



# TOSOH CORPORATION

## NEWS RELEASE

### **Tosoh Reports on Consolidated Results for Fiscal 2010 (from April 1, 2009, to March 31, 2010)**

**Tokyo, Japan, May 28, 2010**—Tosoh Corporation announces its consolidated results for the 2010 fiscal year, ended March 31, 2010.

The Japanese economy began to recover slightly in fiscal 2010 on the back of government financial stimulus measures and improvements in the global economy. Domestic demand, however, remained weak and showed little sign of improving. Overall, the economic situation in Japan was sluggish, with low capital investment and high unemployment.

Chemical industry exports from Japan to elsewhere in Asia expanded, centered on China, and chemical company earnings began to improve as production levels started to recover. These gains, however, fell short of full-fledged recovery amid a continuing problematic operating environment.

The prices for naphtha and other raw materials declined, driving down domestic sales prices. Sales prices also eroded in markets outside Japan for polyvinyl chloride (PVC) resins, for urethane, and for other core products of the Tosoh Group.

As a result, Tosoh's consolidated net sales for fiscal 2010 amounted to ¥628,706 million (US\$6,757.4 million), down ¥104,799 million from the preceding fiscal year. However, a reduction in fixed costs, such as depreciation and amortization, and improved inventory valuations led to operating income of ¥13,047 million (US\$140.2 million), up ¥33,361 million over fiscal 2009. Ordinary income rose ¥31,171 million, to ¥10,080 million (US\$108.3 million), and net income increased ¥32,152 million, to ¥6,890 million (US\$74.1 million).

### **Results for business segments**

#### **Petrochemical Group**

Shipments of ethylene and propylene by the Petrochemical Group decreased, despite signs during the second half of fiscal 2010 that demand for derivatives was recovering. Conversely, cumene shipments increased, largely because of an expansion in production capacity undertaken in fiscal 2009. Polyethylene resin shipments likewise rose, in Japan and overseas, owing to a recovery in demand. Shipments of chloroprene rubber were firm, bolstered by recovering demand particularly in Southeast Asia, but product prices fell. Product prices also declined for PVC paste. Lower prices for naphtha and other raw materials were behind the downward adjustments in product prices.

Net sales for the Petrochemical Group were down ¥42,881 million, or 20.9%, from the previous fiscal year, to ¥162,485 million (US\$1,746.4 million). The group's operating income, however, rose ¥12,674 million, to ¥7,891 million (US\$84.8 million), because of improved inventory valuations.

#### **Basic Group**

Domestic shipments of caustic soda fell, but exports increased. Caustic soda prices decreased abroad, however, because of softer prices in overseas markets and the yen's appreciation. Shipments of PVC monomer to China were firm, but, again, product prices fell. Domestic



shipments of PVC resins declined, affected by ongoing malaise in public-sector investment and lower housing construction starts, but shipments of PVC resins to China and the Middle East grew. PVC resin prices, however, fell domestically and overseas owing to declining raw materials prices. Cement shipments, meanwhile, were down owing to lackluster public- and private-sector demand.

Basic Group net sales declined ¥22,800 million, or 11.8%, to ¥169,897 million (US\$1,826.1 million). Operating income, though, increased ¥18,205 million, to ¥735 million (US\$7.9 million). That increase came as a result of reduced fixed costs and improved inventory valuations.

### **Specialty Group**

Shipments of ethyleneamines by the Specialty Group remained firm, centered on China and Southeast Asia, but softening prices overseas and the yen's appreciation pushed down product prices. Shipments of bromine-based flame retardants increased, owing to demand recovery, while shipments of bromine and environmental chemicals declined.

Shipments of liquid chromatography columns and instruments dropped in Japan and overseas because of budgetary restraints placed on research and development. Exports of packing materials, on the other hand, rose. Domestic and overseas shipments of in vitro diagnostic reagents, automated immunoassay analyzers, and fully automated glycohemoglobin analyzers and reagents for use in screening for and in monitoring diabetes mellitus stayed steady.

Shipments of electrolytic manganese dioxide increased in Japan but decreased overseas. Zirconia and zeolite shipments were down because of the decline in demand for zirconia in dental materials and for zeolite from automakers and for use in petrochemicals.

Silica glass shipments fell as the recovery in demand for its use in semiconductors was delayed. Product prices and shipments of sputtering targets decreased.

Net sales of water treatment facilities and related chemicals declined. The decrease was attributed to sluggish capital investment amid challenging business conditions.

Shipments of urethane raw materials grew elsewhere in Asia but declined domestically. Urethane-related product prices fell at home and abroad.

Net sales for the Specialty Group were ¥252,037 million (US\$2,708.9 million), a decrease of ¥35,269 million, or 12.3%, from the preceding fiscal year. Lower fixed costs and better inventory valuations, however, enabled the group to post operating income of ¥1,504 million (US\$16.2 million), a ¥2,415 million gain over fiscal 2009.

### **Service Group**

Service Group sales from trading companies and from logistics and construction subsidiaries declined amid ongoing economic sluggishness globally. The group's net sales thus were ¥44,285 million (US\$476.0 million), a decrease of ¥3,848 million, or 8.0%, from the same period a year before. Operating income was ¥2,915 million (US\$31.3 million), up ¥66 million, or 2.3%.

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

The outlook is for continued gradual recovery in the Japanese economy. Concern over 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 down side. It is driving up raw materials costs and prompting concerns about worsening terms of trade. Tosoh, therefore, continues to make every effort to boost profitability, including by expanding its sales volume, by maintaining reasonable prices for its products, and by reducing its costs.



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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 to the US dollar.

Note: For reference purposes, US dollar amounts are translated, unless otherwise indicated, from yen at the rate of ¥93.04 = US\$1, the exchange rate in effect on March 31, 2010.

## 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 130 companies worldwide and a multiethnic workforce of over 11,000 people and generated net sales of ¥628.7 billion (US\$6.8 billion) at the year-end rate of ¥93.04 to the US dollar) in fiscal 2010, ended March 31, 2010.

### 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](mailto:michael.hoover@tosoh.com)

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

[www.tosoh.com](http://www.tosoh.com)

## I. Consolidated Financial Results for Fiscal 2010 (April 1, 2009, to March 31, 2010)

### 1. Business Results

(Millions of yen, unless otherwise indicated)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
FY2010	628,706 - 14.3 %	13,047 —	10,080 —	6,890 —
FY2009	733,505 - 11.3 %	- 20,314 —	- 21,091 —	- 25,262 —

	Undiluted Net Income (Loss) per Share (yen)	Diluted Net Income per Share (yen)	Net Return on Net Assets (percent)	Ordinary Return on Total Assets (percent)	Operating Income Margin (percent)
FY2010	11.51	11.50	4.3	1.3	2.1
FY2009	- 42.20	—	- 14.3	- 2.7	- 2.8

Note: Investment gain (loss) accounted for by the equity method totaled ¥1,264 million in fiscal 2010, and ¥ - 975 million in fiscal 2009.

### 2. Financial Position

(Millions of yen, unless otherwise indicated)

	Total Assets	Total Net Assets	Ratio of Shareholders' Equity to Total Assets (percent)	Net Assets per Share (yen)
FY2010	739,658	190,898	22.0	271.59
FY2009	762,796	185,880	20.3	258.98

Note: Ownership equity (net assets less stock - acquisition rights and minority interests) totaled ¥162,500 million at fiscal 2010 year-end and ¥155,012 million at fiscal 2009 year-end.

### 3. Cash Flows

(Millions of yen, unless otherwise indicated)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
FY2010	81,654	- 29,150	- 51,893	56,915
FY2009	27,055	- 64,858	67,634	55,912

**II. Dividends**

	Dividends per Share (yen)					Total Dividend Payments	Dividend Payout Ratio (percent of net income)	Dividend Payments as a Percentage of Net Assets
	First Quarter	Interim	Third Quarter	Year-End	Full Year			
FY2009	—	4.00	—	2.00	6.00	3,596	—	2.0
FY2010	—	3.00	—	3.00	6.00	3,596	52.1	2.3
FY2011 (forecast)	—	3.00	—	3.00	6.00		32.6	

**III. Projected Operating Results for Fiscal 2011 (April 1, 2010, to March 31, 2011)**

(Millions of yen, percent change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
First Half	340,000	14.2	8,000	221.1	7,000	—	3,000	—
Full Year	720,000	14.5	29,000	122.3	26,000	157.9	11,000	59.6

**IV. Other**

1. Material changes in scope of consolidation during the fiscal year: None

2. Number of shares outstanding (common stock):

Number of shares outstanding at end of year (including treasury stock):	FY2010	601,161,912 shares	FY2009	601,161,912 shares
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Number of shares of treasury stock at end of year:	FY2010	2,824,346 shares	FY2009	2,618,530 shares
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