

**TDK Corporation**  
 1-13-1, Nihonbashi  
 Chuo-ku, Tokyo  
 103-8272 Japan

**Contacts;**

TDK Corporation(Tokyo)	Corporate Communications Department <b>Michinori Katayama</b>	+81(3)5201-7102
TDK U.S.A. Corporation	<b>Francis J. Sweeney</b>	+1(516)535-2600
TDK UK Limited	<b>Ron Matier</b>	+44(1737)773773

**FOR IMMEDIATE RELEASE**

**TOKYO - October 31, 2002** TDK Corporation today announced its consolidated business results prepared in conformity with accounting principles generally accepted in the United States of America for the first half of fiscal year (FY) 2003 and the 2nd quarter (Qtr.) and nonconsolidated business results for the first half of FY 2003.

**1) Summary**

**Consolidated results (April 1, 2002 - September 30, 2002)**

Term Items	The first half of FY2003 (April 1, 2002 - Sep. 30, 2002)			The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)		Change	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	%
Net sales	296,380	100.0	2,409,593	270,786	100.0	25,594	9.5
Operating income (loss)	10,019	3.4	81,455	(2,811)	-1.0	12,830	-
Income (loss) before income taxes	7,636	2.6	62,081	(3,082)	-1.1	10,718	-
Net income	4,645	1.6	37,764	1,832	0.7	2,813	153.5
Net income per common share	Yen 34.98		U.S.\$ 0.28	Yen 13.78			

**(Sales breakdown)**

Term Products	The first half of FY2003 (April 1, 2002 - Sep. 30, 2002)			The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)		Change	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	%
Electronic materials and components	234,272	79.0	1,904,650	209,607	77.4	24,665	11.8
Electronic materials	88,918	30.0	722,910	81,367	30.1	7,551	9.3
Electronic devices	59,293	20.0	482,057	54,264	20.0	5,029	9.3
Recording devices	78,173	26.4	635,553	64,022	23.6	14,151	22.1
Semiconductors & others	7,888	2.6	64,130	9,954	3.7	(2,066)	-20.8
Recording media & systems	62,108	21.0	504,943	61,179	22.6	929	1.5
Total sales	296,380	100.0	2,409,593	270,786	100.0	25,594	9.5
Overseas sales	212,091	71.6	1,724,317	185,616	68.5	26,475	14.3

**Notes:**

- The figures for net income per common share are calculated based upon the weighted average number of shares of common stock (the total outstanding number).
- TDK adopted the Emerging Issues Task Force Issue 01-9 ("EITF 01-9"), "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)" from the fiscal year beginning April 1, 2002 and the prior year's consolidated financial statements have been restated for the change, accordingly.
- U.S.\$1=Yen 123

## Non-Consolidated results (April 1, 2002 - September 30, 2002)

Term Items	The first half of FY2003 (April 1, 2002 - Sep. 30, 2002)			The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)		Change	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	%
Net sales	167,260	100.0	1,359,837	164,023	100.0	3,237	2.0
Operating income (loss)	3,480	2.1	28,292	(319)	-0.2	3,799	-
Current income	6,937	4.1	56,398	13,970	8.5	(7,033)	-50.3
Net income	1,056	0.6	8,585	9,752	5.9	(8,696)	-89.2
Net income per common share	Yen 7.96		U.S.\$ 0.06	Yen 73.22			
Dividends per share	Yen 25.00		U.S.\$ 0.20	Yen 30.00			

## Notes:

1. The figures for net income per common share are calculated based upon the weighted average number of shares of common stock (the total outstanding number).
2. The figure for net income per common share is calculated excluding treasury stock from FY2003.
3. U.S.\$1=Yen 123

## (Sales breakdown)

Term Products	The first half of FY2003 (April 1, 2002 - Sep. 30, 2002)			The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)		Change	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	%
Electronic materials and components	146,384	87.5	1,190,113	140,647	85.7	5,737	4.1
Electronic materials	70,620	42.2	574,146	64,624	39.4	5,996	9.3
Electronic devices	45,694	27.3	371,495	39,835	24.3	5,859	14.7
Recording devices	24,055	14.4	195,569	26,486	16.1	(2,431)	-9.2
Semiconductors & others	6,013	3.6	48,886	9,700	5.9	(3,687)	-38.0
Recording media & systems	20,876	12.5	169,723	23,376	14.3	(2,500)	-10.7
Total sales	167,260	100.0	1,359,837	164,023	100.0	3,237	2.0
Overseas sales	90,622	54.2	736,764	82,183	50.1	8,439	10.3

**2nd Qtr. consolidated results**

Consolidated results (July 1, 2002 - September 30, 2002)

Term Items	The 2nd Qtr. of FY2003 (July 1, 2002 - Sep. 30, 2002)			The 2nd Qtr. of FY2002 (July 1, 2001 - Sep. 30, 2001)		Change	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	%
Net sales	147,672	100.0	1,200,585	130,542	100.0	17,130	13.1
Operating income (loss)	4,033	2.7	32,789	(5,400)	-4.1	9,433	-
Income (loss) before income taxes	4,333	2.9	35,228	(5,646)	-4.3	9,979	-
Net income	2,484	1.7	20,195	625	0.5	1,859	297.4
Net income per common share	Yen 18.71		U.S.\$ 0.15	Yen 4.71			

(Sales breakdown)

Term Products	The 2nd Qtr. of FY2003 (July 1, 2002 - Sep. 30, 2002)			The 2nd Qtr. of FY2002 (July 1, 2001 - Sep. 30, 2001)		Change	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	%
Electronic materials and components	116,102	78.6	943,918	99,286	76.1	16,816	16.9
Electronic materials	43,058	29.2	350,065	37,467	28.7	5,591	14.9
Electronic devices	29,449	19.9	239,423	25,714	19.7	3,735	14.5
Recording devices	39,832	27.0	323,837	31,188	23.9	8,644	27.7
Semiconductors & others	3,763	2.5	30,593	4,917	3.8	(1,154)	-23.5
Recording media & systems	31,570	21.4	256,667	31,256	23.9	314	1.0
Total sales	147,672	100.0	1,200,585	130,542	100.0	17,130	13.1
Overseas sales	105,900	71.7	860,976	88,871	68.1	17,029	19.2

Notes:

1. The figures for net income per common share are calculated based upon the weighted average number of shares of common stock (the total outstanding number).
2. TDK adopted the Emerging Issues Task Force Issue 01-9 ("EITF 01-9"), "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)" from the fiscal year beginning April 1, 2002 and the prior year's consolidated financial statements have been restated for the change, accordingly.
3. U.S.\$1=Yen 123

## **2) Management Policies**

### **1. Fundamental Management Policy**

TDK was established in 1935 as the world's first company to commercialize a magnetic material called ferrite. In the ensuing years, TDK has conducted research and development programs in ferrite and a variety of other electronic materials and components. This drive was based on the company's founding spirit: "Contributes to culture and industry through creativity."

To preserve its identity as a dynamic company, TDK is dedicated to creating value for all stakeholders by drawing on innovative thinking and a willingness to tackle new challenges. TDK firmly believes that it must remain an organization that is a constant source of exciting ideas.

### **2. Fundamental Policy for Distribution of Earnings**

Returning earnings to shareholders is one of TDK's highest management priorities. As such, TDK allocates earnings based on a broad range of factors including the return on equity (ROE), dividends on equity (DOE) and the company's performance. Retained earnings are used in many ways to make TDK more competitive. Funds are required to support research and development programs to respond to the rapid technological advances in the electronics industry. TDK must create new technologies in such fields as optical and magnetic recording media, mobile communications, large-capacity recording devices, semiconductor-related products and data communications. In addition, TDK works to develop new products and technologies to respond to the increasingly borderless nature of markets.

### **3. Medium- and Long-Term Management Strategy**

Information technology, notably the Internet, is bringing about dramatic increases in the speed at which companies must act. At the same time, market participants are now able to quickly distinguish between products of value and those offering no value. We have entered an age when only companies able to provide genuine value will survive. TDK is taking a fresh look at its unique attributes and strengths. By further refining specialized skills in these areas, TDK intends to become a company capable of increasing its value in the 21<sup>st</sup> century.

To meet the challenges of this operating environment, TDK launched its Exciting 108 medium-term management plan in April 2000. Scheduled to end in March 2004, the plan is structured to transform TDK into an exciting company and increase TDK's value. There are three fundamental elements:

#### **(1) Become an e-material solution provider**

TDK must be a speedy and dynamic company able to anticipate the needs of its customers. By drawing on its core expertise in electronic materials, TDK will then quickly formulate the value-added products required to solve customers' problems. This process is the essence of

providing e-material solutions. During Exciting 108, priority will be placed on recording and communications.

(2) Build a world-class management system

Management systems just as businesses themselves are becoming increasingly borderless. Personnel management practices are also on the verge of dramatic change. TDK needs to move swiftly to implement the necessary management systems.

(3) Aim for zero emissions

TDK's goal is to operate "eco-factories" with zero emissions. Doing so mandates that factories generate less waste, use more recycled materials and expand their own recycling. Eventually, TDK wants to reach the point where its plants rely completely on recycled materials and generate zero emissions.

By accomplishing these three objectives, TDK intends to maximize its corporate value, bring its activities in closer step with the environment and make greater contributions to society.

While TDK intends to adhere closely to the above policies, the difficult nature of its markets at present mandates that the company respond flexibly when implementing them.

#### **4. Corporate Ethics**

Fully aware that unethical acts can compromise a company's ability to continue doing business, TDK has in place a corporate code of ethics. TDK is committed to upholding corporate ethical standards and improving risk management.

#### **5. Strategy to Improve Corporate Governance**

Improving the soundness and transparency of the company and increasing shareholder value is partly dependent on improving corporate governance. That's why TDK has implemented the following measures, which were approved at its ordinary annual general meeting of shareholders on June 27, 2002 and at a subsequent meeting of the Board of Directors.

- (1) Energizing the Board of Directors: To strengthen the Board's supervisory functions, the company appointed 1 outside director and reduced the number of directors from 12 to 7.
- (2) Introduced the Post of Corporate Officer: TDK introduced a corporate officer system, which involved the appointment of 18 corporate officers, with the view to improving execution of day-to-day operations and raising management efficiency. The introduction of this system is intended to speed up decision-making by delegating greater authority to corporate officers and to clearly define responsibilities and authority with respect to the execution of day-to-day operations.
- (3) Established a Compensation Advisory Committee: Chaired by the outside director, a Compensation Advisory Committee, made up of the corporate officer in charge of personnel and outside experts, was formed to act as an advisory organ to the Board of Directors. And to align the interests of directors and corporate officers with those of shareholders, TDK introduced a remuneration system that more closely links pay with business results by increasing the weight of performance-linked compensation. TDK

will also cease providing for retirement allowances for directors. Furthermore, corporate officers as well as high-ranking managers of group companies have been made eligible to receive stock options, which were previously granted only to directors and high-ranking managers of the parent company.

#### **6. Policy Regarding Reduction of TDK's Share Trading Unit**

On August 1, 2000, TDK reduced the trading unit of its common share from 1,000 to 100 shares to broaden the shareholder base and increase the liquidity of the company's shares. TDK will consider a further reduction of the trading unit based on its stock price and market needs as well as on cost-benefit analysis. As of the present time, TDK has no firm plan or specific date in mind for a further reduction in the trading unit.

### 3) Business Results and Financial Position

#### 1. Summary

Consolidated results for the first half of fiscal 2003, the six-month period from April 1, 2002 through September 30, 2002, are as follows:

TDK posted net sales of ¥296,380 million (US\$2,409,593 thousand), up 9.5% year on year, and operating income of ¥10,019 million (US\$81,455 thousand), reversing an operating loss of ¥2,811 million in the same period of the previous fiscal year. Furthermore, TDK posted income before income taxes of ¥7,636 million (US\$62,081 thousand), turning around a loss before income taxes of ¥3,082 million. Net income soared 153.5% to ¥4,645 million (US\$37,764 thousand) and net income per common share was ¥34.98 (US\$0.28).

Average first-half yen exchange rates for the U.S. dollar and euro were ¥123 and ¥117, respectively, as the yen depreciated 1% versus the dollar and 9% versus the euro, compared with the previous fiscal year's first half. TDK estimates that the yen's depreciation had the net effect of lifting net sales by approximately ¥3.9 billion and operating income by approximately ¥0.5 billion.

#### **(Sales by Segment)**

The following is an explanation of results by segment.

#### **Electronic materials and components segment**

In the electronic materials and components segment, net sales rose 11.8% to ¥234,272 million (US\$1,904,650 thousand). Sales increased in the first quarter as orders rebounded from early 2002, ending a prolonged period of inventory reductions at customers. However, orders have tapered off since June, resulting in a slight decrease in sales in the second quarter versus the first quarter. Sales by product sector in this segment were as follows.

#### **Electronic materials**

Sales in the electronic materials sector increased 9.3% to ¥88,918 million (US\$722,910 thousand).

**(Capacitors)** Sales of capacitors rose on the back of continuing strong demand for use in audio and visual products, such as DVD players and video game consoles, PCs and peripherals, and automobiles, as more electronics are used in vehicles.

**(Ferrite cores and magnets)** In ferrite cores and magnets, overall sales of ferrite cores slipped year on year. Demand failed to recover for cores used in IT-related information and communications applications, and sales of deflection yoke cores, a key component of TVs and computer monitors, as well as other products fell due to stiff competition. This negated firm demand for cores used in LCD backlights and power supplies for audio and visual products. Magnet sales, meanwhile, edged up slightly as firm demand from the automobile and parts fields carried over from the previous fiscal year.

### **Electronic devices**

In the electronic devices sector, sales rose 9.3% to ¥59,293 million (US\$482,057 thousand).

**(Inductive devices)** Inductive device sales as a whole increased slightly over those of the same period in the previous fiscal year. While demand rose for devices used in PCs and peripherals and in automotive applications, due to the increasing use of electronics in automobiles, sales to the communications market languished.

**(High-frequency components)** Sales of high-frequency components edged down slightly, reflecting stronger calls than last year for discounts from customers. The effect of these discounts outweighed a recovery, compared with the second half of the previous fiscal year, in demand for use in communications applications, particularly mobile phones. A high proportion of TDK's high-frequency components are used in this market.

**(Other products)** In other products, sales rose, buoyed by strong demand for DC-DC converters for video game systems.

### **Recording devices**

Recording devices sales climbed 22.1% to ¥78,173 million (US\$635,553 thousand) as TDK increased sales of HDD heads, regaining market share. Behind this growth were TDK's well-received 40 gigabyte/disk HDD heads, which have captured a high share of this market. Sales of other heads fell due to a drop-off in demand and other factors.

### **Semiconductors & others**

Sales in the semiconductors & others sector dropped 20.8% to ¥7,888 million (US\$64,130 thousand), reflecting a sharp drop in sales of semiconductors for WAN/LAN and set-top box modems due to the continuing low levels of investment in communications infrastructure equipment. Another factor was lower sales of anechoic chambers for noise control due to a string of project cancellations and postponements prompted by the global economic downturn and uncertain economic outlook.

### **Recording media & systems segment**

In the recording media & systems segment, sales edged up 1.5% to ¥62,108 million (US\$504,943 thousand). Higher sales of software and tape-based data storage media for computers, which obtained new-standard LTO (Linear Tape-Open) verification in the previous fiscal year, offset lower audiotape sales resulting from falling demand. Videotape sales rose slightly in the interim period, boosted by demand stemming from the 2002 FIFA World Cup™. Optical disc sales were largely the same year on year, with higher demand for CD-Rs and DVDs offsetting falling demand for MDs and lower CD-R sales prices.

### **(Sales by Region)**

By region, sales in Japan declined 1.0% to ¥84,289 million (US\$685,276 thousand), reflecting weakness in many product categories compared with other regions. One bright note was higher demand for capacitors and DC-DC converters for video game systems. In the Americas, sales rose 11.6% to ¥56,294 million (US\$457,675 thousand) due to higher sales in recording devices, as TDK regained market share, as well as higher sales in the recording media &



systems segment, particularly for tape-based data storage media for computers. In Europe, sales declined 9.1% to ¥34,368 million (US\$279,414 thousand) due to waning demand for high-frequency components for mobile phones, particularly GSM-format phones. This result also reflected lower sales in the recording media & systems segment due to falling audiotape and MD demand. In Asia (excluding Japan) and Others, sales climbed 24.8% to ¥121,429 million (US\$987,228 thousand) thanks to higher sales in recording devices, as TDK regained market share, and higher sales in electronic materials and electronic devices due to an upturn in orders.

The overall result was a 14.3% rise in overseas sales year on year to ¥212,091 million (US\$1,724,317 thousand). Overseas sales accounted for 71.6% of consolidated net sales, a 3.1 percentage point increase from 68.5% in the same six-month period a year ago.

On a parent-company basis, net sales increased 2.0% to ¥167,260 million (US\$1,359,837 thousand) and current income dropped 50.3% to ¥6,937 million (US\$56,398 thousand). Net income fell 89.2% to ¥1,056 million (US\$8,585 thousand) and net income per share was ¥7.96 (US\$0.06).

Sales in the electronic materials and components segment increased 4.1% to ¥146,384 million (US\$1,190,113 thousand) on strong demand for capacitors and DC-DC converters for video game systems. In the recording media & systems segment, sales decreased 10.7% to ¥20,876 million (US\$169,723 thousand), owing to falling demand for audiotapes and MDs and other factors.

At today's meeting of TDK's Board of Directors, an interim dividend of ¥25 per share of common stock was approved.

## **2. Financial Position**

(1) As of September 30, 2002, total assets stood at ¥727,674 million (US\$5,916,049 thousand), down 3.0% from March 31, 2002. Total stockholders' equity decreased 3.3% to ¥564,595 million (US\$4,590,203 thousand). The equity ratio was 77.6%, a decrease of 0.3 of a percentage point.

At the end of the interim period, cash and cash equivalents had increased ¥22,061 million since March 31, 2002, net trade receivables were down ¥5,031 million and inventories had decreased ¥7,435 million. Furthermore, net property, plant and equipment decreased ¥21,550 million following a review of capital expenditures. As a result of the above and other changes, total assets decreased ¥22,236 million from March 31, 2002.

Total liabilities decreased ¥2,736 million from the previous fiscal year-end. Other current liabilities declined ¥15,879 million due to the payment during the interim period of retirement allowances to employees who applied for a special voluntary retirement package offered as part of profit structure reforms implemented in fiscal 2002. Meanwhile, trade payables

increased ¥3,287 million and retirement and severance benefits increased ¥8,326 million.

Total stockholders' equity declined ¥19,332 million despite retained earnings increasing ¥1,716 million. This partly reflected a ¥20,101 million increase in accumulated other comprehensive loss due to a ¥15,542 million increase in foreign currency translation adjustments.

## (2) Cash Flows

(¥ millions)

	Fiscal 2003 Interim	Fiscal 2002 Interim	Change
Net cash provided by operating activities	44,070	22,442	21,628
Net cash used in investing activities	(13,345)	(37,059)	23,714
Net cash used in financing activities	(4,340)	(7,293)	2,953
Effect of exchange rate changes on cash and cash equivalents	(4,324)	(2,298)	(2,026)
Net increase (decrease) in cash and cash equivalents	22,061	(24,208)	46,269
Cash and cash equivalents at beginning of period	125,761	150,917	(25,156)
Cash and cash equivalents at end of period	147,822	126,709	21,113

Operating activities provided net cash of ¥44,070 million (US\$358,293 thousand), a year-on-year increase of ¥21,628 million. Depreciation and amortization was roughly the same at ¥28,503 million (US\$231,732 million). The decrease in trade receivables was ¥24,674 million less than the same period in the previous fiscal year, while trade payables changed ¥19,325 million and income taxes changed ¥16,900 million.

Investing activities used net cash of ¥13,345 million (US\$108,496 thousand), ¥23,714 million less than the same period in the previous fiscal year. A ¥23,622 million decrease in capital expenditures to ¥14,472 million (US\$117,658 thousand) was the main reason.

Financing activities used net cash of ¥4,340 million (US\$35,285 thousand), ¥2,953 million less year on year. Repayments of short-term debt decreased ¥1,913 million and dividends paid were down ¥1,334 million year on year.

### 3. Fiscal 2003 Projections

TDK's consolidated and non-consolidated projections for fiscal 2003, the year ending March 31, 2003, which were announced in August and May this year, respectively, have been revised as follows. The projections are based principally on the following assumptions:

- The average yen-U.S. dollar exchange rate was previously estimated at ¥120 for the second quarter onward. TDK is assuming the same rate of ¥120 for the second half of fiscal 2003.
- Orders for electronic materials and electronic devices picked up steadily from early 2002, but started to taper off in June. With economic uncertainty growing, particularly in respect to the U.S. economy, there are no clear signs of a strong recovery in demand. Consequently, TDK is predicting a continuation of difficult market conditions for the electronic components industry.
- Second-half sales of HDD heads, the mainstay product in the recording devices sector, are expected to remain strong as in the first half of the year. TDK's HDD heads have won strong support from customers. However, there are certain risks relating to the complexities of the technology and a fall in demand due to an economic downturn.
- Regarding earnings' forecasts, TDK expects to see stronger calls for discounts from customers continue into the second half of fiscal 2003. But TDK expects to offset this through lower costs and is thus forecasting consolidated operating income of ¥20.0 billion for the full year.

#### Consolidated Projections for Fiscal 2003

	Revised Projection	% Change from FY02 or FY02 Result	As of August 2002 ¥ millions
Net sales	¥585,000	2.5%	¥580,000
Operating income	20,000	-43,722	20,000
Income before income taxes	18,300	-43,697	17,000
Net income	13,000	-25,771	13,000

Note:

TDK adopted the Emerging Issues Task Force Issue 01-9 ("EITF 01-9"), "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)" from the fiscal year beginning April 1, 2002 and the prior year's consolidated financial statements have been restated for the change, accordingly.

## Non-Consolidated Projections for Fiscal 2003

	Revised Projection	% Change from FY02 or FY02 Result	As of May 2002
	¥ millions		¥ millions
Net sales	¥320,000	0.7%	¥300,000
Operating income	1,800	-8,507	4,000
Current income	6,300	-16.9%	6,500
Net income	300	-3,794	2,000

### Cautionary Statement About Projections

This earnings release contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings and evaluations, about TDK and its group companies that are not historical facts. These forward-looking statements are based on current forecasts, estimates, assumptions, plans, beliefs and evaluations in light of information available to management on the date of this earnings release.

In preparing forecasts and estimates, TDK and its group companies have used as their basis, certain assumptions as necessary, in addition to confirmed historical facts. However, due to their nature, there is no guarantee that these statements and assumptions will prove to be accurate in the future. TDK therefore wishes to caution readers that these statements, facts and certain assumptions contained in this earnings release are subject to a number of risks and uncertainties and may prove to be inaccurate.

The electronics markets in which TDK and its group companies operate are highly susceptible to rapid changes. Furthermore, TDK and its group companies operate not only in Japan, but in many other countries. As such, factors that can have significant effects on its results include, but are not limited to, shifts in technology, demand, prices, competition, economic environments and foreign exchange rates.

The premises and assumptions used in computing the projections in this earnings release include, but are not limited to, those explained above.

## 4) Statements of income

Term Items	The first half of FY2003 (April 1, 2002 - Sep. 30, 2002)			The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)		Change	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	%
Net sales	296,380	100.0	2,409,593	270,786	100.0	25,594	9.5
Cost of sales	223,738	75.5	1,819,008	213,309	78.8	10,429	4.9
Gross profit	72,642	24.5	590,585	57,477	21.2	15,165	26.4
Selling, general and administrative expenses	59,196	20.0	481,268	60,288	22.2	(1,092)	-1.8
Restructuring cost	3,427	1.1	27,862	-	-	3,427	-
Operating income (loss)	10,019	3.4	81,455	(2,811)	-1.0	12,830	-
Other income (deductions):							
Interest and dividend income	708		5,756	1,288		(580)	
Interest expense	(198)		(1,610)	(672)		474	
Foreign exchange gain (loss)	(1,699)		(13,813)	(514)		(1,185)	
Other-net	(1,194)		(9,707)	(373)		(821)	
Total other income (deductions)	(2,383)	-0.8	(19,374)	(271)	-0.1	(2,112)	-779.3
Income (loss) before income taxes	7,636	2.6	62,081	(3,082)	-1.1	10,718	-
Income taxes	2,756	1.0	22,406	(3,577)	-1.3	6,333	-
Income before minority interests	4,880	1.6	39,675	495	0.2	4,385	885.9
Minority interests	(235)	-	(1,911)	1,337	0.5	(1,572)	-
Net income	4,645	1.6	37,764	1,832	0.7	2,813	153.5
Net income per common share	Yen 34.98		U.S.\$ 0.28	Yen 13.78			
Average common shares outstanding	132,802		thousands	132,940		thousands	

**Notes:**

1. The figures for net income per common share are calculated based upon the weighted average number of shares of common stock (the total outstanding number).
2. TDK adopted the Emerging Issues Task Force Issue 01-9 ("EITF 01-9"), "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)" from the fiscal year beginning April 1, 2002 and the prior year's consolidated financial statements have been restated for the change, accordingly.
3. U.S.\$1=Yen 123

## 5) Balance sheets

<b>ASSETS</b>								
Term  Items	As of Sep. 30, 2002			As of Mar. 31, 2002		Change	As of Sep. 30, 2001	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	(Yen millions)	%
Current assets	406,300	55.8	3,303,252	399,206	53.2	7,094	404,776	54.0
Cash and cash equivalents	147,822		1,201,805	125,761		22,061	126,709	
Net trade receivables	137,796		1,120,293	142,827		(5,031)	129,004	
Inventories	83,714		680,601	91,149		(7,435)	117,409	
Other current assets	36,968		300,553	39,469		(2,501)	31,654	
Noncurrent assets	321,374	44.2	2,612,797	350,704	46.8	(29,330)	344,159	46.0
Investments and advances	19,309		156,984	24,265		(4,956)	22,173	
Net property, plant and equipment	244,040		1,984,065	265,590		(21,550)	277,477	
Other assets	58,025		471,748	60,849		(2,824)	44,509	
<b>TOTAL</b>	<b>727,674</b>	<b>100.0</b>	<b>5,916,049</b>	<b>749,910</b>	<b>100.0</b>	<b>(22,236)</b>	<b>748,935</b>	<b>100.0</b>

<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>								
Term  Items	As of Sep. 30, 2002			As of Mar. 31, 2002		Change	As of Sep. 30, 2001	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	(Yen millions)	%
Current liabilities	99,683	13.7	810,431	110,341	14.7	(10,658)	106,866	14.3
Short-term debt	1,834		14,911	2,312		(478)	3,654	
Trade payables	55,896		454,439	52,609		3,287	49,583	
Accrued expenses	26,231		213,260	23,757		2,474	30,632	
Income taxes	2,484		20,195	2,546		(62)	2,730	
Other current liabilities	13,238		107,626	29,117		(15,879)	20,267	
Noncurrent liabilities	58,971	8.1	479,439	51,049	6.8	7,922	33,915	4.5
Long-term debt, excluding current installments	255		2,073	459		(204)	612	
Retirement and severance benefits	58,318		474,130	49,992		8,326	33,294	
Deferred income taxes	398		3,236	598		(200)	9	
Total liabilities	158,654	21.8	1,289,870	161,390	21.5	(2,736)	140,781	18.8
Minority interests	4,425	0.6	35,976	4,593	0.6	(168)	4,220	0.6
Common stock	32,641		265,374	32,641		-	32,641	
Additional paid-in capital	63,051		512,610	63,051		-	63,051	
Legal reserve	15,955		129,715	15,683		272	15,710	
Retained earnings	521,859		4,242,756	520,143		1,716	551,705	
Accumulated other comprehensive income (loss)	(64,100)		(521,138)	(43,999)		(20,101)	(55,591)	
Treasury stock	(4,811)		(39,114)	(3,592)		(1,219)	(3,582)	
Total stockholders' equity	564,595	77.6	4,590,203	583,927	77.9	(19,332)	603,934	80.6
<b>TOTAL</b>	<b>727,674</b>	<b>100.0</b>	<b>5,916,049</b>	<b>749,910</b>	<b>100.0</b>	<b>(22,236)</b>	<b>748,935</b>	<b>100.0</b>
Total common shares outstanding	132,634 thousands			132,860 thousands			132,861 thousands	

Note: U.S.\$1=Yen 123

## 6) Statements of stockholders' equity

Items	Term	The first half of FY2003 (April 1, 2002 - Sep. 30, 2002)		FY2002 (April 1, 2001 - Mar. 31, 2002)	The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)
		(Yen millions)	(U.S.\$ thousands)	(Yen millions)	(Yen millions)
<b>Common stock:</b>					
Balance at beginning of period		32,641	265,374	32,641	32,641
Balance at end of period		32,641	265,374	32,641	32,641
<b>Additional paid-in capital:</b>					
Balance at beginning of period		63,051	512,610	63,051	63,051
Balance at end of period		63,051	512,610	63,051	63,051
<b>Legal reserve:</b>					
Balance at beginning of period		15,683	127,504	13,409	13,409
Transferred from retained earnings		272	2,211	2,274	2,301
Balance at end of period		15,955	129,715	15,683	15,710
<b>Retained earnings:</b>					
Balance at beginning of period		520,143	4,228,805	556,165	556,165
Net income (loss)		4,645	37,764	(25,771)	1,832
Cash dividends		(2,657)	(21,602)	(7,977)	(3,991)
Transferred to legal reserve		(272)	(2,211)	(2,274)	(2,301)
Balance at end of period		521,859	4,242,756	520,143	551,705
<b>Accumulated other comprehensive income (loss):</b>					
Balance at beginning of period		(43,999)	(357,715)	(24,851)	(24,851)
Other comprehensive income (loss) for the period, net of tax		(20,101)	(163,423)	(19,148)	(30,740)
Balance at end of period		(64,100)	(521,138)	(43,999)	(55,591)
<b>Treasury stock:</b>					
Balance at beginning of period		(3,592)	(29,203)	(2,666)	(2,666)
Acquisition of treasury stock		(1,219)	(9,911)	(926)	(916)
Balance at end of period		(4,811)	(39,114)	(3,592)	(3,582)
<b>Total stockholders' equity</b>		<b>564,595</b>	<b>4,590,203</b>	<b>583,927</b>	<b>603,934</b>
<b>Disclosure of comprehensive income (loss):</b>					
Net income (loss) for the period		4,645	37,764	(25,771)	1,832
Other comprehensive income (loss) for the period, net of tax		(20,101)	(163,423)	(19,148)	(30,740)
<b>Total comprehensive income (loss) for the period</b>		<b>(15,456)</b>	<b>(125,659)</b>	<b>(44,919)</b>	<b>(28,908)</b>

Note: U.S.\$1=Yen 123

## 7) Statements of cash flows

Term  Items	The first half of FY2003 (April 1, 2002 - Sep. 30, 2002)		The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)
	(Yen millions)	(U.S.\$ thousands)	(Yen millions)
<b>Cash flows from operating activities:</b>			
Net income	4,645	37,764	1,832
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	28,503	231,732	29,062
Loss on disposal of property and equipment	2,441	19,846	226
Deferred income taxes	2,533	20,594	(5,363)
Loss (gain) on securities	949	7,715	(117)
Changes in assets and liabilities:			
Decrease in trade receivables	306	2,488	24,980
Decrease (increase) in inventories	4,616	37,528	(3,218)
Increase (decrease) in trade payables	5,451	44,317	(13,874)
Increase (decrease) in income taxes	62	504	(16,838)
Other-net	(5,436)	(44,195)	5,752
<b>Net cash provided by operating activities</b>	<b>44,070</b>	<b>358,293</b>	<b>22,442</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures	(14,472)	(117,658)	(38,094)
Proceeds from sale of investments	11	89	326
Payment for purchase of investments	(30)	(244)	(1,859)
Other-net	1,146	9,317	2,568
<b>Net cash used in investing activities</b>	<b>(13,345)</b>	<b>(108,496)</b>	<b>(37,059)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from long-term debt	35	285	46
Repayment of long-term debt	(439)	(3,569)	(459)
Decrease in short-term debt	(60)	(488)	(1,973)
Payment to acquire treasury stock	(1,219)	(9,911)	(916)
Dividends paid	(2,657)	(21,602)	(3,991)
<b>Net cash used in financing activities</b>	<b>(4,340)</b>	<b>(35,285)</b>	<b>(7,293)</b>
Effect of exchange rate changes on cash and cash equivalents	(4,324)	(35,154)	(2,298)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>22,061</b>	<b>179,358</b>	<b>(24,208)</b>
Cash and cash equivalents at beginning of period	125,761	1,022,447	150,917
Cash and cash equivalents at end of period	147,822	1,201,805	126,709

Note: U.S.\$1=Yen 123



## 8) Summary of Significant Accounting Policies

1. The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United states of America.
  - (1) Marketable Securities  
SFAS No.115, "Accounting for Certain Investments in Debt and Equity Securities" is adopted.
  - (2) Inventories  
Inventories are stated at the lower of cost or market. Cost is determined principally by the average method.
  - (3) Depreciation  
Depreciation of property, plant and equipment is principally computed by the declining-balance method for assets located in Japan and of certain foreign subsidiaries, and by the straight-line method for assets of other foreign subsidiaries based on estimated useful lives.
  - (4) Income Taxes  
Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax base and operating loss and tax credit carryforwards.
  - (5) Derivatives Financial Instruments  
SFAS No.133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No.138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No.133" are adopted.
  - (6) Goodwill and Other Intangible Assets  
SFAS No.141, "Business Combinations" and SFAS No.142, "Goodwill and Other Intangible Assets" are adopted.
2. During this consolidated accounting period, TDK had 73 subsidiaries (21 in Japan and 52 overseas). TDK also had 7 affiliates (4 in Japan and 3 overseas) whose financial statements are accounted for by the equity method.
3. Comprehensive income comprises net income and other comprehensive income. Other comprehensive income includes changes in foreign currency translation adjustments, minimum pension liability adjustments and net unrealized gains (losses) on securities. The net income, other comprehensive income (loss) and total comprehensive income (loss) for the six months ended September 30, 2002 and 2001 were as follows;

Term  Items	The first half of FY2003 (April 1, 2002 - Sept. 30, 2002)		The first half of FY2002 (April 1, 2001 - Sept. 30, 2001)
	(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	4,645	37,764	1,832
Other comprehensive income (loss):			
Foreign currency translation adjustments	(15,542)	(126,358)	(7,457)
Minimum pension liability adjustments	(2,600)	(21,138)	(23,411)
Net unrealized gains (losses) on securities	(1,959)	(15,927)	128
Total comprehensive income (loss)	(15,456)	(125,659)	(28,908)

Note: U.S.\$1=Yen 123

4. Adoption of new accounting standards

(1) Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)

In May 2000, the Emerging Issues Task Force reached a final consensus on Issue 00-14 ("EITF 00-14"), "Accounting for Certain Sales Incentives". EITF 00-14 addresses accounting and reporting standards for sales incentives such as coupons or rebates that are provided by vendors or manufacturers and are exercisable by customers at the point of sale.

In April 2001, the Emerging Issues Task Force also reached a final consensus on a portion of Issue 00-25 ("EITF 00-25"), "Vendor Income Statement Characterization of Consideration to a Purchaser of the Vendor's Products or Services". EITF 00-25 addresses the income statement characterization of consideration, other than that directly addressed in EITF 00-14, from a vendor (typically a manufacturer or distributor) to a customer (typically a retailer or wholesaler) in connection with the sale to the customer of the vendor's products or promotion of sales of the vendor's products by the customer.

In November 2001, EITF 00-14 and EITF 00-25 were subsequently codified in and superseded by Issue 01-9 ("EITF 01-9"), "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)" on which the Emerging Issues Task Force reached a final consensus. TDK adopted EITF 01-9 on April 1, 2002. The adoption of EITF 01-9 did not have a material effect on TDK's consolidated financial position or results of operations.

(2) Accounting for the Impairment or Disposal of Long-Lived Assets

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets" which supersedes both Statement of Financial Accounting Standards No. 121 ("SFAS 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and the accounting and reporting provisions of APB Opinion No. 30 ("Opinion 30"), "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", for the disposal of a segment of a business (as previously defined in that Opinion).

SFAS 144 retains the fundamental provisions in SFAS 121 for recognizing and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale, while also resolving significant implementation issues associated with SFAS 121. TDK adopted SFAS 144 on April 1, 2002. The adoption of SFAS 144 did not have a material effect on TDK's consolidated financial position or results of operations.

(3) Accounting for Costs Associated with Exit or Disposal Activities

In June 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146 ("SFAS 146"), "Accounting for Costs Associated with Exit or Disposal Activities". SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The provisions of SFAS 146 are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. Currently, the effect on TDK's consolidated financial statements of adopting SFAS 146 has not been determined.

## 9) Segment information

The following industry and geographic segment information are required by the Japanese Securities Exchange Law. Segment information is unaudited.

TDK adopted the Emerging Issues Task Force Issue 01-9 ("EITF 01-9"), "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)" from the fiscal year beginning April 1, 2002 and the prior year's consolidated financial statements have been restated for the change, accordingly.

### 1. Industry segment information

Term Items	The first half of FY2003 (April 1, 2002 - Sep. 30, 2002)			The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)		Change	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	%
	<b>Electronic materials and components</b>						
Net sales	234,272	100.0	1,904,650	209,607	100.0	24,665	11.8
Unaffiliated customers	234,272		1,904,650	209,607		24,665	11.8
Intersegment	-		-	-		-	-
Operating expenses	223,557	95.4	1,817,536	210,329	100.3	13,228	6.3
Operating income (loss)	10,715	4.6	87,114	(722)	-0.3	11,437	-
<b>Recording media &amp; systems</b>							
Net sales	62,108	100.0	504,943	61,179	100.0	929	1.5
Unaffiliated customers	62,108		504,943	61,179		929	1.5
Intersegment	-		-	-		-	-
Operating expenses	62,804	101.1	510,602	63,268	103.4	(464)	-0.7
Operating income (loss)	(696)	-1.1	(5,659)	(2,089)	-3.4	1,393	-
<b>TOTAL</b>							
Net sales	296,380	100.0	2,409,593	270,786	100.0	25,594	9.5
Unaffiliated customers	296,380		2,409,593	270,786		25,594	9.5
Intersegment	-		-	-		-	-
Operating expenses	286,361	96.6	2,328,138	273,597	101.0	12,764	4.7
Operating income (loss)	10,019	3.4	81,455	(2,811)	-1.0	12,830	-

Note: U.S.\$1=Yen 123

### 2. Geographic segment information

Term Region	The first half of FY2003 (April 1, 2002 - Sep. 30, 2002)			The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)		Change	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	%
	<b>Japan</b>						
Net sales	173,895	100.0	1,413,780	167,127	100.0	6,768	4.0
Operating income	2,664	1.5	21,658	738	0.4	1,926	261.0
<b>Americas</b>							
Net sales	50,938	100.0	414,130	47,660	100.0	3,278	6.9
Operating income (loss)	(309)	-0.6	(2,512)	(4,928)	-10.3	4,619	-
<b>Europe</b>							
Net sales	34,162	100.0	277,740	37,501	100.0	(3,339)	-8.9
Operating income (loss)	(2,295)	-6.7	(18,659)	(872)	-2.3	(1,423)	-
<b>Asia and others</b>							
Net sales	148,987	100.0	1,211,276	123,320	100.0	25,667	20.8
Operating income	9,870	6.6	80,244	5	-	9,865	-
<b>Intersegment eliminations</b>							
Net sales	111,602		907,333	104,822		6,780	
Operating income (loss)	(89)		(724)	(2,246)		2,157	
<b>Total</b>							
Net sales	296,380	100.0	2,409,593	270,786	100.0	25,594	9.5
Operating income (loss)	10,019	3.4	81,455	(2,811)	-1.0	12,830	-

Notes:

- The sales are classified by geographic areas of the seller and include transfers between geographic areas.
- U.S.\$1=Yen 123

### 3. Sales by region

Term Region	The first half of FY2003 (April 1, 2002 - Sep. 30, 2002)			The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)		Change	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	%
	Americas	56,294	19.0	457,675	50,463	18.6	5,831
Europe	34,368	11.6	279,414	37,817	14.0	(3,449)	-9.1
Asia and others	121,429	41.0	987,228	97,336	35.9	24,093	24.8
Overseas sales total	212,091	71.6	1,724,317	185,616	68.5	26,475	14.3
Japan	84,289	28.4	685,276	85,170	31.5	(881)	-1.0
Net sales	296,380	100.0	2,409,593	270,786	100.0	25,594	9.5

Notes:

- Sales by region are classified by geographic areas of the buyer.
- U.S.\$1=Yen 123

### 10) Fair Value of Securities

(Yen millions)	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
As of Sep. 30, 2002				
Equity securities	5,766	150	2,622	3,294
Debt securities	3,287	12	-	3,299
Total	9,053	162	2,622	6,593
As of March 31, 2002				
Equity securities	4,389	596	-	4,985
Debt securities	3,274	24	-	3,298
Total	7,663	620	-	8,283
As of Sep. 30, 2001				
Equity securities	3,695	99	435	3,359
Debt securities	2,864	32	-	2,896
Total	6,559	131	435	6,255

  

U.S.\$1=Yen 123 (U.S.\$ thousands)	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
As of Sep. 30, 2002				
Equity securities	46,878	1,220	21,317	26,781
Debt securities	26,724	97	-	26,821
Total	73,602	1,317	21,317	53,602

### 11) Fair Value of Derivatives

(Yen millions)	Contract Amount	Carrying Amount	Estimated Fair Value
As of Sep. 30, 2002			
Forward foreign exchange contracts	17,549	(84)	(84)
Currency swap agreements and interest rate and currency swap agreements for loans to its subsidiaries	13,613	(48)	(48)
As of March 31, 2002			
Forward foreign exchange contracts	7,576	(59)	(59)
Currency swap agreements and interest rate and currency swap agreements for loans to its subsidiaries	13,268	(315)	(315)
As of Sep. 30, 2001			
Forward foreign exchange contracts	34,336	358	358
Currency option contracts			
Purchased	123	(1)	(1)
Written	1,661	(1)	(1)
Currency swap agreements and interest rate and currency swap agreements for loans to its subsidiaries	18,406	(68)	(68)

  

(U.S.\$ thousands) U.S.\$1=Yen 123	Contract Amount	Carrying Amount	Estimated Fair Value
As of Sep. 30, 2002			
Forward foreign exchange contracts	142,675	(683)	(683)
Currency swap agreements and interest rate and currency swap agreements for loans to its subsidiaries	110,675	(390)	(390)

## 12) Statements of income (Non-Consolidated)

Term Items	The first half of FY2003 (April 1, 2002 - Sep. 30, 2002)			The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)		Change	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	%
Income							
Sales	167,260	100.0	1,359,837	164,023	100.0	3,237	2.0
Other income	5,815		47,276	15,248			
	173,075		1,407,113	179,272			
Costs and expenses							
Cost of sales	136,194		1,107,268	134,770			
S.G.A. expenses	27,585		224,268	29,572			
Interest expenses	8		65	37			
Other expenses	2,350		19,105	920			
	166,138		1,350,715	165,301			
Current income	6,937	4.1	56,398	13,970	8.5	(7,033)	-50.3
Extraordinary profit	253		2,056	376			
Extraordinary loss	5,102		41,479	704			
Income before income taxes	2,088	1.2	16,975	13,642	8.3	(11,554)	-84.7
Income taxes							
Current	(1,077)		(8,756)	2,050			
Deferred	2,109		17,146	1,840			
Net income	1,056	0.6	8,585	9,752	5.9	(8,696)	-89.2

Note: U.S.\$1=Yen 123

## 13) Balance sheets (Non-consolidated)

ASSETS									
Items	Term	As of Sep. 30, 2002			As of Mar. 31, 2002		Change	As of Sep. 30, 2001	
		(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	(Yen millions)	%
Current assets									
Cash		51,904		421,983	50,673	1,231	16,509		
Marketable securities		7,899		64,219	-	7,899	30,059		
Trade receivables									
Notes		5,230		42,520	5,179	51	5,607		
Accounts		79,395		645,487	74,825	4,570	83,083		
Allowance for doubtful receivables		(116)		(943)	(270)	154	(328)		
Net trade receivables		84,510		687,073	79,734	4,776	88,362		
Inventories		25,755		209,390	29,459	(3,704)	39,504		
Prepaid expenses and other current assets		50,083		407,178	48,986	1,097	60,812		
Total current assets		220,153	43.1	1,789,861	208,854	11,299	235,248	43.5	
Investments and advances									
Investments in securities		4,200		34,146	8,267	(4,067)	7,008		
Share of subsidiaries		105,807		860,219	106,472	(665)	106,624		
Other		46,727		379,894	56,491	(9,764)	44,139		
Allowance for doubtful receivables		(1,052)		(8,552)	(741)	(311)	(726)		
Total investments and advances		155,682	30.5	1,265,707	170,489	(14,807)	157,046	29.0	
Property, plant and equipment									
Land		16,515		134,268	16,511	4	15,491		
Buildings		44,925		365,243	46,899	(1,974)	49,053		
Machinery and equipment		63,295		514,593	65,887	(2,592)	57,327		
Construction in progress		6,796		55,252	9,811	(3,015)	23,116		
Total property, plant and equipment		131,533	25.7	1,069,373	139,109	(7,576)	144,988	26.8	
Other assets		3,556	0.7	28,910	3,687	(131)	3,554	0.7	
TOTAL		510,925	100.0	4,153,861	522,140	(11,215)	540,838	100.0	

Note:U.S.\$1=Yen 123

LIABILITIES AND STOCKHOLDERS' EQUITY									
Items	Term	As of Sep. 30, 2002			As of Mar. 31, 2002		Change	As of Sep. 31, 2001	
		(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	(Yen millions)	%
Current liabilities									
Trade payables accounts		38,055		309,390	35,999		2,056	34,671	
Accrued expenses		9,589		77,959	8,985		604	11,777	
Accrued income taxes		27		219	-		27	1,792	
Other current liabilities		14,060		114,308	28,322		(14,262)	21,446	
Total current liabilities		61,733	12.1	501,894	73,308	14.0	(11,575)	69,687	12.9
Retirement and severance benefits									
Directors' retirement allowance		302		2,455	589		(287)	523	
Total liabilities		87,453	17.1	711,000	95,701	18.3	(8,248)	93,412	17.3
Stockholders' equity									
Common stock		32,641	6.4	265,373	32,641	6.3	0	32,641	6.0
Additional paid-in capital		59,256		481,756	59,256		0	59,256	
Legal reserve		8,160		66,341	8,160		0	8,160	
Retained earnings		328,238	64.2	2,668,601	329,838	63.2	(1,600)	347,371	64.2
Unrealized holding gain (loss) on other securities		(15)		(121)	133		(148)	(4)	
Treasury stock		(4,810)		(39,105)	(3,592)		(1,218)	-	
Total stockholders' equity		423,471	82.9	3,442,853	426,439	81.7	(2,968)	447,425	82.7
TOTAL		510,925	100.0	4,153,861	522,140	100.0	(11,215)	540,838	100.0

Note:U.S.\$1=Yen 123

## Supplementary Information

Ratio of results on a consolidated basis to results on a non-consolidated basis

	Ratio of the first half of FY2003	Ratio of the corresponding period of the previous year
Net sales	1.8	1.7
Operating income	2.9	-
Income before income taxes	3.7	-
Net income	4.4	0.2

### Exchange rates used for conversion

Term	April 1, 2002 - Sep. 30, 2002		April 1, 2001 - Sep. 30, 2001	
	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
Sales	123.07	116.92	122.24	107.76
The end of the period	122.60	120.37	119.40	109.30

### NON-CONSOLIDATED

Term	April 1, 2002 - Sep. 30, 2002		April 1, 2001 - Sep. 30, 2001		Change (%)	April 1, 2001 - March 31, 2002	
	Amount (Yen millions)	Ratio to sales (%)	Amount (Yen millions)	Ratio to sales (%)		Amount (Yen millions)	Ratio to sales (%)
Investment in facilities	6,999	-	22,146	-	-68.4	34,563	-
Depreciation expenses	12,518	7.5	11,057	6.7	13.2	25,272	8.0
Research and development expenses	10,967	6.6	13,272	8.1	-17.4	26,776	8.4
Result of financial operation	2,678		12,866		-79.2	13,108	
Number of employees (as at the end of the period)	6,304		7,283			7,168	

### CONSOLIDATED

Term	April 1, 2002 - Sep. 30, 2002		April 1, 2001 - Sep. 30, 2001		Change (%)	April 1, 2001 - March 31, 2002	
	Amount (Yen millions)	Ratio to sales (%)	Amount (Yen millions)	Ratio to sales (%)		Amount (Yen millions)	Ratio to sales (%)
Investment in facilities	14,472	-	38,094	-	-62.0	58,777	-
Depreciation expenses	28,503	9.6	29,062	10.7	-1.9	61,920	10.9
Research and development expenses	15,649	5.3	19,065	7.0	-17.9	38,630	6.8
Result of financial operation	510		616		-17.2	769	
Number of employees (as at the end of the period)	31,728		35,428			32,249	
Ratio of overseas production	55.6 %		53.1 %			53.8 %	

Note: TDK adopted the Emerging Issues Task Force Issue 01-9 ("EITF 01-9"), "Accounting for Consideration Given by a Vendor to a Customer (Including A Reseller of the Vendor's Products)" from the fiscal year beginning April 1, 2002. Ratio to sales has been calculated based on sales which has been restated retroactively.

### OVERSEAS SALES BY DIVISION

Term	April 1, 2002 - Sep. 30, 2002		April 1, 2001 - Sep. 30, 2001		Change (%)	April 1, 2001 - March 31, 2002	
	Amount (Yen millions)	Ratio to sales (%)	Amount (Yen millions)	Ratio to sales (%)		Amount (Yen millions)	Ratio to sales (%)
Electronic materials and components	167,212	56.4	142,040	52.4	17.7	305,775	53.6
Electronic materials	64,577	21.8	57,052	21.0	13.2	116,275	20.4
Electronic devices	29,360	9.9	28,184	10.4	4.2	55,234	9.7
Recording devices	69,154	23.3	50,874	18.8	35.9	124,298	21.8
Semiconductors & others	4,121	1.4	5,930	2.2	-30.5	9,968	1.7
Recording media & systems	44,879	15.2	43,576	16.1	3.0	99,932	17.5
Overseas sales	212,091	71.6	185,616	68.5	14.3	405,707	71.1

Note: TDK adopted the Emerging Issues Task Force Issue 01-9 ("EITF 01-9"), "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)" from the fiscal year beginning April 1, 2002 and the prior year's consolidated financial statements have been restated for the change, accordingly.