



NEWS RELEASE

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Tosoh Announces Fiscal 2006 Consolidated Results (April 1, 2006 – March 31, 2007)

Tokyo, Japan – Tosoh Corporation announced its consolidated results for the fiscal year, ended March 31, 2007.¹ During the consolidated fiscal year under review, Japan's economy was supported by an increase in capital investment against the backdrop of improved corporate earnings, as the business cycle shifted to a gradual expansionary trend.

Although prices for raw materials such as naphtha and fuel increased rapidly as a result of the sharp rise in the price of crude oil, the environment surrounding the chemical industry brightened. Overseas market conditions for key products such as vinyl chloride resin, vinyl chloride monomer and cumene improved, as supply and demand tightened, and progress was also made in correcting domestic prices for polyethylene, caustic soda, vinyl chloride resins and other products. In the Specialty Group, Tosoh also expanded shipments as a whole.

Given these circumstances, the Tosoh Group is focusing its effort on expansion of its vinyl isocyanate chain business and the Specialty Group, two core businesses, and continues to reduce costs and rationalize all management activities. Tosoh also converted Nippon Polyurethane Industry Co., Ltd. and its subsidiary companies into consolidated subsidiaries.

As a result, Tosoh Group consolidated net sales increased by ¥132,536 million compared with the previous consolidated fiscal year to ¥781,347 million (US\$6,618.8 million). Operating income rose ¥12,819 million year-on-year to ¥60,279 million (US\$510.6 million), and ordinary income increased ¥8,266 million from the previous fiscal year to ¥57,998 million (US\$491.3 million). Although extraordinary income declined, and minority interests increased, the increase of ordinary income helped boost net income ¥955 million year-on-year to ¥28,488 million (US\$241.3 million).

Business Segment Petrochemical Group

Olefins enjoyed steady growth, as prices of key raw materials such as naphtha generally were higher than in the previous year. At the same time, Tosoh was able to reduce costs through diversification of cracker raw materials, and implemented increases in domestic prices for ethylene, propylene and aromatic compounds and export prices for cumene and styrene monomer. Sales volume also increased as the result of higher sales.

In polyethylene resin, Tosoh boosted shipments and implemented higher domestic prices following an increase in the price for naphtha. Chloroprene rubber sales rose in overseas markets. The Company also expanded domestic shipments of polyvinyl chloride paste, and revised domestic prices upward.

As a result, Petrochemical Group sales increased 19.7% (¥39,945 million) compared with the previous financial year to ¥242,290 million (US\$2,052.4 million). Operating income also increased, rising 9.5% (¥1,222 million) year-on-year to ¥14,046 million (US\$119.0 million).

¹ The Fiscal Year 2006 (April 1, 2006 – March 31, 2007).

Basic Group

Although caustic soda shipments decreased from the previous year level because of factors such as plant shutdowns for regularly scheduled repairs, the domestic selling price rose as Tosoh implemented a price increase in the wake of higher prices for raw materials and fuel. The Company increased its export volume of vinyl chloride monomer, mainly as a result of capacity expansion undertaken in the previous fiscal year, while overseas market demand also increased. Export shipments of vinyl chloride resin increased and overseas markets also improved, and Tosoh enjoyed higher domestic selling prices after implementing a price increase in response to increases in the price of raw materials and fuel.

Demand for cement was supported by robust private sector demand, and domestic shipments remained steady despite a decline in sales to the public sector.

During the financial year under review, Tosoh converted Nippon Polyurethane Industry Co., Ltd. into a consolidated subsidiary. Therefore, sales to this company were eliminated during consolidation, and as a result, net sales for the Basic Group declined 3.6% (¥7,103 million) compared with the previous financial year to ¥192,334 million (US\$1,629.3 million). Operating income increased 9.0% (¥505 million) year-on-year to ¥6,108 million (US\$51.7 million).

Specialty Group

With the conversion of Nippon Polyurethane Industry Co., Ltd. and its subsidiary companies into consolidated subsidiaries, urethane raw material was newly added to the Specialty Group's product lineup.

Aided by the increase in production capacity implemented during the previous financial year, Tosoh increased exports of ethyleneamines. The Company also implemented price increases in Japan and overseas. In the bromine business, Tosoh enjoyed steady growth in both domestic and overseas shipments of bromine and bromine-based flame retardants, as well as higher prices.

In bioscience-related products, domestic and overseas sales of columns and packing materials for high-performance liquid chromatography (HPLC) systems expanded at a steady pace. Shipment of automated immunoassay (AIA) analyzers edged down slightly, but Tosoh increased shipments of in vitro diagnostic products both within Japan and in other countries. Shipment of Tosoh's automated glycohemoglobin (GHb) analyzer and related reagents for diagnosis of diabetes also registered solid growth.

Zirconia shipments were higher in Japan as well as other countries. Tosoh also increased exports of zeolite, a material used in applications such as purification catalysts for automobile exhaust emissions. Domestic shipments of electrolytic manganese dioxide (EMD) declined under the influence of increased imports, but shipments remained steady in foreign countries, with the exception of Europe.

Shipments of fused silica increased both domestically and overseas, particularly for fused quartz materials and molds, because of strong growth in the semiconductor market. Overall, shipments of sputtering targets decreased, even though shipments for semiconductor applications continued to grow, as orders were effected by the delayed recovery in the liquid crystal display (LCD) panel market.

In water treatment systems and chemicals, net sales rose as a result of strong sales for large-scale electronics industry-related projects and Tosoh's solutions business, and the addition of Tosoh's subsidiaries in China and Taiwan as newly consolidated companies.

As a result, Specialty Group net sales increased 49.2% (¥98,664 million) compared with the previous financial year to ¥299,352 million (US\$2,535.8 million), and operating income also rose year-on-year by 39.4% (¥10,511 million) to ¥37,159 million (US\$314.8 million).

Service Group

Trading company and logistics subsidiary operations expanded slightly, while earnings improved significantly. As a result, Service Group net sales increased 2.2% (¥1,030 million) compared with the previous financial year to ¥47,369 million (US\$401.3 million), and operating income rose 24.4% (¥581 million) year-on-year to ¥2,965 million (US\$25.1 million).

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Geographical Segment

Tosoh Group companies in Japan raised the price of olefins following steep increases in the prices of naphtha and various other raw materials. Prices were higher in overseas markets as well. The price of polyethylene resin rose in both Japan and other markets. For vinyl chloride resin and vinyl chloride monomer, higher prices spread in the domestic market, and shipments also increased. Sales in overseas markets were also higher.

As a result, for the financial year under review Tosoh's net sales in Japan expanded 20.1% (¥116,438 million) year-on-year to ¥694,891 million (US\$5,886.4 million), and operating income also increased by 28.4% (¥12,124 million) compared with the previous financial year to ¥54,884 million (US\$464.9 million).

Internationally, Tosoh Group companies increased foreign currency-denominated net sales in North America, Europe and Asia, and boosted by a contribution from the weaker yen as well, net sales as a whole were higher than in the previous financial year.

While the sales volume of zirconia expanded in each region of Europe, shipments of electrolytic manganese dioxide (EMD) were down. Shipments of ethyleneamines, sputtering targets and fused silica increased in Asia and North America. Shipments of vinyl chloride resin were also higher in Asia.

As a result, for the year under review Tosoh's net sales outside of Japan rose 22.9% (¥16,098 million) compared with the previous financial year to ¥86,455 million (US\$732.4 million), and operating income also increased 14.8% (¥694 million) compared with the previous financial year to ¥5,394 million (US\$45.7 million).

Outlook

During our next financial year, Japan's economy is expected to continue its gradual economic expansion, propelled by private sector demand including capital investment. Some concerns remain, however, with regard to negative effects from a resurgence in crude oil prices or slowdown in the U.S. economy. The business environment surrounding the Tosoh Group, including prices for raw materials such as naphtha and fuel which have risen sharply, and the forecast for product markets in foreign markets such as China, also remains uncertain.

For the full year, Tosoh projects consolidated net sales of ¥840,000 million (US\$7,115.6 million), operating income of ¥59,000 million (US\$499.8 million), ordinary income of ¥54,000 million (US\$457.4 million) and net income of ¥28,000 million (US\$237.2 million). These results include ¥4,000 million as the normal fiscal year expense for depreciation and amortization pertaining to the remaining acquired assets based on the tax system reform in FY 2007.

The assumptions used for the full-year forecast results shown here are a domestic production naphtha price of ¥55,000/KL and an exchange rate of ¥115/US\$ and ¥150/euro.

Tosoh has prepared the U.S. dollar translations solely for the convenience of readers at the rate of \$1 = ¥118.05 (US dollar to Japanese yen), the exchange rate at fiscal year-end (March 31, 2007).

Tosoh Corporation

Tosoh Corporation is a diversified global chemical and specialty materials company. Headquartered in Tokyo, Japan and listed on the Nikkei 225 index, the Company has expanded its reach into high value-added businesses such as fine chemicals, bioscience, thin film materials, and quartzware. The Tosoh Group comprises more than 140 companies worldwide and collectively employs a multiethnic workforce of over 10,000 people and generates net sales of ¥781 billion (US\$6.6 billion). To learn more about Tosoh, please visit us on the web at www.tosoh.com.

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