



July 15, 2009

Consolidated Financial Results for the Fiscal Year Ended May 31, 2009

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:	Junko Kondo, President & Chief Operating Officer
Contact:	Toshimi Boki, Executive Officer, General Manager, Accounting Department
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Scheduled date for ordinary general meeting of shareholders:	August 28, 2009
Scheduled date for dividend payment:	August 31, 2009
Scheduled date for submission of securities report:	August 31, 2009

1. Consolidated financial results for the fiscal year ended May 31, 2009

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

(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, 2009	30,974	(10.3)	4,741	(41.0)	4,483	(42.5)	2,566	(50.1)
Fiscal year ended May 31, 2008	34,531	10.0	8,031	16.0	7,795	9.4	5,143	15.9

	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, 2009	123.80	-	5.5	7.7	15.3
Fiscal year ended May 31, 2008	247.33	-	11.9	13.9	23.3

Reference: Equity in earnings of affiliates
 May 31, 2009
 May 31, 2008

- 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, 2009	58,821	48,606	80.6	2,286.27
As of May 31, 2008	57,706	46,523	79.0	2,198.73

Reference: Shareholders' equity
 May 31, 2009
 May 31, 2008

47,404 million yen
 45,606 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, 2009	5,105	(8,420)	(568)	6,412
Fiscal year ended May 31, 2008	6,635	(5,924)	1,753	10,491

2. Dividends

(Millions of yen, rounded down)

(Record date)	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, 2008	-	0.00	-	15.00	15.00	311	6.1	0.7
Year ended May 31, 2009	-	0.00	-	20.00	20.00	414	16.2	0.9
Fiscal year ending May 31, 2010 (Forecast)	-	0.00	-	20.00	20.00		27.6	

3. Consolidated results forecast for the fiscal year ending May 31, 2010

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

(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	12,000	(33.3)	300	(92.8)	300	(92.0)	50	(97.9)	2.41
Fiscal year ending May 31, 2010	28,000	(9.6)	2,500	(47.3)	2,500	(44.2)	1,500	(41.6)	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: Yes

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 24.

(3) Number of shares outstanding (common stock)

- i. Number of shares outstanding and issued at the end of period (including treasury stock)
 - As of May 31, 2009 20,750,688 shares
 - As of May 31, 2008 20,750,688 shares
- ii. Number of treasury stock at the end of period
 - As of May 31, 2009 16,115 shares
 - As of May 31, 2008 15,430 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, 2009

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

(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, 2009	22,658	(13.6)	1,151	(74.1)	1,756	(59.2)	1,323	(54.4)
Fiscal year ended May 31, 2008	26,222	10.1	4,448	(10.3)	4,306	(17.0)	2,902	(14.9)

	Net income per share	Diluted net income per share
	yen	yen
Fiscal year ended May 31, 2009	63.82	-
Fiscal year ended May 31, 2008	139.96	-

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Equity	Equity ratio	Net assets per share
			%	yen
As of May 31, 2009	49,457	40,830	82.6	1,969.19
As of May 31, 2008	48,713	39,850	81.8	1,921.85

Reference: Shareholders' equity
May 31, 2009 40,830 million yen
May 31, 2008 39,850 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, 2009

During this fiscal year, the Japanese economy rapidly deteriorated, particularly in the second half of the year. The increased effects of the financial crisis, originally triggered by the US economy, on the real economy and rapid declines in capital investment and exports compounded the effect of fluctuations in raw materials prices and exchange rates. Worsening conditions in Western economies led to a major slowdown demand on a global level, including in newly emerging economies such as China, and a worldwide recession appears to have taken root.

Under these circumstances, the Toyo Tanso Group focused its efforts on the environment and energy-related fields, including solar cells, and produced good results during the first half of the year. However, in the second half of the year, the impact of rapid and large-scale production and inventory adjustments across all products, regions and companies impacted significantly upon the Group's results.

As a result of the above performance, consolidated sales for the fiscal year ended May 31, 2009 fell 10.3% year on year to 30,974 million yen due to the effect of rising raw material prices and a strengthening yen in addition to falling sales and production caused particularly by a rapid decline in demand in the second half of the year. Operating profit fell 41.0% to 4,741 million yen, recurring profit declined 42.5% to 4,483 million yen, and net income slipped 50.1% to 2,566 million yen.

The table below shows sales by product category in this fiscal year.

(Thousands of yen)

Products	Year ended May 31, 2008	Year ended May 31, 2009	Year-on-year change (%)
Special graphite products	17,968,881	16,184,952	(9.9)
Carbon products for general industries (for mechanical applications)	2,991,151	2,735,542	(8.5)
Carbon products for general industries (for electrical applications)	4,598,688	4,081,854	(11.2)
Compound materials and other products	7,924,683	7,295,542	(7.9)
Related goods	1,047,720	676,414	(35.4)
Total	34,531,125	30,974,306	(10.3)

Special Graphite Products

In the electronics sector, a certain level of adjustments were required for products used in the processing of single crystal silicon (centered on 300-mm wafers), which had already experienced a downward trend in the first half of the year, in response to a rapid slowdown in the semi-conductor market. Furthermore, Chinese demand for products used in the manufacture of solar cells, which had continued to drive high growth in the first half of the year, fell rapidly in the second half of the year, and overall demand decreased monthly, with the exception of polysilicon, which was the only product to increase sales.

In the general industries sector, there was an increase in production adjustments both within Japan and abroad for products used for electrical discharge machining (EDM) electrodes and metallurgical products as a result of the global economic slowdown across a broad spectrum of industries, including the auto, consumer electronics and construction industries, leading to sluggish performance across all products.

Carbon Products for General Industries

With regard to carbon products for mechanical applications, despite robust sales of pantograph sliders which have a small effect of fluctuating economic conditions, cutbacks in general capital expenditure resulted in a sluggish growth in the mainstay products of bearings and sealing materials, leading to a downward trend overall.

Regarding products for electrical applications, it became necessary to make adjustments, particularly in the main center of the Chinese market, in small carbon brushes for home appliance motors, the leading product, in response to the slowdown in Western economies.

Compound Materials and Other Products

Regarding SiC (silicon carbide)-coated graphite products, despite underlying strength from optoelectrics devices such as LED devices in the face of tough conditions, the major slowdown in semi-conductor products led to a deterioration overall. Regarding C/C composite, major adjustments became necessary, particularly in the second half of the year, for large crucibles used in the processing of 300 mm wafers. However, success was seen with the development of markets for solar cells, leading to underlying strength overall. Demand for graphite sheets fell in the second half of the year as a result of the slowdown in the auto and semi-conductor industries.

(ii) Outlook on the Fiscal Year Ending on May 31, 2010

With regard to future economic conditions, despite a trend towards recovery in some areas as a result of the economic stimulus measures being implemented around the world, it is expected that more time is required for a real recovery supported by capital expenditure and personal consumption and that, given unstable factors such as employment conditions, crude oil prices and exchange rate fluctuations, difficult economic conditions will continue for the immediate future.

Regarding the business environment surrounding the Group, it is expected that an adjustment phase will continue for demand for at least the first half of the year, particularly in the leading products of solar cells and semi-conductors. In the medium to long-term, it is expected that solar cells will begin to see new growth, given the sustained growth in the environment and energy-related sectors. It is also expected that high-function graphite materials will see steady growth, including an expansion in the nuclear and LED sectors, and it is expected that this trend will gradually begin to emerge from the second half of the year onwards. In the light of the market environment, the Group plans to work hard on reducing underlying expenses and costs at the same time as carrying out thorough preparations for expansions in production capacity in growth fields and regions, with a view to a future recovery in economic conditions.

Regarding the outlook for operating results in the fiscal year ending May 31, 2010, we expect that consolidated net sales will decrease 9.6% year on year to 28 billion yen, take consideration of the increase in depreciation costs associated with a high level of investments and the impact of a strengthening yen. We expect that operating profit will decline 47.3% to 2.5 billion yen, ordinary profit will decrease 44.2% to 2.5 billion yen, and net income is set to decline 41.6% to 1.5 billion yen. We assume that the exchange rates of the yen against the US dollar and the euro will be 93 yen and 130 yen, respectively.

(2) Analysis of Financial Position

Cash and cash equivalents (hereinafter referred to as “funds”) in the fiscal year ended on May 31, 2009 decreased by 4,079 million yen from the end of the previous fiscal year, to 6,412 million yen on a consolidated basis. The status of cash flows from the following activities in the period was as follows:

(Cash Flows from Operating Activities)

Funds obtained as a result of operating activities decreased 23.1% from the previous fiscal year to 5,105 million yen. Among major cash flow items, profit before income taxes decreased 43.5% from the previous year to 4,615 million yen and depreciation costs increased 19.4% to 3,291 million yen. Meanwhile, income taxes paid decreased 27.6% to 2,398 million yen.

(Cash Flows from Investing Activities)

Funds used for investing activities increased 42.1% from the previous fiscal year to 8,420 million yen. Among major cash flow items, payments for time deposits decreased 15.6% to 8,054 million yen and payments for the acquisition of tangible fixed assets associated with the expansion of production facilities for isotropic graphite materials, etc, decreased 7.1% to 4,379 million yen. Meanwhile, proceeds from time deposits decreased 59.1% to 3,558 million yen.

(Cash flows from Financing Activities)

Funds used for financing activities totaled 568 million yen. Among major cash flow items, payments for long-term borrowings decreased 57.3% to 530 million yen.

(3) Basic Policy for Profit Allocation and Dividends for the Fiscal Year Ended on May 31, 2009 and the Fiscal Year Ending May 31, 2010

(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 Ending on May 31, 2009

Based on the above-mentioned policy, we plan to increase the annual dividend for the fiscal year ended on May 31, 2009 by 5 yen from the previous year to 20 yen per share in line with our initial dividend forecast in consideration of the need to improve shareholders’ returns, at the same time as taking into account capital expenditure plans aimed at future growth.

(iii) Dividends for the Fiscal Year Ending on May 31, 2010

Concerning dividends for the fiscal year ending on May 31, 2010, from the perspective of continuing with a steady return of profits in an expected difficult economic environment, we forecast an unchanged dividend of 20 yen per share.

(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 3.7 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 Control Law 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 56.7% 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 subsidiaries 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 pulling-up 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, gaskets for automotive engines, 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 pulling-up 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 and telecommunications devices, 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, the king of clean energy, represent an area expected to grow globally, given that the adoption and growth in use of solar cells is becoming national policy, as demonstrated by the legislation on the purchase of a domestic power generation system in European countries.

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 (including Glossary 1 and Glossary 2 and 3 later) 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 1]

[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 single crystal silicon on the surface of a silicon wafer.

[Continuous casting dies]

A mold to cool and solidify dissolving 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 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 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]

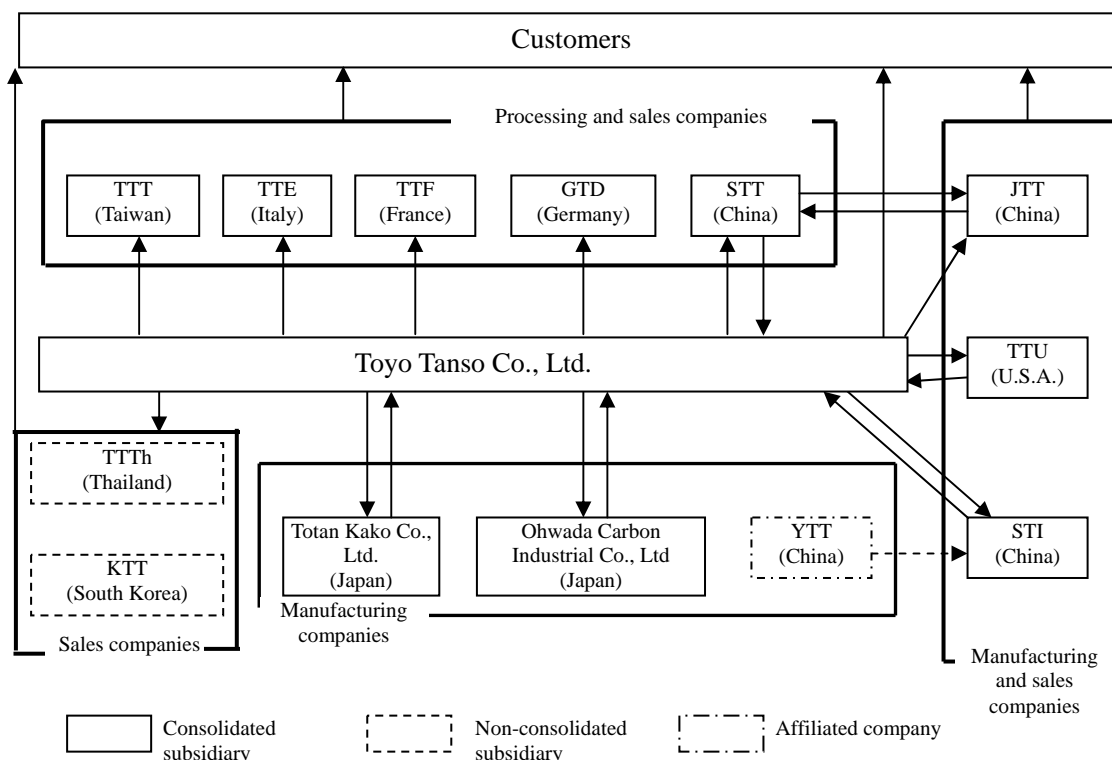
Graphite that is formed into a sheet-like shape by a special production method. This is used for gaskets and other products because of its bendy nature.

[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. |
| | (TTT) ... Toyo Tanso Taiwan Co., Ltd. |
| | (STI) ... Shanghai Toyo Tanso Industrial 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-Term Management Strategies and Issues to Address

The business environment surrounding the Group has seen difficult underlying conditions continue, and the Group has made every effort to secure profitability by promoting thorough cuts in costs and expenses and streamlining. In the medium to long-term, however, as a leader in high functionality carbons, the 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 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, we are currently constructing a new 4,000 tons/year plant in Takuma, and plan for the plant to become operational in the spring of 2010. The Company intends to maintain its unchallenged superiority in both quality and quantity in the industry, armed with overwhelming deployment capabilities and cost competitiveness, 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, in addition to its application in nuclear power, medicine, and next-generation devices. One recent example can be seen in the large orders made for use in Chinese high-temperature gas reactors.

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, 2008	As of May 31, 2009
Assets		
Current assets		
Cash on hand and in banks	13,642,899	14,035,952
Trade notes and accounts receivable	10,992,382	8,257,709
Inventory	7,224,568	-
Merchandise and finished goods inventory	-	4,747,244
Work in process	-	3,476,873
Raw materials and stores	-	1,296,308
Deferred tax assets	916,352	819,840
Other	345,618	1,160,496
Allowance for doubtful accounts	(139,261)	(185,780)
Total current assets	32,982,561	33,608,646
Fixed assets		
Tangible fixed assets		
Buildings and structures	12,083,068	12,482,046
Accumulated depreciation	(5,906,193)	(6,355,316)
Buildings and structures (net)	6,176,874	6,126,730
Machinery, equipment, and vehicles	26,871,007	28,572,017
Accumulated depreciation	(18,115,340)	(19,982,877)
Machinery, equipment, and vehicles (net)	8,755,666	8,589,139
Land	5,380,948	5,353,520
Construction in progress	475,397	2,699,487
Other	2,503,879	2,725,704
Accumulated depreciation	(2,022,961)	(2,286,240)
Other (net)	480,917	439,463
Total tangible fixed assets	21,269,806	23,208,341
Intangible fixed assets	376,647	379,167
Investments and other assets		
Investments in securities	958,547	280,901
Long-term loans receivable	13,200	8,640
Deferred tax assets	333,270	33,933
Other	1,800,866	1,334,071
Allowance for doubtful accounts	(28,342)	(32,640)
Total investments and other assets	3,077,541	1,624,906
Total fixed assets	24,723,995	25,212,415
Total assets	57,706,556	58,821,061

(Thousands of yen, rounded down)

	As of May 31, 2008	As of May 31, 2009
Liabilities		
Current liabilities		
Trade notes and accounts payable	2,309,322	1,725,878
Short-term borrowings	1,277,401	1,323,950
Other account payable	2,694,254	3,420,334
Accrued income taxes	969,107	290,192
Reserve for employees' bonuses	880,309	756,470
Reserve for directors' and corporate auditors' bonuses	51,842	35,840
Other	1,279,782	1,595,887
Total current liabilities	9,462,020	9,148,554
Long-term liabilities		
Long-term borrowings	423,980	70,740
Deferred tax liabilities	197,080	351,606
Reserve for employees' retirement benefits	147,111	329,736
Other	952,766	313,578
Total long-term liabilities	1,720,938	1,065,661
Total liabilities	11,182,958	10,214,216
Equity		
Common Stock	7,692,575	7,692,575
Capital surplus	9,534,686	9,534,686
Retained earnings	28,558,305	30,856,790
Treasury stock - at cost	(53,599)	(56,997)
Unrealized gains (losses) on available-for-sale securities	29,684	984
Foreign currency translation adjustments	(155,283)	(623,226)
Total	45,606,368	47,404,814
Minority interests	917,228	1,202,030
Total equity	46,523,598	48,606,845
Total liabilities and equity	57,706,556	58,821,061

(Consolidated statements of income)

(Thousands of yen, rounded down)

	From June 1, 2007 to May 31, 2008	From June 1, 2008 to May 31, 2009
Net sales	34,531,125	30,974,306
Cost of goods sold	20,315,595	20,057,671
Gross profit	14,215,530	10,916,634
Selling, general and administrative expenses	6,183,597	6,175,405
Operating profit	8,031,932	4,741,228
Non-operating income		
Interest income	86,211	99,755
Dividends income	9,747	7,852
Gain on foreign currency option	-	99,695
Net realized gain on crude oil swap contracts	89,919	-
Sundry income	63,578	60,381
Total non-operating income	249,456	267,684
Non-operating expenses		
Interest expenses	69,594	33,193
Loss on sale of notes	1,997	1,876
Valuation loss on investment securities	65,782	129,621
Net realized loss on crude oil swap contracts	72,612	-
Foreign exchange loss	254,897	347,811
Sundry losses	20,846	13,013
Total non-operating expenses	485,729	525,515
Recurring profit	7,795,659	4,483,397
Extraordinary profit		
Gain on sale of fixed assets	1,226	1,051
Subsidies received	427,974	42,981
Insurance benefits received	-	138,641
Other	13,500	100
Total extraordinary profit	442,701	182,773
Extraordinary losses		
Loss on disposal of fixed assets	72,066	48,579
Loss on sale of fixed assets	3,052	1,851
Valuation loss on investment securities	779	-
Total extraordinary losses	75,898	50,430
Profit before income taxes	8,162,461	4,615,740
Income taxes - current	2,558,886	1,137,750
Income taxes - deferred	103,687	556,882
Total income taxes	2,662,573	1,694,632
Minority interests	356,231	354,221
Net income	5,143,656	2,566,886

(Consolidated statements of changes in equity)

(Thousands of yen, rounded down)

	From June 1, 2007 to May 31, 2008	From June 1, 2008 to May 31, 2009
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	23,522,911	28,558,305
Change resulting from changes in accounting methods at foreign subsidiaries	-	42,627
Change in the fiscal year		
Increase in consolidated earnings resulting from increase in consolidated subsidiaries	74,016	-
Dividends from retained earnings	(165,918)	(311,028)
Employees' bonuses from profit	(16,361)	-
Net income	5,143,656	2,566,886
Total change in the fiscal year	5,035,394	2,255,858
Balance at end of the fiscal year	28,558,305	30,856,790
Treasury stock		
Balance at end of previous fiscal year	(9,314)	(53,599)
Balance at end of the fiscal year		
Acquisition of treasury stock	(44,284)	(3,397)
Total change in the fiscal year	(44,284)	(3,397)
Balance at end of the fiscal year	(53,599)	(56,997)
Total equity		
Balance at end of previous fiscal year	40,740,858	45,731,968
Change resulting from changes in accounting methods at foreign subsidiaries	-	42,627
Change in the fiscal year		
Increase in consolidated earnings resulting from increase in consolidated subsidiaries	74,016	-
Dividends from retained earnings	(165,918)	(311,028)
Employees' bonuses from profit	(16,361)	-
Net income	5,143,656	2,566,886
Acquisition of treasury stock	(44,284)	(3,397)
Total change in the fiscal year	4,991,109	2,252,459
Balance at end of the fiscal year	45,731,968	48,027,055

(Thousands of yen, rounded down)

	From June 1, 2007 to May 31, 2008	From June 1, 2008 to May 31, 2009
Revaluation and translation gains (losses)		
Unrealized gains (losses) on available-for-sale securities		
Balance at end of previous fiscal year	25,309	29,684
Change in the fiscal year		
Change in the fiscal year in items other than shareholders' equity (net)	4,375	(28,699)
Total change in the fiscal year	4,375	(28,699)
Balance at end of the fiscal year	29,684	984
Foreign currency translation adjustments		
Balance at end of previous fiscal year	220,200	(155,283)
Change in the fiscal year		
Change in the fiscal year in items other than shareholders' equity (net)	(375,484)	(467,943)
Total change in the fiscal year	(375,484)	(467,943)
Balance at end of the fiscal year	(155,283)	(623,226)
Total revaluation and translation gains (losses)		
Balance at end of previous fiscal year	245,509	(125,598)
Change in the fiscal year		
Change in the fiscal year in items other than shareholders' equity (net)	(371,108)	(496,643)
Total change in the fiscal year	(371,108)	(496,643)
Balance at end of the fiscal year	(125,598)	(622,241)
Minority interests		
Balance at end of previous fiscal year	400,224	917,228
Change in the fiscal year		
Change in the fiscal year in items other than shareholders' equity (net)	517,003	284,802
Total change in the fiscal year	517,003	284,802
Balance at end of the fiscal year	917,228	1,202,030
Total equity		
Balance at end of previous fiscal year	41,386,593	46,523,598
Change resulting from changes in accounting methods at foreign subsidiaries	-	42,627
Change in the fiscal year		
Increase in consolidated earnings resulting from increase in consolidated subsidiaries	74,016	-
Dividends from retained earnings	(165,918)	(311,028)
Employees' bonuses from profit	(16,361)	-
Net income	5,143,656	2,566,886
Acquisition of treasury stock	(44,284)	(3,397)
Change in fiscal year under review in items other than shareholders' equity (net)	145,895	(211,840)
Total change in the fiscal year	5,137,004	2,040,618
Balance at end of the fiscal year	46,523,598	48,606,845

Notes on consolidated statements of changes in equity

(*) Resulting from payment resolution for appropriation of earnings made by subsidiaries in China and Taiwan.

	From June 1, 2007 to May 31, 2008	From June 1, 2008 to May 31, 2009
Cash flows from operating activities		
Profit before income taxes	8,162,461	4,615,740
Depreciation	2,755,975	3,291,319
Amortization of goodwill	10,620	10,906
Increase (decrease) in reserve for employees' retirement benefits	(48,731)	178,414
Insurance benefits received	-	(138,641)
Decrease in long-term accrued amount payable (directors' retirement benefits)	(2,300)	(699,000)
Increase (decrease) in reserve for employees' bonuses	70,473	(70,296)
Increase (decrease) in reserve for directors' bonuses	(2,710)	(16,002)
Increase (decrease) in allowance for doubtful accounts	13,710	69,714
Interest and dividend income	(95,958)	(107,607)
Interest expenses	69,594	33,193
Foreign exchange loss (gain)	254,897	347,811
Valuation loss (gain) on investment securities	66,561	129,621
Gain on sale of tangible fixed assets	(1,226)	(1,051)
Loss on disposal and sale of tangible fixed assets	75,119	50,430
Loss (gain) on sale of investment securities	(13,500)	(100)
Decrease (increase) in notes and accounts receivable - trade	(941,331)	2,771,573
Decrease (Increase) in inventories	(691,603)	(2,680,205)
Increase (decrease) in notes and accounts payable - trade	(153,772)	(381,308)
Other	398,084	(572,414)
Sub-total	9,926,364	6,832,097
Interest and dividend received	94,969	94,682
Interest paid	(73,263)	(31,590)
Insurance benefits received	-	608,509
Income taxes paid	(3,312,827)	(2,398,245)
Net cash provided by operating activities	6,635,243	5,105,453
Cash flows from investing activities		
Payments for time deposits	(9,539,120)	(8,054,331)
Proceeds from time deposits	8,703,570	3,558,326
Proceeds from redemption of mortgage-backed securities	500,000	-
Payments for acquisition of tangible fixed assets	(4,712,423)	(4,379,292)
Proceeds from sale of tangible fixed assets	4,353	5,285
Payments for acquisition of intangible fixed assets	(62,386)	(54,186)
Payments for acquisition of investment securities	(718,825)	(99)
Proceeds from sale of investment securities	113,500	-
Proceeds on redemption of investment securities	-	500,000
Payments for additional acquisitions of shares in subsidiary companies	(124,461)	-
Payments for investment in capital	(10)	-
Other	(88,298)	4,281
Net cash used in investing activities	(5,924,101)	(8,420,016)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(327,297)	302,011
Proceeds from long-term borrowings	50,000	-
Repayment of long-term borrowings	(1,242,173)	(530,825)
Repayment of finance lease payables	-	(2,870)
Payments for acquisition of treasury stock	(44,284)	(3,397)
Payments for dividends	(165,918)	(311,028)
Payments for dividends to minority interests	(23,899)	(22,196)
Net cash provided by (used in) financing activities	(1,753,573)	(568,307)
Effect of exchange rate changes on cash and cash equivalents	(101,182)	(196,656)
Increase (decrease) in cash and cash equivalents	(1,143,613)	(4,079,525)
Cash and cash equivalents at beginning of period	11,558,559	10,491,890
Increase in cash and cash equivalents accompanying new consolidation	76,943	-
Cash and cash equivalents at end of period	10,491,890	6,412,364

(Segment Information)

a. Business Segment Information

Previous fiscal year (from June 1, 2007 to May 31, 2008) and the fiscal year under review (from June 1, 2008 to May 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.

b. Geographic Segment Information

(From June 1, 2007, to May 31, 2008)

(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	20,491,470	3,399,081	3,468,075	7,172,498	34,531,125	-	34,531,125
(2) Intersegment sales or transfers	5,722,470	198,449	16,456	95,677	6,033,053	(6,033,053)	-
Total	26,213,940	3,597,530	3,484,532	7,268,176	40,564,179	(6,033,053)	34,531,125
Operating Expenses	21,132,575	2,988,625	3,020,131	5,296,244	32,437,577	(5,938,384)	26,499,193
Operating Profit	5,081,364	608,905	464,400	1,971,931	8,126,602	(94,669)	8,031,932
II. Assets	52,200,223	2,386,756	3,320,372	7,441,485	65,348,836	(7,642,280)	57,706,556

- 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.

(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 379,635 thousand yen in this consolidated fiscal year.

c. Overseas Sales

From June 1, 2007 to May 31, 2008

(Thousands of yen, rounded down)

	North America	Europe	Asia	Rest of World	Total
I Overseas Sales	3,324,025	4,158,134	9,867,579	254,258	17,603,998
II Consolidated Sales	-	-	-	-	34,531,125
III Overseas sales as a proportion of consolidated sales (%)	9.6	12.0	28.6	0.8	51.0

- 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 or its consolidated subsidiaries in countries or regions excluding Japan.

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 or its consolidated subsidiaries in countries or regions excluding Japan.