

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 [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 ordinary general meeting of shareholders:	June 26, 2018
Scheduled date for commencement of dividend payment:	June 27, 2018
Scheduled date for filing of securities report:	June 26, 2018
Supplementary documents for financial results:	Yes
Financial results briefing:	Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)**(1) Consolidated operating results**

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2018	60,536	9.4	2,980	(10.7)	2,810	(2.8)	2,136	(10.0)
Fiscal year ended March 31, 2017	55,320	2.2	3,336	13.9	2,892	(0.2)	2,373	0.2

Notes: Comprehensive income

Fiscal year ended March 31, 2018:	2,209 million yen (yoy 8.6%)
Fiscal year ended March 31, 2017:	2,033 million yen (yoy 74.2%)

	Earnings per share (basic)	Earnings per share (diluted)	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2018	65.19	—	9.7	5.1	4.9
Fiscal year ended March 31, 2017	72.42	—	12.2	5.5	6.0

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2018:	(38) million yen
Fiscal year ended March 31, 2017:	(39) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	54,997	25,156	42.4	710.71
As of March 31, 2017	55,023	21,891	37.5	628.70

Reference: Equity

As of March 31, 2018:	23,295 million yen
As of March 31, 2017:	20,607 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2018	2,375	(2,440)	(1,530)	4,194
Fiscal year ended March 31, 2017	3,697	(3,213)	1,938	5,735

2. Dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (Consolidated)	Dividends/to net assets (Consolidated)
	End of Q1	End of Q2	End of Q3	End of Q4	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2017	—	—	—	9.00	9.00	295	12.4	1.5
Fiscal year ended March 31, 2018	—	—	—	10.00	10.00	327	15.3	1.5
Fiscal year ending March 31, 2019 (forecast)	—	—	—	11.00	11.00		16.4	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2018	29,000	10.5	400	(4.5)	250	15.4	200	(19.7)	6.10
Fiscal year ending March 31, 2019	64,000	5.7	3,200	7.4	3,000	6.7	2,200	3.0	67.12

Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2018 (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: None
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatements: None
- (3) Number of shares outstanding (common stock)
 - (a) Shares outstanding (including treasury shares)

As of March 31, 2018: 32,800,000 shares As of March 31, 2017: 32,800,000 shares
 - (b) Treasury shares

As of March 31, 2018: 22,055 shares As of March 31, 2017: 21,412 shares
 - (c) Average number of shares outstanding during the period

Fiscal year ended March 31, 2018: 32,778,197 shares Fiscal year ended March 31, 2017: 32,779,265 shares

(For reference) Non-consolidated financial results

1. Financial results for the fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Non-consolidated operating results

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2018	40,814	7.5	1,912	(9.6)	2,474	0.2	1,834	7.4
Fiscal year ended March 31, 2017	37,979	0.7	2,114	3.4	2,469	4.7	1,709	6.4

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Fiscal year ended March 31, 2018	55.98	—
Fiscal year ended March 31, 2017	52.15	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	37,144	15,118	40.7	461.25
As of March 31, 2017	35,844	13,344	37.2	407.12

Reference: Equity

As of March 31, 2018: 15,118 million yen

As of March 31, 2017: 13,344 million yen

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Appropriate use of performance forecasts and other special items:

(Disclaimer on forward-looking statements, etc.)

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 “Overview of Operating Results and Others (4) Future Outlook” on page 5 of Attachment for details on the assumptions used and other related items concerning the forecast of consolidated financial results.

(Method of obtaining the supplementary documents for financial results)

The Company plans to hold a briefing for institutional investors and analysts on Wednesday, May 23, 2018. The documents to be distributed at this briefing to explain the financial results are scheduled to be posted on the Furukawa Battery website immediately after the briefing is held (Japanese only).

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1. Overview of Operating Results and Others

(1) Overview of Operating Results

During the fiscal year ended in March 31, 2018, economic conditions continued on a moderate recovery track despite concerns in the global economy about such issues as the policy trends of the new President in the United States and slowing economic growth in China.

The Japanese economy also continued on a moderate recovery track, as seen in developments such as improvements in personal consumption and an increase in capital investment. On the other hand, due to concerns about factors such as rising personnel expenses caused by a tightening of the gap between labor supply and demand and persistently high prices for resources, the situation going forward remains uncertain.

In the storage batteries industry, demand for lead-acid storage batteries was steady, with the automotive field being boosted by a moderate recovery track. Additionally, the transition to electric vehicles has accelerated due to environmental regulations, and demand is expected to grow for next-generation storage batteries that are safer and offer better performance. As for other fields, each country is expected to promote renewable energy in order to achieve the target reductions in greenhouse gases as part of the Paris Agreement, and demand for storage batteries is expected to grow to ensure stable power supply.

To achieve the 2018 Medium-Term Vision (2016-2018), the Furukawa Battery Co., Ltd. (the “Company”) and its group companies (the “Group”) continues to invest in improving the quality and reduce the cost of lead-acid storage batteries, which is an existing business, while at the same time promoting development of technologies for new businesses, which includes the establishment of ABRI Co., Ltd. in April 2017 for development of next-generation lithium-ion batteries with Tokyo Metropolitan University. Moreover, in the field of renewable energy, the Group continues to engage in active business development, including delivering a storage battery subsystem for solar power generation in Indonesia and becoming certified as a battery supplier for renewable energy project for ships led by Eco Marine Power Co., Ltd.

As a result, the Group recorded 60,536 million yen of consolidated sales for the fiscal year ended March 31, 2018, an increase of 5,215 million yen (9.4%), year on year. This was due to steady sales of automobile batteries in Japan and other countries. Overseas sales were 21,114 million yen and accounted for 34.9% of total sales.

Operating profit decreased by 355 million yen year on year to 2,980 million yen (compared with operating profit of 3,336 million yen in the fiscal year ended March 31, 2017) mainly due to the effect of the rise in the price of lead, the primary raw material and ordinary profit decreased by 81 million yen year on year to 2,810 million yen (compared with ordinary profit of 2,892 million yen in the fiscal year ended March 31, 2017).

Profit attributable to owners of parent came to 2,136 million yen, decreasing 236 million yen year on year (compared with profit attributable to owners of parent of 2,373 million yen in the fiscal year ended March 31, 2017).

Business segment performance was as follows.

Segment sales include intersegment internal sales or transfers totaling 2,256 million yen and the figures for segment profit are given on an operating profit (pre-goodwill amortization) basis.

In the automotive segment, sales were 44,399 million yen, an increase of 5,838 million yen (15.1%) year on year, and segment profit was 1,800 million yen, an increase of 228 million yen (14.5%). This was due mainly to steady sales of automobile batteries in Japan and other countries.

In the industrial segment, sales were 17,282 million yen, a decrease of 130 million yen (0.7%) year on year. This was mainly because of a decline in demand for updating industrial-use batteries in Japan. Segment profit was 982 million yen, a decrease of 581 million yen (37.2%). This was mainly due to an increase in the cost of sales resulting from the effect of the rise in the price of lead, the primary raw material.

In the real estate segment, sales were 384 million yen, a decrease of 6 million yen (1.6%) year on year and segment profit was 188 million yen, a decrease of 3 million yen (1.9%).

In the others segment, sales were 726 million yen, an increase of 0 million yen (0.1%) year on year, while segment profit was 30 million yen, a decrease of 7 million yen (19.1%).

(2) Overview of Financial Position

Total assets were 54,997 million yen as of March 31, 2018, which is 25 million yen less than at the end of the previous fiscal year. Current assets increased by 53 million yen from the end of the previous fiscal year to 24,787 million yen, while non-current assets decreased by 79 million yen to 30,210 million yen.

The main factor leading to the increase in current assets was an increase in inventories.

There was an 86 million yen decrease in property, plant and equipment to 24,854 million yen. The main factor leading to the decrease was that the amount of depreciation was greater than the purchase of non-current assets.

Investments and other assets increased by 60 million yen to 5,169 million yen.

Total liabilities as of March 31, 2018 decreased by 3,290 million yen to 29,841 million yen.

Current liabilities decreased by 2,641 million yen to 14,198 million yen, and non-current liabilities decreased by 649 million yen to 15,642 million yen.

Interest-bearing debt, which is the sum of short-term loans payable and long-term loans payable, decreased by 2,713 million yen to 10,537 million yen.

Equity increased by 2,687 million yen to 23,295 million yen, resulting in an increase in the equity ratio from 37.5% at the end of the previous fiscal year to 42.4% at the end of the fiscal year under review.

(3) Overview of Cash Flows

a) Cash flows

Net cash provided by operating activities during the fiscal year under review was 2,375 million yen as a whole. Major sources of cash were profit before income taxes of 2,804 million yen, depreciation of 2,543 million yen, and there was a 1,783 million yen payment of interest and income taxes.

Net cash used in investing activities was 2,440 million yen due to purchase of property, plant and equipment amounting to 2,511 million yen.

Net cash used in financing activities was 1,530 million yen. The cash inflow was proceeds from share issuance to non-controlling shareholders of 1,644 million yen associated with an increase in capital at a subsidiary, offset by cash outflows such as repayments of long-term loans payable of 2,092 million yen.

As a result, cash and cash equivalents at the end of the fiscal year under review decreased 1,540 million yen from the previous year to 4,194 million yen.

b) Trends of performance indicators associated with cash flows

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Equity ratio (%)	35.0	33.6	36.5	37.5	42.4
Market value basis equity ratio (%)	56.4	58.8	41.5	45.4	58.9
Cash flow/interest-bearing debt ratio (years)	2.3	3.2	4.2	3.6	4.4
Interest coverage ratio (x)	37.5	41.1	10.2	5.1	4.6

*Equity ratio: equity/total assets

Market value basis equity ratio: market capitalization/total assets

Cash flow/interest-bearing debt ratio: interest-bearing debt/cash flows

Interest coverage ratio: 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. Cash flows are as shown in the consolidated statements of cash flows.

4. Interest-bearing liabilities are the sum of loans shown on the consolidated balance sheets. Interest expenses are interest expenses as shown in the consolidated statements of cash flows.

(4) Future Outlook

The Group will continue to concentrate on achieving more growth in business operations and higher profit.

In the fiscal year ending March 2019, we forecast net sales of 64.0 billion yen, operating profit of 3.2 billion yen, ordinary profit of 3.0 billion yen and profit attributable to owners of parent of 2.2 billion yen.

(5) Basic Policy for Profit Distributions and Dividends for Current and Next Fiscal Years

Our basic policies as to profit distributions are to pay stable and ongoing return to shareholders and to invest in enhancing our facilities in Japan and overseas and in strengthening research and development, etc. that lead to improved corporate value, and are designed to achieve sustainable growth and improved profitability in the future. For the dividend, the policy is to determine these payments based on the operating results and strengthening the 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 10 yen per share for the fiscal year ended March 31, 2018 to express our appreciation to the shareholders for their support. For the fiscal year ending in March 2019, although the operating environment is expected to remain challenging, we plan to pay a year-end dividend of 11 yen per share.

2. Corporate Group

The corporate group consists of the Company, its parent company, nine consolidated subsidiaries, five 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.

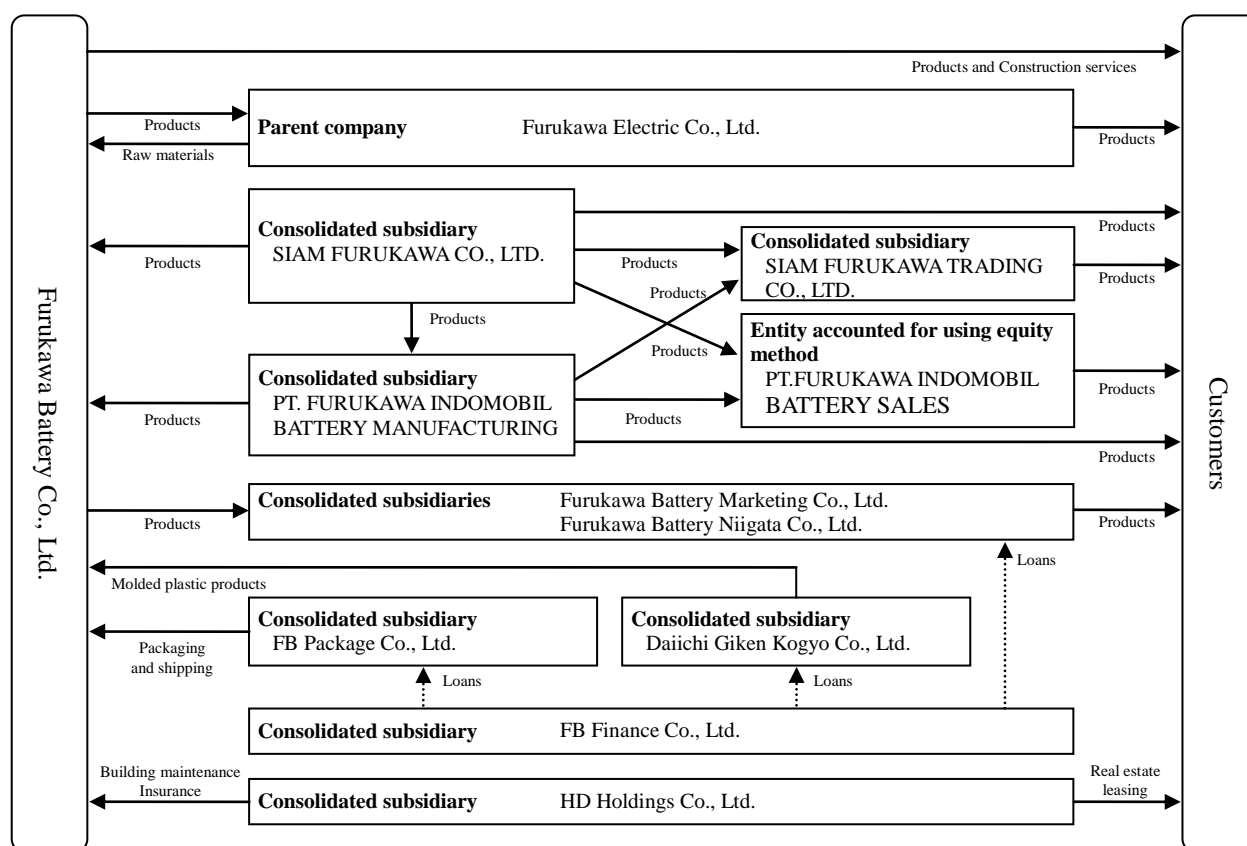
The Company manufactures and sells lead-acid storage batteries, alkaline storage batteries, and rectifiers and other power supply devices and performs installations and inspections for these batteries. Consolidated subsidiaries Siam Furukawa Co., Ltd., and PT. Furukawa Indomobil Battery Manufacturing,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

Consolidated subsidiary Furukawa Battery Marketing Co., Ltd. sells some of the lead-acid storage batteries and alkaline storage batteries manufactured by the Company.

Consolidated subsidiary FB Package Co., Ltd. performs packaging and shipping operations as well as on-site transport services for the Company. 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, the Company 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 Group will contribute to the realization of a genuinely rich and sustainable society through continuous technological innovation based on the following basic policies:

- 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 Company established the “2018 Medium-Term Vision (2016-2018)” in May 2016, but the profit-and-loss target and targeted performance indicators (consolidated basis) have been revised as shown below based on the most recent results.

(Initial targets for fiscal year ending March 31, 2019)

Net sales: 80,000 million yen Operating profit: 6,000 million yen
Return on assets ratio (ROA): 10.0% Equity ratio: 45.0% Overseas sales ratio: 53.1%

(Revised targets for fiscal year ending March 31, 2019)

Net sales: 64,000 million yen Operating profit: 3,200 million yen
Return on assets ratio (ROA): 5.8% Equity ratio: 45.0% Overseas sales ratio: 40.0%

(3) Medium to Long-term Strategies and Pending Issues

In the Japanese economy, domestic demand is expected to grow moderately, boosted by strong consumption and improvement in the employment environment, but there are also many elements of uncertainty, including labor shortages in some industries and concern over future increases in the cost of social security. On the other hand, in the global economy, indistinctness in the policies of major economic zones, particularly the United States and China, and geopolitical fluctuations, especially in East Asia and the Middle East, pose risks in the medium to long term. Stagnation of international trade and deceleration of the global economy arising from these risks could also have a negative impact on the Group’s business.

Under such a business environment, the Group has established the 2018 Medium-Term Vision (2016-2018) to achieve the “Dynamic Innovation 2020” long-term management vision. Various measures were implemented in the final year of the vision to achieve the targets, but unfortunately, they will have to be revised. Based on the challenges that have become apparent as a result of this medium-term plan, the Group has newly established a medium- to long-term vision (for 2019 and beyond) with an eye toward a sustainable and high-growth business plan. We will work on further increasing the profit ratio (consolidation and cost reduction), increasing the overseas sales ratio through expansion of overseas bases (expansion of their capacity and establishment of new bases) and strengthening compliance and governance. As business segment issues, in the automobile battery business, we will roll out products

made with the improved technology, productivity and quality of the new production lines utilizing capital investment at the Iwaki Plant in order to supply environmentally conscious high-performance automobile batteries. We will also improve profitability by positioning Japanese plants as mother plants and rolling out technology to overseas plants. At our overseas bases (Indonesia and Thailand), we are working to develop a robust local structure by strengthening production and sales capabilities in Indonesia and then to increase productivity in Thailand. In the industrial equipment business, we will step up our efforts targeting new markets in Japan and overseas, primarily in fields that utilize renewable energy, and work on improving quality and cost competitiveness, as well as starting to expand the Imaichi Plant, which is a major industrial storage battery production base, promoting business innovation and cost reduction, and aiming for greater efficiency. In order to continue to be a company that can earn the trust from all stakeholders, whether they be inside or outside the Group, we will take responsibility for the impact that our operations have on society, implement a more rigorous compliance to ensure the soundness and fairness of corporate management, and take measures to strengthen risk management, including crisis management measures for natural disasters.

4. Basic Views on the Selection of Accounting Standards

The policy of the 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 and Related Notes
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2017	As of March 31, 2018
ASSETS		
Current assets		
Cash and deposits	5,735	4,194
Notes and accounts receivable - trade	10,987	11,658
Electronically recorded monetary claims - operating	536	711
Merchandise and finished goods	2,066	2,113
Work in process	2,808	3,634
Raw materials and supplies	1,453	1,424
Deferred tax assets	262	294
Other	890	757
Allowance for doubtful accounts	(7)	(1)
Total current assets	24,733	24,787
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,886	16,312
Accumulated depreciation	(9,253)	(9,759)
Buildings and structures, net	6,632	6,553
Machinery, equipment and vehicles	32,136	33,958
Accumulated depreciation	(23,675)	(25,356)
Machinery, equipment and vehicles, net	8,460	8,601
Tools, furniture and fixtures	7,011	7,434
Accumulated depreciation	(6,452)	(6,698)
Tools, furniture and fixtures, net	559	735
Land	7,462	7,546
Leased assets	1,027	1,013
Accumulated depreciation	(279)	(310)
Leased assets, net	748	702
Construction in progress	1,077	714
Total property, plant and equipment	24,940	24,854
Intangible assets		
Goodwill	15	—
Leased assets	10	8
Other	214	178
Total intangible assets	240	186
Investments and other assets		
Investment securities	3,417	3,907
Deferred tax assets	1,472	1,128
Other	234	155
Allowance for doubtful accounts	(15)	(21)
Total investments and other assets	5,108	5,169
Total non-current assets	30,290	30,210
Total assets	55,023	54,997

(Million yen)

	As of March 31, 2017	As of March 31, 2018
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	5,196	4,396
Electronically recorded obligations - operating	1,009	1,831
Short-term loans payable	6,363	4,077
Lease obligations	135	136
Income taxes payable	782	507
Accrued consumption taxes	277	304
Provision for bonuses	602	633
Provision for environmental measures	—	14
Notes payable - facilities	85	17
Electronically recorded obligations - facilities	123	103
Other	2,263	2,175
Total current liabilities	16,839	14,198
Non-current liabilities		
Long-term loans payable	6,887	6,459
Lease obligations	696	649
Deferred tax liabilities	772	774
Provision for environmental measures	89	14
Net defined benefit liability	7,241	7,049
Asset retirement obligations	9	9
Other	596	684
Total non-current liabilities	16,292	15,642
Total liabilities	33,131	29,841
NET ASSETS		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	630
Retained earnings	17,187	19,029
Treasury shares	(11)	(11)
Total shareholders' equity	19,238	21,288
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,083	1,396
Deferred gains or losses on hedges	40	(42)
Foreign currency translation adjustment	277	663
Remeasurements of defined benefit plans	(33)	(10)
Total accumulated other comprehensive income	1,369	2,007
Non-controlling interests	1,283	1,861
Total net assets	21,891	25,156
Total liabilities and net assets	55,023	54,997

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)
Net sales	55,320	60,536
Cost of sales	41,939	46,856
Gross profit	13,380	13,680
Selling, general and administrative expenses		
Selling expenses	2,290	2,642
General and administrative expenses	7,753	8,057
Total selling, general and administrative expenses	10,044	10,699
Operating profit	3,336	2,980
Non-operating income		
Interest income	17	23
Dividend income	74	150
Amortization of negative goodwill	64	—
House rents borne by employees	50	55
Foreign exchange gains	30	10
Subsidy income	34	65
Other	132	241
Total non-operating income	405	547
Non-operating expenses		
Interest expenses	727	514
Share of loss of entities accounted for using equity method	39	38
Foreign value-added tax, etc.	—	120
Other	83	44
Total non-operating expenses	850	717
Ordinary profit	2,892	2,810
Extraordinary income		
Gain on sales of non-current assets	0	—
Total extraordinary income	0	—
Extraordinary losses		
Loss on disposal of non-current assets	14	5
Provision for environmental measures	89	—
Other	2	—
Total extraordinary losses	106	5
Profit before income taxes	2,786	2,804
Income taxes - current	1,101	995
Income taxes - deferred	(243)	199
Total income taxes	858	1,194
Profit	1,928	1,610
Loss attributable to non-controlling interests	(445)	(526)
Profit attributable to owners of parent	2,373	2,136

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)
Profit	1,928	1,610
Other comprehensive income		
Valuation difference on available-for-sale securities	262	316
Deferred gains or losses on hedges	59	(83)
Foreign currency translation adjustment	(223)	345
Remeasurements of defined benefit plans, net of tax	6	21
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	105	599
Comprehensive income	2,033	2,209
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,487	2,775
Comprehensive income attributable to non- controlling interests	(454)	(565)

(3) Consolidated Statements of Changes in Equity
 Previous fiscal year (From April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,640	422	15,076	(10)	17,128
Changes of items during period					
Dividends of surplus			(262)		(262)
Profit attributable to owners of parent			2,373		2,373
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,111	(0)	2,110
Balance at end of current period	1,640	422	17,187	(11)	19,238

	Accumulated other comprehensive income					Non-controlling 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 beginning of current period	823	(18)	489	(40)	1,255	1,169	19,552
Changes of items during period							
Dividends of surplus							(262)
Profit attributable to owners of parent							2,373
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	259	59	(212)	7	114	114	228
Total changes of items during period	259	59	(212)	7	114	114	2,338
Balance at end of current period	1,083	40	277	(33)	1,369	1,283	21,891

Current fiscal year (From April 1, 2017 to March 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,640	422	17,187	(11)	19,238
Changes of items during period					
Dividends of surplus			(295)		(295)
Profit attributable to owners of parent			2,136		2,136
Purchase of treasury shares				(0)	(0)
Acquisition of additional shares of subsidiaries		207			207
Net changes of items other than shareholders' equity					
Total changes of items during period	—	207	1,841	(0)	2,049
Balance at end of current period	1,640	630	19,029	(11)	21,288

	Accumulated other comprehensive income					Non-controlling 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 beginning of current period	1,083	40	277	(33)	1,369	1,283	21,891
Changes of items during period							
Dividends of surplus							(295)
Profit attributable to owners of parent							2,136
Purchase of treasury shares							(0)
Acquisition of additional shares of subsidiaries							207
Net changes of items other than shareholders' equity	313	(83)	385	23	638	577	1,215
Total changes of items during period	313	(83)	385	23	638	577	3,265
Balance at end of current period	1,396	(42)	663	(10)	2,007	1,861	25,156

(4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	2,786	2,804
Depreciation	2,363	2,543
Amortization of goodwill	(34)	15
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Interest and dividend income	(92)	(174)
Interest expenses	727	514
Share of loss (profit) of entities accounted for using equity method	39	38
Subsidy income	—	(65)
Loss on retirement of property, plant and equipment	14	5
Loss (gain) on sales of property, plant and equipment	(0)	—
Decrease (increase) in notes and accounts receivable - trade	(330)	(801)
Decrease (increase) in inventories	(575)	(774)
Increase (decrease) in notes and accounts payable - trade	240	(44)
Increase (decrease) in provision for bonuses	11	31
Increase (decrease) in provision for environmental measures	79	(60)
Increase (decrease) in net defined benefit liability	(36)	(198)
Increase (decrease) in accrued consumption taxes	(139)	(14)
Other	182	162
Subtotal	5,235	3,983
Interest and dividend income received	92	174
Interest expenses paid	(727)	(516)
Income taxes paid	(902)	(1,266)
Cash flows from operating activities	3,697	2,375
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,177)	(2,511)
Purchase of intangible assets	(27)	(1)
Purchase of investment securities	(971)	(55)
Proceeds from subsidy income	—	65
Other	(36)	62
Cash flows from investing activities	(3,213)	(2,440)

(Million yen)

	Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	560	(1,799)
Proceeds from long-term loans payable	2,800	1,400
Repayments of long-term loans payable	(1,576)	(2,092)
Repayments of lease obligations	(149)	(94)
Cash dividends paid	(262)	(295)
Proceeds from share issuance to non-controlling shareholders	577	1,644
Dividends paid to non-controlling interests	(8)	(6)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(285)
Other	(0)	(0)
Cash flows from financing activities	1,938	(1,530)
Effect of exchange rate change on cash and cash equivalents	(74)	55
Net increase (decrease) in cash and cash equivalents	2,347	(1,540)
Cash and cash equivalents at beginning of period	3,387	5,735
Cash and cash equivalents at end of period	5,735	4,194

(5) Notes on Consolidated Financial Statements

(Going Concern Assumptions)

Not applicable.

(Changes in Presentation Method)

(Consolidated Balance Sheets)

“Electronically recorded monetary claims - operating” under “Notes and accounts receivable - trade” that was included in “Current assets” in the previous fiscal year is 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 11,524 million yen that was presented in “Notes and accounts receivable - trade” under “Current assets” in the consolidated balance sheets for the previous fiscal year has been reclassified as 536 million yen under “Electronically recorded monetary claims - operating” and 10,987 million yen under “Notes and accounts receivable - trade.”

“Electronically recorded obligations - facilities” under “Notes payable - facilities” that was included in “Current liabilities” in the previous fiscal year is 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 208 million yen that was presented in “Notes payable - facilities” under “Current liabilities” in the consolidated balance sheets for the previous fiscal year has been reclassified as 123 million yen under “Electronically recorded obligations - facilities” and 85 million yen under “Notes payable - facilities.”

Consolidated Statements of Income

“Subsidy income” under “Other” that was included in “Non-operating income” in the previous fiscal year is 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 167 million yen that was included in “Other” under “Non-operating income” in the consolidated statement of income for the previous fiscal year has been reclassified as 34 million yen under “Subsidy income” and 132 million yen under “Other.”

(Segment Information)

[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 are largely identical to the descriptions in “Material Matters That Serve as the Basis for the Preparation of Consolidated Financial Statements.”

Reportable segment income represents operating profit 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, 2016 to March 31, 2017)

(Million yen)

	Reportable segments				Other (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	37,828	17,106	370	55,305	14	55,320
Intersegment internal sales and transfers	732	305	20	1,058	711	1,769
Total	38,560	17,412	390	56,364	726	57,090
Segment income	1,571	1,564	192	3,327	37	3,365
Other items						
Depreciation and amortization	1,864	468	20	2,353	10	2,363

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, 2017 to March 31, 2018)

(Million yen)

	Reportable segments				Other (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	43,191	16,968	364	60,524	12	60,536
Intersegment internal sales and transfers	1,208	313	20	1,542	714	2,256
Total	44,399	17,282	384	62,066	726	62,793
Segment income	1,800	982	188	2,970	30	3,001
Other items						
Depreciation and amortization	2,027	484	21	2,533	10	2,543

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	56,364	62,066
Sales of “Others” category	726	726
Elimination of intersegment transactions	(1,769)	(2,256)
Net sales in consolidated financial statements	55,320	60,536

(Million yen)

Income	Previous fiscal year	Current fiscal year
Reportable segment total	3,327	2,970
Income of “Others” category	37	30
Goodwill amortization	(30)	(15)
Elimination of intersegment transactions	1	(4)
Operating profit in consolidated financial statements	3,336	2,980

(Note) Operating expenses are all allocated to each segment.

[Associated information]

Previous fiscal year (From April 1, 2016 to March 31, 2017)

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 [Segment information], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)			
Japan	Asia	Other	Total
36,891	16,609	1,820	55,320

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
14,881	10,059	24,940

3. Information on major customers

Because there is no major external customer who accounts for 10% or more of the net sales on the consolidated statements of income, this information is omitted.

Current fiscal year (From April 1, 2017 to March 31, 2018)

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 [Segment information], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)			
Japan	Asia	Other	Total
39,421	19,337	1,777	60,536

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
12,019	12,835	24,854

3. Information on major customers

Because there is no major external customer who accounts for 10% or more of the net sales on the consolidated statements of income, this information is omitted.

[Segment information for impairment of non-current assets]

Previous fiscal year (From April 1, 2016 to March 31, 2017)

Not applicable.

Current fiscal year (From April 1, 2017 to March 31, 2018)

Not applicable.

[Segment information for goodwill amortization and remaining goodwill]

Previous fiscal year (From April 1, 2016 to March 31, 2017)

Goodwill and negative goodwill are not allocated to individual reportable segments.

Goodwill amortization was 30 million yen and negative goodwill amortization was 64 million yen in the fiscal year that ended in March 2018. There was remaining goodwill of 15 million yen at the end of the fiscal year with no remaining negative goodwill.

Current fiscal year (From April 1, 2017 to March 31, 2018)

Goodwill is not allocated to individual reportable segments.

Goodwill amortization was 15 million yen in the fiscal year that ended in March 2018, and there was no remaining goodwill.

[Segment information for gains from negative goodwill]

Previous fiscal year (From April 1, 2016 to March 31, 2017)

Not applicable.

Current fiscal year (From April 1, 2017 to March 31, 2018)

Not applicable.

(Per Share Information)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net assets per share	628.70 yen	710.71 yen
Earnings per share	72.42 yen	65.19 yen

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

2. The basis for calculating earnings per share is as follows.

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Amount of profit attributable to owners of parent (million yen)	2,373	2,136
Amount not attributed to common stockholders	—	—
Amount of profit attributable to owners of parent attributable to common stock (million yen)	2,373	2,136
Average number of outstanding shares of common stock during the fiscal year (thousand shares)	32,779	32,778

(Important Subsequent Events)

Not applicable.

6. Other

(1) Changes in Officers (scheduled to become effective on June 26, 2018)

1. Candidate for election as new director and corporate officer

Shigenori Moue (currently Senior Corporate Officer, President & CEO, SIAM FURUKAWA CO., LTD. and President & CEO, SIAM FURUKAWA TRADING CO., LTD.)

Yuji Shioda (currently Senior Corporate Officer, Deputy Head, Automotive Battery Group and Div. General Manager, Automobile Battery Production Division)

2. Retiring directors

Katsutoshi Tokuyama (currently Chairman of the Board)

*Appointment after retirement: Executive Senior Advisor to the Company

Yukitsugu Ishikawa (currently Senior Managing Director and Member of the Board, Executive Corporate Officer)

*Appointment after retirement: Senior Advisor to the Company

3. Promotion

To be decided by the Board of Directors after the General Meeting of Shareholders planned to be held on June 26, 2018

Senior Managing Director and Member of the Board, Executive Corporate Officer

Hideaki Ogawa (currently Managing Director and Member of the Board, Executive Corporate Officer, Head, Automotive Battery Group and General Manager, Sales & Marketing Division, Automotive Battery Group and responsible for the sales companies)

4. New corporate officers

Toru Chiba (currently General Manager, Corporate Planning and Strategy Division and General Manager, Planning Department)

Hitoshi Taguchi (currently General Manager, Replacement Sales Department and General Manager, Transportation Department, Automotive Battery Group)

(2) Trend in Quarterly Consolidated Results

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	12,712	13,534	16,680	17,609	26,247	42,927	60,536
Operating profit	192	226	1,204	1,357	419	1,623	2,980
Ordinary profit	179	37	1,259	1,335	216	1,475	2,810
Profit attributable to owners of parent	155	93	967	920	249	1,216	2,136

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	11,505	12,250	14,104	17,459	23,756	37,861	55,320
Operating profit	226	572	1,009	1,528	798	1,808	3,336
Ordinary profit	102	521	938	1,330	623	1,561	2,892
Profit attributable to owners of parent	113	402	754	1,103	515	1,269	2,373

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	12,103	12,778	13,352	15,873	24,881	38,233	54,106
Operating profit	341	167	1,035	1,383	509	1,545	2,928
Ordinary profit	436	166	1,024	1,271	602	1,626	2,898
Profit attributable to owners of parent	408	107	793	1,057	516	1,310	2,367

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	10,272	11,974	15,107	16,548	22,247	37,355	53,903
Operating profit	50	63	849	1,477	114	964	2,441
Ordinary profit	99	163	901	1,538	262	1,163	2,702
Profit attributable to owners of parent	55	106	650	944	161	812	1,756