

July 28, 2010

Consolidated Financial Results for the First Quarter Ended June 30, 2010
(April 1, 2010 to June 30, 2010)

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, Business Strategy & Planning Department

E-mail: niida@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, 2010**a. Consolidated Statements of Operations**

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Three months ended June 30, 2010	Three months ended June 30, 2009	FY2009 ended March 31, 2010	Three Months ended June 30, 2010
	Net Sales	24,910	15,148	68,447
Operating Income (Loss)	1,486	(31)	2,398	\$16.89
Income(Loss) Before Income Taxes and Minority Interests	875	(171)	1,582	\$9.94
Net Income (Loss)	644	(256)	1,046	\$7.32
Amounts Per Share of Common Stock:				
Basic Earnings (Loss)	2.97 yen	(1.37) yen	4.98	(3.38 cent)
Diluted Earnings	-	-	-	-

b. Consolidate Business Segment Information

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Three months ended June 30, 2010	Three months ended June 30, 2009	FY2009 ended March 31, 2010	Three months ended June 30, 2010
	Electronic Devices	-	10,056	37,673
Batteries	-	5,092	30,773	-
Total	-	15,148	68,447	-

c. Consolidated Balance Sheet

	Yen (millions)	
	As of June 30, 2010	As of March 31, 2010
	Total Assets	67,351
Total Net Assets	3,430	3,258
Shareholders' Equity	4,376	3,732
Shareholders' Equity Ratio	4.2 %	4.1 %
Shareholders' Equity Per Share	(37.59) yen	(38.39) yen

d. Consolidated Statements of Cash Flows

	Yen (millions)	
	Three months ended June 30, 2010	Three months ended June 30, 2009
	Net cash provided by operating activities	(1,128)
Net cash provided by investing activities	(272)	(159)
Net cash provided by financing activities	1,373	(2,475)
Cash and cash equivalents at end of period	7,089	5,779
Consolidated Subsidiaries		16 companies
Unconsolidated Subsidiaries (equity method applied)		- companies
Affiliates (equity method applied only)		1 companies

(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 88yen=\$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
- (2) Adoption of simplified accounting methods for quarterly reporting: Yes
- (3) Changes in accounting policies, procedures, and presentation, etc.
 - 1) Changes resulting from revisions in accounting principles, etc.: Yes
 - 2) Other changes: Yes
- (4) Number of shares outstanding (common stock)
 - 1) Number of shares outstanding at end of period

June 30, 2010 : 217,505,884 shares	March 31, 2010: 217,505,884 shares
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 - 2) Number of treasury shares at end of period

June 30, 2010 : 219,757 shares	March 31, 2010: 218,916 shares
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 - 3) Weighted average number of shares outstanding during three months ended June 30 of each year.

June 30, 2010 : 217,286,442 shares	June 30, 2009: 187,815,847 shares
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Consolidated Balance Sheets

Millions of yen

	Q1/FY2010 Jun 30, 2010	FY2009 Mar 31, 2010
Assets		
Current assets		
Cash and deposits	7,096	7,417
Notes and accounts receivable-trade	23,590	21,458
Merchandise and finished goods	3,421	2,597
Work in process	3,269	2,921
Raw materials and supplies	2,243	2,047
Deferred tax assets	249	265
Other	2,724	2,428
Allowance for doubtful accounts	(116)	(113)
Total current assets	42,479	39,023
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,788	8,079
Machinery, equipment and vehicles, net	9,236	9,422
Tools, furniture and fixtures, net	632	804
Land	3,451	3,469
Lease assets, net	377	402
Construction in progress	270	200
Total property, plant and equipment	21,756	22,378
Intangible assets	729	669
Investments and other assets		
Investment securities	124	130
Long-term loans receivable	12	14
Deferred tax assets	711	688
Other	1,538	1,610
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,386	2,444
Total noncurrent assets	24,872	25,492
Total assets	67,351	64,515
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,022	19,088
Short-term loans payable	25,267	23,794
Current portion of long-term loans payable	293	325
Lease obligations	223	230
Accounts payable-other	2,666	2,310
Income taxes payable	341	433
Other	3,199	2,853
Total current liabilities	52,014	49,036
Noncurrent liabilities		
Long-term loans payable	-	66
Lease obligations	502	546
Deferred tax liabilities	2	3
Provision for retirement benefits	7,747	7,778
Negative goodwill	3,415	3,605
Other	239	220
Total noncurrent liabilities	11,907	12,221
Total liabilities	63,921	61,257
Net assets		
Shareholders' equity		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(46,506)	(47,151)
Treasury stock	(40)	(40)
Total shareholders' equity	4,376	3,732
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4	5
Deferred gains or losses on hedges	-	(45)
Foreign currency translation adjustment	(1,548)	(1,033)
Total valuation and translation adjustments	(1,543)	(1,073)
Minority interests	597	599
Total net assets	3,430	3,258
Total liabilities and net assets	67,351	64,515

Consolidated Statements of Income
Millions of yen

	Q1/FY2009	Q1/FY2010
	Apr'09-Jun'09	Apr'10-Jun'10
Net sales	15,148	24,910
Cost of sales	13,374	20,519
Gross profit	1,774	4,390
Selling, general and administrative expenses	1,805	2,904
Operating income (loss)	(31)	1,486
Non-operating income		
Interest income	5	5
Amortization of negative goodwill	-	189
Foreign exchange gains	28	-
Rent income	7	8
Other	58	51
Total non-operating income	98	254
Non-operating expenses		
Interest expenses	73	59
Foreign exchange losses	-	399
Stock issuance cost	53	-
Loss on retirement of noncurrent assets	3	48
Other	95	63
Total non-operating expenses	226	570
Ordinary income (loss)	(159)	1,170
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	39	-
Total extraordinary income	39	-
Extraordinary loss		
Loss on retirement of noncurrent assets	-	174
Business structure improvement expenses	51	-
Other	-	120
Total extraordinary loss	51	294
Income (loss) before income taxes	(171)	875
Income taxes-current	64	246
Income taxes-deferred	7	(18)
Total income taxes	71	228
Income before minority interests	-	646
Minority interests in income	13	2
Net income (loss)	(256)	644

Consolidated Statements of Cash Flows
Millions of yen

	Q1/FY2009 Apr'09-Jun'09	Q1/FY2010 Apr'10-Jun'10
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(171)	875
Depreciation and amortization	531	893
Equity in (earnings) losses of affiliates	43	14
Increase (decrease) in provision for retirement benefits	(59)	(31)
Increase (decrease) in allowance for doubtful accounts	0	6
Interest and dividends income	(5)	(6)
Interest expenses	73	59
Foreign exchange losses (gains)	7	29
Loss (gain) on sales of property, plant and equipment	(3)	(1)
Loss on retirement of noncurrent assets	3	222
Loss (gain) on sales of stocks of subsidiaries and affiliates	(39)	-
Stock issuance cost	53	-
Amortization of negative goodwill	-	(189)
Decrease (increase) in notes and accounts receivable-trade	70	(2,815)
Decrease (increase) in inventories	(399)	(1,572)
Increase (decrease) in notes and accounts payable-trade	105	1,741
Increase (decrease) in accrued expenses	(311)	(333)
Other, net	1,172	320
Subtotal	<u>1,073</u>	<u>(785)</u>
Interest and dividends income received	5	6
Interest expenses paid	(57)	(53)
Income taxes paid	<u>(85)</u>	<u>(295)</u>
Net cash provided by (used in) operating activities	<u>936</u>	<u>(1,128)</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(3)	(3)
Proceeds from withdrawal of time deposits	10	3
Purchase of property, plant and equipment	(312)	(242)
Proceeds from sales of property, plant and equipment	8	75
Purchase of intangible assets	(3)	(109)
Purchase of investment securities	(1)	(0)
Proceeds from sales of investment securities	-	5
Proceeds from sales of stocks of subsidiaries and affiliates	150	-
Other, net	(7)	0
Net cash provided by (used in) investing activities	<u>(159)</u>	<u>(272)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(13,225)	1,497
Repayment of long-term loans payable	(109)	(73)
Proceeds from issuance of common stock	10,999	-
Payments for issuance of common stock	(53)	-
Purchase of treasury stock	(0)	(0)
Repayments of finance lease obligations	(85)	(50)
Net cash provided by (used in) financing activities	<u>(2,475)</u>	<u>1,373</u>
Effect of exchange rate change on cash and cash equivalents	<u>(26)</u>	<u>(293)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,724)</u>	<u>(321)</u>
Cash and cash equivalents at beginning of period	<u>7,504</u>	<u>7,411</u>
Cash and cash equivalents at end of period	<u>5,779</u>	<u>7,089</u>

Consolidated Business Segment Information

Millions of yen

Q1/FY2009 Apr'09-Jun'09

	Electronic Materials	Batteries	Total	Elimination	Consolidated
Net sales					
Unaffiliated customers	10,056	5,092	15,148	-	15,148
Intersegment	-	-	-	-	-
Total	10,056	5,092	15,148	-	15,148
Operating income (loss)	(135)	103	(31)	-	(31)

Consolidated Geographic Segment Information

Millions of yen

Q1/FY2009 Apr'09-Jun'09

	Japan	Asia	North America	Europe	Total	Elimination	Consolidated
Net sales							
Unaffiliated customers	7,811	6,816	170	349	15,148	-	15,148
Intersegment	907	1,463	15	7	2,393	(2,393)	-
Total	8,719	8,279	186	356	17,541	(2,393)	15,148
Operating income (loss)	(128)	162	(6)	(1)	26	(57)	(31)

Net Overseas Sales by Customer's Geographic Location

Millions of yen

Q1/FY2009 Apr'09-Jun'09

	Asia	North America	Other Countries	Total
Total sales to foreign customers	6,179	522	770	7,471
Consolidated net sales				15,148
Percentage of sales to foreign customers to consolidated net sales	48.4%	4.7%	4.4%	57.5%

Consolidated Business Segment Information

Millions of yen

Q1/FY2010 Apr'10-Jun'10

	Business Segments Reported		Total	Adjustments	Consolidated Statements of income
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	14,280	10,630	24,910	-	24,910
Intersegment	-	-	-	-	-
Total	14,280	10,630	24,910	-	24,910
Segment income (Operating Income)	1,260	226	1,486	-	1,486

Business Results

(1) Analysis of Consolidated Business Results

1. Overview

The business environment of the FDK Group (hereinafter called “FDK”) during the first quarter that ended June 30, 2010 continued to be a severe situation due to the economic crisis in Europe which was triggered by the Greece debt crisis, although there was a trend towards a gradual recovery in the Asian economy.

Under these circumstances, FDK focused on its battery business and promoted a variety of activities to create great synergies among its many technologies, such as electronic materials, electronic devices, batteries, etc., as were defined in the mid-term business plan (START10). In addition, cost reductions were put in place.

As for FDK’s business results, net sales were 24,910 million yen, a substantial increase of 9,761 million yen from the same period last year. The increase was due to the addition of Ni-MH and lithium battery sales, which were transferred to FDK in the previous fiscal year. Operating income was 1,486 million yen, an improvement of 1,517 million yen from the same period last year. The increase was a result of the business structural reform worked on the previous year and which improved profitability in the electronic device business and added the battery businesses. Income before income taxes was 875 million yen, an improvement of 1,046 million yen from the same period last year. By posting 294 million yen as extraordinary loss, which included loss on retirement of fixed assets, net income was 644 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 a sales increase in OEM products and the implementation of sales activities for the “Fujitsu Alkaline Battery G. D. R Series” and OEM products. For Ni-MH batteries we engaged in extensive sales activities for their broad range of applications, such as shavers, electronic power tools, electronic bicycles and so on, which brought good results. For lithium batteries we conducted extensive sales activities for cylindrical-type batteries used in the electronic meter, emergency device and security gizmo markets and for coin-type batteries used in the mobile phone, notebook computer and digital camera markets.

As a result, sales for the battery business were 14,280 million yen.

3. Electronic Device Business

Sales of coil devices increased from the same period last year due to the large increase in sales for industrial machinery, while the sales of transformers for liquid crystal displays (LCDs) and automobiles grew steadily. Sales of piezoelectric components increased from the same period last year due to a steady increase in sales of ultrasonic motors. Sales of multilayer power inductors decreased from the same period last year due to a production adjustment of mobile phones. Sales of toner increased from the same period last year due to a recovery from a sluggish market. Sales of optical devices decreased from the same period last year due to a decline in market need for new submarine cable settlements. Sales of signal processing modules for LCDs increased from the same period last year due to an increased orders from the market recovery.

As a result, sales for the electronic device business were 10,630 million yen.

4. Forecast for the First Half and Full Year of Fiscal Year Ending March 31, 2011

Please refer to the “Announcement of the Revised Financial Forecast” announced on July 28, 2010.

(2) Analysis of Financial Condition

1. Status of Assets, Liabilities and Net Assets

Total assets at the end of first quarter on June 30, 2010 increased 2,836 million yen (4.4%) from the end of the previous fiscal year to 67,351 million yen. Current assets increased 3,456 million yen (8.9%) to 42,479 million yen. Noncurrent assets decreased 620 million yen (-2.4%) to 24,872 million yen.

The principal causes for increased current assets were a 2,131 million yen increase in notes and accounts receivable trade and a 823 million yen increase in merchandise and finished goods. The principal cause for decreased noncurrent assets was a 622 million yen decrease in total property, plant and equipment.

Total liabilities at the end of the first quarter on June 30, 2010 increased 2,664 (4.3%) million yen from the end of the previous fiscal year to 63,921 million yen. Current liabilities increased 2,978 million yen (6.1%) from the end of the previous fiscal year to 52,014 million yen. Noncurrent liabilities decreased 3,14 million yen (-2.6%) from the end of the previous fiscal year to 11,907 million yen.

The principal cause of increased current liabilities was a 1,472 million yen increase in short-term loans payable and a 934 million yen increase in accounts payable trade. The principal cause for decreased non-current liabilities was a 189 million yen decrease in negative goodwill.

The interest-bearing debt decreased 1,323 million yen from the end of the previous fiscal year to 26,286 million yen.

Total net assets at the end of first quarter on June 30, 2010 increased 171 million yen (5.3%) from the end of the previous fiscal year to 3,430 million yen. The primary factors for the increase in total net assets were a 644 million yen increase in retained earnings from posting a net income of the first quarter ended June 30, 2010, though there was a 515 million yen decrease in foreign currency translation adjustment.

2. Cash Flow Condition

Net cash used in operating activities decreased 1,128 million yen from the end of the previous fiscal year due to the decrease in cash and cash equivalents (“cash”) that resulted from an increase in notes and accounts receivable trade and in inventories, though there was an increase in cash due to post income before income taxes and depreciation and amortization, and a decrease in notes and accounts payable trade.

Net cash used in investment activities decreased 272 million yen from the end of the previous fiscal year due to the decrease in cash that resulted from the purchase of property, plants, and equipment.

Net cash used in financing activities increased 1,373 million yen from the end of the previous fiscal year due to the increase in capital as an increase in short-term loans payable.

As a result, the balance of cash and cash equivalents at the end of June 30, 2010 was 7,089 million yen, a decrease of 321 million yen from the end of the previous fiscal year.