



January 18, 2008

Consolidated Financial Results for the Six Months Ended November 30, 2007

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 semiannual report:	February 20, 2008

1. Consolidated financial results for the six months ended November 30, 2007

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

(1) Operating results

(Millions of yen, rounded down)

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

	Net sales		Operating profit		Recurring profit		Net income	
		%		%		%		%
Six months ended November 30, 2007	17,372	16.9	4,343	32.2	4,100	21.7	2,491	23.7
Six months ended November 30, 2006	14,866	21.6	3,286	57.9	3,369	47.7	2,014	63.8
Year ended May 31, 2007	31,381	-	6,925	-	7,123	-	4,439	-

	Net income per share	Diluted net income per share
	yen	yen
Six months ended November 30, 2007	119.75	-
Six months ended November 30, 2006	151.17	-
Year ended May 31, 2007	329.65	-

Reference: Equity in earnings of affiliates

November 30, 2007	- million yen
November 30, 2006	- million yen
May 31, 2007	- million yen

(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, 2007	56,431	43,983	76.7	2,085.16
As of November 30, 2006	48,165	33,411	68.7	2,480.67
As of May 31, 2007	54,830	41,386	74.8	2,964.32
Reference: Shareholders' equity				
November 30, 2007		43,236 million yen		
November 30, 2006		33,058 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
Six months ended November 30, 2007	3,007	(8,157)	(743)	5,732
Six months ended November 30, 2006	2,485	(2,147)	(1,078)	4,143
Year ended May 31, 2007	4,993	(1,635)	3,292	11,558

2. Dividends

(Record date)	Dividends per share (yen)		
	Interim-end	Year-end	Total (Full year)
Year ended May 31, 2007	0.00	12.00	12.00
Year ending May 31, 2008 (Actual)	0.00	-	15.00
Year ending May 31, 2008 (Forecast)	-	15.00	

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 expected payment of dividends per share for the year ending May 31, 2008 will be 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, 2008

(Millions of yen)

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

	Net sales	Operating profit	Recurring profit	Net income	Net income per share				
	%	%	%	%	yen				
Year ending May 31, 2008	34,300	9.3	8,200	18.4	8,100	13.7	5,000	12.6	241.12

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 interim financial statements

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

- i. Changes due to amendment of accounting standards: None
- ii. Changes due to other reasons: None

Note: For details, please refer to Changes in Significant Items That Form the Basis of Preparations for Consolidated Interim Financial Statements (in Japanese only) on page 20.

(3) 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, 2007 20,750,688 shares
 - As of November 30, 2006 13,333,792 shares
 - As of May 31, 2007 13,833,792 shares
- ii. Number of treasury stock at the end of period
 - As of November 30, 2007 15,230 shares
 - As of November 30, 2006 7,224 shares
 - As of May 31, 2007 7,233 shares

Note: For the number of shares as a basis of calculating interim net income per share (consolidated), please refer to per-share information (in Japanese only) on page 25.

Reference: SUMMARY OF NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Non-consolidated financial results for the six months ended November 30, 2007

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

(1) Operating results

(Millions of yen, rounded down)

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

	Net sales		Operating profit		Recurring profit		Net income	
		%		%		%		%
Six months ended November 30, 2007	12,993	13.0	2,630	6.2	2,557	(2.1)	1,573	(5.8)
Six months ended November 30, 2006	11,502	17.6	2,477	50.6	2,611	36.1	1,669	62.3
Year ended May 31, 2007	23,807	-	4,960	-	5,191	-	3,408	-

Net income per share

yen

Six months ended November 30, 2007	75.88
Six months ended November 30, 2006	125.29
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 November 30, 2007	47,624	38,507	80.8	1,857.09
As of November 30, 2006	41,232	30,030	72.8	2,253.43
As of May 31, 2007	47,213	37,153	78.7	2,687.12
Reference: Shareholders' equity				
		38,507 million yen		
		30,030 million yen		
		37,153 million yen		

2. Non-consolidated results forecast for the fiscal year ending May 31, 2008

(Millions of yen)

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

	Net sales		Operating profit		Recurring profit		Net income		Net income per share
		%		%		%		%	yen
Year ending May 31, 2008	26,000	9.2	5,200	4.8	5,200	0.2	3,200	(6.1)	154.32

*** 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 page 6 of the attached document.

1. Business Results

(1) Analysis of Business Results

(i) Business Results in the First Half that Ended on November 30, 2007

During the first half that ended on November 30, 2007, the Japanese economy remained on a path of moderate growth, supported by active capital expenditures resultant from strong corporate earnings and robust exports. On the other hand, concerns grew over the effects of the renewed surge in the prices of crude oil, other fuels and raw materials and volatile exchange rate movements. Meanwhile, the global economy, led by the Asian economies, generally remained robust despite increasing worries about an economic slowdown due to the surging prices of crude oil and other fuels and the subprime mortgage loan problem.

Under these circumstances, the Toyo Tanso group expanded its production capacity for isotropic graphite, its mainstay product, to an annual 11,000 tons by the end of the first half in order to effectively meet strong demand from domestic and foreign customers, and continued to shift its emphasis to products with high value added and growth sectors. Specifically, in the rapidly growing Chinese market, the Toyo Tanso group inaugurated full-fledged operation of a new production base specializing in high-function products, thus accelerating its advance into the global market, in pursuit of further business expansion and higher profits.

As a result, the Toyo Tanso group continued to achieve sharp increases in sales and profits. Specifically, consolidated sales in the first half that ended on November 30, 2007 grew 16.9% from the same period in the previous year to 17,372 million yen, and operating profit increased 32.2% to 4,343 million yen. Recurring profit rose 21.7% to 4,100 million yen, while net income increased 23.7% to 2,491 million yen.

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

Products	(Thousands of yen)		
	Six months ended November 30, 2007	Six months ended November 30, 2006	Year ended May 31, 2007
Special graphite products	9,066,882	7,426,163	15,916,373
Carbon products for general industries (for mechanical applications)	1,453,716	1,266,408	2,682,927
Carbon products for general industries (for electrical applications)	2,487,689	2,005,638	4,257,378
Compound materials and other products	3,780,078	3,728,173	7,555,069
Related goods	584,589	440,437	969,511
Total	17,372,957	14,866,821	31,381,259

Special Graphite Products

In the electronics sector, demand for products used in the manufacturing of solar cells in particular grew sharply in China, which is emerging 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 an increase in the number of production lines 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 used in the die-making process 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. Demand for products related to environmentally friendly water heating equipment also continued to expand amid increasing awareness about energy conservation and environmental protection. 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 adoption of our products by some 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 were robust also due to our successful promotion thereof for applications such as power tools and washing machines and because our new organizational structure, created with the intention of facilitating global activities, has been functioning effectively.

Compound Materials and Other Products

Sales of SiC (silicon carbide)-coated graphite products were generally strong, led mainly by increased demand, especially in Asia, for products related to compound semiconductors such as susceptors used in the processing of LED devices. In addition, demand for C/C composite increased for large crucibles used in the processing of 300mm wafers, and for industrial furnaces, the number of which is increasing. Moreover, sales grew for graphite sheets mainly for application in heat radiation. Regarding on-site fluorine generators, business expansion proceeded steadily.

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, 2008

With regard to the future outlook, the economies of Japan and other countries are generally expected to remain strong, supported by firm capital expenditures. However, uncertainty is growing over global economic prospect due to factors such as continued high prices of crude oil and other fuels and materials, exchange rate movements and the spreading impact of the U.S. subprime mortgage loan problem. Under these circumstances, we expect that business conditions surrounding the Toyo Tanso 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.

Therefore, despite the above-mentioned external factors that cast doubt on the future outlook, our projected business results for the fiscal year ending on May 31, 2008 remain unchanged from the figures announced on July 17, 2007.

(2) Analysis of Financial Position

Cash and cash equivalents (hereinafter referred to as “funds”) in the first half that ended on November 30, 2007 decreased by 5,826 million yen from the end of the previous fiscal year to 5,732 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 21.0% from the same period of the previous fiscal year to 3,007 million yen. Among major cash flow items, profit before income taxes increased 8.8% from the same period of the previous year to 4,085 million yen, while depreciation costs jumped 70.9% to 1,276 million yen. Meanwhile, income taxes paid increased 43.9% to 1,874 million yen.

(Cash Flows from Investing Activities)

Funds used for investing activities increased 279.9% from the same period of the previous fiscal year to 8,157 million yen. Among major cash flow items, payments for time deposits expanded 216.2% to 6,526 million yen and payments for acquisition of tangible fixed assets grew 56.6% to 2,541 million yen due to an expansion of production facilities for isotropic graphite materials. Meanwhile, proceeds from time deposits dropped 46.7% to 1,142 million yen.

(Cash flows from Financing Activities)

Funds used for financing activities decreased 31.0% from the same period of the previous fiscal year to 743 million yen. Among major cash flow items, the repayment of long-term borrowings decreased 36.4% to 509 million yen.

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

(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

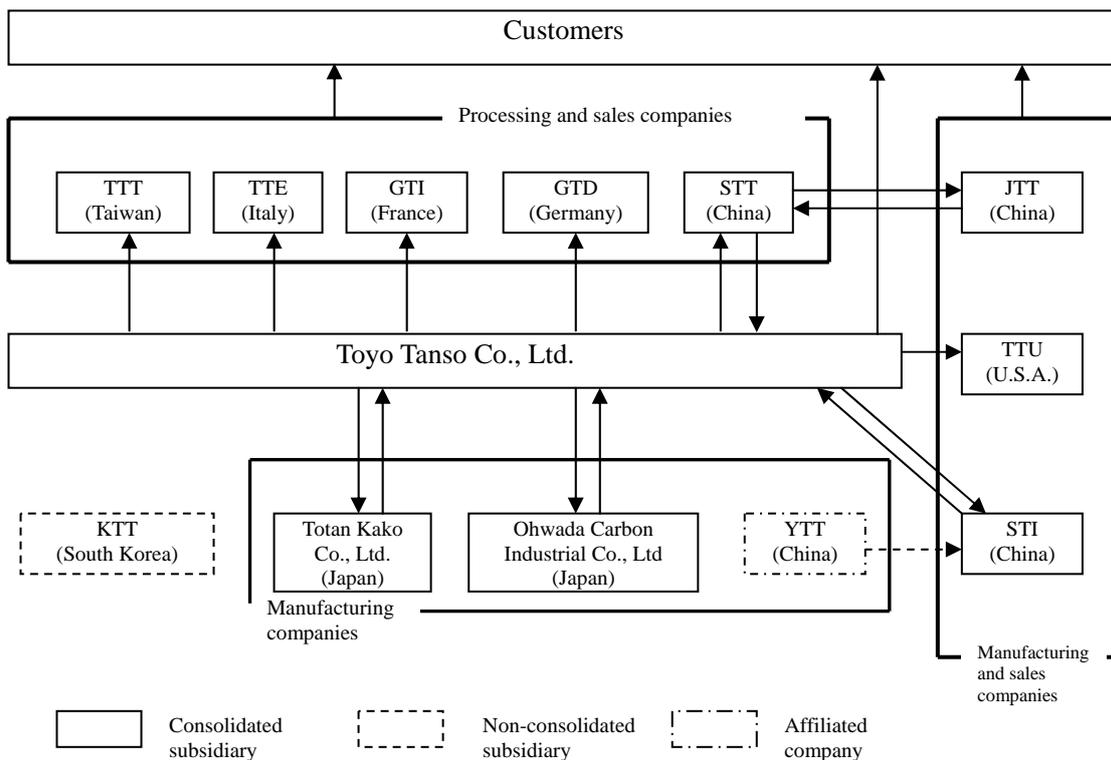
Based on the above-mentioned policy, we will maintain our basic approach of using internal reserves for capital expenditures while taking account of the need to return profits to shareholders in line with the growth of our consolidated earnings. As a result, we plan to pay an annual dividend of 15 yen per share in the fiscal year ending on May 31, 2008.

2. Composition of Corporate Group

In the first half that ended on November 30, 2007, Jiaxiang Toyo Tanso Co., Ltd. was added as a consolidated subsidiary, as the company's importance to the Toyo Tanso group (Toyo Tanso Co., Ltd. and its consolidated subsidiaries) increased. As a result, the Toyo Tanso group now consists of Toyo Tanso Co., Ltd., ten consolidated subsidiaries including two domestic and eight foreign ones, one foreign non-consolidated subsidiary, and one overseas affiliated company not accounted for by the equity method.

[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:

- (TTU)...Toyo Tanso USA, Inc.
- (TTE)...Toyo Tanso Europe S.p.A.
- (GTI)...Graphites Technologie et Industrie 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.
- (KTT)...Toyo Tanso Korea Co., Ltd.
- (YTT)...Shanghai Yongxin Toyo Tanso Co., Ltd.

3. Management Policy

Since there has been no significant change in management policy announced in the financial report “tanshin” for the fiscal year that ended on May 31, 2007 (disclosed on July 17, 2007 in Japanese only), we are omitting disclosure here.

The relevant financial report is available at the following URLs:

<http://www.toyotanso.co.jp> (Website of Toyo Tanso Co., Ltd.)

<http://www.tse.or.jp/listing/compsearch/index.html>

(“Listed Company Information” section of the Website of the Tokyo Stock Exchange)

4. Consolidated interim financial statements

(1) Consolidated balance sheets

(Thousands of yen, rounded down)

	As of November 30, 2006		As of November 30, 2007		Change Amount	As of May 31, 2007	
	Amount	%	Amount	%		Amount	%
Assets							
I. Current assets							
1. Cash on hand and in banks	10,109,352		13,330,272		3,220,919		14,775,343
2. Trade notes and accounts receivable	9,009,937		10,755,568		1,745,630		9,942,492
3. Inventory	6,207,581		6,989,577		781,996		6,573,737
4. Other	1,704,574		1,216,552		(488,022)		1,719,083
Allowance for doubtful accounts	<u>(116,641)</u>		<u>(162,488)</u>		<u>(45,847)</u>		<u>(157,729)</u>
Total current assets	26,914,805	55.9	32,129,481	56.9	5,214,676		32,852,928
59.9							
II. Fixed assets							
1. Tangible fixed assets							
(1) Buildings and structures	10,337,388		11,305,364				10,969,021
Accumulated depreciation	<u>5,312,720</u>	5,024,668	<u>5,742,297</u>	5,563,067	538,399	<u>5,551,891</u>	5,417,130
(2) Machinery, equipment, and vehicles	22,034,058		26,055,175				23,829,994
Accumulated depreciation	<u>16,526,235</u>	5,507,823	<u>17,405,904</u>	8,649,270	3,141,447	<u>16,668,094</u>	7,161,900
(3) Land	5,330,161		5,276,323		(53,838)		5,282,468
(4) Construction in progress	2,045,049		664,832		(1,380,216)		1,164,853
(5) Other	2,160,404		2,478,501				2,326,252
Accumulated depreciation	<u>1,768,813</u>	391,591	<u>1,895,054</u>	583,446	191,855	<u>1,719,593</u>	606,658
Total tangible fixed assets	18,299,294	38.0	20,736,940	36.8	2,437,646		19,633,011
35.8							
2. Intangible fixed assets	271,325	0.6	362,897	0.6	91,571		287,026
0.5							
3. Investments and other assets							
(1) Investments in securities	213,069		845,603		632,533		405,341
(2) Deferred tax assets	528,123		450,895		(77,228)		560,908
(3) Other	1,942,314		1,910,231		(32,082)		1,094,971
Allowance for doubtful accounts	<u>(3,543)</u>		<u>(4,272)</u>		<u>(729)</u>		<u>(3,543)</u>
Total investments and other assets	<u>2,679,964</u>	5.5	<u>3,202,457</u>	5.7	<u>522,493</u>		<u>2,057,678</u>
3.8							
Total fixed assets	21,250,584	44.1	24,302,296	43.1	3,051,712		21,977,717
40.1							
Total assets	<u>48,165,389</u>	100.0	<u>56,431,777</u>	100.0	<u>8,266,388</u>		<u>54,830,645</u>
100.0							

(Thousands of yen, rounded down)

	As of November 30, 2006		As of November 30, 2007		Change Amount	As of May 31, 2007		
	Amount	%	Amount	%		Amount	%	
Liabilities								
I. Current liabilities								
1	Trade notes and accounts payable	2,613,775		2,354,679	(259,095)		2,338,453	
2	Short-term borrowings	2,493,639		1,750,692	(742,947)		2,064,995	
3	Reserve for employees' bonuses	812,391		876,032	63,641		813,835	
4	Reserve for directors' and corporate auditors' bonuses	-		27,276	27,276		54,552	
5	Other	5,807,867		5,058,437	(749,430)		5,589,952	
	Total current liabilities	11,727,674	24.3	10,067,117	(1,660,556)		10,861,789	19.8
II. Long-term liabilities								
1.	Long-term borrowings	1,734,382		997,420	(736,962)		1,231,020	
2.	Reserve for employees' retirement benefits	241,810		196,451	(45,359)		195,069	
3.	Reserve for directors' retirement allowances	1,635		-	(1,635)		2,300	
4.	Other	1,048,518		1,187,294	138,776		1,153,872	
	Total long-term liabilities	3,026,346	6.3	2,381,166	(645,180)		2,582,262	4.7
	Total liabilities	14,754,021	30.6	12,448,283	(2,305,737)		13,444,052	24.5
Equity								
1.	Common Stock	5,000,075	10.4	7,692,575	13.6	2,692,500	7,692,575	14.0
2.	Capital surplus	6,842,786	14.2	9,534,686	16.9	2,691,900	9,534,686	17.4
3.	Retained earnings	21,097,996	43.8	25,906,046	45.9	4,808,050	23,522,911	42.9
4.	Treasury stock - at cost	(9,205)	(0.0)	(52,063)	(0.0)	(42,857)	(9,314)	(0.0)
5.	Unrealized gains (losses) on available-for-sale securities	25,528	0.1	14,239	0.0	(11,288)	25,309	0.1
6.	Foreign currency translation adjustments	101,651	0.2	141,461	0.3	39,810	220,200	0.4
	Total	33,058,833	68.7	43,236,947	76.7	10,178,113	40,986,368	74.8
	Minority interests	352,535	0.7	746,546	1.3	394,011	400,224	0.7
	Total equity	33,411,368	69.4	43,983,494	78.0	10,572,125	41,386,593	75.5
	Total liabilities and equity	48,165,389	100.0	56,431,777	100.0	8,266,388	54,830,645	100.0

(2) Consolidated statements of income

(Thousands of yen, rounded down)

	Six months ended November 30, 2006		Six months ended November 30, 2007		Change Amount	Year ended May 31, 2007			
	Amount	%	Amount	%		Amount	%		
I. Net sales	14,866,821	100.0	17,372,957	100.0	2,506,135	31,381,259	100.0		
II. Cost of goods sold	8,980,224	60.4	10,099,012	58.1	1,118,788	18,853,152	60.1		
Gross profit	5,886,597	39.6	7,273,945	41.9	1,387,347	12,528,106	39.9		
III. Selling, general and administrative expenses	2,599,716	17.5	2,930,307	16.9	330,590	5,602,463	17.8		
Operating profit	3,286,880	22.1	4,343,637	25.0	1,056,757	6,925,643	22.1		
IV. Non-operating income									
1. Interest income	22,461		43,646			48,503			
2. Net realized gain on crude oil swap contracts	44,855		50,351			72,326			
3. Foreign exchange gains	90,038		-			220,951			
4. Other	35,845	193,200	23,209	117,207	0.7	(75,993)	83,615	425,397	1.3
V. Non-operating expenses									
1. Interest expenses	56,878		44,610			111,956			
2. Valuation loss on investment securities based on method in which valuation losses are recognized as net loss	-		40,417			7,686			
3. Net realized loss on crude oil swap contracts	48,198		25,478			72,152			
4. Foreign exchange loss	-		230,632			-			
5. Stock issuing expenses	-		-			32,923			
6. Other	5,910	110,988	18,790	359,930	2.1	248,941	2,495	227,212	0.7
Recurring profit	3,369,092	22.7	4,100,914	23.6	731,821	7,123,828	22.7		
VI. Extraordinary profit									
1. Gain on sale of fixed assets	1,093		223			28,236			
2. Subsidies received	-		8,708			151,426			
3. Gain on transfer to defined contribution pension plan	405,906		-			405,906			
4. Other	2,580	409,581	-	8,931	0.0	(400,649)	987	586,556	1.8
VII. Extraordinary losses									
1. Loss on disposal of fixed assets	21,396		19,644			76,592			
2. Loss on sale of fixed assets	361		3,630			3,975			
3. Loss on sale of investment securities	-		-			1,127			
4. Valuation loss on investment securities	-		779			-			
5. Special retirement benefit expenses	-		-			113,698			
6. Other	1,056	22,814	-	24,054	0.1	1,240	-	195,394	0.6
Profit before income taxes	3,755,860	25.3	4,085,792	23.5	329,932	7,514,989	23.9		
Income taxes – current	1,412,540		1,413,651			2,746,741			
Income taxes – deferred	286,475	1,699,015	35,822	1,449,473	8.3	(249,541)	242,426	2,989,167	9.5
Minority interests	42,176	0.3	144,920	0.9	102,743	86,238	0.3		
Net income	2,014,667	13.6	2,491,398	14.3	476,730	4,439,582	14.1		

(3) Consolidated statement of changes in equity
(From June 1, 2006 to November 30, 2006)

(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	317,319	31,177,680
Changes during the period									
Dividends from retained earnings			(133,265)				(133,265)		(133,265)
Employees' bonuses from profit (*)			(6,826)				(6,826)		(6,826)
Net income			2,014,667				2,014,667		2,014,667
Net changes in items other than shareholders' equity during the period					(6,302)	330,199	323,896	35,216	359,112
Total changes during the period	-	-	1,874,575	-	(6,302)	330,199	2,198,472	35,216	2,233,688
Balance as of November 30, 2006	5,000,075	6,842,786	21,097,996	(9,205)	25,528	101,651	33,058,833	352,535	33,411,368

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

(From June 1, 2007 to November 30, 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, 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			2,491,398				2,491,398		2,491,398
Acquisition of treasury stock				(42,748)			(42,748)		(42,748)
Net changes in items other than shareholders' equity during the period					(11,069)	(78,738)	(89,808)	346,321	256,513
Total changes during the period	-	-	2,383,135	(42,748)	(11,069)	(78,738)	2,250,578	346,321	2,596,900
Balance as of November 30, 2007	7,692,575	9,534,686	25,906,046	(52,063)	14,239	141,461	43,236,947	746,546	43,983,494

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

(From June 1, 2006 to May 31, 2007)

	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	317,319	31,177,680
Changes during the period									
Issuance of new stock	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
Acquisition 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	10,126,007	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	40,986,368	400,224	41,386,593

(*) 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)

		Six months ended November 30, 2006	Six months ended November 30, 2007	Change	Year ended May 31, 2007
		Amount	Amount	Amount	Amount
I. Cash flows from operating activities					
1.	Profit before income taxes	3,755,860	4,085,792	329,932	7,514,989
2.	Depreciation	746,986	1,276,773	529,787	1,709,584
3.	Amortization of goodwill	-	5,167	5,167	-
4.	Negative goodwill amortization	(285)	-	285	(571)
5.	Decrease in reserve for employees' retirement benefits	(72,137)	(3,940)	68,197	(106,923)
6.	Decrease in reserve for directors' retirement allowances	-	(2,300)	(2,300)	(9,227)
7.	Gain on transfer to defined contribution pension plan	(405,906)	-	405,906	(405,906)
8.	Special retirement benefit expenses	-	-	-	113,698
9.	Increase in reserve for employees' bonuses	119,573	62,318	(57,254)	120,503
10.	Increase (decrease) in reserve for directors' bonuses	(45,860)	(27,276)	18,584	8,692
11.	Increase in allowance for doubtful accounts	3,986	7,404	3,418	39,171
12.	Interest and dividend income	(26,472)	(50,568)	(24,096)	(54,240)
13.	Interest expenses	56,878	44,610	(12,268)	111,956
14.	Foreign exchange loss (gain)	(90,038)	230,632	320,670	(220,951)
15.	Valuation loss on investment securities	-	779	779	-
16.	Valuation loss on investment securities based on method in which valuation losses are recognized as net loss	-	40,417	40,417	7,686
17.	Gain on sale of tangible fixed assets	(1,093)	(223)	870	(28,236)
18.	Loss on disposal and sale of tangible fixed assets	21,757	23,275	1,517	80,568
19.	Loss on sale of investment securities	-	-	-	140
20.	Decrease (increase) in notes and accounts receivable - trade	(646,715)	(529,823)	116,892	(1,483,000)
21.	Increase in inventories	(56,015)	(356,412)	(300,396)	(365,414)
22.	Increase (decrease) in notes and accounts payable - trade	481,334	(112,384)	(593,719)	(56,724)
23.	Other	(25,510)	174,996	200,507	447,436
Sub-total		3,816,341	4,869,239	1,052,897	7,423,229
24.	Interest and dividend received	25,144	49,058	23,914	53,541
25.	Interest paid	(53,070)	(36,037)	17,032	(107,901)
26.	Income taxes paid	(1,303,238)	(1,874,958)	(571,719)	(2,375,717)
Net cash provided by operating activities		2,485,177	3,007,302	522,125	4,993,152
II. Cash flows from investing activities					
1.	Payments for time deposits	(2,063,872)	(6,526,079)	(4,462,207)	(3,216,783)
2.	Proceeds from time deposits	2,142,962	1,142,761	(1,000,200)	6,834,962
3.	Payments for acquisition of mortgage-backed securities	(500,000)	-	500,000	(500,000)
4.	Proceeds from redemption of mortgage-backed securities	-	500,000	500,000	-
5.	Payments for acquisition of tangible fixed assets	(1,623,530)	(2,541,773)	(918,243)	(4,532,248)
6.	Proceeds from sale of tangible fixed assets	865	3,288	2,423	98,172
7.	Payments for acquisition of intangible fixed assets	(16,740)	(11,100)	5,640	(35,410)
8.	Payments for acquisition of investment securities	-	(500,000)	(500,000)	(200,325)
9.	Proceeds from sale of investment securities	46,857	-	(46,857)	49,968
10.	Payments for additional acquisition of subsidiary shares	-	(124,461)	(124,461)	-
11.	Payments for investment in capital	(133,994)	(10)	133,984	(133,994)
12.	Other	-	(99,899)	(99,899)	-
Net cash used in investing activities		(2,147,452)	(8,157,273)	(6,009,821)	(1,635,659)

(Thousands of yen, rounded down)

	Six months ended November 30, 2006	Six months ended November 30, 2007	Change	Year ended May 31, 2007
	Amount	Amount	Amount	Amount
III. Cash flows from financing activities				
1. Net increase (decrease) in short-term borrowings	(217,080)	(51,929)	165,151	(454,459)
2. Proceeds from long-term borrowings	91,611	50,000	(41,611)	131,471
3. Repayment of long-term borrowings	(800,774)	(509,288)	291,486	(1,616,908)
4. Proceeds from issuance of stock	-	-	-	5,384,400
5. Payments for acquisition of treasury stock	-	(42,748)	(42,748)	(109)
6. Payments for dividends	(133,265)	(165,918)	(32,653)	(133,265)
7. Payments for dividends to minority interests	(19,090)	(23,899)	(4,808)	(19,090)
Net cash provided by (used in) financing activities	(1,078,600)	(743,783)	334,816	3,292,037
IV. Effect of exchange rate changes on cash and cash equivalents	17,130	(9,555)	(26,686)	41,804
V. Increase (decrease) in cash and cash equivalents	(723,744)	(5,903,310)	(5,179,565)	6,691,334
VI. Cash and cash equivalents at beginning of period	4,867,225	11,558,559	6,691,334	4,867,225
VII. Increase in cash and cash equivalents accompanying new consolidation	-	76,943	76,943	-
VIII. Cash and cash equivalents at end of period	4,143,480	5,732,193	1,588,712	11,558,559

(Segment Information)

a. Business Segment Information

From June 1, 2006, to November 30, 2006; From June 1, 2007, to November 30, 2007; From June 1, 2006, to May 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, 2006, to November 30, 2006)

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia	Total	Corporate and Elim.	Consolidated
Sales							
(1) Sales to unaffiliated customers	9,409,245	1,899,844	1,326,139	2,231,591	14,866,821	-	14,866,821
(2) Intersegment sales or transfers	2,058,285	4,671	1,353	78,571	2,142,881	(2,142,881)	-
Total	11,467,530	1,904,515	1,327,492	2,310,163	17,009,702	(2,142,881)	14,866,821
Operating Expenses	8,872,323	1,592,488	1,359,509	1,851,772	13,676,093	(2,096,153)	11,579,940
Operating Profit (Loss)	2,595,207	312,027	(32,016)	458,391	3,333,609	(46,728)	3,286,880

- (Notes)
- Countries or regions are grouped together based on geographic proximity.
 - The major countries or regions included in each geographic segment (except Japan) are listed below.
 - North America: United States
 - Europe: France, Germany, Italy
 - Asia: China, Taiwan
 - Unallocated amounts for operating expenses for the above period are not included in Corporate and Eliminations.

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

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia	Total	Corporate and Elim.	Consolidated
Net 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)
- Countries or regions are grouped together based on geographic proximity.
 - The major countries or regions included in each geographic segment (except Japan) are listed below.
 - North America: United States
 - Europe: France, Germany, Italy
 - Asia: China, Taiwan
 - Unallocated amounts for operating expenses for the above period are not included in Corporate and Eliminations.

(From June 1, 2006, to May 31, 2007)

(Thousands of yen, rounded down)

	Japan	North America	Europe	Asia	Total	Corporate and Elim.	Consolidated
Net sales							
(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

- (Notes)
- Countries or regions are grouped together based on geographic proximity.
 - The major countries or regions included in each geographic segment (except Japan) are listed below.
 - North America: United States
 - Europe: France, Germany, Italy
 - Asia: China, Taiwan
 - Unallocated amounts for operating expenses for the above period are not included in Corporate and Eliminations.

c. Overseas Sales

Six months ended November 30, 2006 (From June 1, 2006, to November 30, 2006)

(Thousands of yen, rounded down)

	North America	Europe	Asia	Rest of World	Total
I Overseas Sales	1,863,693	1,747,020	3,195,026	95,463	6,901,204
II Consolidated Sales	-	-	-	-	14,866,821
III Overseas sales as a proportion of consolidated sales (%)	12.5	11.8	21.5	0.6	46.4

- (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.

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.

Year ended May 31, 2007 (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.