

# Financial Results for the Year Ended March 31, 2019

## [Japanese GAAP] (Consolidated)



May 13, 2019

Company name: Tatsuta Electric Wire & Cable Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Stock Code: 5809

URL: <http://www.tatsuta.co.jp>

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Scheduled date of General Meeting of Shareholders: June 21, 2019

Scheduled date of filing Annual Securities Report: June 21, 2019

Scheduled date of commencing dividend payments: June 3, 2019

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled for institutional investors, analysts and journalists

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2019	57,995	5.1	4,067	(19.4)	4,087	(21.7)	2,926	(20.4)
Fiscal year ended March 31, 2018	55,194	12.4	5,047	17.7	5,219	19.5	3,677	10.6

(Note) Comprehensive income: Fiscal year ended March 31, 2019: 2,901 million yen [(28.8)%]

Fiscal year ended March 31, 2018: 4,077 million yen [10.3%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Return on assets	Operating profit ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2019	47.37	-	6.9	7.9	7.0
Fiscal year ended March 31, 2018	59.52	-	9.2	10.6	9.1

(Reference) Equity in earnings of affiliates: Fiscal year ended March 31, 2019: NA

Fiscal year ended March 31, 2018: NA

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	52,397	43,319	82.7	701.16
As of March 31, 2018	51,468	41,406	80.5	670.19

(Reference) Equity: As of March 31, 2019: 43,319 million yen

As of March 31, 2018: 41,406 million yen

### (3) Consolidated Cash Flows

	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
Fiscal year ended March 31, 2019	3,435	(2,577)	(1,039)	1,118
Fiscal year ended March 31, 2018	1,545	(683)	(826)	1,286

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	-	7.00	-	8.00	15.00
Fiscal year ended March 31, 2019	-	8.00	-	8.00	16.00
Fiscal year ending March 31, 2020 (Forecast)	-	9.00	-	9.00	18.00

	Total dividend paid out	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	Million yen	%	%
Fiscal year ended March 31, 2018	926	25.2	2.3
Fiscal year ended March 31, 2019	988	33.8	2.3
Fiscal year ending March 31, 2020 (Forecast)		30.9	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	31,000	3.4	2,900	8.9	2,900	7.5	2,100	5.6	33.99
Full year	61,500	6.0	5,000	22.9	5,000	22.3	3,600	23.0	58.27

### Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No  
Newly added: NA Excluded: NA
- (2) Changes in accounting principles, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting principles due to the revision of accounting standards: No
  - 2) Changes in accounting principles other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (3) Total number of issued shares (common stock)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
 

As of March 31, 2019	70,156,394 shares
As of March 31, 2018	70,156,394 shares
  - 2) Total number of treasury shares at the end of the period:
 

As of March 31, 2019	8,373,369 shares
As of March 31, 2018	8,372,706 shares
  - 3) Average number of shares during the period:
 

Fiscal year ended March 31, 2019	61,783,485 shares
Fiscal year ended March 31, 2018	61,784,287 shares

\* These consolidated financial results are outside the scope of audit by a certified public accountant or an audit corporation.

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as at the date of publication of this document and should not be interpreted as any kind of guarantee or promise by the Company to achieve such forecasts. In addition, actual results may differ significantly from these forecasts due to a wide range of factors.

The supplemental financial information is scheduled to be disclosed on the TDnet on that same day as well as on the Company's website.

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## 1. Overview of business results, etc.

### (1) Business results for the fiscal year under review

#### (i) Operating results for the period under review

The Japanese economy during the fiscal year under review continued to gradually recover, as improvements in corporate earnings and the employment environment were seen. The world economy saw the speed of its growth slowly decline in the latter half of fiscal year, as exemplified by the economic slowdown in China and the manifestation of an adjustment phase for semiconductor demand, although it remains on an expansion track. As for natural resource prices, oil prices started declining sharply in October after having remained on the uptrend since the beginning of the term. Domestic quotation prices for copper rose from the beginning of the term to the first half of June, but then continued to fall for a long term. Although it grew again after mid-January, the year-end price declined from the beginning-of-period price. The average domestic quotation prices for copper were a little lower than the level of the previous fiscal year.

During this period, demand for copper wire within Japan was generally firm, a little greater than that of the previous fiscal year. With respect to the electronic materials segment, sales of functional films, the mainstay product of the Group, decreased from the previous fiscal year when they remained at high levels.

Under these circumstances, the Group saw its revenue increase and its profit decrease, posting net sales for the current fiscal year of 57,995 million yen (up 5.1% from the previous fiscal year), operating income of 4,067 million yen (down 19.4% from the previous fiscal year), ordinary income of 4,087 million yen (down 21.7% from the previous fiscal year), and profit attributable to owners of parent of 2,926 million yen (down 20.4% from the previous fiscal year).

An overview of the Group's business performance by segment is as follows.

#### [Electric Wire and Cable Business]

Net sales for the electric wire and cable business were 37,092 million yen (up 13.7% from the previous fiscal year) due to a greater sales volume than that of the previous year (up 12% from the previous fiscal year), which is mainly attributable to an increase in sales to construction, electric constructors and distributors, and electric power companies. Operating income was 601 million yen (down 36.7% from the previous fiscal year). With regard to electric wires for infrastructure, earnings were squeezed by continued declines in copper prices over a long period, the product composition was aggravated and operation trouble occurred due to natural disasters, etc., while as for equipment wires, productivity fell in the first half of the term following labor shortage and other causes and demand declined rapidly due to the impacts of trade friction in the latter half of the term.

Though profit declined sharply from the previous fiscal year due to a combination of factors to decrease earnings, as mentioned above, we will strive to take all measures to ensure stabilization of operations and increase sales of high value-added products.

#### [Electronic Materials Business]

Net sales of the electronic materials business were 19,073 million yen (down 8.7% from the previous fiscal year) and operating income was 4,058 million yen (down 15.6% from the previous fiscal year), as the sales volume of

functional films for mobile terminals, our mainstay product, decreased from the previous fiscal year (down 9%) due to sluggish demand because of the impacts of trade friction in and after the fourth quarter in addition to a pause in increase of demand for new-model smartphones.

From now on, we will do our utmost to ensure sales volumes along with market shares by surely handling needs for higher functions of products.

[Other Businesses]

Net sales for this segment were 1,871 million yen (up 9.9% from the previous fiscal year) and operating income was 98 million yen (up 86.9% from the previous fiscal year) mainly due to an increase in revenue from the environmental analysis business.

From now on, we will strive to boost earnings levels through expansion of overseas sales of equipment system products and other measures.

Income was below the financial results forecast (operating income forecast for fiscal 2018: 4.5 billion yen) as demand for equipment wires and functional films rapidly declined due to the impacts of trade friction, etc. while the sales composition of electric wires for infrastructure aggravated in the fourth quarter.

With regard to the mid-term management plan (operating income target for fiscal 2018: 4.7 billion yen), we were also unable to achieve the target income mainly due to aggravation of earnings caused by a sharp decline in demand for equipment wires following the impacts of trade friction in the latter half of the term, in addition to aggravation of earnings attributable to worsening of the sales composition, operation trouble, continued declines in copper prices over a long period, etc. in the electric wire and cable business. However, capital expenditures, etc. for the strengthening of the business foundation in for-profit businesses and development of new products in for-growth businesses are making steady progress, although they are a little behind schedule.

(ii) Earnings forecasts for the next term

While the Japanese economy is expected to recover gradually during the next term, mainly due to the implementation of economic measures and monetary easing by the Bank of Japan, uncertainty remains about how long the current standstill in demand related to equipment wires and electronic materials will continue.

Amid this situation, in the electric wire and cable business, a further increase in demand for wires for infrastructure is anticipated toward the Tokyo Olympics and urban redevelopment projects. In addition, with regard to the functional films business, while growth of the market of smartphones and other mobile terminals will remain at a standstill, sophistication of demand for functional films is expected to continue due to sophistication of functions.

Under these circumstances, the financial results forecast for the next fiscal year is as follows. We expect both revenue and income for the next fiscal year to increase from the fiscal year under review by incorporating recovery from the aggravation of earnings caused by temporary factors that occurred in the fiscal year under review, an increase in sales of electric wire and cable products and other factors, though the goals set under the mid-term management plan (operating income target for fiscal 2019: 5.4 billion yen) will not be attained in the next fiscal year.

Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
First half	31,000	2,900	2,900	2,100
Full year	61,500	5,000	5,000	3,600
(Reference) Fiscal year ended March 31, 2019	57,995	4,067	4,087	2,926

(2) Overview of financial position for the fiscal year under review

Financial position of the overall business and that by segment stated in segment information

(i) Financial position of the overall business

Total assets at the end of the fiscal year under review increased by 928 million yen from the end of the previous fiscal year to 52,397 million yen, mainly due to an increase in property, plant and equipment despite a decrease in short-term loans receivable. The increase in property, plant and equipment is primarily attributable to rebuilding of headquarters building.

Total liabilities decreased by 984 million yen from the end of the previous fiscal year to 9,077 million yen primarily as a result of a decrease in income taxes payable.

Total net assets increased by 1,912 million yen from the end of the previous fiscal year to 43,319 million yen mainly due to an increase in retained earnings, resulting from the posting of profit attributable to owners of parent, despite a decrease caused by payment of dividends.

As a result, the equity ratio increased by 2.2 percentage points from the end of the previous fiscal year to 82.7%, remaining at a high level.

(ii) Financial position by segment stated in segment information

[Electric Wire and Cable Business]

Segment assets at the end of the fiscal year under review increased by 890 million yen from the end of the previous fiscal year to 26,296 million yen. The increase is mainly due to an increase in notes and accounts receivable - trade and an increase in property, plant and equipment as a result of various kinds of investment to help enhance efficiency and refurbishment of buildings at works, despite a decrease in inventories following an increase in sales.

[Electronic Materials Business]

Segment assets at the end of the fiscal year under review decreased by 130 million yen from the end of the previous fiscal year to 12,403 million yen. The decrease is primarily due to a decrease in notes and accounts receivable - trade, attributable to decreased sales, and a decrease in property, plant and equipment as a result of advance in depreciation, although inventories increased because of an increase in stock in preparation for demand seasons.

[Other Businesses]

Segment assets at the end of the fiscal year under review increased by 27 million yen from the end of the previous fiscal year to 1,132 million yen.

[Corporate assets]

Corporate assets at the end of the fiscal year under review increased by 141 million yen from the end of the previous fiscal year to 12,565 million yen due to an increase in property, plant and equipment as a result of rebuilding of headquarters building despite a decrease in short-term loans receivable mainly corresponding to fund demand.

### (3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the fiscal year under review amounted to 1,118 million yen, a decrease of 167 million yen from the end of the previous fiscal year.

Overall cash flows and the reasons therefor are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 3,435 million yen, an increase by 1,890 million yen from the previous fiscal year, with netting factors contributing to capital increase such as profit before income taxes of 3,842 million yen and posting of depreciation of 1,676 million yen and factors contributing to a capital decrease including income taxes paid of 1,910 million yen.

(Cash flows from investing activities)

Net cash used in investing activities resulted in a net cash outflow of 2,577 million yen, an increase in cash outflow by 1,894 million yen from the previous fiscal year, with netting factors contributing to a capital increase such as a decrease in short-term loans receivable of 1,046 million yen and factors contributing to capital decrease including the purchase of property, plant and equipment of 3,532 million yen. Purchase of property, plant and equipment increased by 954 million yen from the previous fiscal year, mainly due to rebuilding of headquarters building.

(Cash flows from financing activities)

Net cash used in financing activities resulted in a net cash outflow of 1,039 million yen mainly due to cash dividends paid of 988 million yen, an increase in net cash outflow by 212 million yen from the previous fiscal year.

(Information on financial resources of capital and liquidity of funds)

The Group plans to continue proactive investments toward the achievement of the 2025 long-term vision. Although we plan to procure necessary funds from funds on hand in the near term, we will execute borrowings if necessary.

We procured funds for rebuilding of headquarters building, which was executed in the fiscal year under review,



from funds on hand.

(4) Basic policy on distribution of profits and dividends for the current term and next term

The Company's basic policy on dividends, etc., is to provide stable dividend payments on a continuing basis with a target of a dividend payout ratio of 30%. It makes a determination by comprehensively taking trends of business performance and future capital expenditures into consideration. The Company intends to pay the year-end dividend of 8 yen per share, resulting in a total dividend of 16 yen per share for the year including the interim dividend.

As for the next fiscal year, the Company intends to pay a total dividend of 18 yen per share with an interim dividend of 9 yen and a year-end dividend of 9 yen.

## 2. Overview of Group Operations

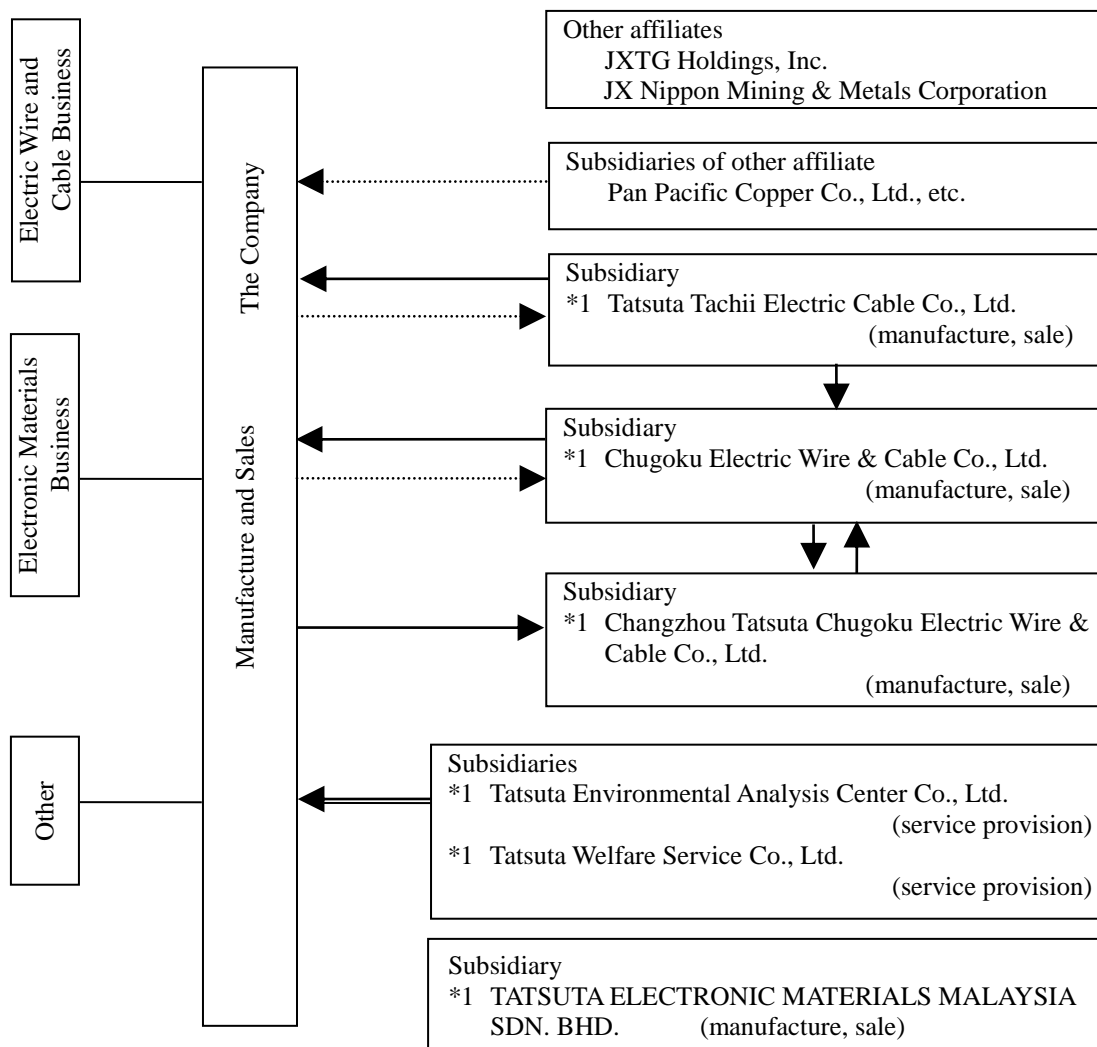
The Company's Group is comprised of the Company and six subsidiaries, and is engaged in the electric wire and cable business, the electronic materials business, as well as the equipment system product business, the optical components business and the environmental analysis business etc.

The details of businesses of the Company's Group and the positioning of subsidiaries in each business segment are as follows.

Reporting segment	Details of business	Primary company(s)
Electric Wire and Cable Business	Communication Wire Business Manufacturing and sales of wires for infrastructure and general industrial machinery	The Company
	Equipment Wire Business Manufacturing and sales of wires for FAs and precision industrial machinery	The Company, Chugoku Electric Wire & Cable Co., Ltd., Tatsuta Tachii Electric Cable Co., Ltd., Changzhou Tatsuta Chugoku Electric Wire & Cable Co., Ltd.
Electronic Materials Business	Functional Materials Business Manufacturing and sales of functional materials for electronic equipment including EMI shielding film and conductive paste, etc.	The Company
	Fine Wire Business Manufacturing and sales of ultra-fine bonding wires for wiring of electronic parts	The Company, TATSUTA ELECTRONIC MATERIALS MALAYSIA SDN. BHD.
Other	Equipment System Business Manufacturing and sales of water leakage detectors, intrusion monitoring system, access control system, medical equipment system, etc.	The Company
	Optical Components Business Manufacturing and sales of visible wavelengths fiber device, optical fiber coupler, optical components for medical use, etc.	The Company
	Environmental Analysis Business Measurement and analysis of water quality, air, noise, vibration and odor; research and analysis of toxic substance, soil pollution and asbestos	Tatsuta Environmental Analysis Center Co., Ltd.

(Note) Tachii Electric Wire Co., Ltd. changed its trade name to Tatsuta Tachii Electric Cable Co., Ltd. as of January 1, 2019.

The Group's business organization chart is as follows:



Note 1 \*1 Consolidated subsidiaries  
 Note 2 ← Products  
 ← Services  
 ← Materials

### 3. Management Policy

#### (1) The Company's basic policy of management

The basic management policy of the Group is to:

(i) continuously and proactively take up the development of businesses that will lead the next generation, based on our core businesses of electric wire/cable and electronic materials and with overwhelming vitality and speed, while we promote a consolidated management that is both highly conscientious and transparent so that we may create sustainable growth and improve mid- and long-term corporate value, and

(ii) consider global environmental problems while we provide products and services with characteristics that will meet customer needs, and thus also contribute to the sustainable growth and development of society.

#### (2) The Company's mid- and long-term management strategy

##### (i) 2025 long-term vision:

Our goal is to achieve net sales of ¥100 billion and operating income of ¥10 billion in fiscal 2025. We will explore the frontiers of electric wire and electronic materials with the aim of becoming a niche top supplier that provides unique cutting-edge parts and materials.

To achieve this, we will actively invest in the fields which are expected to achieve market expansion; namely, conductive paste and medical equipment parts & materials in pursuit of growth. For other existing business fields, we will implement strategies such as promoting investment to help enhance efficiency and shifting our operational focus to high margin products to pursue the optimization of profit.

##### (ii) Mid-term management plan for Fiscal Year Ending March 31, 2018 through Fiscal Year Ending March 31, 2020:

While focusing on the establishment of the foundation to attain the 2025 Long-Term Vision, we aim to achieve net sales of ¥58.0 billion and operating income of ¥5.4 billion for the Fiscal Year Ending March 31, 2020.

### 4. Basic Approach to the Selection of Accounting Standards

The policy of the Group is to prepare its consolidated financial statements under the Japanese standards, in consideration of the comparability of its consolidated financial statements between periods and other factors.

Meanwhile, we intend to address the future application of IFRS in a timely and appropriate manner upon taking both internal and external environments into consideration.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	1,286	1,118
Notes and accounts receivable - trade	17,228	17,496
Finished goods	2,459	1,939
Work in process	5,215	5,770
Raw materials and supplies	890	978
Short-term loans receivable	8,041	6,995
Other	505	513
Allowance for doubtful accounts	(0)	(0)
Total current assets	35,626	34,811
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,326	18,482
Accumulated depreciation	(10,627)	(10,781)
Buildings and structures, net	5,699	7,701
Machinery, equipment and vehicles	20,165	20,978
Accumulated depreciation	(17,581)	(18,408)
Machinery, equipment and vehicles, net	2,584	2,570
Tools, furniture and fixtures	2,922	3,018
Accumulated depreciation	(2,550)	(2,594)
Tools, furniture and fixtures, net	372	423
Land	3,799	3,799
Construction in progress	1,142	788
Total property, plant and equipment	13,598	15,283
Intangible assets		
Software	119	118
Software in progress	3	19
Right of using facilities	5	5
Other	14	11
Total intangible assets	143	155
Investments and other assets		
Investment securities	1,077	1,032
Long-term prepaid expenses	10	33
Retirement benefit asset	27	-
Deferred tax assets	877	974
Other	114	114
Allowance for doubtful accounts	(7)	(7)
Total investments and other assets	2,099	2,147
Total non-current assets	15,841	17,585
Total assets	51,468	52,397

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,661	3,382
Lease obligations	0	-
Accounts payable - other	967	1,116
Accrued expenses	1,383	1,360
Income taxes payable	1,315	375
Other	1,009	715
Total current liabilities	8,337	6,950
Non-current liabilities		
Long-term loans payable	1,050	1,000
Provision for environmental measures	80	80
Provision for business structure improvement	12	-
Retirement benefit liability	318	796
Asset retirement obligations	173	163
Deferred tax liabilities	1	1
Other	87	84
Total non-current liabilities	1,724	2,127
<b>Total liabilities</b>	<b>10,061</b>	<b>9,077</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,676	6,676
Capital surplus	4,516	4,516
Retained earnings	32,555	34,493
Treasury shares	(2,457)	(2,457)
Total shareholders' equity	41,290	43,228
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	262	231
Deferred gains or losses on hedges	(69)	91
Foreign currency translation adjustment	(46)	(58)
Remeasurements of defined benefit plans	(31)	(174)
Total accumulated other comprehensive income	116	91
<b>Total net assets</b>	<b>41,406</b>	<b>43,319</b>
<b>Total liabilities and net assets</b>	<b>51,468</b>	<b>52,397</b>

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

## Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net sales	55,194	57,995
Cost of sales	41,286	44,610
Gross profit	13,908	13,384
Total selling, general and administrative expenses	8,860	9,317
Operating profit	5,047	4,067
Non-operating income		
Interest income	6	6
Dividend income	17	23
Reversal of provision for business structure improvement	19	-
Royalty income	18	19
Subsidy income	109	4
Other	59	32
Total non-operating income	231	85
Non-operating expenses		
Interest expenses	14	15
Loss on abandonment of non-current assets	5	0
Foreign exchange losses	3	27
Derivative loss	1	2
Other	33	20
Total non-operating expenses	59	65
Ordinary profit	5,219	4,087
Extraordinary income		
Gain on sales of investment securities	5	4
Gain on sales of non-current assets	233	-
Insurance income	-	2
Total extraordinary income	239	7
Extraordinary losses		
Loss on abandonment of non-current assets	154	28
Impairment loss	290	-
Loss on disaster	-	74
Head office transfer cost	-	149
Total extraordinary losses	445	252
Profit before income taxes	5,013	3,842
Income taxes - current	1,586	1,001
Income taxes - deferred	(250)	(85)
Total income taxes	1,335	915
Profit	3,677	2,926
Profit attributable to owners of parent	3,677	2,926

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Profit	3,677	2,926
Other comprehensive income		
Valuation difference on available-for-sale securities	32	(30)
Deferred gains or losses on hedges	(218)	160
Foreign currency translation adjustment	5	(11)
Remeasurements of defined benefit plans, net of tax	580	(143)
Total other comprehensive income	400	(25)
Comprehensive income	4,077	2,901
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,077	2,901



### (3) Consolidated Statements of Changes in Equity

Previous fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,676	4,536	29,681	(2,456)	38,437
Changes of items during period					
Dividends of surplus			(803)		(803)
Profit attributable to owners of parent			3,677		3,677
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(20)			(20)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	(20)	2,874	(0)	2,853
Balance at end of current period	6,676	4,516	32,555	(2,457)	41,290

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	229	149	(51)	(611)	(283)	38,153
Changes of items during period						
Dividends of surplus						(803)
Profit attributable to owners of parent						3,677
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						(20)
Net changes of items other than shareholders' equity	32	(218)	5	580	400	400
Total changes of items during period	32	(218)	5	580	400	3,253
Balance at end of current period	262	(69)	(46)	(31)	116	41,406

Current fiscal year (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,676	4,516	32,555	(2,457)	41,290
Changes of items during period					
Dividends of surplus			(988)		(988)
Profit attributable to owners of parent			2,926		2,926
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	1,938	(0)	1,937
Balance at end of current period	6,676	4,516	34,493	(2,457)	43,228

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	262	(69)	(46)	(31)	116	41,406
Changes of items during period						
Dividends of surplus						(988)
Profit attributable to owners of parent						2,926
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						–
Net changes of items other than shareholders' equity	(30)	160	(11)	(143)	(25)	(25)
Total changes of items during period	(30)	160	(11)	(143)	(25)	1,912
Balance at end of current period	231	91	(58)	(174)	91	43,319

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,013	3,842
Depreciation	1,695	1,676
Impairment loss	290	-
Increase (decrease) in retirement benefit liability	28	220
Decrease (increase) in retirement benefit asset	304	76
Increase (decrease) in provision for business structure improvement	(170)	(12)
Increase (decrease) in provision for environmental measures	(26)	-
Increase (decrease) in allowance for doubtful accounts	(3)	0
Interest and dividend income	(24)	(29)
Loss (gain) on sales and valuation of investment securities	(5)	(4)
Subsidy income	(109)	(4)
Insurance income	-	(2)
Loss on disaster	-	74
Interest expenses	14	15
Loss (gain) on sales of non-current assets	(226)	-
Loss on retirement of non-current assets	177	173
Decrease (increase) in notes and accounts receivable - trade	(2,848)	(278)
Decrease (increase) in inventories	(2,478)	(132)
Decrease (increase) in other assets	(92)	120
Increase (decrease) in notes and accounts payable - trade	255	(271)
Increase (decrease) in accounts payable - other	146	8
Increase (decrease) in accrued expenses	226	(22)
Increase (decrease) in accrued consumption taxes	(74)	132
Increase (decrease) in other liabilities	469	(226)
Other, net	(9)	(9)
Subtotal	2,551	5,346
Interest and dividend income received	24	29
Interest expenses paid	(14)	(15)
Income taxes paid	(1,124)	(1,910)
Proceeds from subsidy income	109	4
Proceeds from insurance income	-	2
Payments for loss on disaster	-	(20)
Net cash provided by (used in) operating activities	1,545	3,435

(Millions of yen)

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(105)	(4)
Proceeds from sales of investment securities	13	5
Purchase of property, plant and equipment	(2,578)	(3,532)
Proceeds from sales of property, plant and equipment	360	-
Purchase of intangible assets	(36)	(63)
Net decrease (increase) in short-term loans receivable	1,685	1,046
Decrease (increase) in other investments	(20)	(27)
Net cash provided by (used in) investing activities	(683)	(2,577)
<b>Cash flows from financing activities</b>		
Repayments of long-term loans payable	-	(50)
Cash dividends paid	(803)	(988)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(20)	-
Purchase of treasury shares	(0)	(0)
Other, net	(2)	(0)
Net cash provided by (used in) financing activities	(826)	(1,039)
Effect of exchange rate change on cash and cash equivalents	(4)	13
Net increase (decrease) in cash and cash equivalents	31	(167)
Cash and cash equivalents at beginning of period	1,254	1,286
Cash and cash equivalents at end of period	1,286	1,118

(5) Notes to the consolidated financial statements

(Notes on the going concern assumption)

N/A

(Notes on important matters for the preparation of consolidated financial statements)

1. Scope of the consolidation

(1) Number of consolidated subsidiaries: 6

Chugoku Electric Wire & Cable Co., Ltd.

Tatsuta Environmental Analysis Center Co., Ltd.

Tatsuta Welfare Service Co., Ltd.

Changzhou Tatsuta Chugoku Electric Wire & Cable Co., Ltd.

TATSUTA ELECTRONIC MATERIALS MALAYSIA SDN. BHD.

Tatsuta Tachii Electric Cable Co., Ltd.

(2) Number of non-consolidated subsidiaries: 2

(Reason for exclusion from the scope of consolidation)

These non-consolidated subsidiaries are excluded from the scope of consolidation, because they are small in size and their respective total assets, net sales, net income (corresponding to equity held by the Company) and retained earnings (corresponding to equity held by the Company) of these companies have little impact on the consolidated financial statements.

2. Application of the equity method

Number of non-consolidated subsidiaries that are not accounted for by the equity method: 2

(Reason for non-application of the equity method)

Non-consolidated subsidiaries that are not accounted for by the equity method are excluded from the scope of the application of the equity method, because their respective net income (corresponding to equity held by the Company) and retained earnings (corresponding to equity held by the Company) have little impact on the consolidated financial statements even if they are excluded from the scope of the equity method, as well as have minor significance as a whole.

3. Fiscal years, etc., of the consolidated subsidiaries

The closing date of Changzhou Tatsuta Chugoku Electric Wire & Cable Co., Ltd. and TATSUTA ELECTRONIC MATERIALS MALAYSIA SDN. BHD., which are among the Company's consolidated subsidiaries, is December 31. The consolidated financial statements of these consolidated subsidiaries were prepared using the financial documents dated as of such closing date. Necessary adjustments are made on any significant transactions that took place between this date and the consolidated closing date.

The final day of the fiscal year of other consolidated subsidiaries is the same as the closing date of the consolidated fiscal year.

4. Notes to accounting policies

(1) Valuation basis and methods for significant assets

a) Marketable securities

Other marketable securities

Securities with market value

Market value method based on the market value, etc., at the end of the consolidated fiscal year (any valuation gain or loss to be reported in a designated component of net assets; cost of sale to be computed by the moving-average method).

Securities without market value

Stated at cost based on the moving average method.

b) Derivatives

Stated at fair value

c) Inventories

Stated at cost mainly using the gross monthly average method (book value is written down based on the decreased profitability).

(2) Depreciation method of significant depreciable assets

a) Property, plant and equipment: Declining-balance method

Straight-line method for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016

Useful lives of major items are as follows:

Buildings and structures: 15 to 38 years

Machinery, equipment and vehicles: 4 to 8 years

b) Intangible fixed assets (excluding leased assets): Straight-line method

Straight-line method for software, which is used in the Company, based on the life in the Company (5 years)

(3) Standards of accounting for significant provisions

a) Allowance for doubtful receivables

In order to provide for losses due to doubtful receivables and bad debts, etc., an amount based on the percentage of actual historical bad debts is recorded for ordinary receivables, and the estimated amounts of irrecoverable debt based on the estimated recoverability of individual cases is recorded for specified receivables such as doubtful receivables.

b) Provision for environmental measures

The Company provided an estimated disposal cost to cover expenditures such as the disposal of PCB waste required under the “Law Concerning Special Measures for Promotion of Appropriate Disposal of PCB (polychlorinated biphenyl) Waste.”

(4) Accounting methods for retirement benefits

(i) Method of attributing the projected amount of retirement benefit to the period

In calculating retirement benefit obligations, the Company uses the benefit formula method to allocate the projected retirement benefit for the period up to the end of the consolidated fiscal year under review.

(ii) Method of amortizing actuarial gain and loss and past service cost

Past service cost is amortized by the straight-line method over the average remaining years of service of the employees (11 years).

Actuarial gain and loss are written off in the year following the consolidated fiscal year in which the gain or loss is recognized by the straight-line method over the average remaining years of service of the eligible employees (11 years).

(iii) Application of the simplified method to small-size companies, etc.

For some consolidated subsidiaries, a simplified method is applied for the calculation of retirement benefit obligations and retirement benefit expenses in which the necessary retirement benefit provisions for voluntary resignations at the end of the fiscal year are recorded as retirement benefit obligations.

(5) Basis for the conversion of important foreign-currency assets or liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. The foreign exchange gains and losses from translation are recognized in profit or loss. Assets and liabilities of overseas subsidiaries, etc., are translated into Japanese yen using the spot exchange rate on the consolidated balance sheet date thereof. Revenue and expenses are translated into Japanese yen using the average exchange rates of the consolidated fiscal year. The translation differences are included in foreign currency translation adjustment in the net assets section.

(6) Method of important hedge accounting

a) Method of hedge accounting

The Company has adopted the deferred hedge accounting method. Certain forward exchange contracts are subject to appropriation if they satisfy the requirements of appropriation treatment (“furiate-shori”).

b) Hedging instruments and hedged items

Hedge accounting was applied to the following hedging instruments and hedged items during the consolidated fiscal year under review.

(Hedging instruments)	(Hedged items)
Foreign exchange forward contracts	Foreign currency receivable and payable, etc.
Commodity derivatives	Raw materials

c) Hedging policy

Foreign exchange forward contracts and commodity derivatives are used to hedge the foreign currency risk on the hedged items and the price fluctuation risk of raw materials in accordance with the internal rules.

d) Method to evaluate effectiveness of hedging

The effectiveness of hedging is assessed based on the market fluctuation of hedging instruments and hedged items through the comparison of the cumulative amount thereof for the period from the commencement of hedging to evaluate the effectiveness thereof.

(7) Scope of funds in the consolidated cash flow statement

Funds in the consolidated cash flow statement (cash and cash equivalents) consists of cash on hand, deposits that can be withdrawn at any time, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(8) Other important matters for the preparation of consolidated financial statements

a) Accounting of consumption taxes

Tax exclusion method

b) Application of consolidated tax payment system

Applied

(Segment information, etc.)

[Segment information]

1 Outline of reportable segments

The reportable segments of the Company are components of the Company about which separate financial information is available and are evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

The Company consists of business segments by product and service based on operating divisions and operating companies. Categories of reportable segments and key products, etc., relating to the respective reportable segments are as follows:

Reportable segment	Key products, etc.
Electric Wire and Cable Business	Bare wires, cables (for electric power, fiber optic and telecommunication), covered wires
Electronic Materials Business	Electronic materials (conductive functional materials, bonding wires, etc.)

2 Basis for calculating sales, profit and loss, assets and other items by reportable segment

The method for the accounting process of reportable segments is equivalent to the method described in “Notes on important matters for the preparation of consolidated financial statements.” Segment performance is evaluated based on operating income or loss. Profit of reportable segments figures are based on operating income. Inter-segment revenue and transfer within the segments are based on the prevailing market price.

3 Information on amounts of sales, profit or loss, assets and other items by reportable segments

Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	(Millions of yen)
	Electric Wire and Cable Business	Electronic Materials Business	Subtotal				Amounts stated in consolidated financial statements (Note 3)
Net sales							
Net sales to external customers	32,621	20,902	53,524	1,670	55,194	—	55,194
Net intersegment sales or transfer	—	—	—	33	33	(33)	—
Total	32,621	20,902	53,524	1,703	55,228	(33)	55,194
Segment profit (loss)	949	4,808	5,758	52	5,810	(763)	5,047
Segment assets	25,405	12,533	37,939	1,104	39,044	12,424	51,468
Other items							
Depreciation and amortization	642	897	1,540	72	1,612	82	1,695
Increase in property, plant, equipment and intangible assets	1,570	375	1,946	43	1,990	721	2,711

(Notes)

1. “Other” is a business segment that is not included in the reportable segments, and comprises the equipment system product business, the optical components business and the environmental analysis business.



2. The adjustment is as follows:

- (1) The adjustment to segment profit (loss) of negative 763 million yen represents 12 million yen in inter-segment eliminations and negative 775 million yen of corporate assets not allocated to each reportable segment. Corporate assets mainly include general administrative expenses and research expenses that are not attributable to reportable segments.
  - (2) The adjustment to segment assets of 12,424 million yen represents negative 1,632 million yen in offsets against receivables of the administrative division of headquarters and 14,056 million yen of corporate assets not allocated to each reportable segment. Corporate assets mainly include funds to manage surplus assets (cash and short-term loans receivable), long-term investment funds (investment securities), deferred tax assets, and assets related to the administration and research divisions (general affairs, basic research), etc.
  - (3) The adjustment to increase in property, plant, equipment and intangible assets of 721 million yen represents capital investment including headquarters building and research & development assets, etc.
3. Segment profit (loss) is adjusted to operating income in the consolidated financial statements.

Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts stated in consolidated financial statements (Note 3)
	Electric Wire and Cable Business	Electronic Materials Business	Subtotal				
Net sales							
Net sales to external customers	37,092	19,073	56,166	1,829	57,995	—	57,995
Net intersegment sales or transfer	—	—	—	42	42	(42)	—
Total	37,092	19,073	56,166	1,871	58,037	(42)	57,995
Segment profit (loss)	601	4,058	4,659	98	4,758	(690)	4,067
Segment assets	26,296	12,403	38,699	1,132	39,831	12,565	52,397
Other items							
Depreciation and amortization	683	804	1,488	79	1,567	108	1,676
Increase in property, plant, equipment and intangible assets	1,199	665	1,864	84	1,948	1,480	3,429

(Notes)

1. “Other” is a business segment that is not included in the reportable segments, and comprises the equipment system product business, the optical components business and the environmental analysis business.
2. The adjustment is as follows:
  - (1) The adjustment to segment profit (loss) of negative 690 million yen represents 12 million yen in inter-segment eliminations and negative 703 million yen of corporate assets not allocated to each reportable segment. Corporate assets mainly include general administrative expenses and research expenses that are not attributable to reportable segments.
  - (2) The adjustment to segment assets of 12,565 million yen represents negative 2,046 million yen in offsets against receivables of the administrative division of headquarters and 14,612 million yen of corporate assets not allocated to each reportable segment. Corporate assets mainly include funds to manage surplus assets

(cash and short-term loans receivable), long-term investment funds (investment securities), deferred tax assets, and assets related to the administration and research divisions (general affairs, basic research), etc.

(3) The adjustment to increase in property, plant, equipment and intangible assets of 1,480 million yen represents capital investment including headquarters building and administration and research divisions (general affairs, basic research), etc.

3. Segment profit (loss) is adjusted to operating income in the consolidated financial statements.

[Related Information]

Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)

1. Information by product and service

Information is omitted as similar information is disclosed in “Segment information.”

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	China	South Korea	Other Asia	Other	Total
35,381	10,904	4,768	4,112	27	55,194

(Note) 1. Net sales are segmented by country or region based on customer location.

(2) Property, plant, and equipment

Information is omitted since amount of property, plant and equipment in Japan exceeds 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Related segment name
SUMIDEN HITACHI CABLE Ltd.	10,564	Electric Wire and Cable Business

Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)

1. Information by product and service

Information is omitted as similar information is disclosed in Segment Information.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	China	South Korea	Other Asia	Other	Total
39,580	10,845	3,179	4,348	42	57,995

(Note) 1. Net sales are segmented by country or region based on customer location.

(2) Property, plant, and equipment

Information is omitted since amount of property, plant and equipment in Japan exceeds 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Related segment name
SUMIDEN HITACHI CABLE Ltd.	12,248	Electric Wire and Cable Business

[Information on impairment loss on fixed assets by reportable segment]

Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segment			Other	Total	Corporate items and eliminations	Total
	Electric Wire and Cable Business	Electronic Materials Business	Subtotal				
Impairment loss	290	—	290	—	290	—	290

Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)

N/A

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

Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)

N/A

Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)

N/A

[Information on gain on negative goodwill by reportable segment]

Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)

N/A

Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)

N/A

(Per share information)

Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)		Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)	
Net assets per share	670.19 yen	Net assets per share	701.16 yen
Net income per share	59.52 yen	Net income per share	47.37 yen
There is no diluted net income per share as there are no shares with dilutive effect.		There is no diluted net income per share as there are no shares with dilutive effect.	
Basis for calculation		Basis for calculation	
1. Net assets per share		1. Net assets per share	
Total amount in net assets on the consolidated balance sheet	41,406 million yen	Total amount in net assets on the consolidated balance sheet	43,319 million yen
Amount deducted from the total amount in net assets	- million yen	Amount deducted from the total amount in net assets	- million yen
Net assets on common shares	41,406 million yen	Net assets on common shares	43,319 million yen
Number of common shares at the end of fiscal year	61,783 thousand shares	Number of common shares at the end of fiscal year	61,783 thousand shares
2. Net income per share		2. Net income per share	
Net income (loss) attributable to owners of parent in consolidated statements of income	3,677 million yen	Net income (loss) attributable to owners of parent in consolidated statements of income	2,926 million yen
Amount not attributable to common shares	- million yen	Amount not attributable to common shares	- million yen
Net income (loss) attributable to owners of parent on common shares	3,677 million yen	Net income (loss) attributable to owners of parent on common shares	2,926 million yen
Average number of common shares during the period	61,784 thousand shares	Average number of common shares during the period	61,783 thousand shares

(Important subsequent events)

N/A