



October 13, 2010

Consolidated Financial Results for the Three Months Ended August 31, 2010 [Japanese GAAP]

Listed company name:	Toyo Tanso Co., Ltd.
Stock exchange listing:	Tokyo Stock Exchange, 1st Section
Stock code:	5310
Location of headquarters:	Osaka, Japan
Website:	http://www.toyotanso.co.jp
Representative:	Naotaka Kondo, President & Chief Operating Officer
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Scheduled date for submission of quarterly report:	October 15, 2010
Scheduled date for dividend payment:	-
Supplementary materials for quarterly financial summaries:	Yes
Quarterly financial results briefing:	No

1. Consolidated financial results for the three months ended August 31, 2010

(From June 1, 2010 to August 31, 2010)

(1) Operating results (cumulative total)

(Millions of yen, rounded down)

Percentages indicate changes from the same period in the previous fiscal year.

	Net sales		Operating profit		Recurring profit		Net income	
		%		%		%		%
Three months ended August 31, 2010	9,054	51.3	1,656	244.0	1,426	231.8	1,073	611.2
Three months ended August 31, 2009	5,986	(31.7)	481	(73.4)	429	(77.0)	150	(87.6)

	Net income per share	Diluted net income per share
	yen	yen
Three months ended August 31, 2010	51.78	-
Three months ended August 31, 2009	7.28	-

(2) Financial position

(Millions of yen, rounded down)

Percentages indicate changes from the same period in the previous fiscal year.

	Total assets	Equity	Equity ratio	Equity per share
			%	yen
As of August 31, 2010	62,234	49,066	77.1	2,314.37
As of May 31, 2010	61,786	48,960	77.4	2,306.55

Reference: Shareholders' equity

August 31, 2010

47,987 million yen

May 31, 2010

47,825 million yen

2. Dividends

	Dividends per share (yen)				
	First quarter end	Second quarter end	Third quarter end	Year-end	Total (Full year)
Year ended May 31, 2010	-	-	-	20.00	20.00
Year ending May 31, 2011 (Actual)	-	-	-	-	-
Year ending May 31, 2011 (Forecast)	-	-	-	22.00	22.00

Note: Revision of projected dividends in the quarter under review: None

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 changes on a year-on-year basis.

	Net sales		Operating profit		Recurring profit		Net income		Net income per share
		%		%		%		%	yen
Interim period (cumulative)	18,000	42.3	2,700	230.5	2,500	278.0	1,800	386.6	86.81
Full year	34,500	23.5	4,000	77.5	3,800	83.5	2,600	80.3	125.40

Note: Revisions of consolidated forecast during the period: Yes

The consolidated forecasts for the second quarter (cumulative) and for the full financial year have been revised on October 13, 2010. For details, please refer to the "Notice Concerning the Revision of Consolidated Forecast," issued on October 13, 2010.

4. Others (For details, please refer to "Others" on page 3 of the Appendix.)

(1) Changes in significant subsidiaries during the quarter under review: None

New subsidiaries: ___ (name of company(ies))

Excluded subsidiaries: ___ (name of company(ies))

(Note) Refers to changes in specified subsidiaries accompanying changes in scope of consolidation during the accounting period of the quarter under review

(2) Adoption of simple accounting methods and specific accounting methods: Yes

(Note) Refers to the adoption of simple accounting methods and specific accounting methods for the preparation of quarterly consolidated financial statements

(3) Changes in accounting principles, procedures and presentation

i. Changes due to amendment of accounting standards: Yes

ii. Changes due to other reasons: None

(Note) Refers to changes in accounting principles, procedures and presentation of quarterly consolidated financial statements described in "Changes in the Significant Items That Form the Basis of Preparations for Consolidated Quarterly Financial Statements"

(4) Number of shares outstanding (common stock)

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

As of August 31, 2010 20,750,688 shares

As of May 31, 2010 20,750,688 shares

ii. Number of treasury stock at the end of period

As of August 31, 2010 16,215 shares

As of May 31, 2010 16,215 shares

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

First quarter ended August 31, 2010 20,734,473 shares

First quarter ended August 31, 2009 20,734,543 shares

* Implementation status of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures stipulated by the Financial Instruments and Exchange Act. The review of quarterly consolidated financial statements has been completed at the time of release of this report.

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

The forecasts and forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational as of the date of release. Accordingly, actual results may differ significantly from these forecasts due to various factors. For more information on the preconditions of the forecasts and on precautionary notes concerning the usage of these forecasts, please refer to “Qualitative Information Regarding Consolidated Results Forecast” on page 2 of the Attached Documents.

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

(1) Qualitative Information Regarding Consolidated Operating Results

During the first quarter under review, the global economy gradually continued on its road to recovery even while facing credit insecurity issues in Europe and concerns of an economic standstill in Western countries, partly owing to economic growth in emerging countries including Asia and the effects of economic stimulus measures in each country. The Japanese economy also maintained a general recovery trend, showing improvement in exports and production and advancement in stock adjustments, in spite of elements of insecurity that have persisted, such as the rising yen and the stagnant employment situation.

Amid these circumstances, the Toyo Tanso Group concentrated its efforts on improving and expanding its business, by actively absorbing rapidly increasing demands mainly in the environment and energy sectors and further accelerating global expansion particularly in Asia.

As a result, the Group's business performance improved dramatically during the first quarter under review, regardless of the impact of the rising yen or the increased burden of depreciation expenses. Net sales totaled 9,054 million yen (up 51.3% from the same term last year), operating profit 1,656 million yen (up 244.0%), and recurring profit 1,426 million yen (up 231.8%). Net income for the quarter was 1,073 million yen (up 611.2%).

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

Japan

Boosted by signs of economic recovery, business performance in Japan turned strongly upward on the whole. In addition to seeing a further recovery in demand for all products, expanded sales were observed in SiC (silicon carbide)-coated graphite products and other high-value-added products and products for new applications and purposes. As a result, net sales for the quarter in Japan were 4,997 million yen and operating profit was 856 million yen.

United States

Business performance in the United States shifted to a recovery trend mainly in semiconductor and solar cell products, but growth was limited by the impact of the rising yen and other adverse factors. As a result, net sales for the quarter in the United States were 751 million yen and operating loss came to 13 million yen.

Europe

In response to signs of economic recovery in Europe, gradual improvement was seen mainly in solar cell and brush products. As a result, net sales for the quarter in Europe were 689 million yen and operating profit was 81 million yen.

Asia

Owing to robust growth in demand particularly for solar cell and compound semiconductor products, products for all related applications enjoyed a dramatic expansion in sales. As a result, net sales for the quarter in Asia were 2,615 million yen and operating profit was 568 million yen.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of August 31, 2010 increased by 448 million yen from the end of the previous fiscal year. This increase is mainly attributed to an increase of 823 million yen in trade notes and accounts receivable resulting from an increase in net sales and an increase of 384 million yen in inventory through the systematic accumulation of intermediate stock and etc., despite posting a decrease of 700 million yen in tangible fixed assets due to depreciation expenses.

Total liabilities increased by 342 million yen from the end of the previous fiscal year. This came largely as a result of an increase in interest-bearing debt of 2,050 million yen resulting from the payment for purchase of tangible fixed assets, although at the same time accrued amount payable decreased by 812 million yen and notes payable-equipment decreased by 1,003 million yen.

Total equity increased by 106 million yen from the end of the previous fiscal year. This was primarily due to an increase of 658 million yen in retained earnings, which eclipsed the decrease in the amount of 496 million yen due to valuation and translation differences.

(3) Qualitative Information Regarding Consolidated Results Forecast

The future economic environment in Japan and abroad is expected to follow its current course of gradual recovery driven by continuous growth in emerging countries. However, it is yet too early for optimism, as there still exist a number of uncertain elements, which include worries about repercussions of economic stimulus measures, concerns about the performance of Western economies falling below expectations, and issues regarding currency exchange, employment situation, and credit insecurity.

The environment surrounding the Toyo Tanso Group, including the currency exchange situation, also remains unclear, but as there is a large and immediate demand particularly for LEDs, solar cells, and other products in the environment and energy sector, we expect to continue on a strong note hereafter. Nevertheless, we will make active, ongoing efforts to expand sales, and to further accelerate our global expansion through development of high-value-added products and establishment of overseas bases.

Based on the abovementioned situation and the fact that our performance during the first quarter under review has exceeded projections, we have revised the consolidated results forecast for the first half of the fiscal year that were announced on July 15, 2010, to net sales of 18 billion yen, an operating profit of 2.7 billion yen, a recurring profit of 2.5 billion yen, and a net income of 1.8 billion yen. We have also revised our results forecast for the full fiscal year. For details, please refer to the “Notice Concerning the Revision of Consolidated Forecast,” issued on the same day as this report.

2. Others

(1) Changes in significant subsidiaries

None

(2) Simple accounting methods and specific accounting methods

(i) Simple accounting methods

Inventory valuation method

In calculating inventory at the end of the first quarter under review, the Company has omitted physical stocktaking and has calculated inventory in a reasonable manner based on the physical inventory at the end of the previous fiscal year.

(ii) Special accounting methods

Tax expense calculation

Tax expenses are calculated by multiplying profit before income taxes by an effective tax rate, which is reasonably estimated by applying tax effect accounting to estimated profit before income taxes for the fiscal year including the first quarter under review.

The income taxes-deferred is included in income taxes.

(3) Changes in accounting policies, procedures, and methods of presentation

Changes in matters concerning accounting standards

Application of the “Accounting Standard for Asset Retirement Obligations”

Effective as of the first quarter under review, the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and the “Guidance on the Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) have been applied.

As a result of the above, operating profit and recurring profit decreased by 2 million yen each, and profit before taxes decreased by 218 million yen. Additionally, asset retirement obligations changed in the amount of 275 million yen with the application of the above accounting standard.

Changes in method of presentation

Consolidated quarterly statements of income

The consolidated quarterly financial statement for the first quarter under review is presented under “Income before minority interests,” in compliance with the “Cabinet Office Ordinance for Partial Revision of the Regulation for Terminology, Forms, and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008).

(4) Key event regarding the premise of a going concern

None

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Thousands of yen, rounded down)

	As of August 31, 2010	As of May 31, 2010
	Amount	Amount
Assets		
Current assets		
Cash on hand and in banks	8,152,704	7,921,993
Trade notes and accounts receivable	11,479,456	10,656,152
Merchandise and finished goods	4,336,707	4,218,778
Work in process	5,798,564	5,603,781
Raw materials and stores	1,159,345	1,088,051
Other	1,215,478	1,617,608
Allowance for doubtful accounts	(114,898)	(106,033)
Total current assets	32,027,358	31,000,331
Fixed assets		
Tangible fixed assets		
Buildings and structures (Net)	7,087,622	7,258,700
Machinery, equipment, and vehicles (Net)	13,248,270	13,628,077
Land	5,299,792	5,308,552
Construction in progress	1,359,580	1,526,421
Other (Net)	595,204	569,023
Total tangible fixed assets	27,590,510	28,290,775
Intangible fixed assets	890,211	921,714
Investments and other assets	1,726,649	1,573,408
Total fixed assets	30,207,371	30,785,898
Total assets	62,234,729	61,786,229

(Thousands of yen, rounded down)

	As of August 31, 2010	As of May 31, 2010
	Amount	Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	2,337,906	2,362,097
Short-term borrowings	3,051,872	1,682,140
Accrued amount payable	2,535,226	3,348,215
Income taxes payable	279,598	180,746
Reserve for employees' bonuses	448,201	713,946
Other	1,788,994	2,633,638
Total current liabilities	10,441,799	10,920,785
Long-term liabilities		
Long-term borrowings	1,112,186	431,074
Reserve for employees' retirement benefits	610,952	592,593
Asset retirement obligations	275,128	-
Other	728,129	881,521
Total long-term liabilities	2,726,398	1,905,188
Total liabilities	13,168,197	12,825,974
Equity		
Shareholders' equity		
Common stock	7,692,575	7,692,575
Capital surplus	9,534,686	9,534,686
Retained earnings	32,543,268	31,884,339
Treasury stock - at cost	(57,408)	(57,408)
Total shareholders' equity	49,713,122	49,054,194
Revaluation and translation gains (losses)		
Unrealized gains (losses) on available-for-sale securities	1,420	1,842
Foreign currency translation adjustments	(1,727,233)	(1,231,034)
Total revaluation and translation gains (losses)	(1,725,813)	(1,229,192)
Share warrants	10,044	6,696
Minority interests	1,069,178	1,128,557
Total equity	49,066,532	48,960,255
Total liabilities and equity	62,234,729	61,786,229

(2) Consolidated quarterly statements of income

Three months ended August 31, 2010

(Thousands of yen, rounded down)

	Three months ended August 31, 2009 Amount	Three months ended August 31, 2010 Amount
Net sales	5,986,362	9,054,523
Cost of goods sold	4,176,204	5,932,104
Gross profit	1,810,158	3,122,418
Selling, general and administrative expenses	1,328,527	1,465,846
Operating profit	481,630	1,656,572
Non-operating income		
Dividend income	14,982	6,336
Dividends earned	15,052	5,184
Gain on foreign currency option	25,073	47,361
Other	15,387	12,986
Total non-operating income	70,496	71,868
Non-operating expenses		
Interest expenses	5,337	12,478
Foreign exchange losses	95,665	259,490
Valuation loss on investment securities	3,933	27,448
Other	17,270	2,359
Total non-operating expenses	122,207	301,777
Recurring profit	429,919	1,426,664
Extraordinary profit		
Gain on sale of fixed assets	689	-
Reversal of allowance for doubtful accounts	45,396	-
Subsidies received	18,930	-
Total extraordinary profit	65,016	-
Extraordinary losses		
Loss on sale of fixed assets	283	-
Loss on disposal of fixed assets	2,260	8,024
Effect of application of the Accounting Standard for Asset Retirement Obligations	-	216,240
Total extraordinary losses	2,543	224,265
Profit before income taxes	492,392	1,202,399
Income taxes	314,329	43,159
Income before minority interests	-	1,159,239
Minority interests	27,105	85,621
Net income	150,957	1,073,617

(3) Consolidated quarterly statements of cash flows

(Thousands of yen, rounded down)

	Three months ended August 31, 2009	Three months ended August 31, 2010
	Amount	Amount
Cash flows from operating activities		
Profit before income taxes	492,392	1,202,399
Depreciation	773,363	1,164,946
Amortization of goodwill	2,726	2,726
Increase (decrease) in reserve for employees' retirement benefits	60,768	28,411
Effect of application of the Accounting Standard for Asset Retirement Obligations	-	216,240
Increase (decrease) in reserve for employees' bonuses	(352,882)	(263,196)
Increase (decrease) in reserve for directors' bonuses	(35,840)	-
Increase (decrease) in allowance for doubtful accounts	(71,950)	14,407
Interest and dividend income	(30,034)	(11,520)
Interest expenses	5,337	12,478
Foreign exchange loss (gain)	95,665	259,490
Valuation loss (gain) on investment securities	3,933	27,448
Gain on sale of tangible fixed assets	(689)	-
Loss on disposal and sale of tangible fixed assets	2,543	8,024
Decrease (increase) in notes and accounts receivable - trade	352,916	(1,091,640)
Decrease (increase) in inventories	(1,054,085)	(543,658)
Increase (decrease) in notes and accounts payable - trade	442,931	138,600
Other	(165,376)	174,307
Sub-total	521,719	1,339,464
Interest and dividends received	37,928	11,311
Interest paid	(3,331)	(11,920)
Income taxes paid	(299,560)	(143,542)
Net cash provided by operating activities	256,756	1,195,312
Cash flows from investing activities		
Payments for time deposits	(3,737,507)	(144,132)
Proceeds from time deposits	4,391,203	147,973
Payments for acquisition of tangible fixed assets	(1,127,493)	(2,529,648)
Proceeds from sale of tangible fixed assets	780	-
Payments for acquisition of intangible fixed assets	(472,600)	(21,643)
Other	11,365	(3,522)
Net cash used in investing activities	(934,252)	(2,550,973)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(385,354)	1,039,191
Proceeds from long-term borrowings	427,500	1,091,541
Repayment of long-term borrowings	(56,461)	(14,937)
Repayment of finance lease payables	(554)	(3,558)
Payments for acquisition of treasury stock	(175)	-
Payments for dividends	(327,969)	(383,345)
Payments for dividends to minority interests	(83,468)	-
Net cash provided by (used in) financing activities	(426,483)	1,728,891
Effect of exchange rate changes on cash and cash equivalents	(50,100)	(115,774)
Increase (decrease) in cash and cash equivalents	(1,154,080)	257,455
Cash and cash equivalents at beginning of period	6,412,364	5,802,412
Cash and cash equivalents at end of period	5,258,283	6,059,868

(4) Notes regarding the premise of a going concern

Not applicable.

(5) Segment information

[Business Segment Information]

From June 1, 2009 to August 31, 2009

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.

[Geographic Segment Information]

Three months ended August 31, 2009 (From June 1, 2009 to August 31, 2009)

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia	Total	Corporate and elim.	Consolidated
Sales							
(1) Sales to unaffiliated customers	3,258,955	691,766	624,647	1,410,993	5,986,362	-	5,986,362
(2) Intersegment sales or transfers	993,860	6,492	390	13,535	1,014,277	(1,014,277)	-
Total	4,252,815	698,258	625,037	1,424,528	7,000,640	(1,014,277)	5,986,362
Operating profit	73,951	31,602	36,322	281,064	422,941	58,688	481,630

(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

[Overseas Sales]

Three months ended August 31, 2009 (From June 1, 2009 to August 31, 2009)

(Thousands of yen, rounded down)

	North America	Europe	Asia	Rest of world	Total
I Overseas sales	678,607	746,644	1,913,052	30,048	3,368,353
II Consolidated sales					5,986,362
III Overseas sales as a proportion of consolidated sales (%)	11.3	12.5	32.0	0.5	56.3

(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. The overseas sales are the sales of the Company or its consolidated subsidiaries in countries or regions excluding Japan.

[Segment Information]

1. Reportable segments

The reportable segments of the Toyo Tanso Group are business components for which separate financial information is available and whose operating results are regularly reviewed by the board of directors in order to decide on the allocation of management resources and evaluate performance.

The Company primarily engages in the manufacture and sale of carbon products, in Japan through Toyo Tanso and domestic subsidiaries, and abroad through overseas subsidiaries based in the United States, Europe, and Asia. All overseas subsidiaries are independently managed companies. They conduct business by formulating their own comprehensive regional strategies for the products they handle.

For this reason, our business is composed of segments that are based on region-based production and sales frameworks, and is categorized into the four reportable segments of Japan, United States, Europe, and Asia.

2. Information on net sales and the amount of profits and losses per reportable segment

First quarter under review (from June 1, 2010 to August 31, 2010)

(Thousands of yen, rounded down)

	Reportable segments					Adjusted amount (Note) 1	Amount recorded in the consolidated quarterly income statement (Note) 2
	Japan	United States	Europe	Asia	Total		
Sales							
(1) Sales to unaffiliated customers	4,997,438	751,703	689,585	2,615,796	9,054,523	-	9,054,523
(2) Intersegment sales or transfers	1,624,433	17,947	10,722	31,356	1,684,460	(1,684,460)	-
Total	6,621,872	769,651	700,308	2,647,152	10,738,984	(1,684,460)	9,054,523
Segment profit (loss)	856,570	(13,050)	81,117	568,473	1,493,110	163,461	1,656,572

- (Notes) 1. Adjusted segment profit (loss) mainly takes into account the elimination of inter-segment transactions and unrealized income.
 2. Segment profit (loss) has been adjusted to reflect the operating profit recorded in the consolidated quarterly statement of income.

3. Regional information

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia		Rest of world	Total
				Asia (including China)	China only		
Sales	3,718,791	711,100	801,948	3,768,757	2,466,739	53,925	9,054,523

- (Notes) 1. Sales are based on the locations of our customers, and are categorized into the relevant country or region segment according to geographical proximity.
 2. The major countries or regions included in each geographic segment (except Japan) are listed below.
 (1) North America: United States
 (2) Europe: France, Germany, Italy
 (3) Asia: China, Taiwan, South Korea

(Additional information)

Effective as of the first quarter under review, the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) have been adopted.

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

Not applicable.

4. Supplementary Information

(1) Orders and sales by product category

i. Orders

(Unit: millions of yen)

Products	Year ended May 31, 2010					Year ending May 31, 2011
	1Q	2Q	3Q	4Q	Fiscal year total	1Q
Special graphite products	2,530	3,539	3,643	4,349	14,062	4,900
Carbon products for general industries (for mechanical applications)	484	523	585	630	2,223	628
Carbon products for general industries (for electrical applications)	1,155	598	891	1,216	3,861	1,190
Compound materials and other products	1,715	1,297	2,627	4,011	9,652	2,462
Total	5,885	5,958	7,747	10,207	29,799	9,182

ii. Outstanding orders

(Unit: millions of yen)

Products	Year ended May 31, 2010				Year ending May 31, 2011
	1Q	2Q	3Q	4Q	1Q
Special graphite products	1,522	1,686	2,030	2,637	3,336
Carbon products for general industries (for mechanical applications)	282	306	344	382	418
Carbon products for general industries (for electrical applications)	613	414	387	616	679
Compound materials and other products	1,560	1,728	2,789	3,983	4,406
Total	3,978	4,136	5,551	7,620	8,840

iii. Sales performance by product category

(Unit: millions of yen)

Products	Year ended May 31, 2010					Year ending May 31, 2011
	1Q	2Q	3Q	4Q	Fiscal year total	1Q
Special graphite products	2,958	3,514	3,525	4,186	14,184	4,551
[Electronics applications]	1,437	1,783	1,757	2,079	7,057	2,611
[General industries applications]	1,307	1,495	1,547	1,840	6,190	1,737
[Others]	213	235	220	267	936	203
Carbon products for general industries (for mechanical applications)	537	504	565	663	2,269	625
Carbon products for general industries (for electrical applications)	884	1,030	970	1,046	3,931	1,128
Compound materials and other products	1,442	1,318	1,456	2,494	6,711	2,423
[3 major products]	1,230	1,118	1,268	2,184	5,802	2,124
[Other products]	212	199	187	309	908	298
Related goods	163	292	206	164	827	325
Total	5,986	6,659	6,723	8,554	27,924	9,054

(2) Overview

Special graphite products

On the whole, the recovery trend in the electronics applications has become a certainty, with significant increases in demand for our core products for the manufacture of solar cells primarily in China, followed by Japan, Europe and North America, and the full-scale recovery of orders for products for the manufacture of single crystal silicon from customers who have completed their inventory adjustment. Products for the manufacture of solar cells, in particular, are expected to continue their robust performance, as motivations for installation remain strong among our customers.

In the general industries applications, signs of economic recovery promoted the gradual recovery of our core products for electrical discharge machine (EDM) electrodes and metallurgical applications, mainly overseas.

Carbon products for general industries

Carbon products for mechanical applications continued to improve along with the trend toward economic recovery. However, full recovery is still out of reach, as it is expected to take more time to dispel concerns about the hollowing-out of industries and flagging capital investments in Japan. Meanwhile, the cultivation of new demand overseas has made steady headway, and continuous efforts will be directed to expanding sales.

In the carbon products for electrical applications, our core products for small motors intended for vacuum cleaners and electric power tools continued to enjoy brisk sales mainly in China. Our other products, including automotive products such as fuel pumps, also remained strong.

Compound materials and other products

SiC (silicon carbide)-coated graphite products did extremely well on the whole, owing to continued strong demand for LEDs mainly in Asia, and to the full recovery of semiconductor-related products. Demand for C/C composite products picked up as a result of the progress in our customers' inventory adjustment of products for the manufacture of single crystal silicon and the expansion of our customer base. Demand for products for the manufacture of solar cells and orders from new customers also remained at high levels. Graphite sheet products, and particularly those for automotive and semiconductor applications, maintained a strong and steady trend.