

Summary of Consolidated Financial Statements for the First Quarter Fiscal 2008

August 1, 2008

Tokuyama Corporation

Stock exchange listings:

Tokyo, Osaka

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

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1. Consolidated results for fiscal first quarter ended June 30, 2008 (April 1, 2008 - June 30, 2008)

(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 2008	78,697	-	7,458	-	7,542	-
First Quarter Fiscal 2007	75,277	6.5	9,164	18.3	8,739	24.2

	Net income		Net income per share	Diluted net income per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
First Quarter Fiscal 2008	4,433	-	16.16	-
First Quarter Fiscal 2007	5,191	28.2	18.92	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
June 30, 2008	386,745	210,719	52.7	743.40
Mar. 31, 2008	383,264	206,135	51.9	725.37

(Reference) Shareholders' equity: June 30, 2008: 203,949 million yen Mar. 31, 2008: 199,010 million yen

2. Dividends

(Period)	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual
Fiscal 2007, ended Mar 31, 2008	(yen) -	(yen) 3.00	(yen) -	(yen) 6.00	(yen) 9.00
Fiscal 2008, ending Mar 31, 2009	-				
Fiscal 2008 (Forecast)		3.00	-	3.00	6.00

Fiscal 2007 annual dividends per share of 9 yen include commemorative dividends of 3 yen.

(Note) Revision of dividends forecast during this quarter: No

3. The consolidated performance forecast for Fiscal 2008 (April 1, 2008 - March 31, 2009)

(% indicates the rate of change over the corresponding previous period, such as the previous fiscal year or the previous first half fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(yen)
First Half Fiscal 2008	161,000	7.2	14,500	(20.2)	13,500	(18.8)	8,500	(13.5)	30.98
Fiscal 2008	331,000	7.7	30,000	(15.1)	28,500	(6.2)	17,500	(7.4)	63.79

(Note) Revision of consolidated performance forecast during this quarter: No

4. Other information

(1) Changes of significant subsidiaries in the scope of consolidation during this period

: No

(2) Application of simplified accounting methods and accounting methods specific to the preparation of the quarterly consolidated financial statements

: Yes

(3) Changes of accounting principles, procedures and presentation methods, etc. related to the preparation of the quarterly consolidated financial statements

i. Changes by revision of accounting standard: Yes

ii. Changes other than the above: Yes

(4) Number of shares issued (in common stock)

i. Number of shares issued at end of period (including treasury stock):	First Quarter Fiscal 2008:	275,671,876	Fiscal 2007:	275,671,876
ii. Number of treasury stock at end of period:	First Quarter Fiscal 2008:	1,325,687	Fiscal 2007:	1,314,323
iii. Average number of shares over period:	First Quarter Fiscal 2008:	274,351,209	First Quarter Fiscal 2007:	274,416,983

(Notes) Cautions pertaining to appropriate use of performance forecast and other particular items

(1) The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance because of various factors that may arise from now on.

(2) Effective from the current consolidated fiscal year, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12, March 14, 2007) and its Implementation Guidance, the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14).

The quarterly consolidated financial statements have been prepared in accordance with the “Regulation on Quarterly Consolidated Financial Reporting.”

[Qualitative information on consolidated financial statements]

1. Qualitative information on consolidated business results

In this First Quarter Fiscal 2008, we registered increase in net sales, while operating income fell compared with the corresponding period of the previous fiscal year.

Chemicals

Despite sales price revisions and cost reduction, the performance in this segment was unfavorable due to a negative impact of rising raw materials and fuel prices.

As a result of the above, this segment recorded sales of ¥30.6 billion, up 4.6% compared with the corresponding period of the previous fiscal year, and operating income of ¥0.7 billion, a decrease of 38.1% year on year. Sales rose, while operating income fell.

This segment accounted for 39.0% of total net sales.

Specialty Products

Sales of polycrystalline silicon remained brisk. In contrast, results of isopropyl alcohol for electronics manufacturing were severely affected by the steep rise of raw materials and fuel prices. In aluminum nitride (Shapal), although Tokuyama continued to focus on lowering costs, results were weak.

A&T Corporation recorded unfavorable results, owing to decreased sales of laboratory information systems, etc.

As a result of the above, sales in this segment were ¥26.6 billion, an increase of 7.7% compared with the corresponding period of the previous fiscal year, and operating income was ¥7.7 billion, a decrease of 2.9% year on year. Sales rose, while operating income declined.

This segment net sales accounted for 33.8% of the Company's total sales.

Cement, Building Materials and Others

In the cement business, Tokuyama revised sales prices in response to steeply rising prices of coal, other raw materials and fuel.

However, business conditions became 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 price hikes of building materials. In addition, higher manufacturing fixed costs due to repair work of production facilities had a negative impact on profitability of the business, with the result that the performance of this business was sluggish.

The recycling & environment business secured profit, as a result of, among others, an effort to lower costs.

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 decreased demand and rising raw materials prices. However, the business performance was weak.

As a result of the above, this segment sales were ¥21.4 billion, an increase of 0.7% from the corresponding period of the previous fiscal year, and operating income was ¥50 million, a decrease of 95.0% year on year. Sales for this first quarter rose over the corresponding period of the previous fiscal year, although operating income dropped.

The segment's net sales accounted for 27.2% of Tokuyama's total sales.

2. Qualitative information on consolidated financial position

As of June 30, 2008, total assets amounted to ¥386.7 billion, an increase of ¥3.4 billion compared with those as of March 31, 2008. This was due primarily to a decrease of ¥13.4 billion in cash in hand and deposits at bank, an increase of ¥5.9

billion in tangible fixed assets, an increase of ¥2.7 billion in trade notes and accounts, and an increase of ¥2.3 billion in inventories.

Total liabilities amounted to ¥176.0 billion, a decrease of ¥1.1 billion compared with those as of March 31, 2008. This mainly reflected redemption of bonds issued of ¥5.0 billion and an increase of ¥1.9 billion in deferred tax liabilities.

Net assets totaled ¥210.7 billion, an increase of ¥4.5 billion compared with those as of March 31, 2008. The main contributory factors were an increase of ¥2.7 billion in retained earnings and an increase of ¥2.8 billion in unrealized holding gains on available-for-sale securities. As a result, the ratio of shareholders' equity to total assets was 52.7%, up from 51.9% as of March 31, 2008.

3. Qualitative information on consolidated performance forecast

We have been facing a severe operating environment, such as price hikes of natural resources including crude oil and coal, and concern over an economic slowdown in the U.S and Japan. Under such circumstances, our business results during this fiscal first quarter were largely level with the figures we expected. In addition, we anticipate that business results will be achieved as planned for the rest of this fiscal year.

Therefore, regarding the performance forecast for First Half Fiscal 2008 and Fiscal 2008, we have not revised the figures which were made public on May 12, 2008.

Segment information

First Quarter Fiscal 2008 (April 1, 2008 – June 30, 2008)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales						
Sales to customers	30,662	26,602	21,432	78,697	—	78,697
Inter-segment sales/transfer	359	9	4,046	4,415	(4,415)	—
Total	31,021	26,612	25,478	83,113	(4,415)	78,697
Operating expenses	30,279	18,835	25,427	74,543	(3,303)	71,239
Operating income	742	7,777	50	8,570	(1,111)	7,458

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