



NEWS RELEASE

Friday, August 12, 2008

Tosoh Announces First-Quarter Consolidated Results for Fiscal 2008 (April 1, 2008–June 30, 2008)

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated financial results for the first quarter of the fiscal year ending March 31, 2009.

During the first quarter, corporate profits and exports decreased while manufacturing slowed because of the further weakening of Japan's economy. Japan's economic woes were attributed to the sharp rise in the price of crude oil and the significant slowing of the U.S economy. For the Japanese chemical industry, the surging price of crude oil continued to cause havoc, pushing the cost of raw materials, such as naphtha, ever higher. This exerted extreme pressure on profitability despite robust overseas demand for petrochemical products.

Amid these harsh conditions, Tosoh Corporation reported growth in consolidated sales and a decrease in profits for the first quarter. Market growth abroad and the Company's implementation of price adjustments in Japan for such of its core products as polyvinyl chloride and urethane raw materials combined to boost Tosoh's net sales 0.8% over the first quarter of the previous fiscal year, to ¥193.3 billion (US\$1.8 billion).¹ The rising cost of raw materials, the increased burden of depreciation costs from substantial investments for growth, and scheduled plant stoppages and rising maintenance costs combined to push operating income down 74.7%, to ¥3.5 billion (US\$33.0 million); ordinary income down 66.0%, to ¥5.0 billion (US\$47.4 million); and net income down 58.5%, to ¥3.0 billion (US\$28.3 million).

Compared with the same period a year earlier, total assets increased ¥9.1 billion, to ¥826.1 billion (US\$7.8 billion). This was attributed to an increase in fixed assets resulting from capital investments. As a result of increased borrowing, however, debt rose ¥22.7 billion over the first quarter of the year before, to ¥597.4 billion (US\$ 5.6 billion). And because of adjustments after exchange rate conversions and a decrease in minority shareholders, shareholders' equity declined ¥13.7 billion from the same period for the previous fiscal year, to ¥229.0 billion (US\$ 2.1 billion).

Tosoh's business segments enacted countermeasures to return to profitability. In the Petrochemical Group, 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 and by diversifying its raw materials to further cost cutting. Markets abroad, meanwhile, grew for cumene. Polyethylene shipments decreased in Japan and overseas. Price adjustments were implemented in Japan to reflect the high cost of naphtha. Chloroprene rubber sales rose in overseas markets. And the Company expanded its domestic shipments of and increased its domestic price for polyvinyl chloride (PVC) paste.

¹ For reference purposes, U.S. dollar amounts are translated from yen at the rate of ¥106.42 = US\$1, the exchange rate in effect on June 30, 2008.



The Basic Group increased its overall shipment volumes of caustic soda and vinyl chloride monomer (VCM) in Japan and abroad. The impact from the high cost of fuels on these two products allowed for implementation of domestic and international price increases. The group's PVC resin shipments decreased in Japan because of a decline in public demand and the implementation of Japan's Revised Building Standard Law. The launch of operations for a Tosoh PVC manufacturer in China, though, led to a rise in shipments of PVC resins abroad. The domestic sales figure for PVC rose on account of price increases in Japan and overseas that reflected the heightened cost of raw materials. Basic Group cement shipments decreased in Japan amid a decline in public- and private-sector demand; however, shipments abroad increased.

Our Specialty Group applied price increases for ethyleneamines in Japan and abroad despite a decrease in overall shipment volume. Shipments of the group's bromines and heavy metal treatment agents likewise decreased, but its exports of bromine-based flame retardants increased.

In bioscience-related products, overseas and domestic shipments of liquid chromatography columns and packing materials were flat. Among diagnostic products, exports of in vitro diagnostic reagents decreased slightly, while the shipments of the automated immunoassay and glycohemoglobin analyzers and reagents used in screening for and the monitoring of diabetes mellitus increased solidly.

Shipments of electrolytic manganese dioxide (EMD) to battery material markets globally also increased. Zirconia product shipments, however, decreased abroad, while shipments of zeolites strengthened, particularly in Japan.

Overseas shipments of fused silica glass for semiconductors decreased as the sudden drop in DRAM prices reduced the capital investments of device makers. Sputtering targets for semiconductor applications remained robust, and although there are signs of a recovery for demand for LCD panels the Company still reported a decrease in shipments of targets to LCD makers.

Sales of water treatment facilities and related chemicals to electronic and general industrial plants and to the pharmaceutical sector decreased.

Urethane raw material sales increased as a result of rising prices in foreign markets. And higher volumes were shipped as a result of an increase in production capacity.

The Service Group saw both its trading and construction companies post sales gains. Logistics companies, on the other hand, experienced a decrease in sales.

The outlook for the fiscal year ending March 31, 2009, projects net sales of ¥900 billion (US\$8.5 billion); operating income of ¥48,000 million (US\$451 million); ordinary income of ¥47,000 million (US\$442 million); and net income of ¥26 billion (US\$244 million). These full-year forecasts are based on a domestic production price for naphtha of ¥69,000/kl and an exchange rate of ¥100 to the US dollar.



Summary of first-quarter results and comparison with same period the previous fiscal year

First-Quarter Consolidated Results for Fiscal Year 2008 (April 1, 2008–June 30, 2008)

	Net Sales		Operating Income		Ordinary Income*	
	¥ millions	% [†]	¥ millions	%	¥ millions	%
FY08 (04.01.08–06.30.08)	193,281	0.8	3,513	(74.7)	5,049	(66.0)
FY07 (04.01.07–06.30.07)	191,674	10.8	13,890	193.8	14,842	191.7
FY07 (04.01.07–03.31.08)	827,394		59,107		52,451	

*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
	¥ millions	%	¥
FY08 (04.01.08–06.30.08)	3,013	(58.5)	5.03
FY07 (04.01.07–06.30.07)	7,269	297.6	12.14
FY07 (04.01.07–03.31.08)	25,183		42.05

Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio*	Shareholders' Equity per Share
	¥ millions	¥ millions	%	¥
FY08 (04.01.08–06.30.08)	826,055	228,702	23.7	326.40
FY07 (04.01.07–06.30.07)	806,528	232,264	23.5	316.43
FY07 (04.01.07–03.31.08)	816,994	242,361	24.3	331.69

*Net assets include stock acquisition rights and minority interests, which are not calculated in equity ratio.

Forecast for Fiscal Year 2008 (April 1, 2008–March 31, 2009)

	Net Sales	Operating Income	Ordinary Income	Net Income
	¥ millions	¥ millions	¥ millions	¥ millions
First half	430,000	22,000	21,000	12,000
Year-end	900,000	48,000	47,000	26,000



TOSOH CORPORATION

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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 parent of the Tosoh Group, which comprises 140 companies worldwide and a multiethnic workforce of over 11,000 people and generated net sales of ¥827.4 billion (US\$8.3 billion at the year-end rate of ¥100.19 to the US dollar) in fiscal 2007, ended March 31, 2008.

WHAT WE DO

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

Stock Exchange Ticker Symbol: 4042

For more information, please contact

Michael Hoover
International Corporate Development
Tosoh Corporation

michael.hoover@tosoh.com

Tel: +81-3-5427-5118
Fax: +81-3-5427-5198

www.tosoh.com

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