

Summary of Consolidated Financial Statements for the First Quarter Fiscal 2010 (JPGAAP)

August 2, 2010

Tokuyama Corporation

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

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Scheduled date for the filing of the quarterly consolidated financial statements : August 11, 2010

Preparation of supplementary quarterly explanatory materials: Yes

Quarterly business results IR briefing to be held: No

1. Consolidated results for fiscal first quarter ended June 30, 2010 (April 1, 2010 - June 30, 2010)

(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 [%]
First Quarter Fiscal 2010	70,264	14.6	4,354	102.2	2,878	83.9
First Quarter Fiscal 2009	61,297	(22.1)	2,152	(71.1)	1,564	(79.3)

	Net income		Net income per share	Diluted net income per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
First Quarter Fiscal 2010	1,823	143.3	5.24	-
First Quarter Fiscal 2009	749	(83.1)	2.73	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
June 30, 2010	448,445	242,594	52.7	679.08
Mar. 31, 2010	452,893	243,606	52.4	682.03

(Reference) Shareholders' equity: June 30, 2010: 236,306 million yen Mar. 31, 2010: 237,338 million yen

2. Dividends

(Period)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Fiscal 2009, ended Mar 31, 2010	(yen) -	(yen) 3.00	(yen) -	(yen) 3.00	(yen) 6.00
Fiscal 2010, ending Mar 31, 2011	-				
Fiscal 2010 (Forecast)		3.00	-	3.00	6.00

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

3. Consolidated performance forecast for Fiscal 2010 (April 1, 2010 - March 31, 2011)

(% indicates the rate of change over the corresponding previous periods respectively)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(yen)
First Half Fiscal 2010	140,000	7.0	8,000	(4.4)	6,000	(14.4)	3,500	(18.0)	10.06
Fiscal 2010	286,000	4.7	14,000	(15.1)	13,000	(15.3)	7,500	0.6	21.55

(Note) Revision of consolidated performance forecast during this quarter: Yes

4. Other information

(1) Changes in significant subsidiaries during this period

: No
 Addition to the scope of consolidation: -
 Reduction from the scope of consolidation: -

(Note) This item means changes in significant subsidiaries with changes in the scope of consolidation during this period.

(2) Application of simplified accounting methods and specific accounting methods

: Yes
 (Note) This item means application of simplified accounting methods and accounting methods specific to the preparation of the quarterly consolidated financial statements.

(3) Changes in accounting principles, procedures, presentation methods, etc.

i. Changes by revision of accounting standards: Yes
 ii. Changes other than the above: No

(Note) This item means changes in accounting principles, procedures, presentation methods, etc., which are given in “Changes in significant matters which are bases of the preparation of the quarterly consolidated financial statements,” related to the preparation of the quarterly consolidated financial statements.

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

i. Number of shares issued at end of period (including treasury stock):	First Quarter Fiscal 2010:	349,671,876	Fiscal 2009:	349,671,876
ii. Number of treasury stock at end of period:	First Quarter Fiscal 2010:	1,689,647	Fiscal 2009:	1,685,474
iii. Average number of shares over period:	First Quarter Fiscal 2010:	347,983,281	First Quarter Fiscal 2009:	274,014,325

(Note) Notice on the implementation of quarterly review procedures
 This summary of quarterly consolidated financial statements is not subject to quarterly review procedures. At the point of disclosure of this summary of quarterly consolidated financial statements, the quarterly financial statements review procedures in line with the Financial Instruments and Exchange Act have been implemented.

(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.

1. Qualitative information on consolidated results for this quarter

(1) Qualitative information on consolidated business results

Consolidated results for the first quarter Fiscal 2010 (April 1, 2010 - June 30, 2010) are summarized as follows:

(Unit: Billions of yen)

	Net sales	Operating income	Ordinary income	Net income
First Quarter Fiscal 2010	70.2	4.3	2.8	1.8
First Quarter Fiscal 2009	61.2	2.1	1.5	0.7
Rate of change (%)	14.6	102.2	83.9	143.3

Net sales

Consolidated net sales increased 14.6%, or ¥8.9 billion compared with the corresponding period of the previous year, to ¥70.2 billion, owing to increased sales volume due to the economic recovery, the selling price revisions of some products including petrochemicals, and other factors.

Cost of sales

Cost of sales increased 15.1%, or ¥6.7 billion compared with the corresponding period of the previous year, to ¥51.1 billion, due to increased sales volume, a rise in prices of ethylene and propylene which are main raw materials for the Company's operations, and other factors.

SG&A expenses

Despite an increase in physical distribution costs as a result of increased sales volume, SG&A expenses increased no more than 0.2%, or ¥30 million compared with the corresponding period of the previous year, to ¥14.7 billion, due to various streamlining efforts.

Operating income

Operating income increased 102.2%, or ¥2.2 billion compared with the

corresponding period of the previous year, to ¥4.3 billion, due to the higher rate of operation, decreased depreciation, etc. as well as increased sales volume and the selling price revisions of some products.

Non-operating income/expenses, Ordinary income

Non-operating income/expenses worsened by ¥0.8 billion compared with the corresponding period of the previous year due to, among others, a foreign exchange loss. As a result of the abovementioned factors including improved operating income and the negative impact of the worsening of non-operating income/expenses, ordinary income increased 83.9%, or ¥1.3 billion compared with the corresponding period of the previous year, to ¥2.8 billion.

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

Extraordinary gains/losses worsened by ¥80 million compared with the corresponding period of the previous year due to, among others, a decrease in gain on sale of investment securities.

As a result of the above, income before income taxes increased 82.2%, or ¥1.2 billion compared with the corresponding period of the previous year, to ¥2.7 billion.

After deducting income taxes etc. calculated in an appropriate way, the Company recorded net income of ¥1.8 billion, up 143.3%, or ¥1.0 billion compared with the corresponding period of the previous year.

(Operating results by segment)

Sales

(Unit: Billions of yen)

	Reportable segment					Others	Adjustment	Total
	Chemicals	Specialty Products	Cement	Advanced Components	Subtotal			
First Quarter Fiscal 2010	20.8	22.2	15.3	10.4	68.8	9.8	(8.5)	70.2
First Quarter Fiscal 2009	17.1	17.8	15.0	10.1	60.1	8.0	(6.9)	61.2
Rate of change (%)	21.8	24.9	2.2	2.6	14.6	22.4	-	14.6

Operating income/loss

(Unit: Billions of yen)

	Reportable segment					Others	Adjustment	Total
	Chemicals	Specialty Products	Cement	Advanced Components	Subtotal			
First Quarter Fiscal 2010	0.7	3.1	0.4	0.4	4.7	0.5	(0.9)	4.3
First Quarter Fiscal 2009	0.6	2.9	(0.0)	0.0	3.5	0.2	(1.6)	2.1
Rate of change (%)	18.3	8.5	-	748.2	34.0	81.7	-	102.2

□ Sales and operating income in each segment include inter-segment transaction.

※Sales and operating income/loss for the first quarter Fiscal 2009 (April 1, 2009 – June 30, 2009) are reclassified based on the new segments.

Chemicals

Sales increased substantially, due to selling price revision effects of petrochemicals as well as the recovery of demand in some products. With regard to profit, despite rising fuel prices, operating income increased compared with the corresponding period of the previous year., due mainly to the market recovery of vinyl chloride monomer for export to China as well as the abovementioned effects.

Shin Dai-ichi Vinyl Corporation, which is developing vinyl chloride resin business, registered higher operating income due to increased sales volume backed by an upturn in demand and the effect of price revisions in its products.

As a result of the above, this segment recorded sales of ¥20.8 billion, up 21.8% compared with the corresponding period of the previous year, and operating income of ¥0.7 billion, an increase of 18.3% year on year. Both sales and operating income improved.

Specialty Products

Despite the economic turmoil in Europe which accounts for the majority of solar cell demand in the world, polycrystalline silicon sales increased due to strong shipments. However, operating income decreased due mainly to rising fuel prices as well as a fall in the selling prices and the negative impact of stronger yen.

Fumed silica sales increased due to strong shipments of its application in polishing material used for CMP for liquid crystals and semiconductors. With regard to precipitated silica, we continued to make streamlining efforts.

The aluminum nitride business posted higher operating income on higher sales due to good shipments backed mainly by the recovery of the semiconductor market.

As a result of the above, sales in this segment were ¥22.2 billion, an increase of 24.9% compared with the corresponding period of the previous year, and operating income was ¥3.1 billion, an increase of 8.5% year on year. This segment reported an increase in both sales and operating income.

Cement

Domestic sales volume of cement decreased, as government demand for cement continued to decline, and private demand did not recover.. On top of that, waste handling volume also decreased as a result of decreased cement production. Despite these negative factors, the Cement segment recorded about the same

level of sales as those of the corresponding period of the previous year, as one subsidiary was newly consolidated in the third quarter of the previous fiscal year. This segment implemented structural reform of its cement operations and made streamlining efforts.

As a result of the above, this segment sales were ¥15.3 billion, an increase of 2.2% from the corresponding period of the previous year, and operating income was ¥0.4 billion. Both sales and operating income increased over the corresponding period of the previous year.

Advanced Components

Figaro Engineering Inc. reported strong sales thanks to increased North American demand. Sun-Tox Co., Ltd. registered higher sales due to the effects of selling price revisions. Although Excel Shanon Corporation reported soft sales, its sales edged up.

With regard to profit, companies in this segment, on the whole, posted operating income increases due to their streamlining measures.

As a result of the above, this segment recorded sales of ¥10.4 billion, up 2.6% compared with the corresponding period of the previous year, and operating income of ¥0.4 billion, an increase of 748.2% year on year. Both sales and operating income increased.

(2) Qualitative information on consolidated financial position

(Status of assets, liabilities and net assets)

As of June 30, 2010, total assets amounted to ¥448.4 billion, a decrease of ¥4.4 billion compared with those as of March 31, 2010. This was primarily due to a decrease of ¥4.8 billion in trade notes receivable and trade accounts receivable.

Total liabilities amounted to ¥205.8 billion, a decrease of ¥3.4 billion compared

with those as of March 31, 2010. This mainly reflected a net decrease of ¥1.4 billion in various types of allowance.

Net assets totaled ¥242.5 billion, a decrease of ¥1.0 billion compared with those as of March 31, 2010.

(3) Qualitative information on consolidated performance forecast

Based on the current performance trend, the Company has revised the performance forecast, announced on May 12, 2010, for the First Half Fiscal 2010 (April 1, 2010 to September 30, 2010). For further details, see the Company's news release, "Tokuyama Corporation Announces Revised Performance Forecast" released on August 2, 2010.

With regard to the performance forecast for Fiscal 2010 (Full year, April 1, 2010 to March 31, 2011), we have not revised the figures announced on May 12, 2010, as future prospects for the Company's business environment are uncertain.

The performance forecast contained in this material 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

First Quarter Fiscal 2009 (April 1, 2009 – June 30, 2009)

(Millions of yen)

	Chemicals	Specialty products	Cement, building materials and others	Total	Corporate or elimination	Consolidated
Sales						
Sales to customers	22,336	21,568	17,392	61,297	—	61,297
Inter-segment sales/transfer	298	11	3,555	3,865	(3,865)	—
Total	22,634	21,580	20,947	65,162	(3,865)	61,297
Operating income (loss)	1,264	2,513	(552)	3,224	(1,072)	2,152

(Supplementary information)

Effective from the first quarter Fiscal 2010, the Company Group has adopted an “Accounting Standard – ASBJ Statement No.17 Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (issued on March 27, 2009) and its “Implementation Guidance – ASBJ Guidance No. 20 Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (issued on March 21, 2008).

1. Summary of reportable segments

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

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

Reportable segment	Main products etc.
Chemicals	Caustic soda, soda ash, calcium chloride, layered sodium disilicate, vinyl chloride monomer, polyvinyl chloride resin, propylene oxide, isopropyl alcohol, methylene chloride
Specialty Products	Polycrystalline silicon, fumed silica, precipitated silica, aluminum nitride, pharmaceutical ingredients and intermediates, plastic lens related materials for glasses, metal washing solvents, high-purity chemicals for electronics manufacturing, environment-related equipment, microporous film
Cement	Ordinary Portland cement, high early-strength Portland cement, Portland blast-furnace slag cement, ready-mixed concrete, cement-type stabilizer, waste treatment
Advanced Components	Biaxial-oriented polypropylene film, co-extrusion multi-layer film, cast polypropylene film, plastic window sashes, clinical analyzers and systems, dental materials and equipment, gas sensors, ion-exchange membranes

2. Information on sales and income/loss by reportable segment

First Quarter Fiscal 2010 (April 1, 2010 – June 30, 2010)

(Millions of yen)

	Reportable segments					Others*	Total
	Chemicals	Specialty Products	Cement	Advanced Components	Subtotal		
Sales							
Sales to customers	20,602	19,312	15,276	10,217	65,408	4,896	70,304
Inter-segment sales/transfer	221	2,981	79	196	3,479	4,987	8,466
Total	20,823	22,293	15,356	10,413	68,887	9,883	78,771
Segment income	728	3,150	430	435	4,744	540	5,285

*“Others” segment comprises businesses other than those of the reportable segments. Concretely, the segment includes overseas sales companies, a distribution company, a real estate business, etc.

3. The differences between the sum total of the reportable segments’ income/loss and operating income/loss in the quarterly consolidated financial statements are as follows:

(Millions of yen)

Profit	Amount
The sum total of the reportable segments’ income	4,744
Income in the “Others segment”	540
Corporate-wide expenses*	(931)
Operating income in the quarterly consolidated financial statements	4,354

*Corporate-wide expenses include basic R&D expenses not related to each reportable segment and other expenses.