Chemistry with a heart
TOKUYAMA

TOKUYAMA CORPORATION

Annual Report 2013

Year ended March 31, 2013

Profile

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, thereby achieving sustainable corporate growth. 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 responsive to society.

Contents

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.

Consolidated Financial Highlights

Tokuyama Corporation and Consolidated Subsidiaries Years ended March 31, 2013 and 2012

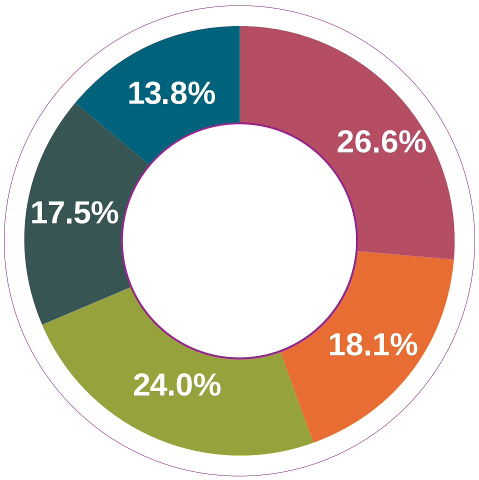
	Millions of Yen		Change(%)	Thousands of U.S. Dollars
	2013	2012	2013/2012	2013
Net sales	¥258,632	¥282,382	(8.4)%	$2,751,407
Operating income	6,772	13,721	(50.6)	72,043
Income (loss) before income taxes	(28,065)	14,816	-	(298,568)
Net income (loss)	(37,917)	9,351	-	(403,371)
Per share amounts (in yen, dollars)				
Net income (loss)				
Basic	(108.98)	26.87	-	(1.159)
Diluted	-	-	-	-
Cash dividends	3.00	6.00	(50.0)	0.032
Total assets	518,251	501,181	3.4	5,513,313
Net assets	223,871	255,461	(12.4)	2,381,607
Capital expenditures	98,908	78,281	26.3	1,052,216
Depreciation	23,100	28,380	(18.6)	245,744
R&D expenses	10,077	11,705	(13.9)	107,197
Number of employees	5,651	5,506	-	-
Consolidated subsidiaries	49	48	-	-

Note: U.S. dollar amounts above and elsewhere in this annual report are converted from Japanese yen, for convenience only, at the rate of ¥94=US$1.

At a Glance

Year ended March 31, 2013

SALES COMPOSITION



- CHEMICALS
- SPECIALTY PRODUCTS
- CEMENT
- ADVANCED COMPONENTS
- OTHERS

GROUP SEGMENT	
CHEMICALS 	SPECIALTY PRODUCTS 
BUSINESS UNIT	
1. Soda ash and Calcium chloride	1. Electronic materials
2. Chlor-alkali and Vinyl chloride	2. Fumed silica
3. New organic chemicals	3. Shapal
	4. IC chemicals
	5. Cleaning system
MAJOR PRODUCTS	
1. Soda ash, Calcium chloride	1. Polycrystalline silicon
2. Caustic soda, Propylene oxide, Chlorine derivatives, Vinyl chloride monomer	2. Fumed silica 3. Aluminum nitride (AℓN)
3. Isopropyl alcohol (IPA)	4. High-purity chemicals for electronics manufacturing
	5. Metal-cleaning solvents
MAJOR PRODUCTS OF GROUP COMPANIES	
Polyvinyl Chloride (PVC) [Shin Dai-ichi Vinyl]	Fumed silica [Tokuyama Chemicals (Zhejiang) (China)] Alminum nitride [Tokuyama-Dowa Power Materials]

GROUP SEGMENT

CEMENT	ADVANCED COMPONENTS (To be renamed LIFE & AMENITY from fiscal 2013)	OTHERS
		
BUSINESS UNIT		
① Cement	① Fine chemicals	Others [Shunan System Sangyo etc.]
② Recycling and environment	② NF	
MAJOR PRODUCTS		
① Ordinary Portland cement	① Active pharmaceutical ingredients (API)	
① Other cement	① Plastic lens-related materials	
② Recycling of waste and by-products	② Microporous film	
MAJOR PRODUCTS OF GROUP COMPANIES		
Ready-mixed concrete [Ready-mixed concrete companies]	Microporous film [Shanghai Tokuyama Plastics (China)]	
Cement / Building materials [Tokuyama Tsusho Trading, etc.]	Polyolefin film [Sun•Tox]	
	Clinical analyzers / Laboratory information systems [A&T]	
	Dental materials / equipment [Tokuyama Dental]	
	Ion exchange membranes / Systems [ASTOM]	
	Gas sensors / detectors [Figaro Engineering]	
	Plastic window sashes [Excel Shanon]	

Adopting an Unflagging Resolve toward the Profit Improvement Plan

Kazuhisa Kogo
President

Focusing on efforts to rebuild the polycrystalline silicon business as a core operating pillar, we will shift toward a company structure that is capable of generating profits even against the backdrop of a severe business environment and securing continuous growth. To this end, we are implementing Group-wide structural reforms that encompass all business divisions and Group companies.

BUSINESS RESULTS IN FISCAL 2012

In fiscal 2012, the fiscal year ended March 31, 2013, the pace of global economic growth continued to slow. This was largely attributable to financial instability in Europe and the United States as well as sluggish economic growth in China and other emerging countries. Against the backdrop of deceleration in global economic growth, the Japanese economy was also affected by the harsh operating environment.

Under these circumstances, Tokuyama was unable to address dramatic changes in market conditions in its mainstay polycrystalline silicon business. Accordingly, we incurred substantial downturns in consolidated net sales and operating income while recording a net loss for the fiscal year under review. This performance was an extremely severe result of unprecedented proportion. On an individual business segment basis, the Cement segment and the Advanced Components segment performed steadily buoyed by such positive factors as a recovery in demand in Japan. In contrast, the Specialty Products segment and the Chemicals segment incurred losses due mainly to weak polycrystalline silicon market conditions and difficulties at the vinyl chloride monomer (VCM) plant, respectively.

The Company takes the consequences of these results most seriously. We accordingly put in place a Profit Improvement Plan in February 2013 and are drawing together the Group to bring about a definitive turnaround in performance by rebuilding the polycrystalline silicon business, further boosting profits in both existing and new businesses, and adhering strictly to a policy of expenditure reduction.

POLYCRYSTALLINE SILICON BUSINESS ENVIRONMENT

The polycrystalline silicon market continues to suffer from excess supply. This is particularly evident for solar-grade polycrystalline silicon. Countries and regions including the United States, Europe, and China are examining the dumping of related and imported products. Recently, we have witnessed successive announcements regarding antidumping and compensating tariffs. Trade friction between nations is an impediment to free trade and runs the risk of slowing down global market growth.

However, the solar-grade market continues to expand. In the long term, I am convinced that we will see a competitive price environment through developments in mass production technologies and improved quality and that the market will enter a self-sustaining growth trajectory. The semiconductor-grade polycrystalline silicon market is also projected to enjoy an annual rate of growth of around 5%. This is largely attributable to the demand for personal computers and mobile devices in emerging nations.

From a Group perspective, we will steadfastly carry out the Profit Improvement Plan, which is based on the high price-competitiveness of our Malaysia Factory. In specific terms, we will put in place a structure that is capable of adapting to changes in the market environment in a timely manner.

MALAYSIA FIRST PLANT (PS-1)	
Annual production capacity	6,200 tonnes
Product to be manufactured	Mainly semiconductor-grade polycrystalline silicon
Start of operations	September 2013

PROFIT IMPROVEMENT PLAN

The harsh reality of our recent business results is largely attributable to deterioration in market conditions in our polycrystalline silicon business, which is positioned as a key pillar of growth. More to the point, however, has been our inability to detect these changes and delays in putting in place an appropriate response. This negative scenario is exacerbated by our failure to offset the decline by increasing sales in other businesses as well as to nurture new large-scale businesses that can support the polycrystalline silicon business and provide complementary sources of profits.

Reflecting on these deficiencies, we have identified two areas of primary focus when pushing forward profit-improving measures. Through a process of structural reform, we will therefore work to “reenergize Tokuyama” and to “redesign forward-looking growth strategies.” In the former endeavor, we will strive to rebuild the polycrystalline silicon business and implement Group-wide structural reforms in order to establish a robust profit structure that is capable of generating earnings even in a severe environment. In the latter endeavor, we will carefully consider the direction of our business focusing on technological strategies, business bases, and infrastructure after conducting a thorough examination of existing businesses and R&D themes from a medium- to long-term perspective. Through this effort, we will shift to a business structure that will ensure sustainable growth.

MALAYSIA PROJECT AND POLYCRYSTALLINE SILICON BUSINESS RECONSTRUCTION

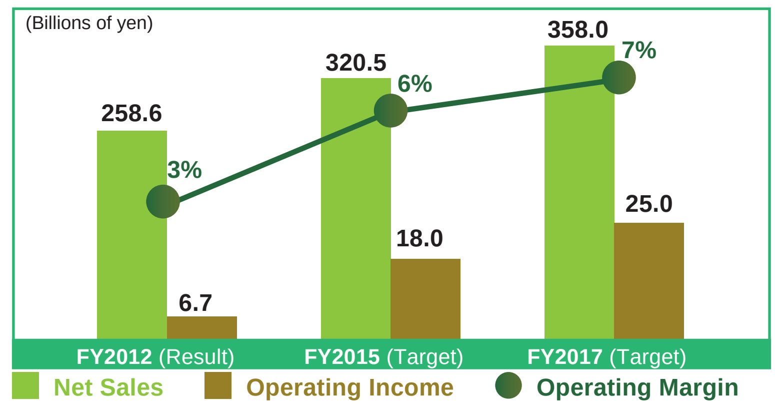
Operations were originally scheduled to commence in June 2013 at the Group’s Tokuyama Malaysia First Plant (PS-1). However, due to heavy rains, floods, and other unforeseen factors which have resulted in construction delays as well as our shift from solar-grade to semiconductor-grade specifications, the Plant is expected to come online in September. While trial operations are currently being conducted, we will work toward customer certification as quickly as possible as a part of efforts to secure early contributions to profits.

At Tokuyama Factory, we posted extraordinary losses reflecting the impairment of polycrystalline silicon and silica manufacturing facilities and the write-down of metallic silicon procured as a raw material. With the startup of operations at the Malaysia Factory and the shift to semiconductor-grade polycrystalline silicon production at the PS-1 Plant as a turning point, we will reduce production scale at the Tokuyama Factory’s polycrystalline silicon plant that

TOKUYAMA'S CENTENNIAL VISION

CENTENNIAL VISON	As a prominent manufacturer, we will continue to be responsive to society and help create a better future through the vitality of our human resources and the creativity of chemistry.
BASIC STRATEGIES	■ Strengthen Strategically Growing Businesses ■ Bolster International Competitiveness
SLOGAN	Venture Spirit & Innovation

NUMERICAL TARGETS

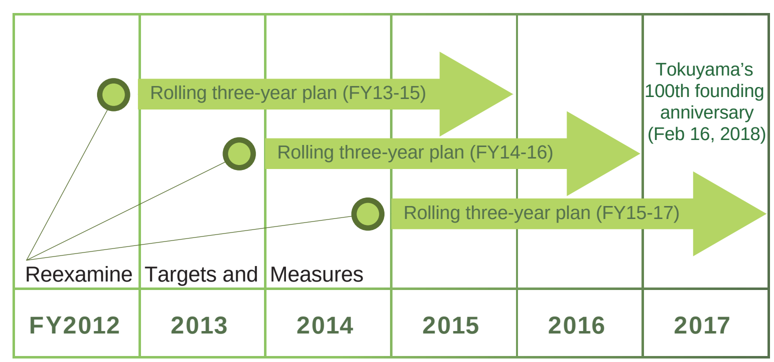


PROFIT IMPROVEMENT PLAN

(Announced in February 2013)

- Rebuild the Polycrystalline Silicon Business
  Complete Malaysia Project; Ensure an optimal production structure; Minimize manufacturing costs
- Improve Profits in Other Businesses
  Launch new businesses; Implement structural reforms
- Improve Companywide Profitability
  Reduce expenditure including overhead, purchasing, distribution, repair, and personnel expenses

ROLLING THREE-YEAR MANAGEMENT PLAN



MALAYSIA SECOND PLANT (PS-2)	
Annual production capacity	13,800 tonnes
Product to be manufactured	Solar-grade polycrystalline silicon
Start of operations	To be decided flexibly depending on market conditions

is less cost-competitive than the new Malaysia Plant. However, recognizing its mother factory status, we will take into consideration overall competitiveness including polycrystalline silicon as well as concurrent fumed silica and silane gas in the selection of optimal production units while conducting a review of product grades. Through these means, we will endeavor to secure earnings.

Turning to the Tokuyama Malaysia Second Plant (PS-2), we will adopt a flexible approach toward the commencement of operations after carefully evaluating solar-grade polycrystalline silicon market trends.

MEDIUM- TO LONG-TERM MANAGEMENT STRATEGIES

February 16, 2008 marked Tokuyama's 90th anniversary. As we work toward our 100th anniversary, we have put in place a Centennial Vision that identifies the ideal scenario for the Group. Under this Vision, we aspire to become a prominent manufacturer that continues to be responsive to society and help create a better future through the vitality of our human resources and the creativity of chemistry. We also set several numerical targets under the Vision including net sales of ¥500 billion or higher, an operating margin of 15% or higher, and an overseas net sales ratio of 30% or higher.

Against this backdrop, and despite commencing a new Three-Year Management Plan, which is positioned as the second step in achieving our Centennial Vision, in April 2012, the polycrystalline silicon business, a core earnings pillar, has confronted a rapid deterioration in market conditions. Under these circumstances, the Group has incurred impairment losses on polycrystalline silicon manufacturing facilities as well as the reversal of deferred tax assets. Accounting for each of these factors, we have recorded a consolidated net loss of ¥37.9 billion for the fiscal year under review.

In order to break free from this negative spiral and rebuild a profitable platform, we decided to pull together measures aimed at improving profits including efforts to reconstruct the polycrystalline silicon business, and adopt rolling three-year management plans starting in April 2013. Through this initiative, we will reexamine targets and measures every year and formulate a revised three-year plan. Therefore, we intend to implement three-year plans on a constant rolling three year cycle from FY2013 to 2015, FY2014 to 2016, and FY2015 to 2017. (Please see the diagram on page 7 for an explanation of Tokuyama's rolling three-year management plan.) Extending well beyond the scope of emergency countermeasures, we will push forward structural

reforms that increase the productivity of not only business divisions, but also back-office and functional divisions as well as our affiliated companies, and work to improve our financial condition as a part of efforts to secure enduring profits. While our ideal Centennial Vision for the Group remains unchanged, we have revised our numerical targets for net sales and operating margin to ¥358 billion and 7%, respectively.

IN CLOSING

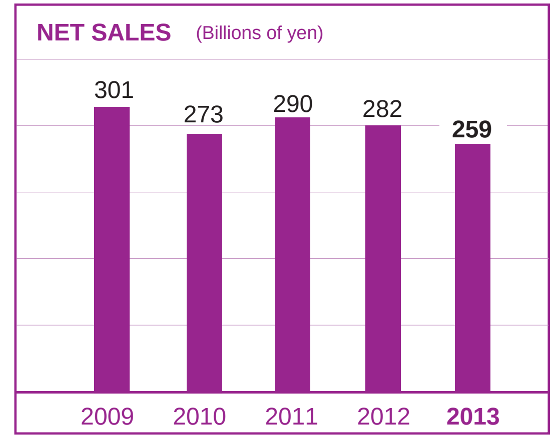
Taking into consideration the anticipated return to profitability from the fiscal year ending March 31, 2014, we have decided to pay a year-end dividend of ¥3 per share for the fiscal year under review. This reflects implementation of the Profit Improvement Plan. On a year-on-year basis, however, dividends have declined due to the Company's decision to forego the payment of an interim dividend in fiscal 2012. This decline cannot be allowed to continue and management is acutely aware of its responsibilities. I am therefore determined to take the lead in carrying out the Profit Improvement Plan.

Leveraging the Group's capabilities, we are committed to promoting our Profit Improvement Plan, which aims to restore the Tokuyama Group to its true standing, and new growth strategies. I firmly believe that through these initiatives, we can revitalize Tokuyama and meet the expectations of all our shareholders. We kindly request the continued support of shareholders as we implement further reforms.

Kazuhisa Kogo

Kazuhisa Kogo
President
June 2013

Financial Review



INCOME ANALYSIS

In the fiscal year ended March 31, 2013, with global financial instability arising from the European sovereign debt crisis and deceleration in economic growth of China and other emerging countries, the global economy was smothered in a sense of slowdown.

On the other hand, with regard to the Japanese economy, in addition to signs of economic recovery on the back of post-quake reconstruction demand, expectations for the new Administration's financial policy that focuses on getting out of deflation led to the yen's depreciation and a recovery in stock prices after the change of government as of the end of 2012. Despite these positive factors, future prospects for the Japanese economy remained uncertain.

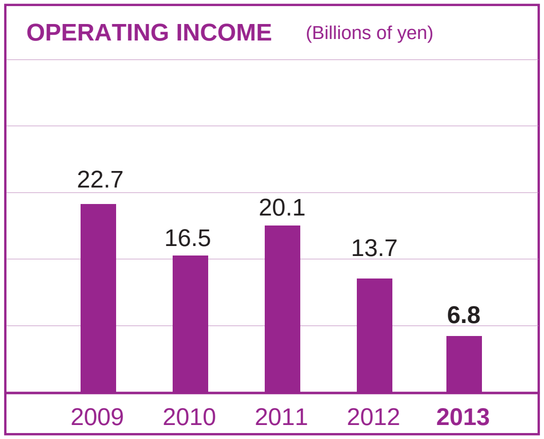
Under these circumstances, the Tokuyama Group reported lower operating income on lower sales compared with the previous fiscal year. This was largely attributable to weak market conditions in the mainstay polycrystalline silicon business.

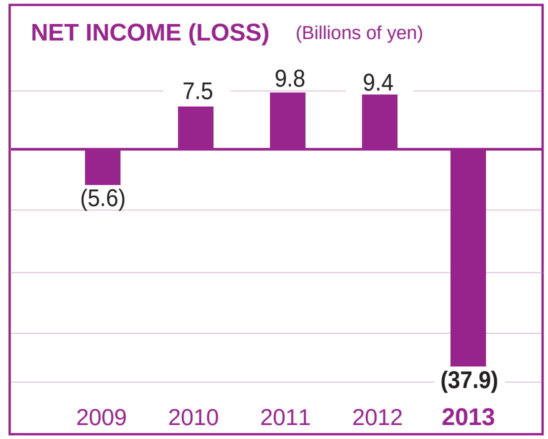
Despite higher cement sales owing mainly to increased sales volume in Japan, consolidated net sales for the fiscal year under review amounted to ¥258,632 million (US$2,751 million), a decrease of 8.4% compared with the previous fiscal year. This was largely due to a decrease in sales volume and selling prices of polycrystalline silicon and lower sales volume of vinyl chloride monomer (VCM) arising from difficulties at our VCM plant.

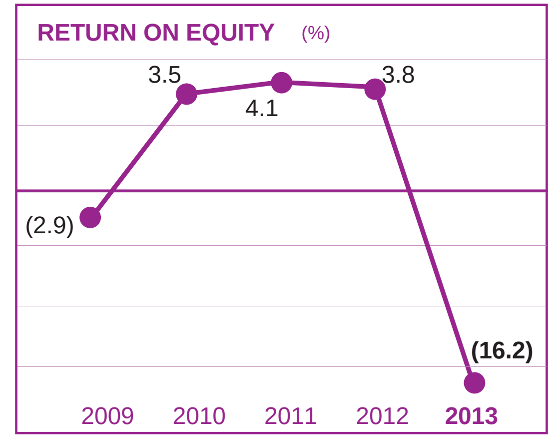
By business segment, Chemicals segment sales decreased 9.3% year on year to ¥77,353 million (US$823 million). Sales in the Specialty Products segment fell 27.0% year on year to ¥52,844 million (US$562 million), sales recorded by the Cement segment increased 2.3% year on year to ¥69,961 million (US$744 million), and sales in the Advanced Components segment increased 1.6% year on year to ¥51,009 million (US$543 million).

Cost of sales decreased 6.0% compared with the previous fiscal year, to ¥191,494 million (US$2,037 million), owing chiefly to decreased sales volumes of polycrystalline silicon and vinyl chloride monomer.

SG&A expenses decreased 7.0% compared with the previous fiscal year, to ¥60,366 million (US$642 million), due to lower distribution costs as a result of sluggish sales of caustic soda and other products, a decrease in expenses related to a new information line of business (LOB) system, which started operations in the previous fiscal year, and other factors.







Operating income decreased 50.6% year on year to ¥6,772 million (US$72 million), due mainly to the decrease in sales volume and selling prices of polycrystalline silicon. The operating margin (the ratio of operating income to net sales) was 2.6%, a decrease of 2.3 percentage points compared with the figure of 4.9% recorded in the previous fiscal year.

In other income and expenses, the Company reported a net other loss of ¥34,837 million (US$371 million), owing chiefly to the posting of impairment losses on polycrystalline silicon and concurrent fumed silica manufacturing facilities and losses from inventory revaluation.

In the fiscal year under review, the Company incurred a loss before income taxes of ¥28,065 million (US$299 million), a negative turnaround of ¥42,881 million compared with income before income taxes of ¥14,816 million in the previous fiscal year. As a result of the above and other factors, the Company recorded a net loss of ¥37,917 million (US$403 million), a drop of ¥47,267 million compared with net income of ¥9,351 million in the previous fiscal year. Net loss per share was ¥108.98 (US$1.159), down from net income per share of ¥26.87 in the previous fiscal year. Dividends per share were ¥3.00 (US$0.032).

Return on equity (ROE) and return on assets (ROA) were -16.2% and -7.3%, respectively, compared with 3.8% and 1.9% in the previous fiscal year.

SEGMENT INFORMATION

The Tokuyama Group is composed of the parent company, Tokuyama Corporation ("the Company"), 52 subsidiaries and 32 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, 49 of the Company's subsidiaries are consolidated, while nine affiliates are accounted for using the equity method.

CHEMICALS

The Chemicals segment includes the operations of the Company and three consolidated subsidiaries.

The segment recorded net sales of ¥77,353 million (US$823 million), down 9.3% year on year, and an operating loss of ¥32 million (US$0.3 million).

With regard to vinyl chloride monomer (VCM), tough business conditions continued due to such factors as a decline in export prices and the suspension of operations caused by difficulties at our VCM plant.

With regard to caustic soda, sales volume decreased owing to such factors as the lower operating rate of our electrolysis facilities caused by the abovementioned VCM plant's difficulties and sluggish demand. However, earnings increased owing to selling price revisions.

The profitability of vinyl chloride resin deteriorated, because selling prices moved downward due to violent fluctuations in the price of naphtha.

The profitability of sodium silicate deteriorated due to major repairs undertaken at the plant despite selling price revisions.

SPECIALTY PRODUCTS

The Specialty Products segment includes the operations of the Company, five consolidated subsidiaries and one equity-method affiliate.

The segment recorded net sales of ¥52,844 million (US$562 million), down 27.0% year on year, and an operating loss of ¥225 million (US$2 million).

With regard to polycrystalline silicon, sales volume and selling prices decreased due to the supply glut of solar cell-related components and inventory adjustments of semiconductor-related components. In addition, owing to the higher ratio of fixed costs arising from the lower operating rate of the plant, sales and earnings decreased significantly.

The profitability of fumed silica improved owing to our efforts to revise selling prices.

With regard to aluminum nitride, severe business conditions continued due to the slumping semiconductor market.

The profitability of high-purity chemicals for electronics manufacturing deteriorated due to the slumping semiconductor and LCD markets.

CEMENT

The Cement segment comprises the operations of the Company, 14 consolidated subsidiaries and three equity-method affiliates.

Segment net sales increased 2.3% year on year to ¥69,961 million (US$744 million) and operating income increased 81.4% year on year to ¥5,306 million (US$56 million).

In the cement business, sales volume increased due to the recovery in demand in Japan. This was attributable to firm public- and private-sector demand.

In the recycling and environment-related business, the Company accepted a larger volume of waste as a result of its increased cement production volume.

ADVANCED COMPONENTS

The Advanced Components segment includes the operations of the Company, 15 consolidated subsidiaries and two equity-method affiliates.

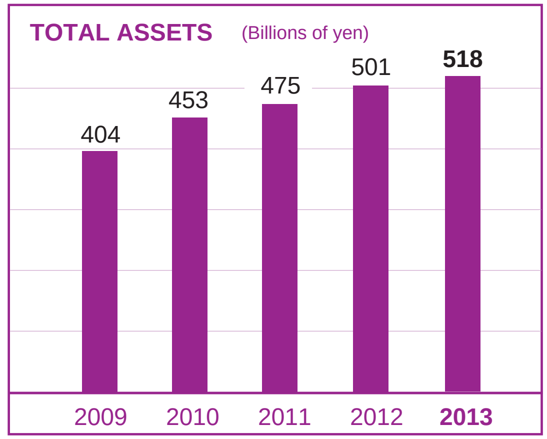
Net sales in this segment increased 1.6% year on year to ¥51,009 million (US$543 million) and operating income increased 18.6% year on year to ¥2,900 million (US$31 million).

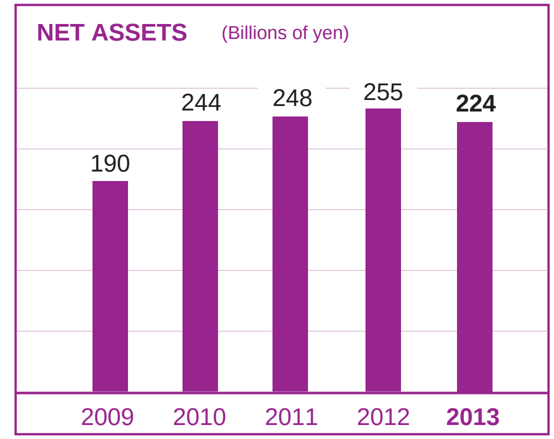
Sales and earnings of plastic lens-related materials decreased due to the slow recovery from damage to supply chains caused by the flooding in Thailand that occurred in fiscal 2011.

Sales of microporous film increased owing to strong demand for use in disposable diapers in Japanese and Chinese markets.

Earnings of polyolefin film declined due to price increases in raw materials.

The profitability of plastic window sashes significantly improved owing to business reconstruction.





FINANCIAL POSITION AND LIQUIDITY

As of March 31, 2013, total assets amounted to ¥518,251 million (US$5,513 million), an increase of ¥17,070 million from the figure of ¥501,181 million as of the previous fiscal year-end.

Current assets decreased 13.4% compared with the previous fiscal year-end to ¥186,114 million (US$1,980 million). This was due primarily to a decrease in short-term trust in deposits. Current liabilities rose 17.5% to ¥120,796 million (US$1,285 million). This mainly reflected an increase in other accounts payable. As a result, the current ratio was down to 1.54 times, from 2.09 times as of the previous fiscal year-end.

Investments and other assets fell 3.8% over the previous fiscal year-end to ¥57,766 million (US$615 million). This was primarily due to a decrease in trust in deposits.

Property, plant and equipment increased 21.2% in comparison with the previous fiscal year-end to ¥274,371 million (US$2,919 million). This was due chiefly to an increase in construction in progress.

As of March 31, 2013, total liabilities amounted to ¥294,380 million (US$3,132 million), an increase of 19.8% compared with the previous fiscal year-end figure of ¥245,720 million. The main contributory factor was an increase in long-term debt. Interest-bearing debt increased 26.3% from ¥148,668 million as of the previous fiscal year-end to ¥187,707 million (US$1,997 million).

Minority interests in consolidated subsidiaries increased 1.9% from ¥6,198 million as of the previous fiscal year-end to ¥6,316 million (US$67 million). Net assets decreased 12.4% compared with the previous fiscal year-end, from ¥255,461 million to ¥223,871 million (US$2,382 million). This was due chiefly to a decrease in retained earnings. The ratio of shareholders' equity to total assets was 42.0%, down from 49.7% as of the previous fiscal year-end. The amount of net assets per share was ¥625.29 (US$6.652), down from ¥716.39 as of the previous fiscal year-end.

CAPITAL EXPENDITURES

Capital expenditures totaled ¥98,908 million (US$1,052 million), an increase of 26.4% compared with the previous fiscal year's figure of ¥78,281 million.

CASH FLOWS

Net cash provided by operating activities totaled ¥17,072 million (US$182 million). Principal items included depreciation expenses of ¥23,100 million (US$246 million), down from ¥28,380 million in the previous fiscal year, and a decrease in other long-term liabilities of ¥6,004 million (US$64 million) (an increase in other long-term liabilities of ¥705 million in the previous fiscal year).

Net cash used in investing activities totaled ¥60,674 million (US$645 million). Major contributory factors were payments for purchases of property, plant and equipment, from ¥44,237 million in the previous fiscal year to ¥33,970 million (US$361 million), and net expenditure for money held in trust of ¥24,981 million (US$266 million) (¥11,684 million in the previous fiscal year).

Net cash provided by financing activities came to ¥36,466 million (US$388 million). This was primarily attributable to proceeds from long-term debt of ¥50,730 million (US$540 million), up from ¥17,466 million in the previous fiscal year, and repayments of long-term debt of ¥12,531 million (US$133 million) (¥8,238 million in the previous fiscal year).

As a result of the above, cash and cash equivalents decreased by ¥6,045 million (US$64 million) compared with the previous fiscal year-end, to ¥52,431 million (US$558 million).

Consolidated Balance Sheets

Tokuyama Corporation and Consolidated Subsidiaries Years ended March 31, 2013 and 2012

ASSETS	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 2) 2013
Current assets:			
Cash in hand and deposits at bank	¥ 44,131	¥ 32,677	$ 469,482
Time deposits	766	986	8,152
Short-term investments	289	310	3,078
Marketable securities (Note 3, Note 4, Note17)	8,310	25,800	88,407
Receivables:			
Trade notes and accounts	65,372	69,455	695,445
Others	5,584	7,649	59,410
Less allowance for doubtful accounts	(205)	(240)	(2,182)
	70,751	76,864	752,673
Inventories (Note 5)	50,664	48,393	538,978
Deferred tax assets (Note 7)	548	1,737	5,826
Other current assets	10,655	28,033	113,344
Total current assets	186,114	214,800	1,979,940
Property, plant and equipment (Note 6):			
Land	32,896	34,537	349,955
Buildings and structures	100,129	106,569	1,065,204
Machinery and equipment	474,803	478,945	5,051,094
Construction in progress	156,389	81,095	1,663,709
Others	1,482	1,331	15,769
	765,699	702,477	8,145,731
Less accumulated depreciation	(491,328)	(476,163)	(5,226,893)
	274,371	226,314	2,918,838
Investments and other assets			
Investment securities (Note 4)	27,498	21,634	292,536
Investments in unconsolidated subsidiaries and affiliates	4,468	4,552	47,529
Long-term receivables	4,017	3,907	42,737
Prepaid pension cost	6,895	6,946	73,348
Less allowance for doubtful accounts	(337)	(432)	(3,589)
Intangible assets	7,780	8,291	82,764
Deferred tax assets (Note 7)	965	3,385	10,268
Goodwill	175	216	1,864
Others	6,305	11,568	67,078
	57,766	60,067	614,535
Total assets	¥ 518,251	¥501,181	$5,513,313

See notes to consolidated financial statements

Consolidated Balance Sheets

Tokuyama Corporation and Consolidated Subsidiaries

Years ended March 31, 2013 and 2012

LIABILITIES AND NET ASSETS	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 2) 2013
Current liabilities:			
Short-term bank loans (Note 6)	¥ 8,913	¥ 8,474	$ 94,815
Commercial papers	4,000	4,000	42,553
Current portion of long-term debt (Note 6)	22,144	12,191	235,579
Deferred tax liabilities (Note 7)	1,378	15	14,655
Notes and accounts payable:			
Trade notes and accounts	38,153	41,119	405,881
Others	26,028	14,477	276,895
	64,181	55,596	682,776
Accrued income taxes (Note 7)	948	1,112	10,086
Accrued expenses	5,602	5,843	59,596
Guarantee deposits received from dealers	5,169	5,061	54,988
Other current liabilities	8,461	10,481	90,012
Total current liabilities	120,796	102,773	1,285,060
Long-term liabilities:			
Long-term debt, less current portion (Note 6)	151,797	123,113	1,614,861
Accrued retirement and severance benefits (Note 8)	970	1,051	10,318
Deferred tax liabilities (Note 7)	5,993	256	63,760
Allowance for loss on compensation for building materials	1,276	2,444	13,579
Other long-term liabilities	13,548	16,083	144,128
Total long-term liabilities	173,584	142,947	1,846,646
Total liabilities	294,380	245,720	3,131,706
Contingent liabilities (Note 18)			
Shareholders' equity (Note 14):			
Common stock, ¥50 par value:			
Authorized: 700,000,000 shares			
Issued: 349,671,876 shares	53,459	53,459	568,712
Additional paid-in capital	57,670	57,670	613,513
Retained earnings	99,059	138,041	1,053,814
Less treasury stock, at cost	(1,415)	(1,417)	(15,049)
Total shareholders' equity	208,773	247,753	2,220,990
Valuation, translation adjustments and others (Note 3):			
Unrealized holding gains on available-for-sale securities	7,566	3,965	80,495
Foreign currency translation adjustments	(1,023)	(2,966)	(10,886)
Deferred hedge profit and loss	2,239	511	23,814
Total valuation, translation adjustments and others	8,782	1,510	93,423
Minority interests in consolidated subsidiaries	6,316	6,198	67,194
Total net assets	223,871	255,461	2,381,607
Total liabilities and net assets	¥ 518,251	¥ 501,181	$ 5,513,313

See notes to consolidated financial statements

Consolidated Statements of Income

Tokuyama Corporation and Consolidated Subsidiaries   Years ended March 31, 2013, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2013	2012	2011	2013
Net sales	¥258,632	¥282,382	¥ 289,787	$ 2,751,407
Cost of sales	191,494	203,764	209,714	2,037,174
Gross profit	67,138	78,618	80,073	714,233
Selling, general and administrative expenses (Note 10)	60,366	64,897	59,928	642,190
Operating income	6,772	13,721	20,145	72,043
Other income (expenses):				
Interest and dividend income	570	588	606	6,059
Interest expenses	(2,365)	(2,047)	(1,817)	(25,155)
Income (Loss) from disposal of property, plant and equipment	(357)	(1,047)	(707)	(3,797)
Impairment loss on fixed assets (Note 13)	(27,261)	(160)	(223)	(290,008)
Gain on sale of marketable and investment securities	156	-	1,721	1,661
Loss on write-down of marketable and investment securities	(221)	(64)	(163)	(2,354)
Foreign exchange gain (loss)	459	(478)	(1,889)	4,885
Seconded employee labor cost	(169)	(317)	(309)	(1,801)
Costs of idle operations	(2,778)	(999)	(831)	(29,555)
Equity in earnings of unconsolidated subsidiaries and affiliates	433	287	631	4,608
Provision for loss on compensation for building materials	-	-	(700)	-
Other-net	(3,304)	5,332	(914)	(35,154)
	(34,837)	1,095	(4,595)	(370,611)
Income (loss) before income taxes	(28,065)	14,816	15,550	(298,568)
Income taxes (Note 7):				
Current	1,850	2,003	5,054	19,683
Deferred	7,665	2,879	276	81,544
	9,515	4,882	5,330	101,227
Minority interests	(337)	(583)	(454)	(3,576)
Net income (loss)	¥(37,917)	¥ 9,351	¥ 9,766	$ (403,371)

	Yen			U.S. dollars (Note 2)
	2013	2012	2011	2013
Per share amounts:				
Net income (loss)				
Basic	¥(108.98)	¥ 26.87	¥ 28.06	$ (1.159)
Diluted	-	-	-	-
Cash dividends	3.00	6.00	6.00	0.032

See notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

Tokuyama Corporation and Consolidated Subsidiaries

Years ended March 31, 2013, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2013	2012	2011	2013
Income before minority interests	¥ (37,581)	¥ 9,934	¥ 10,220	$ (399,795)
Valuation difference of securities	3,607	324	(2,792)	38,372
Deferred hedge profit and loss	1,728	511	-	18,382
Foreign currency translation adjustments	1,731	206	(948)	18,415
Share of other comprehensive income of companies accounted for by the equity method	272	(21)	(139)	2,887
Other comprehensive income	7,338	1,020	(3,879)	78,056
Total comprehensive income	(30,243)	10,954	6,341	(321,739)
Attributable to:				
Shareholders of Tokuyama Corporation	(30,644)	10,171	5,959	(326,004)
Minority interests	¥ 401	¥ 783	¥ 382	$ 4,265

See notes to consolidated financial statements

Consolidated Statements of Changes in Net Assets

Tokuyama Corporation and Consolidated Subsidiaries   Years ended March 31, 2013, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2013	2012	2011	2013
Common stock				
Balance at beginning of year	¥ 53,459	¥ 53,459	¥ 53,459	$ 568,712
Balance at end of year	¥ 53,459	¥ 53,459	¥ 53,459	$ 568,712
Additional paid-in capital				
Balance at beginning of year	¥ 57,670	¥ 57,670	¥ 57,670	$ 613,513
Balance at end of year	¥ 57,670	¥ 57,670	¥ 57,670	$ 613,513
Retained earnings				
Balance at beginning of year	¥ 138,041	¥ 130,792	¥ 123,116	$ 1,468,518
Net income (loss)	(37,917)	9,351	9,766	(403,371)
Cash dividends paid	(1,044)	(2,088)	(2,088)	(11,105)
Disposal of treasury stock	(4)	(1)	(2)	(48)
Adjustment for changes in consolidated subsidiaries and affiliates accounted for by the equity method	(17)	(13)	-	(180)
Balance at end of year	¥ 99,059	¥ 138,041	¥ 130,792	$ 1,053,814
Less treasury stock, at cost				
Balance at beginning of year	¥ (1,417)	¥ (1,414)	¥ (1,402)	$ (15,070)
Net change	2	(3)	(12)	21
Balance at end of year	¥ (1,415)	¥ (1,417)	¥ (1,414)	$ (15,049)
Unrealized holding gains on available-for-sale securities				
Balance at beginning of year	¥ 3,965	¥ 3,647	¥ 6,434	$ 42,183
Net change	3,601	318	(2,787)	38,312
Balance at end of year	¥ 7,566	¥ 3,965	¥ 3,647	$ 80,495
Deferred hedge profit and loss				
Balance at beginning of year	¥ 511	¥ -	¥ -	$ 5,432
Net change	1,728	511	-	18,382
Balance at end of year	¥ 2,239	¥ 511	¥ -	$ 23,814
Foreign currency translation adjustments				
Balance at beginning of year	¥ (2,966)	¥ (2,958)	¥ (1,939)	$ (31,558)
Net change	1,943	(8)	(1,019)	20,672
Balance at end of year	¥ (1,023)	¥ (2,966)	¥ (2,958)	$ (10,886)
Minority interest in consolidated subsidiaries				
Balance at beginning of year	¥ 6,198	¥ 6,460	¥ 6,268	$ 65,941
Net change	118	(262)	192	1,253
Balance at end of year	¥ 6,316	¥ 6,198	¥ 6,460	$ 67,194

See notes to consolidated financial statements

Consolidated Statements of Cash Flows

Tokuyama Corporation and Consolidated Subsidiaries — Years ended March 31, 2013, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2013	2012	2011	2013
Cash flows from operating activities:				
Income (loss) before income taxes	¥ (28,065)	¥ 14,816	¥ 15,550	$ (298,568)
Adjustments to reconcile net cash provided by operating activities:				
Depreciation and amortization	23,100	28,380	31,257	245,744
Increase in allowance for loss on compensation for building materials	(1,170)	(10,778)	(6,029)	(12,442)
Increase (decrease) in provision	(1,278)	(289)	714	(13,592)
Interest and dividend income	(570)	(588)	(606)	(6,059)
Gain on sale of marketable and investment securities	(156)	-	(1,721)	(1,661)
Foreign exchange gain	149	(40)	(434)	1,584
Loss on sale and disposal of property, plant and equipment	357	1,047	707	3,797
Impairment losses on fixed assets	27,261	160	223	290,008
Equity in earnings of unconsolidated subsidiaries and affiliates	(433)	(287)	(631)	(4,608)
Interest expenses	2,365	2,047	1,817	25,155
(Increase) decrease in trade receivables	4,939	4,816	96	52,547
(Increase) decrease in inventories	(2,081)	(12,616)	4,229	(22,135)
Increase (decrease) in trade payable	(3,582)	6,298	1,626	(38,105)
Increase in other long-term liabilities	(2,882)	(1,294)	(4,036)	(30,659)
Other	1,231	1,790	(2,380)	13,089
Sub total	19,185	33,462	40,382	204,095
Interest and dividend received	891	1,047	918	9,480
Interest paid	(2,334)	(2,034)	(1,793)	(24,829)
Income taxes paid	(670)	(5,415)	(2,463)	(7,129)
Net cash provided by operating activities	17,072	27,060	37,044	181,617
Cash flows from investing activities:				
Increase in time deposits	(73)	(115)	(324)	(776)
Decrease in time deposits	540	50	297	5,746
Payments for purchases of property, plant and equipment	(33,970)	(44,237)	(21,728)	(361,388)
Proceeds from sales of property, plant and equipment	3,040	123	425	32,339
Payments for purchases of investment securities	(706)	(764)	(1,244)	(7,512)
Proceeds from sales of investment securities	351	2,084	2,772	3,730
Increase in loans receivable	(416)	(812)	(33)	(4,428)
Decrease in loans receivable	326	340	348	3,470
Payments for purchases of money held in trust	(25,000)	(22,465)	(69,896)	(265,957)
Proceeds from cancellation of money held in trust	19	10,780	5,239	202
Other	(4,785)	(2,651)	(4,365)	(50,891)
Net cash used in investing activities	(60,674)	(57,667)	(88,509)	(645,465)
Cash flows from financing activities:				
Increase (decrease) in short-term loans	(57)	(769)	1,855	(602)
Proceeds of long-term debt	50,730	17,466	8,872	539,679
Repayments of long-term debt	(12,531)	(8,238)	(4,057)	(133,306)
Proceeds from issue of bonds	-	20,000	20,000	-
Redemption of bonds	-	(5,100)	-	-
Cash dividends paid	(1,047)	(2,051)	(2,088)	(11,139)
Cash dividends paid to minority interest	(283)	(172)	(190)	(3,012)
Increase in treasury stock	(3)	(4)	(14)	(27)
Other	(343)	(340)	(383)	(3,657)
Net cash (used in) provided by financing activities	36,466	20,792	23,995	387,936
Effect of exchange rate changes on cash and cash equivalents	642	(250)	67	6,827
Net increase (decrease) in cash and cash equivalents	(6,494)	(10,065)	(27,403)	(69,085)
Cash and cash equivalents at beginning of the year	58,477	68,624	95,945	622,092
Increase in cash and cash equivalents due to changes of scope of consolidation	448	(82)	82	4,773
Cash and cash equivalents at end of year	¥ 52,431	¥ 58,477	¥ 68,624	$ 557,780

See notes to consolidated financial statements

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 ¥94=US$1, the approximate exchange rate on March 31, 2013. 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 49 significant subsidiaries (48 in 2012 and 50 in 2011). Significant intercompany transactions and accounts have been eliminated in consolidation.

In total, 15 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 affiliates (8 in 2012 and 9 in 2011) 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. For the method of hedge accounting, in general, the deferral hedge accounting is applied. Among hedging instruments, Interest rate swaps that fulfill the requirement for preferential treatment are subjected to the preferential treatment. The Company uses forward exchange contracts and 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, 2008, 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 CONSUMPTION TAX:

Consumption tax and local consumption tax are accounted for using the tax-excluded method. The consumption tax amount not subject to tax credit is classified as a period expense.

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, 2013, 2012 and 2011 was not presented because there was no dilutive effect on any assumed conversion of convertible bonds for the fiscal years ended March 31, 2013, 2012 and 2011.

4. FAIR VALUE INFORMATION

The fair values and net unrealized gains of quoted securities at March 31, 2013 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	¥-

	Thousands of U.S. dollars		
	Book value	Fair value	Difference
Held-to-maturity debt securities:			
Government securities and municipal bonds	$146	$146	$ -
Bonds and others	-	-	-
Total	$146	$146	$ -

	Millions of yen		
	Acquisition cost	Book value	Unrealized gain
The other securities:			
Listed corporate shares	¥13,951	¥25,676	¥11,725
Bonds and others	-	-	-
Total	¥13,951	¥25,676	¥11,725

	Thousands of U.S. dollars		
	Acquisition cost	Book value	Unrealized gain
The other securities:			
Listed corporate shares	$ 148,411	$ 273,148	$ 124,737
Bonds and others	-	-	-
Total	$ 148,411	$ 273,148	$ 124,737

	Millions of yen
	Book value
Non-quoted main securities:	
Held-to-maturity bonds	¥ -
Certificates of deposit	8,300
The other securities	1,744
Total	¥10,044

	Thousands of U.S. dollars
	Book value
Non-quoted main securities:	
Held-to-maturity bonds	$ -
Certificates of deposit	88,298
The other securities	18,556
Total	$ 106,854

5. INVENTORIES

Inventories at March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Finished products and merchandise	¥ 20,275	¥ 21,562	$ 215,693
Work in progress	13,278	13,502	141,254
Raw materials and supplies	17,111	13,329	182,031
Total	¥ 50,664	¥ 48,393	$ 538,978

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

Short-term bank loans at March 31, 2013 represent loans, which bear interest at a weighted-average rate of 0.93% per annum.

A summary of long-term debt at March 31, 2013 and 2012 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Loans principally from banks and insurance companies, due through 2025 with a weighted-average interest rate of 1.56 percent at March 31, 2013	¥ 123,941	¥ 85,304	$ 1,318,526
0.54 percent unsecured bonds in yen due September 9,2015	5,000	5,000	53,191
0.58 percent unsecured bonds in yen due September 8,2016	10,000	10,000	106,383
1.76 percent unsecured bonds in yen due March 10,2020	10,000	10,000	106,383
1.48 percent unsecured bonds in yen due September 9,2020	15,000	15,000	159,574
1.37 percent unsecured bonds in yen due September 8,2021	10,000	10,000	106,383
	¥ 173,941	¥ 135,304	$ 1,850,440
Less current maturities	(22,144)	(12,191)	(235,579)
	¥ 151,797	¥ 123,113	$ 1,614,861

The aggregate annual maturities of long-term debt at March 31, 2013 are summarized as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2013	¥ 22,144	$ 235,579
2014	7,680	81,707
2015	20,675	219,950
2016	17,554	186,744
2017	5,866	62,402
Thereafter	100,022	1,064,058
	¥ 173,941	$ 1,850,440

The aggregate annual maturities of lease obligations at March 31, 2013 are summarized as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2013	¥ 338	$ 3,598
2014	251	2,667
2015	116	1,231
2016	78	830
2017	42	445
Thereafter	28	302
	¥ 853	$ 9,073

Assets pledged as collateral for certain loans and other liabilities at March 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Pledged Assets			
Property, plant and equipment	¥ 5,803	¥ 17,007	$ 61,733
Other	292	356	3,111
	¥ 6,095	¥ 17,363	$ 64,844

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.

	2013	2012
Statutory tax rate	This information is omitted, as the company posted a loss before income taxes during the period under review.	40.4%
Increase (decrease) in income taxes resulting from:		
Change in valuation allowance allocated to income tax expenses		(66.2)
Permanent difference		(2.2)
Effect of tax credits		(1.1)
Inter-company eliminations of dividends received		3.0
Inter-company eliminations of allowance for bad debts		27.2
Inter-company eliminations of provision for loss on business of subsidiaries and affiliates		28.2
Other		3.7
Effective income tax rate		33.0%

Significant components of deferred tax assets and liabilities at March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets:			
Allowance for repairs	¥ 1,488	¥ 1,793	$ 15,826
Fixed assets	10,972	1,408	116,723
Inventories	985	29	10,475
Provision for bonuses	743	909	7,903
Deficits	9,846	8,602	104,741
Others	1,122	4,974	11,954
Subtotal	25,156	17,715	267,622
Less valuation allowance	(23,021)	(7,864)	(244,909)
Total deferred tax assets	2,135	9,851	22,713
Deferred tax liabilities:			
Unrealized holding gains on the other securities	(4,143)	(2,201)	(44,078)
Appropriations for advanced depreciation	(1,545)	(1,574)	(16,432)
Deferred hedge profit and loss	(1,358)	(310)	(14,446)
Retained earnings of the company concerned	(531)	(381)	(5,652)
Others	(416)	(534)	(4,426)
Gross deferred tax liabilities	(7,993)	(5,000)	(85,034)
Net deferred tax assets/(liabilities)	¥ (5,858)	¥ 4,851	$ (62,321)

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, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	**2012**	**2013**
Project benefit obligation	¥ (18,832)	¥(20,129)	$(200,343)
Fair value of plan assets	23,203	20,158	246,843
Funded status	4,371	29	46,500
Unrecognized actuarial loss	1,554	5,866	16,530
Net amount shown on balance sheets	5,925	5,895	63,030
Prepaid pension expense	6,895	6,946	73,348
Accrued retirement and severance benefits	¥ (970)	¥ (1,051)	$ (10,318)

Benefit costs for the fiscal years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	**2012**	**2013**
Service cost	¥ 916	¥ 853	$ 9,747
Interest cost	386	461	4,110
Recognized actuarial loss	583	524	6,194
Benefit cost	1,885	1,838	20,051
Other	463	468	4,925
Total	¥ 2,348	¥ 2,306	$24,976

Assumptions used in the actuarial calculation were as follows:

Period allocation method for estimated retirement benefits	Straight-line method for the period
Discount rate	mainly 2.0%
Expected return on plan assets	mainly 0.0%
Period of amortization of prior service cost	Charge off all at once
Period of amortizing actuarial differences	mainly 16 years

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, 2013 amounted to ¥86 million (US$917 thousand). Lease payments corresponding to depreciation expenses for the fiscal year ended March 31, 2013, 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 ¥28 million (US$295 thousand).

If the leases were capitalized, the acquisition cost of assets and accumulated depreciation etc. at March 31, 2013 and 2012 would be as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	**2012**	**2013**
Machinery, equipment and vehicles	¥ 56	¥ 104	$ 601
Other	324	477	3,451
Less accumulated depreciation	(346)	(460)	(3,679)
Less accumulated impairment	(20)	(80)	(220)
Total	¥ 14	¥ 41	$ 153

The future lease payments on finance leases at March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	**2012**	**2013**
Due within one year	¥ 28	¥ 86	$ 298
Due beyond one year	7	34	75
Total	¥ 35	¥ 120	$ 373

(II) OPERATING LEASE

The future lease payments on noncancellable operating lease transactions at March 31, 2013 and 2012 were as follows.
.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year	¥ 491	¥ 491	$ 5,224
Due beyond one year	1,181	1,672	12,559
Total	¥ 1,672	¥ 2,163	$ 17,783

(2) Lessor

(I) OPERATING LEASE

The future lease payments on noncancellable operating lease transactions at March 31, 2013 and 2012 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year	¥ 10	¥ 10	$ 103
Due beyond one year	151	161	1,610
Total	¥161	¥ 171	$ 1,713

10. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the fiscal years ended March 31, 2013, 2012 and 2011 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	2011	2013
Carriage and shipping	¥ 23,423	¥ 25,512	¥ 24,672	$ 249,186
Salaries and bonuses	10,059	9,537	9,266	107,014
Research and development expenses	8,906	10,437	10,229	94,741
Rent	1,992	1,722	1,575	21,190
Traveling expenses and postage	1,772	2,018	1,828	18,854
Welfare expense	1,696	1,695	1,637	18,042
Other	12,518	13,977	10,721	133,163
Total	¥ 60,366	¥ 64,898	¥ 59,928	$ 642,190

11. DEPRECIATION

Depreciation for the fiscal years ended March 31, 2013, 2012 and 2011 was as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	2011	2013
Depreciation	¥ 23,100	¥ 28,380	¥ 31,257	$ 245,744

12. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses for the fiscal years ended March 31, 2013, 2012 and 2011 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	2011	2013
Research and development expenses	¥ 10,077	¥ 11,705	¥ 11,469	$ 107,197

13. IMPAIRMENT LOSS

The Company's 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, 2013, the Group recorded impairment losses for the following asset groups.

			Millions of yen	Thousands of U.S. dollars
Use	Location	Asset category	2013	2013
Manufacturing facilities for polycrystalline sillicon and fumed silica	Shunan City, Yamaguchi Prefecture	Buildings and structures	¥ 8,654	$ 92,061
		Machinery and equipment	9,733	103,539
		Tools, furniture and fixtures	132	1,406
		Construction in progress	8,074	85,892
		Intangible assets	38	411
		Total	¥ 26,631	$ 283,309

Because of the rapid deterioration in market conditions in the polycrystalline silicon business, the book value of the asset group for the manufacture of polycrystalline silicon and concurrent fumed silica 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 6.5%.

Use	Location	Asset category	Millions of yen 2013	Thousands of U.S. dollars 2013
Idle fixed assets	Saijo City, Ehime Prefecture	Land	¥ 182	$ 1,937
	Shunan City, Yamaguchi Prefecture	Land	158	1,676
	Ishikari City, Hokkaido Prefecture	Land	144	1,531
	Hyuga City, Miyazaki Prefecture	Land	104	1,102
	Kadogawa-Cho, Higashiusuki County, Miyazaki Prefecture	Land	3	39
		Total	¥ 591	$ 6,285

With regard to idle land above, because there was a significant difference between the book value and the market value due to a drop in the price of land, 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 was measured based on the net selling value. The net selling value was valued based mainly on the appraisal evaluated by a real estate appraiser.

Use	Location	Asset category	Millions of yen 2013	Thousands of U.S. dollars 2013
Leased immovables	Hino City, the Tokyo Metropolis	Buildings and structures, Land, and others	¥ 39	$ 414

Because lease immovables owned by A&T Corporation, which are recognized as a asset group separate from property put into business, were to be sold during the next fiscal year, 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 was measured based on the net selling value, and was valued based on the planned sales value.

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

Since the amount of asset retirement obligations at the fiscal year-end under review represented less than one-hundredth of total liabilities and net assets at the same fiscal year-end, the preparation of an asset retirement obligations schedule was omitted.

16. SEGMENT INFORMATION

BUSINESS SEGMENT INFORMATION

(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 is, therefore, composed of segments by product group based on business divisions, and has four reportable segments, “Chemicals,” “Specialty Products,” “Cement,” and “Advanced Components.”

Main products and services of each reportable segment are as follows:

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

Specialty Products: Polycrystalline silicon, fumed silica, aluminum nitride, metal washing solvent, high-purity chemicals for electronics manufacturing, and environment-related equipment

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

Advanced Components: Polyolefin film, plastic window sashes, medical diagnosis systems, dental materials and equipment, gas sensors, ion exchange membranes, pharmaceutical ingredients and intermediates, plastic lens-related materials for glasses, and microporous film

(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 (loss) is based on operating income.

Millions of yen

2013	Chemicals	Specialty products	Cement	Advanced Components	Others	Total	Corporate or elimination	Consoli-dated
1. Sales								
Sales to customers	¥ 76,384	¥ 44,236	¥ 69,776	¥ 49,267	¥ 18,969	¥ 258,632	¥ -	¥ 258,632
Inter-segment sales/transfer	969	8,608	185	1,742	21,188	32,692	(32,692)	-
Total sales	¥ 77,353	¥ 52,844	¥ 69,961	¥ 51,009	¥ 40,157	¥ 291,324	¥ (32,692)	¥ 258,632
Operating income (loss)	(32)	(225)	5,306	2,900	2,616	10,565	(3,793)	6,772
2. Assets								
Assets	¥ 52,665	¥ 212,008	¥ 48,798	¥ 44,888	¥ 26,564	¥ 384,923	¥ 133,328	¥ 518,251
Depreciation	3,498	7,176	2,628	1,795	1,261	16,358	6,742	23,100
Impairment loss on fixed assets	-	26,631	-	39	-	26,670	591	27,261
Capital expenditures	2,235	86,582	3,013	3,602	824	96,256	2,652	98,908

Millions of yen

2012	Chemicals	Specialty products	Cement	Advanced Components	Others	Total	Corporate or elimination	Consoli-dated
1. Sales								
Sales to customers	¥ 84,336	¥ 61,999	¥ 68,045	¥ 48,412	¥ 19,590	¥ 282,382	¥ -	¥ 282,382
Inter-segment sales/transfer	938	10,418	376	1,785	20,748	34,265	(34,265)	-
Total sales	¥ 85,274	¥ 72,417	¥ 68,421	¥ 50,197	¥ 40,338	¥ 316,647	¥ (34,265)	¥ 282,382
Operating income	1,825	8,732	2,925	2,446	2,033	17,961	(4,240)	13,721
2. Assets								
Assets	¥ 55,009	¥159,159	¥ 47,195	¥ 40,307	¥ 26,769	¥ 328,439	¥172,742	¥ 501,181
Depreciation	4,226	10,307	3,115	1,904	1,056	20,608	7,772	28,380
Impairment loss on fixed assets	-	91	-	69	-	160	-	160
Capital expenditures	2,684	63,963	2,372	1,225	4,706	74,950	3,331	78,281

Thousands of U.S. dollars

2013	Chemicals	Specialty products	Cement	Advanced Components	Others	Total	Corporate or elimination	Consoli-dated
1. Sales								
Sales to customers	$ 812,601	$ 470,591	$742,299	$524,119	$201,797	$ 2,751,407	$ -	$2,751,407
Inter-segment sales/transfer	10,303	91,581	1,968	18,532	225,401	347,785	(347,785)	-
Total sales	$ 822,904	$ 562,172	$744,267	$542,651	$427,198	$ 3,099,192	$ (347,785)	$2,751,407
Operating income (loss)	(337)	(2,393)	56,448	30,855	27,820	112,393	(40,350)	72,043
2. Assets								
Assets	$ 560,265	$2,255,408	$519,124	$477,530	$282,594	$4,094,921	$ 1,418,392	$5,513,313
Depreciation	37,217	76,342	27,961	19,096	13,408	174,024	71,720	245,744
Impairment loss on fixed assets	-	283,309	-	415	-	283,724	6,284	290,008
Capital expenditures	23,776	921,086	32,056	38,316	8,769	1,024,003	28,213	1,052,216

Millions of yen

2013	Chemicals	Specialty products	Cement	Advanced Components	Others	Total	Corporate or elimination	Consoli-dated
Amortization of goodwill	¥ -	¥ -	¥ 66	¥ 3	¥ -	¥ 69	¥ -	¥ 69
Unamortized balance	-	-	219	-	-	219	-	219

Thousands of U.S. dollars

2013	Chemicals	Specialty products	Cement	Advanced Components	Others	Total	Corporate or elimination	Consoli-dated
Amortization of goodwill	$ -	$ -	$ 698	$ 41	$ -	$ 739	$ -	$ 739
Unamortized balance	-	-	2,328	-	-	2,328	-	2,328

Millions of yen

2012	Chemicals	Specialty products	Cement	Advanced Components	Others	Total	Corporate or elimination	Consoli-dated
Amortization of goodwill	¥ -	¥ -	¥ 44	¥ 5	¥ -	¥ 49	¥ -	¥ 49
Unamortized balance	-	-	285	4	-	288	-	288

OVERSEAS SALES INFORMATION

Overseas sales of the Company and its consolidated subsidiaries for the fiscal years ended March 31, 2013 and 2012 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	**2012**	**2013**
Asia	¥ 31,139	¥ 41,816	$ 331,261
Others	10,997	13,544	116,995
Total	¥ 42,136	¥ 55,360	$ 448,256

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 "Further select and concentrate for aggressive business expansion," "Create new businesses for us to win in the global markets," and "Reinforce competitiveness by improving productivity" based on two basic strategies,

"Strengthen strategically growing businesses" and "Bolster our 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, 2013, 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	¥ 44,898	¥ 44,898	¥ -
Trade notes and accounts	65,372	65,372	-
Marketable securities and Investment securities			
Marketable securities	8,300	8,300	-
Held-to-maturity bonds	14	14	-
The other securities	25,676	25,676	-
Money held in trust	5,424	5,424	-
Long-term receivables	4,017	4,017	-
Less allowance for doubtful accounts	-	-	-
Total	¥ 153,701	¥ 153,701	¥ -
Trade notes and accounts	38,153	38,153	-
Short-term bank loans	8,913	8,913	-
Commercial papers	4,000	4,000	-
Bonds	50,000	46,789	(3,211)
Long-term debt	123,941	123,964	23
Total	¥ 225,007	¥ 221,819	¥ (3,188)
Derivatives			
In which hedge accounting is not applied	292	292	-
In which hedge accounting is applied	3,445	2,433	(1,012)
Total	¥ 3,737	¥ 2,725	¥ (1,012)

	Thousands of U.S. dollars		
	Book value	Fair value	Difference
Cash in hand and deposits at bank	$ 477,634	$ 477,634	$ -
Trade notes and accounts	695,445	695,445	-
Marketable securities and Investment securities			
Marketable securities	88,298	88,298	-
Held-to-maturity bonds	146	146	-
The other securities	273,148	273,148	-
Money held in trust	57,707	57,707	-
Long-term receivables	42,737	42,737	-
Less allowance for doubtful accounts	-	-	-
Total	$ 1,635,115	$ 1,635,115	$ -
Trade notes and accounts	405,881	405,881	-
Short-term bank loans	94,815	94,815	-
Commercial papers	42,553	42,553	-
Bonds	531,915	497,755	(34,160)
Long-term debt	1,318,525	1,318,768	243
Total	$ 2,393,689	$ 2,359,772	$(33,917)
Derivatives			
In which hedge accounting is not applied	3,100	3,100	-
In which hedge accounting is applied	36,652	25,884	(10,768)
Total	$ 39,752	$ 28,984	$(10,768)

18. CONTINGENT LIABILITIES

At March 31, 2013 and 2012 the Company and its consolidated subsidiaries were contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Notes discounted or endorsed	¥ 224	¥ 221	$ 2,384
Loans guaranteed	337	580	3,581
Commitments to guarantee	160	224	1,702

19. SUBSEQUENT EVENTS

At the annual shareholders' meeting of the Company held on June 25, 2013, the appropriation of retained earnings for the fiscal year ended March 31, 2013 was approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥3.00 per share)	¥ 1,044	$ 11,104

TO THE BOARD OF DIRECTORS OF TOKUYAMA CORPORATION

We have audited the accompanying consolidated balance sheet of Tokuyama Corporation and consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Yamaguchi Audit Corporation

YAMAGUCHI Audit Corporation
Shunan, Japan
June 13, 2013

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Major Subsidiaries and Affiliates

As of March 31, 2013

Company	Capital (millions of yen, local currency in thousands)	Ownership (%)	Scope
Chemicals			
● Shin Dai-ichi Vinyl Corporation	2,000	71	Production and sale of polyvinyl chloride
● Sun Arrow Kasei 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 another 4 affiliates)			
Specialty Products			
● 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 Pte. Ltd.	S$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.	129,999	100	Production and sale of polycrystalline silicon
* Hantok Chemicals Co., Ltd.	Won4,500,000	50	Production of developers for photolithography
(Category also includes another unconsolidated 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 ready-mixed concrete
● Tokusho Co., Ltd.	40	100	Sale of cement and ready-mixed concrete
● Tokushin Co., Ltd.	40	100	Sale of cement and ready-mixed concrete
● Kansai Tokuyama Trading Co., Ltd.	80	100	Sale of cement and ready-mixed concrete
● Tokuyama Mtech Corporation	50	100	Processing and sale of building materials
(Category also includes another 5 consolidated subsidiaries, 1 unconsolidated subsidiary, 3 equity method affiliates and 13 affiliates)			

Company	Capital (millions of yen, local currency in thousands)	Ownership (%)	Scope
Advanced Components			
● Shanghai Tokuyama Plastics Co., Ltd.	RMB 85,689	100	Production and sale of microporous film
● Tianjin Tokuyama Plastics Co., Ltd.	RMB 70,515	100	Production and sale of microporous film
● 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.	RMB23,670	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.	EUR1,360	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 4 consolidated subsidiaries, 2 equity method affiliates 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 equipments
● Tokuyama Asia Pacific Pte. Ltd.	S$800	100	Sale of Tokuyama's products
● Tokuyama Europe GmbH	€255	100	Sale of Tokuyama's products
● Tokuyama Trading (Shanghai) Co., Ltd.	RMB5,258	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 Serivce Corporation	20	100	Information processing services
● Shunan Bulk Terminal Co., Ltd.	150	65	Warehouse operations for bulk cargoes of coal etc.
* Nishinihon Resicoat Co., Ltd.	50	50	Manufacture of metal parts and anti-rust surface coating materials
* 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 4 consolidated subsidiaries, 1 unconsolidated subsidiary and 4 affiliates)			

● Consolidated subsidiary *Affiliate accounted for by the equity method

Executive team

As of June 25, 2013

DIRECTORS

Representative Director

Kazuhisa Kogo

Representative Director

Tatsuo Segawa

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

Directors

Yukio Muranaga

Supervision over Specialty Products Business Div. and Life & Amenity Business Div.

Toshiaki Tsuchiya

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

Toyoki Fukuoka

Supervision over Corporate Administration Div., and General & Personnel Affairs Div.

Katsuyuki Masuno

Supervision over Research & Development Div., Manufacturing Technology Div., Management of Technology Div., Business Promotion Div., Tokuyama Factory, and Kashima Factory

External Directors

Akio Fujiwara

Takeru Ishibashi

AUDIT & SUPERVISORY BOARD

Standing Auditor

Masaki Akutagawa

Auditor

Yoji Miyamoto

External Auditors

Ryuji Hori

Shin Kato

EXECUTIVE OFFICERS

President and Executive Officer

Kazuhisa Kogo

Senior Managing Executive Officer

Tatsuo Segawa
Assistant to the President, General Manager of T&M Business Structural Reform Div.

Managing Executive Officers

Yukio Muranaga
General Manager of Specialty Products Business Div., Deputy General Manager of T&M Business Structural Reform Div.

Toshiaki Tsuchiya
General Manager of Chemicals Business Div.

Akira Sanuki
President of Tokuyama Malaysia Sdn. Bhd.

Toyoki Fukuoka
General Manager of General & Personnel Affairs Div.

Katsuyuki Masuno
General Manager of Management of Technology Div., Management of Technology Planning Dept.

Hidenori Okamoto
General Manager of Business Promotion Div., Business Promotion Project Dept.

Hisashi Yasui
General Manager of Corporate Administration Div.

Hideyoshi Koya
General Manager of Cement Business Div.

Executive Officers

Shigetaka Misaka
Deputy General Manager of Specialty Products Business Div., General Manager of T&M Business Structural Reform Project Dept.

Takeshi Nakahara
General Manager of Corporate Planning Div.

Takeo Suzuki
Vice President of Tokuyama Malaysia Sdn. Bhd.

Hideki Adachi
General Manager of Tokuyama Factory

Akihiro Hamada
Deputy General Manager of Corporate Administration Div., General Manager of Management Support Center

Masao Fukuoka
General Manager of Corporate Social Responsibility Div.

Hiroshi Terao
General Manager of Manufacturing Technology Div.

Fuminori Sekiguchi
General Manager of Osaka Branch

Hiroya Yamashita
General Manager of Research & Development Div.

Ryo Sugiyama
General Manager of Life & Amenity Business Div.

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

Aluminium nitride

High purity chemicals for electronics manufacturing

Methylene chloride for clearing metal

Cement

Ordinary Portland cement

Early-strength Portland cement

Medium-heat Portland cement

Ready-mixed concrete

Acceptance of waste materials

Advanced Components

Plastic lens-related materials

Bulk pharmaceutical ingredients/ intermediates

Microporous film

Polyolefin films

Dental materials

Ion-exchange membranes

Medical diagnosis systems

Gas sensors and gas detection equipments

Plastic window sashes

Corporate Data

As of March 31, 2013

Established:

February 16, 1918

Capital:

¥53,459 million

Employees (consolidated):

5,651

Shares Authorized:

700,000,000

Shares Issued:

349,671,876

Shareholders:

35,478

Major Shareholders:

	Number of Shares Held (Thousands)	Percentage of Total Shares
The Master Trust Bank of Japan,Ltd. (trust account)	19,480	5.60
Nippon Life Insurance Company	15,534	4.46
Japan Trustee Services Bank, Ltd. (trust account)	14,608	4.20
The Yamaguchi Bank, Ltd.	8,246	2.37
Meiji Yasuda Life Insurance Company	7,442	2.14
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,095	2.04
Sojitsu Corporation	6,484	1.86
Sumitomo Metal Mining Co., Ltd.	5,904	1.70
Mitsubishi UFJ Trust and Banking Corporation	5,852	1.68
Goldman Sachs International	5,675	1.63

Composition of Shareholders:

	Number of Shares Held (Thousands)	Percentage of Total Shares
Financial Institutions	124,422	35.6
Individuals/Other	113,694	32.5
Non-Japanese Corporations/Foreign Residents	53,180	15.2
Other Domestic Corporations	46,422	13.3
Securities Companies	11,952	3.4

TOKUYAMA CORPORATION

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