

January 31, 2007

FY 2006 Nine-Month Consolidated Financial Results

(April 1, 2006 to December 31, 2006)

FDK CORPORATION

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

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U.S.GAPP is not applied

1.Items Relevant to Preparation of Quarterly Financial Results**(1)Adoption of simplified accounting methods: Yes**

Calculation of taxes including corporate tax - adopted the methods used effective tax rate.

(2)Changes in accounting policies: No**(3)Changes in scope of consolidation or application of equity method: No****2.Consolidated Operating Results for the Nine Month Period of FY2006 (April 1, 2006 to December 31, 2006)****a. Results of Consolidated Operations**

	Yen (millions)			Yen (millions)	U.S.Dollars (millions)
	Nine months ended Dec. 31, 2006	Nine months ended Dec. 31, 2005	Change(%)	FY2005	Nine months ended Dec. 31, 2006
Net Sales	¥94,728	¥88,436	+7.1	¥118,109	\$796.03
Operating Income(Loss)	962	1,078	-10.8	967	\$8.08
Income(Loss) Before Income Taxes And Minority Interests	595	26	-	(2,502)	\$5.00
Net Income (Loss)	113	(572)	-	(3,326)	\$0.95
Net Loss Per Share Of Common Stock					
Basic Earnings (Loss)	0.88 yen	(4.47) yen	-	(26.00) yen	0.74 cent

(Notes)

1.The percentage in the above statement presents rate of change compared with corresponding period of the previous year.

2. All yen figures have been converted to U.S.dollars for convenience only at a uniform rate of \$1=119 yen

b. Summary of Consolidated Financial Condition

	Yen (millions)		Yen (millions)
	As of Dec.31, 2006	As of Dec.31, 2005	As of Mar. 31, 2006
Total Assets	¥80,769	¥81,247	¥76,616
Total Net Assets	6,966	-	-
Shareholder's Equity	-	9,015	6,340
Shareholder's Equity Ratio	8.5%	11.1%	8.3%
Shareholder's Equity Per Share	(32.26)	(15.51)	(36.42)

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.

c. Summary of Consolidated Statements of Cash Flows

	Yen (millions)		Yen (millions)
	Nine months ended Dec. 31, 2006	Nine months ended Dec. 31, 2005	FY2005
Cash Flows from Operating Activities	¥3,936	¥6,018	3,352
Cash Flows from Investing Activities	(1,587)	(2,435)	(3,509)
Cash Flows from Financing Activities	(877)	(4,085)	(2,636)
Cash and Cash Equivalents at End of Term	9,328	9,907	7,577

3.Reference - Forecasts for the fiscal year ending March 31, 2007

Consolidated Financial Forecast			(Ref. Result of FY2005)
	Yen (millions)	Changes from FY2005	Yen (millions)
Net Sales	¥125,400	+6.2%	¥118,109
Net Income(Loss)	200	-	(3,326)
Net Income(Loss) per Share	1.56 yen	-	(26.00) yen

Note: The forecast for the year ending March 31, 2007 are unchanged from Oct. 26, 2006 though sales price of LCD TV are continuously decreased and it is anticipated on the occurrence of temporary production adjustment in the LCD market. FDK will make his effort to achieve forecasted performance.

Note for the use of our 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)		
	3Q/FY2006	3Q/FY2005	FY2005
	(Apr-Dec'06)	(Apr-Dec'05)	(Apr'05-Mar'06)
Net sales	¥ 94,728	¥ 88,436	¥ 118,109
Operating costs and expenses			
Cost of sales	85,447	79,055	106,271
Selling, general and administrative expenses	8,319	8,303	10,871
	<u>93,766</u>	<u>87,358</u>	<u>117,142</u>
Operating income	962	1,078	967
Other income (expenses)			
Interest and dividend income	122	54	75
Equity in earnings (losses) of affiliates, net	64	31	39
Interest charges	(362)	(560)	(641)
Other, net	(191)	(577)	(2,942)
	<u>(367)</u>	<u>(1,052)</u>	<u>(3,469)</u>
Income (loss) before income taxes and minority interests	595	26	(2,502)
Income taxes			
Current	467	543	755
Deferred	(18)	35	45
	<u>449</u>	<u>578</u>	<u>800</u>
Income (loss) before minority interests	146	(552)	(3,302)
Minority interests in income of consolidated subsidiaries	(33)	(20)	(24)
	<u></u>	<u></u>	<u></u>
Net income (loss)	<u>¥ 113</u>	<u>¥ (572)</u>	<u>¥ (3,326)</u>

Consolidated Balance Sheets

	Yen (millions)		
	31-Dec-06	31-Dec-05	31-Mar-06
Assets			
Current assets			
Cash and time deposit	¥ 9,352	¥ 9,937	¥ 7,598
Notes receivable-trade	1,510	1,046	976
Accounts receivable-trade	30,600	29,046	29,677
Inventories	10,196	10,199	9,252
Deferred tax assets	123	98	161
Other current assets	3,176	3,981	2,897
Less: Allowance for doubtful receivable	(37)	(88)	(45)
Total current assets	54,920	54,219	50,516
Tangible fixed assets			
Building and structures	8,084	9,450	8,625
Other depreciable assets	10,084	9,895	9,652
Land	4,353	4,427	4,471
Construction in progress	197	154	195
Total tangible fixed assets	22,718	23,926	22,943
Intangible assets	655	710	695
Investments and long-term loans			
Securities investments	136	132	238
Deferred tax assets	166	179	109
Other investments and long-term loans	2,174	2,081	2,115
Total investments	2,476	2,392	2,462
Total assets	¥ 80,769	¥ 81,247	¥ 76,616
Liabilities			
Current liabilities			
Notes Payable-trade	¥ 248	¥ 236	¥ 173
Account payable-trade	33,045	32,662	28,813
Short-term borrowings	27,856	24,621	28,159
Current portion of long-term debt	1,324	3,090	1,444
Accrued income taxes	436	347	292
Other current liabilities	4,307	4,015	4,336
Total current liabilities	67,216	64,971	63,217
Long-term liabilities			
Long-term debt	1,024	1,427	1,162
Accrued retirement benefits	5,471	5,202	5,237
Other long-term liabilities	92	87	102
Total long-term liabilities	6,587	6,716	6,501
Total liabilities	73,803	71,687	69,718
Net assets			
Shareholders' equity			
Common stock	22,756		
Capital surplus	17,167		
Retained earnings(Deficit)	(33,032)		
Treasury stock	(28)		
Total shareholders' equity	6,863		
Valuation and translation adjustments			
Unrealized gains on securities, net of taxes	22		
Deferred gains (losses) on hedges	(14)		
Foreign currency translation adjustments	0		
Total Valuation and translation adjustments	8		
Minority interests in consolidated subsidiaries	95		
Total net assets	6,966		
Total liabilities and net assets	¥ 80,769		
Minority interests in consolidated subsidiaries	-	545	558
Shareholders' equity			
Common stock	-	22,756	22,756
Capital surplus	-	17,135	17,167
Retained earnings(Deficit)	-	(30,391)	(33,145)
Unrealized gains on securities, net of taxes	-	22	22
Foreign currency translation adjustments	-	(483)	(435)
Treasury stock	-	(24)	(25)
Total shareholders' equity	-	9,015	6,340
Total Liabilities, minority interests and shareholders' equity	-	¥ 81,247	¥ 76,616

Consolidated Statements of Cash Flows

	Yen (millions)		
	3Q/FY2006	3Q/FY2005	FY2005
	(Apr-Dec'06)	(Apr-Dec'05)	(Apr'05-Mar'06)
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	¥ 595	¥ 26	¥ (2,502)
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities			
Depreciation and amortization	2,544	2,691	3,470
Equity in earnings of affiliates, net	(64)	(31)	(39)
(Increase) decrease in receivable-trade	(823)	(4,432)	(4,954)
(Increase) decrease in inventories	(768)	(1,802)	(815)
Increase (decrease) in payable-trade	3,575	9,585	5,657
Other, net	(570)	1,111	3,992
Cash generated from operations	4,489	7,148	4,809
Interest paid	(336)	(566)	(658)
Interest and dividends received	137	54	75
Income taxes paid	(354)	(539)	(795)
Other, net	-	(79)	(79)
Net cash provided by operating activities	3,936	6,018	3,352
Cash flows from investing activities			
Purchase of tangible fixed assets	(2,332)	(2,367)	(3,415)
Proceeds from sales of tangible fixed assets	472	1	309
Purchase of intangible assets	(8)	(13)	(27)
Other, net	281	(56)	(376)
Net cash used in investing activities	(1,587)	(2,435)	(3,509)
Cash flows from financing activities			
Proceeds from issuance of new common stock	-	7,000	7,000
Proceeds from long-term debt	690	1	1
Repayment of long-term debt	(997)	(4,754)	(6,727)
Increase (decrease) in short-term borrowings	(558)	(6,314)	(2,923)
Other, net	(12)	(18)	13
Net cash provided by (used in) financing activities	(877)	(4,085)	(2,636)
Effect of exchange rate changes on cash and cash equivalents	279	533	494
Net increase (decrease) in cash and cash equivalents	1,751	31	(2,299)
Cash and cash equivalents at beginning of year	7,577	9,876	9,876
Cash and cash equivalents at end of year	¥ 9,328	¥ 9,907	¥ 7,577

Consolidated Statements of Shareholders' Equity

3Q/FY2006 (Apr-Dec'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)			113		113	
Acquisition of treasury stocks				(3)	(3)	
Net increase(decrease)during the term,except for items under shareholders'equity						
Total	-	-	113	(3)	110	
Ending balance	¥ 22,756	¥ 17,167	¥ (33,032)	¥ (28)	¥ 6,863	

	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)						113
Acquisition of treasury stocks						(3)
Net increase(decrease)during the term,except for items under shareholders'equity						
	0	(14)	435	421	(463)	(42)
Total	0	(14)	435	421	(463)	68
Ending balance	¥ 22	¥ (14)	¥ 0	¥ 8	¥ 95	¥ 6,966

3Q/FY2005 (Apr-Dec'05) and FY2005 (Apr'05-Mar'06)

	Yen (millions)	
	3Q/FY2005	FY2005
Common Stock:		
Beginning balance	¥ 19,256	¥ 19,256
Increase from capital stock issued	3,500	3,500
Ending balance	¥ 22,756	¥ 22,756
Capital Surplus:		
Beginning balance	¥ 13,635	¥ 13,635
Increase in capital surplus from capital stock issued	3,500	3,500
Others	-	32
Ending balance	¥ 17,135	¥ 17,167
Retained Earnings(Deficit)		
Beginning balance	¥ (29,893)	¥ (29,893)
Increase in earnings from change of overseas subsidiary's functional currency	74	74
Net income(loss)	(572)	(3,326)
Ending balance	¥ (30,391)	¥ (33,145)
Unrealized Gains(losses) on Securities,net of taxes:		
Beginning balance	¥ 16	¥ 16
Net increase in unrealized gain(loss) on securities	6	6
Ending balance	¥ 22	¥ 22
Foreign Currency Translation Adjustments:		
Beginning balance	¥ (1,759)	¥ (1,759)
Net increase in foreign currency transaction adjustment	1,276	1,324
Ending balance	¥ (483)	¥ (435)
Treasury Stock:		
Beginning balance	¥ (21)	¥ (21)
Net decrease(increase) Treasury stock	(3)	(4)
Ending balance	¥ (24)	¥ (25)

Consolidated Business and Financial Results

Business Performance Overview

For the first nine months of FY2006, FDK Group achieved consolidated net sales of 94,728 million yen, a 7.1% increase from the same period last year. The increase was due to the extensive sales promotion and the development of new products for flat panel display and the mobile market, with the expanding sales of alkaline batteries both at domestic and overseas market. Consolidated income before income taxes was 595 million yen and consolidated net income for the first nine months was 113 million yen which turned into the black, though operating income was 962 million yen, a 10.8 % decrease from the same period last year due to the loss posted in the first quarter.

Electronic Device Business

In the electronic device business segment, sales of LCD backlight inverter modules and timing control boards for LCDs were largely increased by growth in demand for large LCD TVs from the same period last year. Sales of multilayer power chip inductors were increased from the same period last year by expanding the product lineup and strengthening the sales activities for the mobile market. Sales of motors also increased due to the extensive sales promotion on digital cameras, automobiles, and OA equipment.

As a result, sales for the electronic device business segment were 73,573 million yen, a 4.0% increase from the same period last year.

Battery Business

Under tough price competition, we promoted new alkaline batteries, the “G.D.R. series,” which were developed as a reflection of customer needs in the domestic market. Sales of alkaline batteries in North America and Europe were increased. Sales of lithium batteries for disaster-prevention equipment were also increased.

As a result, sales for the battery business segment were 21,155 million yen, a 19.4 % increase from the same period last year.

Cash Flow Condition

Cash flows from operating activities for the nine months grew 3,936 million yen by increasing earning retention and promotion of efficient working capital.

Cash flows from investment activities in the nine months decreased 1,587 million yen due to the investment in production facilities for LCD backlight inverter modules.

Cash flows from financing activities for the nine months decreased 877 million yen due to the redemption of borrowing.

As a result, the balance of cash and cash equivalents at December 31, 2006 was 9,328 million yen, an increase of 1,751 million yen from the balance at March 31, 2006 .