

Consolidated Financial Results for the First Quarter Ended June 30, 2011
(April 1, 2011 to June 30, 2011)

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

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

1. Consolidated Operating Results for the Three-Months Period Ended June 30, 2011

a. Consolidate Statement of Income

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Three months ended June 30, 2010	Three months ended June 30, 2011	FY2010 ended March 31, 2011	Three Months ended June 30, 2011
	Net Sales	24,910	20,458	94,431
Operating Income	1,486	343	4,396	\$4.25
Income Before Income Taxes	875	342	3,835	\$4.24
Net Income	644	181	2,571	\$2.24

Amounts Per Share of Common Stock:

Basic Earnings	2.97 yen	0.83 yen		(1.02 cent)
Diluted Earnings	2.32 yen	0.65 yen		(0.8 cent)

b. Consolidate Business Segment Information

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Three months ended June 30, 2010	Three months ended June 30, 2011	FY2010 ended March 31, 2011	Three months ended June 30, 2011
	Batteries	14,280	13,350	57,651
Electronic Devices	10,630	7,108	36,779	\$88.05
Total	24,910	20,458	94,431	\$253.41

c. Consolidated Balance Sheet

	Yen (millions)	
	As of March 31, 2011	As of June 30, 2011
	Total Assets	58,958
Total Net Assets	4,998	5,023
Shareholders' Equity	4,376	3,732
Shareholders' Equity Ratio	7.4 %	7.3 %

d. Consolidated Statements of Cash Flows

	Yen (millions)	
	Three months ended June 30, 2010	Three months ended June 30, 2011
	Net cash provided by operating activities	(1,128)
Net cash provided by investing activities	(272)	(845)
Net cash provided by financing activities	1,373	621
Cash and cash equivalents at end of period	7,089	4,482

(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 80.73yen=\$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, 2011 : 217,505,884 shares March 31, 2011: 217,505,884 shares

2) Number of treasury shares at end of period

June 30, 2011 : 227,130 shares March 31, 2011: 226,920 shares

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

June 30, 2011 : 217,278,911 shares June 30, 2010: 217,286,442 shares

Consolidated Balance Sheets

Millions of yen

	FY2010 Mar 31, 2011	Q1/FY2011 Jun 30, 2011
Assets		
Current assets		
Cash and deposits	4,163	4,488
Notes and accounts receivable-trade	21,690	20,394
Merchandise and finished goods	3,226	4,005
Work in process	3,068	4,093
Raw materials and supplies	1,513	1,907
Deferred tax assets	179	140
Other	1,584	2,275
Allowance for doubtful accounts	(60)	(61)
Total current assets	<u>35,366</u>	<u>37,243</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,879	7,885
Machinery, equipment and vehicles, net	7,999	7,944
Tools, furniture and fixtures, net	659	646
Land	3,493	3,425
Lease assets, net	440	467
Construction in progress	367	283
Total property, plant and equipment	<u>20,841</u>	<u>20,652</u>
Intangible assets	<u>908</u>	<u>880</u>
Investments and other assets		
Investment securities	131	135
Long-term loans receivable	8	7
Deferred tax assets	228	219
Other	1,473	1,411
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	<u>1,841</u>	<u>1,774</u>
Total non-current assets	<u>23,591</u>	<u>23,307</u>
Total assets	<u>58,958</u>	<u>60,551</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,739	18,337
Short-term loans payable	19,650	20,332
Lease obligations	263	279
Accounts payable-other	1,935	2,080
Income taxes payable	415	276
Provision for loss on desaster	322	322
Other	3,495	2,995
Total current liabilities	<u>42,823</u>	<u>44,624</u>
Non-current liabilities		
Lease obligations	496	487
Deferred tax liabilities	1	2
Provision for retirement benefits	7,449	7,378
Negative goodwill	2,846	2,656
Other	342	378
Total non-current liabilities	<u>11,136</u>	<u>10,903</u>
Total liabilities	<u>53,959</u>	<u>55,527</u>
Net assets		
Shareholders' equity		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(44,580)	(44,398)
Treasury stock	(41)	(41)
Total shareholders' equity	<u>6,302</u>	<u>6,483</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	5
Foreign currency translation adjustment	(1,916)	(2,091)
Total accumulated other comprehensive income	<u>(1,912)</u>	<u>(2,085)</u>
Minority interests	<u>608</u>	<u>625</u>
Total net assets	<u>4,998</u>	<u>5,023</u>
Total liabilities and net assets	<u>58,958</u>	<u>60,551</u>

Consolidated Statements of Income
Millions of yen

	Q1/FY2010	Q1/FY2011
	Apr'10-Jun'10	Apr'11-Jun'11
Net sales	24,910	20,458
Cost of sales	20,519	17,459
Gross profit	4,390	2,998
Selling, general and administrative expenses	2,904	2,655
Operating income	1,486	343
Non-operating income		
Interest income	5	5
Amortization of negative goodwill	189	189
Rent income	8	4
Other	51	78
Total non-operating income	254	278
Non-operating expenses		
Interest expenses	59	41
Foreign exchange losses	399	147
Loss on retirement of non-current assets	48	11
Other	63	77
Total non-operating expenses	570	278
Ordinary income	1,170	342
Extraordinary loss		
Loss on retirement of non-current assets	174	-
Other	120	-
Total extraordinary loss	294	-
Income before income taxes	875	342
Income taxes-current	246	90
Income taxes-deferred	(18)	51
Total income taxes	228	142
Income before minority interests	646	199
Minority interests in income	2	18
Net income	644	181

Consolidated Statements of comprehensive income
Millions of yen

	Q1/FY2010	Q1/FY2011
	Apr'10-Jun'10	Apr'11-Jun'11
	<u> </u>	<u> </u>
Income before minority interests	646	199
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	2
Deferred gains or losses on hedges	45	-
Foreign currency translation adjustment	(475)	(157)
Share of other comprehensive income of associates accounted for using equity method	(43)	(18)
Other comprehensive income	<u>(474)</u>	<u>(174)</u>
Comprehensive income	<u>171</u>	<u>25</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	<u>173</u>	<u>8</u>
Comprehensive income attributable to minority interests	<u>(2)</u>	<u>16</u>

Consolidated Statements of Cash Flows
Millions of yen

	Q1/FY2010 Apr'10-Jun'10	Q1/FY2011 Apr'11-Jun'11
Net cash provided by (used in) operating activities		
Income before income taxes	875	342
Depreciation and amortization	893	891
Equity in (earnings) losses of affiliates	14	29
Increase (decrease) in provision for retirement benefits	(31)	(71)
Increase (decrease) in allowance for doubtful accounts	6	2
Interest and dividends income	(6)	(33)
Interest expenses	59	41
Foreign exchange losses (gains)	29	3
Loss (gain) on sales of property, plant and equipment	(1)	1
Loss on retirement of non-current assets	222	11
Amortization of negative goodwill	(189)	(189)
Decrease (increase) in notes and accounts receivable-trade	(2,815)	1,105
Decrease (increase) in inventories	(1,572)	(2,258)
Increase (decrease) in notes and accounts payable-trade	1,741	1,795
Increase (decrease) in accrued expenses	(333)	(544)
Other, net	320	(355)
Subtotal	(785)	772
Interest and dividends income received	6	33
Interest expenses paid	(53)	(26)
Income taxes paid	(295)	(162)
Net cash provided by (used in) operating activities	(1,128)	617
Net cash provided by (used in) investing activities		
Payments into time deposits	(3)	(3)
Proceeds from withdrawal of time deposits	3	3
Purchase of property, plant and equipment	(242)	(902)
Proceeds from sales of property, plant and equipment	75	60
Purchase of intangible assets	(109)	(4)
Purchase of investment securities	(0)	(0)
Proceeds from sales of investment securities	5	-
Other, net	0	0
Net cash provided by (used in) investing activities	(272)	(845)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,497	690
Repayment of long-term loans payable	(73)	-
Purchase of treasury stock	(0)	(0)
Repayments of finance lease obligations	(50)	(68)
Net cash provided by (used in) financing activities	1,373	621
Effect of exchange rate change on cash and cash equivalents	(293)	(67)
Net increase (decrease) in cash and cash equivalents	(321)	325
Cash and cash equivalents at beginning of period	7,411	4,156
Cash and cash equivalents at end of period	7,089	4,482

Consolidated Business Segment Information

Millions of yen

Q1/FY2010 Apr'10-Jun'10

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	14,280	10,630	24,910	-	24,910
Intersegment	-	-	-	-	-
Total	<u>14,280</u>	<u>10,630</u>	<u>24,910</u>	<u>-</u>	<u>24,910</u>
Segment income	<u>1,260</u>	<u>226</u>	<u>1,486</u>	<u>-</u>	<u>1,486</u>

Q1/FY2011 Apr'11-Jun'11

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

Business Results for the Three Months Ended June 30, 2011

(1) Qualitative Information on Consolidated Business Results

1. Overview

The business environment of the FDK Group (hereinafter called “FDK”) during the first quarter ended June 30, 2011, continued severe situation due to the effects of March 11 Great East Japan Earthquake which influenced for some production activities, the steep appreciation of the yen and the soaring raw material prices including rare materials.

As for FDK’s business results, net sales were 20,458 million yen, a substantial decrease of 4,451 million yen from the same period last year. Although sales of alkaline batteries were fairly increased, sales of signal processing modules for LCDs decreased largely from the same period last year as LCD panel manufacturers have made production adjustment.

Operating income was 343 million yen, decreased 1,143 million yen from the same period last year due to the rising raw material costs and the appreciation of yen. Income before income taxes was 342 million yen. Net income was 181 million yen decreased 463 million yen from the same period last year.

The divisional sales overview is as follows.

2. Battery Business

Sales of alkaline batteries were much increased from the same period last year as the Great East Japan Earthquake caused a large demand for these batteries in Japan and we made our best effort to produce them to dissolve a serious shortage of them in stores. Sales of Ni-MH batteries decreased from the same period last year due to decrease in sales for overseas and for electric power-assisted bicycles and PC accessories. Sales of lithium batteries were decreased from the same period last year due to the decreasing in memory backup use of personal computers and mobile phones.

As a result, sales for the battery business were 13,350 million yen, a decrease of 929 million yen from the same period last year.

3. Electronic Device Business

Sales of signal processing modules for LCDs decreased largely from the same period last year as LCD panel manufacturers have made production adjustment due to oversupply of LCD panels in the consumer market. Sales of coil devices decreased from the same period last year due to the decrease in automobile production. Sales of optical devices decreased from the same period last year due to the sales price decline by intensified price competition. Sales of toner increased from the same period last year due to the expansion of the production capacitance. Sales of switching power supplies decreased from the same period last year due to a sales decline for storages.

As a result, sales for the electronic device business were 7,108 million yen, a decrease of 3,522 million yen from the same period last year.

4. Forecast for the Fiscal Year Ending March 31, 2012

Regarding consolidated financial forecasts for the fiscal year ending March 31, 2012, due to the soaring raw material prices including rare earth and tough price competition from overseas manufacturers, FDK foresees the severe business environment.

Under these circumstances, FDK will promote several measurements to strengthen and stabilize its management base.

There is no change to the consolidated financial forecasts for the First Half of FY2011 ending September 30 and FY2011 ending March 31, 2012.

(2) Qualitative Information on Consolidated Financial Condition

1. Status of Assets, Liabilities and Net Assets

Total assets at the end of first quarter of FY2011 increased 1,593 million yen from the end of the previous fiscal year to 60,551 million yen. Current assets increased 1,877 million yen to 37,243 million yen. Noncurrent assets decreased 283 million yen to 23,307 million yen.

The principal causes for increased current assets was a 1,024 million yen increase in work in process and a 779 million yen increase in merchandise and finished goods, though a 1,295 million yen decrease in notes and accounts receivable-trade. The principal cause for decreased noncurrent assets was a 188 million yen decrease in total property, plant and equipment.

Total liabilities at the end of first quarter of FY2011 increased 1,568 million yen from the end of the previous fiscal year to 55,527 million yen. Current liabilities increased 1,801 million yen from the end of the previous fiscal year to 44,628 million yen. Noncurrent liabilities decreased 232 million yen from the end of the previous fiscal year to 10,903 million yen.

The principal cause for increased current liabilities was a 1,598 million yen decrease in notes and accounts payable-trade and a 681 million yen decrease 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 688 million yen from the end of the previous fiscal year to 21,099 million yen.

Total net assets at the end of first quarter of FY2011 increased 25 million yen from the end of the previous fiscal year to 5,023 million yen. The main factor for the increase in total net assets were a 181 million yen increase in retained earnings by posting a net income of the first quarter , though there was a 883 million decrease in foreign currency translation adjustment.

2. Cash Flow Condition

Net cash used in operating activities increased 617 million yen from the beginning of this fiscal year due to an increase in cash and cash equivalents (cash) by increase in notes and accounts payable-trade and decrease in notes and accounts payable-trade, though there were some decrease in cash resulted from an increase in inventories.

Net cash used in investment activities decreased 845 million yen from the beginning of this fiscal year due to the purchase of property, plant and equipment.

Net cash used in financing activities increased 621 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 June 30, 2011 was 4,482 million yen, a decrease of 2,607 of the fiscal year.