

A large, abstract, light blue graphic composed of a grid of small dots, forming a shape that resembles a stylized 'X' or a cross, positioned diagonally across the center of the page.

S e m i a n n u a l R e p o r t 2003

For the six months ended September 30, 2003

Consolidated Basis

Toray Industries, Inc.



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Financial Highlights

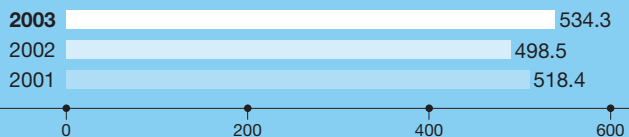
Toray Industries, Inc. and Subsidiaries | Six months ended September 30

	Millions of yen		Thousands of U.S. dollar
	2003	2002	2003
Net sales	¥534,346	¥498,532	\$4,813,928
Net income	10,947	1,281	98,622

	Yen	U.S. dollar
Net income per share	¥7.81	\$0.070

Note: All dollar figures herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at the rate of ¥111 to \$1.
Billion is used in the American sense of one thousand million.

Semiannual Net Sales (Billion ¥)



Semiannual Net Income (Billion ¥)



To Our Stockholders

02

During the first half of the current fiscal year, the U.S. economy showed some recovery helped by growing consumer spendings, whereas some economies slowed down in Europe and Asia. Meanwhile, though the latter part of the first half-year brought encouraging signs that the Japanese economy was bottoming as capital expenditure increased and stock prices recovered, the overall outlook remained severe, with consumer spendings still sluggish.

In this economic environment, Toray reported a 7.2% year-on-year increase in consolidated net sales in the first half to ¥534.3 billion, a 95.5% increase in operating income to ¥24.7 billion, a 191.7% increase in income before special credits to ¥23.0 billion, and a 754.6% increase in net income to ¥10.9 billion.

Our “Project New TORAY21” (or “Project NT21”) management reform program, launched in April 2002, has been making faster progress than originally planned. Half-year sales, operating income, income before special credits, and net income increased on a year-on-year basis, and surpassed our initial estimates.

Toray kept its interim dividend unchanged from the previous fiscal year at ¥2.5 per share.

“Project NT21” is an action plan designed to guide the re-engineering of our business to be in step with the 21st century against a background

of China’s emergence as an economic power, which is shifting the world from a cyclical economy to a deflationary one in which there is persistent oversupply of goods. Toray is moving ahead with actions to address near-term issues and generate tangible results over the project’s first two years and those to address medium-term issues and generate concrete results over a time span of three to five years as separate tasks of “Project NT21”.

Our most urgent near-term issue is promoting drastic reinforcement of the corporate structure. We are focusing our resources on seven initiatives: “promoting marketing innovation”, “rationalizing the global production”, “strengthening the total cost competitiveness”, “re-engineering the Toray Group’s business structure”, “further strengthening the financial structure”, “promoting R&D innovation”, and “reforming the wage and pension structures.”

At the same time, we are addressing the following three medium-term issues alongside near-term issues and reforms.

First, the Toray Group is focusing its resources on its “Advanced Materials” businesses. Advanced materials are developed by harnessing our core technological skills in organic chemistry, polymer chemistry, and biochemistry in combination with state-of-the-art technologies in

pursuit of ultimate performance, such as nanotechnology, and recombinant DNA technology, etc. Our goal is to develop a reputation as a consistent supplier of advanced materials to industries in the three growth areas of “IT-related Products,” “Life Sciences,” and “Environment, Safety & Amenity.”

Second, Toray must transform itself into a “New Value Creator,” a new form of business in the 21st century. Our goal is to change our business structure to the one that creates new value by developing new materials and products as well as devising innovative supply chains to offer our customers solutions to their problems.

And third, to expand our operations in China and the ASEAN countries where significant growth is foreseen, we have formed companies to supervise our activities in each of those countries. By giving them considerable autonomy, we have shifted to a structure in which they can expand business and achieve earnings growth largely through their own decisions and strategies.

While we anticipate continued recovery of the U.S. economy in the second half of the current fiscal year, the outlook of the Japanese economy remains clouded, given the slump in consumer spendings, yen appreciation, and threat of rising raw material prices. Under these operating conditions, Toray is committed to strengthening

its corporate structure and to re-engineering its business structure under “Project NT21” and will continue working toward further earnings growth. We look forward to the continued support and understanding of stockholders in our endeavor.

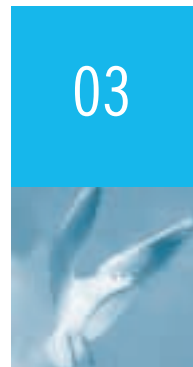
December 2003



Katsunosuke Maeda
Chairman and Chief Executive Officer



Sadayuki Sakakibara
President and Chief Operating Officer

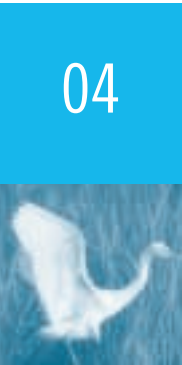


Consolidated Balance Sheets

Toray Industries, Inc. and Subsidiaries | September 30, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars(Note 2)
	2003	2002	2003
Assets			
Current Assets:			
Cash	¥ 49,739	¥ 30,356	\$ 448,099
Time deposits	5,713	8,190	51,468
Short-term investment securities	323	834	2,910
Trade receivables:			
Notes receivable	34,054	37,306	306,793
Accounts receivable	169,806	161,207	1,529,784
Inventories	218,710	215,716	1,970,360
Deferred tax assets	12,629	10,646	113,775
Prepaid expenses and other current assets	38,573	37,782	347,505
Allowance for doubtful accounts	(4,130)	(4,347)	(37,207)
Total current assets	525,417	497,690	4,733,487
Property, plant and equipment:			
Land	83,925	88,335	756,081
Buildings	404,450	394,284	3,643,694
Machinery and equipment	1,326,055	1,321,259	11,946,441
Construction in progress	22,010	26,701	198,288
	1,836,440	1,830,579	16,544,504
Accumulated depreciation	(1,263,002)	(1,225,935)	(11,378,396)
	573,438	604,644	5,166,108
Investments, long-term loans and other assets:			
Affiliates	62,785	54,627	565,631
Marketable equity securities	63,864	68,739	575,351
Other securities	4,695	12,236	42,297
Deferred tax assets	39,783	48,691	358,405
Other	27,637	33,149	248,982
Allowance for doubtful accounts	(5,035)	(2,069)	(45,360)
	193,729	215,373	1,745,306
Intangible assets	9,712	8,038	87,495
	¥1,302,296	¥1,325,745	\$11,732,396

See accompanying notes to consolidated financial statements.



	Millions of yen		Thousands of U.S. dollars(Note 2)
Liabilities, Minority Interests and Stockholders' Equity	2003	2002	2003
Current liabilities:			
Bank loans	¥ 149,232	¥ 170,400	\$ 1,344,433
Long-term debt due within one year	53,282	42,525	480,018
Commercial paper	21,500	10,000	193,694
Trade payables:			
Notes payable	37,745	36,922	340,045
Accounts payable	104,090	109,383	937,748
Income taxes payable	5,479	4,136	49,360
Accrued liabilities	42,972	43,032	387,135
Other current liabilities	52,531	34,908	473,252
Total current liabilities	466,831	451,306	4,205,685
Long-term debt	306,360	334,209	2,760,000
Deferred tax liabilities	1,488	2,143	13,405
Reserve for employees' retirement benefits	72,951	99,384	657,216
Customers' guarantee deposits and other liabilities	10,509	8,259	94,676
	858,139	895,301	7,730,982
Minority interests in consolidated subsidiaries	35,928	33,853	323,675
Stockholders' equity:			
Common stock:			
Authorized-4,000,000,000 shares			
Issued-1,401,481,403 shares	96,937	96,937	873,306
Capital surplus	85,792	85,792	772,901
Retained earnings	238,808	230,365	2,151,423
Unrealized gain on securities	20,031	18,628	180,460
Foreign currency translation adjustment	(33,203)	(35,095)	(299,126)
	408,365	396,627	3,678,964
Treasury stock, at cost	(136)	(36)	(1,225)
Total stockholders' equity	408,229	396,591	3,677,739
	¥1,302,296	¥1,325,745	\$11,732,396



Toray Industries, Inc. and Subsidiaries | Six months ended September 30, 2003 and 2002

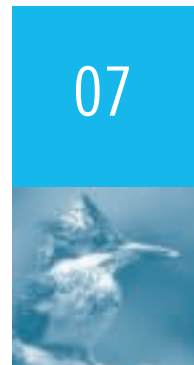
See accompanying notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

Toray Industries, Inc. and Subsidiaries | Six months ended September 30, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars(Note 2)
	2003	2002	2003
Common stock:			
Balance at beginning of period	¥ 96,937	¥ 96,937	\$ 873,306
Balance at end of period	¥ 96,937	¥ 96,937	\$ 873,306
Capital surplus:			
Balance at beginning of period	¥ 85,792	¥ 85,792	\$ 772,901
Balance at end of period	¥ 85,792	¥ 85,792	\$ 772,901
Retained earnings:			
Balance at beginning of period	¥231,371	¥232,594	\$2,084,423
Net income	10,947	1,281	98,622
Cash dividends	(3,503)	(3,504)	(31,559)
Bonuses to directors and corporate auditors	(7)	(6)	(63)
Balance at end of period	¥238,808	¥230,365	\$2,151,423
Treasury stock, at cost	¥ (136)	¥ (36)	\$ (1,225)

See accompanying notes to consolidated financial statements.



Consolidated Statements of Cash Flows

Toray Industries, Inc. and Subsidiaries | Six months ended September 30, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars(Note 2)
	2003	2002	2003
Cash flows from operating activities:			
Income before income taxes	¥21,771	¥ 9,578	\$196,135
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	33,737	38,053	303,937
Interest and dividend income	(868)	(1,236)	(7,820)
Equity in earnings of affiliates	(3,166)	(1,448)	(28,522)
Interest expenses	4,024	5,361	36,252
(Gain) loss on sales or disposal of property, plant and equipment	(143)	2,339	(1,288)
Loss on sales or write-down of investments in securities, net	80	195	721
Decrease in reserve for employees' retirement benefits	(695)	(10,778)	(6,261)
Decrease (increase) in trade receivables	4,140	(4,071)	37,297
(Increase) decrease in inventories	(4,597)	4,247	(41,415)
Decrease in trade payables and accrued liabilities	(6,149)	(162)	(55,396)
Other, net	3,736	3,602	33,657
Subtotal	51,870	45,680	467,297
Interest and dividend income received	2,544	1,915	22,919
Interest expenses paid	(3,818)	(4,854)	(34,396)
Income taxes paid	(5,548)	(4,859)	(49,982)
Net cash provided by operating activities	45,048	37,882	405,838
Cash flows from investing activities:			
Capital expenditures	(27,037)	(29,659)	(243,577)
Purchase of investment securities	(1,339)	(1,748)	(12,063)
Proceeds from sales or disposal of noncurrent assets	3,690	1,192	33,243
Other, net	(243)	141	(2,189)
Net cash used in investing activities	(24,929)	(30,074)	(224,586)
Cash flows from financing activities:			
(Decrease) increase in short-term debt	(6,492)	980	(58,487)
Proceeds from long-term debt	20,844	48,610	187,784
Repayments of long-term debt	(30,207)	(65,756)	(272,135)
Cash dividends paid	(4,582)	(3,700)	(41,279)
Other, net	(15)	(22)	(135)
Net cash used in financing activities	(20,452)	(19,888)	(184,252)
Effect of exchange rate changes on cash and cash equivalents	36	(938)	324
Net decrease in cash and cash equivalents	(297)	(13,018)	(2,676)
Cash and cash equivalents at beginning of period	55,677	51,485	501,595
Beginning of term balance of cash and cash equivalents at subsidiaries not previously included in consolidated financial statements	86	—	775
Cash and cash equivalents at end of period	¥55,466	¥38,467	\$499,694

See accompanying notes to consolidated financial statements.

Segment Information

Toray Industries, Inc. and Subsidiaries | Six months ended September 30, 2003 and 2002

Results by Business Segment

Six months ended September 30, 2003:	Millions of yen								Consolidated total
	Fibers and textiles	Plastics and chemicals	IT-related products	Housing and engineering	Pharmaceuticals and medical products	New products and other businesses	Total	Elimination and corporate	
Sales to outside customers	¥213,381	¥129,005	¥ 81,766	¥ 54,261	¥ 22,010	¥ 33,923	¥534,346	¥ —	¥534,346
Intersegment sales	535	13,179	2,219	17,712	1	7,741	41,387	(41,387)	—
Total sales	¥213,916	¥142,184	¥ 83,985	¥ 71,973	¥ 22,011	¥ 41,664	¥575,733	¥ (41,387)	¥534,346
Operating income	¥ 9,422	¥ 4,535	¥ 6,698	¥ 330	¥ 694	¥ 2,698	¥ 24,377	¥ 356	¥ 24,733

Results by Geographic Segment

Six months ended September 30, 2003:	Millions of yen					Consolidated total
	Japan	Asia	North America and Europe	Total	Elimination and corporate	
Sales to outside customers	¥380,281	¥ 91,509	¥62,556	¥534,346	¥ —	¥534,346
Intersegment sales	33,651	11,345	2,439	47,435	(47,435)	—
Total sales	¥413,932	¥102,854	¥64,995	¥581,781	¥(47,435)	¥534,346
Operating income	¥ 16,714	¥ 5,184	¥ 2,652	¥ 24,550	¥ 183	¥ 24,733

Export Sales and Sales by Overseas Subsidiaries

Six months ended September 30, 2003:	Millions of yen		
	Asia	North America, Europe and other areas	Total
Export sales and sales by overseas subsidiaries	¥135,512	¥86,140	¥221,652
Percentage of such sales against consolidated net sales	25.4%	16.1%	41.5%

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Notes to Consolidated Financial Statements

Toray Industries, Inc. and Subsidiaries | September 30, 2003 and 2002

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1. Accounting Policies

The accompanying semiannual consolidated financial statements have been prepared in accordance with the same accounting policies as those adopted for the preparation of the annual consolidated financial statements included in the Company's Annual Report for the year ended March 31, 2003.

2. U.S. Dollar Amounts

The U.S. dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the arithmetic results of translating yen into U.S. dollars at the rate of ¥111 to \$1, the approximate exchange rate prevailing on September 30, 2003.

3. Contingent Liabilities

The Company and its subsidiaries were contingently liable as guarantors of loans to affiliated companies and others in the amount of ¥14,451 million (\$130,189 thousand) at September 30, 2003.

4. Interim Dividends

In December 2003, interim cash dividends of ¥2.50 (\$0.023) per share, aggregating ¥3,502 million (\$31,550 thousand), were paid.

Certificate of Principal Financial and Accounting Officer

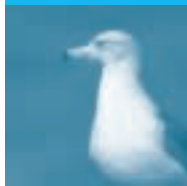
I, Masao Katsurauma, senior managing director of Toray Industries, Inc., do hereby certify that, in my opinion, the accompanying consolidated balance sheets at September 30, 2003 and 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for the six-month periods then ended have been prepared to present a true and fair view of the Company's consolidated financial position at September 30, 2003 and 2002, and its consolidated results of operations and cash flows for the six-month periods then ended.

December 2003



Masao Katsurauma

Senior Managing Director



Board of Directors and Corporate Auditors

(As of September 30, 2003)

12

T O R A Y

Chairman of the Board and Chief Executive Officer and Representative Director

Katsunosuke Maeda

Vice Chairman of the Board and Director

Katsuhiko Hirai

President and Chief Operating Officer and Representative Director

Sadayuki Sakakibara

Executive Vice President and Representative Directors

Hin Igarashi

Kazuo Tomiita

Senior Managing Directors and Representative Directors

Akikazu Shimomura

Satoru Masuzaki

Senior Managing Directors

Masao Katsurauma

Hiroaki Kobayashi

Nobuyuki Matsubara

Managing Directors

Motoo Yoshikawa

Keizo Sano

Chiaki Tanaka

Shunji Nakazawa

Osamu Nakatani

Directors

Koichi Minorikawa

Masayoshi Kamiura

Katsutoshi Ono

Hidehiro Okamoto

Junichi Fujikawa

Kozo Nagai

Eizo Tanaka

Akihiro Nikkaku

Hiroshi Miyazaki

Yuji Takita

Norihiko Saitou

Toshio Nakamoto

Ginjiro Ishii

Hitoshi Morino

Kazuhiro Maruyama

Corporate Auditors

Tomojiro Morigaki

Shinsuke Imamura

Kunihisa Hama

Keno Yamamoto

Toray Group Worldwide Network

(As of September 30, 2003)

EUROPE

United Kingdom

- Toray Europe Ltd. (TEL)
- Toray Textiles Europe Ltd. (TTEL)

Germany

- Toray Deutschland GmbH (TDG)

France

- ★Toray Plastics Europe S.A. (TPEU)
- ♣Société des Fibres de Carbone S.A. (SOFICAR)

Italy

- Toray Italia S.r.l. (TITA)
- Alcantara S.p.A.

Czech

- Toray Textiles Central Europe s.r.o. (TTCE)

Switzerland

- ◆Ropur AG

Netherlands

- ♣Toray Capital (Europe) B.V. (TCEP)

NORTH AMERICA

U.S.A.

- Toray Marketing and Sales (America), Inc. (TOMAC)
- Toray Fluorofibers (America), Inc. (TFA)
- Toray Ultrasuede (America), Inc. (TUA)
- ★Toray Plastics (America), Inc. (TPA)
- ★Toray Resin Co. (TREC)
- ◆Toray Membrane America, Inc. (TMA)
- ♣Toray Carbon Fibers America, Inc. (CFA)
- ♣Toray Composites (America), Inc. (TCA)
- ♣Toray Capital (America), Inc. (TCAM)

...Others

ASIA

Indonesia

- P.T. Toray Industries Indonesia (TIN)
- P.T. Toray Trading Indonesia (TRI)
- P.T. Acryl Textile Mills (ACTEM)
- P.T. Century Textile Industry Tbk (CENTEX)
- P.T. Easterntex (ETX)
- P.T. Indonesia Synthetic Textile Mills (ISTEM)
- P.T. Indonesia Toray Synthetics (ITS)
- P.T. OST Fibre Industries (OST)
- ★P.T. Petnesia Resindo (PNR)

...Others

Thailand

- Toray Industries (Thailand) Co., Ltd. (TTH)
- Luckytex (Thailand) Public Company Limited (LTX)
- Thai Toray Textile Mills Public Company Limited (TTTM)
- Toray Fibers (Thailand) Ltd. (TFL)
- ★Toray Nylon Thai Co., Ltd. (TNT)
- ★Thai PET Resin Co., Ltd. (TPRC)
- ★3TM Plastics Co., Ltd. (3TP)

Malaysia

- Toray Industries (Malaysia) Sdn. Berhad (TML)
- Penfabric Sdn. Berhad (PAB)
- ★Penfibre Sdn. Berhad (PFR)
- ★Pensanko Precision Sdn. Berhad (PSP)
- ★Toray Plastics (Malaysia) Sdn. Berhad (TPM)

...Others

Singapore

- Toray Industries (Singapore) Pte. Ltd. (TSP)

...Others

China

- Toray Industries (China) Co., Ltd. (TCH)
- Toray Trading (Shanghai) Co., Ltd. (TSL)
- Toray Fibers (Nantong) Co., Ltd. (TFNL)
- Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd. (TSD)
- ★LIBI Plastic Compounding (Shenzhen) Co., Ltd. (LCS)
- ★Toray Film Products (Zhongshan) Ltd. (TFZ)
- ★Toray Sanko Precision (Zhongshan) Ltd. (RKZ)
- ★Yihua Toray Polyester Film Co., Ltd. (YTP)
- ♣Toray Fibers & Textiles Research Laboratories (China) Co., Ltd (TFRC)
- Toray Industries (South China) Co., Ltd. (TSCH)
- Toray Industries (H.K.) Ltd. (THK)
- TAL Knits Ltd. (TAK)
- ★LIBI Plastic Compounding (Hong Kong) Co., Ltd. (LCH)
- ★Toray Film Products (Hong Kong) Ltd. (TFH)
- ★Toray Sanko Precision (Hong Kong) Ltd. (RKH)

...Others

Chinese Taipei

- Tong Shing Inc.

...Others

Korea

- ★KTP Industries Inc. (KTP)
- ★■♣Toray Saehan Inc. (TSI)
- ◆Daehan Precision Co., Ltd.
- ♣STECO, Ltd. (STECO)
- ♣STEMCO, Ltd. (STEMCO)

...Others



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- Regional Supervisory Organization
- Trading

- Fibers and Textiles
- ★Plastics and Chemicals

- ◆Housing and Engineering
- ♣New Products and Other Businesses

Investor Information

(As of September 30, 2003)

Toray Industries, Inc.

Head Office

2-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-8666, Japan
Telephone: 81 (3) 3245-5113
Facsimile: 81 (3) 3245-5459
URL: <http://www.toray.co.jp>

2nd Head Office Building

8-1, Mihama 1-chome,
Urayasu, Chiba 279-8555, Japan
Telephone: 81 (47) 350-6001
Facsimile: 81 (47) 350-6075

Osaka Head Office

Nakanoshima-Mitsui Building,
3-3, Nakanoshima 3-chome,
Kita-ku, Osaka 530-8222, Japan
Telephone: 81 (6) 6445-4101
Facsimile: 81 (6) 7688-3774

Common Stock:

Authorized: 4,000,000,000 shares
Issued: 1,401,481,403 shares

Number of Stockholders: 157,107

Listings:

Common stock is listed on the Tokyo Stock Exchange, the Osaka Securities Exchange, and three other domestic stock exchanges. Overseas listings are on exchanges in London, Luxembourg, Frankfurt, Düsseldorf, and Paris.

Overseas Offices

New York

Toray Industries (America), Inc. (TAM)

461 Fifth Ave, 9th Fl., New York,
NY 10017, U.S.A.
Telephone: 1 (212) 697-8150
Facsimile: 1 (212) 972-4279

London

Toray Industries, Inc. Europe Office (TEU)

3rd Fl., 7 Old Park Lane, London W1K 1AD,
England, U.K.
Telephone: 44 (20) 7663-7760
Facsimile: 44 (20) 7663-7770

Beijing

Toray Industries, Inc. Beijing Office

Beijing Fortune Bldg., No.802,
5,Dong San Huan Bei-Lu,
Chao Yang District, Beijing 100004, China
Telephone: 86 (10) 6590-8961~3
Facsimile: 86 (10) 6590-8964

Seoul

Toray Industries, Inc. Seoul Office

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Chung-Ku, Seoul, Korea
Telephone: 82 (2) 776-2949, 753-5511
Facsimile: 82 (2) 752-2974

Transfer Agent:

The Chuo Mitsui Trust and Banking Co., Ltd.

33-1, Shiba 3-chome, Minato-ku,
Tokyo 105-0014, Japan

Established: January 1926

Number of Employees

Parent company	7,635
Domestic subsidiaries	8,475
Overseas subsidiaries	16,920
Total	33,030

Toray IR Dept. e-Mail Address: ir@nts.toray.co.jp



R100



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