

FIVE-YEAR SUMMARY

Minolta Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

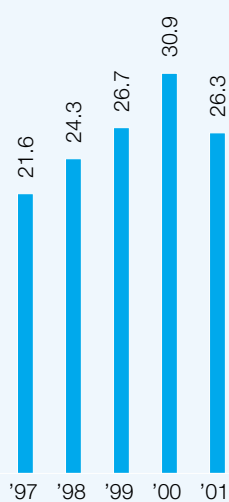
	Millions of yen					Thousands of U.S. dollars (Note 3)
	2001	2000	1999	1998	1997	2001
For the Year:						
Net sales	¥464,289	¥482,767	¥506,075	¥490,259	¥448,074	\$3,744,266
Net (loss) income	(3,127)	3,144	9,002	16,429	10,290	(25,218)
R&D expenditures	26,300	30,918	26,664	24,267	21,644	212,097
Depreciation and amortization	25,405	23,387	23,375	20,172	17,957	204,879
Capital expenditures	32,206	26,357	24,046	29,350	19,809	259,726
Per Share (Yen and U.S. dollars):						
Net (loss) income	¥ (11.16)	¥ 11.22	¥ 32.13	¥ 58.83	¥ 36.85	\$ (0.09)
Cash dividends	6.00	6.00	7.00	6.00	5.50	0.05
At Year-End:						
Total assets	¥456,251	¥402,839	¥415,685	¥451,614	¥400,417	\$3,679,444
Total shareholders' equity	71,194	75,005	80,047	77,074	62,068	574,145

Notes: 1. Net income per share is computed based upon the weighted average number of shares of common stock outstanding during each fiscal year and adjusted for free distributions of common stock.

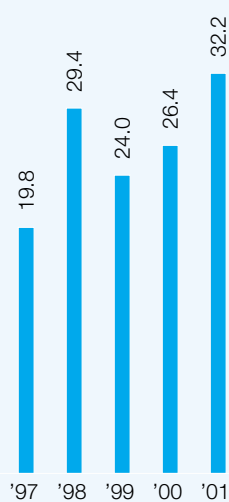
2. Cash dividends per share are those declared as applicable to the respective fiscal year and cash dividends charged to retained earnings are those actually paid.

3. U.S. dollar amounts are translated from yen amounts at the rate of ¥124=US\$1.00 solely for the convenience of the reader.

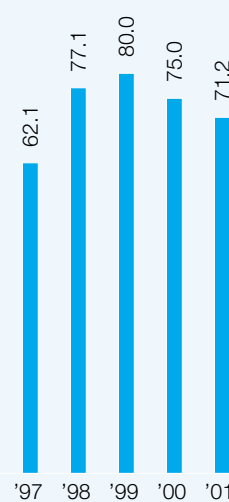
R&D Expenditures
(Billions of yen)



Capital Expenditures
(Billions of yen)



Total Shareholders' Equity
(Billions of yen)



Overview

During the fiscal year ended March 31, 2001 the yen moved sharply upward in the first half of the year and average exchange rates for the yen appreciated strongly compared with the previous year, particularly against the euro. Amid these economic conditions, our business trends shifted from analog products to digital products and networking. In response, we focused our management resources on the digital product field, concentrating on strengthening our business operations and reforming our structure for the future. The appreciation of the yen vis-à-vis both the dollar and the euro significantly depressed the yen denominated value of net sales, which totaled ¥464.3 billion. Operating profit was held to ¥9.2 billion due to weakened prices, severe competition and retirement and severance benefit expenses despite cost reductions. Net loss was ¥3.1 billion, negatively affected by other net expenses from interest expense and the evaluation of investments in securities.

Net Sales

During the fiscal year ended March 31, 2001, depressed on the whole by the appreciation of the yen during the period, consolidated net sales decreased 3.8%, or ¥18.5 billion, to ¥464.3 billion.

In image information product operations, we endeavored to expand sales by launching a new, high-quality image, high-productivity model in our series of DiALTA digital copiers and DiALTA Color digital color copiers. In the printer category, we took measures aimed at increasing our ability to offer even-more-satisfying products and services to our customers. These measures included making Minolta-QMS, Inc., a wholly owned subsidiary, strengthening operations, and accelerating growth. In the consumables field, we expanded the scope of our business by achieving an early launch of low-cost, volume-production polymerization toner—a next-generation toner. In addition, with the aim of enhancing profitability and our position in the market, we established Konica Minolta Supplies Manufacturing Co., Ltd., jointly with Konica Corporation. However, we were unable to avoid the negative impact of the appreciation of the yen, and image information product sales declined 3.0%, or ¥11.1 billion, to ¥356.7 billion.

Breakdown of Sales of Image Information Products

Millions of yen					
Years ended March 31	2001	2000	1999	1998	1997
Copiers	¥247,086	¥257,541	¥280,938	¥278,532	¥251,096
Printers	82,496	81,228	60,965	53,976	37,839
Other OA products	27,087	28,957	31,036	26,668	29,375
	¥356,669	¥367,726	¥372,939	¥359,176	¥318,310
	2001	2000	1999	1998	1997
Overseas sales	¥296,437	¥298,244	¥305,526	¥286,099	¥244,913
Domestic sales	60,232	69,482	67,413	73,077	73,397
	¥356,669	¥367,726	¥372,939	¥359,176	¥318,310

Breakdown of Sales of Optical Products

Millions of yen					
Years ended March 31	2001	2000	1999	1998	1997
Photographic equipment	¥76,288	¥ 85,440	¥ 99,745	¥100,678	¥106,203
Radiometric instruments	9,034	9,338	9,804	9,500	8,932
Optical devices and components	8,631	7,874	8,078	8,166	4,909
Planetariums	1,747	1,423	2,460	1,463	2,298
	¥95,700	¥104,075	¥120,087	¥119,807	¥122,342
	2001	2000	1999	1998	1997
Overseas sales	¥65,114	¥ 73,234	¥ 85,957	¥ 86,342	¥ 89,473
Domestic sales	30,586	30,841	34,130	33,465	32,869
	¥95,700	¥104,075	¥120,087	¥119,807	¥122,342

Regarding optical product operations, we marketed five new products, including our α -7 SLR cameras and our CAPIOS 150S compact cameras, striving to maintain our sales in the film camera market. We also worked to boost sales in the rapidly expanding digital photo market, introducing two popular model digital cameras, including the Dimâge 2330 ZOOM, and two film scanner models. In the field of radiometric instruments, we expanded our lineup by marketing a color spectrophotometer, a 3D digitizer, and other specialized products. Sales of optical systems also contributed to overall sales, especially sales of optical units for digital projectors and digital minilabs. Sales rose in our new business of glass substrates for hard disks. To expand this business and also upgrade our fabrication technology, we acquired the glass substrates for hard disks business of Mitsui Mining & Smelting Co., Ltd., during the fiscal year. However, affected by the sharp decline in the film camera market, intensified price competition, and the weak euro, sales of optical product operations declined 8.0%, or ¥8.4 billion, to ¥95.7 billion.

Sales from other operations increased 8.7%, or ¥1.0 billion, to ¥11.9 billion.

Consolidated domestic net sales declined 9.0%, or ¥9.3 billion, to ¥94.7 billion. Depressed on the whole by the average appreciation of the yen during the period, consolidated net sales in overseas markets fell 2.4%, or ¥9.2 billion, to ¥369.6 billion. Overseas sales as a share of total consolidated net sales increased 1.2 percentage points, to 79.6%.

Our consolidated companies in Japan recorded ¥170.1 billion in net sales, for a decline of 2.7%, or ¥4.6 billion. Net sales of our consolidated companies based in North America decreased 2.9%, or ¥4.3 billion, to ¥142.3 billion. Net sales of our consolidated companies based in Europe dropped 9.4%, or ¥13.3 billion, to ¥129.0 billion. Net sales of our consolidated companies based in other regions increased 19.7%, or ¥3.8 billion, to ¥22.9 billion.

Costs, Expenses, and Net Income

The Company's cost of sales decreased 2.1%, or ¥5.5 billion, to ¥263.9 billion, a lower rate of decline than the 3.8% drop in net sales. Despite various cost reductions, cost of sales as a percentage of net sales rose 1.0 percentage point, to 56.8%.

Selling, general and administrative (SG&A) expenses dropped 1.0%, to ¥191.2 billion. This reflected the appreciation of the yen against both the dollar and the euro and significantly depressed the yen-denominated value of SG&A expenses although SG&A expenses actually increased—due to such factors as retirement and severance benefit expenses, SG&A expenses as a percentage of net sales rose 1.2 percentage points, to 41.2%.

Consequently, operating profit fell 54.7%, or ¥11.1 billion, to ¥9.2 billion. Operating profit as a percentage of net sales declined 2.2 percentage points, to 2.0%.

Other expenses, net, decreased 31.5%, or ¥4.5 billion, to ¥9.7 billion, although net financial expenses increased ¥1.7 billion and a loss was incurred on the devaluation of investments in securities. The decrease in other expenses, net, was primarily attributable to a ¥4.9 billion fall in foreign currency exchange loss.

As a result, loss before income taxes and minority interests was ¥0.5 billion, compared to ¥6.1 billion in income in the previous fiscal year. Net loss was ¥3.1 billion, as opposed to ¥3.1 billion in income in the previous year.

Financial Position

At the end of the fiscal year, total assets stood at ¥456.3 billion, an increase of ¥53.4 billion from the previous year-end amount. Total current assets jumped up to ¥293.5 billion, an increase of ¥42.0 billion due to increases of ¥3.6 billion in cash and deposits, ¥17.9 billion in notes and accounts receivable, net, and ¥34.2 billion in inventories.

Investments and long-term receivables decreased ¥1.0 billion, to ¥55.6 billion, mainly due to a ¥4.3 billion decrease in investment in securities—other.

A total of ¥27.6 billion was invested in tangible fixed assets, largely investments to promote the growth of image information products operations. As this amount was less than the amount of depreciation, the net value of property, plant and equipment increased ¥6.7 billion, to ¥86.3 billion.

Total liabilities increased ¥57.3 billion, to ¥383.8 billion. Short- and long-term interest-bearing debt jumped to ¥236.3 billion, an increase of ¥39.1 billion. Other liabilities increased ¥18.1 billion, to ¥147.5 billion, principally due to an increase of ¥6.9 billion in total notes and accounts payable.

Retained earnings dropped ¥4.8 billion, as the total of ¥3.1 billion in net loss and ¥1.7 billion in cash dividends. Thus, shareholders' equity dropped ¥3.8 billion, to ¥71.2 billion, despite a ¥1.0 billion decrease in translation adjustments. As a result, the equity ratio fell to 15.6%, from 18.6%.

Cash Flows

Net cash used in operating activities during the fiscal year amounted to ¥3.2 billion, whereas ¥19.3 billion was provided by operating activities in the previous year, due to a ¥0.5 billion loss before income taxes and minority interests and increases in notes and accounts receivable and inventories during the fiscal year under review.

Net cash used in investing activities increased ¥3.4 billion, to ¥34.5 billion. Capital investment amounted to ¥26.5 billion and ¥4.6 billion was invested in the additional acquisition of subsidiaries. Free cash flows from operating and investing activities amounted to a net outflow of ¥37.6 billion.

Net cash provided by financing activities amounted to ¥24.8 billion, an increase of ¥11.5 billion. The net increase in funds was procured primarily through the issuance of bonds and management borrowings.

As a result, cash and cash equivalents at the end of the fiscal year were ¥27.1 billion, down ¥11.4 billion from the end of the previous year.

CONSOLIDATED BALANCE SHEETS

Minolta Co., Ltd. and Consolidated Subsidiaries
March 31, 2001 and 2000

FINANCIAL SECTION

	Millions of yen		Thousands of U.S. dollars (Note 1)
Assets	2001	2000	2001
Current Assets:			
Cash and deposits (Note 3)	¥ 27,284	¥ 23,726	\$ 220,032
Marketable securities (Notes 3 and 4)	69	93	556
Notes and accounts receivable:			
Trade	111,609	93,093	900,073
Unconsolidated subsidiaries and affiliates	2,780	4,032	22,419
Other	2,466	1,597	19,887
Allowance for doubtful receivables	(3,951)	(3,670)	(31,863)
Notes and accounts receivable, net	112,904	95,052	910,516
Inventories (Note 5)	137,340	103,170	1,107,581
Other current assets (Notes 3 and 13)	15,927	29,520	128,444
Total current assets	293,524	251,561	2,367,129
Investments and Long-Term Receivables:			
Investments in securities:			
Unconsolidated subsidiaries and affiliates	2,057	1,598	16,589
Other (Notes 4 and 7)	37,041	41,329	298,717
Total investments in securities	39,098	42,927	315,306
Long-term receivables:			
Unconsolidated subsidiaries and affiliates	119	132	960
Other	2,552	2,655	20,581
Allowance for doubtful receivables	(1,101)	(945)	(8,879)
Long-term receivables, net	1,570	1,842	12,662
Other investments	14,927	11,844	120,379
Total investments and long-term receivables	55,595	56,613	448,347
Property, Plant and Equipment, at Cost (Note 7):			
Land	13,086	12,592	105,532
Buildings and structures	64,271	60,046	518,314
Machinery and equipment	184,989	168,574	1,491,847
Construction in progress	227	835	1,831
Total	262,573	242,047	2,117,524
Accumulated depreciation	(176,234)	(162,423)	(1,421,242)
Property, plant and equipment, net	86,339	79,624	696,282
Other Assets (Note 13)	20,793	15,041	167,686
Total Assets	¥456,251	¥402,839	\$3,679,444

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
Liabilities and Shareholders' Equity	2001	2000	2001
Current Liabilities:			
Short-term bank loans (Notes 3, 6 and 7)	¥162,550	¥132,746	\$1,310,887
Current portion of long-term debt (Notes 6 and 7)	12,794	6,555	103,178
Notes and accounts payable:			
Trade	67,110	59,661	541,210
Unconsolidated subsidiaries and affiliates	734	1,272	5,919
Total notes and accounts payable	67,844	60,933	547,129
Accrued income taxes	4,929	2,851	39,750
Accrued expenses	22,242	18,594	179,371
Other current liabilities	23,605	22,489	190,363
Total current liabilities	293,964	244,168	2,370,678
Long-Term Liabilities:			
Long-term debt (Notes 6 and 7)	60,995	57,910	491,895
Accrued retirement and severance benefits (Note 11)	21,873	18,308	176,395
Other (Note 13)	7,008	6,188	56,516
Total long-term liabilities	89,876	82,406	724,806
Minority Interests	1,217	1,260	9,815
Contingent Liabilities (Note 15)			
Shareholders' Equity (Note 8):			
Common stock, ¥50 par value:			
Authorized—800,000,000 shares			
Issued—280,207,681 shares in 2001 and 2000	25,833	25,833	208,331
Capital surplus	51,198	51,198	412,887
Retained earnings (Note 19)	1,897	6,745	15,298
Translation adjustments	(7,733)	(8,768)	(62,363)
	71,195	75,008	574,153
Less treasury stock, at cost (Note 9):			
1,514 shares in 2001 and 7,060 shares in 2000	1	3	8
Total shareholders' equity	71,194	75,005	574,145
	¥456,251	¥402,839	\$3,679,444

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

Minolta Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2001 and 2000

FINANCIAL SECTION

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2001	2000	2001
Net Sales (Note 10)	¥464,289	¥482,767	\$3,744,266
Cost of Sales (Notes 10 and 12)	263,865	269,412	2,127,943
Gross profit	200,424	213,355	1,616,323
Selling, General and Administrative Expenses (Note 12)	191,234	193,087	1,542,210
Operating profit (Note 2 (o))	9,190	20,268	74,113
Other Income (Expenses):			
Interest and dividend income	1,161	1,330	9,363
Interest expense	(8,903)	(7,392)	(71,799)
Other, net	(1,968)	(8,113)	(15,871)
	(9,710)	(14,175)	(78,307)
(Loss) income before income taxes and minority interests (Note 2 (o))	(520)	6,093	(4,194)
Income Taxes (Credit) (Note 13):			
Current	6,195	4,186	49,959
Deferred	(3,414)	37	(27,532)
	2,781	4,223	22,427
(Loss) income before minority interests	(3,301)	1,870	(26,621)
Minority Interests	(174)	(1,274)	(1,403)
Net (loss) income	(3,127)	3,144	(25,218)
Retained Earnings:			
Balance at beginning of year	6,745	7,064	54,395
Adjustment resulting from initial inclusion of subsidiaries in consolidation	37	(1,732)	298
Adjustment resulting from change of fiscal period for consolidated subsidiaries	(27)	—	(218)
Appropriations:			
Cash dividends	1,681	1,681	13,556
Bonuses to directors and corporate auditors	50	50	403
Balance at end of year	¥ 1,897	¥ 6,745	\$ 15,298
		Yen	U.S. dollars (Note 1)
Net (Loss) Income per Share	¥ (11.16)	¥ 11.22	\$ (0.09)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Minolta Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2001 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2001	2000	2001
Cash Flows from Operating Activities:			
(Loss) income before income taxes and minority interests	¥ (520)	¥ 6,093	\$ (4,194)
Adjustments to reconcile income before income taxes and minority interests to net cash (used in) provided by operating activities:			
Depreciation and amortization	25,405	23,387	204,879
Amortization of goodwill on consolidation	1,286	949	10,371
Increase in accrued retirement and severance benefits	2,788	766	22,484
Interest and dividend income	(1,161)	(1,330)	(9,363)
Interest expense	8,903	7,392	71,799
Equity in loss of unconsolidated subsidiaries and affiliates	51	—	411
Gain on sales of marketable securities	—	(1,052)	—
Loss on valuation of marketable securities	—	551	—
Gain on sales of investment in securities	(1,003)	(225)	(8,089)
Loss on valuation of investment in securities	3,418	—	27,565
Gain on disposal of property, plant and equipment	(200)	(102)	(1,613)
Changes in operating assets and liabilities:			
Notes and accounts receivable	(10,016)	2,018	(80,774)
Inventories	(26,064)	864	(210,193)
Notes and accounts payable	4,325	(4,477)	34,879
Accrued consumption taxes	123	123	992
Other, net	1,712	(1,984)	13,806
Subtotal	9,047	32,973	72,960
Interest and dividend income received	1,167	1,310	9,411
Interest expense paid	(9,090)	(7,350)	(73,306)
Income taxes paid	(4,287)	(7,623)	(34,573)
Net cash (used in) provided by operating activities	(3,163)	19,310	(25,508)
Cash Flows from Investing Activities:			
Purchases of marketable securities	(40)	(1,708)	(323)
Proceeds from sales of marketable securities	40	1,585	323
Purchases of property, plant and equipment	(26,490)	(23,160)	(213,629)
Proceeds from sales of property, plant and equipment	2,064	1,176	16,645
Purchases of investments in securities	(1,907)	(476)	(15,379)
Proceeds from sales of investments in securities	2,730	258	22,016
Payments for acquisition of new subsidiaries	—	(4,758)	—
Payments for additional acquisition of subsidiaries	(4,559)	—	(36,766)
Payments for loans receivable	(456)	(159)	(3,677)
Collection of loans receivable	172	205	1,387
Other, net	(6,027)	(4,016)	(48,605)
Net cash used in investing activities	(34,473)	(31,053)	(278,008)
Cash Flows from Financing Activities:			
Increase in short-term bank loans	20,677	11,481	166,750
Decrease in commercial paper	—	(5,580)	—
Proceeds from long-term borrowings	12,642	11,179	101,951
Repayment of long-term borrowings	(9,289)	(6,785)	(74,911)
Issuance of unsecured bonds	3,000	5,000	24,194
Dividends paid	(1,678)	(1,682)	(13,532)
Dividends paid to minority interests	(55)	(211)	(444)
Other, net	(486)	(64)	(3,919)
Net cash provided by financing activities	24,811	13,338	200,089
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,049	(2,954)	8,459
Decrease in Cash and Cash Equivalents	(11,776)	(1,359)	(94,968)
Cash and Cash Equivalents at Beginning of Year (Note 3)	38,497	38,510	310,460
Cash and Cash Equivalents of Initially Consolidated Subsidiaries at Beginning of Year	393	1,346	3,169
Cash and Cash Equivalents at End of Year (Note 3)	¥ 27,114	¥ 38,497	\$ 218,661

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Minolta Co., Ltd. and Consolidated Subsidiaries
March 31, 2001 and 2000

1. Basis of Preparation

(a) Minolta Co., Ltd. (the "Company") and its domestic consolidated subsidiaries maintain their books of account in conformity with financial accounting standards generally accepted and applied in Japan and its overseas subsidiaries in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan, and are compiled from consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan. Certain modifications on format have been made to facilitate understanding by readers outside Japan.

(b) The consolidated financial statements presented herein are expressed in yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ¥124=US\$1.00. This translation should not be construed as a representation that yen have been, could have been, or could in the future be converted into U.S. dollars at the above or any other rate.

(c) Certain accounts in the consolidated balance sheet as of March 31, 2000 have been reclassified to conform to the 2001 presentation. These reclassifications had no effect on net income or shareholders' equity.

2. Significant Accounting Policies

(a) Principles of Consolidation

In accordance with the accounting standards for consolidation issued by the Business Accounting Deliberation Council of Japan, effective April 1, 1999, the accompanying consolidated financial statements include the accounts of the Company and all subsidiaries over which substantial control is exerted through either majority ownership of voting stock and/or by other means. All significant intercompany balances and transactions have been eliminated in consolidation.

Certain foreign subsidiaries are consolidated on the basis of fiscal periods ending December 31, which differ from that of the Company; however, the necessary adjustments have been made if the effect of the difference is material.

All assets and liabilities of the subsidiaries are revaluated on acquisition, if applicable, and the excess of cost over the underlying net assets at the date of acquisition is amortized over a period of five or ten years on a straight-line basis, if such excess is material, or charged to income when incurred if immaterial.

(b) Cash Equivalents (See Note 3)

Cash equivalents include all highly liquid debt instruments with a maturity of three months or less when purchased and overdrafts under total cash management.

(c) Marketable Securities and Investments in Securities (See Note 4)

Debt securities to be held to maturity are stated at a cost determined by the amortized-cost method (the straight-line method). Other securities are stated at a cost determined by the moving-average method.

(d) Inventories (See Note 5)

Inventories of the Company are stated at cost determined principally by the weighted average method. Inventories of subsidiaries are stated principally at the lower of cost (determined principally by the first-in, first-out method) or market.

(e) Derivatives (See Note 14)

Derivatives are stated at fair value.

(f) Depreciation

(1) Property, Plant and Equipment

Depreciation of property, plant and equipment is computed principally by the declining-balance method by the Company and the domestic consolidated subsidiaries, whereas the overseas consolidated subsidiaries compute depreciation by the straight-line method over the estimated useful lives of the respective assets. However, for buildings (excluding fixtures attached to the buildings) acquired on or subsequent to April 1, 1998, the straight-line method is applied by the Company and the domestic consolidated subsidiaries.

(2) Intangible Fixed Assets

Depreciation of intangible fixed assets in other assets is computed principally by the straight-line method.

(g) Research and Development Costs and Computer Software (See Note 12)

Research and development costs are charged to income as incurred. In accordance with accounting standards for research and development costs and computer software, expenditures relating to the cost of computer software intended for internal use are charged to income as incurred, except if these are deemed to contribute to generating future income or cost savings. Such expenditures are capitalized as other assets and amortized by the straight-line method over their useful lives, generally over a period of 5 years.

(h) Bonuses

Bonuses to employees, which are paid semiannually, are accrued based upon management's estimate of the annual amount. In Japan, bonuses to directors and corporate auditors, which are subject to the approval of the shareholders, are accounted for as an appropriation of retained earnings.

(i) Lease Transactions (See Note 17)

The Company and various consolidated subsidiaries lease certain equipment under noncancelable lease agreements referred to as finance leases. Finance leases, other than those which transfer the ownership of the leased property to the lessee, are accounted for as operating leases.

(j) Hedge Accounting

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged item is recognized. Interest rate swaps which meet certain conditions are accounted for as if the interest rates applied to the interest rate swaps had originally applied to the underlying debt and others.

(k) Income Taxes (See Note 13)

Provision has been made in the consolidated accounts to reflect interperiod allocation of income taxes arising from timing differences in the recognition of certain income and expenses for financial reporting and tax purposes.

(l) Retirement and Severance Benefits (See Note 11)

To provide for the payment of retirement benefits and pension plans to employees, the Company and certain consolidated subsidiaries have entered an amount into a reserve equivalent to the amount recognized as necessary at the end of the period under review based on the expected retirement and severance obligations and the assets of pension plans at fiscal year-end.

As for the unrecognized actuarial gain or loss, it will be settled as an expense from the next period after its occurrence using the straight-line method within the specific period (15 years) in the remaining period of the employees' average working period.

The unrecognized transitional obligation of ¥22,286 million (\$179,726 thousand) is mainly being amortized over 15 years as an operating expense.

The Company has also provided for estimated retirement and severance benefits to directors and corporate auditors. Provision has been made in the financial statements for the estimated accrued liability for their retirement and severance benefits not covered by the pension plans.

(m) Net (Loss) Income per Share

Net (loss) income per share is computed based upon the weighted-average number of shares of common stock outstanding during each fiscal year, adjusted for any free distributions of common stock.

(n) Translation of Foreign Currency

Receivables and payables denominated in foreign currencies are translated into yen amounts at the year-end rates. Gains or losses resulting from such translation adjustments are credited or charged to income as incurred.

The balance sheet accounts of the overseas consolidated subsidiaries have been translated into yen at the year-end rates, except for the components of shareholders' equity, which have been translated at their historical rates. The differences resulting from such translations are included in shareholders' equity. Income, expenses and cash flows are translated at the average exchange rates for the year.

Due to a change in the regulations relating to the presentation of translation adjustments effective the year ended March 31, 2001, the Company has presented translation adjustments as a component of shareholders' equity and minority interests

(instead of as a component of assets) in its consolidated financial statements for the year ended March 31, 2001, and has restated the previously reported consolidated financial statements for the year ended March 31, 2000.

(o) Changes in Method of Accounting

Effective April 1, 2000, the Company and its subsidiaries applied accounting standards for retirement benefits and pension plans in Japan. As a result of this change, loss before income taxes and minority interests for the year ended March 31, 2001 increased ¥2,140 million (\$17,258 thousand).

Effective April 1, 2000, the Company and its subsidiaries applied accounting standards for financial instruments in Japan. As a result of this change, loss before income taxes and minority interests for the year ended March 31, 2001 increased ¥623 million (\$5,024 thousand). (Operating profit increased ¥134 million (\$1,081 thousand).)

Effective April 1, 2000, the Company and its subsidiaries applied post-revision accounting standards and methods for foreign currency transactions in Japan. As a result of this change, loss before income taxes and minority interests for the year ended March 31, 2001 increased ¥405 million (\$3,266 thousand). (Operating profit decreased ¥400 million (\$3,226 thousand).)

Effective April 1, 1999, the Company changed its basis of valuation of marketable securities and investments in securities from the weighted average method to the moving-average method. As a result of this change, income before income taxes and minority interests for the year ended March 31, 2000 increased ¥349 million.

3. Cash and Cash Equivalents

In the presentation of the consolidated statements of cash flows, relations between items included in cash and cash equivalents and the corresponding amounts in the balance sheets at March 31, 2001 and 2000 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Cash and deposits	¥27,284	¥23,726	\$220,032
Cash equivalents in marketable securities	23	53	185
Cash equivalents in other current assets	—	14,999	—
Deposits over 3-month period in cash and deposits	(91)	(157)	(734)
Minus cash equivalents in short-term bank loans	(102)	(124)	(822)
Cash and cash equivalents at end of year	¥27,114	¥38,497	\$218,661

4. Marketable Securities and Investments in Securities—Other

Marketable securities and investments in securities—other include securities with market value as follows:

2001	Millions of yen		
	Book value	Market value	Unrealized gains (or losses)
Held-to-maturity debt securities	¥ 45	¥ 45	¥ (0)
Other securities	36,475	30,807	(5,668)
2000	Millions of yen		
	Book value	Market value	Unrealized gains (or losses)
Held-to-maturity debt securities	¥ 45	¥ 45	¥ (0)
Other securities	40,746	43,646	2,900
2001	Thousands of U.S. dollars		
	Book value	Market value	Unrealized gains (or losses)
Held-to-maturity debt securities	\$ 363	\$ 363	\$ (0)
Other securities	294,153	248,444	(45,709)

Proceeds from the sale of other securities were ¥2,729 million (\$22,008 thousand), realized gains were ¥1,003 million (\$8,089 thousand) and realized losses were nil for the year ended March 31, 2001.

Maturities of debt securities included in marketable securities and investments in securities—other were as follows at March 31, 2001:

	Millions of yen	Thousands of U.S. dollars
Due within 1 year	¥ 55	\$ 444
Due after 1 year through 5 years	161	1,298

5. Inventories

A summary of inventories at March 31, 2001 and 2000 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Finished goods	¥100,112	¥ 77,015	\$ 807,355
Work in process	27,620	20,754	222,742
Raw materials and supplies	9,608	5,401	77,484
	¥137,340	¥103,170	\$1,107,581

6. Short-Term Bank Loans and Long-Term Debt

The annual interest rates on short-term bank loans ranged from 0% to 31% for the year ended March 31, 2001 and from 1% to 32% for the year ended March 31, 2000. The weighted average interest rate was 4% for the years ended March 31, 2001 and 2000.

Long-term debt at March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
2.3% yen unsecured bonds, due 2002	¥10,000	¥10,000	\$ 80,645
3.0% yen unsecured bonds, due 2004	10,000	10,000	80,645
1.75% euro-yen unsecured bonds, due 2002	5,000	5,000	40,323
1.355% yen unsecured bonds, due 2006	3,000	—	24,194
Loans with banks,* due through 2018:			
Secured	2,036	3,427	16,419
Unsecured	43,753	36,038	352,847
	73,789	64,465	595,073
Less current portion	12,794	6,555	103,178
	¥60,995	¥57,910	\$491,895

* The annual interest rates on long-term loans with banks ranged from 1% to 10% for the year ended March 31, 2001 and from 0% to 13% for the year ended March 31, 2000. The weighted average rate was 4% for the year ended March 31, 2001 and 3% for the year ended March 31, 2000.

The aggregate annual maturities of long-term debt subsequent to March 31, 2001 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2002	¥12,794	\$103,178
2003	19,562	157,758
2004	14,215	114,637
2005	24,996	201,580
2006	1,810	14,597
2007 and thereafter	412	3,323
	¥73,789	\$595,073

The 2.3% yen unsecured bonds to the amount of ¥10,000 million (\$80,645 thousand) were issued in October 1997, and the 3.0% yen unsecured bonds to the amount of ¥10,000 million (\$80,645 thousand) were issued in December 1997, by the Company. All the outstanding bonds can be repurchased at any time prior to maturity at the option of the Company, in whole or in part, at any price, in the market or elsewhere.

The 1.75% euro-yen unsecured bonds to the amount of ¥5,000 million (\$40,323 thousand) were issued in June 1999, and the 1.355% yen unsecured bonds to the amount of ¥3,000 million (\$24,194 thousand) were issued in December 2000, by the Company.

7. Pledged Assets

The following assets were pledged as collateral for obligations at March 31, 2001 and 2000:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Property, plant and equipment, net of accumulated depreciation	¥13,486	¥14,606	\$108,758
Investments in securities	508	857	4,097
	¥13,994	¥15,463	\$112,855

The obligations secured by such collateral at March 31, 2001 and 2000 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Short-term bank loans	¥ 14	¥ 625	\$ 113
Long-term debt, including current portion	2,036	3,427	16,419
	¥2,050	¥4,052	\$16,532

8. Shareholders' Equity

The Commercial Code of Japan (the "Code") provides that an amount equivalent to at least 10% of cash dividends and bonuses paid to directors and statutory auditors, and exactly 10% of interim cash dividends paid be appropriated to the legal reserve until such reserve equals 25% of common stock. The Code also provides that neither capital surplus nor the legal reserve is available for dividends but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Company's legal reserve, which is included in retained earnings, amounted to ¥2,475 million (\$19,960 thousand) and ¥2,301 thousand at March 31, 2001 and 2000, respectively.

9. Treasury Stock

The Company has introduced a unit share system as permitted under the Code. Under this system, shareholders holding less than 1,000 shares are not permitted to exercise voting rights. Accordingly, the Company repurchased its own shares from shareholders who held less than 1,000 shares and had requested such repurchases. The balance of treasury stock reflected in the accompanying consolidated balance sheets represents the cost of repurchasing these shares, which are expected to be resold subsequently to third parties.

10. Sales to and Purchases from Unconsolidated Subsidiaries and Affiliates

Sales to and purchases from unconsolidated subsidiaries and affiliates for the years ended March 31, 2001 and 2000 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Sales to	¥6,641	¥10,803	\$53,556
Purchases from	3,959	5,488	31,927

11. Retirement and Severance Benefits

(a) Defined Benefit Plan for Employees

(1) Outline of Retirement and Severance Benefit Plans Adopted

The Company and its domestic consolidated subsidiaries have defined benefit pension plans, which are pursuant to the Japanese Welfare Pension Insurance Law, as well as the substituted noncontributory pension plans and lump-sum indemnities. Some overseas subsidiaries have adopted a defined benefit plan. Also, at the time of retirement of employees, in some cases extra benefits might be paid, which are not targeted by benefit obligations by actuarial measurement on the basis of retirement and severance benefits.

(2) Benefit Obligations

	Millions of yen	Thousands of U.S. dollars
	2001	2001
① Retirement benefit obligations	¥(108,248)	\$(872,968)
② Plan assets at fair value	50,575	407,863
③ Unfunded benefit obligations (①+②)	(57,673)	(465,105)
④ Unrecognized transitional obligation	21,008	169,419
⑤ Unrecognized actuarial loss	15,419	124,347
⑥ Accrued retirement and severance benefits (③+④+⑤)	¥ (21,246)	\$(171,339)

(3) Benefit Expenses

	Millions of yen	Thousands of U.S. dollars
	2001	2001
① Service cost	¥4,356	\$35,129
② Interest cost	2,887	23,282
③ Expected return on plan assets	(2,025)	(16,331)
④ Amortization of unrecognized transitional obligation	1,278	10,306
⑤ Benefit expenses (①+②+③+④)	¥6,496	\$52,386

(4) Basis of Calculations for Benefit Obligations, etc.

(i) Distribution method of estimated benefit

Straight-line method

(ii) Discount rate

3.0% (3.5% is applied at the beginning of period)

(iii) Expected rate of return on plan assets

Mainly 4.5%

(iv) Number of years over which actuarial difference is expensed

15 years (amount is determined using the straight-line method within the average number of years remaining before the retirement of employees at the time of occurrence and expensed beginning with the following term.)

(v) Number of years over which transitional obligation is expensed

Mainly 15 years (in some consolidated subsidiaries, the benefit obligations at the beginning of the period are expensed as a lump sum).

(b) Retirement and Severance Benefit Plan for Directors and Corporate Auditors

At March 31, 2001, the Company recorded ¥627 million (\$5,056 thousand) of accrued retirement and severance benefits to directors and corporate auditors, which was estimated based on the Company's internal rules.

12. Research and Development Costs

Cost of sales and selling, general and administrative expenses for the years ended March 31, 2001 and 2000 included research and development costs of ¥26,300 million (\$212,097 thousand) and ¥30,918 million, respectively.

13. Interperiod Income Tax Allocation

Interperiod income tax allocation has been made as described in Note 2 (k).

The significant components of deferred tax assets and liabilities at March 31, 2001 and 2000 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Current			
Deferred tax assets			
(reflected in other current assets):			
Research and development costs	¥ 551	¥ 824	\$ 4,444
Inventories written down	998	740	8,048
Allowance for doubtful receivables	859	791	6,927
Accrued bonuses	864	595	6,968
Intercompany profit on inventories	4,820	3,963	38,871
Other	1,585	2,236	12,782
	9,677	9,149	78,040
Less: valuation allowance	(1,178)	(1,205)	(9,500)
	8,499	7,944	68,540
Deferred tax liabilities:			
Warranty reserve	(2)	(84)	(16)
Other	(6)	(112)	(48)
	(8)	(196)	(64)
Deferred tax assets, net	¥ 8,491	¥ 7,748	\$ 68,476
Non-Current			
Deferred tax assets			
(reflected in other assets):			
Retirement and severance benefits	¥ 5,236	¥ 3,768	\$ 42,226
Depreciation	2,645	2,531	21,331
Tax losses carryforward	7,762	4,214	62,597
Other	3,052	917	24,613
	18,695	11,430	150,767
Less: valuation allowance	(9,483)	(5,500)	(76,476)
	9,212	5,930	74,291
Offset of deferred tax liabilities	(1,373)	(899)	(11,073)
Deferred tax assets, net	¥ 7,839	¥ 5,031	\$ 63,218
Deferred tax liabilities			
(reflected in other long-term liabilities):			
Undistributed earnings of foreign subsidiaries	¥(1,320)	¥ (859)	\$ (10,645)
Other	(232)	(283)	(1,871)
	(1,552)	(1,142)	(12,516)
Offset of deferred tax assets	1,373	899	11,073
Deferred tax liabilities, net	¥ (179)	¥ (243)	\$ (1,443)

A reconciliation of the Japanese statutory income tax rates and effective tax rates for the year ended March 31, 2000, as a percentage of income before income taxes and minority interests, is as follows:

	2000
Japanese statutory income tax rate	42.0%
Increase (decrease) in income taxes resulting from:	
Valuation allowance	21.6
Expenses not deductible for tax purposes	8.2
Amortization of consolidation goodwill	4.5
Deferred income taxes related to intercompany profit on inventories	3.5
Deduction for tax purposes	(8.2)
Other	(2.3)
Effective tax rate	69.3%

As for the year ended March 31, 2001, a reconciliation is omitted due to the loss before income taxes and minority interests.

14. Derivative Transactions

To avoid adverse effects of fluctuations of foreign currency exchange rates and interest rates, the Company and its consolidated subsidiaries enter into forward foreign exchange contracts and currency and interest rate swaps. The Company and its consolidated subsidiaries utilize these derivative transactions to reduce the risk inherent in their assets and liabilities to be hedged effectively, and these transactions are not likely to have a major impact on the performance of the Company and its consolidated subsidiaries. In addition, derivative transactions are not entered into for speculative trading purposes under policies of the Company and its consolidated subsidiaries.

In accordance with the Company's internal regulations on derivative transactions, the Finance Division of the Company is responsible for managing market and credit risks of these transactions, and this division manages position limits, credit limits and status of derivative transactions. The Board of Directors or the Managing Directors' Committee of the Company approves policies and procedures of risk management of derivative transactions. In accordance with internal regulations, the consolidated subsidiaries manage derivative transactions and related risks, and presidents or directors authorize them.

The Company and its consolidated subsidiaries employ hedge accounting for derivative transactions and hedge foreign exchange and interest rate fluctuation risks within the scope of demand arising from actual transactions to be hedged.

Fair value of derivative transactions as of March 31, 2001 and 2000 is summarized as follows:

(a) Currency related derivatives

	Millions of yen				Thousands of U.S. dollars	
	2001		2000		2001	
	Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value
Forward foreign exchange contracts:						
To sell foreign currencies	¥38,979	¥39,278	¥1,961	¥2,019	\$314,346	\$316,758
To buy foreign currencies	134	133	1,229	1,235	1,081	1,073
	¥39,113	¥39,411	¥3,190	¥3,254	\$315,427	\$317,831

(b) Interest rate related derivatives

	Millions of yen				Thousands of U.S. dollars	
	2001		2000		2001	
	Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value
Interest rate swaps:						
Receive—variable interest rate						
Pay—fixed interest rate	¥10,000	¥(769)	¥11,062	¥(570)	\$80,645	\$(6,202)

*Derivative transactions with hedge accounting applied are excluded in the above table.

15. Contingent Liabilities

At March 31, 2001, the contingent liabilities for notes discounted in the ordinary course of business amounted to ¥1,073 million (\$8,653 thousand). At March 31, 2001, contingent liabilities for guarantees and commitments involving managerial guidance related to loans amounted to ¥2,864 million (\$23,097 thousand).

16. Supplemental Disclosures of Cash Flow Information

During the years ended March 31, 2001 and 2000, leased property and related obligations of ¥436 million (\$3,516 thousand) and ¥171 million were newly recorded under finance lease transactions, respectively.

17. Lease Transactions

(a) Lessees' accounting

The following pro forma amounts represent the acquisition cost, accumulated depreciation and net book value of the leased assets at March 31, 2001 and 2000, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Buildings and structures	Machinery and equipment	Other assets	Total
Millions of yen				
At March 31, 2001				
Acquisition costs	¥238	¥ 7,379	¥ 540	¥ 8,157
Accumulated depreciation	112	4,518	319	4,949
Net book value	¥126	¥ 2,861	¥ 221	¥ 3,208
Millions of yen				
At March 31, 2000				
Acquisition costs	¥ 59	¥28,257	¥1,132	¥29,448
Accumulated depreciation	32	18,946	799	19,777
Net book value	¥ 27	¥ 9,311	¥ 333	¥ 9,671
Thousands of U.S. dollars				
At March 31, 2001				
Acquisition costs	\$1,919	\$59,508	\$4,355	\$65,782
Accumulated depreciation	903	36,435	2,573	39,911
Net book value	\$1,016	\$23,073	\$1,782	\$25,871

Future minimum lease payments subsequent to March 31, 2001 on finance leases accounted for as operating leases are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
1 year or less	¥ 6,447	\$ 51,992
Over 1 year	8,140	65,645
Total	¥14,587	\$117,637

Among the above amounts, the remaining value for sublease transactions at the end of this period was ¥4,886 million (\$39,403 thousand) for 1 year or less and ¥6,246 million (\$50,371 thousand) for over 1 year, resulting in ¥11,132 million (\$89,774 thousand) in total. Net book value on the lessor side is almost the same amount, which is included in the following list of future minimum lease receipts of (b) Lessors' accounting.

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Lease payments	¥2,754	¥7,917	\$22,210
Depreciation equivalent	2,684	7,446	21,645
Interest expense equivalent	54	398	435

Future minimum lease payments subsequent to March 31, 2001 on noncancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
1 year or less		¥ 3,480	\$ 28,065
Over 1 year		13,754	110,919
Total		¥17,234	\$138,984

(b) Lessors' accounting

The following amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets relating to finance leases accounted for as operating leases at March 31, 2001 and 2000:

	Machinery and Equipment		Thousands of U.S. dollars
	Millions of yen		
	2001	2000	2001
Acquisition cost	¥678	¥5,161	\$5,468
Accumulated depreciation	363	2,150	2,927
Net book value	¥315	¥3,011	\$2,541

Future minimum lease receipts subsequent to March 31, 2001 on finance leases accounted for as operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
1 year or less		¥ 5,262	\$42,435
Over 1 year		6,622	53,404
Total		¥11,884	\$95,839

Lease receipts relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Lease receipts	¥1,147	¥1,970	\$9,250
Depreciation equivalent	1,109	1,876	8,944

Future minimum lease receipts subsequent to March 31, 2001 on noncancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
1 year or less		¥1,721	\$13,879
Over 1 year		2,280	18,387
Total		¥4,001	\$32,266

18. Segment Information

The Company and its consolidated subsidiaries operate principally in three industry segments: image information products, optical products and other.

The image information products segment includes primarily photocopiers, printers, other OA products (facsimile machines and document imaging products) and related accessories. The optical products segment includes primarily cameras, lenses, binoculars, radiometric instruments, planetariums and related accessories. The other segment includes items not classified under image information products or optical products.

The following tables present information by industry segment and geographic area as well as overseas sales of the Company and its consolidated subsidiaries for the years ended March 31, 2001 and 2000:

Information by Industry Segment

	Image information products	Optical products	Other	Total	Eliminations*	Consolidated total
						Millions of yen
Year ended March 31, 2001						
Net sales:						
Unaffiliated customers	¥356,669	¥ 95,700	¥11,920	¥464,289	¥ —	¥464,289
Intersegment	19	18	651	688	(688)	—
Total	356,688	95,718	12,571	464,977	(688)	464,289
Operating expenses						
	346,634	96,844	12,325	455,803	(704)	455,099
Operating profit (loss)	¥ 10,054	¥ (1,126)	¥ 246	¥ 9,174	¥ 16	¥ 9,190
Assets						
	¥290,225	¥100,685	¥ 4,834	¥395,744	¥60,507	¥456,251
Depreciation and amortization	20,217	5,058	67	25,342	63	25,405
Capital expenditures	25,556	6,550	100	32,206	—	32,206
						Millions of yen
Year ended March 31, 2000						
Net sales:						
Unaffiliated customers	¥367,726	¥104,075	¥10,966	¥482,767	¥ —	¥482,767
Intersegment	10	37	701	748	(748)	—
Total	367,736	104,112	11,667	483,515	(748)	482,767
Operating expenses						
	347,876	103,939	11,447	463,262	(763)	462,499
Operating profit	¥ 19,860	¥ 173	¥ 220	¥ 20,253	¥ 15	¥ 20,268
Assets						
	¥241,234	¥ 85,520	¥ 3,845	¥330,599	¥72,240	¥402,839
Depreciation and amortization	18,428	4,816	74	23,318	69	23,387
Capital expenditures	21,365	4,926	66	26,357	—	26,357
						Thousands of U.S. dollars
Year ended March 31, 2001						
Net sales:						
Unaffiliated customers	\$2,876,363	\$771,774	\$ 96,129	\$3,744,266	\$ —	\$3,744,266
Intersegment	153	145	5,250	5,548	(5,548)	—
Total	2,876,516	771,919	101,379	3,749,814	(5,548)	3,744,266
Operating expenses						
	2,795,436	781,000	99,395	3,675,831	(5,678)	3,670,153
Operating profit (loss)	\$ 81,080	\$ (9,081)	\$ 1,984	\$ 73,983	\$ 130	\$ 74,113
Assets						
	\$2,340,524	\$811,976	\$ 38,984	\$3,191,484	\$487,960	\$3,679,444
Depreciation and amortization	163,041	40,790	540	204,371	508	204,879
Capital expenditures	206,097	52,823	806	259,726	—	259,726

* The assets in the eliminations column include ¥61,573 million (\$496,556 thousand) and ¥82,336 million of assets maintained for general corporate purposes, principally excess funds under management (cash and negotiable securities) and long-term investments (investment securities) of the Company at March 31, 2001 and 2000, respectively.

Information by Geographic Area

	Japan	North America	Europe	Other	Total	Eliminations*	Consolidated total
Year ended March 31, 2001							Millions of yen
Net sales:							
Unaffiliated customers	¥170,065	¥142,333	¥129,018	¥22,873	¥464,289	¥ —	¥464,289
Intersegment	157,523	240	716	66,046	224,525	(224,525)	—
Total	327,588	142,573	129,734	88,919	688,814	(224,525)	464,289
Operating expenses	318,256	142,948	131,359	87,048	679,611	(244,512)	455,099
Operating profit (loss)	¥ 9,332	¥ (375)	¥ (1,625)	¥ 1,871	¥ 9,203	¥ (13)	¥ 9,190
Assets	¥255,192	¥109,325	¥ 98,764	¥41,149	¥504,430	¥ (48,179)	¥456,251

	Japan	North America	Europe	Other	Total	Eliminations*	Consolidated total
Year ended March 31, 2000							Millions of yen
Net sales:							
Unaffiliated customers	¥174,710	¥146,602	¥142,341	¥19,114	¥482,767	¥ —	¥482,767
Intersegment	159,092	197	473	57,618	217,380	(217,380)	—
Total	333,802	146,799	142,814	76,732	700,147	(217,380)	482,767
Operating expenses	322,123	145,067	141,650	75,030	683,870	(221,371)	462,499
Operating profit	¥ 11,679	¥ 1,732	¥ 1,164	¥ 1,702	¥ 16,277	¥ 3,991	¥ 20,268
Assets	¥197,681	¥ 87,657	¥ 81,533	¥29,584	¥396,455	¥ 6,384	¥402,839

	Japan	North America	Europe	Other	Total	Eliminations*	Consolidated total
Year ended March 31, 2001							Thousands of U.S. dollars
Net sales:							
Unaffiliated customers	\$1,371,492	\$1,147,847	\$1,040,468	\$184,459	\$3,744,266	\$ —	\$3,744,266
Intersegment	1,270,347	1,935	5,774	532,629	1,810,685	(1,810,685)	—
Total	2,641,839	1,149,782	1,046,242	717,088	5,554,951	(1,810,685)	3,744,266
Operating expenses	2,566,581	1,152,806	1,059,347	702,000	5,480,734	(1,810,581)	3,670,153
Operating profit (loss)	\$ 75,258	\$ (3,024)	\$ (13,105)	\$ 15,088	\$ 74,217	\$ (104)	\$ 74,113
Assets	\$2,058,000	\$ 881,653	\$ 796,484	\$331,847	\$4,067,984	\$ (388,540)	\$3,679,444

* The assets in the eliminations column include ¥61,573 million (\$496,556 thousand) and ¥82,336 million of assets maintained for general corporate purposes, principally excess funds under management (cash and negotiable securities) and long-term investments (investment securities) of the Company at March 31, 2001 and 2000, respectively.

As mentioned in Note 2 (o), the Company and its subsidiaries applied accounting standards for retirement benefits and pension plans effective April 1, 2000.

The effects of this change on the segment information presented on the previous pages for the year ended March 31, 2001 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
By business segment:		
Decrease in operating profit in image information products segment	¥1,344	\$10,839
Decrease in operating profit in optical products segment	790	6,371
Decrease in operating profit in other segment	6	48
By geographic area:		
Decrease in profit in Japan	2,140	17,258

As mentioned in Note 2 (o), the Company and its subsidiaries applied accounting standards for financial instruments effective April 1, 2000.

The effects of this change on the segment information presented on the previous pages for the year ended March 31, 2001 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
By business segment:		
Increase in operating profit in image information products segment	¥83	\$ 670
Increase in operating profit in optical products segment	51	411
By geographic area:		
Increase in profit in Japan	134	1,081

As mentioned in Note 2 (o), the Company and its subsidiaries applied post-revision accounting standards and methods for foreign currency transactions effective April 1, 2000.

The effects of this change on the segment information presented on the previous pages for the year ended March 31, 2001 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
By business segment:		
Decrease in operating profit in image information products segment	¥360	\$2,903
Decrease in operating profit in optical products segment	40	323
By geographic area:		
Increase in operating profit in Japan	5	39
Decrease in operating profit in North America	4	32
Increase in operating profit in Europe	89	718
Decrease in operating profit in Other	19	153
Decrease in operating profit in Eliminations	471	3,798

As mentioned in Note 2 (o), effective April 1, 1999, the Company changed its method of accounting for the valuation of marketable securities and investments in securities from the weighted-average method to the moving-average method. The effects of this change on the segment information presented on the previous pages for the year ended March 31, 2000 are summarized as follows:

	Millions of yen
By business segment:	
Increase in assets in image information products segment	¥349
By geographic area:	
Increase in assets in Japan	349

Overseas Sales

	North America	Europe	Other	Total (A)	Consolidated total (B)	(A)/(B) (%)
Years ended March 31	Millions of yen					(A)/(B) (%)
2001	¥168,406	¥148,189	¥52,971	¥369,566	¥464,289	79.6%
2000	169,582	166,369	42,774	378,725	482,767	78.4%
Year ended March 31	Thousands of U.S. dollars					
2001	\$1,358,113	\$1,195,073	\$427,185	\$2,980,371	\$3,744,266	

19. Subsequent Event

The following appropriation of retained earnings, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2001, was approved at the shareholders' meeting held on June 28, 2001:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥3.00 per share)	¥841	\$6,782

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and shareholders
Minolta Co., Ltd.

We have audited the consolidated balance sheets of Minolta Co., Ltd. and consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of operations and retained earnings, and cash flows for the years then ended, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Minolta Co., Ltd. and consolidated subsidiaries at March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the changes, with which we concur, in the method of accounting for marketable securities and investments in securities in the year ended March 31, 2000, as described in Note 2 to the consolidated financial statements.

As described in Note 2 to the consolidated financial statements, Minolta Co., Ltd. and consolidated subsidiaries have adopted new accounting standards for employees' retirement benefits, financial instruments and foreign currency translations effective the year ended March 31, 2001 and for consolidation, research and development costs and computer software effective the year ended March 31, 2000 in the preparation of their consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2001 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Century Ota Showa & Co.

Century Ota Showa & Co.

Osaka, Japan
June 28, 2001

See Note 1 to the consolidated financial statements which explains the basis of preparing the consolidated financial statements of Minolta Co., Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.