Direct Translation of Japanese RENKETSU KESSAN TANSHIN

Fiscal year ending March 31, 2001 November 10, 2000

Consolidated Interim 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 for Interim Closing Held: November 10, 2000

1. Financial Results for the First Half of Fiscal 2000

(Periods ended September 30, 2000 and 1999)

(1) Operating Results

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

(Millions of yen)

	Net sales	Operating profit	Recurring income
FY2000 1st half	222,882 (—%)	8,417 (—%)	4,053 (—%)
FY1999 1st half	— (—%)	— (—%)	— (—%)
FY1999	482,767	20,268	8,548

	Net income	Net income per share (Yen)	Net income per share: Assuming full dilution (Yen)
FY2000 1st half	1,536 (—%)	5.48	—
FY1999 1st half	— (—%)	—	—
FY1999	3,144	11.22	—

Note: 1. Equity in profit or loss of unconsolidated subsidiaries and affiliates:
FY2000 1st half ¥— FY1999 ¥—
FY1999 1st half ¥—
2. Loss on valuation of derivative transactions: ¥922 million
3. No changes were made to accounting policies in fiscal 2000.
4. Percentages shown for net sales, operating income, recurring income, and interim net income represent the increase or decrease compared with the previous interim period.

(2) Financial Position

(Millions of yen)

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (Yen)
FY2000 1st half	407,255	73,947	18.2%	263.91
FY1999 1st half	—	—	—	—
FY1999	411,606	83,773	20.4%	298.98

(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 period
FY2000 1st half	1,408	(13,576)	(2,561)	23,868
FY1999 1st half	—	—	—	—
FY1999	19,309	(31,052)	13,338	38,496

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

Number of consolidated subsidiaries: 66

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 company: 1

Newly unconsolidated companies: —

Companies newly accounted for by the equity method: —
Companies 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
Fiscal year	475,000	9,000	4,500

Estimated net income per share for the year: Consolidated basis ¥16.06

The Minolta Group

The Minolta Group, the Company and its affiliated companies, consists of Minolta Co., Ltd. and its 94 subsidiaries and 5 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 devices and components	Optical units
	Others	Planetariums
Others		Products not included in the above

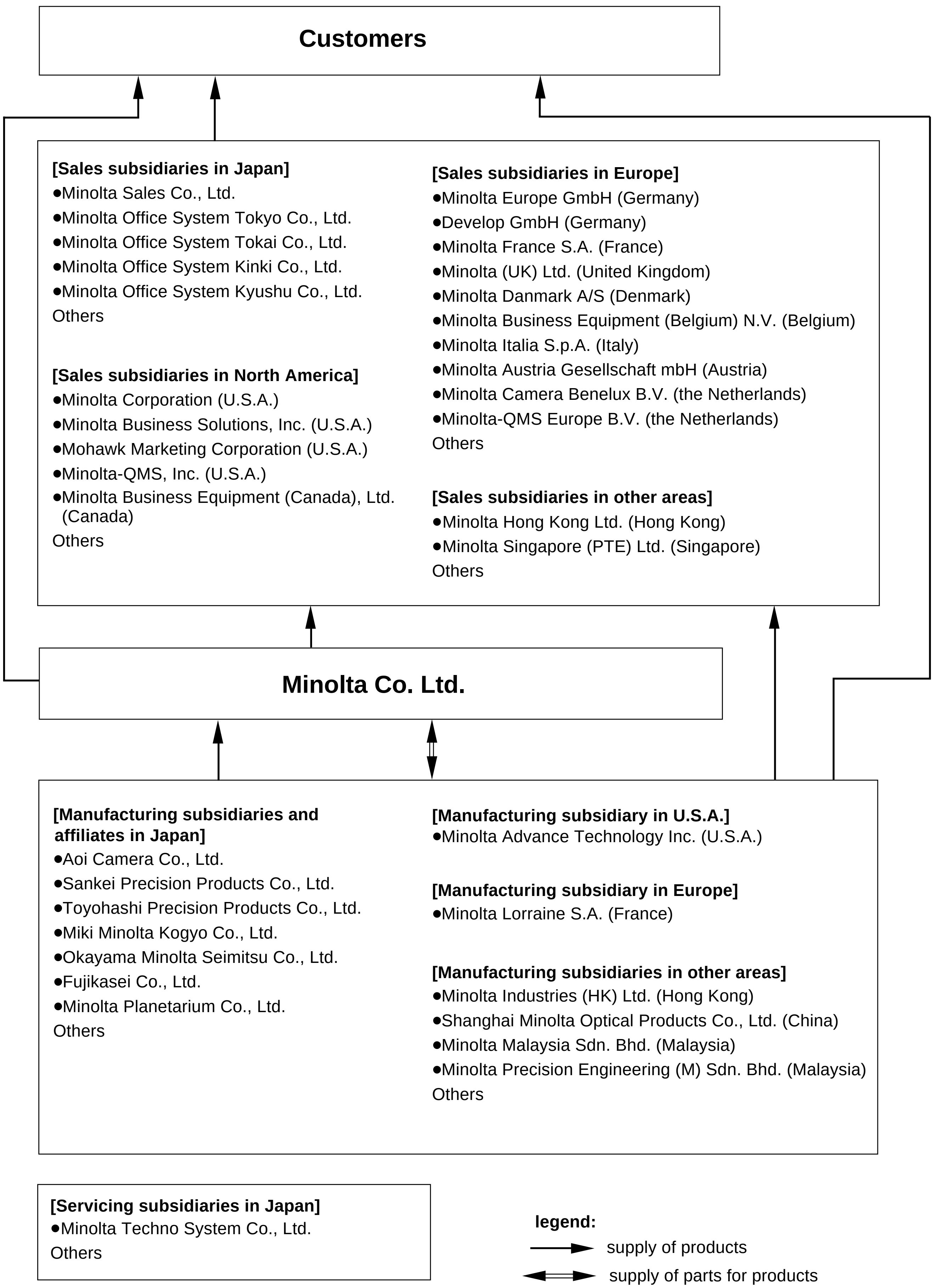
Main companies

Name of company	Address (Japan)	Capital (million)	Main business lines	Holding ratio
Minolta Sales Co., Ltd.	Minato-ku, Tokyo	¥2,000	Image information products Optical products	100%
Minolta Techno System Co., Ltd.	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%)
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 139	Image information products	57.1% (57.1%)
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	DEM 3,000	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	57.1% (57.1%)
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	EUR 991	Image information products	100% (100%)
Minolta France S.A.	Carrières sur Seine, France	FRF60,020	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	ATS34,400	Image information products Optical products	100% (100%)
Minolta Italia S.p.A.	Milano, Italy	ITL9,061,744	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%)
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	HKD156,000	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%

Note: 1. Figures of holding ratio in parentheses indicate indirect holding ratio which are included in total value of ratios.

The following chart shows situations of operational system.



Note: The above chart is as of September 30, 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 concentrating 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

With these principle we are strengthening our 'customer first' activities, and also working to speed-up our management processes with practical and effective business decisions making and powerful strategy.

<Basic Dividend Policy>

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

<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 on a global basis. To survive the competition in the 21st century, we are concentrating management resources on our strongest fields and by utilizing core technologies in growing business fields . For the year ending March 31, 2004, the final fiscal year of the plan, we set performance targets for consolidated net sales and net income of ¥800,000 million and ¥19,000 million respectively, and we endeavor to achieve further growth in net sales and profitability, more effective management, and a stronger financial structure.

<Minolta's Tasks>

Our most important task is to actively respond to the global trend toward a highly information-oriented society in order to take advantage of new business opportunities. Given that our performance targets cannot be met without our growth, we will concentrate on enhancing our basic strengths as a manufacturer. To be specific, we will promote increasing customer satisfaction by developing new products and technologies that more closely match the market demands, controlling procurement by the Group to strengthen cost competitiveness, optimizing production processes, and expanding sales on a consolidated basis. Because our global network is one of our core competencies, we have also recognized the importance of establishing flexible profitability and financial structures to withstand foreign exchange fluctuations. In addition, we are working to preserve the environment on a global scale by promoting the manufacturing environment-conscious products and recycling.

2. Overview of Performance

(1) The Period under Review

(The interim period ended September 30, 2000)

During the period under review, overseas economies in general continued to improve. Although there was a slowdown in consumer spending and in housing investment, the U.S. economy continued its strong expansion supported by firm business investment. In Europe, economies remained on the upswing, assisted by the recovery of other surrounding economies, by the growing exports due to the weak Euro, and by the firm consumer spending. In Asia, economies progressed further down the road to recovery mainly due to rising exports prompted by the strong performances of the world's major economies. Against a backdrop of rising business investment and exports, the Japanese economy continued its mild recovery. The yen appreciated compared with the same period in the previous fiscal year.

Amid these economic conditions, the business trends of the Group shifted from analog products to digital products and networking. Along with the expansion of the market for digital products globally, price competition intensified. Facing this difficult business condition, the Group focused its management resources on its digital products business, aiming for growth in sales and profits. Moreover, giving high priority to speedy management, the Group also concentrated on strengthening its business operations and reforming its structure for the future.

In our mainstay image information product operations, we endeavored to expand sales, mainly of our full line-up of “DiALTA” digital copiers and digital color copiers. In the printer category, we steadily increased sales of OEM printers. At the same time, we aimed to expand sales of an integrated brand of printers by moving forward with the integration of QMS, Inc., a U.S. printer manufacturer for which Minolta acquired a controlling interest in July 1999, and which changed its company’s name to MINOLTA-QMS, Inc. Believing it necessary to make MINOLTA-QMS a wholly owned subsidiary, Minolta reached on an agreement to acquire the remaining shares of the company through a public tender offer in September 2000. During the period under review, sales of image information products expanded, mainly due to sales growth in Europe. Unfortunately, because of the unavoidable influence of the strong yen, sales for the interim period were held to ¥171,700 million, and operating profit was ¥9,963 million.

In our optical product operations, we marketed various new products including our “α–7” SLR (Single-Lens Reflex) cameras and our “CAPIOS 125S”and “VECTIS 3000”compact cameras, striving to maintain our sales in the film camera market. On the other hand, we also worked to boost sales in the rapidly expanding digital camera market by introducing the “Dimâge 2300” popular model digital camera and two film scanner models. In the field of radiometric instruments, we began marketing “ChromaMagic” color management software. We also expanded our lineup of color spectrometers, which had a positive effect of an increase in sales in the Asian markets. In the optical devices and components field, we aimed to achieve growth in the sales of highly functional optical components such as digital projectors. In our new business of glass substrates for hard disks, we focused on achieving consistent high quality, and now we are ready to contribute to optical product sales in the second half. Affected by the sharp decline in the demands of the 35mm film camera market, the intensified price competition, the weak Euro, and start up expenses for new businesses, sales of optical product operations amounted to ¥46,588 million, resulting in an operating loss of ¥1,656 million.

Sales of other business operations, which chiefly comprise the wholesale trade of electric appliances and the manufacture and sale of parts, were ¥4,593 million and operating profit was ¥102 million. Due to the introduction of new accounting standards for retirement benefits and pension plans, our retirement benefit obligation as of April 1, 2000, was approximately ¥85,200 million as calculated at the discount rate of 3.5%, and the difference at the time of change of accounting standards was approximately ¥22,200 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 interim period under review were ¥222,882 million. Recurring income amounted to ¥4,053 million, because foreign exchange losses, weakened prices due to severe competition, and the amortization of retirement benefit obligations were compensated by our efforts to cut costs and to curtail expenses for sales and administration. Interim net income was ¥1,536 million, negatively affected by a special loss posted due to the introduction of mark-to-market accounting methods. Overseas sales amounted to ¥175,062 million, accounting for 78.5% of net sales.

Looking at the cash flow during the period under review, operating activities provided a cash flow of ¥1,400 million due to the increases in inventories and other assets. On the other hand, investment cash flows, principally for property, plant and equipment, totaled ¥13,500 million. Consequently, free cash flow expenditures rose by ¥12,100 million. By our financial activities, long-term loans were refunded and as a result, cash and cash equivalents at the end of the interim period were ¥23,800 million, decreased by ¥14,600 million from the end of the previous fiscal year.
Because this interim period under review is the first time that we have made consolidated interim financial statement, previous interim period figures are not available for comparison.

On a non-consolidated basis, net sales edged down 5.7% from the interim period of the previous fiscal year to ¥138,130 million. Recurring income grew 10.2%, to ¥3,893 million, while net income fell 17.1%, to ¥1,917 million.

An interim cash dividend of ¥3.00 per share was declared.

(2) The Current Fiscal Year

(The fiscal year ending March 31, 2001)

In the second half of the current fiscal year, the growth of the U.S. economy is expected to slow because of a downturn in consumer spending and a correction in the U.S. stock market. A slowdown is also anticipated in European economies because of continued tight money policies due to inflation concerns related to falling exchange rates and rising oil prices. On the other hand, Japan's economy is expected to continue its mild expansion driven by private-sector demand.

Because of its large proportion of overseas sales, Minolta cannot avoid a substantial decline in income under the current yen exchange rates. However, we, as a Group, will endeavor to expand sales by launching new products in the second half and to reform our business structure.

In accordance with our original estimate, we expected to pay a year-end cash dividend of ¥3.00 per share, for a full year cash dividend of ¥6.00 per share

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

		millions of yen	As compared with the previous fiscal year
1.Consolidated base:	Net sales	475,000	98%
	Recurring income	9,000	105%
	Net income	4,500	143%
2. Non-consolidated base:	Net sales	290,000	103%
	Recurring income	6,000	85%
	Net income	3,000	104%

In estimating these figures, we set the foreign exchange rates for the second half of fiscal year ending March 31, 2001 as ¥105 = USD1 and ¥92 = EUR1.

* 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

(September 30, 2000)

Assets (Millions of yen)

	FY2000 1st half		FY1999	
	Amount	% of total assets	Amount	% of total assets
Current assets:				
Cash, including time deposits	¥24,588		¥23,726	
Notes and accounts receivable	99,202		96,597	
Marketable securities	81		7,130	
Inventories	118,230		103,170	
Deferred tax assets	7,655		7,747	
Other current assets	10,265		23,896	
Allowance for doubtful receivables	(3,736)		(3,669)	
Total current assets	**256,287**	**62.9**	**258,598**	**62.8**
Fixed assets:				
Tangible fixed assets:				
Buildings and structures	27,346		26,391	
Machinery, equipment and vehicles	13,760		13,580	
Tools, furniture and fixtures	27,511		26,225	
Land	12,744		12,592	
Construction in progress	158		835	
	81,521	**20.0**	**79,624**	**19.4**
Intangible fixed assets				
Consolidation goodwill	5,632		6,075	
Other intangible fixed assets	8,392		8,965	
	14,024	**3.5**	**15,041**	**3.7**
Investments and other assets:				
Investments in securities	40,613		34,866	
Long-term loans receivable	2,791		2,787	
Deferred tax assets	5,789		5,030	
Other investments	7,345		7,836	
Allowance for doubtful receivables	(1,116)		(945)	
	55,422	**13.6**	**49,575**	**12.0**
Total fixed assets	**150,968**	**37.1**	**144,241**	**35.1**
Translation adjustments	**—**	**—**	**8,766**	**2.1**
Total assets	**¥407,255**	**100.0**	**¥411,606**	**100.0**

Liabilities, Minority Interests and Shareholders’ Equity

(Millions of yen)

	FY2000 1st half		FY1999	
	Amount	% of total liabilities, minority interests and shareholders’ equity	Amount	% of total liabilities, minority interests and shareholders’ equity
Liabilities				
Current liabilities:				
Notes and accounts payable	¥70,200		¥60,932	
Short-term loans payable	139,726		139,301	
Accrued corporation tax	4,554		2,851	
Allowance for bonuses	5,574		5,159	
Allowance for product warranty	1,338		1,387	
Other current liabilities	30,594		34,536	
Total current liabilities	**251,990**	**61.9**	**244,168**	**59.3**
Long-term liabilities:				
Straight bonds	25,000		25,000	
Long-term loans payable	28,678		32,910	
Deferred tax liabilities	276		243	
Reserve for retirement and severance benefits	—		17,751	
Reserve for retirement benefits and pension plans	19,145		—	
Reserve for retirement and severance benefits for directors and statutory auditors	574		556	
Other long-term liabilities	6,567		5,944	
Total long-term liabilities	**80,243**	**19.7**	**82,405**	**20.0**
Total liabilities	**332,233**	**81.6**	**326,573**	**79.3**
Minority interests	**1,074**	**0.2**	**1,259**	**0.3**
Shareholders’ equity:				
Capital stock	25,832	6.4	25,832	6.3
Capital surplus	51,198	12.6	51,198	12.5
Consolidated retained earnings	7,401	1.8	6,744	1.6
Translation adjustment	(10,482)	–2.6	—	—
	73,949	**18.2**	**83,776**	**20.4**
Treasury stock	(2)	–0.0	(2)	–0.0
Total shareholders’ equity	**73,947**	**18.2**	**83,773**	**20.4**
Total liabilities, minority interests and shareholders’ equity	**¥407,255**	**100.0**	**¥411,606**	**100.0**

Notes:

	FY2000 1st half	FY1999
1. Accumulated depreciation of tangible fixed assets:	¥165,786 million	¥162,422 million
2. Notes discounted:	¥647 million	¥1,351 million
3. Guarantees for indebtedness for subsidiaries and others:	¥2,925 million	¥2,876 million
[Guarantees for indebtedness for subsidiaries]:	[¥2,909 million]	[¥2,361 million]
[Instruments of managerial guidance and others]:	[¥16 million]	[¥514 million]
4. Number of shares of treasury stock:	4,564 shares	7,060 shares

Consolidated Statements of Income and Retained Earnings

(Period ended September 30, 2000)

(Millions of yen)

	FY2000 1st half		FY1999	
	Amount	% of net sales	Amount	% of net sales
Net sales	**¥222,882**	**100.0**	**¥482,767**	**100.0**
Cost of sales	**123,168**	**55.3**	**269,411**	**55.8**
Gross profit	**99,714**	**44.7**	**213,355**	**44.2**
Selling, general and administrative expenses	**91,296**	**40.9**	**193,087**	**40.0**
Operating profit	**8,417**	**3.8**	**20,268**	**4.2**
Non-operating revenue:				
Interest and dividend income	587		1,330	
Other	2,277		5,827	
	2,864	**1.3**	**7,157**	**1.5**
Non-operating expenses:				
Interest expense	4,133		7,392	
Loss on inventory valuation and disposition	876		4,300	
Other	2,219		7,184	
	7,229	**3.3**	**18,877**	**3.9**
Recurring income	**4,053**	**1.8**	**8,548**	**1.8**
Special gains:				
Gain on sales of fixed assets	89		102	
Gain on sales of securities	653		225	
	742	**0.3**	**327**	**0.1**
Special losses:				
Loss on dispositions of fixed assets	331		883	
Restructuring charges	—		1,899	
Appraisal loss on investment in securities	105		—	
Appraisal loss on golf course membership	129		—	
Appraisal loss on interest swap transactions	572		—	
	1,139	**0.5**	**2,783**	**0.6**
Income before income taxes	**3,656**	**1.6**	**6,092**	**1.3**
Corporate, inhabitant and enterprise taxes	3,065		4,186	
Adjustments of corporate tax and others	(622)		36	
	2,442	**1.1**	**4,222**	**0.9**
Minority interests-loss	322	0.2	1,273	0.3
Net income	**1,536**	**0.7**	**3,144**	**0.7**

Consolidated retained earnings at the beginning of period	**6,744**	**7,064**
Increment of consolidated retained earnings:		
Revision due to increase in consolidated subsidiaries	**37**	—
Appropriations:		
Dividends	840	1,681
Bonuses for directors and statutory auditors	50	50
Revision of retained earnings due to increase in consolidated subsidiaries	—	1,731
Revision of retained earnings due to change of interim accounting term of consolidated subsidiaries	26	—
Decrement of consolidated retained earnings	**917**	**3,463**
Consolidated retained earnings at the end of period	**¥7,401**	**¥6,744**

Consolidated Statement of Cash Flows

(Millions of yen)

	FY2000 1st half Amount	FY1999 Amount
I Cash flows from operating activities		
1. Net income before adjustments of income taxes etc.	¥3,656	¥6,092
2. Depreciation expense	11,593	23,387
3. Amortization of consolidation goodwill	542	948
4. Increase of reserve for retirement and severance benefits	1,495	765
5. Interest and dividend income	(587)	(1,330)
6. Interest expense	4,133	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	(89)	(102)
10. Decrease in accounts receivable	(3,393)	2,018
11. Decrease of inventory	(18,475)	863
12. Decrease in accounts payable	8,609	(4,476)
13. Other	(790)	(2,085)
Subtotal	6,695	32,973
14. Interest and dividend received	588	1,309
15. Interest paid	(4,492)	(7,350)
16. Corporation tax etc. paid	(1,382)	(7,622)
Cash flows from operating activities	**1,408**	**19,309**
II Cash flows from investing activities		
1. Payment for acquisition of securities	(4)	(1,707)
2. Proceeds from sales of securities	—	1,584
3. Payment for acquisition of tangible fixed assets	(13,431)	(23,160)
4. Proceeds from sales of tangible fixed assets	994	1,175
5. Payment for acquisition of investment securities	(195)	(475)
6. Proceeds from sales of investment securities	1,955	257
7. Payment for acquisition of subsidiaries' stocks related to change in scope of consolidation	—	(4,758)
8. Payment for advances	(470)	(158)
9. Proceeds from collections of advances	51	204
10. Other	(2,475)	(4,014)
Cash flows from investing activities	**(13,576)**	**(31,052)**
III Cash flows from financing activities		
1. Proceeds from short-term loans payable, net	53	11,480
2. Net decrease of commercial paper	—	(5,580)
3. Proceeds from long-term loans payable	2,256	11,179
4. Payments of long-term loans payable	(3,834)	(6,784)
5. Proceeds from issuance of bonds	—	5,000
6. Dividends paid	(840)	(1,682)
7. Dividends paid for minority	(14)	(210)
8. Other	(182)	(63)
Cash flows from financing activities	**(2,561)**	**13,338**
IV Translation differences on cash and cash equivalents	**(288)**	**(2,954)**
V Decrease in cash and cash equivalents	**(15,017)**	**(1,358)**
VI Cash and cash equivalents at beginning of year	**38,496**	**38,509**
VII Increase in cash and cash equivalents by new consolidations	**389**	**1,345**
VIII Cash and cash equivalents at end of year	**¥23,868**	**¥38,496**

Notes to Consolidated Financial Statements

1.Scope of Consolidation

(1) Number of consolidated subsidiaries: 66

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

Number of newly consolidated subsidiary: 1
Wuhan Minolta Office Automation Equipment Co., Ltd.

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

(2) Number of non-consolidated subsidiaries: 28

The 28 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) 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 28 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 because this would not have an appreciable influence on the Company's financial statements and because the companies are not important in the overall financial picture of the Group.

3. Interim Periods of Consolidated Subsidiaries

Among the consolidated subsidiaries, Minolta Lorraine S.A., Minolta (Portugal), Lda., Minolta spol.sr.o., Minolta Norway AS, Minolta Copiadora do Amazonas Ltda., Shanghai Minolta Optical Products Co., Ltd., and Wuhan Minolta Office Automation Equipment Co., Ltd. have interim periods that end on June 30, and the figures for their performance included in the consolidated financial statements are those for their interim periods ended on that date. However, for significant transactions occurring in the interval between July 1 and September 30, adjustments necessary for consolidated accounting have been made. Minolta Austria Gesellschaft mbH has changed its interim accounting period end from June 30 to September 30, the same as the consolidated accounting period.

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.

Equity of subsidiaries and affiliates are stated mainly at cost determined by the moving average 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.

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 interim period under review of the estimated bonus payments to employees for the second half of the current 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 interim period under review based on the expected retirement and severance obligations and the assets of pension plans at current fiscal year end.

The difference amount at the time of changing accounting standards (¥22,286 million) is being refunded 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 interim 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 accounting settlement day for the interim 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 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

Using 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

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. With foreign exchange rate risk, a major risk for the Company, the directors responsible for finance report to the Managing Directors’ Committee on the open forward foreign exchange contracts and currency options each month, and the committee sets the policy for the utilization of derivatives. The upper limit for forward exchange contracts related to foreign currency sales receivables is 50% of the difference between the expected foreign exchange receivables over the next six months and the expected settlements for export and imports from foreign currency accounts.

Also, consolidated subsidiaries manage market and credit risk in their finance divisions based on internal regulations and must receive the approval of their president and others responsible for this area.

(7) Treatment method for Japanese consumption tax

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

5. 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)

1. **Accounting for retirement benefits and pension plans**
   Starting with the interim 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 ¥1,310 million higher. The operating income, recurring income, and income before income taxes recorded were ¥1,172 million lower compared with the previous method.

2. **Accounting for financial instruments**
   Starting with the interim 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 ¥85 million higher and the recurring income recorded was ¥316 million higher. The income before income taxes recorded, however, was ¥418 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 interim 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 interim balance sheet figures and those calculated according to section 3 of the regulations attached to the Ministry of Finance Ordinance No. 11 (2000) are as follows:

Interim balance sheet figure	¥39,405 million
Market value	¥36,855 million
Evaluation difference equivalent	¥(1,479 million)
Deferred tax asset equivalent	¥1,069 million

3. **Accounting standards and methods for foreign currency transactions**
   Starting with the interim 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 ¥492 million higher and the recurring income and income before income taxes recorded were ¥498 million higher.

   According to the revision of the regulations on consolidated interim period 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)

FY2000 1st half (Period ended September 30, 2000)

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

(as of September 30, 2000)	(Millions of yen)
Cash, including time deposits	24,588
Marketable securities	36
Time deposits with maturities over 3 months	(712)
Short-term loans payable	(43)
	23,868

(2) Important non-financial transactions:
Amounts of newly-appropriated assets and liabilities relating to finance lease transactions in the interim period were ¥147 million respectively.

FY1999 (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)	(Millions of yen)
Cash, including time deposits	23,726
Marketable securities	52
Others (Bond repurchase agreement)	14,999
Time deposits with maturities over 3 months	(156)
Short-term loans payable	(124)
	38,496

(2) Rough breakdown of assets and liabilities of newly acquired consolidated subsidiaries
Breakdown of assets and liabilities at the time of consolidation by acquiring stocks of newly consolidated subsidiaries and the expenditures for the acquisition is as follows.

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

(3) Important non-financial transactions:
Amounts of newly appropriated assets and liabilities relating to finance lease transactions in the fiscal year were ¥171 million respectively.

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 the period:

(Millions of yen)

	FY2000 1st half	FY1999
Amounts corresponding to:		
Acquisition cost	15,583	29,448
Accumulated depreciation	8,554	19,777
Remaining value at the end of the period	7,028	9,671

* The above amounts are mainly for tools, furniture and fixtures.

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

(Millions of yen)

	FY2000 1st half	FY1999
One year or less	5,853	5,158
Over one year	7,114	4,735
Total	12,967	9,894

Among the above amounts, the remaining value of lease commitments relating to transferable lease transactions in the interim period was ¥2,485 million for one year or less and ¥3,603 million for over one year, resulting in ¥6,088 million in total. The remaining value on the lessor side relating to transferable lease transactions was approximately the same amount, which is included in the below-mentioned remaining value of lease commitments at the end of the interim period on the lessor side. (Item (2) of article 1 of the lessor side)

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

(Millions of yen)

	FY2000 1st half	FY1999
Lease payments	2,023	7,917
Amounts corresponding to depreciation	1,902	7,445
Amounts corresponding to interest expense	111	397

(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)

	FY2000 1st half	FY1999
One year or less	2,954	3,148
Over one year	12,226	14,913
Total	15,180	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 the period:

(Millions of yen)

	FY2000 1st half	FY1999
Acquisition cost	742	5,160
Accumulated depreciation	387	2,149
Remaining value at the end of the period	354	3,010

* The above amounts are mainly for tools, furniture and fixtures.

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

(Millions of yen)

	FY2000 1st half	FY1999
One year or less	2,653	1,732
Over one year	3,779	1,440
Total	6,433	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:

(Millions of yen)

	FY2000 1st half	FY1999
Lease receivables	166	1,969
Amounts of depreciation	139	1,876

2. Operating lease transactions:
   Lease commitments

(Millions of yen)

	FY2000 1st half	FY1999
One year or less	1,429	1,206
Over one year	1,892	1,932
Total	3,322	3,139

Segment Information

1. Information by Industry Segment

FY2000 1st half
(Period ended September 30, 2000)

(Millions of yen)

	Image information products	Optical products	Other	Total	Eliminations or companywide	Consolidated total
Net sales:						
(1) External sales	171,700	46,588	4,593	222,882	—	222,882
(2) Intersegment sales	10	11	390	412	(412)	—
Total sales	171,710	46,599	4,984	223,294	(412)	222,882
Operating expenses	161,747	48,255	4,881	214,884	(420)	214,464
Operating profit	9,963	(1,656)	102	8,409	7	8,417

FY1999
(Years ended March 31, 2000)

(Millions of yen)

	Image information products	Optical products	Other	Total	Eliminations or companywide	Consolidated total
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

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: Copiers, printers, micrographics equipment, and facsimile machines
   Optical Products: Cameras, lenses, radiometric instruments, and planetariums
   Other Operations: Products not included in the above categories

2. Information by Geographic Area

FY2000 1st half
(Period ended September 30, 2000)

(Millions of yen)

	Japan	North America	Europe	Other areas	Total	Eliminations or companywide	Consolidated total
Net sales:							
(1) External sales	84,467	67,294	59,698	11,423	222,882	—	222,882
(2) Intersegment	77,546	119	387	29,312	107,365	(107,365)	—
Total sales	162,013	67,413	60,085	40,735	330,248	(107,365)	222,882
Operating expenses	155,809	66,925	60,809	39,627	323,171	(108,707)	214,464
Operating profit	6,204	488	(723)	1,107	7,076	1,341	8,417

FY1999
(Year ended March 31, 2000)

(Millions of yen)

	Japan	North America	Europe	Other areas	Total	Eliminations or companywide	Consolidated total
Net sales:							
(1)External sales	174,710	146,601	142,341	19,114	482,767	—	482,767
(2) 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	141,650	75,029	683,870	(221,371)	462,498
Operating profit	11,678	1,731	1,164	1,702	16,276	3,991	20,268

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 United Kingdom
   (3) Other areas ....all other areas excluding the above (1) and (2)

3. Overseas Sales

FY2000 1st half
(Period ended September 30, 2000)

(Millions of yen)

	North America	Europe	Other areas	Total
Overseas sales	79,316	67,649	28,096	175,062
Consolidated sales				222,882
Overseas sales as a percentage of consolidated net sales	35.6%	30.3%	12.6%	78.5%

FY1999
(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%

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 United Kingdom
   (3) Other areas ....all other areas excluding the above (1) and (2)
3. Areas of overseas sales means destination of sales excluding Japan.

Production, orders received, and sales

(1) Production results

The following table shows production in the interim period by industry segment.

(Millions of yen)

Classifications		FY2000 1st half	FY1999
Image Information Products	Copiers	62,793	162,018
	Printers	45,996	75,682
	Others	15,272	28,913
	Subtotal	124,063	266,614
Optical Products	Photographic equipment	27,069	60,626
	Radiometric instruments	2,330	6,304
	Optical devices and components	4,271	7,918
	Others	574	1,553
	Subtotal	34,245	76,402
Others		4,375	9,956
	Total	162,683	352,973

Note: 1. The above amounts are manufacturer's sales amounts excluding Japanese consumption tax.
2. The above amounts include the purchasing results 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 the interim period by industry segment.

(Millions of yen)

Classifications		FY2000 1st half	FY1999
Image Information Products	Copiers	115,962	257,540
	Printers	42,204	81,228
	Others	13,533	28,957
	Subtotal	171,700	367,726
Optical Products	Photographic equipment	37,585	85,439
	Radiometric instruments	4,398	9,338
	Optical devices and components	4,163	7,874
	Others	441	1,422
	Subtotal	46,588	104,075
Others		4,593	10,965
	Total	222,882	482,767

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

Securities Held

(Period ended September 30, 2000)

1. Securities for the purpose of holding until the maturity with market values: None
2. Other securities with market values:
   In the interim period, other securities with market values were not evaluated at market values.
3. Contents and the carrying values of securities without market values on the interim balance sheets are as follows:

(Millions of yen)

Categories	Items	Period ended September 30, 2000
Securities to be held until maturity	Discount financial bonds	44
Other securities	Nonlisted securities (excluding securities traded on the OTC)	744
	MMF	36
Subsidiaries' and affiliated companies' securities	Nonlisted securities	464

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
Others	26	25	(1)
Subtotal	7,053	11,418	4,365
Fixed assets:			
Stocks	33,266	31,801	(1,465)
Bonds	116	116	0
Others	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]

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

(Period ended September 30, 2000)

(Millions of yen)

Items	Category	Contract amounts	Market values	Valuation gains or losses
Currency	Forward exchange contracts	42,873	43,200	(327)
Interest	Swap transactions	10,000	(594)	(594)
Total		52,873	42,605	(922)

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

(Year ended March 31, 2000)

Currency related

(Millions of yen)

Classification	Category	Year ended March 31, 2000			
		Contract amounts	(One year and over)	Market values	Valuation gains or losses
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	(One year and over)	Market values	Valuation gains or losses
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.

Direct Translation of Japanese KESSAN TANSHIN

Fiscal 2000, ending March 31, 2001

November 10, 2000

Non-Consolidated Interim 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, Information Systems & Overseas Distribution H.Q.
Tel: (06) 6271-2251 (main switchboard)

Stock Listings: First sections of Osaka Securities Exchange, Tokyo Stock Exchange, and Nagoya Stock Exchange
Meeting of the Board of Directors for Interim Closing Held on: November 10, 2000
Interim Dividend Payment: Yes
Interim Dividend Payable on: December 8, 2000

1. Financial Results for the First Half of Fiscal 2000

(Periods ended September 30, 2000)

(1) Operating results

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

(Millions of yen)

	Net sales	Operating income	Recurring income
FY2000 1st half	138,130 (–5.7%)	5,366 (–11.1%)	3,893 (10.2%)
FY1999 1st half	146,438 (–4.0%)	6,037 (–38.1%)	3,532 (–61.0%)
FY1999	280,841	11,319	7,037

	Net income	Net income per share (Yen)
FY2000 1st half	1,917 (–17.1%)	6.84
FY1999 1st half	2,312 (–34.2%)	8.25
FY1999	2,881	10.28

Notes: 1. Average number of shares in the term: FY2000 1st half ...... 280,207,681 shares
FY1999 1st half ...... 280,207,681 shares
FY1999 .... 280,207,681 shares

2. No changes were made to accounting policies in the first half of fiscal 2000.
3. Percentages shown for net sales, operating income, recurring income, and interim net income represent the increase or decrease compared with the previous interim period.

(2) Cash dividends

	Cash dividends per share (Yen)	Total cash dividends per share in fiscal year (Yen)
FY2000 1st half	3.00	—
FY1999 1st half	3.00	—
FY1999	—	6.00

(3) Financial position

(Millions of yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (Yen)
FY2000 1st half	295,461	100,876	34.1%	360.01
FY1999 1st half	273,876	100,120	36.6%	357.31
FY1999	269,569	99,849	37.0%	356.34

Notes: Shares issued and outstanding: FY2000 1st half ... 280,207,681 shares
FY1999 1st half ... 280,207,681 shares
FY1999 .... 280,207,681 shares

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

(Millions of yen)

	Net sales	Recurring income	Net income	Cash dividends per share (Yen)	
				Year-end	
FY2000	290,000	6,000	3,000	3.00	6.00

Estimated net income per share for the year: ¥10.71

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets
(September 30, 2000 and 1999)

Assets (Millions of yen)

	FY2000 1st half		FY1999 1st half		FY1999	
	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets
Current assets:						
Cash, including time deposits	¥10,381		¥10,421		¥7,270	
Notes receivable—trade	1,333		2,006		1,318	
Accounts receivable—trade	81,950		65,382		54,076	
Marketable securities	39		7,118		7,064	
Treasury stocks	2		1		2	
Finished goods and merchandise	12,530		13,939		13,623	
Semi-finished goods and work in progress	22,139		21,421		17,718	
Raw materials and storage	716		745		722	
Deferred tax assets	2,146		2,538		2,083	
Short-term loans receivable	6,860		2,744		19,779	
Accounts receivable	9,109		8,586		6,398	
Other current assets	2,494		2,295		2,209	
Allowance for doubtful receivables	(181)		(375)		(390)	
Total current assets	**149,525**	**50.6**	**136,826**	**50.0**	**131,877**	**48.9**
Fixed assets:						
Tangible fixed assets:						
Buildings	14,224		15,007		14,470	
Structures	659		691		673	
Machinery and equipment	8,293		8,469		8,636	
Vehicles	150		209		181	
Tools, furniture and fixtures	15,024		13,489		13,529	
Land	9,470		9,466		9,470	
Construction in progress	48		456		84	
	47,870	**16.2**	**47,790**	**17.4**	**47,046**	**17.5**
Intangible fixed assets:						
Industrial property	1,303		1,679		1,510	
Software	2,694		2,878		2,928	
Other intangible fixed assets	198		201		199	
	4,195	**1.4**	**4,760**	**1.7**	**4,637**	**1.7**
Investments and other assets:						
Investments in securities	39,499		33,665		33,662	
Investments in subsidiaries	36,946		39,039		36,946	
Long-term loans receivables	8,648		4,589		7,099	
Deposits and guaranty	1,986		1,991		1,988	
Deferred tax assets	6,409		7,114		5,501	
Other investments	1,434		2,086		1,886	
Allowance for doubtful receivables	(55)		(487)		(77)	
Allowance for losses on investments	(1,000)		(3,500)		(1,000)	
	93,870	**31.8**	**84,499**	**30.9**	**86,007**	**31.9**
Total fixed assets	**145,936**	**49.4**	**137,050**	**50.0**	**137,692**	**51.1**
Total assets	**¥295,461**	**100.0**	**¥273,876**	**100.0**	**¥269,569**	**100.0**

Liabilities and Shareholders' Equity

(Millions of yen)

	FY2000 1st half		FY1999 1st half		FY1999	
	Amount	% of total liabilities and shareholders' equity	Amount	% of total liabilities and shareholders' equity	Amount	% of total liabilities and shareholders' equity
Liabilities:						
Current liabilities:						
Notes payable—trade	¥9,843		¥13,117		¥11,012	
Accounts payable—trade	45,305		44,935		40,327	
Short-term loans payable	62,908		40,604		41,906	
Accounts payable	5,235		5,056		5,183	
Accrued expenses	4,868		3,390		3,855	
Accrued corporation tax and others	2,307		2,082		943	
Allowance for bonuses	3,467		3,650		3,365	
Allowance for product warranty	688		889		695	
Other current liabilities	1,429		829		718	
Total current liabilities	**136,053**	**46.1**	**114,555**	**41.8**	**108,007**	**40.1**
Long-term liabilities:						
Straight Bonds	25,000		25,000		25,000	
Long-term loans payable	15,687		18,802		20,842	
Reserve for retirement and severance benefits	—		14,384		14,966	
Reserve for retierment benefits and pension plans	16,402		—		—	
Reserve for retirement and severance benefits for directors and statutory auditors	574		511		556	
Other long-term liabilities	865		501		347	
Total long-term liabilities	**58,531**	**19.8**	**59,200**	**21.6**	**61,712**	**22.9**
Total liabilities	**194,585**	**65.9**	**173,756**	**63.4**	**169,720**	**63.0**
Shareholders' equity:						
Capital stock	**25,832**	**8.7**	**25,832**	**9.4**	**25,832**	**9.6**
Legal reserves:						
Capital surplus	51,162	17.3	51,162	18.7	51,162	19.0
Earned surplus	2,391	0.8	2,217	0.9	2,301	0.8
	53,554	**18.1**	**53,380**	**19.6**	**53,464**	**19.8**
Retained earnings:						
Reserve for replacing assets	35		37		37	
Reserve for special depreciation	12		—		—	
Reserves, other	14,500		13,000		13,000	
Unappropriated retained earnings	6,941		7,870		7,514	
[Net income for the period]	[1,917]		[2,312]		[2,881]	
	21,489	**7.3**	**20,907**	**7.6**	**20,552**	**7.6**
Total shareholders' equity	**100,876**	**34.1**	**100,120**	**36.6**	**99,849**	**37.0**
Total liabilities and shareholders' equity	**¥295,461**	**100.0**	**¥273,876**	**100.0**	**¥269,569**	**100.0**

Notes:

	FY2000 1st half	FY1999 1st half	FY1999
1. Accumulated depreciation of tangible fixed assets:	¥126,402 million	¥120,576 million	¥123,207 million
2. Export bills discounted:	¥136 million	¥549 million	¥358 million
3. Treasury stock (Number):	4,564 shares	2,952 shares	7,060 shares
4. Guarantees for indebtedness for subsidiaries and others:	¥81,546 million	¥93,987 million	¥97,355 million
[Guarantees for indebtedness for subsidiaries:]	[¥45,778 million]	[¥45,369 million]	[¥49,691 million]
[Memoranda for management direction and others:]	[¥35,767 million]	[¥48,618 million]	[¥47,663 million]

Non-Consolidated Statements of Income
(Periods ended September 30, 2000 and 1999)

(Millions of yen)

	FY2000 1st half		FY1999 1st half		FY1999	
	Amount	% of total net sales	Amount	% of total net sales	Amount	% of total net sales
Operating revenue:						
Net sales	**¥138,130**	**100.0**	**¥146,438**	**100.0**	**¥280,841**	**100.0**
Operating expenses:						
Cost of sales	106,849	77.4	112,270	76.7	215,977	76.9
Selling, general and administrative expenses	25,914	18.7	28,130	19.2	53,544	19.1
Operating income	**5,366**	**3.9**	**6,037**	**4.1**	**11,319**	**4.0**
Non-operating revenue:						
Interest and dividend income	1,292		1,309		2,614	
Others	1,084		2,073		3,544	
	2,376	**1.7**	**3,383**	**2.3**	**6,159**	**2.2**
Non-operating expenses:						
Interest expense	726		453		923	
Interest on bonds	420		399		813	
Loss on inventory valuation and disposition	528		773		1,916	
Foreign exchange loss	1,132		2,714		4,126	
Others	1,041		1,547		2,661	
	3,850	**2.8**	**5,888**	**4.0**	**10,441**	**3.7**
Recurring income	**3,893**	**2.8**	**3,532**	**2.4**	**7,037**	**2.5**
Special gains:						
Recovery of allowance for doubtful accounts	228		43		64	
Recovery of allowance for losses on investment	—		—		2,500	
Gain on sales of fixed assets	3		6		10	
Gain on sales of investment in securities	653		—		—	
	885	**0.6**	**49**	**0.0**	**2,574**	**0.9**
Special losses:						
Loss on dispositions of fixed assets	240		181		458	
Appraisal loss on investment in securities	59		—		—	
Appraisal loss on investment in subsidiaries	—		—		2,099	
Appraisal loss on golf course membership	122		—		—	
Appraisal loss on interest swap transactions	572		—		—	
Loss on write-off of loans to subsidiaries	500		—		—	
	1,495	**1.0**	**181**	**0.1**	**2,558**	**0.9**
Income before income taxes	**3,282**	**2.4**	**3,401**	**2.3**	**7,053**	**2.5**
Enterprise, inhabitant & corporation taxes	2,336	1.7	2,246	1.5	3,262	1.2
Corporation tax adjustment & others	(971)	–0.7	(1,158)	–0.8	909	0.3
Net income	**1,917**	**1.4**	**2,312**	**1.6**	**2,881**	**1.0**
Retained earnings brought forward from the preceding year	5,024		5,557		5,557	
Interim dividends	—		—		840	
Earned surplus reserve	—		—		84	
Unappropriated retained earnings	**¥6,941**		**¥7,870**		**¥7,514**	

Notes to Non-consolidated Financial Statements

1. Basis and method of valuation of assets

(1) Inventories
Finished goods, merchandise, semifinished goods, and work in progress are stated at cost determined by the period average method.
Raw materials and storage are stated at cost determined by the last-purchase price method.

(2) Securities
Securities to be held to maturity are stated at cost determined by the amortized cost method.
Equity of subsidiaries and affiliates and other securities are stated at cost determined by the moving average method.

(3) Derivatives
Derivatives are stated using the mark to market method.

2. Depreciation methods of fixed assets

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

(2) Intangible fixed assets are depreciated by the straight-line method.
The straight-line method is also applied for software used in the Company, based on the applicable period (5 years).

3. Basis of accounting for reserves:

(1) Allowance for doubtful receivables: For general receivables, an amount is provided according to the historical percentage of uncollectibles while 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) Allowance for losses on investments: An amount is recorded to provide for losses arising from investments to subsidiaries and affiliated companies, taking into consideration the financial status and possibility of recovery in the near future of the 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 this interim period of the estimated bonus payments for the second half of the current year.

(4) Allowance for product warranty: In order to provide for expenses related to product after-sales service which are provided free of charge, the amount is recorded based on the after-sales service expenses as a percentage of net sales in past years.

(5) 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 interim period under review based on the expected retirement and severance obligations and the assets of pension plans at current fiscal year end.
The difference amount at the time of changing accounting standards (¥21,351 million) is being amortized over 15 years as operating expenses.

(6) 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 interim 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 accounting settlement day for the interim period, and the translated difference is accounted for as a gain or loss.

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: deferred hedge method.

(2) Hedge method and target

Hedge method: foreign exchange contracts

Hedge Target: expected foreign currency transactions

(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. With foreign exchange rate risk, a major risk for the Company, the directors responsible for finance report to the Managing Directors’ Committee on the open forward foreign exchange contracts and currency options each month, and the committee sets the policy for the utilization of derivatives. The upper limit for forward exchange contracts related to foreign currency sales receivables is 50% of the difference between the expected foreign exchange receivables over the next six months and the expected settlements for export and imports of foreign currency accounts.

7. 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 interim 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 ¥1,313 million higher. The operating income, recurring income, and income before income taxes recorded were ¥1,176 million lower compared with the previous method.

2. **Accounting for financial instruments**
Starting with the interim 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 ¥47 million, and the recurring income recorded by ¥285 million. The income before income taxes recorded, however, was ¥228 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 interim 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 interim balance sheet figures and those calculated according to section 3 of the regulations attached to the Ministry of Finance Ordinance No. 10 (2000) are as follows.

Interim balance sheet figure	¥38,779 million
Market value	¥36,198 million
Evaluation difference equivalent	¥(1,496 million)
Deferred tax asset equivalent	¥1,083 million

3. **Accounting standards and methods for foreign currency tansactions**
Starting with the interim 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 ¥6 million higher.

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 the period of leased property:

(Millions of yen)

	FY2000 1st half	FY1999 1st half	FY1999
Acquisition cost	5,021	6,100	6,155
Accumulated depreciation	3,260	3,615	3,926
Remaining value at the end of the period	1,760	2,485	2,228

*The above amounts are mainly for tools, furniture and fixtures.

(2) Amounts corresponding to the remaining lease commitments at the end of the period.

(Millions of yen)

	FY2000 1st half	FY1999 1st half	FY1999
One year or less	860	1,166	1,062
Over one year	933	1,368	1,208
Lease commitments	1,794	2,534	2,271

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

(Millions of yen)

	FY2000 1st half	FY1999 1st half	FY1999
Lease payments	622	770	1,458
Amounts corresponding to depreciation	592	725	1,378
Amounts corresponding to interest expense	19	29	55

(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 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. Balance of unexpired operating lease amounts:

(Millions of yen)

	FY2000 1st half	FY1999 1st half	FY1999
One year or less	782	350	806
Over one year	5,368	2,100	5,759
Total	6,150	2,450	6,566

Sales by Product Group
(Periods ended September 30, 2000 and 1999)

(Millions of yen)

	FY2000 1st half		FY1999 1st half		FY1999	
Classifications	Amount	Composition of sales (%)	Amount	Composition of sales (%)	Amount	Composition of sales (%)
Image Information Products:						
Export	**86,882**	**88.5**	90,497	86.4	177,714	86.7
Domestic	**11,275**	**11.5**	14,271	13.6	27,145	13.3
Subtotal	**98,158**	**(71.1)**	104,769	(71.5)	204,859	(72.9)
Optical Products:						
Export	**26,575**	**66.5**	28,755	69.0	51,345	67.6
Domestic	**13,396**	**33.5**	12,913	31.0	24,636	32.4
Subtotal	**39,972**	**(28.9)**	41,668	(28.5)	75,981	(27.1)
Total	**138,130**	**(100.0)**	146,438	(100.0)	280,841	(100.0)
Export Total	**113,458**	**82.1**	119,253	81.4	229,059	81.6