

Summary of Consolidated Financial Results for the Second Quarter Ended September 30, 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
Contact Person	
Title:	Director & Executive Corporate Officer
Name:	Shigeru Takaku
Tel:	+81-(0) 45 (336) 5034
Scheduled date of filing of quarterly securities report:	November 12, 2015
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 second quarter ended September 30, 2015 (April 1, 2015 – September 30, 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	%
Second quarter ended September 30, 2015	24,881	11.8	509	343.9	602	129.9	516	218.9
Second quarter ended September 30, 2014	22,247	3.1	114	(77.5)	262	(57.9)	161	(61.0)

Notes: Comprehensive income

Second quarter ended September 30, 2015: 80 million yen (yoy (75.5) %)

Second quarter ended September 30, 2014: 329 million yen (yoy (64.5) %)

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Second quarter ended September 30, 2015	15.75	—
Second quarter ended September 30, 2014	4.94	—

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2015	48,145	18,465	35.5
As of March 31, 2015	50,879	18,620	33.6

Reference: Equity

As of September 30, 2015: 17,087 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)

Full year	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	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 September 30, 2015: 32,800,000 shares
 - As of March 31, 2015: 32,800,000 shares
 - (b) Treasury shares
 - As of September 30, 2015: 20,352 shares
 - As of March 31, 2015: 19,584 shares
 - (c) Average number of shares outstanding during the period (Cumulative)
 - Second quarter ended September 30, 2015: 32,780,003 shares
 - Second quarter ended September 30, 2014: 32,782,698 shares

*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 Second 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.

Accompanying Materials Contents

1. Qualitative Information Regarding Results of Operations for the Second Quarter.....	2
(1) Explanation Regarding Results of Operations	2
(2) Explanation Regarding Financial Position.....	2
(3) Explanation Regarding Forecast for Fiscal Year Ending March 31, 2016.....	2
2. Items Concerning Summary Information (Notes)	3
(1) Changes in Significant Subsidiaries during the Second Quarter Ended September 30, 2015.....	3
(2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements.....	3
(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement.....	3
3. Quarterly Consolidated Financial Statements	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	6
Quarterly Consolidated Statements of Income (Cumulative).....	6
Quarterly Consolidated Statements of Comprehensive Income (Cumulative).....	7
(3) Notes on Quarterly Consolidated Financial Statements.....	8
(Note Concerning Premise of Ongoing Concern)	8
(Notes on Significant Changes in the Amount of Shareholders' Equity).....	8

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

(1) Explanation Regarding Results of Operations

In the second 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 as the Chinese economy and other emerging economies are showing signs of slowing down and there are also problems related to the political and military situation in the Middle East.

Second quarter consolidated sales increased by 2,633 million yen, or 11.8%, from one year earlier to 24,881 million yen. Overseas sales were 9,503 million yen and accounted for 38.2% of total sales.

Operating income was 509 million yen and ordinary income was 602 million yen, mainly due to strong sales of four-wheeled vehicle batteries for upgrades and repairs in Japan, and strong sales of automobile batteries by the subsidiary in Thailand and railroad batteries to the overseas market.

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 the said subsidy income from the acquisition cost of machinery and equipment to record the 235 million yen as "Loss on reduction of non-current assets." After the deduction of taxes, profit attributable to owners of parent was 516 million yen.

(2) Explanation Regarding Financial Position

Total assets were 48,145 million yen at the end of the second quarter, 2,733 million yen less than at the end of the previous fiscal year. Current assets decreased by 3,606 million yen to 18,638 million yen mainly because of a decrease in accounts receivable - other. Non-current assets increased by 872 million yen to 29,507 million yen.

There was a 1,067 million yen increase in property, plant and equipment to 25,242 million yen mainly because capital investment was higher than the decline resulting from depreciation.

Investments and other assets decreased by 159 million yen to 3,976 million yen.

Total liabilities decreased by 2,579 million yen to 29,679 million yen. Current liabilities decreased by 5,136 million yen to 13,101 million yen, and non-current liabilities increased by 2,557 million yen to 16,578 million yen.

Interest-bearing debt, which is the sum of short-term loans payable and long-term loans payable, decreased by 986 million yen to 11,334 million yen.

Equity decreased by 0 million yen to 17,087 million yen, resulting in an increase in the equity ratio from 33.6% at the end of the previous fiscal year to 35.5% at the end of the second 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 Second Quarter Ended September 30, 2015

Not applicable

Note that in the cumulative second 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

Second quarter income taxes are calculated by multiplying second 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 second 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. and have changed the term “minority interests” to “non-controlling interests.” Furukawa Battery has adjusted the quarterly consolidated financial statements for the second 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.

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)	Second quarter ended September 30, 2015 (As of September 30, 2015)
ASSETS		
Current assets		
Cash and deposits	2,191	2,819
Notes and accounts receivable - trade	11,178	8,495
Merchandise and finished goods	1,517	2,412
Work in process	2,593	2,631
Raw materials and supplies	1,157	1,042
Accounts receivable - other	3,168	642
Deferred tax assets	265	293
Other	180	309
Allowance for doubtful accounts	(8)	(7)
Total current assets	22,244	18,638
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,726	4,625
Machinery, equipment and vehicles, net	4,512	5,478
Tools, furniture and fixtures, net	505	473
Land	7,542	7,466
Leased assets, net	527	532
Construction in progress	6,361	6,665
Total property, plant and equipment	24,175	25,242
Intangible assets		
Goodwill	84	67
Leased assets	9	6
Other	229	214
Total intangible assets	323	287
Investments and other assets		
Investment securities	2,557	2,335
Deferred tax assets	1,392	1,469
Other	201	186
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	4,136	3,976
Total non-current assets	28,634	29,507
Total assets	50,879	48,145

(Million yen)

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	Second quarter ended September 30, 2015 (As of September 30, 2015)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	6,632	5,361
Short-term loans payable	7,587	4,054
Lease obligations	125	128
Income taxes payable	273	354
Accrued consumption taxes	285	122
Deferred tax liabilities	20	-
Provision for bonuses	561	709
Provision for directors' bonuses	2	-
Notes payable - facilities	274	313
Other	2,475	2,056
Total current liabilities	18,238	13,101
Non-current liabilities		
Long-term loans payable	4,733	7,279
Lease obligations	452	451
Deferred tax liabilities	921	833
Provision for environmental measures	18	26
Net defined benefit liability	7,192	7,268
Negative goodwill	129	97
Asset retirement obligations	9	9
Other	563	611
Total non-current liabilities	14,020	16,578
Total liabilities	32,259	29,679
NET ASSETS		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	12,937	13,224
Treasury shares	(9)	(10)
Total shareholders' equity	14,990	15,276
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,119	968
Deferred gains or losses on hedges	(30)	(61)
Foreign currency translation adjustment	1,086	951
Remeasurements of defined benefit plans	(78)	(46)
Total accumulated other comprehensive income	2,097	1,811
Non-controlling interests	1,532	1,377
Total net assets	18,620	18,465
Total liabilities and net assets	50,879	48,145

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

(Million yen)

	Second quarter ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Second quarter ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Net sales	22,247	24,881
Cost of sales	17,779	19,411
Gross profit	4,468	5,469
Selling, general and administrative expenses	4,353	4,960
Operating income	114	509
Non-operating income		
Interest income	5	3
Dividends income	53	55
Amortization of negative goodwill	32	32
Foreign exchange gains	46	11
Other	80	81
Total non-operating income	217	184
Non-operating expenses		
Interest expenses	47	39
Share of loss of entities accounted for using equity method	4	3
Other	17	48
Total non-operating expenses	70	91
Ordinary income	262	602
Extraordinary income		
Gain on sales of non-current assets	-	1
Subsidy income	-	235
Total extraordinary income	-	237
Extraordinary loss		
Loss on disposal of non-current assets	10	1
Loss on reduction of non-current assets	-	235
Total extraordinary losses	10	237
Income before income taxes	252	602
Total income taxes	62	184
Profit	189	418
Profit (loss) attributable to non-controlling interests	28	(97)
Profit attributable to owners of parent	161	516

(Quarterly Consolidated Statements of Comprehensive Income (Cumulative))

(Million yen)

	Second quarter ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Second quarter ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Profit	189	418
Other comprehensive income		
Valuation difference on available-for-sale securities	240	(149)
Deferred gains or losses on hedges	11	(31)
Foreign currency translation adjustment	(214)	(185)
Remeasurements of defined benefit plans, net of tax	102	31
Share of other comprehensive income of entities accounted for using equity method	(1)	(2)
Total other comprehensive income	139	(338)
Comprehensive income	329	80
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	347	230
Comprehensive income attributable to non-controlling interests	(17)	(149)

(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