

Consolidated Financial Results for the Third Quarter Ended December 31, 2013
(April 1, 2013 to December 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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The Consolidated Financial Results is unaudited/U.S. GAPP is not applied

1. Consolidated Operating Results for the Nine-Months Ended December 31, 2013

a. Consolidated Results of Operations

	Yen (millions)		Change (%)	Yen (millions)	U.S.Dollars (millions)
	Nine months ended Dec. 31,	Nine months ended Dec. 31,		FY2012, ended Mar. 31,	Nine months ended Dec. 31,
	2012	2013		2013	2013
Net Sales	53,639	58,729	9.5	73,547	\$557.20
Operating Income (Loss)	(1,274)	1,290	-	(526)	\$12.24
Ordinary Income (Loss)	(849)	1,312	-	174	\$12.45
Net Income (Loss)	(693)	902	-	453	\$8.56

Amounts Per Share of Common Stock:

Basic Earnings (Loss)	(3.19) yen	4.15 yen	2.09 yen	3.94 cent
Diluted Earnings	- yen	3.24 yen	1.63 yen	3.07 cent

b. Net Sales by Business Segment

	Yen (millions)	Yen (millions)	Yen (millions)	U.S.Dollars (millions)
	Nine months ended Dec. 31,	Nine months ended Dec. 31,	FY2012, ended Mar. 31,	Nine months ended Dec. 31,
	2012	2013	2013	2013
Batteries	33,445	36,548	45,671	\$346.76
Electronic Devices	20,194	22,181	27,876	\$210.45
Total	53,639	58,729	73,547	\$557.20

c. Consolidated Financial Position

	Yen (millions)	
	As of Mar. 31,	As of Dec. 31,
	2013	2013
Total Assets	58,720	58,677
Total Net Assets	8,150	9,454
Shareholders' Equity	7,114	8,015
Shareholders' Equity Ratio	11.1 %	15.1 %

d. Consolidated Statements of Cash Flows

	Yen	
	(millions)	
	Nine months ended Dec. 31, 2012	Nine months ended Dec. 31, 2013
Cash Flows from Operating Activities	(1157)	4,095
Cash Flows from Investing Activities	(1026)	(1,373)
Cash Flows from Financing Activities	1,294	(1,891)
Cash and Cash Equivalent: at End of Period	5,204	6,130

(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 105.40 yen=\$1
3. The percentage in this statement presents rate of change compared with the same period last year.

2. Consolidated Financial Forecast for the fiscal year 2013 ending March. 31, 2014

(Million of yen, except per share data)

	FY2013	Change from FY2012	FY2012
Net Sales (Loss)	80,000	8.8 %	73547
Operating Income (Loss)	2,200	-	(526)
Ordinary Income	1,900	989.2 %	174
Net Income	1,000	120.6 %	453
Net Income per Share	4.60 yen		2.09 yen

Note for the use of the above forecasted business results.

The financial forecast described above is based upon information available as of April 26, 2013.

3. Others

(1) Changes in material subsidiaries during the period: No

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

(2) Adoption of accounting procedures specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatements

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

(4) Number of shares outstanding (common stock)

- 1) Number of shares outstanding at the end of periods.
December 31, 2013: 217,505,884 shares March 31, 2013: 217,505,884 shares
- 2) Number of treasury shares at the end of each period
December 31, 2013: 239,123 shares March 31, 2013: 233,228 shares
- 3) Weighted average number of shares outstanding in each period.
Nine months ended Dec. 31, 2013: 217,269,954 shares Six month ended Sep. 30, 2012: 217,275,549 shares

Consolidated Balance Sheets

Millions of yen

	FY2012 Mar 31, 2013	Q3/FY2013 Dec 31, 2013
Assets		
Current assets		
Cash and deposits	5,307	6,130
Notes and accounts receivable-trade	20,704	20,128
Merchandise and finished goods	2,386	2,688
Work in process	2,937	2,869
Raw materials and supplies	1,677	1,904
Deferred tax assets	132	204
Other	1,669	2,546
Allowance for doubtful accounts	(55)	(57)
Total current assets	<u>34,761</u>	<u>36,415</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,038	7,553
Machinery, equipment and vehicles, net	6,550	5,255
Tools, furniture and fixtures, net	884	768
Land	3,437	2,549
Lease assets, net	1,238	1,275
Construction in progress	1,226	326
Total property, plant and equipment	<u>21,376</u>	<u>17,728</u>
Intangible assets	<u>778</u>	<u>721</u>
Investments and other assets		
Investment securities	161	1,624
Long-term loans receivable	1	1
Deferred tax assets	218	191
Other	1,422	1,995
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	<u>1,804</u>	<u>3,812</u>
Total non-current assets	<u>23,959</u>	<u>22,262</u>
Total assets	<u>58,720</u>	<u>58,677</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,565	15,756
Short-term loans payable	21,279	19,534
Lease obligations	363	467
Accounts payable-other	1,254	2,419
Income taxes payable	243	198
Provision for loss on disaster	137	-
Other	2,569	2,989
Total current liabilities	<u>41,414</u>	<u>41,366</u>
Non-current liabilities		
Lease obligations	1,091	1,023
Deferred tax liabilities	3	205
Provision for retirement benefits	6,313	1,528
Negative goodwill	1,328	759
Other	419	4,340
Total non-current liabilities	<u>9,156</u>	<u>7,857</u>
Total liabilities	<u>50,570</u>	<u>49,223</u>
Net assets		
Shareholders' equity		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(43,767)	(42,865)
Treasury stock	(42)	(42)
Total shareholders' equity	<u>7,114</u>	<u>8,015</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18	28
Foreign currency translation adjustment	(609)	796
Total accumulated other comprehensive income	<u>(591)</u>	<u>825</u>
Minority interests	<u>1,628</u>	<u>613</u>
Total net assets	<u>8,150</u>	<u>9,454</u>
Total liabilities and net assets	<u>58,720</u>	<u>58,677</u>

Consolidated Statements of Income
Millions of yen

	Q3/FY2012	Q3/FY2013
	Apr'12-Dec'12	Apr'13-Dec'13
Net sales	53,639	58,729
Cost of sales	47,091	49,268
Gross profit	6,548	9,460
Selling, general and administrative expenses	7,823	8,169
Operating income (loss)	(1,274)	1,290
Non-operating income		
Interest income	11	17
Foreign exchange gains	104	89
Amortization of negative goodwill	569	569
Rent income	17	149
Other	86	205
Total non-operating income	789	1,030
Non-operating expenses		
Interest expenses	122	109
Equity in losses of affiliates	60	649
Loss on retirement of non-current assets	55	59
Other	124	190
Total non-operating expenses	363	1,008
Ordinary income (loss)	849	1,312
Extraordinary income		
Gain on sales of noncurrent assets	-	209
Subsidy income	-	83
Total extraordinary income	-	292
Extraordinary loss		
Loss on revision of retirement benefit plan	-	304
Settlement package	239	-
Total extraordinary loss	239	304
Income (loss) before income taxes	(1,088)	1,300
Income taxes-current	160	251
Income taxes-deferred	(29)	140
Total income taxes	130	391
Income (loss) before minority interests	(1,219)	908
Minority interests in loss	(525)	6
Net income (loss)	(693)	902

Consolidated Statements of comprehensive income
Millions of yen

	Q3/FY2012	Q3/FY2013
	Apr'12-Dec'12	Apr'13-Dec'13
	<u> </u>	<u> </u>
Income (loss) before minority interests	(1,219)	908
Other comprehensive income		
Valuation difference on available-for-sale securities	0	11
Foreign currency translation adjustment	492	1,247
Share of other comprehensive income of associates accounted for using equity method	64	154
Other comprehensive income	<u>557</u>	<u>1,414</u>
Comprehensive income	<u>(662)</u>	<u>2,322</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(136)	2,319
Comprehensive income attributable to minority interests	<u>(525)</u>	<u>3</u>

Consolidated Statements of Cash Flows
Millions of yen

	Q3/FY2012	Q3/FY2013
	Apr'12-Dec'12	Apr'13-Dec'13
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(1,088)	1,300
Depreciation and amortization	2,207	2,052
Increase (decrease) in provision for retirement benefits	(334)	(98)
Increase (decrease) in allowance for doubtful accounts	(5)	(5)
Interest and dividends income	(13)	(19)
Interest expenses	122	109
Foreign exchange losses (gains)	(6)	(11)
Equity in (earnings) losses of affiliates	60	649
Loss (gain) on sales of property, plant and equipment	(6)	(213)
Loss on retirement of non-current assets	55	59
Amortization of negative goodwill	(569)	(569)
Subsidy income	-	(83)
Settlement package	239	-
Decrease (increase) in notes and accounts receivable-trade	1,074	2,047
Decrease (increase) in inventories	(45)	(223)
Increase (decrease) in notes and accounts payable-trade	(1,421)	(1,185)
Increase (decrease) in accrued expenses	(61)	713
Other, net	(887)	(97)
Subtotal	(680)	4,424
Interest and dividends income received	13	19
Proceeds from subsidy income	-	83
Interest expenses paid	(122)	(110)
Income taxes paid	(135)	(320)
Settlement package paid	(232)	-
Net cash provided by (used in) operating activities	(1,157)	4,095
Net cash provided by (used in) investing activities		
Payments into time deposits	(18)	(0)
Proceeds from withdrawal of time deposits	300	10
Purchase of property, plant and equipment	(2,096)	(1,490)
Proceeds from sales of property, plant and equipment	833	1,255
Purchase of intangible assets	(51)	(42)
Purchase of investment securities	(2)	(3)
Purchase of stocks of subsidiaries and affiliates	-	(888)
Other, net	9	(213)
Net cash provided by (used in) investing activities	(1,026)	(1,373)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,521	(1,583)
Purchase of treasury stock	(0)	(0)
Proceeds from stock issuance to minority shareholders	-	6
Repayments of finance lease obligations	(226)	(314)
Net cash provided by (used in) financing activities	1,294	(1,891)
Effect of exchange rate change on cash and cash equivalents	219	534
Net increase (decrease) in cash and cash equivalents	(670)	1,365
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(532)
Cash and cash equivalents at beginning of period	5,875	5,297
Cash and cash equivalents at end of period	5,204	6,130

Consolidated Business Segment Information
Millions of yen

Q3/FY2012 Apr'12-Dec'12

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	33,445	20,194	53,639	-	53,639
Intersegment	-	-	-	-	-
Total	33,445	20,194	53,639	-	53,639
Segment income (loss)	(1,781)	507	(1,274)	-	(1,274)

Q3/FY2013 Apr'13-Dec'13

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	36,548	22,181	58,729	-	58,729
Intersegment	-	-	-	-	-
Total	36,548	22,181	58,729	-	58,729
Segment income	897	393	1,290	-	1,290

Business Results

(1) Analysis of Consolidated Business Results

1.1 Overview

The business environment of the FDK Group (hereinafter called “FDK”) during the nine months ending December 31, 2013 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.

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 earth metals and it 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 thin type primary lithium battery and automotive application products, and focused on the marketing activities of the market.

Furthermore, FDK carried a revision of retirement benefit and pension plans for the long-term stable operations and cost reductions in the future, as a financial measure.

As for the sales for the nine months in FY2013, net sales were 58,729 million yen and increased by 5,090 million yen from the same period last year. Sales of alkaline batteries, Ni-MH batteries and lithium batteries of the battery business division extended in domestic and overseas market, and sales of dc-dc converters of electronic device business division sold steadily for servers and storage.

With regard to profit and loss, operating income was 1,290 million yen and increased by 2,565 million yen from the same period last year. It is achieved by the above mentioned cost cutting efforts, sales growth and the beneficiaries of depreciation of yen. Ordinary income was 1,313 million yen and increased by 2,162 million yen from the same period last year. Net income for the nine months was 902 million yen and increased by 1,595 million yen from the same period last year. The post of 292 million yen as an extraordinary income contributed to the increase in net income.

Ref: Comparison of Consolidated Financial Results

(Million yen)

	Net Sales	Sales cost ratio (%)	Operating Income	Ordinary Income	Net Income
FY2013 1-3Q (9 months)	58,729	83.9	1,290	1,312	902
FY2012 1-3Q (9months)	53,639	87.8	-1,274	-849	-693
Compared to the same period last year	+5,090	-3.9	+2,565	+2,162	+1,595

The divisional sales overview is as follows.

1.2 Battery Business

Sales of alkaline batteries increased from the same period last year, due to the efforts to acquire new customers to extend sales for the year-end sales and to develop overseas markets, though consumer markets in Japan became very competitive by the circulation of low price imported batteries from China. Sales of Ni-MH batteries increased from the same period last year, due to increase of sales in the industrial and global market. Sales of lithium batteries increased from the same period last year, due to steady 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 36,548 million yen, increased by 3,102 million yen from the same period last year.

1.3. Electronic Device Business

Sales of coil devices unchanged from the same period last year, while the sales for hybrid cars steadily increased,

their sales for home appliances decreased. Sales of dc-dc converters increased from the same period last year, due to the steady increase in sales for servers and storage. Sales of multilayer power inductors and high frequency devices steadily increased from the same period last year, due to the sales expansion for smartphones. Sales of signal processing modules for LCD displays increased from the same period last year as these items had good sales, especially for tablet terminals and for large LCD televisions in the China market.

As a result, sales for the electronic device business were 22,181 million yen, increased by 1,987 million yen from the same period last year.

(2) Analysis of Financial Condition

2.1 Status of Assets, Liabilities and Net Assets

Total assets at the end of the nine months in FY2013 decreased by 43 million yen (-0.1%) from the end of the previous fiscal year to 58,677 million yen. Current assets increased by 1,653 million yen (4.8%) from the end of the previous fiscal year to 36,415 million yen. Non-current assets decreased by 1,696 million yen (-7.1%) from the end of the previous fiscal year to 22,262 million yen. The principal causes for increased current assets were a 822 million yen decrease in cash and deposits, a 301 million yen increase in merchandise and finished goods and a 227 million yen increase in raw materials and supplies, though there was a 575 million yen decrease in notes and accounts receivable-trade.

The principal cause for decreased non-current assets was a 3,647 million yen decrease in property, plant and equipment, though there was a 1,462 million yen increase in investment securities, resulting from the exclusion of Asahi Kasei FDK Energy Device Co., Ltd. from its consolidation.

Total liabilities at the end of the nine months in FY2013 decreased by 1,347 million yen (-2.7%) from the end of the previous fiscal year to 49,223 million yen. Current liabilities decreased by 47 million yen (-2.7%) from the end of the previous fiscal year to 41,366 million yen. Non-current liabilities decreased by 1,299 million yen (-14.2%) from the end of the previous fiscal year to 7,857 million yen. The principal cause of decreased current liabilities was a 1,745 million yen decrease in short-term loans payable, though there was a 1,164 million yen increase in account payable-other. The principal cause for decreased non-current liabilities was a 569 million yen decrease in negative goodwill.

The interest-bearing debt decreased by 1,709 million yen from the end of the previous fiscal year to 21,025 million yen.

Total net assets at the end of the nine months in FY2013 increased by 1,304 million yen (16.0%) from the end of the previous fiscal year to 9,454 million yen. The main factors for the increase in total net assets were a 902 million yen increase in retained earnings by posting a net income of the nine months in FY2013 and a 1,406 million yen increase in foreign currency translation adjustment, though there was a 1,014 million yen decrease in minority interests resulting from the exclusion of Asahi Kasei FDK Energy Device Co., Ltd. from its consolidation, etc.

2.2 Cash Flow Condition

Net cash used in operating activities increased by 4,095 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 same period last year decreased by 1,157 million yen from the beginning of the previous fiscal year).

Net cash used in investment activities decreased by 1,373 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 same period last year decreased by 1,026 million yen from the beginning of the previous fiscal year).

Net cash used in financing activities decreased by 1,891 million 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 same period last year increased by 1,294 million yen from the beginning of the previous fiscal year).

As a result, the balance of cash and cash equivalents at December 31, 2013 was 6,130 million yen, by increase of 832 million yen from the beginning of the fiscal year.

(3) Forecast for the Fiscal Year Ending March 31, 2014

FDK has not changed its business forecast, which was announced on April 26, 2013. We will announce the revision promptly if it will be needed in the future, by doing our best to collect various information including market trends.