

May 7, 2013

Consolidated Financial Results for the Fiscal Year Ended March 2013 [Japan GAAP]

Name of Company: Futaba Industrial Co. Ltd.
 Stock Code: 7241
 Stock Exchange Listing: Tokyo Stock Exchange, First Section,
 Nagoya Stock Exchange, First section
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 Scheduled date of ordinary general shareholders meeting: June 21, 2013
 Scheduled date of filing securities report: June 24, 2013
 Scheduled date of commencement of dividend payment: -
 Supplementary materials for financial results: Yes
 Information meeting for financial results: Yes (Only for securities analysts/institutional investors)

(Yen in millions, rounded down)

1. Financial results for the fiscal year ended March 2013 (April 1, 2012 - March 31, 2013)

(1) Results of operations (Consolidated) (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2013	365,246	(1.8)	(360)	—	(1,136)	—	(4,040)	—
FY2012	372,083	(0.4)	2,630	(77.9)	335	(96.0)	(4,521)	—

Note: Comprehensive income: FY2013: 3,711 million yen(-%), FY2012: -2,315 million yen (-%)

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2013	(57.76)	—	(11.0)	(0.5)	(0.1)
FY2012	(64.63)	—	(12.2)	0.2	0.7

Reference: Equity in earnings of affiliates: FY2013: -140 million yen, FY2012: 84 million yen

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2013	226,567	50,944	16.6	538.68
As of March 31, 2012	221,798	48,397	16.2	514.59

Reference: Shareholders' equity: As of March 31, 2013: 37,682 million yen, As of March 31, 2012: 35,998 million yen

(3) Cash flows (Consolidated)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2013	14,861	(18,987)	3,682	17,932
FY2012	17,932	(14,787)	(3,460)	16,500

2. Dividends

	Annual dividend					Dividends total (Million yen)	Payout ratio (Consolidated) (%)	Dividends per net assets (Consolidated) (%)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
FY2012	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	—	—	—
FY2013	—	0.00	—	0.00	0.00	—	—	—
FY2014 (est.)	—	0.00	—	—	—		—	

Note: The dividend for the fiscal year ending in March 2014 is undecided.

3. Forecast for the fiscal year ending March 2014 (Consolidated, April 1, 2013 – March 31, 2014)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	190,000	0.2	1,000	99.9	400	—	(300)	—	(4.29)
Full year	377,000	3.2	2,600	—	1,400	—	100	—	1.43

* Notes

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
Newly consolidated companies: - Exclude: -

(2) Changes in accounting principles and estimates, and retrospective restatement
(a) Changes due to revision of accounting standards: Yes
(b) Changes other than in (a): None
(c) Changes in accounting estimates: Yes
(d) Retrospective restatement: None

Note: Please see “3. Consolidated Financial Statement, (5) Note to the consolidated financial statements (Changes in accounting policies for items that are difficult to categorize as changes in accounting estimates)” on page 14 for more details.

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)			
As of March 31, 2013:	70,049,627	As of March 31, 2012:	70,049,627
(b) Treasury stock			
As of March 31, 2013:	95,211	As of March 31, 2012:	94,219
(c) Average number of shares			
Year ended March 31, 2013:	69,954,945	Year ended March 31, 2012:	69,955,983

[Reference] Overview of non-consolidated operating results

Non-consolidated financial results for the fiscal year ended March 2013 (April 1, 2012 - March 31, 2013)

(1) Results of operations (Non-consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2013	245,208	(2.6)	1,506	—	3,176	—	(1,797)	—
FY2012	251,811	3.0	(1,253)	—	(1,665)	—	(3,259)	—

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
FY2013	(25.69)	—
FY2012	(46.60)	—

(2) Financial position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2013	143,976	28,883	20.1	412.89
As of March 31, 2012	153,039	28,500	18.6	407.41

Reference: Shareholders' equity: As of March 31, 2013: 28,883 million yen, As of March 31, 2012: 28,500 million yen

* Status of implementation of auditing procedure

The financial statements for the period were under review at the time this Summary of Financial Results was released.

* Cautionary statement regarding forecasts of operating results and special notes

The forward-looking statements contained in this report are based on information currently available to management. As such, these estimates are subject to uncertainties. In addition, actual results may differ materially from those discussed in the forward-looking statement due to in changes in the economy, markets, stock prices and exchange rates.

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1. Results of Operations

(1) Analysis of results of operations

(Fiscal year performance)

In the fiscal year that ended in March 2013, the U.S. economy recovered at a moderate pace but the outlook for the European economy became even more uncertain mainly because of renewed public-sector financial problems. Furthermore, economic growth slowed somewhat in emerging countries like China and India that had been posting steady growth. As a result, the global economy was generally soft.

In Japan, there are expectations for an economic recovery due to the benefits of so-called "Abenomics." These initiatives include a weaker yen to improve the export environment, economic stimulus measures and monetary easing. However, the economic picture in Japan is still uncertain mainly because of concerns about slowing global economic growth.

In the automobile industry, which is the main source of sales for the Futaba Group, there are signs of a recovery in North America but conditions in Europe remain lackluster. In China, the automobile industry was somewhat sluggish in part because of tension between Japan and China. In Japan, automobile sales were strong. One reason was the contribution to sales from the eco-car subsidy. But automobile sales in Japan are currently somewhat weak, which is partly a reflection of the end of benefits of government programs.

In this difficult environment, the Futaba Group has been taking many actions aimed at increasing earnings and making other improvements. Initiatives include a review of our manufacturing operations, measures to boost manufacturing efficiency and cut costs, a re-examination of the supply chain, and reductions in logistics expenses.

Fiscal year sales were 365,246 million yen, down 1.8% from one year earlier. There was an operating loss of 360 million yen compared with operating income of 2,630 million yen one year earlier, an ordinary loss of 1,136 million yen compared with a 335 million yen profit one year earlier, and a net loss of 4,040 million yen compared with a 4,521 million yen loss one year earlier.

Geographic segment performance was as follows.

1) Japan

Sales decreased 2.9% to 247,099 million yen, down 7,312 million yen and there was an operating income of 1,038 million yen compared with a 1,658 million yen loss one year earlier.

2) North America

Sales increased 30.8% to 59,133 million yen, up 13,920 million yen and there was an operating loss of 2,240 million yen compared with a 1,414 million yen loss one year earlier.

3) Europe

Sales decreased 20.6% to 18,627 million yen, down 4,821 million yen and there was an operating loss of 749 million yen compared with operating income of 29 million yen one year earlier.

4) Asia

Sales decreased 11.8% to 53,814 million yen, down 7,174 million yen and operating income was down 74.4% to 1,435 million yen.

(Forecast for Fiscal Year Ending March 2014)

The operating environment for the Futaba Group is still uncertain. However, the group plans to increase sales and return to profitability by reexamining manufacturing operations, making manufacturing activities more efficient, cutting the cost of sales, reexamining the supply chain, lowering logistics expenses, and taking other actions. As a result, in the fiscal year ending in March 2014, the group expects a 3.2% increase in sales to 377,000 million yen, an operating income of 2,600 million yen compared with a 300 million yen loss, ordinary income of 1,400 million yen compared with a 1,100 million yen loss, and net income of 100 million yen compared with a 4,000 million yen loss.

(2) Analysis of financial condition

Total assets were 226,567 million yen at the end of the fiscal year, up 4,769 million yen from the end of the previous fiscal year. There was a decrease in notes and accounts receivable-trade but increases investment securities certain other items. Total Liabilities increased 2,222 million yen to 175,623 million yen, which included a decrease in notes and accounts payable-trade and an increase in debt. Net assets increased 2,547 million yen to 50,944 million yen despite the net loss mainly because of an increase in valuation differences on available-for-sale securities.

There was a net increase of 1,431 million yen in cash and cash equivalents to 17,932 million yen due to the following cash flows.

(Operating activities)

Net cash provided by operating activities decreased 3,071 million yen, or 17.1% to 14,861 million yen. This was attributable mainly to a higher loss before income taxes and minority interests, lower depreciation and amortization, and a decrease in notes and accounts payable-trade.

(Investing activities)

Net cash used in investing activities increased 4,200 million yen, or 28.4%, to 18,987 million yen. The main reason was an increase in purchases of property, plant and equipment mainly for the purchase of large stamping machines to increase output capacity and the construction of a factory at PT. Futaba Industrial Indonesia.

(Financing activities)

Net cash provided by financing activities was 3,682 million yen compared with a negative 3,460 million yen one year earlier. The difference was the result of an increase in loans.

(3) Fundamental policy for allocation of earnings and dividends for the current fiscal year and next fiscal year

Increasing earnings for shareholders is one of the highest priorities of Futaba Industrial. For the distribution of earnings, with the maintenance of a stable dividend our central policy, we are dedicated to meeting the expectations of shareholders by making distributions that take into account results of operations, the dividend payout ratio and other applicable factors. For retained earnings, we use funds to make investments for strengthening and upgrading our operations in order to support growth in the future, thereby generating profits for shareholders for many years.

There is no year-end dividend for the fiscal year that ended in March 2013 because of the decrease in retained earnings during the fiscal year.

For the fiscal year ending in March 2014, we aim to restore the dividend but expect the business climate to remain challenging and uncertain. As a result, we plan to pay no interim dividend and have not made a decision regarding the year-end dividend.

2. Management Policies

(1) Fundamental policy

The Futaba Group is dedicated to the spirit of monozukuri based on the motto “quality products at lower cost.” We are determined to meet the expectations and earn the trust of shareholders, customers, employees, suppliers and all other stakeholders by increasing corporate value. To do this, we will build a foundation capable of sustaining stable, long-term growth. We will also launch new businesses and utilize our resources in the best and most efficient manner while reflecting changes in society and our operating environment.

We have a firm commitment to the following management principles

We will continue with unceasing efforts to achieve the following.

1. Be a company that is trusted by and essential to our customers.
2. Be a company that can be proud and worth living for associates we work with.
3. Be a company that is broadly supported and loved by the local society.

(2) Targeted performance indicators

To aim for growth in corporate value, Futaba places priority on the following performance indicators: sales, operating margin, ordinary income ratio and return on equity. While aiming to improve these indicators, we will work on strengthening our financial soundness, reducing debt and increasing the equity ratio.

(3) Medium and long-term strategies and important issues

In the automobile industry, production is becoming increasingly global and automakers need to step up measures to deal with the high cost of crude oil, environmental problems and other issues. In addition, competition to capture market share and develop technologies is becoming more heated. Automakers that use Futaba products are upgrading their technology development skills and forming new alliances and other forms of cooperation to compete and win. Furthermore, these automakers are seeking to cut costs wherever possible by using initiatives that include suppliers. In the automotive parts industry, companies are building global supply networks to meet the demands of automakers. Parts companies must also develop technologies for environmental protection and other requirements, become more cost competitive and boost quality. As a result, the business climate will probably remain very challenging.

To succeed in this difficult environment, the Futaba Group has established the following five medium and long-term goals.

The five core goals:

1. Enhance company competitiveness
2. Reconstruct great GENBA
3. Strengthen global capability
4. Seek areas for new growth
5. Individual growth and teamwork

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2012	As of March 31, 2013
ASSETS		
Current assets		
Cash and deposits	16,613	17,888
Notes and accounts receivable-trade	49,860	46,318
Merchandise and furnished goods	3,923	4,014
Work in process	7,651	10,478
Raw materials and supplies	3,787	3,916
Deferred tax assets	6	4
Others	10,145	7,629
Allowance for doubtful accounts	(87)	(24)
Total current assets	91,900	90,225
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	56,632	59,919
Accumulated depreciation	(28,529)	(30,522)
Buildings and structures, net	28,103	29,397
Machinery, equipment and vehicles	174,679	183,239
Accumulated depreciation	(128,443)	(138,455)
Machinery, equipment and vehicles, net	46,235	44,784
Tools, furniture and fixtures	94,108	76,095
Accumulated depreciation	(90,290)	(72,259)
Tools, furniture and fixtures, net	3,818	3,836
Land	15,040	14,434
Lease assets	10,468	15,884
Accumulated depreciation	(6,262)	(11,239)
Lease assets, net	4,206	4,644
Construction in progress	8,289	10,233
Total property, plant and equipment	105,692	107,331
Intangible assets		
Software	1,011	1,048
Others	84	70
Total intangible assets	1,096	1,119
Investments and other assets		
Investment securities	18,207	22,156
Long-term loans receivable	2,028	2,005
Deferred tax assets	663	555
Others	4,914	5,618
Allowance for doubtful accounts	(2,706)	(2,444)
Total investments and other assets	23,108	27,891
Total noncurrent assets	129,897	136,342
Total assets	221,798	226,567

(Million yen)

	As of March 31, 2012	As of March 31, 2013
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	55,247	45,802
Short-term loans payable	36,969	41,825
Current portion of long-term loans payable	25,940	8,315
Lease obligations	4,022	4,047
Income taxes payable	1,013	267
Accrued consumption taxes	639	722
Provision for loss on products recall	130	27
Accrued expenses	7,316	7,908
Others	4,610	6,160
Total current liabilities	135,890	115,077
Noncurrent liabilities		
Long-term loans payable	18,912	40,702
Lease obligations	1,226	1,272
Deferred tax liabilities	7,230	8,147
Provision for retirement benefits	8,997	9,507
Provision for directors' retirement benefits	82	88
Provision for product warranties	383	344
Asset retirement obligations	189	189
Others	489	292
Total noncurrent liabilities	37,511	60,545
Total liabilities	173,401	175,623
NET ASSETS		
Shareholders' equity		
Capital stock	11,820	11,820
Capital surplus	12,382	10,413
Retained earnings	10,181	8,110
Treasury stock	(147)	(147)
Total shareholders' equity	34,237	30,196
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	6,410	8,588
Foreign currency translation adjustment	(4,650)	(1,102)
Total accumulated other comprehensive income	1,760	7,486
Minority interests	12,399	13,261
Total net assets	48,397	50,944
Total liabilities and net assets	221,798	226,567

(2) Consolidated statements of (comprehensive) income

Consolidated statements of income

(Million yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 –Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 –Mar. 31, 2013)
Net sales	372,083	365,246
Cost of sales	352,156	348,918
Gross profit	19,926	16,328
Selling, general and administrative expenses		
Freightage and packing expenses	6,370	6,098
Salaries, allowances and bonuses	4,532	4,743
Retirement benefit expenses	225	166
Provision for directors' retirement benefits	29	24
Legal and employee benefits expenses	625	654
Taxes and dues	636	490
Depreciation	611	717
Provision for product warranties	383	(39)
Others	3,881	3,833
Total selling, general and administrative expenses	17,295	16,688
Operating income (loss)	2,630	(360)
Non-operating income		
Interest income	241	337
Dividends income	259	287
Gain on sales of scraps	275	252
Equity in earnings of affiliates	84	—
Foreign exchange gains	—	246
Gain on valuation of compound financial instruments	9	241
Gain on valuation of derivatives	29	32
Miscellaneous income	848	655
Total non-operating income	1,746	2,054
Non-operating expenses		
Interest expenses	1,570	1,317
Loss on abandonment of noncurrent assets	597	895
Equity in losses of affiliates	—	140
Foreign exchange losses	1,005	—
Miscellaneous loss	867	476
Total non-operating expenses	4,041	2,830
Ordinary income (loss)	335	(1,136)

(Million yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 –Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 –Mar. 31, 2013)
Extraordinary loss		
Loss on valuation of investment securities	509	136
Impairment loss	599	1,965
Provision for loss on recall	236	—
Total extraordinary loss	1,344	2,101
Income (loss) before income taxes	(1,008)	(3,238)
Income taxes-current	1,252	304
Penalty of income taxes	403	—
Income taxes-deferred	356	9
Total income taxes	2,011	313
Income (loss) before minority interests	(3,020)	(3,551)
Minority interests in income	1,500	489
Net income (loss)	(4,521)	(4,040)

Consolidated statements of comprehensive income

(Million yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 –Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 –Mar. 31, 2013)
Income (loss) before minority interests	(3,020)	(3,551)
Other comprehensive income		
Valuation difference on available-for-sale securities	971	2,180
Foreign currency translation adjustment	(349)	5,009
Share of other comprehensive income of associates accounted for using equity method	82	72
Total other comprehensive income	705	7,263
Comprehensive income	(2,315)	3,711
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(3,625)	1,684
Comprehensive income attributable to minority interests	1,310	2,026

(3) Statements of changes in net assets

(Million yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 –Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 –Mar. 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	11,820	11,820
Balance at the end of current period	11,820	11,820
Capital surplus		
Balance at the beginning of current period	12,382	12,382
Changes of items during the period		
Disposal of treasury stock	—	(0)
Deficit disposition	—	(1,969)
Total changes of items during the period	—	(1,969)
Balance at the end of current period	12,382	10,413
Retained earnings		
Balance at the beginning of current period	13,095	10,181
Changes of items during the period		
Dividends from surplus	(209)	—
Net income (loss)	(4,521)	(4,040)
Deficit disposition	—	1,969
Transfer from application of equity method	1,817	—
Total changes of items during the period	(2,913)	(2,071)
Balance at the end of current period	10,181	8,110
Treasury stock		
Balance at the beginning of current period	(146)	(147)
Changes of items during the period		
Disposal of treasury stock	—	0
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	(147)	(147)
Total shareholders' equity		
Balance at the beginning of current period	37,152	34,237
Changes of items during the period		
Dividends from surplus	(209)	—
Net income (loss)	(4,521)	(4,040)
Disposal of treasury stock	—	0
Purchase of treasury stock	(0)	(0)
Deficit disposition	—	—
Transfer from application of equity method	1,817	—
Total changes of items during the period	(2,914)	(4,041)
Balance at the end of current period	34,237	30,196

(Million yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 –Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 –Mar. 31, 2013)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	5,442	6,410
Changes of items during the period		
Net changes of items other than shareholders' equity	968	2,177
Total changes of items during the period	968	2,177
Total changes of items during the period	6,410	8,588
Foreign currency translation adjustment		
Balance at the beginning of current period	(4,516)	(4,650)
Total changes of items during the period		
Transfer from application of equity method	(60)	—
Net changes of items other than shareholders' equity	(73)	3,547
Total changes of items during the period	(133)	3,547
Balance at end of current period	(4,650)	(1,102)
Total valuation and translation adjustments		
Balance at the beginning of current period	925	1,760
Total changes of items during the period		
Transfer from application of equity method	(60)	—
Net changes of items other than shareholders' equity	895	5,725
Total changes of items during the period	835	5,725
Balance at end of current period	1,760	7,486
Minority interests		
Balance at the beginning of current period	13,465	12,399
Total changes of items during the period		
Transfer from application of equity method	(1,908)	—
Net changes of items other than shareholders' equity	842	862
Total changes of items during the period	(1,066)	862
Balance at end of current period	12,399	13,261
Total net assets		
Balance at the beginning of current period	51,542	48,397
Total changes of items during the period		
Dividends from surplus	(209)	—
Net income (loss)	(4,521)	(4,040)
Disposal of treasury stock	—	0
Purchase of treasury stock	(0)	(0)
Transfer from application of equity method	(151)	—
Net changes of items other than shareholders' equity	1,738	6,588
Total changes of items during the period	(3,145)	2,547
Balance at end of current period	48,397	50,944

(4) Consolidated statements of cash flows

(Million yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 –Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 –Mar. 31, 2013)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(1,008)	(3,238)
Depreciation and amortization	21,891	20,093
Impairment loss	599	1,965
Increase (decrease) in allowance for doubtful accounts	(15)	(325)
Increase (decrease) in provision for directors' bonuses	(30)	—
Increase (decrease) in provision for loss on recall	(30)	(102)
Increase (decrease) in provision for retirement benefits	442	438
Increase (decrease) in provision for retirement benefits and directors' retirement benefits	3	6
Increase (decrease) in provision for product warranties	383	(39)
Interest and dividends income	(500)	(625)
Interest expenses	1,570	1,317
Equity in (earnings) losses of affiliates	(84)	140
Loss (gain) on sales of property, plant and equipment	(65)	17
Loss on retirement of property, plant and equipment	597	895
Loss (gain) on valuation of investment securities	500	(101)
Decrease (increase) in notes and accounts receivable-trade	(13,658)	6,994
Decrease (increase) in inventories	(39)	(2,164)
Increase (decrease) in notes and accounts payable-trade	13,107	(11,725)
Increase (decrease) in accrued consumption taxes	281	77
Other	(3,938)	3,137
Subtotal	20,003	16,761
Interest and dividends income received	574	688
Interest expenses paid	(1,573)	(1,320)
Income taxes (paid) refund	(1,072)	(1,267)
Net cash provided by (used in) operating activities	17,932	14,861
Net cash provided by (used in) investing activities		
Payments into time deposits	—	(170)
Proceeds from withdrawal of time deposits	73	156
Purchase of property, plant and equipment	(13,563)	(18,159)
Proceeds from sales of property, plant and equipment	22	97
Proceeds from sales and redemption of investment securities	22	500
Payments of loans receivable	(57)	(63)
Collection of loans receivable	118	87
Other	(1,402)	(1,434)
Net cash provided by (used in) investing activities	(14,787)	(18,987)

(Million yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 –Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 –Mar. 31, 2013)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,765)	2,626
Proceeds from long-term loans payable	17,802	28,479
Repayment of long-term loans payable	(19,481)	(26,342)
Proceeds from sale and leaseback	4,902	5,969
Repayments of lease obligations	(4,052)	(5,566)
Purchase of treasury stock	(0)	(0)
Proceeds from sales of treasury stock	—	0
Cash dividends paid	(207)	(0)
Cash dividends paid to minority shareholders	(888)	(1,482)
Proceeds from stock issuance to minority shareholders	228	—
Net cash provided by (used in) financing activities	(3,460)	3,682
Effect of exchange rate change on cash and cash equivalents	298	1,874
Net increase (decrease) in cash and cash equivalents	(16)	1,431
Cash and cash equivalents at beginning of period	16,517	16,500
Cash and cash equivalents at end of period	16,500	17,932

(5) Note to the consolidated financial statements

(Notes to ongoing concern assumptions)

None

(Significant accounting policies for preparation of the consolidated financial statements)

1. Scope of consolidation

Consolidated subsidiaries: 23

Japan

Futaba Kyushu Co., Ltd., Futaba Hiraizumi Co., Ltd., Apics Corp., Futaba General Co., Ltd

Overseas

Futaba North America Engineering & Marketing Co., FIC America Corp., Futaba Indiana of America Corp., Futaba Industrial Texas Corp., FIO Automotive Canada Corp., Futaba-Tenneco U.K. Ltd., Futaba Industrial U.K. Ltd., Futaba Czech S.R.O., Futaba Changzhou Engineering & Marketing, Futaba Technology Ltd., Shenzhen Futaba Metal Products Co., Ltd., Tianjin Shuang Shye Mechanical Industrial Co., Ltd., Tianjin Futaba Shye Chan Mechanical Co., Ltd., Guangzhou Futaba Auto Parts Co., Ltd., Dongguan Futaba Metal Products Co., Ltd., Changsha Futaba Auto Parts Co., Ltd., Chongqing Futaba Auto Parts Co., Ltd., FMI Automotive Components, PT. Futaba Industrial Indonesia

Futaba General Co., Ltd and Chongqing Futaba Auto Parts Co., Ltd. are newly established subsidiaries that are included in the consolidated financial statements for the first time in the fiscal year that ended in March 2013.

2. Equity-method affiliates

(1) Equity-method affiliates: 2

Sankei Industrial Co., Ltd., Shye Shyang Mechanical Industrial Co., Ltd.

(2) Non-equity-method affiliates

P.T.K.F.N, YMP PRESS & DIES CO., LTD.

Reason

These two companies are not accounted for using the equity method because each one does not have a material effect on net income or retained earnings. Furthermore, these companies are not significant in relation to the entire group.

(3) The fiscal year end of the equity-method affiliates is not the same as for the consolidated financial statements. As a result, the financial statements for the nearest fiscal year are used.

3. Matters concerning fiscal year end of subsidiaries

Certain consolidated subsidiaries, including Futaba Tenneco UK Ltd. and 11 other consolidated subsidiaries, have fiscal years ending on December 31.

Consolidated financial statements are prepared using the financial statements of those companies as of that fiscal year-end date. Adjustments are made to consolidated accounts to account for important transactions involving those companies that occur between the end of those companies' fiscal year-end date and the end of the consolidated fiscal year.

Items other than the above information are omitted because there are no significant changes in relation to the information in the latest Securities Report (dated June 25, 2012).

(Changes in accounting policies for items that are difficult to categorize as changes in accounting estimates)

In accordance with the revisions to the Corporation Tax Act of Japan, starting with the fiscal year that ended in March 2013, Futaba and its consolidated subsidiaries are using the depreciation method in the revised Corporation Tax Act for property and equipment (except dies) that was acquired on or after April 1, 2012. Compared with the previous method, this change resulted in a decrease of 206 million yen in the operating loss, ordinary loss and loss before income taxes in the fiscal year that ended in March 2013.

(Segment information)

1. Overview of reportable segment information

The reportable segments are the constituent units of Futaba for which separate financial information can be obtained and for which the Board of Directors performs periodic examinations to determine the allocation of resources and to assess results of operations.

Futaba is engaged primarily in the manufacture and sale of parts for automobiles and other motor vehicles. Futaba and subsidiaries perform operations in Japan and subsidiaries in North America, Europe and Asia perform operations outside Japan. Each overseas subsidiary is managed separately and conducts operations for products based on a comprehensive strategy for its respective region.

Consequently, Futaba consists of geographic segments that include manufacturing and sales operations. There are four reportable segments: Japan, North America, Europe and Asia. Each reportable segment is engaged in the manufacture and sale of parts for automobiles and other motor vehicles.

2. Method for determining sales, earnings or losses, assets and other items for reportable segments

The accounting method for reportable segments is generally the same as the method listed in “Significant accounting policies for preparation of the consolidated financial statements.” Intersegment revenue and transfers are based on prevailing market prices.

As stated in the section titled “Changes in accounting policies for items that are difficult to categorize as changes in accounting estimates,” in accordance with the revisions to the Corporation Tax Act of Japan, starting with the fiscal year that ended in March 2013, Futaba and its consolidated subsidiaries are using the depreciation method in the revised Corporation Tax Act for property and equipment (except dies) that was acquired on or after April 1, 2012. Compared with the previous method, this change resulted in an increase of 206 million yen in segment earnings for Japan in the fiscal year that ended in March 2013.

3. Reportable segment sales, earnings or loss, assets and other information

Fiscal year ended March 31, 2012

(Million yen)

	Reportable segments					Adjustments (Notes)	Total
	Japan	North America	Europe	Asia	Total		
Net sales							
of which to outside customers	242,702	45,213	23,447	60,719	372,083	—	372,083
of which inter-segment and transfers	11,708	0	0	268	11,977	(11,977)	—
Total	254,411	45,213	23,448	60,988	384,060	(11,977)	372,083
Segment income (loss)	(1,658)	(1,414)	29	5,600	2,557	73	2,630
Segment asset	136,483	39,778	18,425	43,555	238,243	(16,444)	221,798
Others							
Depreciation	14,296	1,973	1,703	3,929	21,903	(12)	21,891
Amortization of goodwill	—	—	—	14	14	—	14

Notes

1. Adjustments are as follows.

(1) The segment earnings adjustment of 73 million yen is for the elimination of intersegment transactions.

(2) The segment assets adjustment of negative 16,444 million yen includes a 19,868 million yen addition for corporate assets and a 36,313 million yen deduction for netting out amounts receivable and payable. Corporate assets are primarily funds (cash, deposits and investment securities) at the parent company.

2. Segment operating income (loss) is adjusted to match the operating income (loss) in the statements of income.

Fiscal year ended March 31, 2013

(Million yen)

	Reportable segments					Adjustments (Notes)	Total
	Japan	North America	Europe	Asia	Total		
Net sales							
of which to outside customers	233,954	59,133	18,627	53,530	365,246	—	365,246
of which inter-segment and transfers	13,144	0	0	283	13,428	(13,428)	—
Total	247,099	59,133	18,627	53,814	378,675	(13,428)	365,246
Segment income (loss)	1,038	(2,240)	(749)	1,435	(516)	156	(360)
Segment asset	127,012	45,653	18,967	49,149	240,783	(14,215)	226,567
Others							
Depreciation	12,963	1,966	1,552	3,776	20,259	(166)	20,093
Amortization of goodwill	—	—	—	14	14	—	14

Notes

1. Adjustments are as follows.

(1) The segment earnings adjustment of 156 million yen is for the elimination of intersegment transactions.

(2) The segment assets adjustment of negative 14,215 million yen includes a 18,864 million yen addition for corporate assets and a 33,080 million yen deduction for netting out amounts receivable and payable. Corporate assets are primarily funds (cash, deposits and investment securities) at the parent company.

2. Segment operating income (loss) is adjusted to match the operating income (loss) in the statements of income

(Per-share information)

(Yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Net assets per share	514.59	538.68
Net income (loss) per share	(64.63)	(57.76)

Notes:

1. Diluted net income per share is not shown because there was a net loss per share or there were no common stock equivalents.
2. The basis for computing the net loss per share is as follows.

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Net income (loss) (million yen)	(4,521)	(4,040)
Net income (loss) not available to common shareholders (million yen)	—	—
Net income (loss) available to common shareholders (million yen)	(4,521)	(4,040)
Weighted average number of shares outstanding (1,000 shares)	69,955	69,954

3. The basis for calculating net assets per share is as follows.

	As of March 31, 2012	As of March 31, 2013
Net assets (million yen)	48,397	50,944
Deduction from net assets (million yen)	12,399	13,261
(amount for minority interests) (million yen)	(12,399)	(13,261)
Net assets for common stock at end of period (million yen)	35,998	37,682
Common stock at end of period for calculating net assets per share (1,000 shares)	69,955	69,954

(Subsequent events)

None

Supplementary data for the fiscal year ended March 2013

Consolidated

1. Performance in the fiscal year outlook

(Million yen, rounded down)

	FY3/13		FY3/12		Change		Forecast FY3/14		Change vs. FY3/13	
	% to sales		% to sales		Amount	%	% to sales		Amount	%
Net sales	100.0	365,246	100.0	372,083	(6,836)	(1.8)	100.0	377,000	11,753	3.2
Operating income (loss)	(0.1)	(360)	0.7	2,630	(2,991)	-	0.7	2,600	2,960	-
Ordinary income (loss)	(0.3)	(1,136)	0.1	335	(1,472)	-	0.4	1,400	2,536	-
Net income (loss)	(1.1)	(4,040)	(1.2)	(4,521)	480	-	0.0	100	4,140	-
Net income (loss) per share (yen)		(57.76)		(64.63)				1.43		
Capital expenditures		16,667		13,380	3,286	24.6		21,000	4,332	26.0
Depreciation		20,093		21,891	(1,797)	(8.2)		21,000	906	4.5

2. Reasons for increase/decrease in operating income

(Year-on-year comparison)

(100 million yen)

Positive factors	Amount	Negative factors	Amount
Decrease in depreciation	17	Increase in labor cost	(32)
Change in product mix etc.	16	Decrease in sales	(13)
		Decrease in gain on sales of scraps	(13)
		Increase of expenses, and other factors	(4)
Total	33	Total	(62)
Net increase (decrease) in ordinary income		-29 (from 26 to -3)	

3. Performance by geographical segment

(Million yen, rounded down)

		FY3/13		FY3/12		Change	
		Amount	Composition %	Amount	Composition %	Amount	%
Net sales	Japan	247,099	67.7	254,411	68.4	(7,311)	(2.9)
	North America	59,133	16.2	45,213	12.2	13,920	30.8
	Europe	18,627	5.1	23,448	6.3	(4,820)	(20.6)
	Asia	53,814	14.7	60,988	16.3	(7,173)	(11.8)
	Eliminations	(13,428)	(3.7)	(11,977)	(3.2)	(1,450)	-
Total		365,246	100.0	372,083	100.0	(6,836)	(1.8)
Operating income (loss)	Japan	1,038	-	(1,658)	(63.1)	2,697	-
	North America	(2,240)	-	(1,414)	(53.7)	(826)	-
	Europe	(749)	-	29	1.1	(779)	-
	Asia	1,435	-	5,600	212.9	(4,164)	(74.4%)
	Eliminations	156	-	73	2.8	82	112.2%
Total		(360)	-	2,630	100.0	(2,991)	-

Non-consolidated

1. Performance in the fiscal year

(Million yen, rounded down)

	FY3/13		FY3/12		Change	
	% to sales		% to sales		Amount	%
Net sales	100.0	245,208	100.0	251,811	(6,603)	(2.6)
Operating income (loss)	0.6	1,506	(0.5)	(1,253)	2,760	-
Ordinary income (loss)	1.3	3,176	(0.7)	(1,665)	4,841	-
Net income (loss)	(0.7)	(1,797)	(1.3)	(3,259)	1,462	-
Capital expenditures		10,315		9,114	1,201	13.2
Depreciation		11,547		12,780	(1,233)	(9.7)

2. Breakdown of income (loss)

(100 million yen)

Operating income	15
Non-operating income (loss)	17
Extraordinary loss	(49)
Loss on valuation of stocks of subsidiaries and affiliates	(43)
Provision for loss on guarantees	(5)
Loss on valuation of investment securities	(1)
Income taxes	0
Net income	(17)