



NEWS RELEASE

May 19, 2011

Tosoh Reports on Consolidated Results for Fiscal 2011 (from April 1, 2010, to March 31, 2011)

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated results for its 2011 fiscal year, ended March 31, 2011. The company's consolidated net sales amounted to ¥684.4 billion (US\$8.2 billion), up ¥55.7 billion, or 8.9%, from fiscal year 2010. Its operating income was ¥33.5 billion (US\$403.3 million), an increase of ¥20.5 billion, or 157.0%, from fiscal 2010. And the company's ordinary income climbed ¥19.7 billion, or 195.8%, to ¥29.8 billion (US\$358.6 million).

Just before the year-end, Tosoh booked an extraordinary loss for damages and other expenses related to the Great East Japan Earthquake of March 11, 2011. The effect held net income for fiscal 2011 to ¥10.0 billion (US\$120.4 million), which is still an increase of ¥3.1 billion, or 45.3%, from a year earlier.

The Japanese economy strengthened during fiscal 2011 despite continued difficult employment conditions and declining personal incomes. Sustained economic growth globally prompted an increase in Japanese exports. And that, in turn, yielded positive signs in the domestic economy, such as clear improvements in corporate performances.

Companies in Japan's chemical industry shared in the better corporate performances amid improvement in their business environment. Business conditions brightened primarily because of product price increases and strong demand in Asian markets, enabling Japanese chemical makers to overcome the worsening trade conditions caused by the appreciation of the yen.

Occurring as it did near the end of fiscal 2011, the Great East Japan Earthquake had only a minor impact on fiscal 2011 performance. It has, however, raised a cloud of uncertainty over operating conditions in fiscal 2012.

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. Likewise, it has placed its water treatment products and services from Organo Corporation 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, the results for fiscal 2010 have been substituted with figures that correspond to the organizational changes that went into effect in fiscal 2011.



Petrochemical Group

Fiscal 2011 net sales for the Petrochemical Group rose ¥19.4 billion, or 12.0%, compared with group net sales for the year before, to ¥181.9 billion (US\$2.2 billion). The group's operating income increased ¥2.5 billion, or 31.6%, to ¥10.4 billion (US\$124.9 million).

Shipments of ethylene and propylene by the Petrochemical Group increased because of a full-fledged recovery in demand for derivatives. And ethylene and propylene prices were up, driven by the rising cost of naphtha and other raw materials. Prices for cumene also gained ground, abroad.

The group's domestic shipments of polyethylene resins expanded, buoyed by a surge in demand for ethylene vinyl acetate copolymer. But its exports of polyethylene resins declined because of worsening trade conditions. The group, however, implemented product price adjustments to match the higher cost of naphtha.

A recovery in demand for chloroprene rubber (CR) domestically and overseas pushed up the group's overall CR shipments. Product price adjustments were also introduced by the group for CR in line with the higher cost of raw materials.

The group's chlorosulphonated polyethylene (CSM) shipments rose domestically and abroad because a production capacity increase enabled it to supply a recovery in demand. Polyphenylene sulfide resin (PPS) shipments by the group increased domestically and abroad on account of a global recovery in demand. The group's business in PVC paste continued to benefit from upward adjustments in product prices in line with the higher cost of naphtha.

Chlor-alkali Group

Chlor-alkali Group net sales increased ¥10.1 billion, or 4.0%, year on year, to ¥261.6 billion (US\$3.1 billion). The group's operating income improved ¥10.8 billion; however, the group reported an operating loss of ¥3.5 billion (US\$41.8 million).

The Chlor-alkali Group's domestic shipments of caustic soda expanded along with increased demand in Japan, but its caustic soda exports fell. Its exports of vinyl chloride monomer (VCM) likewise declined, but the overseas price for VCM increased.

Driven by improving economic conditions in Japan, the group's domestic shipments of polyvinyl chloride (PVC) resins rose. But its exports of PVC resins fell. PVC resin prices, however, increased domestically and overseas owing to upward price revisions implemented by the group in the previous fiscal year to account for higher raw material prices.

The group's domestic shipments and exports of cement decreased. Declining private-sector demand showed signs of ending, but lackluster public-sector demand continued.

Shipments of urethane raw materials by the group grew, mainly in Asia. At the same time, urethane-related product prices rose abroad.

Specialty Group

Net sales for the Specialty Group in fiscal 2011 amounted to ¥133.5 billion (US\$1.6 billion), an increase of ¥16.4 billion, or 14.0%, over the group's net sales for the preceding fiscal year. The group posted a ¥5.6 billion, or 37.2%, gain in operating income, to ¥20.3 billion (US\$244.4 million).

Shipments of ethyleneamines by the Specialty Group increased, reflecting smooth operations at Tosoh's new ethyleneamine plant and burgeoning demand in Asia. The group's shipments of amine catalysts, bromine, and solvents also expanded, driven by a recovery in demand.

The group's shipments of separation-related products rose in Japan and overseas. Its



domestic shipments of in vitro diagnostic reagents and automated immunoassay analyzers similarly were firm in Japan and globally. But product prices were soft and decreased as the yen appreciated.

Overseas shipments by the group of electrolytic manganese dioxide increased. And the group's shipments of zeolite and zirconia likewise rose, in Japan and abroad.

The group's silica glass shipments increased along with the continued recovery in the semiconductor and liquid crystal product markets. Its shipments of thin film materials, for the manufacture of semiconductor and liquid crystal products, were firm in Japan and abroad.

Engineering Group

Fiscal 2011 net sales for the Engineering Group were ¥67.7 billion (US\$814.2 million), an increase of ¥8.7 billion, or 14.7%, over the group's net sales for fiscal 2010. The group achieved a ¥1.6 billion, or 77.2%, gain in operating income, to ¥3.6 billion (US\$43.6 million).

The group's sales of its water treatment facilities, services, and related chemicals rose for two main reasons during the year under review. Progress occurred at major electronics industry construction projects in Asia, and the business climate for the domestic solution business was favorable. The group's construction-related companies also garnered strong sales.

Service Group

The Service Group's net sales in fiscal 2011 rose ¥1.0 billion, or 2.7%, over its net sales the year before, to ¥39.6 billion (US\$476.6 million). Group operating income was ¥2.7 billion (US\$32.2 million), an increase of ¥115 million, or 4.5%.

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

Outlook for the fiscal year to March 31, 2012

Given the problems caused by the Great East Japan Earthquake, the outlook for the Japanese economy is uncertain. We expect disruptions in supply chains, a prolonged period of electric power shortages, and restraint in personal consumption.

The Tosoh Group also faces the growing likelihood that crude oil prices will rise because of the political turmoil in the Middle East. That turmoil, in turn, prompts concerns about worsening terms of trade. Tosoh, therefore, continues to make every effort to boost its profitability, including by expanding its sales volume and by reducing its costs throughout its operations.

Tosoh's projections for fiscal year 2012, ending March 31, 2012, call for net sales of ¥800 billion (US\$9.4 billion); operating income of ¥46 billion (US\$541.2 million); ordinary income of ¥44 billion (US\$517.6 million); and net income of ¥23 billion (US\$270.6 million). These full-year forecasts are based on a domestic production price for naphtha of ¥63,000 per kiloliter and on an exchange rate of ¥85.00 to the US dollar.

Note: For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥83.15 = US\$1, the exchange rate in effect on March 31, 2011.



TOSOH CORPORATION

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 132 companies worldwide and a multiethnic workforce of over 11,000 people and generated net sales of ¥684.4 billion (US\$8.2 billion at the year-end rate of ¥83.15 to the US dollar) in fiscal 2011, ended March 31, 2011.

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: 4042

For more information, please contact

Michael Hoover
International Corporate Development
Tosoh Corporation

michael.hoover@tosoh.com

Tel: +81-3-5427-5118
Fax: +81-3-5427-5198

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.