Direct Translation of Japanese RENKETSU KESSAN TANSHIN

Fiscal year ended March 31, 2001 May 17, 2001

Consolidated Financial Results

Listed company name: Minolta Co., Ltd.
Security code: 7753
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Stock Listings: First sections of Tokyo Stock Exchange, Osaka Securities Exchange, and Nagoya Stock Exchange
Meeting of the Board of Directors Held: May 17, 2001
Adoption of the U.S. accounting standards: No

1. Financial Results

(1) Operating Results (Years ended March 31, 2001 and 2000)

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

(in millions)

	Net sales (% change from previous year)	Operating profit (% change from previous year)	Recurring income (% change from previous year)
2001	¥464,289 (-3.8%)	¥9,190 (-54.7%)	¥3,246 (-62.0%)
2000	¥482,767 (-4.6%)	¥20,268 (-30.3%)	¥8,548 (-55.8%)

	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
2001	¥(3,127) (–)	¥(11.16)	¥—	-4.0%	0.7%	0.7%
2000	¥3,144 (-65.1%)	¥11.22	¥—	3.7%	2.1%	1.8%

Notes: 1. Equity in loss of unconsolidated subsidiaries and affiliates:
2001 -¥50 million
2000 ¥—
2. Average number of shares outstanding during the period (consolidated):
2001 280,203,433
2000 280,201,491
3. No changes were made to accounting policies in fiscal 2001.

(2) Financial Position (March 31, 2001 and 2000)

(in millions)

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (Yen)
2001	¥456,250	¥71,194	15.6%	¥254.08
2000	¥411,606	¥83,773	20.4%	¥298.98

Note: Number of shares issued at the end of period (consolidated):
2001 280,206,167
2000 280,200,621

(3) Cash Flows

(in millions)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
2001	¥(3,163)	¥(34,473)	¥24,810	¥27,113
2000	¥19,309	¥(31,052)	¥13,338	¥38,496

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

Number of consolidated subsidiaries: 64

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

Number of affiliated companies accounted for by the equity method: 1

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

Newly consolidated companies: 1

Newly unconsolidated company: 2

Companies newly accounted for by the equity method: 1

Company no longer accounted for by the equity method: —

2. Projected Operating Results (Year Ending March 31, 2002)

(in millions)

	Net Sales	Recurring income	Net income
Interim Period	¥255,000	¥4,000	¥5,000
Fiscal year	¥525,000	¥10,000	¥2,000

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 90 subsidiaries and 6 affiliates. The Group is mainly engaged in business operations from development, manufacture and sales to after-sale services related to image information products and optical products.

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

Main products

Operational category	Products category	Main products
Image information products	Copiers	Digital copiers Digital full color copiers Analog copiers
	Printers	Laser printers Full color laser printers
	Others	Microfilm equipment Facsimile
Optical products	Photographic Equipment	Single-lens reflex cameras Compact cameras Digital cameras Lenses Binoculars
	Radiometric instruments	Industrial instruments Optical medical instruments Photographic meters
	Optical systems	Optical units
	Others	Planetariums
Others		Products not included in the above

Main companies

Name of company	Address (Japan)	Capital (million)	Main business lines	Holding ratio
Minolta Sales Co., Ltd.	Minato-ku, Tokyo	¥1,500	Image information products Optical products	100%
Minolta Techno System Co., Ltd.	Minato-ku, Tokyo	¥80	Image information products	100% (100%)
Minolta-QMS K.K.	Minato-ku, Tokyo	¥80	Image information products	100% (100%)
Minolta Office System Tokyo Co., Ltd.	Koto-ku, Tokyo	¥100	Image information products	100% (100%)
Aoi Camera Co., Ltd.	Koda-cho, Nukata-gun, Aichi Pref.	¥20	Image information products Optical products Others	100%
Sankei Precision Products Co., Ltd.	Toyokawa, Aichi Pref.	¥30	Image information products	100%
Fujikasei Co., Ltd.	Toyokawa, Aichi Pref.	¥40	Image information products Optical products Others	90% (90%)
Toyohashi Precision Products Co., Ltd.	Toyohashi, Aichi Pref.	¥80	Image information products Optical products Others	100%
Minolta Office System Tokai Co., Ltd.	Naka-ku, Nagoya	¥30	Image information products	100% (100%)
Minolta Planetarium Co., Ltd.	Suita, Osaka Pref.	¥100	Optical products	100%
Minolta Office System Kinki Co., Ltd.	Chuo-ku, Osaka	¥100	Image information products	100% (100%)
MYG Disk Corporation	Osaka-sayama, Osaka	¥450	Optical products	100%
Miki Minolta Kogyo Co., Ltd.	Miki, Hyogo Pref.	¥10	Image information products	100%
Okayama Minolta Seimitsu Co., Ltd.	Ochiai-cho, Maniwa-gun, Okayama Pref.	¥40	Image information products Optical products Others	100%
Minolta Office System Kyushu Co., Ltd.	Hakata-ku, Fukuoka	¥50	Image information products	100% (100%)

Name of company	Address	Capital (thousand)	Main business lines	Holding ratio
Minolta Corporation	New Jersey, U.S.A.	USD40,000	Image information products Optical products	100%
Minolta Business Solutions, Inc.	New Jersey, U.S.A.	USD 9,151	Image information products	100% (100%)
Minolta Advance Technology Inc.	New York, U.S.A.	USD 2,500	Image information products	100%
Mohawk Marketing Corporation	Virginia, U.S.A.	USD 601	Optical products Others	100% (100%)
Minolta-QMS, Inc.	Alabama, U.S.A.	USD 5	Image information products	100%
Minolta Business Equipment (Canada), Ltd.	Ontario, Canada	CAD 6,250	Image information products	100% (100%)
Minolta Europe GmbH	Langenhagen, Germany	EUR76,609	Image information products Optical products	100%
Develop GmbH	Gerlingen, Germany	EUR 1,540	Image information products	100% (100%)
Minolta Danmark A/S	Rodovre, Denmark	DKK 3,000	Image information products	100% (100%)
Minolta Camera Benelux B.V.	Maarssenbroek, The Netherlands	NLG 1,500	Optical products	100% (100%)
Minolta-QMS Europe B.V.	Utrecht, The Netherlands	NLG 35	Image information products	100% (100%)
Minolta (UK) Ltd.	Milton Keynes, U.K.	GBP 1,500	Image information products Optical products	100% (100%)
Minolta Business Equipment (Belgium) N.V.	Zaventem, Belgium	BEF 40,017	Image information products	100% (100%)
Minolta France S.A.	Carrières-sur-Seine, France	EUR 9,150	Image information products Optical products	100% (100%)
Minolta Lorraine S.A.	Eloyes, France	EUR 6,100	Image information products	100%
Minolta Austria Gesellschaft mbH	Wien, Austria	EUR 2,500	Image information products Optical products	100% (100%)
Minolta Italia S.p.A.	Milano, Italy	EUR 4,680	Image information products Optical products	100% (100%)
Shanghai Minolta Optical Products Co., Ltd.	Shanghai, P.R. China	USD 9,000	Optical products	77.5% (77.5%)
Wuhan Minolta Office Automation Equipment Co., Ltd.	Wuhan, P.R. China	USD 7,000	Image information products	76.9% (76.9%)
Minolta Hong Kong Ltd.	Hong Kong, P.R. China	HKD 1,200	Image information products Optical products	70%
Minolta Industries (HK) Ltd.	Hong Kong, P.R. China	HKD168,500	Image information products	100%
Minolta Malaysia Sdn. Bhd.	Selangor, Malaysia	MYR 2,000	Optical products	100%
Minolta Precision Engineering (M) Sdn. Bhd.	Selangor, Malaysia	MYR10,000	Optical products	100%
Minolta Singapore (PTE) Ltd.	Singapore	SGD 3,225	Image information products Optical products	100%

Notes: 1. Figures of holding ratio in parentheses indicate indirect holding ratio which are included in total value of ratios.
2. As of April 1, 2001, Fujikasei Co., Ltd. changed its name to Minolta Components Co., Ltd., with capital amounting to ¥160 million and a holding ratio of 97.5% (22.5%).

The following chart shows situations of operational system.

Customers

[Sales subsidiaries in Japan]
- ●Minolta Sales Co., Ltd.
- ●Minolta Office System Tokyo Co., Ltd.
- ●Minolta Office System Tokai Co., Ltd.
- ●Minolta Office System Kinki Co., Ltd.
- ●Minolta Office System Kyushu Co., Ltd.
- ●Minolta-QMS K.K.

Others

[Sales subsidiaries in North America]
- ●Minolta Corporation (U.S.A.)
- ●Minolta Business Solutions, Inc. (U.S.A.)
- ●Mohawk Marketing Corporation (U.S.A.)
- ●Minolta-QMS, 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) Ltd. (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)
- ●Minolta-QMS Europe B.V. (the Netherlands)

Others

[Sales subsidiaries in other areas]
- ●Minolta Hong Kong Ltd. (Hong Kong, China)
- ●Minolta Singapore (PTE) Ltd. (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.
- ●Okayama Minolta Seimitsu Co., Ltd.
- ●Fujikasei Co., Ltd.
- ●Minolta Planetarium Co., Ltd.
- ●MYG Disk Corporation

Others

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

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

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

Others

[Servicing subsidiaries in Japan]
- ●Minolta Techno System Co., Ltd.

Others

legend:

→ supply of products

⇔ supply of parts for products

Note: The above chart is as of March 31, 2001.

Management Policy and Overview of Performance

1. Management Policy

<Fundamental Management Policy>

The Minolta Group's fundamental medium-term management policy consists of the following four principles, aimed at achieving continued growth to satisfy the expectations of all those 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 'customers 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.

<Medium-term Management Strategies and Targets>

We began implementing our medium-term management strategies in April 1999.
In order to remain competitive in the 21st century, we are working toward being an excellent company that is highly competitive globally, concentrating management resources in our strongest fields and focusing core technologies on growth fields. We will continue to strengthen our operating efficiency and financial position, targeting progress in our development and growth in profitability.

<Minolta's Tasks>

Our most important task is to cope actively with the global trend toward a highly information-oriented society in order to take advantage of new Group business opportunities. Since performance targets cannot be achieved without growth, we will concentrate on enhancing our basic strengths as a manufacturer, including developing new products and technologies that more closely match market demand to increase customer satisfaction, controlling procurement by the Group to strengthen cost competitiveness, improving 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 promoting the manufacture of environmentally conscious products and recycling.

In April 2001, we introduced an executive officer system to clarify the roles and responsibilities of its operational officers. We introduced this system to speed up on-the-job decision-making and convert to an efficiently functioning work environment.

Our new corporate message "The essentials of imaging" expresses Minolta's dedication to the ongoing provision of products, services and solutions that are indispensable in the field of imaging. We aim to inspire people's intellectual creativity, to give a sense of enrichment to daily life, and to promote human communication through the creation of high-quality images for use in all aspects of society.

2. Overview of Performance

(1) The Period under Review

(The fiscal period ended March 31, 2001)

During the period under review, overseas economies in general began to slow. In the second half of the fiscal year, a drop in its stock markets and weakening consumer spending underscored a clear downward trend in the previously high-flying U.S. economy. European economies were expanding favorably, but began to slow somewhat in the wake of the downturn in the U.S. economy. Similarly, the expansion in Asian economies began to feel the influence of the slowdown in the United States. The Japanese economy had been achieving growth mainly supported by capital investment in information systems and equipment. However, conditions remained severe in the labor market, with the unemployment rate rising. Although some improvement was seen in the profitability of Japanese corporations, the Japanese economy was unable to mount a self-sustained recover due to the continued weakness of personal consumption prompted by consumer concern over falling personal incomes and job security. The yen moved sharply upward in the first half of the fiscal year, and the average exchange rate for the fiscal year appreciated strongly compared with the previous fiscal year, particular against the Euro.

Amid these economic conditions, the Minolta Group's business trends shifted from analog products to digital products and networking. In response, the Group focused its management resources on the digital products field, concentrating on strengthening its business operations and reforming its structure for the future.

In our 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," the 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% from the previous fiscal year, to ¥356,669 million, while operating profit was down 49.4%, to ¥10,053 million.

In our optical product operations, we marketed five new products, including our "α-7" SLR (Single-Lens Reflex) 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 line-up 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. And sales rose in our new business of glass substrates for hard disks. To expand our glass substrates for hard disks business and to 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%, to ¥95,699 million, resulting in an operating loss of ¥1,126 million.

Sales of other business operations, which chiefly comprise the wholesale trade of electric appliances and the manufacture and sale of parts, were ¥11,920 million and operating profit was ¥246 million, up 12.3% from the previous fiscal year.

Due to the introduction of new accounting standards for retirement benefits, our retirement benefit obligation as of April 1, 2000, was ¥85,276 million as calculated at the discount rate of 3.5%, and the difference at the time of change of accounting standards was ¥22,286 million. The Company plans to amortize this difference amount within 15 years starting this fiscal year as an operating expense.

Under pressure from the strong impact of foreign exchange losses, overall net sales for the fiscal year under review were ¥464,289 million. Recurring income was held to ¥3,246 million despite cost reductions in sales and administration expenses due to foreign exchange losses, weakened prices due to severe competition, and the amortization of retirement benefit obligations. Net loss was ¥3,127 million, negatively affected by an extraordinary loss on evaluation of investments in securities. Overseas sales amounted to ¥369,565 million, accounting for 79.6% of net sales.

Looking at the cash flow during the period under review, operating activities provided a cash flow of ¥3,163 million due to the increases in inventories. On the other hand, investment cash flows, principally purchases of property, plant and equipment, totaled ¥34,473 million. Consequently, free cash flow expenditures rose by ¥37,636 million. Among our financial activities, short-term loans increased, and as a result, cash and cash equivalents at the end of the fiscal period were ¥27,113 million, down by ¥11,383 million from the end of the previous fiscal year.

On a non-consolidated basis, net sales edged down 0.7% from the previous fiscal year to ¥278,955 million. Recurring income grew 16.9%, to ¥8,223 million, while net income fell 14.1%, to ¥2,476 million.

We will be proposing a year-end cash dividend of ¥3.00 per share at the Company's annual shareholders' meeting, resulting in a total annual dividend of ¥6.00 per share.

(2) The Current Fiscal Year

(The fiscal year ending March 31, 2002)

In the fiscal year ahead, the U.S. economy is expected to slow because of the downturn in consumer spending and, because of worsening corporate performance, in private sector capital investment. In Europe, corporate profits and consumer spending are also expected to deteriorate somewhat, preventing an early recovery. On the other hand, Japan's economy is expected to achieve mild expansion supported by the non-manufacturing sector. Japanese manufacturers, however, will likely face export declines and production cut backs because of the cooling off of the U.S. economy. Among our Group's businesses, we forecast a difficult business climate for copiers, printers, and cameras due to the impact of inventory adjustments related to the economic slowdowns in the economies of the United States and Europe.

In response to these severe conditions, we will concentrate the capabilities and resources of our Group, focusing our full efforts on achieving growth in sales and profits. In particular, we will continue to work to expand sales of digital products.

Moreover, we will target growth in sales of the color output field by offering a total system for color document solutions that combines input/output hardware and software.

We forecast that the company will pay a dividend of ¥6.00 per share in the current fiscal year.

Our forecasts of performance for the full fiscal year ending March 31, 2002, are as follows: -

		in millions	As compared with the previous fiscal year
1. Consolidated base:	Net sales	¥525,000	113%
	Recurring income	¥10,000	308%
	Net inc	¥ 5,000	—%
2. Non-consolidated base:	Net sales	¥305,000	109%
	Recurring income	¥8,500	103%
	Net income	¥4,500	182%

In estimating these figures, we set the foreign exchange rates for the fiscal year ending March 31, 2002 as ¥115 = US$1 and ¥105 = EUR1.

In May 2001, jointly with FUJITSU CO. LTD., we established F&M Imaging Technology Co., Ltd., which will focus on the development of color laser printers. The joint venture will seek to become a leader in color printers with tandem print engines, which are expected to become a core product in the color printer market. To achieve this goal, the joint venture will use the strengths of both parent companies in shortening product development times and expanding sales channels.

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

Consolidated Financial Statements

Consolidated Balance Sheets

(March 31, 2001 and 2000)

Assets (in millions)

	2001		2000		
	Amount	% of total assets	Amount	% of total assets	Change
Current assets:					
Cash, including time deposits	¥27,284		¥23,726		¥3,558
Notes and accounts receivable	114,131		96,597		17,534
Marketable securities	68		7,130		(7,062)
Inventories	137,339		103,170		34,169
Deferred tax assets	8,490		7,747		743
Other current assets	10,160		23,896		(13,736)
Allowance for doubtful receivables	(3,950)		(3,669)		(281)
Total current assets	**293,523**	**64.3**	**258,598**	**62.8**	**34,925**
Fixed assets:					
Tangible fixed assets:					
Buildings and structures	28,072		26,391		1,681
Machinery, equipment and vehicles	14,975		13,580		1,395
Tools, furniture and fixtures	29,978		26,225		3,753
Land	13,085		12,592		493
Construction in progress	227		835		(608)
	86,338	**18.9**	**79,624**	**19.4**	**6,714**
Intangible fixed assets					
Consolidation goodwill	9,637		6,075		3,562
Other intangible fixed assets	11,155		8,965		2,190
	20,792	**4.6**	**15,041**	**3.7**	**5,751**
Investments and other assets:					
Investments in securities	38,629		34,866		3,763
Long-term loans receivable	2,670		2,787		(117)
Deferred tax assets	7,839		5,030		2,809
Other investments	7,556		7,836		(280)
Allowance for doubtful receivables	(1,100)		(945)		(155)
	55,595	**12.2**	**49,575**	**12.0**	**6,020**
Total fixed assets	**162,727**	**35.7**	**144,241**	**35.1**	**18,486**
Translation adjustments	**—**	**—**	**8,766**	**2.1**	**(8,766)**
Total assets	**¥456,250**	**100.0**	**¥411,606**	**100.0**	**¥44,644**

Liabilities and Shareholders' Equity

(in millions)

	2001		2000		
	Amount	% of total liabilities and shareholders' equity	Amount	% of total liabilities and shareholders' equity	Change
Liabilities					
Current liabilities:					
Notes and accounts payable	¥67,844		¥60,932		¥6,912
Short-term loans payable	175,344		139,301		36,043
Accrued corporation tax	4,928		2,851		2,077
Allowance for bonuses	5,171		5,159		12
Allowance for product warranty	1,471		1,387		84
Other current liabilities	39,202		34,536		4,666
Total current liabilities	**293,963**	**64.4**	**244,168**	**59.3**	**49,795**
Long-term liabilities:					
Straight bonds	28,000		25,000		3,000
Long-term loans payable	32,995		32,910		85
Deferred tax liabilities	178		243		(65)
Reserve for retirement and severance allowances	—		17,751		(17,751)
Reserve for retirement and severance benefits	21,246		—		21,246
Reserve for retirement and severance benefits for directors and statutory auditors	626		556		70
Other long-term liabilities	6,828		5,944		884
Total long-term liabilities	**89,875**	**19.7**	**82,405**	**20.0**	**7,470**
Total liabilities	**383,839**	**84.1**	**326,573**	**79.3**	**57,266**
Minority interests	**1,217**	**0.3**	**1,259**	**0.3**	**(42)**
Shareholders' equity:					
Capital stock	25,832	5.7	25,832	6.3	—
Capital surplus	51,198	11.2	51,198	12.5	—
Consolidated retained earnings	1,897	0.4	6,744	1.6	(4,847)
Translation adjustments	(7,733)	(1.7)	—	—	(7,733)
	71,195	**15.6**	**83,776**	**20.4**	**(12,581)**
Treasury stock	(0)	(0.0)	(2)	(0.0)	2
Total shareholders' equity	**71,194**	**15.6**	**83,773**	**20.4**	**(12,579)**
Total liabilities and shareholders' equity	**¥456,250**	**100.0**	**¥411,606**	**100.0**	**¥44,644**

Notes:

	2001	2000	Change
1. Accumulated depreciation of tangible fixed assets:	¥176,233 million	¥162,422 million	¥13,811 million
2. Notes discounted:	¥1,073 million	¥1,351 million	¥(278) million
3. Guarantees for indebtedness for subsidiaries and others:	¥2,864 million	¥2,876 million	¥(12) million
[Guarantees for indebtedness for subsidiaries]:	[¥2,856 million]	[¥2,361 million]	[¥495 million]
[Instruments of managerial guidance and others]:	[¥7 million]	[¥514 million]	[¥(507) million]
4. Number of shares of treasury stock:	1,514	7,060	(5,546)

Consolidated Statements of Income and Retained Earnings

(Years ended March 31, 2001 and 2000)

(in millions)

	2001		2000		
	Amount	% of net sales	Amount	% of net sales	Change
Net sales	**¥464,289**	**100.0**	**¥482,767**	**100.0**	**¥(18,478)**
Cost of sales	**263,865**	**56.8**	**269,411**	**55.8**	**(5,546)**
Gross profit	**200,423**	**43.2**	**213,355**	**44.2**	**(12,932)**
Selling, general and administrative expenses	**191,233**	**41.2**	**193,087**	**40.0**	(1,854)
Operating profit	**9,190**	**2.0**	**20,268**	**4.2**	**(11,078)**
Non-operating revenue:					
Interest and dividend income	1,160		1,330		(170)
Other	7,119		5,827		1,292
	8,280	**1.8**	**7,157**	**1.5**	**1,123**
Non-operating expenses:					
Interest expense	8,903		7,392		1,511
Equity in loss of unconsolidated subsidiaries and affiliates	50		—		50
Loss on inventory valuation and disposition	2,001		4,300		(2,299)
Other	3,268		7,184		(3,916)
	14,223	**3.1**	**18,877**	**3.9**	**(4,654)**
Recurring income	**3,246**	**0.7**	**8,548**	**1.8**	**(5,302)**
Special gains:					
Gain on sales of fixed assets	200		102		98
Gain on sales of securities	1,003		225		778
	1,203	**0.3**	**327**	**0.1**	**876**
Special losses:					
Loss on dispositions of fixed assets	843		883		(40)
Restructuring charges	—		1,899		(1,899)
Appraisal loss on investment in securities	3,418		—		3,418
Appraisal loss on golf course membership	134		—		134
Appraisal loss on interest swap transactions	572		—		572
	4,970	**1.1**	**2,783**	**0.6**	**2,187**
Income before income taxes	**(520)**	**(0.1)**	**6,092**	**1.3**	**(6,612)**
Corporate, inhabitant and enterprise taxes	6,194		4,186		2,008
Adjustments of corporate tax and others	(3,413)		36		(3,449)
	2,780	**0.6**	**4,222**	**0.9**	**(1,442)**
Minority interests-loss	174	0.0	1,273	0.3	(1,099)
Net income	**(3,127)**	**(0.7)**	**3,144**	**0.7**	**(6,271)**

(continue)

(in millions)

	2001		2000		
	Amount	% of net sales	Amount	% of net sales	Change
Consolidated retained earnings at the beginning of period	**¥6,744**		**¥7,064**		**¥(320)**
Revision of retained earnings due to increase in consolidated subsidiaries	37		—		37
Increment of consolidated retained earnings	37		—		37
Appropriations:					
Dividends	1,681		1,681		0
Bonuses for directors and statutory auditors	50		50		—
Revision of retained earnings due to increase in consolidated subsidiaries	—		1,731		(1,731)
Revision of retained earnings due to change of fiscal period for consolidated subsidiaries	26		—		26
Decrement of consolidated retained earnings	**1,757**		**3,463**		**(1,706)**
Consolidated retained earnings at the end of period	**¥1,897**		**¥6,744**		**¥(4,847)**

Consolidated Statement of Cash Flows

(Years ended March 31, 2001 and 2000)

(in millions)

Descriptions	Year ended March 31, 2001	Year ended March 31, 2000	Change
I Cash flows from operating activities			
1. Net income (loss) before adjustments of income taxes etc.	¥(520)	¥6,092	¥(6,612)
2. Depreciation expense	25,404	23,387	2,017
3. Amortization of consolidation goodwill	1,285	948	337
4. Increase of reserve for retirement and severance allowances	—	765	(765)
5. Increase of reserve for retirement and severance benefits	2,787	—	2,787
6. Interest and dividend income	(1,160)	(1,330)	170
7. Interest expense	8,903	7,392	1,511
8. Equity in loss of unconsolidated subsidiaries and affiliates	50	—	50
9. Gain on sales of securities	—	(1,051)	1,051
10. Appraisal loss of securities	—	551	(551)
11. Gain on sales of investment securities	(1,003)	(225)	(778)
12. Loss on investment in securities	3,418	—	3,418
13. Appraisal gain on dispositions of tangible fixed assets	(200)	(102)	(98)
14. Decrease (increase) in accounts receivable	(10,015)	2,018	(12,003)
15. Decrease (increase) of inventory	(26,063)	863	(26,926)
16. Increase (decrease) in accounts payable	4,324	(4,476)	8,800
17. Other	1,835	(1,860)	3,695
Subtotal	9,046	32,973	(23,927)
18. Interest and dividend received	1,166	1,309	(143)
19. Interest paid	(9,090)	(7,350)	(1,740)
20. Corporation tax etc. paid	(4,286)	(7,622)	3,336
Cash flows from operating activities	(3,163)	19,309	(22,472)
II Cash flows from investing activities			
1. Payment for acquisition of securities	(39)	(1,707)	1,668
2. Proceeds from sales of securities	39	1,584	(1,545)
3. Payment for acquisition of tangible fixed assets	(26,490)	(23,160)	(3,330)
4. Proceeds from sales of tangible fixed assets	2,064	1,175	889
5. Payment for acquisition of investment securities	(6,466)	(475)	(5,991)
6. Proceeds from sales of investment securities	2,729	257	2,472
7. Payment for acquisition of subsidiaries' stocks related to change in scope of consolidation	—	(4,758)	4,758
8. Payment for advances	(455)	(158)	(297)
9. Proceeds from collections of advances	172	204	(32)
10. Other	(6,027)	(4,014)	(2,013)
Cash flows from investing activities	(34,473)	(31,052)	(3,421)
III Cash flows from financing activities			
1. Proceeds from short-term loans payable, net	20,676	11,480	9,196
2. Net decrease of commercial paper	—	(5,580)	5,580
3. Proceeds from long-term loans payable	12,641	11,179	1,462
4. Payments of long-term loans payable	(9,288)	(6,784)	(2,504)
5. Proceeds from issuance of bonds	3,000	5,000	(2,000)
6. Dividends paid	(1,678)	(1,682)	4
7. Dividends paid for minority	(54)	(210)	156
8. Other	(485)	(63)	(422)
Cash flows from financing activities	24,810	13,338	11,472
IV Translation differences on cash and cash equivalents	1,049	(2,954)	4,003
V Decrease in cash and cash equivalents	(11,776)	(1,358)	(10,418)
VI Cash and cash equivalents at beginning of year	38,496	38,509	(13)
VII Increase in cash and cash equivalents by new consolidations	393	1,345	(952)
VIII Cash and cash equivalents at end of year	¥27,113	¥38,496	¥(11,383)

Notes to Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 64

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

Number of newly consolidated subsidiaries: **1**

Wuhan Minolta Office Automation Equipment Co., Ltd,.

This company is consolidated from this period due to the increase in its importance in Minolta's business.

Number of subsidiaries excluded from consolidation: **2**

Minolta Investments Company (excluded due to amalgamation with other consolidated company)

Minolta Advance Technology International Inc. (excluded by liquidation)

(2) Number of non-consolidated subsidiaries: 26

The 26 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

Company accounted for by the equity method: **1**

Company newly accounted for by the equity method: **1**

Konica Minolta Supplies Co., Ltd.

By newly acquiring its shares, this company is accounted for by the equity method from this period.

The 26 non-consolidated subsidiaries and 5 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 (Portugal) Lda., Minolta spol.s.r.o., Minolta Norway AS, Minolta Copiadora do Amazonas Ltda., Shanghai Minolta Optical Products Co., Ltd. and Wuhan Minolta Office Automation Equipment 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. Minolta Austria Gesellschaft mbH has changed its accounting period, beginning with the period under review.

4. Standards of Accounting Method

(1) Basis and method of valuation of assets

1) Inventories

Inventories are stated mainly at cost determined by the period average method, with domestic subsidiaries mainly using the last purchase-price method. Overseas consolidated subsidiaries, however, mainly adopt the lowest price method using the first-in, first-out (FIFO) method.

2) Securities

Securities to be held to maturity are stated mainly at cost determined by the amortized cost method.

Other securities are stated mainly at cost determined by the moving average method.

3) Derivatives

Derivatives are stated using the mark to market method.

(2) Depreciation methods for tangible fixed assets

1) Tangible fixed assets
Tangible fixed assets of domestic consolidated subsidiaries are depreciated mainly by the declining balance method, but those of overseas consolidated subsidiaries are mainly depreciated by the straight line method. However, for buildings (excluding attached fixtures to buildings) acquired on and after April 1, 1998, the straight-line method is used by the Company and domestic consolidated subsidiaries.

2) Intangible fixed assets
Intangible fixed assets are depreciated mainly by the straight line method. Software used by companies is mainly depreciated by the straight line method over the applicable period (5 years).

(3) Basis of accounting for reserves

1) Allowance for doubtful receivables
In the case of the Company and its domestic subsidiaries, for general receivables, an amount is provided according to the historical percentage of uncollectibles. For specific receivables in which there is some concern regarding uncollectibility, an amount is recorded by investigating the possibility of collection for each account individually. In the case of overseas consolidated companies, amounts are provided mainly on the basis of necessary estimated amounts determined by considering the uncollectibility of specific receivables individually.

2) Allowance for bonuses
To provide for the payment of bonuses to employees, an amount has been recorded equivalent to that portion applicable to the period under review of the estimated bonus payments to employees for the first half of the next fiscal 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 benefits and pension plans
To provide for the payment of retirement benefits and pension plans to employees, an amount is entered into this reserve equivalent to the amount recognized as necessary at the end of the current period under review based on the expected retirement and severance obligations and the assets of pension plans at current fiscal year end.
As for the difference amount on calculation, it will be settled as expenses from the next period after its occurence by the straight-line method within the specific period (15 years) in the remaining period of employees' average working period.
The difference amount at the time of changing accounting standards (¥22,286 million) is being amortized over 15 years as operating expenses.

5) Reserve for retirement and severance benefits for directors and statutory auditors
To provide for the payment of retirement and severance benefits to directors and statutory auditors, an amount is entered into this reserve equivalent to the amount payable at the end of the current period under review, as determined by company regulations.

(4) Standards for translating foreign currency assets and liabilities into yen

Foreign currency assets and liabilities are translated into yen at the prevailing rate in the foreign currency market on the consolidated accounting settlement day for the period, and the translation difference is accounted for as a gain or loss. The assets and liabilities of overseas subsidiaries are translated into yen at the same rate. Income and expenses of overseas subsidiaries, however, are translated at the average currency rate during the accounting period and the translation difference is accounted for in minority interests and a foreign currency translation adjustment account under shareholders' equity.

(5) 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 mainly accounted for using the method applied in normal rental transactions.

(6) Accounting method for hedge transactions

1) Accounting method for hedge transactions
According to the deferred hedge method
Interest rate swaps that meet certain conditions receive special accounting treatment.

2) Hedge methods and targets

Hedge method	Hedge target
Foreign exchange contracts	Expected foreign currency transactions
Interest rate swaps and caps	Debt and others

3) Hedge policy
Based on its internal regulations, “Rules for Making Derivative Transactions” and “Market Risk Management Guidelines,” the Company hedges exchange and interest rate fluctuation risks. Within the scope of real demands.

4) Method of valuation on effectiveness of hedge transactions The effectiveness of hedge transactions is judged by comparing the accumulated amounts of hedge methods with those of hedge targets.

(7) 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 at any time, and short-term investments etc. which are easily cashed, with a maturity less than 3 months and negligible risk.

(Additional information)

1. **Accounting for retirement benefits and pension plans**
   Starting with the period under review, the Company began applying accounting standards for retirement benefits and pension plans according to the "Opinion on the establishment of accounting standards for retirement benefits and pension plans" (Financial Accounting Deliberation Council, June 16, 1998). As a result, compared with the previous method, the retirement benefits and pension plans expense recorded was ¥2,228 million higher. The operating income, recurring income, and income before income taxes recorded were ¥2,140 million lower compared with the previous method.

2. **Accounting for financial instruments**
   Starting with the period under review, the Company began applying accounting standards for financial instruments according to the "Opinion on the establishment of accounting standards for financial instruments" (Financial Accounting Deliberation Council, January 22, 1999). As a result, compared with the previous method, the operating income recorded was ¥133 million higher and the recurring income recorded was ¥116 million higher. The income before income taxes recorded, however, was ¥622 million lower. Moreover, examining the purpose of holding each security being held at the beginning of the fiscal year, securities that mature within one year have been accounted for under marketable securities in current assets while all other securities have been accounted for under investment in securities. Consequently, compared with the previous method, the marketable securities recorded decreased by ¥7,037 million and the investment in securities recorded increased by the same amount.

   For the period under review, securities with market values among other investments in securities have not been recorded at market value. According to section 3 of the regulations attached to the Ministry of Finance Ordinance No.9 (year 2000), consolidated balance sheet figure etc. related to other investments in securities are as follows:

Consolidated balance sheet figure	¥36,475 million
Market value	¥30,806 million
Evaluation difference equivalent	¥(3,288) million
Deferred tax asset equivalent	¥2,380 million

3. **Accounting standards for foreign currency transactions**
   Starting with the period under review, the Company began applying post-revision accounting standards and methods for foreign currency transactions, etc. , according to the "Opinion on the revision of accounting standards and methods for foreign currency transactions, etc." (Financial Accounting Deliberation Council, October 22, 1999). As a result, compared with the previous method, the operating income recorded was ¥399 million lower and the recurring income and income before income taxes recorded were ¥405 million lower.

   For the consolidated accounting year, accoding to the revision of the regulations on consolidated financial statements, the translation adjustment recorded under "Assets" for the consolidated accounting year has been recorded under "Shareholder's equity" and "Minority interests."

(Notes to Consolidated Statement of Cash Flows)

Year ended March 31, 2001

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

(as of March 31, 2001)	(in millions)
Cash, including time deposits	¥27,284
Cash equivalents in marketable securities	23
Time deposits with maturities over 3 months	(91)
Minus cash equivalents in short-term loans	(102)
Cash and cash equivalents at end of year	¥27,113

(2) Important non-financial transactions
Amounts of newly-appropriated assets and liabilities related to finance lease transactions in this period are ¥436 million, respectively.

Year ended March 31, 2000

(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)	(in millions)
Cash, including time deposits	¥23,726
Cash equivalents in marketable securities	52
Cash equivalents in other current assets	14,999
Time deposits with maturities over 3 months	(156)
Minus cash equivalents in short-term loans payable	(124)
Cash and cash equivalents at end of year	¥38,496

(2) Breakdown of assets and liabilities of newly acquired consolidated subsidiaries

QMS, Inc. and its consolidated subsidiaries	(in millions)
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)
Net: Expenditures for the acquisition of QMS, Inc. and its subsidiaries	¥4,758

(3) Important non-financial transactions
Amounts of newly-appropriated assets and liabilities related to finance lease transactions in this period are ¥171 million, respectively.

Segment Information

1. Information by Industry Segment

Year ended March 31, 2001

(in millions)

	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	¥356,669	¥95,699	¥11,920	¥464,289	¥—	¥464,289
(2) Intersegment sales	18	18	650	687	(687)	—
Total sales	356,688	95,717	12,571	464,976	(687)	464,289
Operating expenses	346,634	96,843	12,324	455,802	(703)	455,099
Operating profit	¥10,053	¥(1,126)	¥246	¥9,173	¥16	¥9,190
II. Assets, depreciation expense, and capital expenditures						
Assets	¥290,225	¥100,685	¥4,833	¥395,744	¥60,506	¥456,250
Depreciation expense	20,217	5,057	66	25,341	63	25,404
Capital expenditures	25,555	6,549	99	32,205	—	32,205

Year ended March 31, 2000

(in millions)

	Image information products	Optical products	Other	Total	Eliminations or companywide	Consolidated total
I. Net sales, and profit and expenses						
Net sales:						
(1) External sales	¥367,726	¥104,075	¥10,965	¥482,767	¥—	¥482,767
(2) 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

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.
   2001 ¥61,572 million
   2000 ¥82,336 million

2. Information by Geographic Area

Year ended March 31, 2001 (in millions)

	Japan	North America	Europe	Other areas	Total	Eliminations or companywide	Consolidated total
I. Net sales, and operating profit and expenses							
Net sales:							
External sales	¥170,064	¥142,332	¥129,018	¥22,873	¥464,289	¥—	¥464,289
Intersegment	157,523	240	715	66,045	224,525	(224,525)	—
Total sales	327,588	142,573	129,734	88,918	688,814	(224,525)	464,289
Operating expenses	318,256	142,948	131,358	87,047	679,611	(224,511)	455,099
Operating profit	¥9,332	¥(375)	¥(1,624)	¥1,871	¥9,203	¥(13)	¥9,190
II. Assets	¥255,192	¥109,325	¥98,764	¥41,149	¥504,430	¥(48,179)	¥456,250

Year ended March 31, 2000 (in millions)

	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	683,870	(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

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 .... 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.
   2001 ¥61,572 million
   2000 ¥82,336 million

3. Overseas Sales

Year ended March 31, 2001 (in millions)

	North America	Europe	Other areas	Total
Overseas sales	¥168,406	¥148,188	¥52,970	¥369,565
Consolidated sales				¥464,289
Overseas sales as a percentage of consolidated net sales	36.3%	31.9%	11.4%	79.6%

Year ended March 31, 2000 (in millions)

	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%

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 .... European countries including Germany, France, and England
   (3) Other areas .... All other areas excluding the above (1) and (2)

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:

(in millions)

	2001	2000
Amounts corresponding to:		
Acquisition cost	¥8,156	¥29,448
Accumulated depreciation	4,948	19,777
Remaining value at the end of the period	¥3,208	¥9,671

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

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

(in millions)

	2001	2000
One year or less	¥6,446	¥5,158
Over one year	8,140	4,735
Total	¥14,587	¥9,894

Among the above amounts, remaining value for sublease transactions at the end of this period is ¥4,885 million for one-year or less and ¥6,246 million for over one-year, resulting in ¥11,131 million totally. Remaining value on the lessor side is almost the same amount, which is included in the following list of the lessor side, (2) of item 1.

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

(in millions)

	2001	2000
Lease payments	¥1,968	¥7,917
Amounts corresponding to depreciation	1,898	7,445
Amounts corresponding to interest expense	¥54	¥397

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

The calculation of amounts corresponding to depreciation is based on the straight-line 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

(in millions)

	2001	2000
One year or less	¥3,479	¥3,148
Over one year	13,574	14,913
Total	¥17,234	¥18,062

(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:

(in millions)

	2001	2000
Acquisition cost	¥677	¥5,160
Accumulated depreciation	362	2,149
Remaning value at the end of the period	¥314	¥3,010

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

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

(in millions)

	2001	2000
One year or less	¥5,262	¥1,732
Over one year	6,622	1,440
Total	¥11,884	¥3,173

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:

(in millions)

	2001	2000
Lease receivables	¥361	¥1,969
Amounts of depreciation	¥322	¥1,876

2. Operating lease transactions:
   Lease commitments

(in millions)

	2001	2000
One year or less	¥1,721	¥1,206
Over one year	2,279	1,932
Total	¥4,001	¥3,139

Interperiod income tax allocation

1. Breakdown by main causes of occurrences of deferred tax assets and deferred tax liabilities

(in millions)

	Year ended March 31, 2001	Year ended March 31, 2000
(1) Current assets and liabilities		
(Deferred tax assets)		
R&D expenses	¥550	¥824
Inventories written down	998	740
Allowance for doubtful accounts	858	791
Accrued bonuses	863	595
Intercompany profit on inventories	4,819	3,962
Other	1,585	2,234
Subtotal	9,676	9,148
Less valuation allowance	(1,177)	(1,205)
Total	8,498	7,943
Offset of deferred tax liabilities	(8)	(195)
Deferred tax assets, net	¥8,490	¥7,747
(Deferred tax liabilities)		
Adjustment on warranty reserve	¥(2)	¥(110)
Other	(5)	(85)
Total	(8)	(195)
Amount offset of deferred tax assets, net	8	195
Deferred tax liabilities, net	¥—	¥—
(2) Fixed assets and liabilities		
(Deferred tax assets)		
Retirement and severance benefits	¥5,235	¥3,768
Depreciation expense	2,645	2,530
Net operating loss carryforward	7,762	4,214
Other	3,052	917
Subtotal	18,695	11,430
Less valuation allowance	(9,483)	(5,500)
Total	9,211	5,929
Offset of deferred tax liabilities	(1,372)	(899)
Deferred tax assets, net	¥7,839	¥5,030
(Deferred tax liabilities)		
Undistributed earnings of foreign subsidiaries	¥(1,319)	¥(858)
Other	(231)	(283)
Total	(1,551)	(1,142)
Offset of deferred tax assets	1,372	899
Deferred tax liabilities, net	¥(178)	¥(243)

2. Breakdown by main items of causes for differences between statutory effective tax rate and the effective tax rate after the application of income tax allocation accounting

(in millions)

	Year ended March 31, 2001	Year ended March 31, 2000
Statutory effective tax rate	The breakdown is omitted due to the loss before income taxes.	42.0%
(Adjustment items)		
Valuation allowance		21.6
Expenses not deductible for tax purposes		8.2
Amortization of consolidation goodwill		4.5
Deduction for tax purposes		(-8.2)
Other		1.2
Effective tax rate etc.		69.3%

Securities Held

Year ended March 31, 2001

1. Held-to-Maturity Debt Securities with market values
   Market prices etc. of securities

(in millions)

Categories/Items	Year ended March 31, 2001		
	Values on balance sheets	Market values	Difference
Securities with market values that do not exceed balance sheet values			
Discount financial bonds	¥44	¥44	¥0
Total	¥44	¥44	¥0

2.Available-for-sale securities with market values

In this period, available-for-sale securities with market values were not evaluated at market value, and accordingly, those are not indicated according to section 3 of the regulations attached to the Ministry of Finance Ordinance No.9 (2000).

3.Availabe-for-sale securities sold during this period (Year ended March 31, 2001)

(in millions)

Amounts sold	Total gain on sales	Total loss on sales
2,729	¥1,003	¥—

4.Contents and carrying values of securities without market values on the consolidated balance sheets (Year ended March 31, 2001)

(in millions)

Categories	Items	Carrying values on balance sheets
Available-for-sale securities	Nonlisted securities	¥565
	MMF	23

5.Estimated amounts of redemption after the consolidated closing date of securities with maturities (and bonds for the purpose of holding until the maturity)

(in millions)

Categories/Items	Year ended March 31, 2001			
	1 year or less	Over 1 year to 5 years	Over 5 year to 10 years	Over 10 years
Held-to-Maturity debt securities				
Discount financial bonds	¥44	¥—	¥—	¥—
Available-for-sale securities	10	161	—	—
Total	¥55	¥161	¥—	¥—

Year ended March 31, 2000

Market Values of Securities Held

(in millions)

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
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:

(in millions)

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

Derivative transactions

(Year ended March 31, 2001)

(in millions)

Items	Category	Contract amounts	Market values	Valuation gains or losses
Currency	Forward exchange contracts			
	Selling	¥38,979	¥39,278	¥(298)
	Buying	134	132	1
Interest	Swap transactions	10,000	(769)	(769)
	Total	¥49,113	¥38,641	¥(1,066)

Note: Derivative transactions with hedge accounting applied have been excluded in the above table.

(Year ended March 31, 2000)

Currency related

(in millions)

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

(in millions)

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.

Retirement and severance benefits

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 (as of March 31, 2001)

	(in millions)
(1) Benefit obligations	¥(108,247)
(2) Pension plan assets	50,574
(3) Unreserved benefit obligations [(1)+(2)]	(57,673)
(4) Unrecognized net transition asset	21,008
(5) Unrecognized actuarial gain	15,418
(6) Retirement and severance benefits [(3)+(4)+(5)]	¥(21,246)

Notes: 1. In the above table, the portion of the governmental welfare pension program of contributory funded pension plans is included.
2. Unordinary extra benefits for retirement are not included.
3. Some consolidated subsidiaries adopt a simplified method for their calculation of benefit obligations.
4. In the above breakdown, the amount of pension plan assets of the multi-employer pension plans (¥1,176 million) is not included.

3. Benefit expenses (Year ended March 31, 2001)

	(in millions)
(1) Service cost	¥4,356
(2) Interest cost	2,886
(3) Expected return	(2,024)
(4) Expenses paid for transition	1,277
(5) Benefit expenses [(1)+(2)+(3)+(4)]	¥6,496

Notes: 1. Plan participants' contributions to contributory funded pension plans are deducted.
2. Benefit expenses of consolidated subsidiaries adopting simplified method are appropriated in the above service cost (1).
3. Contribution to the multi-employer pension plans (¥48 million) is included in the above service cost (1).
4. In the above benefit expenses, an amount transferred to fixed assets, software, (¥41 million) is included.

4. Basis of calculations for benefit obligations etc.

(1) Distribution method of estimated benefit
.... fixed amount by period
(2) Discount rate .... 3.0% (3.5% is applied at the beginning of periods)
(3) Expected rate of return .... mainly 4.5%
(4) Number of years over which actuarial difference is expensed
.... 15 years (Amount is determined using the straight-line method over the average number of years remaining before retirement of employees at the time of occurrence, and expensed beginning with the following term.)
(5) Number of years over which transition disparity is expensed
.... Mainly 15 years (In some consolidated subsidiaries, no transition disparity occurred as the benefit obligations at the beginning of the term were expensed as a lump-sum.)

Production, orders received, and sales

(1) Production results

The following table shows production in this period by industry segment.

(in millions)

Classifications		Year ended March 31, 2001	
			% change from Previous year
Image Information Products	Copiers	¥154,039	-4.9
	Printers	82,008	8.4
	Other	28,420	-1.7
	Subtotal	264,467	-0.8
Optical Products	Cameras	62,487	3.1
	Radiometric instruments	5,826	-7.6
	Optical systems	8,644	9.2
	Other	1,531	-1.4
	Subtotal	78,490	2.7
Other businesses		10,935	9.8
	Total	¥353,894	0.3

Notes: 1. The above amounts are manufacturer's sales amounts excluding Japanese consumption tax.
2. The above amounts include the actual purchase costs of products.

(2) Orders received

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

(3) Sales results

The following table shows sales in this period by industry segment.

(in millions)

Classifications		Year ended March 31, 2001	
			% change from Previous year
Image Information Products	Copiers	¥247,085	-4.1
	Printers	82,496	1.6
	Other	27,087	-6.5
	Subtotal	356,669	-3.0
Optical Products	Cameras	76,287	-10.7
	Radiometric instruments	9,034	-3.3
	Optical systems	8,631	9.6
	Other	1,746	22.8
	Subtotal	95,699	-8.0
Other businesses		11,920	8.7
	Total	¥454,289	-3.8

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

Direct Translation of Japanese KESSAN TANSHIN

Fiscal year ended March 31, 2001 May 17, 2001

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: Ko Ikeuchi
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 17, 2001
Regular General Meeting of Shareholders: June 28, 2001
Provision for Interim Dividends: Yes

1. Financial Results

(1) Operating results (Years ended March 31, 2001 and 2000)

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

(in millions)

	Net sales (% change from previous year)	Operating profit (% change from previous year)	Recurring income (% change from previous year)
2001	¥278,955 (-0.7%)	¥8,325 (-26.2%)	¥8,223 (-16.9%)
2000	¥280,841 (-3.9%)	¥11,319 (-27.1%)	¥7,037 (-43.9%)

	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
2001	¥2,476(-14.1%)	¥8.84	¥—	2.5%	2.8%	2.9%
2000	¥2,881 (13.8%)	¥10.28	¥—	2.9%	2.7%	2.5%

Notes: 1. Average number of shares outstanding during the period:
2001 280,207,681
2000 280,207,681

2. No changes were made to accounting policies in fiscal 2001.

(2) Cash dividends (Years ended March 31, 2001 and 2000)

(in millions)

	Cash dividends per share (Yen)			Total cash dividends paid	Payout ratio	Cash dividends to shareholders' equity
		Interim	Year-end			
2001	¥6.00	¥3.00	¥3.00	¥1,681	67.9%	1.7%
2000	¥6.00	¥3.00	¥3.00	¥1,681	58.3%	1.7%

(3) Financial position (March 31, 2001 and 2000)

(in millions)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (Yen)
2001	¥312,314	¥100,595	32.2%	¥359.00
2000	¥269,569	¥99,849	37.0%	¥356.34

Note:Shares outstanding at fiscal year-end:
March 31, 2001 280,207,681
March 31, 2000 280,207,681

2. Projected Operating Results (Fiscal Year Ending March 31, 2002)

(in millions)

	Net sales	Recurring income	Net income	Cash dividends per share (Yen)		
				Interim	Year-end	
Interim	¥150,000	¥5,000	¥2,500	¥3.00	¥—	¥—
Fiscal year	¥305,000	¥8,500	¥4,500	¥—	¥3.00	¥6.00

Estimated net income per share for the year: Non-consolidated basis ¥16.06

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

(March 31, 2001 and 2000)

Assets (in millions)

	2001		2000		
	Amount	% of total assets	Amount	% of total assets	Change
Current assets:					
Cash, including time deposits	¥11,890		¥7,270		¥4,619
Notes receivable—trade	1,419		1,318		101
Accounts receivable—trade	87,696		54,076		33,619
Marketable securities	39		7,064		(7,024)
Treasury stock	0		2		(2)
Finished goods and merchandise	14,911		13,623		1,287
Semifinished goods and work in process	23,198		17,718		5,480
Raw materials and supplies	785		722		62
Deferred taxes	2,318		2,083		234
Short-term loans receivable	7,713		19,779		(12,065)
Accrued revenue	8,303		6,398		1,905
Other current assets	2,511		2,209		302
Allowance for doubtful receivables	(195)		(390)		194
Total current assets	**160,592**	**51.4**	**131,877**	**48.9**	**28,715**
Fixed assets:					
Tangible fixed assets:					
Buildings	13,880		14,470		(590)
Structures	632		673		(41)
Machinery and equipment	7,977		8,636		(659)
Vehicles	126		181		(55)
Tools, furniture and fixtures	13,709		13,529		179
Land	9,470		9,470		0
Construction in progress	85		84		1
	45,881	**14.7**	**47,046**	**17.5**	**(1,165)**
Intangible fixed assets:					
Industrial properties	1,094		1,510		(415)
Software	3,205		2,928		277
Other intangible fixed assets	196		199		(2)
	4,496	**1.4**	**4,637**	**1.7**	**(141)**
Investments and other assets:					
Investments in securities	37,444		33,662		3,782
Investments in subsidiaries	44,981		36,946		8,035
Long-term loans receivable	8,142		7,099		1,042
Guaranty deposits	1,984		1,988		(4)
Deferred taxes	7,187		5,501		1,685
Other investments	1,653		1,886		(232)
Allowance for doubtful receivables	(49)		(77)		27
Allowance for losses on investments in affiliated companies	—		(1,000)		1,000
	101,343	**32.5**	**86,007**	**31.9**	**15,336**
Total fixed assets	**151,721**	**48.6**	**137,692**	**51.1**	**14,029**
Total assets	**¥312,314**	**100.0**	**¥269,569**	**100.0**	**¥42,744**

Liabilities and Shareholders' Equity

(in millions)

	2001 Amount	2001 % of total liabilities and shareholders' equity	2000 Amount	2000 % of total liabilities and shareholders' equity	Change
Liabilities:					
Current liabilities:					
Notes payable—trade	¥8,649		¥11,012		¥(2,363)
Accounts payable—trade	42,995		40,327		2,667
Short-term loans payable	74,443		41,906		32,536
Accounts payable—other	6,074		5,183		891
Accrued expenses	5,428		3,855		1,573
Accrued corporation tax	3,333		943		2,390
Allowance for bonuses	3,085		3,365		(280)
Allowance for product warranty	610		695		(85)
Other current liabilities	2,849		718		2,131
Total current liabilities	**147,469**	**47.2**	**108,007**	**40.1**	**39,461**
Long-term liabilities:					
Straight bonds	28,000		25,000		3,000
Long-term loans payable	17,048		20,842		(3,793)
Reserve for retirement and severance allowances	—		14,966		(14,966)
Reserve for retirement and severance benefits	17,567		—		17,567
Reserve for retirement and severance benefits for directors and statutory auditors	626		556		70
Other Long-term liabilities	1,007		347		659
Total long-term liabilities	**64,249**	**20.6**	**61,712**	**22.9**	**2,537**
Total liabilities	**211,719**	**67.8**	**169,720**	**63.0**	**41,999**
Shareholders' equity:					
Capital stock	**25,832**	**8.3**	**25,832**	**9.6**	**0**
Legal reserves:					
Capital surplus	51,162	16.4	51,162	19.0	0
Earned surplus	2,475	0.8	2,301	0.8	174
	53,638	**17.2**	**53,464**	**19.8**	**174**
Retained earnings:					
Reserve for replacing assets	35		37		(2)
Reserve for special depreciation	12		—		12
Voluntary reserves	14,500		13,000		1,500
Unappropriated retained earnings	6,576		7,514		(938)
[Net income for the period]	[2,476]		[2,881]		[(404)]
	21,124	**6.7**	**20,552**	**7.6**	**571**
Total shareholders' equity	**100,595**	**32.2**	**99,849**	**37.0**	**745**
Total liabilities and shareholders' equity	**¥312,314**	**100.0**	**¥269,569**	**100.0**	**¥42,744**

Notes:

	2001	2000	Change
1. Accumulated depreciation of tangible fixed assets:	¥129,401 million	¥123,207 million	¥6,194 million
2. Number of shares of treasury stock:	1,514	7,060	(5,546)
3. Guarantees for indebtedness for subsidiaries and others:	¥114,350 million	¥97,355 million	¥16,995 million
Guarantees for indebtedness for subsidiaries:	[¥69,798 million]	[¥49,691 million]	[¥20,106 million]
Management guidance instrument and others:	[¥44,551 million]	[¥47,663 million]	[¥(3,111) million]
4. Export bills discoumed:	¥274 million	¥358 million	¥(84) million

Non-Consolidated Statements of Income
(Years ended March 31, 2001 and 2000)

(in millions)

	2001		2000		
	Amount	% of total net sales	Amount	% of total net sales	Change
Net sales	**¥278,955**	**100.0**	**¥280,841**	**100.0**	**¥(1,886)**
Cost of sales	218,921	78.5	215,977	76.9	2,943
Selling, general and administrative expenses	**51,681**	**18.5**	**53,544**	**19.1**	(1,862)
Operating profit	**8,352**	**3.0**	**11,319**	**4.0**	**(2,957)**
Non-operating revenue:					
Interest and dividend income	2,222		2,614		(392)
Exchange gain	973		—		973
Other	2,655		3,544		(889)
	5,852	**2.1**	**6,159**	**2.2**	**(307)**
Non-operating expenses:					
Interest expenses	1,640		923		717
Interest on bonds	836		813		22
Loss on inventory valuation and disposition	1,120		1,916		(796)
Exchange loss	—		4,126		(4,126)
Other	2,383		2,661		(277)
	5,980	**2.2**	**10,441**	**3.7**	**(4,461)**
Recurring income	**8,223**	**2.9**	**7,037**	**2.5**	**1,186**
Special gains:					
Gain on sales of fixed assets	5		10		(4)
Gain on sales of investment in securities	994		—		994
Reversal of allowance for doubtful receivables	213		64		149
Reversal of allowance for losses on investments in affiliated companies	1,000		2,500		(1,500)
	2,213	**0.8**	**2,574**	**0.9**	**(360)**
Special losses:					
Loss on dispositions of fixed assets	552		458		94
Revaluation loss on investment in securities	3,229		—		3,229
Revaluation losses on affiliated companies' securities	—		2,099		(2,099)
Appraisal loss on golf course membership	122		—		122
Appraisal loss on interest swap transactions	572		—		572
Losses on write-off of receivables from subsidiaries	500		—		(500)
	4,977	**1.7**	**2,558**	**0.9**	**2,419**
Income before income taxes	**5,459**	**2.0**	**7,053**	**2.5**	**(1,593)**
Corporate, inhabitants' and enterprise taxes	4,903	1.8	3,262	1.2	1,641
Adjustment amount of corporate tax etc.	(1,920)	(0.7)	909	0.3	(2,830)
Net income	**2,476**	**0.9**	**2,881**	**1.0**	**(404)**
Retained earnings brought forward from the preceding year	5,024		5,557		(533)
Interim dividends	840		840		(0)
Earned surplus reserves	84		84		(0)
Unappropriated retained earnings at year-end	**¥6,576**		**¥7,514**		**¥(938)**

Significant Accounting Policies

1. Basis and method of valuation of securities

Securities to be held to maturity.................................. By the amortized cost method
Equity of subsidiaries and affiliates and other securities
.... At cost by the moving average method

2. Basis and method of valuation of derivatives .... The mark to market method

3. Basis and method of valuation of inventories

Finished goods, semifinished goods, and work in progress
.... At cost by the period average method
Raw materials and supplies .... At cost by the last-purchase price method

4. Depreciation methods of fixed assets

Tangible fixed assets .... By the declining-balance method
Regarding lives and remaining values of assets, the same basis as stipulated in the Corporation Tax Act is applied. However, the straight-line method is applied for the buildings (excluding attached fixtures to buildings) acquired on and after April 1, 1998.
Intangible fixed assets.. By the straight-line method
Regarding lives and remaining values of assets, the same basis as stipulated in the Corporation Tax Act is applied. However, as for software used in the Company, the straight-line method based on the applicable period (5 years) is applied.

5. Accounting method for deferred assets

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

6. Standards for translating foreign currency assets and liabilities into yen

Foreign currency assets and liabilities are translated into yen at the prevailing rate in the foreign currency market on the accounting settlement day for the period, and the translation difference is accounted for as a gain or loss.

7. Basis of accounting for reserves

(1) Allowance for doubtful receivables:
For general receivables, an amount is provided according to the historical percentage of uncollectibles. For specific receivables in which there is some concern regarding uncollectibility, an amount is recorded by investigating the possibility of collection for each account individually.

(2) Accrued bonuses:
In order to provide for the payment of bonuses to employees, an amount has been recorded equivalent to the portion applicable to the period under review of the estimated bonus payments to employees for the first half of the next fiscal year.

(3) Product warranty reserve:
In order to provide for expenses related to product after-sales service which are provided free of charge, the reserve 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:
In order to provide for the payment of retirement and severance benefits to employees, an amount is entered into this reserve equivalent to the amount recognized as necessary at the end of the fiscal year under review based on the retirement and severance obligations at the year-end and the expected premium payment on pension assets. Retirement and severance benefit obligations are measured in principle according to the law, and as for the difference on calculation, it will be settled as expenses from the next period after its occurrence over 15 years. The difference amount at the time of changing accounting standards (¥21,351 million) is being refunded over 15 years as operating expenses.

(5) Reserve for retirement and severance benefits for directors and statutory auditors:
In order 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 the end of the period under review, as determined by company rule. This is the reserve stipulated in paragraph 2, article 287 of Commercial Law Act.

8. 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 mainly accounted for using the method applied in normal rental transactions.

9. Accounting method for hedge transactions

(1) Accounting method for hedge transactions .... By the deferred hedge method

(2) Hedge methods and targets:
Hedge methods .... Foreign exchange contracts
Hedge targets .... Expected foreign currency transactions

(3) Hedge policy:
Based on its internal regulations "Rules for Derivative Transactions" and "Market Risk Management Guidelines," the Company hedges exchange and interest rate fluctuation risks within the scope of real demands.

(4) Method of valuation on effectiveness of hedge transactions:
The effectiveness of hedge transactions is judged by comparing the accumulated amounts of hedge methods with those of hedge targets.

10. Treatment method for Japanese consumption tax

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

(Additional information)

1. Accounting for retirement benefits and pension plans

Starting with the period under review, the Company began applying accounting standards for retirement benefits and pension plans according to the “Opinion on the establishment of accounting standards for retirement benefits and pension plans ” (Financial Accounting Deliberation Council, June 16, 1998). As a result, compared with the previous method, the retirement benefits and pension plans expense recorded was ¥2,073 million higher. The operating income, recurring income, and income before income taxes recorded were ¥1,988 million lower compared with the previous method.

2. Accounting for financial instruments

Starting with the period under review, the Company began to apply accounting standards for financial instruments according to the “Opinion on the establishment of accounting standards for financial instruments” (Financial Accounting Deliberation Council, January 22, 1999). As a result, compared with the previous method , the operating income recorded increased by ¥165 million, and the recurring income recorded by ¥155 million greater. The income before income taxes recorded, however, was ¥430 million lower. Moreover, examining the purpose of holding each security being held at the beginning of the fiscal year, securities that mature within one year have been accounted for under marketable securities in current assets while all other securities have been accounted for under investment in securities. Consequently, the marketable securities recorded decreased by ¥7,025 million and the investment in securities recorded increased by the same amount compared with the previous method.

For the period under review, securities with market values among investment in securities have not been recorded at market value. The differences in the investment in securities balance sheet figures and those calculated according to section 4 of the regulations attached to the Ministry of Finance Ordinance No. 8 (1999) are as follows.

Balance sheet figure	¥35,734 million
Market value	¥30,054 million
Evaluation difference equivalent	(¥3,294 million)
Deferred tax asset equivalent	¥2,385 million

3. Accounting standards for foreign currency tansactions

Starting with the period under review, the Company began applying post-revision accounting standards and methods for foreign currency transactions, etc. according to the “Opinion on the revision of accounting standards and methods for foreign currency transactions, etc.” (Financial Accounting Deliberation Council, October 22, 1999). As a result, compared with the previous method, the recurring income and income before income taxes recorded were ¥500 million lower.

Proposal for Appropriation of Retained Earnings (Years ended March 31, 2001 and 2000)

(in millions)

	2001	2000
Unappropriated retained earnings at the end of the period	¥6,576	¥7,514
Release of reserve for replacing assets	2	2
Release of reserve for special depreciation	1	—
Total	¥6,580	¥7,517
This has been allocated as follows:		
Earnings surplus reserve	85	90
Dividends	840	840
Bonuses for directors (including ¥5 million for statutory auditors)	—	50
Reserve for special depreciation	—	12
Voluntary reserves	—	1,500
Total	¥925	¥2,493
Retained earnings carried forward	¥5,654	¥5,024

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:

(in millions)

	2001	2000
Amounts corresponding to acquisition cost.	¥4,355	¥6,155
Amounts corresponding to accumulated depreciation	2,803	3,926
Amounts corresponding to remaining value at the end of the period	¥1,551	¥2,228

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

(2) Lease commitments:

(in millions)

	2001	2000
One year or less	¥741	¥1,062
Over one year	838	1,208
Lease commitments	¥1,580	¥2,271

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

(in millions)

	2001	2000
Lease payments	¥1,131	¥1,458
Amounts corresponding to depreciation	¥1,080	¥1,378
Amounts corresponding to interest expense.	¥35	¥55

(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:

(in millions)

	2001	2000
One year or less	¥782	¥806
Over one year	4,977	5,759
Total	¥5,759	¥6,566

Equity of subsidiaries and affiliates (Years ended March 31, 2001)

The Company does not possess securities of subsidiaries and affiliates with market values.

Income tax allocation accounting

1. Breakdown by main causes of occurrences of deferred tax assets and deferred tax liabilities

(in millions)

	2001	2000
(1) Current assets and liabilities		
(Deferred tax assets)		
R&D expenses	¥550	¥824
Inventories written off	224	380
Accrued bonuses	508	324
Appraisal loss on investment in securities	354	—
Other	679	554
Total of deferred tax assets	¥2,318	¥2,083
(2) Fixed assets and liabilities		
(Deferred tax assets)		
Retirement and severance allowance	¥3,688	¥3,218
Depreciation expense	2,404	1,669
Appraisal loss on investment in subsidiaries	1,705	1,705
Appraisal loss on securities	231	231
Appraisal loss on investment in securities	1,007	22
Other	1,193	647
Subtotal	10,230	7,494
Less: valuation allowance	(3,012)	(1,958)
Total of deferred tax assets	¥7,218	¥5,535
(Deferred tax liabilities)		
Reserve for replacing assets	(31)	(34)
Total of deferred tax liabilities	(31)	(34)
Deferred tax assets, net	¥7,187	¥5,501

2. Breakdown by main items of causes for differences between legal effective tax rate and the bearing rate of corporation tax etc. after the application of income tax allocation accounting

(in millions)

	2001	2000
Statutory income tax rate	42.0%	42.0%
(Adjustment items)		
Valuation allowance	19.3	27.8
Expenses not deductible for tax purposes	4.2	0.4
Income not taxable including dividend received	(5.6)	(2.3)
Tax deductions	(5.7)	(8.6)
Other	0.5	(0.2)
Effective tax rate etc.	54.7%	59.1%

Sales by Product Group

Years ended March 31, 2001 and 2000

(in millions)

	2001		2000		Change	
Classifications	Amount	Composition of sales (%)	Amount	Composition of sales (%)	Amount	% change from previous year
Image Information Products:						
Export	**¥184,455**	**89.2**	¥177,714	86.7	¥6,741	3.8
Domestic	**22,361**	**10.8**	27,145	13.3	(4,784)	(-17.6)
Subtotal	**206,816**	**[74.1]**	204,859	[72.9]	1,957	[1.0]
Optical Products:						
Export	**46,767**	**64.8**	51,345	67.6	(4,578)	(-8.9)
Domestic	**25,371**	**35.2**	24,636	32.4	734	3.0
Subtotal	**72,138**	**[25.9]**	75,981	[27.6]	(3,843)	[(-5.1)]
Total	**278,955**	**[100.0]**	280,841	[100.0]	(1,886)	[(-0.7)]
Export Total	**¥231,222**	**82.9**	¥229,059	81.6	¥2,162	0.9