

**Consolidated Financial Results for the First Half of FY2011**  
(April 1, 2011 to September 30, 2011)

**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 Six-Months Ended September 30, 2011****a. Consolidated Results of Operations**

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Sx months ended Sept.30	Sx months ended Sept.30	FY2010, ended Mar. 31,	Sx months ended Sept.30
	2011	2010	2011	2011
<b>Net Sales</b>	41,836	49,793	94,431	\$545.95
<b>Operating Income</b>	251	2,971	4,396	\$3.28
<b>Income(Loss) Before Income Taxes and Minority Interests</b>	8	2,413	3,835	\$0.10
<b>Net Income (Loss)</b>	(134)	1,112	2,571	(\$1.75)
<b>Amounts Per Share of Common Stock:</b>				
Basic Earnings (Loss)	(0.62) yen	5.12 yen	11.83 yen	(0.80) cent
Diluted Earnings		-		

**b. Net Sales by Business Segment**

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Sx months ended Sept.30	Sx months ended Sept.30	FY2010, ended Mar. 31,	Sx months ended Sept.30
	2011	2010	2011	2011
<b>Batteries</b>	26,902	29,272	57,651	\$351.06
<b>Electronic Devices</b>	14,933	20,520	36,779	\$194.87
<b>Total</b>	41,836	49,793	94,431	\$545.95

**c. Consolidated Financial Position**

	Yen (millions)	
	As of Sept. 30,	As of Mar. 31,
	2011	2011
<b>Total Assets</b>	57,602	58,958
<b>Total Net Assets</b>	4,203	4,998
<b>Shareholders' Equity</b>	6,167	6,302
<b>Shareholders' Equity Ratio</b>	6.2 %	7.4 %

d. Consolidated Statements of Cash Flows

	Yen (millions)	
	Six months ended Sept. 30,	Six months ended Sept. 30,
	2011	2010
Cash Flows from Operating Activities	3,162	762
Cash Flows from Investing Activities	(1,532)	(826)
Cash Flows from Financing Activities	(1,161)	151
Cash and Cash Equivalents at End of Period	4,299	7,043

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

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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 76.63 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 2011 ending March 31, 2012

	(Million of yen, except per share data)		
	FY2011	Change from FY2010	FY2010
Net Sales	¥86,500	(8.4) %	¥94,431
Operating Income	¥500	(88.6) %	¥4,396
Net Income	¥200	(92.2) %	¥2,571
Net Income per Share	0.92 yen	(92.2) %	11.83 yen

Note for the use of the above forecasted business results.

The forecast described above is based upon information available as of October 25, 2011.

3. Others

- (1) Changes in significant subsidiaries during the period: No
- (2) Adoption of simplified accounting methods for quarterly reporting: No
- (3) Changes in accounting policies, procedures, and presentation, etc.
  - 1) Changes resulting from revisions in accounting principles, etc.: No
  - 2) Other changes: No
- (4) Number of shares outstanding (common stock)
  - 1) Number of shares outstanding at the end of periods.
 

September 30, 2011 : 217,505,884 shares	March 31, 2011: 217,505,884 shares
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  - 2) Number of treasury shares at the end of each period
 

September 30, 2011 : 229,656 shares	March 31, 2011: 226,920 shares
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  - 3) Weighted average number of shares outstanding in each period.
 

Six months ended Sept. 30, 2011 : 217,278,131 shares	Six month ended Sept. 30, 2010: 217,285,922 shares
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## Consolidated Balance Sheets

### Millions of yen

	FY2010 Mar 31, 2011	1H/FY2011 Sep 30, 2011
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,163	4,308
Notes and accounts receivable-trade	21,690	19,538
Merchandise and finished goods	3,226	3,423
Work in process	3,068	3,925
Raw materials and supplies	1,513	1,596
Deferred tax assets	179	172
Other	1,584	1,479
Allowance for doubtful accounts	(60)	(51)
Total current assets	<u>35,366</u>	<u>34,393</u>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	7,879	7,778
Machinery, equipment and vehicles, net	7,999	8,084
Tools, furniture and fixtures, net	659	693
Land	3,493	3,393
Lease assets, net	440	547
Construction in progress	367	137
Total property, plant and equipment	<u>20,841</u>	<u>20,635</u>
Intangible assets	<u>908</u>	<u>852</u>
Investments and other assets		
Investment securities	131	139
Long-term loans receivable	8	5
Deferred tax assets	228	237
Other	1,473	1,339
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	<u>1,841</u>	<u>1,721</u>
Total non-current assets	<u>23,591</u>	<u>23,208</u>
<b>Total assets</b>	<u>58,958</u>	<u>57,602</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	16,739	17,923
Short-term loans payable	19,650	18,570
Lease obligations	263	305
Accounts payable-other	1,935	2,025
Income taxes payable	415	283
Provision for loss on disaster	322	322
Other	3,495	3,314
Total current liabilities	<u>42,823</u>	<u>42,745</u>
<b>Non-current liabilities</b>		
Lease obligations	496	522
Deferred tax liabilities	1	3
Provision for retirement benefits	7,449	7,315
Negative goodwill	2,846	2,466
Other	342	345
Total non-current liabilities	<u>11,136</u>	<u>10,653</u>
<b>Total liabilities</b>	<u>53,959</u>	<u>53,399</u>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(44,580)	(44,714)
Treasury stock	(41)	(41)
Total shareholders' equity	<u>6,302</u>	<u>6,167</u>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3	7
Foreign currency translation adjustment	(1,916)	(2,576)
Total accumulated other comprehensive income	<u>(1,912)</u>	<u>(2,569)</u>
<b>Minority interests</b>	<u>608</u>	<u>605</u>
<b>Total net assets</b>	<u>4,998</u>	<u>4,203</u>
<b>Total liabilities and net assets</b>	<u>58,958</u>	<u>57,602</u>

**Consolidated Statements of Income**  
Millions of yen

	1H/FY2010	1H/FY2011
	Apr'10-Sep'10	Apr'11-Sep'11
<b>Net sales</b>	49,793	41,836
Cost of sales	40,985	36,273
<b>Gross profit</b>	8,807	5,563
Selling, general and administrative expenses	5,836	5,311
<b>Operating income</b>	2,971	251
Non-operating income		
Interest income	9	9
Amortization of negative goodwill	379	379
Rent income	16	8
Other	117	111
Total non-operating income	522	509
Non-operating expenses		
Interest expenses	123	85
Foreign exchange losses	503	585
Loss on retirement of non-current assets	123	29
Other	95	137
Total non-operating expenses	845	837
<b>Ordinary income (loss)</b>	2,648	(76)
Extraordinary income		
Gain on sales of land	-	85
Subsidy	219	-
Total extraordinary income	219	85
Extraordinary loss		
Loss on retirement of non-current assets	174	-
Loss on change of contract	143	-
Other	136	-
Total extraordinary loss	454	-
<b>Income before income taxes</b>	2,413	8
Income taxes-current	761	143
Income taxes-deferred	530	(2)
Total income taxes	1,292	141
<b>Income (loss) before minority interests</b>	1,120	(132)
Minority interests in income	8	2
<b>Net income (loss)</b>	1,112	(134)

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

	<b>1H/FY2010</b>	<b>1H/FY2011</b>
	<b>Apr'10-Sep'10</b>	<b>Apr'11-Sep'11</b>
	<u>                    </u>	<u>                    </u>
<b>Income (loss) before minority interests</b>	1,120	(132)
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(2)	3
Deferred gains or losses on hedges	49	-
Foreign currency translation adjustment	(847)	(610)
Share of other comprehensive income of associates accounted for using equity method	(92)	(56)
Other comprehensive income	<u>(893)</u>	<u>(662)</u>
<b>Comprehensive income</b>	<u>227</u>	<u>(795)</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	<u>226</u>	<u>(791)</u>
Comprehensive income attributable to minority interests	<u>0</u>	<u>(3)</u>

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

	1H/FY2010 Apr'10-Sep'10	1H/FY2011 Apr'11-Sep'11
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	2,413	8
Depreciation and amortization	1,800	1,792
Subsidy income	(219)	-
Loss on change of contract	143	-
Equity in (earnings) losses of affiliates	16	55
Increase (decrease) in provision for retirement benefits	(167)	(133)
Increase (decrease) in allowance for doubtful accounts	(41)	(4)
Interest and dividends income	(10)	(38)
Interest expenses	123	85
Foreign exchange losses (gains)	52	11
Loss (gain) on sales of property, plant and equipment	(1)	(83)
Loss on retirement of non-current assets	297	29
Amortization of negative goodwill	(379)	(379)
Decrease (increase) in notes and accounts receivable-trade	(3,183)	1,324
Decrease (increase) in inventories	(1,912)	(1,404)
Increase (decrease) in notes and accounts payable-trade	1,715	2,128
Increase (decrease) in accrued expenses	332	(159)
Other, net	108	257
Subtotal	1,087	3,490
Interest and dividends income received	10	38
Proceeds from subsidy	219	-
Interest expenses paid	(128)	(127)
Income taxes paid	(426)	(238)
Net cash provided by (used in) operating activities	762	3,162
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(7)	(6)
Proceeds from withdrawal of time deposits	3	3
Purchase of property, plant and equipment	(718)	(1,654)
Proceeds from sales of property, plant and equipment	109	150
Purchase of intangible assets	(210)	(25)
Purchase of investment securities	(22)	(1)
Proceeds from sales of investment securities	16	-
Other, net	2	1
Net cash provided by (used in) investing activities	(826)	(1,532)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	458	(1,023)
Repayment of long-term loans payable	(204)	-
Purchase of treasury stock	(0)	(0)
Repayments of finance lease obligations	(102)	(138)
Net cash provided by (used in) financing activities	151	(1,161)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(455)	(325)
<b>Net increase (decrease) in cash and cash equivalents</b>	(368)	143
<b>Cash and cash equivalents at beginning of period</b>	7,411	4,156
<b>Cash and cash equivalents at end of period</b>	7,043	4,299

## Consolidated Business Segment Information

Millions of yen

1H/FY2010 Apr'10-Sep'10

	Business Segments Reported		Total	Ajustments	Consolidated Statements
	Batteries	Electronic Materials			
<b>Net sales</b>					
Unaffiliated customers	29,272	20,520	49,793	-	49,793
Intersegment	-	-	-	-	-
<b>Total</b>	<b>29,272</b>	<b>20,520</b>	<b>49,793</b>	<b>-</b>	<b>49,793</b>
<b>Segment income</b>	<b>2,518</b>	<b>452</b>	<b>2,971</b>	<b>-</b>	<b>2,971</b>

1H/FY2011 Apr'11-Sep'11

	Business Segments Reported		Total	Ajustments	Consolidated Statements
	Batteries	Electronic Materials			
<b>Net sales</b>					
Unaffiliated customers	26,902	14,933	41,836	-	41,836
Intersegment	-	-	-	-	-
<b>Total</b>	<b>26,902</b>	<b>14,933</b>	<b>41,836</b>	<b>-</b>	<b>41,836</b>
<b>Segment income</b>	<b>156</b>	<b>94</b>	<b>251</b>	<b>-</b>	<b>251</b>

## **Business Results**

### **1. Analysis of Consolidated Business Results**

#### **(1) Overview**

On the business environment of the FDK Group (hereinafter called "FDK") in the first half of FY2011, the Japanese economy continued to recover gradually as the recovery progressed toward the reconstruction of disaster areas, from the slump caused by the Great East Japan Earthquake. On the other hand, the global economy could not dispel the uncertainty since the financial crisis in Europe, the economic recession in the U.S , the continuing appreciations of yens and the falling stock prices.

As for FDK's business results, net sales were 41,836 million yen, a substantial decrease of 7,956 million yen from the same period last year. This large decrease was mostly due to the production adjustment of LCD panels.

As for profits, operating income was 251 million yen, decreased 2,719 million yen from the same period last year. The decrease was a result of the rising material costs for batteries such as rare earth and the appreciation of yen. Income before income taxes fell to 8 million yen, due to the post of foreign exchange losses from the appreciation of yen and net loss was 134 million yen.

The divisional sales overview is as follows.

#### **(2) Battery Business**

Sales of alkaline batteries increased from the same period last year due to the extensive production in the first quarter to respond on the scarce condition in retail stores by the Great East Japan Earthquake. Sales of Ni-MH batteries decreased from the same period last year due to the downturn of the market condition in North America and Europe. Sales of lithium batteries decreased from the same period last year as the demand for mobile phones and laptop computers were declined in addition to a decrease in security products and emergency supplies.

As a result, sales for the battery business were 26,902 million yen, a decrease of 2,369 million yen from the same period last year.

#### **(3) Electronic Device Business**

Sales of signal processing modules for LCDs largely decreased from the same period last year due to the over production of the LCD panels worldwide and thus further panel production had decreased largely. Sales of switching power supplies decreased from the same period last year due to the decline in the demand for servers. Sales of coil devices decreased from the same period last year due to the decrease in sales of transformers for automobiles since domestic automobile production was decreased by the impact of the Great East Japan Earthquake and the decrease in sales of transformers for LCD TVs by the slowdown in demands. Sales of toner increased from the same period last year due to an expanded demand for printers. Sales of optical devices increased from the same period last year due to the recovering demand for flagging submarine cable settlements.

As a result, sales for the electronic device business were 14,933 million yen, a decrease of 5,586 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 the first half of FY2011 decreased 1,356 million yen (2.3%) from the end of the previous fiscal year to 57,602 million yen. Current assets decreased 972 million yen (2.8%) to 34,393 million yen. Non-current assets decreased 383 million yen (-1.6%) to 23,208 million yen.

The principal causes for decreased current assets were a 2,151 million yen decrease in notes and accounts receivable trade, though there was a 856 million yen increase in work in process.

The principal cause for decreased non-current assets was a 206 million yen decrease in total property, plant and equipment.

Total liabilities at the end of the first half of FY2011 decreased 560 (-1.0%) million yen from the end of the previous fiscal year to 53,399 million yen. Current liabilities decreased 77 million yen (-0.2%) from the end of the previous fiscal year to 42,745 million yen. Non-current liabilities decreased 482 million yen (-4.3%) from the end of the previous fiscal year to 10,653 million yen.

The principal causes of decreased current liabilities were a 1,080 million yen decrease in short-term loans payable and a 132 million yen decrease in income tax payable though there was a 1,184 million yen increase in notes and accounts payable-trade. The principal causes for decreased non-current liabilities were a 379 million yen decrease in negative goodwill.

The interest-bearing debt increased 1,012 million yen from the end of the previous fiscal year to 19,398 million yen.

Total net assets at the end of the first half of FY2011 decreased 795 million yen (-15.9%) from the end of the previous fiscal year to 4,203 million yen. The primary factor for the decrease in total net assets was a 660 million yen decrease in foreign currency translation adjustment and a 134 million yen decrease in retained earnings from posting a net income of the first half of FY2011.

### **(2) Cash Flow Condition**

Net cash used in operating activities increased 3,162 million yen from the end of the previous fiscal year due to the increase in cash and cash equivalents (cash) that resulted from increase in notes and accounts payable trade, posting depreciation and amortization, and decrease in notes and account receivable-trade, though there was a decrease in cash due to increase in inventories.

Net cash used in investment activities decreased 1,532 million yen from the end of the previous fiscal year due to the decrease in cash that resulted from the purchase of property, plants, equipment and intangible assets.

Net cash used in financing activities decreased 1,161 million yen from the end of the previous fiscal year due to a decrease in short-term loans payable.

As a result, the balance of cash and cash equivalents at the end of first half of FY2011 was 4,299 million yen, an increase of 143 million yen from the end of the previous fiscal year.

## **3. Forecast for the Full Fiscal Year Ending March 31, 2012**

Please refer to the "Announcement of the Revised Financial Forecast" announced on October 25, 2011.