

May 9, 2007

A decorative pattern of semi-transparent circles in various shades of blue and cyan is scattered across the slide. The circles are arranged in a way that they appear to be floating or falling, with some overlapping. They are most concentrated around the main text and the name of the president.

**Announcement of Business Results  
For the Fiscal Year Ended March 2007**

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

## **I. Business Results for the Fiscal Year Ended March 2007 (Consolidated Basis)**

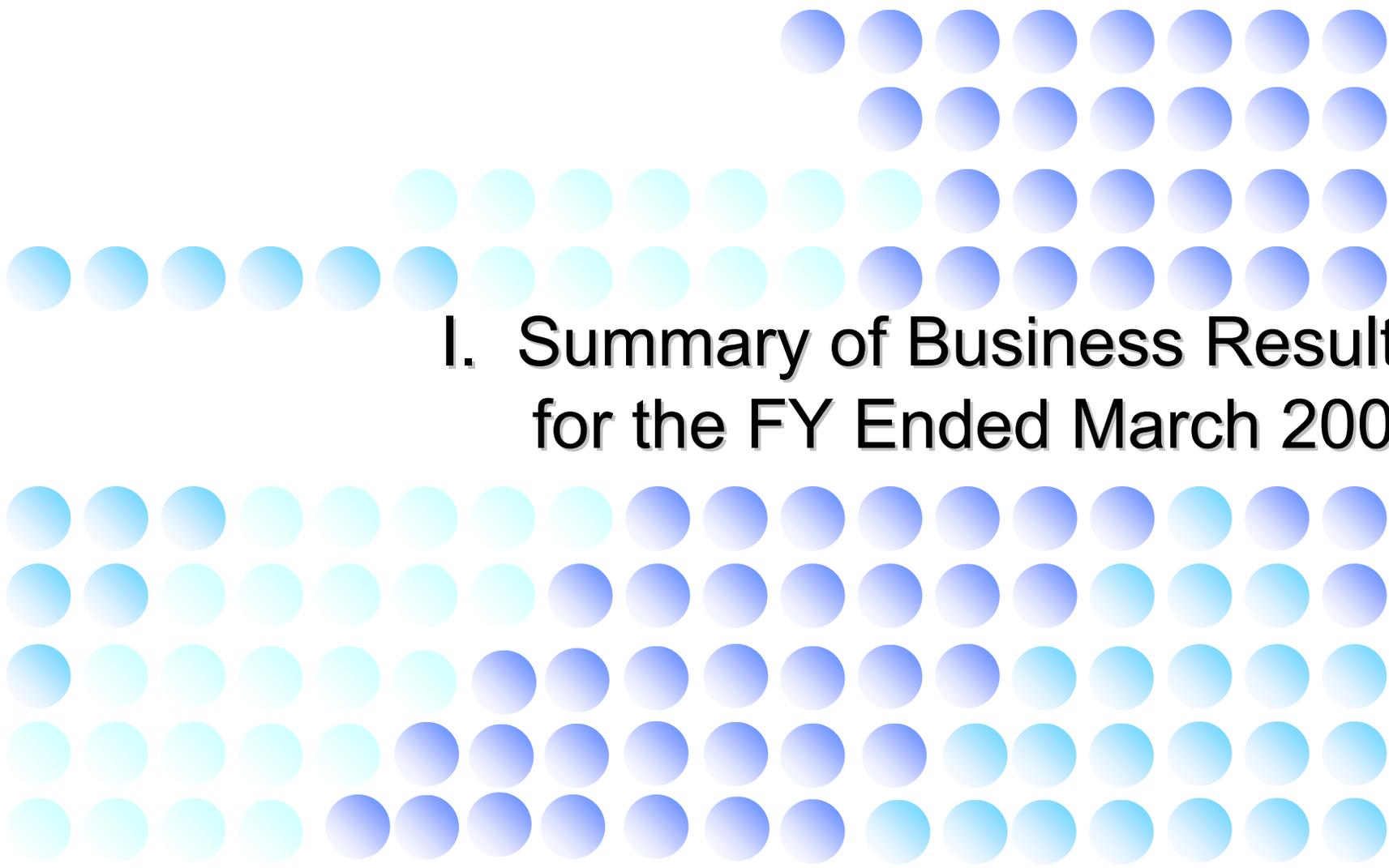
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# I. Summary of Business Results for the FY Ended March 2007

# Summary (Profits)

Billion ¥

	FY Mar/06			FY Mar/07			Changes
	1st Half	2nd Half	Total	1st Half	2nd Half	Total	
Net Sales	678.8	748.7	<b>1,427.5</b>	746.2	800.2	<b>1,546.5</b>	+119.0 (+8.3%)
Cost of Sales	536.7	587.5	<b>1,124.2</b>	594.1	627.3	<b>1,221.4</b>	+97.2 (+8.6%)
Gross Profit	142.1	161.2	<b>303.3</b>	152.1	172.9	<b>325.1</b>	+21.8 (+7.2%)
(Gross Profit to Net Sales)	20.9%	21.5%	<b>21.2%</b>	20.4%	21.6%	<b>21.0%</b>	- 0.2 points
Operating Income	38.8	54.2	<b>93.0</b>	42.9	59.5	<b>102.4</b>	+9.4 (+10.1%)
(Operating Income to Net Sales)	5.7%	7.2%	<b>6.5%</b>	5.7%	7.4%	<b>6.6%</b>	+0.1 points
Non-operating Income and Expenses, net	▲ 2.0	▲ 3.4	<b>▲ 5.4</b>	▲ 2.4	▲ 2.5	<b>▲ 4.9</b>	+0.5
Ordinary Income	36.8	50.8	<b>87.7</b>	40.5	57.0	<b>97.5</b>	+9.9 (+11.3%)
Special Credits and Charges, net	▲ 6.0	▲ 1.4	<b>▲ 7.3</b>	▲ 11.1	▲ 4.7	<b>▲ 15.8</b>	- 8.5
Income before Income Taxes	30.9	49.5	<b>80.3</b>	29.4	52.3	<b>81.7</b>	+1.4 (+1.7%)
Net Income	16.8	30.7	<b>47.4</b>	28.0	30.5	<b>58.6</b>	+11.2 (+23.6%)
Net Income per Share	12.0 yen	21.8 yen	<b>33.7 yen</b>	20.0 yen	21.8 yen	<b>41.8 yen</b>	
Dividend per Share	4.0 yen	4.0 yen	<b>8.0 yen</b>	5.0 yen	5.0 yen	<b>10.0 yen</b>	

## Exchange Rate

< Yen/US\$>

FY Mar/06 → FY Mar/07

Annual average: 113.3 → 117.0

End of the term: 117.5 → 118.1

< Yen/Euro>

FY Mar/06 → FY Mar/07

Annual average: 137.9 → 150.1

End of the term: 142.8 → 157.3

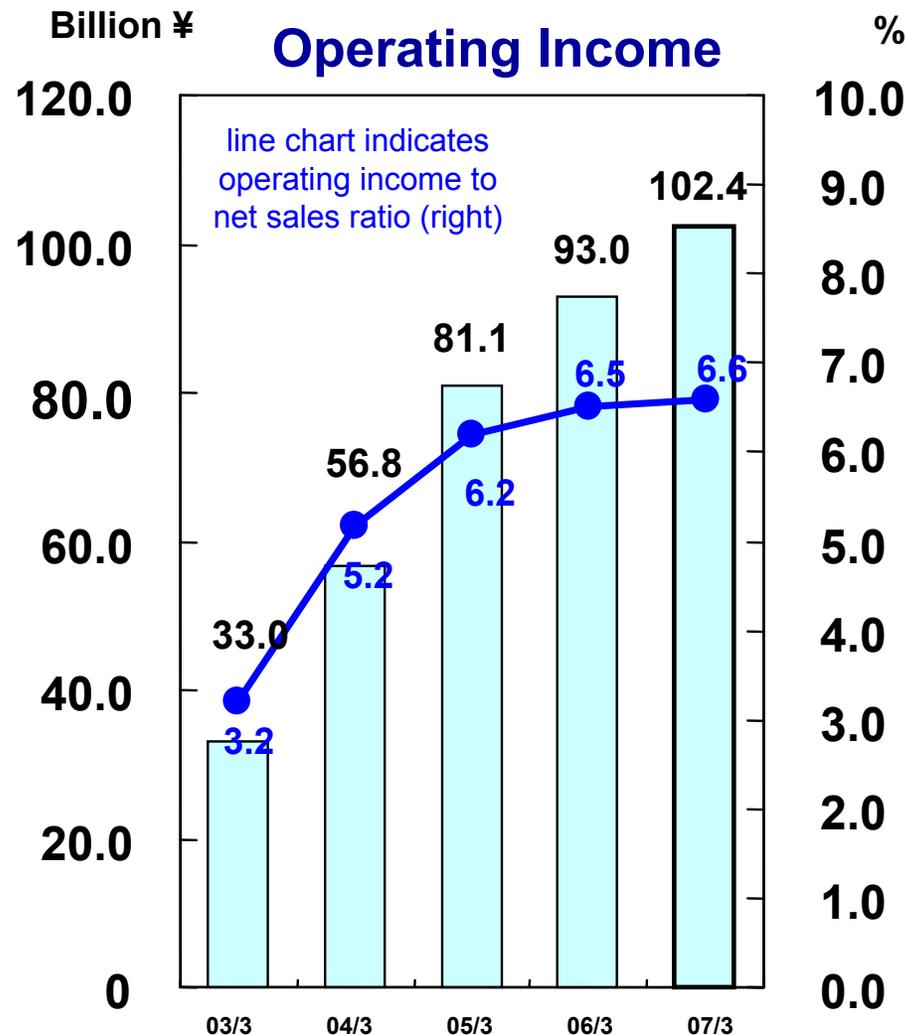
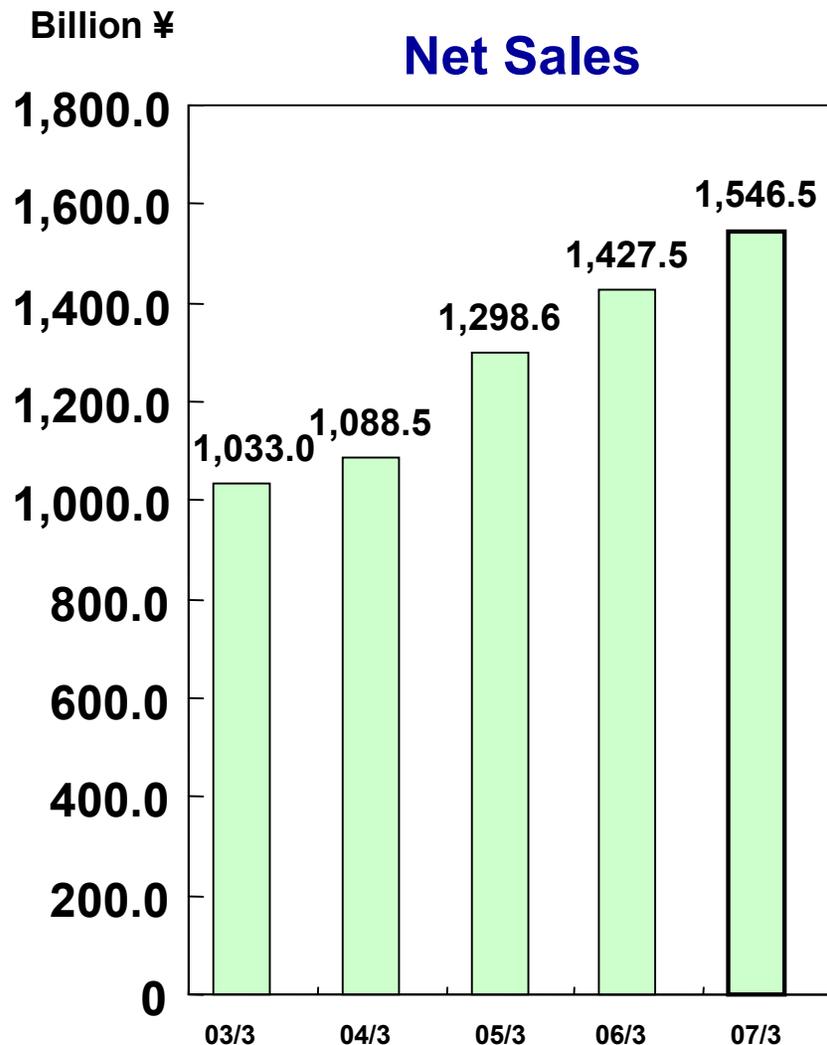
< Oil Price>

FY Mar/06 → FY Mar/07

Annual average: 53.5 → 60.9

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

# Trends in Net Sales and Operating Income



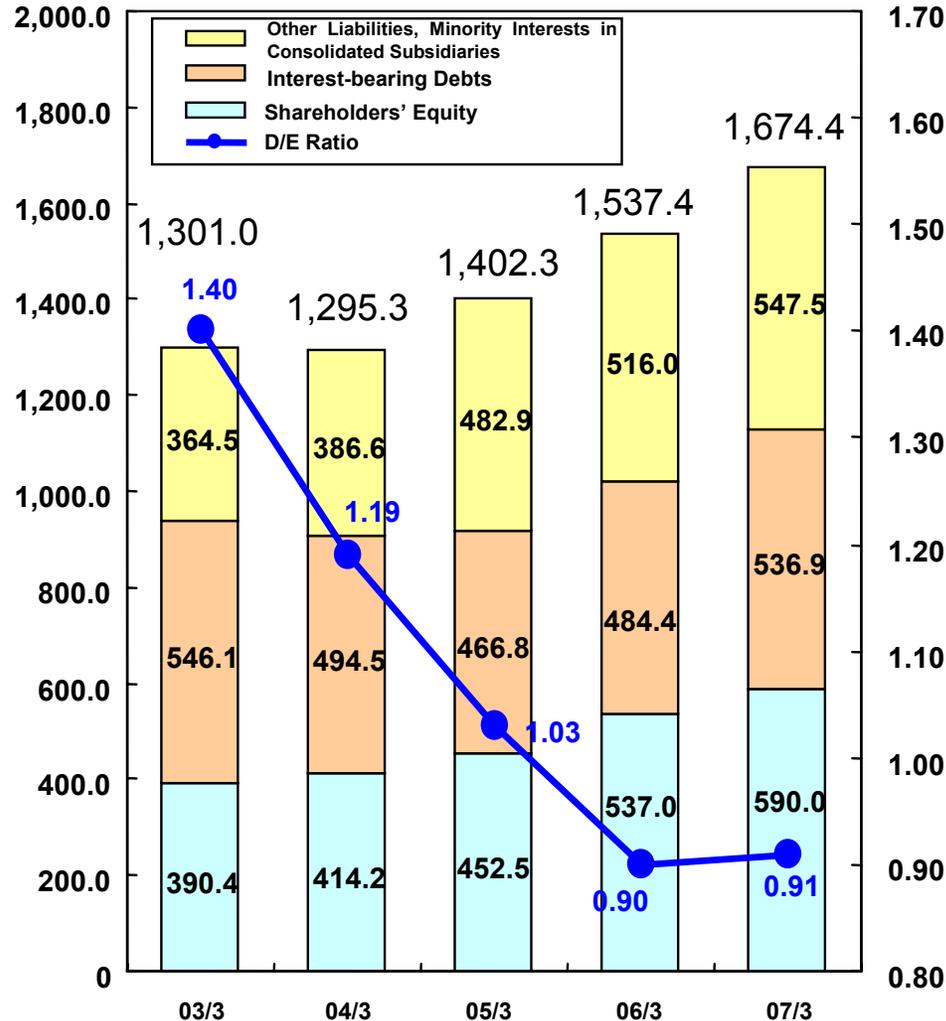
# Total Assets, D/E Ratio, ROA • ROE



Innovation by Chemistry

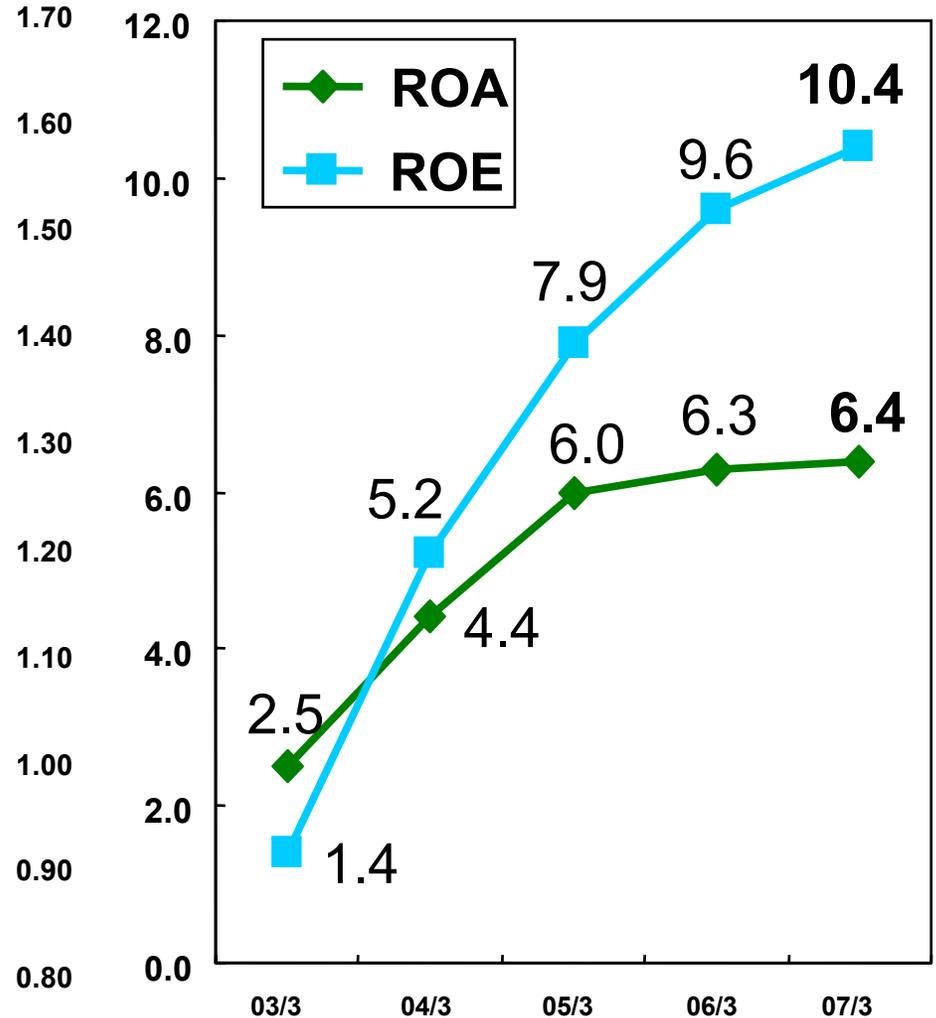
ROA = Operating Income / Total Assets  
ROE = Net Income / Shareholders' Equity

**Total Assets, D/E Ratio**



times %

**ROA • ROE**



# Non-operating Income and Expenses

Billion ¥

	FY Mar/06	FY Mar/07	Changes	Comments
Non-operating Income	16.1	<b>19.6</b>	+3.5	
Interest and Dividend Income	2.5	<b>3.2</b>	+0.7	
Equity in Earnings of Affiliates	6.2	<b>8.3</b>	+2.1	Increase in profit of Japanese affiliated companies, etc.
Others	7.4	<b>8.1</b>	+0.7	
Non-operating Expenses	▲ 21.5	▲ <b>24.5</b>	-3.0	
Interest Expenses	▲ 8.0	▲ <b>9.8</b>	-1.9	
Others	▲ 13.5	▲ <b>14.7</b>	-1.2	
Non-operating Income and Expenses, net	▲ 5.4	▲ <b>4.9</b>	+0.5	
Interest and Dividend Income, Interest Expenses, net	▲ 5.5	▲ <b>6.6</b>	-1.2	
Other Income and Expenses, net	▲ 6.2	▲ <b>6.6</b>	-0.5	

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

# Special Credits and Charges

Billion ¥

	FY Mar/06	FY Mar/07	Changes	Comments
<b>Special Credits</b>	<b>4.7</b>	<b>9.8</b>	<b>+5.1</b>	
Gain on Sales of Property, Plant and Equipment	1.0	1.4	+0.4	
Gain on Sales of Investments in Securities	3.6	8.3	+4.7	Selling of insignificant stocks, etc.
Others	0.1	0.1	+0.1	
<b>Special Charges</b>	<b>▲ 12.0</b>	<b>▲ 25.7</b>	<b>-13.6</b>	
Loss on Sales or Disposal of Property, Plant and Equipment	▲ 3.5	▲ 5.1	-1.5	
Loss on Impairment of Fixed Assets	▲ 1.7	▲ 14.9	-13.1	Loss on impairment of fixed assets of subsidiaries, etc.
Loss on Write-down of Investments in Securities	▲ 0.2	▲ 0.3	-0.1	
Loss on Liquidation and Devaluation of Subsidiaries and Affiliates	▲ 0.9	▲ 1.8	-0.9	
Special Severance Payments and Other Restructuring Expenses	▲ 2.0	▲ 1.5	+0.5	
Loss on Transition to Defined Contribution Pension Plan	▲ 1.4	-	+1.4	
Loss on Allowance for Retirement Benefits of the U.K. Subsidiary	▲ 1.8	▲ 1.7	+0.1	
Others	▲ 0.4	▲ 0.4	+0.0	
<b>Special Credits and Charges, net</b>	<b>▲ 7.3</b>	<b>▲ 15.8</b>	<b>-8.5</b>	

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

# Assets, Liabilities, Net Assets

Billion ¥

	End of Mar/06	End of Mar/07	Changes	Comments
Total Assets	1,537.4	<b>1,674.4</b>	+137.0	
Current Assets	662.3	<b>727.5</b>	+65.2	Increase of inventories, etc.
Tangible Assets	586.2	<b>643.4</b>	+57.2	Increase of capital expenditures, etc.
Intangible Assets	11.5	<b>13.5</b>	+2.0	
Investments and Other Assets	277.4	<b>290.1</b>	+12.7	

	End of Mar/06	End of Mar/07	Changes	Comments
Total Liabilities	946.7	<b>1,024.8</b>	+78.1	
Current Liabilities	537.9	<b>541.0</b>	+3.1	
Other Liabilities	408.8	<b>483.8</b>	+75.0	Issue of bonds, etc.
Minority Interests in Consolidated Subsidiaries	53.7	-	-	
Total Stockholders' Equity	537.0	-	-	
Total Net Assets	-	<b>649.7</b>	-	
Interest-bearing Debts	484.4	<b>536.9</b>	+52.5	
D/E ratio*	0.90	<b>0.91</b>	+0.01	

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

# Capital Expenditures, Depreciation

Billion ¥

	FY Mar/06	FY Mar/07	Changes	Comments
Capital Expenditures	102.9	<b>120.4</b>	+17.6	Toray : 49.8, Japan : 14.8, Overseas : 55.8
Depreciation - )	62.9	<b>70.8</b>	+8.0	Toray : 29.5, Japan : 9.8, Overseas : 31.6
Transfer, Disposal, etc.	14.2	<b>7.5</b>	-6.7	
Changes in Tangible Assets	54.3	<b>57.2</b>		

## Major Capital Expenditures :

### <Japan>

Toray : Carbon fiber/prepregs production facilities

Operation started in Jan/07

### <Overseas>

TSI : Optical Film production facilities (Korea)

Operation will start in 1<sup>st</sup> half/06

SOFICAR : Carbon fiber production facilities (France)

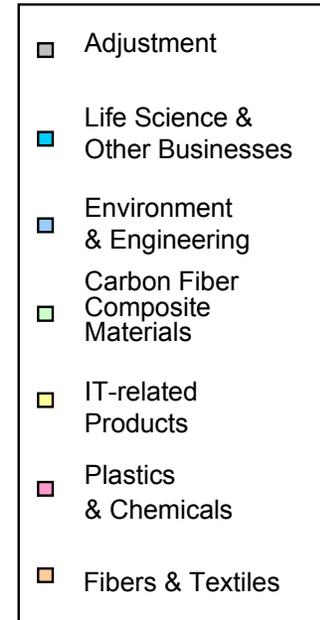
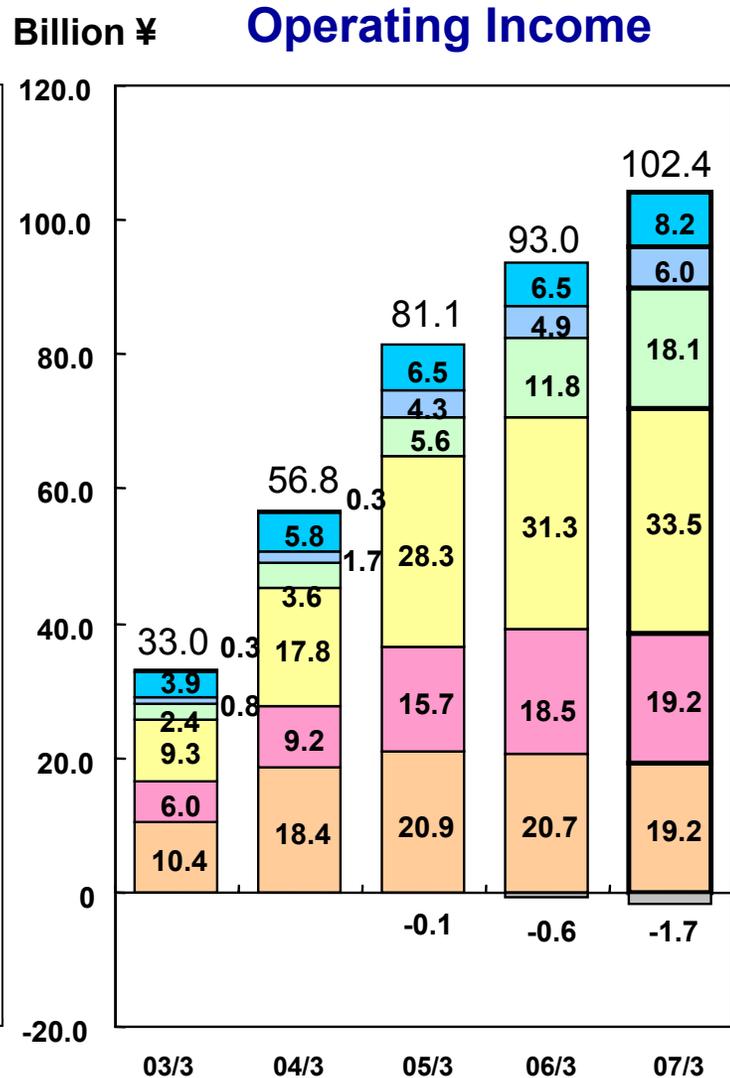
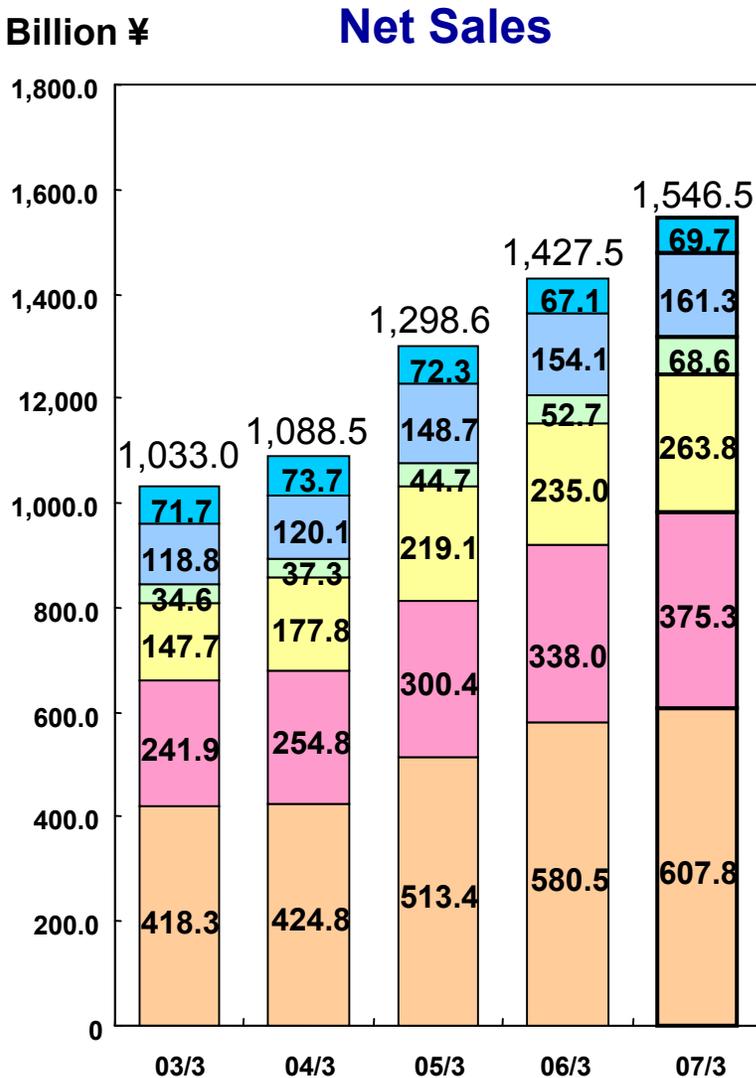
Operation will start in Aug/07

# Results 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>301.8</b>	+13.1	(+4.5%)	10.4	<b>9.5</b>	-0.9	(-8.6%)
	2nd Half	291.8	<b>305.9</b>	+14.1	(+4.8%)	10.3	<b>9.8</b>	-0.6	(-5.4%)
	Total	<b>580.5</b>	<b>607.8</b>	<b>+27.2</b>	<b>(+4.7%)</b>	<b>20.7</b>	<b>19.2</b>	<b>-1.5</b>	<b>(-7.0%)</b>
Plastics & Chemicals	1st Half	158.8	<b>184.6</b>	+25.8	(+16.2%)	8.6	<b>8.7</b>	+0.0	(+0.5%)
	2nd Half	179.1	<b>190.7</b>	+11.6	(+6.4%)	9.9	<b>10.6</b>	+0.7	(+7.2%)
	Total	<b>338.0</b>	<b>375.3</b>	<b>+37.3</b>	<b>(+11.0%)</b>	<b>18.5</b>	<b>19.2</b>	<b>+0.7</b>	<b>(+4.0%)</b>
IT-related Products	1st Half	111.1	<b>127.8</b>	+16.6	(+15.0%)	13.1	<b>14.5</b>	+1.4	(+10.9%)
	2nd Half	123.9	<b>136.0</b>	+12.2	(+9.8%)	18.2	<b>18.9</b>	+0.8	(+4.2%)
	Total	<b>235.0</b>	<b>263.8</b>	<b>+28.8</b>	<b>(+12.3%)</b>	<b>31.3</b>	<b>33.5</b>	<b>+2.2</b>	<b>(+7.0%)</b>
Carbon Fiber Composite Materials	1st Half	24.4	<b>31.9</b>	+7.5	(+30.7%)	5.9	<b>8.8</b>	+2.9	(+49.8%)
	2nd Half	28.3	<b>36.7</b>	+8.4	(+29.7%)	5.9	<b>9.2</b>	+3.3	(+56.2%)
	Total	<b>52.7</b>	<b>68.6</b>	<b>+15.9</b>	<b>(+30.1%)</b>	<b>11.8</b>	<b>18.1</b>	<b>+6.3</b>	<b>(+53.0%)</b>
Environment & Engineering	1st Half	61.9	<b>67.8</b>	+5.9	(+9.5%)	▲ 1.2	<b>0.1</b>	+1.3	(-)
	2nd Half	92.2	<b>93.5</b>	+1.3	(+1.4%)	6.1	<b>5.8</b>	-0.3	(-4.2%)
	Total	<b>154.1</b>	<b>161.3</b>	<b>+7.2</b>	<b>(+4.7%)</b>	<b>4.9</b>	<b>6.0</b>	<b>+1.0</b>	<b>(+21.0%)</b>
Life Science & Other Businesses	1st Half	33.7	<b>32.3</b>	-1.4	(-4.3%)	2.0	<b>2.0</b>	-0.1	(-2.6%)
	2nd Half	33.4	<b>37.4</b>	+4.0	(+12.1%)	4.4	<b>6.2</b>	+1.8	(+39.5%)
	Total	<b>67.1</b>	<b>69.7</b>	<b>+2.6</b>	<b>(+3.9%)</b>	<b>6.5</b>	<b>8.2</b>	<b>+1.7</b>	<b>(+26.3%)</b>
(Pharmaceuticals & Medical Products Included)	1st Half	20.3	<b>20.0</b>	-0.3	(-1.6%)	0.6	<b>0.6</b>	-0.0	(-6.3%)
	2nd Half	23.2	<b>26.8</b>	+3.6	(+15.7%)	2.6	<b>4.2</b>	+1.6	(+64.3%)
	Total	<b>43.5</b>	<b>46.8</b>	<b>+3.3</b>	<b>(+7.6%)</b>	<b>3.2</b>	<b>4.8</b>	<b>+1.6</b>	<b>(+50.0%)</b>
Elimination & Corporate	1st Half					0.0	▲ <b>0.7</b>	-0.7	
	2nd Half					▲ 0.6	▲ <b>1.0</b>	-0.4	
	Total					▲ <b>0.6</b>	▲ <b>1.7</b>	-1.1	
Consolidated	1st Half	678.8	<b>746.2</b>	+67.4	(+9.9%)	38.8	<b>42.9</b>	+4.1	(+10.5%)
	2nd Half	748.7	<b>800.2</b>	+51.6	(+6.9%)	54.2	<b>59.5</b>	+5.3	(+9.8%)
	Total	<b>1,427.5</b>	<b>1,546.5</b>	<b>+119.0</b>	<b>(+8.3%)</b>	<b>93.0</b>	<b>102.4</b>	<b>+9.4</b>	<b>(+10.1%)</b>

# Trends in Sales and Operating Income by Business Segment



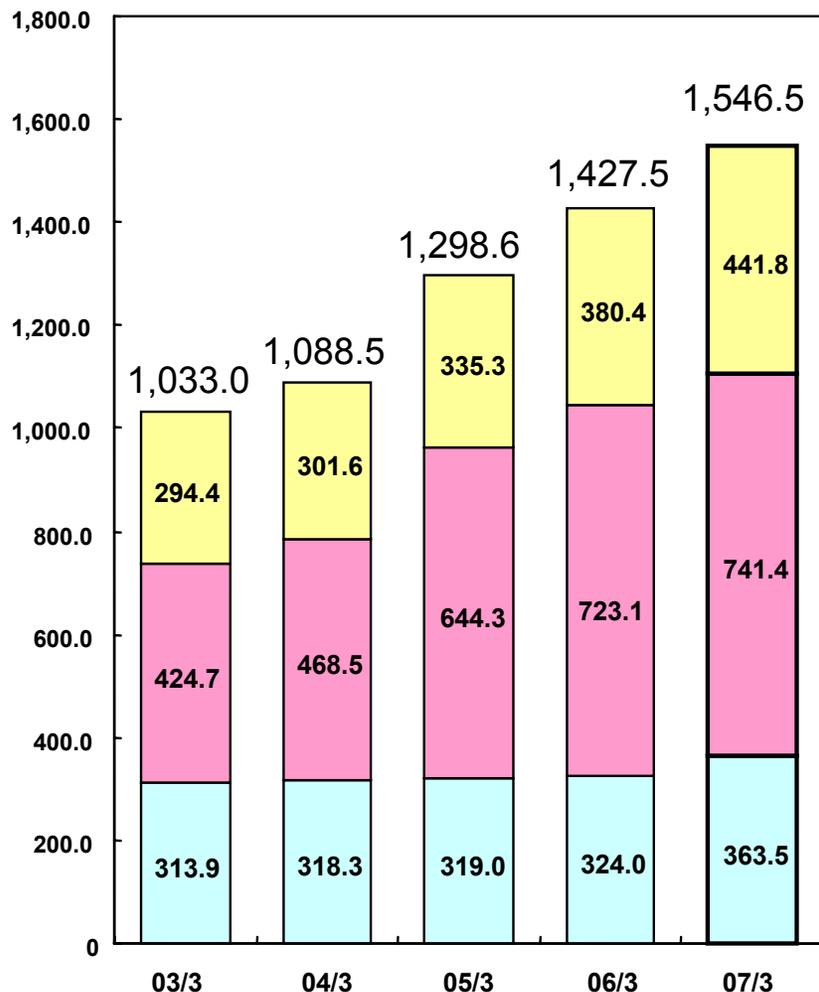
# Sales and Operating Income of Toray / Japanese Subsidiaries / Overseas Subsidiaries



Innovation by Chemistry

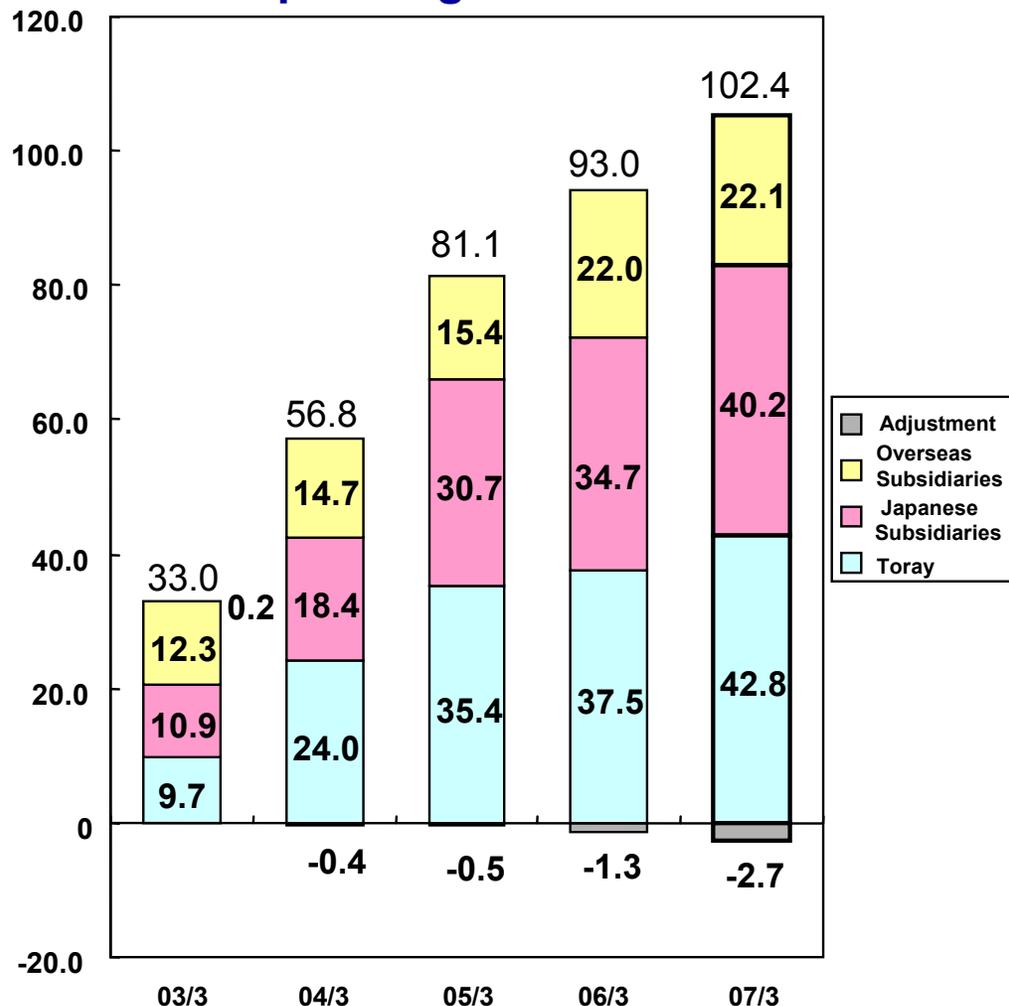
Billion ¥

## Net Sales

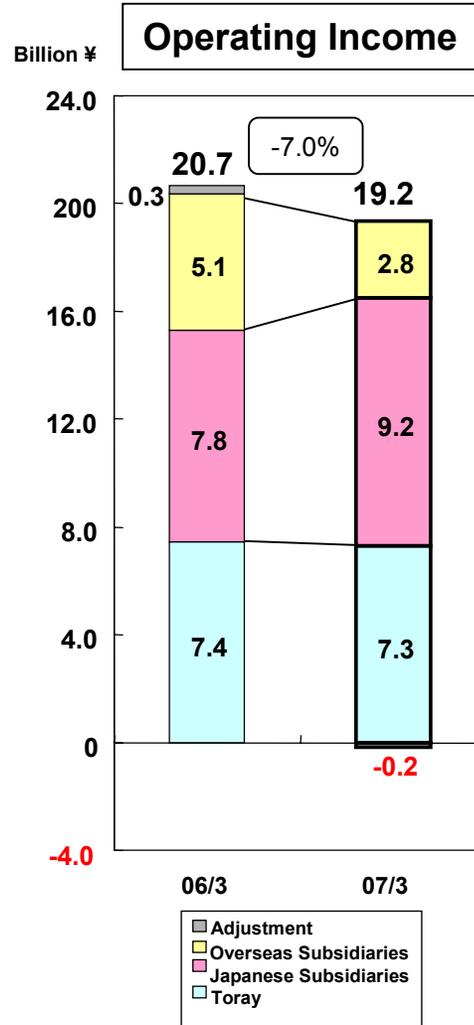
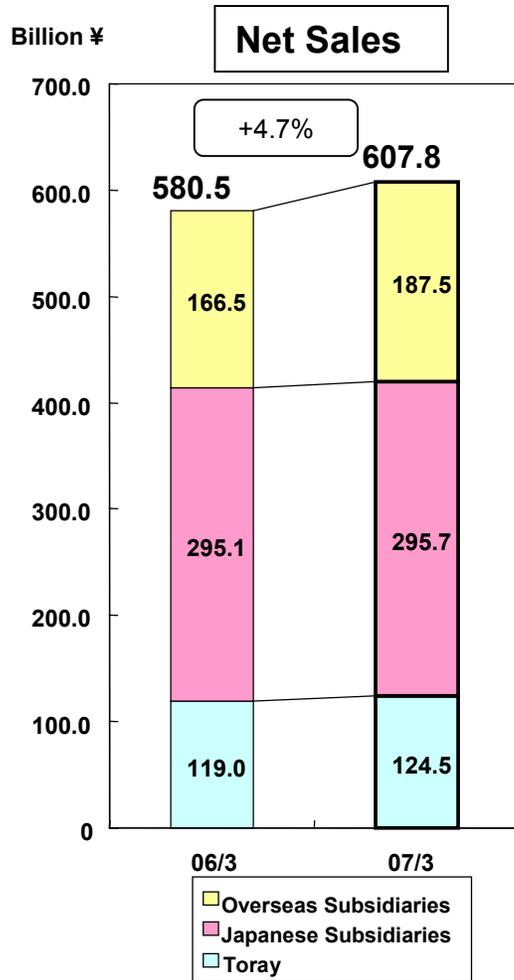


Billion ¥

## Operating Income



# Results by Business Segment (Fibers & Textiles)



## Comments

### Toray

Sales increased and income were the same level year-on-year through price raise and shift to high value-added products to cope with the steep rise in raw materials and fuel prices. While in textiles businesses, sales and income increased through sales expansion of uniform applications in Japan as well as export expansion of high value-added products to Europe and US.

### Japanese Subsidiaries

Sales and income increased through sales expansion at trading subsidiaries.

### Overseas Subsidiaries

Income improved at subsidiaries in China. Spunbond businesses at Korean subsidiary and nylon businesses for airbags at Thai subsidiary expanded. However, businesses at Southeast Asian subsidiaries had a hard time due to the steep rise in raw materials and fuel prices and the strong local currency. Also, businesses at UK subsidiary were sluggish. In total, sales increased but income decreased.

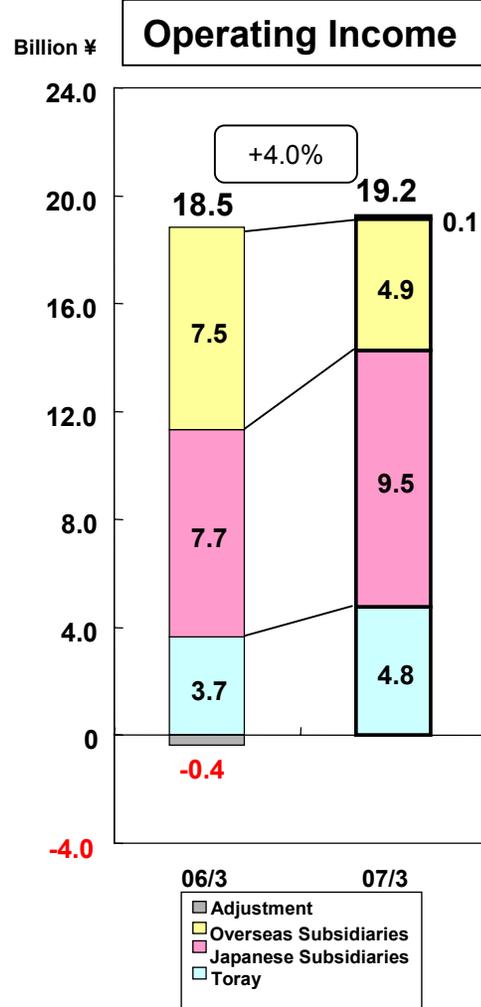
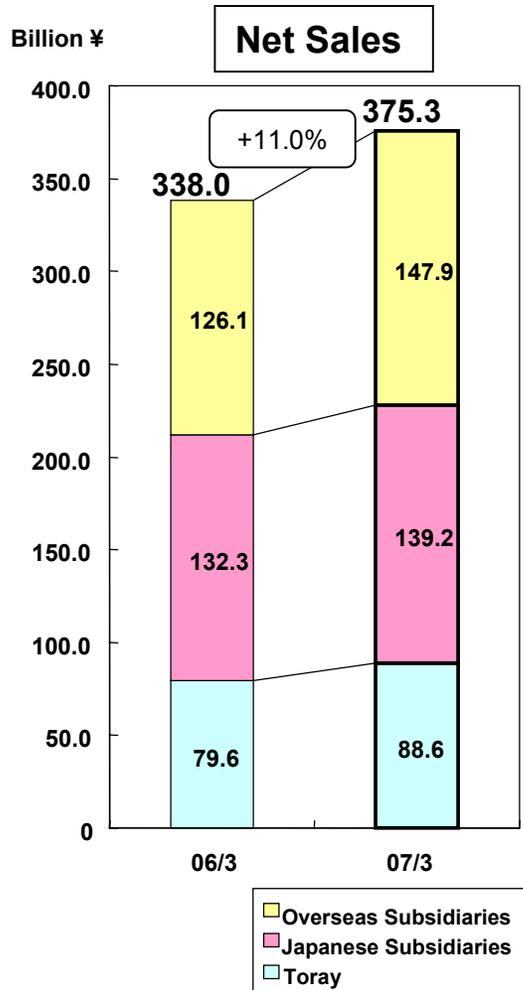
### <Major Subsidiaries >

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

In plastics businesses, sales expanded mainly for automobiles, home appliances and game machines, etc. In films businesses, sales expanded mainly for hybrid car capacitors. In chemicals businesses, sales of fine chemicals expanded. In total, sales and income increased.

### Japanese Subsidiaries

Sales and income increased through steady businesses at plastics, films, chemicals, and trading subsidiaries.

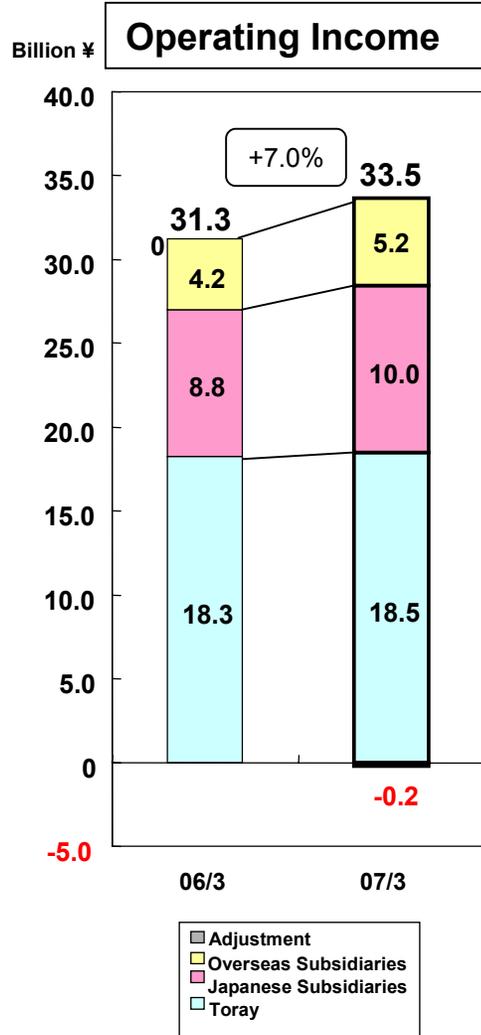
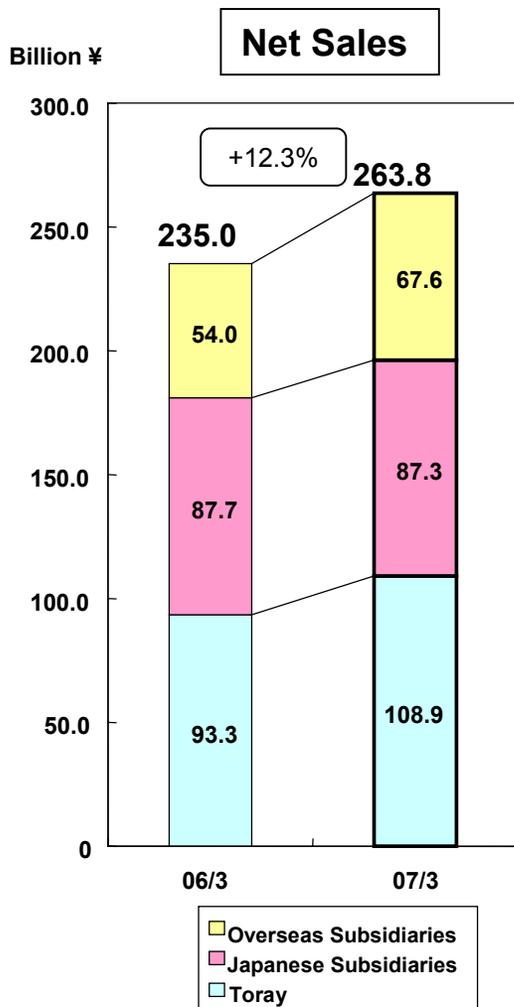
### Overseas Subsidiaries

Sales increased through sales expansion at Asian plastic subsidiaries and US film subsidiary, however, total income decreased due to strategic shift of films businesses to IT-related products at Korean film subsidiary, and hard business condition at European film subsidiary owing to the influx of low-cost products from Asia.

### <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

Sales and income increased through sales expansion of FPD-related films, electronic component-related films, PDP-related materials, and semiconductor-related materials, which compensated for the sluggish businesses in color filters for liquid crystal displays and circuit materials.

### Japanese Subsidiaries

Despite of sales expansion at film processing subsidiary, total sales was almost the same level year-on-year due to sales decrease at trading subsidiaries. Income increased through improvement of profitability at IT-related equipments subsidiary.

### Overseas Subsidiaries

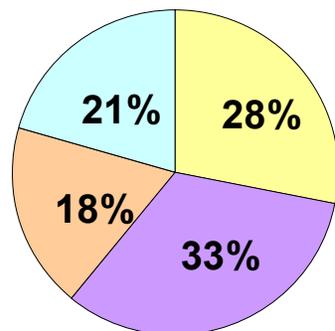
Sales and income increased through sales expansion of FPD/electronic component-related films and processed films at Korean subsidiary.

### <Major Subsidiaries>

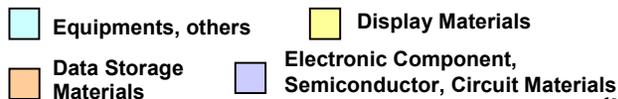
Japan : Toray Engineering Co., Ltd., Toray Advanced Film Co., Ltd., etc.  
Overseas : TPA (US), TPEu (France), TSI (Korea), STEMCO (Korea), etc.

# Details of the Sales of IT-related Products Segment

## [ Sales ratio by sub-segment in FY Mar/07 ]



Sub-segments



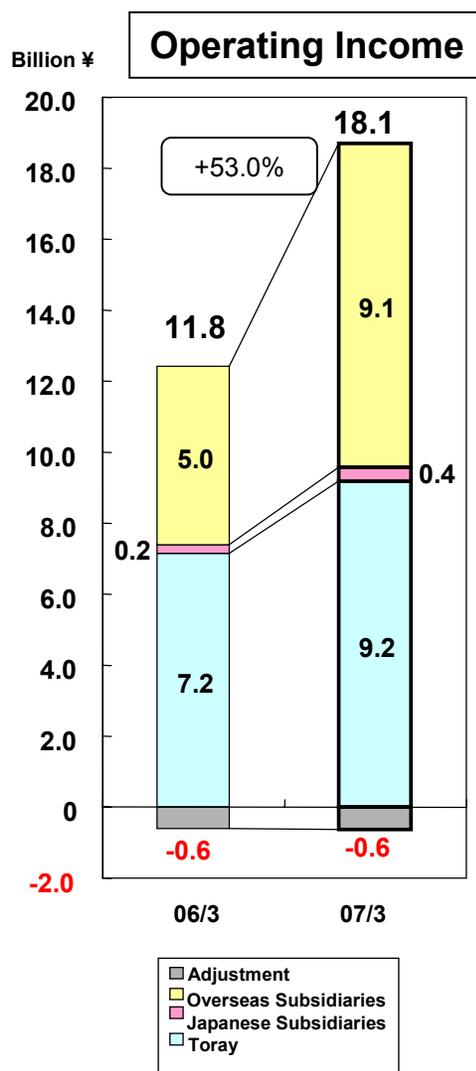
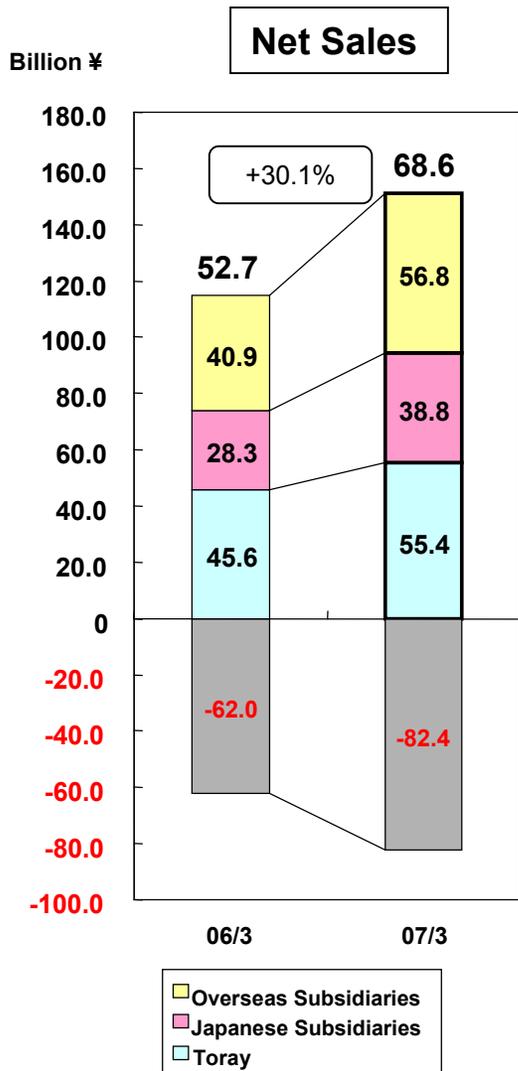
## [ Sales trends by sub—segment ]

Billion ¥

Sub-segment	Full Fiscal Year		
	FY 06/Mar	FY 07/Mar	Changes
Display Materials	52.7	74.1	+41%
Electronic Component, Semiconductor, Circuit Materials	74.2	86.7	+17%
Data Storage Materials	52.6	48.7	-7%
Equipments, others	55.5	54.3	-2%
<b>Total of IT-related Products Segment</b>	<b>235.0</b>	<b>263.8</b>	<b>+12%</b>

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 Component, Semiconductor, 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

# Results by Business Segment (Carbon Fiber Composite Materials)



## Comments

### Toray

Sales and income increased through sales expansion of carbon fibers, intermediate materials, and molded products in response to the active demand of aircraft, sporting and industrial applications as well as capacity/sales increase effect of new facility at Ehime Plant which started operation in January 2007.

### Japanese Subsidiaries

Sales and income increased through steady sales expansion at trading subsidiary.

### Overseas Subsidiaries

Sales and income increased due to the active demand of aircraft and industrial applications as well as capacity/sales increase effect at US subsidiaries which started operation in January 2006.

### <Major Subsidiaries>

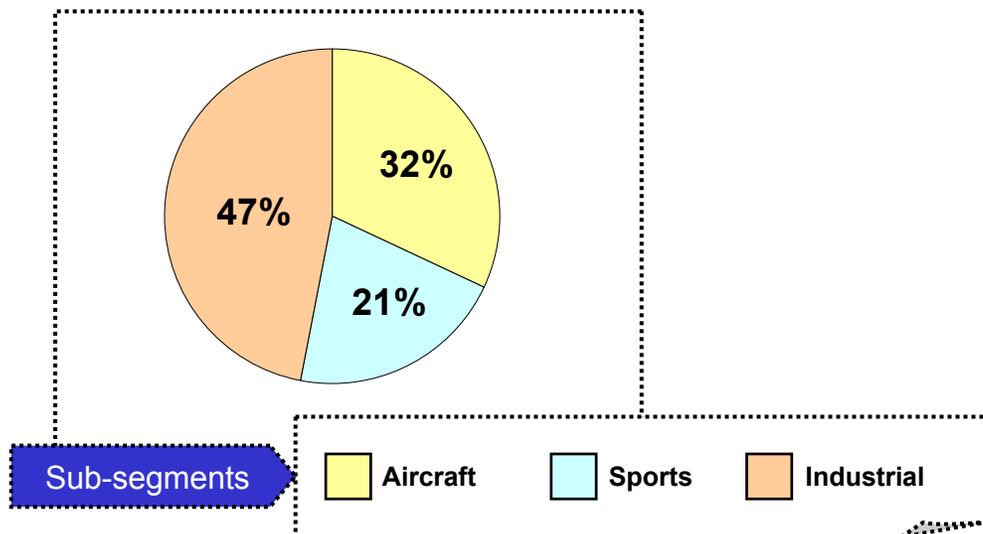
Japan : Toray International, Inc.

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

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.

# Details of the Sales of Carbon Fiber Composite Materials Segment

[ Sales ratio by sub-segment in FY Mar/07 ]



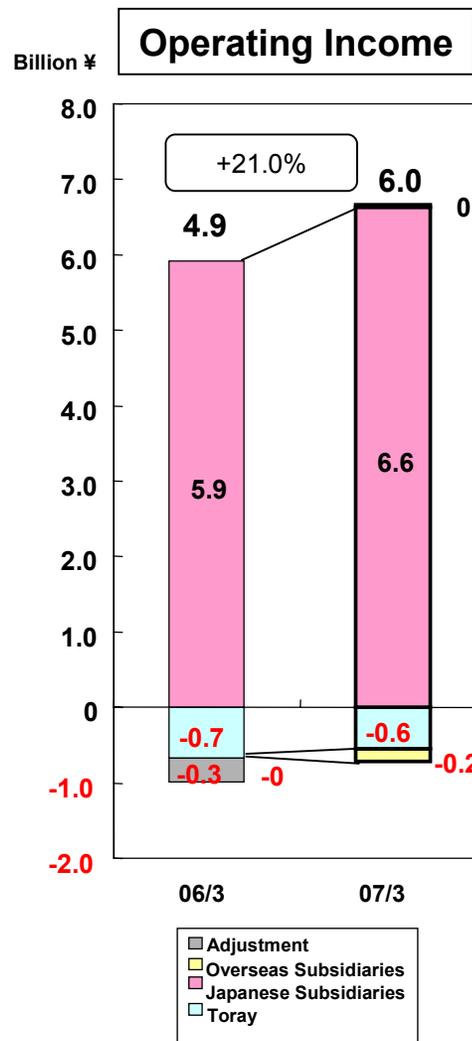
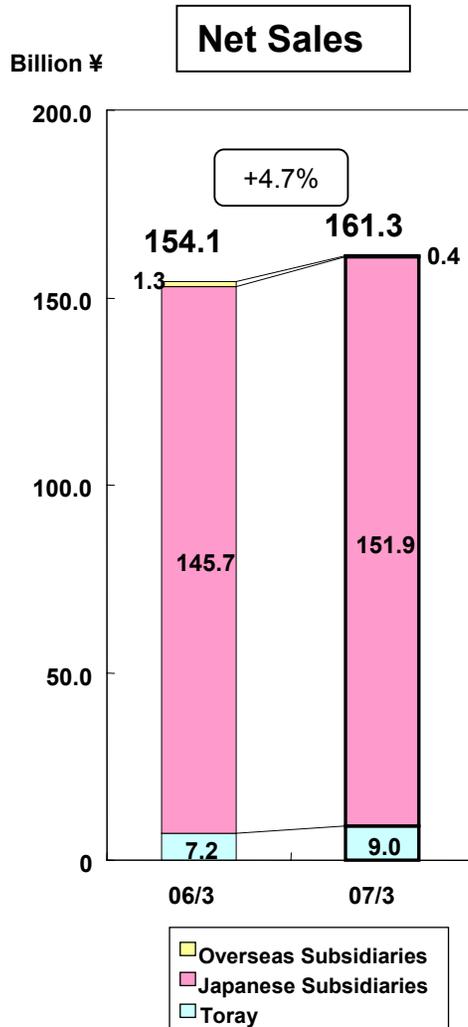
Sub-segments	Applications
Aircraft	Commercial Aircraft Satellites, etc.
Sports	Golf Shafts Fishing Rods Bicycles Tennis Rackets, etc.
Industrial	Pressure Vessels / Tanks Automobiles Boats Windmills PC Chassis Civil Engineering / Construction-related applications, etc.

[ Sales trends by sub-segment ]

Billion ¥

Sub-segment	Full Fiscal Year		
	FY 06/Mar	FY 07/Mar	Changes
Aircraft	16.3	22.2	+37%
Sports	11.0	14.3	+30%
Industrial	25.5	32.1	+26%
Total of Carbon Fiber Composite Material Segment	52.7	68.6	+30%

# Results by Business Segment (Environment & Engineering)



## Comments

### Toray

Sales increased and income improved due to large sales through export of reverse osmosis membranes in water-treatment businesses.

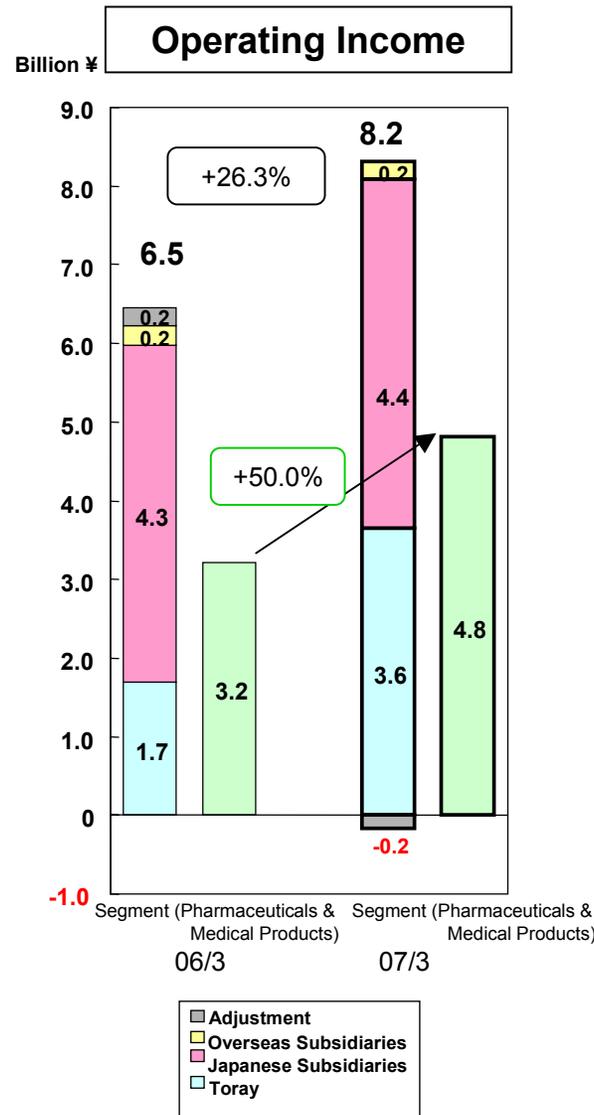
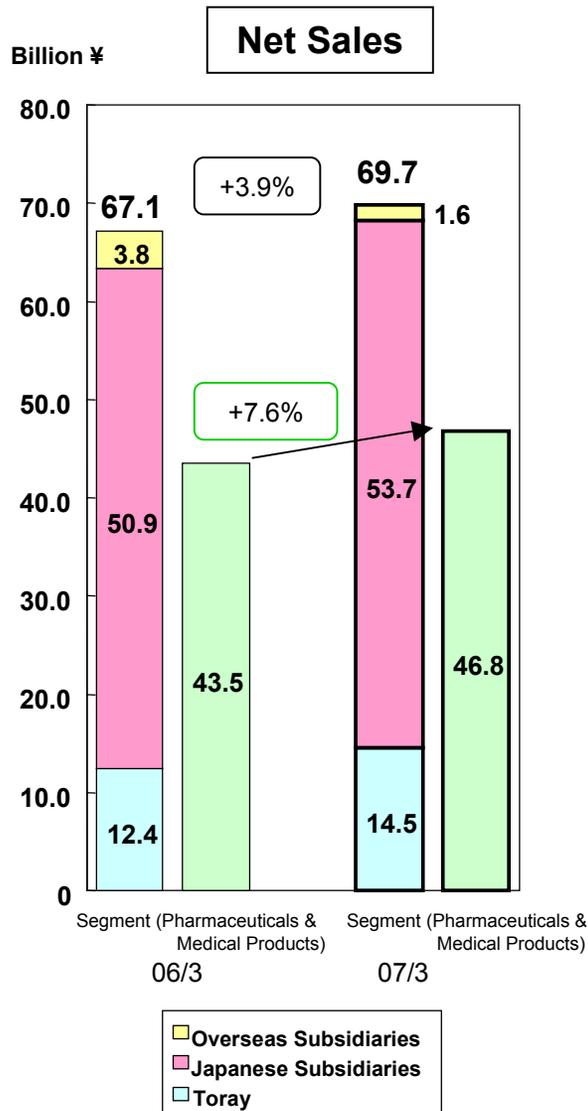
### Japanese Subsidiaries

Sales and income increased through steady businesses at construction and engineering subsidiaries.

#### <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

### Pharmaceuticals and Medical Products

Sales and income increased through sales expansion of artificial kidneys and emergency intensive care devices as well as increase in licensing revenues.

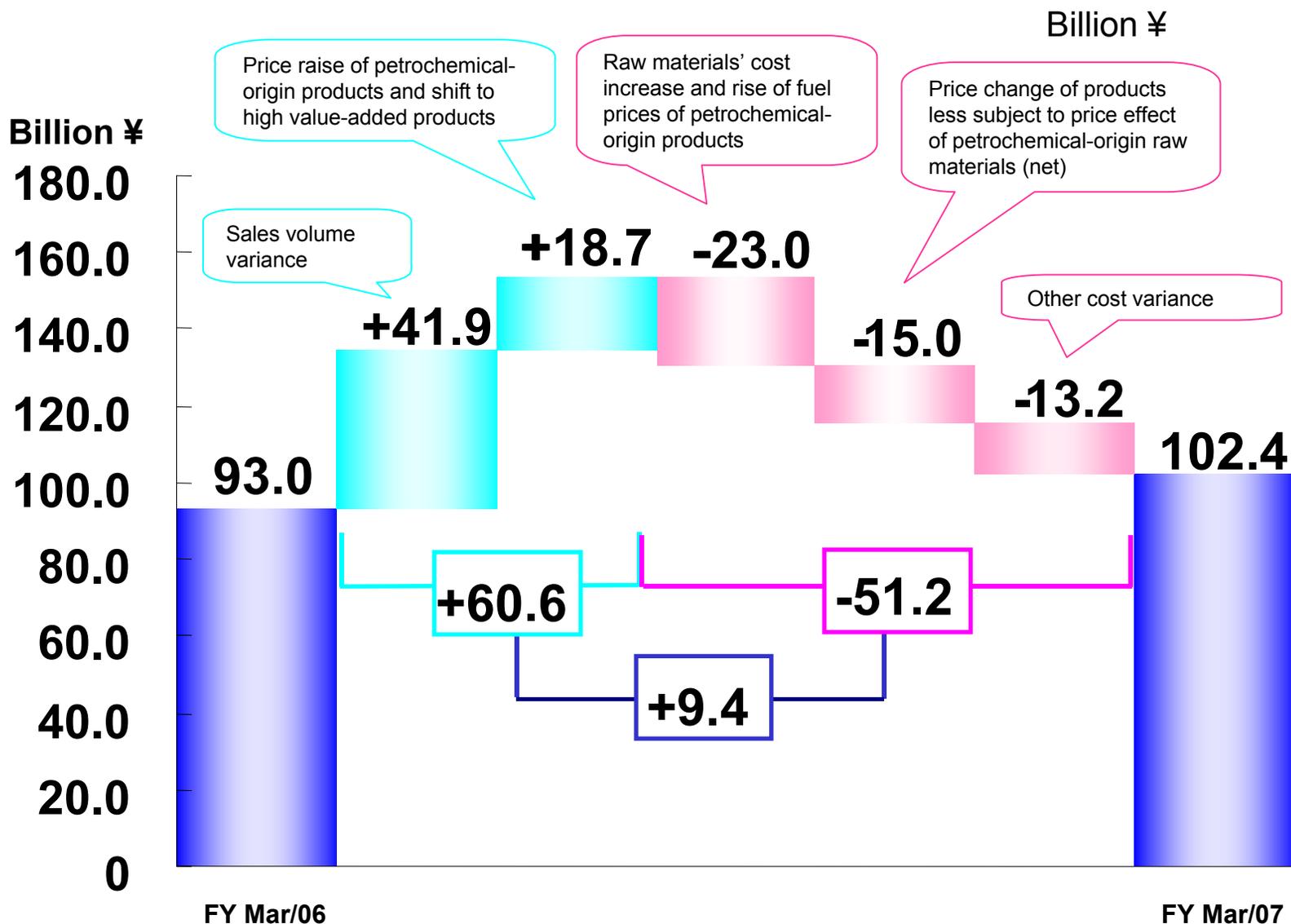
### Other Businesses

Sales and income increased through steady businesses at medical products subsidiary and analytical services subsidiary.

### <Major Subsidiaries>

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

# Income Variance Factor Analysis



# Results of Major Subsidiaries

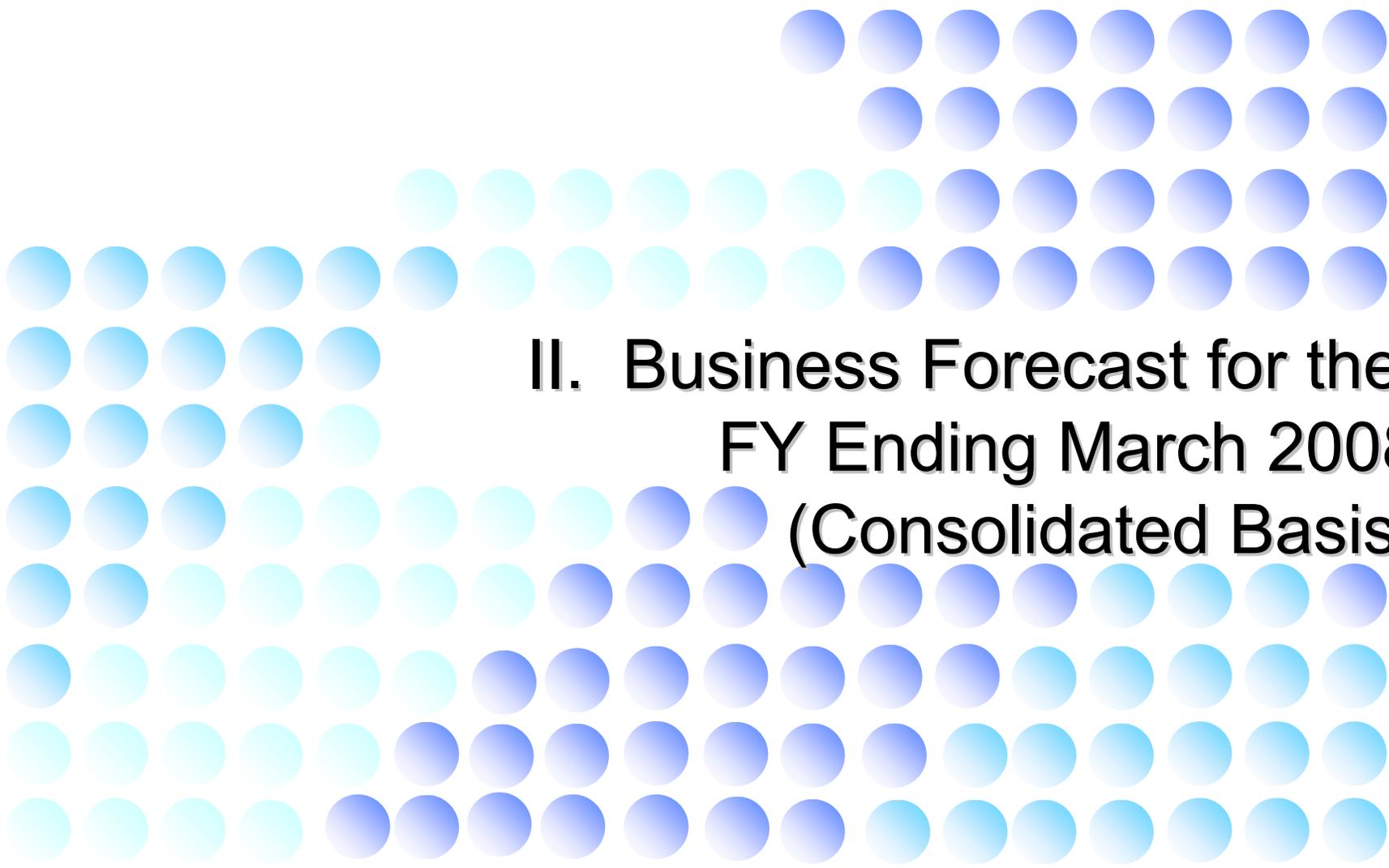
Billion ¥

	Net Sales			Operating Income			
	FY Mar/06	FY Mar/07	Changes	FY Mar/06	FY Mar/07	Changes	
Toray International Inc.	323.5	<b>368.5</b>	+45.0	3.7	<b>4.5</b>	+0.8	
Toray Engineering Co., Ltd.	99.6	<b>107.7</b>	+8.1	6.7	<b>9.0</b>	+2.4	
Toray Construction Co., Ltd.	62.4	<b>69.6</b>	+7.2	2.4	<b>3.0</b>	+0.6	
Toray Advanced Film Co., Ltd.	39.0	<b>44.1</b>	+5.1	4.7	<b>4.8</b>	+0.1	
Toray Medical Co., Ltd.	31.8	<b>33.1</b>	+1.3	1.3	<b>1.3</b>	+0.1	
TSI (Korea)	71.5	<b>84.0</b>	+12.5	4.8	<b>5.0</b>	+0.2	
TPM (Malaysia)	38.0	<b>48.0</b>	+10.0	1.7	<b>1.8</b>	+0.2	
Subsidiaries in Southeast Asia *1	Fibers & Textiles	95.8	<b>106.2</b>	+10.3	4.7	<b>1.4</b>	-3.3
	Plastics & Chemicals	47.2	<b>58.3</b>	+11.1	2.7	<b>2.6</b>	-0.1
	Others	3.3	<b>5.4</b>	+2.1	0.3	<b>0.1</b>	-0.2
	Total	146.4	<b>169.8</b>	+23.5	7.7	<b>4.1</b>	-3.5
Subsidiaries in China *2	Fibers & Textiles	55.8	<b>69.7</b>	+13.9	▲ 1.2	<b>0.1</b>	+1.3
	Plastics & Chemicals	29.5	<b>36.9</b>	+7.3	0.3	<b>0.5</b>	+0.2
	Others	8.8	<b>12.4</b>	+3.6	0.7	<b>1.0</b>	+0.4
	Total	94.2	<b>119.0</b>	+24.8	▲ 0.2	<b>1.7</b>	+1.9
Film Subsidiaries (Overseas) *3	Plastics & Chemicals	78.3	<b>86.5</b>	+8.2	4.8	<b>1.5</b>	-3.4
	IT-related Products	32.0	<b>39.8</b>	+7.8	2.8	<b>4.0</b>	+1.2
	Total	110.3	<b>126.3</b>	+15.9	7.6	<b>5.5</b>	-2.1

\*1 : ITS, ETX, ISTEM, ACTEM, CENTEX, Penfibre, PAB-G, TTS, LTX, TTTM, TPM sum total

\*2 : TFNL, TSD, TAK/TAZ, TJQ, TCH, TSL, THK-G, TPHK/TPSZ, RKH/RKZ, TFH/TFZ sum total

\*3: TSI (films/electronic materials), Penfibre (films), TPA, TPEu, TFH/TFZ sum total



## II. Business Forecast for the FY Ending March 2008 (Consolidated Basis)

# Forecast Summary

Billion ¥

		After Revision of Depreciation Rules			FYI : Before Revision of Depreciation Rules			
		FY Mar/07 Actual	FY Mar/08 Forecast	Changes		FY Mar/08 Forecast	Changes	
Net Sales	1st Half	746.2	770.0	+23.8	(+3.2%)	770.0	+23.8	(+3.2%)
	2nd Half	800.2	890.0	+89.8	(+11.2%)	890.0	+89.8	(+11.2%)
	<b>Total</b>	<b>1,546.5</b>	<b>1,660.0</b>	<b>+113.5</b>	<b>(+7.3%)</b>	<b>1,660.0</b>	<b>+113.5</b>	<b>(+7.3%)</b>
Operating Income	1st Half	42.9	44.0	+1.1	(+2.6%)	46.0	+3.1	(+7.2%)
	2nd Half	59.5	64.0	+4.5	(+7.5%)	67.0	+7.5	(+12.6%)
	<b>Total</b>	<b>102.4</b>	<b>108.0</b>	<b>+5.6</b>	<b>(+5.4%)</b>	<b>113.0</b>	<b>+10.6</b>	<b>(+10.3%)</b>
Ordinary Income	1st Half	40.5	40.0	- 0.5	(-1.3%)	42.0	+1.5	(+3.7%)
	2nd Half	57.0	61.0	+4.0	(+7.0%)	64.0	+7.0	(+12.3%)
	<b>Total</b>	<b>97.5</b>	<b>101.0</b>	<b>+3.5</b>	<b>(+3.6%)</b>	<b>106.0</b>	<b>+8.5</b>	<b>(+8.7%)</b>
Net Income	1st Half	28.0	22.0	- 6.0	(-21.6%)	23.0	- 5.0	(-18.0%)
	2nd Half	30.5	34.0	+3.5	(+11.4%)	36.0	+5.5	(+17.9%)
	<b>Total</b>	<b>58.6</b>	<b>56.0</b>	<b>- 2.6</b>	<b>(-4.4%)</b>	<b>59.0</b>	<b>+0.4</b>	<b>(+0.7%)</b>
Net Income per Share	1st Half	20.0 yen	15.7 yen					
	2nd Half	21.8 yen	24.3 yen					
	<b>Total</b>	<b>41.8 yen</b>	<b>40.0 yen</b>					
Dividend per Share	1st Half	5.0 yen	5.0 yen					
	2nd Half	5.0 yen	5.0 yen					
	<b>Total</b>	<b>10.0 yen</b>	<b>10.0 yen</b>					
Dividend Payout Ratio	1st Half	25.0%	31.8%					
	2nd Half	22.9%	20.6%					
	<b>Total</b>	<b>23.9%</b>	<b>25.0%</b>					

Expected exchange rate : 115 yen / US\$  
 Expected oil price : 62US\$/ B (Dubai FOB)

# Forecast by Business Segment

Innovation by Chemistry

Billion ¥

FYI : Before Revision of Depreciation Rules				FYI : Amount of Revision of Depreciation Rules
Operating Income				FY
FY Mar/07	FY Mar/08	Changes (%)		Mar/08
9.5	10.0	+0.5 (+5.7%)		-1.0
9.8	11.0	+1.2 (+12.5%)		-1.0
19.2	21.0	+1.8 (+9.2%)		-2.0
8.7	10.0	+1.3 (+15.4%)		-0.5
10.6	11.0	+0.4 (+4.1%)		-1.0
19.2	21.0	+1.8 (+9.2%)		-1.5
14.5	14.0	-0.5 (-3.6%)		-0.5
18.9	21.0	+2.1 (+10.9%)		-0.5
33.5	35.0	+1.5 (+4.6%)		-1.0
8.8	9.0	+0.2 (+1.8%)		0.0
9.2	12.0	+2.8 (+29.8%)		-0.5
18.1	21.0	+2.9 (+16.1%)		-0.5
0.1	2.0	+1.9(+1639.1%)		0.0
5.8	7.0	+1.2 (+19.9%)		0.0
6.0	9.0	+3.0 (+51.2%)		0.0
2.0	2.0	+0.0 (+1.9%)		0.0
6.2	6.0	-0.2 (-3.0%)		0.0
8.2	8.0	-0.2 (-1.9%)		0.0
0.6	0.5	-0.1 (-17.6%)		0.0
4.2	4.0	-0.2 (-4.9%)		0.0
4.8	4.5	-0.3 (-6.5%)		0.0
▲ 0.7	▲ 1.0	-0.3 (-)		
▲ 1.0	▲ 1.0	+0.0 (-)		
▲ 1.7	▲ 2.0	-0.3 (-)		
42.9	46.0	+3.1 (+7.2%)		-2.0
59.5	67.0	+7.5 (+12.6%)		-3.0
102.4	113.0	+10.6 (+10.3%)		-5.0

		Net Sales				Operating Income			
		FY Mar/07	FY Mar/08	Changes (%)		FY Mar/07	FY Mar/08	Changes (%)	
Fibers & Textiles	1st Half	301.8	300.0	-1.8 (-0.6%)	9.5	9.0	-0.5 (-4.8%)		
	2nd Half	305.9	320.0	+14.1 (+4.6%)	9.8	10.0	+0.2 (+2.3%)		
	Total	607.8	620.0	+12.2 (+2.0%)	19.2	19.0	-0.2 (-1.2%)		
Plastics & Chemicals	1st Half	184.6	190.0	+5.4 (+2.9%)	8.7	9.5	+0.8 (+9.6%)		
	2nd Half	190.7	210.0	+19.3 (+10.1%)	10.6	10.0	-0.6 (-5.4%)		
	Total	375.3	400.0	+24.7 (+6.6%)	19.2	19.5	+0.3 (+1.4%)		
IT-related Products	1st Half	127.8	140.0	+12.2 (+9.6%)	14.5	13.5	-1.0 (-7.1%)		
	2nd Half	136.0	160.0	+24.0 (+17.6%)	18.9	20.5	+1.6 (+8.3%)		
	Total	263.8	300.0	+36.2 (+13.7%)	33.5	34.0	+0.5 (+1.6%)		
Carbon Fiber Composite Materials	1st Half	31.9	40.0	+8.1 (+25.4%)	8.8	9.0	+0.2 (+1.8%)		
	2nd Half	36.7	50.0	+13.3 (+36.3%)	9.2	11.5	+2.3 (+24.4%)		
	Total	68.6	90.0	+21.4 (+31.2%)	18.1	20.5	+2.4 (+13.4%)		
Environment & Engineering	1st Half	67.8	70.0	+2.2 (+3.2%)	0.1	2.0	+1.9 (+1639.1%)		
	2nd Half	93.5	110.0	+16.5 (+17.7%)	5.8	7.0	+1.2 (+19.9%)		
	Total	161.3	180.0	+18.7 (+11.6%)	6.0	9.0	+3.0 (+51.2%)		
Life Science & Other Businesses	1st Half	32.3	30.0	-2.3 (-7.1%)	2.0	2.0	+0.0 (+1.9%)		
	2nd Half	37.4	40.0	+2.6 (+6.9%)	6.2	6.0	-0.2 (-3.0%)		
	Total	69.7	70.0	+0.3 (+0.4%)	8.2	8.0	-0.2 (-1.9%)		
(Pharmaceuticals & Medical Products Included)	1st Half	20.0	20.0	-0.0 (-0.0%)	0.6	0.5	-0.1 (-17.6%)		
	2nd Half	26.8	30.0	+3.2 (+11.8%)	4.2	4.0	-0.2 (-4.9%)		
	Total	46.8	50.0	+3.2 (+6.8%)	4.8	4.5	-0.3 (-6.5%)		
Elimination & Corporate	1st Half				▲ 0.7	▲ 1.0	-0.3 (-)		
	2nd Half				▲ 1.0	▲ 1.0	+0.0 (-)		
	Total				▲ 1.7	▲ 2.0	-0.3 (-)		
Consolidated	1st Half	746.2	770.0	+23.8 (+3.2%)	42.9	44.0	+1.1 (+2.6%)		
	2nd Half	800.2	890.0	+89.8 (+11.2%)	59.5	64.0	+4.5 (+7.5%)		
	Total	1,546.5	1,660.0	+113.5 (+7.3%)	102.4	108.0	+5.6 (+5.4%)		

# Business Environment and Action Plans by Business Segment

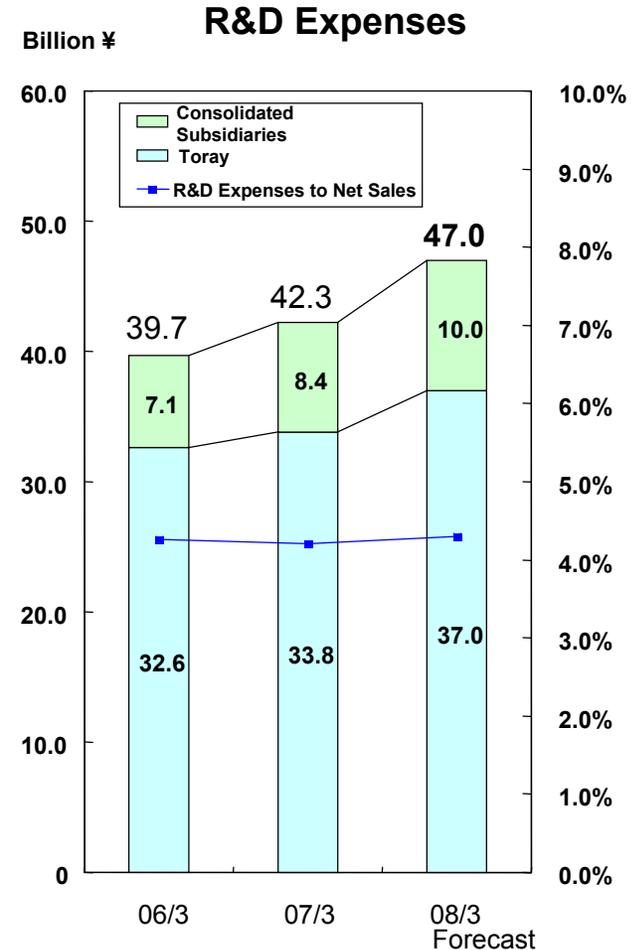
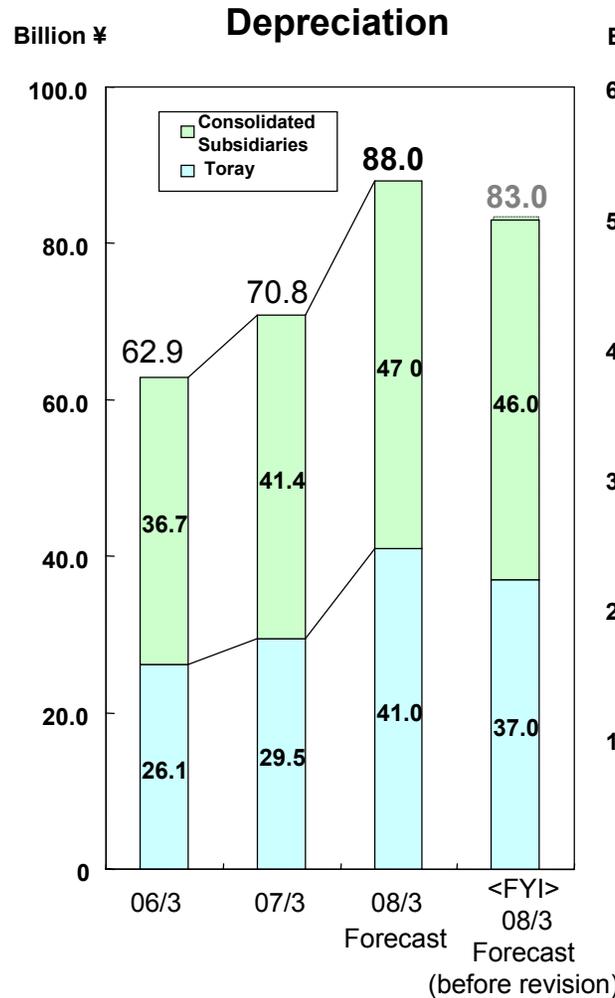
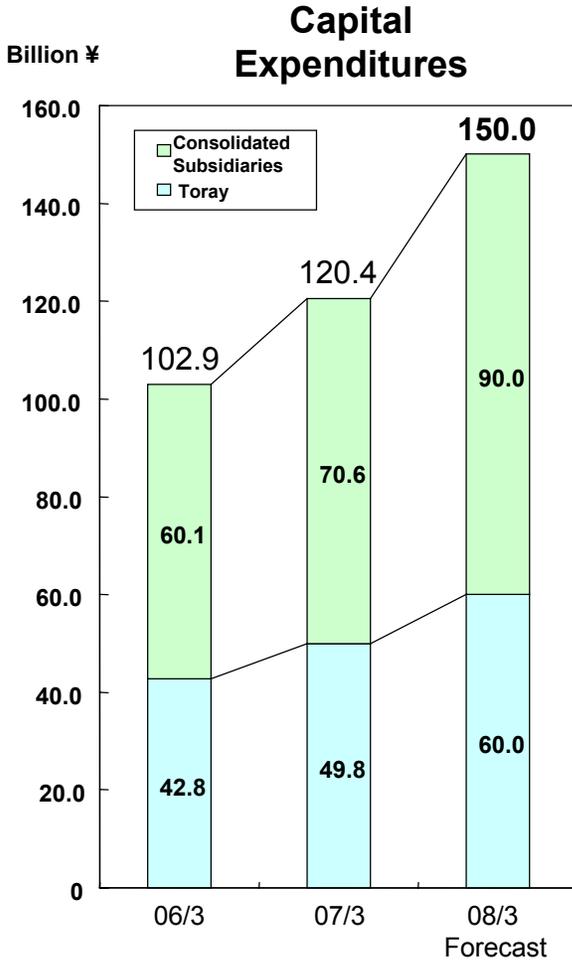


Innovation by Chemistry

Billion ¥

Business Segment	Operating Income 07/3 → 08/3 ( ) changes	Business Environment	Action Plans
Fibers & Textiles	19.2 → 19.0 (-0.2)	<ul style="list-style-type: none"> <li>• Rapid growth in China</li> <li>• Expansion of industrial applications including automobiles, etc.</li> <li>• Continuous high level prices of raw materials and fuels</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of “New Value Creator” businesses</li> <li>• Expansion of advanced material businesses</li> <li>• Increase of income of subsidiaries in China, improvement of income of poorly-performing overseas subsidiaries, etc.</li> </ul>
Plastics & Chemicals	19.2 → 19.5 (+0.3)	<ul style="list-style-type: none"> <li>• Demand expansion of plastics and films for automobiles</li> <li>• Tough competition in commodity type PET films market</li> <li>• Continuous high level prices of raw materials and fuels</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of sales in high value-added growth areas including films for solar cells and hybrid cars, etc.</li> <li>• Expansion of sales of plastics for automobiles</li> <li>• Establishment of a global supply system in plastics businesses</li> <li>• Improvement of income of poorly-performing overseas subsidiaries, etc.</li> </ul>
IT-related Products	33.5 → 34.0 (+0.5)	<ul style="list-style-type: none"> <li>• Expansion of IT-related equipments (FPD, etc.) market</li> <li>• Continuous strong pressure for price reduction</li> <li>• Temporary adjustment of capital investment in LCD facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of sales of optical films for FPDs and processed film products</li> <li>• Expansion of sales of IT-related films and circuit materials at Korean subsidiary</li> <li>• Expansion of sales of new advanced materials including semiconductor materials, etc.</li> </ul>
Carbon Fiber Composite Materials	18.1 → 20.5 (+2.4)	<ul style="list-style-type: none"> <li>• Stable demand in all applications and continuous tight demand-and-supply balance</li> <li>• Full-scale expansion of aircraft application</li> </ul>	<ul style="list-style-type: none"> <li>• Response to full-scale expansion of aircraft application</li> <li>• Capacity/sales expansion at Ehime Plant</li> <li>• Development of downstream businesses (prepregs and composites)</li> </ul>
Environment & Engineering	6.0 → 9.0 (+3.0)	<ul style="list-style-type: none"> <li>• Demand expansion of seawater desalination and wastewater reuse, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of water treatment membrane businesses through developing a global marketing system</li> <li>• Improvement of income in water treatment engineering businesses</li> </ul>
Life Science & Other Businesses	8.2 → 8.0 (-0.2)	<ul style="list-style-type: none"> <li>• Unchanged condition of pharmaceutical market in Japan</li> <li>• Tough competition in dialyzer businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of Feron sales through new indications (treatment of hepatitis C compensated cirrhosis)</li> <li>• Execution of application for approval of new drugs and new indications</li> <li>• Expansion of sales of new moist-type Toraysulfone (Toraylite)</li> </ul>
Elimination & Corporate	▲ 1.7 → ▲ 2.0 (-0.3)		
Consolidated	102.4 → 108.0 (+5.6)		

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



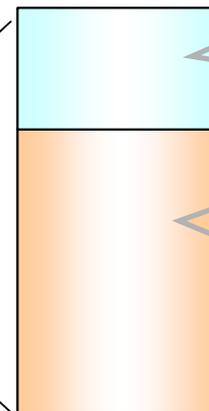
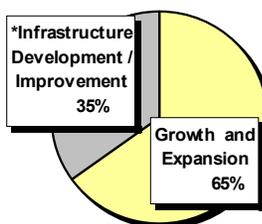
\*R&D expenses to net sales ratio excludes the following trading subsidiaries  
 <Japan> Toray International Inc., Chori Co., Ltd., Ichimura Sangyo, Co., Ltd., Marusa, Co., Ltd., Toray Ireeve Corp., etc.  
 <Overseas> TOMAC (US), TEL (UK), TCH/THK (China), etc.

# Forecast of Capital Expenditures of Toray Group for FY ending March 2008

Out of 150 billion yen of capital expenditures, almost 2/3 will be allocated to expanding businesses, and out of the capital expenditures to expanding businesses, 70% is planned to be spent for Strategically Expanding Businesses mainly for carbon fiber composite materials.

¥150 billion of capital expenditures

\* Infrastructure development / improvement = environment, safety, accident prevention, optimization of head count, rationalization, preservation expenditures, etc.



Foundation Businesses  
30%

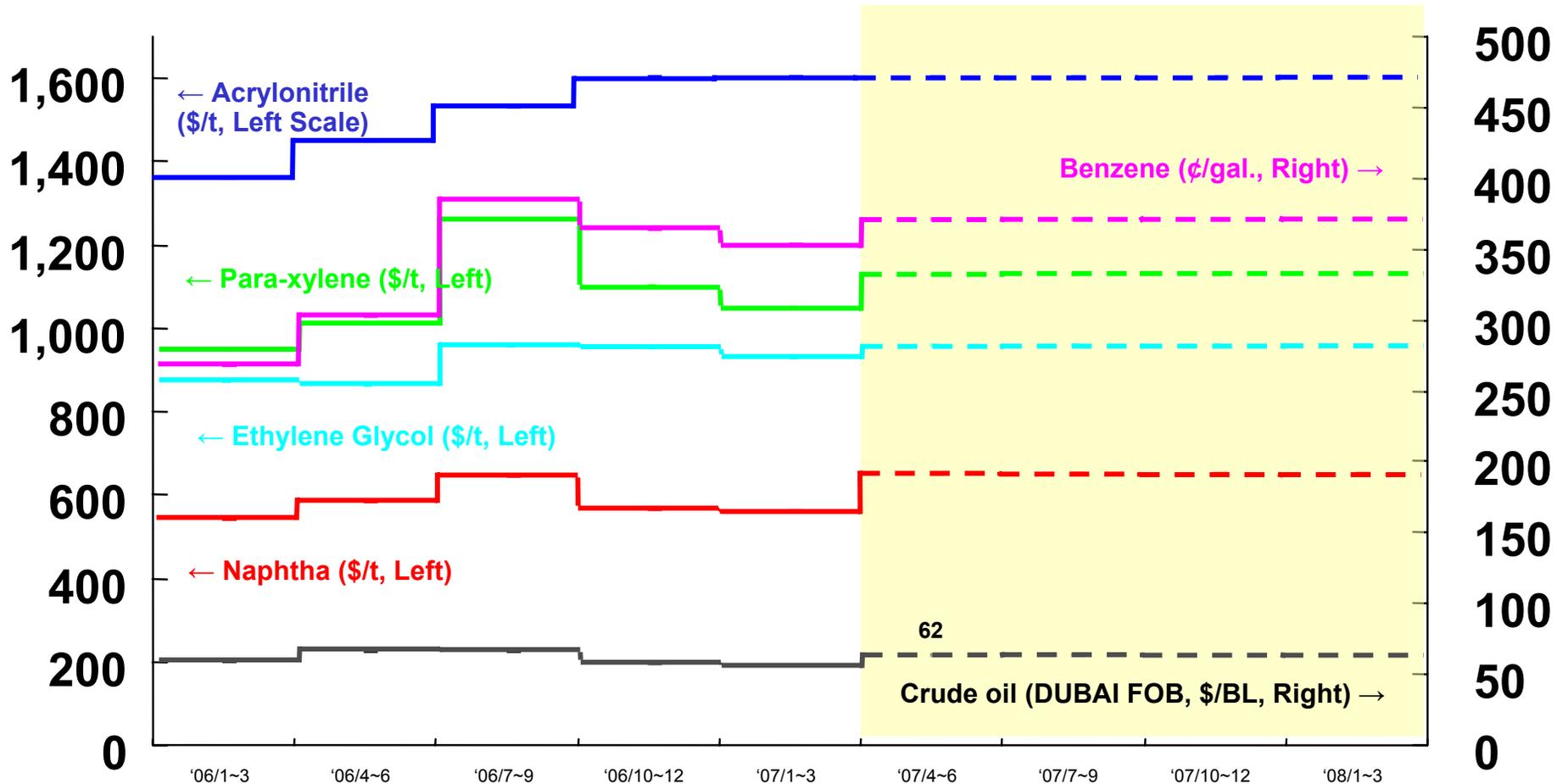
Strategically Expanding Businesses  
70%

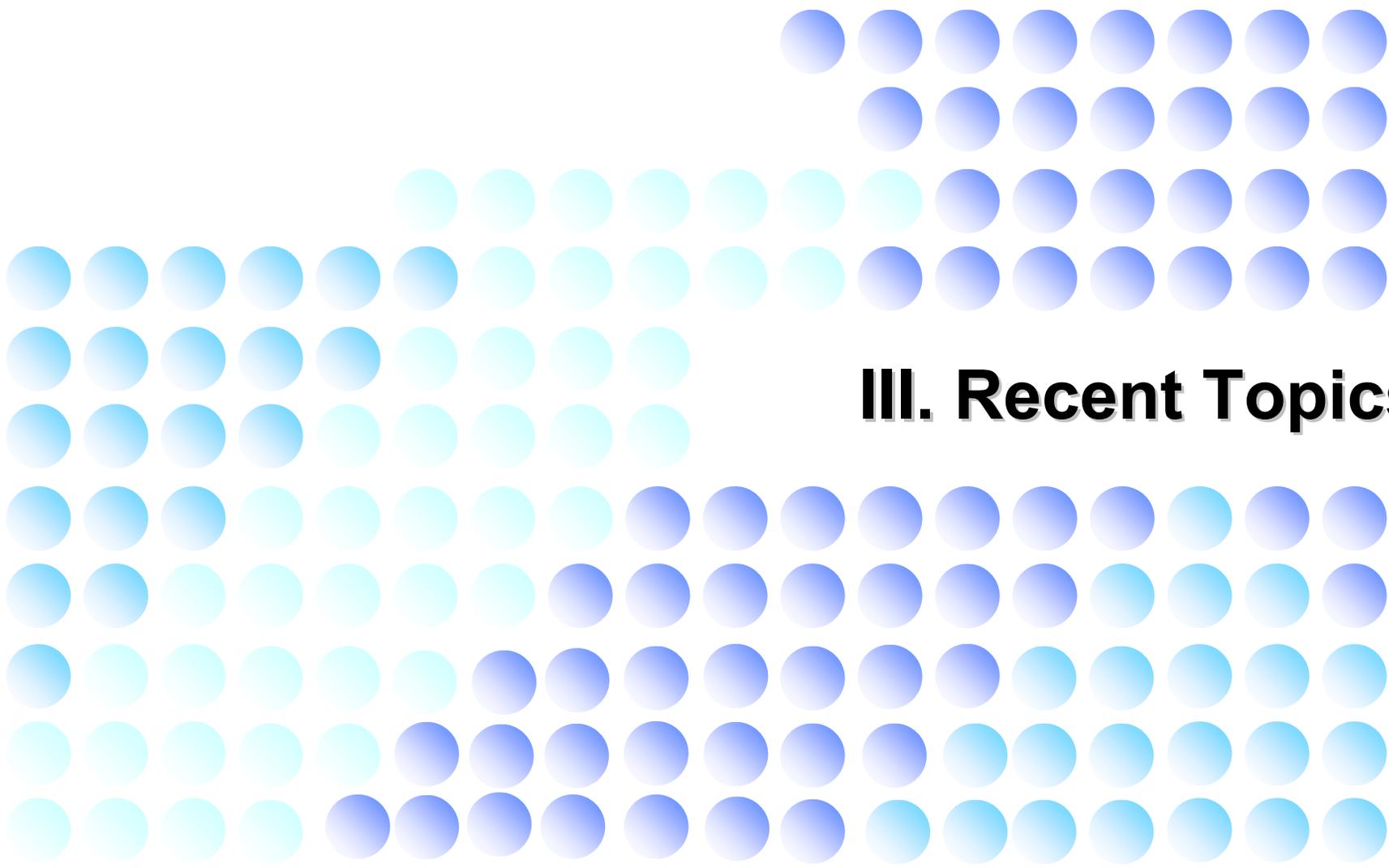
## Major investment projects regarded as Growth and Expansion

Business Categories	Segments	Products	Company	Additional Production Capacity	Start Operation	Amount of Capital Investment (FY '07)
Foundation Businesses	Fibers & Textiles	PP spunbond (new)	TPN (China)	18,000t/yr	Feb/08	¥30 billion (including other projects)
	Plastics & Chemicals	PPS resin	Tokai Plant	9,000t/yr → 11,500t/yr	Dec/07	
		ABS resin	TPM (Malaysia)	220,000t/yr → 330,000t/yr	Mar/08	
Strategically Expanding Businesses	IT-related Products	TAB·COF tapes	STEMCO (Korea)	Capacity increase by 72%	Mar/07	¥70 billion (including other projects)
		PDP paste	Shiga Plant	2,700t/yr → 5,160t/yr	Jun/07	
		COF materials	TSI (Korea)	700,000m <sup>2</sup> /yr	Oct/07	
	Carbon Fiber Composite Materials	Carbon fiber	SOFICAR(France)	CF: 2,600t/yr → 3,400t/yr	Aug/07	
		Carbon fiber	Ehime Plant	CF: 6,900t/yr → 7,300t/yr	Jan/08	
		Carbon fiber	CFA (US)	CF: 3,600t/yr → 5,400t/yr	Dec/08	
		Carbon fiber	SOFICAR(France)	CF: 3,400t/yr → 5,200t/yr	Dec/08	
		Prepreg	TCA (US)	Prepreg: 11,400,000m <sup>2</sup> /yr → 17,200,000m <sup>2</sup> /yr	Jul/08	
		Prepreg (new)	Ishikawa Plant	Prepreg: 5,800,000m <sup>2</sup> /yr	Jan/09	
<b>Total</b>						<b>¥100 billion</b>

# Trends in Raw Materials Prices

Prices of major raw materials are estimated to remain at a high level in fiscal 2007.





### **III. Recent Topics**

# Recent Topics (06/4~06/10)

	Topics
06/Apr	Decided to increase production capacity of ABS resin Toyolac* in Malaysia
06/Apr	Acquired approval for new indication (treatment of hepatitis C compensated cirrhosis) of natural interferon- $\beta$ , Feron*
06/Apr	Started commercial production of PBT base resins at joint venture in Malaysia
06/Apr	Toray reached comprehensive agreement to supply carbon fiber composite materials for Boeing's B787 through 2021
06/May	Established a new plastics compounding base in north China
06/Jun	Developed innovative mass production technology of carbon fiber composite materials
06/Jun	Formed the UNIQLO-Toray strategic partnership
06/Jul	Developed high boron rejection reverse osmosis (RO) membranes for seawater desalination system
06/Aug	Establish new company for high-functional polypropylene spunbond in China
06/Sep	Concluded an agreement of co-development and commercialization of [TRK-820], antipruritus drug in hemodialysis patients
06/Sep	Developed function-integrated film for LCD backlight unit
06/Sep	Developed metal-free metallic film with easy moldability
06/Oct	Developed an environmental-conscious textile using Toray Foresse*, a cellulose fiber developed first in the world by utilizing melt spinning method
06/Oct	Decided to start production of two-layer copper clad laminates film for high-density flexible printed circuit boards in Korea
06/Oct	Increase production facility of photosensitive paste materials for plasma display panels

# Recent Topics (06/10~07/4)

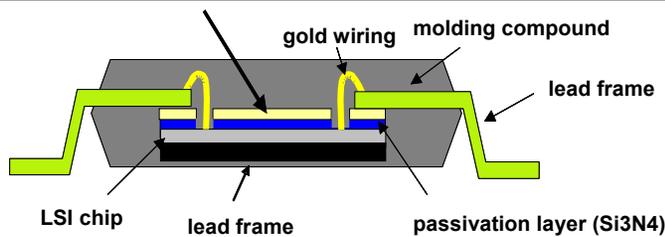
	Topics
06/Oct	Developed world's highest level of proteomics technology and discovered new cancer markers
06/Oct	Increase production capacity of high-performance plastics PPS resin and LCP resin
06/Nov	Further accelerated development of carbon fiber composite materials for light-weight safety automobile bodies
06/Nov	Developed world's first hydrocarbon-type electrolyte membrane for fuel cells with practical durability
06/Dec	Developed a high-functional, high-performance adhesive sheet for semiconductor assembly utilizing nano-structure design control technologies
06/Dec	Developed new resin for light curing carbon fiber reinforced plastics
06/Dec	Started material recycling of nylon 6 with Patagonia, Inc.
07/Jan	To build the fifth PDP plant in Hyogo, Japan
07/Jan	Toray successively received orders for reverse osmosis membranes for seawater desalination plants in the Mediterranean Coast
07/Jan	Developed world's first impact-absorbing plastic
07/Feb	Developed low cure temperature photosensitive polyimide for next generation semiconductor buffer coatings
07/Feb	Increase capacity of carbon fiber production by total of 4,000 tons in Japan, US and France To build a new prepreg plant in Ishikawa Prefecture in Japan
07/Feb	Enhance reduction of greenhouse gas emissions – Reduce 100,000 tons/year of CO <sub>2</sub> emissions through fuel conversion at two plants in Japan-
07/Apr	UNIQLO & Toray commercialized the first co-developed product under their strategic partnership

# Developed Low Cure Temperature Photosensitive Polyimide For Next Generation Semiconductor Buffer Coatings

Succeeded in the development of world's first photosensitive polyimide coatings which can be cured under 200°C as well as to be developed with environmentally-friendly alkaline developer. Started marketing and sales mainly in buffer coatings and bump protection layers for next generation semiconductors.

## Application: buffer coatings for semiconductors

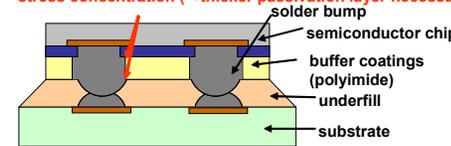
Semiconductor buffer coatings (heat-resistant resins such as polyimide)  
: protects LSI chip surface to improve device reliability



## Requirements for next generation semiconductors

### 1. Speed-up of LSI → bump connection from wire bonding

stress concentration (→thicker passivation layer necessary)



thicker layer  
(over 20 μm)

### 2. Super fine node → change in device wiring structure / materials

high dielectric constant gate insulator  
porous LowK material, copper wiring

low temp.  
(under 200°C)

New polyimide resin technology  
+  
nano-level phase-dissolution of polyimide resin and  
photo-active compounds

Developed polyimide coatings which make possible  
low cure temperature under 200°C (conventionally over  
300°C), layer thickness over 20μm, and alkaline  
solution development

## Toray' current position

Market size of buffer coatings : approx. ¥20 billion

World No. 1 market share in the most advanced  
semiconductor buffer coatings for applications  
under 90nm node LSIs.

## Around 2010

Estimated market size of buffer coatings: approx. ¥30 billion

Promote development of new applications from next  
generation onward by adding low cure temperature-  
type. Aim to achieve market share over 30% for new  
semiconductor manufacturing lines.

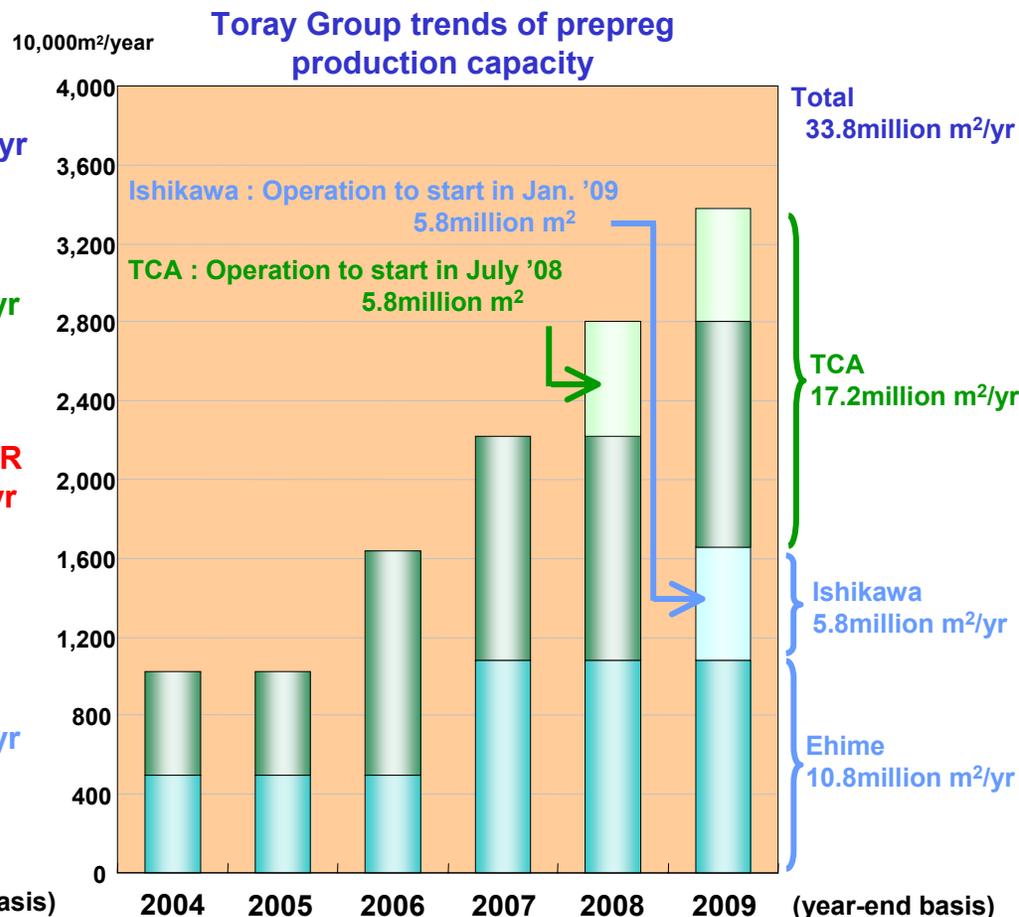
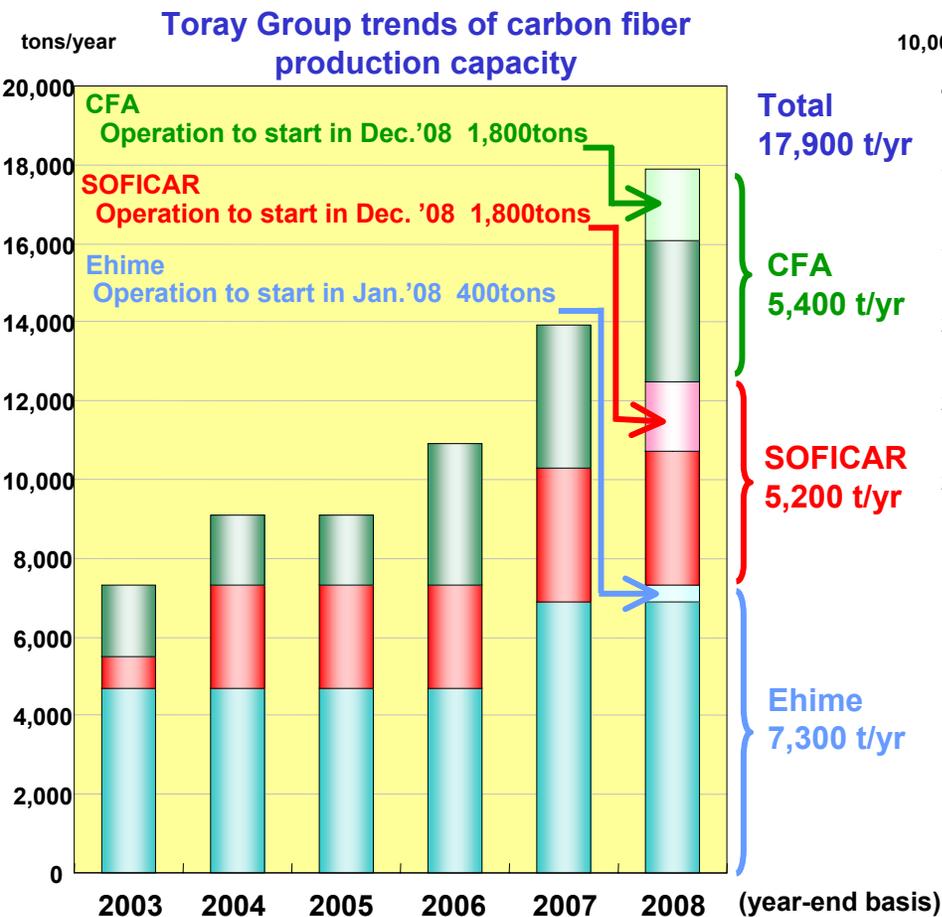
# Increase Capacity of Carbon Fiber Production by Total of 4,000 tons in Japan, US and France

## To build a New Prepreg Plant in Ishikawa Prefecture in Japan



Innovation by Chemistry

Toray decided to expand production capacity of its PAN-based carbon fiber Torayca\* composite materials at its three manufacturing bases in Japan, US and France. Plans to invest 55.0 billion yen in total to build additional facilities at all the manufacturing bases through the beginning of 2009. In Japan, Toray plans to build a second prepreg (carbon fiber sheets impregnated with epoxy resin) manufacturing facility at its Ishikawa Plant, in addition to its Ehime Plant.



Targets in 2010 : 40% global market share (34% in 2006), ¥ 160 billion in consolidated sales

# Enhance Reduction of Greenhouse Gas Emissions

## - Reduce 100,000 tons/year of CO<sub>2</sub> Emissions through Fuel Conversion at Two Plants in Japan -

Toray further enhances reduction of greenhouse gas emissions through fuel conversion of in-house power generation facilities at two plants in Japan, etc. We plan to reduce CO<sub>2</sub> emission of 100,000 tons/year and SOx emission of 1,500 tons/year, which lead to reducing GHG emission by 4.2% and SOx emission by 50%.

	Shiga Plant	Mishima Plant
Engagements in reducing Greenhouse Gas Emissions and Air Polluting Substances	Fuel conversion for the in-house power generation boiler from <b>heavy oil to city gas</b> (Operation started : January 2007)  (the rebuilt boiler)	Fuel conversion for the in-house power generation boiler from <b>heavy oil to city gas</b> (Operation to start : July 2007)  (under rebuilding in April)
	Introduction of <b>gas turbine cogeneration</b> facility (7,000 kW x two units) (Operation to start : October 2007)	
Reduction of CO <sub>2</sub> Emissions	40,000 tons	60,000 tons
Reduction of SOx Emissions	700 tons	800 tons

Group-wide reduction of GHG emission by 4.2%

Group-wide reduction of emission by 50%

To contribute to the prevention of global warming, Toray will further reduce CO<sub>2</sub> emissions in manufacturing processes as well as expanding environmentally friendly businesses and recycled products businesses.

# UNIQLO & Toray Commercialized the First Co-developed Product under their Strategic Partnership

**TORAY**

Innovation by Chemistry

Based on the agreement in March 2006 on the development of strategic partnership, UNIQLO and Toray have been developing materials that provide new value to customers, and commercialized the first co-developed product. Toray Group conducts the vertical operations from fiber, textile, to garment.

**TORAY**

Innovation by Chemistry

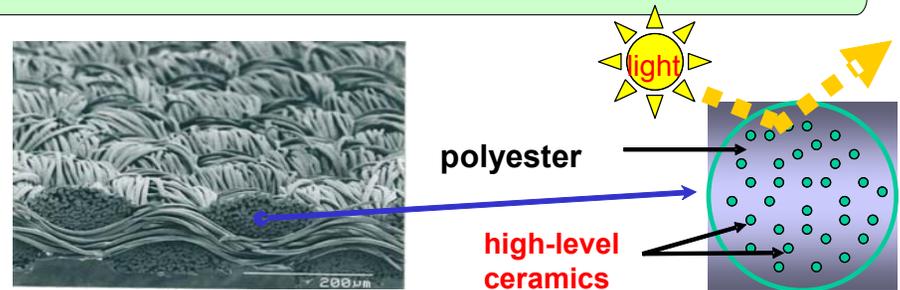
**UNI  
QLO**



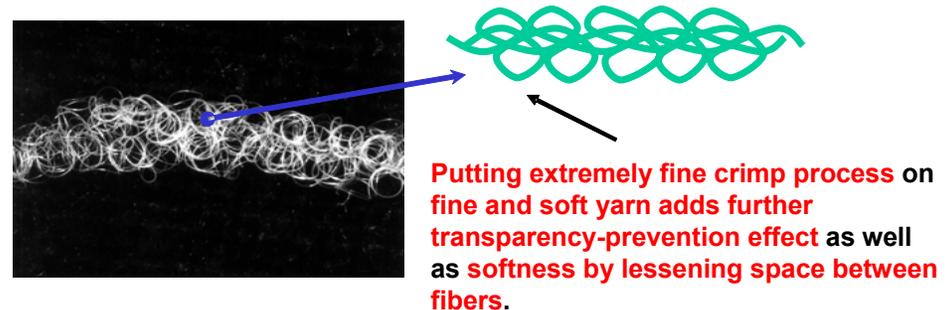
stylishwhite

## Functional properties of “stylishwhite”

1. Highly-concentrated ceramics restrict light transmission and provide transparency-prevention effect



2. Fine crimps add further transparency-prevention effect and softness



The newly co-developed product, “stylishwhite”, balances transparency-prevention with comfort. In order to meet women’s request for summer pants, UNIQLO and Toray created this new material which realizes transparency-prevention with comfort of conventional products and offers new value to customers.

Descriptions of predicted business results, projections, and business plans for the Fiscal Year ending March 2008 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.