

Contact :

FDK CORPORATION, Corporate Communications Dept .

E-mail : narishi@fdk.co.jp

FOR IMMEDIATE RELEASE

Oct.29,2003

FDK Reports FY2003 Half-Year Financial Results

1 . Summary of Consolidated Results

a . Summary of Consolidated Statements of Operations

	Yen (millions)			Yen (million)	U.S.Dollars (thousands)
	1st Half FY2003(*1)	1st Half FY2002(*2)	Change(%)	FY2002(*3)	1st Half FY2003
Net Sales	¥45,730	¥43,165	+5.9	¥86,258	\$411,982
Operating Income(loss)	628	(532)	-	459	\$5,658
Income(loss) Before Income Taxes and minority interests	(1,475)	(3,063)	-	(6,143)	(\$13,288)
Net Income(loss)	(1,493)	(3,193)	-	(6,266)	(\$13,450)
Amounts Per Share of Common Stock:					
Basic earnings(loss)	(17.98) yen	(38.44) yen	-	(75.46) yen	(16) cent
Diluted Earnings	- yen	- yen	-	- yen	- cent

b.Net Sales by Business Segment

	Yen (millions)			Yen (million)	U.S.Dollars (thousands)
	1st Half FY2003	1st Half FY2002	Change(%)	FY2002	1st Half FY2003
Electronic Components	¥35,523	¥32,306	+10.0	¥62,695	\$320,027
Batteries	10,207	10,859	-6.0	23,562	\$91,955
Total	¥45,730	¥43,165	-5.9	¥86,258	\$411,982

c.Summary of Consolidated Financial Condition

	Yen (millions)			U.S.Dollars (thousands)
	2003/9/30	2002/9/30	2003/3/31	2003/9/30
Total Assets	¥78,678	¥80,548	¥81,371	\$708,811
Shareholders'Equity	210	5,190	1,706	\$1,892
Shareholders'Equity Ratio	0.3%	6.4%	2.1%	0.3%
Shareholders'Equity				
Per Share	2.53 yen	62.49 yen	20.56 yen	2 cent

d.Summary of Consolidated Statements of Cash Flows

	Yen (millions)			U.S.Dollars (thousands)
	1st Half FY2003	1st Half FY2002	FY2002	1st Half FY2003
Cash Flows from				
Operating Activities	(¥1,217)	¥115	¥3,967	(\$10,964)
Cash Flows from				
Investing Activities	(946)	(2,536)	(3,686)	(\$8,523)
Cash Flows from				
Financing Activities	(3,199)	2,525	2,538	(\$28,820)
Cash and Cash Equivalents				
at End of period	6,930	9,722	12,391	\$62,432

Consolidated Subsidiaries 16 companies

2 . Projections for FY2003 (April 1,2003-March 31, 2004)

Consolidated Earnings Forecast

	Yen (million)	change(%)	U.S.Dollars (thousands)
Net Sales	¥96,000	+11.3	\$864,865
Operating Income	2,800	-	\$25,225
Net Income(loss)	(1,400)	-	(\$12,613)
Net Income(loss) per Share	(16.87) yen	-	(15) cent

Note :

All yen figures have been converted to U.S.dollars for convenience only at a uniform rate of \$1=111yen
Figures are rounded to the nearest million yen.

*1. 1st Harf FY2003 : April 1,2003 - September 30, 2003

*2. 1st Harf FY2002 : April 1,2002 - September 30, 2002

*3. FY2002 : April 1,2002 - march 31, 2003

Consolidated Statements of Operations

	Yen (millions)		
	1H of FY2003	1H of FY2002	1H of FY2001
Net sales	¥ 45,730	¥ 43,165	¥ 52,567
Operating costs and expenses			
Cost of sales	39,867	37,885	44,638
Selling, general and administrative expenses	5,235	5,812	7,346
	<u>45,102</u>	<u>43,697</u>	<u>51,984</u>
Operating income (loss)	628	(532)	583
Other income (expenses)			
Interest and dividend income	29	44	69
Equity in earnings (losses) of affiliates, net	0	0	(27)
Interest charges	(415)	(372)	(439)
Other, net (Note)	(1,717)	(2,203)	(1,818)
	<u>(2,103)</u>	<u>(2,531)</u>	<u>(2,215)</u>
Income (loss) before income taxes and minority interests	(1,475)	(3,063)	(1,632)
Income taxes			
Current	171	139	162
Deferred	(157)	(28)	(98)
	<u>14</u>	<u>111</u>	<u>64</u>
Income (loss) before minority interests	(1,489)	(3,174)	(1,696)
Minority interests in income of consolidated subsidiaries	(4)	(19)	(66)
Net income (loss)	<u>¥ (1,493)</u>	<u>¥ (3,193)</u>	<u>¥ (1,762)</u>

Consolidated Balance Sheets

	Yen (millions)		
	30-Sep-03	30-Sep-02	30-Sep-01
Assets			
Current assets			
Cash and time deposit	¥ 7,062	¥ 10,187	¥ 14,922
Notes receivable-trade	1,612	2,079	2,262
Accounts receivable-trade	22,651	19,262	25,423
Inventories	11,577	10,358	15,484
Deferred tax assets	177	155	407
Other current assets	3,073	2,993	3,059
Less: Allowance for doubtful receivable	(112)	(120)	(154)
Total current assets	<u>46,040</u>	<u>44,914</u>	<u>61,403</u>
Tangible fixed assets			
Building and structures	10,835	11,566	10,936
Other depreciable assets	14,423	16,375	17,963
Land	4,497	4,484	1,657
Construction in progress	644	421	1,058
Total tangible fixed assets	<u>30,399</u>	<u>32,846</u>	<u>31,614</u>
Intangible assets	<u>1,240</u>	<u>1,426</u>	<u>1,428</u>
Investments and long-term loans			
Securities investments	118	518	1,028
Deferred tax assets	339	155	509
Other investments and long-term loans	542	689	795
Total investments	<u>999</u>	<u>1,362</u>	<u>2,332</u>
Other assets(Note)	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>¥ 78,678</u>	<u>¥ 80,548</u>	<u>¥ 96,777</u>
Liabilities, minority interests and shareholders' equity			
Current liabilities			
Notes Payable-trade	¥ 307	¥ 258	¥ 1,667
Account payable-trade	19,320	10,379	15,750
Short-term borrowings	30,408	35,781	38,113
Current portion of long-term debt	3,526	3,789	5,435
Accrued income taxes	98	167	161
Other current liabilities	3,835	5,918	8,101
Total current liabilities	<u>57,494</u>	<u>56,292</u>	<u>69,227</u>
Long-term liabilities			
Long-term debt	16,054	13,970	5,472
Accrued retirement benefits	3,381	4,001	5,008
Other long-term liabilities	81	130	39
Total long-term liabilities	<u>19,516</u>	<u>18,101</u>	<u>10,519</u>
Minority interests in consolidated subsidiaries	<u>1,458</u>	<u>965</u>	<u>925</u>
Shareholders' equity			
Common stock	13,206	13,206	13,206
Capital surplus	7,585	7,585	7,583
Deficit	(19761)	(15194)	(3983)
Unrealized gains (losses) on securities, net of taxes	5	70	(185)
Foreign currency translation adjustments	(812)	(471)	(515)
Treasury stock	(13)	(6)	0
Total shareholders' equity	<u>210</u>	<u>5,190</u>	<u>16,106</u>
Total Liabilities, minority interests and shareholders' equity	<u>¥ 78,678</u>	<u>¥ 80,548</u>	<u>¥ 96,777</u>

Consolidated Statements of Cash Flows

	Yen (millions)		
	1H of FY2003	1H of FY2002	1H of FY2001
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	¥ (1,475)	¥ (3,063)	¥ (1,632)
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities			
Depreciation and amortization	2,297	2,654	2,849
Equity in earnings of affiliates, net	0	0	27
(Increase) decrease in receivable-trade	(2,145)	2,264	4,766
(Increase) decrease in inventories	(1,272)	1,409	105
Increase (decrease) in payable-trade	2,163	(2,811)	(1,773)
Other, net	(11)	43	(596)
Cash generated from operations	(443)	496	3,746
Interest paid	29	(345)	(455)
Interest and dividends received	(418)	44	69
Income taxes paid	(385)	(80)	(681)
Net cash provided by operating activities	(1,217)	115	2,679
Cash flows from investing activities			
Purchase of tangible fixed assets	(1,477)	(2,573)	(4,315)
Proceeds from sales of tangible fixed assets	44	20	610
Purchase of intangible assets	(19)	(169)	(56)
Other, net	506	186	(104)
Net cash used in investing activities	(946)	(2,536)	(3,865)
Cash flows from financing activities			
Proceeds from long-term debt	125	3,784	396
Repayment of long-term debt	(1,818)	(3,357)	(2,319)
Increase (decrease) in short-term borrowings	(1,505)	2,102	(477)
Proceeds from issuance of new common stock	0	-	-
Dividends paid	0	0	(249)
Other, net	(1)	(4)	4
Net cash provided by (used in) financing activities	(3,199)	2,525	(2,645)
Effect of exchange rate changes on cash and cash equivalents	(99)	(180)	(28)
Net increase (decrease) in cash and cash equivalents	(5,461)	(76)	(3,859)
Cash and cash equivalents at beginning of year	12,391	9,798	18,252
Increase in cash from new consolidation of subsidiaries	-	-	-
Cash and cash equivalents at end of year	¥ 6,930	¥ 9,722	¥ 14,393

Consolidated Statements of Shareholders' Equity

	Yen (millions)		
	30-Sep-03	30-Sep-02	30-Sep-01
Common Stock:			
Beginning balance	<u>¥ 13,206</u>	<u>¥ 13,206</u>	<u>¥ 13,206</u>
Increase from capital stock issued	-	-	-
Ending balance	<u>¥ 13,206</u>	<u>¥ 13,206</u>	<u>¥ 13,206</u>
Capital Surplus:			
Beginning balance	<u>¥ 7,585</u>	<u>¥ 7,583</u>	<u>¥ 7,583</u>
Increase in capital surplus from merger with a subsidiary	-	2	-
Transfer to Retained Earnings	-	-	-
Ending balance	<u>¥ 7,585</u>	<u>¥ 7,585</u>	<u>¥ 7,583</u>
Retained Earnings(Deficit)			
Beginning balance	<u>¥ (18,268)</u>	<u>¥ (14,530)</u>	<u>¥ (1,942)</u>
Decrease in deficit from merger with a subsidiary	-	2,529	-
Transfer from Capital Surplus	-	-	-
Cash dividends paid	-	-	(250)
Others	-	-	(29)
Net income(loss)	(1,493)	(3,193)	(1,762)
Ending balance	<u>¥ (19,761)</u>	<u>¥ (15,194)</u>	<u>¥ (3,983)</u>
Unrealized Gain(loss) on Securities,net of taxes:			
Beginning balance	<u>¥ 41</u>	<u>¥ 87</u>	<u>¥ (77)</u>
Net increase in unrealized gain(loss) on securities	(36)	(17)	(108)
Ending balance	<u>¥ 5</u>	<u>¥ 70</u>	<u>¥ (185)</u>
Foreign Currency Translation Adjustments:			
Beginning balance	<u>¥ (846)</u>	<u>¥ 37</u>	<u>¥ (701)</u>
Net increase in foreign currency transaction adjustment	34	(508)	186
Ending balance	<u>¥ (812)</u>	<u>¥ (471)</u>	<u>¥ (515)</u>
Treasury Stock:			
Beginning balance	<u>¥ (12)</u>	<u>¥ (2)</u>	<u>¥ (2)</u>
Net decrease(increase) Treasury stock	(1)	(4)	2
Ending balance	<u>¥ (13)</u>	<u>¥ (6)</u>	<u>¥ 0</u>

Business Performance and Financial Conditions

Business performance overview

While electronic product market of this first half-year is slowly recovering, as a whole demand has expanded centering on digital AV equipments, such as liquid crystal television. On the other hand, while production shift to China was further accelerating, the price competition in the market was further intensified by the rise of local Chinese makers. Furthermore, severe state continues under the influence of SARS (severe acute respiratory syndrome) appeared mainly in Asian area at the beginning of the term.

FDK is strengthening the operating base through the construction of "Low-cost Manufacturing systems" in the whole group, the concentration of managerial resources to growth areas, and the expenditure cut. Consequently, the sales of liquid crystal display and flat panel display-related products such as PDP were 5.9% up over the same period last year to 45,730 million yen. As a result of the thorough promotion of cost reduction, operating profit has shown an improve 1,160 million yen from the same period last year to 628 million yen. However, profit margin was worsened due to the appreciation of the Yen in the second half of the term as a result the net loss was 1,493 million yen.

Electronic business

By the popularization of the thin-shaped televisions and the expanded demand of liquid crystal display for personal computers, hybrid module products for plasma displays and liquid crystal displays were far exceeded the corresponding period of last year. Although the demand of switching power supply did not result in full-scale recovery, new products, such as micro DC-DC converters, the "GM series" and standard DC-DC converters for distributed power architectures were focused. The fall of market price of ferrite products progressed further and sales were fall short of the same period last year. Though stepper motors for printers were decreased, demand for micro motors for digital cameras were increased. As a result the same sales were secured as the same period last year. Consequently, the sales of the entire business were up 10.0% when compared with the same period last year to 35,523 million yen. However, due to the intensification of market competition and price decline, operating loss was 31 million yen.

Battery business

While price competition was further intensified by the inflow of overseas products, FDK has expanded the sales of alkaline battery focusing on domestic market. Consequently, sales were nearly the same compared with the same period last year 10,207 million yen and operating profit was 659 million yen.

Projections

Although electronic products are on a track to recovery, rabid market competition is expected. The present business forecast of the fiscal year ended March 2004 is as follows.

Projections for FY2003 (April 1, 2003-March 31, 2004)

Consolidated Earnings Forecast		
	Yen (million)	change(%)
Net Sales	96,000	+11.3
Operating income	2,800	+510.0
Income (loss) before tax	-1,380	-
Net Income (loss)	-1,400	-

In the above-mentioned forecast, there are opaque aspects such as the supply-and-demand trend of products and components in the main market, exchange rate, Japan-U.S. stock quotations, and so on. Therefore, please understand the achievement may greatly differ from the indicated forecast.

Cash flow condition

Although funds were increased by streamline of management, cash flow from the operating activities of this mid-term was 1,217 million yen reduced resulting from the net deficit for the period before tax adjustment and increase in temporary inventory.

The cash flow from investing activities of this mid-term was 946 million yen reduced resulting from the increase in fund from sale of marketable securities and investment in hybrid module business equipment.

Moreover, the cash flow from financing activities of this mid-term was 3,199 million yen reduced resulting from the advance in compression of debt.

According to these results, cash and cash equivalents at the end of the year when compared with the balance at the beginning of the year was 5,461 million yen decreased to 6,930 million yen.