

Investor Information

(As of September 30, 2004)

Toray Industries, Inc.

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2nd Head Office Building

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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: 148,391

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
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Facsimile: 86 (10) 6590-8964

Seoul

Toray Industries, Inc. Seoul Office

6th Fl., Kolon Bldg., 45 Mugyo-Dong,
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	6,960
Domestic subsidiaries	9,689
Overseas subsidiaries	18,093
Total	34,742

Contact Toray IR Dept.

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'TORAY'
Toray Industries, Inc.



Semiannual Report **2004**

For the six months ended September 30, 2004

Consolidated Basis

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Financial Highlights

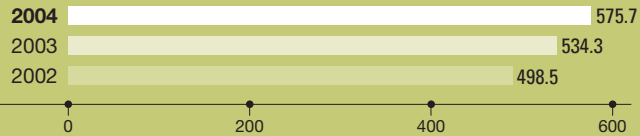
Toray Industries, Inc. and Subsidiaries | Six months ended September 30

	Millions of yen		Thousands of U.S. dollar
	2004	2003	2004
Net sales	¥575,721	¥534,346	\$5,186,676
Net income	19,782	10,947	178,216

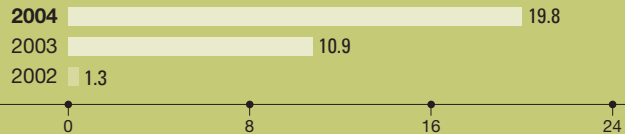
Net income per share	Yen	U.S. dollar
	¥14.12	\$0.127

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

On behalf of Toray Industries, Inc., I would like to thank our stockholders for their continued support and am pleased to report on the results of operations in the first half of the fiscal year ending March 31, 2005 (FY Mar/05).

General Overview

During the first half of FY Mar/05, the economic picture was by and large favorable despite the rapid increase in oil prices and other negative factors: The US economy remained firm while Asian economies, most notably China's, continued to expand; economic conditions in Europe improved and were steady overall; and the Japanese economy showed signs of modest recovery buoyed by an increase in exports as well as overall growth in IT-product markets despite apparent supply-and-demand adjustments during the second quarter.

In this business climate, Toray sought to expand revenues and profits by strengthening its corporate structure and reforming its business structure in line with "Project NT-II," the new mid-term management issues launched in April 2004. As a result of our efforts, consolidated net sales grew 7.7% year-on-year to ¥575.7 billion, operating income rose 43.9% to ¥35.6 billion, ordinary income increased 51.4% to ¥34.8 billion, and net income jumped 80.7% to ¥19.8 billion.

Toray recognizes the importance of distributing profits to stakeholders fairly, and our basic policy is to pay dividends after allowing for earnings trends, our financial position, and the internal reserves we need for investment moving forward. This year, we have decided to pay an interim dividend of ¥3.5 per share, an increase of ¥0.5 per share over our year-end dividend in FY Mar/04.

Mid-Term Management Issues "Project NT-II"

Toray launched "Project New Toray 21 (Project NT 21)" in April 2002 as a management reform program intended to quickly improve profits through radical steps to strengthen corporate structure. We achieved our profit-improvement targets one year ahead of schedule in FY Mar/04. This allowed us to embark on Project NT-II in April 2004 as a new mid-term management issues. Project NT-II represents a second stage of reform based on the outcome of Project NT 21, and it aspires to build Toray into a vigorous and highly profitable corporate group.

Project NT21 sought business reform based on a "defensive" approach of reinforcing corporate structure, whereas Project NT-II pursues an "offensive" approach of expanding revenues and profits through business structure reform in combination with the "defensive" posture of continued corporate structure reinforcement. The

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Toray Group needs to address eight challenges to achieve its goals. The first is “activating our corporate culture” by working to create an active organization. The second challenge is “strengthening our total cost competitiveness” by pursuing additional cost reductions. The third is “strengthening our financial structure” by expanding investment in high-profit businesses while bolstering our financial position. The fourth challenge is “promoting marketing innovation” by working to enhance our marketing capabilities. The fifth is “strengthening profit management by product type” by curtailing or turning around loss-making product types while expanding high-margin product types. The sixth is “expanding our Advanced Materials businesses” by expanding existing Advanced Materials businesses while quickly developing and commercializing new Advanced Materials. The seventh challenge is “expanding global No. 1 businesses” by continuing to expand and strengthen our globally No. 1 businesses—i.e., businesses that enjoy a top market share worldwide. Finally, our eighth challenge is “strategically expanding businesses outside Japan” by reinforcing the earnings base of these businesses while working to expand them further by developing new operations.

The Toray Group hopes that by accomplishing the reforms outlined in Project NT-II, it can

improve ROA and ROE while developing into a highly profitable global corporate group.

FY Mar/05 Outlook

Turning to the global economy in the second half of FY Mar/05, we expect greater uncertainty as a result of higher oil prices and concern about a slowdown in the US economy. The Japanese economy also faces several risk factors, including the surge in oil prices, adjustments in demand for IT products, and slower export-market growth. The future outlook will likely remain uncertain.

In this environment, the Toray Group aspires to develop a highly profitable corporate group through redoubled efforts to expand revenues and profits by continuing to strengthen its corporate structure and reform its business structure in line with the mid-term management issues “Project NT-II.”

We look forward to the continued support and understanding of our stockholders as we undertake this endeavor.

December 2004



Sadayuki Sakakibara
President, CEO and COO, Representative Director



Consolidated Balance Sheets

Toray Industries, Inc. and Subsidiaries | September 30, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars(Note 2)
	2004	2003	2004
Assets			
Current assets:			
Cash	¥ 75,195	¥ 49,739	\$ 677,432
Time deposits	7,120	5,713	64,144
Short-term investment securities	1,205	323	10,856
Trade receivables:			
Notes receivable	65,150	34,054	586,937
Accounts receivable	207,111	169,806	1,865,865
Inventories	235,017	218,710	2,117,270
Deferred tax assets	16,100	12,629	145,045
Prepaid expenses and other current assets	42,623	38,573	383,991
Allowance for doubtful accounts	(3,574)	(4,130)	(32,198)
Total current assets	645,947	525,417	5,819,342
Property, plant and equipment:			
Land	79,038	83,925	712,054
Buildings	406,077	404,450	3,658,351
Machinery and equipment	1,305,746	1,326,055	11,763,478
Construction in progress	21,325	22,010	192,117
	1,812,186	1,836,440	16,326,000
Accumulated depreciation	(1,280,103)	(1,263,002)	(11,532,459)
	532,083	573,438	4,793,541
Investments, long-term loans and other assets:			
Affiliates	60,455	62,785	544,640
Marketable equity securities	88,709	63,864	799,180
Other securities	6,499	4,695	58,549
Deferred tax assets	24,554	39,783	221,207
Other	37,425	27,637	337,162
Allowance for doubtful accounts	(11,127)	(5,035)	(100,243)
	206,515	193,729	1,860,495
Intangible assets	10,760	9,712	96,937
	¥1,395,305	¥1,302,296	\$12,570,315

See accompanying notes to consolidated financial statements.



	Millions of yen		Thousands of U.S. dollars(Note 2)
	2004	2003	2004
Liabilities, Minority Interests and Stockholders' Equity			
Current liabilities:			
Bank loans	¥ 151,785	¥ 149,232	\$ 1,367,432
Long-term debt due within one year	67,875	53,282	611,486
Commercial paper	13,000	21,500	117,117
Trade payables:			
Notes payable	61,053	37,745	550,027
Accounts payable	141,691	104,090	1,276,496
Income taxes payable	7,162	5,479	64,523
Accrued liabilities	47,441	42,972	427,396
Other current liabilities	58,497	52,531	527,000
Total current liabilities	548,504	466,831	4,941,477
Long-term debt	268,051	306,360	2,414,874
Deferred tax liabilities	1,482	1,488	13,351
Reserve for employees' retirement benefits	77,810	72,951	700,991
Customers' guarantee deposits and other liabilities	14,681	10,509	132,262
	910,528	858,139	8,202,955
Minority interests in consolidated subsidiaries	51,217	35,928	461,414
Stockholders' equity:			
Common stock:			
Authorized-4,000,000,000 shares			
Issued-1,401,481,403 shares	96,937	96,937	873,306
Capital surplus	85,797	85,792	772,946
Retained earnings	260,777	238,808	2,349,342
Unrealized gain on securities	31,672	20,031	285,333
Foreign currency translation adjustment	(41,380)	(33,203)	(372,792)
	433,803	408,365	3,908,135
Treasury stock, at cost	(243)	(136)	(2,189)
Total stockholders' equity	433,560	408,229	3,905,946
	¥1,395,305	¥1,302,296	\$12,570,315



Consolidated Statements of Income

Toray Industries, Inc. and Subsidiaries | Six months ended September 30, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2004	2003	2004
Net sales	¥575,721	¥534,346	\$5,186,676
Costs and expenses:			
Cost of sales	448,619	419,869	4,041,613
Selling, general and administrative expenses	73,236	71,897	659,784
Research and development expenses	18,221	17,820	164,153
Amortization of cost in excess of net assets acquired	48	27	432
Operating income	540,124	509,613	4,865,982
Other income (expenses):			
Interest expenses	(3,114)	(4,024)	(28,054)
Interest and dividend income	865	868	7,793
Equity in earnings of affiliates	4,232	3,166	38,126
Other, net	(2,796)	(1,771)	(25,190)
	(813)	(1,761)	(7,325)
Income before special credits (charges)	34,784	22,972	313,369
Special credits (charges):			
(Loss) gain on sales or disposal of property, plant and equipment, net	(868)	143	(7,820)
Gain on sales of investments in securities	20	56	180
Loss on write-down of investments in securities	(272)	(106)	(2,450)
Special severance payments and other restructuring expenses	(3,244)	(1,254)	(29,225)
Other, net	217	(40)	1,955
	(4,147)	(1,201)	(37,360)
Income before income taxes	30,637	21,771	276,009
Income taxes			
Current	6,192	5,261	55,784
Deferred	2,898	3,619	26,108
	9,090	8,880	81,892
Income from consolidated operations	21,547	12,891	194,117
Minority interests in net income of consolidated subsidiaries	(1,765)	(1,944)	(15,901)
Net income	19,782	10,947	178,216
	Yen		U.S. dollars (Note 2)
Net income per share	¥14.12	¥7.81	\$0.127

See accompanying notes to consolidated financial statements.



Consolidated Statements of Stockholders' Equity

Toray Industries, Inc. and Subsidiaries | Six months ended September 30, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars(Note 2)
	2004	2003	2004
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
Surplus from treasury stock issued	5	—	45
Balance at end of period	¥ 85,797	¥ 85,792	\$ 772,946
Retained earnings:			
Balance at beginning of period	¥245,267	¥231,371	\$2,209,613
Net income	19,782	10,947	178,216
Cash dividends	(4,203)	(3,503)	(37,865)
Bonuses to directors and corporate auditors	(69)	(7)	(622)
Balance at end of period	¥260,777	¥238,808	\$2,349,342
Treasury stock, at cost	¥ (243)	¥ (136)	\$ (2,189)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Toray Industries, Inc. and Subsidiaries | Six months ended September 30, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars(Note 2)
	2004	2003	2004
Cash flows from operating activities:			
Income before income taxes	¥ 30,637	¥ 21,771	\$ 276,009
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	32,266	33,737	290,685
Interest and dividend income	(865)	(868)	(7,793)
Equity in earnings of affiliates	(4,232)	(3,166)	(38,126)
Interest expenses	3,114	4,024	28,054
Loss (gain) on sales or disposal of property, plant and equipment, net	868	(143)	7,820
Loss on sales or write-down of investments in securities, net	261	80	2,351
Decrease in reserve for employees' retirement benefits	(1,304)	(695)	(11,748)
Decrease in trade receivables	927	4,140	8,351
Increase in inventories	(14,421)	(4,597)	(129,919)
Increase (decrease) in trade payables and accrued liabilities	5,718	(6,149)	51,514
Other, net	(1,318)	3,736	(11,874)
Subtotal	51,651	51,870	465,324
Interest and dividend income received	2,319	2,544	20,892
Interest expenses paid	(2,968)	(3,818)	(26,738)
Income taxes paid	(5,089)	(5,548)	(45,847)
Net cash provided by operating activities	45,913	45,048	413,631
Cash flows from investing activities:			
Capital expenditures	(25,485)	(27,037)	(229,595)
Purchase of investment securities	(1,026)	(1,339)	(9,243)
Proceeds from sales or disposal of noncurrent assets	2,122	3,690	19,117
Acquisitions of business, net of cash acquired	9,083	—	81,829
Other, net	3,367	(243)	30,333
Net cash used in investing activities	(11,939)	(24,929)	(107,559)
Cash flows from financing activities:			
Decrease in short-term debt	(16,162)	(6,492)	(145,604)
Proceeds from long-term debt	16,356	20,844	147,351
Repayments of long-term debt	(25,228)	(30,207)	(227,279)
Cash dividends paid	(5,083)	(4,582)	(45,793)
Other, net	(22)	(15)	(198)
Net cash used in financing activities	(30,139)	(20,452)	(271,523)
Effect of exchange rate changes on cash and cash equivalents	165	36	1,487
Net increase (decrease) in cash and cash equivalents	4,000	(297)	36,036
Cash and cash equivalents at beginning of period	78,702	55,677	709,027
Beginning of term balance of cash and cash equivalents at subsidiaries not previously included in consolidated financial statements	170	86	1,532
Cash and cash equivalents at end of period	¥ 82,872	¥ 55,466	\$ 746,595

See accompanying notes to consolidated financial statements.



Segment Information

Toray Industries, Inc. and Subsidiaries | Six months ended September 30, 2004

Results by Business Segment

Six months ended September 30, 2004:	Millions of yen								
	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	Consolidated total
Sales to outside customers	¥224,215	¥134,847	¥108,450	¥52,021	¥20,215	¥35,973	¥575,721	¥ —	¥575,721
Intersegment sales	432	13,558	1,980	17,298	1	8,447	41,716	(41,716)	—
Total sales	¥224,647	¥148,405	¥110,430	¥69,319	¥20,216	¥44,420	¥617,437	¥(41,716)	¥575,721
Operating income	¥ 10,051	¥ 6,043	¥ 14,974	¥ 270	¥ (296)	¥ 4,401	¥ 35,443	¥ 154	¥ 35,597

Results by Geographic Segment

Six months ended September 30, 2004:	Millions of yen					
	Japan	Asia	North America and Europe	Total	Elimination and corporate	Consolidated total
Sales to outside customers	¥412,372	¥102,334	¥61,015	¥575,721	¥ —	¥575,721
Intersegment sales	37,902	14,411	2,192	54,505	(54,505)	—
Total sales	¥450,274	¥116,745	¥63,207	¥630,226	¥(54,505)	¥575,721
Operating income	¥ 27,619	¥ 5,708	¥ 2,353	¥ 35,680	¥ (83)	¥ 35,597

Export Sales and Sales by Overseas Subsidiaries

Six months ended September 30, 2004:	Millions of yen		
	Asia	North America, Europe and other areas	Total
Export sales and sales by overseas subsidiaries	¥167,699	¥86,290	¥253,989
Percentage of such sales against consolidated net sales	29.1%	15.0%	44.1%

Notes to Consolidated Financial Statements

Toray Industries, Inc. and Subsidiaries | September 30, 2004 and 2003

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, 2004.

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, 2004.

3. Contingent Liabilities

The Company and its subsidiaries were contingently liable as guarantors of loans to affiliated companies and others in the amount of ¥13,003 million (\$117,144 thousand) at September 30, 2004.

4. Interim Dividends

In December 2004, interim cash dividends of ¥3.50 (\$0.032) per share, aggregating ¥4,903 million (\$44,171 thousand), were paid.

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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, 2004 and 2003, 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, 2004 and 2003, and its consolidated results of operations and cash flows for the six-month periods then ended.

December 2004



Masao Katsurauma

Senior Managing Director

Board of Directors and Corporate Auditors

(As of September 30, 2004)

T
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President and Chief Executive Officer and Chief Operating Officer and Representative Director

Sadayuki Sakakibara

Executive Vice President and Representative Directors

Kazuo Tomiita
Akikazu Shimomura

Senior Managing Directors and Representative Directors

Satoru Masuzaki
Nobuyuki Matsubara
Hiroaki Kobayashi

Senior Managing Director

Masao Katsurauma

Managing Directors

Motoo Yoshikawa
Chiaki Tanaka
Shunji Nakazawa
Osamu Nakatani
Masayoshi Kamiura
Katsutoshi Ono
Junichi Fujikawa
Eizo Tanaka
Akihiro Nikkaku

Directors

Kozo Nagai
Hiroshi Miyazaki
Yuji Takita
Norihiko Saitou
Toshio Nakamoto
Ginjiro Ishii
Hitoshi Morino
Kazuhiro Maruyama
Munehiro Se
Shinichi Koizumi
Hideyasu Okawara
Kazushi Hashimoto
Ken Nishikawa
Akira Karasawa

Corporate Auditors

Tomojiro Morigaki
Shinsuke Imamura
Kunihisa Hama
Keno Yamamoto

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Toray Group Worldwide Network

(19 countries and regions including Japan, As of September 30, 2004)

