

November 13, 2014

Consolidated Financial Results for the Nine Months Ended September 30, 2014 [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
Website:	http://www.toyotanso.co.jp
Representative:	Akira Noami, President
Contact:	Toshimi Boki, Executive Officer, General Manager, Finance and Accounting Department
TEL:	81-6-6472-5811 (from overseas)
Scheduled date for submission of quarterly report:	November 14, 2014
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 September 30, 2014

(From January 1, 2014 to September 30, 2014)

(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 September 30, 2014	25,276	-	975	-	1,130	-	1,329	-
Nine months ended February 28, 2014	-	-	-	-	-	-	-	-

Note: Comprehensive income:
 Nine months ended September 30, 2014 1,524 million yen (-%)
 Nine months ended February 28, 2014 - million yen (-%)

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended September 30, 2014	64.11	63.98
Nine months ended February 28, 2014	-	-

Toyo Tanso changed its fiscal year (the last day of its business year) from May 31 to December 31 in the previous fiscal year (the fiscal year ended on December 31, 2013), and quarterly consolidated financial statements were not prepared for the third quarter (cumulative) in the previous fiscal year. Accordingly, changes over the same period in the previous fiscal year and the figures in operating results (cumulative total) in the same period in the previous fiscal year are not provided.

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Equity	Equity ratio
			%
As of September 30, 2014	73,932	59,731	78.3
As of December 31, 2013	74,229	58,552	76.3

Reference: Shareholders' equity

September 30, 2014	57,919 million yen
December 31, 2013	56,668 million yen

2. Dividends

	Dividends per share (yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total (Full year)
Year ended December 31, 2013	-	0.00	-	11.50	11.50
Year ending December 31, 2014 (Actual)	-	0.00	-		
Year ending December 31, 2014 (Forecast)				22.00	22.00

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

3. Consolidated results forecast for the fiscal year ending December 31, 2014

(From January 1, 2014 to December 31, 2014)

(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	34,000	-	1,500	-	1,400	-	72.35

(Note) Revisions of consolidated forecasts most recently announced: None

Due to the change in the fiscal year, the fiscal year ended on December 31, 2013 was a transitional period covering a seven-month period (June 1 to December 31, 2013). Accordingly, changes over the previous fiscal year are not provided.

*** Others**

(1) Changes in significant subsidiaries during the quarter under review:

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

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 September 30, 2014 20,750,688 shares

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

2) Number of treasury stock at the end of period

As of September 30, 2014 16,915 shares

As of December 31, 2013 16,665 shares

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

Third quarter ended September 30, 2014 20,733,868 shares

Third quarter ended February 28, 2014 - 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**

(We urge you to be cautious in relying on forward-looking statements.)

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.

○ **Attached Documents**

1. Qualitative Information Regarding Consolidated Results for the Quarter under Review	2
(1) Explanation Regarding Operating Results	2
(2) Explanation Regarding Financial Position	3
(3) Explanation of Information Regarding Consolidated Earnings Forecasts and Other Projections	3
2. Items Regarding Summary Information (Others)	3
(1) Changes in significant subsidiaries during the quarter 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. 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 on quarterly consolidated financial statements	8
(Notes regarding the premise of a going concern)	8
(Notes if the amount of shareholders' equity has changed significantly)	8
(Segment information)	8
4. Supplementary Information	9
(1) Orders and sales by product category	9
(2) Overview	10

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

Toyo Tanso changed its fiscal year (the last day of its business year) from May 31 to December 31 in the previous fiscal year (the fiscal year ended on December 31, 2013), and quarterly consolidated financial statements were not prepared for the third quarter (cumulative) in the previous fiscal year. As a result, changes over the same period of the previous fiscal year are not provided.

(1) Explanation Regarding Operating Results

During the nine months of the fiscal year under review, the US economy remained solid, but the euro area economy came to a standstill and the emerging economies were still unstable. Although there were signs of weakness in some sectors of the Japanese economy, economic policy and monetary policy remain effective. As such, the Japanese economy remains in a recovery trajectory, marked by improved corporate earnings and a recovery in capital spending.

The Toyo Tanso Group's business environment is gradually recovering overall. The LED market remains solid, and demand is expanding for general industries applications on the back of the economic recovery. At the same time, in the solar cell market, despite signs of a recovery, conditions remain harsh.

In these conditions, the Group has focused its energies on facilitating sales promotion activities, developing new products and businesses and thoroughly cutting costs in order to achieve its medium-term business plan. During the first three quarters of the fiscal year under review, the Group posted 361 million yen in full for the cost of assets acquired for the purpose of specific research and development.

As a result, in the nine months under review, the Group's net sales totaled 25,276 million yen, operating profit 975 million yen, and recurring profit 1,130 million yen. Net income was 1,329 million yen, in part as a result of the posting of deferred tax assets for the recoverable portion.

In the first half of the fiscal year under review, we obtained authorization from Japanese government agencies for the export of graphite material* for a Chinese high-temperature reactor—pebble-bed modules (HTR-PM). As this made the shipment all but certain, we posted 3,173 million yen in orders. (Please refer to "4. Supplementary Information.") The materials that the Company will manufacture will be processed and installed by Shanghai Toyo Tanso Co., Ltd. (a consolidated subsidiary) for delivery to the client by 2016. We will post sales as a lump sum at the completion of delivery.

* Please refer to the press release issued on November 5, 2008.

The overall performance of each business segment was as follows. (Please refer to "4. Supplementary Information" for an overview of each product category.)

Japan

Although demand for products for mechanical applications decreased, products for metallurgical applications remained solid on the back of the domestic economic recovery. As a result, net sales were 12,980 million yen and operating profit was 432 million yen.

United States

The recovery trend was sustained as sales for LED applications and electronics-related products were solid, and sales for continuous casting applications were strong. As a result, net sales were 1,987 million yen and operating loss was 219 million yen.

Europe

Sales were solid overall, particularly for applications for industrial furnaces and brushes for small motors. As a result, net sales were 2,489 million yen and operating profit was 120 million yen.

Asia

In China, while demand for solar cell applications resulting from facility upgrades waned in the third quarter, sales for LED applications and brushes for small motors performed well so that sales were solid overall. As a result, net sales were 7,818 million yen and operating profit was 530 million yen.

(2) Explanation Regarding Financial Position

Total assets as of September 30, 2014 decreased by 296 million yen from the end of the previous consolidated fiscal year. This was primarily because, although cash on hand and in banks increased 580 million yen and net defined benefit assets increased 120 million yen, trade notes and accounts receivable decreased 204 million yen, inventory fell 140 million yen and tangible fixed assets decreased 1,086 million yen as a result of depreciation posted.

Total liabilities decreased by 1,475 million yen from the end of the previous consolidated fiscal year. This was primarily because interest-bearing liabilities fell 1,994 million yen, offsetting a 292 million yen increase in trade notes and accounts payable and a 319 million yen increase in reserves for employees' bonuses.

Total equity increased by 1,178 million yen from the end of the previous consolidated fiscal year. This was primarily due to a 1,090 million yen increase in retained earnings.

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

There is no change to the forecasts for consolidated earnings in the fiscal year ending on December 31, 2014, initially announced on August 11, 2014.

2. Items Regarding Summary Information (Others)

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

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

None

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Thousands of yen, rounded down)

	Previous consolidated fiscal year As of December 31, 2013 Amount	Third quarterly consolidated fiscal year As of September 30, 2014 Amount
Assets		
Current assets		
Cash on hand and in banks	8,497,958	9,078,941
Trade notes and accounts receivable	13,447,324	13,242,517
Merchandise and finished goods	9,856,738	9,110,847
Work in process	6,663,370	7,150,822
Raw materials and stores	1,961,139	2,078,984
Other	1,035,637	1,153,393
Allowance for doubtful accounts	(459,543)	(464,225)
Total current assets	41,002,624	41,351,281
Fixed assets		
Tangible fixed assets		
Buildings and structures (Net)	9,087,232	8,800,220
Machinery, equipment, and vehicles (Net)	13,320,134	12,186,711
Land	5,852,591	5,859,729
Construction in progress	802,899	1,212,550
Other (Net)	829,573	746,951
Total tangible fixed assets	29,892,430	28,806,164
Intangible fixed assets	1,051,851	1,210,709
Investments and other assets	2,282,389	2,564,791
Total fixed assets	33,226,671	32,581,665
Total assets	74,229,295	73,932,946

(Thousands of yen, rounded down)

	Previous consolidated fiscal year As of December 31, 2013 Amount	Third quarterly consolidated fiscal year As of September 30, 2014 Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	2,393,584	2,685,802
Short-term borrowings	4,578,750	3,545,545
Accrued amount payable	2,482,552	2,514,270
Income taxes payable	145,566	254,275
Reserve for employees' bonuses	337,478	656,949
Other	1,589,808	1,389,544
Total current liabilities	11,527,742	11,046,388
Long-term liabilities		
Long-term borrowings	3,133,348	2,171,696
Net defined benefit liability	178,242	164,670
Asset retirement obligations	254,325	256,749
Other	582,695	561,767
Total long-term liabilities	4,148,611	3,154,884
Total liabilities	15,676,353	14,201,272
Equity		
Shareholders' equity		
Common stock	7,692,575	7,692,575
Capital surplus	9,534,686	9,534,686
Retained earnings	36,924,250	38,015,002
Treasury stock - at cost	(58,514)	(59,078)
Total shareholders' equity	54,092,997	55,183,186
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	84,387	95,357
Foreign currency translation adjustments	2,419,065	2,633,108
Remeasurements of defined benefit plans	72,254	8,238
Total accumulated other comprehensive income	2,575,707	2,736,704
Share warrants	44,855	83,004
Minority interests	1,839,381	1,728,779
Total equity	58,552,942	59,731,674
Total liabilities and equity	74,229,295	73,932,946

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

(Quarterly consolidated statements of income)

Nine months ended September 30, 2014

(Thousands of yen, rounded down)

	Nine months ended September 30, 2014 Amount
Net sales	25,276,352
Cost of goods sold	18,884,648
Gross profit	6,391,703
Selling, general and administrative expenses	5,416,070
Operating profit	975,633
Non-operating income	
Interest income	46,634
Dividends earned	155,337
Other	73,045
Total non-operating income	275,017
Non-operating expenses	
Interest expenses	46,183
Loss on foreign currency options	54,034
Other	19,582
Total non-operating expenses	119,801
Recurring profit	1,130,850
Extraordinary profit	
Gain on sale of fixed assets	22,905
Subsidy income	394,752
Total extraordinary profit	417,658
Extraordinary losses	
Loss on sale of fixed assets	2,769
Loss on disposal of fixed assets	19,917
Total extraordinary losses	22,687
Profit before income taxes	1,525,820
Income taxes	212,640
Income before minority interests	1,313,179
Minority interests in loss	(16,013)
Net income	1,329,193

(Quarterly consolidated statement of comprehensive income)

Nine months ended September 30, 2014

(Thousands of yen, rounded down)

	Nine months ended September 30, 2014 Amount
Income before minority interests	1,313,179
Other comprehensive income	
Unrealized gains (losses) on available-for-sale securities	10,970
Foreign currency translation adjustments	254,015
Remeasurements of defined benefit plans	(54,096)
Total other comprehensive income	210,889
Comprehensive income	1,524,069
(Breakdown)	
Comprehensive income attributable to parent company shareholders	1,490,189
Comprehensive income attributable to minority interests	33,879

(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)

Nine months ended September 30, 2014 (From January 1, 2014 to September 30, 2014)

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

(Thousands of yen, rounded down)

	Reportable segments					Adjusted amount (Note) 1	Amount recorded in the consolidated quarterly statement of income (Note) 2
	Japan	United States	Europe	Asia	Total		
Sales							
(1) Sales to unaffiliated customers	12,980,686	1,987,099	2,489,722	7,818,844	25,276,352	-	25,276,352
(2) Intersegment sales or transfers	3,978,483	42,608	15,125	55,234	4,091,451	(4,091,451)	-
Total	16,959,170	2,029,707	2,504,847	7,874,078	29,367,804	(4,091,451)	25,276,352
Segment profit (loss)	432,569	(219,483)	120,114	530,365	863,566	112,067	975,633

(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	9,943,525	1,942,088	2,610,044	10,597,598	7,294,925	183,095	25,276,352
Composition (%)	39.4	7.7	10.3	41.9	28.9	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

4. Supplementary Information

(1) Orders and sales by product category

i. Orders

(Unit: millions of yen)

Products	Year ended May 31, 2013						Year ended December 31, 2013			Year ending December 31, 2014			
	1Q	2Q	3Q	1Q-3Q	4Q	Fiscal year total	1Q	*2	Fiscal year total	1Q	2Q	3Q	1Q-3Q
Special graphite products	2,577	2,672	2,849	8,098	3,269	11,368	3,363	5,717	9,081	3,634	6,529 *2	3,118	13,282
Carbon products for general industries (for mechanical applications)	677	616	685	1,980	655	2,636	705	987	1,693	799	806	630	2,236
Carbon products for general industries (for electrical applications)	877	944	1,046	2,868	1,012	3,880	1,056	2,333	3,390	1,052	1,347	1,239	3,640
Compound materials and other products	1,635	1,572	1,590	4,799	1,811	6,610	1,669	3,228	4,897	2,224	2,414	1,931	6,570
Total	5,768	5,806	6,171	17,746	6,749	24,496	6,795	12,267	19,063	7,711	11,097	6,920	25,728

*1 These orders were denominated in foreign currency prior to the previous quarter; discrepancies resulting from fluctuations in foreign exchange rates during the quarter under review are included in the figure for orders placed in this quarter.

*2 The fiscal year ended on December 31, 2013, the transitional period, was an irregular fiscal period and quarterly financial statements were not released for the second quarter. Accordingly, the fiscal year was an irregular six-month period (July 1 to December 31, 2013) for subsidiaries whose fiscal year previously ended on March 31 or December 31 and an irregular four-month period (September 1 to December 31, 2013) for subsidiaries whose fiscal year previously ended on May 31.

*3 Orders for special graphite products in the second quarter of the fiscal year ending on December 31, 2014 include 3,173 million yen in orders for the Chinese high-temperature reactor—pebble-bed modules (HTR-PM).

ii. Outstanding orders

(Unit: millions of yen)

Products	Year ended May 31, 2013				Year ended December 31, 2013		Year ending December 31, 2014		
	1Q	2Q	3Q	4Q	1Q	*2	1Q	2Q	3Q
Special graphite products	1,944	1,706	1,820	1,805	1,930	2,071	1,968	4,942 *3	4,820 *3
Carbon products for general industries (for mechanical applications)	572	456	470	425	444	458	497	476	393
Carbon products for general industries (for electrical applications)	485	503	610	623	653	851	820	898	896
Compound materials and other products	1,832	1,758	1,567	1,567	1,399	1,489	1,660	1,766	1,599
Total	4,833	4,425	4,469	4,421	4,427	4,871	4,947	8,084	7,708

*1 These orders were denominated in foreign currency prior to the previous quarter; discrepancies resulting from fluctuations in foreign exchange rates during the quarter under review are included in the figure for orders placed in this quarter.

*2 Please refer to the margin note *2 for "i. Orders."

*3 Outstanding orders for special graphite products from the second quarter of the fiscal year ending on December 31, 2014 include orders for the Chinese high-temperature reactor—pebble-bed modules (HTR-PM).

iii. Sales performance by product category

(Unit: millions of yen)

Products	Year ended May 31, 2013						Year ended December 31, 2013			Year ending December 31, 2014			
	1Q	2Q	3Q	1Q-3Q	4Q	Fiscal year total	1Q	(*)	Fiscal year total	1Q	2Q	3Q	1Q-3Q
Special graphite products	3,628	3,049	2,966	9,644	3,546	13,191	3,580	6,304	9,885	4,048	3,907	3,727	11,682
[Electronics applications]	1,508	928	879	3,316	1,235	4,551	1,321	2,460	3,781	1,612	1,334	1,141	4,088
[General industries applications]	1,814	1,790	1,808	5,412	1,971	7,383	1,940	3,389	5,329	2,109	2,192	2,151	6,452
[Others]	305	331	278	915	339	1,255	318	455	774	326	380	434	1,141
Carbon products for general industries (for mechanical applications)	783	769	701	2,254	733	2,988	717	1,015	1,733	807	863	793	2,464
Carbon products for general industries (for electrical applications)	949	952	994	2,896	1,072	3,969	1,160	2,218	3,379	1,178	1,310	1,314	3,804
Compound materials and other products	1,963	1,743	1,947	5,654	2,043	7,698	2,029	3,046	5,075	2,174	2,416	2,176	6,767
[3 major products]	1,691	1,470	1,594	4,755	1,700	6,456	1,734	2,670	4,405	1,849	2,119	1,888	5,856
[Other products]	272	273	353	898	343	1,242	295	375	670	324	297	288	910
Related goods	183	112	131	427	134	561	185	283	468	182	180	193	557
Total	7,509	6,628	6,740	20,879	7,530	28,409	7,673	12,869	20,542	8,391	8,679	8,205	25,276

(*) Please refer to the margin note *2 for "i. Orders" (page 9).

(2) Overview

Special graphite products

In electronics applications, a recovery in mainstay solar cell applications has not yet taken hold. In addition, demand spurred by facility upgrades in China waned in the third quarter, and in products for the manufacture of single-crystal silicon, there were no signs of a positive turnaround in demand for personal computers. As such, performance was lackluster overall.

In general industries applications, products for EDM electrodes and continuous casting were solid performers overall, particularly in Japan, due to strong growth in the auto sector.

Carbon products for general industries

Sales of carbon products for mechanical applications were solid overall as, despite sluggish demand for seal materials in the third quarter, bearings and pantograph sliders were solid performers.

Carbon products for electrical applications were robust overall, with solid demand for cleaner applications and growing demand for washing machines and electrical power tools, primarily in China.

Compound materials and other products

SiC (silicon carbide)-coated graphite products recovered overall since, in addition to solid demand for semiconductor applications, mainstay LED applications were solid. C/C composite products were solid overall as, in addition to strong sales for semiconductor applications, we attracted demand for solar cell applications resulting from facility upgrades in China in the first half of the fiscal year. Growing sales for industrial furnace applications in Europe were another contributing factor. Sales of graphite sheet products were solid overall, partly due to growing demand for industrial furnace applications and mainstay automotive applications.