

February 14, 2020

Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 [Japanese GAAP]

Listed company name:	Toyo Tanso Co., Ltd.
Stock exchange listing:	Tokyo Stock Exchange, 1st Section
Stock code:	5310
Website:	http://www.toyotanso.co.jp
Representative:	Naotaka Kondo, Representative Director, Chairman & President, CEO
Contact:	Shigeki Masuda, General Manager, Finance and Accounting Department
TEL:	81-6-6472-5811 (from overseas)
Scheduled date for ordinary general meeting of shareholders:	March 27, 2020
Scheduled date for dividend payment:	March 30, 2020
Scheduled date for submission of securities report:	March 30, 2020
Supplementary materials for financial summaries:	Yes
Financial results briefing:	Yes (for securities analysts and institutional investors)

1. Consolidated financial results for the fiscal year ended December 31, 2019

(From January 1, 2019 to December 31, 2019)

(1) Operating results

(Millions of yen, rounded down)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
Fiscal year ended December 31, 2019	36,402	(11.5)	5,175	(26.2)	5,207	(26.2)	2,944	(40.0)
Fiscal year ended December 31, 2018	41,132	16.7	7,009	89.0	7,057	89.7	4,910	62.5
Note:	Comprehensive income:							
	Fiscal year ended December 31, 2019		2,728 million yen (-23.8%)					
	Fiscal year ended December 31, 2018		3,581 million yen (3.0 %)					
	Profit attributable to owners of parent per share (basic)	Profit attributable to owners of parent per share (diluted)	Return on Equity	Ordinary income/total assets	Operating income/net sales			
	yen	yen	%	%	%			
Fiscal year ended December 31, 2019	140.40	—	4.6	6.9	14.2			
Fiscal year ended December 31, 2018	234.52	—	8.0	9.5	17.0			
Reference:	Equity in earnings of affiliates							
	December 31, 2019		66 million yen					
	December 31, 2018		85 million yen					

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	yen
As of December 31, 2019	76,082	65,706	85.4	3,097.00
As of December 31, 2018	74,951	64,096	84.5	3,019.47

Reference: Shareholders' equity

December 31, 2019	64,952 million yen
December 31, 2018	63,326 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
Fiscal year ended December 31, 2019	5,149	(4,017)	(1,372)	6,101
Fiscal year ended December 31, 2018	5,759	(4,318)	(1,169)	6,414

2. Dividends

(Millions of yen, rounded down)

	Dividends per share (yen)					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter -end	Second quarter -end	Third quarter -end	Year -end	Total (Full year)			
	yen	yen	yen	yen	yen		%	%
Year ended December 31, 2018	-	0.00	-	50.00	50.00	1,048	21.3	1.7
Year ended December 31, 2019	-	0.00	-	50.00	50.00	1,048	35.6	1.6
Year ending December 31, 2020 (Forecast)	-	-	-	-	-		-	

(Note) The dividend forecast for the fiscal year ending December 31, 2020 is undetermined at this time.

3. Consolidated results forecast for the fiscal year ending December 31, 2020

(From January 1, 2020 to December 31, 2020)

The consolidated results forecast for the fiscal year ending December 31, 2020 is not stated because it is difficult to make a reasonable estimation at this time.

*** Others**

(1) Changes in significant subsidiaries during the period under review:

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

New subsidiaries: ___ (name of company(ies))

Excluded subsidiaries: ___ (name of company(ies))

(2) Changes in accounting policies and accounting estimates and restatements

1) Changes in accounting policies due to revisions of accounting standards, etc.: None

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of period (including treasury shares)

As of December 31, 2019 20,992,588 shares

As of December 31, 2018 20,992,588 shares

2) Number of treasury shares at the end of period

As of December 31, 2019 19,815 shares

As of December 31, 2018 19,769 shares

3) Average number of shares during the period

Fiscal year ended December 31, 2019 20,972,794 shares

Fiscal year ended December 31, 2018 20,937,250 shares

Reference: SUMMARY OF NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-consolidated financial results for the fiscal year ended December 31, 2019

(From January 1, 2019 to December 31, 2019)

(1) Operating results

(Millions of yen, rounded down)
(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
Fiscal year ended December 31, 2019	26,631	(10.1)	4,142	(8.3)	4,907	(13.1)	3,358	(16.7)
Fiscal year ended December 31, 2018	29,615	21.8	4,517	113.7	5,650	123.1	4,032	116.1

	Net income per share	Diluted net income per share
	yen	yen
Fiscal year ended December 31, 2019	160.12	-
Fiscal year ended December 31, 2018	192.61	-

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	yen
As of December 31, 2019	60,175	51,419	85.4	2,451.71
As of December 31, 2018	57,985	49,099	84.7	2,341.10

Reference: Shareholders' equity

December 31, 2019 51,419 million yen

December 31, 2018 49,099 million yen

*** The financial results report is not subject to audit procedures by a certified public accountant or an audit corporation.**

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

(We urge you to be cautious in relying on forward-looking statements.)

Forward-looking statements such as the earnings forecasts in this material are based on currently available information and certain assumptions deemed rational, and are not intended as a guarantee that these forecasts will be achieved. Accordingly, actual results may differ significantly from these forecasts due to various factors. For more information on the preconditions of the forecasts and on precautionary notes concerning the usage of these forecasts, please refer to “(4) Forecasts” under “1. Overview of Business Results” on page 4 of the Attached Documents.

(How to acquire supplementary materials for financial summaries and information disclosed at our financial results briefing)

We are scheduled to hold a financial results briefing for securities analysts and institutional investors on February 19, 2020. The materials distributed at the briefing are scheduled to be disclosed on TDnet and our website on that same day.

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1. Overview of Business Results

(1) Overview of Business Results in the Fiscal Year Ended December 31, 2019

With regard to the business environment in which the Group operates, demand, primarily wafer-related, was solid in the semiconductor market, and the transportation equipment market saw growth in demand for pantograph sliders used in trains both in Japan and overseas, although demand for automotive applications was weak. Elsewhere, in the energy-related market, solar cell-related demand remained sluggish.

In this environment, the Group focused on medium-term demand, working to reinforce infrastructure for high value-added products and improve productivity by means of capital spending, and develop new products and businesses.

As a result, in the consolidated fiscal year under review, since the 3,204 million yen in sales recorded in the previous fiscal year for Chinese high-temperature reactor-pebble-bed modules (HTR-PM) was removed, net sales were 36,402 million yen (down 11.5% year on year [down 4.0% year on year excluding those of Chinese HTR-PM]). On the income side, due to an increase in fixed costs such as personnel expenses, operating income fell 26.2% to 5,175 million yen, ordinary income fell 26.2% to 5,207 million yen, and profit attributable to owners of parent stood at 2,944 million yen, down 40.0%.

The overall performance of each business segment was as follows. (Please refer to “6. Others” for an overview of each product category.)

Japan

Products for semiconductor, LED, and metallurgical applications were strong, while carbon products for mechanical applications remained solid. However, the disappearance this fiscal year of 2,651 million yen in sales of products used in Chinese high-temperature reactor-pebble-bed modules (HTR-PM) recorded in the previous fiscal year led to a 7.4% year-on-year decline in net sales, to 20,568 million yen, and operating income of 4,318 million yen (down 9.7% year on year).

United States

Although net sales came to 3,084 million yen (up by 4.8% year on year) due to strength in products for electronics and metallurgical applications, operating income declined by 32.1% year-on-year to 403 million yen due to increases in fixed costs.

Europe

Although sales of products used in electronics and carbon brush products were sluggish, demand for products for metallurgical applications, our mainstay products, remained solid. As a result, net sales were 3,291 million yen (up by 0.3% year on year) and an operating loss was 251 million yen, compared to operating loss of 290 million yen in the previous fiscal year.

Asia

In addition to solar cell, metallurgical, and carbon brush products all showing weakness, the disappearance this fiscal year of 553 million yen in sales of products used in Chinese high-temperature reactor-pebble-bed modules (HTR-PM) recorded in the previous fiscal year led to net sales of 9,457 million yen (down by 25.5% year on year) and operating income of 569 million yen (down by 73.0% year on year).

(2) Overview of Financial Position in the Fiscal Year Ended December 31, 2019

Assets, Liabilities, and Net Assets

Total assets as of the end of the consolidated fiscal year under review increased by 1,131 million yen from the end of the previous consolidated fiscal year. This was primarily because, although notes and accounts receivable - trade fell by 1,078 million yen, inventories increased by 729 million yen and property, plant and equipment increased by 1,371 million yen.

Total liabilities decreased by 478 million yen from the end of the previous consolidated fiscal year. This was primarily because, although other of current liabilities increased by 1,122 million yen due to an increase in electronically recorded obligations - non-operating, notes and accounts payable - trade decreased by 590 million yen, electronically recorded obligations – operating decreased by 269 million yen, and income taxes payable decreased by 413 million yen.

Total net assets increased by 1,609 million yen from the end of the previous consolidated fiscal year. This was primarily because, although foreign currency translation adjustments decreased by 443 million yen, retained earnings increased by 1,895 million yen.

Please note that, from the beginning of the consolidated fiscal year under review, the Group has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 February 16, 2018). Concerning its financial position, it makes a comparison with the accounting figures from the end of the previous consolidated fiscal year after retrospectively applying the necessary treatment.

(3) Overview of Cash Flows in the Fiscal Year Ended December 31, 2019

Cash and cash equivalents (hereinafter referred to as “funds”) as of December 31, 2019, decreased by 313 million yen from the end of the previous consolidated fiscal year to 6,101 million yen on a consolidated basis.

(Cash Flows from Operating Activities)

Funds acquired by operating activities totaled 5,149 million yen, a 10.6% decrease year on year. This was primarily because funds decreased due to an increase in inventories of 855 million yen (compared to a 497 million yen decrease in the previous fiscal year), a decrease in notes and accounts payable – trade of 818 million yen (compared to a 618 million yen increase in the previous fiscal year), and income tax paid of 1,728 million yen (a 16.8% year-on-year increase), offsetting an increase in funds due to profit before income taxes of 3,946 million yen (a 40.1% decrease), depreciation of 2,831 million yen (a 4.3% decrease), impairment loss of 930 million yen (a 74.0% increase), and a decrease in notes and accounts receivable – trade of 878 million yen (compared to a 1,517 million yen increase in the previous fiscal year).

(Cash Flows from Investing Activities)

Funds used in investment activities totaled 4,017 million yen, a 7.0% decrease year on year. This was primarily due to a decrease in funds from payments into time deposits of 14,524 million yen (a 20.3% year-on-year increase) and the purchase of property, plants and equipment of 3,285 million yen (a 44.5% increase), which offset an increase in funds from proceeds from withdrawals of time deposits of 13,951 million yen (a 39.3% increase).

(Cash Flows from Financing Activities)

Funds used in financing activities amounted to 1,372 million yen, a 17.3% increase year on year. This was primarily due to a decrease in funds, including 1,048 million yen in cash dividends paid (a 67.7% year-on-year increase) and repayments of long-term loans payable of 247 million yen (a 122.3% increase).

(4) Forecasts

We have postponed disclosure of the consolidated results forecast. This is because there are currently a number of uncertain elements affecting its business performance making it difficult to make an appropriate and rational calculation of results forecast. Disclosure of results forecast will be made as soon as rational calculation becomes possible based on progress of business operations in the period ahead.

(5) Basic Policy for Profit Allocation and Dividends for the Fiscal Year Ended December 31, 2019 and the Fiscal Year Ending December 31, 2020

(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 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 Ended December 31, 2019

Based on the aforementioned policy and our business results in the fiscal year under review, we plan to pay a dividend of 50 yen per share for the fiscal year ended December 31, 2019.

(iii) Dividends for the Fiscal Year Ending December 31, 2020

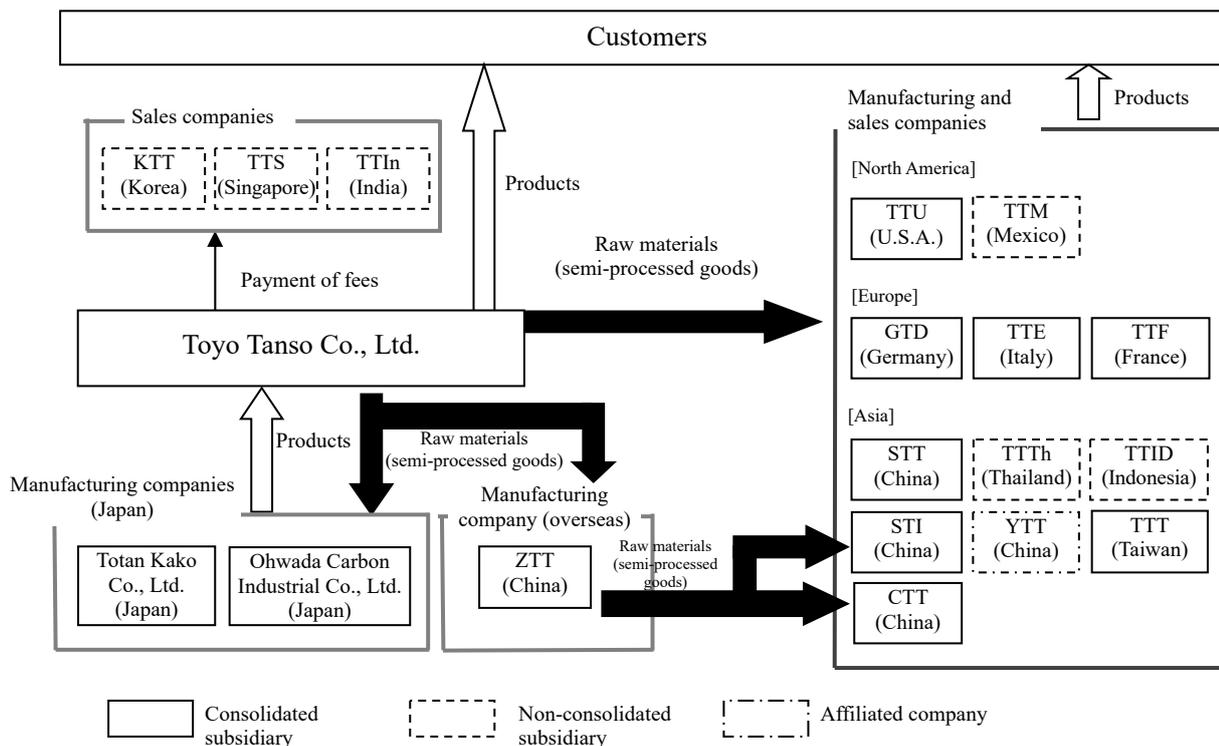
Dividend for the fiscal year ending December 31, 2020 is undetermined at the present time, given the difficulty in calculating results forecast. Dividend forecasts will be announced as soon as disclosure becomes possible.

2. Composition of Corporate Group

The Toyo Tanso Group consists of Toyo Tanso Co., Ltd., eleven consolidated subsidiaries, including two domestic and nine foreign companies, six foreign non-consolidated subsidiaries, and one overseas affiliated company accounted for using 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:

Company name	(TTU) ... Toyo Tanso USA, Inc.
	(TTE) ... Toyo Tanso Europe S.p.A.
	(TTF) ... Toyo Tanso France S.A.
	(GTD) ... GTD Graphit Technologie GmbH
	(STT) ... Shanghai Toyo Tanso Co., Ltd.
	(STI) ... Shanghai Toyo Tanso Industrial Co., Ltd.
	(ZTT) ... Toyo Tanso (Zhejiang) Co., Ltd.
	(CTT) ... Chengdu Toyo Tanso Industrial Co., Ltd.
	(TTT) ... Toyo Tanso Taiwan Co., Ltd.
	(YTT) ... Shanghai Yongxin Toyo Tanso Co., Ltd.
	(KTT) ... Toyo Tanso Korea Co., Ltd.
	(TTTh) ... Toyo Tanso (Thailand) Co., Ltd.
	(TTS) ... Toyo Tanso Singapore Pte. Ltd.
	(TTIn) ... Toyo Tanso India Private Limited
	(TTM) ... Toyo Tanso Mexico, S.A. de C.V.
	(TTID) ... PT. Toyo Tanso Indonesia

3. Management Policy

(1) Basic Policies for the Management of the Company

The Group is dedicated to unlocking the potential of carbon to contribute to the world. We aim to serve as a company that gives back to society broadly by providing the highest quality and most advanced technology before anyone else and making people's lives more rich, without forgetting the pioneering spirit that seeks to create products never before seen—the spirit that has been with the Group since it was founded.

(2) Target management indicators and Medium- to Long-Term Management Strategies and Issues to Address

In the business environment surrounding the Group, we are facing intensifying competition associated with volatility in demand for our special graphite products and other mainstay products. Accordingly, we expect the intense competitive environment to persist over the medium to long term going forward. Meanwhile, although we anticipate a market environment where electronics applications as well as general industries applications, such as those in the auto industry, will be subject to a temporary adjustment phase, we also expect greater new business opportunities due to technological innovation. We are also aware of challenges faced internally by the Group involving propensities of our business structure particularly in terms of having an operating environment dependent on special graphite products, having an earnings structure affected by circumstances in the electronics market, and undertaking business expansion with a disproportionate emphasis toward Asia.

Under the medium-term management plan, the period through 2022 has been positioned as a phase of transformation to growth. This will entail promoting initiatives that involve shifting to higher value-added products, enhancing and innovating product technologies, and reinforcing overseas expansion efforts, with the aims of building stable foundations of business that do not rely on specific markets and improving production efficiency to achieve a leap forward in the future. In so doing, we will transition away from our current business structure with the aims of building pillars of growth and enhancing the earnings platform, establishing a consistent portfolio, and making the leap to becoming a global company.

As for target management indicators under the plan, we are striving to achieve results in 2022 that include net sales of 50 billion yen and an operating income of 8 billion yen in our mainstay existing businesses, and ROE of at least 8% on a Company-wide basis.

4. Basic Approach to Selection of Accounting Standards

The Group will prepare its consolidated financial statements in line with Japanese standards for the near term, given that these standards enable comparison of consolidated financial statements across fiscal periods and between companies.

We plan to respond appropriately to the adoption of international accounting standards, taking into account conditions in Japan and overseas.

5. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen, rounded down)

	As of December 31, 2018	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	17,885	18,099
Notes and accounts receivable - trade	15,274	14,195
Merchandise and finished goods	6,420	6,875
Work in process	5,619	5,505
Raw materials and supplies	2,646	3,036
Other	557	449
Allowance for doubtful accounts	(245)	(217)
Total current assets	48,159	47,943
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,153	19,507
Accumulated depreciation	(10,586)	(10,822)
Buildings and structures, net	8,566	8,685
Machinery, equipment and vehicles	48,564	48,537
Accumulated depreciation	(41,617)	(41,544)
Machinery, equipment and vehicles, net	6,946	6,992
Land	5,816	5,814
Construction in progress	1,315	2,007
Other	4,781	5,409
Accumulated depreciation	(3,924)	(4,035)
Other, net	857	1,373
Total property, plant and equipment	23,502	24,874
Intangible assets	729	224
Investments and other assets		
Investment securities	320	326
Deferred tax assets	974	1,271
Net defined benefit asset	283	420
Other	1,116	1,155
Allowance for doubtful accounts	(136)	(134)
Total investments and other assets	2,558	3,039
Total non-current assets	26,791	28,138
Total assets	74,951	76,082

(Millions of yen, rounded down)

	As of December 31, 2018	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,275	1,685
Electronically recorded obligations - operating	1,325	1,056
Short-term loans payable	402	227
Accounts payable - other	1,923	1,986
Income taxes payable	1,028	614
Provision for bonuses	560	398
Provision for directors' bonuses	33	31
Other	2,436	3,558
Total current liabilities	9,985	9,558
Non-current liabilities		
Long-term loans payable	103	68
Deferred tax liabilities	122	132
Net defined benefit liability	131	138
Asset retirement obligations	264	262
Other	246	214
Total non-current liabilities	868	817
Total liabilities	10,854	10,375
Net assets		
Shareholders' equity		
Capital stock	7,947	7,947
Capital surplus	9,789	9,789
Retained earnings	44,821	46,717
Treasury shares	(59)	(60)
Total shareholders' equity	62,498	64,394
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	103	114
Foreign currency translation adjustment	886	442
Remeasurements of defined benefit plans	(162)	1
Total accumulated other comprehensive income	828	558
Non-controlling interests	770	753
Total net assets	64,096	65,706
Total liabilities and net assets	74,951	76,082

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated statement of income)

(Millions of yen, rounded down)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Net sales	41,132	36,402
Cost of sales	27,171	24,340
Gross profit	13,960	12,061
Selling, general and administrative expenses	6,951	6,885
Operating income	7,009	5,175
Non-operating income		
Interest income	51	59
Dividend income	36	13
Share of profit of entities accounted for using equity method	85	66
Revenue from sales of electric power	46	42
Income from compensation for damage	32	38
Contracted research income	128	32
Other	59	68
Total non-operating income	440	321
Non-operating expenses		
Interest expenses	12	8
Foreign exchange losses	207	191
Contracted research expenses	113	32
Other	58	56
Total non-operating expenses	392	289
Ordinary income	7,057	5,207
Extraordinary income		
Gain on sales of non-current assets	73	4
Subsidy income	64	9
Gain on liquidation of subsidiaries and associates	10	—
Gain on reversal of subscription rights to shares	13	—
Total extraordinary income	161	14
Extraordinary losses		
Loss on sales of non-current assets	1	0
Loss on retirement of non-current assets	98	345
Impairment loss	* 534	* 930
Total extraordinary losses	634	1,276
Profit before income taxes	6,584	3,946
Income taxes - current	1,631	1,325
Income taxes - deferred	(39)	(371)
Total income taxes	1,592	953
Profit	4,992	2,992
Profit attributable to non-controlling interests	82	48
Profit attributable to owners of parent	4,910	2,944

(Consolidated statement of comprehensive income)

(Millions of yen, rounded down)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Profit	4,992	2,992
Other comprehensive income		
Valuation difference on available-for-sale securities	(130)	10
Foreign currency translation adjustment	(1,072)	(418)
Remeasurements of defined benefit plans, net of tax	(162)	164
Share of other comprehensive income of entities accounted for using equity method	(46)	(19)
Total other comprehensive income	(1,410)	(264)
Comprehensive income	3,581	2,728
Comprehensive income attributable to		
Owners of parent	3,538	2,674
Non-controlling interests	43	53

(3) Consolidated Statement of Changes in Equity

Fiscal year ended December 31, 2018

(Millions of yen, rounded down)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,810	9,652	40,536	(59)	57,940
Changes of items during period					
Issuance of new shares (exercise of stock options)	136	136			273
Dividends of surplus			(625)		(625)
Profit attributable to owners of parent			4,910		4,910
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	136	136	4,284	(0)	4,558
Balance at end of period	7,947	9,789	44,821	(59)	62,498

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	233	1,965	0	2,199	63	783	60,986
Changes of items during period							
Issuance of new shares (exercise of stock options)							273
Dividends of surplus							(625)
Profit attributable to owners of parent							4,910
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(130)	(1,078)	(162)	(1,371)	(63)	(13)	(1,448)
Total changes of items during period	(130)	(1,078)	(162)	(1,371)	(63)	(13)	3,110
Balance at end of period	103	886	(162)	828	—	770	64,096

Fiscal year ended December 31, 2019

(Millions of yen, rounded down)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,947	9,789	44,821	(59)	62,498
Changes of items during period					
Dividends of surplus			(1,048)		(1,048)
Profit attributable to owners of parent			2,944		2,944
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,895	(0)	1,895
Balance at end of period	7,947	9,789	46,717	(60)	64,394

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	103	886	(162)	828	—	770	64,096
Changes of items during period							
Dividends of surplus							(1,048)
Profit attributable to owners of parent							2,944
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	10	(443)	163	(269)	—	(16)	(286)
Total changes of items during period	10	(443)	163	(269)	—	(16)	1,609
Balance at end of period	114	442	1	558	—	753	65,706

(4) Consolidated Statement of Cash Flows

(Millions of yen, rounded down)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Cash flows from operating activities		
Profit before income taxes	6,584	3,946
Depreciation	2,959	2,831
Impairment loss	534	930
Share of (profit) loss of entities accounted for using equity method	(85)	(66)
Increase (decrease) in net defined benefit asset or liability	(65)	112
Increase (decrease) in provision for bonuses	130	(7)
Increase (decrease) in provision for directors' bonuses	10	(157)
Increase (decrease) in allowance for doubtful accounts	(15)	(21)
Interest and dividend income	(88)	(72)
Interest expenses	12	8
Foreign exchange losses (gains)	69	35
Gain on sales of non-current assets	(73)	(4)
Loss (gain) on sales and retirement of non-current assets	99	345
Decrease (increase) in notes and accounts receivable - trade	(1,517)	878
Decrease (increase) in inventories	497	(855)
Increase (decrease) in notes and accounts payable - trade	618	(818)
Other, net	(2,522)	(305)
Subtotal	7,151	6,783
Interest and dividend income received	96	101
Interest expenses paid	(9)	(7)
Income taxes (paid) refund	(1,479)	(1,728)
Net cash provided by (used in) operating activities	5,759	5,149
Cash flows from investing activities		
Payments into time deposits	(12,068)	(14,524)
Proceeds from withdrawal of time deposits	10,014	13,951
Purchase of property, plant and equipment	(2,272)	(3,285)
Proceeds from sales of property, plant and equipment	74	14
Purchase of intangible assets	(22)	(111)
Other, net	(43)	(61)
Net cash provided by (used in) investing activities	(4,318)	(4,017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(541)	49
Repayments of long-term loans payable	(111)	(247)
Repayments of finance lease obligations	(36)	(55)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	201	—
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(625)	(1,048)
Dividends paid to non-controlling interests	(56)	(70)
Net cash provided by (used in) financing activities	(1,169)	(1,372)
Effect of exchange rate change on cash and cash equivalents	(217)	(73)
Net increase (decrease) in cash and cash equivalents	53	(313)
Cash and cash equivalents at beginning of period	6,361	6,414
Cash and cash equivalents at end of period	6,414	6,101

(5) Notes to the Consolidated Financial Statements

(Notes regarding the premise of a going concern)

Not applicable.

(Significant items that form the basis of preparations for consolidated financial statements)

1. Items concerning the scope of consolidation

(1) Number of consolidated subsidiaries: 11

Names of consolidated subsidiaries

Totan Kako Co., Ltd.
Ohwada Carbon Industrial Co., Ltd.
Toyo Tanso USA, Inc.
Toyo Tanso Europe S.p.A.
Toyo Tanso France S.A.
GTD Graphit Technologie GmbH
Shanghai Toyo Tanso Co., Ltd.
Shanghai Toyo Tanso Industrial Co., Ltd.
Toyo Tanso (Zhejiang) Co., Ltd.
Chengdu Toyo Tanso Industrial Co., Ltd.
Toyo Tanso Taiwan Co., Ltd.

Of the above, Chengdu Toyo Tanso Industrial Co., Ltd. is a new subsidiary established in the consolidated fiscal year under review and is therefore included in the scope of consolidation.

(2) Names of non-consolidated subsidiaries

Non-consolidated subsidiaries

Toyo Tanso Korea Co., Ltd.
Toyo Tanso (Thailand) Co., Ltd.
Toyo Tanso Singapore Pte. Ltd.
Toyo Tanso India Private Limited
Toyo Tanso Mexico, S.A. de C.V.
PT. Toyo Tanso Indonesia

(Reason for exclusion from the scope of consolidation)

Non-consolidated subsidiaries were not included in the scope of consolidation because their total assets, net sales, net income (loss; amount corresponding to equity), and retained earnings (amount corresponding to equity) do not have a material impact on the consolidated financial statements.

2. Items concerning the application of the equity method

(1) Number of affiliated companies accounted for using the equity method: 1

Significant affiliated companies accounted for using the equity method
Shanghai Yongxin Toyo Tanso Co., Ltd.

(2) Because non-consolidated subsidiaries have very little impact on net income (loss; amount corresponding to equity) or retained earnings (amount corresponding to equity) and have no materiality overall, the equity method has not been applied to the investment account for these companies, and they have instead been valued at cost.

There are six non-consolidated subsidiaries to which the equity method has not been applied: Toyo Tanso Korea Co., Ltd., Toyo Tanso (Thailand) Co., Ltd., Toyo Tanso Singapore Pte. Ltd., Toyo Tanso India Private Limited, Toyo Tanso Mexico, S.A. de C.V., and PT. Toyo Tanso Indonesia.

3. Items concerning the business years of subsidiaries

The closing date for all consolidated subsidiaries is in line with the consolidated closing date.

4. Items concerning accounting policies

(1) Valuation standards and method for significant assets

a. Securities

(a) Shares of subsidiaries and affiliates

Stated at cost using the moving average method

(b) Other securities

Securities with a readily determinable fair value

Stated at fair value based on market price on the consolidated closing date (valuation differences are treated through the partial direct net asset adjustment method and sales costs are calculated with the moving average method)

Securities without a readily determinable fair value

Stated at cost using the moving average method

b. Derivatives

Stated at fair value

c. Inventories

(a) Merchandise and raw materials

Mainly stated at cost using the moving average method

(The carrying amount on the balance sheet is reduced for decreases in profitability.)

(b) Finished goods, work in process, and semi-finished goods

Mainly stated at individual cost

(The carrying amount on the balance sheet is reduced for decreases in profitability.)

(c) Supplies

Mainly stated at cost based on the last purchase price

(The carrying amount on the balance sheet is reduced for decreases in profitability.)

(2) Depreciation method for significant depreciable assets

a. Property, plant and equipment (excluding leased assets)

The straight-line method is used.

The main useful lives are as follows.

Buildings and structures: 3 to 50 years

Machinery, equipment and vehicles: 4 to 9 years

b. Intangible assets (excluding leased assets)

The straight-line method is used. However, the straight-line method is used for software (in-house use) based on the in-house use period (five years).

c. Leased assets

Leased assets in financial lease transactions without transfer of ownership

The straight-line method is applied for useful lives for the lease period, with a residual value of zero.

(3) Criteria for posting significant reserves

a. Allowance for doubtful accounts

To make allowance for losses on uncollectible accounts, the expected uncollectible amount is posted based on the loss ratio for general receivables and by individually examining the collectability of specific doubtful accounts.

b. Provision for bonuses

The Toyo Tanso Group posts the liability amount of expected payments for the current consolidated fiscal year to provide for bonuses paid to employees.

c. Provision for directors' bonuses

The Toyo Tanso Group posts the expected payment amount to provide for bonuses paid to directors.

(4) Accounting policies for retirement benefits

a. Attribution method for projected retirement benefits

The benefit formula method is used to attribute projected retirement benefits to periods until the fiscal year-end.

b. Amortization of actuarial differences and unrecognized prior service costs

Actuarial differences are treated as a lump-sum expense in the following consolidated fiscal year.

c. Adoption of simplified methods for small-scale companies

Some consolidated companies adopt a simplified method in which the amount paid for voluntary termination is posted as retirement benefit obligations when calculating net defined benefit liabilities and retirement benefit expenses.

(5) Standards for converting significant foreign currency-denominated assets and liabilities to Japanese yen

Foreign currency-denominated receivables and payables are converted to yen at the spot exchange rate on the consolidated closing date and the translation adjustment is treated as a profit or loss. The assets and liabilities of overseas subsidiaries are converted to yen at the spot exchange rate on the consolidated closing date, and revenue and expenses are converted to yen at the average annual exchange rate. Translation differences are then posted as part of non-controlling interests and foreign currency translation adjustment in net assets.

(6) Scope of funds contained within the consolidated statement of cash flows

Cash on hand, deposits that can be withdrawn at any time, and short-term investments with high liquidity that can easily be converted to cash and have maturities within three months of acquisition that are exposed to only a minimal price fluctuation risk are posted.

(7) Other material items relating to the preparation of the consolidated financial statements

Accounting treatment for consumption taxes

The tax-excluded method is used.

(Changes in the reporting method)

(Changes associated with application of the “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) from the beginning of the fiscal year ended December 31, 2019, thereby resulting in a change with respect to the method of classification in that deferred tax assets are now to be stated under “investments and other assets,” and deferred tax liabilities are now to be stated under “non-current liabilities.”

As a result, with respect to the consolidated balance sheet amounts for the fiscal year ended December 31, 2018, “deferred tax assets” under “current assets” decreased by 812 million yen, “deferred tax assets” under “investments and other assets” increased by 777 million yen, and “deferred tax liabilities” under “non-current liabilities” decreased by 34 million yen.

Total assets have decreased by 35 million yen in comparison with the amount prior to the change, with amounts stated upon having offset deferred tax assets and deferred tax liabilities relating to the same taxable entity.

(Consolidated statement of income)

“Income from compensation for damage,” which was included in “Other” under “Non-operating income” in the fiscal year ended December 31, 2018, is presented as an independent line item in the consolidated fiscal year under review, given that it now represents more than 10/100 of total non-operating income. Consolidated financial statements for the fiscal year ended December 31, 2018 have been restated to reflect this change in presentation.

As a result, 91 million yen which was posted as “Other” under “Non-operating income” in the consolidated income statement for the fiscal year ended December 31, 2018 has been reclassified to 32 million yen in “Income from compensation for damage” and 59 million yen in “Other.”

(Consolidated statement of income)

* Impairment loss

Previous consolidated fiscal year (From January 1, 2018 to December 31, 2018)

The Group posted impairment losses on the following assets in the previous consolidated fiscal year.

(i) Assets for which impairment losses were recognized

(Millions of yen, rounded down)

Use	Type	Name of Company	Location	Impairment loss
Business assets	Machinery, equipment and vehicles	Toyo Tanso Co., Ltd.	Toyo Tanso Technology Center (Kanonji, Kagawa)	497
	Construction in progress			
	Property, plant and equipment (other)			
Business assets	Construction in progress	Toyo Tanso (Zhejiang) Co., Ltd.	Pinghu, Zhejiang, China	37

(ii) Reasons for recognition of impairment losses

The Company has recognized an impairment loss with respect to some facilities of Toyo Tanso Technology Center in order to put such facilities to use as research and development facilities, upon having deemed that changes in the market environment make the prospect of recovering their capital investment unlikely, thereby posing difficulties in terms of executing initial business plans.

The Company has also recognized an impairment loss with respect to Toyo Tanso (Zhejiang) Co., Ltd. amid a situation where it no longer intends to use production facilities under construction given that they will lack initially specified capabilities.

(iii) Impairment loss amounts and amounts by type of primary non-current assets

Machinery, equipment and vehicles:	292 million yen
Construction in progress:	48 million yen
Property, plant and equipment (other):	194 million yen

(iv) Grouping method

The Company groups its assets into the smallest unit that generates cash flow independently and for which income and expenditure can be continuously ascertained.

Toyo Tanso (Zhejiang) Co., Ltd. groups its assets into the smallest unit that generates cash flow independently.

(v) Method for calculating recoverable amount

The recoverable amount for the Company's business assets is calculated primarily by using the usable value, but the recoverable amount is set at zero since the usable value based on future cash flow is negative.

The recoverable amount for the business assets of Toyo Tanso (Zhejiang) Co., Ltd. is calculated primarily by using the usable value, but the recoverable amount is set at zero since the usable value based on future cash flow is negative.

Current consolidated fiscal year (from January 1, 2019 to December 31, 2019)

The Group posted impairment losses on the following assets in the current consolidated fiscal year.

(i) Assets for which impairment losses were recognized

(Millions of yen, rounded down)

Use	Type	Name of Company	Location	Impairment loss
Business assets	Buildings and structures Machinery, equipment and vehicles Construction in progress Property, plant and equipment (other)	GTD Graphit Technologie GmbH	Langgöns, Germany	930

(ii) Reasons for recognition of impairment losses

As recovery of invested capital could no longer be expected due to decline in profitability, we concluded it was difficult to execute the initial business plan and accordingly recognized an impairment loss.

(iii) Impairment loss amounts and amounts by type of primary non-current assets

Buildings and structures	10 million yen
Machinery, equipment and vehicles:	811 million yen
Construction in progress:	16 million yen
Property, plant and equipment (other):	92 million yen

(iv) Grouping method

The Company groups its assets into the smallest unit that generates cash flow independently and for which income and expenditure can be continuously ascertained.

(v) Method for calculating recoverable amount

Recoverable amounts are calculated based on their net realizable values. Net realizable values are measured by appraisal values based on real estate appraisal.

(Segment information)

[Segment information]

1. Reportable Segments

The reportable segments of the Toyo Tanso Group are business components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to decide on the allocation of management resources and evaluate performance.

The Company primarily engages in the manufacture and sale of carbon products, in Japan through Toyo Tanso and domestic subsidiaries, and abroad through overseas subsidiaries based in the United States, Europe, and Asia. All overseas subsidiaries are independently managed companies. They conduct business by formulating their own comprehensive regional strategies for the products they handle.

For this reason, our business is composed of segments that are based on region-based production and sales frameworks, and is categorized into the four reportable segments of Japan, United States, Europe, and Asia.

2. Calculation methods of net sales, profits, losses, assets, and other items by reportable segment

The accounting methods of reportable segments are by and large the same as those described in “Significant items that form the basis of preparations for consolidated financial statements.”

Profits of reportable segments are recorded on an operating income basis.

Inter-segment sales are based on prices in arms-length transactions.

3. Information on net sales, profits, losses, assets, and other items by reportable segment

Previous consolidated fiscal year (From January 1, 2018 to December 31, 2018)

(Millions of yen, rounded down)

	Reportable segments					Adjusted amount (Note) 1	Amount recorded in the consolidated income statement (Note) 2
	Japan	United States	Europe	Asia	Total		
Net sales							
(1) Sales to unaffiliated customers	22,218	2,941	3,283	12,689	41,132	—	41,132
(2) Inter-segment sales or transfers	7,425	382	0	309	8,117	(8,117)	—
Total	29,644	3,324	3,283	12,998	49,250	(8,117)	41,132
Segment profit (loss)	4,784	594	(290)	2,110	7,199	(189)	7,009
Segment assets	62,748	1,984	4,512	17,648	86,893	(11,942)	74,951
Other items							
(1) Depreciation	2,383	58	194	325	2,961	(2)	2,959
(2) Increase in property, plant and equipment and intangible assets	2,220	15	363	54	2,653	—	2,653

(Notes) 1. The adjusted amounts are as follows:

- (1) Adjusted segment profit (loss) mainly takes into account the elimination of inter-segment transactions and unrealized income.
- (2) Adjusted segment assets mainly take into account the elimination of inter-segment transactions and unrealized income.

2. Segment profit (loss) has been adjusted to reflect the operating income recorded in the consolidated statement of income.

Current consolidated fiscal year (From January 1, 2019 to December 31, 2019)

(Millions of yen, rounded down)

	Reportable segments					Adjusted amount (Note) 1	Amount recorded in the consolidated income statement (Note) 2
	Japan	United States	Europe	Asia	Total		
Net sales							
(1) Sales to unaffiliated customers	20,568	3,084	3,291	9,457	36,402	—	36,402
(2) Inter-segment sales or transfers	6,092	231	1	204	6,530	(6,530)	—
Total	26,661	3,315	3,293	9,662	42,932	(6,530)	36,402
Segment profit (loss)	4,318	403	(251)	569	5,039	135	5,175
Segment assets	65,198	2,453	3,369	16,405	87,426	(11,344)	76,082
Other items							
(1) Depreciation	2,196	61	269	304	2,831	—	2,831
(2) Increases in tangible and intangible fixed assets	4,118	114	250	520	5,005	—	5,005

(Notes) 1. The adjusted amounts are as follows:

- (1) Adjusted segment profit (loss) mainly takes into account the elimination of inter-segment transactions and unrealized income.
 - (2) Adjusted segment assets mainly take into account the elimination of inter-segment transactions and unrealized income.
2. Segment profit (loss) has been adjusted to reflect the operating income recorded in the consolidated statement of income.

[Related information]

Previous consolidated fiscal year (From January 1, 2018 to December 31, 2018)

1. Information by product and service

This 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.

2. Information by region

(1) Net sales

(Millions of yen, rounded down)

	Japan	North America	Europe	Asia		Rest of world	Total
				Asia (including China)	China only		
Net sales	15,198	3,054	3,659	19,048	14,592	171	41,132
Composition (%)	37.0	7.4	8.9	46.3	35.5	0.4	100.0

(Notes) 1. Net sales are based on the locations of our customers, and are categorized into the relevant country or region segment according to geographical proximity.

2. The major countries or regions included in each geographic segment are listed below.

- (1) North America: United States
- (2) Europe: France, Germany, Italy
- (3) Asia: China, Taiwan, South Korea

(2) Property, plant and equipment

(Millions of yen, rounded down)

	Japan	United States	Europe	Asia		Total
				Asia (including China)	China only	
	17,896	265	2,295	3,045	2,281	23,502

3. Information by major customer

This information has been omitted because we do not have any unaffiliated customers that have accounted for more than 10% of sales in the consolidated statement of income.

Current consolidated fiscal year (From January 1, 2019 to December 31, 2019)

1. Information by product and service

This 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.

2. Information by region

(1) Net sales

(Millions of yen, rounded down)

	Japan	North America	Europe	Asia		Rest of world	Total
				Asia (including China)	China only		
Sales	16,458	3,503	3,307	12,949	8,886	182	36,402
Composition (%)	45.2	9.6	9.1	35.6	24.4	0.5	100.0

(Notes) 1. Net sales are based on the locations of our customers, and are categorized into the relevant country or region segment according to geographical proximity.

2. The major countries or regions included in each geographic segment are listed below.

(1) North America: United States

(2) Europe: France, Germany, Italy

(3) Asia: China, Taiwan, South Korea

(2) Property, plant and equipment

(Millions of yen, rounded down)

	Japan	United States	Europe	Asia		Total
				Asia (including China)	China only	
	19,577	373	1,248	3,674	2,931	24,874

3. Information by major customer

This information has been omitted because we do not have any unaffiliated customers that have accounted for more than 10% of sales in the consolidated statement of income.

[Information on impairment loss for non-current assets by reportable segment]

Previous consolidated fiscal year (From January 1, 2018 to December 31, 2018)

(Millions of yen, rounded down)

	Japan	United States	Europe	Asia	Total
Impairment loss	497	-	-	37	534

Current consolidated fiscal year (From January 1, 2019 to December 31, 2019)

(Millions of yen, rounded down)

	Japan	United States	Europe	Asia	Total
Impairment loss	-	-	930	-	930

[Information on the amortization of goodwill and unamortized balance by reportable segment]

Previous consolidated fiscal year (From January 1, 2018 to December 31, 2018)

Not applicable.

Current consolidated fiscal year (From January 1, 2019 to December 31, 2019)

Not applicable.

[Information on gain on bargain purchase by reportable segment]

Previous consolidated fiscal year (From January 1, 2018 to December 31, 2018)

Not applicable.

Current consolidated fiscal year (From January 1, 2019 to December 31, 2019)

Not applicable.

(Per share information)

	From January 1, 2018 to December 31, 2018	From January 1, 2019 to December 31, 2019
Net assets per share	3,019.47 yen	3,097.00 yen
Profit attributable to owners of parent per share (basic)	234.52 yen	140.40 yen

(Notes) 1. Profit attributable to owners of parent per share (diluted) is not noted, as there are no residual shares outstanding.

2. The basis for calculating profit attributable to owners of parent per share (basic) and profit attributable to owners of parent per share (diluted) is outlined below.

	From January 1, 2018 to December 31, 2018	From January 1, 2019 to December 31, 2019
Profit attributable to owners of parent per share (basic)		
Profit attributable to owners of parent (millions of yen)	4,910	2,944
Amount not attributed to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent related to common shares (millions of yen)	4,910	2,944
Average number of common shares during the period (shares)	20,937,250	20,972,794

(Significant subsequent events)

Not applicable.

6. Others

(1) Orders and Sales by Product Category

i. Orders

(Unit: millions of yen)

Products	Year ended December 31, 2018					Year ended December 31, 2019				
	1Q	2Q	3Q	4Q	Fiscal year total	1Q	2Q	3Q	4Q	Fiscal year total
Special graphite products	4,636	4,261	3,777	3,825	16,502	3,671	3,505	3,200	3,305	13,683
Carbon products for general industries*2 (for mechanical applications)	911	848	970	968	3,698	976	1,023	928	928	3,857
Carbon products for general industries (for electrical applications)	1,276	1,308	1,141	1,059	4,785	1,126	1,130	1,053	1,186	4,496
Compound materials and other products	3,382	2,959	2,755	2,543	11,641	2,487	1,994	1,680	1,919	8,082
Total	10,208	9,377	8,645	8,396	36,627	8,262	7,654	6,863	7,339	30,120

*1 These orders were denominated in foreign currency prior to the previous quarter; discrepancies resulting from fluctuations in foreign exchange rates during the quarter under review are included in the figure for orders placed in this quarter.

*2 Data for general carbon products (carbon for mechanical applications) includes orders that have not been officially confirmed.

ii. Outstanding orders

(Unit: millions of yen)

Products	Year ended December 31, 2018				Year ended December 31, 2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Special graphite products	3,159	3,299	2,984	3,381	3,177	2,859	2,510	2,279
Carbon products for general industries*2 (for mechanical applications)	648	622	729	733	770	823	829	781
Carbon products for general industries (for electrical applications)	981	977	894	849	848	827	741	780
Compound materials and other products	3,664	4,057	4,229	4,234	4,029	3,540	2,829	2,442
Total	8,453	8,957	8,836	9,198	8,826	8,050	6,910	6,283

*1 These orders were denominated in foreign currency prior to the previous quarter; discrepancies resulting from fluctuations in foreign exchange rates during the quarter under review are included in the figure for orders placed in this quarter.

*2 Data for general carbon products (carbon for mechanical applications) includes orders that have not been officially confirmed.

iii. Sales performance by product category

(Unit: millions of yen)

Products	Year ended December 31, 2018					Year ended December 31, 2019				
	1Q	2Q	3Q	4Q	Fiscal year total	1Q	2Q	3Q	4Q	Fiscal year total
Special graphite products	7,248	4,521	4,464	4,019	20,254	4,227	4,300	3,993	3,895	16,417
[Electronics applications]	1,392	1,775	1,587	1,445	6,200	1,440	1,540	1,502	1,474	5,958
[General industries applications]	2,232	2,306	2,394	2,160	9,093	2,308	2,275	2,090	2,052	8,726
[Others]	3,624	439	483	413	4,959	478	484	400	368	1,732
Carbon products for general industries (for mechanical applications)	873	894	883	1,005	3,656	960	998	952	1,009	3,921
Carbon products for general industries (for electrical applications)	1,292	1,293	1,214	1,189	4,991	1,128	1,141	1,121	1,136	4,527
Compound materials and other products	2,384	2,518	2,592	2,579	10,075	2,756	2,429	2,384	2,312	9,883
[3 major products]	2,083	2,256	2,206	2,220	8,767	2,347	2,041	1,973	2,007	8,370
[Other products]	300	262	385	359	1,307	408	387	411	305	1,513
Related goods	536	493	551	574	2,155	614	584	273	179	1,652
Total	12,335	9,720	9,707	9,368	41,132	9,686	9,455	8,726	8,533	36,402

(2) Overview

Special graphite products

In electronics applications, products for single-crystal silicon manufacturing were supported by steady demand and performed well, but demand for solar cell applications remained weak, leading to year-on-year declines in sales.

In general industries applications, demand for products for continuous casting, EDM electrodes and industrial furnaces was solid, but sales recorded a year-on-year decline, mostly as a result of significant declines in demand for products used in optical fiber applications in China.

In Others, the disappearance this fiscal year of 3,204 million yen in sales of products used in Chinese high-temperature reactor-pebble-bed modules (HTR-PM) recorded in the previous fiscal year led to sales falling year on year.

Therefore sales of special graphite products as a whole fell below the level recorded in the previous fiscal year.

Carbon products for general industries

Sales of carbon products for mechanical applications surpassed the previous fiscal year with strong ongoing demand for mainstay products such as bearings, seal materials and pantograph sliders.

Carbon products for electrical applications failed to match their sales performance in the previous fiscal year due to weak demand for products used in electrical power tools and home appliances.

Therefore, overall sales of carbon products for general industries undershot the level recorded in the previous fiscal year.

Compound materials and other products

Sales of SiC (silicon carbide)-coated graphite products performed well due to strong demand for semiconductor applications, but the sense of a slowdown in LED applications began in the second half and led to sales remaining at the level of the previous fiscal year. In C/C composite products, sales of semiconductor and industrial furnace applications remained solid, but due to falling sales of solar cell applications, a year-on-year decline was recorded. In graphite sheet products, generally sluggish demand for automotive, electronics, and metallurgical applications resulted in a year-on-year declines in sales.

Therefore, overall sales of compound materials and other products undershot the level recorded in the previous fiscal year.