

Consolidated Financial Results for the First Quarter Ended June 30, 2008
(April 1, 2008 to June 30, 2008)

FDK CORPORATION

(URL: <http://www.fdk.com>)

Listing Code No.6955 (Listing Stock Exchange: The First 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 Three-Months Period Ended June 30, 2008

a. Consolidated Results of Operations

| | Yen (millions) | | Yen (millions) | U.S.Dollars (millions) |
|--|--|--|------------------------------------|--|
| | Three months ended June 30, 2008 | Three months ended June 30, 2007 | FY2007, ended March 31, 2008 | Three Months ended June 30, 2008 |
| | Net Sales | 22,468 | 27,381 | 113,668 |
| Operating Income | (241) | (519) | 1,909 | (\$2.27) |
| Income(Loss) Before Income Taxes and Minority Interests | (145) | (610) | (2,573) | (\$1.37) |
| Net Income (Loss) | (343) | (735) | (3,105) | (\$3.24) |
| Amounts Per Share of Common Stock: | | | | |
| Basic Earnings (Loss) | (2.69) yen | (5.74) yen | (24.28) | (2.54 cent) |
| Diluted Earnings | - | - | - | - |

b. Net Sales by Business Segment

| | Yen (millions) | Yen (millions) | U.S.Dollars (millions) |
|------------------|--|------------------------------------|--|
| | Three months ended June 30, 2008 | FY2007, ended March 31, 2008 | Three months ended June 30, 2008 |
| | Electronic Devices | 16,463 | 86,325 |
| Batteries | 6,005 | 27,342 | \$56.65 |
| Total | 22,468 | 113,668 | \$211.96 |

c. Consolidated Financial Position

| | Yen (millions) | | Yen (millions) |
|---|------------------------|------------------------|-------------------------|
| | As of June 30, 2008 | As of June 30, 2007 | As of March 31, 2008 |
| | Total Assets | 67,955 | 73,998 |
| Total Net Assets | 3,788 | 6,908 | 2,571 |
| Shareholders' Equity | 3,427 | 6,143 | 3,771 |
| Shareholders' Equity Ratio | 4.7% | 3.4% | 3.9% |
| Shareholders' Equity Per Share | (60.92) yen | (32.42) yen | (66.22) yen |

d. Consolidated Statements of Cash Flows

| | Yen (millions) | | Yen (millions) |
|---|---|--|------------------------------------|
| | Three months ended June 30, 2008 | Three months ended June 30, 2007 | FY2007, ended March 31, 2008 |
| | Cash Flows from Operating Activities | 361 | (393) |
| Cash Flows from Investing Activities | (439) | (806) | (2,708) |
| Cash Flows from Financing Activities | 1,103 | (658) | 2,083 |
| Cash and Cash Equivalents at End of Period | 8,691 | 5,942 | 7,217 |
| Consolidated Subsidiaries | | 17 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 106 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 year ending March 31, 2009

(Million of yen, except per share data)

| | FY2008 | Change from FY2007(%) |
|----------------------|----------|-----------------------|
| Net Sales | ¥112,800 | (0.8) |
| Operating Income | ¥2,800 | 46.7 |
| Net Income | ¥300 | - |
| Net Income per Share | 2.35 yen | - |

Note for the use of the above 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.

3. Others

(1) Changes in significant subsidiaries during the period: Yes

1 company included in the consolidated subsidiary: FDK MODULE SYSTEM TECHNOLOGY CORPORATION

(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: No

(4) Number of shares outstanding (common stock)

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

June 30, 2008 : 128,075,884 shares March 31, 2008: 128,075,884 shares

2) Number of treasury shares

June 30, 2008 : 158,481 shares March 31, 2008: 156,824 shares

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

June 30, 2008 : 127,918,231 shares June 30, 2007: 127,933,818 shares

Consolidated Balance Sheets

Millions of yen

| | Q1/FY2008 Jun 30, 2008 | FY2007 Mar 31, 2008 |
|---|---------------------------|------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,705 | 7,227 |
| Notes and accounts receivable-trade | 25,460 | 25,717 |
| Merchandise and finished goods | 3,061 | 2,698 |
| Work in process | 1,329 | 1,359 |
| Raw materials and supplies | 2,500 | 2,073 |
| Deferred tax assets | 94 | 142 |
| Other | 2,233 | 2,923 |
| Allowance for doubtful accounts | (27) | (26) |
| Total current assets | <u>43,358</u> | <u>42,116</u> |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 7,345 | 7,448 |
| Machinery, equipment and vehicles, net | 6,594 | 6,449 |
| Tools, furniture and fixtures, net | 1,766 | 1,786 |
| Land | 4,287 | 4,265 |
| Lease assets, net | 1,240 | - |
| Construction in progress | 283 | 241 |
| Total property, plant and equipment | <u>21,518</u> | <u>20,190</u> |
| Intangible assets | 585 | 569 |
| Investments and other assets | | |
| Investment securities | 250 | 245 |
| Long-term loans receivable | 5 | 6 |
| Deferred tax assets | 45 | 60 |
| Other | 2,252 | 2,144 |
| Allowance for doubtful accounts | (60) | (60) |
| Total investments and other assets | <u>2,493</u> | <u>2,396</u> |
| Total noncurrent assets | <u>24,596</u> | <u>23,156</u> |
| Total assets | <u>67,955</u> | <u>65,272</u> |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 19,096 | 19,692 |
| Short-term loans payable | 31,664 | 30,809 |
| Current portion of long-term loans payable | 680 | 564 |
| Accounts payable-other | 2,157 | 1,713 |
| Income taxes payable | 131 | 221 |
| Lease obligations | 328 | - |
| Other | 2,648 | 3,264 |
| Total current liabilities | <u>56,706</u> | <u>56,265</u> |
| Noncurrent liabilities | | |
| Long-term loans payable | 434 | 456 |
| Provision for retirement benefits | 5,958 | 5,821 |
| Provision for directors' retirement benefits | - | 98 |
| Deferred tax liabilities | 6 | 4 |
| Lease obligations | 912 | - |
| Other | 148 | 54 |
| Total noncurrent liabilities | <u>7,460</u> | <u>6,435</u> |
| Total liabilities | <u>64,167</u> | <u>62,701</u> |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 22,756 | 22,756 |
| Capital surplus | 17,167 | 17,167 |
| Retained earnings | (36,464) | (36,121) |
| Treasury stock | (31) | (31) |
| Total shareholders' equity | <u>3,427</u> | <u>3,771</u> |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 8 | 6 |
| Deferred gains or losses on hedges | (0) | (0) |
| Foreign currency translation adjustment | (228) | (1,248) |
| Total valuation and translation adjustments | <u>(220)</u> | <u>(1,242)</u> |
| Minority interests | 580 | 42 |
| Total net assets | <u>3,788</u> | <u>2,571</u> |
| Total liabilities and net assets | <u>67,955</u> | <u>65,272</u> |

Consolidated Statements of Operations
Millions of yen

| | Q1/FY2008 |
|---|----------------------|
| | Apr'08-Jun'08 |
| | <hr/> |
| Net sales | 22,468 |
| Cost of sales | 20,122 |
| | <hr/> |
| Gross profit | 2,346 |
| | <hr/> |
| Selling, general and administrative expenses | 2,587 |
| | <hr/> |
| Operating income (loss) | (241) |
| | <hr/> |
| Non-operating income | |
| Interest income | 14 |
| Foreign exchange gains | 521 |
| Rent income | 9 |
| Other | 91 |
| | <hr/> |
| Total non-operating income | 636 |
| | <hr/> |
| Non-operating expenses | |
| Interest expenses | 135 |
| Loss on retirement of noncurrent assets | 6 |
| Amortization of net retirement benefit obligation at transition | 319 |
| Other | 83 |
| | <hr/> |
| Total non-operating expenses | 545 |
| | <hr/> |
| Ordinary income (loss) | (150) |
| | <hr/> |
| Extraordinary income | |
| Gain on sales of noncurrent assets | 84 |
| | <hr/> |
| Total extraordinary income | 84 |
| | <hr/> |
| Extraordinary loss | |
| Loss on valuation of inventories | 79 |
| | <hr/> |
| Total extraordinary loss | 79 |
| | <hr/> |
| Income (loss) before income taxes | (145) |
| | <hr/> |
| Income taxes-current | 101 |
| Income taxes-deferred | 80 |
| | <hr/> |
| Total income taxes | 181 |
| | <hr/> |
| Minority interests in income | 16 |
| | <hr/> |
| Net income (loss) | (343) |
| | <hr/> <hr/> |

Consolidated Statements of Cash Flows
Millions of yen

| | Q1/FY2008 |
|--|----------------------|
| | Apr'08-Jun'08 |
| Net cash provided by (used in) operating activities | |
| Income (loss) before income taxes | (145) |
| Depreciation and amortization | 852 |
| Increase (decrease) in provision for retirement benefits | 137 |
| Increase (decrease) in allowance for doubtful accounts | (0) |
| Interest and dividends income | (20) |
| Interest expenses | 135 |
| Foreign exchange losses (gains) | (58) |
| Equity in (earnings) losses of affiliates | 8 |
| Loss (gain) on sales of property, plant and equipment | (78) |
| Loss on retirement of noncurrent assets | 6 |
| Decrease (increase) in notes and accounts receivable-trade | 1,538 |
| Decrease (increase) in inventories | (547) |
| Increase (decrease) in notes and accounts payable-trade | (1,896) |
| Increase (decrease) in accrued expenses | (583) |
| Other, net | 1,240 |
| Subtotal | 589 |
| Interest and dividends income received | 20 |
| Interest expenses paid | (87) |
| Income taxes paid | (160) |
| Net cash provided by (used in) operating activities | 361 |
| Net cash provided by (used in) investment activities | |
| Payments into time deposits | (3) |
| Purchase of property, plant and equipment | (658) |
| Proceeds from sales of property, plant and equipment | 231 |
| Purchase of intangible assets | (5) |
| Purchase of investment securities | (1) |
| Other, net | (1) |
| Net cash provided by (used in) investment activities | (439) |
| Net cash provided by (used in) financing activities | |
| Net increase (decrease) in short-term loans payable | 1,233 |
| Repayment of long-term loans payable | (39) |
| Purchase of treasury stock | (0) |
| Cash dividends paid to minority shareholders | (3) |
| Repayments of finance lease obligations | (85) |
| Net cash provided by (used in) financing activities | 1,103 |
| Effect of exchange rate change on cash and cash equivalents | 449 |
| Net increase (decrease) in cash and cash equivalents | 1,474 |
| Cash and cash equivalents at beginning of year | 7,217 |
| Cash and cash equivalents at end of period | 8,691 |

Consolidated business segment information

Millions of yen

Q1/FY2008 Apr'08-Jun'08

| | <u>Electronic materials</u> | <u>Batteries</u> | <u>Total</u> | <u>Elimination</u> | <u>Consolidated</u> |
|--------------------------------|-----------------------------|------------------|---------------|--------------------|---------------------|
| Net sales | | | | | |
| Unaffiliated customers | 16,463 | 6,005 | 22,468 | - | 22,468 |
| Intersegment | - | - | - | - | - |
| Total | <u>16,463</u> | <u>6,005</u> | <u>22,468</u> | <u>-</u> | <u>22,468</u> |
| Operating income (loss) | <u>(470)</u> | <u>228</u> | <u>(241)</u> | <u>-</u> | <u>(241)</u> |

Consolidated geographic segment information

Millions of yen

Q1/FY2008 Apr'08-Jun'08

| | <u>Japan</u> | <u>Asia</u> | <u>North America</u> | <u>Europe</u> | <u>Total</u> | <u>Elimination</u> | <u>Consolidated</u> |
|--------------------------------|---------------|---------------|----------------------|---------------|---------------|--------------------|---------------------|
| Net sales | | | | | | | |
| Unaffiliated customers | 11,487 | 9,994 | 385 | 601 | 22,468 | - | 22,468 |
| Intersegment | 2,702 | 5,056 | - | 16 | 7,775 | (7,775) | - |
| Total | <u>14,190</u> | <u>15,050</u> | <u>385</u> | <u>617</u> | <u>30,244</u> | <u>(7,775)</u> | <u>22,468</u> |
| Operating income (loss) | <u>(454)</u> | <u>314</u> | <u>8</u> | <u>(19)</u> | <u>(151)</u> | <u>(89)</u> | <u>(241)</u> |

Net overseas sales by customer's geographic location

Millions of yen

Q1/FY2008 Apr'08-Jun'08

| | <u>Asia</u> | <u>North America</u> | <u>Other Countries</u> | <u>Total</u> |
|---|--------------|----------------------|------------------------|---------------|
| Total sales to foreign customers | 10,861 | 1,050 | 997 | 12,909 |
| Consolidated net sales | | | | <u>22,468</u> |
| Percentage of sales to foreign customers to consolidated net sales | <u>48.4%</u> | <u>4.7%</u> | <u>4.4%</u> | <u>57.5%</u> |

「Reference Information」
Consolidated Statements of Operations

| | Yen (millions) |
|--|---------------------|
| | Q1/FY2007 |
| | Apr'07-Jun'07 |
| Net sales | 27,381 |
| Operating costs and expenses | |
| Cost of sales | 25,150 |
| Selling, general and administrative expenses | 2,750 |
| | <u>27,900</u> |
| Operating income (loss) | (519) |
| Other income (expenses) | |
| Interest and dividend income | 18 |
| Equity in earnings (losses) of affiliates, net | 0 |
| Interest charges | (171) |
| Other, net | 62 |
| | <u>(91)</u> |
| Income (loss) before income taxes and minority interests | (610) |
| Income taxes | |
| Current | 135 |
| Deferred | (14) |
| | <u>121</u> |
| Income (loss) before minority interests | (731) |
| Minority interests in income of consolidates subsidiaries | <u>(4)</u> |
| Net income (loss) | <u><u>(735)</u></u> |

Consolidated Statements of Cash Flows

| | Yen (millions) |
|---|----------------|
| | Q1/FY2007 |
| | Apr'07-Jun'07 |
| Cash flows from operating activities | |
| Income (loss) before income taxes and minority interests | (610) |
| Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities | |
| Depreciation and amortization | 876 |
| Equity in earnings of affiliates, net | (0) |
| (Increase) decrease in receivable-trade | 1,156 |
| (Increase) decrease in inventories | (841) |
| Increase (decrease) in payable-trade | (1,958) |
| Other, net | 1,393 |
| Cash generated from operations | 16 |
| Interest paid | (171) |
| Interest and dividends received | 41 |
| Income taxes paid | (279) |
| Net cash provided by operating activities | (393) |
| Cash flows from investing activities | |
| Purchase of tangible fixed assets | (841) |
| Proceeds from sales of tangible fixed assets | 1 |
| Other, net | 34 |
| Net cash used in investing activities | (806) |
| Cash flows from financing activities | |
| Repayment of long-term debt | (540) |
| Increase (decrease) in short-term borrowings | (117) |
| Other, net | (1) |
| Net cash provided by (used in) financing activities | (658) |
| Effect of exchange rate changes on cash and cash equivalents | 270 |
| Net increase (decrease) in cash and cash equivalents | (1,587) |
| Cash and cash equivalents at beginning of year | 7,529 |
| Cash and cash equivalents at end of year | 5,942 |

Business Results

(1) Analysis of Consolidated Business Results

1. Overview

In the first quarter ended June 30, 2008, FDK Group sales declined for LCD-related products. The decline started in the fourth quarter of the year and continued into this quarter, causing a severe market situation for the FDK Group. Under this severe market environment, FDK closed a plant in Taiwan which engaged in contract manufacturing of LCD-related products. As a result, sales for the first quarter were 22,468 million yen, a 17.9% decrease from the same period last year.

Although sales of high value-added applied material technology products increased and there was an improvement in operational efficiency throughout the entire operation, including global plants, through the promotion of production innovation, the decline in the amount of sales had a considerable impact on the profits, and operating loss was reduced to 241 million yen (the same period last year was a loss of 519 million yen). Loss before income taxes was reduced to 145 million yen (the same period last year was a loss of 610 million yen) by posting 84 million yen as extraordinary income and 74 million yen as an extraordinary loss. Net loss was 343 million yen (the same period last year was a loss of 735 million yen).

2. Electronic Device Business

Sales of multilayer power chip inductors increased from the same period last year due to their increased adoption in mobile phones. Sales of coil devices increased from the same period last year, especially for power supply makers and domestic LCD television makers. Sales of optical devices increased from the same period last year, especially for use on submarine cables. Sales of signal processing modules for LCDs decreased from the same period last year due to the decline in sales prices and termination of contract manufacturing. Sales of backlight inverter modules for LCDs decreased from the same period last year due to the strategic change of customers to expand internal procurement.

As a result, sales of the electronic device business were 16,463 million yen, a 24.8 % decrease from the same period last year.

3. Battery Business

Responding to the high appreciation of material costs, FDK decided to raise sales prices to wholesalers and retailers on sales orders shipping as of July. Regarding sales of the battery business, sales of lithium batteries decreased from the same period last year. On the other hand, sales of alkaline batteries increased from the same period last year, especially for global markets.

As a result, sales of the battery business were 6,005 million yen, a 9.5% increase from the same period last year.

(2) Analysis of Financial Condition

Cash Flow Condition

Cash flow from operating activities increased 361 million yen from the beginning of this fiscal year due to an increase in cash from the decrease in notes and accounts receivable-trade and so on, though there were decreases in cash and cash equivalents caused by the decrease in notes and accounts payable-trade.

Cash flow from investment activities decreased 439 million yen from the beginning of the fiscal year due to the purchase of property, plant and equipment.

Cash flow from financing activities increased 1,103 million yen from the beginning of the fiscal year due to an increase in short-term loans.

As a result, the balance of cash and cash equivalent at the end of June 30, 2008 was 8,691 million yen, an increase of 1,474 million yen from the beginning of the fiscal year.

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

In general, our sales of electronic devices and batteries are in low gear from the fourth quarter to the following first quarter as the demand for those products are during a time of sluggishness. However, those demands are tend to be brisk from the second quarter to the third quarter. FDK forecasts an economic slowdown in this fiscal year and the exchange rate is forecasted to be 100 yen per U.S. dollar.

Although the decrease of LCD related products influenced the total sales, with our extended sales of value-added products and the weaker yen against the U.S. dollar, we achieved our expected target for this first quarter in profit and loss. From the second to the third quarter, sales of our products are expected to increase as we can anticipate some increasing factors such as the year end shopping season.

Therefore, the forecast for the six months ending September 30, 2008 and the fiscal year ending March 31, 2009 remain the same as announced on April 25, 2008. The exchange rates continue to be forecast at 100 yen per US dollar

| | Net Sales | | Operating Income (Loss) | | Net Income (Loss) | | Net Income (Loss) Per Share |
|---|-------------|------|----------------------------|------|-------------------|---|--------------------------------|
| | Million Yen | % | Million Yen | % | Million Yen | % | Yen |
| Six months ending September 30, 2008 | 50,500 | - | 400 | - | △700 | - | △5.47 |
| Year ending March 31, 2009 | 112,800 | △0.8 | 2,800 | 46.7 | 300 | - | 2.35 |