

July 26, 2012

**Consolidated Financial Results for the First Quarter Ended June 30, 2012**

(April 1, 2012 to June 30, 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

E-mail: [jun@fdk.co.jp](mailto:jun@fdk.co.jp)

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

**1. Consolidated Operating Results for the Three-Months Period Ended June 30, 2012****a. Consolidate Statement of Income**

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Three months ended June 30, 2011	Three months ended June 30, 2012	FY2011 ended March 31, 2012	Three Months ended June 30, 2012
<b>Net Sales</b>	20,458	16,509	80,334	\$208.16
<b>Operating Income(Loss)</b>	343	(893)	136	(\$11.26)
<b>Ordinary Income(Loss)</b>	342	(993)	105	(\$12.52)
<b>Net Income</b>	181	(790)	359	(\$9.96)

**Amounts Per Share of Common Stock:**

<b>Basic Earnings</b>	0.83 yen	(3.64) yen	(4.58 cent)
<b>Diluted Earnings</b>	0.65 yen	- yen	( - cent)

**b. Consolidate Business Segment Information**

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Three months ended June 30, 2011	Three months ended June 30, 2012	FY2011 ended March 31, 2012	Three months ended June 30, 2012
<b>Batteries</b>	13,350	10,090	52,090	\$127.22
<b>Electronic Devices</b>	7,108	6,418	28,244	\$80.92
<b>Total</b>	20,458	16,509	80,334	\$208.16

**c. Consolidated Balance Sheet**

	Yen (millions)	
	As of March 31, 2012	As of June 30, 2012
<b>Total Assets</b>	58,427	58,936
<b>Total Net Assets</b>	6,993	5,572
<b>Shareholders' Equity</b>	6,661	5,870
<b>Shareholders' Equity Ratio</b>	8.0 %	5.9 %

**d. Consolidated Statements of Cash Flows**

	Yen (millions)	
	Three months ended June 30, 2011	Three months ended June 30, 2012
<b>Net cash provided by operating activities</b>	617	(748)
<b>Net cash provided by investing activities</b>	(845)	(708)
<b>Net cash provided by financing activities</b>	621	1,379
<b>Cash and cash equivalents at end of period</b>	4,482	5,624

(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 79.31yen=\$1
3. Percentages in this statement present rate of change compared with the same period last year.

## 2. Others

(1) Changes in significant 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 special accounting methods: No

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

- 1) Changes in accounting policies due to 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 end of period

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

2) Number of treasury shares at end of period

June 30, 2012 : 230,198 shares      March 31, 2012: 229,956 shares

3) Weighted average number of shares outstanding during three months ended June 30 of each year.

June 30, 2012 : 217,275,837 shares      June 30, 2011: 217,278,911 shares

# Consolidated Balance Sheets

## Millions of yen

	FY2011 Mar 31, 2012	Q1/FY2012 Jun 30, 2012
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	6,178	5,630
Notes and accounts receivable-trade	19,753	18,963
Merchandise and finished goods	2,640	3,426
Work in process	3,556	4,028
Raw materials and supplies	1,583	1,629
Deferred tax assets	107	153
Other	1,512	1,830
Allowance for doubtful accounts	(57)	(49)
Total current assets	35,274	35,613
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	7,537	7,584
Machinery, equipment and vehicles, net	7,517	7,181
Tools, furniture and fixtures, net	778	799
Land	3,409	3,390
Lease assets, net	462	421
Construction in progress	901	1,487
Total property, plant and equipment	20,605	20,864
Intangible assets	819	790
Investments and other assets		
Investment securities	144	164
Long-term loans receivable	3	2
Deferred tax assets	194	187
Other	1,386	1,314
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,728	1,667
Total non-current assets	23,152	23,323
<b>Total assets</b>	58,427	58,936
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	15,911	15,737
Short-term loans payable	21,277	22,658
Lease obligations	297	274
Accounts payable-other	1,864	1,990
Income taxes payable	152	63
Provision for loss on desaster	156	150
Other	2,050	3,094
Total current liabilities	41,710	43,970
<b>Non-current liabilities</b>		
Lease obligations	402	363
Deferred tax liabilities	3	2
Provision for retirement benefits	6,824	6,699
Negative goodwill	2,087	1,897
Other	405	430
Total non-current liabilities	9,723	9,392
<b>Total liabilities</b>	51,433	53,363
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(44,220)	(45,011)
Treasury stock	(41)	(41)
Total shareholders' equity	6,661	5,870
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	9	8
Foreign currency translation adjustment	(1,971)	(2,405)
Total accumulated other comprehensive income	(1,961)	(2,396)
<b>Minority interests</b>	2,294	2,098
<b>Total net assets</b>	6,993	5,572
<b>Total liabilities and net assets</b>	58,427	58,936

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

	<b>Q1/FY2011</b>	<b>Q1/FY2012</b>
	<b>Apr'11-Jun'11</b>	<b>Apr'12-Jun'12</b>
<b>Net sales</b>	20,458	16,509
Cost of sales	17,459	14,730
<b>Gross profit</b>	2,998	1,778
Selling, general and administrative expenses	2,655	2,672
<b>Operating income (loss)</b>	343	(893)
Non-operating income		
Interest income	5	4
Amortization of negative goodwill	189	189
Rent income	4	5
Other	78	22
Total non-operating income	278	222
Non-operating expenses		
Interest expenses	41	38
Foreign exchange losses	147	227
Loss on retirement of non-current assets	11	8
Other	77	46
Total non-operating expenses	278	321
<b>Ordinary income (loss)</b>	342	(993)
<b>Income (loss) before income taxes</b>	342	(993)
Income taxes-current	90	33
Income taxes-deferred	51	(43)
Total income taxes	142	(9)
<b>Income (loss) before minority interests</b>	199	(983)
Minority interests in income (loss)	18	(192)
<b>Net income (loss)</b>	181	(790)

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

	<b>Q1/FY2011</b>	<b>Q1/FY2012</b>
	<b>Apr'11-Jun'11</b>	<b>Apr'12-Jun'12</b>
<b>Income (loss) before minority interests</b>	199	(983)
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	2	(0)
Foreign currency translation adjustment	(157)	(388)
Share of other comprehensive income of associates accounted for using equity method	(18)	(47)
Other comprehensive income	(174)	(437)
<b>Comprehensive income</b>	25	(1,420)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	8	(1,225)
Comprehensive income attributable to minority interests	16	(195)

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

	Q1/FY2011 Apr'11-Jun'11	Q1/FY2012 Apr'12-Jun'12
<b>Net cash provided by (used in) operating activities</b>		
Income (loss) before income taxes	342	(993)
Depreciation and amortization	891	719
Equity in (earnings) losses of affiliates	29	17
Increase (decrease) in provision for retirement benefits	(71)	(125)
Increase (decrease) in allowance for doubtful accounts	2	(5)
Interest and dividends income	(33)	(5)
Interest expenses	41	38
Foreign exchange losses (gains)	3	6
Loss (gain) on sales of property, plant and equipment	1	(0)
Loss on retirement of non-current assets	11	8
Amortization of negative goodwill	(189)	(189)
Decrease (increase) in notes and accounts receivable-trade	1,105	265
Decrease (increase) in inventories	(2,258)	(1,476)
Increase (decrease) in notes and accounts payable-trade	1,795	392
Increase (decrease) in accrued expenses	(544)	179
Other, net	(355)	539
Subtotal	772	(628)
Interest and dividends income received	33	5
Interest expenses paid	(26)	(38)
Income taxes paid	(162)	(87)
Net cash provided by (used in) operating activities	617	(748)
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(3)	(3)
Proceeds from withdrawal of time deposits	3	300
Purchase of property, plant and equipment	(902)	(977)
Proceeds from sales of property, plant and equipment	60	4
Purchase of intangible assets	(4)	(20)
Purchase of investment securities	(0)	(20)
Other, net	0	9
Net cash provided by (used in) investing activities	(845)	(708)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	690	1,454
Purchase of treasury stock	(0)	(0)
Repayments of finance lease obligations	(68)	(75)
Net cash provided by (used in) financing activities	621	1,379
<b>Effect of exchange rate change on cash and cash equivalents</b>	(67)	(173)
<b>Net increase (decrease) in cash and cash equivalents</b>	325	(251)
<b>Cash and cash equivalents at beginning of period</b>	4,156	5,875
<b>Cash and cash equivalents at end of period</b>	4,482	5,624

## Consolidated Business Segment Information

Millions of yen

### Q1/FY2011 Apr'11-Jun'11

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
<b>Net sales</b>					
Unaffiliated customers	13,350	7,108	20,458	-	20,458
Intersegment	-	-	-	-	-
Total	13,350	7,108	20,458	-	20,458
<b>Segment income (loss)</b>	525	(182)	343	-	343

### Q1/FY2012 Apr'12-Jun'12

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
<b>Net sales</b>					
Unaffiliated customers	10,090	6,418	16,509	-	16,509
Intersegment	-	-	-	-	-
Total	10,090	6,418	16,509	-	16,509
<b>Segment income (loss)</b>	(1,016)	123	(893)	-	(893)

## **Business Results**

### **(1) Analysis of Consolidated Business Results**

#### **1. Overview**

The business environment of the FDK Group (hereinafter called “FDK”) during the first quarter ended June 30, 2012 remained in severe condition due to the global economic recession triggered by the European debt issues and the continuing high appreciation of yen.

Under these circumstances, FDK made a wave of new product releases such as Fujitsu alkaline batteries called “PremiumG” with long lasted high power and improved anti-leakage performance, Ni-MH batteries called “Fujitsu Rechargeable Batteries” with low self-discharge characteristics and “Fujitsu Smart Phone Batteries” for emergency battery chargers of smart phones.

As for sales, net sales were 16,509 million yen, a decrease of 3,949 million yen from the same period last year due to the decrease in sales of alkaline batteries, Ni-MH batteries and signal processing modules for LCDs.

As for profits, operating loss was 893 million yen, substantially decreased from the same period last year (operating income of 343 million yen) due to the decline in orders. Ordinary loss was 993 million yen (ordinary income for the same period last year was 342 million yen). And net loss was 790 million yen (net income for the same period last year was 181 million yen).

The divisional sales overview is as follows.

#### **2. Battery Business**

Sales of alkaline batteries fairly decreased in wholesale sales in Japan and OEM sales from the same period last year, since many imported alkaline batteries were brought to Japan to respond to the scarce condition after the Great East Japan Earthquakes in 2011 and then these batteries caused oversupply condition in distributors and households. Sales of Ni-MH batteries fairly decreased from the same period year, due to decrease in sales for consumer markets in overseas due to the sluggish economy in North America and Europe, and for industrial markets. Sales of lithium batteries decreased from the same period last year, due to decrease in sales for laptop computers and mobile phones due to the reduction of these application as backup power for the clock functions of these products.

As a result, sales for the battery business were 10,090 million yen, a decrease of 3,259 million yen from the same period last year.

#### **3. Electronic Device Business**

Sales of coil devices stayed the same as the same period last year, though there was a sales increase for vehicle use reflected production recovery in vehicles. Sales of optical devices increased from the same period last year. Sales of mobile modules increased from the same period last year, due to the increase in sales for mobile products. Sales of piezoelectric components and high frequency devices stayed the same as the same period last year. Sales of switching power supplies fairly decreased from the same period last year due to a sales decline for servers and storages. 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 panels in the global market.

As a result, sales for the electronic device business were 6,418 million yen, a decrease of 689 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 quarter on June 30, 2012 increased 508 million yen (0.9%) from the end of the previous fiscal year to 58,936 million yen. Current assets increased 338 million yen (1.0%) to 35,613 million yen. Noncurrent assets increased 170 million yen (0.7%) from the end of the previous fiscal year to 23,323 million yen. The principal causes for increased current assets were a 786 million yen increase in merchandise



and finished goods and a 471 million yen increase in work in process, though there was a 790 million yen decrease in notes and accounts receivable-trade and a 548 million yen decrease in cash and deposits.

The principal cause for increased noncurrent assets was a 259 million yen increase in total property, plant and equipment.

Total liabilities at the end of first quarter on June 30, 2012 increased 1,929 million yen (3.8%) from the end of the previous fiscal year to 53,363 million yen. Current liabilities increased 2,260 million yen (5.4%) from the end of the previous fiscal year to 43,970 million yen. Noncurrent liabilities decreased 330 million yen (-3.4%) from the end of the previous fiscal year to 9,392 million yen. The principal cause of decreased current liabilities was a 1,381 million yen increase in short-term loans payable. The principal cause for decreased non-current liabilities was a 189 million yen decrease in negative goodwill.

The interest-bearing debt increased 1,319 million yen from the end of the previous fiscal year to 23,297 million yen.

Total net assets at the end of first quarter on June 30, 2012 decreased 1,420 million yen (-20.3%) from the end of the previous fiscal year to 5,572 million yen.

The main factors for the decrease in total net assets were a 790 million yen decrease in retained earnings by posting a net loss of the first quarter ended June 30, 2012 and a 433 million yen decrease in foreign currency translation adjustment.

## **2. Cash Flow Condition**

Net cash used in operating activities decreased 748 million yen from the beginning of this fiscal year due to an increase in cash and cash equivalents ("cash") that resulted from an increase in inventories and posting loss before income taxes, though there was an increase in cash due to post the depreciation and amortization and an increase in notes and accounts payable-trade.

Net cash used in investment activities decreased 708 million yen from the beginning of this fiscal year by purchasing the property, plant and equipment.

Net cash used in financing activities increased 1,379 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 the end of the first quarter ended June 30, 2012 was 5,624 million yen, a decrease of 251 million yen from the beginning of this fiscal year.

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

FDK has not changed its business forecast announced on April 26, 2012. 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.