

Financial Results (Non-consolidated) for The Fiscal Year ended March 31, 2000

English Translation of "KESSAN TANSHIN"
(April 1, 1999, to March 31, 2000)

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
Inquiries: Yasukazu Saito, General Manager, Corporate Communications
Tel: (03) 3349-5251
Board of Directors Meeting: May 18, 2000
Ordinary General Meeting of Shareholders: June 29
Provision for interim dividends: Yes

1. Nonconsolidated financial results for fiscal 2000 (April 1, 1999, to March 31, 2000)

(1) Operating Results

(Million yen)

	Net sales		Operating income		Recurring profit	
Fiscal 2000	¥340,472	(6.2)%	¥14,562	211.6%	¥10,249	151.3%
Fiscal 1999	362,952	(4.3)	4,673	(60.3)	4,078	(74.6)

(Million yen)

	Net income		Net per share income	Net income per share (diluted)	Net income/Shareholders' equity	Recurring profit/Capital	Recurring profit/Sales
Fiscal 2000	¥4,710	—%	¥13.17	¥—	2.4%	2.6%	3.0%
Fiscal 1999	(17,804)	—	(49.78)	—	(8.7)	1.0	1.1

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

Fiscal 2000: 357,655,368 shares

Fiscal 1999: 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 2000	¥10.00	¥5.00	¥5.00	¥3,576	¥75.9	¥1.8
Fiscal 1999	10.00	5.00	5.00	3,576	—	1.8

Notes: The breakdown of the dividend for the year ended March 31, 2000, 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 2000	¥399,364	¥195,830	¥49.0	¥547.54
Fiscal 1999	392,775	194,696	49.6	544.37

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

March 31, 2000: 357,655,368 shares

March 31, 1999: 357,655,368 shares

2. Consolidated results forecast for fiscal 2001 (April 1, 2000, to March 31, 2001)

(Million yen)

	Net sales	Recurring profit	Net income	Cash dividends per share (¥)		
				Interim	Year-end	
Interim	¥170,000	¥ 6,000	¥(4,000)	¥5.00	¥ —	¥ —
Full-year	360,000	12,000	4,000	—	5.00	10.00

Estimated net income per share for fiscal 2001 is ¥11.18.

1. (1) Consolidated Statements of Income and Retained Earnings

(Million yen)

	April 1, 1998- March 31, 1999		April 1, 1999- March 31, 2000		Increase/ Decrease	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Operating Revenue						
Sales	¥362,952	100.0%	¥340,472	100.0%	¥(22,480)	(6.2)%
Operating Expenses						
Cost of sales	236,151	65.1	218,077	64.0	(18,074)	(7.7)
Selling, general and administrative expenses	122,127	33.6	107,832	31.7	(14,295)	(11.7)
Operating Income	4,673	1.3	14,562	4.3	9,889	211.6
Non-Operating Income	8,687	2.4	7,519	2.2	(1,168)	(13.4)
Interest and dividend income	1,538		1,647		109	
Miscellaneous income	7,148		5,872		(1,276)	
Non-Operating Expenses	9,282	2.6	11,832	3.5	2,550	27.5
Interest paid	3,152		2,568		(584)	
Miscellaneous expenses	6,129		9,264		3,135	
Recurring Profit	4,078	1.1	10,249	3.0	6,171	151.3
Extraordinary Profits	251	0.1	171	0.1	(80)	(31.9)
Gain on sales of fixed assets	251		88		(163)	
Gain on sales of investment securities	—		82		82	
Extraordinary Losses	34,650	9.5	3,285	1.0	(31,365)	(90.5)
Loss on disposal and sale of fixed assets	269		1,657		1,388	
Valuation loss on marketable securities	1,107		1,172		65	
Loss on liquidation of subsidiaries	—		455		455	
Loss on restructuring/liquidation of Group companies	33,047		—		(33,047)	
Loss on sale of investment securities	226		—		(226)	
Income before income taxes	(30,320)	(8.4)	7,135	2.1	37,455	—
Corporate, inhabitants', and enterprise taxes	27		31		4	
Reversal of prior year corporate, inhabitants', and enterprise taxes	149		129		(20)	
Income tax adjustments	(12,394)		2,523		14,917	
Net income	(17,804)	(4.9)	4,710	1.4	22,514	—
Retained earnings brought forward from the period	3,683		3,612		(71)	
Tax effect adjustment for prior fiscal years	3,647		—		(3,647)	
Write down of special depreciation reserve upon the application of tax effect	56		—		(56)	
Write down of advanced for replacement of assets upon the application of tax effect	1,516		—		(1,516)	
Interim dividends	1,788		1,788		—	
Earned surplus reserve	178		178		—	
Unappropriated retained earnings at the fiscal year-end	(10,867)		6,355		17,222	

1. (2) Consolidated Balance Sheets

(Million yen)

	April 1, 1998- March 31, 1999		April 1, 1999- March 31, 2000		Increase/ Decrease	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current Assets	¥196,567	50.0%	¥207,353	51.9%	¥10,786	5.5%
Cash and deposits	11,830		21,759		9,929	
Notes receivable	33,068		31,448		(1,620)	
Accounts receivable	60,829		66,358		5,529	
Marketable securities	21,620		18,688		(2,932)	
Treasury stock	0		0		—	
Manufactured goods and merchandise	22,604		23,606		1,002	
Raw materials	11,976		9,544		(2,432)	
Work in progress	14,988		15,387		399	
Finished goods	1,975		2,050		75	
Prepaid expenses	1,570		1,868		298	
Accrued revenue	10,416		10,051		(365)	
Deferred tax assets	4,699		5,791		1,092	
Other current assets	1,606		1,293		(313)	
Allowance for doubtful receivables	(620)		(496)		124	
Fixed Assets	196,208	50.0	192,011	48.1	(4,197)	(2.1)
Tangible fixed assets	83,727	21.3	75,458	18.9	(8,269)	(9.9)
Buildings	29,368		27,558		(1,810)	
Structures	2,384		2,248		(136)	
Machinery & equipment	32,257		29,650		(2,607)	
Vehicles	174		135		(39)	
Tools furniture and fixtures	3,937		3,429		(508)	
Land	11,800		11,308		(492)	
Construction in progress	3,804		1,128		(2,676)	
Intangible fixed assets	228	0.1	2,728	0.7	2,500	1,096.5
Software	—		2,503		2,503	
Other intangible assets	148		224		76	
Right of usage (facilities)	79		—		(79)	
Investments and other assets	112,252	28.6	113,824	28.5	1,572	1.4
Investment securities	16,949		16,812		(137)	
Shares in subsidiaries	67,212		75,173		7,961	
Investment in subsidiaries	5,359		5,359		—	
Long-term loans receivable	805		2,568		1,763	
Long-term prepaid expenses	5,734		2,151		(3,583)	
Deferred tax assets	11,343		7,727		(3,616)	
Other investments	14,624		6,526		(8,098)	
Allowance for doubtful receivables	(9,776)		(2,495)		7,281	
Total Assets	392,775	100.0	399,364	100.0	6,589	1.7

(Million yen)

	April 1, 1998- March 31, 1999		April 1, 1999- March 31, 2000		Increase/ Decrease	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current Liabilities	¥104,213	26.5%	¥119,469	29.9%	¥15,256	14.6%
Notes payable, trade	11,811		12,752		941	
Accounts payable, trade	41,696		49,125		7,429	
Short-term loans payable	13,590		13,590		—	
Portion of long-term loans due within one year	1,030		12,617		11,587	
Accounts payable	6,396		3,520		(2,876)	
Accrued corporate tax	—		31		31	
Accrued expenses	23,332		23,934		602	
Advanced receipts	250		363		113	
Allowance for product warranty	1,945		1,516		(429)	
Allowance for loss on restructuring/liquidation	3,695		1,181		(2,514)	
Other current liabilities	464		837		373	
Long-Term Liabilities	93,865	23.9	84,065	21.1	(9,800)	(10.4)
Straight bonds	57,000		60,000		3,000	
Long-term loans payable	15,323		2,693		(12,630)	
Long-term deposits received	1,077		1,041		(36)	
Reserve for retirement and severance benefits	20,465		20,329		(136)	
Total Liabilities	198,079	50.4	203,534	51.0	5,455	2.8
Shareholders equity:						
Capital stock	37,519	9.6	37,519	9.4	—	—
Legal reserve	86,204	21.9	86,561	21.6	357	0.4
Capital reserve	79,342		79,342		—	
Earned surplus	6,861		7,219		358	
Retained earnings	70,972	18.1	71,749	18.0	777	1.1
Special depreciation reserve	81		182		101	
Advanced depreciation reserve	2,193		2,246		53	
Dividend reserve	3,500		—		(3,500)	
Special reserve fund	76,064		62,964		(13,100)	
Unappropriated earnings	(10,867)		6,355		17,222	
(net income for the period)	(17,804)		(4,710)		22,514	
Total shareholders' equity	194,696	49.6	195,830	49.0	1,134	0.6
Total liabilities, and shareholders' equity	392,775	100.0	399,364	100.0	6,589	1.7

(3) Proposal for Appropriation of Retained Earnings

(Million yen)

	Fiscal 1999	Fiscal 2000	Increase/Decrease
Unappropriated retained earnings at the fiscal year-end	¥(10,867)	¥6,355	¥17,222
Special depreciation reserve	32	50	18
Advanced depreciation reserve	201	220	19
Dividend reserve	3,500	—	(3,500)
Voluntary reserves	13,100	—	(13,100)
Total	5,967	6,626	659
Distributed as follows:			
Earned surplus reserve	178	178	—
Dividends	1,788	1,788	—
Dividends per share	(¥5)	(¥5)	—
Special depreciation reserve	133	50	(83)
Advanced depreciation reserve	254	1	(253)
Voluntary reserves	—	900	900
Retained earnings carried forward	3,612	3,708	96

Note: In addition to the dividend in the above table, the Company paid an interim dividend of ¥1,788 million.

Significant Accounting Policies

1. Basis and method of evaluation of securities

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

2. 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.

3. Depreciation methods for fixed assets

As stipulated by the Corporate Tax Law Tangible, fixed assets are depreciated using the declining balance method and intangible assets are depreciated using the straight-line method.

However, the straight-line method is adopted for buildings (excluding fixtures to buildings) acquired after April 1, 1998.

Additional Information

Based on the provisional directives set forth in the Guidelines for Accounting for R&D Costs and Software (Japanese Institute of Certified Public Accountants, Accounting Standards Committee Report No.12., dated March 31, 1999), the same accounting treatment for software recorded as long-term prepaid expenses as was used in fiscal 2000 and earlier is adopted.

However, in accordance with the directives, expenses related to in-house software has been moved from "Other investments" under "Investments and other assets," to "Software", under "Intangible Fixed Assets," and amortized using the straight line method based on the applicable period of 5 years.

4. Translation of foreign currency denominated short-term monetary debts and liabilities

Amounts are translated into yen using the market rates prevailing at the times such debts were acquired or liabilities incurred.

5. Consumption tax

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

6. Reserves

1) Allowance for doubtful receivables

Provision is made for losses arising from uncollectable accounts in accordance with the maximum amounts stipulated under the Corporate Tax Law and, additionally, based on an analysis of the probability of collecting individual accounts.

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 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

An amount is transferred from pension assets to this reserve based on the present value of the amount the Company would be required to pay if all employees eligible for retirement benefits were to voluntarily terminate their employment at the balance sheet date. However, as part of the retirement allowance plan for employees, and adjusted annuity plan is employed.

4) Reserve for losses on restructuring/liquidation

A reserve is made for losses that are estimated to arise during business restructuring and liquidations, as provided for under Article 287(2) of the Commercial Code.

Balance Sheet Items

	(Million yen)	
	Fiscal 1999	Fiscal 2000
1. Monetary claims against subsidiaries		
Short-term	¥ 64,115	¥ 66,963
Long-term	9,474	2,152
2. Moneys owed to subsidiaries		
Short-term	29,960	33,015
Long-term	14	14
3. Accumulated depreciation on fixed assets	168,565	173,702
4. Guarantees	54,480	54,967
Debts	13,580	21,702
Contracts	40,900	33,264
5. Assets provided as surety		
Buildings	331	94
Land	1,390	1,030

6. In addition to the fixed assets recorded in the balance sheet, the Company leases electronic office equipment.

7. Principal foreign currency denominated assets

(Millions)

	Fiscal 1999	Fiscal 2000
Notes receivable	¥12,089	¥11,935
(Principal foreign currency amount)	\$92	\$79
	GM10	GM53
Accounts receivable	¥10,416	¥13,059
(Principal foreign currency amount)	\$58	\$81
	GM28	GM49
Subsidiary shares	¥53,839	¥56,989
(Principal foreign currency amount)	\$310	\$335
Equity investment in subsidiaries	¥4,358	¥4,358
(Principal foreign currency amount)	GM51	GM51

8. **(Prior fiscal year)** The value of short-term foreign currency monetary claims at the balance sheet date converted to yen was ¥25,406 million (¥24,693 million on the balance sheet with a conversion difference of ¥713 million). Short-term foreign currency liabilities converted to yen amounted to ¥5,036 million (¥4,991 million on the balance sheet with a conversion difference of ¥44 million). However, these figures contained no yen amounts for the value was fixed, as a result of forward foreign currency contracts, at the balance sheet date.

(Fiscal year under review) The value of short-term foreign currency monetary claims at the balance sheet date converted to yen was ¥28,078 million (¥28,611 million on the balance sheet with a conversion difference of ¥533 million). Short-term foreign currency liabilities converted to yen amounted to ¥6,703 million (¥6,930 million on the balance sheet with a conversion difference of ¥227 million). However, these figures contained no yen amounts for which the value was fixed, as a result of forward foreign currency contracts, at the balance sheet date.

9. Net income per share

	Fiscal 1999	Fiscal 2000
Year under review	¥49.78	¥13.17

10. The amounts shown above are rounded down to the nearest million yen.

Statement of Income and Loss Items

(Million yen)

	Fiscal 1999	Fiscal 2000
1. Transactions with subsidiaries		
1965 Sales	¥227,542	¥201,896
Purchases	116,773	112,844
Other operating transactions	59,574	48,475
Nonoperating transactions	7,242	3,435
2. Restructuring and liquidation activities		
Valuation losses on shares in subsidiaries	18,470	—
Transfer to allowance for bad debts	7,327	—
Transfer to reserve for losses on restructuring and liquidation	3,695	—
Loss on liquidation of subsidiaries	2,842	—

3. The amounts shown above are rounded down to the nearest million yen.

12. Directors

Directors at the close of the Ordinary General Meeting of Shareholders on June 29, 2000, are listed below.

1. Directors	(There were no new appointments or promotions to director; *signifies a new appointment as a representative director)	3. Executive Officers
		Fumio Iwai
		Shigeru Suzuki
		Tadashi Kojima
		Yukio Morito
Takanori Yoneyama	(Chairman of the Board)	Kunio Ito
Tomiji Uematsu	(President and Chief Executive Officer)	Yasumitsu Tsunoda
Fumio Iwai	(Senior Managing Director)*	Hirofumi Sakaguchi
Shin-ichiro Okajima	(Managing Director)	Shunpei Iwano
Masaru Matsuzawa	(Managing Director)	Hisashi Yamaguchi
Mamoru Komiya	(Managing Director)	Hideaki Iwama
Takeo Koitabashi	(Managing Director)	Teruo Kawaura
Shigeru Suzuki	(Managing Director)	Tomohisa Saito
Megumi Ide	(Advisory Director)	
Takamasa Shintani	(Director)	4. Associate Directors (* signifies new appointments)
Masaru Kanbe	(Director)	Satoru Honishi*
		Kiyoshi Izawa
2. Corporate Auditor (*signifies new appointments)		Tomoaki Nakamura*
Hideo Kubota		Genichiro Kazama*
Masayuki Matsumoto		Tadashi Kabasawa*
Yasuyuki Wakahara*		
Kazunobu Kato*		5. Retiring Directors
		Kokichiro Samejima
		Yukio Moritoh
		Kunio Ito
		Satoru Hohnishi
		Masanori Ishiko
		Shigeo Hibino
		6. Retiring Auditors
		Toru Nagai
		Yasutaro Kanzaki