A Brief Note on the Settlement of Accounts  
(Consolidated) for the Fiscal Year Ended March 2011  
April 28, 2011

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2011  
(April 1, 2010 to March 31, 2011)  
(Note) Amounts below 1 million yen are rounded down.  
(Note) Percentages are the rates of increase and decrease with respect to those for the preceding term.  

(1) Consolidated Management Performance  

<table>
<thead>
<tr>
<th></th>
<th>Net Sales</th>
<th>Operating Income</th>
<th>Ordinary Income</th>
<th>Net Income/Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million Yen</td>
<td>%</td>
<td>Million Yen</td>
<td>%</td>
</tr>
<tr>
<td>Fiscal Year Ended March 31, 2011</td>
<td>433,557</td>
<td>2.8</td>
<td>14,104</td>
<td>112.7</td>
</tr>
<tr>
<td>Fiscal Year Ended March 31, 2010</td>
<td>421,929</td>
<td>-9.2</td>
<td>6,589</td>
<td>0.4</td>
</tr>
</tbody>
</table>

(Reference) Comprehensive income  

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year Ended March, 2011</th>
<th>-1,608 million yen (-%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fiscal Year Ended March, 2010</td>
<td>7,847 million yen (-%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year Ended March 31, 2011</th>
<th>Yen</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yen</td>
<td>%</td>
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<tr>
<td></td>
<td>Yen</td>
<td>%</td>
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<tr>
<td></td>
<td>Yen</td>
<td>%</td>
</tr>
</tbody>
</table>

(Reference) Investment Gain or Loss by Equity Method  

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year Ended March 2011</th>
<th>1,214 million yen</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fiscal Year Ended March 2010</td>
<td>1,298 million yen</td>
</tr>
</tbody>
</table>

(2) Consolidated Financial Position  

<table>
<thead>
<tr>
<th></th>
<th>Total Assets</th>
<th>Net Assets</th>
<th>Ratio of net worth to Total Assets</th>
<th>Net Assets per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million Yen</td>
<td>Million Yen</td>
<td>%</td>
<td>Yen</td>
</tr>
<tr>
<td>Fiscal Year Ended March 31, 2011</td>
<td>379,215</td>
<td>180,164</td>
<td>46.2</td>
<td>513.51</td>
</tr>
<tr>
<td>Fiscal Year Ended March 31, 2010</td>
<td>378,266</td>
<td>188,549</td>
<td>48.6</td>
<td>530.35</td>
</tr>
</tbody>
</table>

(Reference) Net Worth  

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year Ended March, 2011</th>
<th>175,337 million yen</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fiscal Year Ended March, 2010</td>
<td>183,671 million yen</td>
</tr>
</tbody>
</table>

(3) Condition of Consolidated Cash Flow  

<table>
<thead>
<tr>
<th></th>
<th>Cash Flow from Operating Activities</th>
<th>Cash Flow from Investment Activities</th>
<th>Cash Flow from Financing Activities</th>
<th>Cash and Cash Equivalents at the End of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million Yen</td>
<td>Million Yen</td>
<td>Million Yen</td>
<td>Million Yen</td>
</tr>
<tr>
<td>Fiscal Year Ended March 31, 2011</td>
<td>28,117</td>
<td>-22,758</td>
<td>-7,260</td>
<td>46,498</td>
</tr>
<tr>
<td>Fiscal Year Ended March 31, 2010</td>
<td>33,627</td>
<td>-14,828</td>
<td>-12,223</td>
<td>50,563</td>
</tr>
</tbody>
</table>

2. Dividends  

<table>
<thead>
<tr>
<th></th>
<th>Cash Dividends per Share</th>
<th>Total Cash Dividends (Annual)</th>
<th>Payout Ratio (Consolidated)</th>
<th>Cash Dividends to Net Assets Ratio (Consolidated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Base date)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1Q 2Q 3Q 4Q Annu al</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Year Ended March 31, 2010</td>
<td>Yen 5.00</td>
<td>Yen 5.00</td>
<td>Yen 10.00</td>
<td>Million Yen 3,463% 393.7 1.9</td>
</tr>
<tr>
<td>Fiscal Year Ended March 31, 2011</td>
<td>Yen 5.00</td>
<td>Yen 5.00</td>
<td>Yen 10.00</td>
<td>Million Yen 3,462% 67.3 1.9</td>
</tr>
<tr>
<td>Fiscal Year Ending March 31, 2012 (forecast)</td>
<td>Yen 5.00</td>
<td>Yen 5.00</td>
<td>Yen 10.00</td>
<td>Million Yen 42.7% 42.7 1.9</td>
</tr>
</tbody>
</table>

This notice has been translated from the original notice in Japanese.  
In the event of any discrepancy, the original in Japanese shall prevail.
3. Anticipated Consolidated Performance for the Fiscal Year ending March 31, 2012  
(from April 1, 2011 to March 31, 2012)  
(Note) Percentages indicate year-on-year changes for both consolidated full-year and interim figures.

<table>
<thead>
<tr>
<th></th>
<th>Net Sales</th>
<th>Operating Income/Loss</th>
<th>Ordinary Income/Loss</th>
<th>Net Income/Loss</th>
<th>Net Income/Loss per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million Yen %</td>
<td>Million Yen %</td>
<td>Million Yen %</td>
<td>Million Yen %</td>
<td>Yen</td>
</tr>
<tr>
<td>Interim Consolidated Cumulative Term</td>
<td>200,000</td>
<td>2.6%</td>
<td>-1,500</td>
<td>-1,000</td>
<td>-3,000</td>
</tr>
<tr>
<td>Fiscal Year Ending March 31, 2012</td>
<td>445,000</td>
<td>2.6%</td>
<td>12,000 - 14.4%</td>
<td>13,000 - 6.2%</td>
<td>8,000 - 56.4%</td>
</tr>
</tbody>
</table>

4. Other  
(1) Changes to principal subsidiaries during the period under review  
(changes in specific subsidiaries resulting in changes in the scope of consolidation): No  
New Addition: -companies (Company name: )  
Exclusion: -companies (Company name: )  
(2) Changes in accounting principles, procedures and presentation methods in connection with the preparation of consolidated financial statements (Recorded under “Changes in important items considered fundamental to the preparation of consolidated financial statements”)  
1. Changes in accordance with revisions to accounting standards and related practices: Yes  
2. Changes in items other than 1. above: No  
(3) Number of shares outstanding (common stock)  
1. Number of shares issued at end of fiscal period (incl. treasury stock)  
   Fiscal Year Ended March 31, 2011: 371,662,595 shares  
   Fiscal Year Ended March 31, 2010: 371,662,595 shares  
2. Treasury stock at end of fiscal period  
   Fiscal Year Ended March 31, 2011: 30,213,692 shares  
   Fiscal Year Ended March 31, 2010: 25,341,868 shares  
3. Average number of shares issued during the term  
   Fiscal Year Ended March 31, 2011: 344,259,297 shares  
   Fiscal Year Ended March 31, 2010: 346,391,504 shares

* Statements on the status of the implementation of audit procedures  
This statement of consolidated financial results (Tanshin) is outside the scope of the audit procedures stipulated by the Financial Instruments and Exchange Act. As of the time of the release of this statement, the audit procedure for financial statements stipulated by the Financial Instruments and Exchange Act has not been completed.

* Explanation of and other notes on the appropriate use of business result projections  
(Caution about forward-looking statements)  
Forward-looking statements contained in this document, such as business result projections, represent projections the Company considers to be reasonable based on information available at the time of making such business result projections. Because these forward-looking statements involve potential risks and uncertainties, actual performance and financial results may differ from the projections expressed in the forward-looking statements. For cautions on the use of the business result projections and the assumptions on which the business result projections are based, please refer to “1. Business results (1) Analysis of business results” on page 2.
I. Business Results

(1) Analysis of Business Results
(Review of operations)

During the consolidated accounting period (April 1, 2009 to March 31, 2010) under review, corporate earnings showed a modest recovery as commercial production and capital spending regained momentum, supported by fast-growing emerging economies, mainly in Asia. Private consumption also continued to improve, albeit slowly, due to the effects of the Japanese government’s environmental policies.

The domestic housing equipment business benefitted from government measures to increase the number of house purchases and home renovations*, including the following: preferential interest rates for mortgages, the extension of tax cuts and an increase in the gift tax exemption; subsidies aimed at the promotion of environmentally friendly houses; and the implementation of a housing "eco-point" program. Consequently, there has been a steady improvement in the housing market as shown by year-on-year gains in new housing starts, driven mainly by private houses and houses built for sale.

However, as the strong yen and deflationary environment continue and the unemployment rate remains high within Japan while economic recovery in the U.S. and Europe is sluggish, uncertainty regarding the economic outlook could not be eliminated.

In response to this business environment, the TOTO Group has begun company-wide restructuring in earnest, and has been strengthening its marketing in the domestic and overseas housing equipment business and new domain business segments, based on the long-term vision in TOTO V-PLAN 2017 (“V Plan 2017”) announced in July 2009, which has the aim of our becoming a truly global company by 2017, the year during which we will celebrate our 100th anniversary. In order to step up efforts for our existing environmental initiative, TOTO has as an environment-friendly company started specific activities under TOTO’s environmental vision for 2017, TOTO Green Challenge, which was announced in April 2010. In our domestic business, TOTO seeks to utilize our various points of contact with customers, such as manufacturing plants and after-sales services, in addition to our showroom network across the country, and the company as a whole is working together to stimulate and create demand for remodeling. Internationally, TOTO has continued to build its presence in the Five-Polar global structure, which includes Japan, the United States, China, the Asia/Oceania region and Europe. The Company has taken a proactive approach to sales to build a distinguished global brand.

Meanwhile, a number of the TOTO Group’s plants and sales and distribution sites were damaged by the Great East Japan Earthquake, which hit Japan in March 2011. Furthermore, the sluggish supply of raw materials and parts from vendors who were also affected by the disaster caused delays in the production and shipping of our products, which had a significant effect on our financial results.

As a result of these activities and developments, consolidated net sales for fiscal 2010 amounted to 433.557 billion yen, an increase of 2.8% from the previous term. Due to the effects of company-wide cost reductions and business realignment activities under V-Plan 2017, consolidated operating income totaled 14.014 billion yen, an increase of 112.7% from the previous term, and consolidated ordinary income stood at 13.855 billion yen, an increase of 88.8% from the previous term.

Net income amounted to 5,115 million yen, an increase of 482.1% from the previous term, as the company recognized extraordinary losses consisting of business realignment expenses, earthquake-related losses, losses due to the application of asset retirement obligation accounting standards and losses on securities.

(**"Remodeling" refers to proposals offering a new lifestyle exceeding customer expectations and commitment to realizing such proposals through house renovations and improvements.)

(Segment Information)
Domestic housing equipment business
Consolidated net sales for fiscal 2010 stood at 370.851 billion yen, and consolidated operating income totaled 11.046 billion yen.

In our domestic housing equipment business, remodeling sales grew by 5.0 % from the previous term thanks to the acceleration of our remodeling strategy, a forte of the TOTO group.

As the top manufacturer of bathroom and kitchen products, we give the highest priority to environmental initiatives and promote our No. 1 environmental products (environmentally friendly products unique to TOTO) developed using our outstanding research and development techniques, with the aim of achieving further reductions in CO2 emissions by saving water and other energy resources.

- Sales of the new products we released in August 2010 have been growing, contributing to the recovery of our domestic housing equipment business.

- In terms of restroom products, our 4.8-liter water-saving washlet toilet models (which we sell under the product name GREEN MAX 4.8), including the one-piece washlet* toilet NEOREST Hybrid series, the bidet toilet (Washlets) models GG and GG-800, the New REStPAL, New PUREST EX and New PUREST QR, continued to gain popularity as environmentally friendly products that bring comfort to life.

(* Washlet is a registered trademark of TOTO)

-The year 2010 marked the 30th anniversary of the June 1980 launch of TOTO’s Washlet product line, whose cumulative shipments exceeded 30 million units that year (the total domestic and overseas shipments for seat-type and one-piece washlet...
ToToto's Washlet has changed the lifestyle of the Japanese, a nation that previously had no tradition of washing oneself immediately after using the toilet. The penetration rate of toilet seats with a bidet function currently stands at 71.6% of all Japanese households (March 2010 data from the Cabinet Office).

- In terms of new bathroom products, we newly equipped our Sazana bathroom unit with our Hokkarari Floor, a bathroom floor offering high standards of comfort that has been popular as part of the SPRINO, a bathroom unit for detached houses. The Sazana bathroom unit continued to gain popularity in the new housing market. SPRINO—a bathroom unit of the highest quality—and the SPRINO WA series, which are bathroom unit models for condominiums, proved to be popular in the remodeling market.

- In terms of new kitchen products, we conducted research on water flow and movements from a universal design perspective in order to develop a new product series model, CRASSO, which is designed with a layout that offers improved ease of use. These products are steadily growing in sales. The unique design features and functions of TOto's products such as our water broom faucets, sloped sinks, easy-to-use and spacious cabinets, and zero-filter hoods—all of which have been developed based on CRASSO's ease-of-use design concept—were particularly popular among a wide range of customers.

- In terms of new washroom products, we released a new bathroom vanity unit, SAQUA, which is equipped with the Oku Hiroshi (a spacious cabinet) with a capacity 30 percent larger than previous models. The new SAQUA model has been highly acclaimed by customers who have purchased the product for its large storage capacity, its large, and easy-to-use wide and flat-bottomed sink, as well as for its Eco-single-handle faucet and eco-mirror, which are not only easy to use but are also environmentally friendly.

- TOto, DAiken and YKk Ap (collectively called TDy) held Green Remodel Fairs in Nagoya in October 2010, Osaka in November 2010, and Fukuoka in February 2011. We had a total of approximately 48,000 visitors to these sites, mainly thanks to customers of Remodeling Club being invited to visit.

  In the fairs we presented the ideas behind our green remodel concept, which makes our lives comfortable and also beneﬁts the environment, with a focus on the following: health consciousness, long-life housing and reductions in CO2 emissions. We set up a "Green Remodel Evaluation" area to allow customers to measure environmental performance of an entire house, and the companies comprising TDY and Green Remodeling Meister Stores* jointly introduced this area to customers. The fair scheduled to be held in Tokyo in April 2011 was cancelled due to the effects of the Great East Japan Earthquake. (*Green Remodeling Meister Store: a store that is committed to the green remodel concept, has the capability to carry out "Green Remodel Comprehensive Evaluations" and meets a certain set of requirements specified by TDY)

- Starting from January 2011, TOto’s GREEN MAX 4.8 (water-saving toilet) and Thermos Bottle Bathtub (high heat insulation bathtub) were added to the list of products eligible for eco-points under the Japanese government’s housing eco-point program. At the same time, in order to enhance our customer support with regard to eco-points, we set up TOto Housing Eco-Point Helpdesk, and launched a Housing Eco-Point Site on TOto's official website, providing information on government eco-point program details, eligible products, various campaigns and where customers can find their nearest showroom. In addition, TOto ran a Cash-Back Campaign for customers, thereby stimulating the demand for eco-friendly products by leveraging the housing eco-point program.

Overseas housing equipment business
Consolidated net sales for fiscal 2010 stood at 73.025 billion yen, and consolidated operating income totaled 7,286 million yen.

In the overseas housing equipment business, we strengthened our efforts to offer new lifestyle ideas to overseas customers as well by advertising the functionality, high comfort levels and environmental friendliness of TOto’s unique products such as our water-saving toilets and washlets.

United States:
Consolidated net sales for fiscal 2010 stood at 15.92 billion yen, and consolidated operating income totaled 285 million yen.

In the U.S., we stepped up our business activities with the goal of becoming the top toilet product manufacturer in the mid-range and top-end market. By enhancing our high value-added product lineup with regard to suite products designed to offer ideas for the entire bathroom space, we strengthened our sales activities based on providing ideas for the use of space.

We also continued our efforts to cultivate new market opportunities in Brazil and other Latin American markets poised to show economic growth in coming years.

- At the Kitchen/Bath Industrial Show, which is one of the world’s largest bathroom and kitchen fixtures exhibitions and was held this year in Chicago in April 2010, TOto exhibited and demonstrated not only its extensive product lineup, such as toilets, wash basins and metal faucet fittings, but also coordinated suite spaces featuring each of our product series, in addition to a booth demonstrating our unique technologies. TOto's presence at the Kitchen/Bath Industrial Show was very well thought of by its attendees.

- As a full-fledged entry into a new overseas market, TOto established TOto Do Brasil Distribucico eComercio, Ltda. (TOto Brazil), a local sales subsidiary in Sao Paulo, Brazil, in January 2011, initiating our efforts in the Brazilian market to develop a business platform through the building of distribution channels for bathroom and kitchen fixtures products and of logistical networks.

- As the initial step, at Kitchen & Bath Expo 2011 we exhibited for the first time at Brazil's largest bathroom and kitchen fixtures exhibition, held in Sao Paulo in March 2011, offering ideas for new bathroom and kitchen spaces based on product quality that is supported by our unique technology and superior design.
China:
Consolidated net sales for fiscal 2010 stood at 36,111 billion yen, and consolidated operating income totaled 7,615 million yen.

In China, with the objective of further solidifying its position as a manufacturer of high quality brand products as well as its existing business platform, TOTO continued to strengthen its marketing and service frameworks, which put the company ahead of its competitors, including local Chinese manufacturers. In addition, we stepped up our initiatives to enhance our production and supply frameworks in an active manner, including factory extension projects, in order to meet growing demand in China.

-On the marketing side, we reinforced our marketing activities in coastal and inland regions, which are areas enjoying strong demand for bathroom and kitchen products, with a focus on our five directly-run showrooms in China and on dealer showrooms. Our directly-run showroom in Guangzhou was relocated to a new location in January 2011 and was reopened after remodeling. In four Chinese cities, Hangzhou, Zhengzhou, Chongqing and Shenzhen, we also launched new large showrooms comparable to our directly-run showrooms in terms of space through collaboration with our distribution agents. We will seek to improve our brand identity across China as a high-class company by opening new showrooms in the country’s major cities in coming years.

-On the production side, in an effort to address supply shortages for sanitary ware in China, we have started extension work on TOTO’s East China No. 2 Plant (Shanghai) with a view to the new facilities starting operation there in May 2011. We also established TOTO Fujian Co., Ltd., a manufacturing and marketing company, in March 2011. Our fifth sanitary ware manufacturing plant, following on from our plants in Beijing and Shanghai, is scheduled to come on stream in August 2013. As for metal faucet fittings products, following the completion of plant extension work at TOTO Dalian Co., Ltd., production started at its plant in February 2011.

Asia and Oceania:
Consolidated net sales for fiscal 2010 stood at 19,042 billion yen, and consolidated operating income totaled 1,217 million yen.

In the Asia/Oceania region, we enhanced our manufacturing and marketing frameworks in Thailand and Indonesia, supply bases for global markets, while strengthening our marketing capability in fast-growing emerging markets such as India, Middle East and Vietnam.

-TOTO positions India as the most important emerging country in its V-PLAN 2017, and established a local subsidiary, TOTO India Industries Private Limited, in Mumbai in January 2011, with the aim of making a full-scale entry into the Indian market. This marks the start of an initiative to develop TOTO's business platform in that market, including efforts to win business from major high-end property operators there and the establishing of marketing channels and logistical networks in India.

-In November 2010 TOTO was the first Japanese maker of complete restrooms, bathroom, kitchen, and lavatory products to exhibit at aceTECH 2010 (ace: architecture construction engineering), India’s largest housing equipment fair. Under the theme of Clean Technology, we highlighted our environmentally-friendly products equipped with unique washing and water-saving technologies, and sought to improve our brand identity as a high-class company.

Europe:
Consolidated net sales for fiscal 2010 amounted to 1,968 million yen, and consolidated operating loss stood at 1,832 million yen.

In Europe, we developed our business focusing on Germany, France and the U.K. On the back of the launch of our London showroom and our exhibiting at events in the region, we sought to enhance our brand appeal and accelerate our business expansion across Europe, driven mainly by well-designed environmentally-friendly products, such as NEOREST, that are equipped with our unique washing and water-saving technologies.

-We exhibited our products at the ISH (International Sanitary and Heating) exhibition held in Frankfurt, Germany in March 2011. That was the second time we exhibited there, the first time being in 2009. Under the theme of Clean & Green, we presented the full range of our products for bathroom and kitchen spaces, mainly featuring products equipped with environmentally-friendly technologies such as high-function toilets, washlets and metal faucet fittings. By also presenting Hydrotect (our photo catalyst-based environmental cleaning technology, which we are promoting globally as a new business line), we sought to solidify the perception of TOTO as a high-quality brand product manufacturer that is driven by superior technology and quality.

New domain business
Consolidated net sales for fiscal 2010 amounted to 16.97 billion yen, and consolidated operating loss stood at 2,173 million yen.

We have defined the following three business areas as our new domain business and are working steadily to achieve the goals of the V Plan 2017: our environmentally friendly construction material business, which has as its aim the development of environmental purification technology (Hydrotect) to create a clean environment for the Earth and for our lives with light and water using photocatalysts; our ceramics business, which has the objective of developing products using TOTO’s Only One technologies; and our fuel cell business, which is expected to expand greatly in future as an environment-related business as well.
Environmental building materials:
Consolidated net sales for fiscal 2010 amounted to 9,190 million yen, and consolidated operating loss stood at 1,524 million yen.

Since fiscal 2009, we have been actively advertising not only the Hydrotect technology’s antifouling performance but also its air purification capability. The Hydrotect technology is already being used by many of our customers in a wide range of products, including exterior and interior walls and floors. The focus of our business strategy in this area is shifting from the Japanese domestic market to the global market. Accordingly, we are working to expand our cross-industrial partnership network, the Hydrotect Network, throughout the world in order to promote the Hydrotect technology and to contribute to environmental protection.

As part of our licensing business, we moved forward with the establishing of the Hydrotect Network, which is designed to help the dissemination of information on successful case examples and to facilitate the study of joint ventures. Operated jointly with our domestic and overseas business partners involved with house exterior products, such as tiles, glass, aluminum and cement, the Hydrotect Network has been set up both in Japan and Europe. In December 2010, the first European Hydrotect Network meeting was held in Dusseldorf, Germany, as TOTO’s environment cleaning technology Hydrotect continues to spread globally in a steady manner.

Ceramics business:
Consolidated net sales for fiscal 2010 amounted to 7,716 million yen, and consolidated operating loss stood at 648 million yen.

In order to meet the demand for higher performance materials corresponding to the increasingly rapid pace of technological development, we carried out our business activities with careful selectivity and focus by concentrating our efforts on precision ceramic parts and telecommunication parts, both products supported by our unique technologies. During fiscal 2010, we accelerated our global business expansion at an increased pace, and strove to build a manufacturing framework capable of achieving top-level quality at a reasonable cost, in collaboration with the Innovation in Manufacturing initiative being implemented across our company under TOTO V-Plan 2017. Amid such developments, the Great East Japan Earthquake caused partial damage to the buildings and production facilities of Naraha and Tomioka Plants of TOTO Fine Ceramics Ltd., the Fukushima-based optical transmission parts manufacturing arm of the TOTO Group. Being located within the 20-kilometer exclusion zone around the Fukushima Daichii Nuclear Power Plant, which is owned by the Tokyo Electric Power Company, both the Naraha and Tomioka plants have no prospect of resuming operation. Consequently, in order to minimize potential effects on customers, we sought to restore normal production and continue operations by transferring production line functions to the Ibaraki Plant of our group company, TOTO Washlet Techno Co., Ltd., and by shifting to external sourcing.

Although we had previously planned to spin off operations relating to our ceramic product manufacturing and have those operations taken over by TOTO Fine Ceramics Co., Ltd. in April 2011, we decided to temporarily suspend our plan in consideration of the affects of the Great Japan Earthquake.

Fuel cell business:
TOTO aims for the commercialization of this business during fiscal 2011 by promoting the manufacturing and development of ceramic power generation cells or SOFC, which is TOTO’s own technology, and power generation modules which is the core component of fuel cells.
- TOTO aims to improve performance in such areas as efficiency and durability by continuously carrying out collaborative verification tests with organizations including fuel cell system manufacturers, gas companies, and research institutes.
- TOTO has invested capitals to achieve mass production.

(V-PLAN 2017: Company-wide initiatives)
TOTO will actively apply the following five innovative company-wide initiatives to the domestic housing construction business, overseas housing construction business, and new business.

Marketing Innovation Based on Company -wide Product Optimization Strategies:
Based on its complete optimization strategy, TOTO will undertake product planning and develop its business based on its own technologies. TOTO will transform its core technologies developed in Japan into global standards, develop and manufacture products suited to the characteristics of a particular region, and promote its unique global product strategy that outperforms competitors.

Supply Chain Innovation and Improved Cost Competitiveness:
- TOTO aims to achieve solid financial standing by establishing a high-speed supply chain encompassing the entire process from procurement of raw materials, production, and distribution through to delivery of products to customers, and by improving cost competitiveness.
- As part of its Supply Chain Innovation program, TOTO promoted the Purchasing Innovation Initiative, a company-wide cost reduction effort. For example, with regard to the centralized purchasing of plastic raw materials, we shifted from a multiple vendor/single country model to a single vendor/single country solution, thereby reducing costs through economies of scale. At the same time, we strove to improve our supply chain system by building a globally-based risk-hedging framework. Also implemented were new initiatives such as a measure taken on the back of the TDY alliance involving the central purchasing of
catalog/manual printing paper consumed by each TDY company, which enabled cost reduction based on economies of scale obtainable from joint purchasing involving the three companies in question.

Innovation in Manufacturing through New Ideas:
TOTO will move towards developing manufacturing technologies that best suit the entire company and promote production based on new ideas through the development of next-generation manufacturing equipment, innovation in materials, and platforming (standardization).
- We are rebuilding one of the plants at TOTO Sanitechno Ltd. Shiga Factory, which manufactures sanitary ware, with a view to it starting operation in April 2012. This reconstruction is aimed at replacing the conventional system for the mass production of these products with a more flexible one for small-lot production, thereby reducing manufacturing lead time.
- We have been striving to reform our manufacturing system for metal faucet fittings products as well, continuing fiscal 2010's efforts to build an optimal manufacturing system through the consolidation of manufacturing sites and facilities involved in sand mold casting and plating processes. Following extension work at the metal faucet fittings manufacturing plant of TOTO Dalian Co., Ltd., our China-based overseas manufacturing site, their production started at the plant in February 2011.
- We have decided to consolidate the Mitake Plant of TOTO Materia Co., Ltd., which is engaged in the manufacture and marketing of tile products, into that company's Toki Plant. Under the plan, the consolidation will be completed in April 2012, allowing the Toki Plant to serve as a technological development center for Hydrotect and large-sized tiles and the principal manufacturing plant for these products. We will seek in this way to achieve increased operational efficiency, improved quality and higher cost competitiveness.

Innovation in Management Resources through Better Utilization of Human Assets and Elimination of Waste:
By pursuing the Cost Structure Reform through Innovation in Management Resources, we will enhance the operational efficiency of our back offices and allocate human assets* to our strategic operations toward the achieving of a solid corporate structure that will not be easily affected by sales trends. In this way, we will turn the company into an entity with a robust corporate structure in order to achieve our growth strategy.
Under reforms to its human assets strategy, we will focus efforts on developing diversified and capable human assets and promoting a corporate climate that encourages a challenging spirit, in order to improve its comprehensive strength.

Innovation in Management Information to Enable Prompt Adaptation to Changes in the Business Environment:
In order to achieve a management structure that will enable a prompt response to changes in the business environment, we are seeking to build a company-wide optimized business process, reallocating our IT resources in all business areas and promoting human asset development. Through such initiatives, we are renewing our efforts to build a management information platform capable of addressing various changes in the business environment.
- We will reduce expenditure for the operation and maintenance of our information system assets to provide funds for our next strategic investment. More specifically, we adopted a cloud computing approach to efficiently use servers at low cost. At the same time, we used our information system assets more efficiently and appropriately from a perspective of optimal use for the overall group.

TOTO Green Challenge initiative:
In April 2010, under TOTO's environmental vision for 2017, we started the TOTO Green Challenge initiative, designed to further enhance the existing environmental activities which we undertake in our role as the top global manufacturer of bathroom and kitchen fixtures products. Concerted efforts were made based on a group-wide effort toward achieving our goal, focusing on the following three areas.

Products and services:
With our new products released in fiscal 2010 including GREEN MAX 4.8, Air-In Shower, and Eco Single Lever Mixing Faucet, we have achieved a reduction of 30% in CO2 emissions during their use compared with our products that were available in 1990.
- In an effort to promote our environmental-cleaning Hydrotect technology globally, we continued to improve its recognition on the back of the Hydrotect Network, which consists of Japanese and European industry leaders that we have partnered with chosen from among our licensed partners. In coming years, a similar initiative will also be implemented in the U.S.
- In October 2010, TOTO’s Hydrotect was awarded the Economy, Trade and Industry Minister’s Award at the 12th Green Purchasing Award Competition for its outstanding contribution to green purchasing.

Manufacturing:
- Although in fiscal year 2010 our total CO2 emissions increased by approximately 6% compared with fiscal 2009 as a result of production growth, our CO2 emissions per unit of production decreased by about 3% in Japan and around 13% overseas, respectively, from the previous fiscal year. These decreases resulted from our continued energy-saving program and Manufacturing Innovation initiative, involving improvements to production equipment. Another contributing factor was our policy involving the adoption of highly efficient lighting fixtures with low CO2 emission levels at our nationwide showrooms when such showrooms were remodeled.

Social contribution and human asset development:
- We promoted our TOTO Water Environment Fund and the Acorn Reforestation Project, which are ongoing programs, as vehicles for enabling better communication and exchanges between TOTO employees and local communities. We also held at our
showrooms TOTO Eco School for Parents and Kids, which feature global environmental issues that can be observed in daily life. In addition, efforts were made to develop environmental awareness raising tools, such as our Green Life Game and the TOTO Environment Book, that have been designed to allow participants to enjoy learning about the environment.

(Outlook for the Next Term)
The Great East Japan Earthquake has resulted in lower levels of production, consumption and other economic activities in eastern Japan, including the Kanto region. As such, there are expected to be large-scale and protracted adverse effects due to the disaster on Japan's economy as a whole. Against this unforeseen change in the business environment, our business plan for the fiscal year ending March 2012 projects consolidated net sales to grow to 445.0 billion yen (an increase of 2.6% year on year) and consolidated operating income to decline to 12.0 billion yen (a decrease of 14.4% year on year).

In connection with the Great East Japan Earthquake, we have placed our top priority on restoring stability to our production and marketing processes for the purpose of ensuring the reliable provision of TOTO's products and services to our customers as early as possible. We will strive to overcome this challenge backed by concerted and determined group-wide efforts toward the achievement of our management plan targets.

* Note
Forecasts based on our projections and plans for the future contain unpredictable elements that may cause fluctuations. In particular, with respect to the impact of the Great East Japan Earthquake, we have factored in the risks that can be anticipated at this point of time. However, an accurate estimation of the four risks below is challenging:
(1) Risk of delays to parts and materials supplies from vendors;
(2) Risk of a significant appreciation in raw material prices;
(3) Risk of foreign exchange fluctuations; 
(4) Risk of a delayed recovery in consumer sentiment relating to remodeling demand.
Accordingly, actual results may differ from forecasts.

(2) Analysis of financial position
Consolidated cash and cash equivalents (hereinafter referred to as “funds”) for the fiscal year under review decreased 4,065 million yen to 46.498 billion yen, down from 50.563 billion yen at the end of the previous term.

(Cash Flow from Operating Activities)
Funds generated from operating activities during the year totaled 28.117 billion yen. That was due to an increase in funds resulting from 19.746 billion yen in depreciation and amortization and 9,962 million yen in increased trade payable.

(Cash Flow from Investment Activities)
Funds used for investment activities during the year decreased by 22.758 billion yen. That was due to a decrease in funds resulting from 15.938 billion yen spent on the acquisition of property, plant and equipment, 3,769 million yen spent on the acquisition of investment securities and short-term investment securities and 2,922 million yen spent on the acquisition of intangible assets.

(Cash Flow from Financing Activities)
Funds used for financing activities during the year decreased by 7,260 million yen. That was due to a decrease in funds resulting from 5,015 million yen spent on the repayment of long-term loans payable and 3,463 million yen spent on the payment of dividends.

Trends in cash flow indexes (financial figures on a consolidated basis) are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Fiscal Year Ended</th>
<th>Fiscal Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31, 2009</td>
<td>March 31, 2010</td>
<td>March 31, 2011</td>
</tr>
<tr>
<td>Ratio of own equity to total assets (%) (*1)</td>
<td>46.4</td>
<td>48.6</td>
</tr>
<tr>
<td>Ratio of own equity to total assets on a market basis (%) (*2)</td>
<td>43.9</td>
<td>58.3</td>
</tr>
<tr>
<td>Number of debt redemption years (year) (*3)</td>
<td>3.0</td>
<td>1.9</td>
</tr>
<tr>
<td>Interest coverage ratio (times) (*4)</td>
<td>27.8</td>
<td>44.8</td>
</tr>
</tbody>
</table>

(*1) Ratio of own equity to total assets: Own equity/Total assets
(*2) Ratio of own equity to total assets on a market basis: Aggregate market value of stock /Total assets
   - The aggregate market value of stock is calculated by the closing price of stock at year end × Number of shares issued and outstanding (after deduction of own shares).
(*3) Number of debt redemption years: Interest-bearing debt /Operating cash flow
   - Interest-bearing debt refers, among all debts posted in the consolidated balance sheet, to those debts on which interest is paid.
   - Operating cash flow uses cash flow from operating activities in the consolidated cash flow statement.
(*4) Interest coverage ratio: Operating cash flow/Interest payment
   - Interest payment refers to the amount of interest paid in the consolidated cash flow statement.
2. Management Policies

(1) TOTO’s basic management policy
The TOTO Group engages in a broad range of corporate activities aimed at making the Company a valued and permanent member of society and the global environment. These activities are based on the Company’s mottos of Take pride in your work and strive to do your best; Quality and Uniformity; Service and Trust; Cooperation and Prosperity, together with the TOTO Group philosophy of Creating an enriched and more comfortable lifestyle built on our plumbing products and pursuing customer satisfaction by exceeding expectations, as a means of contributing to society.

(2) Target management indexes
The TOTO Group focuses on the following management indicators to monitor improvements in the growth and profitability of its business, and to ensure the efficient management of its assets:
- Operating income margin;
- Return (operating income) on Assets (ROA); and
- Return (net income after taxes) on equity (ROE).
In order to grow its business and improve profitability, TOTO strives towards stable and sustainable growth by consistently providing appealing products and services that exceed expectations to ensure customer satisfaction, and by constantly seeking cost savings and improved productivity.
TOTO aims to maximize its corporate value by creating a leaner balance sheet, for example through asset liquidation and debt reduction, as a way of managing its assets more efficiently.

The TOTO V-PLAN 2017 (“V Plan 2017”) announced in July 2009 represents our long-term vision toward 2017, our 100th anniversary, and the TOTO Green Challenge, which we launched in April 2010, constitutes the company’s environmental vision toward 2017. In line with these visions, the TOTO Group continues its endeavors to address its challenges based on group-wide efforts with the aim of achieving its management plan targets as shown below.

<table>
<thead>
<tr>
<th></th>
<th>2008(base year)</th>
<th>2010(result)</th>
<th>2017(target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income margin</td>
<td>1.4%</td>
<td>3.2%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Return (operating income) on Assets (ROA)</td>
<td>-6.2%</td>
<td>3.7%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Return (net income after taxes) on equity (ROE)</td>
<td>-12.9%</td>
<td>2.8%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

(3) Medium- and long-term management strategies of and challenges to be addressed by the Company
In July 2009, the TOTO Group formulated the TOTO V-Plan 2017, the long-term vision aimed at turning the company into a truly global company by 2017, its 100th anniversary, and which we launched our initiatives based on a group-wide effort. We will enhance our corporate governance, which will serve as the foundation of our business activities, and further accelerate the expansion of our domestic housing equipment business, overseas business and new domain business segments. At the same time, we will continue and strengthen our five company-wide innovation initiatives for all business areas, with the optimization of the entire company in mind. Those initiatives consist of Innovation in Marketing, Innovation in Supply Chain, Innovation in Manufacturing, Innovation in Management Resources and Innovation in Management Information.

Under the plan, the targets for consolidated net sales, consolidated operating income and ROA in 2017 are 600.0 billion yen, 48.0 billion yen and 10%, respectively. In order to become a “true global enterprise” and achieve the targets set out in the TOTO V-Plan 2017, the TOTO Group will endeavor to promote the three business sectors mentioned above, together with five innovative company-wide initiatives spread across these sectors.

(4) Global Environmental Protection and Other Activities
The TOTO Group is engaged in the manufacturing, proposing and marketing of products such as water-saving toilets and water-saving showers whose wider adoption will contribute to the global environment in proportion to the extent that they come to be used. In that respect, our business activities themselves will directly help the environment. In April 2010, as an environmentally-friendly company with such business activities as its foundation, we launched the TOTO Green Challenge, the company’s environmental vision toward 2017, which is designed to help accelerate our existing environmental activities in an even more active manner.

TOTO re-examined all of its corporate activities and established challenging and stringent targets for the reduction of CO2 emissions in or before 2017, when the company will commemorate its 100th anniversary since foundation. The TOTO Group now promotes more stringent environmental preservation initiatives from the three viewpoints of products and services, manufacturing, and social contribution and human asset development.
### 4. Consolidated Financial Statements

#### (1) Consolidated balance sheets

<table>
<thead>
<tr>
<th>Assets</th>
<th>FY09 (March 31, 2010)</th>
<th>FY10 (March 31, 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total current asset</strong></td>
<td>180,149</td>
<td>184,203</td>
</tr>
<tr>
<td><strong>Noncurrent Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>198,116</td>
<td>195,011</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>378,266</td>
<td>379,215</td>
</tr>
</tbody>
</table>

**Current assets**

- Cash and deposits   
  FY09: 34,527       
  FY10: 34,670       
- Notes and accounts receivable-trade   
  FY09: 69,719       
  FY10: 73,550       
- Short-term investment securities   
  FY09: 18,500       
  FY10: 13,500       
- Finished goods   
  FY09: 25,529       
  FY10: 29,013       
- Work in process   
  FY09: 7,535        
  FY10: 7,639        
- Raw materials and supplies   
  FY09: 10,294       
  FY10: 10,439       
- Deferred tax assets   
  FY09: 3,371        
  FY10: 4,643        
- Other   
  FY09: 11,248       
  FY10: 11,151       
- Allowance for doubtful accounts   
  FY09: -577         
  FY10: -405         

**Noncurrent Assets**

- Property, plant and equipment   
  - Buildings and structures, net   
    FY09: 51,908        
    FY10: 47,803       
  - Machinery, equipment and vehicles, net   
    FY09: 23,941       
    FY10: 19,498       
  - Land   
    FY09: 39,284       
    FY10: 38,292       
  - Construction in progress   
    FY09: 2,847        
    FY10: 8,500        
  - Other, net   
    FY09: 7,064        
    FY10: 7,116        

**Intangible assets**

- Goodwill   
  FY09: 174         
  FY10: 111         
- Software   
  FY09: 10,775      
  FY10: 9,994       
- Other   
  FY09: 1,794       
  FY10: 1,609       

**Total intangible assets**   
FY09: 12,744       
FY10: 11,715       

**Investments and other assets**

- Investment securities   
  FY09: 35,056       
  FY10: 36,188       
- Long-term loans receivable   
  FY09: 169          
  FY10: 104          
- Guarantee deposits   
  FY09: 5,840        
  FY10: 5,624        
- Deferred tax assets   
  FY09: 16,404       
  FY10: 16,430       
- Other   
  FY09: 3,764        
  FY10: 4,197        
- Allowance for doubtful accounts   
  FY09: -909         
  FY10: -462         

**Total investments and other assets**   
FY09: 60,325       
FY10: 62,083       

**Total assets**   
FY09: 378,266      
FY10: 379,215      

**Unit:** Million yen
<table>
<thead>
<tr>
<th></th>
<th>FY09 (March 31, 2010)</th>
<th>FY10 (March 31, 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and accounts payable-trade</td>
<td>47,713</td>
<td>57,343</td>
</tr>
<tr>
<td>Short-term loans payable</td>
<td>36,730</td>
<td>17,064</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>15,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Accounts payable-other</td>
<td>6,087</td>
<td>6,680</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>16,785</td>
<td>18,080</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>1,668</td>
<td>2,055</td>
</tr>
<tr>
<td>Accrued consumption taxes</td>
<td>1,793</td>
<td>1,433</td>
</tr>
<tr>
<td>Provision for directors’ bonuses</td>
<td>–</td>
<td>31</td>
</tr>
<tr>
<td>Accrual for loss on inspection and repair of products</td>
<td>239</td>
<td>147</td>
</tr>
<tr>
<td>Provision for loss on business restructuring</td>
<td>614</td>
<td>909</td>
</tr>
<tr>
<td>Provision for earthquake losses</td>
<td>–</td>
<td>261</td>
</tr>
<tr>
<td>Notes payable-facilities</td>
<td>330</td>
<td>120</td>
</tr>
<tr>
<td>Other</td>
<td>11,530</td>
<td>11,913</td>
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<tr>
<td>Total current liabilities</td>
<td>138,491</td>
<td>128,042</td>
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<tr>
<td>Noncurrent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds payable</td>
<td>10,000</td>
<td>10,000</td>
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<tr>
<td>Long-term loans payable</td>
<td>284</td>
<td>22,128</td>
</tr>
<tr>
<td>Provision for retirement benefits</td>
<td>39,314</td>
<td>36,566</td>
</tr>
<tr>
<td>Other</td>
<td>1,626</td>
<td>2,313</td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>51,225</td>
<td>71,007</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>189,717</td>
<td>199,050</td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital stock</td>
<td>35,579</td>
<td>35,579</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>29,505</td>
<td>29,429</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>141,645</td>
<td>143,355</td>
</tr>
<tr>
<td>Treasury stocks</td>
<td>-14,530</td>
<td>-17,284</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>192,200</td>
<td>191,079</td>
</tr>
<tr>
<td>Valuation and translation adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valuation difference on available-for-sale securities</td>
<td>-254</td>
<td>-2,613</td>
</tr>
<tr>
<td>Deferred gains or losses on hedges</td>
<td>231</td>
<td>0</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>-8,505</td>
<td>-13,129</td>
</tr>
<tr>
<td>Total valuation and translation adjustment</td>
<td>-8,528</td>
<td>-15,742</td>
</tr>
<tr>
<td>Subscription rights to shares</td>
<td>299</td>
<td>370</td>
</tr>
<tr>
<td>Minority interests</td>
<td>4,578</td>
<td>4,457</td>
</tr>
<tr>
<td>Total net assets</td>
<td>188,549</td>
<td>180,164</td>
</tr>
<tr>
<td>Total liabilities and assets</td>
<td>378,266</td>
<td>379,215</td>
</tr>
</tbody>
</table>
## (2) Consolidated statements of income

<table>
<thead>
<tr>
<th></th>
<th>FY09 (From April 1, 2009 to March 31, 2010)</th>
<th>FY10 (From April 1, 2010 to March 31, 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (Million yen)</td>
<td>Amount (Million yen)</td>
</tr>
<tr>
<td>Net sales</td>
<td>421,929</td>
<td>433,557</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>275,639</td>
<td>273,259</td>
</tr>
<tr>
<td>Gross profit</td>
<td>146,289</td>
<td>160,298</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>139,699</td>
<td>146,284</td>
</tr>
<tr>
<td>Operating income</td>
<td>6,589</td>
<td>14,014</td>
</tr>
<tr>
<td>Non-operating income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>472</td>
<td>549</td>
</tr>
<tr>
<td>Dividends income</td>
<td>481</td>
<td>617</td>
</tr>
<tr>
<td>Equity in earnings of affiliates</td>
<td>1,298</td>
<td>1,214</td>
</tr>
<tr>
<td>Subsidy income</td>
<td>429</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>1,139</td>
<td>1,119</td>
</tr>
<tr>
<td>Total non-operating income</td>
<td>3,822</td>
<td>3,500</td>
</tr>
<tr>
<td>Non-operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expenses</td>
<td>704</td>
<td>418</td>
</tr>
<tr>
<td>Sales discounts</td>
<td>875</td>
<td>897</td>
</tr>
<tr>
<td>Loss on retirement of noncurrent assets</td>
<td>594</td>
<td>770</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>316</td>
<td>959</td>
</tr>
<tr>
<td>Other</td>
<td>581</td>
<td>612</td>
</tr>
<tr>
<td>Total non-operating expenses</td>
<td>3,072</td>
<td>3,658</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>7,339</td>
<td>13,855</td>
</tr>
<tr>
<td>Extraordinary income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sales of land and others</td>
<td>42</td>
<td>20</td>
</tr>
<tr>
<td>Gain on sales of investment securities</td>
<td>211</td>
<td>18</td>
</tr>
<tr>
<td>Total extraordinary income</td>
<td>253</td>
<td>38</td>
</tr>
<tr>
<td>Extraordinary loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on sales of land and others</td>
<td>–</td>
<td>21</td>
</tr>
<tr>
<td>Loss on sales of investment securities</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Loss on sales of stocks of subsidiaries and affiliates</td>
<td>–</td>
<td>82</td>
</tr>
<tr>
<td>Loss on valuation of securities</td>
<td>264</td>
<td>627</td>
</tr>
<tr>
<td>Loss on valuation of membership</td>
<td>125</td>
<td>6</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>366</td>
<td>297</td>
</tr>
<tr>
<td>Restructuring expenses</td>
<td>1,532</td>
<td>2,597</td>
</tr>
<tr>
<td>Loss on adjustment for changes of accounting standard for asset retirement obligations</td>
<td>–</td>
<td>911</td>
</tr>
<tr>
<td>Earthquake losses</td>
<td>–</td>
<td>1,230</td>
</tr>
<tr>
<td>Total extraordinary losses</td>
<td>2,296</td>
<td>5,775</td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>5,296</td>
<td>8,118</td>
</tr>
<tr>
<td>Income taxes-current</td>
<td>3,064</td>
<td>3,663</td>
</tr>
<tr>
<td>Reversal of income taxes payable for prior years</td>
<td>136</td>
<td>-</td>
</tr>
<tr>
<td>Income taxes-deferred</td>
<td>508</td>
<td>1,542</td>
</tr>
<tr>
<td>Total income taxes</td>
<td>3,709</td>
<td>2,120</td>
</tr>
<tr>
<td>Income before minority interests</td>
<td>–</td>
<td>5,998</td>
</tr>
<tr>
<td>Minority interests in income</td>
<td>708</td>
<td>883</td>
</tr>
<tr>
<td>Net income/loss</td>
<td>878</td>
<td>5,115</td>
</tr>
</tbody>
</table>
## Consolidated Statements of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>FY09 (From April 1, 2009 to March 31, 2010)</th>
<th>FY10 (From April 1, 2010 to March 31, 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td>Income before minority interests</td>
<td>—</td>
<td>5,998</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
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<tr>
<td>Net unrealized gains on securities</td>
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<td>Translation adjustments</td>
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<td>Equivalent share of gain/loss to equity method affiliates</td>
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<td>Total other comprehensive income</td>
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<tr>
<td>Comprehensive income</td>
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<tr>
<td>(breakdown)</td>
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<td>Comprehensive income attributable to parent shareholder</td>
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<td>Comprehensive income attributable to minority shareholders</td>
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## (3) Consolidated statements of changes in net assets

<table>
<thead>
<tr>
<th></th>
<th>FY09 (From April 1, 2009 to March 31, 2010)</th>
<th>FY10 (From April 1, 2010 to March 31, 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
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<tr>
<td><strong>Shareholders’ equity</strong></td>
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<td>Capital surplus</td>
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<td>Dividends from surplus</td>
<td>-3,464</td>
<td>-3,463</td>
</tr>
<tr>
<td>Net income</td>
<td>878</td>
<td>5,115</td>
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<tr>
<td>Purchase of treasury stock</td>
<td>-116</td>
<td>-2,859</td>
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<td>105</td>
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<td>-3,463</td>
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<tr>
<td>Net income</td>
<td>878</td>
<td>5,115</td>
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<td>Changes of items during the period</td>
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<tr>
<td>Purchase of treasury stock</td>
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<tr>
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<td>accumulated other comprehensive income</td>
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<td>Valuation difference on available-for-sale securities</td>
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<td>-3,464</td>
<td>-3,463</td>
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<tr>
<td>Net income</td>
<td>878</td>
<td>5,115</td>
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<td>Changes of items during the period</td>
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<tr>
<td>Purchase of treasury stock</td>
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<td>-2,859</td>
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<tr>
<td>Disposal of treasury stock</td>
<td>20</td>
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<tr>
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<td>180,164</td>
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(4) Consolidated statements of cash flows

<table>
<thead>
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<th></th>
<th>FY09 (From April 1, 2009 to March 31, 2010)</th>
<th>FY10 (From April 1, 2010 to March 31, 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
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<td>Income before income taxes and minority interests</td>
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<td>Depreciation and amortization</td>
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<td>Impairment loss</td>
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<td>Loss (gain) on valuation of securities</td>
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<tr>
<td>Loss on adjustment for changes of accounting standard for asset retirement</td>
<td>–</td>
<td>911</td>
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<td>Loss on valuation of membership</td>
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<td>Increase (decrease) in allowance for doubtful accounts</td>
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<td>–</td>
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<td>Increase (decrease) in provision for directors’ bonuses</td>
<td>–</td>
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<td>Increase (decrease) in accrual for loss on inspection and repair of products</td>
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<td>-91</td>
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<td>Increase (decrease) in provision for loss on business restructuring</td>
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<td>Increase (decrease) in reserve for loss on earthquake</td>
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<td>Increase (decrease) in provision for retirement benefits</td>
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<td>Loss (gain) on sales of stocks of subsidiaries and affiliates</td>
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<td>Loss (gain) on sales of land and others</td>
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<td>Loss on retirement of noncurrent assets</td>
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<td>Decrease (increase) in inventories</td>
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<td>Increase (decrease) in notes and accounts payable-trade</td>
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<td>28,177</td>
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<tr>
<td>Net cash provided by (used in) investment activities</td>
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<tr>
<td>Payments into time deposits</td>
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<td>Proceeds from withdrawal of time deposits</td>
<td>4,658</td>
<td>4,422</td>
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<td>Decrease (increase) in short-term loans receivable</td>
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<td>-67</td>
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<tr>
<td>Purchase of property, plant and equipment</td>
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<td>-15,938</td>
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<td>Proceeds from sales of property, plant and equipment</td>
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<td>Purchase of intangible assets</td>
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<td>Purchase of short-term and long term investment securities</td>
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<td>Proceeds from sales and redemption of short-term and long term investment securities</td>
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<td>-22,758</td>
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<td>FY09 (From April 1, 2009 to March 31, 2010)</td>
<td>FY10 (From April 1, 2010 to March 31, 2011)</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>-------------------------------------------</td>
<td>-------------------------------------------</td>
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<tr>
<td>Net cash provided by (used in) financing activities</td>
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<tr>
<td>Net increase (decrease) in short-term loans payable</td>
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<td>-14,799</td>
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<td>Proceeds from issuance of commercial papers</td>
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<td>Redemption of commercial papers</td>
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<td>-28,000</td>
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<td>22,450</td>
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<td>-3,463</td>
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<tr>
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<td>Effect of exchange rate change on cash and cash equivalents</td>
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<tr>
<td>Cash and cash equivalents at end of period</td>
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<td>46,498</td>
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</table>
(5) Notes on the Going-Concern Assumption
Not applicable

(6) Important Matters in the Preparation of Consolidated Financial Statements
(Adoption of accounting standards for asset retirement obligations)
This had an effect of reducing operating income and ordinary income by 19 million yen, respectively, and income before income taxes and minority interests by 930 million yen.

(Adoption of accounting standard for business combinations)
Starting in fiscal 2010, TOTO adopted the Accounting Standard for Business Combination


(7) Notes to consolidated financial statements
(Consolidated statement of comprehensive income)
Fiscal 2010 (year ended March 31, 2011)
Comprehensive income in fiscal 2009
Comprehensive income attributable to parent shareholder 7,057 million yen
Comprehensive income attributable to minority shareholders 789 million yen
TOTAL 7,847 million yen

Other comprehensive income in fiscal 2009
Net unrealized gains on securities 4,751 million yen
Deferred earnings on hedges 231 million yen
Translation adjustments 943 million yen
Equivalent share of gain/loss to equity method affiliates 333 million yen
TOTAL 6,260 million yen
### Segment Information

**Previous fiscal period (from April 1, 2009 to March 31, 2010)**

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<th>Segment Information</th>
<th>Domestic (Japan)</th>
<th>Overseas</th>
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<td>Americas</td>
<td>China</td>
<td>Asia, Oceania</td>
<td>Europe</td>
<td>Consolidated</td>
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<tr>
<td>Sales</td>
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<td></td>
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<tr>
<td>For external customers</td>
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<td>17,766</td>
<td>24,234</td>
<td>8,684</td>
<td>1,803</td>
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<td>33,042</td>
<td>17,308</td>
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<td>408</td>
<td>5,795</td>
<td>1,107</td>
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<table>
<thead>
<tr>
<th>Segment Information</th>
<th>New Domain</th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Environmental Products</td>
<td>Ceramics Products</td>
<td>Total</td>
<td>Others</td>
<td>Total</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>For external customers</td>
<td>9,527</td>
<td>5,526</td>
<td>15,053</td>
<td>421,656</td>
<td>272</td>
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<tr>
<td>Intersegment net sales or transfers</td>
<td>288</td>
<td>3</td>
<td>291</td>
<td>25,870</td>
<td>792</td>
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<tr>
<td>Total</td>
<td>9,815</td>
<td>5,529</td>
<td>15,345</td>
<td>447,526</td>
<td>1,065</td>
</tr>
<tr>
<td>Operating income/ operating loss</td>
<td>-1,003</td>
<td>-1,705</td>
<td>-2,708</td>
<td>7,677</td>
<td>379</td>
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</table>
## Current fiscal period (from April 1, 2010 to March 31, 2011)

Unit: Million yen

<table>
<thead>
<tr>
<th>Sales</th>
<th>Segment Information</th>
<th>Domestic (Japan)</th>
<th>Overseas</th>
<th>Consolidated</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Americas</td>
<td>China</td>
<td>Asia, Oceania</td>
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<tr>
<td>For external customers</td>
<td>361,027</td>
<td>15,880</td>
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<td>15,902</td>
<td>36,111</td>
<td>19,042</td>
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<tr>
<td>Operating income / operating loss</td>
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<td>7,615</td>
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<table>
<thead>
<tr>
<th>Segment Information</th>
<th>New Domain</th>
<th>Total</th>
<th>Others</th>
<th>Total</th>
<th>Adjustments</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Environmental Products</td>
<td>Ceramics Products</td>
<td>Total</td>
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<td></td>
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</tr>
<tr>
<td>Sales</td>
<td>8,871</td>
<td>7,716</td>
<td>16,588</td>
<td>433,349</td>
<td>207</td>
<td>433,557</td>
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<tr>
<td>For external customers</td>
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<td>433,557</td>
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<tr>
<td>Intersegment net sales or transfers</td>
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<td>-</td>
<td>318</td>
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<tr>
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<td>7,716</td>
<td>16,907</td>
<td>460,784</td>
<td>875</td>
<td>461,659</td>
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<tr>
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<td>-2,173</td>
<td>16,159</td>
<td>183</td>
<td>16,342</td>
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