

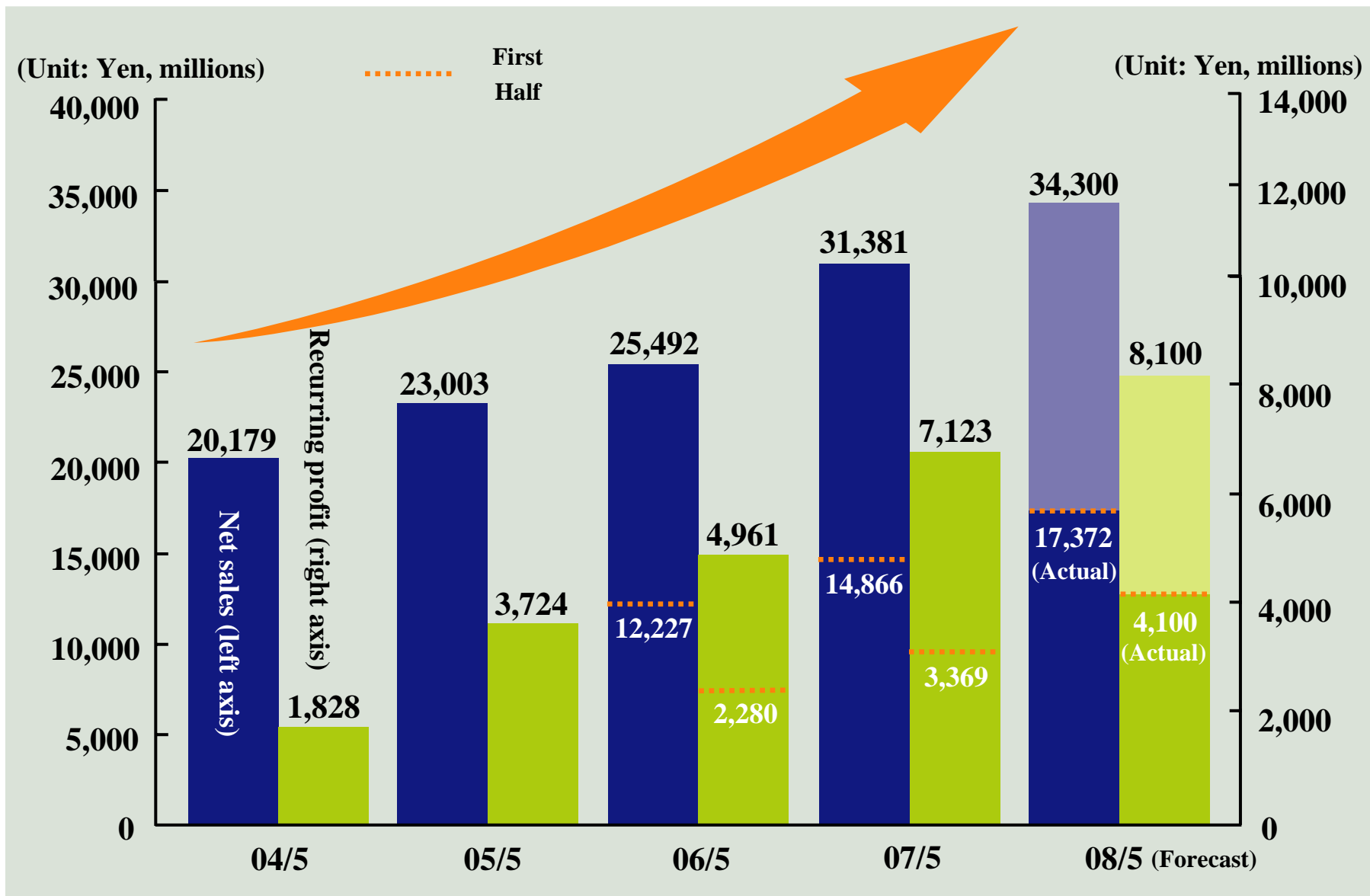
TOYO TANSO
First Half Results for the Fiscal Year Ending May 31, 2008

January 2008
Toyo Tanso Co., Ltd.

1. Overview of First Half Results for the Fiscal Year Ending May 31, 2008 (Consolidated)	P. 3
1-1. Business Results (Consolidated)	P. 4
1-2. First Half Results for the Fiscal Year Ending May 31, 2008 (Consolidated)	P. 5
1-3. Overview of Operations by Product and Segment (Consolidated)	P. 6
1-4. Overview of Net Sales by Region (Consolidated)	P. 9
1-5. Balance Sheet for the First Half of the Fiscal Year Ending May 31, 2008 (Consolidated)	P. 10
1-6. Statement of Cash Flows for the First Half of the Fiscal Year Ending May 31, 2008 (Consolidated)	P. 11
2. Estimate for the Fiscal Year Ending May 31, 2008 (Consolidated)	P. 12
2-1. Earnings Forecast for the Fiscal Year Ending May 31, 2008 (Consolidated)	P. 13
2-2. Future Investment (Capital Investment, Depreciation Cost, R&D Cost)	P. 14
2-3. Key Performance Indicator Trends (Consolidated)	P. 15
3. Topics	P. 16
3-1. Booming Solar Cell Market	P. 17
3-2. Increase in Production Capacity	P. 20
3-3. Relocation of Head Office/Presentation at International Photovoltaic Power Generation Expo PVEXPO2008	P. 21

Overview of First Half Results for the Fiscal Year Ending May 31, 2008 (Consolidated)

1-1. Business Results (Consolidated)



1-2. Results for the First Half of the Fiscal Year Ending May 31, 2008 (Consolidated)

(Unit: Yen, millions)

	07/5 First half	08/5 First half	% increase
Net sales	14,866	17,372	16.9%
Operating profit	3,286	4,343	32.2%
(Ratio of operating profit to net sales)	(22.2%)	(25.0%)	
Recurring profit	3,369	4,100	21.7%
Profit before income taxes	3,755	4,085	8.8%
Net income	2,014	2,491	23.7%
Net income per share	151.17 yen	* 119.75 yen	

* A 3-for-2 stock split was conducted on June 1, 2007

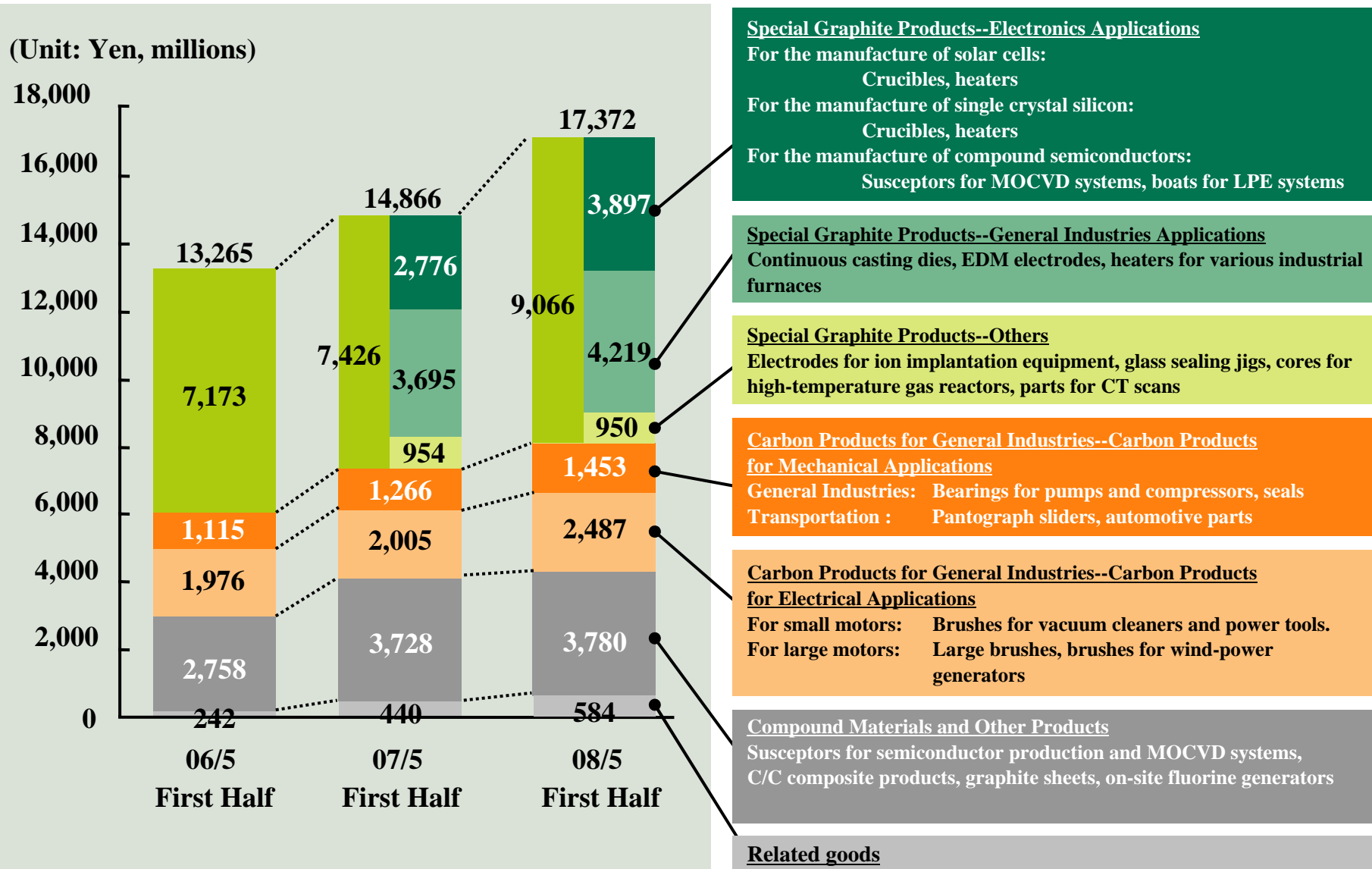
Points

- Strong demand for isotropic graphite in Japan and overseas for all applications including solar cells, backed by expansion of production capacity, and shifting focus to high value-added products and growth areas.
- The start of full operations at a new base in China also contributed to a 16.9% year-on-year increase in sales.

- In addition to increased marginal profits accompanying the increase in sales mentioned above, operating profit rose 32.2% year-on-year due to improved productivity and expanded production volume, which offset a significant rise in depreciation costs (529 million yen) and an increase in other expenses, including labor costs.

1-3. Overview of Operations by Product and Segment (Consolidated)

(1) Net Sales



Special Graphite Products

Electronics Applications

- Demand for special graphite products used in the manufacture of solar cells rose rapidly and significantly with growing worldwide awareness of the environment and commitment to energy efficiency. Supported by the proliferation of solar cells in Europe and the United States, demand grew in each region in Asia, Europe and Japan, especially in China, a rapidly expanding global production center. Demand growth is expected to accelerate going forward, driven by an increase in the production of polysilicon, a raw material that was previously in short supply.
- Special graphite products for the manufacture of single crystal silicon also continued to enjoy robust demand because of aggressive increases in the production of 300mm wafers by large manufacturers. Demand weakened for wafers of 200mm or smaller partly because of a lack of cost competitiveness, which further accelerated the trend toward larger wafers. Demand is expected to remain strong, particularly for large carbon products, an area of strength for us.
- As a consequence of these developments, demand for special graphite products for the production of polysilicon grew, and this growth is set to accelerate.



Crucible



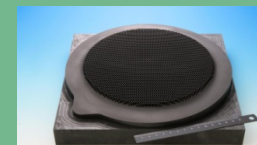
Heater

General Industries Applications

- Demand for EDM electrodes for the production of dies increased, particularly overseas, driven by super-fine grain high functional graphite.
- We also enjoyed robust growth in metallurgy-related demand for continuous casting and industrial furnace-related products. This demand is expected to remain firm supported by solid capital investment.



Continuous casting dies



EDM electrode

1-3. Overview of Operations by Product and Segment (Consolidated)

(2) Summary and Market Conditions (2/2)

Carbon Products for General Industries

Carbon Products for Mechanical Applications

- In general industries applications, demand related to energy-saving water heaters (bearings for pumps and compressors), including bearings and seals, remained solid on the back of firm capital investment. Stable growth is expected to continue.
- For pantograph sliders, and replacement demand associated with introduction of new rolling stocks by an existing large customer, the market steadily expanded backed by the official adoption of our products by some large private railway and new transportation companies. For the medium term, we are focusing on sales for the *Shinkansen* and overseas markets.



Bearings



Pantograph sliders

Carbon Products for Electrical Applications

- Demand for our mainstay small brushes used in consumer electronics motors increased globally, thanks to our efforts to aggressively capture demand in China through our local subsidiary and progress in the expansion of sales for power tools and washing machines.
- We promoted an strategic alliance in sales, manufacturing and development through our operating bases in Japan, China and Europe by creating a body to oversee cross-regional and cross-functional strategies so that we can respond to demand globally. We are focusing on sustaining stable growth while maintaining and bolstering our leading market share around the world by stepping up global operations.



Small brushes

Compound Materials and Other Products

- Demand for SiC coated graphite grew, particularly in Asia, centering on uses for compound semiconductors such as susceptors set in the production of LED devices. Demand for SiC coated graphite for semiconductors (epi process) remained generally firm, with the continuous decline in demand for 200mm lines offset by demand for 300mm. Further growth is expected in the medium term on the strength of the expansion of the optical device market.
- In C/C composite products, demand for our mainstay large crucibles for the production of 300mm wafers continued to increase. Industrial furnace-related demand also rose substantially, driven by growth in China and Europe. Demand for large crucibles is expected to rise together with advances into new areas such as atomic fusion-related demand.
- Demand for graphite sheets also increased, particularly for semiconductors, compound semiconductors (LED-related) and solar cells. Demand for new applications such as heat sinks rose favorably, and we continue to see growth in this area.
- Regarding the on-site fluorine generator business, we intend to begin the assessment of actual equipment for full deployment in promising semiconductor applications.



SiC coated graphite



C/C composite products



Graphite sheets

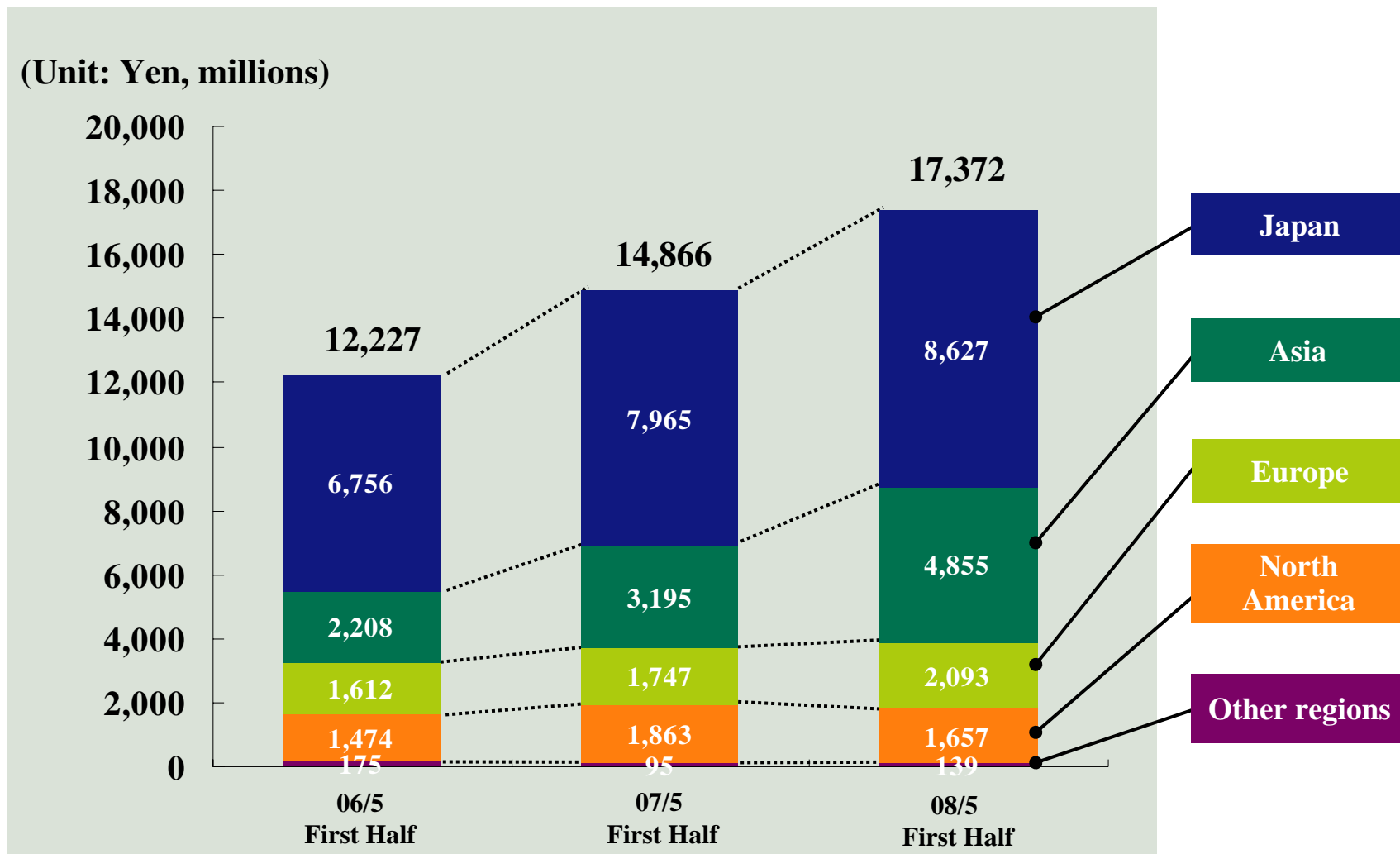


On-site fluorine generator

1-4. Overview of Net Sales by Region (Consolidated)

Overseas Sales Growth Ratios, Particularly in Asia, with Progress in Globalization

(06/5 First Half: 44.7% ⇒ 08/5 First Half: 50.3%)



1-5. Balance Sheet for the First Half of the Fiscal Year Ending May 31, 2008 (Consolidated)

	(Unit: Yen, millions)			Remarks
	06/11	07/05	07/11	
Total assets	48,165	54,830	56,431	
Trade notes and accounts receivable	9,009	9,942	10,755	<ul style="list-style-type: none"> Increased 1,103 million yen from May 2007 due to an increase in production capacity of isotropic graphite, etc.
Inventory	6,207	6,573	6,989	
Tangible fixed assets	18,299	19,633	20,736	
Total liabilities and net assets	48,165	54,830	56,431	<ul style="list-style-type: none"> Declined 547 million yen from May 2007, backed by cash flows from operating activities.
Interest-bearing debt	4,228	3,296	2,748	
Paid-in capital	5,000	7,692	7,692	
Net assets	33,411	41,386	43,983	<ul style="list-style-type: none"> Increased with net income of 2,491 million yen.
Equity ratio	68.7%	74.8%	76.7%	

1-6. Statement of Cash Flows for the First Half of the Fiscal Year Ending May 31, 2008 (Consolidated)

	(Unit: Yen, millions)		Remarks
	07/5 First Half	08/5 First Half	
Cash and cash equivalents at the end of the period	4,143	5,732	
Changes in cash and cash equivalents	(723)	(5,903)	
Cash and cash equivalents at the beginning of the period	4,867	11,558	<ul style="list-style-type: none"> Substantially increased with an increase in profit before income taxes, minority interests and depreciation costs
CF from operating activities	2,485	3,007	
CF from investing activities	(2,147)	(8,157)	<ul style="list-style-type: none"> Cash used rose significantly with payments into time deposits and the acquisition of tangible fixed assets associated with large investments.
CF from financing activities	(1,078)	(743)	

Forecasts for the Fiscal Year Ending May 31, 2008 (Consolidated)

2-1. Forecast for the Fiscal Year Ending May 31, 2008 (Consolidated)

(Unit: Yen, millions)

	07/5	08/5 (Forecast)	% increase
Net sales	31,381	34,300	9.3%
Operating profit	6,925	8,200	18.4%
(Ratio of operating profit to net sales)	(22.1%)	(23.9%)	
Recurring profit	7,123	8,100	13.7%
Net income	4,439	5,000	12.6%
Net income per share	329.65 yen	* 241.12 yen	

* A 3-for-2 stock split was conducted on June 1, 2007

Remarks

- Initial forecast remains unchanged based on our outlook that business conditions for the Company will remain stable, although some uncertainties exist about the overall economy.

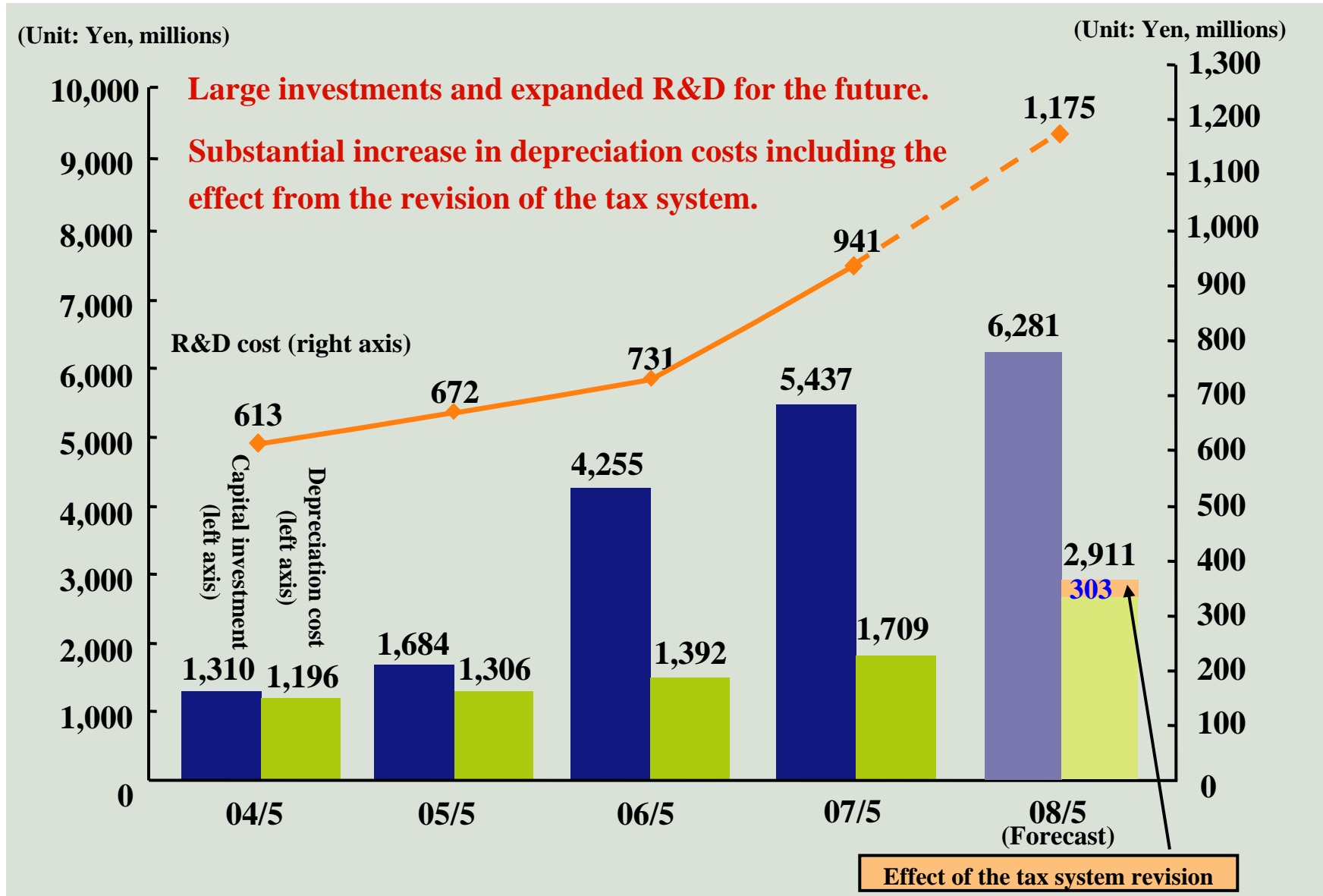
- Continue to achieve high growth by encouraging the expansion of our business and high value-added products through an increase in the capacity of isotropic graphite (the completion of a production system to manufacture 11,000 tons annually) and the acceleration of global operation to address ongoing strong demand.

- Repeat achievement of higher profits through a greater focus on high value-added products for increased net sales in order to offset negative effects of a stronger yen and substantial increases in depreciation costs (1,201 million yen) from heavy investments and revisions of the tax system.

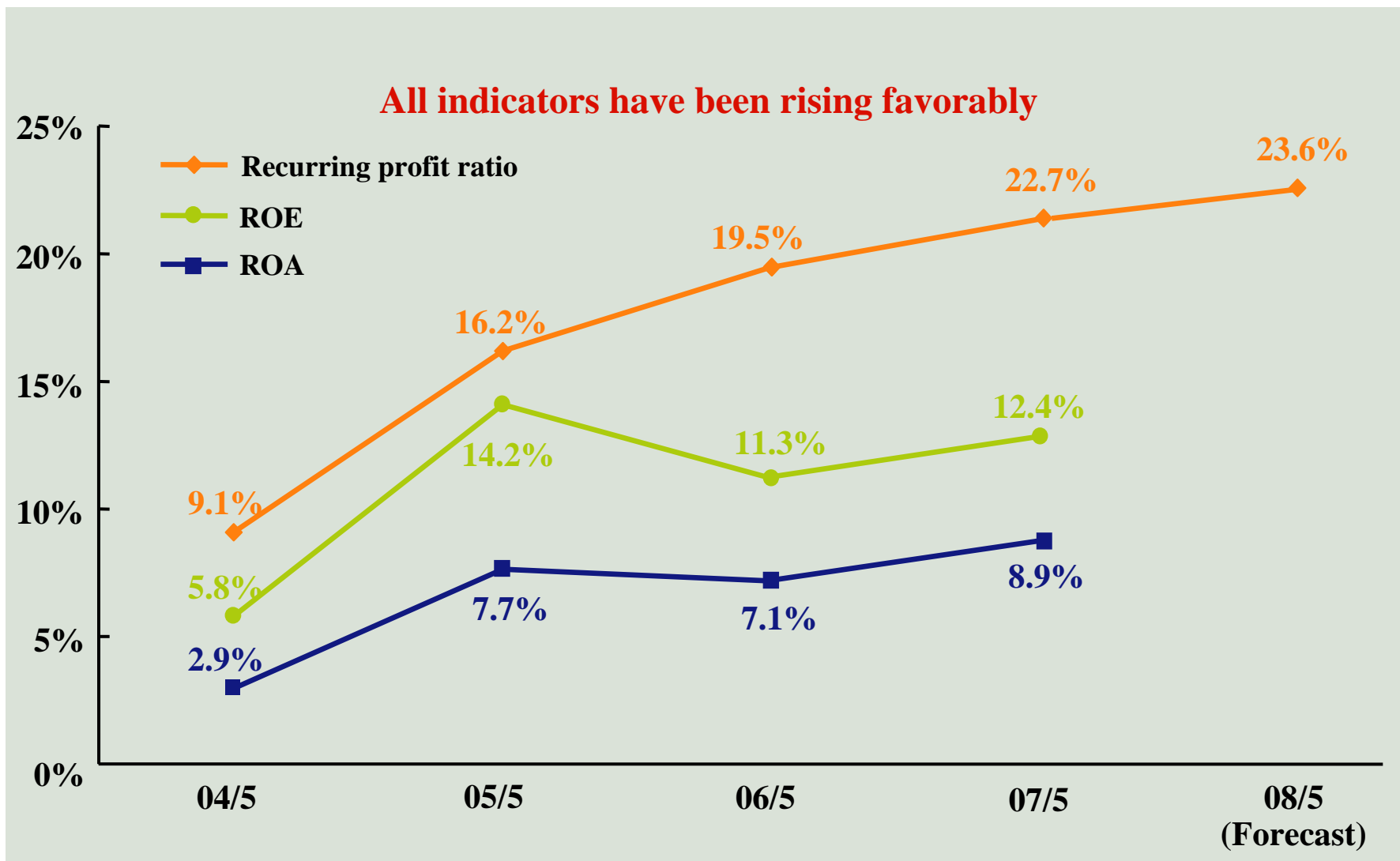
Exchange rate assumed for FY08/5: 110 yen/US\$, 148 yen/EUR

2-2. Investments in the Future

(Capital Investment, Depreciation Cost, R&D Cost)



2-3. Major Business Indexes (Consolidated)



Topics

- While solar cells use a variety of raw materials and production methods, carbon is widely used to make both silicon and compound solar cells.
- In particular, the silicon crystal type (single-crystal and multi-crystal types), which accounts for nearly 90% of all solar cells, uses a large volume of carbon materials.

Type		Characteristics
Silicon	Single-crystal	High power generation efficiency. Strong track record. High cost.
	Multi-crystal	High power generation efficiency. Strong track record. High cost, but less expensive than the single-crystal type.
	Film	Less silicon used which can reduce cost.
Compound		Rare metals are used. Costs can be reduced.
Organic		Low power generation efficiency. Costs can be reduced.

For the production of single-crystal silicon solar cells

Crucible

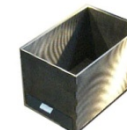


Heater



For the production of multi-crystal silicon solar cells

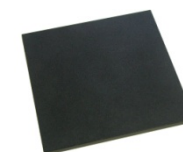
Square crucible



Heater



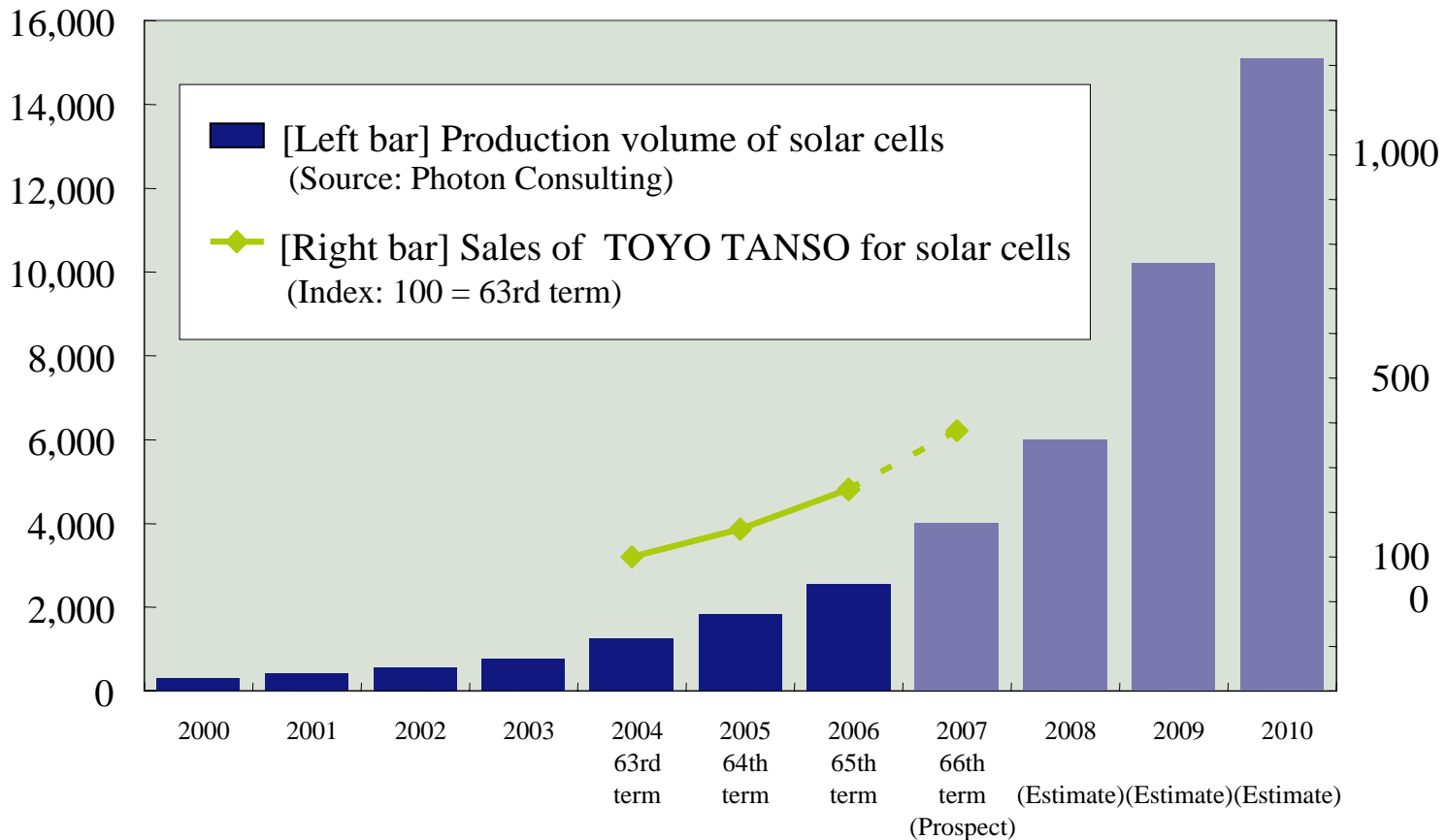
Carbon plate for the production of film solar cells



3-1. Booming Solar Cell Market (2) Market Overview

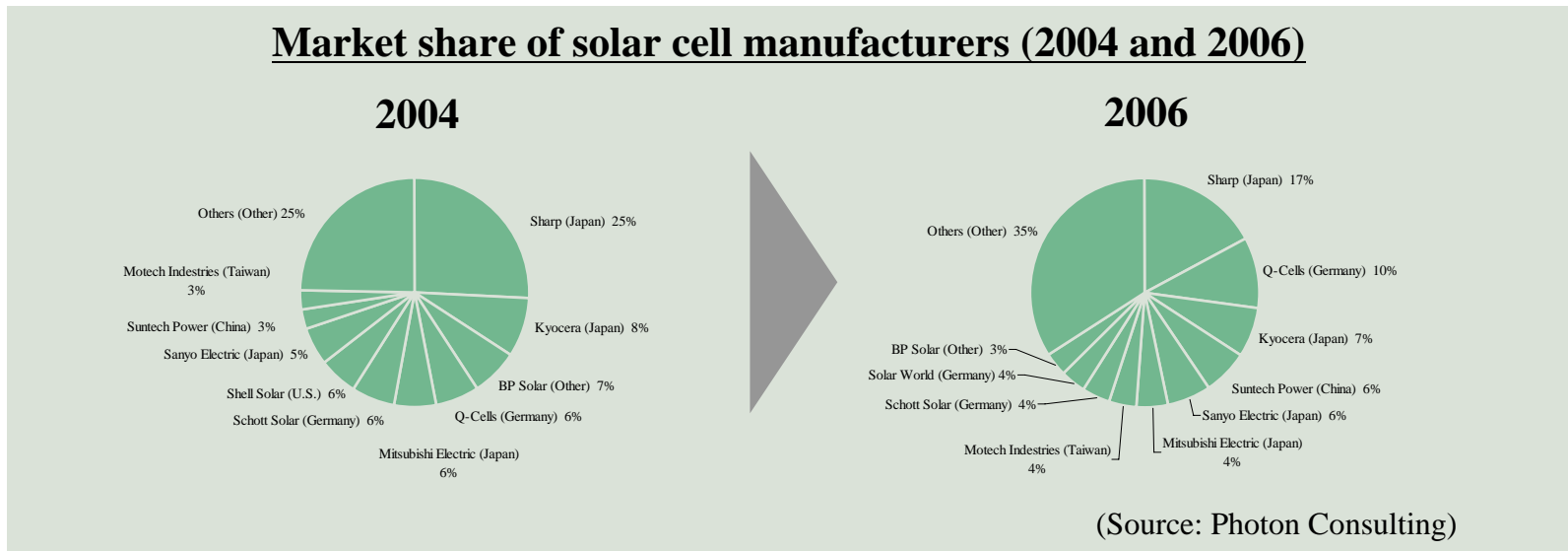
- Net sales of carbon products used in the production of solar cells increased favorably in step with market growth.
- We will continue to meet demand in the market as much as possible in light of the balance of sales mix.

(MW/Year) **Production volume of solar cells and net sales of the Company for solar cells**



3-1. Booming Solar Cell Market (3) Overview by Region

- Net sales increased almost evenly in each of the major solar cell production regions of Japan, China and Europe. Demand is likely to rise even further in Asia, including China, and in Europe. Although lagging now, demand could also rise sharply in the United States hereafter.



Net sales of the Company for solar cells by region
(Index: 100 = 64th term)

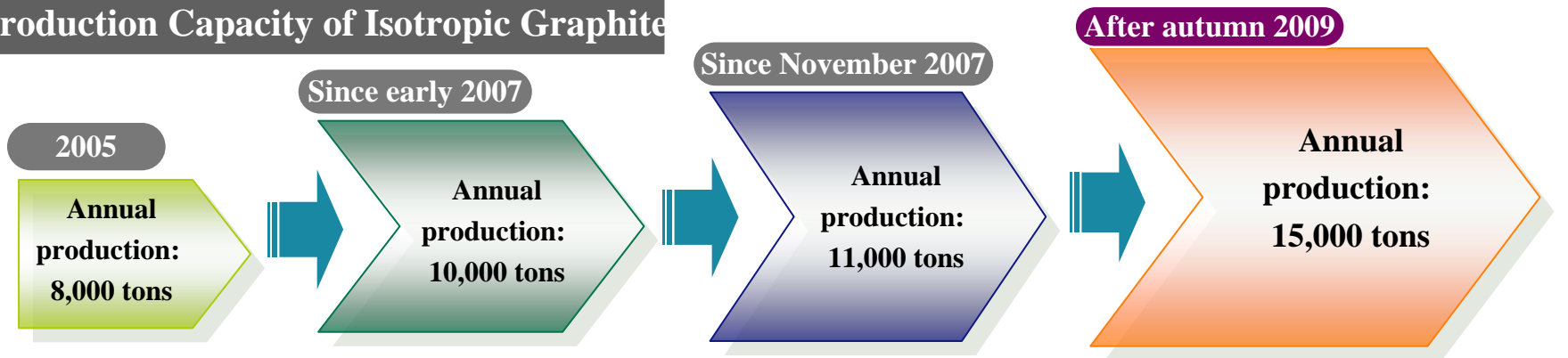
	64th term	65th term	66th term (E)
Japan	100	182	245
Europe	100	256	288
Asia	100	151	297
U.S.	100	119	106

3-2. Increase in Production Capacity

Accelerating growth and expansion of global operations by establishing a production system to manufacture 15,000 tons of isotropic graphite

- In autumn 2007, a production system to manufacture 11,000 tons a year was completed ahead of schedule. Full production continues to respond to robust demand.
- We will establish a system to manufacture 15,000 tons a year in response to (1) the development of new growth areas such as solar-cell, compound semiconductor applications for LED, atomic energy and medical applications, (2) the growth of existing semiconductor applications including those for 300mm wafers and EDM electrodes, and (3) an increase in demand for high-function and high quality isotropic graphite on a global scale as this market expands globally, particularly into emerging economies.
- We will continue to strengthen our cost and quality competitiveness and pursue differentiation with a focus on high value-added products by constructing a large new plant (with a capacity of 4,000 tons a year) incorporating uniquely designed facilities, proprietary new processes, and innovative know-how.

Production Capacity of Isotropic Graphite



The world's largest isotropic graphite plant, Takuma Division

Baking building



Baking furnace



Graphitizing furnace



Graphite block



3-3. Relocation of Head Office/Presentation at International Photovoltaic Power Generation Exhibition PVEXPO2008

Relocation of Head Office

- To expand our business and improve the management efficiencies of the Group by facilitating operations and communication throughout the Company, we relocated in December 2007 from Nishiyodogawa-ku to Umeda, Kita-ku in Osaka. The new headquarters offers greater convenience and functionality.
- The old Head Office will be renamed Kondo Teruhisa Memorial Advanced Carbon Technology Center, and will serve as a research and development center to support in-house R&D.

Location: Umeda Daibiru, 10th Fl. 3-3-10 Umeda, Kita-ku, Osaka 530-0001



Entrance to the new Head Office

Presentation at International Photovoltaic Power Generation Expo PVEXPO2008

- We will make a presentation at the International Photovoltaic Power Generation Expo PVEXPO2008 (February 27-29, 2008; Tokyo Big Sight). As the world's largest exhibition in the solar cell industry, world-leading companies from Germany, the United States, China, Taiwan and Korea, all come together and participate.
- We will exhibit actual graphite products used in the different production processes of solar cells and solar panel manufacturing to highlight the competitive advantage of our products and technologies.



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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