



Financial Results for 2Q FY2015

August 6, 2015

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Scope of consolidation

Number of consolidated subsidiaries: 20 (decrease of one from Dec. 31, 2014)

Number of equity-method affiliates : 2 (no change)

		2014 2Q	2015 2Q	Change	
Net sales	(Millions of yen)	74,954	70,270	-4,684	-6.2%
Operating income	(Millions of yen)	6,088	5,887	-201	-3.3%
Operating income ratio		8.1%	8.4%	0.3%	—
Ordinary income	(Millions of yen)	6,410	6,429	18	0.3%
Net income	(Millions of yen)	4,253	3,847	-406	-9.6%
Net income per share	(Yen)	32.29	29.22	-3.07	—
Interim dividend [annual dividend]	(Yen)	6.0 [12.0]	6.0 [—]	0.0 [—]	—

*The Company conducted a 1-for-2 stock consolidation of its common stock whose effective date was July 1, 2015.

Net income per share is calculated based on the assumption that the stock consolidation was conducted at the beginning of the previous fiscal year.

Consolidated Results (by Segment)

Net sales (by consolidated segment)

(Millions of yen)

	2014 2Q	2015 2Q	Change in net sales		
			Volume	Unit price	Change
Commodity Chemicals	22,270	21,275	-1,111	115	-995
Acrylic Products	29,910	26,903	-486	-2,521	-3,007
Specialty Chemicals	8,202	8,566	143	221	364
Plastics	12,956	12,047	-1,084	175	-908
Other	1,615	1,477	-137	0	-137
Total	74,954	70,270	-2,676	-2,007	-4,684

Operating income (by consolidated segment)

(Millions of yen)

	2014 2Q		2015 2Q		Change
	Operating income	Operating income ratio	Operating income	Operating income ratio	
Commodity Chemicals	1,249	5.6%	1,561	7.3%	311
Acrylic Products	2,351	7.9%	1,542	5.7%	-809
Specialty Chemicals	1,802	22.0%	2,178	25.4%	376
Plastics	665	5.1%	562	4.7%	-102
Other	(18)	—	(1)	—	16
Intersegment/elimination	39	—	45	—	5
Total	6,088	8.1%	5,887	8.4%	-201

Other Income/Expenses and Extraordinary Income/Loss (Consolidated)

[Other income/expenses]

(Millions of yen)

	2014 2Q	2015 2Q	Change
Interest and dividend income	289	413	124
Equity in earnings of affiliates	153	180	27
Foreign currency exchange gain (loss)	(55)	17	72
Rent income on non-current assets	94	97	2
Miscellaneous income	87	87	0
Interest expense	(61)	(56)	4
Environment readiness fee	(43)	(48)	-5
Cost of idle assets	(67)	(56)	10
Miscellaneous expenses	(76)	(93)	-17
Total	321	541	219

• Equity in earnings of affiliates

(Millions of yen)

	2014 2Q	2015 2Q	Difference
Elmer's & Toagosei	149	157	8
Chubu Liquid Oxygen	4	23	19
Total	153	180	27

[Extraordinary income/loss]

(Millions of yen)

	2014 2Q	2015 2Q	Change
Subsidy income	25	115	89
Gain on sales of investment securities	0	4	4
Loss on disposal of non-current assets	(156)	(197)	-40
Total	(131)	(77)	53

• Subsidy income

Subsidies received from municipalities for capital investment

2015: Seismic retrofitting for liquefied chlorine storage tanks at Nagoya Plant

• Loss on disposal of non-current assets

2015: Removal of part of electrolysis facilities at Yokohama Plant

• Exchange rate (Yen/USD)

Jun. 30, 2014	Dec. 31, 2014	Jun. 30, 2015
101.36	120.55	122.45

Consolidated Balance Sheet

(Millions of yen)

	Dec. 31, 2014	Jun. 30, 2015	Change
Cash and deposits	16,117	19,371	3,253
Notes and accounts receivable	42,403	39,573	-2,829
Securities ①	25,500	32,000	6,500
Inventories	17,490	17,037	-453
Other current assets	2,785	1,930	-855
Non-current assets	66,671	65,094	-1,577
Investment securities ②	25,670	29,930	4,259
Other non-current assets	4,532	5,393	865
Total assets	201,168	210,331	9,163
Notes and accounts payable	15,704	14,519	-1,184
Bank loans and debt	13,234	13,003	-231
Accrued income taxes	582	1,940	1,358
Other liabilities	14,297	17,129	2,832
Total liabilities	43,818	46,594	2,775
Total net assets ③	157,349	163,736	6,387
Total liabilities and net assets	201,168	210,331	9,163

[Balance Sheet]

- ① Part of internal reserve is held as securities.
- ② Market value of investment securities increased due to recovery of the stock market.
- ③ Retained earnings increased by 2,914 million yen.

Cash Flows

(Millions of yen)

	2014 2Q	2015 2Q	Change
Cash flows from operating activities	10,448	14,088	3,640
Cash flows from investing activities	(9,675)	(2,895)	6,779
Free cash flow	773	11,193	10,419

Overview of Consolidated Subsidiaries (Results for 2nd Quarter of FY2015)

(Millions of yen)

Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss)	
			2014 2Q	2015 2Q	2014 2Q	2015 2Q	2014 2Q	2015 2Q
1 Toa Techno-Gas	Commodity Chemicals	100	2,141	2,164	189	165	128	116
2 (Oita Chemical)	Acrylic Products	91.15	6,417	5,665	17	24	(10)	(29)
3 Toagosei Singapore	↓	100	5,365	4,288	146	(557)	187	(595)
4 MT AquaPolymer	↓	51	5,257	5,083	361	526	228	342
5 Taiwan Toagosei	↓	100	444	447	22	33	22	29
6 Toa-Jet Chemical	↓	51	869	688	60	21	64	17
7 TOA-DIC Zhangjiagang Chemical	↓	60	859	900	45	96	37	76
8 Toagosei America	Specialty Chemicals	100	1,228	1,455	186	190	157	159
9 (Aron Ever-Grip)	↓	100	-	-	-	-	161	-
10 (Aron Packaging)	↓	100	110	106	2	(1)	1	(2)
11 Toagosei Hong Kong	↓	100	157	186	17	30	15	25
12 Toagosei (Zhuhai)	↓	100	167	195	24	33	19	22
13 (MT Ethylene Carbonate)	↓	90	235	175	1	1	1	1
14 Aronkasei	Plastics	100	12,557	12,049	641	560	367	336
15 Mikuni Plastics	↓	100	782	60	23	1	21	(1)
16 Toa Kogyo	Other	100	586	537	5	3	8	3
17 TOA Engineering	↓	100	100	-	(3)	-	(3)	(3)
18 Toa Business Associe	↓	100	653	493	32	13	18	8
19 TG Corporation	↓	100	6,167	5,953	139	157	85	101
20 (Toa Logistics)	↓	100	2,794	2,555	25	24	14	13
21 (Shikoku Toa Logistics)	↓	70	527	516	1	3	1	2
22 (Hokuriku Toa Logistics)	↓	90	111	115	0	1	0	0
Simple aggregation			47,526	43,630	1,933	1,323	1,521	620

Company names in parentheses indicate that almost all of their transactions are with the Company.

Consolidated Results Forecast for FY2015

(Millions of yen)

	FY2014 (A)	FY2015 1H (results)	FY2015 2H (forecast)	FY2015 forecast (B)	Change (B-A)
Net sales	148,912	70,270	69,730	140,000	-8,912
Operating income	12,015	5,887	7,113	13,000	984
Operating income ratio	8.1%	8.4%	10.2%	9.3%	1.2%
Other income/expenses	877	541	259	800	-77
Ordinary income	12,892	6,429	7,371	13,800	907
Extraordinary loss	272	(77)	(223)	(300)	-572
Income before income taxes and minority interests (a)	13,164	6,351	7,149	13,500	335
Income taxes (b)	4,458	2,299	2,351	4,650	191
Tax rate (b)/(a)	33.9%			34.4%	0.5%
Minority interests	292	204	146	350	58
Net income	8,414	3,847	4,653	8,500	85
<Reference>					
Average exchange rate (Yen/USD)	¥104.35	¥119.25	¥120.00		
Naphtha price (Yen/kl)	¥69,700	¥47,900	¥50,000		

Note: Change of 1,000 yen in naphtha price per kl will have an impact of ±300 million yen on the Company's performance.
 Depreciation of yen by 1 yen/USD will have an impact of -60 million yen on the Company's performance.

Consolidated Results Forecast for FY2015 (by Segment)

Net sales

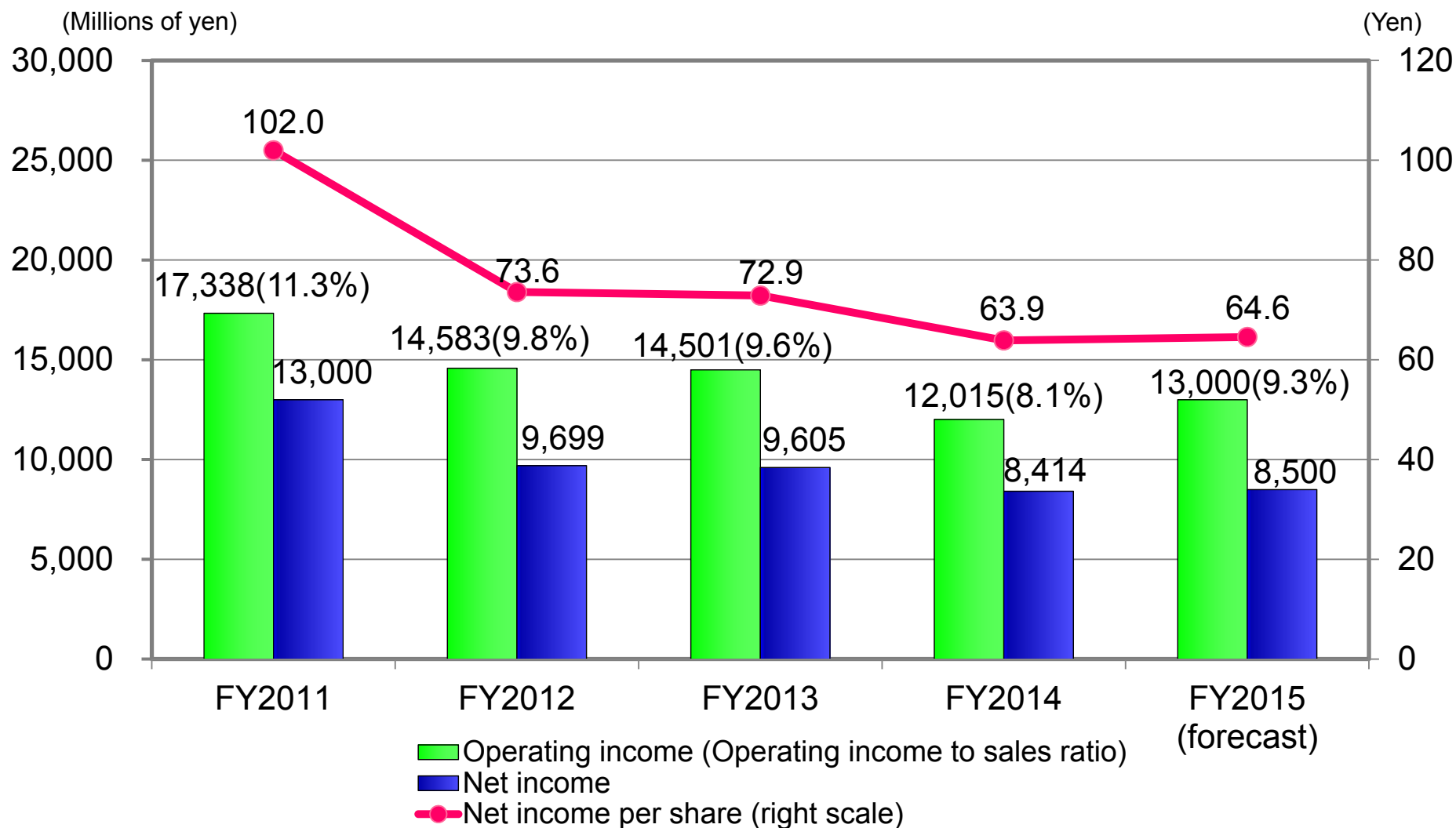
(Millions of yen)

	FY2014 results	FY2015 forecast	Change	Factors for change
Commodity Chemicals	44,305	42,400	-1,905	[Increase] Liquefied hydrogen chloride [Decrease] Caustic soda, inorganic chlorides
Acrylic Products	58,787	52,400	-6,387	[Decrease] Acrylate esters
Specialty Chemicals	16,833	17,300	467	[Increase] Functional adhesives, silicon-based high-purity gas
Plastics	25,705	24,700	-1,085	[Decrease] Piping equipment
Other	3,280	3,200	-82	
Total	148,912	140,000	-8,912	

Operating income

Figures in square brackets are operating income ratios. (Millions of yen)

	FY2014 results		FY2015 forecast		Change	Factors for change
Commodity Chemicals	2,841	[6.4%]	3,300	[7.8%]	459	[Increase] Liquefied hydrogen chloride
Acrylic Products	3,936	[6.7%]	3,500	[6.7%]	-436	[Decrease] Product price erosion, increased depreciation cost
Specialty Chemicals	3,802	[22.6%]	4,700	[27.1%]	898	[Increase] Functional adhesives, silicon-based high-purity gas
Plastics	1,416	[5.5%]	1,400	[5.7%]	-16	
Other	18	-	100	-	80	
Total	12,015	[8.1%]	13,000	[9.3%]	985	



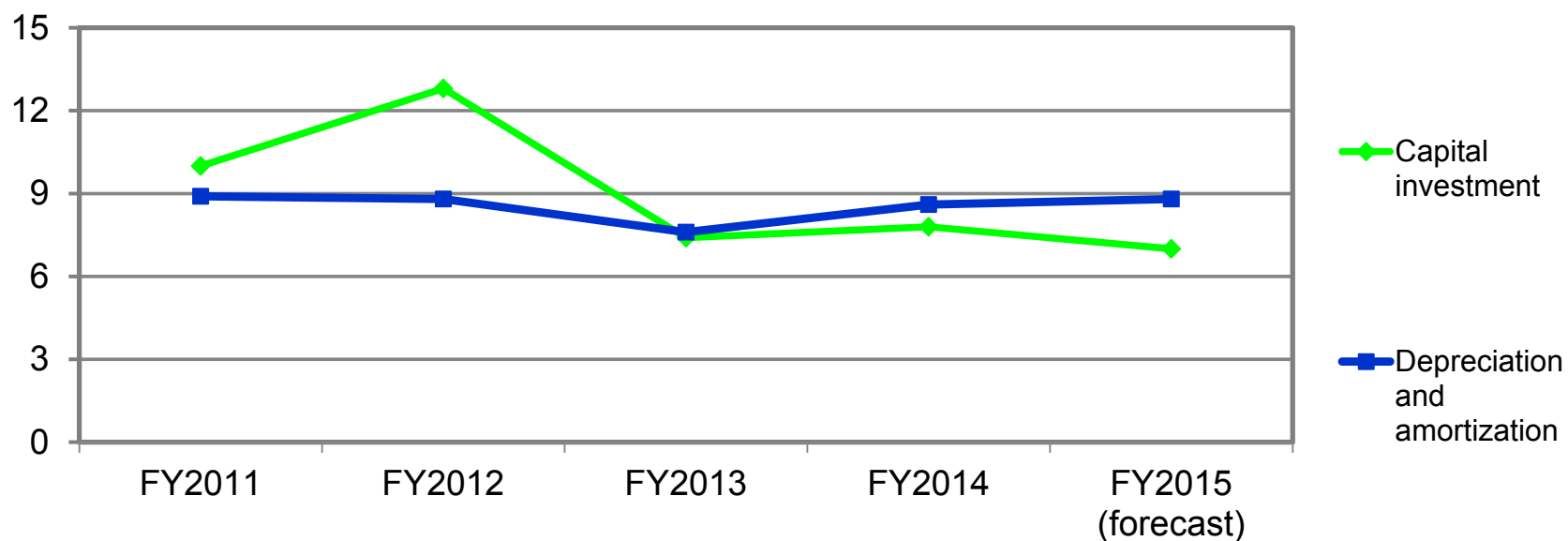
*Net income per share for FY2011 through FY2014 is calculated based on the assumption that the stock consolidation was conducted at the beginning of FY2011.

Reference for Consolidated Performance

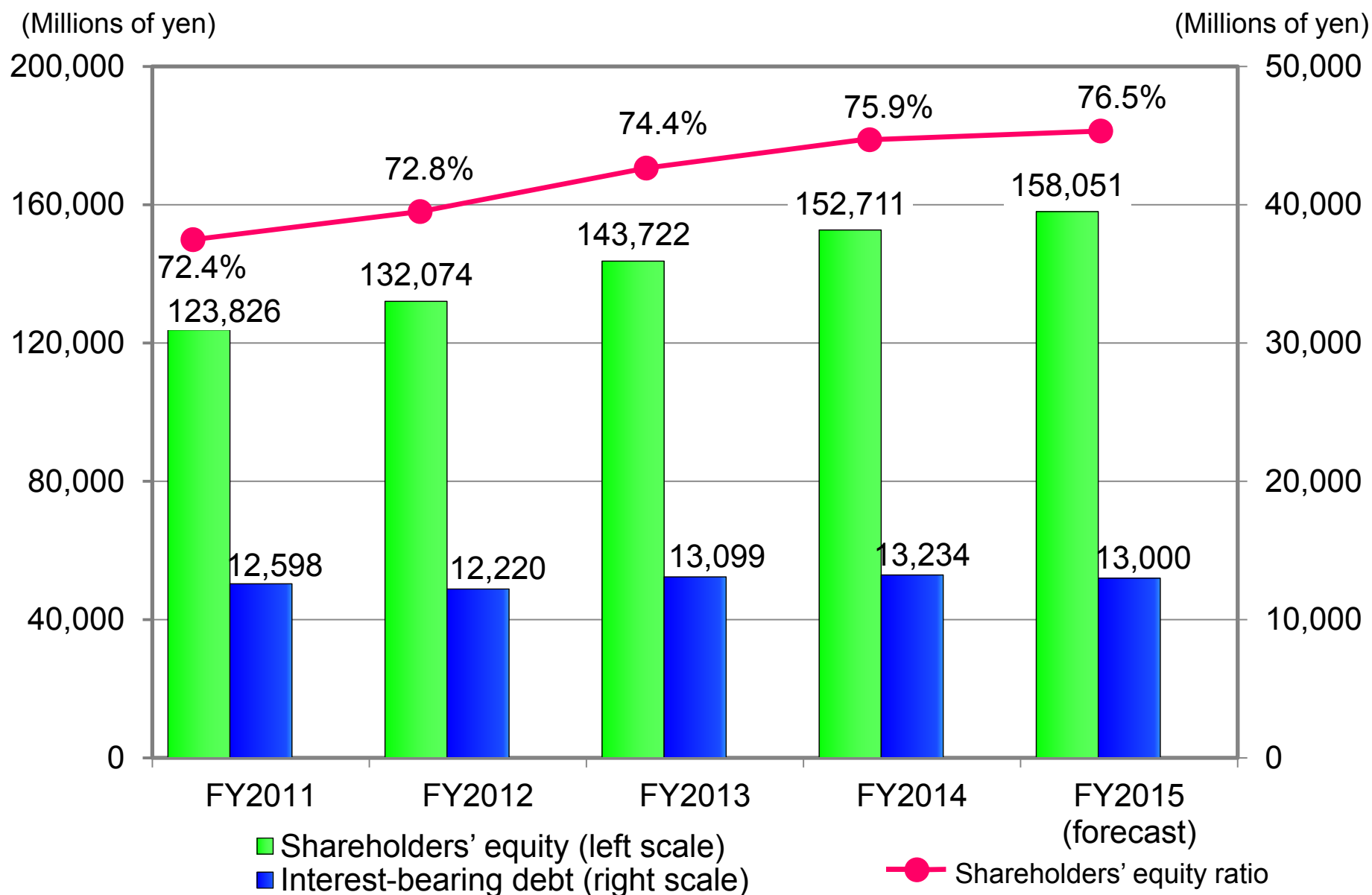
(Billions of yen)

	FY2011	FY2012	FY2013	FY2014	FY2015 forecast
Depreciation and amortization	8.9	8.8	7.6	8.6	8.8
Capital investment	10.0	12.8	7.4	7.8	7.0
Research and development expenses	4.6	4.4	3.8	3.9	4.0
Overseas sales	24.9	22.6	23.8	24.8	25.0
Interest-bearing debt	12.5	12.2	13.1	13.2	13.0

(Billions of yen)



Historical Reference for Consolidated Performance



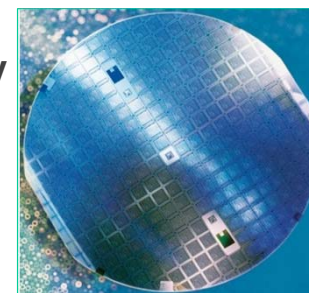
Commodity Chemicals

(1) Strengthen competitiveness of the electrolysis business

- Ongoing business process reengineering of electrolysis plants by a project team. Optimization of production and enhancement of operational efficiency of the three plants to strengthen competitiveness.

(2) Expansion of high-purity inorganic products business

- Construction is underway to increase Tokushima Plant's production capacity for liquefied hydrogen chloride in response to rising demand in Asia. Completion scheduled within the current fiscal year; a structure to ensure stable supply to be established.



Acrylic Products

(1) Reinforcement of downstream products

- Ongoing development of new themes for polymer products by the New Products Search Group.
- For *Aronix*, cultivating the market for highly functional products such as toluene-free type and metal-free type.

(2) Restructuring of the Singapore business

- Studying transformation of the business structure geared to change in the business environment, such as a shift in focus not only in commodity monomers but also to special monomers and high-value-added polymers.



Specialty Chemicals

(1) Development of new adhesive products

- Focused on tailor-made development of functional adhesives for customers in cutting-edge fields. Plan to increase development projects, including consideration of overseas business development.
- Continuing development of new *Aron Alpha* for product launch in Japan and the United States.

(2) Expansion of the business of products for waterproofing coating materials

- Decided to transfer the sales operations for *Aron Coat* and other products for waterproofing coating materials to Aronkasei. Promoted business expansion through efficient utilization of management resources.



Plastics

(1) Reform in production and sales systems of the piping equipment business

- Focused on the PVC small-diameter chambers, in which Aronkasei has competitive advantages, as well as studied optimization of production systems and logistics bases to strengthen cost competitiveness.

(2) Launch of differentiated products of the nursing care products business

- Sales expanded in the rental field, which is a large market. Plans to develop and launch new products, such as walking carts for the elderly and handrails.

