Notes to Consolidated Financial Statements

Konica Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2003 and 2002

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Konica Corporation (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code (the "Code") and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

Certain amounts previously reported have been reclassified to conform to the current year classifications.

As permitted under the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in dollars) do not necessarily agree with the sums of the individual amounts.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and, with certain exceptions which are not material, those of its 75 subsidiaries in which it has control. All significant intercompany transactions and accounts and unrealized profits among the companies are eliminated in consolidation.

Investments in 15 unconsolidated subsidiaries and 3 significant affiliates are accounted for by the equity method. Investments in 3 insignificant unconsolidated affiliates are stated at cost.

The excess of cost over the underlying investments in subsidiaries is recognized as goodwill and is amortized on a straight-line basis over a five-year period.

(b) Translation of Foreign Currencies

Translation of Foreign Currency Transactions

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date and revenues and costs are translated using average exchange rate for the period.

Translation of Foreign Currency Financial Statements

The translations of foreign currency financial statements of overseas consolidated subsidiaries and affiliates into Japanese yen are made by applying the exchange rates prevailing at the balance sheet dates for balance sheet items, except that the common stock, additional paid-in capital and retained earnings accounts are translated at the historical rates and the statements of income and retained earnings are translated at average exchange rates.

(c) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

(d) Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided at the amount of possible losses from uncollectable receivables based on the management's estimate.

(e) Inventories

Inventories are valued principally on an average-cost basis.

(f) Property, Plant and Equipment Depreciation

Depreciation of property, plant and equipment for the Company and domestic consolidated subsidiaries is computed using the declining balance method except for depreciation of buildings acquired after April 1, 1998, based on the estimated useful lives of assets.

Depreciation of buildings acquired after April 1, 1998 is computed using the straight-line method. Depreciation of foreign subsidiaries is computed using the straight-line method.

Ordinary maintenance and repairs are charged to income as incurred. Major replacements and improvements are capitalized. When properties are retired or otherwise disposed of, the property and related accumulated depreciation accounts are relieved of the applicable amounts and any differences are charged or credited to income.

(g) Income Taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants' taxes, and enterprise taxes. Deferred income taxes are provided for in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements.

(h) Research and Development Expenses

Expenses for research and development activities are charged to income as incurred.

(i) Financial Instruments

Derivatives

All derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as "hedging instruments" (see Hedge Accounting below).

Securities

Securities held by the Company and its subsidiaries are classified into two categories:

Investments of the Company in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for by the equity method. Exceptionally, investments in certain unconsolidated subsidiaries and affiliates are stated at cost because the effect of application of the equity method would be immaterial.

Other securities for which market quotations are available are stated at fair value.

Net unrealized gains or losses on these securities are reported as a separate item in shareholders' equity at a net-of-tax amount.

Other securities for which market quotations are unavailable are stated at cost, except as stated in the following paragraph.

However, in cases where the fair value of equity securities issued by unconsolidated subsidiaries and affiliates, or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

Hedge Accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Company are principally interest swaps, commodity swaps, and forward exchange contracts. The related hedged items are trade accounts receivable and payable, raw materials, long-term bank loans, and debt securities issued by the Company.

The Company has a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of interest rate, commodity price, and exchange rate. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Company evaluates effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(j) Accrued Retirement Benefits

Pension and severance costs for employees are accrued based on the estimates of projected benefit obligations and the plan assets at the end of current fiscal year. The actuarial difference is amortized mainly over a period of 10 years, which is within the average remaining service period, using straight-line method from the next year in which they arise.

The prior service cost is amortized mainly over a 10-year period, which is within the average remaining service period, using straight-line method from the time when the difference was generated.

Pursuant to the Defined Benefit Enterprise Pension Plan Law, the Company and several consolidated subsidiaries obtained approval from the Minister of Health, Labor and Welfare for the exemption from the payment for future benefits of the Entrusted Government's Portion. The Company and several consolidated subsidiaries applied accounting for Liquidation of the Entrusted Government's Portion at the date of approval resulting in relinquishment of the entrusted portion of the retirement benefit obligation of welfare pension funds and the related pension fund assets, which is allowed as an alternative accounting method in accordance with article 47-2 of Accounting Committee Report No.13 "Practical Guidance for Accounting for Retirement Benefits (Interim Report)" issued by the Japanese Institute of Certified Public Accountants. The effect to the statements of income resulting from the accounting treatment applied is described in Note 12. Retirement Benefits Plan.

On April 30, 2003, the Company, upon enactment of Defined Contribution Pension Plan Law, transferred a portion of defined benefit pension plan to a defined contribution pension plan. Pursuant to Financial Accounting Standards Implementation Guidance No.1 "Accounting for Transfers between Retirement Benefit Plans" issued by Accounting Standard Board of Japan, and "Report of Practical Issues No.2 Practical Treatment of Accounting for Transfers between Retirement Benefit Plans" issued by the Accounting Standards Board of Japan, the effect resulting from the accounting treatment applied to the statements of income are described in Note 12. Retirement Benefits Plan.

(k) Per Share Data

Net income per share of common stock has been computed based on the weighted average number of shares outstanding during the year.

Cash dividends per share shown for each year in the accompanying consolidated statements are dividends declared as applicable to the respective years.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥120.20=US$1, the rate of exchange on March 31, 2003, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

4. Cash and Cash Equivalents

Cash and cash equivalents consisted of:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Cash and bank deposits	**¥51,876**	¥47,359	**$431,581**
Money management funds	**0**	300	**0**
Cash and cash equivalents	**¥51,876**	¥47,659	**$431,581**

5. Securities

As of March 31, 2003

(a) Other Securities with Quoted Market Values

	Millions of yen		
	Original purchase value	Market value at the consolidated balance sheet date	Unrealized gains or losses
Securities for which the amounts in the consolidated balance sheets exceed the original purchase value			
(1) Shares	¥3,995	¥5,936	¥1,940
(2) Other	—	—	—
Subtotal	3,995	5,936	1,940
Securities for which the amounts in the consolidated balance sheets do not exceed the original purchase value			
(1) Shares	3,734	3,113	(620)
(2) Other	78	61	(16)
Subtotal	3,812	3,174	(637)
Total	¥7,808	¥9,111	¥1,303
	Thousands of U.S. dollars		
Total	$64,958	$75,799	$10,840

(b) Other Securities Sold During the Fiscal Year Under Review

	Millions of yen		
	Sale value	Total profit	Total loss
Other securities	¥669	¥121	¥21
	Thousands of U.S. dollars		
Other securities	$5,566	$1,007	$175

(c) Composition and Amounts on the Consolidated Balance Sheets of Other Securities Without Market Quotes

Amounts on consolidated balance sheets

	Millions of yen	Thousands of U.S. dollars
Unlisted stocks	¥742	$6,173
Unlisted foreign bonds	264	2,196

(d) Future Amortization Schedules of Other Securities with Maturity Dates

	Millions of yen	
	Within one year	One year or more, up to five years
Unlisted foreign bonds	¥264	—
	Thousands of U.S. dollars	
Unlisted foreign bonds	$2,196	—

6. Short-Term & Long-Term Debt with Banks

Short-term and long-term debt as of March 31, 2003 and 2002 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars
	2003		2002	**2003**
		(Interest rate)		
Short-term loans	**¥ 90,592**	2.09	¥111,741	**$753,677**
Current portion of long-term loans	**5,121**	1.71	2,540	**42,608**
Long-term loans	**24,126**	0.92	14,226	**200,722**
	¥119,840		¥128,508	**$997,997**

The annual maturities of long-term debt as of March 31, 2003 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2004	¥ 3,044	$25,329
2005	1,019	8,483
2006	2,009	16,718
2007	11,007	91,577

Bonds

Bonds as of March 31, 2003 and 2002 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Bonds	**¥32,246**	¥47,600	**$268,270**

The annual maturities of long-term debt as of March 31, 2003 is as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥ 5,054	$42,047
2004	7,054	58,686
2005	10,054	83,644
2006	5,054	42,047
2007	30	250

Assets pledged as collateral for short-term debt, long-term debt and guarantees as of March 31, 2003 and 2002 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Property, plant and equipment	**¥2,199**	¥2,374	**$18,297**

7. Income Taxes

The statutory tax rate used for calculating deferred tax assets and deferred tax liabilities as of March 31, 2003 and 2002 was 42.1%.

At March 31, 2003 and 2002, the reconciliation of the statutory tax rate to the effective income tax rate is as follows:

	2003	2002
Statutory tax rate	**42.1%**	42.1%
Unrecognized tax effect	**(8.5)**	—
Accumulated deficit	**—**	(13.6)
Other, net	**(0.5)**	(2.7)
Effective tax rate	**33.1%**	25.8%

Statutory effective tax rate used for the calculation of non-current deferred tax assets and liabilities is mainly 40.5% (prior fiscal year was 42.1%). Due to the change in the tax rate, amounts of deferred tax assets (net of deferred tax liabilities) decreased by ¥346 million and deferred income taxes increased by ¥367 million.

At March 31, 2003 and 2002, significant components of deferred tax assets and liabilities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Gross deferred tax assets:			
Tax effect on loss of a consolidated subsidiary previously not recognized	**¥ 3,810**	¥ 3,057	**$ 31,697**
Tax loss carryforwards	**4,820**	9,459	**40,100**
Reserve for employees' retirement allowance	**15,046**	15,451	**125,175**
Inventories, etc	**6,970**	2,631	**57,987**
Other, net	**20,439**	16,477	**170,042**
Subtotal	**51,085**	47,075	**425,000**
Valuation allowance	**(6,587)**	(6,764)	**(54,800)**
Deferred tax assets total	**44,497**	40,311	**370,191**
Total gross deferred tax liabilities	**(7,517)**	(8,521)	**(62,537)**
Net deferred tax assets	**¥36,980**	¥31,789	**$307,654**

Deferred tax assets relating to operating losses are recorded because the Japanese accounting standard requires that the benefit of tax loss carry-forwards be estimated and recorded as an asset, with deduction of a valuation allowance if it is expected that some portion or all of the deferred tax assets will not be realized.

8. Research and Development Expenses

Total amounts charged to income for the fiscal years ended March 31, 2003 and 2002 are ¥30,308 million (US$252,153 thousand) and ¥29,171 million, respectively.

9. Shareholders' Equity

Retained earnings at March 31, 2003 and 2002 include a legal reserve of ¥69,052 million and ¥56,251 million, respectively. The Japanese Commercial Code provides that an mount equal to at least 10 percent of cash dividends and other distribution from retained earnings paid by the Company and its subsidiaries be appropriated as a legal reserve. No further appropriation is required when the total amount of the additional paid-in capital and the legal reserve equals 25 percent of their respective stated capital.

On June 25, 2003 the ordinary general shareholders' meeting approved a cash dividend to be paid to shareholders on record as of March 31, 2003 totaling ¥1,786 million, at rate of ¥5.00 per a share. The meeting also approved a treasury stock purchase program in which the Company is authorized to repurchase up to 35 million shares within the acquisition cost of ¥20 billion later than the date of the next ordinary general shareholders' meeting to reduce the outstanding shares.

10. Contingent Liabilities

The Company and its subsidiaries were contingently liable, as of March 31, 2003, for loans guaranteed of ¥122 million (US$1,015 thousand).

11. Lease Transactions

Information on the Company's and consolidated subsidiaries' finance lease transactions (except for those which are deemed to transfer the ownership of the leased assets to the lessee) and operating lease transactions is as follows:

Accounting for Finance Leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for mainly by a method similar to that used for ordinary operating leases.

Lessee

1. Finance Leases

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Machinery and equipment	**¥ 10,724**	¥11,826	**$ 89,218**
Tools and furniture	**9,369**	6,913	**77,945**
Others	**507**	451	**4,218**
	20,601	19,192	**171,389**
Less: Accumulated depreciation	**(10,570)**	(9,392)	**(87,937)**
Net book value	**10,031**	9,799	**83,453**
Depreciation	**¥ 4,311**	¥ 3,463	**$ 35,865**

Depreciation is based on the straight-line method over the lease terms of the lease assets.

The scheduled maturities of future lease rental payments on such lease contracts as of March 31, 2003 and 2002 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Due within one year	**¥ 3,564**	¥3,343	**$29,651**
Due over one year	**6,466**	6,456	**53,794**
	10,031	9,799	**83,453**
Lease rental expenses for the year	**¥ 4,311**	¥3,463	**$35,865**

2. Operating Leases

The scheduled maturities of future lease rental payments on such lease contracts as of March 31, 2003 and 2002 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Due within one year	**¥ 4,940**	¥ 4,036	**$ 41,098**
Due over one year	**14,745**	14,568	**122,671**
	¥19,685	¥18,604	**$163,769**

Lessor
Finance Leases

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Leased tools and furniture:			
Purchase cost	**¥ 576**	¥ 766	**$4,792**
Accumulated depreciation	**(537)**	(689)	**(4,468)**
Net book value	**¥ 38**	¥ 77	**$ 316**

The scheduled maturities of future lease rental income on such lease contracts as of March 31, 2003 and 2002 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Due within one year	**¥ 44**	¥ 88	**$ 366**
Due over one year	**—**	—	**—**
	44	88	**366**
Lease rental income for the year	**618**	792	**5,141**
Depreciation for the year	**¥537**	¥689	**$4,468**

12. Retirement Benefits Plan

The Company and its subsidiaries have defined benefit retirement plans: the plan which is governed by the Japanese Welfare Pension Insurance Law, the tax-qualified pension plan and the lump-sum payment plan. In addition, in some cases when employees retire, the Company provides for additional retirement benefits that are not in accordance with the retirement benefit accounting.

The reserve for retirement benefits as of March 31, 2003 is analyzed as follows:

	Millions of yen	Thousands of U.S. dollars
a. Retirement benefit obligations	¥(79,163)	$(658,594)
b. Plan assets	34,853	289,958
c. Unfunded retirement benefit obligations (a+b)	(44,309)	(368,627)
d. Unrecognized transition amount	2,391	19,892
e. Unrecognized actuarial differences	19,645	163,436
f. Unrecognized prior service cost	(65)	(541)
g. Net amount on consolidated balance sheets (c+d+e+f)	(22,337)	(185,832)
h. Prepaid pension cost	1,965	16,348
i. Accrued retirement benefits (g–h)	¥(24,303)	$(202,188)

Note: The above table includes the amounts related to the portion subject to the Japanese Welfare Pension Insurance Law.

Net pension expense related to the retirement benefits for the year ended March 31, 2003 is as follows:

	Millions of yen	Thousands of U.S. dollars
a. Service costs	¥4,776	$39,734
b. Interest costs	2,975	24,750
c. Expected return on plan assets	(545)	(4,534)
d. Amortization of transition amount	1,325	11,023
e. Actuarial differences that are accounted for as expenses	1,285	10,691
f. Prior service costs that are accounted for as expenses	(156)	(1,298)
g. Retirement benefit costs (a+b+c+d+e+f)	¥9,662	$80,383

The Company and its domestic subsidiaries' defined benefit plans so far are comprised of the plan regulated by the Defined Benefit Enterprise Pension Plan Law, the tax-qualified pension plan and the lump-sum payment plan. In October 2002, the Company and certain number of subsidiaries were permitted to transfer the defined portion of their plan regulated by the Defined Benefit Enterprise Pension Plan Law to Japanese Government's Welfare Pension Plan by Japanese Government, then the future payment of related benefit portion shall be replaced by the government. The fund for the replacement shall be paid to the government and the related projected benefit obligation was reversed. The net of the reversal and the payment resulted in gain amounting to ¥8,081 million. In addition, the Company and some subsidiaries changed a portion of tax-qualified pension plan to contribution plan, of which the necessary contribution at transition was made partially by the assets of tax-qualified pension plan. The rest amounting ¥2,993 million was charged to income during the year.

Assumptions used in calculation of the above information are as follows:

a. Method of attributing the retirement benefits to periods of service		Straight-line basis
b. Discount rate		Mainly 3.0%
c. Expected rate of return on plan assets		Mainly 1.5%
d. Amortization of unrecognized prior service cost		Mainly 10 years
e. Amortization of unrecognized actuarial differences		Mainly 10 years
f. Amortization of transition amount	The Company:	Fully amortized
	Subsidiaries:	5 years

13. Subsequent Events

The general shareholders' meeting held on June 25, 2003 approved the following agenda:

(a) Share Exchange Agreement with Minolta Co., Ltd.

The share exchange agreement with Minolta Co., Ltd. (Minolta) was resolved at the board of directors' meeting held on May 15, 2003 and the Company made a contract with Minolta immediately. The details of the share exchange agreement are as follows:

Purpose

The Company and Minolta reached an agreement that in order to enhance business competitiveness, improve profitability, and to maximize corporate value as an entire group, it is the best solution to integrate all the business resources of the two companies into one by share exchange. The purpose of the business integration is to survive in the severe competition in the global market, to maximize further corporate value, and to place the Company in a leading position in the industry.

The Method and Outline of the Share Exchange

1) The stocks of the Company are exchanged with those of Minolta, and thus the Company will become the full parent, and Minolta will become the full subsidiary. After the share exchange, the Company will become a new integrated holding company, Konica Minolta Holdings, Inc.
   The Company will allocate 0.621 common share to those who own one common share of Minolta.
2) The Company will newly issue 174,008.969 common shares to the shareholders on Minolta's shareholders list (including beneficial shareholders) as of the end of the day immediately before the date of share exchange.
3) Dividends for the newly issued common shares will be calculated effective from April 1, 2003.
4) The Company will not pay share exchange grant to Minolta's shareholders.
5) The Company will not increase its stated capital for the share transactions. Capital reserve will be increased by the amount pursuant to Clause 1-2 of Article 288-2 of the Commercial Code of Japan.

Timing of the share exchange

The share exchange will be effective on August 5, 2003. However, the date is subject to change by the mutual agreement between the Company and Minolta, due to the reasons including administrative matters relating to share exchange process.

Outline of Minolta

Head office: Chuo-ku, Osaka
Representative: Yoshikatsu Ota, President
Capital: ¥25,832 million

1) Business: Manufacture and sale of products including copiers, printers, cameras, optical units, radiometric instruments, and planetariums.
2) Sales and net income for the year ended March 31, 2003
   Sales: ¥296,329 million
   Net income: ¥11,969 million
3) Assets, liabilities and shareholders' equity as of March 31, 2003

Current assets	¥127,815 million
Non-current assets	¥141,381 million
Total assets	¥269,196 million
Current liabilities	¥125,397 million
Non-current liabilities	¥57,420 million
Total liabilities	¥182,818 million
Shareholders' equity	¥86,378 million

(b) Purchase of Treasury Stock

In order to flexibly respond to the change in the management environment, pursuant to article 210 of the Commercial Code of Japan the shareholders approved a maximum limit to potentially acquire treasure stocks during the period from immediately after the shareholders' meeting to the next general shareholders' meeting. The outlines of the treasury stocks to be acquired are as follows:

(1) Type of stock to be acquired: Common stock of the Company
(2) Number of shares to be acquired: maximum 35 million shares
(3) Amount of shares to be acquired: maximum ¥20 billion

14. Segment Information

Segment information is reported in accordance with the requirements of the MOF. The photographic materials segment includes photographic film, photographic paper, photofinishing equipment, and chemicals, videotapes and others. The business machines segment includes plain-paper copiers, printers, facsimile machines, cameras, optical products, and others.

By Product

	Millions of yen				
	Photographic materials	Business machines	Total	Eliminations and corporate	Consolidation
2003: Net sales					
Outside	**¥294,319**	**¥264,721**	**¥559,041**	**¥ —**	**¥559,041**
Intersegment	**3,958**	**1,290**	**5,249**	**(5,249)**	**—**
Total	**298,278**	**266,012**	**564,290**	**(5,249)**	**559,041**
Operating expenses	**282,412**	**229,513**	**511,925**	**4,260**	**516,185**
Operating income	**¥ 15,866**	**¥ 36,499**	**¥ 52,365**	**¥ (9,510)**	**¥ 42,855**
Assets	**¥271,641**	**¥183,358**	**¥455,000**	**¥60,956**	**¥515,956**
Depreciation	**14,143**	**11,516**	**25,659**	**2,839**	**28,497**
Capital expenditure	**6,528**	**6,661**	**13,190**	**8,435**	**21,625**

	Millions of yen				
	Photographic materials	Business machines	Total	Eliminations and corporate	Consolidation
2002: Net sales					
Outside	¥300,401	¥239,170	¥539,571	¥ —	¥539,571
Intersegment	1,399	1,226	2,625	(2,625)	—
Total	301,800	240,396	542,196	(2,625)	539,571
Operating expenses	284,676	218,718	503,395	6,565	509,961
Operating income	¥ 17,123	¥ 21,677	¥ 38,801	¥ (9,191)	¥ 29,609
Assets	¥303,254	¥178,160	¥481,414	¥45,945	¥527,360
Depreciation	12,132	11,773	23,905	2,314	26,219
Capital expenditure	29,347	14,945	44,292	1,301	45,593

	Thousands of U.S. dollars (Note 3)				
	Photographic materials	Business machines	Total	Eliminations and corporate	Consolidation
2003: Net sales					
Outside	**$2,448,577**	**$2,202,338**	**$4,650,923**	**$ —**	**$4,650,923**
Intersegment	**32,928**	**10,732**	**43,669**	**(43,669)**	**—**
Total	**2,481,514**	**2,213,078**	**4,694,592**	**(43,669)**	**4,650,923**
Operating expenses	**2,349,517**	**1,909,426**	**4,258,943**	**35,441**	**4,294,384**
Operating income	**$ 131,997**	**$ 303,652**	**$ 435,649**	**$ (79,118)**	**$ 356,531**
Assets	**$2,259,908**	**$1,525,441**	**$3,785,358**	**$507,121**	**$4,292,479**
Depreciation	**117,662**	**95,807**	**213,469**	**23,619**	**237,080**
Capital expenditure	**54,309**	**55,416**	**109,734**	**70,175**	**179,908**

By Geographic Region

	Millions of yen						
	Japan	North America	Europe	Asia and Other	Total	Eliminations and Corporate	Consolidation
2003: Net sales							
Outside	**¥323,524**	**¥124,964**	**¥83,474**	**¥27,077**	**¥ 559,041**	**¥ —**	**¥559,041**
Intersegment	**121,857**	**8,424**	**674**	**41,243**	**172,200**	**(172,200)**	
Total	**445,382**	**133,388**	**84,148**	**68,321**	**731,241**	**(172,200)**	**559,041**
Operating expenses	**401,412**	**128,325**	**82,644**	**66,508**	**678,890**	**(162,705)**	**516,185**
Operating income	**¥ 43,969**	**¥ 5,063**	**¥ 1,504**	**¥ 1,813**	**¥ 52,350**	**¥ (9,495)**	**¥ 42,855**
Assets	**¥340,141**	**¥ 83,806**	**¥60,770**	**¥22,810**	**¥ 507,528**	**¥ 8,427**	**¥515,956**

	Millions of yen						
	Japan	North America	Europe	Asia and Other	Total	Eliminations and Corporate	Consolidation
2002: Net sales							
Outside	¥317,306	¥126,361	¥73,009	¥22,894	¥539,571	¥ —	¥539,571
Intersegment	112,985	6,945	620	31,489	152,041	(152,041)	—
Total	430,291	133,307	73,629	54,384	691,613	(152,041)	539,571
Operating expenses	397,599	129,796	71,686	53,104	652,186	(142,224)	509,961
Operating income	¥ 32,691	¥ 3,511	¥ 1,943	¥ 1,280	¥ 39,427	¥ (9,817)	¥ 29,609
Assets	¥343,399	¥ 98,286	¥43,771	¥18,412	¥503,869	¥ 23,491	¥527,360

	Thousands of U.S. dollars (Note 3)						
	Japan	North America	Europe	Asia and Other	Total	Eliminations and Corporate	Consolidation
2003: Net sales							
Outside	**$2,691,547**	**$1,039,634**	**$694,459**	**$225,266**	**$4,650,923**	**$ —**	**$4,650,923**
Intersegment	**1,013,785**	**70,083**	**5,607**	**343,120**	**1,432,612**	**(1,432,612)**	**—**
Total	**3,705,341**	**1,109,717**	**700,067**	**568,394**	**6,083,536**	**(1,432,612)**	**4,650,923**
Operating expenses	**3,339,534**	**1,067,596**	**687,554**	**553,311**	**5,648,003**	**(1,353,619)**	**4,294,384**
Operating income	**$ 365,799**	**$ 42,121**	**$ 12,512**	**$ 15,083**	**$ 435,524**	**$ (78,993)**	**$ 356,531**
Assets	**$2,829,792**	**$ 697,221**	**$505,574**	**$189,767**	**$4,222,363**	**$ 70,108**	**$4,292,479**

Export Sales

	Millions of yen	Thousands of U.S. dollars (Note 3)	Percentage of net sales
2003: Sales to			
North America	**¥137,930**	**$1,147,504**	**24.7%**
Europe	**91,589**	**761,972**	**16.4**
Asia and Other	**94,990**	**790,266**	**17.0**
2002: Sales to			
North America	¥137,723	$1,033,956	25.5%
Europe	79,352	595,736	14.7
Asia and Other	88,668	665,676	16.5