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FOR IMMEDIATE RELEASE:

**Toray Announces Consolidated Business Results for Half-Year Ended
September 30, 2001**

Overview of First Half

The Japanese economy has continued to face severe conditions, with stagnant consumer spending, the onset of a recession in the information technology (IT)-related industry, and a drop in exports due to slowing demand overseas.

The U.S. economy was hit hard by the collapse of its IT bubble economy, while European and Asian markets shrunk accordingly. Also, the recent terrorist attacks in the United States may cast an even darker shadow over the world economy.

Under such circumstances, the Toray group has waged a vigorous effort to expand its sales across all business sectors and to further reduce costs. However, its businesses, including Fibers & Textiles, Plastics & Chemicals, IT related Products businesses were largely influenced by the weakening business environment.

As a result, Toray's consolidated net sales in the first half increased 1.6% year-on-year to 518.4 billion yen (US\$4.34 billion), while operating income decreased 26.5% to 16 billion yen (US\$134 million), and ordinary income decreased 58.0% to 7.7 billion yen (US\$64.5 million). Net income decreased 84.2% to 1.2 billion yen (US\$10.1 million).

Business Performances of Each Sector:

<Fibers and Textiles>

Due to a deteriorating market, domestic sales of nylon for both apparel and

industrial use dropped on a year-to-year basis. Although sales of Tetron* polyester filament yarn for use in apparel also declined, they rose in industrial use, owing to expanded sales of seatbelts. Sales of Tetron* staple fiber slowed down in all sectors and those of the acrylic fiber Toraylon* also slid, especially in the apparel market.

In the overseas market, sales of polyester filament yarn, polyester staple fiber and polyester/cotton woven textile increased particularly in South Korea and South East Asia. However, selling prices for the products fell because of sluggish demand.

As a result, overall sales of fibers and textiles grew to 222.4 billion yen (US\$ 1.86 billion), while operating income dropped to 8.7 billion yen (US\$ 72.9 million) from the previous year.

<Plastics and Chemicals>

In Toray's plastics and chemicals business, domestic sales of ABS resin Toyolac* shrank due to sluggish demand in the automobile sector and an overseas shift in the manufacturing bases of electrical products. Sales of the products overseas took a downturn, due to weakening market conditions in Hong Kong and China. Sales of the Nylon resin Amilan* and PBT resin Toraycon* also dropped due to stagnant domestic demand in the automotive and electric/electronic sectors.

In the film business, sales of the polyester film Lumirror* rose, despite a price cut, thanks to an increase in sales volume in both the domestic and overseas markets for use in packaging materials. On the other hand, sales of the polypropylene film Torayfan* were hurt by slowing domestic demand for industrial use.

As for the chemical business, sales of the nylon material Caprolactam dropped by weaker market conditions that initially began to sag last summer. Sales in the fine chemical products fell due to weaker demand for agricultural chemical.

As a result, sales of plastics and chemicals overall decreased year-on-year to 119.3 billion yen (US\$0.99 billion) and operating income totaled 2.3 billion yen (US\$19.3 million).

On the production side, Toray decided to raise its production capacity for ABS resin at Toray Plastics (Malaysia), Sdn. Berhad in Malaysia, starting from July 2002.

<IT related Products>

In the IT-related resin and film business, the global downturn in the information technology market led to a steep drop in sales, owing to plummeting demand in the electronic component, liquid crystal display (LCD) and capacitor sectors.

As for the electronics and information-related product business, a sharp drop in production volume of domestic LCD makers caused a decline in sales of Topical* color filters used in TFT-LCDs. On the other hand, sales of circuit materials jumped at affiliated companies in South Korea, however, domestic sales dropped due to slowing demand.

As a result, both overall sales and operating income dropped year-on-year, with sales totaling 69.8 billion yen (US\$584.6 million), and operating income reaching 1.6 billion yen (US\$13.4 million)

<Housing and Engineering>

Engineering and real estate businesses prospered, while its water treatment business also enjoyed a growth in sales owing to expanded demand primarily in large overseas projects involving seawater desalination. As a result, overall sales in this sector rose to 49.3 billion yen (US\$412.9 million) and losses in operating income recovered from the previous year to minus 300 million yen (US\$2.5 million).

<Pharmaceutical and Medical Products>

In the pharmaceutical sector, expanded sales of natural interferon-preparation Feron* and Dorner* for peripheral vascular disorders contributed to a sales increase. However, a drop in revenues from royalties more than offset the increase and caused overall sales in the pharmaceutical sector to fall. As for medical products, Toraysulfone*, a polysulfone membrane artificial kidney, and Toraymyxin*, a suction-type blood purification device for treating septicemia, experienced an increase in sales volume.

As a result, the overall pharmaceutical and medical products sector experienced a decrease in both sales and operating income on year-to-year basis, with sales hitting 24.9 billion yen (US\$208.5 million) and operating income totaling 1.0 billion yen (US\$8.4 million).

<New Products and Other Businesses >

In the advanced composite materials business, although sales for sporting applications and composite molding products decreased, expanded demand from the aviation sector in Europe and the United States contributed to sales increase. As a result, overall sales dropped year-on-year to 32.7 billion yen (US\$273.9 million) and operating income rose to 2.0 billion (US\$16.8 million) owing to the disposal of subsidiary companies in the information and service sector.

<Recent Investments>

Toray formed a joint venture with Yizheng Chemical Fibre Group Company and established Yihua Toray Polyester Film Co., Ltd. in order to produce and market polyester film in China. Also, in terms of the engineering plastics business, Toray's subsidiary in the U.S., Toray Resin Co. (TREC) decided to step-up its production capacity by acquiring a compound-production facility owned by Nippisun Indiana Corp. (NIC), a subsidiary of Nippon Pigment Co., Ltd in the U.S..

1) Dividends

Considering the business performance for the first half of FY 2002, as well as the projections for FY 2002, the interim dividend for the first half was declared at 2.5 yen per share, down 1 yen from the first half of the previous year.

2) Cash Flows for First Half

Free cash flows, cash flows from operating activities net of cash flows from investment activities, for the first half of FY 2002 decreased year-on-year to 44.0 billion (US\$368.5 million). Cash flows, as well as changes in and balances of cash and cash equivalents, for the first half of FY 2002 are as follows:

	Unit: billions of JPY
	Unit: yen billions
Cash flows from operating activities	21.5 (US\$180 million)
Cash flows from investment activities	-25.9 (US\$217 million)
Balance (Free Cash flows)	-4.4 (US\$37 million)
Cash flows from financing activities	0.3 (US\$2.5 million)
Translation gains/losses	0.5 (US\$4.2 million)
Change in cash and cash equivalents during first half	-3.7 (US\$31 million)
Cash and cash equivalents at beginning of first half	62.9 (US\$527 million)
Effect of changes of consolidated subsidiaries	0.2 (US\$1.7 million)
Cash and cash equivalents at end of first half	59.4 (US\$497 million)

Projection for FY 2002

The impact from the terrorist attacks in the United States, as well as the global IT recession, is expected to slow down the world economy even further.

Under such unfavorable circumstances, the Toray Group is planning to recover its profitability through total cost reduction. This will include emergency reassessment of labor costs and sales expenses, and cost reduction in purchasing and logistics. Also, the company plans to bolster early recovery of business results by accelerating the execution of drastic streamlining among overseas affiliated companies that are performing poorly in terms of profits and sales.

Toray is forecasting net sales of 1,030 billion yen (US\$8.58 billion), operating income of 24 billion yen (US\$200 million), ordinary income of 10 billion yen (US\$83.3 million) and net income of 3 billion yen (US\$25 million) for all of FY 2002. These projections are based on the assumption of an average exchange rate of 120 yen per dollar over the second half.

Notes:

- 1) U.S. dollar amounts are converted from yen at an exchange rate of 119.4 yen=US\$1, the approximate rate of exchange prevailing on Sept. 30, 2001.
- 2) Financial data is under audit.
- 3) Product names with (*) are trademarks of Toray Industries, Inc.

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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 2001 (A)	Half year ended Sep.30 2000 (B)	Year ended March 31 2001	Change $\frac{\{(A) - (B)\} \times 100}{(B)}$
Net sales	518,390	510,085	1,075,371	1.6%
Fibers and textiles	222,389	213,985	433,500	3.9%
Plastics and chemicals	119,317	123,847	245,804	-3.7%
IT related Products	69,795	73,414	153,612	-4.9%
Housing and engineering	49,304	38,391	124,055	28.4%
Pharmaceuticals and medical product	24,909	26,392	52,425	-5.6%
New products and other businesses	32,676	34,056	65,975	-4.1%
Operating income	15,956	21,723	51,166	-26.5%
Ordinary income	7,726	18,400	40,866	-58.0%
Net income	1,248	7,903	16,937	-84.2%
Depreciation	39,139	39,136	80,032	0.0%
Capital investment	29,390	26,036	59,504	12.9%
Total assets	1,429,374	1,456,857	1,461,133	-1.9%
Property, plant and equipment, net	626,506	622,212	629,007	0.7%
Total stockholders' equity	411,910	418,770	425,193	-1.6%
Per Share of common stock:				
Net income				
Primary	¥0.89	¥5.64	¥12.09	73.4%
Fully diluted	---	¥5.61	¥12.02	---
Cash dividends	¥2.50	¥3.50	¥7.00	---
Stockholders' equity	¥293.91	¥298.81	¥303.39	-1.6%
Ratios:				
Operating income to net sales	3.1%	4.3%	4.8%	
Net income to net sales	0.2%	1.5%	1.6%	
Equity ratio	28.8%	28.7%	29.1%	
Return on equity	0.6%	3.7%	3.9%	

Projection of results	Year ended March 31, 2002
Net sales	1,030,000
Operating income	24,000
Ordinary income	10,000
Net income	3,000

(2) SEGMENT INFORMATION (For the half year ended September 30, 2001)

Industrial Segment Information

	Sales to outside customers	Inter-segment sales	Total sales	Operating income
Fibers and Textiles	222,389	308	222,697	8,733
Plastics and Chemicals	119,317	12,133	131,450	2,256
IT related Products	69,795	3,278	73,073	1,606
Housing and Engineering	49,304	17,921	67,225	262
Pharmaceuticals and Medical Products	24,909	27	24,936	952
New Products and Other Businesses	32,676	9,777	42,453	2,049
Total	518,390	43,444	561,834	15,334
Elimination and Corporate	---	(43,444)	(43,444)	622
Consolidated Total	518,390	---	518,390	15,956

Geographic Segment Information

	Sales to outside customers	Inter-segment sales	Total sales	Operating income
Japan	369,987	33,855	403,842	7,197
Asia	86,769	15,595	102,364	6,477
Europe & United States	61,634	1,944	63,578	2,036
Total	518,390	51,394	569,784	15,710
Elimination and Corporate	---	(51,394)	(51,394)	246
Consolidated Total	518,390	---	518,390	15,956

Export Sales and Sales by Overseas Subsidiaries

	Export sales and sales by overseas subsidiaries	Percentage of such sales against consolidated net sales
Asia	119,918	23.1%
Other regions	90,980	17.6%
Total	210,898	40.7%

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 by building 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 acknowledges its profit distribution policy to be a vital matter for the company and it is committed to distributing such profits fairly through deliberate considerations of every factor, including business results, financial conditions and a retention of earnings necessary for future investment.

3) Issues That Must Be Solved and Medium- to Long-term Business

Strategy

The domestic and overseas business environment is likely to become even severer with economic globalization, the evolution of information technology and intensified competition, while the economy is expected to remain stagnant for a long period of time due to the IT recession and the recent terrorist attacks in the United States.

Under such circumstances, Toray is focusing on enhancing its value by continuing to streamline its management structure in order to respond more quickly to market needs and ensure a profit even under harsh economic conditions. To achieve that goal, the company tackles the following mid-term management issues:

Firstly, Toray recognizes that improving the profitability of its core businesses is the most urgent issue facing the company in the mid-term. Particularly in fibers & textiles and plastics businesses, the company intends to improve its profitability with the help of global manufacturing bases that have been acquired through recent overseas investments. To increase Group profitability, Toray has been executing Global Re-engineering in its polyester filament yarn and polyester film businesses since last year, while reorganizing domestic and overseas production and marketing systems. Furthermore, the company is strengthening its total cost-competitiveness across all business segments, including purchasing, logistics, sales and administration.

The second managerial issue is the expansion in growing business sectors. Toray is strengthening its businesses in electronics and information-related products, composite materials, pharmaceuticals and medical products, and water treatment. It is doing so as these areas are closely linked to such segments as IT, life science, environment and energy, in which mid-term growth is anticipated. Key investments in these strategically expanding businesses will help drive the company's future growth.

Thirdly, Toray will improve return on capital by reducing its interest-bearing liabilities and liquidating unprofitable businesses.

The fourth mid-term management issue is the reform of sales force. Toray will put forth maximum efforts to improve its profitability by strengthening its sales competitiveness and promoting reform within its sales, administration and logistics departments.

Such efforts will enable the Company to improve its ROE and achieve higher earnings in the future.

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