

Summary of Consolidated Financial Statements for the Third Quarter Fiscal 2007

Feb. 5, 2008

Tokuyama Corporation
(URL <http://www.tokuyama.co.jp/>)

Stock exchange listings:

Tokyo, Osaka
Local Code : 4043

1. Consolidated results for fiscal third quarter ended December 31, 2007 (April 1, 2007 - December 31, 2007)

(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 2007	228,312	4.9	26,908	7.3	25,008	8.4
Third Quarter Fiscal 2006	217,640	12.7	25,080	49.7	23,081	55.1
Fiscal 2006 (reference)	292,764	-	34,737	-	31,672	-

	Net income		Net income per share	Diluted net income per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
Third Quarter Fiscal 2007	15,553	6.4	56.69	-
Third Quarter Fiscal 2006	14,616	53.9	53.23	-
Fiscal 2006 (reference)	18,460	-	67.24	-

(2) Consolidated Financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
Dec. 31, 2007	382,309	206,174	52.2	727.78
Dec. 31, 2006	367,532	193,132	51.0	683.00
Mar. 31, 2007 (reference)	373,745	197,811	51.4	699.69

(3) Consolidated 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 the end of the period (millions of yen)
Third Quarter Fiscal 2007	34,105	(17,761)	(5,459)	40,322
Third Quarter Fiscal 2006	22,359	(14,742)	(12,172)	26,737
Fiscal 2006 (reference)	34,225	(22,531)	(13,836)	29,222

2. The consolidated performance outlook for Fiscal 2007 (April 1, 2007 - March 31, 2008)

	Net sales		Operating income		Ordinary income		Net income	
	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]
Fiscal 2007	309,000	5.5	35,000	0.8	32,000	1.0	20,000	8.3

Reference: Prospected net income per share for fiscal 2007 : 72.90 yen

※The forecast has 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.

[Qualitative information on consolidated business results]

In this Third Quarter Fiscal 2007, we registered increases in both net sales and operating income from the corresponding period of the previous fiscal year.

Chemicals

Despite sales price revisions and cost reduction, sharply rising raw materials and fuel prices had a great impact on the Chemicals segment. In addition, as demand for vinyl chloride resin decreased due to the delay in building confirmation caused by the revised Building Standards Act, the performance of this segment was unfavorable.

As a result of the above, this segment recorded sales of ¥88.0 billion, up 4.4% compared with the corresponding period of the previous fiscal year, and operating income of ¥4.1 billion, a decrease of 32.4% year on year. Sales rose, while operating income fell.

This segment accounted for 38.5% of total net sales.

Specialty Products

Sales of polycrystalline silicon and fumed silica remained brisk. Results for photoresist developer for semiconductors and LCDs were also firm. By contrast, in aluminum nitride (Shapal), although we continued to focus on lowering costs, results were sluggish.

A&T Corporation recorded solid results, owing to cost reduction together with higher sales of laboratory information systems and other products.

As a result of the above, total sales in this segment were ¥73.9 billion, an increase of 13.6% compared with the corresponding period of the previous fiscal year, and operating income was ¥22.4 billion, an increase of 21.7% year on

year. Both sales and operating income increased.

This segment net sales accounted for 32.4% of the Company's total sales.

Cement, Building Materials and Others

In the cement business, business conditions became increasingly harsh because not only demand for public works has been following a gradual downward trend, but demand for private-sector capital investment and housing construction has fallen due to the delay in building confirmation. In addition, such factors as sharp price hikes in raw materials and fuels, owing primarily to steeply rising coal prices, and higher fixed costs from repair work of production facilities, etc. had a significant impact on the performance of this business. We responded to these conditions by revising sales prices and lowering costs through improving production efficiency and other measures.

The recycling and environment business made profits, as a result of an effort to accept larger volume of wastes used as raw materials, among others.

In the building materials and others business, the Shanon group, which is developing plastic window sash business, endeavored to revise sales prices and lower costs in response to a decrease in demand caused by the delay in building confirmation and rising raw materials prices. However, its performance was sluggish.

As a result of the above, this segment sales were ¥66.3 billion, a decrease of 2.8% from the corresponding period of the previous fiscal year, and operating income was ¥3.1 billion, a decrease of 2.5% year on year. Both sales and operating income were down.

The segment's net sales accounted for 29.1% of Tokuyama's total sales.

Segment information

Third Quarter Fiscal 2006 (April 1, 2006 – December 31, 2006)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales						
Sales to customers	84,265	65,108	68,266	217,640	—	217,640
Inter-segment sales/transfer	1,388	51	7,784	9,224	(9,224)	—
Total	85,653	65,159	76,051	226,864	(9,224)	217,640
Operating expenses	79,565	46,698	72,809	199,073	(6,513)	192,560
Operating income	6,087	18,461	3,241	27,791	(2,710)	25,080

Third Quarter Fiscal 2007 (April 1, 2007 – December 31, 2007)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales						
Sales to customers	88,002	73,949	66,359	228,312	—	228,312
Inter-segment sales/transfer	1,279	38	9,366	10,683	(10,683)	—
Total	89,282	73,987	75,725	238,996	(10,683)	228,312
Operating expenses	85,166	51,527	72,565	209,258	(7,854)	201,404
Operating income	4,115	22,460	3,160	29,737	(2,829)	26,908

[Reference] Fiscal 2006 (April 1, 2006 – March 31, 2007)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales						
Sales to customers	112,536	90,524	89,702	292,764	—	292,764
Inter-segment sales/transfer	1,854	62	11,429	13,346	(13,346)	—
Total	114,391	90,587	101,131	306,110	(13,346)	292,764
Operating expenses	106,173	64,758	96,928	267,860	(9,833)	258,026
Operating income	8,218	25,828	4,203	38,250	(3,513)	34,737