



Growth & Efficiency



A small
but **strong presence**
in the global chemicals market

The diamond image above was printed using ink
made from Toagosei's promising new UV/EB-curable acrylate product *Aronix*.

Toagosei's Business Domains

Commodity Chemicals
33.6%

Sales Composition by Product Segment

Commodity Chemicals



	Millions of yen		
	2003	2002	2001
Sales	¥44,536	¥44,072	¥44,917
Operating Income	3,015	2,697	2,863

Toagosei manufactures a wide variety of inorganic industrial chemicals, notably caustic soda, as well as fertilizers, metal degreasing and cleaning agents, and ultra-pure chemicals and silicon based specialty gases for the semiconductor industry.

Main Products and Applications

- Caustic soda**
 - Chemical fibers, pulp, dye, and pharmaceuticals
- Oxygen**
 - Combustion enhancing gas for welding and cutting, combustion enhancing gas for steel making process, oxygen inhalation (and high pressure oxygen treatment) for medical use, oxygen aeration for wastewater treatment, oxygen-based pulp bleaching, and fermentation in biotechnology
- Sulfuric acid**
 - Fertilizers, synthetic fibers, and inorganic chemicals
- Trichloroethylene**
 - Metal degreasing and cleaning, solvents, and raw materials for hydrofluorocarbon

Acrylic Products
31.2%

Acrylic Products

	Millions of yen		
	2003	2002	2001
Sales	¥41,307	¥38,908	¥36,276
Operating Income (Loss)	375	(1,352)	(1,031)

The Toagosei Group produces the whole range of acrylic monomer and polymer products, led by acrylic esters, which we were the first to produce commercially in Japan.

Main Products and Applications

- Acrylic esters**
 - Acrylic fibers, fiber processors, paints, pressure sensitive and other adhesives, leather processors, paper processors, and acrylic rubber
- Acrylic acid**
 - Nonwoven cloth binders, flocculants, dispersants, paper processors, superabsorbent resin, and detergent builders
- Polymer flocculants**
 - Treatment of various kinds of wastewater and dehydration of sludges
- Special Monomers and Oligomers**
 - Raw material for paints, printing inks, coatings, and adhesives



Specialty Chemicals
11.1%

Plastics
20.7%

Other Businesses
3.4%

Specialty Chemicals



	Millions of yen		
	2003	2002	2001
Sales	¥14,707	¥14,490	¥13,386
Operating Income	2,520	2,615	1,984

Toagosei has developed and commercialized a long list of unique and high-value-added products for both industrial and consumer use. These include the cyanoacrylate instant adhesive *Aron Alpha* (sold under the name *Krazy Glue* in the U.S.), as well as waterproof coatings for exterior walls and the silver-based antimicrobial agent *Novaron*.

Main Products and Applications

Cyanoacrylate Instant Adhesives

- For bonding rubber, plastic, metal, and wood in industrial and consumer uses

Silver-based antimicrobial agents

- For kitchen and bathroom equipment, building materials, and textiles

Antifungal agents

- For kitchen equipment, home appliances, and paints

Heat-resistant adhesives

- For bonding metal and ceramics used in high temperatures

Hot melt adhesives

- For bonding plastics, metals, and textiles

- For bonding difficult-to-bond plastics like polyethylene, polypropylene polyester, and nylon

Construction materials

- One-pack waterproof spray materials, decorative waterproof wall materials, permeable type water-absorption preventive agents, chemical grouts, and earth resistance reducing agents

Plastics

The Company is developing products in four principal areas:

- 1) pipes and couplings for water supply and for sewerage use,
- 2) protective casings for electric power and telecommunications lines,
- 3) garbage reduction and recycling systems to address environmental preservation needs, and
- 4) nursing care products.

Main Products and Applications

Pipes & Couplings

- Rigid PVC pipes

Environmental Products

- Trash receptacles

Nursing Care Products

- Portable toilets, nursing care bath products



	Millions of yen		
	2003	2002	2001
Sales	¥27,373	¥29,256	¥30,388
Operating Income	2,609	2,689	2,523

Other Businesses

(Life Science Product Businesses)



	Millions of yen		
	2003	2002	2001
Sales	¥4,530	¥4,363	¥10,616
Operating Loss	(568)	(1,065)	(676)

We are putting effort into the development of products that help preserve the environment and maintain a harmonious relationship between the natural world and mankind's activities. Our successes thus far include *Kaligreen*, a potassium bicarbonate-based agricultural fungicide that is safe both for people and plants, and *Acaritouch*, an agent that kills dust mites.

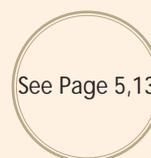
Company performs turnaround from net loss to net income, thanks to progress in structural reform

For the first time in four years, Toagosei finished in the black, recording net income of ¥1,719 million in 2003 in spite of rising prices of raw materials. This turnaround is attributed to streamlining measures and bold steps to realize cost reductions.



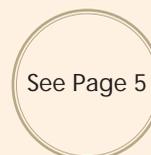
Aronix maintains favorable sales trend

Sales of *Aronix*, a resin that hardens instantly upon exposure to ultraviolet light, surpassed our initial target for fiscal 2003 by a wide margin. Sales of *Aronix* grew by approximately 15% on the world market and by 25% in Japan alone, capturing a share of around 40% on the domestic market. We plan to continue expanding worldwide marketing efforts for this product, which is manufactured at our plants in Japan, Taiwan, and China.



Toagosei to reduce equity stake in unprofitable PVC maker V-Tech

In March 2004 Toagosei reduced its equity stake in V-Tech Corp., an equity-method affiliate and manufacturer of chloralkali products, principally PVC, from 40% to 14.9%.



New product launched in popular Aron Alpha series

Toagosei has launched a new product in its *Aron Alpha* series of instant adhesives, which currently boasts a Japanese market share of about 80%. The new-type *Aron Alpha*, sold under the name of *EXTRA*, comes in packets containing four small, non-reusable tubes each holding a mere 0.5 grams of adhesive. This convenient, single-use adhesive product is expected to sell well, and its addition to the *Aron Alpha* line will be a marketing plus for the brand image as a whole.



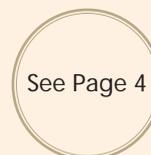
Antimicrobial agent Novaron proved effective in inhibiting SARS

Recent studies conducted by a Chinese government research institute have shown that Toagosei's antimicrobial agent *Novaron* possesses efficacy in inhibiting the development of Severe Acute Respiratory Syndrome (SARS). Toagosei hopes to boost sales of *Novaron* by helping manufacturers develop various antimicrobial and antiviral products incorporating *Novaron*, which will be marketed as effective methods of preventing the spread of infections.



Company firms up financial base through ¥6 billion reduction in interest-bearing debt

Through the reduction of its interest-bearing debt burden by ¥6 billion in 2003, Toagosei has boosted its term-end shareholders' equity ratio to 44.9% from 43.2%, thus improving its financial position.



Financial Highlights

Toagosei Co., Ltd. and Consolidated Subsidiaries

Years ended December 31, 2003, 2002 and 2001

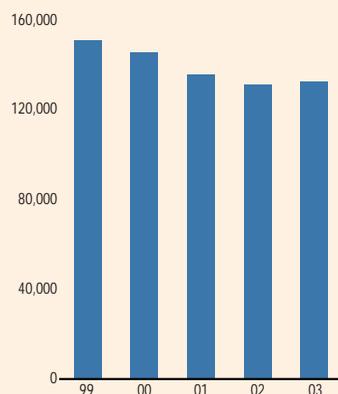
	Millions of yen			Thousands of U.S. dollars (Note 1)	03/02 Change (%)
	2003	2002	2001	2003	
Net sales	¥132,455	¥131,092	¥135,583	\$1,236,395	1.0
Operating income	7,951	5,584	5,663	74,224	42.4
Income (loss) before income taxes and minority interests	6,125	1,198	(3,540)	57,181	411.3
Net income (loss)	1,719	(2,195)	(3,384)	16,053	N.A.
Per share of common stock (in yen and dollars):					
Net income (loss) (Note 2)	6.57	(8.37)	(12.72)	0.06	N.A.
Cash dividends applicable to the year	3.00	3.00	6.00	0.02	0.0
Total assets	166,005	165,838	177,148	1,549,567	0.1
Shareholders' equity	74,476	71,648	75,175	695,193	3.9

Notes 1: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥107.13 = \$1.00.

2: Beginning with the term ended December 31, 2003, earnings per share is calculated based on the average number of ordinary shares outstanding during the term after deduction of the average number of shares in treasury in accordance with revised accounting standards. For the previous terms, relevant figures were calculated based on the average number of ordinary shares during the term in question.

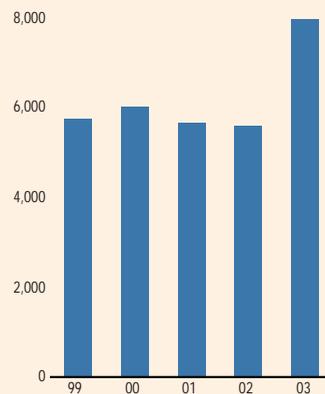
Net sales

(Millions of yen)



Operating income

(Millions of yen)



Net income (loss)

(Millions of yen)





Aiming at high value-added and high profitability through focused application of management resources and swift decision-making

Akihiko Yamadera
President

Back in the black after four years

Q Could you tell the readers what kind of year 2003 was for Toagosei, and give us your opinions regarding the Company's business performance?

A The year was the second under our current medium-term management plan, whose theme is encapsulated in the catchphrase "growth and efficiency." At the net income/loss level, we finally managed to move back into the black for the first time in four years. Notwithstanding this achievement, our operating environment remained severe owing to the high price of raw materials, particularly naphtha. In the case of the majority of our products, we were unable to pass on these price increases to our customers due to strong resistance. As a result, although sales volume was approximately as projected, total sales on a consolidated basis rose by a mere 1.0% year-on-year, to ¥132,455 million (US\$1,236 million).

At the profit level, thorough cost-cutting measures enabled us to register a 42.4% year-on-year increase in operating income on a consolidated basis, at ¥7,951 million (US\$74 million), while net income moved into the positive column for the first time in four years, at ¥1,719 million (US\$16 million).

Overall, we managed to offset the decline in product sales prices by achieving increased sales volume and reducing costs through streamlining operations. A major improvement was effected in the acrylic ester operations of our consolidated subsidiary Singapore Acrylic Ester Pte Ltd., and the red-ink margin posted by equity-method affiliate V-Tech Corp. was reduced. We regard these achievements as substantive successes.

In financial operations, we reduced our interest-bearing debt burden by approximately ¥6 billion, while the shareholders' equity ratio rose from 43.2% at the end of the previous term to 44.9%. We are greatly heartened by these achievements, which were made possible through the unstinting efforts of the management and staff of all companies in the Toagosei Group.

Strong growth in sales of *Aronix* as well as products for the hygiene and nursing care fields

Q Could you tell us something about the breakdown of performance by segment?

A In basic chemical products, the market price of caustic soda declined, but this was offset by expanded sales volume thanks to aggressive marketing, as well as by cost cuts, including reductions in electric power consumption. In addition, our consolidated subsidiary Tsurumi Soda Co., Ltd. enjoyed good business. As a result, sales of the Group as a whole posted a slight year-on-year increase. We intend to work in even closer cooperation with Tsurumi Soda from here onward, particularly in the development and marketing of high-purity products for the information technology field, which is a promising market.

An increase in demand for acrylic acid and acrylic ester both in Japan and overseas during the reporting period resulted in a tight supply situation and rising market prices. Consequently, increased output at our subsidiary Singapore Acrylic Ester, combined with steps taken to rationalize operations, have brought the company within reach of black-ink figures. Among growth products, sales of *Aronix* — a resin that is cured (hardened) by exposure to ultraviolet rays — have surpassed expectations, and demand continues to grow. Because of the strong growth expected for this product for the foreseeable future, we will be investing considerable management resources in it.

Revenues from the sale of specialty chemicals increased in the term under review. In our mainline *Aron Alpha* product line of instant adhesives (sold under the name of *Krazy Glue* in the U.S. market), we launched two new types — one for industrial use and one targeted at young female consumers. In the near future, we plan to introduce more new products in the general-purpose category, and to put more effort into R&D and advertising in the still relatively undeveloped field of industrial-use adhesives.

In newly-developed products, we are steadily winning customers for our semiconductor sealant *IXE*, and sales of the antimicrobial agent *Novaron* are growing at a favorable pace both in Japan and overseas, with exports to Europe and the United States being particularly brisk.

Sales of processed plastic products declined as a result of downward pressure on sales prices as well as our decision to withdraw from certain unprofitable operations. However, thanks to expanded sales of pipes, as well as successful streamlining measures, we were able to maintain profits at roughly the same level as in the previous business term. Sales of hygiene-related products and nursing care products, developed to tap growing new areas of demand relating to the graying of the population, registered sharp increases. Together with steps to bolster the competitiveness of existing business operations, we have great hopes for the future expansion of these new fields.



Pursuit of comprehensive, integrated management of Toagosei Group

Q Apparently, Toagosei's business performance fell short of your targets under the current medium-term business plan, started in 2002. Could you tell us something else about the progress of the plan?

A The prime objective of the plan is to transform Toagosei into a manufacturer of lucrative high-performance products. In this respect, I must admit that the growth rate of promising products in each segment was disappointing. As a whole, sales of products with good growth potential rose 23% year-on-year, but in absolute terms, this was only 86% of the target. The growth in sales of high-purity inorganic chemicals and acrylic polymers is lagging behind schedule, and we intend to address this problem through the focused application of management resources into these areas over the short term to effect a speeding up of all initiatives.

With regard to *Aronix*, which is posting favorable results, we installed additional production facilities at our Nagoya Plant last term, and have taken the decision to set up a production base in China. This would give us manufacturing facilities in Japan, Taiwan, and China, which would be an important first step toward our eventual goal of a global network.

Regarding the troubled PVC manufacturer V-Tech Corp., we have recently reached an agreement with another shareholder to reduce our equity stake in the company from the present 40% to 14.9% in March this year, thereby lightening the burden on our own profits. As for Singapore Acrylic Ester Pte Ltd., in view of the fact that acrylic acid is in tight supply, and likely to remain so for some time, we plan to restore the subsidiary's profitability through steps to improve efficiency, with the goal of bringing it back into the black at an early stage.

Our second strategy under the medium-term plan is to pursue a program of steady improvement in the efficiency of our operational methods, and our third strategy involves the full integration of group management. During the term under review, we continued the process begun in the previous term of steady implementation of management integration toward the ultimate goal of an optimal system for the management of production and distribution operations from the perspective of the consolidated group. At the same time, the managements of all the Toagosei group companies made further efforts to reduce costs. We terminated chloralkali production at our Takaoka Plant and transferred all such operations to the Nagoya Plant; we more closely integrated the production and R&D facilities of subsidiary Nihon Junyaku Co., Ltd. and those of the parent company; we amalgamated two plants in Nagoya operated by Aron Kasei Co., Ltd.; and we carried out groupwide reorganization of our engineering departments and sales subsidiaries. We intend to maintain this policy of actively closing unprofitable facilities and amalgamating operations into more efficient and profitable units.

To improve the efficiency of our administrative processes, in 2002 we introduced the R/3 system (made by the German software company SAP) at the parent company and one subsidiary, and this has been successful in enabling all parts of the parent company to share information more effectively, and in facilitating the speeding up of our decision-making. In 2003, we extended this process by introducing the system at three other group companies, followed by a further two more group members in January 2004. The SAP system is now fully operative at seven group companies.

Turning to our efforts to reduce operating costs, we surpassed our numerical targets in 2003 by achieving cost cuts worth ¥400 million in inventory reductions and approximately ¥600 million through the streamlining of our distribution systems. Additionally, we are enjoying success in reducing raw material procurement costs through centralized purchasing. With respect to payroll expenses, we are strictly applying a performance-linked pay and promotions system, and this is helping to reduce our overall personnel costs. In these ways, we are proactively continuing to pursue our strategies of improving the efficiency of our operational methods and integrating the managements of group companies.

Aiming at the early realization of specific results

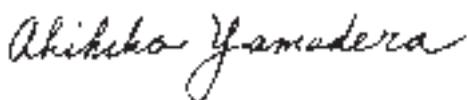
Q Please outline your management vision and give a personal message to your shareholders.

A After structural reform efforts lasting several years, Toagosei has finally built a foundation for lasting growth into the future. Our success from here onward depends on how effectively we can realize the sales growth of products with good potential. What is important is not the total annual sales scale of the Toagosei Group, but whether or not we boast numerous unique products that occupy the No. 1 slot in their respective global markets, and whether we can ensure an acceleration in sales growth.

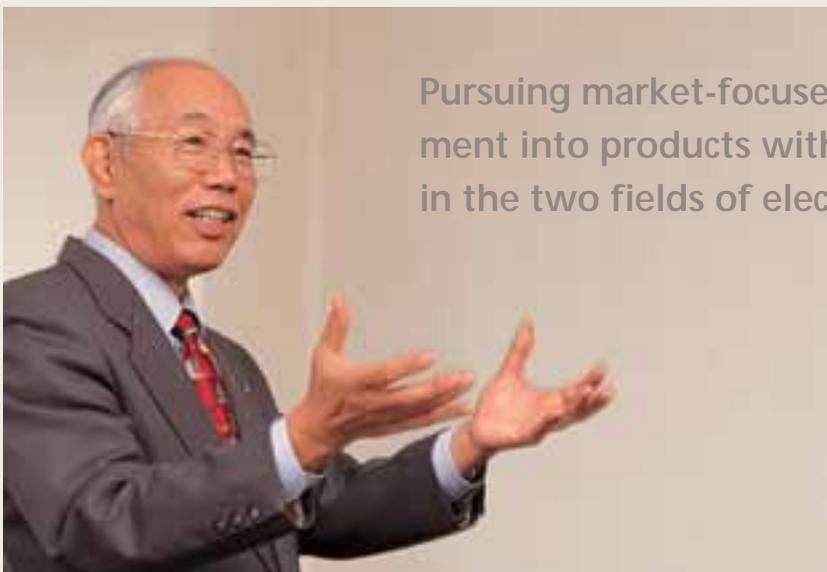
As I said when I was appointed president in early 2003, the Toagosei Group may be relatively small, but it is a shining jewel of Japanese industry, and it is my aim to build an excellent reputation for the Company in the global chemical industry sector. In pursuit of this goal, what is important is not a far-off vision, but the actions we take right now. Our actions must be guided not by vague feelings and concepts, but by facts and achievements. By steadily achieving favorable business performances, I intend to take the management of the Group in the desired direction.

With regard to the important issue of corporate governance, in 2001 we reduced the number of directors and adopted an executive officer system. In 2003, we followed up this first wave of initiatives with the appointment of an outside director and an outside corporate auditor to strengthen management control and transparency. At the same time, we conducted a review of our compliance system and reshuffled the members of the Compliance Committee. We will continue to place top priority on the interests of our shareholders. We will exert our full efforts to improve our business performance, enabling us to reward our shareholders through the payment of satisfactory dividends.

I would like to conclude this section by thanking all our stakeholders for their support over the years, and by promising that their trust in us will be fully repaid.



Akihiko Yamadera
President



Pursuing market-focused research and development into products with good growth potential in the two fields of electronics and life sciences

Hideki Kato

Director and General Manager of Corporate R&D Department

Focusing on the key concepts of uniqueness, niche markets, and hybrid products

Q In what way does the Corporate R&D Department collaborate with the three laboratories attached to the departments of Toagosei's Business Operating Division, and what sort of company-wide role does it fulfill?

A Our role is to quickly identify and bring to realization new businesses that have good potential for future growth. To more effectively play this role, in 2003 we reorganized the department into two groups — the Electronics Corporate Strategy Group and the Life Science Corporate Strategy Group. This greater specialization allows us to more effectively allocate management resources to areas that appear the most promising. The key concepts that guide our activities are uniqueness, niche markets, and hybrid products, and our principal goal is to create high-performance, high-value-added products that perfectly meet market needs.

Developing next-generation electronic materials

Q What R&D themes did you focus on in 2003, and what successes did you have?

A We have been focusing our R&D efforts particularly on areas in which we have a comparative advantage, such as acrylic acid and acrylic esters, oxetanes, and specialty silicon materials, as well as composite materials based on these substances. Applications for these products in the electronics field include insulating membranes for semiconductors, materials for photoresists, sealant materials, resist strippers for flat panels, and new hardening (curing) agents for opto-electrical components. We have already launched some of the fruits of this research as commercial products on the market.

For example, we are enjoying good market penetration with TRIES (triethoxysilane), an oxidizing membrane for very large-scale integrated circuits (VLSIs). TRIES composite materials are being jointly developed with customers for applications as resist raw materials and as sealant materials.

The specialty gas disilane hexachloride, which Toagosei was the first to develop, is now receiving high praise around the world as a material for silicon films (membranes) for use with a wide variety of semiconductors. In



addition, our high-purity ethylene carbonate is drawing great attention both in Japan and overseas for use as a resist stripper for diodes used in liquid crystal displays, and we have received a large number of inquiries.

We are also working to expand our product lineup of resins that harden upon exposure to specific light wavelengths, principally incorporating acrylic monomers and oxetane monomers. *Aronix*, a compound of acrylic monomers, for example, is a resin that hardens instantly on exposure to ultraviolet radiation. Our hologram recording material, in particular, has been adopted by the project being pursued by the Japanese government through the New Energy and Industrial Technology Development Organization (NEDO) to develop a next-generation optical recording medium, and we have great hopes of practical commercial applications for the product.

Spotlight on growth fields such as antimicrobial agents and fuel-cell batteries

Q What sort of progress are you making in the field of life sciences?

A We are tackling various applications of many new technologies, including eco-friendly agrochemicals, diagnostic agents, specially tailored physiologically active substances (such as special-function peptides), antimicrobial agents, pharmaceutical intermediates, and fuel-cell batteries. In the area of environmentally friendly agrochemicals, our *Kaligreen* treatment for wheat flour mildew is selling briskly both in Japan and the United States, and shipments registered a record high in 2003. We are now planning to market *Kaligreen* in Europe, too, and to launch our *Acaritouch* dust mite control agent in the United States.

In the field of antimicrobial agents, Toagosei has successfully applied its proprietary technology to the creation of a new synthetic peptide that mimics the antimicrobial effects of naturally occurring peptides. We have already applied for a patent, and have begun delivering samples to pharmaceutical manufacturers. From here on, this product is expected to find extensive applications in combating in-hospital infections and in regenerative medicine.

The brightest hope for new forms of energy is the fuel-cell battery, and Toagosei's researchers are enthusiastically pursuing the development of a new type of

fuel-cell battery under the guidance of researchers from the University of Tokyo. The immediate target is to produce a battery capable of powering small portable electronic devices such as notebook computers. Currently, research is being focused principally on methanol-fueled batteries employing micro-porous electrolysis membranes. We have already developed a product that shows superior performance in terms of both power output and cost, and we expect to launch it commercially after 1-2 years of sounding out the market.

Putting greater emphasis on R&D into commercially promising themes

Q In what ways are you revitalizing your R&D activities to contribute to Toagosei's business performance under the current medium-term plan?

A Up to and including the term under review, business conditions have made it difficult for us to achieve our numerical targets, but now that promising new products are starting to emerge in both electronics and the life sciences, our main fields of R&D, we can look forward to steady growth over the next few years.

Among our aims over the foreseeable future is the further activation and acceleration of the research and development process. For this purpose, regular reports on specific R&D themes are made to the Company's top management, who also make periodic tours of the R&D facilities to see the activities at first hand. Motivation is provided to our R&D staff through a system of monetary awards for work leading to the filing of patents. In addition, we have established a system of study and training for our staff at leading institutions overseas as an additional means of improving motivation.

We also operate a system of auditing and checking research and development work across the whole company. R&D themes are vetted regularly in terms of costs and feasibility, and the most promising themes for exploration are identified through the use of a "road map" which is updated every year. By concentrating R&D efforts on the most promising themes in this way, we simultaneously increase our chances of success and cut down the lead time between initiating research and bringing products to market.

Interviews with Heads of Departments



Commodity Chemicals

Kunio Sato
Executive Officer

Specialty Chemicals

Yasushi Funaki
Senior Executive Officer

Acrylic Products

Hisanori Abe
Executive Officer

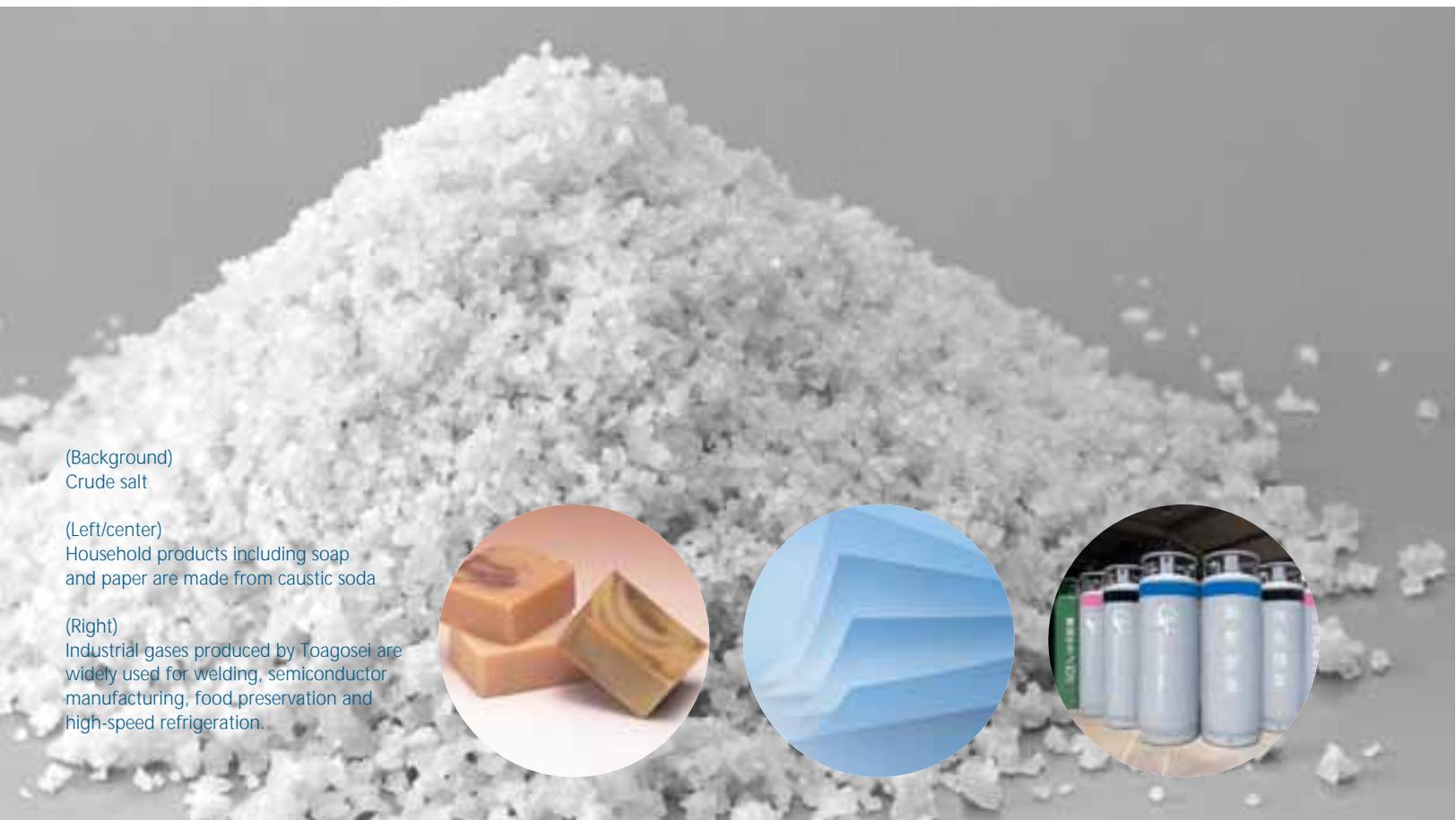
Plastics

Masahiro Takai
President of Aron Kasei Co., Ltd.

Commodity Chemicals



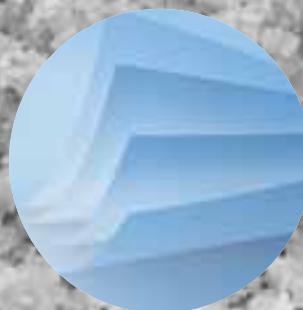
A decline in the sales prices of caustic soda, among other products, was offset by expanded sales volume and reduction in the cost of sales, notably electric power consumption. Our subsidiary Tsurumi Soda also registered an improved sales performance. As a result, sales rose by ¥463 million, or 1.1%, year-on-year, to ¥44,536 million.



(Background)
Crude salt

(Left/center)
Household products including soap and paper are made from caustic soda

(Right)
Industrial gases produced by Toagosei are widely used for welding, semiconductor manufacturing, food preservation and high-speed refrigeration.



Our efficient production system

Nagoya Plant takes over all electrolysis operations



Takaoka Plant to focus on high-performance products



We transferred caustic potash production facilities from the Takaoka Plant to the Nagoya Plant to increase production efficiency through centralization.

Raising cost-competitiveness by optimizing production volumes

Q One of the strategies you have been pursuing under your current medium-term business plan as a priority management issue is the optimization of production scale, together with measures to pare down costs. What sort of progress are you making on this front?

A Following measures to strengthen our chloralkali production and sales systems at our Nagoya and Tokushima plants, in March 2003 we transferred our production facilities for caustic potash (potassium hydroxide) from the Takaoka Plant in Toyama Prefecture to the Nagoya Plant, which is closer to most users' business premises. As a result of this, the cost competitiveness of our caustic potash operations has been greatly bolstered, and the Takaoka Plant is now free to concentrate on the production of high-performance, specialty products, which facilitates the optimization of production scale.

With regard to cost-cutting measures, we have set up a productivity-enhancing team within the Commodity Chemicals Department. The team is carefully examining potential methods of improving efficiency and reducing fixed costs. In 2004, we expect to realize cost reductions in our Commodity Chemicals Department amounting to approximately ¥1 billion. In the future, we aim to produce large quantities of high-quality products with a smaller workforce. Our prime focus will be on providing a manufacturing service that fully satisfies our customers' demands.

Seeking improved profitability through expansion of our lineup of unique and superior products

Q What success have you had in developing products with good growth potential that target the expanding information technology market?

A A number of high-purity chemical products and new chlorides that we have developed for this fast-growing market are posting strong sales growth. These include: 1) the etching solution high-purity liquid ferric perchlorate, used in the LCD manufacturing process; 2) a high-purity liquid chlorine product for use in the manufacture of optical fibers and semiconductors; and 3) a

high-purity caustic potash product used as a cleansing agent in silicon wafer manufacturing.

On the R&D side, one of the particular strengths of the Toagosei Group is its possession of Tsurumi Soda Co., Ltd., which has devoted many years of effort to the development of high-purity products. Toagosei's own R&D activities have already been integrated with those of Tsurumi Soda, and extensive information exchange is being effected. In the next stage, we also expect to see the operation of synergy at the marketing level, too.

Raising efficiency of commodity chemicals business, and nurturing unique new cash-cow products

Q Could you describe your targets for 2004, the final year of the current medium-term plan, and the main measures you are taking to achieve those goals?

A Our medium-term action plan is proceeding on schedule. Business operations in general-purpose commodity chemicals such as caustic soda and chlorine will have been greatly strengthened by the end of 2004 through cost-cutting, the achievement of synergies and greater efficiency through business alliances, and the withdrawal from unprofitable operations. We are making ever-faster progress toward the goal of transforming our commodity chemicals business into a profitable field of operations.

In addition to these efforts to improve the profitability of our general-purpose commodity chemicals, we are also launching high-purity inorganic products on the market with the aim of distinguishing ourselves from our competitors and building a base for strong business growth over the longer term. Within the near future, we hope to grow operating profit from such new business fields to at least ¥1 billion per annum, and we envision them as becoming the core growth sector over the longer term.

Acrylic Products



Thanks to a favorable sales performance by the UV/EB curable acrylate *Aronix*, a promising growth product, sales of acrylic products as a whole rose by ¥2,399 million, or 6.2%, year-on-year, to ¥41,307 million.



- (Background) *Aron Zap* super-absorbent polymer is widely used for disposable diapers, sanitary napkins and other consumer products.
- (Left/center) Our special monomer and oligomer products are used for manufacturing UV-curable ink and cell-phone coatings.
- (Right) *Aron Tac* adhesives have a wide range of applications, including adhesive tapes and labels.

Products with high-growth potential

Aronix



Production capacity at our Nagoya Plant has been boosted to cope with brisk demand, and a new plant is now under construction in China.

Aron Floc



Sales in 2003 substantially exceeded the initial target. We are now particularly targeting the market for water purification agents in China, which is putting great effort into improving its social infrastructure ahead of the 2008 Olympics in Beijing.

Bolstering our monomer production base, and expanding into downstream products

Q Please tell the readers something about the balance of supply and demand for acrylic acid and acrylic esters at home and abroad, as well as the profitability of your acrylic business.

A Supply is extremely tight for both acrylic acid and acrylic esters on both the Japanese and overseas markets as a result of a rapid increase in demand in East Asian markets, notably China. Our subsidiary Singapore Acrylic Ester Pte Ltd. is operating at full capacity utilization in an effort to meet this massive demand, and it is enjoying a sharp improvement in earnings as market prices are climbing.

Q What about your policy for the future?

A We plan to fully leverage the advantage we possess of a comprehensive "acrylic product chain" stretching from upstream materials (monomers) to downstream products. We hope to simultaneously bolster our monomer base while also creating downstream products that set us apart from our rivals. Through the effective allocation of management resources, we plan to realize these aims and boost profitability.

Faster development and marketing of strong-growth products on the global market

Q Could you describe the expansion of sales of your promising products, particularly the UV/EB curable acrylate *Aronix*, as well as your global strategy?

A *Aronix* is used as an adhesive for mixing with printing ink and for bonding together the layers of DVDs, and as a surface coating for CDs and cell phone covers, among many other applications. The product is selling extremely well, and posted a roughly 15% growth on the global market in 2003, while sales in Japan rose 25% year-on-year, giving *Aronix* a major share on the domestic market. Sales in overseas markets are expected to grow even more rapidly in the near future, and to bolster our production capacity to meet this increased demand, we intend to follow up our establishment of a manufacturing base in Taiwan (Toa-Jet Chemical) with the start of operations at a new plant in China in 2005. We are also mulling plans to set up manufacturing bases in the United States.

Other products with good growth potential include water-soluble acrylic polymers, and flocculants, both of which surpassed the previous year's sales in the term under review. Flocculants are mainly used in the treatment of industrial waste water and sewage, as well as in the purification of water for supply to households. The market for flocculants is thus expected to be particularly promising over the next few years in China, where much

effort and money is being spent on building up a modern social infrastructure. For this reason, we are reexamining the feasibility of setting up production facilities in that country in the near future.

Strengthening polymer business from integrated Groupwide perspective

Q Could you tell us something about cooperative efforts with your subsidiary Nihon Junyaku and plans for improving the company's efficiency?

A Nihon Junyaku is responsible for an important part of the Toagosei Group's overall polymer operations. Using acrylic acid and acrylic esters manufactured by the parent company as the raw material, Nihon Junyaku manufactures and sells fine polymers that are used in pharmaceuticals and cosmetics. We are forging closer ties with this subsidiary with the aim of helping improve its profitability, and we are currently in the midst of plans to close factories and transfer operations to other plants, pooling our R&D resources for further efficiency. As far as our sales strategy for this company is concerned, we are making optimal use of the capabilities of the entire Toagosei Group to expand sales of Nihon Junyaku's products overseas, particularly in China, and have been racking up a steady improvement year by year.

Focus on downstream products

Q How do you see your business prospects for 2004, and what priority steps are you taking?

A We project a 7% year-on-year increase in revenues from the sale of downstream products. Our priority measures will include placing even greater strategic weight on competitive downstream products. For our top-selling *Aronix*, we are hoping to expand sales of new curable compounds, including for use in LCD manufacture. For this purpose, we will be increasing the production capacities of our Nagoya and Taiwan plants, and we aim to foster products that will exhibit extremely strong growth rates. In the field of water-soluble acrylic polymers, we are putting priority on nurturing high-performance new products, such as those for the paper-making industry.

We will also be developing long-term strategic products based on our proprietary technology in the field of flocculants, which promise to play a very valuable part in the fight against environmental degradation, and in the field of uniform functional oligomers. In both these fields, we have good hopes of launching products that differentiate us sharply from our competitors, and that will open up promising markets in the future. Not only are these high-performance products enjoying growth within Japan, they are also enjoying critical acclaim overseas, notably in China. We expect them to grow into significant earnings generators in the near future.

Specialty Chemicals

In addition to our mainstay product *Aron Alpha*, we are also enjoying favorable sales for our semiconductor sealant *IXE* and the antimicrobial agent *Novaron*. As a result, total sales of specialty products rose ¥216 million year-on-year, or 1.5%, to ¥14,707 million.



- (Background) Hot melt adhesives developed for materials difficult to bond
- (Left) *PES* hot melt adhesives are used for smart cards
- (Center) *Aron Alpha ChūChū* is aimed at female customers
- (Right) *Aron Wall*, an industry-first waterproof coating for exterior walls



Products with high-growth potential

EXTRA Mini x 4



This is an adhesive that comes in single-use (non-reusable) containers. This product was developed in response to user complaints about conventional instant adhesives. For example, with conventional products, one has to replace the cap after each usage. Due to an excess of adhesive squeezed out, the cap often becomes stuck, preventing further use.

Novaron



We are promoting new applications of *Novaron*, an antimicrobial agent, in response to rising demand for protection against infectious diseases such as SARS at medical institutions and at companies in the food processing and housing industries. Examples of use include antimicrobial face masks, clothing for staff in hospitals, and the disinfection and sterilization of furniture, fixtures, wallpaper and so on at hospitals and other public facilities.

Leveraging the *Aron Alpha* brand name

Q Regarding your best-selling product *Aron Alpha*, could you outline its position in the market, the progress you have made in the development of new products, and your strategy for overseas markets?

A In the consumer market, we enjoy a strong lead over our competitors, with a market share of approximately 80%. In 2003, we launched a new adhesive *Aron Alpha High Impact Resistance*, targeting heavy users. The new product boasts even stronger resistance against impact shock. We also brought to market *Aron Alpha ChūChū*, targeted at young women, for use in nail art and other decorative applications. This March, we launched the first of a new series named *EXTRA*, featuring a pack of four 0.5g tubes, each one of which is just enough for one complete application. These are just some of the ways in which we have been expanding our product lineup and optimally leveraging our established brand name.

On overseas markets, brand recognition of our products is rising, and we expect to achieve considerable growth in the foreseeable future. We are also aiming at a still larger share of the U.S. market, where we already enjoy a more than 50% share. By making the best use of our global operational network, we hope to strengthen our position in Asian markets, too, with products newly developed in the United States. We are also achieving a growing share of the European market thanks to a reorganization of our marketing channels. In the Asian markets, particularly in China, we are making efforts to expand sales of industrial-use products to Japanese companies with manufacturing operations in China.

Antimicrobial agent *Novaron* shown to possess efficacy against SARS

Q Are you posting sales in line with your projections for the antimicrobial agent *Novaron*, the semiconductor sealant *IXE*, and the IC card adhesive *PES*?

A Shipments of promising products are proceeding in line with our forecasts on both the Japanese and overseas markets. Sales of *Novaron* to Europe and the United States are posting good growth, and a Chinese government-affiliated research institute has announced findings that *Novaron* shows some effect in restraining SARS. This is having a favorable effect on product

development targeting users in Southeast Asia. We plan to develop a number of products for preventing infections incorporating *Novaron* that will have antimicrobial and antiviral efficacy. This should have a synergistic effect on sales of *Novaron* itself.

IXE has long been popular with our customers in the semiconductor industry, in particular, and we expect continued stable demand. The adhesive *PES*, used by manufacturers of IC cards, is enjoying growing demand. Last year, we expanded production facilities at our Takaoka Plant, and are now bolstering our marketing activities.

Creating a development system tightly focused on customer needs

Q What are your main forecasts and plans for 2004?

A We are projecting sales for 2004 at 3% above the 2003 level. We are putting special effort into the creation of an operational system that allows us to profitably produce a wide variety of products in small lots. With regard to consumer goods, the slackness of overall consumption makes business conditions difficult, but we hope to compensate for this by creating new market applications and speeding up the pace of our inroads into overseas markets.

We are also working hard to improve profitability through rigorous cost-cutting by such means as procuring materials overseas. To achieve the goals under our current medium-term business plan, it will be essential to bring new high-growth products to market. To this end, all the operational units of the Company — including marketing and research & development — are working closely together. The organization of the Product Development Center, which has already achieved success with the development of industrial adhesives, will be further streamlined to facilitate the still more rapid development of new products based on close and careful surveys of our customers' requirements.

(Note: With effect from April 1, 2004, Mr. Funaki, who holds the rank of Senior Executive Officer, became General Manager of Supply Chain Management Department. Mr. Kunihiko Mizutani took over as head of the Specialty Chemicals Department.)

Plastics



Despite an unavoidable decline in revenue owing to a fall in the unit prices of molded plastic products and our withdrawal from certain unprofitable business lines, we were able to keep profits at roughly the same level as the previous year, thanks to expanded sales of piping materials and couplings for water supply and sewer use, together with successful streamlining measures. Total sales came to ¥27,373 million, a year-on-year decline of ¥1,803 million, or 6.42%.



(Background) Developing high-performance plastic products for a wide range of applications including medical devices, food packaging and toys

From electricity and telecommunication services to environmental preservation activities, our plastic products are in wide demand for both consumer and industrial use.

Products with high-growth potential

Nursing care products



Consumer needs for nursing care products such as portable toilets are growing and diversifying in parallel with the graying of society, and Toagosei is constantly widening its lineup of products to address their needs.

Piping materials



We have developed a centralized sewerage system for single-family houses in which waste water from the kitchen, washbasin, and bath is directed through one pipe under the floor of the house. This cuts down on labor costs associated with the construction and maintenance of the house's plumbing system, and improves the efficiency and precision of installation. This system reduces total plumbing-related costs by an average of 20%.

Focus on high-growth markets for high-performance plastics for nursing care applications

Q Could you identify the priority areas for your plastics processing operations, and tell us something about the state of development of promising products?

A In addition to our mainline piping materials, we are also putting effort into the exploitation of growth markets such as nursing care products and specialty elastomer compounds for molded plastics.

In piping materials, we are developing a centralized sewerage system for single-family houses in which waste water from the kitchen, washbasin, and bath is directed through one pipe. We have extended our lineup of pipes and coupling for water supply and sewer use (“drainage chamber”). A number of leading house builders have already adopted our centralized sewerage system, and we are now devoting efforts to expanding our customer base.

In the field of nursing care products, we have developed a module-type portable toilet unit that features additional heating and odor removal functions; a folding shower seat; and wooden hand-rails. These products are all enjoying favorable sales.

Regarding elastomer compounds, we have developed vibration-absorbing components suitable for digital devices, and plastic seals used with metal bottle tops for beverages, and as PVC-alternatives for medical applications. We are also expanding our options through tie-ups with plastics materials makers.

Withdrawal from unprofitable businesses to cause decline in total revenues

Q Could you give an overview of the market conditions and state of sales of each of your business lines?

A Unit sales prices have declined as a result of the deflationary trend of the Japanese economy as a whole, and this has pulled down our revenues. Sales of piping materials have been depressed slightly by cutbacks in public spending and a flat trend in private-sector housing investment. In the field of household products, nursing care products posted double-digit growth during the term under review. On the other hand, our withdrawal from the production of vehicle floor mats, which had proved unprofitable, meant that total shipments in this category were down from the previous year. Compound plastic materials maintained a steady sales trend on the

Japanese market, but sales to users in China declined due to certain temporary plant closures resulting from the SARS epidemic. As a result, overall revenues declined from the previous year, but as this was more than offset by a decline in losses of a one-off nature, pre-tax profit posted a gain over the previous year.

Growth fueled by greater efficiency and launching of high-performance products

Q What steps do you plan to take in 2004, and what are your major predictions for the year?

A Although we expect to fall short of our targets for the year under the medium-term business plan, revenues are likely to post a slight increase over 2003. One major step we will be taking to improve our earnings is to actively seek to pass on to our users the increases we have had to bear in the purchase prices of our raw materials. We will also be aggressively launching new products in the business fields of nursing care, elastomer applications, and environmental preservation.

In the area of nursing care products, we see the amendments recently made to the national nursing care insurance system as constituting an opportunity to expand our product lineup. In environment-related businesses, as our weather-resistant display boards made from recycled plastic (PET) bottles are proving increasingly popular, this area should make a growing contribution to overall sales.

We plan to streamline our production system by concentrating our compound materials production facilities, which are currently separated at two plants in Nagoya, at one location. To increase our production capacity for pipes and couplings for water supply and sewer use, we will be expanding facilities at our plant in Ibaraki Prefecture. These products are also made at another plant in Onomichi, Hiroshima Prefecture, and to optimize our production system, orders will be appropriately shared between the two plants. Assembly, finishing work, and inspection — processes that are currently carried out at the Takatsuki Office in Osaka Prefecture — will be transferred to the Shiga Plant, and the Takatsuki Office will become a dedicated distribution facility. All these changes are aimed at maximizing efficiency through specialization.

At the same time, we will continue to energetically seek out promising new business fields and expand into new overseas markets, to ensure that our plastics processing business is firmly on the growth track.

To achieve a sustainable society in harmony with the environment

Toagosei assigns a high priority to the management issues of environmental preservation and workplace safety. In line with this commitment, in our basic operating principles, we incorporate our concerns for these matters at every stage of the product lifecycle process, from initial development to disposal.



Bolstering Our System for Environmental Preservation and Workplace Safety

Toagosei has obtained the ISO 14001 environmental management systems certification for its four plants in Japan (Nagoya, Tokushima, Takaoka and Sakaide) and their laboratories. Each fiscal year, the Company designates the tasks to be incorporated into its basic policy for Responsible Care, and makes vigorous efforts to achieve all targets.

Regarding the management of Toagosei's environmental activities, the Company follows a three-pronged approach, with an internal environmental audit conducted at each plant; a Responsible Care Audit, which is an objective evaluation of the status of the Responsible Care Plan; and annual inspections of the Company's environmental management system by outside experts (an authorized institution for ISO certification) to ensure continued compliance with the required standards.

Moreover, we have created the Disaster Damage Prevention Council to carefully consider issues relating to environmental preservation, safety and product quality. This council also debates issues concerning plant construction, expansion, renovation and dismantling.

In addition to ensuring compliance with laws and ordinances, we are increasing our efforts pertaining to safety and environmental protection. Such efforts include the implementation of safety controls during the transportation of chemicals, employee education and training to raise awareness concerning safety and environmental protection. At each plant, employees are encouraged to form small groups to carry out activities that contribute to environmental preservation and the improvement of workplace safety.

The Three Key Objectives of Our Environmental Initiatives

At the core of our environmental activities are three key objectives: reduction of environmental impact; development of products and technologies that contribute to environmental preservation; and disclosure of information on the Company's environment-related activities. Among the management priorities included in our medium-term plan are the reduction of the environmental impact of our activities and the development of environment-friendly technology and products.

With regard to reducing environmental impact, in addition to implementing energy-saving measures, we are making steady progress in reducing CO₂ emissions to prevent global warming, decreasing industrial waste, preventing the leakage of pollutants into the water and air, and curtailing the emission of all substances that cause environmental load.

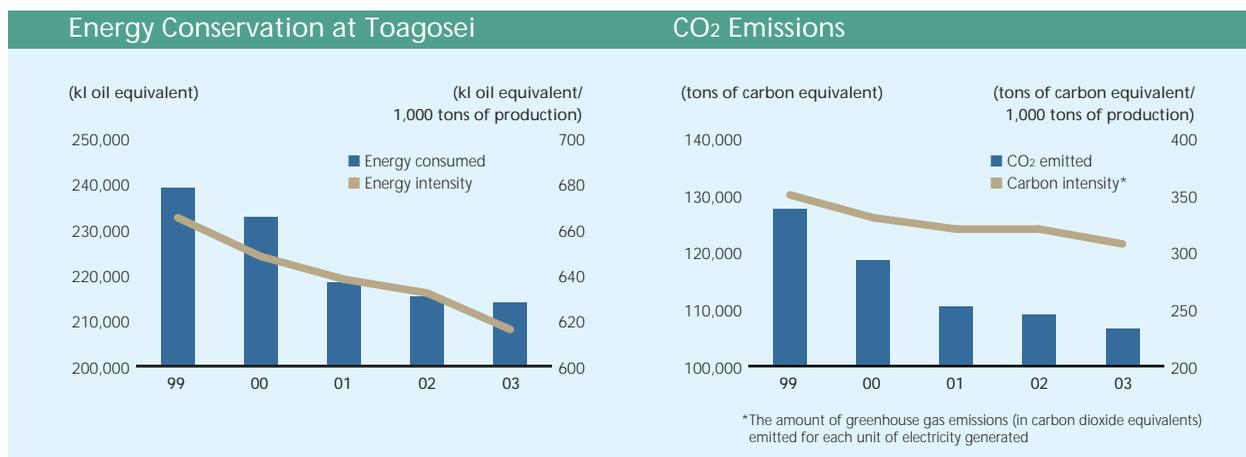
As part of efforts to develop environment-friendly products, we have created materials that alleviate the impact on the environment by reducing volatile organic compound (VOC) emissions. Our extensive product lineup includes *Aronix*, an acrylic polymer product that cures in a matter of seconds on exposure to ultra-violet rays or electron beams; *Aron Floc*, an acrylic polymer flocculant used for purifying water; and *Kaligreen*, an environment-friendly fungicide which also serves as a fertilizer.

With regard to our environment-friendly technologies, we used the grant we received from the New Energy and Industrial Technology Development Organization (NEDO) in our caustic soda business to develop an energy-saving method of producing table salt through electrolysis. For this method, we adopted gas diffusion electrodes, which allow a saving in electric power consumption of approximately 40%. Pilot production runs have been successfully conducted at our Nagoya Plant, with a view to commercialization as early as 2006.

Concerning the public disclosure of information on the Company's environment-related activities, as part of its responsibilities as a good corporate citizen, Toagosei takes pains to ensure extensive disclosure of all its environmental activities in a report published each year, as well as on the Company's website at <http://www.toagosei.co.jp/>. This report contains specific examples of measures implemented at all the Company's places of business and Group companies.

In addition, Toagosei has been conducting environmental accounting since fiscal 2000, and this has proved effective in evaluating the efficiency of our environmental preservation activities.

To increase interaction with the local community, the Company sponsors a variety of activities, such as a women's volleyball tournament, softball tournaments, tours of our factories for schoolchildren and others living and working in the vicinity of our plants and offices, volunteer cleanup campaigns, and staff participation in earthquake and other disaster response drills. In these and other ways, we are working to build and maintain good relations with the local community wherever we operate.



Board of Directors and Corporate Auditors



Katsutoshi Yamada

Akio Arisawa

Sakou Suzuki

Bunshiro Fukuzawa

Akihiko Yamadera

Manabu Terao

Hideki Kato

Shigehisa Hibino

Chairman

Bunshiro Fukuzawa

President

Akihiko Yamadera

Directors

Sakou Suzuki

Manabu Terao

Akio Arisawa

Hideki Kato

Katsutoshi Yamada

Shigehisa Hibino

Senior Executive Officers

Shozo Koyama

Yasushi Funaki

Yoshiaki Kawamoto

Executive Officers

Takeo Nakajima

Toyohiko Kitano

Kunihiko Mizutani

Yoshinobu Yamashita

Hisanori Abe

Teruo Yoshida

Akira Yada

Kunio Sato

Suemori Takashima

Yasutaro Yasuda

Futoshi Hashimoto

Shigeo Suzuki

Masaharu Matsubara

Corporate Auditors

Hirotsada Ito

(Standing)

Takeyoshi Ono

Shou Sato

Masao Numata

(As of March 31, 2004)

Financial Section

Six-Year Selected Data

Toagosei Co., Ltd. and Consolidated Subsidiaries

Years ended December 31

	Millions of yen (except per-share data)					
	2003	2002	2001	2000	1999	1998
For the fiscal year:						
Net sales.....	¥132,455	¥131,092	¥135,583	¥145,246	¥150,822	¥145,896
Income (loss) before income taxes and minority interests.....	6,125	1,198	(3,540)	2,927	5,552	2,690
Net income (loss).....	1,719	(2,195)	(3,384)	(247)	2,069	254
Per-share data:						
Per share of common stock:						
Net income (loss).....	6.57	(8.37)	(12.72)	(0.93)	7.75	0.95
Cash dividends applicable to the year.....	3.00	3.00	6.00	6.00	6.00	6.00
At year-end:						
Total assets.....	166,005	165,838	177,148	187,923	196,289	203,788
Shareholders' equity.....	74,476	71,648	75,175	80,268	81,731	80,664
Number of employees.....	2,735	2,792	2,872	3,097	3,341	3,387

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Management's Discussion & Analysis

Operating Environment and Financial Strategy

Although the term under review saw no sign of any improvement in consumer spending or the employment situation in Japan, increases were recorded in private-sector capital investment and in exports, and with a recovery on the stock markets in the latter half of the term, it seemed that the stage was being gradually set for an economic recovery.

For companies like ourselves in the chemical industry, however, the business environment remained difficult against the background of a persistently high level of raw materials prices, combined with declines in the sales prices of certain products.

In response to these business circumstances, the member companies of the Toagosei group strove to lay the groundwork for a recovery in business performance through further efforts to cut costs, including payroll expenses, as well as other steps to strengthen the group's core business operations.

At the same time, as part of our overall financial strategy, we have taken steps to more efficiently allocate funds for payroll costs and to hold down the total; to cut costs by reducing inventories of both products and raw materials; and to improve capital efficiency by reducing total assets through the scrapping and amalgamation of property, plant and equipment. A particular priority of our financial strategy is to raise the return on equity (ROE) to allow us to pay a per-share dividend of at least ¥6 for the foreseeable future. It is also an essential part of our profit distribution policy to withhold a sufficient amount of retained earnings to finance the sort of R&D and capital investment necessary to ensure future business expansion. In this way, we assign a high priority to maintaining a healthy financial position.

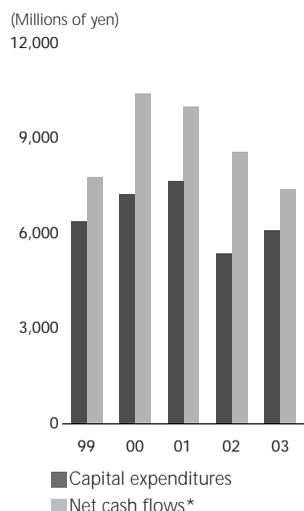
Liquidity and Capital Resources

Financial Position

The total assets of the Toagosei group, on a consolidated basis, as of the end of December 2003 stood at ¥166,005 million (US\$1,550 million), approximately the same as at the end of the previous business term. In current assets, there was an increase in trade receivables in tandem with the increase in sales, but on the other hand, a reduction was effected in cash and deposits thanks to more efficient centralized fund management made possible through the adoption of a cash management system. Inventory assets were also reduced thanks to more fine-tuned inventory control. As a result of these measures, the value of current assets was reduced by ¥338 million from the level at the end of the previous term, to ¥70,545 million (US\$659 million).

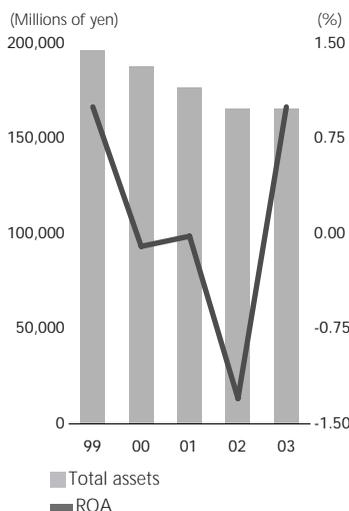
Meanwhile, current liabilities at term-end stood at ¥54,149 million (US\$505 million), down ¥1,702 million year-on-year. This was mainly due to a reduction in interest-bearing debt and more efficient fund procurement. The balance of short-term loans was reduced to ¥8,791 million (US\$82 million) at term-end, half the level at the previous term-end: this repayment was financed by withdrawing funds from bank deposits — made possible by the adoption of the cash management system in addition to the issuance of commercial paper. Although the bonds issued by the Company are classified as long-term debt, the ¥10,000 million portion whose maturity falls due at the end of the current business term, ending December 2004, has been reclassified as short-term debt. In spite of the increase in sales, trade payables declined slightly. As a result, the current ratio improved to 130.3% from 126.9% for the previous term, showing that the

Capital expenditures & net cash flows

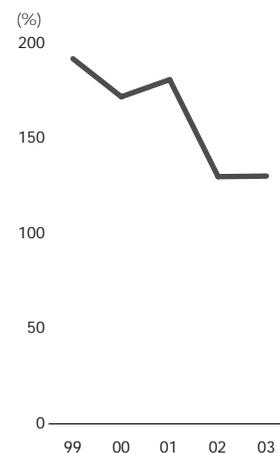


*Net cash flow (term-end balance of cash and cash equivalents) figure for 1999 is on a non-consolidated basis.

Total assets & ROA



Current ratio



Company now enjoys a sounder level of liquidity.

In noncurrent assets, the value of property, plant and equipment declined during the reporting period, whereas the value of investments in securities increased. As capital investment was kept within the limits of depreciation expenses, the value of property, plant and equipment declined by ¥1,407 million from the previous term-end, to ¥73,625 million (US\$687 million). Investments and other assets increased as a result of a rise in the market values of investment securities holdings, thanks to an upturn on the stock market. For this reason, the figure increased by ¥1,911 million over the previous term-end, to ¥21,833 million (US\$204 million).

Long-term liabilities, on the other hand, declined, mainly as a result of the aforementioned transfer of a portion of corporate bonds to the category of current portion of long-term debt. However, to finance the redemption of the bonds, long-term debt was increased. As a result, the term-end balance of long-term liabilities stood at ¥29,386 million (US\$274 million), down ¥1,290 million from the previous term-end.

Shareholders' equity increased by ¥2,828 million over the previous term-end, to ¥74,476 million (US\$695 million), thanks largely to an increase in retained earnings as a result of the posting of increases in both revenues and earnings, as well as the recognition of unrealized gains on investment securities due to the recovery of prices on the stock market. As a result, the ratio of noncurrent assets to shareholders' equity declined from 132.5% at the previous term-end to 128.2%, and the equity ratio improved to 44.9%, compared with 43.2% at the previous term-end. The Company thus clearly made progress in further stabilizing its financial position.

The property, plant & equipment turnover ratio — an indicator of asset efficiency — rose from 1.71 for the previous term to 1.78. In ROA and ROE, the Company effected a significant turnaround in the reporting period, posting figures of 1.04% and 2.35%, respectively, compared with net losses for the previous year.

Cash Flows

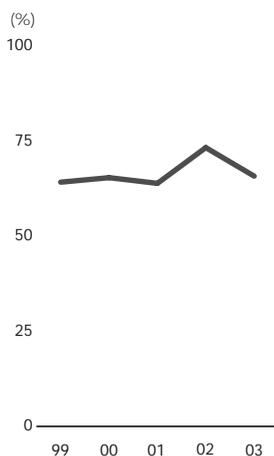
Net cash provided by operating activities decreased ¥1,179 million from the previous year's ¥13,090 million to ¥11,911 million (US\$111 million). Cash inflows fell due to increases in trade receivables and income taxes paid. However, this decrease was partially offset by an increase in income before income taxes and a continued decline in inventories.

Net cash used in investing activities increased slightly to ¥7,711 million (US\$72 million) from ¥7,331 million for the previous year. This is a mixed result of increases in short-term loans to V-Tech, an equity-method affiliate and Singapore Acrylic Ester, an overseas subsidiary on the one hand, and a decrease in the purchases of property, plant & equipment on the other.

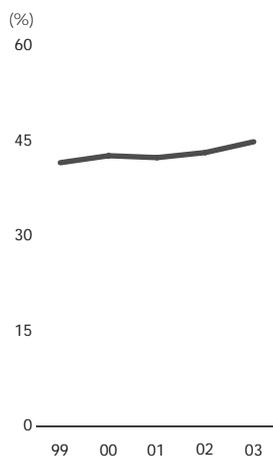
Regarding cash flows from financing activities, net cash outflows decreased ¥1,772 million to ¥5,422 million (US\$51 million), from ¥7,194 million in the previous year, despite the redemption of bonds. This decrease is largely attributable to a decline in cash outflows accompanying the acquisition of the Company's own shares and an increase in cash inflow resulting from the issuance of commercial paper with the aim of reducing the interest payment burden.

In combination, the above resulted in a balance of cash and cash equivalents at the end of the term under review of ¥7,407 million (US\$69 million), down ¥1,179 million from the previous year.

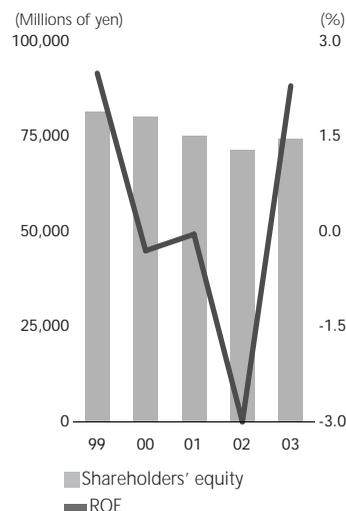
Ratio of property, plant & equipment to long-term capital



Ratio of shareholders' equity to total assets



Shareholders' equity & ROE



Consequently, the free cash flow (cash flows from operating activities + cash flows from investing activities) decreased ¥1,559 million from the previous year's level, to ¥4,200 million.

Results of Operations

Net Sales

For the fiscal year ended December 2003, net sales on a consolidated basis came to ¥132,455 million (US\$1,236 million), a year-on-year increase of 1.0%. The principal factor behind this increase was growth in the sales volumes of commodity chemicals, acrylic products, and specialty chemicals.

By product segment, revenue from the sale of plastic products declined by 6.4% year-on-year, but all other segments recorded sales increases. Particularly strong growth came from acrylic products, which rose 6.2% year-on-year, to ¥41,307 million. Sales of commodity chemicals were up 1.1%, at ¥44,536 million, while sales of specialty chemicals were up 1.5%, at ¥14,707 million. Sales of other products did even better, up 3.8% year-on-year at ¥4,530 million. In individual product categories, favorable shipments were enjoyed by chlorine-based organic solvents, acrylic acid, acrylic esters and other acrylic products, as well as adhesives for industrial use in Japan and for consumer use overseas. Increases in sales among consolidated subsidiaries were recorded by Tsurumi Soda, Toa Techno-Gas, Nihon Junyaku, and Aron Ever-Grip in Japan, and by Singapore Acrylic Ester overseas.

Earnings

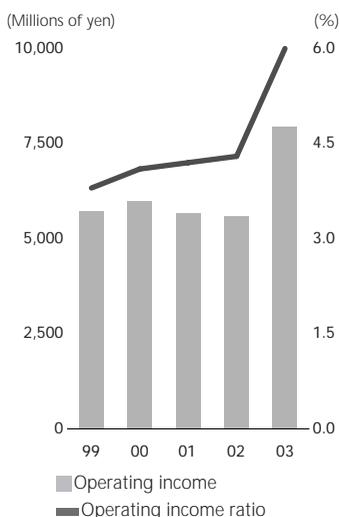
By focusing effort on lowering the cost of sales, principally by cutting labor costs, we were able to offset the rising prices of raw materials,

notably naphtha, and effect a 0.4 percentage point improvement in the gross profit margin to 28.0%. We pushed ahead with cost-cutting initiatives through the centralization of administrative operations for inter-group transactions and the streamlining of distribution. By these and other means, we reduced selling, general and administrative expenses by 4.8% from the previous term, to ¥29,110 million (US\$272 million). As a result, the ratio of SG&A expenses to sales was lowered from the previous term's 23.3%, to 22.0%. As a consequence of these efforts, operating income increased by a sharp 42.4% year-on-year to ¥7,951 million (US\$74 million), while the ratio of operating income to sales rose 1.7 percentage points, to 6.0%.

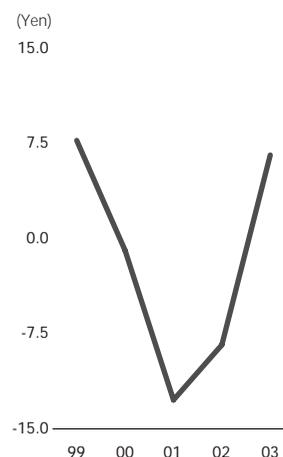
In a segment breakdown of the main product categories as factors in the ratio of operating income to sales, specialty chemicals, at 17.1%, were down by 0.9 of a percentage point from the previous term. Commodity chemicals and plastics rose 0.7 and 0.3 of a percentage point, respectively. The largest contributory factor in improved earnings was the performance of acrylic products, which went from an operating loss to a ratio of operating income to sales of 0.9%. As in previous terms, specialty chemicals registered a high ratio of operating income to sales. The main change in the reporting period is that none of the product segments is any longer acting as a significant brake on the group's earnings.

In a breakdown of operating income by the main consolidated group companies, Aron Kasei and Toagosei America saw slight declines in operating income, whereas year-on-year increases were registered by other major consolidated subsidiaries. Singapore Acrylic Ester once again registered an operating loss, although the amount of loss was smaller than for the previous term.

Operating income & ratio as a percentage of net sales



Net income (loss) per share



Net other expenses came to ¥1,826 million (US\$17 million), an improvement of ¥2,560 million from the previous term. The main factor behind this was recognition of unrealized gains on investment securities due to the recovery of prices on the stock market. Positive impacts were also felt from an improvement in returns on equity-method investments, and a reduction in the total interest-bearing liabilities thanks to the adoption of a cash management system.

As a result of the foregoing, for the term under review, the Toagosei group enjoyed its first net income in four business terms, at ¥1,719 million (US\$16 million), compared with a net loss of ¥2,195 million for the previous term. The ratio of net income to sales stood at 1.3%.

Outlook

The global economy is expected to follow a recovery path in 2004, with the Japanese economy following suit, albeit at a leisurely pace. Many key factors, however remain uncertain, notably the direction of consumer spending trends. The chemical industry is likely to continue laboring under high raw materials prices, and competition will become increasingly severe on both the domestic and overseas markets. Overall, therefore, the business environment seems set to remain as difficult as ever.

To counter this adverse environment, maintain the Company's position in the chemical industry, and continue to make an important contribution to the life of the community, the management of Toagosei will leverage its unique proprietary technology by pursuing a medium-term business plan focused on growth and efficiency. The Company and its consolidated subsidiaries will continue to devote their full and united efforts to the realization of our principal themes

— the transformation of our business structure into one focused on high-performance and high-value-added products, the unremitting pursuit of efficiency in our business activities, and the complete integration of group management.

Furthermore, in line with our serious commitment to fulfilling our responsibilities as a good corporate citizen, we will continue working to ensure the highest possible standards in product quality and safety, to minimize the environmental burden of our business activities, and to rigorously enforce strict compliance with legal requirements.

On the basis of the factors outlined above, for the 2004 business term, we forecast net sales of ¥136,700 million, operating income of ¥8,000 million, and net income of ¥3,100 million on a consolidated basis.

Consolidated Balance Sheets

Toagosei Co., Ltd. and Consolidated Subsidiaries

December 31

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	2003
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 7,407	¥ 8,586	\$ 69,143
Securities (Notes 4 and 7).....	214	325	2,000
Notes and accounts receivable.....	43,568	42,286	406,684
Inventories (Note 5).....	12,327	13,055	115,071
Deferred tax assets (Note 9).....	509	416	4,760
Other current assets.....	6,574	6,309	61,365
Allowance for doubtful receivables.....	(55)	(94)	(519)
Total current assets.....	70,545	70,884	658,507
Property, plant and equipment (Note 7):.....	244,398	240,400	2,281,325
Accumulated depreciation.....	(170,772)	(165,367)	(1,594,070)
Property, plant and equipment, net (Note 6).....	73,625	75,032	687,255
Investments and other assets:			
Investment securities (Notes 4 and 7).....	15,627	12,375	145,873
Long-term loans receivable.....	320	735	2,987
Intangible assets, net.....	1,299	1,469	12,125
Deferred tax assets (Note 9).....	613	1,215	5,729
Other assets.....	4,133	4,332	38,587
Allowance for doubtful receivables.....	(160)	(205)	(1,497)
Total investments and other assets.....	21,833	19,922	203,804
Total.....	¥166,005	¥165,838	\$1,549,567

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	2003
Liabilities and shareholders' equity			
Current liabilities:			
Notes and accounts payable	¥ 18,611	¥ 18,710	\$ 173,725
Short-term bank loans (Note 7)	6,845	6,564	63,897
Current portion of long-term debt (Note 7)	11,946	19,295	111,511
Commercial paper	8,000	4,000	74,675
Deferred tax liabilities (Note 9)	0	1	0
Accrued income taxes (Note 9)	2,072	1,159	19,342
Other current liabilities	6,674	6,119	62,305
Total current liabilities	54,149	55,851	505,458
Long-term liabilities:			
Long-term debt (Note 7)	19,270	20,776	179,875
Deferred tax liabilities (Note 9)	1,910	871	17,837
Accrued retirement benefits for employees (Note 8)	2,986	3,399	27,877
Accrued retirement benefits for directors	343	450	3,202
Other long-term liabilities	4,875	5,178	45,510
Total long-term liabilities	29,386	30,676	274,304
Minority interests in consolidated subsidiaries	7,993	7,662	74,611
Shareholders' equity (Notes 10, 16 and 17):			
Common stock, without par value:			
Authorized – 480,000,000 shares			
Issued:			
2003 – 263,992,598 shares	20,886	—	194,963
2002 – 263,992,598 shares	—	20,886	—
Capital surplus	15,014	15,011	140,151
Retained earnings	36,804	35,834	343,545
Unrealized holding gain on securities	3,078	785	28,739
Translation adjustments	(865)	(610)	(8,076)
Less treasury stock, at cost: 2,724,245 shares in 2003 and 1,707,097 shares in 2002	(442)	(259)	(4,130)
	74,476	71,648	695,193
Commitments and contingencies (Note 14)			
Total	¥166,005	¥165,838	\$1,549,567

Consolidated Statements of Operations

Toagosei Co., Ltd. and Consolidated Subsidiaries

Years ended December 31

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	2003
Net sales	¥132,455	¥131,092	\$1,236,395
Cost of sales (Note 11).....	95,392	94,936	890,438
Gross profit	37,062	36,155	345,956
Selling, general and administrative expenses (Note 11).....	29,110	30,571	271,732
Operating income	7,951	5,584	74,224
Other income (expenses):			
Interest and dividend income.....	306	452	2,857
Interest expense	(741)	(884)	(6,920)
Gain on sales and disposal of property, plant and equipment	38	463	357
Equity in losses of affiliates	(1,114)	(1,829)	(10,401)
Amortization of net retirement benefit obligation at transition.....	(353)	(353)	(3,304)
Other, net	39	(2,235)	367
Income (loss) before income taxes and minority interests.....	6,125	1,198	57,181
Income taxes (Note 9):			
Current	3,458	2,536	32,282
Additional taxes assessed	480	—	4,480
Deferred.....	186	780	1,744
	4,125	3,316	38,507
Minority interests in earnings of consolidated subsidiaries	(280)	(76)	(2,621)
Net income (loss) (Note 16).....	¥ 1,719	¥ (2,195)	\$ 16,053

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Toagosei Co., Ltd. and Consolidated Subsidiaries

Years ended December 31

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	2003
Common stock			
Balance at beginning of year	¥20,886	¥20,886	\$194,963
Balance at end of year	¥20,886	¥20,886	\$194,963
Capital surplus			
Balance at beginning of year	¥15,011	¥15,622	\$140,126
Increase due to the exchange of the Company's shares for those of a consolidated subsidiary	—	772	—
Retirement of treasury stock	—	(1,383)	—
Gain on disposal of treasury stock	2	—	24
Balance at end of year	¥15,014	¥15,011	\$140,151
Retained earnings			
Balance at beginning of year	¥35,834	¥38,839	\$334,498
Cash dividends paid	(786)	(796)	(7,344)
Bonuses to directors	(1)	(12)	(14)
Adjustments to retained earnings due to inclusion of subsidiaries previously excluded from consolidation	37	0	352
Net income (loss)	1,719	(2,195)	16,053
Balance at end of year	¥36,804	¥35,834	\$343,545
Net unrealized holding gain on securities			
Balance at beginning of year	¥ 785	¥ 512	\$ 7,331
Net changes during the year	2,293	273	21,408
Balance at end of year	¥ 3,078	¥ 785	\$ 28,739
Translation adjustments			
Balance at beginning of year	¥ (610)	¥ (365)	\$ (5,703)
Net changes during the year	(254)	(245)	(2,372)
Balance at end of year	¥ (865)	¥ (610)	\$ (8,076)
Treasury stock			
Balance at beginning of year	¥ (259)	¥ (320)	\$ (2,420)
Acquisition during the year, net of sales	(183)	(2,603)	(1,709)
Retirement of treasury stock	—	1,383	—
Shares issued for exchange of the Company's shares for those of a consolidated subsidiary	—	1,283	—
Balance at end of year	¥ (442)	¥ (259)	\$ (4,130)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Toagosei Co., Ltd. and Consolidated Subsidiaries

Years ended December 31

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	2002	2003
Operating activities			
Income before income taxes and minority interests	¥ 6,125	¥ 1,198	\$ 57,181
Depreciation and amortization	8,059	8,939	75,227
Decrease in provision for doubtful receivables	(92)	(231)	(861)
(Reversal of) provision for retirement benefits	(412)	(769)	(3,850)
Increase (decrease) in other provisions	3	(18)	35
Interest and dividend income	(306)	(452)	(2,856)
Interest expense	741	884	6,920
Foreign currency exchange (gain) loss	196	(283)	1,831
Equity in losses of affiliates	1,114	1,829	10,401
Gain on sales of property, plant and equipment	(38)	(463)	(357)
Gain on expropriation of property, plant and equipment	—	(403)	—
Gain on sales of investments in securities	(447)	(155)	(4,176)
Loss on disposal of property, plant and equipment	299	332	2,797
Unrealized loss on securities	20	2,456	193
Receivables	(1,283)	89	(11,982)
Inventories	812	1,406	7,581
Payables	(174)	(33)	(1,625)
Other	824	821	7,695
Director's bonuses	(1)	(20)	(14)
	15,441	15,123	144,139
Interest and dividend received	304	452	2,838
Interest paid	(802)	(887)	(7,489)
Income taxes paid	(3,032)	(1,598)	(28,304)
Net cash provided by operating activities	11,911	13,090	111,183
Investing activities			
Proceeds from sales of marketable securities	308	—	2,877
Purchases of investments in securities	(633)	(581)	(5,916)
Proceeds from sales of investments in securities	889	567	8,303
Purchases of property, plant and equipment	(6,281)	(6,974)	(58,632)
Proceeds from sales of property, plant and equipment	46	575	430
Compensation received from expropriation of property, plant and equipment	—	340	—
Increase in short-term loans	(1,700)	(740)	(15,868)
Long-term loans made	(185)	(82)	(1,728)
Collection of long-term loans	603	583	5,633
Other, net	(758)	(1,020)	(7,084)
Net cash used in investing activities	(7,711)	(7,331)	(71,985)
Financing activities			
(Decrease) increase in short-term bank loans	415	(912)	3,874
Increase in commercial paper	4,000	—	37,337
Proceeds from long-term loans	10,750	—	100,345
Repayment of long-term loans	(9,348)	(2,538)	(87,260)
Redemption of bonds	(10,000)	—	(93,344)
Repayment of lease obligation	(150)	(153)	(1,400)
Purchases of treasury stock	(194)	(2,603)	(1,819)
Proceeds from sales of treasury stock	12	—	119
Cash dividends to shareholders	(907)	(986)	(8,467)
Net cash used in financing activities	(5,422)	(7,194)	(50,614)
Effect of exchange rate changes on cash and cash equivalents	(102)	(15)	(958)
Net decrease in cash and cash equivalents	(1,325)	(1,451)	(12,374)
Cash and cash equivalents at beginning of the year	8,586	10,015	80,149
Increase due to inclusion in consolidation	146	22	1,368
Cash and cash equivalents at end of the year	¥ 7,407	¥ 8,586	\$ 69,143

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Toagosei Co., Ltd. and Consolidated Subsidiaries
December 31, 2003

1. Basis of Preparation

Toagosei Co., Ltd. (the "Company") and its domestic subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and its foreign subsidiaries maintain their books of account in conformity with those of the countries of their domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required under the Securities and Exchange Law of Japan and, have been prepared in accordance with accounting principles and practices generally accepted in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. Significant companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

The difference at the dates of acquisition between the cost and the underlying net equity of investments in consolidated subsidiaries and companies accounted for by the equity method is being amortized by the straight-line method over a period of five years.

(b) Foreign currency translation

Revenue and expense accounts of foreign consolidated subsidiaries are translated at the rate of exchange in effect at the balance sheet date, and, except for the components of shareholders' equity, the balance sheet accounts are also translated into yen at the same exchange rate. The components of shareholders' equity are translated at the historical exchange rates.

(c) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

(d) Securities and investment securities

Securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value determined based on the average of the quoted prices (or the equivalent) in the one-month period prior to the balance sheet date with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(e) Inventories

Inventories are stated at cost determined by the moving average method.

(f) Property, plant and equipment and depreciation

Depreciation of property, plant and equipment of the Company and its consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful lives of the respective assets and residual value except for certain consolidated subsidiaries for which depreciation is calculated by the declining-balance method based on the estimated useful lives of the respective assets and residual value.

(g) Income taxes

Deferred tax assets and liabilities have been recognized in the consolidated financial statements determined with respect to the differences between financial reporting and the tax bases of assets and liabilities and were measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(h) Research and development costs

Research and development costs are charged to income when incurred.

(i) Leases

Noncancelable lease transactions are primarily accounted for as operating leases (whether such leases are classified as operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(j) Retirement benefits

Accrued retirement benefits for employees have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for the unrecognized net retirement benefit obligation at transition and unrecognized actuarial gain or loss. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees. The net retirement benefit obligation at transition was fully charged to income for the year ended December 31, 2001 except for that of one consolidated subsidiary which is being amortized over a period of 4 years by the straight-line method. Actuarial gain and loss of the Company are amortized in the year following the year in which the gain or loss is recognized by the straight-line method over the average remaining years of service of the employees (14 to 15 years). Actuarial gain and loss of two consolidated subsidiaries are amortized by the straight-line method over a period (5 years and 10 years, respectively) which is shorter than the average remaining years of service of the employees.

In addition, directors and corporate auditors of the Company and certain consolidated subsidiaries are customarily entitled to lump-sum payments under the unfunded retirement benefits plans. The provision for retirement benefits for these officers has been made at estimated amounts.

(k) Derivative financial instruments

The Company has entered into various derivative financial instruments in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates and interest rates. Derivative financial instruments are carried at fair value with any changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for the special accounting treatment under which any differences paid or received on the interest rate swaps are recognized as adjustments to interest expense over the life of each swap, thereby adjusting the effective interest rate on the hedged items, which are the underlying borrowings. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the rates of the corresponding foreign exchange contacts.

(l) Appropriation of retained earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial year is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial year. The accounts for that year do not, therefore, reflect such appropriations. See Note 17.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is made, at the rate of ¥107.13 = \$1.00, the approximate exchange rate at December 31, 2003 and included solely for convenience. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Securities and Investment Securities

(a) At December 31, 2003 and 2002, information with respect to held-to-maturity securities for which market prices were available was summarized as follows:

Millions of yen			
December 31, 2003			
	Balance sheet amount	Market value	Unrecognized gain
Unrecognized gain items:			
Bonds:			
Other	¥ 14	¥ 14	¥0
Unrecognized loss items:			
Bonds:			
Other	100	99	(0)
Total	¥114	¥114	¥0

Thousands of U.S. dollars			
December 31, 2003			
	Balance sheet amount	Market value	Unrecognized gain
Unrecognized gain items:			
Bonds:			
Other	\$ 130	\$ 131	\$0
Unrecognized loss items:			
Bonds:			
Other	933	932	(0)
Total	\$1,064	\$1,064	\$0

Millions of yen			
December 31, 2002			
	Balance sheet amount	Market value	Unrecognized gain
Unrecognized gain items:			
Bonds:			
Other	¥30	¥30	¥0
Unrecognized loss items:			
Bonds:			
Other	—	—	—
Total	¥30	¥30	¥0

(b) Information regarding marketable securities classified as other securities as of December 31, 2003 and 2002 is as follows:

	Millions of yen		
	December 31, 2003		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥6,151	¥11,409	¥5,257
Bonds:			
Government bonds	119	120	0
Corporate bonds	199	202	2
Others	50	55	5
Subtotal	6,521	11,786	5,265
Securities whose acquisition cost exceeds their carrying value:			
Stock	570	509	(60)
Bonds:			
Government bonds	19	19	(0)
Corporate bonds	46	45	(0)
Subtotal	636	575	(61)
Total	¥7,158	¥12,362	¥5,204

	Thousands of U.S. dollars		
	December 31, 2003		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	\$57,425	\$106,498	\$49,073
Bonds:			
Government bonds	1,119	1,120	0
Corporate bonds	1,865	1,891	26
Others	466	514	47
Subtotal	60,876	110,024	49,148
Securities whose acquisition cost exceeds their carrying value:			
Stock	5,325	4,759	(565)
Bonds:			
Government bonds	186	186	(0)
Corporate bonds	429	424	(4)
Subtotal	5,940	5,370	(569)
Total	\$66,817	\$115,395	\$48,578

	Millions of yen		
	December 31, 2002		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥3,282	¥5,457	¥2,175
Bonds:			
Government bonds	259	259	0
Corporate bonds	244	252	7
Subtotal	3,786	5,969	2,183
Securities whose acquisition cost exceeds their carrying value:			
Stock	3,568	3,091	(477)
Bonds:			
Government bonds	19	19	(0)
Corporate bonds	99	99	(0)
Others	51	50	(0)
Subtotal	3,739	3,261	(477)
Total	¥7,525	¥9,231	¥1,705

(c) Sales of securities classified as other securities amounted to ¥859 million (\$8,020 thousand) with gain of ¥447 million (\$4,176 thousand) for the year ended December 31, 2003.

(d) Other securities without market value as of December 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Investments in subsidiaries and affiliates:			
Unconsolidated subsidiaries	¥1,925	¥2,110	\$17,971
Other securities:			
Unlisted securities (except for OTC securities)	1,140	1,027	10,650
Other	332	332	3,100

(e) The redemption schedule for securities with maturity dates classified as other securities is summarized as follows:

	Millions of yen		
	December 31, 2003		
	Due in one year or less	Due after one year through five years	Due after five years through ten years
Government bonds.....	¥100	¥ 40	¥—
Corporate bonds	100	100	—
Other debt securities.....	14	—	—
Total.....	¥214	¥140	¥—
	Thousands of U.S. dollars		
	December 31, 2003		
	Due in one year or less	Due after one year through five years	Due after five years through ten years
Government bonds.....	\$ 933	\$ 373	\$—
Corporate bonds	933	933	—
Other debt securities.....	130	—	—
Total.....	\$1,997	\$1,306	\$—
	Millions of yen		
	December 31, 2002		
	Due in one year or less	Due after one year through five years	Due after five years through ten years
Government bonds.....	¥160	¥120	¥—
Corporate bonds	150	200	—
Other debt securities.....	16	14	—
Total.....	¥326	¥334	¥—

5. Inventories

Inventories at December 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Merchandise and finished products.....	¥ 8,219	¥ 8,483	\$ 76,722
Semi-finished goods	810	517	7,562
Work in process.....	158	372	1,481
Raw materials and supplies...	3,139	3,682	29,305
Total.....	¥12,327	¥13,055	\$115,071

6. Property, Plant and Equipment

Property, plant and equipment at December 31, 2003 and 2002 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Land.....	¥18,138	¥18,132	\$169,313
Buildings and structures.....	25,571	25,941	238,700
Machinery, equipment and other	28,030	29,323	261,650
Construction in progress.....	1,884	1,634	17,591
Total.....	¥73,625	¥75,032	\$687,255

7. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans, principally unsecured, were notes payable to banks bearing interest at 0.9 per cent. and 1.0 per cent. per annum at December 31, 2003 and 2002, respectively.

Long-term debt at December 31, 2003 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
1.90% yen bonds due 2003.....	¥ —	¥10,000	\$ —
2.25% yen bonds due 2004.....	10,000	10,000	93,344
1.35% yen bonds due 2006.....	5,000	5,000	46,672
Loans with collateral from banks, insurance companies and others ...	16,216	15,072	151,370
	31,216	40,072	291,387
Less: current portion.....	(11,946)	(19,295)	(111,511)
Total.....	¥19,270	¥20,776	\$179,875

Assets pledged as collateral for short-term bank loans and long-term debt at December 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Property, plant and equipment, at net book value	¥36,665	¥41,399	\$342,248
Marketable securities and investments in securities	4,615	3,635	43,086
Total.....	¥41,280	¥45,034	\$385,334

The aggregate annual maturities of long-term debt subsequent to December 31, 2003 are summarized as follows:

For the year ending December 31,	Millions of yen	Thousands of U.S. dollars
2004.....	¥11,946	\$111,511
2005.....	1,370	12,793
2006.....	5,519	51,521
2007.....	9,101	84,961
2008.....	3,162	29,523
2009 and thereafter	115	1,075
Total.....	¥31,216	\$291,387

8. Retirement Benefit Plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets as of December 31, 2003 and 2002 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Retirement benefit obligation	¥(17,690)	¥(17,938)	\$(165,131)
Plan assets at fair value	11,972	9,634	111,754
Unfunded retirement benefit obligation	(5,718)	(8,303)	(53,376)
Unrecognized net retirement benefit obligation at transition	88	442	826
Unrecognized actuarial gain or loss	2,643	4,463	24,673
Accrued retirement benefits	¥ (2,986)	¥ (3,399)	\$ (27,877)

The components of retirement benefit expenses for the years ended December 31, 2003 and 2002 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Service cost	¥ 769	¥ 904	\$ 7,184
Interest cost	404	456	3,772
Expected return on plan assets	(154)	(177)	(1,440)
Amortization of net retirement benefit obligation at transition	353	353	3,304
Amortization of actuarial gain or loss	363	190	3,395
Total	¥1,737	¥1,728	\$16,215

The assumptions used in accounting for the above plans were as follows:

	December 31,	
	2003	2002
Discount rates	Mainly 2.5%	Mainly 2.5%
Expected return on plan assets	Mainly 2.5%	Mainly 3.0%

9. Income Taxes

The Company and its domestic consolidated subsidiaries are subject to a number of taxes based on earnings, i.e. corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in statutory tax rate of approximately 41.9 per cent. and 41.7 per cent. for 2003 and 2002, respectively.

The effective tax rate reflected in the consolidated statement of operations for the year ended December 31, 2003 differs from the statutory tax rate for the following reasons:

	2003
Statutory tax rate	41.9%
Effect of:	
Permanent difference – entertainment expense	1.8
Permanent difference – dividend income	(5.8)
Inhabitants' taxes per capita	1.2
Amortization of excess of cost over net assets acquired	(4.0)
Equity in losses of affiliates	10.3
Valuation allowance	5.4
Different tax rates applied to income of foreign consolidated subsidiaries	3.6
Additional taxes assessed	7.8
Other, net	5.1
Effective tax rate	<u>67.3%</u>

Significant components of the deferred tax assets and liabilities held by the Company and its consolidated subsidiaries as of December 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Deferred tax assets:			
Valuation loss on securities	¥1,415	¥1,449	\$13,209
Elimination of unrealized profit	1,428	1,267	13,335
Accrued severance indemnities	3,142	3,415	29,333
Accrued enterprise tax	223	135	2,087
Allowance for doubtful receivables	20	30	187
Accrued bonuses	73	59	683
Net operating loss carryforwards	2,283	2,080	21,311
Others	331	710	3,092
	8,917	9,149	83,239
Valuation allowance	(3,652)	(3,503)	(34,091)
Total deferred tax assets	5,265	5,646	49,147
Deferred tax liabilities:			
Reserve under Special Taxation Measures Law	(2,489)	(2,652)	(23,236)
Undistributed earnings of overseas partnerships	(591)	(624)	(5,520)
Gain on contribution of securities to retirement benefit trust	(869)	(895)	(8,115)
Valuation difference on other securities	(2,102)	(715)	(19,623)
Other	—	(0)	—
Total deferred tax liabilities	(6,052)	(4,887)	(56,496)
Net deferred tax assets	¥ (787)	¥ 758	\$ (7,348)

10. Capital Surplus and Retained Earnings

In accordance with the Code, the Company has provided a legal reserve, which was included in retained earnings. The Code provides that an amount equal to at least 10% of the amount to be disbursed as a distribution of earnings be appropriated to the legal reserve until the total of such reserve and the capital surplus account equals 25% of the common stock account. The legal reserve amounted to ¥3,990 million (\$37,244 thousand) and ¥3,990 million as of December 31, 2003 and 2002, respectively.

The Code provides that neither capital surplus nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. On October 1, 2001, an amendment (the "Amendment") to the Code became effective. The Amendment provides that if the total amount of capital surplus and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders. In addition, the Amendment eliminates the stated par value of the Company's outstanding shares, which resulted in all outstanding shares having no par value as of October 1, 2001. The Amendment also provides that all share issuances after September 30, 2001 will be of shares with no par value. Prior to the date on which the Amendment came into effect, the Company's shares had a par value of ¥50.

11. Research and Development Costs

Research and development costs included in selling, general and administrative expenses and manufacturing costs for the year ended December 31, 2003 and 2002 were ¥5,259 million (\$49,092 thousand) and ¥5,327 million, respectively.

12. Leases

The following pro forma amounts represent the acquisition cost, accumulated depreciation and net book value of leased property as of December 31, 2003 and 2002, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance lease transactions currently accounted for as operating leases:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Acquisition cost:			
Machinery and equipment ...	¥1,920	¥1,952	\$17,924
	<u>¥1,920</u>	<u>¥1,952</u>	<u>\$17,924</u>
Accumulated depreciation:			
Machinery and equipment ...	¥1,295	¥1,210	\$12,093
	<u>¥1,295</u>	<u>¥1,210</u>	<u>\$12,093</u>
Net book value:			
Machinery and equipment ...	¥ 624	¥ 741	\$ 5,830
	<u>¥ 624</u>	<u>¥ 741</u>	<u>\$ 5,830</u>

Lease payments relating to finance lease transactions accounted for as operating leases amounted to ¥382 million (\$3,565 thousand) and ¥358 million, which were equal to the depreciation expense of the leased assets computed by the straight-line method over the respective lease terms for the years ended December 31, 2003 and 2002, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to December 31, 2003 for noncancelable operating leases and finance lease transactions accounted for as operating leases are summarized as follows:

Year ending December 31,	Millions of yen		Thousands of U.S. dollars	
	Operating leases	Finance leases	Operating leases	Finance leases
2004	¥155	¥301	\$1,455	\$2,812
2005 and thereafter	312	323	2,917	3,018
Total	<u>¥468</u>	<u>¥624</u>	<u>\$4,373</u>	<u>\$5,830</u>

13. Derivative Transactions

The Company utilizes derivative financial instruments for the purpose of hedging its exposure to adverse fluctuations in foreign currency exchange rates and interest rates, but does not enter into such transactions for speculation or trading purposes.

The Company is exposed to credit loss in the event of nonperformance by the counterparties to the derivative financial instruments, but any such loss would not be material because the Company enters into transactions only with financial institutions with high credit ratings. The notional amounts of the derivative financial instruments do not necessarily represent the amounts exchanged by the parties and, therefore, are not a direct measure of the Company's risk exposure in connection with derivative financial instruments.

As of December 31, 2003 and 2002, the disclosure of fair value information for derivatives has been omitted since all derivatives have been accounted for as hedges.

14. Commitments and Contingencies

At December 31, 2003, the Company and consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantees of indebtedness	¥3,581	\$33,429
	<u>¥3,581</u>	<u>\$33,429</u>

15. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sales of products in the chemical industry segment in Japan. As net sales, operating income and total assets from the chemical business of the Company and its consolidated subsidiaries constituted more than 90% of the consolidated totals for both years ended December 31, 2003 and 2002, the disclosure of business segment information has been omitted.

Geographical Segments

Geographical segment information of the Company and its consolidated subsidiaries for the year ended December 31, 2003 is as follows:

Year ended December 31, 2003	Millions of yen				Consolidated
	Japan	Other countries	Total	Eliminations or corporate	
Sales:					
Sales to third parties...	¥123,591	¥ 8,863	¥132,455	¥ —	¥132,455
Intersegment sales...	1,132	2,222	3,355	(3,355)	—
Total sales.....	124,724	11,086	135,810	(3,355)	132,455
Operating costs and expenses.....	117,048	10,700	127,748	(3,245)	124,503
Operating income	¥ 7,675	¥ 386	¥ 8,061	¥ (110)	¥ 7,951
Assets.....	<u>¥168,249</u>	<u>¥ 8,791</u>	<u>¥177,041</u>	<u>¥(11,036)</u>	<u>¥166,005</u>

Year ended December 31, 2003	Thousands of U.S. dollars				Consolidated
	Japan	Other countries	Total	Eliminations or corporate	
Sales:					
Sales to third parties...	\$1,153,657	\$ 82,737	\$1,236,395	\$ —	\$1,236,395
Intersegment sales	10,574	20,748	31,322	(31,322)	—
Total sales.....	1,164,231	103,486	1,267,717	(31,322)	1,236,395
Operating costs and expenses.....	1,092,586	99,878	1,192,465	(30,294)	1,162,171
Operating income	\$ 71,644	\$ 3,607	\$ 75,251	\$ (1,027)	\$ 74,224
Assets.....	<u>\$1,570,519</u>	<u>\$ 82,066</u>	<u>\$1,652,586</u>	<u>\$(103,018)</u>	<u>\$1,549,567</u>

The disclosure of geographical segment information for the year ended December 31, 2002 has been omitted as net sales and total assets of the foreign operations constituted less than 10% of the consolidated totals for the year then ended.

Overseas Sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries, for the year ended December 31, 2003 are summarized as follows:

Year ended December 31, 2003	Millions of yen				Total
	Asia	North America	Europe	Other	
Overseas sales.....	¥9,097	¥3,138	¥1,201	¥243	¥ 13,680
Consolidated net sales...					132,455
Ratio of overseas sales to consolidated net sales	6.9%	2.4%	0.9%	0.2%	10.4%

Year ended December 31, 2003	Thousands of U.S. dollars				Total
	Asia	North America	Europe	Other	
Overseas sales.....	\$84,917	\$29,298	\$11,211	\$2,273	\$ 127,701
Consolidated net sales...					1,236,395
Ratio of overseas sales to consolidated net sales ...	6.9%	2.4%	0.9%	0.2%	10.4%

The disclosure of overseas sales of the Company and its consolidated subsidiaries for the year ended December 31, 2002 has been omitted as overseas sales constituted less than 10% of the consolidated net sales for the year then ended.

16. Amounts Per Share

Year ended December 31,	Yen		U.S. dollars
	2003	2002	2003
Net income (loss):			
Basic	¥ 6.57	¥ (8.37)	\$0.06
Diluted.....	6.57	—	0.06
Cash dividends	3.00	3.00	0.02
Net assets.....	285.06	273.17	2.66

Until the year ended December 31, 2002, basic net income per share was computed based on the net income reported in the consolidated statements of income and the weighted average number of shares of common stock outstanding during each year, and diluted net income per share was computed based on the net income reported and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of warrants. Diluted net income per shares for 2002 was not disclosed as the net income for 2002 was negative. Amounts per share of net assets were computed based on the net assets reported in the consolidated balance sheets and the number of shares of common stock outstanding at each balance sheet date.

In accordance with a new accounting standard for earnings per share which became effective April 1, 2002, basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and diluted net income per share was computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of warrants for the year ended December 31, 2003. The adoption of the new accounting standard had no dilutive effect on basic net income per share for the year ended December 31, 2003. Amounts per share of net assets at December 31, 2003 was computed based on net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end. If the previous method of computation had been followed for the year ended December 31, 2003 the effects on basic net income per share, dilutive net income per share and amounts per share of net assets were not material.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

17. Subsequent Event

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended December 31, 2003, were approved at a shareholders' meeting held on March 30, 2004:

	Millions of yen	Thousands of U.S. dollars
Cash dividends – ¥3.00 (\$0.028) per share	¥783	\$7,316

Report of Independent Auditors

The Board of Directors
Toagosei Co., Ltd.

We have audited the accompanying consolidated balance sheets of Toagosei Co., Ltd. and consolidated subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of Operations, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toagosei Co., Ltd. and consolidated subsidiaries at December 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2003 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

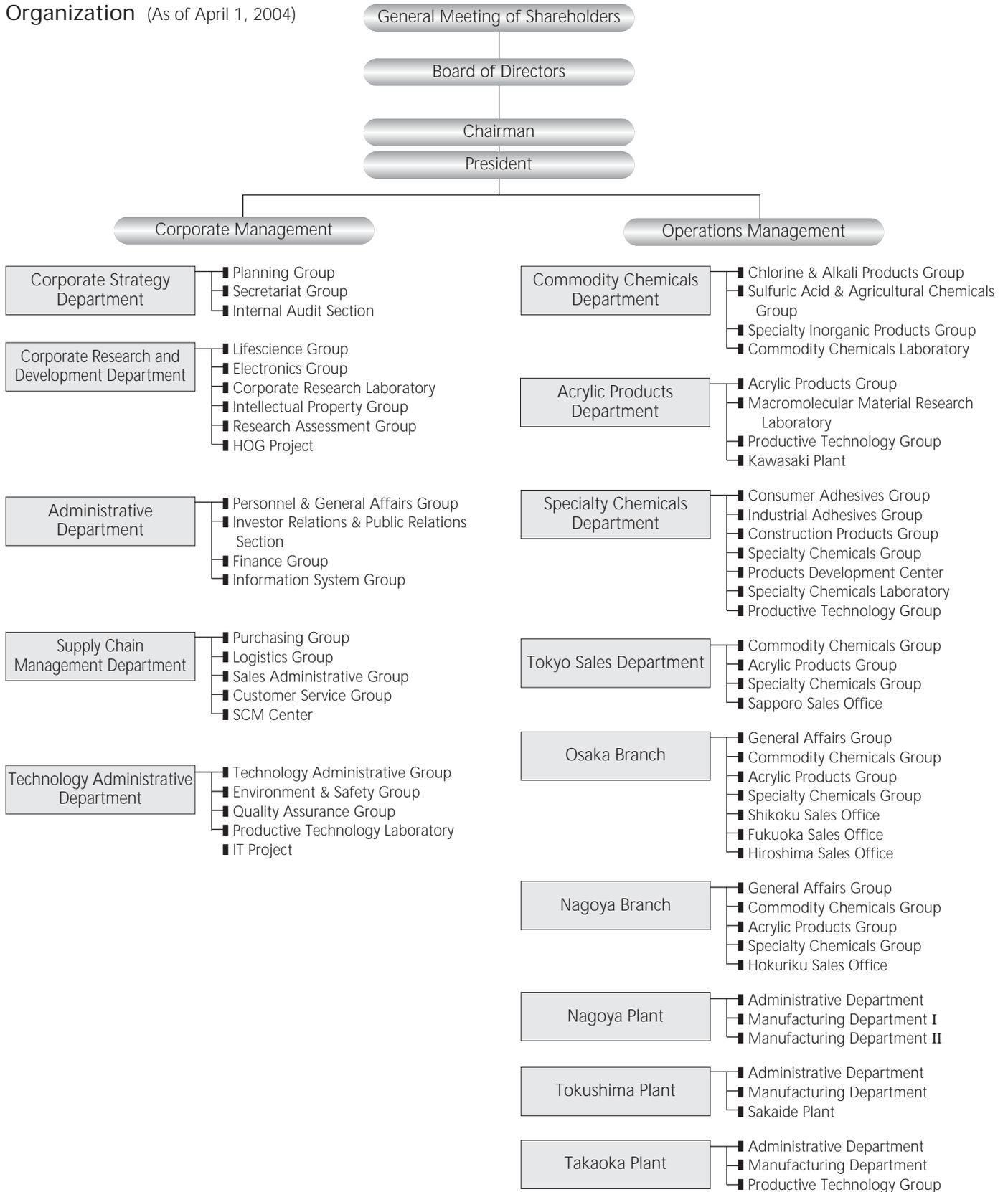
Shin Nihon & Co.

March 30, 2004

See Note 1 to the consolidated financial statements which explains the basis of preparing the consolidated financial statements of Toagosei Co., Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.

Corporate Data

Organization (As of April 1, 2004)



Directory

Domestic Network

Head Office

1-14-1 Nishi-Shimbashi, Minato-ku, Tokyo
105- 8419
Tel: 03-3597-7215 Fax: 03-3597-7217

Osaka Branch

Nakanoshima Mitsui Bldg. 11F, 3-3-3
Nakanoshima, Kita-ku, Osaka 530-0005
Tel: 06-6446-6551 Fax: 06-6446-6571

Nagoya Branch

1-16-30 Meieki-minami, Nakamura-ku,
Nagoya 450-0003
Tel: 052-541-1181 Fax: 052-581-1817

Hokuriku Sales Office

2-1-3 Fushiki, Takaoka, Toyama 933-0195
Tel: 0766-44-7451 Fax: 0766-44-7490

Shikoku Sales Office

2-4-1 Showacho, Sakaide, Kagawa 762-0004
Tel: 0877-46-3300 Fax: 0877-46-3200

Fukuoka Sales Office

2-14-2 Tenjin, Chuo-ku, Fukuoka 810-0001
Tel: 092-721-1902 Fax: 092-721-1914

Hiroshima Sales Office

11-10 Motomachi, Naka-ku, Hiroshima
730-0011
Tel: 082-228-5430 Fax: 082-227-6737

Nagoya Plant

17-23 Showacho, Minato-ku, Nagoya
455-0026
Tel: 052-611-9804 Fax: 052-612-5733

Tokushima Plant

575-1 Nakashima, Kawauchicho,
Tokushima 771-0188
Tel: 088-665-2111 Fax: 088-665-3867

Takaoka Plant

2-1-3 Fushiki, Takaoka, Toyama 933-0195
Tel: 0766-44-7401 Fax: 0766-44-7410

Sakaide Plant

2-4-1 Showacho, Sakaide, Kagawa 762-0004
Tel: 0877-46-3161 Fax: 0877-45-4727

Nagoya Research & Development Institute

1-1 Funamicho, Minato-ku,
Nagoya 455-0027
Tel: 052-611-9901 Fax: 052-611-1693

Tsukuba Research Laboratory

2 Okubo, Tsukuba, Ibaraki 300-2611
Tel: 0298-65-2600 Fax: 0298-65-2610

Principal Overseas Subsidiaries

Toagosei Hong Kong Ltd.

Suite 907B-8A, 9/F., Tower 3, China Hong
Kong City 33 Canton road, Tsimshatsui,
Kowloon, Hong Kong
Tel: 852-27631086 Fax: 852-27631798

Toagosei America Inc.

495 Metro Place South, Suite 160, Dublin,
OH 43017, USA
Tel: 614-718-3855 Fax: 614-718-3866

Toagosei Asia Pte Ltd

1 Robinson Road, #21-02 AIA Tower
Singapore 048542
Tel: 65-64385411 Fax: 65-64385422

Principal Subsidiaries and Affiliates (As of December 31, 2003)

Name of Company	Line of Business	Our Share (%)	Capital (¥ in millions)
Tsurumi Soda Co., Ltd.	Manufacture & sale of chemical products	100.0	¥2,080
Aron Kasei Co., Ltd.	Manufacture & sale of synthetic resin molded products	61.1	¥4,220
Toagosei Asia Pte Ltd	Sale of chemical products	100.0	S\$62,713,000
Aron Ever-Grip Ltd.	Manufacture & sale of adhesives	100.0	£223,000
Oita Chemical Co., Ltd.	Manufacture of chemical products	90.0	¥450
Toagosei America Inc.	Manufacture & sale of chemical products; technological research	100.0	US\$6,100,000
Nihon Junyaku Co., Ltd.	Manufacture & sale of chemical products	97.6	¥351
TG Corporation	Sale of chemical products	100.0	¥174
Toa Logistics Co., Ltd.	Product distribution	100.0	¥16
TOA Engineering Co., Ltd.	Construction & repair of chemical facilities	100.0	¥50
Toa Techno-Gas Co., Ltd.	Manufacture & sale of industrial gases	100.0	¥40
Toa Estate Co., Ltd.	Real estate sales agency and real estate management	100.0	¥30
Toa Kogyo Co., Ltd.	Product distribution	100.0	¥25
Aron Packaging Co., Ltd.	Filling and packaging of adhesives	100.0	¥10
Singapore Acrylic Ester Pte Ltd	Manufacture of chemical products	75.0	S\$60,571,000
TG Support Co.	Outsourced provision of clerical work for other Group members	100.0	¥10
Chubu Ekisan Co., Ltd.(Note)	Manufacture & sale of industrial gases	30.0	¥480
Elmer's & Toagosei Co.	Sale of adhesives	50.0	US\$33,660,000

Note: Equity-method affiliates

Investor Information

Established

March 1942

Common Stock

Authorized: 480,000,000 shares

Issued: 263,992,598 shares

Capital: ¥20,886 million

Number of shareholders: 34,316

Listings: Common stock listed on the exchanges in Tokyo, Osaka, Nagoya and Fukuoka

Transfer Agent for Common Stock

The Chuo Mitsui Trust and Banking Co., Ltd.
3-33-1, Shiba, Minato-ku, Tokyo 105-8574

Certified Accountants

Shin Nihon & Co.
Hibiya Kokusai Bldg., 2-2-3, Uchisaiwai-cho
Chiyoda-ku, Tokyo 100-0011

Major Shareholders

	(%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5.36
Japan Trustee Services Bank, Ltd. (Trust account)	5.01
Sumitomo Mitsui Banking Corp.	4.56
UFJ Bank Ltd.	4.43
Employee Shareholders' Committee	2.78
Business Partner Shareholders' Committee	2.21
Aioi Insurance Co., Ltd.	2.17
The Tokio Marine & Fire Insurance Co., Ltd.	2.08
Mizuho Corporate Bank, Ltd.	1.80
The Norinchukin Bank	1.55

(As of December 31, 2003)

Stock Price Range & Trading Volume

(Tokyo Stock Exchange)

	1999	2000	2001	2002	2003
High	¥283	¥300	¥253	¥210	¥231
Low	¥156	¥153	¥160	¥121	¥133
TOPIX Close (Year-end)	1,722	1,283	1,032	843	219





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