

Summary of Consolidated Financial Statements for the Second Quarter Fiscal 2009

November 11, 2009

Tokuyama Corporation

Stock exchange listings:

Tokyo, Osaka

(URL <http://www.tokuyama.co.jp/>)

Local Code : 4043

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Scheduled date for the filing of the quarterly consolidated financial statements : November 13, 2009

Scheduled date of dividends payout :

December 7, 2009

1. Consolidated results for fiscal second quarter ended Sept. 30, 2009 (Apr. 1, 2009 – Sept. 30, 2009)

(1) Performance

Note: All amounts are rounded down to the nearest million yen.

	Net sales		Operating income		Ordinary income	
	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]
Second Quarter Fiscal 2009	130,799	(18.3)	8,369	(42.8)	7,013	(51.6)
Second Quarter Fiscal 2008	160,145	-	14,643	-	14,478	-

	Net income		Net income per share	Diluted net income per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
Second Quarter Fiscal 2009	4,268	(51.8)	14.91	-
Second Quarter Fiscal 2008	8,860	-	32.31	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
Sept. 30, 2009	451,037	241,019	52.1	674.64
Mar. 31, 2009	403,613	189,757	45.5	669.80

(Reference) Shareholders' equity: Sept. 30, 2009: 234,775 million yen Mar. 31, 2009: 183,539 million yen

2. Dividends

(Period)	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual
Fiscal 2008, ended Mar 31, 2009	(yen) -	(yen) 3.00	(yen) -	(yen) 3.00	(yen) 6.00
Fiscal 2009, ending Mar 31, 2010	-	3.00			
Fiscal 2009 (Forecast)			-	3.00	6.00

(Note) Revision of dividends forecast during this quarter: No

3. Consolidated performance forecast for Fiscal 2009 (April 1, 2009 - March 31, 2010)

(% indicates the rate of change over the corresponding previous period.)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Fiscal 2009	(millions of yen) [%] 270,000 (10.3)	(millions of yen) [%] 15,000 (34.0)	(millions of yen) [%] 12,500 (38.6)	(millions of yen) [%] 7,000 -	(yen) 24.45

(Note) Revision of consolidated performance forecast during this quarter: No

4. Other information

(1) Changes of significant subsidiaries in the scope of consolidation during this period

: No

(2) Application of simplified accounting methods and accounting methods specific to the preparation of the quarterly consolidated financial statements

: Yes

(3) Changes of accounting principles, procedures and presentation methods, etc. related to the preparation of the quarterly consolidated financial statements

i. Changes by revision of accounting standard: Yes

ii. Changes other than the above: Yes

(4) Number of shares issued (in common stock)

i. Number of shares issued at end of period (including treasury stock):	Second Quarter Fiscal 2009:	349,671,876	Fiscal 2008:	275,671,876
ii. Number of treasury stock at end of period:	Second Quarter Fiscal 2009:	1,669,854	Fiscal 2008:	1,650,227
iii. Average number of shares over period:	Second Quarter Fiscal 2009:	286,342,628	Second Quarter Fiscal 2008:	274,267,552

(Note) Cautions pertaining to appropriate use of performance forecast and other particular items

The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance because of various factors that may arise from now on.

[Qualitative information on consolidated financial statements]

1. Qualitative information on consolidated business results

In the Second Quarter Fiscal 2009, the Japanese economy showed more certain signs of bottoming out, such as continued recovery mainly in industries which have received the benefits of economic stimulus measures both at home and overseas and the progress of inventory adjustments in other industries. On the other hand, there remained much uncertainty over the future prospects, and sluggish consumption continued due to the worsening of the employment situation.

Under such circumstances, despite signs of recovery in some products, the Company registered a decrease in both net sales and operating income compared with the corresponding period of the previous fiscal year, due to the slow recovery in demand mainly at home.

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Second Quarter Fiscal 2009	130,799	8,369	7,013	4,268
Second Quarter Fiscal 2008	160,145	14,643	14,478	8,860
Rate of change (%)	(18.3)	(42.8)	(51.6)	(51.8)

Net sales

Consolidated net sales decreased 18.3%, or ¥29.3 billion compared with the corresponding period of the previous year, to ¥130.7 billion, due to decreased sales volume caused by the economic recession, a fall in the selling prices of part of our products, and other factors.

Cost of sales

Cost of sales decreased 17.9%, or ¥20.2 billion compared with the corresponding period of the previous year, to ¥92.9 billion, due to decreased sales volume, a fall in raw material prices, and other factors.

SG&A expenses

SG&A expenses decreased 8.8%, or ¥2.8 billion compared with the corresponding period of the previous year, to ¥29.5 billion, due to a decrease in physical distribution costs as a result of decreased sales volume, and other factors.

Operating income

Operating income decreased 42.8%, or ¥6.2 billion compared with the corresponding period of the previous year, to ¥8.3 billion, due to a decline in the operating ratio and increased depreciation etc. as well as decreased sales volume and a fall in the selling prices of part of our products.

Non-operating income/expenses, Ordinary income

Non-operating income/expenses worsened by ¥1.1 billion compared with the corresponding period of the previous year due to, among others, costs of idle operations and a foreign exchange loss. Ordinary income decreased 51.6%, or ¥7.4 billion compared with the corresponding period of the previous year, to ¥7.0 billion, due to the above-mentioned factor etc.

Extraordinary gains/losses, Income before income taxes, Net income

Despite increased gains on sale of investment securities, extraordinary gains/losses worsened by ¥0.1 billion compared with the corresponding period of the previous year due to, among others, costs of compensation for products arising from the plastic window sashes (fireproof/fire-resistant grade) problem and costs of the feasibility study of the polycrystalline silicon business in Malaysia. Income before income taxes decreased 52.6%, or ¥7.6 billion compared with the corresponding period of the previous year, to ¥6.8 billion, due to this factor etc.

After deducting income taxes etc. calculated in an appropriate way, the Company recorded net income of ¥4.2 billion, down 51.8%, or ¥4.5 billion compared with the corresponding period of the previous year.

Chemicals

In the chemicals business, sales decreased substantially, due to decreased sales volume arising from the sluggish economy, a fall mainly in the petrochemicals selling prices, and other factors. However, operating income increased owing to the effect of price revisions in inorganic chemicals which had been made in the second half of the previous fiscal year as well as the cost decrease with a drop in raw materials and fuel prices.

In the film business, Sun-Tox Co., Ltd. registered a decrease in sales due to decreased sales volume, while operating income rose due to improvement in productivity and cost reduction.

As a result of the above, this segment recorded sales of ¥45.4 billion, down 27.1% compared with the corresponding period of the previous year, and operating income of ¥2.4 billion, an increase of 75.7% year on year. Sales fell, while operating income rose.

This segment accounted for 34.7% of total net sales.

Specialty Products

Sales in the polycrystalline silicon business increased due to increased shipping volume, because the new polycrystalline silicon plant commenced operations in the first quarter of this fiscal year. Operating income, however, decreased due to a fall in the selling prices resulted from the difference in the customer composition as well as increased depreciation. We registered a decrease in both sales and operating income in products other than polycrystalline silicon, including silica products and advanced materials, due to sluggish demand and fiercer competition.

A&T Corporation recorded an increase in both sales and operating income, owing to favorable sales of laboratory information systems etc.

As a result of the above, sales in this segment were ¥50.4 billion, a decrease of 7.2% compared with the corresponding period of the previous year, and operating income was ¥8.6 billion, a decrease of 44.2% year on year. Both sales and operating income declined.

This segment net sales accounted for 38.6% of the Company's total sales.

Cement, Building Materials and Others

In the cement business, despite a drop in raw materials and fuel costs and the price revision effect, the performance was unsatisfactory due to a severe decrease in demand. The recycling & environment business registered a decrease in both sales and operating income, due to a decrease in treatment volume as a result of decreased sales volume of cement.

In the building materials and others business, Excel Shanon Corporation, which is developing plastic window sash business, registered a decrease in both sales and operating income, due to a severe decrease in demand and decreased shipment volume caused by a negative impact of the plastic window sashes (fireproof/fire-resistant grade) problem.

As a result of the above, this segment sales were ¥34.9 billion, a decrease of 19.6% from the corresponding period of the previous year, and an operating loss was ¥0.5 billion. Both sales and operating income decreased over the corresponding period of the previous year.

The segment's net sales accounted for 26.7% of Tokuyama's total sales.

2. Qualitative information on consolidated financial position

As of September 30, 2009, total assets amounted to ¥451.0 billion, an increase of ¥47.4 billion compared with those as of March 31, 2009. This was primarily due to an increase of ¥37.7 billion in cash in hand and deposits at bank.

Total liabilities amounted to ¥210.0 billion, an decrease of ¥3.8 billion compared with those as of March 31, 2009.

Net assets totaled ¥241.0 billion, an increase of ¥51.2 billion compared with those as of March 31, 2009. The main contributory factor was an increase of ¥46.9 billion in capital and additional paid-in capital.

3. Qualitative information on consolidated performance forecast

We announced the revision of the consolidated performance forecast for Fiscal 2009 (April 1, 2009 to March 31, 2010) on November 6, 2009.

The reason for this is that we judge that there will not be a recovery of demand in the second half of this fiscal year which was taken into consideration in the previous forecast.

The revised consolidated performance forecast for Fiscal 2009 is net sales of ¥270.0 billion (down 10.3% year-on-year), operating income of ¥15.0 billion (down 34.0% year-on-year), ordinary income of ¥12.5 billion (down 38.6% year-on-year), and net income of ¥7.0 billion.

The above-mentioned performance forecast has been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance because of various factors that may arise from now on.

Segment information

Second Quarter Fiscal 2008 (cumulative, April 1, 2008 – September 30, 2008)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales						
Sales to customers	62,324	54,408	43,411	160,145	—	160,145
Inter-segment sales/transfer	729	23	8,366	9,119	(9,119)	—
Total	63,053	54,432	51,778	169,265	(9,119)	160,145
Operating income (loss)	1,399	15,460	(138)	16,721	(2,078)	14,643

Second Quarter Fiscal 2009 (cumulative, April 1, 2009 – September 30, 2009)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales						
Sales to customers	45,423	50,471	34,904	130,799	—	130,799
Inter-segment sales/transfer	616	22	7,334	7,973	(7,973)	—
Total	46,040	50,493	42,239	138,773	(7,973)	130,799
Operating income (loss)	2,459	8,629	(593)	10,495	(2,126)	8,369