

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2004		Nine months ended December 31, 2003		Increase (Decrease)		(Reference) Three months ended December 31, 2004	
	Amount	% of net sales	Amount	% of net sales	Amount	%	% of net sales	% of net sales
Net Sales	798,507	100.0	823,712	100.0	(25,205)	(3.1)	263,392	100.0
Cost of sales	444,262	55.6	467,316	56.7	(23,054)	(4.9)	143,792	54.6
Gross profit	354,245	44.4	356,395	43.3	(2,150)	(0.6)	119,599	45.4
Selling, general and administrative expenses	303,197	38.0	298,094	36.2	5,103	1.7	101,076	38.4
Operating income	51,047	6.4	58,300	7.1	(7,253)	(12.4)	18,523	7.0
Non-operating income	[7,023]	0.9	[8,555]	1.0	[(1,532)]	(17.9)	[(480)]	(0.2)
Interest and dividend income	985		949		36		278	
Equity Method Profits	71		161		(90)		64	
Foreign exchange gain	479		—		479		(2,422)	
Other	5,486		7,444		(1,958)		1,598	
Non-operating expenses	[14,109]	1.8	[23,093]	2.8	[(8,984)]	(38.9)	(2,248)	0.8
Interest expense	4,211		5,980		(1,769)		1,384	
Foreign exchange loss	—		3,929		(3,929)		—	
Other	9,898		13,183		(3,285)		863	
Recurring profit	43,961	5.5	43,762	5.3	199	0.5	15,794	6.0
Extraordinary profit	[507]	0.1	[1,376]	0.2	[(869)]	(63.1)	(206)	0.1
Gain on sales of fixed assets	347		435		(88)		206	
Gain on sales of investment securities	—		941		(941)		-	
Earnings accompanying the transfer of defined contribution pensions	160		—		160		-	
Extraordinary losses	[5,712]	0.7	[5,681]	0.7	(31)	0.5	(491)	0.2
Loss on disposal and sale of fixed assets	2,510		2,941		(431)		292	
Loss on sale of investment securities	-		435		(435)		—	
Write-down on investment securities	67		160		(93)		—	
Transition obligations due to adoption of new accounting standards for retirement benefits	385		744		(359)		121	
Reserve for directors' retirement benefits	—		513		(513)		—	
Special premium withdrawal from national employees' pension fund	—		513		(513)		—	
Loss on sale of subsidiaries' stocks	—		120		(120)		—	
Losses from amortizing subsidiaries' bad debt	—		30		(30)		—	
Provision for allowance of bad debt	—		222		(222)		—	
Management integration rationalization expenses	2,748		—		2,748		77	
Income before income taxes and minority interests	38,756	4.9	39,457	4.8	(701)	(1.8)	15,508	5.9
Income taxes	21,963	2.8	13,574	1.7	8,389	61.8	6,940	2.7
Minority interest in earnings of consolidated subsidiaries	318	0.0	150	0.0	168	112.1	295	0.1
Net income	16,473	2.1	25,733	3.1	(9,260)	(36.0)	8,273	3.1

Note: For the purposes of comparison, the above nine months ended December 31, 2003 data includes Minolta's performance figures for the first half ended September 30, 2003. The combined totals of Konica and Minolta earnings are calculated on a gross basis and do not include consolidation adjustments.