

INTERIM FINANCIAL STATEMENTS

**RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2001
(FROM APRIL 1, 2001 TO SEPTEMBER 30, 2001)
CONSOLIDATED**

KYOCERA CORPORATION

KYOCERA CORPORATION

Date of the board of directors' meeting concerning the interim consolidated financial statements: November 8, 2001

1. Consolidated results for the six months ended September 30, 2001 (From April 1, 2001 to September 30, 2001)

(1) Operational results :

	Japanese yen (Millions, except earnings per share)		
	Six months ended September 30,		Year ended March 31,
	2001	2000	2001
Net sales	¥520,378	¥604,622	¥1,285,053
% change from the previous period	-13.9%	56.7%	
Profit from operations	34,160	95,007	207,200
% change from the previous period	-64.0%	124.4%	
Income before income taxes	35,382	100,853	400,222
% change from the previous period	-64.9%	145.3%	
Net income	19,103	53,149	219,529
% change from the previous period	-64.1%	148.4%	
Earnings per share: Basic	¥101.04	¥281.12	¥1,161.20
: Diluted	¥100.92	¥280.15	¥1,157.83

Notes:

1. Equity in earnings of affiliates and unconsolidated subsidiaries

Six months ended September 30, 2001: 797 million yen

Six months ended September 30, 2000: 1,674 million yen

Year ended March 31, 2001: 2,209 million yen

2. Average number of common stock outstanding during the period (consolidated).

Six months ended September 30, 2001: 189,065,467 shares

Six months ended September 30, 2000: 189,063,034 shares

Year ended March 31, 2001: 189,053,126 shares

3. Change in accounting method: Please refer to the note on page 24.

4. Percentage figure in net sales, profit from operations, income before income taxes and net income are changes from the corresponding interim financial period last year.

(2) Financial position :

	Japanese yen		
	September 30,		March 31,
	2001	2000	2001
Total assets	1,610,346 million	1,407,223 million	1,728,056 million
Stockholders' equity	996,925 million	844,086 million	1,022,065 million
Stockholders' equity to total assets	61.9%	60.0%	59.2%
Stockholders' equity per share	¥5,273.70	¥4,464.57	¥5,406.12

(3) Cash Flows

	Japanese yen (Millions)		
	September 30,		March 31,
	2001	2000	2001
Net cash provided by operating activities	73,209	46,129	149,191
Net cash used in investing activities	-21,936	-62,463	-150,216
Net cash used in or provided by financing activities	-5,563	-1,320	12,331
Cash and cash equivalents at end of period	243,381	162,263	201,333

(4) Scope of consolidation and application of the equity method :

Number of consolidated subsidiaries : 141

Number of subsidiaries accounted for by the equity method : 5

Number of affiliates accounted for by the equity method : 20

(5) Changes in scope of consolidation and application of the equity method:

	Consolidation	Equity method
Increase	2 companies	—
Decrease	2 companies	3 companies

2. Projection for the year ending March 31, 2002

	Japanese yen (Millions)
Net sales	1,050,000
Income before income taxes	70,500
Net income	38,500

Note:

Projected annual earnings per share: ¥203.39

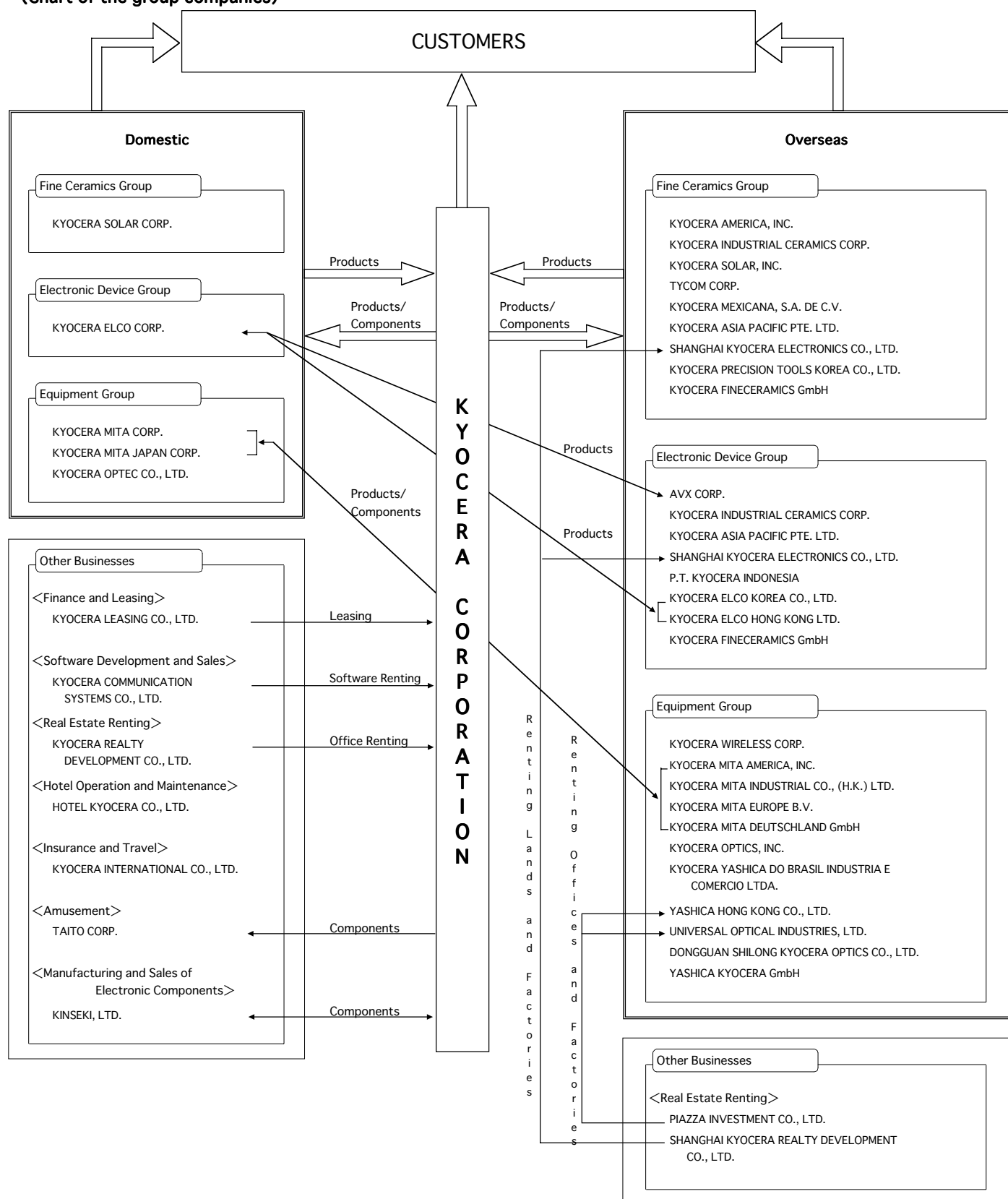
Earnings per share are computed based on Statement of Financial Accounting Standards No.128.

Projected annual earnings per share is computed based on the average number of shares of common stock outstanding (diluted) during the interim financial period ending September 30, 2001.

KYOCERA GROUP

Kyocera group consists of Kyocera Corp., 146 subsidiaries and 20 affiliates.

(Chart of the group companies)



Note : Other Businesses include affiliates that are applied for equity method.

Kyocera Corporation Financial Results
For the six months ended September 30, 2001
(in comparison with the same period of 2000)

1. Overview for the six months ended September 30, 2001

(1) General Overview

(Unit: million yen)

Financial Highlights (Consolidated)	September 30,		Increase or decrease (%)
	2001	2000	
Net sales	520,378	604,622	-13.9
Profit from operations	34,160	95,007	-64.0
Income before income taxes	35,382	100,853	-64.9
Net income	19,103	53,149	-64.1

1) Net sales

- This period brought a general downturn in Information Technology (IT) –related markets worldwide which was manifested in reduced demand for mobile communication handsets, PC-related hardware and optical communications equipment. As a result, sales of the Component Group plunged dramatically in comparison with the first half of the prior fiscal year.
- Despite the market downturn, Equipment Group sales showed steady growth due to the successful introduction of new telecommunications equipment, information equipment and optical instruments.
- The September 11 terrorist attack in the United States did not appear to create any immediate impact on current term results.

2) Profit

- While the profit of the Equipment Group leveled off, Component Group profits dropped due to reduced sales.

3) Impact of exchange rate fluctuations

- The yen's continued depreciation against U.S. and European currencies in the first half of this fiscal year produced a positive impact of approximately 35.6 billion yen on sales, and approximately 7.7 billion yen on income before income taxes.

<Semiannual net sales and average currency exchange rates>

(Billion yen except for exchange rates)

Fiscal year	March 1999		March 2000		March 2001		March 2002
	1H	2H	1H	2H	1H	2H	1H
Net sales	358.3	367.0	385.8	426.8	604.6	680.5	520.4
Exchange rates							
U.S. dollar	138	118	117	107	107	114	122
Euro	153	137	123	108	98	102	108

(2) Operating segments

(Unit: million yen)

	September 30,		Increase or decrease (%)
	2001	2000	
Net sales	520,378	604,622	-13.9
Fine ceramics group	140,113	170,382	-17.8
Electronic device group	122,605	190,516	-35.6
Equipment group	227,746	214,464	6.2
Others	36,433	38,134	-4.5
Adjustments and eliminations	-6,519	-8,874	-
Operating profit	32,498	116,553	-72.1
Fine ceramics group	17,028	40,051	-57.5
Electronic device group	4,693	61,620	-92.4
Equipment group	11,010	11,030	-0.2
Others	-233	3,852	-

1) Fine ceramics group

- Weak markets for mobile communication handsets and optical communications equipment led to reduced sales for this segment, particularly in the categories of surface-mount device (SMD) packages, ferrules, isolators and optical device packages.
- In contrast, steady growth was achieved in sales of consumer-related products, such as solar energy systems, cutting tools and jewelry.
- Operating profit decreased due to reduced sales of fine ceramic parts and semiconductor parts and one-time charges relating to the restructuring of subsidiaries outside Japan.

2) Electronic device group

- The dramatic decrease in demand for electronic components used in mobile communication handsets and computer equipment led to reduced revenue from this segment, with considerable declines in sales of ceramic capacitors, tantalum capacitors, and timing devices, such as temperature-compensated crystal oscillators (TCXOs).
- Operating profit decreased due to one-time charges relating to the restructuring of subsidiaries outside Japan such as inventory write-offs, manufacturing consolidations and reduction of workforce, and lower production volumes resulting from reduced order bookings.

3) Equipment group

- New products introduced by Kyocera Wireless Corp. and Kyocera Mita Corporation helped increase sales of telecommunications equipment, information equipment and optical instruments.
- Chinese import duties applied in retaliation against Japanese import restrictions resulted in sales decline of the Company's Personal Handyphone System (PHS) -related products. However, sales of PHS-related products in Japan and other areas showed steady increase and total PHS-related products sales leveled off compared to the previous first half.
- Despite one-time charges relating to workforce reductions outside Japan and slowdown of IT-related markets worldwide, operating profit leveled off due to rising productivity and the contribution of new products.

4) Others

- Sales and operating profit of this segment decreased from same period of the previous year.

(3) Geographic segments

(Unit: million yen)

	September 30,		Increase or decrease (%)
	2001	2000	
Net sales	520,378	604,622	-13.9
Japan	205,538	237,392	-13.4
U.S.A	142,815	157,026	-9.1
Asia	77,665	103,840	-25.2
Europe	70,927	74,893	-5.3
Others	23,433	31,471	-25.5

1) Japan

- Sales dropped due to reduced components demand for mobile phones and computer-related equipment affected by stagnant IT-related markets.

2) United States

- While sales of telecommunications equipment increased, components sales resulted in reduced sale.

3) Asia

- Affected by weak IT-related markets, components sales decreased.

4) Europe

- Despite sales of information equipment increased, sales of electronic device group declined.

2. Operational highlight

- The Company signed an agreement in September 2001 to establish a joint venture with China Zhenhua (Group) Science and Technology Co., Ltd., for the development, manufacture, sale and service of wireless CDMA handsets and related equipment. The joint venture will be established in November 2001, with initial annual production of 240,000 units (from January 2002 through December 2002).

3. Cash flows

(Unit: million yen)

	September 30,		Increase or decrease
	2001	2000	
Net cash provided by operating activities	73,209	46,129	27,080
Net cash used in investing activities	-21,936	-62,463	40,527
Net cash used in financing activities	-5,563	-1,320	-4,243
Effect of exchange rate changes on cash and cash equivalents	-3,662	973	-4,635
Net increase (decrease) in cash and cash equivalents	42,048	-16,681	58,729
Cash and cash equivalents at beginning of period	201,333	178,944	22,389
Cash and cash equivalents at end of period	243,381	162,263	81,118

- Net cash inflow by operating activities increased compared to same period of the previous year and amounted to 73,209 million yen.
- Net cash outflow by investment activities decreased compared to same period of the previous year and amounted to 21,936 million yen.
- Net cash outflow by financing activities increased compared to same period of the previous year and amounted to 5,563 million yen.
- Cash and cash equivalents at end of period amounted to 243,381 million yen, with an increase of 81,118 million yen from the first half of the previous year.

4. Capital expenditures and depreciation

(Unit: million yen)

	September 30,		Increase or decrease (%)
	2001	2000	
Capital expenditures	33,452	52,740	-36.6
% to net sales	6.4%	8.7%	-
Depreciation	35,999	29,229	23.2
% to net sales	6.9%	4.8%	-

- Reduced capital expenditures for components business at Kyocera Corporation and AVX Corporation resulted in declined capital expenditures considerably compared to same period of the previous year.
- The Company increased capital expenditures at subsidiaries in China to expand local production.

5. First-half results (Non-consolidated)

(Unit: million yen)

Financial Highlights (Non-consolidated)	September 30,		Increase or decrease (%)
	2001	2000	
Net sales	259,163	309,901	-16.4
Profit from operations	25,288	38,629	-34.5
Recurring profit	31,668	45,772	-30.8
Net income	19,895	-11,664	-

Note: In the first half of the previous year, the application of Japanese accounting standards relating to retirement benefits created a shortfall in retirement benefit obligations totaling 66,286 million yen. The shortfall is being repaid as one lump sum and booked in extraordinary losses.

Management Policies

1. Basic management policies and indices

- Kyocera will concentrate on improving business performance and developing its Group-wide resources to attain continuous growth through “high-value-diversification” in both the Component and Equipment Groups. To achieve this goal, the Company will focus on developing new technologies, products and markets in the strategic areas of telecommunications and information processing; environmental protection; and quality of life.
- In each of these three strategic markets, our objective is to enhance the value of the Kyocera Group to shareholders and investors. As a high-profit enterprise, we will pursue a pre-tax profit margin of at least 15% of net sales, working relentlessly to improve our profitability.

2. Specific Policies

(1) Efficient resource management

- 1) The Company will aim to grow in two ways: first, by clarifying which businesses to expand and which businesses to consolidate or discontinue; and second, by investing in businesses that have value for shareholders and investors.
- 2) The Company will accelerate decision-making by giving each segment decision-making functions identical to those of the headquarters.
- 3) The Company will place a greater emphasis on “cash flow,” increasing return on capital, implementing thorough inventory control, and reducing lead-times.

(2) Emphasizing consolidated results

- 1) To raise profitability, in addition to promoting synergies throughout the Kyocera Group, the Company will measure profit contributions on a consolidated product-line basis.
- 2) To promote global strategies and establish stronger business systems for each segment, the Company will create development, production and sales systems in optimum locations worldwide.

(3) Focusing on shareholder value

- 1) The Company will maximize future profits, cash flow, and asset efficiency in an effort to enhance shareholder value.
- 2) The Company will utilize its incentive stock option plan to raise performance by better aligning the interests of management and shareholders.

3. Remaining challenges

- (1) The Company is promoting management reform throughout the Kyocera Group. Demand has decreased dramatically in IT-related markets worldwide since last year's second half, and the future outlook remains uncertain. Nevertheless, to make significant progress in the future recovery period, we will reconstruct valuable businesses without being bound by existing conventions, adopting a structure that produces value more efficiently. Specifically, the following items are being addressed as the most pressing and important challenges.

1) Allocation of management resources

The Company will strive for efficient management by optimizing its management resources, including human resources, facilities and group-wide inventories.

2) Establishing a highly profitable production system

Management plans to expand local production and explore local demand in China, where growth is expected in the medium term. Also, we aim to optimize existing production systems by using outsourcing and subcontractors, reinforcing production in China, and building a more profitable production structure.

(2) The Kyocera Group is addressing the following three management challenges to remain “a creative company that continues to grow:”

1) Boosting Equipment Group sales and profitability

The Company will seek synergies among its operations in Japan, the United States, South Korea, and China to become a global leader in the CDMA handset market. We will also expand the printer and copier businesses by building a business network in China and by introducing new products that exemplify a new concept in document solutions.

2) Structural reform in the Components Group

We will strive to improve profitability by expanding production in China and reforming production structure in Japan. We will also endeavor to improve profitability by concentrating management resources on the most valuable businesses and more clearly identifying strategic products.

3) Creating new business opportunities through development of new products and new markets

To accelerate new product development that meets market needs and market size, we will integrate production, sales, and development capabilities across the component, device, and equipment segments. We are striving to expand our business in the automotive industry. In addition, we will focus on introducing new products into the areas of telecommunications and information processing.

4. Basic policy on profit distribution

- Since its initial stock listing, the Company has endeavoured to increase its share dividend rate as its results in general have improved. The Company has also increased dividends in real terms through free share distributions and stock splits. In the future, the Company will strive to increase earnings per share and cash flow; and on the basis of its results, in accordance with comprehensive judgment, we would like to share our success as a dividend.
- The Company’s goal to become a “creative company that continues to grow” is intended to result in greater profits for shareholders. At the same time, our intention to become a leader in the three strategic markets of telecommunications and information processing, environmental protection, and quality of life will periodically require the Company to enhance our position through aggressive investments. For this purpose, we will maintain a high level of internal reserves.
- As a result of the harsh business environment, the Company’s results for the current period showed reduced sales and profits as compared to same period of the prior year. Nevertheless, we are determined to offer stable dividends to our shareholders, with interim dividends of 30 yen per share, the same as last year.

Outlook and Future Strategies

1. Financial projection for the fiscal year ending March 31, 2002

(Unit: million yen)

	March 31,		Increase or decrease (%)
	2002 (Forecast)	2001	
Net sales	1,050,000	1,285,053	-18.3
Profit from operations	68,500	207,200	-66.9
Income before income taxes	70,500	400,222	-82.4
Net income	38,500	219,529	-82.5

- Concerns exist for the second half of the current fiscal year and beyond regarding the impact of the terrorist attacks in the United States, and the prolonged weakness of the economies in Japan, Europe and North America. In IT-related markets, full-scale recovery of demand for mobile communication handsets and PC-related equipment cannot be expected in the immediate future, and the optical communications market might even deteriorate further. The business environment for the second half of the fiscal year is therefore expected to be more severe than that of the first half.
- Financial projection for the fiscal year ending March 31, 2002 include net sales of 1,050 billion yen, profit from operations of 68.5 billion yen, income before income taxes of 70.5 billion yen, and net income of 38.5 billion yen, premised at an exchange rate of 120 yen against the U.S. dollar and 107 yen against the Euro.
- The Company had one-time gain on stock issuance of KDDI Corporation in the previous fiscal year. The impact from its one-time gain was 174.1 billion yen in income before income taxes and 98.2 billion yen in net income, respectively. If its one-time gain was excluded from the previous year's results, forecast for income before income taxes and net income of this fiscal year will actually decline by 68.8% and 68.3%, respectively.

2. Outlook by segment and future strategies

- Despite the difficult business environment, we continue to promote "high-value-diversification." We aim to use this difficult time as preparation for the Company's next stage of growth; and by taking the following actions we hope to capitalize on the market's eventual recovery.

(1) Fine ceramics group

- Establish a highly profitable production system by reducing costs and expanding production in China, particularly for SMD packages and ferrules.
- Actively develop new products. Specifically, the Company will develop packages for optical switching systems; fine ceramic components for next-generation semiconductor fabrication equipment; new products for Intelligent Transportation Systems (ITS); and environmental conservation products, which are expected to expand in the future.
- Expand the Company's business in solar electric generating systems by developing new products and strengthening the sales force.

(2) Electronic device group

- Commence production of timing devices in China during the second half of this fiscal year to enhance cost competitiveness as well as expansion of capacitors.
- Develop high value-added products, such as high-capacity capacitors, ultra-miniature timing devices and high-frequency modules.
- Develop highly functional products for next-generation mobile communication handsets through technical collaboration with customers.

(3) Equipment group

- The following steps have been taken in the telecommunications equipment segment to enhance our leading position in the CDMA handset market. First, the Company will launch new handsets with gpsOne and CDMA 1X capability during the second half of this fiscal year. We will establish a new business center in China, where CDMA services will soon be available, and will begin production and sales of CDMA handsets there during the second half of this fiscal year. Local production of PHS-related products is being planned in China as well.

- In the information equipment business, we will strive to expand market share by launching a new color copier that uses the same engine as our recently released color printer. We will increase price competitiveness through cost reduction, the sharing of common components, and the full-scale production of printers and copiers at our new plant in Dongguan, China in November 2001.
- In the optical instruments business, we will strive to improve profitability by expanding sales of CONTAX brand cameras, smaller and lighter digital cameras, and digital camera units for mobile communication handsets.

(4) Others

- The Company will promote the installation and maintenance of infrastructure for Internet, mobile communication, and optical communication networks, focusing on the Internet Data Center business that serves as a platform for promoting e-commerce in the telecommunications and information processing markets.

3. Financial projection for the year ending March 31, 2002 (Non-consolidated)

(Unit: million yen)

	March 31,		Increase or decrease (%)
	2002 (Forecast)	2001	
Net sales	514,000	652,510	-21.2
Profit from operations	38,000	92,431	-58.9
Recurring profit	51,000	114,500	-55.5
Net income	31,900	31,398	1.6

Note: In the fiscal year ended March 31, 2001, the application of Japanese accounting standards relating to retirement benefits created a shortfall in retirement benefit obligations totaling 66,286 million yen. The shortfall is being repaid as one lump sum and booked in extraordinary losses.

(Note) Forward Looking Statements

The Company's projections of sales and profits set forth in this document are based on a series of projections and estimates regarding the economies of Japan and various other countries, including estimates and projections concerning the fine ceramics group, electronic device group, equipment group, and others, with which the Company and its group are engaged in their business activities, and the fluctuation in exchange rates between various currencies (particularly, between the Japanese yen and both the United States dollar and the Euro) and other factors affecting the performance of the Company, which are made based on the information available to the Company as of the date of this document. These projections and estimates will be affected by various uncertain factors, including market performance, the impact of competition, the introduction and success of new products and services and market conditions around the world for the information and telecommunications related industries. Therefore, the reader should note that the actual results of sales and profits may vary significantly from the projected sales and profits as set forth in this document.

CONSOLIDATED BALANCE SHEETS

ASSETS

	Japanese yen (Millions)					
	September 30,		March 31,		September 30,	
	2001		2001		2000	
	Amount	%	Amount	%	Amount	%
Current assets :						
Cash and cash equivalents	¥243,381		¥201,333		¥162,263	
Restricted cash	53,381		47,885		41,686	
Short-term investments	11,679		39,071		34,065	
Trade notes receivables	35,471		47,039		43,341	
Trade accounts receivables	181,902		246,683		224,234	
Short-term finance receivables	68,036		65,336		69,398	
Less allowances for doubtful accounts and sales returns	-9,798		-9,042		-7,697	
Inventories	219,091		252,823		197,256	
Deferred income taxes	45,543		46,866		36,939	
Other current assets	25,305		34,646		25,932	
Total current assets	873,991	54.3	972,640	56.3	827,417	58.8
Non-current assets :						
Investments and advances:						
Investments in and advances to affiliates and unconsolidated subsidiaries	25,222		26,095		98,989	
Securities and other investments	289,367		339,603		99,162	
Total investments and advances	314,589	19.5	365,698	21.2	198,151	14.1
Long-term finance receivables	78,000	4.8	48,723	2.8	57,899	4.1
Property, plant and equipment, at cost :						
Land	46,222		46,492		44,298	
Buildings	182,754		175,443		163,199	
Machinery and equipment	547,655		532,337		480,671	
Construction in progress	12,394		12,240		15,179	
Less accumulated depreciation	-507,588		-482,102		-444,285	
Total property, plant and equipment	281,437	17.5	284,410	16.5	259,062	18.4
Goodwill	29,708	1.9	31,833	1.8	24,768	1.8
Other assets	32,621	2.0	24,752	1.4	39,926	2.8
Total non-current assets	736,355	45.7	755,416	43.7	579,806	41.2
Total assets	¥1,610,346	100.0	¥1,728,056	100.0	¥1,407,223	100.0

Note 1: Restricted cash represents the amount of time deposit to a financial institution in order to reduce the cost for the issuance of letter of credit in connection with a legal proceeding.

LIABILITIES AND STOCKHOLDERS' EQUITY

		Japanese yen (Millions)					
		<u>September 30,</u>		<u>March 31,</u>		<u>September 30,</u>	
		<u>2001</u>		<u>2001</u>		<u>2000</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current liabilities :							
Short-term borrowings		¥99,475		¥135,368		¥117,250	
Current portion of long-term debt		6,113		7,162		14,626	
Trade notes and accounts payable		82,646		112,604		106,552	
Other notes and accounts payables		81,576		76,541		62,554	
Accrued payroll and bonus		32,237		34,244		29,300	
Accrued income taxes		23,651		60,058		38,679	
Accrued expenses		22,006		25,631		18,887	
Other current liabilities		11,983		11,926		17,392	
Total current liabilities		359,687	22.3	463,534	26.8	405,240	28.8
Non-current liabilities:							
Long-term debt		92,173		52,306		36,417	
Accrued pension and severance costs		48,049		46,976		44,980	
Deferred income taxes		25,579		49,671		1,623	
Liabilities deferred pursuant to the rehabilitation plan		22,410		25,700		25,363	
Other non-current liabilities		4,719		5,106		4,317	
Total non-current liabilities		192,930	12.0	179,759	10.4	112,700	8.0
Total liabilities		552,617	34.3	643,293	37.2	517,940	36.8
Minority interest in subsidiaries		60,804	3.8	62,698	3.6	45,197	3.2
Stockholders' equity :							
Common stock		115,703		115,703		115,703	
Additional paid-in capital		158,220		158,183		158,169	
Retained earnings		791,228		777,797		617,088	
Accumulated other comprehensive income		-58,087		-19,673		-36,690	
Common stock in treasury, at cost		-10,139		-9,945		-10,184	
Total stockholders' equity		996,925	61.9	1,022,065	59.2	844,086	60.0
Total liabilities and stockholders' equity		¥1,610,346	100.0	¥1,728,056	100.0	¥1,407,223	100.0

Note 2: Liabilities deferred pursuant to the rehabilitation plan are recognized at Kyocera Mita Group.

Note 3: Accumulated other comprehensive income is as follows:

		Japanese yen (Millions)		
		<u>September 30,</u>	<u>March 31,</u>	<u>September 30,</u>
		<u>2001</u>	<u>2001</u>	<u>2000</u>
Net unrealized gains (losses) on securities		-35,558	-4,829	7,731
Net unrealized gains (losses) on derivative instruments		-449	—	—
Foreign currency translation adjustments		-22,080	-14,844	-44,421

CONSOLIDATED STATEMENTS OF INCOME

	Japanese yen (Millions)							
	Six months ended September 30,				Increase or Decrease	Year ended March 31,		
	2001		2000			2001		
	Amount	%	Amount	%	%	Amount	%	
Net sales	¥520,378	100.0	¥604,622	100.0	-13.9	¥1,285,053	100.0	
Cost of sales	396,436	76.2	421,656	69.7	-6.0	887,765	69.1	
Gross profit	123,942	23.8	182,966	30.3	-32.3	397,288	30.9	
Selling, general and administrative expenses	89,782	17.2	87,959	14.6	2.1	190,088	14.8	
Profit from operations	34,160	6.6	95,007	15.7	-64.0	207,200	16.1	
Other income or expenses :								
Interest and dividend income	4,048	0.8	3,274	0.5	23.6	8,082	0.6	
Interest expense	-1,393	-0.3	-1,081	-0.2	—	-2,140	-0.2	
Foreign currency transaction gains, net	-2,434	-0.5	1,109	0.2	—	9,494	0.7	
Equity in earnings or losses of affiliates and unconsolidated subsidiaries	797	0.2	1,674	0.3	-52.4	2,209	0.2	
Gain on stock issuance of an affiliate	—	—	—	—	—	174,076	13.6	
Other, net	204	0.0	870	0.2	-76.6	1,301	0.1	
Total other income	1,222	0.2	5,846	1.0	-79.1	193,022	15.0	
Income before income taxes	35,382	6.8	100,853	16.7	-64.9	400,222	31.1	
Income taxes	14,091	2.7	38,233	6.3	-63.1	160,487	12.4	
Income before minority interests	21,291	4.1	62,620	10.4	-66.0	239,735	18.7	
Minority interests	-350	-0.1	-9,471	-1.6	—	-20,206	-1.6	
Income before cumulative effect of accounting change	20,941	4.0	53,149	8.8	-60.6	219,529	17.1	
Cumulative effect of accounting change	-1,838	-0.3	—	—	—	—	—	
Net income	¥19,103	3.7	¥53,149	8.8	-64.1	¥219,529	17.1	
Earnings per share:								
Income before cumulative effect of accounting change:								
Basic	¥110.76		¥281.12			¥1,161.20		
Diluted	¥110.62		¥280.15			¥1,157.83		
Net income:								
Basic	¥101.04		¥281.12			¥1,161.20		
Diluted	¥100.92		¥280.15			¥1,157.83		
Weighted average number of shares of common stock outstanding (thousands of shares):								
Basic	189,065		189,063			189,053		
Diluted	189,294		189,714			189,604		

Notes:

1. The Company applies Statement of Financial Accounting Standards No. 130, "Financial Reporting of Comprehensive Income." Based on this standard, comprehensive income of six months ended September 30, 2001 and 2000 was a decrease of ¥19,311 million and an increase of ¥51,977 million, respectively.
2. Earnings per share amounts were computed based on Statements of Financial Accounting standards No. 128, "Earnings per Share" (SFAS128). Under SFAS 128, basic earnings per share is computed based on the average number of shares of common stock outstanding during each period and diluted earnings per share assumes the dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock.
3. Effective April 1, 2001, Kyocera adopted SFAS No.133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No.138. Upon the adoption of these standards, Kyocera recorded a net of tax, loss in the cumulative effect of accounting change.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Yen in millions except number of shares in thousands)

(Number of Shares of Common Stock)	Common stock	Treasury stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Comprehensive income
Balance, March 31, 2000 (189,075)	¥115,703	¥-9,113	¥157,768	¥569,610	¥-35,518	
Net income for the year				219,529		219,529
Accumulated other comprehensive income					15,845	15,845
Total comprehensive income for the year						<u>235,374</u>
Cash dividends				-11,342		
Purchase of treasury stock (119)		-1,849				
Exercise and cancel of stock options (101)		1,017	415			
Balance, March 31, 2001 (189,057)	115,703	-9,945	158,183	777,797	-19,673	
Net income for the first half				19,103		19,103
Accumulated other comprehensive income					-38,414	-38,414
Total comprehensive income for the first half						<u>-19,311</u>
Cash dividends				-5,672		
Purchase of treasury stock (59)		-506				
Exercise and cancel of stock options (39)		312	37			
Balance, September 30, 2001 (189,037)	115,703	-10,139	158,220	791,228	-58,087	

(Number of Shares Common Stock)	Common stock	Treasury stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Comprehensive income
Balance, March 31, 2000 (189,075)	115,703	-9,113	157,768	569,610	-35,518	
Net income for the first half				53,149		53,149
Accumulated other comprehensive income					-1,172	-1,172
Total comprehensive income for the first half						<u>51,977</u>
Cash dividends				-5,671		
Purchase of treasury stock (77)		-1,286				
Exercise and cancel of stock options (28)		215	401			
Balance, September 30, 2000 (189,026)	115,703	-10,184	158,169	617,088	-36,690	

CONSOLIDATED STATEMENTS OF CASH FLOWS

Japanese yen (Millions)			
	Six months ended September 30,		Year ended March 31,
	2001	2000	2001
Cash flows from operating activities :			
Net income	¥19,103	¥53,149	¥219,529
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	40,578	31,444	74,172
Provision for doubtful accounts	2,111	1,105	4,273
Losses on inventories	6,075	-1,185	2,816
Deferred income taxes	-2,097	-5,288	58,476
Minority interests	350	9,471	20,206
Equity in earnings or losses of affiliates and unconsolidated subsidiaries	-797	-1,674	-2,209
Gain on stock issuance of an affiliate	—	—	-174,076
Cumulative effect of accounting change	1,838	—	—
Foreign currency adjustments	1,956	-1,107	-10,080
Change in assets and liabilities :			
Increase or decrease in trade receivables	47,970	-58,073	-56,147
Increase or decrease in inventories	21,293	-16,467	-58,087
Increase in other current assets	-3,721	-4,328	-9,531
Increase or decrease in notes and accounts payable	-19,316	31,521	45,124
Increase or decrease in accrued income taxes	-36,203	532	20,201
Increase or decrease other current liabilities	-7,117	4,719	12,150
Increase in other non-current liabilities	911	2,490	6,041
Other, net	275	-180	-3,667
Net cash provided by operating activities	73,209	46,129	149,191
Cash flows from investing activities :			
Payments for purchases of available-for-sale securities	-20,157	-2,401	-8,702
Payments for purchases of held-to-maturity securities	-2,997	-27,033	-62,315
Payments for purchases of investments and advances	-32	-3,231	-3,377
Sales and maturities of available-for-sale securities	13,055	3,229	7,762
Maturities of held-to-maturity securities	35,220	2,999	20,995
Payments for purchases of property, plant and equipment	-36,619	-45,381	-103,132
Proceeds from sales of property, plant and equipment	185	6,700	9,473
Payments for purchases of intangible assets	-3,885	-2,662	-6,535
Acquisitions of businesses, net of cash acquired	—	8,286	368
Restricted cash	-6,959	-2,264	-3,986
Other, net	253	-705	-767
Net cash used in investing activities	-21,936	-62,463	-150,216
Cash flows from financing activities :			
Increase or decrease in short-term debt	-36,072	14,666	33,717
Proceeds from issuance of long-term debt	45,323	13,399	30,129
Payments of long-term debt	-5,321	-11,379	-27,032
Payments of liabilities deferred pursuant to the rehabilitation plan	-3,253	-11,120	-11,145
Dividends paid	-6,323	-6,159	-12,325
Purchase of treasury stock	-506	-1,286	-1,736
Other, net	589	559	723
Net cash used in or provided by financing activities	-5,563	-1,320	12,331
Effect of exchange rate changes on cash and cash equivalents	-3,662	973	11,083
Net increase or decrease in cash and cash equivalents	42,048	-16,681	22,389
Cash and cash equivalents at beginning of year	201,333	178,944	178,944
Cash and cash equivalents at end of period	¥243,381	¥162,263	¥201,333

SUPPLEMENTAL CASH FLOW INFORMATION

	Japanese yen (Millions)		
	Six months ended September 30,		Year ended
	2001	2000	March 31, 2001
Cash paid during the period for :			
Interest	¥1,897	¥2,164	¥3,998
Income taxes	52,896	42,127	81,810
Acquisitions of businesses :			
Fair value of assets acquired	—	90,545	103,370
Fair value of liabilities assumed	—	-86,997	-91,277
Cash acquired	—	-11,834	-12,461
	<u>¥—</u>	<u>¥-8,286</u>	<u>¥-368</u>

SEGMENT INFORMATION

1. Operating segments:

Japanese yen (Millions)				
	Six months ended September 30,		Increase or Decrease %	Year ended March 31,
	2001	2000		2001
	Amount	Amount		Amount
Net sales:				
Fine ceramics group	¥140,113	¥170,382	-17.8	¥363,026
Electronic device group	122,605	190,516	-35.6	392,700
Equipment group	227,746	214,464	6.2	467,362
Others	36,433	38,134	-4.5	79,790
Adjustments and eliminations	-6,519	-8,874	—	-17,825
	¥520,378	¥604,622	-13.9	¥1,285,053
Operating profit :				
Fine ceramics group	¥17,028	¥40,051	-57.5	¥90,603
Electronic device group	4,693	61,620	-92.4	128,047
Equipment group	11,010	11,030	-0.2	28,907
Others	-233	3,852	—	2,826
	¥32,498	¥116,553	-72.1	¥250,383
Corporate	¥2,106	¥-16,868	—	-25,243
Equity in earnings or losses	797	1,674	-52.4	2,209
Gain on stock issuance of an affiliate	—	—	—	174,076
Adjustments and eliminations	-19	-506	—	-1,203
Income before income taxes	¥35,382	¥100,853	-64.9	¥400,222
Depreciation and amortization :				
Fine ceramics group	¥11,017	¥8,586	28.3	¥19,906
Electronic device group	15,524	13,111	18.4	30,016
Equipment group	10,155	7,553	34.4	16,846
Others	2,609	1,205	116.5	5,728
Corporate	1,273	989	28.7	1,676
Total	¥40,578	¥31,444	29.0	¥74,172
Capital expenditures :				
Fine ceramics group	¥9,747	¥16,091	-39.4	¥32,326
Electronic device group	10,204	23,704	-57.0	47,844
Equipment group	7,356	9,211	-20.1	17,277
Others	3,894	3,084	26.3	5,856
Corporate	2,251	650	246.3	2,641
Total	¥33,452	¥52,740	-36.6	¥105,944

2. Geographic segments (Net sales and operating profit by geographic area):

	Japanese yen (Millions)			
	Six months ended September 30,		Increase or Decrease %	Year ended March31,
	2001	2000		2001
	Amount	Amount		Amount
Net sales:				
Japan	¥225,942	¥270,134	-16.4	¥560,830
Intra-group sales and transfer between geographical areas	103,042	132,658	-22.3	249,122
	328,984	402,792	-18.3	809,952
United States of America	166,315	185,910	-10.5	412,283
Intra-group sales and transfer between geographical areas	9,507	12,926	-26.5	25,428
	175,822	198,836	-11.6	437,711
Asia	47,131	61,027	-22.8	120,851
Intra-group sales and transfer between geographical areas	28,558	33,361	-14.4	68,266
	75,689	94,388	-19.8	189,117
Europe	75,024	78,801	-4.8	173,696
Intra-group sales and transfer between geographical areas	10,055	17,724	-43.3	35,960
	85,079	96,525	-11.9	209,656
Others	5,966	8,750	-31.8	17,393
Intra-group sales and transfer between geographical areas	4,191	10,145	-58.7	15,893
	10,157	18,895	-46.2	33,286
Adjustments and eliminations	-155,353	-206,814	—	-394,669
	¥520,378	¥604,622	-13.9	¥1,285,053
Operating profit:				
Japan	¥29,199	¥67,014	-56.4	¥143,015
United States of America	-3,220	24,395	—	56,384
Asia	5,612	14,331	-60.8	28,810
Europe	-697	10,932	—	24,542
Others	-368	2,505	—	3,671
	30,526	119,177	-74.4	256,422
Adjustments and eliminations	1,953	-3,130	—	-7,242
	32,479	116,047	-72.0	249,180
Corporate	2,106	-16,868	—	-25,243
Equity in earnings or losses	797	1,674	-52.4	2,209
Gain on stock issuance of an affiliate	—	—	—	174,076
Income before income taxes	¥35,382	¥100,853	-64.9	¥400,222

3. Segment information by geographic area :

	Japanese yen (Millions)							
	Six months ended September 30,				Increase or		Year ended	
	2001		2000		Decrease		2001	
	Amount		Amount		%		Amount	
Japan	¥205,538	39.5	¥237,392	39.3	¥-31,854	-13.4	¥490,923	38.2
United States of America	142,815	27.5	157,026	26.0	-14,211	-9.1	348,109	27.1
Asia	77,665	14.9	103,840	17.1	-26,175	-25.2	217,456	16.9
Europe	70,927	13.6	74,893	12.4	-3,966	-5.3	163,487	12.7
Others	23,433	4.5	31,471	5.2	-8,038	-25.5	65,078	5.1
Consolidated net sales	¥520,378	100.0	¥604,622	100.0	¥-84,244	-13.9	¥1,285,053	100.0
Sales outside Japan	¥314,840		¥367,230		¥-52,390	-14.3	¥794,130	
Overseas sales ratio to consolidated net sales	60.5%		60.7%				61.8%	

INVESTMENTS IN DEBT AND EQUITY SECURITIES

Available-for-sale securities are recorded at fair value, with unrealized gains and losses excluded from income and reported in other comprehensive income, net of tax. Held-to-maturity securities are recorded at amortized cost. Equity securities which do not have readily determinable fair value are recorded at cost.

Investments in debt and equity securities at September 30, 2001, March 31, 2001, and September 30, 2000 included in short-term investments (current assets) and in securities and other investments (non-current assets) are summarized as follows :

Japanese yen (Millions)								
	September 30, 2001				March 31, 2001			
	Cost	Aggregate fair values	Gross unrealized gains	Gross unrealized losses	Cost	Aggregate fair value	Gross unrealized gains	Gross unrealized losses
Available-for-sale securities :								
Corporate debt securities	¥11,071	¥11,017	¥30	¥84	¥7,090	¥7,082	¥68	¥76
Other debt securities	44,856	41,724	94	3,226	41,339	39,715	91	1,715
Equity securities	266,189	207,542	6,175	64,822	266,027	258,610	9,762	17,179
Total available-for-sale securities	322,116	260,283	6,299	68,132	314,456	305,407	9,921	18,970
Held-to-maturity securities :								
Corporate debt securities	34,769	34,604	13	178	41,978	41,817	18	179
Other debt securities	1,999	2,003	4	—	27,021	27,025	4	0
Total held-to-maturity securities	36,768	36,607	17	178	68,999	68,842	22	179
Total investments in debt and equity securities	¥358,884	¥296,890	¥6,316	¥68,310	¥383,455	¥374,249	¥9,943	¥19,149
September 30, 2000								
	Cost	Aggregate fair values	Gross unrealized gains	Gross unrealized losses				
Available-for-sale securities :								
Corporate debt securities	¥5,000	¥4,907	¥0	¥93				
Other debt securities	41,832	39,986	219	2,065				
Equity securities	17,041	32,100	15,509	450				
Total available-for-sale securities	63,873	76,993	15,728	2,608				
Held-to-maturity securities :								
Corporate debt securities	36,681	36,556	13	138				
Other debt securities	16,000	16,007	8	1				
Total held-to-maturity securities	52,681	52,563	21	139				
Total investments in debt and equity securities	¥116,554	¥129,556	¥15,749	¥2,747				

Note: Cost represents amortized cost for debt securities and acquisition cost for equity securities.

DERIVATIVE FINANCIAL INSTRUMENTS

Kyocera enters into foreign currency swap agreements to hedge certain assets and liabilities denominated in foreign currencies. The aggregate contract amounts of the agreements were 580 million yen, 580 million yen, and 1,202 million yen at September 30, 2001, March 31, 2001 and September 30, 2000, respectively.

Foreign currency forward contracts are also used to hedge certain assets and liabilities denominated in foreign currencies. The aggregate amounts of such contracts were 49,548 million yen for selling and 11,484 million yen for purchasing at September 30, 2001, 80,192 million yen for selling and 9,589 million yen for purchasing at March 31, 2001 and 49,137 million yen for selling and 7,987 million yen for purchasing at September 30, 2000.

Interests swap and options agreements are used to reduce market risk exposures from fluctuation in interest rates. The aggregate contract amounts of agreements were 144,044 million yen, 116,862 million yen and 111,901 million yen at September 30, 2001, March 31, 2001, and September 30, 2000, respectively.

Although Kyocera may be exposed to losses in the event of non-performance by counterparties or currency rate movements, it does not anticipate significant losses from the agreements described above.

The fair value of financial instruments and the methods and assumptions used to estimate the fair value were as follows :

(Negative figure in carrying amount and in fair value represents liability and valuation loss, respectively.)

	Japanese yen (Millions)					
	Sep. 30, 2001		Mar. 31, 2001		Sep. 30, 2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Currency swaps	¥-21	¥-21	¥-	¥-50	¥33	¥44
Foreign currency forward contracts	-40	-40	-2,158	-2,850	450	-86
Interest swaps and options	-1,854	-1,854	57	-1,517	125	-550

Note : The fair value was estimated based on quotes at end of period from financial institutions.

BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of consolidation and application of the equity method :

Major consolidated subsidiaries : AVX CORPORATION, KYOCERA WIRELESS CORP.,
KYOCERA MITA CORPORATION
KYOCERA ELCO CORPORATION

Major affiliates applied for equity method:
TAITO CORPORATION, KINSEKI, LTD.

2. Changes in scope of consolidation and application of the equity method :

Consolidation

(Increase)	Moved from equity method : 1	KYOCERA INTERNATIONAL CO., LTD.
	Other: 1	DONG HUI TENG CARBIDE (ZHUHAI)CO., LTD.
(Decrease)	Liquidated: 2	BENCHMARK BUSINESS SYSTEMS, LLC MITA DIGITAL DESIGN, INC.

Equity method

(Increase)	None
(Decrease)	Moved to consolidation : 1
	KYOCERA INTERNATIONAL CO., LTD
	Decrease in equity interest of share:1
	KYOCERA DDI INSTITUTE OF FUTURE TELECOMMUNICATIONS, INC.
	Sold: 1
	AKINAI CANADA INC.

3. Pensions and postretirement benefits plan

Kyocera adopts Statement of Financial Accounting Standards No. 87 for the calculation of pensions and postretirement benefits plan. Employees of the Company and some domestic subsidiaries are covered by the Kyocera Employee Pension Fund (EPF), which was established pursuant to the Japanese Welfare Pension Insurance Law (JWPIL). Benefits under the EPF generally are based on the current rate of base salary, employee's pension, length of service and conditions under which the termination occurs. In accordance with the JWPIL, a portion of the government's social security program, under which the employer and employee contribute an equal amount, is contracted out to the Company ("contracted-out-portion"). The Company adds to it its own non-contributory pension plan ("corporate portion").

Employees of some overseas subsidiaries of the Company are covered by non-contributory defined benefit pension plans.

4. Derivatives

Effective April 1, 2001, Kyocera adopted SFAS No.133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No.138.

Kyocera records all derivatives as either assets or liabilities on the balance sheet and measured at fair value. Upon the adoption of these standards, on April, 2001, Kyocera recorded a one-time and non-cash loss of ¥106 million, net of tax, in accumulated other comprehensive income in the consolidated balance sheet, as well as a loss of 1,838 million yen, net of tax, in the cumulative effect of accounting change in the consolidated statement of income.

INTERIM FINANCIAL STATEMENTS

**RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2001
(FROM APRIL 1, 2001 TO SEPTEMBER 30, 2001)
NON-CONSOLIDATED
PARENT COMPANY ONLY**

KYOCERA CORPORATION

KYOCERA CORPORATION

Date of the board of directors' meeting concerning the interim financial statements : November 8, 2001

Payment date of interim dividends : December 5, 2001

1. Results for the six months ended September 30, 2001 (From April 1, 2001 to September 30, 2001)

(1) Operational results:

	Japanese yen (Millions, except earnings per share)		
	Six months ended September 30,		Year ended March 31,
	2001	2000	2001
Net sales	¥259,163	¥309,901	¥652,510
% change from the previous period	-16.4%		23.8%
Profit from operations	25,288	38,629	92,431
% change from the previous period	-34.5%		46.7%
Recurring profit	31,668	45,772	114,500
% change from the previous period	-30.8%		45.4%
Net income	19,895	-11,664	31,398
% change from the previous period	—		—
Earnings per share	¥104.54	¥-61.29	¥164.98

Notes :

1. Average number of shares outstanding:

	Shares	
	September 30,	March 31,
	2001	2001
	190,318,300	190,318,300

2. Change in accounting method : None

3. Percentage figure in net sales, profit from operations, recurring profit and net income are changes from the corresponding financial period last year.

(2) Dividend information :

	Japanese yen	
	Six months ended September 30,	Year ended March 31,
	2001	2001
Interim dividends per share	¥30.00	¥30.00
Annual dividends per share	—	¥60.00

(3) Financial position :

	Japanese yen		
	September 30,		March 31,
	2001	2000	2001
Total assets	¥1,118,352 million	¥995,600 million	¥1,208,746 million
Stockholders' equity	873,733 million	744,796 million	889,748 million
Stockholders' equity to total assets	78.1%	74.8%	73.6%
Stockholders' equity per share	¥4,590.90	¥3,913.42	¥4,675.06

Notes : Total number of shares outstanding as of :

September 30, 2001 190,318,300 shares

September 30, 2000 190,318,300 shares

March 31, 2001 190,318,300 shares

2. Projection for the year ending March 31, 2002 :

	Japanese yen
	(Millions, except per share amounts)
Net sales	514,000
Recurring profit	51,000
Net income	31,900
Annual dividends per share (Expected)	60.00
(Year-end dividends per share)	30.00

Note : Projected annual earnings per share: 167.61 yen.

BALANCE SHEETS

ASSETS

	Japanese yen (Millions)					
	September 30,		March 31,		September 30,	
	2001		2001		2000	
	Amount	%	Amount	%	Amount	%
Current assets :						
Cash and bank deposits	¥68,976		¥76,034		¥87,821	
Trade notes receivable	61,409		80,658		64,069	
Trade accounts receivable	91,476		125,448		120,633	
Marketable securities	97,103		59,915		44,508	
Treasury stock	17		102		26	
Finished goods and merchandise	39,371		36,382		26,242	
Raw materials	27,598		29,556		25,416	
Work in process	21,848		30,422		30,598	
Supplies	552		1,275		1,270	
Deferred income taxes	28,317		29,950		23,940	
Short-term loans	23,869		25,553		—	
Other accounts receivable	3,828		7,566		4,538	
Other current assets	1,695		4,638		2,103	
Allowance for doubtful accounts	-451		-589		-638	
Total current assets	<u>465,612</u>	41.6	<u>506,915</u>	41.9	<u>430,530</u>	43.2
Fixed assets :						
Tangible fixed assets :						
Buildings	45,495		46,303		44,160	
Structures	2,823		2,706		2,660	
Machinery and equipment	59,835		63,672		60,455	
Vehicles	49		54		56	
Tools, furniture and fixtures	10,136		9,568		9,730	
Land	30,335		30,335		28,487	
Construction in progress	638		1,283		2,266	
Total tangible fixed assets	<u>149,315</u>	13.4	<u>153,924</u>	12.7	<u>147,817</u>	14.8
Intangible assets						
Patent rights and others	4,788		3,522		3,504	
Total intangible assets	<u>4,788</u>	0.4	<u>3,522</u>	0.3	<u>3,504</u>	0.4
Investments and other assets :						
Investments in securities	302,277		352,459		152,311	
Investments in subsidiaries	145,699		145,854		147,444	
Investments in subsidiaries other than equity securities	22,019		17,943		12,735	
Long-term loans	10,000		10,000		39,760	
Long-term prepaid expenses	3,426		3,610		4,006	
Deferred income taxes	—		—		43,595	
Treasury stock	10,139		9,842		10,183	
Other investments	12,552		12,198		11,194	
Allowance for doubtful accounts	-7,479		-7,525		-7,484	
Total investments and other assets	<u>498,636</u>	44.6	<u>544,383</u>	45.1	<u>413,748</u>	41.6
Total fixed assets	<u>652,739</u>	58.4	<u>701,830</u>	58.1	<u>565,069</u>	56.8
Total assets	<u>¥1,118,352</u>	100.0	<u>¥1,208,746</u>	100.0	<u>¥995,600</u>	100.0

LIABILITIES

	Japanese yen (Millions)					
	September 30,		March 31,		September 30,	
	2001		2001		2000	
	Amount	%	Amount	%	Amount	%
Current liabilities :						
Trade notes payable	¥1,508		¥2,509		¥4,390	
Trade accounts payable	42,181		60,083		60,803	
Other payables	79,995		83,047		66,080	
Accrued expenses	8,621		9,809		6,438	
Income taxes payables	12,400		36,600		23,000	
Deposits received	3,274		3,297		2,219	
Reserve for employees' bonuses	12,100		12,330		11,800	
Provision for warranties	705		772		835	
Provision for sales returns	243		318		333	
Other notes payable	336		447		1,154	
Other current liabilities	121		2,754		116	
Total current liabilities	161,488	14.5	211,969	17.5	177,172	17.8
Non-current liabilities :						
Deferred income taxes	9,086		32,809		—	
Accrued pension and severance costs	72,648		72,666		72,136	
Directors' retirement allowance	1,063		1,215		1,157	
Other fixed liabilities	333		336		338	
Total fixed liabilities	83,131	7.4	107,027	8.9	73,632	7.4
Total liabilities	244,619	21.9	318,997	26.4	250,804	25.2
STOCKHOLDERS' EQUITY						
Common stock	115,703	10.4	115,703	9.6	115,703	11.6
Statutory reserves:						
Additional paid-in capital	174,487		174,487		174,487	
Legal reserves	17,206		16,606		16,039	
Total statutory reserves	191,693	17.1	191,093	15.8	190,526	19.1
Retained earnings:						
Reserve for special depreciation	3,762		3,538		3,538	
Reserve for research and development	1,000		1,000		1,000	
Reserve for dividends	1,000		1,000		1,000	
Reserve for retirement benefits	300		300		300	
Reserve for overseas investments	1,000		1,000		1,000	
General reserve	446,828		404,828		404,828	
Unappropriated retained earnings	26,272		55,021		18,196	
Total retained earnings	480,162	42.9	466,688	38.6	429,863	43.2
Net unrealized valuation gain	86,173	7.7	116,263	9.6	8,702	0.9
Net unrealized valuation gain on other securities	86,173		116,263		8,702	
Total stockholders' equity	873,733	78.1	889,748	73.6	744,796	74.8
Total liabilities and stockholders' equity	¥1,118,352	100.0	¥1,208,746	100.0	¥995,600	100.0

STATEMENTS OF INCOME

	Japanese yen (Millions)						
	Six months ended September 30,				Increase or Decrease	Year ended March 31,	
	2001		2000			2001	
	Amount	%	Amount	%	%	Amount	%
Recurring profit and loss :							
Operating income and expenses :							
Net sales	¥259,163	100.0	¥309,901	100.0	-16.4	¥652,510	100.0
Cost of sales	198,619	76.6	232,959	75.2	-14.7	477,355	73.1
Selling, general and administrative expenses	35,255	13.6	38,312	12.3	-8.0	82,723	12.7
Profit from operations	25,288	9.8	38,629	12.5	-34.5	92,431	14.2
Non-operating income and expenses :							
Non-operating income :							
Interest and dividend income	7,253	2.8	7,715	2.5	-6.0	16,624	2.5
Foreign currency transaction gains, net	—	—	600	0.2	—	7,084	1.1
Other non-operating income	1,713	0.6	2,485	0.8	-31.1	5,336	0.8
Total non-operating income	8,967	3.4	10,802	3.5	-17.0	29,045	4.4
Non-operating expenses :							
Interest expense	0	0.0	1	0.0	-1.6	18	0.0
Loss from fluctuations of foreign exchange rates	1,843	0.7	—	—	—	—	—
Other non-operating expenses	743	0.3	3,657	1.2	-79.7	6,957	1.1
Total non-operating expenses	2,588	1.0	3,658	1.2	-29.3	6,976	1.1
Recurring profit	31,668	12.2	45,772	14.8	-30.8	114,500	17.5
Non-recurring profit and loss :							
Non-recurring profit	247	0.1	424	0.1	-41.7	737	0.1
Non-recurring loss	1,200	0.4	67,035	21.6	-98.2	67,853	10.3
Income before income taxes	30,714	11.9	-20,838	-6.7	—	47,384	7.3
Income taxes – current	11,119	4.3	21,412	6.9	-48.1	54,068	8.3
Income taxes – deferred	-300	-0.1	-30,586	-9.8	-99.0	-38,082	-5.8
Net income	¥19,895	7.7	¥-11,664	-3.8	—	¥31,398	4.8
Unappropriated retained earnings brought forward from the previous year	6,376		29,860			29,860	
Interim dividends	—		—			5,670	
Amount appropriated for reserve in respect of interim dividends	—		—			567	
Unappropriated retained earnings at end of period	¥26,272		¥18,196			¥55,021	

1. Summary of significant accounting policies :

(1) Valuation of securities :

Held-to-maturity securities: Amortized cost method

Investments in subsidiaries and affiliates: Cost determined by the moving average method

Other securities

Marketable: Based on market price of the closing date of the interim financial period
(Unrealized gains and losses on those securities are reported in the stockholders' equity and cost is determined by the moving average method.)

Non-marketable: Cost determined by the moving average method

Treasury stock: Cost determined by the moving average method

(2) Valuation of derivatives: Mark-to-market method

(3) Valuation of inventories:

Finished good, merchandise and work in process:

Finished goods and work in process are stated at the lower of cost or market, the cost being determined by the average method. Merchandise are stated at the lower of cost or market, the cost being determined by the last purchase cost method.

Raw materials and supplies:

Raw materials and supplies are valued at the last purchase cost method, except that raw materials for telecommunications equipment and information equipment are valued at cost being determined by the first-in, first-out method.

(4) Depreciation of fixed assets:

Tangible fixed assets: The declining balance method (Depreciation for machinery and equipment, certain tools and furniture is computed on their estimated useful lives).

The useful lives described on corporate tax regulation had been applied to depreciation for buildings (except for buildings improvements), however, they are changed into the estimated useful lives from this first half, as a result of reviewing the practical lives of buildings. The effects of this change were to decrease profit from operations and income before income taxes by 893 million yen compared with the case on which previous method was adopted, respectively.

Intangible assets: The straight-line method (Amortization for certain patent rights and software costs is computed on their estimated useful lives).

(5) Accounting for allowances and accruals

Allowance for doubtful accounts:

Allowance for doubtful accounts is provided at an estimated amount of the past actual ratio of losses on bad debts. Specific allowance is provided for estimated uncollectible receivables.

Accrued employees' bonuses:

Accrued employees' bonuses are provided based upon the amounts expected to be paid which is determined by actual payment of preceding year.

Accrued pension and severance costs:

Pension and severance are recognized based on estimated value of projected benefit obligation and plan assets at the year end. Past service liability is amortized over estimated average remaining service period of employees (18 years) by using straight-line method. Actuarial gains or losses are amortized over estimated average remaining service period of employees (18 years) by using straight-line method following the year incurred.

(6) Translation of assets and liabilities denominated in foreign currencies into Japanese yen

Assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the respective balance sheet dates, and resulting transaction gains or losses are included in the determination of net income.

(7) Lease transactions:

Finance lease other than those which are deemed to transfer the ownership of leased assets to lessees are accounted for by the method similar to that applicable to an ordinary operating lease.

(8) Consumption taxes are separately identified from each transaction.

2. Notes to the balance sheet :

	Japanese yen (Millions)		
	<u>September 30, 2001</u>	<u>March 31, 2001</u>	<u>September 30, 2000</u>
(1) Accumulated depreciation of tangible fixed assets	¥298,060	¥285,256	¥268,643
(2) Restricted cash	¥53,381	¥47,884	¥41,686
(3) Discounted trade notes received	¥2	¥4	¥83
(4) Liability for guarantee	¥18,507	¥19,039	¥17,921

3. Notes to the statements of income :

(1) Major items in non-recurring profit and loss :

	Japanese yen (Millions)		
	<u>September 30, 2001</u>	<u>September 30, 2000</u>	<u>March 31, 2001</u>
1) Non-recurring profit :			
Profit from disposing of tangible fixed assets	¥92	¥175	¥250
Returns of doubtful accounts	¥154	¥248	¥362
2) Non-recurring loss :			
Loss on disposal of tangible fixed assets	¥653	¥417	¥1,046
Loss on valuation of investment in securities	¥514	¥111	¥243
One-off amortization of unrecognized net loss for retirement benefit at transition	—	¥66,286	¥66,286

(2) Depreciation

	Japanese yen (Millions)		
	<u>September 30, 2001</u>	<u>September 30, 2000</u>	<u>March 31, 2001</u>
Tangible fixed assets	18,335	15,938	37,268
Intangible assets	1,001	781	1,671

4. Note for lease transaction

Future lease payments
at the latest balance sheet date :

Japanese yen (Millions)			
	<u>September 30, 2001</u>	<u>March 31, 2001</u>	<u>September 30, 2000</u>
(1) Leased property costs, accumulated depreciation and balance of leased property			
Cost	¥5,119	¥5,781	¥5,036
Accumulated depreciation	¥2,885	¥3,456	¥2,830
Net balance of leased property	¥2,233	¥2,325	¥2,205
(2) Future lease payment at the latest balance sheet date			
Due within one year	¥1,044	¥1,054	¥1,025
Due over one year	1,244	1,339	1,257
Total	¥2,289	¥2,393	¥2,283
(3) Lease payment, depreciation and Interests			
Lease payments	¥685	¥657	¥1,345
Depreciation	¥626	¥601	¥1,227
Interests	¥61	¥63	¥121
(4) Calculation of depreciation: Using straight-line method			
(5) Calculation of interests Using sum of digits method applying to the difference between total lease payments and estimated cost (fair market value) of lease property.			

5. Note for securities:

Investment in subsidiaries and affiliates:

Japanese yen (Millions)			
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Difference</u>
Investment in subsidiaries	¥57,173	¥225,816	¥168,642
Investment in affiliates	¥14,711	¥14,010	¥ -700

FINANCIAL HIGHLIGHTS and FORECAST

(Six months ended September 30, 2001)

1. Consolidated

(Unit: Million yen)

	September 30,		Increase or Decrease	March 31, 2002 (Forecast)	% change from the previous period
	2001	2000			
Net Sales	520,378	604,622	-13.9	1,050,000	%
Profit from operations	34,160	95,007	-64.0	68,500	-18.3
Income before income taxes	35,382	100,853	-64.9	70,500	-66.9
Income before cumulative effect of accounting change	20,941	53,149	-60.6	—	-82.4
Net income	19,103	53,149	-64.1	38,500	-82.5
EPS (yen):					
Income before cumulative effect of accounting changes					
Basic	110.76	281.12	—	—	—
Diluted	110.62	280.15	—	—	—
Net income					
Basic	101.04	281.12	—	—	—
Diluted	100.92	280.15	—	203.39	—
Exchange Rate (yen):					
U.S. dollar	122	107	—	120	—
Euro	108	98	—	107	—
Capital expenditures	33,452	52,740	-36.6	50,000	%
Depreciation	35,999	29,229	23.2	70,000	-52.8
R&D expenses	17,655	12,056	46.4	38,900	4.3
Total asset	1,610,346	1,407,223	—	—	10.7
Stockholders' equity	996,925	844,086	—	—	—
Number of employees	42,872	50,772	—	—	—

Note: Please refer to the accompanying "Forward Looking Statements" on page 11 of the consolidated interim statement.

2. Non-consolidated

(Unit: Million yen)

	September 30,		Increase or Decrease	March 31, 2002 (Forecast)	% change from the previous period
	2001	2000			
Net sales	259,163	309,901	-16.4	514,000	%
Profit from operations	25,288	38,629	-34.5	38,000	-21.2
Recurring profit	31,668	45,772	-30.8	51,000	-58.9
Net income	19,895	-11,664	—	31,900	-55.5
EPS (yen)	104.54	-61.29	—	167.61	1.6
Dividend per share (yen)	30.00	30.00	—	60.00	—
Capital expenditures	14,075	28,245	-50.2	25,000	-55.7
Depreciation	18,335	15,938	15.0	35,000	-6.1
R&D expenses	8,943	8,335	7.3	19,000	3.7
Total asset	1,118,352	995,600	—	—	—
Stockholders' equity	873,733	744,796	—	—	—
Number of employees	14,550	13,876	—	—	—

Note: Please refer to the accompanying "Forward Looking Statements" on page 11 of the consolidated interim statement.