Chemistry with a heart
TOKUYAMA

Q2 FY2014 - Apr 1, 2014 to Sep 30, 2014 -

Financial Results

Tokuyama Corporation

October 31, 2014

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1 Financial Results for Q2 FY2014, Performance Forecasts for FY2014

1. Financial Highlights
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1. Financial Highlights for Q2 FY2014

Consolidated (year-on-year change)

(Billions of yen)

	Q2 FY2013 YTD	Q2 FY2014 YTD	Difference	
			Amount	%
Net sales	135.0	143.8	+8.8	+7
Operating income	7.8	10.5	+2.7	+36
Ordinary income	6.0	8.2	+2.1	+36
Net income/loss	4.5	(80.5)	(85.0)	-

	Q2 FY2013 YTD	Q2 FY2014 YTD
Net income per share (yen)	12.99	(231.40)
Exchange rate (¥/$)	99	103
Domestic naphtha price (¥/kl)	64,700	70,400

Qualitative information

(Net sales) *¥143.8 billion, up 7%*

Pluses: increased sales volume of cement, caustic soda, active pharmaceutical ingredients and other products, selling price revisions of petrochemicals, caustic soda and other products

(Operating income) *¥10.5 billion, up 36%*

Pluses: increased sales volume, profitability improvement of petrochemicals

1. Financial Highlights for Q2 FY2014

Consolidated (year-on-year change)

(Billions of yen)

	Q2 FY2013 YTD	Q2 FY2014 YTD	Difference	
			Amount	%
Net sales	135.0	143.8	+8.8	+7
Operating income	7.8	10.5	+2.7	+36
Ordinary income	6.0	8.2	+2.1	+36
Net income/loss	4.5	(80.5)	(85.0)	-

Net income per share (yen)	12.99	(231.40)
Exchange rate (¥/$)	99	103
Domestic naphtha price (¥/kl)	64,700	70,400

Qualitative information

(Ordinary income) *¥8.2billion, up 36%*

Pluses: increased operating income, decrease in costs of idle operations

Minuses: increase in interest expenses, change from foreign exchange gains recorded in the corresponding period of the previous year to foreign exchange losses

(Net loss) (*¥80.5 billion), fall into the red*

Plus: increased ordinary income

Minus: posting of impairment loss of on the polycrystalline silicon manufacturing facilities of Tokuyama Malaysia.

1. Financial Highlights for Q2 FY2014

Consolidated (compared with the previous fiscal year-end)

(Billions of yen, except Shareholders' equity ratio and D/E ratio)

	As of Mar 31, 2014	As of Sep 30, 2014	Changes
Total assets	576.3	552.6	(23.6)
Shareholders' equity	229.6	148.3	(81.3)
Shareholders' equity ratio	39.9%	26.8%	(13.0 Pts)
Interest-bearing debt	240.7	295.1	+54.3
D/E ratio	1.05	1.99	+0.94
Net D/E ratio*	0.74	1.25	+0.50
Net assets per share (yen)	660.18	426.31	

*Net D/E ratio: (Interest-bearing debt – Cash and deposits, Cash equivalents)/Shareholders' equity

Qualitative information

(Total assets)

Decrease factor: decrease in property, plant and equipment resulting from the impairment of polycrystalline silicon manufacturing facilities of Tokuyama Malaysia

(Shareholders' equity)

Decrease factor: decrease in retained earnings resulting from the posting recording of impairment loss

(Interest-bearing debt)

Increase factor: increased long-term loans payable

2. Changes in Operating Income

(Year-on-year change)

By Factor

(Notes) Sales volume = (sales volume in Q2 FY2014 – sales volume in Q2 FY2013) x (unit selling price in Q2 FY2013 – unit variable cost in Q2 FY2013)
Selling price = (unit selling price in Q2 FY2014 – unit selling price in Q2 FY2013) x sales volume in Q2 FY2014
Others includes change in unit variable cost , fixed cost and others

3. Revised Performance Forecasts for FY2014

Consolidated (compared with the previous forecast)

(Billions of yen)

	FY2014 Previous Forecast (Jul 31, 2014)	FY2014 Revised Forecast (Oct 31, 2014)	Difference	FY2013 Results (reference)
Net sales	300.5	309.0	+8.5	287.3
Operating income	18.5	21.0	+2.5	20.2
Ordinary income	13.5	15.0	+1.5	14.9
Net income/loss	9.5	(75.0)	(84.5)	10.2
Net income per share (yen)	27.31	(215.58)		29.37
Exchange rate (¥/$)	101	104		100
Domestic naphtha price (¥/kl)	71,200	69,700		67,300

Reasons for the revision:

(Net sales)
Pluses: increased sales volume of semiconductor-related products, active pharmaceutical ingredients and others; and a rise in export prices resulting from the weaker-than- expected yen; increased net sales of group companies
Minus: decreased sales volume of cement

(Operating income, Ordinary income)
Plus: increased net sales

(Net income/loss)
Minus: posting of impairment loss of on the polycrystalline silicon manufacturing facilities of Tokuyama Malaysia

3. Revised Performance Forecasts for FY2014

(By business segment, compared with the previous forecast)

(Billions of yen)

	FY2014 Previous Forecast (Jul 31, 2014)		FY2014 Revised Forecast (Oct 31, 2014)		Deference		FY2013 Results (Reference)	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Chemicals	96.5	3.5	96.0	4.5	(0.5)	+1.0	86.4	2.2
Specialty Products	57.5	4.0	59.5	6.0	+2.0	+2.0	52.4	6.0
Cement	80.5	6.0	81.5	5.0	+1.0	(1.0)	78.9	6.6
Life & Amenity	57.0	4.5	58.0	4.5	+1.0	0.0	57.0	4.8
Others	50.0	5.5	51.0	5.5	+1.0	0.0	47.2	4.1
Total	341.5	23.5	346.0	25.5	+4.5	+2.0	322.2	24.0
Inter-segment eliminations and corporate-wide expenses	(41.0)	(5.0)	(37.0)	(4.5)	+4.0	+0.5	(34.9)	(3.7)
Consolidated Results	300.5	18.5	309.0	21.0	+8.5	+2.5	287.3	20.2

(Note) Sales and operating income shown above include inter-segment transactions.

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2 Distribution of Surplus

1. Distribution of Surplus

2. Decision to Forgo a Portion of the Compensation Payable to Executives

1. Distribution of Surplus

Tokuyama is projecting a consolidated and non-consolidated net loss of ¥75.0 billion and ¥75.0 billion, respectively, for the full fiscal year ending March 31, 2015. Taking the above-mentioned net loss into consideration, regrettably, with a resolution at a meeting of its Board of Directors held on October 31, 2014, the Company has decided to forgo the payment of an interim dividend to shareholders of record as of September 30, 2014. The Company has also decided to revise its year-end dividend forecast and plans to forgo the payment of a year-end dividend to shareholders of record as of March 31, 2015.

We extend our deepest apologies to all shareholders for the anxiety caused and ask for their continued support and understanding.

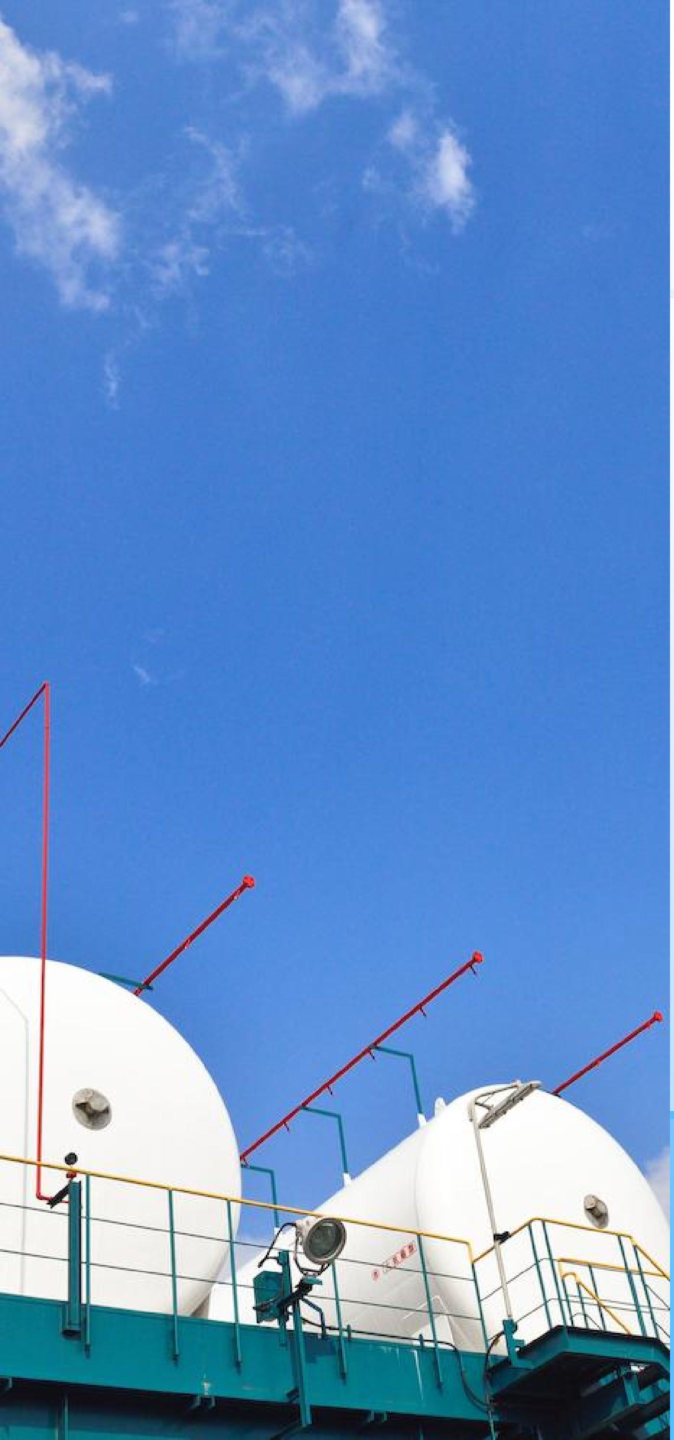
	Dividend per share (yen)		
	interim dividend	year-end dividend	total
Previous dividend forecast (Jul. 31, 2014)	3.00	3.00	6.00
Items decided	0.00	0.00 (forecast)	0.00 (forecast)
Dividend paid in previous year	3.00	3.00	6.00

2. Decision to Forgo a Portion of the Compensation Payable to Executives

Tokuyama takes most seriously the posting of an extraordinary loss totaling ¥86,027 million for the second quarter of the fiscal year under review (comprised of an impairment loss of ¥74,820 million and related expenses of ¥11,207 million in line with a review of its business plan) in connection with manufacturing facilities at the polycrystalline silicon PS-1 Plant of its consolidated subsidiary Tokuyama Malaysia Sdn. Bhd. The Company also deeply regrets its decision to forgo the distribution of surplus (payment of an interim dividend). Accordingly, Group executives have decided to voluntarily waive (return) their compensation until June 2015 as follows.

Details of the decision by executives to voluntarily waive (return) their compensation:

Monthly compensation:	Executive officers and deputy executive officers
	Voluntarily waive (return) 20% of their monthly compensation
Bonus	President, senior managing executive officer
	Voluntarily waive (return) 100% of their bonuses
	Other executive officers and deputy executive officers
	Voluntarily waive (return) 50% of their bonuses



3 Overview of the Malaysia Project

1. PS-1 (Semiconductor-Grade Polysilicon)
2. PS-2 (Solar-Grade Polycrystalline Silicon)
3. PV Market Conditions

1. PS-1 (Semiconductor-Grade Polycrystalline Silicon)

【August 2009】
Decision to construct a plant in Sarawak, Malaysia
Initial plan to produce and market solar-grade polycrystalline silicon for the foreseeable future

【February 2011】
Work to construct the plant commences

【November 2012】
Plan revised to accommodate the shift to the production and sale of mainly semiconductor-grade polycrystalline silicon

【February 2013】
Work on construction of the plant completed with the exception of certain facilities; trial operations commence thereafter

3 Overview of the Malaysia Project

1. PS-1 (Semiconductor-Grade Polycrystalline Silicon)

Following a review of its business plan, Tokuyama confirmed the evidence of impairment in connection with the polycrystalline silicon first plant (PS-1). After taking into consideration the recoverability of the fixed asset in question, Tokuyama decided to post a consolidated extraordinary loss of ¥86,027 million for the second quarter of the fiscal year under review. This extraordinary loss is comprised of an impairment loss of ¥74,820 million and related expenses totaling ¥11,207 million in line with the review of the Company's business plan.

<Background leading up to the posting of the extraordinary loss>

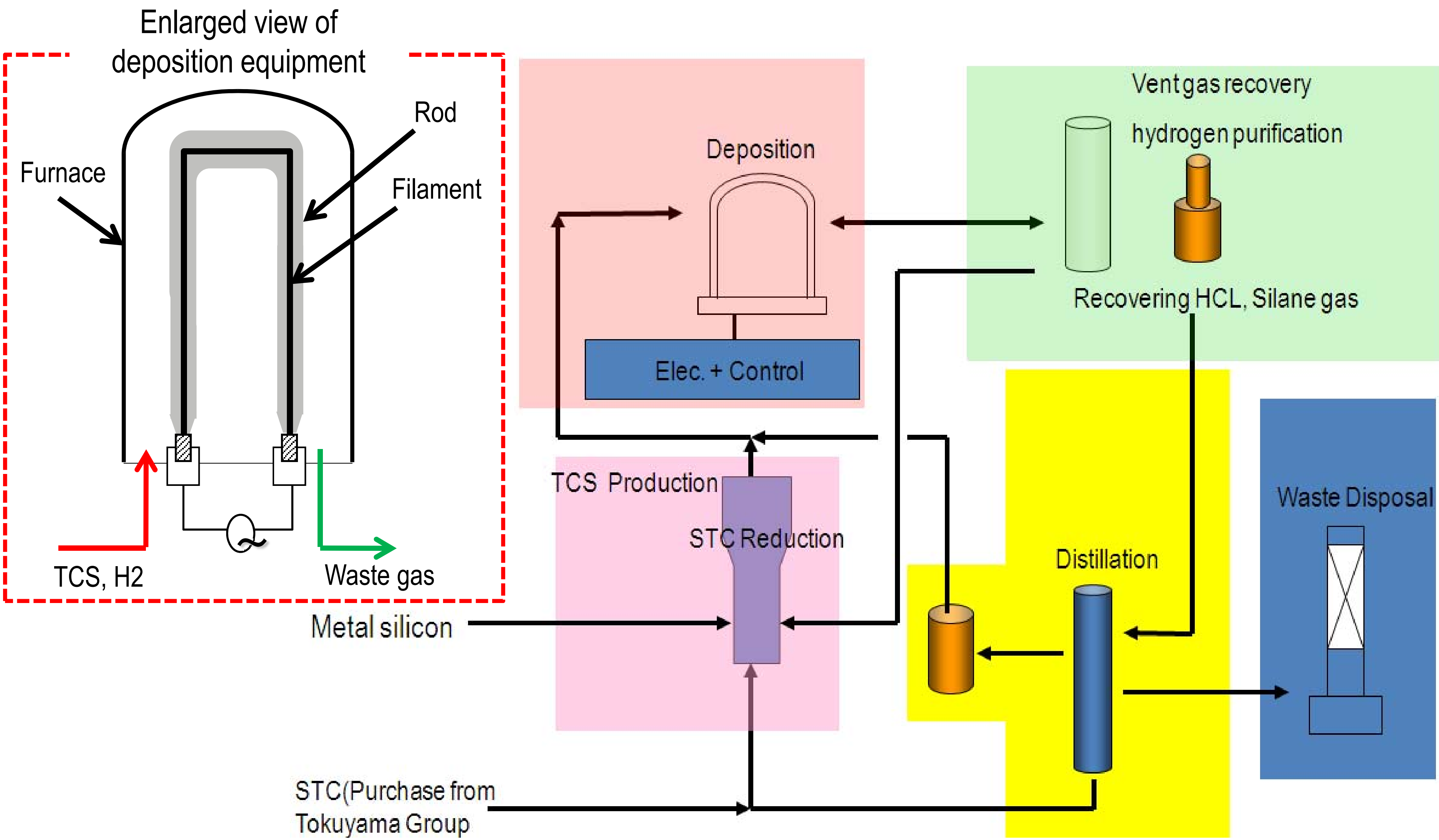
Particular emphasis is placed on quality as well as extremely high levels of purity in the production of semiconductor-grade polycrystalline silicon. Recognizing that the PS-1 Plant was unable to achieve the initially projected levels of quality and production stability, ongoing steps were taken to resolve outstanding technological issues, put in place the necessary optimal production conditions, and commence shipments of samples for customer certification at some time during fiscal 2015.
Despite these endeavors, both the Company and its subsidiary Tokuyama Malaysia Sdn. Bhd. have recently come to the understanding that with issues relating to deposition equipment, the shipment of samples for customer certification is virtually impossible for the present even after resolving outstanding technological issues. Taking into consideration the inability to put forward a business plan at this time that allows for projected future cash flows, the decision has been made to post the aforementioned extraordinary loss.

- The book value of the plant after recording an extraordinary loss is ¥3.3 billion
- There was no outflow of cash associated with the recording of the extraordinary loss

3 Overview of the Malaysia Project

1. PS-1 (Semiconductor-Grade Polycrystalline Silicon)

Production flow of polycrystalline silicon



1. PS-1 (Semiconductor-Grade Polycrystalline Silicon)

<Future Plans>

Continue to engage in activities (the development of technologies that enhance the quality of deposition processes and productivity) with the aim of producing semiconductor-grade polycrystalline silicon at the PS-1 Plant

Meanwhile, consider seeking compensation for damages from the manufacturer of deposition equipment

Production and sale of semiconductor-grade polycrystalline silicon to be undertaken at Tokuyama Factory

1. PS-1 (Semiconductor-Grade Polycrystalline Silicon)

<Future course of action>

An investigative committee, mainly comprising the Audit & Supervisory Board (including external auditors), has been established within the Company as of today.

After receiving the result of the committee’s investigation, steps will be taken to put in place and implement remedial measures.

2. PS-2 (Solar-Grade Polycrystalline Silicon)

Production capacity: 13,800 tonnes
Total amount of investment: ¥130 billion (including infrastructure and investments for utilities)

- Commenced production and sale from October 2014
- Plan to operate at full capacity in the fiscal year ending March 31, 2016
- Already concluded contracts with several wafer manufacturers including those in China

<Profitability When Operating at Full Capacity>

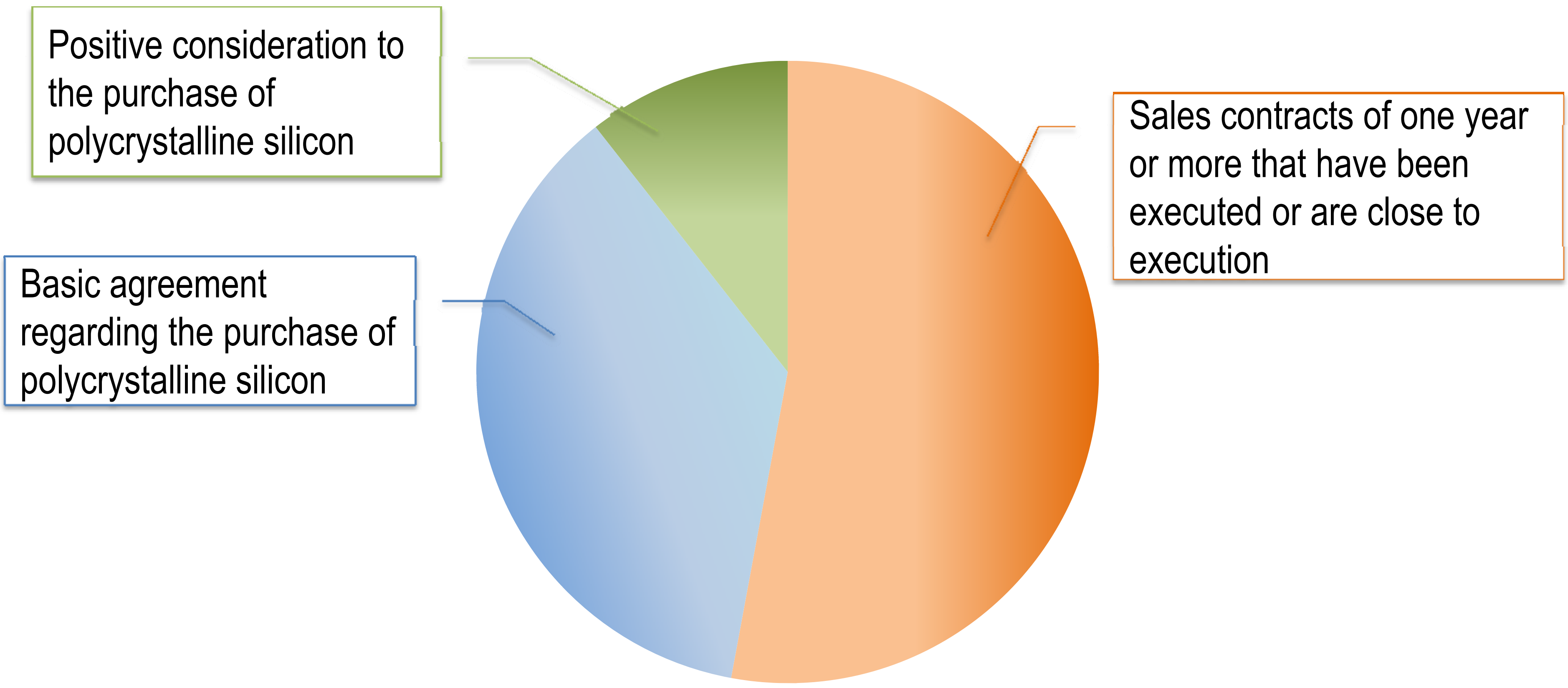
Target an EBITDA margin of at least 30%
on the assumption of a selling price of $20/kg

Work diligently to reduce costs by promoting a variety of initiatives including efforts to diversify raw materials procurement, further increase productivity, and promote management staff localization

2. PS-2 (Solar-Grade Polycrystalline Silicon)

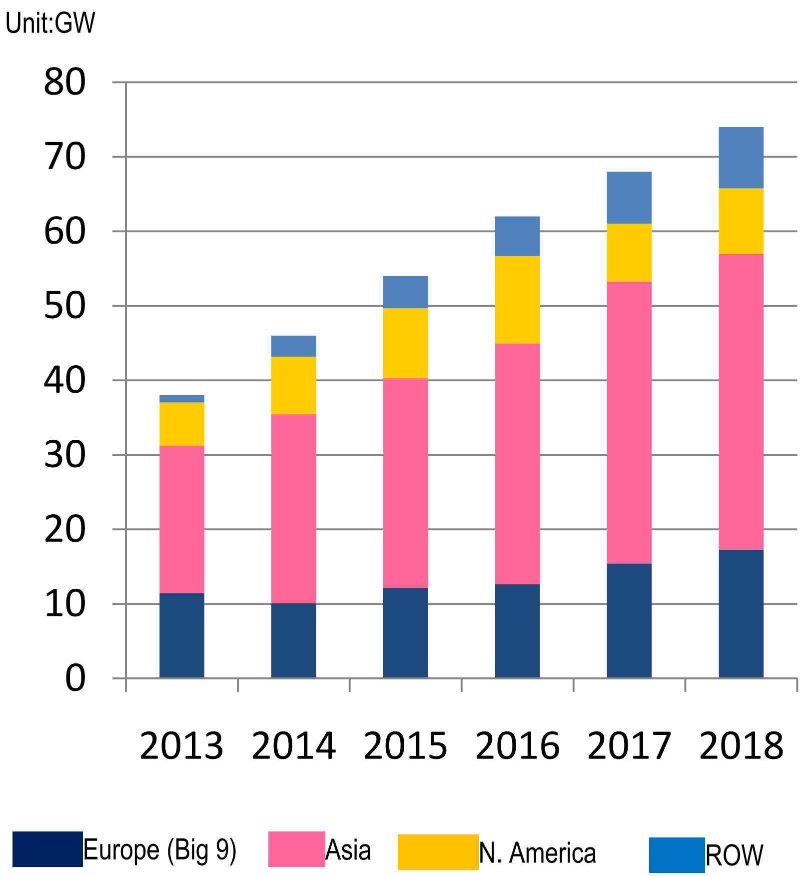
Sales Plan for the Fiscal Year Ending March 31, 2017: Approx. 13,000 tonnes

Contracts with Customers as of October 2014



3. PV Market Conditions

Forecasts of installed PV capacity by region



(Note) Tokuyama estimate based on IHS iSuppli Market Tracker (PV Integrated) Q3 2014

Conditions in each country

<China>

◆ In a bid to ensure sound industry growth, the government announced specific targets for the introduction of solar power generation facilities: 13GW in 2014 and a cumulative total of 70GW by 2017

◆ Introduction of solar power generation facilities in the first half of 2014: 3.3GW (roughly double the capacity introduced during the corresponding period of the previous year)

(Japan>

◆ Since the launch of the existing feed-in tariff system in July 2012, Japan has witnessed a rapid surge in the amount of solar power generation introduction; the introduction of solar power generation facilities exceeded 6GW in 2013; the figure exceeds 4GW for the first half of 2014 (January to June)

<The U.S.>

◆ Policy measures aimed at promoting the widespread use of a variety of solar power generation facilities is driving market growth; in particular, public policy measures at the state level are pushing forward the large-scale solar power generation market

<Europe>

◆ The solar power generation market is projected to contract slightly in 2014 due the successive shrinking and termination of policy support measures; thereafter, the market is expected to enter a growth trend on the back of a recovery in demand from major countries

4 Rolling Three-Year Plan

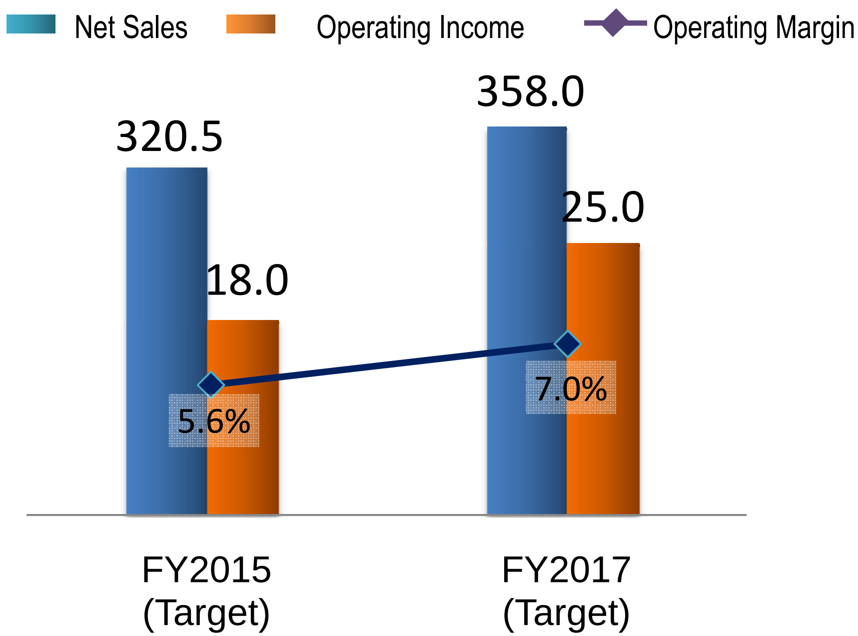
1. Numerical Targets
2. Progress under the Plan and Initiatives Going Forward
3. Financing Plan
4. Cash Flow Plan
5. Financial Policy

1. Numerical Targets

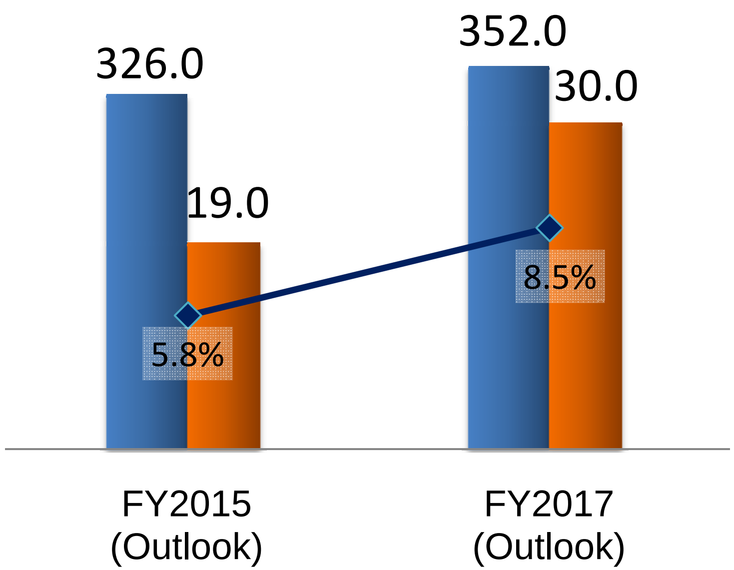
Numerical target
(Announced in April 2014)

(Billions of yen)

Current Outlook



(Assumption)
Exchange rate: ¥100/$; Domestic naphtha: ¥67,000/kl



(Assumption)
Exchange rate: ¥100/$; Domestic naphtha: ¥67,000/kl

Projected increase in operating income largely on the back of successful efforts to alleviate the ratio of fixed costs in line with an increase in the operating rate at Tokuyama Factory and a revision in the period of depreciation from 15 years to 25 years applicable to facilities at the PS-2 Plant
Plans to announce the numerical targets of the next rolling three-year plan in April 2015

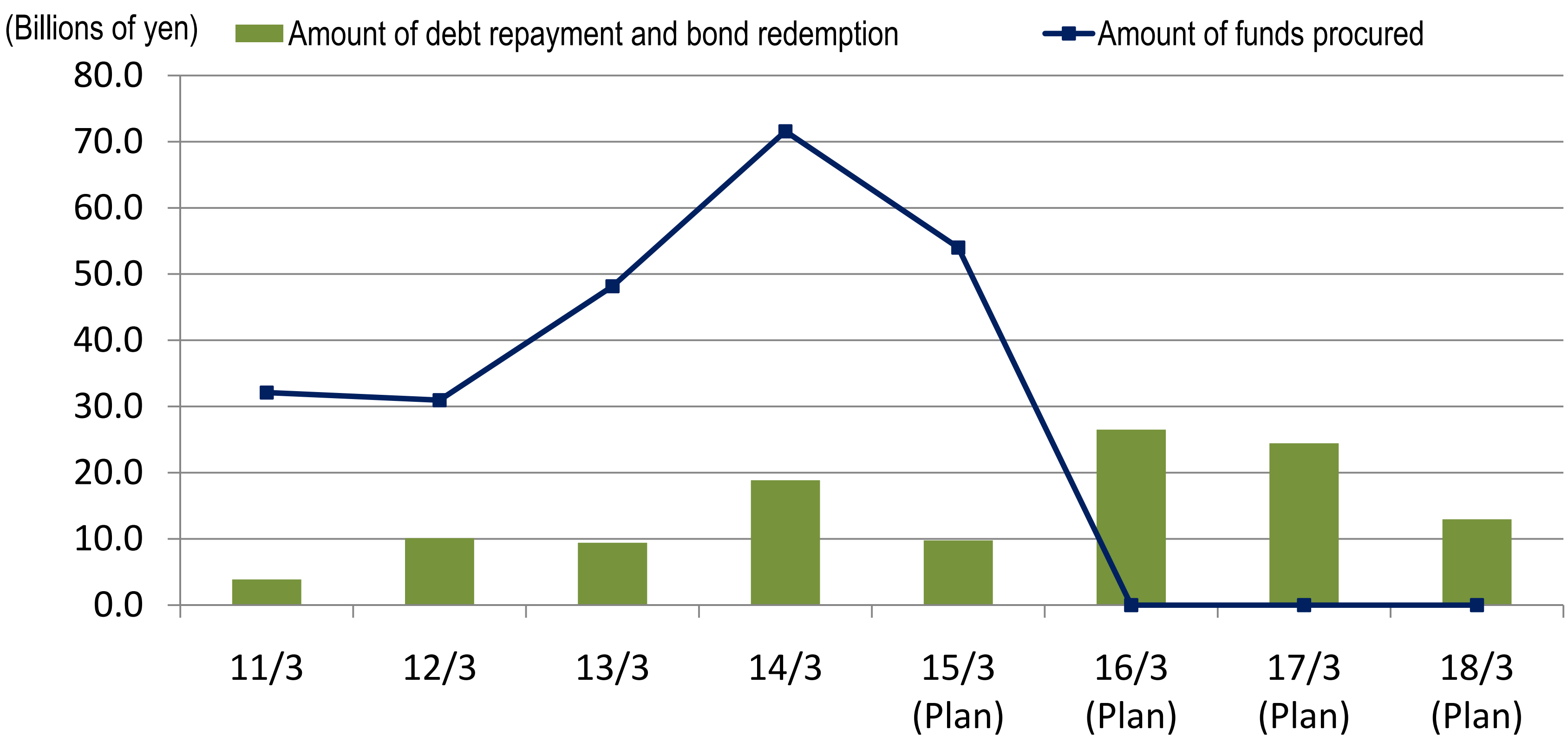
2. Progress under the Plan and Initiatives Going Forward

Initiatives	Progress during Feb 2013 to Mar 2014	Initiatives during and after Apr 2014
Rebuild the Polysilicon Business	(Tokuyama Factory) Loss on impairment of manufacturing facilities recorded (Tokuyama Malaysia) Construction completed and trial operations commenced	Ensure optimal balance in operation as a whole (Tokuyama Factory) Increase producing and selling volume of semiconductor-grade polycrystalline silicon (Tokuyama Malaysia) PS-1: Review the business plan (impairment loss on manufacturing facilities) PS-2: Commence operations (China) Optimize business operations of fumed silica, at the two bases in Tokuyama and China
Improve Profits in Existing/New Businesses	Liquid hydrogen business commenced Waste gypsum board recycling business commenced Expansion of manufacturing facilities of microporous film in China	Expand propylene oxide manufacturing facilities Bolster clinker export infrastructure Start operation of Soda Ash Joint-Venture Business Structural reform of the vinyl chloride business Upgrade and expand high purity aluminum nitride manufacturing facilities
Cost Reduction	Results exceeded plans on the back of emergency measures aimed at reducing costs including overhead expenses as well as personnel and purchasing costs	Work toward reducing expenses on a permanent basis through by increasing productivity, undertaking structural reforms, and implementing various measures

4 Rolling Three-Year Plan

3. Financing Plan

Non-consolidated



No plans to procure new funds for the foreseeable future from the fiscal year ending March 31, 2016
Ample cash in hand with continued support from financial institutions

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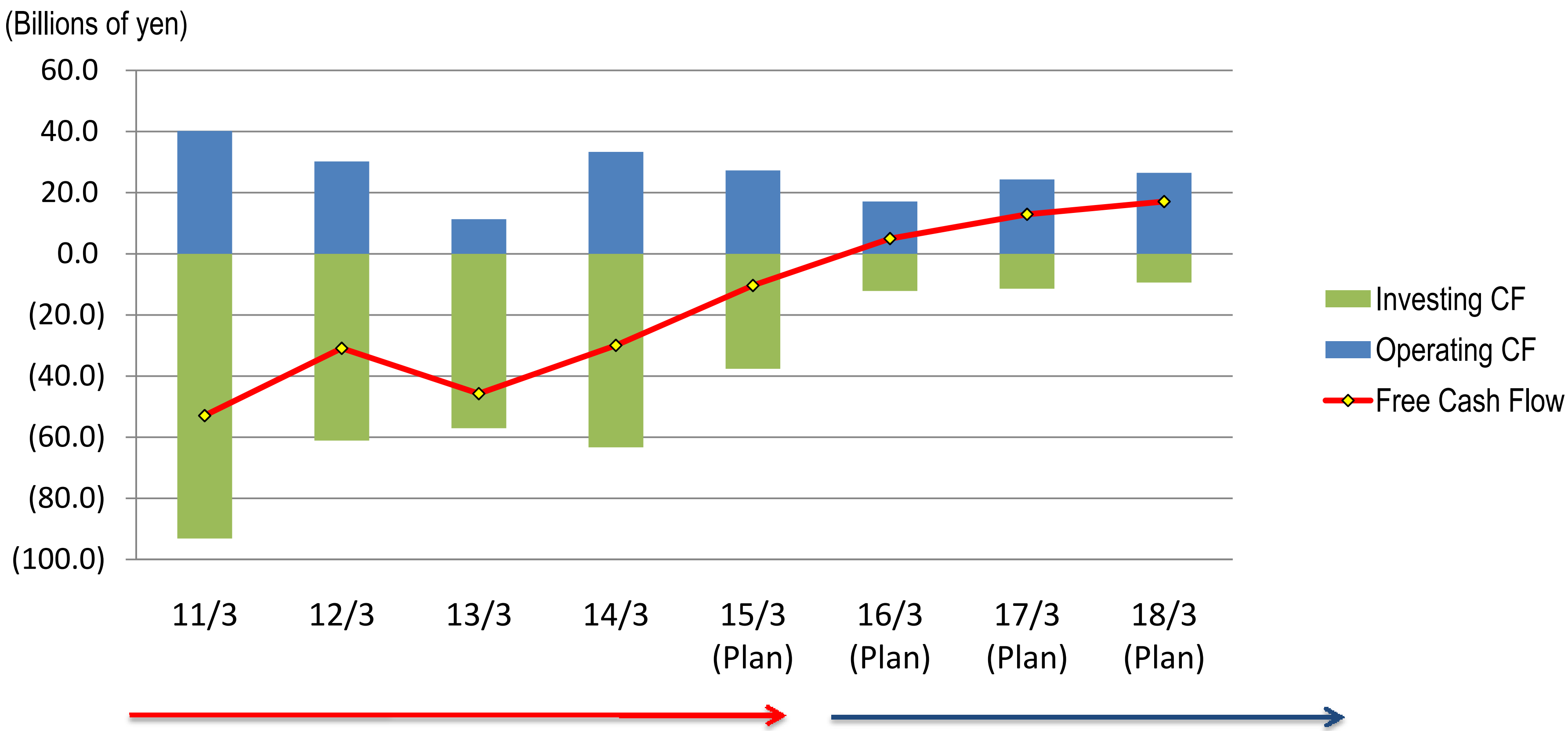
4 Rolling Three-Year Plan

4. Cash Flow Plan

Non-consolidated



Negative free cash flow as a result of investing activities in Tokuyama Malaysia Sdn. Bhd. (TMSB)

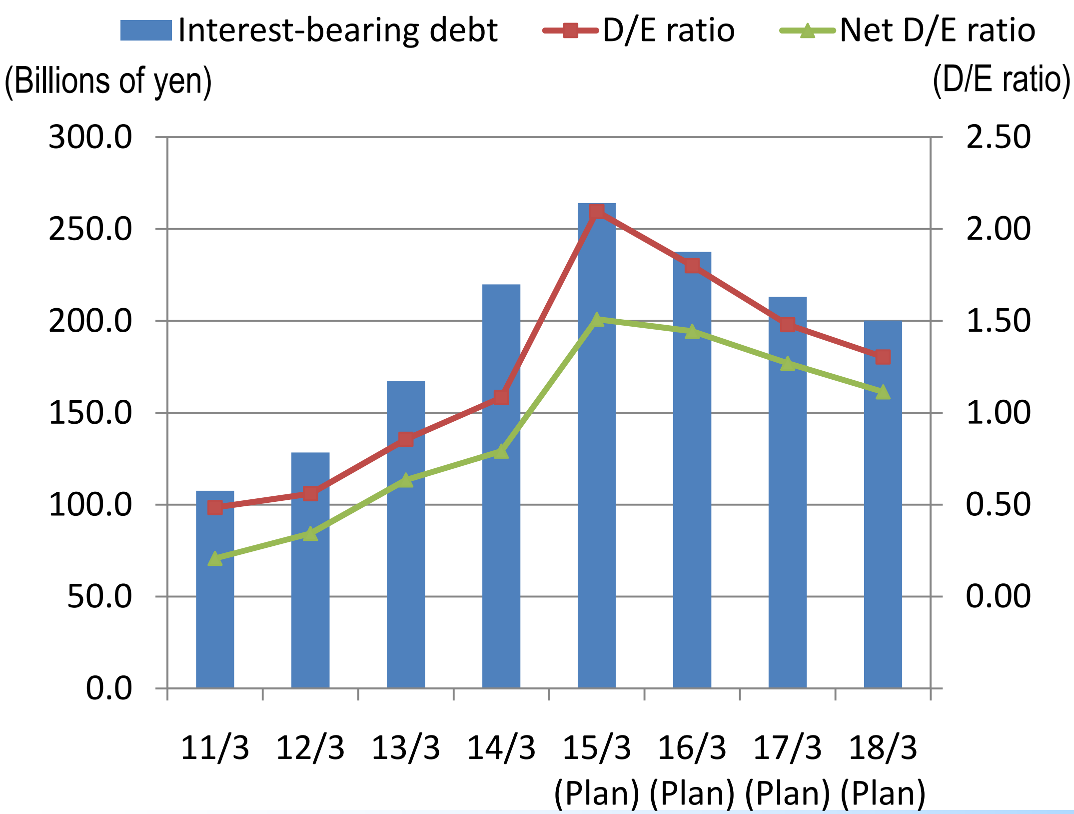
Plans to bring about a positive turnaround in free cash flows from the fiscal year ending March 31, 2016 through a variety of initiatives including successful efforts to improve existing and new business profitability while also securing a Group-wide reduction in expenses

Rolling Three-Year Plan

5. Financial Policy

Work toward securing a recovery in the Group's financial platform while promoting increased stability for the foreseeable future by engaging in such activities as the steady implementation of the Profit Improvement Plan. At the same time, endeavor to recoup cash through the start of production and sales at the Malaysia PS-2 Plant and the adoption of a more selective approach toward investment (within 75% of depreciation)

Interest-bearing debt trend (non-consolidated)



15/3 (Plan at April 2014)	
Interest-bearing debt	¥264.0 billion
D/E ratio	1.28
Net D/E ratio	0.97

18/3 (Plan at April 2014)	
Interest-bearing debt	¥200.0 billion
D/E ratio	0.87
Net D/E ratio	0.66

15/3 (Current plan)	
Interest-bearing debt	¥264.0 billion
D/E ratio	2.10
Net D/E ratio	1.51

18/3 (Current plan)	
Interest-bearing debt	¥200.0 billion
D/E ratio	1.30
Net D/E ratio	1.11

*Net D/E ratio: (Interest-bearing debt – Cash and deposits, Cash equivalents)/Shareholders' equity

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5 Topics

1. Vinyl Chloride Business Reconstruction
2. Expanding High-purity Aluminum Nitride Manufacturing Facilities

5 Topics

1. Vinyl Chloride Business Reconstruction

Strengthen vinyl chloride activities by rebuilding manufacturing as well as sales structures and systems

◆Consolidate the production of vinyl chloride at the highly competitive Tokuyama Factory

- Shutdown production at the Chiba Factory around September 2015
- Consolidate operations at the Tokuyama Factory and rebuild the production and shipment structure

Note: Plan to upgrade and expand certain facilities at Tokuyama Factory

◆Work toward strengthening operating platforms by putting place an optimal production structure at two bases

- Vinyl chloride: Tokuyama Factory (annual production capacity: 145,000 tonnes)
- Paste vinyl chloride: Ehime Factory (annual production capacity: 30,000 tonnes)

Note: Chiba Factory (annual production capacity: 80,000 tonnes)

- Address the needs of users in the Kanto region through products manufactured at the Tokuyama Factory

Overview of Shin Dai-ichi Vinyl Corporation

- Capital: ¥2.0 billion
- Net sales: ¥22.2 billion (Fiscal year ended March 31, 2014)
- Shareholders and percentage of holdings:

Tokuyama Corporation	71%
Sumitomo Chemical Co., Ltd.	14.5%
ZEON Corporation	14.5%

5 Topics

2. Expanding High-purity Aluminum Nitride Manufacturing Facilities

Increase annual production capacity of aluminum nitride powder to 480 tonnes

- Current annual production capacity:

  360 tonnes → 480 tonnes

◆ Growth in global-scale energy conservation activities

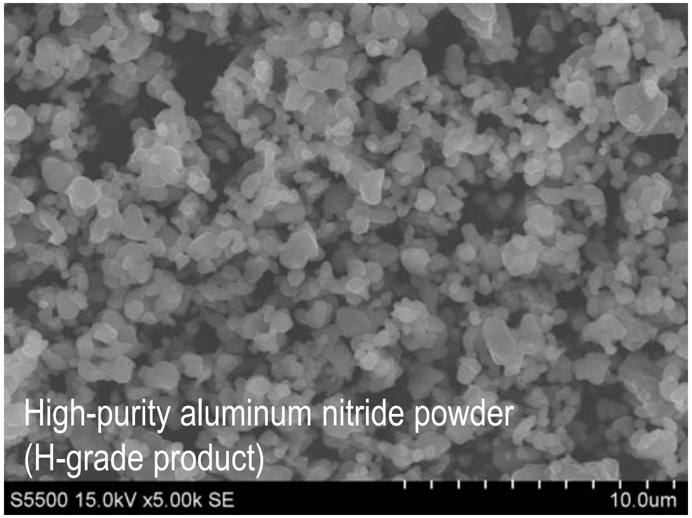
- Work to expand business activities by providing aluminum nitride materials in response to growing demand from the heat dissipation market including PDs, LEDs, and semiconductor equipment.

- Market trends

  Aluminum nitride for PD use: growing demand for worldwide electric railway as well as EV/HEV use

  Aluminum nitride for LED use: growing trend toward LED high output illumination in the in-car and related sectors

  Semiconductor equipment: increasing demand in line with the growing trend toward 3D device design



High-purity aluminum nitride powder (H-grade product)

6 Supplementary Data

1. Net Sales/Operating Income by Business Segment
2. Consolidated Financial Statements
3. Cash Flows
4. Non-Operating Income/Expenses
5. Extraordinary Gains/Losses
6. Principal Indicators
7. Performance Trend
8. Price Trend of Main Raw Material and Fuel
9. CAPEX and Depreciation Trend
10. Interest-bearing Debts Trend
11. Revised Performance Forecasts (1H/2H)
12. Polysilicon Market
13. Solar Cell Market

6 Supplementary Data

1. Net Sales/Operating Income by Business Segment

(Year-on-year change)

(Billions of yen)

	Q2 FY2013 YTD		Q2 FY2014 YTD		Difference			
	Net sales	Operating income	Net sales	Operating income	Net sales	%	Operating income	%
Chemicals	41.5	0.7	43.9	2.4	+2.3	+6	+1.6	+212
Specialty Products	23.4	1.5	24.1	2.7	+0.6	+3	+1.1	+69
Cement	36.4	2.7	38.6	2.2	+2.2	+6	(0.5)	(20)
Life & Amenity	27.1	2.0	30.0	2.5	+2.9	+11	+0.5	+25
Others	23.2	2.1	24.9	2.6	+1.6	+7	+0.5	+27
Total	151.8	9.3	161.7	12.6	+9.9	+7	+3.3	+35
Inter-segment eliminations and corporate-wide expenses	(16.8)	(1.5)	(17.9)	(2.0)	(1.0)	-	(0.5)	-
Consolidated results	135.0	7.8	143.8	10.5	+8.8	+7	+2.7	+36

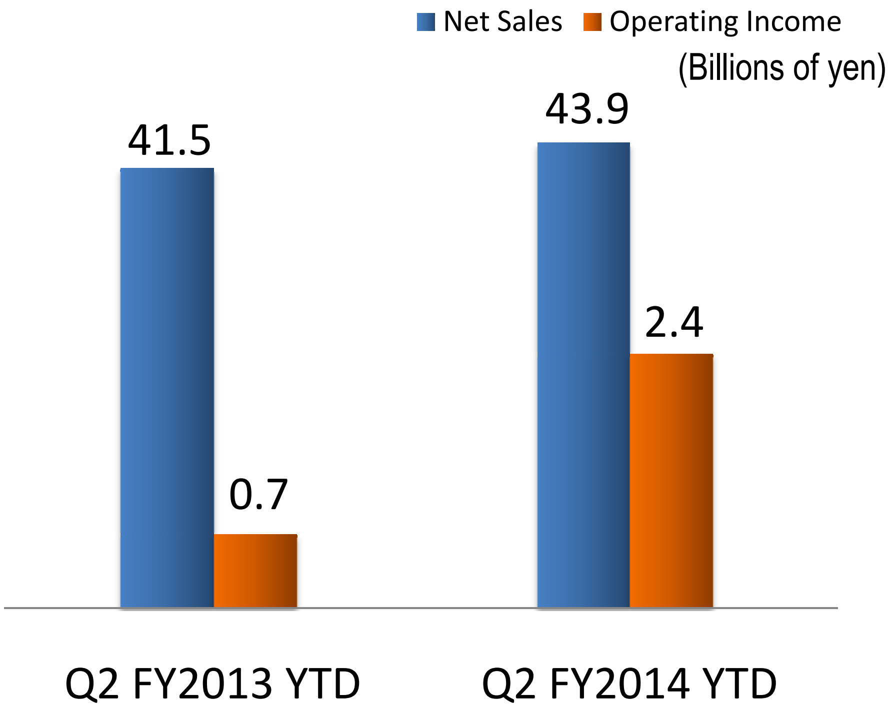
(Note) Sales and operating income shown above include inter-segment transactions.

1. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Chemicals

Higher earnings on higher sales



Qualitative information

(Caustic soda)
•Sales volume increase in domestic market
•Selling price revision in order to absorb a rise in raw material prices

(Vinyl chloride monomer (VCM))
•Increase in raw material costs arising from domestic naphtha price hikes
•Improved profitability owing to high export prices against the backdrop stronger Asian market conditions

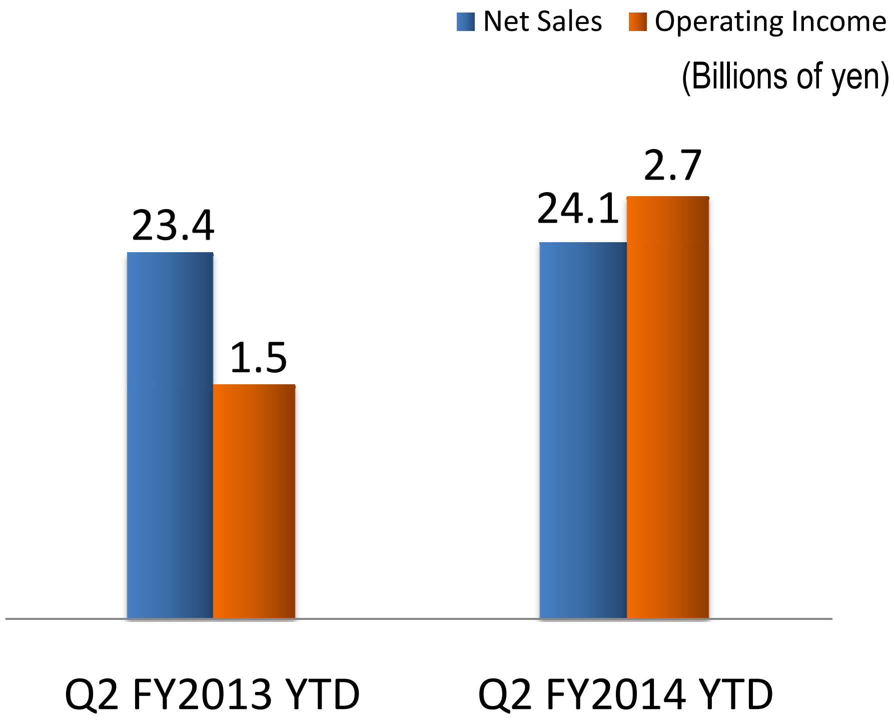
(Vinyl chloride resin)
•Increase in raw material costs arising from domestic naphtha price hikes
•Selling price revision in order to absorb a rise in raw material prices

1. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Specialty Products

Higher earnings on higher sales



Qualitative information

(Polycrystalline silicon)
•Increased sales volume of semiconductor-grade polycrystalline silicon owing mainly to strong demand for mobile terminals including smartphones
•Lower sales volume of solar-grade polycrystalline silicon resulting from the adoption of a sales strategy that focused on profits

(Fumed silica)
•Increased sales volume, mainly of its application as a polishing material for semiconductors

(Aluminum nitride)
•Higher sales volume of such applications as heat dissipation materials used for power devises and LEDs

(High-purity chemicals for electronics manufacturing)
•Higher sales volume of such applications as semiconductor and liquid crystal production

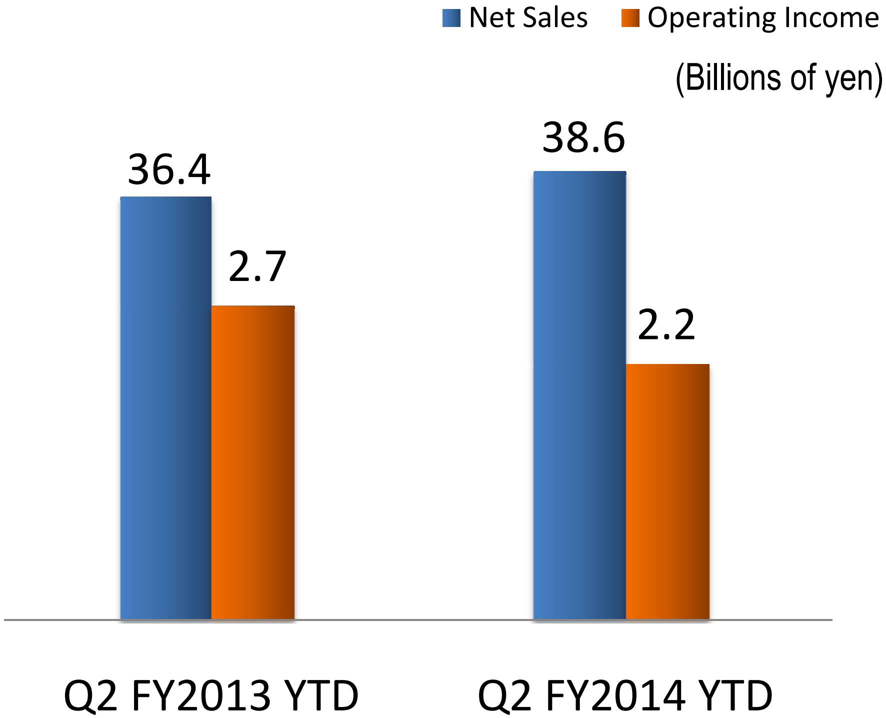
6 Supplementary Data

1. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Cement

Lower earnings on higher sales



Qualitative information

(Cement)
- Sluggish sales volume in domestic market due to unseasonably bad weather
- Increased exports to Asia against the backdrop of steady demand in the Asian market
- Increased distribution costs due to the construction of new cement tankers.

(Recycling and environment-related business)
- The amount of waste the Company accepted remained almost flat

❻ Supplementary Data

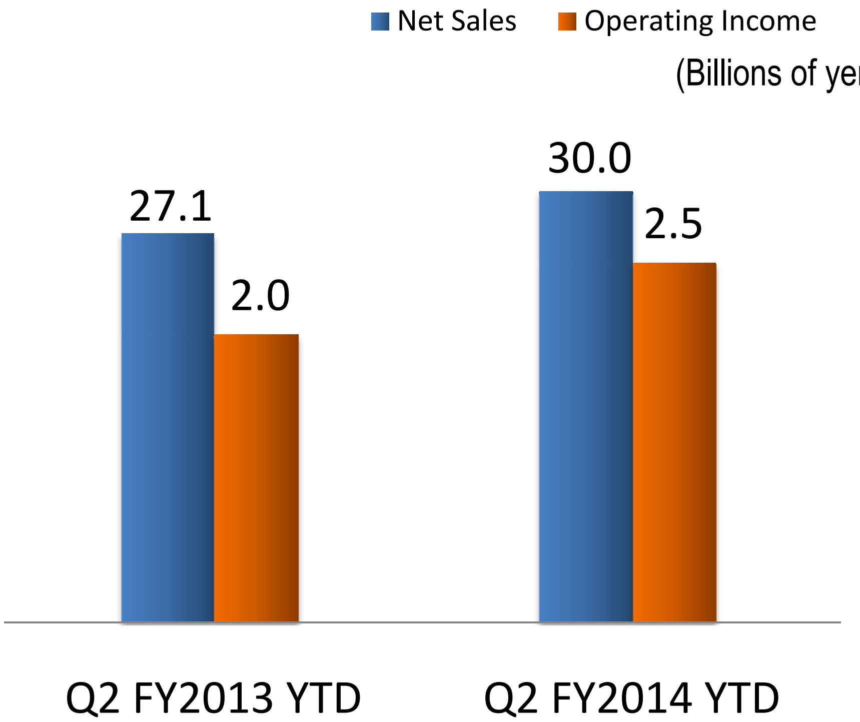
1. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Life & Amenity

Higher earnings on higher sales

(Billions of yen)



Qualitative information

(Active pharmaceutical ingredient)

•Increased sales volume, mainly of such applications as generic drugs

(Microporous film)

•Increased sales volume due to commencement of operation in Tianjin

(Polyolefin film)

•Selling price revision in order to absorb a rise in raw material prices

(Gas sensor)

•Increase sales volume of such applications as gas alarm devises and air cleaners

(Medical diagnosis system)

•Increase sales volume of products for blood testing
•Improved profitability resulting from cost reduction efforts

(Plastic window sash)

•Decreased sales volume arising from reaction to the rush demand before the consumption tax increase

2. Consolidated Financial Statements

Income Statements

(Billions of yen)

	Q2 FY2013 YTD	Q2 FY2014 YTD	Difference	
			Amount	%
Net sales	135.0	143.8	+8.8	+7
Cost of sales	98.2	102.0	+3.7	+4
Selling, general and administrative expenses	28.9	31.2	+2.3	+8
Operating income	7.8	10.5	+2.7	+36
Non-operating income/expenses	(1.7)	(2.3)	(0.5)	-
Ordinary income	6.0	8.2	+2.1	+36
Extraordinary income/expenses	(0.3)	(87.9)	(87.5)	-
Income/loss before income taxes and minority interests	5.7	(79.6)	(85.3)	-
Income taxes and minority interests	1.2	(0.8)	(0.3)	(27)
Net income/loss	4.5	(80.5)	(85.0)	-

6 Supplementary Data

2. Consolidated Financial Statements

Balance Sheets

(Billions of yen)

	3/31/2014	9/30/2014	Changes	
			Amount	%
Total assets	576.3	552.6	(23.6)	(4)
Current assets	191.6	232.0	+40.4	+21
Tangible fixed assets	323.1	258.1	(64.9)	(20)
Intangible fixed assets	10.1	11.3	+1.2	+12
Investments and other assets	51.4	51.0	(0.3)	(1)

	3/31/2014	9/30/2014	Changes	
			Amount	%
Total liabilities	339.8	397.6	+57.8	+17
Current liabilities	99.2	113.3	+14.0	+14
Long-term liabilities	240.5	284.3	+43.7	+18
Total net assets	236.4	154.9	(81.4)	(34)

3. Cash Flows

Consolidated (year-on-year change)

(Billions of yen)

	Q2 FY2013 YTD	Q2 FY2014 YTD
Cash flows from operating activities (1)	11.0	16.5
Cash flows from investing activities (2)	(54.9)	(29.4)
Free cash flows (3) ((1)+(2))	(43.9)	(12.9)
Cash flows from financing activities (4)	21.1	53.1
Effect of exchange rate changes on cash and cash equivalents (5)	0.6	0.2
Net increase (decrease) in cash and cash equivalents (6) ((3)+(4)+(5))	(22.1)	40.5
Cash and cash equivalents at beginning of the year (7)	52.4	69.9
Increase (decrease) in cash and cash equivalents due to changes of scope of consolidation(8)	0.4	0.0
Cash and cash equivalents at end of the year (9) ((6)+(7)+(8))	30.7	110.4

4. Non-Operating Income/Expenses

Consolidated (year-on-year change)

(Billions of yen)

		Q2 FY2013 YTD	Q2 FY2014 YTD	Changes	Notes
Non-operating income	Interest and dividend income	0.3	0.3	+0.0	
	Other income	1.3	1.1	(0.1)	Decreased foreign exchange gains (0.3) Increased share of profit of entities accounted for using equity method +0.1
	Total	1.6	1.5	(0.1)	
Non-operating expenses	Interest expenses	1.2	2.3	(1.0)	
	Other expenses	2.1	1.5	+0.5	Decrease in costs of idle operations +1.0 Increased foreign exchange losses (0.2)
	Total	3.4	3.8	(0.4)	
Non-operating income/expenses		(1.7)	(2.3)	(0.5)	

5. Extraordinary Gains/Losses

Consolidated (year-on-year change)

(Billions of yen)

	Q2 FY2013 YTD	Q2 FY2014 YTD	Changes	Notes
Extraordinary gains	0.5	0.0	(0.5)	Gain on sales of investment securities (0.3)
Extraordinary losses	0.9	87.9	(87.0)	Impairment loss for fixed assets (75.7) Provision for loss on purchase contract (11.2)
Extraordinary gains/losses	(0.3)	(87.9)	(87.5)	

6. Principal Indicators ① (year-on-year change)

(Billions of yen)

	Q2 FY2013 YTD		Q2 FY2014 YTD		Changes	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Capital expenditures	38.2	1.9	22.3	4.2	(15.9)	+2.2
Depreciation and amortization	8.1	5.5	8.0	5.0	(0.0)	(0.5)
R&D expenses	4.2	3.1	4.4	3.2	+0.1	+0.1
Financial income and expenses	(0.9)	+2.0	(1.9)	+2.1	(0.9)	+0.0

6. Principal Indicators ② (compared with the previous fiscal year-end)

		3/31/2014		9/30/2014		Changes	
		Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Interest-bearing debts	Billions of yen	240.7	220.0	295.1	274.1	+54.3	+54.0
Number of employees	Persons	5,756	2,041	5,892	2,004	+136	(37)

6. Principal Indicators ③

(year-on-year change based on FY14 forecasts)

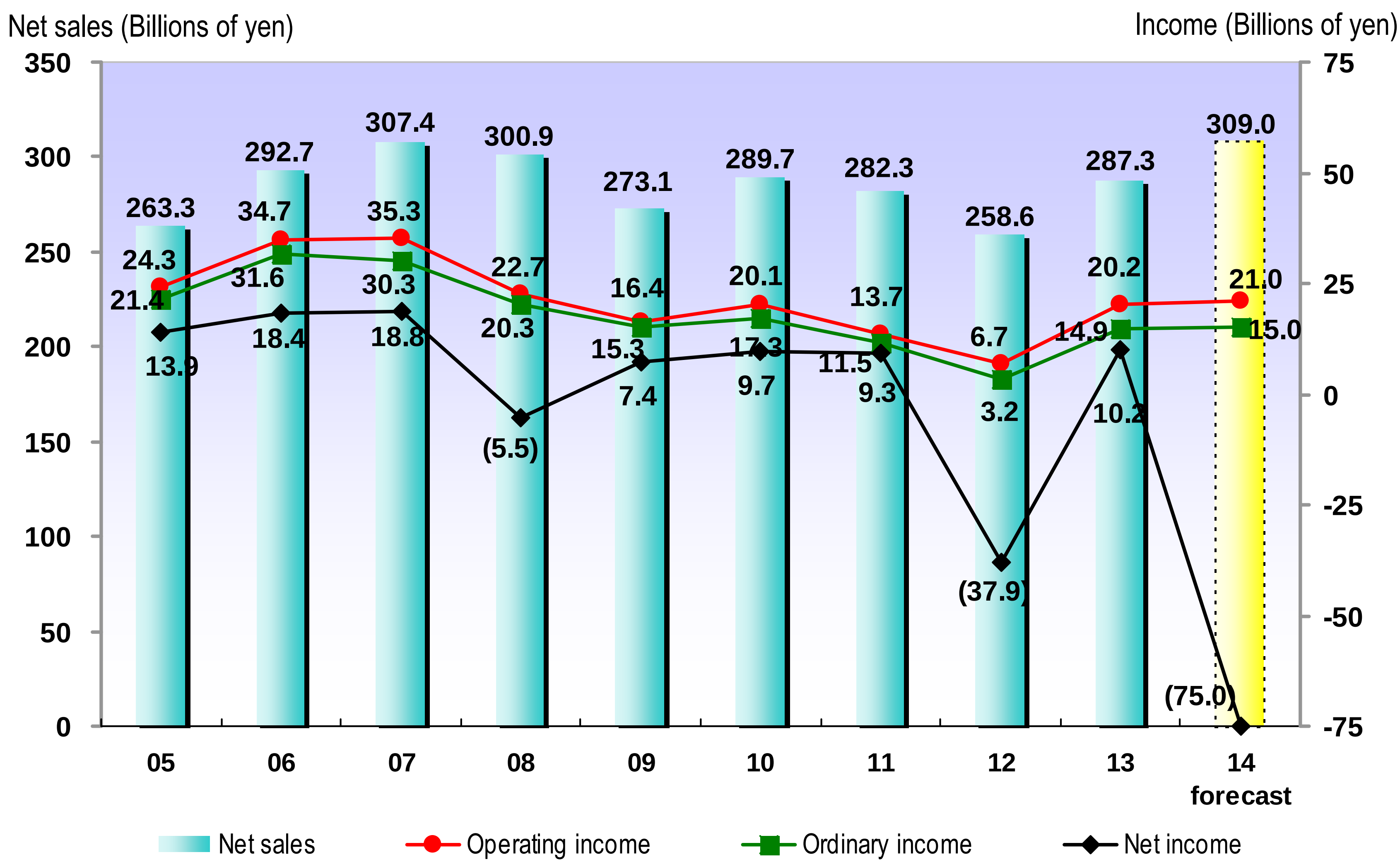
(Billions of yen)

		FY2014 Forecast		FY2013 Results		Changes	
		Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Capital expenditures	Approved limit total	30.5	9.1	-	-	-	-
	Estimates (FY14) Results (FY13)	33.1	9.0	61.0	5.1	(27.9)	+3.9
Depreciation and amortization		19.2	10.7	16.7	11.3	+2.4	(0.6)
R&D expenses		9.5	7.1	8.7	6.4	+0.8	+0.6

❻ Supplementary Data

7. Performance Trend

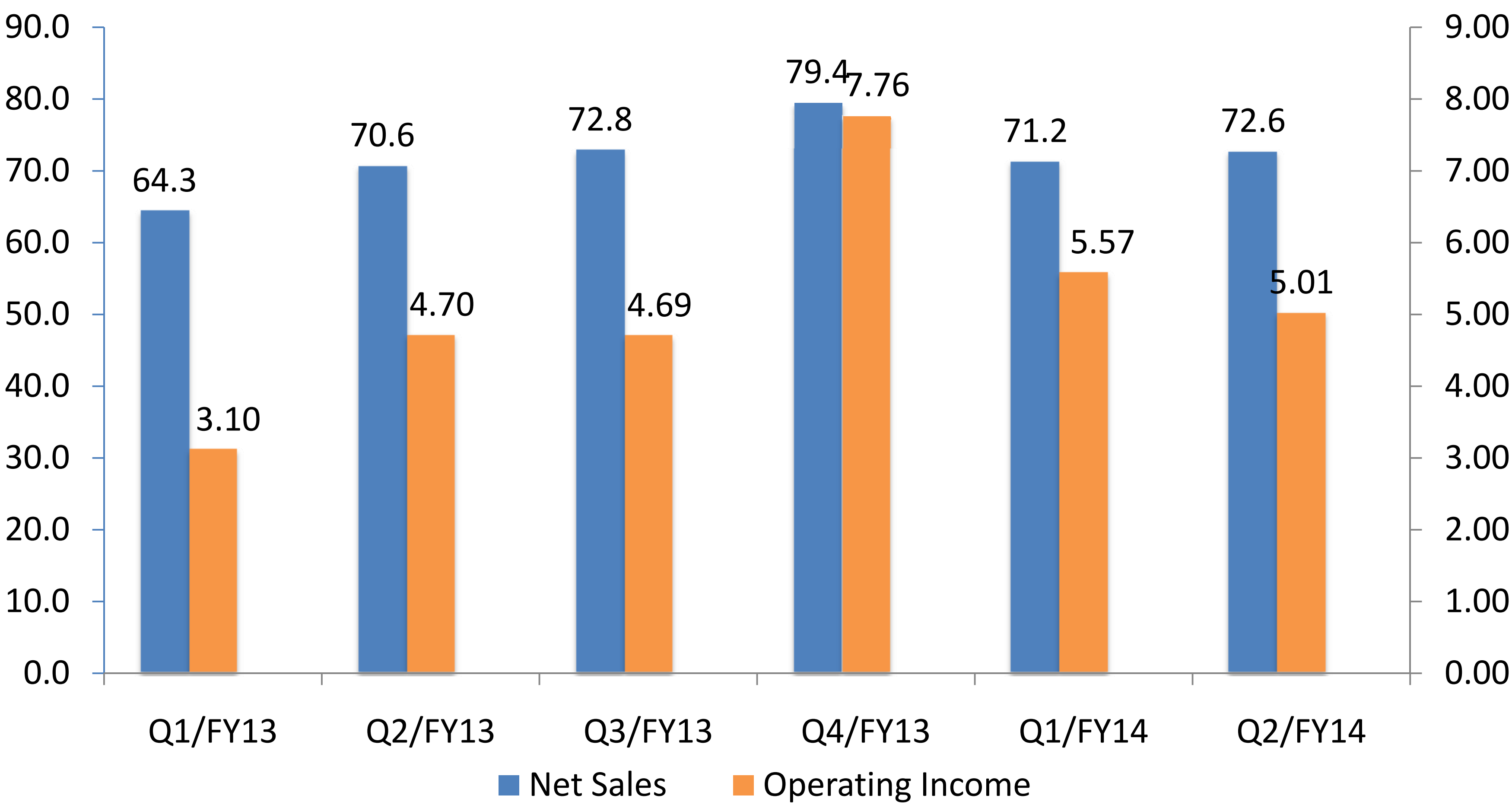
Consolidated (Annual)



7. Performance Trend (Quarter)

Consolidated

(Billions of yen)

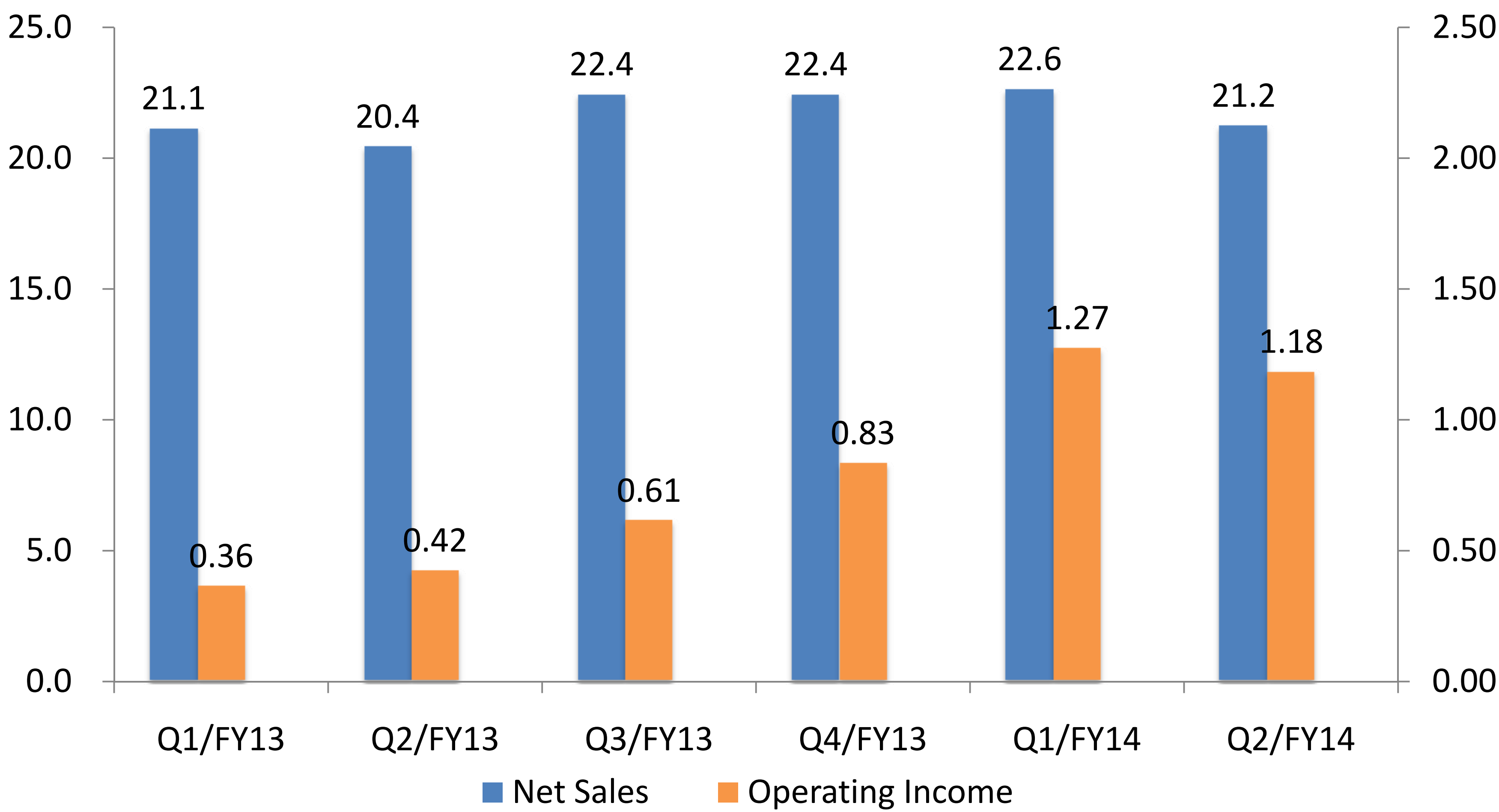


6 Supplementary Data

7. Performance Trend (Quarter)

Chemicals

(Billions of yen)

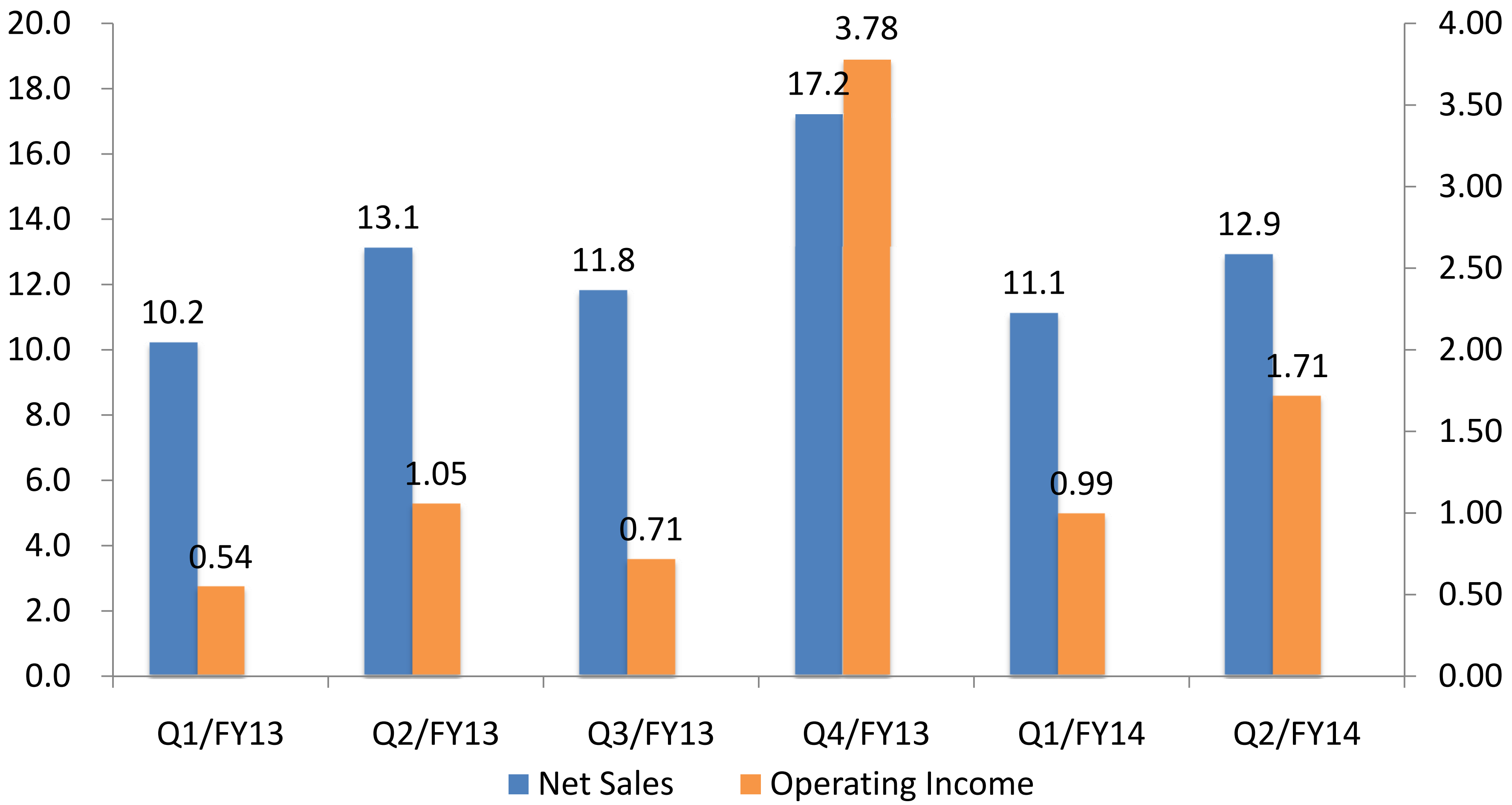


7. Performance Trend

(Quarter)

Specialty Products

(Billions of yen)

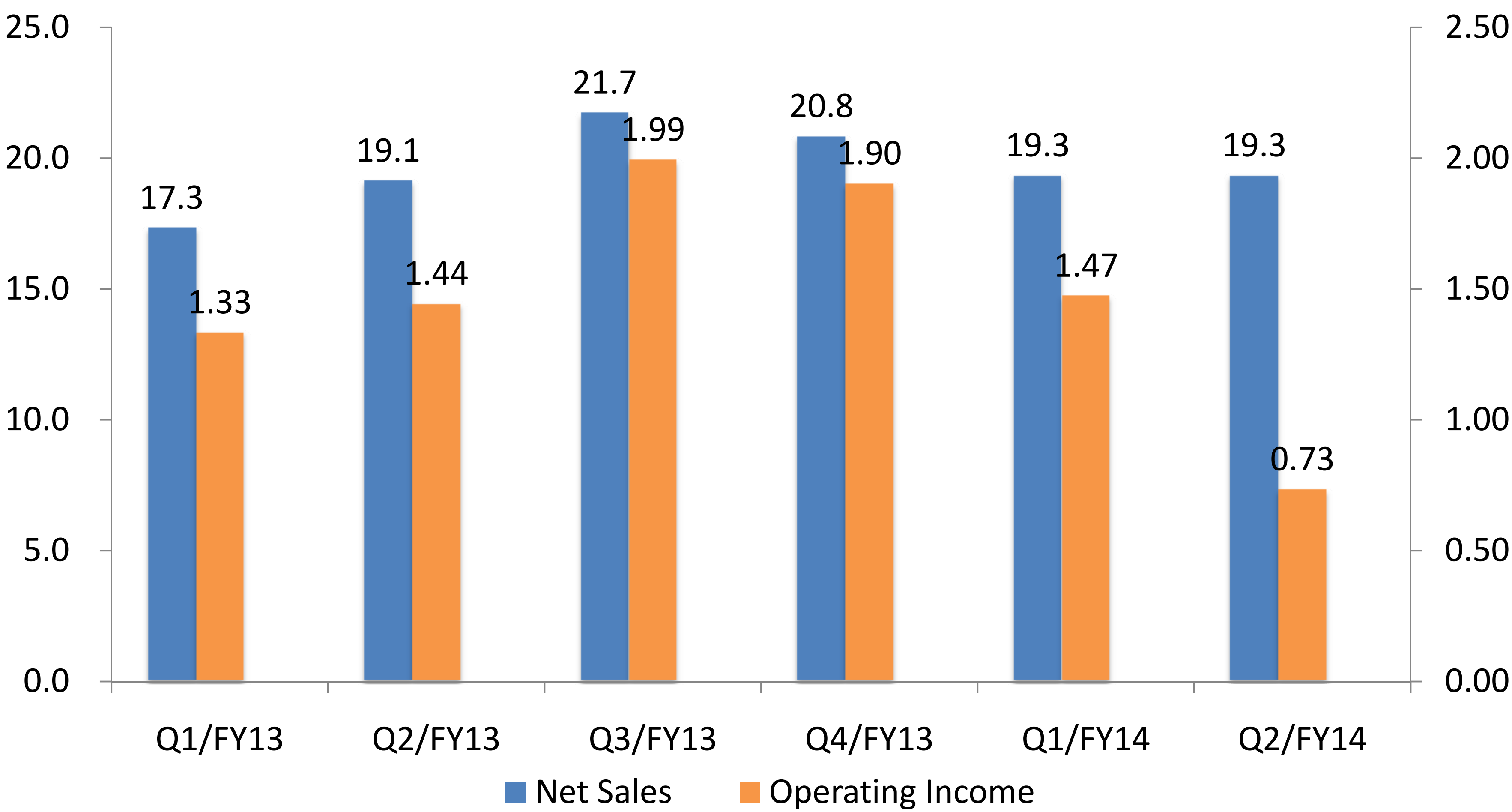


7. Performance Trend

(Quarter)

Cement

(Billions of yen)

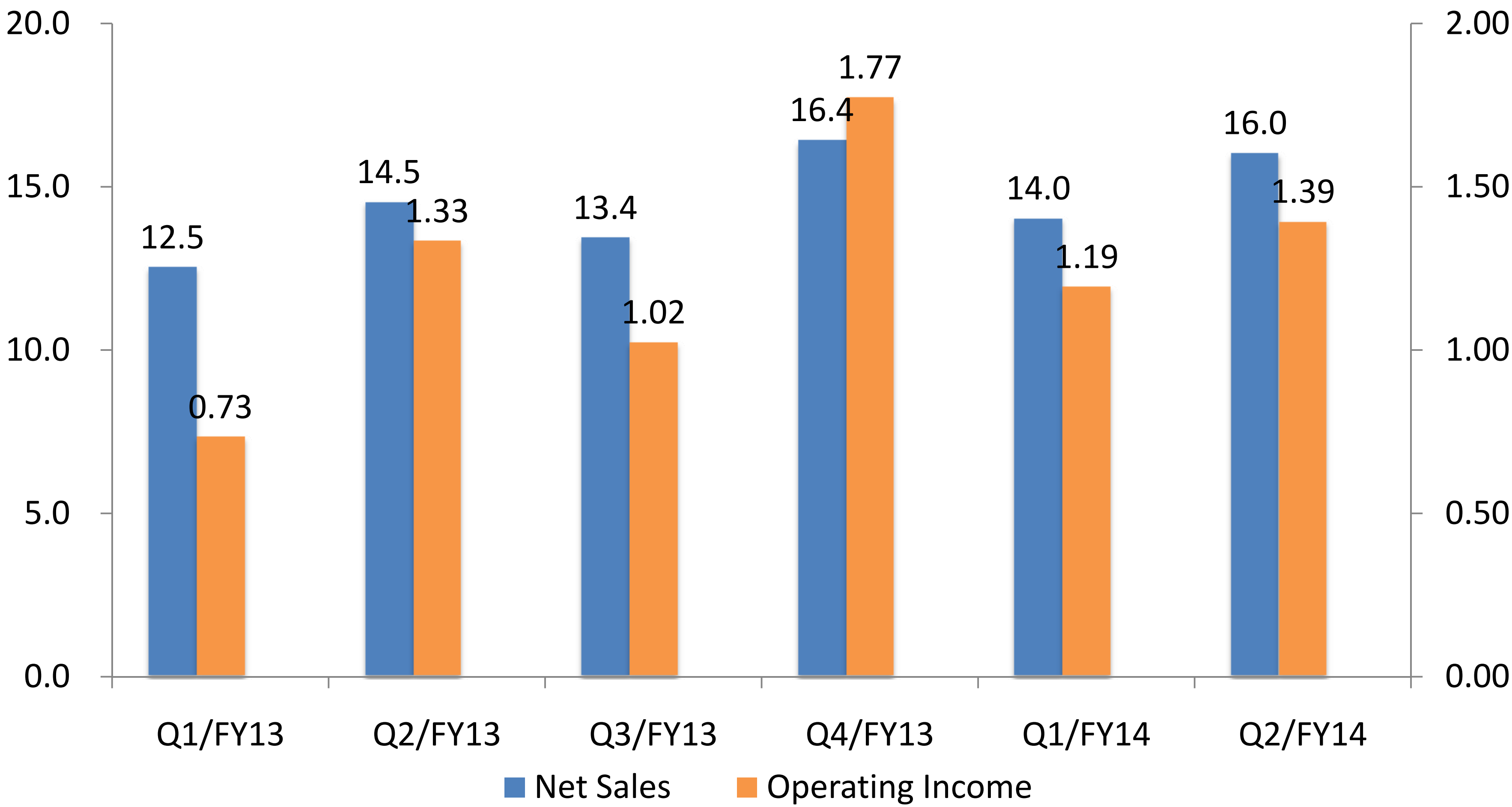


7. Performance Trend

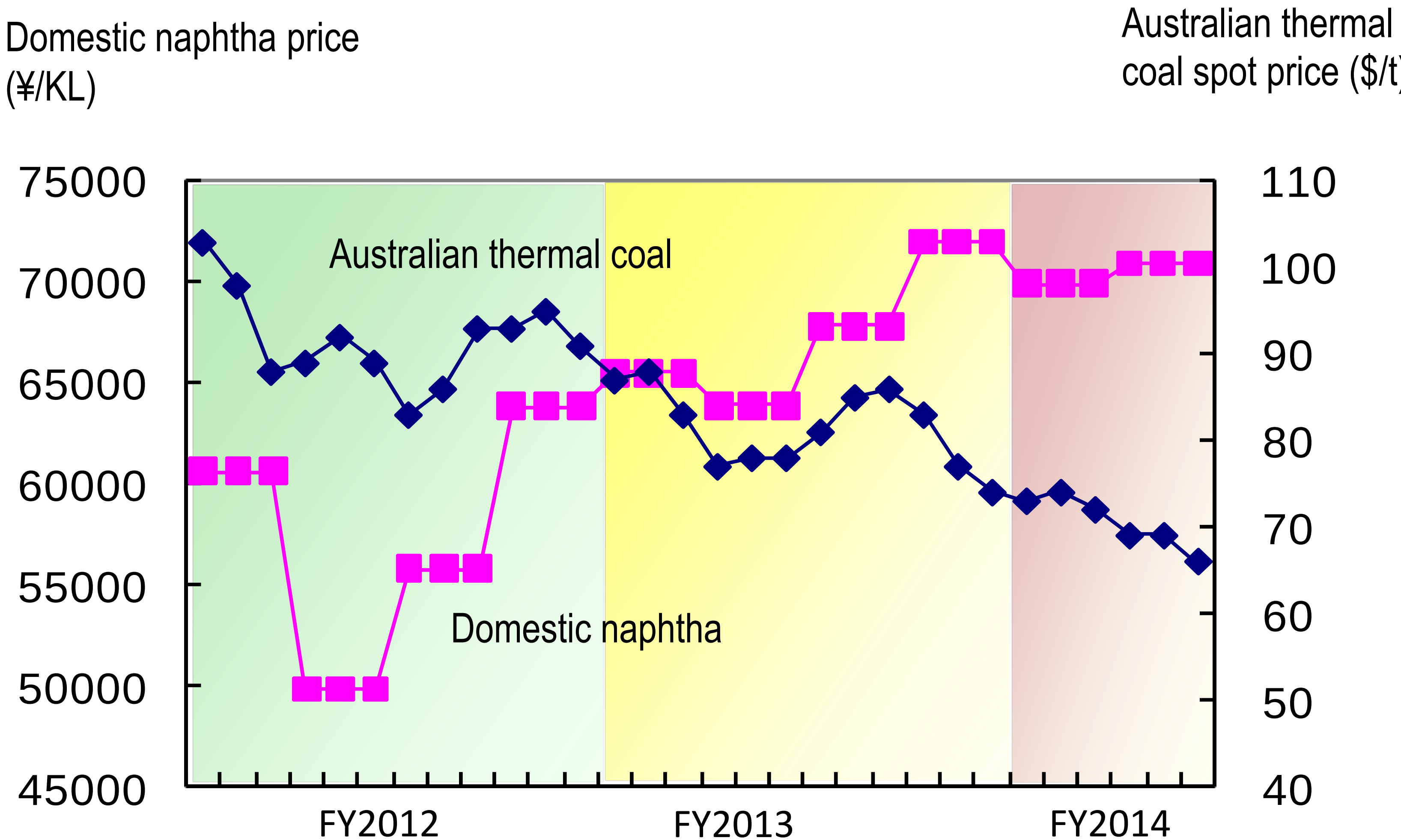
(Quarter)

Life & Amenity

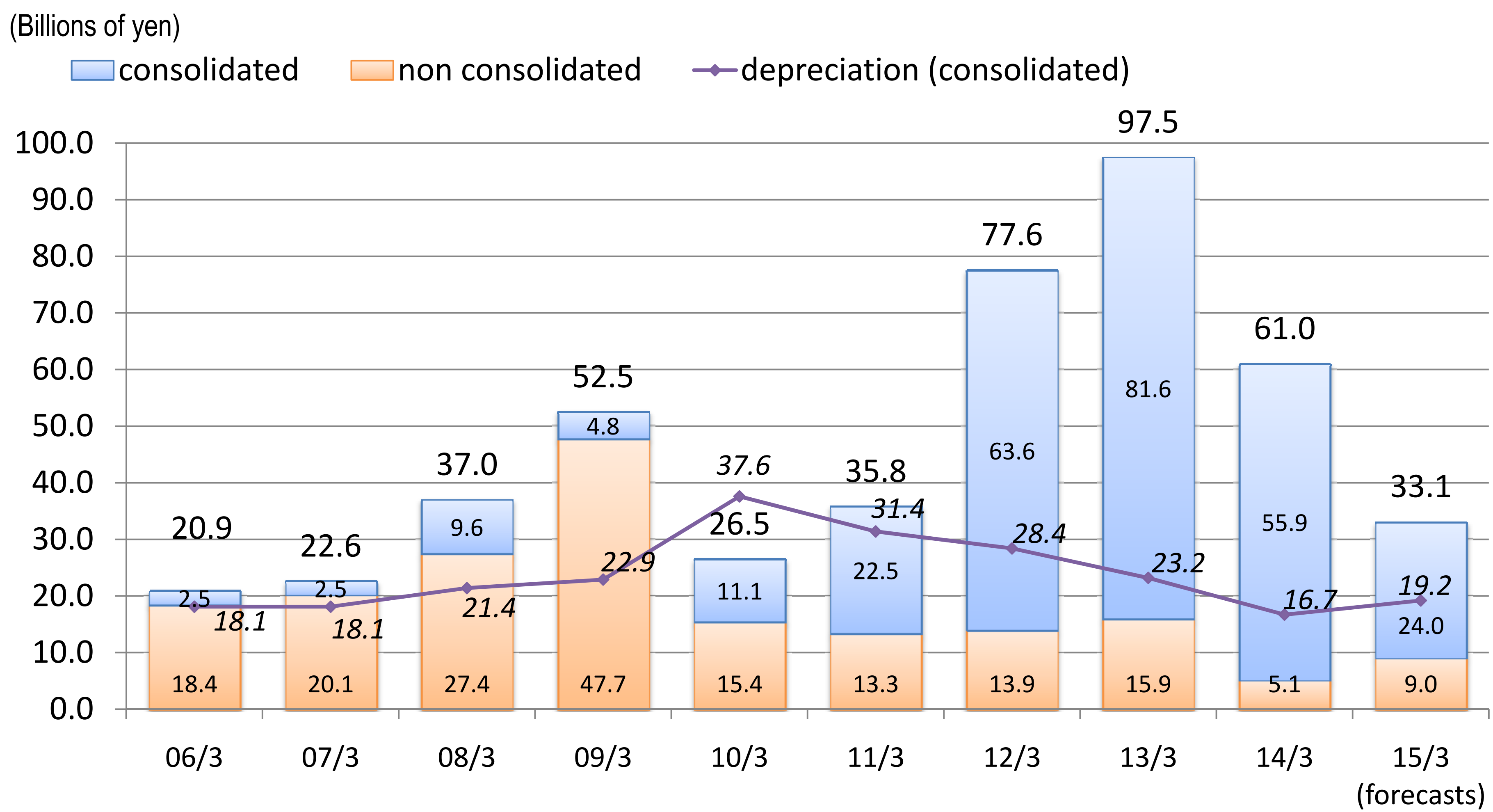
(Billions of yen)



8. Price Trend of Main Raw Material and Fuel

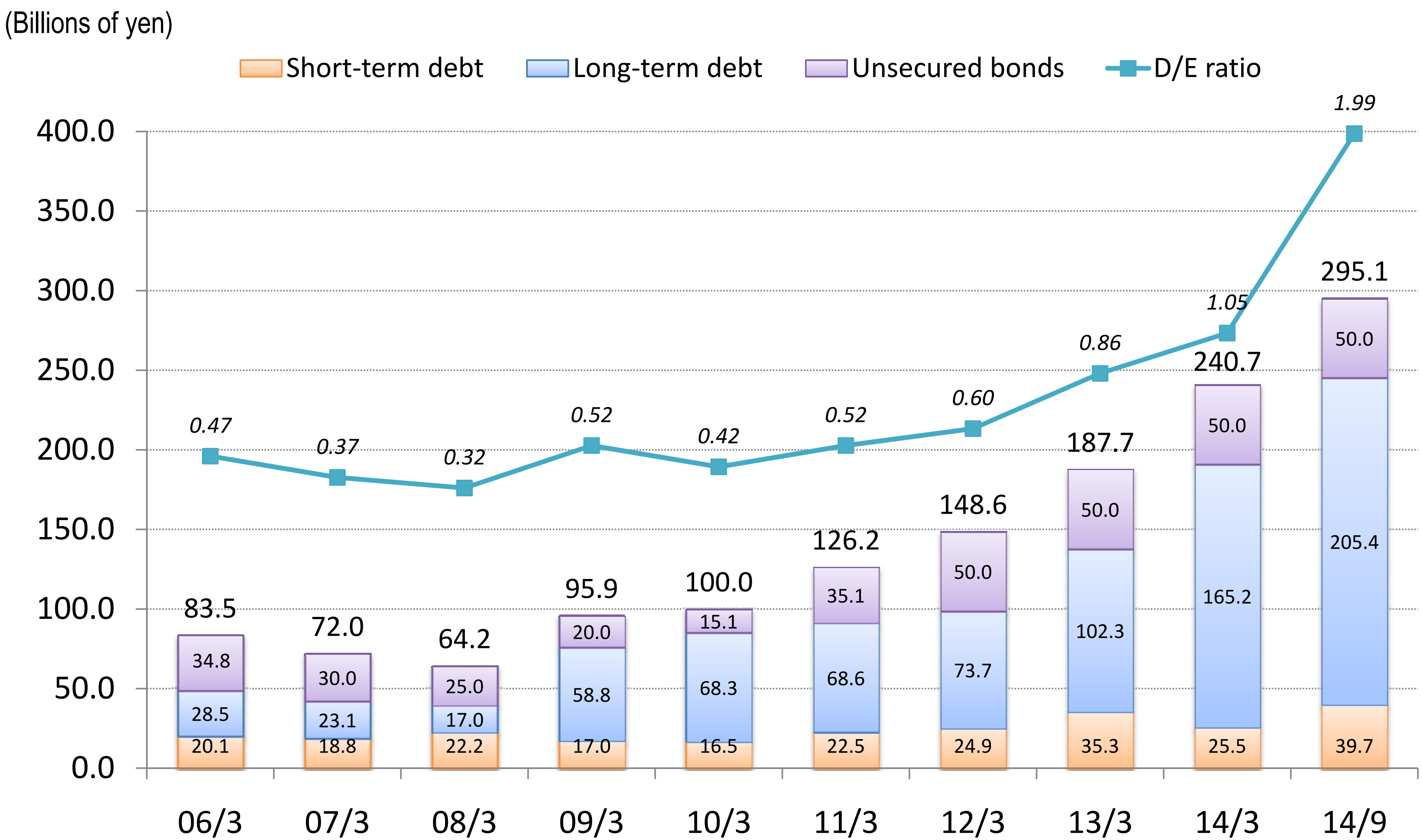


9. CAPEX and Depreciation Trend



10. Interest-Bearing Debts Trend

Consolidated



11. Revised Performance Forecasts (1H/2H)

(Compared with previous forecasts)

(Billions of yen)

	FY2014 Previous Forecast (Jul 31, 2014)			FY2014 Revised Forecast (Oct 31, 2014)		
	1H	2H	Total	1H Result	2H	Total
Net sales	144.0	156.5	300.5	143.8	165.1	309.0
Operating income	10.0	8.5	18.5	10.5	10.4	21.0
Ordinary income	7.5	6.0	13.5	8.2	6.7	15.0
Net income	6.0	3.5	9.5	(80.5)	5.5	(75.0)
Net income per share (yen)	17.25	10.06	27.31	(231.40)	15.82	(215.58)
Exchange rate (¥/$)	101	100	101	103	105	104
Domestic naphtha price (¥/kl)	71,100	71,300	71,200	70,400	69,000	69,700

6 Supplementary Data

11. Revised Performance Forecasts (1H/2H)

(By business segment, compared with previous forecasts)

(Billions of yen)

	FY2014 Previous Forecast (Jul 31, 2014)						FY2014 Revised Forecast (Oct 31, 2014)					
	1H		2H		Total		1H Result		2H		Total	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Chemicals	44.0	2.0	52.5	1.5	96.5	3.5	43.9	2.4	52.0	2.0	96.0	4.5
Specialty Products	25.0	2.0	32.5	2.0	57.5	4.0	24.1	2.7	35.3	3.2	59.5	6.0
Cement	39.5	3.0	41.0	3.0	80.5	6.0	38.6	2.2	42.8	2.7	81.5	5.0
Life & Amenity	29.0	2.5	28.0	2.0	57.0	4.5	30.0	2.5	27.9	1.9	58.0	4.5
Others	25.0	2.5	25.0	3.0	50.0	5.5	24.9	2.6	26.0	2.8	51.0	5.5
Total	162.5	12.0	179.0	11.5	341.5	23.5	161.7	12.6	184.2	12.8	346.0	25.5
Inter-segment eliminations and corporate-wide expenses	(18.5)	(2.0)	(22.5)	(3.0)	(41.0)	(5.0)	(17.9)	(2.0)	(19.0)	(2.4)	(37.0)	(4.5)
Consolidated Results	144.0	10.0	156.5	8.5	300.5	18.5	143.8	10.5	165.1	10.4	309.0	21.0

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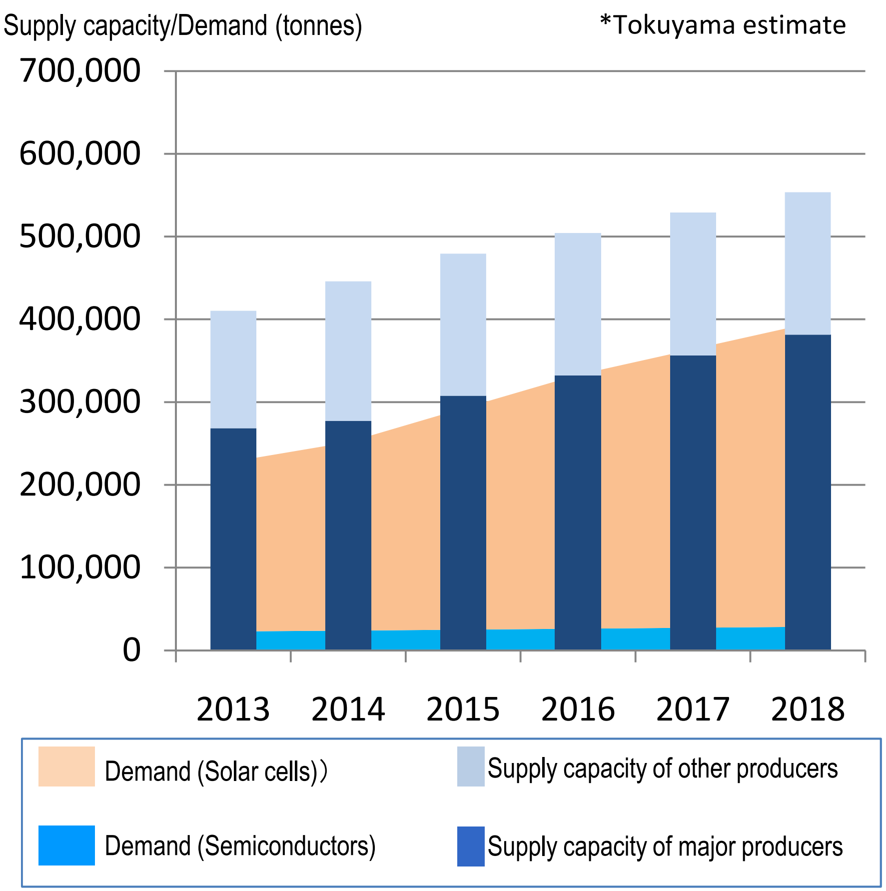
12. Polysilicon Market

Supply-demand forecast of polysilicon



(Note 1) Major producers mean Tier1 manufactures in the classification by NPD Solarbuzz.
(Note 2) Demand is estimated by Tokuyama based on IHS and NPD Solarbuzz.

Forecasts

<Semiconductor-grade polysilicon demand>

•Projected annual increase of 5% on the back of an upswing in demand for use in tablet terminals and smartphones

<Solar cell-grade polysilicon demand>

•Despite a substantial decline in installed PV capacity owing mainly to cutbacks in subsidies in Europe, projected annual increase in demand exceeding 15% largely reflecting forecast growth due attributable to aggressive installation initiatives in such countries as Japan, China, and the U.S.

<Supply side>

•Excess supply capacity expected to continue for the foreseeable future; cost competitiveness recognized as the key to survival

13. Solar Cell Market

Incentives to introduce solar power generation facilities (over the medium and long term)

1) Issues relating to energy (the depletion of fossil energy resources)

Despite the weakening sense of crisis toward the depletion of fossil energy resources attributable to the development of low-cost recovery technologies for such unconventional natural gases as shale gas, recognition toward the impending sense of danger associated with depletion remains strong among countries rich in oil and other conventional energy resources. Against this backdrop, there are indications of a growing emphasis on the introduction of solar power generation facilities as an alternative source of energy to meet the electric power demands of home countries

2) Issues relating to energy security

Energy security is a critical issue for countries lacking in natural resources such as Japan; as a result, expectations toward solar power as a source of energy and alternative to resources imported from other countries continues to rise

13. Solar Cell Market

Incentives to introduce solar power generation facilities (over the medium and long term)

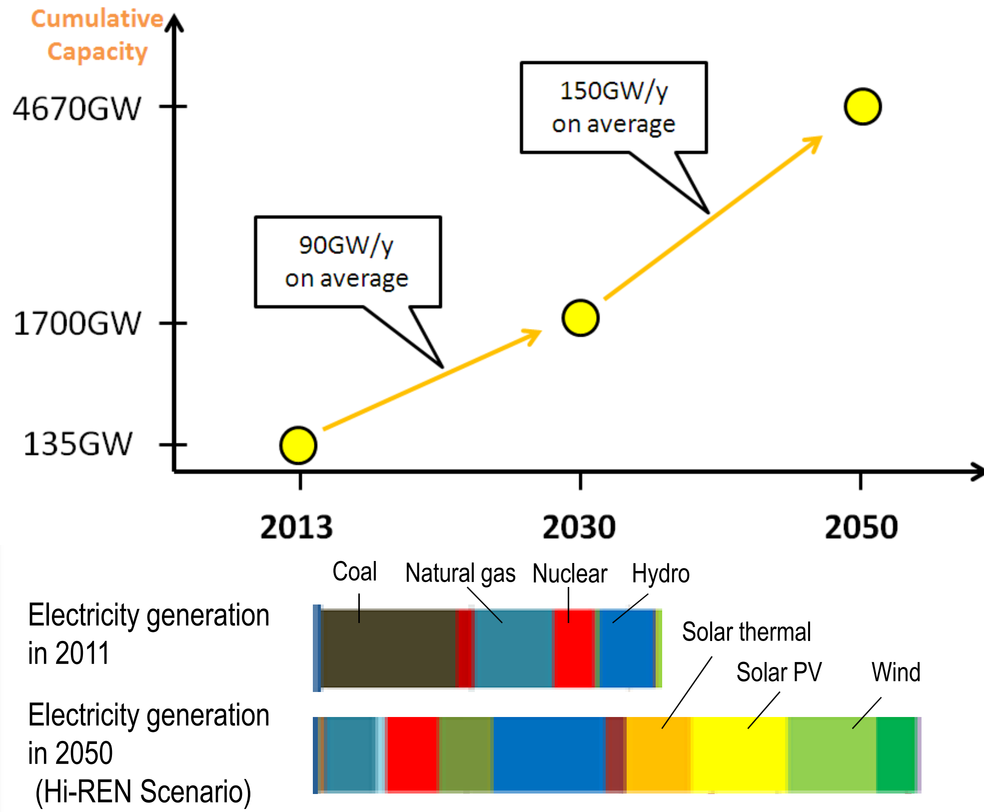
3) Issues relating to the environment (global warming)

Reducing the emission of CO2 is an important measure in addressing the issue of global warming; the widespread introduction of solar power generation is attracting increased attention as a key countermeasure

4) Economic rationality

There are signs that power generation costs are falling below grid-connected power system prices in certain countries and regions; solar power generation offers a powerful and effective energy policy initiative means to balance economic and environmental concerns

PV installation need to ensure a sustainable energy future

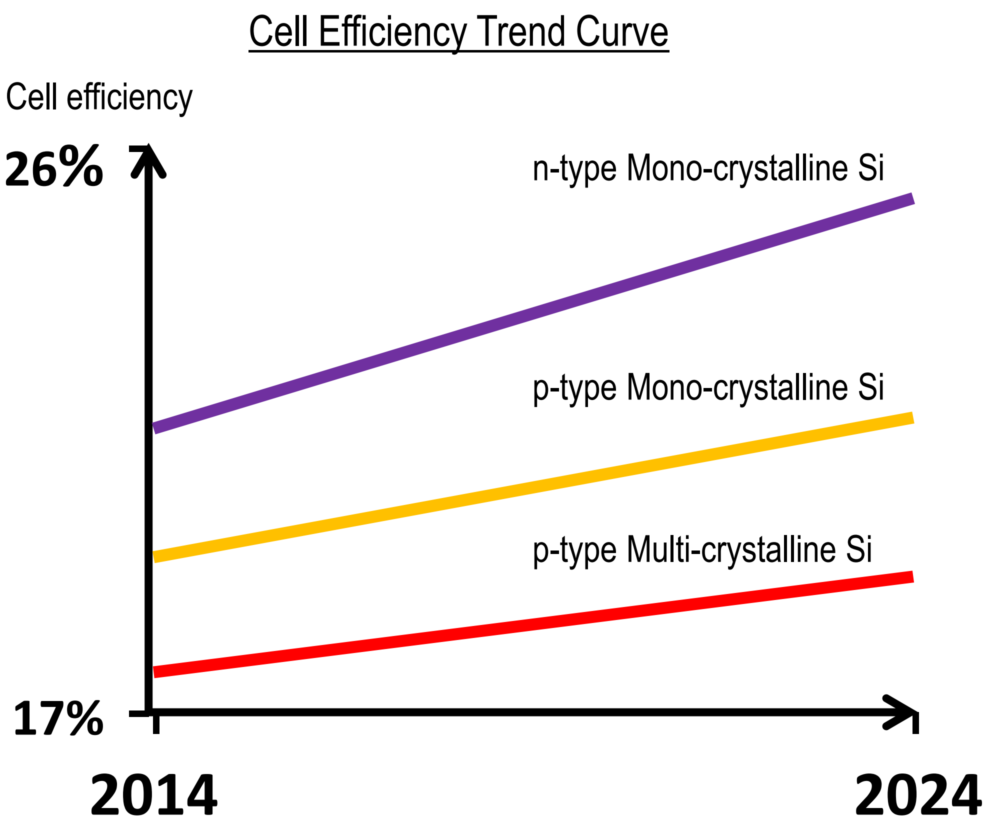


(Note) Tokuyama estimate based on IEA Technology Roadmap - Solar Photovoltaic Energy 2014 edition “ Hi – REN senario”

6 Supplementary Data

13. Solar Cell Market

Trend toward increasing cell efficiency



(Note) Tokuyama estimate based on SEMI “www.itrpv.net”

- Crystalline silicon solar cells offer high levels of performance and reliability; the crystalline silicon solar cell market is expected to enjoy continuous growth on the back of advances in technology going forward
- Beginning with the n-type single crystal category, the performance of solar cells is projected to further improve across the entire segment including the p-type single and p-type polycrystal categories

Tokuyama will contribute to increasing the performance of crystalline silicon solar cells as well as market growth by ensuring the stable supply of high-quality polysilicon.

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