

FOR IMMEDIATE RELEASE

April 25, 2003

FDK Reports FY2002(April 1,2002-March 31, 2003) Financial Results

1 . Summary of Consolidated Results

a . Summary of Consolidated Statements of Operations

	Yen (millions)			U.S.Dollars (millions)
	FY2002	FY2001	Change(%)	FY2002
Net Sales	¥86,258	¥100,614	-14.3	\$648.56
Operating Income(loss)	459	(227)	-	\$3.45
Income(loss) Before Income Taxes and minority interests	(6,143)	(11,482)	-	(\$46.19)
Net Income	(6,266)	(12,308)	-	(\$47.11)
Amounts Per Share of Common Stock:				
Basic earnings	(75.46) yen	(148.16) yen	-	(57cent)
Diluted Earnings	-	-	-	-

b.Net Sales by Business Segment

	Yen (millions)			U.S.Dollars (millions)
	FY2002	FY2001	Change(%)	FY2001
Electronic Components	¥62,696	¥75,239	-16.7	\$471.40
Batteries	23,562	25,375	-7.1	\$177.16
Total	¥86,258	¥100,614	-14.3	\$648.56

c.Summary of Consolidated Financial Condition

	Yen (millions)	
	2002/3/31	2002/3/31
Total Assets	¥81,371	¥85,010
Shareholders'Equity	1,706	6,381
Shareholders'Equity Ratio	2.1%	7.5%
Shareholders'Equity Per Share	20.56 yen	76.82 yen

d. Summary of Consolidated Statements of Cash Flows

	Yen (millions)	
	<u>FY2002</u>	<u>FY2002</u>
Cash Flows from		
Operating Activities	¥3,967	(¥1,356)
Cash Flows from		
Investing Activities	(3,686)	(6,544)
Cash Flows from		
Financing Activities	2,538	(883)
Cash and Cash Equivalents		
at Year End	12,391	9,798

Consolidated Subsidiaries	16 companies
Unconsolidated Subsidiaries	- companies
Affiliates(equity method applied only)	- companies

Note : All yen figures have been converted to U.S.dollars for convenience only at a uniform rate of \$1=133yen

2 . Projections for FY2003 (April 1,2003-March 31, 2004)**Consolidated Earnings Forecast**

	Yen (million)	change(%)
Net Sales	¥92,000	+6.7
Operating Income	4,700	+920
Net Income(loss)	700	-
Net Income(loss) per Share	8.43 yen	-

Consolidated Statements of Operations

	Yen (millions)		
	FY2002	FY2001	FY2000
Net sales	¥ 86,258	¥ 100,614	¥ 120,037
Operating costs and expenses			
Cost of sales	74,306	86,339	95,508
Selling, general and administrative expenses	11,493	14,502	15,055
	<u>85,799</u>	<u>100,841</u>	<u>110,563</u>
Operating income (loss)	459	(227)	9,474
Other income (expenses)			
Interest and dividend income	70	106	194
Equity in earnings (losses) of affiliates, net	0	(70)	21
Interest charges	(815)	(819)	(1,058)
Other, net (Note)	(5,857)	(10,472)	(3,767)
	<u>(6,602)</u>	<u>(11,255)</u>	<u>(4,610)</u>
Income (loss) before income taxes and minority interests	(6,143)	(11,482)	4,864
Income taxes			
Current	182	198	1,071
Deferred	(78)	537	(598)
	<u>104</u>	<u>735</u>	<u>473</u>
Income (loss) before minority interests	(6,247)	(12,217)	4,391
Minority interests in income of consolidated subsidiaries	(19)	(91)	(120)
Net income (loss)	<u>¥ (6,266)</u>	<u>¥ (12,308)</u>	<u>¥ 4,271</u>

Consolidated Balance Sheets

	Yen (millions)		
	31-Mar-03	31-Mar-02	31-Mar-01
Assets			
Current assets			
Cash and time deposit	¥ 12,517	¥ 10,456	¥ 15,659
Notes receivable-trade	1,658	2,192	4,742
Accounts receivable-trade	20,504	21,911	27,561
Inventories	10,333	12,016	15,519
Deferred tax assets	210	176	428
Other current assets	2,887	3,981	6,233
Less: Allowance for doubtful receivable	(117)	(134)	(176)
Total current assets	<u>47,992</u>	<u>50,598</u>	<u>69,966</u>
Tangible fixed assets			
Building and structures	11,099	11,816	10,296
Other depreciable assets	14,816	17,665	17,005
Land	4,470	1,715	1,674
Construction in progress	559	372	2,210
Total tangible fixed assets	<u>30,944</u>	<u>31,568</u>	<u>31,185</u>
Intangible assets	<u>1,353</u>	<u>1,429</u>	<u>1,444</u>
Investments and long-term loans			
Securities investments	368	556	1,235
Deferred tax assets	149	129	389
Other investments and long-term loans	565	730	766
Total investments	<u>1,082</u>	<u>1,415</u>	<u>2,390</u>
Other assets(Note)	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>¥ 81,371</u>	<u>¥ 85,010</u>	<u>¥ 104,985</u>
Liabilities, minority interests and shareholders' equity			
Current liabilities			
Notes Payable-trade	¥ 398	¥ 948	¥ 2,452
Account payable-trade	17,178	13,213	16,649
Short-term borrowings	31,897	34,783	38,516
Current portion of long-term debt	4,089	4,121	4,820
Accrued income taxes	310	109	680
Other current liabilities	4,430	8,345	10,488
Total current liabilities	<u>58,302</u>	<u>61,519</u>	<u>73,605</u>
Long-term liabilities			
Long-term debt	17,111	12,220	7,911
Accrued retirement benefits	2,866	3,715	4,574
Other long-term liabilities	103	140	38
Total long-term liabilities	<u>20,080</u>	<u>16,075</u>	<u>12,523</u>
Minority interests in consolidated subsidiaries	<u>1,283</u>	<u>1,035</u>	<u>793</u>
Shareholders' equity			
Common stock	13,206	13,206	13,206
Capital surplus	7,585	7,583	7,583
Deficit	(18268)	(14530)	(1942)
Unrealized gains (losses) on securities, net of taxes	41	87	(77)
Foreign currency translation adjustments	(846)	37	(701)
Treasury stock	(12)	(2)	(5)
Total shareholders' equity	<u>1,706</u>	<u>6,381</u>	<u>18,064</u>
Total Liabilities, minority interests and shareholders' equity	<u>¥ 81,371</u>	<u>¥ 85,010</u>	<u>¥ 104,985</u>

Consolidated Statements of Cash Flows

	Yen (millions)		
	FY2002	FY2001	FY2000
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	¥ (6,143)	¥ (11,482)	¥ 4,864
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities			
Depreciation and amortization	5,263	5,524	5,264
Equity in earnings of affiliates, net	0	70	(21)
(Increase) decrease in receivable-trade	1,312	9,016	(5,144)
(Increase) decrease in inventories	1,374	4,011	(2,995)
Increase (decrease) in payable-trade	4,342	(6,285)	3,315
Other, net	(1,490)	(666)	5,898
Cash generated from operations	4,658	188	11,181
Interest paid	(782)	(847)	(1,057)
Interest and dividends received	70	106	246
Income taxes paid	21	(803)	(639)
Net cash provided by operating activities	<u>3,967</u>	<u>(1,356)</u>	<u>9,731</u>
Cash flows from investing activities			
Purchase of tangible fixed assets	(4,256)	(7,410)	(10,073)
Proceeds from sales of tangible fixed assets	229	606	131
Purchase of intangible assets	(218)	(155)	(161)
Other, net	559	415	106
Net cash used in investing activities	<u>(3,686)</u>	<u>(6,544)</u>	<u>(9,997)</u>
Cash flows from financing activities			
Proceeds from long-term debt	8,562	8,120	1,196
Repayment of long-term debt	(3,698)	(4,832)	(5,227)
Increase (decrease) in short-term borrowings	(2,716)	(3,958)	5,036
Proceeds from issuance of new common stock	-	-	-
Dividends paid	-	(249)	-
Other, net	390	36	(26)
Net cash provided by (used in) financing activities	<u>2,538</u>	<u>(883)</u>	<u>979</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(226)</u>	<u>329</u>	<u>314</u>
Net increase (decrease) in cash and cash equivalents	2,593	(8,454)	1,027
Cash and cash equivalents at beginning of year	9,798	18,252	17,225
Increase in cash from new consolidation of subsidiaries	-	-	-
Cash and cash equivalents at end of year	<u>¥ 12,391</u>	<u>¥ 9,798</u>	<u>¥ 18,252</u>

Consolidated Statements of Shareholders' Equity

	Yen (millions)		
	31-Mar-03	31-Mar-02	31-Mar-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>¥ 7,583</u>	<u>¥ 7,583</u>	<u>¥ 12,079</u>
Increase in capital surplus from merger with a subsidiary	2		
Transfer to Retained Earnings	-	-	(4,496)
Ending balance	<u>¥ 7,585</u>	<u>¥ 7,583</u>	<u>¥ 7,583</u>
Retained Earnings(Deficit)			
Beginning balance	<u>¥ (14,530)</u>	<u>¥ (1,942)</u>	<u>¥ (10,709)</u>
Decrease in deficit from merger with a subsidiary	2,528	-	-
Transfer from Capital Surplus	-	-	4,496
Cash dividends paid	-	(250)	-
Others	-	(30)	-
Net income(loss)	(6,266)	(12,308)	4,271
Ending balance	<u>¥ (18,268)</u>	<u>¥ (14,530)</u>	<u>¥ (1,942)</u>
Unrealized Gain(loss) on Securities,net of taxes:			
Beginning balance	<u>¥ 87</u>	<u>¥ (77)</u>	<u>¥ 0</u>
Net increase in unrealized gain(loss) on securities	(46)	164	(77)
Ending balance	<u>¥ 41</u>	<u>¥ 87</u>	<u>¥ (77)</u>
Foreign Currency Translation Adjustments:			
Beginning balance	<u>¥ 37</u>	<u>¥ (701)</u>	<u>¥ 0</u>
Net increase in foreign currency transaction adjustment	(883)	738	(701)
Ending balance	<u>¥ (846)</u>	<u>¥ 37</u>	<u>¥ (701)</u>
Treasury Stock:			
Beginning balance	<u>¥ (2)</u>	<u>¥ (5)</u>	<u>¥ 0</u>
Net decrease(increase) Treasury stock	(10)	3	(5)
Ending balance	<u>¥ (12)</u>	<u>¥ (2)</u>	<u>¥ (5)</u>

Business performance and finances

Business performance overview

Inactivation of the information and communication apparatus market stemming from the collapse of North American communication market hit the bottom gently this term, on the other hand an upward momentum of electronic product market has shown. Optical communication products have been the leading role of the growth of the market in the progress of broadband; however, its short-term recovery cannot be expected, in addition strong and powerful engine for the market growth still not found. Moreover, consumption made little increase and corporate spending still did not recovered fully from the uncertain economic prospect under the influence of progress of global stock market plunge, and growing tension in the situation of Iraq. Furthermore, under the rise of China makers and excess supply capability there was stronger cost cut pressure from customers. The fall of market price is expected to be speedup and operating environment is getting severer.

In order to cope with such severe market environment, our company concentrates on constructing a low-cost manufacturing structure focusing on efficient practical use of overseas bases and further streamlining domestic production bases.

A large cut-down in sales of optical communication products for seabeds, which had a large demand until the first half of the last year and the sales resulted 86,258 million yen of a 14.3% decrease. Although sales has decreased, as a result of cost reduction the operating income is 459 million yen with and increase 685 million yen compared with last term resulting. However, there is a decline in non-operation income due to foreign exchange loss and an increase in non-operating expenditure, as a result ordinary loss is 4,949 million yen. Also, 1,304 million yen special loss is generated by structural reform, resulting 6,266 million yen net deficit for the period.

Electronic business

The hybrid module for plasma displays grew smoothly as sales increased against the background of a favorable demand expansion of plasma television, and VCO for cellular phones also gained a certain customer's market share. The hybrid module for LCDs remained in average influenced by the weakening of panel market and severe price competition in the first half year. The sales of switching power supply were decreased due to demand for prime servers not yet recovered. The sales, also profit and loss of optical isolator were greatly influenced by rapid inactivation of optical-communications market. The stepper motor for digital cameras and OA apparatus grew smoothly. Although low cost production organization was built and the production of electronic material section had shifted to China fundamentally by the structural reform in the first half year, the fall of market price exceeded the anticipation and as a result sales had decreased.

According to the above mentioned situation, the sales of the whole electronic business is 62,696 million yen of a 16.7% decrease compared with the last term and the operating loss is 2,344 million yen.

Battery business

Although price competition intensified further by cheap alkaline batteries inflow from overseas, sales promotion of high-performance alkaline batteries G series in the domestic market was concentrated, as a result average sales of general domestic customers in the first half year was secured. The oversea market was influenced by temporarily decreased in the

demand from the main customers and as a result sales decreased. Consequently, although the sales is 23,562 million yen of a 7.1% decrease compared with the first half year, while operation of the new factory in Indonesia got off the ground and effects were put on increasing efficiency of expense, as a result operating income is 2,803 million about 2.4 times compared with the first half year.

Projections

Although electronic products are on a track to recovery, rabid market competition is expected. At present, the outlook of 2003

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	92,000	+6.7
Operating income	4,700	-
Income(loss)before tax	1,000	-
Net Income (loss)	700	-

The above forecast takes a consideration of the estimated impact of greater worldwide economic deceleration and some uncertain ramifications which might diminish the objectivity somehow and cause a slight difference with the actual achievements, these factors include the supply-and-demand trend of the product and components in main markets, the exchange rate, Japan-U.S. stock quotations, etc.,.

Cash flow condition

Although the net deficit for the period before tax adjustment is 6,143 million yen, fund is increased by compression of inventory and increasing efficiency in management, also by increasing earning retention such as depreciation expense, as a result cash flows from operating activities in this fiscal year increased 3,967 million yen.

The cash flow by the investing activities of this term reduced 3,686 million yen resulting from foreign investment to hybrid module and stepper motor enterprise.

Moreover, the cash flow by the financing activities of this term increased 2,538 million yen resulting from debt finance for operating fund.

According to these results, cash and cash equivalents at the end of the year increases 2,593 million yen compared with the balance at the beginning of the year, and resulting 12,391 million yen.