

Summary of Consolidated Financial Statements for the First Quarter Fiscal 2012 (JPGAAP)

August 1, 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 : August 10, 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 first quarter ended June 30, 2012 (April 1, 2012 - June 30, 2012)

(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 2012	63,892	(10.0)	721	(83.6)	(1,141)	-
First Quarter Fiscal 2011	70,991	1.0	4,405	1.2	4,181	45.3

(Note) Comprehensive income: 1st Q FY12: (3,606) million yen [-%] 1st Q FY11: 2,503 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 2012	(1,786)	-	(5.13)	-
First Quarter Fiscal 2011	2,061	13.1	5.93	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
June 30, 2012	497,157	250,645	49.2	702.66
Mar. 31, 2012	501,181	255,460	49.7	716.39

(Reference) Shareholders' equity: June 30, 2012: 244,485 million yen Mar. 31, 2012: 249,262 million yen

2. Dividends

(Period)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Fiscal 2011, ended Mar 31, 2012	(yen) -	(yen) 3.00	(yen) -	(yen) 3.00	(yen) 6.00
Fiscal 2012, ending Mar 31, 2013	-				
Fiscal 2012 (Forecast)		3.00	-	3.00	6.00

(Note) Revision of the latest dividends forecast: No

3. Consolidated performance forecast for Fiscal 2012 (April 1, 2012 - March 31, 2013)

(% 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 2012	128,500	(9.5)	3,500	(57.3)	1,000	(82.2)	0	(100.0)	0.00
Fiscal 2012	272,000	(3.7)	10,000	(27.1)	6,500	(43.6)	2,500	(73.3)	7.19

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

*Notes

(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 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: Yes

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

iii. Changes in accounting estimates: Yes

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 2012:	349,671,876	Fiscal 2011:	349,671,876
ii. Number of treasury stock at end of period:	First Quarter Fiscal 2012:	1,728,471	Fiscal 2011:	1,729,017
iii. Average number of shares over period:	First Quarter Fiscal 2012:	347,943,061	First Quarter Fiscal 2011:	347,952,791

(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 2012 (April 1, 2012 - June 30, 2012) are summarized as follows:

(Unit: Billions of yen)

	Net sales	Operating income	Ordinary income	Net income
First Quarter Fiscal 2012	63.8	0.7	(1.1)	(1.7)
First Quarter Fiscal 2011	70.9	4.4	4.1	2.0
Rate of change (%)	(10.0)	(83.6)	-	-

Net sales

Despite higher sales owing mainly to increased sales volume in the Cement segment, consolidated net sales decreased 10.0%, or ¥7.0 billion compared with the corresponding period of the previous year, to ¥63.8 billion, due to decreased sales volume of and a drop in selling prices of polycrystalline silicon in the Specialty Products segment, lower sales volume in the Chemicals segment arising from a malfunction at our vinyl chloride monomer (VCM) plant, and other factors.

Cost of sales

Cost of sales decreased 5.3%, or ¥2.6 billion compared with the corresponding period of the previous year, to ¥47.7 billion, due chiefly to decreased sales volumes of vinyl chloride monomer and polycrystalline silicon.

SG&A expenses

SG&A expenses decreased 4.7%, or ¥0.7 billion compared with the corresponding period of the previous year, to ¥15.3 billion, due to lower distribution costs as a result of decreased sales volume of caustic soda and other products, a decrease in expenses related to the new information line of business (LOB) system, which started operations in the corresponding period of the previous year, and other

factors.

Operating income

Operating income decreased 83.6%, or ¥3.6 billion compared with the corresponding period of the previous year, to ¥0.7 billion, due chiefly to decreased sales volume of and a drop in selling prices of polycrystalline silicon.

Non-operating income/expenses, Ordinary income/loss

Non-operating income/expenses deteriorated by ¥1.6 billion compared with the corresponding period of the previous year due chiefly to an increase in a foreign exchange loss. As a result of this negative effect, ordinary income/loss deteriorated by ¥5.3 billion compared with the corresponding period of the previous year, to an ordinary loss of ¥1.1 billion.

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

Extraordinary gains/losses deteriorated by ¥0.6 billion compared with the corresponding period of the previous year, due mainly to provision for the business restructuring charges of Excel Shanon Corporation.

As a result of the above, income/loss before income taxes deteriorated by ¥5.9 billion compared with the corresponding period of the previous year, to a loss of ¥1.9 billion.

Income/loss before minority interests, which was computed reflecting income taxes etc. calculated in an appropriate way, deteriorated by ¥3.9 billion from the corresponding period of the previous year, to a loss of ¥1.6 billion.

After deducting minority interests, the Company recorded a net loss of ¥1.7 billion.

Net income/loss deteriorated by ¥3.8 billion from 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				
First Quarter Fiscal 2012	20,387	12,997	17,163	11,762	10,281	72,593	(8,700)	63,892
First Quarter Fiscal 2011	22,220	19,146	15,191	13,144	9,893	79,595	(8,604)	70,991
Rate of change (%)	(8.2)	(32.1)	13.0	(10.5)	3.9	(8.8)	-	(10.0)

Operating income

(Unit: Millions of yen)

	Reportable segment				Others	Total	Adjustment	Figures in quarterly consolidated income statement
	Chemicals	Specialty Products	Cement	Advanced Components				
First Quarter Fiscal 2012	42	7	1,152	417	561	2,181	(1,460)	721
First Quarter Fiscal 2011	583	3,070	404	1,053	392	5,503	(1,098)	4,405
Rate of change (%)	(92.7)	(99.7)	184.8	(60.3)	42.8	(60.4)	-	(83.6)

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

Chemicals

Profit of vinyl chloride monomer (VCM) stayed weak due to a suspension of our VCM plant's operations caused by the plant's malfunction, weak export arising from sluggish demand for vinyl chloride resin in Asia due to the global recession and the strong yen, and other factors.

The revision of selling prices of caustic soda had a positive effect on its profitability. However, sales volume of caustic soda decreased, because the operating rate of our electrolysis facilities declined due to the VCM plant's malfunction mentioned above.

Profitability of vinyl chloride resin deteriorated due to higher naphtha prices.

As a result of the above, this segment recorded sales of ¥20.3 billion, down

8.2% compared with the corresponding period of the previous year, and operating income of ¥40 million, a decrease of 92.7% year on year. The segment reported lower operating income on lower sales.

Specialty Products

Net sales and operating income of polycrystalline silicon significantly decreased due chiefly to a drop in solar cell prices arising from a supply glut, inventory adjustments of wafers arising from the slumping semiconductor market in the previous fiscal year, and the strong yen.

Fumed silica sales were soft, especially because sales volume of its application to polishing material used for wafers decreased due to the slumping semiconductor market in the previous fiscal year.

Net sales of high-purity chemicals for electronics manufacturing declined due mainly to the slumping LCD market.

With regard to precipitated silica, we withdrew from the business in the previous fiscal year due to lack of prospects for improving the profitability of the product in order to continue the business, because the operating environment surrounding the precipitated silica business remained severe owing to soaring raw material and fuel prices and the entry of new competitors into the market.

As a result of the above, net sales in this segment were ¥12.9 billion, a decrease of 32.1% compared with the corresponding period of the previous year, and operating income was ¥7 million, a decrease of 99.7% year on year. The segment reported lower operating income on lower sales.

Cement

In the cement business, sales volume was up, backed by the recovery in domestic demand. In addition, we made continuous efforts to revise selling prices.

In the recycling and environment business, the Company accepted a larger volume of wastes as a result of its increased cement production volume. In addition, we revised unit prices for accepting wastes from outside the Company.

As a result of the above, this segment sales were ¥17.1 billion, an increase of 13.0% from the corresponding period of the previous year, and operating income was ¥1.1 billion, a 184.8% year-on-year increase.

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

Advanced Components

Net sales and operating income of plastic lens materials decreased due to damage to supply chains caused by the floods in Thailand.

Operating income of polypropylene films declined due to price increases in raw materials. Operating income of medical diagnosis systems fell owing to the promotion of infrastructure improvement and an increase in R&D investment.

As a result of the above, this segment recorded sales of ¥11.7 billion, down 10.5% compared with the corresponding period of the previous year, and operating income of ¥0.4 billion, a decrease of 60.3% 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 June 30, 2012, total assets amounted to ¥497.1 billion, a decrease of ¥4.0 billion compared with those as of March 31, 2012.

As construction of polycrystalline silicon manufacturing facilities in Malaysia progressed smoothly, tangible fixed assets increased. On the other hand, securities in which we invested funds that we raised and money in trust for the construction

purpose decreased, because they were reduced in payment of the construction expenses.

Total liabilities amounted to ¥246.5 billion, an increase of ¥0.7 billion compared with those as of March 31, 2012.

Net assets totaled ¥250.6 billion, a decrease of ¥4.8 billion compared with those as of March 31, 2012. This was due to a decrease in retained earnings as a result of dividend payments of ¥1.0 billion and a net loss of ¥1.7 billion, deferred hedge losses of ¥1.5 billion, and other factors.

(3) Qualitative information on consolidated performance forecast

Based on the current performance trend, the Company has revised the performance forecast which was announced on May 11, 2012. For further details, see the Company's news release, "Tokuyama Corporation Announces Revised Performance Forecast," released on July 30, 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

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	16,430	15,137	12,702	4,754	70,991	-	70,991
Inter-segment sales/transfer	253	2,715	54	441	5,139	8,604	(8,604)	-
Total	22,220	19,146	15,191	13,144	9,893	79,595	(8,604)	70,991
Segment income	583	3,070	404	1,053	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.

First Quarter Fiscal 2012 (April 1, 2012 – June 30, 2012)

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	20,165	10,459	17,127	11,135	5,005	63,892	-	63,892
Inter-segment sales/transfer	222	2,538	36	627	5,276	8,700	(8,700)	-
Total	20,387	12,997	17,163	11,762	10,281	72,593	(8,700)	63,892
Segment income	42	7	1,152	417	561	2,181	(1,460)	721

*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 changes in reportable segments

From this first quarter Fiscal 2012, some products, which were previously included in the Specialty Products segment, were transferred to the Advanced Components segment in accordance with the Company’s organizational change made on April 1, 2012.

Information on sales and income/loss by reportable segment for the first quarter Fiscal 2011, which have been recalculated reflecting this organizational change, is presented in the “First Quarter Fiscal 2011 (April 1, 2011 – June 30, 2011)” on page 9.