

Summary of Consolidated Financial Statements for the Third Quarter Fiscal 2006

Feb. 6, 2007

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, 2006 (April 1, 2006 - December 31, 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 [%]
Third Quarter Fiscal 2006	217,640	12.7	25,080	49.7	23,081	55.1
Third Quarter Fiscal 2005	193,044	11.1	16,759	40.9	14,880	56.7
Fiscal 2005	263,373	10.9	24,311	33.8	21,493	40.1

	Net income		Net income per share	Diluted net income per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
Third Quarter Fiscal 2006	14,616	53.9	53.23	-
Third Quarter Fiscal 2005	9,496	92.0	36.43	-
Fiscal 2005	13,964	26.8	52.61	-

[Qualitative information of consolidated business results]

In this Third Quarter Fiscal 2006, our business results were better than those of the corresponding period of the previous fiscal year in both net sales and operating income.

Chemicals

Our performance in this segment has gotten better through revising selling prices of products which were hit by a rise in prices of raw materials and fuels.

As a result, this segment recorded sales of ¥84.2 billion, up 11.1% compared with the corresponding period of the previous fiscal year, and operating income of ¥6.0 billion, an increase of 6.8% compared with the corresponding period of the previous fiscal year, hitting year-on-year growth in terms of both revenue and profit.

This segment accounted for 38.7% of total net sales.

Specialty Products

Demand for polycrystalline silicon has been favorable in both polycrystalline silicon for semiconductors and that for solar cells.

As a result, sales in the Specialty Products segment were ¥65.1 billion, an increase of 19.9% compared with the corresponding period of the previous fiscal year, and operating income was ¥18.4 billion, jumped 74.3% compared with the corresponding period of the previous fiscal year. We hit year-on-year growth in terms of both revenue and profit in this segment.

This segment's sales accounted for 29.9% of the Company's total sales.

Cement, Building Materials and Others

Our cement business was firm due to price revision, cost reduction, and so on.

As a result, this segment sales were ¥68.2 billion, an increase of 8.5% from the corresponding period of the previous fiscal year, and operating income was ¥3.2 billion, up 16.9% from the corresponding period of the previous fiscal year, hitting year-on-year growth in terms of both revenue and profit.

This segment accounted for 31.4% of total net sales.

(2) Change in Financial position (Consolidated)

	Total assets (millions of yen)	Shareholders' equity (millions of yen)	Equity ratio (%)	Shareholders' equity per share (yen)
Dec. 31, 2006	367,532	193,132	51.0	683.00
Dec. 31, 2005	359,362	173,058	48.2	630.01
Mar. 31, 2006 (reference)	361,103	179,024	49.6	651.64

(3) Cash flows (Consolidated)

	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 2006	22,359	(14,742)	(12,172)	26,737
Third Quarter Fiscal 2005	21,526	(18,641)	13,673	31,352
Fiscal 2005 (reference)	25,748	(22,758)	13,155	30,998

2. The performance outlook for Fiscal 2006 (April 1, 2006 - March 31, 2007)

We revise the consolidated performance projections for Fiscal 2006 (April 1, 2006 - March 31, 2007), which we made public at the announcement of First Half Fiscal 2006 on November 9, 2006, as follows.

[Revised figures of the consolidated performance projections for Fiscal 2006]

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Previous projections : (A)	290,000	32,000	29,000	18,000
Newly revised projections : (B)	293,000	34,000	31,000	19,500
Increase(or decrease) : (B) - (A)	3,000	2,000	2,000	1,500
Rate of increase(%)	1.0	6.3	6.9	8.3
Fiscal 2005	263,373	24,311	21,493	13,964

Reference: Prospected net income per share for fiscal 2006 : 71.03 yen

[Qualitative information on the performance outlook]

It is expected that net sales, operating income, ordinary income and net income will exceed the previous projections thanks to upward price revisions of Specialty products, slightly lower raw material costs than we expected, etc.

- ※ 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.

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/Operating income & expenses						
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 expense	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 2005 (April 1, 2005 – December 31, 2005)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales/Operating income & expenses						
Sales						
Sales to customers	75,847	54,283	62,912	193,044	—	193,044
Inter-segment sales/transfer	1,237	42	6,525	7,806	(7,806)	—
Total	77,085	54,326	69,438	200,850	(7,806)	193,044
Operating expense	71,383	43,732	66,664	181,780	(5,494)	176,285
Operating income	5,702	10,594	2,773	19,070	(2,311)	16,759

[Reference] Fiscal 2005 (April 1, 2005 – March 31, 2006)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales/Operating income & expenses						
Sales						
Sales to customers	102,647	76,715	84,010	263,373	—	263,373
Inter-segment sales/transfer	1,681	56	8,958	10,695	(10,695)	—
Total	104,328	76,772	92,968	274,069	(10,695)	263,373
Operating expense	96,634	60,667	89,472	246,774	(7,712)	239,061
Operating income	7,693	16,104	3,496	27,294	(2,982)	24,311