

Consolidated Financial Results for the Third Quarter Ended December 31, 2008  
(April 1, 2008 to December 31, 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 Nine-Months Period Ended December 31, 2008**

**a. Consolidated Results of Operations**

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Nine months ended Dec. 31,	Nine months ended Dec. 31,	FY2007, ended Mar. 31,	Nine months ended Dec. 31,
	2008	2007	2008	2008
<b>Net Sales</b>	63,700	88,793	113,668	\$707.78
<b>Operating Income</b>	(661)	1,989	1,909	(\$7.34)
<b>Income(Loss) Before Income Taxes and Minority Interests</b>	(4,150)	21	(2,573)	(\$46.11)
<b>Net Income (Loss)</b>	(4,351)	(452)	(3,105)	(\$48.34)
<b>Amounts Per Share of Common Stock:</b>				
Basic Earnings (Loss)	(34.02) yen	(3.53) yen	(24.28)	(37.8 cent)
Diluted Earnings	-	-	-	-

**b. Net Sales by Business Segment**

	Yen (millions)	Yen (millions)	U.S.Dollars (millions)
	Nine months ended Dec. 31,	FY2007, ended Mar. 31,	Nine months ended Dec. 31,
	2008	2008	2008
<b>Electronic Devices</b>	43,696	86,325	\$485.51
<b>Batteries</b>	20,004	27,342	\$222.27
<b>Total</b>	63,700	113,668	\$707.78

**c. Consolidated Financial Position**

	Yen (millions)		Yen (millions)
	As of Dec. 31,	As of Dec. 31,	As of Mar. 31,
	2008	2007	2008
<b>Total Assets</b>	57,379	76,554	65,272
<b>Total Net Assets</b>	(2,533)	6,458	2,571
<b>Shareholders' Equity</b>	(586)	6,425	3,771
<b>Shareholders' Equity Ratio</b>	(5.4%)	8.4%	3.9%
<b>Shareholders' Equity Per Share</b>	(110.05) yen	(35.98) yen	(66.22) yen

d. Consolidated Statements of Cash Flows

	Yen (millions)		Yen
	Nine months ended Dec. 31, 2008	Nine months ended Dec. 31, 2007	(millions) FY2007, ended Mar. 31, 2008
Cash Flows from Operating Activities	2,807	180	990
Cash Flows from Investing Activities	(1,497)	(2,260)	(2,708)
Cash Flows from Financing Activities	401	1,904	2,083
Cash and Cash Equivalents at End of Period	8,068	7,296	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 90 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	¥86,500	(23.9)
Operating Income	¥100	(94.8)
Net Income	(¥950)	-
Net Income per Share	(7.43) yen	-

Note for the use of the above forecasted business results.

The forecast described above is based upon information available as of October 30, 2008.

We will announce the revised forecast shortly.

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.

December 31, 2008 : 128,075,884 shares    March 31, 2008: 128,075,884 shares

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

December 31, 2008 : 200,249 shares    March 31, 2008: 156,824 shares

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

December 31, 2008 : 127,899,401 shares    December 31, 2007: 127,928,541 shares

## Consolidated Balance Sheets

### Millions of yen

	Q3/FY2008 Dec 31, 2008	FY2007 Mar 31, 2008
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	8,090	7,227
Notes and accounts receivable-trade	18,900	25,717
Merchandise and finished goods	2,418	2,698
Work in process	1,349	1,359
Raw materials and supplies	1,998	2,073
Deferred tax assets	102	142
Other	3,046	2,923
Allowance for doubtful accounts	(22)	(26)
Total current assets	<u>35,882</u>	<u>42,116</u>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures, net	6,642	7,448
Machinery, equipment and vehicles, net	5,350	6,449
Tools, furniture and fixtures, net	1,242	1,786
Land	4,131	4,265
Lease assets, net	1,063	-
Construction in progress	406	241
Total property, plant and equipment	<u>18,837</u>	<u>20,190</u>
Intangible assets	<u>531</u>	<u>569</u>
Investments and other assets		
Investment securities	248	245
Long-term loans receivable	5	6
Deferred tax assets	51	60
Other	1,880	2,144
Allowance for doubtful accounts	(58)	(60)
Total investments and other assets	<u>2,127</u>	<u>2,396</u>
Total noncurrent assets	<u>21,496</u>	<u>23,156</u>
<b>Total assets</b>	<u>57,379</u>	<u>65,272</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	16,737	19,692
Short-term loans payable	30,759	30,809
Current portion of long-term loans payable	434	564
Accounts payable-other	1,502	1,713
Lease obligations	344	-
Income taxes payable	103	221
Other	2,452	3,264
Total current liabilities	<u>52,334</u>	<u>56,265</u>
<b>Noncurrent liabilities</b>		
Long-term loans payable	319	456
Provision for retirement benefits	6,274	5,821
Provision for directors' retirement benefits	-	98
Lease obligations	863	-
Deferred tax liabilities	4	4
Other	116	54
Total noncurrent liabilities	<u>7,578</u>	<u>6,435</u>
<b>Total liabilities</b>	<u>59,912</u>	<u>62,701</u>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	22,756	22,756
Capital surplus	17,167	17,167
Retained earnings	(40,472)	(36,121)
Treasury stock	(37)	(31)
Total shareholders' equity	<u>(586)</u>	<u>3,771</u>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	6	6
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustment	(2,493)	(1,248)
Total valuation and translation adjustments	<u>(2,486)</u>	<u>(1,242)</u>
<b>Minority interests</b>	<u>539</u>	<u>42</u>
<b>Total net assets</b>	<u>(2,533)</u>	<u>2,571</u>

**Consolidated Statements of Operations**  
**Millions of yen**

	<b>Q3/FY2008</b>
	<b>Apr'08-Dec'08</b>
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<b>Net sales</b>	63,700
Cost of sales	56,726
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<b>Gross profit</b>	6,974
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Selling, general and administrative expenses	7,636
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<b>Operating income (loss)</b>	(661)
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Non-operating income	
Interest income	48
Rent income	24
Insurance income	59
Other	152
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Total non-operating income	285
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Non-operating expenses	
Interest expenses	403
Foreign exchange losses	1,297
Loss on retirement of noncurrent assets	55
Amortization of net retirement benefit obligation at transition	958
Other	176
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Total non-operating expenses	2,891
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<b>Ordinary income (loss)</b>	(3,268)
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Extraordinary income	
Gain on sales of noncurrent assets	165
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Total extraordinary income	165
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Extraordinary loss	
Impairment loss	968
Loss on valuation of inventories	79
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Total extraordinary loss	1,048
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<b>Income (loss) before income taxes</b>	(4,150)
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Income taxes-current	177
Income taxes-deferred	25
	<hr/>
Total income taxes	202
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Minority interests in income	(2)
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<b>Net income (loss)</b>	(4,351)
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## Consolidated Statements of Cash Flows

### Millions of yen

	<b>Q3/FY2008</b> <b>Apr'08-Dec'08</b>
<b>Net cash provided by (used in) operating activities</b>	
Income (loss) before income taxes	(4,150)
Depreciation and amortization	2,593
Impairment loss	968
Increase (decrease) in provision for retirement benefits	388
Increase (decrease) in allowance for doubtful accounts	(4)
Interest and dividends income	(54)
Interest expenses	403
Foreign exchange losses (gains)	65
Equity in (earnings) losses of affiliates	39
Loss (gain) on sales of property, plant and equipment	(181)
Loss on retirement of noncurrent assets	55
Decrease (increase) in notes and accounts receivable-trade	5,702
Decrease (increase) in inventories	(47)
Increase (decrease) in notes and accounts payable-trade	(1,450)
Increase (decrease) in accrued expenses	(877)
Other, net	16
Subtotal	3,466
Interest and dividends income received	54
Interest expenses paid	(511)
Income taxes paid	(262)
Other proceeds	59
Net cash provided by (used in) operating activities	2,807
<b>Net cash provided by (used in) investment activities</b>	
Payments into time deposits	(11)
Purchase of property, plant and equipment	(1,851)
Proceeds from sales of property, plant and equipment	381
Purchase of intangible assets	(14)
Purchase of investment securities	(3)
Other, net	2
Net cash provided by (used in) investment activities	(1,497)
<b>Net cash provided by (used in) financing activities</b>	
Net increase (decrease) in short-term loans payable	812
Proceeds from long-term loans payable	125
Repayment of long-term loans payable	(266)
Purchase of treasury stock	(6)
Cash dividends paid to minority shareholders	(3)
Repayments of finance lease obligations	(260)
Net cash provided by (used in) financing activities	401
<b>Effect of exchange rate change on cash and cash equivalents</b>	(859)
<b>Net increase (decrease) in cash and cash equivalents</b>	851
<b>Cash and cash equivalents at beginning of year</b>	7,217
<b>Cash and cash equivalents at end of period</b>	8,068

## Consolidated business segment information

Millions of yen

Q3/FY2008 Apr'08-Dec'08

	<u>Electronic materials</u>	<u>Batteries</u>	<u>Total</u>	<u>Elimination</u>	<u>Consolidated</u>
<b>Net sales</b>					
Unaffiliated customers	43,696	20,004	63,700	-	63,700
Intersegment	-	-	-	-	-
Total	<u>43,696</u>	<u>20,004</u>	<u>63,700</u>	<u>-</u>	<u>63,700</u>
<b>Operating income (loss)</b>	<u>(1,800)</u>	<u>1,138</u>	<u>(661)</u>	<u>-</u>	<u>(661)</u>

## Consolidated geographic segment information

Millions of yen

Q3/FY2008 Apr'08-Dec'08

	<u>Japan</u>	<u>Asia</u>	<u>North America</u>	<u>Europe</u>	<u>Total</u>	<u>Elimination</u>	<u>Consolidated</u>
<b>Net sales</b>							
Unaffiliated customers	34,542	26,455	1,090	1,612	63,700		63,700
Intersegment	8,649	14,671	-	41	23,361	(23,361)	-
Total	<u>43,191</u>	<u>41,126</u>	<u>1,090</u>	<u>1,653</u>	<u>87,062</u>	<u>(23,361)</u>	<u>63,700</u>
<b>Operating income (loss)</b>	<u>(1,176)</u>	<u>739</u>	<u>1</u>	<u>(19)</u>	<u>(454)</u>	<u>(206)</u>	<u>(661)</u>

## Net overseas sales by customer's geographic location

Millions of yen

Q3/FY2008 Apr'08-Dec'08

	<u>Asia</u>	<u>North America</u>	<u>Other Countries</u>	<u>Total</u>
<b>Total sales to foreign customers</b>	<u>27,579</u>	<u>3,041</u>	<u>2,798</u>	<u>33,419</u>
<b>Consolidated net sales</b>				<u>63,700</u>
<b>Percentage of sales to foreign customers to consolidated net sales</b>	<u>43.3%</u>	<u>4.8%</u>	<u>4.4%</u>	<u>52.5%</u>

「Reference Information」  
**Consolidated Statements of Operations**

	<u>Yen (millions)</u>
	Q3/FY2007
	Apr'07-Dec'07
<b>Net sales</b>	88,793
<b>Operating costs and expenses</b>	
Cost of sales	78,477
Selling, general and administrative expenses	<u>8,327</u>
	<u>86,804</u>
<b>Operating income (loss)</b>	1,989
<b>Other income (expenses)</b>	
Interest and dividend income	62
Equity in earnings (losses) of affiliates, net	14
Interest charges	(459)
Other, net	<u>(1,585)</u>
	<u>(1,968)</u>
<b>Income (loss) before income taxes and minority interests</b>	21
<b>Income taxes</b>	
Current	460
Deferred	<u>(7)</u>
	<u>453</u>
<b>Income (loss) before minority interests</b>	(432)
<b>Minority interests in income of consolidates subsidiaries</b>	<u>(20)</u>
<b>Net income (loss)</b>	<u><u>(452)</u></u>

## Consolidated Statements of Cash Flows

	Yen (millions)
	Q3/FY2007
	Apr'07-Dec'07
<b>Cash flows from operating activities</b>	
Income (loss) before income taxes and minority interests	21
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities	
Depreciation and amortization	2,656
Equity in earnings of affiliates, net	(14)
(Increase) decrease in receivable-trade	(1,986)
(Increase) decrease in inventories	(783)
Increase (decrease) in payable-trade	85
Other, net	1,087
Cash generated from operations	1,066
Interest paid	(497)
Interest and dividends received	85
Income taxes paid	(474)
Net cash provided by operating activities	180
<b>Cash flows from investing activities</b>	
Purchase of tangible fixed assets	(2,256)
Proceeds from sales of tangible fixed assets	10
Purchase of intangible assets	(9)
Other, net	(5)
Net cash used in investing activities	(2,260)
<b>Cash flows from financing activities</b>	
Repayment of long-term debt	(983)
Increase (decrease) in short-term borrowings	2,889
Other, net	(2)
Net cash provided by financing activities	1,904
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(57)
<b>Net increase (decrease) in cash and cash equivalents</b>	(233)
<b>Cash and cash equivalents at beginning of year</b>	7,529
<b>Cash and cash equivalents at end of year</b>	7,296



## **Business Results**

### **(1) Analysis of Consolidated Business Results**

#### **1. Overview**

In FDK Group's operating environment during the nine month period that ended December 31, 2008, difficulties increased due to the slowdown of the world economy. From the middle of that period, decline in demand affected many products, including LCD televisions, mobile phones and automobiles.

Under these conditions, FDK Group proceeded to concentrate on its core competencies in the power and high frequency areas in accordance with the Group's New Policies and Strategies for Growth, which was announced in January, 2008. These two product areas are the ones we are most competitive in and the ones that are backed by our original material technologies.

FDK Group's net sales for the nine months ending December 31, 2008 were 63,700 million yen, a substantial decrease of 25,092 million yen from the same period last year, as sales of LCD related products, which used to provide the majority of FDK's net sales, were less than half those of the same period last year. This was due to the aftermath of the slowdown in consumption stemming from the downturn in the world economy. As a result, operating loss was 661 million yen, and as foreign exchange loss was increased by the rise in the yen's value from October, loss before income taxes was 4,150 million yen. Net loss was 4,351 million yen due to posting 968 million yen of impairment loss on fixed assets as an extraordinary loss.

Divisional sales overview is as follows.

#### **2. Electronic Device Business**

Sales of multilayer power inductors, coil devices, switching power supplies, and optical devices, which are our main product focus, remained the same as the same period last year. However, sales of signal processing modules for LCDs decreased from the same period last year due to the termination of contract manufacturing in Taiwan and the market slowdown. Sales of backlight inverter modules for LCDs decreased significantly from the same period last year due to a decline in prices for products in the LCD television market and the effect of pullbacks in consumer spending.

As a result, sales of the electronic device business were 43,696 million yen, a 35.9 % decrease from the same period last year.

#### **3. Battery Business**

Sales of alkaline batteries, which are core products in the battery business, remained the same as the same period last year due to some promotional activities for the Fujitsu Alkaline Batteries "G.D.R. series" in Japan and extended sales activities in the global market. Sales of lithium batteries decreased from the same period last year due to the affects of the decrease in demand for home construction in North America.

As a result, sales of the battery business were 20,004 million yen, a 3.2% decrease from the same period last year.

## **(2) Analysis of Financial Condition**

### **Cash Flow Condition**

Cash flow from operating activities increased 287 million yen from the beginning of this fiscal year due to an increase in cash from the posting of depreciation and amortization and the decrease in notes and accounts receivable-trade. There were decreases in cash and cash equivalents caused by the posting of loss before income and the decrease in notes and accounts payable trade.

Cash flow from investment activities decreased 1,497 million yen from the beginning of the fiscal year due to the purchase of property, plants, equipment, etc.

Cash flow from financing activities increased 401 million yen from the beginning of the fiscal year due to an increase in loans.

As a result, the balance of cash and cash equivalent at the end of December 31, 2008 was 8,068 million yen, an increase of 851 million yen from the beginning of the fiscal year.

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

FDK group is now examining new measures to deal with the current situation and is reviewing the drastically changed market in the third quarter and more severe market conditions expected in the fourth quarter. We will announce the financial forecast for the fiscal year ending March 31, 2009 after we complete our review of the effects of the measures we are taking on profits, as well as considering the impact of exchange rates and other pertinent factors.