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Notice concerning Reversal of Deferred Tax Assets and Revision of Performance Forecast

Tokuyama Corporation (“the Company”) hereby announces the reversal of deferred tax assets in the third quarter of Fiscal 2012 (April 1, 2012 to December 31, 2012).

Based on the current performance trend, the Company also announces that it has revised the performance forecast, announced on October 31, 2012, for Fiscal 2012 (April 1, 2012 to March 31, 2013), as described below.

1. Reversal of deferred tax assets

Impacted by such negative factors as the supply glut of solar cell-related materials and components and inventory adjustments of semiconductor-related components, the Company’s mainstay polycrystalline silicon business is confronted with a rapidly deteriorating operating environment. Based on a careful reassessment of the realizability of deferred tax assets that reflect the prospect for the polycrystalline silicon business and the performance forecast for the full fiscal year, the Company is to reverse a certain part of deferred tax assets and to post additional charge of ¥7.6 billion in income taxes in the third quarter of Fiscal 2012 (April 1, 2012 to December 31, 2012).

2. Revised Performance Forecast for Fiscal 2012 (April 1, 2012 to March 31, 2013)

(1) Consolidated

(Unit: Millions of yen)

	Net sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)	Net income per share (yen)
Previous forecast : (A) (Oct. 31, 2012)	260,500	3,000	(1,500)	(2,500)	(7.19)
Newly revised forecast : (B)	258,500	4,000	0	(11,500)	(33.05)
Change : (B)–(A)	(2,000)	1,000	1,500	(9,000)	—
Rate of change (%)	(0.8)	33.3	—	—	—
[Reference] Fiscal 2011	282,381	13,720	11,524	9,351	26.87

(2) Non-consolidated

(Unit: Millions of yen)

	Net sales	Ordinary income (loss)	Net income (loss)	Net income per share (yen)
Previous forecast : (A) (Oct. 31, 2012)	166,500	(5,000)	(5,000)	(14.37)
Newly revised forecast : (B)	164,000	(3,000)	(12,000)	(34.49)
Change : (B)–(A)	(2,500)	2,000	(7,000)	—
Rate of change (%)	(1.5)	—	—	—
[Reference] Fiscal 2011	185,099	8,538	8,497	24.42

3. Reasons for the revision

With regard to the non-consolidated performance forecast for Fiscal 2012, net sales are expected to be about level with the previous forecast. Ordinary loss is expected to be narrower than the previous forecast, due mainly to a decrease in foreign exchange loss.

Despite the reason for the revision of ordinary income, net loss is expected to be substantially wider than the previous forecast, due to the reversal of deferred tax assets as mentioned above.

With regard to the non-consolidated performance forecast, operating income is not disclosed.

With regard to the consolidated performance forecast for Fiscal 2012, operating income is expected to exceed the previous forecast, owing to the adoption of a sales strategy for solar-grade polycrystalline silicon that focuses on profits and our rationalization effort in the cement business. Ordinary income/loss and net loss have been revised, for the same reasons as those mentioned in the non-consolidated performance forecast.

Based on these factors, the Company has revised the performance forecast, announced on October 31, 2012, for Fiscal 2012.

With respect to concrete profit improvement plans, we will disclose all pertinent information some other day.

(Note) The performance forecasts 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.