

July 15, 2010

Consolidated Financial Results for the Fiscal Year Ended May 31, 2010

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:	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 ordinary general meeting of shareholders:	August 27, 2010
Scheduled date for dividend payment:	August 30, 2010
Scheduled date for submission of securities report:	August 30, 2010

1. Consolidated financial results for the fiscal year ended May 31, 2010

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

(1) Operating results

(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	
		%		%		%		%
Fiscal year ended May 31, 2010	27,924	(9.8)	2,253	(52.5)	2,070	(53.8)	1,442	(43.8)
Fiscal year ended May 31, 2009	30,974	(10.3)	4,741	(41.0)	4,483	(42.5)	2,566	(50.1)

	Net income per share	Diluted net income per share	Equity ratio	Recurring profit/total assets	Operating profit/net sales
	yen	yen	%	%	%
Fiscal year ended May 31, 2010	69.56	69.56	3.0	3.4	8.1
Fiscal year ended May 31, 2009	123.80	-	5.5	7.7	15.3

Reference: Equity in earnings of affiliates
 May 31, 2010
 May 31, 2009

- million yen
 - million yen

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Equity	Equity ratio	Equity per share
			%	yen
As of May 31, 2010	61,786	48,960	77.4	2,306.55
As of May 31, 2009	58,821	48,606	80.6	2,286.27

Reference: Shareholders' equity
 May 31, 2010
 May 31, 2009

47,825 million yen
 47,404 million yen

(3) Cash flows

(Millions of yen, rounded down)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended May 31, 2010	3,377	(4,103)	252	5,802
Fiscal year ended May 31, 2009	5,105	(8,420)	(568)	6,412

2. Dividends

(Millions of yen, rounded down)

	Dividends per share (yen)				Total (Full year)	Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to total assets (consolidated)
	First quarter end	Interim -end	Third quarter end	Year -end				
	yen	yen	yen	yen				
Year ended May 31, 2009	-	0.00	-	20.00	20.00	414	16.2	0.9
Year ended May 31, 2010	-	0.00	-	20.00	20.00	414	28.8	0.9
Fiscal year ending May 31, 2011 (Forecast)	-	0.00	-	22.00	22.00		30.4	

3. Consolidated results forecast for the fiscal year ending May 31, 2011

(From June 1, 2010 to May 31, 2011)

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

	Net sales		Operating profit		Recurring profit		Net income		Net income per share
		%		%		%		%	yen
Cumulative total for the six months	15,500	22.6	1,200	46.9	1,200	81.5	700	89.2	33.76
Fiscal year ending May 31, 2011	32,000	14.6	2,500	11.0	2,500	20.8	1,500	4.0	72.34

4. Others**(1) Changes in significant subsidiaries during the period**

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

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

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

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

Note: For more details, please refer to "Changes in Significant Items That Form the Basis of Preparations for Consolidated Financial Statements" (in Japanese only) on page 23.

(3) Number of shares outstanding (common stock)

- i. Number of shares outstanding at the end of period (including treasury stock)
 - As of May 31, 2010 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 May 31, 2010 16,215 shares
 - As of May 31, 2009 16,115 shares

Note: For the number of shares as a basis of calculating net income per share (consolidated), please refer to “per-share information” (in Japanese only) on page 28.

Reference: SUMMARY OF NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Non-consolidated financial results for the fiscal year ended May 31, 2010

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

(1) Operating results

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

	Net sales		Operating profit		Recurring profit		Net income	
		%		%		%		%
Fiscal year ended May 31, 2010	20,848	(8.0)	210	(81.7)	419	(76.1)	393	(70.3)
Fiscal year ended May 31, 2009	22,658	(13.6)	1,151	(74.1)	1,756	(59.2)	1,323	(54.4)

	Net income per share	Diluted net income per share
	yen	yen
Fiscal year ended May 31, 2010	18.99	18.99
Fiscal year ended May 31, 2009	63.82	-

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Equity	Equity ratio	Net assets per share
			%	yen
As of May 31, 2010	50,660	40,816	80.6	1,968.21
As of May 31, 2009	49,457	40,830	82.6	1,969.19

Reference: Shareholders' equity
May 31, 2010 40,809 million yen
May 31, 2009 40,830 million yen

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

The above forecasts are based on information available at the time of the release of this report. Actual results may differ from the projected figures due to a variety of factors. For any further information regarding the forecasts, please refer to “1. Business Results, (1) Analysis of Business Results” on page 4.

1. Business Results

(1) Analysis of Business Results

(i) Business Results for the Fiscal Year ended May 31, 2010

During the consolidated fiscal year ended May 31, 2010, the global economy saw strengthening signs of gradual recovery led by China and other emerging countries owing in part to the implementation of economic stimulus measures in each country, but impacts of the worldwide recession have continued to dampen the recovery momentum. The Japanese economy has also started to pick up as a result of improved exports and production and the advancement of inventory adjustment, but it has yet to achieve self-sustaining recovery. Without any improvement in capital investment and employment conditions, the economic situation continued to be difficult, on the whole.

Amid these circumstances, the Toyo Tanso Group concentrated on acquiring demands mainly in the environment and energy sectors in Japan and abroad where growth is anticipated, as well as pursued independent efforts to minimize costs, expenses and investments.

As a result, toward the end of the consolidated fiscal year under review, business performance rapidly recovered from the large impact it received from the drastic drop in sales and production during the first half of the fiscal year, and registered net sales of 27,924 million yen (down 9.8% from the previous year), an operating profit of 2,253 million yen (down 52.5%), and a recurring profit of 2,070 million yen (down 53.8%). Net income for the year came to 1,442 million yen (down 43.8%).

The table below shows overall performance in each product category for the consolidated fiscal year under review.

(Thousands of yen)

Products	Year ended May 31, 2009	Year ended May 31, 2010	Year-on-year change (%)
Special graphite products	16,184,952	14,184,631	(12.4)
Carbon products for general industries (for mechanical applications)	2,735,542	2,269,822	(17.0)
Carbon products for general industries (for electrical applications)	4,081,854	3,931,710	(3.7)
Compound materials and other products	7,295,542	6,711,086	(8.0)
Related goods	676,414	827,602	22.4
Total	30,974,306	27,924,853	(9.8)

Special Graphite Products

Special graphite products for electronics applications started out weak on the whole. This is because products for the production of single crystal silicon needed to be adjusted to correct the poor performance caused by the impact of our customers' inventory adjustment, and also because weakening demand in our mainstay Chinese and European markets also affected demand for our products for the manufacture of solar cells. However, orders for both picked up after the turn of the year, and demand began to recover. Recovery of this product area became evident, with sales showing positive growth in the fourth quarter.

Special graphite products for general industries applications, including our core products for electrical discharge machine (EDM) electrodes and metallurgical processes, also started out poorly, but demand turned upward mainly in overseas markets after the worldwide recession bottomed out in the latter half of the year.

Carbon Products for General Industries

Carbon products for mechanical applications hovered at generally low levels, with cutbacks in general capital expenditure and production adjustments in Japan adversely affecting the sales of bearings and sealing materials, our core products in this field. However, a gradual recovery is underway, owing in part to the steady cultivation of overseas markets. Meanwhile, pantograph sliders are enjoying continuous robust growth, unaffected by economic conditions.

Among carbon products for electrical applications, our core products for small motors intended for vacuum cleaners and electric power tools achieved quick recovery mainly in China. Sales of carbon products for automobiles, such as fuel pumps, also expanded, and boosted overall performance in this product area.

Compound Materials and Other Products

Compound materials as a whole further strengthened their upward momentum, given the rapid growth in demand for SiC (silicon-carbide)-coated graphite products, and particularly LEDs for LCD backlight purposes, mainly in Asia, and the recovery of semiconductor-related products in the latter half of the year. C/C composite products remained sluggish as an impact of the inventory adjustment of products for the manufacture of single crystal silicon, but sales rapidly expanded in the fourth quarter, owing to a sharp increase in demand for products for the manufacture of solar cells, including orders from new customers, since the turn of the year, and also to a large-scale delivery of products for nuclear fusion reactors. Graphite sheet products enjoyed strong demand on the whole, accompanying the recovery of the automobile and semiconductor markets.

(ii) Outlook for the Fiscal Year Ending on May 31, 2011

Domestic and foreign economic climates hereafter are expected to continue their gradual trend toward recovery led by emerging countries. However, it is too early yet for optimism because, in addition to concerns that economic stimulus measures might run out of steam, there also exist such unstable factors as Europe's credit insecurity, exchange rate fluctuations, employment conditions, and prices of raw materials and fuels.

The business environment surrounding the Toyo Tanso Group, including the foreign exchange situation, remains uncertain and difficult to predict. However, we anticipate steady increase in demand particularly for LEDs, solar cells, and other products in the environment and energy sector. Keeping our eye on such future market trends, we will actively aim to increase sales by making full use of our Takuma Plant, which recently commenced full-scale operations, and further accelerate our efforts to strengthen our overseas bases and expand on a global scale.

As our outlook for the next fiscal year, we expect to achieve net sales of 32 billion yen (up 14.6% from the previous year), an operating profit of 2.5 billion yen (up 11.0%), a recurring profit of 2.5 billion yen (up 20.8%), and a net income of 1.5 billion yen (up 4.0%), taking into consideration the burden of depreciation costs that will reach their peak due to the high level of investments made during the previous year and the impact of yen appreciation. (Assumed exchange rate: 90 yen/US\$, 110 yen/EUR)

(2) Analysis of Financial Position

(i) Assets, Liabilities, and Equity

Total assets as of the end of the consolidated fiscal year under review increased by 2,965 million yen from the previous consolidated fiscal year. While cash on hand and in banks decreased by 6,113 million yen mainly due to the expenditure of acquiring tangible and intangible fixed assets, there was an increase of 2,398 million yen in trade notes and accounts receivable as a result of increased sales in the fourth quarter of the consolidated fiscal year under review, an increase of 1,390 million yen in inventory owing to the planned accumulation of semi-finished goods stock, an increase of 5,082 million yen in tangible fixed assets from the expansion of production facilities at the Takuma Plant, and an increase of 542 million yen in intangible fixed assets from the acquisition of new land (land lease right) in Shanghai, China.

Total liabilities increased by 2,611 million yen from the end of the previous consolidated fiscal year. This increase was primarily due to an increase of 636 million yen in trade notes and accounts payable, an increase of 973 million yen in notes and account payable-equipment, and an increase of 718 million yen in interest-bearing debt incurred from financing of equipment.

Total equity increased by 353 million yen from the end of the previous consolidated fiscal year. This net increase was primarily driven by an increase of 1,027 million yen in retained earnings from the net income for the year, and a decrease of 606 million yen in valuation and translation adjustments.

(ii) Cash Flows

Cash and cash equivalents (hereinafter referred to as “funds”) in the consolidated fiscal year ended on May 31, 2010 decreased by 609 million yen from the end of the previous consolidated fiscal year, to 5,802 million yen on a consolidated basis.

(Cash Flows from Operating Activities)

Funds provided by operating activities decreased 33.9% from the previous year to 3,377 million yen. Among the main items, profit before income taxes totaled 2,225 million yen (down 51.8% from the previous year), and depreciation costs totaled 3,753 million yen (up 14.0%), while the increase in notes and accounts receivable - trade came to 2,597 million yen as a result of increased sales in the fourth quarter (a decrease of 2,771 million yen in the previous year).

(Cash Flows from Investing Activities)

Funds used in investment activities decreased 51.3% from the previous year to 4,103 million yen. Among the main items, while proceeds from time deposits totaled 11,822 million yen (up 232.2% from the previous year), expenses for the acquisition of tangible fixed assets amounted to 9,223 million yen (up 110.6%), expenses for the acquisition of intangible fixed assets 533 million yen (up 884.2%), and payments for time deposits 6,325 million yen (down 21.5%).

(Cash Flows from Financing Activities)

Funds provided by financing activities came to 252 million yen (568 million yen in funds were used in the previous year). Among the main items, net increase in short-term borrowings totaled 382 million yen (up 26.5% from the previous year), and proceeds from long-term borrowings totaled 553 million yen, while repayment of long-term borrowings amounted to 177 million yen (down 66.6%) and payments of dividends amounted to 414 million yen (up 33.1%).

(3) Basic Policy for Profit Allocation and Dividends for the Fiscal Year Ended on May 31, 2010 and the Fiscal Year Ending May 31, 2011

(i) Basic Policy

Our basic policy for profit allocation is to make strategic investments in order to strengthen our competitiveness and enhance our value over the long term and return profits to shareholders in a continuous and stable fashion with due consideration of both business results for the fiscal year, funding needs for the future expansion of our business operations and consolidation of our business foundation. We intend to use internal reserves for capital expenditures for production facilities, development of new products and investment in research and development.

(ii) Dividends for the Fiscal Year Ended on May 31, 2010

Based on the above-mentioned policy, we plan to distribute annual dividends of 20 yen per share for the fiscal year ended on May 31, 2010 in line with our initial dividend forecast in consideration of the need to improve shareholders’ returns, at the same time as taking into account the business results in this fiscal year and capital expenditure plans aimed at future growth.

(iii) Dividends for the Fiscal Year Ending on May 31, 2011

We plan to pay a dividend of 22 yen per share for the fiscal year ending on May 31, 2011 in consideration of improving shareholders’ returns amid a business environment that is expected to be difficult.

(4) Business and other risks

Below are matters that are deemed to have the potential to become risk factors and to have a significant effect on the judgment of investors among those relating to the business and accounting conditions of the Toyo Tanso Group.

Although the Toyo Tanso Group is aware of the possibility that these risks could occur and takes steps to avoid the occurrence of these risks and responds to them if they have occurred, we believe that a decision to invest in the securities of Toyo Tanso needs to be made by carefully considering the description in this section and details described in other sections of this report.

Forward-looking statements made on the following matters reflect the judgment of the Toyo Tanso Group as of the date of releasing this report and contain uncertainties. Therefore, forecasts and projections contained in these statements may differ from actual results.

(i) Effect of market conditions on operating results

Special graphite products, core products of the Toyo Tanso Group, are used for a broad array of areas, including electronics, dies, metallurgy, chemical and atomic reactors. Sales have been growing, particularly in electronics applications accompanying the expansion of the markets for the manufacturing of silicon semiconductors, solar cells and compound semiconductors (LED and laser diodes). A number of compound materials and other products are also used for electronics applications.

The Toyo Tanso Group works to diversify business risks by securing a market share in carbon products for mechanical applications and electrical applications other than special graphite products and by developing new applications such as metallurgy applications. We also strive to make appropriate business judgments by analyzing and projecting movements in the electronics industry. However, if the electronics industry weakens contrary to our expectations, it could have an impact on the business performance of the Toyo Tanso Group.

(ii) Competition

Although the Toyo Tanso Group provides carbon products to a broad array of customers, companies in the carbon product industry compete on technologies and prices. The Toyo Tanso Group aims to early develop high value-added products that meet diverse customer needs and products that could stimulate demand based on cooperation between its production and sales divisions. We also strive to reduce costs and expenses. However, developments at our competitors and price competition could have an impact on the operating results of the Toyo Tanso Group.

(iii) Effect of prices of raw materials and fuels on operating results

Although the Toyo Tanso Group takes measures to control the effect of rising prices of raw materials and fuels in such a way as purchasing from two suppliers and passing costs onto prices, a rise in prices of raw materials and fuels more than expected could have an impact on operating results of the Toyo Tanso Group.

(iv) Inventories

Although the Toyo Tanso Group manufactures processed products to order, it produces isotropic graphite materials based on a make-to-stock production system, since it takes about five months to manufacture isotropic graphite materials. The Toyo Tanso Group endeavors to avoid excess inventory by projecting demand for isotropic graphite materials every month and preparing a production plan. However, if demand for isotropic graphite materials declines more than expected, it could lead to excess inventories temporarily, even if they do not undergo a temporal change.

The Toyo Tanso Group obtains information directly from customers based on its direct marketing and works to reflect this on joint research and development with customers and in-house product development and improvements. As a result, the inventory turnover period was 4.7 months in the fiscal year under review.

(v) Concentration of production bases

Since the production facilities of the Toyo Tanso Group are concentrated in Kagawa Prefecture, it could have an effect on the financial conditions and operating results of the Group if a large-scale disaster, etc. occurs in the prefecture.

(vi) Effect of legal regulations

The carbon products of the Toyo Tanso Group are subject to export-related laws and regulations, such as the Foreign Exchange and Foreign Trade Act and the Regulations pertaining to the Export of Nuclear Equipment by the International Atomic Energy Agency (IAEA). In this environment, the Toyo Tanso Group seeks to comply with laws and regulations but could receive guidance under these legal regulations. Also, if an unexpected statutory regulation is set up in the future, it could have an impact on the business performance of the Toyo Tanso Group.

(vii) Effect of overseas business activities on operating results

The Toyo Tanso Group is proactive in expanding its production and sales bases to increase its ability to respond to customer needs quickly and to supply its products in a timely manner. Although the ratio of overseas sales to consolidated net sales was 56.0% in the fiscal year under review, it could further rise in the future depending on progress in our global operations. Also, changes in exchange rates, political conditions and legal regulations in overseas markets could have an impact on the operating results and financial position of the Toyo Tanso Group. In particular, changes in the political and foreign exchange policies in China could have an effect on the business performance of the Toyo Tanso Group, since we make active investments in China through measures such as establishing new plants in response to increasing demand in China.

(viii) Capital expenditures in the future

In the Toyo Tanso Group, materials production and other divisions make capital investments to increase their production capacity. These investments could have an impact on the business performance of the Group if market conditions change rapidly or if the payback period is prolonged.

(5) Key events related to the assumption of the business as an ongoing concern

None

2. Composition of Corporate Group

The Toyo Tanso Group consists of Toyo Tanso Co., Ltd., ten consolidated subsidiaries, including two domestic and eight foreign companies, two foreign non-consolidated subsidiaries, and one overseas affiliated company not accounted for by the equity method. The main businesses of the Toyo Tanso Group are the manufacture, processing and sale of carbon products for high function applications using isotropic graphite materials (Note). Carbon products of the Toyo Tanso Group are used in a broad array of areas, and we need to manufacture a range of products in small quantities since the specifications our customers require range over a broad spectrum.

The Toyo Tanso Group succeeded in pioneering the high-volume production of isotropic graphite materials in 1974 ahead of competitors in Japan and overseas. This was followed by achievements in growth in size. The Group has been expanding the applications of these products. We efficiently manufacture carbon materials centering on these isotropic graphite materials by concentrating production on bases in Japan, and we have constructed a system to directly sell these products to local customers by supplying them to processing and sales bases located in Japan and other countries in North America, Europe and Asia. We have established a stable product supply system with a short delivery time through this integrated production and sales system, which ranges from materials to products, and we develop products by promptly absorbing customer needs in a cooperative relationship with customers based on our direct sales system.

The Toyo Tanso Group also conducts basic and applied studies based on customer needs and the analysis data of carbon products, which we have been accumulating for many years as a carbon-specialized producer. As a result, the applications of our products have been expanding into a wide spectrum of areas from industrial and commercial applications such as industrial machinery, automobiles, and consumer electronics to cutting-edge areas such as atomic power, aerospace, medical and energy.

Note: Isotropic graphite materials

Carbon materials are categorized into graphite materials that are manufactured by high temperature processing and other carbon materials. Of graphite materials, isotropic graphite materials are characterized by the fact that their nature is the same in all three dimensional directions.

To manufacture isotropic graphite materials, it is necessary to apply equal pressure from all directions in the molding process, and we have established a production method using a hydrostatic molding method (a molding method that put pressure under water), ahead of competitors in Japan and overseas.

The main characteristics of graphite materials are as follows:

- (i) High thermal conductivity (*) and electronic conductivity
- (ii) High resistance to heat and chemicals
- (iii) Light and workable
- (iv) Resistant to friction and attrition

In addition to the above, isotropic graphite materials have the following characteristics:

- (i) Traits such as thermal expansion (*) are the same in all directions.
- (ii) High strength with an ultra-fine particle structure and very small material dispersion.

Materials, applications, items, examples and characteristics of each product are as follows.

Materials/applications/items			Product examples
Special graphite products	Electronics applications	For the manufacture of single crystal silicon	Crucibles and heaters for single crystal growing furnace
		For the manufacture of compound semiconductors	Susceptors for MOCVD systems, boats for LPE systems
		For the manufacture of solar cells	Crucibles and heaters for single crystal and polycrystal silicon manufacturing furnace
	General industries applications		Continuous casting dies, EDM electrode, heaters for various industrial furnaces
	Others	For the manufacture of advanced process equipment	Electrodes for ion implantation equipment, glass sealing jigs
For atomic power, aerospace and medical		Cores for high-temperature gas reactors, wall materials for nuclear fusion reactors, rocket parts, parts for CT scans	
Carbon products for general industries	Carbon products for mechanical applications	General industries applications	Bearings and seals for pumps and compressors
		For transportation	Pantograph sliders, automotive parts
	Carbon products for electrical applications	For small motors	Carbon brushes for vacuum cleaners and wind-power generators
		For large motors	Large brushes, carbon brushes for wind-power generators
Compound materials and other products			Susceptors for semiconductor production, wall materials for nuclear fusion reactors, automotive gaskets, susceptors for MOCVD systems

(1) Special graphite products

For special graphite products, isotropic graphite materials are mainly used.

(i) Electronics applications

(a) For the manufacture of single crystal silicon

Silicon wafers that are manufactured by slicing single crystal silicon are basic materials that help drive the development of the electronics industry, as a semiconductor substrate such as a high integrated memory device. Major consumable parts inside a furnace such as crucibles (*) and heaters that are used in a single crystal silicon growing furnace rely on isotropic graphite products, since these parts require high purity and high thermal resistance.

With the diameter of single crystal silicon increasing, the shift to a manufacturing process using 300 mm wafers has been progressing. The Company has the capacity to produce the world's largest isotropic graphite materials and to meet demand from customers in Japan and overseas by using its processing and high purity production facilities.

(b) For the manufacture of compound semiconductors

Compound semiconductors (*), which are used as light emitting devices, telecommunications devices, power devices, etc. are also employed as high efficiency light emitting devices for digital consumer electronics such as mobile phones, DVDs and LCDs, automotive head lamps and fluorescent tubes, taking advantage of their features, such as a long life and electric power saving.

In Japan and overseas, major consumable parts such as heating elements and susceptors for MOCVD systems (*), which are used in the manufacturing process of these compound semiconductors, rely on the isotropic graphite products of the Company, as these parts require high purity and high processing accuracy.

(c) For the manufacture of solar cells

Solar cells are representative of the clean energy technology. Their applications are expected to expand on a global scale, given the legislations of subsidies for the purchase and installation of residential power generation systems in countries around the world, and other such national policies.

Major consumable parts inside furnaces, such as heaters and crucibles used in the manufacturing process of single crystal and polycrystal silicon, the major materials of a solar cell element, use our isotropic graphite products, as these parts require high thermal resistance and high durability.

(ii) General industries applications

Isotropic graphite materials have high thermal and chemical resistance and electrical conductivity even among graphite materials. Taking advantage of these features, they are used for applications such as metal melting crucibles, continuous casting dies (*), EDM electrode (*) for manufacturing dies, the sinter of ceramics and powder metallurgical materials, the annealing of automotive parts and other high temperature heating elements for industrial furnaces, and construction materials inside a furnace.

The Toyo Tanso Group supplies products for these diverse industries applications in Japan and in other countries such as China, which is enjoying high economic growth.

(iii) Others

(a) For advanced process equipment

A range of isotropic graphite materials are applied for the manufacture of electrodes for ion implantation equipment, used for microfabrication in the manufacturing process of semiconductors and liquid crystal, diodes, crystal oscillators, and sealing jigs for terminals of liquid crystal panel back lights and other advanced process equipment. Since the above equipment requires features such as high thermal resistance, thermal conductivity, purity and strength and processing accuracy, the Company's products are widely used by large equipment makers and other customers.

(b) For atomic power, aerospace and medical

The atomic power applications such as cores for high-temperature gas reactors and wall materials for nuclear fusion reactors require high credibility and quality. The Company's products are used for these atomic power applications, as high resistance to radiation and plasma is required, in addition to high thermal resistance and other features of graphite. Our products are also used for the aerospace applications such as rocket parts and the medical applications including CT scans.

(2) Carbon products for general industries applications

Carbon materials that are manufactured by a conventional molding method are primarily used for carbon products for general industries applications. Isotropic graphite materials are also used for some applications.

(i) Carbon products for mechanical applications

(a) For general industries

Taking advantage of such features as abrasion resistance, thermal and chemical resistance and their self-lubricating nature, we sell a variety of products including sliding parts such as bearings for pumps and compressors as well as seals for gaseous and liquid bodies such as piston rings (*) and mechanical seals (*) to machinery manufacturers in Japan and overseas. The Company operates overseas with strong cost competitiveness by improving the homogeneity of materials and optimizing the material size through the introduction of a new molding method.

(b) For transportation

We sell pantograph sliders (*) with high self-lubricating nature, electrical conductivity and abrasion resistance to railroad companies by impregnating copper into carbon with high pressure. Pantograph sliders of the Company have reduced the abrasion of overhead wires and achieved lower noise compared with conventional metal sliders.

We also manufacture and sell compressor parts of brakes for the automotive industry.

(ii) Carbon products for electrical applications

(a) For small motors

We sell carbon brushes for small motors for commercial uses, such as vacuum cleaners and power tools, to consumer electronics, tool makers, and other customers. The Company's products are characterized by long life, high durability and a rectifying property against high-speed rotation. We are also responding to the needs of small motor manufacturers who have shifted their production to China, by establishing production subsidiaries in China.

(b) For large motors

Our products are used by steel and paper manufacturing companies as carbon brushes for large motors for industrial applications, taking advantage of high self-lubricating nature, electrical conductivity and workability. A carbon brush is a device that enables a stable and sustained supply of electricity while sliding on rotating bodies and has come to be used for the environment and energy, such as the power collection facilities of wind-power generation.

(3) Compound materials and other products

In compound materials and other products, we manufacture and sell compound materials coated by other materials with isotropic graphite as the base material (SiC coated graphite (*), etc.), materials compounded with carbon and carbon fiber (C/C composite products (*)), and natural graphite materials (graphite sheets (*)).

(i) SiC coated graphite products

SiC coated graphite products have high thermal and etching resistance (*) and high purity that reduces the generation of organic pollutants. Taking advantage of these features, we sell these products to the semiconductor industry in Japan and overseas as susceptor materials for the thin film manufacturing process in the production process of silicon and compound semiconductors.

(ii) C/C composite products

C/C composite products are advanced materials that are light and strong and retain a high carbon thermal quality, and that are used for a wide spectrum of applications in Japan and overseas, such as the manufacturing process of solar cells and silicon single crystal, materials for vacuum furnaces as well as special applications including the wall materials of nuclear fusion reactors.

(iii) Graphite sheet products

Graphite sheet products are light sheeted products and are used for automotive parts such as gaskets and mufflers, given their characteristics of being insensitive to other substances even under high temperatures. Demand for graphite sheet products is also rising for the protection of carbon members in the manufacturing process of quartz and silicon single crystal. Going forward, applications in areas that require dealing with heat such as a heat sink are also expected, leveraging their high thermal conductivity in the face direction. Graphite sheet products are also seen as a promising alternative product for asbestos in petroleum and chemical plants.

For words with an asterisk (*), please refer to the glossary below.

This glossary is prepared by the Company based on its understanding and judgment as a reference to enable investors to have a better understanding of the description in this report.

[Glossary]

[Thermal conductivity]

Conductivity of heat that a substance has.

[Thermal expansion]

The expansion of a substance associated with a rise in temperature.

[Crucible]

A pot-like container for holding heat-temperature liquid.

[Compound semiconductor]

A semiconductor that consists of substances composed of multiple elements. Examples of a compound semiconductor include gallium arsenide, gallium nitride and silicon carbide. Features which silicon semiconductors do not have are used.

[Susceptor]

A platform used to develop a thin film on the surface of wafers.

[Continuous casting dies]

A mold to cool and solidify molten metal by touching it in a continuous casting process that casts dissolving metal by continuously cooling it. Metal products that have the cross-section of this mold will be made continuously.

[EDM electrode]

An electrode that will make a pair with a processed material. It generates an electrical discharge between the electrode and the processed material and transcribes the shape of the electrode on the processed material.

[Self-lubricating nature]

Property in which adhesion barely occurs because of a layered crystal structure and a low friction coefficient.

[Piston ring]

A sealing ring that prevents leakages from a space between a piston and the inner wall of a cylinder in a reciprocating compressor.

[Mechanical seal]

A machine part to control leaks from a rotating shaft of fluid or gas equipment, a sidewall due to a reciprocating motion, or a pressure container, etc. and prevent the intrusion of a different liquid from outside.

[Pantograph slider]

A power collection body that collects electricity by touching an overhead wire and sliding on it to supply power to a train.

[SiC coated graphite]

A product that generates a precise thin film of silicon carbide on the surface of isotropic graphite. This can curb the generation and reaction of a small amount of gases from graphite.

[C/C composite product]

Graphite reinforced by carbon fibers with features of light weight and high strength.

[Graphite sheet]

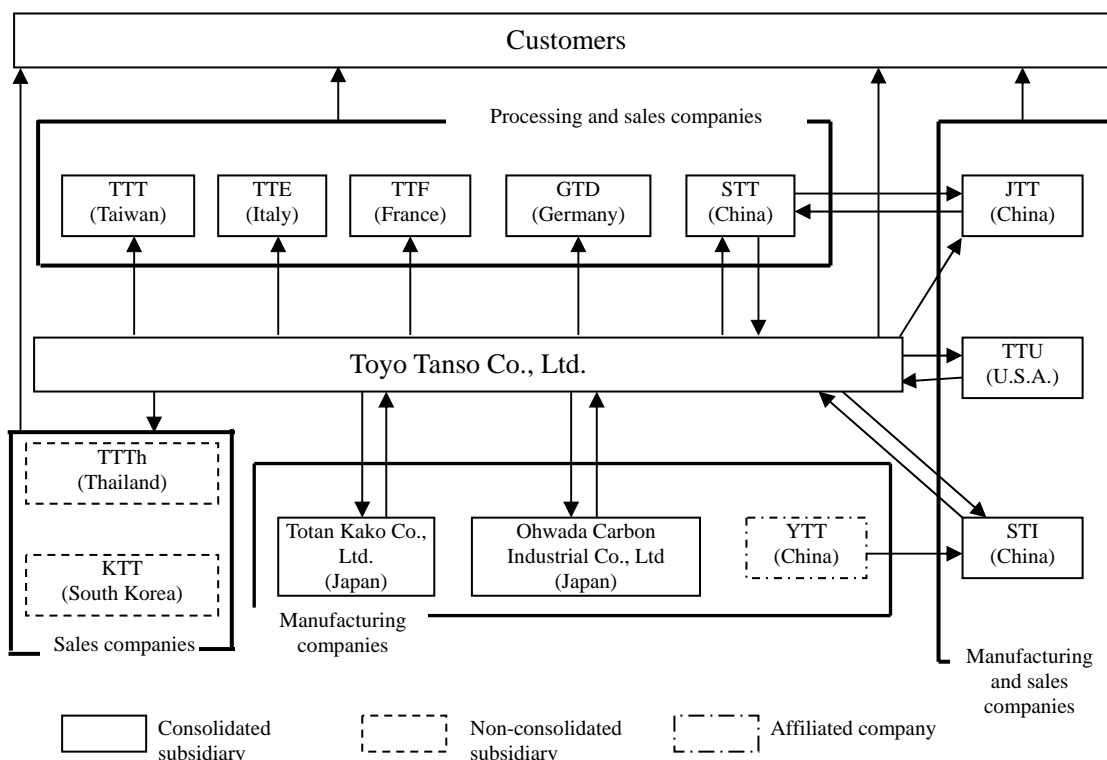
Graphite that is formed into a sheet-like shape by a special production method. This is used for gaskets and other products because of its bendy nature.

[Etching resistance]

Degree of lack of attrition by gaseous and liquid bodies with high reactive property.

[Business Flow Chart]

The business flow chart of the Toyo Tanso Group is as follows. Only major business relations are indicated in this chart.



The formal names of the companies represented by the acronyms used in the chart above are as follows:

- | | |
|--------------|--|
| Company name | (TTU) ... Toyo Tanso USA, Inc. |
| | (TTE) ... Toyo Tanso Europe S.p.A. |
| | (TTF) ... Toyo Tanso France S.A. |
| | (GTD) ... GTD Graphit Technologie GmbH |
| | (STT) ... Shanghai Toyo Tanso Co., Ltd. |
| | (STI) ... Shanghai Toyo Tanso Industrial Co., Ltd. |
| | (TTT) ... Toyo Tanso Taiwan Co., Ltd. |
| | (JTT) ... Jiaxiang Toyo Tanso Co., Ltd. |
| | (YTT) ... Shanghai Yongxin Toyo Tanso Co., Ltd. |
| | (KTT) ... Toyo Tanso Korea Co., Ltd. |
| | (TTTh) ... Toyo Tanso (Thailand) Co., Ltd. |

3. Management Policy

(1) Basic Policies for the Management of the Company

The fundamental management philosophy of Toyo Tanso Company Group is “Contribute to the world through the pursuit of the possibilities inherent in carbon (C),” and based on the pioneering spirit of “Creating things that cannot be found elsewhere” that we have embodied since our founding, our basic policy has been to provide the world with unique, revolutionary, high functionality and speciality products, with carbon as the axis.

As a global industry leader with a high growth rate and robust earnings, we will continue to improve on our world-class quality, technology and cost competitiveness, and act to fulfill our responsibilities and make a contribution, as a company that can meet the expectations and justify the trust of its customers, stockholders, employees and society.

(2) Medium to Long-Term Management Strategies and Issues to Address

In the medium to long-term, as a leader in high-functionality carbons, the Toyo Tanso Group will strive to maximize corporate value, especially in areas related to the environment and energy, by promoting investment and business strategies with a view to the future. We will focus specifically on the following issues.

(i) Actively expanding the core business and achieving overwhelming superiority

Within an increasingly sophisticated industry, applications and domains that require high quality carbon with high functionality are expanding on a global basis, and we expect increasingly challenging requirements to be made of the Group's high-functionality carbon products. The Toyo Tanso Group will actively enhance its production structure and sophistication, both domestic and international, and will take comprehensive action to increase production efficiency in order to strengthen the Group's competitiveness.

Specifically for our main product, isotropic graphite, the Company intends to maintain its unchallenged superiority in both quality and quantity in the industry, armed with overwhelming deployment capabilities and cost competitiveness based on our new cutting-edge Takuma plant which was built in spring 2010, as well as products with high value addition and differentiation.

(ii) Accelerating global deployment

The increased demand and expansion of high functional carbon is becoming noticeable, not only in Japan, but even more so in overseas markets. In addition to the European, U.S. and Asian markets, where the Company already operates, demand is growing rapidly in emerging economies such as India, Russia and Eastern Europe. In order to respond to these changes, since 2006 we have established sales subsidiaries in Korea, Shandong Province in China, and Thailand, at the same time as aggressively pursuing a global strategy by strengthening our existing bases.

Our plans are to accelerate global expansion, with a focus on China, which continues to be a huge and attractive market, and on emerging economies, while bolstering coordination among each local entity in terms of production and sales, to achieve our policy of promoting group management that responds to the global market.

(iii) Promoting new products and new business development

Much still has to be learned about the possibilities of carbon, and potential applications appear to be unlimited. Carbon is likely to find new uses, especially in the environment, energy and other cutting-edge areas, such as nuclear power, medical care, and next-generation devices.

In addition to developing new products by utilizing our strong partnerships with customers, the Group will combine products with new materials and new technologies through its far-reaching government and academic partnerships based on the Group's advanced and abundant knowledge of elemental technology built up as pioneers in the industry. In this way, the Group will promote unique new products and business for the future, as it seeks further growth.

(3) Other important items related to the management of the Company

Not applicable.

4. Consolidated financial statements

(Consolidated balance sheets)

(Thousands of yen, rounded down)

	As of May 31, 2009	As of May 31, 2010
Assets		
Current assets		
Cash on hand and in banks	14,035,952	7,921,993
Trade notes and accounts receivable	8,257,709	10,656,152
Merchandise and finished goods inventory	4,747,244	4,218,778
Work in process	3,476,873	5,603,781
Raw materials and stores	1,296,308	1,088,051
Deferred tax assets	819,840	643,614
Other	1,160,496	973,993
Allowance for doubtful accounts	(185,780)	(106,033)
Total current assets	33,608,646	31,000,331
Fixed assets		
Tangible fixed assets		
Buildings and structures	12,482,046	14,085,077
Accumulated depreciation	(6,355,316)	(6,826,376)
Buildings and structures (net)	6,126,730	7,258,700
Machinery, equipment, and vehicles	28,572,017	36,008,017
Accumulated depreciation	(19,982,877)	(22,379,940)
Machinery, equipment, and vehicles (net)	8,589,139	13,628,077
Land	5,353,520	5,308,552
Construction in progress	2,699,487	1,526,421
Other	2,725,704	3,070,731
Accumulated depreciation	(2,286,240)	(2,501,707)
Other (net)	439,463	569,023
Total tangible fixed assets	23,208,341	28,290,775
Intangible fixed assets	379,167	921,714
Investments and other assets		
Investments in securities	280,901	219,511
Long-term loans receivable	8,640	-
Deferred tax assets	33,933	36,947
Other	1,334,071	1,316,954
Allowance for doubtful accounts	(32,640)	(5)
Total investments and other assets	1,624,906	1,573,408
Total fixed assets	25,212,415	30,785,898
Total assets	58,821,061	61,786,229

(Thousands of yen, rounded down)

	As of May 31, 2009	As of May 31, 2010
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,725,878	2,362,097
Short-term borrowings	1,323,950	1,682,140
Other account payable	3,420,334	3,348,215
Accrued income taxes	290,192	180,746
Reserve for employees' bonuses	756,470	713,946
Reserve for directors' and corporate auditors' bonuses	35,840	-
Other	1,595,887	2,633,638
Total current liabilities	9,148,554	10,920,785
Long-term liabilities		
Long-term borrowings	70,740	431,074
Deferred tax liabilities	351,606	384,597
Reserve for employees' retirement benefits	329,736	592,593
Other	313,578	496,923
Total long-term liabilities	1,065,661	1,905,188
Total liabilities	10,214,216	12,825,974
Equity		
Shareholder's equity		
Common stock	7,692,575	7,692,575
Capital surplus	9,534,686	9,534,686
Retained earnings	30,856,790	31,884,339
Treasury stock - at cost	(56,997)	(57,408)
Unrealized gains (losses) on available-for-sale securities	984	1,842
Foreign currency translation adjustments	(623,226)	(1,231,034)
Total shareholder's equity	47,404,814	47,825,002
Share warrants	-	6,696
Minority interests	1,202,030	1,128,557
Total equity	48,606,845	48,960,255
Total liabilities and equity	58,821,061	61,786,229

(Consolidated statements of income)

(Thousands of yen, rounded down)

	From June 1, 2008 to May 31, 2009	From June 1, 2009 to May 31, 2010
Net sales	30,974,306	27,924,853
Cost of goods sold	20,057,671	19,931,546
Gross profit	10,916,634	7,993,307
Selling, general and administrative expenses	6,175,405	5,740,166
Operating profit	4,741,228	2,253,140
Non-operating income		
Interest income	99,755	45,682
Dividends income	7,852	53,737
Gain on foreign currency option	99,695	95,100
Sundry income	60,381	77,839
Total non-operating income	267,684	272,359
Non-operating expenses		
Interest expenses	33,193	38,137
Loss on sale of notes	1,876	3,262
Valuation loss on investment securities	129,621	63,612
Foreign exchange loss	347,811	294,533
Sundry losses	13,013	55,661
Total non-operating expenses	525,515	455,206
Recurring profit	4,483,397	2,070,293
Extraordinary profit		
Gain on sale of fixed assets	1,051	34,061
Reversal of allowance for doubtful accounts	-	64,160
Insurance benefits received	138,641	-
Subsidies received	42,981	30,787
Gain on reversal of special retirement benefit expenses for prior year	-	21,016
Gain on business transfer	-	41,000
Other	100	-
Total extraordinary profit	182,773	191,027
Extraordinary losses		
Loss on sale of fixed assets	1,851	273
Loss on disposal of fixed assets	48,579	35,956
Total extraordinary losses	50,430	36,230
Profit before income taxes	4,615,740	2,225,091
Income taxes - current	1,137,750	554,891
Prior year income tax, etc.	-	(28,543)
Income taxes - deferred	556,882	206,087
Income taxes	1,694,632	732,436
Minority interests	354,221	50,414
Net income	2,566,886	1,442,240

(Consolidated statements of changes in equity)

(Thousands of yen, rounded down)

	From June 1, 2008 to May 31, 2009	From June 1, 2009 to May 31, 2010
Equity		
Common stock		
Balance at end of previous fiscal year	7,692,575	7,692,575
Balance at end of the fiscal year	7,692,575	7,692,575
Capital surplus		
Balance at end of previous fiscal year	9,534,686	9,534,686
Balance at end of the fiscal year	9,534,686	9,534,686
Retained earnings		
Balance at end of previous fiscal year	28,558,305	30,856,790
Change resulting from changes in accounting methods at foreign subsidiaries	42,627	-
Change in the fiscal year		
Dividends from retained earnings	(311,028)	(414,691)
Net income	2,566,886	1,442,240
Total change in the fiscal year	2,255,858	1,027,549
Balance at end of the fiscal year	30,856,790	31,884,339
Treasury stock		
Balance at end of previous fiscal year	(53,599)	(56,997)
Balance at end of the fiscal year		
Acquisition of treasury stock	(3,397)	(410)
Total change in the fiscal year	(3,397)	(410)
Balance at end of the fiscal year	(56,997)	(57,408)
Total equity		
Balance at end of previous fiscal year	45,731,968	48,027,055
Change resulting from changes in accounting methods at foreign subsidiaries	42,627	-
Change in the fiscal year		
Dividends from retained earnings	(311,028)	(414,691)
Net income	2,566,886	1,442,240
Acquisition of treasury stock	(3,397)	(410)
Total change in the fiscal year	2,252,459	1,027,138
Balance at end of the fiscal year	48,027,055	49,054,194

(Thousands of yen, rounded down)

	From June 1, 2008 to May 31, 2009	From June 1, 2009 to May 31, 2010
Revaluation and translation gains (losses)		
Unrealized gains (losses) on available-for-sale securities		
Balance at end of previous fiscal year	29,684	984
Change in the fiscal year		
Change in the fiscal year in items other than shareholders' equity (net)	(28,699)	857
Total change in the fiscal year	(28,699)	857
Balance at end of the fiscal year	984	1,842
Foreign currency translation adjustments		
Balance at end of previous fiscal year	(155,283)	(623,226)
Change in the fiscal year		
Change in the fiscal year in items other than shareholders' equity (net)	(467,943)	(607,808)
Total change in the fiscal year	(467,943)	(607,808)
Balance at end of the fiscal year	(623,226)	(1,231,034)
Total revaluation and translation gains (losses)		
Balance at end of previous fiscal year	(125,598)	(622,241)
Change in the fiscal year		
Change in the fiscal year in items other than shareholders' equity (net)	(496,643)	(606,950)
Total change in the fiscal year	(496,643)	(606,950)
Balance at end of the fiscal year	(622,241)	(1,229,192)
Share warrants		
Balance at end of previous fiscal year	-	-
Change in the fiscal year		
Change in the fiscal year in items other than shareholders' equity (net)	-	6,696
Total change in the fiscal year	-	6,696
Balance at end of the fiscal year	-	6,696
Minority interests		
Balance at end of previous fiscal year	917,228	1,202,030
Change in the fiscal year		
Change in the fiscal year in items other than shareholders' equity (net)	284,802	(73,473)
Total change in the fiscal year	284,802	(73,473)
Balance at end of the fiscal year	1,202,030	1,128,557
Total equity		
Balance at end of previous fiscal year	46,523,598	48,606,845
Change resulting from changes in accounting methods at foreign subsidiaries	42,627	-
Change in the fiscal year		
Dividends from retained earnings	(311,028)	(414,691)
Net income	2,566,886	1,442,240
Acquisition of treasury stock	(3,397)	(410)
Change in the fiscal year in items other than shareholders' equity (net)	(211,840)	(673,728)
Total change in the fiscal year	2,040,618	353,409
Balance at end of the fiscal year	48,606,845	48,960,255

(Consolidated statements of cash flows)

(Thousands of yen, rounded down)

	From June 1, 2008 to May 31, 2009	From June 1, 2009 to May 31, 2010
Cash flows from operating activities		
Profit before income taxes	4,615,740	2,225,091
Depreciation	3,291,319	3,753,073
Amortization of goodwill	10,906	10,906
Increase (decrease) in reserve for employees' retirement benefits	178,414	265,921
Insurance benefits received	(138,641)	-
Gain on reversal of retirement benefit expenses for prior year	-	(21,016)
Decrease in long-term accrued amount payable (directors' retirement benefits)	(699,000)	(2,700)
Increase (decrease) in reserve for employees' bonuses	(70,296)	(41,658)
Increase (decrease) in reserve for directors' bonuses	(16,002)	(35,840)
Increase (decrease) in allowance for doubtful accounts	69,714	(103,232)
Interest and dividend income	(107,607)	(99,419)
Interest expenses	33,193	38,137
Foreign exchange loss (gain)	347,811	294,533
Valuation loss (gain) on investment securities	129,621	63,612
Gain on sale of tangible fixed assets	(1,051)	(34,061)
Loss on disposal and sale of tangible fixed assets	50,430	36,230
Loss (gain) on sale of investment securities	(100)	-
Decrease (increase) in notes and accounts receivable - trade	2,771,573	(2,597,843)
Decrease (increase) in inventories	(2,680,205)	(1,643,423)
Increase (decrease) in notes and accounts payable - trade	(381,308)	826,525
Other	(572,414)	472,812
Sub-total	6,832,097	3,407,647
Interest and dividend received	94,682	112,887
Interest paid	(31,590)	(36,689)
Insurance benefits received	608,509	-
Income taxes paid	(2,398,245)	(106,602)
Net cash provided by operating activities	5,105,453	3,377,242
Cash flows from investing activities		
Payments for time deposits	(8,054,331)	(6,325,902)
Proceeds from time deposits	3,558,326	11,822,295
Payments for acquisition of tangible fixed assets	(4,379,292)	(9,223,112)
Proceeds from sale of tangible fixed assets	5,285	147,857
Payments for acquisition of intangible fixed assets	(54,186)	(533,324)
Payments for acquisition of investment securities	(99)	(1,199)
Proceeds on redemption of investment securities	500,000	-
Other	4,281	9,694
Net cash used in investing activities	(8,420,016)	(4,103,690)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	302,011	382,089
Proceeds from long-term borrowings	-	553,594
Repayment of long-term borrowings	(530,825)	(177,305)
Repayment of finance lease payables	(2,870)	(7,516)
Payments for acquisition of treasury stock	(3,397)	(410)
Payments for dividends	(311,028)	(414,091)
Payments for dividends to minority interests	(22,196)	(83,468)
Net cash provided by (used in) financing activities	(568,307)	252,891
Effect of exchange rate changes on cash and cash equivalents	(196,656)	(136,395)
Increase (decrease) in cash and cash equivalents	(4,079,525)	(609,951)
Cash and cash equivalents at beginning of period	10,491,890	6,412,364
Cash and cash equivalents at end of period	6,412,364	5,802,412

(Segment Information)

a. Business Segment Information

Previous consolidated fiscal year (from June 1, 2008 to May 31, 2009) and the consolidated fiscal year under review (from June 1, 2009 to May 31, 2010)

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 May 31, 2009)

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia	Total	Corporate and Elim.	Consolidated
I. Sales and operating profit							
(1) Sales to unaffiliated customers	16,528,392	3,457,257	2,977,092	8,011,563	30,974,306	-	30,974,306
(2) Intersegment sales or transfers	6,162,566	106,146	5,088	101,968	6,375,769	(6,375,769)	-
Total	22,690,959	3,563,403	2,982,181	8,113,531	37,350,075	(6,375,769)	30,974,306
Operating Expenses	21,004,357	2,936,539	2,652,005	6,032,702	32,625,605	(6,392,527)	26,233,077
Operating Profit	1,686,601	626,864	330,176	2,080,828	4,724,470	16,757	4,741,228
II. Assets	53,418,565	2,634,384	3,066,646	8,641,737	67,761,334	(8,940,272)	58,821,061

- 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. Unallocated amounts for operating expenses for the above period are not included in Corporate and Eliminations.
 4. There are no assets that are included in Corporate and Eliminations in the above period.
 5. Changes in the methods of converting the revenues and expenditure 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 of this fiscal year, they are converted into yen based on the average exchange rate for the period. In accordance with this change, sales in the regions of "North America", "Europe" and "Asia" increased in this consolidated fiscal year by 111,289 thousand yen, 146,086 thousand yen and 171,035 thousand yen, respectively, and operating profit increased by 19,173 thousand yen, 10,771 thousand yen and 45,686 thousand yen, respectively, in comparison with the previous method.
 6. Changes in durable years of tangible fixed assets:
The Company and its domestic consolidated subsidiaries reviewed and shortened the durable years of tangible fixed assets for this consolidated fiscal year, in the wake of the revision of the legal durable years of machinery and equipment in the tax system revision for fiscal 2008. As a result of this change, the operating profit in the "Japan" region decreased by 379,635 thousand yen in this consolidated fiscal year.

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

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia	Total	Corporate and Elim.	Consolidated
I. Sales and operating profit							
(1) Sales to unaffiliated customers	15,546,466	2,487,339	2,637,299	7,253,748	27,924,853	-	27,924,853
(2) Intersegment sales or transfers	5,304,695	24,936	2,232	102,492	5,434,356	(5,434,356)	-
Total	20,851,162	2,512,275	2,639,531	7,356,240	33,359,210	(5,434,356)	27,924,853
Operating Expenses	20,318,244	2,520,261	2,514,971	6,220,756	31,574,234	(5,902,521)	25,671,713
Operating profit (loss)	532,917	(7,985)	124,560	1,135,483	1,784,975	468,164	2,253,140
II. Assets	54,700,185	2,378,375	2,598,410	10,591,361	70,268,333	(8,482,103)	61,786,229

- Notes:
- Countries or regions are grouped together based on geographic proximity.
 - The major countries or regions included in each geographic segment (except Japan) are listed below.
 - North America:.....United States
 - Europe:.....France, Germany, Italy
 - Asia:.....China, Taiwan
 - Unallocated amounts for operating expenses for the above period are not included in Corporate and Eliminations.
 - There are no assets that are included in Corporate and Eliminations in the above period.

c. Overseas Sales

(From June 1, 2008 to May 31, 2009)

(Thousands of yen, rounded down)

	North America	Europe	Asia	Rest of World	Total
I Overseas Sales	3,295,845	3,561,262	10,392,514	298,532	17,548,154
II Consolidated Sales	-	-	-	-	30,974,306
III Overseas sales as a proportion of consolidated sales (%)	10.6	11.5	33.6	1.0	56.7

- Notes:
- Countries or regions are grouped together based on geographic proximity.
 - The major countries or regions included in each geographic segment (except Japan) are listed below.
 - North America:.....United States
 - Europe:.....France, Germany, Italy
 - Asia:.....China, Taiwan
 - The overseas sales are the sales of the Company and its consolidated subsidiaries in countries or regions excluding Japan.

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

(Thousands of yen, rounded down)

	North America	Europe	Asia	Rest of World	Total
I Overseas Sales	2,376,858	3,058,813	10,017,593	180,003	15,633,269
II Consolidated Sales	-	-	-	-	27,924,853
III Overseas sales as a proportion of consolidated sales (%)	8.5	11.0	35.9	0.6	56.0

- Notes:
- Countries or regions are grouped together based on geographic proximity.
 - The major countries or regions included in each geographic segment (except Japan) are listed below.
 - North America:.....United States
 - Europe:.....France, Germany, Italy
 - Asia:.....China, Taiwan
 - The overseas sales are the sales of the Company and its consolidated subsidiaries in countries or regions excluding Japan.