sales and income increased through solid sales expansion of a trading company.

### Overseas Subsidiaries

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.

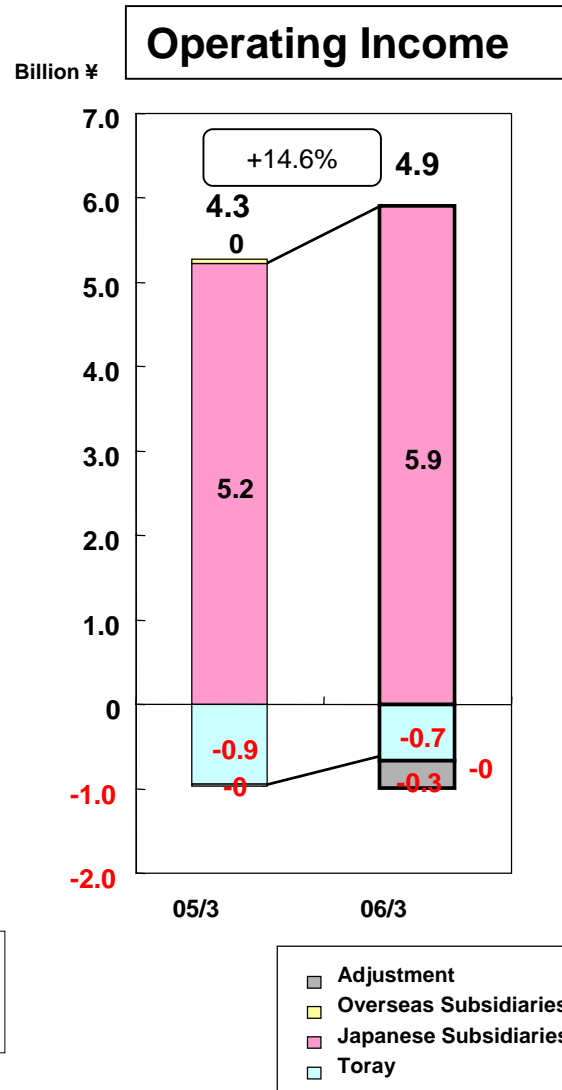
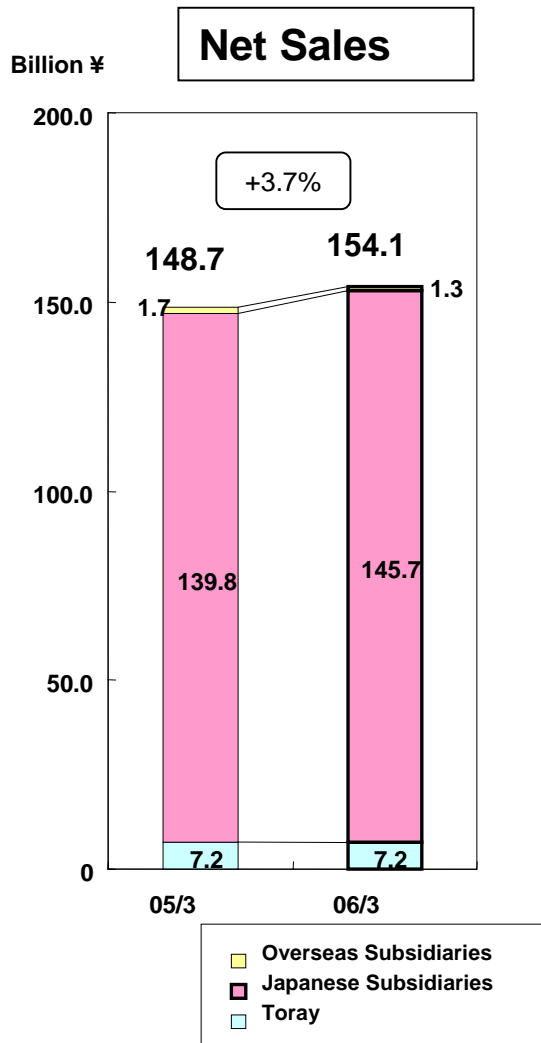
As the segment highly conducts global operation with Japanese, Europe, and US facilities, Internal sales figures are shown in adjustment line, to describe the true state of the business.

### <Major Subsidiaries>

Japan : Toray International, Inc.

Overseas : SOFICAR (France), CFA (US), TCA (US)

# Results by Business Segment (Environment & Engineering)



### Comments

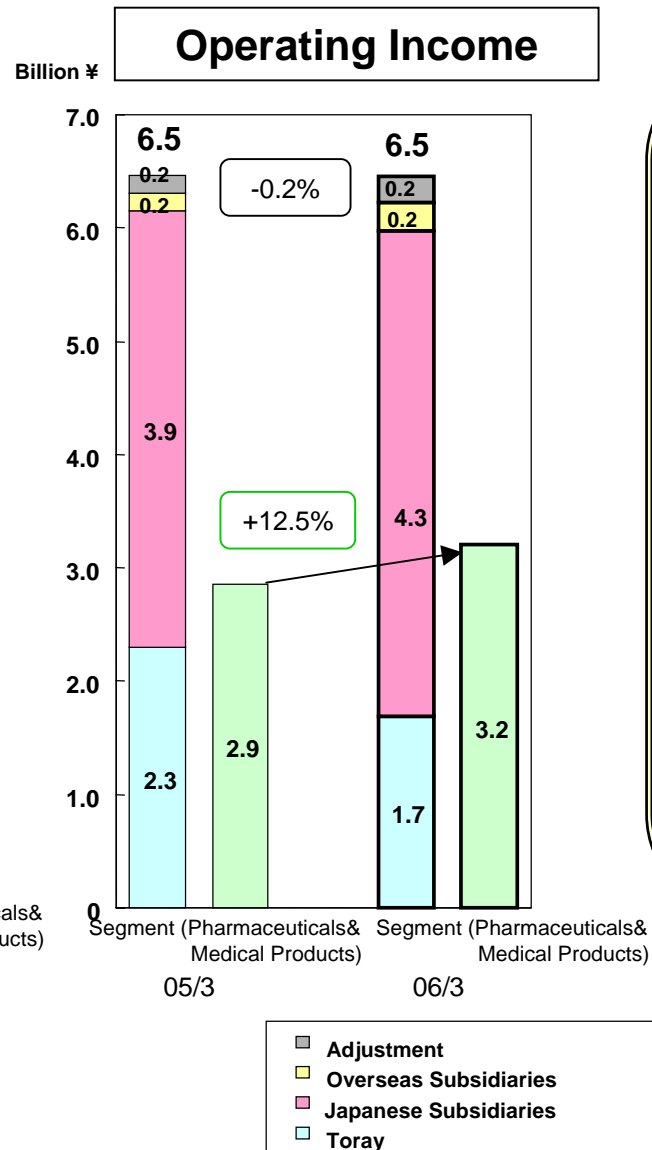
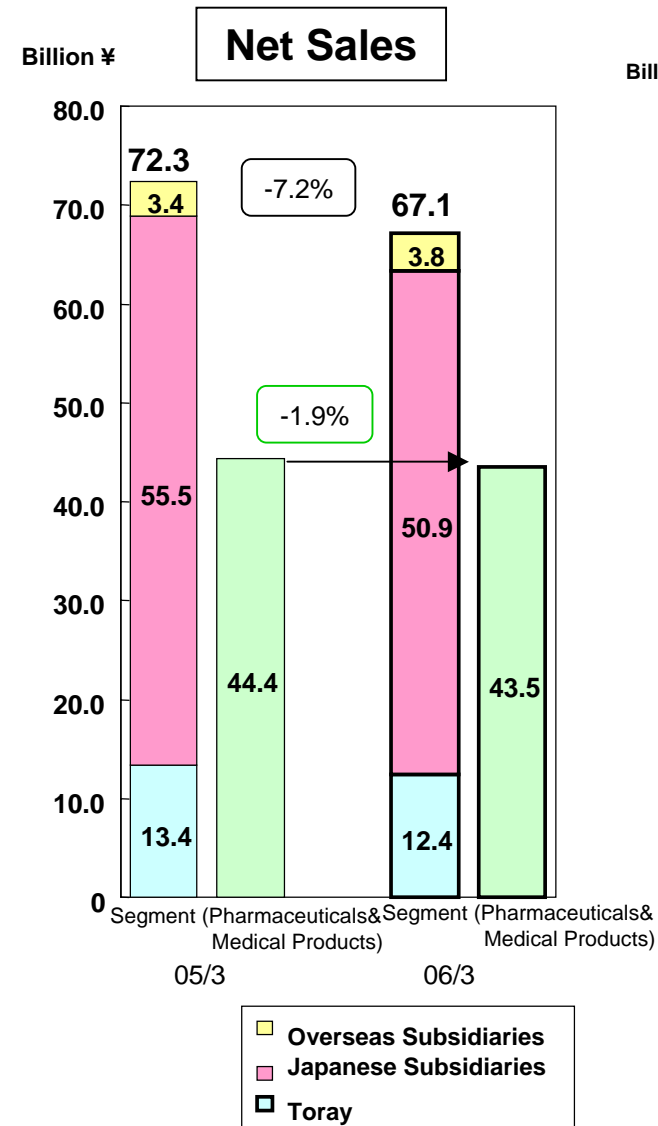
#### Japanese Subsidiaries

Sales increased by consolidation of Suido Kiko, and income also increased by sales expansion and corporate-structure reinforcement at engineering-related subsidiary.

#### <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)



## Comments

### Toray

In pharmaceuticals businesses, sales and income decreased due to tough competition in the market.

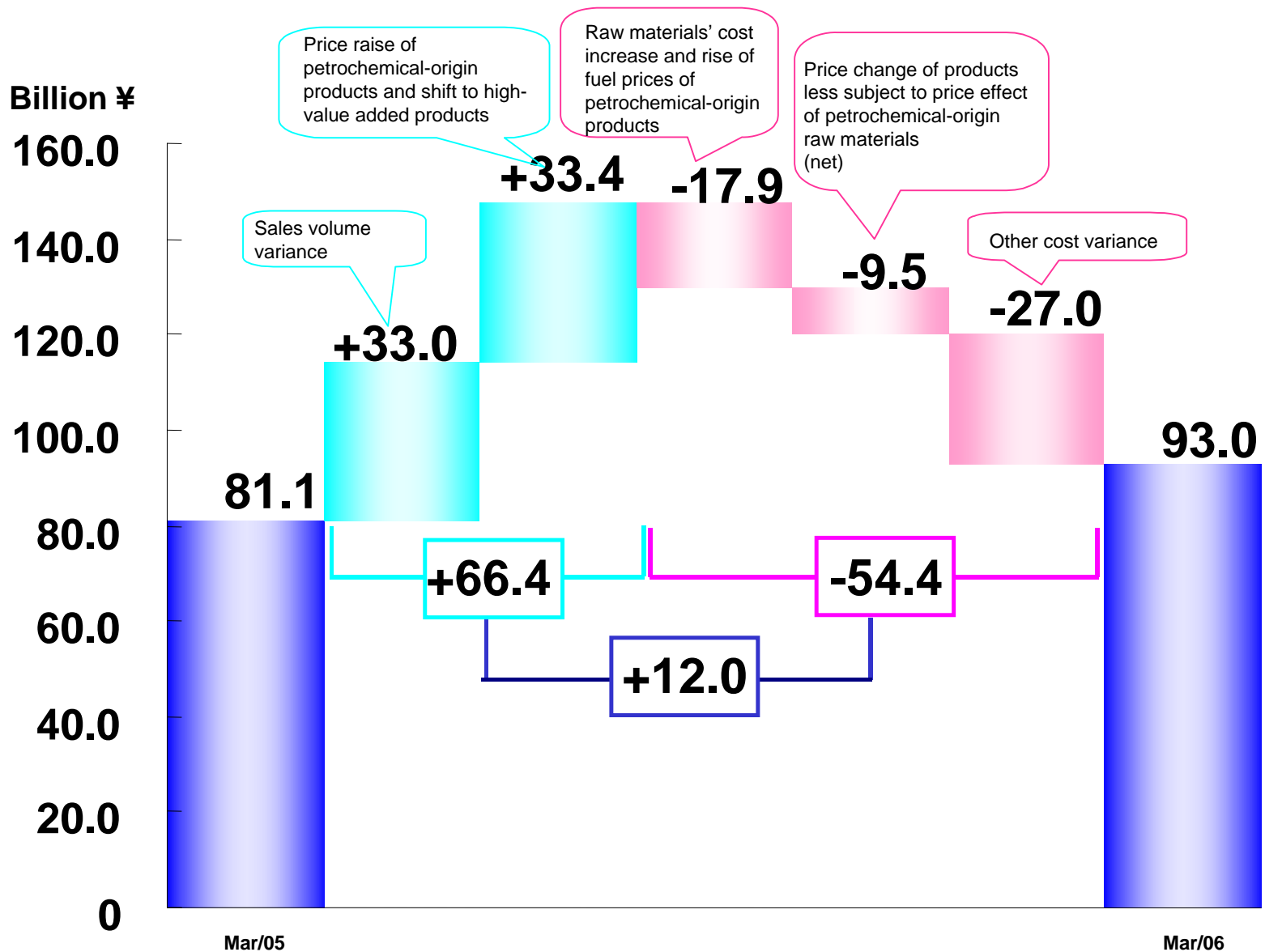
### Japanese Subsidiaries

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.

### <Major Subsidiaries>

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

# Income Variance Factor Analysis





**II. Business Forecast for the  
FY 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%)
	<b>Total</b>	<b>1,427.5</b>	<b>1,510.0</b>	<b>+82.5 (+5.8%)</b>
Operating Income	1st Half	38.8	43.0	+4.2 (+10.7%)
	2nd Half	54.2	61.0	+6.8 (+12.5%)
	<b>Total</b>	<b>93.0</b>	<b>104.0</b>	<b>+11.0 (+11.8%)</b>
Ordinary Income	1st Half	36.8	41.0	+4.2 (+11.4%)
	2nd Half	50.8	60.0	+9.2 (+18.0%)
	<b>Total</b>	<b>87.7</b>	<b>101.0</b>	<b>+13.4 (+15.2%)</b>
Net Income	1st Half	16.8	24.0	+7.3 (+43.3%)
	2nd Half	30.7	31.0	+0.3 (+1.1%)
	<b>Total</b>	<b>47.4</b>	<b>55.0</b>	<b>+7.6 (+16.0%)</b>
Net Income per Share	1st Half	11.96 yen	17.14 yen	
	2nd Half	21.76 yen	22.14 yen	
	<b>Total</b>	<b>33.72 yen</b>	<b>39.28 yen</b>	
Dividend per Share	1st Half	4.0 yen	<b>5.0 yen</b>	
	2nd Half	4.0 yen	<b>5.0 yen</b>	
	<b>Total</b>	<b>8.0 yen</b>	<b>10.0 yen</b>	
Dividend Payout Ratio	1st Half	33.4%	<b>29.2%</b>	
	2nd Half	18.4%	<b>22.6%</b>	
	<b>Total</b>	<b>23.7%</b>	<b>25.5%</b>	

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

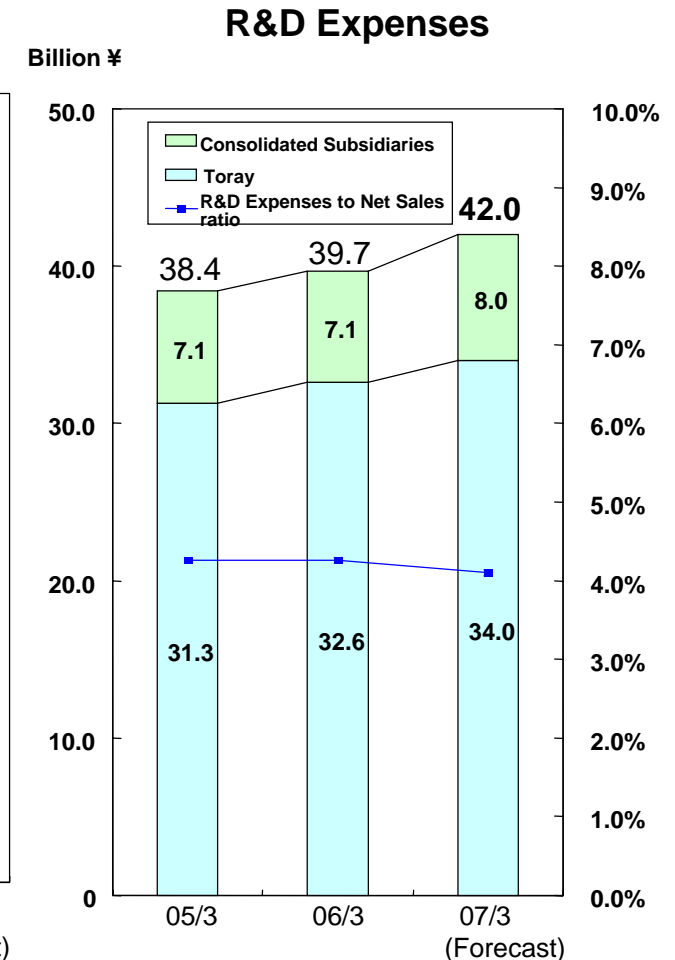
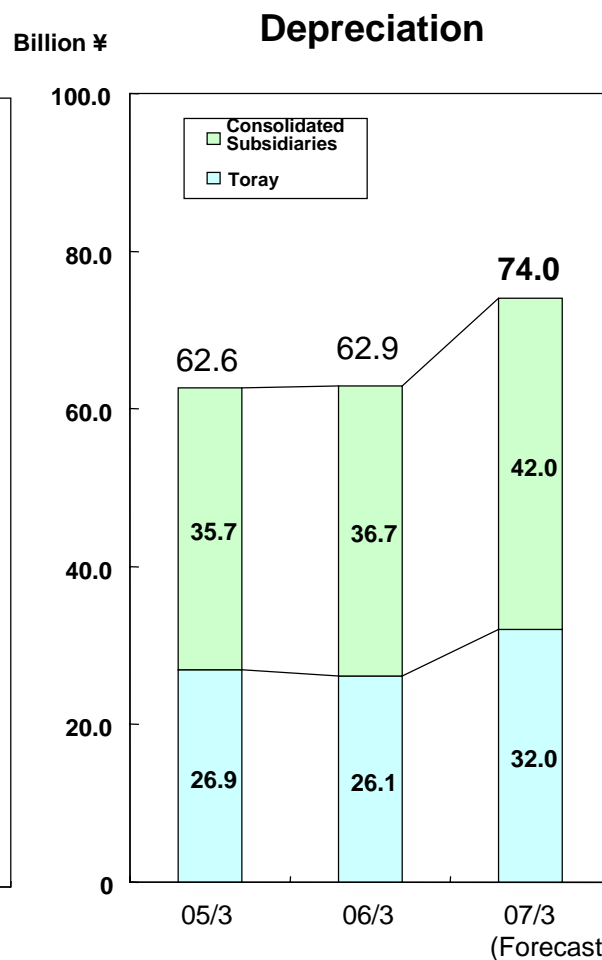
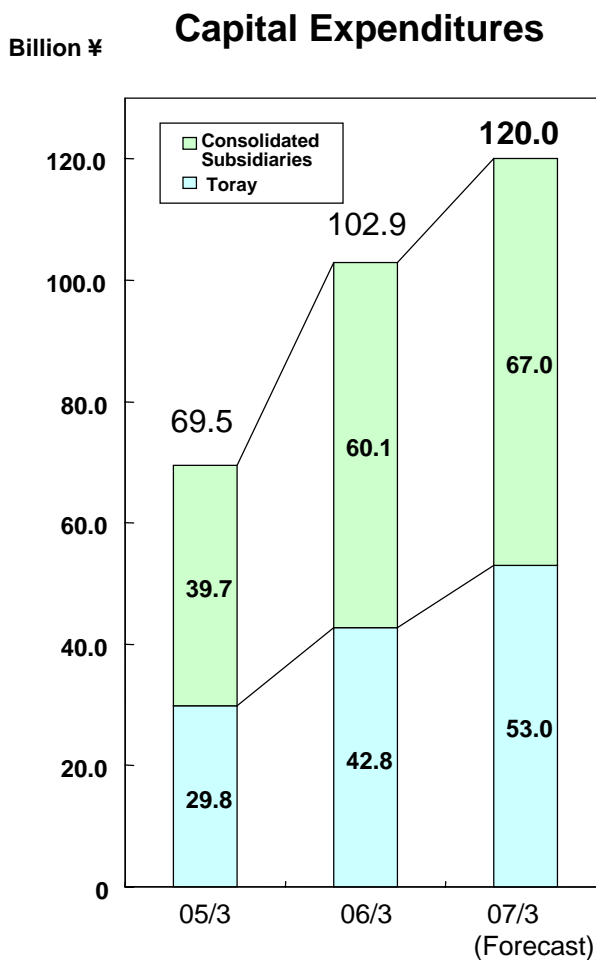


# Business Environment and Action Plans by Business Segment

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

# Forecast of Capital Expenditures, Depreciation, R&D Expenses



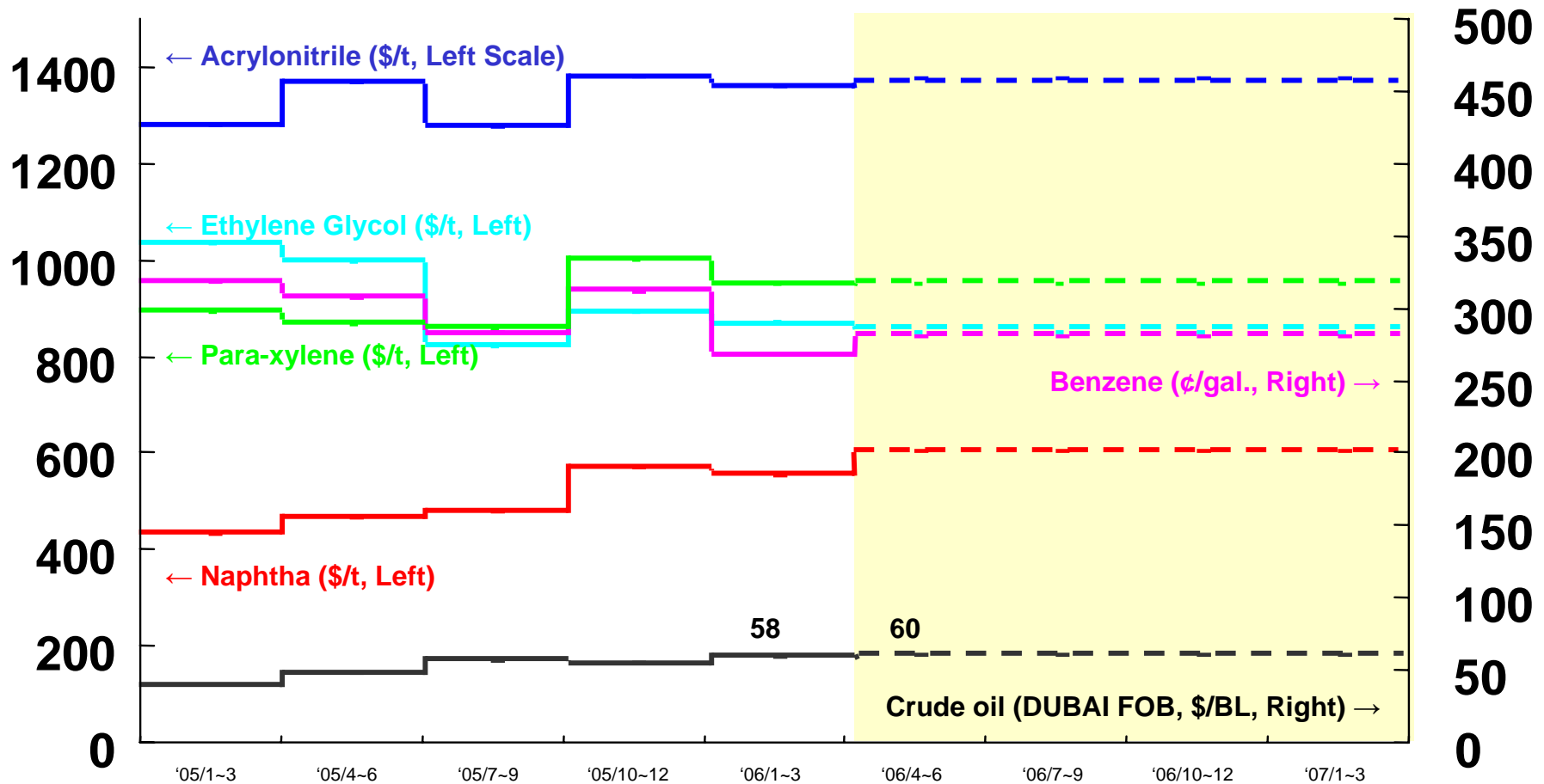
\* R&D expenses to net sales ratio are based on results excluding that of the following trading companies :

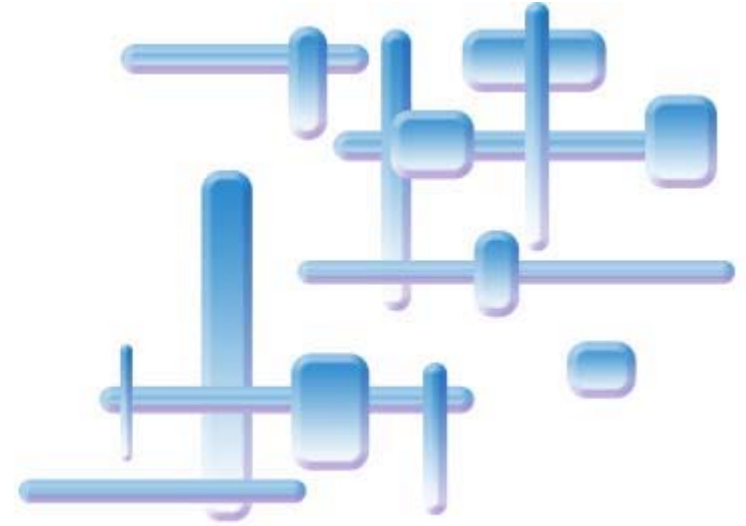
<Japan> Toray International, Inc., Chori Co., Ltd., Ichimura Sangyo, Co., Ltd., Marusa Co., Ltd., Toray Ireeve Corp., etc.

<Overseas> TOMAC (US), TEL (UK), TCH/THK (China), etc.

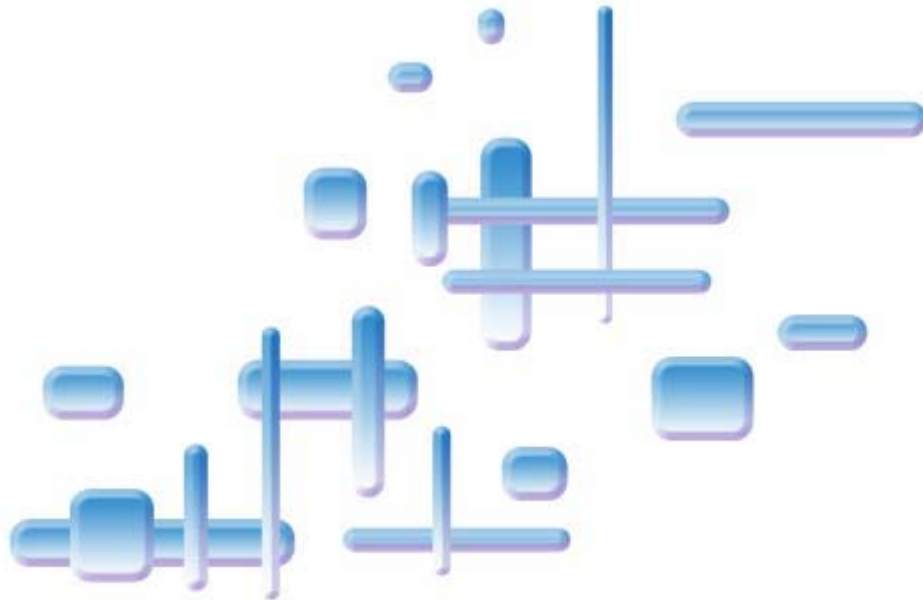
# Forecast of Raw Materials Prices

Prices of major raw materials are estimated to remain at high levels in FY 2006.





### III. Recent Topics

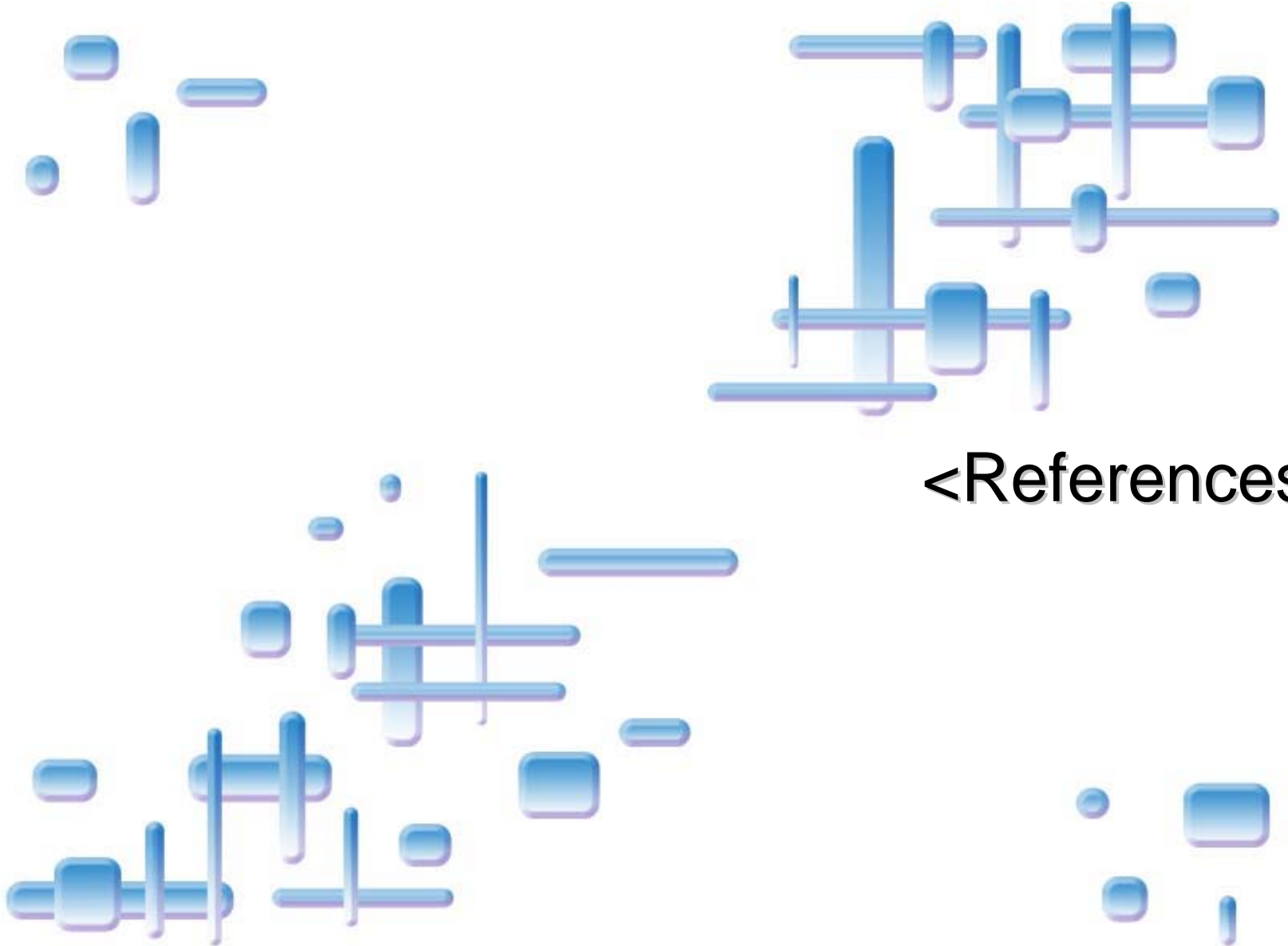


# Recent Topics (February ~ April, 06) (1)

	Topics	NT-II Issues			
		Expanding Advanced Materials Businesses	Expanding Global No.1 Businesses	Expanding Businesses Outside Japan	Business Structure Reform, NVC
Feb	<p><b>Developed Environmentally-friendly Soft and Easy-forming Nano-alloy Film</b> Succeeded first in the world in development of polyester nano-alloy film which is mainly made from plant-based raw materials and achieves a good balance between heat resistance, softness and easy-forming by utilizing our highly precise polymerization technology and nano structure control technology.</p>	○			
Feb	<p><b>Established Automotive Materials Strategic Planning Dept.</b> Newly Established Automotive Material Strategic Planning Dept. under the direct control of the president to execute quick responses to requirements from automotive industry and to further expand advanced materials businesses. Integrating and strategically expanding automotive materials businesses by establishing this lateral organization over the Group, Toray plans to double the group's FY2005 sales forecast of automotive applications, 100 billion yen, in 2010.</p>	○			○
Mar	<p><b>Decided to start the full-scale Commercialization of Polylactic acid films, Ecodear*</b> Decided to start the operation of plant-based environmentally-friendly polylactic acid products including films and sheet products. Newly constructed a production facility at Gumi Plant 3 of Toray Saehan Inc. (TSI), our South Korean subsidiary with annual production capacity of 5,000 tons of sheet (NO films). Capital expenditure amounts to about one billion yen and the plant is expected to start operations from January 2007.</p>	○		○	
Apr	<p><b>Decided to Increase Production Capacity of ABS Resin Toyolac* in Malaysia</b> Decided to increase production capacity of ABS resin, Toyolac* at Malaysian subsidiary, Toray Plastics (Malaysia) Sdn. Berhad (TPM) (220,000 tons per year → 330,000 tons per year), along with the launch of transparent ABS resin production. The total investment amounts to approximately 10 billion yen and the operation is expected to begin from March 2008. With this expansion, the Group's total production capacity including that of Chiba Plant will increase to 402,000 tons per year.</p>		○	○	

# Recent Topics (February ~ April, 06) (2)





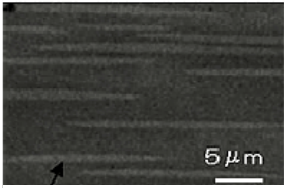
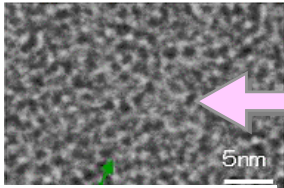
	Topics	NT-II Issues			
		Expanding Advanced Materials Businesses	Expanding Global No.1 Businesses	Expanding Businesses Outside Japan	Business Structure Reform, NVC
Apr	<p><b>Acquired Approval for New Indication (treatment of hepatitis C compensated cirrhosis) of Natural Interferon-β, Feron*</b></p> <p>Acquired additional approval for new indication of natural Interferon-β, Feron* in Japan which is effective in the treatment of hepatitis C compensated cirrhosis (sustained virological response except in patients with HCV serotype 1 and high viral loads). Feron* will be the only antiviral drug effective in the treatment of hepatitis C compensated cirrhosis in Japan.</p>	○			
Apr	<p><b>Started Commercial Production of PBT Base Resins at Joint Venture in Malaysia</b></p> <p>Toray BASF PBT Resin Sdn. Berhad, a 50-50 joint venture between BASF Aktiengesellschaft and Toray, has successfully completed a new plant and started commercial production of polybutylene terephthalate (PBT) base resins. The plant has an annual capacity of 60,000 tons and capital expenditures amounts to about US\$40 million (about 4.5 billion yen).</p>			○	
Apr	<p><b>Toray Reached Comprehensive Agreement to Supply Carbon Fiber Composite Materials for Boeing's B787 Through 2021</b></p> <p>Toray reached a comprehensive agreement with Boeing Co. to supply carbon fiber composite materials for the B787, a next-generation medium-sized aircraft scheduled to enter into service in 2008. Based on the agreement, Toray will supply carbon fiber composite materials to Boeing over a period of 16 years through 2021 (including 5 years available option). In May 2004, Toray had signed a long-term, basic supply agreement with Boeing for carbon fiber uni-directional (UD) prepreg to be used in the wings and empennages of B787. This time, Toray received an additional order for carbon fiber cloth prepreg to be used in the fuselages, and the two companies signed a comprehensive official agreement that includes details of supply conditions. We expect the order for our prepreg to reach \$6 billion in total (approximately 700 billion yen) during this contract period.</p>	○	○	○	○

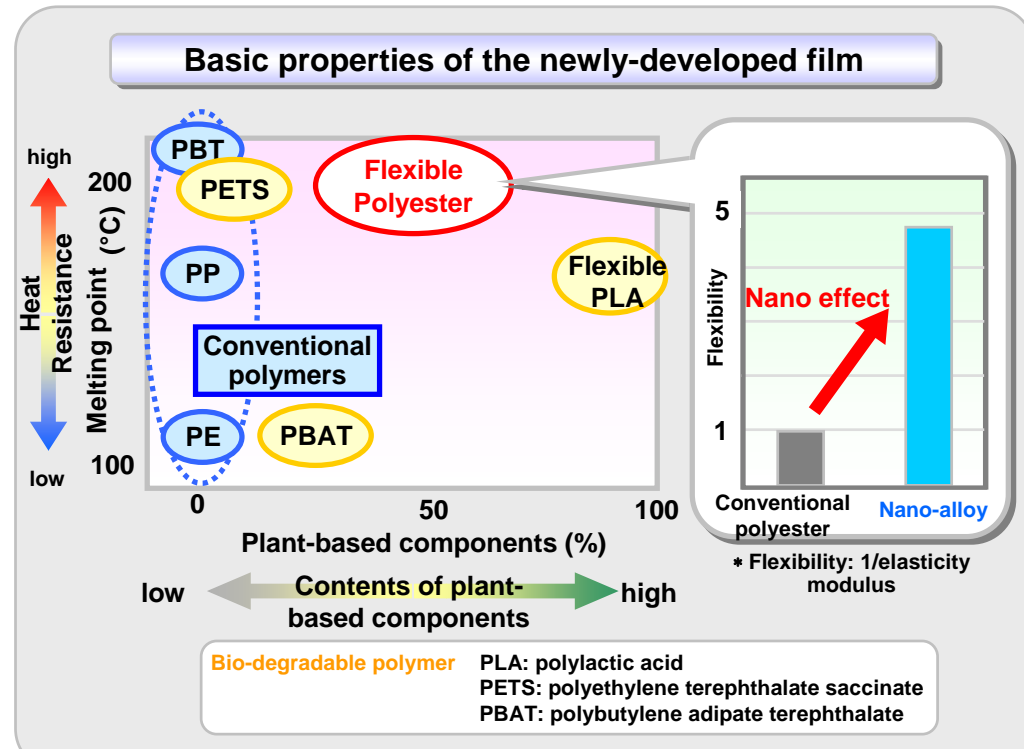


<References>

# Developed Environmental friendly, Soft and Easy-formable Nano-alloy Film **TORAY**

Succeeded first in the world in the development of polyester nano-alloy film which is mainly made from plant-based raw materials and achieves a good balance between heat resistance, softness and easy-forming by utilizing our highly precise polymerization technology and nano structure control technology.

Features	conventional polyester	Newly-developed polyester
Flexibility		
Coloration (heat resistance)	Conventional polymerization  colored	Precise polymerization  colorless
Polymer micro-structure	Conventional blending  Bright part: plant-based components	Specific melt-blending  Dark part: plant-based components



## Specific nano-alloy structure

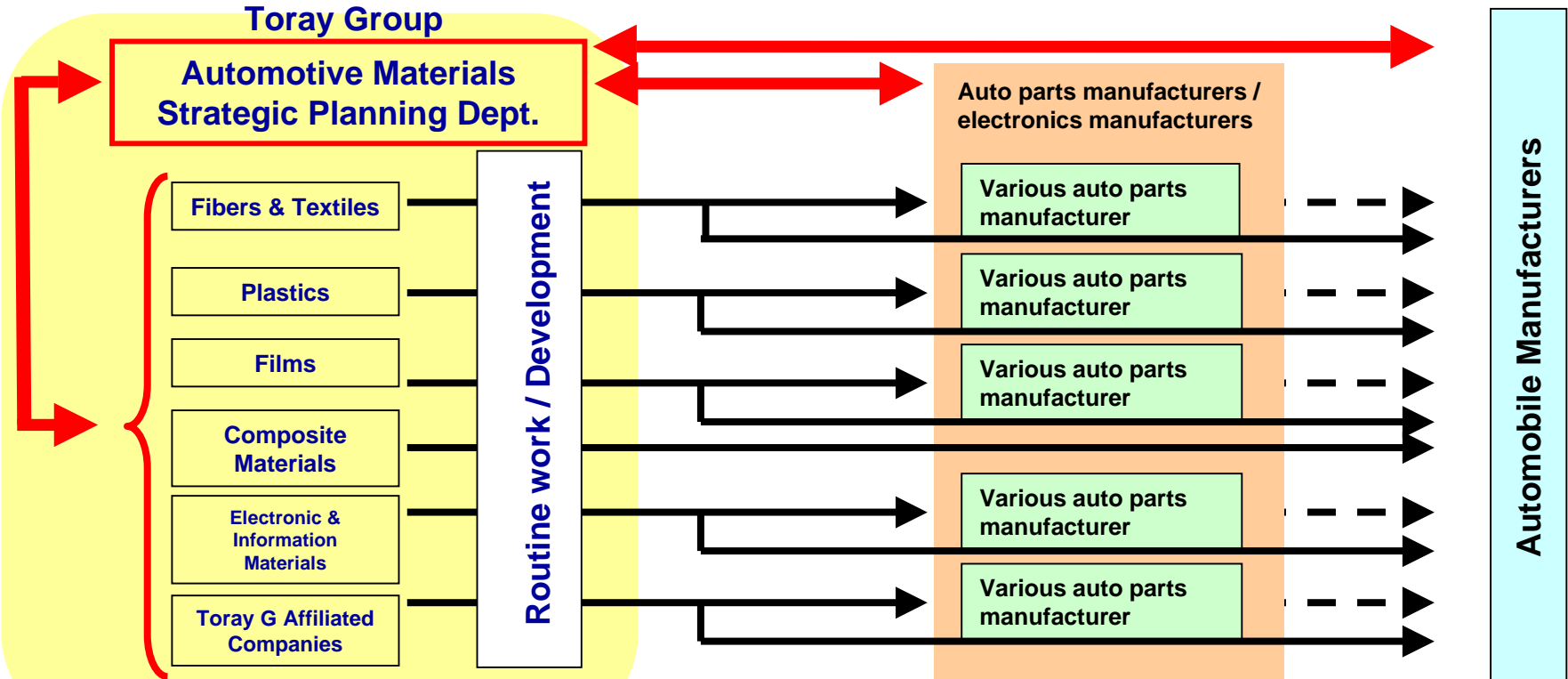
- polyester co-continuous structure: **heat resistance, chemical resistance**
- plant-based nano-alloy structure: **transparency, flexibility**

Further adoption of the material is possible in wide-ranging industrial application including construction, home electric appliances, automobiles, and others.



Newly established Automotive Materials Strategic Planning Department under the direct control of the president to execute quick responses to requirements from automotive industry and to further expand advanced materials businesses. Integrating and strategically expanding automotive materials businesses by establishing this department, a lateral organization over the Group, Toray plans to double the Group's FY2005 sales of automotive applications, over 100 billion yen, in 2010.

- Purposes of establishing new organization :**
1. Fully utilizing strength in technological resources, **and advanced materials potentially applicable to automobile application (fibers & textiles, carbon fibers, electronic & information materials, films, plastics)**
  2. Tracing overall market information in automotive applications accurately
  3. **Further accelerating the development of new advanced materials** through material integration and system formulation



# Decided to Start Full-scale Commercialization of Polylactic Acid Films, Ecodear\*

Decided to start the operation of plant-based environmentally-friendly polylactic acid products including films and sheet products. Newly constructed a production facility at Gumi Plant 3 of Toray Saehan Inc. (TSI), our South Korean subsidiary, with the annual capacity of 5,000 tons of sheet (NO films). Capital expenditure amounts to about one billion yen and the plant is expected to start operations from January 2007.



In **South Korea**, materials used for takeout food containers are being rapidly replaced by **biomass plastics**

Toray intends to ensure the quick expansion of the business by capturing the pioneering **South Korean market** through exploitation of **advantages in local production** while simultaneously **promoting new applications in Japan**, where the move toward adoption of biomass plastics is gaining momentum

Toray plans to introduce a series of **high value added products** into the market by exploiting “**revolutionary nano-alloy technology**” that allows combination of multiple polymers on a nano-metric scale and brings out the most optimal characteristics of the material

Toray will further promote adoption of the material in wide-ranging applications from sheets for molding that require heat resistance to films for packaging and industrial uses that require flexibility. Toray aims to achieve Group sales of 25 billion yen in 2010.

# Decided to Increase Production Capacity of ABS Resin Toyolac\* in Malaysia

**TORAY**

Decided to increase production capacity of ABS resin, Toyolac\* at Malaysian subsidiary, Toray Plastics (Malaysia) Sdn. Berhad (TPM) (220,000 tons per year → 330,000 tons per year), along with the launch of transparent ABS resin production. The total investment amounts to approximately 10 billion yen and the operation is expected to begin from March 2008. With this expansion, the Group's total production capacity including that of Chiba Plant will increase to 402,000 tons per year.

## Toray Plastics Malaysia (TPM)



- Producing specialty products including **transparent, heat resistant, and flame retardant grades**
- Supplying **products with the same quality** as those made in Japan to **global companies**

Expanding Asian market centered around China and ASEAN

**TPM**

220,000 tons/year → 330,000 tons/year

**Japan (Chiba Plant)**

72,000 tons/year

- Producing specialty products including **transparent, antistatic and alloy grades, etc.**
- Developing **advanced materials** including nano-alloy grades, etc.
- Expanding total Toyolac\* businesses with **Japanese global companies** through **"spec-in"** activities in Japan

Global Operation of Toyolac\*

## Features of Toyolac\* Businesses

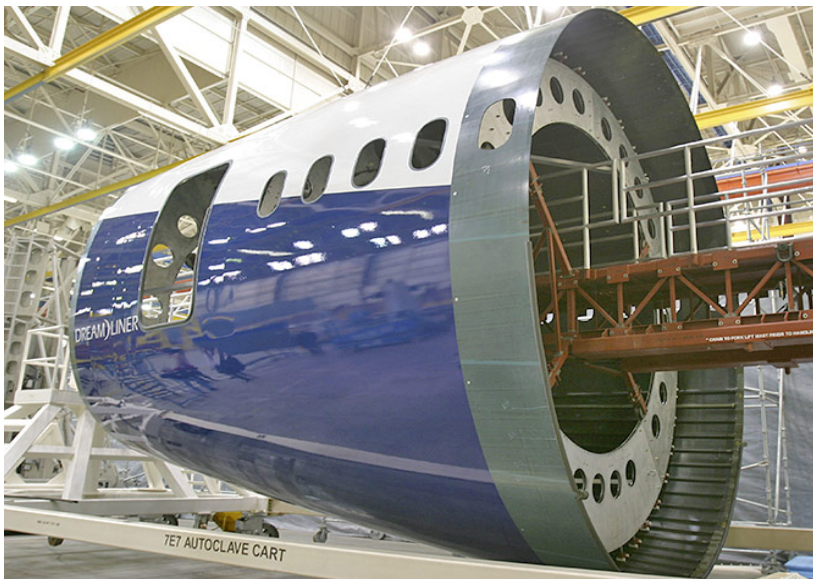
1. **Only Japanese ABS manufacturer possessing overseas production base**  
→ capable to respond to **overseas operations of Japanese customers**
2. **World No. 1 in market share of transparent grade** (currently 25% → **30% after capacity increase**)

# Toray Reached Comprehensive Agreement to Supply Carbon Fiber Composite Materials for Boeing's B787 Through 2021



Toray reached a comprehensive agreement with Boeing Co. to supply carbon fiber composite materials for the B787, a next-generation medium-sized aircraft scheduled to enter into service in 2008. Based on the agreement, Toray will supply carbon fiber composite materials to Boeing over a period of 16 years through 2021 (including 5 years available option). In May 2004, Toray had signed a long-term, basic supply agreement with Boeing for carbon fiber uni-directional (UD) prepreg to be used in the wings and empennages of B787. This time, Toray received an additional order for carbon fiber cloth prepreg to be used in the fuselages, and the two companies signed a comprehensive official agreement that includes details of supply conditions. We expect the order for our prepreg to reach \$6 billion in total (approximately 700 billion yen) during this contract period.

\* 1 Uni-directional prepreg: a sheet made by combining carbon fiber arranged in parallel with epoxy resins.



Copyright Boeing Co.

Integral molding part of B787 fuselage which used Toray's cloth prepreg (prototype)



Mr. Alan Mulally, Commercial Airplanes President and CEO of Boeing Co. and Mr. Sadayuki Sakakibara, President of Toray Industries, Inc. at Boeing Co.

Descriptions of forecasted business results, estimates, expectations, 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.