

TOSOH Corporation
Consolidated Financial Results for Fiscal Year 2000 (April 1, 2000 – March 31, 2001)

Summary

1. Consolidated Results

	Net Sales		Operating Income		Ordinary Income*	
	JPY millions	%**	JPY millions	%	JPY millions	%
FY 2000	426,173	13.9	27,564	0.9	24,979	17.0
FY 1999	374,181	10.0	27,329	267.4	21,342	363.1

* Based on standard accounting practices in Japan, "Ordinary Income" represents income before extraordinary items and taxes. Extraordinary items include, for example, gain (loss) on the sale of fixed assets and gain (loss) on the sale of stock.

** Net Sales, Operating Income, Ordinary Income, and Net Income percentages indicate increases over the previous fiscal year.

	Net Income		Net Income Per Share	
	JPY millions	%	JPY	
FY 2000	9,392	56.0	15.62	
FY 1999	6,019	-	10.02	

Notes: 1. Equity income: FY 2000: JPY1,781 million
FY 1999: JPY 2,881 million
2. Average number of shares issued: FY 2000: 601,157,082 shares
FY 1999: 600,648,009 shares
3. Changes in accounting methods: None

2. Consolidated Financial Position

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity Per Share
	JPY millions	JPY millions	%	JPY
FY 2000	534,604	91,195	17.1	151.70
FY 1999	527,989	91,885	17.4	152.97

3. Consolidated Cash Flow

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash & Cash Equivalents at End of Period
	JPY millions	JPY millions	JPY millions	JPY millions
FY 2000	32,416	(19,423)	(13,432)	17,534
FY 1999	34,006	(24,658)	(20,717)	17,700

4. Scope of consolidation

Consolidated subsidiaries: 81

Unconsolidated subsidiary with equity method applied: 1

Affiliates with equity method applied: 35

5. Forecast for Fiscal Year 2001 (April 1, 2001 - March 31, 2002)

	Net Sales	Operating Income	Net Income
	JPY millions	JPY millions	JPY millions
Mid-year	215,000	13,000	5,000
Year-end	440,000	33,000	12,000

TOSOH Corporation

Consolidated Results for Fiscal Year 2000

Results for fiscal 2000 were very good, with Tosoh posting the highest consolidated net sales, operating income, and ordinary income in the Company's history.

In this fiscal year, the Japanese economy saw both an increase in domestic shipments due to a recovery in demand, and the stabilizing of overseas market prices for vinyl chloride monomer (VCM) and caustic soda. However, the steep rise in the market price for crude oil and the subsequent upswing in the cost of raw materials had an unfavorable influence on industry profits.

Tosoh, nevertheless, overcame a challenging operating environment through boosting sales and sustaining prices. In accordance with the Company's structural improvement plan, devised in May 1999, concentration was on further curtailing fixed and distribution costs and improving the financial structure of the company.

As a result, consolidated net sales for fiscal 2000 totaled JPY 426.1 billion, up by JPY 51.9 billion over fiscal 1999, while consolidated operating income climbed to JPY 27.5 billion. An extraordinary loss, due to a change in accounting for retirement benefits, amounted to JPY 11.1 billion, bringing consolidated net income to JPY 9.3 billion, a JPY 3.3 billion increase over FY 1999.

Cash flow from operating activities amounted to JPY 32.4 billion. Cash flow from investing activities came to minus JPY 19.4 billion, arising from the expansion of production capacities and the streamlining of production processes. As a result of loan repayments, cash flow from financing activities were minus JPY 13.4 billion. Consequently, cash and cash equivalents at the end of the period totaled JPY 17.5 billion. Below is a summary of our operations by core business segment.

Petrochemical Group

With regard to olefins, while shipments decreased due to the scheduled biennial maintenance of Tosoh's ethylene plant, market prices rose both in Japan and overseas, owing to the surge in the price of naphtha.

Polyethylene sales in Japan increased following a revival in demand. However, the successful effects of the price hike enforced in 1999 were unfortunately surpassed by the subsequent rise in naphtha prices. Exports declined in spite of an increase in market prices.

Despite a rise in Petrochemical sales of JPY 13.1 billion (10.8%) to JPY 134.5 billion, operating income, at JPY 7.0 billion, was down JPY 1.9 billion (21.7%) from FY 1999.

Basic Group

The completion of capacity increases in June 1999 led to higher shipments of VCM and caustic soda. The market price for VCM rose both in Japan and abroad, while the overseas price of caustic soda saw a large increase from mid-way through the second half of FY 2000. Sales were also boosted by the consolidation of the Tosoh subsidiary Taiyo Vinyl Corporation, Japan's leading polyvinyl chloride (PVC) producer. However, profits were affected by the delay in increasing prices to offset the escalation in the cost of naphtha.

Cement shipments were weak due to dampened public-works spending and sluggish demand from the private sector, combined with lower prices.

Total sales for the Basic Group were JPY 148.2 billion, an increase of JPY 20.8 billion (16.4%) over the previous year. However, operating income saw a decline of JPY 3.2 billion (31.6%), bringing the total to JPY 7.1 billion.

Specialty Group

Electronics-related industries worldwide supported powerful demand for sputtering targets, quartzware, and ceramics. Sales in this group were also increased through the full consolidation of Tosoh Finechem Corporation (formerly known as Tosoh Akzo Corporation). Conversely, shipments were weak for bromine and its related products, as well as for magneto optical (MO) disks. In FY 2000, Tosoh decided to retreat from the MO business in its efforts to further streamline operations and improve profitability.

Year-end results for the Specialty Group saw sales of JPY 97.0 billion, up by JPY 16.1 billion (19.9%) over FY 1999. Operating income, at JPY 10.4 billion, had increased JPY 4.8 billion (88.0%) over last year.

Service Group

The Service Group saw an increase in sales from trading and construction-related subsidiaries due to strengthened marketing activities. Total sales for this group were JPY 46.3 billion, up by JPY 1.8 billion (4.1%) over FY 1999, and as a result of ongoing restructuring efforts operating income increased JPY 0.5 billion (26.1%) to JPY 2.8 billion.

Forecast¹

To ascertain stable profits and sustained dividends in fiscal 2001, Tosoh will focus on the review of basic chemical prices and further capacity expansions for high value-added products such as ceramics, sputtering targets, and quartzware.

For the year ending March 31, 2002, Tosoh estimates that consolidated net sales will be JPY 440.0 billion, with operating income at JPY 33.0 billion and net income at JPY 12.0 billion.

Segment Information (Net Sales) Fiscal Year 2000 Relative to Fiscal Year 1999 (JPY billions)

	2000	1999	Change
Petrochemical Group	134.5	121.4	13.1%
Basic Group	148.2	127.3	20.9
Specialty Group	97.1	80.9	16.1
Service Group	46.4	44.5	1.8
TOSOH Group	426.2	374.2	52.0

¹ Disclaimer

*This document contains forward-looking statements, including without limitation, statements concerning product development, objectives, goals, and commercial introduction, which involve certain risks and uncertainties. The forward-looking statements are also identified through use of the word "anticipates," and other words of similar meaning. Actual results may differ significantly from the expectations contained in the forward-looking statements.