

November 8, 2006

Midterm Business Results Announcement

<For the Six Months ended Sep. 30, 2006>

Toray Industries, Inc.

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**I. Midterm Business Results
for the Fiscal Year Ending
March 2007
(Consolidated Basis)**

Summary (Profits)

Billion ¥

	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes	
Net Sales	678.8	746.2	+67.4	(+9.9%)
Cost of Sales	536.7	594.1	+57.3	(+10.7%)
Gross Profit	142.1	152.1	+10.1	(+7.1%)
(Gross Profit to Net Sales)	20.9%	20.4%	- 0.5	points
Operating Income	38.8	42.9	+4.1	(+10.5%)
(Operating Income to Net Sales)	5.7%	5.7%	+0.0	point
Non-operating Income and Expenses, net	▲ 2.0	▲ 2.4	- 0.4	(-)
Ordinary Income	36.8	40.5	+3.7	(+10.1%)
Special Credits and Charges, net	▲ 6.0	▲ 11.1	- 5.1	(-)
Income before Income Taxes	30.9	29.4	- 1.4	(-4.6%)
Midterm Net Income	16.8	28.0	+11.3	(+67.5%)
Net Income per Share (Midterm)	11.96yen	20.03yen		
Dividend per Share (Midterm)	4.0yen	5.0yen		

Exchange Rate

< Yen/US\$>	Midterm 06/3	→	Midterm 07/3
Midterm average:	109.5	→	115.4
End of the term:	113.2	→	117.9
< Yen/Euro>	Midterm 06/3	→	Midterm 07/3
Midterm average:	135.6	→	146.0
End of the term:	136.1	→	149.8

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

Non-operating Income and Expenses

Billion ¥

	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes	Comments
Non-operating Income	6.2	8.8	+2.6	
Interest and Dividend Income	1.4	1.5	+0.2	
Equity in Earnings of Affiliates	2.1	4.0	+1.9	Increase in profit of Japanese affiliated companies, etc.
Others	2.8	3.3	+0.5	
Non-operating Expenses	▲ 8.3	▲ 11.2	-2.9	
Interest Expenses	▲ 3.9	▲ 4.5	-0.6	
Others	▲ 4.4	▲ 6.7	-2.4	Increase in expenses generated by trial operation of new facilities, etc.
Non-operating Income and Expenses, net	▲ 2.0	▲ 2.4	-0.4	
Interest and Dividend Income, Interest Expenses, net	▲ 2.5	▲ 2.9	-0.4	
Other Income and Expenses, net	▲ 1.6	▲ 3.5	-1.9	

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

Special Credits and Charges

Billion ¥

	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes	Comments
Special Credits	2.1	6.4	+4.3	
Gain on Sales of Property, Plant, and Equipment	0.5	0.6	+0.1	
Gain on Sales of Investments in Securities	1.6	5.8	+4.3	Selling of insignificant stocks, etc.
Special Charges	▲ 8.0	▲ 17.5	-9.4	
Loss on Sales or Disposal of Property, Plant and Equipment	▲ 1.4	▲ 1.6	-0.3	
Loss on Impairment of Fixed Assets	▲ 1.7	▲ 12.8	-11.1	Loss on impairment of fixed assets of subsidiaries
Loss on Write-down of Investments in Securities	▲ 0.1	▲ 0.1	-0.0	
Loss on Liquidation and Devaluation of Affiliates	▲ 0.9	▲ 1.4	-0.5	
Special Severance Payments and Other Restructuring Expenses	▲ 0.5	▲ 0.9	-0.3	
Loss on Transition to Defined Contribution Pension Plan	▲ 1.4	-	+1.4	
Amortization of Net Transition Obligation due to the Change in Accounting for Retirement Benefits in the UK	▲ 1.9	▲ 0.6	+1.3	
Others	▲ 0.1	▲ 0.0	+0.1	
Special Credits and Charges, net	▲ 6.0	▲ 11.1	-5.1	

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

Summary (Financial Position)

Billion ¥

	End of Mar/06	End of Sep/06	Changes	Comments
Total Assets	1,537.4	1,561.8	+24.4	
Current Assets	662.3	686.6	+24.3	Increase of inventories, etc.
Tangible Assets	586.2	594.9	+8.7	
Intangible Assets	11.5	12.3	+0.8	
Investments and Other Assets	277.4	268.1	-9.3	

	End of Mar/06	End of Sep/06	Changes	Comments
Total Liabilities	946.7	957.1	+10.4	
Current Liabilities	537.9	589.3	+51.4	Increase of debts, etc.
Other Liabilities	408.8	367.8	-41.1	Decrease of long-term debt and deferred tax liabilities, etc.
Minority Interests in Consolidated Subsidiaries	53.7	-	-	
Total Stockholders' Equity	537.0	-	-	
Net Assets	-	604.7	-	
Interest-bearing Debts	484.4	507.4	+23.0	Increase of capital expenditures, etc.
D/E ratio *	0.90	0.92	+0.02	

* End Mar/06 : Interest-bearing Debts / Total Stockholders' Equity

End Sep/06 : Interest-bearing Debts / Shareholders' Equity
 (Shareholders' Equity = Net Assets – Minority Interests in Consolidated Subsidiaries)

Summary (Financial Position)

Billion ¥

	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes
ROE ^{*1}	7.2%	10.3%	+3.2 points
ROA ^{*2}	5.5%	5.5%	+0.0 point
Free Cash Flows	▲ 27.1	▲ 40.6	-13.5

<Details of Free Cash Flows>

	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes
Cash Flows from Operating Activities	31.5	17.0	-14.5 (-46.1%)
Cash Flows from Investment Activities	▲ 58.6	▲ 57.6	+1.1
Free Cash Flows	▲ 27.1	▲ 40.6	-13.5

*1 ROE (Midterm FY Mar/06) = Midterm Net Income / Stockholders' Equity

ROE (Midterm FY Mar/07) =

Midterm Net Income / {(Stockholders' Equity as of End of Mar/06 + Shareholders' Equity as of End of Sep/06) ÷ 2}

*2 ROA = Operating Income / Total Assets

ROE, ROA are converted to annual based exchange ratios.

Capital Expenditures, Depreciation

Billion ¥

	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes	Comments
Capital Expenditures	31.8	51.4	+19.5	Toray : 22.1, Japan : 4.6, Overseas : 24.7
Depreciation -)	30.4	33.4	+3.0	Toray : 13.0, Japan : 4.9, Overseas : 15.6
Transfer, Disposal, etc.	2.4	▲ 9.3	-11.7	
Changes in Tangible Fixed Assets	3.8	8.7		

Major Capital Expenditures :

<Japan>

Toray : Carbon fiber/prepregs production facilities

Operation will start in Jan/07

<Overseas>

SOFICAR : Carbon fiber production facilities (France)

Operation will start in Aug/07

TSI : Film processing facilities (Korea)

Operation started in Mar/06

TJQ : Polyester/cotton blended textiles production facilities (China)

Operation started in Apr/06

Results by Business Segment

Billion ¥

	Net Sales			Operating Income		
	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes
Fibers & Textiles	288.7	301.8	+13.1 (+4.5%)	10.4	9.5	-0.9 (-8.6%)
Plastics & Chemicals	158.8	184.6	+25.8 (+16.2%)	8.6	8.7	+0.0 (+0.5%)
IT-related Products	111.1	127.8	+16.6 (+15.0%)	13.1	14.5	+1.4 (+10.9%)
Carbon Fiber Composite Materials	24.4	31.9	+7.5 (+30.7%)	5.9	8.8	+2.9 (+49.8%)
Environment & Engineering	61.9	67.8	+5.9 (+9.5%)	▲ 1.2	0.1	+1.3 (-)
Life Science & Other Businesses	33.7	32.3	-1.4 (-4.3%)	2.0	2.0	-0.1 (-2.6%)
(Pharmaceuticals & Medical Products Included)	20.3	20.0	-0.3 (-1.6%)	0.6	0.6	-0.0 (-6.3%)
Total	678.8	746.2	+67.4 (+9.9%)	38.8	43.6	+4.7 (+12.2%)
Elimination & Corporate				0.0	▲ 0.7	-0.7
Consolidated	678.8	746.2	+67.4 (+9.9%)	38.8	42.9	+4.1 (+10.5%)

Results by Business Segment (Fibers and Textiles)

Billion ¥

	Net Sales			Operating Income			Comments
	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes	
Toray	59.9	62.8	+2.9 (+4.8%)	4.3	3.6	-0.6 (-15.0%)	Textiles businesses were good mainly in exports, however, total income decreased due to the steep rise in raw materials and fuel prices in spite of price raise and shift to high value-added products.
Japanese Subsidiaries	146.6	148.3	+1.6 (+1.1%)	4.0	4.8	+0.8 (+21.2%)	Sales and income increased through sales expansion at trading subsidiaries.
Overseas Subsidiaries	82.2	90.8	+8.5 (+10.4%)	2.0	1.2	-0.8 (-39.2%)	Despite of further improvement in Chinese businesses, sales increased but income decreased due to businesses in Indonesia strongly affected by the steep rise of fuel prices as well as sluggish UK subsidiary, etc.
Adjustment				0.1	▲ 0.2	-0.3	
Total	288.7	301.8	+13.1 (+4.5%)	10.4	9.5	-0.9 (-8.6%)	

<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/06 Midterm	FY Mar/07 Midterm	Changes	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes	
Toray	38.4	43.1	+4.7 (+12.2%)	2.0	1.6	-0.4 (-20.3%)	Sales increased through sales expansion of plastics mainly for automobiles and films mainly for industrial applications. However income decreased due to the steep rise in raw materials and fuel prices.
Japanese Subsidiaries	62.1	71.0	+8.8 (+14.2%)	3.5	4.8	+1.3 (+37.4%)	Sales and income increased by steady businesses at plastics, films, chemicals, and trading subsidiaries.
Overseas Subsidiaries	58.3	70.7	+12.4 (+21.3%)	3.4	2.0	-1.4 (-42.0%)	Sales increased through sales expansion of Chinese plastics subsidiary and US film subsidiary while income decreased due to sluggish European film subsidiary and strategic shift of films businesses to IT-related applications at Korean film subsidiary.
Adjustment				▲ 0.3	0.3	+0.6	
Total	158.8	184.6	+25.8 (+16.2%)	8.6	8.7	+0.0 (+0.5%)	

<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/06 Midterm	FY Mar/07 Midterm	Changes	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes	
Toray	43.1	52.2	+9.1 (+21.1%)	8.3	7.7	-0.6 (-7.4%)	Sales increased through sales expansion of IT-related plastics/films, PDP-related materials, and semiconductor-related materials. However income decreased due to price decline of color filters resulted from tough market competition as well as the steep rise in raw materials and fuel prices for PET films businesses.
Japanese Subsidiaries	43.2	42.2	-1.0 (-2.3%)	3.7	4.2	+0.5 (+12.2%)	Sales and income increased at film processing subsidiary through sales expansion however sales as a total decreased due to weak businesses at trading subsidiaries.
Overseas Subsidiaries	24.8	33.4	+8.6 (+34.4%)	0.9	2.6	+1.6 (+176.1%)	Sales and income increased through sales expansion of FPD/electronic component-related films at Korean subsidiary.
Adjustment				0.1	0.1	-0.1	
Total	111.1	127.8	+16.6 (+15.0%)	13.1	14.5	+1.4 (+10.9%)	

<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/06 Midterm	FY Mar/07 Midterm	Changes	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes	
Toray	22.5	26.3	+3.9 (+17.2%)	3.7	5.0	+1.3 (+33.7%)	Sales and income increased through sales expansion of carbon fibers, intermediate materials, and molded products in response to the steadily expanding demand for aircrafts and industrial applications.
Japanese Subsidiaries	13.6	17.7	+4.1 (+30.2%)	0.1	0.2	+0.1 (+70.2%)	Sales and income increased through steady sales expansion at trading subsidiary.
Overseas Subsidiaries	19.5	25.8	+6.3 (+32.1%)	2.2	4.5	+2.3 (+101.5%)	Sales and income increased through steady demand expansion of aircraft and industrial applications as well as capacity increase effect at US subsidiaries which started operation in this January.
Adjustment	▲ 31.2	▲ 37.9	- 6.8	▲ 0.1	▲ 0.8	-0.6	
Total	24.4	31.9	+7.5 (+30.7%)	5.9	8.8	+2.9 (+49.8%)	

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/06 Midterm	FY Mar/07 Midterm	Changes	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes		
Toray	3.3	3.8	+0.4 (+12.5%)	▲ 0.3	▲ 0.6	-0.3 (-)	Sales increased through sales expansion of reverse osmosis membranes, etc. in water treatment businesses however income decreased due to increase in development costs, etc.	
Japanese Subsidiaries	58.1	63.8	+5.7 (+9.9%)	▲ 0.7	0.7	+1.4 (-)	Sales increased and income improved through sales expansion at construction-related subsidiary and engineering-related subsidiary.	
Overseas Subsidiaries	0.5	0.3	-0.3 (-49.8%)	0.0	▲ 0.0	-0.0 (-)		
Adjustment				▲ 0.2	0.0	+0.2		
Total	61.9	67.8	+5.9 (+9.5%)	▲ 1.2	0.1	+1.3 (-)		

<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/06 Midterm	FY Mar/07 Midterm	Changes	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes	
Toray	5.1	4.5	-0.6 (-12.6%)	0.1	▲ 0.0	-0.1 (-)	In pharmaceuticals businesses, despite of sales volume increase of Feron* with its new indication, sales and income decreased due to price reduction of drugs.
Japanese Subsidiaries	26.6	26.9	+0.2 (+0.8%)	1.6	1.8	+0.1 (+8.1%)	Sales and income increased through sales expansion of artificial kidney, etc.
Overseas Subsidiaries	2.0	1.0	-1.0 (-51.2%)	0.0	0.1	+0.0 (+88.1%)	
Adjustment				0.2	0.1	-0.1	
Total	33.7	32.3	-1.4 (-4.3%)	2.0	2.0	-0.1 (-2.6%)	
(Pharmaceuticals & Medical Products Included)	20.3	20.0	-0.3 (-1.6%)	0.6	0.6	-0.0 (-6.3%)	

<Major Subsidiaries>

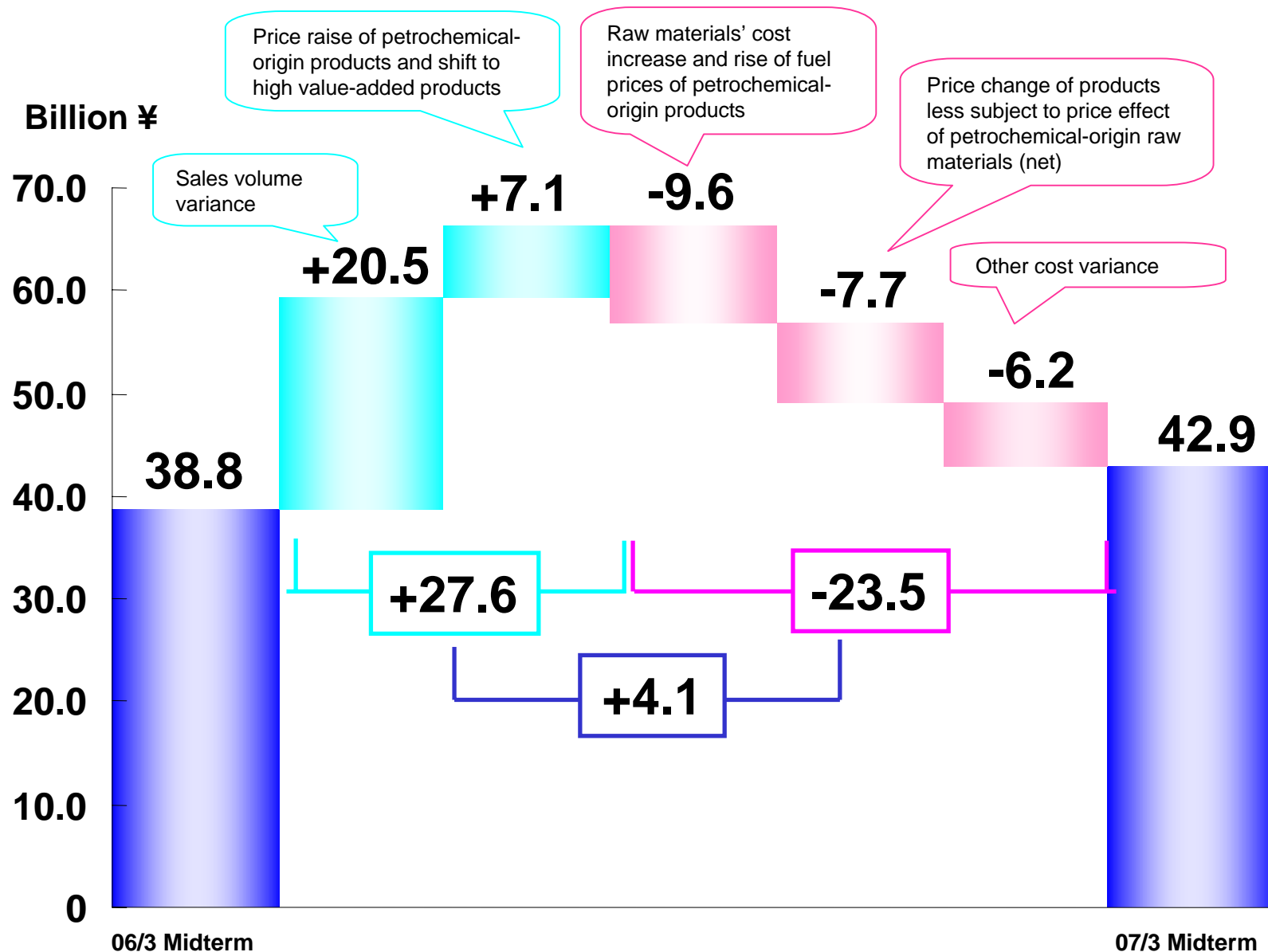
Japan : Toray Medical Co., Ltd., Toray Research Center Inc., Toray Enterprise Corp., etc.

Comparison of Results with 1Q Forecast by **TORAY** Innovation by Chemistry Business Segment

Billion ¥

Business Segment	Midterm Net Sales 1Q Forecast → Actual () variance	Midterm Operating Income 1Q Forecast → Actual () variance	Variance Factors
Fibers & Textiles	290.0 → 301.8 (+11.8)	9.0 → 9.5 (+0.5)	<ul style="list-style-type: none"> - Export of textiles was good at Toray and trading subsidiaries - Focused on price raise to offset the steep rise of raw materials and fuel prices and shift to high value-added products
Plastics & Chemicals	175.0 → 184.6 (+9.6)	7.5 → 8.7 (+1.2)	<ul style="list-style-type: none"> - Expanded sales at Japanese trading subsidiaries, Asian plastics and films subsidiaries - Focused on price raise to offset the steep rise of raw materials and fuel prices, and shift to high value-added products
IT-related Products	135.0 → 127.8 (-7.2)	15.5 → 14.5 (-1.0)	<ul style="list-style-type: none"> - Circuit materials slowed down at film processing subsidiaries due to inventory adjustment by customers - Partial sales of IT-related components delay in 2nd half
Carbon Fiber Composite Materials	30.0 → 31.9 (+1.9)	9.5 → 8.8 (-0.7)	<ul style="list-style-type: none"> - Sales were good in all applications including aircraft, industrial and sports - Elimination of unrealized profits increased through enlargement of global operations, etc.
Environment & Engineering	60.0 → 67.8 (+7.8)	0.0 → 0.1 (+0.1)	<ul style="list-style-type: none"> - Sales of condominiums were good at construction subsidiary
Life Science & Other Businesses	35.0 → 32.3 (-2.7)	1.5 → 2.0 (+0.5)	<ul style="list-style-type: none"> - Pharmaceuticals and Medical Products Businesses were steady
Elimination & Corporate		0.0 → ▲0.7 (-0.7)	
Consolidated	725.0 → 746.2 (+21.2)	43.0 → 42.9 (-0.1)	

Income Variance Factor Analysis



Results of Major Subsidiaries

Billion ¥

	Net Sales			Operating Income		
	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes
Toray International Inc.	158.7	182.9	+24.2	1.7	2.2	+0.5
Toray Engineering Co., Ltd.	45.8	47.7	+1.8	1.9	2.7	+0.8
Toray Construction Co., Ltd.	18.9	24.3	+5.4	0.2	1.0	+0.8
Toray Advanced Film Co., Ltd.	18.3	21.5	+3.2	2.0	2.5	+0.5
TSI	34.0	39.3	+5.3	1.6	1.9	+0.3
TPM	19.6	23.1	+3.5	0.8	1.0	+0.3
Film Subsidiaries (Overseas) *1	51.9	58.8	+6.9	2.8	2.3	-0.5
Carbon Fibers Subsidiaries (Overseas) *2	16.7	22.5	+5.7	2.2	4.4	+2.2
17 Subsidiaries in China *3	40.8	54.1	+13.3	▲ 0.5	0.5	+1.0
Fibers & Textiles Subsidiaries in Southeast Asia *4	46.1	52.3	+6.2	2.2	0.9	-1.3

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

*3 : TFNL, TSD, TCH, TJQ, TAK/TAZ, TPHK/TPSZ, RKH/RKZ, TFH/TFZ, 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

TORAY Innovation by Chemistry

R&D Expenses

Billion ¥

	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes
Toray	15.9	17.1	+1.2
Consolidated Subsidiaries	3.5	4.1	+0.6
Consolidated Basis	19.5	21.2	+1.7

Number of Employees

Number of people

	End of Sep/05	End of Mar/06	End of Sep/06	Changes
Toray	6,721	6,595	6,915	+320
Consolidated Japanese Subsidiaries	9,687	9,617	9,637	+20
Consolidated Overseas Subsidiaries	17,887	18,458	19,680	+1,222
Total	34,295	34,670	36,232	+1,562

Changes in Subsidiaries and Affiliates

Number of companies

		End of Mar/06	End of Sep/06	Changes
Consolidated Subsidiaries (a)	Japan	67	67	±0
	Overseas	71	76	+5
	Total	138	143	+5
Subsidiaries accounted for by Equity Method (b)	Japan	38	38	±0
	Overseas	21	22	+1
	Total	59	60	+1
Total Subsidiaries (a) + (b)	Japan	105	105	±0
	Overseas	92	98	+6
	Total	197	203	+6
Affiliates accounted for by Equity Method (c)	Japan	17	17	±0
	Overseas	24	24	±0
	Total	41	41	±0
Companies subject to Consolidation (a) + (b) + (c)	Japan	122	122	±0
	Overseas	116	122	+6
	Total	238	244	+6

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

Forecast Summary

		FY Mar/06 Actual	FY Mar/07 Forecast	Changes	
Net Sales	1st Half	678.8	746.2	+67.4	(+9.9%)
	2nd Half	748.7	803.8	+55.1	(+7.4%)
	Total	1,427.5	1,550.0	+122.5	(+8.6%)
Operating Income	1st Half	38.8	42.9	+4.1	(+10.5%)
	2nd Half	54.2	61.1	+6.9	(+12.7%)
	Total	93.0	104.0	+11.0	(+11.8%)
Ordinary Income	1st Half	36.8	40.5	+3.7	(+10.1%)
	2nd Half	50.8	60.5	+9.6	(+19.0%)
	Total	87.7	101.0	+13.4	(+15.2%)
Net Income	1st Half	16.8	28.0	+11.3	(+67.5%)
	2nd Half	30.7	31.0	+0.3	(+1.0%)
	Total	47.4	59.0	+11.6	(+24.4%)

Billion ¥

Net Income per Share	1st Half	11.96yen	20.03yen
	2nd Half	21.76yen	22.11yen
	Total	33.72yen	42.14yen
Dividend per Share	1st Half	4.0yen	5.0yen
	2nd Half	4.0yen	5.0yen
	Total	8.0yen	10.0yen
Dividend Payout Ratio	1st Half	33.4%	25.0%
	2nd Half	18.4%	22.6%
	Total	23.7%	23.7%

Percentage of Achievement in Midterm Operating Income to Forecast

	FY Mar/06 Midterm	FY Mar/07 Midterm
Midterm Operating Income Results	38.8	42.9
Operating Income FY Mar/06 Actual FY Mar/07 Forecast	93.0	104.0
Percentage of Achievement	41.7%	41.3%

Expected exchange rate (Oct/06 ~ Mar/07) : 115yen / US\$, 145yen / Euro

Expected oil price (Oct/06 ~ Dec/06) : 62 US\$ / B (Dubai FOB)

(Jan/07 ~ Mar/07) : 65 US\$ / B (Dubai FOB)

Forecast by Business Segment

Billion ¥

		Net Sales				Operating Income				Comments
		FY Mar/06	FY Mar/07	Changes (%)		FY Mar/06	FY Mar/07	Changes (%)		
Fibers & Textiles	1st Half	288.7	301.8	+13.1	(+4.5%)	10.4	9.5	-0.9	(-8.6%)	In spite of efforts such as raising price and shift to high value-added products in severe business environment, especially the continuing high prices of raw materials and fuels, the decline in operating income in the 1st half is not covered and sales are expected to increase while income is expected to decrease.
	2nd Half	291.8	303.2	+11.4	(+3.9%)	10.3	10.5	+0.2	(+2.0%)	
	Total	580.5	605.0	+24.5	(+4.2%)	20.7	20.0	-0.7	(-3.3%)	
Plastics & Chemicals	1st Half	158.8	184.6	+25.8	(+16.2%)	8.6	8.7	+0.0	(+0.5%)	Despite of continuing high prices of raw materials and fuels, sales and income are expected to increase by expanding plastics for automobiles and films for packaging and industrial applications and processing film products, as well as raising price to offset the steep rise of raw materials and fuel prices.
	2nd Half	179.1	190.4	+11.3	(+6.3%)	9.9	10.8	+1.0	(+9.9%)	
	Total	338.0	375.0	+37.0	(+11.0%)	18.5	19.5	+1.0	(+5.5%)	
IT-related Products	1st Half	111.1	127.8	+16.6	(+15.0%)	13.1	14.5	+1.4	(+10.9%)	Despite of inventory adjustment of LCD panels in the 1st half, sales and income are expected to increase by recovering LCD businesses and sales expansion of steadily enlarging PDP-related component businesses, as well as production/sales increase effects of thick optical PET films which are made by the converted line that started operation from the 2nd half.
	2nd Half	123.9	147.2	+23.4	(+18.9%)	18.2	20.5	+2.3	(+12.7%)	
	Total	235.0	275.0	+40.0	(+17.0%)	31.3	35.0	+3.7	(+11.9%)	
Carbon Fiber Composite Materials	1st Half	24.4	31.9	+7.5	(+30.7%)	5.9	8.8	+2.9	(+49.8%)	Sales and income are expected to increase through active demand in all applications including aircraft, industrial, and sports, as well as production/sales increase effects at US subsidiaries.
	2nd Half	28.3	38.1	+9.8	(+34.6%)	5.9	8.7	+2.7	(+46.3%)	
	Total	52.7	70.0	+17.3	(+32.8%)	11.8	17.5	+5.7	(+48.1%)	
Environment & Engineering	1st Half	61.9	67.8	+5.9	(+9.5%)	▲ 1.2	0.1	+1.3	(-)	Sales and income are expected to increase through sales expansion of reverse osmosis membranes and good businesses at construction-related subsidiary and engineering-related subsidiary.
	2nd Half	92.2	92.2	-0.0	(-0.0%)	6.1	4.9	-1.2	(-19.8%)	
	Total	154.1	160.0	+5.9	(+3.8%)	4.9	5.0	+0.1	(+1.6%)	
Life Science & Other Businesses	1st Half	33.7	32.3	-1.4	(-4.3%)	2.0	2.0	-0.1	(-2.6%)	
	2nd Half	33.4	32.7	-0.7	(-2.0%)	4.4	5.0	+0.6	(+13.5%)	
	Total	67.1	65.0	-2.1	(-3.2%)	6.5	7.0	+0.5	(+8.5%)	
(Pharmaceuticals & Medical Products Included)	1st Half	20.3	20.0	-0.3	(-1.6%)	0.6	0.6	-0.0	(-6.3%)	Sales and income are expected to increase through sales expansion of medical devices, mainly artificial kidneys.
	2nd Half	23.2	25.0	+1.8	(+7.8%)	2.6	3.4	+0.8	(+32.5%)	
	Total	43.5	45.0	+1.5	(+3.4%)	3.2	4.0	+0.8	(+24.7%)	
Total	1st Half	678.8	746.2	+67.4	(+9.9%)	38.8	43.6	+4.7	(+12.2%)	
	2nd Half	748.7	803.8	+55.1	(+7.4%)	54.8	60.4	+5.6	(+10.3%)	
	Total	1,427.5	1,550.0	+122.5	(+8.6%)	93.6	104.0	+10.4	(+11.1%)	
Elimination & Corporate	1st Half					0.0	▲ 0.7	-0.7		
	2nd Half					▲ 0.6	0.7	+1.3		
	Total					▲ 0.6	0.0	+0.6		
Consolidated	1st Half	678.8	746.2	+67.4	(+9.9%)	38.8	42.9	+4.1	(+10.5%)	
	2nd Half	748.7	803.8	+55.1	(+7.4%)	54.2	61.1	+6.9	(+12.7%)	
	Total	1,427.5	1,550.0	+122.5	(+8.6%)	93.0	104.0	+11.0	(+11.8%)	

Business Environment and Action Plans by Business Segment

Billion ¥

Business Segment	Operating Income 1 st Half → 2 nd Half () variance	Business Environment	Action Plans for FY Mar/07
Fibers & Textiles	9.5 → 10.5 (+1.0)	<ul style="list-style-type: none"> - Concerns about further price rise of raw materials and fuels 	<ul style="list-style-type: none"> - Additional promotion of price raise to offset the steep rise of raw materials and fuel prices and sales expansion of high value-added products
Plastics & Chemicals	8.7 → 10.8 (+2.1)	<ul style="list-style-type: none"> - Concerns about further price rise of raw materials and fuels - Concerns about price decrease of thin regular films due to capacity expansion in Asia - Stable demand for plastics mainly in automobiles and electric appliances 	<ul style="list-style-type: none"> - Additional promotion of price raise to offset the steep rise of raw materials and fuel prices and sales expansion of high value-added products - Sales expansion of PET films which are made by a new line started from 1st half in Malaysia
IT-related Products	14.5 → 20.5 (+6.0)	<ul style="list-style-type: none"> - Production adjustment of LCD panel is improving - Continuous strong pressure for price reduction - Stable semiconductor market 	<ul style="list-style-type: none"> - Sales expansion of optical films whose machine conversion and production capacity increase finished in the 1st half - Sales expansion of PDP-related and semiconductor-related materials
Carbon Fiber Composite Materials	8.8 → 8.7 (-0.1)	<ul style="list-style-type: none"> - Active demand continues in all applications - Expenses will increase for Ehime Plant new line planned to start operation in January 2007 	<ul style="list-style-type: none"> - Steady start-up of new line in Ehime Plant
Environment & Engineering	0.1 → 4.9 (+4.8)	<ul style="list-style-type: none"> - Large orders for condominiums and constructions are received in the 2nd half - Business of Suido Kiko is 2nd half-centric business type 	<ul style="list-style-type: none"> - Thorough management of ordered businesses - Continuous efforts in cost reduction and business expenses reduction
Life Science & Other Businesses	2.0 → 5.0 (+3.0)	<ul style="list-style-type: none"> - Pharmaceuticals and Medical Products Businesses are 2nd half –centric 	<ul style="list-style-type: none"> - Steady sales expansion of existing pharmaceuticals - Expand sales of new type artificial kidney
Elimination & Corporate	▲0.7 → 0.7 (+1.4)		
Consolidated	42.9 → 61.1 (+18.2)		

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

Summary (Profits) (Non-consolidated Basis)

Billion ¥

	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes
Net Sales	243.2	264.6	+21.4 (+8.8%)
Gross Profit	60.7	62.9	+2.1 (+3.5%)
(Gross Profit to Net Sales)	25.0%	23.8%	-1.2 points
Operating Income	18.2	17.3	-0.8 (-4.6%)
(Operating Income to Net Sales)	7.5%	6.5%	-0.9 points
Non-operating Income and Expenses, net	4.4	2.3	-2.1 (-)
Ordinary Income	22.6	19.6	-3.0 (-13.1%)
Special Credits and Charges, net	▲ 3.8	▲ 18.9	-15.1 (-)
Midterm Net Income	12.8	▲ 1.8	-14.6 (-)

Summary (Financial Position) (Non-consolidated Basis)

Billion ¥

	End of Mar/06	End of Sep/06	Changes
Total Assets	992.7	968.9	-23.8 (-2.4%)
Stockholders' Equity	481.7	-	- (-)
Net Assets	-	462.2	- (-)
Interest-bearing Debts	311.1	301.3	-9.9 (-3.2%)

	FY Mar/06 Midterm	FY Mar/07 Midterm	Changes
ROE ^{*1}	5.6%	-0.8%	-6.4 points
ROA ^{*2}	4.1%	3.5%	-0.5 points

Net Income per Share (Midterm)	9.10yen	▲ 1.30yen
Dividend per Share (Midterm)	4.0yen	5.0yen
Dividend Payout Ratio	43.9%	-

*1 ROE (Midterm FY Mar/06) = Midterm Net Income / Stockholders' Equity

ROE (Midterm FY Mar/07) =

Midterm Net Income / {(Stockholders' Equity as of End of Mar/06 + Shareholders' Equity as of End of Sep/06) ÷ 2}

*2 ROA = Operating Income / Total Assets

ROE, ROA are converted to annual based exchange ratios.

Forecast for the Fiscal Year

Ending March 2007 (Non-consolidated Basis)

Billion ¥

		FY Mar/06	FY Mar/07	Changes	
Net Sales	1st Half	243.2	264.6	+21.4	(+8.8%)
	2nd Half	256.2	280.4	+24.3	(+9.5%)
	Total	499.3	545.0	+45.7	(+9.1%)
Operating Income	1st Half	18.2	17.3	-0.8	(-4.6%)
	2nd Half	19.4	23.7	+4.3	(+22.1%)
	Total	37.5	41.0	+3.5	(+9.2%)
Ordinary Income	1st Half	22.6	19.6	-3.0	(-13.1%)
	2nd Half	31.1	28.4	-2.7	(-8.6%)
	Total	53.6	48.0	-5.6	(-10.5%)
Net Income	1st Half	12.8	▲1.8	-14.6	(-)
	2nd Half	11.4	16.8	+5.4	(+47.6%)
	Total	24.2	15.0	-9.2	(-37.9%)
Net Income per Share	1st Half	9.10yen	▲1.30yen		
	2nd Half	8.02yen	12.01yen		
	Total	17.12yen	10.71yen		
Dividend per Share	1st Half	4.0yen	5.0yen		
	2nd Half	4.0yen	5.0yen		
	Total	8.0yen	10.0yen		
Dividend Payout Ratio	1st Half	43.9%	-		
	2nd Half	49.9%	41.6%		
	Total	46.7%	93.4%		

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.