

## Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2014 [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	
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Scheduled date of filing of quarterly securities report:	August 12, 2014
Scheduled date of commencement of dividend payment:	-
Supplementary documents for quarterly financial results:	None
Quarterly financial results briefing:	None

(Yen in millions, rounded down)

### 1. Financial results for the first quarter ended June 30, 2014 (April 1, 2014 – June 30, 2014)

## (1) Result of operations (Consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended June 30, 2014	10,272	3.4	50	(7.7)	99	(29.3)	55	(2.5)
First quarter ended June 30, 2013	9,936	4.6	55	(45.1)	140	(2.8)	56	82.9

Notes: Comprehensive income

First quarter ended June 30, 2014: 193 million yen (yoy (66.8)%)

First quarter ended June 30, 2013: 582 million yen (yoy 639.4%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
First quarter ended June 30, 2014	1.69	—
First quarter ended June 30, 2013	1.73	—

## (2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2014	42,805	15,518	33.5
As of March 31, 2014	41,597	15,034	35.0

Reference: Equity

As of June 30, 2014: 14,318 million yen

As of March 31, 2014: 14,558 million yen

### 2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2014	-	-	-	6.00	6.00
Fiscal year ending March 31, 2015	-	-	-	-	-
Fiscal year ending March 31, 2015 (forecast)	-	-	-	6.00	6.00

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

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

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	22,000	2.0	200	(60.7)	210	(66.3)	140	(66.3)	4.27
Full year	52,000	4.9	2,900	8.5	2,900	0.6	2,000	0.5	61.01

Note: Revisions to the consolidated earnings forecasts most recently announced: None

#### Notes:

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): Newly included: None Excluded: None
- (2) Use of accounting methods that are specific to the preparation of the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements:
  - (a) Changes in accounting policies accompanying revisions in accounting standards: Yes
  - (b) Changes other than in (a): None
  - (c) Changes in accounting estimates: None
  - (d) Retrospective restatements: None

Note: For details, please refer to "2. Items Concerning Summary Information (Notes) (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement" on page 3 of Accompanying Materials Contents.
- (4) Number of shares outstanding (common stock)
  - (a) Shares outstanding (including treasury stock)

As of June 30, 2014: 32,800,000 shares As of March 31, 2014: 32,800,000 shares
  - (b) Treasury stock

As of June 30, 2014: 17,184 shares As of March 31, 2014: 16,769 shares
  - (c) Average number of shares outstanding during the period (Cumulative)

First quarter ended June 30, 2014: 32,783,023 shares First quarter ended June 30, 2013: 32,783,331 shares

\*Information concerning implementation status of the quarterly review procedure:

This quarterly earnings report is not subject to the quarterly review procedure prescribed by the Financial Instruments and Exchange Act. The quarterly review procedure for the quarterly financial statements that is prescribed by the Financial Instruments and Exchange Act had not been completed when this earnings report was released.

\* Explanation of the proper use of these earnings forecasts and other matters:

Forward-looking statements in these materials are based on information available to management at the time this report was prepared, and on assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. Please refer to "1. Qualitative Information Regarding Results of Operations for the First Quarter (3) Explanation Regarding Forecast for Fiscal Year Ending March 31, 2015" on page 2 of Accompanying Materials Contents for details on the assumptions used and other related matters concerning the forecast of consolidated financial results.

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## 1. Qualitative Information Regarding Results of Operations for the First Quarter

### (1) Explanation Regarding Results of Operations

In the first quarter of the current fiscal year, individual consumption declined due to the rebound after the rush demand that occurred before the raising of the consumption tax rate, and a corresponding decline in imports and mining and manufacturing production was also seen. Going forward, a recovery due to an improvement in consumer confidence against a background of an improving employment and income environment is forecast, but the economic situation in Japan is still uncertain due to the impact of the rise in commodity prices caused by the increase in the consumption tax rate and the weaker yen, and in addition due to the decline in exports due to the slowdown in the emerging economies.

First quarter consolidated sales increased 336 million yen, or 3.4%, from one year earlier to 10,272 million yen. Overseas sales were 3,954 million yen and were 38.5% of total sales.

Operating income was 50 million yen and ordinary income was 99 million yen, mainly due to the rise in the price of lead, our main raw material, and the impact of the exchange rate.

Furthermore, we recorded a loss on disposal of noncurrent assets of 7 million yen as an extraordinary loss so after the deduction of taxes, net income for the quarter was 55 million yen.

### (2) Explanation Regarding Financial Position

Total assets were 42,805 million yen at the end of the first quarter, 1,208 million yen more than at the end of the previous fiscal year. Current assets decreased 541 million yen to 17,174 million yen mainly because of a decrease in notes and accounts receivable-trade. Noncurrent assets increased 1,750 million yen to 25,631 million yen.

There was a 2,303 million yen increase in property, plant and equipment to 21,190 million yen mainly because we converted the subsidiary in Indonesia into a consolidated subsidiary.

Investments and other assets decreased 538 million yen to 4,168 million yen.

Total liabilities increased 724 million yen to 27,286 million yen. Current liabilities increased 631 million yen to 15,214 million yen and noncurrent liabilities increased 92 million yen to 12,072 million yen.

Interest-bearing debt, which is the sum of short-term loans payable, long-term loans payable and bonds payable, increased 804 million yen to 9,387 million yen.

Equity decreased 239 million yen to 14,318 million yen, resulting in an increase in the equity ratio from 35.0% at the end of the previous fiscal year to 33.5% at the end of the first quarter.

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

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

## 2. Items Concerning Summary Information (Notes)

### (1) Changes in Significant Subsidiaries during the First Quarter Ended June 30, 2014

Not applicable

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

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

#### (i) Significant changes in the scope of the consolidation

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

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

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

### (2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements

First quarter income taxes are calculated by multiplying first quarter income before income taxes by a reasonable estimate of the effective tax rate, after application of tax effect accounting, for estimated income before income taxes in the current fiscal year, including the first quarter. Deferred taxes are included in income taxes.

### (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

Change in accounting policy

(Application of the Accounting Standard for Retirement Benefits, etc.)

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

Regarding application of the Retirement Benefits Accounting Standard, etc., in accordance with the transitional treatment stipulated in the Retirement Benefits Accounting Standard, Paragraph 37, at the beginning of the first quarter ended June 30, 2014, we adjusted the effect resulting from changing the method of calculating the retirement benefit obligations and business expenses in the retained earnings.

As a result of this, the net defined benefit liability at the beginning of the first quarter ended June 30, 2014 increased 338 million yen, and the retained earnings declined 218 million yen. Note that the impact of this change on operating income, ordinary income and income before income taxes in the first quarter under review is minor.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	Fiscal year ended March 31, 2014 (As of March 31, 2014)	First quarter ended June 30, 2014 (As of June 30, 2014)
<b>ASSETS</b>		
Current assets		
Cash and deposits	2,097	3,051
Notes and accounts receivable-trade	10,396	7,389
Merchandise and finished goods	1,498	2,363
Work in process	2,358	2,609
Raw materials and supplies	651	636
Deferred tax assets	247	295
Other	475	836
Allowance for doubtful accounts	(8)	(8)
Total current assets	17,716	17,174
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,607	3,584
Machinery, equipment and vehicles, net	3,946	3,859
Tools, furniture and fixtures, net	456	395
Land	6,053	7,356
Lease assets, net	267	249
Construction in progress	4,554	5,743
Total property, plant and equipment	18,886	21,190
Intangible assets		
Goodwill	103	95
Lease assets	16	13
Other	168	164
Total intangible assets	288	273
Investments and other assets		
Investment securities	2,750	2,167
Deferred tax assets	1,820	1,861
Other	153	156
Allowance for doubtful accounts	(18)	(17)
Total investments and other assets	4,706	4,168
Total noncurrent assets	23,880	25,631
Total assets	41,597	42,805

(Million yen)

	Fiscal year ended March 31, 2014 (As of March 31, 2014)	First quarter ended June 30, 2014 (As of June 30, 2014)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	5,654	5,181
Short-term loans payable	4,978	6,052
Current portion of bonds	100	100
Lease obligations	118	113
Income taxes payable	325	259
Accrued consumption taxes	92	11
Deferred tax liabilities	2	-
Provision for bonuses	559	222
Provision for directors' bonuses	2	-
Notes payable-facilities	347	707
Other	2,400	2,565
Total current liabilities	14,582	15,214
Noncurrent liabilities		
Long-term loans payable	3,505	3,235
Lease obligations	182	166
Deferred tax liabilities	937	937
Net defined benefit liability	6,628	7,017
Provision for environmental measures	18	18
Negative goodwill	194	177
Asset retirement obligations	8	8
Other	505	511
Total noncurrent liabilities	11,980	12,072
Total liabilities	26,562	27,286
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	11,596	11,236
Treasury stock	(6)	(7)
Total shareholders' equity	13,651	13,291
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	713	813
Deferred gains or losses on hedges	(2)	(7)
Foreign currency translation adjustment	402	376
Remeasurements of defined benefit plans	(205)	(154)
Total accumulated other comprehensive income	907	1,027
Minority interests	476	1,199
Total net assets	15,034	15,518
Total liabilities and net assets	41,597	42,805

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

(Million yen)

	First quarter ended June 30, 2013 (From April 1, 2013 to June 30, 2013)	First quarter ended June 30, 2014 (From April 1, 2014 to June 30, 2014)
Net sales	9,936	10,272
Cost of sales	7,700	8,065
Gross profit	2,235	2,207
Selling, general and administrative expenses	2,180	2,156
Operating income	55	50
Non-operating income		
Interest income	2	2
Dividends income	47	52
Amortization of negative goodwill	16	16
Subsidies for employment adjustment	21	26
Foreign exchange gains	8	-
Other	28	26
Total non-operating income	123	124
Non-operating expenses		
Interest expenses	21	24
Foreign exchange losses	-	33
Share of loss of entities accounted for using equity method	-	1
Other	17	16
Total non-operating expenses	38	76
Ordinary income	140	99
Extraordinary loss		
Loss on disposal of noncurrent assets	0	7
Total extraordinary losses	0	7
Income before income taxes	139	92
Total income taxes	76	34
Income before minority interests	63	57
Minority interests in income	6	2
Net income	56	55



(Quarterly Consolidated Statements of Comprehensive Income (Cumulative))

(Million yen)

	First quarter ended June 30, 2013 (From April 1, 2013 to June 30, 2013)	First quarter ended June 30, 2014 (From April 1, 2014 to June 30, 2014)
Income before minority interests	63	57
Other comprehensive income		
Valuation difference on available-for-sale securities	124	101
Deferred gains or losses on hedges	(38)	(4)
Foreign currency translation adjustment	432	(14)
Remeasurements of defined benefit plans, net of tax	-	51
Share of other comprehensive income of entities accounted for using equity method	-	1
Total other comprehensive income	519	135
Comprehensive income	582	193
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	575	175
Comprehensive income attributable to minority interests	6	17

(3) Notes on Quarterly Consolidated Financial Statements

(Note Concerning Premise of Ongoing Concern)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable