



Tokuyama Corporation

First Half Fiscal 2009

Presentation for IR Meeting

-April 1, 2009 to September 30, 2009-

Nov. 13, 2009

C O N T E N T S

- 1 Business Results for 1st Half FY2009
- 2 Performance Forecasts for FY2009
- 3 Topics
- 4 Supplementary Data

1. Financial Highlights

2. Analysis of Business Results

Compared with the initial forecast

(Reference) Net Sales/Operating Income by Business Segment

Year-on-year change

1. Financial Highlights

(Billions of yen)

	1H FY2009 Results		1H FY2009 Forecast		Difference			
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated		Non-consolidated	
Operating Results					Amount	%	Amount	%
Net sales	130.7	89.9	134.0	93.0	- 3.2	-2	-3.0	-3
Operating income	8.3	7.9	7.5	8.5	+0.8	+12	-0.5	-6
Ordinary income	7.0	5.6	6.5	7.5	+0.5	+8	-1.8	-25
Net income	4.2	3.1	3.0	4.0	+1.2	+42	-0.8	-21

	As of Sept. 30, 2009		As of March 31, 2009		Changes	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Financial Position						
Total assets	451.0	393.8	403.6	348.6	+ 47.4	+ 45.1
Net assets	241.0	218.2	189.7	168.5	+ 51.2	+ 49.6
Shareholders' equity ratio	52.1%	55.4%	45.5%	48.3%	+ 6.6%	+ 7.1%

1. Financial Highlights

Non-operating income/expenses

(Billions of yen)

		09/1H	08/1H	Changes	Notes
income	Non-operating				
	Interest and dividend income	0.3	0.5	- 0.1	
	Other income	1.2	1.5	- 0.2	Foreign exchange gain: - 0.3
	Total	1.6	2.0	- 0.3	
expenses	Non-operating				
	Interest expenses	0.9	0.7	- 0.2	
	Other expenses	2.1	1.5	- 0.5	Foreign exchange loss: -0.4 Stock issue costs: -0.2
	Total	3.0	2.2	- 0.7	
Non-operating income/expenses		- 1.3	- 0.1	- 1.1	

1. Financial Highlights

Extraordinary gains/losses

(Billions of yen)

	09/1H	08/1H	Changes	Notes
Extraordinary gains	1.5	0.9	+0.6	Gain on sale of investment securities: +1.3 Gain on sale of group company stocks: - 0.5
Extraordinary losses	1.7	0.9	- 0.7	Costs for plastic sash repairs: - 0.7 Costs for the Malaysia project: - 0.4 Write-down of investment securities: - 0.5
Extraordinary gains/losses	- 0.1	- 0.0	- 0.1	

① 1st Half FY2009 Performance Highlights

② Net Sales/Operating Income by Business Segment
Compared with the initial forecast

① 1st Half FY2009 Performance Highlights

Compared with the initial forecast

Sales volume

Sales volume of cement dropped more sharply than estimated

We recorded a nearly 20% year-on-year decrease in cement sales volume, although we estimated the volume would be down approx. 5% year on year.

Selling prices

Prices of cement and chemicals were about level with the initial forecast's, while prices of specialty products were down

Prices of polycrystalline silicon (single-year contracts) and fumed silica fell more sharply than estimated

Costs of raw materials and fuel

Raw materials and fuel costs down, due mainly to decreased sales volume

① Business Results for 1H FY2009 / 2. Analysis of Business Results

② Net Sales/Operating Income by Business Segment

Compared with the initial forecast

(Billions of yen)

	09/1H Results		09/1H Forecast		Difference	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Chemicals	45.4	2.4	44.5	0.3	+ 0.9	+ 2.1
Specialty Products	50.4	8.6	50.5	9.8	- 0.0	- 1.1
Cement, Building Materials and Others	34.9	- 0.5	39.0	- 0.3	- 4.0	- 0.2
Total	130.7	10.4	134.0	9.8	- 3.2	+0.6
Inter-segment eliminations and corporate-wide expenses	—	- 2.1	—	- 2.3	—	+ 0.1
Consolidated results	130.7	8.3	134.0	7.5	- 3.2	+ 0.8

(Reference) Net Sales/Operating Income by Business Segment

Year-on-year change

(Billions of yen)

	09/1H		08/1H		Changes			
	Net sales	Operating income	Net sales	Operating income	Net sales	%	Operating income	%
Chemicals	45.4	2.4	62.3	1.3	- 16.9	- 27	+ 1.0	+ 76
Tokuyama	35.1	2.0	48.9	0.7	- 13.8	—	+ 1.2	—
Group companies (including consolidated adjustment)	10.2	0.4	13.3	0.6	- 3.0	—	- 0.2	—
Specialty Products	50.4	8.6	54.4	15.4	- 3.9	- 7	- 6.8	- 44
Tokuyama	38.1	8.1	41.3	15.1	- 3.1	—	- 6.9	—
Group companies (including consolidated adjustment)	12.2	0.4	13.0	0.3	- 0.7	—	+ 0.1	—
Cement, Building Materials and Others	34.9	- 0.5	43.4	- 0.1	- 8.5	- 20	- 0.4	—
Tokuyama	16.6	- 0.0	19.4	- 0.1	- 2.8	—	+ 0.0	—
Group companies (including consolidated adjustment)	18.2	- 0.5	23.9	- 0.0	- 5.6	—	- 0.5	—
Total	130.7	10.4	160.1	16.7	- 29.3	- 18	- 6.2	- 37
Inter-segment eliminations and corporate-wide expenses	—	- 2.1	—	- 2.0	—	—	- 0.0	—
Consolidated results	130.7	8.3	160.1	14.6	- 29.3	- 18	- 6.2	- 43

1.Future Business Environment

2.Performance Forecasts for FY2009

1.Future Business Environment

Prospects for an economic recovery in the 2nd half of this fiscal year, which was taken into account in the initial forecast, are uncertain

Chemicals

- ◆ A decrease in sales volume compared with the initial forecast is taken into account
- ◆ A rising trend in naphtha prices is a cause for concern

Specialty Products

- ◆ Polycrystalline silicon also will be affected by a decrease in demand
 - A fall in prices in single-year contracts is taken into account
 - The prospect that part of the shipments based on long-term contracts will be rescheduled to the next fiscal year is taken into account

Cement

- ◆ A further decrease in sales volume is taken into account
Domestic demand of 48 mil. tons in initial forecast ⇒ a little over 43 mil. tons

2. Performance Forecasts for FY2009

① Basis for Performance Forecast

(Revised)

② Performance Forecasts for FY2009

Comparison of revised forecast to initial forecast

③ Performance Forecasts by Business Segment

Comparison of revised forecast to initial forecast

(Reference) Net Sales/Operating Income by Business Segment

Compared with FY2008

① Basis for Performance Forecast

(Revised)

	09/2H Assumption	09/1H Results	08/2H Results	08/1H Results
Domestic naphtha price (¥/kl)	45,000	37,250	39,500	78,350
Exchange rate (¥/\$)	95	95	95	106

Basis for forecast at the beginning of FY2009

Domestic naphtha price : ¥33,000/kl

Exchange rate : ¥95/\$

② Performance Forecasts for FY2009

Comparison of revised forecast to initial forecast
(Billions of yen)

	FY09 Forecast (as of Nov. 6)		FY09 Forecast (as of May 12)		Difference			
	Consolidated	Non- consolidated	Consolidated	Non- consolidated	Consolidated		Non-consolidated	
Operating Results					Amount	%	Amount	%
Net sales	270.0	185.0	286.0	200.0	- 16.0	- 6	- 15.0	- 8
Operating income	15.0	14.0	20.0	20.0	- 5.0	- 25	- 6.0	- 30
Ordinary income	12.5	11.0	18.0	18.0	- 5.5	- 31	- 7.0	- 39
Net income	7.0	6.0	10.0	10.0	- 3.0	- 30	- 4.0	- 40

※ Revised Forecast for FY09 ; announced on Nov. 6, 2009

③ Performance Forecasts by Business Segment

Comparison of revised forecast to initial forecast

(Billions of yen)

	FY09 Forecast (as of Nov. 6)		FY09 Forecast (as of May 12)		Difference	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Chemicals	93.5	5.0	97.0	4.1	- 3.5	+ 0.9
Specialty Products	104.5	14.5	109.0	19.7	- 4.5	- 5.2
Cement, Building Materials and Others	72.0	0.0	80.0	0.8	- 8.0	- 0.8
Total	270.0	19.5	286.0	24.6	- 16.0	- 5.1
Inter-segment eliminations and corporate-wide expenses	—	- 4.5	—	- 4.6	—	+ 0.1
Consolidated results	270.0	15.0	286.0	20.0	- 16.0	- 5.0

(Reference) Net Sales/Operating Income by Business Segment

Compared with FY2008

(Billions of yen)

	FY09 Revised Forecast		FY08 Results		Changes			
	Net sales	Operating income	Net sales	Operating income	Net sales	%	Operating income	%
Chemicals	93.5	5.0	112.6	1.2	- 19.1	- 17	+ 3.7	+298
Specialty Products	104.5	14.5	102.8	26.3	+1.6	+ 2	- 11.8	- 45
Cement, Building Materials and Others	72.0	0.0	85.4	- 0.5	- 13.4	- 16	+0.5	—
Total	270.0	19.5	300.9	27.0	- 30.9	- 10	- 7.5	- 28
Inter-segment eliminations and corporate-wide expenses	—	- 4.5	—	- 4.3	—	—	- 0.2	—
Consolidated results	270.0	15.0	300.9	22.7	- 30.9	- 10	- 7.7	- 34

- 1. Development in Polysilicon Business**
- 2. Capital Increase**
- 3. Environmental Assessment for Power Plant**
- 4. Increase in Production Facilities**
- 5. Plastic Window Sash Problem**

1. Development in Polysilicon Business

Verification tests for the VLD method progressing

- Final verification tests are proceeding by using advanced reactors
- Conversion efficiency of VLD-Si solar cells is estimated to be level with that of solar cells made from silicon for semiconductors



VLD verification plant at Tokuyama Factory



Samples from the VLD verification plant

1. Development in Polysilicon Business

Decision to build a second polysilicon manufacturing base

(announced on Aug. 11)

Outline of New Factory

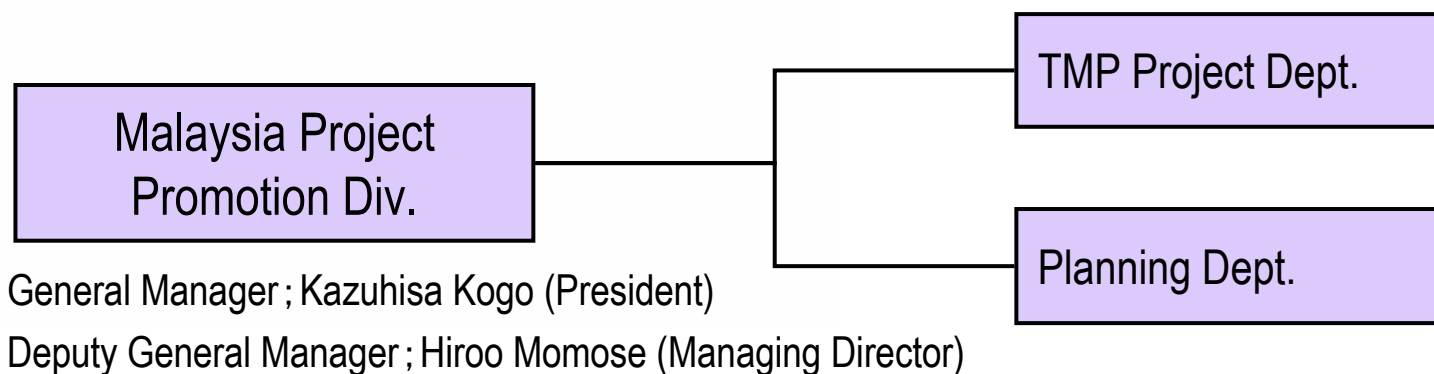
Location	: Samalaju Industrial Park, Sarawak, Malaysia
Production Capacity	: 6,000 tons/Y (for solar cells)
Production Method	: Siemens method
Construction Plan	: Commence construction early in 2011, Start operations in spring 2013
Construction Costs	: Approx. ¥65 billion
Administration	: Establishment of and administration by wholly owned subsidiary in Malaysia

Outline of New Company

Name	: TOKUYAMA MALAYSIA SDN. BHD.
Date of Establishment	: August 16, 2009
Location of Headquarters	: Kuching (capital of the Malaysian state of Sarawak)
Representative name	: Akira Sanuki (Director of Tokuyama Corporation)

1. Development in Polysilicon Business

Organization for promoting the project for the second polysilicon manufacturing base to be established (on Nov. 16)



- Malaysia Project Promotion Div.
Support for and supervision over TMSB
- TMP Project Dept.
Department dedicated to the construction project of the Malaysia factory

※TMP stands for Tokuyama Malaysia Polysilicon
※TMSB stands for TOKUYAMA MALAYSIA SDN. BHD.

Capital increase by public offering and private offering

We raised part of the funds necessary for promoting the growth strategy in our Centennial Vision by the new issue of stocks

Number of newly issued shares	74,000,000 shares
Total paid-in amount	¥46,966,320,000
Increased amount of capital	¥23,483,160,000
Increased amount of capital reserve	¥23,483,160,000

Use of proceeds

- Construction of the new polycrystalline silicon plant in Malaysia
- Reinforcement and renewal of manufacturing facilities in Tokuyama Factory etc.

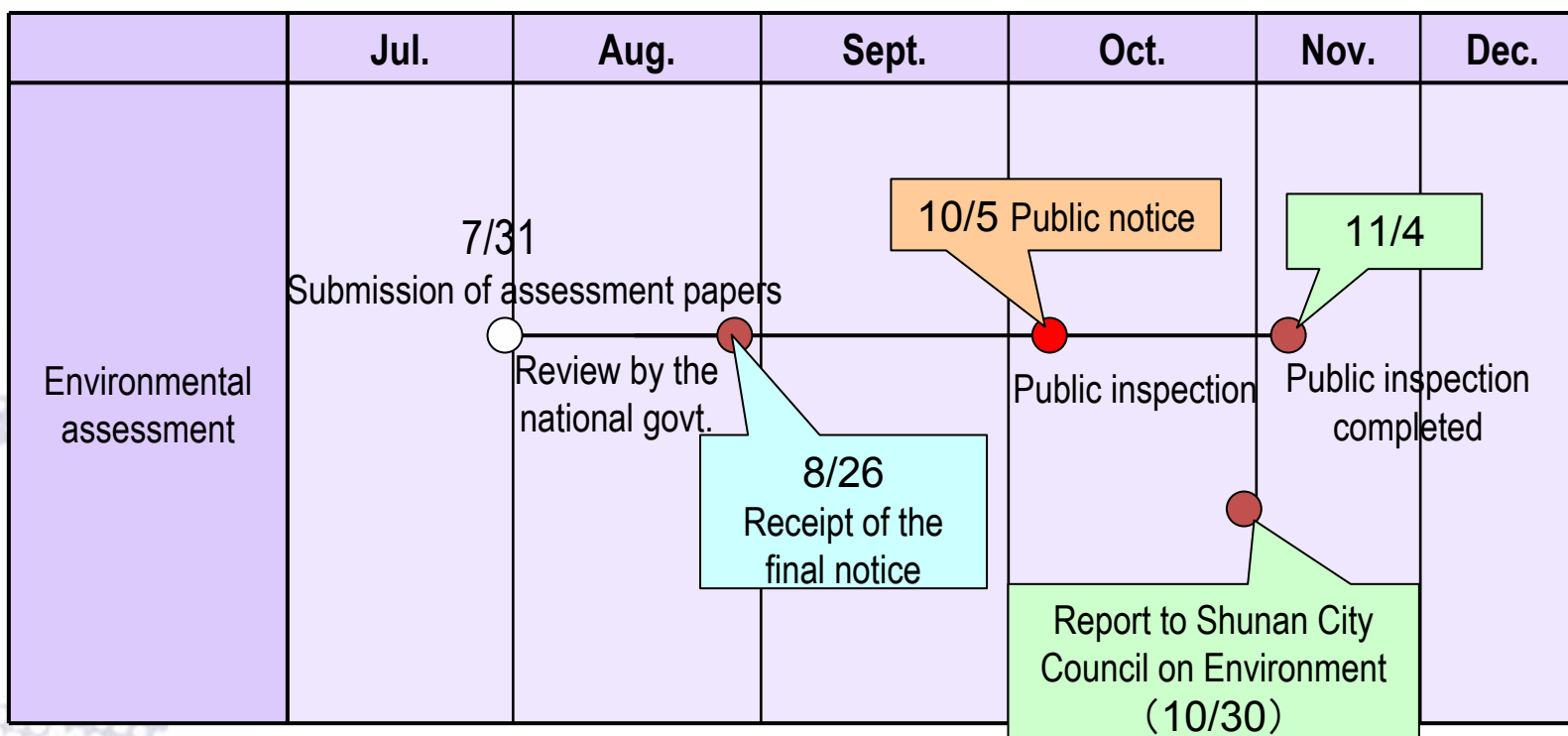
Number of shares issued and capital after capital increase

Number of shares issued	349,671,876 shares
Capital	¥53,458,962,788
Shareholders' equity ratio	52.1 %

3.Environmental Assessment for Power Plant

Environmental assessment for the No.3 Unit of the Higashi in-house power plant completed

Procedure of the environmental assessment completed with the completion of public inspection of environmental assessment papers and a report to the Shunan City Council on Environment



4. Increase in Production Facilities

The construction of the 2nd phase increase in facilities of Tokuyama Chemicals completed (fumed silica production)

- A ceremony for the completion of the new plant held Oct. 20
- Commercial operations to commence in mid-November (10,000 tons/Y)



The 2nd phase facilities that is complete (on the right)



A ceremony for the completion of the plant

4. Increase in Production Facilities

Increase in production capacity of developer for semiconductors and LCDs (SD series)

- The Tokuyama Group's total production capacity : 30,000 \Rightarrow 36,000 tons/Y
- The Group aims to be the largest supplier in Asia with its market share of 60%



Developer manufacturing facilities
(Tokuyama Factory)



Developer shipping facilities (Hantok Chemicals)
(South Korea)

5. Plastic Window Sash Problem

Progress of repairs and improvement works

Progress rate of identifying objects

- ◆ Completed identifying 99% (out of 4,183 houses/buildings)
- ◆ The rest of them are mostly old houses/buildings in Hokkaido

Progress in obtaining authorizations issued by the Minister

- ◆ We have obtained sixteen ministerial authorizations (as of Oct. 23)

Progress of repairs and improvement works

- ◆ We will make repairs and improvement works by using newly authorized products of Excel Shanon, if at all possible
- ◆ Repairs and improvement works to part of the houses/buildings were completed

5. Plastic Window Sash Problem

Progress of measures to prevent a recurrence

All urgent measures, which were to be completed within three months, were completed

- ◆ Thorough compliance with corporate ethics, laws and regulations
- ◆ A fact-finding survey on authorizations by the Minister of Land, Infrastructure, Transport and Tourism that we had obtained
- ◆ Establishment of the system for applications for fireproof/fire-resistant authorizations, Implementation of the authorization system education

Short-term measures, which are to be completed within a year, are under way

- ◆ Instituted Tokuyama Group Code of Business Activities and distributed it to all directors and employees (completed)
- ◆ Improvement of internal whistle-blowing system : Establishment of an external contact for lawyer's consultation in Tokyo (completed)
- ◆ The education of all directors and auditors of the Group for preventing a recurrence (completed)
- ◆ Action to establish more proper ISO internal auditing system and improve management system on related laws and regulations is under way, according to plan

Chemistry with a heart

TOKUYAMA



1.Principal indicators ①

Year-on-year change

		09/1H		08/1H		Changes	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Capital expenditures	Billions of yen	13.8	10.9	27.7	24.8	- 13.9	- 13.8
Depreciation and amortization	Billions of yen	17.7	15.6	10.6	8.5	+7.0	+7.1
R&D expenses	Billions of yen	5.7	4.7	5.9	4.8	- 0.2	- 0.0
Financial income and expenses	Billions of yen	- 0.5	+0.2	- 0.1	+0.6	- 0.3	- 0.4

1.Principal indicators ②

Compared with the previous fiscal year-end

		As of Sept. 30, 09		As of Mar. 31, 09		Changes	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Interest-bearing debts	Billions of yen	98.1	80.2	95.9	80.8	+ 2.1	- 0.5
Number of employees	Persons	5,343	2,160	5,295	2,161	+ 48	- 1

1.Principal indicators ③

Year-on-year change based on the initial forecast

(Billions of yen)

		FY09 Forecast		FY08 Results		Changes	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Capital expenditures	Approved limit total	36.0	29.4	63.5	57.8	- 27.5	- 28.4
	Results	—	—	52.5	47.7	—	—
Depreciation and amortization		38.8	34.9	22.9	18.4	15.9	16.5
R&D expenses		13.8	11.6	11.8	9.7	2.0	1.9