

April 27, 2006

FY2005 Consolidated Financial Results

(April 1, 2005 to March 31, 2006)

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

Listing Code No.6955 (Listing Stock Exchange: The First Section of Tokyo Stock Exchange)

Address : Hamagomu Bldg. 5-36-11 Shimbashi, Minato-ku, Tokyo 105-8677

Date of the meeting of the Board of Directors to settle the consolidated accounts: April 27, 2006

Parent Company : Fujitsu Limited (TSE:6702)

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U.S. GAPP is not applied

1. Items Relevant to Preparation of Consolidated Financial Results**(1) Changes in accounting methods: Yes**

For the six consolidated subsidiaries whose accounting periods were different from FDK, provisional settlement of accounting was made by using FDK's accounting period (from Apr. 1, 2005 to Mar. 31, 2006) and the following financial statement was prepared accordingly.

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

1 excluded from consolidated account.

(3) Average number of shares in each year.

Ordinary shares - FY2005: 127,964,183 shares FY2004: 127,983,569 shares

(4) Number of shares issued and outstanding at the end of fiscal year.

Ordinary shares - FY2005: 127,954,662 shares FY2004: 127,972,977 shares

2. Consolidated Operating Results for the Fiscal Year 2005**a. Consolidated Results of Operations**

	Yen (millions)			U.S.Dollars (millions)
	FY2005	FY2004	Change(%)	FY2005
Net Sales	118,109	100,441	17.6	\$858.47
Operating Income	967	1,542	-37.3	\$8.26
Income(Loss) Before Income Taxes and Minority Interests	(2,502)	(1,721)	-	(\$14.71)
Net Income (Loss)	(3,326)	(2,713)	-	(\$23.19)
Amounts Per Share of Common Stock:				
Basic Earnings (Loss)	(26.00) yen	(21.20) yen	-	(22.22 cent)
Diluted Earnings	-	-	-	-

(Notes)

1. Figures in this report are rounded to the nearest million yen.

2. U.S. dollar amounts are translated from yen, for convenience only, at the rate of 117 yen = \$1

b. Net Sales by Business Segment

	Yen (millions)			U.S.Dollars (millions)
	FY2005	FY2004	Change(%)	FY2005
Electronic Component	94,394	76,368	23.6	806.78
Batteries	23,715	24,073	-1.5	202.69
Total	118,109	100,441	17.6	1009.48

c. Consolidated Financial Condition

	Yen (millions)	
	2006/3/31	2005/3/31
Total Assets	76,616	71,366
Shareholders' Equity	6,340	1,234
Shareholders' Equity Ratio	8.30%	1.70%
Shareholders' Equity Per Share	(36.42) yen	(21.61) yen

d. Consolidated Statements of Cash Flows

	Yen (millions)	
	FY2005	FY2004
Cash Flows from		
Operating Activities	3,352	3,254
Cash Flows from		
Investing Activities	(3,509)	(3,034)
Cash Flows from		
Financing Activities	(2,636)	(462)
Cash and Cash Equivalents ,End of Year	7,577	9,876

Consolidated Subsidiaries	16 companies
Unconsolidated Subsidiaries (equity method applied)	- companies
Affiliates (equity method applied only)	1 companies

3.Reference - FY2006 Consolidated Financial Forecast (April 1, 2006 - March 31, 2007)

Consolidated Earnings Forecast

	Yen	
	(million)	Change from FY2005(%)
Net Sales	129,000	+9.22%
Operating Income	3,200	+230.92
Net Income	200	-
Net Income per Share	1.56 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.

Consolidated Statements of Operations

	Yen (millions)	
	FY2005	FY2004
	(Apr'05-Mar'06)	(Apr'04-Mar'05)
Net sales	¥ 118,109	¥ 100,441
Operating costs and expenses		
Cost of sales	106,271	87,862
Selling, general and administrative expenses	10,871	11,037
	<u>117,142</u>	<u>98,899</u>
Operating income (loss)	967	1,542
Other income (expenses)		
Interest and dividend income	75	66
Equity in earnings (losses) of affiliates, net	39	22
Interest charges	(641)	(721)
Other, net	(2,942)	(2,630)
	<u>(3,469)</u>	<u>(3,263)</u>
Income (loss) before income taxes and minority interests	(2,502)	(1,721)
Income taxes		
Current	755	854
Deferred	45	28
	<u>800</u>	<u>882</u>
Income (loss) before minority interests	(3,302)	(2,603)
Minority interests in income of consolidated subsidiaries	(24)	(110)
Net income (loss)	<u>¥ (3,326)</u>	<u>¥ (2,713)</u>

Consolidated Balance Sheets

	Yen (millions)	
	31-Mar-06	31-Mar-05
Assets		
Current assets		
Cash and time deposit	¥ 7,598	¥ 9,894
Notes receivable-trade	976	968
Accounts receivable-trade	29,677	23,072
Inventories	9,252	7,991
Deferred tax assets	161	82
Other current assets	2,897	3,792
Less: Allowance for doubtful receivable	(45)	(121)
Total current assets	<u>50,516</u>	<u>45,678</u>
Tangible fixed assets		
Building and structures	8,625	9,086
Other depreciable assets	9,652	9,259
Land	4,471	4,393
Construction in progress	195	58
Total tangible fixed assets	<u>22,943</u>	<u>22,796</u>
Intangible assets	<u>695</u>	<u>724</u>
Investments and long-term loans		
Securities investments	238	120
Deferred tax assets	109	230
Other investments and long-term loans	2,115	1,818
Total investments	<u>2,462</u>	<u>2,168</u>
Total assets	<u>¥ 76,616</u>	<u>¥ 71,366</u>
Liabilities, minority interests and shareholders' equity		
Current liabilities		
Notes Payable-trade	¥ 173	¥ 276
Account payable-trade	28,813	21,089
Short-term borrowings	28,159	29,916
Current portion of long-term debt	1,444	7,506
Accrued income taxes	292	452
Other current liabilities	4,336	3,226
Total current liabilities	<u>63,217</u>	<u>62,465</u>
Long-term liabilities		
Long-term debt	1,162	2,306
Accrued retirement benefits	5,237	4,749
Other long-term liabilities	102	78
Total long-term liabilities	<u>6,501</u>	<u>7,133</u>
Minority interests in consolidated subsidiaries	<u>558</u>	<u>534</u>
Shareholders' equity		
Common stock	22,756	19,256
Capital surplus	17,167	13,635
Deficit	(33,145)	(29,893)
Unrealized gains (losses) on securities, net of taxes	22	16
Foreign currency translation adjustments	(435)	(1,759)
Treasury stock	(25)	(21)
Total shareholders' equity	<u>6,340</u>	<u>1,234</u>
Total Liabilities, minority interests and shareholders' equity	<u>¥ 76,616</u>	<u>¥ 71,366</u>

Consolidated Statements of Cash Flows

	Yen (millions)	
	FY2005	FY2004
	(Apr'05-Mar'06)	(Apr'04-Mar'05)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	¥ (2,502)	¥ (1,721)
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities		
Depreciation and amortization	3,470	3,846
Equity in earnings of affiliates, net	(39)	(22)
(Increase) decrease in receivable-trade	(4,954)	4,604
(Increase) decrease in inventories	(815)	891
Increase (decrease) in payable-trade	5,657	(3,401)
Other, net	3,992	761
Cash generated from operations	4,809	4,958
Interest paid	(658)	(731)
Interest and dividends received	75	66
Income taxes paid	(795)	(752)
Other, net	(79)	(287)
Net cash provided by operating activities	3,352	3,254
Cash flows from investing activities		
Purchase of tangible fixed assets	(3,415)	(2,934)
Proceeds from sales of tangible fixed assets	309	373
Purchase of intangible assets	(27)	(54)
Other, net	(376)	(419)
Net cash used in investing activities	(3,509)	(3,034)
Cash flows from financing activities		
Proceeds from issuance of new common stock	7,000	-
Proceeds from long-term debt	1	646
Repayment of long-term debt	(6,727)	(8,559)
Increase (decrease) in short-term borrowings	(2,923)	7,527
Other, net	13	(76)
Net cash provided by (used in) financing activities	(2,636)	(462)
Effect of exchange rate changes on cash and cash equivalents	494	96
Net increase (decrease) in cash and cash equivalents	(2,299)	(146)
Cash and cash equivalents at beginning of year	9,876	9,098
Increase in cash and cash equivalents from change of consolidated accounting period of consolidated subsidiaries	-	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	¥ 7,577	¥ 9,876

Consolidated Statements of Shareholders' Equity

	Yen (millions)	
	31-Mar-06	31-Mar-05
Common Stock:		
Beginning balance	<u>¥ 19,256</u>	<u>¥ 19,256</u>
Increase from capital stock issued	<u>3,500</u>	<u>-</u>
Ending balance	<u>22,756</u>	<u>19,256</u>
Capital Surplus:		
Beginning balance	<u>¥ 13,635</u>	<u>¥ 13,635</u>
Increase in capital surplus from capital stock issued	<u>3,500</u>	<u>-</u>
Other	<u>32</u>	<u>-</u>
Ending balance	<u>17,167</u>	<u>13,635</u>
Retained Earnings(Deficit)		
Beginning balance	<u>¥ (29,893)</u>	<u>¥ (27,023)</u>
Increase in earnings from change of overseas subsidiary's functional currency	<u>74</u>	<u>-</u>
Increase in earnings from addition of consolidated companies	<u>-</u>	<u>67</u>
Net increase(decrease) in deficit from change of consolidated accounting period of consolidated subsidiaries	<u>-</u>	<u>(224)</u>
Net income(loss)	<u>(3,326)</u>	<u>(2,713)</u>
Ending balance	<u>(33,145)</u>	<u>(29,893)</u>
Unrealized Gain(loss) on Securities,net of taxes:		
Beginning balance	<u>¥ 16</u>	<u>¥ 12</u>
Net increase in unrealized gain(loss) on securities	<u>6</u>	<u>4</u>
Ending balance	<u>22</u>	<u>16</u>
Foreign Currency Translation Adjustments:		
Beginning balance	<u>¥ (1,759)</u>	<u>¥ (1,662)</u>
Net increase in foreign currency transaction adjustment	<u>1,324</u>	<u>(97)</u>
Ending balance	<u>(435)</u>	<u>(1,759)</u>
Treasury Stock:		
Beginning balance	<u>¥ (21)</u>	<u>¥ (15)</u>
Net decrease(increase) Treasury stock	<u>(4)</u>	<u>(6)</u>
Ending balance	<u>(25)</u>	<u>(21)</u>

Consolidated Business Segment Information

		Yen (millions)	
		FY2005 (Apr'05-Mar'06)	FY2004 (Apr'04-Mar'05)
Electronic Materials	Net Sales		
	Unaffiliated Customers	¥ 94,394	¥ 76,368
	Intersegment	-	-
	Total	94,394	76,368
	Operating Income (Loss)	(445)	(331)
Batteries	Net Sales		
	Unaffiliated Customers	23,715	24,073
	Intersegment	-	-
	Total	23,715	24,073
	Operating Income	1,412	1,873
Elimination	Net Sales	-	-
	Operating Income	-	-
Total	Net Sales		
	Unaffiliated Customers	118,109	100,441
	Intersegment	-	-
	Total	118,109	100,441
	Operating Income (Loss)	967	1,542

Consolidated Geographic Segment Information

		Yen (millions)	
		FY2005 (Apr'05-Mar'06)	FY2004 (Apr'04-Mar'05)
Japan	Net Sales		
	Unaffiliated Customers	¥ 57,434	¥ 57,191
	Intersegment	10,700	10,895
	Total	68,134	68,086
	Operating Income (Loss)	(474)	424
Asia	Net Sales		
	Unaffiliated Customers	56,656	38,314
	Intersegment	20,991	19,951
	Total	77,647	58,265
	Operating Income	2,522	1,653
North America	Net Sales		
	Unaffiliated Customers	1,710	2,267
	Intersegment	8	-
	Total	1,718	2,267
	Operating Income	(70)	(96)
Europe	Net Sales		
	Unaffiliated Customers	2,309	2,669
	Intersegment	73	63
	Total	2,382	2,732
	Operating Income	61	63
Elimination	Net Sales	(31,772)	(30,909)
	Operating Income	(1,072)	(502)
Total	Net Sales		
	Unaffiliated Customers	118,109	100,441
	Intersegment	-	-
	Total	118,109	100,441
	Operating Income (Loss)	967	1,542

Net Overseas Sales by Customer's Geographic Location

		Yen (millions)	
		FY2005 (Apr'05-Mar'06)	FY2004 (Apr'04-Mar'05)
Asia		¥ 59,046	¥ 40,387
North America		5,205	6,041
Other countries		5,525	6,232
Total		69,776	52,660

Business Performance and Finances

Business Performance Overview

In the relatively stable economic environment, electronics device market which is the core market for the FDK Group, was increased demand for devices on digital equipment such as LCD TVs, mobile phones, PCs thanks to the recovery of consumer spending in Japan, though the price pressure from electronics companies was increased and soaring crude oil prices affected raw material prices.

In this circumstance, the FDK Group enhanced production innovation, put management resources in LCD business, reconstructed a subsidiary aimed at the effective operation of entire business, and proceeded the selection and concentration of promising products in terms of the utilization on FDK's competitive material technologies.

Consolidated net sales were 118,109 million yen, increased 17.6 % from the last fiscal year due to the sale increase of new products such as backlight inverter modules for LCDs. Operating income, however, was 967 million yen, decreased 37.3 % from the last fiscal year. Loss before income taxes and minority interests was 2,502 million yen, due to the increased cost beard by the early introduction of new products and the soaring raw material cost. Consolidated net loss was 3,326 million yen. This was the result of post in other expenses of 2,163 million yen generated losses from the depreciation on fixed assets, the reorganization of the subsidiary, the disposal of underperforming businesses and so on.

Divisional sales overview would be reported as follows.

Electronic Component Business

Module System Division

Sales of timing control boards for LCDs were largely increased from the last fiscal year due to the increased orders from companies in China and Taiwan. Sales of backlight inverter modules for LCDs were highly appreciated on the large LCD use in the market and were increased by the orders from companies in Korea. Sales of hybrid modules for PDPs and switching power supplies were decreased from the last fiscal year. As for switching power supplies, Senpai series, new standard DC-DC converter models for non-isolated point of load(POL) were developed and conducted marketing activities globally for manufacturers of servers, storages, networking equipment, and so on.

As a result of the above factors, net sales of this division were 70,611 million yen of 40.0% increase from the last fiscal year.

Component Division

Sales of coil devices were much increased from the last fiscal year, due to the increased sales of transformers for backlight inverter modules, as they were highly appreciated on the large LCD use in the market. Sales of multilayer power chip inductors were increased from the last fiscal year due to the extensive sales efforts and expansion of product lineup for the mobile phone market. Sales of stepper motors were increased in compact models for digital cameras and camera phones and in-vehicle models but decreased in OA equipment use models from the last fiscal year. Sales of ferrite products were decreased from the last fiscal year due to the transfer

of this business to the newly established JV (equity method affiliate) in China last fiscal year. As a result of the above factors, net sales of this division were 23,783 million yen of 8.2% decrease from the last fiscal year.

As a result, net sales of the electronic component business were 94,394 million yen of 23.6% increase from the last fiscal year.

Battery Business

FDK has been strived to develop new products and technologies to offer safe, high performance, environment-friendly and high-quality batteries to customers.

In domestic market, FDK strengthened sales promotion of the core products such as the high-performance alkaline battery “G series” and the world best performance alkaline battery “G Plus”, though price competition was intensified by the inflow of low price alkaline batteries from overseas. Slow sales in North America affected FDK’s overall battery business As a result, net sales of battery business were 23,715 million yen, decreased 1.5 % from the last fiscal year.

Cash Flow Condition

Cash flows from operating activities increased to 3,352 million yen due to the increase of the liquidation of receivables and the increase in payable-trade, though there were some decrease due to the temporally increase in receivable-trade, increased inventories by the increased sales, and the allocation of loss before income taxes and minority interests.

Cash flows from investing activities increased to 3,509 million yen as a result of investment on the manufacturing facilities, primarily on a module system business for LCDs.

Cash flows from financing activities decreased to 2,636 million yen as a result of the redemption of borrowing, though 7,000 million yen was accrued by the issuance of new shares.

As a result, balance of cash and cash equivalents at the end of the fiscal year was 7,577 million yen, decreased 2,299 million yen from the beginning of the fiscal year.