

November 12, 2002

FOR IMMEDIATE RELEASE:

**Toray Announces Consolidated Business Results for Half-Year Ended
September 30, 2002**

Overview of First Half

The world economy slowed down rapidly in the latter half of the period, reflecting the fall in stock prices and the decelerated economy in the U.S., despite an initial world economic recovery centering on the IT-related industry. The Japanese economy continued to face severe conditions overall, and domestic demand remained generally stagnant, although it showed a partial improvement resulting from an increase in exports.

Under such circumstances, the Toray group has been making vigorous efforts to restore profitability across all business sectors by further strengthening corporate structure and implementing reengineering business structure by promoting the company's new management reform program "Project New TORAY 21" since April this year. Despite these efforts, however, its businesses such as Fibers & Textiles and Housing & Engineering have continued to be adversely affected by the weakening business environment.

As a result, Toray's consolidated net sales in the first half decreased by 3.8% year-on-year to 498.5 billion yen (US\$4.05 billion), while operating income fell 20.7% to 12.7 billion yen (US\$103.3 million). Income before special credits increased by 1.9% to 7.9 billion yen (US\$64.2 million) owing to the improvement in non-operating income, and net income grew 2.6% to 1.3 billion yen (US\$10.6 million).

Thanks to the company's new management reform program "Project New TORAY 21," operating income increased by 338% to 9.8 billion yen (US\$79.7 million) and income before special credits gained 550% to 6.7 billion yen (US\$54.5 million) as compared with the second half period of last fiscal year. In addition, net income showed a favorable result over our initial prediction at the beginning of the fiscal year.

Business Performances of Each Sector:

<Fibers and Textiles>

Domestic sales of nylon declined due to sluggish demand for apparel and an increase in imports, despite increased sales in industrial-use products such as tire cords and air bags. Sales of Tetoron* polyester yarn also dropped due to deterioration in the apparel market and an increase in imported products, and slackening demand of industrial-use items in the civil engineering and construction sectors. Overall overseas sales in this sector fell as a result of weakening demand and low selling prices in textile businesses centering on the Indonesian market.

As a result, overall sales of fibers and textiles dropped to 209.1 billion yen (US\$1.7 billion), while operating income decreased to 4.0 billion yen (US\$32.5 million) from the previous year. However, thanks to the “Project New TORAY 21,” operating income increased to 4.0 billion yen (US\$32.5 million) from 400 million yen (US\$3.3 million) in the second half of FY2002.

<Plastics and Chemicals>

Sales of ABS resin Toyolac* increased as a result of steadily increasing demand in the domestic automobile and exported products (transparent grade) and expanding sales for general-purpose grade products in the overseas market. Owing to increased demand from the automobile and electric sectors, sales of the nylon resin Amilan* and PBT resin Toraycon* grew favorably.

In the Film Business, sales of mainstay polyester film Lumirror* continued to increase, particularly in the domestic and overseas packaging-application markets. Sales of polypropylene film Torayfan* also increased, mainly as a result of recovery in the domestic capacitor demand and expanding sales in the packaging-application markets both at home and abroad.

In the chemicals sector, sales of Caprolactam, a raw material of nylon, decreased under the influence of deteriorating market conditions such as falling prices in exports. Sales of fine chemicals such as agricultural chemicals also showed a downturn.

As a result, sales of plastics and chemicals overall decreased year-on-year to 119.2 billion yen (US\$0.97 billion), while operating income increased to 2.9 billion yen (US\$23.6 million).

On the production side, Toray raised its production capacity for ABS resin at Toray Plastics (Malaysia), Sdn. Berhad in Malaysia.

<IT-Related Products>

In the Information and Telecommunication (IT) Related Products segment, domestic sales of resin and film business improved in line with the global upturn in the IT market and increasing demand in the electronic component and liquid crystal display (LCD) sectors. Overseas sales also showed an overall improvement due to increasing demand for film for magnetic materials in Korea and precise resin molding processed products in China.

Regarding the electronics and information-related product business, sales of circuit materials grew as the circuit material business at home and abroad expanded. Sales of Topical* color filters used in TFT-LCDs also increased thanks to increased sales in small- and medium-sized LCD applications centering on cellular phones and export expansion.

As a result, both overall sales and operating income showed a year-on-year increase, with sales totaling 72.1 billion yen (US\$586.2 million), and operating income reaching 4.8 billion yen (US\$39 million).

<Housing and Engineering>

The engineering business was slack under the influence of stagnation in capital investment. Overall sales for the housing and engineering business decreased year-on-year to 44.7 billion yen (US\$363.4 million), and operating loss was 1.8 billion yen (US\$14.6 million).

<Pharmaceutical and Medical Products>

There was an increase in sales of Dorner*, a drug for peripheral vascular disorders, while sales of Feron*, a natural interferon-beta preparation, decreased due to a drop in the selling price resulting from the governmental downward revision of price. With regard to medical products, sales of Toraysulfone*, a polysulfone hollow-fiber artificial kidney, and of

Toraymyxin*, a blood purification device for treating septicemia, showed some improvement, while those of Filtryzer*, a polymethyl Methacrylate (PMMA) Hollow-fiber artificial kidney, were down.

As a result, sales in the pharmaceutical and medical products sector decreased year-on-year to 22.9 billion yen (US\$186.2 million) and operating income leveled off at 900 million yen (US\$7.3 million).

<New Products and Other Businesses >

In advanced composite materials, although the sales volume expanded as a result of steady demand of industrial and sports applications, total sales declined due to the sales decrease in the aviation industries following the September 11th terrorist attacks in the U.S..

Overall sales and operating income of New Products and Other Business segment dropped year-on-year to 30.6 billion yen (US\$248.8 million) and 1.5 billion yen (US\$12.2 million), respectively, under the influence of increased R&D expenditure of newly-developed projects.

<Recent Investments>

Toray established a new subsidiary, Toray Fluorofibers (America), Inc. in the U.S., by acquiring the PTFE (PolyTetra-Fluoro Ethylene) fiber business from E.I. du Pont de Nemours and Company (DuPont).

Toray Saehan Inc. (TSI), a joint venture of Toray and the South Korea-based leading synthetic-fiber manufacturer Saehan, Inc., acquired Saehan's film processing business to become a full-fledged participant in the film processed product business.

In China, the company set up Toray Film Products (Zhongshan) Ltd. (TFZ) as a production base for metalized film for capacitors. Toyo Plastic Seiko Co., Ltd., Toray's domestic subsidiary, established Shanghai TPS Precision Co., Ltd. (STPS) as an ejection molding base for resin products.

Toray also acquired 20% of the outstanding shares of Suido Kiko Kaisha, Ltd. in a tie-up in terms of capital and business to promote water-treatment businesses.

< Dividends>

In consideration of the business performance for the first half of FY 2003, as well as the projections for FY 2003, the interim dividend for first half will be 2.5 yen per share.

< Finance and Cash Flows for FY 2003>

Toray's assets as of September 30, 2002 were 1,325.7 billion yen (US\$10.8 billion), a 60.8 billion yen (US\$494.3 million) decline from a year ago. This is primarily due to decreases in property, current assets and investments in securities for payment of the employee retirement benefit trust. Liabilities were 895.3 billion yen (US\$7.3 billion), a 45.8 billion yen (US\$372.4 million) decrease from the previous year due to decreases in interest-bearing liabilities and allowance for employee retirement benefits. Capital was 396.6 billion yen (US\$3.22 billion), a 16.5 billion yen (US\$134.1 million) drop year-on-year, mainly because of a decline in the balance resulting from the assessment of investments in securities and adjustment of exchange conversion. As a result, Toray's stockholders' capital-asset ratio as of September 30, 2002 reached 29.9%, a 0.1point increase over the previous year.

Free cash flows, cash flows from operating activities net of cash flows from investment activities for FY 2003 decreased year-on-year to 7.8 billion yen (US\$63.4 million). Cash flows, as well as changes in and balances of cash and cash equivalents, for the first half of FY 2003 are as follows:

Unit: billions of JPY

	Unit: yen billions
Cash flows from operating activities	37.9 (US\$ 308.1 million)
Cash flows from investment activities	-30.1 (US\$ -244.7 million)
Balance (Free Cash flows)	7.8 (US\$ 63.4 million)
Cash flows from financing activities	-19.9 (US\$ -161.8 million)
Translation gains/losses	-0.9 (US\$ -7.3 million)
Change in cash and cash equivalents during first half	-13.0 (US\$ -105.7 million)
Cash and cash equivalents at beginning of first half	51.5 (US\$ 418.7 million)
Effect of changes of consolidated subsidiaries	- (US\$ -)
Cash and cash equivalents at end of first half	38.5 (US\$ 313 million)

Projection for FY 2003

The prospects of the world economy are unpredictable in view of the slowdown in the U.S. economy and the global decline in stock prices. At the same time, it is expected that the Japanese economy will continue to face severe conditions resulting from the bad loans issue.

In view of these circumstances, the Toray Group is planning to establish a new profit-generating structure by reinforcing its corporate structure in line with “Project New TORAY 21”. Toray plans in this way to achieve net sales of 1,040 billion yen (US\$8.67 billion), operating income of 30 billion yen (US\$250 million), income before special credits of 20 billion yen (US\$166.7 million) and net income of 6 billion yen (US\$50 million) for FY 2003 (April 2002 – March 2003). The estimated exchange rate for the second half of FY2003 will be 120 yen =US\$1.

Notes:

- 1) U.S. dollar amounts have been converted from yen at the exchange rate of 123 yen=US\$1, the approximate rate of exchange prevailing on September 30, 2002.
- 2) The financial data are under audit.
- 3) Product names with (*) are trademarks of Toray Industries, Inc.

For further information, please contact:

Mr. Kenjiro Kamiyama
Manager
Investor Relations Section

Mr. Ichiro Maeda
Manager
Corporate Communications Section
Toray Industries, Inc.
Tel. +81-3-3245-5179
Fax. +81-3-3245-5459
<http://www.toray.co.jp>

1 Consolidated Business Results

(All amounts in millions of Japanese Yen except the "per share" data)

(1) TORAY'S CONSOLIDATED FINANCIAL HIGHLIGHTS

	Half year ended Sep.30 2002 (A)	Half year ended Sep.30 2001 (B)	Year ended March 31 2002	Change $\frac{\{(A) - (B)\} \times 100}{(B)}$
Net sales	498,532	518,390	1,015,713	-3.8%
Fibers and textiles	209,073	222,389	431,483	-6.0%
Plastics and chemicals	119,181	119,317	224,895	-0.1%
IT related Products	72,081	69,795	141,424	3.3%
Housing and engineering	44,742	49,304	105,153	-9.3%
Pharmaceuticals and medical products	22,888	24,909	50,015	-8.1%
New products and other businesses	30,567	32,676	62,743	-6.5%
Operating income	12,651	15,956	18,845	-20.7%
Ordinary income	7,876	7,726	8,938	1.9%
Net income	1,281	1,248	3,802	2.6%
Depreciation	37,280	39,139	78,104	-4.7%
Capital investment	23,803	29,390	65,093	-19.0%
Total assets	1,325,745	1,429,374	1,386,507	-7.2%
Property, plant and equipment, net	604,644	626,506	633,345	-3.5%
Total stockholders' equity	396,591	411,910	413,140	-3.7%
Per Share of common stock:				
Net income				
Primary	¥0.91	¥0.89	¥2.71	2.2%
Fully diluted	---	---	---	---
Cash dividends	¥2.50	¥2.50	¥5.00	---
Stockholders' equity	¥283.00	¥293.91	¥294.80	-3.7%
Ratios:				
Operating income to net sales	2.5%	3.1%	1.9%	
Net income to net sales	0.3%	0.2%	0.4%	
Equity ratio	29.9%	28.8%	29.8%	
Return on equity	0.6%	0.6%	0.9%	

Projection of results	Year ended March 31. 2003
Net sales	1,040,000
Operating income	30,000
Ordinary income	20,000
Net income	6,000

(2) SEGMENT INFORMATION (For the half year ended September 30, 2002)

Industrial Segment Information

	Sales to outside customers	Inter-segment sales	Total sales	Operating income
Fibers and Textiles	209,073	291	209,364	3,997
Plastics and Chemicals	119,181	13,278	132,459	2,903
IT related Products	72,081	2,269	74,350	4,785
Housing and Engineering	44,742	16,170	60,912	-1,843
Pharmaceuticals and Medical Products	22,888	0	22,888	943
New Products and Other Businesses	30,567	5,640	36,207	1,527
Total	498,532	37,648	536,180	12,312
Elimination and Corporate	---	(37,648)	(37,648)	339
Consolidated Total	498,532	---	498,532	12,651

Geographic Segment Information

	Sales to outside customers	Inter-segment sales	Total sales	Operating income
Japan	349,671	34,917	384,588	5,895
Asia	87,168	12,437	99,605	5,341
Europe & United States	61,693	1,735	63,428	1,602
Total	498,532	49,089	547,621	12,838
Elimination and Corporate	---	(49,089)	(49,089)	(187)
Consolidated Total	498,532	---	498,532	12,651

Export Sales and Sales by Overseas Subsidiaries

	Export sales and sales by overseas subsidiaries	Percentage of such sales against consolidated net sales
Asia	122,305	24.5%
Other regions	91,043	18.3%
Total	213,348	42.8%

2 Non-Consolidated Business Results

(All amounts in millions of Japanese Yen except the "per share" data)

TORAY'S NONCONSOLIDATED FINANCIAL HIGHLIGHTS

	Half year ended Sept.30 2002 (A)	Half year ended Sept.30 2001 (B)	Year ended March 31 2002	Change $\frac{\{(A) - (B)\} \times 100}{(B)}$
Net sales	223,442	238,125	458,831	-6.2%
Fibers and textiles	97,386	108,061	205,854	-9.9%
Plastics and chemicals	53,784	55,243	103,473	-2.6%
IT related Products	38,143	35,310	73,144	8.0%
New products and other businesses	34,127	39,509	76,358	-13.6%
Operating income	2,454	1,198	-5,805	104.8%
Ordinary income	1,287	5,032	5,179	-74.4%
Net income	1,592	4,024	2,467	-60.4%
Depreciation (Property, plant, and equipment)	15,668	17,154	35,309	-8.7%
Capital investment (Property, plant, and equipment)	8,530	10,422	30,610	-18.2%
Total assets	896,921	962,418	926,257	-6.8%
Property, plant and equipment, net	273,148	281,459	282,085	-3.0%
Total stockholders' equity	412,559	434,702	422,304	-5.1%
Per Share of common stock:				
Net income Primary	¥1.14	¥2.87	¥1.76	-60.3%
Cash dividends	¥2.50	¥2.50	¥5.00	---
Stockholders' equity	¥294.40	¥310.17	¥301.34	-5.1%
Ratios:				
Operating income to net sales	1.1%	0.5%	-1.3%	
Net income to net sales	0.7%	1.7%	0.5%	
Equity ratio	46.0%	45.2%	45.6%	
Return on equity	0.8%	1.8%	0.6%	

Projection of results	Year ending March 31 2003
Net sales	445,000
Operating income	7,000
Ordinary income	8,000
Net income	3,000

<Attachment>

Management Policy

1) Corporate Mission

Toray's corporate philosophy is "to contribute to society through the creation of new value by innovative ideas, technologies and products." Under this philosophy, Toray established the following corporate missions:

For our customers:

To provide new value to our customers through high-quality products and superior services

For our employees:

To provide our employees with opportunities for self-development in a challenging environment

For our shareholders:

To provide our shareholders with dependable and trustworthy management

For the local community:

To act as a responsible corporate citizen and build a long-lasting, beneficial partnership with the local communities in which we do business

Toray is committed to taking on responsibility and contributing to its customers, employees, shareholders and the local community.

2) Policy on distribution of surplus profits

Toray recognizes that its profit distribution policy is a vital matter for the company, and accordingly is committed to distributing such profits fairly through deliberate consideration of every factor, including business results, financial conditions and a retention of earnings necessary for future investment.

3) Issues Remaining to Be Solved and Medium- to Long-term Business Strategy

Toray has created a new management program dubbed "Project New TORAY 21" with the aim of transforming itself into a new innovative company for the 21st century. Toray launched the program on April 1st 2002.

In order to strengthen the company's competitiveness and achieve its goals in the international markets as structural changes redefine the global economy, Toray will implement strategies for drastic reinforcement of its corporate structure in the immediate future (FY2003/ FY2004), near future (3-5 years) and long-term (5-10 years). During the next two years, the company will promote the following five projects:

1. Promoting Marketing Innovation

The company will strongly promote innovative attitudes and customer-oriented ideas and actions by operational staff.

2. Rationalizing Global Production

With regard to the fibers and textiles, plastics and chemicals businesses, the company intends to enhance and strengthen its global production structure in order to upgrade its global competitiveness while at the same time optimizing its scale of production in Japan.

3. Strengthening Total Cost Competitiveness

With the aim of drastically reducing total costs, Toray will reduce personal and gross labor costs, fixed production costs, procurement and distribution costs, and head office expenditures.

4. Re-engineering of the Toray Group's Business Structure

The company will conduct a comprehensive review of its own businesses and those of its subsidiaries and affiliates in order to promote retrenchment, streamlining, restructuring and disposal of low-profit/low-growth businesses having lower strategic priority.

5. Strengthening Financial Structure

Toray will reduce interest-bearing liabilities by improving profitability and efficiency in capital expenditure, inventory curtailment and disposal of the low-significance assets in its possession.

While implementing these projects, the company aims to evolve from a manufacturing-oriented corporation into a "New Value Creator" of the 21st century.

Toray is in the process of allocating its managerial resources mainly to the three growing areas of Information & Telecommunications, Life Sciences and Environment/Safety/Amenity in order to expand their businesses. In addition to these areas, businesses in China and the ASEAN countries will be substantially nurtured as Toray's nucleus businesses in the 21st century. This will enable Toray to become a company with high earnings.

The "New Value Creator" is an entity that creates new values and provides solutions for customers by making available its expertise through the introduction of new services and new systems of production and distribution.

With regard to the three growing areas of Information & Telecommunications, Life Sciences and Environment/Safety/Amenity which are based on Toray's core technologies of organic synthetic chemistry, polymerization chemistry and biochemistry, Toray will promote global alliances and M&A projects to expand businesses at home and abroad.

Toray has already established regional supervisory companies in the growth areas of China, Indonesia, Thailand and Malaysia. By switching to a regional headquarter system, the management is pursuing business expansion and increased earnings by reinforcing the autonomous operation of each company.

Toray is promoting fair and transparent management by revitalizing its Board of Directors and strengthening management control functions. In addition, the company is designating four auditors (including two outside auditors) who will join the company's board of directors and thus strengthen the auditors' meeting. The company has also reorganized the divisional system by integrating the production and marketing operations of the Pharmaceuticals & Medical Products Div., Electronics & Information Related Products Div. and others, in order to accelerate decision making.

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