

Fiscal Year 2013 Consolidated Financial Results  
(April 1, 2013 to March 31, 2014)

FDK CORPORATION

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

Listing Code No.6955 (Listing Stock Exchange: The Second Section of Tokyo Stock Exchange)  
Address: Hamagomu Bldg. 5-36-11 Shimbashi, Minato-ku, Tokyo 105-8677  
Contact: Corporate Communication Office, General Affairs Depart.  
E-mail: [hirano@fdk.co.jp](mailto:hirano@fdk.co.jp)  
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The Consolidated Financial Results is unaudited/U.S. GAPP is not applied

1. Consolidated Results for FY2013 ended March 31, 2014

a. Consolidated Statements of Income

	Yen (millions)			Change (%)	U.S.Dollars (millions)
	FY2012	FY2013			FY2013
	(4/1/12-3/31/13)	(4/1/13-3/31/14)			(4/1/13-3/31/14)
Net Sales	73,547	76,624	4.2 %	\$744.50	
Operating Income (loss)	(526)	1,448	-	\$14.07	
Ordinary Income	174	1,471	743.4	\$14.29	
Net Income	453	1,060	134.0	\$10.30	
<b>Amounts Per Share of Common Stock:</b>					
Basic Earnings	2.09 yen	4.88 yen		4.7 cent	
Diluted Earnings	1.63 yen	- yen		-	

b. Consolidated Financial Position

	Yen (millions)	
	As of Mar. 31, 2013	As of Mar. 31, 2014
	Total Assets	58,720
Total Net Assets	8,150	6,508
Shareholders' Equity	7,114	8,174
Shareholders' Equity Ratio	11.1 %	10.6 %
Shareholders' Equity Per Share	(20.61) yen	21.00 yen

c. Consolidated Statements of Cash Flows

	Yen (millions)	
	FY2012	FY2013
	(4/1/12-3/31/13)	(4/1/13-3/31/14)
Cash Flows from Operating Activities	1,089	4,375
Cash Flows from Investing Activities	(1,737)	(2,363)
Cash Flows from Financing Activities	(430)	(2,127)
Cash and Cash Equivalents at End of Period	5,297	5,029

d. Net Sales by Business Segment

	Yen (millions)	Yen (millions)	U.S.Dollars (millions)
	FY2012	FY2013	FY2013
	(4/1/12-3/31/13)	(4/1/13-3/31/14)	(4/1/13-3/31/14)
Batteries	45,671	48,188	\$468.21
Electronic Devices	27,876	28,435	\$276.28
Total	73,547	76,624	\$744.50

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

- All amounts less than one million yen have been disregarded.
- U.S. dollar amounts are translated from yen, for convenience only, at the rate of \$1=102.92 yen
- 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, 2015

(Million of yen, except per share data)

	<u>FY2014</u>	<u>Change from FY2013</u>
Net Sales	82,000	7.0 %
Operating Income	2,500	72.6 %
Ordinary Income	1,600	8.8 %
Net Income	1,200	13.1 %
Net Income per Share	4.28 yen	- yen

## 3. Others

### (1) Changes in significant subsidiaries during the period: Yes.

Consolidated Subsidiaries	16 companies
Unconsolidated Subsidiaries (equity method applied)	3 companies
Affiliates (equity method applied only)	2 companies

### (2) Changes in accounting policies, changes in accounting estimates, and restatements

- 1) Changes in accounting policies due to the amendment of accounting standards: Yes
- 2) Other changes in accounting policies: No
- 3) Changes in accounting estimates: No
- 4) Restatement: No

### (3) Number of shares outstanding (common stock)

- 1) Number of shares outstanding at the end of fiscal year. (including treasury shares)  
March 31, 2014: 280,363,026 shares      March 31, 2013: 217,505,884 shares
- 2) Number of treasury shares at the end of fiscal year  
March 31, 2014: 241,366 shares      March 31, 2013: 233,228 shares
- 3) Weighted average number of shares outstanding during the fiscal year ended March 31 of each year  
March 31, 2014: 217,441,135 shares      March 31, 2013: 217,274,434 shares

## Consolidated Balance Sheets

Millions of yen

	FY2012 Mar 31, 2013	FY2013 Mar 31, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,307	5,029
Notes and accounts receivable-trade	20,704	18,726
Merchandise and finished goods	2,386	2,226
Work in process	2,937	2,952
Raw materials and supplies	1,677	1,906
Deferred tax assets	132	244
Other	1,669	1,627
Allowance for doubtful accounts	(55)	(61)
Total current assets	34,761	32,651
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	8,038	7,486
Machinery, equipment and vehicles, net	6,550	4,994
Tools, furniture and fixtures, net	884	855
Land	3,437	2,557
Lease assets, net	1,238	1,225
Construction in progress	1,226	568
Total property, plant and equipment	21,376	17,687
Intangible assets	778	677
Investments and other assets		
Investment securities	161	1,910
Long-term loans receivable	1	1
Net defined benefit asset	-	785
Deferred tax assets	218	224
Other	1,422	1,356
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,804	4,278
Total non-current assets	23,959	22,642
<b>Total assets</b>	<b>58,720</b>	<b>55,294</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	15,565	13,224
Short-term loans payable	21,279	19,510
Lease obligations	363	386
Accounts payable-other	1,254	2,156
Income taxes payable	243	252
Provision for loss on disaster	137	-
Other	2,569	2,875
Total current liabilities	41,414	38,405
<b>Non-current liabilities</b>		
Long-term accounts payable - other	163	3,929
Lease obligations	1,091	1,002
Deferred tax liabilities	3	289
Provision for retirement benefits	6,313	-
Net defined benefit liability	-	4,274
Negative goodwill	1,328	569
Other	256	316
Total non-current liabilities	9,156	10,380
<b>Total liabilities</b>	<b>50,570</b>	<b>48,786</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(43,767)	(42,706)
Treasury stock	(42)	(42)
Total shareholders' equity	7,114	8,174
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	18	26
Foreign currency translation adjustment	(609)	341
Remeasurements of defined benefit plans	-	(2,658)
Total accumulated other comprehensive income	(591)	(2,290)
<b>Minority interests</b>	<b>1,628</b>	<b>624</b>
<b>Total net assets</b>	<b>8,150</b>	<b>6,508</b>
<b>Total liabilities and net assets</b>	<b>58,720</b>	<b>55,294</b>

**Consolidated Statements of Income**  
**Millions of yen**

	<b>FY2012</b>	<b>FY2013</b>
	<b>Apr'12-Mar'13</b>	<b>Apr'13-Mar'14</b>
<b>Net sales</b>	73,547	76,624
Cost of sales	63,764	64,389
<b>Gross profit</b>	9,783	12,235
Selling, general and administrative expenses	10,310	10,787
<b>Operating income (loss)</b>	(526)	1,448
Non-operating income		
Interest income	14	27
Foreign exchange gains	325	161
Amortization of negative goodwill	759	759
Rent income	23	199
Other	121	231
Total non-operating income	1,243	1,379
Non-operating expenses		
Interest expenses	163	149
Equity in losses of affiliates	96	831
Loss on retirement of non-current assets	92	92
Other	190	282
Total non-operating expenses	542	1,356
<b>Ordinary income</b>	174	1,471
Extraordinary income		
Gain on sales of noncurrent assets	-	209
Subsidy income	56	131
Total extraordinary income	56	340
Extraordinary loss		
Loss on revision of retirement benefit plan	-	304
Settlement package	239	-
Total extraordinary loss	239	304
<b>Income (loss) before income taxes</b>	(7)	1,507
Income taxes-current	246	311
Income taxes-deferred	(36)	118
Total income taxes	209	430
<b>Income (loss) before minority interests</b>	(217)	1,076
Minority interests in income	(670)	16
<b>Net income</b>	453	1,060

**Consolidated Statements of comprehensive income**  
**Millions of yen**

	<b>FY2012</b>	<b>FY2013</b>
	<b>Apr'12-Mar'13</b>	<b>Apr'13-Mar'14</b>
<b>Income (loss) before minority interests</b>	(217)	1,076
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	8	9
Foreign currency translation adjustment	1,208	843
Share of other comprehensive income of associates accounted for using equity method	156	104
Other comprehensive income	1,373	958
<b>Comprehensive income</b>	1,156	2,034
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	1,822	2,020
Comprehensive income attributable to minority interests	(666)	14

## Consolidated Statements of Changes in Net Assets

FY2012 (Apr'12-Mar'13)

	Shareholders' Equity					Yen (millions)
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Beginning balance	28,301	22,622	(44,220)	(41)	6,661	
Changes of items during the period						
Net income			453		453	
Purchases of treasury stock				(0)	(0)	
Total changes of items during the period	-	-	453	(0)	452	
Ending balance	28,301	22,622	(43,767)	(42)	7,114	

  

	Accumulated other comprehensive income					Yen (millions)
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Deferred gains or losses on hedges	Total Accumulated other comprehensive income	Minority interests	Net assets
Beginning balance	9	(1,971)	-	(1,961)	2,294	6,993
Changes of items during the period						
Net income						453
Purchases of treasury stock						(0)
Net changes of items other than shareholders' equity	8	1,361	-	1,369	(666)	703
Total changes of items during the period	8	1,361	-	1,369	(666)	1,156
Ending balance	18	(609)	-	(591)	1,628	8,150

## Consolidated Statements of Changes in Net Assets

FY2013 (Apr'13-Mar'14)

	Shareholders' equity					Yen (millions)
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Beginning balance	28,301	22,622	(43,767)	(42)	7,114	
Changes of items during the period						
Net income			1,060		1,060	
Purchases of treasury stock				(0)	(0)	
Total changes of items during the period	-	-	1,060	(0)	1,059	
Ending balance	28,301	22,622	(42,706)	(42)	8,174	

  

	Accumulated other comprehensive income					Yen (millions)
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Deferred gains or losses on hedges	Total Accumulated other comprehensive income	Minority interests	Net assets
Beginning balance	18	(609)	-	(591)	1,628	8,150
Changes of items during the period						
Net income						1,060
Purchases of treasury stock						(0)
Net changes of items other than shareholders' equity	8	951	(2,658)	(1,698)	(1,003)	(2,701)
Total changes of items during the period	8	951	(2,658)	(1,698)	(1,003)	(1,642)
Ending balance	26	341	(2,658)	(2,290)	624	6,508

**Consolidated Statements of Cash Flows**  
**Millions of yen**

	FY2012 Apr'12-Mar'13	FY2013 Apr'13-Mar'14
<b>Net cash provided by (used in) operating activities</b>		
Income (loss) before income taxes	(7)	1,507
Depreciation and amortization	2,955	2,714
Increase (decrease) in provision for retirement benefits	(510)	(1,627)
Increase (decrease) in net defined benefit liability	-	1,616
Increase (decrease) in allowance for doubtful accounts	(8)	0
Interest and dividends income	(16)	(29)
Interest expenses	163	149
Foreign exchange losses (gains)	(10)	(10)
Equity in (earnings) losses of affiliates	96	831
Loss (gain) on sales of property, plant and equipment	(10)	(213)
Loss on retirement of non-current assets	92	92
Amortization of negative goodwill	(759)	(759)
Subsidy income	(56)	(131)
Settlement package	239	-
Decrease (increase) in notes and accounts receivable-trade	792	3,160
Decrease (increase) in inventories	1,090	99
Increase (decrease) in notes and accounts payable-trade	(1,867)	(3,500)
Increase (decrease) in accrued expenses	171	661
Other, net	(760)	93
Subtotal	1,591	4,656
Interest and dividends income received	16	29
Proceeds from subsidy income	56	131
Interest expenses paid	(163)	(150)
Income taxes paid	(172)	(292)
Settlement package paid	(239)	-
Net cash provided by (used in) operating activities	1,089	4,375
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(19)	(0)
Proceeds from withdrawal of time deposits	312	10
Purchase of property, plant and equipment	(2,903)	(2,056)
Proceeds from sales of property, plant and equipment	951	1,260
Purchase of intangible assets	(84)	(47)
Purchase of investment securities	(3)	(3)
Proceeds from sales of investment securities	-	1
Purchase of shares of subsidiaries and associates	-	(1,313)
Other, net	8	(213)
Net cash provided by (used in) investing activities	(1,737)	(2,363)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(93)	(1,682)
Purchase of treasury stock	(0)	(0)
Proceeds from stock issuance to minority shareholders	-	6
Repayments of finance lease obligations	(337)	(451)
Net cash provided by (used in) financing activities	(430)	(2,127)
<b>Effect of exchange rate change on cash and cash equivalents</b>	501	379
<b>Net increase (decrease) in cash and cash equivalents</b>	(577)	263
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation</b>	-	(532)
<b>Cash and cash equivalents at beginning of period</b>	5,875	5,297
<b>Cash and cash equivalents at end of period</b>	5,297	5,029

## Consolidated Business Segment Information

Millions of yen

### FY2012 Apr'12-Mar'13

	Business Segments Reported		Total	Ajustments	Consolidated Statements
	Batteries	Electronic Materials			
<b>Net sales</b>					
Unaffiliated customers	45,671	27,876	73,547	-	73,547
Intersegment	-	-	-	-	-
Total	45,671	27,876	73,547	-	73,547
<b>Segment income (loss)</b>	(1,495)	968	(526)	-	(526)
<b>Segment assets</b>	40,779	17,089	57,869	851	58,720
<b>Other items</b>					
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

### FY2013 Apr'13-Mar'14

	Business Segments Reported		Total	Ajustments	Consolidated Statements
	Batteries	Electronic Materials			
<b>Net sales</b>					
Unaffiliated customers	48,188	28,435	76,624	-	76,624
Intersegment	-	-	-	-	-
Total	48,188	28,435	76,624	-	76,624
<b>Segment income</b>	1,186	262	1,448	-	1,448
<b>Segment assets</b>	40,108	14,474	54,583	711	55,294
<b>Other items</b>					
Depreciation	2,179	534	2,714	-	2,714
Amount of investment to equity method-treasury stock	1,731	1,042	2,773	-	2,773
Increase in property, plant and equipment and intangible assets	1,511	414	1,925	-	1,925



## 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, 2014, showed indication of gradual economic recovery due to the depreciation of yen and the positive trend toward recovery in capital investment in Japan though there were the slowing economy in emerging countries, and currency turmoil concerns of Southeast Asian countries.

Under these circumstances, FDK worked on several measures of the new midterm business plan, starting from April 1, 2013 (FY2013 to 2015), in order to realize the objectives of the plan.

As for measures of cost reduction, FDK realized to lower the break-even point. Specifically, FDK expanded to apply technological VEs for all product materials, which had focused on expensive metal materials such as rare earths. And thus FDK achieved to cut purchasing cost and significant material cost reduction, along with the reduction of fixed costs, such as external costs.

As for the measures of business expansion, FDK focused on the development and mass production of new products such as storage systems, thin type primary lithium battery and automotive application products, and focused on the marketing activities to acquire new customers. Regarding capacitor business, Asahi Kasei FDK Energy Device Co., Ltd. worked on the new product development and mass production.

Furthermore, FDK revised retirement benefit and pension plans for the long-term stable operations and cost reductions in the future, as financial measures.

As for FDK’s business results in FY2013, net sales were 76,624 million yen and increased by 3,076 million yen from the last fiscal year. Sales of Ni-MH batteries of the battery business division, steadily increased. And sales of alkaline batteries and lithium batteries extended in domestic and overseas market as well. Sales of dc-dc converters of electronic device business division sold steadily for servers and storages.

With regard to profit and loss, operating income was 1,448 million yen and increased by 1,974 million yen from the last fiscal year. It is achieved by the above mentioned cost cutting efforts, sales growth and the beneficiaries of depreciation of yen. Ordinary income was 1,471 million yen and increased by 1,296 million yen from the last fiscal year. Net income was 1,060 million yen and increased by 607 million yen from the last fiscal year.

Ref: Comparison of Consolidated Financial Results

(Million yen)

	Net Sales	Sales cost ratio (%)	Operating Income	Ordinary Income	Net Income
FY2011 (2011/4-2012/3)	80,334	87.2	136	105	359
FY2012 (2012/4-2013/3)	73,547	86.7	-526	174	453
<b>FY2013 (2013/4-2014/3)</b>	<b>76,624</b>	<b>84.0</b>	<b>1,448</b>	<b>1,471</b>	<b>1,060</b>

The divisional sales overview is as follows.

#### 1.2 Battery Business

Sales of alkaline batteries largely increased from the last fiscal year, due to the efforts to acquire new customers and to develop overseas markets, though the consumer market in Japan became downturn and very competitive by the circulation of low price imported batteries from China. Sales of Ni-MH batteries unchanged from the last fiscal year, due to increase of sales in the industrial market, however, there was a decrease of sales in consumer market. Sales of lithium batteries increased from the last fiscal year, due to increase in sales for disaster-related goods in domestic and overseas market, security goods and automotive applications.

As a result, sales for the battery business were 48,188 million yen, increased by 2,517 million yen from the last fiscal year.

#### 1.3. Electronic Device Business

Sales of coil devices unchanged from the last fiscal year, while the sales for hybrid cars steadily increased, their sales for home appliances decreased. Sales of dc-dc converters increased from the last fiscal year, due to the steady increase in sales for servers and storages. Sales of multilayer power inductors and high frequency devices increased from the last fiscal year, due to the steady sales expansion for smartphones. Sales of signal processing

modules for LCD displays increased from the last fiscal year as these items had sold well, especially for tablet terminals and for large LCD televisions in the China market.

As a result, sales for the electronic device business were 28,435 million yen, increased by 559 million yen from the last fiscal year.

## **(2) Analysis of Financial Condition**

### **2.1 Status of Assets, Liabilities and Net Assets**

Total assets at the end of FY2013 decreased by 3,426 million yen (-5.8%) from the end of the previous fiscal year to 55,294 million yen. Current assets decreased by 2,109 million yen (-6.1%) from the end of the previous fiscal year to 32,651 million yen. Noncurrent assets decreased by 1,316 million yen (-5.5%) from the end of the previous fiscal year to 22,642 million yen. The principal causes for decreased current assets were a 1,977 million yen decrease in notes and accounts receivable-trade.

The principal cause for decreased noncurrent assets was a 3,688 million yen decrease in property, plant and equipment, though there was a 1,749 million yen increase in investment securities, resulting from the exclusion of Asahi Kasei FDK Energy Device Co., Ltd. from consolidation.

Total liabilities at the end of FY2013 decreased by 1,784 million yen (-3.5%) from the end of the previous fiscal year to 48,786 million yen. Current liabilities decreased by 3,008 million yen (-7.3%) from the end of the previous fiscal year to 38,405 million yen. Noncurrent liabilities increased by 1,214 million yen (13.4%) from the end of the previous fiscal year to 10,380 million yen. The principal cause of decreased current liabilities was a 2,340 million yen increase in notes and accounts payable-trade and a 1,769 million yen increase in short-term loans payable though there was a 902 million yen increase in account payable-other. The principal cause for decreased non-current liabilities was the post of 2,755 million yen in remeasurement of defined benefit plans and other comprehensive incomes which was generated by the adoption of accounting standard for retirement benefits, though there was a 759 million yen decrease in negative goodwill.

The interest-bearing debt decreased by 1,835 million yen from the end of the previous fiscal year to 20,898 million yen.

Total net assets at the end of FY2013 decreased by 1,642 million yen (-20.1%) from the end of the previous fiscal year to 6,508 million yen. The main factors for the decrease in total net assets were a 2,658 million yen decrease in remeasurements of defined benefit plans and a 1,003 million yen decrease in minority interests resulting from exclusion of Asahi Kasei FDK Energy Device Co., Ltd. from consolidation, though there were a 1,060 million yen increase in retained earnings by posting a net income of FY2013 and a 951 million yen increase in foreign currency translation adjustment.

### **2.2 Cash Flow Condition**

Net cash used in operating activities increased by 4,375 million yen from the beginning of this fiscal year due to an increase in cash and cash equivalents ("cash") by posting the income before income taxes, the depreciation and amortization, and a decrease in notes and accounts receivable-trade, though there was a decrease in cash by a decrease in notes and accounts payable-trade. (Net cash used in operating activities for the last fiscal year increased by 1,089 million yen from the beginning of the last fiscal year).

Net cash used in investment activities decreased by 2,363 million yen from the beginning of this fiscal year by purchasing the property, plant and equipment and the stocks of subsidiaries and affiliates, though there was an increase in cash by the sales of property, plant and equipment. (Net cash used in investment activities for the last fiscal year decreased by 1,737 million yen from the beginning of the last fiscal year).

Net cash used in financing activities decreased by 2,127million yen from the beginning of this fiscal year due to the decrease in short-term loans payable. (Net cash used in financing activities for the last fiscal year decreased by 430 million yen from the beginning of the last fiscal year).

As a result, the balance of cash and cash equivalents on March 31, 2014 was 5,029 million yen, a decrease of 268 million yen from the beginning of this fiscal year.

Ref: Changes in cash flow indicators

	FY2009	FY2010	FY2011	FY2012	FY2013
Equity ratio (%)	4.1	7.4	8.0	11.1	10.6
Market value equity ratio (%)	46.1	49.4	32.7	28.1	54.6
Debt to cash flow ratio (%)	117.9	4.8	9.3	20.9	4.8
Interest coverage ratio (%)	0.9	18.2	14.4	6.7	29.2

1. Equity ratio = Total shareholders' equity / Total assets
2. Market value equity ratio = Market capitalization / Total assets
3. Debt to cash flow ratio = Interest-bearing debt / Net cash used in operating activities
4. Interest coverage ratio = Net cash used in operating activities / Interest expense

### 3. Forecast for the Fiscal Year Ending March 31, 2015

During the first half of the FY2014, Japanese economy will be affected by the impact of the consumption tax raise, but it will gradually recover in the second half. FY2014 is the second year of the mid-term business plan, starting from April 1, 2013.

Based on the midterm business plan, FDK aims to be a profit yielding organization which can flexibly adjust to the changes in business environment by strengthening the revenue base of existing business. In addition, FDK will continue to promote product synergies and will aggressively commit to proceed the release of new products in the markets expected to grow in the future, such as automobiles and smart grids, as well as proceeding various corporate alliances.

As for the forecast for the FY2014, FDK targets net sales at 82,000 million yen, operating income at 2,500 million yen, ordinary income at 1,600 million yen, and net income at 1,200 million yen. Regarding the exchange rate for FY2014, FDK set a 100 yen per US dollar and a 135 yen per Euro.