

## Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2015 [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	
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Scheduled date of filing of quarterly securities report:	August 11, 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 first quarter ended June 30, 2015 (April 1, 2015 – June 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	%
First quarter ended June 30, 2015	12,103	17.8	341	571.1	436	339.9	408	638.9
First quarter ended June 30, 2014	10,272	3.4	50	(7.7)	99	(29.3)	55	(2.5)

Notes: Comprehensive income

First quarter ended June 30, 2015: 417 million yen (yoy 115.9 %)

First quarter ended June 30, 2014: 193 million yen (yoy (66.8) %)

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
First quarter ended June 30, 2015	12.46	—
First quarter ended June 30, 2014	1.69	—

**(2) Financial position (Consolidated)**

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2015	47,812	18,802	36.2
As of March 31, 2015	50,879	18,620	33.6

Reference: Equity

As of June 30, 2015: 17,329 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
First half	25,000	12.4	700	509.9	700	166.9	450	178.0	13.74
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 June 30, 2015: 32,800,000 shares As of March 31, 2015: 32,800,000 shares
  - (b) Treasury shares

As of June 30, 2015: 20,217 shares As of March 31, 2015: 19,584 shares
  - (c) Average number of shares outstanding during the period (Cumulative)

First quarter ended June 30, 2015: 32,780,207 shares First quarter ended June 30, 2014: 32,783,023 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 First 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 First Quarter

### (1) Explanation Regarding Results of Operations

In the first quarter of the current fiscal year, the Japanese economy continued on a moderate recovery path as recovery in employee income was seen partly due to economic policies by the government and capital investment also increased. However, prices of imported raw materials are rising due to the impact of the weaker yen, and in the world economy the Chinese economy is showing signs of slowing down and there is also the debt problem in Europe; so the outlook remains uncertain.

First quarter consolidated sales increased by 1,830 million yen, or 17.8%, from one year earlier to 12,103 million yen. Overseas sales were 4,844 million yen and accounted for 40.0% of total sales.

Operating income was 341 million yen and ordinary income was 436 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.

After the deduction of taxes, profit attributable to owners of parent was 408 million yen.

### (2) Explanation Regarding Financial Position

Total assets were 47,812 million yen at the end of the first quarter, 3,066 million yen less than at the end of the previous fiscal year. Current assets decreased by 3,808 million yen to 18,435 million yen mainly because of a decrease in accounts receivable - other. Non-current assets increased by 742 million yen to 29,376 million yen.

There was a 633 million yen increase in property, plant and equipment to 24,809 million yen mainly because capital investment was higher than the decline resulting from depreciation.

Investments and other assets increased by 122 million yen to 4,259 million yen.

Total liabilities decreased by 3,249 million yen to 29,009 million yen. Current liabilities decreased by 4,013 million yen to 14,224 million yen, and non-current liabilities increased by 764 million yen to 14,785 million yen.

Interest-bearing debt, which is the sum of short-term loans payable and long-term loans payable, decreased by 2,010 million yen to 10,309 million yen.

Equity increased by 241 million yen to 17,329 million yen, resulting in an increase in the equity ratio from 33.6% at the end of the previous fiscal year to 36.2% at the end of the first quarter.

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

In the first quarter under review, consolidated sales were generally strong and a similar performance is expected for the second quarter of the year. Regarding income, 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, better results have been expected than in the previous forecast. Accordingly, on July 17, 2015, we announced a revision to the forecast for the consolidated performance figures for the first half of the fiscal year ending March 31, 2016.

Regarding the forecast for the full year, the profit structure of Furukawa Battery is extremely concentrated in the second half of the year, and thus, at the present time, 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 First Quarter Ended June 30, 2015

Not applicable

Note that in the cumulative first 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

First quarter income taxes are calculated by multiplying first 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 first quarter of the current fiscal year. 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), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22 issued on September 13, 2013), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No.7 issued on September 13, 2013), etc. since the first quarter ended June 30, 2015; therefore 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 first 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.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	First quarter ended June 30, 2015 (As of June 30, 2015)
<b>ASSETS</b>		
Current assets		
Cash and deposits	2,191	2,399
Notes and accounts receivable - trade	11,178	8,646
Merchandise and finished goods	1,517	2,335
Work in process	2,593	2,833
Raw materials and supplies	1,157	966
Accounts receivable - other	3,168	537
Deferred tax assets	265	271
Other	180	453
Allowance for doubtful accounts	(8)	(7)
Total current assets	22,244	18,435
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,726	4,657
Machinery, equipment and vehicles, net	4,512	4,479
Tools, furniture and fixtures, net	505	467
Land	7,542	7,472
Leased assets, net	527	517
Construction in progress	6,361	7,215
Total property, plant and equipment	24,175	24,809
Intangible assets		
Goodwill	84	77
Leased assets	9	7
Other	229	223
Total intangible assets	323	308
Investments and other assets		
Investment securities	2,557	2,651
Deferred tax assets	1,392	1,377
Other	201	244
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	4,136	4,259
Total non-current assets	28,634	29,376
Total assets	50,879	47,812

(Million yen)

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	First quarter ended June 30, 2015 (As of June 30, 2015)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	6,632	6,120
Short-term loans payable	7,587	4,756
Lease obligations	125	123
Income taxes payable	273	315
Accrued consumption taxes	285	98
Deferred tax liabilities	20	-
Provision for bonuses	561	262
Provision for directors' bonuses	2	-
Notes payable - facilities	274	199
Other	2,475	2,347
<b>Total current liabilities</b>	<b>18,238</b>	<b>14,224</b>
Non-current liabilities		
Long-term loans payable	4,733	5,552
Lease obligations	452	441
Deferred tax liabilities	921	835
Provision for environmental measures	18	18
Net defined benefit liability	7,192	7,233
Negative goodwill	129	113
Asset retirement obligations	9	9
Other	563	581
<b>Total non-current liabilities</b>	<b>14,020</b>	<b>14,785</b>
<b>Total liabilities</b>	<b>32,259</b>	<b>29,009</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	12,937	13,116
Treasury shares	(9)	(10)
<b>Total shareholders' equity</b>	<b>14,990</b>	<b>15,168</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,119	1,180
Deferred gains or losses on hedges	(30)	(33)
Foreign currency translation adjustment	1,086	1,074
Remeasurements of defined benefit plans	(78)	(61)
<b>Total accumulated other comprehensive income</b>	<b>2,097</b>	<b>2,160</b>
Non-controlling interests	1,532	1,473
<b>Total net assets</b>	<b>18,620</b>	<b>18,802</b>
<b>Total liabilities and net assets</b>	<b>50,879</b>	<b>47,812</b>

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

(Million yen)

	First quarter ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	First quarter ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Net sales	10,272	12,103
Cost of sales	8,065	9,264
Gross profit	2,207	2,839
Selling, general and administrative expenses	2,156	2,497
Operating income	50	341
Non-operating income		
Interest income	2	1
Dividends income	52	55
Amortization of negative goodwill	16	16
Foreign exchange gains	-	10
Other	52	52
Total non-operating income	124	136
Non-operating expenses		
Interest expenses	24	20
Foreign exchange losses	33	-
Share of loss of entities accounted for using equity method	1	0
Other	16	20
Total non-operating expenses	76	41
Ordinary income	99	436
Extraordinary loss		
Loss on disposal of non-current assets	7	0
Total extraordinary losses	7	0
Income before income taxes	92	435
Total income taxes	34	31
Profit	57	404
Profit (loss) attributable to non-controlling interests	2	(3)
Profit attributable to owners of parent	55	408



(Quarterly Consolidated Statements of Comprehensive Income (Cumulative))

(Million yen)

	First quarter ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	First quarter ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Profit	57	404
Other comprehensive income		
Valuation difference on available-for-sale securities	101	64
Deferred gains or losses on hedges	(4)	(2)
Foreign currency translation adjustment	(14)	(62)
Remeasurements of defined benefit plans, net of tax	51	16
Share of other comprehensive income of entities accounted for using equity method	1	(2)
Total other comprehensive income	135	13
Comprehensive income	193	417
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	175	471
Comprehensive income attributable to non-controlling interests	17	(53)

(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