

Summary of Consolidated Financial Results for the Third Quarter Ended December 31, 2014 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
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Scheduled date of filing of quarterly securities report:	February 13, 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 third quarter ended December 31, 2014 (April 1, 2014 – December 31, 2014)

(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	%
Third quarter ended December 31, 2014	37,355	6.9	964	(31.3)	1,163	(28.2)	812	(27.3)
Third quarter ended December 31, 2013	34,935	12.7	1,403	(6.6)	1,621	1.2	1,118	11.9

Notes: Comprehensive income

Third quarter ended December 31, 2014:	1,592 million yen (yoy (10.5) %)
Third quarter ended December 31, 2013:	1,778 million yen (yoy 43.8%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Third quarter ended December 31, 2014	24.79	—
Third quarter ended December 31, 2013	34.11	—

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2014	48,540	17,161	32.4
As of March 31, 2014	41,597	15,034	35.0

Reference: Equity

As of December 31, 2014:	15,705 million yen
As of March 31, 2014:	14,558 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, 2014	-	-	-	6.00	6.00
Fiscal year ending March 31, 2015	-	-	-	-	-
Fiscal year ending March 31, 2015 (forecast)	-	-	-	6.00	6.00

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

3. Forecast for the fiscal year ending March 31, 2015 (Consolidated, April 1, 2014 – March 31, 2015)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	52,000	4.9	2,900	8.5	2,900	0.6	2,000	0.5	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 stock)
 - (a) Shares outstanding (including treasury stock)
As of December 31, 2014: 32,800,000 shares As of March 31, 2014: 32,800,000 shares
 - (b) Treasury stock
As of December 31, 2014: 19,584 shares As of March 31, 2014: 16,769 shares
 - (c) Average number of shares outstanding during the period (Cumulative)
Third quarter ended December 31, 2014: 32,782,014 shares Third quarter ended December 31, 2013: 32,783,321 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 Third quarter (3) Explanation Regarding Forecast for Fiscal Year Ending March 31, 2015" 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, there was an ongoing rally from the decline after the raising of the consumption tax rate, and the Japanese economy continued on a moderate recovery path. The fall in crude oil prices was also a factor propping up the economy. However, import prices for raw materials are rising due to the impact of the weaker yen and there is a possibility that overseas economies in oil-producing countries and emerging countries, etc. will slow down, and so the outlook remains uncertain.

Third quarter consolidated sales increased by 2,420 million yen, or 6.9%, from one year earlier to 37,355 million yen. Overseas sales were 12,752 million yen and were 34.1% of total sales.

Operating income was 964 million yen and ordinary income was 1,163 million yen, mainly due to the rise in the price of lead, our main raw material.

Furthermore, we recorded a loss on disposal of noncurrent assets of 10 million yen as an extraordinary loss, and after the deduction of taxes, net income for the first three quarters was 812 million yen.

(2) Explanation Regarding Financial Position

Total assets were 48,540 million yen at the end of the third quarter, 6,943 million yen more than at the end of the previous fiscal year. Current assets increased by 1,941 million yen to 19,657 million yen mainly because of increases in cash and deposits and in inventory assets. Noncurrent assets increased by 5,002 million yen to 28,882 million yen.

There was a 5,260 million yen increase in property, plant and equipment to 24,147 million yen mainly because capital investment was higher than the decline resulting from depreciation and we converted the subsidiary in Indonesia into a consolidated subsidiary.

Investments and other assets decreased by 272 million yen to 4,433 million yen.

Total liabilities increased by 4,816 million yen to 31,378 million yen. Current liabilities increased by 3,292 million yen to 17,875 million yen, and noncurrent liabilities increased by 1,523 million yen to 13,503 million yen.

Interest-bearing debt, which is the sum of short-term loans payable, long-term loans payable and bonds payable, increased by 3,526 million yen to 12,110 million yen.

Equity increased by 1,146 million yen to 15,705 million yen, resulting in a decrease in the equity ratio from 35.0% at the end of the previous fiscal year to 32.4% at the end of the third quarter.

(3) Explanation Regarding Forecast for Fiscal Year Ending March 31, 2015

There is no change to the consolidated forecast that was announced on May 9, 2014.

2. Items Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Third Quarter Ended December 31, 2014

Not applicable

Note that in the cumulative third quarter under review, we changed the scope of the consolidation and the scope of application of the equity method, although these changes are not classified as changes in specified subsidiaries.

(Change in scope of consolidation or the scope of application of the equity method)

(i) Significant changes in the scope of the consolidation

The significance of PT. Furukawa Indomobil Battery Manufacturing, which was a non-consolidated subsidiary in the previous fiscal year, has increased, and thus we included it in the scope of the consolidation from the first quarter of the current fiscal year.

(ii) Significant changes in the scope of application of the equity method

The significance of PT. Furukawa Indomobil Battery Sales, which was an affiliate to which the equity method was not applied in the previous fiscal year, has increased, and thus we included it in the scope of application of the equity method from the first quarter of the current fiscal year.

(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 Retirement Benefits, etc.)

We have applied the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 May 17, 2012, hereinafter referred to as the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 May 17, 2012, hereinafter referred to as the “Retirement Benefits Guidance”) from first quarter ended June 30, 2014 with regard to the provisions stipulated in the main text of the Retirement Benefits Accounting Standard, Paragraph 35 and the main text of the Retirement Benefits Guidance, Paragraph 67, revised the method of calculating retirement benefit obligations and business expenses, changed the period attribution method for the expected retirement benefits from the straight line standard to the benefit formula standard, and changed the method of deciding the discount rate to a method using a simple weighted average discount rate that reflects the expected period of payment of retirement benefits and the amount for each expected period of payment.

Regarding application of the Retirement Benefits Accounting Standard, etc., in accordance with the transitional treatment stipulated in the Retirement Benefits Accounting Standard, Paragraph 37, at the beginning of the cumulative third quarter ended December 31, 2014, we adjusted the effect resulting from changing the method of calculating the retirement benefit obligations and business expenses in the retained earnings.

As a result of this, the net defined benefit liability at the beginning of the cumulative third quarter ended December 31, 2014 increased by 338 million yen and the retained earnings declined by 218 million yen. Note that the impact of this change on operating income, ordinary income and income before income taxes in the third quarter under review is minor.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Fiscal year ended March 31, 2014 (As of March 31, 2014)	Third quarter ended December 31, 2014 (As of December 31, 2014)
ASSETS		
Current assets		
Cash and deposits	2,097	2,920
Notes and accounts receivable-trade	10,396	10,247
Merchandise and finished goods	1,498	1,981
Work in process	2,358	2,718
Raw materials and supplies	651	779
Deferred tax assets	247	275
Other	475	744
Allowance for doubtful accounts	(8)	(8)
Total current assets	17,716	19,657
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,607	3,739
Machinery, equipment and vehicles, net	3,946	4,098
Tools, furniture and fixtures, net	456	494
Land	6,053	7,357
Lease assets, net	267	537
Construction in progress	4,554	7,919
Total property, plant and equipment	18,886	24,147
Intangible assets		
Goodwill	103	86
Lease assets	16	9
Other	168	206
Total intangible assets	288	302
Investments and other assets		
Investment securities	2,750	2,611
Deferred tax assets	1,820	1,636
Other	153	201
Allowance for doubtful accounts	(18)	(15)
Total investments and other assets	4,706	4,433
Total noncurrent assets	23,880	28,882
Total assets	41,597	48,540

(Million yen)

	Fiscal year ended March 31, 2014 (As of March 31, 2014)	Third quarter ended December 31, 2014 (As of December 31, 2014)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	5,654	6,293
Short-term loans payable	4,978	7,720
Current portion of bonds	100	-
Lease obligations	118	126
Income taxes payable	325	89
Accrued consumption taxes	92	97
Deferred tax liabilities	2	-
Provision for bonuses	559	325
Provision for directors' bonuses	2	-
Notes payable-facilities	347	887
Other	2,400	2,335
Total current liabilities	14,582	17,875
Noncurrent liabilities		
Long-term loans payable	3,505	4,390
Lease obligations	182	462
Deferred tax liabilities	937	921
Provision for environmental measures	18	18
Net defined benefit liability	6,628	7,080
Negative goodwill	194	145
Asset retirement obligations	8	9
Other	505	476
Total noncurrent liabilities	11,980	13,503
Total liabilities	26,562	31,378
NET ASSETS		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	11,596	11,993
Treasury stock	(6)	(9)
Total shareholders' equity	13,651	14,046
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	713	1,105
Deferred gains or losses on hedges	(2)	(25)
Foreign currency translation adjustment	402	630
Remeasurements of defined benefit plans	(205)	(51)
Total accumulated other comprehensive income	907	1,659
Minority interests	476	1,456
Total net assets	15,034	17,161
Total liabilities and net assets	41,597	48,540

(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, 2013 (From April 1, 2013 to December 31, 2013)	Third quarter ended December 31, 2014 (From April 1, 2014 to December 31, 2014)
Net sales	34,935	37,355
Cost of sales	26,718	29,485
Gross profit	8,217	7,869
Selling, general and administrative expenses	6,813	6,905
Operating income	1,403	964
Non-operating income		
Interest income	8	10
Dividends income	59	67
Amortization of negative goodwill	48	48
Foreign exchange gains	74	66
Other	117	121
Total non-operating income	308	314
Non-operating expenses		
Interest expenses	70	88
Share of loss of entities accounted for using equity method	-	8
Other	20	18
Total non-operating expenses	90	115
Ordinary income	1,621	1,163
Extraordinary loss		
Loss on disposal of noncurrent assets	2	10
Total extraordinary losses	2	10
Income before income taxes	1,618	1,153
Total income taxes	482	318
Income before minority interests	1,136	834
Minority interests in income	17	22
Net income	1,118	812

(Quarterly Consolidated Statements of Comprehensive Income (Cumulative))

(Million yen)

	Third quarter ended December 31, 2013 (From April 1, 2013 to December 31, 2013)	Third quarter ended December 31, 2014 (From April 1, 2014 to December 31, 2014)
Income before minority interests	1,136	834
Other comprehensive income		
Valuation difference on available-for-sale securities	238	394
Deferred gains or losses on hedges	70	(22)
Foreign currency translation adjustment	333	229
Remeasurements of defined benefit plans, net of tax	-	154
Share of other comprehensive income of entities accounted for using equity method	-	1
Total other comprehensive income	642	757
Comprehensive income	1,778	1,592
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,760	1,564
Comprehensive income attributable to minority interests	18	28

(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