

Consolidated Financial Results for the First Half of FY2010
(April 1, 2010 to September 30, 2010)**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, 2010**a. Consolidated Results of Operations**

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Sx months ended Sept.30 2010	Sx months ended Sept.30 2009	FY2009, ended Mar. 31, 2010	Sx months ended Sept.30 2010
Net Sales	49,793	31,060	68,447	\$594.05
Operating Income	2,971	575	2,398	\$35.45
Income(Loss) Before Income Taxes and Minority Interests	2,413	7	1,582	\$28.79
Net Income (Loss)	1,112	(190)	1,046	\$13.27
Amounts Per Share of Common Stock:				
Basic Earnings (Loss)	5.12 yen	(0.94) yen	4.98	(6.1 cent)
Diluted Earnings	-	-	-	-

b. Net Sales by Business Segment

	Yen (millions)	Yen (millions)	Yen (millions)	U.S.Dollars (millions)
	Sx months ended Sept.30 2010	Sx months ended Sept.30 2009	FY2009, ended Mar. 31, 2010	Sx months ended Sept.30 2010
Electronic Devices	29,272	20,019	37,673	\$349.22
Batteries	20,520	11,040	30,773	\$244.81
Total	49,793	31,060	68,447	\$594.05

c. Consolidated Financial Position

	Yen (millions)	
	As of Sept. 30, 2010	As of Mar. 31, 2010
Total Assets	66,470	64,515
Total Net Assets	3,486	3,258
Shareholders' Equity	4,844	3,732
Shareholders' Equity Ratio	4.3 %	4.1 %
Shareholders' Equity Per Share	(37.35) yen	(38.39) yen

d. Consolidated Statements of Cash Flows

	Yen (millions)	
	Six months ended Sept. 30,	Six months ended Sept. 30,
	2010	2009
Cash Flows from Operating Activities	762	(1,256)
Cash Flows from Investing Activities	(826)	(196)
Cash Flows from Financing Activities	151	(318)
Cash and Cash Equivalents at End of Period	7,043	5,453

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 83.82 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 2010 ending March 31, 2011

	(Million of yen, except per share data)		
	FY2010	Change from FY2009	FY2009
Net Sales	¥95,000	38.8 %	¥68,447
Operating Income	¥4,000	66.8 %	¥2,398
Net Income	¥24,000	129.4 %	¥1,046
Net Income per Share	11.05 yen	121.9 %	4.98 yen

Note for the use of the above forecasted business results.

The forecast described above is based upon information available as of October 26, 2010.

3. 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 the end of periods.
September 30, 2010 : 217,505,884 shares March 31, 2010: 217,505,884 shares
 - 2) Number of treasury shares at the end of each period
September 30, 2010 : 221,123 shares March 31, 2010: 218,916 shares
 - 3) Weighted average number of shares outstanding in each period.
Six months ended Sept. 30, 2010 : 217,285,922 shares Six month ended Sept. 30, 2009: 202,635,356 shares

Consolidated Balance Sheets

Millions of yen

	1H/FY2010 Sep 30, 2010	FY2009 Mar 31, 2010
Assets		
Current assets		
Cash and deposits	7,053	7,417
Notes and accounts receivable-trade	23,598	21,458
Merchandise and finished goods	3,843	2,597
Work in process	3,467	2,921
Raw materials and supplies	1,916	2,047
Deferred tax assets	172	265
Other	2,724	2,428
Allowance for doubtful accounts	(66)	(113)
Total current assets	42,709	39,023
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,612	8,079
Machinery, equipment and vehicles, net	8,892	9,422
Tools, furniture and fixtures, net	705	804
Land	3,445	3,469
Lease assets, net	348	402
Construction in progress	86	200
Total property, plant and equipment	21,090	22,378
Intangible assets	805	669
Investments and other assets		
Investment securities	127	130
Long-term loans receivable	11	14
Deferred tax assets	232	688
Other	1,494	1,610
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,864	2,444
Total noncurrent assets	23,760	25,492
Total assets	66,470	64,515
Liabilities		
Current liabilities		
Notes and accounts payable-trade	19,705	19,088
Short-term loans payable	24,200	23,794
Current portion of long-term loans payable	168	325
Lease obligations	217	230
Accounts payable-other	2,275	2,310
Income taxes payable	755	433
Other	4,131	2,853
Total current liabilities	51,453	49,036
Noncurrent liabilities		
Long-term loans payable	-	66
Lease obligations	456	546
Deferred tax liabilities	4	3
Provision for retirement benefits	7,610	7,778
Negative goodwill	3,225	3,605
Other	234	220
Total noncurrent liabilities	11,531	12,221
Total liabilities	62,984	61,257
Net assets		
Shareholders' equity		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(46,039)	(47,151)
Treasury stock	(40)	(40)
Total shareholders' equity	4,844	3,732
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2	5
Deferred gains or losses on hedges	4	(45)
Foreign currency translation adjustment	(1,965)	(1,033)
Total valuation and translation adjustments	(1,958)	(1,073)
Minority interests	600	599
Total net assets	3,486	3,258
Total liabilities and net assets	66,470	64,515

Consolidated Statements of Income

Millions of yen

	1H/FY2009	1H/FY2010
	Apr'09-Sep'09	Apr'10-Sep'10
Net sales	31,060	49,793
Cost of sales	26,917	40,985
Gross profit	4,143	8,807
Selling, general and administrative expenses	3,568	5,836
Operating income	575	2,971
Non-operating income		
Interest income	11	9
Amortization of negative goodwill	-	379
Rent income	13	16
Gain on sales of noncurrent assets	34	-
Other	75	117
Total non-operating income	134	522
Non-operating expenses		
Interest expenses	124	123
Foreign exchange losses	210	503
Loss on retirement of noncurrent assets	55	123
Other	231	95
Total non-operating expenses	621	845
Ordinary income	88	2,648
Extraordinary income		
Subsidy	-	219
Gain on sales of subsidiaries and affiliates' stocks	39	-
Total extraordinary income	39	219
Extraordinary loss		
Loss on retirement of noncurrent assets	-	174
Loss on change of contract	-	143
Business structure improvement expenses	111	-
Other	8	136
Total extraordinary loss	119	454
Income before income taxes	7	2,413
Income taxes-current	170	761
Income taxes-deferred	(1)	530
Total income taxes	168	1,292
Income before minority interests	-	1,120
Minority interests in income	29	8
Net income (loss)	(190)	1,112

Consolidated Statements of Cash Flows

Millions of yen

	1H/FY2009 Apr'09-Sep'09	1H/FY2010 Apr'10-Sep'10
Net cash provided by (used in) operating activities		
Income before income taxes	7	2,413
Depreciation and amortization	1,057	1,800
Subsidy income	-	(219)
Loss on change of contract	-	143
Equity in (earnings) losses of affiliates	86	16
Increase (decrease) in provision for retirement benefits	(1,461)	(167)
Increase (decrease) in allowance for doubtful accounts	(29)	(41)
Interest and dividends income	(12)	(10)
Interest expenses	124	123
Foreign exchange losses (gains)	44	52
Loss (gain) on sales of property, plant and equipment	(34)	(1)
Loss on retirement of noncurrent assets	55	297
Loss (gain) on sales of stocks of subsidiaries and affiliates	(39)	-
Stock issuance cost	53	-
Amortization of negative goodwill	-	(379)
Decrease (increase) in notes and accounts receivable-trade	337	(3,183)
Decrease (increase) in inventories	(189)	(1,912)
Increase (decrease) in notes and accounts payable-trade	14	1,715
Increase (decrease) in accrued expenses	(211)	332
Other, net	(779)	108
Subtotal	(976)	1,087
Interest and dividends income received	12	10
Proceeds from subsidy	-	219
Interest expenses paid	(163)	(128)
Income taxes paid	(128)	(426)
Net cash provided by (used in) operating activities	(1,256)	762
Net cash provided by (used in) investing activities		
Payments into time deposits	(7)	(7)
Proceeds from withdrawal of time deposits	10	3
Purchase of property, plant and equipment	(393)	(718)
Proceeds from sales of property, plant and equipment	57	109
Purchase of intangible assets	(4)	(210)
Purchase of investment securities	(2)	(22)
Proceeds from sales of investment securities	-	16
Proceeds from sales of stocks of subsidiaries and affiliates	150	-
Other, net	(6)	2
Net cash provided by (used in) investing activities	(196)	(826)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(10,866)	458
Repayment of long-term loans payable	(229)	(204)
Proceeds from issuance of common stock	10,999	-
Payments for issuance of common stock	(53)	-
Purchase of treasury stock	(1)	(0)
Repayments of finance lease obligations	(166)	(102)
Net cash provided by (used in) financing activities	(318)	151
Effect of exchange rate change on cash and cash equivalents	(279)	(455)
Net increase (decrease) in cash and cash equivalents	(2,050)	(368)
Cash and cash equivalents at beginning of period	7,504	7,411
Cash and cash equivalents at end of period	5,453	7,043

Consolidated Business Segment Information

Millions of yen

1H/FY2009 Apr'09-Sep'09

	Electronic Materials	Batteries	Total	Elimination	Consolidated
Net sales					
Unaffiliated customers	20,019	11,040	31,060	-	31,060
Intersegment	-	-	-	-	-
Total	20,019	11,040	31,060	-	31,060
Operating income (loss)	(21)	596	575	-	575

Consolidated Geographic Segment Information

Millions of yen

1H/FY2009 Apr'09-Sep'09

	Japan	Asia	North America	Europe	Total	Elimination	Consolidated
Net sales							
Unaffiliated customers	16,344	13,627	317	770	31,060	-	31,060
Intersegment	2,030	3,580	25	19	5,656	(5,656)	-
Total	18,375	17,208	343	789	36,716	(5,656)	31,060
Operating income (loss)	159	543	(11)	0	691	(116)	575

Net Overseas Sales by Customer's Geographic Location

Millions of yen

1H/FY2009 Apr'09-Sep'09

	Asia	North America	Other Countries	Total
Total sales to foreign customers	12,401	2,684	2,261	17,348
Consolidated net sales				31,060
Percentage of sales to foreign customers to consolidated net sales	39.9%	8.7%	7.3%	55.9%

Consolidated Business Segment Information

Millions of yen

1H/FY2010 Apr'10-Sep'10

	Business Segments Reported		Total	Ajustments	Consolidated Statements of income
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	29,272	20,520	49,793	-	49,793
Intersegment	-	-	-	-	-
Total	29,272	20,520	49,793	-	49,793
Segment income (Operating Income)	2,518	452	2,971	-	2,971

Business Results

1. Analysis of Consolidated Business Results

(1) Overview

The business environment of the FDK Group (hereinafter called “FDK”) in the first half of FY2010 went through a recovery phase globally due to the growth in business in Asian countries and economic stimulus measures in many countries, though there was a downturn in Europe and the U.S. in the latter half of the fiscal year.

Under these circumstances, FDK worked according to the mid-term business plan (START10) announced on April 28, 2010, which improved profitability of electronic devices and focused on its battery businesses such as alkaline batteries, nickel-metal-hydride batteries, and lithium batteries.

As for FDK’s business results, net sales were 49,793 million yen, a substantial increase of 18,732 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 January, and the recovery of the electronics business. As for profits, operating income was 2,971 million yen, an improvement of 2,395 million yen from the same period last year. The increase was a result of the sales increase and drastic waste elimination. Income before income taxes was 2,413 million yen, an improvement of 2,406 million yen from the same period last year. Net income was 1,112 million yen, an improvement of 1,302 million yen from the same period last year.

The divisional sales overview is as follows.

(2) Battery Business

Sales of alkaline batteries stayed the same as the same period last year due to the decrease in overseas sales in the latter period, though sales of the first quarter did well. Sales of Ni-MH batteries increased in their broad range of applications, such as shavers, electronic bicycles and so on, and in OEM products, and thus they exceeded the planned amount. Sales of cylindrical lithium batteries were increased for emergency devices and security gizmos and coin-shaped lithium batteries, newly added, were sold for mobile phones, laptop computers, digital cameras and various meters.

As a result, sales for the battery business were 29,272 million yen, a 165.1% increase from the same period last year.

(3) Electronic Device Business

Sales of coil devices increased from the same period last year due to the increase in sales for automobiles. Sales of piezoelectric components increased from the same period last year due to increased sales for digital cameras. Sales of multilayer power inductors stayed the same as last year. Sales of toner increased from the same period last year due to an expanded demand from an economic recovery. 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 switching power supplies increased from the same period last year. Sales of signal processing modules for LCDs increased from the same period last year due to an increase in sales for liquid crystal televisions.

As a result, sales for the electronic device business were 20,520 million yen, a 2.5% increase from the same period last year.

(4) Forecast for the Full Fiscal Year Ending March 31, 2011

Please refer to the “Announcement of the Revised Financial Forecast” announced on October 26, 2010.

2. Analysis of Financial Condition

(1) Status of Assets, Liabilities and Net Assets

Total assets at the end of the first half of FY2010 increased 1,954 million yen (3.0%) from the end of the previous fiscal year to 66,470 million yen. Current assets increased 3,686 million yen (9.5%) to 42,709 million yen. Non-current assets decreased 1,731 million yen (-6.8%) to 23,760 million yen.

The principal causes for increased current assets were a 2,140 million yen increase in notes and accounts receivable trade and a 1,245 million yen increase in merchandise and finished goods. The principal cause for decreased non-current assets was a 1,287 million yen decrease in total property, plant and equipment.

Total liabilities at the end of the first half of FY2010 increased 1,727 (2.8%) million yen from the end of the previous fiscal year to 62,984 million yen. Current liabilities increased 2,417 million yen (4.9%) from the end of the previous fiscal year to 51,453 million yen. Non-current liabilities decreased 690 million yen (-5.7%) from the end of the previous fiscal year to 11,531 million yen.

The principal causes of increased current liabilities were a 616 million yen increase in accounts payable trade and a 405 million yen increase in short-term loans payable. The principal causes for decreased non-current liabilities were a 379 million yen decrease in negative goodwill and a 167 million yen decrease in provisions for retirement benefits.

The interest-bearing debt increased 78 million yen from the end of the previous fiscal year to 25,042 million yen.

Total net assets at the end of the first half of FY2010 increased 227 million yen (7.0%) from the end of the previous fiscal year to 3,486 million yen. The primary factor for the increase in total net assets was a 1,112 million yen increase in retained earnings from posting a net income of the first half of FY2010, though there was a 932 million yen decrease in foreign currency translation adjustment.

(2) Cash Flow Condition

Net cash used in operating activities increased 762 million yen from the end of the previous fiscal year by posting income before income taxes, depreciation and amortization, and an increase in notes and accounts payable trade, though there was a decrease in cash and cash equivalents that resulted from an increase in notes and accounts payable trade and in inventories.

Net cash used in investment activities decreased 826 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 increased 151 million yen from the end of the previous fiscal year due to an increase in short-term loans payable.

As a result, the balance of cash and cash equivalents at the end of September 30, 2010 was 7,043 million yen, a decrease of 368 million yen from the end of the previous fiscal year.