

Consolidated Financial Results for the First Half of FY2012
(April 1, 2012 to September 30, 2012)

FDK CORPORATION

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

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The Consolidated Financial Results is unaudited / U.S. GAPP is not applied

1.Consolidated Operating Results for the Six-Months Ended September 30, 2012

a. Consolidated Results of Operations

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Sx months ended Sept.30, 2011	Sx months ended Sept.30, 2012	FY2011, ended Mar. 31, 2012	Sx months ended Sept.30, 2012
Net Sales	41,836	35,109	80,334	\$452.38
Operating Income(Loss)	251	(1,626)	136	(\$20.95)
Ordinary Income(Loss)	(76)	(1,723)	105	(\$22.20)
Net Income (Loss)	(134)	(1,566)	359	(\$20.18)

Amounts Per Share of Common Stock:

Basic Earnings (Loss)	(0.62) yen	(7.21) yen	1.65 yen	(9.29) cent
Diluted Earnings		-		

b. Net Sales by Business Segment

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Sx months ended Sept.30, 2011	Sx months ended Sept.30, 2012	FY2011, ended Mar. 31, 2012	Sx months ended Sept.30 2012
Batteries	26,902	21,845	52,090	\$281.47
Electronic Devices	14,933	13,263	28,244	\$170.89
Total	41,836	35,109	80,334	\$452.38

c. Consolidated Financial Position

	Yen (millions)	
	As of Mar. 31, 2012	As of Sept. 30, 2012
Total Assets	58,427	56,334
Total Net Assets	6,933	4,495
Shareholders' Equity	6,661	5,094
Shareholders' Equity Ratio	8.0 %	4.6 %

d. Consolidated Statements of Cash Flows

	Yen (millions)	
	Six months ended Sept. 30, 2011	Six months ended Sept. 30, 2012
	Cash Flows from Operating Activities	3,162
Cash Flows from Investing Activities	(1532)	(351)
Cash Flows from Financing Activities	(1,161)	756
Cash and Cash Equivalents at End of Period	4,299	5,607

(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 77.61 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 2012 ending March. 31, 2013

	(Million of yen, except per share data)		
	FY2012	Change from FY2011	FY2011
Net Sales(Loss)	¥75,000	(6.6) %	¥80,334
Operating Income	¥300	120.5 %	¥136
Ordinary Income	¥550	423.8 %	¥105
Net Income	¥1,000	178.5 %	¥359
Net Income per Share	4.6 yen		1.65 yen

Note for the use of the above forecasted business results.

The financial forecast described above is based upon information available as of October 30, 2012.

3. Others

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

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

September 30, 2012 : 217,505,884 shares March 31, 2012: 217,505,884 shares

2) Number of treasury shares at the end of each period

September 30, 2012 : 231,499 shares March 31, 2012: 229,956 shares

3) Weighted average number of shares outstanding in each period.

Six months ended Sept. 30, 2012 : 217,275,549 shares Six month ended Sept. 30, 2011: 217,278,131 shares

Consolidated Balance Sheets

Millions of yen

	FY2011 Mar 31, 2012	1H/FY2012 Sep 30, 2012
Assets		
Current assets		
Cash and deposits	6,178	5,616
Notes and accounts receivable-trade	19,753	18,461
Merchandise and finished goods	2,640	2,904
Work in process	3,556	2,969
Raw materials and supplies	1,583	1,553
Deferred tax assets	107	188
Other	1,512	1,464
Allowance for doubtful accounts	(57)	(48)
Total current assets	35,274	33,110
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,537	7,913
Machinery, equipment and vehicles, net	7,517	6,884
Tools, furniture and fixtures, net	778	807
Land	3,409	3,382
Lease assets, net	462	1,301
Construction in progress	901	548
Total property, plant and equipment	20,605	20,839
Intangible assets	819	780
Investments and other assets		
Investment securities	144	144
Long-term loans receivable	3	1
Deferred tax assets	194	205
Other	1,386	1,253
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,728	1,604
Total non-current assets	23,152	23,223
Total assets	58,427	56,334
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,911	14,370
Short-term loans payable	21,277	22,042
Lease obligations	297	392
Accounts payable-other	1,864	1,880
Income taxes payable	152	120
Provision for loss on desaster	156	137
Other	2,050	3,127
Total current liabilities	41,710	42,071
Non-current liabilities		
Lease obligations	402	1,165
Deferred tax liabilities	3	1
Provision for retirement benefits	6,824	6,566
Negative goodwill	2,087	1,707
Other	405	326
Total non-current liabilities	9,723	9,767
Total liabilities	51,433	51,838
Net assets		
Shareholders' equity		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(44,220)	(45,787)
Treasury stock	(41)	(41)
Total shareholders' equity	6,661	5,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	8
Foreign currency translation adjustment	(1,971)	(2,520)
Total accumulated other comprehensive income	(1,961)	(2,512)
Minority interests	2,294	1,913
Total net assets	6,993	4,495
Total liabilities and net assets	58,427	56,334

Consolidated Statements of Income
Millions of yen

	1H/FY2011	1H/FY2012
	Apr'11-Sep'11	Apr'12-Sep'12
Net sales	41,836	35,109
Cost of sales	36,273	31,384
Gross profit	5,563	3,725
Selling, general and administrative expenses	5,311	5,352
Operating income (loss)	251	(1,626)
Non-operating income		
Interest income	9	7
Amortization of negative goodwill	379	379
Rent income	8	10
Other	111	55
Total non-operating income	509	453
Non-operating expenses		
Interest expenses	85	83
Foreign exchange losses	585	314
Loss on retirement of non-current assets	29	51
Other	137	101
Total non-operating expenses	837	550
Ordinary loss	(76)	(1,723)
Extraordinary income		
Gain on sales of land	85	-
Total extraordinary income	85	-
Extraordinary loss		
Settlement package	-	239
Total extraordinary loss	-	239
Income (loss) before income taxes	8	(1,963)
Income taxes-current	143	79
Income taxes-deferred	(2)	(99)
Total income taxes	141	(19)
loss before minority interests	(132)	(1,943)
Minority interests in income (loss)	2	(376)
Net loss	(134)	(1,566)

Consolidated Statements of comprehensive income
Millions of yen

	1H/FY2011	1H/FY2012
	Apr'11-Sep'11	Apr'12-Sep'12
	<u> </u>	<u> </u>
loss before minority interests	(132)	(1,943)
Other comprehensive income		
Valuation difference on available-for-sale securities	3	(1)
Foreign currency translation adjustment	(610)	(495)
Share of other comprehensive income of associates accounted for using equity method	(56)	(58)
Other comprehensive income	<u>(662)</u>	<u>(554)</u>
Comprehensive income	<u>(795)</u>	<u>(2,498)</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	<u>(791)</u>	<u>(2,117)</u>
Comprehensive income attributable to minority interests	<u>(3)</u>	<u>(380)</u>

Consolidated Statements of Cash Flows
Millions of yen

	1H/FY2011	1H/FY2012
	Apr'11-Sep'11	Apr'12-Sep'12
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	8	(1,963)
Depreciation and amortization	1,792	1,460
Decrease in provision for retirement benefits	(133)	(258)
Decrease in allowance for doubtful accounts	(4)	(5)
Interest and dividends income	(38)	(8)
Interest expenses	85	83
Foreign exchange losses (gains)	11	4
Equity in (earnings) losses of affiliates	55	33
Gain on sales of property, plant and equipment	(83)	(1)
Loss on retirement of non-current assets	29	51
Amortization of negative goodwill	(379)	(379)
Settlement package	-	239
Increase in notes and accounts receivable-trade	1,324	636
Decrease (increase) in inventories	(1,404)	164
Increase (decrease) in notes and accounts payable-trade	2,128	(874)
Increase (decrease) in accrued expenses	(159)	591
Other, net	257	(40)
Subtotal	<u>3,490</u>	<u>(267)</u>
Interest and dividends income received	38	8
Interest expenses paid	(127)	(82)
Income taxes paid	(238)	(120)
Net cash provided by (used in) operating activities	<u>3,162</u>	<u>(461)</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(6)	(6)
Proceeds from withdrawal of time deposits	3	300
Purchase of property, plant and equipment	(1,654)	(1,279)
Proceeds from sales of property, plant and equipment	150	672
Purchase of intangible assets	(25)	(46)
Purchase of investment securities	(1)	(1)
Other, net	1	9
Net cash provided by (used in) investing activities	<u>(1,532)</u>	<u>(351)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,023)	874
Purchase of treasury stock	(0)	(0)
Repayments of finance lease obligations	(138)	(117)
Net cash provided by (used in) financing activities	<u>(1,161)</u>	<u>756</u>
Effect of exchange rate change on cash and cash equivalents	<u>(325)</u>	<u>(211)</u>
Net increase (decrease) in cash and cash equivalents	<u>143</u>	<u>(268)</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>4,299</u>	<u>5,607</u>

Consolidated Business Segment Information
Millions of yen

1H/FY2011 Apr'11-Sep'11

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	26,902	14,933	41,836	-	41,836
Intersegment	-	-	-	-	-
Total	26,902	14,933	41,836	-	41,836
Segment income (loss)	156	94	251	-	251

1H/FY2012 Apr'12-Sep'12

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	21,845	13,263	35,109	-	35,109
Intersegment	-	-	-	-	-
Total	21,845	13,263	35,109	-	35,109
Segment income (loss)	(1,857)	231	(1,626)	-	(1,626)

Business Results

(1) Analysis of Consolidated Business Results

1. Overview

The business environment of the FDK Group (hereinafter called “FDK”) during the first half of FY2012 which ended on September 30, 2012 remained in severe condition due to the circulation of low priced foreign products in the market, the continuing high appreciation of yen, and the global economic recession triggered by the European debt issues.

Under these circumstances, FDK focused on the sales of “PremiumG” of Fujitsu alkaline batteries, the developing storage devices with Ni-MH batteries, and the development of a system to start mass production of high performance ferrite at Sanyo Plant. In addition, FDK made the best efforts on lowering the fixed costs by the cut down of production cost, improving the productivities, introducing lean management and so on.

As for sales, net sales were 35,109 million yen, a decrease of 6,727 million yen from the same period last year due to the decrease in orders.

As for profits, due to the plunging market, operating loss was 1,626 million yen (operating income for the same period last year was 251 million yen). Ordinary loss was 1,723 million yen (ordinary loss for the same period last year was 76 million yen). Net loss for the first half was 1,566 million yen (net loss for the same period last year was 134 million yen).

The divisional sales overview is as follows.

2. Battery Business

Sales of alkaline batteries fairly decreased from the same period last year in Japan, since many imported alkaline batteries were brought to Japan to respond to the scarce condition after the Great East Japan Earthquakes in 2011 and these imported batteries expanded their market share since then. Sales of Ni-MH batteries fairly decreased from the same period last year, due to the decrease in sales for consumer markets overseas for the sluggish economy in Europe, though they secured a firm position in industrial market sales. Sales of lithium batteries decreased from the same period last year due to the decreased sales in Europe, though those sales for fire prevention and security devices in USA were good.

As a result, sales of the batteries were 21,845 million yen, a decrease of 5,057 million yen from the same period last year.

3. Electronic Device Business

Although sales of coil devices and piezoelectric components stayed healthy by the recovery of vehicle production and the booming of single-lens reflex camera market, sales of signal processing modules for LCDs decreased from the same period last year due to a sales decline caused by the continuing production adjustment of the LCD displays for TVs and PCs in the global market. Sales of switching power supplies decreased from the same period last year due to a sales decline for storages.

As a result, sales of the electronic devices were 13,263 million yen, a decrease of 1,670 million yen from the same period last year.

(2) Analysis of Financial Condition

1. Status of Assets, Liabilities and Net Assets

Total assets at the end of first half of FY2012 decreased 2,093 million yen (-3.6%) from the end of the previous fiscal year to 56,334 million yen. Current assets decreased 2,164 million yen (-6.1%) to 33,110 million yen. Non-current assets increased 71 million yen (0.3%) from the end of the previous fiscal year to 23,223 million yen. The principal causes for decreased current assets were a 1,292 million yen decrease in notes and accounts receivable-trade, a 586 million yen decrease in work in process, and a 562 million yen decrease in cash and deposits. The principal cause for increased noncurrent assets was a 233 million yen increase in total property, plant and equipment.

Total liabilities at the end of first half of FY2012 increased by 404 million yen (0.8%) from the end of the previous fiscal year to 51,838 million yen. Current liabilities increased by 360 million yen (0.9%) from the end of the previous fiscal year to 42,071 million yen. Non-current liabilities increased by 43 million yen (0.5%) from the end of the previous fiscal year to 9,767 million yen. The principal cause for increased current liabilities was a 765 million yen increase in short-term loans payable. The principal cause for increased non-current liabilities was a 762 million yen increase in lease obligations, though there was a 379 million yen decrease in negative goodwill.

The interest-bearing debt increased by 1,622 million yen from the end of the previous fiscal year to 23,600 million yen.

Total net assets at the end of first half of FY2012 decreased by 2,498 million yen (-35.7%) from the end of the previous fiscal year to 4,495 million yen.

The main factors for the decrease in total net assets were a 1,566 million yen decrease in retained earnings by posting a net loss of the first half of FY2012 and a 549 million yen decrease in foreign currency translation adjustment.

2. Cash Flow Condition

Net cash used in operating activities decreased by 461 million yen from the beginning of this fiscal year due to a decrease in cash and cash equivalents ("cash") that resulted from the post of loss before income taxes, a decrease in notes and accounts payable-trade, and an increase in accrued expenses though there was an increasing in cash due to the post of the depreciation and amortization and a decrease in notes and accounts receivable-trade.

Net cash used in investment activities decreased by 351 million yen from the beginning of this fiscal year by purchasing the property, plant and equipment.

Net cash used in financing activities increased by 756 million yen from the beginning of this fiscal year due to the net increase in short-term loans payable.

As a result, the balance of cash at the end of first half of FY2012 was 5,607 million yen, a decrease of 268 million yen from the beginning of this fiscal year.

(3) Forecast for the Fiscal Year Ending March 31, 2013

Please refer to the "Announcement of the Revised Financial Forecast" announced on October 30, 2012.