

FOR IMMEDIATE RELEASE:

**Furusato Announces Financial Results
for the Year Ended March 31, 2019 [Japan GAAP]**

Osaka, Japan, May 8, 2019 – Furusato Industries, Ltd. announced its financial results for the year ended March 31, 2019. All financial information has been prepared in accordance with accounting principles generally accepted in Japan. The following summary of the financial results is unaudited and for reference only.

Stock Exchange Listing : The First Section of the Tokyo Stock Exchange
Securities Code : 8087

All figures are rounded down to the nearest million yen.

CONSOLIDATED FINANCIAL RESULTS

1. Business Results

	Year Ended March 31, 2019	Year Ended March 31, 2018
Operating Results:	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ 107,873	¥ 98,881
Operating Income	4,040	3,125
Ordinary Income	4,416	3,464
Net Income Attributable to Owners of Parent	2,893	2,311
ROE (Net Income to Net Assets)	7.3%	6.1%
ROA (Ordinary Income to Total Assets)	6.8%	5.6%
Operating Income to Net Sales	3.7%	3.2%
Per Share Data:	(Yen)	(Yen)
Net Income Attributable to Owners of Parent	¥ 199.57	¥ 159.44
	As of March 31, 2019	As of March 31, 2018
Financial Position:	(Millions of Yen)	(Millions of Yen)
Total Assets	¥ 66,988	¥ 63,283
Net Assets	40,690	39,085
Net Assets to Total Assets	60.7%	61.8%
Per Share Data:	(Yen)	(Yen)
Net Assets	¥ 2,806.90	¥ 2,696.12
Cash Flows:	(Millions of Yen)	(Millions of Yen)
Net Cash Provided by Operating Activities	¥ 3,757	¥ 1,590
Net Cash Used in Investing Activities	(1,216)	(1,339)
Net Cash Used in Financing Activities	(796)	(577)
Cash and Cash Equivalents at End of Period	13,056	11,312

Notes:

1. Comprehensive income
 - Year ended March 31, 2019: ¥2,302 million, (16.6)%
 - Year ended March 31, 2018: ¥2,759 million, 0.7%
2. Changes in major subsidiaries during the period under review
 - (Change in specific subsidiaries due to changes in the scope of consolidation): No
3. Changes in accounting principles, changes in accounting estimates, and retrospective restatements
 - 1) Changes in accounting principles resulting from revisions in accounting standards: No
 - 2) Changes in accounting policies other than 1) above based on revisions of accounting standard: No
 - 3) Changes in accounting estimates: Yes
 - 4) Retrospective restatements: No
4. Number of issued and outstanding shares (common stock)
 - 1) Number of issued and outstanding shares at the end of period (including treasury stock)
 - March 31, 2019: 14,574,366 shares
 - March 31, 2018: 14,574,366 shares
 - 2) Number of treasury stock at the end of period
 - March 31, 2019: 77,721 shares
 - March 31, 2018: 77,367 shares
 - 3) Average number of shares (consolidated, cumulative)
 - March 31, 2019: 14,496,843 shares
 - March 31, 2018: 14,497,151 shares

2. Dividends

	Dividends Per Share (Yen)					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividend on Net Assets (Consolidated)
	1Q	2Q	3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Fiscal Year Ended March 31, 2018	-	5.00	-	43.00	48.00	696	30.1	1.8
Fiscal Year Ended March 31, 2019	-	5.00	-	55.00	60.00	871	30.1	2.2
Fiscal Year Ending March 31, 2020 (Forecast)	-	5.00	-	56.50	61.50		30.2	

CONSOLIDATED EARNINGS FORECAST FOR FISCAL 2019, ENDING MARCH 31, 2020

	Six Months Ending September 30, 2019	Year Ending March 31, 2020
Operating Results:	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ 53,100	¥ 108,000
Operating Income	1,900	4,000
Ordinary Income	2,100	4,400
Net Income Attributable to Owners of Parent	1,370	2,950
Per Share Data:	(Yen)	(Yen)
Net Income Attributable to Owners of Parent	¥ 94.50	¥ 203.50

[REFERENCE] NON-CONSOLIDATED FINANCIAL RESULTS

	Year Ended March 31, 2019	Year Ended March 31, 2018
Operating Results:	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ 33,873	¥ 30,375
Operating Income	1,928	1,377
Ordinary Income	2,167	1,607
Net Income	1,469	1,021
Per Share Data:	(Yen)	(Yen)
Net Income	¥ 101.39	¥ 70.49
	As of March 31, 2019	As of March 31, 2018
Financial Position:	(Millions of Yen)	(Millions of Yen)
Total Assets	¥ 33,731	¥ 32,283
Net Assets	24,028	23,615
Net Assets to Total Assets	71.2%	73.2%
Per Share Data:	(Yen)	(Yen)
Net Assets	¥ 1,657.54	¥ 1,629.01

*This material contains forward-looking statements that reflects Furusato's plans and expectations. These forward-looking statements are based on information currently available and a rational evaluation based on certain assumptions that may cause Furusato's future results to be materially different from any future results expressed or implied by these forward-looking statements due to various factors including change of business environment, market trend and others.

RESULTS OF OPERATIONS AND FINANCIAL POSITION (YEAR ENDED MARCH 31, 2019)**1. Analysis of Operating Results****(1) Overview of Results**

During the year ended March 31, 2019, the Japanese economy continued its moderate recovery trend, led primarily by a recovery in employment and income situation and the effects of various policies even though there was growing uncertainty including the impacts of situations over trade friction and the global economic slowdown.

The trends in demand surrounding Furusato Group's operation are as follows.

The Indices of Industrial Production were almost flat year over year with signs of softening in some industries. According to the industry, motor vehicles showed signs of a slowdown in growth. Business investment continued its upward trend. Meanwhile, the Orders Received for Machinery, a leading indicator, were almost flat year over year, and the Orders Received for Machine Tools recorded an expanded reduction in the January-March period. Steel frame building construction demand appeared to be on a downward trend due to a slight year-over-year decrease in the amount of the steel frame used towards the end of the demand related to the Tokyo 2020 Olympic Games despite potential demand for distribution warehouses amid a continuing shortage of building supplies and on-site workers.

Amid this business environment, a medium-term management plan, "Design the Future 2020", for the three-year period from April 1, 2017 to March 31, 2020 has been on track relatively at the end of the second year. In the final fiscal year, we aimed to ensure a steady progress to achieve the goal of this plan.

During the period under review, the consolidated performance was driven by the Machine Tool Business, led by favorable orders received for machine tools mainly in the first half of this fiscal year and the Steel Frame Building Supplies Business, reflecting price hike in building supplies. Moreover, The Industrial Equipment Business increased slightly due to flat demand.

Accordingly, consolidated net sales increased by 9.1% year over year to ¥107,873 million. On the earnings front, operating income increased by 29.3% year over year to ¥4,040 million due to improved gross profit margin mainly in in-house products of the Steel Frame Building Supplies Business. Ordinary income increased by 27.5% year over year to ¥4,416 million. Consequently, net income attributable to owners of parent was ¥ 2,893 million, up 25.2% year over year.

(2) Analysis of Results by Segment**1) Equipment and Tools Segment**

In the Equipment and Tools Segment, the Industrial Equipment Business and the Machine and Tools for Automotive Business increased by 3.5% and 9.6% year over year, respectively, due to turning to a flat trend in the Indices of Industrial Production. The Housing Equipment Business decreased by 3.6% year over year, impacted by sluggish housing market. Accordingly, overall net sales increased by 2.1% year over year to ¥49,873 million. Overall operating income was ¥1,297 million, up 13.5% year over year.

2) Machine and Facility Segment

In the Machine and Facility Segment, the Machine Tool Business and the Factory Automation Business increased by 22.4% and 23.7% year over year, respectively, reflecting a steady decline in backlog of orders received for machine tools accumulated primarily in the first half of fiscal 2018 although the domestic orders received turned to a year-over-year decrease according to the statistics of the Orders Received for Machine Tools. Accordingly, overall net sales increased by 22.6% year over year to ¥24,145 million. Overall operating income increased by 28.7% year over year to ¥685 million.

3) Construction and Piping Products Segment

In the Construction and Piping Products Segment, the Steel Frame Building Supplies Business and the Piping Products Business increased by 14.3% and 2.1% year over year, respectively, reflecting full-fledged operation of our new production system and our efforts to satisfy orders under the situation of shortage of building supplies. Accordingly, net sales increased by 11.5% year over year to ¥33,854 million, and overall operating income was ¥1,928 million, up 39.9% year over year.

2. Overview of Consolidated Financial Position

〈Total assets〉

As of March 31, 2019, total assets increased by ¥3,704 million to ¥66,988 million from the end of the previous fiscal year. According to a breakdown of the change, total current assets increased by ¥3,877 million from the fiscal 2017 year-end. That was due primarily to an increase in cash and deposits of ¥1,944 million, an increase

in notes and accounts receivable-trade of ¥1,161 million, an increase in electronically recorded monetary claims-operating of ¥888 million, and an increase in inventories by ¥383 million. Total non-current assets decreased by ¥172 million. That was due primarily to an increase in property, plant and equipment of ¥570 million and a decrease in investment securities of ¥846 million.

〈Total liabilities〉

Total liabilities increased by ¥2,099 million to ¥26,297 million from the fiscal 2017 year-end. According to a breakdown of the change, total current liabilities increased by ¥2,439 million from the fiscal 2017 year-end. That was due primarily to an increase in notes and accounts payable-trade by ¥488 million, an increase in electronically recorded obligations-operating of ¥1,900 million and an increase in income taxes payable by ¥407 million. Total noncurrent liabilities decreased by ¥340 million from the fiscal 2017 year-end. That was due primarily to a decrease in long-term loans payable of ¥100 million and a decrease in deferred tax liabilities of ¥327 million.

〈Net assets〉

Net assets increased by ¥1,604 million to ¥40,690 million from the end of the previous fiscal year. This was attributed to net income attributable to owners of parent of ¥2,893 million, dividends from surplus of ¥696 million and a decrease in valuation difference on available-for-sale securities of ¥570 million.

3. Overview of Consolidated Cash Flows

〈Cash flows〉

Cash and cash equivalents (hereinafter referred to as “cash”) as of March 31, 2019 increased by ¥1,744 million from the beginning of fiscal 2018 to ¥13,056 million (in fiscal 2017, ¥11,312 million) due to an increase in cash from operating activities and a decrease in cash from investment activities and financing activities.

〈Net cash from operating activities〉

Net cash provided by operating activities was ¥3,757 million (in fiscal 2017, net cash provided by operating activities ¥1,590 million). Factors behind the result were income before income taxes of ¥4,356 million, depreciation and amortization of ¥611 million, an increase in notes and accounts receivable-trade of ¥2,592 million, an increase in inventories of ¥455 million, an increase in notes and accounts payable-trade of ¥2,802 million and income taxes paid of ¥1,133 million.

〈Net cash from investing activities〉

Net cash used in investing activities totaled ¥1,216 million (in fiscal 2017, net cash used in investing activities ¥1,339 million), mainly resulting from purchases of property, plant and equipment of ¥1,075 million, payments for guarantee deposits of ¥67 million and proceeds from sales of investment securities of ¥44 million.

〈Net cash from financing activities〉

Net cash used in financing activities was ¥796 million (in fiscal 2017, net cash provided by financing activities ¥577 million). That was mainly owing to cash dividends paid of ¥695 million and repayments of long-term loans payable of ¥100 million.

4. Earnings Forecast for fiscal 2019, ending March 31, 2020

We forecast net sales of ¥108,000 million, up 0.1% year over year, operating income of ¥4,000 million, down 1.0% year over year, ordinary income of ¥4,400 million, down 0.4% year over year, and net income attributable to owners of parent of ¥2,950 million, up 2.0% year over year.

5. Basic Policy for Distribution of Profits, Dividends for FY2018 and Dividends Forecasts for FY2019

Furusato regards our dividend policy as one of the critical management issues and adopts the following policy:

- (1) In order to increase the returns to shareholders over the long term, we strive to reinforce our profit structure. Internal capital resources will be secured for active investment in growing businesses.
- (2) The target annual dividend payout ratio is approximately 30% of consolidated net income. In case that the annual dividend per share based on the above dividend payout ratio is less than ¥10, we aim to continue to pay ¥10 as the stable dividend returns to our shareholders.

Note: Amount is rounded up by ¥0.5.

¥0.01 - ¥0.49; ¥0.5

¥0.51 - ¥0.99; ¥1.0

In accordance with this policy, Furusato plans to pay a year-end dividend of ¥55.0 per share, resulting in an annual dividend of ¥60.0 per share together with the interim dividend of ¥5.0 per share already paid.

The annual dividend for the year ending March 31, 2020 is expected to be ¥61.5 per share (¥5.0 for interim and ¥56.5 for year-end dividend).

CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2019

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	Thousands of Yen	
	March 31, 2018 Amounts	March 31, 2019 Amounts
Assets		
Current assets:		
Cash and deposits	¥ 11,112,150	¥ 13,056,546
Notes and accounts receivable-trade	24,810,510	25,971,621
Electronically recorded monetary claims-operating	3,196,343	4,084,921
Securities	200,000	-
Merchandise and finished goods	3,737,181	4,120,571
Work in process	310,638	372,033
Raw materials and supplies	140,627	151,713
Other	778,070	454,070
Allowance for doubtful accounts	(12,956)	(61,396)
Total current assets	44,272,565	48,150,082
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	8,954,463	9,979,792
Accumulated depreciation	(5,123,449)	(5,322,589)
Buildings and structures, net	3,831,013	4,657,202
Machinery, equipment and vehicles	3,054,928	3,206,184
Accumulated depreciation	(2,232,756)	(2,358,511)
Machinery, equipment and vehicles, net	822,171	847,672
Land	7,203,691	7,304,033
Construction in progress	601,379	160,958
Other	814,728	851,381
Accumulated depreciation	(643,490)	(621,697)
Others, net	171,238	229,683
Total property, plant and equipment	12,629,494	13,199,551
Intangible assets:		
Total intangible assets	204,608	205,552
Investments and other assets:		
Investment securities	4,430,343	3,584,315
Net defined benefit asset	770,568	804,856
Other	1,063,684	1,267,154
Allowance for doubtful accounts	(87,888)	(223,333)
Total investments and other assets	6,176,708	5,432,993
Total noncurrent assets	19,010,810	18,838,096
Total assets	¥ 63,283,376	¥ 66,988,179

Note: All figures are rounded down to the nearest thousand yen.

	Thousands of Yen	
	March 31, 2018 Amounts	March 31, 2019 Amounts
<u>Liabilities</u>		
Current liabilities:		
Notes and accounts payable-trade	¥ 18,317,154	¥ 18,805,516
Electronically recorded obligations-operating	1,852,665	3,753,065
Current portion of long-term loans payable	100,000	100,000
Income taxes payable	642,064	1,049,304
Provision for bonuses	595,838	657,365
Provision for directors' bonuses	25,677	29,900
Provision for environmental measures	33,000	-
Provision for removal expenses of noncurrent assets	16,503	6,000
Other	1,555,501	1,177,131
Total current liabilities	23,138,404	25,578,283
Noncurrent liabilities:		
Long-term loans payable	125,000	25,000
Deferred tax liabilities	764,644	436,947
Provision for share-based remuneration for directors	-	10,196
Net defined benefit liability	45,070	48,403
Other	124,577	198,702
Total noncurrent liabilities	1,059,291	719,249
Total liabilities	24,197,696	26,297,532
<u>Net Assets</u>		
Shareholders' equity:		
Capital stock	5,232,413	5,232,413
Capital surplus	5,997,217	5,997,217
Retained earnings	25,999,618	28,195,735
Treasury stock	(83,785)	(84,407)
Total shareholders' equity	37,145,464	39,340,959
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,784,457	1,214,201
Deferred gains or losses on hedges	(495)	-
Remeasurements of defined benefit plans	156,254	135,485
Total accumulated other comprehensive income	1,940,216	1,349,687
Total net assets	39,085,680	40,690,646
Total liabilities and net assets	¥ 63,283,376	¥ 66,988,179

Note: All figures are rounded down to the nearest thousand yen.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Thousands of Yen	
	Year ended March 31, 2018	Year ended March 31, 2019
	Amounts	Amounts
Net sales	¥ 98,881,982	¥ 107,873,730
Cost of sales	85,263,757	92,763,948
Gross profit	13,618,225	15,109,782
Selling, general and administrative expenses:		
Freightage and packing expenses	1,425,095	1,505,424
Provision of allowance for doubtful accounts	(5,659)	197,701
Provision for directors' bonuses	25,677	29,900
Provision for share-based remuneration for directors	-	10,196
Salaries, allowances and bonuses	4,476,037	4,599,325
Provision for bonuses	524,665	582,997
Retirement benefit expenses	154,857	169,469
Other	3,892,190	3,974,039
Total selling, general and administrative expenses	10,492,864	11,069,052
Operating income	3,125,361	4,040,729
Non-operating income:		
Interest income	4,440	5,385
Dividends income	69,469	76,783
Purchase discounts	530,078	545,149
Rent income	40,386	53,020
Other	25,445	49,997
Total non-operating income	669,819	730,336
Non-operating expenses:		
Interest expenses	884	630
Sales discounts	298,819	311,138
Cost of lease revenue	1,064	5,474
Other	29,510	37,088
Total non-operating expenses	330,278	354,332
Ordinary income	3,464,901	4,416,734
Extraordinary income:		
Reversal of provision for removal expenses of noncurrent assets	29,200	-
Gain on sales of investment securities	45,882	19,800
Reversal of provision for environmental measures	-	4,725
Total extraordinary income	75,082	24,525
Extraordinary loss:		
Loss on disposal of inventories	-	74,079
Loss on retirement of noncurrent assets	5,499	-
Removal expenses of noncurrent assets	38,784	4,980
Provision for removal expenses of noncurrent assets	10,703	6,000
Provision for environmental measures	55,000	-
Total extraordinary loss	109,988	85,059
Income before income taxes	3,429,995	4,356,199
Income taxes-current	1,105,258	1,520,488
Income taxes-deferred	13,337	(57,375)
Total income taxes	1,118,596	1,463,113
Net income	2,311,399	2,893,086
Net income attributable to owners of parent	¥ 2,311,399	¥ 2,893,086

Note: All figures are rounded down to the nearest thousand yen.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Thousands of Yen	
	Year ended March 31, 2018	Year ended March 31, 2019
	Amounts	Amounts
Net income	¥ 2,311,399	¥ 2,893,086
Other comprehensive income :		
Valuation difference on available-for-sale securities	420,386	(570,255)
Deferred gains or losses on hedges	(1,089)	495
Remeasurements of defined benefit plans, net of tax	28,542	(20,768)
Total other comprehensive income	447,839	(590,528)
Comprehensive income:	2,759,238	2,302,557
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,759,238	2,302,557
Comprehensive income attributable to non-controlling interests	¥ -	¥ -

Note: All figures are rounded down to the nearest thousand yen.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

Year Ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Thousands of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at April 1, 2017	5,232,413	5,975,224	24,391,455	(61,138)	35,537,955
Changes of items during the period					
Dividends from surplus			(703,237)		(703,237)
Net income attributable to owners of parent			2,311,399		2,311,399
Purchases of treasury stock				(41,137)	(41,137)
Disposal of treasury stock		21,992		18,491	40,484
Net changes in items other than shareholders' equity					
Total changes of items during the period	-	21,992	1,608,162	(22,646)	1,607,508
Balance at March 31, 2018	5,232,413	5,997,217	25,999,618	(83,785)	37,145,464

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at April 1, 2017	1,364,070	594	127,711	1,492,377	37,030,332
Changes of items during the period					
Dividends from surplus					(703,237)
Net income attributable to owners of parent					2,311,399
Purchases of treasury stock					(41,137)
Disposal of treasury stock					40,484
Net changes in items other than shareholders' equity	420,386	(1,089)	28,542	447,839	447,839
Total changes of items during the period	420,386	(1,089)	28,542	447,839	2,055,348
Balance at March 31, 2018	1,784,457	(495)	156,254	1,940,216	39,085,680

Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019) (Thousands of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at April 1, 2018	5,232,413	5,997,217	25,999,618	(83,785)	37,145,464
Changes of items during the period					
Dividends from surplus			(696,969)		(696,969)
Net income attributable to owners of parent			2,893,086		2,893,086
Purchases of treasury stock				(622)	(622)
Net changes in items other than shareholders' equity					
Total changes of items during the period	-	-	2,196,117	(622)	2,195,495
Balance at March 31, 2019	5,232,413	5,997,217	28,195,735	(84,407)	39,340,959

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at April 1, 2018	1,784,457	(495)	156,254	1,940,216	39,085,680
Changes of items during the period					
Dividends from surplus					(696,969)
Net income attributable to owners of parent					2,893,086
Purchases of treasury stock					(622)
Net changes in items other than shareholders' equity	(570,255)	495	(20,768)	(590,528)	(590,528)
Total changes of items during the period	(570,255)	495	(20,768)	(590,528)	1,604,966
Balance at March 31, 2019	1,214,201	-	135,485	1,349,687	40,690,646

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Thousands of Yen	
	Year ended March 31, 2018	Year ended March 31, 2019
	Amounts	Amounts
Net cash provided by (used in) operating activities:		
Income before income taxes	¥ 3,429,995	¥ 4,356,199
Depreciation and amortization	666,088	611,432
Increase (decrease) in provision for directors' bonuses	(1,260)	4,222
Increase (decrease) in provision for share-based remuneration for directors	-	10,196
Increase (decrease) in net defined benefit liability	7,966	3,333
Decrease (increase) in net defined benefit assets	(97,288)	(26,334)
Increase (decrease) in provision for bonuses	17,303	61,527
Increase (decrease) in allowance for doubtful accounts	(8,546)	183,884
Interest and dividends income	(73,909)	(82,168)
Interest expenses	884	630
Loss (gain) on sales of investment securities	(45,882)	(19,800)
Decrease (increase) in notes and accounts receivable-trade	(1,536,483)	(2,592,232)
Decrease (increase) in inventories	(137,280)	(455,871)
Increase (decrease) in notes and accounts payable-trade	170,623	2,802,674
Other	52,434	(51,534)
Subtotal	2,444,644	4,806,159
Interest and dividend income received	78,270	85,339
Interest expenses paid	(728)	(690)
Income taxes paid	(931,303)	(1,133,679)
Net cash provided by (used in) operating activities	1,590,882	3,757,128
Net cash provided by (used in) investing activities:		
Purchase of property, plant and equipment	(1,276,785)	(1,075,580)
Payments for removal of noncurrent assets	(38,784)	(21,483)
Purchase of investment securities	(12,998)	(14,042)
Proceeds from sales of investment securities	83,931	44,497
Payments for guarantee deposits	(12,233)	(67,809)
Other	(82,457)	(81,894)
Net cash provided by (used in) investing activities	(1,339,327)	(1,216,313)
Net cash provided by (used in) financing activities:		
Proceeds from long-term loans payable	300,000	-
Repayments of long-term loans payable	(175,000)	(100,000)
Purchase of treasury stock	(653)	(622)
Cash dividends paid	(701,601)	(695,796)
Net cash provided by (used in) financing activities	(577,254)	(796,418)
Net increase (decrease) in cash and cash equivalents	(325,699)	1,744,396
Cash and cash equivalents at beginning of the period	11,637,850	11,312,150
Cash and cash equivalents at end of the period	¥ 11,312,150	¥ 13,056,546

Note: All figures are rounded down to the nearest thousand yen.

SEGMENT INFORMATION

1. Outline of business segments reported

The business segments reported are the segments of Furusato Group for which separate financial information is available and for which operating income/loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance.

Furusato Group comprises of three segments, the “Equipment and Tools Segment”, the “Machine and Facility Segment” and the “Construction and Piping Products Segment”.

The Equipment and Tools Segment offers mainly equipment and tools to the manufacturing industry and equipments to the housing market.

The Machine and Facility Segment offers primarily machine tools and facilities installed in production lines.

The Construction and Piping Products Segment sells fastening products, hardware, welding materials, piping supplies, etc. and manufactures and sells turnbuckle braces and foundation bolts, etc.

2. Information on net sales, operating income (loss), assets, liabilities and other items by business segment reported

Year Ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Thousands of Yen)

	Net sales			Operating income	Assets	Other items	
	To customers	Intersegment	Total			Depreciation, amortization	Increase in tangible and intangible fixed assets
Business segment reported							
Equipment and Tools	¥ 48,828,271	¥ 1,151,477	¥ 49,979,749	¥ 1,143,112	22,906,871	¥ 179,759	¥ 509,283
Machine and Facility	19,689,485	415,044	20,104,529	532,440	6,022,757	36,571	141,066
Construction and Piping Products	30,364,225	11,076	30,375,301	1,377,950	22,095,201	447,697	494,992
Subtotal	98,881,982	1,577,597	100,459,580	3,053,503	51,024,830	664,027	1,145,342
Adjustment (*1)	-	(1,577,597)	(1,577,597)	71,857	12,258,546	2,060	12,313
Total amounts on the consolidated statements of income (*2)	¥ 98,881,982	-	¥ 98,881,982	¥ 3,125,361	¥ 63,283,376	¥ 666,088	¥ 1,157,656

Note:

1. Adjustment

(1) Adjustment of operating income amounted to ¥71,857 thousand, which includes elimination of intersegment transaction of ¥73,378 thousand, adjustment of inventory of ¥(4,187) thousand and adjustment of noncurrent assets of ¥2,667 thousand.

(2) Adjustment of assets amounted to ¥12,258,546 thousand, which includes elimination of intersegment transaction of ¥(475,752) thousand and corporate assets not allocated to each business segment reported of ¥12,734,298 thousand. The majority of corporate assets are surplus funds, long-term investment funds and assets in Administration section, which do not belong to each business segment reported.

(3) The majority of adjustment of depreciation and amortization are ¥2,060 thousand, do not belong to business segments reported.

(4) Adjustment in an increase of property, plant and equipment and intangible assets amounted to ¥12,313 thousand, which includes the increased amount of corporate assets.

2. Segment operating income is adjusted with operating income on the consolidated statements of income.

Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Thousands of Yen)

	Net sales			Operating income	Assets	Other items	
	To customers	Intersegment	Total			Depreciation, amortization	Increase in tangible and intangible fixed assets
Business segment reported							
Equipment and Tools	¥ 49,873,377	¥ 1,115,229	¥ 50,988,606	¥ 1,297,354	22,773,862	¥ 122,945	¥ 394,439
Machine and Facility	24,145,557	407,706	24,553,264	685,304	6,788,463	25,711	65,292
Construction and Piping Products	33,854,795	18,437	33,873,232	1,928,239	23,181,080	458,538	734,020
Subtotal	107,873,730	1,541,372	109,415,103	3,910,898	52,743,407	607,195	1,193,752
Adjustment (*1)	-	(1,541,372)	(1,541,372)	129,831	14,244,772	4,237	-
Total amounts on the consolidated statements of income (*2)	¥ 107,873,730	-	¥ 107,873,730	¥ 4,040,729	¥ 66,988,179	¥ 611,432	¥ 1,193,752

Note:

1. Adjustment

(1) Adjustment of operating income amounted to ¥129,831 thousand, which includes elimination of intersegment transaction of ¥131,719 thousand, adjustment of inventory of ¥(4,284) thousand and adjustment of noncurrent assets of ¥2,395 thousand.

(2) Adjustment of assets amounted to ¥14,244,772 thousand, which includes elimination of intersegment transaction of ¥(437,008) thousand and corporate assets not allocated to each business segment reported of ¥14,681,780 thousand. The majority of corporate assets are surplus funds, long-term investment funds and assets in Administration section, which do not belong to each business segment reported.

(3) The majority of adjustment of depreciation and amortization are ¥4,237 thousand, do not belong to business segments reported.

2. Segment operating income is adjusted with operating income on the consolidated statements of income.