

Ricoh Company, Ltd. and Consolidated Subsidiaries

Financial Highlights (1st Quarter Ended June 30, 2001) –Translation–

1. Results for the period from April 1, 2001 to June 30, 2001

(1) Operating Results

(Millions of yen)

	1st quarter ended June 30, 2001	1st quarter ended June 30, 2000
Net sales.....	411,963	367,244
(% change from previous period).....	12.2	-
Operating income.....	31,612	26,223
(% change from previous period).....	20.6	-
Income before income taxes.....	27,181	23,177
(% change from previous period).....	17.3	-
Net income.....	14,879	12,623
(% change from previous period).....	17.9	-
Net income per share-basic (yen).....	21.47	18.23
Net income per share-diluted (yen).....	19.84	16.76

- Note: i. Equity in earnings of affiliates: ¥ 382 million (¥ 517 million in previous period)
 ii. Changes in accounting method, etc.: no change
 iii. Average number of shares outstanding: 693,073,668 share (692,345,854 shares in previous period)

(2) Financial Position

(Millions of yen)

	June 30, 2001	March 31, 2001
Total assets.....	1,728,588	1,704,791
Shareholders' equity.....	570,326	556,728

(3) Cash Flows

(Millions of yen)

	1st quarter ended June 30, 2001	Year ended March 31, 2000
Cash flows from operating activities.....	16,548	102,728
Cash flows from investing activities.....	-5,358	-62,728
Cash flows from financing activities.....	-3,123	-88,382
Cash and cash equivalents at End of Year.....	72,886	64,457

- (4) Items relating to the scale of consolidation and the application of the equity method:
 Number of consolidated subsidiaries: 318; nonconsolidated subsidiaries: 44; affiliated companies: 27

- (5) Changes in the scale of consolidation and the application of equity method:
 Companies accounted for by the equity method: 1 removal

2. Forecast of operating results from April 1, 2001 to March 31, 2002

(Millions of yen)

	Half year ended September 30, 2001	Year ended March 31, 2002
Net sales.....	830,000	1,705,000
Operating income.....	61,000	130,000
Income before income taxes.....	54,500	117,000
Net income.....	29,500	64,000

Notes: Net income per share (Consolidated) 92.38 yen

The consolidated forecasts made at the end of March 2001(announced on May 9, 2001) remain unchanged. Financial data other than for fiscal 2001, ended March 31, 2001, has not been audited by independent public accountants.

Performance

*Overview

- In the first quarter of fiscal 2002, ended June 30, 2001, net sales climbed 12.2%, to ¥411.9 billion. For your reference, if the exchange rate had remained the same as the previous year, the growth would have been 7.9%.

- Although domestic sales were up just 1.1%, Ricoh did particularly well in its core office equipment area, which sales were up 3.6%. Overseas sales soared 29.9%, reflecting increased revenues from the consolidation of Lanier Worldwide, Inc., and the impact of a lower yen. With foreign exchange changes excluded, overseas sales would have increased 18.8%.

Net sales rose primarily because of the dramatically higher popularity of printing systems, especially multifunctional printers (MFPs). Such offerings as digital plain-paper copiers and optical discs also contributed to sales.

- Operating income increased 20.6% from the previous corresponding period, owing to increased unit sales of high-margin MFPs and the low yen. Other expenses were up because of higher interest expenses due to the consolidation of Lanier Worldwide, Inc. and increased foreign exchange losses. Nonetheless, income before income taxes was up 17.3%.

- As a result of these factors, net income increased 17.9%.

(Billions of yen)			
	1st quarter ended June 30, 2001	1st quarter ended June 30, 2000	Change
Net sales	411.9	367.2	12.2%
Domestic sales	228.7	226.1	1.1%
Overseas sales	183.2	141.0	29.9%
Gross profit	174.0	148.3	17.3%
Operating income	31.6	26.2	20.6%
Income before income taxes	27.1	23.1	17.3%
Net income	14.8	12.6	17.9%
Net income per share-basic (yen).....	21.47	18.23	3.24
Net income per share-diluted (yen).....	19.84	16.76	3.08
Exchange rate (US\$)	122.60	106.82	15.78
Exchange rate (EURO).....	107.25	99.72	7.53
Expenditure for plant and equipment (billions of yen)	17.9	15.2	2.7
Depreciation for tangible fixed assets (billions of yen)	15.1	13.9	1.2
R&D Expenditure (billions of yen).....	17.8	16.5	1.3

*Consolidated Sales by Category (excluding foreign currency exchange effect)

Imaging Solutions

Digital Imaging Solutions

Sales of digital plain-paper copiers rose 5.6%, reflecting solid demand for mid-volume models domestically and abroad, especially the imagio Neo 350/450 series (Aficio 1045/1035 series overseas). Overseas sales climbed 12.9%.

Other Imaging Solutions

Sales of analog plain-paper copiers dropped 4.6%, because of a demand shift to digital models and MFPs.

Network Input/Output Systems

Printing Systems

The Ricoh Group has proactively expanded its printing equipment lineup domestically and abroad while strengthening its printing solutions capabilities. Sales in this area jumped 55.6%, owing to booming demand for MFPs and such models as the IPSiO Color 8000 high-speed, high-resolution color printer.

Other Input/Output Systems

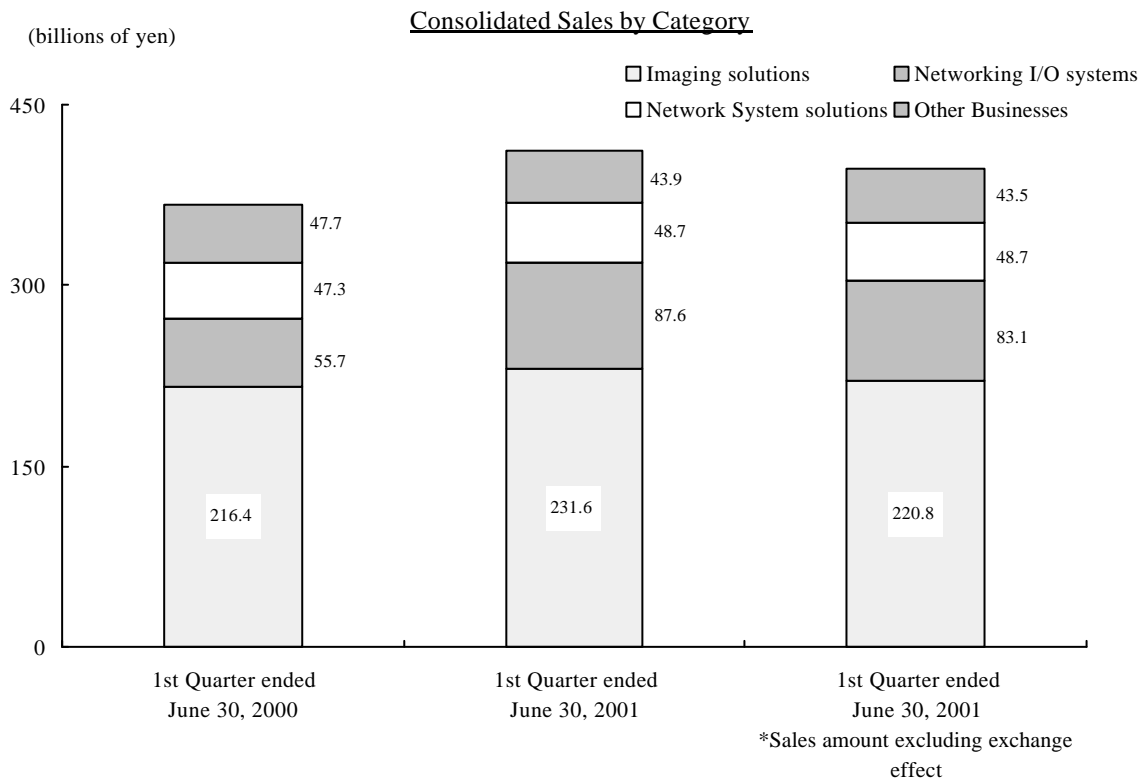
Sales of this segment advanced 15.2% due to its favorable optical disc business.

Network System Solutions

Sales of this segment improved 3.0%. This was due mainly to domestic demand for our reinforced solutions business, which encompasses personal computers, useware, document solutions, and other network areas.

Other Businesses

Sales of this segment declined 8.8%. This was because of a downturn in demand for mobile communications equipment large-scale integrated circuits, which caused semiconductor sales to drop. Another factor was that demand declined owing to lower sales of analog cameras and metering equipment.



* Consolidated Sales by Geographic Area

Japan

During the period under review, Ricoh strengthened its printing systems and network solutions businesses, centered on MFPs.

Sales rose just 1.1%, however, as a downturn in semiconductor demand partially offset a 3.6% increase in imaging equipment sales.

The Americas

Demand for digital plain-paper copiers and MFPs was in progress mainly in North America. As a result, sales soared on growth in demand for printing solutions.

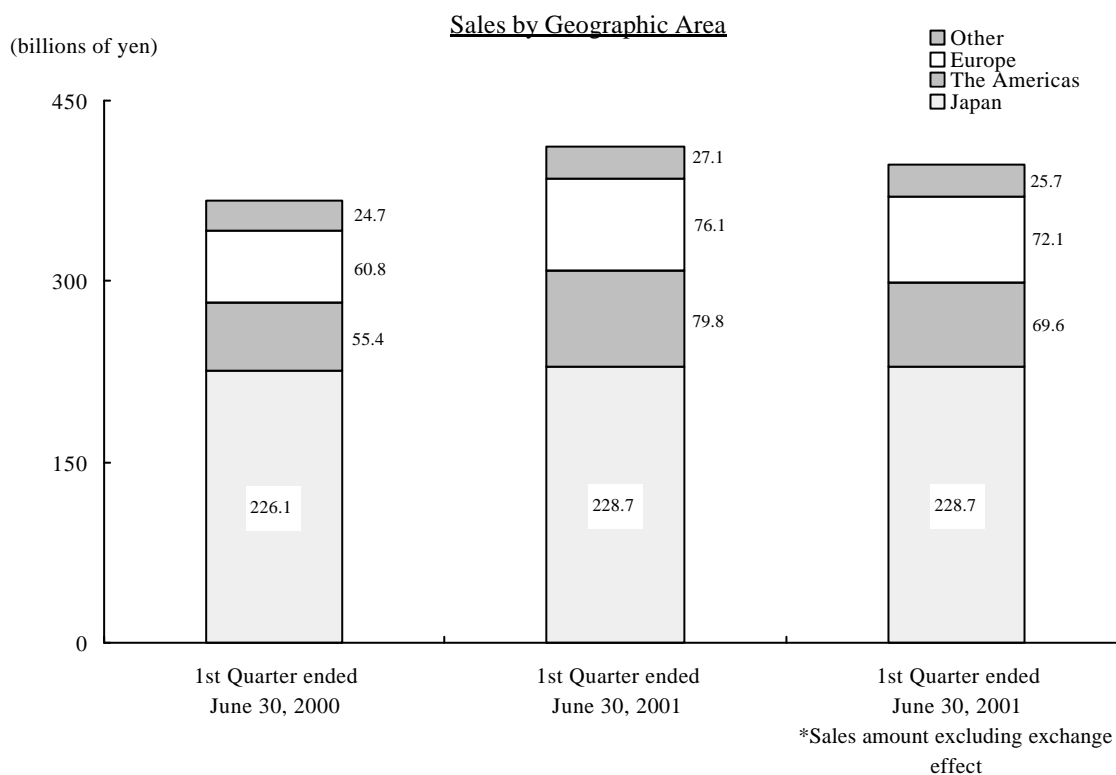
Lanier Worldwide, Inc. also contributed significantly to performance. Thus, sales in this region jumped 25.6%.

Europe

Ricoh benefited from its top market shares in digital plain-paper copiers and MFPs. As a result, European sales increased 18.6%.

Others

Demand for mainline imaging equipment and optical discs was solid in China and the Asia-Pacific, with overall sales rising 3.9%.



1. Consolidated Sales by Product Line

For the 1st Quarter Ended June 30, 2001 and 2000

(Millions of yen)

	1st quarter ended June 30, 2001	1st quarter ended June 30, 2000	Change(%)	Change excluding exchange rate effect(%)
Copiers and Related Supplies:				
Domestic	120,737	118,942	+1,795 (1.5)	+1,795 (1.5)
Overseas	140,319	103,298	+37,021 (35.8)	+24,223 (23.4)
Total	261,056	222,240	+38,816 (17.5)	+26,018 (11.7)
<i>Percentage of net sales (%)</i>	63.3	60.5		
Communications and Information Systems :				
Domestic	72,281	67,285	+4,996 (7.4)	+4,996 (7.4)
Overseas	34,711	29,951	+4,760 (15.9)	+2,253 (7.5)
Total	106,992	97,236	+9,756 (10.0)	+7,249 (7.5)
<i>Percentage of net sales (%)</i>	26.0	26.5		
Other Businesses:				
Domestic	35,723	39,930	-4,207(-10.5)	-4,207(-10.5)
Overseas	8,192	7,838	+354 (4.5)	+14 (0.2)
Total	43,915	47,768	-3,853 (-8.1)	-4,193 (-8.8)
<i>Percentage of net sales (%)</i>	10.7	13.0		
Total:				
Domestic	228,741	226,157	+2,584 (1.1)	+2,584 (1.1)
<i>Percentage of net sales (%)</i>	55.5	61.6		
Overseas	183,222	141,087	+42,135 (29.9)	+26,490 (18.8)
<i>Percentage of net sales (%)</i>	44.5	38.4		
The Americas	79,890	55,462	+24,428 (44.0)	+14,191 (25.6)
<i>Percentage of net sales (%)</i>	19.4	15.1		
Europe.....	76,169	60,866	+15,303 (25.1)	+11,327 (18.6)
<i>Percentage of net sales (%)</i>	18.5	16.6		
Other.....	27,163	24,759	+2,404 (9.7)	+972 (3.9)
<i>Percentage of net sales (%)</i>	6.6	6.7		
Total.....	411,963	367,244	+44,719 (12.2)	+29,074 (7.9)

Reference:

Exchange rate (average rate for the corresponding periods)

	1st quarter ended June 30, 2001	1st quarter ended June 30, 2000
US\$1.....	¥122.60	¥106.82
EURO 1.....	¥107.25	¥99.72

2. Consolidated Sales by Category

For the 1st Quarter Ended June 30, 2001 and 2000

(Millions of yen)

	1st quarter ended June 30, 2001	1st quarter ended June 30, 2000	Change(%)	Change excluding exchange rate effect(%)
<Office Equipment>				
Imaging Solutions:				
Digital Imaging Systems	155,181	140,686	+14,495 (10.3)	+7,841 (5.6)
<i>Percentage of net sales (%)</i>	37.7	38.3		
Domestic	81,244	81,077	+167 (0.2)	+167 (0.2)
Overseas	73,937	59,609	+14,328 (24.0)	+7,674 (12.9)
Other Imaging Systems	76,483	75,751	+732 (1.0)	-3,478 (-4.6)
<i>Percentage of net sales (%)</i>	18.5	20.6		
Domestic	27,937	33,398	-5,461(-16.4)	-5,461(-16.4)
Overseas	48,546	42,353	+6,193 (14.6)	+1,983 (4.7)
Total Imaging Solutions	231,664	216,437	+15,227 (7.0)	+4,363 (2.0)
<i>Percentage of net sales (%)</i>	56.2	58.9		
Domestic	109,181	114,475	-5,294 (-4.6)	-5,294 (-4.6)
Overseas	122,483	101,962	+20,521 (20.1)	+9,657 (9.5)
Networking input/output systems:				
Printing Systems	77,451	47,067	+30,384 (64.6)	+26,168 (55.6)
<i>Percentage of net sales (%)</i>	18.8	12.8		
Domestic	31,483	21,981	+9,502 (43.2)	+9,502 (43.2)
Overseas	45,968	25,086	+20,882 (83.2)	+16,666 (66.4)
Other Input/Output Systems	10,167	8,634	+1,533 (17.8)	+1,313 (15.2)
<i>Percentage of net sales (%)</i>	2.5	2.4		
Domestic	3,989	3,443	+546 (15.9)	+546 (15.9)
Overseas	6,178	5,191	+987 (19.0)	+767 (14.8)
Total Networking input/output systems	87,618	55,701	+31,917 (57.3)	+27,481 (49.3)
<i>Percentage of net sales (%)</i>	21.3	15.2		
Domestic	35,472	25,424	+10,048 (39.5)	+10,048 (39.5)
Overseas	52,146	30,277	+21,869 (72.2)	+17,433 (57.6)
Network system solutions.....	48,766	47,338	+1,428 (3.0)	+1,423 (3.0)
<i>Percentage of net sales (%)</i>	11.8	12.9		
Domestic	48,365	46,328	+2,037 (4.4)	+2,037 (4.4)
Overseas	401	1,010	-609(-60.3)	-614(-60.8)
Office Equipment Total.....	368,048	319,476	+48,572 (15.2)	+33,267 (10.4)
<i>Percentage of net sales (%)</i>	89.3	87.0		
Domestic	193,018	186,227	+6,791 (3.6)	+6,791 (3.6)
Overseas	175,030	133,249	+41,781 (31.4)	+26,476 (19.9)

2. Consolidated Sales by Category (Continued)

For the 1st Quarter Ended June 30, 2001 and 2000

(Millions of yen)

	1st quarter ended June 30, 2001	1st quarter ended June 30, 2000	Change(%)	Change excluding exchange rate effect(%)
< Other Businesses >				
Other Businesses	43,915	47,768	-3,853 (-8.1)	-4,193 (-8.8)
<i>Percentage of net sales (%)</i>	10.7	13.0		
Domestic	35,723	39,930	-4,207(-10.5)	-4,207(-10.5)
Overseas	8,192	7,838	+354 (4.5)	+14 (0.2)
Grand Total	411,963	367,244	+44,719 (12.2)	+29,074 (7.9)
<i>Percentage of net sales (%)</i>	100.0	100.0		
Domestic	228,741	226,157	+2,584 (1.1)	+2,584 (1.1)
<i>Percentage of net sales (%)</i>	55.5	61.6		
Overseas	183,222	141,087	+42,135 (29.9)	+26,490 (18.8)
<i>Percentage of net sales (%)</i>	44.5	38.4		
The Americas	79,890	55,462	+24,428 (44.0)	+14,191 (25.6)
<i>Percentage of net sales (%)</i>	19.4	15.1		
Europe	76,169	60,866	+15,303 (25.1)	+11,327 (18.6)
<i>Percentage of net sales (%)</i>	18.5	16.6		
Other	27,163	24,759	+2,404 (9.7)	+972 (3.9)
<i>Percentage of net sales (%)</i>	6.6	6.7		

Each category includes the following products:

Digital Imaging Systems	Digital PPCs, color PPCs, digital duplicators, facsimile machines, related supplies and services
Other Imaging Systems	Analog PPCs, diazo copiers, and related supplies including thermal paper, and services
Printing Systems	Multifunctional printers (MFPs), laser printers, related supplies, services and software
Other Input/Output Systems	Optical discs and system scanners
Network System Solutions	Personal computers, PC servers, network systems, network related software, and service/support
Other Businesses	Digital cameras, analog cameras, semiconductors

Reference:

Exchange rate (average rate for the corresponding periods)

	1st quarter ended June 30, 2001	1st quarter ended June 30, 2000
US\$1	¥122.60	¥106.82
EURO 1	¥107.25	¥99.72

3. Consolidated Statements of Income

For the 1st Quarter Ended June 30, 2001 and 2000

(Millions of yen)

	1st quarter ended June 30, 2001	1st quarter ended June 30, 2000	Change (%)
Net sales	411,963	367,244	+44,719 (12.2)
Cost of sales	237,946	218,862	+19,084 (8.7)
<i>Percentage of net sales (%)</i>	57.8	59.6	
Gross profit	174,017	148,382	+25,635 (17.3)
<i>Percentage of net sales (%)</i>	42.2	40.4	
Selling, general and administrative expenses	142,405	122,159	+20,246 (16.6)
<i>Percentage of net sales (%)</i>	34.5	33.3	
Operating income	31,612	26,223	+5,389 (20.6)
<i>Percentage of net sales (%)</i>	7.7	7.1	
Other (income) expenses			
Interest and dividend income	1,138	1,774	-636 (-35.9)
<i>Percentage of net sales (%)</i>	0.3	0.5	
Interest expense.....	2,415	1,273	+1,142 (89.7)
<i>Percentage of net sales (%)</i>	0.6	0.3	
Other, net.....	3,154	3,547	-396 (-11.1)
<i>Percentage of net sales (%)</i>	0.8	1.0	
Income before income taxes, minority interests and equity in earnings of affiliates.....	27,181	23,177	+4,004 (17.3)
<i>Percentage of net sales (%)</i>	6.6	6.3	
Provision for income taxes	12,109	9,874	+2,235 (22.6)
<i>Percentage of net sales (%)</i>	2.9	2.7	
Minority interests	575	1,197	-622 (-52.0)
<i>Percentage of net sales (%)</i>	0.1	0.3	
Equity in earnings of affiliates	382	517	-135 (-26.1)
<i>Percentage of net sales (%)</i>	0.0	0.1	
Net income	14,879	12,623	+2,256 (17.9)
<i>Percentage of net sales (%)</i>	3.6	3.4	

Reference:

Exchange rate (average rate for the corresponding periods)

	1st quarter ended June 30, 2001	1st quarter ended June 30, 2000
US\$1.....	¥ 122.60	¥ 106.82
EURO 1.....	¥107.25	¥ 99.72

4. Consolidated Balance Sheets

June 30, 2001 and March 31, 2001

Assets (Millions of yen)

	June 30, 2001	March 31, 2001	Change
Current Assets			
Cash and deposits	84,171	75,644	+8,527
Trade receivables	417,490	410,861	+6,629
Marketable securities	57,444	62,213	-4,769
Inventories	175,434	176,383	-949
Other current assets	55,654	54,306	+1,348
Total Current Assets	790,193	779,407	+10,786
Fixed Assets			
Tangible fixed assets	266,735	267,249	-514
Finance receivable	440,550	428,790	+11,760
Other Investments and other assets	231,110	229,345	+1,765
Total Fixed Assets	938,395	925,384	+13,011
Total Assets	1,728,588	1,704,791	+23,797

Liabilities and Minority Interest (Millions of yen)

	June 30, 2001	March 31, 2001	Change
Current Liabilities			
Trade payable	288,283	291,791	-3,508
Short-term borrowings	305,386	321,185	-15,799
Other current liabilities	172,833	166,460	+6,373
Total Current Liabilities	766,502	779,436	-12,934
Fixed Liabilities			
Long-term indebtedness	233,441	217,743	+15,698
Retirement benefit obligation	85,476	82,828	+2,648
Other fixed liabilities	24,780	20,625	+4,155
Total Fixed Liabilities	343,697	321,196	+22,501
Total Liabilities	1,110,199	1,100,632	+9,567
Minority Interest	48,063	47,431	+632

Shareholders' Investment (Millions of yen)

	June 30, 2001	March 31, 2001	Change
Shareholders' Investment			
Common stock	103,842	103,434	+408
Additional paid-in capital	155,042	154,635	+407
Retained earnings	343,170	332,447	+10,723
Accumulated other comprehensive income	-31,728	-33,788	+2,060
Total Shareholders' Investment	570,326	556,728	+13,598
Total Liabilities and Shareholders' Investment	1,728,588	1,704,791	+23,797

Notes:

Contents of cash and deposits			
Cash and cash equivalents	72,886	64,457	
Time deposits	11,285	11,187	
Accumulated other comprehensive income;			
Net unrealized holding gains on available-for-sale securities	11,331	11,332	-1
Minimum pension liability adjustments	-23,583	-23,579	-4
Net unrealized gains (losses) on derivative instruments	-97	-	-
Cumulative translation adjustments	-19,379	-21,541	+2,162

Exchange rate (end of year)	March 31, 2001	March 31, 2000
US\$ 1	¥ 124.60	¥ 123.90
EURO 1	¥ 105.20	¥ 109.33

5. Statements of Cash Flow (Consolidated)

For the 1st Quarter Ended June 30, 2001, and the Year Ended March 31, 2001

(Millions of yen)

	1st quarter ended June 30, 2001	Year ended March 31, 2001
I. Cash Flows from Operating Activities:		
1. Net income	14,879	53,228
2. Adjustments to reconcile net income to net cash provided by operating activities—		
Depreciation and amortization.....	15,149	62,142
Equity in earnings of affiliates, net of dividends received.....	143	(1,056)
Deferred income taxes.....	(3,586)	(9,994)
Loss on disposal and sales of plant and equipment.....	114	2,223
Changes in assets and liabilities, net of effects from acquisition—		
Decrease (increase) in trade receivables	(7,017)	(32,476)
Decrease (increase) in inventories.....	941	(7,167)
Decrease (increase) in finance receivables.....	(11,379)	(15,127)
(Decrease) increase in trade payables.....	(4,111)	16,235
(Decrease) increase in accrued income taxes and accrued expenses and other	6,364	27,310
(Decrease) increase in retirement benefit obligation.....	2,625	1,667
Other, net.....	2,426	5,743
Net cash provided by operating activities.....	16,548	102,728
II. Cash Flows from Investing Activities:		
1. Proceeds from sales of plant and equipment	273	1,120
2. Expenditures for plant and equipment	(17,954)	(73,040)
3. Payments for purchases of available-for-sale securities	(7,595)	(52,853)
4. Proceeds from sales of available-for-sale securities	21,043	93,705
5. Decrease (increase) in time deposits	(144)	6,797
6. Acquisition amount of Lanier Worldwide, Inc	-	(28,103)
7. Other, net.....	(981)	(10,354)
Net cash used in investing activities.....	(5,358)	(62,728)
III. Cash Flows from Financing Activities:		
1. Proceeds from long-term indebtedness	7,805	33,183
2. Repayment of long-term indebtedness.....	(8,758)	(114,701)
3. (Decrease) increase in short-term borrowings, net	(7,789)	5,565
4. Proceeds from issuance of long-term debt securities	10,000	-
5. Repayment of long-term debt securities	-	(2,990)
6. Cash dividends paid	(4,154)	(7,964)
7. Other, net.....	(227)	(1,475)
Net cash provided by (used in) financing activities	(3,123)	(88,382)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	362	1,001
V. Net Increase (Decrease) in Cash and Cash Equivalents	8,429	(47,381)
VI. Cash and Cash Equivalents at Beginning of Year.....	64,457	111,838
VII. Cash and Cash Equivalents at End of Year.....	72,886	64,457

6. Segment Information

(1) Business Segment Information

For the 1st Quarter Ended June 30, 2001

(Millions of yen)

	Office equipment	Other Businesses	Corporate and eliminations	Total
Net sales:				
Segment sales	368,048	45,066	-	413,114
Intersegment transaction	-	-	-1,151	-1,151
Total	368,048	45,066	-1,151	411,963
Operating expenses:				
Segment operating expenses	326,030	44,445	-	370,475
Intersegment transaction	-	-	-1,151	-1,151
Unallocated operating expense.....	-	-	11,027	11,027
Total	326,030	44,445	9,876	380,351
Operating income:				
Segment operating income	42,018	621	-	42,639
Intersegment transaction	-	-	0	0
Unallocated operating income	-	-	-11,027	-11,027
Consolidated operating income	42,018	621	-11,027	31,612
Other income(expenses)	-	-	-	-4,431
Consolidated pretax profit	-	-	-	27,181

(2) Geographic Segment Information

For the 1st Quarter Ended June 30, 2001

(Millions of yen)

	Japan	The Americas	Europe	Other	Corporate and eliminations	Total
Net sales:						
External customers	235,115	79,527	76,206	21,115	-	411,963
Intersegment	78,923	1,492	936	14,513	-95,864	-
Total	314,038	81,019	77,142	35,628	-95,864	411,963
Operating expenses:.....	280,952	81,869	74,602	34,419	-91,491	380,351
Operating income:.....	33,086	-850	2,540	1,209	-4,373	31,612
Other income(expenses)	-	-	-	-	-	-4,431
Consolidated pretax profit	-	-	-	-	-	27,181

7. Significant Accounting Policies (Consolidated)

1. Items relating to the scale of consolidation and the application of the equity method

Companies accounted for by the equity method:

1 removal: Sakura Technos Ltd..(liquidation)

2. Consolidated Accounting Policies

(1) Principles of Consolidation

The consolidated financial statements include the accounts of Ricoh. All significant intercompany balances and transactions have been eliminated in consolidation. Investments in affiliated companies are accounted for on the equity basis.

(2) Securities

Ricoh conforms with SFAS No.115, "Accounting for Certain Investments in Debt and Equity Securities," which requires certain investments in debt and equity securities to be classified as either held-to-maturity, trading, or available-for-sale securities. Available-for-sale are reported at fair value with unrealized gains and losses, net of related taxes, excluded from earnings and reported in accumulated other comprehensive income (loss).

The cost of the securities sold was computed based on the average cost of each security held at the time of sale.

(3) Inventories

Inventories are stated at the lower of average cost or market. Inventory costs include raw materials, labor and manufacturing overheads.

(4) Plant and Equipment

Depreciation of plant and equipment is computed principally by using the declining-balance method over the estimated useful lives. Most of the foreign subsidiaries have adopted the straight-line method for computing depreciation. Certain leased buildings, machinery and equipment are accounted for as capital leases in conformity with SFAS No. 13, "Accounting for Leases."

(5) Goodwill

Ricoh has classified as goodwill the cost in excess of fair value of the net assets of major companies acquired in purchase transactions. Goodwill is being amortized on a straight-line method over the estimated periods benefited, not to exceed 20 years.

(6) Use of Estimates

Management of the Company has made a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities, to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

3. Notes

From fiscal 2002, Ricoh has adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," an amendment of FASB Statement No. 133. These standards require all that every derivative instrument be measured at its fair value and be recorded in the consolidated balance sheets as an asset or liability.

Under the new standards, the unrealized gains of ¥ 1,864 million net of the income tax effect are deducted from other comprehensive income in the consolidated balance sheets, and a decrease to net income of ¥ 66 million are recorded in the consolidated statements of income.