



NEWS RELEASE

November 15, 2007

Tosoh Announces First Half Consolidated Results FY2007 (April 1, 2007 – September 30, 2007)

Tokyo, Japan – Tosoh Corporation announced consolidated results for the first half of the fiscal year, ending March 31, 2008. The Company reported net sales growth of 6.8% over the first half of the previous fiscal year to JPY 400 billion (US\$3,466 million)¹. Operating Income increased 36.2% to JPY 30.7 billion (US\$266 million) and Ordinary Income also increased 27.4% to JPY 29.5 billion (US\$255 million). As a result of this growth, Net Income moved up 30.1% to JPY 14.9 billion (US\$129.4 million).

Although the cost of naphtha put pressure on the chemical industry, demand for petrochemical products remained strong. Positive results were attributed to the growth in sales abroad for Tosoh core products such as, polyvinyl chloride resins and urethane materials, implementation of domestic price adjustments, and expansion of specialty material operations.

Corporate profits continue to be supported by an improving domestic economy combined with increasing capital investment. Nevertheless, there is concern over the undetermined impact on the global economy from the rapid increase in the price of naphtha and the cost of raw materials. This situation combined with the growing number of foreclosures in the sub-prime mortgage markets is obscuring the future and creating apprehensiveness about economic conditions. Tosoh Group continued to focus on generating efficiencies in expanding basic chemical vinyl chain and specialty materials operations.

Business segment

Petrochemical Group

Net sales this period were up 12.9% (¥15.4 billion) from the previous year to ¥134.4 billion (US\$1,165 million), while operating income increased 43.2% (¥2.1 billion) from last year to ¥7.1 billion (US\$61.4 million).

Olefin products faced high prices across the board for raw materials, especially naphtha. Under these conditions, Tosoh pushed forward by implementing domestic price increases for ethylene, propylene, and aromatic compounds, while initiating cost cutting through the diversification of raw materials. Overseas, market price increased for cumene and styrene monomer. As a result of the high cost of raw materials, polyethylene price increases were implemented and shipment volumes increased in Japan. Tosoh also boosted domestic shipments of polyvinyl chloride (PVC) paste, and increased prices, while overseas markets for chloroprene rubber showed growth.

Basic Group

Basic Group sales decreased 1.3% (¥1.2 billion) compared to the previous year to ¥93.1 billion (US\$807 million), while operating income was up 878.4% (¥1.1 billion) to ¥1.2 billion (US\$10.3 million).

The impact from a power failure that occurred at the Tosoh main production hub, Nanyo Complex resulted in a decrease in shipment volumes for vinyl chloride monomer (VCM). In response to rising costs for raw materials for both caustic soda and VCM, price adjustments were implemented in Japan, while markets abroad experienced growth. Shipments of PVC resins increased abroad, while a decrease in Japan was attributed to stagnant demand. The high cost of raw materials resulted in price increases for PVC resins in

¹ For reference purposes, U.S. dollar amounts are translated from yen at the rate of ¥115.43 = US\$1, the exchange rate in effect on September 30, 2007.

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Japan and abroad. Cement shipments increased in Japan on account of a robust private sector that took up the slack on declining public demand. On the other hand, exports for cement declined.

Specialty Group

Sales of the Specialty Group increased 7.2% (¥10 billion) to ¥148.8 billion (US\$1,289 million), while operating income advanced 26.9% (¥4.4 billion) to ¥20.7 billion (US\$179.2 million).

Bromines and bromine-based flame retardants shipments experienced decreases due to stagnating demand in Japan and pressure from Chinese products. Price increases were successfully implemented for ethyleneamines, bromine, and heavy metal treatment agents.

In bioscience-related products, overseas and domestic shipments of liquid chromatography columns and packing materials grew. Among diagnostic systems, shipments of in vitro diagnostics increased both at home and abroad, while shipments of fully automated glycohemoglobin analyzers and reagents used in screening for and monitoring diabetes mellitus increased solidly. Tosoh also shipped more automated immunoassay analyzers.

Zirconia product shipments rose in Japan and abroad on account of growing demand. In battery material markets, excluding Europe, shipments of electrolytic manganese dioxide (EMD) increased.

Although shipments of fused silica glass decreased due to market stagnation for LCD applications, semiconductor applications were particularly strong in markets abroad which led to an overall gain. Likewise sputtering targets for semiconductor applications remained robust while a lackluster demand for LCD panels negatively impacted targets which resulted in an overall decline.

Power generation reconstruction and maintenance upgrades supported an increase in sales of water treatment facilities and related chemicals.

Although urethane raw material shipments decreased abroad, successful price adjustments in Japan combined with rising prices in foreign markets to push sales higher.

Service Group

Sales of the Service Group increased 5.4% (¥1.2 billion) from the previous year to ¥23.6 billion (US\$204.9 million), while operating income also increased 48.7% (¥568 million), to ¥1.7 billion (US\$15 million). In sales, both trading and logistics companies posted gains, while construction related subsidiaries reported decreases.

Geographical Segment

Sales in Japan of the parent company and Japanese subsidiaries rose 5.3% (¥17.7 billion) compared to the same time last year to ¥351.6 billion (US\$3 billion), and operating income also increased by 39.9% (¥7.9 billion) to ¥27.8 billion (US\$240.5 million). In Japan, olefins and polyethylene product prices were raised in response to the high costs of naphtha and other raw materials while markets overseas also witnessed growth. Tosoh benefited in Japan from the more widespread application of price increases for PVC resins and VCM, while prices abroad in Asia also moved up.

Growth in sales on a local currency basis and depreciation of the yen resulted in an overall increase for non-Japanese subsidiaries. In Europe, shipments of zirconia, immunoassay analyzers and reagents were strong, while electrolytic manganese dioxide (EMD) was weak. Shipments of ethyleneamines and silica glass were robust in Asia and North America. Market price increases for PVC resins in Asia were able to offset a decrease in shipments. Sales outside of Japan were up 18.7% (¥7.6 billion) from the previous year, to ¥48.5 billion (US\$ 419.8 million).² Operating income also increased by 8.7% (¥232 million) to ¥2.9 billion (US\$25.3 million).

² Actual sales recorded by non-Japanese subsidiaries on an unconsolidated basis were higher, however through elimination of inter-company transactions during the consolidated accounting process results in sales being recorded as ¥48.5 billion (US\$419.8 million)

Outlook for the fiscal year to March 31, 2008

Tosoh's projections for the fiscal year ending March 31, 2008 call for net sales of ¥840 billion (US\$7.3 billion), operating income of ¥63 billion (US\$546 million), ordinary income of ¥59 billion (US\$511 million), and net income of ¥29 billion (US\$251 million). Moreover, these projections take into account revisions in the 2007 tax system and therefore include the effect of the cost of depreciation on residual value assets which is normally ¥4 billion (US\$34.7 million) for the period.

It is expected that the Japanese economy supported by growing consumer and private sector demand is set to continue along an expansionary track. Nevertheless there are concerns over how the growing severity of the sub-prime loan crisis, the steep increase in oil prices, and unpredictable currency exchange rate fluctuations will impact the Japanese and international economies. For the Tosoh Group, increases in the price of naphtha and raw materials is making markets in China and otherwise difficult to predict. In making the forecasts, the company has used the following assumptions: naphtha price in Japan; ¥63,000 per kiloliter, and a currency exchange rate of ¥115 to the U.S. dollar.

Through innovations in chemistry, the Tosoh Group continues to strengthen core operations to improve competitiveness and focus on developing product lines that are leaders in global and Asian markets.

Tosoh Corporation

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 core of the Tosoh Group which now comprises 141 companies worldwide, employs a multi-ethnic workforce of over 10,000 people, and generates sales of ¥781 billion (US\$6.8 billion) annually.

WHAT WE DO

Tosoh is one of the largest chlor-alkali manufacturers in Asia, supplying plastic resins and a wide variety of basic chemicals that support modern life. The Company's petrochemical operations supply ethylene, polymers, and polyethylene, while the electronic materials business serves the global semiconductor and flat-panel display industries. Tosoh has also pioneered sophisticated bioscience systems that are used to provide rapid diagnosis of life-threatening diseases such as diabetes, certain cancers and prevent epidemics by identifying pathogenic microbes. Tosoh creates products and provides services that are used to purify water and monitor the environment as part of a commitment to a sustainable future.

Stock Exchange Ticker Symbol: 4042

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Summary of first half results and comparison with previous fiscal year

First Half Consolidated Results FY2007 (April 1, 2007 – September 30, 2007)

	Net Sales		Operating Income		Ordinary Income*	
	JPY millions	%**	JPY millions	%	JPY millions	%
FY07 - 04.01.07-09.30.07	400,035	6.8	30,689	36.2	29,463	27.4
FY06 - 04.01.06-09.30.06	374,700	23.2	22,531	4.3	23,131	(0.1)
FY06 - 04.01.06-03.31.06	781,347		60,279		57,998	

* 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.

** Net Sales, Operating Income, Ordinary Income, and Net Income percentages indicate increases over the previous fiscal year.

	Net Income		Net Income Per Share	
	JPY millions	%	JPY	
FY07 - 04.01.07-09.30.07	14,939	30.1	24.94	
FY06 - 04.01.06-09.30.06	11,480	(9.1)	19.20	
FY06 - 04.01.06-03.31.06	28,488		47.60	

Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio*	Shareholders' Equity Per Share
	JPY millions	JPY millions	%	JPY
FY07 - 04.01.07-09.30.07	819,835	239,543	23.9	327.37
FY06 - 04.01.06-09.30.06	757,295	206,344	22.0	278.43
FY06 - 04.01.06-03.31.06	788,518	227,768	23.5	308.81

* Net assets include Stock Options and Minority Interests which are not calculated in Equity Ratio.

Consolidated Cash Flow

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash & Cash Equivalents at End of Period
	JPY millions	JPY millions	JPY millions	JPY millions
FY07 - 04.01.07-09.30.07	29,476	(30,346)	6,939	33,106
FY06 - 04.01.06-09.30.06	11,814	(48,439)	49,575	31,440
FY06 - 04.01.06-03.31.06	51,127	(85,231)	42,348	26,911

Forecast for Fiscal Year 2007 (April 1, 2007 - March 31, 2008)

	Net Sales	Operating Income	Ordinary Income	Net Income
	JPY millions	JPY millions	JPY millions	JPY millions
Year-end	840,000	63,000	59,000	29,000

Disclaimer

This document contains forward-looking statements, including without limitation, statements concerning product development, objectives, goals, and commercial introduction, which involve certain risks and uncertainties. The forward-looking statements are also identified through use of the word "anticipates," and other words of similar meaning. Actual results may differ significantly from the expectations contained in the forward-looking statements.