



## NEWS RELEASE

*August 31, 2010*

### **Tosoh Announces Its First-Quarter Consolidated Results for Fiscal 2011 (April 1, 2010–June 30, 2010)**

**Tokyo**—Tosoh Corporation, a leading manufacturer of specialty and commodity chemical products, posted consolidated net income of ¥885.0 million (US\$10.0 million at US\$1 = ¥88.48) for the first quarter of the 2011 fiscal year, ended June 30, 2010. That compares with a net loss of ¥3.4 billion for the same period the previous fiscal year. The net gain reflected operating income of ¥4.3 billion (US\$48.7 million), compared with an operating loss of ¥4.9 billion for the first quarter of fiscal 2010. Net sales, meanwhile, increased from the same period a year earlier to ¥155.3 billion (US\$1.8 billion). And net income per share amounted to ¥1.48 (US\$0.02).

The earnings upturn at Tosoh resulted from a recovery in the Japanese economy that is gaining momentum. The economy, which in recent years has been plagued by workforce layoffs and other conditions so severe as to adversely affect corporate income levels, witnessed growth in the initial quarter of fiscal 2011 due to government stimulus measures and a rise in exports spurred by growing demand from China and other nations of Asia. And the ongoing rebound is finally resulting in resumed corporate profitability.

Tosoh's core chemical product lines, such as polyvinyl chloride and raw materials for urethane, experienced market growth abroad. Domestically, the Company revised its product prices upward in line with the increasing cost of naphtha. Also contributing to the Tosoh Group's improved showing on a consolidated basis was an increase in shipments of specialty products.

#### **Results by business segment**

Tosoh reorganized its business groups effective the first quarter of fiscal 2011. From its previous four Petrochemical, Basic, Specialty, and Service groups, the Company now has five groups: the Petrochemical, Chlor-alkali, Specialty, Engineering, and Service groups. Tosoh has placed its urethane materials operations from the Specialty Group under its Chlor-alkali Group and its water treatment products and services under its new Engineering Group, alongside the operations of the group's construction-related companies. Trading and logistics companies remain under the Service Group.

For comparison purposes, first quarter results for fiscal 2010 were substituted with figures that correspond to the organization changes that went into effect in fiscal 2011.

#### **Petrochemical Group**

Net sales for the Petrochemical Group for the first quarter of fiscal 2011 were up ¥8.8 billion, or 25.6%, over the same quarter of the previous fiscal year, to ¥43.2 billion (US\$487.9 million). The group's operating income rose ¥2.1 billion, to ¥1.4 billion (US\$16.3 million).



Shipments of ethylene and propylene by the Petrochemical Group increased during the quarter under review because of a recovery in demand for derivatives. Conversely, cumene shipments decreased, largely because of scheduled plant maintenance that shut down production.

The higher cost of naphtha resulted in price increases for ethylene and propylene and, abroad, for cumene. Although polyethylene resin shipments rose on the back of the domestic recovery, worsening trade conditions abroad restricted exports. Again, however, the increased cost of naphtha provided a solid basis for implementing price increases.

Shipments of chloroprene rubber were firm, bolstered by recovering demand particularly in Southeast Asia. But product prices fell on account of softening markets abroad and a strengthening yen. PVC paste, though, benefited from upward adjustments in product prices as a result of the higher cost of naphtha.

### **Chlor-alkali Group**

Chlor-alkali Group net sales increased ¥5.6 billion, or 10.6%, to ¥59.1 billion (US\$668.2 million) in the first quarter of fiscal 2011. The group's operating income increased ¥4.0 billion over the same period a year ago; however, the group still reported an operating loss of ¥1.9 billion (US\$21.8 million).

The Chlor-alkali Group's domestic shipments of caustic soda increased, but exports fell. Additionally, caustic soda prices decreased because of softer prices in overseas markets and the yen's appreciation. Shipments of vinyl chloride monomer (VCM) decreased abroad, but the overseas price for VCM rose. The economic recovery in Japan boosted domestic shipments of PVC resins, but exports fell. PVC resin prices, however, rose domestically and overseas owing to increasing raw material prices. Cement shipments, meanwhile, were down owing to lackluster public- and private-sector demand. Shipments of urethane raw materials grew in Asia while urethane-related product prices rose abroad.

### **Specialty Group**

Net sales for the Specialty Group in the first quarter of fiscal 2011 were ¥32.3 billion (US\$364.9 million), an increase of ¥5.5 billion, or 20.7%, over the same period the preceding fiscal year. The group also posted a ¥2.2 billion, or 88.8%, gain in operating income over the first quarter of fiscal 2010, to ¥4.6 billion (US\$51.7 million).

Shipments of ethyleneamines by the Specialty Group increased and were strong on account of Tosoh's new ethyleneamine plant running smoothly and supplying burgeoning demand in Asia. Shipments of amine catalysts and bromine increased, but shipments of bromine-based flame retardants decreased.

The Specialty Group's shipments of liquid chromatography columns and instruments rose in Japan and overseas. Domestic shipments of in vitro diagnostic reagents were firm, but shipments of these products decreased in Europe. Shipments of automated immunoassay analyzers were strong globally. Shipments of fully automated glycohemoglobin analyzers for use in screening for and in monitoring diabetes mellitus moved down, while shipments of reagents for those systems remained strong abroad.

Shipments of electrolytic manganese dioxide increased in Japan and overseas. Zeolite shipments moved up because of heightened demand from automakers. And zirconia shipments increased in Japan, but decreased in Europe.

Silica glass shipments increased as the recovery in demand for silica glass for semiconductors continued to gain momentum amid ramped-up production by semiconductor manufacturers.



Likewise, demand for thin film materials in semiconductor and liquid crystal display applications pushed up shipments of thin film materials.

## **Engineering Group**

Fiscal 2011 first-quarter net sales for the Engineering Group were ¥11.0 billion (US\$124.4 million), an increase of ¥596.0 million, or 5.7%, over the same period the preceding fiscal year. The group achieved an ¥840.0 million gain in operating income but nonetheless recorded a net operating loss of ¥325.0 million (US\$3.7 million).

Economic growth in Asia combined with a recovery in the semiconductor industry to raise sales of the group's water treatment facilities, services, and related chemicals. The group's construction-related companies also garnered strong sales.

## **Service Group**

The Service Group's net sales for the first quarter of fiscal 2011 were ¥9.7 billion (US\$109.9 million), an increase of ¥710.0 million, or 7.9%, over the same period a year before. Operating income was ¥546.0 million (US\$6.2 million), up ¥94.0 million, or 20.8%.

Sales by the Service Group's trading companies and logistics subsidiaries were firm.

## **Outlook for the fiscal year to March 31, 2011**

The outlook for fiscal 2011 overall is for a continued gradual recovery of the Japanese economy. Ongoing concern with global economic stability and deflation and other factors, however, makes predictions difficult.

Buoyant markets in newly emerging economies are spurring worldwide economic recovery. For the Tosoh Group and its operating environment, however, this comes with a downside. It is driving up raw material costs and prompting concerns about worsening terms of trade. Tosoh, therefore, continues to make every effort to boost its profitability, including by expanding its sales volume, by maintaining reasonable prices for its products, and by reducing its costs.

Tosoh's consolidated forecast for fiscal 2011, ending March 31, 2011, is for net sales of ¥720 billion, operating income of ¥29 billion, ordinary income of ¥26 billion, and net income of ¥11 billion. This forecast is based on a domestic production price for naphtha of ¥50,000/kl and an exchange rate of ¥90.0 to the US dollar.

*Note:* For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥88.48 = US\$1, the exchange rate in effect on June 30, 2010.



**Comparison of Fiscal Year 2011 and 2010 First-Quarter Summary Results**

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)*	
	¥ millions	% change	¥ millions	% change	¥ millions	% change
<b>FY11</b> (04.01.10–06.30.10)	155,308	15.9	4,307	—	2,833	—
<b>FY10</b> (04.01.09–06.30.09)	134,005	-30.7	-4,896	—	-4,810	—

\*Based on standard accounting practices in Japan, ordinary income (loss) represents income (loss) 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 Income (Loss)		Net Income (Loss) per Share
	¥ millions	% change	¥
<b>FY11</b> (04.01.10–06.30.10)	885	—	1.48
<b>FY10</b> (04.01.09–06.30.09)	-3,410	—	-5.70

	Total Assets	Shareholders' Equity	Equity Ratio*	Shareholders' Equity per Share
	¥ millions	¥ millions	%	¥
<b>FY11</b> (04.01.10–06.30.10)	727,833	187,719	21.9	266.65
<b>FY10</b> (04.01.09–03.31.10)	739,658	190,898	22.0	271.59

\*The equity ratio calculation does not include the stock acquisition rights and minority interests included in net assets.

**Earnings Forecast for Fiscal Year 2011 (April 1, 2010–March 31, 2011)**

	Net Sales	Operating Income	Ordinary Income	Net Income
	¥ millions	¥ millions	¥ millions	¥ millions
<b>First half</b>	340,000	8,000	7,000	3,000
<b>Year-end</b>	720,000	29,000	26,000	11,000



**TOSOH CORPORATION**

TOSOH

## **TOSOH CORPORATION**

### **WHO WE ARE**

Tosoh Corporation is a Japanese chemical company established in 1935 and listed on the First Section of the Tokyo Stock Exchange. It is the parent of the Tosoh Group, which comprises 135 companies worldwide and a multiethnic workforce of over 11,000 people.

### **WHAT WE DO**

Tosoh is one of the largest chlor-alkali manufacturers in Asia. The Company supplies the plastic resins and an array of the basic chemicals that support modern life. Tosoh's petrochemical operations supply ethylene, polymers, and polyethylene, while its electronic materials business serves the global semiconductor and flat-panel display industries. Tosoh has also pioneered sophisticated bioscience systems that are used for the rapid diagnosis of life-threatening diseases, such as diabetes and certain cancers, and to prevent epidemics by identifying pathogenic microbes. In addition, Tosoh develops products and provides services to purify water and to monitor the environment as part of a commitment to a sustainable future.

Stock Exchange Ticker Symbol: JP: 4042

For more information:

Michael Hoover  
International Corporate Development  
Tosoh Corporation  
[michael.hoover@tosoh.com](mailto:michael.hoover@tosoh.com)  
Tel: +81-3-5427-5118  
Fax: +81-3-5427-5198  
[www.tosoh.com](http://www.tosoh.com)

### Disclaimer

This document contains forward-looking statements, including, without limitation, statements concerning product development, objectives, goals, and commercial introductions, which involve certain risks and uncertainties. The forward-looking statements are also identified through the 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.