



Consolidated Preliminary Financial Report for Six Months Ended September 30, 2006 November 7, 2006

Toyobo Co., Ltd.

Stock Code: 3101

(URL <http://www.toyobo.co.jp>)

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 Contact Person: Head of Finance Dept. Hiroshi Takahashi TEL: (06) 6348-3091
 Date of Board Meeting for Settlement of Accounts: November 7, 2006
 Applicability of US Accounting Standards: Not applicable

(Listed on First Section of both TSE and OSE)

(Head office: Osaka Prefecture)

Consolidated Business Performance for Six Months ended September 30, 2006

(April 1, 2006 - September 30, 2006)

(1) Consolidated Business Results

Figures are rounded off to the nearest million yen.

	Net Sales		Operating Income		Ordinary Income	
	million yen	%	million yen	%	million yen	%
Six Months ended September 30, 2006	213,476	(8.8)	15,243	(2.9)	12,831	(4.8)
Six Months ended September 30, 2005	196,299	(1.9)	14,817	(1.1)	12,238	(1.4)
Year ended March 31, 2006	401,948		29,887		24,580	

	Net Income		Earnings per Share (EPS)	Full-diluted EPS
	million yen	%	yen	yen
Six Months ended September 30, 2006	6,347	(48.7)	9 . 11	
Six Months ended September 30, 2005	4,269	(32.1)	6 . 14	
Year ended March 31, 2006	12,596		18 . 10	

(Notes) (1) Equity in income (losses) of unconsolidated subsidiaries and affiliates

Six Months ended September 30, 2006	566 million yen	Six Months ended September 30, 2005	67 million yen	Year ended March 31, 2006	771 million yen
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(2) Average number of shares outstanding during period (consolidated)

Six Months ended September 30, 2006	696,786,975 shares	Six Months ended September 30, 2005	695,248,546 shares	Year ended March 31, 2006	695,706,264 shares
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(3) Change in accounting standards

Yes

(4) Percentages of net sales, operating income and net income represent rate of change from previous period

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Stockholders' Equity	Stockholders' Equity per Share
	million yen	million yen	%	yen
Six Months ended September 30, 2006	523,080	144,722	24.1	181.00
Six Months ended September 30, 2005	517,629	112,698	21.8	162.10
Year ended March 31, 2006	514,791	125,143	24.3	179.59

(Notes) Number of shares outstanding at year-end (consolidated)

Six Months ended September 30, 2006	696,761,203 shares	Six Months ended September 30, 2005	695,219,483 shares	Year ended March 31, 2006	696,806,798 shares
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(3) Consolidated Cash Flows

	Cash flow provided by operating activities	Cash flow provided by investing activities	Cash flow used in financing activities	Cash and cash equivalents at end of year
	million yen	million yen	million yen	million yen
Six Months ended September 30, 2006	10,804	(6,884)	(3,241)	12,988
Six Months ended September 30, 2005	2,881	255	(2,756)	11,992
Year ended March 31, 2006	27,299	(4,011)	(23,071)	11,894

(4) Information on Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries	64 companies	Number of non-consolidated subsidiaries subject to equity method	1 company	Number of affiliates subject to equity method	15 companies
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(5) Changes in Scope of Consolidation and Application of Equity Method

Newly consolidated	3 companies	No longer consolidated	2 companies	Newly accounted for by equity method	-	No longer accounted for by equity method	1 company
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Consolidated Performance Forecast for Year ending March 31, 2007

(April 1, 2006 - March 31, 2007)

	Net Sales	Ordinary Income	Net Income
	million yen	million yen	million yen
Full Year	420,000	26,000	13,000

(Reference) Full-year EPS forecast 18.66 yen

The above forecast is based on the information available at the time of the announcement of this data.

Actual business performance may differ from the projections due to various factors in the future.

Please refer to pp.3-7 of the Appendix to Consolidated Data for information on performance forecast and other related matters.

Management Policy

1. Basic Management Policy

The Toyobo Group aims to be a manufacturer of highly functional products (i.e., a conglomerate of specialty businesses), which continuously creates new values based on unique core technologies – namely, polymerization, modification, processing and biotechnology.

To date, the Toyobo Group has striven to establish a more stable earnings structure and to improve its balance sheet by revising its business portfolio. The Group will continue proceeding with its business portfolio reforms aimed at higher growth.

As for corporate governance, we are committed to further improve the transparency and fairness of management through the executive officer system, and to ensure risk management (for the environment, safety and other risks) and compliance structures.

2. Management Targets and Basic Profit Appropriation Policies

The Group attaches importance to return on assets (ROA) as a management benchmark, and aims to achieve ordinary income ROA of 5% or more for the foreseeable future. Business divisions and the business of each Group company are assessed according to common standards, such as profit/loss, ROA and cash flows to promote business portfolio reforms.

With regards to our balance sheet, we aim to lower the “ratio of interest-bearing debt to net assets (excluding minority interests) (D/E ratio)” to less than 1.5 at an early date.

Dividends will be decided according to our belief that appropriation of profit to shareholders is one of the highest priorities for corporate enterprises, and our basic policy is to continue paying steady cash dividends, while taking all factors into consideration, such as our earnings situation and the need to improve our balance sheet.

3. Medium/Long-term Business Strategy and Challenges

(1) Management Strategy

The Toyobo Group will take on the following key challenges to step up business portfolio reform:

- (i) Expansion of specialty businesses
- (ii) Downsizing of non-specialty businesses
- (iii) Reinforcement of group management
- (iv) Improvement of the balance sheet

Specialty businesses are those businesses that customers selectively designate for their unique core technologies, patents, brands, etc., and hence maintain a competitive advantage for the long term. We will positively enhance these businesses as well as endeavor to create new specialty businesses. As for non-specialty businesses, we will manage these with the emphasis on efficiency of total assets and continue focusing on the business areas.

With such group-wide efforts to restructure our business portfolio in order to become a conglomerate of specialty businesses, we will continue to

improve asset efficiency, profitability and balance sheet.

(2) Issues Requiring Action

(i) Expansion of specialty businesses/Creation of new products and new businesses

In the three business segments led by specialty businesses (“Films and Functional Polymers”, “Industrial Materials” and “Life Science”), highest priorities are given to growth and expansion in running the businesses. We will endeavor to increase the production capability of strong products, develop global business and launch new businesses in the five growth markets of “Automotive”, “Electronics, Information and Displays”, “Life Science”, “Environment” and “Comfort and Safety”, taking advantage of our unique core technologies and strengths.

Amongst the specialty businesses, we will clearly identify those businesses as “priority growth business” where we have strength and high growth is expected. We will intensively invest management resources in these areas to accelerate growth.

(ii) Downsizing and structural reform of non-specialty businesses

Toyobo has worked to downsize non-specialty non-core businesses mainly in unprofitable areas. We will continue to narrow down the spectrum of businesses to improve the efficiency of total assets from the viewpoint of group-wide optimization.

(iii) Through strengthening of technical capabilities

We will continue with “production technology innovation activities” to strengthen our technical capabilities. In particular, we will endeavor to cut waste at manufacturing sites, restructure manufacturing processes and develop new products at each business unit in an integrated manner among manufacturing, sales and development. We will also support technological innovation, including promotion of such activities and sharing of technologies and know-how across the board.

(3) Strategies and Policies by business segments

Films and Functional Polymers: In the films business, following expansion in the previous year, we plan to make capital investment in a new line (expected to go into operation in 2008) to meet the demand for films for LCD and optical uses that is expected to remain on a growth path. Meanwhile, in the field of functional polymers, we will continue improving our supply system for engineering plastics and functional adhesives, so that it will be capable of supporting the overseas expansion of our customers mainly in the automotive sector and the electronics and information display sectors. Under the new organization where the Films business and Functional Polymers business were merged in April 2006, we aim to create new businesses, such as next-generation electronic materials, by fusing together the technologies and marketing of both areas.

Industrial Materials: We aim to actively expand our domestic and overseas

supply capacity of airbag fabrics for automobiles, and to continue expanding high-performance fibers where demand is firm. In the field of functional filters, we plan to actively expand bag filters and solvent absorption equipment as well as various filters for automobiles, which contribute to the protection of the environment.

Life Science: In the bio-science business, we will create new businesses in diagnostic systems and manufacturing of functional substances for non-medical fields. In the contract manufacturing of pharmaceuticals, we will focus on increasing orders. We will further strengthen our business in hollow fiber membranes for artificial kidneys to suit demand. We will also continue expanding our aqua membrane business in response to increasing demand for sea water desalination.

Textiles: In the field of textiles, we will narrow down the spectrum of our operations to performance textiles that combine our own comfort evaluation technology with fabric development, as well as apparel business supported by high-quality guarantees, in order to improve the efficiency of total assets for the overall group.

4. Matters Concerning the Parent Company

No specific matters to report.

Business Performance and Financial Position

1. Business Performance in the First Half Ended September 30, 2006

As of the first half of the consolidated fiscal year ending March 31, 2007, the economic environment surrounding the Toyobo Group maintained a sustained trend toward recovery, owing to firm capital investment and consumer spending in Japan. Overseas, the U.S. economy continued to lead a recovery of the world economy. The automotive, digital consumer electronic appliance and medical markets, in which the Toyobo Group operates, also continued to expand; however, a surge and sustained strength in raw materials and fuel prices was a factor in pushing product costs up.

In such an environment, the Toyobo Group endeavored to become a “manufacturer of highly functional products that continually creates new values based on unique core technologies – namely, polymerization, modification, processing and biotechnology”. Efforts were made to expand specialty businesses such as functional films, functional polymers, industrial materials and life science, and to develop new products. In the field of textiles, profitability was secured by further narrowing down the business areas and promoting restructuring, while emphasizing the efficiency of total assets.

As a result, net sales for the current term ended September 30, 2006, 2005 increased by 17.2 billion yen to 213.5 billion yen (up 8.8%) on a year-on-year basis.

The following is a review of our businesses by segment.

[Films and Functional Polymers]

In the films division, packaging films secured increased sales by partially transferring the soaring prices in raw materials and fuels to product prices and by increasing sales volume. However, a harsh environment continues as prices of raw materials and fuels remain very high.

On the other hand, full-scale operations started at a new facility, and sales of industrial films increased significantly supported by strong demand from LCD and optical uses such as flat-screen televisions and personal computers.

In addition, we commenced with sales of “SOFTSHINE”, an easily moldable film for consumer electronics and automotive industries.

Sales of highly functional resin “VYLON” recorded an increase led by industrial adhesives for electronic parts.

Consequently, sales generated by the Films and Functional Polymers business increased by 4.7 billion yen year-on-year to 62.0 billion yen (up 8.3%). Operating income decreased by 200 million yen to 7.8 billion yen (down 2.0%).

[Industrial Materials]

Sales of airbag fabrics for automobiles increased significantly, supported by investments being made in Japan as well as overseas to increase production.

Sales of tire cords also recorded growth, supported by strong automotive production. “DYNEEMA”, a high-performance fiber, remained strong due to firm demand for safety gloves, fishing lines, and ropes for large vessels.

In filters, solvent adsorption equipment extended sales significantly, following increased capital investment in liquid crystal businesses. Sales of “PROCON”, the PPS fiber for bag filters used at thermal power plants, also increased sales considerably; however, various air filters recorded a fall in revenue due to intensified competition.

Non-woven filament fabrics increased sales, supported by firm demand from civil engineering, construction as well as automotive industries. Non-woven staple fabrics also extended sales mainly for automotive use.

Consequently, sales generated by the industrial materials business increased by 3.3 billion yen year-on-year to 35.7 billion yen (up 10.3%). Operating income increased by 200 million yen year-on-year to 2.9 billion yen (up 6.7%).

[Life Science]

In the bio-science business, sales increased steadily in enzymes for diagnostic reagents, such as those for measuring blood sugar levels, both in Japan and overseas. Sales of immunodiagnosis systems also remained firm.

Sales of aqua membranes also increased strongly, for overseas

desalination plants mainly in the Gulf regions in the Middle East. However, sales of hollow fiber membranes for artificial kidneys fell, due to the influence of lowered reimbursement prices in Japanese market.

Consequently, sales generated by the life science business increased by 900 million yen year-on-year to 15.3 billion yen (up 6.3%). Operating income decreased by 200 million yen to 2.5 billion yen (down 6.0%).

[Textiles]

In this business, we continued to cut back on unprofitable products and commodity areas. The sales for this field in total recorded an increase as sales were added from newly consolidated subsidiaries.

In the field of textiles, sales increased significantly due to strong exports of special fabrics for the Middle East.

Efforts were made to increase sales of shirts and trousers in response to the “Cool Biz” movement in Japan.

Sales of textiles for use in uniforms also rose due to strong demand on the back of economic recovery.

Sales of acrylic fiber “EXLAN” increased steadily, backed by our popular products such as flat fibers.

Sales of products for bedding, however, declined due to continued downsizing of unprofitable areas. Sales of synthetic fiber for apparel also declined, as a result of continued efforts to cut back unprofitable areas such as general textiles.

Consequently, sales generated by the textiles business increased by 6.5 billion yen year-on-year to 77.9 billion yen (up 9.1%). Operating income increased by 800 million yen to 2.4 billion yen (up 47.1%).

[Other Businesses]

Other businesses, including engineering, real estate, information processing services and logistics services, each performed more or less as planned, except electronic parts where revenue declined as a result of downsizing the FPC (flexible printed circuit board) business.

Consequently, sales generated by other businesses increased by 1.7 billion yen year-on-year to 22.6 billion yen (up 8.0%). Operating income decreased by 200 million yen to 1.1 billion yen (down 17.5 %).

As a result of the above, consolidated operating income of the Toyobo Group increased by 400 million yen year-on-year to 15.2 billion yen (up 2.9%), consolidated ordinary income increased by 600 million yen to 12.8 billion yen (up 4.8%), and consolidated net income for this interim period increased by 2.1 billion yen to 6.3 billion yen (up 48.7%) as a result of recording special loss on restructuring of businesses and impairment loss as an extraordinary loss.

2. Financial Position in the First Half Ended September 30, 2006

[Assets, Liabilities and Stockholders' Equity]

Total assets in the year-end increased by 8.3 billion yen year-on-year to 523.1 billion yen (up 1.6%).

This was mainly owing to an increase in account receivables and property, plant and equipment from the newly consolidated subsidiaries.

Liabilities increased by 6 billion yen year-on-year to 378.4 billion yen (up 1.6%). Similarly to assets, this was mainly due to additional liabilities from newly consolidated subsidiaries, such as borrowing.

Net assets, including minority shareholders' interest, increased by 2.3 billion yen year-on-year to 144.7 billion yen (up 1.6%) as net unrealized holding gains on other securities decreased but retained earnings increased.

[Cash Flows]

Net cash provided by operating activities increased by 7.9 billion yen year-to-year to 10.8 billion yen.

This was attributable to the increase in interim net income before income tax and the decrease in expenses related to lawsuits, offsetting the increases in account receivables and inventories. Main items during this interim period were interim net profit before income taxes and others of 9.5 billion yen, depreciation costs of 8.3 billion yen, increase in account receivables by 4.1 billion yen, and increase in inventories by 1.6 billion yen.

Net cash provided by investing activities showed minus 6.9 billion yen in the interim period under review, compared to plus 300 million yen for the same period last year. This was mainly attributable to a decline in proceeds from sale of investment securities. The main item during this interim period was the purchase of property, plant and equipment of 7.4 billion yen.

Net cash used in financing activities was minus 3.2 billion yen, reflecting an increase in cash outflow of 500 million yen year-on-year. The main items during this interim period were payment of bonds of 10 billion yen, cash dividends (including cash dividends to minority interests) of 3.7 billion yen, proceeds from increased long-term debt of 9.7 billion yen, and net increase in short-term bank loans of 2.4 billion yen.

Consequently, the closing balance of cash and cash equivalents increased by 1.1 billion yen year-on-year to 13 billion yen.

Various indexes relating to Toyobo's consolidated financial position are as follows.

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Interim term ended September 30, 2006
Ratio of stockholders' equity	15.6%	21.0%	21.0%	24.3%	24.1%
Ratio of stockholders' equity based on market value	22.3%	35.3%	35.5%	49.3%	41.4%
D/E ratio	3.6 times	2.3 times	2.1 times	1.6 times	1.7 times

Ratio of stockholders' equity: Net assets at the end of first half excluding minority interests / total assets at the end of first half

Ratio of stockholders' equity based on market value: Market capitalization [Closing price of stock at the end of first half x Number of shares outstanding at the end of first half after deducting treasury stocks] / total assets at the end of first half

D/E ratio (Debt-to-equity ratio): Interest-bearing debt at the end of first half / Net assets at the end of first half excluding minority interests

3. Forecast for Current Fiscal Year

The outlook for the business environment in the second half of the fiscal year ending March 31, 2007 is predicted to remain uncertain due to risk factors such as price trends of raw materials and fuels and rising interest rates. In this environment, the Toyobo Group will endeavor to expand its specialty businesses, making use of our unique technologies, in the Films and Functional Polymers business, Industrial Materials business and Life Science business. Furthermore, in the business of textiles, we will focus on performance textiles across the Group in order to achieve stable earnings and improve asset efficiency.

Based on such efforts, our consolidated business performance for the fiscal year ending March 31, 2007 is projected at 420 billion yen in net sales (up 18.1 billion yen year-on-year), 31 billion yen in operating income (up 1.1 billion yen), 26 billion yen in ordinary income (up 1.4 billion yen) and 13 billion yen in net income (up 400 million yen). Our aim is to reach new record highs in all aspects of earnings.

Status of Enterprise Group

The following is a description of principal businesses run by the Company and its affiliates, the Company and its affiliates' positioning in the said businesses and their relationship with the each segment by business type.

Films and Functional Polymers:

The Company manufactures, processes and sells packaging films, industrial films, industrial adhesives, engineering plastics, printing materials, etc.

Its 5 consolidated subsidiaries, such as Toyo Cloth Co., Ltd., Toyo Kasei Kogyo Co., Ltd., Kureha Elastomer Co., Ltd., and 14 non-consolidated subsidiaries, such as Toyoshina Film Co., Ltd. (subject to the equity method) and affiliates, manufacture, process and sell chemical products and plastics products such as films, highly functional polymers and rubber products. They also purchase raw materials from and supply products to Toyobo Co., Ltd.

Industrial Materials:

Toyobo Co., Ltd. manufactures, processes and sells textile materials for automotives, super fibers, functional filters, non-woven fabrics, etc.

Its 5 consolidated subsidiaries, such as Yuho Co., Ltd. and Kureha Ltd. and its 10 non-consolidated subsidiaries and affiliates manufacture and sell non-woven fabrics. They also purchase raw materials from and supply products to Toyobo Co., Ltd.

Life Science:

Toyobo Co., Ltd. manufactures, processes and sells biochemicals such as enzymes for diagnostic reagents, pharmaceuticals, medical membranes, medical devices and aqua membranes.

Its 4 consolidated subsidiaries, such as Toyobo Gene Analysis Co., Ltd., and 3 non-consolidated subsidiaries and affiliates provide gene analysis services and are engaged in the manufacture, sale, etc., of diagnostic agents.

Textiles:

Toyobo Co., Ltd. manufactures and sells apparel products, clothing textiles and textiles.

Its 23 consolidated domestic subsidiaries, such as Japan Exlan Co., Ltd., Sundia Inc., Miyuki Keori Co., Ltd., and its 31 non-consolidated domestic companies and domestic affiliates are engaged in the processing of textiles such as spinning, looming, and dyeing and manufacture and sale of synthetic fibers, secondary textile products, etc. They are also engaged in production, processing and sale under contract with Toyobo Co., Ltd.

Its 8 consolidated overseas subsidiaries, such as Perak Textile Mills SDN.BHD, and 15 overseas affiliates manufacture and sell



spun yarn, woven fabrics and processed goods. They also supply them to Toyobo Co., Ltd.

Its 2 consolidated subsidiaries, such as Shinko Sangyo Co., Ltd., and 3 non-consolidated subsidiaries and affiliates are engaged in the distribution, etc., of textiles and various non-textile industrial products.

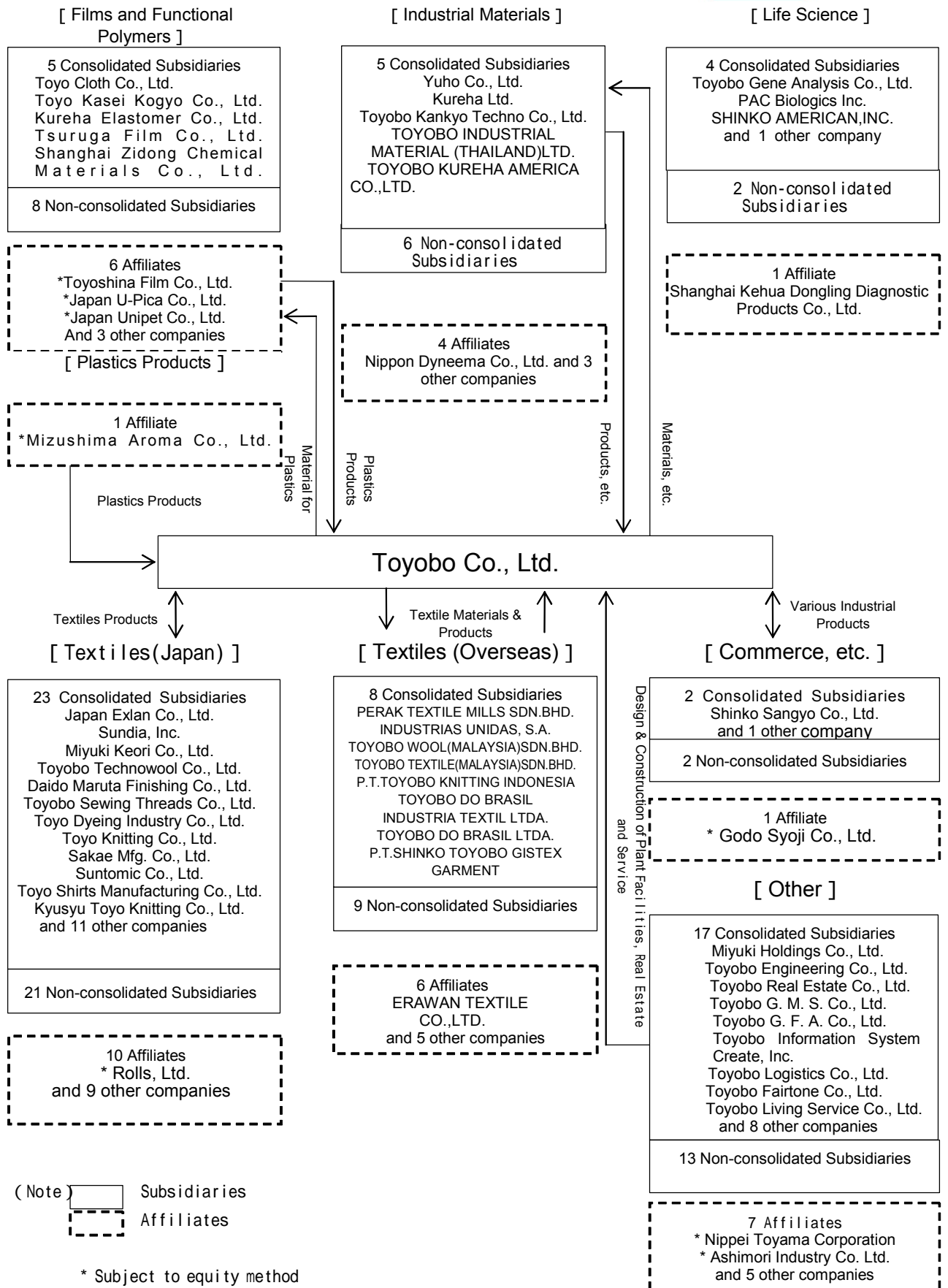
Other:

Toyobo Engineering Co., Ltd. is engaged in the design and construction of buildings and machinery as well as equipment sales. It is also entrusted with the design and construction of the Company's plant facilities.

Its 17 consolidated subsidiaries, such as Miyuki Holdings Co., Ltd. (real estate leasing, management, etc.), Toyobo Real Estate Co., Ltd. (real estate sale and leasing), Toyobo G.M.S. Co., Ltd. (real estate leasing, management, etc.), Toyobo G.F.A. Co., Ltd. (financial services), Toyobo Information System Create, Inc. (information processing services), Toyobo Logistics Co., Ltd. (logistics services, etc.) and Toyobo Living Service Co., Ltd. (linen supply, etc.) and 20 non-consolidated companies, such as Nippei Toyama Corporation (subject to the equity method, manufacture and sale of machine tools), and affiliates are engaged in the respective businesses shown in parentheses. They also provide services, etc. to Toyobo Co., Ltd.

“Other” shown above is classified as “Other Businesses” in the Segment Information by Business Type.

The organization of businesses described above is illustrated on the next page.



★Subsidiaries listed on securities exchange in Japan
(Miyuki Holdings Co., Ltd.: First Section of Tokyo Stock Exchange, First Section of Osaka Securities Exchange and First Section of Nagoya Stock Exchange)
(Toyo Cloth Co., Ltd.: Second Section of Osaka Securities Exchange)

Interim Consolidated Balance Sheets



(Unit: millions of yen)

Year Item	Interim term ended September 30, 2005		Interim term ended September 30, 2006		Year ended March 31, 2006		
	Amount	Percentage	Amount	Percentage	Amount	Percentage	
(Assets)		%		%		%	
Current Assets							
1. Cash and cash equivalents	12,431		13,364		12,470		
2. Notes and accounts receivable	94,769		96,214		90,485		
3. Inventories	92,255		91,166		89,132		
4. Deferred income taxes	3,361		3,801		4,018		
5. Other	9,279		11,047		9,556		
Allowance for doubtful receivables	(2,478)		(1,131)		(1,277)		
Total current assets	209,618	40.5	214,461	41.0	204,385	39.7	
Noncurrent Assets							
1. Property, Plant and Equipment							
(1) Buildings and structures	46,967		48,208		47,983		
(2) Machinery and equipment	55,257		61,311		60,354		
(3) Land	113,006		116,007		115,185		
(4) Construction in progress	11,934		3,759		4,002		
(5) Other	2,686	229,850	2,847	232,131	2,708	230,231	
2. Intangible assets							
(1) Goodwill	-		1,112		-		
(2) Other	1,513	1,513	2,303	3,415	1,526	1,526	
3. Investments and other noncurrent assets							
(1) Investment securities	53,290		52,454		56,594		
(2) Loans	4,845		5,061		3,331		
(3) Deferred income taxes	12,746		12,306		12,332		
(4) Other	10,415		8,182		9,521		
Allowance for doubtful receivables	(4,648)	76,648	(4,932)	73,072	(3,128)	78,649	
Total noncurrent assets		308,010	59.5	308,618	59.0	310,406	60.3
Total assets		517,629	100.0	523,080	100.0	514,791	100.0

Interim Consolidated Balance Sheets



(Unit: millions of yen)

Item	Interim term ended September 30, 2005		Interim term ended September 30, 2006		Year ended March 31, 2006	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
(Liabilities)		%		%		%
Current Liabilities						
1. Notes and accounts payable	59,169		64,820		61,513	
2. Short-term borrowings	117,949		97,292		93,659	
3. Long-term debt due within one year	17,509		40,093		35,960	
4. Bonds maturing within one year	10,000		600		10,300	
5. Accrued income taxes	3,269		5,026		6,001	
6. Deferred income taxes	100		99		95	
7. Accrued expenses	3,500		4,190		3,781	
8. Deposits received	8,962		11,534		10,799	
9. Accrued employees' bonuses	4,623		4,630		4,748	
10. Other	11,833		10,220		10,411	
Total current liabilities	236,914	45.7	238,503	45.6	237,266	46.1
Long-term Liabilities						
1. Bonds	10,600		10,000		10,300	
2. Long-term debt	69,693		63,991		55,954	
3. Deferred income taxes	7,614		8,559		10,923	
4. Deferred income taxes on land revaluation	28,077		28,164		28,165	
5. Employees' severance and retirement benefits	25,166		18,906		20,184	
6. Directors' and statutory auditors' retirement benefits	1,081		1,211		1,264	
7. Excess of net assets acquired over cost, net	2,587		-		2,228	
8. Negative goodwill	-		2,554		-	
9. Other	6,324		6,471		6,071	
Total long-term liabilities	151,143	29.2	139,855	26.7	135,088	26.2
Total liabilities	388,057	74.9	378,358	72.3	372,355	72.3
(Minority Interest)						
Minority interest in consolidated subsidiaries	16,874	3.3	-	-	17,294	3.4
(Stockholders' Equity)						
Common stock	43,341	8.4	-	-	43,341	8.4
Capital surplus	15,904	3.1	-	-	16,086	3.1
Retained earnings	10,070	1.9	-	-	18,556	3.6
Land revaluation excess	39,870	7.7	-	-	39,998	7.8
Revaluation excess-foreign	6,326	1.2	-	-	6,620	1.3
Net unrealized holding gains on securities	11,144	2.2	-	-	12,640	2.5
Foreign currency translation adjustments	(13,283)	(2.6)	-	-	(11,682)	(2.3)
Less treasury stock, at cost	(674)	(0.1)	-	-	(416)	(0.1)
Total stockholders' equity	112,698	21.8	-	-	125,143	24.3
Total liabilities, minority interest and stockholders' equity	517,629	100.0	-	-	514,791	100.0
(Net Assets)						
Shareholders' equity						
1. Common stock	-	-	43,341	8.3	-	-
2. Capital surplus	-	-	16,087	3.1	-	-
3. Retained earnings	-	-	21,320	4.1	-	-
4. Less treasury stock, at cost	-	-	(431)	(0.1)	-	-
Total shareholders' equity	-	-	80,316	15.4	-	-
Valuation variance and translation adjustments						
1. Net unrealized holding gains on securities	-	-	10,433	2.0	-	-
2. Deferred hedging gain or loss	-	-	(77)	(0.0)	-	-
3. Land revaluation excess	-	-	39,996	7.6	-	-
4. Revaluation excess-foreign	-	-	6,620	1.3	-	-
5. Foreign currency translation adjustments	-	-	(11,171)	(2.2)	-	-
Total effects of estimates	-	-	45,801	8.7	-	-
III Minority interest in consolidated subsidiaries	-	-	18,605	3.6	-	-
Total net assets	-	-	144,722	27.7	-	-
Total liabilities and net assets	-	-	523,080	100.0	-	-

Consolidated Interim Statement of Income



(Unit: millions of yen)

Year Item	Term from April 1, 2005 to September 30, 2005		Term from April 1, 2006 to September 30, 2006		Term from April 1, 2005 to March 31, 2006	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
		%		%		%
Net sales	196,299	100.0	213,476	100.0	401,948	100.0
Cost of sales	151,157	77.0	167,635	78.5	310,746	77.3
Gross profit	45,142	23.0	45,841	21.5	91,202	22.7
Selling, general and administrative expenses	30,325	15.5	30,598	14.4	61,315	15.3
Operating income	14,817	7.5	15,243	7.1	29,887	7.4
Non-operating income						
1. Interest income	233		215		323	
2. Dividend income	734		593		909	
3. Rent	385		407		734	
4. Amortization of consolidation difference	-		-		655	
5. Amortization of negative goodwill	-		445		-	
6. Equity in income of unconsolidated subsidiaries and affiliates	67		566		771	
7. Other	2,101	3,521	1,011	3,237	3,065	6,457
Non-operating expenses						
1. Interest expense	1,606		1,603		3,080	
2. Retirement benefits for employees for prior periods	749		857		1,609	
3. Salaries paid to dispatched employees	689		643		1,343	
4. Other	3,056	6,100	2,546	5,649	5,732	11,764
Ordinary income	12,238	6.2	12,831	6.0	24,580	6.1
Extraordinary income						
1. Gain on sale of property, plant and equipment	-		121		1,061	
2. Amortization of cross holding shares	-		5		-	
3. Gain on sale of investment securities	5,164		-		5,418	
4. Reversal of allowance for doubtful receivables	-		-		205	
5. Gain on securitites contributed to employee retirement benefit trust	-		-		2,927	
6. Dividend on liquidation of special-purpose company	-	5,164	-	127	3,400	13,011
Extraordinary loss						
1. Loss on sale of property, plant and equipment	260		14		493	
2. Loss on disposal of property, plant and inventories	1,405		399		2,251	
3. Evaluation loss on inventories	-		-		1,884	
4. Special allowance for doubtful receivables	457		1,105		-	
5. Special loss on restructuring of businesses	820		850		1,994	
6. Write-down of investment securities	200		133		429	
7. Loss on liquidation of affiliated companies	-		50		-	
8. Losses related to lawsuits	5,506		163		6,571	
9. Impairment loss	2,387	11,035	787	3,501	2,387	16,009
Income before income taxes	6,367	3.2	9,457	4.5	21,582	5.3
Provision for income taxes	1,346		3,669		6,879	
Provision for income taxes (deferred)	383	1,729	(824)	2,875	2,073	8,952
Minority interest in income of consolidated subsidiaries	369	0.2	235	0.1	34	0.0
Net income	4,269	2.2	6,347	3.0	12,596	3.1

Consolidated Interim Statement of Retained Earnings



(Unit: millions of yen)

Year Item	Term from April 1, 2005 to September 30, 2005		Term from April 1, 2005 to March 31, 2006	
	Amount		Amount	
(Capital Surplus)				
Opening balance		15,884		15,884
Increase in retained earnings				
1. Increase due to merger	20		20	
2. Gain on sale of treasury stock	-	20	182	202
Closing balance		15,904		16,086
(Retained Earnings)				
Opening balance		9,413		9,413
Increase in retained earnings				
1. Net income	4,269		12,596	
2. Adjustments for reversal of revaluation of land	28	4,298	147	12,743
Decrease in retained earnings				
1. Cash dividends	3,492		3,492	
2. Decrease due to decrease in consolidated subsidiaries	27		27	
3. Decrease due to increase in companies subject to equity method	122	3,641	81	3,600
Closing balance		10,070		18,556

Consolidated Statement of Changes in Shareholders' Equity



(From April 1, 2006 to September 30, 2006)

(Unit: millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance as of March 31, 2006	43,341	16,086	18,556	(416)	77,567
Change in the current quarter					
Dividend			(3,492)		(3,492)
Net income			6,347		6,347
Decrease due to increase in consolidated subsidiaries			(93)		(93)
Adjustments for reversal of revaluation of land			2		2
Purchase of treasury stock				(18)	(18)
Sale of treasury stock		1		3	4
Net change in the current quarter, other than shareholders' equity					
Total change in the current quarter	-	1	2,763	(15)	2,749
Balance as of September 30, 2006	43,341	16,087	21,320	(431)	80,316

	Effects of estimates							Total net assets
	Net unrealized holding gains on securities	Deferred hedging gain or loss	Land revaluation excess	Revaluation excess-foreign	Foreign currency translation adjustments	Total effects of estimates and exchange rate changes valuation variance and translation adjustments	Minority interest in consolidated subsidiaries	
Balance as of March 31, 2006	12,640	-	39,998	6,620	(11,682)	47,576	17,294	142,437
Change in the current quarter								
Dividend								(3,492)
Net income								6,347
Decrease due to increase in consolidated subsidiaries								(93)
Adjustments for reversal of revaluation of land								2
Purchase of treasury stock								(18)
Sale of treasury stock								4
Net change in the current quarter, other than shareholders' equity	(2,207)	(77)	(2)		511	(1,775)	1,311	(464)
Total change in the current quarter	(2,207)	(77)	(2)	-	511	(1,775)	1,311	2,285
Balance as of September 30, 2006	10,433	(77)	39,996	6,620	(11,171)	45,801	18,605	144,722



Interim Consolidated Statements of Cash Flows

(Unit: millions of yen)

Item	Year	Term from April 1, 2005 to September 30, 2005	Term from April 1, 2006 to September 30, 2006	Term from April 1, 2005 to March 31, 2006
		Amount	Amount	Amount
Cash flows provided by operating activities				
Income before income taxes		6,367	9,457	21,582
Depreciation and amortization		7,371	8,283	15,656
Amortization of consolidation difference		(336)	-	(655)
Amortization of negative goodwill		-	(445)	-
Allowance for doubtful receivables, net		606	1,214	(523)
Decrease in retirement benefits		(742)	(1,337)	(1,531)
Interest and dividend income		(967)	(808)	(1,232)
Interest expense		1,606	1,603	3,080
Equity in income of unconsolidated subsidiaries and affiliates		(67)	(566)	(771)
Gain on securities contributed to employee retirement benefit trust		-	-	(2,927)
Dividend on liquidation of special purpose company		-	-	(3,400)
Impairment loss		2,387	787	2,387
Loss on sale and disposal of property, plant and equipment, net		1,664	291	1,683
Gain on sale and unrealized holding gains on investment securities		(4,964)	133	(4,989)
Special loss on restructuring of businesses		820	850	1,994
Amortization gains of cross holding shares		-	(5)	-
Losses related to lawsuits		5,506	163	6,571
Decrease in trade notes and accounts receivable		742	(4,128)	5,267
Increase in inventories		(5,141)	(1,592)	(1,727)
Increase (decrease) in trade notes and accounts payable		(970)	2,506	1,190
Other, net		242	35	2,023
Total		14,122	16,442	43,679
Special loss on restructuring of businesses		(753)	(430)	(1,914)
Losses related to lawsuits		(5,418)	(1,219)	(6,370)
Indemnity of litigation liability insurance		-	554	-
Income taxes paid		(5,070)	(4,543)	(8,095)
Net cash provided by operating activities		2,881	10,804	27,299
Cash flows provided by investing activities				
Purchase of property, plant and equipment		(9,895)	(7,437)	(19,960)
Proceeds from sales of property, plant and equipment		85	617	1,831
Purchase of investment securities		(249)	(102)	(2,352)
Proceeds from sales of investment securities		9,429	26	10,808
Outlays associated with purchase of shares of consolidated subsidiaries due to change in scope of consolidation		-	(87)	-
Interest and dividend income excluding unconsolidated subsidiaries and affiliates		750	825	5,712
Dividend income from equity method affiliates		134	67	318
Other, net		0	(794)	(368)
Net cash provided by investing activities		255	(6,884)	(4,011)
Cash flows used in financing activities				
Net increase/decrease in short-term bank loans		1,581	2,383	(22,111)
Proceeds from long-term debt		10,302	19,050	25,917
Repayment of long-term debt		(9,074)	(9,371)	(20,973)
Payment of bonds		(300)	(10,000)	(300)
Payments for purchase of treasury stock		(17)	(18)	(31)
Proceeds from sales of treasury stock		1	4	1,300
Payment of interest		(1,609)	(1,560)	(3,118)
Cash dividends		(3,492)	(3,492)	(3,492)
Cash dividends to minority interests		(146)	(236)	(263)
Net cash used in financing activities		(2,756)	(3,241)	(23,071)
Adjustment for foreign currency translation		124	44	190
Increase in cash and cash equivalents		504	723	407
Cash and cash equivalents at beginning of year		11,583	11,894	11,583
Increase resulting from changes in consolidated subsidiaries		(96)	306	(96)
Increase in cash and cash equivalent resulting from merger of consolidated subsidiaries		-	65	-
IX Cash and cash equivalents at term end		11,992	12,988	11,894

Significant Accounting Policies: Basis for Preparation of Interim Consolidated Financial Statements

1. Scope of Consolidation

(1) There are 64 consolidated subsidiaries. The names of major consolidated subsidiaries are as stated in “Status of Enterprise Group”. As of the first half of the consolidated fiscal year ending March 31, 2007, we decided to include Toyobo Interiors Co., Ltd. (100% subsidiary of Toyobo Fairtone Co., Ltd.), which was established during this period, and Shanghai Zidong Chemical Materials Co., Ltd., from the viewpoint of its importance, as consolidated subsidiaries. In addition, we decided to include Sundia Inc. as a consolidated subsidiary by additionally acquiring its stocks, instead of a company accounted for under the equity method. Furthermore, we excluded each of the following companies from the scope of the Group’s consolidated financial accounting: JIT Co., Ltd., because it merged with Toyobo Real Estate Co., Ltd., and former Toyobo Interiors Co., Ltd. (100% subsidiary of Toyobo Co., Ltd.), because it withdrew from our business and lost significance.

(2) Non-consolidated subsidiaries are excluded from the scope of consolidation because all of them are small and do not, as a whole, materially affect the consolidated financial statements.

2. Application of Equity Method

(1) One non-consolidated subsidiaries were accounted for by the equity method. As of the first half of the consolidated fiscal year ending March 31, 2007, Sundia, Inc. was excluded from the companies accounted for under the equity method and included within the scope of consolidated subsidiaries.

(2) There were 15 affiliates accounted for by the equity method. The names of major affiliates accounted for by the equity method are as stated in “Status of Enterprise Group”.

(3) Non-consolidated subsidiaries and affiliates not accounted for by the equity method are excluded from the scope of the equity method because all of them are small and do not, as a whole, materially affect the consolidated financial statements.

3. Fiscal Year, etc. of Consolidated Subsidiaries

There are 25 consolidated subsidiaries that settle their accounts on a different date, as described below.

Jun. 30: 18 companies Jul. 31: 1 company Aug. 31: 3 companies
Sep. 20: 3 companies

The respective interim financial statements of the 25 consolidated subsidiaries for the relevant interim period serve as the basis for preparing the interim consolidated financial statements. However, necessary adjustments have been made in cases where material transactions have taken place between the current fiscal year end of the

consolidated subsidiaries concerned and the consolidated current fiscal year end.

4. Accounting Standards

(1) Valuation Standard and Method of Significant Assets

Available-for-sale securities:

(a) Available-for-sale securities with fair market value: Stated at fair market value based on the quoted market price, etc. at the current fiscal year end. (Unrealized gains and losses are reported as part of stockholders' equity. The cost of sales of such securities is calculated using the moving average method.)

(b) Available-for-sale securities without fair market value: Stated at moving-average cost.

Inventories: Mainly stated at cost based on the periodic average method.

(2) Depreciation Method of Significant Depreciable Assets

Property, plant and equipment: Depreciated primarily using the declining-balance method at Toyobo Co., Ltd. and its domestic consolidated subsidiaries (except that certain assets are depreciated using the straight-line method), and primarily using the straight-line method at overseas consolidated subsidiaries.

Intangible assets: Depreciated using the straight-line method. Software used within the company is depreciated using the straight-line method over its useful life within the company (i.e., five years).

(3) Accounting Standards for Significant Allowances and Reserves

Allowance for doubtful receivables: With respect to normal trade accounts receivable, an allowance to prepare against losses incurred from bad debt is stated at an amount based on the actual rate of bad debts in the past, whereas for certain doubtful receivables, the estimated uncollectible amount is stated according to an assessment of collectability on a case-by-case basis.

Accrued employees' bonuses: The amount expected to be required for the payment of employee's bonuses is stated.

Reserve for employees' severance and retirement benefits: A reserve for employees' severance and retirement benefit obligations at the end of the first half is stated on the basis of the projected amount of retirement benefit obligations and pension assets at the end of the interim period of this consolidated fiscal year. The excess of the projected benefit obligations over the total of the fair value of pension assets as of April 1, 2000 and the liabilities for severance and retirement benefits recorded as of April 1, 2000 ("net transition obligations") is recognized as an expense and divided and allocated equally to each

year over a period of fifteen years (or equally to each year over a period of five years in the case of some listed consolidated subsidiaries, etc.).

However, the net transition obligations are quickly amortized in the event of the mass retirement of employees who were employed on April 1, 2000.

Prior service costs are recognized as expenses using the straight-line method over a period of ten years (a certain number of years not exceeding the average remaining employment period of the employee at the time of accrual). Actuarial gains/losses are recognized as expenses using the straight-line method over a period of ten years (a certain number of years not exceeding the average remaining employment period of the employee at the time of accrual) starting from the following consolidated fiscal year.

Reserve for directors' and executive officers' retirement benefits: A reserve for directors' and executive officers' retirement benefits is stated at the estimated amount as of the end of the first half of the consolidated fiscal year based on internal regulations. Retirement benefits payable to the directors and statutory auditors of some consolidated subsidiaries are recognized as expenses at the time of disbursement.

(4) Accounting Method of Significant Lease Transactions

Financial lease transaction are treated in the same manner as ordinary lease transactions except those in which the ownership of the leased property is deemed to have been transferred to the borrower.

(5) Significant Hedge Accounting Method

Hedge accounting method: Special accounting treatment and deferred hedge accounting for interest-rate swaps

Hedging instruments and hedged items: Risks associated with fluctuations in the exchange rate and interest rate are hedged by using forward foreign exchange contracts, interest-rate swap contracts and other such instruments.

Hedging policy: Hedging is limited to reducing the burden of risks associated with fluctuations in the exchange rate and interest rate to an appropriate level.

Method of evaluating effectiveness of hedging:

The effectiveness of hedging is evaluated on the basis of the criteria for applying special accounting treatment of interest-rate swaps and by comparing the cumulative respective fluctuations in the market price or cash flows in the hedged items and hedging instruments.

(6) Other Significant Policies for Preparation of Consolidated Financial Statements

Consumption taxes are excluded.

(Changes to Significant Accounting Policies)

Accounting Standard for Recording of Net Assets on the Balance Sheet

As of this interim consolidated accounting period, we adopted the Accounting Standard for Business Combinations (Business Accounting Council, October 31, 2003), Accounting Standard for Business Divestitures (Accounting Standards Board of Japan, Guidance No. 7, December 27, 2005), and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standards Board of Japan, Guidance No. 10, December 27, 2005).

5. Scope of Funds in Consolidated Statements of Cash Flows

Funds (cash and cash equivalents) in the Consolidated Statements of Cash Flows consist of cash on hand, readily-available deposits, and fixed-term deposits with a term of no more than three months which are readily convertible and subject to an insignificant risk of changes in value.

Notes to Consolidated Financial Statements

1. Notes to Consolidated Balance Sheets

	(Unit: millions of yen)		
	Six Months ended September 30, 2005	Six Months ended September 30, 2006	Year ended March 31, 2006
(1) Accumulated depreciation of property, plant and equipment	366,703	376,137	372,166
(2) Principal assets pledged as collateral and secured debt			
Property, plant and equipment pledged as collateral	38,271	36,995	37,148
Investment securities pledged as collateral	57	96	108



Secured short-term borrowings	381	200	250
Secured long-term debt (including debt due within one year)	13,896	12,045	12,609
(3) Guaranteed obligations (including those based on commitment to guarantee and keepwell agreement)	6,877	4,783	6,742
(4) Discounted notes receivable and notes endorsed for transfer	22	13	42
(5) The following relates to non-consolidated subsidiaries and affiliates:			
Investment securities (stock)	13,878	14,939	15,188
Investments and other non current assets (contribution to capital)	1,533	837	1,659

(6) Accounting treatment of bills matured on the last day of the interim consolidated accounting period which fell on a holiday

With regard to the accounting treatment of bills matured on the last day of this interim consolidated accounting period and cash settlement on exact date (a cash settlement method on the due date under the same conditions as bills), it was treated as if the settlement took place on the date of maturity although the last day of this interim consolidated accounting period fell on a bank holiday. Amounts of matured bills, etc., on the last day of this interim consolidated accounting period were as follows:

Notes receivable and accounts receivable	7,272 million yen
Notes payable and accounts payable	7,251 million yen

(Change in Recording Method)

In the previous interim consolidated accounting period and in the previous consolidated accounting year, right of business was included in the intangible assets, however this is now recorded as goodwill in the current interim consolidated accounting period. In addition, Excess of net assets acquired over cost (net) was recorded under long-term liabilities; however, this is now

recorded as goodwill or negative goodwill in this current interim consolidated accounting period.

Furthermore, following the enforcement of the Corporate Law, investments in the former companies with limited liabilities are now included in the investment securities from this interim consolidated accounting period.

2. Notes to Consolidated Statements of Income

(Unit: millions of yen)

	Interim term from April 1, 2005 to September 30, 2005	Interim term from April 1, 2006 to September 30, 2006	Term from April 1, 2005 to March 31, 2006
Principle Items and Amounts of Selling, General and Administrative Expenses	4,729	4,980	9,686
Transport and storages			
Salaries, wages, bonuses, etc.	7,600	7,359	16,024
Provision for employees' bonuses	1,443	1,428	1,794
Reserve for employees' severance and retirement benefits	461	559	917
Research and development	4,827	5,073	10,014

(2) Impairment Losses

The following losses on impairment of non-current assets were reported during the first half of the consolidated fiscal year ending March 31, 2007.



Location	Usage	Type	Losses on impairment
Toyobo G.M.S. Co., Ltd. (Omachi City, Nagano Pref.)	Idle assets	Buildings Land	227 560

The Toyobo Group pools business assets according to management accounting classifications, and idle assets according to each separate property.

Since the relevant idle assets have been affected by plunging land values, we reduced the book value of each to a recoverable amount, and accounted the resulting impairment loss (787 million yen) as an extraordinary loss.

The recoverable amount of these assets or asset groups was determined by their net sale price.

3. Notes to Interim Consolidated Statement of Changes in Net Assets

- (1) Notes to the class and total number of shares outstanding, and the class and total number of treasury stocks

Current interim consolidated accounting period (From April 1, 2006 to September 30, 2006)

	No. of shares at the end of Year ended March 31, 2006 (1,000 shares)	No. of shares increased during the six-month period ended September 30, 2006 (1,000 shares)	No. of shares decreased during the six-month period ended September 30, 2006 (1,000 shares)	No. of shares at the end of the six-month period ended September 30, 2006 (1,000 shares)
Issued stock Common stock	699,027	-	-	699,027
Treasury stock Common Stock (Note)	2,200	56	11	2,266

(Note) 1. The number of common stocks increased by 56 thousand shares as a result of buy-back of fractional stocks.

2. The number of common stocks decreased by 11 thousand shares as a result of additional purchase of fractional stocks by shareholders.



(2) Notes to dividend

Amount of dividend paid

(Resolution)	Class of shares	Amount of dividend (Million yen)	Dividend per share (yen)	Reference date	Effective date
Ordinary general meeting of shareholders on June 29, 2006	Common stock	3,492	5	March 31, 2006	June 29, 2006

4. Notes to Consolidated Statements of Cash Flows

(1) Relationship between the closing balance of cash and cash equivalents and the respective amounts of items stated in Consolidated Balance Sheets

	(Unit: million yen)		
	Six Months ended September 30, 2005	Six Months ended September 30, 2006	Year ended March 31, 2006
Cash and cash equivalents in balance sheet	12,431	13,364	12,470
Fixed-term deposits with a term exceeding 3 months	(439)	(376)	(576)
Cash and cash equivalents in cash flow statement	<u>11,992</u>	<u>12,988</u>	<u>11,894</u>

(Change in recording method)

In the previous interim consolidated accounting period and in the previous consolidated accounting year, "amortization of consolidation difference" was recorded after the amortization of assets and liabilities had been offset. However, the amortization of goodwill is now included in depreciation, and "negative goodwill" is recorded separately from this interim consolidated accounting period.

Segment Information



1. Segment Information by Business Type

[Interim Term ended April 1, 2005 to September 30, 2005]

(Unit: millions of yen)

	Plastics Products	Bio, Medical and Functional Materials and Products	Fibers & Textiles	Other Businesses	Total	Elimination or Corporate	Consolidated
.Net Sales and Operating Income							
(1) Net sales to external customers	69,690	24,506	86,359	15,744	196,299	-	196,299
(2) Intersegment net sales or transfer amounts	75	-	202	6,059	6,336	(6,336)	-
Net Sales	69,765	24,506	86,561	21,803	202,635	(6,336)	196,299
Operating costs and expenses	60,731	20,840	83,832	20,892	186,295	(4,813)	181,482
Operating income	9,034	3,666	2,729	911	16,340	(1,523)	14,817

Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled 1,331 million yen.

(Reference) The main products of each business are as follows.

- Plastics Products: Films, synthetic resins, activated carbon fibers, chemical products, rubber products, etc.
 Bio, Medical and Functional Materials and Products: Biochemicals such as bio-reagents, pharmaceuticals, medical devices, functional materials and products, etc.
 Fibers & Textiles: Natural fibers, synthetic fibers and secondary textile products
 Other Businesses: Design and construction of buildings, structures, etc., real estate, information processing services, logistics services, etc.

[Interim Term ended April 1, 2006 to September 30, 2006]

(Unit: millions of yen)

	Films and Functional Polymers	Industrial Material	Life Science	Textiles	Other Businesses	Total	Elimination or Corporate	Consolidated
.Net Sales and Operating Income								
(1) Net sales to external customers	62,015	35,682	15,290	77,859	22,630	213,476	-	213,476
(2) Intersegment net sales or transfer amounts	97	31	60	140	4,959	5,287	(5,287)	-
Net Sales	62,112	35,713	15,350	77,999	27,589	218,763	(5,287)	213,476
Operating costs and expenses	54,289	32,785	12,853	75,564	26,513	202,006	(3,773)	198,233
Operating income	7,823	2,927	2,497	2,434	1,076	16,757	(1,513)	15,243

Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled 1,480 million yen.

(Changes in defining business segments)

The Toyobo Group aims to be a manufacturer of highly functional products, which continually creates new value based on unique core technologies - namely, polymerization technology, reformulation technology, processing technology and biotechnology. In order to promote future growth and reform of our business portfolio, our business divisions were reorganized beginning in April 2006 based around technology clusters that employ common, fundamental technologies. As a result, changes have occurred in the business groupings used in the segment information disclosures.

The segment information of the first quarter of the previous consolidated accounting year is restated as follows using the new business segment groupings.

(Reference) The main products of each business are as follows.

- Films and Functional Polymers: Packaging films, industrial films, industrial adhesives, engineering plastics, photosensitive polymer, etc.
 Industrial Materials: Fiber materials for automobiles, super fibers, functional filters, nonwoven fabrics, etc.
 Life Science: Bio-science products such as diagnostic enzymes, pharmaceutical production, hollow fiber membrane for artificial kidneys, desalination membranes, etc.
 Textiles: Apparel products, apparel textiles, apparel fibers, etc.
 Other Businesses: Design and construction of buildings and machinery, rental and management of real estate, information processing services, logistics services, etc.

[Term from April 1, 2005 to March 31, 2006]

(Unit: millions of yen)

	Plastics Products	Bio, Medical and Functional Materials and Products	Fibers & Textiles	Other Businesses	Total	Elimination or Corporate	Consolidated
.Net Sales and Operating Income							
(1) Net sales to external customers	141,950	50,906	174,484	34,608	401,948	-	401,948
(2) Intersegment net sales or transfer amounts	157	2	473	11,577	12,209	(12,209)	-
Net Sales	142,107	50,908	174,957	46,185	414,157	(12,209)	401,948
Operating costs and expenses	124,965	42,975	169,572	43,947	381,460	(9,399)	372,061
Operating income	17,142	7,933	5,384	2,238	32,697	(2,810)	29,887

Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled 2,568 million yen.

(Reference) The main products of each business are as follows.

- Plastics Products: Films, synthetic resins, activated carbon fibers, chemical products, rubber products, etc.
 Bio, Medical and Functional Materials and Products: Biochemicals such as bio-reagents, pharmaceuticals, medical devices, functional materials and products, etc.
 Fibers & Textiles: Natural fibers, synthetic fibers and secondary textile products
 Other Businesses: Design and construction of buildings, structures, etc., real estate, information processing services, logistics services, etc.



Segment information of previous interim consolidated term and previous consolidated fiscal year is shown below according to new business segment.

[Interim Term ended April 1, 2005 to September 30, 2005]

(Unit: millions of yen)

	Films and Functional Polymers	Industrial Material	Life Science	Textiles	Other Businesses	Total	Elimination or Corporate	Consolidated
.Net Sales and Operating Income								
(1) Net sales to external customers	57,267	32,350	14,388	71,348	20,946	196,299	-	196,299
(2) Intersegment net sales or transfer amounts	138	-	50	112	6,079	6,379	(6,379)	-
Net Sales	57,405	32,350	14,439	71,460	27,025	202,678	(6,379)	196,299
Operating costs and expenses	49,424	29,606	11,784	69,805	25,720	186,338	(4,857)	181,482
Operating income	7,981	2,744	2,655	1,655	1,305	16,340	(1,523)	14,817

Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled 1,331 million yen.

[Interim Term ended April 1, 2005 to March 31, 2006]

(Unit: millions of yen)

	Films and Functional Polymers	Industrial Material	Life Science	Textiles	Other Businesses	Total	Elimination or Corporate	Consolidated
.Net Sales and Operating Income								
(1) Net sales to external customers	116,362	68,935	29,667	142,513	44,471	401,948	-	401,948
(2) Intersegment net sales or transfer amounts	272	34	117	256	11,603	12,282	(12,282)	-
Net Sales	116,634	68,969	29,785	142,769	56,074	414,230	(12,282)	401,948
Operating costs and expenses	101,718	63,173	24,177	139,378	53,076	381,521	(9,460)	372,061
Operating income	14,916	5,796	5,608	3,391	2,999	32,710	(2,822)	29,887

Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled 2,568 million yen.

2. Segment Information by Region

This information is omitted because sales generated in Japan accounted for more than 90% of sales generated in all geographic

3. Overseas Sales

[Interim Term from April 1, 2005 to September 30, 2005]

(Unit: millions of yen)

	Southeast Asia	Other Regions	Total
Overseas sales	18,525	14,504	33,029
Consolidated sales			196,299
Percentage of overseas sales	9.4%	7.4%	16.8%

[Interim Term from April 1, 2006 to September 30, 2006]

(Unit: millions of yen)

	Southeast Asia	Other Regions	Total
Overseas sales	19,160	17,929	37,088
Consolidated sales			213,476
Percentage of overseas sales	9.0%	8.4%	17.4%

[Term from April 1, 2005 to March 31, 2006]

(Unit: millions of yen)

	Southeast Asia	Other Regions	Total
Overseas sales	34,491	28,512	63,003
Consolidated sales			401,948
Percentage of overseas sales	8.6%	7.1%	15.7%

Securities



[Interim term ended September 30, 2005]

1. Available-for-sale Securities with Fair Market Value

(Unit: millions of yen)

	Acquisition Cost	Value declared in Consolidated Balance Sheets	Difference
Stocks	12,352	33,115	20,763
Other	15	16	1
Subtotal	12,367	33,131	20,764

2. Breakdown of Securities lacking Market Valuation and Value declared in Consolidated Balance Sheets

(1) Available-for-sale securities

Non-listed stocks	5,480 million yen
Contributions to investment enterprise partnership, etc.	441 million yen

3. Subsidiaries' Stocks and Affiliates' Stocks with Fair Market Value

(Unit: millions of yen)

	Value declared in Consolidated Balance Sheets	Market Value	Difference
Subsidiaries' stocks	6,909	8,657	1,749
Affiliates' stocks	5,884	10,312	4,428

(Note) This is based on non-consolidated financial statements.

[Interim term ended September 30, 2006]

1. Available-for-sale Securities with Fair Market Value

(Unit: millions of yen)

	Acquisition Cost	Value declared in Consolidated Balance Sheets	Difference
Stocks	12,459	31,693	19,234
Other	15	17	3
Subtotal	12,474	31,710	19,237

2. Breakdown of Securities lacking Market Valuation and Value declared in Consolidated Balance Sheets

(1) Available-for-sale securities

Non-listed stocks	5,600 million yen
Contributions to investment enterprise partnership, etc.	208 million yen

3. Subsidiaries' Stocks and Affiliates' Stocks with Fair Market Value

(Unit: millions of yen)

	Value declared in Consolidated Balance Sheets	Market Value	Difference
Subsidiaries' stocks	6,909	7,587	678
Affiliates' stocks	5,884	12,862	6,978

(Note) This is based on non-consolidated financial statements.

[Term ended March 31, 2006]

1. Available-for-sale Securities with Fair Market Value

(Unit: millions of yen)

	Acquisition Cost	Value declared in Consolidated Balance Sheets	Difference
Stocks	12,498	35,575	23,077
Other	15	18	4
Subtotal	12,513	35,593	23,081

2. Breakdown of Securities lacking Market Valuation and Value declared in Consolidated Balance Sheets

(1) Available-for-sale securities

Non-listed stocks	5,598 million yen
Contributions to investment enterprise partnership, etc.	216 million yen

3. Subsidiaries' Stocks and Affiliates' Stocks with Fair Market Value

(Unit: millions of yen)

	Value declared in Consolidated Balance Sheets	Market Value	Difference
Subsidiaries' stocks	6,909	10,398	3,489
Affiliates' stocks	5,884	17,539	11,655

(Note) This is based on non-consolidated financial statements.

Contract Amount of Derivative Transactions, Market Value and Valuation Gains/Losses

The details are disclosed through EDINET and thus are not presented here.

Lease Transactions

The details are disclosed through EDINET and thus are not presented here.

Net Sales and Operating Income by Business Segment (Results / Forecast)

(Unit: hundred millions of yen)

		Net Sales				Operating Income			
		Year ended March 31, 2005	Year ended March 31, 2006 First of the year Result Full Year Forecast	The year before Change	Change (%)	Year ended March 31, 2005	Year ended March 31, 2006 First of the year Result Full Year Forecast	The year before Change	Change (%)
Films and Functional Polymers	First of the year	573	620	47	8.3	80	78	(2)	(2.0)
	Latter of the year	591	650	59	10.0	69	78	8	12.1
	Full year	1,164	1,270	106	9.1	149	156	7	4.6
Industrial Materials	First of the year	324	357	33	10.3	27	29	2	6.7
	Latter of the year	366	383	17	4.7	31	34	3	10.5
	Full year	689	740	51	7.3	58	63	5	8.7
Life Science	First of the year	144	153	9	6.3	27	25	(2)	(6.0)
	Latter of the year	153	187	34	22.5	30	32	3	8.5
	Full year	297	340	43	14.6	56	57	1	1.6
Textiles	First of the year	713	779	65	9.1	17	24	8	47.1
	Latter of the year	712	671	(40)	(5.7)	17	18	0	1.7
	Full year	1,425	1,450	25	1.7	34	42	8	23.9
Other Businesses	First of the year	209	226	17	8.0	13	11	(2)	(17.5)
	Latter of the year	235	174	(62)	(26.2)	17	11	(6)	(33.6)
	Full year	445	400	(45)	(10.1)	30	22	(8)	(26.6)
Elimination or Corporate	First of the year					(15)	(15)	0	(0.7)
	Latter of the year					(13)	(15)	(2)	14.5
	Full year					(28)	(30)	(2)	6.3
Total	First of the year	1,963	2,135	172	8.8	148	152	4	2.9
	Latter of the year	2,056	2,065	9	0.4	151	158	7	4.5
	Full year	4,019	4,200	181	4.5	299	310	11	3.7