



January 13, 2009

## Consolidated Financial Results for the Six Months ended November 30, 2008

Listed company name:	<b>Toyo Tanso Co., Ltd.</b>
Stock exchange listing:	Tokyo Stock Exchange, 1st Section
Stock code:	5310
Location of headquarters:	Osaka, Japan
Website:	<a href="http://www.toyotanso.co.jp">http://www.toyotanso.co.jp</a>
Representative:	Junko Kondo, President & Chief Operating Officer
Contact:	Toshimi Boki, Executive Officer, General Manager, Accounting Department
TEL:	81-6-6451-2114 (from overseas)
Scheduled date for submission of quarterly report:	January 14, 2009

### 1. Consolidated financial results for the six months ended November 30, 2008

(From June 1, 2008 to November 30, 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	
		%		%		%		%
Six months ended November 30, 2008	17,979	-	4,154	-	3,754	-	2,379	-
Six months ended November 30, 2007	17,372	16.9	4,343	32.2	4,100	21.7	2,491	23.7

	Net income per share	Diluted net income per share
	yen	yen
Six months ended November 30, 2008	114.76	-
Six months ended November 30, 2007	119.75	-

#### (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 November 30, 2008	60,097	48,641	79.0	2,288.55
As of May 31, 2008	57,706	46,523	79.0	2,198.73

Reference: Shareholders' equity

November 30, 2008

47,452 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 ended May 31, 2008	-	0.00	-	15.00		15.00
Year ending May 31, 2009 (Actual)	-	0.00	-	-		-
Year ending May 31, 2009 (Forecast)	-	-	-	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)									
	Percentages indicate changes on a year-on-year basis.									
	Net sales		Operating profit		Recurring profit		Net income		Net income per share	
		%	%	%	%	%	%		yen	
Full year	33,000	(4.4)	6,400	(20.3)	6,000	(23.0)	3,700	(28.1)		178.44

Note: Revision of consolidated results forecast in the quarter under review: Yes

## 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 6.

### (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 6.

### (4) Number of shares outstanding (common stock)

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

As of November 30, 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 November 30, 2008 15,870 shares

As of May 31, 2008 15,430 shares

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

Second quarter ended November 30, 2008 20,734,980 shares

Second quarter ended November 30, 2007 20,736,514 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.

(Reference)

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 changes on a year-on-year basis.

	Net sales		Operating profit		Recurring profit		Net income		Net income per share
		%		%		%		%	yen
Full year	25,000	(4.7)	2,400	(46.1)	2,900	(32.7)	2,000	(31.1)	96.46

(Note) Revision of non-consolidated results forecast in the quarter under review: Yes

## [Qualitative Information and Financial Statements]

### 1. Qualitative Information Regarding Consolidated Operating Results

During the six months ended November 30, 2008, the slowdown in the Japanese economy accelerated, and capital expenditure and exports weakened on the back of a steep rise in the prices of fuel and raw materials, drastic exchange rate fluctuations, and the worsening financial crisis, triggered by the US economy, spreading to the real economy in Japan. Downside risks in overseas economies increased globally as signs of a slowdown in the economies of emerging countries such as China began to appear, along with concern over the downturn in the US and European economies.

In these circumstances, the Toyo Tanso group, even under the considerable influence of economic fluctuations, has vigorously promoted a shift to fast-growing sectors/regions and to high value-added products, focusing especially on environmental and energy-related products including solar cells, on which the group has focused since its early days. Meanwhile, the group effectively met the demand from domestic and foreign customers by expanding the sales of compound material products, including C/C composites, in addition to isotropic graphite products, the group's mainstay.

With regard to these special graphite products, the electronics sector has continued to grow considerably, mainly due to a substantial expansion in domestic and foreign demand for products used in manufacturing solar cells, as well as polysilicon, against a backdrop of global energy innovation. However, sales of products used in the processing of single crystal silicon, including 300-mm wafers, were weak due to the slowdown in the semiconductor market. In the general industries sector, sales of products used for electrical discharge machining (EDM) electrodes were weak due to the effects of the sluggish auto industry. Regarding other special-purpose products, we won large-scale orders for high-temperature gas reactors in China.

For carbon products for general industries, carbon products for mechanical applications achieved steady sales, especially for products used as bearings, sealing materials, and sliders for pantographs, while sales of carbon products for electrical applications saw sluggish growth as a result of the slump in the US and European economies.

For compound materials and other products, overall sales grew steadily, especially those of C/C composites, owing to an increase in the use of solar cells and the shift to high value-added products. However, the stagnant semiconductor market forced us to make certain adjustments.

As a result of the above performance, including the effect of increased costs arising from the soaring prices of raw materials and fuel, and a significant rise in depreciation costs, consolidated sales for the six months ended November 30, 2008 rose 3.5% year on year to 17,979 million yen. Operating profit fell 4.4% to 4,154 million yen, recurring profit declined 8.4% to 3,754 million yen, and net income slipped 4.5% to 2,379 million yen.

The table below shows sales by product category in the six months under review.

(Thousands of yen)

Products	Six months ended November 30, 2008 (thousand yen)	Six months ended November 30, 2007 (thousand yen)	Year on year (%)
Special graphite products	9,451,205	9,066,882	4.2
Carbon products for general industries (for mechanical applications)	1,502,467	1,453,716	3.4
Carbon products for general industries (for electrical applications)	2,377,008	2,487,689	(4.4)
Compound materials and other products	4,198,950	3,780,078	11.1
Related goods	450,211	584,589	(23.0)
Total	17,979,844	17,372,957	3.5

## 2. Qualitative Information Regarding Consolidated Financial Position

Total assets as of November 30, 2008 increased by 2,390 million yen from the end of the previous fiscal year. This was mainly because of a 1,061 million yen rise in cash on hand and cash in banks, due to an easing of the debt service burden, in addition to the collection of notes and accounts receivable-trade, and an increase of 1,271 million yen in inventory due to a production increase.

Total liabilities rose 272 million yen from the end of the previous fiscal year. This was caused by a 486-million-yen increase in notes and accounts payable-trade due to an increase in the purchase of raw materials following a production increase.

Equity increased by 2,117 million yen from the end of the previous fiscal year following a rise in retained earnings as a result of a net income of 2,379 million yen.

## 3. Qualitative Information Regarding Consolidated Results Forecast

For the future economic environment, the downside risks in the global economy continue to increase against a backdrop of the expanding influence of the worsening financial crisis on the real economy. Although the prices of raw materials and fuel seem to have stabilized, the effect on the Japanese economy is also expected to be increasingly severe, and there is concern about the sharp appreciation of the yen.

With regard to the environment surrounding the Toyo Tanso group, uncertainty about the future is heightened by concern about declining demand coupled with the appreciation of the yen and the worldwide recession, and we have been forced to make adjustments in some products. On the other hand, given our expectation of a demand increase in the nuclear power sector, we expect to see an increase in demand in the medium and long term, especially in the environment and energy-related sector, for high-performance carbon products such as those used in manufacturing solar cells, for which we expect global demand growth. Based on these changes in the market environment, the Toyo Tanso group will steadily implement a shift to fast-growing sectors/regions, and the development of high value-added products for the future. We will also endeavor to sustain our corporate performance.

Based on the above situation, we have altered our forecasts for the full fiscal year ending May 31, 2009, as announced on July 15, 2008, including a revision of the assumed exchange rate.

(Assumed exchange rate used from the third quarter: 100 yen/US\$ → 90 yen/US\$, 150 yen/EUR → 120 yen/EUR)

### Revision of consolidated results forecast

(Millions of yen)

	Net sales	Operating profit	Recurring profit	Net income
Forecast previously announced (A)	37,400	7,800	7,900	4,900
Forecast newly revised (B)	33,000	6,400	6,000	3,700
Change (B-A)	(4,400)	(1,400)	(1,900)	(1,200)
Ratio of Change (%)	(11.8)	(17.9)	(24.1)	(24.5)
(Reference)				
Fiscal year ended May 31, 2008	34,531	8,031	7,795	5,143

#### **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) Tax expense calculation**

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

The income taxes-deferred is included in income taxes.

##### **(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 by 42 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.

Accordingly, sales increased by 487 million yen, operating profit by 96 million yen, recurring profit by 97 million yen and net income before taxes and other adjustments by 97 million yen compared to those under the traditional method.

The effects of the change are 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.

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

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.

#### **(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 reviewed 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.

Accordingly, operating profit, recurring profit and net income before taxes and other adjustments decreased by 177 million yen respectively.

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 November 30, 2008	As of May 31, 2008
	Amount	Amount
<b>Assets</b>		
Current assets		
Cash on hand and in banks	14,704,083	13,642,899
Trade notes and accounts receivable	10,731,019	10,992,382
Merchandise and finished goods	3,322,789	2,915,957
Work in process	3,737,786	3,276,681
Raw materials and stores	1,435,959	1,031,929
Other	1,442,412	1,261,971
Allowance for doubtful accounts	(110,384)	(139,261)
Total current assets	35,263,667	32,982,561
Fixed assets		
Tangible fixed assets		
Buildings and structures	5,984,110	6,176,874
Machinery, equipment, and vehicles	8,775,896	8,755,666
Land	5,341,094	5,380,948
Construction in progress	886,036	475,397
Other	560,040	480,917
Total tangible fixed assets	21,547,177	21,269,806
Intangible fixed assets	390,144	376,647
Investments and other assets	2,896,011	3,077,541
Total fixed assets	24,833,333	24,723,995
<b>Total assets</b>	<b>60,097,001</b>	<b>57,706,556</b>

(Thousands of yen, rounded down)

	As of November 30, 2008	As of May 31, 2008
	Amount	Amount
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	2,795,699	2,309,322
Short-term borrowings	1,426,519	1,277,401
Accrued amount payable	2,509,487	2,694,254
Income taxes payable	761,954	969,107
Reserve for employees' bonuses	862,315	880,309
Reserve for directors' and corporate auditors' bonuses	25,920	51,842
Other	1,486,767	1,279,782
Total current liabilities	9,868,664	9,462,020
Long-term liabilities		
Long-term borrowings	177,623	423,980
Reserve for employees' retirement benefits	272,850	147,111
Other	1,136,513	1,149,846
Total long-term liabilities	1,586,987	1,720,938
<b>Total liabilities</b>	11,455,652	11,182,958
<b>Equity</b>		
Common Stock	7,692,575	7,692,575
Capital surplus	9,534,686	9,534,686
Retained earnings	30,669,454	28,558,305
Treasury stock - at cost	(56,176)	(53,599)
Total Shareholders' Equity	47,840,539	45,731,968
Unrealized gains (losses) on available-for-sale securities	603	29,684
Foreign currency translation adjustments	(388,510)	(155,283)
<b>Total</b>	47,452,633	45,606,368
Minority interests	1,188,715	917,228
<b>Total equity</b>	48,641,349	46,523,598
<b>Total liabilities and equity</b>	60,097,001	57,706,556

**(2) Consolidated quarterly statements of income**

Six months ended November 30, 2008

(Thousands of yen, rounded down)

	Six months ended November 30, 2008
	Amount
<b>Net sales</b>	17,979,844
Cost of goods sold	10,683,472
Gross profit	7,296,372
Selling, general and administrative expenses	3,142,243
Operating profit	4,154,128
Non-operating income	
Dividend income	37,610
Dividends earned	6,081
Gain on foreign currency option	103,662
Other	25,603
Total non-operating income	172,957
Non-operating expenses	
Interest expenses	20,524
Valuation loss on investment securities	106,636
Foreign exchange loss	437,350
Other	8,281
Total non-operating expenses	572,793
Recurring profit	3,754,292
Extraordinary profit	
Gain on sale of fixed assets	770
Reversal of allowance for doubtful accounts	7,240
Gain on sale of investment securities	100
Total extraordinary profit	8,110
Extraordinary losses	
Loss on sale of fixed assets	1,210
Loss on disposal of fixed assets	11,903
Valuation loss on investment securities	1,703
Total extraordinary losses	14,818
Profit before income taxes	3,747,585
Income taxes	1,097,866
Minority interests	270,169
Net income	2,379,549

### (3) Consolidated quarterly statements of cash flows

(Thousands of yen, rounded down)

	Six months ended November 30, 2008
	Amount
<b>Cash flows from operating activities</b>	
Profit before income taxes	3,747,585
Depreciation	1,561,562
Amortization of goodwill	5,453
Increase (decrease) in reserve for employees' retirement benefits	94,306
Increase (decrease) in reserve for employees' bonuses	(15,433)
Increase (decrease) in reserve for directors' bonuses	25,920
Increase (decrease) in allowance for doubtful accounts	(15,694)
Interest and dividend income	(43,691)
Interest expenses	20,524
Foreign exchange loss (gain)	437,350
Valuation loss (gain) on investment securities	108,339
Gain on sale of tangible fixed assets	(770)
Loss on disposal and sale of tangible fixed assets	13,114
Decrease (increase) in notes and accounts receivable - trade	225,489
Decrease (Increase) in inventories	(1,388,831)
Increase (decrease) in notes and accounts payable - trade	556,163
Other	191,419
Sub-total	5,522,809
Interest and dividend received	43,556
Interest paid	(17,774)
Income taxes paid	(1,163,863)
Net cash provided by operating activities	4,384,727
<b>Cash flows from investing activities</b>	
Payments for time deposits	(4,665,505)
Proceeds from time deposits	830,419
Payments for acquisition of tangible fixed assets	(2,834,153)
Proceeds from sale of tangible fixed assets	974
Payments for acquisition of intangible fixed assets	(32,441)
Other	12,969
Net cash used in investing activities	(6,687,737)
<b>Cash flows from financing activities</b>	
Net increase (decrease) in short-term borrowings	322,646
Repayment of long-term borrowings	(354,710)
Repayment of finance lease payables	(1,177)
Payments for acquisition of treasury stock	(2,577)
Payments for dividends	(311,028)
Payments for dividends to minority interests	(22,196)
Net cash provided by (used in) financing activities	(369,043)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(49,706)
<b>Increase (decrease) in cash and cash equivalents</b>	(2,721,759)
<b>Cash and cash equivalents at beginning of period</b>	10,491,890
<b>Cash and cash equivalents at end of period</b>	7,770,130

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 November 30, 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 November 30, 2008)

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia	Total	Corporate and Elim.	Consolidated
Sales							
(1) Sales to unaffiliated customers	9,641,142	1,846,671	1,696,019	4,796,010	17,979,844	-	17,979,844
(2) Intersegment sales or transfers	3,107,911	63,372	4,548	67,532	3,243,364	(3,243,364)	-
Total	12,749,053	1,910,043	1,700,568	4,863,542	21,223,208	(3,243,364)	17,979,844
Operating Profit	1,806,331	353,064	240,360	1,585,405	3,985,161	168,967	4,154,128

(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 the method of converting the revenues and expenditure of foreign subsidiaries:

The revenue and expenditure of foreign subsidiaries were previously converted into yen based on the spot exchange rate on the closing date. However, commencing the first quarter under review, they are converted into yen based on the average exchange rate for the period. In accordance with this change, sales in "North America," "Europe," and "Asia," for the six months ended November 30, 2008 increased by 164,240 thousand yen, 256,562 thousand yen, and 66,743 thousand yen, respectively, compared to those under the traditional method. Operating profit also increased by 30,215 thousand yen, 42,545 thousand yen, and 23,552 thousand yen, respectively.

5. Change in the durable years of tangible fixed assets:

As stated in Additional Information, the Company and its domestic consolidated subsidiaries reviewed 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. Accordingly, the operating profit of "Japan" for the six months ended November 30, 2008 decreased by 177,779 thousand yen.

##### c. Overseas Sales

Six months ended November 30, 2008 (From June 1, 2008 to November 30, 2008)

(Thousands of yen, rounded down)

	North America	Europe	Asia	Rest of World	Total
I Overseas Sales	1,675,316	2,021,439	6,253,531	255,130	10,205,418
II Consolidated Sales	-	-	-	-	17,979,844
III Overseas sales as a proportion of consolidated sales (%)	9.3	11.3	34.8	1.4	56.8

(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

### Financial Statements for the Previous Second Quarter

#### (1) Interim Consolidated Statements of Income

(thousands of yen, rounded down)

Six months ended November 30, 2007		
	Amount	%
I. Net sales	17,372,957	100.0
II. Cost of goods sold	10,099,012	58.1
Gross profit	7,273,945	41.9
III. Selling, general and administrative expenses	2,930,307	16.9
Operating profit	4,343,637	25.0
IV. Non-operating income		
1. Interest income	43,646	
2. Net realized gain on crude oil swap contracts	50,351	
3. Other	23,209	
	117,207	0.7
V. Non-operating expenses		
1. Interest expenses	44,610	
2. Valuation loss on investment securities based on method in which valuation losses are recognized as net loss	40,417	
3. Net realized loss on crude oil swap contracts	25,478	
4. Foreign exchange loss	230,632	
5. Other	18,790	
	359,930	2.1
Recurring profit	4,100,914	23.6
VI. Extraordinary profit		
1. Gain on sale of fixed assets	223	
2. Subsidies received	8,708	
	8,931	0.0
VII. Extraordinary losses		
1. Loss on disposal of fixed assets	19,644	
2. Loss on sale of fixed assets	3,630	
3. Loss on revaluation of investments in securities	779	
	24,054	0.1
Interim net income before taxes and other adjustments	4,085,792	23.5
Income tax, residence tax and enterprise tax	1,413,651	
Income taxes-deferred	35,822	
	144,920	0.9
Minority interests		
Interim net income	2,491,398	14.3

## (2) Interim Consolidated Statements of Cash Flows

(thousands of yen, rounded down)

Six months ended November 30, 2007

	Amount
I. Cash flows from operating activities	
1. Interim net income before taxes and other adjustments	4,085,792
2. Depreciation	1,276,773
3. Amortization of goodwill	5,167
4. Decrease in reserve for employees' retirement benefits	(3,940)
5. Decrease in reserve for retirement benefits for directors and corporate auditors	(2,300)
6. Decrease in reserve for employees' bonuses	62,318
7. Decrease in reserve for directors' bonuses	(27,276)
8. Increase in allowance for doubtful accounts	7,404
9. Interest and dividend income	(50,568)
10. Interest expenses	44,610
11. Foreign exchange loss	230,632
12. Loss on revaluation of investments in securities	779
13. Valuation loss on investment securities based on method in which valuation losses are recognized as net loss	40,417
14. Gain on sale of tangible fixed assets	(223)
15. Loss on disposal and sale of tangible fixed assets	23,275
16. Decrease in notes and accounts receivable-trade	(529,823)
17. Increase in inventories	(356,412)
18. Decrease in notes and accounts payable-trade	(112,384)
19. Other	174,996
Sub-total	4,869,239
20. Interest and dividend received	49,058
21. Interest paid	(36,037)
22. Income taxes paid	(1,874,958)
Net cash provided by operating activities	3,007,302
II. Cash flows from investing activities	
1. Payments for time deposits	(6,526,079)
2. Proceeds from time deposits	1,142,761
3. Proceeds from redemption of mortgage-backed securities	500,000
4. Payments for acquisition of tangible fixed assets	(2,541,773)
5. Proceeds from sale of tangible fixed assets	3,228
6. Payments for acquisition of intangible fixed assets	(11,100)
7. Payments for acquisition of investment securities	(500,000)
8. Payments for additional acquisition of subsidiary's stocks	(124,461)
9. Payments for contribution to capital	(10)
10. Other	(99,899)
Net cash used in investing activities	(8,157,273)

Six months ended November 30, 2007	
Amount (thousands of yen, rounded down)	
III. Cash flows from financing activities	
1. Net increase (decrease) in short-term borrowings	(51,929)
2. Proceeds from long-term borrowings	50,000
3. Repayment of long-term borrowings	(509,288)
4. Payments for acquisition of treasury stock	(42,748)
5. Payments for dividends	(165,918)
6. Payments for dividends to minority interests	(23,899)
Net cash provided by (used in) financing activities	(743,783)
IV. Effect of exchange rate changes on cash and cash equivalents	(9,555)
V. Decrease in cash and cash equivalents	(5,903,310)
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 interim period	5,732,193

### (3) Segment Information

#### a. Business Segment Information

From June 1, 2007 to November 30, 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 November 30, 2007)

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia	Total	Corporate and Elim.	Consolidated
Sales							
(1) Sales to unaffiliated customers	10,235,581	1,760,130	1,749,590	3,627,655	17,372,957	-	17,372,957
(2) Intersegment sales or transfers	2,753,362	104,711	1,226	45,246	2,904,546	(2,904,546)	-
Total	12,988,944	1,864,841	1,750,816	3,672,901	20,277,503	(2,904,546)	17,372,957
Operating Expenses	10,011,206	1,597,291	1,514,494	2,781,645	15,904,639	(2,875,320)	13,029,319
Operating Profit	2,977,737	267,549	236,321	891,255	4,372,863	(29,225)	4,343,637

- (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.

#### c. Overseas Sales

Six months ended November 30, 2007 (From June 1, 2007 to November 30, 2007)

(Thousands of yen, rounded down)

	North America	Europe	Asia	Rest of World	Total
I Overseas Sales	1,657,291	2,093,524	4,855,885	139,229	8,745,931
II Consolidated Sales	-	-	-	-	17,372,957
III Overseas sales as a proportion of consolidated sales (%)	9.5	12.1	27.9	0.8	50.3

- (Notes) 1. Countries or regions are grouped together based on geographic proximity.  
2. The major countries or regions included in each geographic segment (except Japan) are listed below.  
(1) North America: United States  
(2) Europe: France, Germany, Italy  
(3) Asia: China, Taiwan  
3. The overseas sales are the sales of the Company or its consolidated subsidiaries in countries or regions excluding Japan.