

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	<a href="http://www.furukawadenchi.co.jp">http://www.furukawadenchi.co.jp</a>
Representative	
Title:	President & CEO
Name:	Katsutoshi Tokuyama
Contact Person	
Title:	Director & Executive Corporate Officer
Name:	Shigeru Takaku
Tel:	+81-45- 336-5034
Scheduled date of ordinary general meeting of shareholders:	June 27, 2017
Scheduled date for commencement of dividend payment:	June 28, 2017
Scheduled date for filing of securities report:	June 27, 2017
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, 2017 (April 1, 2016 – March 31, 2017)

#### (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, 2017	55,320	2.2	3,336	13.9	2,892	(0.2)	2,373	0.2
Fiscal year ended March 31, 2016	54,106	0.4	2,928	20.0	2,898	7.3	2,367	34.8

Notes: Comprehensive income

Fiscal year ended March 31, 2017:	2,033 million yen (yoy 74.2%)
Fiscal year ended March 31, 2016:	1,167 million yen (yoy (61.7)%)

	Earnings per share (basic)	Earnings per share (diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2017	72.42	–	12.2	5.5	6.0
Fiscal year ended March 31, 2016	72.24	–	13.4	5.7	5.4

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2017:	(39) million yen
Fiscal year ended March 31, 2016:	(24) 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, 2017	55,023	21,891	37.5	628.70
As of March 31, 2016	50,409	19,552	36.5	560.81

Reference: Equity

As of March 31, 2017:	20,607 million yen
As of March 31, 2016:	18,383 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, 2017	3,697	(3,213)	1,938	5,735
Fiscal year ended March 31, 2016	2,763	(568)	(943)	3,387

## 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, 2016	–	–	–	8.00	8.00	262	11.1	1.5
Fiscal year ended March 31, 2017	–	–	–	9.00	9.00	295	12.4	1.5
Fiscal year ending March 31, 2018 (forecast)	–	–	–	10.00	10.00		12.1	

## 3. Forecast of consolidated financial results for the fiscal year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(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, 2017	30,000	26.3	400	(49.9)	300	(51.9)	250	(51.5)	7.63
Fiscal year ending March 31, 2018	62,000	12.1	4,000	19.9	3,600	24.5	2,700	13.7	82.37

## Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2017 (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: Yes
  - (d) Retrospective restatements: None

Note: For details, please refer to “5. Consolidated Financial Statements and Significant Notes Thereto (5) Notes on Consolidated Financial Statements (Changes in Accounting Estimates)” on page 16 of Attachment.
- (3) Number of shares outstanding (common stock)
  - (a) Shares outstanding (including treasury shares)

As of March 31, 2017: 32,800,000 shares As of March 31, 2016: 32,800,000 shares
  - (b) Treasury shares

As of March 31, 2017: 21,412 shares As of March 31, 2016: 20,411 shares
  - (c) Average number of shares outstanding during the period

Fiscal year ended March 31, 2017: 32,779,265 shares Fiscal year ended March 31, 2016: 32,779,816 shares

**(For reference) Non-consolidated financial results**

**1. Financial results for the fiscal year ended March 31, 2017 (April 1, 2016 – March 31, 2017)**

(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, 2017	37,979	0.7	2,114	3.4	2,469	4.7	1,709	6.4
Fiscal year ended March 31, 2016	37,717	1.2	2,044	62.2	2,358	51.6	1,606	78.7

	Earnings per share (basic)		Earnings per share (diluted)	
	Yen		Yen	
Fiscal year ended March 31, 2017	52.15		—	
Fiscal year ended March 31, 2016	49.02		—	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of March 31, 2017	35,844		13,344		37.2		407.12	
As of March 31, 2016	32,346		11,587		35.8		353.50	

Reference: Equity

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

As of March 31, 2016: 11,587 million yen

\* This earnings report is not subject to auditing procedure.

\* 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 4 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 Tuesday, May 23, 2017. 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).

## Index of the Attachment

1. Overview of Operating Results and Others .....	2
(1) Overview of Operating Results .....	2
(2) Overview of Financial Position .....	3
(3) Overview of Cash Flows .....	3
(4) Future Outlook .....	4
(5) Basic Policy for Profit Distributions and Dividends for Current and Next Fiscal Years .....	4
2. Corporate Group .....	5
3. Management Policy .....	6
(1) Basic Management Policy .....	6
(2) Targeted Performance Indicators .....	6
(3) Medium to Long-term Strategies and Pending Issues .....	6
4. Basic Views on the Selection of Accounting Standards .....	7
5. Consolidated Financial Statements and Related Notes .....	8
(1) Consolidated Balance Sheets .....	8
(2) Consolidated Statements of Income and Comprehensive Income .....	10
Consolidated Statements of Income .....	10
Consolidated Statements of Comprehensive Income .....	11
(3) Consolidated Statements of Changes in Equity .....	12
(4) Consolidated Statements of Cash Flows .....	14
(5) Notes on Consolidated Financial Statements .....	16
(Going Concern Assumptions) .....	16
(Changes in Presentation Method) .....	16
(Additional Information) .....	16
(Changes in Accounting Estimates) .....	16
(Segment Information) .....	17
(Per Share Information) .....	21
(Important Subsequent Events) .....	21
6. Other .....	22
(1) Changes in Officers .....	22
(2) Trend in Quarterly Consolidated Results .....	23

## 1. Overview of Operating Results and Others

### (1) Overview of Operating Results

During the fiscal year ended in March 31, 2017, the Japanese economy continued on a moderate recovery track backed by a recovery in corporate earnings and improvement in the employment environment.

In the world economy, there is still uncertainty going forward surrounding policy trends under the new President in the United States and with the situation in Chinese and other emerging economies.

In the storage batteries industry, demand for automobile lithium-ion batteries is expected to grow against a backdrop of global environmental regulations on automobiles. Aside from automobile batteries, a business model is expanding for household-use and industrial-use batteries that pairs them with renewable energy to achieve a sustainable low-carbon society. An increasing number of new companies are entering that market, however, resulting in intensifying competition.

Under such a business environment, the Furukawa Battery Co., Ltd. (the "Company") and its group companies (the "Group") seek to achieve the "2018 Medium-Term Vision (2016-2018)." As such, the Group is continuing to improve product quality and develop technology, primarily for the lead business. Additionally, the Group acquired 10.5% of the issued shares of Dry Cell and Storage Battery Joint Stock Company, a storage battery manufacturer, in Vietnam as the next business base after Thailand and Indonesia, and is developing a system for providing customers with integrated sales and after-sales services in the rapidly growing country of Vietnam. Moreover, the Company's UltraBattery, a capacitor-hybrid lead acid storage battery for long life cycle-service control-valve-regulated lead-acid storage battery, was selected for use in the agreement with I-WIND, a wind power generation company in Thailand, and we are striving for active expansion within the renewable energy field.

As a result, the Group recorded 55,320 million yen of consolidated sales for the fiscal year ended March 31, 2017, an increase of 1,214 million yen (2.2%), year on year. This was due to steady sales of replacement batteries in Japan and steady sales of automobile batteries at the subsidiary in Thailand. Overseas sales were 18,429 million yen and accounted for 33.3% of total sales.

Operating profit was 3,336 million yen (compared with operating profit of 2,928 million yen in the fiscal year ended March 31, 2016), while ordinary profit was 2,892 million yen (compared with ordinary profit of 2,898 million yen in the fiscal year ended March 31, 2016).

Additionally, we recorded the estimated cost of 89 million yen for removing and disposing of polychlorinated biphenyl (PCB) as "Provision for environmental measures" under "Extraordinary loss." After the deduction of taxes, profit attributable to owners of parent was 2,373 million yen (compared with profit attributable to owners of parent of 2,367 million yen in the fiscal year ended March 31, 2016).

Business segment performance was as follows.

Segment sales include intersegment internal sales or transfers totaling 1,769 million yen and the figures for segment profit are given on an operating profit (pre-goodwill amortization) basis.

In the automobile segment, sales were 38,560 million yen, an increase of 1,750 million yen (4.8%) year on year, and segment profit was 1,571 million yen, an increase of 523 million yen (50.0%). This was mainly because of steady sales of replacement batteries in Japan and steady sales of automobile batteries at the subsidiary in Thailand.

In the industrial segment, sales were 17,412 million yen, a decrease of 292 million yen (-1.6%) year on year and segment profit was 1,564 million yen, a decrease of 186 million yen (-10.6%). This was mainly because of a decline in demand for updating industrial-use batteries in Japan.

In the real estate segment, sales were 390 million yen, an increase of 16 million yen (4.3%) year on year and segment profit was 192 million yen, an increase of 57 million yen (42.2%).

In the others segment, sales were 726 million yen, an increase of 25 million yen (3.7%) and segment profit was 37 million yen, an increase of 8 million yen (27.8%).

## (2) Overview of Financial Position

Total assets were 55,023 million yen as of March 31, 2017, which is 4,614 million yen more than at the end of the previous fiscal year. Current assets increased by 3,058 million yen to 24,733 million yen. Non-current assets increased by 1,555 million yen to 30,290 million yen.

The main factors leading to the increase in current assets were increases in cash and deposits and inventories.

There was a 132 million yen increase in property, plant and equipment to 24,940 million yen. The main factor leading to the increase was an increase in construction in progress.

Investments and other assets increased by 1,470 million yen to 5,108 million yen.

Total liabilities as of March 31, 2017 increased by 2,275 million yen to 33,131 million yen.

Current liabilities increased by 1,693 million yen to 16,839 million yen, and non-current liabilities increased by 581 million yen to 16,292 million yen.

Interest-bearing debt, which is the sum of short-term loans payable and long-term loans payable, increased by 1,713 million yen to 13,250 million yen.

Equity increased by 2,224 million yen to 20,607 million yen, resulting in an increase in the equity ratio from 36.5% at the end of the previous fiscal year to 37.5% at the end of the fiscal year under review.

## (3) Overview of Cash Flows

### a) Cash flows

#### Cash flows from operating activities

Net cash provided by operating activities at the end of the fiscal year under review was 3,697 million yen as a whole. Major sources of cash were profit before income taxes of 2,786 million yen, depreciation of 2,363 million yen, and there was a 1,630 million yen payment of interest and income taxes.

#### Cash flows from investing activities

Net cash used in investing activities was 3,213 million yen due to purchase of property, plant and equipment and purchase of investment securities amounting to 3,149 million yen.

#### Cash flows from financing activities

Net cash provided by financing activities was 1,938 million yen due to proceeds from long-term loans payable of 2,800 million yen, and there were repayments of long-term loans payable of 1,576 million yen and cash dividends paid and repayment of lease obligations amounting to 411 million yen.

As a result, cash and cash equivalents at end of the fiscal year under review increased 2,347 million yen from the one year earlier to 5,735 million yen.

### b) Trends of performance indicators associated with cash flows

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Equity ratio (%)	35.3	35.0	33.6	36.5	37.5
Market value basis equity ratio (%)	51.6	56.4	58.8	41.5	45.4
Cash flow/interest-bearing debt ratio (years)	1.7	2.3	3.2	4.2	3.6
Interest coverage ratio (x)	31.3	37.5	41.1	10.2	5.1

\*Equity ratio: equity/total assets

Market value basis equity ratio: market capitalization/total assets

Cash flow/interest-bearing debt ratio: 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 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 2018, we forecast net sales of 62 billion yen, operating profit of 4 billion yen, ordinary profit of 3.6 billion yen and profit attributable to owners of parent of 2.7 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 9 yen per share for the fiscal year ended March 31, 2017 to express our appreciation to the shareholders for their support. For the fiscal year ending in March 2018, although the operating environment is expected to remain challenging, we plan to pay a year-end dividend of 10 yen per share.

## 2. Corporate Group

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

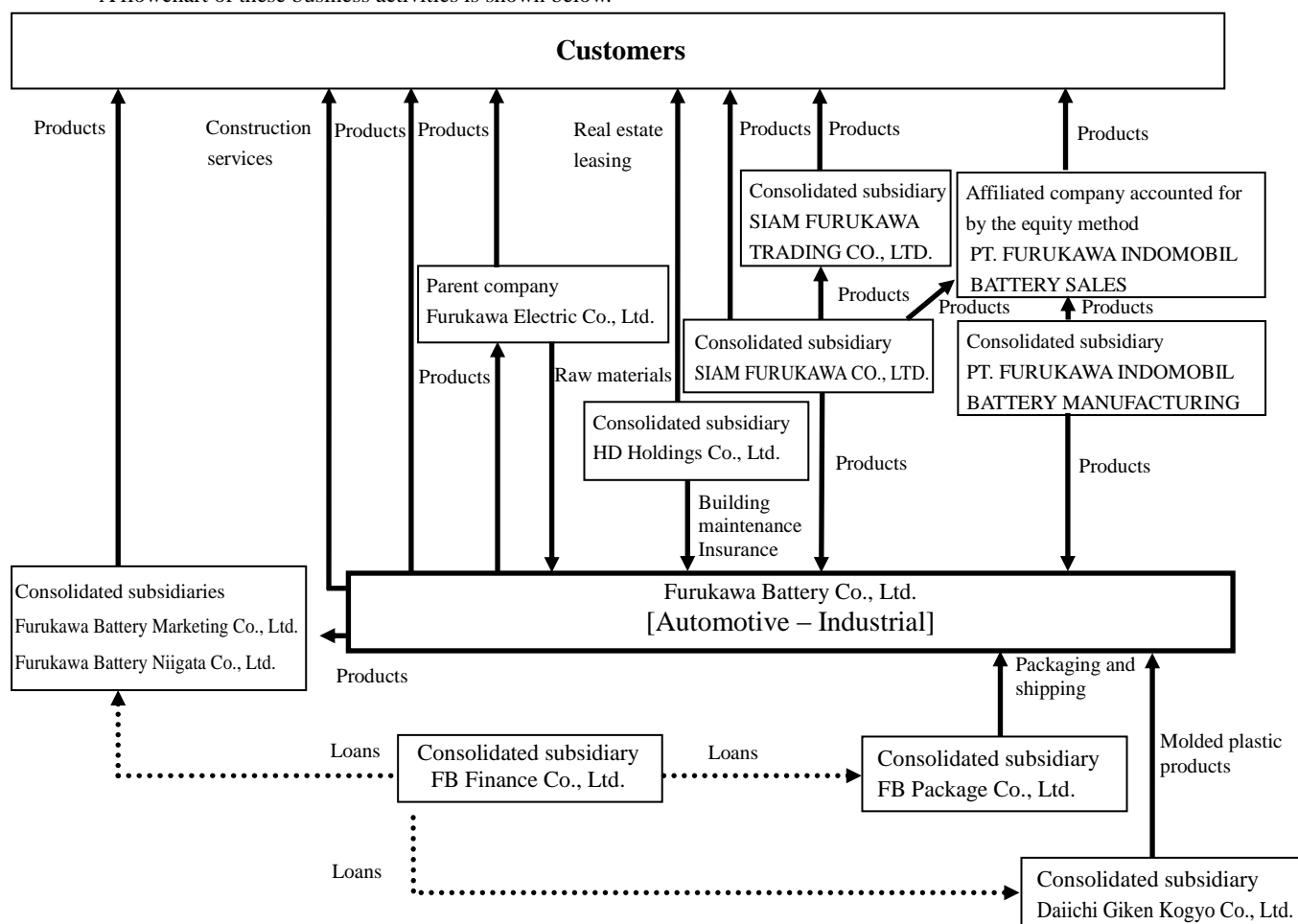
The Company manufactures and sells lead-acid storage batteries, alkaline storage batteries, and rectifiers and other power supply devices and performs installations and inspections for these batteries. Consolidated subsidiaries Siam Furukawa Co., Ltd., and PT. Furukawa Indomobil Battery Manufacturing, 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. The Group’s profit-and-loss target and targeted performance indicators (consolidated basis) are as follows:

(Targets for fiscal year ending March 31, 2019)

Net sales: 80 billion yen      Operating profit: 6 billion yen

Return on assets ratio (ROA): 10.0%      Equity ratio: 45.0%      Overseas sales ratio: 53.1%

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

The Japanese economy is expected to continue its moderate expansion going forward as a result of domestic demand supported by strong consumption and a moderate increase in capital investment. On the other hand, the global economy faces medium- to long-term risks, including protectionism of the United States government, the economic impact of exit strategies associated with rising interest rates, deceleration of the Chinese economy, confusion in the euro area arising from the British exit from the EU and political risks in member countries, and geopolitical factors. 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 newly established the 2018 Medium-Term Vision (2016-2018) that started in fiscal year ended March 31, 2017 to achieve the “Dynamic Innovation 2020” long-term management vision. Efforts are underway based on key phrases aimed at expansion, including increased sales through business expansion (new products, new markets, and overseas expansion), increased profitability through streamlining and rationalization (consolidation and cost reduction), and an increased overseas sales ratio through expansion of overseas bases (expansion of capacity and establishment of new bases). Additionally, the five-year period from fiscal year ended March 31, 2017 to fiscal year ending March 31, 2021 has been designated the “Five years for challenging the market,” and in the aim of dynamic growth, the Group will engage in efforts to achieve the long-term management vision. As business segment issues, in the automobile battery business, by streamlining the domestic production and sales system and making the most of the effect of capital investment at the Iwaki Plant, we will promote cost reduction and full-scale mass production of batteries for environmentally friendly automobiles. At our overseas bases (Thailand and Indonesia), we are working to enhance our production system and expand our business, and we will also look into the next business expansion. 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, while working on improving quality and cost competitiveness through investment in domestic production bases.

In order to continue to be a company that can earn the trust from all stakeholders, we will take responsibility for the impact that our operations have on society, implement a more rigorous governance to ensure the soundness and fairness of corporate management, and take measures to strengthen risk management, including crisis management measures for natural disasters, etc.

#### 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, 2016	As of March 31, 2017
<b>ASSETS</b>		
Current assets		
Cash and deposits	3,387	5,735
Notes and accounts receivable - trade	11,220	11,524
Merchandise and finished goods	1,900	2,066
Work in process	2,704	2,808
Raw materials and supplies	1,185	1,453
Deferred tax assets	264	262
Other	1,020	890
Allowance for doubtful accounts	(8)	(7)
<b>Total current assets</b>	<b>21,674</b>	<b>24,733</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,450	15,886
Accumulated depreciation	(8,835)	(9,253)
Buildings and structures, net	6,614	6,632
Machinery, equipment and vehicles	31,635	32,136
Accumulated depreciation	(22,503)	(23,675)
Machinery, equipment and vehicles, net	9,132	8,460
Tools, furniture and fixtures	6,776	7,011
Accumulated depreciation	(6,306)	(6,452)
Tools, furniture and fixtures, net	470	559
Land	7,387	7,462
Leased assets	1,062	1,027
Accumulated depreciation	(285)	(279)
Leased assets, net	777	748
Construction in progress	425	1,077
<b>Total property, plant and equipment</b>	<b>24,807</b>	<b>24,940</b>
Intangible assets		
Goodwill	46	15
Leased assets	4	10
Other	237	214
<b>Total intangible assets</b>	<b>288</b>	<b>240</b>
Investments and other assets		
Investment securities	2,089	3,417
Deferred tax assets	1,364	1,472
Other	199	234
Allowance for doubtful accounts	(15)	(15)
<b>Total investments and other assets</b>	<b>3,638</b>	<b>5,108</b>
<b>Total non-current assets</b>	<b>28,734</b>	<b>30,290</b>
<b>Total assets</b>	<b>50,409</b>	<b>55,023</b>

(Million yen)

	As of March 31, 2016	As of March 31, 2017
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	5,996	5,196
Electronically recorded obligations - operating	–	1,009
Short-term loans payable	5,250	6,363
Lease obligations	136	135
Income taxes payable	506	782
Accrued consumption taxes	426	277
Provision for bonuses	591	602
Provision for directors' bonuses	2	2
Notes payable - facilities	142	208
Other	2,093	2,261
<b>Total current liabilities</b>	<b>15,145</b>	<b>16,839</b>
Non-current liabilities		
Long-term loans payable	6,286	6,887
Lease obligations	720	696
Deferred tax liabilities	766	772
Provision for environmental measures	9	89
Net defined benefit liability	7,281	7,241
Negative goodwill	64	–
Asset retirement obligations	9	9
Other	571	596
<b>Total non-current liabilities</b>	<b>15,710</b>	<b>16,292</b>
<b>Total liabilities</b>	<b>30,856</b>	<b>33,131</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	15,076	17,187
Treasury shares	(10)	(11)
<b>Total shareholders' equity</b>	<b>17,128</b>	<b>19,238</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	823	1,083
Deferred gains or losses on hedges	(18)	40
Foreign currency translation adjustment	489	277
Remeasurements of defined benefit plans	(40)	(33)
<b>Total accumulated other comprehensive income</b>	<b>1,255</b>	<b>1,369</b>
Non-controlling interests	1,169	1,283
<b>Total net assets</b>	<b>19,552</b>	<b>21,891</b>
<b>Total liabilities and net assets</b>	<b>50,409</b>	<b>55,023</b>

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

(Million yen)

	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Net sales	54,106	55,320
Cost of sales	41,333	41,939
Gross profit	12,773	13,380
Selling, general and administrative expenses		
Selling expenses	2,163	2,290
General and administrative expenses	7,680	7,753
Total selling, general and administrative expenses	9,844	10,044
Operating profit	2,928	3,336
Non-operating income		
Interest income	9	17
Dividend income	74	74
Amortization of negative goodwill	64	64
House rents borne by employees	48	50
Foreign exchange gains	28	30
Other	120	167
Total non-operating income	346	405
Non-operating expenses		
Interest expenses	279	727
Share of loss of entities accounted for using equity method	24	39
Other	73	83
Total non-operating expenses	377	850
Ordinary profit	2,898	2,892
Extraordinary income		
Gain on sales of non-current assets	1	0
Subsidy income	235	-
Total extraordinary income	236	0
Extraordinary losses		
Loss on disposal of non-current assets	11	14
Loss on reduction of non-current assets	235	-
Provision for environmental measures	-	89
Other	-	2
Total extraordinary losses	246	106
Profit before income taxes	2,888	2,786
Income taxes-current	801	1,101
Income taxes-deferred	(21)	(243)
Total income taxes	780	858
Profit	2,108	1,928
Profit (loss) attributable to non-controlling interests	(259)	(445)
Profit attributable to owners of parent	2,367	2,373

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Profit	2,108	1,928
Other comprehensive income		
Valuation difference on available-for-sale securities	(298)	262
Deferred gains or losses on hedges	12	59
Foreign currency translation adjustment	(687)	(223)
Remeasurements of defined benefit plans, net of tax	37	6
Share of other comprehensive income of entities accounted for using equity method	(4)	(0)
Total other comprehensive income	(940)	105
Comprehensive income	1,167	2,033
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,525	2,487
Comprehensive income attributable to non-controlling interests	(357)	(454)

## (3) Consolidated Statements of Changes in Equity

Previous fiscal year (From April 1, 2015 to March 31, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,640	422	12,937	(9)	14,990
Changes of items during period					
Dividends of surplus			(229)		(229)
Profit attributable to owners of parent			2,367		2,367
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,138	(0)	2,137
Balance at end of current period	1,640	422	15,076	(10)	17,128

	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	1,119	(30)	1,086	(78)	2,097	1,532	18,620
Changes of items during period							
Dividends of surplus							(229)
Profit attributable to owners of parent							2,367
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(295)	12	(596)	37	(842)	(362)	(1,205)
Total changes of items during period	(295)	12	(596)	37	(842)	(362)	932
Balance at end of current period	823	(18)	489	(40)	1,255	1,169	19,552

Current 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



## (4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,888	2,786
Depreciation	2,015	2,363
Amortization of goodwill	(33)	(34)
Increase (decrease) in allowance for doubtful accounts	0	(0)
Interest and dividends income	(83)	(92)
Interest expenses	279	727
Share of (profit) loss of entities accounted for using equity method	24	39
Subsidy income	(235)	–
Loss on retirement of property, plant and equipment	11	14
Loss (gain) on sales of property, plant and equipment	(1)	(0)
Loss on reduction of non-current assets	235	–
Decrease (increase) in notes and accounts receivable - trade	(152)	(330)
Decrease (increase) in inventories	(677)	(575)
Increase (decrease) in notes and accounts payable - trade	(491)	240
Increase (decrease) in provision for bonuses	29	11
Increase (decrease) in provision for environmental measures	(8)	79
Increase (decrease) in net defined benefit liability	68	(36)
Increase (decrease) in accrued consumption taxes	183	(139)
Other, net	(504)	182
Subtotal	3,547	5,235
Interest and dividend income received	83	92
Interest expenses paid	(270)	(727)
Income taxes paid	(596)	(902)
Net cash provided by (used in) operating activities	2,763	3,697
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,363)	(2,177)
Purchase of intangible assets	(55)	(27)
Purchase of investment securities	(5)	(971)
Proceeds from subsidy income	2,850	–
Other, net	4	(36)
Net cash provided by (used in) investing activities	(568)	(3,213)

(Million yen)

	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,766)	560
Proceeds from long-term loans payable	3,504	2,800
Repayments of long-term loans payable	(1,305)	(1,576)
Repayments of lease obligations	(141)	(149)
Cash dividends paid	(229)	(262)
Proceeds from share issuance to non-controlling shareholders	–	577
Dividends paid to non-controlling interests	(4)	(8)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(943)	1,938
Effect of exchange rate change on cash and cash equivalents	(56)	(74)
Net increase (decrease) in cash and cash equivalents	1,196	2,347
Cash and cash equivalents at beginning of period	2,191	3,387
Cash and cash equivalents at end of period	3,387	5,735

## (5) Notes on Consolidated Financial Statements

### (Going Concern Assumptions)

Not applicable.

### (Changes in Presentation Method)

#### (Consolidated Balance Sheets)

The “Accounts receivable - other” under “Current assets” that was separately presented in the previous fiscal year is included in “Other” in the current fiscal year because it has become less 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 780 million yen that was presented in “Accounts receivable - other” under “Current assets” in the consolidated balance sheets for the previous fiscal year has been reclassified as “Other.”

#### (Consolidated Statements of Cash Flows)

The “Increase (decrease) in provision for environmental measures” under “Cash flows from operating activities” that was included in “Other” 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 -513 million yen that was included in “Other” under “Cash flows from operating activities” in the previous fiscal year’s consolidated statements of cash flows is now presented as -8 million yen under “Increase (decrease) in provision for environmental measures” and -504 million yen under “Other.”

### (Additional Information)

#### (Application of ASBJ Guidance on Recoverability of Deferred Tax Assets)

Effective from the fiscal year ended March 31, 2017, the Company has applied the Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016).

### (Changes in Accounting Estimates)

#### (Provision for environmental measures)

In the fiscal year ended March 31, 2017, in addition to PCB waste, for which a provision was previously recorded, the cost of removing low-concentrated PCB waste, and the like, has been recorded as a “Provision for environmental measures” under “Extraordinary losses” since the cost of removing low-concentrated PCB waste can now be reasonably calculated.

As a result, the “Provision for environmental measures” under “Extraordinary losses” increased by 89 million yen in the fiscal year ended March 31, 2017, while “Profit before income taxes” has decreased by 89 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 are largely compliant with the accounting policies adopted in preparing the 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, 2015 to March 31, 2016)

(Million yen)

	Reportable segments				Others (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	36,304	17,434	354	54,093	13	54,106
Intersegment internal sales and transfers	506	270	20	796	687	1,483
Total	36,810	17,704	374	54,890	700	55,590
Segment income	1,047	1,750	135	2,933	29	2,963
Other items						
Depreciation and amortization	1,484	502	20	2,007	7	2,015

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, 2016 to March 31, 2017)

(Million yen)

	Reportable segments				Others (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.

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	54,890	56,364
Sales of “Others” category	700	726
Elimination of intersegment transactions	(1,483)	(1,769)
Net sales in consolidated financial statements	54,106	55,320

(Million yen)

Income	Previous fiscal year	Current fiscal year
Reportable segment total	2,933	3,327
Income of “Others” category	29	37
Goodwill amortization	(30)	(30)
Elimination of intersegment transactions	(3)	1
Operating income in consolidated financial statements	2,928	3,336

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

b. Associated information

Previous fiscal year (from April 1, 2015 to March 31, 2016)

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	Others	Total
36,201	15,589	2,315	54,106

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
14,815	9,992	24,807

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, 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	Others	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.

c. Segment information for impairment of non-current assets

Previous fiscal year (from April 1, 2015 to March 31, 2016)

Not applicable.

Current fiscal year (from April 1, 2016 to March 31, 2017)

Not applicable.

d. Segment information for goodwill amortization and remaining goodwill

Previous fiscal year (from April 1, 2015 to March 31, 2016)

Goodwill is not allocated to individual reportable segments.

Goodwill amortization was 30 million yen in the fiscal year that ended in March 2016 and there was remaining goodwill of 46 million yen at the end of the fiscal year.

Current fiscal year (from April 1, 2016 to March 31, 2017)

Goodwill is not allocated to individual reportable segments.

Goodwill amortization was 30 million yen in the fiscal year that ended in March 2017 and there was remaining goodwill of 15 million yen at the end of the fiscal year.

e. Segment information for gains from negative goodwill

Previous fiscal year (from April 1, 2015 to March 31, 2016)

Not applicable.

Current fiscal year (from April 1, 2016 to March 31, 2017)

Not applicable.

(Per Share Information)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Net assets per share	560.81 yen	628.70 yen
Earnings per share	72.24 yen	72.42 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.

Item	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Amount of profit attributable to owners of parent (million yen)	2,367	2,373
Amount not attributed to common stockholders	–	–
Amount of profit attributable to owners of parent attributable to common stock (million yen)	2,367	2,373
Average number of outstanding shares of common stock during the fiscal year (thousand shares)	32,779	32,779

(Important Subsequent Events)

Not applicable.



## 6. Other

### (1) Changes in Officers (scheduled to become effective on June 27, 2017)

#### 1. Candidate for election as new director

Eizo Sakagami (currently Deputy General Manager, Industrial Equipment Group and General Manager, Industrial Equipment Production Division)

#### 2. Candidate for election as new outside director

Naoya Eguchi (currently Advisor to Fuji Electric Co., Ltd.)

#### 3. Candidate for election as new audit and supervisory board member

Ryosuke Matsui (currently General Manager, Direct Sales Department, Sales & Marketing Division, Automotive Battery Group)

#### 4. Retiring directors

Toru Shirasawa (currently Executive Vice President and Member of the Board, Executive Corporate Officer)

\*Appointment after retirement: Special Advisor to the Company

Naoto Yoneyama (currently Outside Director)

#### 5. Retiring audit and supervisory board member

Koichi Orihara (currently Full-time Audit & Supervisory Board Member)

\*Appointment after retirement: Advisor to the Company

## 6. Promotion

To be decided by the Board of Directors after the General Meeting of Shareholders planned to be held on June 27, 2017

#### Chairman of the Board

Katsutoshi Tokuyama (currently President & CEO)

#### President & CEO (Representative Director)

Shinichi Ono (currently Senior Managing Director and Member of the Board, Executive Corporate Officer, General Manager, Research & Development Institution)

#### Director and Member of the Board, Executive Corporate Officer

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

#### Senior corporate officer

Yuji Shioda (currently Corporate Officer, General Manager, Automobile Battery Production Division, Automotive Battery Group)

#### Senior corporate officer

Shinobu Kaneko (currently Corporate Officer, General Manager, Sales & Marketing Division, Industrial Equipment Group and General Manager, Construction Management Division)

## 7. Retiring senior corporate officer

Koichi Hoshino (currently Senior Corporate Officer)

\*Appointment after retirement: Advisor to the Company

## 8. New corporate officers

Shunji Ishizaki (currently President & CEO, Pt. Furukawa Indomobil Battery Manufacturing and Executive Vice President and Member of the Board, Pt. Furukawa Indomobil Battery Sales)

Toshiro Yamamoto (currently General Manager, R&D Managing Division and General Manager, Research Department, Research & Development Institution)

(2) Trend in Quarterly Consolidated Results

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

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	9,936	11,639	13,359	14,621	21,575	34,935	49,556
Operating profit	55	454	894	1,270	509	1,403	2,673
Ordinary profit	140	483	998	1,261	623	1,621	2,882
Profit attributable to owners of parent	56	358	703	871	415	1,118	1,990