

Fiscal Year 2011 Consolidated Financial Results

(April 1, 2011 to March 31, 2012)

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 Department

E-mail: jun@fdk.co.jp

Date of the ordinary general shareholder's meeting : June 27, 2012

Filing date of Yukashoken Hokokusho : June 27, 2012

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

1. Consolidated Results for FY2011 ended March 31, 2012

a. Consolidated Statements of Income

	Yen (millions)			U.S.Dollars (millions)
	FY2010	FY2011	Change(%)	FY2011
	(4/1/10-3/31/11)	(4/1/11-3/31/12)		(4/1/11-3/31/12)
Net Sales	94,431	80,334	-14.9 %	\$978.01
Operating Income	4,396	136	-96.9	\$1.66
Income Before Income Taxes	3,835	437	-88.6	\$5.32
Net Income	2,571	359	-86.0	\$4.37

Amounts Per Share of Common Stock:

Basic Earnings (Loss)	11.83 yen	1.65 yen	-	2.0 cent
Diluted Earnings	9.24	1.29		1.6 cent

b. Consolidated Financial Position

	Yen (millions)	
	As of Mar. 31, 2011	As of Mar. 31, 2012
	Total Assets	58,958
Total Net Assets	4,998	6,993
Shareholders' Equity	6,302	6,661
Shareholders' Equity Ratio	7.4%	8.0%
Shareholders' Equity Per Share	(30.42) yen	(29.00) yen

c. Consolidated Statements of Cash Flows

	Yen (millions)	
	FY2010	FY2011
	(4/1/10-3/31/11)	(4/1/11-3/31/12)
Net cash used in operating activities	4,283	2,355
Net cash used in investing activities	(2,505)	(1,971)
Net cash used in financing activities	(4,713)	1,368
Cash and cash equivalents at end of period	4,156	5,875

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	Yen	U.S.Dollars
	(millions)	(millions)	(millions)
	FY2010 (4/1/10-3/31/11)	FY2011 (4/1/11-3/31/12)	FY2011 (4/1/10-3/31/11)
Batteries	57,651	52,090	\$634.16
Electronic Devices	36,779	28,244	\$343.85
Total	94,431	80,334	\$978.01

(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=82.14 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, 2013

(Million of yen, except per share data)

	FY2012	Change(%)
Net Sales	¥87,000	8.3 %
Operating Income	¥1,000	631.1 %
Net Income	¥1,500	317.4 %
Net Income per Share	6.9 yen	-

3. Others

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

(New) 1 company: Asahi Kasei FDK Energy Device Co., Ltd.

(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, 2012 : 217,505,884 shares March 31, 2011 : 217,505,884 shares

2) Number of treasury shares at the end of fiscal year

March 31, 2012 : 229,956 shares March 31, 2011 : 226,920 shares

3) Weighted average number of shares outstanding during the fiscal year ended March 31 of each year

March 31, 2012 : 217,277,191 shares March 31, 2011 : 217,283,560 shares

Consolidated Balance Sheets

Millions of yen

	FY2010 Mar 31, 2011	FY2011 Mar 31, 2012
Assets		
Current assets		
Cash and deposits	4,163	6,178
Notes and accounts receivable-trade	21,690	19,753
Merchandise and finished goods	3,226	2,640
Work in process	3,068	3,556
Raw materials and supplies	1,513	1,583
Deferred tax assets	179	107
Other	1,584	1,512
Allowance for doubtful accounts	(60)	(57)
Total current assets	<u>35,366</u>	<u>35,274</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,879	7,537
Machinery, equipment and vehicles, net	7,999	7,517
Tools, furniture and fixtures, net	659	778
Land	3,493	3,409
Lease assets, net	440	462
Construction in progress	367	901
Total property, plant and equipment	<u>20,841</u>	<u>20,605</u>
Intangible assets	<u>908</u>	<u>819</u>
Investments and other assets		
Investment securities	131	144
Long-term loans receivable	8	3
Deferred tax assets	228	194
Other	1,473	1,386
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	<u>1,841</u>	<u>1,728</u>
Total non-current assets	<u>23,591</u>	<u>23,152</u>
Total assets	<u>58,958</u>	<u>58,427</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,739	15,911
Short-term loans payable	19,650	21,277
Lease obligations	263	297
Accounts payable-other	1,935	1,864
Income taxes payable	415	152
Provision for loss on desaster	322	156
Other	3,495	2,050
Total current liabilities	<u>42,823</u>	<u>41,710</u>
Non-current liabilities		
Lease obligations	496	402
Deferred tax liabilities	1	3
Provision for retirement benefits	7,449	6,824
Negative goodwill	2,846	2,087
Other	342	405
Total non-current liabilities	<u>11,136</u>	<u>9,723</u>
Total liabilities	<u>53,959</u>	<u>51,433</u>
Net assets		
Shareholders' equity		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(44,580)	(44,220)
Treasury stock	(41)	(41)
Total shareholders' equity	<u>6,302</u>	<u>6,661</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	9
Foreign currency translation adjustment	(1,916)	(1,971)
Total accumulated other comprehensive income	<u>(1,912)</u>	<u>(1,961)</u>
Minority interests	<u>608</u>	<u>2,294</u>
Total net assets	<u>4,998</u>	<u>6,993</u>
Total liabilities and net assets	<u>58,958</u>	<u>58,427</u>

Consolidated Statements of Income
Millions of yen

	FY2010	FY2011
	Apr'10-Mar'11	Apr'11-Mar'12
Net sales	94,431	80,334
Cost of sales	78,811	70,021
Gross profit	15,619	10,313
Selling, general and administrative expenses	11,222	10,177
Operating income	4,396	136
Non-operating income		
Interest income	17	22
Amortization of negative goodwill	759	759
Rent income	33	17
Other	209	216
Total non-operating income	1,020	1,015
Non-operating expenses		
Interest expenses	234	163
Foreign exchange losses	565	344
Loss on retirement of non-current assets	260	248
Other	220	290
Total non-operating expenses	1,280	1,046
Ordinary income	4,135	105
Extraordinary income		
Subsidy	246	449
Reversal of provision for compensation for damage	-	117
Reversal of provision for loss on disaster	-	105
Gain on sales of land	-	85
Gain on liquidation of subsidiaries and affiliates	423	-
Gain on donation of non-current assets	117	-
Other	38	-
Total extraordinary income	824	757
Extraordinary loss		
Cost of corrective measures for products	-	227
Impairment loss	304	198
Loss on disaster	430	-
Loss on retirement of non-current assets	174	-
Loss on change of contract	127	-
Other	88	-
Total extraordinary loss	1,125	426
Income before income taxes	3,835	437
Income taxes-current	713	127
Income taxes-deferred	535	107
Total income taxes	1,248	234
Income before minority interests	2,586	202
Minority interests in income	15	(156)
Net income	2,571	359

Consolidated Statements of comprehensive income
Millions of yen

	FY2010	FY2011
	Apr'10-Mar'11	Apr'11-Mar'12
	<u> </u>	<u> </u>
Income before minority interests	2,586	202
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	6
Deferred gains or losses on hedges	45	-
Foreign currency translation adjustment	(811)	(87)
Share of other comprehensive income of associates accounted for using equity method	(77)	27
Other comprehensive income	<u>(845)</u>	<u>(53)</u>
Comprehensive income	<u>1,741</u>	<u>149</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	<u>1,731</u>	<u>310</u>
Comprehensive income attributable to minority interests	<u>9</u>	<u>(161)</u>

Consolidated Statements of Changes in Net Assets

Millions of yen

	FY2010 Apr'10-Mar'11	FY2011 Apr'11-Mar'12
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	(47,151)	(44,580)
Changes of items during the period		
Net income(loss)	2,571	359
Total changes of items during the period	2,571	359
Ending balance	(44,580)	(44,220)
Treasury stock		
Beginning balance	(40)	(41)
Changes of items during the period		
Purchase of treasury stock	(1)	(0)
Total changes of items during the period	(1)	(0)
Ending balance	(41)	(41)
Total shareholders' equity		
Beginning balance	3,732	6,302
Changes of items during the period		
Net income(loss)	2,571	359
Purchase of treasury stock	(1)	(0)
Total changes of items during the period	2,570	359
Ending balance	6,302	6,661
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Beginning balance	5	3
Changes of items during the period		
Net changes of items other than shareholders' equity	(1)	6
Total changes of items during the period	(1)	6
Ending balance	3	9
Deferred gains or losses on hedges		
Beginning balance	(45)	-
Changes of items during the period		
Net changes of items other than shareholders' equity	45	-
Total changes of items during the period	45	-
Ending balance	-	-
Foreign currency translation adjustment		
Beginning balance	(1,033)	(1,916)
Changes of items during the period		
Net changes of items other than shareholders' equity	(883)	(55)
Total changes of items during the period	(883)	(55)
Ending balance	(1,916)	(1,971)
Total Accumulated other comprehensive income		
Beginning balance	(1,073)	(1,912)
Changes of items during the period		
Net changes of items other than shareholders' equity	(839)	(48)
Total changes of items during the period	(839)	(48)
Ending balance	(1,912)	(1,961)
Minority interests		
Beginning balance	599	608
Changes of items during the period		
Net changes of items other than shareholders' equity	9	1,685
Total changes of items during the period	9	1,685
Ending balance	608	2,294
Net assets		
Beginning balance	3,258	4,998
Changes of items during the period		
Net income(loss)	2,571	359
Purchase of treasury stock	(1)	(0)
Net changes of items other than shareholders' equity	(830)	1,636
Total changes of items during the period	1,740	1,995
Ending balance	4,998	6,993

Consolidated Statements of Cash Flows
Millions of yen

	FY2010	FY2011
	Apr'10-Mar'11	Apr'11-Mar'12
Net cash provided by (used in) operating activities		
Income before income taxes	3,835	437
Depreciation and amortization	3,664	3,357
Impairment loss	304	198
Loss (gain) on liquidation of subsidiaries and affiliates	(423)	-
Subsidy income	(246)	(449)
Gain on donation of non-current assets	(117)	-
Loss on disaster	430	-
Loss on change of contract	127	-
Equity in (earnings) losses of affiliates	50	98
Increase (decrease) in provision for retirement benefits	(329)	(624)
Increase (decrease) in allowance for doubtful accounts	(48)	(2)
Interest and dividends income	(19)	(52)
Interest expenses	234	163
Foreign exchange losses (gains)	7	1
Loss (gain) on sales of property, plant and equipment	4	(83)
Loss on retirement of non-current assets	434	248
Amortization of negative goodwill	(759)	(759)
Decrease (increase) in notes and accounts receivable-trade	(1,021)	1,883
Decrease (increase) in inventories	(499)	(45)
Increase (decrease) in notes and accounts payable-trade	(1,532)	(690)
Increase (decrease) in accrued expenses	233	(969)
Other, net	731	(285)
Subtotal	<u>5,063</u>	<u>2,426</u>
Interest and dividends income received	19	52
Proceeds from subsidy	246	449
Interest expenses paid	(208)	(204)
Income taxes paid	(732)	(368)
Change of contract paid	(127)	-
Other, net	24	-
Net cash provided by (used in) operating activities	<u>4,283</u>	<u>2,355</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(15)	(312)
Proceeds from withdrawal of time deposits	15	15
Purchase of property, plant and equipment	(2,503)	(3,594)
Proceeds from sales of property, plant and equipment	555	119
Purchase of intangible assets	(467)	(49)
Purchase of investment securities	(23)	(3)
Proceeds from sales of investment securities	16	-
Proceeds from sales of stocks of subsidiaries and affiliates	-	1,846
Other, net	(82)	6
Net cash provided by (used in) investing activities	<u>(2,505)</u>	<u>(1,971)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(4,108)	1,662
Repayment of long-term loans payable	(357)	-
Purchase of treasury stock	(1)	(0)
Repayments of finance lease obligations	(247)	(293)
Net cash provided by (used in) financing activities	<u>(4,713)</u>	<u>1,368</u>
Effect of exchange rate change on cash and cash equivalents	<u>(319)</u>	<u>(34)</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,254)</u>	<u>1,718</u>
Cash and cash equivalents at beginning of period	<u>7,411</u>	<u>4,156</u>
Cash and cash equivalents at end of period	<u>4,156</u>	<u>5,875</u>

Consolidated Business Segment Information
Millions of yen

FY2010 Apr'10-Mar'11

	<u>Business Segments Reported</u>		<u>Total</u>	<u>Ajustments</u>	<u>Consolidated Statements</u>
	<u>Batteries</u>	<u>Electronic Materials</u>			
Net sales					
Unaffiliated customers	57,651	36,779	94,431	-	94,431
Intersegment	-	-	-	-	-
Total	<u>57,651</u>	<u>36,779</u>	<u>94,431</u>	<u>-</u>	<u>94,431</u>
Segment income	<u>3,909</u>	<u>486</u>	<u>4,396</u>	<u>-</u>	<u>4,396</u>
Segment assets	<u>43,340</u>	<u>14,542</u>	<u>57,882</u>	<u>1,075</u>	<u>58,958</u>
Other items					
Depreciation	3,061	603	3,664	-	3,664
Amount of investment to equity method-treasury stock	-	1,130	1,130	-	1,130
Increase in property, plant and equipment and intangible assets	2,678	927	3,606	-	3,606

FY2011 Apr'11-Mar'12

	<u>Business Segments Reported</u>		<u>Total</u>	<u>Ajustments</u>	<u>Consolidated Statements</u>
	<u>Batteries</u>	<u>Electronic Materials</u>			
Net sales					
Unaffiliated customers	52,090	28,244	80,334	-	80,334
Intersegment	-	-	-	-	-
Total	<u>52,090</u>	<u>28,244</u>	<u>80,334</u>	<u>-</u>	<u>80,334</u>
Segment income	<u>(106)</u>	<u>243</u>	<u>136</u>	<u>-</u>	<u>136</u>
Segment assets	<u>42,122</u>	<u>15,226</u>	<u>57,348</u>	<u>1,079</u>	<u>58,427</u>
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	2,630	859	3,490	-	3,490

Business Results

(1) Analysis of Consolidated Business Results

1. Overview

The business environment of the FDK Group (hereinafter called “FDK”) during the fiscal year ending March 31, 2012 remained in severe condition due to the continuing high appreciation of yen from the crisis triggered by the European debt issues and also the severe effect of flooding to the productions in Thailand, though the Japanese economy continued to recover gradually from the slump caused by the Great East Japan Earthquakes as the recovery progressed toward the reconstruction of the disaster areas.

As for FDK’s business results, net sales were 80,334 million yen, a decrease of 14,096 million yen from the previous fiscal year due to the decrease in sales of Ni-MH batteries and signal processing modules for LCDs.

As for profits, operating income was 136 million yen, substantially decreased 4,259 million yen from the previous fiscal year due to the rising material costs for batteries such as rare earth and the appreciation of yen. Income before income taxes was 437 million yen; decreased 3,397 million yen from the previous fiscal year. Net income was 359 million yen decreased 2,211 million yen from the previous fiscal year, though a subsidy was received.

The divisional sales overview is as follows.

2. Battery Business

Sales of Ni-MH batteries fairly decreased from the previous year due to decrease in sales for consumer markets due to the sluggish economy in North America and Europe. Sales of lithium batteries decreased from the previous year due to decrease in sales for fire alarms, mobile phones, and laptop computers. Sales of alkaline batteries decreased from the previous year. Although FDK made an extensive production and sales efforts for the Japan market in the first half to respond to the scarce condition in retail stores by the Great East Japan Earthquakes, their sales in Japan were the same as the previous year due to the many imported batteries and the sluggish market demand in the second half, and their sales in global market decreased in North America from the previous year.

As a result, sales for the battery business were 52,090 million yen, a decrease of 5,560 million yen from the previous fiscal year.

3. Electronic Device Business

Sales of multilayer power inductors and high frequency devices increased from the previous year due to the increase in sales of smartphones. Sales of coil devices decreased from the previous year due to the decrease in sales of transformers to LCD TVs, reflected to the drastic reduction in the production by LCD TV makers and the decrease in investment for industrial machineries in China. Sales of toner increased from the previous year due to increase in the sales for printers. Sales of signal processing modules for LCDs decreased from the previous year due to a sales decline and decreased sales prices by the excess in supply of the LCD panels in the global market. Sales of switching power supplies decreased from the previous year due to a sales decline for servers.

As a result, sales for the electronic device business were 28,244 million yen, a decrease of 8,535 million yen from the previous fiscal year.

4. Forecast for the Fiscal Year Ending March 31, 2013

Japanese economy is expected to slowly but surely recover by the reconstruction demand of the earthquakes. However, it is also expected to continue the unpredictable situation due to the power supply issues, protracted strong yen, soaring crude oil prices and downward economy in the global market.

Under these circumstances, FDK will further promote “PremiumG” which is a newly released alkaline battery in this April and make a best effort to develop new power storage systems by collaborating of the Battery Business and the Electronic Device Business.

In addition, FDK aims to improve its profitability and enhance its corporate value by putting Asahi Kasei FDK Energy Device Co., Ltd., which is a joint venture launched last year with Asahi Kasei on the track, further strengthen on product development and supply on lithium ion capacitors.

As for the forecast for the FY2012, FDK targets net sales at 87,000 million yen, operating income at 1,000 million yen and net income at 1,500 million yen. Regarding the exchange rate for FY2012, FDK set an 80 yen per US dollar and a 100 yen per euro.

(2) Analysis of Financial Condition

1. Status of Assets, Liabilities and Net Assets

Total assets at the end of FY2011 decreased 530 million yen from the end of the previous fiscal year to 58,427 million yen. Current assets decreased 91 million yen to 35,274 million yen. Noncurrent assets decreased 439 million yen from the end of the previous fiscal year to 23,152 million yen. The principal causes for decreased current assets were a 1,936 million yen decrease in notes and accounts receivable-trade and a 586 million yen decrease in merchandise and finished goods, though there was a 2,015 million yen increase in cash and deposits. The principal cause for decreased noncurrent assets was a 235 million yen decrease in total property, plant and equipment.

Total liabilities at the end of FY2011 decreased 2,525 million yen from the end of the previous fiscal year to 51,433 million yen. Current liabilities decreased 1,113 million yen from the end of the previous fiscal year to 41,710 million yen. Noncurrent liabilities decreased 1,412 million yen from the end of the previous fiscal year to 9,723 million yen.

The principal cause of decreased current liabilities was a 828 million yen decrease in notes and accounts payable-trade. The principal causes for decreased non-current liabilities were a 759 million yen decrease in negative goodwill and a 624 million yen decrease in provision for retirement benefits.

The interest-bearing debt increased 1,566 million yen from the end of the previous fiscal year to 21,977 million yen.

Total net assets at the end of FY2011 increased 1,995 million yen from the end of the previous fiscal year to 6,993 million yen. The main factors for the increase in total net assets were a 1,685 million yen increase in minority interests and a 359 million yen increase in retained earnings by posting a net income of FY2011.

2. Cash Flow Condition

Net cash used in operating activities increased 2,355 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 notes and accounts receivable trade.

Net cash used in investment activities decreased 1,971 million yen from the beginning of this fiscal year by purchasing the property, plant and equipment, though there was an increase of the proceeds from sales of stocks of subsidiaries and affiliates.

Net cash used in financing activities increased 1,368 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 and cash equivalents at March 31, 2012 was 5,875 million yen, an increase of 1,718 million yen from the beginning of the fiscal year.