

Consolidated Financial Results for the Fiscal Year Ended March 2014 [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 20, 2014
 Scheduled date of filing securities report: June 23, 2014
 Scheduled date of commencement of dividend payment: June 23, 2014
 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 2014 (April 1, 2013 - March 31, 2014)

(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	%
FY2014	399,378	9.3	2,784	-	2,365	-	3,252	-
FY2013	365,246	(1.8)	(360)	-	(1,136)	-	(4,040)	-

Note: Comprehensive income: FY2014: 9,803 million yen(164.1%), FY2013: 3,711 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	%	%	%
FY2014	46.50	-	8.1	1.0	0.7
FY2013	(57.76)	-	(11.0)	(0.5)	(0.1)

Reference: Equity in earnings of affiliates: FY2014: 139 million yen, FY2013: -140 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, 2014	238,315	58,934	18.0	614.81
As of March 31, 2013	226,567	50,944	16.6	538.68

Reference: Shareholders' equity: As of March 31, 2014: 43,007 million yen, As of March 31, 2013: 37,682 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
FY2014	23,266	(13,235)	(10,702)	20,237
FY2013	14,861	(18,987)	3,682	17,932

2. Dividends

	Annual dividend					Dividends total	Payout ratio (Consolidated)	Dividends per net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2013	-	0.00	-	0.00	0.00	-	-	-
FY2014	-	0.00	-	3.00	3.00	-	6.5	0.5
FY2015 (est.)	-	0.00	-	-	-		-	

Note: The dividend for the fiscal year ending in March 2015 is undecided.

3. Forecast for the fiscal year ending March 2015 (Consolidated, April 1, 2014 – March 31, 2015)

(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	187,000	(3.5)	400	(15.0)	(400)	-	(1,400)	-	(20.01)
Full year	384,700	(3.7)	3,800	36.4	2,400	1.4	100	(96.9)	1.43

* Notes

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (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: None
 - (d) Retrospective restatement: None

Note: Please see “3. Consolidated Financial Statement, (5) Note to the consolidated financial statements (Changes in accounting policies)” on page 14 for more details.

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)			
As of March 31, 2014:	70,049,627	As of March 31, 2013:	70,049,627
(b) Treasury stock			
As of March 31, 2014:	96,459	As of March 31, 2013:	95,211
(c) Average number of shares			
Year ended March 31, 2014:	69,953,807	Year ended March 31, 2013:	69,954,945

[Reference] Overview of non-consolidated operating results

1. Non-consolidated financial results for the fiscal year ended March 2014 (April 1, 2013 - March 31, 2014)

(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	%
FY2014	243,899	(0.5)	2,565	70.3	5,842	83.9	7,347	-
FY2013	245,208	(2.6)	1,506	-	3,176	-	(1,797)	-

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
FY2014	105.03	-
FY2013	(25.69)	-

(2) Financial position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2014	140,714	32,542	23.1	465.21
As of March 31, 2013	143,976	28,883	20.1	412.89

Reference: Shareholders' equity: As of March 31, 2014: 32,542 million yen, As of March 31, 2013: 28,883 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 2014, the U.S. economy continued to recover at a moderate pace and there was a weak recovery in Europe. In Asia, the Chinese economy continued to expand slowly as the speed of economic growth declined. But economies were stagnant in emerging Asian countries such as Thailand, India and Indonesia. Overall, the global economy staged a slow recovery during the fiscal year, but there was weakness in some regions.

In Japan, the economy has been recovering slowly since the start of the current Abe administration as monetary easing increased consumer spending and fiscal measures underpinned domestic demand.

In the automobile industry, which is the main source of sales for the Futaba Group, demand increased outside Japan due to factors such as continuing strengthen in replacement demand in North America and the growth of annual sales in China to more than 20 million vehicles. However, demand is still sluggish in Europe and automobile sales are still flat in the emerging countries of Asia. In Japan, automobile sales were down in the fiscal year's first half because of the end of the eco-car subsidy. But sales were higher in the second half as the economy improved and people rushed to buy automobiles before the April 2014 consumption tax increase.

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 399,378 million yen, up 9.3% from one year earlier. There was an operating income of 2,784 million yen compared with operating loss of 360 million yen one year earlier, an ordinary income of 2,365 million yen compared with a 1,136 million yen loss one year earlier, and a net income of 3,252 million yen compared with a 4,040 million yen loss one year earlier.

Geographic segment performance was as follows.

1) Japan

Sales decreased 0.4% to 246,073 million yen, down 1,026 million yen and there was an operating income of 3,060 million yen, up 194.8% from one year earlier.

2) North America

Sales increased 25.7% to 74,318 million yen, up 15,185 million yen and there was an operating loss of 1,594 million yen compared with a 2,240 million yen loss one year earlier.

3) Europe

Sales increased 29.6% to 24,144 million yen, up 5,517 million yen and there was an operating loss of 566 million yen compared with operating loss of 749 million yen one year earlier.

4) Asia

Sales increased 33.2 % to 71,655 million yen, up 17,841 million yen and operating income was up 34.1% to 1,925 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 2015, the group estimates a 3.7% decrease in sales to 384,700 million yen, 36.4% increase in operating income to 3,800 million yen, 1.4% increase in ordinary income to 2,400 million yen and 96.9% decrease in net income of 100 million yen.

(2) Analysis of financial condition

Total assets increased 11,748 million yen to 238,315 million yen at the end of March 2014, including the effects of a decrease in investment securities and an increase in notes and accounts receivable-trade. Liabilities increased 3,758 million yen to 179,381 million yen as debt decreased but notes and accounts payable-trade and other items increased. Net assets increased 7,990 million yen to 58,934 million yen mainly as valuation differences on available-for-sale securities decreased but retained earnings increased.

There was a net increase of 2,305 million yen in cash and cash equivalents to 20,237 million yen due to the following cash flows.

(Operating activities)

Net cash provided by operating activities increased 8,405 million yen (56.6%) to 23,266 million yen. Income before income taxes and a decrease in inventories were two major sources of cash.

(Investing activities)

Net cash used in investing activities decreased 5,752 million yen (30.3%) to 13,235 million yen mainly because of an increase in proceeds from sales of investment securities.

(Financing activities)

Net cash used in financing activities was 10,702 million yen compared with a positive cash flow of 3,682 million yen one year earlier mainly because of repayments of 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.

Futaba plans to pay a year-end dividend of 3 yen per share for the fiscal year that ended in March 2014 due to the outlook for the first non-consolidated net profit in three years in the fiscal year.

For the fiscal year ending in March 2015, Futaba plans to continue taking actions aimed at enabling the payment of a dividend. However, due to the uncertainty of the operating environment, there will be no interim dividend and there is no forecast for 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, 2013	As of March 31, 2014
ASSETS		
Current assets		
Cash and deposits	17,888	20,244
Notes and accounts receivable-trade	46,318	56,256
Merchandise and furnished goods	4,014	4,058
Work in process	10,478	7,979
Raw materials and supplies	3,916	4,292
Deferred tax assets	4	5
Others	7,629	7,942
Allowance for doubtful accounts	(24)	(53)
Total current assets	90,225	100,726
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	59,919	65,619
Accumulated depreciation	(30,522)	(33,458)
Buildings and structures, net	29,397	32,160
Machinery, equipment and vehicles	183,239	199,562
Accumulated depreciation	(138,455)	(151,584)
Machinery, equipment and vehicles, net	44,784	47,978
Tools, furniture and fixtures	76,095	63,716
Accumulated depreciation	(72,259)	(59,022)
Tools, furniture and fixtures, net	3,836	4,694
Land	14,434	14,751
Lease assets	15,884	20,213
Accumulated depreciation	(11,239)	(15,519)
Lease assets, net	4,644	4,693
Construction in progress	10,233	10,123
Total property, plant and equipment	107,331	114,402
Intangible assets		
Software	1,048	809
Others	70	47
Total intangible assets	1,119	856
Investments and other assets		
Investment securities	22,156	15,734
Long-term loans receivable	2,005	2,007
Net defined benefit asset	-	4,580
Deferred tax assets	555	619
Others	5,618	1,832
Allowance for doubtful accounts	(2,444)	(2,444)
Total investments and other assets	27,891	22,330
Total noncurrent assets	136,342	137,589
Total assets	226,567	283,315

(Million yen)

	As of March 31, 2013	As of March 31, 2014
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	45,802	52,803
Short-term loans payable	41,825	32,314
Current portion of long-term loans payable	8,315	6,952
Lease obligations	4,047	3,129
Income taxes payable	267	749
Accrued consumption taxes	722	415
Provision for directors' bonuses	-	50
Provision for loss on products recall	27	-
Accrued expenses	7,908	9,352
Others	6,160	7,650
Total current liabilities	115,077	113,416
Noncurrent liabilities		
Long-term loans payable	40,702	46,967
Lease obligations	1,272	1,922
Deferred tax liabilities	8,147	7,822
Provision for retirement benefits	9,507	-
Provision for directors' retirement benefits	88	89
Provision for product warranties	344	320
Net defined benefit liability	-	8,350
Asset retirement obligations	189	189
Others	292	302
Total noncurrent liabilities	60,545	65,964
Total liabilities	175,623	179,381
NET ASSETS		
Shareholders' equity		
Capital stock	11,820	11,820
Capital surplus	10,413	8,616
Retained earnings	8,110	13,159
Treasury stock	(147)	(147)
Total shareholders' equity	30,196	33,448
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	8,588	4,912
Foreign currency translation adjustment	(1,102)	5,121
Remeasurements of defined benefit plans	-	(474)
Total accumulated other comprehensive income	7,486	9,559
Minority interests	13,261	15,926
Total net assets	50,944	58,934
Total liabilities and net assets	226,567	238,315

(2) Consolidated statements of (comprehensive) income

Consolidated statements of income

(Million yen)

	Fiscal year ended March 2013 (Apr. 1, 2012 – Mar. 31, 2013)	Fiscal year ended March 2014 (Apr. 1, 2013 – Mar. 31, 2014)
Net sales	365,246	399,378
Cost of sales	348,918	378,244
Gross profit	16,328	21,154
Selling, general and administrative expenses		
Freightage and packing expenses	6,098	6,073
Salaries, allowances and bonuses	4,743	5,847
Retirement benefit expenses	166	142
Provision for directors' retirement benefits	24	25
Legal and employee benefits expenses	654	661
Taxes and dues	490	603
Depreciation	717	666
Provision for directors' bonuses	-	50
Provision for product warranties	(39)	(24)
Others	3,833	4,322
Total selling, general and administrative expenses	16,688	18,369
Operating income (loss)	(360)	2,784
Non-operating income		
Interest income	337	327
Dividends income	287	403
Gain on sales of scraps	252	345
Equity in earnings of affiliates	-	139
Foreign exchange gains	246	179
Gain on valuation of compound financial instruments	241	72
Gain on valuation of derivatives	32	54
Miscellaneous income	655	743
Total non-operating income	2,054	2,265
Non-operating expenses		
Interest expenses	1,317	1,217
Loss on abandonment of noncurrent assets	895	763
Equity in losses of affiliates	140	-
Foreign withholding tax	170	338
Miscellaneous loss	306	365
Total non-operating expenses	2,830	2,684
Ordinary income (loss)	(1,136)	2,365

(Million yen)

	Fiscal year ended March 2013 (Apr. 1, 2012 – Mar. 31, 2013)	Fiscal year ended March 2014 (Apr. 1, 2013 – Mar. 31, 2014)
Extraordinary gain		
Gain on sales of investment securities	-	4,806
Gain on contribution of securities to retirement benefit trust	-	2,377
Total extraordinary gain	-	7,183
Extraordinary loss		
Loss on valuation of investment securities	136	-
Impairment loss	1,965	2,237
Total extraordinary loss	2,101	2,237
Income (loss) before income taxes	(3,238)	7,311
Income taxes-current	382	1,425
Income taxes-deferred	9	1,492
Income taxes for prior periods	(77)	-
Total income taxes	313	2,918
Income (loss) before minority interests	(3,551)	4,393
Minority interests in income	489	1,141
Net income (loss)	(4,040)	3,252

Consolidated statements of comprehensive income

(Million yen)

	Fiscal year ended March 2013 (Apr. 1, 2012 – Mar. 31, 2013)	Fiscal year ended March 2014 (Apr. 1, 2013 – Mar. 31, 2014)
Income (loss) before minority interests	(3,551)	4,393
Other comprehensive income		
Valuation difference on available-for-sale securities	2,180	(3,687)
Foreign currency translation adjustment	5,009	8,789
Share of other comprehensive income of associates accounted for using equity method	72	307
Total other comprehensive income	7,263	5,409
Comprehensive income	3,711	9,803
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,684	5,800
Comprehensive income attributable to minority interests	2,026	4,002

(3) Statements of changes in net assets
 Fiscal year ended March 2013 (Apr. 1, 2012 – Mar. 31, 2013)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,820	12,382	10,181	(147)	34,237
Changes of items during the period					
Net income (loss)			(4,040)		(4,040)
Disposal of treasury stock		(0)		0	0
Purchase of treasury stock				(0)	(0)
Deficit disposition		(1,969)	1,969		-
Net changes of items other than shareholders' equity					
Total changes of items during the period		(1,969)	(2,071)	(0)	(4,041)
Balance at the end of current period	11,820	10,413	8,110	(147)	30,196

	Accumulated other comprehensive income				Minority 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 the beginning of current period	6,410	(4,650)	-	1,760	12,399	48,397
Changes of items during the period						
Net income (loss)						(4,040)
Disposal of treasury stock						0
Purchase of treasury stock						(0)
Deficit disposition						
Net changes of items other than shareholders' equity	2,177	3,547	-	5,725	862	6,588
Total changes of items during the period	2,177	3,547	-	5,725	862	2,547
Balance at the end of current period	8,588	(1,102)	-	7,486	13,261	50,944

Fiscal year ended March 2014 (Apr. 1, 2013 – Mar. 31, 2014)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,820	10,413	8,110	(147)	30,196
Changes of items during the period					
Net income (loss)			3,252		3,252
Disposal of treasury stock		-		-	-
Purchase of treasury stock				(0)	(0)
Deficit disposition		(1,797)	1,797		-
Net changes of items other than shareholders' equity					
Total changes of items during the period		(1,797)	5,049	(0)	3,252
Balance at the end of current period	11,820	8,616	13,159	(147)	33,448

	Accumulated other comprehensive income				Minority 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 the beginning of current period	8,588	(1,102)	-	7,486	13,261	50,944
Changes of items during the period						
Net income (loss)						3,252
Disposal of treasury stock						-
Purchase of treasury stock						(0)
Deficit disposition						
Net changes of items other than shareholders' equity	(3,675)	6,223	(474)	2,073	2,664	4,738
Total changes of items during the period	(3,675)	6,223	(474)	2,073	2,664	7,990
Balance at the end of current period	4,912	5,121	(474)	9,559	15,926	58,934

(4) Consolidated statements of cash flows

(Million yen)

	Fiscal year ended March 2013 (Apr. 1, 2012 – Mar. 31, 2013)	Fiscal year ended March 2014 (Apr. 1, 2013 – Mar. 31, 2014)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(3,238)	7,311
Depreciation and amortization	20,093	20,167
Impairment loss	1,965	2,237
Increase (decrease) in allowance for doubtful accounts	(325)	28
Increase (decrease) in provision for directors' bonuses	-	50
Increase (decrease) in provision for loss on recall	(102)	(27)
Increase (decrease) in provision for retirement benefits	438	-
Increase (decrease) in net defined benefit liability	-	(1,970)
Decrease (increase) in net defined benefit asset	-	(694)
Increase (decrease) in provision for retirement benefits and directors' retirement benefits	6	0
Increase (decrease) in provision for product warranties	(39)	(24)
Interest and dividends income	(625)	(730)
Interest expenses	1,317	1,217
Equity in (earnings) losses of affiliates	140	(139)
Loss (gain) on sales of property, plant and equipment	17	(43)
Loss on retirement of property, plant and equipment	895	755
Loss (gain) on valuation of investment securities	(101)	(72)
Decrease (increase) in notes and accounts receivable-trade	6,994	(7,377)
Decrease (increase) in inventories	(2,164)	3,423
Increase (decrease) in notes and accounts payable-trade	(11,725)	3,673
Increase (decrease) in accrued consumption taxes	77	(301)
Other	3,137	(2,912)
Subtotal	16,761	24,571
Interest and dividends income received	688	1,308
Interest expenses paid	(1,320)	(1,206)
Income taxes (paid) refund	(1,267)	(1,406)
Net cash provided by (used in) operating activities	14,861	23,266
Net cash provided by (used in) investing activities		
Payments into time deposits	(170)	-
Proceeds from withdrawal of time deposits	156	125
Purchase of property, plant and equipment	(18,159)	(19,663)
Proceeds from sales of property, plant and equipment	97	451
Proceeds from sales and redemption of investment securities	500	6,095
Payments of loans receivable	(63)	(81)
Collection of loans receivable	87	79
Other	(1,434)	(242)
Net cash provided by (used in) investing activities	(18,987)	(13,235)

(Million yen)

	Fiscal year ended March 2013 (Apr. 1, 2012 – Mar. 31, 2013)	Fiscal year ended March 2014 (Apr. 1, 2013 – Mar. 31, 2014)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,626	(11,404)
Proceeds from long-term loans payable	28,479	11,679
Repayment of long-term loans payable	(26,342)	(8,794)
Proceeds from sale and leaseback	5,969	4,836
Repayments of lease obligations	(5,566)	(5,180)
Purchase of treasury stock	(0)	(0)
Proceeds from sales of treasury stock	0	-
Cash dividends paid	(0)	(0)
Cash dividends paid to minority shareholders	(1,482)	(2,312)
Proceeds from stock issuance to minority shareholders	-	474
Net cash provided by (used in) financing activities	3,682	(10,702)
Effect of exchange rate change on cash and cash equivalents	1,874	2,975
Net increase (decrease) in cash and cash equivalents	1,431	2,304
Cash and cash equivalents at beginning of period	16,500	17,932
Cash and cash equivalents at end of period	17,932	20,237

(5) Note to the consolidated financial statements

(Notes to ongoing concern assumptions)

None

(Changes in accounting policies)

Beginning at the end of the fiscal year that ended on March 31, 2014, Futaba is using Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012). However, Futaba is not using the provisions of paragraph 35 of this accounting standard and paragraph 67 of this guidance. As a result, Futaba has changed to the method of posting retirement benefit assets or liabilities by subtracting pension plan assets from retirement benefit liabilities. Unrecognized actuarial gains and losses and unrecognized past service cost are included in pension benefit assets or liabilities.

Due to the application of this accounting standard and guidance, as prescribed in paragraph 37 of the standard for the retroactive treatment of past items, the monetary effect of this change has been incorporated in the cumulative retirement benefit adjustment of accumulated other comprehensive income.

As a result, retirement benefit assets were 4,580 million yen and retirement benefit liabilities were 8,350 million yen as of March 31, 2014. In addition, there was a 474 million yen decrease in accumulated other comprehensive income.

(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.

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

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 14,215million 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.

Fiscal year ended March 31, 2014

(Million yen)

	Reportable segments					Adjustments (Notes)	Total
	Japan	North America	Europe	Asia	Total		
Net sales							
of which to outside customers	229,609	74,318	24,137	71,313	399,378	-	399,378
of which inter-segment and transfers	16,464	0	6	342	16,813	(16,813)	-
Total	246,073	74,318	24,144	71,655	416,192	(16,813)	399,378
Segment income (loss)	3,060	(1,594)	(566)	1,925	2,824	(39)	2,784
Segment asset	131,377	45,030	26,798	59,838	263,044	(24,728)	238,315
Others							
Depreciation	11,238	2,783	1,856	4,391	20,269	(102)	20,167
Amortization of goodwill	-	-	-	14	14	-	14

Notes

1. Adjustments are as follows.

(1) The segment earnings adjustment of negative 39 million yen is for the elimination of intersegment transactions.

(2) The segment assets adjustment of negative 24,728 million yen includes a 11,463 million yen addition for corporate assets and a 36,191 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, 2013	Fiscal year ended March 31, 2014
Net assets per share	538.68	614.81
Net income (loss) per share	(57.76)	46.50

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, 2013	Fiscal year ended March 31, 2014
Net income (loss) (million yen)	(4,040)	3,252
Net income (loss) not available to common shareholders (million yen)	-	-
Net income (loss) available to common shareholders (million yen)	(4,040)	3,252
Weighted average number of shares outstanding (1,000 shares)	69,954	69,953

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

	As of March 31, 2013	As of March 31, 2014
Net assets (million yen)	50,944	58,934
Deduction from net assets (million yen)	13,261	15,926
(amount for minority interests) (million yen)	(13,261)	(15,926)
Net assets for common stock at end of period (million yen)	37,682	43,007
Common stock at end of period for calculating net assets per share (1,000 shares)	69,954	69,953

(Subsequent events)

None

4. Changes in directors

1. Changes in representative directors

(1) Candidates for election as new representative directors

Representative Director Senior Managing Executive Officer
Yasuo Sasaki (Current: Director Senior Managing Executive Officer)

Representative Director Senior Managing Executive Officer
Shingo Tsuchiya (Current: Director Senior Managing Executive Officer)

(2) Representative director to resign

Umenobu Sugiki (Current: Representative Director Senior Executive Vice President)
To be appointed as Full-time Advisor of the company

2. Changes in directors

(1) Candidates for election as new directors

Director Managing Executive Officer
Tsugumi Sanmiya (Current: Senior Executive Officer)

Director
Kiyoshi Kinoshita (Current: Advisor Tokai Rika Co., Ltd.)

*Mr. Kinoshita is a candidate for election as an outside (non-executive) director.

(2) Directors to be promoted

None

(3) Director to resign

Junji Kitagawa (Current: Director Senior Managing Executive Officer)

Mr. Kitagawa is to remain a senior managing executive officer of Futaba and to become the chief executive officer of Futaba Changzhou Engineering & Marketing

Supplementary data for the fiscal year ended March 2014

Consolidated

1. Performance in the fiscal year outlook

(Million yen, rounded down)

	FY3/14		FY3/13		Change		Forecast FY3/15		Change vs. FY3/14	
	% to sales		% to sales		Amount	%	% to sales		Amount	%
Net sales	100.0%	399,378	100.0%	365,246	34,131	9.3%	100.0%	384,700	(14,678)	(3.7%)
Operating income (loss)	0.7%	2,784	(0.1%)	(360)	3,145	-	1.0%	3,800	1,015	36.4%
Ordinary income (loss)	0.6%	2,365	(0.3%)	(1,136)	3,502	-	0.6%	2,400	34	1.4%
Net income (loss)	0.8%	3,252	(1.1%)	(4,040)	7,293	-	0.0%	100	(3,152)	(96.9%)
Net income (loss) per share (yen)		46.50		(57.76)				1.43		
Capital expenditures		21,474		16,667	4,807	28.8%		23,000	1,525	7.1%
Depreciation		20,167		20,093	73	0.4%		20,000	(167)	(0.8%)

2. Reasons for increase/decrease in operating income

(Year-on-year comparison)

(100 million yen)

Positive factors	Amount	Negative factors	Amount
Change in product mix etc.	30	Increase in labor cost	24
Decrease in depreciation.	15	Increase of expenses	7
Increase in sales	7		
Increase in gain on sales of scraps	7		
Fluctuation in exchange rates	3		
Total	62	Total	31
Net increase (decrease) in ordinary income		31 (from -3 to 27)	

3. Performance by geographical segment

(Million yen, rounded down)

		FY3/14		FY3/13		Change	
		Amount	% to sales	Amount	% to sales	Amount	%
Japan	Net sales	246,073		247,099		(1,025)	(0.4%)
	Operating income	3,060	1.2%	1,038	0.4%	2,021	194.8%
North America	Net sales	74,318		59,133		15,184	25.7%
	Operating income	(1,594)	(2.1%)	(2,240)	(3.8%)	645	-
Europe	Net sales	24,144		18,627		5,516	29.6%
	Operating income	(566)	(2.3%)	(749)	(4.0%)	183	-
Asia	Net sales	71,655		53,814		17,841	33.2%
	Operating income	1,925	2.7%	1,435	2.7%	490	34.1%
Eliminations	Net sales	(16,813)		(13,428)		(3,385)	
	Operating income	(39)		156		(195)	
Total	Net sales	399,378		365,246		34,131	9.3%
	Operating income	2,784	0.7%	(360)	(0.1%)	3,145	-

Non-consolidated

1. Performance in the fiscal year

(Million yen, rounded down)

	FY3/14		FY3/13		Change	
	% to sales		% to sales		Amount	%
Net sales	100.0%	243,899	100.0%	245,208	(1,308)	(0.5%)
Operating income (loss)	1.1%	2,565	0.6%	1,506	1,058	70.3%
Ordinary income (loss)	2.4%	5,842	1.3%	3,176	2,666	83.9%
Net income (loss)	3.0%	7,347	(0.7%)	(1,797)	9,144	-
Capital expenditures		8,417		10,315	(1,897)	(18.4%)
Depreciation		10,409		11,547	(1,137)	(9.9%)