
First Half Fiscal 2005 Presentation for IR Meeting (Extract)

Tokuyama Corporation

November 11th, 2005

Financial Highlights

(Billions of Yen)

	First half Fiscal 2005		First half Fiscal 2004		Change	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
【Profit and Loss】						
Net sales	123.7	80.5	111.8	72.5	+11.9	+ 8.0
Operating income	10.3	6.9	7.0	3.9	+ 3.3	+ 3.0
Ordinary income	8.8	6.5	5.5	3.5	+ 3.3	+ 3.0
Net income	5.6	4.5	2.2	2.8	+ 3.3	+ 1.6
【Financial Position】	As of September 30. 2005		As of March 31. 2005			
Total assets	321.2	269.1	308.9	258.3	+ 12.2	+ 10.8
Shareholders' equity	143.4	133.0	134.3	125.3	+ 9.0	+ 7.7
Equity ratio	44.7%	49.4%	43.5%	48.5%	+ 1.2%	+ 0.9%

First Half Fiscal 2005 Highlights

– Increase in both Net sales and Income in all segments –

Increase in both Net sales and Income in all segments

- ◆ Offsetting the rise in raw materials and fuel prices by correcting prices of Chemicals and Cements
- ◆ The great contribution to the operating income by correcting the polycrystalline silicon price

Net Sales : Non-consolidated +¥ 8.0 billion, Consolidated +¥11.9 billion

(Non-consolidated) : mainly increase in Net Sales by the price factor

(Quantitative factors) Fumed silica, Environmental resources business

(Price factors) Polycrystalline silicon, Caustic soda, PO, Vinyl chloride monomer (VCM), Cement

(Consolidated)

(Quantitative factors) Cement sales subsidiaries (consolidation effect of Kansai Tokuyama trading Co., Ltd.)

(Price factors) Shin Dai-ichi Vinyl Corporation (PVC), Sun-Tox Co., Ltd. (OPP film)

Cost of Sales : Non-consolidated +¥4.4 billion, Consolidated +¥5.5 billion

- ◆ The Cost increase by the rise in raw materials and fuel prices
- ◆ Change for allocating cost of 2 group companies

(Decrease of 3.2 billion yen in consolidated cost of sales, but no effect on operating income)

Net Sales/Operating income by Business Segment

(Billions of Yen)

	First Half Fiscal 2005		First Half Fiscal 2004		Changes	
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income
Chemicals	48.7	3.6	44.7	3.2	+ 3.9	+ 0.4
Tokuyama	35.1	1.5	32.1	1.9	+ 2.9	▲ 0.3
Tokuyama Group (including consolidation adjustment)	13.5	2.0	12.5	1.3	+ 1.0	+ 0.7
Specialty Products	35.4	6.6	31.7	3.9	+ 3.6	+ 2.7
Tokuyama	25.5	6.1	21.7	2.9	+ 3.8	+ 3.1
Tokuyama Group (including consolidation adjustment)	9.8	0.5	10.0	0.9	▲ 0.1	▲ 0.4
Cement, Building Materials and Others	39.6	1.4	35.4	1.3	+ 4.2	+ 0.1
Tokuyama	19.8	0.6	18.6	0.5	+ 1.2	+ 0.1
Tokuyama Group (including consolidation adjustment)	19.7	0.8	16.7	0.7	+ 3.0	+ 0
Total	123.7	11.7	111.8	8.4	+11.9	+ 3.2
Intra-segment eliminations and corporate	-	▲ 1.3	-	▲ 1.4	-	+ 0
Consolidated results	123.7	10.3	111.8	7.0	+11.9	+ 3.3

Factors Affecting Chemicals Segment

(Billions of Yen)

	Net Sales			Operating income		
	First Half Fiscal 2005	First Half Fiscal 2004	Change	First Half Fiscal 2005	First Half Fiscal 2004	Change
Tokuyama	35.1	32.1	+ 2.9	1.5	1.9	▲ 0.3
Tokuyama Group	13.5	12.5	+ 1.0	2.0	1.3	+ 0.7
Total	48.7	44.7	+ 3.9	3.6	3.2	+ 0.4

	Factors Impacting Net Sales	Factors Impacting Operating Income
Tokuyama	<p>Chlor-Alkali Caustic soda , Propylene Oxide Increase in revenues due to keeping up their prices</p> <p>NOC (New Organic Chemicals) Increase in revenues due to keeping up the price and increased sales of IPA</p> <p>Vinyl chloride monomer (VCM) Increase in revenues due to keeping up the price and increased sales</p>	<p>Chlor-Alkali Offsetting the rise in energy and raw materials prices</p> <p>Soda ash • Calcium chloride Improvement in earnings due to keeping up the price of soda ash</p> <p>NOC (New Organic Chemicals) Offsetting the cost increase by keeping up the price and increasing the sales</p> <p>Vinyl chloride monomer (VCM) Decrease in earnings due to the rise in raw material and fuel costs</p>
Tokuyama Group	<p>Shin Dai-ichi Vinyl Corp. (PVC) Sun Tox Co.,Ltd. Increase in revenues due to keeping up their prices</p>	<p>Shin Dai-ichi Vinyl Corp. (PVC) Offsetting the cost increase by keeping up the price</p> <p>Sun Tox Co.,Ltd. Increase in earnings by keeping up the prices and rationalization</p>

Factors Affecting Specialty Products Segment

(Billions of Yen)

	Net Sales			Operating income		
	First Half Fiscal 2005	First Half Fiscal 2004	Change	First Half Fiscal 2005	First Half Fiscal 2004	Change
Tokuyama	25.5	21.7	+ 3.8	6.1	2.9	+ 3.1
Tokuyama Group	9.8	10.0	▲ 0.1	0.5	0.9	▲ 0.4
Total	35.4	31.7	+ 3.6	6.6	3.9	+ 2.7

	Factors Impacting Net Sales	Factors Impacting Operating Income
Tokuyama	<p>【 Si business 】 Electronics materials Increase in revenues due to price adjustment of polycrystalline silicon</p> <p>【Advanced materials business 】 IC Chemicals Steady sales of high purity chemicals for semiconductors and liquid crystal Fine chemicals Robust sales of plastic lens materials Shapal (Aluminum nitride) Decrease in earnings due to the harder competition in the DVD field</p>	<p>【 Si business 】 Electronics materials Increase in earnings due to adjustment of the polycrystalline silicon price Silica and derivatives Precipitated silica : Decrease in earnings by the rise of the raw material prices Fumed silica : Decrease in earnings by the increase of depreciation</p> <p>【Advanced materials business 】 IC Chemicals high purity chemicals for electronics : Decrease in earnings due to a rise in raw material costs and the increase of depreciation Fine Chemicals Increase in earnings due to robust sales of plastic lens materials</p>
Tokuyama Group	<p>Taiwan Tokuyama Corp. Robust sales of high purity chemicals for semiconductors and liquid crystal A&T Corp. Decrease in earnings due to the harder competition in the Laboratory information system Increase in revenues due to cultivation of markets in Europe and the U.S. Eurodia Industrie S.A. Decrease in earnings due to discontinuance of the big project</p>	<p>Taiwan Tokuyama Corp. Increase in earnings due to increase in revenues and cost reduction A&T Corp. Decrease in earnings due to sales decrease and increase of selling, general and administrative expenses Eurodia Industrie S.A. Decrease in earnings due to sales decrease</p>

Factors Affecting Cement, Building Materials and Others Segment

(Billions of Yen)

	Net Sales			Operating income		
	First Half Fiscal 2005	First Half Fiscal 2004	Change	First Half Fiscal 2005	First Half Fiscal 2004	Change
Tokuyama	19.8	18.6	+ 1.2	0.6	0.5	+ 0.1
Tokuyama Group	19.7	16.7	+ 3.0	0.8	0.7	+ 0
Total	39.6	35.4	+ 4.2	1.4	1.3	+ 0.1

	Factors Impacting Net Sales	Factors Impacting Operating Income
Tokuyama	<p>Cement Increase in revenues due to price adjustment and recovery of domestic demand</p> <p>Environmental resources business Increase in revenues due to a larger amount of disposal</p>	<p>Cement Decrease in earnings due to the cost rise in crude oil and other fuel costs</p> <p>Environmental resources business Increase in earnings due to a larger amount of disposal</p>
Tokuyama Group	<p>Cement and others sales subsidiaries Increase in revenues due to the new consolidation of Kansai Tokuyama Trading</p> <p>Ready Mixed Concrete companies Increase in revenues due to recovery of sales</p> <p>Shanon Co., Ltd Increase in revenues due to increase in sales</p>	<p>Ready Mixed Concrete companies Improvement in earnings due to increase in sales</p> <p>Shanon Co., Ltd Decrease in earnings due to rise in raw material prices and selling, general and administrative expenses</p>

Net Sales/Operating income by Business Segment

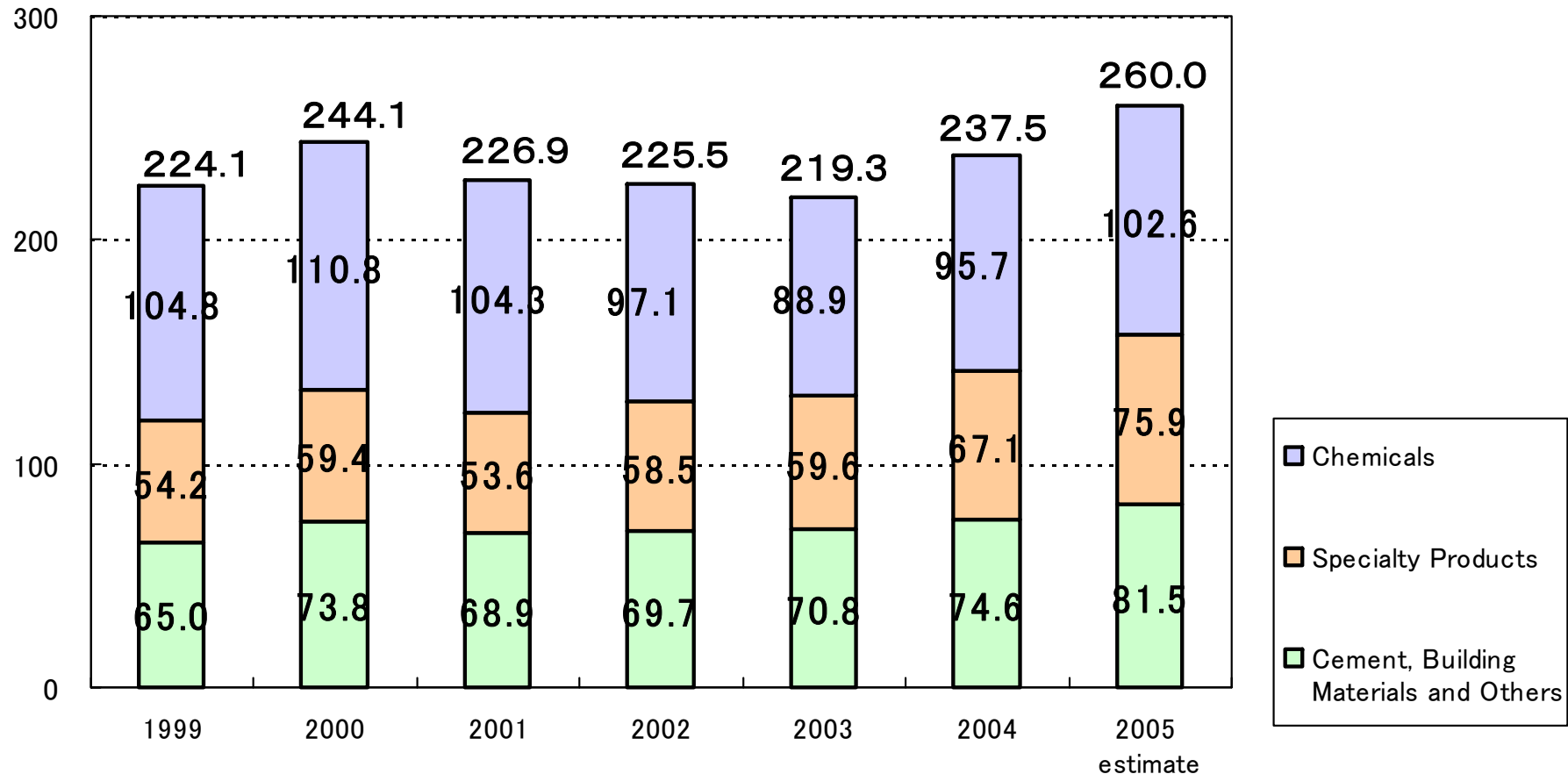
(Full year comparison)

(Billions of Yen)

	2005 Estimate		2004 Results		Changes	
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income
Chemicals	102.6	7.2	95.7	8.5	+ 6.8	▲ 1.3
Tokuyama	73.4	3.7	69.6	4.3	+ 3.7	▲ 0.6
Tokuyama Group (including consolidation adjustment)	29.2	3.5	26.0	4.1	+ 3.1	▲ 0.6
Specialty Products	75.9	14.1	67.1	9.2	+ 8.7	+ 4.8
Tokuyama	53.3	12.3	45.8	6.9	+ 7.4	+ 5.3
Tokuyama Group (including consolidation adjustment)	22.6	1.8	21.2	2.2	+ 1.3	▲ 0.4
Cement, Building Materials and Others	81.5	3.7	74.6	3.2	+ 6.8	+ 0.4
Tokuyama	41.3	2.0	39.8	1.8	+ 1.4	+ 0.1
Tokuyama Group (including consolidation adjustment)	40.2	1.7	34.7	1.4	+ 5.4	+ 0.3
Total	260.0	25.0	237.5	21.0	+22.4	+ 3.9
Intra-segment eliminations and corporate	-	▲ 3.0	-	▲ 2.8	-	▲ 0.1
Consolidated results	260.0	22.0	237.5	18.1	+22.4	+ 3.8

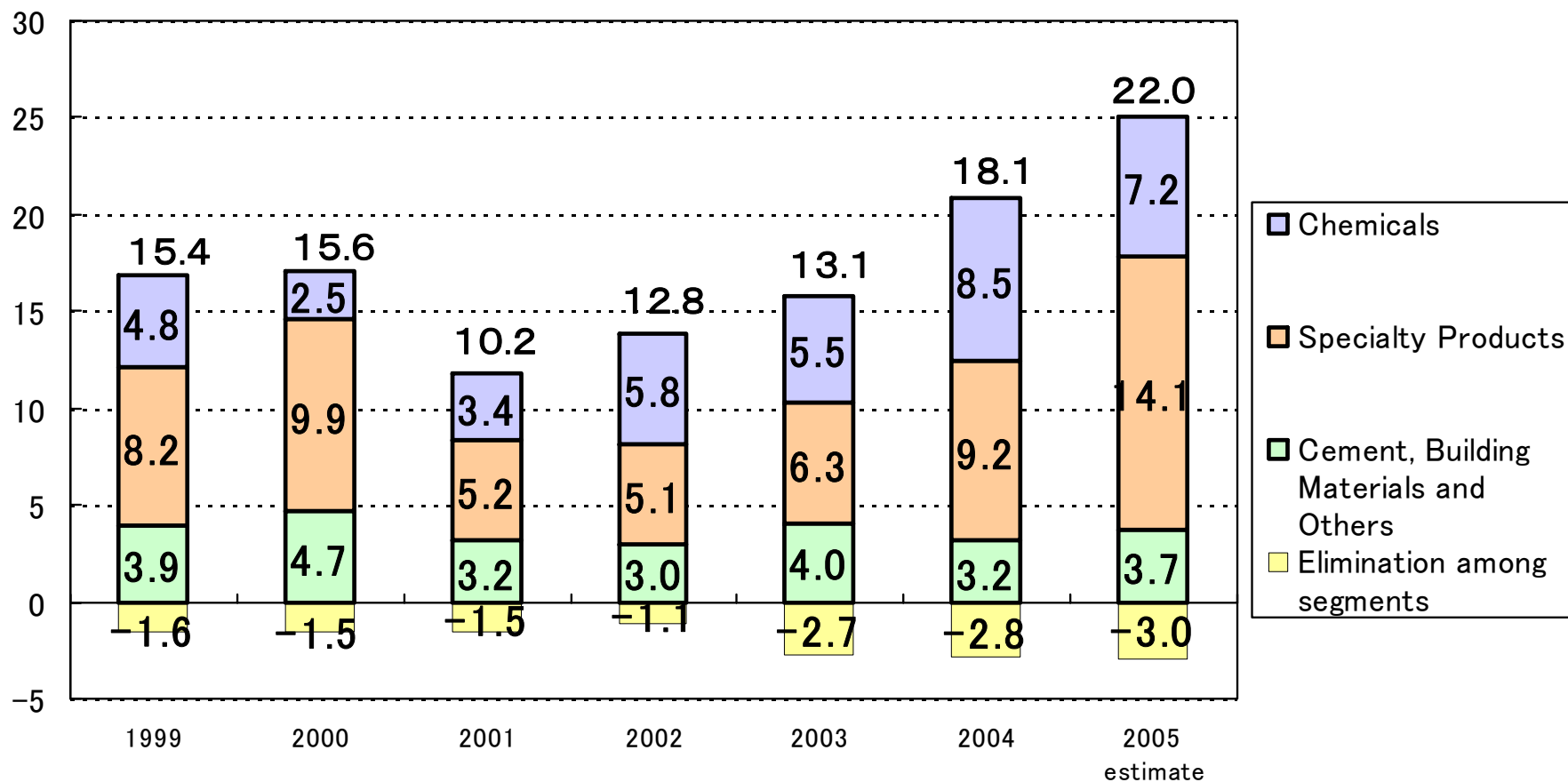
Sales by Business Segment (consolidated)

(Billions of Yen)



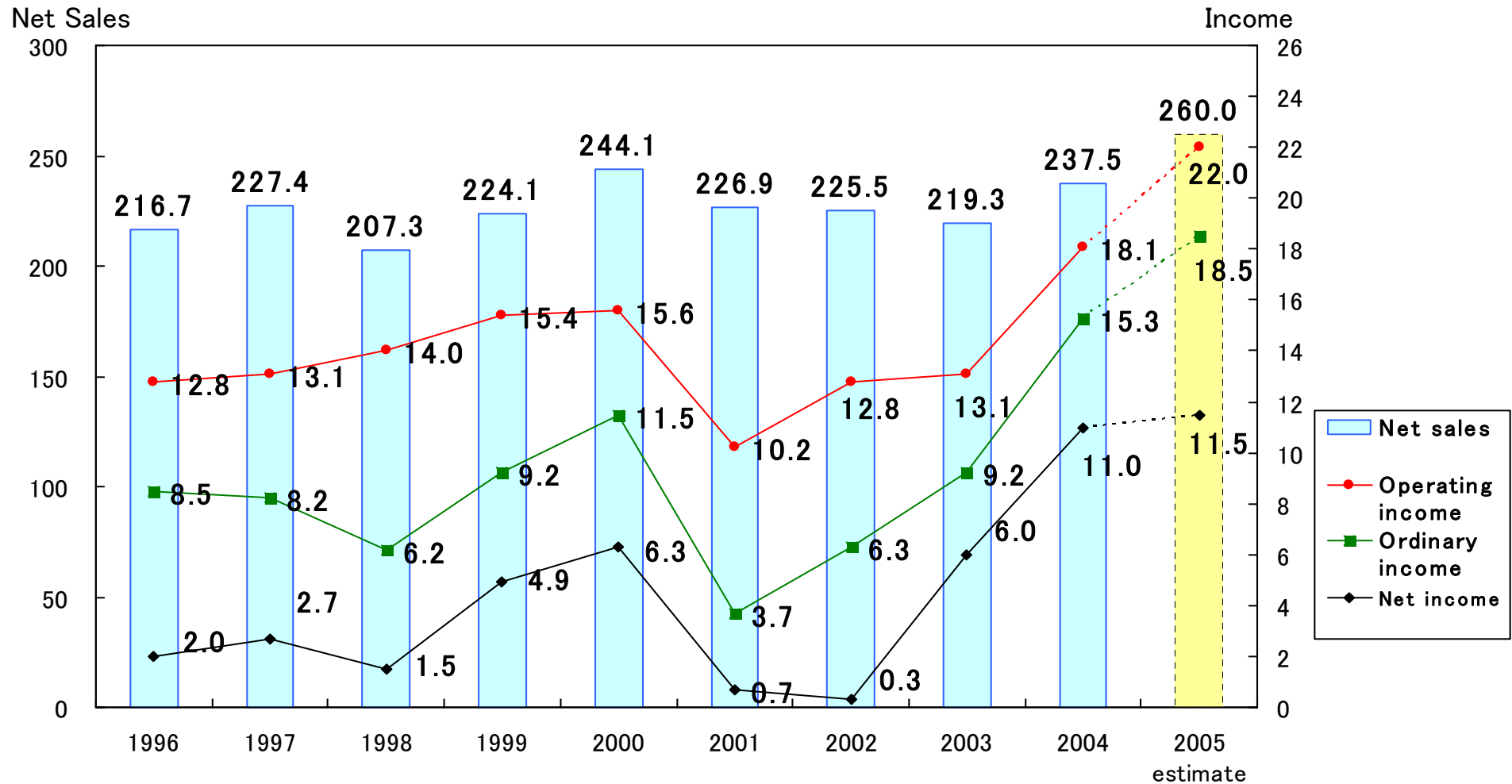
Operating income by Business Segment (consolidated)

(Billions of Yen)



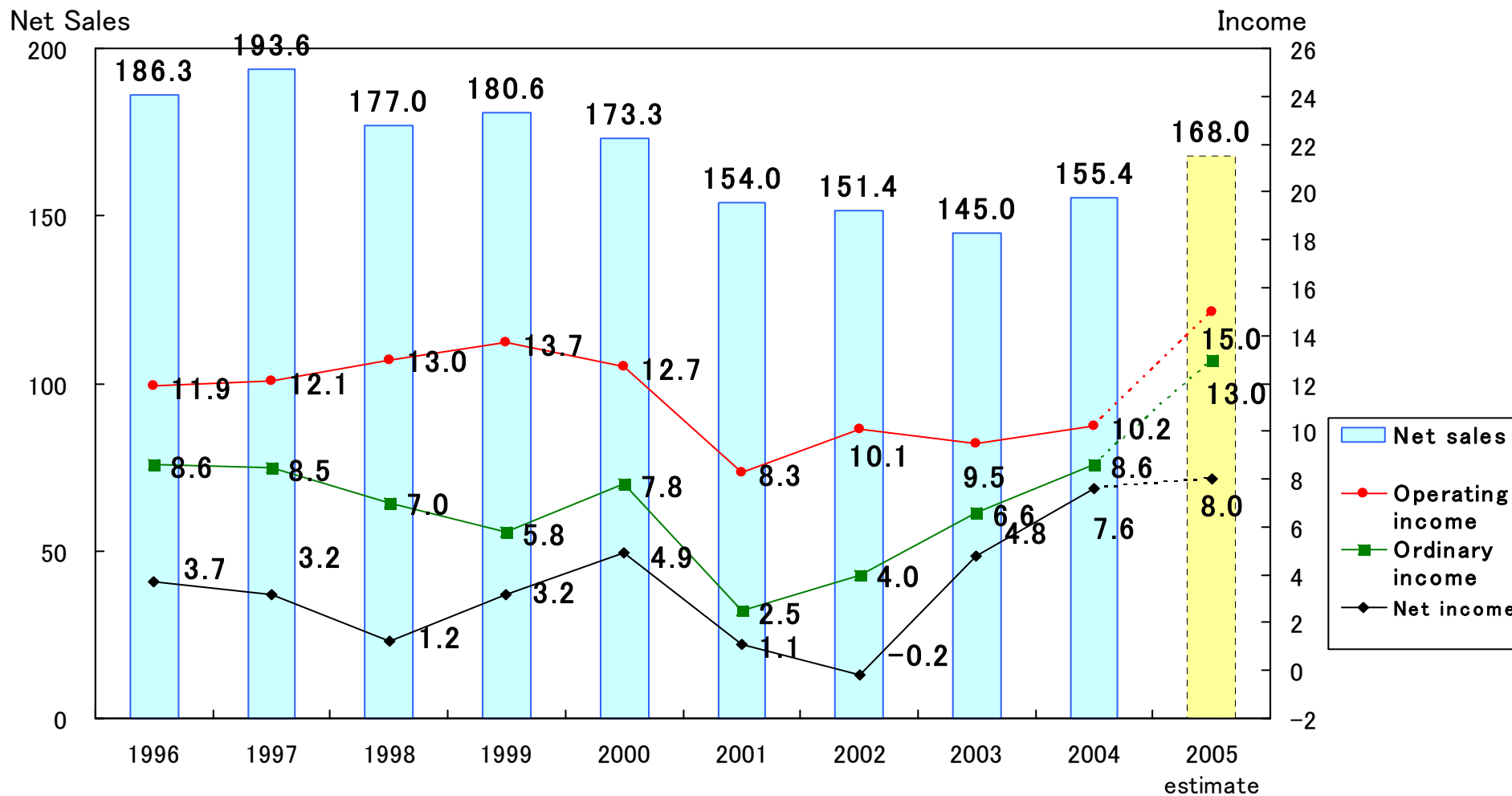
Business Results (1996 – 2005)(Consolidated)

(Billions of Yen)



Business Results (1996 – 2005) (Non-Consolidated)

(Billions of Yen)



Principal indicators

(Billions of Yen)

		Fiscal 2005 estimate		Fiscal 2004		Fiscal 2003	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Capital investment	Approved limit total	24.5	22.1	17.5	15.0	16.6	13.6
	Results	—	—	14.3	12.5	16.2	13.8
Depreciation		17.7	14.2	18.4	14.6	18.9	15.1
R&D expenses		9.7	7.5	8.8	6.8	8.7	6.5