

**Financial Results (Nonconsolidated)  
for the Fiscal Year Ended March 31, 2001**

English Translation or "KESSAN TANSHIN"  
(April 1, 2000 to March 31, 2001)

**KONICA CORPORATION**

Company Name: Konica Corporation  
Local Securities Code Number: 4902  
Stock Exchange Listings: Tokyo, Osaka, Nagoya (First sections)  
Head Office: 26-2, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 163-0512, Japan  
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Tel: (03) 3349-5251  
Board of Directors Meeting: May 17, 2001  
Ordinary General Meeting of Shareholders: June 28, 2001  
Provision for Interim Dividends: Yes

**1. Nonconsolidated financial results for fiscal 2001 (April 1, 2000 to March 31, 2001)**

(1) Operating Results

(Million yen)

	Net sales		Operating income		Recurring profit	
Fiscal 2001	¥345,284	1.4%	¥17,817	22.3%	¥17,175	67.6%
Fiscal 2000	340,472	(6.2)	14,562	211.6	10,249	151.3

(Million yen)

	Net income		Net income per share	Net income per share (diluted)	Net income/Shareholders' equity	Recurring profit/Capital	Recurring profit/Sales
Fiscal 2001	¥3,653	(22.4)%	¥10.21	¥—	1.9%	4.3%	5.0%
Fiscal 2000	4,710	—	13.17	—	2.4	2.6	3.0

Notes: 1. Average number of shares outstanding during the period:

Fiscal 2001: 357,655,368 shares

Fiscal 2000: 357,655,368 shares

2. Changes in accounting methods: None

3. Percentages in net sales, operating income, recurring profit, and net income columns indicate changes from the previous fiscal year.

(2) Dividends

(Million yen)

	Cash dividends per share (¥)			Total cash dividends paid	Dividend payout ratio	Cash dividends to shareholders' equity
	Interim	Year-end				
Fiscal 2001	¥10.00	¥5.00	¥5.00	¥3,576	¥97.9	¥1.8
Fiscal 2000	10.00	5.00	5.00	3,576	75.9	1.8

Note: The breakdown of the dividend for the year ended March 31, 2001, was as follows: Commemorative dividend: ¥0.00, Special dividend: ¥0.00

(3) Financial Position

(Million yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
Fiscal 2001	¥395,122	¥196,930	¥49.8	¥550.61
Fiscal 2000	399,364	195,830	49.0	547.54

Note: Shares issued and outstanding at fiscal year-end:

March 31, 2001: 357,655,368 shares

March 31, 2000: 357,655,368 shares

**2. Nonconsolidated results forecast for fiscal 2002 (April 1, 2001 to March 31, 2002)**

(Million yen)

	Net sales	Recurring profit	Net income	Cash dividends per share (¥)		
				Interim	Year-end	
Interim	¥175,000	¥ 6,000	¥3,000	¥5.00	¥ —	¥ —
Full-year	370,000	17,000	9,000	—	5.00	10.00

Estimated net income per share for fiscal 2002 is ¥25.16.

## 1. (1) Nonconsolidated Statements of Income and Retained Earnings

(Million yen)

	April 1, 1999— March 31, 2000		April 1, 2000— March 31, 2001		Increase/Decrease	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Sales	¥340,472	100.0%	¥345,284	100.0%	¥ 4,812	1.4%
Cost of sales	218,077	64.0	221,637	64.2	3,560	1.6
Gross profit	122,395	36.0	123,647	35.8	1,252	1.0
Selling, general and administrative expenses	107,832	31.7	105,830	30.7	(2,002)	(1.9)
Operating income	14,562	4.3	17,817	5.2	3,255	22.4
Non-operating income	7,519	2.2	9,764	2.8	2,245	29.9
Interest and dividend income	1,647		2,718		1,071	
Miscellaneous income	5,872		7,046		1,174	
Non-operating expenses	11,832	3.5	10,406	3.0	(1,426)	(12.1)
Interest paid	2,568		2,157		(411)	
Miscellaneous expenses	9,264		8,248		(1,016)	
Recurring profit	10,249	3.0	17,175	5.0	6,926	67.6
Extraordinary profits	171	0.1	18,541	5.4	18,370	
Gain owing to establishment of a retirement allowance trust	—		8,873		8,873	
Gain on sales of fixed assets	88		8,517		8,429	
Gain on sales of stocks of associated companies	—		1,150		1,150	
Gain on sales of investment securities	82		—		(82)	
Extraordinary losses	3,285	1.0	30,413	8.8	27,127	825.8
Difference due to change in accounting standards for retirement allowances and pensions	—		20,451		20,451	
Valuation loss on stocks of associated companies	—		4,768		4,768	
Valuation loss on investment securities	—		2,358		2,358	
Loss on disposal and sale of fixed assets	1,172		1,574		402	
Loss on liquidation of associate companies	455		1,259		804	
Valuation loss on marketable securities	1,657		—		(1,657)	
Income before income taxes	7,135	2.1	5,303	1.5	(1,832)	(25.7)
Corporate, inhabitants', and enterprise taxes	31		23		(8)	
Reversal of prior year corporate, inhabitants', and enterprise taxes	129		—		(129)	
Income tax adjustments	2,523		1,626		(897)	
Net income	4,710	1.4	3,653	1.1	(1,057)	(22.4)
Retained earnings brought forward from the period	3,612		3,708		96	
Interim dividends	1,788		1,788		—	
Earned surplus reserve	178		178		—	
Unappropriated retained earnings at the fiscal year-end	¥ 6,355		¥ 5,394		¥ (961)	

## 1. (2) Nonconsolidated Balance Sheets

(Million yen)

	April 1, 1999— March 31, 2000		April 1, 2000— March 31, 2001		Increase/Decrease	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current assets	¥207,353	51.9%	¥195,060	49.4%	¥(12,293)	(5.9)%
Cash and deposits	21,759		21,224		(535)	
Notes receivable	31,448		15,656		(15,792)	
Accounts receivable	66,358		87,309		20,951	
Marketable securities	18,688		1,081		(17,607)	
Treasury stock	0		1		1	
Manufactured goods and merchandise	23,606		22,409		(1,197)	
Raw materials	9,544		9,865		321	
Work in progress	15,387		14,408		(979)	
Finished goods	2,050		4,050		2,000	
Prepaid expenses	1,868		2,361		493	
Deferred tax assets	5,791		5,735		(56)	
Accrued revenue	10,051		9,818		(233)	
Other current assets	1,293		1,671		378	
Allowance for doubtful receivables	(496)		(534)		(38)	
Fixed assets	192,011	48.1	200,061	50.6	8,050	4.2
Tangible fixed assets	75,458	18.9	77,343	19.6	1,885	2.5
Buildings	27,558		25,136		(2,422)	
Structures	2,248		2,111		(137)	
Machinery & equipment	29,650		28,551		(1,099)	
Vehicles	135		114		(21)	
Tools, furniture and fixtures	3,429		3,469		40	
Land	11,308		10,535		(773)	
Construction in progress	1,128		7,425		6,297	
Intangible fixed assets	2,728	0.7	2,767	0.7	39	1.4
Software	2,503		2,547		44	
Other intangible assets	224		219		(5)	
Investments and other assets	113,824	28.5	119,950	30.3	6,126	5.4
Investment securities	13,562		13,026		(536)	
Shares in associate companies	78,423		91,262		12,839	
Investment in associate companies	5,431		5,431		—	
Long-term loans receivable	2,568		3,217		649	
Long-term prepaid expenses	2,151		1,220		(931)	
Deferred tax assets	7,727		5,414		(2,313)	
Other investments	6,453		5,989		(464)	
Allowance for doubtful receivables	(2,495)		(5,613)		(3,118)	
<b>Total assets</b>	<b>¥399,364</b>	<b>100.0%</b>	<b>¥395,122</b>	<b>100.0%</b>	<b>¥ (4,242)</b>	<b>(1.1)%</b>

(Million yen)

	April 1, 1999— March 31, 2000		April 1, 2000— March 31, 2001		Increase/Decrease	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current liabilities	¥119,469	29.9%	¥126,867	32.1%	¥ 7,398	6.2%
Notes payable, trade	12,752		13,476		724	
Accounts payable, trade	49,125		47,248		(1,877)	
Short-term loans payable	13,590		13,390		(200)	
Portion of long-term loans due within one year	12,617		3,520		(9,097)	
Portion of bonds due within one year	—		15,000		15,000	
Accounts payable	3,520		7,700		4,180	
Accrued expenses	23,934		21,690		(2,244)	
Accrued corporate tax	31		78		47	
Advanced receipts	363		354		(9)	
Allowance for product warranty	1,516		1,361		(155)	
Allowance for loss on restructuring/liquidation	1,181		988		(193)	
Other current liabilities	837		2,057		1,220	
Long-term liabilities	84,065	21.1	71,324	18.1	(12,741)	(15.2)
Straight bonds	60,000		45,000		(15,000)	
Long-term loans payable	2,693		4,652		1,959	
Long-term deposits received	1,041		227		(814)	
Reserve for retirement and severance benefits	20,329		—		(20,329)	
Reserve for retirement benefits and pension plans	—		21,444		21,444	
Total liabilities	203,534	51.0	198,192	50.2	(5,342)	(2.6)
Shareholders' equity:						
Capital stock	37,519	9.4	37,519	9.5	—	—
Capital reserve	79,342	19.8	79,342	20.1	—	—
Earned surplus	7,219	1.8	7,576	1.9	357	4.9
Retained earnings	71,749	18.0	71,468	18.0	(281)	(0.4)
Special depreciation reserve	182		182		—	
Advanced depreciation reserve	2,246		2,027		(219)	
Special reserve fund	62,964		63,864		900	
Unappropriated earnings	6,355		5,394		(961)	
<including net income for the period>	<4,710>		<3,653>		<(1,057)>	
Other evaluation difference on securities	—		1,022	0.3	1,022	—
Total shareholders' equity	195,830	49.0	196,930	49.8	1,100	0.6
Total liabilities and shareholders' equity	¥399,364	100.0%	¥395,122	100.0%	¥ (4,242)	(1.1)%

Notes:

	(Million yen)		
	Fiscal 2000	Fiscal 2001	Increase/Decrease
1. Accumulated depreciation of tangible fixed assets	¥173,702	¥178,495	¥4,793
2. Guarantees for indebtedness of subsidiaries and others <including scheduled guarantees, etc.>	54,967	50,652	(4,315)
	<33,264>	<29,290>	<(3,974)>
3. Treasury stock (number)	2,054	2,593	539
4. Assets pledged as collateral:			
Land	¥1,030	¥—	¥1,030
Buildings	94	—	94

## (3) Proposal for Appropriation of Retained Earnings

(Million yen)

	Fiscal 2000	Fiscal 2001	Increase/Decrease
Unappropriated retained earnings at the fiscal year-end	¥6,355	¥5,394	¥ (961)
Special depreciation reserve	50	36	(14)
Advanced depreciation reserve	220	220	—
Voluntary reserves	—	3,900	3,900
<b>Total</b>	<b>¥6,626</b>	<b>¥9,550</b>	<b>¥2,924</b>
Distributed as follows:			
Earned surplus reserve	¥ 178	¥ 183	¥ 5
Dividends	1,788	1,788	—
Dividends per share (yen)	5	5	—
Bonuses to directors and corporate auditors	—	45	45
<including corporate auditors>	<—>	<3>	—
Special depreciation reserve	50	50	—
Advanced depreciation reserve	1	3,920	3,919
Voluntary reserves	900	—	(900)
Retained earnings carried forward	3,708	3,563	(145)

Note: In addition to the dividends in the above table, the Company paid interim dividends of ¥1,788 million (¥5.00 per share).

**Significant Accounting Policies****1. Basis and method of evaluation of securities**

## (1) Subsidiaries and associated companies

Marketable securities are recorded at cost as determined by the moving average method.

## (2) Other securities

For securities with market prices: Valued at market price, based on market prices at the balance sheet date. (All changes in value are entered directly in Shareholders' Equity, and the sale price is computed by the moving average method.)

For securities without market prices: Valued at original purchase value determined by the moving average method

**2. Derivatives**

Valued at market price

**3. Basis and method of evaluation of inventories**

Manufactured inventories are recorded at the lower of cost or market value, with cost determined by the periodic average method.

Merchandise, raw materials, semifinished goods, and work in progress are recorded at cost as determined by the periodic average method.

**4. Depreciation methods for fixed assets**

## (1) Tangible fixed assets

The declining balance method is used. However, buildings (excluding equipment) purchased on or after April 1, 1998, are depreciated by the straight-line method.

## (2) Intangible fixed assets

The straight-line method is used. Please note that software for the Company's own use is depreciated by the straight-line method based on the estimated useful life within the Company (five years).

**5. Basis of accounting for reserves**

## 1) Allowance for doubtful receivables

To prepare for possible losses due to non-payment of claims, for such claims in general, the Company uses default ratios to determine the allowance for doubtful accounts, and for claims where there is concern about possible default, an amount equal to the estimated unrecoverable amount is set aside as an allowance after consideration of individual claims.

## 2) Allowance for product warranty

In order to provide for expenses related to after-sales service for cameras and facsimiles, an amount is set aside based on estimated service expenses within the product guarantee period. As regards copiers, an amount is set aside based on after-sales service expenses as a percentage of net sales in previous years.

## 3) Reserve for employees' retirement and severance benefits

To provide for employees' retirement benefits, the allowance for retirement benefits is set aside in the amount of expected retirement benefit liabilities and pension assets.

Regarding the difference arising at the time of the change in accounting standards (¥20,451 million), the Company fully amortized this amount by establishing a retirement benefit trust through the transfer of stocks from its portfolio (in the amount of ¥20,451 million). The amounts of the allowance for retirement benefits and the balance of prepaid pension costs, as well as pension assets in the retirement benefit trust, as of the end of the fiscal year, by type of retirement benefit system, were as follows:

	Allowance for retirement benefits and prepaid pension costs	Pension assets in the retirement benefit trust
Lump-sum retirement allowance system	¥20,326	¥ —
Tax-qualified pension system	(840)	12,229
National Welfare Pension Fund	1,118	8,295

(Million yen)

Amortization of employees' prior service cost is made over a certain period (10 years), within the average remaining years of service of employees when liabilities are accrued, using the straight-line method.

Amortization of the difference under actuarial calculations is made over a certain period (10 years), with the average remaining years of service of employees when liabilities are accrued, using the straight-line method.

#### 6. Accounting for lease transactions

Finance lease transactions, other than those for which the ownership of the leased item is regarded as being transferred to the lessor, are primarily accounted for as normal rental transactions.

#### 7. Accounting for hedge transactions

1) Accounting method for hedge transactions: Deferred hedge method

2) Hedge method and transactions hedged

*Method:* Derivatives are used in hedging operations, including forward foreign exchange contracts, interest rate swaps, and commodity swaps

*Transactions hedged:* Scheduled foreign exchange transactions, bond and borrowings, and raw materials

3) Hedging policy

Based on the Company's internal rules for derivative transactions, risk of foreign exchange rate fluctuations, interest rate risk, and risk of fluctuations in raw material prices are hedged to within specified limits.

4) Method for evaluating the effectiveness of hedging

The Company confirms that there is a high degree of correlation between fluctuations in markets where its hedges, cash flow, and hedging methods to evaluate effectiveness of hedging operations.

Since the Company did not make any arrangements for forward foreign exchange transactions scheduled during the fiscal year, there were no amounts to be reported as deferred hedge transactions.

#### 8. Accounting for consumption taxes

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

### Supplementary Information

#### 1. Accounting for employees' retirement benefits

Beginning with the interim period under review, the Company has applied accounting standards for retirement benefits and pension plans contained in the "Opinion on establishment of accounting standards for retirement benefits and pension plans" (issued by the Financial Accounting Deliberation Council on June 16, 1998). As a consequence, recurring income for the period was ¥1,248 million higher and income before income taxes was ¥10,330 million lower than under the method previously applied. In addition, the Company reported an extraordinary loss of ¥20,451 million owing to the change in accounting standards for retirement benefits and an extraordinary gain of ¥8,873 million related to the establishment of an employees' retirement benefit trust.

Note that unpaid retirement benefits and pension plan liabilities for employees' service in prior years are included in the reserve for employees' retirement and severance benefits.

#### 2. Accounting for financial instruments

Beginning with the period under review, the Company has applied accounting standards for financial instruments contained in the "Opinion on establishment of accounting standards for retirement benefits and pension plans" (issued by the Financial Accounting Deliberation Council on January 22, 1999). As a result of the revaluation of other securities having market quotes according to the market value method, deferred tax assets declined ¥742 million and a valuation difference on other securities of ¥1,022 million was included in the balance sheets. This accounting change had only a slight effect on income. In addition, after an examination of the purposes for holding various securities in the Company's securities portfolio at the beginning of the period, securities maturing within one year have been included under marketable securities among current assets while all other securities have been accounted for under investment securities. As a result, ¥17,267 million in securities were transferred from marketable securities to investment securities.

### 3. Accounting standards for foreign currency transactions

Beginning with the period under review, the Company has applied the revised standards for foreign currency transactions, etc., contained in the "Opinion on the standards for treatment of foreign currency transactions, etc." (issued by the Financial Accounting Deliberation Council on October 22, 1999). As a result, recurring profit and income before income taxes were both ¥714 million higher than they would have been under the previous method of accounting. In addition, accompanying the revision in rules for preparation of interim consolidated financial statements, the foreign currency translation adjustment account, which was included in assets through the end of the previous fiscal period, has been included in shareholders' equity and minority interests for the fiscal year under review.

#### Lease Transactions

For the period April 1, 1999—March 31, 2000

Finance lease transactions, other than those under which ownership rights to the leased asset are transferred to the lessee.

1. Amounts equivalent to the acquisition cost, accumulated depreciation, and the book value of leased assets as of March 31, 2000:

	(Million yen)		
	Acquisition cost	Accumulated depreciation	Book value
Buildings	¥ 11	¥ 1	¥ 9
Machinery and equipment	5,831	255	5,575
Vehicles	36	7	29
Furniture and fittings	2,633	1,361	1,272
Software	580	324	256
Total	¥9,094	¥1,951	¥7,142

*Note: Since the ratio of the balance of unearned lease income at the end of the period to tangible fixed assets is small, the amount corresponding to the purchase value has been computed by the interest paid method.*

2. Amounts equivalent to lease payment commitments as of March 31, 2000:

	(Million yen)
Payable within one year	¥1,448
Payable after one year	5,694
Total	¥7,142

*Note: Because the amounts corresponding to lease payment commitments outstanding at the end of the period are a small portion of the balance of tangible fixed assets at the end of the period, computations have been made according to the method including interest payable.*

3. Amounts equivalent to lease payments and depreciation expense:

	(Million yen)
Lease payments	¥899
Depreciation expense	899

4. The calculation of amounts equivalent to depreciation is made using the straight-line method assuming a zero residual value. The lease period is taken as equal to the useful life of the asset.

For the period April 1, 2000—March 31, 2001

Finance lease transactions, other than those under which ownership rights to the leased asset are transferred to the lessee.

1. Amounts equivalent to the acquisition cost, accumulated depreciation, and the book value of leased assets of March 31, 2001:

	(Million yen)		
	Acquisition cost	Accumulated depreciation	Book value
Buildings	¥ 11	¥ 5	¥ 5
Machinery and equipment	5,833	1,034	4,798
Vehicles	41	16	24
Furniture and fittings	2,867	1,601	1,266
Software	524	394	130
Total	¥9,279	¥3,053	¥6,225

*Note: Since the ratio of the balance of unearned lease income at the end of the period to tangible fixed assets is small, the amount corresponding to the purchase value has been computed by the interest paid method.*

2. Amounts equivalent to lease payment commitments as of March 31, 2001:

	(Million yen)
Payable within one year	¥1,458
Payable after one year	4,767
Total	¥6,225

*Note: Because the amounts corresponding to lease payment commitments outstanding at the end of the period are a small portion of the balance of tangible fixed assets at the end of the period, computations have been made according to the method including interest payable.*

3. Amounts equivalent to lease payments and depreciation expense:

	(Million yen)
Lease payments	¥1,462
Depreciation expense	1,462

4. The calculation of amounts equivalent to depreciation is made using the straight-line method assuming a zero residual value. The lease period is taken as equal to the useful life of the asset.

**Appointments and Resignations of Officers**

## 1. Directors scheduled to retire

The following directors will reach the end of their terms at the close of the General Meeting of Shareholders on June 28, 2001, and are scheduled to retire.

Shin-Ichiro Okajima: Currently Managing Director and scheduled to become a Special Adviser after retirement

Masaru Matsuzawa: Currently Managing Director and scheduled to become a Special Adviser after retirement

Megumi Ide: Currently Advisory Director and scheduled to become an Adviser after retirement

There are no scheduled new appointments through election for the position of Representative Director, no scheduled new appointments through election or promotion for Director, and no scheduled new appointments or resignations for the positions of Executive Officer or Associate Director.