

Fiscal Year 2012 Consolidated Financial Results
(April 1, 2012 to March 31, 2013)

FDK CORPORATION

(URL: <http://www.fdk.com>)

Listing Code No.6955 (Listing Stock Exchange: The Second Section of Tokyo Stock Exchange)
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Date of the ordinary general shareholder's meeting: June 26, 2013
Filing date of Yukashoken Hokokusho: June 26, 2013
The Consolidated Financial Results is unaudited / U.S. GAPP is not applied

1. Consolidated Results for FY2012 ended March 31, 2013

a. Consolidated Statements of Income

	Yen (millions)			U.S.Dollars (millions)
	FY2011 (4/1/11-3/31/12)	FY2012 (4/1/12-3/31/13)	Change(%)	
Net Sales	80,334	73,547	-8.4 %	\$782.50
Operating Income(loss)	136	(526)	-	(\$5.60)
Ordinary Income	105	174	65.0	\$1.85
Net Income	359	453	26.1	\$4.82
Amounts Per Share of Common Stock:				
Basic Earnings	1.65 yen	2.09 yen		2.2 cent
Diluted Earnings	1.29 yen	1.63 yen		1.7 cent

b. Consolidated Financial Position

	Yen (millions)	
	As of Mar. 31, 2012	As of Mar. 31, 2013
Total Assets	58,427	58,720
Total Net Assets	6,993	8,150
Shareholders' Equity	6,661	7,114
Shareholders' Equity Ratio	8.0%	11.1%
Shareholders' Equity Per Share	(29.00) yen	(20.61) yen

c. Consolidated Statements of Cash Flows

	Yen (millions)	
	FY2011 (4/1/11-3/31/12)	FY2012 (4/1/12-3/31/13)
Net cash used in operating activities	2,355	1,089
Net cash used in investing activities	(1,971)	(1,737)
Net cash used in financing activities	1,368	(430)
Cash and cash equivalents at end of period	5,875	5,297

Consolidated Subsidiaries	15 companies
Unconsolidated Subsidiaries (equity method applied)	3 companies
Affiliates (equity method applied only)	1 companies

d. Net Sales by Business Segment

	Yen (millions)	Yen (millions)	U.S.Dollars (millions)
	FY2011	FY2012	FY2012
	(4/1/11-3/31/12)	(4/1/12-3/31/13)	(4/1/12-3/31/13)
Batteries	52,090	45,671	\$485.91
Electronic Devices	28,244	27,876	\$296.58
Total	80,334	73,547	\$782.50

(Notes for the Consolidated Operating Results (from 1.a to 1.d))

1. All amounts less than one million yen have been disregarded.
2. U.S. dollar amounts are translated from yen, for convenience only, at the rate of \$1=93.99 yen
3. The percentage in this statement presents rate of change compared with the previous fiscal year.

2. Consolidated Financial Forecast for the year ending March 31, 2014

(Million of yen, except per share data)

	FY2013	Change from FY2012(%)
Net Sales	80,000	8.8 %
Operating Income	2,200	- %
Ordinary Income	1,900	989.2
Net Income	1,000	120.6 %
Net Income per Share	4.60 yen	-

3. Others**(1) Changes in significant subsidiaries during the period: No.****(2) Changes in accounting policies, procedures, and presentation, etc.**

- 1) Changes resulting from revisions in accounting principles, etc.: No.
- 2) Other changes: No.

(3) Number of shares outstanding (common stock)

- 1) Number of shares outstanding at the end of fiscal year. (including treasury shares)
March 31, 2013: 217,505,884 shares March 31, 2012: 217,505,884 shares
- 2) Number of treasury shares at the end of fiscal year
March 31, 2013: 233,228 shares March 31, 2012: 229,956 shares
- 3) Weighted average number of shares outstanding during the fiscal year ended March 31 of each year
March 31, 2013: 217,274,434 shares March 31, 2012: 217,277,191 shares

Consolidated Balance Sheets

Millions of yen

	FY2011 Mar 31, 2012	FY2012 Mar 31, 2013
Assets		
Current assets		
Cash and deposits	6,178	5,307
Notes and accounts receivable-trade	19,753	20,704
Merchandise and finished goods	2,640	2,386
Work in process	3,556	2,937
Raw materials and supplies	1,583	1,677
Deferred tax assets	107	132
Other	1,512	1,669
Allowance for doubtful accounts	(57)	(55)
Total current assets	<u>35,274</u>	<u>34,761</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,537	8,038
Machinery, equipment and vehicles, net	7,517	6,550
Tools, furniture and fixtures, net	778	884
Land	3,409	3,437
Lease assets, net	462	1,238
Construction in progress	901	1,226
Total property, plant and equipment	<u>20,605</u>	<u>21,376</u>
Intangible assets	<u>819</u>	<u>778</u>
Investments and other assets		
Investment securities	144	161
Long-term loans receivable	3	1
Deferred tax assets	194	218
Other	1,386	1,422
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	<u>1,728</u>	<u>1,804</u>
Total non-current assets	<u>23,152</u>	<u>23,959</u>
Total assets	<u>58,427</u>	<u>58,720</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,911	15,565
Short-term loans payable	21,277	21,279
Lease obligations	297	363
Accounts payable-other	1,864	1,254
Income taxes payable	152	243
Provision for loss on desaster	156	137
Other	2,050	2,569
Total current liabilities	<u>41,710</u>	<u>41,414</u>
Non-current liabilities		
Lease obligations	402	1,091
Deferred tax liabilities	3	3
Provision for retirement benefits	6,824	6,313
Negative goodwill	2,087	1,328
Other	405	419
Total non-current liabilities	<u>9,723</u>	<u>9,156</u>
Total liabilities	<u>51,433</u>	<u>50,570</u>
Net assets		
Shareholders' equity		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(44,220)	(43,767)
Treasury stock	(41)	(42)
Total shareholders' equity	<u>6,661</u>	<u>7,114</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	18
Foreign currency translation adjustment	(1,971)	(609)
Total accumulated other comprehensive income	<u>(1,961)</u>	<u>(591)</u>
Minority interests	<u>2,294</u>	<u>1,628</u>
Total net assets	<u>6,993</u>	<u>8,150</u>
Total liabilities and net assets	<u>58,427</u>	<u>58,720</u>

Consolidated Statements of Income
Millions of yen

	FY2011	FY2012
	Apr'11-Mar'12	Apr'12-Mar'13
Net sales	80,334	73,547
Cost of sales	70,021	63,764
Gross profit	10,313	9,783
Selling, general and administrative expenses	10,177	10,310
Operating income (loss)	136	(526)
Non-operating income		
Interest income	22	14
Foreign exchange gains	-	325
Amortization of negative goodwill	759	759
Rent income	17	23
Other	216	121
Total non-operating income	1,015	1,243
Non-operating expenses		
Interest expenses	163	163
Foreign exchange losses	344	-
Equity in losses of affiliates	98	96
Loss on retirement of non-current assets	248	92
Sales discounts	68	57
Other	123	133
Total non-operating expenses	1,046	542
Ordinary income	105	174
Extraordinary income		
Subsidy	449	56
Reversal of provision for compensation for damage	117	-
Reversal of provision for loss on disaster	105	-
Gain on sales of land	85	-
Total extraordinary income	757	56
Extraordinary loss		
Settlement package	-	239
Cost of corrective measures for products	227	-
Impairment loss	198	-
Total extraordinary loss	426	239
Income (loss) before income taxes	437	(7)
Income taxes-current	127	246
Income taxes-deferred	107	(36)
Total income taxes	234	209
Income (loss) before minority interests	202	(217)
Minority interests in income	(156)	(670)
Net income	359	453

Consolidated Statements of comprehensive income
Millions of yen

	FY2011	FY2012
	Apr'11-Mar'12	Apr'12-Mar'13
	<hr/>	<hr/>
Income (loss) before minority interests	202	(217)
Other comprehensive income		
Valuation difference on available-for-sale securities	6	8
Foreign currency translation adjustment	(87)	1,208
Share of other comprehensive income of associates accounted for using equity method	27	156
Other comprehensive income	<hr/> (53) <hr/>	<hr/> 1,373 <hr/>
Comprehensive income	<hr/> 149 <hr/>	<hr/> 1,156 <hr/>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	<hr/> 310 <hr/>	<hr/> 1,822 <hr/>
Comprehensive income attributable to minority interests	<hr/> (161) <hr/>	<hr/> (666) <hr/>

Consolidated Statements of Changes in Net Asset
Millions of yen

	FY2011 Apr'11-Mar'12	FY2012 Apr'12-Mar'13
Shareholders' equity		
Capital stock		
Beginning balance	28,301	28,301
Changes of items during the period		
Total changes of items during the period	-	-
Ending balance	28,301	28,301
Capital surplus		
Beginning balance	22,622	22,622
Changes of items during the period		
Total changes of items during the period	-	-
Ending balance	22,622	22,622
Retained earnings		
Beginning balance	(44,580)	(44,220)
Changes of items during the period		
Net income	359	453
Total changes of items during the period	359	453
Ending balance	(44,220)	(43,767)
Treasury stock		
Beginning balance	(41)	(41)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Ending balance	(41)	(42)
Total shareholders' equity		
Beginning balance	6,302	6,661
Changes of items during the period		
Net income	359	453
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	359	452
Ending balance	6,661	7,114
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Beginning balance	3	9
Changes of items during the period		
Net changes of items other than shareholders' equity	6	8
Total changes of items during the period	6	8
Ending balance	9	18
Deferred gains or losses on hedges		
Beginning balance	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	-
Total changes of items during the period	-	-
Ending balance	-	-
Foreign currency translation adjustment		
Beginning balance	(1,916)	(1,971)
Changes of items during the period		
Net changes of items other than shareholders' equity	(55)	1,361
Total changes of items during the period	(55)	1,361
Ending balance	(1,971)	(609)
Total Accumulated other comprehensive income		
Beginning balance	(1,912)	(1,961)
Changes of items during the period		
Net changes of items other than shareholders' equity	(48)	1,369
Total changes of items during the period	(48)	1,369
Ending balance	(1,961)	(591)
Minority interests		
Beginning balance	608	2,294
Changes of items during the period		
Net changes of items other than shareholders' equity	1,685	(666)
Total changes of items during the period	1,685	(666)
Ending balance	2,294	1,628
Net assets		
Beginning balance	4,998	6,993
Changes of items during the period		
Net income	359	453
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	1,636	703
Total changes of items during the period	1,995	1,156
Ending balance	6,993	8,150

Consolidated Statements of Cash Flows
Millions of yen

	FY2011	FY2012
	Apr'11-Mar'12	Apr'12-Mar'13
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	437	(7)
Depreciation and amortization	3,357	2,955
Impairment loss	198	-
Subsidy income	(449)	(56)
Increase (decrease) in provision for retirement benefits	(624)	(510)
Increase (decrease) in allowance for doubtful accounts	(2)	(8)
Interest and dividends income	(52)	(16)
Interest expenses	163	163
Foreign exchange losses (gains)	1	(10)
Equity in (earnings) losses of affiliates	98	96
Loss (gain) on sales of property, plant and equipment	(83)	(10)
Loss on retirement of non-current assets	248	92
Amortization of negative goodwill	(759)	(759)
Settlement package	-	239
Decrease (increase) in notes and accounts receivable-trade	1,883	792
Decrease (increase) in inventories	(45)	1,090
Increase (decrease) in notes and accounts payable-trade	(690)	(1,867)
Increase (decrease) in accrued expenses	(969)	171
Other, net	(285)	(760)
Subtotal	<u>2,426</u>	<u>1,591</u>
Interest and dividends income received	52	16
Proceeds from subsidy	449	56
Interest expenses paid	(204)	(163)
Income taxes paid	(368)	(172)
Settlement package paid	-	(239)
Net cash provided by (used in) operating activities	<u>2,355</u>	<u>1,089</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(312)	(19)
Proceeds from withdrawal of time deposits	15	312
Purchase of property, plant and equipment	(3,594)	(2,903)
Proceeds from sales of property, plant and equipment	119	951
Purchase of intangible assets	(49)	(84)
Purchase of investment securities	(3)	(3)
Proceeds from sales of stocks of subsidiaries and affiliates	1,846	-
Other, net	6	8
Net cash provided by (used in) investing activities	<u>(1,971)</u>	<u>(1,737)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,662	(93)
Purchase of treasury stock	(0)	(0)
Repayments of finance lease obligations	(293)	(337)
Net cash provided by (used in) financing activities	<u>1,368</u>	<u>(430)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(34)</u>	<u>501</u>
Net increase (decrease) in cash and cash equivalents	<u>1,718</u>	<u>(577)</u>
Cash and cash equivalents at beginning of period	<u>4,156</u>	<u>5,875</u>
Cash and cash equivalents at end of period	<u>5,875</u>	<u>5,297</u>

Consolidated Business Segment Information
Millions of yen

FY2011 Apr'11-Mar'12

	Business Segments Reported		Total	Ajustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	52,090	28,244	80,334	-	80,334
Intersegment	-	-	-	-	-
Total	52,090	28,244	80,334	-	80,334
Segment income	(106)	243	136	-	136
Segment assets	42,122	15,226	57,348	1,079	58,427
Other items					
Depreciation	2,902	454	3,357	-	3,357
Amount of investment to equity method-treasury stock	-	1,059	1,059	-	1,059
Increase in property, plant and equipment and intangible assets	2,669	870	3,539	-	3,539

FY2012 Apr'12-Mar'13

	Business Segments Reported		Total	Ajustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	45,671	27,876	73,547	-	73,547
Intersegment	-	-	-	-	-
Total	45,671	27,876	73,547	-	73,547
Segment income	(1,495)	968	(526)	-	(526)
Segment assets	40,779	17,089	57,869	851	58,720
Other items					
Depreciation	2,484	470	2,955	-	2,955
Amount of investment to equity method-treasury stock	-	1,119	1,119	-	1,119
Increase in property, plant and equipment and intangible assets	2,300	1,241	3,541	-	3,541

Business Results

(1) Analysis of Consolidated Business Results

1.1 Overview

The business environment of the FDK Group (hereinafter called “FDK”) during the fiscal year ending March 31, 2013 remained in severe condition due to the high appreciation of yen and the economic slump. Although this fiscal year was the final year of the START 10, which is the midterm management plan made three years ago, FDK had had a hard time achieving its target as there were some unforeseen circumstances such as the Great East Japan Earthquakes and floods in Thailand.

Under these circumstances, FDK developed the new midterm business plan, starting from FY2013 (FY2013-15) and executed some of these measures ahead of schedule. In this plan, FDK intended to strengthen its business foundation to achieve the business plan and implemented the growth strategy.

As for measures to strengthen FDK’s business structure, FDK made its best effort to lower the break-even point by cost reduction of all products, adoption a VE technology with focus on precious metal materials such as rare earths, reduction of material cost by reducing purchasing cost, review of commercial distribution, improvement of productivity, and reduction of fixed costs by the thorough elimination of waste. To do so, FDK aimed to transform the business structure to bear profits amidst sluggish sales and sought to improve the cash flow to strengthen its financial base.

In terms of growth measurement, we worked on the commercialization of the power storage system using Ni-MH batteries, the launch of new plant for ultrahigh performance ferrite in the grounds of Sanyo Plant, and the market of new products of alkaline batteries and Ni-MH batteries. However, the fruitful results of these growth strategies will not be realized until FY2013 or later. Moreover, lithium-ion capacitor has been taken some time to develop market as well.

As for FDK’s business results, net sales were 73,547 million yen (80,334 million yen in the previous fiscal year). While the first half was 35,109 million yen, the second half was increased to 38,437 million yen. Operating loss was 526 million yen (136 million yen of operating income in the previous year). Although we have made an improvement in operating income/loss from the third quarter, it could not cover the operating loss of 1,626 million yen in the first half. Ordinary income was 174 million yen (105 million yen in the previous fiscal year). Net income was 453 million yen (358 million yen in the previous fiscal year).

Ref: Quarterly Consolidated Financial Results

(Million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
FY2012 1Q	16,509	-893	-993	-790
FY2012 2Q	18,600	-733	-730	-775
FY2013 3Q	18,530	351	874	872
FY2014 4Q	19,907	748	1,023	1,146

The divisional sales overview is as follows.

1.2 Battery Business

Sales of alkaline batteries fairly decreased from the previous fiscal year due to the sluggish domestic and global sales for consumer and OEM markets. Sales of Ni-MH batteries and lithium batteries fairly decreased from the previous year due to decrease in sales under the poor market. However, the sales for battery business in the second half increased by 1,980 million yen from the first half to 23,826 million yen.

As a result, sales for the battery business were 45,671 million yen (52,090 million yen in the previous fiscal year).

1.3. Electronic Device Business

Sales of switching power supplies for servers/storages and optical devices for submarine communication cables decreased from the previous year due to the sluggish investment in information infrastructure. Sales of coil devices did well as the previous year for hybrid cars; sales of ceramic parts also did well due to the market expansion. Sales of high frequency devices and mobile modules steadily increased from the previous year due to the market expansion of smartphones. Sales of dc-dc converters (voltage converter) steadily did well for servers and storages. Sales of signal processing modules for LCDs did well especially for large LCD televisions and tablet devices as the sales of LCD panel products recovered from its sluggish condition.

As a result, sales for the electronic device business were 27,876 million yen (28,244 million yen in the previous fiscal year). Sales of the second half increased by 1,348 million yen from the first half to 14,612 million yen.

2. Forecast for the Fiscal Year Ending March 31, 2014

Although super-strong yen was corrected by the market expectations from the implemented economic policy and fiscal policy by Japanese government and Bank of Japan to break away from deflation and economic recovery has seen such a large increase in stock prices, it is expected to take a long time to recover the real economy.

FDK aims to achieve net sales of 110 million yen and operating margin of over 7% in FY2015, which are targeted in the midterm business plan starting from FY2013 (FY2013 to FY2015). In this plan, FDK would strengthen its existing business and aggressively introduce new products for home, office and social infrastructure of public facilities in future society, whose products meet the social needs for electric storage devices and use the synergy effect of the battery business and electronic device business.

For the second half of FY2012, we consecutively posted a profit from October to March. Without breaking this trend, we will continue to manage posting a profit monthly in FY2013. As for the forecast for the FY2013, FDK targets net sales at 80,000 million yen, operating income at 2,200 million yen, ordinary income at 1,900 million yen and net income at 1,000 million yen. Regarding the exchange rate for FY2013, FDK set a 93 yen per US dollar and a 120 yen per euro.

(2) Analysis of Financial Condition

2.1. Status of Assets, Liabilities and Net Assets

Total assets at the end of FY2012 increased by 293 million yen (0.5%) from the end of the previous fiscal year to 58,720 million yen. Current assets decreased by 512 million yen (-1.5%) from the end of the previous fiscal year to 34,761 million yen. Noncurrent assets increased by 806 million yen (3.5%) from the end of the previous fiscal year to 23,959 million yen. The principal causes for decreased current assets were an 870 million yen decrease in cash and deposits and a 618 million yen decrease in work in process, though there was a 950 million yen increase in notes and accounts receivable-trade. The principal cause for increased noncurrent assets was a 776 million yen increase in lease assets, net.

Total liabilities at the end of FY2012 decreased by 863 million yen (-1.7%) from the end of the previous fiscal year to 50,570 million yen. Current liabilities decreased by 296 million yen (-0.7%) from the end of the previous fiscal year to 41,414 million yen.

Noncurrent liabilities decreased by 566 million yen (-5.8%) from the end of the previous fiscal year to 9,156 million yen.

The principal cause of decreased current liabilities was a 609 million yen decrease in accounts payable-other. The principal causes for decreased non-current liabilities were a 759 million yen decrease in negative goodwill and a 510 million yen decrease in provision for retirement benefits, though there was a 688 million yen increase in lease obligations.

The interest-bearing debt increased by 757 million yen from the end of the previous fiscal year to 22,734 million yen.

Total net assets at the end of FY2012 increased by 1,156 million yen from the end of the previous fiscal

year to 8,150 million yen.

The main factors for the increase in total net assets were a 1,361 million yen increase in foreign currency translation adjustment and a 453 million yen increase in retained earnings by posting a net income of FY2012, though there was a 666 million yen decrease in minority interests.

2.2 Cash Flow Condition

Net cash used in operating activities increased by 1,089 million yen from the beginning of this fiscal year due to an increase in cash and cash equivalents (“cash”) by posting the depreciation and amortization and a decrease in inventories, though there was a decrease in cash by a decrease in notes and accounts payable-trade.

Net cash used in investment activities decreased by 1,737 million yen from the beginning of this fiscal year by purchasing the property, plant and equipment.

Net cash used in financing activities decreased by 430 million yen from the beginning of this fiscal year due to the repayment of finance lease obligations.

As a result, the balance of cash and cash equivalents in March 31, 2013 was 5,297 million yen, a decrease of 577 million yen from the beginning of the fiscal year.

Ref: Changes in cash flow indicators

	FY2008	FY2009	FY2010	FY2011	FY2012
Equity ratio (%)	-19.7	4.1	7.4	8.0	11.1
Market value equity ratio (%)	37.9	46.1	49.4	32.7	28.1
Debt to cash flow ratio (%)	12.9	117.9	4.8	9.3	20.9
Interest coverage ratio (%)	4.4	0.9	18.2	14.4	6.7

Note:

Equity ratio = Total shareholders' equity/Total assets

Market value equity ratio = Market capitalization/Total assets

Debt to cash flow ratio = Interest-bearing debt/Net cash used in operating activities

Interest coverage ratio = Net cash used in operating activities/interest expense