



Presentation to Investors

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(at Analysts Meeting)

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and the forecast for the full year**
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“The transformation of the Business Portfolio”**

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Results of the 1st half of the fiscal year 2006 and the forecast for the full year

(1) P/L

- [1st Half] Sales and profits increased continuously,
while facing the hike of raw material costs
- [the full year] Operating income and net income will hit
a new high for 3 consecutive terms

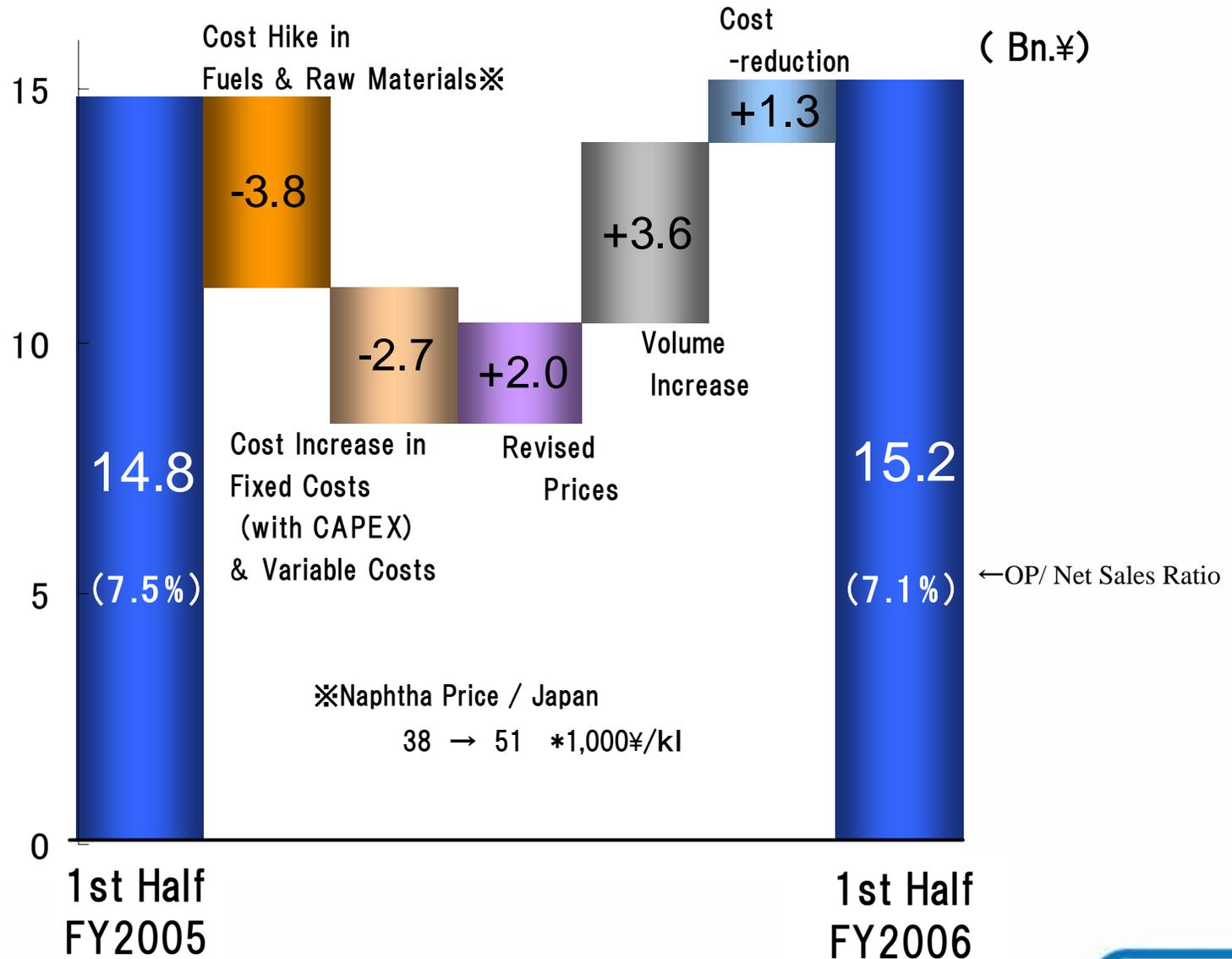
(Bn.¥)

	FY 2005		FY 2006		Change(1st Half)		Change(Full year)	
	1st Half	Full year	1st Half	Full year (Forecast)	Amount	Rate	Amount	Rate
Net Sales	196.3	401.9	213.5 [205]	420.0 ← target	+17.2	+8.8%	+18.1	+4.5%
Operating Income	14.8	29.9	15.2 [15.0]	31.0	+0.4	+2.9%	+1.1	+3.7%
(ratio to sales, %)	(7.5)	(7.4)	(7.1)	(7.4)				
Ordinary Income	12.2	24.6	12.8 [12.5]	26.0	+0.6	+4.8%	+1.4	+5.8%
Net Income	4.3	12.6	6.3 [5.0]	13.0	+2.1	+48.7%	+0.4	+3.2%
(¥/ share)	(6.1)	(18.1)	(9.1)	(18.7)				

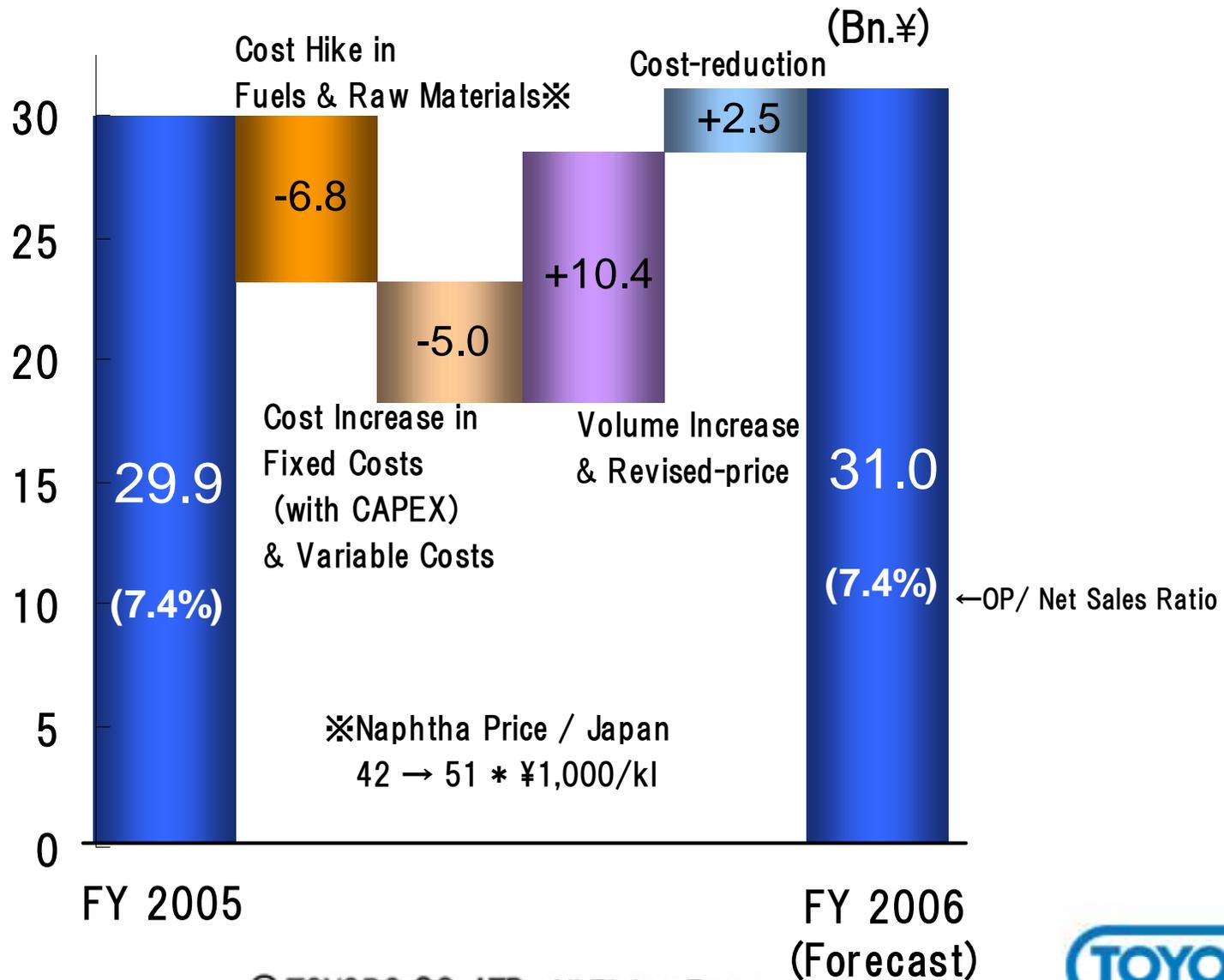
Exchange Rate(¥/\$) 109 114 115 114



① Analysis of Operating income : [Results of 1st half] (year- on- year)



② Analysis of Operating income: [Forecast of the full year FY2006]
(year- on- year)



(2) B/S

▪ Continuous improvement of the financial structure

(Bn.¥)

	FY 2005		FY 2006		Change* Sep./06- Mar./06
	1st Half	Full year*	1st Half*	Full year (Forecast)	
Total Assets ※ (Ordinary Income ROA %)	518 (4.7)	515 (4.8)	523 (4.9)	-	+8
Interest-bearing Debt ※	226	206	212	200	+6
Shareholders' Equity (Ratio to Assets %)	113 (21.8%)	125 (24.3%)	126 (24.1%)	-	+1
D/E Ratio	2.00	1.65	1.68	1.50	-

※ Influence of new consolidations (bn.¥)

Total Assets +7.8

Interest-bearing Debt +3.6



(3) Results and forecasts by each business segment

(Bn.¥)

	Net Sales					Operating Income				
	FY 2005		FY 2006		Change year- on-year	FY 2005		FY 2006		Change year- on-year
	1st Half	Full year	1st Half	Full year (Forecast)		1st Half	Full year	1st Half	Full year (Forecast)	
Films & Functional Polymers (OP ratio, %)	57.3	116.4	62.0	127.0	+10.6	8.0	14.9 (12.8%)	7.8	15.6 (12.3%)	+0.7
Industrial Materials (OP ratio, %)	32.4	68.9	35.7	74.0	+5.1	2.7	5.8 (8.4%)	2.9	6.3 (8.5%)	+0.5
Life Science (OP ratio, %)	14.4	29.7	15.3	34.0	+4.3	2.7	5.6 (18.9%)	2.5	5.7 (16.8%)	+0.1
Textiles (OP ratio, %)	71.3	142.5	77.9	145.0	+2.5	1.7	3.4 (2.4%)	2.4	4.2 (2.9%)	+0.8
Others	20.9	44.5	22.6	40.0	-4.5	1.3	3.0	1.1	2.2	-0.8
Corporate						-1.5	-2.8	-1.5	-3.0	-0.2
Total (OP ratio, %)	196.3	401.9	213.5	420.0	+18.1	14.8	29.9 (7.4%)	15.2	31.0 (7.4%)	+1.1

① Films & Functional polymers

(Bn.¥)

	FY 2005		FY 2006		Change (Full year)	
	1st Half	Full year	1st Half	Full year (Forecast)	Amount	Rate
Net Sales	57.3	116.4	62.0	127.0	+10.6	+9.1%
Operating Income (OP Ratio, %)	8.0 (13.9%)	14.9 (12.8%)	7.8 (12.6%)	15.6 (12.3%)	+0.7	+4.6%
Depreciation	2.0	4.5	3.2	-	-	-
Total Assets (Operating Income ROA,%)	120 (13.3%)	122 (12.2%)	130 (12.0%)	-	-	-

[1st Half Results] (Operating Income)

- (Up) Industrial films, Engineering Plastics and Industrial adhesives & coatings
- (Down) Packaging films, the Start- up loss of PA films company in Shanghai

② Industrial materials

(Bn.¥)

	FY 2005		FY 2006		Change (Full year)	
	1st Half	Full year	1st Half	Full year (Forecast)	Amount	Rate
Net Sales	32	69	36	74	+5	+7.3%
Operating Income (OP Ratio, %)	2.7 (8.5%)	5.8 (8.4%)	2.9 (8.2%)	6.3 (8.5%)	+0.5	+8.7%
Depreciation	1.6	3.4	1.6	-	-	-
Total Assets (Operating Income ROA, %)	77 (7.1%)	79 (7.4%)	81 (7.2%)	-	-	-

[1st Half Results] (Operating Income)

- (Up) Air bag fabrics, Functional filters, Non- woven fabrics
- (Down) Tire-cord (of PET fibers)

③ Life science

(Bn.¥)

	FY 2005		FY 2006		Change (Full year)	
	1st Half	Full year	1st Half	Full year (Forecast)	Amount	Rate
Net Sales	14	30	15	34	+4	+14.6%
Operating Income (OP Ratio, %)	2.7 (18.5%)	5.6 (18.9%)	2.5 (16.3%)	5.7 (16.8%)	+0.1	+1.6%
Depreciation	0.9	1.9	1.1	-	-	-
Total Assets (Operating Income ROA, %)	31 (16.9%)	32 (17.4%)	35 (14.4%)	-	-	-

[1st Half Results] (Operating Income)

-(Up) Bio products (Enzyme for diagnostics)

-(Down) Artificial Kidney Hollow fibers, Contract manufacturing of pharmaceuticals

④ Textiles

(Bn.¥)

	FY 2005		FY 2006		Change (Full year)	
	1st Half	Full year	1st Half	Full year (Forecast)	Amount	Rate
Net Sales	71	143	78	145	+3	+1.7%
Operating Income (OP Ratio, %)	1.7 (2.3%)	3.4 (2.4%)	2.4 (3.1%)	4.2 (2.9%)	+0.8	+23.9%
Depreciation	1.7	3.5	1.4	-	-	-
Total Assets (Operating Income ROA, %)	141 (2.3%)	141 (2.4%)	139 (3.5%)	-	-	-

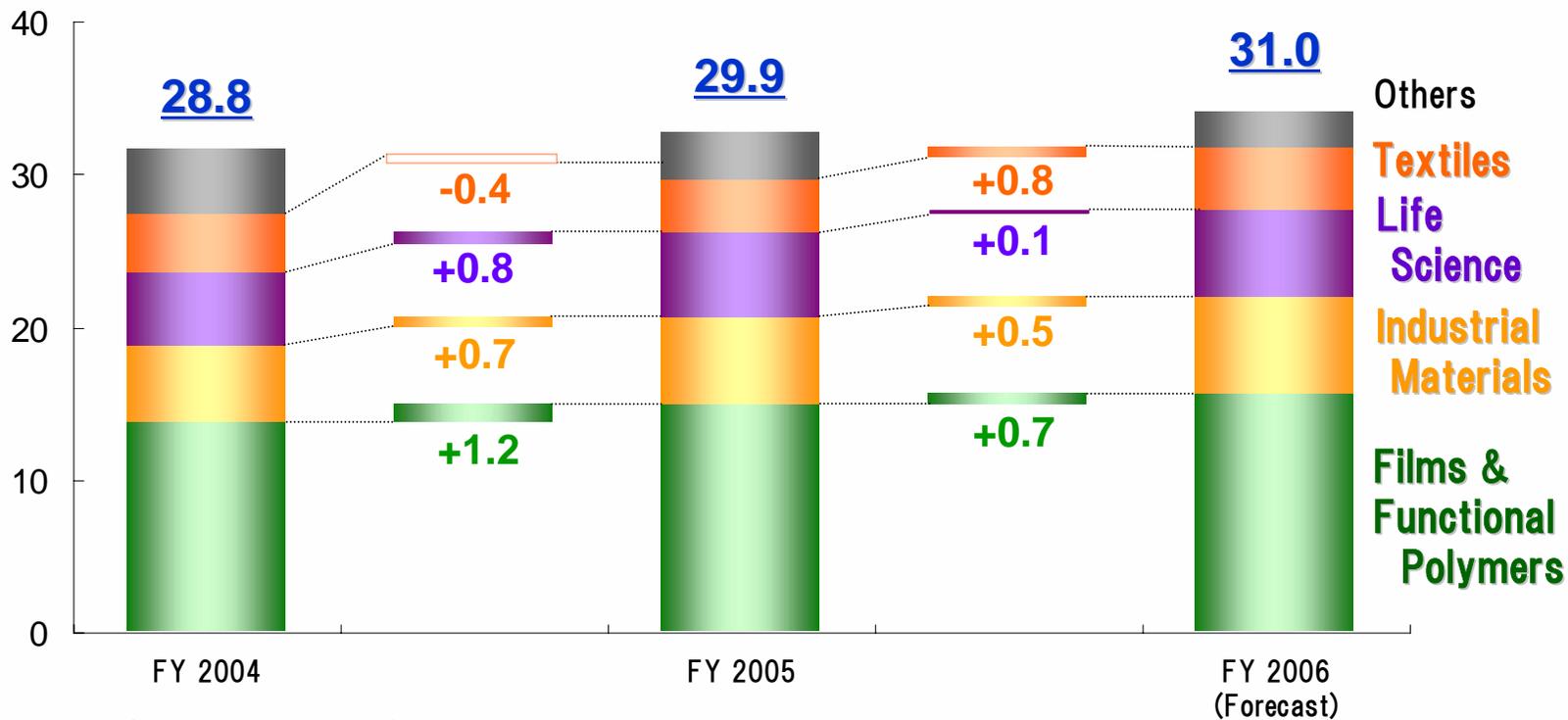
[1st Half Results] (Operating Income)

-(Up) Functional textiles, Differentiated fabrics

Restructuring non- competitive businesses

Operating Income by Business Segment (from FY2004 through FY2006)

(Bn.¥)



※Corporate segment is excluded



2. The progress of the mid-term plan : “The transformation of the Business Portfolio”

Action:

- (1) Accelerate the growth ; Specialties
- (2) Enhance core technologies
- (3) Improve the efficiency of Assets ; non- Specialties

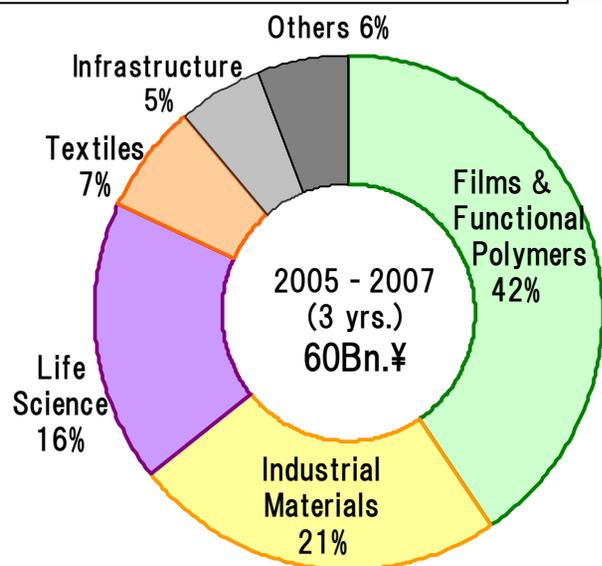
Fiscal Year		2005		2006(Forecast)		2007(Plan)	
		Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Specialties	Films & Functional Polymers	116	14.9	127	15.6	140	17.0
	Industrial Materials	69	5.8	74	6.3	80	7.3
	Life Science	30	5.6	34	5.7	40	6.7
Specialties		215	26.3	235	27.6	260	31.0
Textiles		143	3.4	145	4.2	135	4.5
Others		44	3.0	40	2.2	35	2.5
Corporate		-	-2.8	-	-3.0	-	-3.0
Total		402	29.9	420	31.0	430	35.0

(Bn.¥)

(1) Investments for growth

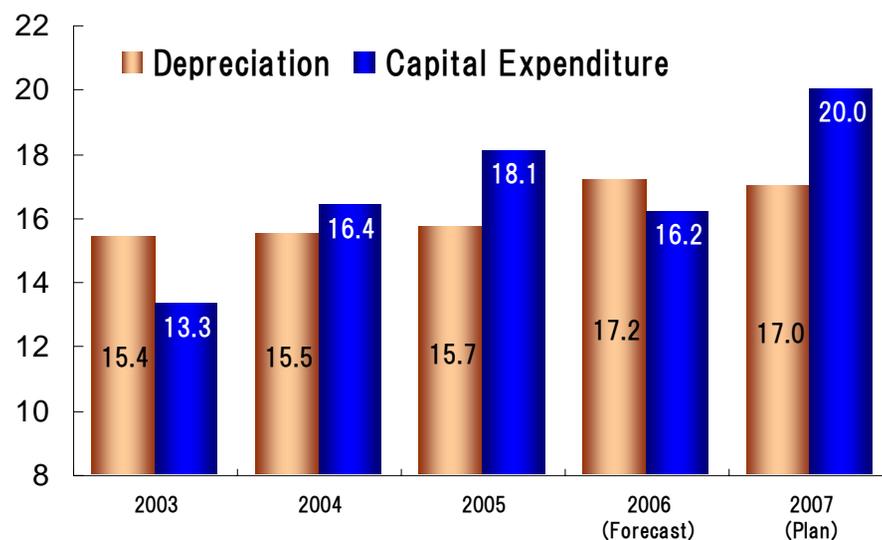
Business	Investment	Bn.¥	Capacity	Start- up
Films for LCD & PDP	a new line (Tsuruga)	10	+10 KT/Y	FY2008
"Dyneema" (Nippon Dyneema Co.,Ltd.)	a new line(Tsuruga)	1.6	+600 T/Y	FY2008
Medical Membrane (AKH)	expand production capacity	-	6% growth /Y	FY2006-08
Airbag Fabrics	expansion (Tsuruga)	-	+ 2 KT/Y	FY2007
	a new plant (overseas)	-	-	(FY2009)
Co-polyesters (Elastomers etc.)	a new plant	-	+5~10 KT/Y	(FY2009)

CAPEX by Segment



Depreciation & CAPEX

(Bn.¥)



(2) Enhance core technologies “Technology Stock Management”

Development & Expansion of our Business

Films		Functional Polymers		constituent technologies
Packaging	Optical	Co-polymer	Molding	
○	○	●	○	co-polymerization
○	●	○	○	molding & processing
	○	○	○	modification&mixing
	○	○	○	analyzing & simulating
○	●	○		engineering

Enhancing

Combining & Fusing

Core technologies

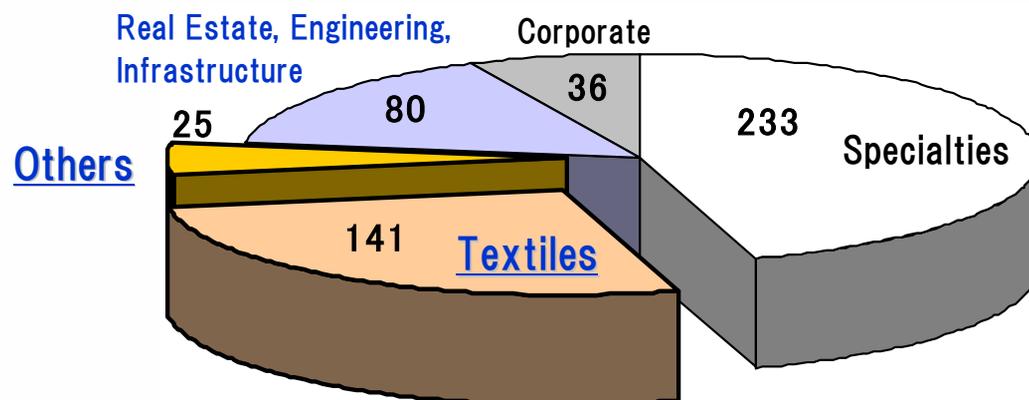
Activities

- New business organization, by technological cluster (April/ 2006)
- Business Development Planning Office (April/2006)
- Electronics Development Department (Sep./2006)

- Production Innovation (April/2006-)
- Company-wide projects (Sep./2005-)

(3) Improve the efficiency of Assets : non- Specialties

The allocation of total assets 515 bn.¥ (end of March,2006)



◆ Reduction of the assets for non- Specialty businesses

- Master plan toward the end of FY2008
- Target: operating income's ROA 5%

◆ Activities (May Oct. /2006)

- Pull-out: the electronic parts business (FPC)
- Close-down: 3 subsidiaries and 1 affiliate
- Discontinue : the production of polyurethane elastic fiber
- Transfer non-core business: Nippei Toyama Co.,Ltd.

Appendix I : Historical data

Consolidated Statements of Income

		FY 2003		FY 2004		FY 2005		FY 2006			
		Full year	Full year	Change, % year-on-year	Full year	Change, % year-on-year	1st Half	Full year (Forecast)	Change, % year-on-year	1st Half	Change, % 1st Half
Net Sales	Mil.¥	373,066	393,686	+5.5%	401,948	+2.1%	196,299	420,000	+4.5%	213,476	+8.8%
Operating Income	Mil.¥	25,856	28,782	+11.3%	29,887	+3.8%	14,817	31,000	+3.7%	15,243	+2.9%
(Ratio to Net Sales)		(6.9%)	(7.3%)		(7.4%)		(7.5%)	(7.4%)		(7.1%)	
Ordinary Income	Mil.¥	17,491	21,589	+23.4%	24,580	+13.9%	12,238	26,000	+5.8%	12,831	+4.8%
(Ratio to Net Sales)		(4.7%)	(5.5%)		(6.1%)		(6.2%)	(6.2%)		(6.0%)	
Net Income	Mil.¥	8,762	12,207	+39.3%	12,596	+3.2%	4,269	13,000	+3.2%	6,347	+48.7%
(Ratio to Net Sales)		(2.3%)	(3.1%)		(3.1%)		(2.2%)	(3.1%)		(3.0%)	
Net Income Per Share	¥	12.63	17.58	+39.2%	18.10	+3.0%	6.14	18.66	+3.1%	9.11	+48.4%
ROE		9.3%	11.5%		10.8%						
ROA (Ordinary Income)		3.4%	4.3%		4.8%						
Total Assets	Mil.¥	495,969	511,813	+3.2%	514,791	+0.6%	517,629			523,080	
Shareholders' Equity	Mil.¥	104,033	107,518	+3.3%	125,143	+16.4%	112,698			126,117	
(Ratio to Total Assets)		21.0%	21.0%		24.3%		21.8%			24.1%	
Equity Per Share	¥	149.31	154.64	+3.6%	179.59	+16.1%	162.10			181.00	
Debt	Mil.¥	240,755	220,981	-8.2%	206,172	-6.7%	225,752			211,975	
D/E Ratio		2.31	2.06		1.65		2.00			1.68	
Capital Expenditure	Mil.¥	13,330	16,395	+23.0%	18,131	+10.6%	8,792	16,200	-10.7%	7,400	-15.8%
Depreciation	Mil.¥	15,425	15,528	+0.7%	15,656	+0.8%	7,371	17,200	+9.9%	8,283	+12.4%
R&D Expenses	Mil.¥	9,043	9,201	+1.7%	10,079	+9.5%	4,857	11,000	+9.1%	5,101	+5.0%
Number of Employees	person	9,454	11,468		11,705		11,842			11,547	

Appendix II: Businesses and strategies

(1) Films & Functional Polymers

	Business/ Market position	Strategy
Films	<ul style="list-style-type: none"> -Industrial films <ul style="list-style-type: none"> ▪PET films for LCD & Optical use -Packaging films (PET, PA, PP, PE) <ul style="list-style-type: none"> ▪ Functional Films (Heat-shrink PET etc) ▪ Top supplier for Packaging use ▪ Advanced Delivery System 	<ul style="list-style-type: none"> -Expansion of Production Capacity (+10 KT/Y, FY2008 start-up) -Overseas production (Shanghai)
	Functional Polymers	<ul style="list-style-type: none"> -Engineering Plastics: Auto parts (Polyester elastomer, PET/PBT, PA) -“Vylon” (For coatings/adhesives): The pioneer of co-polyester -Photo sensitive printing plates with water wash (non organic solvent)

(2) Industrial Materials

	Business/ Market position	Strategy
Airbag fabrics	<ul style="list-style-type: none"> -The Japanese market share 50% (in terms of fiber amount) -Patent(non-coated fabrics) 	<ul style="list-style-type: none"> -Expansion of capacity (worldwide) -Enter into coated fabrics market (for side & curtain airbag uses)
High performance fibers	<ul style="list-style-type: none"> -“DYNEEMA” (Ultra- high- molecular- weight polyethylene) The lightest, high tenacity fiber -“ZYLON” (PBO fiber) Extreme heat-resistance, high tenacity 	<ul style="list-style-type: none"> -New applications (Replacing steel fibers) -Expansion of production capacity -Exploration of the market & applications
Functional Filters	<ul style="list-style-type: none"> -Bag filters for Incinerators (Polyphenylene sulfide fiber :PPS) : Heat- & chemical- resistant, high- fiber- strength -Solvent adsorption Unit (Active carbon) -The Application for automobile filters : Adsorption technology 	<ul style="list-style-type: none"> -Response to the increasing environmental concerns overseas as well as in Japan -Response to the globalization of automotive industries



(3) Life Science

	Business/ Market position	Strategy
Bio products & Pharma.	<ul style="list-style-type: none"> -Enzymes for Diagnostics (Worldwide No.2) -IVD* and Bio research reagents -Advanced Biotechnologies (Fermentation, Purification, Genetic engineering, Pharmaceutical production) <p>* In vitro Diagnostics</p>	<ul style="list-style-type: none"> - Enter into new businesses 1)Total Diagnostic System business 2)Functional materials (non medical uses)
Membrane for Dialyzer	<ul style="list-style-type: none"> -Leading Supplier of AKH* : (Worldwide share 20%) Reliability from long term experience <p>* Artificial Kidney Hollow Fiber</p>	<ul style="list-style-type: none"> -Expansion of the capacity (Estimating 5% growth in worldwidemarket) -Enhancing competitiveness
Seawater Desalination RO membrane Module	<ul style="list-style-type: none"> -Top market share 61% in the Middle East -Free from Bio-fouling by the resistance to chloride: Long term durability 	<ul style="list-style-type: none"> -Enhance the sales activities in the Middle East for the next big projects -Enter into UF/ MF membrane market



(4) Textiles

	Business/ Market position	Strategy
Functional Textiles	<ul style="list-style-type: none"> - Functional fabrics (for Sports clothes , Underwears, Uniforms) - "Exlan" (Specialty Acrylic fibers) 	<ul style="list-style-type: none"> - Develop new functional fabrics: (example: pursue the comfort by functional fiber & textile technologies)
Apparels	<ul style="list-style-type: none"> -Apparel manufacturing "Munsingwear" (High Quality Sewing manufacturing) 	<ul style="list-style-type: none"> -Maintain the name brand value
Wholesales	<ul style="list-style-type: none"> -Shinko Sangyo Co., Ltd. (a trading company) 	<ul style="list-style-type: none"> -Focus on specialty textile business

<Toyobo's Production Capacity of fibers & textiles> (1000 spindles)

	FY1985		FY1995		FY2005		Remark
	spindles	#	spindles	#	spindles	#	
Spinning	702	(15)	440	(11)	106	(2)	Reduction

#:the number of Toyobo's factories in Japan

				(1000 tons/y)	
Polyester filament yarns	Apparel uses	33	24	5	Shift to Industrial uses
	Industrial uses	5	21	34	
		38	45	39	



Please Note

The business performance forecasts and targets included in the business plans contained in this presentation are based on information known to the company's management as of the day of presentation. Please be aware that the content of the future forecasts may differ significantly from actual results, due to a number of unforeseeable factors.