

Consolidated Financial Results for the First Quarter Ended June 30, 2015  
(April 1, 2015 to June 30, 2015)

FDK CORPORATION

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

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

Address : Shinagawa Crystal Square Bldg., 1-6-41 Konan, Minato-ku, Tokyo 108-8212 Japan

Contact : Corporate Communication Office, General Affairs Dept.

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

The Consolidated Financial Results is unaudited/U.S. GAPP is not applied

1. Consolidated Results for the Three-Months Period Ended June 30, 2015

a. Consolidated Statements of Income

	Yen (millions)			Yen (millions)	U.S.Dollars (millions)
	Three months ended June 30, 2014	Three months ended June 30, 2015	Change (%)	FY2014, ended Mar. 31, 2015	Three months ended June 30, 2015
Net Sales	16,614	19,355	16.5	76,365	\$158.03
Operating Income	24	390	-	2,211	\$3.18
Ordinary Income (Loss)	(127)	452	-	504	\$3.69
Profit attributable to owners of parent	23	441	-	961	\$3.60

Amounts Per Share of Common Stock:

Basic Earnings	0.08 yen	1.58 yen	3.43 yen	1.23 cent
Diluted Earnings	- yen	- yen	- yen	- cent

b. Net Sales by Business Segment

	Yen (millions)	Yen (millions)	Yen (millions)	U.S.Dollars (millions)
	Three months ended June 30, 2014	Three months ended June 30, 2015	FY2014, ended Mar. 31, 2015	Three months ended June 30, 2015
Batteries	10,936	12,220	50,909	\$99.77
Electronic Devices	5,678	7,135	25,455	\$58.25
Total	16,614	19,355	76,365	\$158.03

c. Consolidated Financial Position

	Yen (millions)	
	As of March 31, 2015	As of June 30, 2015
Total Assets	57,256	58,077
Total Net Assets	8,578	9,360
Shareholders' Equity	7,899	8,673
Shareholders' Equity Ratio	13.8 %	14.9 %

**d. Consolidated Statements of Cash Flows**

	Yen (millions)	
	Three months ended June 30, 2014	Three months ended June 30, 2015
<b>Cash Flows from Operating Activities</b>	512	985
<b>Cash Flows from Investing Activities</b>	(197)	(705)
<b>Cash Flows from Financing Activities</b>	(125)	(425)
<b>Cash and Cash Equivalents at End of Period</b>	5,157	4,724

(Notes for the Consolidated Operating Results (from 1.a to 1.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 122.48 yen=\$1
3. The percentage in this statement presents rate of change compared with the same period last year.

**2. Consolidated Financial Forecast for the fiscal year 2015 ending March. 31, 2016**

(Million of yen, except per share data)

	FY2015	Change from FY2014	FY2014
Net Sales (Loss)	80,000	4.8 %	76,365
Operating Income (Loss)	2,300	4.0	2,211
Ordinary Income	1,400	177.6 %	504
Profit attributable to owners of parent	1,000	4.0 %	961
Net Income per Share	3.57 yen	-	3.43 yen

**Note for the use of the above forecasted business results.**

The financial forecast described above is based upon information available as of April 28, 2015.

**3. Others**

**(1) Changes in material subsidiaries during the period: No**

Consolidated Subsidiaries	14 companies
Unconsolidated Subsidiaries (equity method applied)	3 companies
Affiliates (equity method applied only)	2 companies

**(2) Adoption of accounting procedures specific to the preparation of quarterly consolidated financial statements: No**

**(3) Changes in accounting policies, changes in accounting estimates, and restatements**

- 1) Changes in accounting policies due to the amendment of accounting standards: Yes
- 2) Other changes in accounting policies: No
- 3) Changes in accounting estimates: No
- 4) Restatement: No

**(4) Number of shares outstanding (common stock)**

- 1) Number of shares outstanding at the end of periods.  
June 30, 2015: 280,363,026 shares      March 31, 2015: 280,363,026 shares
- 2) Number of treasury shares at the end of each period  
June 30, 2015: 254,123 shares      March 31, 2015: 250,566 shares
- 3) Weighted average number of shares outstanding in each period.  
June 30, 2015: 280,110,692 shares      June 30, 2014: 280,120,546 shares

## Consolidated Balance Sheets

### Millions of yen

	FY2014 Mar. 31, 2015	1Q/FY2015 June 30, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,758	4,724
Notes and accounts receivable-trade	20,993	20,131
Merchandise and finished goods	3,307	4,115
Work in process	2,422	2,483
Raw materials and supplies	1,909	2,222
Deferred tax assets	188	210
Other	2,560	3,014
Allowance for doubtful accounts	(99)	(111)
Total current assets	36,039	36,791
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	7,580	7,544
Machinery, equipment and vehicles, net	4,766	4,637
Tools, furniture and fixtures, net	1,019	1,000
Land	2,735	2,746
Lease assets, net	1,504	1,478
Construction in progress	767	1,028
Total property, plant and equipment	18,373	18,436
Intangible assets	591	562
Investments and other assets		
Investment securities	194	302
Long-term loans receivable	1	1
Net defined benefit asset	630	611
Deferred tax assets	85	76
Other	1,340	1,294
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,251	2,286
Total non-current assets	21,216	21,285
<b>Total assets</b>	57,256	58,077
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	14,900	15,495
Short-term loans payable	17,280	16,980
Lease obligations	466	447
Accounts payable-other	2,364	3,356
Income taxes payable	288	181
Other	3,652	2,864
Total current liabilities	38,951	39,325
<b>Non-current liabilities</b>		
Lease obligations	1,003	932
Deferred tax liabilities	214	210
Net defined benefit liability	5,184	5,098
Long-term accounts payable - other	3,162	2,977
Other	161	171
Total non-current liabilities	9,726	9,391
<b>Total liabilities</b>	48,678	48,716
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(41,910)	(41,468)
Treasury stock	(44)	(44)
Total shareholders' equity	8,969	9,410
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	34	40
Foreign currency translation adjustment	2,521	2,821
Remeasurements of defined benefit plans	(3,625)	(3,599)
Total accumulated other comprehensive income	(1,069)	(736)
<b>Non Controlling Interest</b>	678	687
<b>Total net assets</b>	8,578	9,360
<b>Total liabilities and net assets</b>	57,256	58,077

**Consolidated Statements of Income**  
**Millions of yen**

	1Q/FY2014	1Q/FY2015
	April 14 - June 14	April 15 - June 15
<b>Net sales</b>	16,614	19,355
Cost of sales	13,909	16,053
<b>Gross profit</b>	2,705	3,302
Selling, general and administrative expenses	2,680	2,911
<b>Operating income (loss)</b>	24	390
Non-operating income		
Interest income	8	5
Foreign exchange gains	-	106
Amortization of negative goodwill	189	-
Rent income	49	21
Share of profit of entities accounted for using equity method	-	2
Other	36	33
Total non-operating income	285	169
Non-operating expenses		
Interest expenses	31	30
Foreign exchange losses	99	-
Share of loss of entities accounted for using equity method	251	-
Loss on retirement of non-current assets	7	18
Other	46	59
Total non-operating expenses	437	108
<b>Ordinary income (loss)</b>	(127)	452
Extraordinary income		
Subsidy income	147	-
Total extraordinary income	147	-
<b>Income before income taxes</b>	19	452
Income taxes-current	34	26
Income taxes-deferred	(33)	(22)
Total income taxes	0	3
Profit	18	448
Profit (loss) attributable to non-controlling interests	(4)	6
<b>Profit attributable to owners of parent</b>	23	441

Consolidated Statements of comprehensive income

Total accumulated other comprehensive income

	1Q/FY2014	1Q/FY2015
	April 14 - June 14	April 15 - June 15
Profit	18	448
Other comprehensive income		
Valuation difference on available-for-sale securities	6	6
Foreign currency translation adjustment	196	282
Remeasurements of defined benefit plans, net of tax	0	26
Share of other comprehensive income (loss) of associates accounted for using equity method	(16)	19
Other comprehensive income	186	334
Comprehensive income	205	783
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	188	774
Comprehensive income attributable to non-controlling interests	16	8

# Consolidated Statements of Cash Flows

## Millions of yen

	1Q/FY2014	1Q/FY2015
	April 14 - June 14	April 14 - June 15
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	19	452
Depreciation and amortization	679	600
Increase (decrease) in net defined benefit liability	(24)	(85)
Increase (decrease) in allowance for doubtful accounts	39	10
Interest and dividends income	(10)	(6)
Interest expenses	31	30
Foreign exchange losses (gains)	1	(2)
Share of (profit) loss of entities accounted for using equity method	251	(2)
Loss (gain) on sales of property, plant and equipment	(0)	0
Loss on retirement of non-current assets	7	18
Amortization of negative goodwill	(189)	-
Subsidy income	(147)	-
Decrease (increase) in notes and accounts receivable-trade	2,103	1,180
Decrease (increase) in inventories	(949)	(1,053)
Increase (decrease) in notes and accounts payable-trade	41	247
Increase (decrease) in accrued expenses	(758)	(662)
Other, net	(457)	387
Subtotal	638	1,198
Interest and dividends income received	10	6
Proceeds from subsidy income	147	-
Interest expenses paid	(31)	(29)
Income taxes paid	(251)	(105)
Net cash provided by (used in) operating activities	512	985
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	-	-
Proceeds from withdrawal of time deposits	-	-
Purchase of property, plant and equipment	(425)	(718)
Proceeds from sales of property, plant and equipment	226	10
Purchase of intangible assets	(3)	(8)
Purchase of investment securities	(0)	(0)
Purchase of shares of subsidiaries and associates	-	(0)
Other, net	4	11
Net cash provided by (used in) investing activities	(197)	(705)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(10)	(300)
Purchase of treasury stock	(0)	(0)
Proceeds from stock issuance to non- controlling shareholder	-	-
Repayments of finance lease obligations	(114)	(124)
Net cash provided by (used in) financing activities	(125)	(425)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(61)	112
<b>Net increase (decrease) in cash and cash equivalents</b>	127	(33)
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation</b>	-	-
<b>Cash and cash equivalents at beginning of period</b>	5,029	4,758
<b>Cash and cash equivalents at end of period</b>	5,157	4,724

Consolidated Business Segment Information  
Millions of yen

1Q/FY2014 April 14 - June 14

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	10,936	5,678	16,614	-	16,614
Intersegment	-	-	-	-	-
Total	10,936	5,678	16,614	-	16,614
Segment income (loss)	124	(100)	24	-	24

1Q/FY2015 April 15 - June 15

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	12,220	7,135	19,355	-	19,355
Intersegment	-	-	-	-	-
Total	12,220	7,135	19,355	-	19,355
Segment income (loss)	639	(248)	390	-	390

## **Business Results**

### **(1) Analysis of Consolidated Business Results**

#### **1.1 Overview**

The business environment of the FDK Group (“FDK”) during the first quarter ended June 30, 2015, the U.S and Japanese economy become a moderately recovering trend due to the recovery of individual consumptions through the recovery of the corporate earnings and the improvement of employment, though there were some negative factors such as instability of the European market and the slowing economic growth in emerging countries.

Under these circumstances, FDK has strived to extend the sales of the FUJITSU alkaline battery series and Ni-MH rechargeable battery series, which have been sold from the previous fiscal year in Japan. FDK started to sell these batteries overseas from this April and via the internet. We also strived to sell lithium batteries for disaster-related goods, security goods, and automotive applications in North American and European markets.

As for FDK’s business results in the first quarter, net sales were 19,355 million yen, increased by 2,741 million yen (16.5%) from the same period last year. It was achieved by the sales expansion of the above mentioned lithium batteries, the sales expansion of alkaline and Ni-MH rechargeable batteries in OEM sales overseas, the steady sales of signal processing modules for LCD displays for vehicle, industrial and tablet use.

With regard to profit and loss, operating income was 390 million yen (it was 24 million yen in the same period last year), increased by 366 million yen from the same period last year. It was achieved by the facilitation of corporate strength to be a more profitable structure under the high yen, the benefit of weaker yen and increased sales in lithium batteries by increased production. Ordinary income was 452 million yen (ordinary loss was 127 million yen in the same period last year). Profit attributable to owners of parent in the first quarter was 441 million yen, increased by 418 million yen from the same period last year (it was 23 million yen in the same period last year).

The divisional sales overview is as follows.

#### **1.2 Battery Business**

Sales of alkaline batteries increased from the same period last year, due to has started to expand in global consumer market from this April a new product that sale in Japan in the previous fiscal year and increased in sales OEM products in the global market. Sales of Ni-MH batteries increased from the same period last year due to the increase in sales for global consumer markets, industrial and automotive use. Sales of power storage systems increased from the same period last year due to the increase for backup use. Sales of lithium batteries went up from the same period last year, due to the increase in sales for disaster-related goods, security goods, and automotive applications in North American and European markets.

As a result, sales for the battery business were 12,220 million yen, increased by 1,284 million yen from the same period last year.

#### **1.3. Electronic Device Business**

Sales of coil devices decrease from the same period last year, while the sales for automotive use steadily increased, their sales for home appliances decreased. Sales of dc-dc converters increased from the same period last year, due to the steady increase in sales for servers, storages and network devices. Sales of piezoelectric products decreased from the same period last year, due to the sluggish digital camera market. Sales of signal processing modules for LCD displays increased from the same period last year, due to the steady increase in sales for automotive, industrial, and tablet terminals.

As a result, sales for the electronic device business were 7,135 million yen, increased by 1,457 million yen from the same period last year.

### **(2) Analysis of Financial Condition**

#### **2.1 Status of Assets, Liabilities and Net Assets**

Total assets at the end of first quarter of FY2015 increased by 821 million yen (1.4%) from the end of the previous fiscal year to 58,077 million yen. Current assets increased by 752 million yen (2.1%) from the end of the previous fiscal year to 36,791 million yen. Non-current assets increased by 68 million yen (0.3%) from the end of the previous fiscal year to 21,285 million yen. The principal causes for increased current assets were a 808 million



yen increase in merchandise and finished goods and a 313 million yen increase in raw materials and supplies. The principal cause for increased non-current assets was a 108 million yen increase in investment securities.

Total liabilities at the end of first quarter of FY2015 increased by 38 million yen (0.1%) from the end of the previous fiscal year to 48,716 million yen. Current liabilities increased by 373 million yen (1.0%) from the end of the previous fiscal year to 39,325 million yen. Non-current liabilities decreased by 390 million yen (-3.4%) from the end of the previous fiscal year to 9,391 million yen. The principal cause of increased current liabilities was a 992 million yen increase in accounts payable-other and a 595 million yen increase in notes and accounts payable-trade, though there was a 300 million yen decrease in short-term loans payable. The principal cause for decreased non-current liabilities was a 185 million yen decrease in long-term accounts payable – other.

The interest-bearing debt decreased by 390 million yen from the end of the previous fiscal year to 18,359 million yen.

Total net assets at the end of first quarter of FY2015 increased by 782 million yen (9.1%) from the end of the previous fiscal year to 9,360 million yen. The main factors for the increase in total net assets were a 441 million yen increase in retained earnings by posting a profit attributable to owners of parent and a 300 million yen increase in foreign currency translation adjustment.

## **2.2 Cash Flow Condition**

Net cash used in operating activities increased by 985 million yen from the beginning of this fiscal year due to an increase in cash and cash equivalents (“cash”) by posting the decrease in notes and accounts receivable-trade, the depreciation and amortization and the income before income taxes, though there was a decrease in cash by increase in inventories and decrease in accrued expenses (Net cash used in operating activities for the last fiscal year increased by 512 million yen from the beginning of the last fiscal year).

Net cash used in investment activities decreased by 705 million yen from the beginning of this fiscal year by Net decrease in short-term loans payable, purchasing the property, plant and equipment (Net cash used in investment activities for the last fiscal year decreased by 197 million yen from the beginning of the last fiscal year).

Net cash used in financing activities decreased by 425 million yen from the beginning of this fiscal year due to the decrease in short-term loans payable, repayments of finance lease obligations (Net cash used in financing activities for the last fiscal year decreased by 125 million yen from the beginning of the last fiscal year).

As a result, the balance of cash and cash equivalents on June 30, 2015 was 4,724 million yen, a decrease of 33 million yen from the beginning of this fiscal year.

## **3. Forecast for the Fiscal Year Ending March 31, 2016**

FDK has not changed its business forecast, which was announced on April 28, 2015. We will announce the revision promptly if it will be necessary in the future, by doing our best to collect various information including market trends.