



# Financial Results for FY2014

**February 13, 2015**

This document is a translation of the official Japanese version provided for information purpose only.

## Scope of consolidation

Number of consolidated subsidiaries: 21 (decrease of one from FY2013:  
Liquidation of Aron Ever-Grip Ltd. completed in September 2014)

Number of equity-method affiliates: 2 (no change from FY2013)

		FY2013	FY2014	Change	
Net sales	(Millions of yen)	151,081	148,912	-2,168	-1.4%
Operating income	(Millions of yen)	14,501	12,015	-2,485	-17.1%
Operating income ratio		9.6%	8.1%	-1.5%	—
Ordinary income	(Millions of yen)	15,346	12,892	-2,454	-16.0%
Net income	(Millions of yen)	9,605	8,414	-1,191	-12.4%
Net income per share	(Yen)	36.44	31.94	-4.50	—
Dividend (annual)	(Yen)	10.0	12.0	2.0	—

# Consolidated Results (by Segment)

## Net sales (by consolidated segment)

(Millions of yen)

	FY2013	FY2014	Change in net sales		
			Volume	Unit price	Change
Commodity Chemicals	45,627	44,305	-2,161	839	-1,322
Acrylic Products	59,069	58,787	-1,455	1,172	-282
Specialty Chemicals	16,517	16,833	258	57	315
Plastics	26,463	25,705	-1,717	959	-757
Other	3,402	3,280	-122	0	-122
<b>Total</b>	<b>151,081</b>	<b>148,912</b>	<b>-5,197</b>	<b>3,027</b>	<b>-2,168</b>

## Operating income (by consolidated segment)

(Millions of yen)

	FY2013		FY2014		Change
	Operating income	Operating income ratio	Operating income	Operating income ratio	
Commodity Chemicals	3,374	7.4%	2,841	6.4%	-533
Acrylic Products	6,274	10.6%	3,936	6.7%	-2,337
Specialty Chemicals	3,290	19.9%	3,802	22.6%	511
Plastics	1,349	5.1%	1,416	5.5%	66
Other	88	—	(44)	—	-132
Intersegment/elimination	123	—	62	—	-60
<b>Total</b>	<b>14,501</b>	<b>9.6%</b>	<b>12,015</b>	<b>8.1%</b>	<b>-2,485</b>

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

### [Other income/expenses]

(Millions of yen)

	FY2013	FY2014	Change
Interest and dividend income	450	509	59
Equity in earnings of affiliates	294	324	29
Foreign currency exchange gain	186	172	-13
Rent income on non-current assets	145	173	27
Miscellaneous income	280	314	34
Interest expense	(127)	(121)	6
Environment readiness fee	(99)	(85)	13
Cost of idle assets	(125)	(135)	-9
Miscellaneous expenses	(158)	(275)	-116
<b>Total</b>	<b>845</b>	<b>877</b>	<b>31</b>

#### •Equity in earnings of affiliates

(Millions of yen)

	FY2013	FY2014	Difference
Elmer's & Toagosei	309	329	19
Chubu Liquid Oxygen	(15)	(4)	10
<b>Total</b>	<b>294</b>	<b>324</b>	<b>29</b>

### [Extraordinary income/loss]

(Millions of yen)

	FY2013	FY2014	Change
Subsidy income	294	506	211
Compensation income	124	0	-124
Gain on sales of non-current assets	0	275	275
Loss on disposal of non-current assets	(249)	(509)	-259
Impairment loss	(784)	0	784
<b>Total</b>	<b>(615)</b>	<b>272</b>	<b>887</b>

#### •Subsidy income

Subsidies received from municipalities for capital investment  
2014: Oita Chemical received subsidy for promoting corporate site location

#### •Loss on disposal of non-current assets

2014: Removal of idle assets (warehouse, etc.) at Tokushima Plant and Takaoka Plant

#### •Exchange rate (Yen/USD)

Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014
86.58	105.39	120.55

# Consolidated Balance Sheet

(Millions of yen)

	Dec. 31, 2013	Dec. 31, 2014	Change
Cash and deposits	17,029	16,117	-911
Notes and accounts receivable	43,028	42,403	-625
Securities ①	23,000	25,500	2,500
Inventories	15,795	17,490	1,695
Other current assets	2,922	2,785	-136
Non-current assets	66,716	66,671	-45
Investment securities ②	19,092	25,670	6,577
Deferred tax assets	813	77	-736
Other non-current assets	4,691	4,455	-237
<b>Total assets</b>	<b>193,086</b>	<b>201,168</b>	<b>8,081</b>
Notes and accounts payable	15,735	15,704	-30
Bank loans and debt	13,099	13,234	135
Accrued income taxes	2,269	582	-1,687
Other liabilities	13,835	14,297	463
<b>Total liabilities</b>	<b>44,938</b>	<b>43,818</b>	<b>-1,119</b>
<b>Total net assets ③</b>	<b>148,148</b>	<b>157,349</b>	<b>9,200</b>
<b>Total liabilities and net assets</b>	<b>193,086</b>	<b>201,168</b>	<b>8,081</b>

## [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 5,516 million yen.

## Cash Flows

(Millions of yen)

	FY2013	FY2014	Change
Net cash provided by operating activities	18,023	16,098	-1,924
Net cash used in investing activities	(6,852)	(13,981)	-7,128
Net cash provided by financing activities	11,171	2,117	-9,053

# Overview of Consolidated Subsidiaries (FY2014)

(Millions of yen)

Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss)	
			FY2013	FY2014	FY2013	FY2014	FY2013	FY2014
1 Toa Techno-Gas	Commodity Chemicals	100	4,258	4,401	401	388	267	258
2 (Oita Chemical)	Acrylic Products	91.15	11,075	13,478	25	36	(20)	274
3 Toagosei Singapore	↓	100	10,715	9,552	494	(338)	230	( 385)
4 MT AquaPolymer	↓	51	10,772	10,346	749	632	498	408
5 Taiwan Toagosei	↓	100	887	928	41	66	43	58
6 Toa-Jet Chemical	↓	51	1,965	1,602	80	100	10	77
7 TOA-DIC Zhangjiagang Chemical	↓	60	1,634	1,723	100	131	39	81
8 Toagosei America	Specialty Chemicals	100	2,498	2,386	306	292	314	363
9 (Aron Ever-Grip)	↓	100	206	-	0	-	(36)	161
10 (Aron Packaging)	↓	100	219	221	4	5	2	3
11 Toagosei Hong Kong	↓	100	325	346	35	49	154	153
12 Toagosei (Zhuhai)	↓	100	332	376	42	69	28	50
13 (MT Ethylene Carbonate)	↓	90	385	375	2	4	(654)	3
14 Aronkasei	Plastics	100	25,535	25,308	1,217	1,388	745	813
15 Mikuni Plastics	↓	100	1,600	921	128	25	119	(14)
16 Toa Kogyo	Other	100	1,266	1,140	60	6	53	9
17 TOA Engineering	↓	100	1,533	170	0	(29)	0	( 29)
18 Toa Business Associe	↓	100	1,301	1,267	106	73	64	41
19 TG Corporation	↓	100	12,765	12,533	337	306	205	184
20 (Toa Logistics)	↓	100	5,743	5,460	44	39	28	21
21 (Shikoku Toa Logistics)	↓	70	1,026	1,052	1	4	0	3
22 (Hokuriku Toa Logistics)	↓	90	217	231	2	3	2	2
Simple aggregation			96,257	93,816	4,174	3,249	2,091	2,534

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 (forecast)	2015 2H (forecast)	FY2015 forecast (B)	Change (B-A)
Net sales	148,912	74,000	76,000	150,000	1,087
Operating income	12,015	6,500	7,500	14,000	1,984
Operating income ratio	8.1%	8.8%	9.9%	9.3%	1.2%
Other income/expenses	877	500	300	800	-77
Ordinary income	12,892	7,000	7,800	14,800	1,907
Extraordinary loss	272	(200)	(200)	(400)	-672
Income before income taxes and minority interests (a)	13,164	6,800	7,600	14,400	1,235
Income taxes (b)	4,458	2,150	2,450	4,600	141
Tax rate (b)/(a)	33.9%			31.9%	-2.0%
Minority interests	292	150	150	300	7
Net income	8,414	4,500	5,000	9,500	1,085
<Reference>					
Average exchange rate (Yen/USD)	¥104.35			¥120.00	
Naphtha price (Yen/kl)	¥69,700			¥50,000	

Note: Change of 1,000 yen in naphtha price per kl will have an impact of  $\pm 300$  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)

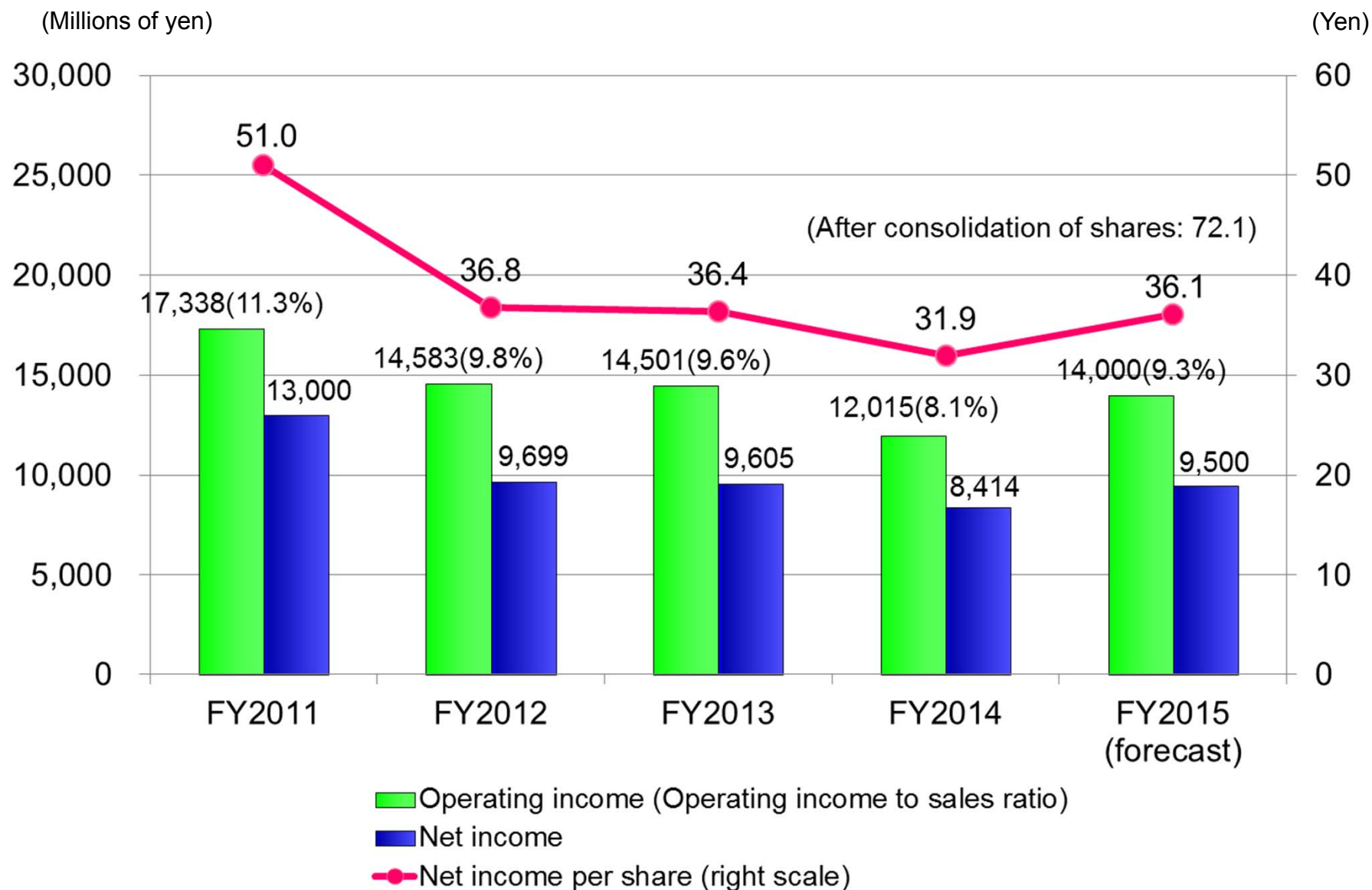
	FY2014 results	FY2015 forecast	Change	Factors for change
Commodity Chemicals	44,305	44,400	95	[Increase] Liquefied hydrogen chloride
Acrylic Products	58,787	57,700	-1,087	[Decrease] Acrylic acids, acrylate esters
Specialty Chemicals	16,833	18,300	1,467	[Increase] Adhesives (instant glues, functional adhesives)
Plastics	25,705	26,100	395	[Increase] Nursing care products
Other	3,280	3,500	220	
<b>Total</b>	<b>148,912</b>	<b>150,000</b>	<b>1,088</b>	

### 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%]	3,200	[7.2%]	359	[Increase] Chloralkali products
Acrylic Products	3,936	[6.7%]	4,800	[8.3%]	864	[Increase] Acrylic acids, acrylate esters, acrylic polymers
Specialty Chemicals	3,802	[22.6%]	4,400	[24.0%]	598	[Increase] Adhesives (instant glues, functional adhesives)
Plastics	1,416	[5.5%]	1,600	[6.1%]	184	[Increase] Piping equipment, nursing care products
Other	18	-	0	-	-18	
<b>Total</b>	<b>12,015</b>	<b>[8.1%]</b>	<b>14,000</b>	<b>[9.3%]</b>	<b>1,985</b>	

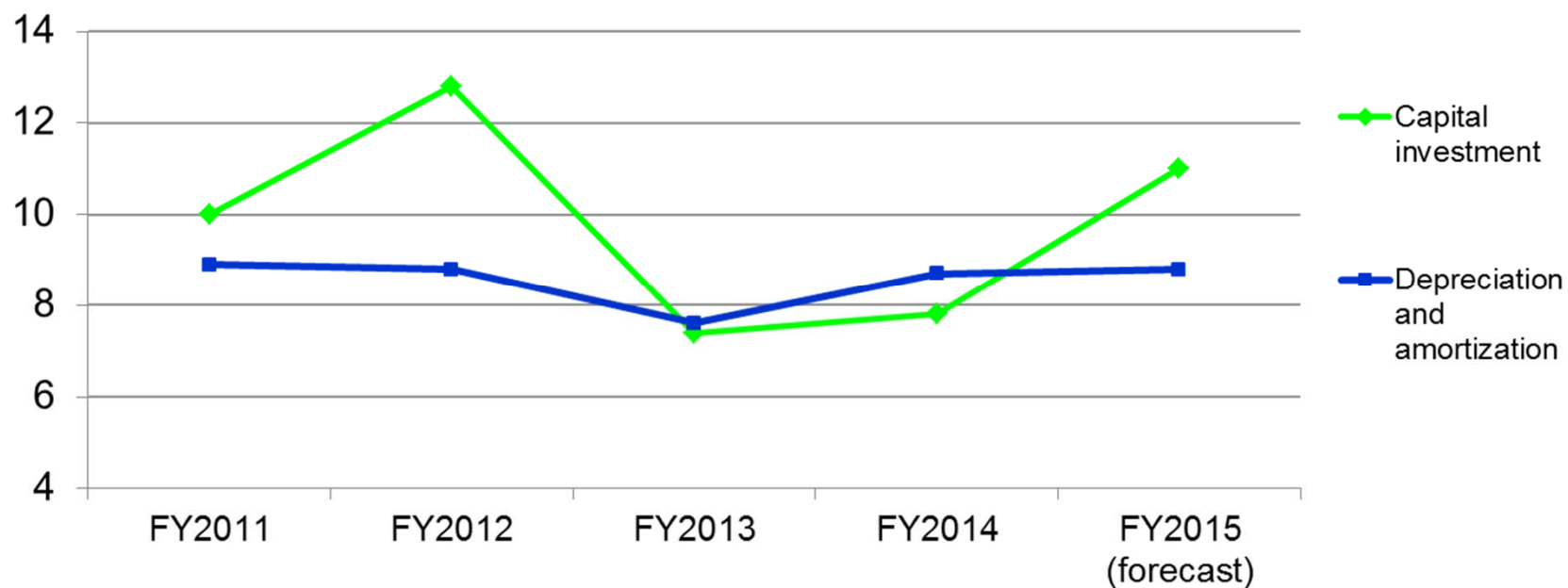


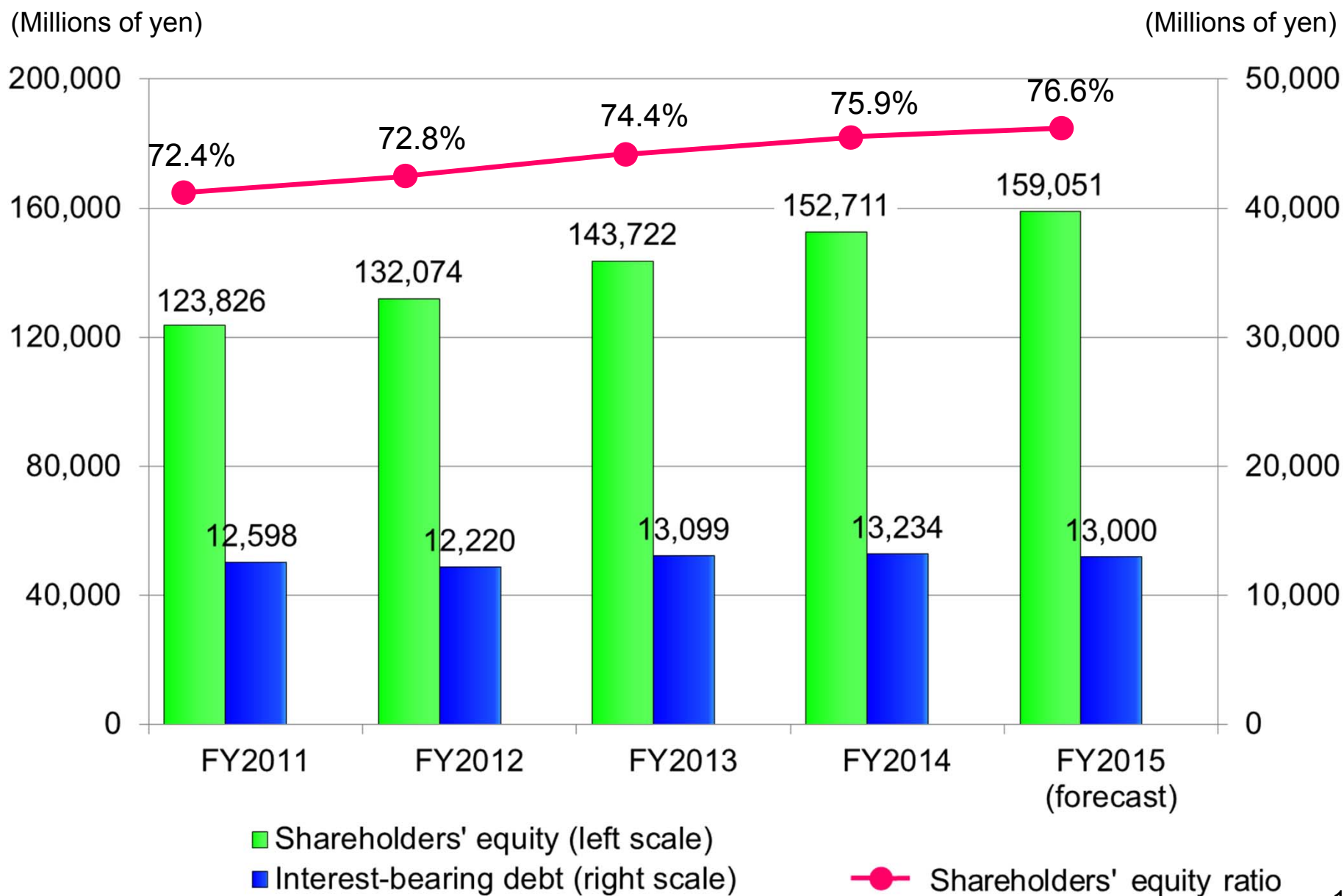


(Billions of yen)

	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	11.0
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)





# Overview of Consolidated Subsidiaries (FY2015 Forecast)

(Millions of yen)

	Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss)	
				FY2014	FY2015 forecast	FY2014	FY2015 forecast	FY2014	FY2015 forecast
1	Toa Techno-Gas	Commodity Chemicals	100	4,401	4,500	388	420	258	273
2	(Oita Chemical)	Acrylic Products	91.15	13,478	13,517	36	30	274	(60)
3	Toagosei Singapore	↓	100	9,552	9,994	(338)	66	(385)	66
4	MT AquaPolymer	↓	51	10,346	10,930	632	750	408	470
5	Taiwan Toagosei	↓	100	928	1,029	66	63	58	52
6	Toa-Jet Chemical	↓	51	1,602	1,318	100	88	77	73
7	TOA-DIC Zhangjiagang Chemical	↓	60	1,723	1,721	131	114	81	85
8	Toagosei America	Specialty Chemicals	100	2,386	2,486	292	365	363	320
9	(Aron Ever-Grip)	↓	100	-	-	-	-	161	-
10	(Aron Packaging)	↓	100	221	227	5	4	3	2
11	Toagosei Hong Kong	↓	100	346	355	49	48	153	41
12	Toagosei (Zhuhai)	↓	100	376	395	69	50	50	37
13	(MT Ethylene Carbonate)	↓	90	375	425	4	4	3	3
14	Aronkasei	Plastics	100	25,308	26,799	1,388	1,622	813	940
15	Mikuni Plastics	↓	100	921	264	25	5	(14)	3
16	Toa Kogyo	Other	100	1,140	1,110	6	5	9	6
17	TOA Engineering	↓	100	170	-	(29)	-	(29)	-
18	Toa Business Associe	↓	100	1,267	990	73	82	41	52
19	TG Corporation	↓	100	12,533	12,744	306	362	184	218
20	(Toa Logistics)	↓	100	5,460	5,137	39	10	21	7
21	(Shikoku Toa Logistics)	↓	70	1,052	1,075	4	0	3	0
22	(Hokuriku Toa Logistics)	↓	90	231	242	3	0	2	0
	Simple aggregation			93,816	95,258	3,249	4,088	2,534	2,588

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

## Commodity Chemicals

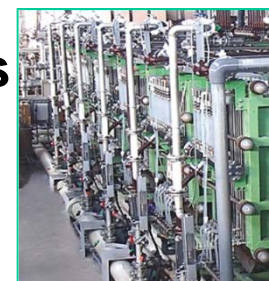
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### (1) Strengthened competitiveness of the electrolysis business

- Continued commercial operation of facilities based on the gas diffusion electrode method at Tokushima Plant. Promoted application at other plants, along with business process reengineering of electrolysis plants by a project team launched in 2014.

### (2) Expansion of high-purity inorganic products business

- Decided to expand Tokushima Plant's production capacity for liquefied hydrogen chloride in view of rising exports to Asia.



## Acrylic Products

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### (1) Strengthened competitiveness of downstream products

- Selected new themes for polymer products in fields of energy, infrastructure, and electrical parts and materials. Promoted development by the newly established New Products Search Group.
- For *Aronix*, cultivated the market for the environmentally friendly (completely toluene-free) type and the highly functional type.

## Specialty Chemicals

### (1) Development of high-value-added adhesives

- Further promoted customized development of functional adhesives for customers in cutting-edge fields.
- Developing new *Aron Alpha* to expand application of instant glues following “*Color Change.*”

### (2) Application of amenity care materials products in downstream fields

- Launched brands for lineups of amenity care materials products incorporating the Company’s proprietary functions, such as deodorizing and antibacterial functions.



## Plastics

### (1) Integration of resources of the piping equipment operations and business expansion

- Streamlining items produced by Aronkasei and Mikuni Plastics to strengthen competitiveness through efficient production.

### (2) Launch of differentiated products of the nursing care products operations

- Launched *Hokosha Little Turn* (walking cart for the elderly), a new product, aiming to expand entry to the rental field, which is a large market.

