



Business Report

(For fiscal 2006, ended March 31, 2007)

TOHO TITANIUM CO.,LTD.

Financial Highlights

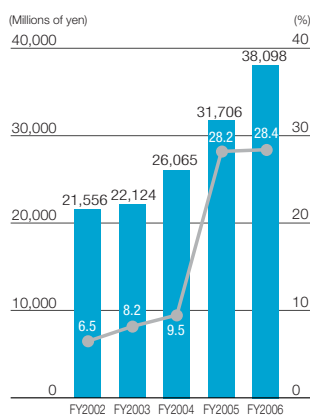
Selected consolidated Financial Data

	FY2006	FY2005	FY2004	Change
Results for the year				
Net sales (Millions of yen)	38,098	31,706	26,065	20.2% ↑
Ordinary income (Millions of yen)	10,830	8,948	2,480	21.0% ↑
Net income (Millions of yen)	6,234	5,123	1,875	21.7% ↑
Year-end financial position				
Net assets (Millions of yen)	29,980	24,524	19,603	22.2% ↑
Total assets (Millions of yen)	41,076	35,616	31,868	15.3% ↑
Amounts per share				
Net assets (yen)	493.0	403.1	645.2	
Net income (yen) (EPS)	102.7	83.3	60.9	
Net income (Diluted) (yen)	—	—	—	
Cash dividends (yen)	25.0	15.0	10.0	
Ratio				
Equity ratio (%)	72.8	68.8	61.5	4.0 point ↑
Return on equity (ROE) (%)	22.9	23.2	10.0	0.3 point ↓

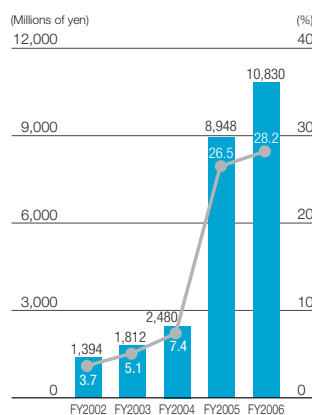
Notes: 1. The Company carried out a 2-for-1 stock split on February 1, 2006.

2. The amounts for net assets and net income per share for FY2005 are calculated on the assumption that the stock split occurred at the beginning of the year.

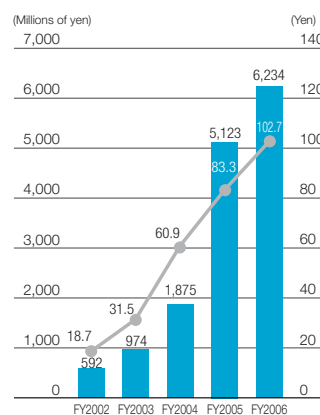
Net sales / ROS



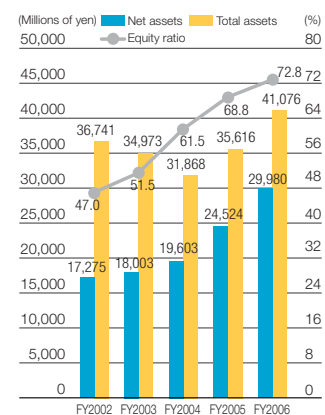
Ordinary income / ROA



Net income / EPS



Net assets / Total assets / Equity ratio



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This is to inform you that Kazuharu Nogami and Takeshi Kurushima were appointed as Chairman and President, respectively, of Toho Titanium at a meeting of the Company's Board of Directors held immediately upon the conclusion of the 76th Annual General Meeting of Shareholders on June 28, 2007. The new management will work to strengthen the Company's management structure still further.

The following is the management's report on the Company's business performance for the year ended March 31, 2007.

Demand for Titanium Growing

Over the past few years, demand for titanium has been growing for use in aircraft and a wide range of other industrial uses, as well as for consumer goods.

Until recently, demand for titanium tended to fluctuate violently in a cyclical manner, in response to the ups and downs of the global economy and changes in the level of demand for aircraft. This was known as the Titanium Cycle. Needless to say, slumps in demand would generally lead to difficult business circumstances for titanium producers, and the industry in general was believed to have only limited growth potential.

Recently, the aircraft industry saw a steep fall in demand for planes in the wake of the September 11, 2001 attacks. Demand for titanium plunged in parallel, and the titanium market remained stagnant through 2003.

From 2004, however, aircraft demand began to recover, and the growth of the BRICs economies (particularly China) combined with expanded applications of titanium in a wide range of industries to push up demand for titanium sharply. Especially notable was the growth in demand for titanium from the mainline commercial aircraft industry in tandem with the increased number of airline flights, together with an increase in the average amount of titanium used per aircraft. As a result of these factors, titanium demand came to greatly exceed previous forecasts.

From here onward, too, demand for titanium from industries other than the aircraft sector, such as the chemical industry, is expected to register steady growth. Additionally, demand for the metal from makers of commercial airplanes is thought likely to maintain a steady pace, and thus we can foresee an end to the traditional Titanium Cycle.

Turning from the field of demand to that of supply, the production capacity of the industry as a whole is rising as a result of the entry of new companies into the field, as well as investment in increased production capacity by existing makers. Some observers believe there is a danger of a

temporary oversupply situation. Nevertheless, Japanese titanium producers, including Toho Titanium, possess a significant competitive advantage, particularly with respect to titanium for aircraft engines and high-quality titanium thin-sheet. For this reason, we must start work right away on boosting our production capacity to meet the projected increase in demand.

Business Performance in Fiscal 2006

The Company's total sales for Fiscal 2006 rose 20.2% year-on-year, to ¥38,098 million, while ordinary income was up 21.0% at ¥10,830 million. Both these figures constitute historical highs.

In our main-earner line of titanium metal, the underlying strength of demand from the aircraft industry, and the expanding sphere of demand across the spectrum of other industries as a result of new applications, resulted in firm demand for the metal in all business fields. Toho Titanium consequently posted increases in both revenues and earnings.

In the electronic materials business, growth in revenues and earnings were recorded in our high-purity titanium dioxide and ultra-fine nickel powder, both of which are mainly used in the production of ceramics for electronics use. This is in spite of the negative factor of an explosive rise in nickel prices in the case of nickel powder, and in both cases is the result of the constantly rising value-added element of our products.

In the catalyst business, demand remained strong for our biggest earner — THC catalysts for propylene polymerization — and this led to growth in both revenues and earnings.

In December 2006, Toho Titanium signed an agreement with Chisso Corporation and Nippon Mining Holdings to set up a joint venture to test the feasibility of a technology for the production of polysilicon for use in photovoltaic electric power generation systems. Photovoltaic-type solar power

generation systems have been attracting considerable attention for some time because of their environment-friendly nature, and if a cost-effective polysilicon production method could be perfected, this would be a tremendous step toward the future commercial development of this business. In this joint venture, we are aiming to have a polysilicon mass-production system up by June 2008.

Readying for the Next Major Takeoff

In readiness for the anticipated increase in demand for titanium, as described above, we are boldly investing in the production equipment we will need to fuel the Company's next growth phase. Regarding titanium ingots, in July 2006 we started construction of a new plant for electron beam furnaces, in Yahatahigashi-ku, Kitakyushu City. This new plant is scheduled to go into operation in April 2008.

For titanium sponge, we began work on a new production line (also in July 2006) at our factory in Chigasaki, Kanagawa Prefecture, and we also made the decision to construct a new plant in Wakamatsu-ku, Kitakyushu City with an annual production capacity of 12,000 tons. This plant is expected to start operations at the end of 2009, with fullscale operation scheduled for 2011. Once this plant is fully operating, Toho Titanium's total production capacity of titanium sponge will be 28,000 tons.

These initiatives are not aimed solely at increasing the Company's titanium sponge production capacity in volume terms: we intend to expand our titanium ingot production capacity, too, and move more fully into such downstream fields as titanium mill products and fabricated titanium products. One of our fundamental strategic goals is to become the leading maker of titanium in terms both of volume and quality. Leveraging our strengths as the possessor of a wide range of titanium melting and fabricating techniques, we plan to cultivate close collaborative relationships with makers of titanium mill products so as to strengthen our competitive technological advantage still further.

We still have ample room for considerable further expansion of production facilities at our plants in Chigasaki and Kitakyushu, and we will seriously consider further bolstering our production capacity if the market situation warrants it. As far as titanium sponge is concerned, a feasibility study will be carried out regarding the planned extra production capacity of 12,000 tons at the Wakamatsu Plant and the additional 6,000 tons/year at the Chigasaki Plant.

In the field of titanium ingots, too, we have enough space to install production facilities at the Yahata Plant for an additional 10,000 tons per annum. In addition, the use of the electron beam (EB) furnace together with our titanium recycling system will mean we will be able to effectively recycle much of the mounting volume of titanium scrap. This will save energy and conserve natural resources at the same time, thus serving one of our corporate social responsibilities — to contribute to the preservation of the environment. At the same time, it will enable us to make a larger volume of titanium available to users in the market. By achieving these twin aims, in the near future we hope, as we recently announced publicly, to reach an annual titanium supply goal of 50,000 tons.

The Production of Titanium and our Multiple Factory System

With the construction of our Wakamatsu Plant in Kitakyushu, we will be producing titanium sponge at two locations — the Wakamatsu Plant and the Chigasaki Plant, and will be the first company in the world to do so. For titanium ingots, too, the construction of the Yahata Plant will give us a three-location production base together with the Chigasaki Plant and the Hitachi EB Plant.

We intend to take full advantages of the merits of production at more than one site. For example, for titanium sponge, the Chigasaki Plant will handle export orders and high-purity orders, while the Wakamatsu Plant will handle shipments to non-aircraft industries without highly specialized requirements. We intend to create a highly efficient production system, encompassing ingots as well as titanium sponge. Moreover, our new plants in Kitakyushu will naturally be fitted with state-of-the-art equipment employing advanced technologies. Not only that, the design of the new plants will take environmental considerations fully into account; the machinery system will allow optimum labor-saving; and they will employ older workers and a higher-than-normal proportion of female workers. We will take every reasonable measure to ensure that the working environment at the plant meets the highest standards.

Our Chigasaki Plant, meanwhile, is in a district with a high proportion of residences, and we thus take special care not only to ensure safe operations, but also to beautify the plant's exterior and protect the local environment. We also place great importance on maintaining a close and

harmonious relationship with the local community, which we believe to be a precondition for the very existence of the plant. In 2005, we removed the plant's perimeter wall, replacing it with an attractive fence that does not obstruct the view. This made the whole area feel brighter and more open. We also increased the external lighting around the plant's perimeter. We have made the plant's soccer pitch available for use by the general public, and have organized soccer tournaments for local youth teams.

These are just some of the ways in which we actively encourage interaction with the local community. We intend to make the Chigasaki Plant a model of harmonious relations with the surrounding community, and hope that it will lead the way in showing how industrial plants can operate in urban locations without friction with the residents.

Toward Sustainable Growth

At Toho Titanium, we plan to strengthen our competitiveness by developing an integrated system from titanium sponge through titanium ingots, titanium mill products and fabricated titanium products, utilizing the close relationships we have been building up with manufacturers of wrought titanium products. We see the Company's mission as the maintenance of the technological superiority and competitive advantages in the field of titanium currently possessed by Japanese companies.

The titanium market is now entering a period of unprecedented expansion. To take full advantage of this development, which is the sort of opportunity that comes along only once in a blue moon, we will be directing a significant proportion of our cash flow into capital investment for some time to come, in order to massively increase the Company's production capacity. For this reason, we have found ourselves compelled to keep the dividend payout ratio at approximately 20% on a consolidated basis. The steps now being taken by the management of Toho Titanium are certain to put the Company on the path of sustainable growth and to substantially raise its enterprise value. Thus, at some time in the not too distant future, we should be able to effect a greatly improved profit distribution to our shareholders: it is toward this goal that we are currently working.

We look forward to the continued support of our shareholders as we pursue the various initiatives described above.



*Representative Director and
Chairman*

Kazuharu Nogami

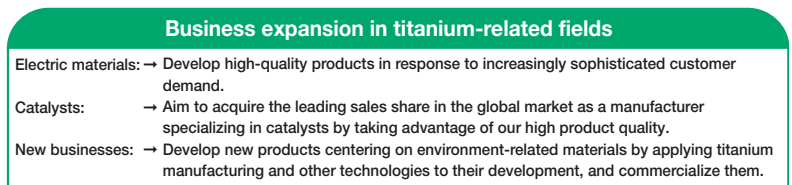
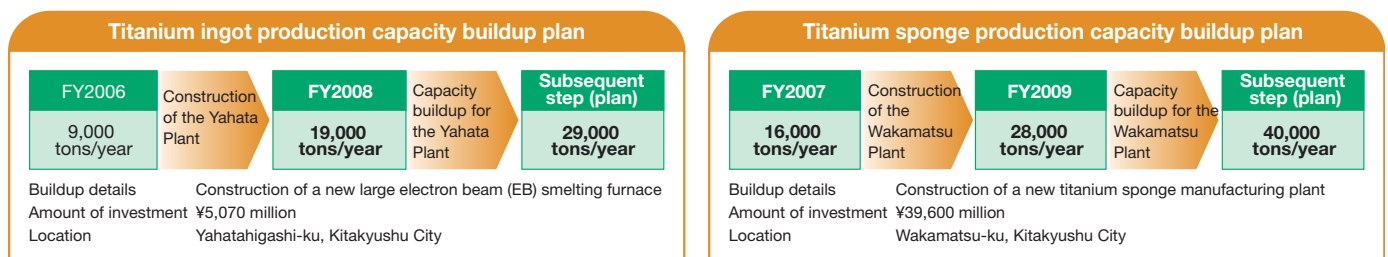
*Representative Director and
President*

Takeshi Kurushima

Aiming to become the leading comprehensive titanium manufacturer in the world

Global demand for titanium is set to continue to grow. In response, the Company plans to build up its titanium production capacity, as shown in the following charts. In addition to expanding our production capacity, we intend to raise our competitive strength consistently through close cooperation with extension material manufacturers.

We also aim to pursue our goal of becoming the leading comprehensive titanium manufacturer in the world by increasing total titanium supply through the promotion of recycling, and, at the same time, working to expand our operations in titanium-related fields.



Constructing the Kinds of Facilities Only We Can Build

Yoshihiro Hatta
Executive Officer
Yahata Plant Construction Dept. Titanium Project Division

At present, we are constructing a large-scale electron beam (EB) remelting furnace in Kitakyushu City, based on our plan to expand titanium ingot production capacity. Commercial operation at the new plant is slated to commence in April 2008. When the furnace is completed, we will be able to manufacture the world's largest class of ingots. Our annual production capacity will more than double.

My work has been in titanium ingot manufacturing. I joined this project at its planning stage. Since establishing

the office in Kitakyushu City in February of this year, I have been moving forward with the construction of the new plant, and making preparations for its operational launch.

Specifically, I have been collecting data about preventive maintenance — problems with existing facilities and information on cutting-edge technologies — and endeavoring to use this information in the new facilities as part of our company-wide total productive maintenance (TPM) activities, to raise the credibility and maintainability of the facilities from an early stage.

We are aspiring to construct the kinds of facilities that our competitors cannot match, by fully leveraging the outstanding characteristics that the EB remelting furnace has to offer.

2006

- April 1 Change in the principal shareholder which holds the largest share of voting rights from Nippon Mining & Metals Co., Ltd. to Nippon Mining Holdings, Inc.
- April 26 Announcement of plan to construct a new R&D building
- September 1 Listing on first section of the Tokyo Stock Exchange
- September 20 Announcement of joint development of polysilicon manufacturing technology (with Chisso Corporation and Nippon Mining Holdings, Inc.)
- Share offerings by Nippon Mining Holdings, Inc. and MITSUI & CO., LTD.

September 21 Application to the Osaka Securities Exchange to discontinue listing (Listing was discontinued on November 4.)

November 8 Announcement of termination of joint venture on potassium titanate whiskers

2007

January 31 Establishment of corporate brand mark and corporate logo

April 4 Announcement of plan to expand titanium sponge production capacity with the construction of a new plant

Do you know that **titanium** has these characteristics?

— Diverse applications

Characteristics of Titanium

Light

- With a specific gravity of 4.5, titanium is extremely light. Its weight is about half that of copper and nickel and approximately 60% that of steel.

Strong

- The specific strength of titanium (pure titanium) is approximately three times that of aluminum. Titanium surpasses stainless steel and other steels in specific strength.

* "Specific strength" is the value obtained by dividing strength by specific gravity. A substance with a high specific strength value is light and strong, while one that with a low specific strength value is heavy and weak.

Corrosion resistant

- Titanium is superior to stainless steel in terms of corrosion resistance. It offers excellent seawater resistance, rivaling that of platinum.

Safe for humans

- Titanium does not cause metal allergies. It is extremely safe because it does not react with the human body.



Environmentally friendly

- Titanium has a long lifecycle, thanks to its high corrosion resistance. It is an environmentally friendly metal that excels in recyclability.

Other characteristics

- Titanium is extremely heat-resistant. At approximately 1,670 degrees C, its melting point exceeds that of steel.

Thanks to these characteristics, titanium is used in an extremely broad range of products and facilities, including aircraft bodies, engines, chemical plants, thermal power plants and nuclear power plants. In recent years, the substance has found diverse applications that range from roof tiles for Buddhist temples and Shinto shrines, to eyeglasses, golf clubs and medical equipment.

Titanium Metal Business Segment

During the term under review, demand for titanium metal expanded steadily, supported by increased applications across a wide range of industries, for example in chemical and desalination plants, and stronger needs for consumer products, in addition to rising use in aircraft. Sales prices rose in step with the higher demand. Moreover, with increased crude steel production worldwide, applications as a steel additive accelerated, keeping prices at high levels.

Amid this environment, we continued to provide a stable supply of products to our customers by operating our facilities at full capacity. At the same time, we sought to increase production by improving production efficiency at the Company's existing facilities. We also concluded that a substantial buildup in titanium ingot and titanium sponge production capacity was necessary to respond to rapidly growing demand for these products. For titanium ingots, we started constructing a new EB plant in Kitakyushu City in July 2006. In the meantime, we began building up facilities for titanium sponge at the Chigasaki Plant in July 2006. In addition, we announced a plan to substantially boost titanium sponge production with the construction of a new plant in November 2006. We finalized this plan officially in April 2007.

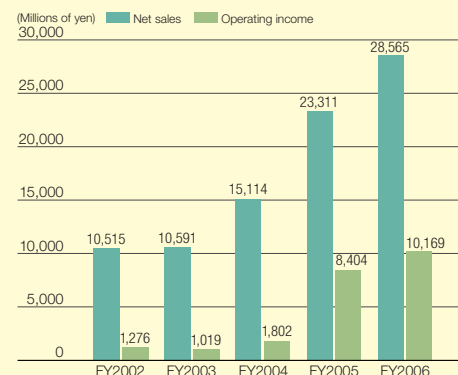
Sales of titanium sponge increased 9.9% from the year-ago period, to ¥9,592 million in the term under review. By responding to requests to step up supplies made by Japanese mill products manufacturers, sales of titanium ingots rose 30.8% year on year, to ¥12,359 million.

High-purity titanium sales for semiconductor target materials also experienced a substantial increase. Sales of the product climbed sharply, rising 38.9%, to ¥1,942 million.

Sales of processed titanium goods also increased significantly, rising 31.7%, to ¥3,976 million, as we stepped up sales proposals and developed new fields.

As a result of the above, we achieved substantial gains in both revenue and earnings. Net sales for the segment rose 22.5% year-on-year, to ¥28,565 million, and operating income grew 21.0%, to ¥10,169 million.

Net sales / Operating income



<Major products>

- Titanium sponge
- Titanium ingots
- High-purity titanium
- Processed titanium goods
- Titanium tetrachloride
- Titanium powder



Titanium sponge

Our titanium sponge is manufactured using our own unique technology based on the Kroll process, which reduces titanium tetrachloride with metal magnesium. One of the major characteristics of our method is the vacuum distillation method, which divides and removes the magnesium and magnesium chloride contained in the titanium sponge. This method allows us to produce high-quality titanium sponge.



Titanium ingots

Titanium ingots (metal titanium mass) produced by the Company are widely used mainly by domestic mill products manufacturers. There are two kinds of titanium ingots – commercially pure titanium, and a titanium alloy such as 6Al-4V.

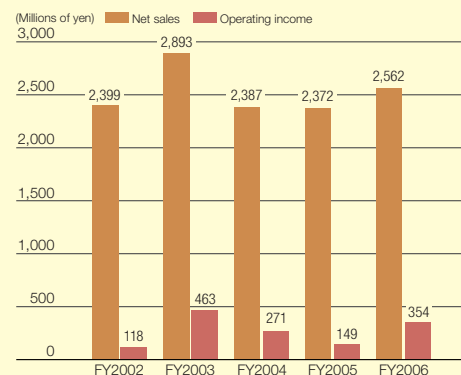
Electronic Materials Business Segment

High-purity titanium dioxide, ultra-fine nickel powder and other electronic ceramic materials comprise the major products in this segment.

During the term under review, there was a recovery in demand for electronic components, a major application. Operating conditions remained tough, however, given factors such as the intensification of competition, sophistication of customer demand and appreciation in the price of nickel, a raw material. Under these circumstances, we sought to provide a careful response to existing customers, while developing relationships with new customers. At the same time, we increased sales volume by adding greater value to our products. As a result, sales of high-purity titanium dioxide increased 9.4% from the previous year, to ¥932 million. Sales of ultra-fine nickel powder also grew 5.6%, to ¥1,286 million.

Consequently, sales for the segment increased 8.0% year-on-year, to ¥2,562 million. With respect to operating income, we sought to bolster production efficiency through steps including yield improvement, while adopting cost-cutting initiatives. Combining these activities with the revenue gains, operating income for the segment jumped 136.9% year-on-year, to ¥354 million.

● Net sales / Operating income



<Major products>

- High-purity titanium dioxide
 - Ultra-fine nickel powder
- Other electronic ceramic materials



Ultra-Fine Nickel Powder

Ultra-fine nickel powder is manufactured using a gas reaction process. It has a spherical shape, is highly crystalline, and is used for internal electrodes of chip condensers, which have recently come to have more layers.

Catalyst Business Segment

THC, a high-activity catalyst for propylene polymerization, is the key product in this segment.

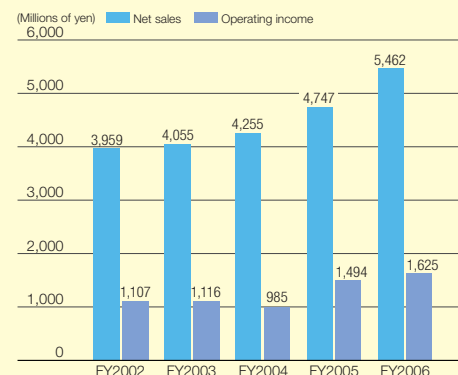
During the term under review, demand for polypropylene remained strong in markets centering on Asia, despite concerns that it would weaken following a rise in the price of naphtha, a raw material, accompanying the higher crude oil prices. This demand is being spurred by the characteristic features of polypropylene.

With regard to the state of competitors in the catalyst market, a major chemical manufacturer took over a specialist catalyst manufacturer, and caused a substantial change in the industry structure. The current situation requires us to continue to pay attention to further industry developments.

In these circumstances, we continued to supply specialized technological services to each of our customers, and undertook aggressive sales activities aimed at enhancing customer satisfaction, such as rapid response to individual customer requests. Thanks to these efforts, THC managed to increase its sales from the previous fiscal year. With respect to production, under our basic policy of optimum output using two plants, we operated the Kurobe Plant, primarily for manufacturing general-purpose products, and the Chigasaki Plant for producing a wide variety of products on demand. We also started constructing the second facilities at the Kurobe Plant at the beginning of the term under review, and completed the task on schedule.

As a result of the above, and primarily reflecting the expansion of THC sales, sales for the segment increased 15.1% year-on-year, to ¥5,462 million for the term under review. In spite of the change in our inventory evaluation criterion, from the last-in, first-out method to the first-in, first-out method, which acted to reduce income, operating income for the segment still climbed 8.7%, to ¥1,625 million.

● Net sales / Operating income



<Major products>

- THC®, Toho High-efficiency Catalyst for propylene polymerization



THC, Catalyst for Propylene Polymerization

The THC catalysts that we produce are Mg-Ti high-performance catalysts for manufacturing polyolefins such as polypropylene. Polypropylene is essential as a base raw material for various products that are found everywhere such as home products, vehicle interiors and exteriors, and home electronics.

Consolidated Balance Sheets

	Millions of yen	
	March 31, 2007	March 31, 2006
Assets		
Current assets	20,060	18,152
Cash and cash equivalents	2,063	2,609
Trade notes and accounts receivable	8,383	6,690
Inventories	8,637	7,997
Deferred tax assets	570	650
Other current assets	441	226
Less: Allowance for doubtful accounts	(36)	(23)
Noncurrent assets	21,015	17,464
Property, plant and equipment	19,997	16,201
Buildings and structures	4,869	4,937
Machinery and equipment	7,911	8,300
Furniture and fixtures	284	216
Land	1,766	1,630
Construction in progress	5,165	1,117
Intangible assets	129	258
Investments and other assets	888	1,004
Investments in securities	504	514
Deferred tax assets	228	339
Other investments	179	275
Less: Allowance for doubtful accounts	(24)	(125)
Total assets	41,076	35,616
Liabilities		
Current liabilities	10,397	9,861
Notes and accounts payable	2,854	2,340
Short-term bank loans	1,700	1,850
Accrued income taxes	2,468	3,536
Accrued bonuses	759	699
Accrued bonuses to directors	98	—
Other current liabilities	2,516	1,435
Long-term liabilities	698	1,194
Long term bank loans	400	850
Accrued retirement benefits	84	107
Reserve for directors' retirement benefits	213	236
Total liabilities	11,096	11,055
Net assets		
Owners' equity	29,628	—
Common stock	4,812	—
Capital surplus	5,872	—
Retained earnings	19,012	—
Less: Treasury stock	(68)	—
Valuation and translation adjustments	285	—
Unrealized gain on available-for-sale securities	215	—
Deferred hedge gains	70	—
Minority interests	66	—
Total net assets	29,980	—
Total liabilities and net assets	41,076	—
Minority interests	—	36
Shareholders' equity		
Common stock	—	4,812
Capital surplus	—	5,872
Retained earnings	—	13,754
Unrealized gain on available-for-sale securities	—	145
Less: Treasury stock	—	(60)
Total shareholders' equity	—	24,524
Total liabilities, minority interests in and shareholders' equity	—	35,616

Consolidated Statements of Income

For the years ended March 31, 2006 and 2007	Millions of yen	
	2007	2006
Net sales	38,098	31,706
Cost of sales	22,426	18,740
Gross profit	15,672	12,965
Selling, general and administrative expenses	4,728	3,985
Operating income	10,943	8,980
Non-operating income	118	164
Non-operating expenses	231	196
Ordinary income	10,830	8,948
Extraordinary income	24	11
Extraordinary expenses	282	483
Income before income taxes	10,572	8,476
Income taxes	4,208	3,664
Deferred income taxes	94	(328)
Minority interests in net income of consolidated subsidiaries	34	17
Net income	6,234	5,123

Consolidated Statements of Cash Flows

For the years ended March 31, 2006 and 2007	Millions of yen	
	2007	2006
Net cash provided by operating activities	5,960	8,696
Income before income taxes and minority interests	10,572	8,476
Depreciation and amortization	1,984	1,976
Loss (gain) on equity-method investments	51	(50)
Increases in inventories and trade receivables	(2,333)	(2,693)
Increase in trade payables	513	281
Income taxes paid	(5,373)	(452)
Other, net	544	1,158
Net cash used in investing activities	(4,984)	(2,848)
Payments for purchase of property, plant and equipment and intangible assets	(5,029)	(3,245)
Payments for purchase of investments in securities	—	(100)
Proceeds from sale of investments in securities	32	100
Other, net	12	397
Net cash used in financing activities	(1,522)	(5,425)
Borrowing of short-term bank loans	12,100	10,390
Repayment of short-term bank loans	(12,000)	(14,440)
Repayment of long-term bank loans	(700)	(1,064)
Purchase of Company's own shares	(7)	(7)
Other, net	(914)	(303)
Effect of exchange rate changes on cash and cash equivalents	0	0
Changes in cash and cash equivalents	(546)	423
Cash and cash equivalents at beginning of year	2,609	2,186
Cash and cash equivalents at end of year	2,063	2,609

Consolidated Statement of Changes in Owners' Equity

For the year ended March 31, 2007

Millions of yen

	Owners' equity					Valuation and translation adjustments				Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity	Unrealized gain on available-for-sale securities	Gain on deferred hedge transactions	Total valuation and translation adjustments	Increase in minority interests	
Balance at March 31, 2006	4,812	5,872	13,754	(60)	24,378	145	—	145	36	24,561
Changes during the year										
Dividends			(910)		(910)					(910)
Bonuses to directors			(67)		(67)					(67)
Net income			6,234		6,234					6,234
Acquisition of own shares				(7)	(7)					(7)
Unrealized gains on available-for-sale securities						69		69		69
Gain on deferred hedge transactions							70	70		70
Minority interests									29	29
Total changes during the year			5,257	(7)	5,249	69	70	139	29	5,419
Balance at March 31, 2007	4,812	5,872	19,012	(68)	29,628	215	70	285	66	29,980

Nonconsolidated Balance Sheets

	Millions of yen	
	March 31, 2007	March 31, 2006
Assets		
Current assets	16,664	15,421
Noncurrent assets	19,025	15,473
Property, plant and equipment	15,261	13,028
Intangible assets	129	258
Investments and other assets	3,635	2,186
Total assets	35,690	30,894
Liabilities		
Current liabilities	7,511	7,011
Long-term liabilities	621	846
Total liabilities	8,133	7,858
Net assets		
Owners' equity	27,271	—
Common stock	4,812	—
Capital surplus	5,872	—
Retained earnings	16,655	—
Less: Treasury stock	(68)	—
Valuation and translation adjustments	285	—
Unrealized gain on available-for-sale securities	215	—
Deferred hedge gains	70	—
Total net assets	27,556	—
Total liabilities and net assets	35,690	—
Shareholders' equity		
Common stock	—	4,812
Capital surplus	—	5,872
Statutory reserve	—	5,872
Retained earnings	—	12,267
Statutory reserve	—	443
Voluntary reserve	—	4,018
Unappropriated retained earnings	—	7,805
Unrealized gain on available-for-sale securities	—	145
Less: Treasury stock	—	(60)
Total shareholders' equity	—	23,036
Total liabilities and shareholders' equity	—	30,894

Nonconsolidated Statements of Income

For the years ended March 31, 2006 and 2007	Millions of yen	
	2007	2006
Net sales	27,932	23,181
Cost of sales	16,246	13,634
Gross profit	11,686	9,547
Selling, general and administrative expenses	3,157	2,485
Operating income	8,528	7,062
Non-operating income	566	410
Non-operating expenses	98	134
Ordinary income	8,996	7,337
Extraordinary income	24	28
Extraordinary expenses	224	414
Income before income taxes	8,796	6,950
Income taxes	3,357	2,959
Deferred income taxes	90	(316)
Net income	5,348	4,307
Unappropriated retained earnings brought forward	—	3,497
Unappropriated retained earnings	—	7,805

Nonconsolidated Statement of Changes in Owners' Equity

For the year ended March 31, 2007

Millions of yen

	Owners' equity								
	Capital surplus				Retained earnings				
	Common stock	Statutory reserve	Remaining portion	Total capital surplus	Statutory reserve	Reserve for advanced depreciation	Voluntary reserve	Unappropriated retained earnings brought forward	Total retained earnings
Balance at March 31, 2006	4,812	5,872	—	5,872	443	18	4,000	7,805	12,267
Changes during the year									
Dividends								(910)	(910)
Bonuses to directors								(50)	(50)
Net income								5,348	5,348
Acquisition of own shares									
Unrealized gains on available-for-sale securities									
Gain on deferred hedge transactions									
Provision to reserve for advanced depreciation						8		(8)	
Reversal of reserve for advanced depreciation						(2)		2	
Total changes during the year						5		4,382	4,387
Balance at March 31, 2007	4,812	5,872	—	5,872	443	23	4,000	12,188	16,655

For the year ended March 31, 2007

Millions of yen

	Owners' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total owners' equity	Unrealized gain on available-for-sale securities	Gain on deferred hedge transactions	Total valuation and translation adjustments	
Balance at March 31, 2006	(60)	22,891	145	—	145	23,036
Changes during the year						
Dividends		(910)				(910)
Bonuses to directors		(50)				(50)
Net income		5,348				5,348
Acquisition of own shares	(7)	(7)				(7)
Unrealized gains on available-for-sale securities			69		69	69
Gain on deferred hedge transactions				70	70	70
Provision to reserve for advanced depreciation						
Reversal of reserve for advanced depreciation						
Total changes during the year	(7)	4,379	69	70	139	4,519
Balance at March 31, 2007	(68)	27,271	215	70	285	27,556

Corporate Data

Corporate Name: Toho Titanium Co., Ltd.
 Head Office: 3-3-5 Chigasaki, Chigasaki City,
 Kanagawa-Pref. 253-8510, Japan
 Date of Establishment: August 1953
 Paid-in Capital: ¥4,812 million
 Number of Employees: 683 (As of March 31, 2007)

Officers (As of June 28, 2007)

Representative Director and Chairman: Kazuharu Nogami
 Representative Director and President: Takeshi Kurushima
 Representative Director and Executive Vice President: Kenji Toyoshima
 Director and Senior Executive Managing Officer: Masaaki Koizumi
 Director and Executive Managing Officer: Shin-ichi Watanabe
 Director (outside): Yuzuru Ohno
 Director and Executive Officer: Toshihiko Saiki
 Director and Executive Officer: Wataru Kagohashi
 Director and Executive Officer: Yukihiro Kako
 Auditor: Hiroshi Murakami
 Auditor (outside): Rentaro Tonoike
 Auditor (outside): Tomoyuki Urabe
 Executive Officer: Susumu Kosemura
 Executive Officer: Ryouichi Kanai
 Executive Officer: Yoshihiro Hatta

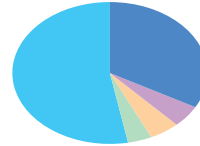
Principal consolidated subsidiaries

Toho Catalyst Co., Ltd.
 Toho Technical Service Co., Ltd.
 TESCO Co., Ltd.

Stock information (As of March 31, 2007)

Total issued shares: 60,770,910
 Number of shareholders: 47,593

Distribution of shares

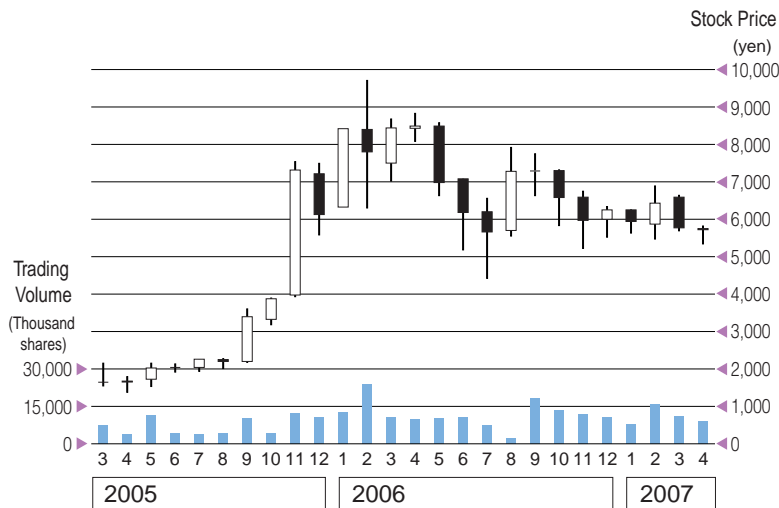


Individuals and others: 33%
 Financial institutions: 5%
 Foreign institutions and individuals: 5%
 Securities companies: 4%
 Other corporations: 53%

Principal shareholders (As of March 31, 2007)

Name	Equity status to the Company	
	Number of shares held	Percentage of total shares (%)
Nippon Mining Holdings, Inc.	20,797	34.22
Mitsui & Co., Ltd.	7,016	11.55
Nippon Steel Corporation	3,000	4.9

Stock Price Movements



Note: The stock prices are adjusted for the stock split in February 2006.

On our website, you can find out more about business summaries of Toho Titanium Group as well as our latest information including IR materials and press releases. Please check and see <http://www.toho-titanium.co.jp/>