

Summary of Consolidated Financial Statements for the Third Quarter Fiscal 2009

February 10, 2010

Tokuyama Corporation

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

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Stock exchange listings: Tokyo

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Scheduled date for the filing of the quarterly consolidated financial statements : February 12, 2010

Scheduled date of dividends payout : -

1. Consolidated results for fiscal third quarter ended Dec. 31, 2009 (Apr. 1, 2009 – Dec. 31, 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 [%]
Third Quarter Fiscal 2009	195,608	(17.4)	10,881	(46.1)	9,674	(49.3)
Third Quarter Fiscal 2008	236,954	-	20,177	-	19,088	-

	Net income		Net income per share	Diluted net income per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
Third Quarter Fiscal 2009	5,212	-	16.99	-
Third Quarter Fiscal 2008	(10,721)	-	(39.10)	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
Dec. 31, 2009	450,799	239,793	51.8	671.12
Mar. 31, 2009	403,613	189,757	45.5	669.80

(Reference) Shareholders' equity: Dec. 31, 2009: 233,545 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) 22.81

(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):	Third Quarter Fiscal 2009:	349,671,876	Fiscal 2008:	275,671,876
ii. Number of treasury stock at end of period:	Third Quarter Fiscal 2009:	1,676,466	Fiscal 2008:	1,650,227
iii. Average number of shares over period:	Third Quarter Fiscal 2009:	306,894,543	Third Quarter Fiscal 2008:	274,196,447

(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 Third Quarter Fiscal 2009, the Japanese economy showed more certain signs of bottoming out, such as the progress of inventory adjustments as a result of an economic recovery in emerging countries, especially China. On the other hand, there remains 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 (loss)
Third Quarter Fiscal 2009	195,608	10,881	9,674	5,212
Third Quarter Fiscal 2008	236,954	20,177	19,088	(10,721)
Rate of change (%)	(17.4)	(46.1)	(49.3)	—

Net sales

Consolidated net sales decreased 17.4%, or ¥41.3 billion compared with the corresponding period of the previous year, to ¥195.6 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 16.6%, or ¥27.8 billion compared with the corresponding period of the previous year, to ¥139.9 billion, due to decreased sales volume, a fall in raw material prices, and other factors.

SG&A expenses

SG&A expenses decreased 8.7%, or ¥4.2 billion compared with the corresponding period of the previous year, to ¥44.7 billion, due to a decrease in physical distribution costs as a result of decreased sales volume, and other factors.

Operating income

Operating income decreased 46.1%, or ¥9.2 billion compared with the corresponding period of the previous year, to ¥10.8 billion, due to, among others, a decline in the operation ratio and increased depreciation 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 ¥0.1 billion compared with the corresponding period of the previous year due to, among others, an increase of ¥0.2 billion in costs of idle operations and the occurrence of new stock issuing expenses of ¥0.2 billion. Ordinary income decreased 49.3%, or ¥9.4 billion compared with the corresponding period of the previous year, to ¥9.6 billion, due to the above-mentioned factor and so forth.

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

Despite the occurrence of costs of compensation for products arising from the plastic window sashes (fireproof/fire-resistant grade) problem and other factors, extraordinary gains/losses improved by ¥21.7 billion compared with the corresponding period of the previous year, as the Company had registered an extraordinary loss of ¥22.4 billion relevant to the said problem in the corresponding period of the previous year. Income before income taxes improved by ¥12.3 billion compared with the corresponding period of the previous year, to ¥8.7 billion, due to this factor.

After deducting income taxes etc. calculated in an appropriate way, the Company recorded a net income of ¥5.2 billion. The net income figures improved by ¥15.9

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 a fall in product prices with a drop in raw materials prices, while operating income rose due to improvement in productivity and a reduction in costs.

As a result of the above, this segment recorded sales of ¥69.1 billion, down 24.1% compared with the corresponding period of the previous year, and operating income of ¥4.3 billion, an increase of 85.0% year on year. Sales fell, while operating income rose.

This segment accounted for 35.3% of total net sales.

Specialty Products

Despite increased shipping volume with the start of operations of the new plant, sales in the polycrystalline silicon business decreased due to a fall in the unit selling price and the effect of the strong yen. Operating income decreased due to, among others, increased depreciation as well as the above-mentioned factors. The Company registered a decrease in both sales and operating income in products other than polycrystalline silicon, including silica products and advanced materials, as a result of their unsatisfactory performance.

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 ¥71.9 billion, a decrease of 9.0% compared with the corresponding period of the previous year, and operating income was ¥9.9 billion, a decrease of 53.3% year on year. Both sales and operating income declined.

This segment net sales accounted for 36.8% of the Company's total sales.

Cement, Building Materials and Others

In the cement business, sales fell due to decreased sales volume caused by the severely depressed demand for cement and a decrease in treatment volume of the recycling & environment business as a result of the decrease in sales volume of cement. However, the Company secured a profit owing to the price revision effect, a decrease in physical distribution costs and so forth.

In the building materials and others business, the performance in Excel Shanon Corporation, which is developing plastic window sash business, was unsatisfactory, although it has continued to make efforts to regain confidence and improve profitability in order to deal with 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 ¥54.4 billion, a decrease of 18.3% from the corresponding period of the previous year, and an operating loss was ¥0.2 billion. Sales fell, whereas the operating income/loss improved by ¥60 million over the corresponding period of the previous year.

The segment's net sales accounted for 27.9% of Tokuyama's total sales.

2. Qualitative information on consolidated financial position

(Status of assets, liabilities and net assets)

As of December 31, 2009, total assets amounted to ¥450.7 billion, an increase of ¥47.1 billion compared with those as of March 31, 2009. This was primarily due to an increase of ¥38.5 billion in cash in hand and deposits at bank.

Total liabilities amounted to ¥211.0 billion, a decrease of ¥2.8 billion compared with those as of March 31, 2009.

Net assets totaled ¥239.7 billion, an increase of ¥50.0 billion compared with those as of March 31, 2009. This mainly reflected an increase of ¥23.4 billion in capital and an increase of ¥23.4 billion in additional paid-in capital as a result of the new issue of stocks.

3. Qualitative information on consolidated performance forecast

Although our business results during this fiscal third quarter (Apr. 1, 2009 – Dec. 31, 2009) were worse than we had expected due to rescheduling of the shipments of polycrystalline silicon from this term to the fourth quarter, we anticipate that business results will be achieved as planned for the rest of this fiscal year.

Therefore, regarding the performance forecast for Fiscal 2009 (Apr. 1, 2009 – Mar. 31, 2010), we have not revised the figures which were made public on November 6, 2009.

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

Third Quarter Fiscal 2008 (cumulative, April 1, 2008 – December 31, 2008)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales						
Sales to customers	91,123	79,100	66,730	236,954	—	236,954
Inter-segment sales/transfer	1,084	40	12,267	13,392	(13,392)	—
Total	92,208	79,141	78,998	250,347	(13,392)	236,954
Operating income (loss)	2,354	21,325	(297)	23,382	(3,204)	20,177

Third Quarter Fiscal 2009 (cumulative, April 1, 2009 – December 31, 2009)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales						
Sales to customers	69,123	71,997	54,487	195,608	—	195,608
Inter-segment sales/transfer	994	33	11,234	12,262	(12,262)	—
Total	70,117	72,031	65,722	207,871	(12,262)	195,608
Operating income (loss)	4,354	9,960	(227)	14,088	(3,206)	10,881