

January 31, 2008

**FY 2007 Nine-Month Consolidated Financial Results**  
(April 1, 2007 to December 31, 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 &amp; Planning Dept.

E-mail : [niida@fdk.co.jp](mailto:niida@fdk.co.jp)

U.S.GAPP is not applied

The Consolidated Financial Results is unaudited

**1.Consolidated Operating Results for the Nine Month Period in FY2007****(1) Consolidated Statements of Operations**

	Yen (millions)		Change(%)	Yen	U.S.Dollars
	Nine months ended Dec.31, 2007	Nine months ended Dec.31, 2006		(millions)	(millions)
				FY2006	Nine months ended Dec.31, 2007
Net sales	¥88,793	¥94,728	-6.3	¥121,537	\$778.89
Operating income(loss)	1,989	962	+106.7	1,235	\$17.45
Income(loss) before income taxes and minority interests	21	595	-96.5	630	\$0.18
Net income (loss)	(452)	113	-	130	(\$3.96)
<b>Amounts Per Share Of Common Stock</b>					
Basic Earnings (Loss)	(3.53) yen	0.88 yen		1.02 yen	(3.1cent)
Diluted Earnings	-	-		-	-

**(2) Consolidated Financial Position**

	Yen (millions)		Yen
	As of Dec. 31, 2007	As of Dec. 31, 2006	(millions)
			FY2006
Total Assets	¥76,554	¥80,769	¥74,780
Total Net Assets	6,458	6,966	6,845
Shareholders' Equity Ratio	8.4%	8.5%	9.1%
Shareholders' Equity Per Share	(35.98) yen	(32.26) 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
	Nine months ended Dec. 31, 2007	Nine months ended Dec. 31, 2006	(millions)
			FY2006
Cash flows from operating activities	180	3,936	2,686
Cash flows from investing activities	(2,260)	(1,587)	(2,174)
Cash flows from financing activities	1,904	(877)	(730)
Cash and cash equivalents at end of period	7,296	9,328	7,529

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

1.All amounts less than one million yen have been disregarded.

2.The percentages in the above statements present rate of change compared with corresponding period of the previous year.

3. All yen figures have been converted to U.S.dollars for convenience only at the rate of \$1=114 yen

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

(Millions of yen, except per share data)

	<u>Year ending 31-Mar-08</u>	<u>Changes from the year ending 31-Mar-07(%)</u>
Net Sales	¥122,200	0.5
Operating Income	3,700	199.6
Net Income	800	515.4
Net Income per Share	6.25 yen	-

Note : 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)		
	3Q/FY2007	3Q/FY2006	FY2006
	(Apr-Dec'07)	(Apr-Dec'06)	(Apr'06-Mar'07)
<b>Net sales</b>	¥ 88,793	¥ 94,728	¥ 121,537
<b>Operating costs and expenses</b>			
Cost of sales	78,477	85,447	109,562
Selling, general and administrative expenses	8,327	8,319	10,740
	<u>86,804</u>	<u>93,766</u>	<u>120,302</u>
<b>Operating income</b>	1,989	962	1,235
<b>Other income (expenses)</b>			
Interest and dividend income	62	122	224
Equity in earnings (losses) of affiliates, net	14	64	72
Interest charges	(459)	(362)	(474)
Other, net	(1,585)	(191)	(427)
	<u>(1,968)</u>	<u>(367)</u>	<u>(605)</u>
<b>Income before income taxes and minority interests</b>	21	595	630
<b>Income taxes</b>			
Current	460	467	462
Deferred	(7)	(18)	19
	<u>453</u>	<u>449</u>	<u>481</u>
<b>Income (loss) before minority interests</b>	(432)	146	149
<b>Minority interests in income of consolidated subsidiaries</b>	(20)	(33)	(19)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net income (loss)</b>	<u>¥ (452)</u>	<u>¥ 113</u>	<u>¥ 130</u>

## Consolidated Balance Sheets

		Yen (millions)		
		31-Dec-07	31-Dec-06	31-Mar-07
<b>Assets</b>				
<b>Current assets</b>				
	Cash and time deposit	¥ 7,314	¥ 9,352	¥ 7,543
	Notes receivable-trade	1,497	1,510	1,788
	Accounts receivable-trade	29,728	30,600	27,417
	Inventories	9,662	10,196	8,889
	Deferred tax assets	142	123	91
	Other current assets	3,053	3,176	3,479
	Less: Allowance for doubtful receivable	(21)	(37)	(35)
	<b>Total current assets</b>	<b>51,375</b>	<b>54,920</b>	<b>49,172</b>
Operat	<b>Tangible fixed assets</b>			
	Building and structures	7,852	8,084	8,028
	Other depreciable assets	9,323	10,084	9,722
	Land	4,351	4,353	4,360
	Construction in progress	413	197	387
	<b>Total tangible fixed assets</b>	<b>21,939</b>	<b>22,718</b>	<b>22,497</b>
	<b>Intangible assets</b>	<b>598</b>	<b>655</b>	<b>638</b>
Income	<b>Investments and long-term loans</b>			
	Securities investments	253	136	134
	Deferred tax assets	110	166	160
	Other investments and long-term loans	2,279	2,174	2,179
	<b>Total investments</b>	<b>2,642</b>	<b>2,476</b>	<b>2,473</b>
	<b>Total assets</b>	<b>¥ 76,554</b>	<b>¥ 80,769</b>	<b>¥ 74,780</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
	Notes Payable-trade	¥ 440	¥ 248	¥ 352
	Account payable-trade	26,935	33,045	26,969
	Short-term borrowings	31,124	27,856	28,199
	Current portion of long-term debt	450	1,324	1,384
	Accrued income taxes	305	436	281
	Other current liabilities	4,493	4,307	4,440
	<b>Total current liabilities</b>	<b>63,747</b>	<b>67,216</b>	<b>61,625</b>
<b>Long-term liabilities</b>				
	Long-term debt	571	1,024	721
	Accrued retirement benefits	5,696	5,471	5,499
	Other long-term liabilities	82	92	90
	<b>Total long-term liabilities</b>	<b>6,349</b>	<b>6,587</b>	<b>6,310</b>
	<b>Total liabilities</b>	<b>70,096</b>	<b>73,803</b>	<b>67,935</b>
<b>Net assets</b>				
<b>Shareholders' equity</b>				
	Common stock	22,756	22,756	22,756
	Capital surplus	17,167	17,167	17,167
	Retained earnings(deficit)	(33,467)	(33,032)	(33,015)
	Treasury stock	(31)	(28)	(29)
	<b>Total shareholders' equity</b>	<b>6,425</b>	<b>6,863</b>	<b>6,879</b>
<b>Valuation and translation adjustments</b>				
	Unrealized gains on securities, net of taxes	12	22	20
	Deferred gains (losses) on hedges	(1)	(14)	(5)
	Foreign currency translation adjustments	(39)	0	(97)
	<b>Total Valuation and translation adjustments</b>	<b>(28)</b>	<b>8</b>	<b>(82)</b>
	<b>Minority interests in consolidated subsidiaries</b>	<b>61</b>	<b>95</b>	<b>48</b>
	<b>Total net assets</b>	<b>6,458</b>	<b>6,966</b>	<b>6,845</b>
	<b>Total liabilities and net assets</b>	<b>¥ 76,554</b>	<b>¥ 80,769</b>	<b>¥ 74,780</b>

## Consolidated Statements of Cash Flows

	Yen (millions)		
	3Q/FY2007	3Q/FY2006	FY2006
	(Apr-Dec'07)	(Apr-Dec'06)	(Apr'06-Mar'07)
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	¥ 21	¥ 595	¥ 630
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities			
Depreciation and amortization	2,656	2,544	3,377
Equity in earnings of affiliates, net	(14)	(64)	(72)
(Increase) decrease in receivable-trade	(1,986)	(823)	1,875
<b>Opera</b> (Increase) decrease in inventories	(783)	(768)	478
Increase (decrease) in payable-trade	85	3,575	(2,092)
Other, net	1,087	(570)	(877)
Cash generated from operations	1,066	4,489	3,319
Interest paid	(497)	(336)	(406)
Interest and dividends received	85	137	239
Income taxes paid	(474)	(354)	(466)
<b>Income</b> Net cash provided by operating activities	180	3,936	2,686
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	(2,256)	(2,332)	(2,884)
Proceeds from sales of tangible fixed assets	10	472	505
Purchase of intangible assets	(9)	(8)	(11)
Other, net	(5)	281	216
Net cash used in investing activities	(2,260)	(1,587)	(2,174)
<b>Cash flows from financing activities</b>			
Proceeds from long-term debt	-	690	690
Repayment of long-term debt	(983)	(997)	(1,220)
Increase (decrease) in short-term borrowings	2,889	(558)	(188)
Other, net	(2)	(12)	(12)
Net cash provided by (used in) financing activities	1,904	(877)	(730)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(57)	279	170
<b>Net increase (decrease) in cash and cash equivalents</b>	(233)	1,751	(48)
<b>Cash and cash equivalents at beginning of year</b>	7,529	7,577	7,577
<b>Cash and cash equivalents at end of period</b>	¥ 7,296	¥ 9,328	¥ 7,529

## Consolidated Statements of Shareholders' Equity

### 3Q/FY2007 (Apr-Dec'07)

	Shareholders' Equity					Total Net Assets
	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)			(452)		(452)	
Acquisition of treasury stock				(2)	(2)	
Net increase(decrease)during the term,except for items under shareholders'equity			(452)	(2)	(454)	
Total	¥ 22,756	¥ 17,167	¥ (33,467)	¥ (31)	¥ 6,425	
Ending balance						
Operating income						
	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 ajustments		
Beginning balance	¥ 20	¥ (5)	¥ (97)	¥ (82)	¥ 48	¥ 6,845
Increase(decrease)during the term:						
Net income (loss)						(452)
Acquisition of treasury stock						(2)
Net increase(decrease)during the term,except for items under shareholders'equity	(8)	4	58	54	13	67
Total	(8)	4	58	54	13	(387)
Ending balance	¥ 12	¥ (1)	¥ (39)	¥ (28)	¥ 61	¥ 6,458

### 3Q/FY2006 (Apr-Dec'06)

	Shareholders' Equity					Total Net Assets
	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 stock				(3)	(3)	
Net increase(decrease)during the term,except for items under shareholders'equity			113	(3)	110	
Total	¥ 22,756	¥ 17,167	¥ (33,032)	¥ (28)	¥ 6,863	
Ending balance						
	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 ajustments		
Beginning balance	¥ 22	¥ -	¥ (435)	¥ (413)	¥ 558	¥ 6,898
Increase(decrease)during the term:						
Net income (loss)						113
Acquisition of treasury stock						(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

### FY2006 (Apr'06-Mar'07)

	Shareholders' Equity					Total Net Assets
	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			130	(4)	126	
Total	¥ 22,756	¥ 17,167	¥ (33,015)	¥ (29)	¥ 6,879	
Ending balance						
	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 ajustments		
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**

#### **1. Overview**

The market environment around the FDK Group steadily grew due to the worldwide growth in electronic devices, though flat panel TVs carried out the production adjustment and the price pressure for electronic devices were increased in the third quarter.

As for the operational results for the nine months of this fiscal year, net sales were 88,793 million yen, a 6.3% decrease from the same period last year, due to the influence of the production adjustment for large flat panel televisions. Operating income was 1,989 million yen, doubled from the same period last year, due to cost improvements from production innovation activities and group cost cutting. However, due to the increase in other expenses and the influence of the high value of the yen, income before income taxes and minority interests was 21 million yen. Net loss was 452 million yen.

Divisional sales overview is reported as follows.

#### **2. Electronic Device Business**

Sales of signal processing modules for LCDs decreased from the same period last year due to the decreased sales price and the production adjustment for large screen LCD TVs, though sales of PCs and mobile phones increased. Sales of LCD backlight inverter modules remained the same as the same period last year due to the effect of the production adjustment for large screen LCD TVs and the intensified competition with Taiwan and Korean companies. Sales of switching power supplies decreased from the same period last year.

Sales of multilayer power chip inductors greatly increased, especially for the mobile phone market, from the same period last year. Sales of optical devices increased from the same period last year due to the acquisition of orders for submarine cable. Sales of motors increased from the same period last year, especially for digital cameras.

As a result, sales for the electronic device business were 68,132 million yen, a decrease of 7.4% compared with the same period last year.

#### **3. Battery Business**

Sales of alkaline batteries decreased from the same period last year due to decreased sales in the year-end shopping season, though FDK strengthened promotional activities including promotional campaigns on its Fujitsu Alkaline Battery "G.D.R. Series" in Japan and sales activities for major customers in the U.S.A. Sales of lithium batteries also decreased from the same period last year.

As a result, sales for the battery business were 20,661 million yen, a decrease of 2.3% compared with the same period last year.

### **(2) Qualitative Information of Consolidated Financial Condition**

#### **Cash Flow Condition**

Cash flows from operating activities increased 180 million yen from the beginning of this fiscal year due to the increase in depreciation and amortization and in payable-trade despite the increase in receivable-trade and in inventories.

Cash flows from investment activities decreased 2,260 million yen from the beginning

of this fiscal year due to the investment in production facilities for LCD backlight inverter modules, coil devices, multilayer power chip inductors and so on.

Cash flows from financing activities increased 1,904 million yen from the beginning of this fiscal year due to an increase in short-term borrowing.

As a result, the balance of cash and cash equivalents at the end of the nine month period of FY2007 was 7,296 million yen, a decrease of 233 million yen from the balance at the beginning of this fiscal year.