

Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2013 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
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Representative	
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Scheduled date of filing of quarterly securities report:	August 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 first quarter ended June 30, 2013 (April 1, 2013 – June 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	%
First quarter ended June 30, 2013	9,936	4.6	55	(45.1)	140	(2.8)	56	82.9
First quarter ended June 30, 2012	9,500	6.0	100	(65.4)	144	(57.4)	30	(72.3)

Notes: Comprehensive income

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

First quarter ended June 30, 2012: 78 million yen (yoy 27.5) %

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
First quarter ended June 30, 2013	1.73	—
First quarter ended June 30, 2012	0.95	—

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2013	35,104	13,195	36.3
As of March 31, 2013	35,057	12,820	35.3

Reference: Equity

As of June 30, 2013: 12,739 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
First half	21,000	10.5	400	(0.4)	450	(0.3)	200	4.0	6.10
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 June 30, 2013: 32,800,000 shares	As of March 31, 2013: 32,800,000 shares
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 - (b) Treasury stock

As of June 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

Period ended June 30, 2013: 32,783,331 shares	Period ended June 30, 2013: 32,784,416 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 First 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 First Quarter

(1) Explanation Regarding Results of Operations

In the first quarter of the current fiscal year, the yen weakened and stock prices rallied in Japan mainly because of monetary easing and expectations about economic measures. The weaker yen fueled expectations for higher earnings and there was an improvement in business sentiment at exporting companies and certain other sectors. However, the economic situation in Japan is still uncertain due to concerns about pressure on earnings from the rising cost of fuel, materials and other items that companies purchase. Electricity rate hikes, rising long-term interest rates and other events are also contributing to this uncertainty.

First quarter consolidated sales increased 436 million yen, or 4.6%, from one year earlier to 9,936 million yen. Overseas sales were 3,608 million yen and were 36.3% of total sales.

Operating income was 55 million yen and ordinary income was 140 million yen. Overseas sales were strong, mainly at overseas subsidiaries, but sales were sluggish overall in Japan. After the deduction of taxes, net income was 56 million yen.

(2) Explanation Regarding Financial Position

Total assets were 35,104 million yen at the end of the first quarter, 47 million yen more than at the end of the previous fiscal year. Current assets decreased 977 million yen to 15,567 million yen mainly because of a decrease in notes and accounts receivable-trade. Noncurrent assets increased 1,024 million yen to 19,536 million yen. There was an 875 million yen increase in property, plant and equipment to 15,431 million yen mainly because capital expenditures were higher than depreciation. Investments and other assets increased 129 million yen to 3,769 million yen.

Total liabilities decreased 328 million yen to 21,908 million yen. Current liabilities decreased 974 million yen to 10,981 million yen and noncurrent liabilities increased 645 million yen to 10,927 million yen. Debt, which is the sum of short-term loans payable, long-term loans payable and bonds payable, increased 345 million yen to 6,337 million yen.

Shareholders' equity increased 379 million yen to 12,739 million yen, resulting in an increase in the equity ratio from 35.3% at the end of the previous fiscal year to 36.3% at the end of the first 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 First Quarter Ended June 30, 2013

Not applicable

(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 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 34 million yen in first 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)	First quarter ended June 30, 2013 (As of June 30, 2013)
ASSETS		
Current assets		
Cash and deposits	1,767	1,751
Notes and accounts receivable-trade	10,244	8,004
Merchandise and finished goods	1,301	1,879
Work in process	1,829	2,232
Raw materials and supplies	703	773
Deferred tax assets	260	303
Other	467	641
Allowance for doubtful accounts	(27)	(17)
Total current assets	16,545	15,567
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,674	3,667
Machinery, equipment and vehicles, net	3,332	3,319
Tools, furniture and fixtures, net	375	351
Land	6,030	6,053
Lease assets, net	265	258
Construction in progress	875	1,780
Total property, plant and equipment	14,555	15,431
Intangible assets		
Goodwill	117	125
Lease assets	26	26
Other	173	183
Total intangible assets	316	336
Investments and other assets		
Investment securities	1,648	1,838
Deferred tax assets	1,862	1,801
Other	146	147
Allowance for doubtful accounts	(17)	(18)
Total investments and other assets	3,639	3,769
Total noncurrent assets	18,511	19,536
Total assets	35,057	35,104

(Million yen)

	Fiscal year ended March 31, 2013 (As of March 31, 2013)	First quarter ended June 30, 2013 (As of June 30, 2013)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	5,163	4,819
Short-term loans payable	3,432	3,127
Current portion of bonds	200	200
Lease obligations	119	119
Income taxes payable	440	262
Accrued consumption taxes	181	17
Deferred tax liabilities	1	-
Provision for bonuses	553	218
Provision for directors' bonuses	3	-
Notes payable-facilities	171	354
Other	1,687	1,861
Total current liabilities	11,955	10,981
Noncurrent liabilities		
Bonds payable	100	100
Long-term loans payable	2,260	2,910
Lease obligations	189	182
Deferred tax liabilities	937	939
Provision for retirement benefits	6,009	6,032
Provision for environmental measures	18	18
Negative goodwill	258	242
Asset retirement obligations	8	8
Other	498	492
Total noncurrent liabilities	10,281	10,927
Total liabilities	22,236	21,908
NET ASSETS		
Shareholders' equity		
Capital stock	1,640	1,640
Capital surplus	422	422
Retained earnings	9,802	9,662
Treasury stock	(6)	(6)
Total shareholders' equity	11,857	11,717
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	517	642
Deferred gains or losses on hedges	13	(25)
Foreign currency translation adjustment	(28)	404
Total accumulated other comprehensive income	502	1,021
Minority interests	460	456
Total net assets	12,820	13,195
Total liabilities and net assets	35,057	35,104

(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, 2012 (From April 1, 2012 to June 30, 2012)	First quarter ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Net sales	9,500	9,936
Cost of sales	7,384	7,700
Gross profit	2,116	2,235
Selling, general and administrative expenses	2,015	2,180
Operating income	100	55
Non-operating income		
Interest income	3	2
Dividends income	39	47
Amortization of negative goodwill	16	16
Foreign exchange gains	1	8
Other	26	49
Total non-operating income	88	123
Non-operating expenses		
Interest expenses	29	21
Other	14	17
Total non-operating expenses	44	38
Ordinary income	144	140
Extraordinary income		
State subsidy	62	-
Total extraordinary income	62	-
Extraordinary loss		
Loss on disposal of noncurrent assets	2	0
Total extraordinary losses	2	0
Income before income taxes	204	139
Total income taxes	163	76
Income before minority interests	41	63
Minority interests in income	10	6
Net income	30	56

(Quarterly Consolidated Statements of Comprehensive Income (Cumulative))

(Million yen)

	First quarter ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	First quarter ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Income before minority interests	41	63
Other comprehensive income		
Valuation difference on available-for-sale securities	(90)	124
Deferred gains or losses on hedges	(73)	(38)
Foreign currency translation adjustment	201	432
Total other comprehensive income	37	519
Comprehensive income	78	582
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	71	575
Comprehensive income attributable to minority interests	7	6

(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