



2012

Annual Report

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Corporate Philosophy

Guiding Principle

Drawing on many years of expertise in battery technology, the Furukawa Battery will contribute to the realization of a rich and sustainable society through continuous technological innovation.

Management Principles

With an eye to the future of people and our planet, Furukawa Battery pledges to:

- Live up to the expectations and trust invested in us by society, with fairness and integrity.
- Apply the sum total of our expertise to satisfy our customers and grow with them.
- Continuously strive to achieve world-class technology innovation, and transform ourselves in every area of endeavor.
- Nurture human resources at every level, so that we can become a more diverse and creative organization.

Furukawa Battery Credo

- Maintain high ethical standards, and value honesty and integrity above all.
- Continually improve, innovate, and lead, in every area of endeavor.
- Take a hands-on approach that addresses the reality of every situation - in the office, at the factory, and on site.
- Be proactive-take the initiative and work with others, persevering until a solution is found.
- Maintain open channels of communication between departments and divisions so that we can share ideas and help each other.

Message from the President

Looking back on fiscal 2011, it was a year of lingering uncertainties. The recovery from the Great East Japan Earthquake advanced and signs of economic improvement emerged, yet there were worrying trends such as the European debt crisis and the persistent strength of the yen.

With a plant in Fukushima Prefecture, the Group suffered significant damage from the Great East Japan Earthquake on March 11, 2011. The fiscal year began with an effort to recover from this damage. The disaster had a significant impact on our society's approach to energy. Public attention was drawn to storage batteries as a key device for effective energy use. We thus renewed our awareness of the importance of technologies that we have long nurtured in the domains of batteries and power sources.

In this environment, the Group continued to step up efforts that encompassed the field of electricity storage. These include the development (and release) of batteries for environmentally-friendly automobiles, actions on the business of smart grids and other environmental infrastructure, and the development of lithium ion batteries, which boast a very high level of safety among batteries for industrial use.

Our earnings were affected by production cuts, mainly among auto manufacturers, following the earthquake and the flood in Thailand, as well as by declines in sales of alkaline batteries for China and their gross margins. Despite the fall in the price of lead—a key material in our production—and our efforts to slash costs and expenses, operating income stood at 2,494 million yen and ordinary income at 2,604 million yen.

Among extraordinary items, we posted an extraordinary gain of 86 million yen on the sale of investment securities and others and an extraordinary loss of 71 million yen for repair costs in the wake of the Great East Japan Earthquake. Net income stood at 1,365 million yen.

As we are aware that returning profits to shareholders by paying consistent dividends is a critical part of our business policy, we set the year-end dividend for FY 2011 at five yen per share.

The Group announced its medium-term management plan starting in FY 2011 in December 2011. To attain



its targets and to make fresh progress in 2014 and beyond, we will continue to improve our financial position, accelerate overseas expansion of our products for automotive and industrial applications, create new businesses, streamline domestic sales operations, and enrich our education for human resource development.

Not only by creating environmentally friendly products and introducing green processes and procurement but by offering donations from part of our sales to earthquake-hit regions, the Group will continue to fulfill its corporate social responsibility. As we pursue these initiatives, we hope that we will be able to continue to count on the support and encouragement of our shareholders.

President

A handwritten signature in Japanese calligraphy, reading '徳山勝敏' (Tokuyama Katsutoshi).

Katsutoshi Tokuyama

History

1914
Furukawa Electric Co., Ltd. established its battery factory in Amagasaki City, Hyogo Prefecture, and started production of lead-acid batteries.

1950
Spun off from Furukawa Electric Co., Ltd. and founded as The Furukawa Battery Co., Ltd.

Completed an automotive battery plant in Iwaki City, Fukushima Prefecture.



1978
Relocated its head office to the old Yokohama Plant site.



1986
Awarded ISO9001 certification.

1989
Awarded ISO14001 certification. (Iwaki and Imaichi Plants).

1992
Awarded ISO9001-2000 certification for all sites and all activities.



1996
Successfully developed the world's first lithium-ion battery for space application, which was installed in the "Hayabusa" asteroid explore.

1999
"Hayabusa" returned to Earth after seven years.

2001
Provided the "Akatsuki" Venus climate orbiter with a lithium-ion battery.

1937
Relocated the battery plant to Hodogaya-ku, Yokohama City for business expansion.



1970
Completed an automotive battery plant in Imaichi City (now Nikko City), Tochigi Prefecture.



1986
Completed FB Plant in Imaichi City (now Nikko City).



1992
Established Siam Furukawa Battery Co., Ltd. as a joint venture with The Siam Cement Public Company, Ltd. in Thailand. (1996 : Changed corporate name to Siam Furukawa Co., Ltd.)



2002
Additionally acquired shares of Siam Furukawa Co., Ltd. to make it a subsidiary.

2007
Made Daiichi Giken Kogyo Co., Ltd. into a subsidiary.

2009
Made HD Holdings Co., Ltd. into a subsidiary.

2010
2012
Received the highest environmental rating from Development Bank of Japan Inc.

Five-Year Consolidated Financial Highlights

The Furukawa Battery Co., Ltd. and its consolidated subsidiaries

Fiscal years ended March 31

Unit: Million yen

Unit: Thousand US Dollar

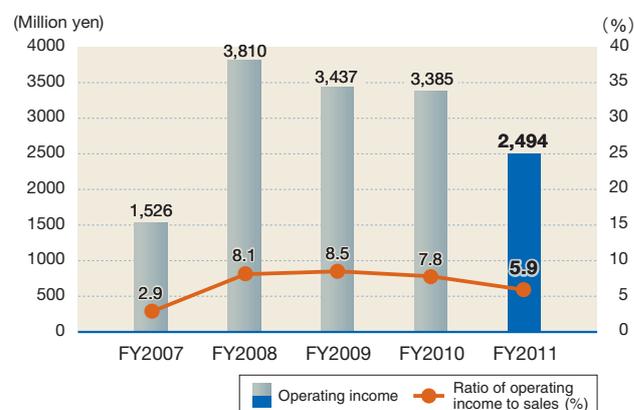
	FY2011	FY2010	FY2009	FY2008	FY2007	FY2011
Fiscal year						
Sales	42,064	43,204	40,206	46,900	52,953	525,800
Operating income	2,494	3,385	3,437	3,810	1,526	31,175
Income before income taxes	2,604	3,364	3,378	3,542	1,310	32,550
Current net income	1,365	1,843	2,054	2,296	729	17,063
Capital investment	1,789	1,429	1,368	1,171	1,432	22,363
Depreciation expense	1,661	1,661	1,640	1,555	1,376	20,763
Research and Development expense	1,547	1,120	978	970	860	19,338
Cash flow for business operations	628	4,652	3,350	4,817	1,569	7,850
Cash flow for investment activities	-1,699	-1,717	-1,543	-1,057	-1,362	-21,238
Cash flow for financing activities	-674	-2,583	-2,017	-2,669	889	8,425
Balance at the end of current fiscal year						
Total assets	34,093	34,972	35,077	31,687	37,523	426,163
Interest-bearing debt	6,815	7,212	9,511	10,647	13,847	85,188
Equity capital	10,170	9,195	7,508	5,397	3,485	127,125
Equity capital ratio	29.8%	26.3%	21.4%	17.0%	9.3%	29.8%

(Note) Figures in US Dollar are calculated through conversion at the rate of 80 yen per US dollar for the sake of convenience.

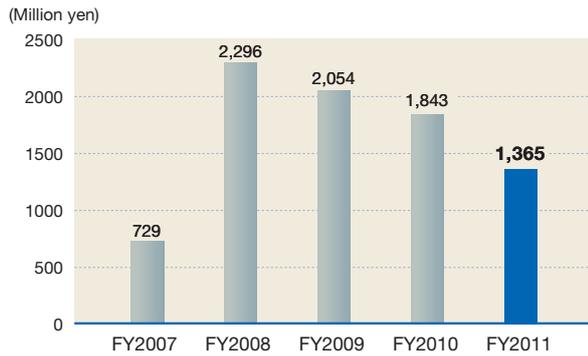
► Sales



► Operating Income / Ratio to Sales (%)



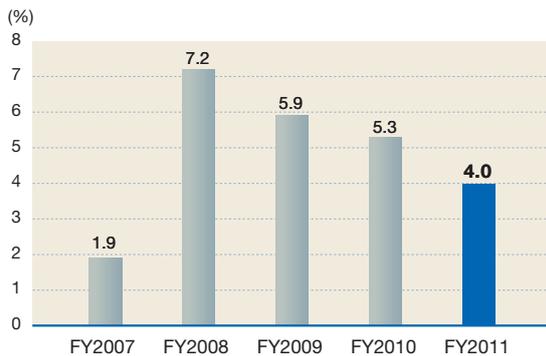
▶ Current Net Income



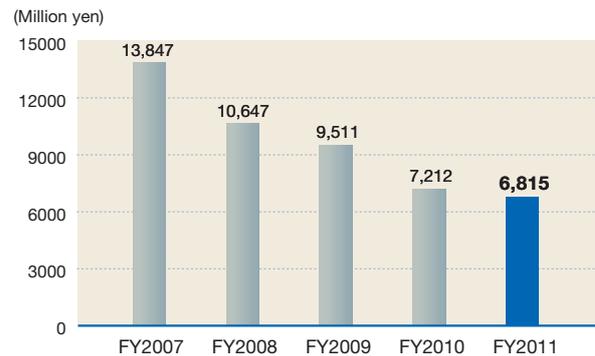
▶ Total Assets



▶ Return on Total Assets (ROA)



▶ Interest-Bearing Debt



Business Overview

Sales and Profit

The industry in which we operates anticipates that smart grids that incorporate significant wind and solar power generation as power sources will be built on a worldwide scale to address global environmental issues and that there will be demand for batteries for cyclic use to be incorporated into them.

Consequently, the Group has stepped up its efforts in the electricity storage business. Our initiatives include the development of batteries for environmentally friendly automobiles, actions towards smart grids and other environmental business, and the creation of high safety lithium ion batteries for industrial use.

The Group recorded net sales of 42,064 million yen, a decrease of 1,139 million yen, or 2.6% year on year. This chiefly reflected production cuts, mainly by auto manufacturers

in the first quarter, and a slide in sales of alkaline batteries for China. Overseas sales stood at 8,582 million yen, making up 20.4% of total sales.

As for earnings, operating income decreased 891 million yen, or 26.3%, year on year to 2,494 million yen and ordinary income also fell 760 million yen, or 22.6%, year on year to 2,604 million yen, after a decline in the gross margin resulting from the sales contraction, which offset the falling lead price and our actions to cut costs and expenses.

Among extraordinary items, we posted an extraordinary gain of 86 million yen on the sale of investment securities and an extraordinary loss of 71 million yen on repair costs in the wake of the Great East Japan Earthquake. Net income stood at 1,365 million yen, with a decline of 478 million yen or 25.9% year on year.

Business Segments

We have our business headquarters at head office and under this headquarters we have organizations that take overall control of operations related to specific products and services. These organizations develop comprehensive strategies for their products and services, encompassing domestic and

overseas operations. Furukawa Battery consists of product- and service-specific segments based on these organizations. This report covers three segments, namely batteries for transportation, batteries for industrial use, and real estate.

Batteries for automobiles: production and sales of storage batteries for vehicles and motorcycles

This segment saw sales plunge from the preceding consolidated fiscal year by 1,988 million yen, or 6.9%, to 26,721 million yen. This is principally because of the contraction in sales of batteries for new vehicles as automotive manufacturers scaled back production.

Batteries for industrial use: production and sales of rechargeable batteries for equipment operation and uninterruptible power supplies (UPS)

This segment achieved a year-on-year sales increase of 858 million, or 6.1%, to 14,872 million yen. Despite a fall in alkaline battery sales for China, sales of batteries for disaster control systems and electric power units were relatively strong.

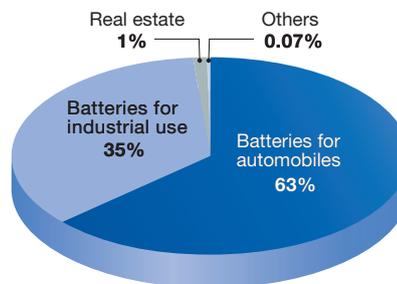
Real estate: leasing of buildings for tenants

This segment saw sales decrease 6 million yen, or 1.5% from

the preceding consolidated fiscal year, to 441 million yen, mainly following a plunge in lease revenues.

*Others ... business segments that are not covered by the report, which include the construction service business and the insurance business (30 million yen)

► Breakdown of Consolidated Sales



Overseas Sales

Overseas sales decreased by 797 million yen or 8.5% from the previous year to 8,582 million yen. Our overseas sales are generated by lead-acid batteries for vehicles and motorcycles for non-Japanese regions by our overseas subsidiary, Siam Furukawa and us Furukawa Battery, The drop in overseas

sales was, because automotive manufacturers cut back production due to Great east Japan earthquake and disaster from flood in Thailand, and appreciation of Japanese Yen. The ratio of overseas sales slightly decreased to 20.4% to 21.7% in the previous year.

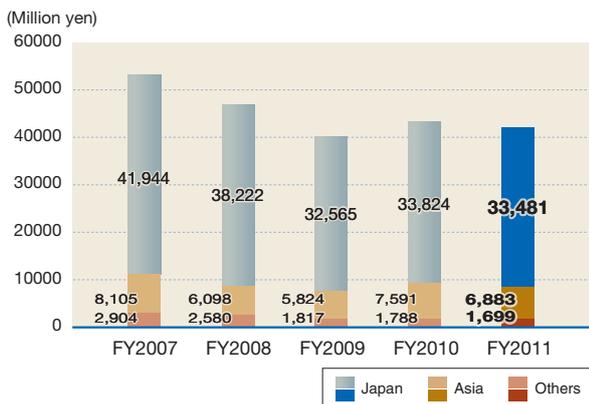
The Furukawa Battery Co., Ltd. and its consolidated subsidiaries

Fiscal years ended March 31

Fiscal year	Unit: Million yen					Unit: Thousand US Dollar
	FY2011	FY2010	FY2009	FY2008	FY2007	FY2011
Sales	42,064	43,204	40,206	46,900	52,953	525,800
Sales by region						
Japan	33,481	33,824	32,565	38,222	41,944	418,513
Asia	6,883	7,591	5,824	6,098	8,105	86,038
Others	1,699	1,788	1,817	2,580	2,904	20,863
Ratio of overseas sales	20.4%	21.7%	19.0%	18.5%	20.8%	20.4%

(Note) Figures in US Dollar are calculated through conversion at the rate of 80 yen per US dollar for the sake of convenience.

► Sales by Region



► Ratio of Overseas Sales



Corporate Governance

Furukawa Battery is aware of the critical importance of establishing corporate governance. We are committed to improving governance, based on management that respects the value of shareholders and other stakeholders and that contributes to society through production and sales of products that provide security and comfort.

System of Corporate Governance

In June 2011, we introduced the executive officer system to improve the speed and efficiency of management. We separated the management oversight functions from the business execution functions, positioned the Board of Directors as the institution to make management decisions and supervise the execution of duties, separating these functions from the business execution functions.

The Company operates a system under which management decisions are made with sufficient deliberation at meetings of the Board of Directors, which are held regularly once a month and attended by nine directors including one outside director and four audit and supervisory board members including three outside auditors. It also operates a system under which an extraordinary meeting of the board of directors can be convened whenever necessary to deal with any issues.

To enhance the audit function, we have in place a system under which we appoint audit assistants to support the auditing duties of audit and supervisory board members.

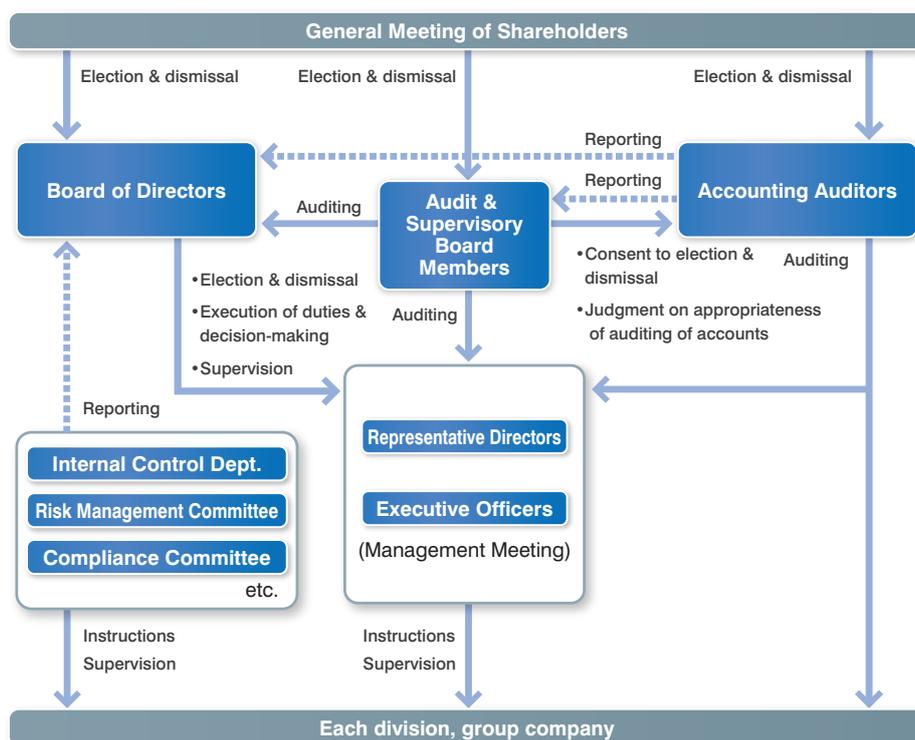
We hold management meetings and business liaison meetings attended by directors, executive officers and full-time auditors to improve the speed and efficiency of execution of duties.

Internal Control

We established Internal Control Basic Rules for the purpose of pursuing efficiency and effectiveness in the business operation of the Furukawa Battery Group, compliance with relevant laws and ordinances, ensuring the reliability of financial reporting, seeking to preserve assets, and helping maintain and enhance corporate value. We also established institutions such as the Internal Control Dept., the Risk Management Committee and the Compliance Committee for the same purpose, and are working to put internal controls in place.

Basic Policy on the Elimination of Antisocial Forces

Furukawa Electric Co., Ltd. has set forth the Furukawa Electric Group CSR Code of Conduct as a code of conduct for its group companies. This code clearly specifies that Group companies should adopt a resolute approach to antisocial forces. Furukawa Battery's Board of Directors determined that Furukawa Battery shall adopt a resolute approach to any antisocial forces that threaten the safety and order of society, and its Compliance Rules stipulate it as compliance conduct guidelines.



Our CSR Activities

For the Furukawa Battery Group, the fulfillment of corporate social responsibility means “observing the importance of social rules and corporate ethics,” “reducing the environmental burden caused by business activities,” “ensuring product safety” and “ensuring the safety of employees and communities,” while providing products and services that contribute to advancing society and improving people’s lives. We will

enhance communications with our stakeholders and further improve and develop our CSR activities, aiming at the development of corporate activity where “Economic efficiency,” “Environmental activity,” and “Contribution to society” are in good balance.

We issue the CSR Report about our CSR activities mainly for environmental activities.

Compliance

Report of roundtable discussions on compliance

From March 2011 to March 2012, the Internal Control Department held small-group round-table talks on the subject of compliance at the different offices and plants of Furukawa Battery and its group companies. A total of 56 of these talks were held on a section-by-section basis at all offices, plants, branches, and group companies, with a cumulative total of 797 employees participating.

Before beginning the lively discussions, the Internal Control Department reported on the results of an employee survey of compliance awareness.

This helped employees to have a better understanding and awareness of compliance and reconfirmed that it is standard to observe the laws. It is believed that this will enhance future corporate activities.



The Round-Table Discussion on Compliance

Complying with Furukawa Electric Group’s CSR Code of Conduct

The management principle of Furukawa Battery and its group companies is to: “Live up to the expectation and trust invested in us by society, with fairness and integrity.”

According to the Group’s credo, individual officers and employees must “maintain high ethical standards, and value honesty and integrity above all” to realize the management principle.

To carry out our corporate activities in accordance with this, and to fulfill our corporate social responsibility (CSR), we have established the Furukawa Electric Group CSR Code of Conduct as the general standard of behavior that should be followed by officers and employees.



CSR Compliance Handbook

Preventing Information Leaks

Information Security System

To play the key role of fulfilling its social responsibility, the Furukawa Battery Group has instituted a basic policy on information security in order to properly manage and utilize information.

An information security management system has also been established, and a risk management plan on information security has been created to implement information security measures in line with social changes.

Measures to prevent information security issues

The Furukawa Battery Group has introduced the following measures to prevent information leaks:

1. Automatic data encryption

To protect against the theft or loss of any computer or USB flash drive that is taken outside the company, we have introduced a system that automatically encrypts all data on computers and USB flash drives. This prevents any business information, such as customer information or business secrets, from being accessed by third parties in the event of theft or loss.

2. Anti-virus measures

Anti-virus software has been installed on all computers connected to the Furukawa Battery Group's network to prevent virus infections. In the event of an infection, administrators and users are automatically notified so that swift action can be taken to prevent the virus from spreading to computers owned by third parties or other employees. The USB flash drives that are allowed to be taken outside the company are restricted to those that have an automatic virus check function to ensure that they are free from viruses.

3. Security measures for mission-critical systems

In accordance with the business continuity plan, mission-critical systems are housed in the data center for protection against disasters, accidents, or other unexpected events. User IDs that are no longer used are automatically deleted to prevent unauthorized third-party access to mission-critical systems.

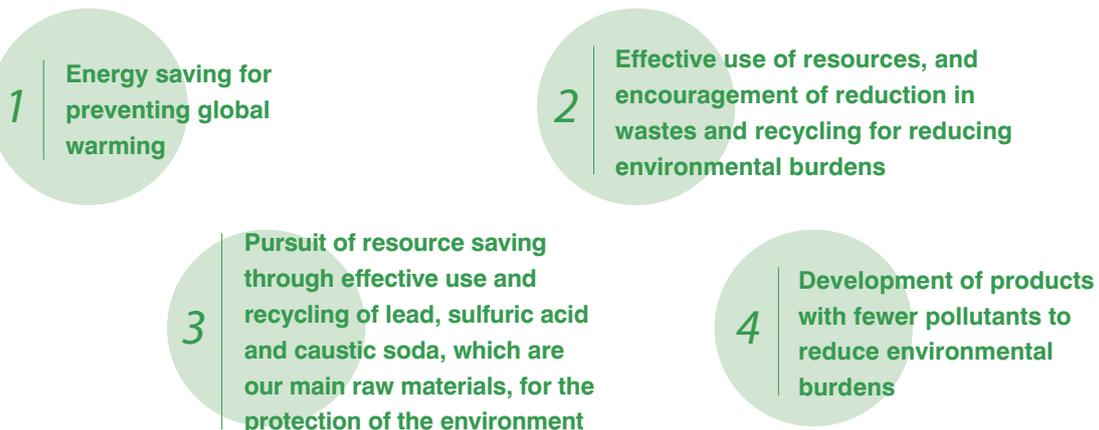
Establishing contacts for whistleblowers

To prevent any compliance violations, we have developed a system that allows any officer or employee to directly contact the Compliance Committee in the event of a compliance violation or possible compliance violation within Furukawa Battery or any group company. Three different contacts are given: (i) an internal contact; (ii) an full-time corporate auditors, to be contacted anonymously; and (iii) an external

contact called the Furukawa Electric Group Hotline that may be contacted anonymously through a third-party organization. The administrative office of the Compliance Committee has a system that collects the information provided to any of these contacts so that prompt action can be taken in response to the reported incident, with full consideration of whistleblower protection.

Environmental Initiatives

Furukawa Battery's plants are located in the beautiful natural environment of Fukushima Prefecture and Tochigi Prefecture. At these sites, not only do we observe environmental legislation and agreements with local government, we also pursue activities to preserve the environment, focusing on the activities shown on the right.



Environmental Activities throughout the Life Cycle

Technical Development

From the viewpoint of energy conservation, in recent years there has been increasing momentum toward recovering and effectively using regenerative energy from continuously operating machinery.

We are working to develop an UltraBattery that efficiently stores regenerative energy for subsequent use.



UltraBattery

Product Planning and Design

At the planning stage, we offer several proposals to take advantage of the product's characteristics. Amid the growing awareness of energy and environmental conservation, we have commercialized batteries for motor vehicles with idle reduction systems. Aside from that, we use recyclable materials and plan and design products to enable recycled items to be used in the design stage.



Batteries for stop and start systems



Batteries for automobiles

Collection and Recycling

In accordance with the concept of recycling resources, we accept used products and packaging materials from the stores and sales channels that handle our products. We then transport these to recycling operators and commission them to be recycled. These recycled materials, such as lead, plastics, and paper, are not only used as product materials, but are also reused as components.



Recycled resin pellets



Recycled metals

Sale

We promote environmentally friendly products to our customers in an effort to not only reduce environmental load in the manufacturing process, but in all stages of our business activities.



Procurement

We control the hazardous chemical substances in our products and components in strict compliance with relevant laws and regulations and stakeholder requests. We are also moving ahead with green procurement. In cooperation with our supply chain, we are endeavoring to deliver safe and environmentally friendly products to users.

Action

We aim to reduce greenhouse gas emissions and the environmentally hazardous substances generated from our plant and office activities, keeping in mind the importance of reducing waste. In local communities, we are actively participating in environmental conservation activities and conducting independent initiatives.

A Furukawa Electric Group poster to increase awareness about saving power



Logistics

In an effort to reduce carbon dioxide, we are working not only to reduce product weights, but also to improve our packaging materials and shipping methods to encourage the reduction and reuse of packaging materials and increase transport efficiency. We are also running a campaign to promote idle reduction on our premises.



Old packaging



New packaging

Controlling the chemicals in our products

We are working to control the chemicals contained in our products and to provide information in compliance with the WEEE Directive, the RoHS Directive, and other regulations that are mainly being instituted in Europe.

The WEEE Directive (2002/96/EC) stipulates in paragraph (1) of Article 6 that it is mandatory to remove and treat separately any component that may have an environmentally hazardous impact prior to the thorough treatment of the collected waste electrical and electronic equipment (WEEE). Annex II of the Directive lists these components, including batteries. This means that the treatment of batteries that are separated in advance is subject to the Battery Directive.

The RoHS Recast Directive (2011/65/EU) provides the following in paragraph (14) of its preamble, which declares that the Battery Directive is preferentially applicable:

(14) This Directive should apply without prejudice to Union legislation on safety and health requirements and specific Union waste management legislation, in particular Directive 2006/66/EC of the European Parliament and of the Council of 6 September 2006 on batteries and accumulators and waste batteries and accumulators (3) and Regulation (EC) No 850/2004.

Batteries exempted from the RoHS Directive are prescribed in paragraph (29) of the preamble for the September 26, 2006, new Battery Directive (2006/66/EC), which states:

(29) Directive 2002/95/EC of the European Parliament and of the Council of 27 January 2003 on the restriction of the use of certain hazardous substances in electrical and electronic equipment does not apply to batteries and accumulators used in electrical and electronic equipment.

We therefore aim to provide information based on the understanding that batteries are not subject to the RoHS Directive.

The Battery Association of Japan expresses a position similar to ours on its website.

 <http://www.baj.or.jp/e/recycle/recycle09.html>

Topics

A support project to take the motor vehicles that were left behind after the nuclear accident out of the 20-kilometer no-entry zone around the Fukushima Dai-ichi Nuclear Power Station.

Upon the request of the Cabinet Office and Tokyo Electric Power Company, Inc., we carried out a support project to take the motor vehicles that were left behind after the nuclear accident out of the 20-kilometer no-entry zone around the Fukushima Dai-ichi Nuclear Power Station.

This project mainly consisted of the daily chartered transport of batteries from our Iwaki Plant to provide the necessary batteries for the vehicle evacuation assistance conducted by Japan Automobile Federation (JAF) and the collection of waste batteries.

This project yielded a total of 473 batteries, of which 428 were collected in the period from December 7–24, 2011, and 45 in the period from April 11–22, 2012. We will continue to offer as much support and cooperation as possible for drivers in the regions affected by the Great East Japan Earthquake.

The waste batteries obtained from this replacement project were collected by our recycling system aimed at recycling resources and later transported to the recycling plant so they could be procured as recycled materials and transformed into new products.



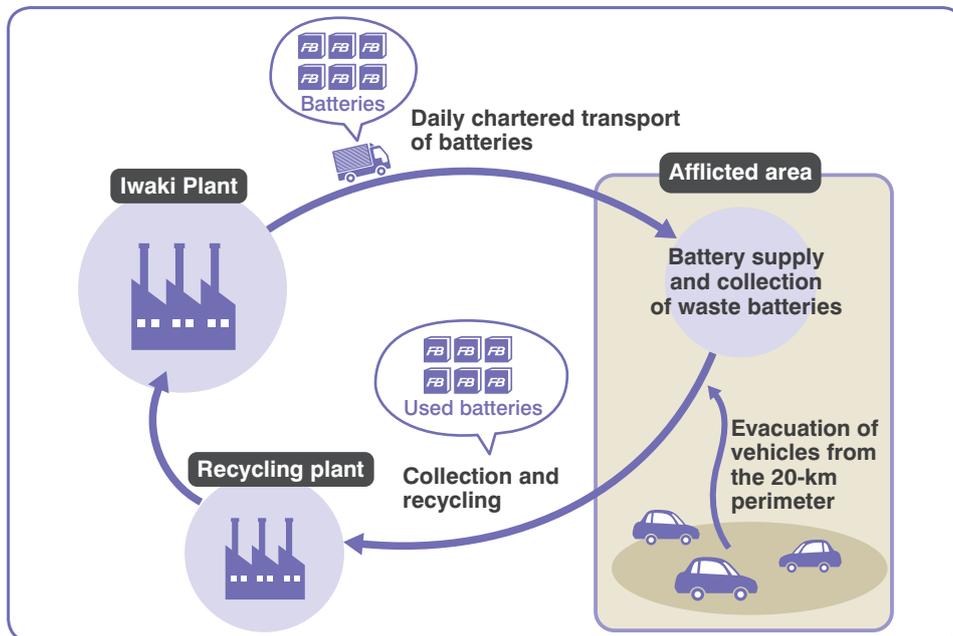
Collection work and batteries yielded



Waste batteries after replacement



A preliminary meeting



Financial Report

Analysis on the financial position

Overview of the current consolidated fiscal year

Cash generated by business operations for the current consolidated fiscal year was 628 million yen, a decline of 4,024 million yen compared to that for the previous consolidated fiscal year.

This mainly reflected an increase in trade accounts receivable, a decline in trade accounts payable and expenditures from a rise in payment of corporation taxes.

Cash used for investment activities was 1,699 million yen, mainly due to the expenditure for the acquisition of tangible fixed assets of 1,626 million yen.

Cash used for financing activities was 674 million yen, principally attributable to expenditure due to the redemption of bonds of 1,680 million yen and dividends paid and expenditure for the repayment of lease liabilities of 261 million yen, offsetting increases in income from short-term and long-term debt of 1,283 million yen.

As a result, cash and cash equivalents at the end of the current consolidated fiscal year decreased by 1,772 million yen from the previous fiscal year to 1,201 million yen.

Cash Flow Indexes

	FY2011	FY2010	FY2009	FY2008	FY2007
Equity capital ratio (%)	29.8	26.3	21.4	17.0	9.3
Equity capital ratio based on current value (%)	47.2	47.3	66.0	84.0	36.1
Number of years for debt redemption (years)	10.8	1.6	2.8	2.2	8.8
Interest coverage ratio	4.3	24.4	15.6	14.9	4.4

* Equity capital ratio: $\text{Equity capital} / \text{Total assets}$

Equity capital ratio based on current value: $\text{Value of shares} / \text{Total assets}$

Number of years for debt redemption: $\text{Interest-bearing debt} / \text{Operating cash flow}$

Interest coverage ratio: $\text{Operating cash flow} / \text{Interest payment}$

Note 1) All ratios were calculated using financial data on a consolidated basis.

Note 2) The value of the shares was calculated by multiplying the term-end share value by the total number of outstanding shares at the end of the term.

Note 3) The operating cash flow used here is the operating cash flow for business operations in the consolidated cash flow statement.

Note 4) Interest-bearing debt is the combined amount of corporate bonds and debts payable recorded in the consolidated balance sheet. The interest payment used here is the amount of interest paid in the consolidated cash flow statement.

Basic policy on return of profits / dividends for current and next periods

Our basic policy is to return profits to shareholders by achieving stable profitability and consistently paying dividends, based on the recognition that returning profits is an important commitment we make to shareholders. Moreover, we believe that dividend payments need to be determined by taking into account trends in results, our financial situation, the dividend

payout ratio, and other factors. To show our appreciation for the continued support of our shareholders, we expect to pay a year-end dividend of 5 yen per share for the current period. Although the operating environment is likely to remain severe, our year-end dividend for the next period is expected to be 5 yen per share.

Financial Report

Consolidated Financial Statements

Consolidated Balance Sheet

The Furukawa Battery Co., Ltd. and its consolidated subsidiaries
At March 31, 2012, 2011, 2010, 2009 and 2008

Unit: Million yen

Assets	2011	2010	2009	2008	2007
Current assets					
Cash and deposits	1,201	2,974	2,634	2,829	1,759
Bill receivable and trade account receivable	10,008	9,512	10,616	9,792	14,133
Commodities and products	1,581	1,468	1,244	1,403	5,234
Products in process	2,057	2,047	1,658	2,019	
Raw materials and stored goods	628	610	583	469	
Deferred tax assets	248	272	283	296	348
Others	468	430	401	423	668
Bad debt reserve	(30)	(41)	(60)	(50)	(39)
Total current assets	16,163	17,274	17,362	17,184	22,105
Fixed assets					
Tangible fixed assets					
Buildings and structures	11,381	11,212	10,895	9,191	9,415
Cumulative amount of depreciation	(7,667)	(7,426)	(7,164)	(6,029)	5,952
Buildings and structures (net amount)	3,713	3,785	3,730	3,162	3,462
Machines, equipment and transport equipment	21,800	21,108	20,646	20,308	20,786
Cumulative amount of depreciation	(18,343)	(17,785)	(16,877)	(16,517)	(16,636)
Machines, equipment and transport equipment (net amount)	3,456	3,322	3,769	3,790	4,149
Tools, apparatus and fixtures	6,272	6,177	–	–	–
Cumulative amount of depreciation	(5,939)	(5,804)	–	–	–
Tools, apparatus and fixtures (net amount)	333	372	–	–	–
Machines, transport equipment, tools, apparatus and fixtures	–	–	6,045	5,962	5,870
Cumulative amount of depreciation	–	–	(5,660)	(5,483)	(5,331)
Machines, transport equipment, tools, apparatus and fixtures (net amount)	–	–	385	479	539
Land	6,008	6,023	5,862	2,878	2,878
Leased assets	418	297	200	75	–
Cumulative amount of depreciation	(152)	(86)	(38)	(9)	–
Leased assets (net amount)	266	210	161	65	–
Construction in process account	266	158	88	163	286
Total tangible fixed assets	14,044	13,873	13,998	10,539	11,316
Intangible fixed assets					
Goodwill	154	58	88	117	146
Leased assets	37	42	52	44	–
Others	55	51	46	45	42
Total intangible fixed assets	247	152	187	207	189
Investments and other assets					
Investment securities	1,413	1,430	1,471	1,594	2,072
Deferred tax assets	2,067	2,068	1,888	1,990	1,615
Others	169	281	292	244	323
Bad debt reserve	(13)	(109)	(123)	(74)	(98)
Total investments and other assets	3,637	3,671	3,529	3,755	3,912
Total fixed assets	17,929	17,698	17,715	14,503	15,418
Total assets	34,903	34,972	35,077	31,687	37,523

Unit: Million yen

Liabilities	2011	2010	2009	2008	2007
Current liabilities					
Bills payable and trade account payable	5,823	7,193	7,813	6,606	12,136
Short-term debt	3,145	2,827	3,896	5,772	10,682
Bonds to be redeemed within one year	1,200	1,680	1,180	1,240	–
Lease liabilities	111	83	62	29	–
Income taxes payable	560	868	340	1,270	399
Unpaid consumption taxes	223	128	119	344	257
Bonus reserve	477	458	450	460	451
Directors' bonus reserve	3	3	19	–	–
Provision for loss on disaster	–	68	–	–	–
Others	1,592	1,581	1,625	1,464	1,951
Total current liabilities	13,139	14,893	15,507	17,188	25,879
Fixed liabilities					
Bonds	300	1,500	3,180	2,460	1,500
Long-term debts	2,170	1,205	1,255	1,175	1,664
Lease liabilities	210	184	165	87	–
Deferred tax liabilities	937	1,085	1,057	0	–
Retirement benefit reserve	5,788	5,414	5,005	5,173	4,829
Officers' retirement allowance reserve	–	–	99	88	63
Environmental expenditure reserve	18	18	18	18	18
Negative goodwill	323	388	453	–	–
Asset retirement obligations	8	8	–	–	–
Others	572	577	374	20	18
Total fixed liabilities	10,329	10,381	11,607	9,022	8,094
Total liabilities	23,468	25,275	27,114	26,211	33,973

Net assets

Shareholders' equity					
Capital stock	1,640	1,640	1,640	1,640	1,640
Capital surplus	422	422	422	422	422
Earned surplus	8,118	6,917	5,270	3,379	1,083
Treasury stock	(6)	(6)	(5)	(4)	(2)
Total shareholders' equity	10,174	8,973	7,327	5,437	3,143
Accumulated other comprehensive income					
Valuation gains and losses on other securities	359	330	355	216	487
Deferred hedge gains and losses	(12)	63	(30)	(55)	(208)
Translation adjustment account	(350)	(171)	(144)	(200)	63
Total accumulated other comprehensive income	(3)	222	180	(39)	342
Minority interests	453	501	454	78	65
Total net assets	10,624	9,697	7,962	5,475	3,550
Total liabilities and net assets	34,903	34,972	35,077	31,687	37,523

Financial Report

Consolidated Income Statement

The Furukawa Battery Co., Ltd. and its consolidated subsidiaries
For the years ended March 31, 2012, 2011, 2010, 2009 and 2008

Unit: Million yen

Assets	2011	2010	2009	2008	2007
Sales	42,064	43,204	40,206	46,900	52,953
Cost of sales	31,277	31,719	29,213	34,747	42,937
Gross profit on sales	10,787	11,485	10,993	12,152	10,016
Selling, general and administrative expenses					
Selling expenses	1,883	1,972	1,961	2,712	2,965
General and administrative expenses	6,409	6,126	5,594	5,629	5,524
Total selling, general and administrative expenses	8,293	8,099	7,555	8,342	8,489
Operating income	2,494	3,385	3,437	3,810	1,526
Non-operating income					
Interests received	10	2	2	2	2
Dividends received	71	34	34	21	20
Amortization of negative goodwill	64	64	64	-	-
Equity in earnings of affiliates	-	-	-	39	33
House rents borne by employees	32	32	31	29	32
Policyholders' dividends	-	-	5	15	23
Gain on sale of scraps	-	-	-	11	31
Exchange gains	12	-	19	-	-
Insurance income	-	-	19	-	-
Others	94	70	40	58	52
Total non-operating income	286	205	218	178	196
Non-operating expense					
Interests paid	146	189	217	326	359
Bond issuance cost	-	-	31	-	-
Exchange losses	-	3	-	50	10
Others	29	32	28	68	41
Total non-operating expense	175	226	276	445	412
Income before income taxes	2,604	3,364	3,378	3,542	1,310
Extraordinary gain					
Gain on sales of fixed assets	0	-	0	0	1
Gain on sales of investment securities	60	-	0	-	-
Amount of reimbursement from bad debt reserve	-	34	6	8	69
Transfer from reserve for loss on disaster	25	-	-	-	-
Others	-	-	0	2	0
Total extraordinary gain	86	34	7	11	71
Extraordinary loss					
Impairment loss	-	-	41	-	-
Loss on disposal of fixed assets	24	18	30	31	28
Valuation loss on investment securities	-	-	2	49	5
Sale loss on investment securities	-	-	0	-	-
Valuation loss on golf club memberships	-	6	-	3	-
Loss on adjustment for changes of accounting standards for asset retirement obligations	-	7	-	-	-
Amount of addition to environmental expenditure reserve	-	-	-	-	18
Loss on disaster	46	211	-	-	-
Total extraordinary loss	71	243	74	83	51
Current net income before adjustment of taxes	2,619	3,155	3,311	3,470	1,330
Corporation tax, inhabitant tax and enterprise tax	1,240	1,439	1,144	1,421	406
Amount of adjustment of corporation tax	(61)	(190)	67	(275)	192
Total corporation taxes	1,178	1,249	1,212	1,145	599
Net income before minority interests	1,441	1,906	-	-	-
Minority interests	75	62	44	28	1
Current net income	1,365	1,843	2,054	2,296	729

Consolidated Statement of Comprehensive Income

The Furukawa Battery Co., Ltd. and its consolidated subsidiaries
For the year ended March 31, 2012 and 2011

Unit: Million yen

Assets	2011	2010	2009	2008	2007
Net income before minority interests	1,441	1,906	-	-	-
Other comprehensive income					
Valuation gains and losses on other securities	27	(24)	-	-	-
Deferred hedge gains and losses	(77)	94	-	-	-
Translation adjustment account	(37)	(28)	-	-	-
Total other comprehensive income	(86)	41	-	-	-
Comprehensive income	1,354	1,947	-	-	-
Attributable to : Shareholders of the parent company	1,139	1,885	-	-	-
Minority interests	215	61	-	-	-

Consolidated Statements of Changes in Net Assets (1)

The Furukawa Battery Co., Ltd. and its consolidated subsidiaries
For the years ended March 31, 2012, 2011, 2010, 2009 and 2008

Unit: Million yen

Shareholders' equity	2011	2010	2009	2008	2007
Capital stock					
Balance at the end of previous fiscal year	1,640	1,640	1,640	1,640	1,640
Changes during current fiscal year				-	-
Total changes during current fiscal year		-	-	-	-
Balance at the end of current fiscal year	1,640	1,640	1,640	1,640	1,640
Capital surplus					
Balance at the end of previous fiscal year	422	422	422	422	422
Changes during current fiscal year				-	-
Total changes during current fiscal year		-	-	-	-
Balance at the end of current fiscal year	422	422	422	422	422
Earned surplus					
Balance at the end of previous fiscal year	6,917	5,270	3,379	1,083	353
Changes during current fiscal year					
Dividends from surplus	(163)	(196)	(163)	-	-
Net income	1,365	1,843	2,054	2,296	729
Total changes during current fiscal year	1,201	1,646	1,890	2,296	729
Balance at the end of current fiscal year	8,118	6,917	5,270	3,379	1,083
Treasury stock					
Balance at the end of previous fiscal year	(6)	(5)	(4)	(2)	(5)
Changes during current fiscal year					
Purchase of treasury stock	0	(0)	(0)	(2)	0
Sale of treasury stock					3
Total changes during current fiscal year	0	(0)	(0)	(2)	3
Balance at the end of current fiscal year	(6)	(6)	(5)	(4)	(2)
Total shareholders' equity					
Balance at the end of previous fiscal year	8,973	7,327	5,437	3,143	2,410
Changes during current fiscal year					
Dividends from surplus	(163)	(196)	(163)	-	-
Net income	1,365	1,843	2,054	2,296	729
Purchase of treasury stock	0	(0)	(0)	(2)	0
Sale of treasury stock					3
Total changes during current fiscal year	1,201	1,645	1,889	2,294	732
Balance at the end of current fiscal year	10,174	8,973	7,327	5,437	3,143

Financial Report

Consolidated Statements of Changes in Net Assets (2)

The Furukawa Battery Co., Ltd. and its consolidated subsidiaries
For the years ended March 31, 2012, 2011, 2010, 2009 and 2008

Unit: Million yen

Accumulated other comprehensive income	2011	2010	2009	2008	2007
Valuation gains and losses on other securities					
Balance at the end of previous fiscal year	330	355	216	487	695
Changes during current fiscal year					
Net changes other than shareholders' equity during current fiscal year	28	(25)	139	(271)	(207)
Total changes during current fiscal year	28	(25)	139	(271)	(207)
Balance at the end of current fiscal year	359	330	355	216	487
Deferred hedge gains and losses					
Balance at the end of previous fiscal year	63	(30)	(55)	(208)	-
Changes during current fiscal year					
Net changes other than shareholders' equity during current fiscal year	(76)	94	24	153	(208)
Total changes during current fiscal year	(76)	94	24	153	(208)
Balance at the end of current fiscal year	(12)	63	(30)	(55)	(208)
Translation adjustment account					
Balance at the end of previous fiscal year	(171)	(144)	(200)	63	(39)
Changes during current fiscal year					
Net changes other than shareholders' equity during current fiscal year	(179)	(27)	56	(264)	102
Total changes during current fiscal year	(179)	(27)	56	(264)	102
Balance at the end of current fiscal year	(350)	(171)	(144)	(200)	63
Total accumulated other comprehensive income					
Balance at the end of previous fiscal year	222	180	(39)	342	655
Changes during current fiscal year					
Net changes other than shareholders' equity during current fiscal year	(226)	41	220	(381)	(313)
Total changes during current fiscal year	(226)	41	220	(381)	(313)
Balance at the end of current fiscal year	(3)	222	180	(39)	342

Minority interests	2011	2010	2009	2008	2007
Balance at the end of previous fiscal year	501	454	78	65	60
Changes during current fiscal year					
Net changes other than shareholders' equity during current fiscal year	(47)	47	376	12	4
Total changes during current fiscal year	(47)	47	376	12	4
Balance at the end of current fiscal year	453	501	454	78	65

Total net assets	2011	2010	2009	2008	2007
Balance at the end of previous fiscal year	9,697	7,962	5,475	3,550	3,126
Changes during current fiscal year					
Dividends from surplus	(163)	(196)	(163)	-	-
Net income	1,365	1,843	2,054	2,296	729
Purchase of treasury stock	0	(0)	(0)	(2)	0
Net changes other than shareholders' equity during current fiscal year	(274)	88	596	(368)	(309)
Total changes during current fiscal year	927	1,734	2,486	1,925	423
Balance at the end of current fiscal year	10,624	9,697	7,962	5,475	3,550

Consolidated Cash Flow Statement (1)

The Furukawa Battery Co., Ltd. and its consolidated subsidiaries
For the years ended March 31, 2012, 2011, 2010, 2009 and 2008

Unit: Million yen

Cash flow for business operations	2011	2010	2009	2008	2007
Current net income before adjustment of taxes	2,619	3,155	3,311	3,470	1,330
Depreciation expense	1,661	1,661	1,640	1,555	1,376
Impairment loss	–	–	41	–	–
Amortization of goodwill	(24)	(35)	(35)	29	29
Increase (decrease) in bad debt reserve	(107)	(33)	59	(11)	(34)
Interests and dividends received	(81)	(37)	(36)	(24)	(22)
Interests paid	146	189	217	326	359
Equity in losses (earnings) of affiliates	–	–	–	(39)	(33)
Bond issuance cost	–	–	31	–	–
Retirement loss on tangible fixed assets	24	18	30	31	28
Sale loss (gain) on tangible fixed assets	(0)	–	(0)	(0)	(1)
Valuation loss (gain) on investment securities	–	–	2	49	–
Sale loss (gain) on investment securities	(60)	–	(0)	(0)	–
Valuation loss on golf club memberships	–	6	–	3	–
Loss on adjustment for changes of accounting standards for asset retirement obligations	–	7	–	–	–
Loss on disaster	46	–	–	–	–
Amount of decrease (increase) in trade account receivable	(559)	1,087	(768)	3,703	(2,901)
Amount of decrease (increase) in inventories	(203)	(655)	434	960	(769)
Amount of increase (decrease) in trade account payable	(1,455)	(552)	1,099	(4,941)	2,116
Amount of increase (decrease) in bonus reserve	(19)	8	(10)	8	57
Amount of increase (decrease) in directors' bonus reserve	0	(16)	15	–	–
Amount of increase (decrease) in retirement benefit reserve	373	409	(171)	343	152
Amount of increase (decrease) in officers' retirement allowance reserve	–	(99)	11	24	(5)
Amount of addition to environmental expenditure reserve	–	–	–	–	18
Amount of increase (decrease) in provision for loss on disaster	(68)	68	–	–	–
Amount of increase (decrease) in unpaid consumption taxes	102	14	(221)	87	161
Others	(157)	510	(17)	83	92
Subtotal	2,276	5,707	5,633	5,661	1,955
Amount of interests and dividends received	81	37	36	39	36
Amount of interests paid	(145)	(190)	(214)	(322)	(356)
Amount of payment for loss on disaster	(46)	–	–	–	–
Amount of payment of corporation taxes	(1,538)	(902)	(2,105)	(560)	(65)
Cash flow for business operations	628	4,652	3,350	4,817	1,569

Financial Report

Consolidated Cash Flow Statement (2)

The Furukawa Battery Co., Ltd. and its consolidated subsidiaries
For the years ended March 31, 2012, 2011, 2010, 2009 and 2008

Unit: Million yen

Cash flow for investment activities	2011	2010	2009	2008	2007
Proceeds from withdrawal of time deposits	–	15	–	–	–
Expenditure for acquisition of tangible fixed assets	(1,626)	(1,716)	(1,100)	(1,047)	(1,294)
Income from sale of tangible fixed assets	0	0	0	0	1
Expenditure for acquisition of intangible fixed assets	(12)	(9)	(5)	(60)	(6)
Expenditure for acquisition of investment securities	(4)	(4)	(3)	(3)	(3)
Income from sale of investment securities	88	–	7	0	–
Expenditure for acquisition of investments in subsidiaries due to new consolidation	(248)	–	(394)	–	–
Others	103	(2)	(46)	54	(60)
Cash flow for investment activities	(1,699)	(1,717)	(1,543)	(1,057)	(1,362)

Cash flow for financing activities	2011	2010	2009	2008	2007
Amount of net increase (decrease) in short-term debts	143	(1,205)	(2,507)	(4,110)	(1,280)
Income from long-term debts	1,700	700	600	–	2,000
Expenditure for repayment of long-term debts	(560)	(610)	(506)	(698)	(323)
Income due to issue of bonds	–	–	1,968	2,160	490
Expenditure due to redemption of bonds	(1,680)	(1,180)	(1,340)	–	–
Expenditure for repayment of lease liabilities	(97)	(74)	(44)	(18)	–
Dividends paid	(163)	(196)	(163)	–	–
Dividends paid to minority shareholders	(16)	(14)	(23)	–	–
Others	(0)	(0)	(0)	(2)	(3)
Cash flow for financing activities	(674)	(2,583)	(2,017)	(2,669)	889
Translation gain or loss on cash and cash equivalent	(26)	2	0	(20)	0
Amount of increase (decrease) in cash and cash equivalent	(1,772)	354	(210)	1,069	1,097
Opening balance of cash and cash equivalent	2,974	2,619	2,829	1,759	644
Amount of increase in cash and cash equivalents after addition of newly consolidated subsidiaries					17
Closing balance of cash and cash equivalent	1,201	2,974	2,619	2,829	1,759

Corporate Profile

Corporate Name	The Furukawa Battery Co., Ltd.
Head Office	Hoshikawa SF Bldg., 2-4-1 Hoshikawa, Hodogaya-Ku, Yokohama City, Kanagawa Prefecture 240-0006 JAPAN Phone : +81-45-336-5034 Fax: +81-45-333-3511
Established	September 1, 1950 (Spun off from Furukawa Electric Co., Ltd.)
President	Katsutoshi Tokuyama
Paid-in Capital	1.64 billion JPY (As of March 31, 2012)
Number of Employees	1,793 [Consolidated], 816 [Non-Consolidated] (As of March 31, 2012)
Major Products	<ul style="list-style-type: none"> ● Lead-Acid Storage Batteries: For automobiles, motorcycles, electric powered vehicles, trains, aircrafts, industrial equipment, ships, solar power generation system and others. ● Alkaline Storage Batteries: For office equipment, office automation equipment, measurement instruments, ups, space satellites, fire alarms, aircrafts, and others. ● Power Supply Systems: DC power supply systems, AC uninterruptible power supply systems (UPS) and others. ● Other Items: Converters, battery charger, battery testers, electrical work, telecommunications work, and others.

Head Office and Plants



Head Office

Hoshikawa SF Bldg., 2-4-1 Hoshikawa, Hodogaya-Ku, Yokohama City, Kanagawa Prefecture 240-0006 JAPAN
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Fax : +81-246-43-5643



Imaichi Plant

597 Otorozawa Aza Uehara, Nikko City, Tochigi Prefecture 321-2336 JAPAN
Phone : +81-288-22-3111
Fax : +81-288-22-3114



FB Plant

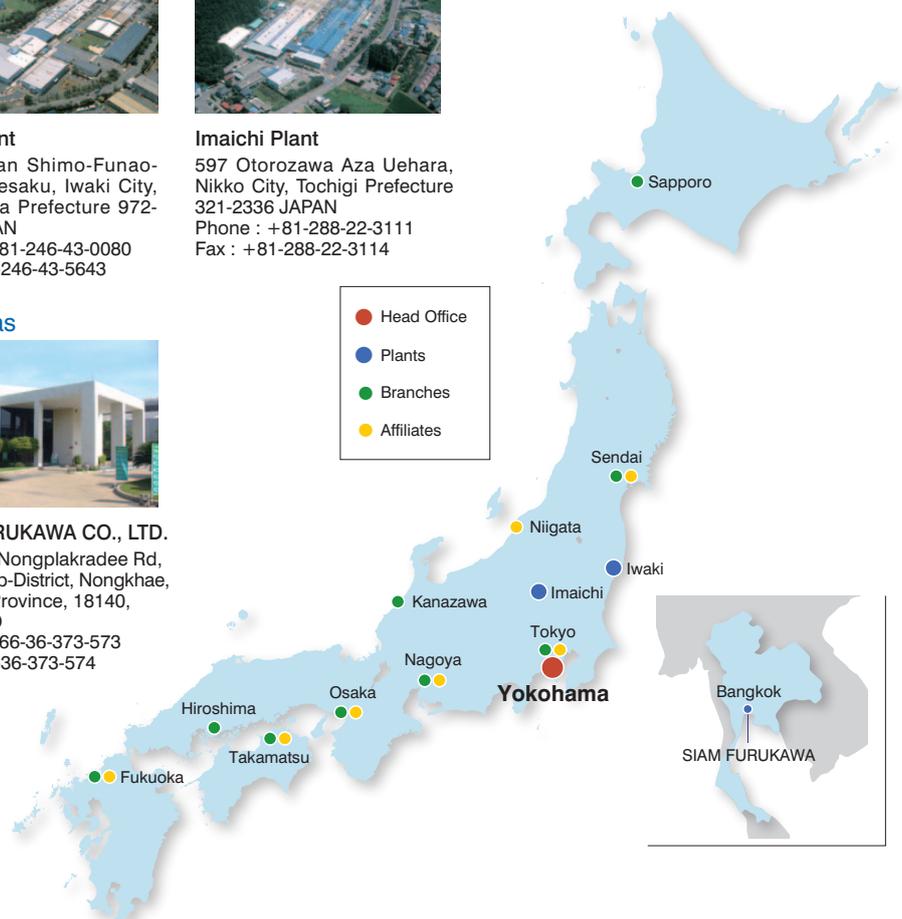
1066-22 Harigai Aza Kayaba, Nikko City, Tochigi Prefecture 321-2331 JAPAN
Phone : +81-288-26-8061
Fax : +81-288-26-8089

Overseas



SIAM FURUKAWA CO., LTD.

33 Moo 4 Nongplakradee Rd, Bualoy Sub-District, Nongkhae, Saraburi Province, 18140, THAILAND
Phone : +66-36-373-573
Fax : +66-36-373-574



Our Shares

Shares outstanding (common shares) Total number of shares authorized: 80,000,000
 Number of treasury stock at the end of the term: 32,800,000 (as of March 31, 2012)

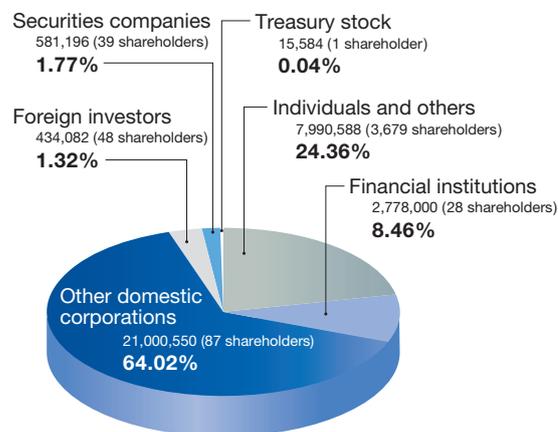
Number of shareholders 3,882

Major shareholders (as of March 31, 2012)

Name	Investment Status	
	No. of shares (Thousand shares)	Shareholding ratio (%)
Furukawa Electric Co., Ltd.	18,781	57.29
Furukawa Battery's client stock ownership	579	1.77
Toyota Motor Corporation	550	1.68
Asahi Mutual Life Insurance Co.	440	1.34
Sompo Japan Insurance Inc.	337	1.03

Note: The shareholding ratio is calculated by excluding the number of treasury stock.

Distribution of shares (as of March 31, 2012)



FB FURUKAWA BATTERY

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