

# Consolidated Statements of Income and Retained Earnings

KONICA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
For the fiscal years ended March 31, 1999 and 1998

	Millions of yen		Thousands of U.S. dollars (Note 2)
	1999	1998	1999
<b>Net Sales</b> (Note 4) .....	<b>¥584,342</b>	¥584,402	<b>\$4,789,689</b>
<b>Cost of Sales</b> (Note 4) .....	<b>342,543</b>	342,453	<b>2,807,730</b>
Gross profit .....	<b>241,799</b>	241,949	<b>1,981,959</b>
<b>Selling, General and Administrative Expenses</b> .....	<b>227,224</b>	216,738	<b>1,862,492</b>
Operating income .....	<b>14,575</b>	25,211	<b>119,467</b>
<b>Other Income (Expenses):</b>			
Interest and dividend income .....	<b>1,974</b>	2,403	<b>16,180</b>
Interest expenses .....	<b>(13,749)</b>	(9,436)	<b>(112,696)</b>
Foreign currency gains, net .....	<b>—</b>	3,762	<b>—</b>
Restructuring costs .....	<b>(10,057)</b>	—	<b>(82,434)</b>
Other, net .....	<b>(3,615)</b>	(5,956)	<b>(29,631)</b>
	<b>(25,447)</b>	(9,227)	<b>(208,581)</b>
(Loss) income before provision for income taxes .....	<b>(10,872)</b>	15,984	<b>(89,114)</b>
<b>Provision for Income Taxes</b> (Note 7):			
Current .....	<b>2,794</b>	11,202	<b>22,902</b>
Deferred .....	<b>(10,269)</b>	(1,352)	<b>(84,172)</b>
	<b>(7,475)</b>	9,850	<b>(61,270)</b>
<b>Minority Interests in Earnings of Consolidated Subsidiaries</b> .....	<b>2</b>	(24)	<b>16</b>
<b>Equity in Earnings of Unconsolidated Subsidiaries and Affiliates</b> .....	<b>229</b>	(609)	<b>1,877</b>
<b>Net (Loss) Income</b> .....	<b>(3,166)</b>	5,501	<b>(25,951)</b>
<b>Retained Earnings at Beginning of the Year</b> .....	<b>50,284</b>	48,409	<b>412,164</b>
Cumulative effect on prior years of change in accounting for income taxes .....	<b>4,998</b>	—	<b>40,967</b>
Appropriations:			
Cash dividends .....	<b>(3,576)</b>	(3,576)	<b>(29,311)</b>
Bonuses to directors and corporate auditors .....	<b>(50)</b>	(50)	<b>(410)</b>
Decrease in retained earnings resulting from restructuring .....	<b>(6,609)</b>	—	<b>(54,172)</b>
	<b>(5,237)</b>	(3,626)	<b>(42,926)</b>
<b>Retained Earnings at End of the Year</b> .....	<b>¥ 41,881</b>	¥ 50,284	<b>\$ 343,287</b>

	Yen		U.S. dollars (Note 2)
<b>Per Share of Common Stock:</b>			
Net (loss) income .....	<b>¥ (8.9)</b>	¥ 15.4	<b>\$ (0.07)</b>
Cash dividends applicable to earnings of the year .....	<b>10.0</b>	10.0	<b>0.08</b>

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