

Summary of Consolidated Financial Statements for the Third Quarter Fiscal 2005

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Tokuyama Corporation

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1. Consolidated results for fiscal third quarter ended December 31, 2005 (April 1, 2005 - December 31, 2005)

(1) Performance

Note: All amounts are rounded down to the nearest million yen.

	Net sales		Operating income		Ordinary income	
	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]
Third Quarter Fiscal 2005	193,044	11.1	16,759	40.9	14,880	56.7
Third Quarter Fiscal 2004	173,826	6.7	11,893	25.6	9,497	45.8
Fiscal 2004	237,552	8.3	18,172	37.7	15,338	65.9

	Net income		Net income per share	Diluted net income per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
Third Quarter Fiscal 2005	9,496	92.0	36.43	-
Third Quarter Fiscal 2004	4,946	87.2	19.44	-
Fiscal 2004	11,012	82.4	43.01	-

[Qualitative information of consolidated business results]

In this Third Quarter Fiscal 2005, our business results bettered those of the corresponding period of the previous fiscal year in both net sales and operating income.

Chemicals

The performance of each product in this segment went favorably on the whole. Especially in caustic soda and isopropyl alcohol businesses, we endeavored to correct the selling prices upward in order to offset the sharp rise in raw materials and fuels prices.

Shin Dai-ichi Vinyl Corporation and Sun • Tox Co., Ltd., a film company, endeavored to make price adjustments in order to offset the increase in raw materials prices, repair costs and so forth as well.

As a result of the above, this segment recorded sales to outside customers of ¥75.8 billion, up 8.9% compared with the corresponding period of the previous

fiscal year, and operating income of ¥5.7 billion, an increase of 8.2% year on year.

Specialty Products

Business Performance of polycrystalline silicon has been going favorably thanks to strong demand.

Fumed silica business has been very active mainly in China and South Korea.

On the other hand, performance of precipitated silica stagnated due to a fierce competition.

In high purity chemicals for semiconductors and liquid crystal displays, shipments went favorably. The performance, however, wasn't so good as expected due to the steep rise of raw materials prices and the increased depreciation.

In fine chemicals and the aluminum nitride businesses, we continued focusing our efforts on pioneering new fields.

In A&T Corporation, a clinical laboratory system company, the performance stagnated due to a keener competition.

As a result of the above, total sales to outside customers in the Specialty Products segment were ¥54.2 billion, an increase of 12.2% compared with the corresponding period of the previous fiscal year, and operating income was ¥10.5 billion, an increase of 77.2% year on year.

Cement, Building Materials and Others

In cement business there has been an increase in the volume of shipment owing to a recovery of private construction demand, an increase in public works by the restoration of disaster areas and so forth. In terms of profit, however, we

couldn't fully offset the rise in coal prices by cost reductions and price adjustments.

In contrast, performance of the recycling & environmental business has kept doing better because a larger amount of disposal of soil excavated from construction sites and so on was contributory to it.

Shanon group, which is developing the plastic sash window business, recorded an sales increase by endeavoring to expand sales in the west of Kanto region in Japan. However, income wasn't increasing as much as expected due to the rising costs of raw materials and an increase in fixed costs to promote sales.

As a result of the above, this segment sales to outside customers were ¥62.9 billion, an increase of 12.8% from the corresponding period of the previous fiscal year, and operating income was ¥2.7 billion, a decrease of 1.1% year on year.

(2) Change in Financial position (Consolidated)

	Total assets (millions of yen)	Shareholders' equity (millions of yen)	Equity ratio (%)	Shareholders' equity per share (yen)
Dec. 31, 2005	359,362	173,058	48.2	630.01
Dec. 31, 2004	316,832	127,975	40.4	503.25
Mar. 31, 2005 (reference)	308,924	134,395	43.5	528.35

[Cash flows (Consolidated)]

	Cash flows from operating activities (millions of yen)	Cash flows from investing activities (millions of yen)	Cash flows from financing activities (millions of yen)	Cash and cash equivalents at the end of the period (millions of yen)
Third Quarter Fiscal 2005	21,526	(18,641)	13,673	31,352
Third Quarter Fiscal 2004	21,458	(13,796)	(10,007)	20,049
Fiscal 2004 (reference)	25,618	(15,772)	(17,393)	14,800

2. The performance outlook for Fiscal 2005 (April 1, 2005 - March 31, 2006)

We revise the consolidated performance projections for Fiscal 2005 (April 1, 2005 - March 31, 2006), which we made public at the announcement of First Half Fiscal

2005 on November 10, 2005, as follows.

[Revised figures of the consolidated performance projections for Fiscal 2005]

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Previous projections : (A)	260,000	22,000	18,500	11,500
Newly revised projections : (B)	260,000	23,500	20,000	13,000
Increase(or decrease) : (B) - (A)	—	1,500	1,500	1,500
Rate of increase(%)	—	6.8	8.1	13.0
Fiscal 2004	237,552	18,172	15,338	11,012

Reference: Prospected net income per share for fiscal 2005 : 49.20 yen

[Qualitative information on the performance outlook]

The manufacturing costs went up due to the rise in raw materials and fuels prices.

On the other hand, it is expected that operating income, ordinary income, and net income will exceed the previous projections slightly thanks to upward price corrections of Chemicals and Specialty products as well as productivity improvement with an increase in shipment volume and rationalization, such as fixed costs reduction and so forth.

Notes: The prospects have been prepared on the basis of information available at this point, and may be different from the actual performance because of various factors that may arise from now on.

Segment information

Third Quarter Fiscal 2005 (April 1, 2005 – December 31, 2005)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales/Operating income & expenses						
Sales						
Sales to customers	75,847	54,283	62,912	193,044	—	193,044
Inter-segment sales/transfer	1,237	42	6,525	7,806	(7,806)	—
Total	77,085	54,326	69,438	200,850	(7,806)	193,044
Operating expense	71,383	43,732	66,664	181,780	(5,494)	176,285
Operating income	5,702	10,594	2,773	19,070	(2,311)	16,759

Third Quarter Fiscal 2004 (April 1, 2004 – December 31, 2004)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales/Operating income & expenses						
Sales						
Sales to customers	69,658	48,375	55,792	173,826	—	173,826
Inter-segment sales/transfer	1,112	100	5,021	6,234	(6,234)	—
Total	70,771	48,475	60,813	180,060	(6,234)	173,826
Operating expense	65,501	42,498	58,008	166,008	(4,075)	161,932
Operating income	5,269	5,977	2,805	14,052	(2,158)	11,893

[Reference] Fiscal 2004 (April 1, 2004 – March 31, 2005)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales/Operating income & expenses						
Sales						
Sales to customers	95,771	67,155	74,626	237,552	—	237,552
Inter-segment sales/transfer	1,508	114	6,968	8,591	(8,591)	—
Total	97,279	67,269	81,594	246,144	(8,591)	237,552
Operating expense	88,714	58,040	78,337	225,092	(5,712)	219,379
Operating income	8,565	9,229	3,257	21,051	(2,878)	18,172