

July 28, 2005

FY 2005 First Quarter Consolidated Financial Results

(April 1, 2005 to June 30, 2005)

FDK CORPORATION

Listing Code No.6955 (Listing Stock Exchange: The first section of Tokyo Stock Exchange)

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1.Items Relevant to Preparation of Quarterly Financial Results

(1)Adoption of simplified accounting methods: Yes

Calculation of taxes including corporate tax - adopted the methods used effective tax rate.

(2)Changes in accounting policies: No

(3)Changes in scope of consolidation or application of equity method: Yes

1 excluded from the consolidated subsidiaries: FDK Sales Corporation

2.Consolidated Operating Results for the First Quarter of FY2005 (April 1, 2005 to June 30, 2005)

a. Results of Consolidated Operations

	Yen (millions)		Change(%)	Yen (millions)	U.S.Dollars (millions)
	FY2005 1st. Qtr.	FY2004 1st. Qtr.		FY2004	FY2005 1st. Qtr
Net Sales	¥25,609	¥25,225	1.5	¥100,441	\$231.48
Operating Income	(405)	617	-	1,542	(\$3.66)
Income(loss) before income taxes and minority interests	(752)	268	-	(1,721)	(\$6.80)
Net Income (loss)	(874)	20	-	(2,713)	(\$7.90)
Amounts Per Share of Common Stock:					
Basic earnings (loss)	(6.84) yen	0.16 yen	-	(21.20) yen	6.18cent
Diluted earnings		-	-	-	-

(Notes)

1.The percentage in the above statement presents rate of change compared with corresponding period of the previous year.

2. All yen figures have been converted to U.S.dollars for convenience only at a uniform rate of \$1=110.63 yen

b. Summary of Consolidated Financial Condition

	Yen (millions)		Yen (millions)
	FY2005 1st. Qtr.	FY2004 1st. Qtr.	FY2004
Total Assets	¥73,409	¥78,879	¥71,366
Shareholders' Equity	7,932	4,029	1,234
Shareholders' Equity Ratio	10.8%	5.1%	1.7%
Shareholders' Equity Per Share	(23.97) yen	0.23 yen	(21.61)

Note:

Shareholders' equity per share was calculated by excluding 11 billion yen obtained by the allocation of new shares to the third party as preferred shares.

c. Summary of Consolidated Statements of Cash Flows

	Yen (millions)		Yen (millions)
	FY2005 1st Qtr	FY2004 1st. Qtr.	FY2004
Cash Flows from Operating Activities	1669	¥1,611	3,254
Cash Flows from Investing Activities	(655)	(947)	(3,034)
Cash Flows from Financing Activities	(1232)	(253)	(462)
Cash and Cash Equivalents at Year End	9763	10,007	9,876
Consolidated Subsidiaries		16 companies	
Unconsolidated Subsidiaries		- companies	
Affiliates (equity method applied only)		1 companies	

**3.Reference - Consolidated Interim Figures (April 1, 2005 - September 30, 2005) for FY2005
Consolidated Earnings Forecast**

	Yen (million)	change(%)
Net Sales	¥57,100	+17.2
Ordinary Income	(600)	-
Net Income(loss)	(850)	-

Note: With regard to the above forecast for the interim figure in FY2005, please refer to the "Announcement of the Revised Achievement Forecast" announced on July 28, 2005. The forecast for the year ending March 31, 2006 announced on April 27, 2005 remains the same. As a recovery of the electronic component market has been anticipated in the second half of this fiscal year and its battery business would enter the busiest season, it is expected much improvement of achievements.

**Note for the use of our forecasted business results.
The forecast described above is based upon information available as of the present time. Actual results may differ largely from the forecast due to changing conditions, potential risks and other uncertainties.**

Consolidated Balance Sheets

	Yen (millions)		
	30-Jun-05	30-Jun-04	31-Mar-05
Assets			
Current assets			
Cash and time deposit	¥ 9,785	¥ 10,025	¥ 9,894
Notes receivable-trade	1,214	1,547	968
Accounts receivable-trade	23,514	26,007	23,072
Inventories	9,470	10,722	7,991
Deferred tax assets	82	161	82
Other current assets	3,365	2,558	3,792
Less: Allowance for doubtful receivable	(123)	(75)	(121)
Total current assets	<u>47,307</u>	<u>50,945</u>	<u>45,678</u>
Tangible fixed assets			
Building and structures	9,478	9,940	9,086
Other depreciable assets	9,102	11,504	9,259
Land	4,391	4,395	4,393
Construction in progress	150	224	58
Total tangible fixed assets	<u>23,121</u>	<u>26,063</u>	<u>22,796</u>
Intangible assets	<u>720</u>	<u>994</u>	<u>724</u>
Investments and long-term loans			
Securities investments	121	129	120
Deferred tax assets	200	152	230
Other investments and long-term loans	1,940	596	1,818
Total investments	<u>2,261</u>	<u>877</u>	<u>2,168</u>
Total assets	<u>¥ 73,409</u>	<u>¥ 78,879</u>	<u>¥ 71,366</u>
Liabilities, minority interests and shareholders' equity			
Current liabilities			
Notes Payable-trade	¥ 299	¥ 269	¥ 276
Account payable-trade	24,211	24,125	21,089
Short-term borrowings	22,191	23,256	29,916
Current portion of long-term debt	7,400	9,194	7,506
Accrued income taxes	205	179	452
Other current liabilities	3,630	3,901	3,226
Total current liabilities	<u>57,936</u>	<u>60,924</u>	<u>62,465</u>
Long-term liabilities			
Long-term debt	1,992	8,250	2,306
Accrued retirement benefits	4,949	4,332	4,749
Other long-term liabilities	81	54	78
Total long-term liabilities	<u>7,022</u>	<u>12,636</u>	<u>7,133</u>
Minority interests in consolidated subsidiaries	<u>519</u>	<u>1,290</u>	<u>534</u>
Shareholders' equity			
Common stock	22,756	19,256	19,256
Capital surplus	17,135	13,635	13,635
Deficit	(30,767)	(27,227)	(29,893)
Unrealized gains (losses) on securities, net of taxes	16	10	16
Foreign currency translation adjustments	(1,186)	(1,629)	(1,759)
Treasury stock	(22)	(16)	(21)
Total shareholders' equity	<u>7,932</u>	<u>4,029</u>	<u>1,234</u>
Total Liabilities, minority interests and shareholders' equity	<u>¥ 73,409</u>	<u>¥ 78,879</u>	<u>¥ 71,366</u>

Consolidated Statements of Operations

	Yen (millions)		
	Q1/FY2005	Q1/FY2004	FY2004
	(Apr-Jun'05)	(Apr-Jun'04)	(Apr'04-Mar'05)
Net sales	¥ 25,609	¥ 25,225	¥ 100,441
Operating costs and expenses			
Cost of sales	23,305	21,956	87,862
Selling, general and administrative expenses	2,709	2,652	11,037
	<u>26,014</u>	<u>24,608</u>	<u>98,899</u>
Operating income (loss)	(405)	617	1,542
Other income (expenses)			
Interest and dividend income	36	28	66
Equity in earnings (losses) of affiliates, net	15	-	22
Interest charges	(216)	(186)	(721)
Other, net (Note)	(182)	(191)	(2,630)
	<u>(347)</u>	<u>(349)</u>	<u>(3,263)</u>
Income (loss) before income taxes and minority interests	(752)	268	(1,721)
Income taxes			
Current	80	202	854
Deferred	43	17	28
	<u>123</u>	<u>219</u>	<u>882</u>
Income (loss) before minority interests	(875)	49	(2,603)
Minority interests in income of consolidated subsidiaries	1	(29)	(110)
	<u>1</u>	<u>(29)</u>	<u>(110)</u>
Net income (loss)	<u>¥ (874)</u>	<u>¥ 20</u>	<u>¥ (2,713)</u>

Consolidated Statements of Cash Flows

	Yen (millions)		
	Q1/FY2005	Q1/FY2004	FY2004
	(Apr-Jun'05)	(Apr-Jun'04)	(Apr'04-Mar'05)
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	¥ (752)	¥ 268	¥ (1,721)
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities			
Depreciation and amortization	870	1,015	3,846
Equity in earnings of affiliates, net	(15)	-	(22)
(Increase) decrease in receivable-trade	(234)	2,487	4,604
(Increase) decrease in inventories	(1,384)	(1,758)	891
Increase (decrease) in payable-trade	2,592	(508)	(3,401)
Other, net	1,020	478	761
Cash generated from operations	2,097	1,982	4,958
Interest paid	(216)	(195)	(731)
Interest and dividends received	35	28	66
Income taxes paid	(244)	(204)	(752)
Other, net	(3)	-	(287)
Net cash provided by operating activities	1,669	1,611	3,254
Cash flows from investing activities			
Purchase of tangible fixed assets	(594)	(947)	(2,934)
Proceeds from sales of tangible fixed assets	6	0	373
Purchase of intangible assets	(8)	0	(54)
Other, net	(59)	0	(419)
Net cash used in investing activities	(655)	(947)	(3,034)
Cash flows from financing activities			
Proceeds from issuance of new common stock	7,000	-	-
Proceeds from long-term debt	1	25	646
Repayment of long-term debt	(458)	(600)	(8,559)
Increase (decrease) in short-term borrowings	(7,760)	342	7,527
Other, net	(15)	(20)	(76)
Net cash provided by (used in) financing activities	(1,232)	(253)	(462)
Effect of exchange rate changes on cash and cash equivalents	105	58	96
Net increase (decrease) in cash and cash equivalents	(113)	469	(146)
Cash and cash equivalents at beginning of year	9,876	9,098	9,098
Increase in cash and cash equivalents from change of consolidated accounting period of consolidated subsidiaries	-	440	440
Increase in cash and cash equivalents from new consolidation	-	-	660
Decrease in cash and cash equivalents due to exclusion from consolidation	-	-	(176)
Cash and cash equivalents at end of year	¥ 9,763	¥ 10,007	¥ 9,876

Consolidated Statements of Shareholders' Equity

	Yen (millions)		
	30-Jun-05	30-Jun-04	31-Mar-05
Common Stock:			
Beginning balance	¥ 19,256	¥ 19,256	¥ 19,256
Increase from capital stock issued	3,500	-	-
Ending balance	¥ 22,756	¥ 19,256	¥ 19,256
Capital Surplus:			
Beginning balance	¥ 13,635	¥ 13,635	¥ 13,635
Increase in capital surplus from capital stock issued	3,500	-	-
Ending balance	¥ 17,135	¥ 13,635	¥ 13,635
Retained Earnings(Deficit)			
Beginning balance	¥ (29,893)	¥ (27,023)	¥ (27,023)
Increase in earnings from addition of consolidated companies	¥ -	¥ -	¥ 67
Net increase(decrease) in deficit from change of consolidated accounting period of consolidated subsidiaries	-	(224)	(224)
Net income(loss)	(874)	20	(2,713)
Ending balance	¥ (30,767)	¥ (27,227)	¥ (29,893)
Unrealized Gain(loss) on Securities,net of taxes:			
Beginning balance	¥ 16	¥ 12	¥ 12
Net increase in unrealized gain(loss) on securities	0	(2)	4
Ending balance	¥ 16	¥ 10	¥ 16
Foreign Currency Translation Adjustments:			
Beginning balance	¥ (1,759)	¥ (1,662)	¥ (1,662)
Net increase in foreign currency transaction adjustment	573	33	(97)
Ending balance	¥ (1,186)	¥ (1,629)	¥ (1,759)
Treasury Stock:			
Beginning balance	¥ (21)	¥ (15)	¥ (15)
Net decrease(increase) Treasury stock	(1)	(1)	(6)
Ending balance	¥ (22)	¥ (16)	¥ (21)

Business Performance and Finances

Business Performance Overview

In the first quarter of FY2005, market environment for electronic component business remained very severe by continuing market adjustment of the electronic components from the second half of the last year and appreciation of raw material prices including crude oil.

Under these circumstances, FDK promoted withdrawal of any unprofitable products and worked toward the launch of new products, aimed at concentrating on the further development of marketable products based on the original material technologies and of products for the coming market.

Despite the severe market environment, sales of strategically developed module products for liquid crystal display market extended and thus those net sales for the first quarter secured almost the same as the same term last year. However, delay in expected large orders of alkaline batteries from overseas and delay in establishing some new products in the first quarter affected the net income which reported 2,303 million yen decrease of 966 million yen from the same term last year.

Consequently, our consolidated business results in the first quarter reported operating loss of 405 million yen, ordinary loss of 752 million yen and net loss of 874 million yen.

Electronic Component Business

Module products for signal processing and backlights both for liquid crystal display markets achieved large sales. Sales of hybrid modules for plasma display markets and switching power supplies were decreased. Sales of stepper motors were increased, especially in small size for digital cameras. Sales of multi-layer power chip inductors and micro dc-dc converters were increased by the large adoption of these devices for mobile phones.

According to the above-mentioned situation, sales of the whole electronic business were 21,524 million yen of 6.1% increase from the same term last year.

Battery Business

Although sales promotion of newly introduced high performance alkali batteries "G PLUS" was strengthened, delay in some expected orders from major customers in overseas affected the sales performance. Consequently, sales of battery business were 4,085 million yen of 17.4% decrease from the same term last year.

Cash Flow Condition

The increase in cash by promotion of liquidation of receivables, and the increase in the account payable, cash flows from operating activities, net cash increased 1,669 million yen, though there were some decrease due to the increase in loss before income taxes and minority interests, account receivable by sales increase, and inventories.

Cash flows used in investing activities decreased 655 million yen due to the investment for production facilities for LCD modules.

Cash flows used in financing activities decreased 1,232 million yen due to the redemption of borrowing, though 7,000 million yen was accrued by the issuance of new shares.

Consequently, balance of cash and cash equivalents at the end of the first quarter amounted to 9,763 million yen, decreased 112 million yen to the same term last year.