Consolidated Financial Results
for the Interim Fiscal Period Ended September 30, 2002

English Translation of "KESSAN TANSHIN"
(November 8, 2002)

Konica Corporation

Company Name: Konica Corporation
Local Securities Code Number: 4902
(URL: http://www.konica.co.jp)
President and CEO: Fumio Iwai
Inquiries: Nobuo Hayashi, General Manager, Corporate Communications
Tel: (03) 3349-5251
Stock Exchange Listings: Tokyo, Osaka, Nagoya (First Sections)
Head Office: 26-2 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 163-0512, Japan
Board of Directors Meeting for Interim Period: November 8, 2002
U.S. accounting practices have not been adopted in this statement.

1. CONSOLIDATED FINANCIAL RESULTS FOR INTERIM PERIOD (APRIL 1, 2002, TO SEPTEMBER 30, 2002)

(1) Operating Results

(Million yen)

	Net sales		Operating income		Recurring profit	
Interim period ended September 30,2002	278,970	4.4%	19,499	40.6%	13,058	39.3%
Interim period ended September 30,2001	267,151	(1.5)	13,867	(24.8)	9,375	(7.8)
Fiscal year ended March 31, 2002	539,571		29,609		24,820	

	Net income (Million yen)		Net income per share (Yen)	Net income per share (after full dilution)
Interim period ended September 30, 2002	6,738	90.0%	18.86	—
Interim period ended September 30, 2001	3,546	407.3	9.92	—
Fiscal year ended March 31, 2002	11,059		30.93	—

Notes: 1. Equity in profit (loss) of unconsolidated subsidiaries and affiliates:
Interim period ended September 30, 2002: ¥66 million
Interim period ended September 30, 2001: ¥(357 million)
Fiscal year ended March 31, 2002: ¥(1,020 million)
2. Average number of shares outstanding during the period (consolidated):
Interim period ended September 30, 2002: 357,235,262
Interim period ended September 30, 2001: 357,653,655
Fiscal year ended March 31, 2002: 357,613,676
3. Changes in accounting methods: None
4. Percentages in the net sales, operating income, recurring profit, and net income columns indicate changes from the previous fiscal year.

(2) Financial Position (Million yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio (%)	Shareholders' equity per share (Yen)
Interim period ended September 30, 2002	524,155	173,257	33.1	485.03
Interim period ended September 30, 2001	525,336	163,687	31.2	457.67
Fiscal year ended March 31, 2002	527,360	171,226	32.5	478.96

Note: Number of shares outstanding at end of the period (consolidated):

Interim period ended September 30, 2002: 357,213,037

Interim period ended September 30, 2001: 357,653,589

Fiscal year ended March 31, 2002: 357,495,421

(3) Cash Flows (Million yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at year-end
Interim period ended September 30, 2002	26,073	(18,819)	1,077	55,589
Interim period ended September 30, 2001	18,775	(16,203)	(8,186)	52,021
Fiscal year ended March 31, 2002	48,125	(39,496)	(19,049)	47,659

(4) Scope of Consolidation/Equity Method Accounting

Consolidated subsidiaries: 68

Unconsolidated subsidiaries accounted for by the equity method: 15

Affiliates accounted for by the equity method: 3

(5) Changes in Scope of Consolidation/Equity Method

Newly consolidated subsidiaries: 0

Subsidiaries excluded from consolidation: 3

Companies included in equity method accounting: 2

Companies excluded from equity method accounting: 0

2. CONSOLIDATED RESULTS FORECAST FOR FISCAL 2003 (APRIL 1, 2002, TO MARCH 31, 2003)

(Million yen)

Net sales	Recurring profit	Net income
570,000	28,000	16,000

(Estimated net income per share: ¥ 44.76)

Note: The projections above and in the appended materials are based on assumptions, forecasts, and plans current at the time of their announcement, and they include potential risks and uncertainties. Actual performance and results may greatly differ from the projections above due to various important factors. For items related to the above projects, see pages 10.

1. KONICA GROUP ORGANIZATION

The Konica Group comprises 68 consolidated subsidiaries, 16 unconsolidated subsidiaries, and 8 affiliate companies. The organization of Group companies is outlined below.

Konica Corporation	
Photographic Materials and Photo-related Industrial Equipment Film, paper, photographic chemicals, miscellaneous chemicals, photographic equipment, other	*Business Machines, Cameras, and Optical Products* Copiers, fax machines, printers, cameras, optical products, other

Photographic Materials and Photo-related Industrial Equipment Production (Domestic)	*Business Machines, Cameras, and Optical Products* Production (Domestic)
• Konica Packaging Corporation • Konica Chemical Corporation • Konica Repro Co., Ltd. • Konica System Equipment Co., Ltd. * Toho Chemical Laboratory Co., Ltd. Other Unconsolidated Subsidiaries: 1 Other Affiliates: 1	• Konica Optics Products Corporation (2) • Konica Minolta Supplies Manufacturing Co., Ltd. • Konica Denshi Co., Ltd. (1) * Seconic Co., Ltd.

Production (Overseas)	Production (Overseas)
• Konica Manufacturing USA., Inc. ■ Konica Photochem (Thailand) Co., Ltd. Other Unconsolidated Subsidiaries: 1	• Konica Supplies Manufacturing U.S.A., Inc. • Konica Manufacturing (H.K.) Ltd. Other Consolidated Subsidiaries: 1

Sales and Service (Domestic)	Sales and Service (Domestic)
• Konica Marketing Corporation (3) • Konica Color Imaging Corporation • Konica Medical Inc. • Kyoritsu Medical Co., Ltd. • Konica Meditech Service Corporation • Konica Graphic Imaging Japan Co., Ltd. (4) • Nihon ID System Co., Ltd. • Konica ID Imaging Co., Ltd. • Konica Logistics Co., Ltd. • Konica Sogo Service Co., Ltd. • Konica Engineering Co., Ltd. • Konica Technosearch Corporation Other Consolidated Subsidiaries: 1 Other Unconsolidated Subsidiaries: 2 Other Affiliates: 1	• Konica Business Machines Japan Co., Ltd. • Konica Techno Tokyo Co., Ltd. • Konica Techno Kansai Co., Ltd. (6) • Konica Service Co., Ltd. Other Consolidated Subsidiaries: 9 Other Unconsolidated Subsidiaries: 1 Other Affiliates: 3

Sales and Service (Overseas)	Sales and Service (Overseas)
• Konica Photo Imaging, Inc. (U.S.) • Konica Canada Inc. • Konica Graphic Imaging International, Inc. (U.S.) • Konica Europe GmbH (Germany) • Konica UK Ltd. • Konica France S.A.S. (5) • Konica Asia Headquarters Pte. Ltd. (Singapore) Other Consolidated Subsidiaries: 7 Other Unconsolidated Subsidiaries: 5	• Konica Business Technologies, Inc. • Konica Business Machines Europe GmbH (Germany) (7) • Konica Business Machines Deutschland GmbH (Germany) (7) • Konica Bureautique S.A. (France) • Konica Business Machines (U.K.) Ltd. • Konica Business Machines Italia S.p.A. • Konica Australia Pty. Ltd. ■ Konica Capital EC B.V. (Netherlands) Other Consolidated Subsidiaries: 10 Other Unconsolidated Subsidiaries: 4 Other Affiliates: 1

• Consolidated subsidiary
■ Unconsolidated subsidiary
* Affiliate

(1) On October 1, 2002, Konica System Equipment Co., Ltd., Konica Denshi Co., Ltd., and Konica Corporation's Equipment Production Departments were merged, thereby establishing Konica Technoproducts Corporation.
(2) On April 1, 2002, Yamanashi Konica Co., Ltd., and Kofu Konica Co., Ltd., merged, and Konica Optics Products Corporation was established.
(3) Konica Color Photo Equipment Co., Ltd., was absorbed by Konica Marketing Corporation on April 1, 2002.
(4) As of April 1, 2002, Konica Graphic Systems adopted the new corporate name Konica Graphic Imaging Japan Co., Ltd.
(5) As of July 1, 2002, Konica France S.A. adopted the new corporate name Konica France S.A.S.
(6) Konica Techno Kansai Co., Ltd., was dissolved on September 1, 2002.
(7) On July 1, 2002, Konica Business Machines Deutschland GmbH took over Konica Machines Europe GmbH.

2. MANAGEMENT POLICY

(1) Basic Policy and Medium-to-Long-Term Management Strategy
Konica's fundamental management philosophy is to contribute to society through “inspired creativity”. Amid ubiquitous imaging and the information society, Konica aims to enhance its corporate value and provide satisfaction to shareholders, customers, and employees with inspiring, creative solutions in the field of imaging.

Konica drafted its SAN 2003 medium-term management plan in 2000. SAN stands for speed, alliance, and network, which are the key concepts of the SAN 2003 plan. The Company has boosted its corporate value by making input and output imaging the Konica Group's business field, clarifying the role of each Group company in terms of the Group's business portfolio, strengthening and fostering core technologies, promoting greater use of digital and networking technologies in each business field, and strategically concentrating corporate resources in growth fields.

Although further growth is not likely in the existing silver-halide photography market, Konica expects increasing use of digital technologies to spur the creation of new markets, leading to substantial growth in its input and output imaging operations. To ensure the corporation’s ongoing growth, the current business model must be revised and corporate resources must be directed towards the Group’s fields of expertise. The entire Group is working to minimize its risks, and after determining that it was necessary to implement Companywide business portfolio management to maximize corporate value, the Group decided to establish separate companies for each business and move to a holding company system. By establishing separate companies for each business, the Group aims to gain a competitive edge through expedited decision-making and management environments suited to the particular characteristics of each individual business. Under the holding company, the entire Group is also striving to optimally allocate corporate resources, improve management efficiency, bolster alliance strategies, foster new large-scale businesses, and implement Companywide business portfolio management to maximize corporate value.

(2) Basic Policy Regarding the Distribution of Profits
Amid an operating environment that is expected to remain harsh, Konica will improve management efficiency, raise profitability, and strengthen its financial position through the implementation of its medium-term management plan. While seeking to secure the levels of internal reserves required for future business expansion and profitability enhancement, the Company is intent on continuing a policy of stable dividend payments to shareholders.

(3) Management Organization and Corporate Governance
Konica plans to separate all of its businesses and become a stock holding company for these separate companies. The Company aims to finalize these measures by April 2003.

During the interim period under review, a preliminary separation was conducted in preparation for the plan’s implementation to check its setup, and an outside director system was introduced to clearly separate decision making and supervisory functions from operational execution functions, thereby strengthening each of those functions. Each separate business company will have clear-cut responsibilities and authority as an independent company, and each business company will be able to employ the most appropriate management methods and increase the speed of management decision making and policy execution. As a holding company, the parent company will provide the business companies with unified oversight and transform itself into a type of company that makes strategic decisions regarding its business portfolio. The Company separates its operations into four business companies, which will be created from a customer perspective to bolster their competitiveness, as well as into two shared functional companies, which will be established to improve the efficiency of indirect operations throughout the entire Group and enhance the Group’s level of expertise. Details regarding the spun-off companies are as follows:

a. Konica Photo Imaging Corporation—Manufacture and sales of color film, color paper, minilabs, film cameras, and digital cameras; ID photo operations

b. Konica Medical and Graphic Corporation—Manufacture and sales of medical- and platemaking films and related equipment
c. Konica Business Technologies Corporation—Manufacture and sales of photocopiers and other business equipment as well as related consumables
d. Konica Opto Corporation—Manufacture and sales of optical products and related equipment as well as electronics materials
e. Konica Technology Center Corporation—R&D operations; provision of services for developing, fostering, and promoting the commercialization of new technologies and for managing and administering intellectual property
f. Konica Business Expert Corporation—Provision of a full range of management support and indirect functional services

Through the aforementioned major corporate reform, Konica aims to build a corporate group with a solid profit base.

(4) Future Issues

The presence of digital and networking technologies in markets is increasing more quickly than projected. However, the conditions of the world's principal economies remain uncertain.

Konica believes that surviving amid this environment will require technological strengths and strong cost-competitiveness as well as rapid moves to promote management reforms. Accordingly, the Company has included the following strategic initiatives in its SAN 2005 medium-term management plan and is working steadily to implement those initiatives.

a. Strategically manage the Companywide business portfolio
    - Reallocate management resources to concentrate resources in growth fields
    - Promote alliances within and outside the Company
    - Introduce Konica Value Added (KVA)
    - Enhance brand management
b. Fully leverage core technologies and promote additional progress in digital and networking technologies
c. Improve management efficiency
    - Strengthen corporate governance
    - Separate businesses and adopt a holding company system
    - Promote organizational reform
d. Proceed with comprehensive quality improvement programs that encompass development, production, and marketing operations and are designed with emphasis on boosting customer satisfaction
e. Take thorough measures to protect the global environment through the utilization of environment accounting systems

The entire Konica Group will implement these initiatives as part of its ongoing endeavors to further evolve as a company with a high profile in Japan and overseas that is renowned for its impressive achievements.

3. OPERATING RESULTS

(1) A Summary of Business Performance for the Interim Fiscal Period

1. Performance Summary

Signs of slight recovery in the world's principal economies were apparent at the beginning of the interim fiscal period under review. However, this was followed by a downturn due to anxiety over the future of the U.S. economy and corporate earnings. The Japanese economy continues to be sluggish, owing to uncertainty over the future spurred by such issues as nonperforming loans and low stock prices coupled with the ongoing slump in capital investment and persisting low levels of personal consumption due to concerns regarding the employment environment and other factors.

The average level of the yen-dollar and yen-euro exchange rate was ¥127.33 and ¥116.33, respectively, representing yen depreciation by 4.7% against the dollar and 8.0% against the euro on a year-on-year basis. Despite the impact of the yen's depreciation, Konica's consolidated net sales rose 4.4%, or ¥11.8 billion, to ¥278.9 billion on a year-on-year basis.

As a result of implementing policies in line with the strategies and plans established in the medium-term management plan, net sales substantially rose in the optical technology business—a growth field. Furthermore, in the office document business, our solutions business is steadily producing positive results and the percentage of sales of products for digital and networking technologies is increasing every year. These factors greatly contributed to the Company's increased profitability.
Sales in the Photographic Materials and Photo-Related Industrial Equipment segment dropped 1.6%, or ¥2.3 billion, to ¥146.5 billion year on year. Sales in the Business Machines, Cameras, and Optical Products segment rose 12.0%, or ¥14.1 billion, to ¥132.3 billion year on year. Despite increased amortization expenses due to the construction of a new plant in Kofu for digital dry medical film and the start of operations at a second plant in Kobe, increased R&D costs, and a rise in expenses incurred in foreign exchange process due to yen depreciation, operating income soared 40.6%, or ¥5.6 billion, to ¥19.4 billion on a year-on-year basis, owing to a substantial rise in net sales coupled with reduced marketing costs and general administrative expenditures. Recurring profit rose 39.3%, or ¥3.6 billion, to ¥13.0 billion on a year-on-year basis, thanks to reduced interest expenses. Net income surged 90%, or ¥3.1 billion, to ¥6.7 billion on a year-on-year basis. Total assets amounted to ¥524.1 billion, down ¥3.2 billion from the previous period, and the shareholders' equity ratio was 33.1%.

Results Breakdown

[Photographic Materials and Photo-Related Industrial Equipment]

(Million yen)

	Interim period	Interim period of previous fiscal year	Increase (decrease)	Year-on-year change
Net sales to outside customers	146,575	148,935	(2,360)	98.4%
Intersegment sales	450	906	(456)	49.7%
Sales	147,025	149,842	(2,817)	98.1%
Operating income	8,000	7,890	110	101.4%

Consumer Imaging Company

In the silver halide photography business, which handles color film and paper and minilabs, the effects of the remarkable growth in digital cameras are starting to become apparent in Japan and other developed countries. In addition, market needs are diversifying as digital technologies spread in tandem with Internet expansion. In the interim period, the company introduced the Konica Digital Minilab System R1 Super Digital Minilab System and the Konica Online Lab DPE Box—a networked digital photo ordering system for photo developing shops. Konica aims to leverage these products along with its Konica Online Labs to expand its photo net printing business—an area where future growth is anticipated.

The color film and paper business faced a harsh environment, owing to rapidly declining demand in the domestic market for color film and paper due to the sluggish economy and the advancement of digital technologies, which spurred further drops in prices. Overseas, the Konica CENTURIA SUPER series of film, which was launched in fiscal 2002, received the prestigious European Film of the Year 2002-2003 award. In addition, as a result of concentrating corporate resources and enhancing sales in the growing Asian and Russian markets, of which Konica enjoys a large share, sales volume continued to climb. Operations in Europe and the United States are moving to solid ground, owing to factors including the development of new customers. Overall, sales of film and paper rose approximately 101% and 108%, respectively, year on year. During the interim period under review, net sales fell due to declining prices, but operating profits rose as a result of rationalization.

Medical & Graphic Imaging Company
Konica quickly responded to the increasing use of digital and network technologies in hospitals by developing a complete lineup of digital input and output systems. In the interim period under review, Konica launched the Konica Direct Digitizer REGIUS Model 170—a compact, high-definition, cassette type digital X-ray imaging system. With the rising use of digital technologies taking root at all types of medical facilities, from large-scale hospitals to the offices of independent medical practitioners, the use of dry film, which enables the input and output of high quality digital images by laser imagers, is on the rise both in Japan and overseas. In April 2002, a new manufacturing plant was established at the Kofu Industrial Center, bolstering production. Konica intends to strengthen its system product lineup, including digital input and output systems, materials, and software, and further enhance its service framework to boost profitability.

Sales fell in the graphic imaging business, owing to the slack Japanese economy and the effects from the phasing out of film. However, in the digital graphic imaging market, we launched a product with a competitive edge, the Konica Digital Konsensus Pro, as part of our ongoing endeavors to maintain the top share of this market. Overall, Konica achieved a 112% year-on-year increase in sales volume by pursuing rationalization and bolstering solution-based sales in Japan to heighten profitability, as well as by working to expand overseas film sales, especially in Asia.

During the interim under review, the medical and graphic imaging company's medical-related business faired well, but the weak domestic printing market led to an overall reduction in the company's net sales. The construction of a new plant for the production of dry film for use in the medical system in April led to a rise in amortization expenses and a temporary drop in operating profits.

Inkjet Business Group
Konica's medium-term management plan positions inkjet operations within imaging technologies, which is the Company's third core technology field, after silver-halide photography and electrophotography. The Company intends to make the inkjet business a new core business in the future and will intensify the development of this business in line with this objective. This group's sales are steadily increasing, as is the sales volume of premium, glossy paper for use with inkjet printers, mainly at electric appliance stores in Japan. Furthermore, the technology center is strengthening its core technologies and cultivating businesses in various areas, including commercial-use printers.

Electronics Materials Business Group
The liquid crystal display (LCD) market began to pick up during the latter half of the fiscal year. In the latter half of the previous fiscal year, the sales of triacetyl cellulose (TAC) film for use in LCD polarization plates were a bit sluggish due to supply and demand adjustments, but sales volume soared a substantial 162% year on year, and total sales were also up.

Demand for Konica's pioneering 40 micron thin TAC film, developed to meet the needs of increasingly lightweight notebook PCs and mobile phones, is also expanding further.

The second plant at the Kobe factory, which is going on line this fall, is expected to meet increasing future demand and improve production efficiency.

[Business Machines, Cameras, and Optical Products]

(Million yen)

	Interim period	Interim period of previous fiscal year	Increase (decrease)	Year-on-year change
Net sales to outside customers	132,395	118,215	14,180	112.0%
Intersegment sales	1,020	548	472	186.1%
Sales	133,415	118,764	14,651	112.3%
Operating income	16,245	10,281	5,964	158.0%

Office Document Company

Our enhanced lineup of multifunctional copiers, which incorporate next-generation polymerization toner to attain world-class image quality, coupled with stronger sales of medium- and high-speed models—our strong suit—led to an approximate 106% jump in sales volume on a year-on-year basis.

The Office Document Company improved its application software for network technologies and upgraded its controllers for LAN connections, while aiming to enhance its print-on-demand (POD) business by leveraging its high-speed models offering superior reliance and durability. In Japan, efforts to expand the Company's network of POD distributors and form alliances with major retailers to establish in store on-demand printing services are starting to pay off. In addition, the alliance with Minolta Co., Ltd., including mutual product supply arrangements, collaborative development programs, and the operation of a polymerization toner manufacturing joint venture is proceeding smoothly and contributing to improved performance. Konica set out to boost the equipment manufacturing capacity of the Konica Group by merging Konica's equipment production departments with its manufacturing affiliates, such as the equipment manufacturing subsidiaries of the Consumer Imaging Company and the Medical & Graphic Imaging Company, to form Konica Technoproducts Corporation, a company to oversee all of Konica's equipment production. During the interim period under review, the Office Document Company's net sales soared and operating profits improved markedly.

Optics Technology Company

The Optics Technology Company is an important strategic business that utilizes Konica's highly superior optics technologies as core technologies. During the interim period under review, in the optical pick-up market, demand for lenses used in DVD players and demand for lenses used in video CD players marketed in China and Asia simultaneously skyrocketed. Konica's sales also substantially rose on a year-on-year basis, and the Company responded to the tremendous number of shipment requests by bolstering its facilities during the interim period.

The Optics Technology Company maintains its position as the uncontested leader in optical pick-up lenses and is continuing its efforts to enhance R&D capabilities for products that include lenses for use in recordable DVDs and next generation blue-violet lasers, as well as working to enhance manufacturing technologies and reduce costs to boost profitability.

The sales volume of lens units for VCRs and digital cameras increased. However, prices and demand fell, and the Company shifted more of its production to China to increase its cost-competitiveness. The Company entered the field of micro camera units, for which growth is expected in such futuristic applications of optical pick-up lens and digital camera technologies as portable videophones. The Company intends to step up its efforts in the large quantity market for pick-up lenses used in cellular phones.

The Optics Technology Company's net sales and operating profits markedly increased during the interim period under review.

Camera and Digital Camera Business Group
The sales volume of Konica's conventional cameras fell mainly in Japan, owing to ongoing market contraction due to the impact from digital cameras.

Konica launched three new models—Digital Revio 210Z, 310Z, and 400Z— in the fiercely cost-competitive digital camera market, which sees companies introduce new models one after another. The Digital Revio 400Z, which was introduced in July 2002 and is the world's smallest, lightest, 4 megapixel digital camera in its class, has received widespread acclaim and orders for this model are still strong. Nevertheless, operating profits declined, and the combined total unit sales of conventional cameras and digital cameras dropped to 89% of last year's figure for the same period.

2. Outlook for the Entire Fiscal Year

The worldwide economic downturn coupled with falling stock prices in Japan and the United States and the possibility of a joint U.S.-British attack on Iraq have deepened the uncertainty surrounding the prospects for the world economy. Against this background, the Group will focus on implementing each of the management policies outlined above in "Future Issues." Sales and profit projections are as follows:

Consolidated Results (100 million yen)

	Fiscal 2003		Fiscal 2002		Increase (decrease)	
	Interim	**Full year (projected)**	Interim	Full year	Interim	Full year (projected)
Net sales	2,789	5,700	2,671	5,395	118	305
Operating income	194	380	138	296	56	84
Recurring profit	130	280	93	248	37	32
Net income	67	160	35	110	32	50

Consolidated Sales by Segment (100 million yen)

	Fiscal 2003		Fiscal 2002		Increase (decrease)	
	Interim	**Full year (projected)**	Interim	Full year	Interim	Full year (projected)
Photographic materials	1,465	3,020	1,489	3,004	(24)	16
Business machines	1,323	2,680	1,182	2,391	141	289
Total	2,789	5,700	2,671	5,395	118	305

Parent Company Results (100 million yen)

	Fiscal 2003		Fiscal 2002		Increase (decrease)	
	Interim	**Full year (projected)**	Interim	Full year	Interim	Full year (projected)
Net sales	1,801	3,600	1,682	3,390	119	210
Operating income	122	200	96	163	26	37
Recurring profit	90	160	86	187	4	(27)
Net income	43	90	43	(299)	0	389

Fiscal 2003: Fiscal year ending March 31, 2003

Fiscal 2002: Fiscal year ended March 31, 2002

Forecasts for the second half of the fiscal year ending March 31, 2003 are based on exchange rates of ¥120=US$1 and ¥ 117=1 euro.

The above forecasts are estimates and incorporate elements of risk and uncertainty. Actual results may differ due to various significant factors.

Dividends

To continue its policy of providing steady dividends, Konica plans to pay an interim cash dividend of ¥5 per share and a dividend of ¥10 per share for the entire fiscal year.

(2) Financial Position

1. Fiscal Interim Ended September 30, 2002

Net Cash Flows (Million yen)

	Interim period	Interim period of previous fiscal year	Increase/Decrease
Cash flows from operating activities	26,073	18,775	7,297
Cash flows from investing activities	(18,819)	(16,203)	(2,615)
Total (Free cash flow)	7,253	2,572	4,681
Cash flows from financing activities	1,077	(8,186)	9,263

Net cash flows from operating activities

Net cash provided by operating activities increased ¥7.2 billion, to ¥26.0 billion, on a year-on-year basis. This reflected the ¥10.7 billion level of income before income taxes and minority interests, a ¥3.3 billion increase, and the ¥13.5 billion level of depreciation and amortization expense. Corporate taxes amounted to ¥6.4 billion.

Net cash flows from investing activities

Net cash used in investing activities fell ¥2.6 billion, to ¥(18.8) billion. This mainly reflected an expenditure of ¥17.7 billion for the acquisition of tangible fixed assets.

Net cash flows from financing activities

Net cash used in financing activities increased ¥9.2 billion, to ¥1.0 billion. This mainly reflects a ¥6.9 billion increase in the Company's short- and long-term loans and a ¥5.3 billion decrease in the Company's outstanding bonds.

As a result of the above changes and a ¥0.4 billion translation difference on cash and cash equivalents, cash and cash equivalents for the period under review increased ¥7.9 billion, amounting to ¥55.5 billion at the end of the period.

2. Outlook for the Entire Fiscal Year

[Cash Flow Projection]

The Company projects that the free cash flow, defined as equaling net cash flows from operating and investing activities, will amount to approximately ¥13.0 billion of net cash inflow.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Statements of Income and Retained Earnings

(Million yen)

	April 1, 2002— September 30, 2002		April 1, 2001— September 30, 2001		Fiscal 2002 April 1, 2001— March 31, 2002	
	Amount	% of total	Amount	% of total	Amount	% of total
Net Sales	278,970	100.0	267,151	100.0	539,571	100.0
Cost of sales	161,598	57.9	151,821	56.8	309,633	57.4
Gross profit	117,371	42.1	115,329	43.2	229,937	42.6
Selling, general and administrative expenses	97,871	35.1	101,462	38.0	200,328	37.1
Operating income	19,499	7.0	13,867	5.2	26,609	5.5
Non-operating income	(3,365)	1.2	(3,661)	1.4	(10,061)	1.9
Interest and dividend income	427		443		720	
Equity in profit of nonconslidated subsidiaries and affiliated companies	66		—		—	
Other	2,871		3,217		9,340	2.8
Non-operating expenses	(9,805)	3.5	(8,153)	3.1	(14,849)	
Interest expense	2,441		3,762		6,668	
Equity in loss of nonconslidated subsidiaries and affiliated companies	—		357		1,020	
Other	7,364		4.034		7,161	
Recurring profit	13,058	4.7	9,375	3.5	24,820	4.6
Extraordinary profit	(46)	0.0	(1,985)	0.7	(461)	0.1
Gain on sales of fixed assets	46		1,934		410	
Gain on sales of investment securities	—		50		50	
Extraordinary losses	(2,395)	0.9	(3,970)	1.4	(10,287)	1.9
Loss on disposal and sale of fixed assets	1,178		2,230		4,499	
Write-down on investment securities	484		861		1,688	
Transition obligations due to adoption of new accounting standards for retirement benefits	730		879		1,647	
Loss on liquidation of subsidiaries and affiliated companies	—		—		2,451	
Loss on sale of investment securities	2		0		0	
Income before income taxes and minority interests	10,710	3.8	7,389	2.8	14,994	2.8
Income taxes	8,610		7,634		8,441	
Deferred income taxes	(4,735)		(3,823)		(4,576)	
Minority interest in earnings of consolidated subsidiaries	97		42		69	
Net income	6,738	2.4	3,546	1.3	11,059	2.0

(2) Consolidated Balance Sheets

(Million yen)

	April 1, 2002—September 30, 2002		April 1, 2001—September 30, 2001		Fiscal 2002 April 1, 2001—March 31, 2002	
	Amount	% of total	Amount	% of total	Amount	% of total
Current assets	(311,574)	(59.4)	(316,868)	(60.3)	(309,602)	(58.7)
Cash and deposits	55,589		50,940		47,359	
Trade notes and accounts receivable	132,626		134,056		137,224	
Marketable securities	—		1,081		300	
Inventories	99,457		108,244		102,348	
Deferred tax assets	14,038		12,112		12,963	
Other accounts receivable	8,404		11,552		9,513	
Other current assets	9,033		8,012		7,713	
Allowance for doubtful accounts	(7,575)		(9,132)		(7,819)	
Fixed assets	(212,581)	(40.6)	(208,467)	(39.7)	(217,757)	(41.3)
Tangible fixed assets	(151,356)	28.9	(145,509)	27.7	(156,061)	29.6
Buildings and structures	53,101		49,843		51,174	
Machinery and vehicles	52,503		41,839		41,359	
Land	18,825		18,777		19,335	
Leased business-use assets	14,923		16,698		16,683	
Other property, plant and equipment	12,002		18,351		27,509	
Intangible fixed assets	(10,913)	2.1	(10,540)	2.0	(10,884)	2.1
Investments and others	(50,310)	9.6	(52,417)	10.0	(50,811)	9.6
Investment securities	12,685		14.610		13,469	
Long-term loans	2,151		2,418		2,291	
Long-term prepaid expenses	5,046		5,731		5,604	
Deferred tax assets	21,494		18,938		18,826	
Other investments	11,039		16,647		13,088	
Allowance for doubtful accounts	(2,106)		(5,930)		(2,469)	
Total assets	524,155	100.0	525,336	100.0	527,360	100.0

(Million yen)

	April 1, 2002—September 30, 2002		April 1, 2001—September 30, 2001		Fiscal 2002 April 1, 2001—March 31, 2002	
	Amount	% of total	Amount	% of total	Amount	% of total
Current liabilities	(247,862)	(47.3)	(270,173)	(51.4)	(267,805)	(50.8)
Trade notes and accounts payable	67,328		80,307		72,983	
Short-term loans	102,414		106,349		111,741	
Long-term loans due within one year	3,716		7,719		2,540	
Bonds due within one year	10,054		15,000		15,354	
Accrued expenses	35,337		35,913		34,945	
Accrued income taxes	8,632		7,913		6,539	
Allowance for product warranty	1,725		1,387		1,242	
Other current liabilities	18,653		15,582		22,457	
Long-term liabilities	(100,874)	(19.2)	(90,758)	(17.3)	(87,587)	(16.6)
Bonds	32,192		40,750		32,246	
Long-term loans	26,380		10,300		14,226	
Reserve for retirement benefits and pension plans	36,627		33,434		35,078	
Other long-term liabilities	5,673		6,274		6,036	
Total liabilities	348,736	(66.5)	360,932	(68.7)	355,392	(67.4)
Minority interests	2,161	(0.4)	715	(0.1)	741	(0.1)
Capital stock			37,519	7.2	37,519	7.1
Capital reserve			79,342	15.1	79,342	15.0
Retained earnings			50,5273	9.6	56,251	10.7
Net unrealized gain on securities			381	0.1	891	0.2
Translation adjustment			(4,081)	(0.8)	(2,659)	(0.5)
Treasury stock			(1)	(0.0)	(119)	(0.0)
Total shareholders' equity			163,687	(31.2)	171,226	(32.5)
Capital stock	37,519	7.2				
Capital surplus	79,342	15.1				
Retained earnings	61,202	11.7				
Net unrealized gain on securities	1,222	0.2				
Translation adjustment	(5,743)	(1.1)				
Treasury stock	(285)	(0.0)				
Total shareholders' equity	173,257	(33.1)				
Total liabilities, minority interests, and shareholders' equity	524,155	100.0	525,336	100.0	527,360	100.0

Notes:

	April 1, 2002—September 30, 2002	April 1, 2001—September 30, 2001	Fiscal 2002 April 1, 2001—March 31, 2002
1. Accumulated depreciation on tangible fixed assets (million yen)	288,109	285,467	292,587
2. Discount on trade notes receivable (million yen)	16	60	100

(3) Consolidated Statements of Retained Earnings

(Million yen)

	April 1, 2002—September 30, 2002	April 1, 2001—September 30, 2001	Fiscal 2002 April 1, 2001—March 31, 2002
	Amount	Amount	Amount
Retained earnings at beginning of the period	(—)	(48,813)	(48,813)
Decrease in retained earnings	(—)	(1,833)	(3,621)
Dividends	—	1,788	3,576
Bonuses to directors and corporate auditors	—	45	45
Net income	—	3,564	11,059
Retained earnings at end of the period	—	50,527	56,251
Capital surplus			
Capital surplus at beginning of the period	(79,342)	(—)	(—)
Capital reserve at beginning of the period	79,342	—	—
Capital surplus at end of the period	79,342	—	—
Retained earnings			
Retained earnings at end of the period	(56,521)	(—)	(—)
Retained earnings at end of the period	56,521	—	—
Retained earnings	(6,738)	(—)	(—)
Net income	6,738	—	—
Decrease in retained earnings	(1,787)	(—)	(—)
Dividends	1,787	—	—
Retained earnings at end of the period	61,202	—	—

(4) Consolidated Statements of Cash Flows

(Million yen)

	April 1, 2002— September 30, 2002	April 1, 2001— September 30, 2001	Fiscal 2002 April 1, 2001— March 31, 2002
	Amount	Amount	Amount
I. Cash flows from operating activities			
Net income before income taxes and minority interests	10,710	7,389	14,994
Depreciation and amortization	13,555	13,273	26,219
Increase in allowance for doubtful accounts	247	29	(2,055)
Interest and dividend income	(427)	(443)	(720)
Interest expense	2,441	3,762	6,668
Loss (gain) on sales or disposals of tangible fixed assets	1,131	295	4,088
Valuation loss (gain) on investment securities	484	861	1,688
Transition obligations due to adoption of new accounting standards for retirement benefits	730	879	1,647
Loss on liquidation of subsidiaries and affiliated companies	—	—	2,451
Decrease (increase) in trade notes and accounts receivable	(249)	8,730	9,164
Decrease (increase) in inventories	(566)	(2,920)	4,202
Increase (decrease) in trade notes and accounts payable	497	(1,160)	(13,349)
Increase (decrease) in accrued consumption tax payable	67	599	(1,405)
Other	5,808	(6,431)	5,609
Subtotal	34,431	24,864	59,205
Interest and dividends received	447	390	697
Interest paid	(2,375)	(3,503)	(6,773)
Income taxes paid	(6,430)	(2,976)	(5,003)
Net cash provided by operating activities	26,073	18,775	48,125
II. Cash flows from investing activities			
Payment for acquisition of tangible fixed assets	(17,743)	(17,100)	(41,616)
Proceeds from sale of tangible fixed assets	917	2,221	5,483
Payment for acquisition of investment securities	(245)	(56)	(216)
Proceeds from sale of investment securities	446	37	697
Other	(2,193)	(1,304)	(3,845)
Net cash used in by investing activities	(18,819)	(16,203)	(39,496)
III. Cash flows from financing activities			
Net (decrease) increase in short-term loans payable	(6,207)	1,628	22,986
Proceeds from long-term loans payable	15,000	2,282	8,223
Repayment of long-term loans payable	(1,833)	(5,309)	(33,512)
Proceeds from the issuance of bonds	—	—	2,000
Redemption of bonds	(5,354)	(5,000)	(15,150)
Proceeds from the issuance of shares	1,300	—	—
(Increase) decrease in treasury stock	(39)	0	(19)
Dividend payments	(1,787)	(1,788)	(3,576)
Net cash used in financing activities	1,077	(8,186)	(19,049)
IV. Translation differences on cash and cash equivalents	(401)	460	904
V. Increase in cash and cash equivalents	7,929	(5,153)	(9,515)
VI. Cash and cash equivalents at beginning of the period	47,659	56,573	56,573
VII. Increase in cash and cash equivalents due to newly consolidation subsidiaries (y)	—	602	602
VIII. Cash and cash equivalents at end of the period	55,589	52,021	47,659