



TOSOH CORPORATION

NEWS RELEASE

August 2, 2012

Tosoh Reports on First-Quarter Consolidated Results for Fiscal 2013 (the full-year period from April 1, 2012, to March 31, 2013)

Tokyo, Japan—Tosoh Corporation announces its consolidated results for its 2013 fiscal year first quarter, from April 1, 2012, to June 30, 2012. Consolidated net sales amounted to ¥150.5 billion (US\$1.9 billion), down ¥32.8 billion, or 17.9%, from the same period a year earlier. Profits declined across the board. The company recorded an operating loss for the period of ¥1.8 billion (US\$22.0 million); an ordinary loss of ¥3.6 billion (US\$45.0 million); and a loss of ¥2.7 billion (US\$34.1 million).

In the first quarter of fiscal 2013, the Japanese economy showed signs of entering a mild recovery based on demand following the Great East Japan Earthquake. The business climate, however, remained harsh because of weak external demand amid the slowdown in the overall world economy. Economic stagnation in the Eurozone caused by the sovereign debt problem and the cooling off of China's economy are among the chief contributors to the global malaise.

Softening prices in overseas markets and the November 2011 accident at our Nanyo Complex, meanwhile, also contributed the decline in our consolidated net sales. Profits were particularly affected by worsening terms of trade for ethyleneamines and other core products amid weakening prices abroad.

Results by business segment

Petrochemical Group

First-quarter net sales for the Petrochemical Group decreased ¥11.0 billion, or 20.4%, compared with group net sales for the same period the year before, to ¥43.1 billion (US\$537.9 million). The group's operating income declined ¥3.2 billion, or 81.4%, to ¥718.0 million (US\$9.0 million).

Shipments of olefins, such as ethylene and propylene, contracted because of production declines. The drop in production resulted from fiscal 2013 being a scheduled plant maintenance year.

Polyethylene resin shipments languished at lower levels, particularly in Japan. Reasons included a drop off in demand for ethylene vinyl acetate (EVA) copolymer for use in solar cell encapsulant film and increased imports of competitive products. Chloroprene rubber (CR) shipments declined because of retreating demand, but shipments of chlorosulphonated polyethylene (CSM) shipments expanded. Automobile-related polyphenylene sulfide resin (PPS) shipments also rose.

Chlor-alkali Group

Chlor-alkali Group first-quarter net sales decreased ¥17.0 billion, or 24.8%, compared with net sales in the first quarter a year earlier, to ¥51.4 billion (US\$640.6 million). The group recorded an operating loss of ¥5.1 billion (US\$62.9 million), falling ¥6.6 billion from the first quarter of fiscal 2012.



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The Chlor-alkali Group's domestic and overseas shipments of caustic soda fell during the first quarter of fiscal 2013 because of constraints imposed on electrolysis plants by the accident at the Nanyo Complex's No. 2 Vinyl Chloride Monomer Plant. On the other hand, caustic soda prices rose in Japan and overseas. The group's shipments of vinyl chloride monomer (VCM) and polyvinyl chloride (PVC) also declined because of the accident at the Nanyo Complex, and prices for those products deteriorated in domestic and overseas markets.

The group's domestic shipments of cement remained about the same as a year earlier. Its exports of cement, however, decreased. Shipments of urethane raw materials similarly contracted, chiefly on account of a slowdown in Asian economies.

Specialty Group

Net sales for the Specialty Group in the first quarter amounted to ¥32.7 billion (US\$407.6 million), a decline of ¥5.3 billion, or 13.9%, from the group's net sales for the same quarter the preceding fiscal year. The group recorded a ¥2.1 billion, or 46.9%, decline in operating income, to ¥2.4 billion (US\$29.6 million).

Shipments of ethyleneamines by the Specialty Group decreased at home and abroad, as did prices. These declines reflected a worsening of the demand-supply balance caused by the drawback in demand in Asian markets. The group's shipments of bromine and bromine fire retardant products also fell.

The group's shipments of separation-related products expanded, especially of its liquid chromatography packing materials. Among the group's diagnostic-related products, shipments of automated enzyme immunoassay systems and automated glycohemoglobin analyzers increased, but shipments of in vitro diagnostic reagents declined.

Shipments of zirconia for use in, among other things, dental materials increased. Sales of high-silica zeolites (HSZ) for use in the catalytic converters of automobile emission systems also expanded. Shipments by the group of electrolytic manganese dioxide (EMD) declined because of inventory adjustments by dry cell battery manufacturers. The group's silica glass shipments decreased in line with falling demand from the semiconductor and liquid crystal display and panel markets.

Engineering Group

First-quarter net sales for the Engineering Group were ¥13.4 billion (US\$167.2 million), an increase of ¥0.5 billion, or 4.2%, over the group's first-quarter net sales in the previous fiscal year. The group achieved a ¥43.0 million improvement in operating income over the same period of the previous year but still ended up with an operating loss of ¥143.0 million (US\$1.8 million).

The group's sales of its water treatment facilities, services, and related chemicals rose, particularly in the solutions business.

Other

Other net sales for the first quarter of fiscal 2013 fell ¥110 million, or 1.1%, from net sales for the same period the year before, to ¥9.9 billion (US\$123.7 million). Other operating income was ¥340.0 million (US\$4.2 million), a decrease of ¥398.0 million, or 53.9%.

Sales by trading companies and logistics subsidiaries declined.

Outlook for the fiscal year to March 31, 2013

Tosoh's projections for fiscal year 2013, ending March 31, 2013, call for net sales of ¥720 billion (US\$9.0 billion); operating income of ¥29 billion (US\$362.5 million); ordinary income of ¥31 billion (US\$387.5 million); and net income of ¥14 billion (US\$175.0 million). These full-year



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forecasts are based on a domestic production price for naphtha of ¥62,000 per kiloliter and on an exchange rate of ¥80.00 to the US dollar.

The company has not revised its earnings forecasts for the full fiscal year from those announced on May 10, 2012. It plans to do so after the second quarter. The company did revise its projections for cumulative performance through the second quarter of fiscal 2013 on August 2, 2012. For more details, please see the press release issued August 2, 2012.

Note: For reference purposes only, US dollar amounts for the quarter under review have been translated, unless otherwise indicated, from yen at the rate of ¥80.18 = US\$1, the average exchange rate during the quarter under review.

Comparison of Fiscal Year 2013 and 2012 First-Quarter Summary Results

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)*	
	¥ millions	% change	¥ millions	% change	¥ millions	% change
FY13 (04.01.12–06.30.12)	150,502	(17.9)	(1,759)	—	(3,605)	—
FY12 (04.01.11–06.30.11)	183,314	18.0	10,413	141.7	10,043	254.5

	Net Income (Loss)		Undiluted Net Income (Loss) per Share	Diluted Net Income (Loss) per Share
	¥ millions	% change	¥	¥
FY13 (04.01.12–06.30.12)	(2,735)	—	(4.57)	—
FY12 (04.01.11–06.30.11)	6,284	609.4	10.51	10.49

Note: Comprehensive income totaled ¥1,858 million in the first quarter of fiscal 2013 and ¥7,094 million in the first quarter of fiscal 2012.

	Total Assets	Net Assets	Equity Ratio
	¥ millions	¥ millions	%
FY13 (04.01.12–06.30.12)	707,072	194,543	23.4
FY12 (04.01.11–06.30.11)	708,720	200,197	24.1

Reference: Shareholders' equity was ¥165,682 million in the first quarter of fiscal 2013 and ¥171,068 million in the first quarter of fiscal 2012.

Earnings Forecast for Fiscal Year 2013 (April 1, 2012–March 31, 2013)

	Net Sales		Operating Income		Ordinary Income		Net Income/Loss	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
First half	320,000	(13.0)	3,000	(86.2)	0	(100.0)	(2,000)	—
Year-end	720,000	4.8	29,000	22.2	31,000	25.1	14,000	49.3



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Forecasts for Income per Share

	Net Income per Share
First Half	(3.34)
Full Year	23.40

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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 131 companies worldwide and a multiethnic workforce of over 11,000 people and generated net sales of ¥687.1 billion (US\$8.4 billion at the year-end rate of ¥82.19 to the US dollar) in fiscal 2012, ended March 31, 2012.

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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