

August 4, 2005

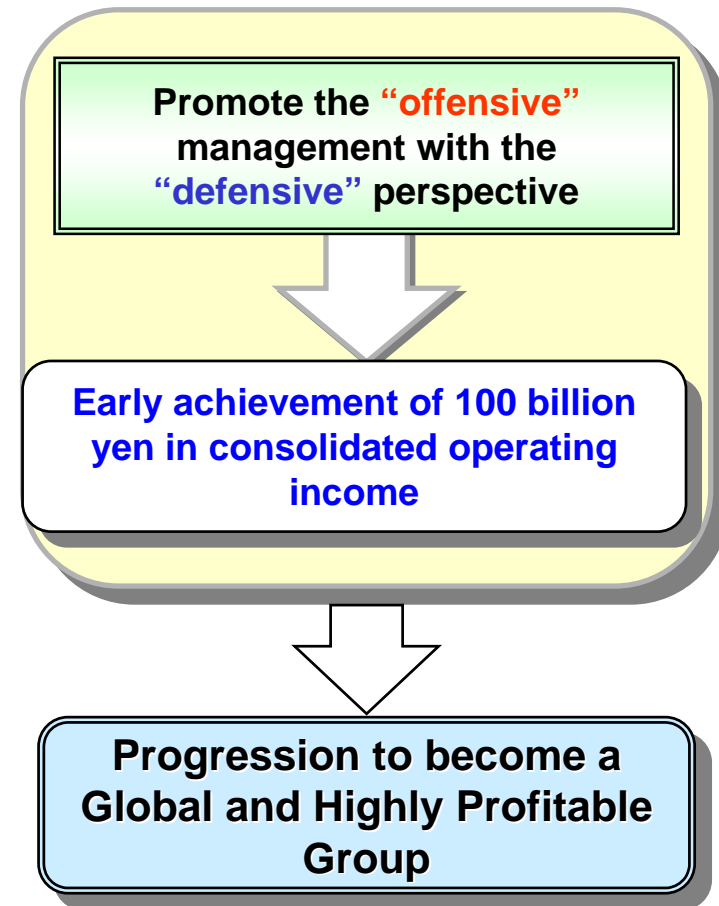
**Announcement of Business Results
for the First Quarter of
Fiscal Year Ending March 2006**

**Sadayuki Sakakibara, President
Toray Industries, Inc.**

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Major Issues of “Project NT-II”

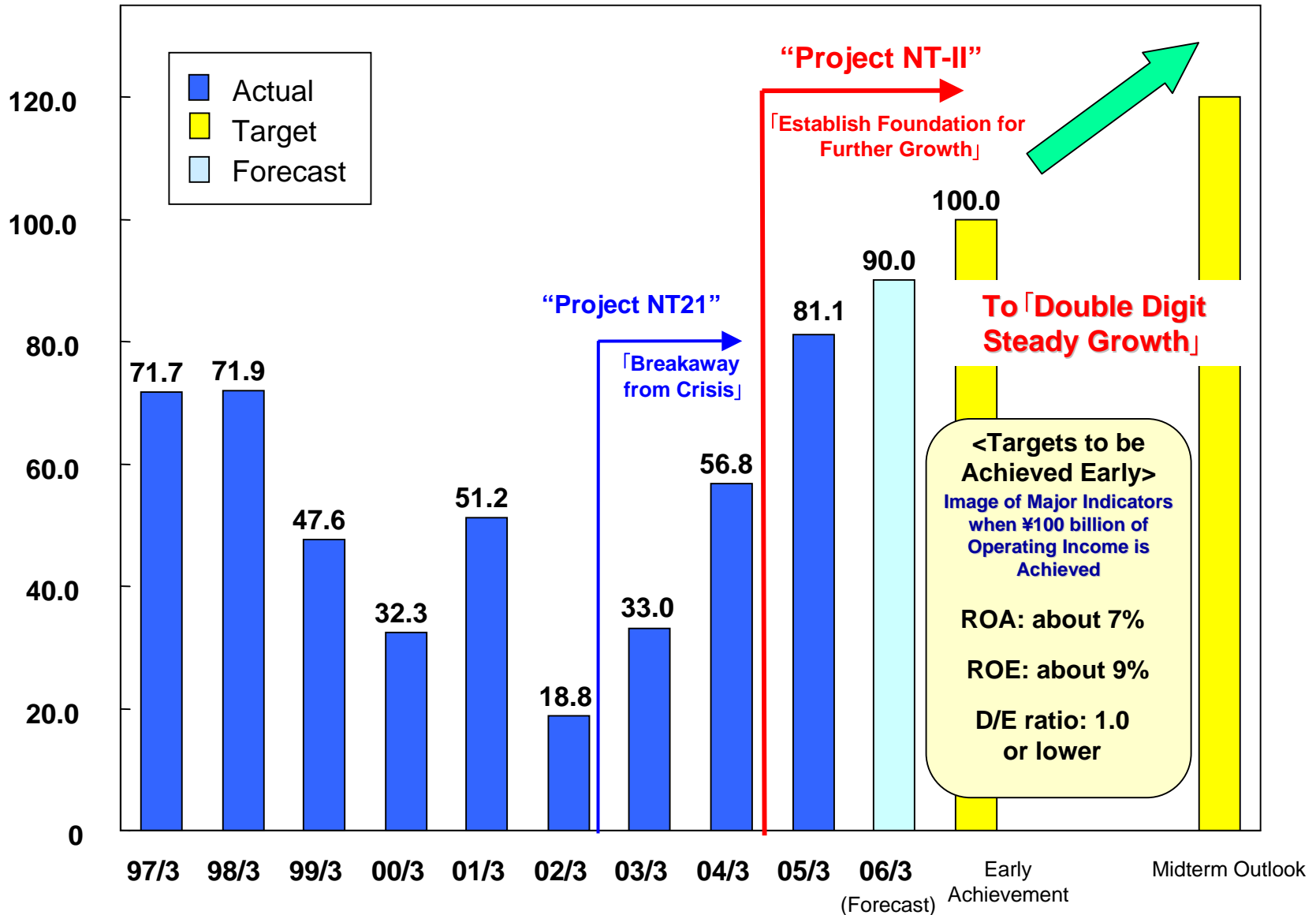
Management Issues	Projects
Developing innovative attitudes and ideas / Reinforcing corporate structure (management issues from a “defensive” perspective)	(1) Activating corporate culture
	(2) Mar/2005: Strengthening cost competitiveness April/2005 and beyond: Promoting self-improvement efforts
	(3) Strengthening financial structure
	(4) Promoting marketing innovation
Expanding revenues and profits through business structure reform (management issues from an “offensive” perspective)	(5) Strengthening profit control by product
	(6) Expanding advanced materials businesses
	(7) Expanding No. 1, only 1, first 1 businesses
	(8) Expanding businesses outside of Japan



Target Numbers in NT-II

¥ Billion

Operating Income Trend, Plan, and Outlook



Summary of Business Results for the 1Q of FY March/06

Billion ¥

	1Q FY Mar/05	1Q FY Mar/06	Changes
Net Sales	272.1	324.1	+52.0 (+19.1%)
Cost of Sales	210.5	256.9	+46.4 (+22.0%)
Gross Profits	61.6	67.2	+5.6 (+9.1%)
(Gross Profit to Net Sales)	22.6%	20.7%	-1.9 points
Operating Income	16.1	15.9	-0.2 (-1.2%)
(Operating Income to Net Sales)	5.9%	4.9%	-1.0 points
Non-operating Income and Expenses, net	0.4	▲ 0.9	-1.3 (-)
Ordinary Income	16.5	15.0	-1.5 (-9.3%)
Special Credits and Charges, net	▲ 1.1	▲ 2.1	-1.0 (-)
Net Income	8.8	6.4	-2.4 (-27.2%)

Excluding Chori and Suido Kiko Effects

	1Q FY Mar/05	1Q FY Mar/06	Changes
Net Sales	272.1	276.3	+4.1 (+1.5%)
Cost of Sales	210.5	213.9	+3.3 (+1.6%)
Gross Profits	61.6	62.4	+0.8 (+1.3%)
(Gross Profit to Net Sales)	22.6%	22.6%	-0.0 points
Operating Income	16.1	15.8	-0.4 (-2.3%)
(Operating Income to Net Sales)	5.9%	5.7%	-0.2 points

Percentage of Achievement in Midterm Operating Income to Forecast

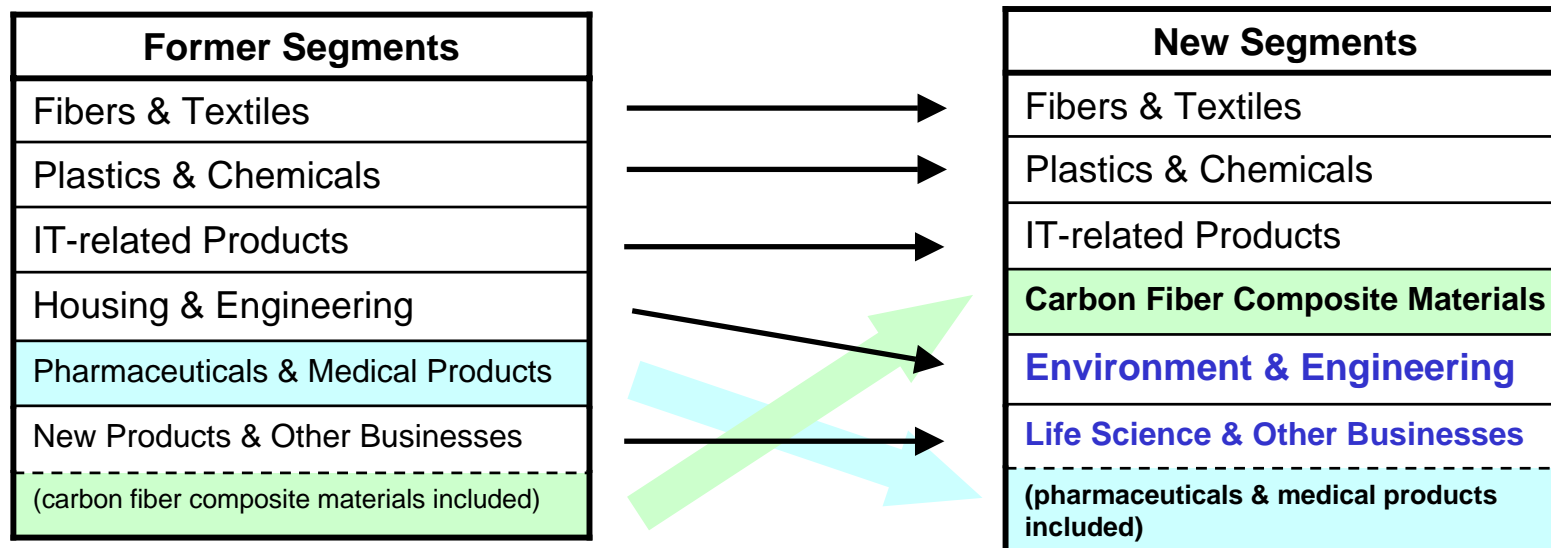
	FY Mar/05	FY Mar/06
First Quarter Operating Income	16.1	15.9
Midterm Operating Income FY Mar/05 : Actual FY Mar/06 : Forecast	35.6	34.0
Percentage of Achievement	45.3%	46.9%

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

*FY Mar/06 midterm forecast is that announced in May 2005

Changes in Business Segments

	Changes	Reasons for the Changes
Revision of Business Segments	Make “Carbon Fiber Composite Materials” an independent sector	Operating income is expected to grow up to around 10% of consolidated operating income in this fiscal year according to business expansion
	Merge pharmaceuticals and medical products in “Life Science & Other Businesses”	The current business scale has got relatively small, while still aiming for business expansion in the medium and long-term
Renaming of Business Segments	Rename “Housing & Engineering” to “Environment & Engineering”	Clarify Toray’s business strategies to expand environmental businesses including water treatment
	Rename “New Products & Other Businesses” to “Life Science & Other Businesses”	Merge “Pharmaceuticals & Medical Products” and “New Products & Other Businesses” excluding carbon fiber composite materials

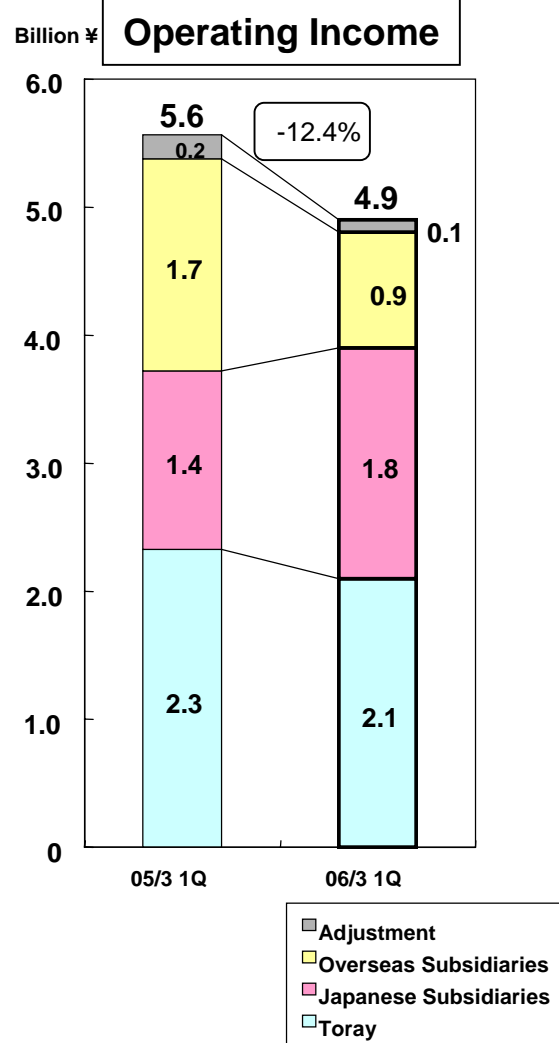
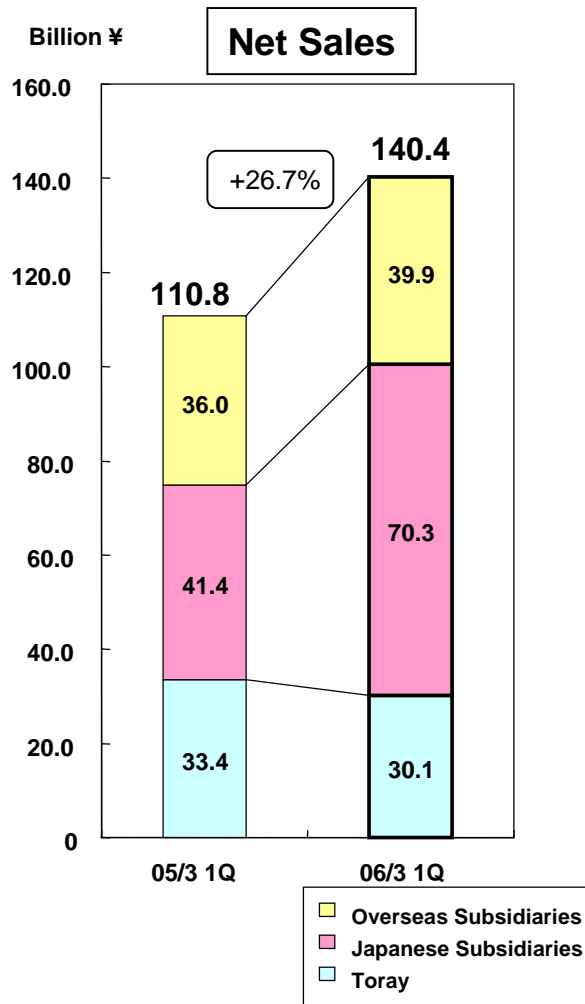


Results by Business Segment

Billion ¥

	Net Sales			Operating Income			Comments
	1Q FY Mar/05	1Q FY Mar/06	Changes	1Q FY Mar/05	1Q FY Mar/06	Changes	
Fibers & Textiles	110.8	140.4	+29.6 (+26.7%)	5.6	4.9	-0.7 (-12.4%)	Sales increased by consolidation of Chori however income decreased due to high price of raw materials and fuels mainly in Asian subsidiaries.
Plastics & Chemicals	65.3	78.0	+12.7 (+19.4%)	3.0	3.9	+1.0 (+32.8%)	Sales increased by consolidation of Chori. Overseas sales and income increased through efforts of passing raw materials and fuel prices on to customers and shift to high-value added products in Asia, Europe, and US.
IT-related Products	51.8	51.7	-0.1 (-0.2%)	6.7	5.0	-1.6 (-24.7%)	Income decreased due to demand adjustment in the IT-related business which was healthy in the previous year. Sales was flat effected by Chori consolidation.
Carbon Fiber Composite Materials	10.6	11.9	+1.4 (+12.8%)	1.5	2.6	+1.1 (+71.4%)	Sales and income increased through sales expansion in all applications together with capacity increase effect at European subsidiary.
Environment & Engineering	16.0	24.7	+8.7 (+54.4%)	▲ 1.0	▲ 0.9	+0.1 (-)	Sales increased through sales expansion of construction-related and engineering-related subsidiaries and by consolidation effect of Suido Kiko.
Life Science & Other Businesses	17.7	17.4	-0.2 (-1.2%)	0.3	0.3	-0.0 (-3.2%)	Sales decreased due to tough competition in pharmaceuticals and medical products market, though income improved through promotion of corporate structure reinforcement.
(Pharmaceuticals & Medical Products included)	9.9	9.3	-0.6 (-5.6%)	▲ 0.4	▲ 0.1	+0.3 (-)	
Consolidated	272.1	324.1	+52.0 (+19.1%)	16.1	15.9	-0.2 (-1.2%)	

Results by Business Segment (Fibers & Textiles)



Comments

Toray

Sales expansion of industrial use mainly in automotive applications covered the sluggish apparel business, however, total sales dropped due to increase of inter-company elimination caused by consolidation of Chori.

Despite of efforts in passing raw materials and fuel prices on to customers and shift to high-value added products, income decreased due to soaring raw materials and fuel prices.

Japanese Subsidiaries

Sales and income increased through consolidation of Chori.

Overseas Subsidiaries

Income decreased due to effect of high price of raw materials and fuels in Asian subsidiaries as well as slump in European subsidiaries.

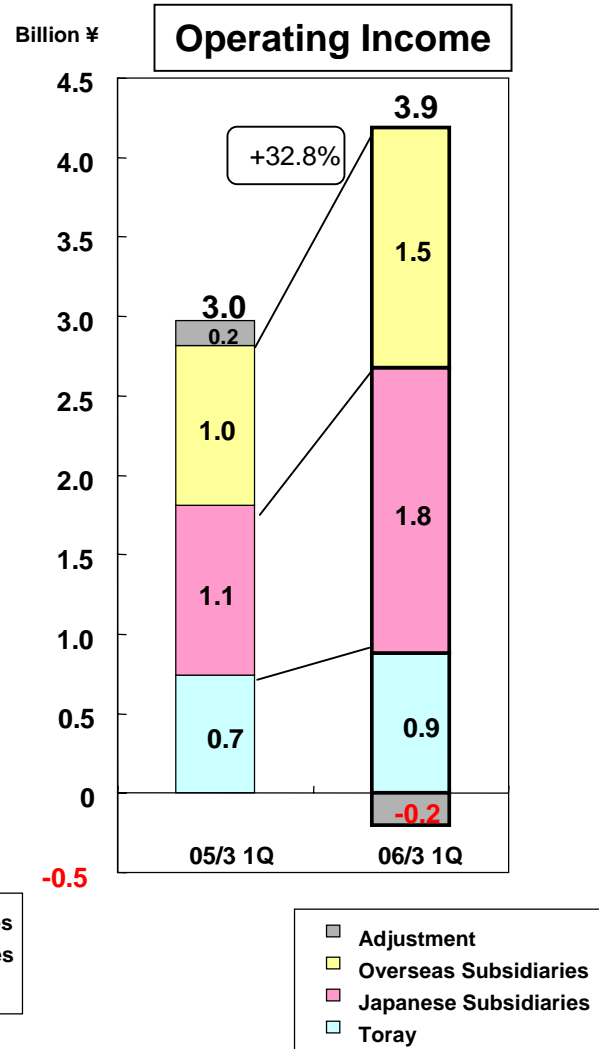
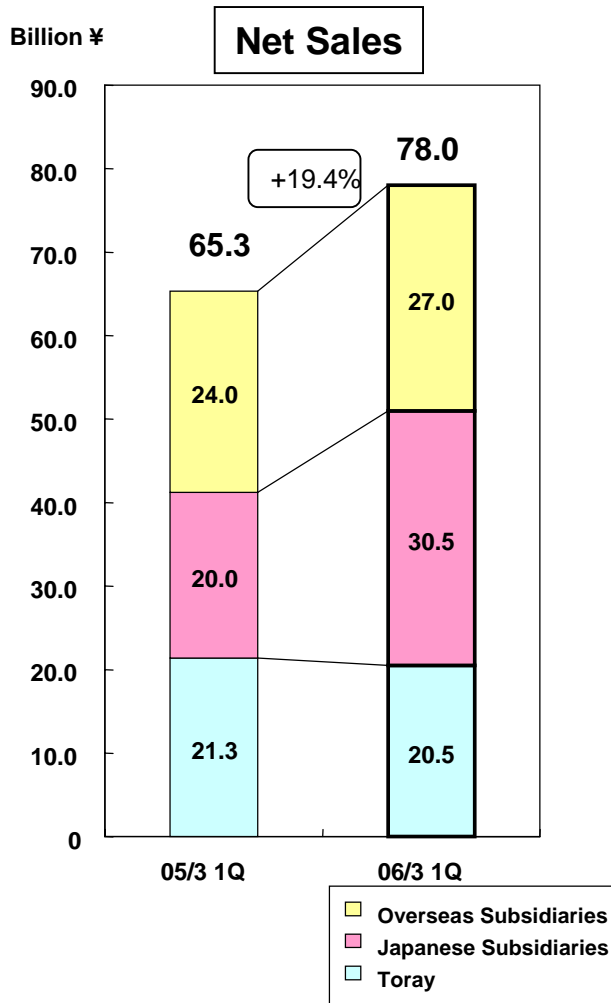
<Major Subsidiaries>

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)



Comments

Toray

Film business was partially transferred to a subsidiary and sales of chemicals dropped due to holding to sell caprolactum out of Toray Group, however, excluding these effects, resins, films, and chemical businesses were good and substantial sales increased.

Japanese Subsidiaries

Sales and income increased through consolidation of Chori and transfer of packaging film business from Toray to a film-processing subsidiary.

Overseas Subsidiaries

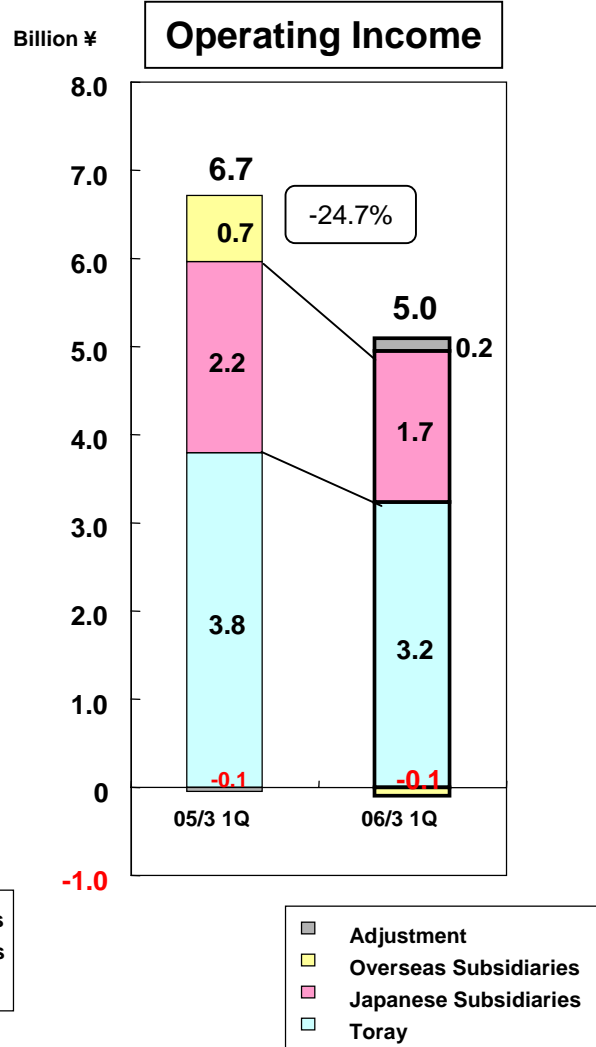
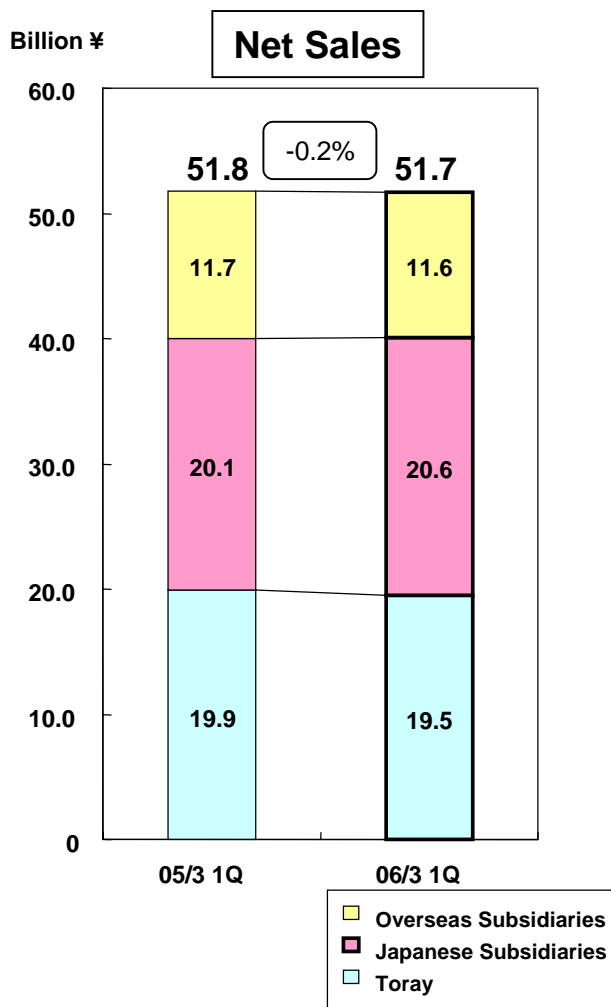
Sales and income increased through passing raw materials and fuel prices on to customers and promotion of business structure reform.

<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.

Results by Business Segment (IT-related Products)



Comments

Toray

Digital-related products have entered the demand adjustment phase since the latter half of the previous fiscal year so total sales and income decreased due to sales drop of circuit materials, etc.

Japanese Subsidiaries

Sales increased through consolidation of Chori, however, income decreased due to shipment decline of LCD-related equipment resulted from the adjustment in LCD panel investments which were in good form in 1Q FY Mar/05.

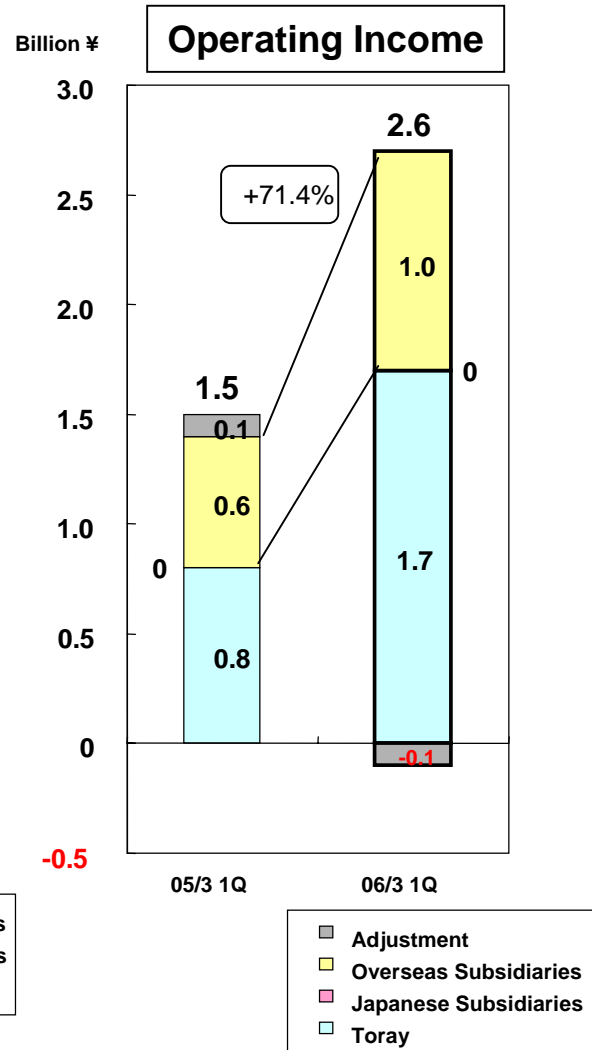
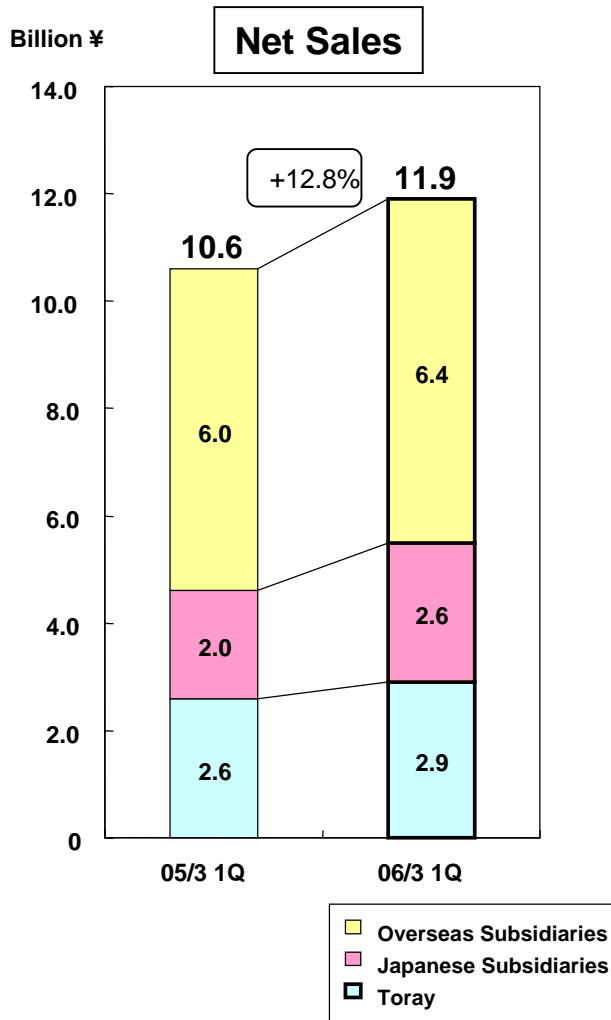
Overseas Subsidiaries

Sales and income decreased by demand decline of magnetic tapes in Korean subsidiary together with inventory adjustment by circuit materials' customers.

<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 (Carbon Fiber Composite Materials)



Comments

Toray

Sales and income increased through good businesses in all applications mainly in aircrafts, industrials including machine parts, sports, especially golf shafts and others as well as progress in shift to high-profitable products.

Japanese Subsidiaries

Results are sales of Toray International Inc. (a trading subsidiary)

Overseas Subsidiaries

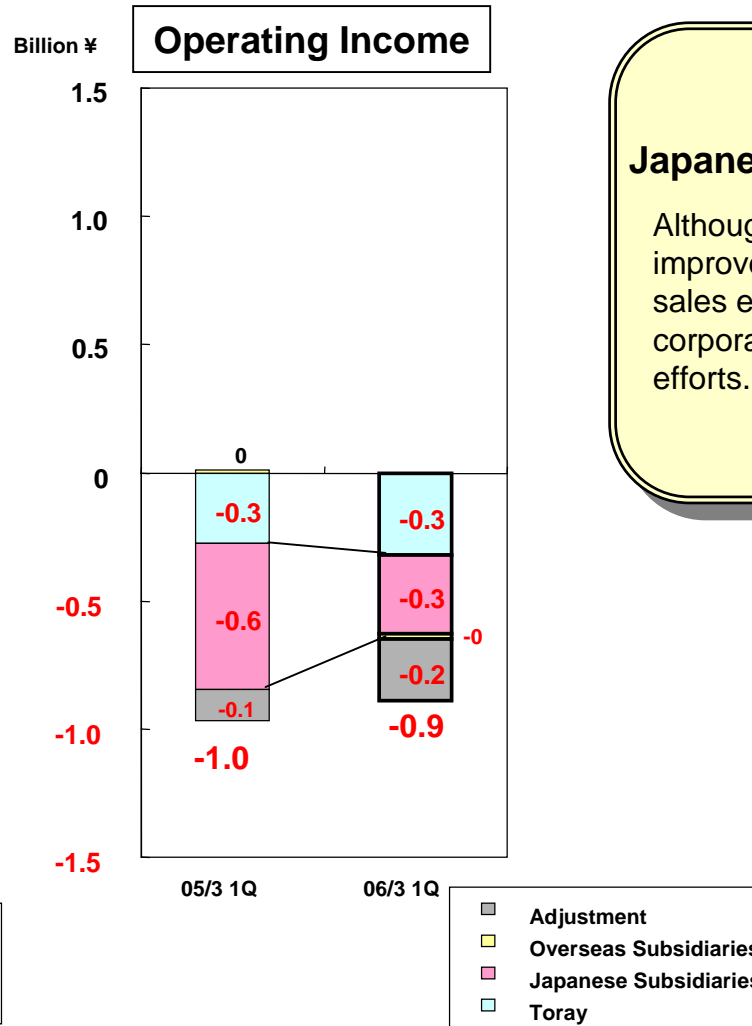
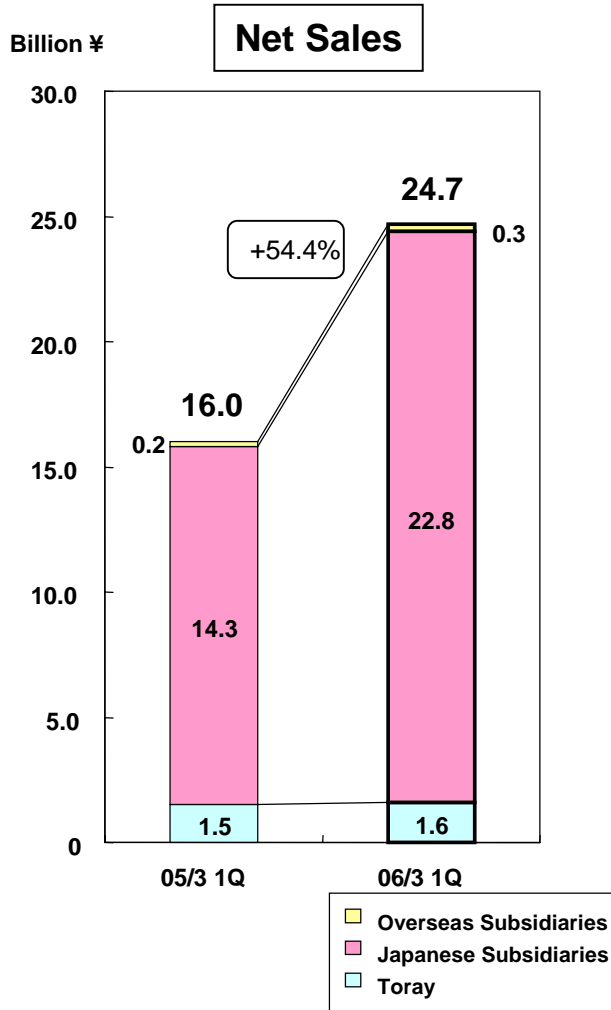
Sales and income increased through sales expansion of aircrafts and industrials together with capacity increase effect at European subsidiary.

<Major Subsidiaries>

Japan : Toray International Inc.

Overseas : SOFICAR (France), etc.

Results by Business Segment (Environment & Engineering)



Comments

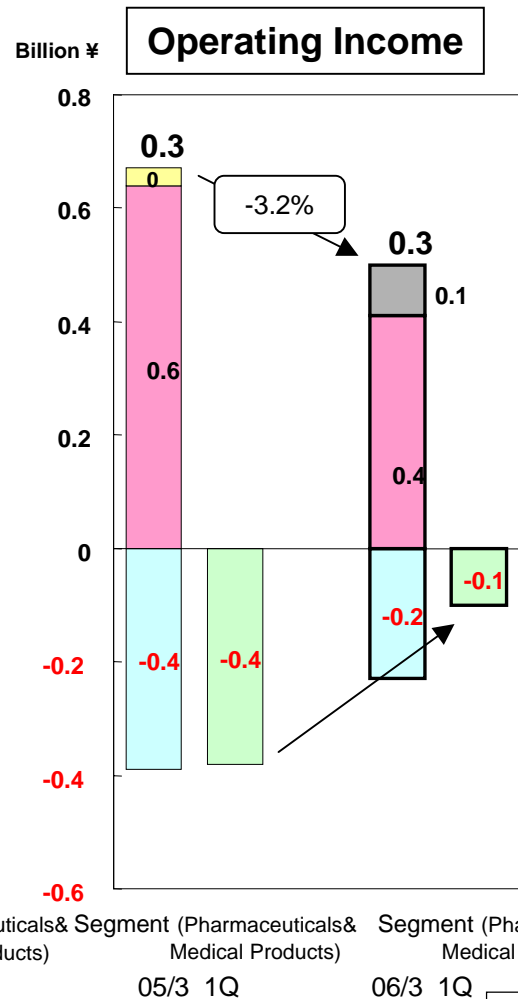
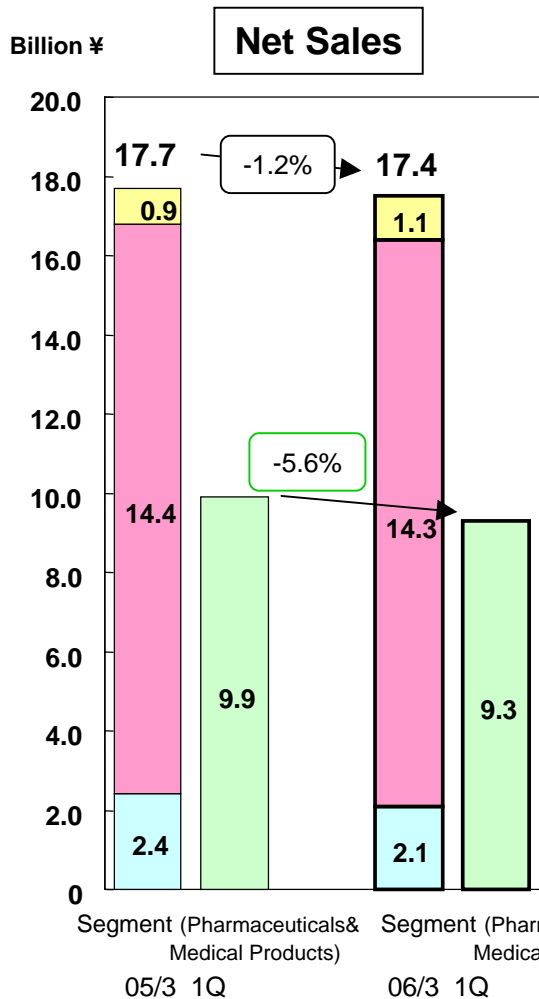
Japanese Subsidiaries

Although Suido Kiko was in red, profit improved through each subsidiary's sales expansion and promotion of corporate structure reinforcement efforts.

<Major Subsidiaries>

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

Results by Business Segment (Life Science & Other Businesses)

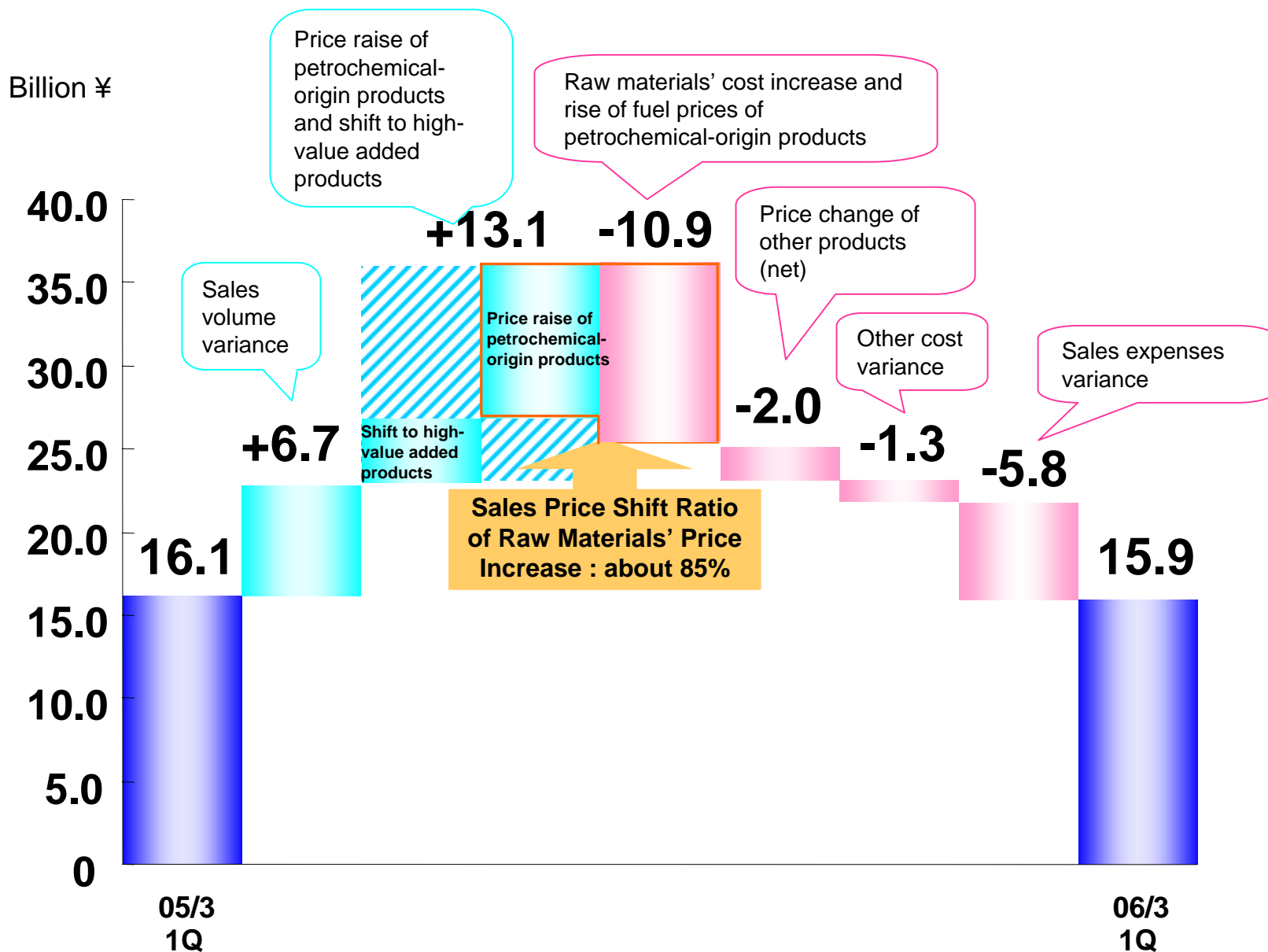


Comments

Sales decreased due to tough competition in pharmaceuticals and medical products market while income improved through corporate structure reinforcement efforts.



Income Variance Factor Analysis



Midterm Forecast Summary

Billion ¥

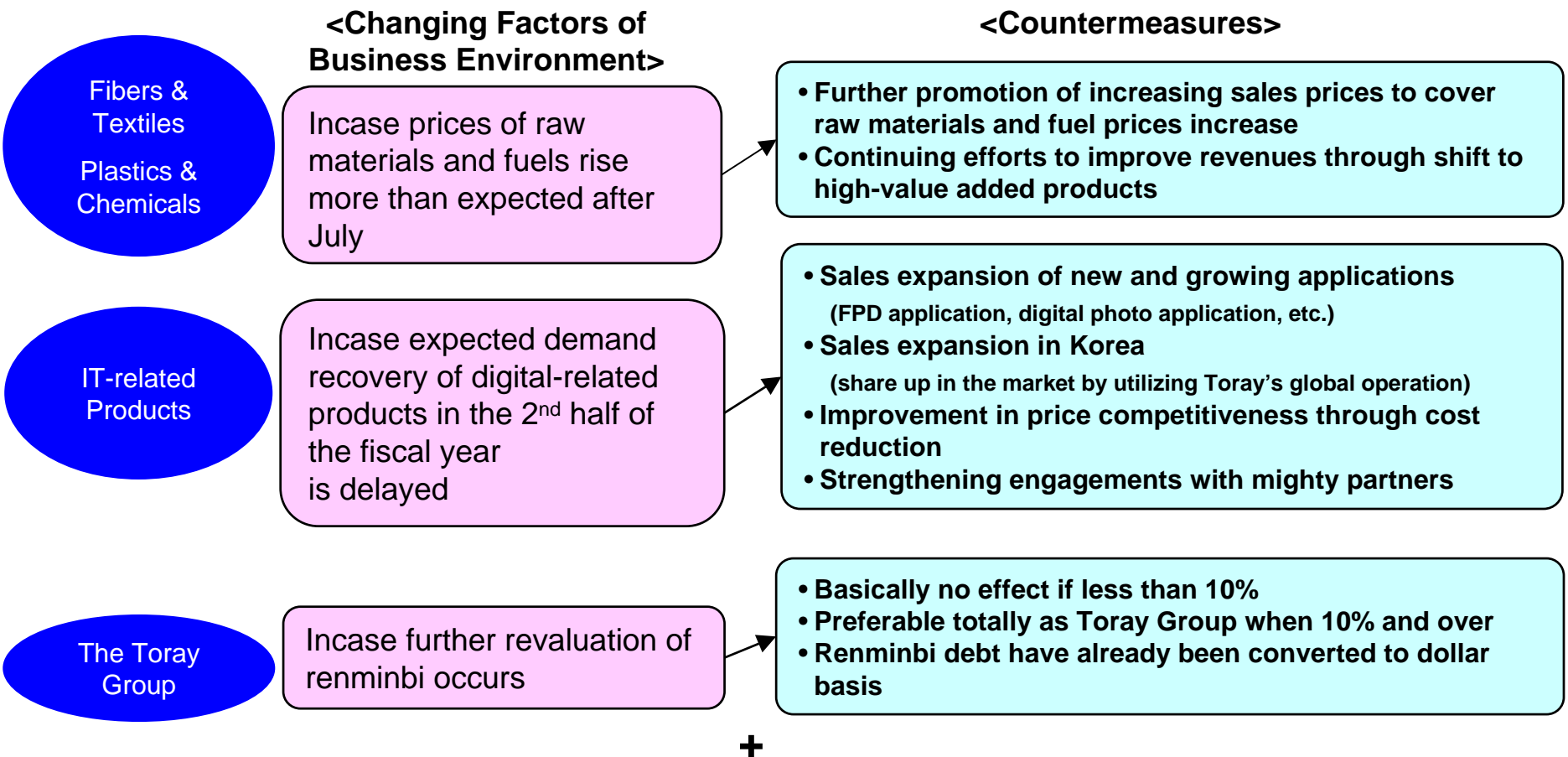
	FY Mar/05 Midterm <Actual>	FY Mar/06 Midterm <New Forecast>	Changes	FY Mar/06 Midterm <Initial Forecast>	Changes
Net Sales	575.7	700.0	+124.3 (+21.6%)	700.0	- (-)
Operating Income	35.6	34.0	-1.6 (-4.5%)	34.0	- (-)
Ordinary Income	34.8	31.0	-3.8 (-10.9%)	31.0	- (-)
Net Income	19.8	13.0	-6.8 (-34.3%)	13.0	- (-)

* Expected exchange rate : 105 yen / US\$

Note) FY Mar/06 midterm forecast unchanged from its previous announcement on May 11 , 2005.
 FY Mar/06 forecast will be revised at the announcement of midterm business results.

Changing Factors of Business Environment and Countermeasures

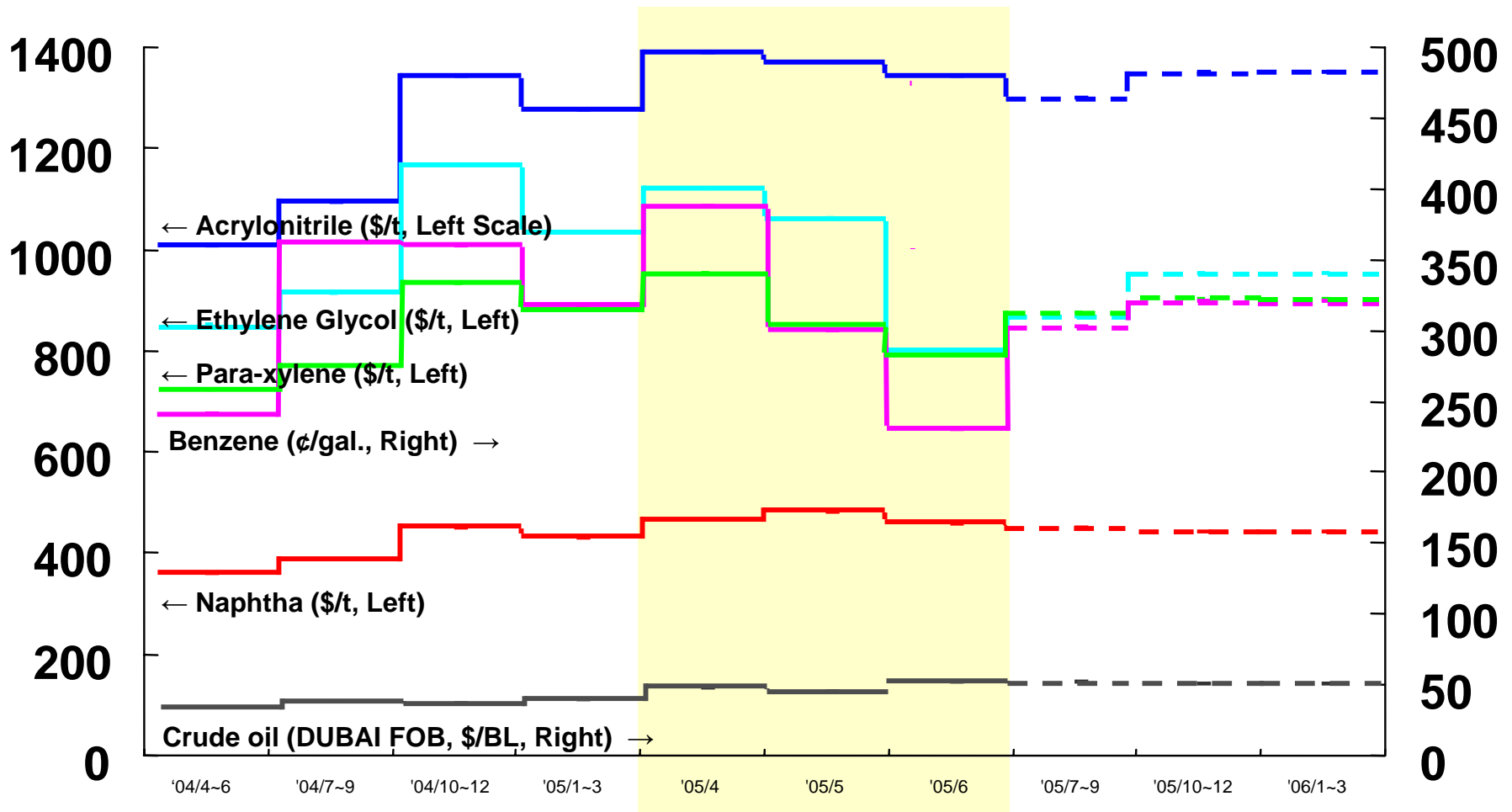
Toray will steadily carry out the following measures to respond to changing factors of business environment which may occur from the 2Q and onward.



Implementation of back-up plan through further improvement in revenues from growing business areas

Trends in Raw Materials Prices

Prices of major raw materials fell in May – June / 05, though rose in July and are expected to remain at high levels.



Forecast by Business Segment

Midterm-on-midterm comparison

Billion ¥

	Net Sales			Operating Income			Comments
	FY Mar/05 Midterm (Actual)	FY Mar/06 Midterm <New Forecast>	Changes	FY Mar/05 Midterm (Actual)	FY Mar/06 Midterm <New Forecast>	Changes	
Fibers & Textiles	224.2	295.0	+70.8 (+31.6%)	10.1	9.0	-1.1 (-10.5%)	Sales are expected to increase through consolidation of Chori, etc., while income is estimated to drop due to high price of raw materials and fuels and slump of European subsidiaries, etc.
Plastics & Chemicals	134.8	173.0	+38.2 (+28.3%)	6.0	8.5	+2.5 (+40.7%)	Sales are expected to increase through consolidation of Chori, etc. Although the prices of raw materials and fuels are high, income is still expected to increase through price raise to cover raw materials' cost increase and sales expansion of high-value added products.
IT-related Products	108.5	105.0	-3.5 (-3.2%)	15.0	11.0	-4.0 (-26.5%)	Sales and income are estimated to fall due to demand adjustment of digital-related products and temporary slowdown of LCD panel investments.
Carbon Fiber Composite Materials	21.5	26.0	+4.5 (+21.0%)	2.8	5.0	+2.2 (+77.7%)	Sales and income are expected to increase through good business conditions in all applications and price increase.
Environment & Engineering	52.0	65.0	+13.0 (+24.9%)	0.3	▲ 1.0	-1.3 (-)	Sales are expected to increase while income is estimated to decrease as most of the income from Suido Kiko is accounted for the latter half of the fiscal year.
Life Science & Other Businesses	34.7	36.0	+1.3 (+3.8%)	1.3	1.5	+0.2 (+16.2%)	Sales are estimated to fall due to tough competition in the pharmaceuticals and medical products market, however, income is expected to increase through corporate structure reinforcement efforts.
(Pharmaceuticals & Medical Products included above)	20.2	20.0	-0.2 (-1.1%)	▲ 0.3	0.3	+0.6 (-)	
Consolidated	575.7	700.0	+124.3 (+21.6%)	35.6	34.0	-1.6 (-4.5%)	

Forecast by Business Segment

Comparison with Initial Forecast

Billion ¥

	Net Sales			Operating Income			Comments
	FY Mar/06 Midterm <Initial Forecast>	FY Mar/06 Midterm <New Forecast>	Changes	FY Mar/06 Midterm <Initial Forecast>	FY Mar/06 Midterm <New Forecast>	Changes	
Fibers & Textiles	305.0	295.0	-10.0 (-3.3%)	11.0	9.0	-2.0 (-18.2%)	Lower our sales and income forecast due to slumping overseas subsidiaries.
Plastics & Chemicals	165.0	173.0	+8.0 (+4.8%)	7.0	8.5	+1.5 (+21.4%)	Raise sales and income forecast through sales expansion of resins for automotive applications and good film business conditions in Asian subsidiaries.
IT-related Products	105.0	105.0	- (-)	12.0	11.0	-1.0 (-8.3%)	Japan: Lower our forecast due to prolonged inventory adjustment of digital-related products. Overseas: Keep the same as initial forecast.
Carbon Fiber Composite Materials	24.0	26.0	+2.0 (+8.3%)	4.0	5.0	+1.0 (+25.0%)	Raise sales and income forecast through good business in all applications.
Environment & Engineering	65.0	65.0	- (-)	▲ 1.0	▲ 1.0	- (-)	Keep the same as initial forecast expected through good results in construction-related and engineering-related subsidiaries covering water treatment subsidiary.
Life Science & Other Businesses	36.0	36.0	- (-)	1.0	1.5	+0.5 (+50.0%)	Raise income forecast through promotion of corporate structure reinforcement in pharmaceuticals and medical products business area.
(Pharmaceuticals & Medical Products included above)	20.0	20.0	- (-)	0.0	0.3	+0.3 (-)	
Consolidated	700.0	700.0	- (-)	34.0	34.0	- (-)	

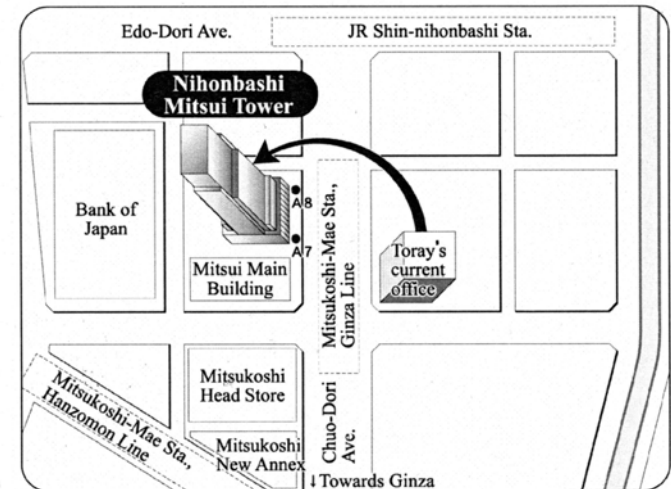
Relocation of Head Office

Toward new progression in the 21st century by achieving goals in “Project NT-II”, Toray will relocate its head office to the Nihonbashi Mitsui Tower, the new landmark of Nihonbashi, and start operation from August 17, 2005.

Environment-conscious, plant-derived PLA (polylactic acid) fiber, ECODEAR* and Toray’s kenaf – based materials are used in top boards of desks in the offices and conference rooms. ECODEAR* materials are also used in carpets.



The Nihonbashi Mitsui Tower



Access: Exit A7 and A8, Mitsukoshi-Mae Station, Tokyo Metro Ginza Line

(One minute walk from Ginza line, four minutes walk from Hanzomon Line)

- JR Sobu Line, Shin-nihonbashi Station, four minutes walk

- Eight minutes walk from Tokyo Station

New Address: 1-1, Nihonbashi-Muromachi 2-chome
Chuo-ku, Tokyo

(the reception is located on the 25th floor)

Recent Topics (1) (June, 05 ~ July, 05)

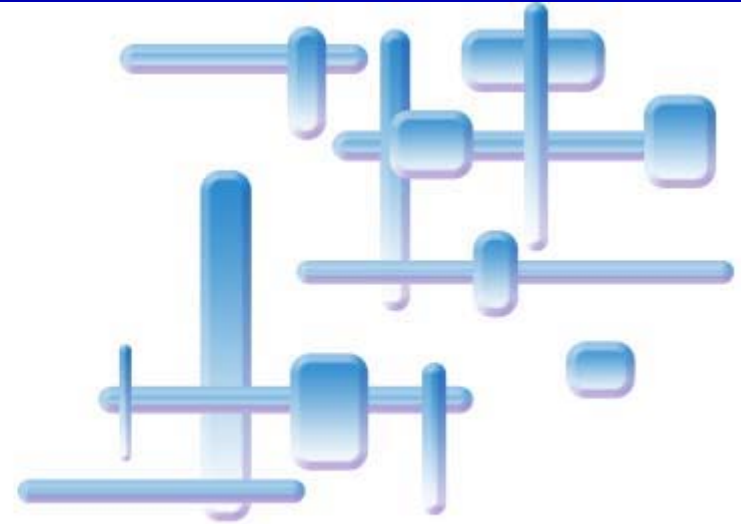
	Topics	NT-II Issues			
		Expanding Advanced Materials Businesses	Expanding Global No.1 Businesses	Expanding Businesses Outside Japan	Business Structure Reform, NVC
June	<p>Build additional film-processing facility in Korea Started construction of film-processing facilities such as release films for electronic materials and anti-reflective films for PDPs. Initial investment will be 4 billion yen to start production in the first half of 2006. This will enable Toray to respond to the growing Korean market as well as demand expansion under “BUY KOREA” policy.</p>	○		○	
June	<p>Started production of textiles for automotive air-bags in Czech Newly constructed production facility of textiles (ground fabric) for automotive air-bags at Czech textile subsidiary, Toray Textiles Central Europe (TTCE). With the target of annual production of 600 thousand meters from January 2006, Toray will increase production to annual 4 million meters in FY March 2010.</p>	○		○	
June	<p>Concluded agreement of co-development and commercialization of new antipruritus drug in hemodialysis patients in North America and Europe. US biopharmaceutical company, Acologix Inc. and Toray agreed with co-development and commercialization of an opioid receptor agonist (TRK-820) in North America and Europe, discovered by Toray. In Japan, Toray with Japan Tobacco and Torii Pharmaceuticals have co-developed TRK-820 for antipruritus, and also an atopic dermatitis with Maruho. Toray will establish a global co-development structure.</p>	○		○	
June	<p>Developed next generation process film with outstanding antistatic property Succeeded in development of next generation process film using PET as base material with outstanding antistatic properties by utilizing Toray’s unique coating technology. By applying the “slant nano-coating” where specially-functional polymers are coated nano-orderly at a slant, Toray succeeded in development of innovative functions such as releasing or creating a clean surface nature, and expects a great demand of various processed films in the IT and optical areas.</p>	○			

Recent Topics (2) (June, 05 ~ July, 05)

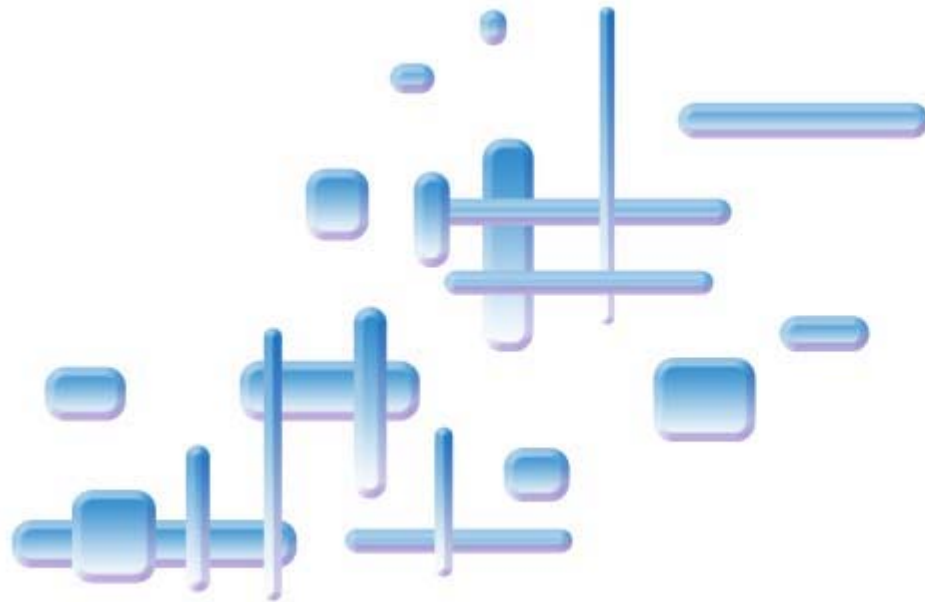
	Topics	NT-II Issues			
		Expanding Advanced Materials Businesses	Expanding Global No.1 Businesses	Expanding Businesses Outside Japan	Business Structure Reform, NVC
June	<p>Approval of pharmaceutical for companion animals, Interdog*</p> <p>Approved for production and distribution of world's first interferon preparation as a treatment for dogs' atopic dermatitis, the most likely skin disease of dogs, by the Minister of Agriculture, Forestry, and Fisheries in June 2005. Toray adds new exclusive facilities at Ehime Plant and aims to release the product by the end of this year.</p>	○	○		
June	<p>Establishment of new cotton-blended polyester textiles manufacturing company in China</p> <p>Established a joint venture in China with JIFA Group for manufacturing and sales of cotton-blended polyester textiles (T/C) and 100% cotton fabrics namely Toray JIFA (Qingdao) Polyester Textile Co., Ltd. (TJQ). The new company is a joint-stock company in order to make management responsibilities clear.</p>			○	○
July	<p>Build additional production facility for photosensitive paste materials for PDPs</p> <p>Decided to increase production capacity of photosensitive paste materials for PDPs from monthly 80 tons to 180 tons. Production at the new facility will start in September 2005 with investment of 2.5 billion yen. This is to meet the demand for the world's largest PDP panel manufacturing plant under construction at Amagasaki No.3 plant of MPDP, a joint venture with Matsushita Electrics.</p>	○			○
July	<p>Increase production capacity of polyester films for FPDs in Korea</p> <p>Decided to increase production capacity of polyester films for FPDs in Korea. Toray will invest 5 billion yen in additional production facility at a Group subsidiary, Toray Saehan (TSI), and increase 13,200 tons of annual production capacity of optical PET films. In response to the fast-growing markets of optical PET films for flat panel displays such as LCDs and PDPs in Korea, Toray will strengthen its local delivery system and expand its production of high value-added products.</p>	○	○	○	

Recent Topics (3) (June, 05 ~ July, 05)

	Topics	NT-II Issues			
		Expanding Advanced Materials Businesses	Expanding Global No.1 Businesses	Expanding Businesses Outside Japan	Business Structure Reform, NVC
July	<p>Orders received of a large seawater desalination RO plant in Singapore Received orders of reverse osmosis membranes to be used at a daily 1.36 million cubic meter sized seawater desalination plant in Tuas, Singapore and delivered a newly developed “high boron rejection RO membranes”. The facility will be built by Hydrochem Co. and operation is planned to start in September 2005.</p>	○		○	
July	<p>Developed world’s first high-performance protein separation device by nano/bio integration By integration of Toray’s nano-technology (unique membrane separation technology) and biotechnology (protein purification technology, medical equipment development technology, etc.), developed world’s first innovative high-performance protein separation device which realizes simple and highly sensitive detection of disease related proteins.</p>	○			
July	<p>Carbon Fiber Composite Materials receiving attention from all quarters Toray’s carbon fiber composite materials businesses have received attention from all quarters. Reported on the DISCUSSION PAPER No.38 (Jan., 2005) issued from Ministry of Education, Culture, Sports, Science and Technology as a case study of “Study of researcher / engineer who conduct unique product development”, and on the HITOTSUBASHI BUSINESS REVIEW (Spring 2005) Toray’s carbon fiber composite materials businesses was taken up in the” business case”. On the July 13, 2005 issue of Nihon Keizai Shinbun, our partnership with Boeing was introduced in the advertisement.</p>	○	○	○	○



References



Expands Film Processing Facility in Korea

Started construction of film-processing facilities such as release films for electronic materials and anti-reflective films for PDPs. Initial investment will be 4 billion yen to start production in the first half of 2006. This will enable Toray to respond to the growing Korean market as well as demand expansion under “BUY KOREAN” policy.

<Outline and Background of Initial Investment>

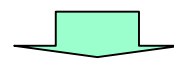
Total Investment : 4 billion yen

Production Capacity : 7 million m² per month

Application : release film for electronic components,
anti-reflective films for PDPs, etc.

Background :

1. Korea is now world's bases for IT-related industry
2. Korean Government is supporting the increasing domestic procurement of IT-related components and materials
3. Integrated system of production from polyester film manufacturing to film processing has been established at Toray Saehan



[Anti-reflective films for PDPs]

Structure of PDP (cross-section)

Anti-reflective (AR) Film



Will invest in advanced materials among which
Toray intensify IT-related materials

Starts Production of Textiles for Automotive Air-bags in Czech

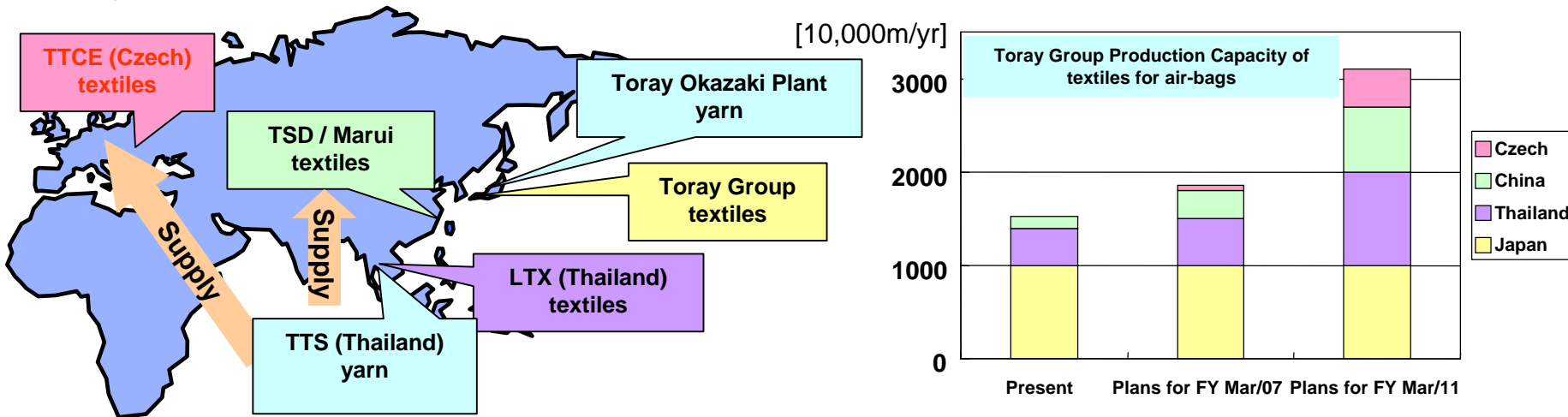
Newly constructed production facility of textiles (ground fabric) for automotive air-bags at Czech textile subsidiary, Toray Textiles Central Europe (TTCE). With the target of annual production of 600 thousand meters from January 2006, Toray will increase production to annual 4 million meters in FY March 2010.

<Background>

- World market of air-bags is estimated to grow by annual 8% points
- Leading air-bag manufacturers are entering into Central and East Europe market along with the advancement of automobile manufacturers

Utilizing TTCE as the textiles base in Czech, Toray Group will establish a supply system to Central and East Europe market

<Toray Global Operation>



Respond to the customers' on-site production demand by utilizing global operations (4 bases)

US biopharmaceutical company Acologix Inc. and Toray agreed with co-development and commercialization of an opioid receptor agonist (TRK-820) in North America and Europe discovered by Toray. In Japan, Toray with Japan Tobacco, Torii Pharmaceutical have co-developed TRK-820 for antipruritus, and atopic dermatitis with Maruho. Toray will develop a global co-development structure.

Co-development of TRK-820

Europe

Indication : Antipruritus drug in hemodialysis patients
Partner : Acologix Inc.
Stage : Phase III (injectable solution)

US

Indication : Antipruritus drug in hemodialysis patients
Partner : Acologix Inc.
Stage : Phase III from 2006 (injectable solution)

Japan

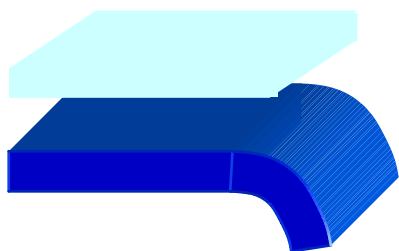
Indication : Antipruritus drug in hemodialysis patients
Partner : Japan Tobacco / Torii Pharmaceuticals
Stage : Phase III (oral agent)

Indication : Antipruritus drug for atopic dermatitis
Partner : Maruho

Developed Next Generation Process Film with Outstanding Antistatic Property

Succeeded in development of next generation process film using PET as base material with outstanding antistatic properties by utilizing Toray's unique coating technology. By applying the "slant nano-coating" where specially-functional polymers are coated nano-orderly at a slant, Toray succeeded in development of innovative functions such as releasing or clean surface nature. We expect a great demand of various film-processing in the IT and optical areas.

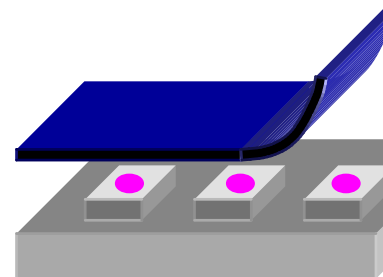
<Example of applicable film-processing>



← Optical fine film, etc.

← **Cast film**

Targeted film-processing



Cover film

← **Embossed film**

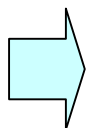
Coating of cast films with solvents consisted by resins composing optical fine films

Protection of small electronic components transported in a packed embossed film, etc.

<Features of Toray's next generation film-processing>

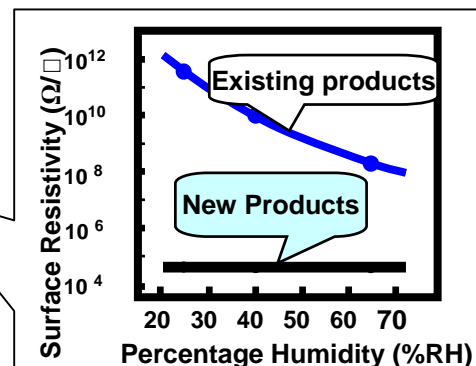
Issues of existing film-processing

- Deterioration of antistatic properties effected by humidity
- Deterioration of antistatic properties and transparency or coloration during the rinsing process



Features of next generation film-processing

- The antistatic properties are outstanding and moisture-resistant
- Stable transparency, clean surface nature, outstanding releasing ability

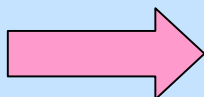


Approved for production and distribution of world's first interferon preparation as a treatment for dogs' atopic dermatitis, the most likely skin disease of dogs, by the Minister of Agriculture, Forestry, and Fisheries in June 2005. Toray has established new exclusive facilities at Ehime Plant and aims to release the product by the end of this year.

<Features of Interdog*>

1. Safer and easier-to-use than existing steroid drugs

Existing steroid drugs have difficulties with side effects



Injectable dog interferon γ effective in "pruritus", "excoriation", "erythema", and "alopecia"

2. Production of Interdog* is based on Toray's world leading technologies in recombinant protein production with silkworms integrated with other technologies to have good production efficiency and preservation stability

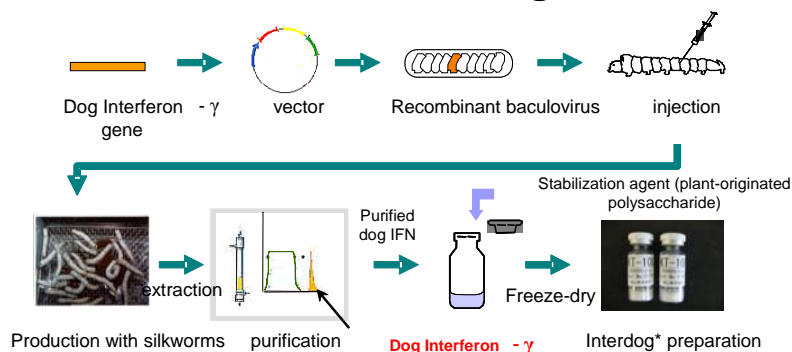
Technology to use silkworm itself as a production plant of recombinant protein

+

Protein structure design
Protein purification technology
New stabilization agent



<Production Scheme of Interdog*>



<Toray Companion Animals Pharmaceuticals Businesses>

Intercat* : antiviral drug for cats and dogs

No. 1 Business

Interdog* : therapeutic drug for treatment of dogs' atopic dermatitis

New

Further expansion of Companion Animals
Pharmaceuticals Businesses

Establishment of New Cotton-blended Polyester Textiles Manufacturing Company in China

TORAY

Established a joint venture in China with JIFA Group for manufacturing and sales of cotton-blended polyester textiles (T/C) and 100% cotton fabrics namely Toray JIFA (Qingdao) Polyester Textile Co., Ltd. (TJQ). The new company is a joint-stock company in order to make management responsibilities clear.

Toray

No. 1 Businesses

- No.1 in world market of medium/high grade T/C fabrics
- Global operation in production of T/C fabrics
- Development of new business model by taking advantage of business know-how and marketing network

JIFA

- Ensure stable workforce and services
- Favorable relationship with city/province govt.
- Possess sourcing of cotton/dyeing-related raw materials
- Experience in integrated production system from spinning, knitting/dyeing of textiles, to sewing

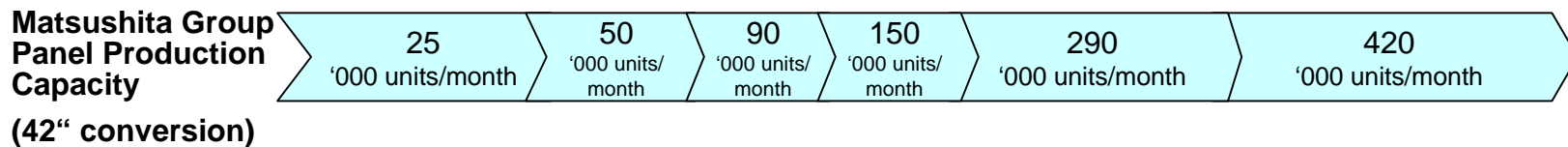
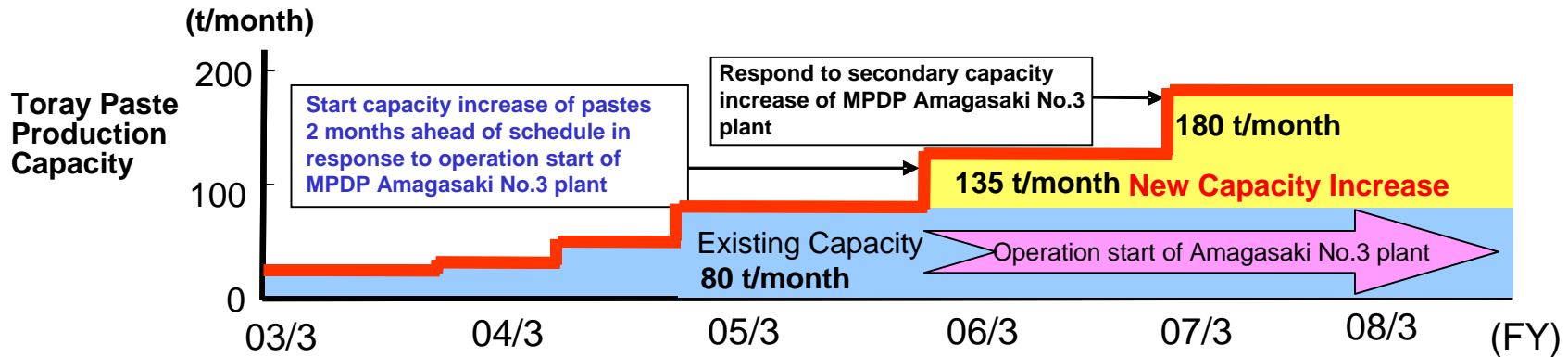
「Toray JIFA (Qingdao) Polyester Textile Co., Ltd.」 (TJQ)

- Will build a new plant with integrated production system including spinning, weaving, and dyeing in the Jifa Industrial Complex, Jimo City, China.
- As the first stage, operation start of monthly 2 million meters is scheduled from March 2006. Increase to monthly 4 million meters is planned at the earliest time.
- Will develop export business to Europe, US, and partly to Japan as well as products for internal demand.
- Will produce thin and thick types of T/C and 100% cotton fabrics.
- In addition to shirts applications where Toray Group has already have good experience in, will expand applications such as uniforms and pants.

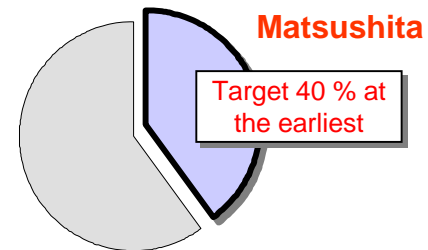
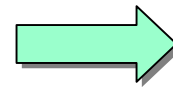
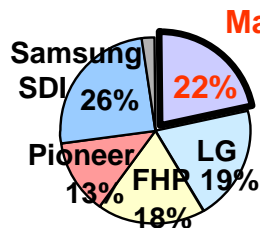


Build Additional Production Facility for Photosensitive Paste Materials for PDPs

Decided to increase production capacity of photosensitive paste materials for PDPs from monthly 80 tons to 180 tons. Production at the new facility will start in September 2005 with investment of 2.5 billion yen. This is to meet the demand for the world's largest PDP panel manufacturing plant under construction at Amagasaki No.3 plant of Matsushita PDP Co., Ltd. (MPDP), a joint venture with Matsushita Electrics.



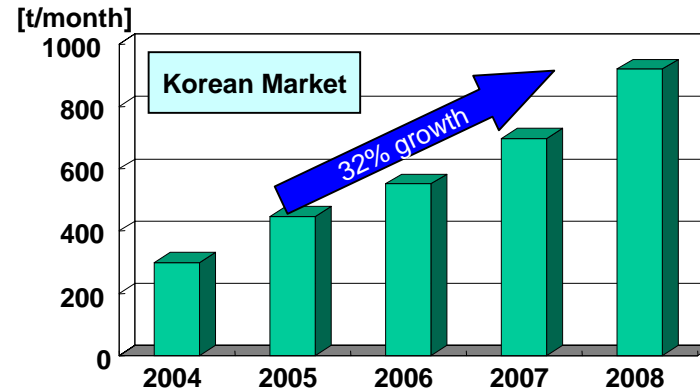
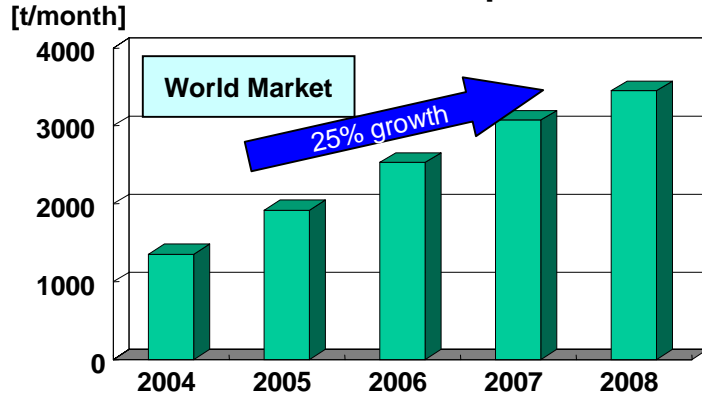
PDP Panel Share of 2004



Increase Production Capacity of Polyester Films for FPDs in Korea

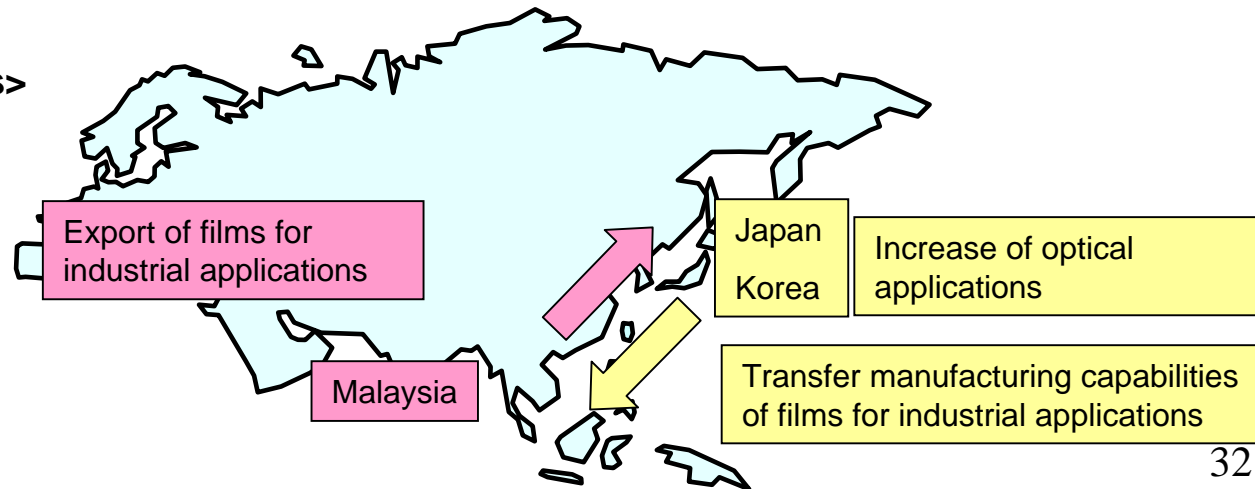
Decided to increase production capacity of polyester films for FPDs in Korea. Toray will invest 5 billion yen in additional production facility at a Group subsidiary, Toray Saehan (TSI), and increase 13,200 tons of annual production capacity of optical PET films. In response to the fast-growing markets of optical PET films for flat panel displays such as LCDs and PDPs in Korea, Toray will strengthen its local delivery system and expand its production of high-value added products.

<Estimates for demand of optical PET films for FPDs>



<Global Operation for Capacity Increase of Optical Applications>

In order to meet demand increase of optical applications, Toray will increase production of optical applications in Japan and Korea, and increase industrial applications in Malaysia.



Orders Received of a Large Seawater Desalination RO Plant in Singapore

Received orders of reverse osmosis membranes (RO membranes) to be used at a daily 1.36 million cubic meter sized seawater desalination plant in Tuas, Singapore and delivered a newly developed “high boron rejection RO membranes”. The facility will be built by Hydrochem Co. and operation is planned to start in September 2005.

<Tuas Seawater Desalination Plant>

•Toray was first to develop RO membranes which enables improvement to half the boron concentration of the produced water. By controlling precisely the ultra-fine pores, remove just the boric acid elements while keeping high water permeability.



Installed in Singapore, Tuas seawater desalination plant which is the largest in the circum-Pacific.

Inside of Tuas Seawater Desalination Plant



The SingSpring Desalination Plant in Singapore built by Hydrochem

<Toray Water Treatment Businesses>

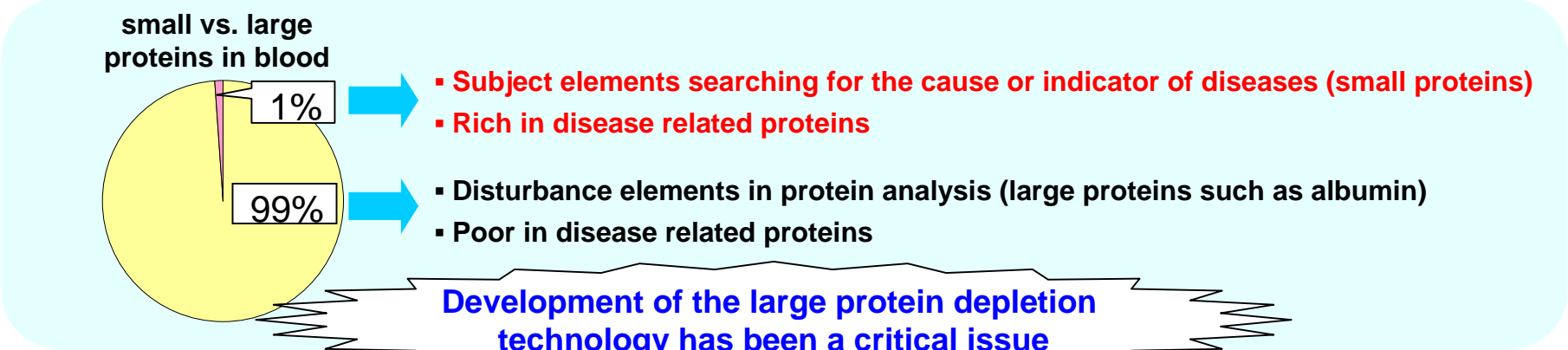
The 21st century is the century of water (water shortage will be happening at the global level)

Toray will contribute to sustainable securement of water recourses through promotion of water treatment businesses which is the core business of our “Environment, Safety, and Amenity” business area included in the mid-term management issues “Project NT-II” as strategically expanding businesses.

Plants using Toray RO membranes

	Country	Plant Site	Capacity (m3/d)	Operation Start
Seawater Desalination	Trinidad and Tobago	Point Risa	136,000	2002
Seawater Desalination	Singapore	Tuas	136,000	2005
Seawater Desalination	Saudi Arabia	AlJubail III	90,909	2000
Reuse of Wastewater	Kuwait	Sulaibiya	310,000	2005
Reuse of Wastewater	Singapore	Seletar	24,000	2004

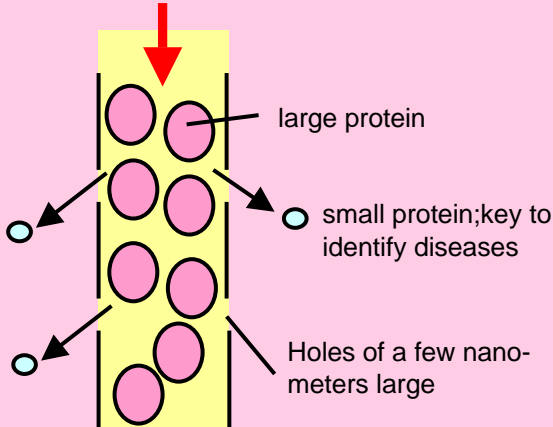
By integration of Toray's nano-technology (unique membrane separation technology) and bio-technology (protein purification technology, medical equipment development technology, etc.), developed world's first innovative high-performance protein separation device which realizes simple and highly sensitive detection of disease related proteins.



Integration of nano-technology and bio-technology

Developed an innovative protein separation device using hollow-fiber membranes with holes a few nano-meters large

- Separate proteins by size in short time (1 ~ 2 hours)
- Selectively condense and collect small proteins automatically
- Using disposable cartridge unit to prevent from cross contamination



Carbon Fiber Composite Materials Receiving Attention from All Quarters

Toray's carbon fiber composite materials businesses have received attention from all quarters. Reported on the DISCUSSION PAPER No.38 (Jan., 2005) issued from Ministry of Education, Culture, Sports, Science and Technology as a case study of "Study of researcher / engineer who conduct unique product development", and on the HITOTSUBASHI REVIEW (Spring 2005), Toray's carbon fiber composite materials businesses was taken up in the "business case". On the July 13, 2005 issue of Nihon Keizai Shinbun, our partnership with Boeing was introduced in the advertisement.



Please find DISCUSSION PAPER No.38 issued from Ministry of Education , Culture, Sports, Science and Technology on <http://www.nistep.go.jp>

The advertisement features a lush green forest with a tall waterfall. A white horizontal line with the text 'MADE WITH JAPAN' is superimposed over the waterfall. In the top left corner, there is a small URL 'www.boeing.com'. In the bottom right corner, there is a block of Japanese text and the Boeing logo with the text '110年創立のグローバル企業' (Global company established 110 years ago).

www.boeing.com

MADE WITH JAPAN

航空機の夢を思い描くことで始まる。ボーイング。それはボーイングは、日本の航空とパートナーシップによって実現されました。より迅速に、より簡単に、より高く飛ぶことのできる、次世代機ボーイング787。その夢の高揚もまた、日本の技術力によって実現されました。たとえば、空を飛ぶよりも大空に雲を舞かす。787の翼は、新しい機体の設計。この不可能ともいえる夢の夢を。ボーイングは日本のパートナーとともに実現しました。実現が簡単にはなくて、高い技術力と情熱を傾けて。この夢の達成が、787の空を大きく飛ぶようとしています。何よりも、何よりも。すべてを思い描くパートナーが、すべてを実現しました。さあ、一緒に飛んでください。

BOEING
110年創立のグローバル企業

From Nihon Keizai Shinbun, July 13, 2005 issue

Descriptions of forecasted business results, estimates, expectations, and business plans for the midterm of 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.