

Summary of Consolidated Financial Results for the Third Quarter Ended December 31, 2013 [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 filing of quarterly securities report:	February 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 third quarter ended December 31, 2013 (April 1, 2013 – December 31, 2013)

(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	%
Third quarter ended December 31, 2013	34,935	12.7	1,403	(6.6)	1,621	1.2	1,118	11.9
Third quarter ended December 31, 2012	30,987	1.9	1,503	18.8	1,601	17.6	999	82.3

Notes: Comprehensive income

Third quarter ended December 31, 2013:	1,778 million yen (yoy 43.8%)
Third quarter ended December 31, 2012:	1,237 million yen (yoy 253.1%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Third quarter ended December 31, 2013	34.11	—
Third quarter ended December 31, 2012	30.49	—

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2013	40,223	14,392	34.6
As of March 31, 2013	35,057	12,820	35.3

Reference: Equity

As of December 31, 2013:	13,923 million yen
As of March 31, 2013:	12,360 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, 2013	-	-	-	6.00	6.00
Fiscal year ending March 31, 2014	-	-	-		
Fiscal year ending March 31, 2014 (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, 2014 (Consolidated, April 1, 2013 – March 31, 2014)

(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
Full year	48,000	8.2	2,900	6.2	3,000	4.5	1,900	2.8	57.96

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
Note: For details, please refer to “(2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements” of “2. Items Concerning Summary Information (Notes)” on page 3 of accompanying materials contents.

- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements:
 - (a) Changes in accounting policies accompanying revisions in accounting standards: None
 - (b) Changes other than in (a): Yes
 - (c) Changes in accounting estimates: Yes
 - (d) Retrospective restatements: None

Note: These items fall in those set forth in Article 10-5 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements. For details, please refer to “(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement” of “2. Items Concerning Summary Information (Notes)” on page 3 of accompanying materials contents.

- (4) Number of shares outstanding (common stock)
 - (a) Shares outstanding (including treasury stock)
As of December 31, 2013: 32,800,000 shares As of March 31, 2013: 32,800,000 shares
 - (b) Treasury stock
As of December 31, 2013: 16,769 shares As of March 31, 2013: 16,669 shares
 - (c) Average number of shares outstanding during the period (Cumulative)
Third quarter ended December 31, 2013: 32,783,321 shares
Third quarter ended December 31, 2012: 32,784,332 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 prescribed by the Financial Instruments and Exchange Act for the quarterly financial statements 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 Third Quarter (3) Explanation Regarding Forecast for Fiscal Year Ending March 31, 2014” 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. Qualitative Information Regarding Results of Operations for the Third Quarter	2
(1) Explanation Regarding Results of Operations	2
(2) Explanation Regarding Financial Position	2
(3) Explanation Regarding Forecast for Fiscal Year Ending March 31, 2014	2
2. Items Concerning Summary Information (Notes)	3
(1) Changes in Significant Subsidiaries during the Third Quarter Ended December 31, 2013.....	3
(2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements.....	3
(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement	3
3. Quarterly Consolidated Financial Statements	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income. 6	
Quarterly Consolidated Statements of Income (Cumulative)	6
Quarterly Consolidated Statements of Comprehensive Income (Cumulative)	7
(3) Notes on Quarterly Consolidated Financial Statements	8
(Note Concerning Premise of Ongoing Concern).....	8
(Notes on Significant Changes in the Amount of Shareholders' Equity).....	8

1. Qualitative Information Regarding Results of Operations for the Third Quarter

(1) Explanation Regarding Results of Operations

In the first three quarters of the current fiscal year, there was an improvement in business sentiment in Japan primarily at exporting companies in response to monetary and economic measures. There was also a rebound in consumer spending along with higher stock prices and demand created by a rush to buy before the upcoming consumption tax hike. However, the outlook is unclear because of the expected decline in spending after the upturn in demand prior to the consumption tax hike and uncertainty about economic trends in Europe, the United States and emerging countries.

In the first three quarters, consolidated sales increased 3,948 million yen, or 12.7%, from one year earlier to 34,935 million yen. Overseas sales were 10,908 million yen, which was 31.2% of total sales.

Operating income was 1,403 million yen and ordinary income was 1,621 million yen. One reason was strong sales of automobile batteries, mainly at overseas subsidiaries. Earnings also reflected a good performance by industrial-use batteries for railroads and other applications.

Moreover, 2 million yen of extraordinary losses were recorded on the disposal of noncurrent assets and, after the deduction of taxes, net income was 1,118 million yen.

(2) Explanation Regarding Financial Position

Total assets were 40,223 million yen at the end of the third quarter, 5,166 million yen more than at the end of the previous fiscal year. Current assets increased 2,116 million yen to 18,662 million yen and noncurrent assets increased 3,049 million yen to 21,560 million yen.

The main reasons for the increase in current assets were increases in cash and deposits and in inventories.

Property, plant and equipment in noncurrent assets increased 2,804 million yen to 17,360 million yen from the end of the previous fiscal year mainly because capital expenditures were higher than the decrease resulting from depreciation.

Investments and other assets increased 263 million yen to 3,903 million yen.

Total liabilities increased 3,593 million yen to 25,830 million yen at the end of the third quarter. Current liabilities increased 1,946 million yen to 13,901 million yen and noncurrent liabilities increased 1,647 million yen to 11,928 million yen.

Interest-bearing debt, which is the sum of short-term loans payable, long-term loans payable and bonds payable, increased 2,541 million yen to 8,533 million yen.

Equity increased 1,563 million yen to 13,923 million yen and the equity ratio decreased from 35.3% at the end of the previous fiscal year to 34.6% at the end of the third quarter.

(3) Explanation Regarding Forecast for Fiscal Year Ending March 31, 2014

There is no change to the consolidated forecast that was announced on May 9, 2013.

2. Items Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Third Quarter Ended December 31, 2013

Not applicable

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

Third quarter income taxes are calculated by multiplying third 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 third quarter. Deferred taxes are included in income taxes.

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

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

(Change in depreciation method)

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 first quarter of 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 86 million yen in cumulative third quarter operating income, ordinary income and income before income taxes.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Fiscal year ended March 31, 2013 (As of March 31, 2013)	Third quarter ended December 31, 2013 (As of December 31, 2013)
ASSETS		
Current assets		
Cash and deposits	1,767	2,446
Notes and accounts receivable-trade	10,244	10,365
Merchandise and finished goods	1,301	1,864
Work in process	1,829	2,445
Raw materials and supplies	703	600
Deferred tax assets	260	229
Other	467	731
Allowance for doubtful accounts	(27)	(20)
Total current assets	16,545	18,662
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,674	3,621
Machinery, equipment and vehicles, net	3,332	3,960
Tools, furniture and fixtures, net	375	332
Land	6,030	6,048
Lease assets, net	265	248
Construction in progress	875	3,148
Total property, plant and equipment	14,555	17,360
Intangible assets		
Goodwill	117	108
Lease assets	26	19
Other	173	170
Total intangible assets	316	297
Investments and other assets		
Investment securities	1,648	2,026
Deferred tax assets	1,862	1,744
Other	146	150
Allowance for doubtful accounts	(17)	(18)
Total investments and other assets	3,639	3,903
Total noncurrent assets	18,511	21,560
Total assets	35,057	40,223

(Million yen)

	Fiscal year ended March 31, 2013 (As of March 31, 2013)	Third quarter ended December 31, 2013 (As of December 31, 2013)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	5,163	5,735
Short-term loans payable	3,432	4,473
Current portion of bonds	200	200
Lease obligations	119	116
Income taxes payable	440	118
Accrued consumption taxes	181	58
Deferred tax liabilities	1	-
Provision for bonuses	553	336
Provision for directors' bonuses	3	-
Notes payable-facilities	171	790
Other	1,687	2,072
Total current liabilities	11,955	13,901
Noncurrent liabilities		
Bonds payable	100	-
Long-term loans payable	2,260	3,860
Lease obligations	189	168
Deferred tax liabilities	937	937
Provision for retirement benefits	6,009	6,222
Provision for environmental measures	18	18
Negative goodwill	258	210
Asset retirement obligations	8	8
Other	498	502
Total noncurrent liabilities	10,281	11,928
Total liabilities	22,236	25,830
NET ASSETS		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	9,802	10,724
Treasury stock	(6)	(6)
Total shareholders' equity	11,857	12,779
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	517	755
Deferred gains or losses on hedges	13	84
Foreign currency translation adjustment	(28)	304
Total accumulated other comprehensive income	502	1,144
Minority interests	460	468
Total net assets	12,820	14,392
Total liabilities and net assets	35,057	40,223

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

(Million yen)

	Third quarter ended December 31, 2012 (From April 1, 2012 to December 31, 2012)	Third quarter ended December 31, 2013 (From April 1, 2013 to December 31, 2013)
Net sales	30,987	34,935
Cost of sales	23,128	26,718
Gross profit	7,859	8,217
Selling, general and administrative expenses	6,355	6,813
Operating income	1,503	1,403
Non-operating income		
Interest income	9	8
Dividends income	48	59
Amortization of negative goodwill	48	48
Foreign exchange gains	20	74
Other	72	117
Total non-operating income	200	308
Non-operating expenses		
Interest expenses	83	70
Other	18	20
Total non-operating expenses	101	90
Ordinary income	1,601	1,621
Extraordinary income		
State subsidy	62	-
Total extraordinary income	62	-
Extraordinary loss		
Loss on disposal of noncurrent assets	11	2
Loss on sales of investment securities	0	-
Total extraordinary losses	11	2
Income before income taxes	1,652	1,618
Total income taxes	641	482
Income before minority interests	1,011	1,136
Minority interests in income	12	17
Net income	999	1,118

(Quarterly Consolidated Statements of Comprehensive Income (Cumulative))

(Million yen)

	Third quarter ended December 31, 2012 (From April 1, 2012 to December 31, 2012)	Third quarter ended December 31, 2013 (From April 1, 2013 to December 31, 2013)
Income before minority interests	1,011	1,136
Other comprehensive income		
Valuation difference on available-for-sale securities	39	238
Deferred gains or losses on hedges	124	70
Foreign currency translation adjustment	61	333
Total other comprehensive income	225	642
Comprehensive income	1,237	1,778
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,227	1,760
Comprehensive income attributable to minority interests	10	18

(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