



April 10, 2013

Consolidated Financial Results for the Nine Months Ended February 28, 2013 [Japanese GAAP]

Listed company name:	Toyo Tanso Co., Ltd.
Stock exchange listing:	Tokyo Stock Exchange, 1st Section
Stock code:	5310
Location of headquarters:	Osaka, Japan
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Scheduled date for submission of quarterly report:	April 11, 2013
Scheduled date for dividend payment:	-
Supplementary materials for quarterly financial summaries:	No
Quarterly financial results briefing:	No

1. Consolidated financial results for the nine months ended February 28, 2013

(From June 1, 2012 to February 28, 2013)

(1) Operating results (cumulative total)

(Millions of yen, rounded down)

(Percentages indicate changes from the same period in the previous fiscal year.)

	Net sales		Operating profit		Recurring profit		Net income	
		%		%		%		%
Nine months ended February 28, 2013	20,879	(30.6)	654	(87.6)	688	(87.2)	414	(86.4)
Nine months ended February 29, 2012	30,073	9.0	5,290	21.6	5,380	29.5	3,035	5.9

Note:

Comprehensive income:

Nine months ended February 28, 2013	1,800 million yen (down 39.2%)
Nine months ended February 29, 2012	2,962 million yen (up 38.9%)

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended February 28, 2013	19.97	-
Nine months ended February 29, 2012	146.40	-

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Equity	Equity ratio	
				%
As of February 28, 2013	72,868	56,334	75.1	
As of May 31, 2012	71,900	55,064	74.4	
Reference: Shareholders' equity				
February 28, 2013		54,719 million yen		
May 31, 2012		53,505 million yen		

2. Dividends

	Dividends per share (yen)				
	First quarter end	Second quarter end	Third quarter end	Year-end	Total (Full year)
Year ended May 31, 2012	-	0.00	-	25.00	25.00
Year ending May 31, 2013 (Actual)	-	0.00	-	-	-
Year ending May 31, 2013 (Forecast)	-	-	-	20.00	20.00

(Note) Revisions of projected dividends most recently announced: None

3. Consolidated results forecast for the fiscal year ending May 31, 2013

(From June 1, 2012 to May 31, 2013)

(Millions of yen, rounded down)

(Percentages indicate changes from the previous fiscal year.)

	Net sales		Operating profit		Recurring profit		Net income		Net income per share
		%		%		%		%	yen
Full year	28,000	(27.7)	600	(90.1)	600	(90.1)	300	(91.3)	14.47

(Note) Revisions of consolidated forecasts most recently announced: Yes

Please refer to the "Notification of Earnings Forecast Revision," released on April 10, 2013, for details on these revisions.

*** Others**

**(1) Changes in significant subsidiaries during the nine months under review: None
(Changes in specified subsidiaries accompanying changes in scope of consolidation)**

New subsidiaries: ___ (name of company(ies))

Excluded subsidiaries: ___ (name of company(ies))

(2) Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to “Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements” on page 3 of the Attached Documents.

(3) Changes in accounting policies and accounting estimates and restatements

1) Changes in accounting policies due to revisions of accounting standards, etc.: None

2) Changes in accounting policies other than 1): Yes

3) Changes in accounting estimates: Yes

4) Restatements: None

(Note) This is considered a “change in accounting policy that is difficult to distinguish from a change in accounting estimates.” For details, please refer to “Changes in accounting policies and accounting estimates and restatements” on page 3 of the Attached Documents.

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding and issued at the end of period (including treasury stock)

As of February 28, 2013 20,750,688 shares

As of May 31, 2012 20,750,688 shares

2) Number of treasury stock at the end of period

As of February 28, 2013 16,465 shares

As of May 31, 2012 16,365 shares

3) Average number of shares during the period (quarterly cumulative total)

Third quarter ended February 28, 2013 20,734,295 shares

Third quarter ended February 29, 2012 20,734,414 shares

*** Implementation status of quarterly review procedures**

This quarterly financial results report is not subject to the quarterly review procedures stipulated by the Financial Instruments and Exchange Act. The review of quarterly consolidated financial statements has been completed at the time of release of this report.

*** Disclaimer regarding appropriate use of forecasts and related points of note**

Forward-looking statements such as the earnings forecasts in this material are based on currently available information and certain assumptions deemed rational, and are not intended as a guarantee that these forecasts will be achieved. Accordingly, actual results may differ significantly from these forecasts due to various factors. For more information on the preconditions of the forecasts and on precautionary notes concerning the usage of these forecasts, please refer to “Qualitative Information Regarding Consolidated Results Forecast” on page 3 of the Attached Documents.

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1. Qualitative Information Regarding Consolidated Results for the Nine Months under Review

(1) Qualitative Information Regarding Consolidated Operating Results

During the nine months under review, conditions for the global economy remained harsh as the debt crisis in the euro area led to faltering growth in the region and China and other emerging economies experienced slowdowns. The Japanese economy continued to recover, supported by a recovery in manufacturing activity and reconstruction-related demand as well as the current correction in the yen's strength, but the unexpected weakness of overseas economies has slowed Japan's recovery.

In these conditions, the Toyo Tanso Group focused on building demand, primarily in the relatively solid general industrial application sector, but the Group continues to struggle as the global turmoil in the solar cell market in particular has hurt conditions for some major customers. In addition, the bad debt allowances and inventory devaluation in China posted in this quarter pressured profits.

As a result, the Group's business performance during the nine months under review for net sales totaled 20,879 million yen (down 30.6% from the same term last year), operating profit was 654 million yen (down 87.6%), and recurring profit was 688 million yen (down 87.2%). Net income was 414 million yen (down 86.4%).

The overall performance of each business segment was as follows. (Please refer to "5. Supplementary Information" for an overview of each product category.)

Japan

Products for the general industrial application sector remained solid, thanks to the Japanese economic recovery, but products for solar cell and semiconductor applications were sluggish and exports failed to pick up, leaving earnings sluggish overall. As a result, net sales in Japan were 11,584 million yen and operating profit was 666 million yen.

United States

Sales in the United States continued to decline, dragged down by disappointing sales of electronics-related products for compound semiconductor and solar cell applications. As a result, net sales in the United States were 1,789 million yen and operating loss came to 251 million yen.

Europe

Although we began to see signs of a recovery in the sales of brushes for small motors, sales were weak overall as a result of the sluggish European economy. As a result, net sales in Europe were 1,891 million yen and operating profit was 104 million yen.

Asia

Brushes for small motors and electrical discharge machining (EDM) electrodes were strong performers, but there was no sign of a recovery in mainstay solar cell applications and sales remained sluggish. Bad debt allowances and inventory devaluation in China posted in this quarter also pressured profits. As a result, net sales in Asia were 5,613 million yen and operating loss was 2 million yen.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of February 28, 2013 increased by 967 million yen from the end of the previous consolidated fiscal year. This was primarily because, although cash on hand and in banks decreased 2,604 million yen as a result of spending for the acquisition of tangible fixed assets, and trade notes and accounts receivable decreased 2,400 million yen due to a decline in sales, tangible fixed assets increased 2,449 million yen resulting from the acquisition of manufacturing equipment for the Takuma Division's production facility and inventories increased 2,892 million yen through the systematic accumulation of intermediate stock and customers' inventory adjustments.

Total liabilities decreased by 301 million yen from the end of the previous consolidated fiscal year. This was primarily because, although interest-bearing debt increased 4,536 million yen due to financing for capital expenditures, this was offset by a 575 million yen decrease in trade notes and accounts payable due to a reduction in raw material procurement, a 3,661 million yen decrease in accrued amount payable due to payments to acquire tangible fixed assets, and a 717 million yen reduction in income tax payable.

Total equity increased by 1,269 million yen from the end of the previous consolidated fiscal year. This was primarily due to a 1,246 million yen increase in foreign currency translation adjustments.

(3) Qualitative Information Regarding Consolidated Results Forecast

There are no signs of a recovery in the solar cell market, which continues to suffer a global slump. The situation is particularly serious in China, the leading region for solar cell production, as major solar cell manufacturer has been driven into bankruptcy. The market for LED applications, which was expected to expand, will continue to correct for some time to come, though there are hopeful signs. Also, we have cautiously revised the receivables and inventory values of our consolidated subsidiaries in China, and have accrued the bad debt allowances and inventory devaluation of these subsidiaries, further curtailing profits.

For the above reasons, and in light of lower consolidated cumulative third-quarter earnings than planned, we hereby revise the earnings forecast announced on January 11, 2013.

Please refer to the “Notification of Earnings Forecast Revision” released today, for details on these revisions.

2. Items regarding summary information (Others)

(1) Changes in significant subsidiaries during the nine months under review

None

(2) Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements

Tax expense calculation

Tax expenses are calculated by multiplying profit before income taxes by an effective tax rate, which is reasonably estimated by applying tax effect accounting to estimated profit before income taxes for the fiscal year including the third quarter under review.

(3) Changes in accounting policies and accounting estimates and restatements

Changes in accounting policies

Changes in depreciation method

Toyo Tanso and its Japanese subsidiaries have changed their depreciation method for tangible fixed assets from the fixed rate method to the straight-line method from the fiscal year beginning on June 1, 2012.

This change was motivated by the changes in the structure of Toyo Tanso’s production system with the start of operations at the No. 3 plant built at the Takuma Division, a state-of-the-art mass-production plant. Since this plant began operating, optimum allocation at each plant achieved by categorizing according to product type has leveled out the equipment load, creating a system that enables stable production of all products.

As a result of the change in the structure of the production system, we determined that using the straight-line method as the depreciation method for tangible fixed assets, primarily manufacturing equipment, would most accurately reflect the stable use of the tangible fixed assets over their useful life and the consumption of the equalized economic benefits.

This change will increase operating profit by 363 million yen in the nine months under review and ordinary profit and net income before taxes by 446 million yen each.

3. Key events regarding the premise of a going concern

None

4. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

	(Thousands of yen, rounded down)	
	Previous consolidated fiscal year As of May 31, 2012 Amount	Third quarterly consolidated fiscal year As of February 28, 2013 Amount
Assets		
Current assets		
Cash on hand and in banks	9,136,958	6,532,096
Trade notes and accounts receivable	13,124,833	10,724,380
Merchandise and finished goods	7,315,218	9,837,332
Work in process	6,351,260	6,692,890
Raw materials and stores	2,022,085	2,050,342
Other	1,741,555	2,288,532
Allowance for doubtful accounts	(133,107)	(303,290)
Total current assets	39,558,803	37,822,284
Fixed assets		
Tangible fixed assets		
Buildings and structures (Net)	8,692,597	9,000,874
Machinery, equipment, and vehicles (Net)	11,833,591	14,946,987
Land	5,739,970	5,791,521
Construction in progress	2,162,921	974,883
Other (Net)	781,248	945,454
Total tangible fixed assets	29,210,330	31,659,721
Intangible fixed assets	894,851	996,151
Investments and other assets	2,236,733	2,389,939
Total fixed assets	32,341,914	35,045,812
Total assets	71,900,718	72,868,096

(Thousands of yen, rounded down)

	Previous consolidated fiscal year As of May 31, 2012 Amount	Third quarterly consolidated fiscal year As of February 28, 2013 Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	2,328,985	1,753,353
Short-term borrowings	2,267,846	3,292,161
Accrued amount payable	6,159,317	2,497,967
Income taxes payable	867,101	149,226
Reserve for employees' bonuses	921,492	556,940
Reserve for directors' and corporate auditors' bonuses	67,420	-
Other	2,117,588	2,634,305
Total current liabilities	14,729,751	10,883,955
Long-term liabilities		
Long-term borrowings	470,349	3,982,438
Reserve for employees' retirement benefits	602,502	717,425
Asset retirement obligations	270,946	273,938
Other	762,219	676,296
Total long-term liabilities	2,106,018	5,650,098
Total liabilities	16,835,770	16,534,053
Equity		
Shareholders' equity		
Common stock	7,692,575	7,692,575
Capital surplus	9,534,686	9,534,686
Retained earnings	38,179,893	38,075,649
Treasury stock - at cost	(57,934)	(58,100)
Total shareholders' equity	55,349,222	55,244,811
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	5,156	77,161
Foreign currency translation adjustments	(1,848,932)	(602,867)
Total accumulated other comprehensive income	(1,843,775)	(525,706)
Share warrants	27,900	27,900
Minority interests	1,531,602	1,587,037
Total equity	55,064,948	56,334,042
Total liabilities and equity	71,900,718	72,868,096

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
 (Quarterly consolidated statements of income)
 Nine months ended February 28, 2013

(Thousands of yen, rounded down)

	Nine months ended	Nine months ended
	February 29, 2012	February 28, 2013
	Amount	Amount
Net sales	30,073,497	20,879,087
Cost of goods sold	19,854,260	15,489,893
Gross profit	10,219,237	5,389,194
Selling, general and administrative expenses	4,929,010	4,734,691
Operating profit	5,290,226	654,503
Non-operating income		
Interest income	30,819	25,053
Dividends earned	11,149	6,020
Foreign exchange gains	-	426,618
Gain on foreign currency option	32,152	-
Gain on reversal of accrued legal claim	56,739	-
Other	52,808	40,165
Total non-operating income	183,669	497,857
Non-operating expenses		
Interest expenses	24,960	33,812
Depreciation	7,791	69,076
Loss on foreign currency option	-	317,450
Foreign exchange losses	46,978	-
Other	14,032	43,454
Total non-operating expenses	93,762	463,794
Recurring profit	5,380,134	688,566
Extraordinary profit		
Gain on sale of fixed assets	63,466	3,728
Subsidies received	-	500
Gain on sale of investment securities	1,200	-
Total extraordinary profit	64,666	4,228
Extraordinary losses		
Loss on sale of fixed assets	894	25
Loss on disposal of fixed assets	51,790	35,163
Total extraordinary losses	52,685	35,188
Profit before income taxes	5,392,116	657,605
Total income tax, etc.	1,483,296	276,034
Prior-year corporate taxes, etc.	540,231	-
Income before minority interests	3,368,588	381,571
Minority interests in income (loss)	333,021	(32,542)
Net income	3,035,566	414,113

(Quarterly consolidated statements of comprehensive income)
 Nine months ended February 28, 2013

(Thousands of yen, rounded down)

	Nine months ended	Nine months ended
	February 29, 2012	February 28, 2013
	Amount	Amount
Income before minority interests	3,368,588	381,571
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	20,286	72,004
Foreign currency translation adjustments	(426,224)	1,346,700
Total other comprehensive income	(405,938)	1,418,705
Comprehensive income	2,962,649	1,800,276
(Breakdown)		
Comprehensive income attributable to parent company shareholders	2,688,843	1,732,183
Comprehensive income attributable to minority interests	273,806	68,092

(3) Notes regarding the premise of a going concern

Not applicable.

(4) Notes if the amount of shareholders' equity has changed significantly

Not applicable.

(5) Segment information

I. Nine months ended February 29, 2012 (From June 1, 2011 to February 29, 2012)

1. Information on net sales and the amount of profits per reportable segment

(Thousands of yen, rounded down)

	Reportable segments					Adjusted amount (Note) 1	Amount recorded in the quarterly consolidated statement of income (Note) 2
	Japan	United States	Europe	Asia	Total		
Sales							
(1) Sales to unaffiliated customers	15,039,407	2,273,426	2,228,553	10,532,110	30,073,497	-	30,073,497
(2) Intersegment sales or transfers	6,736,902	275,877	38,914	57,130	7,108,824	(7,108,824)	-
Total	21,776,309	2,549,303	2,267,468	10,589,240	37,182,322	(7,108,824)	30,073,497
Segment profit	2,603,780	127,768	312,753	2,510,953	5,555,257	(265,030)	5,290,226

- (Notes) 1. Adjusted segment profit mainly takes into account the elimination of intersegment transactions and unrealized income.
2. Segment profit has been adjusted to reflect the operating profit recorded in the quarterly consolidated statement of income.

2. Regional information

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia		Rest of world	Total
				Asia (including China)	China only		
Sales	11,699,265	2,219,106	2,535,107	13,441,027	10,112,579	178,989	30,073,497
Composition (%)	38.9	7.4	8.4	44.7	33.6	0.6	100.0

- (Notes) 1. Sales are based on the locations of our customers, and are categorized into the relevant country or region segment according to geographical proximity.
2. The major countries or regions included in each geographic segment (except Japan) are listed below.
(1) North America: United States
(2) Europe: France, Germany, Italy
(3) Asia: China, Taiwan, South Korea

II. Nine months ended February 28, 2013 (from June 1, 2012 to February 28, 2013)

1. Information on net sales and the amount of profits per reportable segment

(Thousands of yen, rounded down)

	Reportable segments					Adjusted amount (Note) 1	Amount recorded in the quarterly consolidated statement of income (Note) 2
	Japan	United States	Europe	Asia	Total		
Sales							
(1) Sales to unaffiliated customers	11,584,048	1,789,429	1,891,728	5,613,881	20,879,087	-	20,879,087
(2) Intersegment sales or transfers	3,994,716	22,512	1,318	51,559	4,070,106	(4,070,106)	-
Total	15,578,764	1,811,941	1,893,046	5,665,441	24,949,194	(4,070,106)	20,879,087
Segment profit (loss)	666,354	(251,250)	104,211	(2,520)	516,794	137,708	654,503

- (Notes) 1. Adjusted segment profit (loss) mainly takes into account the elimination of intersegment transactions and unrealized income.
2. Segment profit (loss) has been adjusted to reflect the operating profit recorded in the quarterly consolidated statement of income.
3. Changes in Reportable Segments
(Changes to depreciation method)
As noted in "Changes to Accounting Policy," Toyo Tanso and its Japanese subsidiaries have changed their depreciation method for tangible fixed assets from the fixed rate method to the straight line method from the fiscal year beginning on June 1, 2012.
As a result, profits for segments in Japan increased 441,429 thousand yen and the "adjusted amount" for segment profits decreased 77,636 thousand yen in the nine months of the current fiscal year.

2. Regional information

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia		Rest of world	Total
				Asia (including China)	China only		
Sales	9,220,482	1,747,060	2,008,476	7,731,838	5,328,889	171,229	20,879,087
Composition (%)	44.2	8.4	9.6	37.0	25.5	0.8	100.0

- (Notes) 1. Sales are based on the locations of our customers, and are categorized into the relevant country or region segment according to geographical proximity.
2. The major countries or regions included in each geographic segment (except Japan) are listed below.
(1) North America: United States
(2) Europe: France, Germany, Italy
(3) Asia: China, Taiwan, South Korea

5. Supplementary Information

(1) Orders and sales by product category

i. Orders

(Unit: millions of yen)

Products	Year ended May 31, 2012						Year ending May 31, 2013			
	1Q	2Q	3Q	3Q cumulative	4Q	Fiscal year total	1Q	2Q	3Q	3Q cumulative
Special graphite products	6,154	5,440	3,265	14,859	3,261	18,121	2,577	2,672	2,849	8,098
Carbon products for general industries (for mechanical applications)	860	740	726	2,327	736	3,063	677	616	685	1,980
Carbon products for general industries (for electrical applications)	1,085	821	1,072	2,978	984	3,963	883	1,104	1,072	3,060
Compound materials and other products	2,121	1,880	1,749	5,750	1,561	7,312	1,635	1,572	1,590	4,799
Total	10,221	8,882	6,813	25,916	6,544	32,460	5,774	5,966	6,198	17,938

ii. Outstanding orders

(Unit: millions of yen)

Products	Year ended May 31, 2012				Year ending May 31, 2013		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Special graphite products	4,956	4,494	3,712	2,879	1,944	1,706	1,820
Carbon products for general industries (for mechanical applications)	748	731	706	623	572	456	470
Carbon products for general industries (for electrical applications)	1,128	1,017	1,176	1,159	1,172	1,340	1,480
Compound materials and other products	3,508	3,055	2,612	2,009	1,832	1,758	1,567
Total	10,342	9,299	8,208	6,672	5,521	5,262	5,339

iii. Sales performance by product category

(Unit: millions of yen)

Products	Year ended May 31, 2012						Year ending May 31, 2013			
	1Q	2Q	3Q	3Q cumulative	4Q	Fiscal year total	1Q	2Q	3Q	3Q cumulative
Special graphite products	5,972	5,795	4,173	15,941	4,400	20,341	3,628	3,049	2,966	9,644
[Electronics applications]	3,649	3,565	1,855	9,070	2,074	11,144	1,508	928	879	3,316
[General industries applications]	2,035	1,946	1,972	5,954	1,993	7,947	1,814	1,790	1,808	5,412
[Others]	287	283	346	916	332	1,249	305	331	278	915
Carbon products for general industries (for mechanical applications)	793	796	785	2,375	848	3,223	783	769	701	2,254
Carbon products for general industries (for electrical applications)	1,012	959	953	2,925	919	3,845	949	952	994	2,896
Compound materials and other products	2,961	2,785	2,401	8,149	2,274	10,423	1,963	1,743	1,947	5,654
[3 major products]	2,600	2,437	1,977	7,015	1,933	8,948	1,691	1,470	1,593	4,755
[Other products]	361	348	424	1,133	341	1,475	272	273	353	898
Related goods	235	222	223	681	198	879	183	112	131	427
Total	10,976	10,559	8,538	30,073	8,640	38,714	7,509	6,628	6,740	20,879

(2) Overview

Special graphite products

In electronics applications, sales remained depressed for solar cells, which are in the midst of a slump, primarily in China. This weighed heavily on overall performance. In addition, products for the manufacture of single crystal silicon continued to flag on the back of the struggling semiconductor industry.

General industrial applications were solid performers, particularly products for electrical discharge machine (EDM) electrodes and continuous casting, due to a recovery in the Japanese economy and strong overseas demand, although there were some signs of weakness in the auto industry.

Carbon products for general industries

Sales of carbon products for mechanical applications were weak in some areas, but performance remained solid due to a boost from reconstruction-related demand. Pantograph sliders also remained strong performers.

Among carbon products for electrical applications, sales of products for domestic auto applications disappointed temporarily, but sales of products for small motors intended for vacuum cleaners and electric power tools were strong, particularly in China. As a result, sales were unchanged overall.

Compound materials and other products

The performance of SiC (silicon carbide)-coated graphite products continued to take one step back for every step forward. Semiconductors showed signs of recovering at last, but the mainstay LED products are still in the midst of an adjustment. Orders for C/C composite products remained sluggish due to disappointing demand for solar cell products and a drop-off in large projects, although there were some signs of a turn-around in semiconductors. Orders for graphite sheet products were somewhat soft as a slump in electronics-related products was exacerbated by a temporary correction in automotive applications.