



October 10, 2013

Consolidated Financial Results for the Three Months Ended August 31, 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:	October 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 three months ended August 31, 2013

(From June 1, 2013 to August 31, 2013)

(1) Operating results (cumulative total)

(Millions of yen, rounded down)
(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit		Net income	
	%	%	%	%	%	%	%	
Three months ended August 31, 2013	7,673	2.2	430	(42.6)	435	(37.0)	132	(67.2)
Three months ended August 31, 2012	7,509	(31.6)	751	(70.9)	690	(72.3)	403	(76.5)

Note: Comprehensive income:
 Three months ended August 31, 2013 833 million yen (-%)
 Three months ended August 31, 2012 (84) million yen (-%)

	Net income per share	Diluted net income per share
	yen	yen
Three months ended August 31, 2013	6.38	-
Three months ended August 31, 2012	19.45	-

Toyo Tanso has changed its fiscal year (the last day of its business year) from May 31 to December 31. For further details, please refer to the "Notice Concerning the Change in Accounting Period," released on February 20, 2013, and the "Notice Concerning Partial Amendments to the Articles of Incorporation," released on July 25, 2013.

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Equity	Equity ratio
			%
As of August 31, 2013	73,160	57,310	76.0
As of May 31, 2013	73,508	56,966	75.2
Reference: Shareholders' equity			
August 31, 2013		55,571 million yen	
May 31, 2013		55,250 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, 2013	-	0.00	-	20.00	20.00
Year ending December 31, 2013 (Actual)	-				
Year ending December 31, 2013 (Forecast)		0.00	-	11.50	11.50

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

Toyo Tanso has changed its fiscal year (the last day of its business year) from May 31 to December 31. Accordingly, the fiscal year ending on December 31, 2013, the transitional period, will be an irregular seven-month fiscal period. We forecast dividends of 11.50 yen per share in the fiscal year ending on December 31, 2013 (forecast).

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

(From June 1, 2013 to December 31, 2013)

(Millions of yen, rounded down)
(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit		Net income		Net income per share
		%		%		%		%	yen
Full year	19,700	-	550	-	550	-	150	-	7.23

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

- The consolidated forecasts have been revised on October 10, 2013. For details, please refer to the "Notice of Earnings Forecast Revision," issued on October 10, 2013.
- The fiscal year ending on December 31, 2013 will be a transitional period in which the fiscal year is changed, and quarterly financial statements will not be released for the first two quarters (cumulative). Accordingly, forecasts will not be provided for this period. In addition, the consolidated forecasts for the full fiscal year cover a nine-month period (April 1 to December 31, 2013) for subsidiaries whose fiscal year ends on March 31 or December 31 and a seven-month period (June 1 to December 31, 2013) for subsidiaries whose fiscal year ends on May 31. As a result, changes over the previous fiscal year will not be provided for the full fiscal year.

*** 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

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

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares outstanding (common stock)

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

As of August 31, 2013 20,750,688 shares

As of May 31, 2013 20,750,688 shares

2) Number of treasury stock at the end of period

As of August 31, 2013 16,565 shares

As of May 31, 2013 16,515 shares

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

First quarter ended August 31, 2013 20,734,130 shares

First quarter ended August 31, 2012 20,734,323 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 “Explanation of Information Regarding Consolidated Earnings Forecasts and Other Projections” on page 3 of the Attached Documents.

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

(1) Explanation Regarding Operating Results

During the first quarter of the fiscal year under review, the global economic recovery was gradual, despite the solid US economy, as the debt crisis in the euro zone slowed growth in the region and China and other emerging economies experienced slower growth. Although there were concerns that overseas economies would underperform, the Japanese economy recovered at a moderate pace on the back of a weak yen and strong stock market, improved corporate earnings, and a recovery in exports and production. The business environment affecting the Toyo Tanso Group was on track to a recovery overall, thanks to an upswing in the LED market, but the outlook remains uncertain, given the lack of any sign of a full-fledged recovery in the solar cell market.

In these conditions, the Group focused its energies on promoting sales promotion activities, developing new products and businesses and thoroughly cutting costs in order to achieve its medium-term business plan, which was launched in the current fiscal year.

As a result, the Group's business performance during the first quarter under review for net sales totaled 7,673 million yen (up 2.2% from the same term in the previous year), operating profit 430 million yen (down 42.6%), and recurring profit 435 million yen (down 37.0%). Net income for the quarter was 132 million yen (down 67.2%).

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

Japan

While sales of products for solar cell and semiconductor applications were weak and exports were also low, products for the general industrial application sector remained solid, thanks to the recovery of the domestic economy. As a result, net sales for the quarter in Japan were 4,017 million yen and operating profit was 406 million yen.

United States

Despite the strong performance of products for some applications, such as electrical discharge machining (EDM) electrode applications, sluggish sales of electronics-related products for compound semiconductors and solar cell applications dragged down overall performance. As a result, net sales totaled 635 million yen while operating loss came to 196 million yen.

Europe

Although sales of brushes for small motors were gradually recovering, conditions remained difficult due to the European economic slump. As a result, net sales amounted to 733 million yen and operating loss totaled 15 million yen.

Asia

There was no sign yet of a full-scale recovery in mainstay solar cell applications, and sales remained sluggish. However, products for compound semiconductor applications were strong performers. In addition, there were no special factors such as the bad debt allowances and inventory devaluation posted in the second half of the previous fiscal year, leading to improved earnings. As a result, net sales for the quarter in Asia were 2,286 million yen and operating profit was 84 million yen.

(2) Explanation Regarding Financial Position

Total assets as of August 31, 2013 decreased by 348 million yen from the end of the previous consolidated fiscal year. This was primarily because, although cash on hand and in banks increased 258 million yen and trade notes and accounts receivable increased 302 million yen as a result of higher net sales compared to the second half of the previous consolidated fiscal year, "other" under current assets decreased 341 million yen due to refunds for consumption taxes receivable and tangible fixed assets fell 473 million yen as a result of depreciation posted.

Total liabilities decreased by 691 million yen from the end of the previous consolidated fiscal year. This is primarily due to a 123 million yen decrease in trade notes and accounts payable due to a reduction in raw material procurement, following production adjustments, a 236 million yen decrease in accrued amount payable due to spending for the acquisition of tangible fixed assets, a 263 million yen decrease in reserves

for employees' bonuses and a 167 million yen decrease in reserves for employees' retirement benefits.

Total equity increased by 343 million yen from the end of the previous consolidated fiscal year. This was because, although retained earnings decreased 282 million yen, foreign currency translation adjustments increased 613 million yen.

(3) Explanation of Information Regarding Consolidated Earnings Forecasts and Other Projections

The business environment affecting the Toyo Tanso Group is recovering overall, as evidenced by an upward trend in the LED market, but conditions remain unpredictable, with no prospect yet of a full-scale recovery in some segments of the solar cell and semiconductor-related industries.

In this environment, we anticipate that operating profit, recurring profit and net income will exceed our initial forecasts since we have reduced overall expenses, for example by delaying the purchase of experiment and research assets until the next fiscal period, and the yen is trending weaker than assumed in our initial exchange rate forecasts.

Given these factors and the fact that first-quarter results exceeded the forecast, we have revised the full-year consolidated results forecasts announced on July 12, 2013.

Please refer to the "Notification of Earnings Forecast Revision," 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

None

(4) Additional information

In a decision made at the Ordinary General Meeting of Shareholders held on August 29, 2013, the Company changed its fiscal year (the last day of its business year) from May 31 to December 31 in order to disclose more accurate business information in a more timely manner and improve the efficiency of earnings management and business operations as well as comply with future international financial reporting standards (IFRS).

As a result of this change, the fiscal year from June 1 to December 31, 2013, the transitional period, will be an irregular seven-month period. The relevant consolidated period for consolidated subsidiaries whose fiscal years end on March 31 or December 31 will be the nine-month period from April 1 to December 31, 2013.

This change in the consolidated fiscal year will bring the Company's fiscal year in line with that of the relevant consolidated subsidiaries, but the consolidated fiscal year will be made uniform from December 31, 2013, the last day of the current consolidated business year. However, in the quarterly consolidated statements of income during the first quarter under review, we recorded earnings during the three-month period from April 1 to June 30 for relevant consolidated subsidiaries, as prior to the change in fiscal year. This is because, when making the quarterly consolidated fiscal periods uniform beginning with this first quarter, the quarterly consolidated statements of income will cover a five-month period from April 1 to August 31, 2013 for these consolidated subsidiaries. However, some overseas subsidiaries face practical difficulties in standardizing fiscal years in the first consolidated quarter due to restrictions imposed by local systems and other factors.

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, 2013 Amount	First quarterly consolidated fiscal year As of August 31, 2013 Amount
Assets		
Current assets		
Cash on hand and in banks	7,209,187	7,467,442
Trade notes and accounts receivable	11,256,956	11,559,486
Merchandise and finished goods	9,607,170	9,617,480
Work in process	6,754,201	6,731,715
Raw materials and stores	2,185,992	2,120,871
Other	1,942,209	1,600,281
Allowance for doubtful accounts	(506,809)	(493,422)
Total current assets	38,448,908	38,603,854
Fixed assets		
Tangible fixed assets		
Buildings and structures (Net)	9,056,566	9,019,490
Machinery, equipment, and vehicles (Net)	14,696,713	14,292,346
Land	5,824,094	5,839,812
Construction in progress	925,999	944,833
Other (Net)	903,480	836,395
Total tangible fixed assets	31,406,855	30,932,878
Intangible fixed assets	1,055,821	1,085,968
Investments and other assets	2,597,386	2,538,198
Total fixed assets	35,060,062	34,557,046
Total assets	73,508,971	73,160,901

(Thousands of yen, rounded down)

	Previous consolidated fiscal year As of May 31, 2013 Amount	First quarterly consolidated fiscal year As of August 31, 2013 Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,538,134	1,415,052
Short-term borrowings	4,527,795	4,846,995
Accrued amount payable	2,536,584	2,299,943
Income taxes payable	147,232	201,990
Reserve for employees' bonuses	746,193	482,726
Other	1,587,577	1,709,409
Total current liabilities	11,083,517	10,956,117
Long-term liabilities		
Long-term borrowings	3,910,739	3,526,608
Reserve for employees' retirement benefits	674,299	507,206
Asset retirement obligations	252,477	253,390
Other	621,292	607,557
Total long-term liabilities	5,458,808	4,894,763
Total liabilities	16,542,325	15,850,880
Equity		
Shareholders' equity		
Common stock	7,692,575	7,692,575
Capital surplus	9,534,686	9,534,686
Retained earnings	37,450,666	37,168,195
Treasury stock - at cost	(58,217)	(58,307)
Total shareholders' equity	54,619,711	54,337,149
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	69,942	59,777
Foreign currency translation adjustments	560,616	1,174,076
Total accumulated other comprehensive income	630,558	1,233,854
Share warrants	27,900	27,900
Minority interests	1,688,474	1,711,116
Total equity	56,966,645	57,310,020
Total liabilities and equity	73,508,971	73,160,901

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

(Quarterly consolidated statements of income)

Three months ended August 31, 2013

(Thousands of yen, rounded down)

	Three months ended August 31, 2012 Amount	Three months ended August 31, 2013 Amount
Net sales	7,509,940	7,673,344
Cost of goods sold	5,236,635	5,677,030
Gross profit	2,273,304	1,996,313
Selling, general and administrative expenses	1,522,281	1,565,538
Operating profit	751,022	430,774
Non-operating income		
Interest income	8,282	9,014
Dividends earned	4,139	4,403
Gain on foreign currency option	2,881	52,504
Other	11,938	17,397
Total non-operating income	27,241	83,320
Non-operating expenses		
Interest expenses	10,281	17,669
Foreign exchange losses	33,766	48,369
Other	43,937	12,868
Total non-operating expenses	87,986	78,907
Recurring profit	690,278	435,187
Extraordinary profit		
Gain on sale of fixed assets	-	13,470
Total extraordinary profit	-	13,470
Extraordinary losses		
Loss on sale of fixed assets	-	321
Loss on disposal of fixed assets	2,149	18,098
Total extraordinary losses	2,149	18,419
Profit before income taxes	688,128	430,237
Income taxes	258,680	291,650
Income before minority interests	429,447	138,587
Minority interests	26,125	6,375
Net income	403,322	132,211

(Quarterly consolidated statement of comprehensive income)

Three months ended August 31, 2013

(Thousands of yen, rounded down)

	Three months ended August 31, 2012	Three months ended August 31, 2013
	Amount	Amount
Income before minority interests	429,447	138,587
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	2,676	(10,164)
Foreign currency translation adjustments	(516,510)	704,973
Total other comprehensive income	(513,834)	694,808
Comprehensive income	(84,386)	833,395
(Breakdown)		
Comprehensive income attributable to parent company shareholders	(39,952)	735,507
Comprehensive income attributable to minority interests	(44,434)	97,888

(3) Notes on quarterly consolidated financial statements

(Notes regarding the premise of a going concern)

Not applicable.

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

Not applicable.

(Segment information)

I. Three months ended August 31, 2012 (From June 1, 2012 to August 31, 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 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 (loss)	401,070	(78,665)	81,554	261,307	665,266	85,756	751,022

(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 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	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

II. First quarter under review (from June 1, 2013 to August 31, 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 consolidated quarterly income statement (Note) 2
	Japan	United States	Europe	Asia	Total		
Sales							
(1) Sales to unaffiliated customers	4,017,698	635,895	733,541	2,286,209	7,673,344	-	7,673,344
(2) Intersegment sales or transfers	1,393,039	10,524	17,513	23,849	1,444,926	(1,444,926)	-
Total	5,410,737	646,419	751,054	2,310,058	9,118,270	(1,444,926)	7,673,344
Segment profit (loss)	406,115	(196,461)	(15,369)	84,575	278,860	151,914	430,774

(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 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	3,015,729	610,228	751,059	3,217,433	2,151,927	78,893	7,673,344
Composition (%)	39.3	8.0	9.8	41.9	28.0	1.0	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, 2013					Year ending December 31, 2013
	1Q	2Q	3Q	4Q	Fiscal year total	1Q
Special graphite products	2,577	2,672	2,849	3,269	11,368	3,363
Carbon products for general industries (for mechanical applications)	677	616	685	655	2,636	705
Carbon products for general industries (for electrical applications)	883	1,104	1,072	1,103	4,164	794
Compound materials and other products	1,635	1,572	1,590	1,811	6,610	1,669
Total	5,774	5,966	6,198	6,840	24,779	6,533

ii. Outstanding orders

(Unit: millions of yen)

Products	Year ended May 31, 2013				Year ending December 31, 2013
	1Q	2Q	3Q	4Q	1Q
Special graphite products	1,944	1,706	1,820	1,805	1,930
Carbon products for general industries (for mechanical applications)	572	456	470	425	444
Carbon products for general industries (for electrical applications)	1,172	1,340	1,480	1,611	1,565
Compound materials and other products	1,832	1,758	1,567	1,567	1,399
Total	5,521	5,262	5,339	5,409	5,339

iii. Sales performance by product category

(Unit: millions of yen)

Products	Year ended May 31, 2013					Year ending December 31, 2013
	1Q	2Q	3Q	4Q	Fiscal year total	1Q
Special graphite products	3,628	3,049	2,966	3,546	13,191	3,580
[Electronics applications]	1,508	928	879	1,235	4,551	1,321
[General industries applications]	1,814	1,790	1,808	1,971	7,383	1,940
[Others]	305	331	278	339	1,255	318
Carbon products for general industries (for mechanical applications)	783	769	701	733	2,988	717
Carbon products for general industries (for electrical applications)	949	952	994	1,072	3,969	1,160
Compound materials and other products	1,963	1,743	1,947	2,043	7,698	2,029
[3 major products]	1,691	1,470	1,594	1,700	6,456	1,734
[Other products]	272	273	353	343	1,242	295
Related goods	183	112	131	134	561	185
Total	7,509	6,628	6,740	7,530	28,409	7,673

(2) Overview

Special graphite products

In electronics applications, there was a modest recovery in demand for products for solar cell applications, but this did not amount to a full-fledged recovery, and overall momentum remained slow. Moreover, products for the manufacture of single crystal silicon were flat due to sluggish demand for computers, which has driven the semiconductor market.

General industrial applications were solid performers, particularly products for EDM electrodes and metallurgy due to a recovery in the Japanese economy and strong overseas demand.

Carbon products for general industries

Sales of carbon products for mechanical applications increased, particularly for bearings, on the back of the Japanese economic recovery. Pantograph sliders also remained strong performers.

Among carbon products for electrical applications, sales remained solid with strong sales of mainstay products for small motors for household appliances and electric power tools.

Compound materials and other products

The performance of SiC (silicon carbide)-coated graphite products was strong overall as, despite weakness for some semiconductor applications, demand increased for the mainstay LED products in particular. Orders for C/C composite products were low due to faltering demand for solar cell and semiconductor applications, although sales of industrial furnace applications were solid. Demand for graphite sheet products began to recover as, although sales of electronics-related products continued to be mixed, mainstay automotive applications bounced back.