

Summary of Consolidated Financial Results for the Year Ended March 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	
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Scheduled date of ordinary general meeting of shareholders:	June 23, 2015
Scheduled date of commencement of dividend payment:	June 24, 2015
Scheduled date of filing of securities report:	June 23, 2015
Supplementary documents for financial results:	None
Financial results briefing:	None

(Yen in millions, rounded down)

1. Financial results for the fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) Result of operations (Consolidated)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2015	53,903	8.8	2,441	(8.7)	2,702	(6.3)	1,756	(11.7)
Fiscal year ended March 31, 2014	49,556	11.7	2,673	(2.1)	2,882	0.4	1,990	7.7

Notes: Comprehensive income

Fiscal year ended March 31, 2015:	3,051 million yen (yoy 16.2%)
Fiscal year ended March 31, 2014:	2,626 million yen (yoy 10.8%)

	Net income per share (basic)	Net income 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, 2015	53.59	—	11.1	5.8	4.5
Fiscal year ended March 31, 2014	60.70	—	14.8	7.5	5.4

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2015:	(7) million yen
Fiscal year ended March 31, 2014:	— 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, 2015	50,879	18,620	33.6	521.28
As of March 31, 2014	41,597	15,034	35.0	444.08

Reference: Equity

As of March 31, 2015:	17,087 million yen
As of March 31, 2014:	14,558 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, 2015	3,884	(9,081)	4,354	2,191
Fiscal year ended March 31, 2014	3,702	(5,737)	2,246	2,097

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, 2014	—	—	—	6.00	6.00	196	9.9	1.5
Fiscal year ended March 31, 2015	—	—	—	7.00	7.00	229	13.1	1.5
Fiscal year ending March 31, 2016 (forecast)	—	—	—	8.00	8.00		13.1	

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		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	24,000	7.9	200	91.7	220	(16.1)	150	(7.3)	4.58
Full year	57,000	5.7	3,300	35.2	3,300	22.1	2,000	13.8	61.01

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 stock)

(a) Shares outstanding (including treasury stock)

As of March 31, 2015: 32,800,000 shares

As of March 31, 2014: 32,800,000 shares

(b) Treasury stock

As of March 31, 2015: 19,584 shares

As of March 31, 2014: 16,769 shares

(c) Average number of shares outstanding during the period

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

Fiscal year ended March 31, 2014: 32,783,300 shares

Non-consolidated financial results (For reference)**1. Financial results for the fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)**

(1) Result of operations (Non-consolidated)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2015	37,266	5.5	1,260	9.4	1,555	(9.8)	899	(26.9)
Fiscal year ended March 31, 2014	35,320	7.9	1,152	(17.9)	1,725	7.4	1,230	11.2

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Fiscal year ended March 31, 2015	27.44	—
Fiscal year ended March 31, 2014	37.54	—

(2) Financial position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2015	35,205	10,503	29.8	320.42
As of March 31, 2014	31,994	9,624	30.1	293.59

Reference: Equity

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

As of March 31, 2014: 9,624 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:

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.

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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 2015, the Japanese economy was on a moderate recovery path as it began to rebound after the slump that followed the increase in the consumption tax. A small recovery in business sentiment was seen due to the continuing weakening of the yen and the effect of lower oil prices.

On the other hand, differences in business sentiment between companies involving in exporting and companies facing increased procurement costs for raw materials, etc. began to be conspicuous. Furthermore, although consumption trends were also on a moderate recovery path, there was little resilience in consumption and the situation lacked momentum. Moreover, the sense of uncertainty regarding the future outlook for the European economy deepened, there were signs of a slowdown in the Chinese economy, and there was a sense of caution regarding the economies of emerging nations as well; so the outlook remains uncertain.

In the storage batteries industry, the environment surrounding storage batteries has changed greatly, with intensifying competition to achieve greater fuel economy in automobiles and rising expectation for renewable energies due to attempts to tackle global environmental problems and the problems resulting from the nuclear accident and other factors.

In this environment, the Furukawa Battery Group is responding to the intensifying competition to achieve greater fuel economy in automobiles by constructing a new building for charging automobile batteries in the Iwaki Plant, and introducing new equipment in order to improve performance and quality and improve production efficiency. Regarding renewable energy, we are proceeding with the development of cycle-use lead-acid storage batteries for use in industry, in order to meet the requirements of the role expected of storage batteries. Furthermore, from December 2014, we commenced sales of the Magnesium Air Battery “MgBOX” for Emergencies that we jointly developed with Toppan Printing Co., Ltd., the first in the world to be made with a paper container. In addition, we have furthered the Group’s overseas expansion by starting production and sales in the automobile battery production company and sales company that we established last year in Indonesia as joint ventures with an INDOMOBIL Group company.

As a result, consolidated sales increased by 4,347 million yen, or 8.8%, to 53,903 million yen. Continuing on from the previous year, there were strong sales, mainly at our overseas subsidiaries, of automobile-use batteries as well as strong overseas sales of industrial batteries for railways. Overseas sales were 18,617 million yen and were 34.5% of total sales.

Rising prices for lead, the Group’s main raw material, and an increase in depreciation and amortization drove up the cost of goods sold and there were increases in promotion and advertising expenses primarily due to increases in overseas sales. As a result, operating income decreased from 2,673 million yen to 2,441 million yen and ordinary income decreased from 2,882 million yen to 2,702 million yen.

Furthermore, we recorded the granting of 2,615 million yen as a subsidy related to Fukushima Prefecture’s “Gambaro! Project to Support Fukushima Industrial Recovery and Location of Companies in Fukushima” under extraordinary income (State subsidy) and moreover directly deducted the said state subsidy from the acquisition cost of buildings and machinery, equipment, etc., recording 2,612 million yen as “loss on reduction of noncurrent assets.” After the deduction of taxes, net income was 1.756 million yen, compared with 1,990 million yen one year earlier.

Business segment performance was as follows.

Segment sales include intersegment internal sales or transfers totaling 1,657 million yen and the figures for segment income are given on an operating income (pre-goodwill amortization) basis.

In the automobile segment, sales increased by 3,951 million yen, or 12.0%, to 36,861 million yen and segment income decreased by 198 million yen, or 16.9%, to 972 million yen. This was mainly because there was large growth in overseas sales of replacement batteries and domestic sales of batteries for new cars but the cost of goods sold increased due to rising prices for lead, the main raw material for batteries, and an increase in depreciation and amortization.

In the industrial segment, sales increased by 631 million yen, or 3.7%, to 17,594 million yen and segment income increased by 22 million yen, or 1.7%, to 1,363 million yen. Continuing on from the previous year, growth was attributable mainly to large growth in sales of alkaline batteries for railway use, which contributed to profit and loss.

In the real estate segment, sales decreased by 10 million yen, or 2.7%, to 360 million yen and segment income fell by 31 million yen, or 19.6%, to 127 million yen. This was mainly because repair expenses for buildings, equipment and facilities, etc. increased.

In the others segment, sales decreased by 13 million yen, or 1.8%, to 744 million yen and segment income was down 2 million yen, or 6.8%, to 32 million yen. The decline in sales was caused mainly by lower sales of resin molding products.

b) Outlook for fiscal year ending in March 2016

The Furukawa Battery Group will continue to concentrate on achieving more growth in business operations and higher earnings. In the fiscal year ending in March 2016, we forecast net sales of 57 billion yen, operating income of 3.3 billion yen, ordinary income of 3.3 billion yen and net income of 2.0 billion yen.

(2) Analysis Regarding Financial Position

a) Cash flows

Net cash provided by operating activities was 3,844 million yen. Major sources of cash were income before income taxes of 2,691 million yen, depreciation and amortization of 1,789 million yen, a 657 million yen decrease due to an increase in notes and accounts receivable - trade, and an 821 million yen increase in notes and accounts payable - trade.

Net cash used in investing activities was 9,081 million yen. This was mostly due to payments of 8,957 million yen for the purchase of property, plant and equipment.

Net cash provided by financing activities was 4,354 million yen. There were proceeds of 5,696 million yen from short-term and long-term loans payable although there were payments of 1,960 million yen for the redemption of bonds and repayment of long-term loans payable and 331 million yen for dividends and lease obligations.

As a result, there was a net increase of 94 million yen in cash and cash equivalents to 2,191 million yen at the end of the fiscal year.

b) Trends of performance indicators associated with cash flows

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Equity ratio (%)	26.3	29.8	35.3	35.0	33.6
Market value basis equity ratio (%)	47.3	47.2	51.6	56.4	58.8
Debt redemption period (years)	1.6	10.8	1.7	2.3	3.2
Interest coverage ratio	24.4	4.3	31.3	37.5	41.1

*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 operating cash flows as shown in the consolidated statements of cash flows.

4. Interest-bearing liabilities are the sum of bonds and 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 7 yen per share for the fiscal year that ended in March 2015 to express our appreciation to the shareholders for their support. For the fiscal year ending in March 2016, although the operating environment is expected to remain challenging, we plan to pay a year-end dividend of 8 yen per share.

2. Corporate Group

The Furukawa Battery Group consists of Furukawa Battery Co., Ltd., its parent company, 13 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.

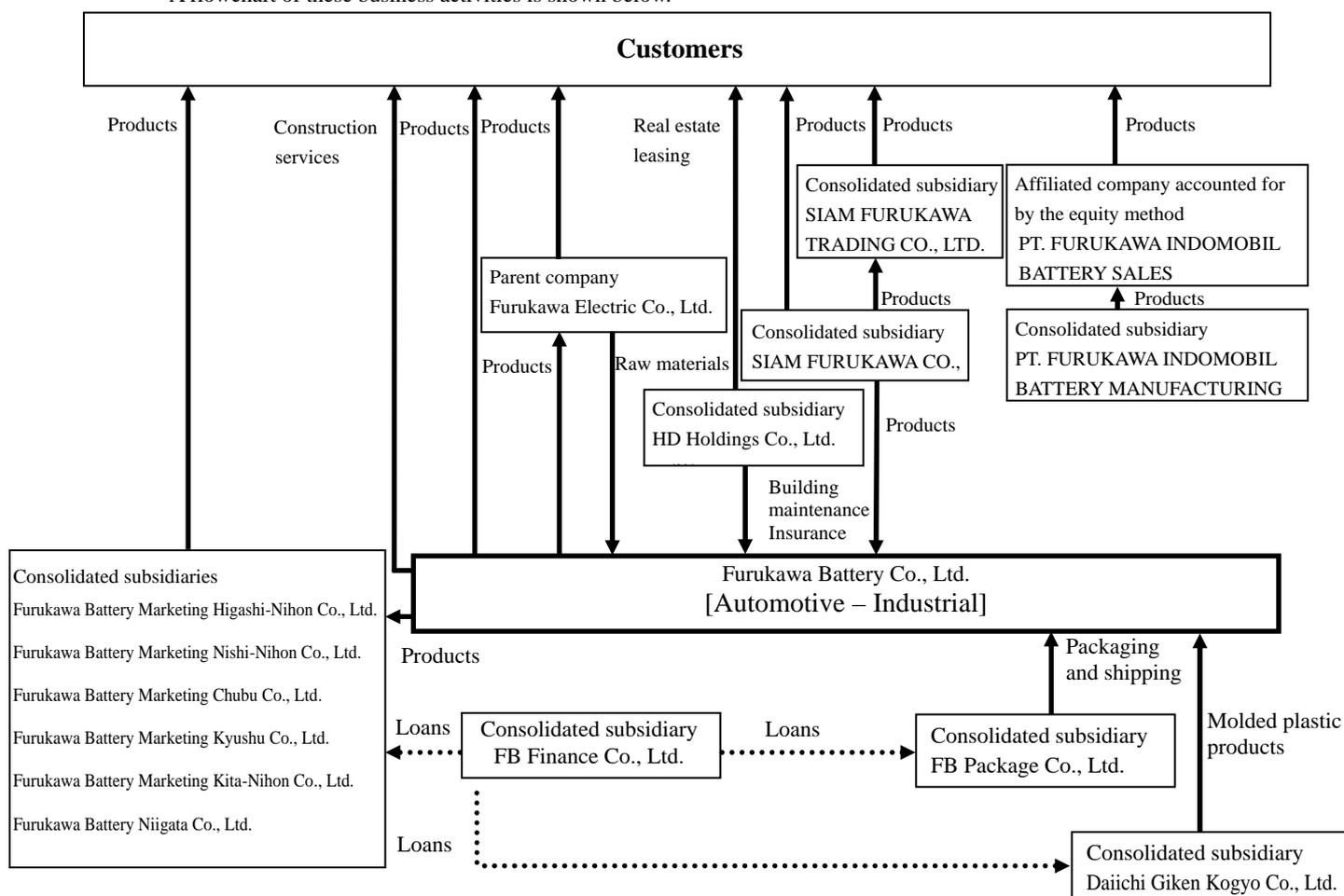
Furukawa Battery manufactures and sells lead-acid storage batteries, alkaline storage batteries, and rectifiers and other power supply devices and performs installations and inspections for these batteries. Consolidated subsidiary Siam Furukawa Co., Ltd., and PT. Furukawa Indomobil Battery Manufacturing,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

Consolidated subsidiary Furukawa Battery Marketing Higashi-Nihon Co., Ltd. and other subsidiaries sell 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 profit target and performance indicators (all consolidated) of the Furukawa Group, which announced its '2015 Medium-Term Vision (2013-15)' in July 2013, are as follows.

(Targets for year ending March 2016)

Net sales: 50.9 billion yen

Return on assets (ROA): 7.4% Equity ratio: 40% Overseas sales ratio: 30%

Note that in the current fiscal year (the fiscal year ended in March 2015) we have already exceeded our targets for net sales and the overseas sales ratio, with net sales of 53.9 billion yen and an overseas sales ratio of 34.5%, and in the next fiscal year (the fiscal year ending in March 2016) we are aiming to further expand net sales.

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

Since the Great East Japan Earthquake that occurred in 2011, the problem of the stable and environmentally-friendly supply of electrical energy has continued to gain importance as an issue in society.

Moreover, over the course of the past several years, the rising cost of exhaustible energy resources due to fluctuations in exchange rates and other factors has been continuing to have a significant impact on the cost of electric power which is one of the key determinants of economic activity. As a result, factors such as the spread of technology for energy conservation, power generation using renewable energy sources, and management of an appropriate demand-supply balance of electrical energy are taking on added importance. At the same time, a variety of directions are being considered for storage batteries, an importance device in the above schemes, and the importance of the role storage batteries, the key product of the Furukawa Group, play is also rising. The Group is already selling its environmentally friendly and energy efficient batteries (idling stop use batteries: UltraBattery®) for use in automobiles, to many subsectors in the transportation and logistics industry and its valve regulated lead-acid storage batteries for cycle-use (the UB series) in many subsectors in the infrastructure industry and moreover, in addition to these secondary batteries, the Group is also tackling new markets by launching the magnesium air battery (MgBOX) for emergencies.

Given this environment, the Group has created its '2015 Medium-Term Vision (2013-15)' medium-term management plan for making progress toward the group's long-term vision called Dynamic Innovation 2020. In the fiscal year ending in March 2016, we will rebuild our domestic business operation in Japan by focusing our management resources on carefully selected strategic sectors, develop new overseas locations, and achieve greater efficiency for all our operations. The current fiscal year ending in March 2016 (FY2015) is the third year of our 3-year medium-term management plan and in addition we shall also be making every effort to clarify and determine priority measures for dealing with the new issues closely related to realization of our long-term vision that we have identified for the next 3-year medium-term management plan to be implemented from the fiscal year ending in March 2017 (FY2016) onwards.

Furthermore, we are committed to remaining a company that can earn the trust of all stakeholders. For this purpose as well, we will conduct socially responsible business activities, and implement a rigorous compliance program to ensure that we take responsibility for the impact that our operations have on society.

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, 2014 (As of March 31, 2014)	Fiscal year ended March 31, 2015 (As of March 31, 2015)
ASSETS		
Current assets		
Cash and deposits	2,097	2,191
Notes and accounts receivable - trade	10,396	11,178
Merchandise and finished goods	1,498	1,517
Work in process	2,358	2,593
Raw materials and supplies	651	1,157
Accounts receivable - other	278	3,168
Deferred tax assets	247	265
Other	196	180
Allowance for doubtful accounts	(8)	(8)
Total current assets	17,716	22,244
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,986	13,249
Accumulated depreciation	(8,378)	(8,522)
Buildings and structures, net	3,607	4,726
Machinery, equipment and vehicles	24,664	26,289
Accumulated depreciation	(20,718)	(21,776)
Machinery, equipment and vehicles, net	3,946	4,512
Tools, furniture and fixtures	6,505	6,686
Accumulated depreciation	(6,049)	(6,181)
Tools, furniture and fixtures, net	456	505
Land	6,053	7,542
Lease assets	520	807
Accumulated depreciation	(252)	(279)
Lease assets, net	267	527
Construction in progress	4,554	6,361
Total property, plant and equipment	18,886	24,175
Intangible assets		
Goodwill	103	84
Lease assets	16	9
Other	168	229
Total intangible assets	288	323
Investments and other assets		
Investment securities	2,750	2,557
Deferred tax assets	1,820	1,392
Other	153	201
Allowance for doubtful accounts	(18)	(15)
Total investments and other assets	4,706	4,136
Total noncurrent assets	23,880	28,634
Total assets	41,597	50,879

(Million yen)

	Fiscal year ended March 31, 2014 (As of March 31, 2014)	Fiscal year ended March 31, 2015 (As of March 31, 2015)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	5,654	6,632
Short-term loans payable	4,978	7,587
Current portion of bonds	100	—
Lease obligations	118	125
Income taxes payable	325	273
Accrued consumption taxes	92	285
Deferred tax liabilities	2	20
Provision for bonuses	559	561
Provision for directors' bonuses	2	2
Notes payable-facilities	347	274
Other	2,400	2,475
Total current liabilities	14,582	18,238
Noncurrent liabilities		
Long-term loans payable	3,505	4,733
Lease obligations	182	452
Deferred tax liabilities	937	921
Provision for environmental measures	18	18
Net defined benefit liability	6,628	7,192
Negative goodwill	194	129
Asset retirement obligations	8	9
Other	505	563
Total noncurrent liabilities	11,980	14,020
Total liabilities	26,562	32,259
NET ASSETS		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	11,596	12,937
Treasury stock	(6)	(9)
Total shareholders' equity	13,651	14,990
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	713	1,119
Deferred gains or losses on hedges	(2)	(30)
Foreign currency translation adjustment	402	1,086
Remeasurements of defined benefit plans	(205)	(78)
Total accumulated other comprehensive income	907	2,097
Minority interests	476	1,532
Total net assets	15,034	18,620
Total liabilities and net assets	41,597	50,879

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

(Million yen)

	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Net sales	49,556	53,903
Cost of sales	37,590	41,863
Gross profit	11,966	12,039
Selling, general and administrative expenses		
Selling expenses	1,994	2,189
General and administrative expenses	7,297	7,408
Total selling, general and administrative expenses	9,292	9,598
Operating income	2,673	2,441
Non-operating income		
Interest income	13	19
Dividends income	60	68
Amortization of negative goodwill	64	64
House rents borne by employees	42	44
Foreign exchange gains	57	81
Subsidy income	33	42
Other	79	67
Total non-operating income	352	388
Non-operating expenses		
Interest expenses	97	92
Share of loss of entities accounted for using equity method	—	7
Other	45	26
Total non-operating expenses	143	127
Ordinary income	2,882	2,702
Extraordinary income		
State subsidy	—	2,615
Total extraordinary income	—	2,615
Extraordinary loss		
Loss on disposal of noncurrent assets	3	10
Loss on reduction of noncurrent assets	—	2,612
Other	—	2
Total extraordinary losses	3	2,625
Income before income taxes	2,879	2,691
Income taxes-current	781	590
Income taxes-deferred	82	321
Total income taxes	864	912
Income before minority interests	2,015	1,779
Minority interests in income	25	22
Net income	1,990	1,756

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Income before minority interests	2,015	1,779
Other comprehensive income		
Valuation difference on available-for-sale securities	196	410
Deferred gains or losses on hedges	(16)	(27)
Foreign currency translation adjustment	431	756
Remeasurements of defined benefit plans, net of tax	—	127
Share of other comprehensive income of entities accounted for using equity method	—	5
Total other comprehensive income	611	1,271
Comprehensive income	2,626	3,051
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,600	2,946
Comprehensive income attributable to minority interests	26	104

(3) Consolidated Statements of Changes in Net Assets
 Previous fiscal year (From April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,640	422	9,802	(6)	11,857
Cumulative effects of changes in accounting policies					
Restated balance	1,640	422	9,802	(6)	11,857
Changes of items during the period					
Dividends from surplus			(196)		(196)
Net income			1,990		1,990
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	1,793	(0)	1,793
Balance at the end of current period	1,640	422	11,596	(6)	13,651

	Accumulated other comprehensive income					Minority 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 the beginning of current period	517	13	(28)	—	502	460	12,820
Cumulative effects of changes in accounting policies							
Restated balance	517	13	(28)	—	502	460	12,820
Changes of items during the period							
Dividends from surplus							(196)
Net income							1,990
Purchase of treasury stock							(0)
Net changes of items other than shareholders' equity	195	(16)	431	(205)	404	16	421
Total changes of items during the period	195	(16)	431	(205)	404	16	2,214
Balance at the end of current period	713	(2)	402	(205)	907	476	15,034

Current fiscal year (From April 1, 2014 to March 31, 2015)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the 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 the period					
Dividends from surplus			(196)		(196)
Net income			1,756		1,756
Purchase of treasury stock				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	1,560	(2)	1,557
Balance at the end of current period	1,640	422	12,937	(9)	14,990

	Accumulated other comprehensive income					Minority 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 the 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 the period							
Dividends from surplus						(5)	(202)
Net income							1,756
Purchase of treasury stock							(2)
Net changes of items other than shareholders' equity	406	(27)	683	127	1,190	1,061	2,251
Total changes of items during the period	406	(27)	683	127	1,190	1,055	3,803
Balance at the end of current period	1,119	(30)	1,086	(78)	2,097	1,532	18,620

(4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes	2,879	2,691
Depreciation and amortization	1,620	1,789
Amortization of goodwill	(35)	(30)
Increase (decrease) in allowance for doubtful accounts	(18)	(3)
Interest and dividends income	(74)	(87)
Interest expenses	97	92
Share of (profit) loss of entities accounted for using equity method	—	7
Subsidy income	—	(2,615)
Loss on retirement of property, plant and equipment	3	10
Loss on reduction of noncurrent assets	—	2,612
Decrease (increase) in notes and accounts receivable - trade	(43)	(657)
Decrease (increase) in inventories	(558)	(596)
Increase (decrease) in notes and accounts payable - trade	382	821
Increase (decrease) in provision for bonuses	5	1
Increase (decrease) in provision for directors' bonuses	(1)	—
Increase (decrease) in net defined benefit liability	292	96
Increase (decrease) in accrued consumption taxes	(81)	221
Other, net	172	150
Subtotal	4,640	4,505
Interest and dividends income received	74	87
Interest expenses paid	(98)	(93)
Income taxes paid	(914)	(655)
Net cash provided by (used in) operating activities	3,702	3,844
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(4,915)	(8,957)
Purchase of intangible assets	(2)	(69)
Purchase of investment securities	(808)	(4)
Other, net	(11)	(49)
Net cash provided by (used in) investing activities	(5,737)	(9,081)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	495	3,368
Proceeds from long-term loans payable	3,500	2,328
Repayment of long-term loans payable	(1,205)	(1,860)
Redemption of bonds	(200)	(100)
Repayments of lease obligations	(137)	(135)
Cash dividends paid	(196)	(196)
Proceeds from share issuance to minority shareholders	—	957
Cash dividends paid to minority shareholders	(9)	(5)
Other, net	(0)	(2)
Net cash provided by (used in) financing activities	2,246	4,354

(Million yen)

	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Effect of exchange rate change on cash and cash equivalents	119	235
Net increase (decrease) in cash and cash equivalents	330	(646)
Cash and cash equivalents at beginning of period	1,767	2,097
Increase in cash and cash equivalents from newly consolidated subsidiary	—	740
Cash and cash equivalents at end of period	2,097	2,191

(5) Notes on Consolidated Financial Statements

(Note Concerning Premise of Ongoing Concern)

Not applicable.

(Change in Accounting Policy)

(Application of Accounting Standards, etc., Relating to Retirement Benefits)

[Accounting Standards relating to Retirement Benefits] (Corporate Accounting Standards No. 26, May 17, 2012. Hereinafter referred to as 'Accounting Standards relating to Retirement Benefits') and [Guidelines for the Application of Accounting Standards relating to Retirement Benefits] (Corporate Accounting Standards Application Guidelines No. 25, May 17, 2012. Hereinafter referred to as 'Guidelines for the Application of Accounting Standards relating to Retirement Benefits') are to be applied from the end of the current fiscal year with regards to the provisions included in the main body of the text of Article 35 of the Accounting Standards relating to Retirement Benefits and the main body of the text Article 67 of the Guidelines for the Application of the Accounting Standards relating to Retirement Benefits, and the method of calculating the liabilities for retirement benefits and service cost is to be revised, the method of attributing the period for the expected retirement benefits is to be changed from straight-line attribution to the benefit formula standard, and the method of determining the discount rate is to be changed to a method using the single weighted average discount rate reflecting each expected retirement benefits payment period and the amount for each expected payment period.

In relation to the application of accounting standards relating to retirement benefits, the Group follows the transitional treatment stipulated by the provisions of Article 37 of the Accounting Standards relating to Retirement Benefits and adjusts, at the beginning of the current fiscal year, the amount of the impact related to the change in the method of calculating the liabilities for retirement benefits and service cost in the retained earnings.

As a result, at the beginning of the current fiscal year, liabilities relating to retirement benefits increased by 338 million yen and retained earnings declined by 218 million yen. The effect on operating income, ordinary income and income before income taxes in the current fiscal year is minor.

(Changes in Presentation Method)

(Consolidated Balance Sheets)

"Accounts receivable - other" that was included in "Other" under "Current assets" in the previous fiscal year was separately presented in the current fiscal year because it has become more 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 475 million yen that was presented in "Other" under "Current assets" in the consolidated balance sheets for the previous fiscal year has been reclassified as "Accounts receivable - other" of 278 million yen and "Other" of 196 million yen.

(Consolidated Statements of Income)

The "Subsidy income" that was included in "Other" under "Non-operating income" in the previous fiscal year was separately presented in the current fiscal year because it has become more 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 112 million yen that was presented in "Other" under "Non-operating income" in the consolidated statements of income for the previous fiscal year has been reclassified as "Subsidy income" of 33 million yen and "Other" of 79 million yen.

(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 (except the method of valuation of inventories) are the same as the accounting methods described in the “Basis of presenting 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, 2013 to March 31, 2014)

(Million yen)

	Reportable segments				Others (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	32,473	16,705	350	49,530	26	49,556
Intersegment internal sales and transfers	436	257	19	714	731	1,445
Total	32,909	16,963	370	50,244	757	51,001
Segment income	1,170	1,341	158	2,670	35	2,706
Other items						
Depreciation and amortization	1,061	529	21	1,611	8	1,620

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, 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.

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	50,244	54,817
Sales of “others” category	757	744
Elimination of intersegment transactions	(1,445)	(1,657)
Net sales in consolidated financial statements	49,556	53,903

(Million yen)

Income	Previous fiscal year	Current fiscal year
Reportable segment total	2,670	2,463
Income of “others” category	35	32
Goodwill amortization	(29)	(33)
Elimination of intersegment transactions	(2)	(21)
Operating income in consolidated financial statements	2,673	2,441

b. Associated information

Previous fiscal year (from April 1, 2013 to March 31, 2014)

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 [a. Segment information], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)

Japan	Asia	Others	Total
34,305	13,679	1,572	49,556

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
15,782	3,104	18,886

Current 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 [a. 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

c. Segment information for impairment of noncurrent assets

Previous fiscal year (from April 1, 2013 to March 31, 2014)

Not applicable.

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

Not applicable.

d. Segment information for goodwill amortization and remaining goodwill

Previous fiscal year (from April 1, 2013 to March 31, 2014)

Goodwill is not allocated to individual reportable segments.

Goodwill amortization was 29 million yen in the fiscal year that ended in March 2014 and there was remaining goodwill of 103 million yen at the end of the fiscal year.

Current 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.

e. Segment information for gains from negative goodwill

Previous fiscal year (from April 1, 2013 to March 31, 2014)

Not applicable.

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

Not applicable.

(Per Share Information)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Net assets per share	444.08 yen	521.28 yen
Net income per share	60.70 yen	53.59 yen

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

2. The basis for calculating net income per share is as follows.

Item	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Net income	1,990 million yen	1,756 million yen
Amount not attributed to common stockholders	—	—
Net income attributable to common stock	1,990 million yen	1,756 million yen
Average number of outstanding shares of common stock during the fiscal year	32,783 thousand shares	32,781 thousand shares

(Important Subsequent Events)

Not applicable.

6. Other

(1) Changes in Officers (to become effective on June 23, 2015)

1. Candidates for election as new directors

- Hideaki Ogawa (currently Corporate Officer, Deputy General Manager, Automobile Operations Headquarters and General Manager, Automobile Sales & Marketing Division, responsible for the sales companies)
- Koichiro Yamamoto (currently Corporate Officer, General Manager, Production Technology Division and General Manager, Imaichi Production Technology Department)
- Shinichiro Ota (currently Corporate Officer, General Manager, Overseas Strategy Headquarters)

2. Candidate for election as new outside director

- Hideya Moridaira (currently General Manager, Corporate Planning Department, Strategy Division, Furukawa Electric Co., Ltd.)

3. Directors to resign

- Seiichi Iwasa (currently Senior Managing Director and Executive Corporate Officer, General Manager, Industrial Equipment Operations Headquarters)
* To become Corporate Senior Advisor after leaving the current position
- Tetsuya Sato (currently Outside Director)

4. Promotions

To be decided by the Board of Directors after the General Meeting of Shareholders planned to be held on June 23, 2015

Senior Managing Director and Executive Corporate Officer

- Yukitsugu Ishikawa (currently Director & Executive Corporate Officer, General Manager, Automobile Operations Headquarters, responsible for the overseas business)

Director and Executive Corporate Officer

- Shigeru Takaku (currently Director & Corporate Officer, responsible for accounting, human resources and general affairs, the Corporate Risk Management Division, legal affairs, and affiliated companies [excluding the sales companies])

Director and Executive Corporate Officer

- Shigeru Fukuhara (currently Director & Corporate Officer, General Manager, Corporate Planning & Strategy Division, responsible for the medium-term plan)

Senior Corporate Officer

- Shigenori Moue (currently Corporate Officer, President of SIAM FURUKAWA CO., LTD.)