

Fiscal Year 2014 Consolidated Financial Results
(April 1, 2014 to March 31, 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 Depart.
E-mail: hirano@fdk.co.jp
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The Consolidated Financial Results is unaudited/U.S. GAPP is not applied

1. Consolidated Results for FY2014 ended March 31, 2015

a. Consolidated Statements of Income

	Yen (millions)		Change (%)	U.S.Dollars (millions)
	FY2013 (4/1/13-3/31/14)	FY2014 (4/1/14-3/31/15)		FY2014 (4/1/14-3/31/15)
Net Sales	76,624	76,365	-0.3 %	\$634.95
Operating Income (loss)	1,448	2,211	52.7	\$18.38
Ordinary Income	1,471	504	-65.7	\$4.19
Net Income	1,060	961	-9.3	\$7.99
Amounts Per Share of Common Stock:				
Basic Earnings	4.88 yen	3.43 yen		2.85 cent
Diluted Earnings	- yen	- yen		-

b. Consolidated Financial Position

	Yen (millions)	
	As of Mar. 31, 2014	As of Mar. 31, 2015
Total Assets	55,294	57,256
Total Net Assets	6,508	8,578
Shareholders' Equity	8,174	8,969
Shareholders' Equity Ratio	10.6 %	13.8 %
Shareholders' Equity Per Share	21.00 yen	28.20 yen

c. Consolidated Statements of Cash Flows

	Yen (millions)	
	FY2013 (4/1/13-3/31/14)	FY2014 (4/1/14-3/31/15)
Cash Flows from Operating Activities	4,375	1,894
Cash Flows from Investing Activities	(2,363)	(111)
Cash Flows from Financing Activities	(2,127)	(2,717)
Cash and Cash Equivalents at End of Period	5,029	4,758

d. Net Sales by Business Segment

	Yen (millions)	Yen (millions)	U.S.Dollars (millions)
	FY2013 (4/1/13-3/31/14)	FY2014 (4/1/14-3/31/15)	FY2014 (4/1/14-3/31/15)
Batteries	48,188	50,909	\$423.29
Electronic Devices	28,435	25,455	\$211.65
Total	76,624	76,365	\$634.95

(Notes for the Consolidated Operating Results (from 1.a to 1.d))

- All amounts less than one million yen have been disregarded.
- U.S. dollar amounts are translated from yen, for convenience only, at the rate of \$1=120.27 yen
- The percentage in this statement presents rate of change compared with the previous fiscal year.

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

(Million of yen, except per share data)

	<u>FY2015</u>	<u>Change from FY2014</u>
Net Sales	80,000	4.8 %
Operating Income	2,300	4.0 %
Ordinary Income	1,400	177.6 %
Net Income Attributable to Owners of Parent Company	1,000	4.0 %
Net Income per Share	3.57 yen	- yen

3. Others

(1) Changes in significant subsidiaries during the period: Yes.

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

(2) 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

(3) Number of shares outstanding (common stock)

- 1) Number of shares outstanding at the end of fiscal year. (including treasury shares)
March 31, 2015: 280,363,026 shares March 31, 2014: 280,363,026 shares
- 2) Number of treasury shares at the end of fiscal year
March 31, 2015: 250,566 shares March 31, 2014: 241,366 shares
- 3) Weighted average number of shares outstanding during the fiscal year ended March 31 of each year
March 31, 2015: 280,117,119 shares March 31, 2014: 217,441,135 shares

Consolidated Balance Sheets

Millions of yen

	FY2013 Mar 31, 2014	FY2014 Mar 31, 2015
Assets		
Current assets		
Cash and deposits	5,029	4,758
Notes and accounts receivable-trade	18,726	20,993
Merchandise and finished goods	2,226	3,307
Work in process	2,952	2,422
Raw materials and supplies	1,906	1,909
Deferred tax assets	244	188
Other	1,627	2,560
Allowance for doubtful accounts	(61)	(99)
Total current assets	32,651	36,039
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,486	7,580
Machinery, equipment and vehicles, net	4,994	4,766
Tools, furniture and fixtures, net	855	1,019
Land	2,557	2,735
Lease assets, net	1,225	1,504
Construction in progress	568	767
Total property, plant and equipment	17,687	18,373
Intangible assets	677	591
Investments and other assets		
Investment securities	1,910	194
Long-term loans receivable	1	1
Net defined benefit asset	785	630
Deferred tax assets	224	85
Other	1,356	1,340
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	4,278	2,251
Total non-current assets	22,642	21,216
Total assets	55,294	57,256
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,224	14,900
Short-term loans payable	19,510	17,280
Lease obligations	386	466
Accounts payable-other	2,156	2,364
Income taxes payable	252	288
Other	2,875	3,652
Total current liabilities	38,405	38,951
Non-current liabilities		
Lease obligations	1,002	1,003
Deferred tax liabilities	289	214
Net defined benefit liability	4,274	5,184
Negative goodwill	569	-
Long-term accounts payable - other	3,929	3,162
Other	316	161
Total non-current liabilities	10,380	9,726
Total liabilities	48,786	48,678
Net assets		
Shareholders' equity		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(42,706)	(41,910)
Treasury stock	(42)	(44)
Total shareholders' equity	8,174	8,969
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26	34
Foreign currency translation adjustment	341	2,521
Remeasurements of defined benefit plans	(2,658)	(3,625)
Total accumulated other comprehensive income	(2,290)	(1,069)
Minority interests	624	678
Total net assets	6,508	8,578
Total liabilities and net assets	55,294	57,256

Consolidated Statements of Income
Millions of yen

	FY2013	FY2014
	Apr'13-Mar'14	Apr'14-Mar'15
Net sales	76,624	76,365
Cost of sales	64,389	62,762
Gross profit	12,235	13,602
Selling, general and administrative expenses	10,787	11,391
Operating income (loss)	1,448	2,211
Non-operating income		
Interest income	27	41
Foreign exchange gains	161	201
Amortization of negative goodwill	759	569
Rent income	199	200
Other	231	138
Total non-operating income	1,379	1,151
Non-operating expenses		
Interest expenses	149	141
Equity in losses of affiliates	831	2,353
Loss on retirement of non-current assets	92	82
Other	282	280
Total non-operating expenses	1,356	2,858
Ordinary income	1,471	504
Extraordinary income		
Gain on transfer of business	-	691
Compensation income	-	260
Subsidy income	131	147
Gain on sales of non-current assets	209	-
Total extraordinary income	340	1,098
Extraordinary loss		
Loss on litigation	-	85
Loss on revision of retirement benefit plan	304	-
Total extraordinary loss	304	85
Income (loss) before income taxes	1,507	1,517
Income taxes-current	311	341
Income taxes-deferred	118	183
Total income taxes	430	525
Income (loss) before minority interests	1,076	991
Minority interests in income	16	30
Net income	1,060	961

Consolidated Statements of comprehensive income
Millions of yen

	FY2013	FY2014
	Apr'13-Mar'14	Apr'14-Mar'15
Income (loss) before minority interests	1,076	991
Other comprehensive income		
Valuation difference on available-for-sale securities	9	7
Foreign currency translation adjustment	843	2,041
Remeasurements of defined benefit plans, net of tax	-	(967)
Share of other comprehensive income of associates accounted for using equity method	104	162
Other comprehensive income	958	1,244
Comprehensive income	2,034	2,236
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	2,020	2,181
Comprehensive income attributable to minority interests	14	54

Consolidated Statements of Changes in Net Assets

FY2013 (Apr'13-Mar'14)

	Shareholders' Equity					Total shareholders' equity	Minority interests	Net assets
	Yen (millions)							
	Capital stock	Capital surplus	Retained earnings	Treasury stock				
Beginning balance	28,301	22,622	(43,767)	(42)	7,114			
Cumulative effects of changes in accounting policies					-			
Restated balance	28,301	22,622	(43,767)	(42)	7,114			
Changes of items during the period								
Net income			1,060			1,060		
Purchases of treasury stock				(0)		(0)		
Total changes of items during the period	-	-	1,060	(0)	1,059			
Ending balance	28,301	22,622	(42,706)	(42)	8,174			

	Accumulated other comprehensive income				Minority interests	Net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Deferred gains or losses on hedges	Total Accumulated other comprehensive income		
Beginning balance	18	(609)	-	(591)	1,628	8,150
Cumulative effects of changes in accounting policies					-	
Restated balance	18	(609)	-	(591)	1,628	8,150
Changes of items during the period						
Net income						1,060
Purchases of treasury stock						(0)
Net changes of items other than shareholders' equity	8	951	(2,658)	(1,698)	(1,003)	(2,701)
Total changes of items during the period	8	951	(2,658)	(1,698)	(1,003)	(1,642)
Ending balance	26	341	(2,658)	(2,290)	624	6,508

Consolidated Statements of Changes in Net Assets

FY2014 (Apr'14-Mar'15)

	Shareholders' equity					Total shareholders' equity	Minority interests	Net assets
	Yen (millions)							
	Capital stock	Capital surplus	Retained earnings	Treasury stock				
Beginning balance	28,301	22,622	(42,706)	(42)	8,174			
Cumulative effects of changes in accounting policies			(164)		(164)			
Restated balance	28,301	22,622	(42,871)	(42)	8,009			
Changes of items during the period								
Net income			961			961		
Purchases of treasury stock				(1)		(1)		
Total changes of items during the period	-	-	961	(1)	960			
Ending balance	28,301	22,622	(41,910)	(44)	8,969			

	Accumulated other comprehensive income				Minority interests	Net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Deferred gains or losses on hedges	Total Accumulated other comprehensive income		
Beginning balance	26	341	(2,658)	(2,290)	624	6,508
Cumulative effects of changes in accounting policies						(164)
Restated balance	26	341	(2,658)	(2,290)	624	6,343
Changes of items during the period						
Net income						961
Purchases of treasury stock						(1)
Net changes of items other than shareholders' equity	7	2,179	(967)	1,220	54	1,274
Total changes of items during the period	7	2,179	(967)	1,220	54	2,234
Ending balance	34	2,521	(3,625)	(1,069)	678	8,578

Consolidated Statements of Cash Flows
Millions of yen

	FY2013 Apr'13-Mar'14	FY2014 Apr'14-Mar'15
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	1,507	1,517
Depreciation and amortization	2,714	2,632
Increase (decrease) in provision for retirement benefits	(1,627)	-
Increase (decrease) in net defined benefit liability	1,616	(544)
Increase (decrease) in allowance for doubtful accounts	0	31
Interest and dividends income	(29)	(43)
Interest expenses	149	141
Foreign exchange losses (gains)	(10)	(12)
Equity in (earnings) losses of affiliates	831	2,353
Loss (gain) on sales of property, plant and equipment	(213)	(1)
Loss on retirement of non-current assets	92	82
Amortization of negative goodwill	(759)	(569)
Subsidy income	(131)	(147)
Loss (gain) on transfer of business	-	(691)
Decrease (increase) in notes and accounts receivable-trade	3,160	(1,239)
Decrease (increase) in inventories	99	(353)
Increase (decrease) in notes and accounts payable-trade	(3,500)	571
Increase (decrease) in accrued expenses	661	329
Other, net	93	1,880
Subtotal	4,656	2,175
Interest and dividends income received	29	43
Proceeds from subsidy income	131	147
Interest expenses paid	(150)	(138)
Income taxes paid	(292)	(333)
Net cash provided by (used in) operating activities	4,375	1,894
Net cash provided by (used in) investing activities		
Payments into time deposits	(0)	-
Proceeds from withdrawal of time deposits	10	-
Purchase of property, plant and equipment	(2,056)	(2,073)
Proceeds from sales of property, plant and equipment	1,260	397
Purchase of intangible assets	(47)	(54)
Purchase of investment securities	(3)	(3)
Proceeds from sales of investment securities	1	-
Purchase of shares of subsidiaries and associates	(1,313)	(299)
Proceeds from transfer of business	-	1,959
Other, net	(213)	(36)
Net cash provided by (used in) investing activities	(2,363)	(111)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,682)	(2,230)
Purchase of treasury stock	(0)	(1)
Proceeds from stock issuance to minority shareholders	6	-
Repayments of finance lease obligations	(451)	(486)
Net cash provided by (used in) financing activities	(2,127)	(2,717)
Effect of exchange rate change on cash and cash equivalents	379	664
Net increase (decrease) in cash and cash equivalents	263	(270)
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(532)	-
Cash and cash equivalents at beginning of period	5,297	5,029
Cash and cash equivalents at end of period	5,029	4,758

Consolidated Business Segment Information

Millions of yen

FY2013 Apr'13-Mar'14

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	48,188	28,435	76,624	-	76,624
Intersegment	-	-	-	-	-
Total	48,188	28,435	76,624	-	76,624
Segment income (loss)	1,186	262	1,448	-	1,448
Segment assets	40,108	14,474	54,583	711	55,294
Other items					
Depreciation	2,179	534	2,714	-	2,714
Amount of investment to equity method-treasury stock	1,731	1,042	2,773	-	2,773
Increase in property, plant and equipment and intangible assets	1,511	414	1,925	-	1,925

FY2014 Apr'14-Mar'15

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	50,909	25,455	76,365	-	76,365
Intersegment	-	-	-	-	-
Total	50,909	25,455	76,365	-	76,365
Segment income (loss)	2,718	(507)	2,211	-	2,211
Segment assets	38,854	17,324	56,179	1,077	57,256
Other items					
Depreciation	2,088	544	2,632	-	2,632
Amount of investment to equity method-treasury stock	-	1,060	1,060	-	1,060
Increase in property, plant and equipment and intangible assets	2,066	526	2,593	-	2,593

Business Results

(1) Analysis of Consolidated Business Results

1.1 Overview

The business environment of the FDK Group (“FDK”) during the fiscal year ending March 31, 2015, some unclear conditions still remained due to the anticipation of the slowing economic growth in emerging countries which became a driving force of the world economy, instability of the European market, and high prices of raw materials and fuels due to the depreciation of the yen. In addition, the hike of consumption tax last April in Japan caused the lengthening of downturn in sales due to the reaction of the last-minute demand and delayed the recovery of personal consumption.

Under these circumstances, as the business expansion measures, FDK has focused on the continuation to expand sales and switch from old models to new FUJITSU alkaline battery series and FUJITSU Ni-MH rechargeable battery series that were redesigned in accordance with upgrading performance from last June in the market. FDK also focused to expand sales of lithium batteries of disaster-related goods, security goods, and automotive applications in North American and European markets with productivity improvement as there were strong demand of these products, and tackled to promote the applications of thin lithium battery.

In addition, FDK has implemented the following structural reforms for further improvement of the management efficiency.

- 1) FDK traded the optical components business and the microwave business in the electronic business.
- 2) FDK merged with the FDK TWICELL Co., Ltd. (Takasaki, Gunma) in order to manage more efficiently by using mutual resources and to further strengthen the business of multiple products of electronic components and Ni-MH batteries.
- 3) FDK decided Asahi Kasei FDK Energy Device to be the company’s wholly owned subsidiary from the equity method affiliate in order to commercialize lithium ion capacitor business. FDK also posted the investment loss on the equity method due to this decision.

As a result of these structural reforms, FDK’s business results in FY2014, net sales were 76,365 million yen (decreased by 259 million yen from last fiscal year) and it remained unchanged. Despite the significant effect of decline in sales of signal processing modules for LCD displays and Ni-MH batteries in the first quarter, net sales were recovered speedily since the second quarter.

With regard to profit and loss, operating income was 2,211 million yen, increased by 763 million yen from the last fiscal year. It was achieved by the continuous application of technological VEs in electronic device business which had been working through the entire group, the reduction of purchasing costs for product materials, increased sales in lithium batteries by increased production, and the benefit of weaker yen from the second half of the fiscal year.

Ordinary income was 504 million yen, decrease of 966 million yen from the last fiscal year. As operating income ended at the above mentioned high level, ordinary income might be finalized as 1,834 million yen from our cost structure. But we posted the above-mentioned structural reform costs (as explained in 3)), the final amount reached 504 million yen.

Net income was 961 million yen, decreased by 98 million yen from the last fiscal year, though we posted 1,098 million yen as a special profit generated from the above-mentioned business transfer, etc.

Ref: Comparison of Consolidated Financial Results

(Million yen)

	Net Sales	Sales cost ratio (%)	Operating Income	Ordinary Income	Net Income
FY2013 (2013/04 – 2014/03)	76,624	84.0	1,448	1,471	1,060
FY2014 (2014/04 – 2015/03)	76,365	82.2	2,211	504	961
Differences	-259	-1.8	+763	-966	-98

Trends in Operating Income, which represents the profit from the main business, is as follows.

Ref: Quarterly Consolidated Financial Results	(Million yen)		
	Net Sales	Sales cost ratio (%)	Operating Income
FY2014 1Q	16,614	83.7	24
FY2014 2Q	18,957	82.2	430
FY2014 3Q	21,117	81.9	941
FY2014 4Q	19,675	81.3	814

The divisional sales overview is as follows.

1.2 Battery Business

Sales of alkaline batteries increased from the same period last year due to the efforts to acquire new customers in domestic and global markets in the last fiscal year, and to tackle about possibilities of extending sales with current customers. Sales of Ni-MH batteries decreased from the same period last year due to the decline in domestic and global consumer markets, though there was an increase in the industrial market such as automotive 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 50,909 million yen, up by 2,720 million yen from the same period last year.

1.3. Electronic Device Business

Sales of coil devices increased from the same period last year, due to the steady increase in sales for consumer equipment, industrial equipment and hybrid cars. Sales of toner decreased from the same period last year, due to the overstock on the market. Sales of signal processing modules for LCD displays significantly decreased from the same period last year as these products had not sold well for large LCD televisions and for netbooks. Sales of piezoelectric products decreased from the same period last year, due to the sluggish digital camera market.

As a result, sales for the electronic device business were 25,455 million yen, down by 2,980 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 FY2014 increased by 1,961 million yen (3.5%) from the end of the previous fiscal year to 57,256 million yen. Current assets increased by 3,387 million yen (10.4%) from the end of the previous fiscal year to 36,039 million yen. Non-current assets decreased by 1,426 million yen (-6.3%) from the end of the previous fiscal year to 21,216 million yen. The principal causes for increased current assets were a 2,266 million yen increase in notes and accounts receivable-trade and a 1,080 million yen increase in merchandise and finished goods. The principal cause for decreased non-current assets was a 1,716 million yen decrease in investment securities, though there was a 686 million yen increase in property, plant and equipment.

Total liabilities at the end of FY2014 decreased by 108 million yen (-0.2%) from the end of the previous fiscal year to 48,678 million yen. Current liabilities increased by 545 million yen (0.2%) from the end of the previous fiscal year to 38,951 million yen. Non-current liabilities decreased by 654 million yen (-6.3%) from the end of the previous fiscal year to 9,726 million yen. The principal cause of increased current liabilities was a 1,675 million yen increase in notes and accounts payable-trade and a 777 million yen increase in other, though there was a 2,230 million yen decrease in short-term loans payable. The principal cause for decreased non-current liabilities was a 766 million yen decrease in long-term accounts payable - other and a 569 million yen decrease in negative goodwill, though there was a 909 million yen increase in net defined benefit liability.

The interest-bearing debt decreased by 2,148 million yen from the end of the previous fiscal year to 18,750 million yen.

Total net assets at the end of FY2014 increased by 2,069 million yen (31.8%) from the end of the previous fiscal year to 8,578 million yen. The main factors for the increase in total net assets were a 796 million yen increase in retained earnings by posting a net income of FY2014 and a 2,179 million yen increase in foreign currency translation adjustment, though there were a 967 million yen decrease in remeasurements of defined benefit plans.

2.2 Cash Flow Condition

Net cash used in operating activities increased by 1,895 million yen from the beginning of this fiscal year due to an increase in cash and cash equivalents (“cash”) by posting the income before income taxes, equity in losses of affiliates and the depreciation and amortization, though there was a decrease in cash by an increase in notes and accounts receivable-trade (Net cash used in operating activities for the last fiscal year increased by 4,375 million yen from the beginning of the last fiscal year).

Net cash used in investment activities decreased by 111 million yen from the beginning of this fiscal year by purchasing the property, plant and equipment, though there was an increase in cash by the proceeds from transfer of business. (Net cash used in investment activities for the last fiscal year decreased by 2363 million yen from the beginning of the last fiscal year).

Net cash used in financing activities decreased by 2,717 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 2,127 million yen from the beginning of the last fiscal year).

As a result, the balance of cash and cash equivalents on March 31, 2015 was 4,758 million yen, a decrease of 270 million yen from the beginning of this fiscal year.

Ref: Changes in cash flow indicators

	FY2010	FY2011	FY2012	FY2013	FY2014
Equity ratio (%)	7.4	8.0	11.1	10.6	13.8
Market value equity ratio (%)	49.4	32.7	28.1	54.6	70.0
Debt to cash flow ratio (%)	4.8	9.3	20.9	4.8	9.9
Interest coverage ratio (%)	18.2	14.4	6.7	29.2	13.4

1. Equity ratio = Total shareholders' equity / Total assets
2. Market value equity ratio = Market capitalization / Total assets
3. Debt to cash flow ratio = Interest-bearing debt / Net cash used in operating activities
4. Interest coverage ratio = Net cash used in operating activities / Interest expense

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

Although the recovery of personal consumption in Japan is expected due to the government's economic measures and the increase of workers' wages, the future business environment will still remain an unclear condition due to the anticipation of high prices of raw materials and fuels due to the depreciation of the yen, the slowing economic growth in emerging countries, instability of the European market and the consumption tax increase in Japan which is scheduled in April 2017.

Upon the final year of the FDK's medium-term business plan which was launched in April 2013 (2013-2015), FDK will change the corporate structure which can be very flexible to the change in business environment by strengthening the revenue base of the existing businesses. FDK will also expand synergy products of the battery and the electronic component, aggressively introduce new products to the markets whose growth is expected such as automotive and smart grid, and intensify various alliances.

As for the business forecast for the FY2015, FDK targets net sales at 80,000 million yen, operating income at 2,300 million yen, ordinary income at 1,400 million yen, and net income attributable to owners of the parent company at 1,000 million yen. Regarding the exchange rate for FY2015, FDK sets it at 115 yen per US dollar and at 130 yen per Euro.

* With the revision of “Accounting Standards for Business Combinations”, “net income” changed as “net income attributable to owners of the parent company” in this section. It is only a change of name and does not change the content.