

July 26, 2007

FY 2007 First Quarter Consolidated Financial Results
(April 1, 2007 to June 30, 2007)

FDK CORPORATION

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

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

Contact : Corporate Communication Office, Business Strategy & Planning Dept.

E-mail : niida@fdk.co.jp

U.S.GAPP is not applied

1.Consolidated Operating Results for the First Quarter in FY2007**(1) Consolidated Statements of Operations**

	Yen (millions)		Change(%)	Yen	U.S.Dollars
	1Q/FY2007	1Q/FY2006		(millions)	(millions)
Net sales	27,381	28,805	-4.9	¥121,537	\$222.61
Operating income(loss)	(519)	(266)	-	1,235	(\$4.22)
Income(loss) before income taxes and minority interests	(610)	(681)	-	630	(\$4.96)
Net income (loss)	(735)	(824)	-	130	(\$5.98)
Amounts Per Share Of Common Stock					
Basic Earnings (Loss)	(5.75) yen	(6.44) yen		1.02 yen	(4.7cent)
Diluted Earnings	-	-		-	-

(2) Consolidated Financial Position

	Yen (millions)		Yen
	2007/6/30	2006/6/30	FY2006
Total Assets	¥73,998	¥71,529	¥74,780
Total Net Assets	¥6,909	5,797	6,845
Shareholders' Equity Ratio	9.3%	7.3%	9.1%
Shareholders' Equity Per Share	(32.42) yen	(40.63) yen	(32.86) yen

Note:

Total net assets per share was calculated by excluding 11 billion yen obtained by the allocation of new shares to the third party as preferred shares.

(3) Consolidated Statements of Cash Flows

	Yen (millions)		Yen
	1Q/FY2007	1Q/FY2006	FY2006
Cash flows from operating activities	(393)	1,792	2,686
Cash flows from investing activities	(806)	(842)	(2,174)
Cash flows from financing activities	(658)	(2,728)	(730)
Cash and cash equivalents at end of period	5,942	5,733	7,529

(Note for the consolidated operating results: from 1(1)a to 1(3))

- All amounts less than one million yen have been disregarded.
- The percentages in the above statements present rate of change compared with corresponding period of the previous year.
- All yen figures have been converted to U.S.dollars for convenience only at the rate of \$1=123 yen

2. Consolidated Financial Forecasts for the year ending March 31, 2008(FY2007)

(Millions of yen, except per share data)

	Year ending 31-Mar-08	Changes from the year ending 31-Mar-07(%)
Net Sales	¥127,000	+4.5
Operating Income	3,750	+203.5
Net Income	1,200	+823.0
Net Income per Share	9.38 yen	-

Note 1: The forecast for the year ending March 31, 2008 is unchanged from April 27, 2007

Note 2: For the use of the above forecast

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 scope of consolidation during the period : No
- (2) Adoption of simplified accounting methods: Yes
- (3) Changes in accounting treatment since the most recent fiscal year : Yes

Consolidated Statements of Operations

	Yen (millions)		
	1Q/FY2007	1Q/FY2006	FY2006
	(Apr-Jun'07)	(Apr-Jun'06)	(Apr'06-Mar'07)
Net sales	¥ 27,381	¥ 28,805	¥ 121,537
Operating costs and expenses			
Cost of sales	25,150	26,425	109,562
Selling, general and administrative expenses	2,750	2,646	10,740
	<u>27,900</u>	<u>29,071</u>	<u>120,302</u>
Operating income (loss)	(519)	(266)	1,235
Other income (expenses)			
Interest and dividend income	18	26	224
Equity in earnings (losses) of affiliates, net	0	25	72
Interest charges	(171)	(118)	(474)
Other, net	62	(348)	(427)
	<u>(91)</u>	<u>(415)</u>	<u>(605)</u>
Income (loss) before income taxes and minority interests	(610)	(681)	630
Income taxes			
Current	135	122	462
Deferred	(14)	16	19
	<u>121</u>	<u>138</u>	<u>481</u>
Income (loss) before minority interests	(731)	(819)	149
Minority interests in income of consolidates subsidiaries	(4)	(5)	(19)
	<u>(735)</u>	<u>(824)</u>	<u>130</u>
Net income (loss)	¥ (735)	¥ (824)	¥ 130

Consolidated Balance Sheets

	Yen (millions)		
	30-Jun-07	30-Jun-06	31-Mar-07
Assets			
Current assets			
Cash and time deposit	¥ 5,953	¥ 5,748	¥ 7,543
Notes receivable-trade	1,417	1,146	1,788
Accounts receivable-trade	27,815	26,092	27,417
Inventories	9,988	9,691	8,889
Deferred tax assets	148	150	91
Other current assets	2,729	3,025	3,479
Less: Allowance for doubtful receivable	(35)	(45)	(35)
Total current assets	48,015	45,807	49,172
Tangible fixed assets			
Building and structures	8,257	8,458	8,028
Other depreciable assets	9,815	9,701	9,722
Land	4,398	4,449	4,360
Construction in progress	355	137	387
Total tangible fixed assets	22,825	22,745	22,497
Intangible assets	615	670	638
Investments and long-term loans			
Securities investments	133	129	134
Deferred tax assets	125	101	160
Other investments and long-term loans	2,285	2,077	2,179
Total investments	2,543	2,307	2,473
Total assets	¥ 73,998	¥ 71,529	¥ 74,780
Liabilities			
Current liabilities			
Notes Payable-trade	¥ 372	¥ 162	¥ 352
Account payable-trade	26,195	27,954	26,969
Short-term borrowings	28,292	25,720	28,199
Current portion of long-term debt	961	1,406	1,384
Accrued income taxes	142	206	281
Other current liabilities	4,779	4,057	4,440
Total current liabilities	60,741	59,505	61,625
Long-term liabilities			
Long-term debt	686	817	721
Accrued retirement benefits	5,571	5,316	5,499
Other long-term liabilities	91	94	90
Total long-term liabilities	6,348	6,227	6,310
Total liabilities	67,089	65,732	67,935
Net assets			
Shareholders' equity			
Common stock	22,756	22,756	22,756
Capital surplus	17,167	17,167	17,167
Retained earnings(Deficit)	(33,750)	(33,969)	(33,015)
Treasury stock	(30)	(25)	(29)
Total shareholders' equity	6,143	5,929	6,879
Valuation and translation adjustments			
Unrealized gains (losses) on securities, net of taxes	19	18	20
Deferred gains (losses) on hedges	(5)	(11)	(5)
Foreign currency translation adjustments	695	(687)	(97)
Total Valuation and translation adjustments	709	(680)	(82)
Minority interests in consolidated subsidiaries	57	548	48
Total net assets	6,909	5,797	6,845
Total liabilities and net assets	¥ 73,998	¥ 71,529	¥ 74,780

Consolidated Statements of Cash Flows

	Yen (millions)		
	1Q/FY2007	1Q/FY2006	FY2006
	(Apr-Jun'07)	(Apr-Jun'06)	(Apr'06-Mar'07)
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	¥ (610)	¥ (681)	¥ 630
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities			
Depreciation and amortization	876	780	3,377
Equity in earnings of affiliates, net	(0)	(25)	(72)
(Increase) decrease in receivable-trade	1,156	2,996	1,875
(Increase) decrease in inventories	(841)	(537)	478
Increase (decrease) in payable-trade	(1,958)	(394)	(2,092)
Other, net	1,393	(88)	(877)
Cash generated from operations	16	2,051	3,319
Interest paid	(171)	(118)	(406)
Interest and dividends received	41	26	239
Income taxes paid	(279)	(167)	(466)
Net cash provided by operating activities	(393)	1,792	2,686
Cash flows from investing activities			
Purchase of tangible fixed assets	(841)	(910)	(2,884)
Proceeds from sales of tangible fixed assets	1	9	505
Purchase of intangible assets	-	(0)	(11)
Other, net	34	59	216
Net cash used in investing activities	(806)	(842)	(2,174)
Cash flows from financing activities			
Proceeds from long-term debt	-	-	690
Repayment of long-term debt	(540)	(337)	(1,220)
Increase (decrease) in short-term borrowings	(117)	(2,382)	(188)
Other, net	(1)	(9)	(12)
Net cash provided by (used in) financing activities	(658)	(2,728)	(730)
Effect of exchange rate changes on cash and cash equivalents	270	(66)	170
Net increase (decrease) in cash and cash equivalents	(1,587)	(1,844)	(48)
Cash and cash equivalents at beginning of period	7,529	7,577	7,577
Cash and cash equivalents at end of period	¥ 5,942	¥ 5,733	¥ 7,529

Consolidated Statements of Changes in Net Assets

1Q/FY2007 (Apr-Jun'07)

	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)			(735)		(735)	
Acquisition of treasury stock				(1)	(1)	
Net increase(decrease)during the term,except for items under shareholders'equity						
Total	-	-	(735)	(1)	(736)	
Ending balance	¥ 22,756	¥ 17,167	¥ (33,750)	¥ (30)	¥ 6,143	

	Valuation and Translation Adjustments				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)						(735)
Acquisition of treasury stock						(1)
Net increase(decrease)during the term,except for items under shareholders'equity	(1)	0	792	791	9	800
Total	(1)	0	792	791	9	64
Ending balance	¥ 19	¥ (5)	¥ 695	¥ 709	¥ 57	¥ 6,909

1Q/FY2006 (Apr-Jun'06)

	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)			(824)		(824)	
Acquisition of treasury stock				(0)	(0)	
Net increase(decrease)during the term,except for items under shareholders'equity						
Total	-	-	(824)	(0)	(824)	
Ending balance	¥ 22,756	¥ 17,167	¥ (33,969)	¥ (25)	¥ 5,929	

	Valuation and Translation Adjustments				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)						(824)
Acquisition of treasury stock						(0)
Net increase(decrease)during the term,except for items under shareholders'equity	(4)	(11)	(252)	(267)	(10)	(277)
Total	(4)	(11)	(252)	(267)	(10)	(1,101)
Ending balance	¥ 18	¥ (11)	¥ (687)	¥ (680)	¥ 548	¥ 5,797

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 Adjustments				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

Business Results

(1) Qualitative Information of Consolidated Operating Results

Overview

The production adjustment for the large-sized LCD TVs which started during the last fourth-quarter continued in the first quarter of FY2007 and caused the severe market situation for the FDK Group (hereinafter called "FDK")

Affected by decreased orders from this production adjustment, net sales for the first quarter were 27,381 million yen, a 4.9% decrease from the same period last year.

Operating loss was 519 million yen, affected by the decreased amount of net sales. Loss before income taxes and minority interests was 610 million yen and net loss was 735 million yen.

Electronic Device Business

Although the sales of signal processing modules for LCDs used for PCs, mobile telephones and so on were the same as for the same period last year, those of backlight inverter modules for LCDs and coil devices fell short of the same period last year. Sales of multilayer power chip inductors, which FDK focused on, were increased due to the adoption of the modules in mobile phones. Sales of motors also increased, especially on the compact models. Sales of switching power supplies were decreased to the amount of the same period last year as FDK began to narrow down the product lines.

As a result, sales of the electronic device business segment were 21,899 million yen, a 5.6 % decreased from the same period last year.

Battery Business

Although FDK actively promoted alkaline batteries both in the domestic and overseas markets, their sales were decreased from the same period last year due to the high appreciation of material costs and the postponed orders that were expected from overseas companies in the first quarter. Sales of lithium batteries increased.

As a result, sales of the battery business segment were 5,482 million yen, a 2.4% decrease from the same period last year.

(2) Qualitative Information of Consolidated Financial Forecast

Since the second quarter began, the LCD TV market finally turned to a growth trend from an adjustment trend, and the sales of our products were affected by that change. In addition, the products for mobile phones are expected to grow, especially for the multilayer chip power inductors.

As for the battery business, FDK expects to receive the postponed orders from overseas companies and also expects increased demand from holiday events in summer and Christmas sales. Thus, FDK expects to grow sales and profits.

With the prospect of a steady increase in the sales of both segments, no change is made to the figures announced on April 26, 2007.

In the fiscal year 2007, demand for digital equipment such as LCD TVs and mobile phones is expected to continue growing; therefore, the electronic component and device market will be continuously expanded by the growth of the digital equipment market.