



## NEWS RELEASE

*February 25, 2011*

### **Tosoh Releases Nine-Month Consolidated Results for Fiscal 2011 (The interim period from April 1, 2010, to December 31, 2010)**

**Tokyo, Japan**—Tosoh Corporation announces its consolidated results for the first nine months of fiscal year 2011. The company's net sales increased 9.4% compared with its net sales in the same period of the previous fiscal year, to ¥495.9 billion (US\$6.1 billion).\* Its operating income climbed more than six times, to ¥20.9 billion (US\$256.7 million), while its ordinary income rose substantially, to ¥17.1 billion (US\$209.2 million), from ¥779 million a year earlier. Overall, Tosoh recorded net income of ¥6.7 billion (US\$81.8 million), up from a loss of ¥4.2 billion in the same period of fiscal 2010.

During the period from April 1, 2010, to December 31, 2010, the Japanese economy achieved a mild recovery on the strength of demand growth in China and other newly developing countries. Nevertheless, concern deepened over the future course of the economy because of such factors as the sharp appreciation of the yen against other currencies, stagnating share prices, and signs of a slowdown in the global economy.

#### **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 nine-month results for fiscal 2010 were substituted with figures that correspond to the organizational changes that went into affect in fiscal 2011.

#### **Petrochemical Group**

Petrochemical Group net sales for the first nine months of fiscal year 2011 increased 9.5% compared with group net sales for the same period the year before, to ¥132.9 billion (US\$1.6 billion). Operating income rose 21.9%, to ¥6.3 billion (US\$77.2 million).

Shipments of ethylene and propylene by the Petrochemical Group increased as demand for derivatives achieved a full-fledged recovery. Cumene shipments, conversely, decreased in Japan and abroad, largely because of a scheduled plant shutdown which reduced production. The prices for cumene gained ground abroad. Ethylene and propylene prices moved up on account of the rising cost of naphtha and other raw materials.



Domestic shipments of polyethylene resins increased, supported by a surge in demand for ethylene vinyl acetate copolymer, but worsening trade conditions dampened exports. However, product price adjustments were implemented to match the higher cost of naphtha. Shipments of chloroprene rubber increased, driven by a recovery in demand domestically and overseas.

Chlorosulphonated polyethylene (CSM) shipments increased domestically on account of completion of a capacity increase that was able to supply a recovery in demand. Exports for CSM decreased. Also during the nine-month period, polyphenylene sulfide resin (PPS) shipments increased domestically and abroad on account of completion of a capacity increase that was able to supply a global recovery in demand. PVC paste continued to benefit from upward adjustments in product prices as a result of the higher cost of naphtha.

### **Chlor-alkali Group**

Chlor-alkali Group net sales increased ¥11.6 billion, or 6.4%, to ¥191.8 billion (US\$2.4 billion) for the first three quarters of fiscal 2011. The group's operating income improved ¥6 billion over the same period a year ago; however, the group still reported an operating loss of ¥4.5 billion (US\$54.7 million).

The Chlor-alkali Group's domestic shipments of caustic soda grew along with increased demand in Japan, but exports declined. Moreover, caustic soda prices decreased because of softer prices in overseas markets and the yen's appreciation. Exports of vinyl chloride monomer (VCM) declined, but the overseas price for VCM increased. Driven by the economic recovery in Japan, domestic shipments of polyvinyl chloride (PVC) resins rose, but exports fell. PVC resin prices, however, increased domestically and overseas owing to upward price revisions implemented in the previous fiscal year due to higher raw material prices. Domestic shipments of cement, meanwhile, declined because of lackluster public- and private-sector demand. Exports of cement also decreased. Shipments of urethane raw materials grew mainly in Asia while urethane-related product prices rose abroad.

### **Specialty Group**

Net sales for the Specialty Group in the first three quarters of fiscal 2011 were ¥98.6 billion (US\$1.2 billion), an increase of ¥13.5 billion, or 15.8%, over the same period in the preceding fiscal year. The group also posted a ¥7.5 billion, or 95.4%, gain in operating income over the same period of fiscal 2010, to ¥15.4 billion (US\$188.4 million).

Shipments of ethyleneamines by the Specialty Group increased, buoyed by smooth operations at Tosoh's new ethyleneamine plant and burgeoning demand in Asia. Supported by a recovery in demand, shipments of amine catalysts, bromine, and solvents increased, but shipments of bromine-based flame retardants decreased.

In bioscience related products, the Specialty Group's shipments of liquid chromatography columns and instruments rose in Japan and overseas. Among diagnostic related products, domestic shipments of in vitro diagnostic reagents and automated immunoassay analyzers were firm in Japan and 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 at home and abroad.

Shipments of electrolytic manganese dioxide increased overseas. Shipments of zeolite and zirconia rose in Japan and abroad.

Silica glass shipments increased in line with the continued recovery in the semiconductor market. Shipments of thin film materials, both for semiconductor and liquid crystal product manufacture, were firm.



## **Engineering Group**

For the first three quarters of fiscal 2011, net sales for the Engineering Group were ¥42.9 billion (US\$527 million), an increase of ¥4.8 billion, or 12.6%, over the same period of the preceding fiscal year. The group achieved an ¥2.1 billion gain in operating income, to ¥1.8 billion (US\$21.9 million).

Progress with major electronics industry-related construction projects in Asia combined with a favorable domestic solution business to increase 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 three quarters of fiscal 2011 were ¥29.6 billion (US\$363.6 million), an increase of ¥1 billion, or 3.6%, over the same period a year before. Operating income was ¥1.9 billion (US\$23.9 million), rising ¥ 273 million, or 16.3%.

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

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

Tosoh's projections for fiscal year 2011, ending March 31, 2011, call for net sales of ¥680 billion (US\$8.3 billion); operating income of ¥29 billion (US\$356 million); ordinary income of ¥26 billion (US\$319 million); and net income of ¥11 billion (US\$135 million). These full-year forecasts are based on a domestic production price for naphtha of ¥47,350 per kiloliter and on an exchange rate of ¥86.38 to the US dollar.

\*For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥81.49 = US\$1, the exchange rate in effect on December 31, 2010.



# TOSOH CORPORATION

## Summary of nine-month results and comparison with same period the previous fiscal year

### Nine-Month Consolidated Results for Fiscal Year 2011 (April 1, 2010–December 31, 2010)

	Net Sales		Operating Income		Ordinary Income*	
	¥ millions	% <sup>†</sup>	¥ millions	%	¥ millions	%
<b>FY11</b> (04.01.10–12.31.10)	495,910	9.4	20,918	449.5	17,050	—
<b>FY10</b> (04.01.09–12.31.09)	453,452	- 23.7	3,806	—	779	—

\*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 (Loss) per Share
	¥ millions	%	¥
<b>FY11</b> (04.01.10–12.31.10)	6,664	—	11.14
<b>FY10</b> (04.01.09–012.31.09)	- 4,247	—	-7.10

### Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio*	Shareholders' Equity per Share
	¥ millions	¥ millions	%	¥
<b>FY11</b> (04.01.10–12.31.10)	738,198	190,446	22.0	271.10
<b>FY10</b> (04.01.09–03.31.10)	739,658	190,898	22.0	271.59

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

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

	Net Sales	Operating Income	Ordinary Income	Net Income
	¥ millions	¥ millions	¥ millions	¥ millions
<b>Year-end</b>	680,000	29,000	26,000	11,000



**TOSOH CORPORATION**

TOSOH

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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 140 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: JP: 4042

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