

November 8, 2002

Fiscal year ending March 31, 2003

## Consolidated Interim Financial Results

Interim Period ended September 30, 2002

---- Flash Report ----

Listed company name: Minolta Co., Ltd. (<http://www.minolta.com>)  
 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, Osaka, and Nagoya  
 Meeting of the Board of Directors for Interim Closing Held: November 8, 2002  
 Adoption of the U.S. accounting standards: No

### 1. Financial Results for the First Half of Fiscal 2002 (Period ended September 30, 2002)

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

#### (1) Operating Results

	(in millions)		
	Net sales (% change from previous year)	Operating income (% change from previous year)	Recurring income (% change from previous year)
Sep. 30, 2002	¥255,624 (5.8%)	¥12,998 ( -- %)	¥6,655 ( -- %)
Sep. 30, 2001	¥241,596 (8.4%)	¥(2,932) ( -- %)	¥(12,145) ( -- %)
Year ended Mar. 31, 2002	¥510,862	¥3,949	¥(7,890)

	Net income (% change from previous year)	Net income per share (Yen)	Net income per share: Assuming full dilution (Yen)
Sep. 30, 2002	¥3,169 ( -- %)	¥11.31	¥ ----
Sep. 30, 2001	¥(22,728) ( -- %)	¥(81.11)	¥ ----
Year ended Mar. 31, 2002	¥(34,350)	¥(122.59)	¥ ----

Notes: 1. Equity in loss of unconsolidated subsidiaries and affiliates:

Sep. 30, 2002 -¥ 8 million  
 Sep. 30, 2001 -¥26 million  
 Mar. 31, 2002 -¥74 million

2. Average number of shares outstanding during the period (consolidated):

Sep. 30, 2002 280,161,476  
 Sep. 30, 2001 280,205,992  
 Mar. 31, 2002 280,200,108

3. No changes were made to accounting policies in fiscal 2002.

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**

(in millions)

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (Yen)
Sep. 30, 2002	¥406,104	¥47,162	11.6%	¥168.36
Sep. 30, 2001	¥420,948	¥44,661	10.6%	¥159.39
Year ended Mar. 31, 2002	¥427,247	¥46,502	10.9%	¥165.97

Note: Number of shares issued at the end of period (consolidated):

Sep. 30, 2002	280,133,899
Sep. 30, 2001	280,205,656
Mar. 31, 2002	280,183,136

**(3) Cash Flows**

(in millions)

	Operating Activities	Investing Activities	Financing Activities	Cash and cash equivalents at end of period
Sep. 30, 2002	¥32,680	¥(8,445)	¥(17,430)	¥45,000
Sep. 30, 2001	¥(6,360)	¥(13,130)	¥14,370	¥22,036
Year ended Mar. 31, 2002	¥37,275	¥(22,375)	¥(4,647)	¥38,505

**(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:	1

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

Newly consolidated companies	3
Newly non-consolidated 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, 2003)**

(in millions)

	Net Sales	Recurring income	Net income
Year ending Mar. 31, 2003	¥525,000	¥13,000	¥10,000

Expected net income per share for the year: Consolidated basis ¥35.70

\* 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. See note on page 10.

## The Minolta Group

The Minolta Group, the Company and its affiliated companies, consists of Minolta Co., Ltd. and its 90 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. As of April 2002, planetariums are included in "Others", relocated from "Optical products."

### 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
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	Others	Planetariums Products not included in the above

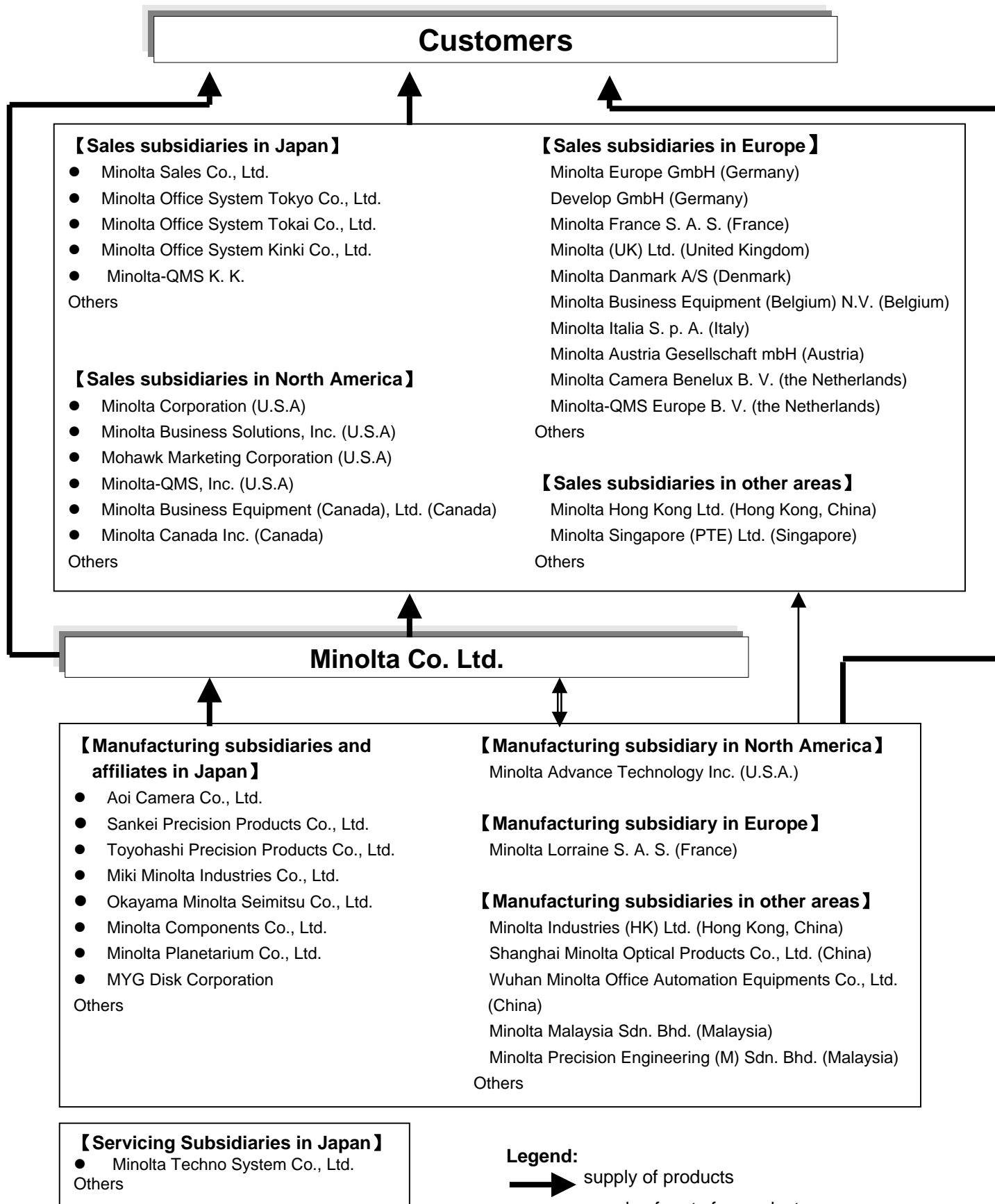
### Main companies

Name of company	Location	Capital (in millions)	Main business lines	Holding ratio
Minolta Sales Co., Ltd.	Tokyo, Japan	¥1,500	Image information products	100%
Minolta Techno System Co., Ltd.	Tokyo, Japan	¥80	Image information products	100% (100%)
Minolta-QMS K. K.	Tokyo, Japan	¥80	Image information products	100% (100%)
Minolta Office System Tokyo Co., Ltd.	Tokyo, Japan	¥100	Image information products	100% (100%)
Aoi Camera Co., Ltd.	Aichi, Japan	¥20	Others	100%
Sankei Precision Products Co., Ltd.	Aichi, Japan	¥30	Image information products	100%
Minolta Components Co., Ltd.	Aichi, Japan	¥160	Others	100% (22.5%)
Toyohashi Precision Products Co., Ltd.	Aichi, Japan	¥80	Image information products	100%
Minolta Office System Tokai Co., Ltd.	Aichi, Japan	¥30	Image information products	100% (100%)
Minolta Planetarium Co., Ltd.	Osaka, Japan	¥100	Optical products	100%
Minolta Office system Kinki Co., Ltd.	Osaka, Japan	¥100	Image information products	100% (100%)
MYG Disk Corporation	Osaka, Japan	¥450	Optical Products	100%
Miki Minolta Kogyo Co., Ltd.	Hyogo, Japan	¥10	Image information products	100%
Okayama Minolta Seimitsu Co., Ltd.	Okayama, Japan	¥40	Others	100%

Name of company	Location	Capital	Main business lines	Holding ratio
Minolta Corporation	New Jersey, U.S.A.	USD 40,000,000	Image information products Optical products	100%
Minolta Business Solutions, Inc.	New Jersey, U.S.A.	USD 9,151,000	Image information products	100% (100%)
Minolta Advance Technology Inc.	New York, U.S.A.	USD 2,500,000	Image information products	100%
Mohawk Marketing Corporation	Virginia, U.S.A.	USD 601,000	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 6,250,000	Image information products	100% (100%)
Minolta Canada Inc.	Ontario, Canada	CAD 1,700,000	Optical products	100%
Minolta Europe GmbH	Langenhagen, Germany	EUR 76,610,000	Image information products Optical products	100%
Develop GmbH	Gerlingen, Germany	EUR 1,540,000	Image information products	100% (100%)
Minolta Danmark A/S	Rodovre, Denmark	DKK 29,000,000	Image information products	100% (100%)
Minolta Camera Benelux B.V.	Utrecht, The Netherlands	EUR 681,000	Optical products	100% (100%)
Minolta-QMS Europe B.V.	Nieuwegein, The Netherlands	EUR 78,000	Image information products	100%
Minolta (UK) Ltd.	Milton Keynes, U.K.	GBP 1,500,000	Image information products Optical products	100% (100%)
Minolta Business Equipment (Belgium) N.V.	Zaventem, Belgium	EUR 992,000	Image information products	100% (100%)
Minolta France S.A.S.	Carrieres sur Seine, France	EUR 11,150,000	Image information products Optical products	100% (100%)
Minolta Lorraine S.A.S.	Eloyes, France	EUR 6,100,000	Image information products	100%
Minolta Austria Gesellschaft mbH	Vienna, Austria	EUR 2,500,000	Image information products Optical products	100% (100%)
Minolta Italia S.p.A.	Milan, Italy	EUR 4,680,000	Image information products Optical products	100% (100%)
Shanghai Minolta Optical Products Co., Ltd.	Shanghai, P.R. China	USD 9,000,000	Optical products	77.5% (77.5%)
Wuhan Minolta Office Automation Equipments Co., Ltd.	Wuhan, P.R. China	USD 7,000,000	Image information products	76.9% (76.9%)
Minolta Hong Kong Ltd.	Hong Kong, P.R. China	HKD 1,200,000	Image information products Optical products	70%
Minolta Industries (HK) Ltd.	Hong Kong, P.R. China	HKD 195,800,000	Image information products	100%
Minolta Malaysia Sdn. Bhd.	Selangor, Malaysia	MYR 2,000,000	Optical products	100%
Minolta Precision Engineering (M) Sdn. Bhd.	Selangor, Malaysia	MYR 10,000,000	Optical products	100%
Minolta Singapore (PTE) Ltd.	Singapore	SGD 3,225,000	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, 2002.

## **Management Policy and Overview of Performance**

### **1. Management Policy**

#### **Fundamental Management Policy**

Minolta established “The essentials of imaging” as its corporate slogan, and has made this slogan the nucleus of its business operations, through which we achieve a corporate brand that our customers find indispensable to the world of imaging. In order to pursue the concept set forth in our corporate slogan, and achieve the medium-term management plan, we introduced a new internal company system in April 2002. The internal company system further propels us toward achieving our goals, and allows us to reorganize in a manner that conforms to today's market segments, making it possible for us to enhance customer responsiveness. At the same time, we will achieve greater managerial speed by allocating a broader scope of authority to the internal company presidents and executive officers. Through this, we aim to increase the individual profitability of each internal company and further strengthen our market competitiveness.

Under the new internal company system, Minolta strives to accomplish its goal by rigorously establishing a profit-oriented management, rather than a traditional management that emphasizes operational scale. More precisely, by effectively utilizing resources, Minolta's selective concentration strategy calls for us to become a leading image information company in specific fields where we can fully demonstrate our core competence, rather than simply covering all market areas. In line with that strategy, we will accelerate to shift our focus in image information products to color output devices, and limit new product launches in optical products through clear customer targeting. Moreover, we will continue to execute our management strategy in order to build a solid position in the areas where Minolta's strength can be demonstrated.

With regard to improvement of financial position, along with continuing efforts to increase sales volume and profit we are striving to minimize costs through reduced inventory levels and reduced labor costs. At the same time, we are working to generate greater cash flow and a healthier balance sheet. Significant improvement has been made already, and we will not compromise in our continuing efforts to accelerate our restructuring program in order to create greater efficiency and strengthen our financial structure.

#### **Basic Dividend Policy**

Minolta's basic dividend policy is determined based on the Company's profitability. It takes into consideration our goals of resuming a dividend and maintaining a stable dividend level by achieving profit targets based on the previously mentioned fundamental management policy. It also considers the accumulation of internal reserves required for future business development, while continuing to invest in developing products in fields with strong growth potential and strengthening the company's financial structure.

#### **Medium-term Management Strategies**

Giving priority to the following three principles, the company's management is aggressively striving to achieve its objectives.

- (1) Strengthening business competitiveness
- (2) Improving profitability
- (3) Qualitative improvement of business management

Moreover, we will strive to boost the corporate value of Minolta as we establish a lean but solid management and stronger cash flow. We will also accelerate reduction of interest-bearing debt, with the goal of enhanced shareholders' equity.

**Minolta's Task**

Because exports can be as much as 80% of all sales, we recognize the importance of establishing flexible financial structures to withstand foreign exchange fluctuations. In order to overcome challenges, we will concentrate on strengthening product features and our capabilities for providing solutions, as well as strengthening the company's financial structure. At the same time, we will seek optimally efficient locations for manufacturing and procurement, providing timely products and services to customers all over the world, with "customer first" as our primary policy.

We will strive to become a futuristic corporation in the digital field, introducing products and services that anticipate the future's rapid growth of Information Technology and digitization. In addition, we will execute our business plans while leveraging core competencies, enabling Minolta to maintain a firm position in the color output field as a leading company in image inputting and outputting.

For environmental preservation activities, Minolta has been actively working to introduce environmentally sensitive products, and to also recycle used products throughout the entire Minolta Group.

By the end of March 2004, Minolta expects to complete the structural change that will establish a lean but solid management, and in turn lead to greater profit. We will continue to accelerate reduction of Group fixed cost, procurement cost, and inventory levels. As a result of efforts to date, our set targets for the first half of fiscal year 2002 have been achieved. We will continue with our structural change and strive to achieve the final goals of our medium-term management plan, with great emphasis on fiscal year 2002 as a momentous milestone.

By successfully completing all of these tasks, we will do everything possible to boost the worldwide brand value, and shareholder value, of Minolta.

## 2. Overview of Performance

### (1) The Period under Review (The interim period ended September 30, 2002)

During the period under review, the U.S. economy was stagnant due to declining Information Technology spending, anxiety arising from the dispute with Iraq, and accounting scandals at major companies. Growth of consumer spending that had been relatively strong slowed down. In Europe, the German economy took a downward turn and recovery of the euro zone economy, except for the United Kingdom, was not yet evident. In Asia, the Chinese economy exhibited substantial economic growth, while other countries generally showed modest recovery.

In Japan, with no prospect yet in sight for climbing out of continuing deflation, economic conditions remained severe. Deepening recession was anticipated due to the anxiety that company bankruptcies would result from possible bank write-offs of non-performing loans. There were limited signs of recovery in a few parts of the corporate sector, and also an upward trend was spotted in capital investment. However, the overall business climate remained severely depressed amid high unemployment, sluggish exports, and flat consumer spending. During the period under review, the yen depreciated against the U.S. dollar and the Euro, when compared with the same period one year ago.

Despite these economic conditions, Minolta strengthened its focus on the marketing and R&D of digital products that anticipates advanced Information Technology and digitization. At the same time, we accelerated structural changes that included the reduction of fixed costs, procurement costs, and inventory levels.

In the field of digital color multi-functional peripheral (MFP), Minolta strengthened the lineup of the DiALTA series equipped with technologies on the cutting edge. We expanded sales of printers, especially color laser printers, by developing new sales channels. In optical products, we aggressively worked to expand sales and increase market share in the digital camera field.

### Image Information Products Operations

In the copier market during the period under review, Minolta continue to expand the lineup of digital MFPs, introducing the DiALTA Di551 high-speed digital MFP and the DiALTA Di850, a high-end digital MFP producing 85 copies per minute. In the digital color MFP market, another area where Minolta has acquired an excellent reputation, we launched new products which included the DiALTA Color CF3102, featuring high-speed output of 31 copies per minute in both color and black-and-white, and the DiALTA Color CF2002.

Responding to diversified needs in the office, these copiers combine high-quality reproduction with high-resolution scanning/output and polymerized toner technology. Advanced productivity is achieved through flexible scanning and printing functions in the networked environment, as well as versatile finishing capabilities. Along with launching these products, Minolta boosted sales in the US and European markets, and increased sales worldwide, especially in China. Concurrently, OEM business contributed to sales improvement as well.

In the printer category, Minolta developed new sales channels and increased its sales in Europe as a result of the magicolor 2200 series, Minolta-QMS color printers, and the newly introduced PagePro 1200/1250 series and PagePro 9100 black-and-white printers. In September 2002, we introduced and initiated smooth distribution of the magicolor 2300DL, which was then the world's smallest and lightest color laser printer (at press release date).

In parallel with sales expansion measures, we improved gross margin and operating profit ratios through continuing cost reduction in procurement and production, combined with efficient and effective spending controls. Overall sales of Image Information products were Yen 186,658 million, an increase of 2.7% compared with the same period of the previous year, resulting in an operating income of Yen 12,565 million, up from Yen 686 million in the same period of the previous year.



## Optical Products Operations

In the camera market during the period under review, digital cameras continued the strong growth of last fiscal year. Minolta launched three models of high-performance digital cameras, including DiMAGE 7i and DiMAGE 7Hi, a limited edition, successors to the top-of-the-line DiMAGE 7 and enhanced with features such as a 7x optical zoom lens, as well as the 4.0 megapixel DiMAGE F100 digital camera. The DiMAGE X enjoyed great popularity resulting from the world's slimmest, smallest, and lightest body (at press release date) among 3.0 megapixel digital cameras and because its zoom lens functions without physically extending from the camera body. The DiMAGE X won a number of awards, both in Japan and overseas, including the European Digital Compact Camera of the Year 2002-2003 from the European Imaging and Sound Association (EISA). Due to the expansion of the product lineup, sales of digital cameras significantly improved in both units and revenue compared with the same period of the previous year. As for film cameras, Minolta marketed the -Sweet II L SLR (Single Lens Reflex) camera, an ideal model for amateur photographers. The -Sweet II L and -Sweet II, introduced last year, received the European Camera of the Year 2002-2003 award by EISA, and the "Best SLR Camera" award in "The Best Photo Products in Europe Awards 2002-2003" selected by the Technical Image Press Association (TIPA), respectively. Also contributing to film camera sales were newly introduced compact cameras, including the CAPIOS 130S and ZOOM 80, marketed worldwide except for Japan.

Sales of optical devices and components contributed to overall sales, especially sales of optical units for digital projectors and minilabs, as well as glass substrates for hard disks.

In the field of radiometric instruments, we continued to expand sales of high-speed color analyzers, CA-210 and CA-100Plus, used for evaluating chromaticity and luminance of such devices as color LCDs and displays. We also sought to expand sales of the new VIVID 910 non-contact 3D digitizer.

Overall sales of optical product operations increased 12.3% from the same period of the previous fiscal year, to Yen 56,800 million, with net sales Yen 181 million recovered from Yen 3,860 million loss in the same period of the previous year.

## Other Business Operations

Sales of other business operations, which primarily comprise the wholesale trade of electric appliances, the manufacture and sale of parts, and the manufacture and sales of planetariums, were Yen 12,166 million, an increase of 31.8% compared with the same period of the previous year. Operating income was Yen 284 million, up 24.6% compared with the same period of the previous year.

Overall net sales for the interim period under review were Yen 255,624 million, up 5.8% or Yen 14,028 million, from the interim period of the previous year. Recurring income and net income amounted to Yen 6,655 million and Yen 3,169 million respectively, mainly due to the improvement of gross margin ratio resulting from the reduction of production cost and decreased selling, general and administrative expenses.

On a non-consolidated basis, net sales increased to Yen 145,326 million up by 7.8% from the interim period of the previous year. Recurring income and net income improved to Yen 5,307 million and Yen 3,544 million, respectively.

Due to the performance results of last fiscal year, Minolta has decided to forgo a dividend in the current interim period.

Note: (alpha) series SLRs marketed in Japan and China are marketed as the MAXXUM series in North America and the DYNAX series in Europe, Asia Pacific countries and other areas not mentioned above. CAPIOS series compact cameras marketed in Japan and China are marketed as the Freedom series in North America and the RIVA series in Europe, Asia Pacific countries and other areas not mentioned above

## (2) Cash Flow

Net cash provided by operating activities increased by Yen 32,680 million. Major reasons were the increase of pre-tax net income to Yen 5,773 million despite the payment of the retirement premium for the early retirement program which was conducted in fiscal year 2001, and an increase of net cash resulting from the improvement of accounts payable and reduction of accounts receivable and inventory. Cash flow from investing activities decreased by Yen 8,445 million, reflecting the continuation from last fiscal year of reduced capital expenditures. Consequently, free cash flow rose to Yen 24,235 million. Cash flow from financing activities decreased by Yen 17,430 million, mainly as a result of the redemption of corporate bonds and the repayment of bank loans. Cash and cash equivalents at the end of the interim period were Yen 45,000 million, a total increase of Yen 6,495 million from the end of the previous fiscal year.

## (3) The Current Fiscal Year (The fiscal year ending March 31, 2003)

In the world economy, although signs of recovery were recently seen, the economic conditions in Europe and the U.S. remain depressed due to the uncertainties about economic matters, international conflicts, and social unrest. An upturn in the Japanese economy is not expected soon, mainly because of continued high unemployment and restrained consumer spending. In the markets for image information and optical products, which are the markets Minolta competes in, the business environment is likely to remain severe for the foreseeable future.

In response to challenging market conditions, Minolta will concentrate the capabilities and resources of the Group companies on achieving growth in sales and profit, while pursuing greater efficiency in management. In the area of image information products, Minolta will continue to strengthen its brand name in the copier and printer business worldwide. Utilizing this advantage, we will continue to work to expand sales of digital products, with emphasize on color devices, by providing an optimal document solution in a total system that is suitable for each customer. Moreover, we will improve profitability of the optical products business by introducing attractive products that respond to the demand for digitalization.

Currently, Minolta has not yet set a goal for dividend payments. However, we will continue our efforts toward the goal of resuming dividend payments.

Our forecasts of performance for the full fiscal year ending March 31, 2003, are as follows:

		In millions	As compared with the previous fiscal year
1. Consolidated base	Net sales	¥525,000	103%
	Recurring income	13,000	---- %
	Net income	10,000	---- %
2. Non-consolidated base	Net sales	290,000	107%
	Recurring income	10,000	---- %
	Net income	6,000	---- %

In estimating these figures, we set the foreign exchange rates for the second half of the fiscal year ending March 31, 2003 as ¥115 = US\$1 and ¥115 = 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 Balance Sheets**

(As of September 30, 2002)

ASSETS	(in millions)					
	1st half ended		1st half ended		Year ended	
	Sep. 30, 2002		Sep. 30, 2001		Mar. 31, 2002	
	Amount	% of total	Amount	% of total	Amount	% of total
<b>Current assets:</b>						
Cash, including time deposits	¥ 45,589		¥ 22,652		¥ 39,302	
Notes and accounts receivable	99,872		107,400		115,945	
Marketable securities	3		29		4	
Inventories	94,068		124,181		98,127	
Deferred tax assets	3,713		6,306		3,064	
Other current assets	13,170		11,871		11,725	
Allowance for doubtful receivables	(4,531)		(3,906)		(4,217)	
<b>Total current assets</b>	<b>251,885</b>	<b>62.0</b>	<b>268,535</b>	<b>63.8</b>	<b>263,951</b>	<b>61.8</b>
<b>Fixed assets:</b>						
<b>Tangible fixed assets:</b>						
Buildings and structures	25,553		27,215		27,007	
Machinery, equipment and vehicles	11,388		13,799		12,982	
Tools, furniture and fixtures	27,229		29,977		30,564	
Land	27,760		13,033		27,817	
Construction in progress	320		87		170	
	<b>92,253</b>	<b>22.7</b>	<b>84,113</b>	<b>20.0</b>	<b>98,542</b>	<b>23.0</b>
<b>Intangible fixed assets:</b>						
Consolidation goodwill	4,662		5,556		5,110	
Other intangible fixed assets	11,245		12,240		12,231	
	<b>15,908</b>	<b>3.9</b>	<b>17,796</b>	<b>4.2</b>	<b>17,342</b>	<b>4.1</b>
<b>Investments and other assets:</b>						
Investments in securities	22,560		29,286		23,236	
Long-term loans receivable	2,655		2,584		2,598	
Deferred tax assets	13,483		11,585		14,452	
Other investments	8,885		8,179		8,463	
Allowance for doubtful receivables	(1,528)		(1,133)		(1,340)	
	<b>46,057</b>	<b>11.4</b>	<b>50,502</b>	<b>12.0</b>	<b>47,411</b>	<b>11.1</b>
<b>Total fixed assets</b>	<b>154,219</b>	<b>38.0</b>	<b>152,412</b>	<b>36.2</b>	<b>163,295</b>	<b>38.2</b>
<b>Total assets</b>	<b>¥ 406,104</b>	<b>100.0</b>	<b>¥ 420,948</b>	<b>100.0</b>	<b>¥ 427,247</b>	<b>100.0</b>

(in millions)

LIABILITIES AND SHAREHOLDERS' EQUITY	1st half ended Sep. 30, 2002		1st half ended Sep. 30, 2001		Year ended Mar. 31, 2002	
	Amount	% of total	Amount	% of total	Amount	% of total
	<b>Liabilities:</b>					
<b>Current liabilities:</b>						
Notes and accounts payable	¥ 55,083		¥ 53,687		¥ 52,833	
Short-term loans payable	171,944		183,727		178,485	
Current portion of long-term liabilities						
related to straight bonds	9,800		5,000		15,000	
Accrued income taxes	2,102		1,314		1,664	
Allowance for bonuses	3,859		5,464		3,109	
Allowance for product warranty	1,176		1,300		1,266	
Other current liabilities	36,215		32,207		34,189	
<b>Total current liabilities</b>	<b>280,181</b>	<b>69.0</b>	<b>282,701</b>	<b>67.2</b>	<b>286,548</b>	<b>67.1</b>
<b>Long-term liabilities:</b>						
Straight bonds	11,400		23,000		11,800	
Long-term loans payable	26,074		37,014		34,737	
Deferred income taxes	132		183		184	
Deferred income taxes on revaluation						
reserve for land	6,166		---		6,166	
Accrued retirement and severance						
benefits	23,737		23,180		30,922	
Accrued retirement and severance benefits						
for directors and corporate auditors	412		409		434	
Other long-term liabilities	9,258		8,094		8,485	
<b>Total long-term liabilities</b>	<b>77,181</b>	<b>19.0</b>	<b>91,882</b>	<b>21.8</b>	<b>92,731</b>	<b>21.7</b>
<b>Total liabilities</b>	<b>357,362</b>	<b>88.0</b>	<b>374,583</b>	<b>89.0</b>	<b>379,279</b>	<b>88.8</b>
<b>Minority interests</b>	<b>1,579</b>	<b>0.4</b>	<b>1,703</b>	<b>0.4</b>	<b>1,465</b>	<b>0.3</b>
<b>Shareholders' equity:</b>						
Common stock	25,832	6.4	25,832	6.1	25,832	6.1
Capital surplus	40,325	9.9	51,198	12.2	51,198	12.0
Consolidated retained earnings	(19,095)	(4.7)	(21,527)	(5.1)	(33,149)	(7.8)
Revaluation reserve for land	8,516	2.1	---	---	8,516	2.0
Net unrealized holding gain (loss) on						
securities	(1,379)	(0.4)	(2,719)	(0.7)	(367)	(0.1)
Translation adjustments	(7,013)	(1.7)	(8,121)	(1.9)	(5,523)	(1.3)
Less treasury stock, at cost	(22)	(0.0)	(0)	(0.0)	(5)	(0.0)
<b>Total shareholders' equity</b>	<b>47,162</b>	<b>11.6</b>	<b>44,661</b>	<b>10.6</b>	<b>46,502</b>	<b>10.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥ 406,104</b>	<b>100.0</b>	<b>¥ 420,948</b>	<b>100.0</b>	<b>¥ 427,247</b>	<b>100.0</b>

## Notes:

	1st half ended Sep. 30, 2002	1st half ended Sep. 30, 2001	Year ended Mar. 31, 2002
1. Accounted depreciation of tangible fixed assets:	¥ 183,031 million	¥ 169,936 million	¥ 173,715 million
2. Notes discounted:	¥ 227 million	¥ 1,082 million	¥ 682 million
3. Guarantees for indebtedness for subsidiaries and others:	¥ 2,068 million	¥ 3,635 million	¥ 3,060 million
Guarantees for indebtedness for subsidiaries:	¥ 2,068 million	¥ 3,634 million	¥ 3,060 million
Instruments of managerial guidance and others:	---	¥ 1 million	---

**Consolidated Statements of Income**

(Period ended September 30, 2002)

	(in millions)					
	1st half ended Sep. 30, 2002		1st half ended Sep. 30, 2001		Year ended Mar. 31, 2002	
	Amount	% of total	Amount	% of total	Amount	% of total
<b>Net sales</b>	¥ 255,624	100.0	¥ 241,596	100.0	¥ 510,862	100.0
<b>Cost of sales</b>	145,090	56.8	141,997	58.8	300,585	58.8
<b>Gross profit</b>	110,534	43.2	99,599	41.2	210,277	41.2
<b>Selling, general and administrative expenses</b>	97,535	38.1	102,531	42.4	206,327	40.4
<b>Operating income</b>	12,998	5.1	(2,932)	(1.2)	3,949	0.8
<b>Non-operating revenues:</b>						
Interest and dividend income	400		365		668	
Other	3,404		2,079		6,674	
	3,804	1.5	2,445	1.0	7,343	1.4
<b>Non-operating expenses:</b>						
Interest expenses	3,596		4,467		8,301	
Equity in loss of unconsolidated subsidiaries and affiliates	8		26		74	
Loss on inventory valuation and disposition	2,698		5,127		8,317	
Other	3,845		2,036		2,489	
	10,147	4.0	11,658	4.8	19,183	3.7
<b>Recurring income</b>	6,655	2.6	(12,145)	(5.0)	(7,890)	(1.5)
<b>Special gains:</b>						
Gain on sales of fixed assets	161		411		1,646	
Gain on sales of securities	29		8		25	
	191	0.1	420	0.2	1,672	0.3
<b>Special losses:</b>						
Loss on dispositions of fixed assets	654		640		1,701	
Loss on sales of securities	16		29		1,653	
Loss on valuation of investments in securities	401		5,327		13,982	
Amortization of goodwill on consolidation	----		3,306		3,306	
Restructuring charges	----		554		1,471	
Special retirement benefits	----		----		5,236	
	1,073	0.4	9,857	4.1	27,351	5.4
<b>Income before income taxes</b>	5,773	2.3	(21,583)	(8.9)	(33,569)	(6.6)
Corporate, inhabitant and corporate taxes	1,984		875		1,798	
Adjustments of income tax and others	926		405		(590)	
	2,910	1.1	1,281	0.5	1,208	0.2
<b>Minority interests-loss</b>	306	0.0	136	0.0	427	0.1
<b>Net income</b>	¥ 3,169	1.2	¥ (22,728)	(9.4)	¥ (34,350)	(6.7)

## Consolidated Statements of Surplus

(Period ended September 30, 2002)

	(in millions)		
	1st half ended Sep. 30, 2002	1st half ended Sep. 30, 2001	Year ended Mar. 31, 2002
	Amount	Amount	Amount
<b>Capital surplus:</b>			
<b>Balance at beginning of period</b>	<b>¥ 51,198</b>	<b>¥ 51,198</b>	<b>¥ 51,198</b>
<b>Decrement of capital surplus:</b>			
Transfer to retained earnings	10,873	---	---
Decrement of capital surplus	10,873	---	---
<b>Balance at end of period</b>	<b>40,325</b>	<b>51,198</b>	<b>51,198</b>
<b>Retained earnings:</b>			
<b>Balance at beginning of period</b>	<b>(33,149)</b>	<b>1,897</b>	<b>1,897</b>
<b>Increment of retained earnings:</b>			
Net income	3,169	---	---
Adjustment resulting from change in fiscal year-end of consolidated subsidiaries	11	144	144
Transfer from capital surplus	10,873	---	---
Increment of retained earnings	14,053	144	144
<b>Decrement of retained earnings:</b>			
Cash dividends	---	840	840
Net loss	---	22,728	34,350
Decrement of retained earnings	---	23,568	35,190
<b>Balance at end of period</b>	<b>¥ (19,095)</b>	<b>¥ (21,527)</b>	<b>¥ (33,149)</b>

## Consolidated Statements of Cash Flows

(Period ended September 30, 2002)

	(in millions)		
	1st half ended Sep. 30, 2002	1st half ended Sep. 30, 2001	Year ended Mar. 31, 2002
<b>I. Cash flow from operating activities</b>			
1. Income (loss) before income taxes and minority interests	¥ 5,773	¥ (21,583)	¥ (33,569)
2. Depreciation and amortization	12,526	12,165	26,398
3. Amortization of goodwill on consolidation	447	4,014	4,467
4. Increase in accrued retirement and severance benefits	(7,173)	2,113	9,348
5. Interest and dividend income	(400)	(365)	(668)
6. Interest expense	3,596	4,467	8,301
7. Equity in loss of unconsolidated subsidiaries and affiliates	8	26	74
8. Loss (gain) on sales of investments in securities	(12)	20	1,627
9. Loss on valuation of investments in securities	401	5,327	13,982
10. Gain on sales of property, plant and equipment	(161)	(411)	(1,646)
11. Decrease (increase) in notes and accounts receivable	13,117	5,276	3,431
12. Decrease (increase) of inventory	1,376	11,069	45,064
13. Increase (decrease) in notes and accounts payable	3,302	(14,120)	(16,656)
14. Decrease in accrued consumption taxes	(272)	141	716
15. Other, net	4,913	(5,868)	(10,484)
Subtotal	37,444	2,274	50,388
16. Interest and dividend income received	400	381	603
17. Interest expense paid	(3,794)	(4,515)	(8,354)
18. Income taxes paid	(1,370)	(4,500)	(5,362)
Net cash provided by (used in) operating activities	32,680	6,360	37,275
<b>II. Cash flows from investing activities</b>			
1. Proceeds from sales of marketable securities	---	39	44
2. Purchases of property, plant and equipment	(6,119)	(10,669)	(20,804)
3. Proceeds from sales of property, plant and equipment	715	1,938	4,710
4. Purchases of investments in securities	(2,259)	(1,330)	(2,423)
5. Proceeds from sales of investments in securities	905	583	1,746
6. Additional acquisition of subsidiaries' shares	---	(14)	(234)
7. Repayment for loan receivable	(89)	(40)	(46)
8. Collections of loan receivable	59	11	79
9. Other, net	(1,658)	(3,648)	(5,449)
Net cash used in investing activities	(8,445)	(13,130)	22,375
<b>III. Cash flow from financing activities</b>			
1. Increase in short-term bank loans	(6,146)	14,312	3,443
2. Proceeds from long-term borrowings	1,746	6,800	8,925
3. Repayment of long-term borrowings	(7,118)	(6,076)	(14,637)
4. Redemption of unsecured bonds	(5,600)	----	(1,200)
5. Dividends paid	(6)	(839)	(845)
6. Dividends paid to minority interests	(50)	(89)	(84)
7. Other, net	(255)	264	(248)
Net cash (used in) provided by financing activities	(17,430)	14,370	(4,647)
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>			
	(770)	(210)	883
<b>V. Increase (Decrease) in cash and cash equivalents</b>			
	6,033	(5,331)	11,137
<b>VI. Cash and cash equivalents at beginning of year</b>			
	38,505	27,113	27,113
<b>VII. Cash and cash equivalents of initially consolidated subsidiaries at beginning of year</b>			
	462	253	253
<b>VIII. Cash and cash equivalents at end of year</b>			
	¥ 45,000	¥ 22,036	¥ 38,505

## Segment Information

### 1. Information by Industry Segment

1st half ended September 30, 2002

	(in millions)					
	Image information products	Optical products	Other	Total	Elimination or corporate	Consolidated total
Net sales						
(1) External sales	186,658	56,800	12,166	255,624	---	255,624
(2) Inter-segment sales	73	144	3,486	3,703	(3,703)	---
Total sales	186,731	56,944	15,652	259,328	(3,703)	255,624
Operating expenses	174,166	56,762	15,367	246,296	(3,670)	242,626
Operating income (loss)	12,565	181	284	13,031	(33)	12,998

1st half ended September 30, 2001

	(in millions)					
	Image information products	Optical products	Other	Total	Elimination or corporate	Consolidated total
Net sales						
(1) External sales	181,766	50,600	9,230	241,596	---	241,596
(2) Inter-segment sales	21	26	1,295	1,342	(1,342)	---
Total sales	181,787	50,626	10,525	242,939	(1,342)	241,596
Operating expenses	181,101	54,487	10,297	245,885	(1,356)	244,529
Operating income (loss)	686	(3,860)	228	(2,946)	13	(2,932)

Year ended March 31, 2002

	(in millions)					
	Image information products	Optical products	Other	Total	Elimination or corporate	Consolidated total
Net sales						
(1) External sales	381,906	107,992	20,962	510,862	---	510,862
(2) Inter-segment sales	37	81	2,541	2,660	(2,660)	---
Total sales	381,944	108,074	23,503	513,522	(2,660)	510,862
Operating expenses	371,127	115,311	23,173	509,612	(2,700)	506,912
Operating income (loss)	10,816	(7,237)	330	3,909	40	3,949

#### Notes:

##### 1. Method of Classification of Categories

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

##### 2. Principal Products by Operational Category

Image information products.....Photocopiers, printers, micrographic equipment, and facsimile machines

Optical products.....Cameras, lenses, and radiometric instruments

Other operations.....Planetariums and products not included in the above categories



## 2. Information by Geographic Area

1st half ended September 30, 2002

							(in millions)	
	Japan	North America	Europe	Other areas	Total	Elimination or corporate	Consolidated total	
Net sales								
(1) External sales	83,577	81,686	73,668	16,693	255,624	---	255,624	
(2) Inter-segment sales	85,430	2,040	893	49,873	138,238	(138,238)	---	
Total sales	169,007	83,726	74,562	66,566	393,862	(138,238)	255,624	
Operating expenses	157,896	82,481	74,314	65,202	379,895	(137,268)	242,626	
Operating income (loss)	11,111	1,245	247	1,363	13,967	(969)	12,998	

1st half ended September 30, 2001

							(in millions)	
	Japan	North America	Europe	Other areas	Total	Elimination or corporate	Consolidated total	
Net sales								
(1) External sales	81,544	77,271	68,712	14,068	241,596	---	241,596	
(2) Inter-segment sales	74,413	473	800	45,279	120,966	(120,966)	---	
Total sales	155,957	77,744	69,513	59,347	362,563	(120,966)	241,596	
Operating expenses	156,389	79,887	70,332	58,464	365,074	(120,544)	244,529	
Operating income (loss)	(431)	(2,143)	(818)	883	(2,510)	(422)	(2,932)	

Year ended March 31, 2002

							(in millions)	
	Japan	North America	Europe	Other areas	Total	Elimination or corporate	Consolidated total	
Net sales								
(1) External sales	165,695	166,283	152,037	26,846	510,862	---	510,862	
(2) Inter-segment sales	153,045	3,780	1,695	98,082	256,604	(256,604)	---	
Total sales	318,740	170,064	153,733	124,928	767,466	(256,604)	510,862	
Operating expenses	315,556	170,944	152,798	123,316	762,615	(255,703)	506,912	
Operating income (loss)	3,183	(879)	934	1,612	4,850	(900)	3,949	

## 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. Overseas Sales

1st half ended September 30, 2002

	(in millions)			
	North America	Europe	Other areas	Total
Overseas sales	¥ 95,033	¥ 85,712	¥ 30,340	¥ 211,086
Consolidated sales				¥ 255,624
Overseas sales as a percentage of consolidated net sales	37.2%	33.5%	11.9%	82.6%

1st half ended September 30, 2001

	(in millions)			
	North America	Europe	Other areas	Total
Overseas sales	¥ 87,943	¥ 78,364	¥ 30,043	¥ 196,351
Consolidated sales				¥ 241,596
Overseas sales as a percentage of consolidated net sales	36.4%	32.4%	12.5%	81.3%

Year ended March 31, 2002

	(in millions)			
	North America	Europe	Other areas	Total
Overseas sales	¥ 189,108	¥ 171,541	¥ 58,968	¥ 419,619
Consolidated sales				¥ 510,862
Overseas sales as a percentage of consolidated net sales	37.0%	33.6%	11.5%	82.1%

## 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. Areas of overseas sales means destination of sales excluding Japan.