

Consolidated Financial Results for the First Half of FY2015
(April 1, 2015 to September 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
The Consolidated Financial Results is unaudited/U.S. GAPP is not applied

1. Consolidated Results for the Six-Months Period Ended September 30, 2015

a. Consolidated Statements of Income

	Yen (millions)		Change (%)	Yen	U.S.Dollars
	Six months ended Sept. 30, 2014	Six months ended Sept 30, 2015		(millions) FY2014, ended Mar. 31, 2015	(millions) Six months ended Sept. 30, 2015
Net Sales	35,572	40,610	14.2	76,365	\$338.50
Operating Income	455	1,271	179.1	2,211	\$10.59
Ordinary Income (Loss)	419	1,174	179.9	504	\$9.79
Profit attributable to owners of parent	451	969	114.8	961	\$8.08

Amounts Per Share of Common Stock:

Basic Earnings	1.61 yen	3.46 yen	3.43 yen	2.89 cent
Diluted Earnings	- yen	- yen	- yen	- cent

b. Net Sales by Business Segment

	Yen	Yen	Yen	U.S.Dollars
	(millions) Six months ended Sept. 30, 2014	(millions) Six months ended Sept. 30, 2015	(millions) FY2014, ended Mar. 31, 2015	(millions) Six months ended Sept. 30 2015
Batteries	23,595	25,547	50,909	\$212.94
Electronic Devices	11,977	15,085	25,455	\$125.74
Total	35,572	40,610	76,365	\$338.50

c. Consolidated Financial Position

	Yen (millions)	
	As of March 31, 2015	As of Sept. 30, 2015
Total Assets	57,256	57,369
Total Net Assets	8,578	9,297
Shareholders' Equity	7,899	8,609
Shareholders' Equity Ratio	13.8 %	15.0 %

d. Consolidated Statements of Cash Flows

	Yen (millions)	
	Six months ended Sept. 30, 2014	Six months ended Sept. 30, 2015
	Cash Flows from Operating Activities	1,413
Cash Flows from Investing Activities	(810)	(911)
Cash Flows from Financing Activities	(650)	(1,833)
Cash and Cash Equivalents at End of Period	5,256	4,821

(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 119.97 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)	81,000	6.1 %	76,365
Operating Income (Loss)	2,300	4.0	2,211
Ordinary Income	1,700	237.1 %	504
Profit attributable to owners of parent	1,300	35.2 %	961
Net Income per Share	4.64 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 October 30, 2015.

3. Others

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

Consolidated Subsidiaries	14 companies
Unconsolidated Subsidiaries (equity method applied)	4 companies
Affiliates (equity method applied only)	1 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.
September 30, 2015: 280,363,026 shares March 31, 2015: 280,363,026 shares
- 2) Number of treasury shares at the end of each period
September 30, 2015: 257,052 shares March 31, 2015: 250,566 shares
- 3) Weighted average number of shares outstanding in each period.
September 30, 2015: 280,109,185 shares September 30, 2014: 280,119,060 shares

Consolidated Balance Sheets

Millions of yen

	FY2014 Mar. 31, 2015	1H/FY2015 Sep. 30, 2015
Assets		
Current assets		
Cash and deposits	4,758	4,821
Notes and accounts receivable-trade	20,993	20,932
Merchandise and finished goods	3,307	3,394
Work in process	2,422	2,979
Raw materials and supplies	1,909	2,184
Deferred tax assets	188	197
Other	2,560	1,992
Allowance for doubtful accounts	(99)	(112)
Total current assets	36,039	36,389
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,580	7,515
Machinery, equipment and vehicles, net	4,766	4,612
Tools, furniture and fixtures, net	1,019	1,009
Land	2,735	2,728
Leased assets, net	1,504	2,003
Construction in progress	767	468
Total property, plant and equipment	18,373	18,337
Intangible assets	591	563
Investments and other assets		
Investment securities	194	223
Long-term loans receivable	1	1
Net defined benefit asset	630	595
Deferred tax assets	85	75
Other	1,340	1,183
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,251	2,079
Total non-current assets	21,216	20,980
Total assets	57,256	57,369
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,900	15,964
Short-term loans payable	17,280	15,700
Lease obligations	466	539
Accounts payable-other	2,364	2,710
Income taxes payable	288	293
Other	3,652	3,321
Total current liabilities	38,951	38,529
Non-current liabilities		
Lease obligations	1,003	1,361
Deferred tax liabilities	214	205
Net defined benefit liability	5,184	5,056
Long-term accounts payable - other	3,162	2,797
Other	161	120
Total non-current liabilities	9,726	9,541
Total liabilities	48,678	48,071
Net assets		
Shareholders' equity		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(41,910)	(40,940)
Treasury shares	(44)	(45)
Total shareholders' equity	8,969	9,938
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34	43
Foreign currency translation adjustment	2,521	2,181
Remeasurements of defined benefit plans	(3,625)	(3,554)
Total accumulated other comprehensive income	(1,069)	(1,328)
Non-controlling interests	678	688
Total net assets	8,578	9,297
Total liabilities and net assets	57,256	57,369

Consolidated Statements of Income
Millions of yen

	1H/FY2014	1H/FY2015
	Apr 14 - Sep 14	Apr 15 - Sep 15
Net sales	35,572	40,610
Cost of sales	29,484	33,557
Gross profit	6,088	7,052
Selling, general and administrative expenses	5,633	5,781
Operating income	455	1,271
Non-operating income		
Interest income	20	16
Foreign exchange gains	114	286
Amortization of negative goodwill	379	-
Rent income	99	42
Other	87	56
Total non-operating income	701	402
Non-operating expenses		
Interest expenses	71	63
Share of loss of entities accounted for using equity method	509	154
Loss on retirement of non-current assets	36	182
Other	119	97
Total non-operating expenses	737	498
Ordinary income	419	1,174
Extraordinary income		
Subsidy income	147	-
Gain on transfer of business	70	-
Total extraordinary income	217	-
Income before income taxes	637	1,174
Income taxes-current	129	191
Income taxes-deferred	(46)	(4)
Total income taxes	175	196
Profit	462	978
Profit attributable to non-controlling interests	11	8
Profit attributable to owners of parent	451	969

Consolidated Statements of comprehensive income
Total accumulated other comprehensive income

	1H/FY2014	1H/FY2015
	Apr 14 - Sep 14	Apr 15 - Sep 15
Profit	462	978
Other comprehensive income		
Valuation difference on available-for-sale securities	4	10
Foreign currency translation adjustment	1,122	(319)
Remeasurements of defined benefit plans, net of tax	2	71
Share of other comprehensive income (loss) of entities accounted for using equity method	69	(19)
Other comprehensive income (loss)	1,198	(257)
Comprehensive income	1,661	720
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,624	710
Comprehensive income attributable to non-controlling interests	36	10

Consolidated Statements of Cash Flows
Millions of yen

	1H/FY2014	1H/FY2015
	Apr'14-Sep'14	Apr'15-Sep'15
Cash flow from operating activities		
Income (loss) before income taxes	637	1,174
Depreciation and amortization	1,479	1,219
Increase (decrease) in provision for retirement benefits	-	-
Increase (decrease) in net defined benefit liability	(63)	(128)
Increase (decrease) in allowance for doubtful accounts	41	14
Interest and dividend income	(21)	(17)
Interest expenses	71	63
Foreign exchange losses (gains)	(5)	0
Share of (profit) loss of entities accounted for using equity method	509	154
Loss (gain) on sales of property, plant and equipment	(1)	0
Loss on retirement of non-current assets	36	182
Amortization of negative goodwill	(379)	-
Subsidy income	(147)	-
Loss (gain) on transfer of business	(70)	-
Decrease (increase) in notes and accounts receivable-trade	797	(247)
Decrease (increase) in inventories	(990)	(920)
Increase (decrease) in notes and accounts payable-trade	200	1,208
Increase (decrease) in accrued expenses	16	147
Other, net	(529)	324
Subtotal	1,580	3,176
Interest and dividend income received	21	17
Proceeds from subsidy income	147	-
Interest expenses paid	(71)	(66)
Income taxes paid	(265)	(225)
Net cash provided by (used in) operating activities	1,413	2,902
Cash flow from investing activities		
Payments into time deposits	-	-
Proceeds from withdrawal of time deposits	-	-
Purchase of property, plant and equipment	(1,113)	(1,509)
Proceeds from sales of property, plant and equipment	231	664
Purchase of intangible assets	(7)	(46)
Purchase of investment securities	(1)	(2)
Proceeds from share of subsidiaries and associates	-	-
Purchase of shares of subsidiaries and associates	-	(0)
Proceeds from transfer of business	100	-
Other, net	(19)	(18)
Net cash provided by (used in) investing activities	(810)	(911)
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	(410)	(1,580)
Purchase of treasury stock	(0)	(0)
Proceeds from stock issuance to minority shareholders	-	-
Repayments of finance lease obligations	(240)	(252)
Net cash provided by (used in) financing activities	(650)	(1,833)
Effect of exchange rate change on cash and cash equivalents	275	(93)
Net increase (decrease) in cash and cash equivalents	227	63
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	-
Cash and cash equivalents at beginning of period	5,029	4,758
Cash and cash equivalents at end of period	5,256	4,821

Consolidated Business Segment Information
Millions of yen

1H/FY2014 Apr 14 - Sep 14

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	23,595	11,977	35,572	-	35,572
Intersegment	-	-	-	-	-
Total	23,595	11,977	35,572	-	35,572
Segment income (loss)	700	(244)	455	-	455

1H/FY2015 Apr 15 - Sep 15

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	25,547	15,063	40,610	-	40,610
Intersegment	-	-	-	-	-
Total	25,547	15,063	40,610	-	40,610
Segment income (loss)	1,570	(299)	1,271	-	1,271

Business Results

(1) Analysis of Consolidated Business Results

1.1 Overview

The business environment of the FDK Group (“FDK”) during the first half ended September 30, 2015, Japanese economy remained uncertain condition as the recovery in personal consumption was delay though the recovery in corporate earnings and improvement of employment was seen. In addition, there were some negative factors such as instability of the European market and the slowing economic growth in China, though the U.S economy continued in recovering trend due to the recovery of domestic consumptions through the recovery of the corporate earnings and the improvement of employment.

Under these circumstances, FDK has continued to extend the sales of the FUJITSU alkaline battery series and FUJITSU Ni-MH rechargeable battery series in Japan as well as overseas via the internet, which have been sold from the previous fiscal year in Japan. As for Ni-MH batteries, we strived to sell for industrial use. As for lithium batteries, we strived to sell for disaster-related goods, security goods, and automotive applications in North American and European markets, where the demands for these items have strong demand. While proceeded the smooth transfer of power supply business from Fujitsu Telecom Networks completed its acquisition on July 1, we strived to expand sales of various products for automotive applications and to develop new business for automotive.

As for FDK’s business results in the first half, net sales were 40,610 million yen, increased by 5,038 million yen (14.2%) from the same period last year. It was achieved by the continued sales expansion from the previous fiscal year of the above mentioned Ni-MH rechargeable batteries and lithium batteries, the sales expansion of alkaline in OEM sales overseas, the steady sales of signal processing modules for LCD displays for industrial and LCD televisions.

With regard to profit and loss, operating income was 1,271 million yen, increased by 815 million yen (179.1%) from the same period last year. It was achieved by the operating income expansion of Ni-MH rechargeable batteries and lithium batteries by increased sales expansion. Ordinary income was 1,174 million yen, by increased by 755 million yen (179.9%) from the same period last year). It was achieved by the post of foreign exchange gain in non-operating income. Profit attributable to owners of parent in the first half was 969 million yen, increased by 518 million yen (114.8%) from the same period last year.

Ref: Comparison of Consolidated Financial Results

(million yen)

	Net Sales	Sales cost ratio (%)	Operating Income	Ordinary Income	Profit attributable to owners of parent
FY2011 1H (6 months)	41,836	86.7	251	-76	-134
FY2012 1H (6 months)	35,109	89.4	-1,626	-1,723	-1,566
FY2013 1H (6 months)	39,308	83.8	1,049	985	484
FY2014 1H (6 months)	35,572	82.9	455	419	451
FY2015 1H (6 months)	40,610	82.6	1,271	1,174	969
Compared to the same period last year	5,038	-0.3	815	755	518

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 strived to the sales in Japan and global consumer market a new product that sale in Japan in the previous fiscal year and increased in sales OEM products etc. 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 25,547 million yen, increased by 1,952 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 industrial, and LCD televisions.

As a result, sales for the electronic device business were 15,063 million yen, increased by 3,085 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 half of FY2015 increased by 113 million yen (0.2%) from the end of the previous fiscal year to 57,369 million yen. Current assets increased by 349 million yen (1.0%) from the end of the previous fiscal year to 36,389 million yen. Non-current assets decreased by 236 million yen (-1.1%) from the end of the previous fiscal year to 20,980 million yen. The principal causes for increased current assets were a 556 million yen increase in work in process and a 274 million yen increase in raw materials and supplies. The principal cause for decreased non-current assets were a 36 million yen decrease in property, plant and equipment and a 34 million yen decrease in net defined benefit asset.

Total liabilities at the end of first half of FY2015 decreased by 606 million yen (-1.2%) from the end of the previous fiscal year to 48,071 million yen. Current liabilities decreased by 422 million yen (-1.1%) from the end of the previous fiscal year to 38,529 million yen. Non-current liabilities decreased by 184 million yen (-1.9%) from the end of the previous fiscal year to 9,541 million yen. The principal cause of decreased current liabilities was a 1,580 million yen decrease in short-term loans payable, though there was a 1,064 million yen increase in notes and accounts payable-trade. The principal cause for decreased non-current liabilities was a 365 million yen decrease in long-term accounts payable - other and a 128 million yen increase in net defined benefit liability, though there was a 358 million yen increase in lease obligations.

The interest-bearing debt decreased by 1,149 million yen from the end of the previous fiscal year to 17,601 million yen.

Total net assets at the end of first half of FY2015 increased by 719 million yen (8.4%) from the end of the previous fiscal year to 9,297 million yen. The main factors for the increase in total net assets were a 969 million yen increase in retained earnings by posting a profit attributable to owners of parent, though there was a 339 million yen decrease in foreign currency translation adjustment.

2.2 Cash Flow Condition

Net cash used in operating activities increased by 2,902 million yen from the beginning of this fiscal year due to an increase in cash and cash equivalents (“cash”) by posting the increase in income before income taxes, the depreciation and the increase in notes and accounts payable-trade, though there was a decrease in cash by increase in inventories (Net cash used in operating activities for the last fiscal year increased by 1,413 million yen from the beginning of the last fiscal year).

Net cash used in investment activities decreased by 911 million yen from the beginning of this fiscal year by the payments into time deposits (Net cash used in investment activities for the last fiscal year increased by 1,413 million yen from the beginning of the last fiscal year).

Net cash used in financing activities decreased by 1,833 million yen from the beginning of this fiscal year due to the decrease in short-term loans payable (Net cash used in financing activities for the last fiscal year decreased by 650 million yen from the beginning of the last fiscal year).

As a result, the balance of cash and cash equivalents on September 30, 2015 was 4,821 million yen, a increase of 63 million yen from the beginning of this fiscal year.

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

Please refer to the “Announcement of the Revised Financial Forecast” announced on October 28, 2015.