

October 28, 2009

Consolidated Financial Results for the First Half of FY2009
(April 1, 2009 to September 30, 2009)

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, 2009**a. Consolidated Results of Operations**

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Sx months ended Sept.30	Sx months ended Sept.30	FY2008, ended Mar. 31,	Sx months ended Sept.30
	2009	2008	2009	2009
Net Sales	31,060	46,380	78,475	\$344.31
Operating Income	575	65	(1,350)	\$6.37
Income(Loss) Before Income Taxes and Minority Interests	7	(546)	(11,817)	\$0.08
Net Income (Loss)	(190)	(777)	(12,076)	(\$2.11)
Amounts Per Share of Common Stock:				
Basic Earnings (Loss)	(0.94) yen	(6.07) yen	(94.43)	(1.0 cent)
Diluted Earnings	-	-	-	-

b. Net Sales by Business Segment

	Yen (millions)	Yen (millions)	Yen (millions)	U.S.Dollars (millions)
	Sx months ended Sept.30	Sx months ended Sept.30	FY2008, ended Mar. 31,	Sx months ended Sept.30
	2009	2008	2009	2009
Electronic Devices	20,019	33,435	52,229	\$221.92
Batteries	11,040	12,944	26,245	\$122.38
Total	31,060	46,380	78,475	\$344.31

c. Consolidated Financial Position

	Yen (millions)	
	As of Sept. 30,	As of Mar. 31,
	2009	2009
Total Assets	41,091	46,203
Total Net Assets	1,671	(8,534)
Shareholders' Equity	2,496	(8,312)
Shareholders' Equity Ratio	2.6 %	(19.7) %
Shareholders' Equity Per Share	(45.62) yen	(157.06) yen

d. Consolidated Statements of Cash Flows

	Yen	
	(millions)	
	Six months ended Sept. 30, 2009	Six months ended Sept. 30, 2008
Cash Flows from Operating Activities	(1,256)	681
Cash Flows from Investing Activities	(196)	(936)
Cash Flows from Financing Activities	(318)	(686)
Cash and Cash Equivalents at End of Period	5,453	6,471
Consolidated Subsidiaries		14 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 90.21 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 2009 ending March 31, 2010

(Million of yen, except per share data)

	FY2009	Change from FY2008(%)
Net Sales	¥70,000	(10.8)
Operating Income	¥2,500	-
Net Income	¥1,000	-
Net Income per Share	4.93 yen	-

Note for the use of the above forecasted business results.

The forecast described above is based upon information available as of October 28, 2009.

3. Others

(1) Changes in significant subsidiaries during the period: No

(Note) 3 companies excluded from the consolidated subsidiaries: They are FDK MECHATRONICS CO., LTD., FDK (THAILAND) CO., LTD. and FDK TATUNG (THAILAND) CO., LTD.

(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.: No.

2) Other changes: Yes

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of periods.

September 30, 2009 : 217,505,884 shares March 31, 2009: 128,075,884 shares

2) Number of treasury shares at the end of each period

September 30, 2009 : 214,255 shares March 31, 2009: 205,600 shares

3) Weighted average number of shares outstanding in each period.

Six months ended Sept. 30, 2009 : 202,635,356 shares Six month ended Sept. 30, 2008: 127,928,541 shares

Consolidated Balance Sheets

Millions of yen

	1H/FY2009 Sep 30, 2009	FY2008 Mar 31, 2009
Assets		
Current assets		
Cash and deposits	5,463	7,517
Notes and accounts receivable-trade	14,795	15,708
Merchandise and finished goods	1,626	1,545
Work in process	762	800
Raw materials and supplies	1,618	1,547
Deferred tax assets	40	37
Other	1,901	2,813
Allowance for doubtful accounts	(28)	(28)
Total current assets	<u>26,179</u>	<u>29,943</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	4,921	5,088
Machinery, equipment and vehicles, net	4,271	4,733
Tools, furniture and fixtures, net	660	829
Land	2,166	2,148
Lease assets, net	505	623
Construction in progress	38	146
Total property, plant and equipment	<u>12,563</u>	<u>13,570</u>
Intangible assets	<u>571</u>	<u>548</u>
Investments and other assets		
Investment securities	135	249
Long-term loans receivable	9	4
Deferred tax assets	26	25
Other	1,605	1,892
Allowance for doubtful accounts	(0)	(30)
Total investments and other assets	<u>1,777</u>	<u>2,140</u>
Total noncurrent assets	<u>14,912</u>	<u>16,259</u>
Total assets	<u>41,091</u>	<u>46,203</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,394	11,896
Short-term loans payable	17,205	28,135
Current portion of long-term loans payable	432	449
Lease obligations	285	330
Accounts payable-other	1,492	2,961
Income taxes payable	147	101
Other	1,628	2,237
Total current liabilities	<u>32,586</u>	<u>46,113</u>
Noncurrent liabilities		
Long-term loans payable	66	204
Lease obligations	653	774
Deferred tax liabilities	5	4
Provision for retirement benefits	6,051	7,513
Other	56	127
Total noncurrent liabilities	<u>6,834</u>	<u>8,624</u>
Total liabilities	<u>39,420</u>	<u>54,738</u>
Net assets		
Shareholders' equity		
Capital stock	28,301	22,756
Capital surplus	22,622	17,167
Retained earnings	(48,387)	(48,197)
Treasury stock	(39)	(38)
Total shareholders' equity	<u>2,496</u>	<u>(8,312)</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7	6
Foreign currency translation adjustment	(1,415)	(777)
Total valuation and translation adjustments	<u>(1,408)</u>	<u>(770)</u>
Minority interests	<u>583</u>	<u>548</u>
Total net assets	<u>1,671</u>	<u>(8,534)</u>
Total liabilities and net assets	<u>41,091</u>	<u>46,203</u>

Consolidated Statements of Operations
Millions of yen

	1H/FY2008	1H/FY2009
	Apr'08-Sep'08	Apr'09-Sep'09
Net sales	46,380	31,060
Cost of sales	41,214	26,917
Gross profit	5,165	4,143
Selling, general and administrative expenses	5,100	3,568
Operating income (loss)	65	575
Non-operating income		
Interest income	32	11
Foreign exchange gains	119	-
Rent income	17	13
Gain on sales of noncurrent assets	-	34
Other	183	75
Total non-operating income	352	134
Non-operating expenses		
Interest expenses	271	124
Foreign exchange losses	-	210
Loss on retirement of noncurrent assets	32	55
Amortization of net retirement benefit obligation at transition	639	-
Other	108	231
Total non-operating expenses	1,050	621
Ordinary income (loss)	(632)	88
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	-	39
Gain on sales of noncurrent assets	165	-
Total extraordinary income	165	39
Extraordinary loss		
Business structure improvement expenses	-	111
Loss on valuation of inventories	79	-
Other	-	8
Total extraordinary loss	79	119
Income (loss) before income taxes	(546)	7
Income taxes-current	173	170
Income taxes-deferred	44	(1)
Total income taxes	218	168
Minority interests in income	12	29
Net income (loss)	(777)	(190)

Consolidated Statements of Cash Flows
Millions of yen

	1H/FY2008	1H/FY2009
	Apr'08-Sep'08	Apr'09-Sep'09
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(546)	7
Depreciation and amortization	1,722	1,057
Increase (decrease) in provision for retirement benefits	274	(1,461)
Increase (decrease) in allowance for doubtful accounts	(3)	(29)
Interest and dividends income	(38)	(12)
Interest expenses	271	124
Foreign exchange losses (gains)	(30)	44
Stock issuance cost	-	53
Equity in (earnings) losses of affiliates	18	86
Loss (gain) on sales of property, plant and equipment	(169)	(34)
Loss on retirement of noncurrent assets	32	55
Loss (gain) on sales of stocks of subsidiaries and affiliates	-	(39)
Decrease (increase) in notes and accounts receivable-trade	1,286	337
Decrease (increase) in inventories	244	(189)
Increase (decrease) in notes and accounts payable-trade	(1,971)	14
Increase (decrease) in accrued expenses	(89)	(211)
Other, net	170	(779)
Subtotal	1,170	(976)
Interest and dividends income received	38	12
Interest expenses paid	(399)	(163)
Income taxes paid	(187)	(128)
Other proceeds	59	-
Net cash provided by (used in) operating activities	681	(1,256)
Net cash provided by (used in) investment activities		
Payments into time deposits	(7)	(7)
Proceeds from withdrawal of time deposits	-	10
Purchase of property, plant and equipment	(1,253)	(393)
Proceeds from sales of property, plant and equipment	335	57
Purchase of intangible assets	(6)	(4)
Purchase of investment securities	(2)	(2)
Proceeds from sales of stocks of subsidiaries and affiliates	-	150
Other, net	(1)	(6)
Net cash provided by (used in) investment activities	(936)	(196)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(236)	(10,866)
Repayment of long-term loans payable	(268)	(229)
Proceeds from issuance of common stock	-	10,999
Payments for issuance of common stock	-	(53)
Purchase of treasury stock	(4)	(1)
Cash dividends paid to minority shareholders	(3)	-
Repayments of finance lease obligations	(172)	(166)
Net cash provided by (used in) financing activities	(686)	(318)
Effect of exchange rate change on cash and cash equivalents	196	(279)
Net increase (decrease) in cash and cash equivalents	(745)	(2,050)
Cash and cash equivalents at beginning of year	7,217	7,504
Cash and cash equivalents at end of period	6,471	5,453

Consolidated business segment information

Millions of yen

1H/FY2008 Apr'08-Sep'08

	Electronic materials	Batteries	Total	Elimination	Consolidated
Net sales					
Unaffiliated customers	33,435	12,944	46,380	-	46,380
Intersegment	-	-	-	-	-
Total	33,435	12,944	46,380	-	46,380
Operating income (loss)	(627)	692	65	-	65

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/FY2008 Apr'08-Sep'08

	Japan	Asia	North America	Europe	Total	Elimination	Consolidated
Net sales							
Unaffiliated customers	23,566	20,855	763	1,194	46,380	-	46,380
Intersegment	6,316	10,818	-	34	17,169	(17,169)	-
Total	29,882	31,673	763	1,229	63,549	(17,169)	46,380
Operating income (loss)	(455)	741	3	(22)	266	(201)	65

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/FY2008 Apr'08-Sep'08

	Asia	North America	Other Countries	Total
Total sales to foreign customers	22,263	2,293	2,233	26,789
Consolidated net sales				46,380
Percentage of sales to foreign customers to consolidated net sales	48.0%	5.0%	4.8%	57.8%

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%

Business Results

(1) Analysis of Consolidated Business Results

1. Overview

The business environment of the FDK Group during six month ended September 30, 2009 has been still severe although the situation has been partially improved.

Along with the med-term business plan of “FDK’s New Business Policy and Strategy for Growth” released in January of last year, the FDK Group had been successfully decreasing break even point by implementing drastic reforms such as conducting site review on the production and sales locations, streamlining employees by soliciting early-voluntary retirement, thorough cost cut, while it has been focusing on the product line and the management resource on power and high frequency areas. In addition, the FDK Group allocated new shares to the third party, FUJITSU Ltd. as capital reinforcement on May 1, 2009.

As for FDK’s business results, net sales were 31,060 million yen, a substantial decrease of 15,319 million yen from the same period last year, since the markets for its products shrunk from the hard hit by the recession and transfer of its motor business affected them. Nevertheless, operating income was much increased to 575 million yen from the same period last year of 65 million yen. However, foreign exchange loss was accrued and posted by the rise in the yen’s value from this September, and the cost for the business structural reforms essential to future growth was posted as an extraordinary loss, income before income taxes was 7 million yen and net loss was 190 million yen.

The divisional sales overview is as follows.

2. Electronic Device Business

Sales of DC-DC converters were increased from the same period last year due to the increased in sales of “Senpai series” for POL (Point-of-Load) use in the severe market environment. Sales of piezoceramic components stayed as the same as the same period last year as the sales of digital single-lens reflex camera continued to be steadily. Sales of coil devices decreased from the same period last year; due to the sales slowdowns of transformers for liquid crystal display though sales of devices for automobiles were increased. Sales of multilayer power inductors were decreased from the same period last year due to the effect of the market downturn of mobile phone in Japan. Sales of optical devices were decreased from the same period last year due to the decrease in public projects of optical submarine cable settlements and in product price. Sales of signal processing modules for liquid crystal displays were greatly decreased from the same period last year due to the slow market recovery though the sales of LCD televisions were increased in China market.

As a result, sales of the electronic device business were 20,019 million yen, a decrease of 40.1% from the same period last year due to the transfer of its stepping motor business, etc.

3. Battery Business

In the battery business, sales of lithium batteries were increased from the same period last year by acquiring new orders from European companies for smoke detectors. Sales of alkaline batteries which are main products on FDK’s battery business fell below the same period last year due to the decrease of the market in overseas. As a result, sales for the battery business were 11,040 million yen, a 14.7% decrease from the previous fiscal year.

(2) Analysis of Financial Condition

1. Status of Assets, Liabilities and Net Assets

Total assets at the end of first-half of FY2009 decreased 5,111 million yen from the end of previous fiscal year to 41,091 million yen. Current assets were down 3,763 million yen to 26,179 million yen. Noncurrent assets were down 1,347 million yen from the end of the previous fiscal year to 14,912 million yen. The principal cause of decreased current assets was a decrease of 2,053 million yen in cash and cash equivalents, decrease of 913 million yen in notes and accounts receivable and decrease of 912 million yen in other current assets. The principal cause of decreased noncurrent assets was a decrease of 107 million yen in total property, plants and equipment.

Total liabilities at the end of first-half of FY2009 decreased 15,317 million yen from the end of previous fiscal year to 39,420 million yen. Current liabilities decreased 13,526 million yen from the end of previous fiscal year to 32,586 million yen. Noncurrent liabilities decreased 1,790 million yen from the end of the previous fiscal year to 6,834 million yen. The principal cause of decreased current liabilities was a decrease of 10,930 million yen in short-term loans payable and of 1,469 million yen in other accounts payable. The principal cause for decreased noncurrent liabilities was a decrease of 1,461 million yen in retirement benefits.

Interest-bearing debt outstanding at the end of first-half of FY2009 decreased 11,250 million yen from the end of the previous fiscal year to 18,644 million yen.

Total net assets at the end of first-half of FY2009 increased 10,206 million yen from the end of the previous fiscal year to 1,671 million yen. As a result, FDK eliminated assets deficiency.

The major factors for the increase in total net asset were a 5,544 million yen increase in capital stock by allocating new shares to a third party and a 5,455 million yen increase in retained earnings though net loss of 190 million yen was posted and 638 million yen were decreased in foreign currency adjusted.

2. Cash Flow Condition

Net cash used in operating activities decreased 1,256 million yen from the beginning of this fiscal year due to a decrease in provision for retirement benefits, though there were increases in cash and cash equivalents caused by the post of depreciation and amortization and the decrease in notes and accounts receivable-trade.

Net cash used in investing activities decreased 196 million yen from the beginning of this fiscal year due to the purchase of property, plants and equipment.

Net cash used in financing activities decreased 318 million yen from the beginning of this fiscal year due to a decrease in short-term loans payable, though there was an increase in capital due to the issuance of new shares.

As a result, the balance of cash and cash equivalents at the end of the September 30, 2009 was 5,453 million yen, a decrease of 2,050 million yen from the beginning of the fiscal year.

(3) Forecast for the Fiscal Year Ending March 31, 2009

Please see “Announcement of the Revised Financial Forecast and Implementation of Business Structural Reform” released today regarding the revised financial forecast for the fiscal year 2009 ending March 31, 2010