Direct Translation of Japanese RENKETSU KESSAN TANSHIN

Fiscal year ended March 31, 2000 May 24, 2000

Consolidated Financial Results

Listed company name: Minolta Co., Ltd.
Security code: 7753
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Stock Listings: First sections of Tokyo Securities Exchange, Osaka Stock Exchange, and Nagoya Stock Exchange
Meeting of the Board of Directors Held: May 24, 2000

1. Financial Results

(1) Operating Results (Years ended March 31, 2000 and 1999)

Amounts less than ¥1 million, except per share amounts, have been omitted in the following tables.

(Millions of yen)

	Net sales (% change from previous year)	Operating profit (% change from previous year)	Recurring income (% change from previous year)
2000	¥482,767 (-4.6%)	¥20,268(-30.3%)	¥8,548 (-55.8%)
1999	¥506,074 (3.2%)	¥29,085 (4.1%)	¥19,325 (30.1%)

	Net income (% change from previous year)	Net income per share (Yen)	Net income per share: Assuming full dilution (Yen)	Net income to shareholders' equity	Recurring income to total assets	Recurring income to net sales
2000	¥3,144 (–65.1%)	¥11.22	¥—	3.7%	2.1%	1.8%
1999	¥9,001 (–45.2%)	¥32.13	¥—	10.9%	4.4%	3.8%

Note: 1. Equity in loss of unconsolidated subsidiaries and affiliates:
2000 ¥—
1999 ¥—
2. Gain on valuation of securities: ¥2,900 million
Loss on valuation of derivative transactions: ¥621 million
3. Changes were made to accounting policies in fiscal 2000.

(2) Financial Position (March 31, 2000 and 1999)

(Millions of yen)

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (Yen)
2000	¥411,606	¥83,773	20.4%	¥298.98
1999	¥419,730	¥84,093	20.0%	¥300.11

(3) Cash Flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
2000	¥19,309	¥(31,052)	¥13,338	¥38,496
1999	—	—	—	—

(4) Scope of Consolidation and Companies Accounted for by the Equity Method

Number of consolidated subsidiaries: 65

Number of non-consolidated subsidiaries accounted for by the equity method: —

Number of affiliated companies accounted for by the equity method: —

(5) Changes in Scope of Consolidation and Companies Accounted for by the Equity Method

Newly consolidated companies: 14

Newly unconsolidated company: —

Companies newly accounted for by the equity method: —
Company no longer accounted for by the equity method: —

2. Projected Operating Results (Year Ending March 31, 2001)

(Millions of yen)

	Net Sales	Recurring income	Net income
Interim Period	¥245,000	¥3,500	¥1,500
Fiscal year	¥510,000	¥10,000	¥5,000

Estimated net income per share for the year: Consolidated basis ¥17.84

The Minolta Group

The Minolta Group, the Company and its affiliated companies, consists of Minolta Co., Ltd. and its 98 subsidiaries and 6 affiliates. The Group is mainly engaged in business related to image information products and optical products. Production is done by the Company and affiliated companies in charge of production, while sales are mainly carried out by the Company and its sales subsidiaries.

The main products and main companies in charge for each operational category are as follows. These categories are the same as the classifications by industry in the segment information.

Operational Category	Main products	Main companies in charge
Image information products	Digital copiers Digital full color copiers Analog copiers Laser printers Full color laser printers Microfilm equipment Facsimile	Manufacturers The Company Aoi Camera Co., Ltd. Sankei Precision Products Co., Ltd. Toyohashi Precision Products Co., Ltd. Miki Minolta Kogyo Co., Ltd. Toyo Seiko Co., Ltd. Minolta Advance Technology Inc. (U.S.A.) Minolta Lorraine S.A. (France) Minolta Industries (HK) Limited (Hong Kong) Sales companies The Company Minolta Sales Co., Ltd. Minolta Media Works Co., Ltd. Tokai Minolta Co., Ltd. Kinki Minolta Co., Ltd. Kyushu Minolta Co., Ltd. Minolta Corporation (U.S.A.) Minolta Business Systems, Inc. (U.S.A.) QMS, Inc. (U.S.A.) Minolta Business Equipment (Canada), Ltd. (Canada) Minolta Europe GmbH (Germany) Develop GmbH (Germany) Minolta France S.A. (France) Minolta (UK) Limited (United Kingdom) Minolta Danmark A/S (Denmark) Minolta Business Equipment (Belgium) N.V. (Belgium) Minolta Italia S.p.A (Italy) Minolta Austria Gesellschaft mbH (Austria) QMS Europe B.V. (the Netherlands) Minolta Hong Kong Limited (Hong Kong) Servicing company Minolta Techno Service Tokyo
Optical products	Single-lens reflex cameras Lense-shutter cameras Lenses Radiometric instruments Optical medical instruments Photographic meters Binoculars Planetariums	Manufacturers The Company Okayama Minolta Seimitsu Co., Ltd. Fujikasei Co., Ltd. Minolta Planetarium Co., Ltd. Shanghai Minolta Optical Products Co., Ltd. (China) Minolta Malaysia Sdn. Bhd. (Malaysia) Minolta Precision Engineering (M) Sdn. Bhd. (Malaysia)

<table>
<tr><th>Operational Category</th><th>Main products</th><th>Main companies in charge</th></tr>
<tr><td>Optical products</td><td></td><td><u>Sales companies</u>
The Company
Minolta Sales Co., Ltd.
Minolta Corporation (U.S.A.)
Minolta Europe GmbH (Germany)
Minolta France S.A. (France)
Minolta (UK) Limited (United Kingdom)
Minolta Camera Benelux B.V. (the Netherlands)
Minolta Hong Kong Limited (Hong Kong)
Minolta Singapore (PTE) Limited(Singapore)</td></tr>
<tr><td>Others</td><td>Products not included in the above</td><td><u>Manufacturers</u>
Aoi Camera Co., Ltd.
Okayama Minolta Seimitsu Co., Ltd.
<u>Sales companies</u>
Mohawk Marketing Corporation (U.S.A.)</td></tr>
</table>

Note: The above list is as of March 31, 2000.

Customers

[Sales subsidiaries in Japan]
- Minolta Sales Co., Ltd.
- Minolta Media Works Co., Ltd.
- Tokai Minolta Co., Ltd.
- Kinki Minolta Co., Ltd.
- Kyushu Minolta Co., Ltd.

Others

[Sales subsidiaries in U.S.A.]
- Minolta Corporation (U.S.A.)
- Minolta Business Systems, Inc. (U.S.A.)
- Mohawk Marketing Corporation (U.S.A.)
- Q,MS, Inc. (U.S.A.)
- Minolta Business Equipment (Canada), Ltd. (Canada)

Others

[Sales subsidiaries in Europe]
- Minolta Europe GmbH (Germany)
- Develop GmbH (Germany)
- Minolta France S.A. (France)
- Minolta (UK) Limited (United Kingdom)
- Minolta Danmark A/S (Denmark)
- Minolta Business Equipment (Belgium) N.V. (Belgium)
- Minolta Italia S.p.A. (Italy)
- Minolta Austria Gesellschaft mbH (Austria)
- Minolta Camera Benelux B.V. (the Netherlands)
- QMS Europe B.V. (the Netherlands)

Others

[Sales subsidiaries in other areas]
- Minolta Hong Kong Limited (Hong Kong)
- Minolta Singapore (PTE) Limited (Singapore)

Others

Minolta Co. Ltd.

[Manufacturing subsidiaries and affiliates in Japan]
- Aoi Camera Co., Ltd.
- Sankei Precision Products Co., Ltd.
- Toyohashi Precision Products Co., Ltd.
- Miki Minolta Kogyo Co., Ltd.
- Toyo Seiko Co., Ltd.
- Okayama Minolta Seimitsu Co., Ltd.
- Fujikasei Co., Ltd.
- Minolta Planetarium Co., Ltd.

Others

[Manufacturing subsidiary in U.S.A.]
- Minolta Advance Technology Inc. (U.S.A.)

[Manufacturing subsidiary in Europe]
- Minolta Lorraine S.A. (France)

[Manufacturing subsidiaries in other areas]
- Minolta Industries (HK) Limited (Hong Kong)
- Shanghai Minolta Optical Products Co., Ltd. (China)
- Minolta Malaysia Sdn. Bhd. (Malaysia)
- Minolta Precision Engineering (M) Sdn. Bhd. (Malaysia)

Others

[Servicing subsidiaries in Japan]
- Minolta Techno Service Tokyo

Others

legend:
→ supply of products
⇔ supply of parts for products

Note: The above chart is as of March 31, 2000.

Management Policy and Overview of Performance

1. Management Policy

<Fundamental Management Policy>

Minolta's fundamental mid-term management policy consists of the following four principles, aimed at achieving continued growth to satisfy the expectations of all stakeholders related to the Company, by joining the forces of the Company and all members of the Minolta Group.

1. Management that is conscious of corporate governance
2. Management that strengthens consolidated administration of the Group
3. Management that raises core competence in growing fields of business
4. Management that extracts the latent abilities of personnel

To achieve these targets, we are strengthening our 'customer first' activities, and also working to speed-up our management processes based on practical and effective business decisions and powerful strategic measures.

<Basic Dividend Policy>

Minolta's basic dividend policy is determined based on the Company's profitability. It takes into consideration our goal of increasing shareholder value and maintaining a stable dividend level by achieving profit targets based on the above-mentioned fundamental management policy. It also considers the accumulation of internal reserves required for future business development and strengthening our financial structure.

<Mid-term Management Strategies and Targets>

We began implementing our mid-term management strategies in April 1999, starting to work toward being an excellent company that is highly competitive globally to survive competition in the 21st century. This is being done by concentrating management resources in our strongest fields and by utilizing core technologies to selectively move into growth fields.

For the year ending March 31, 2004, the last year of the plan, we set internal performance targets for consolidated net sales and net income of ¥800,000 million and ¥19,000 million, and expect to achieve growth and profitability, greater operating efficiency, and a stronger financial structure.

<Minolta's Tasks>

Our most important task is to cope actively with the global trend toward a highly information-oriented society to be able to take advantage of new business opportunities. Given that our performance targets cannot be met without growth, we will concentrate on enhancing our basic strengths as a manufacturer. Our efforts will include developing new products and technologies that more closely match market demand to increase customer satisfaction, controlling procurement by the Group to strengthen cost competitiveness, optimizing production processes, and strengthening sales on a consolidated basis. Because our worldwide network is one of our core competencies, we also recognize the importance of establishing flexible profitability and financial structures to withstand foreign exchange fluctuations. In addition, we are working to protect the environment on a global scale by promoting the manufacture of environment-conscious products and recycling.

2. Overview of Performance

(1) The Period under Review

(The fiscal year ended March 31, 2000)

During the period under review, overseas economies in general improved gradually. In particular, the U.S. economy continued its expansion, driven by strong consumer spending supported by the beneficial effect of the growth in assets. In Europe as well, economies were on the upswing, assisted by strong overseas demand due to the weak Euro. In Asia, economies were also on the road to recovery, paralleling the growth in the U.S. and European economies. On the other hand, despite the economic measures taken by the government to expand domestic demand, the direction of the Japanese economy remained vague. Private consumption was stagnant due to anxiety about job security because of ongoing corporate restructuring and the private sector practiced restraint in capital investment. In the latter half of the period under review, however, exports and capital investment began to show signs of gradual recovery.

Under these economic conditions, activities to adjust to digitization and networking accelerated in the business fields of the Minolta Group. It became clear that it was time to replace analog products with digital products. In expanding our sales in the markets throughout the world, we faced severe price competition. In addition, in the latter half of the period, the yen appreciated considerably against U.S. dollar and Euro compared with the beginning of the period. Seeking first and foremost to increase sales and profits, the Minolta Group worked to allocate management resources efficiently and to speed-up its management processes.

In our mainstay image information product operations, we endeavored to expand sales mainly of the “DiALTA” series of digital copiers, for which we completed a full line-up in the previous period, and of our digital color copiers, which have a reputation for good color reproduction. In the printer category, we actively promoted sales of OEM printers, and at the same time, forged the basis to expand sales of an integrated brand of printers by progressing with the integration of our sales and development efforts with QMS, Inc., a U.S. printer manufacturer, controlling interest of which Minolta acquired in July 1999. As a result, based on the simple exchange ratio using the previous period rate base, sales of image information products increased 1.6% from the previous fiscal year due to expanded sales volume mainly in the United States and European markets and to additional sales contributed by newly consolidated companies. Unfortunately, because of the influence of the strong yen, sales decreased 1.4% from the previous fiscal year to ¥367,726 million, and operating profit was ¥19,860 million, a decrease of 23.4% from the previous fiscal year.

In our optical product operations, we marketed various new products including two models of our “ α” series SLR (Single-Lens Reflex) cameras, one model of our “VECTIS” series APS (Advanced Photo System) compact cameras, and the “Dimâge RD3000” digital camera with interchangeable lenses for professional use, which has a resolution of 2.7 Mega-pixels. We worked to expand our share of the camera market based on our “α-9” camera, recipient of the Camera Grand Prix ’99 prize. In the field of radiometric instruments, we marketed specialty products, such as spectrophotometers, illuminace meters, and others. In the optical systems field, which feature highly functional optical components, such as digital projectors, our specialized optical technology also contributed to sales. The sales of optical product operations, however, decreased 13.3% from the previous fiscal year to ¥104,075 million, and operating profit was ¥173 million, a drop of 94.2% from the previous fiscal year, principally because of the severe price competition in the camera field and influence of the strong yen.

In our other business operations, which chiefly comprise wholesale trade of electric appliances and manufacture and sale of parts, sales were ¥10,965 million and operating profit was ¥219 million, climbing 5.8% from the previous fiscal year.

Consequently, overall net sales for the period under review were ¥482,767 million, a decline of 4.6% from the previous fiscal year due to foreign exchange losses offsetting our efforts to expand sales volume. Recurring income declined 55.8%, to ¥8,548 million, affected by weakened prices due to severe competition and to foreign exchange losses, despite our efforts to offset these factors by reducing costs and curtailing operating expenses. Net income was ¥3,144 million, falling 65.1% from the previous fiscal year, because of growth in expenses required for restructuring and others. Overseas sales decreased 5.3% from the previous fiscal year, to ¥378,724 million, accounting for 78.4% of net sales.

Looking at cash flow during the period under review, business operations provided a cash flow of ¥19,300 million, but cash flows used in investment, allocated primarily to plant and equipment and in acquiring new subsidiaries, totaled ¥31,000 million. Consequently, free cash flow expenditures rose by ¥11,700 million. This amount was covered with bond issues and long- and short-term loans, and as a result, cash and cash equivalents at the end of fiscal year were ¥38,400 million, approximately the same as in the previous fiscal year.

On a non-consolidated basis, net sales edged down 3.9% from the previous fiscal year to ¥280,841 million. Recurring income declined 43.9%, to ¥7,037 million while net income grew 13.8%, to ¥2,881 million.

At the upcoming General Meeting of Shareholders, the management plans to propose setting the year-end cash dividends at ¥3.00 per share, and as a result, the overall cash dividends for the full year will be ¥6.00 per share.

(2) The Current Fiscal Year

(The fiscal year ending March 31, 2001)

Overseas economies are expected to remain in a recovery and expansion mode in general, despite some potential disturbances, such as a major correction in the U.S. stock market and fluctuations in the Euro exchange rate. Japan's economy is also expected to improve due to export-led growth in capital investment and recovery in private consumption, given that the yen rate does not appreciate significantly.

Amid this economic climate, solving the previously mentioned management issues recognized by the company is a basic assumption to our forecast for the current fiscal year. During the first half, we will target further growth in the sales of the group of products marketed during the second half of the fiscal year under review. Due to capital investment aimed at giving us the ability to offer combined sales of digital equipment-based systems and solutions, higher R&D expenses related to the introduction of new products in the second half, and restructuring expenses, we expect profitability to dip temporarily in the first half. However, by taking maximum advantage of the stronger product line-up in the second half, we will expand sales and profits, working to improve on last fiscal year's performance despite expectations that the yen will appreciate further in the current fiscal year. Full-year cash dividends are expected to be \6.00 per share.

Our forecasts of performance for the full fiscal year ending March 31, 2001, is as follows: -

		millions of yen	As compared with this fiscal year
1. Consolidated base:	Net sales	¥510,000	106%
	Recurring income	¥ 10,000	117%
	Net income	¥ 5,000	159%
2. Non-consolidated base:	Net sales	¥305,000	109%
	Recurring income	¥6,000	85%
	Net income	¥3,500	121%

In estimating these figures, we set the foreign exchange rates for fiscal 2000 as ¥105 = US$1 and ¥100 = EUR1. As of April 1, 2000, our retirement benefits liability was approximately ¥87,000 million as calculated at the discount rate of 3.5%, and the difference amount at the time of change of accounting standards was approximately ¥24,000 million. The Company plans to refund this difference amount within 15 years from the next period as an operating expense. The increase in expenses in the current fiscal year related to this difference included in the above performance estimate is approximately ¥2,600 million.

In April 2000, Minolta and Konica Corporation fundamentally agreed to start business cooperation mainly in the field of development of image information products and a consumables-related joint venture business. We will actively develop this business utilizing the advantages of both companies.

* The above-mentioned forecasts are the results of estimations based on currently available information, and accordingly, contain risks and uncertainty. The actual results of business performance may sometimes differ from these forecasts due to various factors.

Consolidated Financial Statements

Consolidated Balance Sheets

(March 31, 2000 and 1999)

Assets (Millions of yen)

	2000		1999		
	Amount	% of total assets	Amount	% of total assets	Change
Current assets:					
Cash, including time deposits	¥23,726		¥30,034		¥(6,308)
Notes and accounts receivable	96,597		101,515		(4,918)
Marketable securities	7,130		8,105		(975)
Inventories	103,170		111,850		(8,680)
Deferred tax assets	7,747		8,560		(813)
Other current assets	23,896		18,653		5,243
Allowance for doubtful receivables	(3,669)		(3,827)		158
Total current assets	**258,598**	**62.8**	**274,891**	**65.5**	**(16,293)**
Fixed assets:					
Tangible fixed assets:					
Buildings and structures	26,391		27,630		(1,239)
Machinery, equipment and vehicles	13,580		11,180		2,400
Tools, furniture and fixtures	26,225		26,284		(59)
Land	12,592		12,973		(381)
Construction in progress	835		3,607		(2,772)
	79,624	**19.4**	**81,677**	**19.4**	**(2,053)**
Intangible fixed assets					
Consolidation goodwill	6,075		392		5,683
Other intangible fixed assets	8,965		3,750		5,215
	15,041	**3.7**	**4,142**	**1.0**	**10,899**
Investments and other assets:					
Investments in securities	34,866		36,837		(1,971)
Long-term loans receivable	2,787		2,901		(114)
Deferred tax assets	5,030		3,729		1,301
Other investments	7,836		12,759		(4,923)
Allowance for doubtful receivables	(945)		(1,254)		309
	49,575	**12.0**	**54,974**	**13.1**	**(5,399)**
Total fixed assets	**144,241**	**35.1**	**140,793**	**33.5**	**3,448**
Translation adjustments	**8,766**	**2.1**	**4,045**	**1.0**	**4,721**
Total assets	**¥411,606**	**100.0**	**¥419,730**	**100.0**	**¥(8,124)**

Liabilities and Shareholders’ Equity

(Millions of yen)

	2000		1999		
	Amount	% of total liabilities and shareholders’ equity	Amount	% of total liabilities and shareholders’ equity	Change
Liabilities					
Current liabilities:					
Notes and accounts payable	¥60,932		¥62,321		¥(1,389)
Short-term loans payable	139,301		142,340		(3,039)
Commercial paper	—		6,027		(6,027)
Accrued corporation tax	2,851		6,420		(3,569)
Deferred tax liabilities	—		4		(4)
Allowance for bonuses	5,159		5,366		(207)
Allowance for product warranty	1,387		1,490		(103)
Other current liabilities	34,536		37,472		(2,936)
Total current liabilities	**244,168**	**59.3**	**261,443**	**62.3**	**(17,275)**
Long-term liabilities:					
Straight bonds	25,000		20,000		5,000
Long-term loans payable	32,910		28,936		3,974
Deferred tax liabilities	243		198		45
Reserve for retirement and severance benefits	17,751		17,202		549
Reserve for retirement and severance benefits for directors and statutory auditors	556		674		(118)
Other long-term liabilities	5,944		6,274		(330)
Total long-term liabilities	**82,405**	**20.0**	**73,286**	**17.5**	**9,119**
Total liabilities	**326,573**	**79.3**	**334,730**	**79.8**	**(8,157)**
Minority interests	**1,259**	**0.3**	**906**	**0.2**	**353**
Shareholders’ equity:					
Capital stock	25,832	6.3	25,832	6.2	—
Capital surplus	51,198	12.5	51,198	12.2	—
Consolidated retained earnings	6,744	1.6	7,064	1.6	(320)
	83,776	**20.4**	**84,095**	**20.0**	**(319)**
Treasury stock	(2)	(0.0)	(2)	(0.0)	0
Total shareholders’ equity	**83,773**	**20.4**	**84,093**	**20.0**	**(320)**
Total liabilities and shareholders’ equity	**¥411,606**	**100.0**	**¥419,730**	**100.0**	**¥(8,124)**

Notes:

	2000	1999	Change
1. Accumulated depreciation of tangible fixed assets:	¥162,422 million	¥157,356 million	¥5,066 million
2. Notes discounted:	¥1,351 million	¥1,368 million	¥(17) million
[Export bills discounted]:	[¥358 million]	[¥256 million]	[¥102 million]
3. Guarantees for indebtedness for subsidiaries and others:	¥2,876 million	¥5,200 million	¥(2,324) million
[Guarantees for indebtedness for subsidiaries]:	[¥2,361 million]	[¥2,630 million]	[¥(269) million]
[Instruments of managerial guidance and others]:	[¥514 million]	[¥2,569 million]	[¥(2,055) million]
4. Number of shares of treasury stock:	7,060 shares	2,474 shares	4,586 shares

Consolidated Statements of Income and Retained Earnings

(Years ended March 31, 2000 and 1999)

(Millions of yen)

	2000		1999		
	Amount	% of net sales	Amount	% of net sales	Change
Net sales	**¥482,767**	**100.0**	**¥506,074**	**100.0**	**¥(23,307)**
Cost of sales	**269,411**	**55.8**	**280,020**	**55.3**	**(10,609)**
Gross profit	**213,355**	**44.2**	**226,053**	**44.7**	**(12,698)**
Selling, general and administrative expenses	**193,087**	**40.0**	**196,968**	**39.0**	(3,881)
Operating profit	**20,268**	**4.2**	**29,085**	**5.7**	**(8,817)**
Non-operating revenue:					
Interest and dividend income	1,330		1,398		(68)
Other	5,827		7,070		(1,243)
	7,157	**1.5**	**8,469**	**1.7**	**(1,312)**
Non-operating expenses:					
Interest expense	7,392		10,357		(2,965)
Loss on inventory valuation and disposition	4,300		5,118		(818)
Other	7,184		2,753		4,431
	18,877	**3.9**	**18,229**	**3.6**	**648**
Recurring income	**8,548**	**1.8**	**19,325**	**3.8**	**(10,777)**
Special gains:					
Gain on sales of fixed assets	102		226		(124)
Gain on sales of securities	225		—		225
	327	**0.1**	**226**	**0.0**	**(101)**
Special losses:					
Loss on dispositions of fixed assets	883		1,013		(130)
Restructuring charges	1,899		—		1,899
Loss on sale of securities	—		2,608		(2,608)
Appraisal loss on investment in securities	—		22		(22)
	2,783	**0.6**	**3,643**	**0.7**	**(860)**
Income before income taxes	**6,092**	**1.3**	**15,907**	**3.1**	**(9,815)**
Corporate, inhabitant and enterprise taxes	4,186		7,893		(3,707)
Adjustments of corporate tax and others	36		(1,251)		1,287
	4,222	**0.9**	**6,642**	**1.3**	**(2,420)**
Minority interests-loss	1,273	0.3	—	—	1,273
Minority interests-profit	—	—	263	0.0	(263)
Net income	**3,144**	**0.7**	**¥9,001**	**1.8**	**¥(5,857)**

Consolidated retained earnings at the beginning of period	**¥7,064**	**¥283**	**¥6,781**
Other retained earnings at the beginning of period	—	2,135	(2,135)
Earned surplus at the beginning of period	—	2,127	(2,127)
Tax effect adjustment amount for the previous period	—	(3,978)	3,978
Appropriations:			
Dividends	1,681	1,958	(277)
Bonuses for directors and statutory auditors	50	50	—
Revision of retained earnings (deficit) due to increase in consolidated subsidiaries	1,731	212	1,519
Decrement of consolidated retained earnings	**3,463**	**2,220**	**1,243**
Consolidated retained earnings at the end of period	**6,744**	**7,064**	**(320)**

Consolidated Statement of Cash Flows

(Millions of yen)

Descriptions	Year ended March 31, 2000
I Cash flows from operating activities	
1. Net income before adjustments of income taxes etc.	6,092
2. Depreciation expense	23,382
3. Amortization of consolidation goodwill	948
4. Increase of reserve for retirement and severance benefits	765
5. Interest and dividend income	(1,330)
6. Interest expense	7,392
7. Gain on sales of securities	(1,051)
8. Appraisal loss of securities	551
9. Loss or gain on dispositions of tangible fixed assets	(102)
10. Decrease in accounts receivable	2,018
11. Decrease of inventory	863
12. Decrease in accounts payable	(4,476)
13. Other	(2,085)
Subtotal	32,973
14. Interest and dividend received	1,309
15. Interest paid	
16. Corporation tax etc. paid	(7,622)
Cash flows from operating activities	19,309
II Cash flows from investing activities	
1. Payment for acquisition of securities	1,707
2. Proceeds from sales of securities	1,584
3. Payment for acquisition of tangible fixed assets	(23,160)
4. Proceeds from sales of tangible fixed assets	1,175
5. Payment for acquisition of investment securities	(475)
6. Proceeds from sales of investment securities	257
7. Payment for acquisition of subsidiaries' stocks related to change in scope of consolidation	(4,758)
8. Payment for advances	(158)
9. Proceeds from collections of advances	204
10. Other	(4,014)
Cash flows from investing activities	(31,052)
III Cash flows from financing activities	
1. Proceeds from short-term loans payable, net	11,480
2. Net decrease of commercial paper	(5,580)
3. Proceeds from long-term loans payable	11,179
4. Payments of long-term loans payable	(6,784)
5. Proceeds from issuance of bonds	5,000
6. Dividends paid	(1,682)
7. Dividends paid for minority	(210)
8. Other	(63)
Cash flows from financing activities	13,338
IV Translation differences on cash and cash equivalents	(2,954)
V Decrease in cash and cash equivalents	(1,358)
VI Cash and cash equivalents at beginning of year	38,509
VII Increase in cash and cash equivalents by new consolidations	1,345
VIII Cash and cash equivalents at end of year	38,496

Notes to Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: **65**

Principal consolidated subsidiaries: Minolta Sales Co., Ltd., Minolta Corporation, Minolta Europe GmbH, and others

Number of newly consolidated subsidiaries: 14
MYG Disk Corporation, Minolta Norway AS, Plankopie (Monchengladbach) GmbH, Minolta Copiadora do Amazonas Ltda., Minolta Investments Company, QMS, Inc., QMS Canada, Inc., QMS Europe B.V., QMS (U.K.) Ltd., QMS France S.a.r.l., QMS Nordic A.B., QMS GmbH, QMS Australia Pty., Ltd., QMS K.K.

These 14 companies are consolidated from this period due to the increase in their importance in Minolta's business.

(2) Number of non-consolidated subsidiaries: **33**

The 33 subsidiaries that are unconsolidated have not been consolidated regarding total assets, net sales, net income or losses, and retained earnings (amounts corresponding to equity shares) in the total amount, because their consolidation would not have an appreciable influence on the Company's financial statements.

2. Scope of Use of the Equity Method

Companies accounted for by the equity method: None

The 33 non-consolidated subsidiaries and 6 affiliated companies that are not accounted for by the equity method have not been accounted for by the equity method regarding net income or losses and retained earnings in the total amount, because this would not have an appreciable influence on the Company's financial statements.

3. Fiscal Years of Consolidated Subsidiaries

Among consolidated subsidiaries,Minolta Lorraine S.A., Minolta Austria Gesellschaft mbH, Minolta (Portugal) Lda., Minolta spol.s.r.o., Minolta Norway AS, Minolta Copiadora do Amazonas Ltda., and Shanghai Minolta Optical Products Co., Ltd. have fiscal years that end on December 31, and the figures for their performance included in the consolidated financial statements are those for their fiscal years ended on that date. However, for significant transactions occurring in the interval between December 31 and March 31, adjustments necessary for consolidated accounting have been made. As for QMS, Inc. and its 8 subsidiaries, their fiscal years end on December 31, however financial statements based on a proforma settlement of accounts as of March 31, the settlement date of consolidated accounting, were used in making consolidated financial statements.

4. Standards of accounting method

(1) Basis and method of valuation of securities

Securities are stated at cost determined by the moving average method.

For companies submitting consolidated financial statements, the period average method was used in the past, but commencing from this period the method was changed in order to settle the sales profit and loss on an earlier basis. As a result, recurring income and income before income taxes have increased by ¥349 million, respectively.

(2) Basis and method of valuation of inventories

Inventories are stated mainly at cost determined by the period average method, however overseas consolidated subsidiaries mainly adopt the lowest price method using the first-in, first-out (FIFB) method.

(3) Depreciation methods of tangible fixed assets

Tangible fixed assets are depreciated mainly by the declining-balance method by overseas consolidated subsidiaries. However, as for buildings (excluding attached fixtures to buildings) acquired after April 1, 1998, the straight-line method is used by domestic consolidated subsidiaries including companies submitting consolidated financial statements.

(4) Basis of accounting for reserves

1) Allowance for doubtful receivables: In order to provide for losses arising from uncollectible accounts, an amount is mainly recorded by investigating possibility of collection for each account individually.
2) Allowance for bonuses: Mainly an amount is recorded equivalent to that portion applicable to the current term of the estimated bonus payments to employees for the first half of the subsequent year.
3) Allowance for product warranty: In order to provide for expenses related to product after-sales service which are provided free of charge, the allowance for product guarantees is set aside based on the after-sales service expenses as a percentage of net sales in past years.
4) Reserve for retirement and severance benefits: For companies submitting consolidated financial statements, an amount is entered into this reserve equivalent to the amount payable at year-end as determined by the present value method, to provide for the payment of retirement and severance benefits to employees. For domestic consolidated subsidiaries, an amount is mainly recorded equivalent to 40% of the amount that would be required if all employees voluntarily retired at the end of period. However, for companies submitting consolidated financial statements, an adjusted annuity plan is employed as part of the retirement allowance plan for employees.
5) Reserve for retirement and severance benefits for directors and statutory auditors: For companies submitting consolidated financial statements, an amount is entered into this reserve equivalent to the amount payable at year-end, to provide for the payment of retirement and severance benefits for directors and statutory auditors.

(5) Accounting for important lease transactions

Finance lease transactions, other than those where the ownership of the leased property is regarded as being transferred to the lessee, are mainly accounted for as normal rental transactions.

(6) Treatment method for Japanese consumption tax

The Company adopted a separate treatment method for Japanese consumption tax.

5. Appraisal of assets and liabilities of consolidated subsidiaries

Appraisal of assets and liabilities of consolidated subsidiaries are made by the overall market value method.

6. Amortization of consolidation goodwill

Consolidation goodwill are amortized evenly over 5 and 10 years.

7. Appropriations of retained earnings

Consolidated statements of income and retained earnings are made based on the appropriations decided within the consolidated fiscal year regarding the appropriations of retained earnings of the consolidated company.

8. Scope of funds in consolidated statement of cash flows

Cash and cash equivalents in consolidated statement of cash flows consist of cash in hand, money on deposit withdrawable any time, and short-term investments etc. which are easily cashed, with a maturity less than 3 months and negligible risk.

(Additional information)

For software used in the Company, we continue to use old accounting methods by applying the provisional measures indicated in “Practical Guidance for Accounting for Research and Development Costs, and Software Costs”. (Accounting Committee Report No.12, The Japanese Institute of Certified Public Accountants, dated March 31, 1999) However, in accordance with the said report, disclosure of the said software has been changed from this period from “Other investments” in the category of Investments and other assets to “Other intangible fixed assets” in the category of Intangible fixed assets in the consolidated financial statements.

(Notes to Consolidated Statement of Cash Flows)

(1) Relationship between cash and cash equivalents at end of year and amounts of items stated in consolidated balance sheets

(as of March 31, 2000)	(Millions of yen)
Cash, including time deposits	23,726
Time deposits with maturities over 3 months	(156)
Marketable securities	52
Other (Bond repurchase agreement)	14,999
Short-term loans payable	(124)
	¥38,496

(2) Rough breakdown of assets and liabilities of newly acquired consolidated subsidiaries

QMS, Inc. and its consolidated subsidiaries	(Millions of yen)
Current assets	11,828
Fixed assets	4,805
Consolidation goodwill	2,952
Current liabilities	(10,307)
Long-term liabilities	(2,154)
Minority shares	(1,910)
Acquisition value of QMS, Inc.'s stock	5,212
Cash and cash equivalents of QMS, Inc. and its subsidiaries	(454)
Difference: Expenditures for the acquisition of QMS, Inc. and its subsidiaries	¥4,758

Notes to Lease Transactions

(The lessee side)

1. Finance lease transactions, other than those where the ownership of the leased property is regarded as being transferred to the lessee:

(1) Amounts corresponding to the acquisition cost, the accumulated depreciation, and the remaining value at the end of this period:

(Millions of yen)

	2000	1999
Amounts corresponding to:		
Acquisition cost	¥29,448	¥28,904
Accumulated depreciation	¥19,777	¥16,594
Remaning value at the end of the period	¥9,671	¥12,309

* The above amounts are mainly for tools, appliances, and furnishings.

(2) Remaining value of lease commitments at the end of the period:

(Millions of yen)

	2000	1999
One year or less	¥5,158	¥7,004
Over one year	¥4,735	¥5,619
Total	¥9,894	¥12,623

(3) Lease payments, amounts corresponding to depreciation, and amounts corresponding to interest expense:

(Millions of yen)

	2000	1999
Lease payments	¥7,917	¥8,853
Amounts corresponding to depreciation	¥7,445	¥8,543
Amounts corresponding to interest expense	¥397	¥265

(4) Method of calculating amounts corresponding to depreciation and to interest expense:

The calculation of amounts corresponding to depreciation is based on the fixed amortization method. The method of calculating interest expense is that the difference between the total amount of the lease payments and the acquisition cost of the leased property is considered to be the amount corresponding to total interest expense, and the allocation of the interest expense to specific accounting periods is based on the interest method.

2. Operating lease transactions:

Lease commitments

(Millions of yen)

	2000	1999
One year or less	¥3,148	¥3,333
Over one year	¥14,913	¥6,503
Total	¥18,062	¥9,836

(The lessor side)

1. Finance lease transactions, other than those where the ownership of the lease property is regarded as being transferred to the lessee:

(1) Amounts of the acquisition cost, the accumulated depreciation, and the remaining value at the end of this period:

(Millions of yen)

	2000	1999
Acquisition cost	¥5,160	¥3,795
Accumulated depreciation	¥2,149	¥1,513
Remaning value at the end of the period	¥3,010	¥2,281

* The above amounts are mainly for tools, appliances, and furnishings.

(2) Remaining value of lease commitments at the end of the period:

(Millions of yen)

	2000	1999
One year or less	¥1,732	¥1,330
Over one year	¥1,440	¥1,306
Total	¥3,173	¥2,636

Note: Remaining value of lease commitments at the end of the period is calculated based on the method including interest receivable, because the ratio of the total amount of remaining value of lease commitments at the end of the period and estimated remaining value is small compared to the remaining value of operating credit amount at the end of the period.

(3) Lease receivables, and amounts of depreciation:

(Millions of yen)

	2000	1999
Lease receivables	¥1,969	¥1,652
Amounts of depreciation	¥1,876	¥1,427

2. Operating lease transactions:
   Lease commitments

(Millions of yen)

	2000	1999
One year or less	¥1,206	¥1,329
Over one year	¥1,932	¥1,381
Total	¥3,139	¥2,711

Segment Information

1. Information by Industry Segment

Years ended March 31, 2000

(Millions of yen)

	Image information products	Optical products	Other	Total	Eliminations or companywide	Consolidated total
I. Net sales, and profit and expenses						
Net sales:						
External sales	367,726	104,075	10,965	482,767	—	482,767
Intersegment sales	10	36	700	747	(747)	—
Total sales	367,736	104,112	11,666	483,515	(747)	482,767
Operating expenses	347,876	103,939	11,447	463,262	(763)	462,498
Operating profit	¥19,860	¥173	¥219	¥20,252	¥15	¥20,268
II. Assets, depreciation expense, and capital expenditures						
Assets	241,233	85,519	3,845	330,599	81,007	411,606
Depreciation expense	18,427	4,816	73	23,318	69	23,387
Capital expenditures	21,365	4,926	65	26,357	—	26,357

Year ended March 31, 1999

(Millions of yen)

	Image information products	Optical products	Other	Total	Eliminations or companywide	Consolidated total
I. Net sales, and operating profit and expenses						
Net sales:						
(1) External sales	372,939	120,086	13,048	506,074	—	506,074
(2) Intersegment sales	146	183	518	848	(848)	—
Total sales	373,085	120,269	13,567	506,923	(848)	506,074
Operating expenses	347,169	117,307	13,360	477,838	(848)	476,989
Operating profit	¥25,915	¥2,962	¥207	¥29,085	—	¥29,085
II. Assets, depreciation expense, and capital expenditures						
Assets	251,243	95,838	4,779	351,860	67,869	419,730
Depreciation expense	17,735	4,398	72	22,206	74	22,280
Capital expenditures	19,675	4,257	113	24,046	—	24,046

Notes:

1. Method of Classification of Operations
   Based on consideration of similarities and other characteristics regarding product end-users, manufacturing processes and markets and marketing methods, business operations have been classified into the categories of image information product operations and optical product operations. Products that do not fall into these categories are classified as other operations.

2. Principal Products by Operational Category
   Image Information Products: Photocopiers, printers, micrographics equipment, and facsimile machines
   Optical Products: Cameras, lenses, radiometric instruments, and planetariums
   Other Operations: Products not included in the above categories

3. The assets in the eliminations or companywide column are principally excess funds under management (cash and negotiable securities) of the parent company and long-term investments (investment securities) of the parent company.
   2000 ¥82,336 million
   1999 ¥68,029 million

2. Information by Geographic Area

Year ended March 31, 2000 (Millions of yen)

	Japan	North America	Europe	Other areas	Total	Eliminations or companywide	Consolidated total
I. Net sales, and operating profit and expenses							
Net sales:							
External sales	174,710	146,601	142,341	19,114	482,767	—	482,767
Intersegment	159,091	197	473	57,617	217,379	(217,379)	—
Total sales	333,801	146,798	142,814	76,731	700,146	(217,379)	482,767
Operating expenses	322,123	145,067	142,650	75,029	684,870	(221,371)	462,498
Operating profit	¥11,678	¥1,731	¥1,164	¥1,702	¥16,276	¥3,991	¥20,268
II. Assets	197,680	87,657	81,533	29,584	396,455	15,151	411,606

Year ended March 31, 1999 (Millions of yen)

	Japan	North America	Europe	Other areas	Total	Eliminations or companywide	Consolidated total
I. Net sales, and operating profit and expenses							
Net sales:							
External sales	176,080	157,003	152,367	20,623	506,074	—	506,074
Intersegment	168,018	121	466	69,457	238,064	(238,064)	—
Total sales	344,098	157,124	152,834	90,081	744,139	(238,064)	506,074
Operating expenses	326,445	154,569	147,566	88,978	717,559	(240,570)	476,989
Operating profit	¥17,653	¥2,555	¥5,267	¥1,102	¥26,579	¥2,505	¥29,085
II. Assets	184,297	79,757	91,154	32,933	388,143	31,587	419,730

Notes:
1. Classification of areas is made according to the geographical neighborhood.
2. Details of areas in the classification excluding Japan are as follows:
   (1) North America ....the United States, Canada
   (2) Europe.......................major European countries including Germany, France, and England
   (3) Other areas ....All other areas excluding the above (1) and (2)
3. The assets in the elimination or companywide column are principally excess funds under management (cash and negotiable securities) of the parent company and long-term investments (investment securities) of the parent company.
   2000 ¥82,336 million
   1999 ¥68,029 million

3. Overseas Sales

Year ended March 31, 2000 (Millions of yen)

	North America	Europe	Other areas	Total
Overseas sales	171,370	167,093	40,260	378,724
Consolidated sales				482,767
Overseas sales as a percentage of consolidated net sales	35.5%	34.6%	8.3%	78.4%

Year ended March 31, 1999 (Millions of yen)

	North America	Europe	Other areas	Total
Overseas sales	183,070	179,114	37,817	400,002
Consolidated sales				506,074
Overseas sales as a percentage of consolidated net sales	36.2%	35.4%	7.4%	79.0%

Notes:
1. Classification of areas is made according to the geographical neighborhood.
2. Details of areas in the classification excluding Japan are as follows:
   (1) North America ....the United States, Canada
   (2) Europe.......................major European countries including Germany, France, and England
   (3) Other areas ....All other areas excluding the above (1) and (2)

Production, orders received, and sales

(1) Production results

(Millions of yen)

Classifications		Year ended March 31, 2000
Image Information Products	Copiers	162,018
	Printers	75,682
	Other	28,913
	Subtotal	266,614
Optical Products	Cameras	60,626
	Radiometric instruments	6,304
	Optical systems	7,918
	Other	1,553
	Subtotal	76,402
Other businesses		9,956
	Total	¥352,973

Note: The above amounts are manufacturer's sales amounts excluding Japanese consumption tax.

(2) Orders received

As the Minolta Group principally adopts estimated production system, the statement of orders received is omitted.

(3) Sales results

(Millions of yen)

Classifications		Year ended March 31, 2000
Image Information Products	Copiers	257,540
	Printers	81,228
	Other	28,957
	Subtotal	367,726
Optical Products	Cameras	85,439
	Radiometric instruments	9,338
	Optical systems	7,874
	Other	1,422
	Subtotal	104,075
Other businesses		10,965
	Total	¥482,767

Note: The above amounts do not include Japanese consumption tax.

Market Values and others of Securities Held

(Millions of yen)

Categories	Year ended March 31, 2000		
	Carrying values	Market values	Unrealized gains or losses
Current assets:			
Stocks	6,866	11,227	4,361
Bonds	161	165	4
Other	26	25	(1)
Subtotal	7,053	11,418	4,365
Fixed assets:			
Stocks	33,266	31,801	(1,465)
Bonds	116	116	0
Other	309	309	—
Subtotal	33,692	32,227	(1,465)
Total	40,746	43,646	2,900

Notes: 1. Calculations of market value etc.:
Listed securities: Principally, closing prices on the Tokyo Stock Exchange at the last business day of the fiscal year
Securities traded over the counter: Trading prices published by the Japan Securities Dealers Association
Securities investment in trust: Net asset value
2. The carrying values of securities on the balance sheets not shown in the above table are as follows:

(Millions of yen)

Categories	Items	Year ended March 31, 2000
Categorized in current assets:	Discount financial bonds	44
	MMF	30
	Medium-term national bond fund	1
Categorized in fixed assets:	Nonlisted securities (excluding securities traded on the OTC)	1,173
	[Affiliated companies' securities]	(574)

Note: Regarding figures in the last fiscal year ended March 31, 1999, refer to the notes to non-consolidated financial statements.

Contract amounts etc., market value, and appraisal gains or losses of derivative transactions

Currency related

(Millions of yen)

Classification	Category	Year ended March 31, 2000			
		Contract amounts		Market values	Valuation gains or losses
			(One year and over)		
Contracts outside market	Forward exchange contracts				
	Selling				
	Euro	618	—	611	7
	Sterling Pounds	1,295	—	1,357	(62)
	Other currencies	47	—	49	(2)
	Buying				
	U.S. dollars	940	—	947	7
	Euro	288	—	287	(1)
	Total	3,190	—	3,253	(51)

Notes: 1. Method of calculating market values:
Futures exchange rates are used.
2. Monetary receivables and liabilities in foreign currencies which will be converted into the fixed yen amounts at the settlement date because they are covered by forward exchange contracts and are shown as yen amounts on the balance sheets are not shown in the above table.

Interest related

(Millions of yen)

Classification:	Category	Year ended March 31, 2000			
		Contract amounts		Market values	Valuation gains or losses
			(One year and over)		
Contracts outside market	Interest swap transactions received in floating rates and paid in fixed rates	11,061	11,061	(570)	(570)
	Total	11,061	11,061	(570)	(570)

Notes: 1.Method of calculating market values:
Calculation is made on the basis of prices etc. offered by the financial institutions involved.
2.The estimated principal value of the above interest swap transactions does not fully reflect the market risk related to derivative transaction.

Note: Regarding figures in the last fiscal year ended March 31, 1999, refer to the notes to non-consolidated financial statements.

Transactions with parties or persons concerned:
No relevant data.

Direct Translation of Japanese KESSAN TANSHIN

Fiscal year ended March 31, 2000 May 24, 2000

Outline of Non-Consolidated Financial Results

Listed company name: Minolta Co., Ltd.
Security code: 7753
Head Office: 3-13, Azuchi-machi 2-chome,
Chuo-ku, Osaka 541-8556, Japan
Contact: Masanori Hondo, Director
General Manager, Finance Division
Tel: (06) 6271-2251 (main switchboard)

Stock Listings: First sections of Tokyo Securities Exchange,
Osaka Stock Exchange,
and Nagoya Stock Exchange

Meeting of the Board of Directors Held: May 24, 2000
Regular General Meeting of Shareholders: June 29, 2000
Provision for Interim Dividends: Yes

1. Financial Results

(1) Operating results (Years ended March 31, 2000 and 1999)

Amounts less than ¥1 million, except per share amounts, have been omitted in the following tables.

(Millions of yen)

	Net sales (% change from previous year)	Operating profit (% change from previous year)	Recurring income (% change from previous year)
2000	¥280,841 (-3.9%)	¥11,319 (-27.1%)	¥7,037 (-43.9%)
1999	¥292,383 (-2.9%)	¥15,530 (-6.0%)	¥12,544 (-2.6%)

	Net income (% change from previous year)	Net income per share (Yen)	Net income per share: Assuming full dilution (Yen)	Net income to shareholders' equity	Recurring income to total assets	Recurring income to net sales
2000	¥2,881 (13.8%)	¥10.28	¥—	2.9%	2.7%	2.5%
1999	¥2,531(-58.2%)	¥9.03	¥—	2.7%	5.0%	4.3%

Notes: 1. Average number of shares outstanding during the period:
2000 280,207,681 shares
1999 280,207,681 shares

2. Changes were made to accounting policies in fiscal 2000.

(2) Cash dividends (Years ended March 31, 2000 and 1999)

(Millions of yen)

	Cash dividends per share (Yen)			Total cash dividends paid	Payout ratio	Cash dividends to shareholders' equity
		Interim	Year-end			
2000	¥6.00	¥3.00	¥3.00	¥1,681	58.3%	1.7%
1999	¥7.00	¥4.00	¥3.00	¥1,961	77.5%	2.0%

(3) Financial position (March 31, 2000 and 1999)

(Millions of yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (Yen)
2000	¥269,569	¥99,849	37.0%	¥356.34
1999	¥245,124	¥98,698	40.3%	¥352.24

Notes: Shares issued and outstanding at fiscal year-end:
March 31, 2000 280,207,681 shares
March 31, 1999 280,207,681 shares
(Number of par value shares of one unit: 1,000)

2. Projected Operating Results (Fiscal Year Ending March 31, 2000)

(Millions of yen)

	Net sales	Recurring income	Net income*	Cash dividends per share (Yen)		
				Interim	Year-end	
Interim	¥148,000	¥2,500	¥ 1,500	¥3.00	¥—	¥—
Full-year	¥305,000	¥6,000	¥ 3,500	¥—	¥3.00	¥6.00

*Estimated net income per share for the year: ¥12.49

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

(March 31, 2000 and 1999)

Assets (Millions of yen)

	2000		1999		
	Amount	% of total assets	Amount	% of total assets	Change
Current assets:					
Cash, including time deposits	7,270		¥9,835		¥(2,564)
Notes receivable—trade	1,318		2,031		(713)
Accounts receivable—trade	54,076		40,541		13,534
Marketable securities	7,064		6,441		623
Treasury stock	2		2		0
Finished goods and merchandise	13,623		16,866		(3,243)
Semifinished goods and work in process	17,718		23,337		(5,618)
Raw materials and supplies	722		909		(186)
Short-term loans receivable	19,779		12,525		7,253
Accrued revenue	6,398		1,169		5,228
Deferred taxes	2,083		2,121		(38)
Other current assets	2,209		2,101		108
Allowance for doubtful receivables	(390)		(405)		15
Total current assets	**131,877**	**48.9**	**117,478**	**47.9**	**14,399**
Fixed assets:					
Tangible fixed assets:					
Buildings	14,470		14,515		(44)
Structures	673		700		(27)
Machinery and equipment	8,636		7,039		1,597
Vehicles	181		221		(39)
Tools, furniture and fixtures	13,529		12,840		689
Land	9,470		9,466		3
Construction in progress	84		2,312		(2,228)
	47,046	**17.5**	**47,096**	**19.2**	**(50)**
Intangible fixed assets:					
Industrial properties	1,510		1,883		(373)
Utility rights	54		60		(5)
Leasehold rights	144		144		0
Software	2,928		—		2,928
	4,637	**1.7**	**2,088**	**0.9**	**2,549**
Investments and other assets:					
Investments in securities	33,662		33,755		(93)
Investments in subsidiaries	36,946		32,506		4,440
Long-term loans receivable	7,099		3,088		4,011
Guaranty deposits	1,988		1,995		(6)
Deferred taxes	5,501		6,372		(871)
Other investments	1,886		4,716		(2,829)
Allowance for doubtful receivables	(77)		(473)		395
Allowance for losses on investments in affiliated companies	(1,000)		(3,500)		2,500
	86,007	**31.9**	**78,461**	**32.0**	**7,546**
Total fixed assets	**137,692**	**51.1**	**127,646**	**52.1**	**10,045**
Total assets	**269,569**	**100.0**	**¥245,124**	**100.0**	**¥24,444**

Liabilities and Shareholders' Equity

(Millions of yen)

	2000		1999		
	Amount	% of total liabilities and shareholders' equity	Amount	% of total liabilities and shareholders' equity	Change
Liabilities:					
Current liabilities:					
Notes payable—trade	¥11,012		¥12,063		¥(1,050)
Accounts payable—trade	40,327		38,678		1,648
Short-term loans payable	41,906		22,801		19,105
Accounts payable—other	5,183		6,198		(1,014)
Accrued corporation tax	943		2,547		(1,604)
Accrued expenses	3,855		3,070		784
Allowance for bonuses	3,365		3,540		(175)
Allowance for product warranty	695		1,076		(381)
Other current liabilities	718		1,699		(980)
Total current liabilities	**108,007**	**40.1**	**91,676**	**37.4**	**16,331**
Long-term liabilities:					
Straight bonds	25,000		20,000		5,000
Long-term loans payable	20,842		19,434		1,407
Long-term accounts payable	243		539		(295)
Long-term deposits received	103		88		15
Reserve for retirement and severance benefits	14,966		14,012		953
Reserve for retirement and severance benefits for directors and statutory auditors	556		674		(118)
Total long-term liabilities	**61,712**	**22.9**	**54,749**	**22.3**	**6,962**
Total liabilities	**169,720**	**63.0**	**146,426**	**59.7**	**23,294**
Shareholders' equity:					
Capital stock	**25,832**	**9.6**	**25,832**	**10.5**	**0**
Legal reserves:					
Capital surplus	51,162	19.0	51,162	20.9	0
Earned surplus	2,301	0.8	2,127	0.9	174
	53,464	**19.8**	**53,290**	**21.8**	**174**
Retained earnings:					
Reserve for replacing assets	37		40		(2)
Voluntary reserves	13,000		8,000		5,000
Unappropriated retained earnings	7,514		11,535		(4,020)
[Net income for the period]	[2,881]		[2,531]		[350]
	20,552	**7.6**	**19,576**	**8.0**	**976**
Total shareholders' equity	**99,849**	**37.0**	**98,698**	**40.3**	**1,150**
Total liabilities and shareholders' equity	**269,569**	**100.0**	**¥245,124**	**100.0**	**¥24,444**

Notes:

	2000	1999	Change
1. Accumulated depreciation of tangible fixed assets:	¥123,207 million	¥118,550 million	¥4,656 million
2. Export bills discounted:	¥358 million	¥9,328 million	¥(8,969) million
3. Number of shares of treasury stock:	7,060 shares	2,474 shares	4,586 shares
4. Guarantees for indebtedness for subsidiaries and others:	¥97,355 million	¥118,695 million	¥(21,340) million
Guarantees for indebtedness for subsidiaries	[¥49,691 million]	[¥69,064 million]	[¥(19,372) million]
Management guidance instrument and others	[¥47,663 million]	[¥49,630 million]	[¥1,967 million]
5. Number of new shares issued:	—	925 thousand shares	(925) thousand shares
[Exercise of warrants]	[—]	[925 thousand shares]	[(925) thousand shares]
6. Value of new shares issued:	—	¥740 million	¥(740) million
[Incorporated into capital stock]	[—]	[¥371 million]	[¥(371) million]

Non-Consolidated Statements of Income

(Years ended March 31, 2000 and 1999)

(Millions of yen)

	2000		1999		
	Amount	% of total net sales	Amount	% of total net sales	Change
Net sales	**¥280,841**	**100**	**¥292,383**	**100.0**	**¥(11,542)**
Cost of sales	215,977	76.9	222,876	76.2	(6,898)
Selling, general and administrative expenses	**53,544**	**19.1**	53,976	18.5	(432)
Operating profit	**11,319**	**4.0**	**15,530**	**5.3**	**(4,210)**
Non-operating revenue:					
Interest and dividend income	2,614		1,423		1,191
Exchange gain	—		895		(895)
Other	3,544		2,436		1,108
	6,159	**2.2**	**4,756**	**1.6**	**1,403**
Non-operating expenses:					
Interest and discount expenses	1,066		1,703		(637)
Interest on bonds	813		706		107
Loss on inventory valuation and disposition	1,916		3,706		(1,790)
Exchange loss	4,126		—		4,126
Other	2,518		1,624		894
	10,441	**3.7**	**7,741**	**2.6**	**2,699**
Recurring income	**7,037**	**2.5**	**12,544**	**4.3**	**(5,506)**
Special gains:					
Gain on sales of fixed assets	10		19		(9)
Reversal of allowance for doubtful receivables	64		—		64
Reversal of allowance for losses on investments in affiliated companies	2,500		—		2,500
	2,574	**0.9**	**19**	**0.0**	**2,554**
Special losses:					
Loss on dispositions of fixed assets	458		830		(372)
Loss on sale of securities	—		2,608		(2,608)
Revaluation loss on investment in securities	—		22		(22)
Revaluation losses on affiliated companies' securities	2,099		—		2,099
Losses on write-off of receivables from subsidiaries	—		1,298		(1,298)
Amount transferred to allowance for losses on investments to affiliated companies	—		1,500		(1,500)
	2,558	**0.9**	**6,260**	**2.1**	**(3,701)**
Income before income taxes	**7,053**	**2.5**	**6,303**	**2.2**	**750**
Corporate, inhabitants' and enterprise taxes	3,262	1.2	5,248	1.8	(1,986)
Adjustment amount of corporate tax etc.	909	0.3	(1,476)	(0.5)	2,386
Net income	**2,881**	**1.0**	**2,531**	**0.9**	**350**
Retained earnings brought forward from the preceding year	5,557		3,188		2,369
Tax effect adjustment amount for the past financial years	—		7,018		(7,018)
Release of reserve for replacing assets by the application of tax effect accounting method	—		29		(29)
Interim dividends	840		1,120		(280)
Earned surplus reserves	84		112		(28)
Unappropriated retained earnings at year-end	**¥7,514**		**¥11,535**		**¥(4,020)**

Significant Accounting Policies

1. Basis and method of valuation of securities:

Securities are stated at cost determined by the moving average method.

In the past the period average method was used, but commencing from this period the method was changed in order to record sales profit and loss on an earlier basis. As a result, recurring income and income before income taxes have increased by ´349 million, respectively.

2. Basis and method of valuation of inventories:

(1) Finished goods, merchandise, semifinished goods, and work in process are stated at cost determined by the period average method.

(2) Raw materials and supplies are stated at cost determined by the last-purchase price method.

3. Depreciation methods of fixed assets:

(1) Tangible fixed assets are depreciated by the declining-balance method stipulated by the Corporation Tax Law.
However, the straight-line method is used for the buildings (excluding attached fixtures to buildings) acquired after April 1, 1998.

(2) Intangible fixed assets are depreciated by the straight-line method stipulated by the Corporation Tax Law.
However, the straight-line method is applied for software used in the Company, based on the applicable period (5 years). For software to be sold in the market, the straight-line method is used on the basis of the estimated available period (3 years).

(Additional information)
The Company continues to use accounting methods previously applied to software used in the by applying the interim measures indicated in “Practical Guidance for Accounting for Research and Development Costs, and Software Costs,” (Accounting Committee Report No. 12, The Japanese Institute of Certified Public Accountants, dated March 31, 1999). However, in accordance with the said report, disclosure of the said software has been changed in this period from “Other investments” in the category of Investments and other assets to “Software” in the category of Intangible fixed assets.

4. Accounting method for deferred assets:

Issuing expense of new bonds is accounted for fully as an expense when it is paid.

5. Basis of accounting for reserves:

(1) Allowance for doubtful receivables: In order to provide for losses arising from uncollectible accounts, an amount is recorded equivalent to the maximum that may be provided based on the statutory rate stipulated by the Corporation Tax Law, and additionally, by investigating the possibility of collection for each account individually.

(2) Allowance for losses on investments to affiliated companies: An amount is recorded to provide for losses arising from investments to affiliated companies, taking into consideration the financial status and possibility of recovery in the near future of the affiliated companies in question.

(3) Allowance for bonuses: In order to provide for the payment of bonuses to employees, an amount is recorded equivalent to that portion applicable to the current term of the estimated bonus payments for the first half of the subsequent year.

(4) Allowance for product warranty: In order to provide for expenses related to product after-sales service which are provided without consideration, the allowance for product guarantees is set aside based on the after-sales service expenses as a percentage of net sales in past years.

(5) Reserve for retirement and severance benefits: To provide for the payment of retirement and severance benefits to employees of the Company, an amount is entered into this reserve equivalent to the amount payable at year-end, as determined by the present value method.
However, as part of the retirement allowance plan for employees, an adjusted annuity plan is employed.

(6) Reserve for retirement and severance benefits for directors and statutory auditors: To provide for the payment of retirement and severance benefits for directors and statutory auditors, an amount is entered into this reserve equivalent to the amount payable at year-end, as determined by the by-laws.

6. Accounting for lease transactions

Finance lease transactions, other than those where the ownership of the leased property is regarded as being transferred to the lessee, are accounted for as normal rental transactions.

7. Treatment method for Japanese consumption tax

The Company adopted a separate treatment method for Japanese consumption tax.

Proposal for Appropriation of Retained Earnings (Years ended March 31, 2000 and 1999)

(Millions of Yen)

	2000	1999
Unappropriated retained earnings at the end of the period	¥7,514	¥11,535
Release of reserve for replacing assets	2	2
Total	¥7,517	¥11,538
This has been allocated as follows:		
Earnings surplus reserve	90	90
Dividends	840	840
Bonuses for directors (including ¥5 million for statutory auditors)	50	50
Reserve for special depreciation	12	—
Voluntary reserves	1,500	5,000
Total	¥2,493	¥5,980
Retained earnings carried forward	¥5,024	¥5,557

Notes to Lease Transactions

1. Finance lease transactions, other than those where the ownership of the leased property is regarded as being transferred to the lessee:
   (1) Amounts corresponding to the acquisition cost, the accumulated depreciation, and the remaining value at the end of this period of leased property:

(Millions of yen)

	2000	1999
Amounts corresponding to acquisition cost.	¥6,155	¥8,112
Amounts corresponding to accumulated depreciation	¥3,926	¥4,800
Amounts corresponding to remaining value at the end of the period	¥2,228	¥3,312

*The above amount is mainly for tools, appliances, and furnishings.

(2) Lease commitments:

(Millions of yen)

	2000	1999
One year or less	¥1,062	¥1,518
Over one year	¥1,208	¥1,879
Lease commitments	¥2,271	¥3,398

(3)Lease payments, amounts corresponding to depreciation, and amounts corresponding to interest expense:

(Millions of yen)

	2000	1999
Lease payments	¥1,458	¥1,790
Amounts corresponding to depreciation	¥1,378	¥1,669
Amounts corresponding to interest expense.	¥55	¥94

(4) Method of calculating amounts corresponding to depreciation and to interest payable:
The calculation of amounts corresponding to depreciation is based on the straight-line method. The difference between the total amount of the lease payments and the acquisition cost of the leased property is considered to be the amount corresponding to total interest expense. The allocation of the interest expense to specific accounting periods is based on the interest method.

2. Operating lease transactions:

(Millions of yen)

	2000	1999
One year or less	¥806	¥350
Over one year	¥5,759	¥2,275
Total	¥6,566	¥2,625

Market Values and others of Securities Held (March 31, 1999)

(Millions of yen)

Categories	1999 Carrying values	1999 Market values	1999 Unrealized gains or losses
Current assets:			
Stocks	¥6,243	¥6,539	¥296
Bonds	160	158	(1)
Other	—	—	
Subtotal	¥6,403	¥6,698	¥295
Fixed assets:			
Stocks	¥33,051	¥29,499	¥(3,551)
Bonds	—	—	—
Other	—	—	—
Subtotal	¥33,051	¥29,499	¥(3,551)
Total	¥39,454	¥36,197	¥(3,256)

Notes: 1. Calculation of market values etc.:
- Listed securities: Principally, closing price on the Tokyo Stock Exchange at the last business day of the fiscal year
- Securities traded over the counter: Trading prices published by the Japan Securities Dealers Association
- Securities investment in trust: Net asset value.

2. Treasury stocks are included in current assets. Unrealized gains or losses on treasury stocks area as follows:

(Millions of yen)

Category	1999
Categorized in current assets	0

3. The carrying values of securities on the balance sheet not shown in the above table are as follows:

(Millions of yen)

Categories	Items	1999
Categorized in current assets	Discount financial bonds	¥39
Categorized in fixed assets	Nonlisted securities (excluding securities traded on the OTC)	¥22,736
	(Affiliated companies' securities)	[22,106]

Contract amounts etc., market value, and appraisal gains or losses of derivative transactions

Currency related

(Millions of Yen)

Classification	Category	1999			
		Contract amounts	(One year and over)	Market values	Appraisal gains or losses
Contracts outside market	Forward exchange contracts				
	Selling				
	U.S. dollars	2,475	—	2,493	(18)
	Euro	13,901	—	13,629	271
	Other Currencies	156	—	158	(2)
	Buying				
	U.S. dollars	8,334	—	8,740	406
	Currency swap transactions Received in Yen and Paid in French Francs	100	—	15	15
	Total	24,967	—	25,037	673

Notes: 1. Method of calculating market values:
Forward exchange contracts......Futures exchange
Currency swap transactions.......Calculations are made on the basis of prices etc. offered by the financial institutions involved.

2. Monetary receivables and liabilities in foreign currencies which will be converted into the fixed yen amounts at the settlement date because they are covered by forward exchange contracts and are shown as yen amounts on the non-consolidated balance sheets are not shown in the above table.

Interest related

(Millions of Yen)

Classification	Category	1999			
		Contract amount	(One year and over)	Market value	Appraisal gains or losses
Contract outside market	Interest swap transactions Received in floating rates and paid in fixed rates	10,000	10,000	(701)	(701)
	Total	10,000	10,000	(701)	(701)

Notes: 1. Calculation method of market values: ....Calculation is made on the basis of prices etc. offered by the financial institutions involved.

2. The estimated principal value of the above interest swap transactions does not fully reflect the market risk related to derivative transactions.