

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

February 8, 2013

Tokuyama Corporation

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

Stock exchange listings:

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Local Code :

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Scheduled date for the filing of the quarterly consolidated financial statements : February 14, 2013

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, 2012 (Apr. 1, 2012 – Dec. 31, 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 [%]
Third Quarter Fiscal 2012	189,058	(10.4)	2,757	(74.0)	(109)	-
Third Quarter Fiscal 2011	211,017	(1.6)	10,603	(25.3)	7,845	(23.7)

(Note) Comprehensive income: 3rd Q FY12: (8,376) million yen [-%] 3rd Q FY11: 2,509 million yen [(24.6%)]

	Net income		Net income per share	Diluted net income per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
Third Quarter Fiscal 2012	(10,842)	-	(31.16)	-
Third Quarter Fiscal 2011	3,898	(26.4)	11.21	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
Dec. 31, 2012	525,871	245,801	45.6	688.63
Mar. 31, 2012	501,181	255,460	49.7	716.39

(Reference) Shareholders' equity: Dec. 31, 2012: 239,596 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
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal 2011, ended Mar 31, 2012	-	3.00	-	3.00	6.00
Fiscal 2012, ending Mar 31, 2013	-	0.00	-		
Fiscal 2012 (Forecast)				-	-

(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 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 2012	258,500	(8.5)	4,000	(70.8)	0	(100.0)	(11,500)	-	(33.05)

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

*The Company announced the news release, "Notice concerning Reversal of Deferred Tax Assets and Revision of Performance Forecast," on February 5, 2013.

*Notes

(1) Changes in significant subsidiaries during this period (Apr. 1, 2012 – Dec. 31, 2012)

: 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 (Apr. 1, 2012 – Dec. 31, 2012).

(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):	Third Quarter Fiscal 2012:	349,671,876	Fiscal 2011:	349,671,876
ii. Number of treasury stock at end of period:	Third Quarter Fiscal 2012:	1,739,165	Fiscal 2011:	1,729,017
iii. Average number of shares over period:	Third Quarter Fiscal 2012:	347,939,642	Third Quarter Fiscal 2011:	347,950,664

(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 2012 (accumulated figures, April 1, 2012 - December 31, 2012) are summarized as follows:

(Unit: Billions of yen)

	Net sales	Operating income	Ordinary income	Net income
Third Quarter Fiscal 2012	189.0	2.7	(0.1)	(10.8)
Third Quarter Fiscal 2011	211.0	10.6	7.8	3.8
Rate of change (%)	(10.4)	(74.0)	-	-

Net sales

Despite higher cement sales owing mainly to increased sales volume in Japan, consolidated net sales decreased 10.4%, or ¥21.9 billion compared with the corresponding period of the previous year, to ¥189.0 billion, due to decreased sales volume of and the drop in selling prices of polycrystalline silicon, lower sales volume arising from difficulties at our vinyl chloride monomer (VCM) plant, and other factors.

Cost of sales

Cost of sales decreased 7.2%, or ¥10.8 billion compared with the corresponding period of the previous year, to ¥141.0 billion, due chiefly to decreased sales volumes of vinyl chloride monomer and polycrystalline silicon.

SG&A expenses

SG&A expenses decreased 6.7%, or ¥3.2 billion compared with the corresponding period of the previous year, to ¥45.2 billion, due to lower distribution costs as a result of decreased sales volume of caustic soda and other products, the decrease in expenses related to the new information line of business (LOB) system, which started operations in the previous fiscal year, and other factors.

Operating income

Operating income decreased 74.0%, or ¥7.8 billion compared with the

corresponding period of the previous year, to ¥2.7 billion, due chiefly to decreased sales volume of and the drop in selling prices of polycrystalline silicon.

Non-operating income/expenses, Ordinary income/loss

Despite a decrease in foreign exchange losses, non-operating income/expenses deteriorated by ¥0.1 billion compared with the corresponding period of the previous year due chiefly to the increase in costs of idle operations for the VCM plant. As a result of the above, ordinary income/loss deteriorated by ¥7.9 billion compared with the corresponding period of the previous year, to an ordinary loss of ¥0.1 billion.

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

Extraordinary gains/losses deteriorated by ¥1.1 billion compared with the corresponding period of the previous year, due mainly to business restructuring charges relating to Excel Shanon Corporation.

As a result of the above, income/loss before income taxes deteriorated by ¥9.0 billion compared with the corresponding period of the previous year, to a loss of ¥1.6 billion.

Based on a careful reassessment of the realizability of deferred tax assets that reflected such factors as the performance forecast for the full fiscal year, the Company posted a reversal of deferred tax assets of ¥7.6 billion. Due to this, income taxes increased by ¥5.8 billion compared with the corresponding period of the previous year.

As a result of these factors, income/loss before minority interests deteriorated by ¥14.9 billion from the corresponding period of the previous year, to a loss of ¥10.6 billion. After deducting minority interests, the Company recorded a net loss of ¥10.8 billion. Net income/loss deteriorated by ¥14.7 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				
Third Quarter Fiscal 2012	57,562	36,594	52,947	36,766	29,793	213,664	(24,606)	189,058
Third Quarter Fiscal 2011	63,656	55,318	50,897	36,643	30,725	237,240	(26,223)	211,017
Rate of change (%)	(9.6)	(33.8)	4.0	0.3	(3.0)	(9.9)	-	(10.4)

Operating income (loss)

(Unit: Millions of yen)

	Reportable segment				Others	Total	Adjustment	Figures in quarterly consolidated income statement
	Chemicals	Specialty Products	Cement	Advanced Components				
Third Quarter Fiscal 2012	(84)	(1,863)	3,933	1,726	1,871	5,582	(2,824)	2,757
Third Quarter Fiscal 2011	1,095	7,576	2,124	1,616	1,300	13,714	(3,110)	10,603
Rate of change (%)	-	-	85.1	6.8	43.9	(59.3)	-	(74.0)

(Note 1) Sales and operating income (loss) in each segment include inter-segment transactions.

(Note 2) From the 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. Also, from this third quarter Fiscal 2012 (Oct. 1, 2012 - Dec. 31, 2012), with the aim of implementing more proper management of operating results, the Company changed the accounting treatment method for expenses in "Adjustment." By this change, the Company directly imposed expenses clearly related to each segment, which had been previously included in "Adjustment," on each segment.

Information on sales and operating income for the Third Quarter Fiscal 2011 has been recalculated reflecting the above-mentioned changes.

Chemicals

Sales and profit of vinyl chloride monomer (VCM) stayed weak, because difficulties at our VCM plant caused a suspension of its operations and sluggish demand for vinyl chloride resin in Asia associated with a global economic slowdown drove down export prices.

With regard to caustic soda, sales volume decreased, because the operating rate of our electrolysis facilities declined due to the above-mentioned difficulties at

the VCM plant and demand was weak owing to an economic slowdown in Japan. However, operating income increased owing to the effects of selling price revision.

Profitability of vinyl chloride resin deteriorated, because the selling prices moved downward due to violent fluctuations of naphtha prices.

As a result of the above, this segment recorded sales of ¥57.5 billion, down 9.6% compared with the corresponding period of the previous year, and an operating loss of ¥80 million, down from operating income of ¥1.0 billion during the corresponding period of the previous year.

Specialty Products

With regard to polycrystalline silicon, sales volume and selling prices decreased, due to the supply glut of solar cell-related components and inventory adjustments of semiconductor-related components. In addition, owing to the higher ratio of fixed costs arising from the lower operating rate of its plant, sales and operating income decreased significantly.

Sales and profit of fumed silica and aluminum nitride stayed weak due to the slumping semiconductor market.

Profitability of high-purity chemicals for electronics manufacturing deteriorated due to the slumping semiconductor and LCD markets.

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, sales in this segment were ¥36.5 billion, a decrease of 33.8% compared with the corresponding period of the previous year, and an

operating loss was ¥1.8 billion, down from operating income of ¥7.5 billion during the corresponding period of the previous year..

Cement

Cement sales volume in Japan was up, owing to steady public- and private-sector demand.

In the recycling and environment-related business, the Company accepted a larger volume of waste as a result of its increased cement production volume.

As a result of the above, this segment sales were ¥52.9 billion, an increase of 4.0% from the corresponding period of the previous year, and operating income was ¥3.9 billion, a 85.1% year-on-year increase. Both sales and operating income increased over the corresponding period of the previous year.

Advanced Components

Sales and operating income of plastic lens-related materials decreased due to slow recovery from damage to supply chains caused by Thailand floods that occurred in the previous fiscal year.

Sales of microporous film increased owing to strong demand for use in disposable diapers in Japanese and Chinese markets.

The medical diagnosis system business reported higher operating income on higher sales as a result of the acquisition of new customers, the capture of replacement demand of existing customers, and cost reduction.

Operating income of polyolefin film declined due to price increases in raw materials.

Profitability of plastic window sashes improved owing to business reconstruction.

As a result of the above, this segment recorded sales of ¥36.7 billion, up 0.3%

compared with the corresponding period of the previous year, and operating income of ¥1.7 billion, an increase of 6.8% year on year. The segment reported higher earnings on higher sales.

(2) Qualitative information on consolidated financial position

(Status of assets, liabilities and net assets)

As of December 31, 2012, total assets amounted to ¥525.8 billion, an increase of ¥24.6 billion compared with those as of March 31, 2012.

This was primarily due to an increase in property, plant and equipment, mainly because construction of polycrystalline silicon manufacturing facilities in Malaysia progressed.

Total liabilities amounted to ¥280.0 billion, an increase of ¥34.3 billion compared with those as of March 31, 2012.

This mainly reflected an increase in long-term borrowings.

Net assets totaled ¥245.8 billion, a decrease of ¥9.6 billion compared with those as of March 31, 2012.

(3) Qualitative information on consolidated performance forecast

Based on the current performance trend, the Company has revised the performance forecast, announced on October 31, 2012. For further details, please see the Company's news release, "Notice concerning Reversal of Deferred Tax Assets and Revision of Performance Forecast," dated February 5, 2013.

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.

(4) Qualitative information on dividend forecast

The forecast of the year-end dividends has not yet been determined, and we will make decisions considering future performance trends and the Company's financial position.

Segment information

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	46,981	50,501	35,299	15,295	211,017	-	211,017
Inter-segment sales/transfer	717	8,336	395	1,344	15,429	26,223	(26,223)	-
Total	63,656	55,318	50,897	36,643	30,725	237,240	(26,223)	211,017
Segment income	1,095	7,576	2,124	1,616	1,300	13,714	(3,110)	10,603

*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 and income in the “Others” segment.

Third Quarter Fiscal 2012 (accumulated figures, April 1, 2012 – December 31, 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	56,841	30,227	52,810	35,338	13,839	189,058	-	189,058
Inter-segment sales/transfer	721	6,366	136	1,428	15,953	24,606	(24,606)	-
Total	57,562	36,594	52,947	36,766	29,793	213,664	(24,606)	189,058
Segment income (loss)	(84)	(1,863)	3,933	1,726	1,871	5,582	(2,824)	2,757

*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 (loss), operating income in the quarterly consolidated statement of income is calculated by adjusting the sum total of the reportable segments’ income/loss and income in the “Others” segment.

2. Information on changes in reportable segments

From the 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.

Also, from this third quarter Fiscal 2012 (Oct. 1, 2012 - Dec. 31, 2012), with the aim of implementing more proper management of operating results, the Company changed the accounting treatment method for expenses in “Adjustment.” By this change, the Company directly imposed expenses clearly related to each segment, which had been previously included in “Adjustment,” on each segment.

Information on sales and income (loss) by reportable segment for the third quarter Fiscal 2011, which have been recalculated reflecting the above-mentioned changes, is presented in the “Third Quarter Fiscal 2011 (April 1, 2011 – December 31, 2011)” on this page.

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

(Significant impairment loss for fixed assets)

There were no material facts to be reported for reportable segments. During the third quarter fiscal 2012 (Apr. 1, 2012 – Dec. 31, 2012), the impairment losses which were not allocated to reportable segments amounted to ¥339 million.

Consolidated quarterly balance sheets	Millions of yen	
	3Q FY2011 YTD	3Q FY2012 YTD
Assets		
Current assets		
Cash and deposits	33,662	29,036
Notes and accounts receivable-trade	69,455	60,609
Short-term investment securities	25,800	27,610
Merchandise and finished goods	21,561	23,297
Work in process	13,502	15,509
Raw materials and supplies	13,328	15,199
Deferred tax assets	1,737	619
Other	35,991	25,750
Allowance for doubtful accounts	36,808	(303)
Total current assets	214,799	197,329
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	106,568	106,979
Accumulated depreciation	(65,965)	(67,693)
Buildings and structures, net	40,602	39,286
Machinery, equipment and vehicles	455,958	457,732
Accumulated depreciation	(388,963)	(397,670)
Machinery, equipment and vehicles, net	66,995	60,061
Tools, furniture and fixtures	22,986	22,838
Accumulated depreciation	(20,685)	(20,930)
Tools, furniture and fixtures, net	2,301	1,908
Land	34,537	33,478
Lease assets	1,330	1,433
Accumulated depreciation	(549)	(607)
Lease assets, net	781	826
Construction in progress	81,094	140,811
Total property, plant and equipment	226,313	276,372
Intangible assets		
Goodwill	215	184
Lease assets	31	24
Other	8,258	7,911
Total intangible assets	8,506	8,120
Investments and other assets		
Investment securities	25,219	26,655
Long-term loans receivable	3,906	3,972
Deferred tax assets	3,385	844
Other	19,503	13,088
Allowance for investment loss	(21)	(21)
Allowance for doubtful accounts	(432)	(490)
Total investments and other assets	51,561	44,048
Total noncurrent assets	286,381	328,541
Total assets	501,181	525,871

Consolidated quarterly balance sheets	Millions of yen	
	3Q FY2011 YTD	3Q FY2012 YTD
Liabilities		
Current liabilities		
Notes and accounts payable-trade	41,118	37,063
Short-term loans payable	8,474	7,901
Commercial papers	4,000	4,000
Current portion of long-term loans payable	12,191	9,781
Lease obligations	286	311
Income taxes payable	1,112	549
Deferred tax liabilities	15	1,069
Provision for bonuses	2,391	1,125
Provision for repairs	1,500	1,618
Provision for product warranties	126	52
Provision for loss on disaster	6	6
Provision For Restructuring	—	129
Provision For Loss On Contract Cancellation	—	173
Other	31,549	31,110
Total current liabilities	102,773	94,891
Noncurrent liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	73,113	115,053
Lease obligations	601	579
Deferred tax liabilities	255	4,296
Provision for retirement benefits	1,051	953
Provision for directors' retirement benefits	268	206
Provision for repairs	3,751	2,635
Allowance for loss on compensation for building materials	2,443	1,431
Provision for environmental measures	124	120
Asset retirement obligations	4	5
Other	11,331	9,896
Total noncurrent liabilities	142,947	185,178
Total liabilities	245,720	280,069
Net assets		
Shareholders' equity		
Capital stock	53,458	53,458
Capital surplus	57,670	57,670
Retained earnings	138,040	126,150
Treasury stock	(1,416)	(1,414)
Total shareholders' equity	247,753	235,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,965	4,623
Deferred gains or losses on hedges	510	1,722
Foreign currency translation adjustment	(2,966)	(2,614)
Total accumulated other comprehensive income	1,509	3,731
Minority interests	6,198	6,204
Total net assets	255,460	245,801
Total liabilities and net assets	501,181	525,871

Consolidated quarterly statements of income	Millions of yen	
	3Q FY2011 YTD	3Q FY2012 YTD
Net sales	211,017	189,058
Cost of sales	151,945	141,071
Gross profit	59,071	47,986
Selling, general and administrative expenses		
Selling expenses	27,924	25,765
General and administrative expenses	20,542	19,463
Total selling, general and administrative expenses	48,467	45,229
Operating income	10,603	2,757
Non-operating income		
Interest income	73	55
Dividends income	485	491
Equity in earnings of affiliates	256	354
Rent income on noncurrent assets	189	254
Compensation income	380	—
Other	1,154	894
Total non-operating income	2,540	2,050
Non-operating expenses		
Interest expenses	1,514	1,729
Cost of idle operations	635	1,589
Other	3,148	1,598
Total non-operating expenses	5,298	4,917
Ordinary income (loss)	7,845	(109)
Extraordinary income		
Gain on sales of noncurrent assets	11	687
Gain on sales of investment securities	—	156
Gain on sales of subsidiaries and affiliates' stocks	127	—
Penalty income	124	—
Other	33	—
Total extraordinary income	297	843
Extraordinary loss		
Loss on sales of noncurrent assets	68	483
Impairment loss	125	339
Loss on disaster	—	2
Loss on disposal of noncurrent assets	391	355
ProvisionForRestructuring	—	255
Restructuring expenses	—	632
Loss on valuation of investment securities		
Loss on reduction of noncurrent assets		
Loss on sales of investment securities		
Charges		
Loss on prior period adjustment		
Provision for environmental measures		
Cost of compensation for building materials		
Provision for loss on business liquidation		
Other	177	341
Total extraordinary losses	762	2,411
Income (loss) before income taxes and minority interests	7,380	(1,676)
Income taxes-current		
Income taxes	3,079	8,924
Income (loss) before minority interests	4,300	(10,601)
Minority interests in income	401	241
Net income (loss)	3,898	(10,842)

Consolidated quarterly statements of comprehensive income	Millions of yen	
	3Q FY2011 YTD	3Q FY2012 YTD
Income (loss) before minority interests	4,300	(10,601)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,319)	663
Deferred gains or losses on hedges	50	1,212
Foreign currency translation adjustment	(375)	304
Share of other comprehensive income of associates accounted for using equity method	(145)	44
Total other comprehensive income	(1,790)	2,225
Comprehensive income	2,509	(8,376)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,179	(8,620)
Comprehensive income attributable to minority interests	330	244