

Consolidated Financial Results for the First Quarter Ended June 30, 2017  
(April 1, 2017 to June 30, 2017)

**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 : CSR/Public & Investor Relations Dept., General Affairs & Personnel Div.

E-mail: [skuma@fdk.co.jp](mailto:skuma@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, 2017**

**a. Consolidated Statements of Income**

	Yen (millions)			Yen (millions)	U.S.Dollars (millions)
	Three months ended June 30, 2016	Three months ended June 30, 2017	Change (%)	FY2016, ended Mar. 31, 2017	Three months ended June 30, 2017
<b>Net Sales</b>	17,805	17,372	(8.0)	73,682	\$155.11
<b>Operating Loss</b>	(317)	(157)	-	(330)	(\$1.40)
<b>Ordinary Loss</b>	(634)	(161)	-	(697)	(\$1.44)
<b>Loss attributable to owners of parent</b>	(713)	(281)	-	(3,166)	(\$2.51)

**Amounts Per Share of Common Stock:**

Basic Earnings	(2.55) yen	(1.01) yen	(11.30) yen	(0.90) 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, 2016	Three months ended June 30, 2017	FY2016, ended Mar. 31, 2017	Three months ended June 30 2017
<b>Batteries</b>	11,507	11,711	49,408	\$104.56
<b>Electronic Devices</b>	6,298	5,660	24,273	\$50.54
<b>Total</b>	17,805	17,372	73,682	\$155.11

**c. Consolidated Financial Position**

	Yen (millions)	
	As of March 31, 2017	As of June 30, 2017
<b>Total Assets</b>	49,132	50,788
<b>Total Net Assets</b>	4,638	4,172
<b>Shareholders' Equity</b>	5,969	6,033
<b>Shareholders' Equity Ratio</b>	8.0 %	8.2 %

**d. Consolidated Statements of Cash Flows**

	Yen (millions)	
	Three months ended June 30,	Three months ended June 30,
	2016	2016
<b>Cash Flows from Operating Activities</b>	(1,146)	744
<b>Cash Flows from Investing Activities</b>	(241)	(599)
<b>Cash Flows from Financing Activities</b>	447	1,019
<b>Cash and Cash Equivalents at End of Period</b>	4,480	4,761

(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 112.00 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 2017 ending March. 31, 2018**

	(Million of yen, except per share data)		
	FY2017	Change from FY2016	FY2016
Net Sales	76,000	3.1 %	73,682
Operating Income (Loss)	1,400	-	(330)
Ordinary Income (Loss)	700	- %	(697)
Profit (Loss) attributable to owners of parent	400	- %	(3166)
Net Income (Loss) per Share	1.43 yen	-	(11.30) yen

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

The financial forecast described above is based upon information available as of April 27, 2017.

**3. Others**

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

Consolidated Subsidiaries	13 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: No
- 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, 2017: 280,363,026 shares      March 31, 2017: 280,363,026 shares
- 2) Number of treasury shares at the end of each period  
June 30, 2017: 266,674 shares      March 31, 2017: 266,012 shares
- 3) Weighted average number of shares outstanding in each period.  
June 30, 2017: 280,096,788 shares      June 30, 2016: 280,101,755 shares

# Consolidated Balance Sheet

## Millions of yen

	FY2016 March 31, 2017	1Q/FY2017 June 30, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,538	4,761
Notes and accounts receivable-trade	18,427	18,009
Merchandise and finished goods	3,016	3,371
Work in process	2,662	2,970
Raw materials and supplies	2,186	2,565
Deferred tax assets	108	52
Other	1,576	1,020
Allowance for doubtful accounts	(40)	(31)
Total current assets	31,475	32,720
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	6,339	6,301
Machinery, equipment and vehicles, net	4,596	4,728
Tools, furniture and fixtures, net	1,059	1,055
Land	2,556	2,555
Leased assets, net	1,366	1,386
Construction in progress	563	706
Total property, plant and equipment	16,481	16,734
Intangible assets	504	500
Investments and other assets		
Investment securities	178	181
Long-term loans receivable	1	1
Deferred tax assets	27	28
Other	463	621
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	670	832
Total non-current assets	17,656	18,067
<b>Total assets</b>	49,132	50,788
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	13,852	15,189
Short-term loans payable	16,970	18,510
Lease obligations	515	507
Accounts payable-other	2,512	2,740
Income taxes payable	394	186
Other	2,732	2,290
Total current liabilities	36,977	39,424
<b>Non-current liabilities</b>		
Lease obligations	809	758
Deferred tax liabilities	227	202
Net defined benefit liability	4,291	4,205
Long-term accounts payable - other	1,817	1,652
Other	369	372
Total non-current liabilities	7,515	7,190
<b>Total liabilities</b>	44,493	46,615
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	28,301	28,301
Capital surplus	22,622	22,968
Retained earnings	(44,908)	(45,190)
Treasury share	(46)	(46)
Total shareholders' equity	5,969	6,033
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	23	24
Foreign currency translation adjustment	825	898
Remeasurements of defined benefit plans	(2,896)	(2,786)
Total accumulated other comprehensive income	(2,046)	(1,863)
<b>Non-controlling Interests</b>	716	3
<b>Total net assets</b>	4,638	4,172
<b>Total liabilities and net assets</b>	49,132	50,788

**Consolidated Statement of Income**  
**Millions of yen**

	1Q/FY2016	1Q/FY2017
	April 16 - June 16	April 17 - June 17
<b>Net sales</b>	17,805	17,372
Cost of sales	15,271	14,737
<b>Gross profit</b>	2,533	2,634
Selling, general and administrative expenses	2,851	2,792
<b>Operating loss</b>	(317)	(157)
Non-operating income		
Interest income	5	4
Foreign exchange gains	-	20
Rent income	5	4
Other	29	28
Total non-operating income	40	58
Non-operating expenses		
Interest expenses	29	29
Foreign exchange losses	244	-
Share of loss of entities accounted for using equity method	26	3
Loss on retirement of non-current assets	25	16
Other	32	12
Total non-operating expenses	357	62
<b>Ordinary loss</b>	(634)	(161)
<b>Profit (loss) before income taxes</b>	(634)	(161)
Income taxes-current	132	92
Income taxes-deferred	(56)	29
Total income taxes	76	121
Loss	(710)	(282)
Profit (Loss) attributable to non-controlling interests	2	(0)
<b>Loss attributable to owners of parent</b>	(713)	(281)

## Consolidated Statement of Comprehensive Income

Millions of yen

	1Q/FY2016	1Q/FY2017
	April 16 - June 16	April 17 - June 17
<b>Loss</b>	(710)	(282)
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(0)	1
Foreign currency translation adjustment	(1,239)	68
Remeasurements of defined benefit plans, net of tax	111	109
Share of other comprehensive income of entities accounted for using equity method	(46)	3
Other comprehensive income	(1,175)	183
<b>Comprehensive income</b>	(1,886)	(99)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(1,881)	(98)
Comprehensive income attributable to non-controlling interests	(4)	(0)

## Consolidated Statement of Cash Flows

Millions of yen

	1Q/FY2016	1Q/FY2017
	April 16 - June 16	April 17 - June 17
<b>Cash flows from operating activities</b>		
Loss before income taxes	(634)	(161)
Depreciation and amortization	578	515
Increase (decrease) in net defined benefit liability	(82)	(86)
Increase (decrease) in allowance for doubtful accounts	(2)	(9)
Interest and dividend income	(6)	(5)
Interest expenses	29	29
Foreign exchange losses (gains)	1	(0)
Share of (profit) loss of entities accounted for using equity method	26	3
Loss (gain) on sales of property, plant and equipment	(2)	(7)
Loss on retirement of non-current assets	25	16
Decrease (increase) in notes and accounts receivable-trade	(538)	528
Decrease (increase) in inventories	(862)	(978)
Increase (decrease) in notes and accounts payable-trade	904	1,169
Increase (decrease) in accrued expenses	(694)	(538)
Other, net	332	414
Subtotal	(926)	890
Interest and dividend income received	6	5
Interest expenses paid	(27)	(30)
Income taxes paid	(199)	(121)
Net cash provided by (used in) operating activities	(1,146)	744
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(259)	(664)
Proceeds from sales of property, plant and equipment	17	78
Purchase of intangible assets	(2)	(11)
Purchase of investment securities	(1)	(1)
Other, net	4	(0)
Net cash provided by (used in) investing activities	(241)	(599)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	580	1,540
Purchase of treasury shares	(0)	(0)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(385)
Repayments of finance lease obligations	(132)	(135)
Net cash provided by (used in) financing activities	447	1,019
<b>Effect of exchange rate change on cash and cash equivalents</b>	(532)	58
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,472)	1,222
<b>Cash and cash equivalents at beginning of period</b>	5,952	3,538
<b>Cash and cash equivalents at end of period</b>	4,480	4,761

Consolidated Business Segment Information  
Millions of yen

1Q/FY2016 April 16 - June 16

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Devices			
Net sales					
Unaffiliated customers	11,507	6,298	17,805	-	17,805
Intersegment	-	-	-	-	-
Total	11,507	6,298	17,805	-	17,805
Segment profit (loss)	91	(408)	(317)	-	(317)

1Q/FY2017 April 17 - June 17

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Devices			
Net sales					
Unaffiliated customers	11,711	5,660	17,372	-	17,372
Intersegment	-	-	-	-	-
Total	11,711	5,660	17,372	-	17,372
Segment profit (loss)	325	(483)	(157)	-	(157)

## **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, 2017, remained uncertain condition, such as the slowing economic growth in emerging countries, increasing uncertainty in overseas economics by geopolitical risks though the corporate profit and employment environment of domestic companies improved as well as personal consumption gradually improved in Japan.

Under these circumstances, FDK has strived to develop the business for new customers in the global industrial market expected for the potential glowing like Automotive, Housing, ICT and also strived to expand the sales volume of Ni-MH batteries for industrial use, Lithium batteries for smoke detector in domestic market and multi-layer power inductors for smart phones. For consumer business, FDK strived to expand FUJITSU Brand Alkaline batteries which improved its performance in FY2016, and also strived to expand sales volume of Alkaline batteries for OEM and private brand products.

As for Battery business result in the first quarter, sales of Ni-MH batteries, Lithium batteries and Equipment business increased from the same period last year, though sales of Battery business was influenced by some seasonality. As for Electronic Device business result, Sales of Signal Processing Modules for LCD and DC-DC Converter decreased from the same period last year, though sales of Coil devices, Multi-layer Power Inductor and Toner were stable and almost same as the same period of last year. As a result, consolidated sales of the first quarter ended June 30, 2017 was 17,372 million yen, decreased by 432 million yen (-2.4%) from the same period last year.

With regard to profit and loss in the Battery Business, profit was increased by sales increase of Ni-MH batteries and Lithium batteries, as well as decreasing manufacturing cost and operating cost. And in the Electronic Device business, the deficit status was continued through the first quarter due to sales decreasing of Signal processing Module for LCD and DC-DC Power Module, though Multilayer Power Inductor and Toner were improved. As a result, the operating loss was 157 million yen (it was 317 million yen operating loss in the same period of last year). Ordinary loss was 161 million yen (ordinary loss was 634 million yen in the same period last year). The loss attributable to owners of parent in the first quarter ended June 30, 2017 was 281 million yen (it was 713 million yen loss attributable for owners of parent in the same period last year).

The divisional sales overview is as follows.

#### **1.2 Battery Business**

Sales of Alkaline batteries was decreased from the same period last year due to sales decrease of OEM products in domestic and overseas market, though the batteries for internet sales increased.

The new models of FUJITSU Alkaline batteries will contribute to sales and profit from 2nd quarter onward, although started the sales from this April. Sales of Ni-MH batteries increased from the same period last year due to steady sales of industrial use such as backup application of emergency light, though sales of consumer use decreased in domestic and overseas market. Sales of Power Storage Systems was almost same as the same period of last year due to steady sales of communication equipment backup use. Sales of Lithium batteries increased from the same period last year, due to steady sales for next generation smart meters and smoke detectors in domestic market. Sales of Production Manufacturing Machineries and Equipment business increased due to sales expansion of component assembly equipment for automobile.

As a result, sales for the Battery business was 11,711 million yen, increased by 204 million yen from the same period last year.

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

Sales of Ferrite and Coil devices was almost same as the same period last year, due to steady sales for automotive use and LED lighting. Sales of Multi-layer Power Inductor products was increased from the same period last year, due to steady sales for smart phone and integrated circuit application for industrial equipment. Sales of Ceramic products decreased from the same period last year due to the sluggishness in digital camera market. Sales of DC-DC Power Module decreased from the same period last year due to the sales decrease for server, storage, network equipment. Sales of Signal Processing Modules for LCD decreased from the same period last year, due to sales decrease for touch panel and automotive use though sales for industrial use was steady.



As a result, sales for the Electronic Device business were 5,660 million yen, decreased by 637 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 FY2017 increased by 1,655 million yen (3.4%) from the end of the previous fiscal year to 50,788 million yen. Current assets increased by 1,244 million yen (4.0%) from the end of the previous fiscal year to 32,720 million yen. Non-current assets increased by 411 million yen (2.3%) from the end of the previous fiscal year to 18,067 million yen. The principal causes for increased current assets were a 1,222 million yen increase in cash and deposit. The principal cause for increased non-current assets were a 252 million yen increase in property, plant and equipment.

Total liabilities at the end of first quarter of FY2017 increased by 2,121 million yen (4.8%) from the end of the previous fiscal year to 46,615 million yen. Current liabilities increased by 2,447 million yen (6.6%) from the end of the previous fiscal year to 39,424 million yen. Non-current liabilities decreased by 325 million yen (-4.3%) from the end of the previous fiscal year to 7,190 million yen. The principal cause of increased current liabilities were a 1,540 million yen increase in short-term loans payable and a 1,337 million yen increase in notes and accounts payable-trade. The principal cause of decreased non-current liabilities were a 165 million yen decrease in long-term accounts payable – other.

The interest-bearing debt increased by 1,481 million yen from the end of the previous fiscal year to 19,776 million yen.

Total net assets at the end of first quarter of FY2017 decreased by 465 million yen (-10.0%) from the end of the previous fiscal year to 4,172 million yen. The main factors for the decrease in total net assets were a 713 million yen decrease in non-controlling interests, though there was a 346 million yen increase in capital surplus by posting a payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation.

### **2.2 Cash Flow Condition**

Cash flows from operating activities increased by 744 million yen from the beginning of this fiscal year due to an increase in cash and cash equivalents (“cash”) by posting an increase in notes and accounts payable-trade, increase in notes and accounts receivable-trade and depreciation and amortization, though was a decrease in cash by posting an increase in inventories (Cash flows from operating activities for the last fiscal year decreased by 1,146 million yen from the beginning of the last fiscal year).

Cash flows from investment activities decreased by 599 million yen from the beginning of this fiscal year due to a decrease in cash by posting a purchase of property, plant and equipment (Cash flows from investment activities for the last fiscal year decreased by 241 million yen from the beginning of the last fiscal year).

Cash flows from financing activities increased by 1,019 million yen from the beginning of this fiscal year due to an increase in cash by posting a short-term loans payable, though was a payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation (Cash flows from financing activities for the last fiscal year increased by 447 million yen from the beginning of the last fiscal year).

As a result, the balance of cash and cash equivalents on June 30, 2017 was 4,761 million yen, an increase of 1,222 million yen from the beginning of this fiscal year.

## **3. Forecast for the Fiscal Year Ending March 31, 2018**

FDK has not changed its business forecast, which was announced on April 27, 2017. 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.