

# Summary of Consolidated Financial Statements for the First Quarter Fiscal 2011 (JPGAAP)

August 2, 2011

## Tokuyama Corporation

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Tokyo

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Scheduled date for the filing of the quarterly consolidated financial statements : August 11, 2011

Scheduled date of dividends payout : -

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, 2011 (April 1, 2011 - June 30, 2011)

(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 2011	70,991	1.0	4,405	1.2	4,181	45.3
First Quarter Fiscal 2010	70,264	14.6	4,354	102.2	2,878	83.9

(Note) Comprehensive income: 1st Quarter FY11: 2,503 million yen [-%] 1st Quarter FY10: 141 million yen [-%]

	Net income		Net income per share	Diluted net income per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
First Quarter Fiscal 2011	2,061	13.1	5.93	-
First Quarter Fiscal 2010	1,823	143.3	5.24	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
June 30, 2011	469,767	249,083	51.6	696.63
Mar. 31, 2011	474,708	247,656	50.8	693.18

(Reference) Shareholders' equity: June 30, 2011: 242,394 million yen Mar. 31, 2011: 241,196 million yen

## 2. Dividends

(Period)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Fiscal 2010, ended Mar 31, 2011	(yen) -	(yen) 3.00	(yen) -	(yen) 3.00	(yen) 6.00
Fiscal 2011, ending Mar 31, 2012	-				
Fiscal 2011 (Forecast)		3.00	-	3.00	6.00

(Note) Revision of the latest dividends forecast: No

## 3. Consolidated performance forecast for Fiscal 2011 (April 1, 2011 - March 31, 2012)

(% 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 2011	151,000	8.1	9,500	8.3	8,500	42.2	4,500	53.9	12.93
Fiscal 2011	310,000	7.0	20,000	(0.7)	18,000	3.8	10,000	2.4	28.74

(Note) Revision of the latest consolidated performance forecast: No

#### 4. Other information

**(1) Changes in significant subsidiaries during this period**

: No

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

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

: Yes

**(3) Changes of accounting policies, changes in accounting estimates, and retrospective restatements**

i. Changes of accounting policies by revision of accounting standards: No

ii. Changes of accounting policies other than the above: No

iii. Changes in accounting estimates: No

iv. Retrospective restatements: No

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

i. Number of shares issued at end of period (including treasury stock):	First Quarter Fiscal 2011:	349,671,876	Fiscal 2010:	349,671,876
ii. Number of treasury stock at end of period:	First Quarter Fiscal 2011:	1,719,794	Fiscal 2010:	1,716,789
iii. Average number of shares over period:	First Quarter Fiscal 2011:	347,952,791	First Quarter Fiscal 2010:	347,983,281

(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 are underway.

(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 2011 (April 1, 2011 - June 30, 2011) are summarized as follows:

(Unit: Billions of yen)

	Net sales	Operating income	Ordinary income	Net income
<b>First Quarter Fiscal 2011</b>	<b>70.9</b>	<b>4.4</b>	<b>4.1</b>	<b>2.0</b>
First Quarter Fiscal 2010	70.2	4.3	2.8	1.8
Rate of change (%)	1.0	1.2	45.3	13.1

#### Net sales

Consolidated net sales increased 1.0%, or ¥0.7 billion compared with the corresponding period of the previous year, to ¥70.9 billion, owing chiefly to increased sales volume of some products and the selling price revisions of petrochemicals and other products.

#### Cost of sales

Despite a rise in prices of ethylene and propylene which are main raw materials for the Company's operations, cost of sales decreased 1.5%, or ¥0.7 billion compared with the corresponding period of the previous year, to ¥50.4 billion, due chiefly to decreased depreciation expenses.

#### SG&A expenses

SG&A expenses increased 9.8%, or ¥1.4 billion compared with the corresponding period of the previous year, to ¥16.1 billion, due mainly to an increase in depreciation expenses that arose from the start of operation of new mission-critical systems.

#### Operating income

Operating income increased 1.2%, or ¥50 million compared with the

corresponding period of the previous year, to ¥4.4 billion, due chiefly to decreased depreciation expenses as well as increased sales volume of some products and selling price revisions.

**Non-operating income/expenses, Ordinary income**

Non-operating income/expenses improved by ¥1.2 billion compared with the corresponding period of the previous year due to, among others, a decrease in a foreign exchange loss. As a result of this positive effect, ordinary income increased 45.3%, or ¥1.3 billion compared with the corresponding period of the previous year, to ¥4.1 billion.

**Extraordinary gains/losses, Income before income taxes, Income before minority interests, Net income**

Extraordinary gains/losses worsened by ¥30 million compared with the corresponding period of the previous year.

As a result of the above, income before income taxes increased 46.6%, or ¥1.2 billion compared with the corresponding period of the previous year, to ¥3.9 billion.

After recording income taxes etc. calculated in an appropriate way, income before minority interests was ¥2.2 billion. After deducting minority interests, the Company recorded net income of ¥2.0 billion, up 13.1%, or ¥0.2 billion compared with the corresponding period of the previous year.

(Operating results by segment)

Sales

(Unit: Millions of yen)

	Reportable segment				Others	Total	Adjustment	Figures in quarterly consolidated income statement
	Chemicals	Specialty Products	Cement	Advanced Components				
<b>First Quarter Fiscal 2011</b>	<b>22,220</b>	<b>20,965</b>	<b>15,191</b>	<b>11,338</b>	<b>9,893</b>	<b>79,609</b>	<b>(8,618)</b>	<b>70,991</b>
First Quarter Fiscal 2010	20,823	22,293	15,356	10,413	9,883	78,771	(8,507)	70,264
Rate of change (%)	6.7	(6.0)	(1.1)	8.9	0.1	1.1	-	1.0

Operating income

(Unit: Millions of yen)

	Reportable segment				Others	Total	Adjustment	Figures in quarterly consolidated income statement
	Chemicals	Specialty Products	Cement	Advanced Components				
<b>First Quarter Fiscal 2011</b>	<b>583</b>	<b>3,414</b>	<b>404</b>	<b>708</b>	<b>392</b>	<b>5,503</b>	<b>(1,098)</b>	<b>4,405</b>
First Quarter Fiscal 2010	728	3,150	430	435	540	5,285	(931)	4,354
Rate of change (%)	(19.9)	8.4	(6.0)	62.7	(27.3)	4.1	-	1.2

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

## Chemicals

Sales increased, due mainly to selling price revision effects of petrochemicals and an increase in sales volume of caustic soda, vinyl chloride resin and other products as a result of the Great East Japan Earthquake. With regard to profit, despite the aforementioned positive effects, operating income decreased compared with the corresponding period of the previous year., due chiefly to weak results of soda ash and higher prices of fuel and raw materials such as ethylene and propylene.

As a result of the above, this segment recorded sales of ¥22.2 billion, up 6.7% compared with the corresponding period of the previous year, and operating income of ¥0.5 billion, a decrease of 19.9% year on year. The segment reported

lower operating income on higher sales.

### **Specialty Products**

Polycrystalline silicon sales declined due to a decrease in sales volume that arose mainly from the Great East Japan Earthquake. With regard to profit, however, despite rising raw material and fuel prices as well as decreased sales volume, operating income increased due to lower depreciation expenses.

Fumed silica sales also declined owing to a decrease in sales volume that resulted mainly from the Great East Japan Earthquake.

Operating income of other products, including high-purity chemicals for electronics manufacturing, in general declined due to higher raw material and fuel prices.

As a result of the above, sales in this segment were ¥20.9 billion, a decrease of 6.0% compared with the corresponding period of the previous year, and operating income was ¥3.4 billion, an increase of 8.4% year on year. The segment reported higher operating income on lower sales.

### **Cement**

Domestic sales volume of cement increased, backed by a slight increase in domestic demand. Despite this positive factor, the Cement segment recorded lower sales than those of the corresponding period of the previous year, owing to decreased export volume. With regard to profit, although the segment not only has been implementing structural reform of its cement operations since last year but revised selling prices, it recorded decreased operating income due to higher prices of raw materials and fuel including coal.

As a result of the above, this segment sales were ¥15.1 billion, a decrease of 1.1% from the corresponding period of the previous year, and operating income

was ¥0.4 billion, a 6.0% year-on-year decrease.

Both sales and operating income decreased over the corresponding period of the previous year.

### **Advanced Components**

Although sales volume of Figaro Engineering Inc. decreased due to the Great East Japan Earthquake and Excel Shanon Corporation reported soft sales, the segment's sales increased mainly on increased sales of ASTOM Corporation.

With regard to profit, the segment reported higher operating income due mainly to the positive effect of ASTOM Corporation's increased sales mentioned above and Tokuyama Dental Corporation's streamlining effects.

As a result of the above, this segment recorded sales of ¥11.3 billion, up 8.9% compared with the corresponding period of the previous year, and operating income of ¥0.7 billion, an increase of 62.7% 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, 2011, total assets amounted to ¥469.7 billion, a decrease of ¥4.9 billion compared with those as of March 31, 2011. This was primarily due to a decrease of ¥4.4 billion in trade notes receivable and trade accounts receivable, a decrease of ¥4.0 billion in others in current assets, a decrease of ¥3.5 billion in others in investments and other assets, and an increase of ¥8.7 billion in others in property, plant and equipment (net amount).

Total liabilities amounted to ¥220.6 billion, a decrease of ¥6.3 billion compared with those as of March 31, 2011. This mainly reflected a decrease of ¥4.9 billion in corporate bonds due within one year.

Net assets totaled ¥249.0 billion, an increase of ¥1.4 billion compared with those as of March 31, 2011.

### **(3) Qualitative information on consolidated performance forecast**

Although sales might decrease due to the yen's steep appreciation, we estimate that the effects of this high-yen factor on profits will be slight, as the Company's exports and imports are properly balanced.

Therefore, the Company has not revised the performance forecast for Fiscal 2011 (April 1, 2011 - March 31, 2012), announced on May 12, 2011.

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 2010 (April 1, 2010 – June 30, 2010)

### 1. Information on sales and income/loss by reportable segment

(Millions of yen)

	Reportable segments				Others*1	Total	Adjustment*2	Figures in quarterly consolidated income statement*3
	Chemicals	Specialty Products	Cement	Advanced Components				
Sales								
Sales to customers	20,602	19,312	15,276	10,217	4,896	70,304	(40)	70,264
Inter-segment sales/transfer	221	2,981	79	196	4,987	8,466	(8,466)	-
Total	20,823	22,293	15,356	10,413	9,883	78,771	(8,507)	70,264
Segment income	728	3,150	430	435	540	5,285	(931)	4,354

\*1 “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.

\*2 Adjustment includes basic R&D expenses not related to each reportable segment and other expenses.

\*3 With regard to segment income, operating income in the quarterly consolidated statement of income is calculated by adjusting the sum total of the reportable segments’ income/loss and income/loss in the “Others” segment.

### 2. Information on impairment loss of fixed assets or goodwill by reportable segment

There were no material facts to be reported.

First Quarter Fiscal 2011 (April 1, 2011 – June 30, 2011)

### 1. Information on sales and income/loss by reportable segment

(Millions of yen)

	Reportable segments				Others*1	Total	Adjustment*2	Figures in quarterly consolidated income statement*3
	Chemicals	Specialty Products	Cement	Advanced Components				
Sales								
Sales to customers	21,966	18,009	15,137	11,123	4,754	70,991	-	70,991
Inter-segment sales/transfer	253	2,956	54	214	5,139	8,618	(8,618)	-
Total	22,220	20,965	15,191	11,338	9,893	79,609	(8,618)	70,991
Segment income	583	3,414	404	708	392	5,503	(1,098)	4,405

\*1 “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.

\*2 Adjustment includes basic R&D expenses not related to each reportable segment and other expenses.

\*3 With regard to segment income, operating income in the quarterly consolidated statement of income is calculated by adjusting the sum total of the reportable segments’ income/loss and income/loss in the “Others” segment.

### 2. Information on impairment loss of fixed assets or goodwill by reportable segment

(Significant impairment loss for fixed assets)

In the Specialty Products segment, the Company recorded an impairment loss. During the first quarter fiscal 2011 (April 1, 2011 - June 30, 2011), the said impairment loss amounted to ¥93 million.