

Status of Yokogawa Group

The Yokogawa Group consists of Yokogawa Electric Corporation ("the Company"), its 102 subsidiaries, and 28 affiliated companies. The major businesses of group companies and businesses pertaining to each company in the group by segment are as follows.

Note that business activities are classified as either (1) the measurement, control, and information equipment business segment, or (2) the other businesses segment. This classification is based on a consideration of product affiliations and market similarities.

Note also that the group's aerospace, shipping, and marine-related products—which were included in the "other businesses" segment in the previous accounting year—are now classified under the "measurement, control, and information equipment business segment" due to a change in these products' technological characteristics, and that the subsidiaries which manufacture and sell these products on behalf of the parent company are now classified as belonging to this segment.

(1) The measurement, control, and information equipment business: 109 companies

In this business segment, the Company is the main manufacturer and seller of equipment. Products manufactured by consolidated subsidiaries such as Yokogawa Electronics Manufacturing and Yokogawa M&C Corporation are also purchased and sold by the Company.

Some consolidated subsidiaries abroad manufacture their own goods and purchase products from the Company for sale in their home regions. The main subsidiaries carrying out such activities are Yokogawa Electric Asia Pte. Ltd. in Southeast Asia, Yokogawa Europe B.V. in Europe, and Yokogawa Corporation of America in the United States.

Yokogawa Electric Corporation and Yokogawa Engineering Service Corporation oversee engineering and after-sales services. Yokogawa Denshikiki Co., Ltd. is mainly engaged in the production and sale of defense-related electronics equipment, marine equipment, flight ignition equipment, and other products.

(2) Other businesses: 23 companies

Yokogawa Pionics Co., Ltd. handles operations relating to real estate, while Yokogawa Human Create Corporation acts as a temporary staff agency.



Overview of Affiliated Companies

(1) Consolidated subsidiaries

	Name	Location	Capital or amount invested	Business category	Proportion of voting rights	Details				
						Interlocking directors	Funding support	Business transactions	Equipment leased	Others
			Million yen		%					
1.	Kokusai Chart Corporation	Okegawa-shi, Saitama	268	Other businesses	86.2 (0.2)	Yes	-	Production of recording charts	-	
2.	Yokogawa Engineering Service Corporation	Tachikawa-shi, Tokyo	1,000	Measurement, control, and information equipment business	100.0	Yes	-	Maintenance, servicing, and repair of measurement, control, and information equipment	Yes	* 1
3.	Yokogawa Sertec Co., Ltd.	Oume-shi, Tokyo	58	Measurement, control, and information equipment business	100.0	Yes	-	Production of induction motors	-	
4.	Yokogawa Denshikiki Co., Ltd.	Shinjuku-ku, Tokyo	514	Measurement, control, and information equipment business	75.6	Yes	Yes	Production of control equipment	Yes	
5.	Yokogawa Management Service Corporation	Musashino-shi, Tokyo	90	Measurement, control, and information equipment business and other businesses	100.0	Yes	Yes	Handles accounting, personnel, and administration	Yes	
6.	Yokogawa Infotec Corporation	Musashino-shi, Tokyo	300	Other businesses	100.0	Yes	-	Development and management of information and computer systems	Yes	
7.	Yokogawa M&C Corporation	Musashino-shi, Tokyo	300	Measurement, control, and information equipment business	100.0	Yes	Yes	Sale of measurement and control equipment	Yes	
8.	Yokogawa Pionics Co., Ltd.	Musashino-shi, Tokyo	217	Other businesses	84.0	Yes	Yes	Management of real estate	Yes	
9.	Yokogawa Trading Corporation	Musashino-shi, Tokyo	395	Measurement, control, and information equipment business	100.0	Yes	Yes	Export/import operations and procurement	Yes	* 1
10.	Yokogawa MAT Corporation	Musashino-shi, Tokyo	480	Measurement, control, and information equipment business	100.0	Yes	-	Development and sale of semiconductor manufacturing devices	Yes	
11.	Yokogawa Electronics Manufacturing Corporation	Akiruno-shi, Tokyo	1,651	Measurement, control, and information equipment business	100.0	Yes	Yes	Production of measurement and control equipment	Yes	* 1
12.	Nippon System Gijutsu Co.	Minato-ku, Tokyo	200	Measurement, control, and information equipment business	76.0	Yes	-	Development of software	-	
13.	Yokogawa & Co., Ltd.	Meguro-ku, Tokyo	114	Measurement, control, and information equipment business	50.0	Yes	Yes	Sale of measurement, control, and information equipment	Yes	* 3
14.	Yokogawa Field Engineering Corporation	Musashino-shi, Tokyo	150	Measurement, control, and information equipment business	100.0	Yes	-	Installation of equipment	Yes	
15.	YDC Corporation	Fuchu-shi, Tokyo	250	Measurement, control, and information equipment business	100.0	Yes	Yes	Development of software	Yes	
16.	Yokogawa Digital Computer Corporation	Fuchu-shi, Tokyo	200	Measurement, control, and information equipment business	100.0	Yes	Yes	—————	-	
17.	System Plaza Inc.	Shibuya-ku, Tokyo	200	Measurement, control, and information equipment business	100.0	Yes	Yes	Development of software	-	
18.	Yokogawa System Engineering Corporation	Chiba-shi, Chiba	100	Measurement, control, and information equipment business	100.0	Yes	Yes	Development of software	Yes	
19.	Yokogawa Graphic Arts Corporation	Musashino-shi, Tokyo	66	Other businesses	100.0	Yes	-	Production of publications	Yes	

	Name	Location	Capital or amount invested	Business category	Proportion of voting rights	Details				
						Interlocking directors	Funding support	Business transactions	Equipment leased	Others
20.	Yokogawa USA, INC.	Newnan Ga,U.S.A.	US dollars 95,386,000	Measurement, control, and information equipment business	100.0 %	Yes	Yes	—————	-	* 1
21.	Yokogawa Corporation of America	Newnan Ga,U.S.A.	US dollars 1,000	Measurement, control, and information equipment business	100.0 (100.0)	Yes	-	Production, sale, and engineering of measurement, control, and information equipment	-	* 2
22.	Yokogawa Electric Asia Pte.Ltd.	Bedok Singapore	Singapore dollars 51,020,000	Measurement, control, and information equipment business	100.0	Yes	Yes	Production and sale of measurement, control, and information equipment	-	* 1
23.	Yokogawa France S.A.	Velizy France	French francs 5,222,000	Measurement, control, and information equipment business	100.0 (100.0)	-	-	—————	-	
24.	Yokogawa Europe B.V.	Amersfoort The Netherlands	guilders 65,622,000	Measurement, control, and information equipment business	100.0	Yes	Yes	Sale and engineering of measurement, control, and information equipment	-	
25.	Yokogawa Australia Pty. Ltd	Sydney Australia	Australian dollars 2,000,000	Measurement, control, and information equipment business	100.0	Yes	-	Sale and engineering of measurement, control, and information equipment	-	
26.	Yokogawa America do Sul Ltda.	Sao Paulo Brazil	reals 16,055,000	Measurement, control, and information equipment business	99.4	Yes	Yes	Production, sale, servicing, and engineering of measurement, control, and information equipment	Yes	
27.	Yokogawa Engineering Asia Pte.Ltd.	Bedok Singapore	Singapore dollars 10,000,000	Measurement, control, and information equipment business	100.0 (100.0)	Yes	-	Sale, servicing, and engineering of measurement, control, and information equipment	-	
28.	Yokogawa Industrial Safety Systems B.V.	Apeldoorn The Netherlands	guilders 1,358,000	Measurement, control, and information equipment business	100.0 (100.0)	Yes	-	—————	-	
29.	Yokogawa Electric Korea Co.,Ltd.	Inchon Korea	won 1,960 million	Measurement, control, and information equipment business	100.0	Yes	-	Production, sale, and engineering of measurement, control, and information equipment	-	
30.	Yokogawa Sichuan Instrument Co., Ltd.	Chongqing China	yuan 83,112,000	Measurement, control, and information equipment business	60.0	Yes	-	Production, sale, and engineering of measurement, control, and information equipment	-	
+ 57 other companies										

(2) Affiliated companies to which the equity method of accounting has been carried out

	Name	Location	Capital or amount invested	Business category	Proportion of voting rights	Details				
						Interlocking directors	Funding support	Business transactions	Equipment leased	Others
			Million yen		%					
1.	Yokogawa Analytical Systems Inc.	Musashino-shi, Tokyo	2,000	Measurement, control, and information equipment business	49.0	Yes	-	Production of some of analytical equipment	Yes	
2.	Yokogawa Johnson Controls Corporation	Chiyoda-ku, Tokyo	800	Measurement, control, and information equipment business	45.0	Yes	-	Production and engineering of some control equipment	-	
3.	Yokogawa Rental & Lease Corporation	Musashino-shi, Tokyo	528	Other businesses	47.4	Yes	-	Rental and leasing operations in relation to measurement and control equipment	-	
4.	Ando Electric Co., Ltd.	Kawasaki-shi, Kanagawa	7,597	Measurement, control, and information equipment business	33.3	Yes	-	—————	-	* 4
5.	Yokogawa Blue Star Ltd.	Bangalore India	India rupees 87,500,000	Measurement, control, and information equipment business	40.0	Yes	-	Production, sale, and engineering of measurement, control, and information equipment	-	
+ 17 other companies										

- NOTES: 1. The "Business category" lists the name of the business segment to which each company belongs
2. *1: Special subsidiary
3. *2: Yokogawa USA, Inc. is a holding company for Yokogawa Corporation of America and Measurement Inc.
4. *3: The Company owns less than 50% but is in effective control, so the Company in question is considered a subsidiary.
5. *4: Submits financial statements
6. Figures in brackets in "Proportion of voting rights" column correspond to indirect control of voting rights.
7. In the case of consolidated subsidiaries, profit/loss information is omitted as sales (excluding internal transactions between consolidated companies) account for less than 10% of consolidated sales.

Management Policies

In January 2000 Yokogawa announced the Yokogawa Group's new corporate vision and strategy, "VISION-21 & ACTION-21", which aims at achieving healthy and profitable operations. In line with this vision, Yokogawa's management strategies currently center around the innovative transformation of the Company's business structure and the revitalization of group management.

With regard to the transformation of the Company's business structure, Yokogawa is working to expand profits by improving the efficiency of the Company's plant automation and control systems and other industrial automation (IA) business, for which the market is maturing. At the same time, the Company is shifting resources into promising new markets and growth areas such as information services, optical telecommunications, multimedia, and semiconductors. Through this major transformation of the Company's business structure, Yokogawa is working to achieve its quantitative business targets by fiscal year 2005.

Concerning the revitalization of group management, Yokogawa is working towards the maximization of group profits by undertaking the realignment and consolidation of subsidiaries and developing group management frameworks and mechanisms based on the principles of autonomy and coordination.

Under the new corporate vision and strategy, "VISION-21 & ACTION-21", Yokogawa's operating domain is divided into three main businesses: the industrial automation and control business, the measurement business, and the information service business. Yokogawa is aggressively pursuing the following basic strategies in each of its business domains.

Industrial Automation and Control Business

Yokogawa is working to reaffirm its status as a leading company in the global market by constructing an efficient management system and offering optimal system solutions and a highly reliable product line that is tailored to market needs. The Yokogawa Group is also expanding its operations in the service sector and honing its capacity to respond to demand in this future growth market. On the overseas front, the Yokogawa Group continues to invest aggressively in regions including China, Southeast Asia, the Middle East, Russia, and Europe and is working to increase its orders received from these markets. Back in Japan, Yokogawa is actively cultivating growth markets such as food, pharmaceuticals, and fine chemicals that are targets of the strong investment, while working to improve profitability and respond promptly to demand from customers for replacement facilities.

Measurement Business

The Yokogawa Group is expanding its business through the active introduction of highly-competitive products into the growing semiconductor and communications network equipment markets. The market environment for semiconductor testers is currently extremely harsh, but Group is aiming to expand its operations through a product strategy focusing on the devices to be used in potential growth products such as broadband communications equipment and information appliances. In the area of motion and measurement, the Group has developed a range of unique component products targeted at the semiconductor production device market as well as highly-competitive products such as IC handlers, and is working to expand its business through coordination with the Group's LSI tester operations. In the area of measurement instruments, the Group is bolstering its lineup of high-frequency measurement equipment for use in the development of next-generation information and telecommunications network devices and household appliances with digital information capabilities, while working to expand its operations through the commercialization of products based on the Group's leading-edge device technology, such as measuring instruments and devices for use in the optical transmission systems that will make the era of broadband a reality. Meanwhile, in the component business, which handles products including power supplies used in computer peripherals and other devices, the Group is working to expand sales channels in the growing market for information appliances.

Information Service Business

The Yokogawa Group is working to expand its operations in the area of medical information systems with its strong market base, while working to quickly establish a range of information services targeting new markets by exploiting the Group's strengths in information technology. The Group is also seeking to expand its operations by making active use of alliances with world-leading firms to develop businesses such as information network security monitoring and system solution businesses targeting manufacturers and other firms seeking to promote business efficiency through the use of Information Technology (IT).

Other Businesses

Yokogawa is expanding its aircraft-related operations by strengthening its capacity to respond to non-military demand. The Group is also expanding its production consignment operations, having established electronics manufacturing services that take full advantage of the Group's wide range of production technologies and production management know-how.

By steadily pursuing these strategies in each of the Yokogawa Group's business domains, the Group hopes to achieve the following consolidated business targets by fiscal year 2005: consolidated sales of 500 billion yen, consolidated operating profits of 50 billion yen, consolidated ROA of 5.0%, and consolidated ROE of 10.0%.

Yokogawa constantly strives to expand corporate value and maintain stable shareholder dividends taking into account a wide range of factors including performance and dividend pay-out ratios. Funds from retained earnings are invested—with a view to advancing consolidated group performance—in the new businesses necessary to achieve the transformation of the Company's business structure and the revitalization of group management, the development of new products targeting potential growth markets, and the development of the mechanisms necessary to achieve efficient consolidated management. In addition, Yokogawa works continually to strengthen its financial structure and increase the return on shareholders' equity, and maintains a basic policy of repurchasing and retiring shares when appropriate and returning profits to shareholders.

Business Results

1) Review of Operations for the Interim Period ended September 30, 2001

<General>

Sales for the Yokogawa Group's measurement business fell sharply relative to the first half of fiscal year 2000 as the global IT recession brought about a sharp decline in demand for semiconductor-related products, thereby reducing previously-strong demand for Yokogawa's LSI testers, IC handlers, and developer-oriented measurement equipment. In contrast, a strong recovery in capital investment in overseas markets such as Europe, Russia, the Middle East, Southeast Asia, and China brought about a slight increase in sales for the Group's control-related businesses despite the continuing slump in capital investment within the Japanese market.

As a result, consolidated sales fell to 152.3 billion yen, a decrease of 14.1 billion yen (8.5%) from the first half of fiscal year 2000. We believe that this decrease was due not to a change in the business cycle, but instead reflects significant changes in industrial and social structure. With this in mind, we have accelerated our efforts to reform the Group's cost structure in line with our new corporate vision and strategy.

The Yokogawa Group posted a consolidated pretax loss of 1.1 billion yen, which was due in large part to an equity method loss of 1.4 billion yen posted in relation to the first half-year loss for Ando Electric Co., Ltd., a company in which Yokogawa holds a 33% stake. Worse still, the Group recorded a consolidated net loss of 5.4 billion yen including the 2.2 billion yen appraisal losses on investment securities.

<Results by Business Segment>

Sales for the Group's control-related businesses rose in such markets as Europe, the Middle East, Russia, China, and Southeast Asia, although the Japanese market remained a particularly harsh environment as capital investment continues to fall. Profits increased as a result of an improvement in the Group's domestic profit structure.

The Group's measurement-related businesses saw sales of IC handlers and other LSI testers fall sharply in line with the global IT recession. In the area of measurement equipment for research and development, the Yokogawa Group is a new entrant to the optical transmission system market, having supplemented its range of telecommunications network and multimedia measurement equipment by becoming the world's first company to develop and commercialize an optical transmission key module which enables optical transmission at a rate of 40 gigabits per second, thereby opening the door for the arrival of the broadband era. Yokogawa has also combined with Ando Electric to commercialize measurement instruments for use in the development of 40-gigabit optical transmission systems based on this module. Nevertheless, earnings and profits fell sharply for the Group's measurement business as a whole, due in large part to the impact of the IT recession.

In the information service business segment, a number of new businesses are currently at the investment stage and are yet to generate profits. However, we have accelerated our efforts to cultivate new businesses by further strengthening our foundation in the area of medical information systems and aggressively expanding our manufacturer-oriented system solution business.

In the "other businesses" segment, our production consignment business—which is based on an alliance with Lam Research, a US manufacturer of semiconductor etching equipment—has suffered a sharp downturn in the wake of the IT recession.

<Results by Region>

The Yokogawa Group posted sales of 9.4 billion yen in Europe for an increase of 1.7 billion yen (22.0%) compared with the previous year. Profits recovered to 435 million yen after a loss of 207 million yen was posted in the first half of fiscal year 2000, reflecting reduced operating costs and improvements in other areas.

Sales in Asia rose 2.4 billion yen (24.8%) compared with the previous fiscal year to 12.1 billion yen, but profits fell some 873 million yen (64.4%) to 482 million yen.

North American sales were held back by the performance of the measurement business segment, but growth in the control business segment brought about a slight increase in sales to 9.2 billion yen.

Sales in the Japanese market totaled 117.2 billion yen, a decrease of 19.8 billion yen (14.5%) compared with the previous fiscal year. Profits fell a massive 4.4 billion yen (92.9%) to 342 million yen.

<Cash Flow Summary>

Net cash flow from business activities totaled 19.4 billion yen as a result of cost reductions and a decrease in working capital, while net cash flow from investment activities was kept to -4.6 billion yen due to a reduction in capital investment. As a result, the Yokogawa group had free cash flow—calculated by combining cash flow from business activities and investment activities—of 14.8 billion yen. The Group also used funds on hand to redeem 10 billion yen in ordinary bonds in May and pay dividends (including special dividends) totaling 2.1 billion yen. The balance of cash and cash equivalents stood at 51.5 billion yen as of the end of September, an improvement of 822 million yen from the end of March.

<Dividends>

Dividends paid to shareholders for the second half of fiscal year 2001 were 3.75 yen per share, as is the case with the first half of fiscal year 2001.

2) The Business Forecast for the Year ending March 31, 2002

<Overview>

The market for semiconductor-related products is expected to remain in a sharp adjustment phase in the second half of fiscal year 2001 as a result of the global IT recession. With this situation in mind, we have accelerated our efforts to reform the Group's cost structure in line with our new corporate vision and strategy, and are implementing far-reaching reform measures aimed at maintaining profitability.

The slump in capital spending in the Japanese market means that we hold little hope on the domestic front for our plant control systems and other businesses in the control-related segment. However, sales are growing in such markets as China, Southeast Asia, the Middle East, and Russia as a result of active capital spending. Furthermore, Yokogawa's reputation for providing high-quality services and advanced technological capabilities has grown increasingly strong among leading global oil firms and other international companies. We are working to exploit this reputation by perfecting our order-receiving system for these markets and thereby achieving significant growth in sales. In addition to offering a stable supply of sophisticated and highly reliable system products, we are promoting sales of "STARDOM"—a new product which combines reliability with a multimodal and flexible engineering environment—as part of our plan to expand aggressively into untapped Japanese markets.

Conditions in the market for semiconductor-related products are expected to remain difficult for some time to come. However, our business strategy for IC handlers and other LSI testers is focusing on the markets for broadband telecommunications digital information equipment that is expected to develop following a recovery in market conditions. In the area of measurement equipment for research and development, we are continuing to strength our lineup of communications- and network-related products, and will continue to announce the results of our joint development activities with Ando Electric, following the commercial release of an optical measurement system compatible with 40-gigabit optical transmission in the first half of the current financial year.

A number of businesses in the information service segment are still in the post-launch investment phase, and we expect these areas to yield tangible results over the coming years. We are actively working to develop our range of information service solutions targeted at manufacturers and other firms.

<Consolidated Forecasts>

Sales	310 billion yen	(down 12.1% compared with the previous fiscal year)
Operating profits	4 billion yen	(down 75.3% compared with the previous fiscal year)
Pretax profits	-1 billion yen	
Net profits	-7 billion yen	

<Non-consolidated Forecasts>

Sales	176 billion yen	(down 13.2% compared with the previous fiscal year)
Operating profits	0.5 billion yen	(down 94.1% compared with the previous fiscal year)
Pretax profits	0.5 billion yen	(down 94.8% compared with the previous fiscal year)
Net profits	-9.5 billion yen	

Note: We assume an exchange rate of ¥115 to US\$1 in the second half of fiscal year 2001.

<Notes Regarding Forecasts>

The above forecasts are based on certain assumptions deemed reasonable by Yokogawa at the present time and may differ from actual business results.

Major factors that may affect performance include the following.

- Fluctuations in the US dollar, European currencies, and Asian currencies relative to the yen
- A sudden change in economic conditions in major markets, or a change in trade regulations or other aspects of the business environment
- A sudden change in product supply or demand
- Rapid technological innovation
- Fluctuations in Japanese share prices
- Protection of Yokogawa patents and use of other companies' patents
- Tie-ups with other companies in relation to product development etc.

CONSOLIDATED INTERIUM FINANCIAL STATEMENTS

Consolidated Interim Balance Sheets

(Million¥)

	As of Sept. 30, 2001		As of Sept. 30, 2000		As of Mar. 31, 2000	
		%		%		%
Assets	(367,185)	100.0	(423,328)	100.0	(410,831)	100.0
Current assets	(197,765)	53.9	(238,662)	56.4	(232,364)	56.6
Cash on hand and in bank	30,964		38,605		26,533	
Notes and accounts receivables	88,090		98,085		116,013	
Marketable securities	23,533		33,771		25,108	
Inventories	40,619		43,390		43,067	
Other current assets	15,874		25,857		23,052	
Allowance for doubtful notes and accounts	△ 1,317		△ 1,047		△ □□□ □	
Fixed Assets	(169,394)	46.1	(184,617)	43.6	(178,429)	43.4
(Tangible fixed assets)	(75,107)	20.5	(77,879)	18.4	(76,399)	18.6
Building and structures	41,332		42,623		42,265	
Others fixed assets	33,774		35,256		34,133	
(Intangible fixed assets)	(11,775)	3.2	(9,843)	2.3	(11,042)	2.7
Consolidated goodwill	253		570		433	
Others	11,521		9,273		10,608	
(Investment and other assets)	(82,512)	22.5	(96,893)	22.9	(90,988)	22.1
Investments in securities	48,024		68,688		64,150	
Others	34,965		28,304		27,289	
Allowance for doubtful notes and accounts	△ 477		△ 100		△ 451	
Deferred assets	(25)	0.0	(48)	0.0	(37)	0.0
Total assets	367,185	100.0	423,328	100.0	410,831	100.0

(Million¥)

	As of Sept. 30, 2001		As of Sept. 30, 2000		As of Mar. 31, 2001	
		%		%		%
Liabilities	(176,052)	47.9	(219,115)	51.7	(208,637)	50.8
Current liabilities	(79,031)	21.5	(97,105)	22.9	(95,883)	23.3
Trade notes and accounts payable	23,077		31,583		35,709	
Short-term loans	9,120		15,088		9,698	
Corporate bond(redeemable in one year)	10,000		10,000		10,000	
Accrued bonuses	5,801		7,477		8,306	
Other current liabilities	31,032		32,955		32,168	
Long-term liabilities	(97,021)	26.4	(122,010)	28.8	(112,753)	27.5
Corporate bond	32,000		42,000		42,000	
Long-term loans	18,946		20,605		20,165	
Reserve for retirement payments	43,566		57,147		48,556	
Other reserves	940		1,148		1,206	
Others	1,568		1,108		825	
Minority interests in consolidated subsidiaries	2,200	0.6	1,990	0.5	2,154	0.5
Shareholders' equity	(188,932)	51.5	(202,221)	47.8	(200,039)	48.7
Common stock	32,306	8.8	32,306	7.6	32,306	7.9
Additional paid-in capital	35,020	9.6	35,020	8.3	35,020	8.5
Retained earnings	125,991	34.3	134,527	31.8	133,697	32.5
Variances on securities valuations	1,600	0.4	7,603	1.8	5,535	1.3
Foreign currency translation adjustments	△ 5,840	△ 1.6	△ 7,078	△ 1.7	△ 6,371	△ 1.5
Tresuary stock	△ 25	△ 0.0	△ 36	△ 0.0	△ 28	△ 0.0
Subsidiary holdings in parent company	△ 121	△ 0.0	△ 121	△ 0.0	△ 121	△ 0.0
Total assets	367,185	100.0	423,328	100.0	410,831	100.0

Consolidated Interim Income Statements

(Million¥)

	Six months ended Sept. 30, 2001		Six months ended Sept. 30, 2000		Year ended March 31, 2001	
		%		%		%
Net sales	152,391	100.0	166,542	100.0	352,611	100.0
Cost of sales	100,945	66.3	109,967	66.0	236,009	66.9
Gross profit	51,446	33.7	56,574	34.0	116,602	33.1
Selling, general and administrative expenses	49,864	32.7	50,246	30.2	100,386	28.5
Operating profit	1,581	1.0	6,327	3.8	16,216	4.6
Non-operating profit	(2,236)	1.5	(2,703)	1.6	(5,948)	1.7
Interest income	306		304		485	
Dividend income	1,274		1,287		1,677	
Others	656		1,112		3,786	
Non-operating expenses	(4,955)	3.2	(2,839)	1.7	(6,855)	1.9
Interest expense	890		1,010		1,991	
Loss on disposal of Inventories	921		734		2,151	
Foreign exchange loss	321		399		-	
Compensation for damages	681		-		109	
Investment loss of equity method	1,343		-		-	
Others	797		694		2,602	
Income(loss) before income taxes	△ 1,137	△0.7	6,192	3.7	15,309	4.4
Extraordinary profit	(738)	0.5	(31,239)	18.8	(42,439)	12.0
Gain on sales of investments in marketable securities	60		30,615		41,676	
Gain on sales of fixed assets	510		-		267	
Others	167		623		495	
Extraordinary loss	(3,546)	2.4	(4,153)	2.5	(20,707)	5.9
Retirement benefit costs	-		2,021		2,021	
Income tax and residential tax refund amounts						
Loss on devaluation of investments in marketable securities	2,288		648		3,012	
Others	1,257		1,484		15,673	
Net profit (loss) for the period under review before tax and other adjustment	△ 3,945	△2.6	33,277	20.0	37,041	10.5
Corporate, resident and enterprise tax	1,464		4,902		2,891	
Income tax and residential tax refund amounts	10		198		258	
Adjustment of corporate tax, etc.	△ 146		3,587		9,132	
Minority shareholders' loss	170		△ 232		△ 139	
Net profit (loss) for the period under review	△ 5,423	△3.6	25,219	15.1	25,415	7.2

Statements of Consolidated Interim Retained Earnings

(Million¥)

	Six months ended Sept. 30, 2001	Six months ended Sept. 30, 2000	Year ended March 31, 2001
Consolidated balance at the beginning of period	133,697	110,445	110,445
Consolidated amount of increase in retained earnings	(17)	(38)	(76)
Increase due to change in the number of unconsolidated subsidiaries and affiliates applying the equity method	—	—	8
Increase due to currency fluctuation	—	38	38
Other increase	17	—	29
Consolidated amount of decrease in retained earnings	(2,300)	(1,175)	(2,239)
Dividends	2,145	919	1,838
Bonuses to Directors and Corporate Auditors	103	117	117
Decrease due to change in the number of unconsolidated subsidiaries and affiliates applying the equity method	13	—	—
Decrease due to currency fluctuation	19	43	115
Decrease due to merger of subsidiaries	—	83	83
Others	19	10	83
Net profit (loss) for the period under review	△ 5,423	25,219	25,415
Consolidated balance at the end of period	125,991	134,527	133,697

Consolidated Cash Flow Statements

	Six month ended Sep.30,2001	Six month ended Sep.30,2000	Year ended March 31,2001
I Cash flows from operating activities			
Net profit (loss) for the period under review before tax and other adjustment	△ 3,945	33,277	37,041
Depreciation	6,338	6,306	13,190
Amortization of consolidated goodwill	148	284	472
Changes in allowance for doubtful accounts	△ 85	△ 269	391
Decrease in reserve for retirement allowances	-	△ 8,515	△ 8,515
Increase in reserve for retirement payments	△ 4,982	57,147	48,556
Increase in accrued bonuses	△ 2,523	1,121	1,919
Interest and dividend income	△ 1,580	△ 1,591	△ 2,162
Interest expenses	890	1,010	1,991
Gain on equity method	1,343	△ 68	9,475
Gain on investment in marketable securities	△ 49	△ 30,571	△ 41,671
Changes in trades receivables	28,750	704	△ 14,778
Changes in inventories	2,660	△ 404	904
Changes (increase) in trade payable	△ 12,443	△ 3,549	448
Decrease (increase) in pension payable	-	△ 54,653	△ 54,653
Others	2,000	911	7,063
Subtotal	16,523	1,140	△ 326
Interest and dividend income received	1,793	629	2,288
Interest expenses paid	△ 1,096	△ 1,101	△ 2,029
Income taxes paid	2,266	1,366	△ 2,378
Total net cash provided by operating activities	19,486	2,035	△ 2,445
II Cash flows from investing activities			
Payments for deposit in time deposits	△ 280	△ 3,144	△ 2,342
Proceeds from return on time deposits	36	790	2,262
Payments for purchase of property, plant and equipment	△ 4,307	△ 7,159	△ 14,769
Payments from sales of property, plant and equipment	1,021	1,741	2,554
Payments for purchase of investments in marketable securities	△ 1,402	△ 11,624	△ 26,950
Proceeds from sales of investments in marketable securities	2,047	38,201	53,637
Others	△ 1,769	1,196	△ 1,981
Total net cash provided by investing activities	△ 4,654	20,002	12,409

	Six month ended Sep.30,2001	Six month ended Sep.30,2000	Year ended March 31,2001
III Cash flows from financing activities			
Decrease in short-term bank borrowings, net	△ 1,078	△ 10,140	△ 16,013
Issuance of long-term debt	0	75	76
Repayment of long-term debt	△ 822	△ 1,325	△ 1,350
Corporate bond redemption	△ 10,000	-	-
Cash dividends paid	△ 2,108	△ 918	△ 1,838
Others	△ 103	△ 9	△ 75
Total net cash used in financing activities	△ 14,112	△ 12,319	△ 19,202
IV Effect of exchange rate on cash and cash equivalents	101	△ 102	256
V Net increase (decrease) in cash and cash equivalents	821	9,615	△ 8,981
VI Cash and cash equivalents at the beginning of the period	50,759	59,741	59,741
VII Cash and cash equivalents at the end of the period	51,581	69,356	50,759