



# TOSOH CORPORATION

## NEWS RELEASE

**November 10, 2011**

### **Tosoh Reports on First-Half Consolidated Results for Fiscal 2012 (the interim period from April 1, 2011, to September 30, 2011)**

**Tokyo, Japan**—Tosoh Corporation is pleased to announce its consolidated results for the first half of its 2012 fiscal year. The company's consolidated net sales for the interim period ended September 30, 2011, amounted to ¥367.7 billion (US\$4.6 billion), a rise of ¥45.7 billion, or 14.2%, from the first half of 2011. Operating income was ¥21.7 billion (US\$272 million), an increase of ¥11.7 billion, or 115.4%, over operating income recorded for the same period a year earlier, while ordinary income rose ¥11.5 billion, or 161.7%, to ¥18.6 billion (US\$234 million). Net income for the first half of fiscal 2012 totaled ¥9.9 billion (US\$124 million), a jump of ¥7.5 billion, or 307.4%, from the first half of fiscal 2011.

In the first and second quarters of fiscal 2012, the Japanese economy steadily recovered following the Great East Japan Earthquake. Disrupted supply chains became operational again, dispelling the restrictions that had sprung up after the disaster, and, on the demand side, there was a resurgence in consumer purchasing sentiment. Despite these improvements, the direction of the economy remained unclear amid a slowdown in the global economy, a country debt crisis in Europe, and an appreciation of the Japanese yen against major currencies.

During this difficult interim period, Tosoh was still able to achieve growth in sales and profits for several reasons. Prices in international markets rose for caustic soda, polyvinyl chloride (PVC) resin, urethane raw materials, and other of the company's major products. Domestic prices also increased, because of revisions to bring prices in line with higher naphtha prices. In addition, the company posted overall increases in shipment volumes in all business segments.

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

##### **Petrochemical Group**

First-half net sales for the Petrochemical Group increased ¥20.3 billion, or 23.5%, compared with group net sales for the same period the year before, to ¥106.9 billion (US\$1,341 million). The group's operating income increased ¥5.1 billion, or 179.4%, to ¥7.9 billion (US\$100 million).

Shipments of olefins, such as ethylene and propylene, increased for the most part. And olefin production expanded overall in the absence of scheduled plant maintenance in fiscal year 2012. The group's performance in olefins was further boosted by higher ethylene and propylene prices in line with the rising cost of naphtha and other raw materials. Prices for cumene also rose in overseas markets.

Polyethylene resin shipments expanded domestically, but exports declined because of worsening trade conditions. On a positive note, the group adjusted polyethylene resin product prices upward to match the higher cost of naphtha. The group also introduced product price adjustments for chloroprene rubber (CR) in line with the higher cost of its raw materials.



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The group's chlorosulphonated polyethylene (CSM) shipments rose domestically and abroad, partially reflecting the production capacity increase implemented in the previous fiscal year. Polyphenylene sulfide resin (PPS) and PVC paste performances benefited from upward adjustments in product prices in line with the higher cost of raw materials.

## **Chlor-alkali Group**

Chlor-alkali Group first-half net sales increased ¥11.9 billion, or 9.7%, compared with net sales in the first half a year earlier, to ¥135.4 billion (US\$1,698 million). The group's operating income improved ¥5.7 billion, recovering from an operating loss in the previous year's first half to operating income of ¥0.1 billion (US\$1.3 million).

The Chlor-alkali Group's domestic and overseas shipments of caustic soda expanded during the first half of fiscal 2012. In addition, caustic soda prices rose in overseas markets. The group's exports of vinyl chloride monomer (VCM) to Asia increased, particularly to China, as did the overseas price for VCM.

The group's domestic shipments of PVC resins rose, meeting extra demand caused by the temporary halt in the operations of some Japanese PVC producers because of the earthquake. The group raised its domestic and overseas PVC resin prices to account for higher raw material prices.

The group's domestic shipments of cement increased despite lackluster public-sector demand. Growth in private-sector demand produced overall shipment growth.

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

## **Specialty Group**

Net sales for the Specialty Group in the first half amounted to ¥73.1 billion (US\$917 million), an increase of ¥8.6 billion, or 13.3%, over the group's net sales for the same half in the preceding fiscal year. The group recorded a ¥0.6 billion, or 4.8%, decline in operating income, to ¥10.1 billion (US\$126 million).

During the interim period under review, the group introduced upward price adjustments for its bromine and bromine fire retardant products to account for a tightening of the demand-supply balance.

The group's shipments of separation-related products rose in Japan and overseas. Among diagnostic-related products, shipments of in vitro diagnostic reagents and automated hemoglobin analyzers for diagnosing and monitoring diabetes increased.

Domestic and overseas shipments by the group of zeolite and zirconia increased, supported by firm demand.

## **Engineering Group**

First-half net sales for the Engineering Group were ¥32.4 billion (US\$406 million), an increase of ¥4.3 billion, or 15.3%, over the group's first-half net sales in the previous fiscal year. The group achieved a ¥1.2 billion, or 105.8%, improvement in operating income over the same period of the previous year, to ¥2.2 billion (US\$27 million).

The group's sales of its water treatment facilities, services, and related chemicals rose, particularly in its solutions business. The group's construction-related companies also garnered strong sales.

## **Other**

Other net sales for the first half of fiscal 2012 rose ¥0.5 billion, or 2.5%, over net sales for the



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same period the year before, to ¥19.9 billion (US\$250 million). Other operating income was ¥1.4 billion (US\$18 million), an increase of ¥178 million, or 14.7%.

Sales by trading companies and logistics subsidiaries remained firm.

*Note:* For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥79.74 = US\$1, the exchange rate in effect on September 30, 2011.

## Outlook for the fiscal year to March 31, 2012

Japan's economy is expected to continue recovering, supported by growth in demand from rebuilding the region devastated by the March 11 earthquake. But the risk that the slowdown in the global economy and other issues will dampen the recovery has increased.

Tosoh is taking every measure to achieve performance growth. The company, however, has decided to revise the performance forecasts for fiscal 2012 that it announced on May 11, 2011, in light of the present circumstances.

The revised full-year forecasts shown in the table to follow are based on a domestic production price for naphtha of ¥52,000 per kiloliter and on an exchange rate of ¥77.00 to the US dollar.

### Revised Forecast for Fiscal Year 2012 (April 1, 2011–March 31, 2012)

	Net Sales	Operating Income	Ordinary Income	Net Income	EPS
Previous forecast (A)	¥800 billion	¥46 billion	¥44 billion	¥23 billion	¥38.45
Revised forecast (B)	¥730 billion	¥41 billion	¥36 billion	¥17 billion	¥28.41
Difference (B-A)	(¥70 billion)	(¥5 billion)	(¥8 billion)	(¥6 billion)	—
% Difference	(8.8)	(10.9)	(18.2)	(26.1)	—



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## Comparison of Fiscal Year 2012 and 2011 First-Half Results

	Net Sales		Operating Income		Ordinary Income (Loss)*	
	¥ millions	% <sup>†</sup>	¥ millions	%	¥ millions	%
<b>FY12</b> (04.01.11–09.30.11)	367,740	14.2	21,663	115.4	18,632	161.7
<b>FY11</b> (04.01.10–09.30.10)	322,135	8.2	10,056	303.7	7,119	—

\*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.

<sup>†</sup>Net sales, operating income, ordinary income, and net income percentages indicate changes from the same period in the previous fiscal year.

	Net Income (Loss)		Net Income per Share
	¥ millions	%	¥
<b>FY12</b> (04.01.11–09.30.11)	9,930	307.4	16.60
<b>FY11</b> (04.01.10–09.30.10)	2,437	—	4.07

## Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio*
	¥ millions	¥ millions	%
<b>FY12</b> (04.01.11–09.30.11)	726,711	201,043	23.7
<b>FY11</b> (04.01.10–09.30.10)	725,917	193,512	22.7

\*Net assets include stock acquisition rights and minority interests, which are not calculated in equity ratio.

## Revised Forecast for Fiscal Year 2012 (April 1, 2011–March 31, 2012)

	Net Sales	Operating Income	Ordinary Income	Net Income
	¥ millions	¥ millions	¥ millions	¥ millions
<b>Year-end</b>	730,000	41,000	36,000	17,000



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### 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

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### Disclaimer

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