

March 16, 2007

Acquisition of Additional Shares (Subsidiarization) of SN Refractory Tokai

Krosaki Harima announces that we have resolved to make SN Refractory Tokai into a consolidated subsidiary through the acquisition of additional shares thereof, at a meeting of the Board of Directors held on March 16, 2007, as follows:

1. Reason for Acquisition of Additional Shares

Toshiba Ceramics and Krosaki Harima entered into a business collaboration agreement on December 2003, and founded SN Refractory Tokai under the agreement where an investment ratio between the two companies was set up at 51% (Toshiba Ceramics) : 49% (Krosaki Harima). Based on recent consensus with Toshiba Ceramics regarding subsidiarization of SN Refractory Tokai as a part of our business strategies on refractories for steel and iron industries, the investment ratio has been changed to 35% (Toshiba Ceramics) : 65% (Krosaki Harima) through a partial stock transfer from Toshiba Ceramics to Krosaki Harima.

2. Outline of SN Refractory Tokai before Transfer

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|--------------------------------|--|
| (1) Company name: | SN Refractory Tokai Co., Ltd. |
| (2) Representative: | President Kunio HAYAMIZU |
| (3) Headquarter: | 1, Minami-Fuji, Ogakie-cho, Kariya City, Aichi, Japan |
| (4) Date of foundation: | January 20, 2004 |
| (5) Major business activities: | Production of refractories for continuous casting of steel |
| (6) Major sales partner: | Krosaki Harima (100%) |
| (7) End of fiscal year: | March 31 |
| (8) Number of employees: | 49 (as of March 31, 2006) |
| (9) Business place: | Main Plant (1, Minami-Fuji, Ogakie-cho, Kariya City, Aichi, Japan) |
| (10) Capital: | ¥ 75 million |

(11) Outstanding shares: 100 shares

(12) Shareholder composition and Rate of shareholding

Shareholders	Rate
Toshiba Ceramics	51 shares (51%)
Krosaki Harima	49 shares (49%)

(13) Financial highlights for recent fiscal years

	Year ended March 2005	Year ended March 2006
Net sales	¥ 2,563 million	¥ 2,229 million
Gross profit on sales	¥ 483 million	¥ 451 million
Operating profit	¥ 67 million	¥ 52 million
Pretax profit	¥ 67 million	¥ 51 million
Current net profit	¥ 38 million	¥ 14 million
Gross asset	¥ 1, 110 million	¥ 1, 166 million
Net asset	¥ 189 million	¥ 204 million
Dividends per share	¥ 0.00	¥ 0.00

3. Outline of Toshiba Ceramics

(1) Company name: Toshiba Ceramics Co., Ltd.

(2) Representative: President & CEO Susumu KOHYAMA

(3) Headquarter: 6-3, Ohsaki 1-chome, Shinagawa-ku, Tokyo, Japan

(4) Major business activities: Distribution of silicon wafers, and Production and distribution of materials for semiconductor manufacturing process, advanced ceramics, etc.

(5) Relation with Krosaki Harima

Capital ties: No

Personal relation: Acceptance of temporary transfer from Toshiba Ceramics

Transactional relation: A few transactions on refractories

(6) Way of share acquisition: Acquisition for value

4. Number of Shares to be Acquired, Acquisition Price and State of Shareholding

- (1) Number of shares before transfer: 49 shares (Rate of shareholding: 49%)
(Number of voting rights: 49)
- (2) Number of shares to be acquired: 16 shares (acquisition price: ¥ 24 million)
(Number of voting rights: 16)
- (3) Number of shares after transfer: 65 shares (Rate of shareholding: 65%)
(Number of voting rights: 65)

5. Schedule

March 16, 2007	Resolution of board meeting (Krosaki Harima)
April 01, 2007	Appointed date of share transfer

6. Future Prospects

As a result of this share acquisition, SN Refractory Tokai will be changed from an equity method affiliate to a consolidated subsidiary on and after our fiscal year ended March 2008 (April 1, 2007 to March 31, 2008)

The business forecast of our fiscal year ended March 2008 remains to be seen, and will be announced as and when it becomes clear.

* The above contents are based on available information as of the announcement date of this publicity matter, and various factors in the future can make some difference between the predicted values and an actual business results.

KROSAKI HARIMA Corporation

Representative President Hideki FURUNO

(Code No. 5352 TSE 1st Section, FSE)

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