

Fiscal Year 2015 Consolidated Financial Results
(April 1, 2015 to March 31, 2016)

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: Public and Investor Relations Dept., General Affairs & Personnel Div.
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 FY2015 ended March 31, 2016

a. Consolidated Statement of Income

	Yen (millions)		Change (%)	U.S.Dollars
	FY2014 (4/1/14-3/31/15)	FY2015 (4/1/15-3/31/16)		(millions) FY2015 (4/1/15-3/31/16)
Net Sales	76,365	80,745	5.7 %	\$716.52
Operating Income	2,211	1,580	-28.5	\$14.02
Ordinary Income	504	658	30.6	\$5.84
Profit attributable to owners of parent	961	167	-82.6	\$1.48
Amounts Per Share of Common Stock:				
Basic Earnings	3.43 yen	0.60 yen		0.53 cent
Diluted Earnings	- yen	- yen		-

b. Consolidated Financial Position

	Yen (millions)	
	As of Mar. 31, 2015	As of Mar. 31, 2016
Total Assets	57,256	54,217
Total Net Assets	8,578	7,754
Shareholders' Equity	8,969	9,135
Shareholders' Equity Ratio	13.8 %	13.0 %
Shareholders' Equity Per Share	28.20 yen	25.24 yen

c. Consolidated Statement of Cash Flows

	Yen (millions)	
	FY2014 (4/1/14-3/31/15)	FY2015 (4/1/15-3/31/16)
Cash Flows from Operating Activities	1,894	5,371
Cash Flows from Investing Activities	(111)	(1,650)
Cash Flows from Financing Activities	(2,717)	(2,142)
Cash and Cash Equivalents at End of Period	4,758	5,952

d. Net Sales by Business Segment

	Yen	Yen	U.S.Dollars
	(millions) FY2014 (4/1/14-3/31/15)	(millions) FY2015 (4/1/15-3/31/16)	(millions) FY2015 (4/1/15-3/31/16)
Batteries	50,909	51,727	\$459.02
Electronic Devices	25,455	29,017	\$257.49
Total	76,365	80,745	\$716.52

(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=112.69 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, 2017

(Million of yen, except per share data)

	<u>FY2016</u>	<u>Change from FY2015</u>	<u>FY2015</u>
Net Sales	82,000	1.6 %	80,745
Operating Income	1,500	-5.1 %	1,580
Ordinary Income	1,000	51.8 %	658
Profit attributable to owners of parent	500	198.1 %	167
Net Income per Share	1.79 yen	- yen	0.6 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)	1 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, 2016: 280,363,026 shares March 31, 2015: 280,363,026 shares
- 2) Number of treasury shares at the end of fiscal year
March 31, 2016: 260,914 shares March 31, 2015: 250,566 shares
- 3) Weighted average number of shares outstanding during the fiscal year ended March 31 of each year
March 31, 2016: 280,106,714 shares March 31, 2015: 280,117,119 shares

Consolidated Balance Sheet

Millions of yen

	FY2014 Mar 31, 2015	FY2015 Mar 31, 2016
Assets		
Current assets		
Cash and deposits	4,758	5,952
Notes and accounts receivable-trade	20,993	18,731
Merchandise and finished goods	3,307	3,011
Work in process	2,422	3,148
Raw materials and supplies	1,909	1,830
Deferred tax assets	188	139
Other	2,560	1,916
Allowance for doubtful accounts	(99)	(84)
Total current assets	36,039	34,646
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,580	7,120
Machinery, equipment and vehicles, net	4,766	4,440
Tools, furniture and fixtures, net	1,019	1,021
Land	2,735	2,700
Lease assets, net	1,504	1,867
Construction in progress	767	763
Total property, plant and equipment	18,373	17,913
Intangible assets	591	552
Investments and other assets		
Investment securities	194	169
Long-term loans receivable	1	0
Net defined benefit asset	630	272
Deferred tax assets	85	24
Other	1,340	638
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,251	1,104
Total non-current assets	21,216	19,571
Total assets	57,256	54,217
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,900	14,976
Short-term loans payable	17,280	15,680
Lease obligations	466	522
Accounts payable-other	2,364	2,994
Income taxes payable	288	302
Other	3,652	3,120
Total current liabilities	38,951	37,597
Non-current liabilities		
Lease obligations	1,003	1,135
Deferred tax liabilities	214	99
Net defined benefit liability	5,184	4,890
Long-term accounts payable - other	3,162	2,472
Other	161	269
Total non-current liabilities	9,726	8,866
Total liabilities	48,678	46,463
Net assets		
Shareholders' equity		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(41,910)	(41,742)
Treasury stock	(44)	(45)
Total shareholders' equity	8,969	9,135
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34	19
Foreign currency translation adjustment	2,521	1,205
Remeasurements of defined benefit plans	(3,625)	(3,290)
Total accumulated other comprehensive income	(1,069)	(2,065)
Non-controlling interests	678	683
Total net assets	8,578	7,754
Total liabilities and net assets	57,256	54,217

Consolidated Statement of Income
Millions of yen

	FY2014	FY2015
	Apr'14-Mar'15	Apr'15-Mar'16
Net sales	76,365	80,745
Cost of sales	62,762	67,431
Gross profit	13,602	13,313
Selling, general and administrative expenses	11,391	11,733
Operating income	2,211	1,580
Non-operating income		
Interest income	41	33
Foreign exchange gains	201	48
Amortization of negative goodwill	569	-
Gain on sales of investment securities	-	39
Rent income	200	54
Other	138	111
Total non-operating income	1,151	287
Non-operating expenses		
Interest expenses	141	133
Share of loss of entities accounted for using equity method	2,353	602
Loss on retirement of non-current assets	82	245
Other	280	227
Total non-operating expenses	2,858	1,208
Ordinary income	504	658
Extraordinary income		
Gain on transfer of business	691	-
Compensation income	260	-
Subsidy income	147	-
Total extraordinary income	1,098	-
Extraordinary loss		
Impairment loss	-	106
Loss on litigation	85	-
Total extraordinary loss	85	106
Income before income taxes	1,517	551
Income taxes-current	341	367
Income taxes-deferred	183	4
Total income taxes	525	372
Profit	991	179
Profit attributable to non-controlling interests	30	11
Profit attributable to owners of parent	961	167

Consolidated Statement of comprehensive income
Millions of yen

	FY2014	FY2015
	Apr'14-Mar'15	Apr'15-Mar'16
Profit	991	179
Other comprehensive income		
Valuation difference on available-for-sale securities	7	(17)
Foreign currency translation adjustment	2,041	(1,224)
Remeasurements of defined benefit plans, net of tax	(967)	335
Share of other comprehensive income of entities accounted for using equity method	162	(95)
Other comprehensive income	1,244	(1,002)
Comprehensive income	2,236	(822)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	2,181	(827)
Comprehensive income attributable to non-controlling interests	54	4

Consolidated Statement of Changes in Equity

FY2014 (Apr'14-Mar'15)

	Shareholders' equity					Total shareholders' equity	Non-controlling interests	Net assets
	Yen (millions)							
	Capital stock	Capital surplus	Retained earnings	Treasury shares				
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 period								
Profit attributable to owners of parent			961			961		
Purchases of treasury shares				(1)		(1)		
Total changes of items during period	-	-	961	(1)		960		
Ending balance	28,301	22,622	(41,910)	(44)		8,969		
	Accumulated other comprehensive income					Total Accumulated other comprehensive income	Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans					
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 period								
Profit attributable to owners of parent								961
Purchases of treasury shares								(1)
Net changes of items other than shareholders' equity	7	2,179	(967)	1,220		54		1,274
Total changes of items during period	7	2,179	(967)	1,220		54		2,234
Ending balance	34	2,521	(3,625)	(1,069)		678		8,578

Consolidated Statement of Changes in Equity

FY2015 (Apr'15-Mar'16)

	Shareholders' equity					Total shareholders' equity	Non-controlling interests	Net assets
	Yen (millions)							
	Capital stock	Capital surplus	Retained earnings	Treasury shares				
Beginning balance	28,301	22,622	(41,910)	(44)		8,969		
Cumulative effects of changes in accounting policies						-		
Restated balance	28,301	22,622	(41,910)	(44)		8,969		
Changes of items during period								
Profit attributable to owners of parent			167			167		
Purchases of treasury shares				(1)		(1)		
Total changes of items during period	-	-	167	(1)		166		
Ending balance	28,301	22,622	(41,742)	(45)		9,135		
	Accumulated other comprehensive income					Total Accumulated other comprehensive income	Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans					
Beginning balance	34	2,521	(3,625)	(1,069)		678		8,578
Cumulative effects of changes in accounting policies								-
Restated balance	34	2,521	(3,625)	(1,069)		678		8,578
Changes of items during period								
Profit attributable to owners of parent								167
Purchases of treasury shares								(1)
Net changes of items other than shareholders' equity	(14)	(1,315)	335	(995)		4		(990)
Total changes of items during period	(14)	(1,315)	335	(995)		4		(824)
Ending balance	19	1,205	(3,290)	(2,065)		683		7,754

Consolidated Statement of Cash Flows
Millions of yen

	FY2014 Apr'14-Mar'15	FY2015 Apr'15-Mar'16
Cash flows from operating activities		
Income before income taxes	1,517	551
Depreciation and amortization	2,632	2,390
Impairment loss	-	106
Increase (decrease) in net defined benefit liability	(544)	(253)
Increase (decrease) in allowance for doubtful accounts	31	(12)
Interest and dividend income	(43)	(36)
Interest expenses	141	133
Foreign exchange losses (gains)	(12)	2
Share of (profit) loss of entities accounted for using equity method	2,353	602
Loss (gain) on sales of property, plant and equipment	(1)	(12)
Loss on retirement of non-current assets	82	245
Amortization of negative goodwill	(569)	-
Subsidy income	(147)	-
Loss (gain) on transfer of business	(691)	-
Decrease (increase) in notes and accounts receivable-trade	(1,239)	1,340
Decrease (increase) in inventories	(353)	(554)
Increase (decrease) in notes and accounts payable-trade	571	811
Increase (decrease) in accrued expenses	329	(91)
Other, net	(1,880)	678
Subtotal	2,175	5,903
Interest and dividend income received	43	36
Proceeds from subsidy income	147	-
Interest expenses paid	(138)	(133)
Income taxes paid	(333)	(435)
Net cash provided by (used in) operating activities	1,894	5,371
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,073)	(2,603)
Proceeds from sales of property, plant and equipment	397	777
Purchase of intangible assets	(54)	(86)
Purchase of investment securities	(3)	(4)
Proceeds from sales of investment securities	-	41
Purchase of shares of subsidiaries and associates	(299)	(0)
Proceeds from transfer of business	1,959	-
Other, net	(36)	225
Net cash provided by (used in) investing activities	(111)	(1,650)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,230)	(1,600)
Purchase of treasury shares	(1)	(1)
Repayments of finance lease obligations	(486)	(541)
Net cash provided by (used in) financing activities	(2,717)	(2,142)
Effect of exchange rate change on cash and cash equivalents	664	(515)
Net increase (decrease) in cash and cash equivalents	(270)	1,062
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	131
Cash and cash equivalents at beginning of period	5,029	4,758
Cash and cash equivalents at end of period	4,758	5,952

Consolidated Business Segment Information
Millions of yen

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
Investment to entities accounted for using equity method	-	1,060	1,060	-	1,060
Increase in property, plant and equipment and intangible assets	2,066	526	2,593	-	2,593

FY2015 Apr'15-Mar'16

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	51,727	29,017	80,745	-	80,745
Intersegment	-	-	-	-	-
Total	51,727	29,017	80,745	-	80,745
Segment income (loss)	2,513	(933)	1,580	-	1,580
Segment assets	36,836	16,291	53,128	1,088	54,217
Other items					
Depreciation	1,826	563	2,390	-	2,390
Investment to entities accounted for using equity method	-	429	429	-	429
Increase in property, plant and equipment and intangible assets	2,010	520	2,531	-	2,531

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, 2016, 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 of economic slump such as the slowing economic growth in China, instability of the European market, and downfall in crude oil prices, though the U.S economy continued in recovering trend due to the recovery of domestic consumptions.

Under these circumstances, FDK has continued to expand the sales of the FUJITSU Alkaline Battery series and FUJITSU Ni-MH Rechargeable Battery series in Japan as well as in overseas and also proceeded to expand the business for internet sales. As for Ni-MH batteries, FDK strived to sell for industrial use such as Ni-MH batteries for Small Cell Power Supplies and increase the production quantities by expanding the business of customers’ brand Rechargeable Battery, etc. FDK also focused to expand sales of Lithium Batteries for disaster prevention goods, security goods, and automotive applications in North American and European markets, where the demands for these items are strong and also promoted the development of applications of Thin Lithium Battery. As for Electronic Device business, FDK developed DC/DC converter which has achieved the industry’s highest level of current density, and strived to mass production the Logger Device with sensor. In addition, FDK formulated the New Mid-term Business Plan 1618, starting from FY2016 (FY2016-18) and executed some measures as followings to achieve the business plan.

To make sure the growth of Battery business, FDK changed the method of calculating the projected benefit obligation from the simplified method to principle method in battery business subsidiaries because of the increase of employees by the business expansion. In addition, to stabilize Electronic Device business, FDK strived to sweep away the negative cost predicted in future by posting the impairment loss for fixed assets in the equity method affiliated group companies in Japan and in overseas.

As for FDK’s business results in FY2015, net sales were 80,745 million yen, increased by 4,380 million yen (5.7%) from the last fiscal 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 steady sales of Signal Processing Modules for LCD Displays for industrial and LCD Televisions and joined power supply business from Fujitsu Telecom Networks transferred in July 2015.

With regard to profit and loss, operating income was 1,580 million yen, decreased by 630 million yen (-28.5%) from the same period last year although the operating profit till 3rd quarter was steady to achieve the forecast amount in the beginning of this semester. This was because of the sales decrease in 4th quarter due to postpone of order, the market demand decrease and sharp exchange rate fluctuations and also by the above mentioned measures to achieve the New mid-term Business Plan 1618. Ordinary income was 658 million yen, increase of 154 million yen (30.6%) from the last fiscal year due to the decrease of investment loss by the equity method, etc. Profit attributable to owners of parent in FY2015 was 167 million yen, decreased by 793 million yen (-82.6%) from the same period last year due to a special loss by the above mentioned measures and a decrease of special profit generated from the business transfer in 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 (2011/04 – 2012/03)	80,334	87.2	136	105	359
FY2012 (2012/04 – 2013/03)	73,547	86.7	-526	174	453
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
FY2015 (2015/04 – 2016/03)	80,745	83.5	1,580	658	167

The divisional sales overview is as follows.

1.2 Battery Business

Sales of Alkaline Batteries increased in customers market in Japan and in overseas by launching the new product also into global market which was launched in Japan in the previous fiscal year, but total sales decreased from the same period last year due to OEM products decreased in overseas. Sales of Ni-MH Batteries increased from the same period last year due to steady sales in Japan and global consumer markets and for automotive use. Sales of Power Storage Systems increased from the same period last year due to the increase for backup use in consumer market and industrial market. Sales of Lithium Batteries went up from the same period last year, due to the increase in sales for disaster prevention goods, security goods, and automotive applications.

As a result, sales for the battery business were 51,727 million yen, increased by 818 million yen from the same period last year.

1.3. Electronic Device Business

Sales of Coil Devices decreased from the same period last year, while the sales for automotive use steadily increased, their sales for consumer and industrial use decreased. Sales of Piezoelectric Products decreased from the same period last year, due to the sluggish digital camera market. Sales of DC/DC converters, Switching Power Supplies increased from the same period last year, due to the steady increase in sales for servers, storages and network devices and various kind of industrial products use. 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 29,017 million yen, increased by 3,562 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 FY2015 decreased by 3,038 million yen (-5.3%) from the end of the previous fiscal year to 54,217 million yen. Current assets decreased by 1,392 million yen (-3.9%) from the end of the previous fiscal year to 34,646 million yen. Non-current assets decreased by 1,645 million yen (-7.8%) from the end of the previous fiscal year to 19,571 million yen. The principal causes for decreased current assets were a 2,261 million yen decrease in notes and accounts receivable-trade, though there was a 1,194 million yen increase in cash and deposits. The principal cause for decreased non-current assets was a 459 million yen decrease in property, plant and equipment and a 357 million yen decrease in net defined benefit asset.

Total liabilities at the end of FY2015 decreased by 2,214 million yen (-4.5%) from the end of the previous fiscal year to 46,463 million yen. Current liabilities decreased by 1,354 million yen (-3.5%) from the end of the previous fiscal year to 37,597 million yen. Non-current liabilities decreased by 859 million yen (-8.8%) from the end of the previous fiscal year to 8,866 million yen. The principal cause of decreased current liabilities was a 1,600 million yen decrease in short-term loans payable. The principal cause of decreased non-current liabilities was a 690 million yen decrease in long-term accounts payable – other.

The interest-bearing debt decreased by 1,412 million yen from the end of the previous fiscal year to 17,337 million yen.

Total net assets at the end of FY2015 decreased by 824 million yen (-9.6%) from the end of the previous fiscal year to 7,754 million yen. The main factors for the decrease in total net assets were a 1,315 million yen decrease in foreign currency translation adjustment, though there were a 335 million yen increase in remeasurements of defined benefit plans and a 167 million yen increase in retained earnings by posting a profit attributable to owners of parent.

2.2 Cash Flow Condition

Cash flows from operating activities increased by 5,371 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, a decrease in notes and accounts receivable-trade and an increase in notes and accounts payable-trade (Cash flows from operating activities for the last fiscal year increased by 1,894 million yen from the beginning of the last fiscal year).

Cash flows from investment activities decreased by 1,650 million yen from the beginning of this fiscal year by purchase of property, plant and equipment, though there was an increase in cash by the proceeds from sales of property, plant and equipment (Cash flows from investment activities for the last fiscal year decreased by 111 million yen from the beginning of the last fiscal year).

Cash flows from financing activities decreased by 2,142 million yen from the beginning of this fiscal year due to the decrease in short-term loans payable. (Cash flows from financing activities for the last fiscal year decreased by 2,717 million yen from the beginning of the last fiscal year).

As a result, the balance of cash and cash equivalents on March 31, 2016 was 5,952 million yen, an increase of 1,194 million yen from the beginning of this fiscal year.

Ref: Changes in cash flow indicators

	FY2011	FY2012	FY2013	FY2014	FY2015
Equity ratio (%)	8.0	11.1	10.6	13.8	13.0
Market value equity ratio (%)	32.7	28.1	54.6	70.0	48.6
Debt to cash flow ratio (%)	9.3	20.9	4.8	9.9	3.2
Interest coverage ratio (%)	14.4	6.7	29.2	13.4	40.4

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, 2017

The future business environment will still remain an unclear condition as same as in FY2015 due to the weakness of personal consumption with economic slump in Japan and in overseas, low capital investment and corporate earnings decrease by the sudden rise in the exchange rate of the yen.

FDK will realize the growth as an Energy Management Manufacturer by building up the basic business with development of raw material and by providing System Batteries using own technology of Battery and Electronic devices to industrial and consumer market, according to the Mid-term Business Plan 1618 starting from FY2016 formulated in November last year.

As for the business forecast for the FY2016, FDK targets net sales at 82,000 million yen, operating income at 1,500 million yen, ordinary income at 1,000 million yen, and Profit attributable to owners of the parent at 500 million yen. Regarding the exchange rate for FY2016, FDK sets it at 110 yen per US dollar and at 125 yen per Euro.