

May 11, 2005

**Announcement of Business Results
for the Fiscal Year Ended March 2005 and
Progress of “Project NT-II”**

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Toray Industries, Inc.**

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I. Business Results for the FY Ended Mar/05

Summary of Business Results for the FY Ended Mar/05



Billion ¥

Excluding Chori and Suido Kiko Effects

	FY Mar/04			FY Mar/05			Changes	FY Mar/05			Changes
	1st Half	2nd Half	Total	1st Half	2nd Half	Total		1st Half	2nd Half	Total	
Net Sales	534.3	554.2	1,088.5	575.7	722.9	1,298.6	+210.1 (+19.3%)	575.7	602.3	1,178.1	+89.6 (+8.2%)
Cost of Sales	419.9	431.0	850.9	448.6	575.0	1,023.7	+172.8 (+20.3%)	448.6	467.5	916.1	+65.3 (+7.7%)
Gross Profit	114.5	123.1	237.6	127.1	147.8	274.9	+37.3 (+15.7%)	127.1	134.8	261.9	+24.3 (+10.2%)
(Gross Profit to Net Sales)	21.4%	22.2%	21.8%	22.1%	20.5%	21.2%	-0.7 points	22.1%	22.4%	22.2%	+0.4 points
Operating Income	24.7	32.1	56.8	35.6	45.5	81.1	+24.3 (+42.7%)	35.6	42.2	77.8	+21.0 (+37.0%)
(Operating Income to Net Sales)	4.6%	5.8%	5.2%	6.2%	6.3%	6.2%	+1.0 points	6.2%	7.0%	6.6%	+1.4 points
Non-operating Income and Expenses, net	▲ 1.8	▲ 3.4	▲ 5.2	▲ 0.8	▲ 3.4	▲ 4.3	+0.9 (-)				
Ordinary Income	23.0	28.6	51.6	34.8	42.0	76.8	+25.2 (+48.8%)				
Special Credits and Charges, net	▲ 1.2	▲ 5.5	▲ 6.7	▲ 4.1	▲ 19.5	▲ 23.7	-17.0 (-)				
Net Income	10.9	10.0	20.9	19.8	14.6	34.4	+13.5 (+64.5%)				

Net Income per Share	7.8 yen	7.1 yen	14.9 yen	14.1 yen	10.3 yen	24.5 yen
Dividend per Share	2.5 yen	3.0 yen	5.5 yen	3.5 yen	3.5 yen	7.0 yen

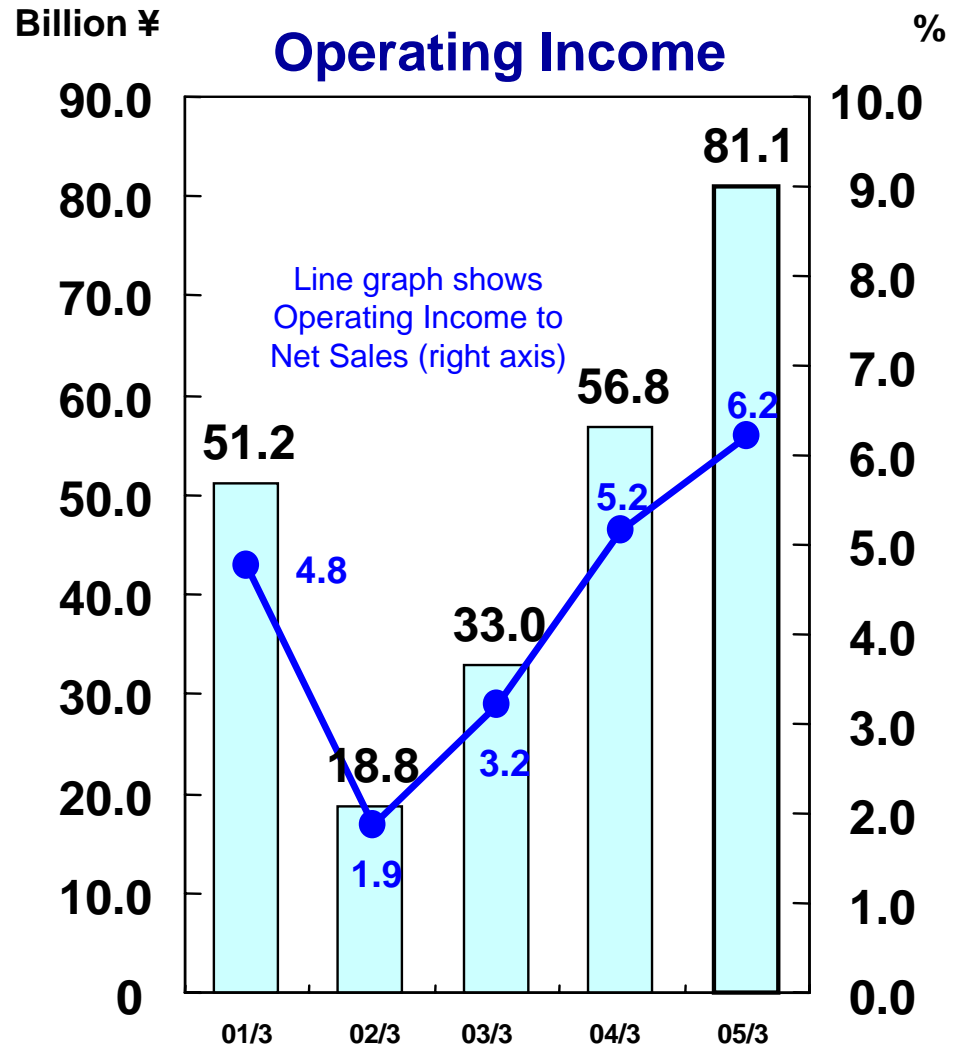
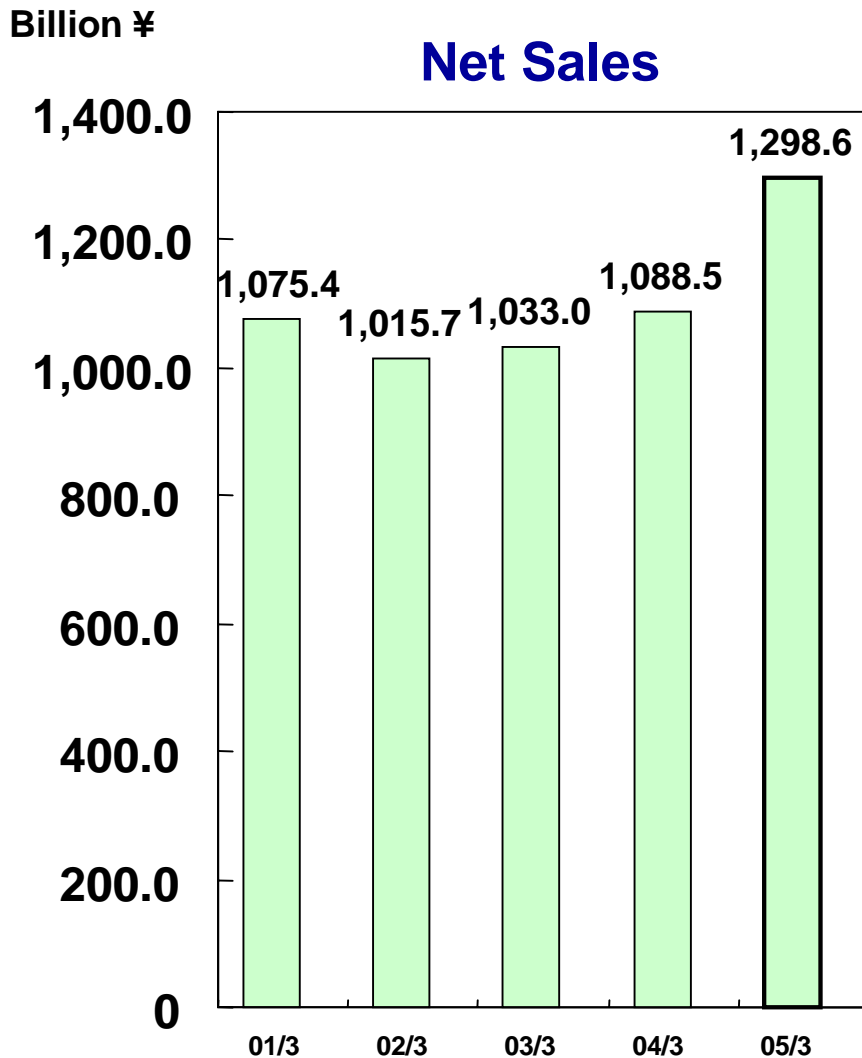
* Equity method is applied to Chori and Suido Kiko up till midterm of FY Mar/05

* **Apr - Mar** business results for companies whose FY ends on March 31

Jan - Dec business results for companies whose FY ends on December 31

Exchange Rates	FY Mar/04	→	FY Mar/05	FY Mar/04	→	FY Mar/05	
< Yen/US\$ > Annual average :	113.1	→	107.5	< US\$/Euro > Annual average :	1.17	→	1.26
End of the term :	105.7	→	107.4	End of the term :	1.22	→	1.29

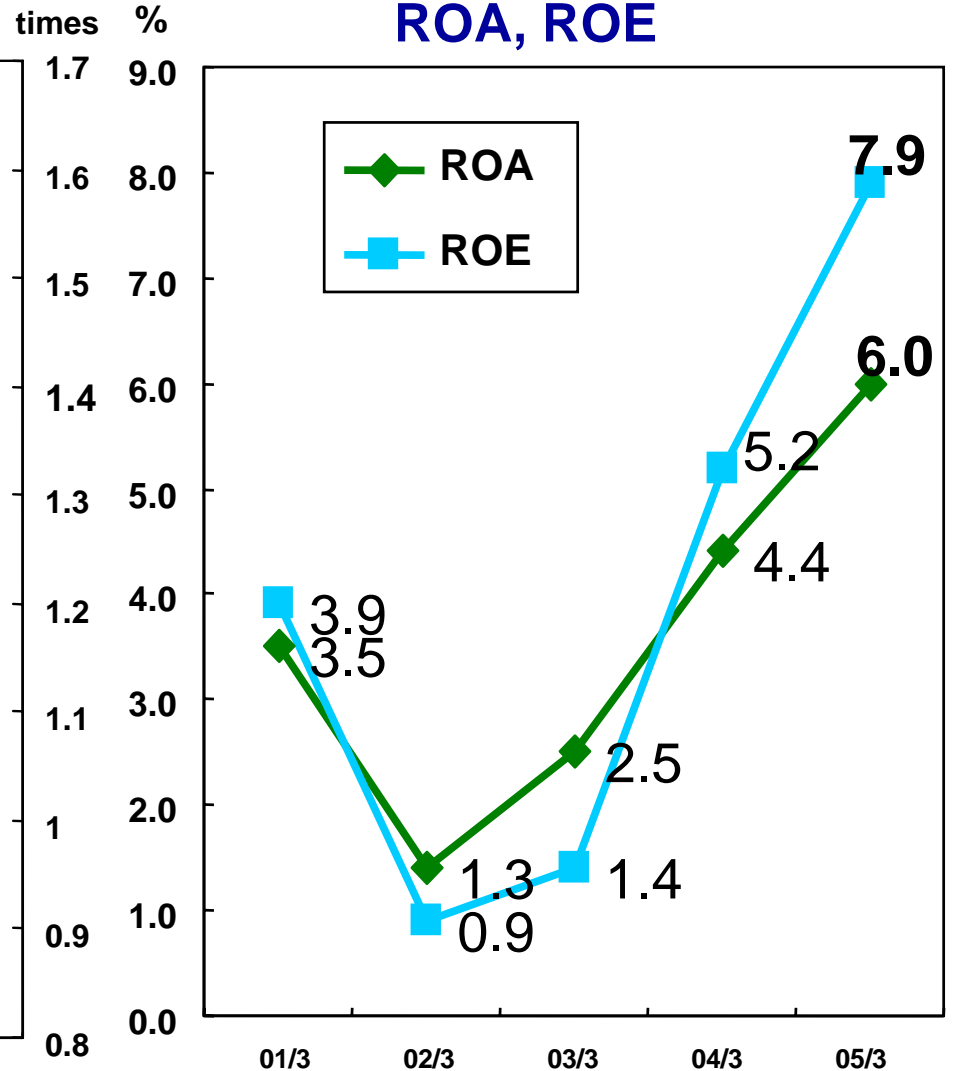
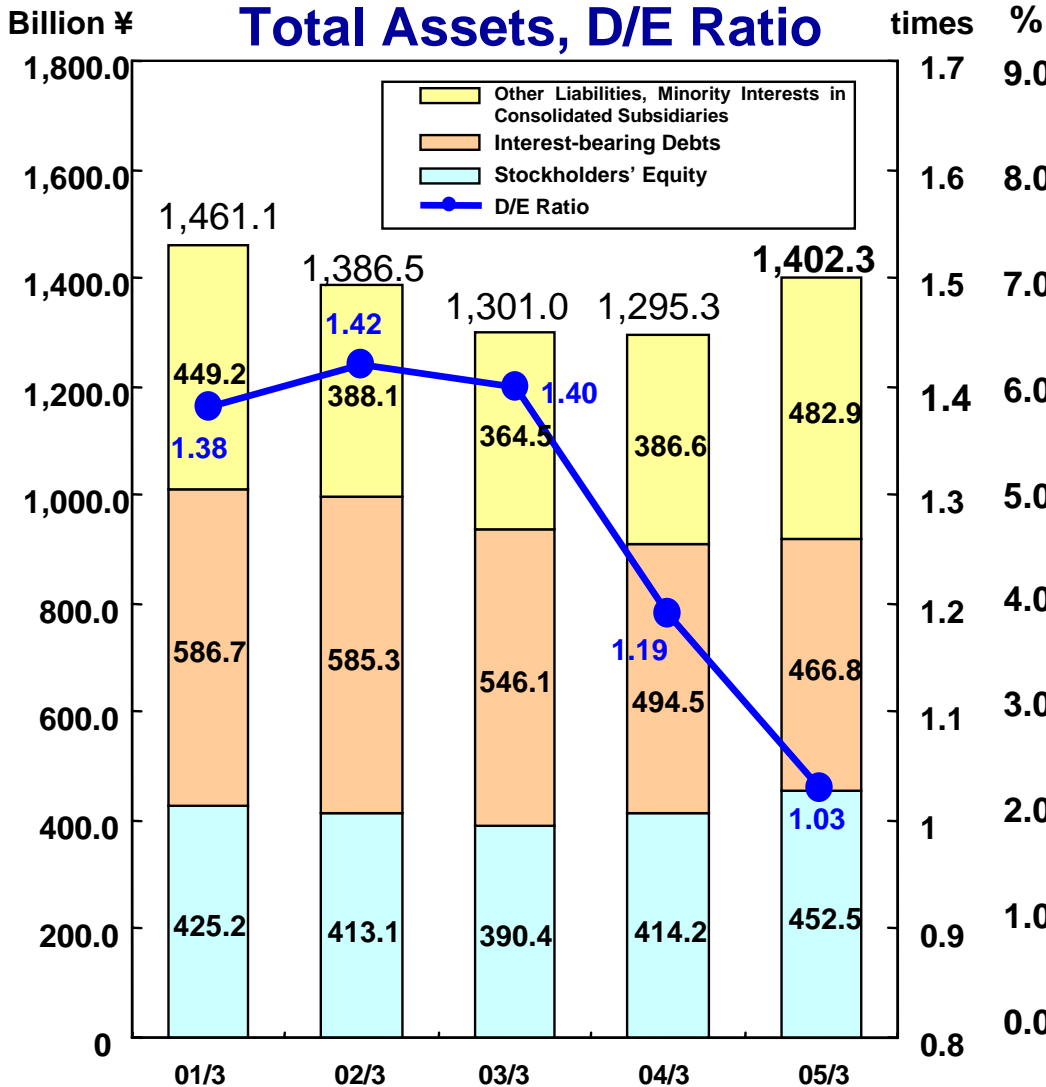
Trends in Net Sales and Operating Income



Total Assets, D/E Ratio, ROA, ROE



ROA = Operating Income / Total Assets
 ROE = Net Income / Stockholders' Equity



Non-operating Income and Expenses, Ordinary Income

Billion ¥

	FY Mar/04	FY Mar/05	Changes	Comments
Non-operating Income	12.8	14.2	+1.4	
Interest and Dividend Income	1.4	1.7	+0.3	
Equity in Earnings of Affiliates	5.7	5.7	0.0	
Other	5.7	6.8	+1.2	Exchange gain, etc.
Non-operating Expenses	▲ 17.9	▲ 18.4	-0.5	
Interest Expenses	▲ 7.5	▲ 7.1	+0.4	
Other	▲ 10.4	▲ 11.4	-0.9	
Non-operating Income and Expenses, net	▲ 5.2	▲ 4.3	+0.9	
Ordinary Income	51.6	76.8	+25.2	
Interest and Dividend Income, Interest Expenses, net	▲ 6.1	▲ 5.4	+0.7	Reduction of interest-bearing debts
Other Income and Expenses, net	▲ 4.8	▲ 4.5	+0.2	

Positive numbers : Income , Negative numbers(▲) : Expenses

Special Credits and Charges, Income Before Income Taxes

Billion ¥

	FY Mar/04	FY Mar/05	Changes	Comments
Special Credits	3.5	2.3	-1.2	
Gain on Sale of Property, Plant, and Equipment	2.5	1.2	-1.4	Reduction of gain on sale of land for company apartment
Gain on Sale of Investments in Securities	0.2	0.5	+0.3	
Gain on Sale of Securities of Subsidiaries	0.8	-	-0.8	
Other	-	0.6	+0.6	
Special Charges	▲ 10.2	▲ 26.0	-15.7	
Loss on Sale or Disposal of Property, Plant, and Equipment	▲ 3.1	▲ 3.5	-0.4	
Loss on Write-down of Property, Plant, and Equipment	▲ 4.0	▲ 13.0	-9.0	Loss on write-down of fixed assets of overseas subsidiaries
Loss on Write-down of Investments in Securities	▲ 0.1	▲ 0.3	-0.2	
Restructuring Expenses	▲ 2.7	▲ 6.1	-3.3	Losses and expenses of equipment for fibers & textiles and plastics & chemicals
Environmental Treatment Expense	-	▲ 1.7	-1.7	PCB waste treatment expense
Other	▲ 0.2	▲ 1.4	-1.2	
Special Credits and Charges, net	▲ 6.7	▲ 23.7	-17.0	
Income Before Income Taxes	44.9	53.1	+8.2	

Positive numbers : Income , Negative numbers(▲) : Expenses

Assets, Capital Expenditures, Depreciation

Billion ¥

	End of Mar/04	End of Mar/05	Changes	Comments
Total Assets	1,295.3	1,402.3	+107.0	Consolidation effects of Chori and Suido Kiko:+ 74.1 billion yen
Total Current Assets	549.1	644.4	+95.3	Consolidation effects of Chori and Suido Kiko:+ 62.6 billion yen Increase of cash and cash equivalents, etc.
Tangible Fixed Assets	543.3	532.0	-11.4	Consolidation effects of Chori and Suido Kiko:+ 4.7 billion yen Efficiency improvement of capital expenditures, disposal, and write-down, etc.
Intangible Assets	9.6	10.8	+1.2	Consolidation effects of Chori and Suido Kiko:+ 0.8 billion yen
Investments and Other Assets	193.3	215.1	+21.8	Consolidation effects of Chori and Suido Kiko:+ 6.0 billion yen Increase in investments in securities due to the recovery of stock prices, etc.

	FY Mar/04	FY Mar/05	Changes	Comments
Capital Expenditures	48.0	69.5	+21.5	Toray : 29.8, Japan : 10.9, Overseas : 28.8
Depreciation -)	67.3	62.6	-4.7	Toray : 26.9, Japan : 9.7, Overseas : 26.0
Transfer, Disposal, etc.	▲ 20.7	▲ 18.3	+2.4	
Change in Tangible Fixed Assets	▲ 40.0	▲ 11.4		

Major Capital Expenditures

<Japan>

Toray : Carbon fiber composite materials production facility (Ehime Plant)

Toray : LCD color filters production facility (Shiga Plant)

Toray Advanced Film Co., Ltd., etc.

<Overseas>

SOFICAR : (France)

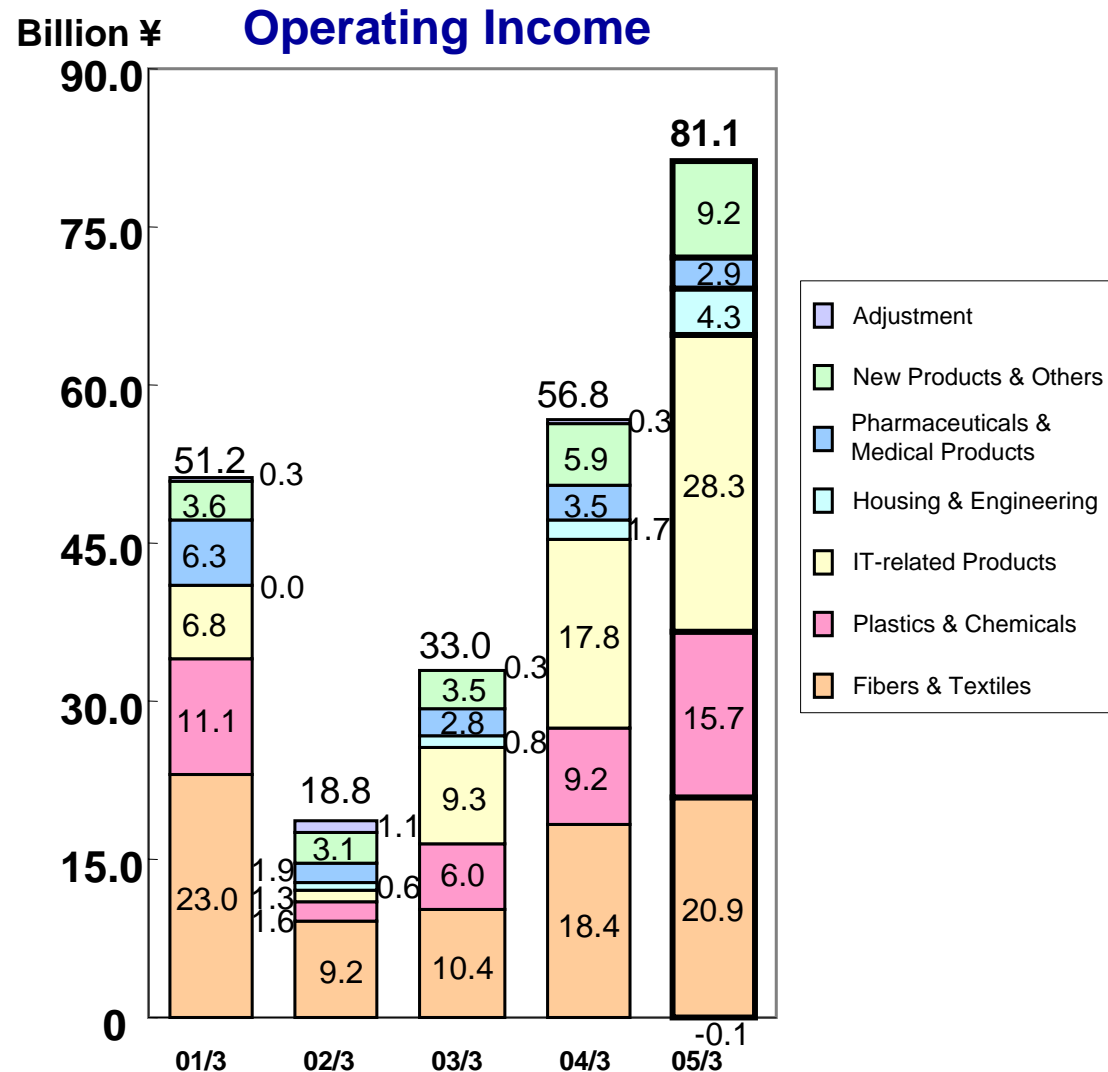
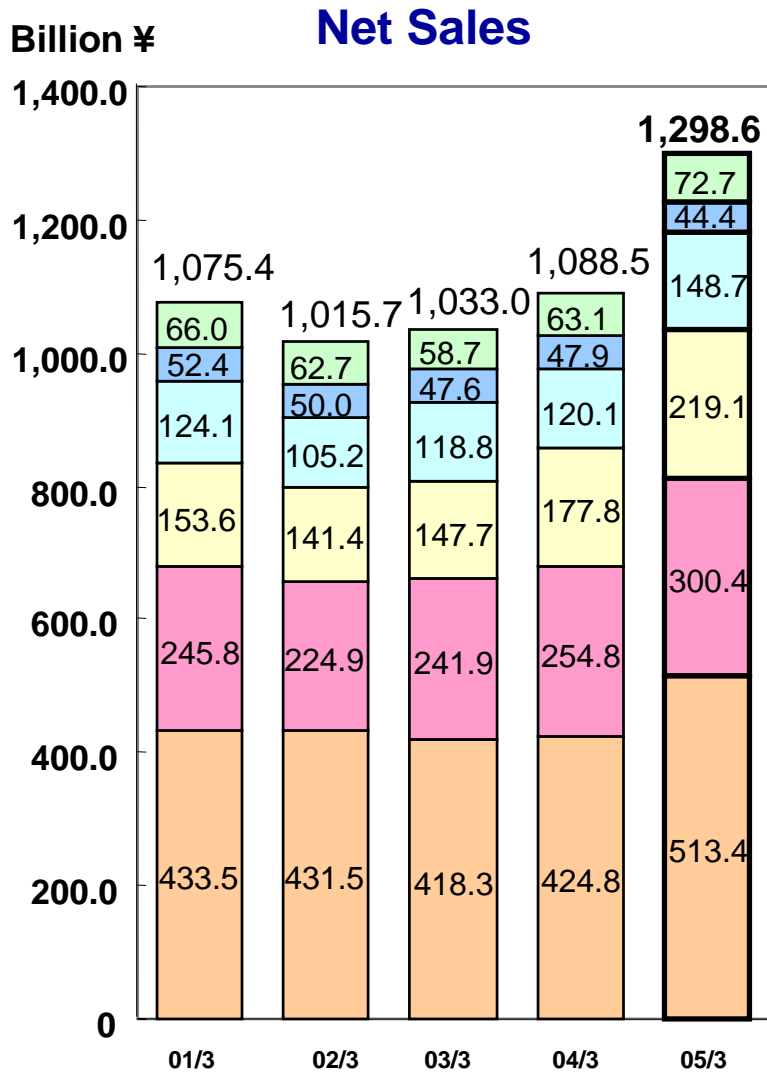
STEMCO : (Korea), etc.

Results by Business Segment

Billion ¥

		Net Sales			Operating Income			Comments
		FY Mar/04	FY Mar/05	Changes (%)	FY Mar/04	FY Mar/05	Changes (%)	
Fibers & Textiles	1st Half	213.4	224.2	+10.8 (+5.1%)	9.4	10.1	+0.6 (+6.7%)	Japan:Despite of the impact of high price of raw materials, sales and income increased through further price raise to cover raw materials' cost increase and shift to profitable products for both apparel and industrial uses together with consolidation effect of Chori. Overseas:Income decreased by sales slump of European and Korean subsidiaries.
	2nd Half	211.4	289.1	+77.8 (+36.8%)	8.9	10.8	+1.9 (+20.9%)	
	Total	424.8	513.4	+88.6 (+20.9%)	18.4	20.9	+2.5 (+13.6%)	
Plastics & Chemicals	1st Half	127.4	134.8	+7.5 (+5.9%)	4.3	6.0	+1.7 (+39.9%)	Sales and income of resins increased through steady demand for automotives and electric parts applications. Sales and income also increased in films by promotion of such business structure reforms as globally efficient production system as well as steady growth in industrial and package applications.
	2nd Half	127.4	165.6	+38.1 (+29.9%)	4.9	9.6	+4.7 (+97.7%)	
	Total	254.8	300.4	+45.6 (+17.9%)	9.2	15.7	+6.5 (+70.5%)	
IT-related Products	1st Half	83.4	108.5	+25.1 (+30.0%)	6.9	15.0	+8.1 (+116.6%)	Sales and income increased through sales expansion of films, resins, electronics materials and LCD color filters for digital-related products including flat panel displays. Sales and income also increased at an IT-related subsidiary through full-scale marketing of slit coaters, etc.
	2nd Half	94.4	110.7	+16.3 (+17.2%)	10.9	13.3	+2.4 (+22.0%)	
	Total	177.8	219.1	+41.3 (+23.2%)	17.8	28.3	+10.5 (+58.7%)	
Housing & Engineering	1st Half	54.3	52.0	-2.2 (-4.1%)	0.3	0.3	-0.1 (-18.2%)	Sales and income increased by consolidation of Suido Kiko together with sales expansion and corporate-structure reinforcement at construction-related and engineering-related subsidiaries.
	2nd Half	65.9	96.6	+30.8 (+46.7%)	1.4	4.0	+2.7 (+194.8%)	
	Total	120.1	148.7	+28.5 (+23.8%)	1.7	4.3	+2.6 (+153.3%)	
Pharmaceuticals & Medical Products	1st Half	22.0	20.2	-1.8 (-8.2%)	0.7	▲ 0.3	-1.0 (-)	Despite the promotion of corporate-structure reinforcement, sales and income decreased in Pharmaceuticals and Medical Products due to price reduction by Government and tough competition of the market.
	2nd Half	25.9	24.1	-1.7 (-6.7%)	2.8	3.1	+0.3 (+11.8%)	
	Total	47.9	44.4	-3.5 (-7.4%)	3.5	2.9	-0.7 (-18.7%)	
New Products & Other Businesses	1st Half	33.9	36.0	+2.1 (+6.0%)	2.7	4.4	+1.7 (+63.1%)	Sales and income increased in carbon fiber composite materials businesses through good sales growth in aircraft and industrial applications. Sales and income also increased in other areas through good business results and promotion of corporate-structure reinforcement.
	2nd Half	29.2	36.7	+7.5 (+25.8%)	3.2	4.8	+1.6 (+51.8%)	
	Total	63.1	72.7	+9.6 (+15.2%)	5.9	9.2	+3.3 (+57.0%)	
(Carbon Fiber Composite Materials included above)	1st Half	18.1	21.5	+3.4 (+18.5%)	1.8	2.8	+1.0 (+54.6%)	*IT-related chemical products of Toray Fine Chemicals are displaced from the Plastics & Chemicals segment to IT-related Products segment from this FY. Accordingly, that of FY Mar/04 was also amended.
	2nd Half	19.2	23.2	+4.0 (+21.1%)	1.8	2.8	+1.0 (+58.9%)	
	Total	37.3	44.7	+7.4 (+19.8%)	3.6	5.6	+2.0 (+56.7%)	
Consolidated	1st Half	534.3	575.7	+41.4 (+7.7%)	24.7	35.6	+10.9 (+43.9%)	
	2nd Half	554.2	722.9	+168.7 (+30.4%)	32.1	45.5	+13.4 (+41.8%)	
	Total	1,088.5	1,298.6	+210.1 (+19.3%)	56.8	81.1	+24.3 (+42.7%)	

Sales and Operating Income by Business Segment



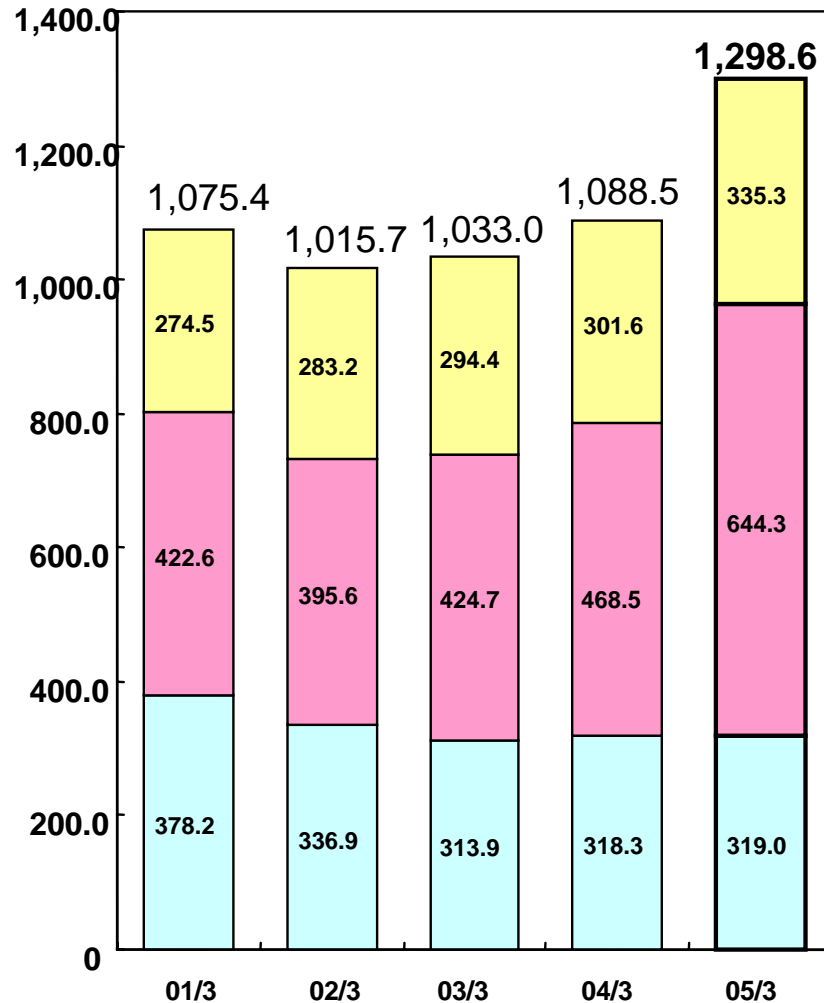
- Adjustment
- New Products & Others
- Pharmaceuticals & Medical Products
- Housing & Engineering
- IT-related Products
- Plastics & Chemicals
- Fibers & Textiles

Sales and Operating Income of Toray / Domestic Subsidiaries / Overseas Subsidiaries



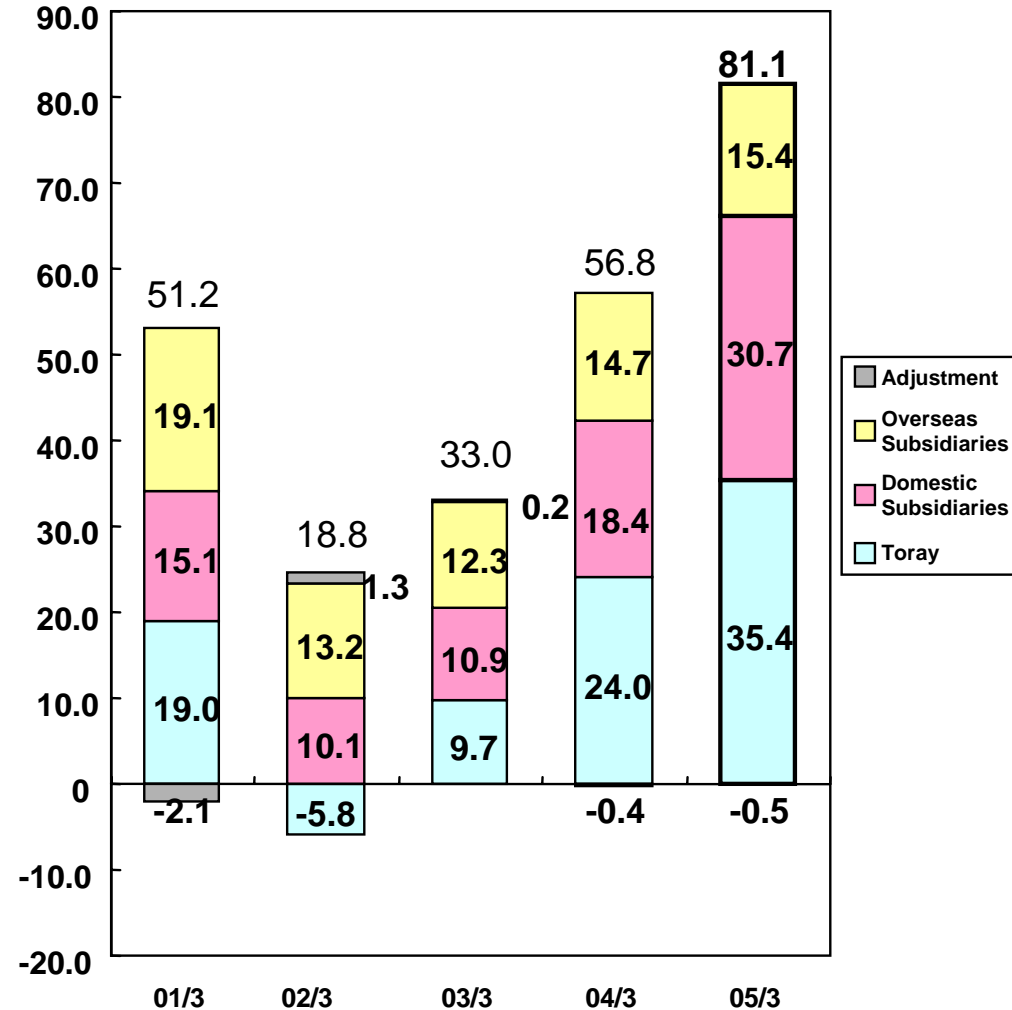
Billion ¥

Net Sales

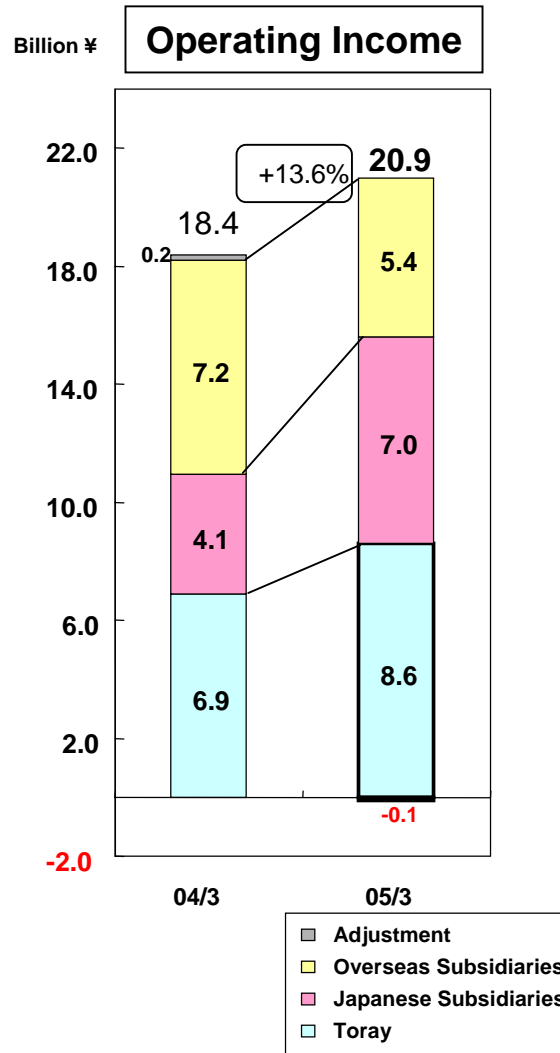
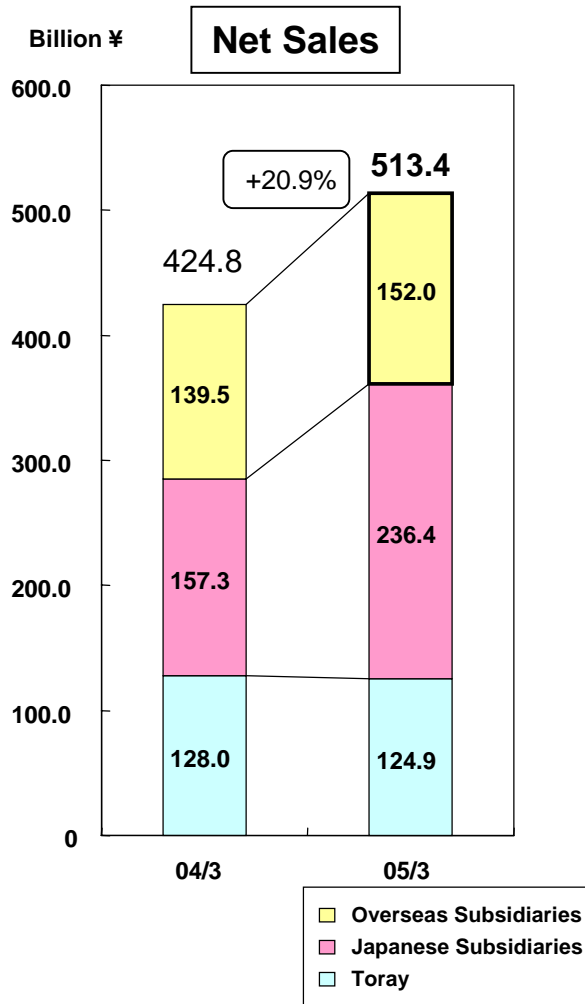


Billion ¥

Operating Income



Results by Business Segment (Fibers & Textiles)



Comments

Toray

Despite of the impact of high price of raw materials, sales and income increased actually through price raise to cover raw materials' cost increase, shift to profitable products, and expansion of NVC* businesses for both apparel and industrial uses. Sales dropped apparently due to increase of internal elimination.

Japanese Subsidiaries

Sales and income increased by consolidation of Chori and sales expansion of trading companies.

Overseas Subsidiaries

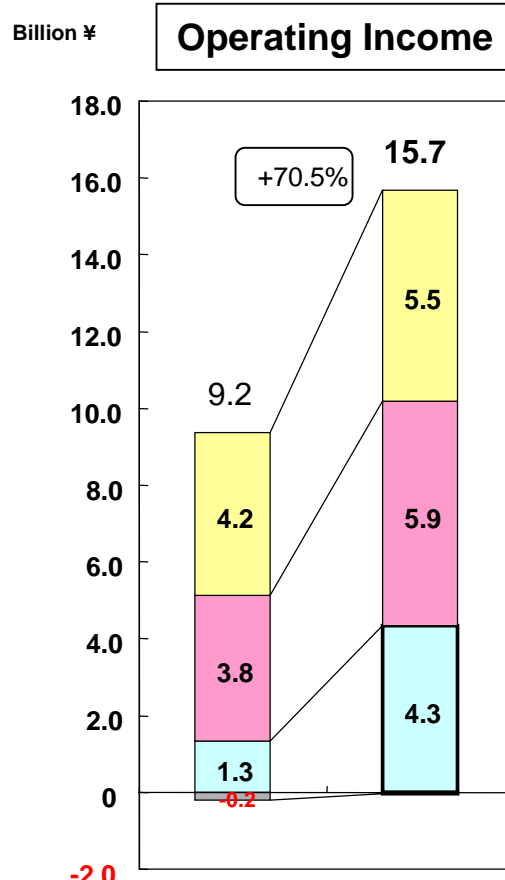
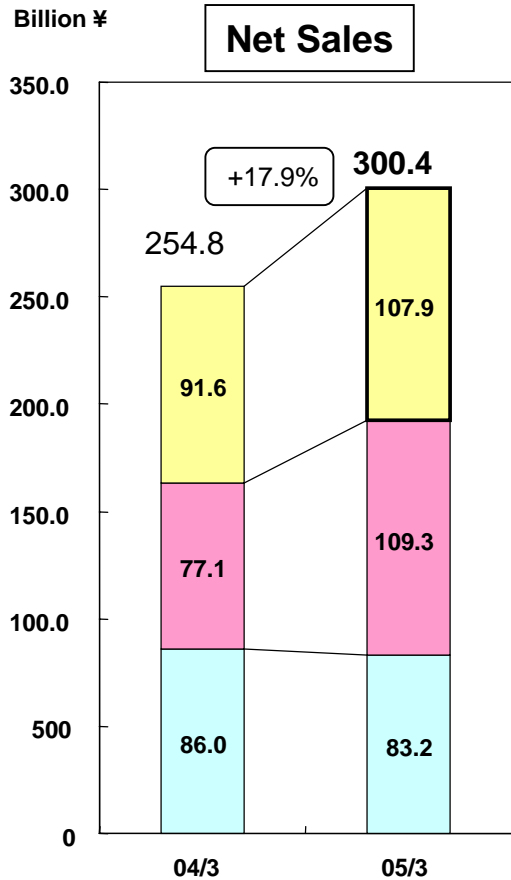
Sales increased through business expansion of Chinese sewing businesses and Thai textiles businesses, however income decreased due to sales slump of European and Korean subsidiaries.

*NVC : New Value Creator

<Major Subsidiaries>

Japan: Toray International Inc., Ichimura Sangyo, Co., Ltd., Chori Co., Ltd., etc.
 Asia : PENFABRIC (Malaysia), LUCKYTEX (Thailand), ITS (Indonesia), TFNL (China), etc.
 Europe & US : ALCANTARA (Italy), etc.

Results by Business Segment (Plastics & Chemicals)



<Major Subsidiaries>

Japan : Toray Advanced Film Co., Ltd., Toray Fine Chemicals Co., Ltd., Soda Aromatic Co., Ltd., Chori Co., Ltd., etc.
 Overseas : TPA (U.S.), TPM (Malaysia), TPEu (France), TSI (Korea), etc.

Comments

Toray

Sales and income increased through sales expansion of resins for automotives and electric parts applications and films for industrial uses as well as price raise to cover raw materials' prices increase and shift to high-value-added products. Chemicals sales decreased but income increased due to retreat from unprofitable caprolactam business.

Japanese Subsidiaries

Sales and income increased by consolidation of Chori and sales expansion of trading and film processing subsidiaries.

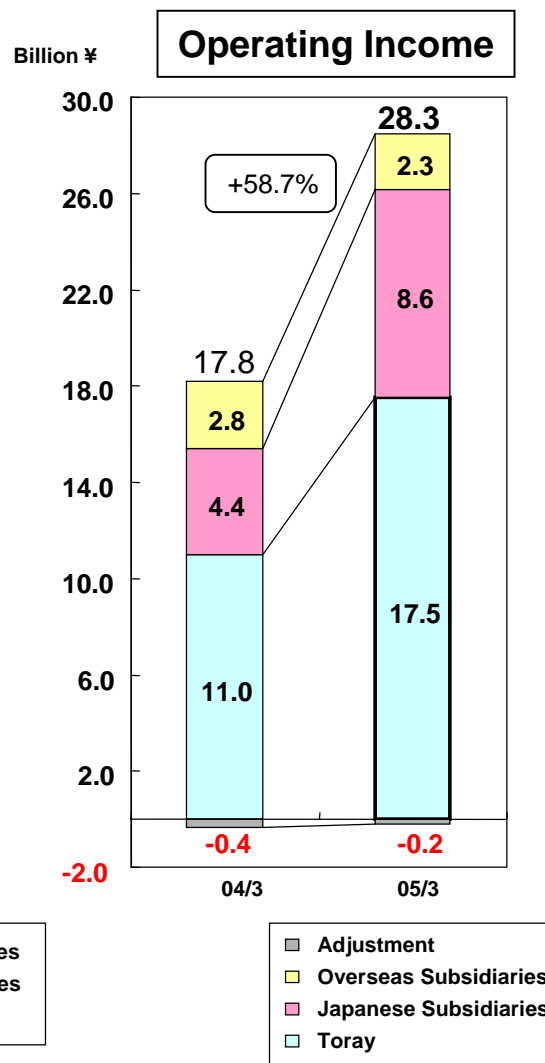
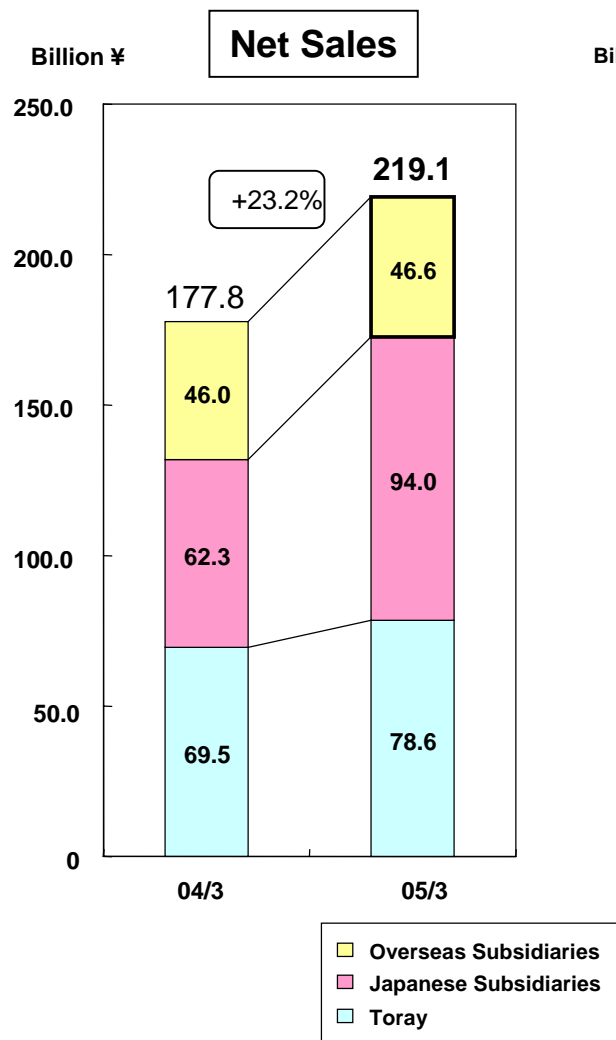
Overseas Subsidiaries

Despite of the impact of soaring raw materials' prices, sales and income increased by each subsidiary's efforts of passing on raw materials' prices increase to selling prices and shift to profitable products.

*IT-related chemical products of Toray Fine Chemicals are displaced from the Plastics & Chemicals segment to IT-related Products segment from this FY.

Accordingly, that of FY Mar/04 was also amended.

Results by Business Segment (IT-related Products)



Comments

Toray

Sales and income of IT-related resins / films, circuit materials, LCD color filters, PDP-related materials and others increased by rapid demand expansion of digital-related products.

Japanese Subsidiaries

Sales and income increased drastically through full-scale sales of equipment for LCD color filters (slit coaters) at an IT machinery subsidiary, and good business results of a film processing subsidiary.

Overseas Subsidiaries

Sales increased but income decreased mainly by demand shrink of PET films for video tapes, while FPC material business in Korea is profitable.

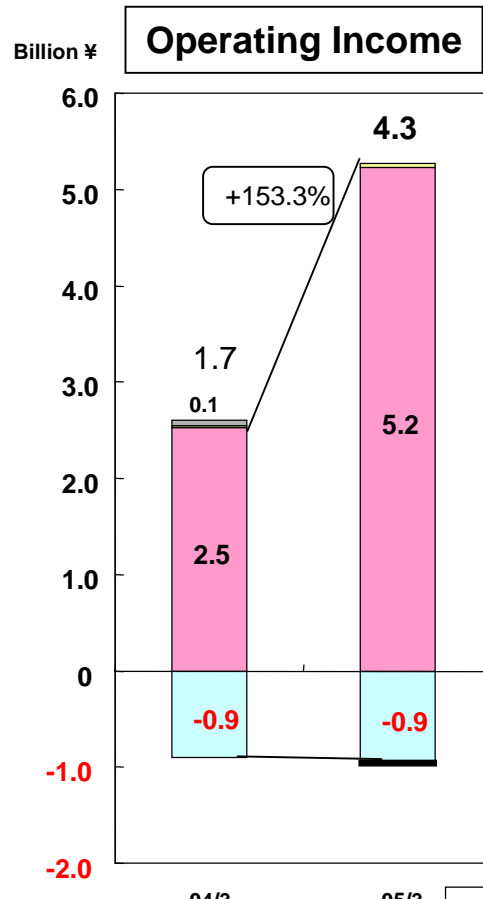
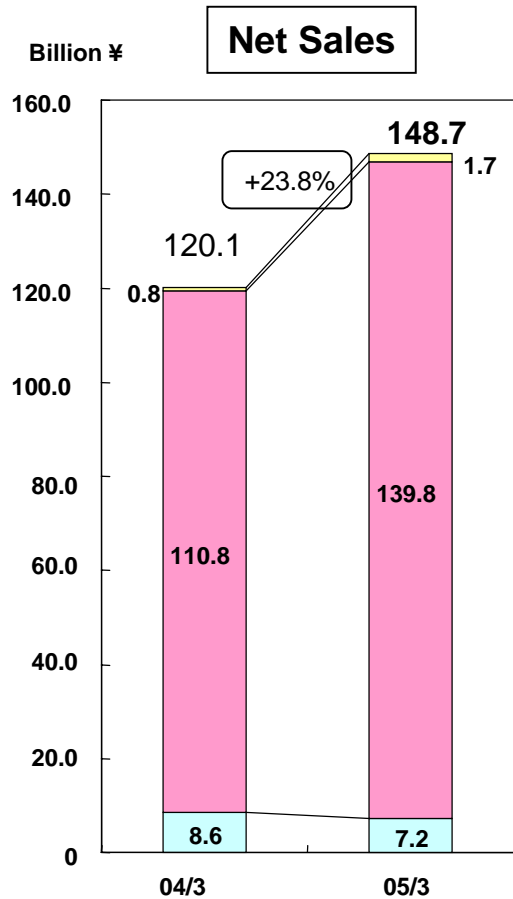
*IT-related chemical products of Toray Fine Chemicals are displaced from the Plastics & Chemicals segment to IT-related Products segment from this FY.

Accordingly, that of FY Mar/04 was also amended.

<Major Subsidiaries>

Japan : Toray Engineering Co., Ltd., Toray Advanced Film Co., Ltd., etc.
 Overseas : TPA (U.S.), TPEu(France), TSI (Korea), etc.

Results by Business Segment (Housing & Engineering)



Comments

Japanese Subsidiaries

Sales and income increased by consolidation of Suido Kiko together with sales expansion and corporate-structure reinforcement at construction and engineering subsidiaries.

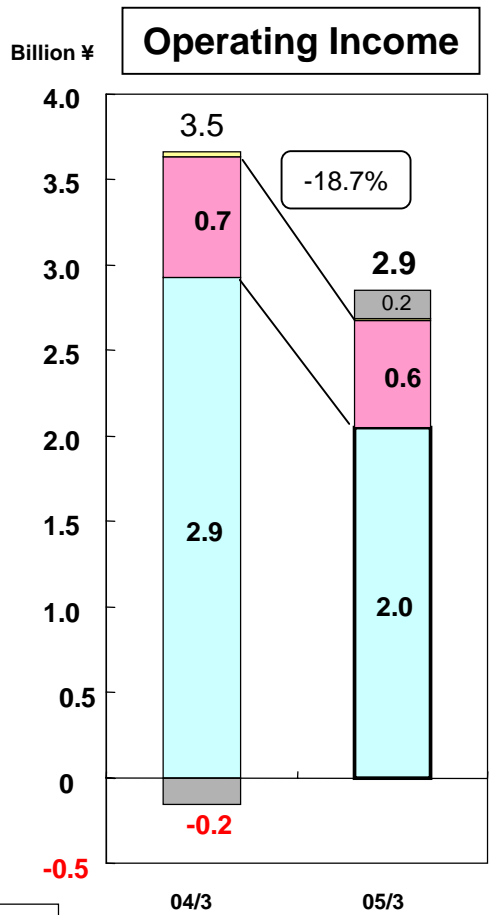
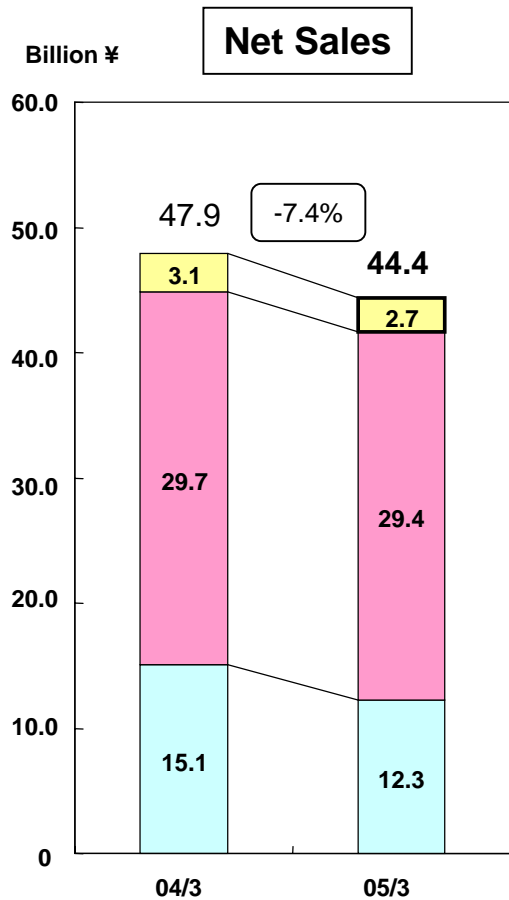
Overseas Subsidiaries
 Japanese Subsidiaries
 Toray

Adjustment
 Overseas Subsidiaries
 Japanese Subsidiaries
 Toray

<Major Subsidiaries>

Japan : Toray Construction Co., Ltd., Toray Engineering Co., Ltd., Toray ACE Co., Ltd., Suido Kiko Kaisha, Ltd., etc.

Results by Business Segment (Pharmaceuticals and Medical Products)



Comments

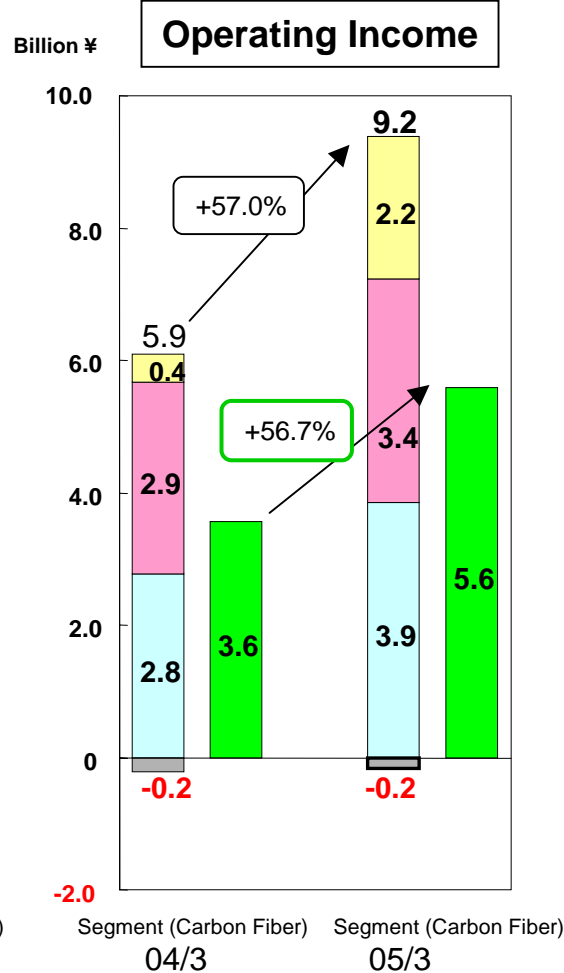
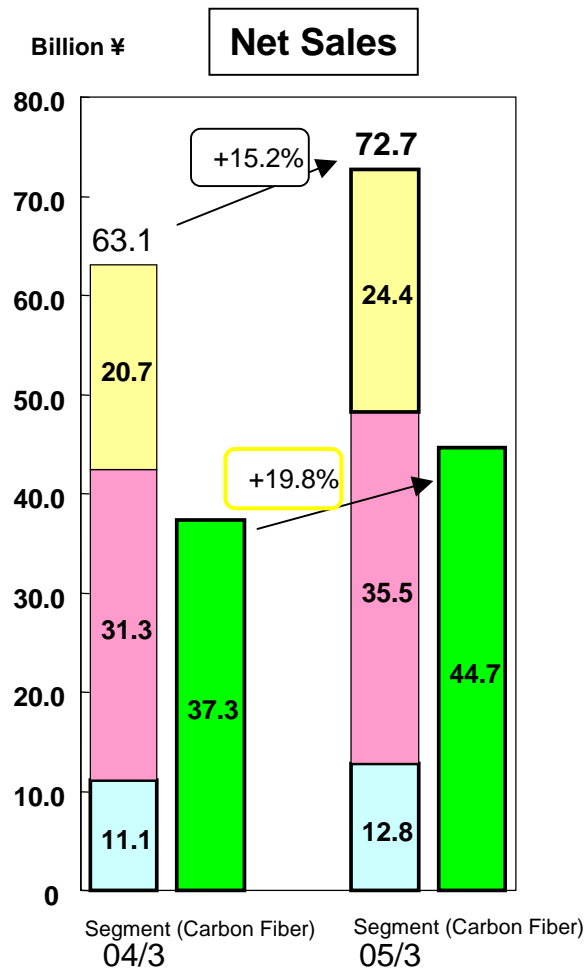
Toray
Sales and income decreased due to the price reduction of drugs by Government and the intensified competition of the market.

Japanese Subsidiary
Despite of sales volume increase of medical products, sales and income decreased due to the price reduction by Government and tough competition.

■ Overseas Subsidiaries
■ Japanese Subsidiaries
■ Toray

■ Adjustment
■ Overseas Subsidiaries
■ Japanese Subsidiaries
■ Toray

Results by Business Segment (New Products and Other Businesses)



<Major Subsidiaries>

Japan : Toray Research Center Inc., Toray Enterprise Corp., etc.

Overseas : SOFICAR (France), etc.

■ Overseas Subsidiaries
■ Japanese Subsidiaries
■ Toray

■ Adjustment
■ Overseas Subsidiaries
■ Japanese Subsidiaries
■ Toray

Comments

Toray

Sales and income increased by good business results of carbon fiber composite materials.

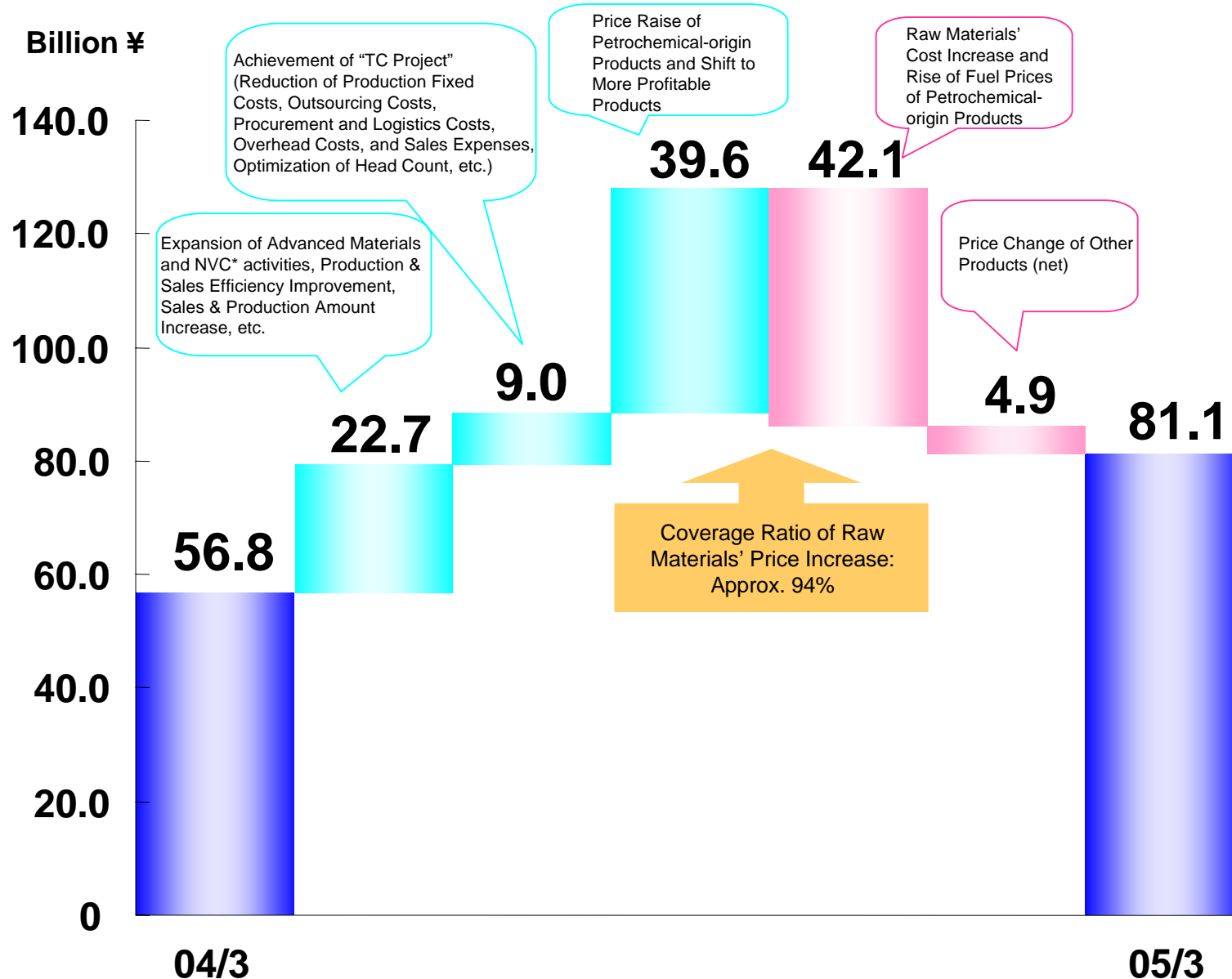
Japanese Subsidiaries

Sales and income increased mainly by sales expansion of trading and service-related subsidiaries.

Overseas Subsidiaries

Sales and income increased through expansion of carbon fiber composite materials for aircraft and industrial applications.

Income Variance Factor Analysis (1)



*NVC : New Value Creator

Income Variance Factor Analysis (2)

<Income Variance Factor Analysis of the Last three Fiscal Years>

Billion ¥

	02/3→03/3	03/3→04/3	04/3→05/3	Total (02/3~05/3)
Expansion of Advanced Materials and NVC* activities, Production & Sales Efficiency Improvement (Improvement of Product Unit and Production Mix, etc.), Sales & Production Amount Increase, etc.	+12.5	+18.1	+22.7	+53.3
Achievement of "TC Project" (Reduction of Production Fixed Costs, Outsourcing Costs, Procurement and Logistics Costs, Overhead Costs, and Sales Expenses, Optimization of Head Count, etc.)	+14.0 (TC-1)	+12.3 (TC-2)	+9.0 (TC-3)	+35.3
Influence of Appreciation of Selling Prices and Raw Material Costs, etc.	-12.3	-6.6	-7.4	-26.3
Total	+14.2	+23.7	+24.3	+62.2

*NVC : New Value Creator

II. Business Forecast for the FY Ending Mar/06

Forecast Summary

Billion ¥

		FY Mar/05	FY Mar/06	Changes
Net Sales	1st Half	575.7	700.0	+124.3 (+21.6%)
	2nd Half	722.9	780.0	+57.1 (+7.9%)
	Total	1,298.6	1,480.0	+181.4 (+14.0%)
Operating Income	1st Half	35.6	34.0	- 1.6 (-4.5%)
	2nd Half	45.5	56.0	+10.5 (+23.2%)
	Total	81.1	90.0	+8.9 (+11.0%)
Ordinary Income	1st Half	34.8	31.0	- 3.8 (-10.9%)
	2nd Half	42.0	55.0	+13.0 (+30.9%)
	Total	76.8	86.0	+9.2 (+12.0%)
Net Income	1st Half	19.8	13.0	- 6.8 (-34.3%)
	2nd Half	14.6	30.0	+15.4 (+105.3%)
	Total	34.4	43.0	+8.6 (+25.0%)
Net Income per Share	1st Half	14.12 yen	9.28 yen	
	2nd Half	10.34 yen	21.42 yen	
	Total	24.46 yen	30.71 yen	
Dividend per Share	1st Half	3.5 yen	4.0 yen	
	2nd Half	3.5 yen	4.0 yen	
	Total	7.0 yen	8.0 yen	

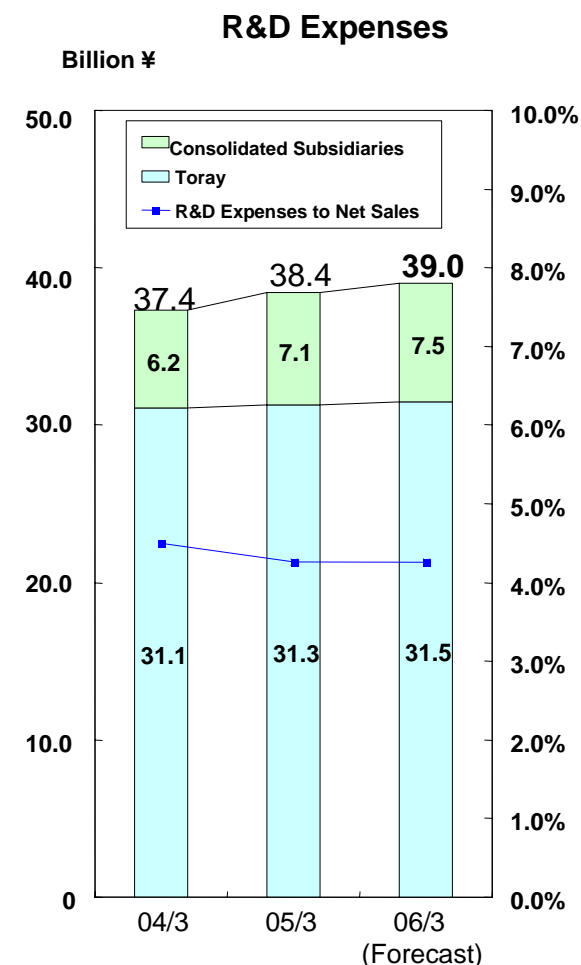
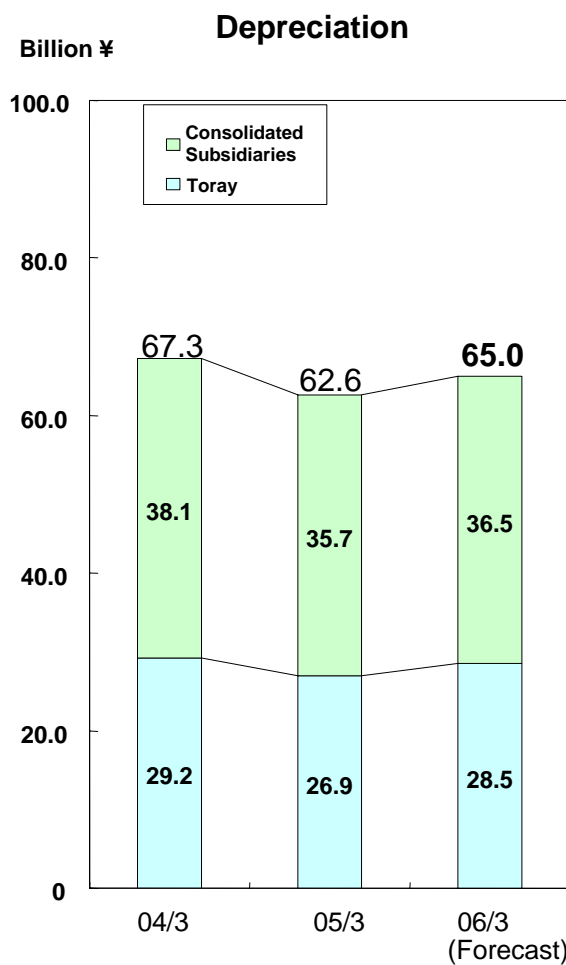
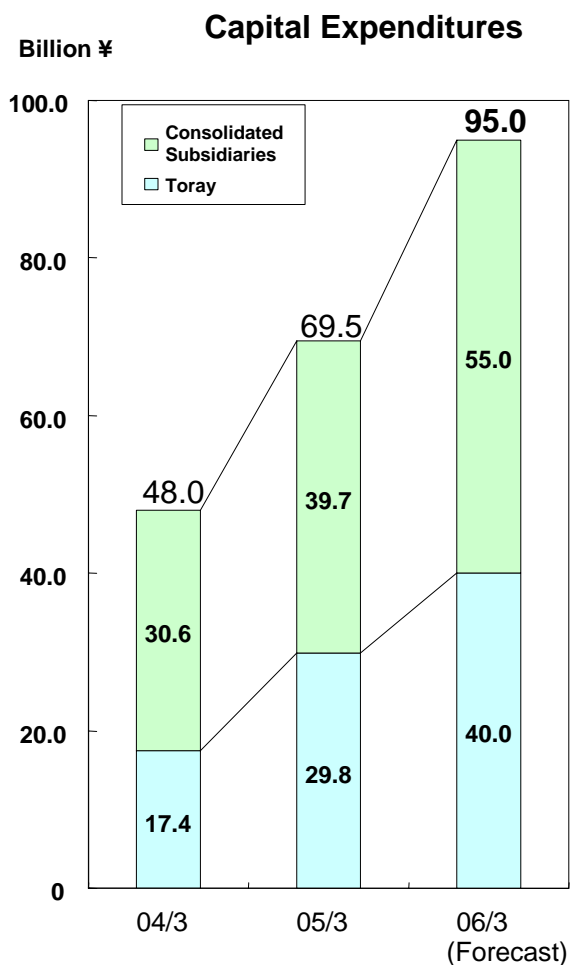
Estimated Exchange Rate : 103 yen / US\$
 Estimated Oil Price : 45 US\$ / B

Forecast by Business Segment (Sales, Operating Income)

Billion ¥

		Net Sales			Operating Income			Comments
		FY Mar/05	FY Mar/06	Changes (%)	FY Mar/05	FY Mar/06	Changes (%)	
Fibers & Textiles	1st Half	224.2	305.0	+80.8 (+36.0%)	10.1	11.0	+0.9 (+9.4%)	Sales and income are expected to increase by consolidation effect of Chori, parent company's NVC business promotion and price raise, and business expansion in China and ASEAN.
	2nd Half	289.1	310.0	+20.9 (+7.2%)	10.8	13.0	+2.2 (+20.1%)	
	Total	513.4	615.0	+101.6 (+19.8%)	20.9	24.0	+3.1 (+15.0%)	
Plastics & Chemicals	1st Half	134.8	165.0	+30.2 (+22.4%)	6.0	7.0	+1.0 (+15.8%)	Sales and income are expected to increase both in and outside Japan mainly through growth in film and resin processing businesses.
	2nd Half	165.6	175.0	+9.4 (+5.7%)	9.6	10.0	+0.4 (+4.0%)	
	Total	300.4	340.0	+39.6 (+13.2%)	15.7	17.0	+1.3 (+8.6%)	
IT-related Products	1st Half	108.5	105.0	-3.5 (-3.2%)	15.0	12.0	-3.0 (-19.9%)	Sales and income are expected to increase mainly by the expansion of IT-related films, electronics materials, and LCD-related materials businesses.
	2nd Half	110.7	130.0	+19.3 (+17.4%)	13.3	19.0	+5.7 (+42.8%)	
	Total	219.1	235.0	+15.9 (+7.2%)	28.3	31.0	+2.7 (+9.6%)	
Housing & Engineering	1st Half	52.0	65.0	+13.0 (+24.9%)	0.3	▲ 1.0	-1.3 (-)	Sales and income are expected to increase mainly by the expansion of construction and plant businesses.
	2nd Half	96.6	100.0	+3.4 (+3.5%)	4.0	6.0	+2.0 (+49.1%)	
	Total	148.7	165.0	+16.3 (+11.0%)	4.3	5.0	+0.7 (+16.4%)	
Pharmaceuticals & Medical Products	1st Half	20.2	20.0	-0.2 (-1.1%)	▲ 0.3	0.0	+0.3 (-)	Sales is expected to increase by production capacity expansion of new-type artificial kidney, but income is expected to decrease due to tough market competition in pharmaceuticals and medical products.
	2nd Half	24.1	25.0	+0.9 (+3.6%)	3.1	2.0	-1.1 (-36.5%)	
	Total	44.4	45.0	+0.6 (+1.5%)	2.9	2.0	-0.9 (-29.9%)	
New Products & Other Businesses	1st Half	36.0	40.0	+4.0 (+11.2%)	4.4	5.0	+0.6 (+13.6%)	Sales and income are expected to increase by business expansion of carbon fiber composite materials.
	2nd Half	36.7	40.0	+3.3 (+8.9%)	4.8	6.0	+1.2 (+24.7%)	
	Total	72.7	80.0	+7.3 (+10.1%)	9.2	11.0	+1.8 (+19.4%)	
(Carbon Fiber Composite Materials; included above)	1st Half	21.5	24.0	+2.5 (+11.7%)	2.8	4.0	+1.2 (+42.1%)	Sales and income are expected to increase through expansion in aircraft and industrial applications as well as by capacity increase at SOFCAR.
	2nd Half	23.2	26.0	+2.8 (+12.1%)	2.8	4.0	+1.2 (+43.8%)	
	Total	44.7	50.0	+5.3 (+11.9%)	5.6	8.0	+2.4 (+43.0%)	
Consolidated	1st Half	575.7	700.0	+124.3 (+21.6%)	35.6	34.0	-1.6 (-4.5%)	
	2nd Half	722.9	780.0	+57.1 (+7.9%)	45.5	56.0	+10.5 (+23.2%)	
	Total	1,298.6	1,480.0	+181.4 (+14.0%)	81.1	90.0	+8.9 (+11.0%)	

Forecast of Capital Expenditures, Depreciation, and R&D Expenses



*The following trading subsidiaries are excluded from R&D Expenses to Net Sales ratio basis.

<Japan> Toray International Inc., Chori Co., Ltd.,
 Ichimura Sangyo Co., Marusa Co., Ltd.,
 Toray Ireeve Corp., etc.

<Overseas> TOMAC (U.S.), TEL (UK), TCH/THK (China), etc.

Income Variance Factor Analysis Forecast for FY Mar/06



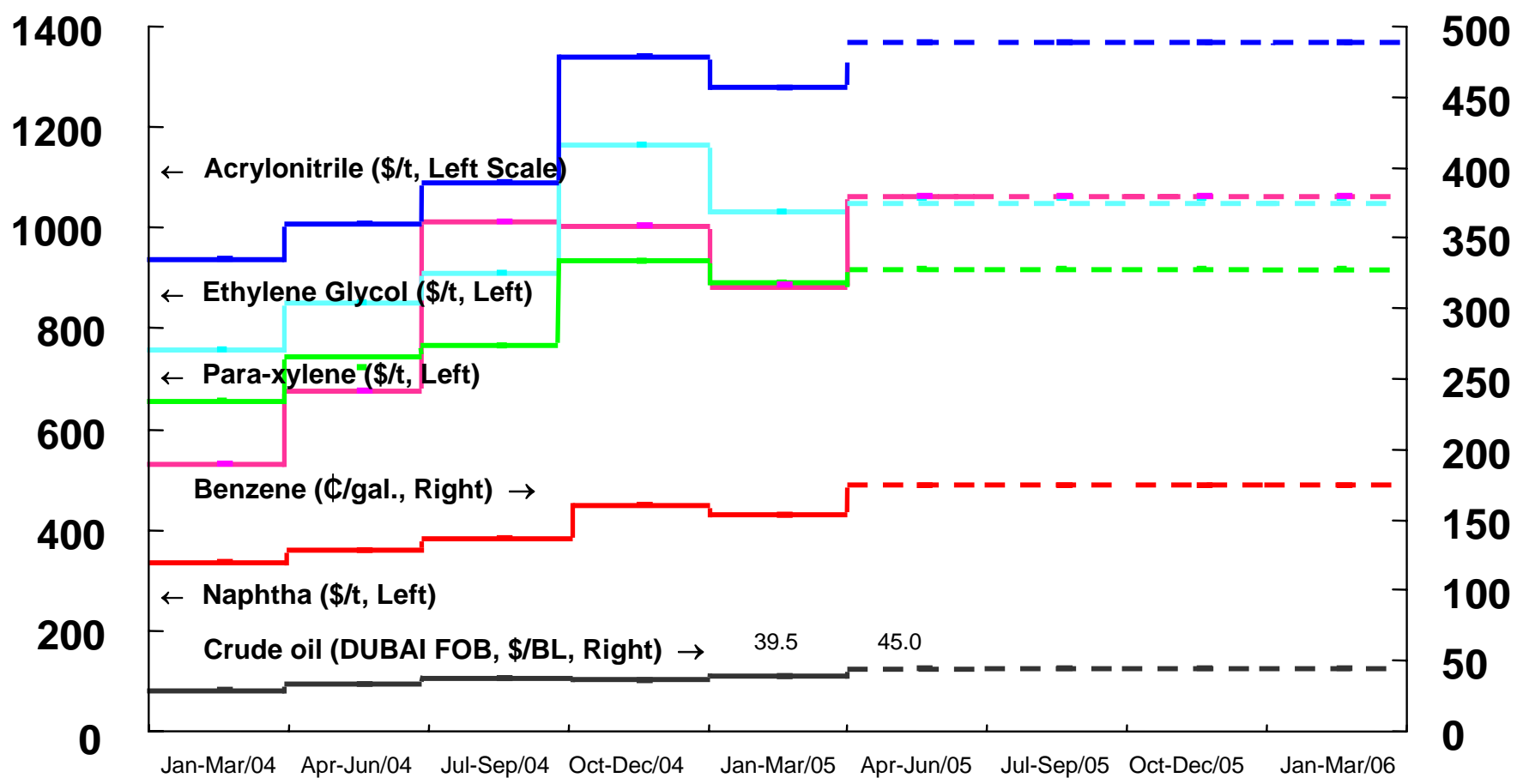
Segment	Major Operating Income Increase Factors (05/3→06/3)	Major Operating Income Decrease Factors (05/3→06/3)
Fibers & Textiles	<ul style="list-style-type: none"> - Price raise to cover raw materials' cost increase, shift to profitable products - Promotion of business structure reform (China etc.) -Expansion of Advanced Materials (airbag uses, fluorine fibers, etc.) - Income increase in ASEAN businesses - Full consolidation of Chori and income increase 	<ul style="list-style-type: none"> - High price of raw materials
Plastics & Chemicals	<ul style="list-style-type: none"> - Price raise to cover raw materials' cost increase, shift to profitable products - Promotion of business structure reform (TPEu, etc.) -Global demand expansion of automotives and electric parts applications - Full consolidation of Chori 	<ul style="list-style-type: none"> - High price of raw materials
IT-related Products	<ul style="list-style-type: none"> - Demand expansion of digital-related products including FPDs, cellular phones, etc. - Production increase effect of two-layers circuit materials for COF* 	<ul style="list-style-type: none"> - Demand decline of IT-related equipments - Partial Delay of increase of IT-related demand during the 1st half
Housing & Engineering	<ul style="list-style-type: none"> - Promotion of business structure reform 	<ul style="list-style-type: none"> - Consolidation effect of Suido Kiko
Pharmaceuticals & Medical Products	<ul style="list-style-type: none"> - Sales expansion and structure-reinforcement in the medical products business area 	<ul style="list-style-type: none"> - Decrease in royalty receipt
New Products & Others	<ul style="list-style-type: none"> - Demand expansion of carbon fiber composite materials 	
Other Factors	<ul style="list-style-type: none"> - JD Project 	<ul style="list-style-type: none"> - Depreciation increase led by capital investment
Total	8.9 Billion Yen of Operating Income Increase	

*COF : Chip on Film

Trends in Raw Material Prices

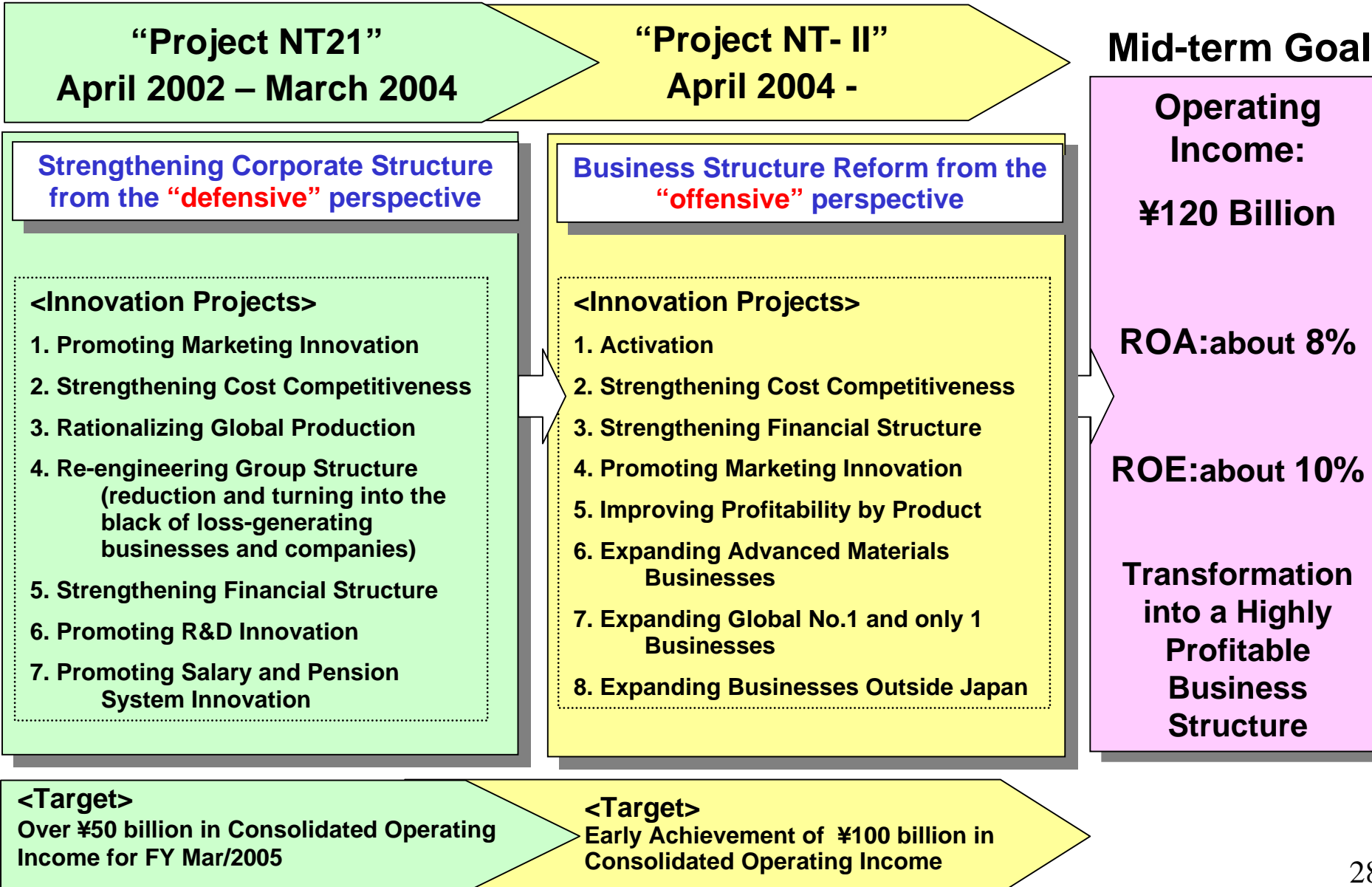
Prices of crude oil fell slightly in Jan. – Mar. / 05, though still on a strong tone after Apr. – Jun. /05

Trend of Crude Oil and Raw Materials' Prices



III. Progress of Mid-term Management Issues “Project NT-II”

“Project NT-II”



Target Numbers in NT-II

Operating Income Trend

Billion ¥

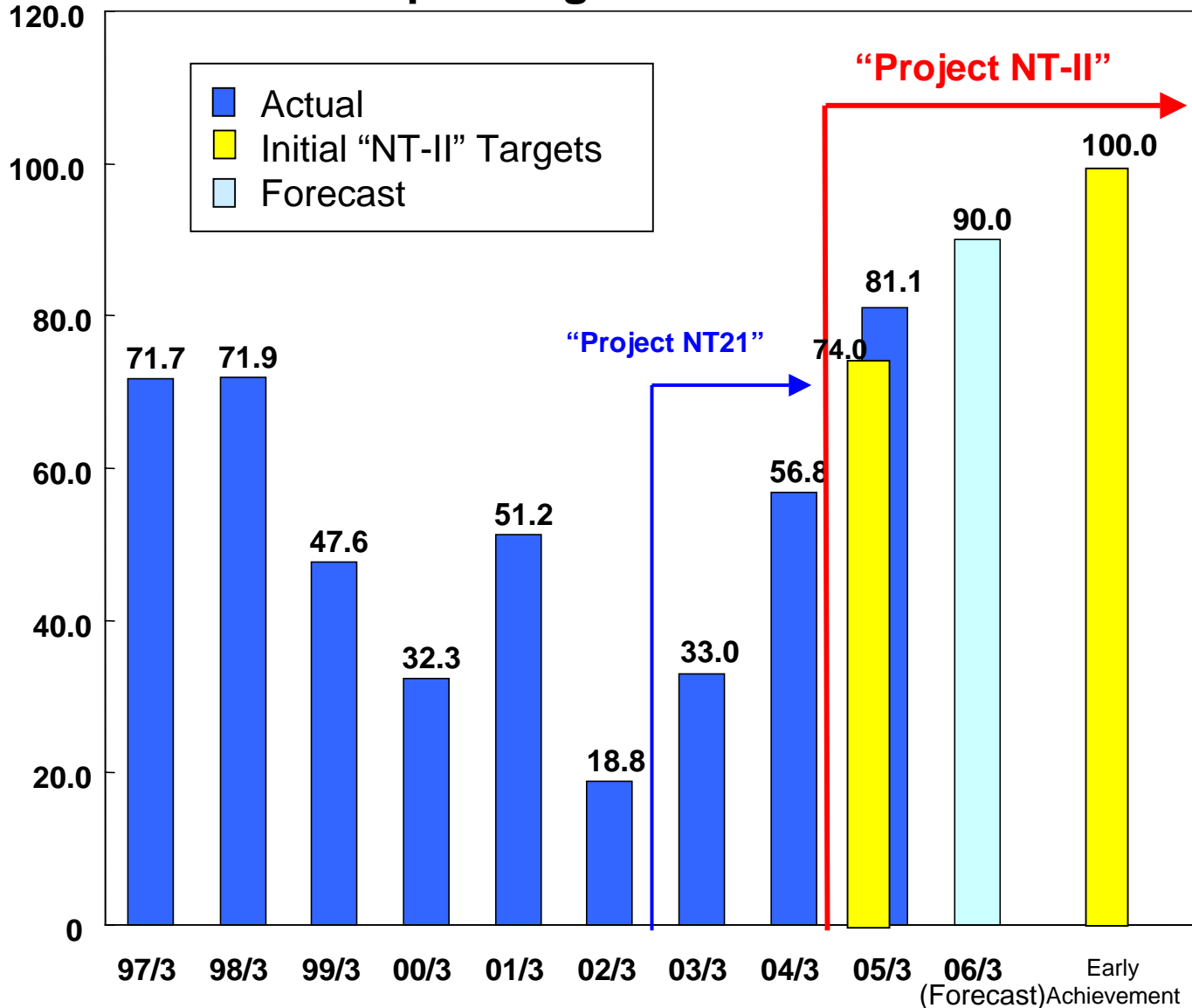


Image of Major Performance Indicators when ¥100 billion of Operating Income is Achieved

ROA: About 7%

ROE: About 9%

D/E Ratio: 1.0 or Lower

Specific Projects Promoted under NT-II

Management Issues	Project	Main Themes to be Addressed
Developing innovative attitudes and ideas / Reinforcing corporate structure	1. Activating corporate culture	(1)Achieve communication and information sharing (2)Raise awareness of corporate entrepreneurship (3)Reform of pension system (4)Select young, outstanding human resources (5)Establish corporate culture where women can realize their full potential
	2. Mar/2005: Strengthening cost competitiveness	(1)Steady implementation of total cost down project (reduction target: ¥ 6 billion actual: ¥9 billion)
	Mar/2006 and beyond: Promoting self-improvement efforts	(2)Promote self-improvement efforts beyond April/2005
	3. Strengthening financial structure	(1)Balance two-pronged approach of expanding investment in advanced materials businesses and reinforcing financial structure (2)Reduce D/E ratio to 1.0 or below early.
Expanding revenues and profits through business structure reform	4. Promoting marketing innovation	(1)Develop innovative attitudes and ideas of marketing staff (2)Result's management of marketing indicators (3)Promote the "New Value Creator" concept (4)Armed with IT (5)Expand one-stop, full service function (6)Further reinforcement of global operations (7)Reduce inventory by half
	5. Strengthening profit control by product	(1)Eliminate products that generate negative gross profits (2)Shift to profitable products (3)Maintain and/or reduce the ratio of operating expenses to net sales
	6. Expanding advanced materials businesses	(1)Commercialize new advanced materials in near future (2)Strengthen R&D function (3)Expand established advanced materials (4)Strengthen Intellectual Properties
	7. Expanding No. 1, only 1, first 1 businesses	(1)Execute No.1 businesses expansion strategies (2)Allot abundant management resources to No.1 businesses (3)Enhance employee awareness (instill self-confidence and pride) and further expansion of strategies utilizing strengths of No.1 businesses
	8. Expanding businesses outside of Japan	(1)ASEAN businesses - business structure reform / strengthen profitability by developing new businesses (2)China – set black figures / positive development of new businesses (3)Korea – expand IT-related materials and advanced materials (4)U.S. and Europe - business structure reform / expand profits of advanced materials

1. Activating Corporate Structure

Promotion of such corporate activities as; 1.strengthen communication and information sharing 2.raise awareness of corporate entrepreneurship 3.reform of pension system 4.select young, outstanding human resources 5.establish corporate culture where women can realize their full potential.

<Foremost issues to be tackled>

**Strengthen communication and information sharing
(Multi-Communication Activity)**

Raise awareness of corporate entrepreneurship

Progresses as of FY Mar/2005

1. Started “multi communication (MC) activity” to achieve interactive communication and information-sharing
2. Set “communication day” to carry out monthly meeting by a section unit.
3. Follow “Safety”, “Accounting Achievement” and “Compliance” in the meeting.
4. Start entire company development of an intranet information navigator sequentially from October, 2004

Issues for FY Mar/2006

1. Continue a current steady action and plan fixation
2. Include "CSR" in a monthly meeting follow item
3. Reinforce Interactive communication
4. Spread the activity to the communication with internal organization and external organization

2. Strengthening Cost Competitiveness

Toray Group was successful in achieving the goal more than planned of three years of TC (Total Cost reduction) project. From this fiscal year and onward, renamed as “JD (self-improvement efforts) project”, Toray will constantly tackle in corporate-structure reinforcement efforts.

TC Project

JD Project

Toray, Japanese subsidiaries, and overseas subsidiaries reviewed all cost elements such as total labor costs, production overhead, purchasing /distribution costs and main office expense, etc. and rationalized them and were able to go ahead through total cost reduction.

Constant corporate-structure reinforcement by JD (self-improvement efforts)

Toray Group will set new issues from a fresh dimension and remove losses and wastes decisively in order to promote cost and operation efficiency.

Result of TC project

Billion ¥

02/3→03/3 (TC-1)	03/3→04/3 (TC-2)	04/3→05/3 (TC-3)	Total
+14.0	+12.3	+9.0	+35.3

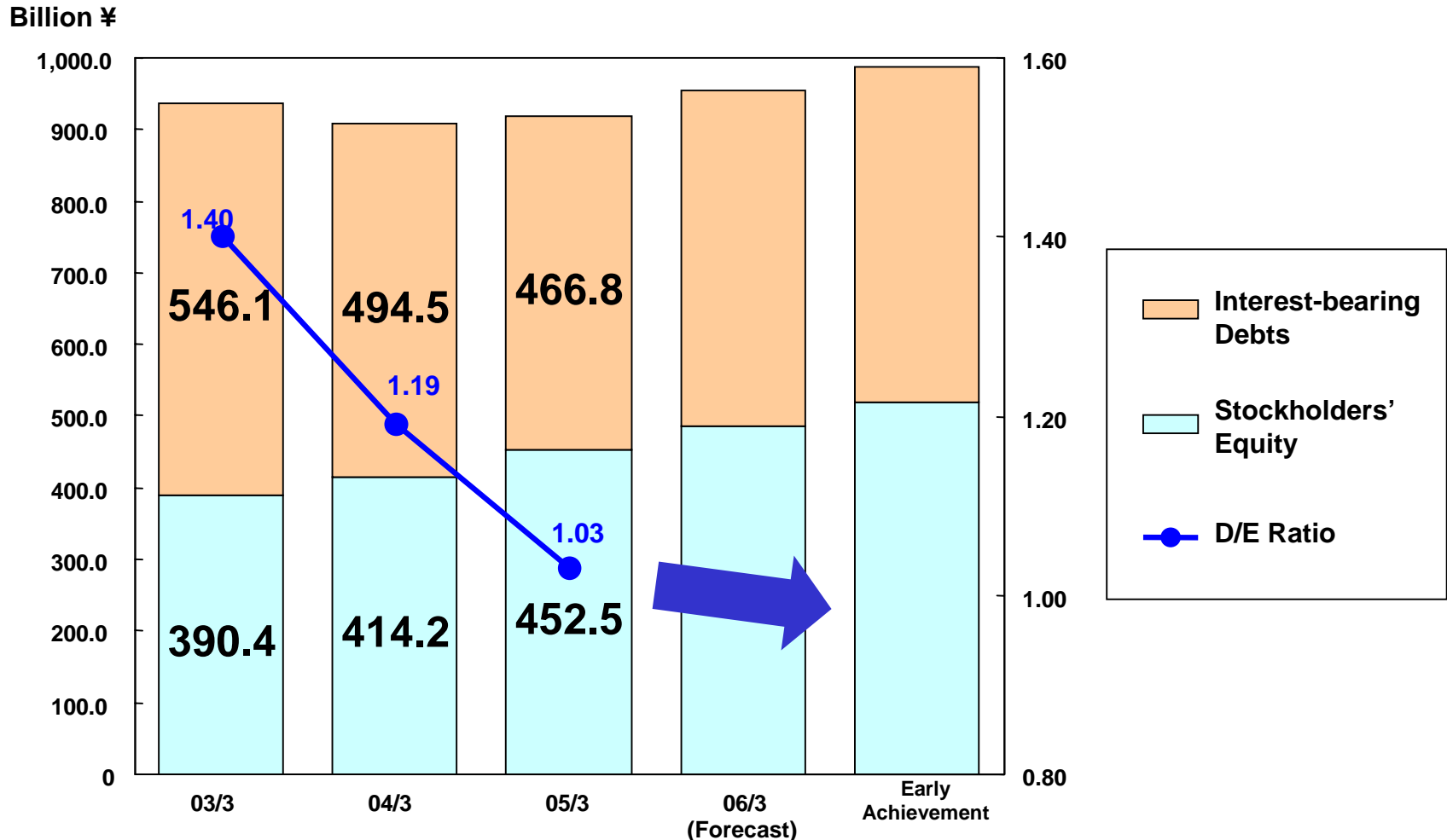
Improvement By JD project

Billion ¥

05/3→06/3 (JD-1)
+2.0

3. Strengthening Financial Structure

D/E ratio lowered to 1.03 at the end of Mar/05. We will further strengthen financial structure through positive capital investment in Advanced Materials businesses to realize the “NT-II target”, D/E ratio lower than 1.0.



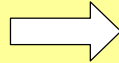
4. Promoting Marketing Innovation

- (1) Develop innovative attitudes and ideas of marketing staff
- (2) Result's management of marketing indicators
- (3) Promote the "New Value Creator" concept
- (4) Armed with IT
- (5) Expand one-stop, full service function
- (6) Further reinforcement of global operations
- (7) Reduce inventory by half

Promote "New Value Creator" concept designed for the 21st century

Development of New Materials, Products, and Supply Chains

Expertise and know-how on "Goods" + "New Services" and "New Production and Supply Chains"

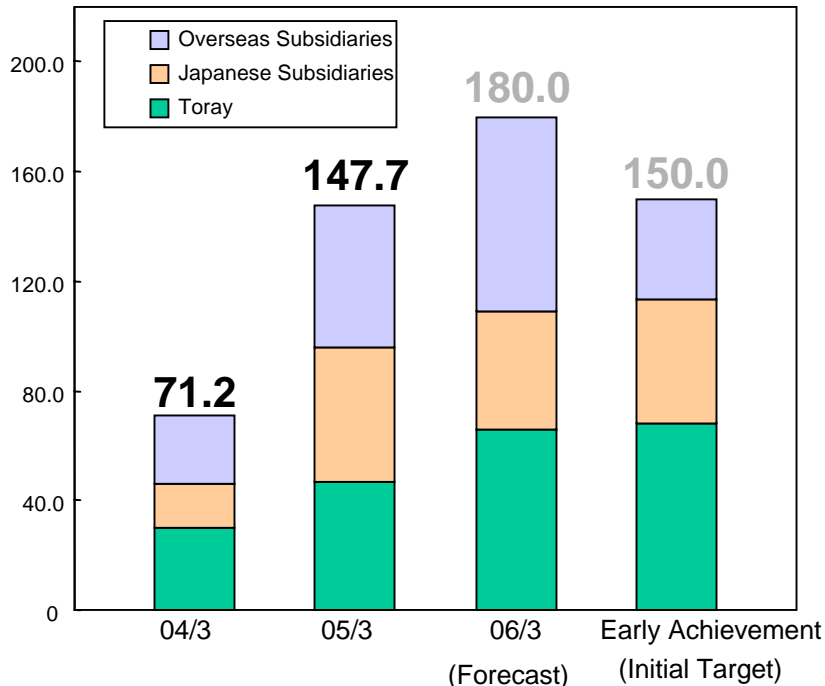


Establishment of New Business Models

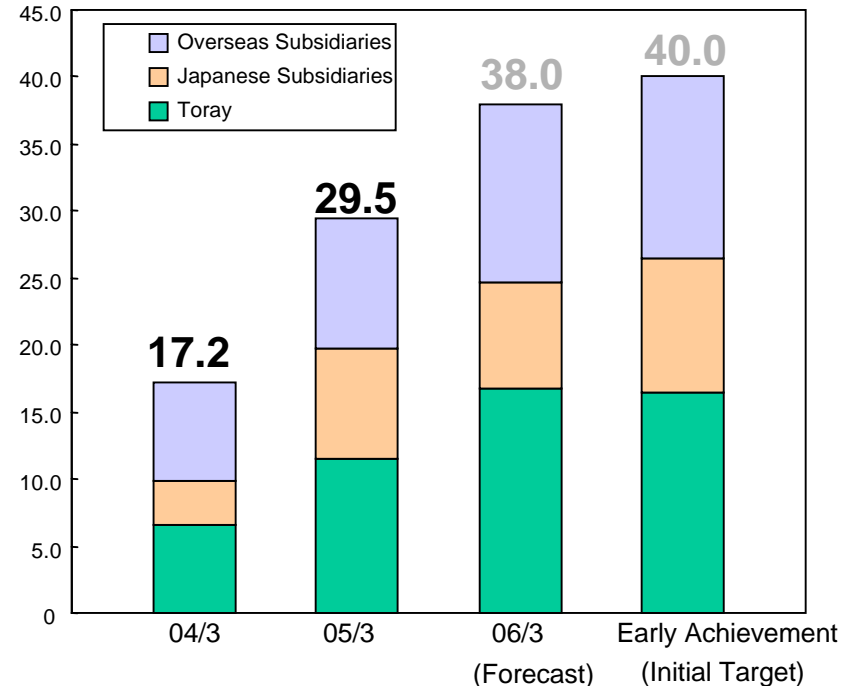
Provision of New Value

Customers
Consumers

Billion ¥ Net Sales of "New Value Creator" Business Models



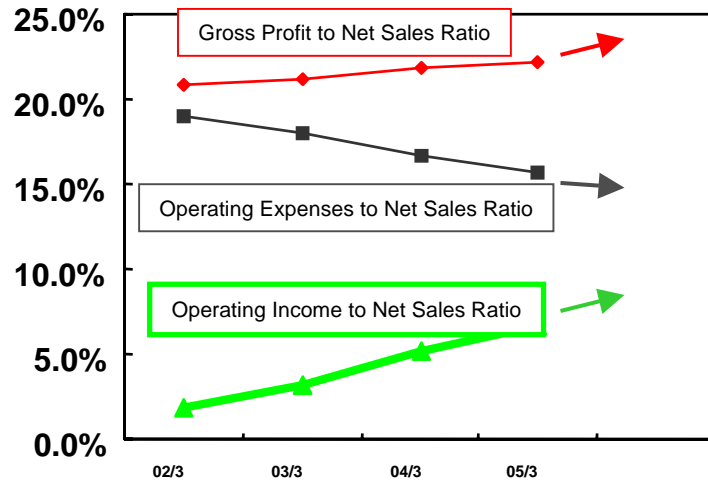
Billion ¥ Gross Profit



5. Strengthening Profit Control by Product

By eliminating products that generate negative gross profit, increasing the number of high-margin products, and lowering the ratio of operating expenses to net sales, Toray aims to raise the operating profit ratio by at least 5% points over the next three years.

Trends in Gross Profit to Net Sales Ratio, Operating Expenses to Net Sales Ratio, and Operating Income to Net Sales Ratio



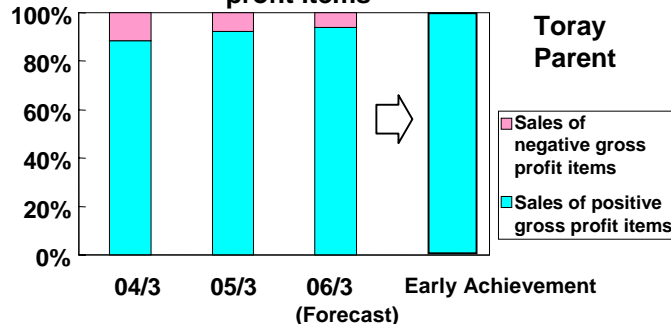
Progress as of FY Mar/2005

Operating income to net sales ratio improved by 1.4% points year-on-year excluding consolidation of Chori and Suido Kiko.

Issues for FY Mar/2006

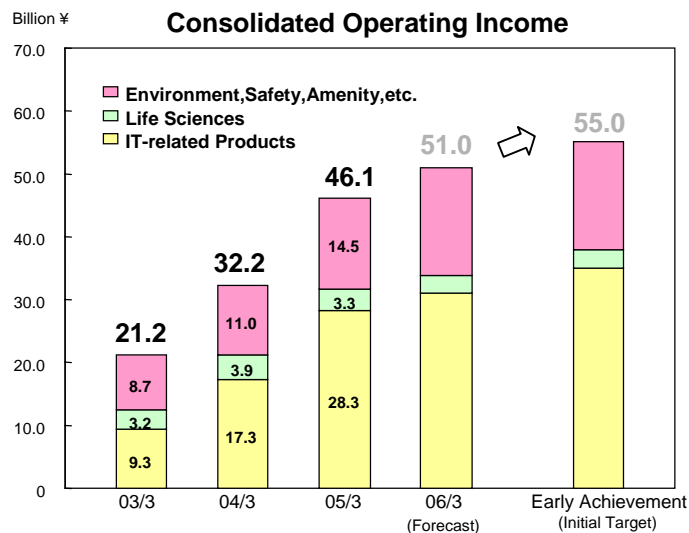
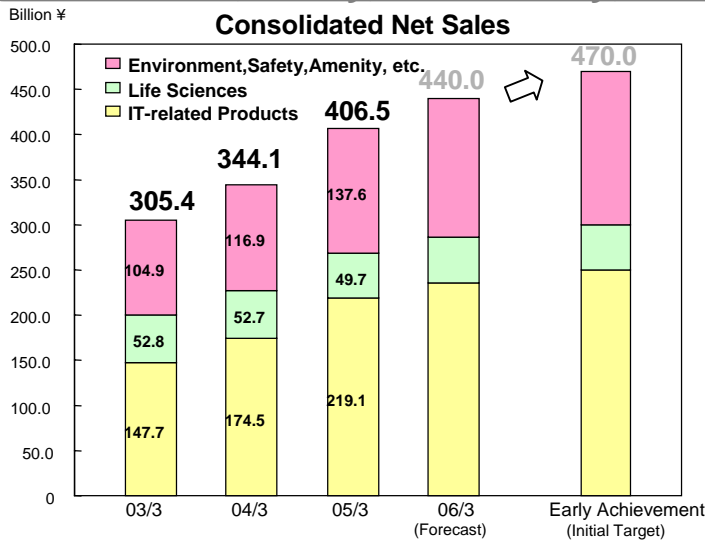
Raise the gross profit ratio by eliminating negative gross profit items and strengthening profit control by product as well as thoroughgoing cost reduction by promotion of JD (self-improvement efforts) project.

Decrease of sales amount ratio of negative gross profit items



6. Expanding Advanced Materials Businesses

Realizing high growth by continuously supplying advanced materials that have been developed using Toray's core technologies primarily into our three growth areas (IT-related products; Environment, Safety, and Amenity; and Life Sciences).



Progress as of FY Mar/2005

1. Consolidated net sales was ¥406.5 billion (target + ¥36.5 billion), consolidated operating income was ¥46.1 billion (target + ¥4.6 billion) at the end of FY ended Mar/2005.
2. Started prototype development facility of Advanced Materials Project and the commercialization is steadily underway.

Issues for FY Mar/2006

1. Promote further expansion of IT-related business areas.
2. Realize commercialization of Advanced Materials Project within a year.

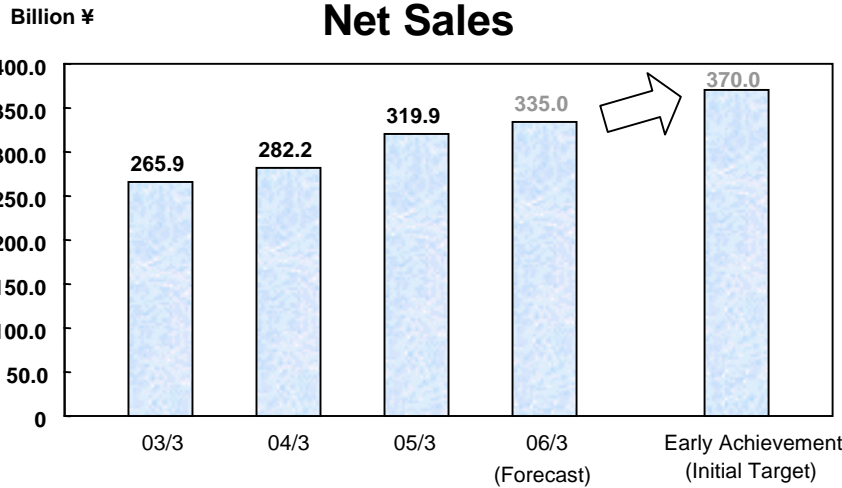
Advanced Materials Project

- Organic EL Materials
- CMP Polishing Pads
- Next Generation Flexible Printed Circuit Boards
- Materials for Flat Panel Displays, etc.

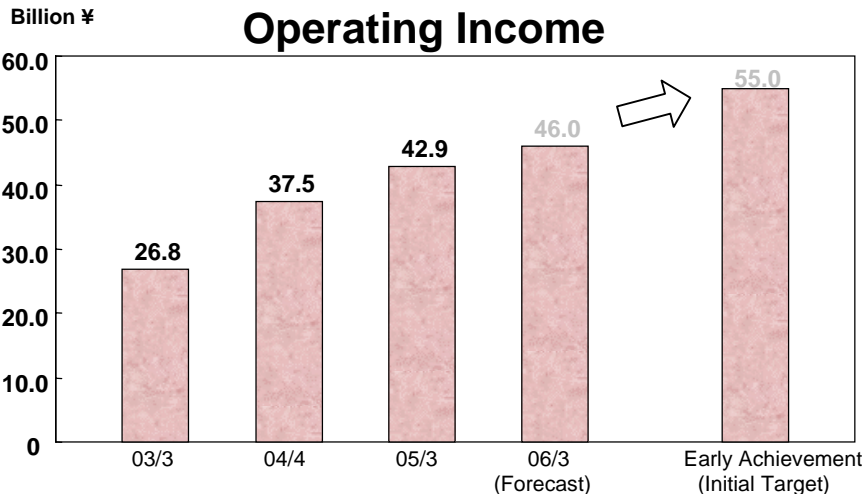
7. Expanding No.1 Businesses

- (1) Establish No.1 businesses expansion strategies
- (2) Allot abundant management resources to No.1 businesses
- (3) Achieve ¥55.0 billion in consolidated operating income as soon as possible

Net Sales



Operating Income



Progresses as of FY Mar/2005

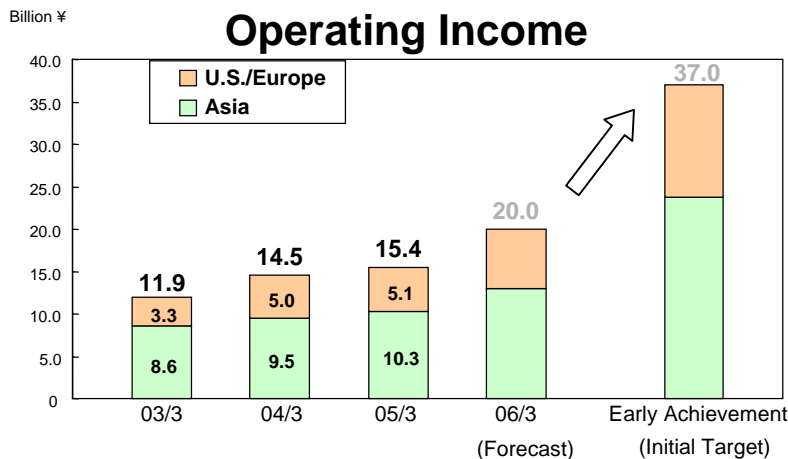
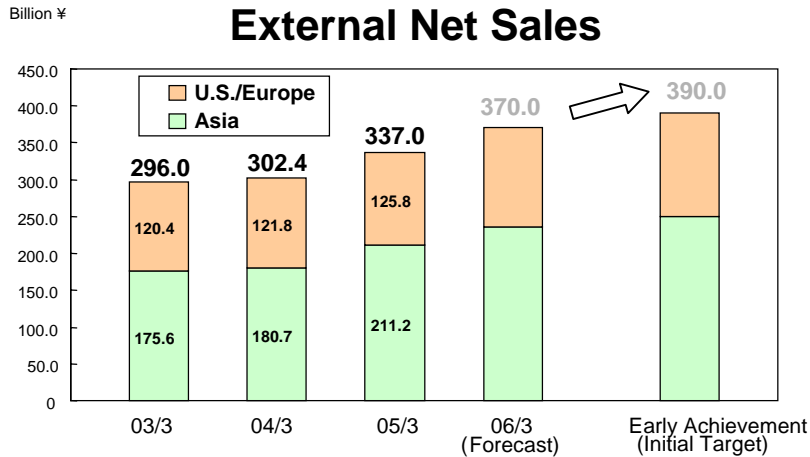
1. Established business expansion strategies for not only existing No.1 Businesses but also future No.1 Business candidates.
2. Consolidated net sales was ¥319.9 billion (target + ¥9.9 billion) and consolidated operating income was ¥42.9 billion (target – 0.1 billion) at the end of FY Mar/2005.

Issues for FY Mar/2006

1. Expand each No.1 business as planned by thorough performance of business expansion strategies established in FY Mar/2005.
2. Allot abundant management resources to capital expenditures of No.1 businesses by order of priority.

8. Expanding Businesses Outside of Japan

- (1) Business Development Project in China : Fibers&Textiles, resin compounding, non-woven fabrics, water treatment business
- (2) Business Development Project in Korea : Electronics & Information-related materials mainly at TSI, STEMCO
- (3) Business Development Project in Thailand : Automobile-related businesses (air-bags, car sheets, etc.)
- (4) Business Development Project in Eastern Europe : Automobile-related, electronics & information-related materials businesses



Progresses as of FY Mar/2005

1. Although the increase range was not so noticeable effected by the high price of raw materials, we have achieved expansion and development in overseas businesses and will promote further expansion.
2. Consolidated net sales was ¥337.0 billion (target +¥27.0 billion) and consolidated operating income was ¥15.4 billion (target - ¥4.6 billion) at end of FY Mar/2005.

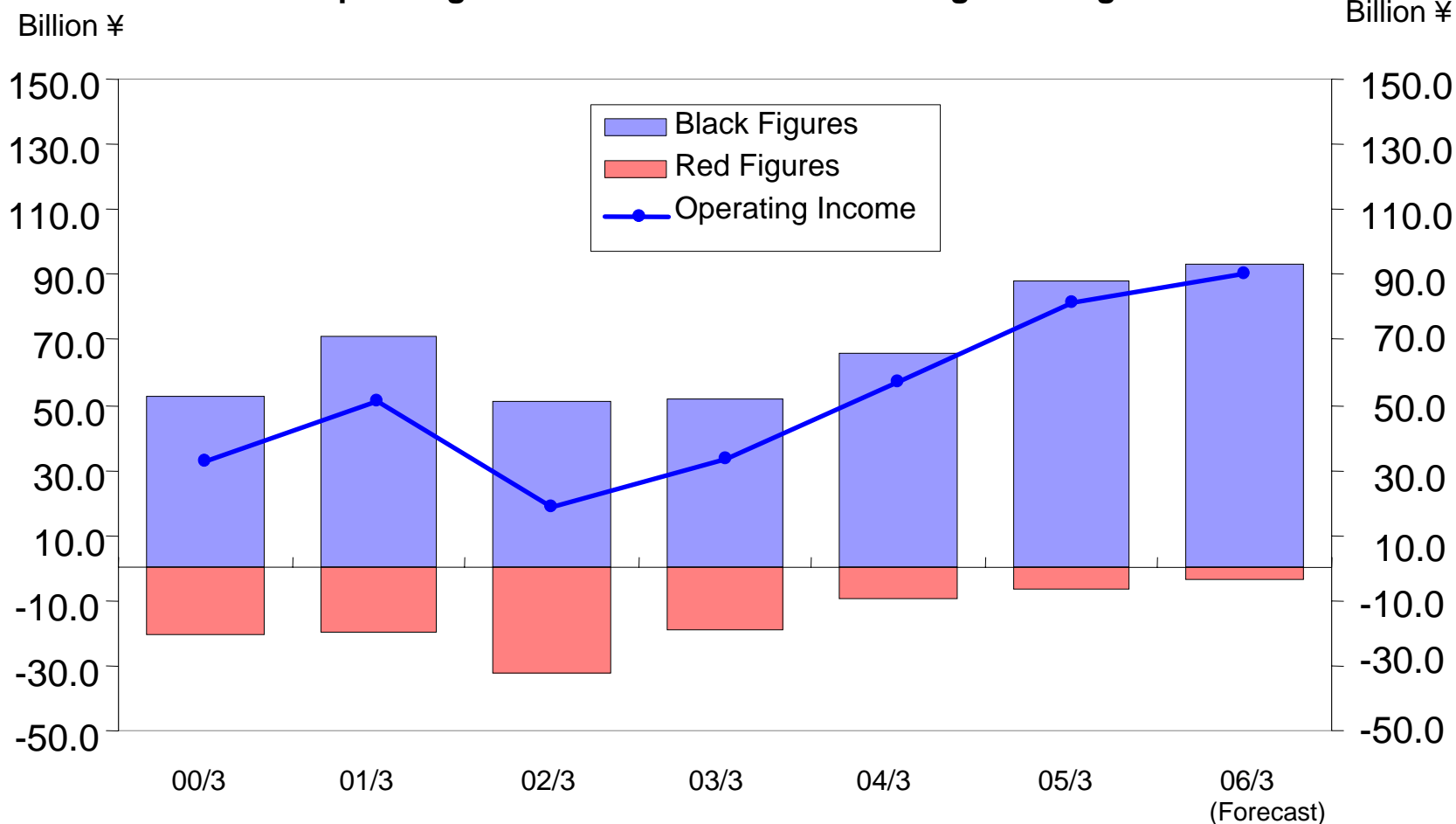
Issue for FY Mar/2006

We will carry out the plans by promoting business structure reform.

Trends in Profitable and Loss-generating Businesses

- (1) Expand profitable businesses
- (2) Improve and turn into the black of loss-generating businesses

Trends in Operating Income of Profitable and Loss-generating Businesses



By promoting NT-II issues, Toray aspires to become a global and highly profitable corporate group and to step-up CSR activities as a priority management issue, including efforts to promote safety, accident prevention, and environmental preservation and ensure compliance with corporate ethics as well as laws and regulations.

Management-related Issues

- Establishment of CSR Committee (cross-cutting committee linking 8 company-wide committees such as Corporate Ethics, Legal Compliance, others)
- Constitution of 「Eight Basic Rules of Corporate Ethics and Compliance」, 「CSR Guidelines」
- Distribution of Corporate Ethics and Compliance Handbook
- Issue of CSR Annual Report (first issued in 2004)

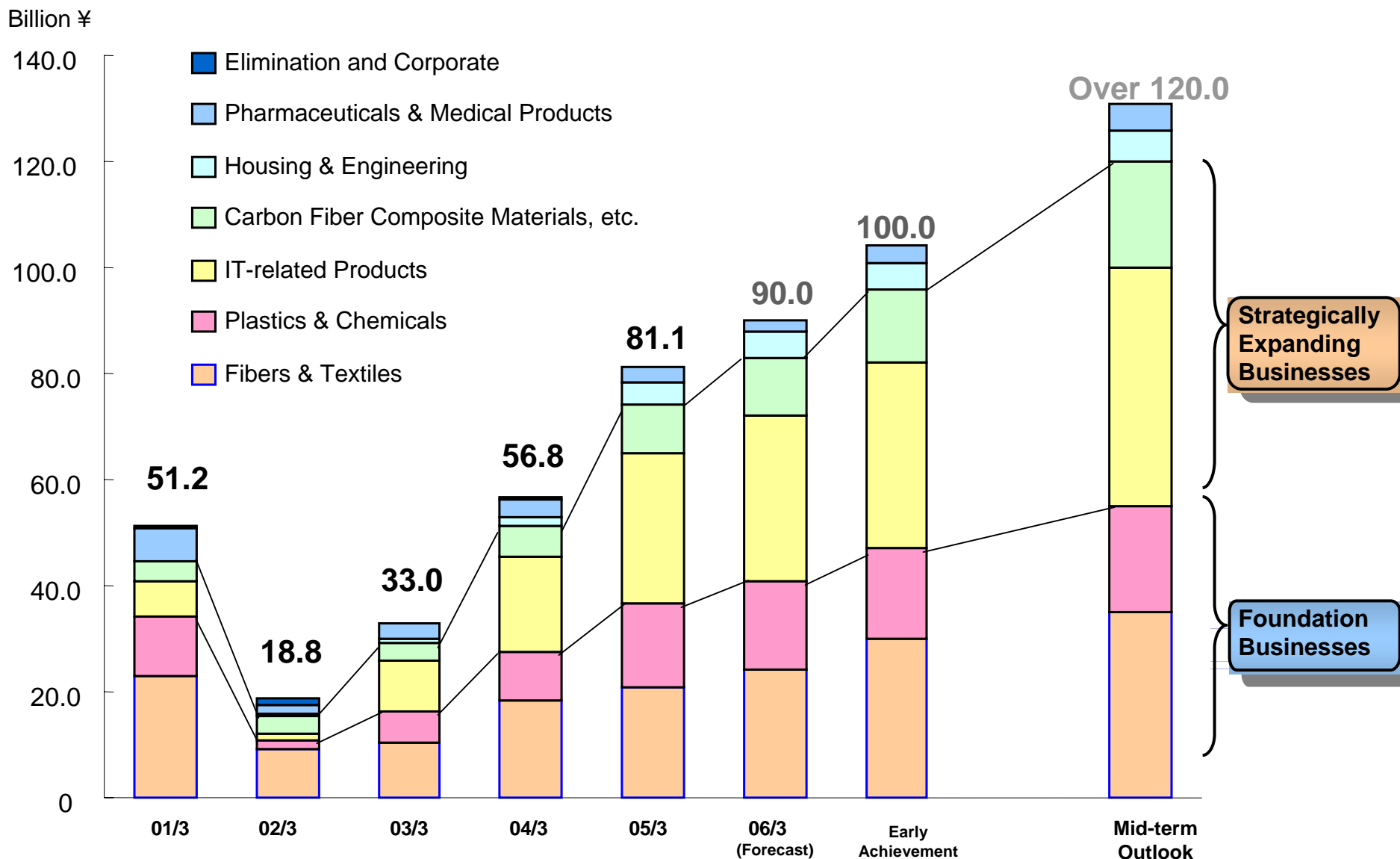
Environment-related Issues

- Promotion of 「Second Three-year Environment Plan」
- Adopted 「Ten Basic Environment Rules」
- Establishment of Global Environment Committee, Safety, Health, and Environment Committee, and Product Safety Committee
- Promotion of Ecology and Recycling projects, etc.

Issues related to the Society

- Holding of regular gatherings by the management with customers, employees, and the labor union
- Support to the advancement of basic science and science education by Toray Science Foundation
- Supporting social activities such as advancement of arts and cultures, and sports, etc.

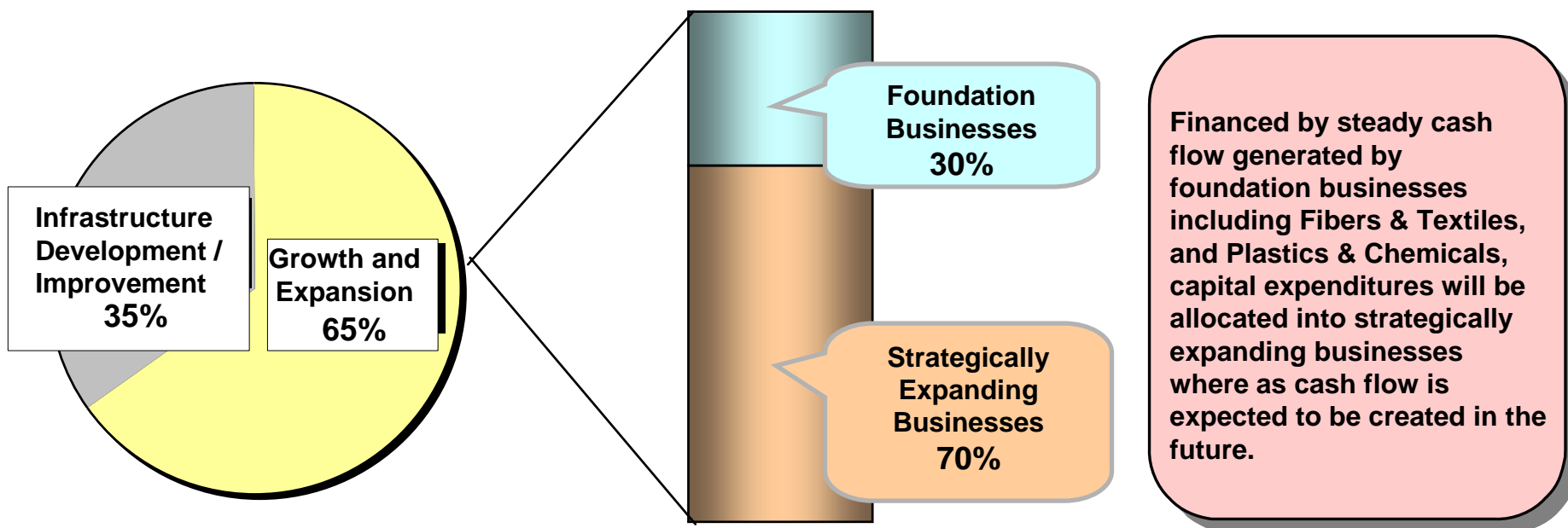
Mid-term Outlook of Toray Group (Operating Income by Business Segment)



Mid-term Capital Expenditures Plan of Toray Group

Capital expenditures during FY Mar/2005 ~ FY Mar/2007 are planned to be 250.0 billion yen of which 65% will be allocated into expanding businesses where 70% is for strategically expanding businesses including IT-related materials and carbon fiber composite materials.

Capital Expenditures will be ¥250 billion within three years



* Infrastructure Development / Improvement = Environment, Safety, Accident Prevention, Optimization of Head Count, Rationalization, Preservation Expenditures, etc.

Major Capital Expenditures of Expanding Businesses

Business Area	Segment	Products	Company	Capacity Increase	Operation Start	Decided Capital Expenditures (05/3 ~ 07/3)
Foundation Businesses	Fibers&Textiles	textiles	TSD	5mill.m → 7.5mill.m	Sep., 2004	about ¥20.0 billion (including other cases)
		nylon fibers for air bags	TTS (Thailand)	0t → 6,000t/yr	Sep., 2004	
		nylon fibers	TFNL (China)	6,000t/yr	Jan., 2005	
		3GT fibers	Mishima Plant	1,500t/yr → 2,500t/yr	May, 2005	
		nylon fibers for air bags	TTS (Thailand)	6,000t/yr → 12,000t/yr	Spring,2006	
	Plastics & Chemicals	PPS resins	Tokai Plant	6,000t/yr → 8,000t/yr	Oct., 2004	
	ultra-thin OPP film	Tsuchiura Plant	18,000t/yr → 19,500t/yr	May, 2006		
Strategically Expanding Businesses	IT-related Products	material for COF tape	Toray Advanced Film	530,000m ² /yr → 700,000m ² /yr	Dec., 2004	about ¥80.0 billion (including other cases)
		high-performance protective film	Toray Advanced Film	700,000m ² /yr → 1mill.m ² /yr	Dec., 2004	
		LCD color filters	Shiga Plant	1.4mill./month → 1.55mill./month	Apr., 2005	
		TAB, COF tape	STEMCO (Korea)	53% increase	Apr., 2005	
		material for COF tape	Toray Advanced Film	700,000m ² /yr → 1mill.m ² /yr	Jan., 2006	
		thick PET film	Gifu Plant TSI (Korea) Penfibre (Malaysia)	70,000t/yr → 110,000t/yr	1st half, 2006	
	Pharmaceuticals& Medical Products	new-type artificial kidney	Okazaki Plant	→ 14mill./yr	Summer, 2005	
	New Products & Other Businesses	carbon fibers, prepregs	SOFICAR(France) Ehime Plant	CF:800t/yr → 2,600t/yr	Oct., 2004	
		carbon fibers, prepregs	CFA, TCA (U.S.)	CF:1,800t/yr → 3,600t/yr Prepreg:5.2 → 11.4mill. m ² /yr	Early 2006	
		carbon fibers, prepregs	Ehime Plant	CF:4,700t/yr → 6,900t/yr Prepreg:5.0 → 10.8mill.m ² /yr	Jan., 2007	
Total						about ¥100.0 billion

Capital expenditures during 05/3 ~ 07/3 planned to be ¥250.0 billion of which about 2/3 will be allocated to growing and expanding businesses.

(decided matters only included)

Recent Topics (1)

	Topics	NT-II Issues			
		Expanding Advanced Materials Businesses	Expanding Global No.1 Businesses	Expanding Businesses Outside Japan	Business Structure Reform, NVC
Feb.	<p>First in the industry to start material recycling of used fans of home air conditioners</p> <p>Co-developed with Mitsubishi Electric the material recycling of used cross-flow fans installed in home air conditioners. First in the industry to separate / reproduce / reuse glass fiber reinforcing AS resins (ASG).</p>				○
Feb.	<p>Developed an environment-conscious new fiber utilizing biomass cellulose</p> <p>Cellulose, one of biomasses which are renewable organic resources, have been made into fibers by the “solution spinning method” using organic solvent which burdens greatly the environment. Toray was successful first in the world in producing biomass fibers with the “melt spinning method,” which is an organic-solvent free, general method of manufacturing polyester and nylon, and developed a new environment-conscious material.</p>	○			
Feb.	<p>Developed the first highly-sensitive polymer chip for protein analysis by the fusion of bio and nano technologies</p> <p>Basic technology for a bio-tool that realizes simple and highly sensitive detection (over 100 times higher than conventional types’) of protein disorders from mL-scale blood samples has been successfully developed.</p>	○			
Mar.	<p>Concluded agreement of co-development and market of new antipruritus drug in hemodialysis patients in Japan</p> <p>Japan Tobacco, Torii Pharmaceutical, and Toray concluded agreement of co-development and market of an opioid receptor agonist (TRK-820) for treating uremic pruritus in hemodialysis patients in Japan.</p>			○	
Mar.	<p>Strengthened resin technology development in the ASEAN region</p> <p>Established a Technology Centre at TPM Co., an ABS resin manufacturing and sales subsidiary in Malaysia, in order to strengthen global competitiveness in the plastic resin businesses. Toray Group will build up technological activity systems to provide fast and precise response for the market needs and make its presence strongly felt as a major player of plastic resin businesses in Asia.</p>	○	○		

Recent Topics (2)

	Topics	NT-II Issues			
		Expanding Advanced Materials Businesses	Expanding Global No.1 Businesses	Expanding Businesses Outside Japan	Business Structure Reform, NVC
Mar.	<p>Expand production capacity of LCD color filters Expanded production capacity for high-performance color filters used in medium and small sized liquid crystal displays (LCDs) in three steps.</p>	○	○		
Mar.	<p>Concluded agreement of co-development and market of a new antipruritus drug for treating itching of atopic dermatitis patients in Japan Maruho Co. and Toray, concluded agreement of co-development and market of an opioid receptor agonist (TRK-820) for treating itching of atopic dermatitis patients in Japan.</p>	○			
Apr.	<p>Concluded agreement of co-development and market of a drug for frequent urination / urinary incontinence Takeda Pharmaceutical and Toray concluded agreement of co-development and marketing of an investigational compound for frequent urination / urinary incontinence (TRK-130 [Toray] / TAK363 [Takeda]).</p>	○			
Apr.	<p>Expand production capacity of carbon fibers and preregs at Ehime Plant Decided to add two lines at Ehime Plant; manufacturing line of carbon fibers and preregs, to respond to the growing demand in carbon fibers led by the composite materials for B787 , the new passenger aircraft of Boeing, as well as general industrial use. Investment will total 25.0 billion yen and operation expected to start from January 2007.</p>	○	○		
Apr.	<p>Accelerated R&D of full-scale practical application of carbon fibers to automobile bodies Succeeded for the first time in the world in high-speed molding technology of carbon fibers composite materials which enables mass production of automobile bodies. Molding time shortened drastically to less than 10 minutes (1/15 of conventional) and realized significant cost reduction as well as contributed greatly to mass production of CFRP applied automobile parts.</p>	○	○		○

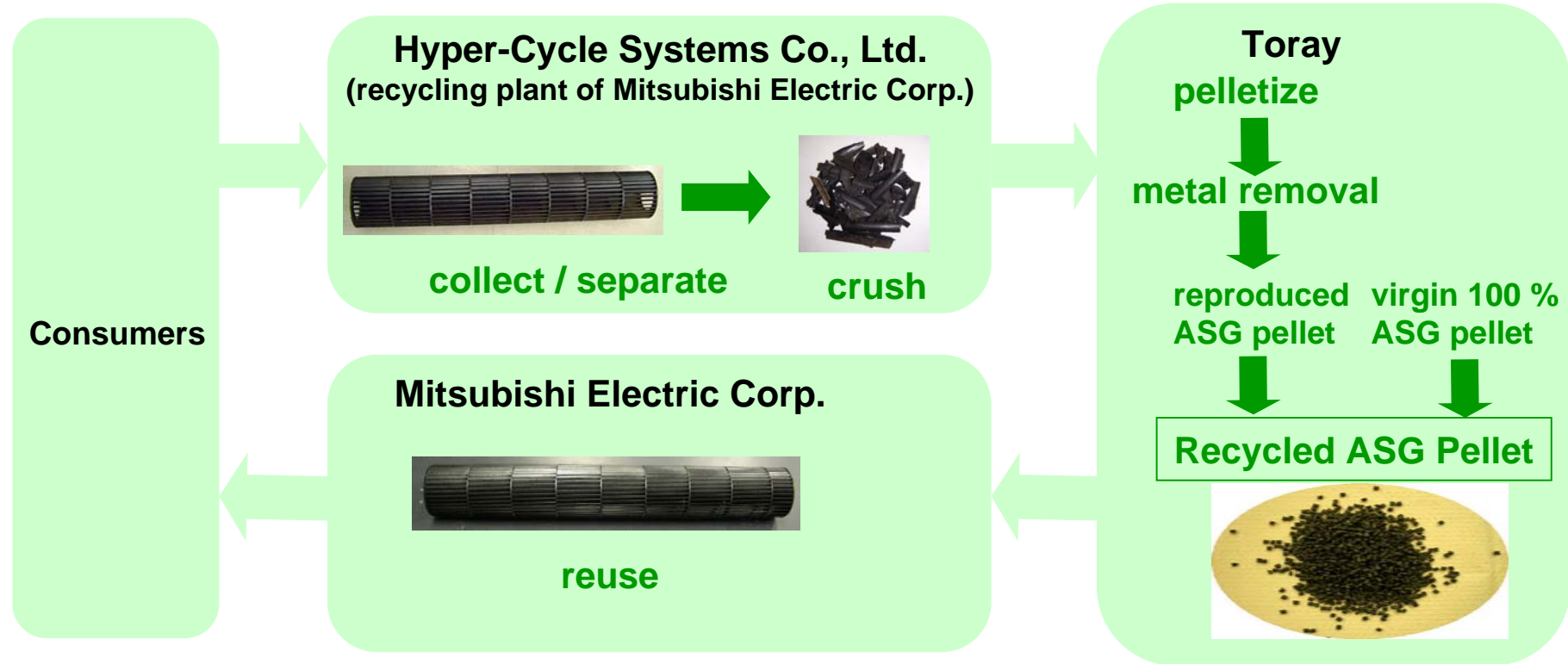
References



First in the Industry to start Material Recycling of Used Fans of Home Air Conditioners



Co-developed with Mitsubishi Electric the material recycling of used cross-flow fans installed in home air conditioners. First in the industry to separate / reproduce / reuse glass fiber reinforcing AS resins (ASG).



Conventional recycling was difficult due to mixing in such substances as attached metal to the fan and cracking of the glass fiber during reproduction. Toray developed an advanced property-recovery technology and quality control system which realized first in the industry the closed-recycling of glass fiber reinforced AS resins.

Cellulose, one of biomasses which are renewable organic resources, have been made into fibers by the “solution spinning method” using organic solvent which burdens greatly the environment. Toray was successful first in the world in producing biomass fibers with the “melt spinning method,” which is an organic-solvent free, general method of manufacturing polyester and nylon, and developed a new environment-conscious material.

Features of Cellulose : “most ample biomass on earth” produced from photosynthesis

Conventional Cellulose-type Fibers

Manufactured only by environmental loading “solution spinning method” which requires organic solvent

Newly-developed Thermoplastic Cellulose-type Fiber

Production possible by organic-solvent free, general method of manufacturing polyester and nylon
“melt spinning method”

<Potential of the Material>

	Thermoplastic Cellulose	PET	Triacetate
Mechanical Properties	○	◎	○
X-section Control / Composition	◎	◎	× ~ △
Coloring	◎	△	◎
Moisture Absorption	○	×	○

Succeed in the development of nonconventional new cellulose-type fibers by utilizing Toray’s superior polymer design technology



Ultra-fine Fibers

Ultra-light Fibers

Highly-modified Fibers

The First Highly-sensitive Polymer Chip for Protein Analysis by the Fusion of Bio and Nano Technologies

Basic technology for a bio-tool that realizes simple and highly sensitive detection (over 100 times higher than conventional types) of protein disorders from μL -scale blood samples has been successfully developed.

<Strategy of our bio-tool business>

Three Studies designed to be "Tailor-made" Medical Businesses

Research to detect disease-related genes (Genomic Analysis)

Research to detect disease-related proteins (Protein Analysis)

Research to validate unknown disease-related proteins (Proteome Analysis)

Highly-sensitive DNA chip (released Sep., 04)

Multi-functional collected-type protein analyzing chip

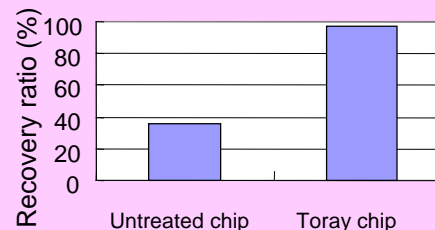
Under investigation (released Feb., 05)

<Three features of this development>

1. Suppression of protein absorption to plastic

Issue on plastic chips

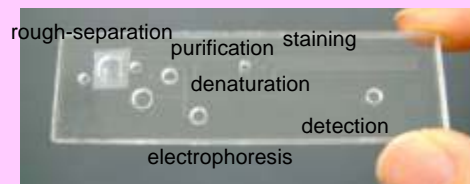
Proteins are trapped onto the surface of the plastic chips, that leads to the obstacle to analysis



Prevention of protein absorption by utilizing **nano-scale surface modification technology** delivered from the development of our medical products

2. Integrated functions on a single chip (focusing on automatic protein analysis)

Utilizing **high precision micro-fabrication technologies**



World's first multi-functional chip

3. Highly-sensitive detection of proteins (over 100 times higher than conventional type)

Achieved by noise reduction (signal/noise ratio)

Strengthen Resin Technology Development in the ASEAN Region

Established a Technology Centre at TPM Co., an ABS resin manufacturing and sales subsidiary in Malaysia, in order to strengthen global competitiveness in the plastic resin businesses. Toray Group will build up technological activity systems to provide fast and precise response for the market needs and make its presence strongly felt as a major player of plastic resin businesses in Asia.



New-product development based on market needs

Production technology development for the advancement of productivity and quality

Advancement of technological service to the customers

Strengthening Resins Businesses in ASEAN

- Positive Investment
 - Development of Global Technological R&D System
- PBT resin polymerization starts in Malaysia (2006)
- Capacity increase of compounding facilities in Thailand
- Establishment of TPM Technology Centre

Strengthen Toray's Presence as a Major Player of Plastic Resin Businesses in Asia

Expands Production Capacity of LCD Color Filters **TORAY**

Expanded production capacity for high-performance color filters used in medium and small size liquid crystal displays (LCDs) in three steps.

<Toray Color Filter Production Line>

[Existing Line]

LM-3 : Size 400mm x 500mm Capacity : 80,000 sheets/month

LM-4 : Size 620mm x 750mm Capacity : 60,000 sheets/month



[New Line] - Medium/ Small Size Exclusive Plant (for high-end high value-added products) -

LM-5 : Divisional capacity increase in 3 stages of 3rd to 4th generation size line

1st Stage : Size 550mm x 670mm ~ 620mm x 750mm Capacity : 15,000 sheets/month (start April,05)

2nd Stage: Size 550mm x 670mm ~ 620mm x 750mm Capacity : 15,000 sheets/month (date TBA)

3rd Stage : TBA

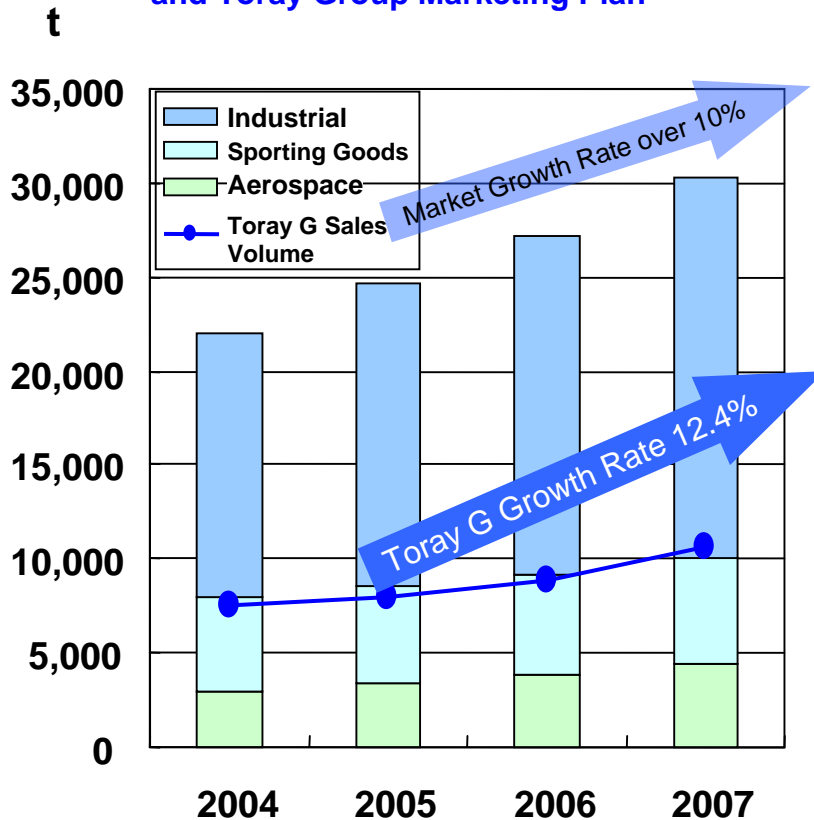
<Target>

1. To maintain / expand top share in the color cellular phone market (600 million units around 2007, color ratio 90%)
2. Main production line of medium/small size LCD is expected to expand to 3rd ~4th generation from 1st ~2nd.
3. Capacity increase is based on a prediction that substantial shortage will appear mainly in 3rd generation color filters.

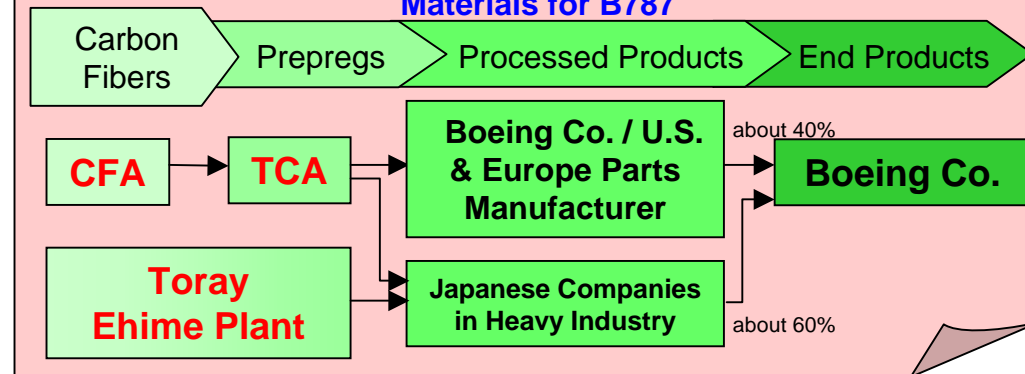
Expands Production Capacity of Carbon Fibers and Prepregs at Ehime Plant **TORAY**

Decided to add two lines at Ehime Plant; manufacturing line of carbon fibers and prepregs, to respond to the growing demand in carbon fibers led by the composite materials for B787, the new passenger aircraft of Boeing, as well as general industrial use. Investment will total 25.0 billion yen and operation expected to start from January 2007.

CF Demand Forecast by Application and Toray Group Marketing Plan



Supply Chain of Carbon Fibers Composite Materials for B787



Toray Group Production Capacity of Carbon Fibers

() figures are those decided capacity increase at this time

t / yr	Current	2006	2007
Japan (Ehime)	4,700	4,700	6,900 (+2,200)
France (SOFICAR)	2,600	2,600	2,600
U.S.A. (CFA)	1,800	3,600	3,600
Group Total	9,100	10,900	13,100 (+2,200)

Toray Group Production Capacity of Prepregs

() figures are those decided capacity increase at this time

Thousand m ² / yr	Current	2006	2007
Japan (Ehime)	5,000	5,000	10,800 (+5,800)
U.S.A. (TCA)	5,200	11,400	11,400
Group Total	10,200	16,400	22,200 (+5,800)

Accelerated R&D of Full-scale Practical Application of Carbon Fibers to Automobile Bodies

Succeeded for the first time in the world in high-speed molding technology of carbon fiber composite materials which enables mass production of automobile bodies. Molding time shortened drastically to less than 10 minutes (1/15 of conventional type) and realized significant cost reduction as well as contributed greatly to mass production of CFRP applied automobile parts.

Merits of CFRP

- Lightweight
- Safety

Issues of CFRP

- Establishment of mass-production technology
- Cost reduction

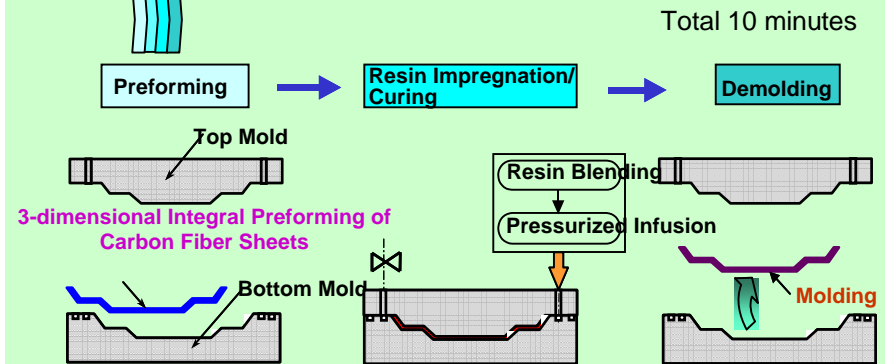
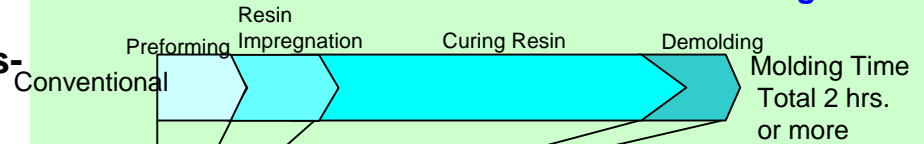
Establishment of "Short-cycle Integral Molding"

- Improved drastically the resin impregnation speed
- Upgraded significantly the liquidity and curing speed of resins while molding
- Introduced new 3-dimensional integral preforming technology of carbon fiber sheets

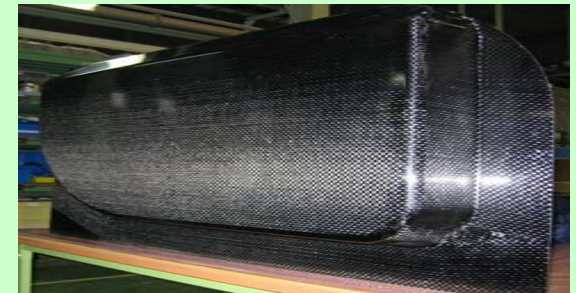
◆ Great contribution to mass production of CFRP applied automobile parts

◆ Development of possible applications such as aircraft materials

Production Process of CFRP Molding



Automobile Door Parts (prototype)



Descriptions of predicted business results, projections, and business plans for the Fiscal Year ending March 2006 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.