

Summary of Consolidated Financial Statements for the First Quarter Fiscal 2007

July 30, 2007

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

Stock exchange listings:

Tokyo, Osaka
Local Code : 4043

1. Consolidated results for fiscal first quarter ended June 30, 2007 (April 1, 2007 - June 30, 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 [%]
First Quarter Fiscal 2007	75,277	6.5	9,164	18.3	8,739	24.2
First Quarter Fiscal 2006	70,658	16.6	7,745	48.1	7,039	62.5
Fiscal 2006	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)
First Quarter Fiscal 2007	5,191	28.2	18.92	-
First Quarter Fiscal 2006	4,049	60.9	14.75	-
Fiscal 2006	18,460	-	67.24	-

[Qualitative information on consolidated business results]

In this First Quarter Fiscal 2007, both net sales and operating income surpassed the results recorded in the corresponding period of the previous fiscal year.

Chemicals

Despite cost reduction and sales price revisions, the performance of each business in this segment was on the whole unfavorable due primarily to a negative impact of rising raw materials and fuels prices.

As a result of the above, this segment recorded sales of ¥29.3 billion, up 6.4% compared with the corresponding period of the previous fiscal year, and operating income of ¥1.1 billion, a decrease of 17.4% year on year. Sales rose, while operating income fell.

This segment accounted for 38.9% of total net sales.

Specialty Products

Sales of polycrystalline silicon and fumed silica remained brisk. Results for plastic lens-related materials in the fine chemicals business and photoresist developer for semiconductors and LCDs were firm. By contrast, in aluminum nitride (Shapal), although Tokuyama continued to focus on lowering costs, results were sluggish.

A&T Corporation recorded solid results, owing to cost reduction together with strong sales of laboratory information systems, etc.

As a result of the above, total sales in this segment were ¥24.6 billion, an increase of 15.0% compared with the corresponding period of the previous fiscal year, and operating income was ¥8.0 billion, an increase of 25.5% year on year. Both sales and operating income increased.

This segment net sales accounted for 32.8% of the Company's total sales.

Cement, Building Materials and Others

In the cement business, demand for private-sector capital investment and housing construction was firm mainly in large cities. However, business conditions generally remained adverse, because demand for public works has been following a gradual downward trend. In addition, such factors as sharp price hikes in raw materials and fuels, owing especially to steeply rising coal prices, and higher manufacturing fixed costs due to repair work of production facilities had a significant impact on the performance of this business. Tokuyama responded to these conditions by revising sales prices, reducing unprofitable sales including selling purchase products and cutting costs through promoting efficiency of production and other measures.

The recycling & environment business made profit, as a result of, among others, an effort to accept more wastes used as raw materials.

In the building materials and others business, the Shanon group, which is developing plastic window sash business, endeavored to lower costs and revise sales prices in response to the rising raw materials prices and other factors. However, the performance was sluggish.

As a result of the above, this segment sales were ¥21.2 billion, a decrease of 1.7% from the corresponding period of the previous fiscal year, and operating income was ¥1.0 billion, an increase of 35.2% year on year. Sales for this first quarter fell over the corresponding period of the previous fiscal year, although operating income was up.

The segment's net sales accounted for 28.3% of Tokuyama's total sales.

(2) Consolidated Financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
June. 30, 2007	370,484	202,506	53.1	716.38
June. 30, 2006	354,970	184,608	50.8	656.09
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)
First Quarter Fiscal 2007	1,719	(5,683)	(6,164)	19,101
First Quarter Fiscal 2006	5,047	(4,002)	(7,242)	24,922
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)

[Reference]

	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 [%]
First Half	154,000	8.7	17,500	15.7	16,000	17.3	10,000	24.0
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 : 72.88 yen

Regarding the performance projections for First Half Fiscal 2007 and Fiscal 2007, we have not revised the figures which were made public on May 11, 2007 on both consolidated and non-consolidated bases.

※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.

Segment information

First Quarter Fiscal 2006 (April 1, 2006 – June 30, 2006)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales						
Sales to customers	27,535	21,470	21,653	70,658	—	70,658
Inter-segment sales/transfer	442	24	2,416	2,883	(2,883)	—
Total	27,977	21,495	24,069	73,542	(2,883)	70,658
Operating expenses	26,526	15,113	23,319	64,960	(2,047)	62,912
Operating income	1,450	6,382	749	8,582	(836)	7,745

First Quarter Fiscal 2007 (April 1, 2007 – June 30, 2007)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales						
Sales to customers	29,303	24,690	21,284	75,277	—	75,277
Inter-segment sales/transfer	447	13	2,953	3,413	(3,413)	—
Total	29,750	24,703	24,237	78,691	(3,413)	75,277
Operating expenses	28,552	16,692	23,223	68,468	(2,354)	66,113
Operating income	1,198	8,010	1,013	10,223	(1,058)	9,164

[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