

Summary of Consolidated Financial Results for the Year Ended March 31, 2016 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	http://www.furukawadenchi.co.jp
Representative	
Title:	President & CEO
Name:	Katsutoshi Tokuyama
Contact Person	
Title:	Director & Executive Corporate Officer
Name:	Shigeru Takaku
Tel:	+81-(0)45- 336-5034
Scheduled date of ordinary general meeting of shareholders:	June 24, 2016
Scheduled date of commencement of dividend payment:	June 27, 2016
Scheduled date of filing of securities report:	June 24, 2016
Supplementary documents for financial results:	Yes
Financial results briefing:	Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

1. Financial results for the fiscal year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(1) Result of operations (Consolidated)

(Percentage figures represent year-on-year changes)

	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, 2016	54,106	0.4	2,928	20.0	2,898	7.3	2,367	34.8
Fiscal year ended March 31, 2015	53,903	8.8	2,441	(8.7)	2,702	(6.3)	1,756	(11.7)

Notes: Comprehensive income

Fiscal year ended March 31, 2016: 1,167 million yen (yoy (61.7)%)

Fiscal year ended March 31, 2015: 3,051 million yen (yoy 16.2%)

	Earnings per share (basic)	Earnings per share (diluted)	Return on equity	Ratio of ordinary income to assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2016	72.24	—	13.4	5.7	5.4
Fiscal year ended March 31, 2015	53.59	—	11.1	5.8	4.5

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2016: (24) million yen

Fiscal year ended March 31, 2015: (7) million yen

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2016	50,409	19,552	36.5	560.81
As of March 31, 2015	50,879	18,620	33.6	521.28

Reference: Equity

As of March 31, 2016: 18,383 million yen

As of March 31, 2015: 17,087 million yen

(3) Cash flow position (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2016	2,763	(568)	(943)	3,387
Fiscal year ended March 31, 2015	3,844	(9,081)	4,354	2,191

2. Dividends

	Dividends per share					Aggregate amount (annual)	Payout ratio (Consolidated)	Dividends/ net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2015	—	—	—	7.00	7.00	229	13.1	1.5
Fiscal year ended March 31, 2016	—	—	—	8.00	8.00	262	11.1	1.5
Fiscal year ending March 31, 2017 (forecast)	—	—	—	9.00	9.00		13.4	

3. Forecast for the fiscal year ending March 31, 2017 (Consolidated, April 1, 2016 – March 31, 2017)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	26,000	4.5	600	17.8	400	(33.6)	250	(51.6)	7.63
Full year	59,000	9.0	3,300	12.7	3,100	7.0	2,200	(7.1)	67.11

Notes:

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): Newly included: None Excluded: None
- (2) Changes in accounting policies, changes in accounting estimates, and retrospective restatements:
 - (a) Changes in accounting policies accompanying revisions in accounting standards: Yes
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatements: None

Note: For details, please refer to “5. Consolidated Financial Statements (5) Notes on Consolidated Financial Statements (Change in Accounting Policy)” on page 15 of the accompanying materials.
- (3) Number of shares outstanding (common shares)
 - (a) Shares outstanding (including treasury shares)

As of March 31, 2016: 32,800,000 shares As of March 31, 2015: 32,800,000 shares
 - (b) Treasury shares

As of March 31, 2016: 20,411 shares As of March 31, 2015: 19,584 shares
 - (c) Average number of shares outstanding during the period

Fiscal year ended March 31, 2016: 32,779,816 shares
Fiscal year ended March 31, 2015: 32,781,645 shares

Non-consolidated financial results (For reference)**1. Financial results for the fiscal year ended March 31, 2016 (April 1, 2015 – March 31, 2016)**

(1) Result of operations (Non-consolidated)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2016	37,717	1.2	2,044	62.2	2,358	51.6	1,606	78.7
Fiscal year ended March 31, 2015	37,266	5.5	1,260	9.4	1,555	(9.8)	899	(26.9)

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Fiscal year ended March 31, 2016	49.02	—
Fiscal year ended March 31, 2015	27.44	—

(2) Financial position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2016	32,346	11,587	35.8	353.50
As of March 31, 2015	35,205	10,503	29.8	320.42

Reference: Equity

As of March 31, 2016: 11,587 million yen

As of March 31, 2015: 10,503 million yen

* Information concerning implementation status of the auditing procedure:

This earnings report is not subject to auditing procedure prescribed by the Financial Instruments and Exchange Act. The auditing procedure for the financial statements that is prescribed by the Financial Instruments and Exchange Act was still being implemented when this earnings report was released.

* Explanation of the proper use of these earnings forecasts and other matters:

(Disclaimer regarding 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. Analysis Regarding Results of Operations and Financial Position (1) Analysis Regarding Results of Operations" on page 2 of the accompanying materials for details on the assumptions used and other related matters concerning the forecast of consolidated financial results.

(Method of obtaining the supplementary documents for financial results)

The Company plans to hold a briefing for institutional investors and analysts on Wednesday, June 1, 2016. The documents distributed at this briefing to explain the financial results are scheduled to be posted on the Furukawa Battery website immediately after the briefing is held.

Table of Contents for the Accompanying Materials

1. Analysis Regarding Results of Operations and Financial Position	2
(1) Analysis Regarding Results of Operations	2
(2) Analysis Regarding Financial Position.....	3
(3) Basic Policy for Earnings Distributions and Dividend for Current and Next Fiscal Years	3
2. Corporate Group.....	4
3. Management Policy	5
(1) Basic Management Policy	5
(2) Targeted Performance Indicators.....	5
(3) Medium and Long-term Strategies and Issues to be Addressed	5
4. Basic Approach to the Selection of Accounting Standards	6
5. Consolidated Financial Statements	7
(1) Consolidated Balance Sheets.....	7
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	9
Consolidated Statements of Income.....	9
Consolidated Statements of Comprehensive Income	10
(3) Consolidated Statements of Changes in Equity.....	11
(4) Consolidated Statements of Cash Flows	13
(5) Notes on Consolidated Financial Statements	15
(Note Concerning Premise of Ongoing Concern).....	15
(Change in Accounting Policy).....	15
(Change in Presentation Method).....	15
(Segment Information)	16
(Per Share Information).....	20
(Important Subsequent Events).....	20
6. Other	21
(1) Changes in Officers.....	21

1. Analysis Regarding Results of Operations and Financial Position

(1) Analysis Regarding Results of Operations

a) Results of operations

In the fiscal year that ended in March 2016, the Japanese economy continued on a moderate recovery path as there was an improvement in the employment environment and a recovery in employee income due to the effect of the economic policies of the government. However, from the beginning of 2016, the yen has been appreciating and stock prices have been falling, and in addition the outlook for personal consumption is uncertain, fears of worsening corporate earnings are growing stronger.

In the world economy, housing investment and personal consumption are performing strongly and showing underlying strength in the United States, while China and other emerging economies are slowing down due to the impact of interest rate increases by the United States and the business slowdown in China.

In the storage batteries industry, not only are technological innovations for auto products constantly progressing; in the new energy field as well storage batteries in combination with renewable energy are essential for optimal electric power management, and so have become an important presence. Going forward, further demand through new applications and expanded business models is expected.

In this environment, the Furukawa Battery Group is greatly contributing to improved performance and quality of the products and greater productivity as the new building for charging automobile batteries and new equipment that we introduced last year in the Iwaki Plant have begun operating successfully. Furthermore, from December 2014, we commenced sales of the Magnesium Air Battery “MgBOX” for Emergencies that we jointly developed with Toppan Printing Co., Ltd., and following on from that, from February 2016 we commenced sales of the “MgBOX slim” which we have reduced to about half of the size of the original for use in general households.

As a result, consolidated sales increased by 202 million yen, or 0.4%, to 54,106 million yen. This increase resulted from strong sales of automobile-use batteries both in Japan and overseas and healthy sales of industrial-use batteries due to demand for upgrades of power systems primarily mainly from government agencies. Overseas sales were 17,904 million yen and were 33.1% of total sales.

There were falling prices for lead, the Group’s main raw material, and improved productivity due to the new equipment in the Iwaki Plant beginning operation. As a result, operating income increased from 2,441 million yen to 2,928 million yen and ordinary income increased from 2,702 million yen to 2,898 million yen.

Furthermore, we recorded 235 million yen issued as a subsidy in relation to the Ministry of Economy, Trade and Industry’s “Subsidy for Domestic Location Promotion Projects” as “Subsidy income” under “Extraordinary income” and moreover directly deducted the said subsidy income from the acquisition costs of machinery and equipment to record the 235 million yen as “Loss on reduction of non-current assets” under “Extraordinary losses.” After the deduction of taxes, profit attributable to owners of parent was 2,367 million yen (in the previous year, profit attributable to owners of parent was 1,756 million yen).

Business segment performance was as follows.

Segment sales include intersegment internal sales or transfers totaling 1,483 million yen and the figures for segment income are given on an operating income (pre-goodwill amortization) basis.

In the automobile segment, sales decreased by 51 million yen, or 0.1%, to 36,810 million yen and segment income increased by 75 million yen, or 7.7%, to 1,047 million yen. This was mainly because the sales declined due to the impact of the exchange rate, although there were strong sales of replacement batteries. Meanwhile, the income increased as the cost of goods sold decreased partly due to the falling prices for lead, the Group’s main raw material, and partly due to the effect of introducing the new equipment.

In the industrial segment, sales increased by 110 million yen, or 0.6%, to 17,704 million yen and segment income increased by 387 million yen, or 28.4%, to 1,750 million yen. This was mainly because the cost of goods sold decreased due to increased demand for upgrades of power systems primarily mainly from government agencies and falling prices for lead, the Group’s main raw material.

In the real estate segment, sales increased by 14 million yen, or 4.0%, to 374 million yen and segment income increased by 7 million yen, or 5.8%, to 135 million yen.

In the others segment, sales decreased by 43 million yen, or 5.9%, to 700 million yen and segment income was down 3

million yen, or 10.3%, to 29 million yen.

b) Outlook for fiscal year ending in March 2017

The Furukawa Battery Group will continue to concentrate on achieving more growth in business operations and higher earnings. In the fiscal year ending March 2017, we forecast net sales of 59 billion yen, operating income of 3.3 billion yen, ordinary income of 3.1 billion yen and profit attributable to owners of parent of 2.2 billion yen.

(2) Analysis Regarding Financial Position

a) Cash flows

Net cash provided by operating activities was 2,763 million yen as a whole. Major sources of cash were profit before income taxes of 2,888 million yen, depreciation of 2,015 million yen, and there was a 491 million yen decrease in cash due to repayment of notes and accounts payable - trade.

Net cash used in investing activities was 568 million yen. There was 2,850 million yen in proceeds from subsidy income and other sources, but there were payments of 3,363 million yen for the purchase of property, plant and equipment.

Net cash used in financing activities was 943 million yen. There were proceeds of 3,504 million yen from long-term loans payable, but short-term loans payable declined 2,766 million yen, and there was repayment of long-term loans payable of 1,305 million yen, and payments of cash dividends and lease obligations of 370 million yen, etc.

As a result, there was a net increase of 1,196 million yen in cash and cash equivalents to 3,387 million yen at the end of the fiscal year.

b) Trends of performance indicators associated with cash flows

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Equity ratio (%)	29.8	35.3	35.0	33.6	36.5
Market value basis equity ratio (%)	47.2	51.6	56.4	58.8	41.5
Debt redemption period (years)	10.8	1.7	2.3	3.2	4.2
Interest coverage ratio	4.3	31.3	37.5	41.1	10.2

*Equity ratio: equity/total assets

Market value basis equity ratio: market capitalization/total assets

Debt redemption period: interest-bearing debt/operating cash flows

Interest coverage ratio: operating cash flow/paid interest

Notes: 1. All figures are calculated based on consolidated financial data.

2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of issued shares as of the end of the period.

3. Operating cash flows are as shown in the consolidated statements of cash flows.

4. Interest-bearing liabilities are the sum of loans shown on the consolidated balance sheets. Interest expenses are interest expenses as shown in the consolidated statements of cash flows.

(3) Basic Policy for Earnings Distributions and Dividend for Current and Next Fiscal Years

Regarding the earnings distributions of Furukawa Battery Co., Ltd., our basic policies are sustained and stable distribution of earnings to shareholders and investments in enhancing our facilities in Japan and overseas, the strengthening of research and development, etc. that lead to improved corporate value, and are designed to achieve sustained growth and improved profitability in the future. For the dividend, the policy is to determine these payments based on strengthening the results of operations and financial soundness and we believe we must consider the per-share dividend and payout ratio in a balanced way to express our appreciation to shareholders for their support.

In accordance with the above policy, we plan to increase the year-end dividend by one yen per share from the previous year to 8 yen per share for the fiscal year that ended in March 2016 to express our appreciation to the shareholders for their support. For the fiscal year ending in March 2017, although the operating environment is expected to remain challenging, we plan to pay a year-end dividend of 9 yen per share.

2. Corporate Group

The Furukawa Battery Group consists of Furukawa Battery Co., Ltd., its parent company, nine consolidated subsidiaries, four non-consolidated subsidiaries and one affiliated company accounted for by the equity method, and two affiliated companies not accounted for by the equity method. The primary business activities are the manufacture and sale of storage batteries and associated activities. The roles of the group companies concerning these activities are as follows.

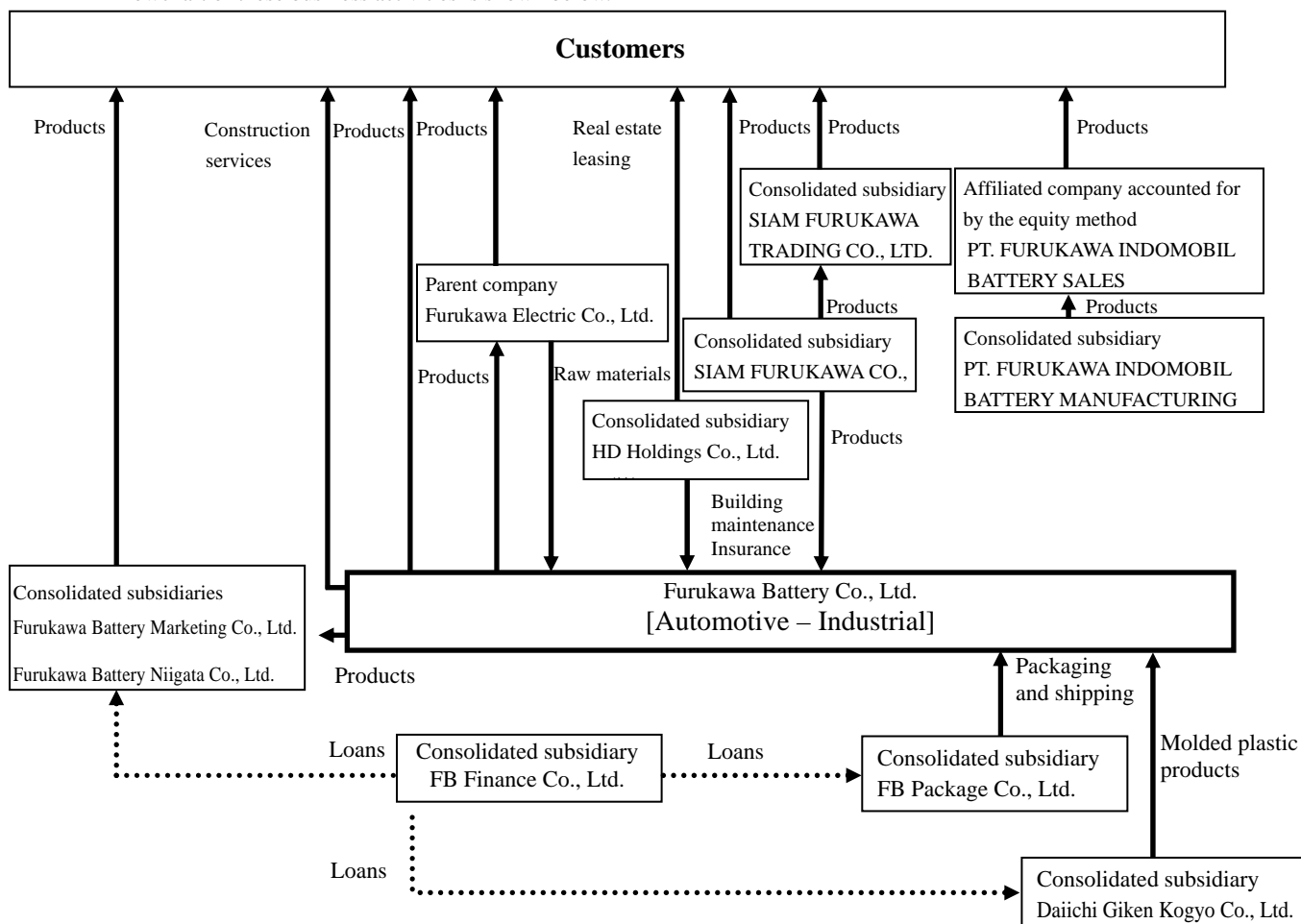
Furukawa Battery manufactures and sells lead-acid storage batteries, alkaline storage batteries, and rectifiers and other power supply devices and performs installations and inspections for these batteries. Consolidated subsidiaries Siam Furukawa Co., Ltd., and PT. Furukawa Indomobil Battery Manufacturing, with the technical support of Furukawa Battery, manufacture lead-acid storage batteries.

Consolidated subsidiary Furukawa Battery Marketing Co., Ltd. sells some of the lead-acid storage batteries and alkaline storage batteries manufactured by Furukawa Battery.

Consolidated subsidiary FB Package Co., Ltd. performs packaging and shipping operations as well as on-site transport services for Furukawa Battery. Consolidated subsidiary FB Finance Co., Ltd. extends loans to consolidated subsidiaries and affiliated companies.

Some products are sold to parent company Furukawa Electric Co., Ltd. In addition, Furukawa Battery purchases some raw materials and other items from Furukawa Electric.

A flowchart of these business activities is shown below.



3. Management Policy

(1) Basic Management Policy

Drawing on many years of expertise in battery technology, the Furukawa Battery Group will contribute to the realization of a rich and sustainable society through continuous technological innovation.

- a) Live up to the expectations and trust invested in us by society, with fairness and integrity.
- b) Apply the sum total of our expertise to satisfy our customers and grow with them.
- c) Continuously strive to achieve world-class technology innovation, and transform ourselves in every area of endeavor.
- d) Nurture human resources at every level so that we can become a more diverse and creative organization.

In addition, we adhere to the following Credo of conduct for our business activities.

- a) Maintain high ethical standards, and value honesty and integrity above all.
- b) Continually improve, innovate, and lead, in every area of endeavor.
- c) Take a hands-on approach that addresses the reality of every situation - in the office, at the factory, and on site.
- d) Be proactive-take the initiative and work with others, persevering until a solution is found.
- e) Maintain open channels of communication between departments and divisions so that we can share ideas and help each other.

(2) Targeted Performance Indicators

The Furukawa Battery Group is working toward realizing our long-term management vision, “Dynamic innovation 2020,” and to that end we are currently creating our ‘New 18 Medium-Term Management Plan (2016-18)’ with fiscal year 2016 as the first fiscal year of the plan. We will announce the plan as soon as it has been completed.

(3) Medium and Long-term Strategies and Issues to be Addressed

Five years has quickly passed since the Great East Japan Earthquake that occurred in 2011, and partly due to the impact of fluctuations in exchange rates and the rising costs of conventional fossil fuels since then, the problem of supplying energy in a stable and environmentally-friendly way has continued to take on added importance not only in Japan but also as an issue to be tackled throughout the world. In particular, regarding electric power, which supports economic activities in a wide range of fields, a variety of studies and experiments have been conducted, such as power generation utilizing all kinds of regenerated energy, appropriate and waste-free electric power supply tailored to the needs of the consumers, etc. Storage batteries and power system products, the key products of the Furukawa Battery Group, are, as their names imply, devices that can temporarily store electric power and then take out the power when necessary, and they bear the extremely important role of compensating for the gap between the different needs of the supply side and the demand side with respect to electric power.

The Furukawa Battery Group has developed a range of ultra-battery products for use in the transportation and logistics industry for efficient storage of regenerative energy in idling stop vehicles and for use in the infrastructure industry for efficient storage of generated electric power and supply of the power at the appropriate time; furthermore the Group has added “MgBOX slim,” the compact version of Magnesium Air Battery “MgBOX” for Emergencies, to its lineup, and is also actively expanding in overseas markets, for example by entering the market for automotive lead-acid storage batteries in Indonesia.

Given this environment, the Group has created and implemented its medium-term management plan called “2015 Medium-Term Vision (2013-15)” for making progress toward the Group’s long-term vision called “Dynamic innovation 2020.” Taking into account the issues that have been revealed through this medium-term management plan, we are currently creating the “New 18th Medium-Term Management Plan (2016-18)” with fiscal year 2016 as the first fiscal year of the plan. Based on this plan, we will continue executing initiatives aimed at realization of our long-term management vision, with business expansion (new products, new markets, and overseas expansion), streamlining, rationalization, consolidation, and cost reductions as our key words for expansion.

Moreover, in order to continue to be a company that can earn the trust of all stakeholders, we will take responsibility for the impact that our operations have on society, implement a more rigorous compliance program to ensure the soundness and fairness of corporate management, and take measures to strengthen risk management, including crisis management measures for natural disasters, etc.

4. Basic Approach to the Selection of Accounting Standards

The policy of the Furukawa Battery Group for the time being is to prepare its consolidated financial statements using Japan GAAP, taking into consideration the fact that this allows the consolidated financial statements to be compared between periods and compared between companies.

Note that the Group will closely monitor the trend related to the introduction of the International Financial Reporting Standards (IFRS) going forward and endeavor to develop systems to appropriately respond.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	Fiscal year ended March 31, 2016 (As of March 31, 2016)
ASSETS		
Current assets		
Cash and deposits	2,191	3,387
Notes and accounts receivable - trade	11,178	11,220
Merchandise and finished goods	1,517	1,900
Work in process	2,593	2,704
Raw materials and supplies	1,157	1,185
Accounts receivable - other	3,168	780
Deferred tax assets	265	264
Other	180	240
Allowance for doubtful accounts	(8)	(8)
Total current assets	22,244	21,674
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,249	15,450
Accumulated depreciation	(8,522)	(8,835)
Buildings and structures, net	4,726	6,614
Machinery, equipment and vehicles	26,289	31,635
Accumulated depreciation	(21,776)	(22,503)
Machinery, equipment and vehicles, net	4,512	9,132
Tools, furniture and fixtures	6,686	6,776
Accumulated depreciation	(6,181)	(6,306)
Tools, furniture and fixtures, net	505	470
Land	7,542	7,387
Leased assets	807	1,062
Accumulated depreciation	(279)	(285)
Leased assets, net	527	777
Construction in progress	6,361	425
Total property, plant and equipment	24,175	24,807
Intangible assets		
Goodwill	84	46
Leased assets	9	4
Other	229	237
Total intangible assets	323	288
Investments and other assets		
Investment securities	2,557	2,089
Deferred tax assets	1,392	1,364
Other	201	199
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	4,136	3,638
Total non-current assets	28,634	28,734
Total assets	50,879	50,409

(Million yen)

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	Fiscal year ended March 31, 2016 (As of March 31, 2016)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	6,632	5,996
Short-term loans payable	7,587	5,250
Lease obligations	125	136
Income taxes payable	273	506
Accrued consumption taxes	285	426
Deferred tax liabilities	20	-
Provision for bonuses	561	591
Provision for directors' bonuses	2	2
Notes payable - facilities	274	142
Other	2,475	2,093
Total current liabilities	18,238	15,145
Non-current liabilities		
Long-term loans payable	4,733	6,286
Lease obligations	452	720
Deferred tax liabilities	921	766
Provision for environmental measures	18	9
Net defined benefit liability	7,192	7,281
Negative goodwill	129	64
Asset retirement obligations	9	9
Other	563	571
Total non-current liabilities	14,020	15,710
Total liabilities	32,259	30,856
NET ASSETS		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	12,937	15,076
Treasury shares	(9)	(10)
Total shareholders' equity	14,990	17,128
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,119	823
Deferred gains or losses on hedges	(30)	(18)
Foreign currency translation adjustment	1,086	489
Remeasurements of defined benefit plans	(78)	(40)
Total accumulated other comprehensive income	2,097	1,255
Non-controlling interests	1,532	1,169
Total net assets	18,620	19,552
Total liabilities and net assets	50,879	50,409

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

(Million yen)

	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Net sales	53,903	54,106
Cost of sales	41,863	41,333
Gross profit	12,039	12,773
Selling, general and administrative expenses		
Selling expenses	2,189	2,163
General and administrative expenses	7,408	7,680
Total selling, general and administrative expenses	9,598	9,844
Operating income	2,441	2,928
Non-operating income		
Interest income	19	9
Dividend income	68	74
Amortization of negative goodwill	64	64
House rents borne by employees	44	48
Foreign exchange gains	81	28
Other	109	120
Total non-operating income	388	346
Non-operating expenses		
Interest expenses	92	279
Share of loss of entities accounted for using equity method	7	24
Other	26	73
Total non-operating expenses	127	377
Ordinary income	2,702	2,898
Extraordinary income		
Gain on sales of non-current assets	-	1
Subsidy income	2,615	235
Total extraordinary income	2,615	236
Extraordinary losses		
Loss on disposal of non-current assets	10	11
Loss on reduction of non-current assets	2,612	235
Other	2	-
Total extraordinary losses	2,625	246
Profit before income taxes	2,691	2,888
Income taxes-current	590	801
Income taxes-deferred	321	(21)
Total income taxes	912	780
Profit	1,779	2,108
Profit (loss) attributable to non-controlling interests	22	(259)
Profit attributable to owners of parent	1,756	2,367

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Profit	1,779	2,108
Other comprehensive income		
Valuation difference on available-for-sale securities	410	(298)
Deferred gains or losses on hedges	(27)	12
Foreign currency translation adjustment	756	(687)
Remeasurements of defined benefit plans, net of tax	127	37
Share of other comprehensive income of entities accounted for using equity method	5	(4)
Total other comprehensive income	1,271	(940)
Comprehensive income	3,051	1,167
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,946	1,525
Comprehensive income attributable to non-controlling interests	104	(357)

(3) Consolidated Statements of Changes in Equity
 Previous fiscal year (From April 1, 2014 to March 31, 2015)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,640	422	11,596	(6)	13,651
Cumulative effects of changes in accounting policies			(218)		(218)
Restated balance	1,640	422	11,377	(6)	13,433
Changes of items during period					
Dividends of surplus			(196)		(196)
Profit attributable to owners of parent			1,756		1,756
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,560	(2)	1,557
Balance at end of current period	1,640	422	12,937	(9)	14,990

	Accumulated other comprehensive income					Non-controlling interests	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	713	(2)	402	(205)	907	476	15,034
Cumulative effects of changes in accounting policies							(218)
Restated balance	713	(2)	402	(205)	907	476	14,816
Changes of items during period							
Dividends of surplus							(196)
Profit attributable to owners of parent							1,756
Purchase of treasury shares							(2)
Net changes of items other than shareholders' equity	406	(27)	683	127	1,190	1,055	2,246
Total changes of items during period	406	(27)	683	127	1,190	1,055	3,803
Balance at end of current period	1,119	(30)	1,086	(78)	2,097	1,532	18,620

Current fiscal year (From April 1, 2015 to March 31, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,640	422	12,937	(9)	14,990
Cumulative effects of changes in accounting policies					-
Restated balance	1,640	422	12,937	(9)	14,990
Changes of items during period					
Dividends of surplus			(229)		(229)
Profit attributable to owners of parent			2,367		2,367
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,138	(0)	2,137
Balance at end of current period	1,640	422	15,076	(10)	17,128

	Accumulated other comprehensive income					Non-controlling interests	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	1,119	(30)	1,086	(78)	2,097	1,532	18,620
Cumulative effects of changes in accounting policies							-
Restated balance	1,119	(30)	1,086	(78)	2,097	1,532	18,620
Changes of items during period							
Dividends of surplus							(229)
Profit attributable to owners of parent							2,367
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(295)	12	(596)	37	(842)	(362)	(1,205)
Total changes of items during period	(295)	12	(596)	37	(842)	(362)	932
Balance at end of current period	823	(18)	489	(40)	1,255	1,169	19,552

(4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Net cash provided by (used in) operating activities		
Profit before income taxes	2,691	2,888
Depreciation	1,789	2,015
Amortization of goodwill	(30)	(33)
Increase (decrease) in allowance for doubtful accounts	(3)	0
Interest and dividends income	(87)	(83)
Interest expenses	92	279
Share of (profit) loss of entities accounted for using equity method	7	24
Subsidy income	(2,615)	(235)
Loss on retirement of property, plant and equipment	10	11
Loss (gain) on sales of property, plant and equipment	-	(1)
Loss on reduction of non-current assets	2,612	235
Decrease (increase) in notes and accounts receivable - trade	(657)	(152)
Decrease (increase) in inventories	(596)	(677)
Increase (decrease) in notes and accounts payable - trade	821	(491)
Increase (decrease) in provision for bonuses	1	29
Increase (decrease) in net defined benefit liability	96	68
Increase (decrease) in accrued consumption taxes	221	183
Other, net	150	(513)
Subtotal	4,505	3,547
Interest and dividend income received	87	83
Interest expenses paid	(93)	(270)
Income taxes paid	(655)	(596)
Net cash provided by (used in) operating activities	3,844	2,763
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(8,957)	(3,363)
Purchase of intangible assets	(69)	(55)
Purchase of investment securities	(4)	(5)
Proceeds from subsidy income	-	2,850
Other, net	(49)	4
Net cash provided by (used in) investing activities	(9,081)	(568)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,368	(2,766)
Proceeds from long-term loans payable	2,328	3,504
Repayments of long-term loans payable	(1,860)	(1,305)
Redemption of bonds	(100)	-
Repayments of lease obligations	(135)	(141)
Cash dividends paid	(196)	(229)
Proceeds from share issuance to non-controlling shareholders	957	-
Dividends paid to non-controlling interests	(5)	(4)
Other, net	(2)	(0)
Net cash provided by (used in) financing activities	4,354	(943)

(Million yen)

	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Effect of exchange rate change on cash and cash equivalents	235	(56)
Net increase (decrease) in cash and cash equivalents	(646)	1,196
Cash and cash equivalents at beginning of period	2,097	2,191
Increase in cash and cash equivalents from newly consolidated subsidiary	740	-
Cash and cash equivalents at end of period	2,191	3,387

(5) Notes on Consolidated Financial Statements

(Note Concerning Premise of Ongoing Concern)

Not applicable.

(Change in Accounting Policy)

(Application of the Accounting Standard for Business Combinations, etc.)

We have applied the “Accounting Standard for Business Combinations” (The Accounting Standards Board of Japan (ASBJ) Statement No.21 issued on September 13, 2013, hereinafter referred to as the “Business Combinations Accounting Standard”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22 issued on September 13, 2013, hereinafter referred to as the “Consolidated Accounting Standard”) and the “Accounting Standard for Business Divestitures” (ASBJ Statement No.7 issued on September 13, 2013, hereinafter referred to as the “Business Divestitures Accounting Standard”), etc. from the fiscal year ended March 31, 2016; therefore we have changed to the method of recording as a capital surplus the differences caused by changes in the equity of Furukawa Battery in subsidiaries which Furukawa Battery continues to control, and recording acquisition-related-costs as expenses in the fiscal year in which they occurred. Furthermore, regarding business combinations implemented at or after the beginning of this fiscal year, we have changed to the method of reflecting the revision of the allocation of the acquisition cost due to the finalization of the provisional accounting method in the consolidated financial statements for the fiscal year to which the date of the business combination belongs. In addition, we have changed the presentation of profit, etc. as well as the account title of “Minority interests”, which has been changed to ‘Non-controlling interests.’ Furukawa Battery has adjusted the consolidated financial statements for the previous fiscal year in order to reflect these changes in presentation.

Regarding application of the Business Combinations Accounting Standard, etc., Furukawa Battery has complied with the transitional treatment stipulated in Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidated Accounting Standard, and Article 57-4 (4) of the Business Divestitures Accounting Standard, and has applied the standards from the beginning of the first quarter ended June 30, 2015 into the future.

The changes have no impact on the consolidated financial statements.

(Changes in Presentation Method)

(Consolidated Statements of Income)

The “Subsidy income” under “Non-operating income” that was separately presented in the previous fiscal year is included in “Other” in the current fiscal year because it has become less significant in monetary terms. In order to reflect this change in the presentation method, we have reclassified the items in the consolidated financial statements for the previous fiscal year.

As a result, the 42 million yen that was presented in “Subsidy income” under “Non-operating income” in the consolidated statements of income for the previous fiscal year has been reclassified as “Other.”

(Segment Information)

a. Segment information

1. Description of reporting segments

Reporting segments of the Furukawa Battery Group are individual units for which separate financial information is available and that are subject to a periodic review by the Board of Directors for the purposes of evaluating performance and determining the allocation of resources.

The headquarters of business operations are at the Furukawa Battery head office and there are separate organizational units to oversee operations for specific products and services. Each unit establishes comprehensive strategies for Japan and other countries for its products and services and performs operations based on these strategies.

Consequently, business segments are based on products and services in accordance with these administrative units. Operations are divided into three reportable segments: automobile, industrial and real estate.

The automobile segment manufactures storage batteries and other products for automobiles and motorcycles. The industrial segment manufactures storage batteries for the operation of equipment, uninterruptible power systems and other products. The real estate segment leases space in buildings to tenants.

2. Method of calculating sales, income (loss), assets, liabilities and other items for each reportable business segment

Accounting methods for reportable segments are largely identical to the descriptions in “Material Matters That Serve as the Basis for the Preparation of Consolidated Financial Statements.”

Reportable segment income represents operating income before adjustment for amortization of goodwill.

Intersegment internal sales or transfers of funds are based upon actual market prices.

3. Sales, income (loss), assets, liabilities and other items for each reportable business segment

Previous fiscal year (from April 1, 2014 to March 31, 2015)

(Million yen)

	Reportable segments				Others (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	36,221	17,324	340	53,886	16	53,903
Intersegment internal sales and transfers	640	270	19	930	727	1,657
Total	36,861	17,594	360	54,817	744	55,561
Segment income	972	1,363	127	2,463	32	2,496
Other items						
Depreciation and amortization	1,220	539	21	1,780	8	1,789

Notes: 1. The “others” category is not included in the reportable segments and includes insurance and other activities.

2. Assets are not allocated to business segments.

Current fiscal year (from April 1, 2015 to March 31, 2016)

(Million yen)

	Reportable segments				Others (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	36,304	17,434	354	54,093	13	54,106
Intersegment internal sales and transfers	506	270	20	796	687	1,483
Total	36,810	17,704	374	54,890	700	55,590
Segment income	1,047	1,750	135	2,933	29	2,963
Other items						
Depreciation and amortization	1,484	502	20	2,007	7	2,015

Notes: 1. The “others” category is not included in the reportable segments and includes insurance and other activities.

2. Assets are not allocated to business segments.

4. Differences between reportable segment totals and amounts in consolidated financial statements and major components of these differences (adjustments for differences)

(Million yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segment total	54,817	54,890
Sales of “others” category	744	700
Elimination of intersegment transactions	(1,657)	(1,483)
Net sales in consolidated financial statements	53,903	54,106

(Million yen)

Income	Previous fiscal year	Current fiscal year
Reportable segment total	2,463	2,933
Income of “others” category	32	29
Goodwill amortization	(33)	(30)
Elimination of intersegment transactions	(21)	(3)
Operating income in consolidated financial statements	2,441	2,928

b. Associated information

Previous fiscal year (from April 1, 2014 to March 31, 2015)

1. Information for individual products and services

Since the information relating to specific products and services is presented in the same way in [3. Sales, income (loss), assets, liabilities and other items for each reportable business segment] in [Segment information], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)

Japan	Asia	Others	Total
35,286	16,050	2,567	53,903

Note: Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(b) Property, plant and equipment

(Million yen)

Japan	Asia	Total
15,362	8,812	24,175

Current fiscal year (from April 1, 2015 to March 31, 2016)

1. Information for individual products and services

Since the information relating to specific products and services is presented in the same way in [3. Sales, income (loss), assets, liabilities and other items for each reportable business segment] in [Segment information], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)

Japan	Asia	Others	Total
36,201	15,589	2,315	54,106

Note: Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(b) Property, plant and equipment

(Million yen)

Japan	Asia	Total
14,815	9,992	24,807

c. Segment information for impairment of non-current assets

Previous fiscal year (from April 1, 2014 to March 31, 2015)

Not applicable.

Current fiscal year (from April 1, 2015 to March 31, 2016)

Not applicable.

d. Segment information for goodwill amortization and remaining goodwill

Previous fiscal year (from April 1, 2014 to March 31, 2015)

Goodwill is not allocated to individual reportable segments.

Goodwill amortization was 33 million yen in the fiscal year that ended in March 2015 and there was remaining goodwill of 84 million yen at the end of the fiscal year.

Current fiscal year (from April 1, 2015 to March 31, 2016)

Goodwill is not allocated to individual reportable segments.

Goodwill amortization was 30 million yen in the fiscal year that ended in March 2016 and there was remaining goodwill of 46 million yen at the end of the fiscal year.

e. Segment information for gains from negative goodwill

Previous fiscal year (from April 1, 2014 to March 31, 2015)

Not applicable.

Current fiscal year (from April 1, 2015 to March 31, 2016)

Not applicable.

(Per Share Information)

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Net assets per share	521.28 yen	560.81 yen
Earnings per share	53.59 yen	72.24 yen

Notes: 1. Diluted earnings per share are not shown because there were no common share equivalents.

2. The basis for calculating earnings per share is as follows.

Item	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Amount of profit attributable to owners of parent (million yen)	1,756	2,367
Amount not attributed to common stockholders	-	-
Amount of profit attributable to owners of parent attributable to common stock (million yen)	1,756	2,367
Average number of outstanding shares of common shares during the fiscal year (thousand shares)	32,781	32,779

(Important Subsequent Events)

Not applicable.

6. Other

(1) Changes in Officers (scheduled to become effective on June 24, 2016)

1. Candidate for election as new director

Toshio Yanagi (currently General Manager, Corporate Planning Department, Strategy Division, Furukawa Electric Co., Ltd.)

2. Candidate for election as new outside director

Kenichi Kobayashi (currently Professor, Faculty of Business Administration, Hosei University)

3. Retiring director

Hideya Moridaira (currently Outside Director)

4. Promotion

To be decided by the Board of Directors after the General Meeting of Shareholders planned to be held on June 24, 2016

Senior Managing Director & Executive Corporate Officer

Shinichi Ono (currently Director & Executive Corporate Officer, General Manager, Research & Development Division)