

Business Results Announcement

<1st Quarter of FY Ending March 2004>

Toray Industries, Inc.

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Consolidated Business Results for the 1Q of FY Mar/2004

Summary

Unit: Billion Yen

	1Q FY Mar/03	1Q FY Mar/04	Changes	
Net Sales	236.7	251.7	15.0	(+6.3%)
Operating Income	4.2	9.4	5.2	(+123.0%)
(Operating Income Margin)	1.8%	3.7%	+2.0	Point
Ordinary Income	2.7	8.4	5.7	(+209.4%)

*Consolidated 1st quarter business results are the sums of Apr – Jun business results in companies whose FY ends on March 31 and Jan – Mar business results in companies whose FY ends on December 31.

Consolidated Business Results for the 1Q of FY Mar/2004

Results by Business Segments

Unit: Billion Yen

	Net Sales			Operating Income		
	1Q FY Mar/03	1Q FY Mar/04	Changes	1Q FY Mar/03	1Q FY Mar/04	Changes
Fibers & Textiles	104.0	107.3	+3.3 (+3.2%)	2.0	5.0	+3.0 (+146.1%)
Plastics & Chemicals	59.2	65.7	+6.5 (+11.1%)	1.2	1.4	+0.2 (+16.2%)
IT-related Products	34.5	38.7	+4.3 (+12.4%)	2.1	3.0	+0.9 (+41.3%)
Housing & Engineering	14.4	14.9	+0.4 (+3.0%)	▲ 1.5	▲ 1.2	+0.3 (-)
Pharmaceuticals & Medical Products	10.3	10.1	-0.2 (-1.6%)	▲ 0.2	0.0	+0.2 (-)
New Products & Others	14.5	15.1	+0.6 (+4.1%)	0.5	1.1	+0.6 (+116.3%)
Total	236.7	251.7	+15.0 (+6.3%)	4.2	9.4	+5.2 (+123.0%)
Elimination & Corporate				0.0	0.0	0.0
Consolidated	236.7	251.7	+15.0 (+6.3%)	4.2	9.4	+5.2 (+123.0%)

Results by Business Segments

Fibers & Textiles

Unit: Billion Yen

	Net Sales			Operating Income			Comments
	1Q FY Mar/03	1Q FY Mar/04	Changes	1Q FY Mar/03	1Q FY Mar/04	Changes	
Toray	35.2	32.3	-2.9	▲ 0.7	2.1	+2.8	Although sales decreased due to transfer of woven products sales business to a subsidiary, Income increased drastically through transformation into a highly Incomeable business structure by restructuring and shortening supply chain, introducing high-value-added products, and raising prices.
Japanese Subsidiaries	34.5	38.2	+3.7	0.5	0.9	+0.4	Sales and income increased through transfer of woven products sales business from Toray to TI and strengthening of corporate structure of manufacturing subsidiaries.
Overseas Subsidiaries	34.3	36.7	+2.4	2.3	2.0	-0.3	Business in Asian countries grew steadily, but European subsidiaries were influenced by sluggish economy, which made overseas total Income decrease.
Adjustment				▲ 0.1	0.0	+0.1	
Total	104.0	107.3	+3.3 (+3.2%)	2.0	5.0	+3.0 (+146.1%)	

<Major Subsidiaries and Affiliated Companies>

Japan: Toray International (TI), Ichimura Sangyo, others

Asia: ITS (Indonesia), Luckytex (Thailand), Penfabric (Malaysia), TFNL, TAK (China), others

U.S. & Europe: Alcantara (Italy), others

Results by Business Segments

Plastics & Chemicals

Unit: Billion Yen

	Net Sales			Operating Income			Comments
	1Q FY Mar/03	1Q FY Mar/04	Changes	1Q FY Mar/03	1Q FY Mar/04	Changes	
Toray	22.1	21.6	-0.5	0.2	0.1	-0.0	Resins for automotives and PET films for packaging and industrial applications grew steadily.
Japanese Subsidiaries	17.2	21.4	+4.2	0.8	1.0	+0.1	Chemicals subsidiaries grew steadily.
Overseas Subsidiaries	19.8	22.7	+2.9	0.2	0.3	+0.1	Sales and income increased in U.S. and European film subsidiaries through sales expansion of special packaging and industrial applications. Income of Asian resin subsidiary decreased due to high price of raw materials.
Adjustment				0.0	0.0	+0.0	
Total	59.2	65.7	+6.5 (+11.1%)	1.2	1.4	+0.2 (+16.2%)	

<Major Subsidiaries and Affiliated Companies>

Japan: Toyo Metallizing, Toray Fine Chemicals, others

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

Results by Business Segments

IT-related Products

Unit: Billion Yen

	Net Sales			Operating Pofit			Comments
	1Q FY Mar/03	1Q FY Mar/04	Changes	1Q FY Mar/03	1Q FY Mar/04	Changes	
Toray	16.1	16.4	+0.2	1.7	2.1	+0.4	Sales and income increased by IT-related resins and films. Electronics and info-related products and LCD materials grew steadily.
Japanese Subsidiaries	6.5	11.2	+4.7	▲ 0.3	0.4	+0.8	Sales and income increased in IT-related machinery manufacturing subsidiary.
Overseas Subsidiaries	11.8	11.1	-0.7	0.7	0.5	-0.2	Sales decreased due to reduction of unIncomeable film businesses in U.S. and European film subsidiaries. Sales and income of Korean film subsidiary decreased due to declined export and high price of raw materials.
Adjustment	0.0	0.0	+0.0	0.0	0.0	+0.0	
Total	34.5	38.7	+4.3 (+12.4%)	2.1	3.0	+0.9 (+41.3%)	

<Major Subsidiaries and Affiliated Companies>

Japan: Toray Engineering, Toyo Metallizing, others

Overseas: TSI(Korea), TPA(U.S.A.), TPEU(France), others

Results by Business Segments

Housing & Engineering

Unit: Billion Yen

	Net Sales			Operating Income			Comments
	1Q FY Mar/03	1Q FY Mar/04	Changes	1Q FY Mar/03	1Q FY Mar/04	Changes	
Toray	1.6	1.6	-0.1	▲ 0.3	▲ 0.4	-0.1	Low demand on construction materials continued. Water treatment equipment was good in export but weak in Japanese market. As a result, total business was at the same level as the previous year.
Japanese Subsidiaries	12.7	13.1	+0.5	▲ 1.2	▲ 0.8	+0.4	Income increased through strengthening corporate structure in construction subsidiaries and engineering subsidiaries.
Overseas Subsidiaries	0.1	0.2	+0.0	▲ 0.0	0.0	+0.0	
Adjustment	0.0	0.0	+0.0	0.0	0.0	+0.0	
Total	14.4	14.9	+0.4 (+3.0%)	▲ 1.5	▲ 1.2	+0.3 (-)	

<Major Subsidiaries and Affiliated Companies>

Japan: Toray Construction, Toray Engineering, Toray ACE, others

Results by Business Segments

Pharmaceuticals & Medical Products

Unit: Billion Yen

	Net Sales			Operating Incomes			Comments
	1Q FY Mar/03	1Q FY Mar/04	Changes	1Q FY Mar/03	1Q FY Mar/04	Changes	
Toray	3.3	2.8	-0.5	0.2	0.1	-0.1	Sales decreased due to tough competition.
Japanese Subsidiaries	6.1	6.4	+0.4	▲ 0.4	▲ 0.1	+0.3	Sales and income increased through sales expansion of polysulfone artificial kidney and strengthening of corporate structure.
Overseas Subsidiaries	0.9	0.9	-0.1	▲ 0.0	0.0	+0.0	
Adjustment	0.0	0.0	+0.0	0.0	0.0	+0.0	
Total	10.3	10.1	-0.2 (-1.6%)	▲ 0.2	0.0	+0.2 (-)	

<Major Subsidiaries and Affiliated Companies>

Japan: Toray Medical

Results by Business Segments

New Products & Others

Unit: Billion Yen

	Net Sales			Operating Income			Comments
	1Q FY Mar/03	1Q FY Mar/04	Changes	1Q FY Mar/03	1Q FY Mar/04	Changes	
Toray	2.1	2.9	+0.8	0.3	0.6	+0.4	Sales and income increased through steady growth of carbon fibers business for aerospace and new industrial uses in Japan.
Japanese Subsidiaries	6.6	6.6	+0.0	▲ 0.0	0.4	+0.4	Income increased through steady growth of service related subsidiary.
Overseas Subsidiaries	5.8	5.6	-0.3	0.3	0.1	-0.1	Sales and income decreased due to weak demand of carbon fiber for aircraft application in U.S. in spite of steady growth in European carbon fiber subsidiary.
Adjustment	0.0	0.0	+0.0	0.0	0.0	+0.0	
Total	14.5	15.1	+0.6 (+4.1%)	0.5	1.1	+0.6 (+116.3%)	

<Major Subsidiaries and Affiliated Companies>

Japan: Toray Research Center, Toray Enterprise, others

Overseas: SOFICAR (France), others

Consolidated Business Results for the 1Q of FY Mar/2004

Operating Income Factor Analysis

Unit: Billion Yen

	1QMar/03 to 1QMar/04
Production & Sales Efficiency Improvement (New Product, NVC*, Product Mix Difference, Product Unit Improvement, etc.), Sales & Production Amount Increase, etc.	+5.8
Achievement of "TC Project" (Sales Expenses Reduction, Production Fixed Cost Reduction, etc.)	+3.5
Sales Price Decline, Material Cost Increase, etc.	-4.1
Total	+5.2

*NVC: New Value Creator

II. Consolidated Midterm Business Forecast for FY Ended March 2004

Consolidated Midterm Business Forecast for FY Ended Mar/04

Business Forecast

Unit: Billion Yen

	Midterm FY Mar/03 Actual	Midterm FY Mar/04 Forecast	Changes	Initial Target	Changes
Net Sales	498.5	525.0	+26.5 (+5.3%)	505.0	+20.0 (+4.0%)
Operating Income	12.7	21.0	+8.3 (+66.0%)	15.0	+6.0 (+40.0%)
Ordinary Income	7.9	20.0	+12.1 (+153.9%)	11.0	+9.0 (+81.8%)
Net Income (Midterm)	1.3	7.0	+5.7 (+446.4%)	2.0	+5.0 (+250.0%)

Note) FY Mar/04 forecast will be revised at the announcement of midterm business results in November 2003.

Consolidated Midterm Business Forecast for FY Ended Mar/04

Forecast by Business Segments

Unit: Billion Yen

	Net Sales			Operating Income			Net Sales			Operating Income		
	Midterm FY Mar/03 Actual	FY Mar/04 Forecast	Changes	Midterm FY Mar/03 Actual	FY Mar/04 Forecast	Changes	Initial Target	Changes	Initial Target	Changes		
Fibers & Textiles	209.1	211.0	+1.9 (+0.9%)	4.0	8.5	+4.5 (+112.7%)	205.0	+6.0 (+2.9%)	7.5	+1.0 (+13.3%)		
Plastics & Chemicals	119.2	131.0	+11.8 (+9.9%)	2.9	4.0	+1.1 (+37.8%)	120.0	+11.0 (+9.2%)	2.0	+2.0 (+100.0%)		
IT-related Products	72.1	76.0	+3.9 (+5.4%)	4.8	5.0	+0.2 (+4.5%)	75.0	+1.0 (+1.3%)	3.5	+1.5 (+42.9%)		
Housing & Engineering	44.7	55.0	+10.3 (+22.9%)	▲ 1.8	0.5	+2.3 (-)	55.0	+0.0 (0.0%)	0.5	+0.0 (0.0%)		
Pharmaceuticals & Medical Products	22.9	21.0	-1.9 (-8.2%)	0.9	1.0	+0.1 (+6.0%)	20.0	+1.0 (+5.0%)	0.5	+0.5 (+100.0%)		
New Products & Others	30.6	31.0	+0.4 (+1.4%)	1.5	2.0	+0.5 (+31.0%)	30.0	+1.0 (+3.3%)	1.0	+1.0 (+100.0%)		
Total	498.5	525.0	(+5.3%)	12.3	21.0	+8.7 (+70.6%)	505.0	+20.0 (+4.0%)	15.0	+6.0 (+40.0%)		
Elimination & Corporate				0.3	-	-0.3 (-)			-	+0.0 (0.0%)		
Consolidated	498.5	525.0	+26.5 (+5.3%)	12.7	21.0	+8.3 (+66.0%)	505.0	+20.0 (+4.0%)	15.0	+6.0 (+40.0%)		

**III. Non-consolidated
Midterm Business Forecast
for FY Ended March 2004**

Non-consolidated Midterm Business Forecast for FY Ended Mar/04

Business Forecast

Unit: Billion Yen

	Midterm FY Mar/03 Actual	Midterm FY Mar/04 Forecast	Changes	Initial Target	Changes
Net Sales	223.4	218.0	-5.4 (-2.4%)	215.0	+3.0 (+1.4%)
Operating Income	2.5	7.0	+4.5 (+185.2%)	4.0	+3.0 (+75.0%)
Ordinary Income	1.3	12.0	+10.7 (+832.4%)	6.0	+6.0 (+100.0%)
Net Income (Midterm)	1.6	8.0	+6.4 (+402.5%)	3.5	+4.5 (+128.6%)

Note) FY Mar/04 forecast will be revised at the announcement of midterm business results in November 2003.

Descriptions of predicted business results, projections 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.