



**Consolidated Financial Position and Business Performance
for the Third Quarter Ended December 31, 2006**

February 6, 2006

Toyobo Co., Ltd.

Stock Code: **3101**

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

Representative: President & Representative Director

Contact Person: Head of Finance Dept.

Applicability of US Accounting Standards: Not applicable

(Listed on First Section of both TSE and OSE)

(Head office: Osaka Prefecture)

Ryuzo Sakamoto

Hiroshi Takahashi

TEL: (06) 6348-3091

1 Notes on Presentation of Results for the Quarter under Review

(1) Adoption of simplified accounting policies: Yes

Income taxes are stated using legally effective tax rates on the basis of taxable income calculated using the simplified method.

(2) Changes in accounting procedures from the most recent consolidated accounting term: Yes

The method of depreciation used on certain property, plant and equipment (machinery and equipment) was changed from the straight-line method to the declining-balance method.

(3) Changes in scope of consolidation and application of equity method: Yes

Number of consolidated subsidiaries	63 companies	Number of non-consolidated subsidiaries subject to equity method	1 company	Number of affiliates subject to equity method	16 companies
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Condition in scope of consolidation and application of equity method (As of October 1, 2005)

Newly consolidated	company	No longer consolidated	company	Newly accounted for by equity method	1 company	No longer accounted for by equity method	company
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2 Consolidated Business Performance for the Third Quarter (April 1, 2005 - December 31, 2005)

(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	%
Third quarter ended December 31, 2005	294,568	(1.5)	21,293	(1.2)	17,604	(2.2)
Third quarter ended December 31, 2004	290,242	(6.4)	21,036	(15.9)	17,217	(31.6)
Year ended March 31, 2005 (Reference)	393,686		28,782		21,589	

	Net Income		Net Income per Share
	million yen	%	yen
Third quarter ended December 31, 2005	7,176	(13.1)	10.32
Third quarter ended December 31, 2004	8,259	()	11.90
Year ended March 31, 2005 (Reference)	12,207		17.58

(Notes) Percentages of net sales, operating income, ordinary income and quarter net income, represent increases (decreases) compared with corresponding of the previous year.

[Qualitative information on the progress in operating results (consolidated)]

In the third quarter, the Japanese economy continued to recover steadily, supported by rising exports and capital investment along with steady personal spending.

Within this environment, the Toyobo Group's cumulative consolidated business results (for the 9 months) were more or less according to plan, showing year-to-year growth in both sales and income, with sales reaching 294,568 million yen, and operating income and ordinary income reaching 21,293 million yen and 17,604 million yen respectively.

The following is a review of our businesses by segment for the third quarter (3 months).

In the plastics products division, films and functional resins performed solidly, producing year-to-year growth in sales. In the films division, sales of both packaging and industrial films increased. In packaging films, we managed to increase sales by implementing measures such as price mark-ups to partly offset rising raw material supply costs; however, the continuing surge in raw material prices is placing us under increasingly harsh pressure. On the other hand, sales of industrial films increased dramatically on the back of booming demand in the field of liquid crystal and optical applications such as TVs and computers. Sales of highly functional resin VYLON[®] jumped substantially due to strong sales for data recording and industrial adhesive purposes, as well as increased sales of conductive paste for electronic materials. In addition, sales of Enpla to the automotive and electronics industries grew steadily. In the filters business, sales of solvent-recovery equipment performed well, but sales of air filters were sluggish.

The bio-science and medical, function materials and products divisions succeeded in maintaining steady sales growth overall. In the bio-science and medical field, sales rose solidly despite the sluggish performance of reagents for research, thanks to increased demand for enzymes for blood sugar level testing and our new immunodiagnostic system. In the field of membranes, hollow fiber membranes for artificial kidneys continued to grow steadily, especially to overseas markets, but sales of reverse osmosis membranes for seawater desalination declined year-on-year because sales in the third quarter of the previous year were temporarily boosted by the supply of replacement membranes to large-scale plants. In functional materials and products, sales of ultra-strong polyethylene fiber DYNEEMA® grew as usage of the product in safety gloves and large boat ropes rose steadily. Sales of non-woven filaments also grew on the back of solid demand for application in various materials, including engineering, building and automotive materials, as did sales of bag filters for incinerators.

In the business of fibers and textiles, surging raw materials prices continued to produce harsh business conditions. Nevertheless, sales of industrial materials such as base fabrics for automobile airbags and tire cords followed a steady uptrend. Moreover, in the clothing field, we increased sales of original products such as specialized composite spun textiles for sportswear and inner wear, while at the same time downsizing unprofitable businesses, such as exports of the spandex fiber Espa and operations in common textiles.

The other businesses, including engineering, real estate, information processing services and logistics services, each performed more or less as planned.

(2) Changes in financial position (consolidated)

	Total Assets	Stockholders' Equity	Ratio of Stockholders' Equity	Stockholders' Equity per Share
	million yen	million yen	%	yen
Third quarter ended December 31, 2005	536,731	119,388	22.2	171.33
Third quarter ended December 31, 2004	544,729	108,793	20.0	156.74
Year ended March 31, 2005	511,813	107,518	21.0	154.64

[Qualitative information concerning changes in financial position (consolidated)]

Total assets at the end of the third quarter rose by 19,102 million yen year-on-year, to 536,731 million yen. This was mainly attributable to an increase in cash and cash equivalents, a seasonal increase in inventories, and an increase in the value of investment securities in line with revaluation at current prices.

Liabilities also rose by 11,394 million yen year-on-year, to 399,451 million yen. This was mainly a result of an increase in interest-bearing debt.

Stockholders' equity increased by 6,690 million yen year-on-year to 119,388 million yen, mainly due to the quarter's net income of 2,907 million yen and a 2,527 million yen increase in unrealized holding gains on securities. As a consequence, the stockholders' equity ratio was 22.2%.

(Notes) Consolidated Performance Forecast for Year ending March 31, 2006 (April 1, 2005 - March 31, 2006)

	Net Sales	Ordinary Income	Net Income
	million yen	million yen	million yen
Full Year	410,000	24,000	12,500

(Reference) Full-year EPS forecast 17.98 yen

Our business results for the third quarter were more or less accordingly to plan, and consequently there are no changes to the forecast we announced on November 10, 2005.

* 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.

Consolidated Balance Sheets (Overview)

(Unit: millions of yen)

Item \ Year	Interim Term Ended September 30, 2005 (As of September 30, 2005)	Third Quarter Ended December 31, 2005 (As of December 31, 2005)	Change	Year Ended March 31, 2005 (As of March 31, 2005)
	Amount	Amount	Amount	Amount
(Assets)				
Current Assets				
Cash and cash equivalents	12,431	20,072	7,641	11,889
Notes and accounts receivable	94,769	95,246	477	94,669
Inventories	92,255	95,197	2,942	85,500
Other	10,163	10,261	98	11,911
Total current assets	209,618	220,777	11,158	203,969
Noncurrent Assets				
Property, Plant and Equipment	229,850	231,795	1,945	229,197
Intangible assets	1,513	1,436	(77)	3,362
Other	76,648	82,723	6,075	75,285
Total noncurrent assets	308,010	315,954	7,944	307,844
Total assets	517,629	536,731	19,102	511,813
(Liabilities)				
Current Liabilities				
Notes and accounts payable	59,169	59,846	677	60,063
Short-term interest-bearing debt	145,458	146,628	1,170	131,091
Other	32,287	32,044	(243)	36,319
Total current liabilities	236,914	238,517	1,603	227,473
Long-term Liabilities				
Long-term interest-bearing debt	80,293	88,112	7,819	89,890
Employees' severance and retirement benefits	25,166	25,084	(82)	25,820
Other	45,684	47,737	2,054	44,825
Total long-term liabilities	151,143	160,934	9,791	160,534
Total liabilities	388,057	399,451	11,394	388,007
(Minority Interest)				
Minority interest in consolidated subsidiaries	16,874	17,892	1,018	16,288
(Stockholders' Equity)				
Common stock	43,341	43,341	-	43,341
Capital surplus	15,904	16,041	137	15,884
Retained earnings	10,070	12,861	2,792	9,413
Land revaluation excess	39,870	40,012	142	39,897
Revaluation excess-foreign	6,326	6,307	(20)	6,329
Net unrealized holding gains on securities	11,144	13,670	2,527	8,109
Foreign currency translation adjustments	(13,283)	(12,436)	847	(14,795)
Less treasury stock, at cost	(674)	(409)	265	(660)
Total stockholders' equity	112,698	119,388	6,690	107,518
Total liabilities, minority interest and stockholders' equity	517,629	536,731	19,102	511,813

Consolidated Statements of Income (Overview)

(Unit: millions of yen)

Item	Year	Third Quarter Ended December 31, 2004 〔 From April 1, 2004 to December 31, 2004 〕	Third Quarter Ended December 31, 2005 〔 From April 1, 2005 to December 31, 2005 〕	Change		Year Ended March 31, 2005 (Reference) 〔 From April 1, 2004 to March 31, 2005 〕
		Amount	Amount	Amount	Percentage	Amount
Net sales		290,242	294,568	4,326	1.5	393,686
Cost of sales		225,262	227,006	1,745	0.8	305,494
Gross profit		64,981	67,562	2,581	4.0	88,192
Selling, general and administrative expenses		43,945	46,269	2,324	5.3	59,410
Operating income		21,036	21,293	257	1.2	28,782
Non-operating income						
Interest income and Dividend income		1,565	1,144	(421)	(26.9)	1,866
Other		3,227	3,632	404	12.5	4,685
Total non-operating income		4,792	4,775	(17)	(0.4)	6,551
Non-operating expenses						
Interest expense		2,493	2,392	(101)	(4.1)	3,309
Other		6,118	6,072	(46)	(0.8)	10,435
Total non-operating expenses		8,612	8,464	(148)	(1.7)	13,744
Ordinary income		17,217	17,604	387	2.2	21,589
Extraordinary income		1,843	5,423	3,580	194.3	8,627
Extraordinary loss		4,168	12,002	7,834	187.9	8,625
Income before income taxes		14,891	11,025	(3,866)	(26.0)	21,592
Provision for income taxes		6,048	3,268	(2,780)	(46.0)	9,058
Minority interest in income of consolidated subsidiaries		585	581	(4)	(0.6)	327
Net income		8,259	7,176	(1,083)	(13.1)	12,207

Segment Information by Business

Third Quarter Ended December 31, 2004 [From April 1, 2004 to December 31, 2004]

(Unit: million 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	102,900	35,574	123,479	28,289	290,242	-	290,242
(2) Intersegment net sales or transfer amounts	197	-	308	6,901	7,406	(7,406)	-
Net Sales	103,097	35,574	123,786	35,190	297,648	(7,406)	290,242
Operating costs and expenses	90,130	30,450	119,950	33,974	274,504	(5,298)	269,206
Operating income	12,967	5,124	3,836	1,216	23,143	(2,107)	21,036

Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled 2,078 million yen.

Third Quarter Ended December 31, 2005 [From April 1, 2005 to December 31, 2005]

(Unit: million 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	104,550	37,177	128,344	24,497	294,568	-	294,568
(2) Intersegment net sales or transfer amounts	94	2	329	8,506	8,931	(8,931)	-
Net Sales	104,644	37,179	128,672	33,003	303,499	(8,931)	294,568
Operating costs and expenses	91,913	31,502	124,980	31,724	280,119	(6,844)	273,275
Operating income	12,731	5,677	3,692	1,280	23,380	(2,087)	21,293

Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled 1,861 million yen.

(Reference)

Year Ended March 31, 2005 (Full Year) [From April 1, 2004 to March 31, 2005]

(Unit: million 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	138,981	48,584	168,098	38,023	393,686	-	393,686
(2) Intersegment net sales or transfer amounts	281	12	446	10,255	10,994	(10,994)	-
Net Sales	139,262	48,596	168,544	48,278	404,680	(10,994)	393,686
Operating costs and expenses	122,007	41,314	163,739	45,885	372,944	(8,041)	364,904
Operating income	17,255	7,282	4,805	2,393	31,735	(2,953)	28,782

Non-allocatable operating costs and expenses which have been included in "Elimination or Corporate" totaled 2,800 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.

[References for Quarterly Business Performance]

Net Sales and Operating Income by Business Segment

(Unit: hundred millions of yen)

		Net Sales				Operating Income			
		Third Quarter Ended December 31, 2004 (Year-to-date 9 months)	Third Quarter Ended December 31, 2005 (Year-to-date 9 months)	Change (Amount)	Change (%)	Third Quarter Ended December 31, 2004 (Year-to-date 9 months)	Third Quarter Ended December 31, 2005 (Year-to-date 9 months)	Change (Amount)	Change (%)
Plastics Products	films and functional resins	932	1,005	73	7.8	116	125	9	7.6
	Electronic Materials	97	40	(56)	(58.3)	13	2	(11)	(83.0)
	Total	1,029	1,046	17	1.6	130	127	(2)	(1.8)
Bio, Medical and Functional Materials and Products		356	372	16	4.5	51	57	6	10.8
Fibers & Textiles		1,235	1,283	49	3.9	38	37	(1)	(3.8)
Other Businesses		283	245	(38)	(13.4)	12	13	1	5.3
Elimination or Corporate						(21)	(21)	0	(0.9)
Total		2,902	2,946	43	1.5	210	213	3	1.2