

**Consolidated Financial Statements for the Interim Period Ended September 30, 2002**

Results for the six months ended September 30, 2002

Company name: Ryosan Company, Limited

Code number: 8140

Stock listings: Tokyo Stock Exchange (First Section)

Location of head office: Tokyo

(URL <http://www.ryosan.co.jp>)

Representative director: Mr. Tatsuo Ui, President

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Date of the meeting of the Board of Directors to settle the interim consolidated accounts: November 25, 2002

U.S. GAAP not applied

1 . Consolidated results for the interim period (April 1, 2002 to September 30, 2002)

(1) Consolidated operating results Figures less than ¥1 million have been omitted

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	124,202	4.9	3,472	4.0	3,703	0.2
Previous interim period	130,537	21.6	3,615	45.5	3,696	47.2
Previous fiscal year	244,091		6,147		6,319	

	Net income		Net income per share		Net income per share after dilution	
	Millions of yen	%	Yen	Yen	Yen	Yen
Interim period	1,857	6.3	46.96		—	
Previous interim period	1,981	55.0	48.74		45.60	
Previous fiscal year	2,885		71.62		68.05	

Notes:

1. Equity in earnings of non-consolidated subsidiaries and affiliates:

Interim period: - Millions of yen Previous interim period: - Millions of yen

Previous fiscal year: - Millions of yen

2. Average number of shares issued and outstanding (consolidated):

Interim period: 39,551,287 shares Previous interim period: 40,641,518 shares

Previous fiscal year: 40,289,153 shares

3. Changes in accounting methods: None

4. Year-on-year changes for Net sales, Operating income, Ordinary income and Net income are based on the previous period.

(2) Consolidated financial position

	Total assets		Shareholders' equity		Shareholders' equity ratio		Shareholders' equity per share	
	Millions of yen	Millions of yen	Millions of yen	%	Yen	Yen	Yen	
Interim period	147,265	105,902	105,902	71.9	2,677.68			
Previous interim period	166,863	105,336	105,336	63.1	2,610.41			
Previous fiscal year	147,074	105,251	105,251	71.6	2,661.11			

Note:

Number of shares issued and outstanding at end of period (consolidated):

Interim period: 39,550,136 shares Previous interim period: 40,352,283 shares

Previous fiscal year: 39,551,710 shares

(3) Cash flows

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalent at end of period	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Interim period	3,422	1,178	1,178	752	32,682			
Previous interim period	17,181	993	993	1,043	42,491			
Previous fiscal year	24,843	4,418	4,418	12,202	35,834			

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

Consolidated subsidiaries: 7

Non-consolidated subsidiaries accounted for by the equity method: —

Affiliates accounted for by the equity method: —

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

Consolidated subsidiaries: New — Eliminated 1

Affiliates accounted for by the equity method: New — Eliminated —

2 . Consolidated forecasts for fiscal year ending March 31, 2003

	Net sales		Ordinary income		Net income	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ending March 31, 2003	250,000		7,600		4,000	

(Reference) Projected net income per share for the year ending March 31, 2003 is ¥101.13

Note: Forecast for operating income for the fiscal year ending March 31, 2003 is ¥6,900 million

The above forecasts were made based on the information available as of the date of this release. Actual results could significantly differ from the above forecasts due to a variety of factors. Please refer to Section 3—Management Results on page 7 of the attached materials for more information related to the forecasts.

## 1. The Ryosan Group

The Ryosan Group comprises Ryosan Company, Limited, seven consolidated subsidiaries, nine non-consolidated subsidiaries and one affiliated company.

Ryosan operates as a trading firm that specializes in semiconductors, electronic components and equipment, which it sells to manufacturers of electronic equipment and other customers both domestically and overseas. Ryosan also develops, manufactures and sells its own-brand products.

The following table provides an overview of industry segments and the activities of Ryosan and its consolidated subsidiaries.

Segment	Main Products	Sales Companies	Development and Manufacturing Companies
Semiconductors	Memories System LSIs Discrete semiconductors	Ryosan Company, Limited Hong Kong Ryosan Limited Singapore Ryosan Private Limited Ryotai Corporation Ryosan (Malaysia) Sdn. Bhd.	Road Company, Limited
Electronic Components	Display devices Power supplies Mechanical components		
Electronic Equipment	Information equipment Production equipment		
Ryosan Products	Heat sinks (for semiconductor circuit elements)		Ryosan Company, Limited Ryosan Engineering (Malaysia) Sdn. Bhd. Ryosan Engineering (Thailand) Co., Ltd.

Information about Ryosan's main non-consolidated subsidiaries is as follows:

### Non-consolidated subsidiaries

Name of Company	Business Area
Will Business Service Company, Limited	Insurance agent and building maintenance
EC Ryosan Company, Limited	Sales agent for electronic components
Ryosan Technologies USA Inc.	Semiconductor and electronic component sales and servicing
Zhong Ling International Trading (Shanghai) Co., Ltd.	Sales of semiconductors and electronic components
Korea Ryosan Corporation	Sales agent for semiconductors and electronic components
Ryosan (Thailand) Co., Ltd.	Sales and sales agent for semiconductors and electronic components

Note:

Ryosan sold its shareholding in consolidated subsidiary FA Ryosan Co., Ltd. to Omron Corporation on September 1, 2002.

Results of FA Ryosan Co., Ltd. for the six months ended September 30, 2002 are included in consolidated results of operations.

## 2. Management Policies

### (1) Basic management policy

Ever since Ryosan was established, we have always been highly conscious of the fact that the corporation is a public institution. In addition, we now no longer see ourselves simply as a trading company, but as an electronics systems coordinator, providing a vital link between our customers' needs and electronics technology. We aim to achieve consistent long-term growth by stressing this social consciousness and our new role as a systems coordinator.

Three functions are vital to fulfilling our ambition of becoming an electronics system coordinator. They are the information, solution and distribution functions. By constantly enhancing these three functions, Ryosan will raise customer satisfaction and increase its corporate value.

### (2) Basic policy regarding the allocation of profits

Ryosan's basic policy on allocating profits is to maintain a healthy balance between ensuring a solid return on investment for our shareholders and retaining sufficient earnings with which to foster stable growth and secure a strong operating base.

Our basic policy is to increase the return on equity, supporting higher dividend payments while ensuring a stable supply of dividends at incremental rates. Our goal is to make total dividend payments equal to 1.5% of equity.

We plan to utilize retained earnings for capital investments and loans, as well as investments in technological development and plant and equipment.

### (3) Targeted management indicators

Ryosan has adopted ROE and net income per share as key management indicators, as it seeks to preserve its financial health, pursue greater returns on equity, and further improve corporate value (shareholder value).

### (4) Mid- and long-term management strategies

The fiscal year ended March 31, 2002, is the second year of Ryosan's fifth mid-term management plan (for fiscal 2002 through fiscal 2004). During the first half under review, we continued to analyze and innovate management and improve operating results based on the overriding themes of "open, transparent corporate management," and "business activities with abundant creativity." To bring these basic ideals to reality, Ryosan is pushing forward with the following fundamental strategies.

First, the establishment of five new business models, which form the nucleus of Ryosan's overall growth strategy to become a system coordinator:

1. Commercialization of the fabless semiconductor business
2. Expanding business in new-resource semiconductor products
3. Commercialization of the purchasing-agency business
4. Establishing low-cost business management
5. Expanding business in the Chinese market

Second, the enhancement of individual product strategies in four business segments:

1. Semiconductor business strategy: a strategic core business

2. Electronic components business strategy: a stable foundation business
3. Electronic equipment business strategy: increase synergetic effects
4. Production strategy: Ryosan's signature business as a trading company

Third, the implementation of four structural, management reforms in order to establish a strong business infrastructure that underpins growth and reinforces operations.

1. Establish a socially responsible corporate governance system
2. Build and implement a new personnel system
3. Promote the Ryosan Group's BPR project
4. Reform business cost structure

#### (5) Overall issues

The electronics industry is currently undergoing far-reaching changes. Factors such as the strategic alliances of major companies, the advance of SCM practices and the growing industrialization of China are causing rapid changes on an unprecedented scale. The most important issue facing Ryosan is how to rebuild a strong management framework that can prevail in this rapidly changing market. Against this backdrop, we are tackling the following issues. Firstly, as a systems coordinator with a growth strategy, we are establishing five new business models to promote growth policies. Secondly, we are pressing ahead with implementing four management structural reforms to establish a strong management infrastructure that underpins growth and business.

#### (6) Measures to enhance corporate governance

To build a strong organization as mandated by Ryosan's fifth mid-term management plan, we have built a socially responsible corporate governance system. We are now striving to increase transparency and implement a fully accountable style of management. Actions included reforming functions and the business execution process in respect to the Board of Directors and the Executive Committee, and improving the three functions of governance, management strategy and business execution.

### 3. Management Results

#### (1) Outline of Consolidated Operating Results for the Six Months Ended September 30, 2002

##### 1. Overview

Despite signs that the global economy had bottomed out at the outset of the interim period ended September 30, 2002, the economic picture was clouded by stock market falls in the U.S and other factors. The bleak environment now appears to have tipped the Japanese and other Asian economies into a double-dip recession.

In the electronics industry, the year began with a steady performance, however but demand has rapidly softened since the summer, mirroring generally stagnant economic conditions. In particular, global communications-related demand remains weak as key PC-related markets run out of steam. The current trend is characterized by the lack of a powerful application driving the market forward.

Against this backdrop, the Ryosan Group sold its shareholding in consolidated subsidiary FA Ryosan Co., Ltd. to Omron Corporation, in a move to continue focusing resources on key areas. Ryosan pressed forward with initiatives to raise profitability at domestic plants and reduce selling and administrative expenses. Nevertheless, we suffered the effects of weak demand in Japan and Asia for semiconductors and electronic components, resulting in decreased revenue and earnings. Consolidated interim net sales totaled ¥124,202 million, a fall of 4.9% from the corresponding period of the previous year. Consolidated operating income declined 4.0% to ¥3,472 million, while consolidated ordinary income edged up 0.2% to ¥3,703 million. Consolidated net income was ¥1,857 million, down 6.3% year on year.

##### 2. Segment information

###### a. Semiconductors

The Ryosan Group sells memory chips, system LSIs and discrete semiconductors. We also design and develop system LSIs. In the interim period, sales of semiconductors for LCDs, memories for OA devices and other products fell. During the period under review, three of the Group's consolidated subsidiaries changed their balance dates from June to September. This made a net contribution of approximately ¥3,000 million to sales. As a result, net sales in this segment increased 2.1% to ¥66,578 million, while operating income fell 8.6% to ¥2,898 million.

###### b. Electronic components

The Ryosan Group sells display devices, switching power supplies and mechanical components in this segment. Sales for LCDs for PCs, pachinko machines and other products fell during the period. Again, the change in the balance dates of the three consolidated subsidiaries provided a net contribution of approximately ¥1,000 million to segment sales. Nevertheless, net sales slipped to ¥46,152 million, down 5.6%, and operating income decreased 11.3% to ¥1,078 million.

###### c. Electronic equipment

The electronic equipment segment comprises information and production equipment. The interim period saw lower sales of controller boxes for office equipment and production equipment. Including a contribution of ¥50 million due to the change in balance date of the three consolidated subsidiaries, net segment sales fell 38.6% to ¥8,134 million and operating income dropped 49.8% to ¥206 million.

#### d. Ryosan products

The Ryosan Group manufactures and sells heat sinks for semiconductor circuit elements. During the period under review, overseas sales increased for audio and home electronic appliance heat sinks but was countered by a drop-off in sales of the latter in Japan. Sales in this segment climbed 4.4% to ¥3,337 million, after adding a net contribution of approximately ¥200 million from the change of balance date of the three consolidated subsidiaries. Operating income surged 106.9% to ¥480 million.

#### 3. Interim dividend

At its November 25, 2002 meeting, the Board of Directors approved an interim ordinary dividend payment of ¥15 per share.

#### (2) Outlook for the Fiscal Year Ending March 31, 2003

##### 1. Projected operating results

A difficult business climate is expected for the foreseeable future as the global economy becomes increasingly shrouded in uncertainty.

In these circumstances, the Ryosan Group is committed to pushing forward with the strategies outlined in our fifth mid-term management plan, namely our growth strategy, segment strategy and efforts to establish a strong management infrastructure. To this end, we will improve our business results by expanding the new-resource semiconductor product business and reforming our cost structure.

Earnings forecasts for the fiscal year ending March 31, 2003 are as follows:

Consolidated	Billions of yen	Change (%)
Net sales	250.0	2.4
Operating income	6.9	12.2
Ordinary income	7.6	20.3
Net income	4.0	38.6

  

Non-consolidated	Billions of yen	Change (%)
Net sales	190.0	5.0
Operating income	5.6	23.0
Ordinary income	7.2	16.8
Net income	4.2	42.0

(Y-o-Y % change)

Four consolidated subsidiaries intend to change their balance date from December to March. Accordingly, the projected operating results for these companies apply to a 15-month period.

This change in balance date is projected to increase Ryosan's forecast of net sales by approximately ¥9,000 million and its forecast of operating income by approximately ¥300 million.

## 2. Projected operating results by business segment

### a. Semiconductors

In this segment, consolidated net sales are expected to increase 9.7% to ¥134.0 billion driven by strong sales of memories for use in automobiles and digital home electronic appliances and sales of LSIs for automotive use and other products. Consolidated operating income is forecast at ¥5.9 billion, a year-on-year increase of 14.5%.

### b. Electronic components

In electronic components, the increase in sales of LCDs for mobile phones and digital home electronic appliances and power supplies for mobile phone base stations is expected to outweigh a drop-off in sales due to the divestiture of a consolidated subsidiary. Consolidated net sales are expected to edge up 0.1% to ¥91.0 billion, with operating income to drop 5.3% to ¥2.2 billion.

### c. Electronic equipment

Despite forecast increases in sales of LCDs, PDP equipment, printer terminals and wireless tag systems, this segment is forecasting consolidated net sales of ¥19.0 billion, down 24.2%, and operating income of ¥19.0 billion, a decrease of 43.4%.

### d. Ryosan products

Strong demand during the current interim period under review is expected to offset a drop in demand during the second half for heat sinks for industrial measuring instruments and other equipment. Accordingly, consolidated net sales are expected to rise 2.3% to ¥6.0 billion, with operating income expected to surge to ¥0.8 billion, a year-on-year increase of 66.0%.

These forecasts represent projected figures subject to certain risks and uncertainties. Thus there may be a significant discrepancy between the forecasts and actual results, depending on such factors as:

- Economic trends in major markets (Japan, Asia, etc.); rapid changes in consumer trends and sudden shifts in supply and demand dynamics
- Large fluctuations in the dollar/yen exchange rate
- Rapid technological innovations
- Major shifts in capital markets

## 3. Projected dividend for the year

Based on the non-consolidated forecasts above, the ordinary dividend for the second half of the fiscal year ending March 31, 2003 is projected at ¥15 per share, bringing dividends for the full year to ¥30 per share.

## 4. Financial Condition

### (1) Cash flows

Despite cash inflows of ¥1,594 million due to changes in the scope of consolidation, cash and cash equivalents as of September 30, 2002 had decreased to ¥32,682 million, ¥3,152 million less than at the previous fiscal year-end, reflecting an increase in accounts receivable and inventories.

#### Cash flows from operating activities

Net cash used in operating activities was ¥3,422 million. The main uses of cash were increases in accounts receivable and inventories of ¥7,257 million and ¥1,180 million, respectively.

#### Cash flows from investing activities

Net cash provided by investing activities was ¥1,178 million, compared with ¥4,418 million in net cash used in the previous fiscal year. This was attributable to proceeds of ¥1,594 million from the divestiture of a consolidated subsidiary.

#### Cash flows from financing activities

Net cash used in financing activities was ¥752 million, mainly due to the payment of dividends.

# CONSOLIDATED BALANCE SHEETS

(Millions of yen, figures less than ¥1 million have been omitted)

ITEM	As of September 30, 2002		As of March 31, 2002		Increase/ (Decrease)	As of September 30, 2001	
		%		%			%
<b>ASSETS</b>							
<b>Current assets:</b>	121,158	82.3	120,465	81.9	693	143,437	86.0
Cash and cash deposits	6,791		26,978		20,187	28,099	
Trade notes and accounts receivable	75,666		71,728		3,938	83,265	
Marketable securities	25,983		8,995		16,988	14,502	
Inventories	10,991		10,053		937	14,322	
Accrued income	1,154		1,932		778	1,077	
Deferred tax assets	373		132		240	416	
Other current assets	309		818		509	2,163	
Allowance for doubtful accounts	110		173		63	410	
<b>Fixed assets:</b>	26,106	17.7	26,609	18.1	502	23,426	14.0
Property, plant and equipment	16,374	11.1	16,731	11.4	356	16,927	10.1
Buildings and structures	7,294		7,563		268	7,657	
Land	8,213		8,216		2	8,212	
Other fixed assets	865		951		85	1,057	
Intangible fixed assets	498	0.3	290	0.2	207	322	0.2
Investments and other assets	9,233	6.3	9,587	6.5	354	6,176	3.7
Investment securities	6,624		6,865		241	3,469	
Long-term loans	186		184		1	146	
Deferred tax assets	1,130		968		162	953	
Other	1,591		1,902		310	1,891	
Allowance for doubtful accounts	206		291		85	252	
Allowance for loss on investments	93		42		51	32	
<b>Total assets</b>	<b>147,265</b>	<b>100.0</b>	<b>147,074</b>	<b>100.0</b>	<b>190</b>	<b>166,863</b>	<b>100.0</b>

(Millions of yen, figures less than ¥1 million have been omitted)

ITEM	As of September 30, 2002		As of March 31, 2002		Increase/ (Decrease)	As of September 30, 2001	
		%		%			%
<b>LIABILITIES</b>							
<b>Current liabilities:</b>	39,468	26.8	39,447	26.8	20	59,188	35.5
Trade notes and accounts Payable	34,826		35,430		603	42,799	
Short-term bank loans	936		1,127		191	1,374	
Convertible bonds due within one year	—		—		—	9,118	
Accrued income taxes	2,103		176		1,926	1,482	
Accrued expenses	735		995		260	1,234	
Other current liabilities	866		1,718		851	3,179	
<b>Long-term liabilities:</b>	1,656	1.1	1,905	1.3	248	1,853	1.1
Employees' retirement benefits	1,251		1,251		0	1,240	
Directors' and corporate auditors' severance payments	308		389		81	359	
Other long-term liabilities	98		263		166	253	
<b>Total liabilities</b>	41,124	27.9	41,352	28.1	228	61,042	36.6
Minority interests	238	0.2	470	0.3	231	484	0.3
Shareholders' equity							
Common stock	17,690	12.0	17,690	12.0	—	17,690	10.6
Additional paid-in capital	19,114	13.0	19,114	13.0	—	19,114	11.5
Consolidated retained earnings	70,848	48.1	69,584	47.3	1,264	69,285	41.5
Valuation gain on other marketable securities	267	0.2	455	0.3	188	46	0.0
Foreign currency translation adjustments	225	0.2	197	0.2	422	153	0.1
Treasury stock	1,793	1.2	1,791	1.2	2	646	0.4
<b>Total shareholders' equity</b>	105,902	71.9	105,251	71.6	651	105,336	63.1
<b>Total liabilities, minority interests and shareholders' equity</b>	147,265	100.0	147,074	100.0	190	166,863	100.0

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen, figures less than ¥1 million have been omitted)

ITEM	Six months ended September 30, 2002		Six months ended September 30, 2001		Increase/ (Decrease)	Year ended March 31, 2002	
		%		%			%
<b>Net sales</b>	124,202	100.0	130,537	100.0	6,335	244,091	100.0
<b>Cost of sales</b>	113,199	91.1	118,786	91.0	5,586	222,144	91.0
Gross profit	11,003	8.9	11,751	9.0	748	21,947	9.0
<b>Selling, general and administrative expenses</b>	7,530	6.1	8,136	6.2	606	15,800	6.5
Operating income	3,472	2.8	3,615	2.8	142	6,147	2.5
<b>Other income:</b>	448	0.4	369	0.3	78	755	0.3
Interest and dividend income	183		82		100	144	
Purchase discounts	76		84		8	173	
Other	188		202		14	437	
<b>Other expenses:</b>	217	0.2	288	0.3	70	583	0.2
Interest expense	13		89		76	181	
Exchange <u>loss</u>	130		85		45	263	
Other	74		133		39	137	
Ordinary income	3,703	3.0	3,696	2.8	6	6,319	2.6
<b>Extraordinary gains:</b>	126	0.1	203	0.2	76	173	0.0
Gain on sales of investment securities	89		3		85	4	
Gain on reversal of allowance for doubtful accounts	36		198		162	169	
<b>Extraordinary losses:</b>	116	0.1	59	0.1	57	782	0.3
Loss on sales and disposal of property, plant and equipment	1		16		15	30	
Loss on sales of investment securities	18		10		8	10	
Loss on devaluation of marketable and investment securities	7		—		7	573	
Loss on devaluation of golf memberships	37		—		37	37	
Transfer to allowance for loss on investments	51		32		18	42	
Special retirement benefits	—		—		—	89	
Income before income taxes and other items	3,713	3.0	3,840	2.9	126	5,711	2.3
Income taxes – current	2,218	1.8	1,475	1.1	743	2,463	1.0
Income taxes – deferred	379	0.3	350	0.3	730	292	0.1
Minority interests in earnings of consolidated subsidiaries	17	0.0	33	0.0	15	70	0.0
<b>Net income</b>	<b>1,857</b>	<b>1.5</b>	<b>1,981</b>	<b>1.5</b>	<b>124</b>	<b>2,885</b>	<b>1.2</b>

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Millions of yen, figures less than ¥1 million have been omitted)

	Six months ended September 30, 2002	Six months ended September 30, 2001	Year ended March 31, 2002
(Additional Paid-in Capital)			
Balance at beginning of period	19,114	19,114	19,114
Balance at end of period	19,114	19,114	19,114
(Retained Earnings)			
Balance at beginning of period	69,584	68,377	68,377
Increase in retained earnings	1,857	1,981	2,885
Net income	1,857	1,981	2,885
Decrease in retained earnings	593	1,072	1,677
Decrease in retained earnings due to increase in number of consolidated subsidiaries	—	174	174
Cash dividends	593	612	1,217
Bonuses to directors	—	101	101
Retirement of treasury stock	—	184	184
Balance at end of period	70,848	69,285	69,584

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen, figures less than ¥1 million have been omitted)

	Six months ended September 30, 2002	Six months ended September 30, 2001	Year ended March 31, 2002
<b>Operating activities:</b>			
Income before income taxes	3,713	3,840	5,711
Depreciation and amortization	407	397	837
Increase (decrease) in provision for employees' severance payments	63	41	35
(Decrease) increase in provision for directors' retirement benefits	81	21	51
Decrease in allowance for doubtful accounts	60	41	502
Interest and dividend income	183	82	144
Interest expense	13	89	181
Loss on sales and disposal of property, plant and equipment	1	16	30
Gain on sales of investment securities	89	3	4
Loss on devaluation of marketable and investment securities	7	—	573
(Increase) decrease in trade receivables	7,257	16,293	28,384
(Increase) decrease in inventories	1,180	3,772	8,280
Increase (decrease) in trade payables	771	3,436	11,401
Directors' bonuses paid	—	101	101
Other – net	126	74	424
Subtotal	4,001	20,799	31,437
Interest and dividend income	179	81	144
Interest paid	12	89	181
Income taxes refunded	676	—	—
Income taxes paid	264	3,610	6,556
Net cash (used in) provided by operating activities	3,422	17,181	24,843
<b>Investing activities:</b>			
Increase in time deposits	—	—	54
Proceeds from redemption of time deposits	37	—	—
Purchases of property, plant and equipment	85	232	313
Proceeds from sales of property, plant and equipment	—	5	5
Increase in investment securities	210	373	3,634
Proceeds from sales of investment securities	210	79	104
Payment of loans	289	75	113
Proceeds from collection of loans	210	2	2
Increase from changes in the scope of consolidation due to the sale of subsidiaries	1,594	—	—
Other – net	289	399	415
Net cash provided by (used in) investing activities	1,178	993	4,418
<b>Financing activities:</b>			
Net increase (decrease) in short-term bank loans	162	400	109
Payments for redemption of convertible bonds	—	—	9,118
Purchases of treasury stock	2	—	1,145
Purchases of treasury stock for the purpose of returning profits to shareholders	—	184	184
Purchases of treasury stock for stock option purposes	—	646	646
Cash dividends paid	593	612	1,217
Other – net	4	0	0
Net cash used in financing activities	752	1,043	12,202
<b>Effect of foreign currency translation adjustments on cash and cash equivalents</b>	154	122	387
<b>Net (decrease) increase in cash and cash equivalents</b>	3,151	15,266	8,610
<b>Cash and cash equivalents, beginning of the period</b>	35,834	27,177	27,177
<b>Net increase in cash and cash equivalents of newly consolidated subsidiaries, beginning of the period</b>	—	46	46
<b>Cash and cash equivalents, end of the period</b>	32,682	42,491	35,834

## SEGMENT INFORMATION

### 1. Segment information by business type

Six months ended September 30, 2002

(Millions of yen, figures less than ¥1 million have been omitted)

	Semiconductors	Electronic components	Electronic equipment	Ryosan products	Total	Eliminations or corporate	Consolidated
<b>Sales and operating income</b>							
Sales:							
(1) Outside customers	66,578	46,152	8,134	3,337	124,202	—	124,202
(2) Interarea	—	—	—	—	—	—	—
Total	66,578	46,152	8,134	3,337	124,202	—	124,202
Operating expenses	63,680	45,073	7,927	2,856	119,538	1,191	120,729
Operating income	2,898	1,078	206	480	4,664	(1,191)	3,472

Notes:

1. Methods of determining business segments and main products classified under each business segment

(1) Business segments are classified on the basis of organization, product type and sales structure.

(2) Main products of each business segment:

Semiconductors: Memory chips, system LSIs, discrete semiconductors

Electronic components: Display devices, power supplies, mechanical components

Equipment: Information equipment, production equipment

Ryosan products: Heat sinks (for semiconductor circuit elements)

2. Unallocated operating expenses for the six months ended September 30, 2002 included in "Eliminations or corporate" totaled ¥1,191 million, and consisted principally of expenses related to the parent company's planning, administration, personnel and accounting departments.

Six months ended September 30, 2001

(Millions of yen, figures less than ¥1 million have been omitted)

	Semiconductors	Electronic components	Electronic equipment	Ryosan products	Total	Eliminations or corporate	Consolidated
<b>Sales and operating income</b>							
Sales:							
(1) Outside customers	65,223	48,869	13,249	3,195	130,537	—	130,537
(2) Interarea	—	—	—	—	—	—	—
Total	65,223	48,869	13,249	3,195	130,537	—	130,537
Operating expenses	62,051	47,653	12,838	2,963	125,506	1,415	126,922
Operating income	3,172	1,216	410	232	5,031	(1,415)	3,615

Fiscal year ended March 31, 2002

(Millions of yen, figures less than ¥1 million have been omitted)

	Semiconductors	Electronic components	Electronic equipment	Ryosan products	Total	Eliminations or corporate	Consolidated
<b>Sales and operating income</b>							
Sales:							
(1) Outside customers	122,153	90,993	25,077	5,867	244,091	—	244,091
(2) Interarea	—	—	—	—	—	—	—
Total	122,153	90,993	25,077	5,867	244,091	—	244,091
Operating expenses	116,998	88,669	24,193	5,385	235,246	2,697	237,944
Operating income	5,154	2,324	884	482	8,844	(2,697)	6,147

## 2. Geographical segment information

Six months ended September 30, 2002

(Millions of yen, figures less than ¥1 million have been omitted)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
<b>Sales and operating income</b>					
Sales:					
(1) Outside customers	91,195	33,006	124,202	—	124,202
(2) Interarea	2,833	179	3,013	(3,013)	—
Total	94,029	33,186	127,215	(3,013)	124,202
Operating expenses	91,345	32,478	123,823	(3,093)	120,729
Operating income	2,684	707	3,392	80	3,472

Six months ended September 30, 2000

(Millions of yen, figures less than ¥1 million have been omitted)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
<b>Sales and operating income</b>					
Sales:					
(1) Outside customers	100,251	30,286	130,537	—	130,537
(2) Interarea	2,017	276	2,294	(2,294)	—
Total	102,269	30,563	132,832	(2,294)	130,537
Operating expenses	99,720	29,469	129,190	(2,267)	126,922
Operating income	2,548	1,093	3,642	(26)	3,615

Fiscal year ended March 31, 2002

(Millions of yen, figures less than ¥1 million have been omitted)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
<b>Sales and operating income</b>					
Sales:					
(1) Outside customers	184,194	59,897	244,091	—	244,091
(2) Interarea	3,753	367	4,120	(4,120)	—
Total	187,947	60,264	248,212	(4,120)	244,091
Operating expenses	183,828	58,489	242,318	(4,374)	237,944
Operating income	4,118	1,775	5,893	253	6,147

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:  
Asia—Hong Kong, Singapore, Taiwan, Malaysia and others
3. Each segment contributed to operating costs.

### 3. Overseas sales

Six months ended September 30, 2002

(Millions of yen, figures less than ¥1 million have been omitted)

	Asia	Total
Overseas sales	35,809	35,809
Consolidated net sales		124,202
Ratio of overseas sales to consolidated net sales (%)	28.8	28.8

Six months ended September 30, 2001

(Millions of yen, figures less than ¥1 million have been omitted)

	Asia	Total
Overseas sales	32,016	32,016
Consolidated net sales		130,537
Ratio of overseas sales to consolidated net sales (%)	24.5	24.5

Fiscal year ended March 31, 2002

(Millions of yen, figures less than ¥1 million have been omitted)

	Asia	Total
Overseas sales	63,657	63,657
Consolidated net sales		244,091
Ratio of overseas sales to consolidated net sales (%)	26.1	26.1

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:  
Asia—Hong Kong, Singapore, Taiwan, Malaysia and others
3. Overseas sales represent the total of export sales of the parent company and sales of its consolidated subsidiaries outside Japan (excluding inter-group sales).

# MANUFACTURING, NEW ORDERS AND SALES

## 1. Manufacturing

(Millions of yen, figures less than ¥1 million have been omitted)

	Six months ended September 30, 2002	Six months ended September 30, 2001	Fiscal year ended March 31, 2002
Heat sinks	2,195	2,720	4,945

## 2. New Orders

(Millions of yen, figures less than ¥1 million have been omitted)

	Six months ended September 30, 2002	Six months ended September 30, 2001	Fiscal year ended March 31, 2002
Semiconductors	62,860	63,104	119,516
Electronic components	49,508	49,175	93,205
Electronic equipment	9,407	13,195	23,085
Ryosan products	3,887	3,304	6,159
Total	125,663	128,780	241,966

## 3. Sales

(Millions of yen, figures less than ¥1 million have been omitted)

	Six months ended September 30, 2002	Six months ended September 30, 2001	Fiscal year ended March 31, 2002
Semiconductors			
Japan	45,200	46,841	86,568
Asia	21,378	18,381	35,584
Subtotal	66,578	65,223	122,153
Electronic components			
Japan	35,882	37,739	68,219
Asia	10,269	11,130	22,774
Subtotal	46,152	48,869	90,993
Electronic equipment			
Japan	7,525	13,045	24,690
Asia	608	203	386
Subtotal	8,134	13,249	25,077
Ryosan products			
Japan	2,587	2,624	4,715
Asia	749	571	1,152
Subtotal	3,337	3,195	5,867
Total	124,202	130,537	244,091