

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2002**

**KYOCERA CORPORATION**

## KYOCERA CORPORATION

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

Date of the board of directors' meeting for the interim consolidated results : October 31, 2002

### 1. Results for the six months ended September 30, 2002:

#### (1) Consolidated results of operations :

	<b>Japanese yen</b>		
	<b>Six months ended September 30,</b>		<b>Year ended March 31,</b>
	<b>2002</b>	<b>2001</b>	<b>2002</b>
Net sales	<b>¥517,003 million</b>	¥520,378 million	¥1,034,574 million
% change from the previous period	<b>(0.6)%</b>	(13.9)%	
Profit from operations	<b>36,947 million</b>	34,160 million	51,561 million
% change from the previous period	<b>8.2%</b>	(64.0)%	
Income before income taxes	<b>33,593 million</b>	35,382 million	55,398 million
% change from the previous period	<b>(5.1)%</b>	(64.9)%	
Net income	<b>17,127 million</b>	19,103 million	31,953 million
% change from the previous period	<b>(10.3)%</b>	(64.1)%	
Earnings per share :			
Basic	<b>¥91.25</b>	¥101.04	¥169.02
Diluted	<b>91.21</b>	100.92	168.88

#### Notes :

##### 1. Equity in earnings of affiliates and unconsolidated subsidiaries :

Six months ended September 30, 2002 :	¥1,175 million
Six months ended September 30, 2001 :	¥797 million
Year ended March 31, 2002:	¥1,559 million

##### 2. Average number of shares outstanding during the period :

Six months ended September 30, 2002 :	187,693,727 shares
Six months ended September 30, 2001 :	189,065,467 shares
Year ended March 31, 2002 :	189,049,779 shares

##### 3. Change in accounting principle : Please refer to the note on page 18 and 21.

#### (2) Consolidated financial condition :

	<b>Japanese yen</b>		
	<b>September 30,</b>		<b>March 31,</b>
	<b>2002</b>	<b>2001</b>	<b>2002</b>
Total assets	<b>¥1,639,928 million</b>	¥1,610,346 million	¥1,645,458 million
Stockholders' equity	<b>1,013,188 million</b>	996,925 million	1,039,478 million
Stockholders' equity to total assets	<b>61.8%</b>	61.9%	63.2%
Stockholders' equity per share	<b>¥5,475.85</b>	¥5,273.70	¥5,498.67

#### Notes : Total number of shares outstanding as of :

September 30, 2002	185,028,442 shares
September 30, 2001	189,037,100 shares
March 31, 2002	189,041,518 shares

(3) Consolidated cash flows :

	<b>Japanese yen</b>		
	<b>Six months ended September 30,</b>		<b>Year ended March 31,</b>
	<b>2002</b>	<b>2001</b>	<b>2002</b>
Cash flows from operating activities	<b>¥95,393 million</b>	¥73,209 million	¥140,929 million
Cash flows from investing activities	<b>(26,648) million</b>	(21,936) million	(51,138) million
Cash flows from financing activities	<b>(63,228) million</b>	(5,563) million	(18,396) million
Cash and cash equivalents at end of period	<b>278,098 million</b>	243,381 million	280,899 million

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

Number of consolidated subsidiaries : 148

Number of subsidiaries accounted for by the equity method : 3

Number of affiliates accounted for by the equity method : 17

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

	Consolidation	Equity method
Increase	14	0
Decrease	5	1

2. Forecast for the year ending March 31, 2003 :

	<b>Japanese yen</b>
	<b>Year ending</b>
	<b>March 31, 2003</b>
Net sales	<b>¥1,057,000 million</b>
Income before income taxes	<b>82,500 million</b>
Net income	<b>50,000 million</b>

Note:

Forecast of annual earnings per share : ¥266.27

Net income per share amounts is computed based on Statement of Financial Accounting Standards (SFAS) No.128.

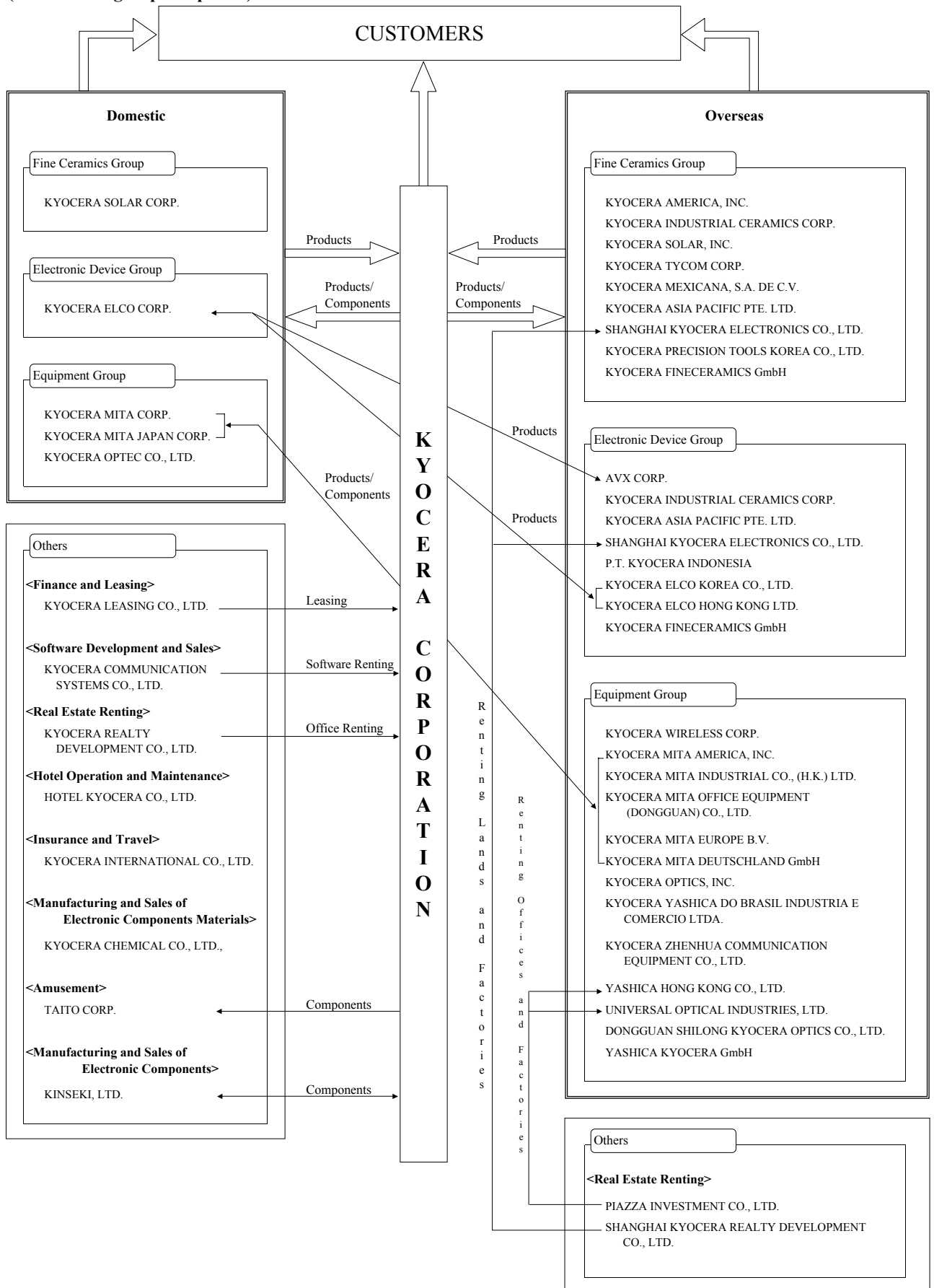
Forecast of annual earnings per share is computed based on the diluted average number of shares outstanding during the interim financial period ended September 30, 2002.

With regard to forecasts set forth above, please refer to the accompanying "Forward Looking Statements" on page 17.

# KYOCERA GROUP

Kyocera group consists of Kyocera Corp., 151 subsidiaries and 17 affiliates.

(Chart of the group companies)



Note : Others include affiliates that are applied for equity method.

## **Management Policies**

### **1. Basic Management Policies or Management Goal**

- Kyocera concentrates Group-wide resources on creating “high-value-added” diversification of its operations with the objective of being a “creative company that continues to grow for the 21<sup>st</sup> Century” by constantly raising the profitability of each of its businesses. To achieve this goal, the Company will focus on creating new technology, new products and new markets in the strategic business areas of telecommunications and information processing, environmental protection and quality of life.
- In each of these three strategic areas, the basic business policy goal of Kyocera is to enhance growth and create value-oriented businesses for shareholders, investors and the Kyocera Group. As a highly profitable company, Kyocera aims to continuously increase profitability, specifically targeting a pre-tax profit margin of 15% of net sales.

### **2. Specific Policies**

#### **<Efficient Resource Management>**

- Kyocera aims to generate growth by aggressively investing in value-oriented businesses for shareholders, investors and the Kyocera Group. This focus entails ongoing clarification between businesses areas for expansion and areas that require restructuring.
- Each corporate business division within Kyocera is considered its own independent company and operational authority is delegated accordingly in order to speed up decision-making processes and achieve growth in all business segments.
- In terms of financial management, a prime emphasis is placed on cash flows, and in particular, boosting return on invested capital, implementing thorough reduction of inventory and shortening lead-times.

#### **<Emphasizing Consolidated Group Results>**

- Kyocera aims to boost profitability by strengthening ties between each of the Corporate Business Divisions and Kyocera Group subsidiaries and affiliates and maximizing Group-wide synergies.
- To further promote this business focus, Kyocera measures profit contributions from each product line on a consolidated basis.

#### **<Focusing on Shareholder Value>**

- The Company places importance on raising shareholder value (market capitalization), with managers aiming to boost efficiency in generating higher returns on capital to maximize future profits and cash flows.

### **3. Management and Organizational Policies**

- Along with promoting the fundamental goal of high-value-added diversification, Kyocera employs a number of policies to increase business effectiveness within the Kyocera Group and raise the quality of corporate management.

#### **<Extension of Stock Option Plans>**

- Upon resolution at the 48<sup>th</sup> Ordinary General Meeting of Shareholders held on 26 June 2002, the Company has decided to extend its stock option plan to senior managers within the Kyocera Group. This initiative is designed to further increase value throughout the Group by ensuring the interests of senior managers are in agreement with those of shareholders and investors.

#### **<Risk Management System>**

- To ensure a deliberate, systematic and sustained approach to risk management, Kyocera established an internal risk management department in September 2000, thereby promoting greater risk compliance throughout the entire Kyocera Group.

#### **<Corporate Philosophy Focus>**

- The Company established Kyocera Management Research Institute in March 2002, with the aim of strengthening educational and training provisions for all Kyocera Group employees. Through this management research institute, the Company strives to ensure all employees adopt the Kyocera Philosophy while also by advancing various self-training opportunities and corporate ethics. In November 2002, the Company will commence training for senior management, focusing on Kyocera's ethical and principled approach to business to ensure top quality management in the future.

#### **<CCG (Create, Change and Grow) Activities>**

- Kyocera is promoting continuous business reforms through Kyocera CCG (Create, Change and Grow) activities that are geared to create new corporate value by guiding all major business functions within the Kyocera Group to implement significant changes in manufacturing, R&D,

sales and administration processes outside the bounds of conventional methods.

#### **4. Remaining Challenges**

On the backdrop of an extremely harsh business environment and an unrelenting downturn in electronics markets, the Company is implementing a number of measures to be a “creative company that continues to grow for the 21<sup>st</sup> Century,” with its foremost challenge being to improve the profitability of the components business.

##### **<Implement Production Structure Reforms>**

- Kyocera will work to rapidly boost profitability by optimizing production at global manufacturing sites to counter the adverse effects of an unremitting drop in component prices and uncertainty regarding a genuine recovery in component demand for mobile phones and PC-related products.
- To bolster cost-competitiveness, the Company is driving forward with comprehensive cost-saving measures, such as expanding production of commodity components in China. In terms of manufacturing sites in Japan, Kyocera will apply thorough cost-saving measures and improving productivity, while strengthening development of new products and boosting production volume of high-value-added products.

##### **<Develop New Products and New Markets>**

- Kyocera aims to expand sales through the integration of Group-wide capabilities in production, sales and R&D, notably of components, devices and equipment, and through the development of new products that best match market needs and which are in line with high-potential growth markets.
- Kyocera will aggressively develop products for the emerging in-vehicle market to meet projected increases in demand for automobile-installed systems created with telecommunications and information technology and environmental friendly products.
- Kyocera is also seeking to boost profitability by expanding sales through market development in China.

#### **5. Policy to Encourage Individual Share Ownership in Kyocera**

- Kyocera Corporation (Kyocera Corp.) has evaluated various initiatives targeted at individual

investors to broaden its share ownership within the Group and to deepen understanding of business operations, including greater distribution of business reports to shareholders and new methods of organizing and running shareholder meetings.

- In February 1997, to make share transactions easier for individuals, the Company revised the number of shares contained in single tradable units, reducing this number from 1,000 to 100 shares. These efforts proved highly rewarding, as the number of Company shareholders as of the end of September 2002 jumped almost fivefold from approximately 18,500, which was recorded at the time of implementation, to 88,753.
- In addition to reducing the size of minimum investment units, stock splits are also seen as a means of effecting higher individual share ownership. The Company, however, has not yet formulated any plans regarding the nature or timing of such moves.

## **6. Basic Policy on Profit Distribution**

- Since its initial listing on the stock market, the Company has endeavored to increase dividends per share in accordance with improvements in performance. The Company has also boosted share dividends by actively applying free-share distributions and stock splits. In the coming years, the Company will work to further improve earnings per share and cash flow, and on the basis of results, will share successes in the form of dividends in accordance with holistic judgments.
- The Company's goals to constantly enhance profitability and become a "creative company that continues to grow for the 21<sup>st</sup> Century" will ensure greater returns for shareholders. At the same time, Kyocera will also conduct aggressive investments to be market leader in the three strategic areas of telecommunications and information processing, environmental protection and quality of life. For this purpose, the Company will retain a high level of internal reserves.
- Despite declines in sales and earnings compared with the previous interim period due to the severe business environment, Kyocera is committed to sustaining a stable shareholder dividend. As a result, the Company will declare an interim dividend of 30 yen per share, the same level as in the previous interim period.



## Business Results and Financial Condition

### 1. Economic Situation and Business Environment

- As signs of a full-scale recovery remain weak due to continuing stagnation in the U.S. economy and growing concerns with financial systems in Japan, the economic situation both in Japan and overseas remains stagnant during the six months ended September 30, 2002.
- Although semiconductor and mobile phone markets picked up and a recovery of components demand in line with the normalization of inventories, overall business environment was severe including the continuing price decline in components. With uncertainty remaining over future demand, components demand slowed down after summer.
- The average exchange rate during this first half was 123 yen to the U.S. dollar and 117 yen to the Euro; accordingly, the depreciation of the yen against both currencies produced a positive impact on net sales and income before income taxes of approximately 7.4 billion yen and 3.8 billion yen, respectively, compared with the previous interim period.

### 2. Results for the First Half Ended September 30, 2002 (Consolidated)

(Unit: Japanese yen in millions)

	Six Months Ended Sep. 30,		% Change
	2002	2001	
Net sales	517,003	520,378	(0.6)
Profit from operations	36,947	34,160	8.2
Income before income taxes	33,593	35,382	(5.1)
Net income	17,127	19,103	(10.3)
EPS (Diluted-yen)	91.21	100.92	(9.6)
Average US\$ exchange rate (yen)	123	122	-
Average Euro exchange rate (yen)	117	108	-

- An increase in sales in the equipment group was offset by a decrease in sales in the components group. As a result, consolidated net sales declined slightly 0.6%, to 517 billion yen.
- Profit from operations increased 8.2%, to 36.9 billion yen caused by cost-saving measures and improving productivity for all business groups, especially for equipment group which grew profit significantly, and although various one-off expenses associated with business structural reforms were recorded in the previous interim period, no such expenses were recorded in this period.

- The Company recorded approximately 6.1 billion yen in this interim period as expenses for the litigation concerning the validity, and alleged breach by the Company, of an agreement between the Company on the one hand and LaPine Technology Corporation (LTC) and Prudential-Bache Trade Corporation (renamed as Prudential-Bache Trade Services, Inc.; PBTC) in the United States on the other with respect to the reorganization of LTC. Such expenses principally consist of foreign exchange loss arising from revaluation at the end of this interim period of the foreign currency deposit with a financial institution, such deposit being made to reduce the amount of the fees payable to the same financial institution for the issuance of a letter of credit as is necessary for continuance of the litigation. As a result, income before income tax for this interim period decreased 5.1%, as compared with the corresponding interim period of the previous fiscal year, to 33.6 billion yen.
- Upon adoption of SFAS No.142, “Goodwill and Other Intangible Assets”, Kyocera recorded a cumulative effect of change in accounting principle, net of tax of 2.3 billion yen. This was due mainly to an impairment loss of approximately 3.2 billion yen on goodwill from the acquisition of KYOCERA TYCOM CORPORATION, a U.S. subsidiary. As a result, net income dropped 10.3%, to 17.1 billion yen.

### **3. Items to be Reported**

- It was decided at the 48<sup>th</sup> Ordinary General Meeting of Shareholders, held on June 26, 2002, that the Company’s Board of Directors would acquire up to 5,000,000 shares of the Company’s common stock at the aggregated purchase price of no more than 50.0 billion yen. Based on this resolution, the Company had purchased 5,000,000 shares at approximately 41.4 billion yen by September 9, 2002.
- On July 23, 2002, the U.S. Ninth Circuit Court of Appeals issued a decision ordering the Company to pay approximately U.S.\$453 million, including interest and legal fees, on the dispute over the validity, and alleged breach by the Company, of an agreement between the Company on the one hand and LTC and PBTC on the other with respect to the reorganization of LTC. The Company immediately filed a petition for rehearing in respect of this decision.
- On May 16, 2002, the Company and Toshiba Chemical Corporation entered into an agreement to make Toshiba Chemical Corporation a wholly-owned subsidiary of the Company by way of a stock swap. Toshiba Chemical became a 100% owned subsidiary of the company on August 1, 2002 and changed its name to Kyocera Chemical Corporation. The Company issued approximately 990 thousand new shares of its common stock in accordance with this swap.
- Changes to the Company’s operational structure also took effect on August 1, 2002, whereby 16 business groups were reorganized into 22 corporate business divisions and 10 business divisions.

All new divisions are under the direct control of President, and its reorganization will not only further facilitate quick decision-making in management, but will also support the training of human resources throughout the Group.

#### 4. Operating Segments (Consolidated Basis)

(Unit: Japanese yen in millions)

	Six Months Ended Sep. 30,		% Change
	2002	2001	
Net sales	517,003	520,378	(0.6)
Fine ceramics group	119,077	140,113	(15.0)
Electronic device group	115,491	122,605	(5.8)
Equipment group	250,862	227,746	10.1
Others	37,785	36,433	3.7
Adjustments and eliminations	(6,212)	(6,519)	-
Operating profit	34,689	32,498	6.7
Fine ceramics group	8,471	15,619	(45.8)
Electronic device group	5,974	3,756	59.1
Equipment group	17,028	10,268	65.8
Others	3,216	2,855	12.6

Note: Commencing this interim period, basic R&D expenses of the Company itself, previously included within "Others," have been charged to the respective operating segments. Accordingly, the Company has also reclassified previously published operating profit of such operating segments for the six months ended September 30, 2001.

##### <Fine Ceramics Group>

- Sales of parts for semiconductors and LCD fabrication equipment, and SMD packages for mobile phones were up due to an improvement in market conditions. Sales of solar systems and dental and orthopedic implants also showed steady growth.
- Conversely, sales of ceramic packages for fiber-optic devices and parts for fiber-optic connectors dropped significantly.
- As a result, sales and operating profit in this segment fell relative to the same period of the previous fiscal year.

##### <Electronic Device Group>

- Despite heightened demand for timing devices and ceramic capacitors for mobile phones, overall component prices dropped sharply. This factor, combined with sluggish sales at AVX

Corporation (AVX), a U.S. subsidiary, caused segment sales to decline.

- Although various one-off expenses associated with management structural reforms at AVX, including integration of production bases and personnel reductions, were recorded in the previous interim period, no such expenses were recorded in the current six-month period. In addition, Kyocera applied cost-saving measures and improving productivity, as a result, operating profit in this segment rose compared with the first half of the previous year.

**<Equipment Group>**

- Although sales of optical instruments declined due to the downturn in still camera market, strong sales of telecommunications and information equipment helped to boost total segment sales relative to the previous interim period.
- Sales of mobile phones, such as CDMA 2000 1x handsets in Japan and the United States, grew significantly.
- Timely product launches and extremely favorable market response towards network-compatible, mid- to high-speed digital multifunction peripherals effected a large increase in sales of information equipment.
- As a result, operating profit of this segment increased in comparison with the first half of the prior fiscal year.

**<Others>**

- Segment sales increased versus the first half of the previous fiscal year primarily due to added sales from Kyocera Chemical Corporation in August and September. Operating profit also increased from the previous interim period.

**5. Geographic Segments**

(Unit: Japanese yen in millions)

	Six Months Ended Sep. 30,		% Change
	2002	2001	
Net sales	517,003	520,378	(0.6)
Japan	194,708	205,538	(5.3)
United States	150,977	142,815	5.7
Asia	80,685	77,665	3.9
Europe	68,161	70,927	(3.9)
Others	22,472	23,433	(4.1)

**<Japan>**

- Net sales in Japan fell relative to the interim period of the prior fiscal year due to sales decline of components business.

**<United States>**

- Steady growth in sales of telecommunications equipment and information equipment resulted in an increase in overall sales.

**<Asia>**

- Sales increased, due to sales growth of electronic device group and information equipment business.

**<Europe>**

- Despite steady sales growth of information equipment, lowered sales of the electronic device group caused overall sales to decline compared with the same period of the previous year.

**6. Cash Flows**

(Unit: Japanese yen in millions)

	Six Months Ended Sep. 30,		Change in amount
	2002	2001	
Cash flows from operating activities	95,393	73,209	22,184
Cash flows from investing activities	(26,648)	(21,936)	(4,712)
Cash flows from financing activities	(63,228)	(5,563)	(57,665)
Effect of exchange rate changes on cash and cash equivalents	(8,318)	(3,662)	(4,656)
Net (decrease) increase in cash and cash equivalents	(2,801)	42,048	(44,849)
Cash and cash equivalents at beginning of period	280,899	201,333	79,566
Cash and cash equivalents at end of period	278,098	243,381	34,717

**<Cash flows from operating activities>**

- Net cash provided by operating activities increased by 22.2 billion yen in the first half of this fiscal year rising from 73.2 billion yen to 95.4 billion yen, despite a decrease in net income of 17.1 billion yen relative to the previous interim period. This was due to a net change of increases and decreases in assets and liabilities in the ordinary course of operating activities.

**<Cash flows from investing activities>**

- Net cash used in investing activities increased by 4.7 billion yen, from 21.9 billion yen recorded in the same period of the previous fiscal year to 26.6 billion yen. This was due primarily to a decrease in maturities of securities, despite a significant decline of capital expenditures.

**<Cash flows from financing activities>**

- Net cash used in financing activities increased by 57.7 billion in the first half of this fiscal year from 5.6 billion yen recorded in the same period of the previous year to 63.2 billion. This was due mainly to a significant increase in purchase of treasury stock.

**7. Capital Expenditures and Depreciation (Consolidated)**

(Unit: Japanese yen in millions)

	Six Months Ended Sep. 30,		% Change
	2002	2001	
Capital expenditures	19,191	33,452	(42.6)
(% to net sales)	3.7%	6.4%	-
Depreciation	31,328	35,999	(13.0)
(% to net sales)	6.1%	6.9%	-

- Kyocera imposed strict controls on capital expenditures, particularly in components business at the parent company, and focused on investment measures to streamline manufacturing processes. As a result, capital expenditures during this first half decreased relative to the same period of the previous year.

**8. Results for First Half Ended September 30, 2002 (Non-Consolidated)**

(Unit: Japanese yen in millions)

	Six Months Ended Sep. 30,		% Change
	2002	2001	
Net sales	227,798	259,163	(12.1)
Profit from operations	14,936	25,288	(40.9)
Recurring profit	14,956	31,668	(52.8)
Net income	9,291	19,895	(53.3)

## Business Outlook and Future Strategies

### 1. Economic Conditions and Business Environment for Fiscal Year Ending March 31, 2003

- The economic downturn in the United States combined with a global drop in share prices has created growing uncertainty in the business environment in Japan and overseas for the second half of the year ending March 31, 2003 and beyond.
- In the electronics industry, growth in demand for mobile phones is anticipated in line with increased use of color LCD and camera-mounted handsets. Conversely, the Company is not expecting any genuine recovery in PC-related markets, while the downward trend in component prices is forecast to continue.
- Kyocera is expecting the appreciation of the yen against the U.S.dollar and the Euro to continue, and as such, has used average exchange rates of 116 yen/US\$ and 111 yen/Euro for the average exchange rate during the second half of the year ending March 31, 2003 and 119 yen/US\$ and 114 yen/Euro during the full year for the fiscal year ending March 31, 2003. Accordingly, the appreciation of the yen against both currencies produced a negative impact on net sales and income before income taxes of approximately 24.7 billion yen and 6.8 billion yen, respectively, compared with the previous fiscal year.

### 2. Financial Projections for Fiscal Year Ending March 31, 2003 (Consolidated)

(Unit: Japanese yen in millions)

	Year Ending March 31, 2003 (Forecast)	Year Ended March 31, 2002 (Result)	% Change
Net sales	1,057,000	1,034,574	2.2
Profit from operations	85,500	51,561	65.8
Income before income taxes	82,500	55,398	48.9
Net income	50,000	31,953	56.5
EPS (Diluted-yen)	266.27	168.88	57.7
Average US\$ exchange rate (yen)	119	125	-
Average Euro exchange rate (yen)	114	111	-

### 3. Strategies by Segment

- In spite of the harsh business environment, Kyocera continues to push forward with its mission “to be a creative company that continues to grow for the 21<sup>st</sup> Century,” striving to expand sales by further bolstering market share of already dominant products, while also creating and developing valuable new markets. The Company is also committed to implementing measures to reduce costs to counter product price erosion.

#### <Fine Ceramics Group: Consolidated Sales Forecast for Fiscal Year Ending March 31, 2003

**234 billion yen (Down 7.5% from previous fiscal year)>**

- Kyocera plans to expand sales of ceramic packages for CCD and CMOS image devices to meet a forecast dramatic rise in demand for camera-mounted mobile phones.
- In response to larger LCD fabrication equipment and the surge in demand for ceramic products with superior thermal conductivity, Kyocera is anticipating strong sales of fine ceramic parts for LCD fabrication equipment, along with sapphire plates for LCD projectors, both of which the Company already commands high market share.
- It is expected that the market related to environmental preservation will grow rapidly in the mid- to long-term. With Kyocera boasting the third largest market share globally (in calendar year 2002) for solar cell module production output in the solar electric generating systems business, Kyocera will strive to make the most of this opportunity by expanding production to meet market needs and further increasing its market share.

#### <Electronic Device Group: Consolidated Sales Forecast for Fiscal Year Ending March 31, 2003

**226 billion yen (Down 3.8% from previous fiscal year)>**

- Kyocera plans to further boost share in each market segment through various measures, including: developing markets for high-capacitance ceramic capacitors used in network infrastructure equipment; expanding sales of miniature timing devices for digital home appliances; and, developing next-generation telecommunications and information terminals and high frequency modules for the in-vehicle market.
- To meet the forecast rise in demand for mobile phones with color LCD in both Japanese and overseas markets, the Company plans to expand sales of color STN LCD modules to overseas handset manufacturers.

#### <Equipment Group: Consolidated Sales Forecast for Fiscal Year Ending March 31, 2003

**521 billion yen (Up 8.9% from previous fiscal year)>**

- In telecommunications equipment, Kyocera aims to expand sales of camera-mounted CDMA



2000 1X handsets in Japan, while launching new PDA handsets that support CDMA 2000 1X capabilities in the United States. Through these moves, the Company aims to further boost share in the CDMA 2000 1X market. Kyocera will also work to expand sales in the Asian market, notably of CDMA handsets, PHS-related products and WLL systems in China.

- In information equipment, Kyocera plans to strengthen its printer and digital multifunction machine lineup by expanding sales through the introduction of various new, high-quality, advanced color and monochrome models. In addition, the Company will strive to reduce costs by improving its production system, while also increasing cost-competitiveness by standardizing engines and components for printers and multifunction machines.
- In optical instruments, Kyocera will enhance productivity by focusing efforts on CONTAX-brand cameras and compact, lightweight digital cameras. The Company will also work to increase sales of lens units for digital cameras, as well as promote the development of digital camera modules for mobile handsets.

**<Others: Consolidated Sales Forecast for Fiscal Year Ending March 31, 2003**

**89.4 billion yen (Up 3.8% from previous fiscal year)>**

- In Kyocera Chemical Corporation, while working to expand sales of eco-friendly materials by concentrating efforts on developing highly sought after eco-friendly resins in its materials business, the company will maximize synergies with the Company's organic materials and components businesses.
- Kyocera Communication Systems Co., Ltd. continues to develop its content and related services for mobile phone users outside of Japan.

**4. Financial Projections for the Fiscal Year Ending March 31, 2003 (Non-Consolidated)**

(Unit: Japanese yen in millions)

	Year Ending March 31, 2003 (Forecast)	Year Ended March 31, 2002 (Result)	% Change
Net sales	462,700	499,264	(7.3)
Profit from operations	35,700	38,364	(6.9)
Recurring profit	44,100	56,412	(21.8)
Net income	31,000	34,475	(10.1)

**Note: Forward-Looking Statements**

Certain of the statements made in this document are forward-looking statements (within the meaning of Section 21E of the U.S. Securities and Exchange Act of 1934), which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to: general economic conditions in our markets, which are primarily Japan, North America, Europe and Asia, including in particular China; changes in exchange rates, particularly between the yen and the U.S. dollar and Euro, respectively, in which we make significant sales; our ability to launch innovative products and otherwise meet the advancing technical requirements of our customers, particularly in the highly competitive markets for ceramics, semiconductor parts and electronic devices; and the extent and pace of future growth or contraction in information technology-related markets around the world, including those for communications and personal computers. Such risks, uncertainties and other factors may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this document.

## CONSOLIDATED BALANCE SHEETS

### ASSETS

	Japanese yen in millions					
	September 30,		March 31,		September 30,	
	2002		2002		2001	
	Amount	%	Amount	%	Amount	%
Current assets :						
Cash and cash equivalents	¥278,098		¥280,899		¥243,381	
Restricted cash	57,505		59,509		53,381	
Short-term investments	14,200		10,902		11,679	
Trade notes receivable	30,354		25,367		35,471	
Trade accounts receivable	184,082		174,240		181,902	
Short-term finance receivables	37,185		83,196		68,036	
Less allowances for doubtful accounts and sales returns	(10,066)		(11,110)		(9,798)	
Inventories	188,967		205,806		219,091	
Deferred income taxes	52,969		51,997		45,543	
Other current assets	18,496		22,061		25,305	
Total current assets	851,790	51.9	902,867	54.9	873,991	54.3
Non-current assets :						
Investments in and advances to affiliates and unconsolidated subsidiaries	28,106		26,206		25,222	
Securities and other investments	319,245		301,659		289,367	
Total investments and advances	347,351	21.2	327,865	19.9	314,589	19.5
Long-term finance receivables	116,151	7.1	83,745	5.1	78,000	4.8
Property, plant and equipment, at cost :						
Land	53,540		46,834		46,222	
Buildings	201,360		189,024		182,754	
Machinery and equipment	584,233		568,717		547,655	
Construction in progress	8,415		11,596		12,394	
Less accumulated depreciation	(583,546)		(547,548)		(507,588)	
	264,002	16.1	268,623	16.3	281,437	17.5
Goodwill	25,966	1.6	30,757	1.9	29,708	1.9
Intangible assets	19,263	1.2	16,202	1.0	17,997	1.1
Other assets	15,405	0.9	15,399	0.9	14,624	0.9
Total non-current assets	788,138	48.1	742,591	45.1	736,355	45.7
Total assets	¥1,639,928	100.0	¥1,645,458	100.0	¥1,610,346	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.

Note 2: Effective April 1, 2002, Kyocera adopted SFAS No.142, "Goodwill and Other Intangible Assets." According to this standard, we separately disclose the intangible assets formerly included in the other assets.

## LIABILITIES AND STOCKHOLDERS' EQUITY

	Japanese yen in millions					
	September 30,		March 31,		September 30,	
	2002		2002		2001	
	Amount	%	Amount	%	Amount	%
Current liabilities :						
Short-term borrowings	¥107,357		¥106,880		¥99,475	
Current portion of long-term debt	21,300		12,401		6,113	
Trade notes and accounts payable	92,674		78,627		82,646	
Other notes and accounts payable	25,428		27,236		41,621	
Accrued payroll and bonus	33,317		31,572		32,237	
Accrued income taxes	17,051		21,359		23,651	
Accrued litigation expenses	48,191		45,333		39,955	
Other accrued liabilities	27,443		24,344		22,006	
Other current liabilities	14,104		11,356		11,983	
Total current liabilities	<b>386,865</b>	<b>23.6</b>	359,108	21.8	359,687	22.3
Non-current liabilities :						
Long-term debt	75,078		96,856		92,173	
Accrued pension and severance costs	59,962		49,549		48,049	
Deferred income taxes	35,248		28,045		25,579	
Liabilities deferred pursuant to the rehabilitation plan	-		-		22,410	
Other non-current liabilities	5,352		4,892		4,719	
Total non-current liabilities	<b>175,640</b>	<b>10.7</b>	179,342	10.9	192,930	12.0
Total liabilities	<b>562,505</b>	<b>34.3</b>	538,450	32.7	552,617	34.3
Minority interests in subsidiaries	64,235	3.9	67,530	4.1	60,804	3.8
Stockholders' equity :						
Common stock	115,703		115,703		115,703	
Additional paid-in capital	167,609		158,228		158,220	
Retained earnings	809,863		798,407		791,228	
Accumulated other comprehensive income	(28,423)		(22,750)		(58,087)	
Treasury stock, at cost	(51,564)		(10,110)		(10,139)	
Total stockholders' equity	<b>1,013,188</b>	<b>61.8</b>	1,039,478	63.2	996,925	61.9
Total liabilities and stockholders' equity	<b>¥1,639,928</b>	<b>100.0</b>	¥1,645,458	100.0	¥1,610,346	100.0

Note 3: Kyocera Mita Corporation concluded the rehabilitation plan by early extinguishment of the liabilities deferred pursuant to the rehabilitation plan in the previous fiscal year.

Note 4: Accumulated other comprehensive income is as follows:

	Japanese yen in millions		
	September 30,	March 31,	September 30,
	2002	2002	2001
Net unrealized losses on securities	¥(18,014)	¥(27,926)	¥(35,558)
Net unrealized losses on derivative financial instruments	¥(422)	¥(425)	¥(449)
Foreign currency translation adjustments	¥(9,987)	¥5,601	¥(22,080)

## CONSOLIDATED STATEMENTS OF INCOME

	Japanese yen in millions						
	Six months ended September 30,				Increase (Decrease)	Year ended March 31,	
	2002		2001			2002	
	Amount	%	Amount	%	%	Amount	%
Net sales	¥517,003	100.0	¥520,378	100.0	(0.6)	¥1,034,574	100.0
Cost of sales	391,425	75.7	396,436	76.2	(1.3)	795,201	76.9
Gross profit	125,578	24.3	123,942	23.8	1.3	239,373	23.1
Selling, general and administrative expenses	88,631	17.2	89,782	17.2	(1.3)	187,812	18.1
Profit from operations	36,947	7.1	34,160	6.6	8.2	51,561	5.0
Other income and expenses :							
Interest and dividend income	2,740	0.5	4,048	0.8	(32.3)	7,304	0.7
Interest expense	(763)	(0.1)	(1,393)	(0.3)	-	(2,655)	(0.2)
Foreign currency transaction (losses) gains, net	(6,326)	(1.2)	(2,434)	(0.5)	-	5,238	0.5
Equity in earnings of affiliates and unconsolidated subsidiaries	1,175	0.2	797	0.2	47.4	1,559	0.2
Losses on devaluation of investment securities	(347)	(0.1)	(512)	(0.1)	-	(5,771)	(0.6)
Other, net	167	0.1	716	0.1	(76.7)	(1,838)	(0.2)
Total other income and expenses	(3,354)	(0.6)	1,222	0.2	-	3,837	0.4
Income before income taxes, minority interests and cumulative effect of change in accounting principle	33,593	6.5	35,382	6.8	(5.1)	55,398	5.4
Income taxes	14,080	2.7	14,091	2.7	(0.1)	21,308	2.1
Income before minority interests and cumulative effect of change in accounting principle	19,513	3.8	21,291	4.1	(8.4)	34,090	3.3
Minority interests	(130)	(0.1)	(350)	(0.1)	-	(299)	(0.0)
Income before cumulative effect of change in accounting principle	19,383	3.7	20,941	4.0	(7.4)	33,791	3.3
Cumulative effect of change in accounting principle	(2,256)	(0.4)	(1,838)	(0.3)	-	(1,838)	(0.2)
Net income	¥17,127	3.3	¥19,103	3.7	(10.3)	¥31,953	3.1
Earnings per share:							
Income before cumulative effect of change in accounting principle :							
Basic	¥103.27		¥110.76			¥178.74	
Diluted	¥103.22		¥110.62			¥178.59	
Net income:							
Basic	¥91.25		¥101.04			¥169.02	
Diluted	¥91.21		¥100.92			¥168.88	
Weighted average number of shares of common stock outstanding (shares in thousands) :							
Basic	187,694		189,065			189,050	
Diluted	187,780		189,294			189,204	

Notes:

1. The Company applies SFAS No.130, "Financial Reporting of Comprehensive Income."  
Based on this standard, comprehensive income of six months ended September 30, 2002 and 2001 was an increase of 11,454 million yen and a decrease of 19,311 million yen, respectively.
2. Earnings per share amounts were computed based on SFAS No.128, "Earnings per Share."  
Under SFAS No.128, basic earnings per share was computed based on the average number of shares of common stock outstanding during each period and diluted earnings per share assumed 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, 2002, Kyocera adopted SFAS No.142, "Goodwill and Other Intangible Assets."  
And 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 recognized a cumulative effect of this change in accounting principle, net of tax. The losses of 2,256 million yen and 1,838 million yen were recorded in six months ended September 30, 2002 and 2001, respectively.

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

( Japanese yen in millions and shares in thousands)

(Number of shares of common stock)	Common stock	Treasury stock, at cost	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Comprehensive income
Balance, March 31, 2001 (189,057)	¥115,703	¥(9,945)	¥158,183	¥777,797	¥(19,673)	
Net income for the year				31,953		¥31,953
Accumulated other comprehensive income					(3,077)	<u>(3,077)</u>
Total comprehensive income for the year						<u>¥28,876</u>
Cash dividends				(11,343)		
Purchase of treasury stock (83)		(628)				
Reissuance of treasury stock (68)		463	45			
Balance, March 31, 2002 (189,042)	115,703	(10,110)	158,228	798,407	(22,750)	
Net income for the first half				17,127		¥17,127
Accumulated other comprehensive income					(5,673)	<u>(5,673)</u>
Total comprehensive income for the first half						<u>¥11,454</u>
Stock issuance for acquisition of a subsidiary (991)			9,381			
Cash dividends				(5,671)		
Purchase of treasury stock (5,016)		(41,540)				
Reissuance of treasury stock (11)		86	0			
Balance, September 30, 2002 (185,028)	¥115,703	¥(51,564)	¥167,609	¥809,863	¥(28,423)	

( Japanese yen in millions and shares in thousands)

(Number of shares of common stock)	Common stock	Treasury stock, at cost	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Comprehensive income
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)	<u>(38,414)</u>
Total comprehensive income for the first half						<u>¥(19,311)</u>
Cash dividends				(5,672)		
Purchase of treasury stock (59)		(506)				
Reissuance of treasury stock (39)		312	37			
Balance, September 30, 2001 (189,037)	¥115,703	¥(10,139)	¥158,220	¥791,228	¥(58,087)	

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Japanese yen in millions		
	Six months ended September 30,		Year ended March 31,
	2002	2001	2002
Cash flows from operating activities:			
Net income	¥17,127	¥19,103	¥31,953
Adjustments to reconcile net income to net cash provided by operating activities :			
Depreciation and amortization	35,133	40,578	88,497
Provision for doubtful accounts	(687)	2,111	3,593
Losses on inventories	3,384	6,075	11,872
Deferred income taxes	(1,259)	(2,097)	(12,879)
Minority interests	130	350	299
Equity in earnings of affiliates and unconsolidated subsidiaries	(1,175)	(797)	(1,559)
Losses on devaluation of investment securities	347	512	5,771
Cumulative effect of change in accounting principle	2,256	1,838	1,838
Foreign currency adjustments	6,052	1,956	(6,280)
Change in assets and liabilities :			
Decrease in receivables	4,964	47,970	55,047
Decrease in inventories	10,288	21,293	40,443
Decrease (increase) in other current assets	1,421	(3,721)	4,683
Increase (decrease) in notes and accounts payable	9,888	(19,281)	(41,600)
Decrease in accrued income taxes	(3,973)	(36,203)	(37,923)
Increase (decrease) in other current liabilities	9,315	(7,152)	(4,424)
Increase in other non-current liabilities	1,225	911	2,299
Other, net	957	(237)	(701)
Net cash provided by operating activities	95,393	73,209	140,929
Cash flows from investing activities :			
Payments for purchases of available-for-sale securities	(32)	(20,157)	(47,402)
Payments for purchases of held-to-maturity securities	(22,280)	(2,997)	(13,588)
Payments for purchases of investments and advances	(542)	(32)	(465)
Sales and maturities of available-for-sale securities	5,400	13,055	44,934
Maturities of held-to-maturity securities	12,060	35,220	38,697
Payments for purchases of property, plant and equipment	(20,379)	(36,619)	(59,031)
Proceeds from sales of property, plant and equipment	977	185	1,809
Payment for purchases of intangible assets	(5,417)	(3,885)	(10,669)
Acquisitions of businesses, net of cash acquired	4,058	-	(60)
Restricted cash	(1,476)	(6,959)	(6,959)
Other, net	983	253	1,596
Net cash used in investing activities	(26,648)	(21,936)	(51,138)
Cash flows from financing activities :			
Decrease in short-term debt	(3,898)	(36,072)	(30,345)
Proceeds from issuance of long-term debt	894	45,323	60,043
Payments of long-term debt	(13,241)	(5,321)	(9,659)
Payments of liabilities deferred pursuant to the rehabilitation plan	-	(3,253)	(25,609)
Dividends paid	(6,269)	(6,323)	(12,773)
Purchase of treasury stock	(41,535)	(506)	(628)
Other, net	821	589	575
Net cash used in financing activities	(63,228)	(5,563)	(18,396)
Effect of exchange rate changes on cash and cash equivalents	(8,318)	(3,662)	8,171
Net (decrease) increase in cash and cash equivalents	(2,801)	42,048	79,566
Cash and cash equivalents at beginning of period	280,899	201,333	201,333
Cash and cash equivalents at end of period	¥278,098	¥243,381	¥280,899



**SUPPLEMENTAL CASH FLOW INFORMATION**

	<b>Japanese yen in millions</b>		
	<b>Six months ended</b>		<b>Year ended</b>
	<b>September 30,</b>		<b>March 31,</b>
	<b>2002</b>	<b>2001</b>	<b>2002</b>
Cash paid during the period for :			
Interest	¥1,755	¥1,897	¥5,299
Income taxes	19,312	52,896	72,111
Acquisitions of businesses :			
Fair value of assets acquired	¥32,015	-	¥543
Fair value of liabilities assumed	(22,584)	-	(456)
Stock issuance for acquisition	(9,381)	-	-
Cash acquired	(4,108)	-	(27)
	<u>¥(4,058)</u>	<u>-</u>	<u>¥60</u>

## SEGMENT INFORMATION

### 1. Operating segments :

	Japanese yen in millions			
	Six months ended September 30,		Increase	Year ended March 31,
	2002	2001	(Decrease)	2002
	Amount	Amount	%	Amount
Net sales:				
Fine ceramics group	¥119,077	¥140,113	(15.0)	¥252,879
Electronic device group	115,491	122,605	(5.8)	234,938
Equipment group	250,862	227,746	10.1	478,293
Others	37,785	36,433	3.7	86,116
Adjustments and eliminations	(6,212)	(6,519)	-	(17,652)
	<b>¥517,003</b>	<b>¥520,378</b>	<b>(0.6)</b>	<b>¥1,034,574</b>
Operating profit :				
Fine ceramics group	¥8,471	¥15,619	(45.8)	¥20,137
Electronic device group	5,974	3,756	59.1	4,372
Equipment group	17,028	10,268	65.8	24,413
Others	3,216	2,855	12.6	7,438
	<b>34,689</b>	<b>32,498</b>	<b>6.7</b>	<b>56,360</b>
Corporate	(2,467)	2,106	-	(2,508)
Equity in earnings of affiliates and unconsolidated subsidiaries	1,175	797	47.4	1,559
Adjustments and eliminations	196	(19)	-	(13)
Income before income taxes	<b>¥33,593</b>	<b>¥35,382</b>	<b>(5.1)</b>	<b>¥55,398</b>
Depreciation and amortization :				
Fine ceramics group	¥9,044	¥11,469	(21.1)	¥24,530
Electronic device group	12,533	15,807	(20.7)	32,817
Equipment group	10,359	10,346	0.1	25,331
Others	1,779	1,683	5.7	3,613
Corporate	1,418	1,273	11.4	2,206
	<b>¥35,133</b>	<b>¥40,578</b>	<b>(13.4)</b>	<b>¥88,497</b>
Capital expenditures :				
Fine ceramics group	¥4,069	¥10,057	(59.5)	¥14,536
Electronic device group	6,391	10,409	(38.6)	16,112
Equipment group	6,673	7,406	(9.9)	15,009
Others	1,078	3,329	(67.6)	5,249
Corporate	980	2,251	(56.5)	3,725
	<b>¥19,191</b>	<b>¥33,452</b>	<b>(42.6)</b>	<b>¥54,631</b>

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

	Japanese yen in millions			
	Six months ended September 30,		Increase (Decrease)	Year ended March 31,
	2002	2001		2002
	Amount	Amount	%	Amount
Net sales:				
Japan	¥226,298	¥225,942	0.2	¥445,322
Intra-group sales and transfer between geographic areas	<u>124,214</u>	<u>103,042</u>	<u>20.5</u>	<u>198,736</u>
	<u>350,512</u>	<u>328,984</u>	<u>6.5</u>	<u>644,058</u>
United States of America	161,276	166,315	(3.0)	329,468
Intra-group sales and transfer between geographic areas	<u>11,498</u>	<u>9,507</u>	<u>20.9</u>	<u>21,272</u>
	<u>172,774</u>	<u>175,822</u>	<u>(1.7)</u>	<u>350,740</u>
Asia	49,543	47,131	5.1	97,055
Intra-group sales and transfer between geographic areas	<u>38,866</u>	<u>28,558</u>	<u>36.1</u>	<u>57,828</u>
	<u>88,409</u>	<u>75,689</u>	<u>16.8</u>	<u>154,883</u>
Europe	72,979	75,024	(2.7)	149,341
Intra-group sales and transfer between geographic areas	<u>15,085</u>	<u>10,055</u>	<u>50.0</u>	<u>25,294</u>
	<u>88,064</u>	<u>85,079</u>	<u>3.5</u>	<u>174,635</u>
Others	6,907	5,966	15.8	13,388
Intra-group sales and transfer between geographic areas	<u>4,266</u>	<u>4,191</u>	<u>1.8</u>	<u>9,476</u>
	<u>11,173</u>	<u>10,157</u>	<u>10.0</u>	<u>22,864</u>
Adjustments and eliminations	<u>(193,929)</u>	<u>(155,353)</u>	<u>-</u>	<u>(312,606)</u>
	<u>¥517,003</u>	<u>¥520,378</u>	<u>(0.6)</u>	<u>¥1,034,574</u>
Operating profit:				
Japan	¥30,145	¥29,199	3.2	¥56,170
United States of America	4,640	(3,220)	-	(3,998)
Asia	5,668	5,612	1.0	9,155
Europe	(4,268)	(697)	-	(3,962)
Others	356	(368)	-	(100)
	<u>36,541</u>	<u>30,526</u>	<u>19.7</u>	<u>57,265</u>
Adjustments and eliminations	<u>(1,656)</u>	<u>1,953</u>	<u>-</u>	<u>(918)</u>
	<u>34,885</u>	<u>32,479</u>	<u>7.4</u>	<u>56,347</u>
Corporate	(2,467)	2,106	-	(2,508)
Equity in earnings of affiliates and unconsolidated subsidiaries	<u>1,175</u>	<u>797</u>	<u>47.4</u>	<u>1,559</u>
Income before income taxes	<u>¥33,593</u>	<u>¥35,382</u>	<u>(5.1)</u>	<u>¥55,398</u>

3. Geographic segments (Sales by region) :

	Japanese yen in millions							
	Six months ended September 30,				Increase (Decrease)		Year ended March 31,	
	2002		2001				2002	
	Amount	%	Amount	%	Amount	%	Amount	%
Japan	<b>¥194,708</b>	<b>37.7</b>	¥205,538	39.5	¥(10,830)	(5.3)	¥408,561	39.5
United States of America	<b>150,977</b>	<b>29.2</b>	142,815	27.5	8,162	5.7	289,517	28.0
Asia	<b>80,685</b>	<b>15.6</b>	77,665	14.9	3,020	3.9	148,349	14.3
Europe	<b>68,161</b>	<b>13.2</b>	70,927	13.6	(2,766)	(3.9)	141,493	13.7
Others	<b>22,472</b>	<b>4.3</b>	23,433	4.5	(961)	(4.1)	46,654	4.5
Net sales	<b>¥517,003</b>	<b>100.0</b>	¥520,378	100.0	¥(3,375)	(0.6)	¥1,034,574	100.0
Sales outside Japan	<b>¥322,295</b>		¥314,840		¥7,455	2.4	¥626,013	
Sales outside Japan ratio to net sales	<b>62.3%</b>		60.5%				60.5%	

## 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. Investments in debt and equity securities as of September 30, 2002, March 31, 2002 and September 30, 2001, included in short-term investments (current assets) and in securities and other investments (non-current assets) are summarized as follows :

	Japanese yen in millions							
	September 30, 2002				March 31, 2002			
	Cost	Aggregate fair values	Gross unrealized gains	Gross unrealized losses	Cost	Aggregate fair values	Gross unrealized gains	Gross unrealized losses
Available-for-sale securities :								
Corporate debt securities	¥22,725	¥22,447	¥14	¥292	¥28,127	¥27,838	¥19	¥308
Other debt securities	24,056	20,044	4	4,016	24,056	21,821	4	2,239
Equity securities	262,183	235,492	5,227	31,918	262,039	216,100	6,163	52,102
Total available-for-sale securities	<u>308,964</u>	<u>277,983</u>	<u>5,245</u>	<u>36,226</u>	<u>314,222</u>	<u>265,759</u>	<u>6,186</u>	<u>54,649</u>
Held-to-maturity securities :								
Corporate debt securities	23,340	23,141	1	200	31,091	30,626	1	466
Other debt securities	28,987	29,210	223	-	12,591	12,568	4	27
Total held-to-maturity securities	<u>52,327</u>	<u>52,351</u>	<u>224</u>	<u>200</u>	<u>43,682</u>	<u>43,194</u>	<u>5</u>	<u>493</u>
Total investments in debt and equity securities	<u>¥361,291</u>	<u>¥330,334</u>	<u>¥5,469</u>	<u>¥36,426</u>	<u>¥357,904</u>	<u>¥308,953</u>	<u>¥6,191</u>	<u>¥55,142</u>
September 30, 2001								
	Cost	Aggregate fair values	Gross unrealized gains	Gross unrealized losses				
Available-for-sale securities :								
Corporate debt securities	¥11,071	¥11,017	¥30	¥84				
Other debt securities	44,856	41,724	94	3,226				
Equity securities	266,189	207,542	6,175	64,822				
Total available-for-sale securities	<u>322,116</u>	<u>260,283</u>	<u>6,299</u>	<u>68,132</u>				
Held-to-maturity securities :								
Corporate debt securities	34,769	34,604	13	178				
Other debt securities	1,999	2,003	4	-				
Total held-to-maturity securities	<u>36,768</u>	<u>36,607</u>	<u>17</u>	<u>178</u>				
Total investments in debt and equity securities	<u>¥358,884</u>	<u>¥296,890</u>	<u>¥6,316</u>	<u>¥68,310</u>				

Note: Cost represents amortized cost for debt securities and acquisition cost for equity securities. The cost basis of the individual securities is written down to fair value as a new cost basis when other-than-temporary impairment is recognized.

## DERIVATIVE FINANCIAL INSTRUMENTS

The aggregate contract amounts and fair value of derivative financial instruments are as follows  
(Negative figures in fair value represents valuation loss.)

	<b>Japanese yen in millions</b>			
	<b>September 30, 2002</b>		March 31, 2002	
	Contract Amount	Fair Value	Contract Amount	Fair Value
Currency swaps	¥669	¥58	¥669	¥3
Foreign currency forward contracts to sell	70,194	(885)	56,582	(779)
Foreign currency forward contracts to buy	7,066	85	6,146	25
Interest swaps	99,069	(2,329)	127,908	(1,640)
Interest options	-	-	-	-

	<b>Japanese yen in millions</b>	
	September 30, 2001	
	Contract Amount	Fair Value
Currency swaps	¥580	¥(21)
Foreign currency forward contracts to sell	49,548	16
Foreign currency forward contracts to buy	11,484	(56)
Interest swaps	126,044	(1,846)
Interest options	18,000	(8)

Note : The fair value was estimated based on quotes 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 accounted for by the equity method :

TAITO CORPORATION  
KINSEKI, LTD.

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

#### Consolidation

(Increase) Established : 3      KYOCERA WIRELESS MEXICO, S.A. DE C.V.  
KYOCERA COMMUNICATION ASIA PACIFIC PTE LTD.  
INTERNATIONAL GOLF RESORT KYOCERA, CO., LTD.

Acquired : 10      KYOCERA CHEMICAL CO., LTD., and others

Moved from equity method : 1  
IMAGING TECHNOLOGY SYSTEMS, LTD.

(Decrease) Sold : 1      KYOCERA SOLAR ARGENTINA S.A.

Liquidated : 3      KYOCERA EUROPE GmbH  
MITA ENGINEERING SERVICE CO., LTD.  
TY-COM BAJA CALIFORNIA, S. de R.L. de C.V.

Decreased due to reorganization of subsidiaries : 1  
KYOCERA MITA HIRAKATA CORPORATION

#### Equity method

(Increase) None

(Decrease) Moved to consolidation : 1  
IMAGING TECHNOLOGY SYSTEMS, LTD.

### 3. Employee benefits plan

Kyocera adopts SFAS No. 87 for the calculation of employee 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 position 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 and some domestic subsidiaries ("contracted-out-portion"). The Company and some domestic subsidiaries 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.

**INTERIM NON-CONSOLIDATED FINANCIAL STATEMENTS**

**RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2002**

**KYOCERA CORPORATION**



## KYOCERA CORPORATION

The interim non-consolidated financial statements are in conformity with accounting principles generally accepted in Japan.

Date of the board of directors' meeting for the interim results : October 31, 2002

Payment date of interim dividends: December 5, 2002

### 1. Results for the six months ended September 30, 2002 :

#### (1) Results of operations :

	<b>Japanese yen</b>		
	<b>Six months ended September 30,</b>		<b>Year ended March 31,</b>
	<b>2002</b>	<b>2001</b>	<b>2002</b>
Net sales	<b>¥227,798 million</b>	¥259,163 million	¥499,264 million
% change from the previous period	(12.1)%	(16.4)%	
Profit from operations	<b>14,936 million</b>	25,288 million	38,364 million
% change from the previous period	(40.9)%	(34.5)%	
Recurring profit	<b>14,956 million</b>	31,668 million	56,412 million
% change from the previous period	(52.8)%	(30.8)%	
Net income	<b>9,291 million</b>	19,895 million	34,475 million
% change from the previous period	(53.3)%	-	
Earnings per share	<b>¥49.50</b>	¥104.54	¥182.36

#### Notes :

##### 1. Average number of common stock outstanding during the period

Six months ended September 30, 2002 : 187,694,080 shares

Six months ended September 30, 2001 : 190,318,300 shares

Year ended March 31, 2002 : 189,049,779 shares

##### 2. Change in accounting policies : Please refer to the note on page 36.

#### (2) Dividend information :

	<b>Japanese yen</b>		
	<b>Six months ended September 30,</b>		<b>Year ended March 31,</b>
	<b>2002</b>	<b>2001</b>	<b>2002</b>
Interim dividends per share	<b>¥30.00</b>	¥30.00	-
Annual dividends per share	-	-	¥60.00

(3) Financial condition :

	<b>Japanese yen</b>		
	<b>September 30,</b>		March 31,
	<b>2002</b>	2001	2002
Total assets	<b>¥1,097,263 million</b>	¥1,118,352 million	¥1,110,951 million
Stockholders' equity	<b>862,904 million</b>	873,733 million	879,434 million
Stockholders' equity to total assets	<b>78.6 %</b>	78.1 %	79.2 %
Stockholders' equity per share	<b>¥4,663.62</b>	¥4,590.90	¥4,652.07

Notes : Total number of shares outstanding as of :

September 30, 2002	185,029,092 shares
September 30, 2001	190,318,300 shares
March 31, 2002	189,041,518 shares

Total number of treasury stock as of :

September 30, 2002	6,280,198 shares
September 30, 2001	1,283,421 shares
March 31, 2002	1,276,782 shares

2. Forecast for the year ending March 31, 2003 :

	<b>Japanese yen</b>
	<b>Year ending</b>
	<b>March 31, 2003</b>
Net sales	<b>¥462,700 million</b>
Recurring profit	<b>44,100 million</b>
Net income	<b>31,000 million</b>
Annual dividends per share	<b>60.00</b>
(Year-end dividends per share)	<b>30.00</b>

Note : Forecast for annual earnings per share: ¥167.54

With regard to the forecasts set forth above, please refer to the accompanying "Forward Looking Statements" on page 17.

## BALANCE SHEETS

### ASSETS

	Japanese yen in millions					
	September 30,		March 31,		September 30,	
	2002		2002		2001	
	Amount	%	Amount	%	Amount	%
Current assets :						
Cash and bank deposits	¥184,843		¥175,666		¥68,976	
Trade notes receivable	41,814		50,580		61,409	
Trade accounts receivable	78,313		85,035		91,476	
Marketable securities	14,199		10,901		97,103	
Treasury stock, at cost	-		-		17	
Finished goods and merchandise	27,419		35,944		39,371	
Raw materials	17,801		21,802		27,598	
Work in process	19,406		20,571		21,848	
Supplies	560		490		552	
Deferred income taxes	30,378		31,464		28,317	
Short-term loans	6,549		18,340		23,869	
Other accounts receivable	3,206		3,800		3,828	
Other current assets	779		761		1,695	
Allowances for doubtful accounts	(247)		(300)		(451)	
Total current assets	425,025	38.7	455,058	41.0	465,612	41.6
Fixed assets :						
Tangible fixed assets :						
Buildings	40,949		43,099		45,495	
Structures	2,577		2,711		2,823	
Machinery and equipment	41,121		48,510		59,835	
Vehicles	30		40		49	
Tools, furniture and fixtures	9,013		9,519		10,136	
Land	30,386		30,335		30,335	
Construction in progress	610		744		638	
Total tangible fixed assets	124,690	11.4	134,960	12.1	149,315	13.4
Intangible assets :						
Patent rights and others	3,278		4,095		4,788	
Total intangible assets	3,278	0.3	4,095	0.4	4,788	0.4
Investments and other assets :						
Investments in securities	311,869		312,723		302,277	
Investments in subsidiaries	194,160		146,436		145,699	
Investments in subsidiaries other than equity securities	23,580		25,869		22,019	
Long-term loans	12,334		23,792		10,000	
Long-term prepaid expenses	4,336		3,577		3,426	
Treasury stock, at cost	-		-		10,139	
Other investments	5,402		11,907		12,552	
Allowances for doubtful accounts	(1,465)		(7,470)		(7,479)	
Allowances for losses on investments	(5,950)		-		-	
Total investments and other assets	544,268	49.6	516,836	46.5	498,636	44.6
Total fixed assets	672,238	61.3	655,892	59.0	652,739	58.4
Total assets	¥1,097,263	100.0	¥1,110,951	100.0	¥1,118,352	100.0

## LIABILITIES

	Japanese yen in millions					
	September 30,		March 31,		September 30,	
	2002		2002		2001	
	Amount	%	Amount	%	Amount	%
<b>Current liabilities :</b>						
Trade notes payable	¥688		¥1,023		¥1,508	
Trade accounts payable	44,818		40,899		42,181	
Other payables	65,862		66,318		79,995	
Accrued expenses	6,892		8,810		8,621	
Income taxes payables	7,700		11,400		12,400	
Deposits received	2,971		2,581		3,274	
Accrued bonuses	11,000		11,520		12,100	
Provision for warranties	467		734		705	
Provision for sales returns	247		229		243	
Other notes payable	76		523		336	
Other current liabilities	285		770		121	
Total current liabilities	141,010	12.9	144,810	13.0	161,488	14.5
<b>Non-current liabilities :</b>						
Deferred income taxes	19,450		12,640		9,086	
Accrued pension and severance costs	72,435		72,612		72,648	
Directors' retirement allowance	1,122		1,121		1,063	
Other non-current liabilities	340		332		333	
Total non-current liabilities	93,348	8.5	86,706	7.8	83,131	7.4
Total liabilities	234,358	21.4	231,516	20.8	244,619	21.9
<b>STOCKHOLDERS' EQUITY</b>						
Common stock	-	-	115,703	10.4	115,703	10.4
Statutory reserves:						
Additional paid-in capital	-	-	174,487		174,487	
Legal reserves	-	-	17,206		17,206	
Total statutory reserves	-	-	191,693	17.3	191,693	17.1
Retained earnings:						
Reserve for special depreciation	-	-	3,762		3,762	
Reserve for research and development	-	-	1,000		1,000	
Reserve for dividends	-	-	1,000		1,000	
Reserve for retirement benefits	-	-	300		300	
Reserve for overseas investments	-	-	1,000		1,000	
General reserve	-	-	446,828		446,828	
Unappropriated retained earnings	-	-	35,180		26,272	
Total retained earnings	-	-	489,071	44.0	480,162	42.9
Net unrealized valuation gain	-	-	93,076	8.4	86,173	7.7
Net unrealized valuation gain on other securities	-	-	93,076		86,173	
Treasury stock, at cost	-	-	(10,110)	(0.9)	-	-
Total stockholders' equity	-	-	879,434	79.2	873,733	78.1
Common stock	115,703	10.5	-	-	-	-
Additional paid-in capital	185,838	16.9	-	-	-	-
Retained earnings:						
Legal reserves	17,206		-		-	
Reserve for special depreciation	3,148		-		-	
Reserve for research and development	1,000		-		-	
Reserve for dividends	1,000		-		-	
Reserve for retirement benefits	300		-		-	
Reserve for overseas investments	1,000		-		-	
General reserve	469,828		-		-	
Unappropriated retained earnings	16,339		-		-	
Total retained earnings	509,822	46.5	-	-	-	-
Net unrealized valuation gain	103,099	9.4	-	-	-	-
Net unrealized valuation gain on other securities	103,099		-		-	
Treasury stock, at cost	(51,559)	(4.7)	-	-	-	-
Total stockholders' equity	862,904	78.6	-	-	-	-
Total liabilities and stockholders' equity	¥1,097,263	100.0	¥1,110,951	100.0	¥1,118,352	100.0

## STATEMENTS OF INCOME

	Japanese yen in millions						
	Six months ended September 30,				Increase (Decrease)	Year ended March 31,	
	2002		2001			2002	
	Amount	%	Amount	%	%	Amount	%
Recurring profit and loss :							
Operating income and expenses :							
Net sales	¥227,798	100.0	¥259,163	100.0	(12.1)	¥499,264	100.0
Cost of sales	180,896	79.4	198,619	76.6	(8.9)	385,740	77.3
Selling, general and administrative expenses	31,966	14.0	35,255	13.6	(9.3)	75,159	15.0
Profit from operations	<u>14,936</u>	<u>6.6</u>	<u>25,288</u>	<u>9.8</u>	<u>(40.9)</u>	<u>38,364</u>	<u>7.7</u>
Non-operating income and expenses :							
Non-operating income :							
Interest and dividend income	4,469	2.0	7,253	2.8	(38.4)	15,473	3.1
Foreign currency transaction gains, net	-	-	-	-	-	3,753	0.8
Other non-operating income	1,901	0.8	1,713	0.6	10.9	3,587	0.7
Total non-operating income	<u>6,370</u>	<u>2.8</u>	<u>8,967</u>	<u>3.4</u>	<u>(29.0)</u>	<u>22,814</u>	<u>4.6</u>
Non-operating expenses :							
Interest expense	1	0.0	0	0.0	14.9	17	0.0
Foreign currency transaction losses, net	5,128	2.3	1,843	0.7	178.2	-	-
Other non-operating expenses	1,220	0.5	743	0.3	64.2	4,748	1.0
Total non-operating expenses	<u>6,350</u>	<u>2.8</u>	<u>2,588</u>	<u>1.0</u>	<u>145.4</u>	<u>4,765</u>	<u>1.0</u>
Recurring profit	<u>14,956</u>	<u>6.6</u>	<u>31,668</u>	<u>12.2</u>	<u>(52.8)</u>	<u>56,412</u>	<u>11.3</u>
Non-recurring gain and loss :							
Non-recurring gain	6,311	2.7	247	0.1	-	1,603	0.4
Non-recurring loss	6,636	2.9	1,200	0.4	452.7	6,293	1.3
Income before income taxes	14,632	6.4	30,714	11.9	(52.4)	51,722	10.4
Income taxes – current	5,440	2.4	11,119	4.3	(51.1)	22,137	4.5
Income taxes – deferred	(99)	(0.1)	(300)	(0.1)	(66.9)	(4,890)	(1.0)
Net income	<u>9,291</u>	<u>4.1</u>	<u>19,895</u>	<u>7.7</u>	<u>(53.3)</u>	<u>34,475</u>	<u>6.9</u>
Unappropriated retained earnings brought forward from the previous year	7,048		6,376			6,376	
Net realized loss on treasury stock, at cost	0		-			-	
Interim dividends	-		-			5,671	
Unappropriated retained earnings at end of period	<u>¥16,339</u>		<u>¥26,272</u>			<u>¥35,180</u>	

## 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
- (2) Valuation of derivatives instruments : 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 method.
  - Raw materials and supplies :  
Raw materials and supplies, except those for telecommunications equipment, are valued at the lower of cost or market, the cost being determined by the last purchase method.  
Raw materials for telecommunications equipment are valued at the lower of cost or market, the cost being determined by the first-in, first-out method.
- (4) Depreciation of fixed assets :
  - Tangible fixed assets :  
Depreciation is computed at rates based on the estimated useful lives of assets using the declining balance method.  
The principal estimated useful lives are as follows:

Building and structures	2 to 25 years
Machinery and equipment, and Tools, furniture and fixtures	2 to 10 years
  - Intangible fixed assets :  
Amortization is computed at rates based on the estimated useful lives of assets using the straight-line method.
- (5) Accounting for allowance and accruals :
  - Allowances for doubtful accounts :  
Allowances for doubtful accounts are provided at an estimated amount of the past actual ratio of losses on bad debts.  
Certain allowances are provided for estimated uncollectible receivables.
  - Accrued bonuses :  
Accrued bonuses are provided based upon the amounts expected to be paid which is determined by actual payment of previous year.
  - Accrued pension and severance costs :  
Pension and severance costs are recognized based on 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 the straight-line method.  
Actuarial gains or losses are amortized over estimated average remaining service period of employees (18 years) by using the 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. Change in significant accounting policy :

The Company charged royalty expenses related to certain products to the cost of manufacturing from this first half. Those royalty expenses were previously charged to selling, general and administrative expenses as the amounts of royalty to be paid were fixed at the time of sales of the products. This change was made to measure manufacturing cost more appropriately as a result of reviewing accounting policies adopted by group companies to promote the unification of those policies. Further, the Company charged certain costs for production of repair parts and provision for warranty to the cost of manufacturing from this first half. Such costs were also included in selling, general and administrative expenses previously as those costs were incurred after the sales. This change was made as those costs were related to production including quality control. As a result of changes, gross profit for the first half decreased by 4,117 million yen. There were no impact on profit from operations, recurring profit and income before income taxes for this first half.

3. Notes to the balance sheet :

	Japanese yen in millions		
	September 30, 2002	March 31, 2002	September 30, 2001
(1) Accumulated depreciation of tangible fixed assets	¥302,450	¥306,989	¥298,060
(2) Time deposit pledged as collateral	¥57,504	¥59,508	¥53,381
(3) Discounted trade notes receivable	¥31	¥14	¥2
(4) Guarantee	¥42,449	¥44,282	¥18,507

4. Notes to the statements of income :

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

	Japanese yen in millions		
	Six months ended September 30, 2002	2001	Year ended March 31, 2002
1) Non-recurring gain :			
Gain on disposal of tangible fixed assets	¥148	¥92	¥1,260
Reversal of allowance for doubtful accounts	¥5,999	¥154	¥338
2) Non-recurring loss :			
Loss on disposal of tangible fixed assets	¥422	¥653	¥1,395
Loss on devaluation of investment in securities	¥194	¥514	¥4,885
Provision for losses on investment in subsidiary	¥5,950	-	-

(2) Depreciation and amortization :

	Japanese yen in millions		
	Six months ended September 30, 2002	2001	Year ended March 31, 2002
Tangible fixed assets	¥13,443	¥18,335	¥38,408
Intangible assets	¥1,056	¥1,001	¥2,114

5. Note for lease transaction :

Pro forma information relating to acquisition costs, accumulated depreciation and future minimum lease payments for property held under finance leases which do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the period ended September 30, 2002, March 31, 2002, and September 30, 2001, is as follows :

	<b>Japanese yen in millions</b>		
	<b>September 30, 2002</b>	March 31, 2002	September 30, 2001
(1) Leased property acquisition costs, accumulated depreciation and balance of leased property :			
Acquisition cost	<b>¥4,679</b>	¥5,694	¥5,119
Accumulated depreciation	<b>¥2,842</b>	¥3,543	¥2,885
Net balance of leased property	<b>¥1,836</b>	¥2,150	¥2,233
(2) Future lease payment at the latest balance sheet date :			
Due within one year	<b>¥943</b>	¥1,027	¥1,044
Due after one year	<b>¥949</b>	¥1,152	¥1,244
Total	<b>¥1,892</b>	¥2,179	¥2,289

(3) Lease payment, depreciation and interests :

	<b>Japanese yen in millions</b>		
	<b>Six months ended September 30,</b>		Year ended March 31,
	<b>2002</b>	2001	2002
Lease payments	<b>¥624</b>	¥685	¥1,364
Depreciation	<b>¥575</b>	¥626	¥1,248
Interest expense	<b>¥46</b>	¥61	¥120

(4) Calculation of depreciation : Using the straight-line method

(5) Calculation of interests :

The difference between total lease payments and total estimated acquisition costs (fair market value) of leased property is recognized as interest, and allocated over the lease period based on the sum of digit method.

6. Note for marketable securities:

Market value for investment in subsidiaries and affiliates:

	<b>Japanese yen in millions</b>		
	Carrying Amount	Market value	Difference
Investment in subsidiaries	¥57,173	¥123,494	¥66,320
Investment in affiliates	¥14,811	¥17,860	¥3,048

7. Supplemental information

Accounting method for treasury stock and reversal of statutory reserve:

From this first half, the Company adopted Accounting Standards Board Statement No. 1 "Accounting Standards for the Company's Own Share and the Withdrawal of Legal Reserve." This adoption was not material to the earnings for the first half.

In accordance with amendment of regulation for semi annual financial statements, the Company disclosed treasury stock as a reduction of shareholders' equity in the semi annual financial statements, which was previously disclosed in assets (17 million yen as current assets and 10,139 million yen as non-current assets).



## FINANCIAL HIGHLIGHTS AND FORECASTS

### 1. Consolidated

	Results for the Six months ended		Increase (Decrease)	Forecast for the	Increase (Decrease)
	September 30, 2002	September 30, 2001		Year ending March 31, 2003	
	Million yen	Million yen	%	Million yen	%
Net sales	517,003	520,378	(0.6)	1,057,000	2.2
Profit from operations	36,947	34,160	8.2	85,500	65.8
Income before income taxes	33,593	35,382	(5.1)	82,500	48.9
Net income	17,127	19,103	(10.3)	50,000	56.5
Earnings per share:	yen	yen		yen	
Income before cumulative effect of changing accounting principle:					
Basic	103.27	110.76	-	-	-
Diluted	103.22	110.62	-	-	-
Net income:					
Basic	91.25	101.04	-	-	-
Diluted	91.21	100.92	-	266.27	-
Exchange rates	yen	yen		yen	
US\$	123	122	-	119	-
EURO	117	108	-	114	-
	Million yen	Million yen	%	Million yen	%
Capital expenditure	19,191	33,452	(42.6)	44,000	(19.5)
Depreciation	31,328	35,999	(13.0)	66,000	(13.4)
R&D expense	23,554	17,655	33.4	44,000	8.9
Total assets	1,639,928	1,610,346	-	-	-
Stockholders' equity	1,013,188	996,925	-	-	-
Number of employees	46,763	42,872	-	-	-
Overseas production ratio	35.0	33.3	-	-	-

Note: Please refer to the accompanying "Forward-Looking Statements" on page 17 of the consolidated interim statement..

### 2. Non-consolidated

	Results for the Six months ended		Increase (Decrease)	Forecast for the	Increase (Decrease)
	September 30, 2002	September 30, 2001		Year ending March 31, 2003	
	Million yen	Million yen	%	Million yen	%
Net sales	227,798	259,163	(12.1)	462,700	(7.3)
Profit from operations	14,936	25,288	(40.9)	35,700	(6.9)
Recurring profit	14,956	31,668	(52.8)	44,100	(21.8)
Net income	9,291	19,895	(53.3)	31,000	(10.1)
Earnings per share	49.50	104.54	-	167.54	-
Dividends per share	30.00	30.00	-	60.00	-
	Million yen	Million yen	%	Million yen	%
Capital expenditure	6,213	14,075	(55.9)	20,000	(5.8)
Depreciation	13,443	18,335	(26.7)	29,000	(24.5)
R&D expense	8,552	8,943	(4.4)	16,500	(4.0)
Total assets	1,097,263	1,118,352	-	-	-
Stockholders' equity	862,904	873,733	-	-	-
Number of employees	13,983	14,550	-	-	-

Note: Please refer to the accompanying "Forward-Looking Statements" on page 17 of the consolidated interim statement..