



November 9, 2004

Toray Announces Consolidated Results for the Six Months Ended September 30, 2004

Tokyo, November 9, 2004 - Toray Industries today announced its consolidated and non-consolidated business results for the six months ended September 30, 2004. The following summary of the business results that Toray submitted to the Tokyo Exchange is unaudited and for reference only. (Code Number: 3402)

Consolidated Financial Highlights

(Millions of yen, *millions of U.S. dollars*, except per share data)

	Six months ended September 30				Year ended March 31. 2004
	2004	2003	Change	2004	
	Millions of yen		%	<i>U.S. Dollars</i>	Millions of yen
Net sales	¥575,721	¥534,346	7.7	\$5,182	¥1,088,501
Operating income	35,597	24,733	43.9	320	56,792
Ordinary income	34,784	22,972	51.4	313	51,602
Net income	19,782	10,947	80.7	178	20,908
Depreciation	31,475	33,310	(5.5)	283	67,253
Capital investment	23,394	21,885	6.9	211	47,990
Total assets	1,395,305	1,302,296	7.1	12,559	1,295,314
Property, plant and equipment, net	532,083	573,438	(7.2)	4,789	543,315
Total stockholders' equity	433,560	408,229	6.2	3,902	414,247
Per Share of common stock (yen)					
Net Income Primary	¥14.12	¥7.81	80.8	-	¥14.87
Cash dividends	¥3.50	¥2.50	40.0	-	¥5.50
Stockholders' equity	¥309.50	¥291.39	6.2	-	¥295.64
Ratios (%)					
Operating income to net sales	6.2%	4.6%	-	-	5.2%
Net income to net sales	3.4%	2.0%	-	-	1.9%
Equity ratio	31.1%	31.3%	-	-	32.0%
Return on equity	9.3%	5.5%	-	-	5.2%

Notes:

1. U.S. dollar amount have been converted from yen at the exchange rate of ¥111.1=U.S.\$1, the approximate rate of exchange prevailing on September 30, 2004.
2. Amounts are rounded to the nearest million.

Consolidated Business Segment Information

(Millions of yen, *millions of U.S. dollars*)

Net Sales	Six months ended September 30				Year ended March 31. 2004
	2004	2003	Change	2004	
	Millions of yen		%	<i>U.S. dollars</i>	Millions of yen
Fibers and Textiles	¥224,215	¥213,381	5.1	\$2,018	¥424,755
Plastics and Chemicals	134,847	129,005	4.5	1,214	258,093
IT-related Products	108,450	81,766	32.6	976	174,538
Housing and Engineering	52,021	54,261	(4.1)	468	120,123
Pharmaceuticals and Medical Products	20,215	22,010	(8.2)	182	47,875
New Products and other Businesses	35,973	33,923	6.0	324	63,117
Total	575,721	534,346	7.7	5,182	1,088,501
Elimination and Corporate	-	-	-	-	-
Consolidated Total	575,721	534,346	7.7	5,182	1,088,501

Operating Income	Six months ended September 30				Year ended March 31. 2004
	2004	2003	Change	2004	
	Millions of yen		%	<i>U.S. dollars</i>	Millions of yen
Fibers and Textiles	¥10,051	¥9,422	6.7	\$90	¥18,371
Plastics and Chemicals	6,043	4,535	33.3	54	9,676
IT-related Products	14,974	6,698	123.6	135	17,326
Housing and Engineering	270	330	(18.2)	2	1,695
Pharmaceuticals and Medical Products	(296)	694	-	(3)	3,510
New Products and other Businesses	4,401	2,698	63.1	40	5,868
Total	35,443	24,377	45.4	319	56,446
Elimination and Corporate	154	356	(56.7)	1	346
Consolidated Total	35,597	24,733	43.9	320	56,792

Notes:

1. U.S. dollar amount have been converted from yen at the exchange rate of ¥111.1=U.S.\$1, the approximate rate of exchange prevailing on September 30, 2004.
2. Amounts are rounded to the nearest million.

Consolidated Geographic Segment Information

(Millions of yen, millions of U.S. dollars)

Net Sales	Six months ended September 30				Year ended March 31. 2004
	2004	2003	Change	2004	Millions of yen
	Millions of yen		%	U.S. dollars	
Japan	¥412,372	¥380,281	8.4	\$3,712	¥786,063
Asia	102,334	91,509	11.8	921	180,676
North America & Europe	61,015	62,556	(2.5)	549	121,762
Total	575,721	534,346	7.7	5,182	1,088,501
Elimination and Corporate	-	-	-	-	-
Consolidated Total	575,721	534,346	7.7	5,182	1,088,501

Operating Income	Six months ended September 30				Year ended March 31. 2004
	2004	2003	Change	2004	Millions of yen
	Millions of yen		%	U.S. dollars	
Japan	¥27,619	¥16,714	65.2	\$249	¥42,202
Asia	5,708	5,184	10.1	51	9,462
North America & Europe	2,353	2,652	(11.3)	21	5,010
Total	35,680	24,550	45.3	321	56,674
Elimination and Corporate	(83)	183	-	(1)	118
Consolidated Total	35,597	24,733	43.9	320	56,792

Export Sales and Sales by Overseas Subsidiaries

(Millions of yen, millions of U.S. dollars)

Operating Income	Six months ended September 30				Year ended March 31. 2004
	2004	2003	Change	2004	Millions of yen
	Millions of yen		%	U.S. dollars	
Asia	¥167,699	¥135,512	23.8	\$1,509	¥274,372
Other Regions	86,290	86,140	0.2	777	168,901
Total	253,989	221,652	14.6	2,286	443,273

Percentage against consolidated net sales	Six months ended September 30		Year ended March 31. 2004
	2004	2003	
Asia	29.1 %	25.4 %	25.2 %
Other Regions	15.0 %	16.1 %	15.5 %
Total	44.1 %	41.5 %	40.7 %

Notes:

1. U.S. dollar amount have been converted from yen at the exchange rate of ¥111.1=U.S.\$1, the approximate rate of exchange prevailing on September 30, 2004.
2. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the fiscal year ending March 31, 2005

(Millions of yen, millions of U.S. dollars)

	Year ending March 31. 2005	
	Million of yen	U.S. dollars
Net sales	¥1,320,000	\$12,000
Operating income	80,000	727
Ordinary income	76,000	691
Net income	39,000	355

Notes: U.S. dollar amount have been converted from yen at the exchange rate of ¥110=U.S.\$1, the estimated rate of exchange for the second half of 2004 (Oct 2004 - March 2005).

Non-consolidated Financial Highlights

(Millions of yen, millions of U.S. dollars, except per share data)

	Six months ended September 30				Year ended March 31. 2004
	2004	2003	Change	2004	
	Millions of yen		%	U.S. Dollars	Millions of yen
Net sales	¥237,522	¥222,864	6.6	\$2,138	¥458,845
Operating income	15,481	9,271	67.0	139	24,009
Ordinary income	17,661	12,716	38.9	159	30,931
Net income	10,853	8,089	34.2	98	17,000

Depreciation	13,183	14,018	(6.0)	119	29,203
Capital investment	6,418	6,861	(6.5)	58	17,428
Total assets	879,706	873,846	0.7	7,918	895,549
Property, plant and equipment, net	245,059	260,181	(5.8)	2,206	253,987
Total stockholders' equity	439,250	416,382	5.5	3,954	431,145

Per Share of common stock (yen)

Net Income Primary	¥7.75	¥5.77	34.3	-	¥12.08
Cash dividends	¥3.50	¥2.50	40.0	-	¥5.50
Stockholders' equity	¥313.55	¥297.21	5.5	-	¥307.70

Ratios (%)

Operating income to net sales	6.5%	4.2%	-	-	5.2%
Net income to net sales	4.6%	3.6%	-	-	3.7%
Equity ratio	49.9%	47.6%	-	-	48.1%
Return on equity	5.0%	4.0%	-	-	4.1%

Notes:

1. U.S. dollar amount have been converted from yen at the exchange rate of ¥111.1=U.S.\$1, the approximate rate of exchange prevailing on September 30, 2004.
2. Yen amounts are rounded to the nearest million.

Forecast of Non-consolidated Results for the fiscal year ending March 31, 2005

(Millions of yen, millions of U.S. dollars)

	Year ending March 31. 2005	
	Millions of yen	U.S. dollars
Net sales	¥480,000	\$4,364
Operating income	34,000	309
Ordinary income	39,000	355
Net income	21,000	191

Notes: U.S. dollar amount have been converted from yen at the exchange rate of ¥110=U.S.\$1, the estimated rate of exchange for the second half of 2004 (Oct 2004 - March 2005).

Management Policies

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 fulfilling its responsibility and thereby 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 comprehensive consideration of every factor, including business results, financial conditions and a retention of earnings necessary for future investment.

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

The Toray Group launched "Project New TORAY 21" ("Project NT21") management reform program in April 2002, in a bid to achieve early income improvement by dramatically strengthening corporate structure and the Company was able to achieve the targets one year ahead of schedule in the last fiscal year. Building on this success, the Company has initiated "Project NT-II (NT-II)" as the second stage of the reform, with the medium-term management objective of building a dynamic and highly profitable corporate group.

Project NT21 consisted of management reforms to reinforce the corporate structure from the "defensive" perspective. NT-II, on the other hand, seeks to sustain management from the "defensive" perspective through continuous reinforcement of the corporate structure while simultaneously advancing with an "offensive" management approach of expanding revenues and profits through business structure reform. In order to realize this objective, the Toray Group will be focusing on the following eight issues.

Activating Group Energy

The first key is mobilizing the energy of the entire Toray Group. NT21 fostered a healthy sense of crisis combined with a new clarity of purpose and direction, and these are now shared by all employees of the Toray Group. Building on this spirit, Toray Group will implement additional measures to strengthen communication and information sharing, and endeavor to create a revitalized organization. In the term under review, the Group launched a company-wide campaign named “Multi-Communication Campaign” to strengthen the communication and information sharing and rolled out concrete measures and actions such as exploitation of the intranet etc.

Strengthening Cost Competitiveness

The second aspect is the strengthening of total cost competitiveness, and building on the success of the “strengthening cost competitiveness project” of NT-21, the Toray Group is taking initiatives to achieve further reductions in total cost across the entire Group. The Group is working on achieving thorough reductions in costs including gross labor costs, fixed production costs, and procurement and logistics expenses as well as head-office and marketing expenses, and these efforts have begun bearing fruits.

Strengthening Financial Structure

The third point is the strengthening of financial structure. While continuing with the measures to strengthen financial structure undertaken in NT-21, the Group set a new financial goal under NT – II of achieving early reduction of the ratio of interest bearing debt to shareholders’ equity (D/E ratio) to 1.0 or lower, in order to realize both increased investment in its advanced materials businesses and further strengthening of the financial structure. Reforms were steadily implemented in the term under review towards achieving these objectives.

Marketing Reforms

The fourth aspect is marketing reforms. While promoting the various themes such as the awareness raising endeavors for sales and marketing staff, promotion of new value creators, target management based on marketing management target indices and IT buildup that were introduced under NT-21, the Group is striving to strengthen the marketing power by initiating new themes such as further promotion of awareness reforms through marketing self-help analysis and expansion of one-stop-total-service function that consolidates the major customer accounts.

Strengthening Profit Management by Product

The fifth point is strengthening profit management by product. Under NT 21, as part of its measures focused on the core objective of structural reinforcement, the Group sought to cut back on loss-generating businesses and companies or bring them into the black, and was able to improve income by achieving such a goal. NT - II takes this approach one step further: each business is expected to improve income by increasing the share of high-margin products, regaining profitability or at the very least cutting losses from unprofitable products included in the portfolios of otherwise profitable businesses. In order to achieve this, Toray as well as the affiliated companies from within and outside Japan that form the Toray Group are ensuring profit management by product, while simultaneously formulating and implementing concrete measures for each business unit in Toray as well as affiliated companies.

Expanding Advanced Materials Businesses

The sixth action is expansion of advanced materials businesses. Advanced materials development at the Toray Group has to date focused on the core technologies of organic synthetic chemistry, polymer chemistry, and biochemistry. Business expansion has been driven by supplying these products to industries and users primarily in the three growth areas of IT-related products; life sciences; and environment, safety, and amenity. NT - II calls for an expansion of existing advanced materials businesses within and outside Japan, accompanied by rapid development of new advanced materials and related business initiatives using the Toray Group's core technologies as well as sophisticated technologies such as technologies for increasing the limits of performance, nanotechnology, biotechnology, etc. To this end, concrete measures have been initiated while putting in place a structure that combines the synergies of production, sales, technology and research and allocating management resources for vital areas.

Expand and Reinforce Global No. 1 Businesses

The seventh measure is expanding and strengthening Toray Group businesses that rank global no. 1 in their fields. Roughly 30 of the Toray Group's businesses have claimed the top share of the global market — in the polyester-cotton blended textiles, man-made suede, polyester film, carbon fiber composite materials, and other businesses. Toray is planning to further expand and reinforce its no. 1 businesses by formulating business strategies that exploit its strengths under each project leader and by appropriately allocating management resources.

Expand Revenues and Profits From Businesses Outside Japan

The eighth aspect involves expanding earnings from businesses outside Japan. The Toray Group will strive to implement further structural reform at its businesses in 18 countries and regions worldwide, strengthening them as sources of earnings, while simultaneously pursuing business growth outside Japan through new business initiatives. Project teams have been constituted to promote the various themes such as entering into new businesses in regions that Toray have already been penetrating, business development in regions such as Eastern Europe and Russia that boast of significant economic growth, expansion into fields with high growth rates such as IT applications or automobile applications and promotion of forays into overseas markets by group companies.

TOREX Brand Strategy*

In addition to these points, establishing a brand strategy is essential to remaining victorious amid conditions of global overproduction, and to achieving business expansion and earnings growth. To this end, the Group has positioned *TOREX** as the Toray Group's core brand, symbolizing the Group's high quality, superior product grades, and advanced materials, and is currently planning for implementation of a global brand strategy.

Through realization of the goals of NT - II, the Toray Group seeks to increase ROA and ROE, and to transform itself into a global, highly profitable corporate group.

4. Corporate Governance

The Toray Group's basic stance on corporate governance is clearly articulated in its Corporate Mission: "to provide our shareholders with dependable and trustworthy management," as well as in its Guiding Principles: "Fairness and sincerity — Behaving fairly with a strong feeling of responsibility and a high ethical sense, thereby establishing a trustworthy relationship with society." This is one of the Toray Group's most important management policies.

The Board of Directors has 30 members and the Board of Corporate Auditors has four, two of whom are external auditors. The Toray Group is a manufacturing conglomerate that supplies a wide variety of basic materials to a diverse range of industries, and therefore management needs to make varied judgments and decisions based on specialist knowledge and close liaison with the business field. To ensure that management fulfills its responsibility to shareholders, The Toray Group believes that directors who make decisions at board meetings and oversee business operations should be appointed by the general shareholders meetings and be familiar with the Toray Group's businesses. For this reason, the Toray Group intends to retain the current framework of its Board of Directors and Board of Auditors.

Members of the Company's Board of Auditors attend all important company meetings, including board meetings, as well as hold meetings to interview individual directors and senior managers. Further, they audit each of the Company's business locations, manufacturing bases, and domestic and overseas subsidiaries and affiliates to ensure proper oversight of directors' performance. External auditors have no financial interest in (i.e., no business relationship with) the Toray Group, and the Audit Department carries out internal audits, including of subsidiaries and affiliates.

Toray has established a Corporate Ethics Committee, which is composed of members of the Board of Directors and includes the Board of Auditors as observers, in order to address corporate ethics and legal compliance — an essential component of Corporate Social Responsibility (CSR). In addition, Toray established a Compliance Committee under the Corporate Ethics Committee to strengthen those activities through a reinforcement of the management structure.

Consolidated Business Results and Financial Condition

1. Overview of First Half (April 2004 – September 2004)

During the six months under review, in spite of adverse factors such as steep rise in crude oil prices the U.S. economy held on to its inherent strengths, while the Asian economies led by China also maintained expansion. In addition, the ongoing recovery in the European economy continued, contributing to an overall steady showing in the world economy. In Japan, the economy showed signs of modest recovery helped by increase in exports and an overall expansion in the digital products market although it experienced demand and supply adjustment in the latter half of the period.

Amid these conditions, the Toray Group in April launched its management reform program “Project NT-II (NT-II)” and worked on expansion of revenues and profits through structural reinforcement and business structure reform.

As a result, consolidated net sales for the first half of the fiscal year increased 7.7% year-on-year to ¥575.7 billion (US\$5,182 million), while operating income rose 43.9% to ¥35.6 billion (US\$320 million). Ordinary income increased 51.4% to ¥34.8 billion (US\$313 million), and net income rose 80.7% to ¥19.8 billion (US\$178 million).

Business Performance by Sector:

Fibers and Textiles

In domestic trading, overall sales increased. Sales of nylon yarns expanded due to a successful shift to high-margin products in apparel applications. In industrial applications, sales rose due to increased demand for use in air bags. Overall sales of *Tetoron** polyester fiber declined slightly, as sales of staple fiber were hit by factors such as decline in demands caused by increased imports of products for filling of futon, though filament fiber showed strong growth in apparel and industrial applications. At the same time, sales of apparels, *Ecsaine** artificial suede and trading business increased, contributing to gains in overall domestic sales.

Total overseas sales also increased, helped by increases at staple polyester fiber and polyester filament operations in Thailand and polyester filament operations in China.

As a result, overall sales of Fibers and Textiles increased to ¥224.2 billion (US\$2,018 million), while operating income rose to ¥10.1 billion (US\$ 90 million) from the previous year.

Plastics and Chemicals

Sales of engineering plastic resins such as *Amilan** nylon resin, *Toraycon** polybutylene terephthalate (PBT) resin and *Torelina** polyphenylene sulfide (PPS) resin saw strong growth in the automobile and electric sectors while sales of *Toyolac** acrylonitrile butadiene styrene (ABS) resin increased both in Japan and abroad, contributing to overall sales growth in plastics segment.

In the Film Business, sales of the Toray Group mainstay *Lumirror** polyester (PET) film continued to advance. This expansion reflected demand in packaging and industrial application markets along with a shift to value-added products both in Japan and overseas. Sales of *Torayfan** polypropylene film also expanded steadily, as its application in condenser units for hybrid vehicles rose in Japan.

Chemicals segment sales declined, mainly due to consolidation of the Caprolactam (a raw material for nylon) production system into Tokai plant and cutback of less profitable exports.

Total sales of Plastics and Chemicals increased year-on-year to ¥134.8 billion (US\$1,214 million), while operating income rose to ¥6.0 billion (US\$54 million).

In the production front, expansion work of the polyester film production infrastructure at the Yihua Toray Polyester Film Co., Ltd in China was completed and operations have started.

IT-related Products

In the Information and Telecommunication (IT) related Products segment, overall sales of resin and film products continued to increase in line with the upturn in the liquid crystal display (LCD), cellular phone and digital home electronic appliance sectors. Total sales in the electronic materials business also increased due to sales expansion of electric circuit. The sales of LCD color filters gained on the popularity of small and medium-sized LCDs mainly for cellular-phone applications, leading to an overall expansion in sales of the LCD materials business.

IT-related equipment business experienced higher aggregate sales on growth mainly in liquid crystal coating equipment.

As a result, sales of IT-related Products increased to ¥108.5 billion (US\$976 million) and operating income rose to ¥15.0 billion (US\$135 million).

On the production side, expansion work of the infrastructure to produce protective film for LCDs at Toray Advanced Film Co., Ltd. was completed and operations have started.

Housing and Engineering

With shift in booking of sales of some projects into the latter half of the fiscal year, total sales of the Toray Group's Housing and Engineering segment declined to ¥52.0 billion (US\$468 million) year on year and operating income also registered a slight decrease to ¥0.3 billion (US\$2 million).

Pharmaceutical and Medical Products

Sales of Pharmaceuticals declined due to reductions in drug prices and intense competition with other companies. Medical Product sales also suffered, as brisk sales of *Toraymyxin**, a blood purification device for treating septicemia, was offset by declining sales of artificial kidney products due to the reduction in call prices.

As a result, sales of the segment decreased year-on-year to ¥20.2 billion (US\$182 million), while registering operating loss of ¥0.3 billion (US\$3 million) partly due to license revenue moving down to the following term.

New Products and Other Businesses

Total sales of Advanced Composite Materials rose due to the growth in aircraft applications and reflecting a steady increase led mostly by industrial applications including CNG tanks for natural gas vehicles, windmill blades for wind-power generation and civil engineering.

Total sales and operating income of the New Products and Other Business segment rose year-on-year to ¥36.0 billion (US\$324 million) and ¥4.4 billion (US\$40 million), respectively.

Recent Investments

Toray purchased a majority stake in Chori Co., Ltd. and made it into a consolidated subsidiary to enhance collaborations in fiber and textile sectors as well as overseas operations and to take advantage of synergy effects in strengthening of business functions and potentials.

To expand Toray Group's water treatment business, the company also acquired a majority stake in Suido Kiko Kaisha, Ltd. and made it into a consolidated subsidiary. At the same time, Toray also transferred domestic operations of water treatment system plant business at the Company and Toray Engineering Co., Ltd. to Suido Kiko to reorganize and enhance the structure to drive the business forward.

2. Dividends

Taking into consideration earnings performance during the term under review and considering the outlook for the full year through March 2005, Toray is proposing to pay an interim dividend of ¥3.5 per share of common stock for the first half, an increase of ¥0.5 from the previous term.

3. Finance and Cash Flows for Fiscal 2004

As of September 30, 2004, Toray's total assets stood at ¥1,395.3 billion (US\$12,559 million), up ¥100.0 billion (US\$900 million) from the level as of March 31, 2004, the end of the previous fiscal year, as trade receivables, inventories and investments and other assets increased. These increases can be principally attributed to Chori Co., Ltd. and Suido Kiko Kaisha, Ltd. joining the fold as consolidated subsidiaries. Total stockholders' equity came to ¥433.6 billion (US\$3,902 million), up ¥19.3 billion (US\$174 million) from the end of the previous fiscal year, due to increases in retained earnings and unrealized gain on securities. As a result, the equity ratio at the end of the first half was 31.1%, a 0.9 percentage-point decrease over the previous year.

Free cash flows, cash flows from operating activities and net of cash flows from investment activities for the fiscal year ended March 2004 were up year-on-year to ¥34.0 billion (US\$306 million). Cash flows, as well as changes in the balances of cash and cash equivalents, for the first half of the fiscal year through March 2005 are as follows:

(Billions of yen, *millions of U.S. dollars*)

	Six months ended September 30,		
	2004	2003	2004
	Yen		U.S. \$
Cash flows from operating activities	45.9	45.0	413
Cash flows from investment activities	(11.9)	(24.9)	(107)
Balance (Free cash flows)	34.0	20.1	306
Cash flows from financing activities	(30.1)	(20.5)	(271)
Translation gains/losses	0.2	0	1
Change in cash and cash equivalents for the year	4.0	(0.3)	36
Cash and cash equivalents at beginning of the year	78.7	55.7	708
Effect of changes in consolidated subsidiaries	0.2	0.1	2
Cash and cash equivalents at end of the year	82.9	55.5	746

Index of Cash Flows:

	Year ended March 31				Six months ended September 30, 2004
	2001	2002	2003	2004	
Stockholder's equity / Total assets (%)	29.1	29.8	30.0	32.0	31.1
Market capitalization / Total assets (%)	48.4	35.6	28.3	52.2	51.2
Interest-bearing debt / Operating cash flow (years)	5.4	8.5	6.2	4.2	-
Operating cash flow/Interest paid (times)	5.8	4.5	10.6	16.5	15.5

Notes:

1. All indices are computed based on consolidated data.
2. Market capitalization equals the stock price at the end of the period multiplied by the number of shares outstanding at the end of the period (excluding treasury stock).
3. Operating cash flow is stated in the consolidated statements of cash flows. Interest-bearing debt is all debt included in the consolidated balance sheets on which is paid.
4. Interest-bearing debt/Operating cash flow is not calculated for the interim period.

4. Forecast for Fiscal 2004 (ending March 31, 2005)

In the second half of the fiscal year, the global economy is expected to face increasing uncertainty due to high oil prices and concerns of downturn in the U.S. economy. The outlook for Japanese economy is also uncertain as it is weighed down by risk factors such as sharp rise in oil prices, adjustment in demand for IT products and slowing growth in export markets.

Amid these conditions, the Toray Group will work to address the medium-term management issues of constant reinforcement of corporate structure and expanding revenues and profits through business structure reform, as set out in NT - II, in order to achieve its goals of rapid transformation to a highly profitable corporate group. For the current fiscal year, which is the first one under this new project, the Group expects to achieve sales of ¥1,320 billion (US\$12,000 million), operating income of ¥80 billion (US\$727 million), and ordinary income of ¥76 billion (US\$691 million). These forecasts are based on expectations of a foreign exchange rate of ¥110 to the US dollar.

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥111.1 = US\$1, the approximate rate of exchange prevailing on September 30, 2004.
2. U.S. dollar amounts of Forecast for Fiscal 2004 (ending March 31, 2005) have been converted from yen at the exchange rate of ¥110=U.S.\$1, the estimated rate of exchange for the second half of 2004 (Oct 2004 - March 2005).
3. Product names with (*) abbreviation are trademarks of Toray Industries, Inc.

Disclaimer

Descriptions of predicted business results, forecasts 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 statement is not a guarantee of the Company's future business performance.

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