

Consolidated Financial Results for the Third Quarter Ended December 31, 2015
(April 1, 2015 to December 31, 2015)

FDK CORPORATION

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

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

1. Consolidated Results for the Nine-Months Period Ended December 31, 2015

a. Consolidated Statements of Income

	Yen (millions)			Yen (millions)	U.S.Dollars (millions)
	Nine months ended Dec. 31, 2014	Nine months ended Dec. 31, 2015	Change (%)	FY2014, ended Mar. 31, 2015	Nine months ended Dec. 31, 2015
Net Sales	56,689	62,413	10.1	76,365	\$517.78
Operating Income	1,397	2,189	56.7	2,211	\$18.16
Ordinary Income (Loss)	1,616	2,096	29.7	504	\$17.39
Profit attributable to owners of parent	1,261	1,755	39.2	961	\$14.56

Amounts Per Share of Common Stock:

Basic Earnings	4.50 yen	6.27 yen	3.43 yen	5.20 cent
Diluted Earnings	- yen	- yen	- yen	- cent

b. Net Sales by Business Segment

	Yen (millions)	Yen (millions)	Yen (millions)	U.S.Dollars (millions)
	Nine months ended Dec. 31, 2014	Nine months ended Dec. 31, 2015	FY2014, ended Mar. 31, 2015	Nine months ended Dec. 31, 2015
Batteries	37,959	39,400	50,909	\$326.86
Electronic Devices	18,730	23,012	25,455	\$190.91
Total	56,689	62,413	76,365	\$517.78

c. Consolidated Financial Position

	Yen (millions)	
	As of Mar. 31, 2015	As of Dec. 31, 2015
Total Assets	57,256	59,594
Total Net Assets	8,578	9,949
Shareholders' Equity	8,969	10,723
Shareholders' Equity Ratio	13.8 %	15.5 %

d. Consolidated Statements of Cash Flows

	Yen (millions)	
	Nine months ended Dec. 31,	Nine months ended Dec. 31,
	2014	2015
Cash Flows from Operating Activities	2,675	4,112
Cash Flows from Investing Activities	(1,419)	(1,439)
Cash Flows from Financing Activities	(972)	(1,879)
Cash and Cash Equivalents at End of Period	6,053	5,509

(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 120.54 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)	3 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.
December 31, 2015: 280,363,026 shares March 31, 2015: 280,363,026 shares
- 2) Number of treasury shares at the end of each period
December 31, 2015: 259,126 shares March 31, 2015: 250,566 shares
- 3) Weighted average number of shares outstanding in each period.
December 31, 2015: 280,107,859 shares December 31, 2014: 280,118,159 shares

Consolidated Balance Sheet

Millions of yen

	FY2014 Mar. 31, 2015	Q3/FY2015 Dec. 31, 2015
Assets		
Current assets		
Cash and deposits	4,758	5,509
Notes and accounts receivable-trade	20,993	21,418
Merchandise and finished goods	3,307	3,513
Work in process	2,422	2,988
Raw materials and supplies	1,909	2,197
Deferred tax assets	188	146
Other	2,560	3,043
Allowance for doubtful accounts	(99)	(96)
Total current assets	36,039	38,719
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,580	7,354
Machinery, equipment and vehicles, net	4,766	4,609
Tools, furniture and fixtures, net	1,019	1,000
Land	2,735	2,731
Leased assets, net	1,504	2,013
Construction in progress	767	700
Total property, plant and equipment	18,373	18,410
Intangible assets	591	555
Investments and other assets		
Investment securities	194	170
Long-term loans receivable	1	2
Net defined benefit asset	630	580
Deferred tax assets	85	79
Other	1,340	1,077
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,251	1,909
Total non-current assets	21,216	20,875
Total assets	57,256	59,594
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,900	17,211
Short-term loans payable	17,280	15,800
Lease obligations	466	547
Accounts payable-other	2,364	3,641
Income taxes payable	288	301
Other	3,652	2,898
Total current liabilities	38,951	40,400
Non-current liabilities		
Lease obligations	1,003	1,300
Deferred tax liabilities	214	199
Net defined benefit liability	5,184	4,985
Long-term accounts payable - other	3,162	2,639
Other	161	119
Total non-current liabilities	9,726	9,244
Total liabilities	48,678	49,645
Net assets		
Shareholders' equity		
Capital stock	28,301	28,301
Capital surplus	22,622	22,622
Retained earnings	(41,910)	(40,154)
Treasury shares	(44)	(45)
Total shareholders' equity	8,969	10,723
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34	20
Foreign currency translation adjustment	2,521	1,936
Remeasurements of defined benefit plans	(3,625)	(3,442)
Total accumulated other comprehensive income	(1,069)	(1,484)
Non-controlling interests	678	710
Total net assets	8,578	9,949
Total liabilities and net assets	57,256	59,594

Consolidated Statement of Income
Millions of yen

	Q3/FY2014	Q3/FY2015
	Apr' 14 - Dec' 14	Apr' 15 - Dec' 15
Net sales	56,689	62,413
Cost of sales	46,770	51,365
Gross profit	9,919	11,047
Selling, general and administrative expenses	8,521	8,857
Operating income	1,397	2,189
Non-operating income		
Interest income	30	25
Foreign exchange gains	491	335
Amortization of negative goodwill	569	-
Rent income	149	48
Other	107	130
Total non-operating income	1,348	540
Non-operating expenses		
Interest expenses	106	96
Share of loss of entities accounted for using equity method	772	227
Loss on retirement of non-current assets	45	187
Other	205	121
Total non-operating expenses	1,130	633
Ordinary income	1,616	2,096
Extraordinary income		
Subsidy income	147	-
Gain on transfer of business	70	-
Total extraordinary income	217	-
Income before income taxes	1,834	2,096
Income taxes-current	312	248
Income taxes-deferred	217	58
Total income taxes	529	307
Profit	1,304	1,789
Profit attributable to non-controlling interests	42	33
Profit attributable to owners of parent	1,261	1,755

Consolidated Statement of comprehensive income
Millions of yen

	Q3/FY2014	Q3/FY2015
	Apr' 14 - Dec' 14	Apr' 15 - Dec' 15
Profit	1,304	1,789
Other comprehensive income		
Valuation difference on available-for-sale securities	6	(16)
Foreign currency translation adjustment	2,060	(533)
Remeasurements of defined benefit plans, net of tax	62	183
Share of other comprehensive income of entities accounted for using equity method	160	(50)
Other comprehensive income	2,289	(417)
Comprehensive income	3,594	1,372
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	3,526	1,340
Comprehensive income attributable to non-controlling interests	67	31

Consolidated Statement of Cash Flows

Millions of yen

	Q3/FY2014	Q3/FY2015
	Apr'14 - Dec'14	Apr'15 - Dec'15
Cash flows from operating activities		
Income before income taxes	1,834	2,096
Depreciation and amortization	2,014	1,816
Increase (decrease) in net defined benefit liability	(179)	(198)
Increase (decrease) in allowance for doubtful accounts	35	(1)
Interest and dividend income	(33)	(27)
Interest expenses	106	96
Foreign exchange losses (gains)	(19)	(0)
Share of (profit) loss of entities accounted for using equity method	772	227
Loss (gain) on sales of property, plant and equipment	(1)	(0)
Loss on retirement of non-current assets	45	187
Amortization of negative goodwill	(569)	-
Subsidy income	(147)	-
Loss (gain) on transfer of business	(70)	-
Decrease (increase) in notes and accounts receivable-trade	(251)	(846)
Decrease (increase) in inventories	(669)	(1,118)
Increase (decrease) in notes and accounts payable-trade	1,307	2,568
Increase (decrease) in accrued expenses	(337)	(390)
Other, net	(936)	26
Subtotal	2,898	4,436
Interest and dividend income received	33	27
Proceeds from subsidy income	147	-
Interest expenses paid	(104)	(97)
Income taxes paid	(298)	(254)
Net cash provided by (used in) operating activities	2,675	4,112
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,519)	(2,112)
Proceeds from sales of property, plant and equipment	357	724
Purchase of intangible assets	(11)	(65)
Purchase of investment securities	(3)	(3)
Proceeds from sales of investment securities	-	41
Purchase of shares of subsidiaries and associates	(299)	(0)
Proceeds from transfer of business	100	-
Other, net	(43)	(23)
Net cash provided by (used in) investing activities	(1,419)	(1,439)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(610)	(1,480)
Purchase of treasury shares	(1)	(1)
Repayments of finance lease obligations	(361)	(398)
Net cash provided by (used in) financing activities	(972)	(1,879)
Effect of exchange rate change on cash and cash equivalents	742	(173)
Net increase (decrease) in cash and cash equivalents	1,024	619
Increase in cash and cash equivalents resulting from merger	-	131
Cash and cash equivalents at beginning of period	5,029	4,758
Cash and cash equivalents at end of period	6,053	5,509

Consolidated Business Segment Information
Millions of yen

Q3/FY2014 Apr' 14 - Dec' 14

	Business Segments Reported		Total	Adjustments	Consolidated Statement
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	37,959	18,730	56,689	-	56,689
Intersegment	-	-	-	-	-
Total	37,959	18,730	56,689	-	56,689
Segment income (loss)	1,735	(338)	1,397	-	1,397

Q3/FY2015 Apr' 15 - Dec' 15

	Business Segments Reported		Total	Adjustments	Consolidated Statement
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	39,400	23,012	62,413	-	62,413
Intersegment	-	-	-	-	-
Total	39,400	23,012	62,413	-	62,413
Segment income (loss)	2,493	(303)	2,189	-	2,189

Business Results

(1) Analysis of Consolidated Business Results

1.1 Overview

The business environment of the FDK Group ("FDK") during the nine months ended December 31, 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.

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 sales. As for Ni-MH batteries, we strived to sell for industrial use such as Ni-MH batteries for small cell power supplies. 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. As for electronic device business, FDK developed DC-DC power module which has achieved the industry's highest level of current density, and strive to mass production the logger device with sensor. In addition, FDK developed the new mid-term business plan 1618, starting from FY2016 (FY2016-18) and executed some of these measures.

As for FDK's business results within the nine months in FY2015, net sales were 62,413 million yen, increased by 5,723 million yen (10.1%) 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 steady sales of signal processing modules for LCD displays for industrial and LCD televisions and joined power supply business from Fujitsu Telecom Networks transferred on July 1.

With regard to profit and loss, operating income was 2,189 million yen, increased by 792 million yen (56.7%) 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, decline in the price of material and cost reduction. Ordinary income was 2,096 million yen, by increased by 480 million yen (29.7%) from the same period last year. It was achieved by the post of foreign exchange gain with the devaluation of the Chinese yuan in non-operating income, though the share of loss of entities accounted for using equity method. Profit attributable to owners of parent within the nine months in FY2015 was 1,755 million yen, increased by 493 million yen (39.2%) 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 1-3Q (9 months)	61,304	87.3	27	-210	45
FY2012 1-3Q (9 months)	53,639	87.8	-1,274	-849	-693
FY2013 1-3Q (9 months)	58,729	83.9	1,290	1,312	902
FY2014 1-3Q (9 months)	56,689	82.5	1,397	1,616	1,261
FY2015 1-3Q (9 months)	62,413	82.3	2,189	2,096	1,755
Compared to the same period last year	5,723	-0.2	792	480	493

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 39,400 million yen, increased by 1,440 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 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. 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 23,012 million yen, increased by 4,282 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 nine months in FY2015 increased by 2,338 million yen (4.1%) from the end of the previous fiscal year to 59,594 million yen. Current assets increased by 2,680 million yen (7.4%) from the end of the previous fiscal year to 38,719 million yen. Non-current assets decreased by 341 million yen (-1.6%) from the end of the previous fiscal year to 20,875 million yen. The principal causes for increased current assets were a 751 million yen increase in cash and deposits, a 566 million yen increase in raw materials and supplies and a 425 million yen increase in notes and accounts receivable-trade.

Total liabilities at the end of nine months in FY2015 increased by 967 million yen (2.0%) from the end of the previous fiscal year to 49,645 million yen. Current liabilities increased by 1,449 million yen (3.7%) from the end of the previous fiscal year to 40,400 million yen. Non-current liabilities decreased by 481 million yen (-5.0%) from the end of the previous fiscal year to 9,244 million yen. The principal cause of increased current liabilities was a 2,311 million yen increase in notes and accounts payable-trade and a 1,277 million yen increase in accounts payable-other, though there was a 1,480 million yen decrease in short-term loans payable. The principal cause for decreased non-current liabilities was a 523 million yen decrease in long-term accounts payable - other.

The interest-bearing debt decreased by 1,102 million yen from the end of the previous fiscal year to 17,648 million yen.

Total net assets at the end of nine months in FY2015 increased by 1,371 million yen (16.0%) from the end of the previous fiscal year to 9,949 million yen. The main factors for the increase in total net assets were a 1,755 million yen increase in retained earnings by posting a profit attributable to owners of parent, though there was a 584 million yen decrease in foreign currency translation adjustment.

2.2 Cash Flow Condition

Net cash used in operating activities increased by 4,112 million yen from the beginning of this fiscal year due to the increase in cash and cash equivalents ("cash") by posting the increase in income before income taxes, depreciation and amortization and increase in notes and accounts payable-trade, though there was a decrease in cash by posting the increase in inventories and notes and accounts receivable-trade (Net cash used in operating activities for the last fiscal year increased by 2,675 million yen from the beginning of the last fiscal year).

Net cash used in investment activities decreased by 1,439 million yen from the beginning of this fiscal year due to the decrease in cash by posting the payments into purchase of property, plant and equipment (Net cash used in investment activities for the last fiscal year decreased by 1,419 million yen from the beginning of the last fiscal year).

Net cash used in financing activities decreased by 1,879 million yen from the beginning of this fiscal year due to the decrease in cash by posting the decrease in short-term loans payable (Net cash used in financing activities for the last fiscal year decreased by 972 million yen from the beginning of the last fiscal year).

As a result of taking into account a 131 million yen increase in increase in cash and cash equivalents resulting from merger, the balance of cash and cash equivalents on December 31, 2015 was 5,509 million yen, an increase of 751 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.