

# ANNUAL REPORT 2009

FURUKAWA BATTERY



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## Corporate Philosophy

### Guiding Principle

Drawing on many years of expertise in the battery technology, Furukawa Battery Group will contribute to the realization of rich and sustainable society through continuous technology innovation.

### Management Principles

**With an eye to the future, Furukawa Battery Group pledge to;**

- Live up to the expectations and trust invested in us by society, with fairness and integrity.
- Apply the sum total of our expertise to satisfy our customers and grow with them.
- Continuously strive to achieve world-class technology innovation, and transform ourselves in every area of endeavor.
- Nurture human resources at every level, so that we can become a more diverse and creative organization.

### Furukawa Battery Group Credo

- Maintain high ethical standard, and value honesty and integrity above all.
- Continually improve, innovate, and lead, in every area of endeavor.
- Take a hands - on approach that addresses the reality of every situation - in the office, at the factory, and on site.
- Be proactive - take the initiative and work with others, persevering until a solution is found.
- Maintain open channels of communication between departments and divisions, so that we can share ideals and help each other grow.

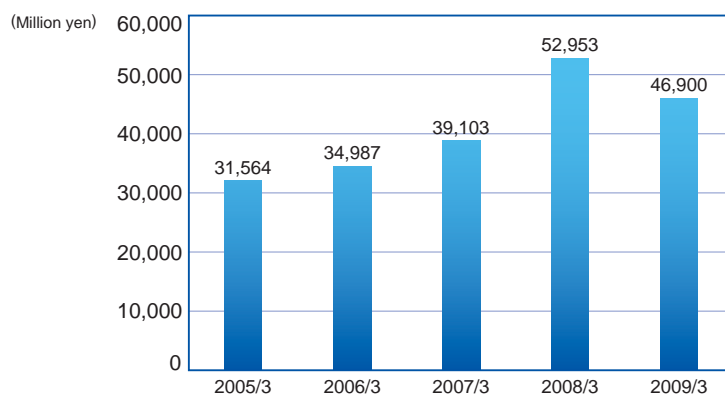


# Highlights of Consolidated Financial Results (1)

	Unit: Million Yen		Unit: Thousand US Dollar
	FY2008	FY2007	FY2008
Sales	¥46,900	¥52,953	\$469,000
Operating income	3,810	1,526	38,100
Net income	2,296	729	22,960
Per share of common stock (Unit: Yen and US Dollar)			
Basic	70.05	22.26	0.700
Cash dividends paid	5	—	0.050
Total assets	31,687	37,523	316,870
Equity capital	5,397	3,485	53,970

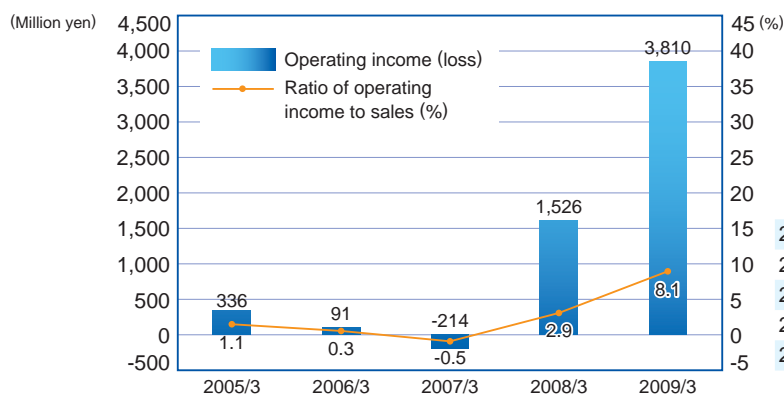
(Note) Figures in US Dollar are calculated through conversion at the rate of 100 yen per US dollar which is the market foreign exchange rate as of the end of March 2009 for the sake of convenience.

## ■ Sales



2005/3	31,564
2006/3	34,987
2007/3	39,103
2008/3	52,953
2009/3	46,900

## ■ Operating income (loss) / Ratio to net sales (%)

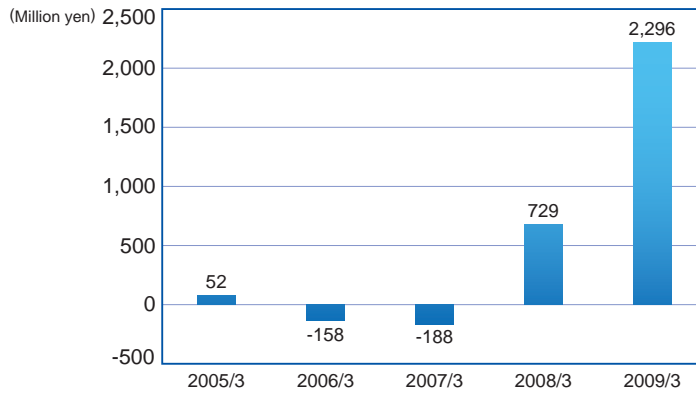


2005/3	336	1.1
2006/3	91	0.3
2007/3	-214	-0.5
2008/3	1,526	2.9
2009/3	3,810	8.1



## Highlights of Consolidated Financial Results (2)

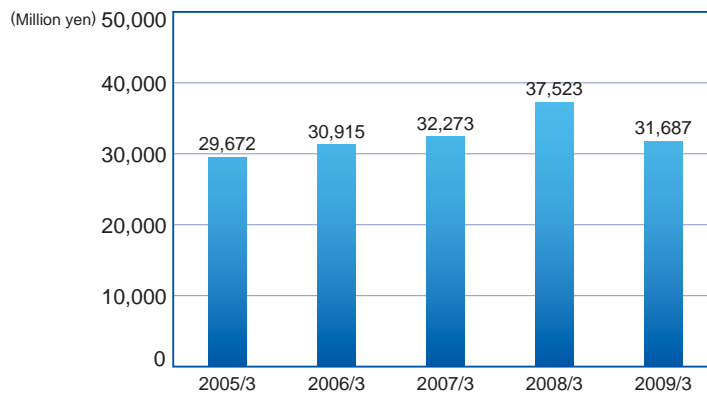
### Net income (Loss)



#### Net income (Loss)

2005/3	52
2006/3	-158
2007/3	-188
2008/3	729
2009/3	2,296

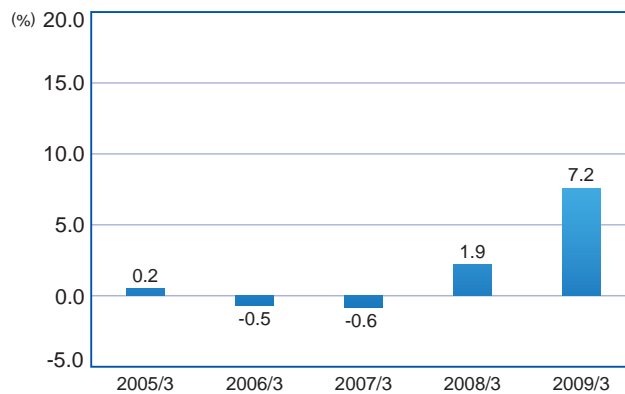
### Total assets



#### Total assets

2005/3	29,672
2006/3	30,915
2007/3	32,273
2008/3	37,523
2009/3	31,687

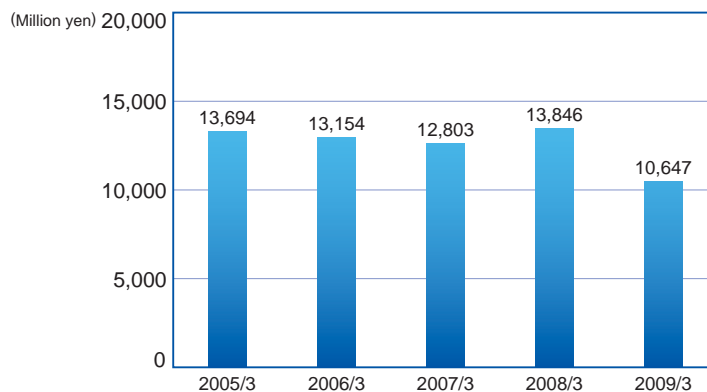
### Return on total assets (ROA)



#### Return on total assets (ROA)

2005/3	0.2
2006/3	-0.5
2007/3	-0.6
2008/3	1.9
2009/3	7.2

### Interest-bearing debt



#### Interest-bearing debt (Million yen)

2005/3	13,694
2006/3	13,154
2007/3	12,803
2008/3	13,846
2009/3	10,647

## Message from the President

In FY 2008, the Japanese economy experienced a period of major turbulence, attributable to rising crude oil prices and the financial market faced a severe phase by the US subprime mortgage crisis. This led to a severe recession of unprecedented severity for the Japanese economy. The automobile industry, export industry, and many other industries experienced sluggish sales and substantially reduced production and inventories.

In this severe business environment, Furukawa Battery improved the efficiency of the corporate activity whole, and accomplished cost cutting. We streamlined the way we sell (sales), the way we produce (production), the way we buy (purchase), the way we store (inventory), and the way we transport (logistics), by keeping profitability in mind.

Consequently, although our sales was down 6,053 million yen year-on-year, to 46,900 million yen, operating income rose 2,232 million yen, to 3,542 million yen, and our net income climbed 1,567 million yen, to 2,296 million yen.

Dividend payments had long been suspended, since March 1991, but we have now achieved a sufficient level of profit and financial improvement, we are pleased to announce that we have decided to pay a five-yen dividend per share.

The economic outlook is uncertain, and an early recovery in the automobile and related industries is unlikely. The business environment surrounding our company becomes severer and more difficult. However, Furukawa Battery will strive to enhance profitabillity. We will streamline our management to expand sales, increase orders, and ensure further cost savings. With respect to our consolidated results for the next term, we expect sales of 35.5 billion yen, operating income of 1,600 million yen, and net income of 1,000 million yen.

Furthermore, it is recognized to use the storage battery that can store and deliver energy efficiently as an important technology of global environmental protecting in recent years, and is demanded a positive approach on this area, we will need to focus on this area.

Furukawa Battery will continue to accelerate the development of new technologies and products. We remain committed to providing products and services that contribute to resolving environmental issues.

In addition, we are fully aware that we are expected to play important roles as a corporate citizen, as well as to comply with laws and regulations. We are determined to fulfill our social responsibility in our transactions with our customers, business partners, shareholders, employees, and local communities.



President and CEO

内海 勝彦

Katsuhiko Utsumi

# Progress of Our Business Plan

## 1. Guiding Principle of Our Corporate Management

Furukawa Battery Group will contribute to society by providing the technologies our customers seek, quality our customers can trust, and services that will leave our customers satisfied, through the production and sales of storage batteries, power supply products and their systems.

To achieve this guiding principle, we promote streamlining of our operations based on the following action guidelines:

- Exercising our ability to take action (speed, conciseness, and initiative) ;
- Strengthening our brand power (quality, development, and human resources), and;
- Increasing our earning capacity (information, field, sales).

## 2. Medium- to Long-Term Business Strategies

Furukawa Battery Group adopted a Medium-Term, 3-Year Plan that started in FY2008. To achieve this plan, we have been committed to the following priority measures:

- Taking action across the company to streamline and slim down the organization and to significantly improve the operating rate;
- Strive to create a safe and comfortable work environment. And also challenge the industrial injury accidents zero making.
- Strengthening our quality management system;
- Establishing an internal control system to renew our systems for operations and account settlement;
- Strengthening our profitability system based on customer orientation;
- Developing new products;
- Developing overseas strategies based on market development and manufacturing bases, and;
- Strengthening our measures for environmental issues.

In the medium-term 3 year management plan, we are aiming to establish the surplus constitution that provides constant profit.

We aim to achieve an operating margin of 5% as a medium-term management benchmark in order to improve our profitability and financial standing.

## 3. Issues and Measures

In a severe business environment, we will execute our business strategies and priority measures under our Medium-Term Business Plan. The specific measures include:

- Pursuit of a stable profit structure;
- Development of a production system that responds to new demands more quickly, and;
- Environmental measures.

Each department will make full efforts to achieve cost reduction – a guiding principle of our daily activities.

We will also strengthen our management system through efforts including:

- Development of new products and planning and development of applied technologies in view of future market demands;
- Streamlining of production and improvement of productivity through development of safe, comfortable workplaces and promotion of streamlining activities across the company, and;
- Effective use of resources.

With respect to our internal control, we will ensure compliance and strengthen our risk management to achieve soundness and fairness in our corporate activities – and to be trusted by our customers.

## 1. Basic Policy

We are expected to play a leading role as a member of society in variety of fields, we will fulfill our social obligations in our relationships with our customers, business partners, stockholders, employees, and local community.

So, it is important to Furukawa Battery to establish corporate governance.

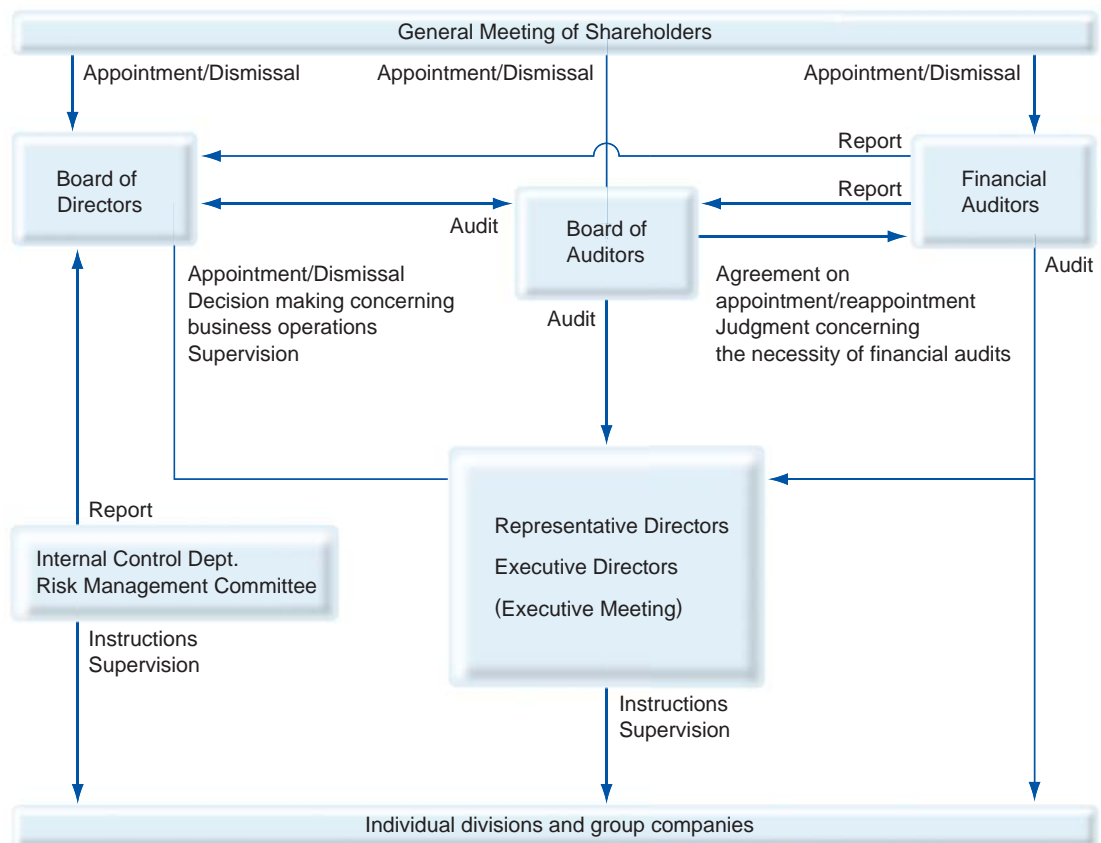
The establishment of an internal control system is essential for achieving these goals. We believe that our Board of Directors is responsible for constantly reviewing and improving the system.

## 2. Organization

Furukawa Battery takes the form of a Company with Auditors in terms of its management organization. We value the function of our auditors and the Board of Auditors, which is institutionally independent from the Board of Directors.

We also enhance the monitoring and supervision of operations and ensure prompt decision-making by improving the operation of the Board of Directors.

### ■ Organization chart



## 3. Strengthening Internal Control

Furukawa Battery has established and operates its internal control system from the following viewpoints:

- Efficiency in carrying out duties;
- Compliance system;
- Risk management system;
- Information management; and
- Management of group companies.



## Our CSR Activities

For Furukawa Battery, the fulfillment of corporate social responsibility means observing the importance of social rules and corporate ethics, reducing the environmental burden caused by business activities, ensuring product safety and ensuring the safety of employees and communities, while providing products and services that contribute to advancing society and improving people's lives.

We aim at the development of corporate activity where three balances of "Economic efficiency", "Environmental protection", and "Contribution to society" moreover, we will enhance communications with our stakeholders while further improving and developing our CSR activities.

### Compliance

All executives and employees of Furukawa Battery are required to observe the Furukawa Electric Group Corporate Code of Conduct. Within this code of conduct, we have established compliance rules. These rules are aimed at ensuring that our business operations comply with laws and regulations, and that we always act properly as members of society.

The compliance rules specify the internal reporting system. Under the system, a company contact office shall be established for internal reporting, and a full-time auditor shall serve as a contact person for anonymous reporting.

The rules also allow the auditors to observe meetings of the Compliance Committee, which consists of all the directors, and to ask questions at the meetings to ensure compliance.

### Environmental Initiatives

The Iwaki Plant and Imaichi Plant of Furukawa Battery comply with environmental regulations and agreements with local governments.

At the Plants, we also encourage environmental protection activities with particular emphasis on the following:

- Saving energy to prevent global warming;
- Reducing waste and encouraging recycling for the effective use of resources and the reduction of the environmental burden;
- Protecting the environment by encouraging resource saving through the effective use of the principal battery materials: lead, cadmium, sulfuric acid and sodium hydroxide; and
- Reducing the environmental burden by developing products that use fewer environmental pollutants.

Furthermore, the activities began by setting up "Green project" for promotion of environmental practices of all sections.

### Relationship with Society and Local Communities

In May 2008, the Furukawa Electric Group Basic Policy on Social Contribution Activities was established. The principles of the basic policy are nurturing future generations, promoting sport and culture, and living alongside local communities. Based on these principles, we will engage in productive activities to fulfill our responsibility as members of society.

#### **Furukawa Electric Group Basic Policy on Social Contribution Activities**

The Furukawa Electric Group is determined to uphold and strengthen its bonds with local communities, which have been nurtured over centuries. We are also committed to creating a better world for future generations. To achieve these goals, we will consistently and tirelessly undertake social contribution activities. In addition to contributing to society through our core operations, we will focus on nurturing future generations, promoting sport and culture and living alongside local communities.

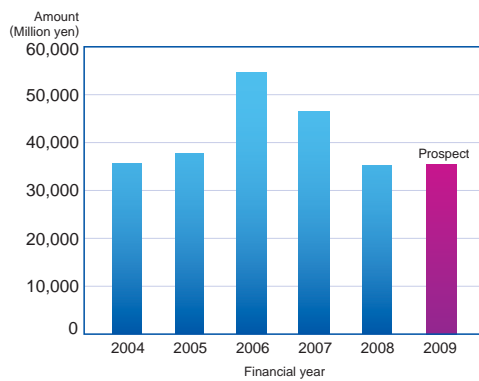
# Business Overview (1)

## 1. Consolidated Sales and Profit

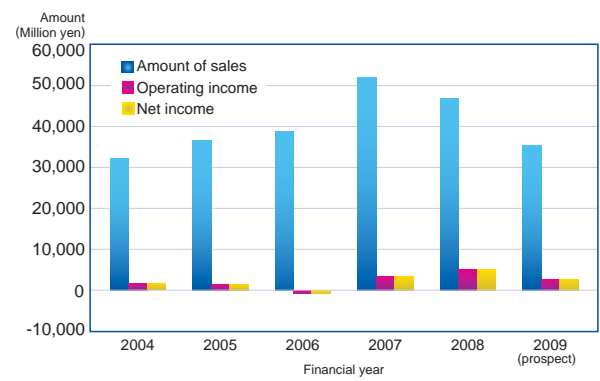
In the severe business environment of FY2008, our sales were down 6,053 million yen year-on-year, to 46.9 billion yen. However, our Operating income rose 2,232 million yen, to 3,542 million yen, and our net income climbed 1,567 million yen, to 2,296 million yen.

An early economic recovery is unlikely in the next term. Given these circumstances, we will seek to streamline management and cut costs. This has allowed us to anticipate sales of 35.5 billion yen, Operating income of 1,600 million yen, and net income of 1,000 million yen as the consolidated results for the next term.

### ■ Consolidated Sales



### ■ Consolidated Sales and Profits



## 2. Sales by Product Category

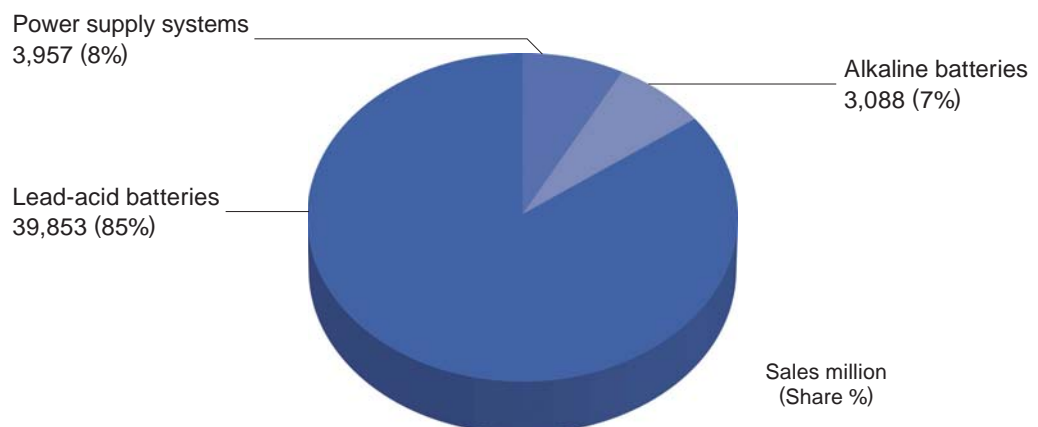
### 1) Sales (sales share) by product category in FY2008

- Lead-acid batteries: 39 billion 853 million yen (85.0%)
- Alkaline batteries: 3,088 million yen (6.6%)
- Power supply systems and others: 3,957 million yen (8.4%)

### 2) Sales from lead-acid batteries

Down 5,469 million yen (12.1%) year on year, to 39 billion 853 million yen. This is attributable mainly to the significant reduction in the number of batteries for incorporation in new vehicles, which was caused by the reduction of output by automobile manufacturers since the third quarter. Shipments of lead-acid batteries for industrial use fell due to the recession, but sales rose following a price revision.

### ■ Breakdown of Sales for FY2008



## Business Overview (2)

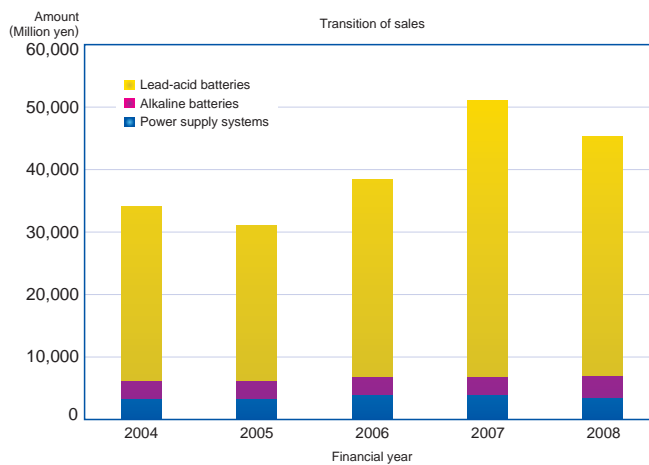
### 3) Sales from alkaline batteries

Up 112 million yen (3.8%) year-on-year, to 3,088 million yen. The growth was mainly due to the increase of industrial batteries used for rolling stock, etc.

### 4) Sales from power supply systems and other sources

Down 695 million yen (14.9%) year-on-year, to 3,957 million yen. This is because of a reduction in the sales of battery chargers.

### Sales by Product Category

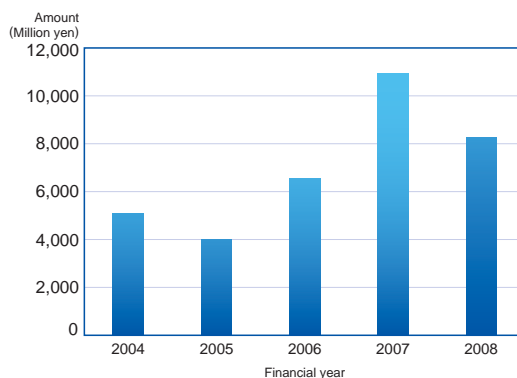


## 3. Overseas Sales

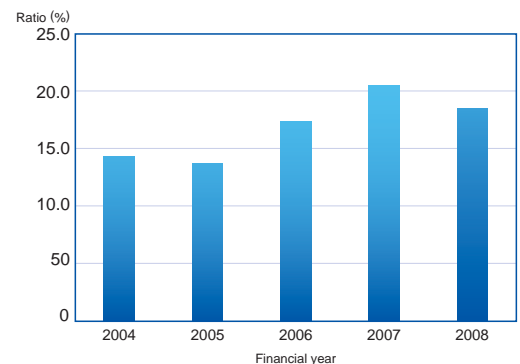
Our overseas sales is generated by lead-acid Batteries for four-wheel and two-wheel vehicles, sold by Furukawa Battery and Siam Furukawa -- our subsidiary in Thailand -- in Asia, Middle East, Africa, and other regions.

Our overseas sales for FY2008 were down 2,332 million yen year on year, to 8,678 million yen. This reflected the revision of product prices, attributable to declines in the price of lead, the raw material for the products. It also owes to the reduction in the number of batteries for incorporation in new vehicles.

### Overseas Sales



### Ratio of Overseas Sales



# Overview of Technological Development (1)

The progress of electrification and development of information-communication society has led to strong demands for batteries and power supplies with smaller dimensions, lighter weight, higher performance, and longer life. In addition, the use of storage batteries that permit efficient storage and use of energy has been drawing attention in recent years as an important technology for protecting the global environment. We intend to respond to these needs by combining our technologies.

## 1. Lithium Ion Batteries

Our lithium ion batteries have been already applied practically in the field of space development, where the demands for smaller, lighter batteries are strongest. We are continuing our development efforts to expand to industrial field where small lighting demand is strong.



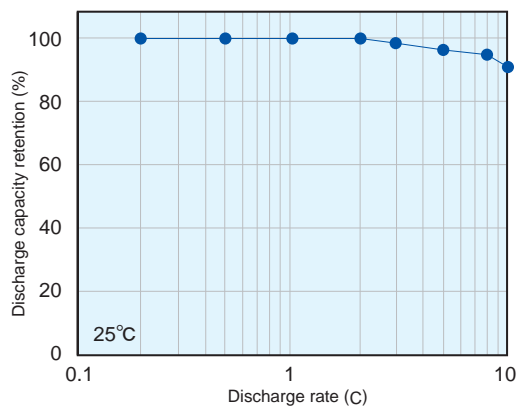
Prototype 3Ah cell

Smaller dimensions, light weight, and high performance are the basic requirements for lithium ion batteries. When applying these batteries to industries that require larger batteries with higher voltage, it is essential to ensure higher safety than is available in batteries used for portable equipment. Our development of lithium ion batteries is based on this belief.

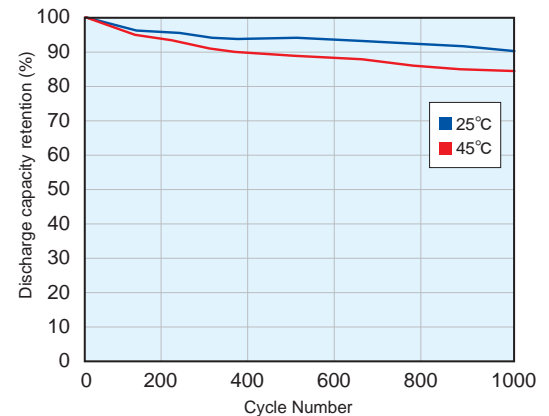
We are aiming to establish environmentally friendly manufacturing process. Specifically, we have changed the positive-electrode material from a cobalt material to iron phosphates. Moreover, in the process of producing electrodes, we have replaced organic solvent paste, which imposes a heavy burden on the environment, with aqueous paste.

We are making a concerted effort to start shipping samples of highly safe lithium ion batteries for industrial use as early as possible.

### ■ Discharge characteristics



### ■ Cycle life characteristics



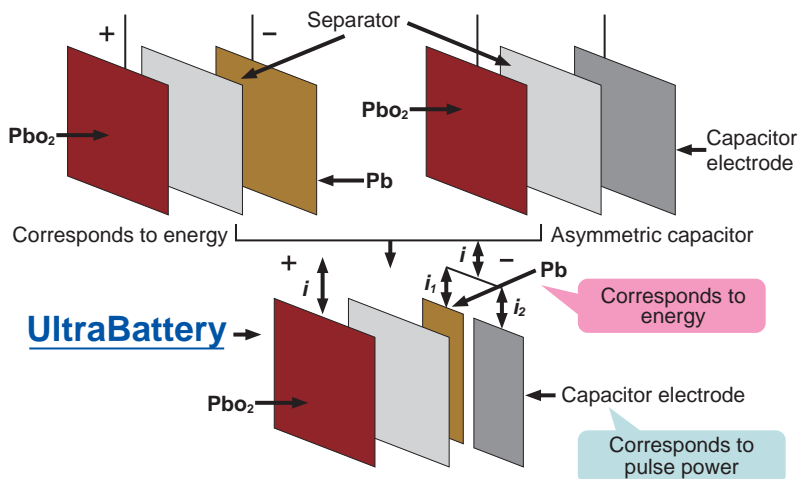


# Overview of Technological Development (2)

## 2. Capacitor Hybrid Lead-Acid Battery (UltraBattery)

UltraBattery is a storage device based on a new concept that incorporates a lead-acid battery and an asymmetric capacitor in a single cell. It is being jointly developed by Furukawa Battery and Australia's \*CSIRO that is research laboratory widespread scientific researched in the world largest class.

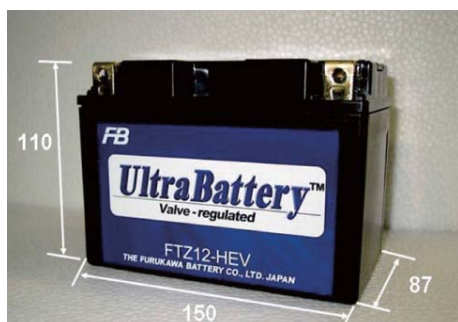
### ■ Concept of structure



\*Commonwealth Scientific and Industrial Research Organization

This battery provides a means of overcoming the drawbacks of traditional lead-acid batteries. Specifically, it improves charge acceptance at high SOC levels. It also ensures significantly longer service life when used with large-current charge and discharge and with PSOC (partial state of charge). This opens up the possibility of use for eco-friendly vehicles (such as hybrid cars) and wind power generation systems, both of which are difficult to achieve with traditional lead-acid batteries. A hybrid electric vehicle (HEV) powered by the UltraBattery could run for 100,000 miles in a driving durability test conducted in the UK by ALABC (Advanced Lead-Acid Battery Consortium).

This has demonstrated that UltraBattery's performance is equal to that of a Nickel-metal hydride battery in terms of travelling performance, durability, fuel efficiency, exhaust gas, etc. We have been recommending that automobile manufacturers use this battery for eco-friendly vehicles. We will also consider its application to industrial and other users outside the automobile industry, plan the process flow, and consider introduction of mass production facilities, for early commercialization of UltraBattery.



Prototype UltraBattery (VRLA type 8.5Ah)



Driving durability test by ALABC

## 1. Current consolidated fiscal year

### Cash flow for business operations

Cash generated by business operations was 4,817 million yen due to the reduction in trade accounts payable of 4,941 million yen, although net income before taxes and other adjustments was 3,470 million yen. There was 1,555 million yen for depreciation and amortization, and a reduction in trade receivables of 3,703 million yen.

### Cash flow for investment activities

Cash used for investment activities was 1,057 million yen due to expenditure of 1,047 million yen for obtaining tangible fixed assets, etc.

### Cash flow for financing activities

Cash used for financing activities was 2,669 million yen due to factors such as the repayment of short-term Debt of 4,110 million yen, despite income of 2,160 million yen from the issuance of corporate bonds.

As the result of the above, the term-end balance of our cash and cash equivalents for the current consolidated fiscal year increased showed a year-on-year increase of 1,069 million yen, to 2,829 million yen.

## 2. Trends of cash flow indexes

	FY ended March 2005	FY ended March 2006	FY ended March 2007	FY ended March 2008	FY ended March 2009
Equity capital ratio (%)	9.8	10.1	9.5	9.3	17.0
Equity capital ratio based on current value (%)	30.9	30.3	21.1	36.1	84.0
Number of years for debt redemption (year)	10.3	11.1	7.7	8.8	2.2
Interest coverage ratio	9.2	7.4	6.2	4.4	14.9

\*Equity capital ratio:  $\text{Equity capital} / \text{Total assets}$

Equity capital ratio based on current value:  $\text{Value of shares} / \text{Total assets}$

Number of years for debt redemption:  $\text{Interest-bearing debt} / \text{Operating cash flow}$

Interest coverage ratio:  $\text{Operating cash flow} / \text{Interest payment}$

Note 1) All ratios were calculated using financial data on a consolidated basis.

Note 2) The value of the shares was calculated by multiplying the term-end share value by the total number of outstanding shares at the end of the term.

Note 3) The operating cash flow used here is the operating cash flow for business operations in the consolidated cash flow statement.

Note 4) Interest-bearing debt is the combined amount of corporate bonds and debts payable recorded in the consolidated balance sheet. The interest payment used here is the amount of interest paid in the consolidated cash flow statement.

# Financial Report

## Consolidated balance sheet (1)

### Assets

	(Million of yen)	
■ Current assets	Previous consolidated fiscal year (March 31, 2008)	Current consolidated fiscal year (March 31, 2009)
Cash and deposits	1,759	2,829
Notes receivable and trade account receivable	14,133	9,792
Inventories	5,234	—
Commodities and products	—	1,403
Products in process	—	2,019
Raw materials and stored goods	—	469
Deferred tax assets	348	296
Others	668	423
Bad debt reserve	(39)	(50)
<b>Total current assets</b>	<b>22,105</b>	<b>17,184</b>
		(Million of yen)
■ Fixed assets	Previous consolidated fiscal year (March 31, 2008)	Current consolidated fiscal year (March 31, 2009)
Tangible fixed assets		
Buildings and structures	9,415	9,191
Cumulative amount of depreciation	(5,952)	(6,029)
Buildings and structures (net amount)	3,462	3,162
Machines, equipment and transport equipment	20,786	20,308
Cumulative amount of depreciation	(16,636)	(16,517)
Machines, equipment and transport equipment (net amount)	4,149	3,790
Machines, transport equipment, tools, apparatus and fixtures	5,870	5,962
Cumulative amount of depreciation	(5,331)	(5,483)
Machines, transport equipment, tools, apparatus and fixtures (net amount)	539	479
Land	2,878	2,878
Leased assets	—	75
Cumulative amount of depreciation	—	(9)
Leased assets (net amount)	—	65
Construction in process account	286	163
<b>Total tangible fixed assets</b>	<b>11,316</b>	<b>10,539</b>
Intangible fixed assets		
Goodwill	146	117
Leased assets	—	44
Others	42	45
<b>Total intangible fixed assets</b>	<b>189</b>	<b>207</b>
Investments and other assets		
Investment securities	2,072	1,594
Others	323	244
Deferred tax assets	1,615	1,990
Bad debt reserve	(98)	(74)
<b>Total investments and other assets</b>	<b>3,912</b>	<b>3,755</b>
<b>Total fixed assets</b>	<b>15,418</b>	<b>14,503</b>
<b>Total assets</b>	<b>37,523</b>	<b>31,687</b>

# Financial Report

## Consolidated balance sheet (2)

### Liabilities

■ Current liabilities	(Million of yen)	
	Previous consolidated fiscal year (March 31, 2008)	Current consolidated fiscal year (March 31, 2009)
Notes payable and trade account payable	12,136	6,606
Short-term debt	10,682	5,772
Bonds to be redeemed within one year	—	1,240
Lease liabilities	—	29
Income tax payable, etc.	399	1,270
Unpaid consumption tax, etc.	257	344
Bonus reserve	451	460
Others	1,951	1,464
<b>Total current liabilities</b>	<b>25,879</b>	<b>17,188</b>

■ Fixed liabilities	(Million of yen)	
	Previous consolidated fiscal year (March 31, 2008)	Current consolidated fiscal year (March 31, 2009)
Bonds	1,500	2,460
Long-term debt	1,664	1,175
Lease liabilities	—	87
Deferred tax liabilities	—	0
Retirement benefit reserve	4,829	5,173
Officers retirement allowance reserve	63	88
Environmental expenditure reserve	18	18
Others	18	20
Total fixed liabilities	8,094	9,022
<b>Total liabilities</b>	<b>33,973</b>	<b>26,211</b>

### Net worth

■ Shareholders' equity	(Million of yen)	
	Previous consolidated fiscal year (March 31, 2008)	Current consolidated fiscal year (March 31, 2009)
Capital stock	1,640	1,640
Capital surplus	422	422
Earned surplus	1,083	3,379
Treasury stocks	(2)	(4)
<b>Total shareholders' equity</b>	<b>3,143</b>	<b>5,437</b>

■ Valuation and translation gains and losses, etc.	(Million of yen)	
	Previous consolidated fiscal year (March 31, 2008)	Current consolidated fiscal year (March 31, 2009)
Valuation gains and losses on other securities	487	216
Deferred hedge gains and losses	(208)	(55)
Translation adjustment account	63	(200)
Total valuation and translation gains and losses	342	(39)
Minority interest	65	78
<b>Total net worth</b>	<b>3,550</b>	<b>5,475</b>

<b>Total liabilities and net worth</b>	<b>37,523</b>	<b>31,687</b>
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# Financial Report

## Consolidated Income Statement

(Million of yen)

	Previous consolidated fiscal year (From April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (From April 1, 2008 to March 31, 2009)
Sales	52,953	46,900
Cost of sales	42,937	34,747
<b>Gross profit on sales</b>	<b>10,016</b>	<b>12,152</b>
<b>■ Selling, general and administrative expenses</b>		
Selling expenses	2,965	2,712
General and administrative expenses	5,524	5,629
Total selling, general and administrative expenses	8,489	8,342
<b>Operating income</b>	<b>1,526</b>	<b>3,810</b>
<b>■ Non-operating income</b>		
Interests received	2	2
Dividends received	20	21
Return on investment through the equity method	33	39
House rents borne by employees	32	29
Policyholder's dividends	23	15
Gain on sale of scraps	31	11
Others	52	58
<b>Total non-operating income</b>	<b>196</b>	<b>178</b>
<b>■ Non-operating expense</b>		
Interests paid	359	326
Exchange losses	10	50
Others	41	68
<b>Total non-operating expense</b>	<b>412</b>	<b>445</b>
<b>Income before income taxes</b>	<b>1,310</b>	<b>3,542</b>
<b>■ Extraordinary gain</b>		
Gain on sale of fixed assets	1	0
Amount of reimbursement from bad debt reserve	69	8
Others	0	2
<b>Total extraordinary gain</b>	<b>71</b>	<b>11</b>
<b>■ Extraordinary loss</b>		
Loss on disposal of fixed assets	28	31
Valuation loss on investment securities	5	49
Valuation loss on golf club memberships	—	3
Amount of addition to environmental expenditure reserve	18	—
Others	0	—
<b>Total extraordinary loss</b>	<b>51</b>	<b>83</b>
Current net income before adjustment of taxes, etc.	1,330	3,470
Corporation tax, inhabitant tax and enterprise tax	406	1,421
Amount of adjustment of corporation tax, etc.	192	(275)
Total corporation tax, etc.	599	1,145
Minority interest	1	28
<b>Current net income</b>	<b>729</b>	<b>2,296</b>

# Financial Report

## Consolidated cash flow statement

(Million of yen)

	Previous consolidated fiscal year (From April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (From April 1, 2008 to March 31, 2009)
<b>■ Cash flow for business operations</b>		
Current net income before adjustment of taxes, etc.	1,330	3,470
Depreciation expense	1,376	1,555
Amount of decrease (increase) in trade account receivable	(2,901)	3,703
Amount of decrease (increase) in inventories	(769)	960
Amount of increase (decrease) in trade account payable	2,116	(4,941)
Amount of increase (decrease) in unpaid consumption tax, etc.	161	87
Valuation loss on golf club memberships	—	3
Others	640	819
Sub-total	1,955	5,661
Amount of interests and dividends received	36	39
Amount of interests paid	(356)	(322)
Amount of payment of corporation tax, etc.	(65)	(560)
<b>Cash flow for business operations</b>	<b>1,569</b>	<b>4,817</b>
<b>■ Cash flow for investment activities</b>		
Expenditure for acquisition of tangible fixed assets	(1,294)	(1,047)
Income from sale of tangible fixed assets	1	0
Expenditure for acquisition of intangible fixed assets	(6)	(60)
Expenditure for acquisition of investment securities	(3)	(3)
Income from sale of investment securities	—	0
Others	(60)	54
<b>Cash flow for investment activities</b>	<b>(1,362)</b>	<b>(1,057)</b>
<b>■ Cash flow for financing activities</b>		
Amount of net increase (decrease) in short-term debts	(1,280)	(4,110)
Income due to long-term debts	2,000	—
Expenditure for repayment of long-term debts	(323)	(698)
Income due to issue of bonds	490	2,160
Expenditure for repayment of lease liabilities	—	(18)
Others	3	(2)
<b>Cash flow for financing activities</b>	<b>889</b>	<b>(2,669)</b>
<b>■ Closing balance of cash and cash equivalent</b>		
Translation gain or loss on cash and cash equivalent	0	(20)
Amount of increase (decrease) in cash and cash equivalent	1,097	1,069
Opening balance of cash and cash equivalent	644	1,759
Amount of increase in cash and cash equivalent due to new consolidation	17	—
<b>Closing balance of cash and cash equivalent</b>	<b>1,759</b>	<b>2,829</b>

## Corporate Information



### ■ Trade Name:

The Furukawa Battery Co., Ltd.

### ■ Founded on:

September 1, 1950

### ■ Head Office:

2-4-1 Hoshikawa, Hodogaya-Ku, Yokohama City,  
Kanagawa Prefecture, 240-0006 Japan  
Phone: +81-45-336-5034  
URL: <http://www.furukawadenchi.co.jp/>

### ■ Capital:

1.64 billion JPY (as of March 31, 2009)

### ■ Plants:

#### Imaichi Plant

597 Otorozawa Aza Uehara, Nikko City, Tochigi Prefecture 321-2336 Japan  
Phone +81-288-22-3111

#### FB Plant (Harigai Plant)

1066-22 Harigai Aza Kayaba, Nikko City, Tochigi Prefecture 321-2331 Japan  
Phone +81-288-26-8061

#### Iwaki Plant

23-6 Joban Shimo-Funao-Cho Kuidesaku, Iwaki City, Fukushima Prefecture 972-8312 Japan  
Phone +81-246-43-0080

#### R&D Center

23-6 Joban Shimo-Funao-Cho Kuidesaku, Iwaki City, Fukushima Prefecture 972-8312 Japan  
Phone +81-246-44-6866

### ■ Branches:

Tokyo Office, Kansai Branch (Osaka), Chubu Branch (Nagoya), Tohoku Branch (Sendai),  
Kyushu Branch (Fukuoka), Hokkaido Branch (Sapporo), Chugoku Branch (Hiroshima),  
Shikoku Branch (Takamatsu), Hokuriku Branch (Kanazawa)

### ■ Group Companies

#### Sales of Automotive Batteries

Northern Japan Furukawa Battery Sales Co., Ltd.  
Eastern Japan Furukawa Battery Sales Co., Ltd.  
Central Japan Furukawa Battery Sales Co., Ltd.  
Western Japan Furukawa Battery Sales Co., Ltd.  
Kyushu Furukawa Battery Sales Co., Ltd.  
Niigata Furukawa Battery Co., Ltd.

#### Construction and Maintenance of Industrial Equipment

Furukawa Battery Service Co., Ltd.

#### Manufacture and Sales of Alkaline Batteries for Industrial Use

Honda Denki Co., Ltd.

#### Overseas Manufacture and Sales of Automotive Batteries

Siam Furukawa Co., Ltd. (Thailand)

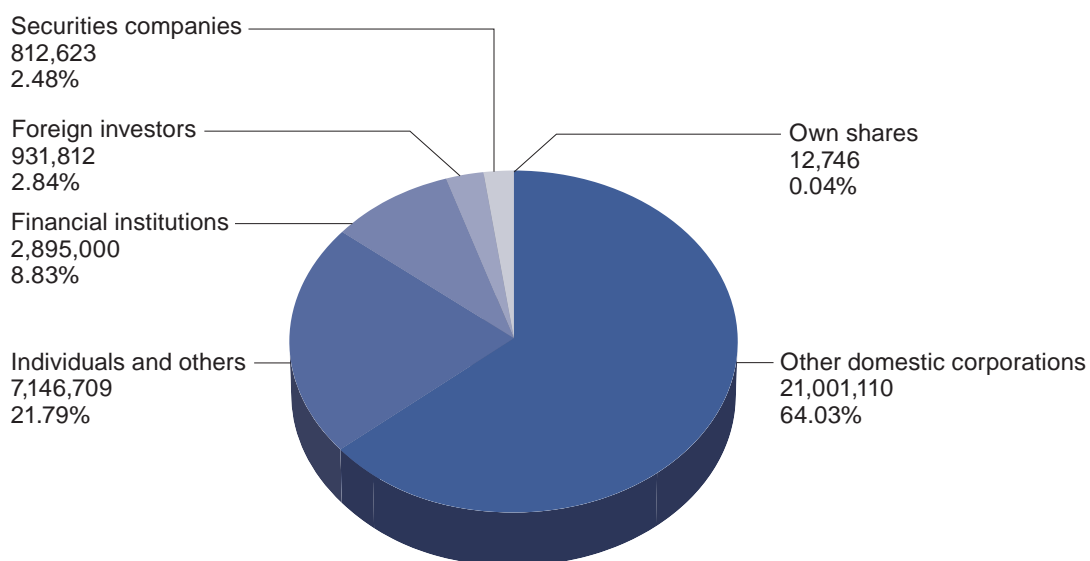
## Our Shares

### Shares outstanding (common shares)

Total number of shares authorized: 80,000,000 (as of March 31, 2009)

Number of own shares at the end of the term: 32,800,000 (as of March 31, 2009)

#### ■ Distribution of shares by shareholders (as of March 31, 2009)



#### ■ Major Shareholders (as of March 31, 2009)

Name	No. of shares	Share holding ratio (%)
Furukawa Electric Co., Ltd.	18,751,200	57.17
Furukawa Battery's Business Partners as Shareholders	664,000	2.02
Japan Trustee Services Bank, Ltd. (Trust account: 4G)	596,000	1.68
Toyota Motor Corporation	550,000	1.67
Asahi Mutual Life Insurance Co.	440,000	1.34
Sompo Japan Insurance Inc.	421,000	1.28
Hino Motors, Ltd.	330,000	1.00
Mizuho Corporate Bank, Ltd.	276,000	0.84
Japan Trustee Services Bank, Ltd. (Trust account)	255,000	0.77
Tokio Marine & Nichido Fire Insurance Co., Ltd.	220,000	0.67