

Consolidated Financial Results for the Fiscal Year Ended March 2019 [Japan GAAP]

April 25, 2019

Name of Company:	Futaba Industrial Co. Ltd.
Stock Code:	7241
Stock Exchange Listing:	Tokyo Stock Exchange, First Section, Nagoya Stock Exchange, First section
URL:	http://www.futabasangyo.com/en/index.html
Representative:	Title Name President Hiroyoshi Yoshiki
Contact Person:	Title Name Accounting Manager Keiichi Toriyama
Tel:	+81-(564) 31-2211
Scheduled date of ordinary general shareholders meeting:	June 18, 2019
Scheduled date of filing securities report:	June 19, 2019
Scheduled date of commencement of dividend payment:	June 3, 2019
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 current fiscal year (April 1, 2018 – March 31, 2019)

(1) Result of Operations (Consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2019	461,705	4.8	6,797	(39.6)	6,449	(41.1)	3,509	(67.3)
FY2018	440,446	6.8	11,258	25.4	10,955	45.2	10,721	123.1

Note: Comprehensive income: FY2019: 1,499 million yen [(86.8)%] FY2018: 11,396 million yen [393.5%]

	Earnings per share	Earnings per share fully diluted	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY2019	39.22	-	5.3	2.6	1.5
FY2018	119.82	-	17.9	4.4	2.6

Reference: Equity in earnings of affiliates FY2019: 17million yen FY2018: 713 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, 2019	249,061	75,211	26.4	734.90
As of March 31, 2018	253,362	75,691	25.8	731.50

Reference: Shareholders' equity: As of Mar. 31, 2019: 65,756 million yen As of Mar. 31, 2018: 65,453 million yen

(3) Cash flows (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2019	25,410	(30,961)	1,489	7,541
FY2018	24,960	(27,081)	(6,304)	11,960

2. Dividends

	Dividend per share					Annual aggregate amount	Payout ratio (Consolidated)	Dividends/net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2018	-	0.00	-	10.00	10.00	894	8.3	1.5
FY2019	-	0.00	-	10.00	10.00	894	25.5	1.4
FY2020 (estimated)	-	0.00	-	10.00	10.00		14.0	

3. Forecast for the fiscal year ending March 2020 (Consolidated, April 1, 2019 - March 31, 2020)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	234,000	6.5	4,600	176.1	5,000	213.3	4,000	659.1	44.70
Full year	470,000	1.8	8,500	25.1	8,700	34.9	6,400	82.4	71.53

* Notes

(1) Changes in significant subsidiaries

(Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None

Newly consolidated company: None

Excluded: None

(2) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: None

(b) Changes other than in (a): Yes

(c) Changes in accounting estimates: Yes

(d) Retrospective restatement: None

(Note) Please see “3. Consolidated Financial Statements and Important Notes, (5) Note to the consolidated financial statements” on page 13 for more details.

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

End of FY2019:	89,580,827	End of FY2018:	89,580,827
End of FY2019:	103,205	End of FY2018:	102,037
FY2019:	89,478,127	FY2018:	89,479,569

(b) Treasury shares

(c) Average number of shares outstanding during the year

[Reference] Non-consolidated Financial Results

Non-consolidated financial results for the fiscal year ended March 2019 (April 1, 2018 – March 31, 2019)

(1) Result of operations (Non-consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2019	263,845	2.7	1,807	(54.7)	5,400	(38.0)	4,364	(13.0)
FY2018	256,901	9.3	3,989	237.4	8,711	203.4	5,015	675.6

	Earnings per share	Earnings per share fully diluted
	Yen	Yen
FY2019	48.77	-
FY2018	56.06	-

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	163,046	45,522	27.9	508.76
As of March 31, 2018	169,457	42,705	25.2	477.27

Reference: Shareholders' equity

As of March 31, 2019: 45,522 million yen

As of March 31, 2018: 42,705 million yen

* This report is exempt from the audit procedure by certified public accountants or accounting firms.

* 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.

Index for Supplementary Information

1. Results of Operations	2
(1) Overview on consolidated business performance for the current fiscal year	2
(2) Analysis of financial condition	2
(3) Cash flows	2
(4) Outlook	3
2. Basic Position concerning Selection of Accounting Standards	3
3. Consolidated Financial Statements and Important Notes	4
(1) Consolidated balance sheet	4
(2) Consolidated statements of income and comprehensive income	6
(3) Consolidated statement of changes in equity	9
(4) Consolidated statement of cash flows	11
(5) Note to the consolidated financial statements	13
(Notes to going concern assumptions)	13
(Changes in accounting principles that are difficult to distinguish from changes in accounting estimates)	13
(Changes in the method of presentation method)	13
(Segment information)	13
(Per-share information)	15
(Significant subsequent events)	15
4. Changes in Directors	16

1. Results of Operations

(1) Overview on consolidated business performance for the current fiscal year

During the fiscal year under review, the economic recovery continued in North America, and the European economy also improved slowly. In Asia, China's economy is decelerating, while in India, Indonesia, and other countries in the region, the economies recovered gradually, mainly due to domestic demand. In Japan, the domestic economy maintained a moderate trend towards recovery as the labor market continued to improve.

In the automobile industry, which is the main source of sales for the Futaba Group, sales in North America decreased slightly compared to the same period in the previous fiscal year, and also declined in Europe and China. In Japan, automobile sales increased year-on-year.

The Futaba Group has formulated and is implementing a new five-year plan that is based on the core fundamentals of "safety, quality and manufacturing", and is striving to generate earnings by strengthening structural reforms and the management of expenses.

In the current fiscal year, net sales totalled to 461.7 billion yen (up 4.8% from the previous year). Profits were affected by a number of factors including higher-than-expected production preparation costs for newly launched products and also by delays in cost improvement initiatives that had been planned, as well as an increase in depreciation expenses. Operating profit was 6.7 billion yen (down 39.6% year-on-year), ordinary profit was 6.4 billion yen (down 41.1% year-on-year) and profit attributable to owners of parent was 3.5 billion yen (down 67.3% year-on-year).

Geographic segment performance was as follows.

1) Japan

Sales increased 2.8% to 266.1 billion yen, up 7.1 billion yen and operating profit decreased 52.8% to 2.6 billion yen.

2) North America

Sales increased 1.9% to 105.2 billion yen, up 1.9 billion yen and operating profit decreased 29.5% to 2.3 billion yen.

3) Europe

Sales increased 26.6% to 33.3 billion yen, up 7.0 billion yen and there was operating loss of 0.9 billion yen compared with operating loss of 0.3 billion yen one year earlier.

4) Asia

Sales increased 8.3 % to 77.8 billion yen, up 5.9 billion yen and operating profit was up 3.2% to 2.9 billion yen.

(2) Analysis of financial condition

Total assets decreased 4.3 billion yen at the end of March 2019 from the end of the previous fiscal year to 249.0 billion yen due to decreases in cash and deposits, investment securities, and deferred tax assets. Total liabilities amounted to 173.8 billion yen, a 3.8 billion yen decrease from the end of the previous fiscal year, due to a decrease in payables. Net assets decreased 0.4 billion yen from the end of the previous fiscal year to 75.2 billion yen due mainly to the impact of foreign currency translation adjustments.

(3) Cash flows

Cash and cash equivalents of the Group decreased 4.4 billion yen from the end of the previous fiscal year to 7.5 billion yen. The major components of cash flows were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was almost flat at 25.4 billion yen, an increase of 0.4 billion yen (1.8% increase) over the previous fiscal year.

(Cash flows from investing activities)

Net cash used in investing activities totalled 30.9 billion yen, up 3.8 billion yen (14.3% increase) compared to the previous year. This was mainly due to an increase in the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash from financing activities was 1.4 billion yen (compared to 6.3 billion yen used in the previous fiscal year). This was mainly due to the proceeds from issuance of bonds.

(4) Outlook

Although the environment surrounding the Group remains unclear, the Group plans to re-examine its manufacturing operation, improve the efficiency of manufacturing, lower the cost of sales, re-examine the supply chain, reduce logistics expenses and take other actions, in the fiscal year ending in March 2020. As a result, the Futaba Group forecasts net sales of 470.0 billion yen (up 1.8% over the previous year), operating profit of 8.5 billion yen (up 25.1% over the previous year), ordinary profit of 8.7 billion yen (up 34.9% over the previous year), and profit attributable to owners of parent of 6.4 billion yen , up 82.4% from the previous fiscal year.

2. Basic Position concerning Selection of Accounting Standards

Company manuals, guidelines and other materials are being revised to prepare for transition to IFRS. The timing of adoption of the IFRS standard is currently under consideration.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated balance sheet

(Million yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	13,922	8,062
Notes and accounts receivable - trade	69,859	67,731
Finished goods	3,195	4,029
Work in process	11,819	11,551
Raw materials and supplies	4,356	5,041
Other	8,908	7,558
Allowance for doubtful accounts	(20)	(61)
Total current assets	112,041	103,912
Non-current assets		
Property, plant and equipment		
Buildings and structures	69,857	72,301
Accumulated depreciation	(39,100)	(40,846)
Buildings and structures, net	30,756	31,454
Machinery, equipment and vehicles	197,937	212,562
Accumulated depreciation	(163,722)	(167,573)
Machinery, equipment and vehicles, net	34,215	44,989
Tools, furniture and fixtures	49,998	62,775
Accumulated depreciation	(41,173)	(49,098)
Tools, furniture and fixtures, net	8,824	13,676
Land	14,381	14,382
Leased assets	25,583	21,638
Accumulated depreciation	(24,838)	(21,532)
Leased assets, net	745	105
Construction in progress	25,271	16,048
Total property, plant and equipment	114,195	120,657
Intangible assets		
Software	621	846
Other	41	100
Total intangible assets	663	946
Investments and other assets		
Investment securities	15,664	13,533
Long-term loans receivable	831	852
Net defined benefit asset	7,176	6,737
Deferred tax assets	2,538	2,186
Other	1,413	1,414
Allowance for doubtful accounts	(1,161)	(1,179)
Total investments and other assets	26,462	23,544
Total non-current assets	141,320	145,149
Total assets	253,362	249,061

(Million yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	51,082	49,535
Electronically recorded obligations - operating	7,905	4,324
Short-term loans payable	17,174	13,903
Current portion of long-term loans payable	12,342	9,675
Income taxes payable	435	436
Accrued consumption taxes	716	1,069
Provision for directors' bonuses	60	67
Accrued expenses	12,341	11,859
Other	9,959	7,293
Total current liabilities	112,018	98,165
Non-current liabilities		
Bonds payable	-	12,000
Long-term loans payable	51,740	49,253
Deferred tax liabilities	4,360	4,666
Provision for directors' retirement benefits	66	82
Provision for product warranties	184	174
Net defined benefit liability	8,843	9,219
Other	457	288
Total non-current liabilities	65,652	75,684
Total liabilities	177,670	173,850
Net assets		
Shareholders' equity		
Capital stock	16,820	16,820
Capital surplus	13,370	13,416
Retained earnings	25,546	27,886
Treasury shares	(151)	(152)
Total shareholders' equity	55,585	57,970
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,818	5,168
Foreign currency translation adjustment	3,301	1,909
Remeasurements of defined benefit plans	748	708
Total accumulated other comprehensive income	9,868	7,786
Non-controlling interests	10,237	9,454
Total net assets	75,691	75,211
Total liabilities and net assets	253,362	249,061

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Million yen)

	Fiscal year ended March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)	Fiscal year ended March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	440,446	461,705
Cost of sales	408,230	431,533
Gross profit	32,216	30,172
Selling, general and administrative expenses		
Freightage and packing expenses	5,777	6,988
Salaries, allowances and bonuses	7,488	7,612
Retirement benefit expenses	131	156
Provision for directors' bonuses	42	53
Provision for directors' retirement benefits	18	22
Legal and employee benefits expenses	1,141	1,277
Taxes and dues	927	945
Depreciation	702	791
Other	4,727	5,527
Total selling, general and administrative expenses	20,957	23,375
Operating profit	11,258	6,797
Non-operating income		
Interest income	194	123
Dividend income	242	326
Gain on sales of scraps	231	295
Share of profit of entities accounted for using equity method	713	17
Miscellaneous income	887	633
Total non-operating income	2,269	1,396
Non-operating expenses		
Interest expenses	958	876
Loss on abandonment of non-current assets	728	289
Foreign exchange losses	125	137
Miscellaneous loss	760	440
Total non-operating expenses	2,572	1,743
Ordinary profit	10,955	6,449

(Million yen)

	Fiscal year ended March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)	Fiscal year ended March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)
Extraordinary income		
Gain on redemption of investment securities	1,149	-
Gain on sales of investment securities	-	86
Total extraordinary income	1,149	86
Extraordinary losses		
Impairment loss	5,407	362
Loss on sales of investments in capital of subsidiaries and associates	316	-
Loss on valuation of investment securities	-	14
Total extraordinary losses	5,724	377
Profit before income taxes	6,380	6,158
Income taxes - current	1,116	1,024
Income taxes - deferred	(5,089)	968
Total income taxes	(3,972)	1,993
Profit	10,352	4,164
Profit (loss) attributable to non-controlling interests	(368)	655
Profit attributable to owners of parent	10,721	3,509

Consolidated statement of comprehensive income

(Million yen)

	Fiscal year ended March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)	Fiscal year ended March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)
Profit	10,352	4,164
Other comprehensive income		
Valuation difference on available-for-sale securities	(73)	(651)
Foreign currency translation adjustment	(14)	(1,634)
Remeasurements of defined benefit plans, net of tax	899	(39)
Share of other comprehensive income of entities accounted for using equity method	232	(340)
Total other comprehensive income	1,043	(2,665)
Comprehensive income	11,396	1,499
Comprehensive income attributable to owners of parent	11,566	1,427
Comprehensive income attributable to non-controlling interests	(169)	71

(3) Consolidated statement of changes in equity

Previous fiscal year (Apr. 1, 2017 – Mar. 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	16,820	13,543	15,093	(149)	45,306
Changes of items during period					
Dividends of surplus			(268)		(268)
Profit attributable to owners of parent			10,721		10,721
Purchase of treasury shares				(1)	(1)
Purchase of shares of consolidated subsidiaries		(172)			(172)
Sales of shares of consolidated subsidiaries		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(172)	10,453	(1)	10,278
Balance at end of current period	16,820	13,370	25,546	(151)	55,585

	Accumulated other comprehensive income				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 current period	5,895	3,278	(150)	9,022	12,699	67,029
Changes of items during period						
Dividends of surplus						(268)
Profit attributable to owners of parent						10,721
Purchase of treasury shares						(1)
Purchase of shares of consolidated subsidiaries						(172)
Sales of shares of consolidated subsidiaries						(0)
Net changes of items other than shareholders' equity	(76)	22	899	845	(2,462)	(1,616)
Total changes of items during period	(76)	22	899	845	(2,462)	8,661
Balance at end of current period	5,818	3,301	748	9,868	10,237	75,691

Current fiscal year (Apr. 1, 2018 – Mar. 31, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	16,820	13,370	25,546	(151)	55,585
Changes of items during period					
Dividends of surplus			(894)		(894)
Profit attributable to owners of parent			3,509		3,509
Purchase of treasury shares				(0)	(0)
Purchase of shares of consolidated subsidiaries		46			46
Change of scope of equity method			(275)		(275)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	46	2,339	(0)	2,385
Balance at end of current period	16,820	13,416	27,886	(152)	57,970

	Accumulated other comprehensive income				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 current period	5,818	3,301	748	9,868	10,237	75,691
Changes of items during period						
Dividends of surplus						(894)
Profit attributable to owners of parent						3,509
Purchase of treasury shares						(0)
Purchase of shares of consolidated subsidiaries						46
Change of scope of equity method						(275)
Net changes of items other than shareholders' equity	(650)	(1,392)	(39)	(2,081)	(782)	(2,864)
Total changes of items during period	(650)	(1,392)	(39)	(2,081)	(782)	(479)
Balance at end of current period	5,168	1,909	708	7,786	9,454	75,211

(4) Consolidated statement of cash flows

(Million yen)

	Fiscal year ended March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)	Fiscal year ended March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	6,380	6,158
Depreciation	20,515	23,083
Impairment loss	5,407	362
Increase (decrease) in allowance for doubtful accounts	12	62
Increase (decrease) in provision for directors' bonuses	-	7
Increase (decrease) in provision for directors' retirement benefits	17	15
Increase (decrease) in provision for product warranties	(29)	(10)
Interest and dividend income	(436)	(449)
Interest expenses	958	876
Share of (profit) loss of entities accounted for using equity method	(713)	(17)
Loss on abandonment of property, plant and equipment	723	287
Decrease (increase) in notes and accounts receivable - trade	(10,808)	1,618
Decrease (increase) in inventories	(2,021)	(1,285)
Increase (decrease) in notes and accounts payable - trade	6,906	(4,992)
Increase (decrease) in accrued consumption taxes	(41)	358
Other	(636)	752
Subtotal	26,236	26,830
Interest and dividend income received	1,203	618
Interest expenses paid	(1,004)	(862)
Income taxes (paid) refund	(1,475)	(1,174)
Net cash provided by (used in) operating activities	24,960	25,410
Cash flows from investing activities		
Payments into time deposits	(5,298)	(4,230)
Proceeds from withdrawal of time deposits	7,556	5,612
Purchase of property, plant and equipment	(30,438)	(33,076)
Proceeds from sales of property, plant and equipment	196	196
Proceeds from sales and redemption of investment securities	2,000	368
Payments for sales of investments in capital of subsidiaries and associates resulting in change in scope of consolidation	(934)	-
Other	(164)	168
Net cash provided by (used in) investing activities	(27,081)	(30,961)

(Million yen)

	Fiscal year ended March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)	Fiscal year ended March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,631)	(3,114)
Proceeds from long-term loans payable	20,200	7,117
Repayments of long-term loans payable	(17,999)	(12,544)
Repayments of lease obligations	(1,668)	(54)
Proceeds from issuance of bonds	-	12,000
Cash dividends paid	(268)	(893)
Dividends paid to non-controlling interests	(2,057)	(981)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(963)	-
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	87	-
Other	(1)	(39)
Net cash provided by (used in) financing activities	(6,304)	1,489
Effect of exchange rate change on cash and cash equivalents	(194)	(357)
Net increase (decrease) in cash and cash equivalents	(8,620)	(4,419)
Cash and cash equivalents at beginning of period	20,581	11,960
Cash and cash equivalents at end of period	11,960	7,541

(5) Note to the consolidated financial statements

(Notes to going concern assumptions)

None

(Changes in accounting principles that are difficult to distinguish from changes in accounting estimates)

(Change in depreciation method for property, plant and equipment)

In the past, the Company used the declining balance method for depreciation of molds, but this has been changed to the straight-line method from the current fiscal year.

The Group has been implementing its new Five-year Management plan starting in fiscal 2016. In connection with this plan, the Group has been reviewing the depreciation method of molds as the standardization of parts to achieve cost reduction has progressed considerably by the current fiscal year.

Given the unique nature of molds, the utilization rate of molds in their useful life was higher in the first half and relatively low in the second half in past projects. Accordingly, the declining-balance method has been applied for newer assets.

On the other hand, in recent projects, the utilization rate of molds has been increasingly stable and uniform over their entire useful lives. To better reflect these changes, the Group has decided that the application of straight-line method of depreciation for molds is more appropriate.

As a result of this change, operating profit, ordinary profit, profit before income taxes for the current fiscal year have each increased by 477 million yen, compared with the previous method.

(Changes in the method of presentation method)

The “Partial Revision of the “Accounting Standard for Tax Effect Accounting”” (Corporate Accounting Standard No. 28, February 16, 2018) shall be applied from the beginning of the current fiscal year, and as a result of the application of this method of presentation, deferred tax assets are shown under the classification of investment and other assets, and deferred tax liabilities are shown under the classification of non-current liabilities.

(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
Previous fiscal year (Apr. 1, 2017 – Mar. 31, 2018)

(Million yen)

	Reportable segments					Adjustments (Notes)	Total
	Japan	North America	Europe	Asia	Total		
Net sales							
of which to outside customers	239,697	103,196	26,283	71,268	440,446	-	440,446
of which inter- segment and transfers	19,260	78	68	572	19,979	(19,979)	-
Total	258,958	103,274	26,352	71,841	460,426	(19,979)	440,446
Segment profit (loss)	5,706	3,298	(339)	2,836	11,501	(243)	11,258
Segment asset	159,798	55,194	19,861	40,944	275,798	(22,436)	253,362
Other							
Depreciation	12,911	3,063	1,118	3,495	20,589	(73)	20,515

Notes

1. Adjustments are as follows.

- (1) The segment earnings adjustment of negative 243 million yen is for the elimination of intersegment transactions.
- (2) The segment assets adjustment of negative 22,436 million yen includes a 11,841 million yen addition for corporate assets and a 34,278 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 profit (loss) is adjusted to match the operating profit (loss) in the statements of income

Current fiscal year (Apr. 1, 2018 – Mar. 31, 2019)

(Million yen)

	Reportable segments					Adjustments (Notes)	Total
	Japan	North America	Europe	Asia	Total		
Net sales							
of which to outside customers	245,561	105,116	33,297	77,731	461,705	-	461,705
of which inter- segment and transfers	20,552	112	76	108	20,849	(20,849)	-
Total	266,113	105,228	33,373	77,839	482,555	(20,849)	461,705
Segment profit (loss)	2,692	2,326	(909)	2,928	7,037	(240)	6,797
Segment asset	156,864	59,317	20,766	40,635	277,584	(28,522)	249,061
Other							
Depreciation	15,872	3,273	980	3,035	23,160	(82)	23,078

Notes

1. Adjustments are as follows.

- (1) The segment earnings adjustment of negative 240 million yen is for the elimination of intersegment transactions.
- (2) The segment assets adjustment of negative 28,522 million yen includes a 9,081 million yen addition for corporate assets and a 37,603 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 profit (loss) is adjusted to match the operating profit (loss) in the statements of income

(Per-share information)

(Yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net assets per share	731.50	734.90
Earnings per share	119.82	39.22

- Notes: 1. Diluted earnings per share is not shown because there were no common share equivalents.
2. The basis for computing the earnings per share is as follows.

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit attributable to owners of parent (million yen)	10,721	3,509
Profit not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent available to common shares (million yen)	10,721	3,509
Average number of shares outstanding during the year (1,000 shares)	89,479	89,478

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

	As of March 31, 2018	As of March 31, 2019
Net assets (million yen)	75,691	75,211
Deduction from net assets (million yen)	10,237	9,454
Of which amount for minority interests (million yen)	10,237	9,454
Net assets for common shares at end of period (million yen)	65,453	65,756
Common shares at end of period for calculating net assets per share (1,000 shares)	89,478	89,477

(Significant subsequent events)

None

4. Changes in Directors

1. Changes in directors

(1) Candidate for election as new director

Motoko Miyajima Current: Lawyer of the Iritani Law Office

* Ms. Miyajima is a candidate for the Company's outside director (part time).

(2) Director to resign

Keita Asakawa Current: Director Managing Executive Officer

2. Changes in audit & supervisory board member

(1) Candidate for election as new audit & supervisory board member

Ryusuke Itakura Current: Executive Officer of Sumitomo Mitsui Banking Corporation

(2) Audit & supervisory board member to resign

Yoshihiro Yoshimura Current: Audit & Supervisory Board Member

3. Effective date

June 18, 2019

Supplementary data for the fiscal year ended March 2019

Consolidated

1. Performance in the current fiscal year

(Million yen, rounded down)

	FY3/19		FY3/18		Change	Change (%)
	% to sales		% to sales			
Net sales	100.0	461,705	100.0	440,446	21,258	4.8
Operating profit	1.5	6,797	2.6	11,258	(4,461)	(39.6)
Ordinary profit	1.4	6,449	2.5	10,955	(4,505)	(41.1)
Profit (loss) attributable to owners of parent	0.8	3,509	2.4	10,721	(7,212)	(67.3)
Earnings per share (yen)		39.22		119.82		
Capital expenditures		41,347		20,252	21,094	104.2
Depreciation		23,078		20,515	2,562	12.5
Foreign exchange rate (USD/Yen)		110.9		110.9		
Number of consolidated companies		23		23		

2. Factors for increase/decrease in operating profit (year-on-year comparison)

(Billion yen)

Positive factors	Amount	Negative factors	Amount
Increase in profit by sales growth of parts	0.8	Increase in depreciation	2.6
Measures to further rationalize	0.8	Decrease in profit by change in product mix, etc.	2.3
Increase in sales of scraps	0.4	Increase in production preparatory expenses	1.5
Total	2.0	Total	6.4
Net decrease in operating profit: 4.4			

3. Performance by geographical segment

(Million yen, rounded down)

		FY3/19		FY3/18		Change	Change (%)
		Amount	% to sales	Amount	% to sales		
Japan	Net sales	266,113		258,958		7,155	2.8
	Operating profit	2,692	1.0	5,706	2.2	(3,013)	(52.8)
North America	Net sales	105,228		103,274		1,954	1.9
	Operating profit	2,326	2.2	3,298	3.2	(971)	(29.5)
Europe	Net sales	33,373		26,352		7,021	26.6
	Operating profit (loss)	(909)	(2.7)	(339)	(1.3)	(569)	-
Asia	Net sales	77,839		71,841		5,998	8.3
	Operating profit	2,928	3.8	2,836	3.9	91	3.2
Eliminations	Net sales	(20,849)		(19,979)		(870)	
	Operating profit	(240)		(243)		2	
Total	Net sales	461,705		440,446		21,258	4.8
	Operating profit	6,797	1.5	11,258	2.6	(4,461)	(39.6)

4. Forecast

(Million yen, rounded down)

	FY3/20		Vs. FY3/19	
	% to sales	Amount	Amount	%
Net sales	100.0	470,000	8,294	1.8
Operating profit	1.8	8,500	1,702	25.1
Ordinary profit	1.9	8,700	2,250	34.9
Profit attributable to owners of parent	1.4	6,400	2,890	82.4
Earnings per share (yen)		71.53		
Capital expenditures		32,000	(9,347)	(22.6)
Depreciation		24,000	921	4.0
Foreign exchange rate (USD/Yen)		110.0		

Non-consolidated

1. Performance in the current fiscal year

(Million yen, rounded down)

	FY3/19		FY3/18		Change	Change (%)
	% to sales	Amount	% to sales	Amount		
Net sales	100.0	263,845	100.0	256,901	6,944	2.7
Operating profit	0.7	1,807	1.6	3,989	(2,181)	(54.7)
Ordinary profit	2.0	5,400	3.4	8,711	(3,311)	(38.0)
Profit	1.7	4,364	2.0	5,015	(651)	(13.0)
Capital expenditures		22,967		13,732	9,234	67.2
Depreciation		14,656		12,154	2,502	20.6