

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

Contacts;

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

FOR IMMEDIATE RELEASE

TOKYO-November 1, 2001 TDK Corporation today announced its consolidated business results for the second quarter and the first half of fiscal 2002, and nonconsolidated business results for the first half of fiscal 2002.

1) Consolidated results (the second quarter)

Consolidated results for the second quarter of fiscal 2002, from July 1 ,2001 through September 30, 2001, are as follows:

	<u>Yen millions</u>		<u>US\$ thousands</u>	<u>% change</u>
Net sales	131,620		1,106,050	(-25.5 %)
Operating income (loss) (%)	(5,400) (-4.1 %)		(45,378)	(-)
Income (loss) before income taxes (%)	(5,646) (-4.3 %)		(47,445)	(-)
Net income (%)	625 (0.5 %)		5,252	(-96.8 %)

Consolidated results (the first half)

Consolidated results for the first half of fiscal 2002, from April 1 ,2001 through September 30, 2001, are as follows:

	<u>Yen millions</u>		<u>US\$ thousands</u>	<u>% change</u>
Net sales	272,620		2,290,924	(-22.6 %)
Operating income (loss) (%)	(2,811) (-1.0 %)		(23,622)	(-)
Income (loss) before income taxes (%)	(3,082) (-1.1 %)		(25,899)	(-)
Net income (%)	1,832 (0.7 %)		15,395	(-94.4 %)

Nonconsolidated results (the first half)

Nonconsolidated results for the first half of fiscal 2002, from April 1 ,2001 through September 30, 2001, are as follows:

	<u>Yen millions</u>		<u>US\$ thousands</u>	<u>% change</u>
Net sales	164,023		1,378,344	(-29.9 %)
Operating income (loss) (%)	(319) (-0.2 %)		(2,680)	(—)
Current income (%)	13,970 (8.5 %)		117,394	(-60.1 %)
Net income (%)	9,752 (5.9 %)		81,949	(345.3 %)

Note: The amounts shown in U.S. Dollars are converted at the rate of U.S.\$1=Yen 119, the opening rate on the Tokyo Foreign Exchange Market on September 28, 2001.

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 of "contributing to culture and industry through the process of creation."

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 as a percentage of equity (DOE) and the outlook for 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, significant capital investments are required in Japan and overseas to develop new products and technologies as markets become increasingly borderless.

(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 21st 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:

I. 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.

II. 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.

III. 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 no emissions at all.

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's actions will be guided by the above-mentioned policies, some flexibility in implementing strategy will be required in light of the difficulties posed by the present operating environment.

3) Business Results

Consolidated results for the first half of fiscal 2002, the six-month period from April 1, 2001 through September 30, 2001, are as follows:

TDK posted net sales of ¥272,620 million (US\$2,290,924 thousand), down 22.6% year on year, and an operating loss of ¥2,811 million (US\$23,622 thousand), compared with an operating profit of ¥36,449 million in the same period of the previous fiscal year. Furthermore, TDK posted a loss before income taxes of ¥3,082 million (US\$25,899 thousand), compared with income before income taxes of ¥47,831 million in the same period of the previous fiscal year. Net income dropped 94.4% to ¥1,832 million (US\$15,395 thousand) and net income per common share was ¥13.78 (US\$0.12).

Average exchange rates for the yen were ¥122 and ¥108 versus the U.S. dollar and euro, respectively, as the yen weakened by 14% and 9% in relation to these two currencies. TDK estimates that the depreciation of the yen had the net effect of lifting net sales by approximately ¥19.1 billion and reducing the operating loss by approximately ¥4.9 billion.

In the electronic materials and components segment, net sales decreased sharply, by 27.5% to ¥209,650 million (US\$1,761,764 thousand) due to several factors. The segment as a whole was affected by inventory corrections at TDK's customers in a broad range of product categories brought on by a global downturn in IT investment-induced demand, as well as the U.S. economic slowdown since the fourth quarter of the previous fiscal year. Another factor was an overly optimistic outlook for worldwide mobile phone and PC demand, which have driven advances in digital networking technologies. This has resulted in surplus inventories across a broad spectrum of electronic components, further hampering a recovery.

Within this segment, sales in the electronic materials sector declined 25.6% to ¥81,367 million (US\$683,756 thousand). Multilayer chip capacitors, which account for the majority of sector sales, recorded an overall fall in sales, mainly due to a sharp drop in demand for use in mobile phones and PCs and peripherals. By contrast, sales for mobile phones and PCs grew sharply in the same period of the previous fiscal year. Although there was a slight rise in demand for multilayer chip capacitors for automotive applications, fueled by the increasing use of electronics in automobiles, these sales still represent only a small fraction of overall sales of this product. In ferrite cores and magnets, ferrite cores for use in data-communications devices such as ADSL (Asymmetric Digital Subscriber Lines) devices, which saw strong demand last year, recorded a sharp drop in sales, reflecting a drop-off in IT investment-related demand. Intensifying competition in deflection yoke cores and flyback transformer cores, both key components in TVs and computer monitors, led to lower sales. Although sales of ferrite magnets for automotive applications held firm thanks to their increasing

use in automobiles and favorable exchange rates, magnet sales fell overall due to waning demand for use in motors for PCs and peripherals and AV products.

In the electronic devices sector, sales decreased 27.7% to ¥54,264 million (US\$456,000 thousand). Inductive device sales fell overall as demand dropped in the audio and visual products, PCs and peripherals and communications markets. Partially offsetting this fall was a marginal increase in sales of inductive devices for use in automobiles as more sophisticated electronics technologies find their way into automobiles. Sales of high-frequency components declined due to a rapid slowdown in the mobile phone market. A high proportion of TDK's high-frequency components are used in mobile phones. Other products in this sector recorded only a slight decline thanks to brisk demand for DC-DC converters for video game systems.

In the recording devices sector, sales dropped 30.2% to ¥64,022 million (US\$538,000 thousand), reflecting lower demand for HDD heads. This was the result of TDK's delay, relative to competitors, in supplying mainstream 30gigabyte/disk HDD heads, which resulted in TDK losing market share. The sales decline also reflected the scaling back of HDD production at customers, which was prompted by lackluster PC demand.

Sales in the semiconductors & others sector declined 23.6% to ¥9,997 million (US\$84,008 thousand). Sales of semiconductors for WAN/LAN and set-top box modems fell sharply due to the continuing downturn in the semiconductor market as demand for communications infrastructure equipment, which had been a driving force last year, declined.

In the recording media & systems segment, sales were almost the same year on year, increasing by a marginal 0.3% to ¥62,970 million (US\$529,160 thousand). Sales of CD-Rs increased on higher volumes despite lower year-on-year prices. Also contributing to higher sales in this segment were the yen's depreciation and the launch of sales of recording equipment last fall, which helped to offset lower audiotape and videotape sales due to a decline in total demand for those products.

By region, sales in Japan decreased 24.9% to ¥85,214 million (US\$716,084 thousand), reflecting lower sales in most product categories. Of particular note was the recording media & systems segment, where sales declined because the contribution to sales of recording equipment is small relative to other regions. In the Americas, sales declined 17.3% to ¥52,019 million (US\$437,134 thousand), owing to soft demand for electronic materials and electronic devices. This outweighed sales growth in the recording media & systems segment, where TDK posted higher sales of recording equipment, which began last fall. In Europe, sales decreased 16.9% to ¥38,002 million (US\$319,345 thousand), reflecting sluggish demand for electronic materials and electronic devices. In particular, sales of high-frequency components, mainly for GSM and other mobile phone

formats, fell dramatically. Higher sales in the recording media & systems segment, driven by rising CD-R sales volumes and the start of recording equipment sales in the current fiscal year, could not offset these declines. In Asia (excluding Japan) and Others, sales decreased 25.0% to ¥97,385 million (US\$818,361 thousand) due to soft demand for electronic materials and electronic devices. Lower sales in the recording devices sector, which account for a high proportion of sales in this region, also had a major impact.

The overall result was a 21.4% decline in overseas sales year on year to ¥187,406 million (US\$1,574,840 thousand). Overseas sales accounted for 68.7% of consolidated net sales, a 0.9 percentage point increase from 67.8% in the same six-month period a year ago.

On a parent-company basis, net sales decreased 29.9% to ¥164,023 million (US\$1,378,344 million) and current income declined 60.1% to ¥13,970 million (US\$117,394 thousand). Net income climbed 345.3% to ¥9,752 million (US\$81,949 thousand) and net income per share was ¥73.22 (US\$0.61). This reflected the absence of an expense of ¥34,644 million (US\$291,126 thousand) recorded in the previous fiscal year resulting from the adoption of a new accounting method for retirement liabilities.

As with consolidated results, sales in the electronic materials and components segment were hurt by the overall market slowdown, falling 30.8% year on year to ¥140,647 million (US\$1,181,907 thousand). The recording media & systems segment posted sales of ¥23,376 million (US\$196,436 thousand), a 23.6% year-on-year decrease. This reflected two main factors: a decrease in parent-company CD-R shipments following the cessation of production at the parent company and subsequent switch to outside purchases; and falling total demand for audiotapes and videotapes.

At today's meeting of TDK's board of directors, an interim dividend of ¥30 per share of common stock was approved.

Fiscal 2002 Projections

TDK has revised downward its consolidated and non-consolidated projections for fiscal 2002, the year ending March 31, 2002, which were announced in August and May this year, respectively. The consolidated projections are based principally on the following assumptions:

- The yen-U.S. dollar exchange rate for the second half of fiscal 2002 will be ¥120, as initially estimated.
- The drop-off in demand for PCs, mobile phones and other IT-related products has continued longer than originally expected, as the effects of the rapid slowdown in the U.S. economy reverberate around the world. Furthermore, the outlook for demand in markets for these products was overly optimistic. This has resulted in inventory overhang across a broad spectrum of electronic components and accordingly hampered a recovery. The effects of this have been manifested in a sharp drop in demand for products in the electronic materials and components segment, and in falling prices. Consequently, TDK is forecasting sales and earnings in the second half of fiscal 2002 to be substantially lower than its original forecast announced in May this year.

Note: As of August 2001, TDK believed that the second-half recovery, which was the basis for its May 2001 projections, was extremely unlikely. However, because there were many uncertainties concerning second-half projections at that time, TDK did not revise its projections for the full year based on that outlook. The revised full-year projections released in August this year only incorporated new projections for the second quarter.

- In the recording media & systems segment, TDK expects demand for CD-Rs, recording equipment and other products in the second half of fiscal 2002 to fall slightly short of its August projections due to the economic slowdown.

TDK perceives the present market difficulties, characterized by some as the bursting of the IT bubble, as different in nature from an ordinary recessionary climate. To counter this situation, TDK believes that it is necessary to take actions to lower its break-even point and improve asset efficiency with the view to dramatically restoring its ability to generate earnings from the next fiscal year onward. In the interim period, TDK began implementing a plan to trim the company's consolidated head count. TDK is presently considering further structural reform measures. As no final decisions have been made yet on specific measures, TDK cannot quantify the expected costs involved. TDK will disclose such information in a timely manner as plans are finalized. Please be aware that the projections shown below for fiscal 2002 do not factor in any effect on results of structural reforms.

Consolidated Projections for Fiscal 2002

	Revised Projection	% Change from FY01 or FY01 Result	As of Aug. 2001
	¥ millions		¥ millions
Net sales	¥560,000	-18.8%	¥645,000
Operating income (loss)	-1,300	¥56,323	30,000
Income before income taxes	-2,600	¥64,516	31,000
Net income	0	¥43,983	21,000

Non-Consolidated Projections for Fiscal 2002

	Revised Projection	% Change from FY01 or FY01 Result	As of May 2001
	¥ millions		¥ millions
Net sales	¥317,000	-30.7%	¥385,000
Operating income (loss)	-2,800	¥26,084	16,000
Current income	12,900	-74.2%	28,500
Net income	8,200	-6.2%	17,000

Cautionary Statement About Projections

Projections for the fiscal year ending March 31, 2002 are based on assumptions and beliefs of TDK and its group companies in accordance with data currently available. Consequently, these projections should not be relied upon as the sole basis for evaluating TDK. Actual results may differ substantially from the projections depending on a number of factors.

The electronics markets in which TDK operates are highly susceptible to rapid changes. Furthermore, TDK operates 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.

4) Consolidated results for the second quarter of fiscal 2002

(1) Financial highlights

	The second quarter of FY2002 (July 1, 2001 - Sep. 30, 2001)			The second quarter of FY2001 (July 1, 2000 - Sep. 30, 2000)		change
	(Yen millions)	%	(US\$ thousands)	(Yen millions)	%	%
Net sales	131,620	100.0	1,106,050	176,704	100.0	-25.5
Operating income (loss)	(5,400)	-4.1	(45,378)	17,216	9.7	-
Income (loss) before income taxes	(5,646)	-4.3	(47,445)	28,740	16.3	-
Net income	625	0.5	5,252	19,770	11.2	-96.8
Net income per common share and per ADS	Yen 4.71		US\$ 0.04	Yen 148.59		

Notes:

- The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.
- 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).
- During this consolidated accounting period, the company had 77 subsidiaries (26 in Japan and 51 overseas). The company also had 7 affiliates whose financial statements are accounted for by the equity method.
- U.S.\$1=Yen 119

(2) Sales breakdown

	The second quarter of FY2002 (July 1, 2001 - Sep. 30, 2001)			The second quarter of FY2001 (July 1, 2000 - Sep. 30, 2000)		change
	(Yen millions)	%	(US\$ thousands)	(Yen millions)	%	%
Electronic materials and components	99,299	75.4	834,445	144,531	81.8	-31.3
Electronic materials	37,467	28.5	314,849	56,709	32.1	-33.9
Electronic devices	25,714	19.5	216,084	38,760	21.9	-33.7
Recording devices	31,188	23.7	262,084	42,374	24.0	-26.4
Semiconductors & Others	4,930	3.7	41,428	6,688	3.8	-26.3
Recording media & systems	32,321	24.6	271,605	32,173	18.2	0.5
Total sales	131,620	100.0	1,106,050	176,704	100.0	-25.5
Overseas sales	89,911	68.3	755,555	119,943	67.9	-25.0

Notes:

- Overseas sales for the second quarter of FY2001 have been restated.
- U.S.\$1=Yen 119

5) Consolidated results for the first half of fiscal 2002

CONSOLIDATED**(1) Financial highlights**

	The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)			The first half of FY2001 (April 1, 2000 -Sep. 30, 2000)		change	FY2001 (April 1, 2000 -Mar. 31, 2001)	
	(Yen millions)	%	(US\$ thousands)	(Yen millions)	%		%	(Yen millions)
Net sales	272,620	100.0	2,290,924	352,026	100.0	-22.6	689,911	100.0
Operating income (loss)	(2,811)	-1.0	(23,622)	36,449	10.4	-	56,323	8.2
Income (loss) before income taxes	(3,082)	-1.1	(25,899)	47,831	13.6	-	64,516	9.4
Net income	1,832	0.7	15,395	32,605	9.3	-94.4	43,983	6.4
Net income per common share and per ADS	Yen 13.78		US\$ 0.12	Yen 244.96			Yen 330.54	

Notes:

- The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.
- 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).
- During this consolidated accounting period, the company had 77 subsidiaries (26 in Japan and 51 overseas).
The company also had 7 affiliates whose financial statements are accounted for by the equity method.
- U.S.\$1=Yen 119

(2) Sales breakdown

	The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)			The first half of FY2001 (April 1, 2000 -Sep. 30, 2000)		change	FY2001 (April 1, 2000 -Mar. 31, 2001)	
	(Yen millions)	%	(US\$ thousands)	(Yen millions)	%		%	(Yen millions)
Electronic materials and components	209,650	76.9	1,761,764	289,239	82.2	-27.5	552,195	80.0
Electronic materials	81,367	29.8	683,756	109,323	31.1	-25.6	212,133	30.7
Electronic devices	54,264	19.9	456,000	75,068	21.3	-27.7	145,216	21.1
Recording devices	64,022	23.5	538,000	91,757	26.1	-30.2	169,140	24.5
Semiconductors & Others	9,997	3.7	84,008	13,091	3.7	-23.6	25,706	3.7
Recording media & systems	62,970	23.1	529,160	62,787	17.8	0.3	137,716	20.0
Total sales	272,620	100.0	2,290,924	352,026	100.0	-22.6	689,911	100.0
Overseas sales	187,406	68.7	1,574,840	238,546	67.8	-21.4	467,821	67.8

Notes:

- Overseas sales for the first half of FY2001 have been restated.
(see P18 "(8)Segment information c)Sales by Region" for details).
- U.S.\$1=Yen 119

(3)Statements of income

	The first half of FY2002 (April 1, 2001 - Sep. 30, 2001)			The first half of FY2001 (April 1, 2000 - Sep. 30, 2000)		change	FY2001 (April 1, 2000 - Mar. 31, 2001)	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%		(Yen millions)	%
Net sales	272,620	100.0	2,290,924	352,026	100.0	-22.6	689,911	100.0
Cost of sales	213,309	78.2	1,792,512	249,568	70.9	-14.5	496,083	71.9
Gross profit	59,311	21.8	498,412	102,458	29.1	-42.1	193,828	28.1
Selling, general and administrative expenses	62,122	22.8	522,034	66,009	18.7	-5.9	137,505	19.9
Operating income (loss)	(2,811)	-1.0	(23,622)	36,449	10.4	-	56,323	8.2
Other income (deductions):								
Interest and dividend income	1,288		10,823	2,586			5,089	
Interest expense	672		5,647	350			490	
Gain on contribution of investment securities to pension trust	-		-	12,518			12,518	
Foreign exchange gain (loss)	(514)		(4,319)	(1,541)			(1,196)	
Other, net	(373)		(3,134)	(1,831)			(7,728)	
Other income (deductions) total	(271)	-0.1	(2,277)	11,382	3.2	-	8,193	1.2
Income (loss) before income taxes	(3,082)	-1.1	(25,899)	47,831	13.6	-	64,516	9.4
Income taxes	(3,577)	-1.3	(30,059)	14,847	4.2	-	19,792	2.9
Income before minority interests	495	0.2	4,160	32,984	9.4	-98.5	44,724	6.5
Minority interests	1,337	0.5	11,235	(379)	-0.1		(741)	-0.1
Net income	1,832	0.7	15,395	32,605	9.3	-94.4	43,983	6.4
Net income per common share	Yen 13.78		US\$ 0.12	Yen 244.96			Yen 330.54	
Average common shares outstanding	132,940	thousands		133,103	thousands		133,064	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. U.S.\$1=Yen 119

(4) Balance sheets

ASSETS							
	As of Sep. 30, 2001			As of Mar. 31, 2001		As of Sep. 30, 2000	
	(Yen millions)	%	(US\$ thousands)	(Yen millions)	%	(Yen millions)	%
Current assets	404,776	54.0	3,401,479	452,913	55.2	456,449	58.1
Cash and cash equivalents	126,709		1,064,782	150,917		155,008	
Marketable securities	-		-	-		4,817	
Net trade receivables	129,004		1,084,067	156,585		164,613	
Inventories	117,409		986,630	116,423		97,505	
Prepaid expenses and other current assets	31,654		266,000	28,988		34,506	
Investments and advances	22,173	3.0	186,328	21,143	2.6	21,664	2.8
Net property, plant, and equipment	277,477	37.1	2,331,739	278,625	34.0	253,018	32.2
Prepaid pension cost	-		-	41,290	5.0	34,525	4.4
Other assets	44,509	5.9	374,025	26,206	3.2	19,793	2.5
TOTAL	748,935	100.0	6,293,571	820,177	100.0	785,449	100.0

Note: U.S.\$1=Yen 119

Balance sheets

LIABILITIES AND STOCKHOLDERS' EQUITY							
	As of Sep. 30, 2001			As of Mar. 31, 2001		As of Sep. 30, 2000	
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	(Yen millions)	%
Current liabilities	106,866	14.3	898,034	146,142	17.8	155,244	19.7
Short-term debt	3,654		30,706	5,879		2,393	
Trade payables	49,583		416,664	64,673		75,453	
Accrued expenses and other current liabilities	50,899		427,723	55,952		52,356	
Income taxes	2,730		22,941	19,638		25,042	
Long-term debt, excluding current installments	612	0.1	5,143	1,004	0.1	1,172	0.2
Retirement and severance benefits and others	33,303	4.4	279,857	31,848	3.9	17,632	2.2
Total liabilities	140,781	18.8	1,183,034	178,994	21.8	174,048	22.1
Minority interests	4,220	0.6	35,462	3,434	0.4	2,893	0.4
Common stock	32,641		274,294	32,641		32,641	
Additional paid-in capital	63,051		529,840	63,051		63,051	
Legal reserve	15,710		132,017	13,409		13,407	
Retained earnings	551,705		4,636,176	556,165		548,780	
Accumulated other comprehensive income (loss)	(55,591)		(467,151)	(24,851)		(46,703)	
Treasury stock	(3,582)		(30,101)	(2,666)		(2,668)	
Total stockholders' equity	603,934	80.6	5,075,075	637,749	77.8	608,508	77.5
TOTAL	748,935	100.0	6,293,571	820,177	100.0	785,449	100.0
Total common shares outstanding	132,861	thousands		133,019	thousands	133,019	thousands

Note: U.S.\$1=Yen 119

(5) Statements of stockholders' equity

Six months ended September 30, 2001 and year ended March 31, 2001

	The first half of FY2002		FY2001
	(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Common stock:			
Balance at beginning of period	32,641	274,294	32,641
Balance at end of period	32,641	274,294	32,641
Additional paid-in capital:			
Balance at beginning of period	63,051	529,840	63,051
Balance at end of period	63,051	529,840	63,051
Legal reserve:			
Balance at beginning of period	13,409	112,681	13,302
Transferred from retained earnings	2,301	19,336	107
Balance at end of period	15,710	132,017	13,409
Retained earnings:			
Balance at beginning of period	556,165	4,673,655	520,276
Net income	1,832	15,395	43,983
Cash dividends	(3,991)	(33,538)	(7,987)
Transferred to legal reserve	(2,301)	(19,336)	(107)
Balance at end of period	551,705	4,636,176	556,165
Accumulated other comprehensive income (loss):			
Balance at beginning of period	(24,851)	(208,832)	(58,257)
Other comprehensive income (loss) for the period, net of tax	(30,740)	(258,319)	33,406
Balance at end of period	(55,591)	(467,151)	(24,851)
Treasury stock:			
Balance at beginning of period	(2,666)	(22,403)	-
Acquisition of treasury stock	(916)	(7,698)	(2,666)
Balance at end of period	(3,582)	(30,101)	(2,666)
Total stockholders' equity	603,934	5,075,075	637,749

Disclosure of comprehensive income (loss):			
Net income for the period	1,832	15,395	43,983
Other comprehensive income (loss) for the period, net of tax	(30,740)	(258,319)	33,406
Total comprehensive income (loss) for the period	(28,908)	(242,924)	77,389

(6) Statements of cash flows

Six months ended September 30, 2001, September 30, 2000 and year ended March 31, 2001

	The first half of FY2002		The first half of FY2001	FY2001
	(Yen millions)	(U.S.\$ thousands)	(Yen millions)	(Yen millions)
Cash flows from operating activities:				
Net income	1,832	15,395	32,605	43,983
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	29,062	244,218	29,021	63,579
Loss on disposal of property and equipment	226	1,899	1,383	5,144
Deferred income taxes	(5,363)	(45,067)	(9,225)	(10,986)
Gain on sale of investment securities	(117)	(983)	(917)	(925)
Gain on contribution of investment securities to pension trust	-	-	(12,518)	(12,518)
Contribution of cash and cash equivalents to pension trust	-	-	(15,315)	(15,315)
Changes in assets and liabilities:				
Decrease (increase) in trade receivables	24,980	209,916	(1,192)	22,365
Increase in inventories	(3,218)	(27,042)	(12,765)	(23,607)
Increase (decrease) in trade payables	(13,874)	(116,588)	2,457	(18,969)
Increase (decrease) in income taxes	(16,838)	(141,496)	10,365	4,766
Other - net	5,752	48,336	4,282	10,080
Net cash provided by operating activities	22,442	188,588	28,181	67,597
Cash flows from investing activities:				
Capital expenditures	(38,094)	(320,118)	(44,068)	(99,452)
Proceeds from sale of investments	326	2,740	2,477	2,492
Payment for purchase of investments	(1,859)	(15,622)	(1,061)	(692)
Proceeds from maturities of marketable securities	-	-	1,698	3,761
Other - net	2,568	21,580	67	1,353
Net cash used in investing activities	(37,059)	(311,420)	(40,887)	(92,538)
Cash flows from financing activities:				
Proceeds from long-term debt	105	882	1	614
Repayment of long-term debt	(459)	(3,857)	(445)	(1,536)
Increase (decrease) in short-term debt	(2,032)	(17,076)	(158)	2,761
Payment to acquire treasury stock	(916)	(7,697)	(2,668)	(2,666)
Dividends paid	(3,991)	(33,538)	(3,996)	(7,987)
Net cash used in financing activities	(7,293)	(61,286)	(7,266)	(8,814)
Effect of exchange rate changes on cash and cash equivalents	(2,298)	(19,310)	461	10,153
Net decrease in cash and cash equivalents	(24,208)	(203,428)	(19,511)	(23,602)
Cash and cash equivalents at beginning of period	150,917	1,268,210	174,519	174,519
Cash and cash equivalents at end of period	126,709	1,064,782	155,008	150,917

(7) Summary of Significant Accounting Policies

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

(a) Marketable Securities

SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" is adopted.

(b) Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally by the average method.

(c) 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.

(d) 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 bases and operating loss and tax credit carryforwards.

(e) 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" have been adopted from fiscal year 2002.

(8) Segment information

CONSOLIDATED

a) Industry Segment Information

		The first half of FY2002			The first half of FY2001		Change %	FY2001	
		(Yen millions)	(%)	(US\$ thousands)	(Yen millions)	(%)		(Yen millions)	(%)
Electronic materials and Components	1.Net sales								
	1)Unaffiliated customers	209,650		1,761,764	289,239		-27.5	552,195	
	2)Intersegment	0		0	0			0	
	Total revenue	209,650	100.0	1,761,764	289,239	100.0	-27.5	552,195	100.0
	2.Operating expenses	210,372	100.3	1,767,831	249,931	86.4	-15.8	486,837	88.2
	Operating income (loss)	(722)	-0.3	(6,067)	39,308	13.6	-	65,358	11.8
Recording media and systems	1.Net sales								
	1)Unaffiliated customers	62,970		529,160	62,787		0.3	137,716	
	2)Intersegment	0		0	0			0	
	Total revenue	62,970	100.0	529,160	62,787	100.0	0.3	137,716	100.0
	2.Operating expenses	65,059	103.3	546,715	65,646	104.6	-0.9	146,751	106.6
	Operating income (loss)	(2,089)	-3.3	(17,555)	(2,859)	-4.6	-	(9,035)	-6.6
Total	1.Net sales								
	1)Unaffiliated customers	272,620		2,290,924	352,026		-22.6	689,911	
	2)Intersegment	0		0	0			0	
	Total revenue	272,620	100.0	2,290,924	352,026	100.0	-22.6	689,911	100.0
	2.Operating expenses	275,431	101.0	2,314,546	315,577	89.6	-12.7	633,588	91.8
	Operating income (loss)	(2,811)	-1.0	(23,622)	36,449	10.4	-	56,323	8.2

b) Geographic segment information

		The first half of FY2002			The first half of FY2001		Change %	FY2001	
		(Yen millions)	(US\$ thousands)	(%)	(Yen millions)	(%)		(Yen millions)	(%)
Japan	Net Sales	167,171	1,404,798		232,777		-28.2	459,685	
	Operating income	738	6,202	0.4	19,751	8.5	-96.3	39,504	8.6
Americas	Net Sales	49,216	413,580		69,960		-29.7	136,342	
	Operating income (loss)	(4,928)	(41,412)	-10.0	451	0.6	-	(1,394)	-1.0
Europe	Net Sales	37,686	316,689		44,764		-15.8	100,258	
	Operating income (loss)	(872)	(7,328)	-2.3	1,189	2.7	-	2,236	2.2
Asia and others	Net Sales	123,369	1,036,714		160,041		-22.9	299,015	
	Operating income	5	42	0.0	15,626	9.8	-	20,982	7.0
Intersegment eliminations	Net Sales	104,822	880,857		155,516			305,389	
	Operating income (loss)	(2,246)	(18,874)		568			5,005	
Total	Net Sales	272,620	2,290,924		352,026		-22.6	689,911	
	Operating income (loss)	(2,811)	(23,622)	-1.0	36,449	10.4	-	56,323	8.2

The sales are classified by geographic areas of the seller and include transfers between geographic areas.

c) Sales by Region

	The first half of FY2002			The first half of FY2001		Change %	FY2001	
	(Yen millions)	(%)	(US\$ thousands)	(Yen millions)	(%)		(Yen millions)	(%)
Americas	52,019	19.1	437,134	62,889	17.9	-17.3	131,219	19.0
Europe	38,002	13.9	319,345	45,732	13.0	-16.9	101,018	14.6
Asia and others	97,385	35.7	818,361	129,925	36.9	-25.0	235,584	34.2
Overseas sales total	187,406	68.7	1,574,840	238,546	67.8	-21.4	467,821	67.8
Japan	85,214	31.3	716,084	113,480	32.2	-24.9	222,090	32.2
Net sales	272,620		2,290,924	352,026		-22.6	689,911	

Notes:

- Sales by region are classified by geographic areas of the buyer.
- Sales to the Americas and Japan for the first half of FY2001 have been restated.
(7,102 million yen previously included in Japan has been reclassified to the Americas).
- U.S.\$1 = Yen 119

(9) Fair Value of Securities

(Yen millions)	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
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
As of Sep. 30, 2000				
Equity securities	6,700	613	218	7,095
Debt securities	4,820	6	-	4,826
Total	11,520	619	218	11,921
As of March 31, 2001				
Equity securities	3,903	35	592	3,346
Debt securities	2,851	32	-	2,883
Total	6,754	67	592	6,229

(U.S.\$ thousands)	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
As of Sep. 30, 2001				
Equity securities	31,050	832	3,655	28,227
Debt securities	24,067	269	-	24,336
Total	55,117	1,101	3,655	52,563

Note: Unlisted stocks are excluded from the above.

(10) Fair Value of Derivatives

(Yen millions)	Contract Amount	Carrying Amount	Estimated Fair Value
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)
As of Sep. 30, 2000			
Forward foreign exchange contracts	42,217	(977)	(353)
Currency swap agreements and interest rate and currency swap agreements for loans to its subsidiaries	10,704	56	(80)
As of March 31, 2001			
Forward foreign exchange contracts	16,264	(336)	(404)
Currency option contracts			
Purchased	26,019	(22)	(22)
Written	18,585	(1,055)	(1,055)
Currency swap agreements and interest rate and currency swap agreements for loans to its subsidiaries	20,323	(481)	(566)

(U.S.\$ thousands)	Contract Amount	Carrying Amount	Estimated Fair Value
As of Sep. 30, 2001			
Forward foreign exchange contracts	288,538	3,008	3,008
Currency option contracts			
Purchased	1,034	(8)	(8)
Written	13,958	(8)	(8)
Currency swap agreements and interest rate and currency swap agreements for loans to its subsidiaries	154,672	(571)	(571)

6) Nonconsolidated results for the first half of fiscal 2002

(1) Financial highlights

	The first half of FY2002 (April 1. 2001 - Sep. 30. 2001)			The first half of FY2001 (April 1. 2000 -Sep. 30. 2000)		change %	FY2001 (April 1. 2000 -Mar. 31. 2001)	
	(Yen millions)	%	(US\$ thousands)	(Yen millions)	%		(Yen millions)	%
Net sales	164,023	100.0	1,378,344	233,970	100.0	-29.9	457,676	100.0
Operating income (loss)	(319)	-0.2	(2,680)	11,710	5.0	—	26,084	5.7
Current income	13,970	8.5	117,394	35,009	15.0	-60.1	50,081	10.9
Net income	9,752	5.9	81,949	2,190	0.9	345.3	8,739	1.9
Net income per common share	Yen 73.22		US\$ 0.61	Yen 16.45			Yen 65.62	
Dividends per share	Yen 30.00		US\$ 0.25	Yen 30.00			Yen 30.00	

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).
- U.S.\$1=Yen 119

(2) Sales breakdown

	The first half of FY2002 (April 1. 2001 - Sep. 30. 2001)			The first half of FY2001 (April 1. 2000 -Sep. 30. 2000)		change %	FY2001 (April 1. 2000 -Mar. 31. 2001)	
	(Yen millions)	%	(US\$ thousands)	(Yen millions)	%		(Yen millions)	%
Electronic materials and components	140,647	85.7	1,181,907	203,359	86.9	-30.8	398,145	87.0
Electronic materials	64,624	39.4	543,058	90,339	38.6	-28.5	182,503	39.9
Electronic devices	39,835	24.3	334,747	59,749	25.5	-33.3	115,348	25.2
Recording devices	26,486	16.1	222,571	39,880	17.1	-33.6	77,701	17.0
Semiconductors & Others	9,700	5.9	81,512	13,389	5.7	-27.6	22,592	4.9
Recording media & systems	23,376	14.3	196,436	30,611	13.1	-23.6	59,531	13.0
Total sales	164,023	100.0	1,378,344	233,970	100.0	-29.9	457,676	100.0
Overseas sales	82,183	50.1	690,613	119,388	51.0	-31.2	237,800	52.0

Note: U.S.\$=Yen 119

(3) Statements of income

	The first half of FY2002 (April 1.2001 - Sep. 30.2001)		The first half of FY2001 (April 1.2000 - Sep. 30. 2000)	change %	FY2001 (April 1.2000 - Mar. 31. 2001)
	(Yen millions)	(U.S.\$ thousands)	(Yen millions)		(Yen millions)
Income					
Sales	164,023	1,378,344	233,970	-29.9	457,676
Other income	15,248	128,134	25,268		27,833
	179,272	1,506,487	259,239		485,510
Costs and expenses					
Cost of sales	134,770	1,132,521	188,482		364,586
S.G.A.	29,572	248,504	33,777		67,006
Interest expenses	37	310	38		73
Other expenses	920	7,731	1,931		3,762
	165,301	1,389,084	224,229		435,428
Current income	13,970	117,394	35,009	-60.1	50,081
Extraordinary profit	376	3,159	16,327		16,399
Extraordinary loss	704	5,915	50,871		54,025
Income before income taxes	13,642	114,638	465	2833.8	12,455
Income taxes					
Current	2,050	17,226	15,426		19,933
Deferred	1,840	15,462	(17,151)		(16,218)
Net income	9,752	81,949	2,190	345.3	8,739

Note: U.S.\$=Yen 119

(4) Balance sheets

ASSETS				
	As of Sep. 30, 2001		As of Mar. 31, 2001	As of Sep. 30, 2000
	(Yen millions)	(US\$ thousands)	(Yen millions)	(Yen millions)
Current assets				
Cash	16,509	138,731	28,072	46,274
Marketable securities	30,059	252,596	25,042	35,832
Trade receivables				
Notes	5,607	47,117	10,031	9,689
Accounts	83,083	698,176	96,677	109,727
Allowance for doubtful receivables	(328)	(2,756)	(606)	(648)
Net trade receivables	88,362	742,537	106,102	118,768
Inventories	39,504	331,966	42,495	36,568
Prepaid expenses and other current assets	60,812	511,025	69,791	48,004
Total current assets	235,248	1,976,873	271,504	285,449
Investments and advances				
Investments in securities	7,008	58,890	6,609	3,686
Share of subsidiaries	106,624	896,000	105,524	104,233
Other	44,139	370,915	42,608	40,483
Allowance for doubtful receivables	(726)	(6,100)	(813)	(788)
Total investments and advances	157,046	1,319,714	153,928	147,616
Property, plant, and equipment				
Land	15,491	130,176	15,441	15,449
Buildings	49,053	412,210	50,114	51,359
Machinery and equipment	57,327	481,739	57,973	56,278
Construction in progress	23,116	194,252	16,130	15,102
Total property, plant, and equipment	144,988	1,218,386	139,660	138,189
Other assets	3,554	29,865	3,339	2,915
TOTAL	540,838	4,544,857	568,432	574,170

Notes:

1. Accumulated depreciation amounted to Yen 251,553 million (U.S.\$ 2,113,890) as of Sep. 30, 2001.
2. U.S.\$1=Yen 119

Balance sheets

LIABILITIES AND STOCKHOLDERS' EQUITY				
	As of Sep. 30, 2001		As of Mar. 31, 2001	As of Sep. 30, 2000
	(Yen millions)	(US\$ thousands)	(Yen millions)	(Yen millions)
Current liabilities				
Trade payables Accounts	34,671	291,352	52,060	61,535
Accrued expenses	11,777	98,966	12,083	14,946
Income taxes	1,792	15,058	13,384	15,721
Other current liabilities	21,446	180,218	27,664	23,389
Total current liabilities	69,687	585,605	105,192	115,593
Retirement and severance benefits	23,201	194,966	21,008	18,986
Directors' retirement allowance	523	4,394	569	504
Total liabilities	93,412	784,974	126,770	135,084
Stockholders' equity				
Common stock	32,641	274,294	32,641	32,641
Additional paid-in capital	59,256	497,949	59,256	59,256
Legal reserve	8,160	68,571	8,160	8,160
Retained earnings	347,371	2,919,084	341,687	339,129
Unrealized holding losses on other securities	(4)	(33)	(85)	(102)
Total stockholders' equity	447,425	3,759,873	441,662	439,086
TOTAL	540,838	4,544,857	568,432	574,170

Note: U.S.\$=Yen 119

(Supplementary Information)

Ratio of results on a consolidated basis to results on a nonconsolidated basis

	Ratio of first half of FY2002	Ratio of the corresponding period of the previous year
Net sales	1.7	1.5
Operating income	-	3.1
Income before income taxes	-	102.9
Net income	0.2	14.9

Exchange rates used for conversion

	April 1, 2001 - Sep. 30, 2001		April 1, 2000 - Sep. 30, 2000	
	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
Sales	122.24	107.76	107.19	98.65
The end of the period	119.40	109.30	108.00	95.03

NONCONSOLIDATED

	April 1, 2001 - Sep. 30, 2001		April 1, 2000 - Sep 30, 2000		Change (%)	April 1, 2000 - Mar. 31, 2001	
	Amount (Yen Mil.)	Ratio to sales(%)	Amount (Yen Mil.)	Ratio to sales(%)		Amount (Yen Mil.)	Ratio to sales(%)
Investment in facilities	22,146	-	15,674	-	41.3	35,952	-
Depreciation expenses	11,057	6.7	11,354	4.9	-2.6	25,056	5.5
Research and development expenses	13,272	8.1	12,745	5.4	4.1	26,670	5.8
Result of financial operation	12,866		22,605		-43.1	23,149	
Number of employees(as at the end of the period)	7,283		7,392			7,314	

CONSOLIDATED

	April 1, 2001 - Sep. 30, 2001		April 1, 2000 - Sep 30, 2000		Change (%)	April 1, 2000 - Mar. 31, 2001	
	Amount (Yen Mil.)	Ratio to sales(%)	Amount (Yen Mil.)	Ratio to sales(%)		Amount (Yen Mil.)	Ratio to sales(%)
Investment in facilities	38,094	-	44,068	-	-13.6	99,452	-
Depreciation expenses	29,062	10.7	29,021	8.2	0.1	63,579	9.2
Research and development expenses	19,065	7.0	17,339	4.9	10.0	36,970	5.4
Result of financial operation	616		2,236		-72.5	4,599	
Number of employees(as at the end of the period)	35,428		38,037			37,251	
Ratio of overseas production	52.7 %		57.1 %			56.5 %	

OVERSEAS SALES BY DIVISION

	April 1, 2001 - Sep. 30, 2001		April 1, 2000 - Sep 30, 2000		Change (%)	April 1, 2000 - Mar. 31, 2001	
	Amount (Yen Mil.)	Ratio to sales(%)	Amount (Yen Mil.)	Ratio to sales(%)		Amount (Yen Mil.)	Ratio to sales(%)
Electronic materials and components	142,083	52.1	198,022	56.3	-28.2	375,327	54.4
Electronic materials	57,052	20.9	75,804	21.6	-24.7	148,455	21.5
Electronic devices	28,184	10.3	43,720	12.4	-35.5	83,545	12.1
Recording devices	50,874	18.7	68,345	19.4	-25.6	124,243	18.0
Semiconductors & Others	5,973	2.2	10,153	2.9	-41.2	19,084	2.8
Recording media & systems	45,323	16.6	40,524	11.5	11.8	92,494	13.4
Overseas sales	187,406	68.7	238,546	67.8	-21.4	467,821	67.8