



NEWS RELEASE

FOR IMMEDIATE RELEASE

August 2, 2006

Tosoh Announces 1Q Consolidated Results FY2006 (April 1, 2006 – June 30, 2006)

Tokyo, Japan – Tosoh Corporation announced consolidated results for the first quarter of the fiscal year, ending March 31, 2007. Growing consumer demand and an improving domestic economy combined with increasing capital investment to support corporate profits. In the chemical industry, the rapid increase in the price of naphtha pushed the cost of raw materials and fuels higher. To better reflect operating conditions, Tosoh implement price adjustments in Japan for core products such as caustic soda and polyvinyl chloride resins. Although markets for some products outside of Japan weakened, shipments for Specialty products overall remained brisk.

Under these conditions, Tosoh strove to strengthen overall vinyl isocyanate core operations, expand Specialty niche markets, increase volumes, and improve efficiency. As part of a strategy to strengthen competitiveness of their fully integrated vinyl isocyanate operations, Tosoh increased their stake to 51.7% in affiliate Nippon Polyurethane Industry Co., Ltd. (NPU), a leading supplier of feedstock to the polyurethane industry in Japan and Asia.

The Company reported net sales growth of 23.2% over the first quarter of the previous fiscal year to JPY 173.0 billion (USD 1.5 billion)¹. However depreciation costs due to aggressive capital investment combined with increases in maintenance, repair and fixed costs from bi-annual plant stoppages to have a negative impact on income. Operating Income decreased 45.8% to JPY 4.7 billion (USD 41.0 million), and Ordinary Income decreased 47.3% to JPY 5.0 billion (USD 44.1 million). Net Income dropped 68.4% to JPY 1.8 billion (USD 15.8 million). The outlook for the fiscal year ending March 31, 2006 projects net sales of JPY 770 billion (USD 6.7 billion), and Net Income at JPY 24 billion (USD 208 million).

Year-on-year, total assets increased JPY 85.7 billion to JPY 723.1 billion (USD 6.3 billion). This was attributed to an increase in fixed assets resulting from consolidation of NPU as well as related affiliates and additional investment in power plant expansions and aniline production facilities at Tosoh's Nanyo Complex. Also as a result of NPU related consolidation activities and interest bearing debt, liabilities increased JPY 74.8 billion over the same period last year to JYP 527 billion (USD 4.6 billion)

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

¹ For reference purposes, U.S. dollar amounts are translated from yen at the rate of ¥115.24 = US\$1, the exchange rate in effect on June 30, 2006.

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Summary of 1Q results and comparison with previous fiscal year

1Q Consolidated Results FY2006 (April 1, 2006 – June 30, 2006)

	Net Sales		Operating Income		Ordinary Income*	
	JPY millions	%**	JPY millions	%	JPY millions	%
FY06 - 04.01.06-06.30.06	173,067	23.2	4,728	(45.8)	5,088	(47.3)
FY05 - 04.01.05-06.30.05	140,459	17.1	8,723	42.8	9,663	48.0
FY05 - 04.01.05-03.31.06	648,810		47,459		49,731	

* 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	
FY06 - 04.01.06-06.30.06	1,828	(68.4)	3.06	
FY05 - 04.01.05-06.30.05	5,782	27.9	9.67	
FY05 - 04.01.05-03.31.06	27,532		45.74	

Consolidated Financial Position

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity Per Share
	JPY millions	JPY millions	%	JPY
FY06 - 04.01.06-06.30.06	723,146	157,335	21.8	263.19
FY05 - 04.01.05-06.30.05	609,212	130,175	21.4	217.74
FY05 - 04.01.05-03.31.06	637,476	159,111	25.0	265.75

Consolidated Cash Flow

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash & Cash Equivalents at End of Period
	JPY millions	JPY millions	JPY millions	JPY millions
FY06 - 04.01.06-06.30.06	1,173	(34,809)	49,188	34,115
FY05 - 04.01.05-06.30.05	(2,203)	(16,295)	21,031	21,240
FY05 - 04.01.05-03.31.06	33,685	(33,617)	(699)	18,408

Forecast for Fiscal Year 2006 (April 1, 2006 - March 31, 2007)

	Net Sales	Operating Income	Ordinary Income	Net Income
	JPY millions	JPY millions	JPY millions	JPY millions
Year-end	770,000	53,000	50,000	24,000

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Tosoh Corporation

Headquartered in Tokyo, Japan, Tosoh Corporation is a diversified global chemical and specialty materials company. Founded in 1935, the Company has expanded its reach into high value-added businesses such as fine chemicals, scientific instrumentation, thin film materials, and quartzware. Tosoh is a multi-billion dollar corporation that employs more than 9,000 people worldwide and is listed on the Tokyo Stock Exchange.

Stock Exchange Ticker Symbol: 4042

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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.

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