

Consolidated Statements of Income

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	2004
Net Sales	¥860,420	¥559,041	\$8,140,978
Cost of Sales	498,967	321,381	4,721,043
Gross profit	361,453	237,660	3,419,936
Selling, General and Administrative Expenses	303,922	194,804	2,875,598
Operating income	57,530	42,855	544,328
Other Income (Expenses):			
Interest and dividend income	1,003	1,051	9,490
Interest expenses	(5,190)	(4,484)	(49,106)
Foreign exchange losses, net	(4,177)	(2,397)	(39,521)
Equity in earnings of unconsolidated subsidiaries and affiliates, net	61	310	577
Losses on disposal of fixed assets, net	(2,477)	(3,112)	(23,436)
Management integration rationalization expenses *	(5,022)	—	(47,516)
Gain on transfer to the government of the substitutional portion of pension liabilities (Note 12)	—	8,081	—
Additional contribution on withdrawals from the Welfare Pension Fund plans (Note 12)	(513)	(543)	(4,854)
Loss on transition to defined contribution plans from defined benefit plans (Note 12)	(180)	(2,993)	(1,703)
Provision of reserve for reorganization/liquidation expenses	—	(5,637)	—
Write-down on investment securities	(451)	(2,167)	(4,267)
Amortization of unrecognized transition benefit obligations (Note 12)	(1,540)	(1,325)	(14,571)
Prior periods' expenses of accrued retirement benefits for directors and corporate auditors	(513)	—	(4,854)
Loss on disposal of inventories	(5,687)	(3,879)	(53,808)
Other, net	(476)	(1,030)	(4,504)
Total	(25,167)	(18,126)	(238,121)
Income before income taxes	32,363	24,728	306,207
Income Taxes (Note 7):			
Current	22,466	14,375	212,565
Deferred	(2,841)	(6,195)	(26,880)
Total	19,624	8,180	185,675
Minority Interests in Earnings of Consolidated Subsidiaries	(189)	(172)	(1,788)
Net Income	¥ 12,548	¥ 16,375	\$ 118,725
		Yen	U.S. dollars (Note 3)
Per Share of Common Stock:			
Net income	¥ 26.5	¥ 45.7	\$ 0.25
Cash dividends	10.0	10.0	0.09

*Restructuring expenses for offices of ¥1,781 million (US\$16,851 thousand) and for employees of European subsidiaries of ¥3,241 million (US\$30,665 thousand).

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