

TOKUYAMA
CORPORATION

Tokuyama traces its roots back to 1918, when it began producing soda ash (sodium carbonate), one of the basic materials used in various industries.

While adding various chemicals to our product lineup, we have grown to incorporate diverse businesses covering a wide range of products including organic and inorganic chemicals, plastics, cement/building materials, electronic materials, and materials used in the medical field. In this way, Tokuyama has continued to serve industry and a variety of markets for more than 90 years.

Tokuyama aims to be a thoroughly unique company, characterized by technology, rather than pursuing scale. At the same time, we strive to become a meaningful presence in society, full of originality, and to generate increased corporate value from a medium- to long-term perspective while also practicing a style of management that is both future-oriented and in harmony with society.

Profile & Contents

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CAUTIONARY NOTES: FORWARD-LOOKING STATEMENTS

This annual report contains information about forward-looking statements related to such matters as the Company's plans, strategies and business results. These forward-looking statements represent judgments made by the Company based on information available at present and are inherently subject to a variety of risks and uncertainties. The Company's actual activities and business results could differ significantly from the forward-looking statements due to changes including, but not limited to, those in the economic environment, business environment, demand and exchange rates.

C Consolidated Financial Highlights

Tokuyama Corporation and Consolidated Subsidiaries

Years ended March 31, 2011 and 2010

	Millions of yen		Change (%)	Thousands of U.S. dollars
	2011	2010	2011/2010	2011
Net sales	¥289,787	¥273,155	6.1%	\$3,491,408
Operating income	20,145	16,484	22.2	242,706
Income before income taxes	15,550	12,864	20.9	187,350
Net income	9,766	7,458	30.9	117,657
Per share amounts (in yen, U.S. dollars)				
Net income				
Basic	28.06	23.52	19.3	0.338
Diluted	—	—	—	—
Cash dividends	6.00	6.00	—	0.072
Total assets	474,708	452,893	4.8	5,719,378
Net assets	247,656	243,607	1.7	2,983,812
Capital expenditures	40,725	28,833	41.2	490,667
Depreciation	31,257	37,484	(16.6)	376,588
R&D expenses	11,469	11,818	(3.0)	138,184
Number of employees	5,493	5,444	—	—
Consolidated subsidiaries	50	49	—	—

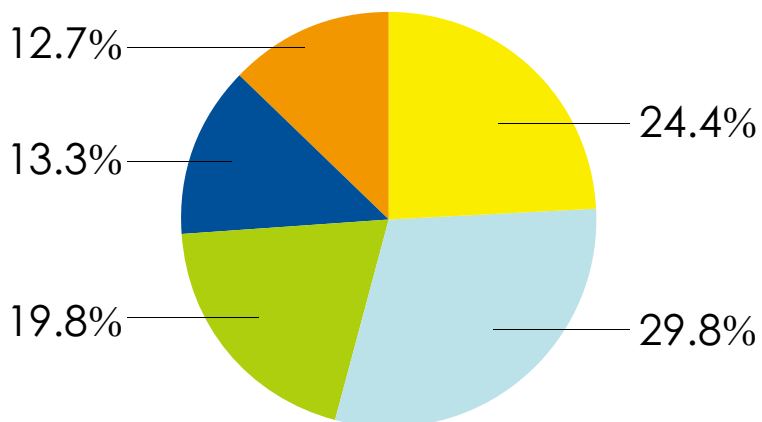
Note: U.S. dollar amounts above and elsewhere in this annual report are converted from Japanese yen, for convenience only, at the rate of ¥83=US\$1.

At a Glance

Group Segment

Year ended March 31, 2011

Sales Composition



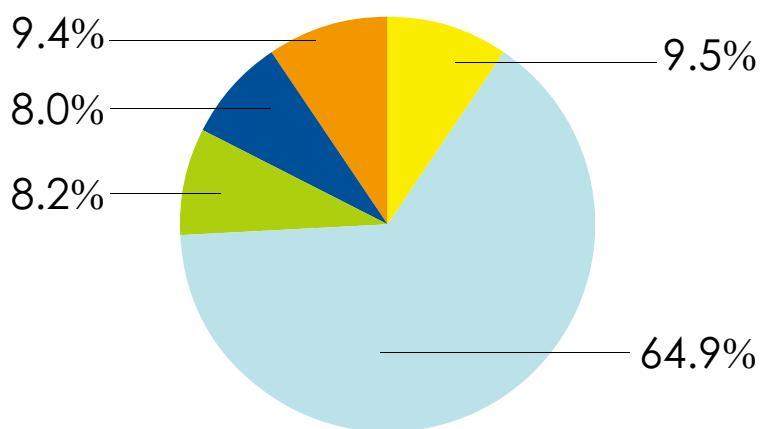
CHEMICALS



SPECIALTY PRODUCTS



Operating Income Composition



CEMENT



ADVANCED COMPONENTS



OTHERS



Business Unit	Major Direct Products	Major Products of Group Companies
Soda ash and Calcium chloride	Soda ash, Calcium chloride	<ul style="list-style-type: none"> ● Vinyl chloride resin 【Shin Dai-ichi Vinyl】
Chlor-alkali	Caustic soda, Propylene oxide, Chlorine derivatives	
Vinyl chloride	Vinyl chloride monomer	
New organic chemicals	Isopropyl alcohol (IPA)	
Electronic materials	Polycrystalline silicon	<ul style="list-style-type: none"> ● Fumed silica 【Tokuyama Chemicals (Zhejiang)(China)】 ● Precipitated silica 【Tokuyama Siam Silica (Thailand)】 ● Aluminum nitride 【TOKUYAMA-DOWA Power Materials】 ● Microporous film 【Shanghai Tokuyama Plastics (China)】
Fumed silica	Fumed silica	
Precipitated silica	Precipitated silica (white carbon)	
Fine chemicals	Pharmaceutical bulks (ingredients)	
	Plastic lens materials for glasses	
Shapal	Aluminum nitride (AlN)	
IC chemicals	High-purity chemicals for electronics manufacturing	
Cleaning system	Metal-cleaning solvents	
NF	Microporous film	
Cement	Ordinary Portland cement	<ul style="list-style-type: none"> ● Ready-mixed concrete 【Ready-mixed concrete companies】
	Other cement	<ul style="list-style-type: none"> ● Cement / Building materials 【Tokuyama Tsusho Trading, etc.】
Recycling and environment	Recycling of waste and by-products	
● Polypropylene film 【Sun•Tox】	● Ion exchange membranes / Systems 【ASTOM】	
● Clinical analyzers / Laboratory information systems 【A&T】	● Gas sensors / detectors 【Figaro Engineering】	
● Dental materials / equipment 【Tokuyama Dental】	● Plastic window sashes 【Excel Shanon】	
● Others 【Shunan System Sangyo etc.】		

Messsage from the President



Kazuhisa Kogo
President

VENTURE SPIRIT & INNOVATION

On behalf of Tokuyama Corporation, I would like to express my sincerest thanks to all our valued stakeholders for their continued support and cooperation. I would also like to take this opportunity to deliver a message to our stakeholders in this Annual Report 2011.

The Great East Japan Earthquake that occurred on March 11, 2011 caused a great deal of damage to Eastern Japan. An extensive area was seriously affected by the massive earthquake and tsunami that followed such as we have never experienced before.

On behalf of the Tokuyama Group, I would like to express our heartfelt sympathy to all those who have been affected by this major disaster and our sincere hope that the rehabilitation and recovery of disaster-stricken areas will occur as quickly as possible.

REVIEW OF THE PREVIOUS MEDIUM-TERM MANAGEMENT PLAN

Fiscal 2011 (the year ended March 31, 2011) marks the final year of the previous three-year medium-term management plan. Guided by this plan, and as a first step toward achieving our Centennial Vision, the key concept of which is "Venture Spirit & Innovation," we took steps to promote growth strategies and build foundations for the growth strategies.

With regard to the growth strategies, we put a variety of concrete steps into action, such as a decision to build a polycrystalline silicon factory in Malaysia and the launch of construction of this new factory, and expansion of manufacturing bases for fumed silica, microporous film, and other products in China. In addition to these steps, we rebuilt our information infrastructure with the aim of strengthening competitiveness through productivity improvement.

With regard to the foundations for the growth strategies, we took various steps such as strengthening the cross functionality of each department by newly establishing the Management of Technology Div. and the Independent Business Management Div., and developing human resources from the global viewpoint mainly for the Malaysia project. In addition, we have started a company-wide project for reforming a corporate culture and strengthening organizational functions in order to achieve the Centennial Vision.

I regret to say, however, that we fell short of the numerical targets for net sales, operating margin (the ratio of operating income to net sales), etc., due to the fireproof plastic window sash problem as well as the impact from the global financial crisis triggered by Lehman Brothers' bankruptcy.

In the current fiscal year (the year ending March, 31, 2012), we will endeavor to carry out those steps that we failed to complete in the previous medium-term management plan and consider the next medium-term management plan that will start in fiscal 2013 (the year ending March 31, 2013). These measures will help us build up our strength.

Centennial Vision (CY2018)

Next Medium-term Management Plan (FY2013)

Reconstructing Strategies to Realize the Centennial Vision (FY2012*)

(*FY2012: the Year ending March 31, 2012)

Development in Polysilicon Business

Future Developments

Expansion of production facilities at the Tokuyama Factory

- Start of construction: Nov. 2011
- Production capacity: Add 1,800 t./Y
→ Total 11,000 t./Y
- Plant's completion: Spring 2013
- Investment: ¥11 billion



Polycrystalline silicon plant at the Tokuyama Factory

Decision to commence a second-phase construction project in Malaysia

- Start of construction: Apr. 2012
- Start of operations: Jan. 2015
- Production capacity: 13,800 t./Y
- Plant construction costs: ¥100 billion

Accomplishments in the Previous Medium-term Management Plan

Expanded production facilities at the Tokuyama Factory

- Production capacity increase: 3,000 t./Y
- Started operations Apr. 2009
- Investment: ¥45 billion

Commenced first-phase construction of a factory in Malaysia

- Launched construction Feb. 2011 to start operations Jun. 2013
- Production capacity: 6,200 t./Y
- Total investment: ¥80 billion



Construction site at the Samalaju Industrial Park

Review of the Previous Medium-term Management Plan (FY2009-FY2011*)

Growth Strategies	Accomplishments
Further Selection & Concentration for Attacking	<ul style="list-style-type: none"> · Expanded polysilicon production facilities at the Tokuyama Factory · Commenced construction of a polysilicon factory in Malaysia · Expanded manufacturing bases in China · Restructuring of cement operations · Withdrew from thin film business and concentrated management resources on aluminum nitride powder and substrate businesses in Shapal operations · Discontinued precipitated silica production at the Tokuyama Factory
Creation of New Businesses with Global Competitiveness	<ul style="list-style-type: none"> · Verification tests for VLD method continued · Technological development of silane gas completed · Construction of a pilot plant for membranes for fuel cells completed
Strengthening Competitiveness through Productivity Improvement	<ul style="list-style-type: none"> · Rebuilding of information infrastructure completed · Establishment of Shunan Bulk Terminal, Partial operations of its facilities started · Construction of a south combined operations management office

*FY2011: the Year ended March 31, 2011

CONSTRUCTION PROJECT FOR A POLYCRYSTALLINE SILICON PLANT IN MALAYSIA

On February 16, 2011, Tokuyama held a groundbreaking ceremony for construction of a polycrystalline silicon factory in Malaysia with many attendees including the Chief Minister of Sarawak. The new factory is scheduled to go into operation at an annual production capacity of 6,200 tons in June 2013. Investment in the new factory will total ¥80 billion.

In addition, on May 12, 2011, we announced a second-phase construction project to build an additional polycrystalline silicon plant ("second-phase plant") in Malaysia. The second-phase plant will produce polycrystalline silicon for solar cells at an annual production capacity of 13,800 tons. The plant construction costs are estimated to be ¥100 billion. The Company aims to start operation in January 2015.

Tokuyama has designated the polycrystalline silicon business as a core strategically growing business in its Centennial Vision and is actively expanding its polycrystalline silicon operations.

OUR ACTIONS TO ADDRESS THE FIREPROOF PLASTIC WINDOW SASH PROBLEM

Concerning the fireproof plastic window sash problem, I take this opportunity to offer my sincerest apologies to all our stakeholders for the significant trouble and anxiety caused.

We have completed repairing and improving more than 50% of houses and buildings in which the plastic window sashes (fireproof/fire-resistant grade) in question are used. In order to prevent a recurrence, we have completed all necessary measures.

We will continue to channel all our energy into quickly solving this issue.

IN CLOSING

The business environment surrounding the Tokuyama Group remains uncertain, chiefly reflecting the impact from the Great East Japan Earthquake. Under such circumstances, the entire Tokuyama Group will make its best endeavors to realize the Centennial Vision.

In conclusion, I would like to ask all stakeholders for their ongoing support and cooperation.



Kazuhisa Kogo
President
June 2011

Financial Review

INCOME ANALYSIS

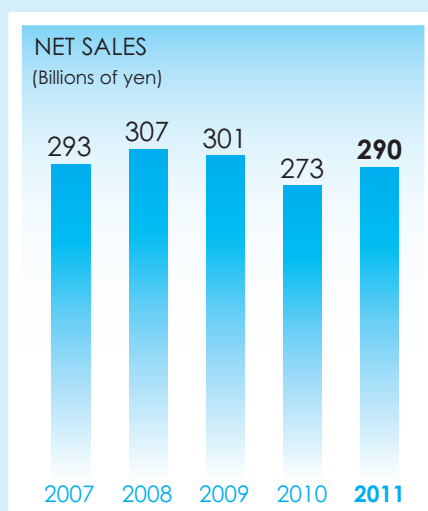
In fiscal 2011 (the year ended March 31, 2011), despite some adverse factors including Europe's debt crisis, the global economy remained on the path of slow recovery on the whole, driven by each nation's fiscal stimulus package and economic growth in emerging countries.

In the first half of the fiscal year under review, the Japanese economy was gradually picking up bolstered by the government's economic stimulus package. However, it came to a standstill in the latter half of the fiscal year due chiefly to the lingering deflation, the stronger yen and a loss in the effect of the economic stimulus package, and Japan's economic recovery decelerated again due to the Great East Japan Earthquake that occurred on March 11, 2011.

Under such circumstances, the Tokuyama Group reported higher operating income on higher sales compared with the previous fiscal year due to increased sales volume as a result of the economic recovery, selling price revisions in petrochemicals, and making streamlining efforts.

Consolidated net sales for fiscal 2011 amounted to ¥289,787 million (US\$3,491 million), an increase of 6.1% compared with the previous fiscal year, due chiefly to increased sales volume as a result of the economic recovery and selling price revisions in some products including petrochemicals.

By business segment, the Chemicals segment sales increased 9.1% year-on-year to ¥79,170 million (US\$954 million), sales in the Specialty Products segment rose 9.2% year-on-year to ¥96,786 million (US\$1,166 million), sales recorded by the Cement segment decreased 0.2% year-



on-year to ¥64,483 million (US\$777 million), and sales in the Advanced Components segment increased 3.0% year-on-year to ¥43,282 million (US\$521 million).

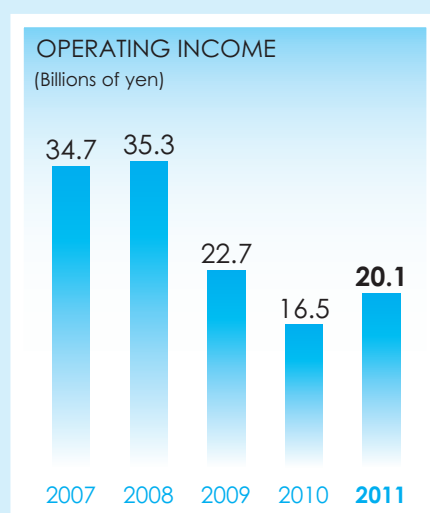
Cost of sales increased 6.7% compared with the previous fiscal year, to ¥209,714 million (US\$2,527 million), due chiefly to increased sales volume, and price increases of ethylene and propylene, main raw materials for the Company's operations.

Despite an increase in physical distribution costs as a result of increased sales volume, and other factors, SG&A expenses decreased 0.4% compared with the previous fiscal year, to ¥59,928 million (US\$722 million), owing mainly to cost-cutting measures including streamlining efforts in the Cement operations.

Operating income increased 22.2% year-on-year to ¥20,145 million (US\$243 million), due mainly to decreased depreciation expenses and the higher operating rate as well as increased sales volume and selling price revisions in some products. The operating margin (the ratio of operating income to net sales) was 7.0%, an increase of 1.0 percentage points compared with the figure of 6.0% recorded in the previous fiscal year.

In other income and expenses, the Tokuyama Group recorded foreign exchange losses. Reflecting this factor and so on, net other loss was ¥4,595 million (US\$55 million).

Income before income taxes was ¥15,550 million (US\$187 million), a gain of ¥2,686 million compared with income before income taxes of ¥12,864 million in the previous fiscal year. After deducting income taxes etc. calculated in an appropriate way, we recorded net income of ¥9,766 million (US\$118 million), a gain of ¥2,307 million compared with net income of ¥7,458 million in the previous fiscal year. Net income per share was ¥28.06 (US\$0.338), up from net



income per share of ¥23.52 in the previous fiscal year. Dividends per share were ¥6.00 (US\$0.072).

Return on equity (ROE) and return on assets (ROA) were 4.1% and 2.1%, respectively, compared with 3.5% and 1.7% in the previous fiscal year.

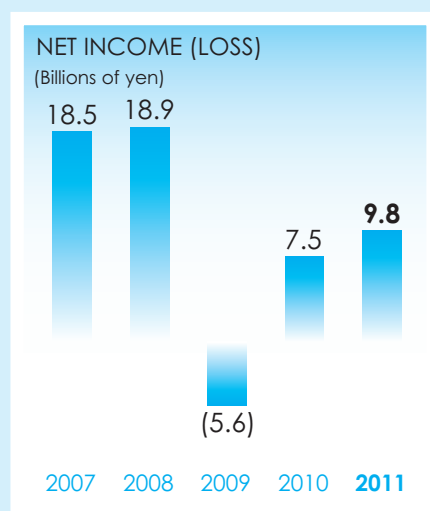
SEGMENT INFORMATION

The Tokuyama Group comprises the parent company, Tokuyama Corporation (“the Company”), 50 subsidiaries and 33 affiliated companies. The Group's operations are divided into the five business segments of Chemicals, Specialty Products, Cement, Advanced Components, and Others. For accounting purposes, 50 of the Company's subsidiaries are consolidated, while 9 affiliates are accounted for using the equity method.

CHEMICALS

The Chemicals segment is composed of the operations of 3 consolidated subsidiaries.

Segment sales increased 9.1% year-on-year to ¥79,170 million (US\$954 million), while operating income declined 23.2% year-on-year to ¥2,412 million (US\$29 million).



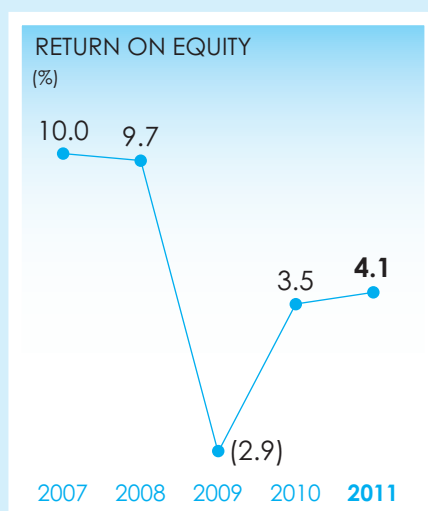
Sales in this segment increased, due chiefly to increased sales volume of petrochemicals, such as vinyl chloride resin and PO (propylene oxide), backed by a recovery mainly in automobile and electronics demand, selling price revisions made at the beginning of the year, and the rising market price of VCM (vinyl chloride monomer) arising from robust demand in Asia and rising raw material prices. With regard to profit, despite the above-mentioned factors, operating income declined owing to, among others, a fall in caustic soda selling prices caused by the worsening of its supply-demand balance and price increases of ethylene and propylene, main raw materials for the Company's operations.

SPECIALTY PRODUCTS

The Specialty Products segment consists of the operations of 8 consolidated subsidiaries and 2 equity-method affiliates.

Segment sales increased 9.2% year-on-year to ¥96,786 million (US\$1,166 million) and operating income increased 16.6% year-on-year to ¥16,399 million (US\$198 million).

Sales of polycrystalline silicon increased due to an increase in sales volume bolstered by growth in demand for solar cells and the recovery of the semiconductor market. However, operating income decreased due mainly to the impact of the stronger yen and a fall in selling prices.



Fumed silica sales increased due chiefly to strong sales of its application in polishing material used for CMP for liquid crystals and semiconductors, with the result that operating income also improved.

The aluminum nitride business posted higher operating income on higher sales, as its sales volume increased owing chiefly to the recovery of the semiconductor market.

Most of the other products in the segment posted sales increases due to a recovery in their sales volume backed by a recovery in semiconductor and liquid crystal demand.

CEMENT

The Cement segment comprises the operations of 13 consolidated subsidiaries and 2 equity-method affiliates.

Segment sales decreased 0.2% year-on-year to ¥64,483 million (US\$777 million) and operating income increased 49.9% year-on-year to ¥2,081 million (US\$25 million).

Despite recovering cement demand in some private sectors, domestic sales volume of cement decreased, as public-sector demand for cement continued to decline. Furthermore, selling price revisions that were made last year on account of rising coal prices did not take effect, and waste handling volume also decreased as a result of decreased cement production. Despite these factors, the Cement segment recorded about the same level of sales as those of the previous fiscal year, as one subsidiary was newly consolidated in the third quarter of the previous fiscal year, and consequently it made a full-year contribution to the segment's sales from the beginning of the fiscal year under review. Under such a severe business environment, the segment implemented structural reform of its cement operations and made streamlining efforts. Due to such efforts, the segment secured profit.

ADVANCED COMPONENTS

The Advanced Components segment consists of the operations of 14 consolidated subsidiaries and 1 equity-method affiliate.

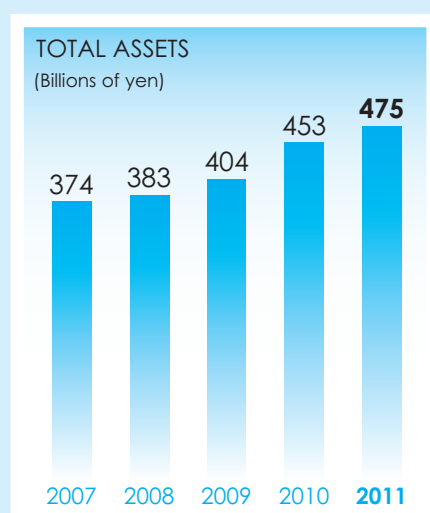
Segment sales increased 3.0% year-on-year to ¥43,282 million (US\$521 million) and operating income increased 80.8% year-on-year to ¥2,023 million (US\$24 million).

Sun•Tox Co., Ltd. registered higher sales due to increased sales volume of film for industrial use and other types of film as well as selling price revisions. A&T Corporation and Figaro Engineering Inc. also posted increases in sales owing mainly to increased sales volume. On the other hand, sales of Tokuyama Dental Corporation declined owing to fiercer competition in the home market, and sales of Excel Shanon Corporation also decreased owing to sluggish sales.

With regard to profit, the segment posted a jump in operating income due to rationalization effects in the segment's companies as well as profit increases at A&T Corporation and Figaro Engineering Inc.

FINANCIAL POSITION AND LIQUIDITY

As of March 31, 2011, total assets amounted to ¥474,708 million (US\$5,719 million), an increase of ¥21,815 million from the figure of ¥452,893 million at the previous fiscal year-end.



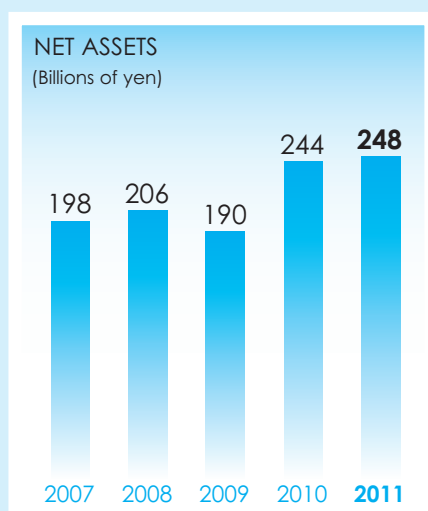
Current assets decreased 2.5% compared with the previous fiscal year-end to ¥218,690 million (US\$2,635 million). This was due primarily to a decrease in cash in hand and deposits at bank. Current liabilities rose 14.9% to ¥97,168 million (US\$1,171 million). This mainly reflected an increase in corporate bonds due within one year. As a result, the current ratio was down to 2.25 times, from 2.65 times at the previous fiscal year-end.

Investments and long-term accounts receivable rose 50.4% to ¥77,886 million (US\$938 million). This was primarily due to an increase in other intangible assets compared with the previous fiscal year-end.

Property, plant and equipment increased 0.7% to ¥178,132 million (US\$2,146 million) compared with the previous fiscal year-end.

As of March 31, 2011, total liabilities amounted to ¥227,052 million (US\$2,736 million), an increase of 8.5% compared with the previous fiscal year-end figure of ¥209,286 million. The main contributory factor was an increase in corporate bonds. Interest-bearing debt increased 26.2% from ¥100,029 million at the previous fiscal year-end to ¥126,220 million (US\$1,521 million).

Minority interests in consolidated subsidiaries increased 3.1% from ¥6,268 million as of the previous fiscal year-end to ¥6,460 million (US\$78 million). Net assets increased 1.7% compared with the previous fiscal year-end, from ¥243,607 million to ¥247,656 million (US\$2,984 million). This was due chiefly to an increase in retained earnings. The ratio of shareholders' equity to total assets was 50.8%, down from 52.4% at the previous fiscal year-end. The amount of net assets per share was ¥693.18 (US\$8.352), up from ¥682.03 at the previous fiscal year-end.



CAPITAL EXPENDITURES

Capital expenditures totaled ¥40,725 million (US\$491 million), an increase of 41.2% compared with the previous fiscal year's figure of ¥28,833 million.

CASH FLOWS

Net cash provided by operating activities totaled ¥37,044 million (US\$446 million). Principal items included depreciation expenses of ¥31,257 million (US\$377 million), down from ¥37,484 million in the previous fiscal year.

Net cash used in investing activities totaled ¥88,508 million (US\$1,066 million). Major contributory factors were payments for purchases of property, plant and equipment, from ¥34,707 million in the previous fiscal year to ¥21,728 million (US\$262 million), and payments for purchases of money held in trust of ¥69,896 million (US\$842 million) (nil in the previous fiscal year).

Net cash provided by financing activities equaled ¥23,995 million (US\$289 million). This was primarily attributed to proceeds from long-term debt of ¥8,872 million (US\$107 million), up from ¥8,742 million in the previous fiscal year, repayments of long-term debt of ¥4,057 million (US\$49 million) (¥4,045 million in the previous fiscal year), and proceeds from the issue of corporate bonds of ¥20,000 million (US\$241 million), up from ¥10,000 million in the previous fiscal year.

As a result of the above, cash and cash equivalents decreased by ¥27,321 million (US\$329 million) compared with the previous fiscal year-end, to ¥68,624 million (US\$827 million).

Consolidated Balance Sheets

Tokuyama Corporation and Consolidated Subsidiaries

Years ended March 31, 2011 and 2010

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	2011	2010	2011
Current assets:			
Cash in hand and deposits at bank	¥ 28,324	¥ 82,546	\$ 341,254
Time deposits	984	1,154	11,861
Short-term investments	921	2,941	11,101
Marketable securities (Note 3, Note 4)	40,300	11,400	485,542
Receivables:			
Trade notes and accounts	74,891	75,554	902,302
Others	3,420	4,002	41,202
Less allowance for doubtful accounts	(248)	(293)	(2,989)
	78,063	79,263	940,515
Inventories (Note 3, Note 5)	36,305	40,545	437,415
Trust in deposits	30,254	—	364,509
Deferred tax assets (Note 7)	2,426	4,332	29,232
Other current assets	1,113	2,095	13,394
Total current assets	218,690	224,276	2,634,823
Property, plant and equipment (Note 7):			
Land	35,026	32,383	421,996
Buildings and structures	104,538	102,640	1,259,492
Machinery and equipment	475,601	476,903	5,730,136
Others	1,123	8,548	13,522
Construction in progress	23,056	942	277,789
	639,344	621,416	7,702,935
Less accumulated depreciation	(461,212)	(444,591)	(5,556,768)
	178,132	176,825	2,146,167
Investments and other assets			
Investment securities (Note 3)	21,040	25,746	253,489
Investments in unconsolidated subsidiaries and affiliates	4,718	4,663	56,838
Long-term receivables	3,997	4,315	48,156
Less allowance for doubtful accounts	(270)	(406)	(3,257)
Intangible assets	9,490	4,943	114,336
Trust in deposits	23,407	—	282,015
Deferred tax assets (Note 7)	5,617	2,091	67,676
Others	9,887	10,440	119,135
	77,886	51,792	938,388
Total assets	¥474,708	¥452,893	\$5,719,378

See notes to consolidated financial statements

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	2011	2010	2011
Current liabilities:			
Short-term bank loans (Note 6)	¥ 10,194	¥ 8,377	\$ 122,820
Commercial papers	4,000	4,000	48,193
Current portion of long-term debt (Note 6)	13,091	4,014	157,720
Deferred tax liabilities (Note 7)	7	3	81
Notes and accounts payable:			
Trade notes and accounts	35,196	34,148	424,046
Others	12,702	13,553	153,041
	47,898	47,701	577,087
Accrued income taxes (Note 7)	3,143	1,404	37,861
Accrued expenses	6,082	5,896	73,282
Guarantee deposits received from dealers	5,174	5,098	62,341
Other current liabilities	7,579	8,046	91,313
Total current liabilities	97,168	84,539	1,170,698
Long-term liabilities:			
Long-term debt, less current portion (Note 6)	98,156	82,880	1,182,601
Accrued retirement and severance benefits (Note 8)	1,041	1,372	12,538
Deferred tax liabilities (Note 7)	277	215	3,337
Allowance for loss on compensation for building materials	13,221	19,251	159,295
Other long-term liabilities	17,189	21,029	207,097
Total long-term liabilities	129,884	124,747	1,564,868
Total liabilities	227,052	209,286	2,735,566
Contingent liabilities (Note 18)			
Shareholders' equity (Note 14):			
Common stock:			
Authorized: 700,000,000 shares			
Issued: 349,671,876 shares	53,459	53,459	644,084
Additional paid-in capital	57,670	57,670	694,821
Retained earnings	130,792	123,116	1,575,803
Less treasury stock, at cost	(1,414)	(1,402)	(17,034)
Total shareholders' equity	240,507	232,843	2,897,674
Valuation, translation adjustments and others (Note 3):			
Unrealized holding gains on available-for-sale securities	3,647	6,434	43,944
Foreign currency translation adjustments	(2,958)	(1,938)	(35,639)
Total valuation, translation adjustments and others	689	4,496	8,305
Minority interests in consolidated subsidiaries:	6,460	6,268	77,833
Total net assets	247,656	243,607	2,983,812
Total liabilities and net assets	¥474,708	¥452,893	\$5,719,378

See notes to consolidated financial statements

Consolidated Statements of Income

Tokuyama Corporation and Consolidated Subsidiaries

Years ended March 31, 2011, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2011	2010	2009	2011
Net sales	¥289,787	¥273,155	¥300,999	\$3,491,408
Cost of sales	209,714	196,490	214,316	2,526,677
Gross profit	80,073	76,665	86,683	964,731
Selling, general and administrative expenses (Note 10)	59,928	60,181	63,945	722,025
Operating income	20,145	16,484	22,738	242,706
Other income (expenses):				
Interest and dividend income	606	605	800	7,295
Interest expenses	(1,817)	(1,758)	(1,456)	(21,897)
Loss from disposal of property, plant and equipment	(695)	(474)	(3,729)	(8,369)
Impairment loss on fixed assets	(223)	(341)	(2,926)	(2,683)
Gain on sale of marketable and investment securities	1,721	1,584	683	20,735
Loss on write-down of marketable and investment securities	(163)	(12)	(1,088)	(1,958)
Foreign exchange gain (loss)	(1,889)	294	28	(22,762)
Seconded employee labor cost	(309)	(314)	(237)	(3,725)
Costs of idle operations	(831)	(997)	(941)	(10,014)
Equity in earnings of unconsolidated subsidiaries and affiliates	631	826	123	7,600
Provision for loss on compensation for building materials	(700)	(1,000)	(20,000)	(8,434)
Other-net	(926)	(2,033)	(1,233)	(11,144)
	(4,595)	(3,620)	(29,976)	(55,356)
Income (loss) before income taxes	15,550	12,864	(7,238)	187,350
Income taxes (Note 7):				
Current	5,054	3,789	7,305	60,897
Deferred	276	1,614	(7,883)	3,319
	5,330	5,403	(578)	64,216
Minority interests	(454)	(3)	1,063	(5,477)
Net income (loss)	¥ 9,766	¥ 7,458	¥ (5,597)	\$ 117,657
		Yen		U.S. dollars (Note 2)
	2011	2010	2009	2011
Per share amounts:				
Net income (loss)				
Basic	¥ 28.06	¥ 23.52	¥ (20.42)	\$ 0.34
Diluted	—	—	—	—
Cash dividends	6.00	6.00	6.00	0.07

See notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

Tokuyama Corporation and Consolidated Subsidiaries

Years ended March 31, 2011, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2011	2010	2009	2011
Income before minority interests	¥10,220	—	—	\$123,134
Valuation difference of securities	(2,792)	—	—	(33,636)
Foreign currency translation adjustments	(948)	—	—	(11,420)
Share of other comprehensive income of companies accounted for by the equity method	(139)	—	—	(1,674)
Other comprehensive income	(3,879)	—	—	(46,730)
Total comprehensive income	6,341	—	—	76,404
Attributable to:				
Shareholders of Tokuyama Corporation	5,959	—	—	71,797
Minority interests	¥ 382	—	—	\$ 4,607

See notes to consolidated financial statements

Consolidated Statements of Changes in Net Assets

Tokuyama Corporation and Consolidated Subsidiaries

Years ended March 31, 2011, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2011	2010	2009	2011
Common stock				
Balance at beginning of year	¥ 53,459	¥ 29,976	¥ 29,976	\$ 644,084
Issuance of common stock	—	23,483	—	—
Balance at end of year	¥ 53,459	¥ 53,459	¥ 29,976	\$ 644,084
Additional paid-in capital				
Balance at beginning of year	¥ 57,670	¥ 34,187	¥ 34,195	\$ 694,821
Issuance of common stock	—	23,483	—	—
Gain on disposal of treasury stock	—	—	(8)	—
Balance at end of year	¥ 57,670	¥ 57,670	¥ 34,187	\$ 694,821
Retained earnings				
Balance at beginning of year	¥ 123,116	¥ 117,584	¥ 125,667	\$ 1,483,324
Net income	9,766	7,458	(5,597)	117,657
Cash dividends paid	(2,088)	(1,866)	(2,468)	(25,155)
Disposal of treasury stock	(2)	(1)	(18)	(23)
Adjustment for changes in consolidated subsidiaries and affiliates accounted for by the equity method	—	(59)	—	—
Balance at end of year	¥ 130,792	¥ 123,116	¥ 117,584	\$ 1,575,803
Less treasury stock, at cost				
Balance at beginning of year	¥ (1,402)	¥ (1,382)	¥ (1,176)	\$ (16,891)
Net change	(12)	(20)	(206)	(143)
Balance at end of year	¥ (1,414)	¥ (1,402)	¥ (1,382)	\$ (17,034)
Unrealized holding gains on available-for-sale securities				
Balance at beginning of year	¥ 6,434	¥ 5,379	¥ 10,193	\$ 77,522
Net change	(2,787)	1,055	(4,814)	(33,578)
Balance at end of year	¥ 3,647	¥ 6,434	¥ 5,379	\$ 43,944
Foreign currency translation adjustments				
Balance at beginning of year	¥ (1,939)	¥ (2,204)	¥ 155	\$ (23,357)
Net change	(1,019)	265	(2,359)	(12,282)
Balance at end of year	¥ (2,958)	¥ (1,939)	¥ (2,204)	\$ (35,639)
Minority interest in consolidated subsidiaries				
Balance at beginning of year	¥ 6,268	¥ 6,218	¥ 7,125	\$ 75,519
Net change	192	50	(907)	2,314
Balance at end of year	¥ 6,460	¥ 6,268	¥ 6,218	\$ 77,833

See notes to consolidated financial statements

Consolidated Statements of Cash Flows

Tokuyama Corporation and Consolidated Subsidiaries

Years ended March 31, 2011, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2011	2010	2009	2011
Cash flows from operating activities:				
Income (loss) before income taxes	¥ 15,550	¥ 12,864	¥ (7,238)	\$ 187,350
Adjustments to reconcile net cash provided by operating activities:				
Depreciation and amortization	31,257	37,484	22,910	376,588
Increase (decrease) in allowance for loss on compensation for building materials	(6,029)	(386)	19,637	(72,642)
Increase (decrease) in provision	714	3	(1,708)	8,603
Interest and dividend income	(606)	(605)	(800)	(7,295)
Gain on sale of marketable and investment securities	(1,721)	(1,584)	(683)	(20,735)
Foreign exchange gain	(434)	(221)	(178)	(5,227)
Loss on sale and disposal of property, plant and equipment	707	619	3,745	8,512
Impairment losses on fixed assets	223	341	2,926	2,683
Equity in earnings of unconsolidated subsidiaries and affiliates	(631)	(826)	(123)	(7,600)
Interest expenses	1,817	1,758	1,456	21,897
Write-down of marketable and investment securities	163	12	96	1,958
(Increase) decrease in trade receivables	96	(11,812)	17,568	1,153
(Increase) decrease in inventories	4,229	(3,422)	(4,336)	50,953
Increase (decrease) in trade payable	1,626	3,445	(12,309)	19,592
Increase in other long-term liabilities	(4,036)	(2,815)	9,855	(48,630)
Other	(2,543)	2,862	(2,054)	(30,635)
Sub total	40,382	37,717	48,764	486,525
Interest and dividend received	918	862	1,154	11,054
Interest paid	(1,793)	(1,758)	(1,338)	(21,603)
Income taxes paid	(2,463)	(7,441)	(6,099)	(29,668)
Net cash provided by operating activities	37,044	29,380	42,481	446,308
Cash flows from investing activities:				
Increase in time deposits	(324)	(790)	(352)	(3,909)
Decrease in time deposits	297	394	76	3,580
Payments for purchases of property, plant and equipment	(21,728)	(34,707)	(55,551)	(261,784)
Proceeds from sales of property, plant and equipment	425	476	409	5,122
Payments for purchases of intangible assets	(4,933)	(1,497)	(3,217)	(59,429)
Payments for purchases of investment securities	(1,244)	(1,489)	(1,040)	(14,990)
Proceeds from sales of investment securities	2,772	1,870	2,867	33,392
Increase in loans receivable	(33)	(281)	(129)	(401)
Decrease in loans receivable	348	406	316	4,189
Payments for purchases of money held in trust	(69,896)	—	—	(842,122)
Proceeds from cancellation of money held in trust	5,239	—	—	63,123
Other	568	(850)	114	6,860
Net cash used in investing activities	(88,509)	(36,468)	(56,507)	(1,066,369)
Cash flows from financing activities:				
Increase (decrease) in short-term loans	1,855	(218)	2,228	22,352
Increase in commercial paper	—	1,600	2,400	—
Proceeds of long-term debt	8,872	8,742	46,253	106,892
Repayments of long-term debt	(4,057)	(4,045)	(13,889)	(48,885)
Proceeds from issue of bonds	20,000	10,000	—	240,964
Redemption of bonds	—	(15,000)	(5,000)	—
Issuance of common stock	—	46,966	—	—
Cash dividends paid	(2,088)	(1,866)	(2,468)	(25,155)
Cash dividends paid to minority interest	(190)	(129)	(144)	(2,293)
Increase in treasury stock	(14)	(21)	(231)	(167)
Other	(383)	962	97	(4,617)
Net cash (used in) provided by financing activities	23,995	46,991	29,246	289,091
Effect of exchange rate changes on cash and cash equivalents	67	273	(972)	816
Net increase (decrease) in cash and cash equivalents	(27,403)	40,176	14,248	(330,154)
Cash and cash equivalents at beginning of the year	95,945	55,366	41,057	1,155,968
Increase in cash and cash equivalents due to changes of scope of consolidation	82	403	61	982
Cash and cash equivalents at end of year	¥ 68,624	¥ 95,945	¥ 55,366	\$ 826,796

See notes to consolidated financial statements

Notes to Consolidated Financial Statements

Tokuyama Corporation and Consolidated Subsidiaries

1. BASIS OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared from accounts and records maintained by Tokuyama Corporation (the "Company") and its subsidiaries. The Company and its consolidated domestic subsidiaries have maintained their accounts and records in accordance with the provisions set forth in the Companies Act (the "Act") and the Financial Instruments and Exchange Act and in conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Financial Reporting Standards.

The accounts of consolidated overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile.

Certain items presented in the consolidated financial statements filed with the appropriate Local Finance Bureau of the Ministry of Finance in Japan have been reclassified for the convenience of readers outside Japan. Such reclassifications have no effect on net income or retained earnings.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. U.S. DOLLAR AMOUNTS

The U.S. dollar amounts included in the consolidated financial statements and notes represent the arithmetic results of translating Japanese yen to U.S. dollars at the rate of ¥83=US\$1, the approximate exchange rate on March 31, 2011. The U.S. dollar amounts are included solely for the convenience of readers outside Japan, and are not intended to imply that the assets and liabilities that originated in yen have been or could be readily converted, realized, or settled in U.S. dollars at this or at any other rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION:

The consolidated financial statements include the accounts of the Company and its 50 significant subsidiaries (49 in 2010 and 46 in 2009). Significant intercompany transactions and accounts have been eliminated in consolidation.

In total, 19 subsidiaries are consolidated on the basis of their original fiscal years ended at December 31. Material differences in intercompany transactions and accounts arising from the use of the different fiscal year-end are appropriately adjusted in consolidation.

Investments in 9 unconsolidated subsidiaries and affiliates (9 in 2010 and 11 in 2009) are accounted for by the equity method. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are carried at cost.

The excess of investment cost over equity in net assets acquired is amortized on a straight-line basis over five years.

FOREIGN CURRENCY TRANSACTIONS:

Revenue and expenses items denominated in foreign currencies are translated into Japanese yen at the rates of respective transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rate in effect at the balance sheet date and the resulting exchange gains or losses are credited or charged to income as incurred.

FOREIGN CURRENCY FINANCIAL STATEMENTS (ACCOUNTS OF OVERSEAS SUBSIDIARIES AND AFFILIATES):

All assets and liabilities are translated into yen at the exchange rate in effect at the balance sheet date except for shareholders' equity, which is translated at the historical exchange rates. Revenue and expense accounts of the

consolidated overseas subsidiaries are translated at the average rates of exchange prevailing during the year. The resulting translation adjustments are shown as "Foreign currency translation adjustments" in net assets.

CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include all highly liquid time deposits with maturities of three months or less, and short-term investments and marketable securities which are readily convertible into cash and have no significant risk of change in value.

MARKETABLE AND INVESTMENT SECURITIES:

Securities are classified into four groups: trading securities, held-to-maturity debt securities, securities of subsidiaries and affiliates, and other securities. Trading securities are stated at fair market value, held-to-maturity debt securities at amortized cost, and securities of subsidiaries and affiliates are stated at cost. Other securities with a quoted current price are stated at fair value, and those without a quoted current price are stated at cost, cost being determined by the moving-average method. Net unrealized gains or losses of other securities are stated as "Unrealized holding gains on available-for-sale securities" in shareholders' equity after applying tax effect accounting. The Company and subsidiaries do not hold trading securities.

INVENTORIES:

Inventories held for sale in the ordinary course of business are stated at cost determined mainly by the moving-average method. The balance sheet value of the inventories is determined by write-down based on their decreased profitability.

PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are stated at cost. Depreciation is mainly computed by the declining-balance method for structures, machinery and equipment, and by the straight-line method for buildings at rates based on the estimated useful lives of assets prescribed by the Corporation Tax Act. The range of estimated useful lives is principally from 2 to 75 years for buildings and structures, and from 2 to 20 years for machinery and equipment.

Significant renewals and betterments are capitalized. Maintenance expenses are charged to income as incurred.

RESEARCH AND DEVELOPMENT EXPENSES:

Research and development expenses are charged to income as incurred.

DERIVATIVES AND HEDGE ACCOUNTING:

All derivative financial instruments, except hedging instruments, are stated at fair value. The Company includes interest rate swaps in hedging instruments subject to hedge accounting.

The Company utilizes financial derivative transactions only for the purpose of hedging foreign exchange risk arising from normal operating activities and for managing interest rate risks. The Company does not hold or issue derivatives for dealing or speculative purposes. All derivative transactions are performed and controlled by the financial section. Directors in charge approve all derivative transactions entered into.

As the counterparties to these derivative transactions are limited to major financial institutions with high credit standings, the Company does not anticipate nonperformance by the counterparties to these agreements, and no material losses are expected.

LEASES:

Leased assets related to finance lease transactions that do not transfer ownership are depreciated by the straight-line method using the lease term as the useful life and until the residual value becomes zero.

With respect to finance lease transactions that do not transfer ownership whose starting date was on or before March 31, 2009, the accounting treatment similar to that applicable to ordinary rental transactions continues to be applied.

ALLOWANCE FOR DOUBTFUL ACCOUNTS:

The allowance for doubtful accounts of the Company and its consolidated subsidiaries is provided in amounts sufficient to cover possible losses on collection. In determining the allowance for doubtful accounts for normal receivables, regard is taken of the historical default rate. With receivables where there is an acknowledged credit risk, allowances for doubtful accounts are provided for taking account of collectability on a case-by-case basis.

INCOME TAXES:

The tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting is recognized as deferred income taxes. The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

ACCRUED RETIREMENT BENEFITS:**(i) Employees**

Recognition of accrued retirement benefits for employees for the fiscal year under review is based on actual valuation of projected benefit obligations and plan assets at the end of the fiscal year.

Prior service costs are charged to income as incurred.

Actuarial differences are amortized by using the straight-line method over a period of time within the average remaining service period of employees (16 years), from the subsequent fiscal year when they are incurred.

(ii) Directors and corporate auditors

Certain consolidated subsidiaries record accrued retirement benefits for directors and corporate auditors on the basis of the amounts required as of the end of the fiscal year under review based on internal rules.

ACCOUNTING FOR REVENUE AND COSTS OF CONSTRUCTION CONTRACTS:**(i) Construction contracts in which the outcome of the construction activity carried out by the end of the fiscal year under review is deemed certain during the course of the activity**

Percentage-of-completion method (The percentage of completion of construction activity is estimated based on the percentage of the cost incurred to the estimated total cost)

(ii) Construction contracts other than the above

Completed-contract method

NET INCOME PER SHARE:

Net income per share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during each fiscal year. Diluted net income per share is calculated based on the assumption that all diluted convertible bonds were converted at the beginning of the fiscal year. Diluted net income per share for the fiscal years ended March 31, 2011, 2010 and 2009 was not presented because there was no dilutive effect on any assumed conversion of convertible bonds for the fiscal years ended March 31, 2011, 2010 and 2009.

ADOPTION OF AN "ACCOUNTING STANDARD FOR EQUITY METHOD OF ACCOUNTING FOR INVESTMENTS" AND "PRACTICAL SOLUTION ON UNIFICATION OF ACCOUNTING POLICIES APPLIED TO ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD":

Effective from the fiscal year ended March 31, 2011, the Company and its consolidated domestic subsidiaries have adopted an "Accounting Standard — ASBJ Statement No.16 Accounting Standard for Equity Method of Accounting for Investments" (issued on March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ Practical Issues Task Force No.24, issued on March 10, 2008).

The adoption of this new accounting standard had no effect on income.

ADOPTION OF AN ACCOUNTING STANDARD FOR ASSET RETIREMENT OBLIGATIONS:

Effective from the fiscal year ended March 31, 2011, the Company and its consolidated domestic subsidiaries have adopted an "Accounting Standard — ASBJ statement No.18 Accounting Standard for Asset Retirement Obligations" (issued on March 31, 2008) and its "Implementation Guidance — ASBJ Guidance No. 21 Guidance on Accounting Standard for Asset Retirement Obligations" (issued on March 31, 2008).

The adoption of this new accounting standard had no effect on income.

ADOPTION OF AN ACCOUNTING STANDARD FOR PRESENTATION OF COMPREHENSIVE INCOME:

Effective from the fiscal year ended March 31, 2011, the Company and its consolidated domestic subsidiaries have adopted an "Accounting Standard — ASBJ statement No.25 Accounting Standard for Presentation of Comprehensive Income" (issued on June 30, 2010).

4. FAIR VALUE INFORMATION

The fair values and net unrealized gains of quoted securities at March 31, 2011 were as follows:

	Millions of yen		
	Book value	Fair value	Difference
Held-to-maturity bonds:			
Government securities and municipal bonds	¥14	¥14	¥—
Bonds and others	—	—	—
Total	¥14	¥14	¥—

	Millions of yen		
	Acquisition cost	Book value	Unrealized gain
The other securities:			
Listed corporate shares	¥13,038	¥19,131	¥6,093
Bonds and others	—	—	—
Total	¥13,038	¥19,131	¥6,093

	Millions of yen	
	Book value	
Non-quoted main securities:		
Held-to-maturity bonds	¥	—
Certificates of deposit		40,300
The other securities		1,813
Total		¥42,113

	Thousands of U.S. dollars		
	Book value	Fair value	Difference
Held-to-maturity debt securities:			
Government securities and municipal bonds	\$165	\$165	\$—
Bonds and others	—	—	—
Total	\$165	\$165	\$—

	Thousands of U.S. dollars		
	Acquisition cost	Book value	Unrealized gain
The other securities:			
Listed corporate shares	\$157,083	\$230,499	\$73,416
Bonds and others	—	—	—
Total	\$157,083	\$230,499	\$73,416

	Thousands of U.S. dollars	
	Book value	
Non-quoted main securities:		
Held-to-maturity bonds	\$	—
Certificates of deposit		485,542
The other securities		21,840
Total		\$507,382

5. INVENTORIES

Inventories at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Finished products and merchandise	¥17,112	¥20,537	\$206,170
Work in progress	8,306	9,574	100,076
Raw materials and supplies	10,887	10,434	131,169
Total	¥36,305	¥40,545	\$437,415

6. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2011 represent loans, which principally bear interest at rates ranging from 0.43 % to 5.94 % per annum.

A summary of long-term debt at March 31, 2011 and 2010 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Loans principally from banks and insurance companies, due through 2025 with interest rates ranging from 0.43 percent to 5.94 percent	¥ 76,147	¥71,794	\$ 917,428
1.36 percent unsecured bonds in yen due May 11, 2011	5,000	5,000	60,241
1.60 percent unsecured bonds in yen due March 30, 2012	100	100	1,205
0.54 percent unsecured bonds in yen due September 9, 2015	5,000	—	60,241
1.76 percent unsecured bonds in yen due March 10, 2020	10,000	10,000	120,482
1.48 percent unsecured bonds in yen due September 9, 2020	15,000	—	180,723
	¥111,247	¥86,894	\$ 1,340,320
Less current maturities	(13,191)	(4,014)	(158,924)
	¥ 98,056	¥82,880	\$ 1,181,396

The aggregate annual maturities of long-term debt at March 31, 2011 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Years ending March 31		
2011	¥ 13,191	\$ 158,924
2012	11,975	144,280
2013	20,699	249,384
2014	5,624	67,765
2015	16,488	198,649
Thereafter	43,270	521,319
	¥111,247	\$1,340,321

The aggregate annual maturities of lease obligations at March 31, 2011 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Years ending March 31		
2011	¥232	\$2,790
2012	192	2,309
2013	176	2,119
2014	130	1,566
2015	39	465
Thereafter	10	138
	¥779	\$9,387

Assets pledged as collateral for certain loans and other liabilities at March 31, 2011 and 2010 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Pledged Assets			
Property, plant and equipment	¥19,833	¥22,605	\$238,954
Other	385	600	4,638
	¥20,218	¥23,205	\$243,592

7. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to a number of income taxes that, in the aggregate, indicate a statutory tax rate in Japan for the respective fiscal years. Overseas subsidiaries are subject to income taxes of countries where they are domiciled.

The significant differences between the statutory tax rate and effective tax rate for consolidated financial statement purposes for the fiscal years ended March 31 were summarized as follows.

For the fiscal year ended March 31, 2010, this information is omitted, as the difference between the statutory tax rate and the Companies' effective tax rate was not exceeding 5% of the statutory tax rate.

	2011	2010
Statutory tax rate	40.4%	40.4%
Increase (decrease) in income taxes resulting from:		
Inter-company eliminations of allowance for bad debts	(23.7)	—
Effect of tax credits	(5.5)	—
Utilization of loss carryforward	(3.6)	—
Lower tax rates of overseas consolidated subsidiaries	(2.4)	—
Equity in earnings of unconsolidated subsidiaries and affiliates	(1.6)	—
Permanent difference	(1.2)	—
Inter-company eliminations of dividends received	2.1	—
Change in valuation allowance allocated to income tax expenses	12.1	—
Inter-company eliminations of provision for loss on business of subsidiaries and affiliates	16.3	—
Other	1.4	—
Effective income tax rate	34.3%	—%

Significant components of deferred tax assets and liabilities at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets:			
Allowance for loss on compensation for building materials	¥ 5,353	¥ 7,795	\$ 64,499
Eliminated loss on business of subsidiaries and affiliates	3,576	7,380	43,081
Allowance for repairs	1,888	1,722	22,744
Fixed assets	1,384	1,552	16,675
Deficits	8,600	5,438	103,613
Others	10,624	6,363	127,997
Subtotal	31,425	30,250	378,609
Less valuation allowance	(18,229)	(17,059)	(219,626)
Total deferred tax assets	13,196	13,191	158,983
Deferred tax liabilities:			
Unrealized holding gains on the other securities	(2,446)	(4,008)	(29,469)
Special depreciation reserve	(492)	(713)	(5,925)
Appropriations for advanced depreciation	(1,795)	(1,771)	(21,629)
Others	(703)	(494)	(8,469)
Gross deferred tax liabilities	(5,436)	(6,986)	(65,492)
Net deferred tax assets/(liabilities)	¥ 7,760	¥ 6,205	\$ 93,491

8. RETIREMENT AND SEVERANCE PLAN

The Company and its consolidated domestic subsidiaries have lump-sum severance benefits plans and defined benefit pension plans as vested benefits system (DB scheme). They also have defined contribution pension plans as DC scheme.

The Company and its consolidated domestic subsidiaries may pay, under certain circumstances, extra retirement allowances when their employees leave the Companies.

The Company has a retirement benefit trust.

Benefit obligations for the fiscal years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Project benefit obligation	¥ (19,465)	¥ (20,547)	\$ (234,523)
Fair value of plan assets	19,860	20,553	239,272
Funded status	395	6	4,749
Unrecognized actuarial loss	5,466	5,237	65,860
Net amount shown on balance sheets	5,861	5,243	70,609
Prepaid pension expense	6,902	6,615	83,147
Accrued retirement and severance benefits	¥ (1,041)	¥ (1,372)	\$ (12,538)

Benefit costs for the fiscal years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Service cost	¥ 829	¥ 880	\$ 9,986
Interest cost	482	516	5,809
Recognized actuarial loss	394	1,145	4,749
Benefit cost	1,705	2,541	20,544
Other	550	544	6,620
Total	¥ 2,255	¥ 3,085	\$ 27,164

Assumptions used in the actuarial calculation were as follows:

Discount rate	2.5%
Expected return on plan assets	0.0%

9. LEASES

(1) Lessee

(i) Finance lease

Lease payments on finance lease contracts that do not transfer ownership for the fiscal year ended March 31, 2011 amounted to ¥182 million (US\$2,191 thousand). Lease payments corresponding to depreciation expenses for the fiscal year ended March 31, 2011, which were computed by the straight-line method over a period up to the maturity of the relevant lease contracts with no residual value, amounted to ¥113 million (US\$1,362 thousand).

If the leases were capitalized, the acquisition cost of assets and accumulated depreciation etc. at March 31, 2011 and 2010 would be as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Machinery, equipment and vehicles	¥ 140	¥ 601	\$ 1,691
Other	1,058	1,180	12,749
Less accumulated depreciation	(954)	(1,278)	(11,489)
Less accumulated impairment	(147)	(216)	(1,777)
Total	¥ 97	¥ 287	\$ 1,174

The future lease payments on finance leases at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within one year	¥126	¥227	\$1,517
Due beyond one year	119	276	1,433
Total	¥245	¥503	\$2,950

(ii) Operating lease

The future lease payments on noncancellable operating lease transactions at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within one year	¥ 421	¥—	\$ 5,074
Due beyond one year	2,163	—	26,056
Total	¥2,584	¥—	\$31,130

(2) Lessor

(i) Operating lease

The future lease payments on noncancellable operating lease transactions at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within one year	¥ 10	¥—	\$ 116
Due beyond one year	170	—	2,057
Total	¥180	¥—	\$2,173

10. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the fiscal years ended March 31, 2011, 2010 and 2009 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Carriage and shipping	¥24,672	¥24,048	¥26,091	\$297,258
Salaries and bonuses	9,266	9,587	9,632	111,638
Research and development expenses	10,229	10,532	10,448	123,239
Rent	1,575	1,606	1,738	18,981
Traveling expenses and postage	1,828	1,763	1,945	22,026
Welfare expense	1,637	1,600	1,786	19,720
Other	10,721	11,045	12,305	129,164
Total	¥59,928	¥60,181	¥63,945	\$722,026

11. DEPRECIATION

Depreciation for the fiscal years ended March 31, 2011, 2010 and 2009 was as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Depreciation	¥31,257	¥37,484	¥22,910	\$376,588

12. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses for the fiscal years ended March 31, 2011, 2010 and 2009 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Research and development expenses	¥11,469	¥11,818	¥11,872	\$138,184

13. IMPAIRMENT LOSS

The Company Group groups its assets mainly according to the smallest units independently generating cash flows based on business categories. During the fiscal year ended March 31, 2011, the Group recorded impairment losses for the following asset groups.

Use	Location	Asset category	Millions of yen	Thousands of U.S. dollars
			2011	2011
Manufacturing facilities for plastic window sashes	Kuriyama-cho, Yubari County, Hokkaido Prefecture	Buildings and structures	¥ 3	\$ 42
		Machinery and equipment	10	121
		Tools, furniture and fixtures	16	191
		Others	33	399
		Total	¥62	\$753

During the fiscal year ended March 31, 2011, because profitability of the abovementioned assets owned by the Excel Shanon Group decreased significantly, the book value of these assets was written down to the recoverable value, and the amount of the write-downs was accounted for as impairment losses in the extraordinary loss.

The recoverable value of these assets was measured based on their net selling value. The book value of the abovementioned assets was written down to a memorandum value.

Use	Location	Asset category	Millions of yen	Thousands of U.S. dollars
			2011	2011
Leased immovables	Hino City, the Tokyo Metropolis	Buildings and structures, Land, and others	¥160	\$1,930

During the fiscal year ended March 31, 2011, because there were indications of impairment arising from a significant fall in market prices of investment property (each property is recognized as an individual asset group), the book value of this asset was written down to the recoverable value, and the amount of the write-downs was accounted for as an impairment loss in the extraordinary loss.

The recoverable value of this asset group was measured based on its use value, and was computed by discounting future cash flows using the rate of 4.6%.

14. SHAREHOLDERS' EQUITY

The "Act" provides that an amount equal to at least 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal reserve until the total amount of legal reserve and additional paid-in capital equals 25% of common stock.

On condition that the total amount of legal reserve and additional paid-in capital remains being equal to or exceeding 25% of common stock, they are available for distributions and certain other purposes by the resolution of the shareholders' meeting.

The legal reserve is included in the retained earnings and is not allowed to show separately in the accompanying consolidated financial statements.

15. ASSET RETIREMENT OBLIGATIONS

Although the Company Group has obligations relating to restoration of branch offices and other business offices which it uses on estate lease contracts etc., factories or some of its business establishments where it uses land for sales facilities, and mines to their original conditions at the time of relocation or closing business and after finishing mining, it did not record asset retirement obligations equivalent to the obligations concerned, because it is difficult for the Company to estimate the time and probability of performing obligations to restore them to their original conditions, and what to be included in the obligations concerned in a reasonable manner, as it is not clear how long the Group will use leasehold assets relating to the obligations concerned, and at this point in time the Group plans to neither relocate its business establishments to new locations nor close mines.

16. SEGMENT INFORMATION

BUSINESS SEGMENT INFORMATION

Effective from the fiscal year ended March 31, 2011, the Company Group has adopted an "Accounting Standard — ASBJ Statement No.17 Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (issued on March 27, 2009) and its "Implementation Guidance — ASBJ Guidance No.20 Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (issued on March 21, 2008).

(1) Summary of reportable segments

The reportable segments in the Company Group are defined as individual units, where separate financial information is available and which are subject to regular review to evaluate their results and decide the allocation of management resources by the board of directors of the Company.

The Company has business divisions by product group, and the Company Group conducts business operations through each business division devising its comprehensive product strategy for domestic and overseas markets. The Company Group also develops business in the field of advanced components through a group of subsidiaries that have comprehensive management structure including R&D and are functionally independent. The Company has the Independent Business Management Div. that takes control of business activities of these subsidiaries.

The Company Group is, therefore, composed of segments by product group based on business divisions and the Independent Business Management Div., and has four reportable segments, "Chemicals," "Specialty Products," "Cement," and "Advanced Components."

Main products etc. of each reportable segment are as follows:

Chemicals: Caustic soda, soda ash, calcium chloride, layered sodium disilicate, vinyl chloride monomer, polyvinyl chloride resin, propylene oxide, isopropyl alcohol, methylene chloride

Specialty Products: Polycrystalline silicon, fumed silica, precipitated silica, aluminum nitride, pharmaceutical ingredients and intermediates, plastic lens related materials for glasses, metal washing solvents, high-purity chemicals for electronics manufacturing, environment-related equipment, microporous film

Cement: Ordinary Portland cement, high early-strength Portland cement, Portland blast-furnace slag cement, ready-mixed concrete, cement-type stabilizer, waste treatment

Advanced Components: Biaxial-oriented polypropylene film, co-extrusion multi-layer film, cast polypropylene film, plastic window sashes, clinical analyzers and systems, dental materials and equipment, gas sensors, ion exchange membranes

(2) Calculation of sales, income/loss, assets and other financial items by reportable segment

The accounting treatment methods applied to reportable segments are identical to those stated in "3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

Inter-segment sales or transfer are based on market prices.

Reportable segment's income is based on operating income.

Millions of yen								
2011	Chemicals	Specialty products	Cement	Advanced Components	Others	Total	Corporate or elimination	Consolidated
1. Sales								
Sales to customers	¥78,196	¥ 84,028	¥64,154	¥42,369	¥21,040	¥289,787	¥ —	¥289,787
Inter-segment sales/transfer	974	12,758	329	913	20,206	35,180	(35,180)	—
Total sales	¥79,170	¥ 96,786	¥64,483	¥43,282	¥41,246	¥324,967	¥ (35,180)	¥289,787
Operating income	2,412	16,399	2,081	2,023	2,367	25,282	(5,137)	20,145
2. Assets								
Assets	¥46,601	¥105,906	¥47,089	¥31,837	¥21,090	¥252,523	¥222,185	¥474,708
Depreciation	4,309	15,440	3,150	1,388	951	25,238	6,019	31,257
Impairment loss on fixed assets	—	—	—	223	—	223	—	223
Capital expenditures	2,847	20,377	4,347	1,630	2,551	31,752	8,973	40,725

Millions of yen						
2010	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
1. Sales						
Sales to customers	¥93,688	¥106,305	¥73,162	¥273,155	¥ —	¥273,155
Inter-segment sales/transfer	1,343	46	15,344	16,733	(16,733)	—
Total sales	¥95,031	¥106,351	¥88,506	¥289,888	¥ (16,733)	¥273,155
Operating expenses	88,885	91,890	88,476	269,251	(12,580)	256,671
Operating income	6,146	14,461	30	20,637	(4,153)	16,484
2. Assets						
Assets	¥84,915	¥149,692	¥87,289	¥321,896	¥130,997	¥452,893
Depreciation	7,613	23,376	5,178	36,167	1,317	37,484
Impairment loss on fixed assets	—	—	341	341	—	341
Capital expenditures	4,088	14,553	7,335	25,976	2,857	28,833

Millions of yen

2009	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
1. Sales						
Sales to customers	¥112,695	¥102,843	¥ 85,461	¥300,999	¥ —	¥300,999
Inter-segment sales/transfer	1,309	50	16,712	18,071	(18,071)	—
Total sales	¥114,004	¥102,893	¥102,173	¥319,070	¥(18,071)	¥300,999
Operating expenses	112,748	76,550	102,734	292,032	(13,771)	278,261
Operating income (loss)	1,256	26,343	(561)	27,038	(4,300)	22,738
2. Assets						
Assets	¥ 88,713	¥142,776	¥ 86,327	¥317,816	¥ 85,797	¥403,613
Depreciation	7,557	8,258	5,623	21,438	1,472	22,910
Impairment loss on fixed assets	—	—	2,926	2,926	—	2,926
Capital expenditures	8,369	37,904	4,219	50,492	4,063	54,555

Thousands of U.S. dollars

2011	Chemicals	Specialty products	Cement	Advanced Components	Others	Total	Corporate or elimination	Consolidated
1. Sales								
Sales to customers	\$942,117	\$1,012,387	\$772,943	\$510,470	\$253,491	\$3,491,408	\$ —	\$3,491,408
Inter-segment sales/transfer	11,738	153,704	3,967	10,999	243,444	423,852	(423,852)	—
Total sales	\$953,855	\$1,166,091	\$776,910	\$521,469	\$496,935	\$3,915,260	\$ (423,852)	\$3,491,408
Operating income	29,057	197,573	25,070	24,373	28,528	304,601	(61,895)	242,706
2. Assets								
Assets	\$561,456	\$1,275,978	\$567,343	\$383,583	\$254,083	\$3,042,443	\$2,676,935	\$5,719,378
Depreciation	51,911	186,019	37,951	16,727	11,464	304,072	72,516	376,588
Impairment loss on fixed assets	—	—	—	2,683	—	2,683	—	2,683
Capital expenditures	34,304	245,505	52,368	19,639	30,739	382,555	108,112	490,667

(3) Information on goodwill amortization and unamortized balance of goodwill by reportable segment

Millions of yen

2011	Chemicals	Specialty products	Cement	Advanced Components	Others	Total	Corporate or elimination	Consolidated
Amortization of goodwill	¥—	¥—	¥—	¥10	¥—	¥10	¥—	¥10
Unamortized balance	—	—	—	9	—	9	—	9

Thousands of U.S. dollars

2011	Chemicals	Specialty products	Cement	Advanced Components	Others	Total	Corporate or elimination	Consolidated
Amortization of goodwill	\$—	\$—	\$—	\$116	\$—	\$116	\$—	\$116
Unamortized balance	—	—	—	108	—	108	—	108

OVERSEAS SALES INFORMATION

Overseas sales of the Company and its consolidated subsidiaries for the fiscal years ended March 31, 2011 and 2010 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Asia	¥45,086	¥42,564	\$543,204
Others	16,813	14,801	202,568
Total	¥61,899	¥57,365	\$745,772

17. DERIVATIVE FINANCIAL INSTRUMENTS

(1) Management policy on financial instruments

The Company's Group raises necessary funds (mainly with bank loans and by the issuance of corporate bonds) in line with its business investment program to implement its growth strategies, such as "Selection and concentration for attacking," "Creation of new businesses with high global competitiveness," and "Strengthening competitiveness by improving productivity" based on two basic strategies, "Strengthening of strategically growing businesses" and "Strengthening of international competitiveness."

The Group invests occasional spare cash in financial assets with high safety, and raises short-term operating capital with bank loans and CP (commercial paper). We use derivatives only to hedge against risks, and have a management policy of not implementing derivative transactions for speculative purposes.

(2) Fair value of financial instruments

As of March 31, 2011, the book value of financial instruments, their fair value, and the differences between the two were as follows. The financial instruments whose fair value is extremely difficult to estimate are not given in the table below.

	Millions of yen		
	Book value	Fair value	Difference
Cash in hand and deposits at bank	¥ 29,309	¥ 29,309	¥ —
Trade notes and accounts	74,891	74,891	—
Marketable securities and Investment securities			
Marketable securities	40,300	40,300	—
Held-to-maturity bonds	14	14	—
The other securities	19,131	19,131	—
Money held in trust	53,661	53,661	—
Long-term receivables	3,997		
Less allowance for doubtful accounts	—		
Sub Total	3,997	3,997	—
Total	¥221,303	¥221,303	¥ —

	Millions of yen		
	Book value	Fair value	Difference
Trade notes and accounts	35,196	35,196	—
Short-term bank loans	10,194	10,194	—
Commercial papers	4,000	4,000	—
Bonds	35,100	35,174	74
Long-term debt	76,147	76,913	766
Total	¥160,637	¥161,477	¥ 840
Derivatives			
In which hedge accounting is not applied	(395)	(395)	—
In which hedge accounting is applied	23,887	(328)	(328)
Total	¥ 23,492	¥ (723)	¥(328)

	Thousands of U.S. dollars		
	Book value	Fair value	Difference
Cash in hand and deposits at bank	\$ 353,115	\$ 353,115	\$ —
Trade notes and accounts	902,302	902,302	—
Marketable securities and investment securities			
Marketable securities	485,542	485,542	—
Held-to-maturity bonds	165	165	—
The other securities	230,499	230,499	—
Money held in trust	646,523	646,523	—
Long-term receivables	48,156		
Less allowance for doubtful accounts	—		
Sub Total	48,156	48,156	—
Total	\$2,666,302	\$2,666,302	\$ —
Trade notes and accounts	424,046	424,046	—
Short-term bank loans	122,820	122,820	—
Commercial papers	48,193	48,193	—
Bonds	422,892	423,777	885
Long-term debt	917,429	926,672	9,243
Total	\$1,935,380	\$1,945,508	\$10,128
Derivatives			
In which hedge accounting is not applied	(4,753)	(4,753)	—
In which hedge accounting is applied	287,788	(3,952)	(3,952)
Total	\$ 283,035	\$ (8,705)	\$ (3,952)

18. CONTINGENT LIABILITIES

At March 31, 2011 and 2010, the Company and its consolidated subsidiaries were contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Notes discounted or endorsed	¥ 260	¥ 147	\$ 3,135
Loans guaranteed	1,083	1,435	13,048
Commitments to guarantee	288	552	3,470

19. SUBSEQUENT EVENTS

At the annual shareholders' meeting of the Company held on June 28, 2011, the appropriation of retained earnings for the fiscal year ended March 31, 2011 was approved as follows:

	Millions of yen	Thousands of U.S. dollars
	Cash dividends (¥3.00 per share)	¥1,044

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF TOKUYAMA CORPORATION

We have audited the accompanying consolidated balance sheets of Tokuyama Corporation and consolidated subsidiaries as of March 31, 2011, and 2010, and the related consolidated statements of income, changes in net assets and cash flows for each of the three years in the period ended March 31, 2011, and the related consolidated statement of comprehensive income for the year ended March 31, 2011, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokuyama Corporation and consolidated subsidiaries as of March 31, 2011, and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2011, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011, are presented solely for conveniences. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Yamaguchi Audit Corporation

YAMAGUCHI Audit Corporation

Shunan, Japan
June 13, 2011

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Major Subsidiaries and Affiliates

As of March 31, 2011

Company	(millions of yen, local currency in thousands)	Capital	Ownership	Scope
			(%)	
Chemicals				
■ Shin Dai-ichi Vinyl Corporation		2,000	71	Production and sale of polyvinyl chloride
■ Sun Arrow Chemical Co., Ltd.		98	100	Production and sale of polyvinyl chloride compounds
■ Tokuyama Siltech Co., Ltd.		200	100	Production and sale of layered silicate
(Category also includes 3 affiliates)				
Specialty Products				
■ Tokuyama Siam Silica Co., Ltd.		Baht389,268	52	Production and sale of precipitated silica
■ Tokuyama Chemicals (Zhejiang) Co., Ltd.		RMB351,200	100	Production and sale of fumed silica
■ Tokuyama-Dowa Power Materials Co., Ltd.		250	65	Production and sale of aluminum nitride
■ Tokuyama Electronic Chemicals Co., Ltd.		\$11,000	100	Production of solvent for semiconductor base materials
■ Taiwan Tokuyama Corporation		NT\$200,000	100	Production and sale of solvent for semiconductor base materials
■ Tokuyama Malaysia Sdn. Bhd.		17,820	100	Production and sale of polycrystalline silicon
■ Shanghai Tokuyama Plastics Co., Ltd.		RMB85,689	100	Production and sale of microporous film
* Hantok Chemicals Co., Ltd.		Won4,500,000	50	Production of developers for photolithography
* Oriental Silicas Corporation		NT\$298,000	20	Production and sale of amorphous precipitated silica
(Category also includes another 1 consolidated subsidiary)				
Cement				
■ Tokyo Tokuyama Concrete Co., Ltd.		80	92.04	Production and sale of ready-mixed concrete and concrete products
■ Seibu Tokuyama Ready Mixed Concrete Co., Ltd.		100	100	Production and sale of ready-mixed concrete
■ Kyushu Tokuyama Ready Mixed Concrete Co., Ltd.		50	100	Production and sale of ready-mixed concrete
■ Chugoku Ready Mixed Concrete Co., Ltd.		80	52.36	Production and sale of ready-mixed concrete
■ Tokuyama Tsusho Trading Co., Ltd.		95	100	Sale of cement and building materials
■ Tokusho Co., Ltd.		40	100	Sale of cement and steel frame materials
■ Tokushin Co., Ltd.		40	100	Sale of cement and building materials
■ Kansai Tokuyama Trading Co., Ltd.		80	100	Sale of cement and building materials
■ Tokuyama Mtech Corporation		50	100	Processing and sale of building materials
(Category also includes another 4 consolidated subsidiaries, 2 equity method affiliates and 14 affiliates)				
Advanced Components				
■ Sun•Tox Co., Ltd.		1,600	100	Production and sale of plastic films
■ A&T Corporation		577.6	40.21	Production and sale of diagnostic reagents, analyzers and systems
■ Figaro Engineering Inc.		99	100	Production and sale of sensor devices
■ Tianjin Figaro Electronic Co., Ltd.		RMB23,671	55.7	Production and sale of sensor devices
■ Tokuyama Dental Corporation		100	100	Production and sale of dental and medical materials
■ ASTOM Corporation		450	55	Production and sale of ion-exchange membranes
■ Eurodia Industrie S.A.		EUR650	99.99	Sale of ion-exchange membranes and maintenance and leasing of related equipment
■ EXCEL SHANON Corporation		495	100	Production, processing and sale of building materials, including plastic window sashes and doors
■ Tohoku Shanon Co., Ltd.		300	72	Production of plastic window sashes
(Category also includes another 5 consolidated subsidiaries, 1 equity method affiliate and 2 affiliates)				
Others				
■ Tomitec Co., Ltd.		100	60	Production of plastic molding and moisture absorbing agents, as well as components for gas sensors and office equipment
■ Tokuyama Asia Pacific Pte. Ltd.		\$800	100	Sale of Tokuyama's products
■ Tokuyama Europe GmbH		€255	100	Sale of Tokuyama's products
■ Shunan System Sangyo Co., Ltd.		151	100	Real estate, civil engineering, construction
■ Tokuyama Logistics Corporation		100	100	Transportation and warehousing
■ Tokuyama Information Service Corporation		20	100	Information processing services
■ Shunan Bulk Terminal Co., Ltd.		150	65	Warehouse operations for bulk cargoes of coal etc.
* Nishinohon Resicoat Co., Ltd.		50	50	Manufacture of metal parts and anti-rust surface coating materials
* Daipia Systec (Thailand) Co., Ltd.		THB100,000	40	Production and sale of molded and processed plastics
* Tokuyama Polypropylene Co., Ltd.		500	50	Production and sale of polypropylene
* Covalent Materials Tokuyama Corporation		1,600	30	Production and sale of ceramics and electrochemical products
(Category also includes another 5 consolidated subsidiaries and 5 affiliates)				

■ Consolidated subsidiary *Affiliate accounted for by the equity method

Overseas

Company	(millions of yen, local currency in thousands)	Capital	Ownership	Scope
			(%)	
Tokuyama America Inc.	US\$300	100		Sale of Tokuyama's products
Tokuyama Europe GmbH	EUR255	100		Sale of Tokuyama's products
Tokuyama Asia Pacific Pte. Ltd.	S\$800	100		Sale of Tokuyama's products
Taiwan Tokuyama Corporation	NT\$200,000	100		Production and sale of solvent for semiconductor base materials
Tokuyama Electronic Chemicals Pte. Ltd.	S\$11,000	100		Production of solvent for semiconductor base materials
Tokuyama Siam Silica Co., Ltd.	Baht389,268	52		Production and sale of precipitated silica
Eurodia Industrie S.A.	EUR650	99.99		Sale of ion-exchange membranes and maintenance and leasing of related equipment
Figaro USA, Inc.	US\$200	100		Sale of sensor devices
Tokuyama Dental Italy S.r.l.	EUR99	51		Production and sale of dental and medical materials
Hantok Chemicals Co., Ltd.	Won4,500,000	50		Production of developers for photolithography
Tianjin Figaro Electronic Co., Ltd.	RMB23,671	55.7		Production and sale of sensor devices
Shanghai Tokuyama Plastics Co., Ltd.	RMB85,689	100		Production and sale of microporous film
Tokuyama Chemicals (Zhejiang) Co., Ltd.	RMB351,200	100		Production and sale of fumed silica
Tokuyama Korea Co., Ltd.	Won500,000	100		Sale of Tokuyama's products
Tokuyama Malaysia Sdn. Bhd.	17,820	100		Production and sale of polycrystalline silicon

Main Products

Chemicals

Caustic soda
Soda ash
Calcium chloride
Vinyl chloride monomer
Polyvinyl chloride
Propylene oxide
Isopropyl alcohol
Methylene chloride

Specialty Products

Polycrystalline silicon
Fumed silica
Aluminum nitride
Pharmaceutical bulks and intermediates
Plastic lens materials
Methylene chloride for washing metal
Solvent for semiconductor base materials
Microporous film

Advanced Components

Biaxial-oriented polypropylene film
Multilayer co-extrusion films
Cast polypropylene films
Dental materials
Ion-exchange membranes
Medical diagnosis systems
Gas sensitive semiconductor
Plastic window sashes

Cement

Ordinary Portland cement
High early strength Portland cement
Blast furnace slag cement
Ready-mixed concrete
Cement type stabilizer

Executive Team

As of June 28, 2011

DIRECTORS

Chairman

Shigeaki Nakahara

Representative Director

Kazuhisa Kogo

Representative Director

Yoshikazu Mizuno

Supervision over Auditing Dept., Secretarial Dept., and Corporate Social Responsibility Div.

Directors

Tatsuo Segawa

Supervision over Corporate Administration Div.

Yukio Muranaga

Supervision over Specialty Products Business Div.

Shigeki Yuasa

Supervision over Corporate Planning Div., General & Personnel Affairs Div., Research & Development Div., and Management of Technology Div.

Toshiaki Tsuchiya

Supervision over Chemicals Business Div., Cement Business Div., and all branches

Tetsushi Yamada

Supervision over Tokuyama Factory, Manufacturing Technology Div., and Kashima Factory

External Director

Akio Fujiwara

AUDITORS

Standing Auditor

Isao Aso

Auditor

Masaki Akutagawa

External Auditors

Ryuji Hori

Takeru Ishibashi

EXECUTIVE OFFICERS

President and Executive Officer

Kazuhisa Kogo

General Manager of Malaysia Project Promotion Div.

Senior Managing Executive Officer

Yoshikazu Mizuno

Assistant to the President, General Manager of ISAAC Promotion Div. and Independent Business Management Div.

Managing Executive Officers

Tatsuo Segawa

General Manager of Corporate Administration Div.

Yukio Muranaga

General Manager of Specialty Products Business Div.

Shigeki Yuasa

General Manager of Corporate Planning Div.

Toshiaki Tsuchiya

General Manager of Chemicals Business Div.

Akira Sanuki

President of Tokuyama Malaysia Sdn. Bhd.

Tetsushi Yamada

General Manager of Tokuyama Factory and Steam & Power Generation Dept.

Toyoki Fukuoka

General Manager of General & Personnel Affairs Div.

Katsuyuki Masuno

General Manager of Research & Development Div.

Hidenori Okamoto

General Manager of Management of Technology Div.

Hisashi Yasui

Deputy General Manager of Specialty Products Business Div.

Hideyoshi Koya

General Manager of Cement Business Div.

Executive Officers

Kanji Sakata

General Manager of R&D Planning Dept.

Taishi Kutose

General Manager of Personnel Dept.

Osamu Nomura

General Manager of Manufacturing Technology Div.

Naoyuki Usagawa

General Manager of Osaka Branch

Shigetaka Misaka

Deputy General Manager of Malaysia Project Promotion Div., General Manager of Polysilicon Sales Dept.

Takeshi Nakahara

General Manager of Corporate Strategic Planning Dept.

Corporate Data

As of March 31, 2011

Established:

February 16, 1918

Capital:

¥53,459 million

Employees

(consolidated):

5,493

Shares Authorized:

700,000,000

Shares Issued:

349,671,876

Shareholders:

32,378

Major Shareholders:

	Number of Shares Held (Thousands)	Percentage of Total Shares
The Master Trust Bank of Japan, Ltd.	22,774	6.51
Japan Trustee Services Bank, Ltd. (trust account)	21,533	6.16
Nippon Life Insurance Company	15,534	4.44
State Street Trust and Banking Co., Ltd.	9,750	2.79
The Yamaguchi Bank, Ltd.	8,246	2.36
The Tokio Marine & Nichido Fire Insurance Co., Ltd.	8,075	2.31
The Nomura Trust and Banking Co., Ltd.	7,636	2.18
Meiji Yasuda Life Insurance Company	7,442	2.13
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,095	2.03
Japan Trustee Services Bank, Ltd. (trust account 9)	6,980	2.00

Composition of Shareholders:

	Number of Shares Held (Thousands)	Percentage of Total Shares
Financial Institutions	152,253	43.5
Individuals/Other	78,037	22.3
Non-Japanese Corporations/Foreign Residents	70,876	20.3
Other Domestic Corporations	40,427	11.6
Securities Companies	8,077	2.3

Tokuyama Corporation

Kasumigaseki Common Gate West Tower

2-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-8983, Japan

Corporate Communications & Investor Relations Department

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