



October 15, 2009

## Consolidated Financial Results for the Three Months Ended August 31, 2009

Listed company name:	<b>Toyo Tanso Co., Ltd.</b>
Stock exchange listing:	Tokyo Stock Exchange, 1st Section
Stock code:	5310
Location of headquarters:	Osaka, Japan
Website:	<a href="http://www.toyotanso.co.jp">http://www.toyotanso.co.jp</a>
Representative:	Naotaka Kondo, President & Chief Operating Officer
Contact:	Toshimi Boki, Executive Officer, General Manager, Finance and Accounting Department
TEL:	81-6-6451-2114 (from overseas)
Scheduled date for submission of quarterly report:	October 15, 2009
Schedule date for dividend payment:	-

### 1. Consolidated financial results for the three months ended August 31, 2009

(From June 1, 2009 to August 31, 2009)

**(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, 2009	5,986	(31.7)	481	(73.4)	429	(77.0)	150	(87.6)
Three months ended August 31, 2008	8,762	-	1,812	-	1,871	-	1,212	--

	Net income per share	Diluted net income per share
	yen	yen
Three months ended August 31, 2009	7.28	-
Three months ended August 31, 2008	58.50	-

**(2) Financial position**

(Millions of yen, rounded down)

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

	Total assets	Equity	Equity ratio	Equity per share
			%	yen
As of August 31, 2009	58,689	48,073	80.0	2,264.05
As of May 31, 2009	58,821	48,606	80.6	2,286.27

Reference: Shareholders' equity

August 31, 2009

46,943 million yen

May 31, 2009

47,404 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, 2009	-	0.00	-	20.00	20.00
Year ending May 31, 2010 (Actual)	-	-	-	-	-
Year ending May 31, 2010 (Forecast)	-	0.00	-	20.00	20.00

Note: Revision of projected dividends in the quarter under review: None

## 3. Consolidated results forecast for the fiscal year ending May 31, 2010

(From June 1, 2009 to May 31, 2010)

	(Millions of yen)									
	Percentages indicate changes on a year-on-year basis.									
	Net sales		Operating profit		Recurring profit		Net income		Net income per share	
	%		%		%		%		yen	
Interim period	12,000	(33.3)	700	(83.1)	600	(84.0)	350	(85.3)	16.88	
Full year	28,000	(9.6)	2,500	(47.3)	2,500	(44.2)	1,500	(41.6)	72.34	

Note: Revision of consolidated results forecast in the quarter under review: Yes

In light of trends in the external environment, we plan to revise the consolidated results forecast for the full year when reporting the second quarter accounts settlement.

## 4. Others

### (1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries accompanying changes in scope of consolidation): None

### (2) Adoption of simple accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to '4. Others' in Qualitative Information and Financial Statements on page 6.

### (3) Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated quarterly financial statements

(those to be described in the section Changes in Significant Items That Form the Basis of Preparations for Consolidated Quarterly Financial Statements)

- i. Changes due to amendment of accounting standards: None
- ii. Changes due to other reasons: None

### (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, 2009 20,750,688 shares

As of May 31, 2009 20,750,688 shares

- ii. Number of treasury stock at the end of period

As of August 31, 2009 16,165 shares

As of May 31, 2009 16,115 shares

- iii. Average number of shares during the period (quarter)

First quarter ended August 31, 2009 20,734,543 shares

First quarter ended August 31, 2008 20,735,140 shares

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

The results forecast has been prepared based on information that was available on the date of release of this document. Actual results may differ from the forecast depending on various factors. For further information on the results forecast, please refer to '3. Qualitative Information Regarding Consolidated Results Forecast' in Qualitative Information and Financial Statements on page 5.

## [Qualitative Information and Financial Statements]

### 1. Qualitative Information Regarding Consolidated Operating Results

During the first quarter under review, despite a pickup in some parts of the global economy, particularly in Asian countries such as China, thanks to the effects of economic stimulus policies around the world and progress in stock inventory adjustments, weak global economy conditions have continued since the autumn of last year and overall conditions were sluggish. For the Japanese economy, despite a bottoming out in exports and production, difficult conditions have continued.

Under these circumstances, the Toyo Tanso Group has focused its efforts on stimulating demand, particularly in the environment and energy fields, at the same time as promoting self-supporting efforts such as reductions in costs and expenses and investment restrictions. However, underlying conditions have continued to be challenging.

As a result of the above performance, as well as the impact of slow demand in all fields and the impact of efforts to cut costs and expenses, consolidated sales in the first quarter under review fell 31.7% year on year to 5,986 million yen. Operating profit fell 73.4% to 481 million yen, recurring profit fell 77.0% to 429 million yen, and net income dropped 87.6% to 150 million yen.

The table below shows sales by product category in the three months under review.

Products	Three months ended August 31, 2008 (thousand yen)	Three months ended August 31, 2009 (thousand yen)	Year on year (%)
Special graphite products	4,561,752	2,958,190	(35.2)
Carbon products for general industries (for mechanical applications)	732,929	537,477	(26.7)
Carbon products for general industries (for electrical applications)	1,198,225	884,141	(26.2)
Compound materials and other products	2,075,334	1,442,953	(30.5)
Related goods	193,845	163,600	(15.6)
Total	8,762,088	5,986,362	(31.7)

#### Special graphite products

In the electronics sector, despite a battling performance from products used in compound semiconductors, mainly LED products, weak conditions continued for products used in the processing of single crystal silicon (centered on 300-mm wafers), because customer's inventory adjustment was prolonged. Furthermore, demand for products used in the production of solar cells shrank further as a result of weak market conditions in the Chinese and European markets, making an overall slowdown inevitable. In the general industries sector, despite continued weak conditions in products used for electrical discharge machining (EDM) electrodes (a mainstay field) and metallurgical products, there was a very small increase in demand as a result of a bottoming out of economic conditions.

#### Carbon products for general industries

Weak conditions continued for carbon products for mechanical applications and electrical applications as a result of the global economic slowdown, but signs of a recovery were seen in the latter half of the period in carbon products for electrical applications, particularly in the Chinese market.

## Compound materials and other products

Despite an expansion both within Japan and overseas in products used in compound semiconductors, there was a weak performance in both mainstay products used in the manufacture of semi-conductors and in solar cells, making a weak performance by SiC (silicon carbide)-coated graphite products and C/C composite products inevitable. There was an increase in demand for graphite sheet products as a result of a recovery in products for use in automobiles.

## 2. Qualitative Information Regarding Consolidated Financial Position

Total assets as of August 31, 2009 decreased by 131 million yen from the end of the previous fiscal year. This was caused by a decrease in cash on hand and in banks of 1,810 million yen due to the acquisition of tangible and intangible fixed assets and a decrease of 390 million yen in notes and accounts receivable-trade due to falling sales, despite an increase in inventory assets of 979 million yen resulting from systematic transshipments of intermediate stock, an increase of 549 million yen in tangible fixed assets resulting from capital investments on upgrades and improvements, and an increase in intangible fixed assets of 443 million yen resulting from new land acquisition in Shanghai, China (land lease rights).

Total liabilities rose 402 million yen from the end of the previous fiscal year. This came largely as a result of an increase in notes and account payable-equipment of 308 million yen.

Equity fell 533 million yen from the end of the previous fiscal year. This was caused by dividend payments of 414 million yen, etc.

## 3. Qualitative Information Regarding Consolidated Results Forecast

Regarding the future economic environment, despite signs of a gentle recovery in underlying conditions both in Japan and overseas, we have not seen a real recovery backed up by capital expenditure and personal consumption, and the focus is gradually turning towards the sustainability of the recovery, as well as causes of instability such as employment conditions, crude oil prices and exchange rates, and fears that the effects of economic stimulus measures are beginning to run out of steam.

The environment surrounding the Toyo Tanso Group has seen a gradual if weak recovery in underlying demand, and in the light of performance in the first quarter we have revised as follows our forecast for the consolidated results for the interim period of the fiscal year as announced on July 15, 2009.

We plan to revise the consolidated results forecast for the full year when reporting the interim accounts because of current uncertainty about future conditions including economic trends both at the company and in the economy at large.

### Revision to consolidated results forecast for interim period (June 1, 2009 – November 30, 2009)

	Sales	Operating profit	Recurring profit	Quarterly net income	Quarterly net income per share
Previously announced forecast (A)	12,000	300	300	50	2.41
Current revised forecast (B)	12,000	700	600	350	16.88
Change – amount (B-A)	-	400	300	300	-
Change (%)	-	133.3	100.0	600.0	-
(Reference)					
Performance in first half of previous fiscal year (June 1, 2008 – November 30, 2008)	17,979	4,154	3,754	2,379	114.76

#### **4. Others**

##### **(1) Changes in significant subsidiaries during the period**

(changes in specified subsidiaries accompanying changes in scope of consolidation)

None

##### **(2) Adoption of simple accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements**

###### **(i) Inventory valuation method**

In calculating inventory at the end of the first quarter under review, the Company has omitted physical stocktaking and has calculated inventory in a reasonable manner based on the physical inventory at the end of the previous fiscal year.

###### **(ii) 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.

The income taxes-deferred is included in income taxes.

##### **(3) Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated quarterly financial statements**

None

## 5. Consolidated Quarterly Financial Statements

### (1) Consolidated quarterly balance sheets

(Thousands of yen, rounded down)

	As of August 31, 2009	As of May 31, 2009
	Amount	Amount
<b>Assets</b>		
Current assets		
Cash on hand and in banks	12,225,114	14,035,952
Trade notes and accounts receivable	7,867,160	8,257,709
Merchandise and finished goods	5,405,765	4,747,244
Work in process	3,858,974	3,476,873
Raw materials and stores	1,235,169	1,296,308
Other	2,039,375	1,980,337
Allowance for doubtful accounts	(136,987)	(185,780)
Total current assets	32,494,574	33,608,646
Fixed assets		
Tangible fixed assets		
Buildings and structures (Net)	6,000,778	6,126,730
Machinery, equipment, and vehicles (Net)	8,880,831	8,589,139
Land	5,350,075	5,353,520
Construction in progress	3,059,905	2,699,487
Other (Net)	466,134	439,463
Total tangible fixed assets	23,757,725	23,208,341
Intangible fixed assets	822,876	379,167
Investments and other assets	1,614,273	1,624,906
Total fixed assets	26,194,875	25,212,415
<b>Total assets</b>	<b>58,689,449</b>	<b>58,821,061</b>

(Thousands of yen, rounded down)

	As of August 31, 2009	As of May 31, 2009
	Amount	Amount
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	2,117,432	1,725,878
Short-term borrowings	900,050	1,323,950
Accrued amount payable	3,331,389	3,420,334
Income taxes payable	178,064	290,192
Reserve for employees' bonuses	403,155	756,470
Reserve for directors' and corporate auditors' bonuses	-	35,840
Other	1,910,594	1,595,887
Total current liabilities	8,840,686	9,148,554
Long-term liabilities		
Long-term borrowings	480,338	70,740
Reserve for employees' retirement benefits	393,910	329,736
Other	901,462	665,184
Total long-term liabilities	1,775,711	1,065,661
<b>Total liabilities</b>	10,616,397	10,214,216
<b>Equity</b>		
Shareholders' Equity		
Common Stock	7,692,575	7,692,575
Capital surplus	9,534,686	9,534,686
Retained earnings	30,593,057	30,856,790
Treasury stock - at cost	(57,172)	(56,997)
Unrealized gains (losses) on available-for-sale securities	15,529	984
Foreign currency translation adjustments	(834,684)	(623,226)
Total shareholders' equity	46,943,992	47,404,814
Minority interests	1,129,059	1,202,030
<b>Total equity</b>	48,073,051	48,606,845
<b>Total liabilities and equity</b>	58,689,449	58,821,061



**(2) Consolidated quarterly statements of income**

Three months ended August 31, 2009

(Thousands of yen, rounded down)

	Three months ended August 31, 2008	Three months ended August 31, 2009
	Amount	Amount
<b>Net sales</b>	8,762,088	5,986,362
Cost of goods sold	5,394,052	4,176,204
Gross profit	3,368,036	1,810,158
Selling, general and administrative expenses	1,555,945	1,328,527
Operating profit	1,812,090	481,630
Non-operating income		
Dividend income	34,384	14,982
Dividends earned	5,947	15,052
Foreign exchange gains	79,744	-
Gain on foreign currency option	-	25,073
Other	15,302	15,387
Total non-operating income	135,379	70,496
Non-operating expenses		
Interest expenses	10,249	5,337
Foreign exchange losses	-	95,665
Valuation loss on investment securities	39,214	3,933
Loss on currency options	22,749	-
Other	4,011	17,270
Total non-operating expenses	76,224	122,207
Recurring profit	1,871,244	429,919
Extraordinary profit		
Gain on sale of fixed assets	680	689
Reversal of allowance for doubtful accounts	-	45,396
Subsidies received	-	18,930
Total extraordinary profit	680	65,016
Extraordinary losses		
Loss on sale of fixed assets	1,213	283
Loss on disposal of fixed assets	2,565	2,260
Total extraordinary losses	3,779	2,543
Profit before income taxes	1,868,146	492,392
Income taxes	547,056	314,329
Minority interests	108,146	27,105
Net income	1,212,942	150,957

### (3) Consolidated quarterly statements of cash flows

(Thousands of yen, rounded down)

	Three months ended August 31, 2008	Three months ended August 31, 2009
	Amount	Amount
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,868,146	492,392
Depreciation	753,234	773,363
Amortization of goodwill	2,726	2,726
Increase (decrease) in reserve for employees' retirement benefits	36,510	60,768
Increase (decrease) in reserve for employees' bonuses	(336,412)	(352,882)
Increase (decrease) in reserve for directors' bonuses	(38,882)	(35,840)
Increase (decrease) in allowance for doubtful accounts	(9,512)	(71,950)
Interest and dividend income	(40,332)	(30,034)
Interest expenses	10,249	5,337
Foreign exchange loss (gain)	(79,744)	95,665
Valuation loss (gain) on investment securities	39,214	3,933
Gain on sale of tangible fixed assets	(680)	(689)
Loss on disposal and sale of tangible fixed assets	3,779	2,543
Decrease (increase) in notes and accounts receivable - trade	186,373	352,916
Decrease (Increase) in inventories	(879,793)	(1,054,085)
Increase (decrease) in notes and accounts payable - trade	476,138	442,931
Other	315,475	(165,376)
Sub-total	2,306,488	521,719
Interest and dividend received	40,332	37,928
Interest paid	(8,839)	(3,331)
Income taxes paid	(962,858)	(299,560)
Net cash provided by operating activities	1,375,122	256,756
<b>Cash flows from investing activities</b>		
Payments for time deposits	(4,333,661)	(3,737,507)
Proceeds from time deposits	830,058	4,391,203
Payments for acquisition of tangible fixed assets	(592,075)	(1,127,493)
Proceeds from sale of tangible fixed assets	1,001	780
Payments for acquisition of intangible fixed assets	(19,001)	(472,600)
Other	15,950	11,365
Net cash used in investing activities	(4,097,728)	(934,252)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	276,954	(385,354)
Proceeds from long-term borrowings	-	427,500
Repayment of long-term borrowings	(119,517)	(56,461)
Repayment of finance lease payables	(1,259)	(554)
Payments for acquisition of treasury stock	(1,914)	(175)
Payments for dividends	(311,028)	(327,969)
Payments for dividends to minority interests	(22,196)	(83,468)
Net cash provided by (used in) financing activities	(178,963)	(426,483)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	146,892	(50,100)
<b>Increase (decrease) in cash and cash equivalents</b>	(2,754,675)	(1,154,080)
<b>Cash and cash equivalents at beginning of period</b>	10,491,890	6,412,364
<b>Cash and cash equivalents at end of period</b>	7,737,214	5,258,283

#### (4) Notes regarding the premise of a going concern

Not applicable.

#### (5) Segment information

##### a. Business Segment Information

From June 1, 2008 to August 31, 2008, and from June 1, 2009 to August 31, 2009

Business segment information has been omitted because the entire business of the Company and its subsidiaries falls under the single business category of carbon product related business.

##### b. Geographic Segment Information

(From June 1, 2008 to August 31, 2008)

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia	Total	Corporate and Elim.	Consolidated
Sales							
(1) Sales to unaffiliated customers	4,675,938	871,993	855,759	2,358,397	8,762,088	-	8,762,088
(2) Intersegment sales or transfers	1,364,089	38,042	2,750	42,655	1,447,538	(1,447,538)	-
Total	6,040,028	910,035	858,510	2,401,053	10,209,627	(1,447,538)	8,762,088
Operating Profit	852,997	125,541	119,573	756,989	1,855,102	(43,011)	1,812,090

(Notes) 1. Countries or regions are grouped together based on geographic 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

3. Change in method of translating the revenues and expenses of foreign subsidiaries

The revenue and expenditure of foreign subsidiaries were previously converted into yen based on the spot exchange rate on the closing date. However, commencing the first quarter under review, they are converted into yen based on the average exchange rate for the period. As a result of the change, net sales fell 13,942 thousand yen in North America, rose 8,408 thousand yen in Europe, and declined 72,853 thousand yen in Asia. Operating profit dropped 1,923 thousand yen in North America, increased 2,536 thousand yen in Europe, and slipped 23,067 thousand yen in Asia.

4. Change in the durable years of tangible fixed assets

The Company and its domestic consolidated subsidiaries revised and shortened the durable years of tangible fixed assets for the first quarter under review in the wake of the revision of the legal durable years of machinery and equipment in the tax system revision for fiscal 2008. In association with the change, operating profit fell 87,479 thousand yen in Japan.

(From June 1, 2009 to August 31, 2009)

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia	Total	Corporate and Elim.	Consolidated
Sales							
(1) Sales to unaffiliated customers	3,258,955	691,766	624,647	1,410,993	5,986,362	-	5,986,362
(2) Intersegment sales or transfers	993,860	6,492	390	13,535	1,014,277	(1,014,277)	-
Total	4,252,815	698,258	625,037	1,424,528	7,000,640	(1,014,277)	5,986,362
Operating Profit	73,951	31,602	36,322	281,064	422,941	58,688	481,630

(Notes) 1. Countries or regions are grouped together based on geographic 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

c. Overseas Sales

Three months ended August 31, 2008 (From June 1, 2008 to August 31, 2008)

(Thousands of yen, rounded down)

	North America	Europe	Asia	Rest of World	Total
I Overseas Sales	879,820	1,007,368	3,037,326	46,370	4,970,885
II Consolidated Sales					8,762,088
III Overseas sales as a proportion of consolidated sales (%)	10.0	11.5	34.7	0.5	56.7

- (Notes) 1. Countries or regions are grouped together based on geographic 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  
 3. The overseas sales are the sales of the Company or its consolidated subsidiaries in countries or regions excluding Japan.

Three months ended August 31, 2009 (From June 1, 2009 to August 31, 2009)

(Thousands of yen, rounded down)

	North America	Europe	Asia	Rest of World	Total
I Overseas Sales	678,607	746,644	1,913,052	30,048	3,368,353
II Consolidated Sales					5,986,362
III Overseas sales as a proportion of consolidated sales (%)	11.3	12.5	32.0	0.5	56.3

- (Notes) 1. Countries or regions are grouped together based on geographic 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  
 3. The overseas sales are the sales of the Company or its consolidated subsidiaries in countries or regions excluding Japan.

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

Not applicable.