

Consolidated Financial Results for the Third Quarter Ended December 31, 2009
(April 1, 2009 to December 31, 2009)

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, 2009

a. Consolidated Results of Operations

	Yen (millions)		Yen (millions)	U.S.Dollars (millions)
	Nine months ended Dec. 31, 2009	Nine months ended Dec. 31, 2008	FY2008, ended Mar. 31, 2009	Nine months ended Dec. 31, 2009
	Net Sales	46,192	63,700	78,475
Operating Income	1,134	(661)	(1,350)	\$12.32
Income(Loss) Before Income Taxes and Minority Interests	550	(4,150)	(11,817)	\$5.97
Net Income (Loss)	145	(4,351)	(12,076)	\$1.57
Amounts Per Share of Common Stock:				
Basic Earnings (Loss)	0.7 yen	(34.02) yen	(94.43)	(0.76 cent)
Diluted Earnings	-	-	-	-

b. Net Sales by Business Segment

	Yen (millions)	Yen (millions)	Yen (millions)	U.S.Dollars (millions)
	Nine months ended Dec. 31, 2009	Nine months ended Dec. 31, 2008	FY2008, ended Mar. 31, 2009	Nine months ended Dec. 31, 2009
	Electronic Devices	28,618	43,696	52,229
Batteries	17,573	20,004	26,245	\$190.87
Total	46,192	63,700	78,745	\$501.71

c. Consolidated Financial Position

	Yen (millions)	
	As of Dec. 31, 2009	As of March 31, 2009
	Total Assets	42,325
Total Net Assets	2,259	(8,534)
Total Shareholders' Equity	2,831	(8,312)
Shareholders' Equity Ratio	3.9	(19.7%)
Shareholders' Equity Per Share	(43.06) yen	(157.06) yen

d. Consolidated Statements of Cash Flows

	Yen (millions)	
	Nine months ended Dec. 31, 2009	Nine months ended Dec. 31, 2008
	Cash Flows from Operating Activities	(610)
Cash Flows from Investing Activities	(579)	(1,497)
Cash Flows from Financing Activities	(576)	401
Cash and Cash Equivalents at End of Period	5,558	8,068
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 92.07 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, 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.

We will announce the revised forecast shortly.

3. Others

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

(Note) 3 companies

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.: No

2) Other changes: Yes

(4) Number of shares outstanding (common stock)

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

December 31, 2009 : 217,505,884 shares March 31, 2009: 128,075,884 shares

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

December 31, 2009 : 216,712 shares March 31, 2009: 205,600 shares

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

December 31, 2009 : 207,538,224 shares December 31, 2008: 127,899,401 shares

Consolidated Balance Sheets

Millions of yen

	Q3/FY2009 Dec 31, 2009	FY2008 Mar 31, 2009
Assets		
Current assets		
Cash and deposits	5,573	7,517
Notes and accounts receivable-trade	15,283	15,708
Merchandise and finished goods	1,700	1,545
Work in process	851	800
Raw materials and supplies	1,630	1,547
Deferred tax assets	33	37
Other	2,505	2,813
Allowance for doubtful accounts	(29)	(28)
Total current assets	<u>27,547</u>	<u>29,943</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	4,879	5,088
Machinery, equipment and vehicles, net	4,190	4,733
Tools, furniture and fixtures, net	617	829
Land	2,180	2,148
Lease assets, net	451	623
Construction in progress	117	146
Total property, plant and equipment	<u>12,436</u>	<u>13,570</u>
Intangible assets	<u>568</u>	<u>548</u>
Investments and other assets		
Investment securities	135	249
Long-term loans receivable	15	4
Deferred tax assets	27	25
Other	1,595	1,892
Allowance for doubtful accounts	(0)	(30)
Total investments and other assets	<u>1,773</u>	<u>2,140</u>
Total noncurrent assets	<u>14,778</u>	<u>16,259</u>
Total assets	<u>42,325</u>	<u>46,203</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,439	11,896
Short-term loans payable	17,075	28,135
Current portion of long-term loans payable	436	449
Lease obligations	254	330
Accounts payable-other	1,608	2,961
Income taxes payable	237	101
Other	1,278	2,237
Total current liabilities	<u>33,329</u>	<u>46,113</u>
Noncurrent liabilities		
Long-term loans payable	66	204
Lease obligations	599	774
Deferred tax liabilities	4	4
Provision for retirement benefits	6,007	7,513
Other	58	127
Total noncurrent liabilities	<u>6,736</u>	<u>8,624</u>
Total liabilities	<u>40,066</u>	<u>54,738</u>
Net assets		
Shareholders' equity		
Capital stock	28,301	22,756
Capital surplus	22,622	17,167
Retained earnings	(48,051)	(48,197)
Treasury stock	(40)	(38)
Total shareholders' equity	<u>2,831</u>	<u>(8,312)</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	6	6
Foreign currency translation adjustment	(1,194)	(777)
Total valuation and translation adjustments	<u>(1,188)</u>	<u>(770)</u>
Minority interests	<u>615</u>	<u>548</u>
Total net assets	<u>2,259</u>	<u>(8,534)</u>
Total liabilities and net assets	<u>42,325</u>	<u>46,203</u>

Consolidated Statements of Operations

Millions of yen

	Q3/FY2008	Q3/FY2009
	Apr'08-Dec'08	Apr'09-Dec'09
Net sales	63,700	46,192
Cost of sales	56,726	39,588
Gross profit	6,974	6,603
Selling, general and administrative expenses	7,636	5,469
Operating income (loss)	(661)	1,134
Non-operating income		
Interest income	48	15
Rent income	24	19
Insurance income	59	-
Gain on sales of noncurrent assets	-	41
Other	152	103
Total non-operating income	285	180
Non-operating expenses		
Interest expenses	403	168
Foreign exchange losses	1,297	143
Loss on retirement of noncurrent assets	55	65
Amortization of net retirement benefit obligation at transition	958	-
Other	176	305
Total non-operating expenses	2,891	683
Ordinary income (loss)	(3,268)	631
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
Impairment loss	968	-
Loss on valuation of inventories	79	-
Other	-	8
Total extraordinary loss	1,048	119
Income (loss) before income taxes	(4,150)	550
Income taxes-current	177	337
Income taxes-deferred	25	10
Total income taxes	202	348
Minority interests in income	(2)	56
Net income (loss)	(4,351)	145

Consolidated Statements of Cash Flows
Millions of yen

	Q3/FY2008 Apr'08-Dec'08	Q3/FY2009 Apr'09-Dec'09
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(4,150)	550
Depreciation and amortization	2,593	1,567
Impairment loss	968	-
Increase (decrease) in provision for retirement benefits	388	(1,505)
Increase (decrease) in allowance for doubtful accounts	(4)	(29)
Interest and dividends income	(54)	(16)
Interest expenses	403	168
Foreign exchange losses (gains)	65	22
Stock issuance cost	-	53
Equity in (earnings) losses of affiliates	39	119
Loss (gain) on sales of property, plant and equipment	(181)	(41)
Loss on retirement of noncurrent assets	55	65
Loss (gain) on sales of stocks of subsidiaries and affiliates	-	(39)
Decrease (increase) in notes and accounts receivable-trade	5,702	118
Decrease (increase) in inventories	(47)	(314)
Increase (decrease) in notes and accounts payable-trade	(1,450)	812
Increase (decrease) in accrued expenses	(877)	(346)
Other, net	16	(1,430)
Subtotal	3,466	(246)
Interest and dividends income received	54	16
Interest expenses paid	(511)	(201)
Income taxes paid	(262)	(178)
Other proceeds	59	-
Net cash provided by (used in) operating activities	2,807	(610)
Net cash provided by (used in) investment activities		
Payments into time deposits	(11)	(11)
Proceeds from withdrawal of time deposits	-	10
Purchase of property, plant and equipment	(1,851)	(662)
Proceeds from sales of property, plant and equipment	381	84
Purchase of intangible assets	(14)	(4)
Purchase of investment securities	(3)	(4)
Proceeds from sales of stocks of subsidiaries and affiliates	-	150
Other, net	2	(141)
Net cash provided by (used in) investment activities	(1,497)	(579)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	812	(11,008)
Proceeds from long-term loans payable	125	-
Repayment of long-term loans payable	(266)	(260)
Proceeds from issuance of common stock	-	10,999
Payments for issuance of common stock	-	(53)
Purchase of treasury stock	(6)	(1)
Cash dividends paid to minority shareholders	(3)	-
Repayments of finance lease obligations	(260)	(252)
Net cash provided by (used in) financing activities	401	(576)
Effect of exchange rate change on cash and cash equivalents	(859)	(178)
Net increase (decrease) in cash and cash equivalents	851	(1,945)
Cash and cash equivalents at beginning of year	7,217	7,504
Cash and cash equivalents at end of period	8,068	5,558

Consolidated business segment information

Millions of yen

Q3/FY2008 Apr'08-Dec'08

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

Q3/FY2009 Apr'09-Dec'09

	Electronic materials	Batteries	Total	Elimination	Consolidated
Net sales					
Unaffiliated customers	28,618	17,573	46,192	-	46,192
Intersegment	-	-	-	-	-
Total	28,618	17,573	46,192	-	46,192
Operating income (loss)	(217)	1,351	1,134	-	1,134

Consolidated geographic segment information

Millions of yen

Q3/FY2008 Apr'08-Dec'08

	Japan	Asia	North America	Europe	Total	Elimination	Consolidated
Net sales							
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	43,191	41,126	1,090	1,653	87,062	(23,361)	63,700
Operating income (loss)	(1,176)	739	1	(19)	(454)	(206)	(661)

Q3/FY2009 Apr'09-Dec'09

	Japan	Asia	North America	Europe	Total	Elimination	Consolidated
Net sales							
Unaffiliated customers	24,914	19,598	423	1,256	46,192	-	46,192
Intersegment	3,061	5,385	39	29	8,516	(8,516)	-
Total	27,976	24,984	462	1,286	54,708	(8,516)	46,192
Operating income (loss)	529	785	(17)	10	1,307	(173)	1,134

Net overseas sales by customer's geographic location

Millions of yen

Q3/FY2008 Apr'08-Dec'08

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

Q3/FY2009 Apr'09-Dec'09

	Asia	North America	Other Countries	Total
Total sales to foreign customers	17,070	3,470	2,513	23,054
Consolidated net sales				46,192
Percentage of sales to foreign customers to consolidated net sales	37.0%	7.5%	5.4%	49.9%

Business Results

(1) Analysis of Consolidated Business Results

1. Overview

The business environment surrounding the FDK Group during the nine months ending December 31, 2009, was mixed. Demand for consumer products received a boost in the first half of the period due to strong public investment in developed and emerging countries. However, it became a tough situation again during the later part of that period.

In spite of these circumstances, the FDK Group has successfully decreased its break-even point by implementing drastic reforms such as focusing management resources on FDK products that incorporate competitive material technology, conducting site reviews of production and sales locations, streamlining its workforce, and implementing thorough cost-cutting measures by the entire Group.

As for FDK's business results during this period, net sales were 46,192 million yen, a substantial decrease of 17,508 million yen from the same period last year. This resulted because markets for FDK products were hit hard by the recession and shrunk, the number of products available was reduced through business selection and concentration, and because of the transfer of FDK's stepping motor business, which was completed the previous fiscal year. In terms of profit and loss, however, profits increased from the same period last year due to the effects of FDK's business structural reforms, as noted above. Operating income improved to 1,134 million yen from the loss of 661 million yen in the same period last year. Income before income taxes was 550 million yen and net income was 145 million yen, making it into the black.

The divisional sales overview is as follows.

2. Electronic Device Business

Sales of piezoelectric components stayed the same as the same period last year as sales of digital single-lens reflex cameras increased steadily, even though the total market for cameras was sluggish. Sales of coil devices decreased from the same period last year due to the slow-down in the sale of transformers for liquid crystal displays, although sales of devices for automobiles increased. Sales of multilayer power inductors decreased because of the market downturn for mobile phones, the prolonged replacement cycle in Japan for products using these inductors, and the decreased sales of digital cameras.

Sales of optical devices decreased from the same period last year due to a decrease in public projects involving optical submarine cable settlements and a decrease in prices for these products. Sales of signal processing modules for liquid crystal displays decreased greatly from the same period last year due to a production adjustment at the beginning of the period and a fall in sales prices.

As a result, sales for the electronic device business were 28,618 million yen, a decrease of 34.5% from the same period last year. This was due to the transfer of FDK's stepping motor business, a reduction of some products, etc.

3. Battery Business

Sales of lithium batteries increased from the same period last year due to increased sales of smoke detectors in North America and Europe and increased sales activities. Sales of alkaline batteries, which are flagship products for FDK's battery business, fell below the same period last year due to the slow-down in consumer spending, although some active sales activities were made for the Fujitsu Alkaline Battery G.D.R series in Japan and some sales activities for OEM products in the global market.

As a result, sales for the battery business were 17,573 million yen, a 12.2% decrease from the previous fiscal year.

(2) Analysis of Financial Condition

1. Status of Assets, Liabilities and Net Assets

Total assets for the nine months ending FY2009 decreased 3,877 million yen from the end of the previous fiscal year to 42,325 million yen. Current assets were down 2,395 million yen to 27,547 million yen. Noncurrent assets were down 1,481 million yen from the end of the previous fiscal year to 14,778 million yen. The principal cause of decreased current assets was a decrease of 1,944 million yen in cash and cash deposits. The principal cause of decreased noncurrent assets was a decrease of 1,134 million yen in total property, plants and equipment.

Total liabilities for the nine months ending FY2009 decreased 14,671 million yen from the end of the previous fiscal year to 40,066 million yen. Current liabilities decreased 12,783 million yen from the end of the previous fiscal year to 33,329 million yen. Noncurrent liabilities decreased 1,887 million yen from the end of the previous fiscal year to 6,736 million yen. The principal cause of decreased current liabilities was a decrease of 11,060 million yen in short-term loans payable and of 1,353 million yen in accounts payable-other. The principal cause for decreased noncurrent liabilities was a decrease of 1,505 million yen in provision for retirement benefits.

Interest-bearing debt outstanding for the nine months ending FY2009 decreased 11,462 million yen from the end of the previous fiscal year to 18,432 million yen.

Total net assets for the nine months ending FY2009 increased 10,794 million yen from the end of the previous fiscal year to 2,259 million yen. As a result, FDK eliminated its assets deficiency.

The major factors for the increase in total net assets were a 5,544 million yen increase in capital stock by allocating new shares to a third party, a 5,455 million yen increase in capital surplus, and net income for the nine month period totaling 145 million yen was posted in retained earnings, though 416 million yen were decreased in foreign currency translation adjustments.

2. Cash Flow Condition

Net cash used in operating activities decreased 610 million yen from the end of the previous fiscal year due to a decrease in cash used to provide provision for retirement benefits, though there were increases in cash caused by posting depreciation and amortization and the increase in notes and accounts receivable trade.

Net cash used in investing activities decreased 579 million yen from the end of the previous fiscal year due to the purchase of property, plants and equipment.

Net cash used in financing activities decreased 576 million yen from the end of the previous 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 December 31, 2009 was 5,558 million yen, a decrease of 1,945 million yen from the end of the previous fiscal year.

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

There is no change to the consolidated financial forecast for fiscal year 2009 ending March 31, 2010, as the profitability of the business is expected to improve continuously through business structural reforms that were promoted from the beginning of the period and the nickel-metal hydride, cylindrical lithium batteries, and coin-shaped rechargeable batteries business acquired on Jan.12, 2010, which is expected to contribute.