

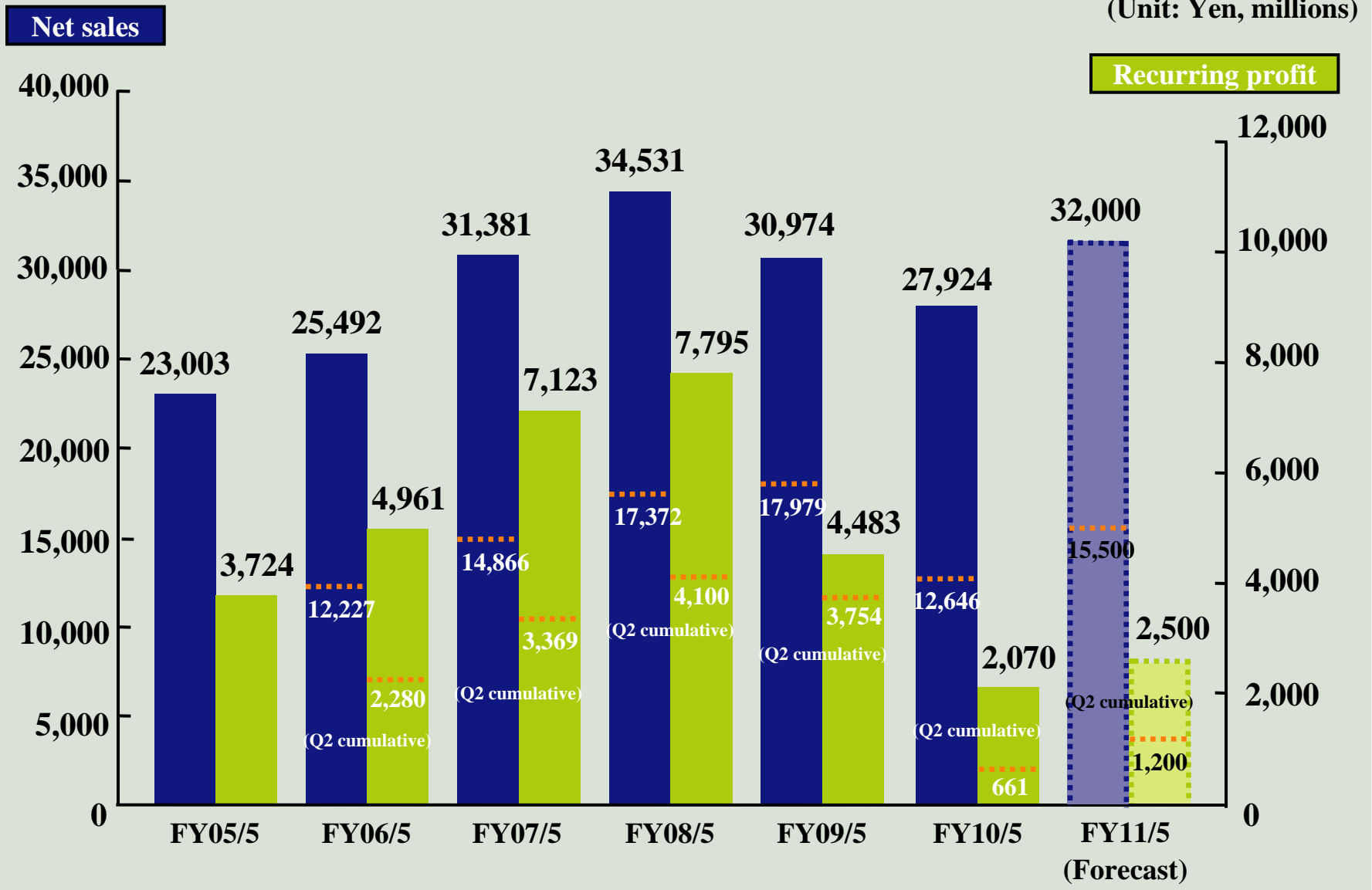
TOYO TANSO Results for the Fiscal Year Ended May 31, 2010

July 2010

Toyo Tanso Co., Ltd.

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1-1. Business Results



1-2. Results for the Fiscal Year Ended May 31, 2010

(Unit: Yen, millions)

	FY9/5	FY10/5	Change	% increase
Net sales	30,974	27,924	(3,049)	(9.8%)
Operating profit	4,741	2,253	(2,488)	(52.5%)
Ratio of operating profit to net sales	15.3%	8.1%		
Recurring profit	4,483	2,070	(2,413)	(53.8%)
Ratio of recurring profit to net sales	14.5%	7.4%		
Profit before income taxes	4,615	2,225	(2,390)	(51.8%)
Net income	2,566	1,442	(1,124)	(43.8%)
Net income per share	123.80 yen	69.56 yen		
Exchange rate	99.6 yen/\$ 138.3 yen/€	92.0 yen/\$ 129.3 yen/€		

Notes

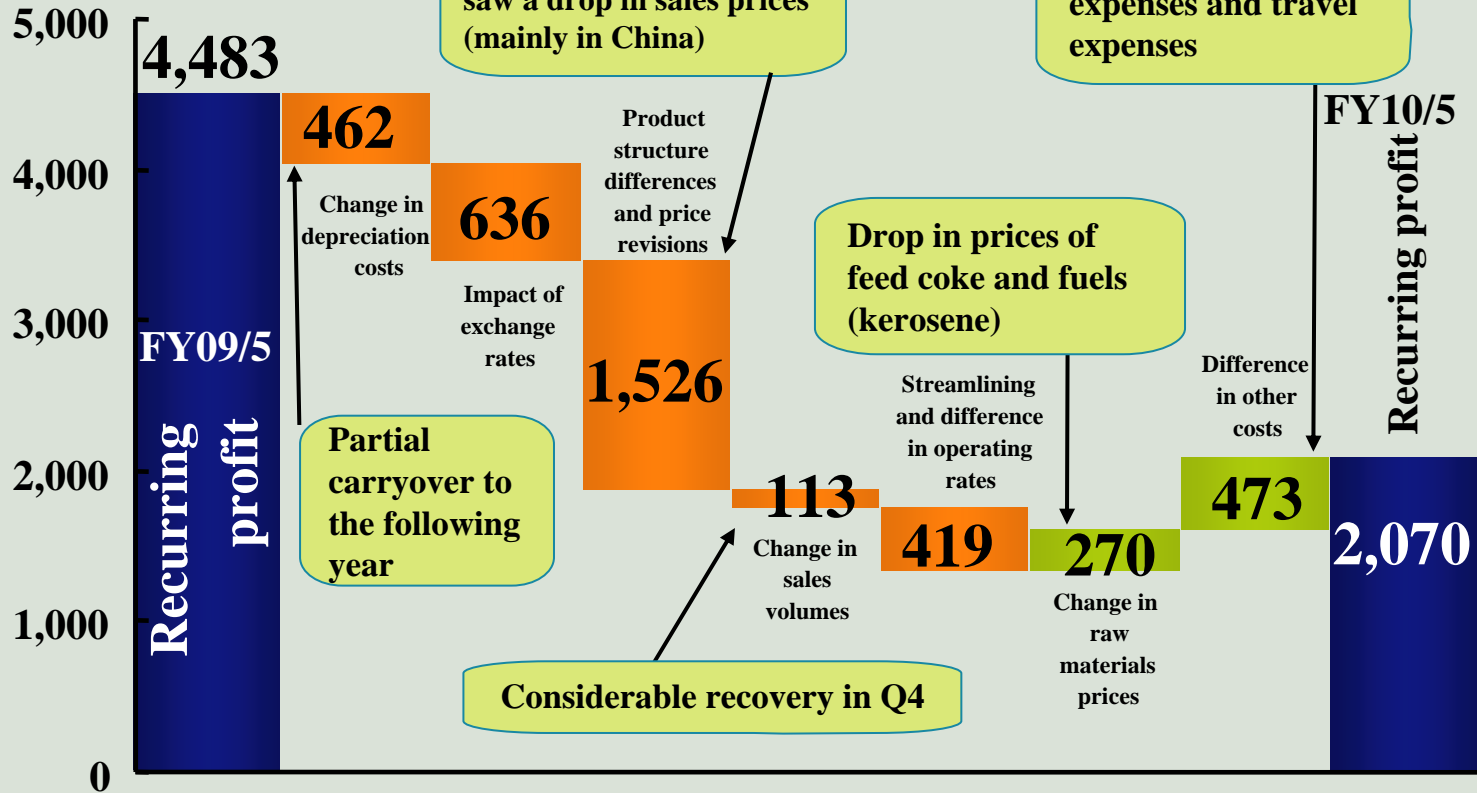
- The impact of production and inventory adjustments by our customers weighed down on most applications until 2010 Q3 and adversely impacted net sales.
- In 2010 Q4, a robust increase in orders rapidly boosted sales almost to their previous peak level.
- The strong yen and the decline in market prices had an almost devastating effect, but net sales somehow landed at a level only 10% lower compared to the previous year.

- In addition to a drop in marginal profit as a result of decreased net sales, profit margins also declined due to the impact of the stronger yen, increased depreciation costs, and falling market prices.
- However, profit margins improved in 2010 Q4, as a result of a rapid increase in sales.

1-3. Factors Affecting Changes in Recurring Profit

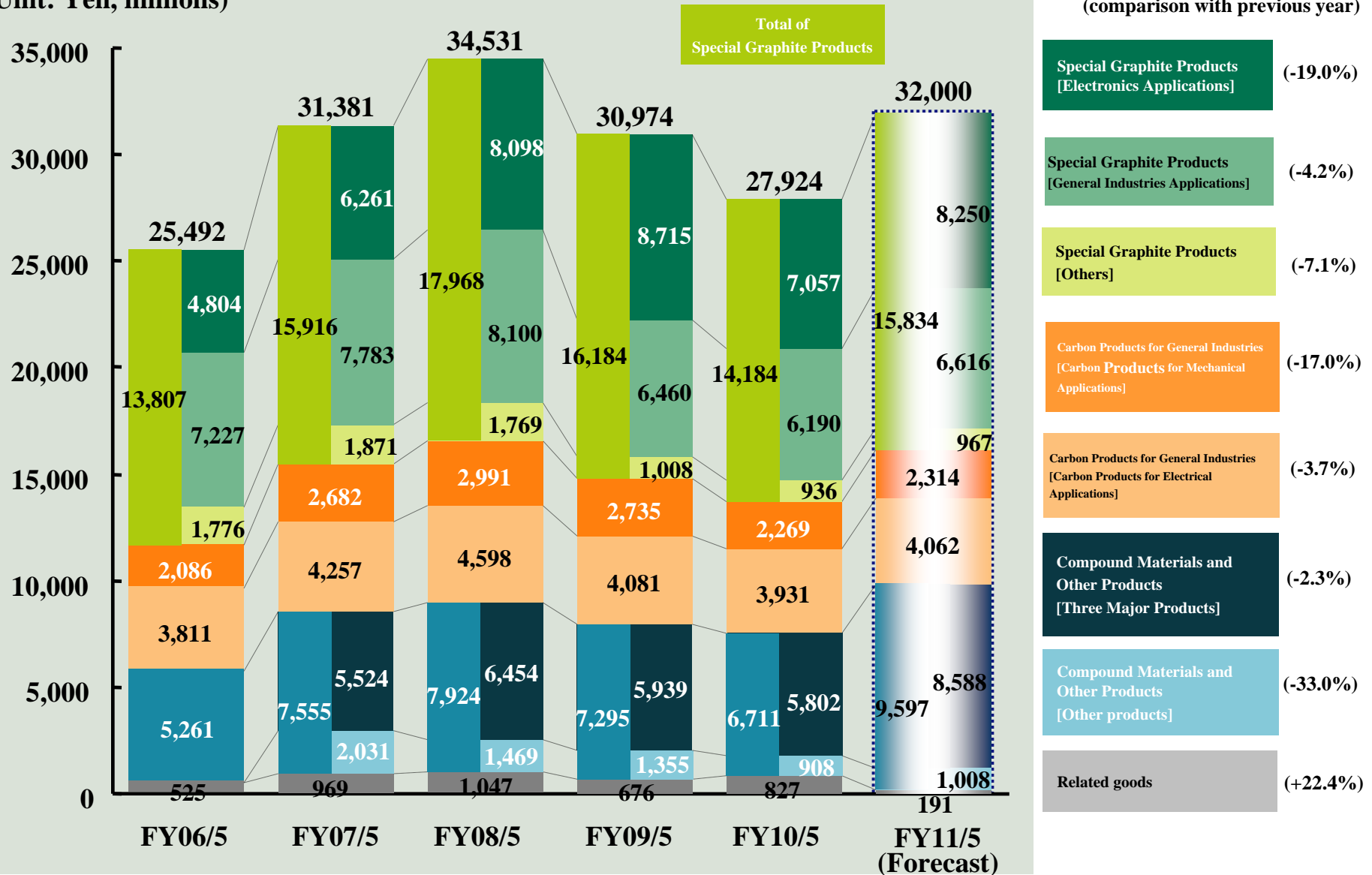
Profits declined primarily as a result of increased depreciation costs, the impact of the stronger yen, and falling market prices

(Unit: Yen, millions)



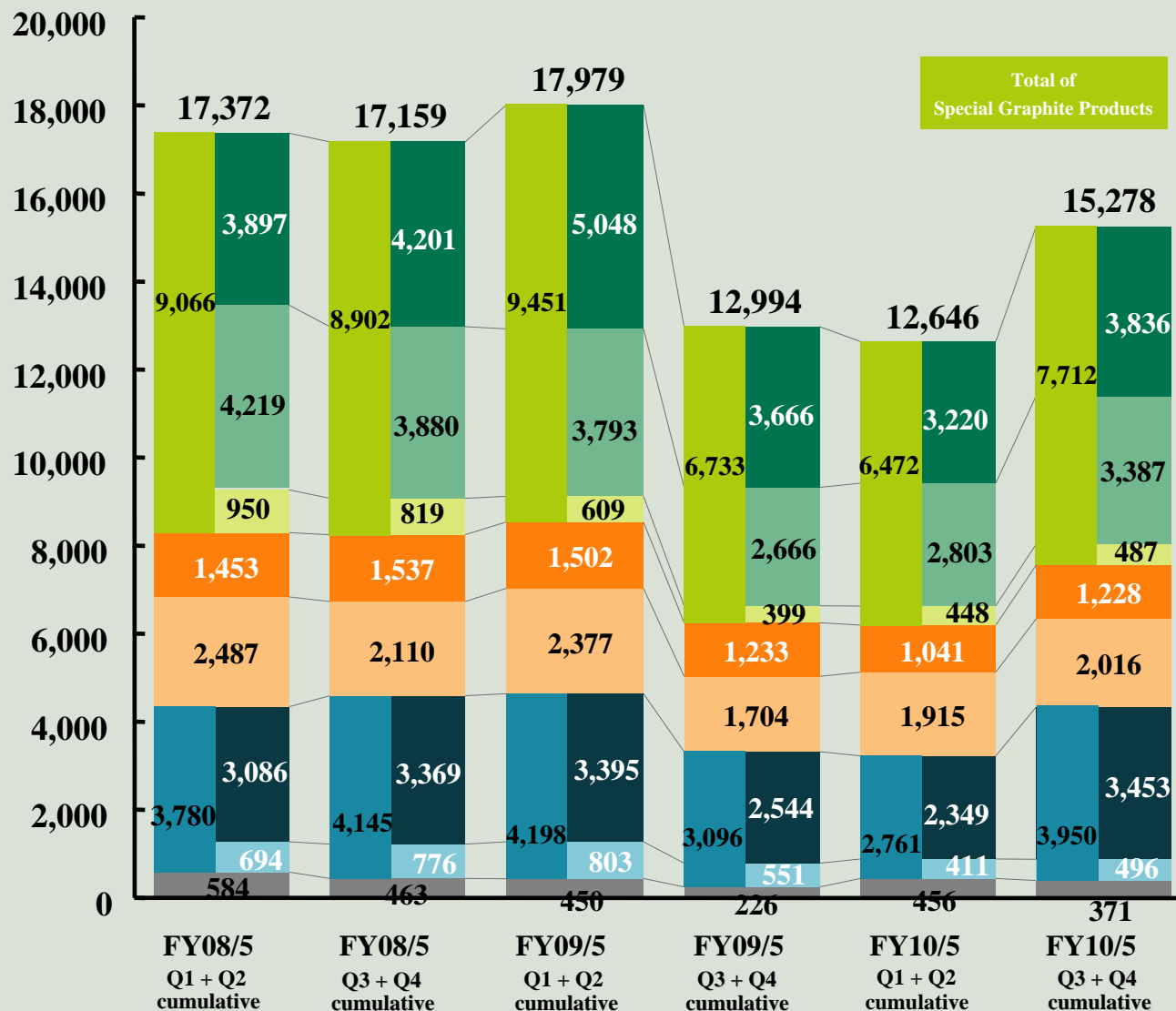
1-4. Net Sales by Product and Segment

(Unit: Yen, millions)

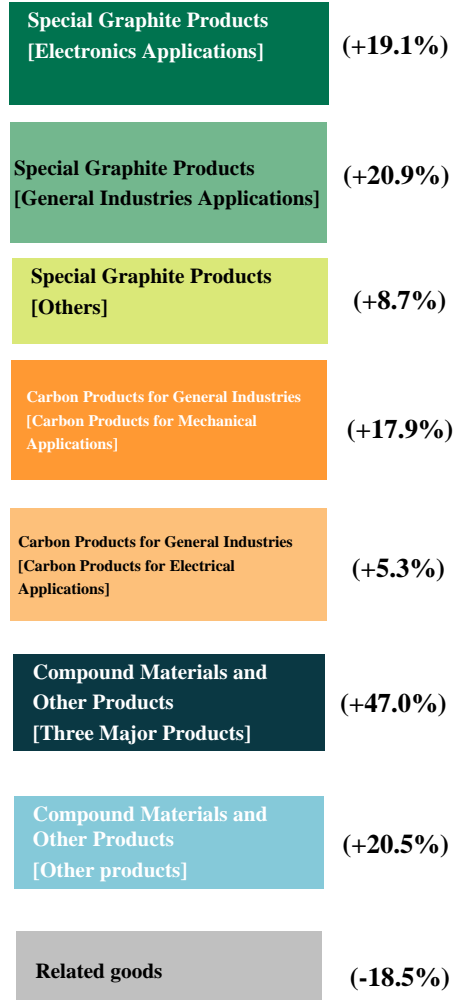


1-4. Net Sales by Product and Segment (half-year basis)

(Unit: Yen, millions)



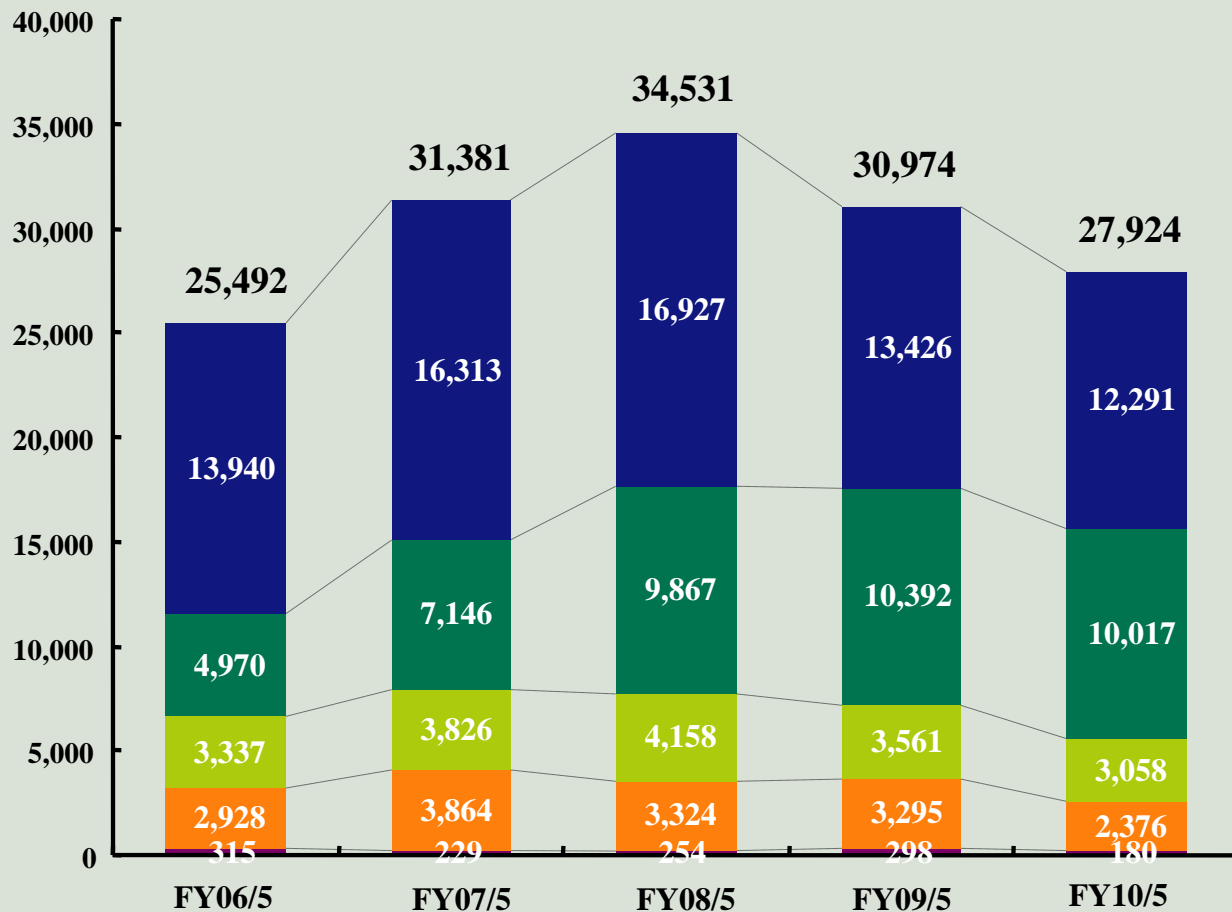
(comparison with previous year)



1-4. Net Sales by region

Overseas sales continued to be high (56.0%), particularly with the increasing presence of Asia

(Unit: Yen, millions)



Percentage Distribution

Japan (44.0%)

Slumping demand across most segments, particularly semiconductors, as a result of the dragging impact of production and inventory adjustments

Asia (35.9%)

Compound semiconductors and brushes fared well, and the mainstay solar cell segment recovered toward the end of the year, to mark an overall recovery trend

Europe (11.0%)

Weak demand all around, against the downturn of European economies

North America (8.5%)

Demand for mainstay semiconductors, solar cells, and polysilicon manufacturing products slowed down and bottomed out at the end of the year

Other regions (0.6%)

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

(Unit: Yen, millions)

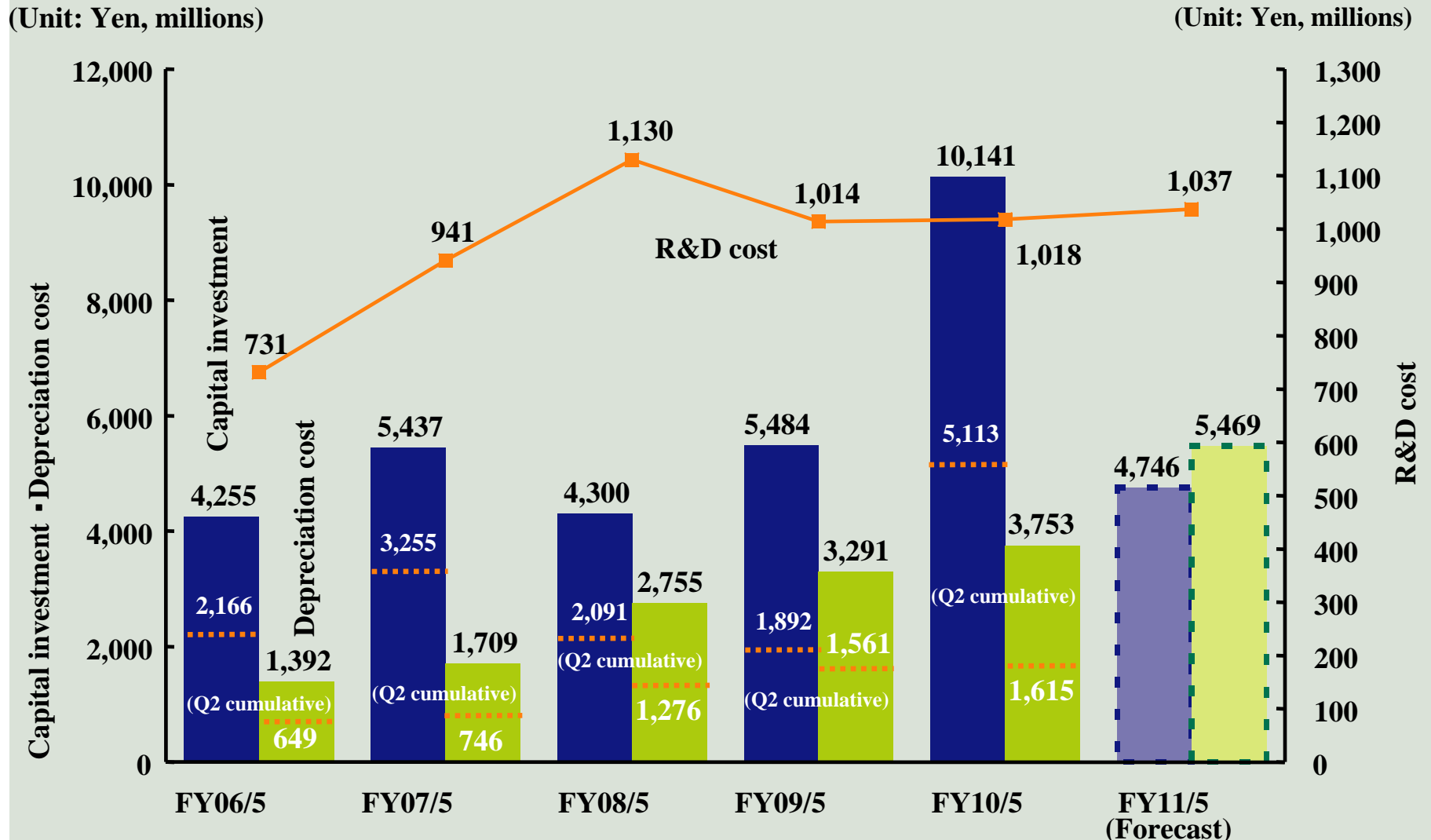
	FY10/5	FY11/5 (Forecast)	Change	% increase
Net sales	27,924	32,000	4,075	14.6%
Operating profit	2,253	2,500	246	11.0%
Ratio of operating profit to net sales	8.1%	7.8%		
Recurring profit	2,070	2,500	429	20.8%
Ratio of operating profit to net sales	7.4%	7.8%		
Net income	1,442	1,500	57	4.0%
Net income per share	69.56 yen	72.34 yen		
Exchange rate	92.0 yen/\$ 129.3 yen/€	90 yen/\$ 110 yen/€		

Notes

- Full-scale recovery was seen across all applications, particularly in the mainstay solar cell and semiconductor products, with Asia continuing to lead the trend.
- Demand for coated products grew considerably as a result of the robust performance of LED and other compound semiconductors. C/C composite products also showed rapid expansion mainly in solar cell products. Compound materials increased its overall share to 30%.
- Despite losses caused by a stronger yen (approx. 1 billion yen decrease year-on-year), we forecast net sales of 32 billion yen (year-on-year increase of 14.6%), with a commitment to regain our growth momentum.
- Even factoring in the increase in marginal profit from increased sales, we estimate a recurring profit of 2.5 billion yen (year-on-year increase of 20.8%), taking into consideration the considerable increase in depreciation costs (+17.1 billion yen) accompanying large-scale investments made during the previous year, as well as the impact of the stronger yen and declining prices in some applications.

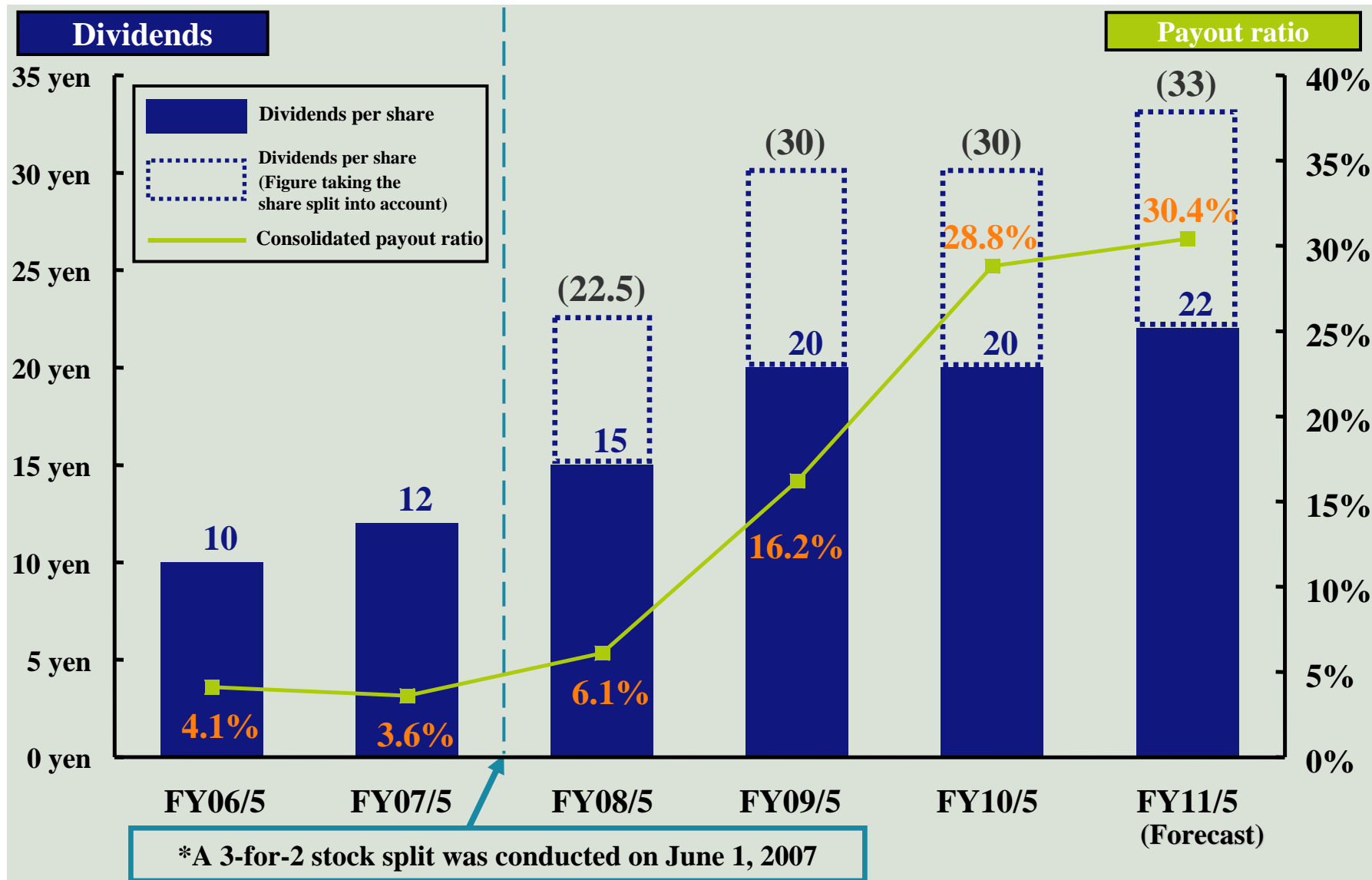
2-2. Future Investment (Capital Investment, Depreciation Cost, R&D Cost)

Full-scale operations commenced at the new Takuma isotropic graphite plant. The completion of large-scale investments brought the size of investments to ordinary levels. Depreciation costs will reach peak as a result of high-level investments made during the previous year.

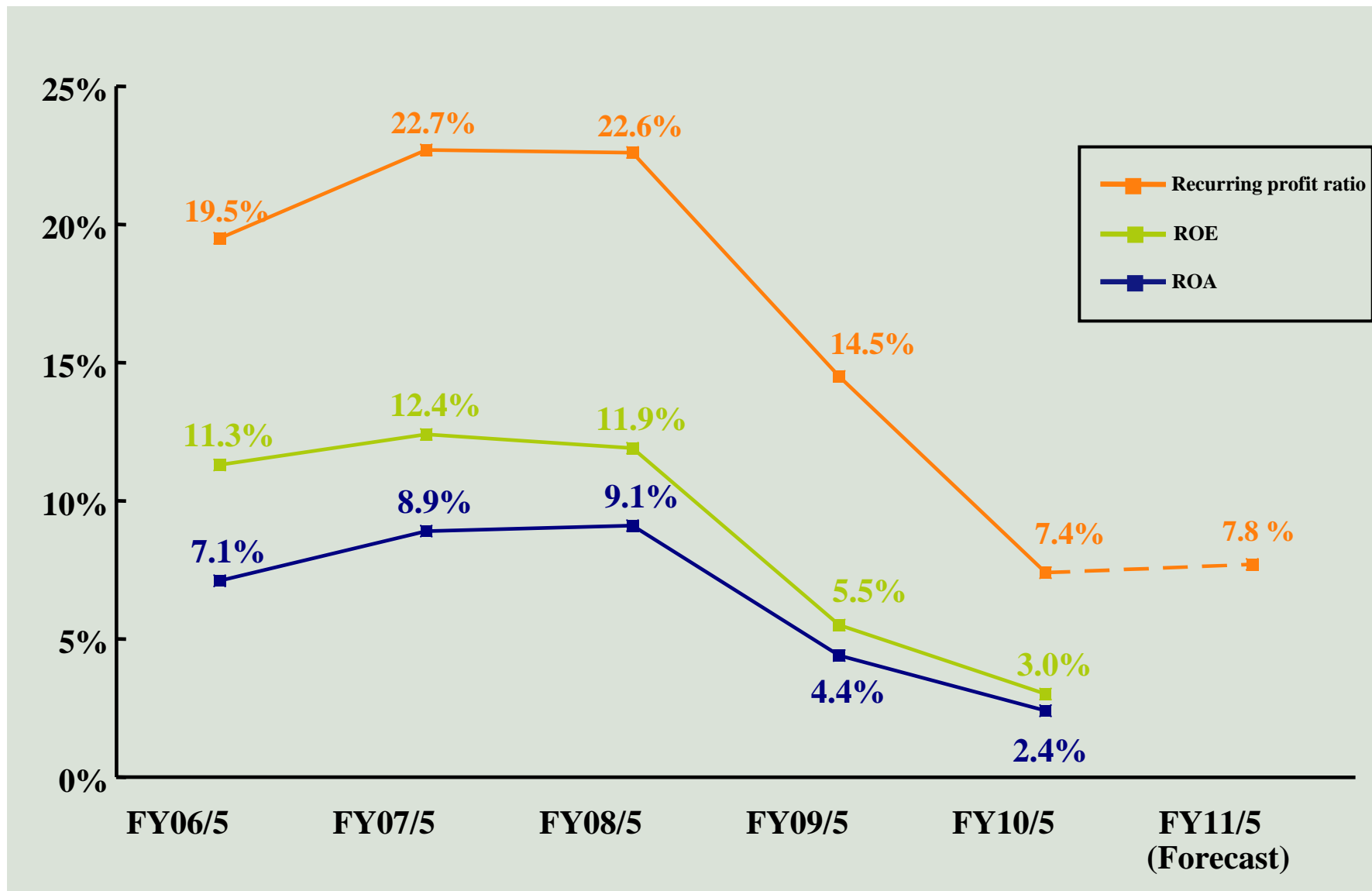


2-3. Return of Profits to Shareholders Dividend Trend

We plan to increase dividends next year, in anticipation of future profit growth and cash flow improvement

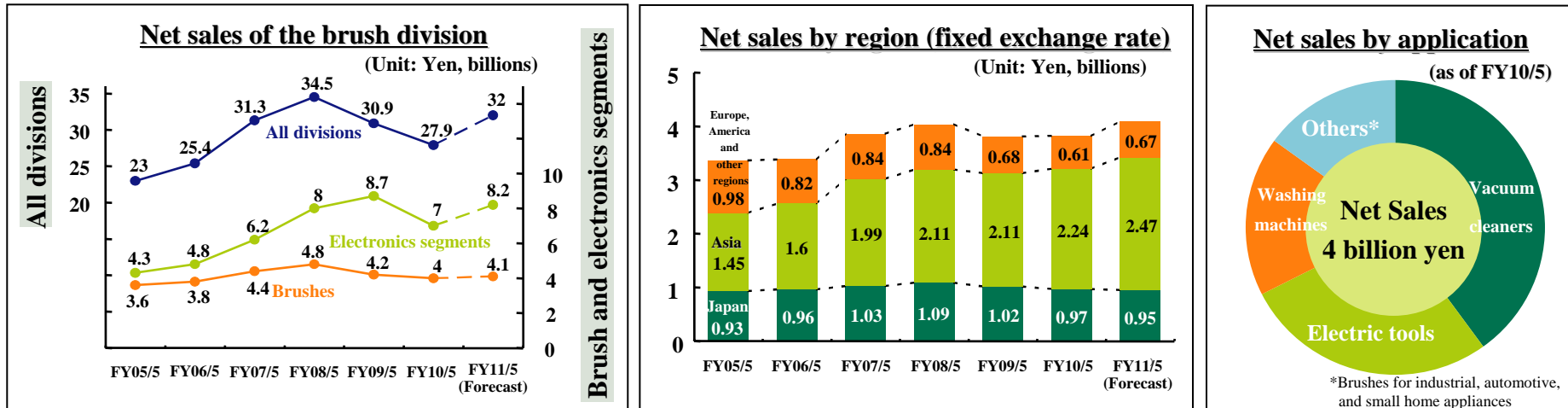


2-4. Key Performance Indicator Trends



3. Brushes, a Super Product and an Engine of Growth —Brush Division

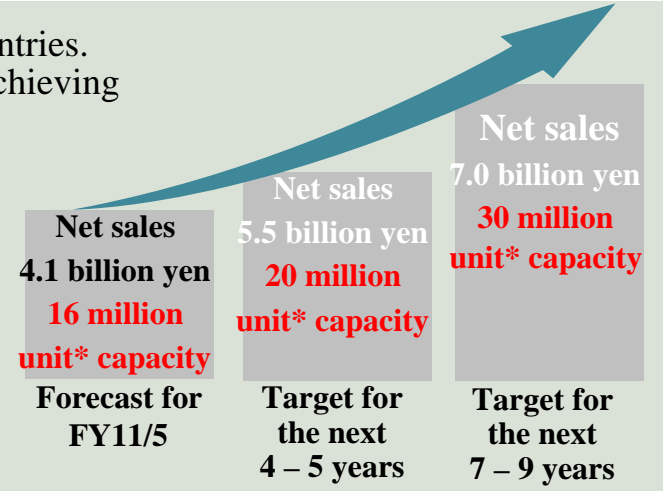
1. Development and characteristics of the brush division



1. Maintains slow but *steady growth*, unaffected by economic conditions.
2. Supports business performance by *maintaining* stable *double-digit profit rates*, albeit in the low profitability.
3. The three major applications are worth approximately 12 billion yen, corresponding to *a market share of 30%*. (Vacuum cleaner applications have the largest share in the market at 50%.)
4. Globalization was achieved from an early stage with the establishment of production bases in China and Europe, which now account for *approximately 80% of net overseas sales*.
5. A *global business unit* that cuts across all organizations, companies and regions ensures efficient global competence.
6. Our company was founded on this segment. While it is a mature industry, there is ample room for growth in emerging countries. Brushes are a *super product* that hold the key to development and technological innovations.

2. Future strategies and mid-term visions

1. The market is showing gradual growth particularly in emerging countries. To increase our share, we plan to expand our business by steadily achieving a *5% or greater annual growth of net sales*.
2. We will *strengthen the production system* in our three production bases in Japan, China, and Europe.
3. We will further accelerate our efforts to strengthen *global competence*. We will soon begin to study expanding our operation to other regions.
4. We will direct our efforts to developing *new products* and *cultivating new applications*.
5. To cope with declining market prices, we will make greater efforts to *cut costs* (introduce automation, improve processes, and promote production in optimum locations).



*Monthly production quantity of mass-produced brushes in terms of pellets

<Expansion of the brush business>



Brush Division Global Meeting (July 7 – 8, 2010)



(Shanghai Toyo Tanso Co., Ltd.)

(Toyo Tanso Europe S.p.A.)

(Totankako Co., Ltd.)

(Ref. 1) Overview of Operations by Product and Segment Notes and future outlook (1/2)

	Application	Image of net sales by application			Notes and future outlook	
		FY10/5 Q1, Q2	FY10/5 Q3, Q4	FY11/5 Forecast		
Special graphite products	Electronics applications	Products for solar cell manufacturing				<ul style="list-style-type: none"> The slump in demand continued during the first half of the year, particularly in the Chinese and European markets, but signs of recovery were evident mainly in China after the turn of the year. The domestic market also showed a recovery trend in the latter half of the year. The trend is expected to continue strong hereafter, given improved operations among our major customers and the launching of new facilities. Net sales in 2010 Q4 fell to around 80% of their previous peak level (excluding C/C), but recovered to the 90% level in terms of quantity, when taking into account the decline in foreign exchange rates and prices. Given improvements in the macro environment brought about by heightened environmental awareness, the temporary upset settled down to a gradual but steady growth trend. This year, we forecast a 30% or greater growth compared to the previous year, even accounting for losses caused by a stronger yen, and expect sales to reach their previous peak level in the latter half of the year.
		Products for single crystal silicon manufacturing				<ul style="list-style-type: none"> The impact of our customers' inventory adjustments dragged on and caused a slump in demand, but orders increased after the turn of the year, and sales levels in 2010 Q4 bounced back to reach approximately 90% of their previous peak level. However, this year we anticipate only a slight increase in sales from 2010 Q4, because the pending issue of increasing the production of 300 mm wafers still remains unclear.
		Products for compound semiconductor manufacturing				<ul style="list-style-type: none"> Non-coated products are mainly used in the manufacture of GaAs substrates for mobile-phone IC switches and PC wireless LAN. Having a large market in Japan, they will continue to enjoy stable demand. (LEDs and other products for compound semiconductor manufacturing are mentioned under SiC coated graphite products below, as the majority are coated products.)
	General industries applications and others	Products for EDM electrode manufacturing				<ul style="list-style-type: none"> A recovery trend emerged in the latter half of the year. Demand returned, owing to the recovery of the automobile and consumer electronics industries particularly in China and other overseas markets. The mold industry is in a difficult state characterized by severe competition, especially in the domestic market. We are placing our hopes on further increases in demand in Asia and emerging countries.
		Products for continuous casting and metallurgy, etc.				<ul style="list-style-type: none"> Demand returned to normal levels overall, as a result of the turnaround of the economy and increased infrastructure investments particularly in emerging countries. Given the robust performance of the automotive and semiconductor/electronic parts industries, steady demand is anticipated mainly in products used in the manufacture of optical fibers and electronic materials and products related to industrial furnaces and continuous casting.

(Ref. 1) Overview of Operations by Product and Segment Notes and future outlook (2/2)

		Application	Image of net sales by application			Notes and future outlook
			FY10/5 Q1, Q2	FY10/5 Q3, Q4	FY11/5 Forecast	
Carbon products for general industries	Carbon products for mechanical applications	Products for general industries				<ul style="list-style-type: none"> In the domestic market, mainstay bearings and seals shifted to a recovery trend in the latter half of the year as the performance of pumps and air conditioners bounced back. This moderate trend is expected to continue hereafter. Overseas demand is finally picking up and showing positive growth, with efforts for cultivating new customers making gains, as a result of robust growth in the energy and infrastructure industries.
		Products for transport machinery				<ul style="list-style-type: none"> Pantograph sliders remain unaffected by economic conditions, and continue to enjoy small but steady demand. While sales to private railways companies are expanding at a gradual rate, we are also exploring and contemplating overseas advancement in consideration of various measures, including collaboration with other industries.
	Carbon products for electric applications	Products for small motors				<ul style="list-style-type: none"> Given the recovery of the global economy, demand returned quickly mainly in the core Chinese market. Overseas sales account for approximately 80% of net sales, and are gradually increasing, although there has been some loss caused by a stronger yen. Domestic sales also picked up, but the situation is relatively difficult, due in part to the hollowing out of the industry. Efforts were directed to achieving further increases in sales by pushing forward global strategies particularly in China. Sequential facility expansions are also being planned in China.
		Industrial and automotive products, etc.				<ul style="list-style-type: none"> Products for industrial uses emerged from their slump and are beginning to recover, but sales remain small. Demand for automobile products (fuel pumps, etc.) continued to grow steadily, led by the growth of hybrid vehicles and motorcycles.
Compound materials and other products	Three major products	SiC coated graphite products				<ul style="list-style-type: none"> Compound semiconductor products continued to show strong growth, mainly in LEDs. Increased demand particularly in South Korea, Taiwan and China tightened the demand-supply situation and prompted increased activities in domestic plants which had been lagging behind Asian plants. Products for LCD backlights and lighting show signs of full-fledged recovery, and products for compound semiconductors are expected to continue their strong upward trend. Semiconductor-related products (for Si-Epi, etc.) appear to have bottomed out at long last and to be moving toward full-scale recovery. On the whole, sales in the latter half of the year increased by more than 30% compared to the first half of the year, and are expected to expand by more than 70% this year on a year-on-year basis. In anticipation of this increase, we are strengthening our supply system by considerably expanding facilities in our production bases in Japan and the United States. We aim to gain an overwhelming edge over our rivals by increasing our competitive power in integrated manufacturing, from material development to processing and coating.
		C/C composite products				<ul style="list-style-type: none"> Products for the manufacture of 300 mm wafers continued to struggle as a result of the dragging impact of inventory adjustments by major customers, but signs of recovery began to appear at long last, as a result of the gradual progress of adjustments. Sales of solar cell products increased considerably in 2010 Q4, thanks to increased demand for thin-film type products and demand from new customers. The rapid expansion was also boosted by the delivery of products related to nuclear fusion reactors for which orders were already previously received. Sales in the latter half of the year increased two-fold from the first half of the year, and are expected to increase by more than 40% by year end on a year-on-year basis.
		Graphite sheets				<ul style="list-style-type: none"> Our mainstay products for automobiles and semiconductors took the lead in showing a recovery, and steadily increased in demand from the first half of the year. The strong upward trend is expected to continue hereafter.

(Reference 2) Balance Sheet for the Fiscal Year Ended May 31, 2010

	(Unit: Yen, millions)		
	FY09/5	FY10/5	
Total assets	58,821	61,786	
Trade notes and accounts receivable	8,257	10,656	● Increase of 2,398 million yen from the end of FY09/5, as a result of the recovery in sales in 2010 Q4.
Inventory	9,520	10,910	● Increase of 1,390 million yen from the end of FY09/5, as a result of the systematic accumulation of intermediate stock.
Tangible fixed assets	23,208	28,290	● Increase of 5,082 million yen from the end of FY09/5, as a result of expanded capacity in isotropic graphite production and added-value processes.
Total liabilities and net assets	58,821	61,786	
Interest-bearing debt	1,394	2,113	
Capital	7,692	7,692	
Net assets	48,606	48,960	
Equity ratio	80.6%	77.4%	

Notes

● Increase of 2,398 million yen from the end of FY09/5, as a result of the recovery in sales in 2010 Q4.

● Increase of 1,390 million yen from the end of FY09/5, as a result of the systematic accumulation of intermediate stock.

● Increase of 5,082 million yen from the end of FY09/5, as a result of expanded capacity in isotropic graphite production and added-value processes.

(Unit: Yen, millions)

	FY09/5	FY10/5
Cash and cash equivalents at the end of the period	6,412	5,802
Changes in cash and cash equivalents	(4,079)	(609)
Cash and cash equivalents at the beginning of the period	10,491	6,412
CF from operating activities	5,105	3,377
CF from investing activities	(8,420)	(4,103)
CF from financing activities	(568)	252

Notes

- Despite increase in depreciation costs, net income decreased.

- Expenditures were made for the acquisition of tangible and intangible fixed assets, but proceeds from time deposits resulted in a net decrease.



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

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