

April 25, 2008

Fiscal Year 2007 Consolidated Financial Results

(April 1, 2007 to March 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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Date of the meeting of the Board of Directors to approve the consolidated accounts: April 25, 2008

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U.S. GAPP is not applied

The Consolidated Financial Results is unaudited

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

Depreciation method on the tangible fixed asset was changed according to the change in the corporate tax law.

(2)Changes in scope of consolidation or application of equity method: No**(3)Number of shares outstanding at the end of the periods.**

Year ended March 31, 2008 : 128,075,884

Year ended March 31, 2007 : 128,075,884

2.Consolidated Operating Results for the Fiscal Year 2007**a. Consolidated Results of Operations**

	Yen (millions)			U.S.Dollars (millions)
	FY2007	FY2006	Change(%)	FY2007
Net Sales	113,668	121,537	(6.5)	\$1,136.68
Operating Income	1,909	1,235	+54.6	\$19.09
Income(Loss) Before Income Taxes and Minority Interests	(2,574)	630	-	(\$25.74)
Net Income (Loss)	(3,106)	130	-	(\$31.06)
Amounts Per Share of Common Stock:				
Basic Earnings (Loss)	(24.28) yen	1.02 yen	-	(24.28 cent)
Diluted Earnings	-	-	-	-

b. Net Sales by Business Segment

	Yen (millions)			U.S.Dollars (millions)
	FY2007	FY2006	Change(%)	FY2007
Electronic Devices	86,325	94,123	(8.3)	\$863.25
Batteries	27,343	27,414	(0.2)	\$273.43
Total	113,668	121,537	(6.4)	\$1,136.68

c. Consolidated Financial Position

	Yen (millions)	
	2008/3/31	2007/3/31
Total Assets	65,272	74,780
Total Net Assets	2,571	6,845
Shareholders' Equity	3,771	6,879
Shareholders' Equity Ratio	3.9%	9.1%
Shareholders' Equity Per Share	(66.22) yen	(32.86) yen

d. Consolidated Statements of Cash Flows

	Yen (millions)	
	FY2007	FY2006
Cash Flows from	990	2,686
Operating Activities		
Cash Flows from	(2,708)	(2,174)
Investing Activities		
Cash Flows from	2,083	730
Financing Activities		
Cash and Cash Equivalents at End of Period	7,217	7,529
Consolidated Subsidiaries		16 companies
Unconsolidated Subsidiaries (equity method applied)		- companies
Affiliates (equity method applied only)		1 companies

(Notes for the Consolidated Operating Results (from 2.a to 2.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 100 yen=\$1
3. The percentage in this statement presents rate of change compared with the same period last year.

3.Reference - FY2008 Consolidated Financial Forecast (April 1, 2008 - March 31, 2009)

Consolidated Financial Forecast

(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.

Consolidated Statements of Operations

	Yen (millions)	
	FY2007	FY2006
	(Apr'07-Mar'08)	(Apr'06-Mar'07)
Net sales	¥ 113,668	¥ 121,537
Operating costs and expenses		
Cost of sales	100,813	109,562
Selling, general and administrative expenses	10,946	10,740
	<u>111,759</u>	<u>120,302</u>
Operating income (loss)	1,909	1,235
Other income (expenses)		
Interest and dividend income	85	224
Equity in earnings (losses) of affiliates, net	2	72
Interest charges	(585)	(474)
Other, net	(3,985)	(427)
	<u>(4,483)</u>	<u>(605)</u>
Income (loss) before income taxes and minority interests	(2,574)	630
Income taxes		
Current	491	462
Deferred	30	19
	<u>521</u>	<u>481</u>
Income (loss) before minority interests	(3,095)	149
Minority interests in income of consolidated subsidiaries	(11)	(19)
	<u></u>	<u></u>
Net income (loss)	<u>¥ (3,106)</u>	<u>¥ 130</u>

Consolidated Balance Sheets

	Yen (millions)	
	31-Mar-08	31-Mar-07
Assets		
Current assets		
Cash and time deposit	¥ 7,227	¥ 7,543
Notes receivable-trade	1,794	1,788
Accounts receivable-trade	23,923	27,417
Inventories	6,131	8,889
Deferred tax assets	142	91
Other current assets	2,925	3,479
Less: Allowance for doubtful receivable	(26)	(35)
Total current assets	42,116	49,172
Tangible fixed assets		
Building and structures	7,448	8,028
Other depreciable assets	8,236	9,722
Land	4,265	4,360
Construction in progress	241	387
Total tangible fixed assets	20,190	22,497
Intangible assets	569	638
Investments and long-term loans		
Securities investments	245	134
Deferred tax assets	61	160
Other investments and long-term loans	2,091	2,179
Total investments	2,397	2,473
Total assets	¥ 65,272	¥ 74,780
Liabilities		
Current liabilities		
Notes Payable-trade	¥ 465	¥ 352
Account payable-trade	19,227	26,969
Short-term borrowings	30,810	28,199
Current portion of long-term debt	564	1,384
Accrued income taxes	221	281
Other current liabilities	4,978	4,440
Total current liabilities	56,265	61,625
Long-term liabilities		
Long-term debt	456	721
Accrued retirement benefits	5,920	5,499
Other long-term liabilities	60	90
Total long-term liabilities	6,436	6,310
Total liabilities	62,701	67,935
Net assets		
Shareholders' equity		
Common stock	22,756	22,756
Capital surplus	17,167	17,167
Retained earnings(Deficit)	(36,121)	(33,015)
Treasury stock	(31)	(29)
Total shareholders' equity	3,771	6,879
Valuation and translation adjustments		
Unrealized gains (losses) on securities, net of taxes	6	20
Deferred gains (losses) on hedges	(0)	(5)
Foreign currency translation adjustments	(1,248)	(97)
Total Valuation and translation adjustments	(1,242)	(82)
Minority interests in consolidated subsidiaries	42	48
Total net assets	2,571	6,845
Total liabilities and net assets	¥ 65,272	¥ 74,780

Consolidated Statements of Cash Flows

	Yen (millions)	
	FY2007	FY2006
	(Apr'07-Mar'08)	(Apr'06-Mar'07)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	¥ (2,573)	¥ 630
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities		
Depreciation and amortization	3,540	3,377
Equity in earnings of affiliates, net	(2)	(72)
(Increase) decrease in receivable-trade	1,925	1,875
(Increase) decrease in inventories	2,401	478
Increase (decrease) in payable-trade	(5,948)	(2,092)
Other, net	2,619	(877)
Cash generated from operations	1,962	3,319
Interest paid	(529)	(406)
Interest and dividends received	108	239
Income taxes paid	(551)	(466)
Net cash provided by operating activities	990	2,686
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,703)	(2,884)
Proceeds from sales of tangible fixed assets	6	505
Purchase of intangible assets	(14)	(11)
Other, net	3	216
Net cash used in investing activities	(2,708)	(2,174)
Cash flows from financing activities		
Proceeds from long-term debt	-	690
Repayment of long-term debt	(847)	(1,220)
Increase (decrease) in short-term borrowings	2,932	(188)
Other, net	(2)	(12)
Net cash provided by (used in) financing activities	2,083	(730)
Effect of exchange rate changes on cash and cash equivalents	(677)	170
Net increase (decrease) in cash and cash equivalents	(312)	(48)
Cash and cash equivalents at beginning of year	7,529	7,577
Cash and cash equivalents at end of year	¥ 7,217	¥ 7,529

Consolidated Statements of Shareholders' Equity

FY2007 (Apr'07-Mar'08)

	Shareholders' Equity					Yen (millions)
	Common stock	Capital surplus	Retained earnings (Deficit)	Treasury stock	Total shareholders' equity	
Beginning balance	¥ 22,756	¥ 17,167	¥ (33,015)	¥ (29)	¥ 6,879	
Increase(decrease)during the term:						
Net income (loss)			(3,106)		(3,106)	
Acquisition of treasury stock				(2)	(2)	
Net increase(decrease)during the term,except for items under shareholders'equity						
Total	-	-	(3,106)	(2)	(3,108)	
Ending balance	¥ 22,756	¥ 17,167	¥ (36,121)	¥ (31)	¥ 3,771	

	Valuation and Translation Ajustments				Minority interests in consolidated subsidiaries	Total Net Assets
	Unrealized gains (losses) on securities, net of taxes	Deferred gains(losses) on hedges	Foreign currency translation adjustments	Total Valuation and translation adjustments		
Beginning balance	¥ 20	¥ (5)	¥ (97)	¥ (82)	¥ 48	¥ 6,845
Increase(decrease)during the term:						
Net income (loss)						(3,106)
Acquisition of treasury stock						(2)
Net increase(decrease)during the term,except for items under shareholders'equity	(14)	5	(1,151)	(1,160)	(6)	(1,166)
Total	(14)	5	(1,151)	(1,160)	(6)	(4,274)
Ending balance	¥ 6	¥ (0)	¥ (1,248)	¥ (1,242)	¥ 42	¥ 2,571

FY2006 (Apr'06-Mar'07)

	Shareholders' Equity					Yen (millions)
	Common stock	Capital surplus	Retained earnings (Deficit)	Treasury stock	Total shareholders' equity	
Beginning balance	¥ 22,756	¥ 17,167	¥ (33,145)	¥ (25)	¥ 6,753	
Increase(decrease)during the term:						
Net income (loss)			130		130	
Acquisition of treasury stock				(4)	(4)	
Net increase(decrease)during the term,except for items under shareholders'equity						
Total	-	-	130	(4)	126	
Ending balance	¥ 22,756	¥ 17,167	¥ (33,015)	¥ (29)	¥ 6,879	

	Valuation and Translation Ajustments				Minority interests in consolidated subsidiaries	Total Net Assets
	Unrealized gains (losses) on securities, net of taxes	Deferred gains(losses) on hedges	Foreign currency translation adjustments	Total Valuation and translation adjustments		
Beginning balance	¥ 22	¥ -	¥ (435)	¥ (413)	¥ 558	¥ 6,898
Increase(decrease)during the term:						
Net income (loss)						130
Acquisition of treasury stock						(4)
Net increase(decrease)during the term,except for items under shareholders'equity	(2)	(5)	338	331	(510)	(179)
Total	(2)	(5)	338	331	(510)	(53)
Ending balance	¥ 20	¥ (5)	¥ (97)	¥ (82)	¥ 48	¥ 6,845

Consolidated Business Segment Information

		Yen (millions)	
		FY2007 (Apr'07-Mar'08)	FY2006 (Apr'06-Mar'07)
Electronic Materials	Net Sales		
	Unaffiliated Customers	¥ 86,325	¥ 94,123
	Intersegment	-	-
	Total	86,325	94,123
	Operating Income (Loss)	657	(468)
Batteries	Net Sales		
	Unaffiliated Customers	27,343	27,414
	Intersegment	-	-
	Total	27,343	27,414
	Operating Income	1,252	1,703
Elimination	Net Sales	-	-
	Operating Income	-	-
Total	Net Sales		
	Unaffiliated Customers	¥ 113,668	¥ 121,537
	Intersegment	-	-
	Total	¥ 113,668	¥ 121,537
	Operating Income (Loss)	¥ 1,909	¥ 1,235

Consolidated Geographic Segment Information

		Yen (millions)	
		FY2007 (Apr'07-Mar'08)	FY2006 (Apr'06-Mar'07)
Japan	Net Sales		
	Unaffiliated Customers	¥ 56,873	¥ 59,398
	Intersegment	12,891	12,547
	Total	69,764	71,945
	Operating Income (Loss)	641	643
Asia	Net Sales		
	Unaffiliated Customers	51,839	57,577
	Intersegment	26,259	26,790
	Total	78,098	84,367
	Operating Income	1,367	1,092
North America	Net Sales		
	Unaffiliated Customers	1,879	1,858
	Intersegment	-	-
	Total	1,879	1,858
	Operating Income	73	11
Europe	Net Sales		
	Unaffiliated Customers	3,077	2,704
	Intersegment	81	72
	Total	3,158	2,776
	Operating Income	37	49
Elimination	Net Sales	(39,231)	(39,409)
	Operating Income	(209)	(560)
Total	Net Sales		
	Unaffiliated Customers	¥ 113,668	¥ 121,537
	Intersegment	-	-
	Total	¥ 113,668	¥ 121,537
	Operating Income (Loss)	¥ 1,909	¥ 1,235

Net Overseas Sales by Customer's Geographic Location

		Yen (millions)	
		FY2007 (Apr'07-Mar'08)	FY2006 (Apr'06-Mar'07)
Asia		¥ 55,297	¥ 60,615
North America		5,293	6,058
Other countries		8,462	6,502
Total		¥ 69,052	¥ 73,175

Business Results

(1) Analysis of Consolidated Business Results

1. Overview

The electronic device market showed steady growth with the global expansion of the digital equipment market with products such as LCD (liquid crystal display) TVs, mobile phones, digital cameras and so on. While raw material prices remained at the high levels of last year, the market situation became tougher due to the further decline in prices of LCD TVs and the soaring fluctuation of the exchange rate in the fourth-quarter.

Under these circumstances, FDK Group further promoted its production innovation activities throughout the entire operation to secure cost competitiveness and to adjust for fluctuations in production. Regarding the development and production of new products, we proceeded with the development of products based on material technologies such as multilayer power chip inductors and high frequency products. We also expanded production capacity of multilayer power chip inductors in the Sanyo Plant. This market is expected to grow in the future.

As for business performance this fiscal year, sales of our core products, like motors, optical devices and electronic devices for mobile phones such as multilayer chip inductors, increased. However, net sales were 1,136 million yen, a 6.5% decrease from the previous year as sales of LCD-related products decreased in the fourth quarter.

Due to increased sales of high value-added applied material technology products, improvement in manufacturing efficiency and cost cutting, operating income totaled 1,909 million yen, a 54.6% increase from the previous year. However, due to the increase in other expenses, such as exchange losses reflecting appreciation of the yen relative to the dollar and the posting of 233 million yen as an allowance from closing a consolidated subsidiary in Taiwan, the loss before income tax was 2,574 million yen. Net loss was 3,106 million yen.

2. Electronic Device Business

In the electronic devices area, sales of multilayer power chip inductors increased from the previous year due to the growth in the market, while we expanded the product lineups and extended production lines. Sales of optical devices increased from the previous year due to the acquisition of orders for submarine cables. Sales of motors increased for digital camera and optical pickup use while sales for use in office automation equipment and automobiles remained the same as the previous year. Sales of LCD signal processing modules and LCD backlight inverter modules decreased significantly from the previous year as pressure from set makers to cut prices became tougher and overseas manufacturers proceeded to manufacture these products themselves.

As a result, sales for the electronic device business were 86,325 million yen, a 8.3% decrease from the previous year.

3. Battery Business

The battery business continued to develop new products to satisfy customers and sought to develop new technologies for high performance, safety, and environmentally-friendly batteries. Regarding the business environment for the battery market, prices of raw materials, such as zinc and nickel, remained high continuously while the price of manganese increased. Under these circumstances, sales of alkaline batteries decreased for the North American market, but increased for the domestic market. Since FDK actively engaged in sales efforts, especially on the “G.D.R.series”, we secured approximately the same sales totals as the previous year. Sales of

lithium batteries decreased from the previous year.

As a result, sales for the battery business were 27,342 million yen, the same as the previous year.

4. Forecast for the Fiscal Year Ending March 31, 2009

The influence of the U.S. sub-prime mortgage crisis may cause a decline in personal consumption in the USA and a slowdown of the economy in many countries in FY2008. We expect that the sales of digital appliances, such as flat panel TVs and mobile phones will be influenced by the slowdown of the economy. In addition, market competition among set makers of flat panel TVs is expected to become more severe and thus our business environment will be tough in the FY 2008.

At the beginning of FY 2008, our sales and profits are not expected to grow since raw material costs are expected to remain high, and the sales prices of LCD related products will fall 20% annually, and the numbers of those sales are expected to fall. However, after the second quarter, sales of alkaline batteries are expected to increase as we will enter the outdoor seasons and then Christmas seasons.

In addition, we expect an increase in sales of profitable products such as electronic devices, with multilayer chip inductors, high frequency devices for mobile phones, and DC - DC converters. This is due to our continuing expansion of production capacity and the increased number of products that can be created. Furthermore, we will work vigorously on cost cutting activities in areas such as design review, procurement, and standardization

As for the forecast of net sales in FY2008, FDK targets net sales at 1,128 million yen and net income at 300 million yen. Regarding the yen-dollar exchange rate for FY2008, FDK set a 100 yen per dollar.

Our consolidated forecasts for the year ending March 31, 2009 (FY2008) are as follows:

	(Millions of yen except per share data)	
	Year ending	Change from the year
	<u>March 31, 2009</u>	<u>ending March 31, 2008 (%)</u>
Net sales	¥112,800	0.8%
Operating income	2,800	+46.7%
Net income	300	-
Net income per share	2.35yen	-

(2) Analysis of Financial Condition

Cash Flow Condition

Cash flows from operating activities increased 990 million yen from the end of the previous fiscal year. This was due to an increase in cash from improved collection of accounts receivable and a decrease in inventories, though cash and cash equivalents decreased due to the decrease in accounts payable.

Cash flows from investing activities decreased 2,708 million yen from the end of the previous fiscal year due to the investment in production facilities for multilayer power chip inductors and similar activities.

Cash flows from financing activities increased 2,083 million yen from the end of the previous fiscal year due to the increase in short-term borrowing.

As a result, the balance of cash and cash equivalents at the end of fiscal year 2007 was 7,217 million yen, a decrease of 312 million yen from the end of the previous fiscal year.