

## Consolidated Financial Results for the Three-month Period Ended June 30, 2017 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	<a href="http://www.furukawadenchi.co.jp">http://www.furukawadenchi.co.jp</a>
Representative Title:	President & CEO
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Scheduled date for filing of quarterly securities report:	August 10, 2017
Scheduled date for commencement of dividend payment:	–
Supplementary documents for quarterly financial results:	None
Quarterly financial results briefing:	None

(Yen in millions, rounded down)

### 1. Consolidated financial results for the three months ended June 30, 2017 (April 1, 2017 – June 30, 2017)

## (1) Consolidated operating results

(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	%
Three months ended June 30, 2017	12,712	10.5	192	(15.1)	179	75.6	155	37.6
Three months ended June 30, 2016	11,505	(4.9)	226	(33.8)	102	(76.6)	113	(72.3)

Notes: Comprehensive income

Three months ended June 30, 2017:	347 million yen (yoy – %)
Three months ended June 30, 2016:	(418) million yen (yoy (200.1) %)

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Three months ended June 30, 2017	4.75	–
Three months ended June 30, 2016	3.45	–

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2017	52,075	21,937	40.0
As of March 31, 2017	55,023	21,891	37.5

Reference: Equity

As of June 30, 2017:	20,822 million yen
As of March 31, 2017:	20,607 million yen

### 2. Dividends

	Annual dividends per share				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	–	–	–	9.00	9.00
Fiscal year ending March 31, 2018	–	–	–	–	–
Fiscal year ending March 31, 2018 (forecast)	–	–	–	10.00	10.00

Note: Revisions to the forecasts of dividends most recently announced: None

### 3. Forecast of consolidated financial results for the fiscal year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(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
Six months ending September 30, 2017	30,000	26.3	400	(49.9)	300	(51.9)	250	(51.5)	7.63
Fiscal year ending March 31, 2018	62,000	12.1	4,000	19.9	3,600	24.5	2,700	13.7	82.37

Note: Revisions to the consolidated earnings forecasts most recently announced: None

#### Notes:

- (1) Changes in significant subsidiaries during the three-month period ended June 30, 2017 (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): Newly included: None Excluded: None
- (2) Use of accounting methods that are specific to the preparation of the quarterly consolidated financial statements: Yes  
Note: For details, please refer to “2. Consolidated Financial Statements and Related Notes (3) Notes on Consolidated Financial Statements (Application of Special Accounting for Preparing Consolidated Financial Statements)” on page 7 of Attachment.
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements:
  - (a) Changes in accounting policies accompanying revisions in accounting standards: None
  - (b) Changes other than in (a): None
  - (c) Changes in accounting estimates: None
  - (d) Retrospective restatements: None
- (4) Number of shares outstanding (common stock)
  - (a) Shares outstanding (including treasury shares)

As of June 30, 2017: 32,800,000 shares	As of March 31, 2017: 32,800,000 shares
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  - (b) Treasury shares

As of June 30, 2017: 21,412 shares	As of March 31, 2017: 21,412 shares
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  - (c) Average number of shares outstanding during the period (cumulative)

Three months ended June 30, 2017: 32,778,588 shares	Three months ended June 30, 2016: 32,779,589 shares
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\* Quarterly financial results reports are not required to be subjected to quarterly reviews.

\* Appropriate use of performance forecasts and other special items:

(Disclaimer on forward-looking statements, etc.)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared, and on assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. Please refer to “1. Qualitative Information on Consolidated Financial Results for the Three-month Period (3) Explanation of Forecast for the Fiscal Year Ending March 31, 2018” on page 2 of Attachment for details on the assumptions used and other related matters concerning the forecast of consolidated financial results.

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## 1. Qualitative Information on Consolidated Financial Results for the Three-month Period

### (1) Explanation of Operating Results

During the three-month period ended June 30, 2017, the global economy continued on a moderate recovery track despite concerns about such issues as the policy trends in the United States and slowing economic growth in China.

The Japanese economy continued on a moderate recovery track, as seen in developments such as a pickup in personal consumption and improvements in capital investment. On the other hand, due to concerns about factors such as rising personnel expenses caused by a tightening of the gap between labor supply and demand and persistently high prices for resources, the situation going forward remains uncertain.

Under such a business environment, the Furukawa Battery Group recorded consolidated sales of 12,712 million yen for the three-months period ended June 30, 2017, an increase of 1,206 million yen (+10.5%) year on year. Overseas sales were 5,027 million yen and accounted for 39.5% of total sales.

Operating profit decreased by 34 million yen year on year to 192 million yen mainly due to the effect of the rise in the price of lead, the primary raw material, while ordinary profit increased by 77 million yen year on year to 179 million yen mainly due to the subsidy income and a decrease in interest expenses, which is the result of declines in interest-bearing debt.

Profit attributable to owners of parent came to 155 million yen, increasing 42 million yen year on year.

### (2) Explanation of Financial Position

Total assets were 52,075 million yen as of June 30, 2017, which is 2,947 million yen less than at the end of the previous fiscal year. Current assets decreased by 3,093 million yen from the end of the previous fiscal year to 21,640 million yen, while non-current assets increased by 145 million yen to 30,435 million yen.

The main factor leading to the decrease in current assets was a decline in notes and accounts receivable - trade.

There was a 184 million yen decrease in property, plant and equipment to 24,756 million yen. The main factor leading to the decrease was that the decline resulting from depreciation was greater than the increase in capital investment.

Investments and other assets increased by 349 million yen to 5,458 million yen.

Total liabilities as of June 30, 2017 decreased by 2,993 million yen to 30,138 million yen. Current liabilities decreased by 2,418 million yen to 14,420 million yen, and non-current liabilities decreased by 574 million yen to 15,718 million yen.

Interest-bearing debt, which is the sum of short-term loans payable and long-term loans payable, decreased by 1,821 million yen to 11,429 million yen.

Equity increased by 214 million yen to 20,822 million yen, resulting in an increase in the equity ratio from 37.5% at the end of the previous fiscal year to 40.0% at the end of the three-month period.

### (3) Explanation of Forecast for the Fiscal Year Ending March 31, 2018

There is no change to the consolidated forecast that was announced on May 10, 2017.

2. Consolidated Financial Statements and Related Notes  
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2017	As of June 30, 2017
<b>ASSETS</b>		
Current assets		
Cash and deposits	5,735	3,657
Notes and accounts receivable - trade	11,524	9,090
Merchandise and finished goods	2,066	2,886
Work in process	2,808	3,358
Raw materials and supplies	1,453	1,248
Deferred tax assets	262	307
Other	890	1,098
Allowance for doubtful accounts	(7)	(7)
<b>Total current assets</b>	<b>24,733</b>	<b>21,640</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,632	6,495
Machinery, equipment and vehicles, net	8,460	8,294
Tools, furniture and fixtures, net	559	508
Land	7,462	7,441
Leased assets, net	748	732
Construction in progress	1,077	1,284
<b>Total property, plant and equipment</b>	<b>24,940</b>	<b>24,756</b>
Intangible assets		
Goodwill	15	7
Leased assets	10	9
Other	214	203
<b>Total intangible assets</b>	<b>240</b>	<b>220</b>
Investments and other assets		
Investment securities	3,417	3,982
Deferred tax assets	1,472	1,296
Other	234	196
Allowance for doubtful accounts	(15)	(15)
<b>Total investments and other assets</b>	<b>5,108</b>	<b>5,458</b>
<b>Total non-current assets</b>	<b>30,290</b>	<b>30,435</b>
<b>Total assets</b>	<b>55,023</b>	<b>52,075</b>

(Million yen)

	As of March 31, 2017	As of June 30, 2017
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	5,196	4,091
Electronically recorded obligations - operating	1,009	1,634
Short-term loans payable	6,363	5,030
Lease obligations	135	133
Income taxes payable	782	326
Accrued consumption taxes	277	102
Provision for bonuses	602	272
Provision for directors' bonuses	2	-
Notes payable - facilities	208	361
Other	2,261	2,467
<b>Total current liabilities</b>	<b>16,839</b>	<b>14,420</b>
Non-current liabilities		
Long-term loans payable	6,887	6,399
Lease obligations	696	684
Deferred tax liabilities	772	772
Provision for environmental measures	89	89
Net defined benefit liability	7,241	7,062
Asset retirement obligations	9	9
Other	596	700
<b>Total non-current liabilities</b>	<b>16,292</b>	<b>15,718</b>
<b>Total liabilities</b>	<b>33,131</b>	<b>30,138</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	17,187	17,048
Treasury shares	(11)	(11)
<b>Total shareholders' equity</b>	<b>19,238</b>	<b>19,099</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,083	1,460
Deferred gains or losses on hedges	40	19
Foreign currency translation adjustment	277	271
Remeasurements of defined benefit plans	(33)	(28)
<b>Total accumulated other comprehensive income</b>	<b>1,369</b>	<b>1,722</b>
<b>Non-controlling interests</b>	<b>1,283</b>	<b>1,114</b>
<b>Total net assets</b>	<b>21,891</b>	<b>21,937</b>
<b>Total liabilities and net assets</b>	<b>55,023</b>	<b>52,075</b>

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

(Consolidated Statements of Income (Cumulative))

(Million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	11,505	12,712
Cost of sales	9,005	10,007
Gross profit	2,500	2,705
Selling, general and administrative expenses	2,273	2,513
Operating profit	226	192
Non-operating income		
Interest income	3	4
Dividend income	54	67
Amortization of negative goodwill	16	–
Foreign exchange gains	–	4
Subsidy income	–	65
Other	32	27
Total non-operating income	106	169
Non-operating expenses		
Interest expenses	176	162
Foreign exchange losses	14	–
Share of loss of entities accounted for using equity method	9	10
Other	28	8
Total non-operating expenses	230	181
Ordinary profit	102	179
Extraordinary losses		
Loss on disposal of non-current assets	1	5
Total extraordinary losses	1	5
Profit before income taxes	101	174
Income taxes	66	136
Profit	34	37
Loss attributable to non-controlling interests	(78)	(117)
Profit attributable to owners of parent	113	155

(Consolidated Statements of Comprehensive Income (Cumulative))

(Million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	34	37
Other comprehensive income		
Valuation difference on available-for-sale securities	(118)	378
Deferred gains or losses on hedges	(17)	(21)
Foreign currency translation adjustment	(315)	(52)
Remeasurements of defined benefit plans, net of tax	0	4
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(452)	309
Comprehensive income	(418)	347
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(316)	509
Comprehensive income attributable to non-controlling interests	(101)	(161)



(3) Notes on Consolidated Financial Statements

(Going Concern Assumptions)

Not applicable.

(Material Changes in the Amount of Shareholders' Equity)

Not applicable.

(Application of Special Accounting for Preparing Consolidated Financial Statements)

Income taxes for the three-month period are calculated by multiplying income before income taxes for the three-month period by a reasonable estimate of the effective tax rate, after application of tax effect accounting, for estimated income before income taxes in the three-month period of the current fiscal year. Deferred taxes are included in income taxes.

### 3. Other

#### (Trend in Quarterly Consolidated Results)

Fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	12,712	-	-	-	-	-	-
Operating profit	192	-	-	-	-	-	-
Ordinary profit	179	-	-	-	-	-	-
Profit attributable to owners of parent	155	-	-	-	-	-	-

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	11,505	12,250	14,104	17,459	23,756	37,861	55,320
Operating profit	226	572	1,009	1,528	798	1,808	3,336
Ordinary profit	102	521	938	1,330	623	1,561	2,892
Profit attributable to owners of parent	113	402	754	1,103	515	1,269	2,373

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	12,103	12,778	13,352	15,873	24,881	38,233	54,106
Operating profit	341	167	1,035	1,383	509	1,545	2,928
Ordinary profit	436	166	1,024	1,271	602	1,626	2,898
Profit attributable to owners of parent	408	107	793	1,057	516	1,310	2,367

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	10,272	11,974	15,107	16,548	22,247	37,355	53,903
Operating profit	50	63	849	1,477	114	964	2,441
Ordinary profit	99	163	901	1,538	262	1,163	2,702
Profit attributable to owners of parent	55	106	650	944	161	812	1,756