A Brief Note on the Settlement of Accounts
(Consolidated) for the 1st Quarter of Fiscal Year Ending March 31, 2005

August 6, 2004

Listed Company Name: Toto Ltd.  Listing Stock Exchanges: Tokyo, Osaka, Nagoya, Fukuoka
Code Number: 5332
(URL http://www.toto.co.jp/)  Head Office: Fukuoka Prefecture
Representative: Tero Kise, Representative Director & President
The Person to Contact: Hisao Ono, Director & Chief Controller  TEL (093) 951 - 2109

1. Notes Relating of the Preparation of the Quarterly Statements
   (1) Use of simple accounting methods: Yes
       Content: Depreciation, income taxes, etc.
   (2) Recent changes in consolidated accounting method: No
   (3) Changes in scope of consolidated and equity method accounting: Yes
       Consolidated subsidiaries: New: 1  Removed: 4
       Equity method companies: New: 0  Removed: 0

2. Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2005
   (April to June 30, 2004)

<table>
<thead>
<tr>
<th></th>
<th>Net Sales</th>
<th>Operating Income</th>
<th>Ordinary Income</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million Yen %</td>
<td>Million Yen %</td>
<td>Million Yen %</td>
<td>Million Yen %</td>
</tr>
<tr>
<td>1Q,Fiscal Year Ending March</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31, 2005</td>
<td>110,225 5.3</td>
<td>3,944 60.9</td>
<td>3,556 84.8</td>
<td>1,665 65.4</td>
</tr>
<tr>
<td>1Q,Fiscal Year Ending March</td>
<td>104,723 10.6</td>
<td>2,451 614.6</td>
<td>1,924</td>
<td>4,819</td>
</tr>
<tr>
<td>31, 2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Year Ending March 2004</td>
<td>467,924</td>
<td>27,434</td>
<td>24,686</td>
<td>11,731</td>
</tr>
</tbody>
</table>

|                                | Quarterly net income per share | Fully diluted quarterly net income per share |
|                                | Yen Sen                    | Yen Sen                     |
| 1Q,Fiscal Year Ending March    | 13.89                      | 13.27                       |
| 31, 2005                       |                            |                             |
| 1Q,Fiscal Year Ending March    | 33.63                      | 32.58                       |
| 31, 2004                       |                            |                             |
| Fiscal Year Ending March 2004  |                            |                             |

Note: Percentages indicated for sales, operating income, ordinary income, and current interim net profit are the rates of increase or decrease from the corresponding period of the previous fiscal year.

Qualitative Information Regarding the status and Progress of Consolidated Business Results
During the first quarter of the fiscal year under review, the Japanese economy showed signs of a gentle recovery with improved corporate earnings, an increase in capital investment and a bottoming in consumer spending.
Under these conditions, the number of housing starts, which highly correlates to demand for TOTO products, declined slightly from a year earlier, but demand for renovation projects was strong. Accordingly, TOTO recorded a decline of 2.8% year on year in sales related to new housing. However, remodeling sales increased 9.5% year on year due to efforts to acquire renovation and replacement demand through the aggressive development of showrooms.
As a result, first quarter net sales rose 5.3% to ¥110,255 million, compared with the same period of the previous fiscal year. ordinary income increased ¥1,632 million to ¥3,556 million.
Net income fell ¥3,154 million to ¥1,665 million, reflecting the absence of ¥13.8 billion in income from return of the substitutional portion of employee pension fund recorded in the first quarter of the previous fiscal year.
(2) Consolidated Financial Condition

<table>
<thead>
<tr>
<th></th>
<th>Total Assets</th>
<th>Shareholders' Equity</th>
<th>Shareholders' Equity Ratio</th>
<th>Shareholders' Equity per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million Yen</td>
<td>Million Yen</td>
<td>% Yen</td>
<td>Sen</td>
</tr>
<tr>
<td>1Q, Fiscal Year Ending</td>
<td>449,999</td>
<td>189,606</td>
<td>42.1</td>
<td>546.58</td>
</tr>
<tr>
<td>March 31, 2005</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1Q, Fiscal Year Ending</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 31, 2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Year Ending</td>
<td>462,621</td>
<td>189,857</td>
<td>41.0</td>
<td>547.25</td>
</tr>
<tr>
<td>March 2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Year-on-year comparisons are omitted in the Consolidated Financial Position section because quarterly reporting began in the fiscal year under review.

Qualitative Information Regarding the status and Progress of Consolidated Financial Condition

As of June 30, 2004, total assets decreased ¥12,622 million compared with a year earlier, owing to a decline of ¥9,124 million in cash in hand and deposits in banks as well as a decline of ¥7,182 million in notes and accounts receivable.

Total liabilities decreased ¥12,205 million, reflecting a decline of ¥7,218 million in short-term loans payable and a decline of ¥4,093 million in other current liabilities (accrued expenses, etc.).

3. Anticipated Consolidated Performance through March 2005 (from April 1, 2004 to March 31, 2005)

<table>
<thead>
<tr>
<th></th>
<th>Net Sales</th>
<th>Ordinary Income</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million Yen</td>
<td>Million Yen</td>
<td>Million Yen</td>
</tr>
<tr>
<td>First Half</td>
<td>235,000</td>
<td>11,000</td>
<td>3,500</td>
</tr>
<tr>
<td>Full Year</td>
<td>485,000</td>
<td>30,000</td>
<td>13,000</td>
</tr>
</tbody>
</table>

For Reference: Anticipated net profit per share for the year: 37.48 yen

Results for the first quarter were in line with original forecasts. Accordingly, forecasts for the fiscal year ending March 31, 2005 remain unchanged.

Note: The above figures were prepared based on the economic conditions and market trends that can be anticipated currently and the actual performance will be subject to change according to various factors in the future.
### [Accompanying Materials]

(1) **Summary of Consolidated Balance Sheets for the first Quarter**

Unit: Million yen

<table>
<thead>
<tr>
<th>Item</th>
<th>Term</th>
<th>1Q Fiscal Year Ending March 31, 2005</th>
<th>March 31, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Share (%)</td>
<td>Amount</td>
</tr>
<tr>
<td>(Assets)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>209,931</td>
<td>46.7</td>
<td>224,074</td>
</tr>
<tr>
<td>Cash in hand and deposits in banks</td>
<td>49,646</td>
<td></td>
<td>58,771</td>
</tr>
<tr>
<td>Notes and accounts receivable</td>
<td>76,002</td>
<td></td>
<td>83,185</td>
</tr>
<tr>
<td>Inventories</td>
<td>66,976</td>
<td></td>
<td>63,233</td>
</tr>
<tr>
<td>Other</td>
<td>17,305</td>
<td></td>
<td>18,885</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>240,067</td>
<td>53.3</td>
<td>238,546</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>165,389</td>
<td></td>
<td>164,492</td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>13,768</td>
<td></td>
<td>13,703</td>
</tr>
<tr>
<td>Investments and other assets</td>
<td>60,910</td>
<td></td>
<td>60,350</td>
</tr>
<tr>
<td>Total Assets</td>
<td>449,999</td>
<td>100</td>
<td>462,621</td>
</tr>
<tr>
<td>(Liabilities)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>156,424</td>
<td>34.8</td>
<td>168,367</td>
</tr>
<tr>
<td>Notes and accounts payable</td>
<td>54,257</td>
<td></td>
<td>54,886</td>
</tr>
<tr>
<td>Short-term loans payable</td>
<td>44,231</td>
<td></td>
<td>51,450</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>10,000</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>Other</td>
<td>47,935</td>
<td></td>
<td>52,029</td>
</tr>
<tr>
<td>Fixed Liabilities</td>
<td>94,466</td>
<td>21.0</td>
<td>94,730</td>
</tr>
<tr>
<td>Convertible bonds payable</td>
<td>29,998</td>
<td></td>
<td>29,998</td>
</tr>
<tr>
<td>Loan-term loans payable</td>
<td>3,386</td>
<td></td>
<td>3,140</td>
</tr>
<tr>
<td>Reserve for employee retirement benefits</td>
<td>59,697</td>
<td></td>
<td>60,118</td>
</tr>
<tr>
<td>Other</td>
<td>1,384</td>
<td></td>
<td>1,473</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>250,891</td>
<td>55.8</td>
<td>263,097</td>
</tr>
<tr>
<td>Minority Shareholders' Equity</td>
<td>9,501</td>
<td>2.1</td>
<td>9,666</td>
</tr>
<tr>
<td>Common stock</td>
<td>35,579</td>
<td>7.9</td>
<td>35,579</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>29,188</td>
<td>6.5</td>
<td>29,188</td>
</tr>
<tr>
<td>Retained surplus</td>
<td>139,036</td>
<td>30.9</td>
<td>139,341</td>
</tr>
<tr>
<td>Net unrealized holding gains on securities</td>
<td>4,435</td>
<td>1.0</td>
<td>4,220</td>
</tr>
<tr>
<td>Translation adjustments</td>
<td>-4,866</td>
<td>-1.1</td>
<td>-4,693</td>
</tr>
<tr>
<td>Treasury stocks</td>
<td>-13,766</td>
<td>-3.1</td>
<td>-13,778</td>
</tr>
<tr>
<td>Total Shareholders' Equity</td>
<td>189,606</td>
<td>42.1</td>
<td>189,857</td>
</tr>
<tr>
<td>Total Liabilities and Shareholders' Equity</td>
<td>449,999</td>
<td>100</td>
<td>462,621</td>
</tr>
</tbody>
</table>
### (2) Summary of Consolidated Statements of Income for the first Quarter

<table>
<thead>
<tr>
<th>Item</th>
<th>1Q, Fiscal Year Ending March 31, 2005</th>
<th>1Q, Fiscal Year Ending March 31, 2004</th>
<th>Increase/Decrease</th>
<th>(Reference) Fiscal Year Ending March 31, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>(%)</td>
</tr>
<tr>
<td>Net Sales</td>
<td>110,255</td>
<td>104,723</td>
<td>5,532</td>
<td>5.3</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>70,398</td>
<td>67,998</td>
<td>2,400</td>
<td>3.5</td>
</tr>
<tr>
<td>Gross Income</td>
<td>39,857</td>
<td>36,725</td>
<td>3,132</td>
<td>8.5</td>
</tr>
<tr>
<td>Selling, General and Administrative Expenses</td>
<td>35,912</td>
<td>34,274</td>
<td>1,638</td>
<td>4.8</td>
</tr>
<tr>
<td>Operating Income</td>
<td>3,944</td>
<td>2,451</td>
<td>1,493</td>
<td>60.9</td>
</tr>
<tr>
<td>Non-operating Income</td>
<td>756</td>
<td>742</td>
<td>14</td>
<td>1.9</td>
</tr>
<tr>
<td>Non-operating Expenses</td>
<td>1,144</td>
<td>1,269</td>
<td>-125</td>
<td>-9.9</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>3,556</td>
<td>1,924</td>
<td>1,632</td>
<td>84.8</td>
</tr>
<tr>
<td>Extraordinary Income</td>
<td>-</td>
<td>13,800</td>
<td>-13,800</td>
<td>-</td>
</tr>
<tr>
<td>Extraordinary Loss</td>
<td>-</td>
<td>4,297</td>
<td>-4,297</td>
<td>-</td>
</tr>
<tr>
<td>Incomes before Income Taxes and Minority interests</td>
<td>3,556</td>
<td>11,427</td>
<td>-7,871</td>
<td>-68.9</td>
</tr>
<tr>
<td>income taxes</td>
<td>1,555</td>
<td>6,321</td>
<td>-4,766</td>
<td>-75.4</td>
</tr>
<tr>
<td>Minority Interests</td>
<td>334</td>
<td>286</td>
<td>48</td>
<td>16.8</td>
</tr>
<tr>
<td>Net Income</td>
<td>1,665</td>
<td>4,819</td>
<td>-3,154</td>
<td>-65.4</td>
</tr>
</tbody>
</table>