

Summary of the First Half Fiscal 2006

Tokuyama Corporation

1. Consolidation

Classification	1 st Half Fiscal 2006	Fiscal 2005	Change
The number of consolidated subsidiaries	43	43	—
The number of subsidiaries & affiliates by the equity method	16	16	—

2. Summary of performance & other corporate data (Consolidated)

(Billions of yen, except number of employees)

	1 st Half Fiscal 2006	1 st Half Fiscal 2005	Changes
Sales	141.7	123.7	+17.9
Operating income	15.1	10.3	+ 4.7
Ordinary income	13.6	8.8	+4.7
Net income	8.0	5.6	+2.4
Net income per share (yen)	29.36	22.25	+7.11
Capital expenditure	9.7	11.1	-1.3
Depreciation	8.2	8.4	-0.1
R&D expenses	5.0	4.5	+0.5
Interest-bearing debt	76.4	85.1	-8.6
Financial income and expenses	-0.4	-0.4	+0.0
Number of employees	4,788	4,676	+112

3. Net Sales/ Operating income by Business Segment

(Unit : Billions of yen)

	1st Half FY2006		1st Half FY2005		Changes			
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	%	Operating income	%
Chemicals	55.2	3.2	48.7	3.6	+6.5	+13	-0.3	-9
Tokuyama	40.2	1.6	35.1	1.5	+5.0	-	+0.0	-
Tokuyama Group (including consolidation adjustment)	15.0	1.6	13.5	2.0	+1.4	-	-0.4	-
Specialty Products	42.8	12.1	35.4	6.6	+7.4	+21	+5.4	+81
Tokuyama	32.7	11.3	25.5	6.1	+7.2	-	+5.2	-
Tokuyama Group (including consolidation adjustment)	10.1	0.7	9.8	0.5	+0.2	-	+0.2	-
Cement, Building Materials and Others	43.5	1.4	39.6	1.4	+3.8	+9	+0.0	+1
Tokuyama	20.4	0.8	19.8	0.6	+0.5	-	+0.1	-
Tokuyama Group (including consolidation adjustment)	23.0	0.6	19.7	0.8	+3.3	-	-0.1	-
Total	141.7	16.9	123.7	11.7	+17.9	+14	+5.1	+43
Inter-segment eliminations and corporate	-	-1.7	-	-1.3	-	-	-0.4	-
Consolidated results	141.7	15.1	123.7	10.3	+17.9	+14	+4.7	+45

(1) In the Chemicals Segment, in spite of revisions of product sales prices, operating

income decreased due to time lag between the price revisions and a sharp rise in raw material and fuel prices.

- (2) In the Specialty Products Segment, price revisions of polycrystalline silicon contributed greatly to the increase in operating income.

4. Net Sales/ Operating income by Business Segment (Forecasts)

(1) Net Sales/ Operating income by Business Segment (Full year comparison)

(Unit : Billions of yen)

	2006 Estimate		2005 Results		Changes			
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	%	Operating income	%
Chemicals	112.5	7.0	102.6	7.6	+9.8	+9	-0.6	-9
Tokuyama	82.0	3.9	74.8	3.9	+7.1	-	-0.0	-
Tokuyama Group (including consolidation adjustment)	30.5	3.1	27.8	3.7	+2.6	-	-0.6	-
Specialty Products	89.8	24.6	76.7	16.1	+13.0	+17	+8.4	+52
Tokuyama	67.2	22.0	54.7	14.0	+12.4	-	+8.1	-
Tokuyama Group (including consolidation adjustment)	22.6	2.4	21.9	2.0	+0.6	-	+0.3	-
Cement, Building Materials and Others	87.7	3.9	84.0	3.4	+3.6	+4	+0.4	+11
Tokuyama	41.8	2.4	41.6	2.0	+0.1	-	+0.3	-
Tokuyama Group (including consolidation adjustment)	45.9	1.5	42.3	1.4	+3.5	-	+0.0	-
Total	290.0	35.5	263.3	27.2	+26.6	-	+8.2	-
Inter-segment eliminations and corporate		-3.5	-	-2.9		-	-0.5	-
Consolidated results	290.0	32.0	263.3	24.3	+26.6	+10	+7.6	+31

(2) The assumptions of the performance forecast for the second half Fiscal 2006

		06/the 2nd half
Domestic naphtha price (¥/KL)		51,000
Exchange rate (¥/\$)	imports	115
	exports	110

(3) The revised performance forecast for Fiscal 2006

(Unit : Billions of yen)

	2006 Estimate (as of Nov. 9)		2006 Estimate (as of May 12)		Changes	
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income
Chemicals	112.5	7.0	108.1	4.2	+4.4	+2.8
Specialty Products	89.8	24.6	89.2	24.0	+0.6	+0.6
Cement, Building Materials and Others	87.7	3.9	87.7	4.3	0.0	-0.4
Total	290.0	35.5	285.0	32.5	+5.0	+3.0
Inter-segment eliminations and corporate	-	-3.5	-	-3.5	-	0.0
Consolidated results	290.0	32.0	285.0	29.0	+5.0	+3.0

- In the Chemicals Segment, it is expected that business performance will be improved owing to revisions of product sales prices and so on.
- Concerning the Specialty Products Segment and the Cement, Building Materials and Others Segment, expected business results will be about the same level as we expected as of May 12, 2006.

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“**Summary of Consolidated Financial Statements for the First Half Fiscal 2006**” appears on the next page.



Summary of Consolidated Financial Statements for the First Half Fiscal 2006

Nov. 9, 2006

Tokuyama Corporation

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Code number: 4043

Use of U.S. accounting standard: No

1. Consolidated results for fiscal half ended September 30, 2006 (April 1, 2006 - September 30, 2006)

(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 [%]
First Half Fiscal 2006	141,718	14.5	15,123	45.7	13,637	53.4
First Half Fiscal 2005	123,787	10.7	10,377	47.9	8,889	60.6
Fiscal 2005	263,373		24,311		21,493	

	Net income		Net income per share	Diluted net income per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
First Half Fiscal 2006	8,063	42.6	29.36	-
First Half Fiscal 2005	5,655	146.3	22.25	-
Fiscal 2005	13,964		52.61	-

(2) Financial position

	Total assets (millions of yen)	Shareholders' equity (millions of yen)	Equity ratio (%)	Shareholders' equity per share (yen)
Sept. 30, 2006	361,806	187,841	50.6	667.31
Sept. 30, 2005	321,208	143,488	44.7	564.73
March 31, 2006	361,103	179,024	49.6	651.64

Note: Shareholders' equity on Sept. 30, 2006 includes Minority interest in consolidated subsidiaries of 4,624 million yen in value.

(3) Cash flows

	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 end of period (millions of yen)
First Half Fiscal 2006	18,343	(10,600)	(8,002)	30,866
First Half Fiscal 2005	16,879	(10,030)	(5,379)	16,259
Fiscal 2005	25,748	(22,758)	13,155	30,998

2. Projected performance for Fiscal 2006 (From April 1, 2006 to March 31, 2007)

	Net sales (millions of yen)	Operating Income (millions of yen)	Ordinary Income (millions of yen)	Net income (millions of yen)
Fiscal 2006	290,000	32,000	29,000	18,000

Reference: Prospected EPS for fiscal 2006: 65.56 yen

※ 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.