

## Summary of Consolidated Financial Results for the Second Quarter Ended September 30, 2013 [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:	November 12, 2013
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 second quarter ended September 30, 2013 (April 1, 2013 – September 30, 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	%
Second quarter ended September 30, 2013	21,575	13.5	509	26.8	623	38.1	415	115.9
Second quarter ended September 30, 2012	19,012	(0.2)	401	7.6	451	4.3	192	38.7

Notes: Comprehensive income

Second quarter ended September 30, 2013:	927 million yen (yoy 333.6%)
Second quarter ended September 30, 2012:	213 million yen (yoy - %)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Second quarter ended September 30, 2013	12.67	—
Second quarter ended September 30, 2012	5.87	—

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2013	36,950	13,541	35.4
As of March 31, 2013	35,057	12,820	35.3

Reference: Equity

As of September 30, 2013:	13,081 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 September 30, 2013: 32,800,000 shares	As of March 31, 2013: 32,800,000 shares
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  - (b) Treasury stock

As of September 30, 2013: 16,669 shares	As of March 31, 2013: 16,669 shares
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  - (c) Average number of shares outstanding during the period (Cumulative)

Second quarter ended September 30, 2013: 32,783,331 shares	Second quarter ended September 30, 2013: 32,784,386 shares
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\*Information concerning implementation status of the quarterly review procedure:

This quarterly earnings report is not subject to auditing procedure prescribed by the Financial Instruments and Exchange Act. The auditing 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 Second 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.

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

### (1) Explanation Regarding Results of Operations

In the second quarter of the current fiscal year, capital expenditure rallied in Japan mainly because there was an improvement in business sentiment at exporting companies in response to monetary and economic measures. However, the weakness in the US economy and slowdowns in the economies of some emerging countries meant that the outlook for the economic situation remains unclear.

Second quarter consolidated sales increased 2,563 million yen, or 13.5%, from one year earlier to 21,575 million yen. Overseas sales were 7,276 million yen and were 33.7% of total sales.

Because, in a continuation of the trend seen in the first quarter, overseas sales were strong, and because of the good performance recorded by industrial-use batteries for railroads, etc., operating income was 509 million yen and ordinary income was 623 million yen.

Moreover, 2 million yen of extraordinary losses were recorded on the disposal of noncurrent assets and, after the deduction of taxes, net income was 415 million yen.

### (2) Explanation Regarding Financial Position

Total assets were 36,950 million yen at the end of the second quarter, 1,893 million yen more than at the end of the previous fiscal year. Current assets decreased 405 million yen to 16,140 million yen and noncurrent assets increased 2,298 million yen to 20,809 million yen.

The main reason for the decrease in current assets was a reduction in notes and accounts receivable-trade.

Property, plant and equipment in noncurrent assets increased 2,154 million yen to 16,709 million yen from the end of the previous fiscal year mainly because capital expenditures were higher than the decrease in depreciation.

Investments and other assets increased 144 million yen to 3,784 million yen.

Total liabilities increased 1,172 million yen to 23,409 million yen at the end of the second quarter. Current liabilities decreased 612 million yen to 11,342 million yen and noncurrent liabilities increased 1,785 million yen to 12,066 million yen.

Interest-bearing debt, which is the sum of short-term loans payable, long-term loans payable and bonds payable, increased 1,262 million yen to 7,255 million yen.

Equity increased 720 million yen to 13,081 million yen, resulting in an increase in the equity ratio from 35.3% at the end of the previous fiscal year to 35.4% at the end of the second 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 Second Quarter Ended September 30, 2013

Not applicable

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

Second quarter income taxes are calculated by multiplying second 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 second 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 51 million yen in cumulative second 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)	Second quarter ended September 30, 2013 (As of September 30, 2013)
<b>ASSETS</b>		
Current assets		
Cash and deposits	1,767	2,247
Notes and accounts receivable-trade	10,244	8,513
Merchandise and finished goods	1,301	1,809
Work in process	1,829	2,196
Raw materials and supplies	703	646
Deferred tax assets	260	295
Other	467	451
Allowance for doubtful accounts	(27)	(18)
Total current assets	16,545	16,140
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,674	3,648
Machinery, equipment and vehicles, net	3,332	3,814
Tools, furniture and fixtures, net	375	357
Land	6,030	6,051
Lease assets, net	265	268
Construction in progress	875	2,569
Total property, plant and equipment	14,555	16,709
Intangible assets		
Goodwill	117	117
Lease assets	26	22
Other	173	176
Total intangible assets	316	316
Investments and other assets		
Investment securities	1,648	1,860
Deferred tax assets	1,862	1,793
Other	146	148
Allowance for doubtful accounts	(17)	(18)
Total investments and other assets	3,639	3,784
Total noncurrent assets	18,511	20,809
Total assets	35,057	36,950

(Million yen)

	Fiscal year ended March 31, 2013 (As of March 31, 2013)	Second quarter ended September 30, 2013 (As of September 30, 2013)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	5,163	4,853
Short-term loans payable	3,432	2,970
Current portion of bonds	200	200
Lease obligations	119	121
Income taxes payable	440	252
Accrued consumption taxes	181	15
Deferred tax liabilities	1	-
Provision for bonuses	553	636
Provision for directors' bonuses	3	-
Notes payable-facilities	171	148
Other	1,687	2,144
Total current liabilities	11,955	11,342
Noncurrent liabilities		
Bonds payable	100	-
Long-term loans payable	2,260	4,085
Lease obligations	189	187
Deferred tax liabilities	937	938
Provision for retirement benefits	6,009	6,103
Provision for environmental measures	18	18
Negative goodwill	258	226
Asset retirement obligations	8	8
Other	498	498
Total noncurrent liabilities	10,281	12,066
Total liabilities	22,236	23,409
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	9,802	10,021
Treasury stock	(6)	(6)
Total shareholders' equity	11,857	12,076
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	517	654
Deferred gains or losses on hedges	13	(8)
Foreign currency translation adjustment	(28)	358
Total accumulated other comprehensive income	502	1,004
Minority interests	460	460
Total net assets	12,820	13,541
Total liabilities and net assets	35,057	36,950

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

(Million yen)

	Second quarter ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Second quarter ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Net sales	19,012	21,575
Cost of sales	14,553	16,636
Gross profit	4,458	4,938
Selling, general and administrative expenses	4,057	4,429
Operating income	401	509
Non-operating income		
Interest income	7	5
Dividends income	39	47
Amortization of negative goodwill	32	32
Foreign exchange gains	3	19
Other	41	73
Total non-operating income	123	178
Non-operating expenses		
Interest expenses	57	46
Other	16	18
Total non-operating expenses	74	64
Ordinary income	451	623
Extraordinary income		
State subsidy	62	-
Total extraordinary income	62	-
Extraordinary loss		
Loss on disposal of noncurrent assets	3	2
Loss on valuation of investment securities	62	-
Total extraordinary losses	65	2
Income before income taxes	447	621
Total income taxes	250	195
Income before minority interests	197	425
Minority interests in income	5	10
Net income	192	415



(Quarterly Consolidated Statements of Comprehensive Income (Cumulative))

(Million yen)

	Second quarter ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Second quarter ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Income before minority interests	197	425
Other comprehensive income		
Valuation difference on available-for-sale securities	(85)	135
Deferred gains or losses on hedges	66	(22)
Foreign currency translation adjustment	35	387
Total other comprehensive income	16	501
Comprehensive income	213	927
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	207	917
Comprehensive income attributable to minority interests	6	9

(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