

November 9, 2004



**Midterm Business Results for The
Fiscal Year Ending Mar/05 and
Progress of “Project NT-II”**



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

Contents

I. Midterm Business Results for the Fiscal Year Ending March 2005

Summary	(P4-5)
Non-operating Income and Expenses, Ordinary Income	(P6)
Special Credits and Charges, Income Before Income Taxes	(P7)
Assets, Capital Expenditures, Depreciation	(P8)
Liabilities, Stockholders' Equity	(P9)
Results by Business Segment	(P10-16)
Operating Income Factor Analysis	(P17)
Forecast Summary	(P18-19)
Risk Factors and Countermeasures	(P20)
Forecast of Raw Materials Prices	(P21)
Countermeasures Against Price Rise in Raw Materials	(P22)
LCD Market Trends	(P23)

II. Progress of Mid-term Management Issues "Project NT-II"

Fundamental Concept of NT-II	(P25)
Target Numbers in NT-II	(P26)
Main Projects Promoted under NT-II	(P27-32)
Recent Topics	(P33)

<Reference>	(P35)
-------------	-------

Midterm Business Results for the FY Ending March 2005 (Consolidated Basis)

Summary (Profits)

Billion ¥

	FY Mar/04 Midterm	FY Mar/05 Midterm	Changes
Net Sales	534.3	575.7	+41.4 (+7.7%)
Gross Profit	114.5	127.1	+12.6 (+11.0%)
(Gross Profit to Net Sales)	21.4%	22.1%	+0.7 points
Operating Income	24.7	35.6	+10.9 (+43.9%)
(Operating Income to Net Sales)	4.6%	6.2%	+1.6 points
Non-operating Income and Expenses, net	▲ 1.8	▲ 0.8	+0.9 (-)
Ordinary Income	23.0	34.8	+11.8 (+51.4%)
Special Credits and Charges, net	▲ 1.2	▲ 4.1	-2.9 (-)
Midterm Net Income	10.9	19.8	+8.8 (+80.7%)

*Chori and Suido Kiko are accounted for affiliated companies by Equity Method until this Midterm FY Mar/05.

	Midterm 04/3	Midterm 05/3		Midterm 04/3	Midterm 05/3
< Yen/US\$ >	Midterm average: 118.0	→ 109.9	< US\$/Euro >	Midterm average: 1.13	→ 1.21
	End of the term: 111.3	→ 111.1		End of the term: 1.16	→ 1.23

Summary (Financial Position)

Billion ¥

	End of Mar/04	End of Sep/05	Changes	Comments
Total Assets	1,295.3	1,395.3	+100.0 (+7.7%)	Consolidation effects of Chori and Suido Kiko: +101.5 Billion Yen
Stockholders' Equity	414.2	433.6	+19.3 (+4.7%)	
Interest-bearing Debts	494.5	500.7	+6.2 (+1.3%)	Consolidation effects of Chori and Suido Kiko: +29.7 Billion Yen

*Chori and Suido Kiko are consolidated on the B/S at the end of Sep/04.

	FY Mar/04 Midterm	FY Mar/05 Midterm	Changes
ROE	5.5%	9.3%	+3.9 points
ROA ^{*1}	3.8%	5.3%	+1.5 points
Free Cash Flow	20.1	34.0	+13.9 (+68.9%)

*1) ROA = Operating Income / Total Assets

ROE, ROA are converted to annual based exchange ratios.

Non-operating Income and Expenses, Ordinary Income

Billion ¥

	FY Mar/04 Midterm	FY Mar/05 Midterm	Changes	Comments
Non-operating Income	7.4	7.3	-0.1	
Interest and Dividend Income	0.9	0.9	-0.0	
Equity in Earnings of Affiliates	3.2	4.2	+1.1	Chori, KTP (Korea), STECO (Korea), etc.
Other	3.4	2.2	-1.2	
Non-operating Expenses	▲9.2	▲ 8.1	+1.1	
Interest Expenses	▲4.0	▲ 3.1	+0.9	Reduction of interest-bearing debts, decline of interest rates, etc.
Other	▲5.1	▲ 5.0	+0.1	
Non-operating Income and Expenses, net	▲1.8	▲ 0.8	+0.9	
Ordinary Income	23.0	34.8	+11.8	
Interest and Dividend Income, Interest Expenses, net	▲ 3.2	▲ 2.2	+0.9	
Other Income and Expenses, net	▲ 1.8	▲ 2.8	-1.0	

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

Special Credits and Charges, Income Before Income Taxes

Billion ¥

	FY Mar/04 Midterm	FY Mar/05 Midterm	Changes	Comments
Special Credits	1.5	0.9	-0.6	
Gain on Sale of Property, Plant, and Equipment	1.4	0.3	-1.2	Reduction of gain on sale of land for company apartment, etc.
Gain on Sale of Investments in Securities	0.1	0.0	-0.0	
Other	-	0.6	+0.6	
Special Charges	▲ 2.7	▲ 5.1	-2.4	
Loss on Sales or Disposal of Property, Plant, and Equipment	▲ 1.3	▲ 1.2	+0.1	Losses and expenses of equipment except for fibers & textiles and plastics & chemicals segments, etc.
Loss on Write-down of Investments in Securities	▲ 0.1	▲ 0.3	-0.2	
Restructuring Expenses	▲ 1.3	▲ 3.2	-2.0	Losses and expenses of equipment for fibers & textiles and plastics & chemicals segments, etc.
Other	▲ 0.0	▲ 0.4	-0.4	
Special Credits and Charges, net	▲ 1.2	▲ 4.1	-2.9	
Income Before Income Taxes	21.8	30.6	+8.9	

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

Assets, Capital Expenditures, Depreciation **TORAY**

Billion ¥

	End of Mar/04	End of Sep/04	Changes	Comments
Total Assets	1,295.3	1,395.3	+100.0	Consolidation effects of Chori and Suido Kiko : + 101.5 Billion Yen
Total Current Assets	549.1	645.9	+96.9	Consolidation effects of Chori and Suido Kiko : + 89.1 Billion Yen
Tangible Fixed Assets	543.3	532.1	-11.2	Consolidation effects of Chori and Suido Kiko : + 4.9 Billion Yen Efficiency improvement in capital expenditure, etc.
Intangible Assets	9.6	10.8	+1.1	Consolidation effects of Chori and Suido Kiko : + 1.1 Billion Yen
Investments and Other Assets	193.3	206.5	+13.3	Consolidation effects of Chori and Suido Kido : + 6.4 Billion Yen Increase in investments in securities due to the recovery of stock prices, etc.

	FY Mar/04 Midterm	FY Mar/05 Midterm	Changes	Comments
Capital Expenditures	21.9	23.4	+1.5	Toray : 6.4, Japan : 4.5, Overseas : 12.5
Depreciation -)	33.3	31.5	-1.8	Toray : 13.2, Japan : 4.6, Overseas : 13.7
Transfer, Elimination, etc.	1.6	▲ 3.2	-4.7	
Change in Tangible Fixed Assets	▲ 9.8	▲ 11.2		

Major Capital Expenditures

<Japan>

Toray : Carbon fiber composite materials production facility (Ehime plant)

Toray Advanced Films Co., Ltd., etc.

<Overseas>

SOFICAR : Carbon fiber production facilities (France), etc.

Liabilities, Stockholders' Equity

Billion ¥

	End of Mar/04	End of Sep/04	Changes	Comments
Total Liabilities	843.7	910.5	+66.9	Consolidation effects of Chori and Suido Kiko : +88.7 Billion Yen
Current Liabilities	472.9	548.5	+75.6	Consolidation effects of Chori and Suido Kiko : +80.4 Billion Yen
Other Liabilities	370.8	362.0	-8.8	Consolidation effects of Chori and Suido Kiko : +8.3 Billion Yen
Minority Interests in Consolidated Subsidiaries	37.4	51.2	+13.8	Consolidation effects of Chori and Suido Kiko : +12.8 Billion Yen
Total Stockholders' Equity	414.2	433.6	+19.3	Increase of unrealized gain on securities, etc.
Interest-bearing Debts	494.5	500.7	+6.2	Consolidation effects of Chori and Suido Kiko : +29.7 Billion Yen

Results by Business Segment

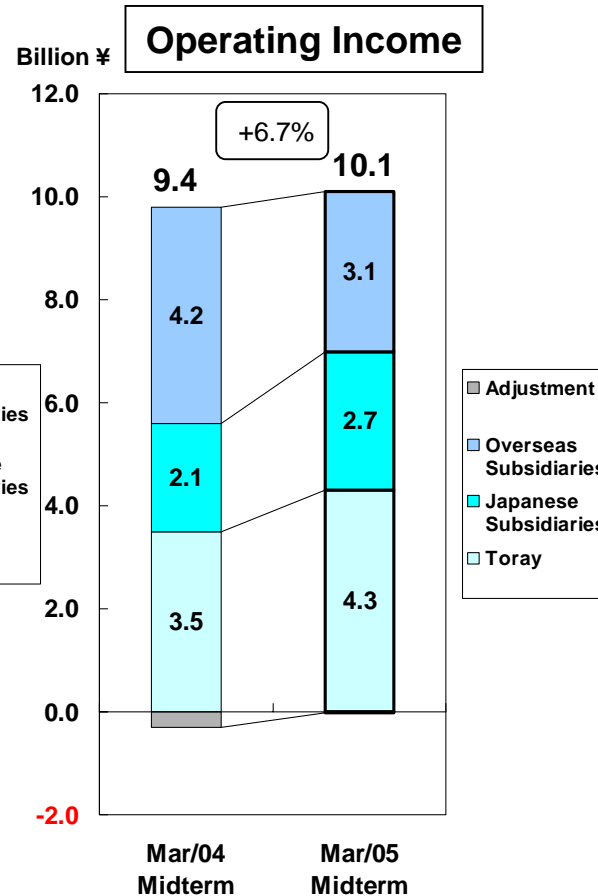
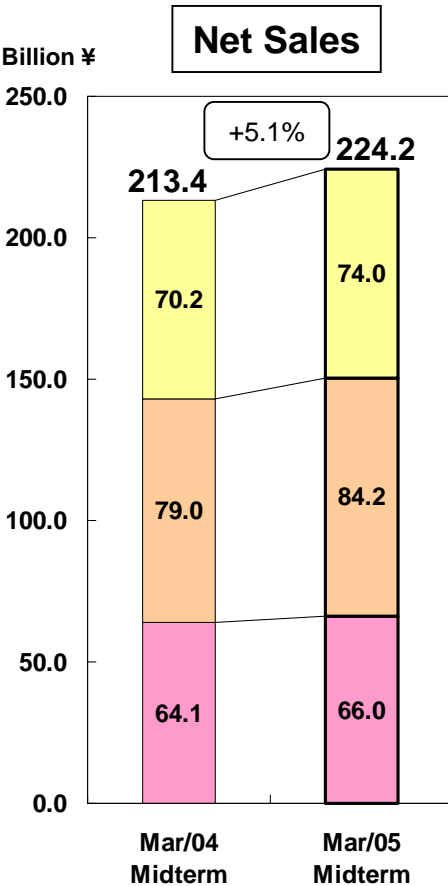
Billion ¥

	Net Sales			Operating Income		
	FY Mar/04 Midterm	FY Mar/05 Midterm	Changes	FY Mar/04 Midterm	FY Mar/05 Midterm	Changes
Fibers & Textiles	213.4	224.2	+10.8 (+5.1%)	9.4	10.1	+0.6 (+6.7%)
Plastics & Chemicals	127.4	134.8	+7.5 (+5.9%)	4.3	6.0	+1.7 (+39.9%)
IT-related Products	83.4	108.5	+25.1 (+30.0%)	6.9	15.0	+8.1 (+116.6%)
Housing and Engineering	54.3	52.0	-2.2 (-4.1%)	0.3	0.3	-0.1 (-18.2%)
Pharmaceuticals and Medical Products	22.0	20.2	-1.8 (-8.2%)	0.7	▲0.3	-1.0 (-)
New Products and Other Businesses	33.9	36.0	+2.1 (+6.0%)	2.7	4.4	+1.7 (+63.1%)
Total	534.3	575.7	+41.4 (+7.7%)	24.4	35.4	+11.1 (+45.4%)
Elimination & Corporate				0.4	0.2	-0.2
Consolidated	534.3	575.7	+41.4 (+7.7%)	24.7	35.6	+10.9 (+43.9%)

*IT-related chemical products of Toray Fine Chemicals are displaced from the Plastics & Chemicals segment to IT-related Products segment from this midterm.

Accordingly, that of the midterm FY Mar/04 was also amended.

Results by Business Segment (Fibers and Textiles)



Comments

Toray

Regardless of dull domestic apparel market and impact of high price of raw materials, sales and income increased through promotion of passing on raw material cost increase to selling prices, shift to profitable products for both apparel and industrial uses, and expansion of NVC businesses.

Japanese Subsidiaries

Sales and income increased through sales expansion of trading companies and other subsidiaries' sales expansion and corporate structure reinforcement.

Overseas Subsidiaries

Sales increased but income decreased due to sales decline of European and Korean subsidiaries. Sales and income of ASEAN and Chinese subsidiaries increased by sales expansion and reinforcement of corporate structure.

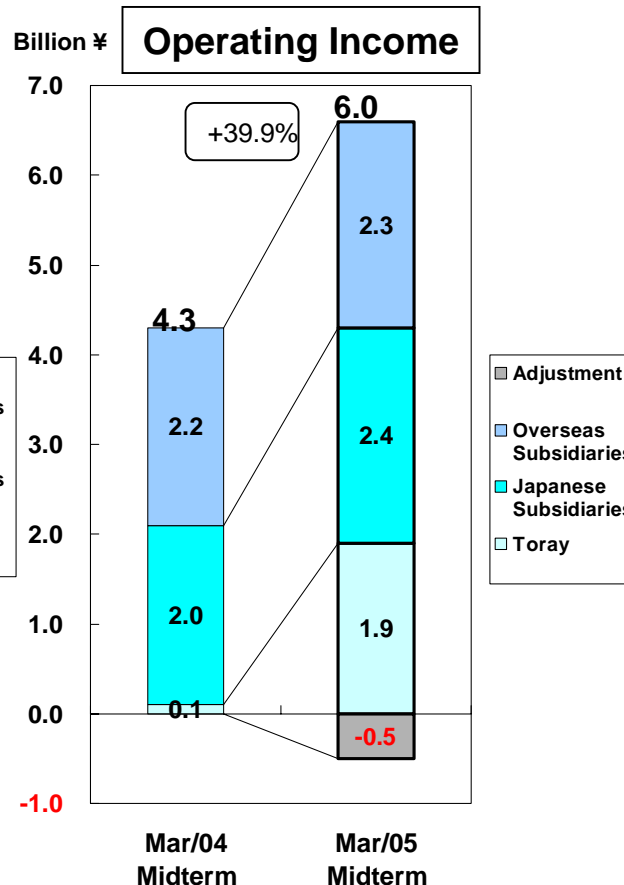
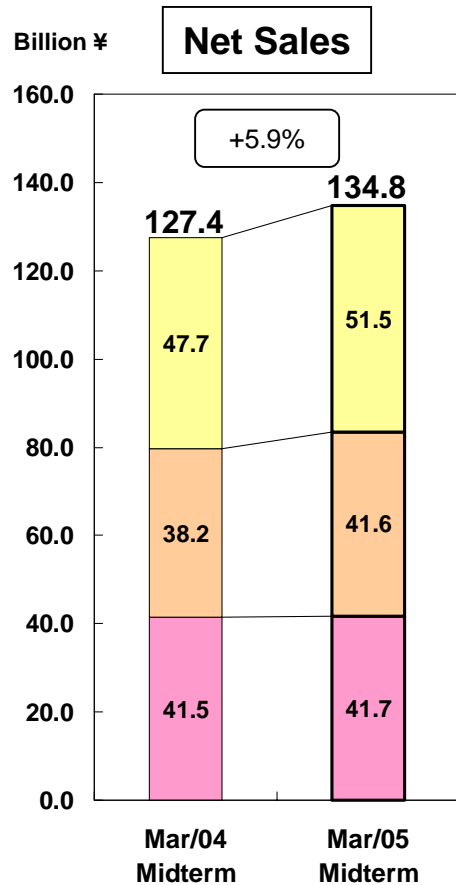
<Major Subsidiaries>

Japan : Toray International, Inc., Ichimura Sangyo, Co., Ltd., etc.

Asia : ITS (Indonesia), LUCKYTEX (Thailand), PENFABRIC (Malaysia), TFNL, TAK (China), etc.

Europe & U.S. : ALCANTARA (Italy), etc.

Results by Business Segment (Plastics and Chemicals)



Comments

Toray

Sales and income increased due to sales expansion of resins for automotives and electric parts applications and of films for industrial applications. Chemicals sales decreased due to retreat from unprofitable caprolactam business.

Domestic Subsidiaries

Sales and income increased through sales expansion of trading and film processing subsidiaries.

Overseas Subsidiaries

Sales and income increased. While affected by the soaring price of raw materials, each subsidiary responded quickly by passing on material costs increase to selling prices and transferred to profitable products.

<Major Subsidiaries>

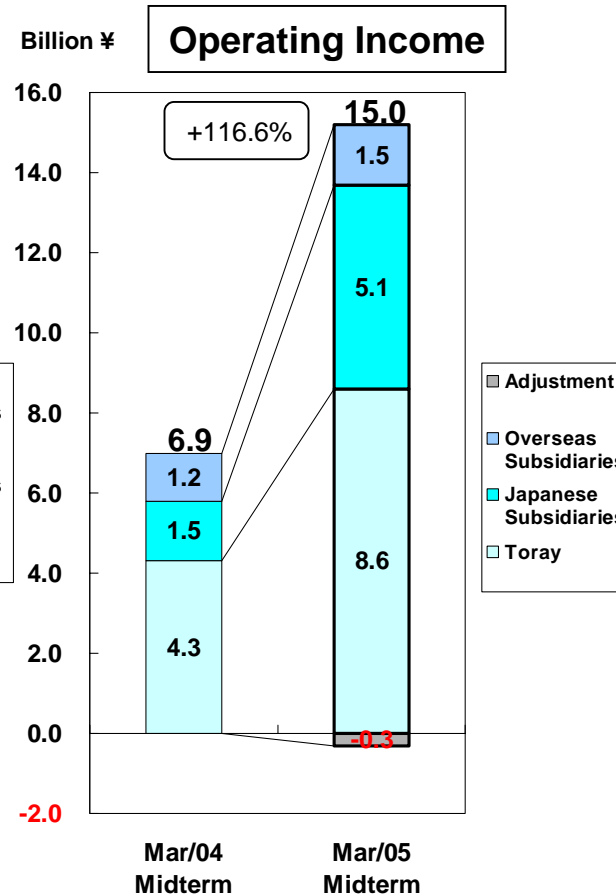
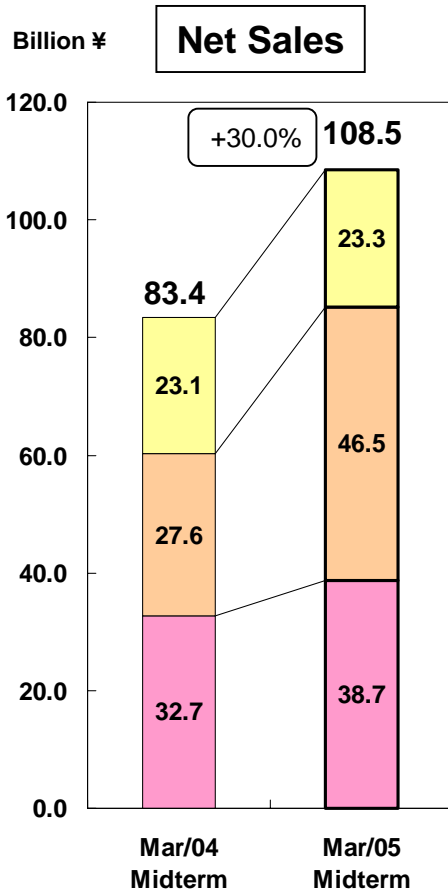
Japan : Soda Aromatic Co., Ltd., Toray Fine Chemicals Co., Ltd., Toray Advanced Film Co., Ltd., etc.

Overseas : TPA (U.S.), TSI (Korea), TPEU (France), TPM (Malaysia), etc.

*IT-related chemical products of Toray Fine Chemicals are displaced from the Plastic & Chemicals segment to IT-related Products segment from this midterm.

Accordingly, that of the midterm FY Mar/04 was also amended.

Results by Business Segment (IT-related Products)



Comments

Toray

Sales and income of IT-related resins / films, circuit materials, LCD color filters and others increased by rapid demand expansion of digital-related products.

Domestic Subsidiaries

Sales and income increased drastically through sales start of manufacturing equipment for LCD color filters (slit coaters) at an IT machinery subsidiary, and good business results of a film processing subsidiary.

Overseas Subsidiaries

Sales and income increased mainly in films and circuit materials subsidiaries in Korea.

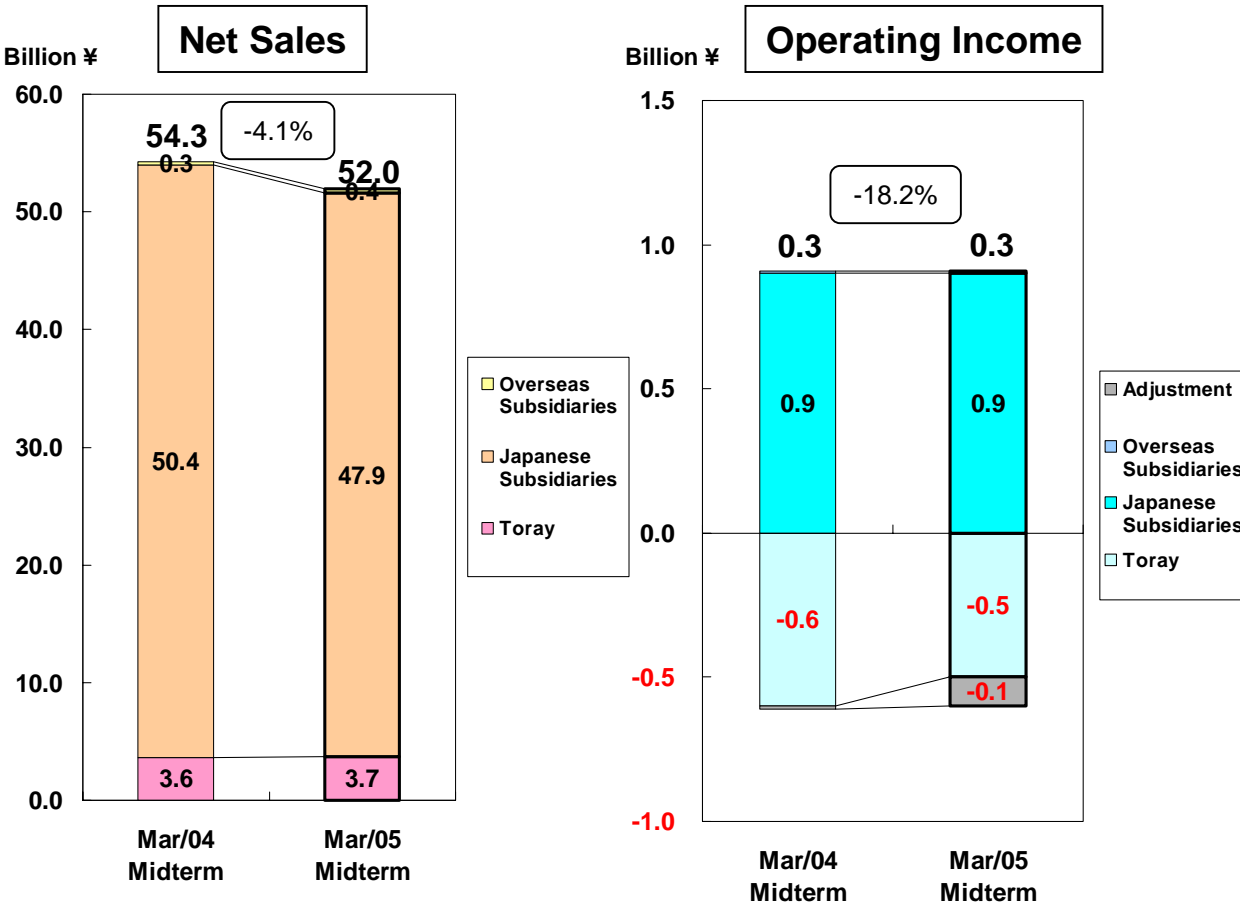
<Major Subsidiaries>

Japan : Toray Engineering Co., Ltd., Toray Advanced Film Co., Ltd., etc.
Overseas : TSI (Korea), TPA (U.S.), TPEU (France), etc.

*IT-related chemical products of Toray Fine Chemicals are displaced from the Plastics & Chemicals segment to IT-related Products segment from this midterm.

Accordingly, that of the midterm FY Mar/04 was also amended.

Results by Business Segment (Housing and Engineering)



Comments

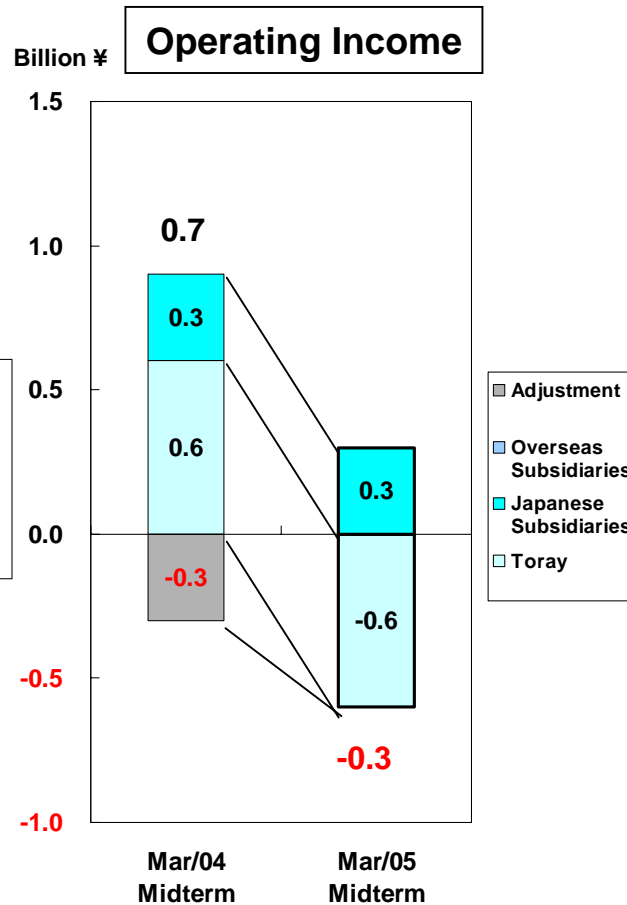
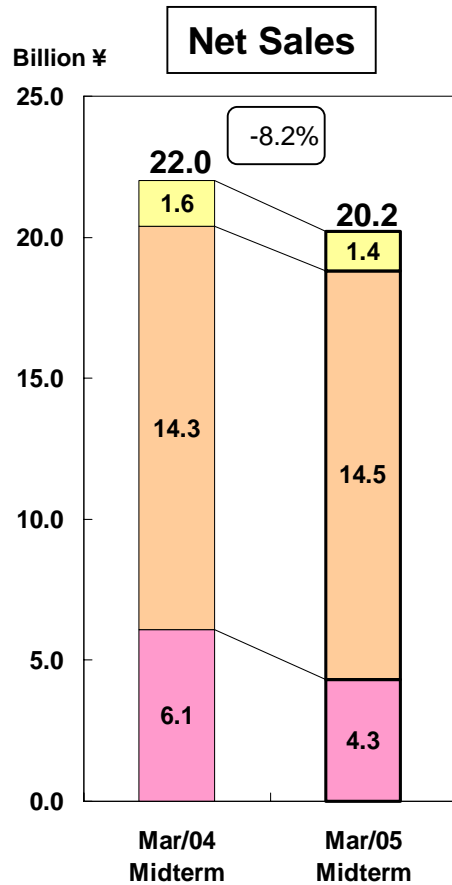
Domestic Subsidiaries

Sales decreased due to the delay of some sales at an engineering subsidiary and income was flat through promotion of corporate structure reinforcement measures.

<Major Subsidiaries>

Japan : Toray Construction Co., Ltd., Toray Engineering Co., Ltd., etc.

Results by Business Segment (Pharmaceuticals and Medical Products)



Comments

Toray

Sales and income decreased due to the price reduction of drugs and medical products.

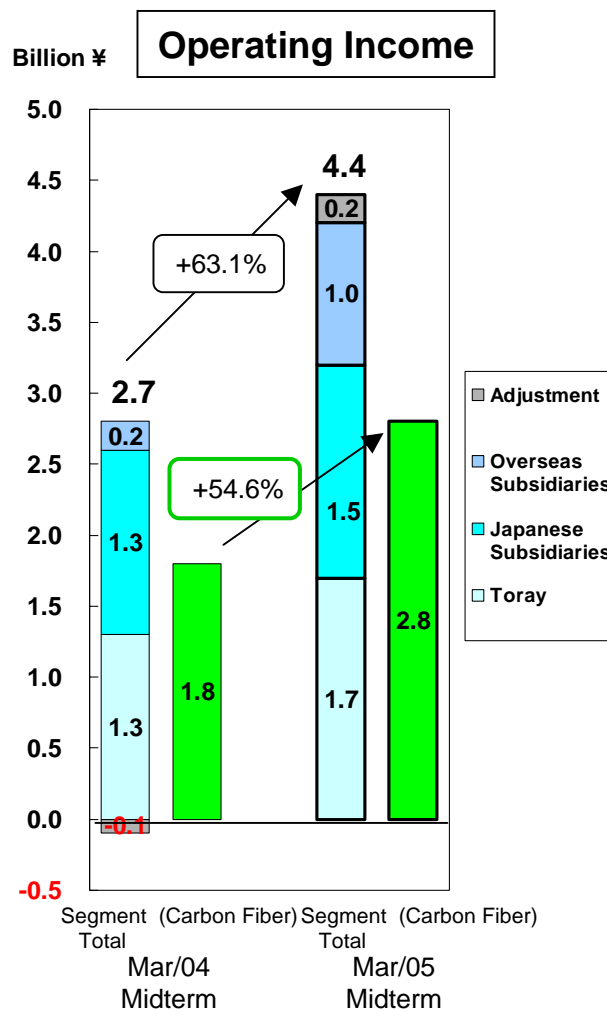
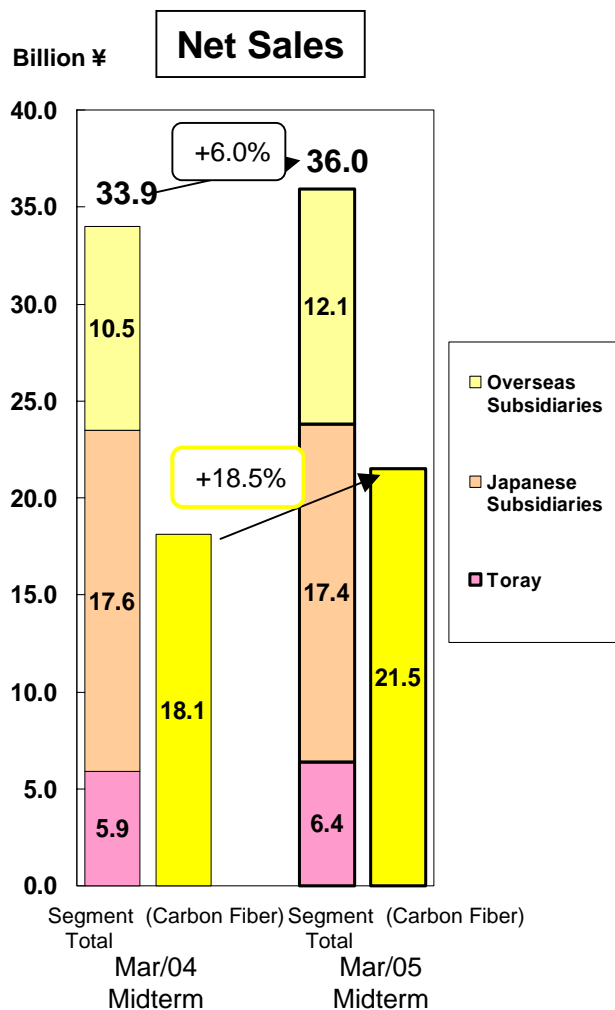
Domestic Subsidiaries

Sales increased by sales expansion of medical products but income was flat due to tough competition.

<Major Subsidiary>

Japan : Toray Medical Co., Ltd.

Results by Business Segment (New Products and Other Businesses)



Comments

Toray

Sales and income increased mainly by the growth of carbon fiber composite material businesses.

Domestic Subsidiaries

Sales declined due to the decrease of specific demand compared midterm-on-midterm of trading subsidiaries but total income increased through promotion of corporate structure reinforcement.

Overseas Subsidiaries

Sales and income increased by expansion of carbon fiber composite materials for aircraft and industrial applications.

<Major Subsidiaries>

Japan : Toray Research Center Inc., Toray Enterprise Corp., etc.

Overseas : SOFICAR (France), etc.

Operating Income Factor Analysis

Billion ¥

	Midterm Mar/04 to Midterm Mar/05		
	Toray	Subsidiaries	Total
Expansion of Advanced Materials and NVC* activities, Production & Sales Efficiency Improvement, Sales & Production Amount Increase, etc.	+4.0	+7.6	+11.6
Achievement of "TC Project" (Reduction of Production Fixed Costs, Outsourcing Costs, Procurement and Logistics Costs, Overhead Costs, and Sales Expenses, Optimization of Head Count, etc.)	+3.0	+0.7	+3.7
Influence of Appreciation of Selling Prices and Raw Material Costs, etc.	-0.8	-3.6	-4.4
Total	+6.2	+4.7	+10.9

*NVC : New Value Creator

Forecast Summary

Billion ¥

		FY Mar/04	FY Mar/05	Changes		Consolidation Effects (included left)		
						Chori	Suido Kiko	Total
Net Sales	1st Half	534.3	575.7	+41.4	(+7.7%)	-	-	-
	2nd Half	554.2	744.3	+190.1	(+34.3%)	117.7	13.4	131.2
	Total	1,088.5	1,320.0	+231.5	(+21.3%)	117.7	13.4	131.2
Operating Income	1st Half	24.7	35.6	+10.9	(+43.9%)	-	-	-
	2nd Half	32.1	44.4	+12.3	(+38.5%)	2.4	1.5	3.8
	Total	56.8	80.0	+23.2	(+40.9%)	2.4	1.5	3.8
Ordinary Income	1st Half	23.0	34.8	+11.8	(+51.4%)	-	-	-
	2nd Half	28.6	41.2	+12.6	(+44.0%)	1.5	1.3	2.8
	Total	51.6	76.0	+24.4	(+47.3%)	1.5	1.3	2.8
Net Income	1st Half	10.9	19.8	+8.8	(+80.7%)	-	-	-
	2nd Half	10.0	19.2	+9.3	(+92.9%)	0.5	0.3	0.7
	Total	20.9	39.0	+18.1	(+86.5%)	0.5	0.3	0.7
Net Income per Share	1st Half	7.81 yen	14.12 yen					
	2nd Half	7.06 yen	13.72 yen					
	Total	14.87 yen	27.84 yen					

Expected Exchange Rate (Oct. 2004 – Mar.2005) : 110yen / US\$, 1.2 US\$ / Euro

Expected Oil Price : 38 US\$ / B (Dubai FOB)

Forecast by Business Segment

Billion ¥

		Net Sales			Operating Income			Comments
		FY Mar/04	FY Mar/05	Changes (%)	FY Mar/04	FY Mar/05	Changes (%)	
Fibers & Textiles	1st Half	213.4	224.2	+10.8 (+5.1%)	9.4	10.1	+0.6 (+6.7%)	Sales and income are expected to increase through price raise to cover raw materials cost increase, transferring to more profitable products, and reinforcement of corporate structure.
	2nd Half	211.4	305.8	+94.4 (+44.7%)	8.9	11.4	+2.5 (+27.9%)	
	Total	424.8	530.0	+105.2 (+24.8%)	18.4	21.5	+3.1 (+17.0%)	
Plastics & Chemicals	1st Half	127.4	134.8	+7.5 (+5.9%)	4.3	6.0	+1.7 (+39.9%)	Sales and income are expected to increase through sales expansion of resins for automotives and electric parts, and films for industrial uses.
	2nd Half	127.4	165.2	+37.7 (+29.6%)	4.9	8.0	+3.1 (+63.6%)	
	Total	254.8	300.0	+45.2 (+17.7%)	9.2	14.0	+4.8 (+52.5%)	
IT-related Products	1st Half	83.4	108.5	+25.1 (+30.0%)	6.9	15.0	+8.1 (+116.6%)	Sales and income are expected to increase by business growth in IT-related films/resins, electronics materials, and IT-related equipment at a subsidiary.
	2nd Half	94.4	111.6	+17.1 (+18.1%)	10.9	14.0	+3.1 (+28.6%)	
	Total	177.8	220.0	+42.2 (+23.7%)	17.8	29.0	+11.2 (+62.7%)	
Housing & Engineering	1st Half	54.3	52.0	-2.2 (-4.1%)	0.3	0.3	-0.1 (-18.2%)	Sales and income are expected to increase through sales expansion of a construction subsidiary and reinforcement of corporate structure at an engineering subsidiary.
	2nd Half	65.9	98.0	+32.1 (+48.8%)	1.4	3.7	+2.4 (+173.3%)	
	Total	120.1	150.0	+29.9 (+24.9%)	1.7	4.0	+2.3 (+136.0%)	
Pharmaceuticals & Medical Products	1st Half	22.0	20.2	-1.8 (-8.2%)	0.7	▲ 0.3	-1.0 (-)	Sales and income are estimated to decrease due to decline in drug prices and medical products, and tough competition.
	2nd Half	25.9	24.8	-1.1 (-4.2%)	2.8	3.3	+0.5 (+17.0%)	
	Total	47.9	45.0	-2.9 (-6.0%)	3.5	3.0	-0.5 (-14.5%)	
New Products & Other Businesses	1st Half	33.9	36.0	+2.1 (+6.0%)	2.7	4.4	+1.7 (+63.1%)	Sales and income are expected to increase mainly by growth in carbon fiber composite materials businesses.
	2nd Half	29.2	39.0	+9.8 (+33.7%)	3.2	4.1	+0.9 (+29.3%)	
	Total	63.1	75.0	+11.9 (+18.8%)	5.9	8.5	+2.6 (+44.9%)	
(Carbon Fiber Composite Materials; included above)	1st Half	18.1	21.5	+3.4 (+18.5%)	1.8	2.8	+1.0 (+54.6%)	Sales and income are expected to increase through expansion of demand for aerospace applications and industrial uses.
	2nd Half	19.2	25.5	+6.3 (+33.1%)	1.8	2.8	+1.0 (+59.1%)	
	Total	37.3	47.0	+9.7 (+26.0%)	3.6	5.6	+2.0 (+56.8%)	
Total	1st Half	534.3	575.7	+41.4 (+7.7%)	24.4	35.4	+11.1 (+45.4%)	
	2nd Half	554.2	744.3	+190.1 (+34.3%)	32.1	44.6	+12.5 (+38.9%)	
	Total	1,088.5	1,320.0	+231.5 (+21.3%)	56.4	80.0	+23.6 (+41.7%)	
Elimination & Corporate	1st Half				0.4	0.2	-0.2	
	2nd Half				▲ 0.0	▲ 0.2	-0.1	
	Total				0.3	0.0	-0.3	
Consolidated	1st Half	534.3	575.7	+41.4 (+7.7%)	24.7	35.6	+10.9 (+43.9%)	
	2nd Half	554.2	744.3	+190.1 (+34.3%)	32.1	44.4	+12.3 (+38.5%)	
	Total	1,088.5	1,320.0	+231.5 (+21.3%)	56.8	80.0	+23.2 (+40.9%)	

We constantly monitor risk factors and take prompt steps to minimize their impacts on our performance.

<Risk Factors>

<Measures/Strategies to Minimize Their Impacts>

Continuing or further hikes of high raw material prices (PTG, EG, AN, etc.)

- Pass on raw material price increase timely through frequent information exchange between our purchasing dept. and our sales dept.
- Link sales price contracts to raw material prices
- Shift product mix toward high value-added products

Slowdown of demand on IT-related equipment

- Promptly obtain information from customers by promoting New Value Creator business model, and lead them to the development of high value-added products that meet the customers' needs
- Ensure stable income through long-term contracts
- Expand No.1 businesses that resist price reductions

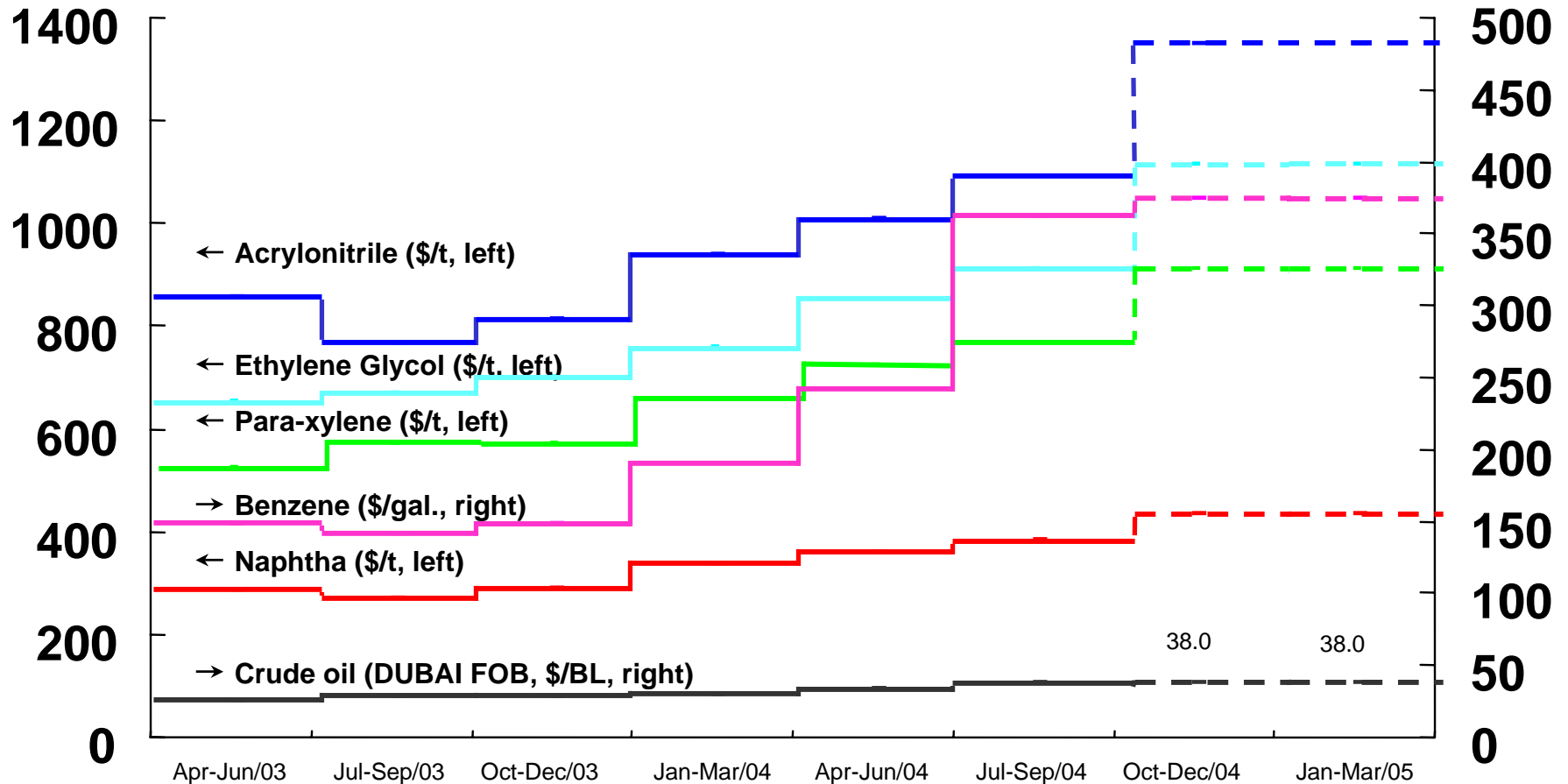
Slowdowns in the U.S. and Asian economies

- Build a firm corporate structure that will not easily be shaken by the economic changes, by full promotion of the issues taken under "Project NT-II"

Forecast of Raw Material Prices

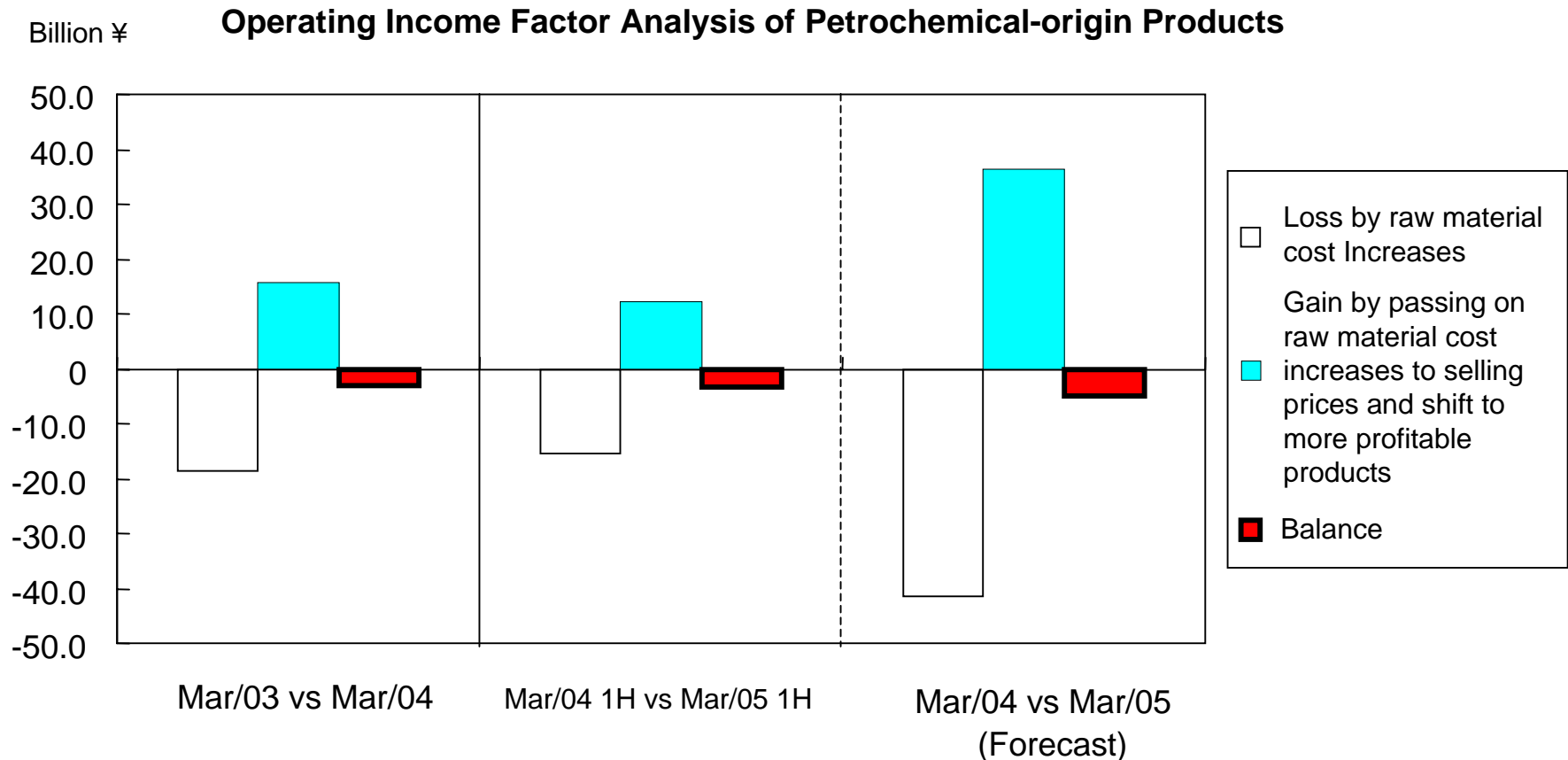
Prices of crude oil and major raw materials are expected to remain at high levels marked in Oct. – Dec./04.

Trend of Crude Oil and Raw Material Prices



Countermeasures Against Price Rise in Raw Materials **TORAY**

To cope with the price rise in raw materials, we are striving to maintain or raise our selling prices through measures such as passing on raw material cost increases or shifting to more profitable products.

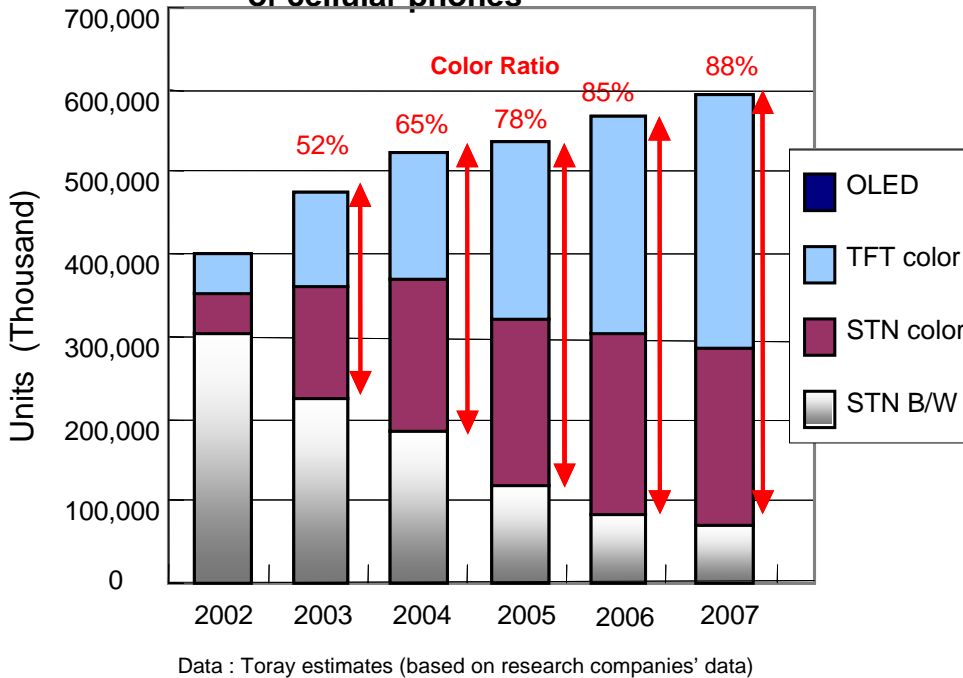


* "Petrochemical-origin products" include fibers & textiles, films & resins, chemicals, and carbon fiber composite materials.

LCD Market Trends

We expect that LCD module prices will continuous to decline. For small/medium LCD panels, we promote higher-grade color filters to resist price down pressures from customers. In particular, a business environment in cellular phone market is expected to be favorable due to increasing demand for color displays. For large LCD panels, we promote global No.1 businesses such as PET films and TAB tapes, which have strong market positions.

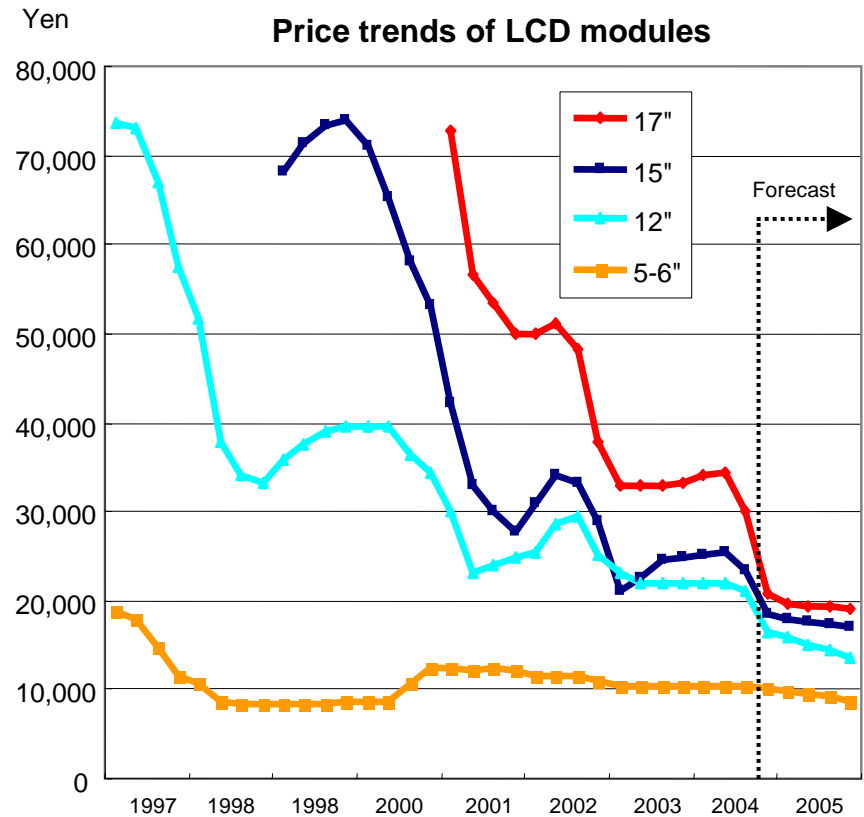
Shipment volume and Color Ratio of cellular phones



<Definition of LCD Size at Toray>

Classification	Size	Main Applications
Small / Medium	Below 10"	Cellular phones, car navigations, digital cameras
Large	Over 11"	Note PC's, monitors, LCD TV's

Price trends of LCD modules



Progress of Mid-term Management Issues “Project NT-II”



Fundamental Concept behind NT21 : Immediate profit improvement through radical steps to strengthen corporate structure based on a shared sense of crisis. (from the “defensive” perspective)

Ready to tackle mid-term management issues and reforms grounded in the profitability improvement through strengthening corporate structure

Fundamental Concept behind NT-II : Being a highly profitable corporate group through constant reinforcement of the corporate structure and further reform of the business structure. (from the “offensive” perspective)

Target Numbers in NT- II

¥ Billion

Operating Income Trend

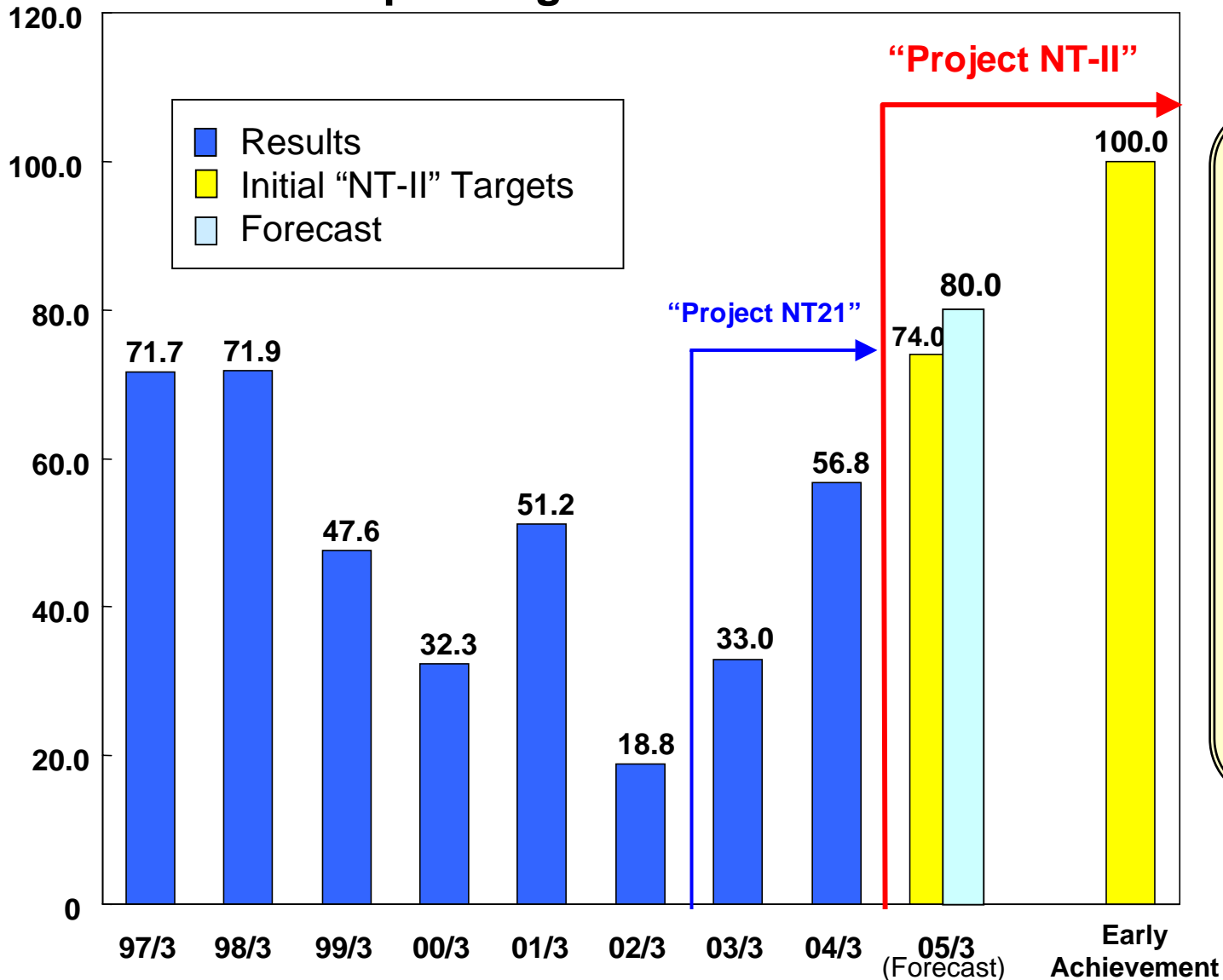


Image of Major Performance Indicators when ¥100 billion of Operating Income is Achieved

Ratio of Operating Income to Net Sales: About 8%

ROA: About 7%

ROE: About 10%

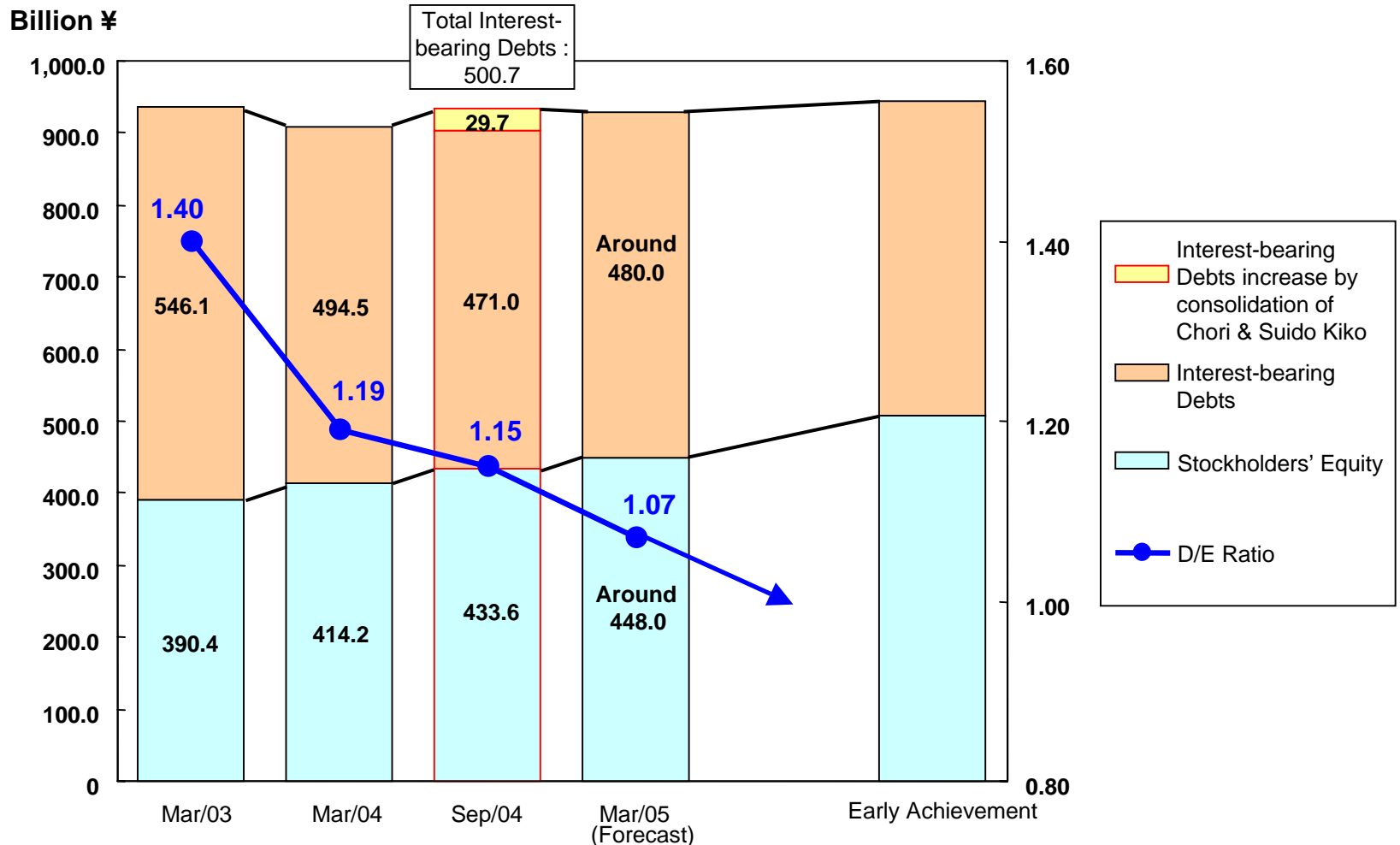
D/E Ratio: 1.0 or Lower

Eight Projects Promoted under NT-II **TORAY**

Management Issues	Project	Main Themes to be Addressed
Developing innovative attitudes and ideas / Reinforcing corporate structure	1. Activating corporate culture	Strengthen communication and information sharing; select young, outstanding human resources; and establish corporate culture where women can realize their full potential, etc.
	2. Mar/2005: Strengthening cost competitiveness	Steady implementation of total cost down project (reduction target: ¥ 6 billion)
	Mar/2006 and beyond: Promoting self-improvement efforts	Improve profits through comprehensive efforts to increase efficiency; reduce expenses through greater operating efficiency
	3. Strengthening financial structure	Balance two-pronged approach of expanding investment in advanced materials businesses and reinforcing financial structure; reduce D/E ratio to 1.0 or below early.
	4. Promoting marketing innovation	Develop innovative attitudes and ideas of marketing staff; promote the "New Value Creator" concept; reduce inventory by half; expand one-stop, full service function; etc.
Expanding revenues and profits through business structure reform	5. Strengthening profit control by product	Eliminate products that generate negative gross profits; improve gross margin by 5 percentage points or more over the next three years; maintain and/or reduce the ratio of operating expenses to net sales
	6. Expanding advanced materials businesses	Commercialize new advanced materials in near future; strengthen R&D function; expand established advanced materials; Strengthen Intellectual Properties
	7. Expanding No. 1, only 1, first 1 businesses	Execute No. 1 businesses expansion strategies; allot abundant management resources to No. 1 businesses; enhance employee awareness (instill self-confidence and pride); etc.
	8. Expanding businesses outside of Japan	Strengthen profitability of ASEAN businesses; expand business in China and South Korea; and expand profits of businesses in U.S.A. and Europe

Strengthening Financial Structure

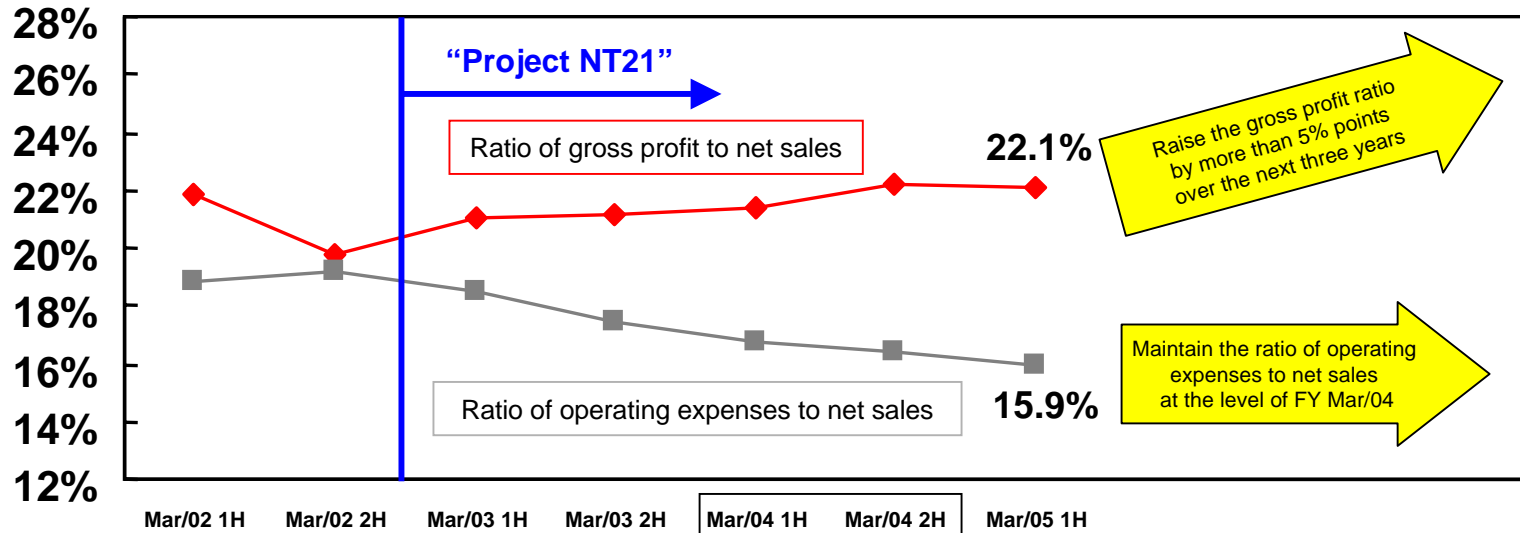
While strengthening Toray's financial structure by achieving D/E ratio of 1.0 or lower at the earliest and maintaining the level, we will pursue positive investments in Advanced Materials businesses for the future growth.



Strengthening Profit Control by Product

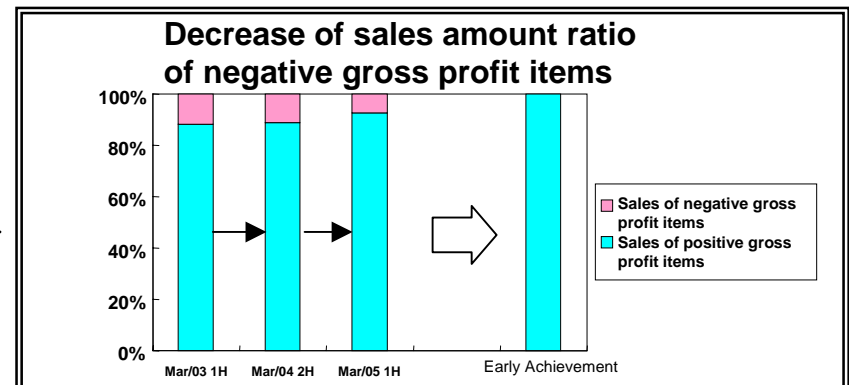
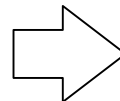
In spite of the negative impact of soaring raw material costs, we enhanced our operating income through improvement of gross profit to net sales ratio and further reduction of operating expenses to net sales ratio.

Trends of Gross Profit Ratio and Operating Expenses Ratio



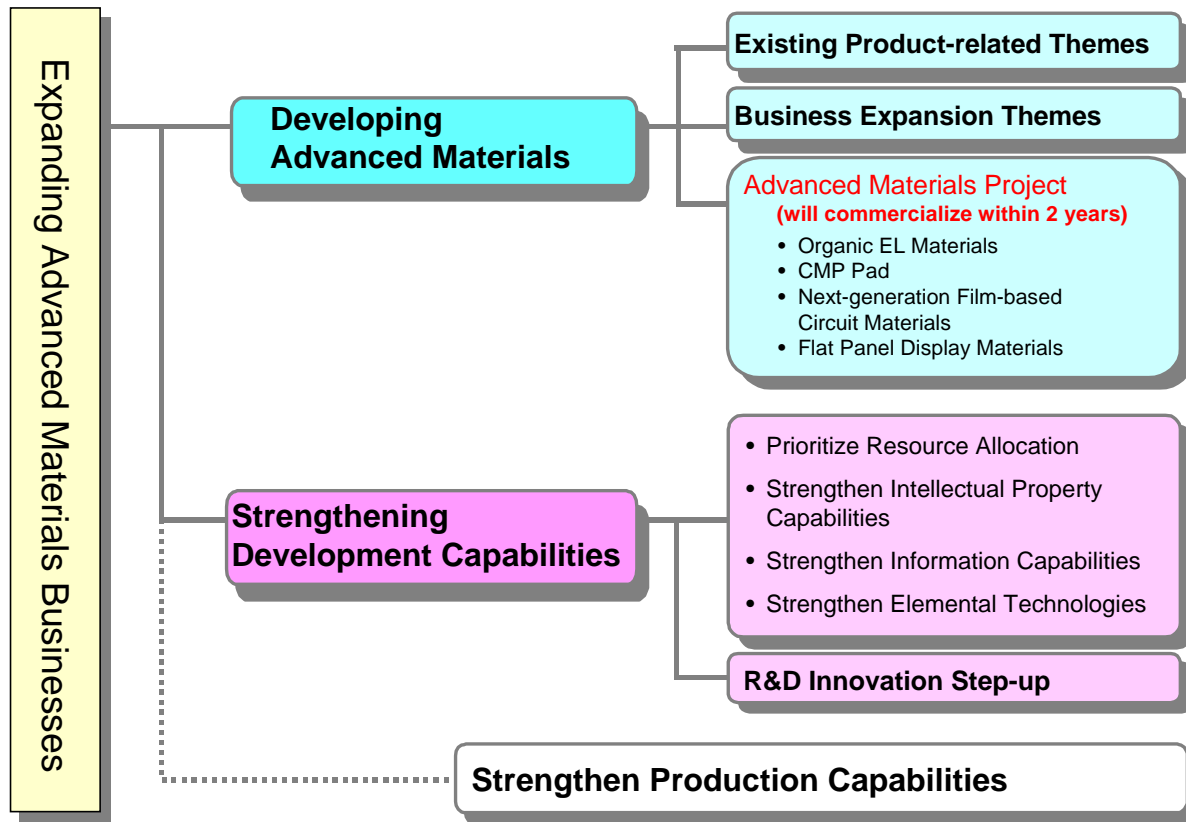
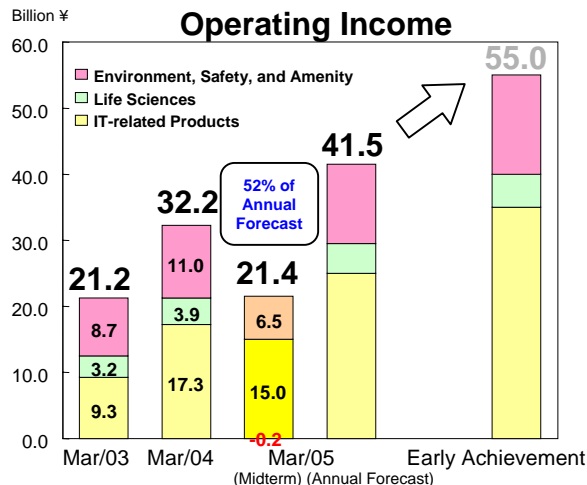
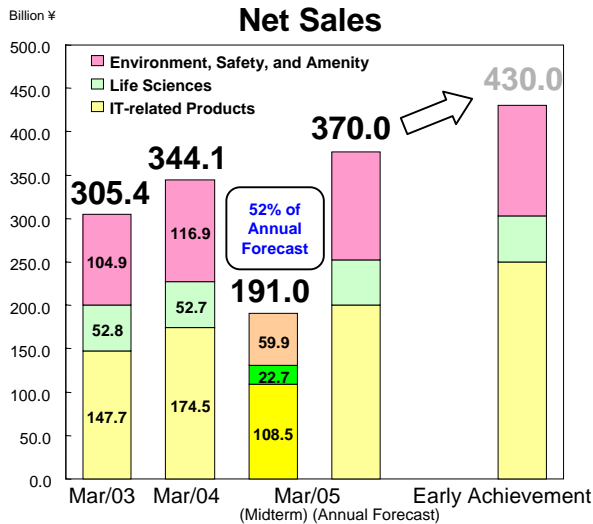
<Accomplishment of efforts to eliminate negative gross profit items (Toray Parent)>

1. Prepare action programs to eliminate negative gross profit items
2. Develop practical IT tool
3. Carry out thorough monthly follow-up



Expanding Advanced Materials Businesses

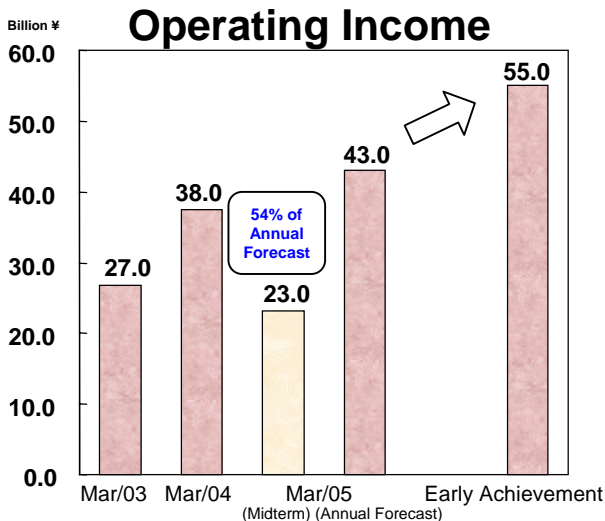
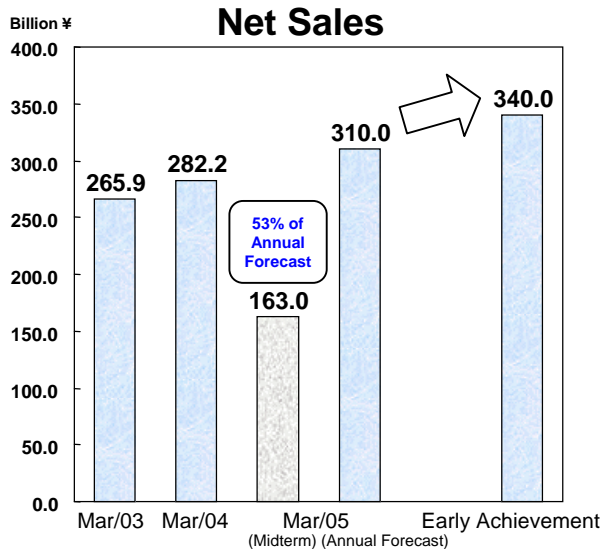
Under the policy to allot abundant management resources to advanced materials businesses, we are striving to “develop advanced materials” and “strengthen development capabilities”, in order to develop and commercialize advanced materials at the earliest. We have achieved good results during this midterm.



(Note) Life Science Segment has seasonal fluctuations.

Expanding Global No. 1 Businesses

Toray's 31 global No. 1 businesses marked better-than-expected results mainly through favorable business performances of PET films, carbon fibers, and IC mounting equipment.



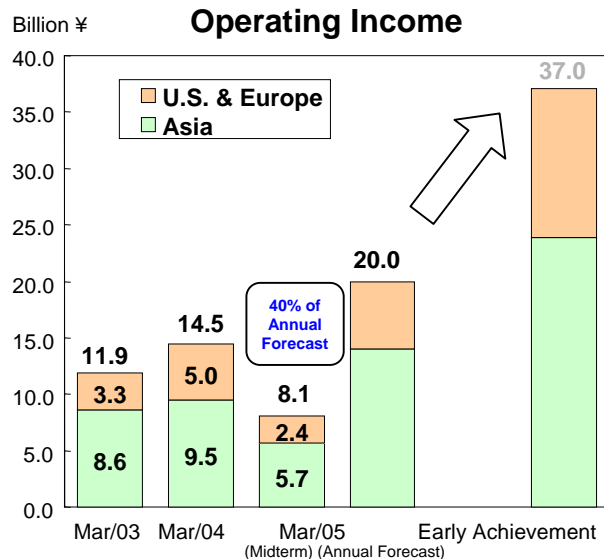
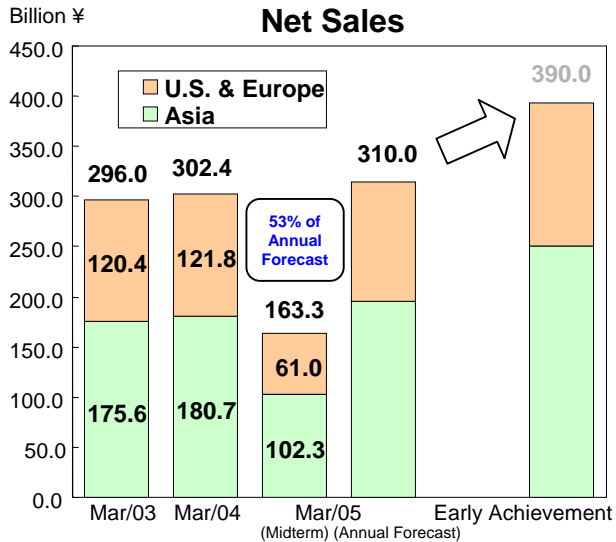
Toray's Global No. 1 Businesses

Businesses		Estimated WW Share(04/3)
Fibers & Textiles	Polyester-Cotton Blended Textile	30%
	Polyester Taffeta	21%
	Man-made Suede	32%
	Nylon Filament yarn for Fishing Net	21%
	Fluorofiber	39%
	Polyester staple fiber for Sewing Thread	28%
	Polyester-rayon Blended Textile	12%
Films & Plastics	PET Film	19%
	OPP Film for Capacitor	14%
	Para-based Aramid Film	90%
	PPS Film	100%
	PE Film for Protection	43%
Chemicals	DMSO	44%
Carbon Fibers	Carbon Fiber Composite Material	37%
Medical Products	Blood Purification Device for Treating Septicemia	100%
Electronics & Information-related	Polyimide Adhesive Tape for TAB	81%
	Photosensitive Relief Printing Plate	37%
LCD Materials	Slit Coater for LCD Color Filter	43%
Toray Engineering	LCD Driver IC Bonding Equipment	40%
	Marking Equipment for LCD Panel	70%
Others	11 businesses	
Total (31 Businesses)	Mar/04 results Sales ¥ 282.2 billion Operating Income ¥37.5 billion	

We will select potentially No.1 businesses among No.2 (11) and No.3 (6) businesses and pick up the project leaders for the planning and the execution.

Expanding Businesses Outside Japan

We are promoting the following priority projects to strategically expand businesses outside Japan.



Priority New Projects

(1) Business development in China

- Base resins / compounds businesses
- Non-woven fabrics businesses
- Water treatment businesses

(2) Business expansion in Korea

- IT related businesses

(3) Business expansion in Thailand

- Automotive-related businesses (car sheets, seat belts, compounds businesses, etc.)

(4) Business development in Eastern Europe

- Automotive-related businesses
- IT-related businesses, etc.

Recent Topics

	Topics	NT-II Issues			
		Expanding Advanced Materials Businesses	Expanding Global No.1 Businesses	Expanding Businesses Outside Japan	Business Structure Reform, NVC
Sept.	Developed high sensitivity DNA chip Developed a non-conventional, hundredfold sensitive DNA chip by integrating bio and nano technologies.	○			
Sept.	Operation of a PTFE fiber plant started in a U.S. subsidiary, TFA. Relocated the PTFE fiber manufacturing facility, which we acquired from Du Pont, to TFA in Alabama.	○	○	○	
Oct.	Strengthened R&D activities in China Following our R&D lab in Nan-tong , we opened a branch lab in Shanghai to enhance basic polymer research activities by gathering outstanding Chinese researchers.	○		○	
Oct.	Further strengthened PLA businesses We have acquired the intellectual property rights of their PLA business (“LACTRON”) from Kanebo Gohsen, Ltd. to further strengthen and expand our environmentally- friendly PLA businesses.	○			
Oct.	Established “Plastic Ecology & Recycling Department” We established the “Plastics Ecology & Recycling Department” to develop full-scale environment-conscious plastics businesses.	○			
Oct.	Developed nano-scale processing technology We have developed the nano-scale (10~30nm) fabric coating technology which controls the nano-scale molecular arrangement and molecular assembly on each monofilament that forms the fabric.	○			
Oct.	Started operation of new carbon fiber production line at SOFICAR The new carbon fiber production line at SOFICAR has started its operation as scheduled to meet the active demand of carbon fibers in Europe. (800t →2600t/yr)	○	○	○	
Nov.	Divest a subsidiary’s hotel business As a part of the Group’s re-engineering activities, we will divest a hotel business directly managed by Toray Enterprise.				○

References



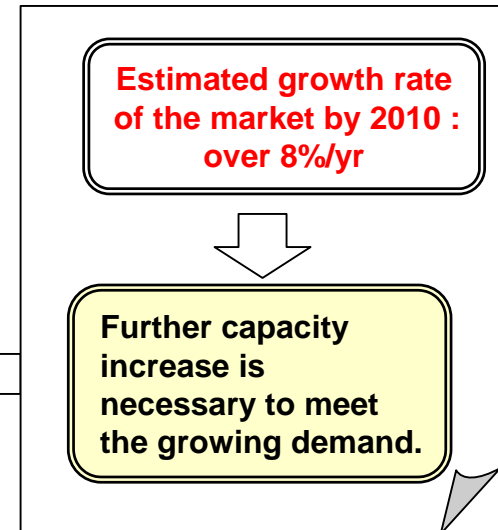
Started Operation of New Carbon Fiber Production Line at SOFICAR



The new carbon fiber production line at SOFICAR has started its operation as scheduled to meet the active demand of carbon fibers in Europe.

		2004	2005	2006	2007	2008	2009	2010	
Boeing	777 7E7	Development					Enter into service		
		-----					-----		
Airbus	A330 / A340 A380 A350	Development					Enter into service		
		-----					-----		
		Development		-----			Enter into service		

	Until Sep.2004	Oct. 2004	Early 2006
Japan (Ehime plant)	4,700	4,700	4,700
France (SOFICAR)	800	2,600	2,600
U.S. (CFA)	1,800	1,800	3,600
Total Capacity (Toray)	7,300	9,100	10,900
Total Capacity (Entire Market)	23,000	24,800	27,300
Toray's share in market	Approx.32%	Approx.37%	Approx.40%



Descriptions of forecasted business results, expectations, estimation, and business plans contained in this material are based on predictive forecasts of the future business environment made at the present time.

The material in this presentation is not a guarantee of the Company's future business performance.