KONICA CORPORATION AND CONSOLIDATED SUBSIDIARIES
For the fiscal years ended March 31, 2001 and 2000

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Konica Corporation (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code (the "Code") and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

Certain amounts previously reported have been reclassified to confirm to the current year classifications.

As permitted under the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in dollars) do not necessarily agree with the sums of the individual amounts.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The consolidated statements of cash flows have been required to be prepared with effect for the year ended March 31, 2000 in accordance with new accounting standards.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and, with certain exceptions which are not material, those of its subsidiaries in which it has control. All significant intercompany transactions and accounts and unrealized profits are eliminated in consolidation.

Investments in unconsolidated subsidiaries and significant affiliates are accounted for by the equity method. Investments in insignificant affiliates are stated at cost.

The excess of cost over the underlying investments in subsidiaries is recognized as goodwill and is amortized on a straight-line basis over a five-year period.

(b) Translation of Foreign Currencies

Translation of Foreign Currency Transactions

Until the year ended March 31, 2000, revenue and cost or expense items arising from the transactions of the Company denominated in foreign currencies had been translated into Japanese yen at relevant exchange rates prevailing at the time of transactions ("historical rates"). All assets and liabilities denominated in foreign currencies (including short-term monetary items) had been translated into yen at the historical rates.

Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for foreign currency translation, which is effective for periods beginning on or after April 1, 2000. Under the new standard, all monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period. As a result of adopting the new method, income before income taxes has increased by ¥714 million(US$5,763 thousand) as compared with the amounts which would have been reported if the previous standard had been applied consistently.

Translation of Foreign Currency Financial Statements

The translations of foreign currency financial statements of overseas consolidated subsidiaries and affiliates into Japanese yen are made by applying the exchange rates prevailing at the balance sheet dates for balance sheet items, except that the common stock, additional paid-in capital and retained earnings accounts are translated at the historical rates and the statements of income and retained earnings are translated at average exchange rates.

Until the year ended March 31, 2000, the foreign currency translation adjustments had been disclosed on the part of Assets or Liabilities, and the new standards also changed the method of disclosure on "foreign currency translation adjustments."

For the comparatively, the Foreign currency translation adjustments March 31, 2000 was reclassified to the part of the shareholders' equity.

(c) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

(d) Inventories

Inventories are valued principally on an average-cost basis.

(e) Property, Plant and Equipment Depreciation

Depreciation of property, plant and equipment for the Company and domestic consolidated subsidiaries is computed using the declining balance method except for depreciation of buildings acquired after April 1, 1998, based on the estimated useful lives of assets.

Depreciation of buildings acquired after April 1, 1998 is computed using the straight-line method. Depreciation of foreign subsidiaries is computed using the straight-line method.

Ordinary maintenance and repairs are charged to income as incurred. Major replacements and improvements are capitalized. When properties are retired or otherwise disposed of, the property and related accumulated depreciation accounts are relieved of the applicable amounts and any differences are charged or credited to income.

(f) Income Taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants taxes and enterprise taxes. Deferred income taxes are provided for in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements.

(g) Research and Development Expenses
Expenses for research and development activities are charged to income as incurred.

(h) Financial Instruments
Until the year ended March 31, 2000, marketable securities are stated at cost which is determined by the moving average method.

Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for financial instruments, which is effective for periods beginning on or after April 1, 2000. The adoption of the new standard had no material impact on income before income taxes for the year ended March 31, 2001.

Derivatives
Under the new standard, all derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as "hedging instruments" (see Hedge Accounting below).

Securities
Securities held by the Company and its subsidiaries are, under the new standard, classified into two categories;

Investments of the Company in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for by the equity method. Exceptionally, investments in certain unconsolidated subsidiaries and affiliates are stated at cost because the effect of application of the equity method would be immaterial.

Other securities for which market quotations are available are stated at fair value.

Net unrealized gains or losses on these securities are reported as a separate item in the shareholders' equity at a net-of-tax amount.

Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of equity securities issued by unconsolidated subsidiaries and affiliates, or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

Under the new standard, other securities are presented as "non-current." The securities held by the Company and its subsidiaries have been reclassified as of April 1, 2000 (the beginning of year). As a result of such reclassification, the securities in the current portfolio have decreased by ¥17,342 million (US$139,968 thousand) and the securities in the non-current portfolio have increased by the same amount.

Hedge Accounting
Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Company are principally interest swaps, commodity swaps and forward exchange contracts. The related hedged items are trade accounts receivable and payable, raw materials, long-term bank loans, and debt securities issued by the Company.

The Company has a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of interest rate fluctuation. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Company evaluates effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(i) Accrued Retirement Benefits
Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for retirement benefits, which is effective for periods beginning on or after April 1, 2000. In accordance with the new standard, the reserve for retirement benefits as of March 31, 2001 represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets except that, as permitted under the new standard, the unrecognized transition amount arising from adopting the new standard of ¥27,929 million (US$225,416 thousand), including the amount of ¥22,096 million (US$178,337 thousand) that is fully-amortized the establishment of the trust for retirement benefit at April 1, 2000 (the beginning of year) is amortized on a straight-line basis over 5 years. The unrecognized actuarial differences will be amortized on a straight-line basis mainly over the period of 10 years from the next year in which they arise.

As a result of adopting the new standard, including the extraordinary gain of ¥8,873 million(US$71,614 thousand) by contribution of investment securities related to the establishment of the trust for retirement benefit, net retirement benefit expenses for the year ended March 31, 2001 income before income taxes has decreased by ¥12,807 million (US$103,366 thousand) as compared with the amounts which would have been reported if the previous standard had been applied consistently.

(j) Per Share Data
Net income per share of common stock has been computed based on the weighted average number of shares outstanding during the year.

Cash dividends per share shown for each year in the accompanying consolidated statements are dividends declared as applicable to the respective years.

3. United States Dollar Amounts
Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥123.90=US$1, the rate of exchange on March 30, 2001, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

4. Cash and Cash Equivalents

Cash and cash equivalents consisted of:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Cash and bank deposits.............	**¥55,492**	¥53,618	**$447,877**
Money management funds	**1,081**	1,404	**8,725**
Cash and cash equivalents	**¥56,573**	¥55,022	**$456,602**

5. Securities

As of March 31, 2001

(a) Other Securities with Quoted Market Values

Millions of yen

		Original purchase value	Market value at the consolidated balance sheet date	Unrealized gains or losses
Securities for which the amounts in the consolidated balance sheets exceed the original purchase value	(1) Shares ..	¥ 5,570	¥ 8,192	¥2,622
	(2) Other ...	—	—	—
	Subtotal	5,570	8,192	2,622
Securities for which the amounts in the consolidated balance sheets do not exceed the original purchase value	(1) Shares ..	4,928	4,091	(836)
	(2) Other ...	120	85	(34)
	Subtotal	5,049	4,177	(871)
Total		¥10,619	¥12,370	¥1,751
				Thousands of U.S. dollars
Total		$85,706	$99,839	$14,132

(b) Other Securities Sold during the Fiscal Year under Review

Millions of yen

	Sale value	Total profit	Total loss
Other securities	¥5,616	¥23	¥470
			Thousands of U.S. dollars
Other securities	$45,327	$186	$3,793

(c) Composition and Amounts on the Consolidated Balance Sheets of Other Securities without Market Quotes

Amounts on consolidated balance sheets

	Millions of yen	Thousands of U.S. dollars
Money management funds	¥1,081	$8,725
Unlisted stocks	733	5,916
Unlisted foreign bonds	817	6,594

(d) Future Amortization Schedules of Other Securities with Maturity Date

Millions of yen

	Within one year	One year or more, up to five years
Unlisted foreign bonds	¥272	¥545
		Thousands of U.S. dollars
Unlisted foreign bonds	$2,195	$4,399

6. Investments in and Loans to Unconsolidated Subsidiaries and Affiliates

The following investments in and loans to unconsolidated subsidiaries and affiliates as of March 31, 2001 and 2000 are included in investment securities:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Investments	**¥3,272**	¥3,402	**$26,408**
Loans	**49**	335	**395**
	¥3,321	¥3,738	**$26,804**

A summary of transactions at the balance sheet dates with these unconsolidated subsidiaries and affiliates is as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Sales	**¥11,389**	¥16,480	**$ 91,921**
Purchases	**30,282**	21,444	**244,407**

Transaction balances as of March 31, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Trade receivables	**¥ 6,865**	¥7,282	**$ 55,408**
Trade payables	**12,969**	7,530	**104,673**

7. Short-Term & Long-Term Debt

Bank

Short-term and long-term debt as of March 31, 2001 and 2000 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars
	2001		2000	**2001**
		(Interest rate)		
Short-term loans	**¥ 78,656**	4.77%	¥ 94,722	**$ 634,835**
Current portion of long-term loans	**31,155**	5.10%	39,985	**251,453**
Long-term loans	**11,349**	3.56%	16,907	**91,598**
	¥121,161		¥151,614	**$977,893**

The annual maturities of long-term debt as of March 31, 2001 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥4,431	$35,763
2004	6,290	50,767
2005	521	4,205
2006	21	169

Bonds

Bonds as of March 31, 2001 and 2000 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Bonds	**¥60,750**	¥60,750	**$490,315**

The annual maturity of long-term debt as of March 31, 2001 is as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2002	¥15,000	$ 121,065
2003	15,000	121,065
2004	5,000	40,355
2005	5,000	40,355
2006	10,000	80,710

Assets pledged as collateral for short-term debt, long-term debt and guarantees as of March 31, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Property, plant and equipment	**¥4,659**	¥ 5,121	**$37,603**

8. Income Taxes

The statutory tax rates used for calculating deferred tax assets and deferred tax liabilities as of March 31, 2001 and 2000 were 42.1%.

At March 31, 2001 and 2000, the reconciliation of the statutory tax rate to the effective income tax rate is as follows:

	2001	2000
Statutory tax rate	**42.1%**	42.1%
Accumulated deficit	**—**	9.9
Other, net	**(0.6)**	(2.2)
Effective tax rate	**41.5%**	49.8%

At March 31, 2001 and 2000, significant components of deferred tax assets and liabilities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Gross deferred tax assets:			
Tax effect on loss of a consolidated subsidiary previously not recognized	**¥ 1,298**	¥ 2,528	**$ 10,476**
Tax loss carryforward	**7,511**	10,894	**60,621**
Reserve for employees' retirement allowance	**13,899**	3,977	**112,179**
Inventories, etc	**4,936**	5,015	**39,839**
Other, net	**14,346**	9,465	**115,787**
Subtotal	**41,992**	31,879	**338,918**
Valuation allowance	**(7,034)**	(4,980)	**(56,772)**
Deferred tax assets total	**34,957**	26,899	**282,139**
Total gross deferred tax liabilities	**(8,783)**	(1,619)	**(70,888)**
Net deferred tax assets	**¥26,174**	¥25,279	**$211,251**

9. Research and Development Expenses

Total amounts charged to income for the fiscal years ended March 31, 2001 and 2000 are ¥26,672 million (US$215,270 thousand) and ¥25,730 million, respectively.

10. Shareholders' Equity

The Japanese Commercial Code provides that an amount equivalent to at least 10 per cent of cash distributions (cash dividends and bonuses to directors and corporate auditors) paid in a fiscal period should be appropriated to a legal reserve until this reserve equals 25 per cent of stated capital. The legal reserve is not available for cash dividends but may be used to reduce a deficit by a shareholders' resolution or may be capitalized by a Board of Directors' resolution.

On June 28, 2001, the shareholders approved a cash dividend to be paid to shareholders on record as of March 31, 2001 totaling ¥1,788 million (US$14,431 thousand), at the rate of ¥5.00 (US$0.04) per share of common stock. The related appropriation of retained earnings to the legal reserve was made in the amount of ¥183 million (US$1,477 thousand).

11. Commitments and Contingent Liabilities

The Company and its subsidiaries were contingently liable, as of March 31, 2001, for trade notes discounted with banks of ¥63 million (US$508 thousand) and for loans guaranteed of ¥3,376 million (US$27,248 thousand).

12. Lease Transactions

Information on the Company's and consolidated subsidiaries' finance lease transactions (except for those which are deemed to transfer the ownership of the leased assets to the lessee) and operating lease transactions are as follows:

Lessee

1. Finance Leases

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Machinery & equipment	**¥11,505**	¥12,154	**$ 92,857**
Tools & furniture	**6,001**	4,171	**48,434**
Others	**683**	647	**5,513**
	18,191	16,973	**146,820**
Less: Accumulated depreciation	**(7471)**	(5,907)	**(60,299)**
Net book value	**¥10,720**	¥11,066	**$ 86,521**
Depreciation	**¥ 3,274**	¥ 2,087	**$ 26,425**

Depreciation is based on the straight-line method over the lease terms of the lease assets.

The scheduled maturities of future lease rental payments on such lease contracts as of March 31, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Due within one year	**¥ 3,122**	¥ 2,869	**$25,198**
Due over one year	**7,598**	8,196	**61,324**
	¥10,720	¥11,066	**$86,521**
Lease rental expenses for the year	**¥ 3,274**	¥ 2,087	**$26,425**

2. Operating Leases

The scheduled maturities of future lease rental payments on such lease contracts as of March 31, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Due within one year	**¥ 4,805**	¥ 5,235	**$ 38,781**
Due over one year	**12,133**	17,025	**97,926**
	¥16,939	¥22,260	**$136,715**

Lessor

Finance Leases

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Leased tools & furniture:			
Purchase cost	**¥972**	¥1,919	**$7,845**
Accumulated depreciation	**(896)**	(1,564)	**(7,232)**
Net book value	**¥ 76**	¥ 355	**$ 613**

The scheduled maturities of future lease rental income on such lease contracts as of March 31, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Due within one year	**¥ 87**	¥ 300	**$ 702**
Due over one year	**—**	107	**—**
	¥ 87	¥ 408	**$ 702**
Lease rental income for the year	**¥1,030**	¥1,318	**$8,313**
Depreciation for the year	**896**	1,146	**7,232**

13. Retirement Benefits Plan

The Company and its subsidiaries have defined benefit retirement plans: the plan which is governed by the Japanese Welfare Pension Insurance Law, the tax-qualified pension plan and the lump-sum payment plan. In addition, in some cases when employees retire, the Company provides for additional retirement benefits that are not in accordance with the retirement benefit accounting.

The reserve for retirement benefits as of March 31, 2001 is analyzed as follows:

	Millions of yen	Thousands of U.S. dollars
a. Retirement benefit obligations	¥(107,039)	$(863,914)
b. Plan assets	65,795	531,033
c. Unfunded retirement benefit obligations (a+b)	(41,243)	(332,873)
d. Unrecognized transition amount	5,833	47,078
e. Unrecognized actuarial differences	5,106	41,211
f. Unrecognized prior service cost	—	—
g. Net amount on consolidated balance sheets (c+d+e+f)	(30,303)	(244,576)
h. Prepaid pension cost	840	6,780
i. Accrued retirement benefits (g–h)	¥(31,144)	$(251,364)

Note: The above table includes the amounts related to the portion subject to the Japanese Welfare Pension Insurance Law.

Net pension expense related to the retirement benefits for the year ended March 31, 2001 is as follows:

	Millions of yen	Thousands of U.S. dollars
a. Service costs	¥ 5,597	$ 45,174
b. Interest costs	3,283	26,497
c. Expected return on plan assets	(1,179)	(9,516)
d. Amortization of transition amount	22,096	178,337
e. Actuarial differences that are accounted for as expenses	—	—
f. Prior service cost that are accounted for as expenses	—	—
g. Retirement benefit costs (a+b+c+d+e+f)	¥ 29,297	$ 236,457
h. Gains on securities contribution to employees' retirement benefit trust	8,873	71,614
i. Retirement benefit costs related to unrecognized differences arising from accounting changes, net (h–d)	¥(13,223)	$(106,723)

Assumptions used in calculation of the above information are as follows:

a. Method of attributing the retirement benefits to periods of services		Straight- line basis
b. Discount rate		Mainly 3.5%
c. Expected rate of return on plan assets		Mainly 2.5%
d. Amortization of unrecognized prior service cost		Mainly 10 years
e. Amortization of unrecognized actuarial differences		Mainly 10 years
f. Amortization of transition amount	The Company:	Fully-amortized
	Subsidiaries:	5 years

14. Related Party Transactions

Material transactions of the Company with its related companies and individuals, excluding transactions with consolidated subsidiaries which are eliminated in the consolidated financial statements and other than those disclosed elsewhere in these financial statements, for the year ended March 31, 2001 are as follows:

	Millions of yen	Thousands of U.S. dollars
Name of related company	SECONIC CORPORATION	
Paid-in capital	¥ 1,503	$ 12,131
Principal business	Production & sales of copy machines	
Equity ownership percentage by the Company	38%	
Description of the Company's transaction		
Purchases amounts from April 2000 to March 2001	¥31,526	$254,447
Balance of accounts payable–trade as of March 31, 2001	¥10,707	$ 86,416

The terms and conditions of the above transactions are on an arm's-length basis.

15. Segment Information

Segment information is reported in accordance with the requirements of the MOF. The photographic materials segment includes photographic film, photographic paper, photofinishing equipment and chemicals, videotapes and others. The business machines segment includes plain-paper copiers, printers, facsimile machines, cameras, optical products and others.

BY PRODUCT

	Millions of yen				
	Photographic materials	Business machines	Total	Elimination & corporate	Consolidation
2001: Net sales					
Outside	¥305,200	¥238,518	¥543,719	¥ —	¥543,719
Intersegment	1,666	865	2,531	(2,531)	0
Total	306,866	239,384	546,251	(2,531)	543,719
Operating expenses	287,843	219,209	507,053	6,122	513,175
Operating income	¥ 19,022	¥ 20,174	¥ 39,197	¥(8,654)	¥ 30,543
Assets	¥292,823	¥184,219	¥477,042	¥41,139	¥518,181
Depreciation	13,051	11,046	24,097	1,843	25,940
Capital expenditure	15,564	14,057	29,621	803	30,424

	Millions of yen				
	Photographic materials	Business machines	Total	Elimination & corporate	Consolidation
2000: Net sales					
Outside	¥321,084	¥239,816	¥560,900	¥ —	¥560,900
Intersegment	866	1,336	2,203	(2,203)	—
Total	321,951	241,152	563,103	(2,203)	560,900
Operating expenses	303,792	216,365	520,158	7,610	527,769
Operating income	¥ 18,158	¥ 24,786	¥ 42,945	¥(9,813)	¥ 33,131
Assets	¥291,906	¥189,067	¥480,973	¥68,730	¥549,703
Depreciation	15,023	14,362	29,385	1,301	30,687
Capital expenditure	11,748	17,416	29,164	1,072	30,237

	Thousands of U.S. dollars (Note 3)				
	Photographic materials	Business machines	Total	Elimination & corporate	Consolidation
2001: Net sales					
Outside	$2,463,277	$1,925,085	$4,388,370	$ —	$4,388,370
Intersegment	13,446	6,981	20,428	(20,428)	0
Total	2,476,723	1,932,074	4,408,805	(20,428)	4,388,370
Operating expenses	2,323,188	1,769,241	4,092,437	49,411	4,141,848
Operating income	$ 153,527	$ 162,825	$ 316,360	$(69,847)	$ 246,513
Assets	$2,363,382	$1,486,836	$3,850,218	$332,034	$4,182,252
Depreciation	105,335	89,153	194,487	14,875	209,362
Capital expenditure	125,617	113,454	239,072	6,481	245,553

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

BY GEOGRAPHIC REGION

	Millions of yen						
	Japan	North America	Europe	Asia and Other	Total	Elimination & corporate	Consolidation
2001: Net sales							
Outside	¥336,294	¥120,016	¥66,549	¥20,858	¥543,719	¥ —	¥543,719
Intersegment	100,679	7,725	642	25,464	134,511	(134,511)	0
Total	436,974	127,741	67,191	46,323	678,230	(134,511)	543,719
Operating expenses	400,687	125,587	68,062	45,581	639,919	(126,743)	513,175
Operating income	¥ 36,286	¥ 2,154	¥ (871)	¥ 741	¥ 38,311	¥ (7,767)	¥ 30,543
Assets	¥345,592	¥ 93,245	¥43,079	¥15,754	¥497,672	¥ 20,508	¥518,181

	Millions of yen						
	Japan	North America	Europe	Asia and Other	Total	Elimination & corporate	Consolidation
2000: Net sales							
Outside	¥332,649	¥129,152	¥78,079	¥21,019	¥560,900	¥ —	¥560,900
Intersegment	106,253	7,406	869	12,755	127,285	(127,285)	—
Total	438,903	136,558	78,949	33,774	688,186	(127,285)	560,900
Operating expenses	405,206	131,520	78,259	32,946	647,933	(120,164)	527,769
Operating income	¥ 33,697	¥ 5,037	¥ 689	¥ 828	¥ 40,252	¥ (7,121)	¥ 33,131
Assets	¥342,434	¥ 97,036	¥42,037	¥14,151	¥495,659	¥ 54,044	¥549,703

	Thousands of U.S. dollars (Note 3)						
	Japan	North America	Europe	Asia and Other	Total	Elimination & corporate	Consolidation
2001: Net sales							
Outside	$2,714,237	$ 968,652	$537,119	$168,345	$4,388,370	$ —	$4,388,370
Intersegment	812,583	62,349	5,182	205,521	1,085,642	(1,085,642)	0
Total	3,526,828	1,031,001	542,300	373,874	5,474,011	(1,085,642)	4,388,370
Operating expenses	3,233,955	1,013,616	549,330	367,885	5,164,802	(1,022,946)	4,141,848
Operating income	$ 292,865	$ 17,385	$ (7,030)	$ 5,981	$ 309,209	$ (62,688)	$ 246,513
Assets	$2,789,282	$ 752,583	$347,692	$127,151	$4,016,723	$ 165,521	$4,182,252

EXPORT SALES

	Millions of yen	Thousands of U.S. dollars (Note 3)	Percentage of net sales
2001: Sales to			
North America	¥140,078	$1,130,573	25.8%
Europe	72,968	588,927	13.4
Asia and Other	81,199	655,359	14.9
2000: Sales to			
North America	¥139,380	$1,313,048	24.8%
Europe	85,694	807,292	15.3
Asia and Other	79,001	744,239	14.1

ChuoAoyama Audit Corporation PRICEWATERHOUSECOOPERS

The Board of Directors
KONICA CORPORATION

We have audited the accompanying consolidated balance sheets of KONICA CORPORATION and its consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income and retained earnings and cash flows for the years then ended, all expressed in Japanese Yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated Financial position of KONICA CORPORATION and its consolidated subsidiaries as of March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

As described in Notes 2 (b), 2 (h) and 2 (i), effective from the year ended March 31, 2001, KONICA CORPORATION and its consolidated subsidiaries have adopted new Japanese accounting standards for financial instruments, retirement benefits, and foreign currency translation.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

ChuoAoyama Audit Corporation

Tokyo, Japan
June 28, 2001