



October 8, 2008

Consolidated Financial Results for the Three Months Ended August 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 submission of quarterly report:	October 14, 2008

1. Consolidated financial results for the three months ended August 31, 2008

(From June 1, 2008 to August 31, 2008)

(1) Operating results (cumulative total)

(Millions of yen, rounded down)

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

	Net sales		Operating profit		Recurring profit		Net income	
		%		%		%		%
Three months ended August 31, 2008	8,762	-	1,812	-	1,871	-	1,212	-
Three months ended August 31, 2007	8,451	14.8	2,364	28.9	2,234	16.7	1,332	28.2

	Net income per share	Diluted net income per share
	yen	yen
Three months ended August 31, 2008	58.50	-
Three months ended August 31, 2007	64.09	-

(2) Financial position

(Millions of yen, rounded down)

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

	Total assets	Equity	Equity ratio	Equity per share
			%	yen
As of August 31, 2008	59,723	47,970	78.6	2,263.82
As of May 31, 2008	57,706	46,523	79.0	2,198.73

Reference: Shareholders' equity

August 31, 2008

46,940 million yen

May 31, 2008

45,606 million yen

2. Dividends

(Record date)	Dividends per share (yen)					Total (Full year)
	First quarter end	Interim-end	Third quarter end	Year-end		
Year ending May 31, 2008	-	0.00	-	15.00		15.00
Year ending May 31, 2009 (Actual)	-	-	-	-		-
Year ending May 31, 2009 (Forecast)	-	0.00	-	20.00		20.00

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

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

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

						(Millions of yen)		Net income per share yen	
						Percentages indicate changes on a year-on-year basis.			
	Net sales	Operating profit		Recurring profit		Net income			
	%	%	%	%					
Interim period	18,400	-	3,500	-	3,600	-	2,200	-	105.74
Full year	37,400	8.3	7,800	(2.9)	7,900	1.3	4,900	(4.7)	235.59

Note: Revision of consolidated results forecast in the quarter under review: None

4. Others

(1) Changes in significant subsidiaries during the period

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

(2) Adoption of simple accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to '4. Others' in Qualitative Information and Financial Statements on page 5.

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

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

i. Changes due to amendment of accounting standards: Yes

ii. Changes due to other reasons: Yes

Note: For details, please refer to '4. Others' in Qualitative Information and Financial Statements on page 5.

(4) Number of shares outstanding (common stock)

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

As of August 31, 2008 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 August 31, 2008 15,770 shares

As of May 31, 2008 15,430 shares

iii. Average number of shares during the period (quarter)

First quarter ended August 31, 2008 20,735,140 shares

First quarter ended August 31, 2007 20,737,421 shares

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

1. Commencing the current fiscal year, the Company is applying the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12 issued on March 14, 2007) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14 issued on March 14, 2007). Quarterly consolidated financial statements are prepared according to the Rules for Quarterly Consolidated Financial Statements.
2. The results forecast has been prepared based on information that was available on the date of release of this document. Actual results may differ from the forecast depending on various factors. For further information on the results forecast, please refer to '3. Qualitative Information Regarding Consolidated Results Forecast' in Qualitative Information and Financial Statements on page 5.

[Qualitative Information and Financial Statements]

1. Qualitative Information Regarding Consolidated Operating Results

During the first quarter under review, the slowdown of the Japanese economy accelerated, with capital expenditure and exports weakening on the back of continued rises in the prices of raw materials and fuel (including crude oil), exchange rate fluctuations, and the slowdown in the U.S. and European economies due to the turmoil on the financial market triggered by the U.S. economy. Downside risks in overseas economies increased globally against a backdrop of concern over the downturn in the U.S. and European economies, although the global economy was driven by emerging economies, especially those in Asia.

In the circumstances, the Toyo Tanso group vigorously promoted a shift to high value-added products and fast-growing sectors, especially products for solar cells, on which the group has focused from early on, and other environment and energy-related products. Meanwhile, the group effectively met demand from domestic and foreign customers by expanding the sales of compound materials products, including C/C composites, in addition to isotropic graphite products, the group's mainstay.

With regard to the mainstay special graphite products, the electronics sector continued to grow considerably, mainly due to a substantial expansion in domestic and foreign demand for products used in the manufacturing of solar cells, although sales of products used in the processing of single crystal silicon were weak due to the market slowdown. In the general industries sector, sales of EDM (electrical discharge machining) electrodes and products used for continuous casting were weak, due in part to the effects of the sluggish auto industry and the housing market.

In carbon products for general industries, sales of carbon products for mechanical applications were firm, especially products used as bearings and sealing materials, while sales of products for electrical applications saw sluggish growth due to the effect of the slumping U.S. and European economies.

In the compound materials and other products segment, sales of SiC (silicon carbide)-coated graphite products and C/C composites expanded steadily owing to growth in solar cells and progress in the shift to high value-added products, despite the stagnant semiconductor market having a certain impact.

As a result of the above performance, in addition to increased costs due to the soaring prices of raw materials and fuel along with a significant rise in depreciation costs, consolidated sales in the first quarter under review rose 3.7% year on year to 8,762 million yen. Operating profit fell 23.4% to 1,812 million yen, recurring profit declined 16.3% to 1,871 million yen, and net income slipped 8.9% to 1,212 million yen.

The table below shows sales by product category in the first quarter under review.

(Thousands of yen)

Products	Three months ended August 31, 2007 (thousand yen)	Three months ended August 31, 2008 (thousand yen)	Year on year (%)
Special graphite products	4,401,951	4,561,752	3.6
Carbon products for general industries (for mechanical applications)	732,282	732,929	0.1
Carbon products for general industries (for electrical applications)	1,273,383	1,198,225	(5.9)
Compound materials and other products	1,806,658	2,075,334	14.9
Related goods	236,949	193,845	(18.2)
Total	8,451,225	8,762,088	3.7

*The year-on-year changes are included for reference.

2. Qualitative Information Regarding Consolidated Financial Position

Total assets as of August 31, 2008 increased by 2,016 million yen from the end of the previous fiscal year. This was mainly because of a rise of 758 million yen in cash on hand and in banks due to the collection of notes and accounts receivable-trade, and an increase of 1,034 million yen in inventory due to a production increase.

Total liabilities rose 570 million yen from the end of the previous fiscal year. This came as a result of decreases, including a fall of 391 million yen in income taxes payable due to income tax payments being more than offset by a rise of 656 million yen in trade notes and accounts payable, an increase of 226 million yen in short-term borrowings, and other factors attributable to increased raw material purchases due to a production increase, among other reasons.

Equity climbed 1,446 million yen, attributable to a rise in retained earnings as a result of net income of 1,212 million yen.

3. Qualitative Information Regarding Consolidated Results Forecast

The global economy seems to be moving toward a synchronized global slowdown because of the consistently high prices of raw materials and fuel, currency movements, and concern over the business downturn in the U.S. and Europe triggered by the turmoil in the financial market. With regard to the environment around the Toyo Tanso group, strong demand for high-function carbon products is expected to continue, especially in the sectors related to energy and the environment. This is driven by demand for products used in the manufacturing of solar cells, which will grow further.

In the circumstances, the Toyo Tanso group will focus on a shift to fast-growing sectors and the development of high value-added products, especially compound materials. Meanwhile, the group will endeavor to pass the soaring prices of raw materials and fuel on to selling prices.

Based on the above situation, we are not altering our forecasts for the interim period and full year of the fiscal year ending May 31, 2009 as announced on July 15, 2008.

4. Others

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries accompanying changes in scope of consolidation)

None

(2) Adoption of simple accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements

(i) Inventory valuation method

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

(ii) Tax expense calculation

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

The income taxes-deferred is included in income taxes.

(iii) Method of calculating deferred tax assets and deferred tax liabilities

Since the business environment and the temporary difference are not considered to have changed significantly since the end of the previous fiscal year, the Company has used the results forecast and tax planning used at the end of the previous fiscal year.

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

(i) Commencing the current fiscal year, the Company is applying the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12 issued on March 14, 2007) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14 issued on March 14, 2007). Quarterly consolidated financial statements are prepared according to the Rules for Quarterly Consolidated Financial Statements.

(ii) Changes in evaluation criteria and evaluation method for inventories

Commencing the first quarter under review, the Company is applying the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 issued on July 5, 2006). The evaluation method has been changed from the cost method to the cost method where the book value (balance sheet value) is reduced in accordance with decreases in profitability.

The effect of the changes on operating profit, recurring profit, and profit before income taxes is minor.

(iii) Commencing the first quarter under review, the Company is applying the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (Practical Issues Task Force No. 18 issued on May 17, 2006) and is making the necessary adjustments for consolidated accounting.

In association with this, retained earnings at the beginning of the quarter increased 53 million yen. The impact on operating profit, recurring profit, and profit before income taxes is minor.

(iv) Change in the method of converting the revenue 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 under review, they are converted into yen based on the average exchange rate for the period.

The change was made to eliminate the influence of short-term exchange rate fluctuations, and to calculate earnings for the quarter more appropriately in line with the increasing importance of foreign subsidiaries' production and sales transactions.

As a result of the change, net sales, operating profit, recurring profit, and profit before income taxes fell 78 million yen, 22 million yen, 23 million yen, and 23 million yen, respectively.

The effects of the change are also described in '(5) Segment information' under Consolidated Quarterly Financial Statements on page 12.

(v) Application of Accounting Standard for Lease Transactions

Finance lease transactions that do not transfer ownership were previously accounted for in a manner similar to accounting for ordinary operating lease transactions. Commencing the first quarter under review, however, finance lease transactions are accounted for in a manner similar to the accounting treatment for ordinary sale and purchase transactions under the Accounting Standard for Lease Transactions (ASBJ Statement No. 13 issued by the First Subcommittee of the Business Accounting Council on June 17, 1993 and revised on March 30, 2007) and the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 issued by the Accounting Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised on March 30, 2007). This is because the accounting standard and guidance are now applicable to quarterly consolidated financial statements related to consolidated accounting periods commencing on or after April 1, 2008.

In depreciating the leased assets related to finance lease transactions that do not transfer ownership, we consider the lease period to be durable years and use the straight-line method, setting the residual value to zero.

Finance lease transactions that do not transfer ownership, which commenced prior to the beginning of the first fiscal year in which the standard and guidance are applied, continue to be accounted for in a manner similar to accounting for ordinary lease transactions.

The change has no effect on operating profit, recurring profit, or profit before income taxes.

(4) Additional information

Changes in the durable years of tangible fixed assets

Commencing the first quarter under review, the Company and its domestic consolidated subsidiaries revised and shortened the durable years of tangible fixed assets in the wake of the revision of the legal durable years of machinery and equipment in the tax system revision for fiscal 2008.

In association with the revision, depreciation cost rose 87 million yen, while operating profit, recurring profit, and profit before income taxes each fell 87 million yen.

The effects of the changes are also described in '(5) Segment information' under Consolidated Quarterly Financial Statements on page 12.

5. Consolidated Quarterly Financial Statements

(1) Consolidated balance sheets

(Thousands of yen, rounded down)

	As of August 31, 2008	As of May 31, 2008
	Amount	Amount
Assets		
Current assets		
Cash on hand and in banks	14,401,508	13,642,899
Trade notes and accounts receivable	11,069,216	10,992,382
Merchandise and finished goods	3,218,863	2,915,957
Work in process	3,638,208	3,276,681
Raw materials and stores	1,402,160	1,031,929
Other	1,268,723	1,261,971
Allowance for doubtful accounts	(133,864)	(139,261)
Total current assets	34,864,817	32,982,561
Fixed assets		
Tangible fixed assets		
Buildings and structures	6,168,026	6,176,874
Machinery, equipment, and vehicles	8,671,655	8,755,666
Land	5,382,093	5,380,948
Construction in progress	674,062	475,397
Other	545,808	480,917
Total tangible fixed assets	21,441,646	21,269,806
Intangible fixed assets	399,639	376,647
Investments and other assets	3,017,239	3,077,541
Total fixed assets	24,858,525	24,723,995
Total assets	59,723,342	57,706,556

(Thousands of yen, rounded down)

	As of August 31, 2008	As of May 31, 2008
	Amount	Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	2,965,957	2,309,322
Short-term borrowings	1,504,271	1,277,401
Accrued amount payable	2,556,307	2,694,254
Income taxes payable	577,673	969,107
Reserve for employees' bonuses	546,359	880,309
Reserve for directors' and corporate auditors' bonuses	12,960	51,842
Other	1,772,619	1,279,782
Total current liabilities	9,936,150	9,462,020
Long-term liabilities		
Long-term borrowings	363,650	423,980
Reserve for employees' retirement benefits	296,548	147,111
Other	1,156,676	1,149,846
Total long-term liabilities	1,816,874	1,720,938
Total liabilities	11,753,025	11,182,958
Equity		
Sareholders' Equity		
Common Stock	7,692,575	7,692,575
Capital surplus	9,534,686	9,534,686
Retained earnings	29,406,731	28,558,305
Treasury stock - at cost	(55,514)	(53,599)
Unrealized gains (losses) on available-for-sale securities	12,622	29,684
Foreign currency translation adjustments	349,073	(155,283)
Total	46,940,176	45,606,368
Minority interests	1,030,141	917,228
Total equity	47,970,317	46,523,598
Total liabilities and equity	59,723,342	57,706,556

(2) Consolidated quarterly statements of income

Three months ended August 31, 2008

(Thousands of yen, rounded down)

	Three months ended August 31, 2008
	Amount
Net sales	8,762,088
Cost of goods sold	5,394,052
Gross profit	3,368,036
Selling, general and administrative expenses	1,555,945
Operating profit	1,812,090
Non-operating income	
Dividend income	34,384
Dividends earned	5,947
Foreign exchange gains	79,744
Other	15,302
Total non-operating income	135,379
Non-operating expenses	
Interest expenses	10,249
Valuation loss on investment securities	39,214
Loss on currency options	22,749
Other	4,011
Total non-operating expenses	76,224
Recurring profit	1,871,244
Extraordinary profit	
Gain on sale of fixed assets	680
Total extraordinary profit	680
Extraordinary losses	
Loss on sale of fixed assets	1,213
Loss on disposal of fixed assets	2,565
Total extraordinary losses	3,779
Profit before income taxes	1,868,146
Income taxes	547,056
Minority interests	108,146
Net income	1,212,942

(3) Consolidated quarterly statements of cash flows

(Thousands of yen, rounded down)

	Three months ended August 31, 2008
	Amount
Cash flows from operating activities	
Profit before income taxes	1,868,146
Depreciation	753,234
Amortization of goodwill	2,726
Increase (decrease) in reserve for employees' retirement benefits	53,711
Increase (decrease) in reserve for employees' bonuses	(336,412)
Increase (decrease) in reserve for directors' bonuses	(38,882)
Increase (decrease) in allowance for doubtful accounts	(9,512)
Interest and dividend income	(40,332)
Interest expenses	10,249
Foreign exchange loss (gain)	(79,744)
Valuation loss (gain) on investment securities	39,214
Gain on sale of tangible fixed assets	(680)
Loss on disposal and sale of tangible fixed assets	3,779
Decrease (increase) in notes and accounts receivable - trade	186,373
Decrease (Increase) in inventories	(879,793)
Increase (decrease) in notes and accounts payable - trade	476,138
Other	298,274
Sub-total	2,306,488
Interest and dividend received	40,332
Interest paid	(8,839)
Income taxes paid	(962,858)
Net cash provided by operating activities	1,375,122
Cash flows from investing activities	
Payments for time deposits	(4,333,661)
Proceeds from time deposits	830,058
Payments for acquisition of tangible fixed assets	(592,075)
Proceeds from sale of tangible fixed assets	1,001
Payments for acquisition of intangible fixed assets	(19,001)
Other	15,950
Net cash used in investing activities	(4,097,728)
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	276,954
Repayment of long-term borrowings	(119,517)
Repayment of finance lease payables	(1,259)
Payments for acquisition of treasury stock	(1,914)
Payments for dividends	(311,028)
Payments for dividends to minority interests	(22,196)
Net cash provided by (used in) financing activities	(178,963)
Effect of exchange rate changes on cash and cash equivalents	146,892
Increase (decrease) in cash and cash equivalents	(2,754,675)
Cash and cash equivalents at beginning of period	10,491,890
Cash and cash equivalents at end of period	7,737,214

Starting the current fiscal year, the Company applies the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12 issued on March 14, 2007) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14 issued on March 14, 2007). Quarterly consolidated financial statements are prepared under the Rules for Quarterly Consolidated Financial Statements.

(4) Notes regarding the premise of a going concern

Not applicable.

(5) Segment information

a. Business Segment Information

From June 1, 2008 to August 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, 2008 to August 31, 2008)

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia	Total	Corporate and Elim.	Consolidated
Sales							
(1) Sales to unaffiliated customers	4,675,938	871,993	855,759	2,358,397	8,762,088	-	8,762,088
(2) Intersegment sales or transfers	1,364,089	38,042	2,750	42,655	1,447,538	(1,447,538)	-
Total	6,040,028	910,035	858,510	2,401,053	10,209,627	(1,447,538)	8,762,088
Operating Profit	852,997	125,541	119,573	756,989	1,855,102	(43,011)	1,812,090

(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. Change in method of translating the revenues and expenses 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 under review, they are converted into yen based on the average exchange rate for the period. As a result of the change, net sales fell 13,942 thousand yen in North America, rose 8,408 thousand yen in Europe, and declined 74,752 thousand yen in Asia. Operating profit dropped 1,923 thousand yen in North America, increased 2,536 thousand yen in Europe, and slipped 23,029 thousand yen in Asia.

5. Change in the durable years of tangible fixed assets

As stated in the additional information, the Company and its domestic consolidated subsidiaries revised and shortened the durable years of tangible fixed assets for the first quarter under review in the wake of the revision of the legal durable years of machinery and equipment in the tax system revision for fiscal 2008. In association with the change, depreciation costs increased 87,479 thousand yen, and operating profit fell 87,479 thousand yen in Japan.

c. Overseas Sales

Three months ended August 31, 2008 (From June 1, 2008 to August 31, 2008)

(Thousands of yen, rounded down)

	North America	Europe	Asia	Rest of World	Total
I Overseas Sales	879,820	1,007,368	3,037,326	46,370	4,970,885
II Consolidated Sales	-	-	-	-	8,762,088
III Overseas sales as a proportion of consolidated sales (%)	10.0	11.5	34.7	0.5	56.7

(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.

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

Not applicable.

Reference materials

(1) Summary of Consolidated Statements of Income for Previous First Quarter

(thousands of yen, rounded down)

	Three months ended August 31, 2007
	Amount
I. Net sales	8,451,225
II. Cost of goods sold	4,691,744
Gross profit	3,759,481
III. Selling, general and administrative expenses	1,394,499
Operating profit	2,364,981
IV. Non-operating income	<u>65,782</u>
1. Interest and dividend income	27,758
2. Net realized gain on crude oil swap contracts	21,387
3. Other	16,635
V. Non-operating expenses	<u>196,260</u>
1. Interest expenses	23,219
2. Net realized loss on crude oil swap contracts	17,106
3. Foreign exchange loss	131,186
4. Valuation loss on investment securities based on method in which valuation losses are recognized as net loss	12,508
5. Other	12,238
Recurring profit	2,234,503
VI. Extraordinary profit	<u>4,151</u>
1. Gain on sale of fixed assets	235
2. Reversal of allowance for doubtful accounts	3,749
3. Subsidies received	166
VII. Extraordinary losses	<u>7,082</u>
1. Loss on disposal of fixed assets	2,880
2. Loss on sale of fixed assets	4,202
Profit before income taxes	2,231,572
Income taxes	833,524
Minority interests	66,024
Net income	1,332,023

(2) Summary of Consolidated Statements of Cash Flows for Previous First Quarter

(thousands of yen, rounded down)

Three months ended August 31, 2007

	Amount
I. Cash flows from operating activities	
1. Profit before income taxes	2,231,572
2. Depreciation	598,744
3. Amortization of goodwill	2,583
4. Decrease in reserve for employees' retirement benefits	(331)
5. Decrease in reserve for employees' bonuses	(377,871)
6. Decrease in reserve for directors' bonuses	(40,914)
7. Decrease in allowance for doubtful accounts	(3,794)
8. Interest and dividend income	(27,758)
9. Interest expenses	23,219
10. Foreign exchange loss	131,186
11. Valuation loss on investment securities based on method in which valuation losses are recognized as net loss	12,508
12. Gain on sale of tangible fixed assets	(235)
13. Loss on disposal and sale of tangible fixed assets	7,082
14. Decrease in notes and accounts receivable-trade	49,682
15. Increase in inventories	(305,825)
16. Decrease in notes and accounts payable-trade	(167,817)
17. Other	627,895
Sub-total	2,759,927
18. Interest and dividend received	27,758
19. Interest paid	(13,593)
20. Income taxes paid	(1,701,667)
Net cash provided by operating activities	1,072,424
II. Cash flows from investing activities	
1. Payments for time deposits	(5,133,754)
2. Proceeds from time deposits	151,659
3. Proceeds from redemption of mortgage-backed securities	500,000
4. Payments for acquisition of tangible fixed assets	(1,560,089)
5. Proceeds from sale of tangible fixed assets	2,938
6. Payments for acquisition of intangible fixed assets	(4,260)
7. Payments for acquisition of investment securities	(500,000)
8. Payments for investment in affiliates	(124,461)
Net cash used in investing activities	(6,667,968)

Three months ended August 31, 2007	
Amount (thousands of yen, rounded down)	
III. Cash flows from financing activities	
1. Net increase (decrease) in short-term borrowings	100,844
2. Proceeds from long-term borrowings	50,000
3. Repayment of long-term borrowings	(273,628)
4. Payments for acquisition of treasury stock	(37,372)
5. Payments for dividends	(165,918)
6. Payments for dividends to minority interests	(23,868)
Net cash provided by (used in) financing activities	(349,942)
IV. Effect of exchange rate changes on cash and cash equivalents	59,167
V. Decrease in cash and cash equivalents	(5,886,319)
VI. Cash and cash equivalents at beginning of period	11,558,559
VII. Increase in cash and cash equivalents accompanying new consolidation	76,943
VIII. Cash and cash equivalents at end of period	5,749,184

(3) Segment Information

a. Business Segment Information

From June 1, 2007 to August 31, 2007

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 August 31, 2007)

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia	Total	Corporate and Elim.	Consolidated
Sales							
(1) Sales to unaffiliated customers	4,982,672	886,865	881,564	1,700,123	8,451,225	-	8,451,225
(2) Intersegment sales or transfers	1,269,035	69,954	0	24,425	1,363,415	(1,363,415)	-
Total	6,251,707	956,819	881,564	1,724,549	9,814,640	(1,363,415)	8,451,225
Operating Expenses	4,667,741	844,376	770,283	1,258,891	7,541,292	(1,455,048)	6,086,243
Operating Profit	1,583,966	112,443	111,281	465,657	2,273,348	(91,633)	2,364,981

- (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: Unites 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.

c. Overseas Sales

Three months ended August 31, 2007 (From June 1, 2007 to August 31, 2007)

(Thousands of yen, rounded down)

	North America	Europe	Asia	Rest of World	Total
I Overseas Sales	827,391	1,076,587	2,281,873	49,293	4,235,146
II Consolidated Sales	-	-	-	-	8,451,225
III Overseas sales as a proportion of consolidated sales (%)	9.8	12.7	27.0	0.6	50.1

- (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.