

TOYO TANSO

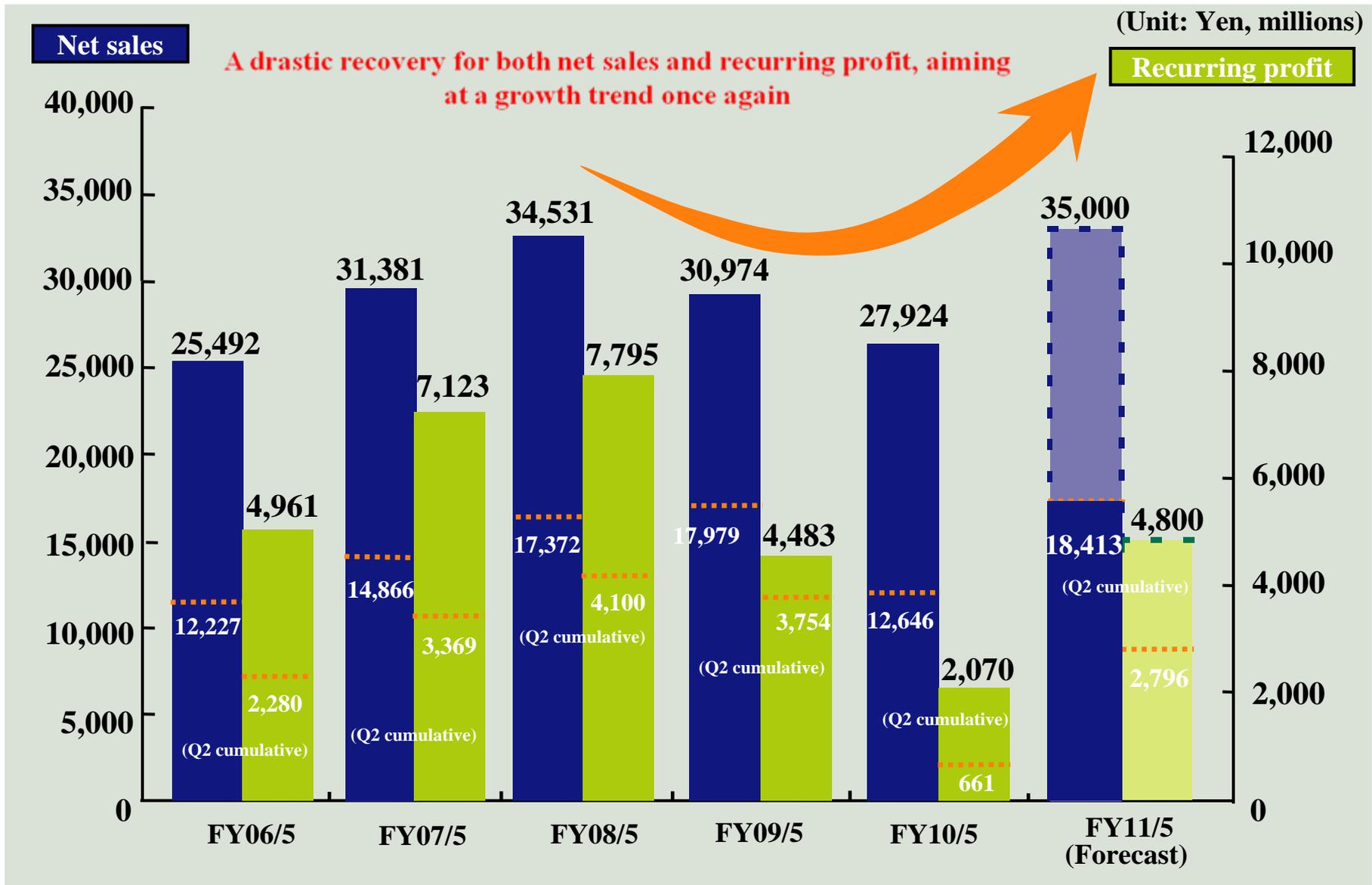
Results for the First Half of the Fiscal Year Ending May 31, 2011

January 2011

Toyo Tanso Co., Ltd.

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1-1. Business Results



1-2. Results for the First Half of the Fiscal Year Ending May 31, 2011

(Unit: Yen, millions)

	FY10/5 Q2 cumulative	FY11/5 Q2 cumulative	Change	% increase
Net sales	12,646	18,413	5,767	45.6%
Operating profit	817	3,019	2,202	269.6%
Ratio of operating profit to net sales	6.5%	16.4%		
Recurring profit	661	2,796	2,135	322.9%
Ratio of recurring profit to net sales	5.2%	15.2%		
Profit before income taxes	782	2,568	1,786	228.4%
Net income	369	1,916	1,547	418.2%
Net income per share	17.84 yen	92.45 yen		
Exchange rate	92.9 yen/\$ 134.0 yen/€	85.5 yen/\$ 111.6 yen/€		

Notes

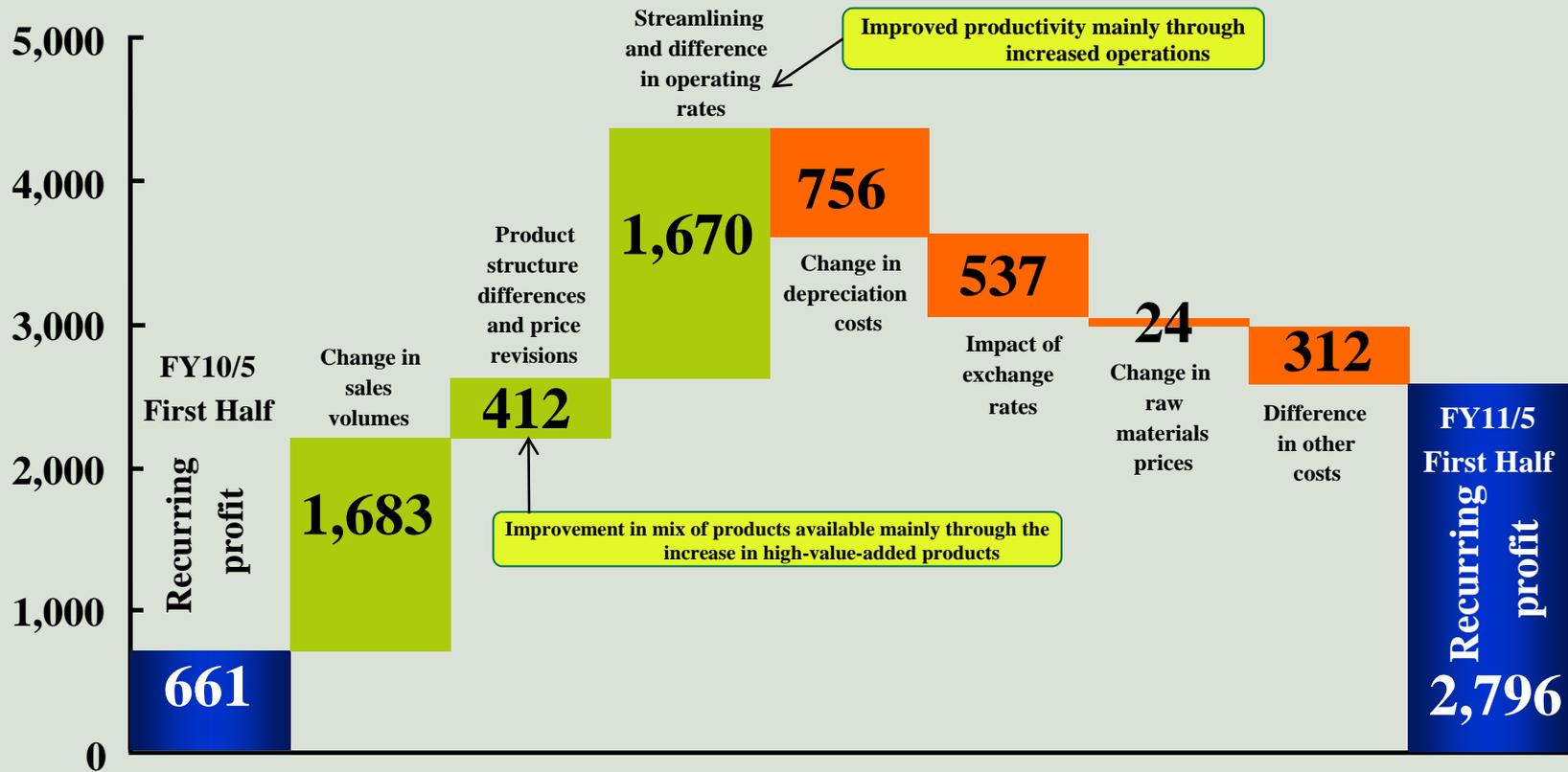
- There has been a rebound from losses caused by the high yen as net sales have increased by 1.5 times year-on-year, and resulting in net sales of 18.4 billion yen, a record high for a six-month period.
- By application, solar cell and compound semiconductors, mainly LEDs, led net sales overall. The share for compound materials has increased considerably. In terms of regions, there has been significant growth in Asia focusing on China and South Korea.
- The concentration of new large-scale nuclear fusion-related and solar cell-related projects (C/C composite products) also made a contribution.

- Recurring profit increased by more than 4 times year-on-year, despite the impact of rapid yen appreciation and the high burden of depreciation costs.
- In addition to increased profits, thanks to expanding sales against the backdrop of a high marginal profit ratio, increased sales of high-value-added products including coated products contributed to profits.

1-3. Factors Affecting Changes in Recurring Profit

Profits grew significantly as a result of increases in sales quantity and high-value-added products, despite the impact of increased depreciation costs and the high yen

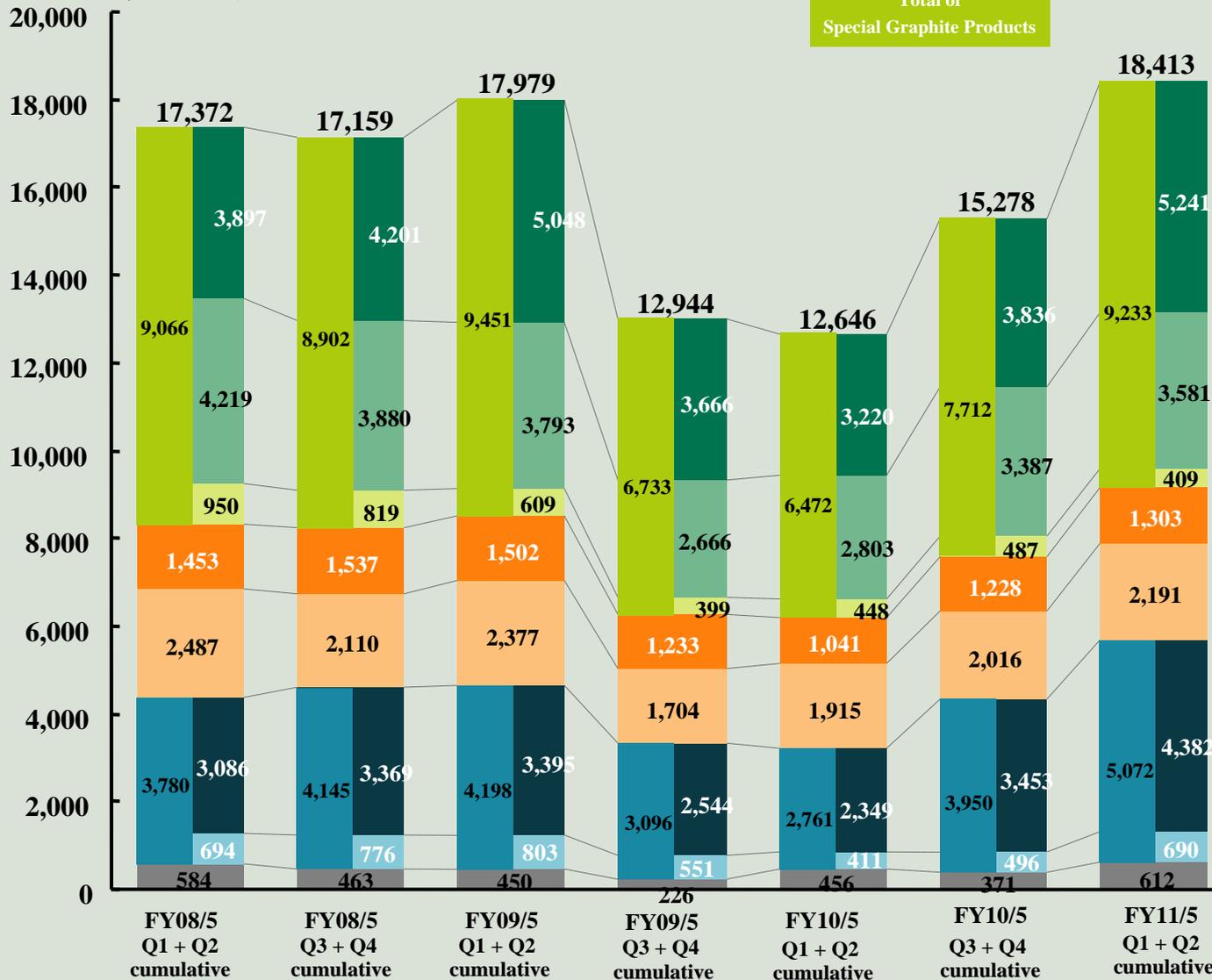
(Unit: Yen, millions)



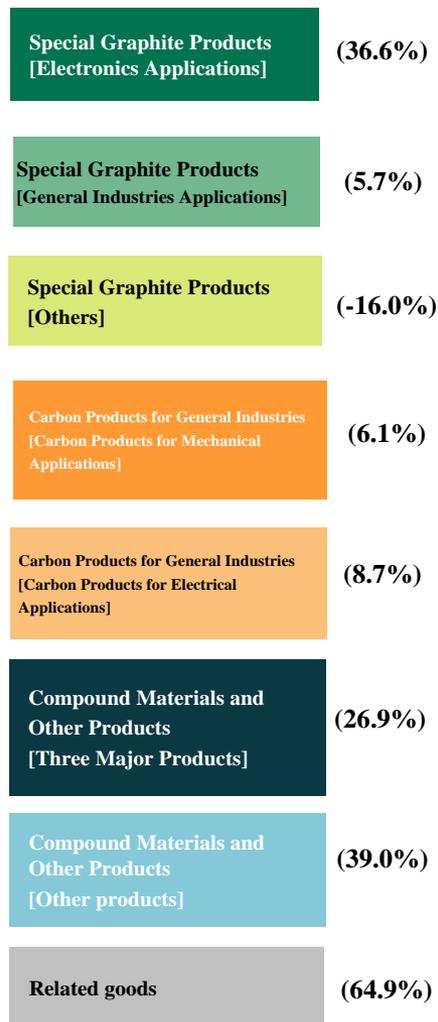
1-4. Overview of Operations by Product and Segment

(1) Net Sales Trend

(Unit: Yen, millions)



(comparison with previous year)



1-4. Overview of Operations by Product and Segment

(2) Notes and future outlook (1/2)

	Application	Image of net sales by application			Notes and future outlook
		FY10/5 Q3, Q4	FY11/5 Q1, Q2	FY11/5 Q3, Q4 Forecast	
Special graphite products	Electronics applications	Products for solar cell manufacturing			<ul style="list-style-type: none"> The sudden recovery trend from 4Q of the previous fiscal year has accelerated. Demand in the Asian region including the leading countries of China, South Korea, and Taiwan, has grown significantly. Performance has also been solid in Japan, Europe, and North America. Sales in the first six months of the fiscal year have already surpassed previous peak levels, increasing by approximately 1.8 times year-on-year and by approximately 1.7 times over the last six months of the previous fiscal year (excluding C/C). Motivations for expansion of facilities remain strong for major customers in China, South Korea, and Taiwan, and there are many expansion plans in the works. Although there are concerns that the market could be overheating, there is a shortage of short-term supplies of graphite and it is expected that they will remain tight. The market for finished products is expanding due in part to increasing environmental awareness. In the future, even if there are adjustments in the short-term, there will be a steady growth trend for these products over the medium to long-term.
		Products for single crystal silicon manufacturing			<ul style="list-style-type: none"> The impact of customers' inventory adjustments has already been resolved and demand has recovered. However, there has been some stagnation in the domestic market due in part to a temporary lull in the semiconductor industry. This marks a significant increase year-on-year, but in comparison to the last six months of the previous fiscal year, growth has flattened out. The pending issue of increasing the production of 300 mm wafers still remains unclear, with no changes expected in the domestic market in the near future. Overseas markets are expected to gradually expand.
	General industries applications and others	Products for EDM electrode manufacturing			<ul style="list-style-type: none"> Owing to the recovery of the automobile and consumer electronics industries, there has been a gradual recovery from the second half of the previous fiscal year, particularly in China and other overseas markets. However, in the domestic market, the situation is difficult for the mold industry as a result of structural issues such as the high yen. We are placing our hopes on further increases in demand in Asia and emerging countries.
		Products for continuous casting and metallurgy, etc.			<ul style="list-style-type: none"> Demand is steadily recovering as a result of the economic recovery and increased infrastructure investments, particularly in emerging countries. Despite backlash against reducing economic measures, steady demand is anticipated in the future given the underlying strength of the automotive and semiconductor/electronic parts industries.

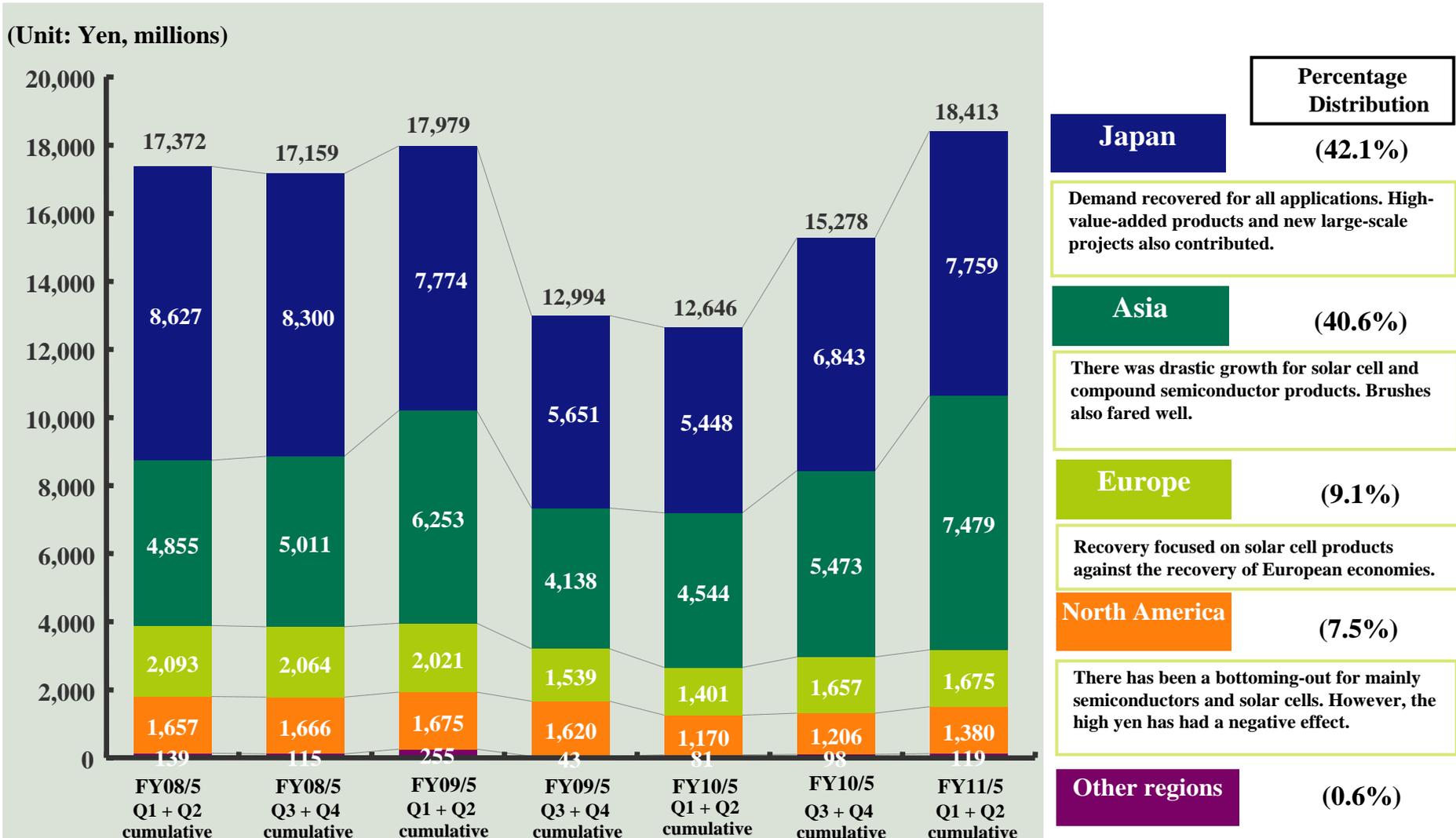
1-4. Overview of Operations by Product and Segment

(2) Notes and future outlook (2/2)

	Application	Image of net sales by application			Notes and future outlook	
		FY10/5 Q3, Q4	FY11/5 Q1, Q2	FY11/5 Q3, Q4 Forecast		
Carbon products for general industries	Carbon products for mechanical applications Products for general industries				<ul style="list-style-type: none"> In the domestic market, the recovery trend for mainstay bearings and seals continued thanks to the positive effect of economic measures and the bounce back of pumps and air conditioners. Overseas demand is finally picking up and showing positive growth, with successes in cultivating new customers and increased sales, as a result of recovery in the energy and infrastructure industries. 	
	Products for transport machinery				<ul style="list-style-type: none"> Pantograph sliders remain unaffected by economic conditions, and continue to enjoy steady demand. We continue to promote a pending overseas advancement. 	
	Carbon products for electrical applications Products for small motors				<ul style="list-style-type: none"> Given the recovery of the global economy, demand has increased since the last six months of the previous fiscal year, mainly in the core Chinese market. Overseas sales account for approximately 80% of net sales and are gradually increasing, although there has been some losses caused by the strong yen. Sequential facility expansions are also being planned in China. Although there were some adjustments in the market for vacuum cleaner applications in China from the second half of the year, steady growth over the medium to long-term is expected. 	
	Industrial and automotive products, etc.				<ul style="list-style-type: none"> Products for industrial uses emerged from their slump and are steadily recovering, but sales remain small. Demand for automobile products such as fuel pumps, etc. slumped during the second half of the year, as a result of the end of the eco car subsidy program. 	
Compound materials and other products	Three major products	SiC coated graphite products				<ul style="list-style-type: none"> Compound semiconductor products continued to perform well, supported by the strong growth of LED-related products, mainly LCD backlight applications. In addition to expansion in South Korea, Taiwan and China, the belated increase of domestic demand has also contributed to solid performance. Overheated demand is expected in the near-term, and it will slow down due to an adjustment period for orders from some customers, mainly in South Korea. However, this adjustment is expected to end in the second half of the fiscal year. Semiconductor-related products (for Si-Epi, etc.) have fully recovered. On the whole, sales in the first half of the year increased approximately 60% year-on-year, and by approximately 20% when compared with the second half of the previous fiscal year. We are strengthening our supply system by considerably expanding facilities in our production bases in Japan and the United States. We aim to secure an advantage over our competition by increasing our competitive power in integrated manufacturing, from material development to processing and coating.
		C/C composite products				<ul style="list-style-type: none"> As major customers have finished making inventory adjustments, orders have gradually recovered for semiconductor applications (C/C crucibles for the manufacture of 300 mm wafers). Clients are beginning to increase, and solid trends are expected in the future. The increase in sales of solar cell-related products continues since the previous Q4. Due to a concentration of new projects and a spot delivery related to nuclear fusion reactors for which orders were already received for the 2Q, sales continued to grow on a large scale. On the whole, sales in the first half of the year increased over 300% year-on-year, and by approximately 40% when compared with the second half of the previous fiscal year. Even though the concentration of projects may slow down during the second half of the year, it is expected that growth will continue again from the next fiscal year.
		Graphite sheets				<ul style="list-style-type: none"> Recovery centering on our mainstay products for automobiles and semiconductors continues. Domestic demand for automobile products has slumped due in part to the end of the eco car subsidy program, but positive results overseas have compensated for this. The market is expected to remain solid in the future.

1-5. Net Sales by region Net Sales Trend

Overseas sales continued to be high (57.9%). In particular, Asia has expanded and constituted 40% of overall sales.



2-1. Earnings Forecast for the Fiscal Year Ending May 31, 2011

(Unit: Yen, millions)

	FY10/5	FY11/5 Forecast	Change	% increase
Net sales	27,924	35,000	7,075	25.3%
Operating profit	2,253	5,000	2,746	121.9%
Ratio of operating profit to net sales	8.1%	14.3%		
Recurring profit	2,070	4,800	2,729	131.9%
Ratio of recurring profit to net sales	7.4%	13.7%		
Net income	1,442	3,300	1,857	128.8%
Net income per share	69.56 yen	159.16 yen		
Exchange rate	92.0 yen/\$ 129.3 yen/€	1 st half 85.5 yen/\$ 111.6 yen/€	2 nd half 80 yen/\$ 110 yen/€	

Notes

- Performance was solid for all applications, particularly for solar cells and other products in the environment and energy sector. By region, the emerging countries and Asia including China and South Korea will continue to lead the trend.
- However, the market for LED applications may have overheated and some orders could enter a temporary adjustment period. There were many large-scale projects that led to sudden expansion concentrated in the first half of the fiscal year, and it is expected that the market, including C/C composite products, will become more spread out during the second half.
- Based on the above factors and taking into consideration losses caused by the high yen, we estimate full-year net sales of 35 billion yen (up 25.3% year-on-year).

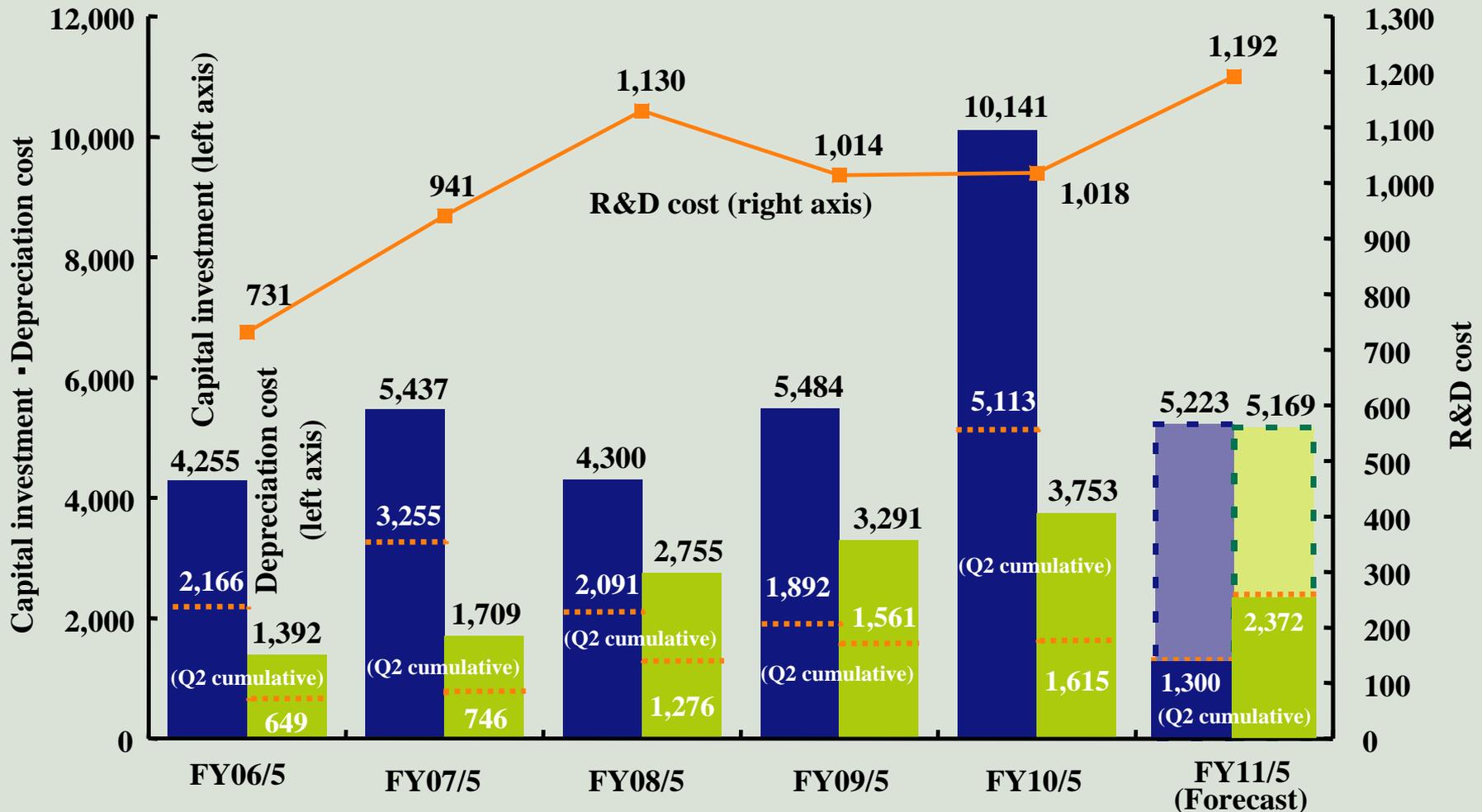
- Factoring in the impact of the high yen and increased depreciation costs, we estimate an operating profit of 5 billion yen (up 121.9% year-on-year) and a recurring profit of 4.8 billion yen (up 131.9% year-on-year).

2-2. Future Investment (Capital Investment, Depreciation Cost, R&D Cost)

Large-scale investments are completed. We are focusing on investments at ordinary levels such as developing high-value-added products and research and development. Depreciation costs remain at a high level as a result of large-scale investments made during the previous year.

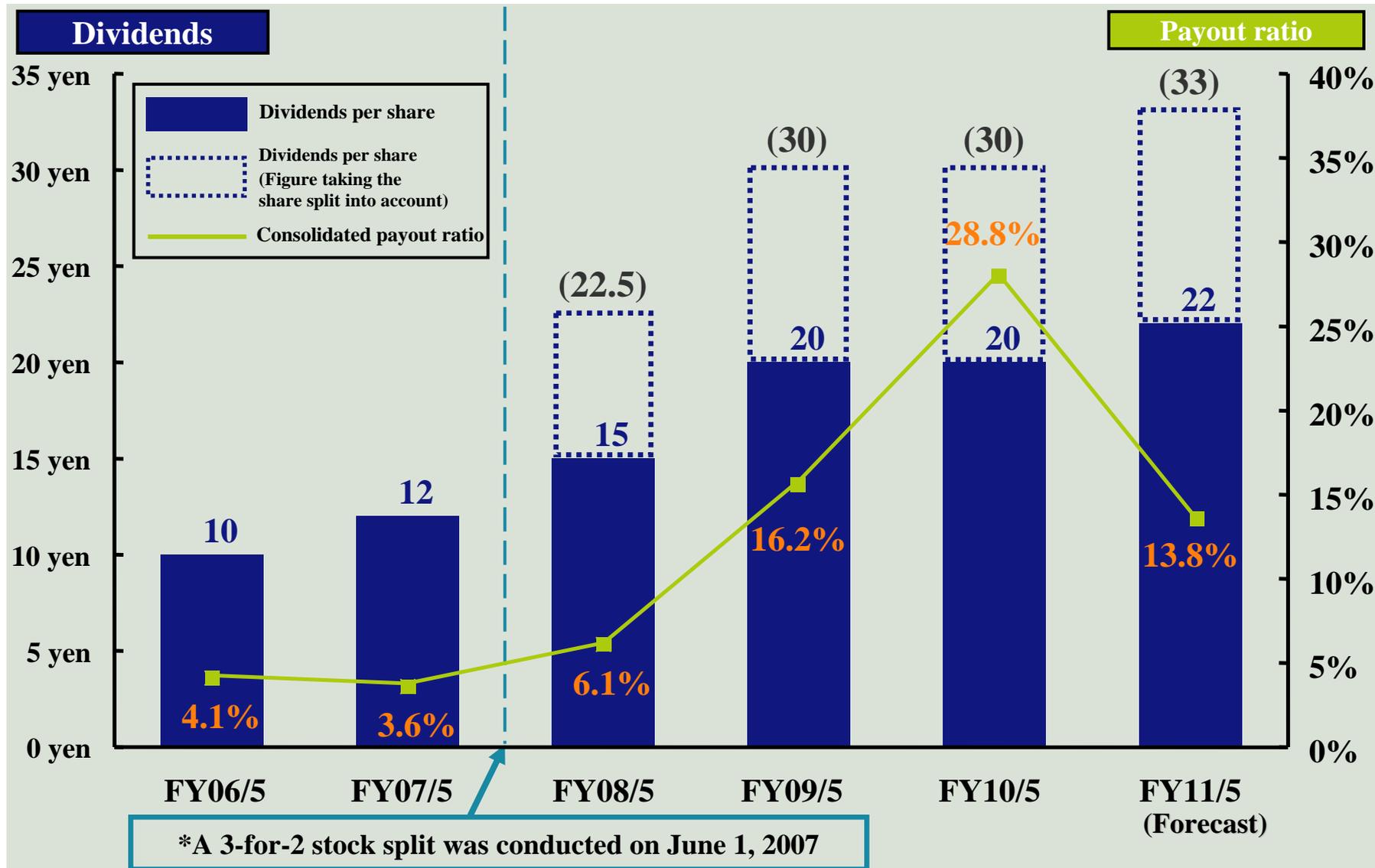
(Unit: Yen, millions)

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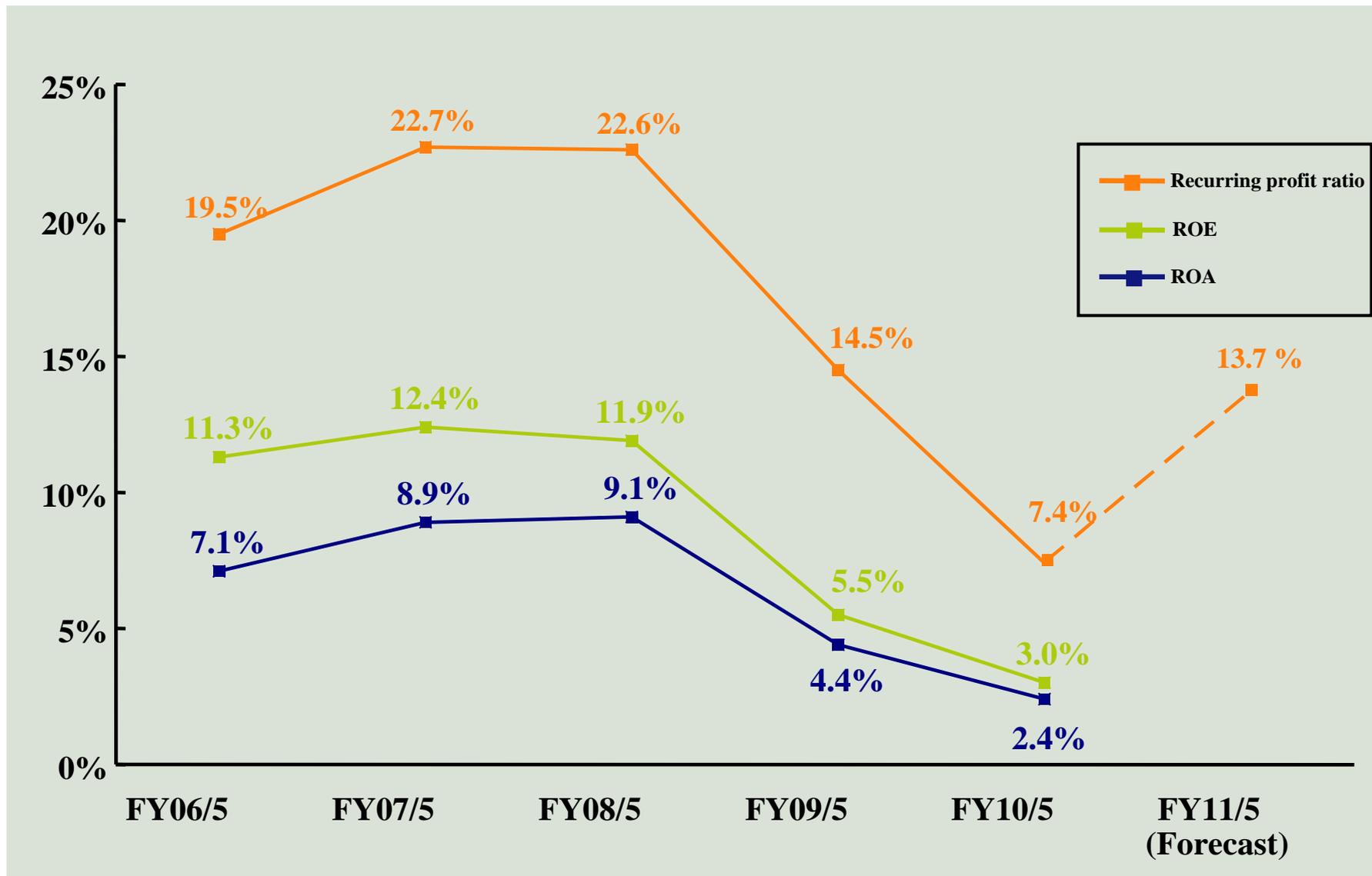


2-3. Return of Profits to Shareholders Dividend Trend

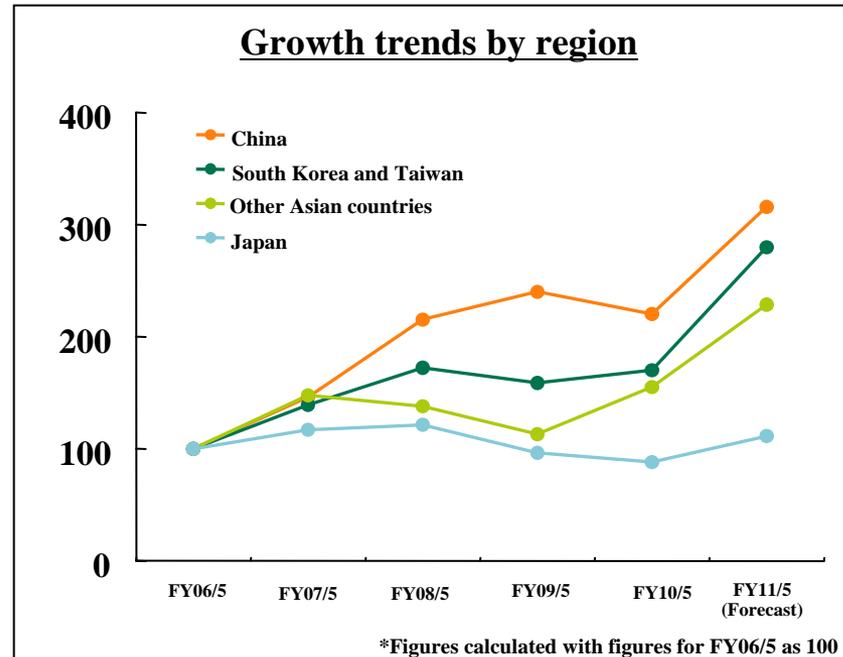
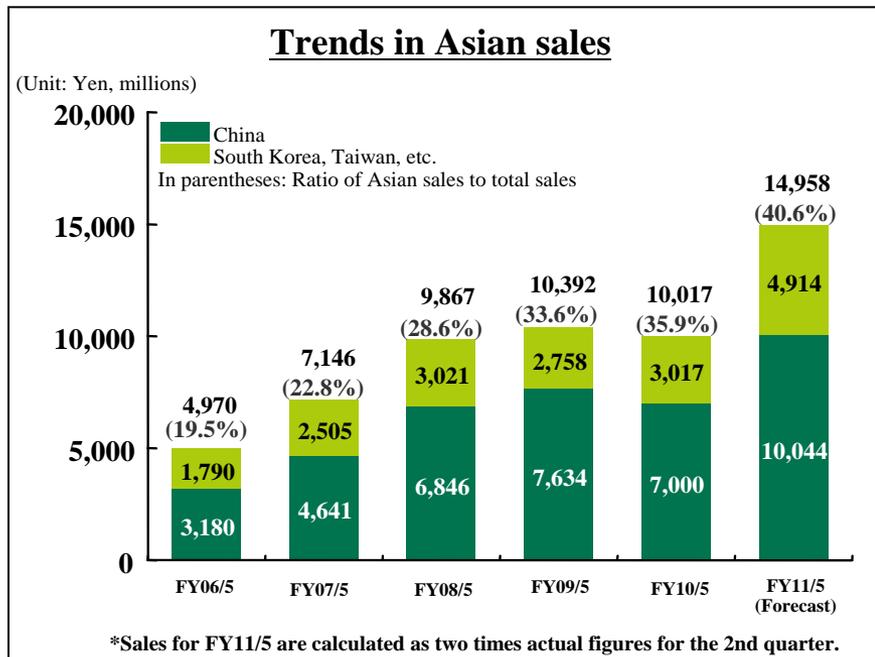
We plan to increase dividends this year, keeping in mind the balance with reinvestment for future growth.



2-4. Key Performance Indicator Trends



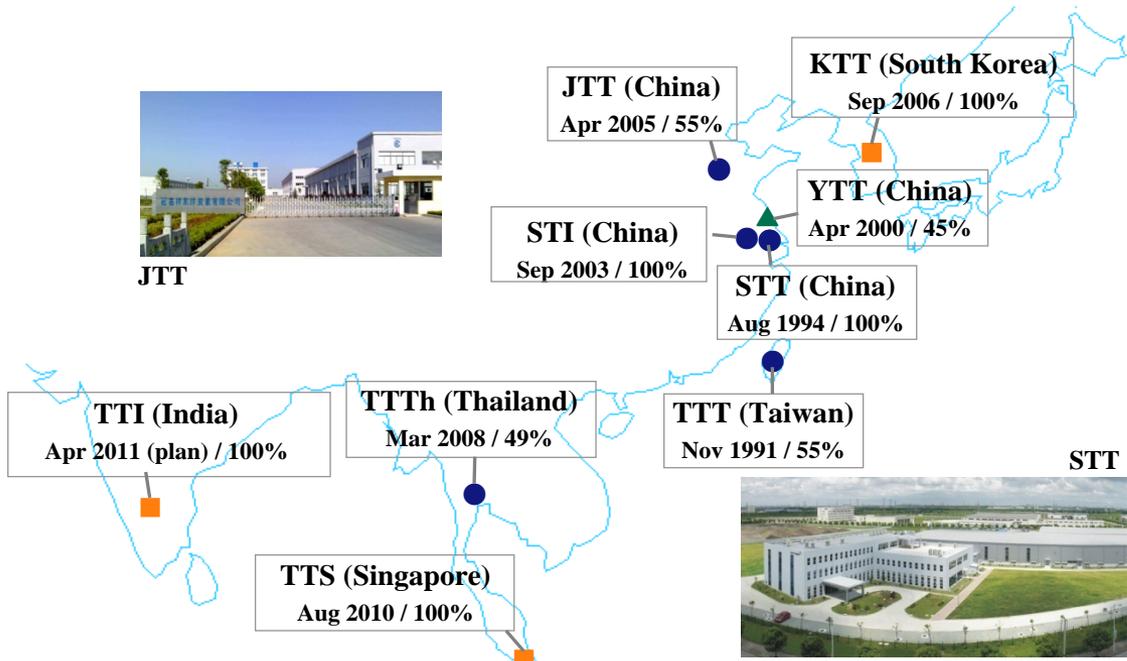
1. Signs of growth (Net sales trend / Breakdown)



1. In the past five years, Asian sales figures have **increased rapidly, expanding by approximately threefold**. The presence of Asia is also increasing in total sales, with the percentage represented by Asian sales rising **from 20% to 41%**.
2. Within the Asian market, sales in China and South Korea have increased by **more than threefold**, raising the total. Sales in China **are significantly increasing their contribution**, moving towards 10 billion yen and increasing as a percentage of total sales **from 12% to 27%**.
3. By application, sales of solar cell and compound semiconductor products **expanded significantly**, increasing several-fold. These two products **represented more than half of total sales** in Asia. Brushes also increased steadily.
4. Sales figures were led particularly by sales of solar cell products in China and compound semiconductor products in South Korea. Sales for these products are moving **towards representing half of total sales** for the respective countries.

3. The Expanding Asian Market (2/2)

2. Advancement into global markets and recent topics



1. Our movement into Taiwan in 1991 has led to an expansion to nine Asian bases today (including planned bases).
2. We led the world in establishing STT in China in 1994. Following this, we also established YTT, STI and JTT. The annual sales of STT, our central base, have grown to exceed five billion yen.
3. We are also focusing on areas of Asia other than the Chinese zone. From 2006, we established bases in South Korea, Thailand and Singapore, and we have now decided to advance into the Indian market.
4. We are expanding all of our Asian bases. We moved STT to a newly built plant last year (on 16-acre grounds), and we are looking towards further expansion.

3. Future expansion strategy

Company name (Abbreviation)
Year of establishment or advancement into local market /
Ratio of shares held in the Group
● Production / marketing base
■ Marketing base ▲ Production base

1. Responding to further expansion in demand, we are planning to enhance the capacity of each of our Asian bases.
2. We will enhance cooperation between each of our bases in the Asian region, and work to expand our operations in the region.
3. We are examining the potential for providing our sales bases with production (processing) functions at an early stage.
4. We are also considering transferring some of our development functions (brush development in China, etc.).
5. We are looking at expanding into high-value-added products.
6. We are also conducting studies concerning advancement into new regions.

(Reference 1) Balance Sheet for the First Half of the Fiscal Year Ending May 31, 2011

	(Unit: Yen, millions)			Notes
	FY09/11	FY10/5	FY10/11	
Total assets	59,624	61,786	61,894	
Trade notes and accounts receivable	8,519	10,656	12,214	<ul style="list-style-type: none"> ▪ Increase of 1,558 million yen from the end of FY10/5 as a result of increased sales.
Inventory	10,289	10,910	11,339	
Tangible fixed assets	25,807	28,290	26,979	<ul style="list-style-type: none"> ▪ Increase of 429 million yen from the end of FY10/5, as a result of the systematic accumulation of intermediate stock.
Total liabilities and net assets	59,624	61,786	61,894	
Interest-bearing debt	1,911	2,113	2,850	
Capital	7,692	7,692	7,692	
Net assets	47,726	48,960	49,711	
Equity ratio	78.2%	77.4%	78.5%	

	(Unit: Yen, millions)	
	FY10/5 First Half	FY11/5 First Half
Cash and cash equivalents at the end of the period	4,678	5,745
Changes in cash and cash equivalents	(1,734)	(56)
Cash and cash equivalents at the beginning of the period	6,412	5,802
CF from operating activities	1,703	3,702
CF from investing activities	(3,349)	(3,915)
CF from financing activities	48	308

Notes

- Increased due to increased profit and an increase in depreciation costs caused by the capital investments from the previous fiscal year.
- Decreased due to increase in receivables balance from the recovery in sales.

TOYO TANSO

Inspiration for Innovation

Note: This presentation contains “forward-looking statements” and forecasts of business results. These statements are not historical facts but instead represent the Company’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and out of the Company’s control. It is possible that the Company’s actual results may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements.

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