

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

February 9, 2012

Tokuyama Corporation

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

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Stock exchange listings:

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Scheduled date for the filing of the quarterly consolidated financial statements : February 14, 2012

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 third quarter ended Dec. 31, 2011 (Apr. 1, 2011 – Dec. 31, 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 [%]
Third Quarter Fiscal 2011	211,017	(1.6)	10,603	(25.3)	7,845	(23.7)
Third Quarter Fiscal 2010	214,449	9.6	14,199	30.5	10,287	6.3

(Note) Comprehensive income: 3rd Quarter FY11: 2,509 million yen [(24.6%)] 3rd Quarter FY10: 3,329 million yen [-%]

	Net income		Net income per share	Diluted net income per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
Third Quarter Fiscal 2011	3,898	(26.4)	11.21	-
Third Quarter Fiscal 2010	5,294	1.6	15.22	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
Dec. 31, 2011	495,909	247,948	48.7	693.42
Mar. 31, 2011	474,708	247,656	50.8	693.18

(Reference) Shareholders' equity: Dec. 31, 2011: 241,272 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	-	3.00	-		
Fiscal 2011 (Forecast)				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 period)

	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)
Fiscal 2011	281,000	(3.0)	12,500	(37.9)	9,000	(48.1)	4,000	(59.0)	11.50

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

*The Company announced the news release, "Tokuyama Corporation Announces Revised Performance Forecast," on February 8, 2012.

4. Other information

(1) Changes in significant subsidiaries during this period (Apr. 1, 2011 – Dec. 31, 2011)

: No

(Note) This item means changes in significant subsidiaries with changes in the scope of consolidation during this period (Apr. 1, 2011 – Dec. 31, 2011).

(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):	Third Quarter Fiscal 2011:	349,671,876	Fiscal 2010:	349,671,876
ii. Number of treasury stock at end of period:	Third Quarter Fiscal 2011:	1,724,764	Fiscal 2010:	1,716,789
iii. Average number of shares over period:	Third Quarter Fiscal 2011:	347,950,664	Third Quarter Fiscal 2010:	347,976,997

(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 quarterly results

(1) Qualitative information on consolidated business results

Consolidated results for the third quarter Fiscal 2011 (accumulated figures, April 1, 2011 – December 31, 2011) are summarized as follows:

(Unit: Billions of yen)

	Net sales	Operating income	Ordinary income	Net income
Third Quarter Fiscal 2011	211.0	10.6	7.8	3.8
Third Quarter Fiscal 2010	214.4	14.1	10.2	5.2
Rate of change (%)	(1.6)	(25.3)	(23.7)	(26.4)

Net sales

Consolidated net sales decreased 1.6%, or ¥3.4 billion compared with the corresponding period of the previous year, to ¥211.0 billion, due chiefly to the Great East Japan Earthquake and decreased polycrystalline silicon sales volume arising mainly from a sluggish market for solar cells and semiconductors caused by global recession.

Cost of sales

Despite a rise in prices of ethylene and propylene which are main raw materials for the Company's petrochemicals, cost of sales decreased 2.1%, or ¥3.2 billion compared with the corresponding period of the previous year, to ¥151.9 billion, owing chiefly to decreased polycrystalline silicon sales volume and a decrease in depreciation expenses of polycrystalline silicon manufacturing facilities.

SG&A expenses

SG&A expenses increased 7.5%, or ¥3.3 billion compared with the corresponding period of the previous year, to ¥48.4 billion, due mainly to an increase in depreciation expenses arising from the start of operation of new mission-critical systems.

Operating income

Operating income decreased 25.3%, or ¥3.5 billion compared with the corresponding period of the previous year, to ¥10.6 billion, due chiefly to decreased polycrystalline silicon sales volume and increased depreciation expenses arising from the start of operation of new mission-critical systems.

Non-operating income/expenses, Ordinary income

Non-operating income/expenses improved by ¥1.1 billion compared with the corresponding period of the previous year owing to, among others, a decrease in a foreign exchange loss. As the decrease in operating income was offset by this positive impact, ordinary income decreased no more than ¥2.4 billion (down 23.7%) compared with the corresponding period of the previous year, to ¥7.8 billion.

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

Extraordinary gains/losses improved by ¥1.9 billion compared with the corresponding period of the previous year, owing chiefly to a decrease in a loss from closing a subsidiary.

As a result of the above, income before income taxes decreased 6.5%, or ¥0.5 billion compared with the corresponding period of the previous year, to ¥7.3 billion.

After recording income taxes calculated in an appropriate way, income before minority interests was ¥4.3 billion, down 25.3%, or ¥1.4 billion compared with the corresponding period of the previous year. After deducting minority interests, the Company recorded net income of ¥3.8 billion, down 26.4%, or ¥1.3 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				
Third Quarter Fiscal 2011	63,656	60,176	50,897	31,822	30,725	237,277	(26,260)	211,017
Third Quarter Fiscal 2010	58,691	71,385	47,803	32,173	30,817	240,872	(26,422)	214,449
Rate of change (%)	8.5	(15.7)	6.5	(1.1)	(0.3)	(1.5)	-	(1.6)

Operating income

(Unit: Millions of yen)

	Reportable segment				Others	Total	Adjustment	Figures in quarterly consolidated income statement
	Chemicals	Specialty Products	Cement	Advanced Components				
Third Quarter Fiscal 2011	1,185	8,580	2,139	1,142	1,300	14,350	(3,746)	10,603
Third Quarter Fiscal 2010	1,778	11,243	1,497	1,505	1,751	17,776	(3,577)	14,199
Rate of change (%)	(33.4)	(23.7)	42.9	(24.1)	(25.7)	(19.3)	-	(25.3)

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

Chemicals

Sales increased, owing mainly to the selling price revision of petrochemicals, such as vinyl chloride resin and PO (propylene oxide), and an increase in sales volume of caustic soda, vinyl chloride resin and other products as a result of the temporary suspension of the competition's operations caused by the Great East Japan Earthquake.

With regard to profit, despite the aforementioned positive factors, operating income decreased compared with the corresponding period of the previous year., due to a fall in soda ash profit arising from higher prices of raw materials and fuel; a decline in caustic soda profit in the domestic market caused by higher prices of raw materials and fuel and a drop in selling prices; a sluggish market for

vinyl chloride resin in Asia arising from global recession; a decline in vinyl chloride monomer export profitability arising from the strong yen; and other factors.

As a result of the above, this segment recorded sales of ¥63.6 billion, up 8.5% compared with the corresponding period of the previous year, and operating income of ¥1.1 billion, a decrease of 33.4% year on year. The segment reported lower operating income on higher sales.

Specialty Products

In the polycrystalline silicon operations, sales declined due chiefly to the negative impact of the Great East Japan Earthquake, a sluggish market for solar cells and semiconductors arising from global recession, and the strong yen. With regard to profit, despite a decrease in depreciation expenses of manufacturing facilities that had begun operations in fiscal 2009, operating income decreased due mainly to higher raw material and fuel prices as well as the aforementioned factors.

Fumed silica sales declined due mainly to the Great East Japan Earthquake, decreased sales volume of its application to polishing material used for CMP for semiconductor wafers, and the negative impact of the strong yen.

Operating income of other products, including aluminum nitride and high-purity chemicals for electronics manufacturing, in general declined due mainly to a sluggish market for semiconductors and liquid crystals, higher raw material and fuel prices and the negative impact of the strong yen.

As a result of the above, sales in this segment were ¥60.1 billion, a decrease of 15.7% compared with the corresponding period of the previous year, and operating income was ¥8.5 billion, a decrease of 23.7% year on year. The segment reported lower operating income on lower sales.

Cement

In the cement operations, sales volume was up, backed by a slight increase in domestic demand. In addition to this positive impact, we worked on revising selling prices. In the recycling and environment business, we worked on revising the unit prices of accepting coal ash and other waste materials. Owing to these factors, the segment recorded higher sales than those of the corresponding period of the previous year.

With regard to profit, the segment recorded increased operating income, owing to the above-mentioned factors and the structural reform of its cement operations that it has been implementing since fiscal 2010.

As a result of the above, this segment sales were ¥50.8 billion, an increase of 6.5% from the corresponding period of the previous year, and operating income was ¥2.1 billion, a 42.9% year-on-year increase.

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

Advanced Components

Gas sensor sales at Figaro Engineering Inc. decreased due to the Great East Japan Earthquake and the strong yen. Excel Shanon Corporation reported soft sales due to repair and replacement work arising from the plastic window sash (fireproof and fire-resistant grade) problem. A&T Corporation registered lower sales of clinical analyzers and laboratory information systems due to the Great East Japan Earthquake. Despite higher sales of ASTOM Corporation, the segment's sales decreased due to the above-mentioned negative impact and other factors.

With regard to profit, the segment reported lower operating income due mainly to lower profit of Sun-Tox Co., Ltd. arising from higher raw material and fuel

prices, as well as the above-mentioned negative impact of the decline in sales of Figaro Engineering Inc. and A&T Corporation.

As a result of the above, this segment recorded sales of ¥31.8 billion, down 1.1% compared with the corresponding period of the previous year, and operating income of ¥1.1 billion, a decrease of 24.1% year on year. Both sales and operating income decreased.

(2) Qualitative information on consolidated financial position

(Status of assets, liabilities and net assets)

As of December 31, 2011, total assets amounted to ¥495.9 billion, an increase of ¥21.2 billion compared with those as of March 31, 2011. This was primarily due to an increase of ¥38.8 billion in cash in hand and deposits at bank, an increase of ¥35.6 billion in construction in progress, a decrease of ¥22.3 billion in securities, and a decrease of ¥16.5 billion in others in investments and other assets.

Total liabilities amounted to ¥247.9 billion, an increase of ¥20.9 billion compared with those as of March 31, 2011. This mainly reflected an increase of ¥19.9 billion in corporate bonds.

Net assets totaled ¥247.9 billion, an increase of ¥0.2 billion compared with those as of March 31, 2011.

(3) Qualitative information on consolidated performance forecast

Based on the current performance trend, the Company has revised the performance forecast for Fiscal 2011 (Full year, April 1, 2011 to March 31, 2012), announced on November 4, 2011. For further details, see the Company's news release, "Tokuyama Corporation Announces Revised Performance Forecast," released on February 8, 2012.

This 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 2010 (accumulated figures, April 1, 2010 – December 31, 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	57,956	61,656	47,541	31,494	15,799	214,449	-	214,449
Inter-segment sales/transfer	734	9,728	262	679	15,017	26,422	(26,422)	-
Total	58,691	71,385	47,803	32,173	30,817	240,872	(26,422)	214,449
Segment income	1,778	11,243	1,497	1,505	1,751	17,776	(3,577)	14,199

*1 The “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.

Third Quarter Fiscal 2011 (accumulated figures, April 1, 2011 – December 31, 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	62,939	51,140	50,501	31,139	15,295	211,017	-	211,017
Inter-segment sales/transfer	717	9,035	395	682	15,429	26,260	(26,260)	-
Total	63,656	60,176	50,897	31,822	30,725	237,277	(26,260)	211,017
Segment income	1,185	8,580	2,139	1,142	1,300	14,350	(3,746)	10,603

*1 The “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.