

Summary of Consolidated Financial Results for the Year Ended March 31, 2014 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	http://www.furukawadenchi.co.jp
Representative	
Title:	President & CEO
Name:	Katsutoshi Tokuyama
Contact Person	
Title:	Director & Corporate Officer
Name:	Shigeru Takaku
Tel:	+81-(0)45- 336-5034
Scheduled date of ordinary general meeting of shareholders:	June 25, 2014
Scheduled date of commencement of dividend payment:	June 26, 2014
Scheduled date of filing of securities report:	June 25, 2014
Supplementary documents for financial results:	None
Financial results briefing:	None

(Yen in millions, rounded down)

1. Financial results for the fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Result of operations (Consolidated)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2014	49,556	11.7	2,673	(2.1)	2,882	0.4	1,990	7.7
Fiscal year ended March 31, 2013	44,380	5.5	2,731	9.5	2,870	10.2	1,847	35.3

Notes: Comprehensive income

Fiscal year ended March 31, 2014: 2,626 million yen (yoy 10.8%)

Fiscal year ended March 31, 2013: 2,370 million yen (yoy 74.9%)

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary income to assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2014	60.70	—	14.8	7.5	5.4
Fiscal year ended March 31, 2013	56.36	—	16.4	8.3	6.2

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2014: — million yen

Fiscal year ended March 31, 2013: — million yen

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2014	41,597	15,034	35.0	444.08
As of March 31, 2013	35,057	12,820	35.3	377.03

Reference: Equity

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

As of March 31, 2013: 12,360 million yen

(3) Cash flow position (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2014	3,702	(5,737)	2,246	2,097
Fiscal year ended March 31, 2013	3,606	(1,974)	(1,131)	1,767

2. Dividends

	Dividends per share					Aggregate amount (annual)	Payout ratio (Consolidated)	Dividends/ net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2013	—	—	—	6.00	6.00	196	10.6	1.7
Fiscal year ended March 31, 2014	—	—	—	6.00	6.00	196	9.9	1.5
Fiscal year ending March 31, 2015 (forecast)	—	—	—	6.00	6.00		9.8	

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

Notes:

(1) Changes in significant subsidiaries (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: Yes

(b) Changes other than in (a): Yes

(c) Changes in accounting estimates: Yes

(d) Retrospective restatements: None

Note: For details, please refer to “Consolidated Financial Statements (5) Notes on Consolidated Financial Statements (Change in Accounting Policy)” on page 14 of accompanying materials contents.

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of March 31, 2014: 32,800,000 shares

As of March 31, 2013: 32,800,000 shares

(b) Treasury stock

As of March 31, 2014: 16,769 shares

As of March 31, 2013: 16,669 shares

(c) Average number of shares outstanding during the period

Fiscal year ended March 31, 2014: 32,783,300 shares

Fiscal year ended March 31, 2013: 32,784,236 shares

Non-consolidated financial results (For reference)**1. Financial results for the fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)**

(1) Result of operations (Non-consolidated)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2014	35,320	7.9	1,152	(17.9)	1,725	7.4	1,230	11.2
Fiscal year ended March 31, 2013	32,734	1.1	1,404	17.8	1,607	16.1	1,106	92.6

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Fiscal year ended March 31, 2014	37.54	—
Fiscal year ended March 31, 2013	33.75	—

(2) Financial position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2014	31,994	9,624	30.1	293.59
As of March 31, 2013	26,954	8,414	31.2	256.67

Reference: Equity

As of March 31, 2014: 9,624 million yen

As of March 31, 2013: 8,414 million yen

*Information concerning implementation status of the auditing procedure:

This earnings report is not subject to auditing procedure prescribed by the Financial Instruments and Exchange Act. The auditing procedure for the 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. Analysis Regarding Results of Operations and Financial Position (1) Analysis Regarding Results of Operations" on page 2 of accompanying materials contents for details on the assumptions used and other related matters concerning the forecast of consolidated financial results.

Accompanying Materials Contents

1. Analysis Regarding Results of Operations and Financial Position	2
(1) Analysis Regarding Results of Operations	2
(2) Analysis Regarding Financial Position.....	3
(3) Basic Policy for Earnings Distributions and Dividend for Current and Next Fiscal Years	3
2. Corporate Group.....	4
3. Management Policy	5
(1) Basic Management Policy	5
(2) Targeted Performance Indicators.....	5
(3) Medium and Long-term Strategies and Issues to be Addressed	5
4. Consolidated Financial Statements	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	8
Consolidated Statements of Income.....	8
Consolidated Statements of Comprehensive Income.....	9
(3) Consolidated Statements of Changes in Net Assets	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes on Consolidated Financial Statements	14
(Note Concerning Premise of Ongoing Concern).....	14
(Change in Accounting Policy).....	14
(Segment Information)	15
(Per Share Information).....	19
(Important Subsequent Events)	19
5. Other	20
(1) Changes in Officers.....	20

1. Analysis Regarding Results of Operations and Financial Position

(1) Analysis Regarding Results of Operations

a) Results of operations

In the fiscal year that ended in March 2014, the Japanese economy recovered because of economic and monetary initiatives that caused the yen to weaken and stock prices to rise. The result was an improvement in business sentiment, particularly among exporters, a recovery in capital expenditure, and a rise in consumer spending in response to higher share prices and as a result of anticipatory demand ahead of the hike in the consumption tax rate.

However, the outlook remains uncertain because rising prices for materials and other input costs have caused corporate earnings to decline and because growth in imports has been suffering from the slowdown in the economies of emerging nations since the second half of the fiscal year.

In the battery industry, rising electricity bills have focused attention on storage batteries – and not just as a source of emergency electricity or as a supply option at times of peak demand for energy.

In addition, due to growing awareness of global energy and environmental issues, there are an increasing number of applications for batteries in environmental automobiles.

Given this environment, the Furukawa Battery Group is strengthening its activities in the storage battery business. Developing automotive batteries like a capacitor hybrid lead-acid storage battery (UltraBattery®) for environmental vehicles is one measure.

Other examples include activities involving environmental businesses like the smart grid and the development of very safe lithium-ion batteries for industrial use.

The establishment of new production and sales centers in India and Indonesia has also furthered the Group's overseas expansion: the Indomobil Group (Salim Group) PT. Central Sole Agency and two joint ventures (PT. Furukawa Indomobil Battery Manufacturing and PT. Furukawa Indomobil Battery Sales).

In addition, we have continued to contribute to earthquake recovery activities by using our designation as a company eligible to receive a subsidy for the restoration of industrial activity in Fukushima prefecture.

As a result, consolidated sales increased 5,176 million yen, or 11.7%, to 49,556 million yen. There were strong sales, mainly at our overseas subsidiaries, of automobile-use batteries as well of railway and other industrial-use batteries. Overseas sales were 15,251 million yen and were 30.8% of total sales.

Rising prices for lead, the Group's main raw material, drove up the cost of goods sold and there were increases in promotion and labor expenses as sales increased. As a result, operating income decreased from 2,731 million yen to 2,673 million yen and ordinary income increased from 2,870 million yen to 2,882 million yen.

Extraordinary losses included a loss of 3 million yen on the disposal of noncurrent assets. After the deduction of taxes, net income was 1,990 million yen compared with 1,847 million yen one year earlier.

Business segment performance was as follows.

Segment sales include intersegment internal sales or transfers totaling 1,445 million yen and the figures for segment income are given on an operating income (pre-goodwill amortization) basis.

In the automobile segment, sales increased 4,518 million yen, or 15.9%, to 32,909 million yen and segment income decreased 7 million yen, or 0.6%, to 1,170 million yen. This was mainly due to strong overseas sales of replacement batteries. In Japan, there was a good performance starting in the second half thanks to sales primarily for batteries for new cars but the rise in the price of lead, the main raw material for batteries, drove up the cost of goods sold.

In the industrial segment, sales increased 739 million yen, or 4.6%, to 16,963 million yen and segment income decreased 164 million yen, or 10.9%, to 1,341 million yen. Growth was attributable mainly to higher sales of alkaline batteries for railway use but as with automobiles, higher prices for lead, the main raw material for batteries, resulted in an increase in the cost of goods sold.

In the real estate segment, sales decreased 16 million yen, or 4.3%, to 370 million yen and segment income rose 73 million yen, or 86.0%, to 158 million yen. This is due mainly because there were no one-off expenses including repairs to equipment and facilities despite a decline in leasing income.

In the others segment, sales decreased 7 million yen, or 0.9%, to 757 million yen but segment income was up 11 million yen, or 50.4%, to 35 million yen. The decline in sales was caused mainly by lower sales of resin molding products but there was also a mitigating reduction in expenses in the insurance business, which boosted earnings.

b) Outlook for fiscal year ending in March 2015

The Furukawa Battery Group will continue to concentrate on achieving more growth in business operations and higher earnings. In the fiscal year ending in March 2015, we forecast sales of 52 billion yen, operating income of 2.9 billion yen, ordinary income of 2.9 billion yen and net income of 2 billion yen.

(2) Analysis Regarding Financial Position

a) Cash flows

Net cash provided by operating activities was 3,702 million yen. Major sources of cash were income before income taxes of 2,879 million yen, depreciation and amortization of 1,620 million yen, a 558 million yen decrease due to an increase in inventories, and a 382 million yen increase in notes and accounts payable-trade.

Net cash used in investing activities was 5,737 million yen. This was mostly due to payments of 4,915 million yen for the purchase of property, plant and equipment.

Net cash provided by financing activities was 2,246 million yen. There were proceeds of 3,995 million yen from short-term and long-term loans payable but there were payments of 1,405 million yen for the redemption of bonds and repayment of long-term loans payable and 334 million yen for dividends and lease obligations.

As a result, there was a net increase of 330 million yen in cash and cash equivalents to 2,097 million yen at the end of the fiscal year.

b) Trends of performance indicators associated with cash flows

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Equity ratio (%)	21.4	26.3	29.8	35.3	35.0
Market value basis equity ratio (%)	66.0	47.3	47.2	51.6	56.4
Debt redemption period (years)	2.8	1.6	10.8	1.7	2.3
Interest coverage ratio	15.6	24.4	4.3	31.3	37.5

*Equity ratio: equity/total assets

Market value basis equity ratio: market capitalization/total assets

Debt redemption period: 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 operating cash flows as shown in the consolidated statements of cash flows.

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

(3) Basic Policy for Earnings Distributions and Dividend for Current and Next Fiscal Years

Distributing earnings to shareholders is an important obligation of Furukawa Battery to its shareholders. The basic policy is to distribute earnings to shareholders by consistently paying a dividend while taking actions aimed at maintaining stable earnings. For the dividend, the policy is to determine these payments based on results of operations, financial soundness, the payout ratio and all other applicable factors.

To express our appreciation to shareholders for their support, we plan to pay a year-end dividend of 6 yen per share for the fiscal year that ended in March 2014. For the fiscal year ending in March 2015, although the operating environment is expected to remain challenging, we plan to pay a year-end dividend of 6 yen per share.

2. Corporate Group

The Furukawa Battery Group consists of Furukawa Battery Co., Ltd., its parent company, 12 consolidated subsidiaries, five non-consolidated subsidiaries and three 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.

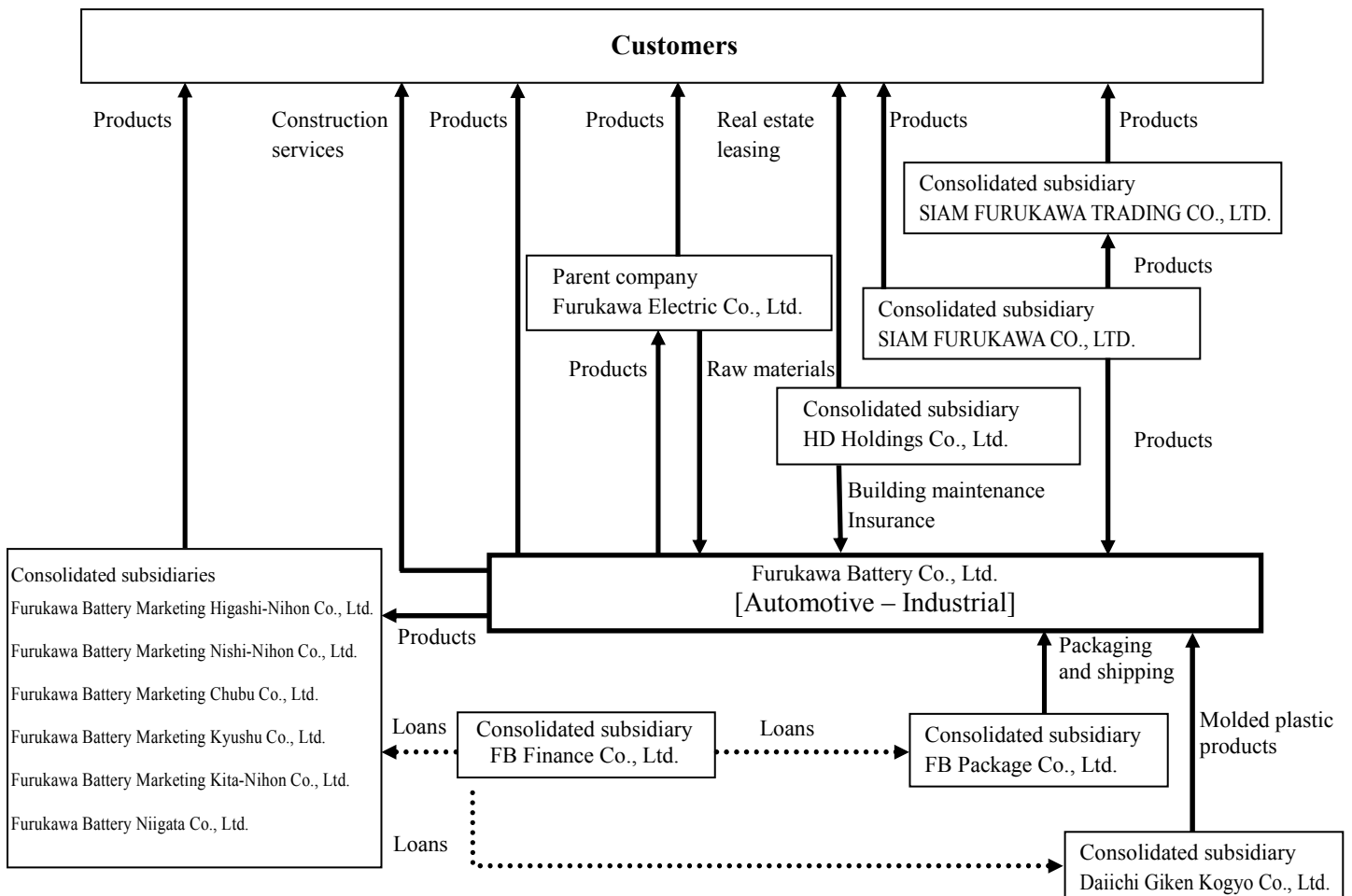
Furukawa Battery manufactures and sells lead-acid storage batteries, alkaline storage batteries, and rectifiers and other power supply devices and performs installations and inspections for these batteries. Consolidated subsidiary Siam Furukawa Co., Ltd., with technical support of Furukawa Battery, manufactures and sells lead-acid storage batteries and supplies some of these batteries to Furukawa Battery.

Consolidated subsidiary Furukawa Battery Marketing Higashi-Nihon Co., Ltd. and other subsidiaries sell some of the lead-acid storage batteries and alkaline storage batteries manufactured by Furukawa Battery.

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

- 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 profit target and performance indicators (all consolidated) of the Furukawa Group, which announced its '2015 Medium-Term Vision (2013-15)' in July 2013, are as follows.

(Targets for year ending March 2016)

Sales: 50.9 billion yen

Return on assets (ROA): 7.4% Equity ratio: 40% Overseas sales ratio: 30%

(3) Medium and Long-term Strategies and Issues to be Addressed

Expectations continue to climb for storage batteries to be used as one solution for global environmental issues and Japan's energy problem following the Great East Japan Earthquake.

Moreover, over the course of the past several years, the rising cost of exhaustible energy resources is having significant impact on the cost of electric power which is one of the key determinants of economic activity. As a result, factors such as the spread of technology for energy conservation, power generation using renewable energy sources, and management of an appropriate demand-supply balance are taking on added importance. At the same time, the importance of the role storage batteries, the key product of the Furukawa Group, play as a key device in the above schemes is also rising.

The Group is already selling its environmentally friendly and energy efficient batteries (idling stop use batteries: UltraBatter®) for use in automobiles, to many subsectors in the transportation and logistics industry.

Given this environment, the Group has created its '2015 Medium-Term Vision (2013-15)' medium-term management plan for making progress toward the group's long-term vision called Dynamic Innovation 2020. In the fiscal year ending in March 2015, we will rebuild our domestic business operation in Japan by focusing our management resources on carefully selected strategic sectors, develop new overseas locations, and seek to achieve greater efficiency for all our operations. The current fiscal year ending in March 2015 (FY2014) is the second year of our 3-year medium-term management plan and, by strengthening our approach to the key issues contained within it to an even greater extent than last year, the Group will strive to take the next step towards fulfilling its goals. We shall also be making every effort to clarify and determine concrete strategies for dealing with the new issues that we have identified for the next 3-year medium-term management plan to be implemented from 2016 onwards.

Furthermore, we are committed to remaining a company that can earn the trust of all stakeholders. For this purpose as well, we will conduct socially responsible business activities, and implement a rigorous compliance program to ensure that we take responsibility for the impact that our operations have on society.

By meeting these challenges, we think that we fulfil our Group's core philosophy of 'truly contributing to the realization of a prosperous and sustainable society'.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Million yen)

	Fiscal year ended March 31, 2013 (As of March 31, 2013)	Fiscal year ended March 31, 2014 (As of March 31, 2014)
ASSETS		
Current assets		
Cash and deposits	1,767	2,097
Notes and accounts receivable-trade	10,244	10,396
Merchandise and finished goods	1,301	1,498
Work in process	1,829	2,358
Raw materials and supplies	703	651
Deferred tax assets	260	247
Other	467	475
Allowance for doubtful accounts	(27)	(8)
Total current assets	16,545	17,716
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,699	11,986
Accumulated depreciation	(8,024)	(8,378)
Buildings and structures, net	3,674	3,607
Machinery, equipment and vehicles	22,778	24,664
Accumulated depreciation	(19,445)	(20,718)
Machinery, equipment and vehicles, net	3,332	3,946
Tools, furniture and fixtures	6,288	6,505
Accumulated depreciation	(5,913)	(6,049)
Tools, furniture and fixtures, net	375	456
Land	6,030	6,053
Lease assets	508	520
Accumulated depreciation	(243)	(252)
Lease assets, net	265	267
Construction in progress	875	4,554
Total property, plant and equipment	14,555	18,886
Intangible assets		
Goodwill	117	103
Lease assets	26	16
Other	173	168
Total intangible assets	316	288
Investments and other assets		
Investment securities	1,648	2,750
Deferred tax assets	1,862	1,820
Other	146	153
Allowance for doubtful accounts	(17)	(18)
Total investments and other assets	3,639	4,706
Total noncurrent assets	18,511	23,880
Total assets	35,057	41,597

(Million yen)

	Fiscal year ended March 31, 2013 (As of March 31, 2013)	Fiscal year ended March 31, 2014 (As of March 31, 2014)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	5,163	5,654
Short-term loans payable	3,432	4,978
Current portion of bonds	200	100
Lease obligations	119	118
Income taxes payable	440	325
Accrued consumption taxes	181	92
Deferred tax liabilities	1	2
Provision for bonuses	553	559
Provision for directors' bonuses	3	2
Notes payable-facilities	171	347
Other	1,687	2,400
Total current liabilities	11,955	14,582
Noncurrent liabilities		
Bonds payable	100	—
Long-term loans payable	2,260	3,505
Lease obligations	189	182
Deferred tax liabilities	937	937
Provision for retirement benefits	6,009	—
Net defined benefit liability	—	6,628
Provision for environmental measures	18	18
Negative goodwill	258	194
Asset retirement obligations	8	8
Other	498	505
Total noncurrent liabilities	10,281	11,980
Total liabilities	22,236	26,562
NET ASSETS		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	9,802	11,596
Treasury stock	(6)	(6)
Total shareholders' equity	11,857	13,651
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	517	713
Deferred gains or losses on hedges	13	(2)
Foreign currency translation adjustment	(28)	402
Remeasurements of defined benefit plans	—	(205)
Total accumulated other comprehensive income	502	907
Minority interests	460	476
Total net assets	12,820	15,034
Total liabilities and net assets	35,057	41,597

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

(Million yen)

	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Net sales	44,380	49,556
Cost of sales	33,015	37,590
Gross profit	11,365	11,966
Selling, general and administrative expenses		
Selling expenses	1,932	1,994
General and administrative expenses	6,701	7,297
Total selling, general and administrative expenses	8,633	9,292
Operating income	2,731	2,673
Non-operating income		
Interest income	15	13
Dividends income	48	60
Amortization of negative goodwill	64	64
House rents borne by employees	38	42
Foreign exchange gains	39	57
Other	64	112
Total non-operating income	271	352
Non-operating expenses		
Interest expenses	111	97
Other	21	45
Total non-operating expenses	132	143
Ordinary income	2,870	2,882
Extraordinary income		
State subsidy	112	—
Total extraordinary income	112	—
Extraordinary loss		
Loss on disposal of noncurrent assets	12	3
Loss on valuation of investment securities	12	—
Loss on sales of investment securities	0	—
Total extraordinary losses	24	3
Income before income taxes	2,958	2,879
Income taxes-current	996	781
Income taxes-deferred	98	82
Total income taxes	1,095	864
Income before minority interests	1,862	2,015
Minority interests in income	14	25
Net income	1,847	1,990

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Income before minority interests	1,862	2,015
Other comprehensive income		
Valuation difference on available-for-sale securities	159	196
Deferred gains or losses on hedges	25	(16)
Foreign currency translation adjustment	321	431
Total other comprehensive income	507	611
Comprehensive income	2,370	2,626
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,353	2,600
Comprehensive income attributable to minority interests	16	26

(3) Consolidated Statements of Changes in Net Assets
 Previous fiscal year (From April 1, 2012 to March 31, 2013)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,640	422	8,118	(6)	10,174
Changes of items during the period					
Dividends from surplus			(163)		(163)
Net income			1,847		1,847
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	1,683	(0)	1,683
Balance at the end of current period	1,640	422	9,802	(6)	11,857

	Accumulated other comprehensive income					Minority 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 the beginning of current period	359	(12)	(350)	—	(3)	453	10,624
Changes of items during the period							
Dividends from surplus							(163)
Net income							1,847
Purchase of treasury stock							(0)
Net changes of items other than shareholders' equity	158	25	321	—	506	6	512
Total changes of items during the period	158	25	321	—	506	6	2,195
Balance at the end of current period	517	13	(28)	—	502	460	12,820

Current fiscal year (From April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,640	422	9,802	(6)	11,857
Changes of items during the period					
Dividends from surplus			(196)		(196)
Net income			1,990		1,990
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	1,793	(0)	1,793
Balance at the end of current period	1,640	422	11,596	(6)	13,651

	Accumulated other comprehensive income					Minority 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 the beginning of current period	517	13	(28)	—	502	460	12,820
Changes of items during the period							
Dividends from surplus							(196)
Net income							1,990
Purchase of treasury stock							(0)
Net changes of items other than shareholders' equity	195	(16)	431	(205)	404	16	421
Total changes of items during the period	195	(16)	431	(205)	404	16	2,214
Balance at the end of current period	713	(2)	402	(205)	907	476	15,034

(4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes	2,958	2,879
Depreciation and amortization	1,705	1,620
Amortization of goodwill	(9)	(35)
Increase (decrease) in allowance for doubtful accounts	1	(18)
Interest and dividends income	(64)	(74)
Interest expenses	111	97
Loss on retirement of property, plant and equipment	12	3
Loss (gain) on valuation of investment securities	12	—
Loss (gain) on sales of investment securities	0	—
State subsidy	(112)	—
Decrease (increase) in notes and accounts receivable-trade	(160)	(43)
Decrease (increase) in inventories	545	(558)
Increase (decrease) in notes and accounts payable-trade	(376)	382
Increase (decrease) in provision for bonuses	75	5
Increase (decrease) in provision for directors' bonuses	—	(1)
Increase (decrease) in provision for retirement benefits	213	—
Increase (decrease) in net defined benefit liability	—	292
Increase (decrease) in accrued consumption taxes	(36)	(81)
Other, net	(106)	172
Subtotal	4,771	4,640
Interest and dividends income received	64	74
Interest expenses paid	(115)	(98)
Income taxes paid	(1,113)	(914)
Net cash provided by (used in) operating activities	3,606	3,702
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,972)	(4,915)
Purchase of intangible assets	(128)	(2)
Purchase of investment securities	(4)	(808)
Proceeds from sales of investment securities	0	—
Proceeds from state subsidy	112	—
Other, net	18	(11)
Net cash provided by (used in) investing activities	(1,974)	(5,737)

	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	310	495
Proceeds from long-term loans payable	1,000	3,500
Repayment of long-term loans payable	(935)	(1,205)
Redemption of bonds	(1,200)	(200)
Repayments of lease obligations	(132)	(137)
Cash dividends paid	(163)	(196)
Cash dividends paid to minority shareholders	(9)	(9)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(1,131)	2,246
Effect of exchange rate change on cash and cash equivalents	65	119
Net increase (decrease) in cash and cash equivalents	565	330
Cash and cash equivalents at beginning of period	1,201	1,767
Cash and cash equivalents at end of period	1,767	2,097

(5) Notes on Consolidated Financial Statements

(Note Concerning Premise of Ongoing Concern)

Not applicable.

(Change in Accounting Policy)

(Change in accounting policy that is difficult to distinguish from a change in an accounting estimate)

For the depreciation method used for property, plant and equipment, Furukawa Battery and its consolidated subsidiaries in Japan have used the declining-balance method for some assets in prior years. In the current fiscal year, these companies have switched to the straight-line method for these assets.

This change was made in association with the change by our parent company Furukawa Electric Co., Ltd. in its depreciation method for property, plant and equipment from the declining-balance method to the straight-line method. In addition, in accordance with the current medium-term management plan (fiscal 2013 to 2015), a reexamination of how property, plant and equipment are currently used at Furukawa Battery and its consolidated subsidiaries in Japan was performed based on the planned consolidation and downsizing of manufacturing bases in Japan in the face of the maturing of the domestic market.

Compared with the previous depreciation method, this change resulted in increases of 122 million yen in the current fiscal year operating income, ordinary income and income before income taxes.

(Application of Accounting Standards, etc., Relating to Retirement Benefits)

[Accounting Standards relating to Retirement Benefits] (Corporate Accounting Standards No. 26, May 17, 2012. Hereinafter referred to as ‘Accounting Standards relating to Retirement Benefits’) and [Guidelines for the Application of Accounting Standards relating to Retirement Benefits] (Corporate Accounting Standards Application Guidelines No. 25, May 17, 2012. Hereinafter referred to as ‘Guidelines for the Application of Accounting Standards relating to Retirement Benefits’) are to be applied from the end of the current fiscal year (excluding, however, the provisions included in the main body of the text of Article 35 of the Accounting Standards relating to Retirement Benefits and the main body of the text Article 67 of the Guidelines for the Application of the Accounting Standards relating to Retirement Benefits), and the method of accounting for the amount for liabilities for retirement benefits shall be changed to recognition as a liability and the term-end unrecognized actuarial difference and the change in accounting standards difference shall be recorded as a transition obligation due to a change in accounting standards liabilities related to retirement benefits.

In relation to the application of accounting standards relating to retirement benefits, the Group follows the transitional treatment stipulated by the provisions of Article 37 of the Accounting Standards relating to Retirement Benefits and adjusts, at the end of the current fiscal year, the amount of the impact related to the aforementioned change, by recognizing an accumulated adjustment amount relating to retirement benefits in the accumulated amount of other comprehensive income.

As a result, at the end of the current fiscal year, liabilities relating to retirement benefits of 6,628 million yen were recorded and the accumulated amount of other comprehensive income was reduced by 205 million yen as a result.

The amount of net assets per share is reduced by 6.27 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 (except the method of valuation of inventories) are the same as the accounting methods described in the “Basis of presenting 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, 2012 to March 31, 2013)

(Million yen)

	Reportable segments				Others (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	28,061	15,929	367	44,358	21	44,380
Intersegment internal sales and transfers	329	294	19	644	743	1,387
Total	28,391	16,224	387	45,002	765	45,767
Segment income	1,178	1,505	85	2,769	23	2,792
Other items						
Depreciation and amortization	1,087	586	21	1,695	10	1,705

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, 2013 to March 31, 2014)

(Million yen)

	Reportable segments				Others (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	32,473	16,705	350	49,530	26	49,556
Intersegment internal sales and transfers	436	257	19	714	731	1,445
Total	32,909	16,963	370	50,244	757	51,001
Segment income	1,170	1,341	158	2,670	35	2,706
Other items						
Depreciation and amortization	1,061	529	21	1,611	8	1,620

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	45,002	50,244
Sales of “others” category	765	757
Elimination of intersegment transactions	(1,387)	(1,445)
Net sales in consolidated financial statements	44,380	49,556

(Million yen)

Income	Previous fiscal year	Current fiscal year
Reportable segment total	2,769	2,670
Income of “others” category	23	35
Goodwill amortization	(55)	(29)
Elimination of intersegment transactions	(6)	(2)
Operating income in consolidated financial statements	2,731	2,673

5. Information concerning changes in reportable segments

(Change in depreciation method for property, plant and equipment)

For the depreciation method used for property, plant and equipment, Furukawa Battery and its consolidated subsidiaries in Japan have used the declining-balance method for some assets in prior years. In the current fiscal year, these companies have switched to the straight-line method for these assets.

This change was made in association with the change by our parent company Furukawa Electric Co., Ltd. in its depreciation method for property, plant and equipment from the declining-balance method to the straight-line method. In addition, in accordance with the current medium-term management plan (fiscal 2013 to 2015), a reexamination of how property, plant and equipment are currently used at Furukawa Battery and its subsidiaries in Japan was performed based on the planned consolidation and downsizing of manufacturing bases in Japan in the face of the maturing of the domestic market.

Compared with the previous depreciation method, this change increased segment income in the fiscal year that ended in March 2014 by 60 million yen in the Automobile segment, 60 million yen in the Industrial segment and 1 million yen in the Others segment.

b. Associated information

Previous fiscal year (from April 1, 2012 to March 31, 2013)

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 [a. Segment Information], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)			
Japan	Asia	Others	Total
32,739	10,414	1,226	44,380

Note: Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(b) Property, plant and equipment

(Million yen)		
Japan	Asia	Total
12,576	1,978	14,555

Current fiscal year (from April 1, 2013 to March 31, 2014)

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 [a. Segment Information], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)			
Japan	Asia	Others	Total
34,305	13,679	1,572	49,556

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
15,782	3,104	18,886

c. Segment information for impairment of noncurrent assets

Previous fiscal year (from April 1, 2012 to March 31, 2013)

Not applicable.

Current fiscal year (from April 1, 2013 to March 31, 2014)

Not applicable.

d. Segment information for goodwill amortization and remaining goodwill

Previous fiscal year (from April 1, 2012 to March 31, 2013)

Goodwill is not allocated to individual reportable segments.

Goodwill amortization was 55 million yen in the fiscal year that ended in March 2013 and there was remaining goodwill of 117 million yen at the end of the fiscal year.

Current fiscal year (from April 1, 2013 to March 31, 2014)

Goodwill is not allocated to individual reportable segments.

Goodwill amortization was 29 million yen in the fiscal year that ended in March 2014 and there was remaining goodwill of 103 million yen at the end of the fiscal year.

e. Segment information for gains from negative goodwill

Previous fiscal year (from April 1, 2012 to March 31, 2013)

Not applicable.

Current fiscal year (from April 1, 2013 to March 31, 2014)

Not applicable.

(Per Share Information)

	Previous fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Net assets per share	377.03 yen	444.08 yen
Net income per share	56.36 yen	60.70 yen

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

2. The basis for calculating net income per share and net assets per share is as follows.

Item	Previous fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Net income per share		
Net income	1,847 million yen	1,990 million yen
Net income attributable to common stock	1,847 million yen	1,990 million yen
Average number of outstanding shares of common stock during the fiscal year	32,784 thousand shares	32,783 thousand shares

Item	Previous fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Total net assets	12,820 million yen	15,034 million yen
Deduction from net assets	460 million yen	476 million yen
(Minority interests included)	(460) million yen	(476) million yen
Net assets attributable to common stock at the end of the fiscal year	12,360 million yen	14,558 million yen
Number of shares of common stock used as the basis of calculating net assets per share	32,783 thousand shares	32,783 thousand shares

(Important Subsequent Events)

Not applicable.

(Omission of Disclosure)

Notes other than the items shown above are omitted because the disclosure of this additional information is not believed to be necessary for this document.

5. Other

(1) Changes in Officers (to become effective on June 25, 2014)

1. Executive Senior Advisor to resign

Katsuhiko Utsumi

2. Candidate for election as new director

Naoto Yoneyama (currently Director, Fuji Electric Co., Ltd.)

3. Director to resign

Katsushi Nakayama (currently Director)

4. Candidate for election as new corporate auditor

Koichi Orihara (currently General Manager, Quality Assurance Division and Executive Corporate Officer)

5. Corporate auditor to resign

Takashi Matsunaga (to become Corporate Senior Advisor after leaving the current position)

6. Promotions

To be decided by the Board of Directors after the General Meeting of Shareholders planned to be held on June 25, 2014

Director and Executive Corporate Officer Shinichi Ono (currently Director and Corporate Officer)

Senior Corporate Officer Koichi Hoshino (currently Corporate Officer)

7. New corporate officers

Corporate Officer Eizo Sakagami (currently General Manager, Power Supply System Production Department, Industrial Battery Production Division)

Corporate Officer Yuji Shioda (currently General Manager, Iwaki Sector Department, Production Technology Division)

Corporate Officer Shinobu Kaneko (currently General Manager, Sales & Marketing Department 1, Industrial Battery Sales & Marketing Division)

8. Corporate officers to resign

Takayuki Fujino (currently Executive Corporate Officer)
(to become Corporate Senior Advisor after leaving the current position)

Koichi Orihara (currently Executive Corporate Officer)
(to become Corporate Auditor after leaving the current position)

Katsumi Inaniwa (currently Corporate Officer)
(to become Corporate Senior Advisor after leaving the current position)

9. New senior fellow

Jun Furukawa (currently General Manager of UltraBattery Project Department, Corporate Planning & Strategy Division)