

October 11, 2012

Consolidated Financial Results for the Three Months Ended August 31, 2012 [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:	October 12, 2012
Scheduled date for dividend payment:	-
Supplementary materials for quarterly financial summaries:	No
Quarterly financial results briefing:	No

1. Consolidated financial results for the three months ended August 31, 2012

(From June 1, 2012 to August 31, 2012)

(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	
		%		%		%		%
Three months ended August 31, 2012	7,509	(31.6)	751	(70.9)	690	(72.3)	403	(76.5)
Three months ended August 31, 2011	10,976	21.2	2,583	56.0	2,493	74.8	1,712	59.5

Note: Comprehensive income:
 Three months ended August 31, 2012 (84) million yen (-%)
 Three months ended August 31, 2011 1,573 million yen (up 160.4%)

	Net income per share	Diluted net income per share
	yen	yen
Three months ended August 31, 2012	19.45	-
Three months ended August 31, 2011	82.60	-

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Equity	Equity ratio
			%
As of August 31, 2012	70,530	54,462	75.1
As of May 31, 2012	71,900	55,064	74.4

Reference: Shareholders' equity
 August 31, 2012 52,947 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	-	-	-	25.00	25.00
Year ending May 31, 2013 (Actual)	-	-	-	-	-
Year ending May 31, 2013 (Forecast)	-	-	-	25.00	25.00

(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 same period in the previous fiscal year.)

	Net sales		Operating profit		Recurring profit		Net income		Net income per share
		%		%		%		%	yen
Interim period (cumulative)	14,000	(35.0)	900	(79.6)	800	(81.7)	500	(79.0)	24.11
Full year	-	-	-	-	-	-	-	-	-

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

The consolidated forecasts for the second quarter (cumulative) and for the full financial year have been revised on October 11, 2012. For details, please refer to the "Notice Concerning the Revision of Consolidated Forecast," issued on October 11, 2012.

*** Others**

**(1) Changes in significant subsidiaries during the quarter 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 (attached materials)

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

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

ii. Changes in accounting policies other than 1): Yes

iii. Changes in accounting estimates: Yes

iv. 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 (attached materials)

(4) Number of shares outstanding (common stock)

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

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

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

ii. Number of treasury stock at the end of period

As of August 31, 2012 16,365 shares

As of May 31, 2012 16,365 shares

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

First quarter ended August 31, 2012 20,734,323 shares

First quarter ended August 31, 2011 20,734,423 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.

○Attached Documents

1. Qualitative Information Regarding Consolidated Results for the Quarter under Review	2
(1) Qualitative Information Regarding Consolidated Operating Results	2
(2) Qualitative Information Regarding Consolidated Financial Position	2
(3) Qualitative Information Regarding Consolidated Results Forecast	3
2. Items Regarding Summary Information (Others)	3
(1) Changes in significant subsidiaries during the quarter period under review	3
(2) Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements	3
(3) Changes in accounting policies and accounting estimates and restatements	3
3. Key Event Regarding the Premise of a Going Concern	3
4. Quarterly Consolidated Financial Statements	4
(1) Quarterly consolidated balance sheets	4
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income	6
Quarterly consolidated statements of income	6
Quarterly consolidated statement of comprehensive income	7
(3) Notes regarding the premise of a going concern	8
(4) Notes if the amount of shareholders' equity has changed significantly	8
(5) Segment information	8
5. Supplementary Information	10
(1) Orders and sales by product category	10
(2) Overview	11

1. Qualitative Information Regarding Consolidated Results for the Quarter under Review

(1) Qualitative Information Regarding Consolidated Operating Results

During the first quarter of the fiscal year under review, there were more signs of a slowdown overall in the global economy as a result of Europe's faltering economy, badly shaken by its debt crisis, and sluggish growth in China and other emerging countries. The Japanese economy continued to pick up on the back of a recovery in manufacturing activity and reconstruction-related demand, but this recovery is increasingly threatened by prolonged yen appreciation and a slowdown in the global economy.

Amid these circumstances, the Toyo Tanso Group struggled as a result of the sustained decline in the solar cell market in particular, but the Group focused on generating earnings by stimulating demand in relatively solid sectors and regional sectors, as well as refining its current production system.

As a result, the Group's business performance during the first quarter under review for net sales totaled 7,509 million yen (down 31.6% from the same term in the previous year), operating profit 751 million yen (down 70.9%), and recurring profit 690 million yen (down 72.3%). Net income for the quarter was 403 million yen (down 76.5%).

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 sector continued to achieve solid results, thanks to the recovery in the Japanese economy, but products for solar cell and semiconductor applications were sluggish and exports failed to pick up and earnings fell overall. As a result, net sales for the quarter in Japan were 4,032 million yen and operating profit was 401 million yen.

United States

Sales of electronics-related products for compound semiconductor and solar cell applications plummeted, and metallurgical applications, a solid performer, could not cover this decline, leading to a heavy decline. As a result, sales totaled 563 million yen while operating loss came to 78 million yen.

Europe

Although some industrial furnace-related products had a good showing, growth fell, particularly in solar cell applications and products for small motors, as a result of the slowdown in Europe. The strong yen also ate into earnings, and as a result sales amounted to 672 million yen and operating profit totaled 81 million yen.

Asia

Metallurgical applications remained a solid performer, but there were no signs of a recovery in solar cell applications, which has recorded a sharp decline in sales since the third quarter of the previous fiscal year after driving overall earnings. As a result, growth remained sluggish in the first quarter as well. Net sales for the quarter in Asia were 2,242 million yen and operating profit was 261 million yen.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of August 31, 2012 decreased by 1,369 million yen from the end of the previous consolidated fiscal year. This was primarily because cash on hand in banks decreased 1,420 million yen as a result of spending for the acquisition of tangible fixed assets and trade notes and accounts receivable decreased 1,306 million yen due to a decline in sales. This surpassed the 958 million yen increase in tangible fixed assets resulting from the acquisition of manufacturing equipment for the Takuma Division's production facility and the 551 million yen increase in inventories through the systematic accumulation of intermediate stock and customers' inventory adjustments.

Total liabilities decreased by 767 million yen from the end of the previous consolidated fiscal year. This can be attributed primarily to a 259 million yen decrease in trade notes and accounts payable due to a reduction in raw material procurement and a 525 million yen decrease in income tax payable. This exceeded the 739 million yen increase in interest-bearing debt.

Total equity decreased by 602 million yen from the end of the previous consolidated fiscal year. This was

primarily due a 445 million yen decrease in foreign currency translation adjustments.

(3) Qualitative Information Regarding Consolidated Results Forecast

The Group has recently been affected by the unexpectedly persistent global slump, which also encompasses China, one of our main solar cell markets. In addition, the market for LED applications, which was expected to recover in stages, will continue to correct for some time to come. We do not anticipate a recovery in the near term in either of these areas.

Given these conditions, we will endeavor to attract demand primarily in the relatively robust general industrial application sector and will focus on reducing fixed costs. However, we have determined that we are unlikely to meet our initial forecasts, given earnings in the first quarter of this fiscal year and taking into account the fact that the earnings of our Chinese subsidiary, which has a significant impact on the Group's earnings, are almost finalized due to the timing of its fiscal year. Accordingly, we have revised our forecasts for the first half of the current fiscal year.

	Net sales	Operating profit	Recurring profit	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous Forecast (A) (announced on July 13, 2012)	17,000	1,900	1,800	1,100	53.05
Revised Forecast (B)	14,000	900	800	500	24.11
Change (B – A)	(3,000)	(1,000)	(1,000)	(600)	
Percentage Change (%)	(17.6)	(52.6)	(55.6)	(54.5)	
(Reference) Results for the six months ended November 30, 2011	21,535	4,411	4,363	2,383	114.98

We plan to release our consolidated earnings forecasts for the full year when we release our first-half earnings, after carefully reviewing conditions, including the increasingly uncertain outlook for solar cell and LED applications and the fact that we are reaching a point at which we will have to consider adjusting production of isotropic graphite materials.

Please refer to the “Notice of Revisions to Earnings Forecasts,” to be released today, for further details.

2. Items Regarding Summary Information (Others)

(1) Changes in significant subsidiaries during the quarter period 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 first 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 92 million yen in the first quarter and ordinary profit and net income before taxes by 113 million yen each.

3. Key Event 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	First quarterly consolidated fiscal year As of August 31, 2012 Amount
Assets		
Current assets		
Cash on hand and in banks	9,136,958	7,716,105
Trade notes and accounts receivable	13,124,833	11,818,623
Merchandise and finished goods	7,315,218	7,809,886
Work in process	6,351,260	6,453,798
Raw materials and stores	2,022,085	1,976,075
Other	1,741,555	1,513,990
Allowance for doubtful accounts	(133,107)	(109,721)
Total current assets	39,558,803	37,178,757
Fixed assets		
Tangible fixed assets		
Buildings and structures (Net)	8,692,597	8,573,914
Machinery, equipment, and vehicles (Net)	11,833,591	12,755,592
Land	5,739,970	5,723,362
Construction in progress	2,162,921	2,281,031
Other (Net)	781,248	834,849
Total tangible fixed assets	29,210,330	30,168,750
Intangible fixed assets	894,851	949,921
Investments and other assets	2,236,733	2,233,358
Total fixed assets	32,341,914	33,352,029
Total assets	71,900,718	70,530,787

(Thousands of yen, rounded down)

	Previous consolidated fiscal year As of May 31, 2012 Amount	First quarterly consolidated fiscal year As of August 31, 2012 Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	2,328,985	2,069,837
Short-term borrowings	2,267,846	1,906,123
Accrued amount payable	6,159,317	6,274,298
Income taxes payable	867,101	342,064
Reserve for employees' bonuses	921,492	533,714
Reserve for directors' and corporate auditors' bonuses	67,420	-
Other	2,117,588	1,713,645
Total current liabilities	14,729,751	12,839,683
Long-term liabilities		
Long-term borrowings	470,349	1,571,422
Reserve for employees' retirement benefits	602,502	633,086
Asset retirement obligations	270,946	271,943
Other	762,219	752,447
Total long-term liabilities	2,106,018	3,228,900
Total liabilities	16,835,770	16,068,583
Equity		
Shareholders' equity		
Common stock	7,692,575	7,692,575
Capital surplus	9,534,686	9,534,686
Retained earnings	38,179,893	38,064,858
Treasury stock - at cost	(57,934)	(57,934)
Total shareholders' equity	55,349,222	55,234,186
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	5,156	7,833
Foreign currency translation adjustments	(1,848,932)	(2,294,884)
Total accumulated other comprehensive income	(1,843,775)	(2,287,050)
Share warrants	27,900	27,900
Minority interests	1,531,602	1,487,167
Total equity	55,064,948	54,462,203
Total liabilities and equity	71,900,718	70,530,787

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

(Quarterly consolidated statements of income)

Three months ended August 31, 2012

(Thousands of yen, rounded down)

	Three months ended August 31, 2011 Amount	Three months ended August 31, 2012 Amount
Net sales	10,976,093	7,509,940
Cost of goods sold	6,888,301	5,236,635
Gross profit	4,087,792	2,273,304
Selling, general and administrative expenses	1,503,935	1,522,281
Operating profit	2,583,856	751,022
Non-operating income		
Interest income	8,819	8,282
Other	118,013	18,959
Total non-operating income	126,833	27,241
Non-operating expenses		
Foreign exchange losses	198,429	33,766
Other	18,862	54,219
Total non-operating expenses	217,291	87,986
Recurring profit	2,493,398	690,278
Extraordinary profit		
Gain on sale of fixed assets	67,050	-
Total extraordinary profit	67,050	-
Extraordinary losses		
Loss on sale of fixed assets	748	-
Loss on disposal of fixed assets	4,818	2,149
Total extraordinary losses	5,566	2,149
Profit before income taxes	2,554,882	688,128
Income taxes	703,582	258,680
Income before minority interests	1,851,300	429,447
Minority interests	138,588	26,125
Net income	1,712,712	403,322

(Quarterly consolidated statement of comprehensive income)

Three months ended August 31, 2012

(Thousands of yen, rounded down)

	Three months ended August 31, 2011	Three months ended August 31, 2012
	Amount	Amount
Income before minority interests	1,851,300	429,447
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	7,730	2,676
Foreign currency translation adjustments	(285,485)	(516,510)
Total other comprehensive income	(277,754)	(513,834)
Comprehensive income	1,573,546	(84,386)
(Breakdown)		
Comprehensive income attributable to parent company shareholders	1,451,515	(39,952)
Comprehensive income attributable to minority interests	122,030	(44,434)

(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. Three months ended August 31, 2011 (From June 1, 2011 to August 31, 2011)

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 consolidated quarterly income statement (Note) 2
	Japan	United States	Europe	Asia	Total		
Sales							
(1) Sales to unaffiliated customers	5,301,076	744,218	804,949	4,125,849	10,976,093	-	10,976,093
(2) Intersegment sales or transfers	2,434,864	110,814	489	19,630	2,565,798	(2,565,798)	-
Total	7,735,940	855,032	805,439	4,145,479	13,541,892	(2,565,798)	10,976,093
Segment profit	1,268,915	31,966	132,671	1,110,586	2,544,140	39,716	2,583,856

(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 consolidated quarterly 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	4,009,861	729,865	922,739	5,269,856	3,984,786	43,770	10,976,093
Composition (%)	36.5	6.7	8.4	48.0	36.3	0.4	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. First quarter under review (from June 1, 2012 to August 31, 2012)

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

(Thousands of yen, rounded down)

	Reportable segments					Adjusted amount (Note) 1	Amount recorded in the consolidated quarterly income statement (Note) 2
	Japan	United States	Europe	Asia	Total		
Sales							
(1) Sales to unaffiliated customers	4,032,224	563,648	672,028	2,242,038	7,509,940	-	7,509,940
(2) Intersegment sales or transfers	1,578,126	8,662	47	17,019	1,603,855	(1,603,855)	-
Total	5,610,351	572,310	672,076	2,259,057	9,113,795	(1,603,855)	7,509,940
Segment profit (or loss)	401,070	(78,665)	81,554	261,307	665,266	85,756	751,022

- (Notes) 1. Adjusted segment profit (or loss) mainly takes into account the elimination of intersegment transactions and unrealized income.
2. Segment profit (or loss) has been adjusted to reflect the operating profit recorded in the consolidated quarterly 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 its 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 110,190 thousand yen and the "adjusted amount" for segment profits decreased 17,790 thousand yen in the first quarter 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	3,206,515	565,696	712,517	2,974,825	2,153,189	50,385	7,509,940
Composition (%)	42.7	7.5	9.5	39.6	28.7	0.7	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	4Q	Fiscal year total	1Q
Special graphite products	6,154	5,440	3,265	3,261	18,121	2,577
Carbon products for general industries (for mechanical applications)	860	740	726	736	3,063	677
Carbon products for general industries (for electrical applications)	1,085	821	1,072	984	3,963	883
Compound materials and other products	2,121	1,880	1,749	1,561	7,312	1,635
Total	10,221	8,882	6,813	6,544	32,460	5,774

ii. Outstanding orders

(Unit: millions of yen)

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

iii. Sales performance by product category

(Unit: millions of yen)

Products	Year ended May 31, 2012					Year ending May 31, 2013
	1Q	2Q	3Q	4Q	Fiscal year total	1Q
Special graphite products	5,972	5,795	4,173	4,400	20,341	3,628
[Electronics applications]	3,649	3,565	1,855	2,074	11,144	1,508
[General industries applications]	2,035	1,946	1,972	1,993	7,947	1,814
[Others]	287	283	346	332	1,249	305
Carbon products for general industries (for mechanical applications)	793	796	785	848	3,223	783
Carbon products for general industries (for electrical applications)	1,012	959	953	919	3,845	949
Compound materials and other products	2,961	2,785	2,401	2,274	10,423	1,963
[3 major products]	2,600	2,437	1,977	1,933	8,948	1,691
[Other products]	361	348	424	341	1,475	272
Related goods	235	222	223	198	879	183
Total	10,976	10,559	8,538	8,640	38,714	7,509

(2) Overview

Special graphite products

In electronics applications, growth remained sluggish for products for solar cells, which entered a major adjustment phase from the third quarter of the previous fiscal year, and lower prices also had an impact. These factors weighed heavily on overall performance. Moreover, products for the manufacture of single crystal silicon continued to flag, reflecting the faltering semiconductor industry.

General industrial applications were solid performers, particularly products for electrical discharge machines (EDM) electrodes and continuous casting, due to the strong automotive sector on the back of the Japanese economic recovery and growth in emerging economies.

Carbon products for general industries

Sales of carbon products for mechanical applications expanded, thanks largely to increased demand for such products as bearings and seals partly bolstered by the economic upturn as well as our progress in meeting reconstruction-related demand.

Among carbon products for electrical applications, sales of products for small motors intended for vacuum cleaners and electric power tools leveled off owing to intensified competition mainly in China, our core market, and the effect of the stronger yen.

Compound materials and other products

Orders for SiC (silicon carbide)-coated graphite products leveled off as a whole, primarily because our mainstay LED products are still in the midst of an adjustment, and demand for semiconductor products continues to fluctuate. Orders for C/C composite products fell sharply due to sluggish demand for solar cell products and a drop-off in large projects, which cancelled out strong demand for industrial furnace products. Orders for graphite sheet products remained solid overall, despite a decline in electronics-related products, due to a boost from mainstay automotive applications.