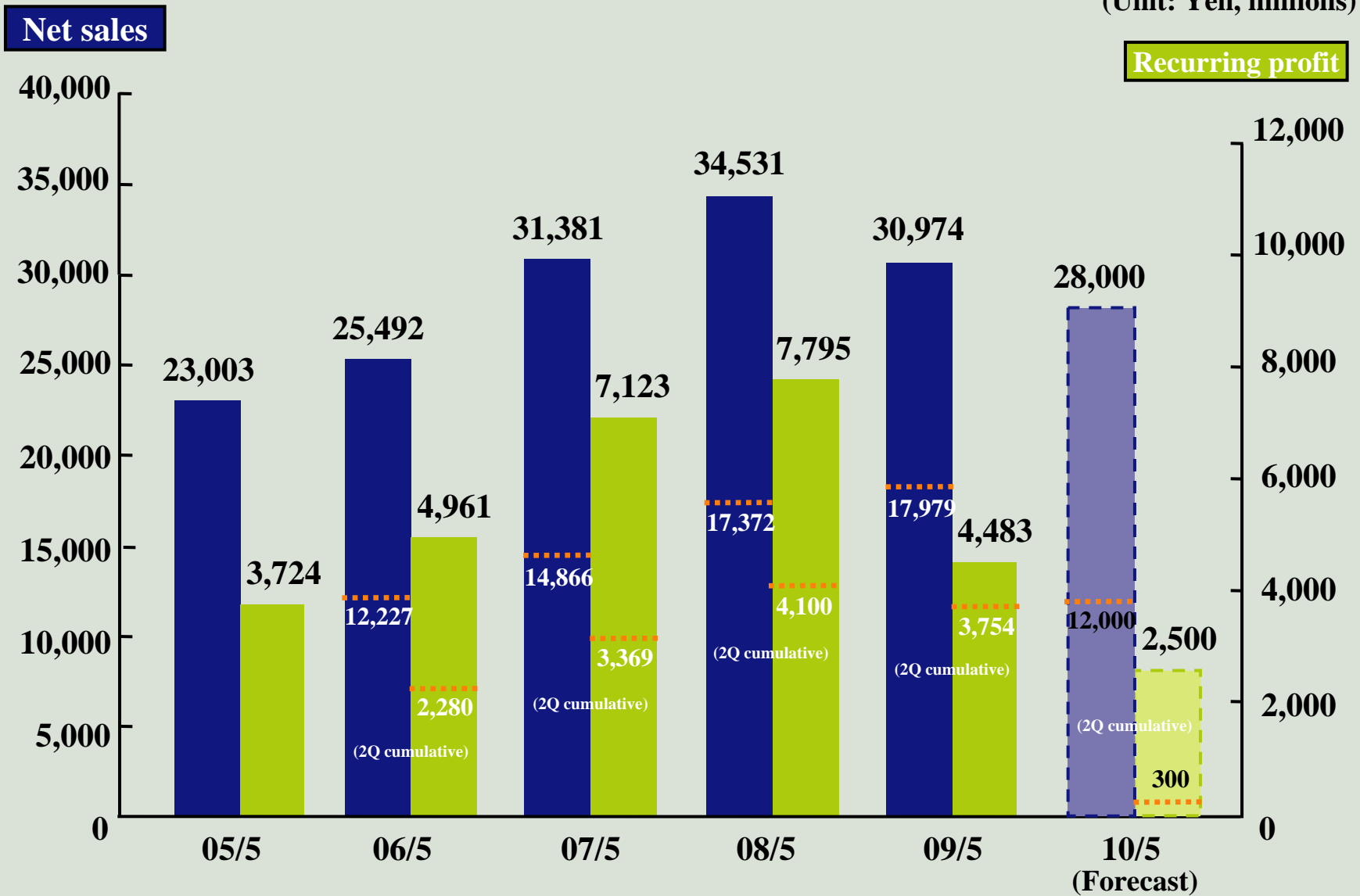


**TOYO TANSO**  
**Results for the Fiscal Year Ended May 31, 2009**

**July 2009**  
**Toyo Tanso Co., Ltd.**

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# 1-1. Business Results



# 1-2. Results for the Fiscal Year Ended May 31, 2009

(Unit: Yen, millions)

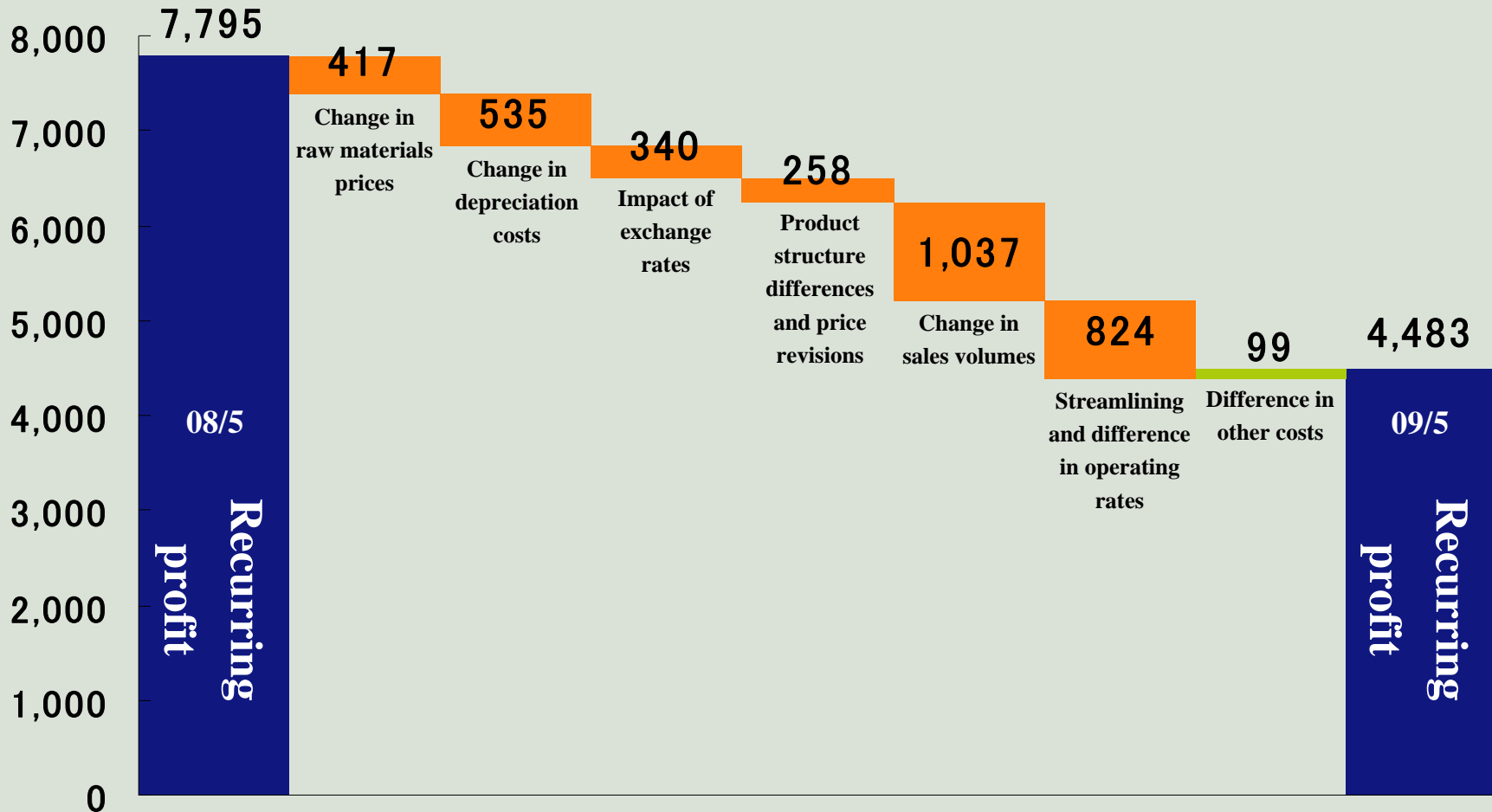
	08/5	09/5	Change in yen	% increase
<b>Net sales</b>	34,531	30,974	(3,556)	(10.3%)
<b>Operating profit</b>	8,031	4,741	(3,290)	(41.0%)
Ratio of operating profit to net sales	23.3%	15.3%		
<b>Recurring profit</b>	7,795	4,483	(3,312)	(42.5%)
Ratio of recurring profit to net sales	22.6%	14.5%		
<b>Profit before income taxes</b>	8,162	4,615	(3,546)	(43.5%)
<b>Net income</b>	5,143	2,566	(2,576)	(50.1%)
<b>Net income per share</b>	247.33 yen	123.80 yen		

## Points

- Positive results continued until the first half of the year, but conditions deteriorated suddenly from the second half of the year onwards. The impact of rapid and large-scale production and inventory adjustments across almost all purposes, industries and regions, including the field of semiconductors and Chinese solar cells which had previously led growth, led to a fall in sales of almost 30% in the second half of the year compared to the first half of the year.
- In addition to a drop in marginal profit as a result of falling sales and production caused by slumping demand, profit margins also fell as a result of rising raw materials prices, increased depreciation costs (+530 million yen) and the impact of a stronger yen. However, deposits from the first half of the year helped to secure a double digit profit ratio.

# 1-3. Factors Affecting Changes in Recurring Profit

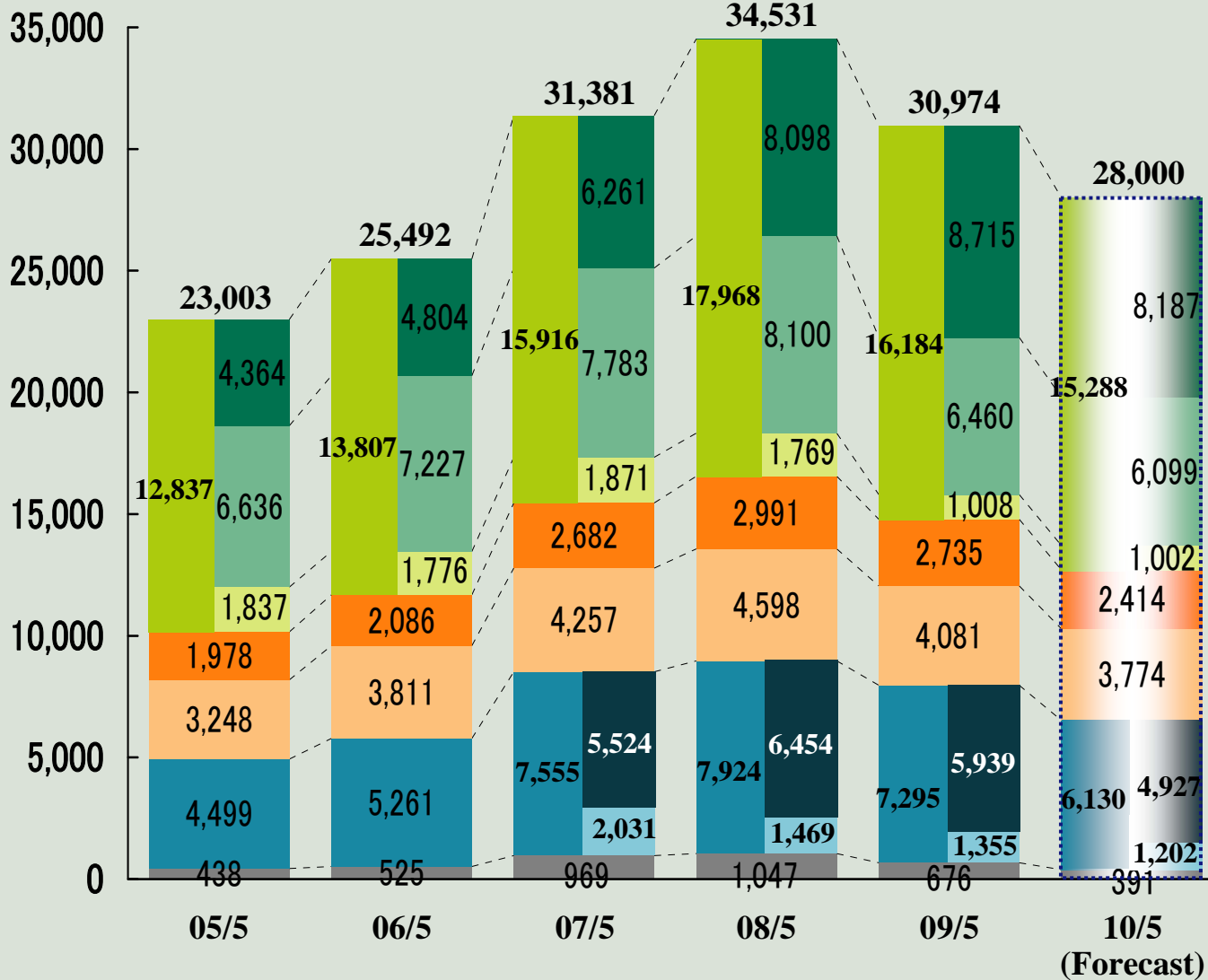
(Unit: Yen, millions)



# 1-4. Overview of Operations by Product and Segment

## (1) Net Sales

(Unit: Yen, millions)



(09/5 results in comparison with previous year)

Special Graphite Products [Electronics Applications]	(+7.6%)
Special Graphite Products [General Industries Applications]	(-20.2%)
Special Graphite Products [Others]	(-43.0%)
Carbon Products for General Industries [Carbon Products for Mechanical Applications]	(-8.5%)
Carbon Products for General Industries [Carbon Products for Electrical Applications]	(-11.2%)
Compound Materials and Other Products [Three Major Products]	(-8.0%)
Compound Materials and Other Products [Other products]	(-7.8%)
Related goods	(-35.4%)

# 1-4. Overview of Operations by Product and Segment

## (2) Summary and Market Conditions (1/2)

### Special Graphite Products

#### [Electronics Applications]

- **Products used in the manufacture of solar cells:** although rapid annual growth of above 50% was seen until the first half of the year, there was a sudden decline in the second half of the year largely caused by a rapid downturn in mainstay Chinese demand. However, for the year as a whole, deposits from the first half of the year led to expansion of just under 20% in comparison with the previous year. It is expected that a real recovery will not occur at this time and that adjustments will continue for the immediate future. However, it is expected that growing worldwide awareness of the environment and commitment to energy efficiency, as well as support through government policies in countries around the world and an increase in the production of raw material polysilicon will lead to a gentle recovery in the autumn, with growth returning once again in 2010. We also plan to expand sales not only of silicon crystals but also covering membranes and compounds (including C/C composites).
- **Products used in the manufacture of single crystal silicon:** the semiconductor market worsened considerably in the second half of the year, with a major decrease in trade with leading customers, particularly in mainstay 300mm wafers. This led to approximately 30% decrease for the year as a whole against the previous year. While operation rates at customers are gradually beginning to recover, it is expected that more time is required for a real recovery to take place, including graphite stock adjustments.
- **Products used in manufacture of compound semiconductors:** there has been a decline in the market, particularly in mainstay LED products, as a result of the downturn in mobile phones and digital cameras. However, South Korea and Taiwan appear to be leading a real recovery, backed up by a recovery in liquid crystal and mobile phones.



Crucible



Heater

#### [General Industries Applications]

- **Products used in the manufacture of EDM electrode:** there was a rapid decline in the market both in Japan and overseas in the second half of the year, particularly as a result of the global decline in the automotive and consumer electronics industries. Difficult conditions are expected for the foreseeable future, but there are hopes of a recovery in Chinese demand as a result of governmental economic stimulus measures.
- **With declining capital investment as a result of deteriorating economic conditions,** there was a major decline in metallurgy-related demand for continuous casting and industrial furnace-related products. However, there are signs that the continuous casting market in particular has begun to bottom out, and a gradual recovery can be seen.



EDM electrode



Continuous casting dies

# 1-4. Overview of Operations by Product and Segment

## (2) Summary and Market Conditions (2/2)

### Carbon Products for General Industries

#### [Carbon Products for Mechanical Applications]

- There was a robust performance in the products for air-conditioners and pantograph sliders, which are affected little by economic fluctuations. However, there was a decline in demand for mainstay bearings and seals as a result of capital investment controls in relation to petrochemical plants and pumps. Adjustments will continue for the immediate future, but there are hopes for a recovery in the latter half of the year.



Pantograph sliders



Bearings

#### [Carbon Products for Electrical Applications]

- There has been a drop in demand from China, where production is based, in response to worsening economic conditions in Europe and the United States. Within Japan, declining conditions in consumer electronics and automobiles has led to a slump in brushes and the products for fuel pumps. We are currently strengthening global management.



Small brushes

### Compound Materials and Other Products

- **SiC coated graphite:** While there was underlying support from compound semiconductors, such as susceptors set in the production of LED and optical pickup devices, there was a decline in the market for mainstay semiconductors (Si-Epi process). A decline of more than 10% was seen for the year as a whole against the previous year. Adjustments are expected to continue for the immediate future, but a gentle recovery is expected in the second half of the year in optical devices and semiconductors.
- **C/C composite products:** In the second half of the year, there was a rapid decline in large crucibles for the production of 300mm wafers as a result of reduced operation rates and stock adjustments at leading customers. However, this was covered by solar cell related products, which led to growth overall of more than 10% for the year as a whole against the previous year. Although it will take time for a recovery in crucibles, including for stock adjustments at customers, there is significant potential for an expansion in solar cell related products, including membrane-related products and new customers. Growth is expected to recover in the second half of the year, including the delivery of products ordered last year for nuclear fusion reactors.
- **Graphite sheets:** There was a major decline in the second half of the year, with the downturn worsening for mainstay automotive and semiconductor products. Difficult conditions will continue for the immediate future, but there are signs of an underlying recovery. We are currently seeking to expand sales in new applications, such as heat sinks.



SiC coated graphite



C/C composite products



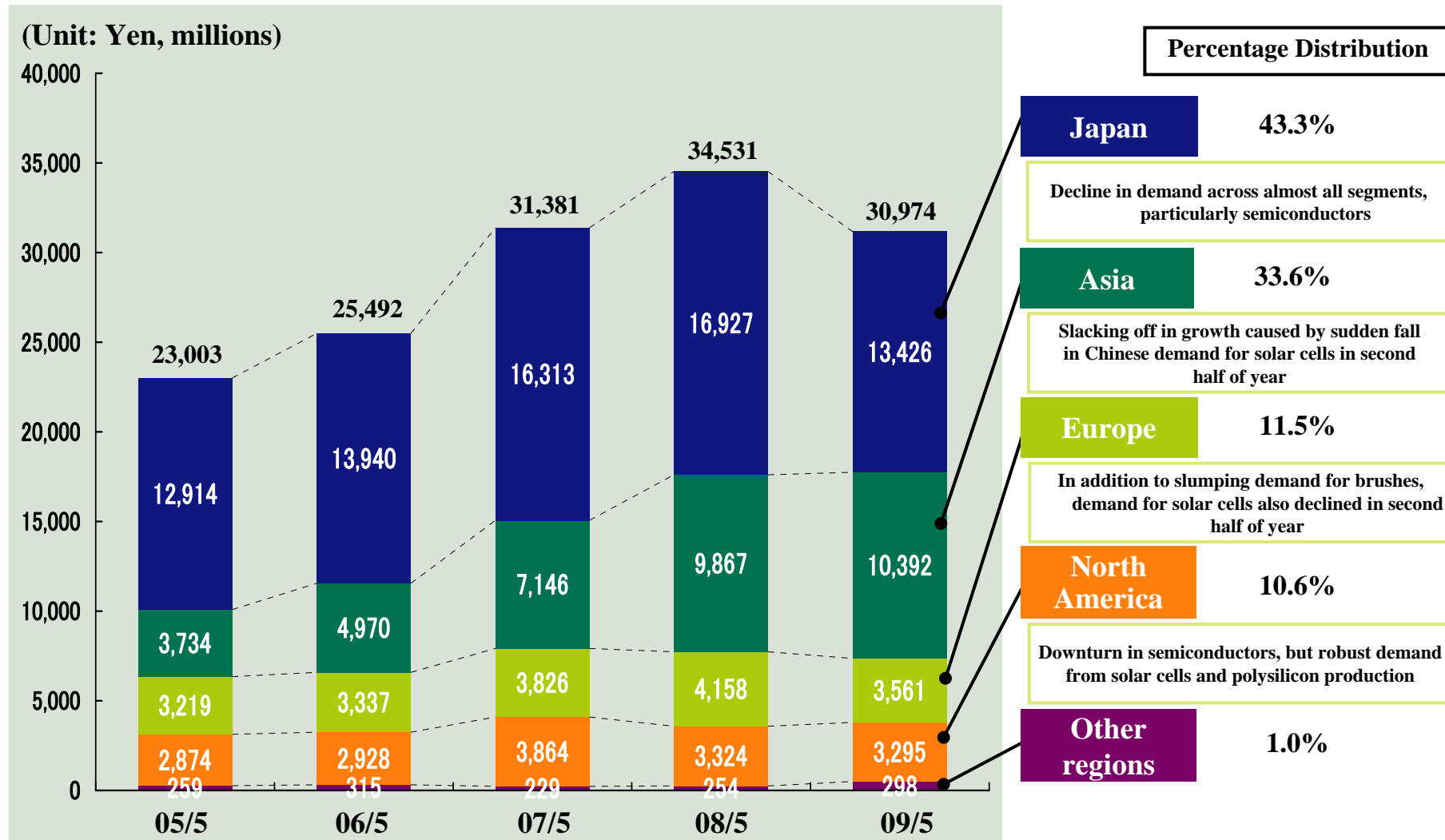
Graphite sheets



# 1-5. Overview of Net Sales by Region

## Overseas Sales Growth Ratios, Particularly in Asia, with Progress in Globalization

(FY 05/5 : 43.9% ⇒ FY 09/5 : 56.7%)



## 2-1. Earnings Forecast for the Fiscal Year Ending May 31, 2010

(Unit: Yen, millions)

	09/5	10/5 (Forecast)	Change in yen	% increase
<b>Net sales</b>	30,974	28,000	(2,974)	(9.6%)
<b>Operating profit</b>	4,741	2,500	(2,241)	(47.3%)
Ratio of operating profit to net sales	15.3%	8.9%		
<b>Recurring profit</b>	4,483	2,500	(1,983)	(44.2%)
Ratio of recurring profit to net sales	14.5%	8.9%		
<b>Net income</b>	2,566	1,500	(1,066)	(41.6%)
<b>Net income per share</b>	123.80 yen	72.34 yen		

### Points

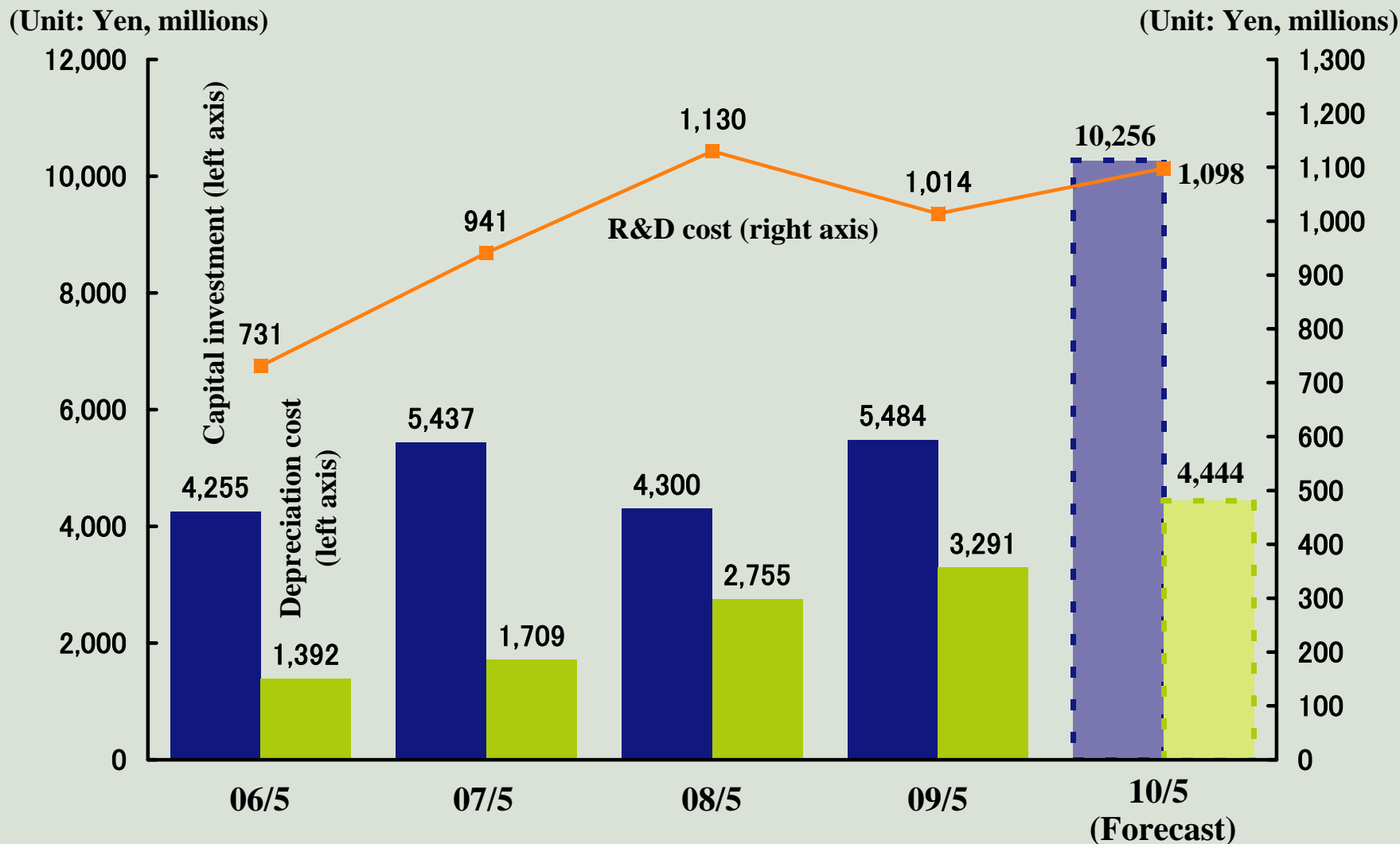
- Although a movement towards recovery can be seen, partially as a result of the economic stimulus measures being implemented in various countries, taking time lag into account it is expected that an adjustment phase will continue in the mainstay solar cell and semiconductor segments at the very least into the first half of the fiscal year. However, in the medium to long-term, the enduring commitment to environmentally friendly and energy efficient products is expected to help restore growth to solar cells, and there are expectations that growth in the nuclear and LED segments will lead demand for high functional carbon to begin expanding once again. It is expected that this trend will be seen gradually from the second half of the fiscal year. When the impact of a stronger yen is also taken into account, we forecast net sales of 28,000 million yen (a year-on-year decrease of 9.6%).
- Profit margins are expected to fall as a result of the tough economic environment, higher depreciation costs (1,150 million yen increase) brought about by the high level of capital investment, higher retirement benefit expenses (210 million yen increase) and the impact of the stronger yen.
- Firstly, we will work to reduce underlying expenses and costs and make careful selections and reductions of capital investment. At the same time, we will make sound strategic moves with a view to future growth. We plan to complete construction of a new 4,000t per year isotropic graphite plant as scheduled, with materials supply scheduled to begin in spring 2010.

**Exchange rate assumed for FY10/5**

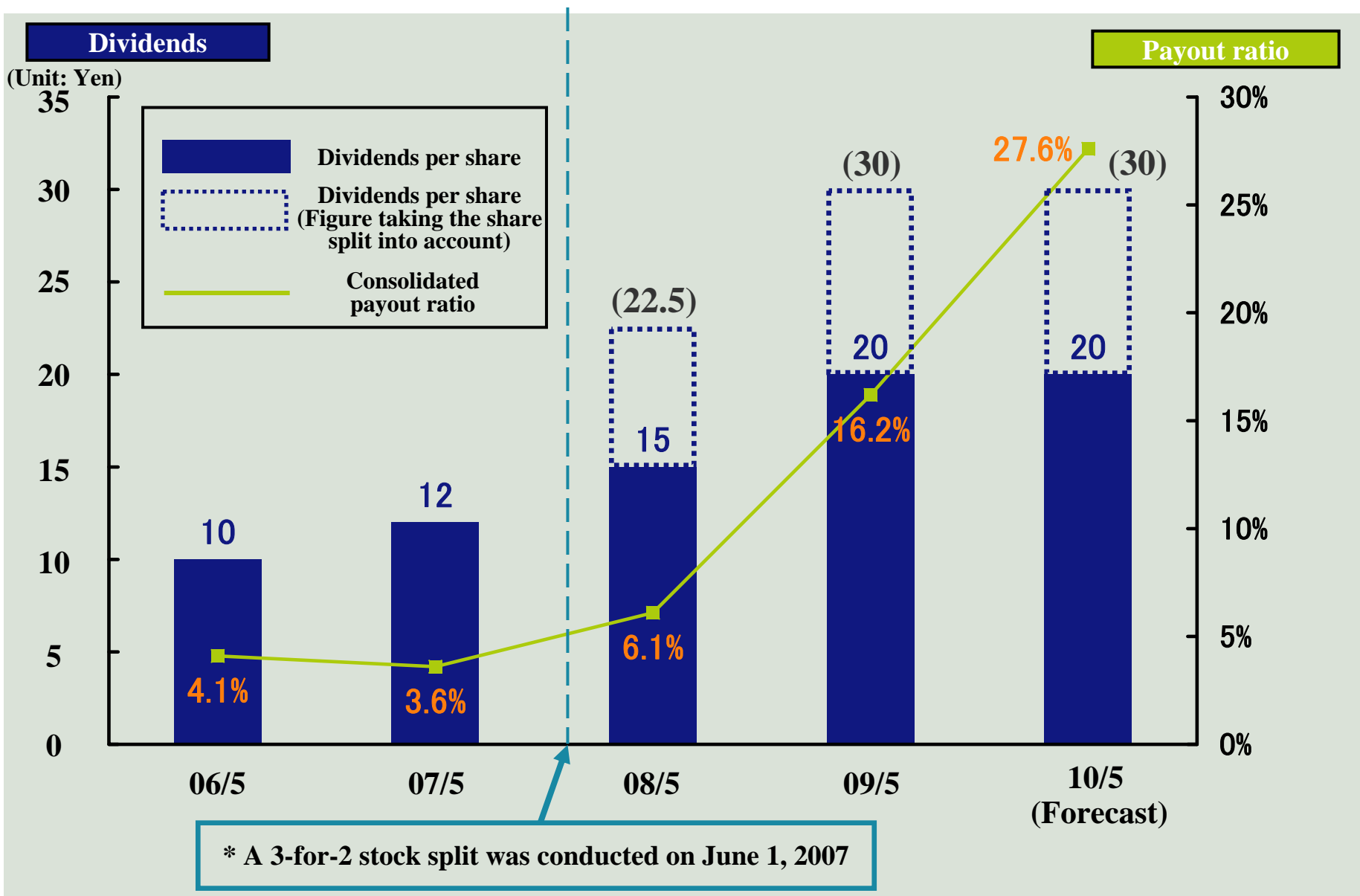
**93 yen/US\$, 130 yen/EUR**

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

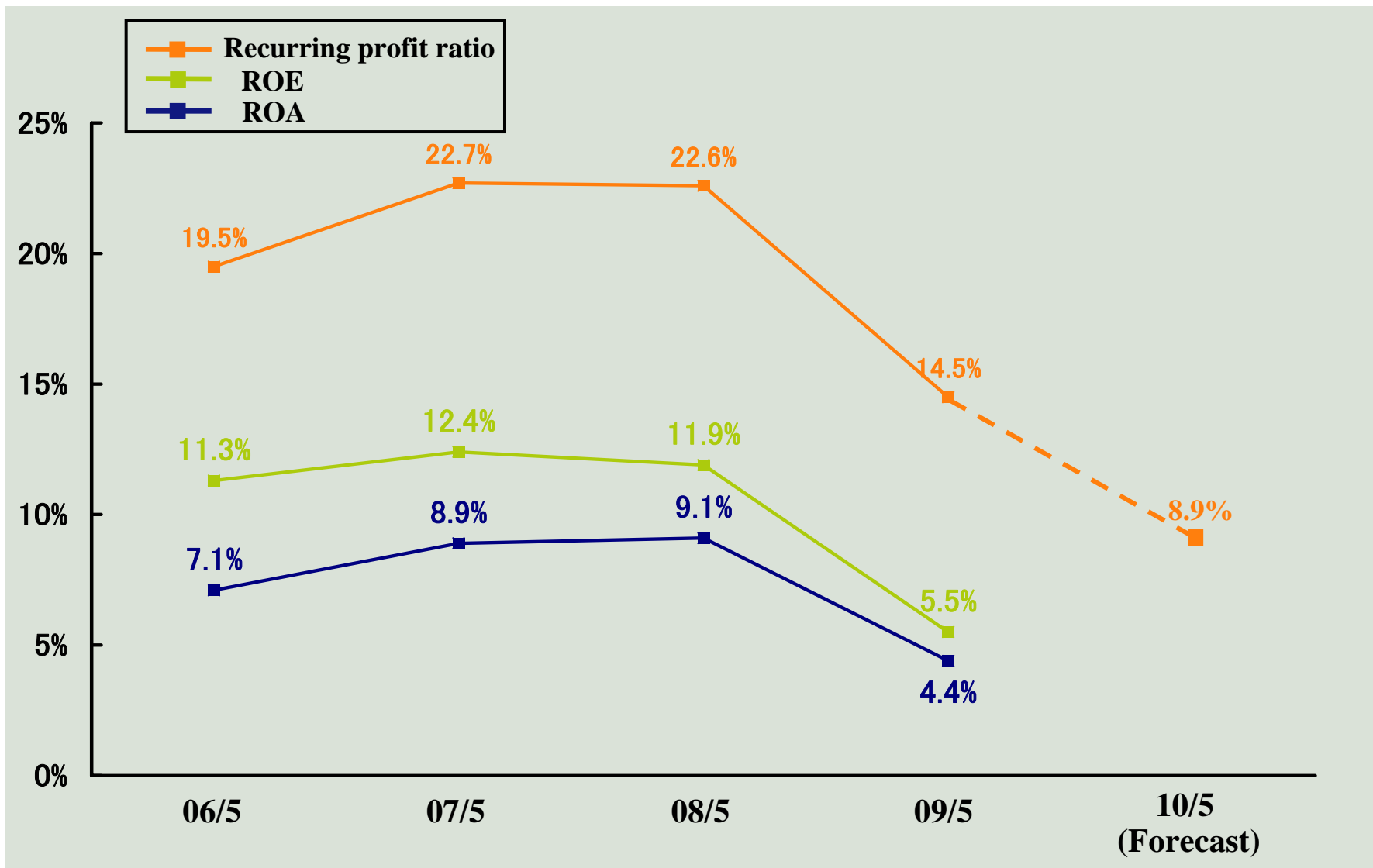
Careful selection and reduction of underlying investment at the same time as implementing strategic large-scale investment with a view to the future



## 2-3. Return of Profits to Shareholders Dividend Trend



## 2-4. Key Performance Indicator Trends



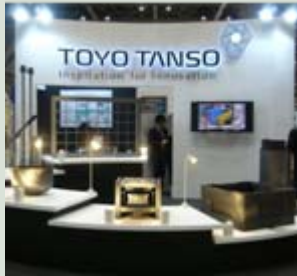
## 3-1. Topics

### - Participation in Exhibitions Worldwide -

With solar power generation and solar cells attracting increased attention in response to greater environmental awareness throughout the world, large exhibitions are being held worldwide. Since this is also a priority area for Toyo Tanso, we have taken part in exhibitions in Japan, China and Korea with the aim of developing new customers and promoting the superiority of our products and technologies.

#### International Photovoltaic Power Generation Expo PVEXPO2009

The Company took part in the 2nd International Photovoltaic Power Generation Expo PVEXPO2009, the world's largest exhibition in the solar cell industry, which was held at Tokyo Big Site from February 25 – 27, 2009. We presented graphite heaters and susceptors and crucibles and plates made from C/C composites. Representatives of approximately 800 companies visited our booth.



#### SEMICON/SOLARCON Korea 2009

The Company took part in SEMICON/SOLARCON Korea 2009, which was held in South Korea (Seoul) from January 20 – 22, 2009. We presented a wide range of graphite products for heat treatment, EDM treatment and continuous casting, as well as solar cells and semiconductors, and C/C composite products. Representatives of approximately 700 companies visited our booth.



#### SEMICON/SOLARCON China 2009

The Company took part in SEMICON/SOLARCON China 2009, which was held in China (Shanghai) from March 17 - 19, 2009. We presented graphite and C/C composite products for use in furnaces, with a focus on the manufacture of solar cells. Representatives of approximately 150 companies visited our booth.



(Unit: Yen, millions)

	08/5	09/5
<b>Total assets</b>	57,706	58,821
Trade notes and accounts receivable	10,992	8,257
Inventory	7,224	9,520
Tangible fixed assets	21,269	23,208
<b>Total liabilities and net assets</b>	57,706	58,821
Interest-bearing debt	1,701	1,394
Capital	7,692	7,692
Net assets	46,523	48,606
<b>Equity ratio</b>	79.0%	80.6%

## Points

- Increase of 2,295 million yen against 08/5 as a result of build up in intermediate stock, which had become excessively low.

- Increase of 1,938 million yen against 08/5 as a result of strengthened capacity in isotropic graphite and added value processes.

- Increase achieved as a result of net income of 2,566 million yen.

(Unit: Yen, millions)

	08/5	09/5
Cash and cash equivalents at the end of the period	10,491	6,412
Changes in cash and cash equivalents	(1,143)	(4,079)
Cash and cash equivalents at the beginning of the period	11,558	10,491
CF from operating activities	6,635	5,105
CF from investing activities	(5,924)	(8,420)
CF from financing activities	(1,753)	(568)

## Points

- Increase in net income before taxes and other adjustments, and depreciation costs.
- Expenditure on acquisition of tangible fixed assets.





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

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