

Translation

Member of Financial Accounting Standards Foundation (FASF)
February 4, 2016

Summary of Consolidated Financial Results for the Third Quarter Ended December 31, 2015 [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
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Scheduled date of filing of quarterly securities report:	February 12, 2016
Scheduled date of commencement of dividend payment:	-
Supplementary documents for quarterly financial results:	None
Quarterly financial results briefing:	None

(Yen in millions, rounded down)

1. Financial results for the third quarter ended December 31, 2015 (April 1, 2015 – December 31, 2015)

(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	%
Third quarter ended December 31, 2015	38,233	2.4	1,545	60.2	1,626	39.8	1,310	61.2
Third quarter ended December 31, 2014	37,355	6.9	964	(31.3)	1,163	(28.2)	812	(27.3)

Notes: Comprehensive income

Third quarter ended December 31, 2015:	245 million yen (yoy (84.6) %)
Third quarter ended December 31, 2014:	1,592 million yen (yoy (10.5) %)

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Third quarter ended December 31, 2015	39.97	—
Third quarter ended December 31, 2014	24.79	—

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2015	49,244	18,630	35.4
As of March 31, 2015	50,879	18,620	33.6

Reference: Equity

As of December 31, 2015:	17,445 million yen
As of March 31, 2015:	17,087 million yen

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2015	—	—	—	7.00	7.00
Fiscal year ending March 31, 2016	—	—	—		
Fiscal year ending March 31, 2016 (forecast)				8.00	8.00

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

3. Forecast for the fiscal year ending March 31, 2016 (Consolidated, April 1, 2015 – March 31, 2016)

(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
Full year	57,000	5.7	3,300	35.2	3,300	22.1	2,000	13.8	61.01

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

Notes:

- (1) Changes in significant subsidiaries (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. Items Concerning Summary Information (Notes) (2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements" on page 3 of Accompanying Materials Contents.
- (3) 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 "2. Items Concerning Summary Information (Notes) (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement" on page 3 of Accompanying Materials Contents.
- (4) Number of shares outstanding (common shares)
 - (a) Shares outstanding (including treasury shares)

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

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

Third quarter ended December 31, 2015: 32,779,885 shares	Third quarter ended December 31, 2014: 32,782,014 shares
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*Information concerning implementation status of the quarterly review procedure:

This quarterly earnings report is not subject to the quarterly review procedure prescribed by the Financial Instruments and Exchange Act. The quarterly review procedure for the quarterly financial statements that is prescribed by the Financial Instruments and Exchange Act had not been completed when this earnings report was released.

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

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 Regarding Results of Operations for the Third Quarter (3) Explanation Regarding Forecast for Fiscal Year Ending March 31, 2016" on page 2 of Accompanying Materials Contents for details on the assumptions used and other related matters concerning the forecast of consolidated financial results.

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1. Qualitative Information Regarding Results of Operations for the Third Quarter

(1) Explanation Regarding Results of Operations

In the third quarter of the current fiscal year, the Japanese economy continued on a moderate recovery path as there was an improvement in the employment environment and a recovery in employee income partly due to the effect of the economic policies of the government. However, in the world economy, the outlook remains uncertain due to concerns about international affairs and as the Chinese economy and other emerging economies face downside risks.

Third quarter consolidated sales increased by 877 million yen, or 2.4%, from one year earlier to 38,233 million yen. Overseas sales were 12,999 million yen and accounted for 34.0% of total sales.

Operating income was 1,545 million yen and ordinary income was 1,626 million yen, mainly due to strong sales of four-wheeled vehicle batteries for upgrades and repairs and industrial batteries in Japan, and strong sales of automobile batteries by the subsidiary in Thailand.

Furthermore, we recorded the 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 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 loss." After the deduction of taxes, profit attributable to owners of parent was 1,310 million yen.

(2) Explanation Regarding Financial Position

Total assets were 49,244 million at the end of the third quarter, 1,634 million yen less than at the end of the previous fiscal year. Current assets decreased by 1,435 million yen to 20,809 million yen mainly because of a decrease in accounts receivable-other. Non-current assets decreased by 199 million yen to 28,435 million yen.

There was a 58 million yen decrease in property, plant and equipment to 24,116 million yen mainly because capital investment was lower than the decline resulting from depreciation.

Investments and other assets decreased by 96 million yen to 4,039 million yen.

Total liabilities decreased by 1,645 million yen to 30,613 million yen.

Current liabilities decreased by 3,295 million yen to 14,942 million yen, and non-current liabilities increased by 1,650 million yen to 15,671 million yen.

Interest-bearing debt, which is the sum of short-term loans payable and long-term loans payable, decreased by 701 million yen to 11,618 million yen.

Equity increased by 358 million yen to 17,445 million yen, resulting in an increase in the equity ratio from 33.6% at the end of the previous fiscal year to 35.4% at the end of the third quarter.

(3) Explanation Regarding Forecast for Fiscal Year Ending March 31, 2016

There is no change to the consolidated forecast that was announced on May 11, 2015.

2. Items Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Third Quarter Ended December 31, 2015

Not applicable

Note that in the cumulative third quarter under review, four companies, Furukawa Battery Marketing Nishi-Nihon Co., Ltd., Furukawa Battery Marketing Chubu Co., Ltd., Furukawa Battery Marketing Kyushu Co., Ltd., and Furukawa Battery Marketing Kita-Nihon Co., Ltd., merged with our consolidated subsidiary Furukawa Battery Marketing Higashi-Nihon Co., Ltd. as the surviving company, and so we have excluded these companies from the scope of the consolidation, although these changes are not classified as changes in specified subsidiaries. Furthermore Furukawa Battery Marketing Higashi-Nihon Co., Ltd. has changed its trade name to Furukawa Battery Marketing Co., Ltd.

(2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements

Third quarter income taxes are calculated by multiplying third quarter income before income taxes by a reasonable estimate of the effective tax rate, after application of tax effect accounting, for estimated income before income taxes in the current fiscal year, including the third quarter. Deferred taxes are included in income taxes.

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

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. since the first quarter ended June 30, 2015; 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 the first quarter ended June 30, 2015, 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 quarterly consolidated financial statements for the fiscal quarter 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 quarterly consolidated financial statements for the third quarter of the previous fiscal year and the consolidated financial statements for the full previous fiscal year in order to reflect these changes in the presentation of profit, etc.

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.

These changes have no impact on gains or losses.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	Third quarter ended December 31, 2015 (As of December 31, 2015)
ASSETS		
Current assets		
Cash and deposits	2,191	3,228
Notes and accounts receivable - trade	11,178	9,700
Merchandise and finished goods	1,517	2,612
Work in process	2,593	2,944
Raw materials and supplies	1,157	990
Accounts receivable - other	3,168	717
Deferred tax assets	265	257
Other	180	366
Allowance for doubtful accounts	(8)	(8)
Total current assets	22,244	20,809
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,726	6,507
Machinery, equipment and vehicles, net	4,512	7,267
Tools, furniture and fixtures, net	505	449
Land	7,542	7,297
Lease assets, net	527	505
Construction in progress	6,361	2,089
Total property, plant and equipment	24,175	24,116
Intangible assets		
Goodwill	84	53
Lease assets	9	5
Other	229	221
Total intangible assets	323	279
Investments and other assets		
Investment securities	2,557	2,454
Deferred tax assets	1,392	1,406
Other	201	193
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	4,136	4,039
Total non-current assets	28,634	28,435
Total assets	50,879	49,244

(Million yen)

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	Third quarter ended December 31, 2015 (As of December 31, 2015)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	6,632	6,081
Short-term loans payable	7,587	5,132
Lease obligations	125	121
Income taxes payable	273	359
Accrued consumption taxes	285	272
Deferred tax liabilities	20	-
Provision for bonuses	561	368
Provision for directors' bonuses	2	-
Notes payable - facilities	274	203
Other	2,475	2,402
Total current liabilities	18,238	14,942
Non-current liabilities		
Long-term loans payable	4,733	6,485
Lease obligations	452	429
Deferred tax liabilities	921	820
Provision for environmental measures	18	10
Net defined benefit liability	7,192	7,269
Negative goodwill	129	80
Asset retirement obligations	9	9
Other	563	565
Total non-current liabilities	14,020	15,671
Total liabilities	32,259	30,613
NET ASSETS		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	12,937	14,018
Treasury shares	(9)	(10)
Total shareholders' equity	14,990	16,070
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,119	1,059
Deferred gains or losses on hedges	(30)	2
Foreign currency translation adjustment	1,086	346
Remeasurements of defined benefit plans	(78)	(32)
Total accumulated other comprehensive income	2,097	1,375
Non-controlling interests	1,532	1,184
Total net assets	18,620	18,630
Total liabilities and net assets	50,879	49,244

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

(Million yen)

	Third quarter ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Third quarter ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Net sales	37,355	38,233
Cost of sales	29,485	29,403
Gross profit	7,869	8,830
Selling, general and administrative expenses	6,905	7,284
Operating income	964	1,545
Non-operating income		
Interest income	10	4
Dividends income	67	73
Amortization of negative goodwill	48	48
Foreign exchange gains	66	-
Other	121	134
Total non-operating income	314	261
Non-operating expenses		
Interest expenses	88	101
Share of loss of entities accounted for using equity method	8	15
Other	18	64
Total non-operating expenses	115	180
Ordinary income	1,163	1,626
Extraordinary income		
Gain on sales of non-current assets	-	1
Subsidy income	-	235
Total extraordinary income	-	236
Extraordinary loss		
Loss on disposal of non-current assets	10	3
Loss on reduction of non-current assets	-	235
Total extraordinary losses	10	238
Income before income taxes	1,153	1,624
Total income taxes	318	501
Profit	834	1,123
Profit (loss) attributable to non-controlling interests	22	(186)
Profit attributable to owners of parent	812	1,310

(Quarterly Consolidated Statements of Comprehensive Income (Cumulative))

(Million yen)

	Third quarter ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Third quarter ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Profit	834	1,123
Other comprehensive income		
Valuation difference on available-for-sale securities	394	(57)
Deferred gains or losses on hedges	(22)	32
Foreign currency translation adjustment	229	(892)
Remeasurements of defined benefit plans, net of tax	154	46
Share of other comprehensive income of entities accounted for using equity method	1	(7)
Total other comprehensive income	757	(878)
Comprehensive income	1,592	245
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,564	588
Comprehensive income attributable to non-controlling interests	28	(342)

(3) Notes on Quarterly Consolidated Financial Statements

(Note Concerning Premise of Ongoing Concern)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable