



July 15, 2008

Consolidated Financial Results for the Fiscal Year Ended May 31, 2008

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, 2008
Scheduled date for dividend payment:	August 29, 2008
Scheduled date for submission of securities report:	August 29, 2008

1. Consolidated financial results for the fiscal year ended May 31, 2008

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

(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, 2008	34,531	10.0	8,031	16.0	7,795	9.4	5,143	15.9
Fiscal year ended May 31, 2007	31,381	23.1	6,925	39.7	7,123	43.6	4,439	60.3

	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, 2008	247.33	-	11.9	13.9	23.3
Fiscal year ended May 31, 2007	329.65	-	12.4	14.3	22.1

Reference: Equity in earnings of affiliates

May 31, 2008	-	million yen
May 31, 2007	-	million yen

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Equity	Equity ratio	Equity per share
			%	yen
Fiscal year ended May 31, 2008	57,706	46,523	79.0	2,198.73
Fiscal year ended May 31, 2007	54,830	41,386	74.8	2,964.32
Reference: Shareholders' equity				
May 31, 2008		45,606 million yen		
May 31, 2007		40,986 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, 2008	6,635	(5,924)	(1,753)	10,491
Fiscal year ended May 31, 2007	4,993	(1,635)	3,292	11,558

2. Dividends

(Millions of yen, rounded down)

(Record date)	Dividends per share (yen)			Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to total assets (consolidated)
	Interim-end	Year-end	Total (Full year)			
	yen	yen	yen			
Year ended May 31, 2007	-	12.00	12.00	165	3.6	0.4
Year ended May 31, 2008	-	15.00	15.00	311	6.1	0.7
Fiscal year ending May 31, 2009 (Forecast)	-	20.00	20.00	-	8.5	-

Note: Upon the board of directors' resolution at a meeting held on March 7, 2007, the Company made a 1.5-for-1 split of its common stock on June 1, 2007. According to the calculation based on the number of shares before the stock split, the payment of dividends per share for the year ended May 31, 2008 is 22.50 yen, a substantial increase of 10.50 yen from the previous fiscal year.

3. Consolidated results forecast for the fiscal year ending May 31, 2009

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

(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	18,400	5.9	3,500	(19.4)	3,600	(12.2)	2,200	(11.7)	105.74
Fiscal year ending May 31, 2009	37,400	8.3	7,800	(2.9)	7,900	1.3	4,900	(4.7)	235.59

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: None
- ii. Changes due to other reasons: None

Note: For more details, please refer to “Changes in Significant Items That Form the Basis of Preparations for Consolidated Financial Statements” (in Japanese only) on page 26.

(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, 2008	20,750,688 shares
As of May 31, 2007	13,833,792 shares
- ii. Number of treasury stock at the end of period

As of May 31, 2008	15,430 shares
As of May 31, 2007	7,233 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 29.

Reference: SUMMARY OF NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Non-consolidated financial results for the fiscal year ended May 31, 2008

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

(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, 2008	26,222	10.1	4,448	(10.3)	4,306	(17.0)	2,902	(14.9)
Fiscal year ended May 31, 2007	23,807	16.6	4,960	36.0	5,191	37.9	3,408	67.9

	Net income per share	Diluted net income per share
	yen	yen
Fiscal year ended May 31, 2008	139.96	-
Fiscal year ended May 31, 2007	254.17	-

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Equity	Equity ratio	Net assets per share
			%	yen
As of May 31, 2008	48,713	39,850	81.8	1,921.85
As of May 31, 2007	47,213	37,153	78.7	2,687.12

Reference: Shareholders' equity	
May 31, 2008	39,850 million yen
May 31, 2007	37,153 million yen

2. Non-consolidated results forecast for the fiscal year ending May 31, 2009

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

(Millions of yen)

(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	13,100	0.8	1,600	(39.2)	1,800	(29.6)	1,100	(30.1)	53.05
Fiscal year ending May 31, 2009	27,700	5.6	3,900	(12.3)	4,100	(4.8)	2,500	(13.9)	120.57

*** 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 5.

1. Business Results

(1) Analysis of Business Results

(i) Business Results for the Fiscal Year ended May 31, 2008

During the fiscal year under review, the Japanese economy remained on a path of moderate growth supported by robust exports and a high level of capital expenditures backed by favorable corporate earnings. However, concerns about a deceleration emerged in the second half of the year, against a backdrop of volatile exchange rates and a further surge in prices of crude oil, other fuels and raw materials. Although the economies of other countries generally remained firm, led by Asian nations, uncertainties did emerge, including the worldwide turmoil in the financial markets stemming from the subprime mortgage loan crisis.

In these circumstances, the Toyo Tanso Group sought to respond to strong demand from domestic and other foreign customers by expanding its production capacity for isotropic graphite, its mainstay product, to an annual 11,000 tons and making progress in its continued shift to growth sectors and its quest for high added value. In particular, the Group took steps to expand its business and bolster profits by accelerating the development of global operations, as demonstrated by the full-fledged operation of a new base specializing in high function areas such as solar cells in the rapidly growing Chinese market.

As a result, the Toyo Tanso Group continued to achieve increases in sales and profits in the fiscal year ended May 31, 2008, despite of negative factors such as the sharp appreciation of the yen and a significant increase in depreciation costs. Specifically, consolidated net sales in the fiscal year ended on May 31, 2008 grew 10.0% from the previous year, to 34,531 million yen, and operating profit increased 16.0% to 8,031 million yen. Recurring profit rose 9.4%, to 7,795 million yen, while net income increased 15.9%, to 5,143 million yen.

A product-by-product outline of the Company's business results is provided below.

Products	Year ended May 31, 2007	Year ended May 31, 2008	(Thousands of yen)
			Year-on-year change (%)
Special graphite products	15,916,373	17,968,881	12.9
Carbon products for general industries (for mechanical applications)	2,682,927	2,991,151	11.5
Carbon products for general industries (for electrical applications)	4,257,378	4,598,688	8.0
Compound materials and other products	7,555,069	7,924,683	4.9
Related goods	969,511	1,047,720	8.1
Total	31,381,259	34,531,125	10.0

Special Graphite Products

In the electronics sector, demand for products used in the manufacturing of solar cells in particular grew sharply in China, which was developing rapidly as a global production base for solar cells, as well as in other regions such as Asia, Europe, the United States and Japan. In addition, demand for products used in the processing of single crystal silicon continued to expand due mainly to strong demand for 300mm wafers. Demand for special graphite used in the processing of polysilicon, which is the essential raw material for the above-mentioned products, continued to increase. Thus, sales for each of these items were quite brisk on the back of firm demand.

In the general industries sector, demand for EDM (electrical discharge machining) electrodes grew mainly in overseas markets, thanks to the introduction in the previous

fiscal year of high-function graphite materials with an ultra-fine particle structure. In addition, demand was strong for products used for continuous casting and other metallurgy applications and those used for industrial furnaces.

Carbon Products for General Industries

With regard to carbon products for mechanical applications, demand grew steadily for products used as bearings and sealing material due to firm capital expenditures and higher capacity utilization of petrochemical plants. Demand for products related to environmentally friendly water heating equipment also continued to expand. Furthermore, sales of pantograph sliders were robust as a whole, supported by replacement demand arising from the introduction of new train cars by major existing customers, and also backed by the provision of products to major private railway operators and operators of new traffic systems.

Sales of products for electrical applications were firm as our Chinese subsidiaries in particular enjoyed increased demand for small carbon brushes for home appliance motors. Sales of such products generally remained firm also due to our successful promotion thereof for applications such as power tools and washing machines.

Compound Materials and Other Products

Sales of SiC (silicon carbide)-coated graphite products were generally strong, led by increased demand in Japan and overseas, for products related to compound semiconductors such as susceptors used in the processing of LED devices. In addition, demand for C/C composite substantially increased for large crucibles used in the processing of 300mm wafers, and for industrial furnaces and solar cells, the numbers of which are increasing. Consequently, the scale of business expanded significantly. Moreover, demand for graphite sheets steadily increased with sales growing mainly for application in heat radiation. In other products, we focused on the move to full operation of on-site fluorine generators.

Related Goods

In line with strong demand for the above-mentioned products, sales of insulators, maintenance equipment and accessory parts were brisk both in Japan and abroad.

(ii) Outlook on the Fiscal Year Ending on May 31, 2009

With regard to the future economic conditions, uncertainty is growing rapidly over the global economic outlook, the result of negative factors such as a record-setting surge in prices of crude oil and other fuels and raw materials, fluctuations in exchange rates and interest rates and the spreading impact of the U.S. subprime mortgage loan problem. However, we expect that business conditions surrounding the Group will remain favorable as global demand for high-function carbon products is growing in various sectors, led by demand for products used in the manufacturing of solar cells, which is expected to grow further in the future, although we avoid excessive optimism.

In light of the above circumstances, the Group will lay the foundations for a significant increase in capacity for isotropic graphite, which it plans to carry out in the fiscal year ending May 31, 2010. We will also pursue our quest for high added value and product differentiation.

Regarding the outlook for operating results in the fiscal year ending May 31, 2009, we expect that consolidated net sales will increase 8.3% year on year, to 37.4 billion yen, in spite of negative factors such as a large increase in depreciation costs associated with a high level of investments and the effect of tax system reforms in fiscal 2008, including the revision of the useful life of fixed assets. We expect that operating profit will decline 2.9%, to 7.8 billion yen, while ordinary profit will rise 1.3%, to 7.9 billion yen. Net income is set to decline 4.7%, to 4.9 billion yen. We assume that the exchange rates of the yen against

the US dollar and the euro will be 100 yen and 150 yen, respectively.

(2) Analysis of Financial Position

Cash and cash equivalents (hereinafter referred to as “funds”) in the fiscal year ended on May 31, 2008 decreased by 1,066 million yen from the end of the previous fiscal year, to 10,491 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 increased 32.9% from the previous fiscal year, to 6,635 million yen. Among major cash flow items, profit before income taxes increased 8.6% from the previous year, to 8,162 million yen, while depreciation costs jumped 61.2%, to 2,755 million yen. Meanwhile, income taxes paid increased 39.4%, to 3,312 million yen.

(Cash Flows from Investing Activities)

Funds used for investing activities increased 262.2% from the previous fiscal year, to 5,924 million yen. Among major cash flow items, payments for time deposits expanded 196.5%, to 9,539 million yen and payments for acquisition of tangible fixed assets grew 4.0%, to 4,712 million yen due to an expansion of production facilities for isotropic graphite materials. Meanwhile, proceeds from time deposits rose 27.3%, to 8,703 million yen.

(Cash flows from Financing Activities)

Funds used for financing activities decreased 5,045 million yen from the previous fiscal year, to 1,753 million yen. Among major cash flow items, the repayment of long-term borrowings decreased 23.2%, to 1,242 million yen.

(3) Basic Policy for Profit Allocation and Dividends for the Fiscal Year Ended on May 31, 2008 and the Fiscal Year Ending May 31, 2009

(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, 2008

Based on the above-mentioned policy, we will maintain our basic approach of using internal reserves for capital expenditures in response to robust demand while taking account of the need to return profits to shareholders in line with the growth of our consolidated earnings. As a result, we plan to increase an annual dividend by 3 yen from the previous year to 15 yen per share (* Note 1) in the fiscal year ended on May 31, 2008.

(* Note 1) Upon the board of directors’ resolution at a meeting held on March 7, 2007, the Company made a 1.5-for-1 split of its common stock on June 1, 2007. According to the calculation based on the number of shares before the stock split, the payment of dividends per share for the year ended May 31, 2008 is 22.50 yen, a substantial increase of 10.50 yen from the previous fiscal year.

(iii) Dividends for the Fiscal Year Ending on May 31, 2009

Regarding dividends for the fiscal year ending May 31, 2009, we will maintain our basic approach of using internal reserves for capital expenditures while taking account of

the need to gradually increase the profit allocation to shareholders while pursuing the enhancement of corporate value. As a result, we plan to increase an annual dividend to 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 2.5 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 51.0% in the fiscal year under review, it could further rise in the future depending on progress in our global operations. Also, changes in exchange rates, political conditions and legal regulations in overseas markets could have an impact on the operating results and financial position of the Toyo Tanso Group. In particular, changes in the political and foreign exchange policies in China could have an effect on the business performance of the Toyo Tanso Group, since we make active investments in China through measures such as establishing 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.

2. Composition of Corporate Group

In the fiscal year ended on May 31, 2008, Jiexiang Toyo Tanso Co., Ltd. was added as a consolidated subsidiary, as the company has increased the importance of its existence in the Toyo Tanso Group. As a result, the Toyo Tanso Group now consists of Toyo Tanso Co., Ltd., ten consolidated subsidiaries including two domestic and eight foreign ones, 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 plants located in Japan and six 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 300mm 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 purchasing system of a domestic power generation 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) 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.

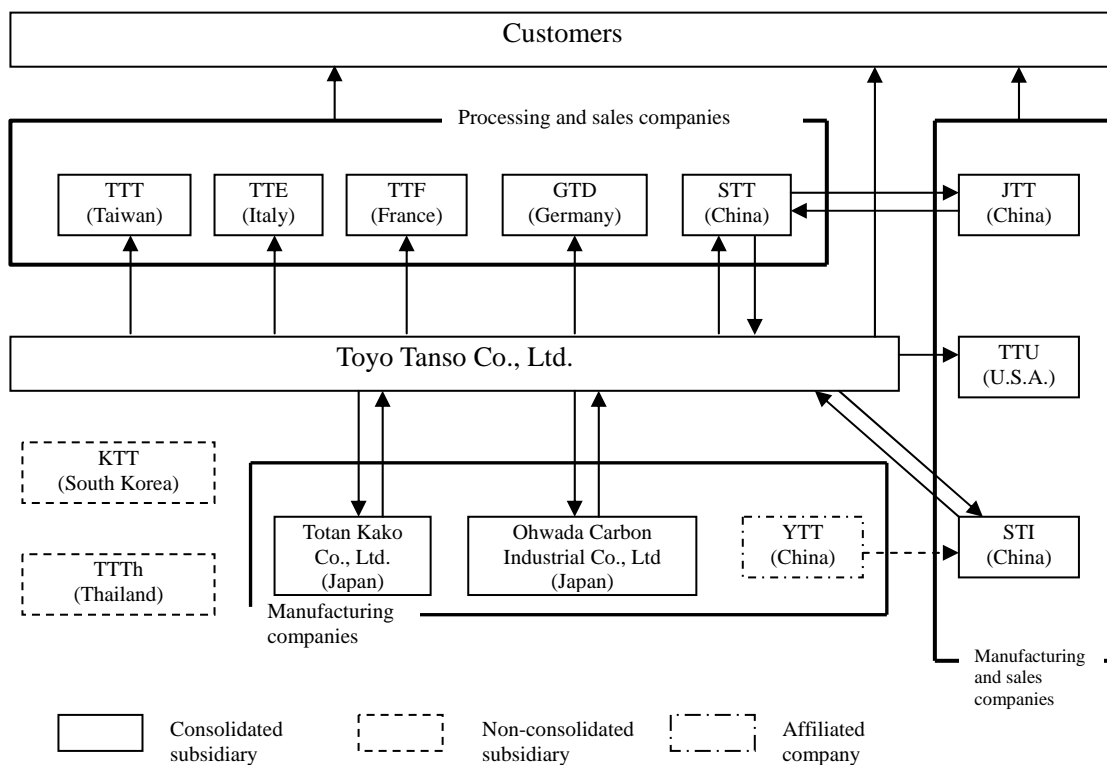
[Etching resistance]

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:



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.

Note: GRAPHITES THCHNOLOGIE ET INDUSTRIE S.A. changed its name to TOYO TANSO FRANCE S.A. on February 7, 2008.

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 specialty 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

As a leader in high functionality carbons, the Group will strive to achieve higher growth and increased earnings, especially in areas related to the environment, energy, and electronics, to maximize corporate value. We will focus specifically on the following issues.

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

With the sophistication of the industry, applications and domains that require high quality carbon with high functionality are expanding on a global basis, and requirements of our Group’s high functionality carbon products are being raised constantly. To meet the expanding demand, the Group is actively enhancing its production structure and sophistication, both domestic and international, and has taken comprehensive action to increase production efficiency and further increase its competitiveness.

Especially for our main product, isotropic graphite, we have increased our production capacity in 2007 from 8,000 tons/year to 11,000 tons/year, and in response to this still rising demand, we are continuing with activities across the company to establish a 15,000 tons/year structure in 2009. 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. For instance, since 2006, to respond to these changes, we have established a sales subsidiary in Korea, and another joint venture has been established in Shandong Province in China to specifically manufacture and sell high functionality products such as solar cells, and products for semiconductor use, and it has now started commercial production, taking part in an aggressive global strategy.

Our plans are to accelerate global expansion, with a focus on China, as a huge and rapidly growing 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 aerospace.

The Group, as pioneers in the industry, is working to develop unique new products for the

Company and to establish businesses that create new demand, by combining advanced and abundant technology elements with expertise. One of these new products is the on-site fluorine generator, which has now been introduced to the market for general industrial applications. We are concentrating our efforts on achieving extensive commercial sales.

(3) Other important items related to the management of the Company.
Not applicable

4. Consolidated financial statements

(1) Consolidated Balance Sheets

(Thousands of yen, rounded down)

	As of May 31, 2007		As of May 31, 2008	
	Amount	%	Amount	%
Assets				
I. Current assets				
1. Cash on hand and in banks	14,775,343		13,642,899	
2. Trade notes and accounts receivable	9,942,492		10,992,382	
3. Inventory	6,573,737		7,224,568	
4. Deferred tax assets	902,809		916,352	
5. Other	816,274		345,618	
Allowance for doubtful accounts	<u>(157,729)</u>		<u>(139,261)</u>	
Total current assets	32,852,928	59.9	32,982,561	57.2
II. Fixed assets				
1. Tangible fixed assets				
(1) Buildings and structures	10,969,021		12,083,068	
Accumulated depreciation	<u>5,551,891</u>	5,417,130	<u>5,906,193</u>	6,176,874
(2) Machinery, equipment, and vehicles	23,829,994		26,871,007	
Accumulated depreciation	<u>16,668,094</u>	7,161,900	<u>18,115,340</u>	8,755,666
(3) Land		5,282,468		5,380,948
(4) Construction in progress		1,164,853		475,397
(5) Other	2,326,252		2,503,879	
Accumulated depreciation	<u>1,719,593</u>	606,658	<u>2,022,961</u>	480,917
Total tangible fixed assets	19,633,011	35.8	21,269,806	36.9
2. Intangible fixed assets	287,026	0.5	376,647	0.6
3. Investments and other assets				
(1) Investments in securities	405,341		958,547	
(2) Long-term loans receivable	17,900		13,200	
(3) Deferred tax assets	560,908		333,270	
(4) Other	1,077,071		1,800,866	
Allowance for doubtful accounts	<u>(3,543)</u>		<u>(28,342)</u>	
Total investments and other assets	<u>2,057,678</u>	3.8	<u>3,077,541</u>	5.3
Total fixed assets	<u>21,977,717</u>	40.1	<u>24,723,995</u>	42.8
Total assets	<u><u>54,830,645</u></u>	100.0	<u><u>57,706,556</u></u>	100.0

(Thousands of yen, rounded down)

	As of May 31, 2007		As of May 31, 2008		
	Amount	%	Amount	%	
Liabilities					
I. Current liabilities					
1	Trade notes and accounts payable	2,338,453		2,309,322	
2	Short-term borrowings	2,064,995		1,277,401	
3	Other accounts payable	1,650,912		2,694,254	
4	Accrued income taxes	1,731,708		969,107	
5	Deferred tax liabilities	79,539		-	
6	Reserve for employees' bonuses	813,835		880,309	
7	Reserve for directors' and corporate auditors' bonuses	54,552		51,842	
8	Other	2,127,792		1,279,782	
	Total current liabilities	10,861,789	19.8	9,462,020	16.4
II. Long-term liabilities					
1.	Long-term borrowings	1,231,020		423,980	
2	Deferred tax liabilities	217,473		197,080	
3.	Reserve for employees' retirement benefits	195,069		147,111	
4.	Reserve for directors' retirement allowances	2,300		-	
5.	Other	936,399		952,766	
	Total long-term liabilities	2,582,262	4.7	1,720,938	3.0
	Total liabilities	13,444,052	24.5	11,182,958	19.4
Equity					
1.	Common Stock	7,692,575	14.0	7,692,575	13.3
2.	Capital surplus	9,534,686	17.4	9,534,686	16.5
3.	Retained earnings	23,522,911	42.9	28,558,305	49.5
4.	Treasury stock - at cost	(9,314)	(0.0)	(53,599)	(0.1)
5.	Unrealized gains (losses) on available-for-sale securities	25,309	0.1	29,684	0.1
6.	Foreign currency translation adjustments	220,200	0.4	(155,283)	(0.3)
	Total	40,986,387	74.7	45,606,368	79.0
	Minority interests	400,224	0.7	917,228	1.6
	Total equity	41,386,593	75.5	46,523,598	80.6
	Total liabilities and equity	54,830,645	100.0	57,706,556	100.0

(2) Consolidated statements of income

(Thousands of yen, rounded down)

	From June 1, 2006 to May 31, 2007		From June 1, 2007 to May 31, 2008	
	Amount	%	Amount	%
I. Net sales	31,381,259	100.0	34,531,125	100.0
II. Cost of goods sold	18,853,152	60.1	20,315,595	58.8
Gross profit	12,528,106	39.9	14,215,530	41.2
III. Selling, general and administrative expenses	5,602,463	17.8	6,183,597	17.9
Operating profit	6,925,643	22.1	8,031,932	23.3
IV. Non-operating income				
1. Interest income	48,503		86,211	
2. Dividend income	5,736		9,747	
3. Net realized gain on crude oil swap contracts	72,326		89,919	
4. Foreign exchange gains	220,951		-	
5. Sundry income	77,878	425,397	63,578	249,456
		1.3		0.7
V. Non-operating expenses				
1. Interest expenses	111,956		69,594	
2. Loss on sale of notes	2,305		1,997	
3. Valuation loss on investment securities based on method in which valuation losses are recognized as net loss	7,686		65,782	
4. Net realized loss on crude oil swap contracts	72,152		72,612	
5. Stock issuing expenses	32,923		-	
6. Foreign exchange loss	-		254,897	
7. Sundry losses	189	227,212	20,846	485,729
		0.7		1.4
Recurring profit	7,123,828	22.7	7,795,659	22.6
VI. Extraordinary profit				
1. Gain on sale of fixed assets	28,236		1,226	
2. Gain on transfer to defined contribution pension plan	405,906		-	
3. Subsidies received	151,426		427,974	
4. Other	987	586,556	13,500	442,701
		1.8		1.2
VII. Extraordinary losses				
1. Loss on disposal of fixed assets	76,592		72,066	
2. Loss on sale of fixed assets	3,975		3,052	
3. Loss on sale of investment securities	1,127		-	
4. Valuation loss on investment securities	-		779	
5. Special retirement benefit expenses	113,698	195,394	-	75,898
		0.6		0.2
Profit before income taxes	7,514,989	23.9	8,162,461	23.6
Income taxes – current	2,746,741		2,558,886	
Income taxes – deferred	242,426	2,989,167	103,687	2,662,573
		9.5		7.7
Minority interests	86,238	0.3	356,231	1.0
Net income	4,439,582	14.1	5,143,656	14.9

(3) Consolidated statements of changes in equity
(From June 1, 2006 to May 31, 2007)

(Thousands of yen, rounded down)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Total	Minority interests	Total equity
Balance as of May 31, 2006	5,000,075	6,842,786	19,223,421	(9,205)	31,830	(228,547)	30,860,361	31,177,680	31,177,680
Changes during the period									
Issue of new stocks	2,692,500	2,691,900					5,384,400		5,384,400
Dividends from retained earnings			(133,265)				(133,265)		(133,265)
Employees' bonuses from profit (*)			(6,826)				(6,826)		(6,826)
Net income			4,439,582				4,439,582		4,439,582
Repurchase of treasury stock				(109)			(109)		(109)
Net changes in items other than shareholders' equity during the period					(6,521)	448,748	442,226	82,905	525,132
Total changes during the period	2,692,500	2,691,900	4,299,490	(109)	(6,521)	448,748	10,126,008	82,905	10,208,913
Balance as of May 31, 2007	7,692,575	9,534,686	23,522,911	(9,314)	25,309	220,200	40,986,367	400,224	41,386,593

(*) Employees' bonuses appropriated upon resolution of profit appropriation by the Company's subsidiaries in China and Taiwan.

Consolidated fiscal year
(From June 1, 2007 to May 31, 2008)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Total	Minority interests	Total equity
Balance as of May 31, 2007	7,692,575	9,534,686	23,522,911	(9,314)	25,309	220,200	40,986,368	400,224	41,386,593
Changes during the period									
Increase in consolidated retained earnings due to increase in number of consolidated subsidiaries			74,016				74,016		74,016
Dividends from retained earnings			(165,918)				(165,918)		(165,918)
Employees' bonuses from profit (*)			(16,361)				(16,361)		(16,361)
Net income			5,143,656				5,143,656		5,143,656
Acquisition of treasury stock				(44,284)			(44,284)		(44,284)
Net changes in items other than shareholders' equity during the period					4,375	(375,484)	(371,108)	517,003	145,895
Total changes during the period	-	-	5,035,394	(44,284)	4,375	(375,484)	4,620,000	517,003	5,137,004
Balance as of May 31, 2007	7,692,575	9,534,686	28,558,305	(53,599)	29,684	(155,283)	45,606,369	917,228	46,523,598

(*) Employees' bonuses appropriated upon resolution of profit appropriation by the Company's subsidiaries in China and Taiwan.

(4) Consolidated statements of cash flows

(Thousands of yen, rounded down)

		From June 1, 2006 to May 31, 2007	From June 1, 2007 to May 31, 2008
		Amount	Amount
I.	Cash flows from operating activities		
1.	Profit before income taxes	7,514,989	8,162,461
2.	Depreciation	1,709,584	2,755,975
3.	Amortization of goodwill	-	10,620
4.	Negative goodwill amortization	(571)	-
5.	Decrease in reserve for employees' retirement benefits	(106,923)	(48,731)
6.	Decrease in reserve for directors' retirement allowances	(9,227)	(2,300)
7.	Gain on transfer to defined contribution pension plan	(405,906)	-
8.	Special retirement benefit expenses	113,698	-
9.	Increase in reserve for employees' bonuses	120,503	70,473
10.	Increase (decrease) in reserve for directors' bonuses	8,692	(2,710)
11.	Increase in allowance for doubtful accounts	39,171	13,710
12.	Interest and dividend income	(54,240)	(95,958)
13.	Interest expenses	111,956	69,594
14.	Foreign exchange loss (gain)	(220,951)	254,897
15.	Valuation loss on investment securities	-	779
16.	Valuation loss on investment securities based on method in which valuation losses are recognized as net loss	7,686	65,782
17.	Gain on sale of tangible fixed assets	(28,236)	(1,226)
18.	Loss on disposal and sale of tangible fixed assets	80,568	75,119
19.	Loss (gain) on sale of investment securities	140	(13,500)
20.	Decrease (increase) in notes and accounts receivable - trade	(1,483,000)	(941,331)
21.	Increase in inventories	(365,414)	(691,603)
22.	Increase (decrease) in notes and accounts payable - trade	(56,724)	(153,772)
23.	Other	447,436	398,084
	Sub-total	7,423,229	9,926,364
24.	Interest and dividend received	53,541	94,969
25.	Interest paid	(107,901)	(73,263)
26.	Income taxes paid	(2,375,717)	(3,312,827)
	Net cash provided by operating activities	4,993,152	6,635,243

(Thousands of yen, rounded down)

		From June 1, 2006 to May 31, 2007	From June 1, 2007 to May 31, 2008
		Amount	Amount
II.	Cash flows from investing activities		
1.	Payments for time deposits	(3,216,783)	(9,539,120)
2.	Proceeds from time deposits	6,834,962	8,703,570
3.	Payments for acquisition of mortgage-backed securities	(500,000)	-
4.	Proceeds from redemption of mortgage-backed securities	-	5,000,000
5.	Payments for acquisition of tangible fixed assets	(4,532,248)	(4,712,423)
6.	Proceeds from sale of tangible fixed assets	98,172	4,353
7.	Payments for acquisition of intangible fixed assets	(35,410)	(62,386)
8.	Payments for acquisition of investment securities	(200,325)	(718,825)
9.	Proceeds from sale of investment securities	49,968	113,500
10.	Payments for additional acquisition of subsidiary shares	-	(124,461)
11.	Payments for investment in capital	(133,994)	(10)
12.	Other	-	(88,298)
	Net cash used in investing activities	(1,635,659)	(5,924,101)
III.	Cash flows from financing activities		
1.	Net increase (decrease) in short-term borrowings	(454,459)	(327,297)
2.	Proceeds from long-term borrowings	131,471	50,000
3.	Repayment of long-term borrowings	(1,616,908)	(1,242,173)
4.	Proceeds from issuance of stock	5,384,400	-
5.	Payments for acquisition of treasury stock	(109)	(44,284)
6.	Payments for dividends	(133,265)	(165,918)
7.	Payments for dividends to minority interests	(19,090)	(23,899)
	Net cash provided by (used in) financing activities	3,292,037	(1,753,573)
IV.	Effect of exchange rate changes on cash and cash equivalents	41,804	(101,182)
V.	Increase (decrease) in cash and cash equivalents	6,691,334	(1,143,613)
VI.	Cash and cash equivalents at beginning of period	4,867,225	11,558,559
VII.	Increase in cash and cash equivalents accompanying new consolidation	-	76,943
VIII.	Cash and cash equivalents at end of period	11,558,559	10,491,890

- (5) Events or situations that could give rise to substantial doubt about assumptions of a going concern
There is not applicable item.

(Segment Information)

a. Business Segment Information

Previous fiscal year (from June 1, 2006 to May 31, 2007) and the fiscal year under review (from June 1, 2007 to May 31, 2008)

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, 2006, to May 31, 2007)

(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	19,371,502	3,957,543	3,009,630	5,042,583	31,381,259	-	31,381,259
(2) Intersegment sales or transfers	4,419,424	99,878	5,815	129,432	4,654,551	(4,654,551)	-
Total	23,790,927	4,057,422	3,015,445	5,172,015	36,035,810	(4,654,551)	31,381,259
Operating Expenses	18,332,552	3,444,936	2,975,897	4,136,194	28,889,580	(4,433,964)	24,455,616
Operating Profit	5,458,375	612,485	39,548	1,035,821	7,146,230	(220,587)	6,925,643
II. Assets	50,161,406	2,502,217	2,339,546	5,187,629	60,190,800	(5,360,154)	54,830,645

- (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, 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.

c. Overseas Sales

From June 1, 2006 to May 31, 2007

(Thousands of yen, rounded down)

	North America	Europe	Asia	Rest of World	Total
I Overseas Sales	3,864,837	3,826,813	7,146,563	229,843	15,068,058
II Consolidated Sales	-	-	-	-	31,381,259
III Overseas sales as a proportion of consolidated sales (%)	12.3	12.2	22.8	0.7	48.0

- (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.

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)
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.