Financial Results (Consolidated)
for the Fiscal Year Ended March 31, 2002

English Translation or "KESSAN TANSHIN"
(April 1, 2001 to March 31, 2002)

Konica Corporation

Company Name: Konica Corporation
Local Securities Code Number: 4902
(URL: http://www.konica.co.jp)
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 Approval of Consolidated Results: May 10, 2002
U.S. accounting practices have not been adopted in this statement

1. CONSOLIDATED FINANCIAL RESULTS FOR FISCAL 2002(APRIL 1, 2001, TO MARCH 31, 2002)

(1) Operating Results (Figures less than ¥1 million have been omitted.)

(Million yen)

	Net sales		Operating income		Recurring profit	
Fiscal 2002	539,571	(0.8)%	29,609	(3.1)%	24,820	23.1%
Fiscal 2001	543,719	(3.1)	30,543	(7.8)	20,162	9.1

	Net income (Million yen)		Net income per share (yen)	Net income per share (after full dilution)	Net income/ Shareholders' equity	Recurring profit /Total assets	Recurring profit /Sales
Fiscal 2002	11,059	71.3%	30.93	—	6.5%	4.7%	4.6%
Fiscal 2001	6,457	(15.3)	18.06	—	4.0	3.8	3.7

Notes: 1. Equity in profit (loss) of unconsolidated subsidiaries and affiliates:
Fiscal 2002: ¥(1,020 million)
Fiscal 2001: ¥(248 million)
2. Average number of shares outstanding during the period (consolidated):
Year ended March 31, 2002: 357,613,676
Year ended March 31, 2001: 357,653,044
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)
Fiscal 2002	527,360	171,226	32.5%	478.96
Fiscal 2001	518,181	160,259	30.9	448.09

Note: Number of shares outstanding at end of the period (consolidated):
March 31, 2002: 357,495,421
March 31, 2001: 357,652,775

(3) Cash Flows (Million yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at year-end
Fiscal 2002	48,125	(39,496)	(19,049)	47,659
Fiscal 2001	50,923	(8,119)	(42,648)	56,573

(4) Scope of Consolidation/Equity Method Accounting
Consolidated subsidiaries: 71
Unconsolidated subsidiaries accounted for by the equity method: 13

Affiliates accounted for by the equity method: 3

(5) Changes in Scope of Consolidation/Equity Method

Newly consolidated subsidiaries: 11
Subsidiaries excluded from consolidation: 1
Companies included in equity method accounting: 1
Companies excluded from equity method accounting: 11

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

(Million yen)

	Net sales	Recurring profit	Net income
Interim	280,000	12,000	8,000
Full-year	570,000	28,000	16,000

(Estimated net income per share for FY 2003: ¥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 page five of the appended materials.

1. KONICA GROUP ORGANIZATION

The Konica Group comprises 71 consolidated subsidiaries, 13 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, others	*Business Machines, Cameras, and Optical Products* Copiers, facsimiles, printers, cameras, optical products, others

Photographic Materials and Photo-related Industrial Equipment Production (Domestic)	*Business Machines, Cameras, and Optical Products* Production (Domestic)
• Konica Gelatin Corporation (1) • 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	• Yamanashi Konica Co., Ltd. (2) • Kofu Konica Co., Ltd. (2) • Konica Minolta Supplies Manufacturing Co., Ltd. • Konica Denshi Co., Ltd. * 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 • Konica Color Imaging Corporation • Konica Color Photo Equipment Co., Ltd. (3) • Konica Medical Inc. • Kyoritsu Medical Co., Ltd. • Konica Meditech Service Corporation (4) • Konica Graphic Systems Co., Ltd • Nihon ID System Co., Ltd. • Konica ID Imaging Co., Ltd. (5) • 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. (6) • Konica Techno Kansai Co., Ltd. (7) • 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. • Konica Asia Headquarters Pte. Ltd. (Singapore) Other Consolidated Subsidiaries: 7 Other Unconsolidated Subsidiaries: 3	• Konica Business Technologies Inc. • Konica Business Machines Deutschland GmbH (Germany) • 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: 3 Other Affiliates: 1

• Consolidated subsidiary
■ Unconsolidated subsidiary
* Affiliate

(1) Konica Gelatin Corporation was dissolved on March 31, 2002.
(2) Yamanashi Konica Co., Ltd., and Kofu Konica Co., Ltd., were merged as of April 1, 2002, thereby establishing Konica Opto Products Co., Ltd.
(3) Konica Color Photo Equipment Co., Ltd., was absorbed by Konica Marketing Corporation on April 1, 2002.
(4) Konica Graphic Systems Co., Ltd., was newly included as a consolidated subsidiary beginning in the fiscal year under review owing to the increased importance of that company. As of April 1, 2002, Konica Graphic Systems adopted the new corporate name Konica Graphic Imaging Co., Ltd.
(5) Konica ID Imaging was spun off from Konica Color Photo Equipment on July 2001.
(6) Konica Techno Tokyo Co., Ltd. was formerly known as Konica U-Bix Tokyo Co., Ltd. The name change was effected April 1, 2001.
(7) Konica Techno Kansai Co., Ltd. was formerly known as Konica U-Bix Kansai Co., Ltd. The name change was effected April 1, 2001.

2. MANAGEMENT POLICY

(1) Basic and Medium-to-Long-Term Management Policy

Konica's vision is to become an imaging solutions company that is guided by the management concept of "inspired creativity." Aiming to provide satisfaction to shareholders, customers, and employees as an excellent international company of the 21st century, 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 been striving to increase its corporate value by making imaging the Konica Group's business field, clarifying the role of each Group company in terms of the Group's business portfolio, promoting greater use of digital and networking technologies in each business field, and strategically concentrating corporate resources in growth fields. The Company will confirm its strategic progress situation and respond to changes in the operating environment by annually adjusting its management plan. Accordingly implementation of the SAN 2005 plan has been begun in March 2002.

(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 the future business expansion and profitability enhancement, the Company is intent on continuing a policy of stable dividend payments to shareholders.

Regarding year-end cash dividends, because the parent company unavoidably recorded a net loss for the fiscal year, a portion of the voluntary reserve will be reversed to enable the disbursement of dividends at a rate of ¥5 per share.

(3) Management Organization and Corporate Governance

Having specified imaging as the Konica Group's business field, the Group is advancing proactively to supply a broad range of products and services. In each of its businesses, targeted competitors and the Company's position are different. The intensification of global competition and increasing pervasiveness of digital and networking technologies has caused rapid changes in market structures. To respond to these changes and survive, the Company keenly feels that it must employ the management systems that are most appropriate for further increasing the speed of its decision making, clarifying the distinctions between management decision-making and execution roles, and maximizing corporate value.

Since introducing an internal company system in June 1999, Konica has repeatedly reconsidered its management structure from different perspectives. As a result, the Company has striven to strengthen its corporate government systems through the creation of an executive officer system as well as the introduction of an outside director system beginning from the fiscal year ended March 31, 2003. These measures are designed to more clearly separate decision making and supervisory functions from operational execution functions, thereby strengthening each of those functions. In addition Konica adopted a management policy objective of spinning-off all of its businesses as separate companies and becoming a stock holding company for the various business companies, and the Company is aiming to finalize these measures by April 2003. Each spun-off 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 plans to spin off its operations into four business companies as well as two shared functional companies.

a. Konica Consumer Imaging Co., Ltd. (provisional name)—Manufacture and marketing of general- and commercial-use photosensitive materials and related products, cameras, and certification photograph-related equipment.
b. Konica Medical & Graphic Co., Ltd. (provisional name)—Manufacture and marketing of medical- and printing-use films and related equipment

c. Konica Office Document Co., Ltd. (provisional name)—Manufacture and marketing of photocopiers and other business equipment as well as related consumables
d. Konica Opto & EM Technology Co., Ltd. (provisional name)—Manufacture and marketing of optical products and related equipment as well as electronics materials
e. Konica Technology Center Co., Ltd. (provisional name)—Commissioned performance of R&D programs and provision of services for promoting the commercialization of new technologies and for managing and administering intellectual property
f. Konica Shared Service Co., Ltd. (provisional name) —Provision of a full range of management support and indirect functional services

By implementing the major corporate restructuring program as stated above, Konica is aiming to further bolder its competitiveness in each business field, proceed proactively with the arrangement of corporate alliances, and build a corporate group with a solid profit base.

To further enhance Konica's corporate governance system, the Company will introduce an executive officer system that clarifies as much as possible the distinction between decision making and supervisory functions and operational execution functions.

(4) Future Issues
The presence of digital and networking technologies in markets is increasing more quickly than projected. In addition, while there are some positive signs of recovery in the world's principal economies, future trends remain difficult to predict.

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 plan and is working steadily to implement those initiatives.

a. Reallocating management resources to concentrate resources in growth fields and thereby strategically manage the companywide business portfolio
b. Further strengthening and making greater use of core technologies that are superior to technologies of other companies while proactively arranging corporate alliances and cooperative R&D programs that promote additional progress in digital and networking technologies
c. Strengthening corporate governance systems and increasing the Group's competitiveness by proceeding with the corporate structure comprising separate business companies under a holding company which will be finalized in April 2003
d. Proceeding with comprehensive quality improvement programs that encompass development, production, and marketing operations and are designed with emphasis on boosting customer satisfaction
e. Taking thorough measures to protect the global environment through the utilization of environment accounting systems

The entire Konica Group will be implementing these initiatives as it tirelessly works to further evolve as a company with a high profile in Japan and overseas that is renowned for its impressive achievements.

(5) Reasoning and Measures Regarding the Reduction of the Basic Investment Unit
Konica recognizes that increasing the level of trading in its shares and broadening its shareholder base are important objectives. The Company is therefore continuing to consider reducing the size of its basic shareholding unit with due attention to the current minimum cost of investing in its shares as well as prospective market demands and other factors

3. OPERATING RESULTS

(1) A Summary of Business Performance for the Fiscal Year

1. Performance Summary

During the fiscal year under review, conditions in the world's principal economies were slack. Following the terrorist incidents in the United States on September 11, those economic conditions deteriorated further and discerning the prospect of economic recovery became difficult amid a severe environment. In Japan, the economy continued to be weak, and a considerable drop in corporate profitability caused a contraction in capital investment, while the level of personal consumption remained low due to concerns regarding the employment environment and other factors.

The average level of the yen-dollar and yen-euro exchange rate was ¥122.85 and ¥109.45, respectively, representing yen depreciation by 12.9% against the dollar and 9.5% against the euro compared with the average level in the previous fiscal year. Reflecting this, Konica's consolidated net sales declined 0.8%, or ¥4.1 billion, to ¥539.5 billion.

Sales in the Photographic Materials and Photo-related Industrial Equipment segment decreased 1.6%, or ¥4.7 billion, to ¥300.4 billion. Sales in the Business Machines, Cameras, and Optical Products segment edged down 0.3%, or ¥0.6 billion, to ¥239.1 billion.

Although the Group reduced selling, general and administrative costs and other costs through rationalization programs, an increase in R&D costs as well as a rise in the yen-denominated value of foreign-currency-denominated expenses due to yen depreciation caused operating income to decrease 3.1%, or ¥0.9 billion, to ¥29.6 billion. However, a drop in interest expense, a positive change in the balance of foreign exchange gains and losses, and other factors boosted recurring profit 23.1%, or ¥4.6 billion, to ¥24.8 billion. Reflecting such factors as a large drop in extraordinary expenses associated with the introduction of a new retirement benefit accounting method, net income surged 71.3%, or ¥4.6 billion, to ¥11.0 billion.

At the end of the fiscal year, total assets amounted to ¥527.3 billion, up ¥9.1 billion from the previous year. Shareholders' equity amounted to ¥171.2 billion, and the shareholders' equity ratio was 32.5%.

In accordance with the accounting standards for financial instruments, a loss of ¥41.2 billion was recorded on the devaluation of share holdings in subsidiaries and affiliated companies. Because of this, the parent company recorded a net loss of ¥29.9 billion in the nonconsolidated financial statement, and its shareholders' equity amounted to ¥163.0 billion. Consequently, the ratio of nonconsolidated shareholders' equity to consolidated shareholders' equity was 1.05 times.

Results Breakdown

[Photographic Materials and Photo-related Industrial Equipment]

(Million yen)

	Fiscal 2002	Fiscal 2001	Increase(decrease)	Year-on-year change
Net Sales to outside customers	300,401	305,200	(4,799)	98.4%
Intersegment sales	1,399	1,666	(267)	84.0%
Sales	301,800	306,866	(5,066)	98.3%
Operating income	17,123	19,022	(1,899)	90.0%

Consumer Imaging Company

The Consumer Imaging Company, which handles color film and paper and minilabs, launched the Konica Color Centuria Super series of film products that meet needs associated with a wide range of customers' photographic styles. The rapid rise in digital camera sales and Internet use generated increasingly diverse needs associated with digitization. As an initial foothold in the Internet-based photograph printing business, the Company enhanced the Konica On-Line Lab service and worked to expand related business.

Regarding photographic film and paper, in Japan, a slight decline in demand along with a continuing drop in prices created an extremely harsh operating environment. Overseas, the influence of the terrorist incidents of September 11 depressed sales volume in the United States. In Asia, where Konica generally has relatively high market shares, the Company's efforts to concentrate management resources to strengthen marketing operations in such countries as China, India, and Russia supported a continued rise in the sales volume of photographic film and paper. Overall, however, the consumer imaging company's sales and operating income were down.

Medical & Graphic Imaging Company
Regarding medical imaging products, Konica was quick to respond to the increasing use of digital and network technologies in hospitals through the launch of numerous new digital products that have been highly evaluated in the market, including the Konica Direct Digitizer REGIUS Model 350/550 and the Konica Laser Imager DRYPRO Model 751/752. To meet rising needs for medical-use film compatible with digital equipment, a new manufacturing plant was constructed at the Kofu Industrial Center, and that plant is scheduled to be completed in April 2002. The trend of rising use of digital technologies is now firmly established at all types of medical facilities, from large-scale hospitals to the offices of independent medical practitioners. Against this backdrop, the concerted efforts of the Medical & Graphic Imaging Company and its marketing and maintenance subsidiaries have enabled steady increases in sales.

In the graphic imaging product field, the Company established a marketing subsidiary (Konica Graphic Systems Co., Ltd.) to meet growing needs related to digital technologies in the domestic market as well as to undertake proposal-based, highly responsive marketing programs for color proofing products. Preparations also proceeded for the unification of all graphic imaging product operations other than development and manufacturing within Konica Graphic Imaging Co., Ltd., in April 2002. Overall net sales of graphic imaging products edged down due to a drop in sales in Japan. However, total sales volume rose due to marketing promotion programs centered on Asian countries, and operating income was also up.

Inkjet Business Group
Konica's medium-term management plan positions inkjet operations within graphic imaging technologies, which is the Company's third core technology field, after silver-halide photography and digital photography. The Company believes that inkjet business has the potential for becoming a new core business and intends to promote the continued growth of this business after reconfirming factors such as those involving business scale and profitability. The volume of business and sales in premium, high-gloss paper for use with inkjet printers has increased smoothly, and the Company took steps to strength its related marketing and customer service capabilities, particularly overseas. In light of the need to place top priority on development of core technologies for commercial-use printers, the Company reevaluated its organizational structure and established a new technology center.

EM and ID Business Group
Owing to the slack conditions in IT-related markets, demand for liquid crystal displays (LCDs) was depressed in the first half of the fiscal year and finally began recovering during the latter half. As sluggish growth in overall volume caused an increase in the burden of depreciation of capital investments, both net sales and operating income decreased. An increase was seen in sales of thin (40 micron) types of triacetylcellulose (TAC) film that the Company developed and marketed ahead of competing companies, however, as that film was in demand for use in such products as notebook PCs and portable telephones. In preparation for the expansion of the LCD market, the Company is constructing an additional plant at its Kobe factory.

[Business Machines, Cameras, and Optical Products]

(Million yen)

	Fiscal 2002	Fiscal 2001	Increase (decrease)	Year-on-year change
Net Sales to outside customers	239,170	238,518	652	100.3%
Intersegment sales	1,226	865	361	141.7%
Sales	240,396	239,384	1,012	100.4%
Operating income	21,677	20,174	1,503	107.5%

Office Document Company

The Office Document Company proceeded steadily with the implementation of its strategic shift from lower-priced copiers to medium- and high-speed models. Konica has launched several new high-speed, multifunctional copier models, such as the Konica Sitios 7155/7165/7085 models, all of which utilize the Company's independently developed polymerization toner and boast world-class image quality. To reduce costs, the shift of copier manufacturing operations to facilities in China was continued and applied to new high-speed models as well. Although the worldwide economic slowdown restrained Konica's copier sales volume to a lower level than in the previous fiscal year, sales volume in the medium-and high-speed copier segment increased steadily. While bolstering its line-up of document management software and diverse other types of application software, the Company has worked to broaden its marketing channels for high-speed machines designed for print-on-demand (POD) use in the other light printing applications field. Consequently, both net sales and operating incomet increased. Aiming to take advantage of opportunities to boost marketing efficiency in Europe following the EU's monetary unification, the Company took measures to prepare for the restructuring of its European marketing affiliates. The Company also proceeded smoothly with operations based on its alliance with Minolta Co., Ltd., including mutual product supply arrangements, collaborative development programs, and the operation of a polymerization toner manufacturing joint-venture.

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 fiscal year under review, business in optical pick-ups was affected by the adjustments that occurred in PC-related markets, but sales recovered during the latter half of the year, principally in DVD-related markets. The Optics Technology Company faced a severe drop in market prices of lens-units for VTRs and other products, however, which caused its sales and operating income to decline. To optimize the siting of its manufacturing operations, the Company expanded its production capacity in China and prepared for the merger of two Japan-based manufacturing affiliates in April 2002. Aiming to expand its optics technology business, Konica further stepped up its R&D work on aspherical plastic lenses for optical disks compatible with blue-violet lasers, as such disks are expected to become highly popular in the future. The Company also began establishing a presence in the field of micro camera units, which are expected to be in increasing demand as futuristic applications such as portable video-phones.

Camera and Photo Business Group

In film-camera operations, two Konica products were selected to receive Good Design awards during the fiscal year. Regarding digital products, the Company continued to add Konica-brand products to its line-up of OEM products, launching three Konica-brand products including the Konica Digital Revio series product(s). However, sales and operating income of the Camera and Photo Business Group decreased.

Dividends

In accordance with its fundamental emphasis on maintaining stable dividends, Konica has proposed that year-end dividends be set at ¥5 per share. Together with interim dividends of ¥5 per share, the total value of dividends applicable to the period will amount to ¥10 per share.

2. Outlook for the Fiscal 2003

While it remains difficult to foresee future global economic trends during the fiscal year ending March 31, 2003, Konica is proceeding with the various important strategic initiatives described in the "(4) Future Issues" section of this report. Sales and profit projections are as follows:

Consolidated Results (100 million yen)

	Fiscal 2003		Fiscal 2002		Year-on-year Change	
	Interim	**Full year**	Interim	Full year	Interim	Full year
Net Sales	2,800	5,700	2,671	5,395	105%	106%
Operating income	160	360	138	296	116	122
Recurring profit	120	280	93	248	129	113
Net income	80	160	35	110	229	145

Consolidated Sales by Segment (100 million yen)

	Fiscal 2003		Fiscal 2002		Year-on-year Change	
	Interim	**Full year**	Interim	Full year	Interim	Full year
Photographic materials	1,490	3,050	1,489	3,004	100%	102%
Business machines	1,310	2,650	1,182	2,391	111	111
Total	2,800	5,700	2,671	5,395	105	106

Parent Company Results (100 million yen)

	Fiscal 2003		Fiscal 2002		Year-on-year Change	
	Interim	**Full year**	Interim	Full year	Interim	Full year
Net Sales	1,780	3,600	1,682	3,390	106%	106%
Operating income	100	200	96	163	104	123
Recurring profit	90	170	86	187	105	91
Net income	45	90	43	(299)	105	—

Forecasts are based on exchange rates of ¥125=US$1 and ¥ 113=1 euro

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 Year Ended March 31, 2002

[Net Cash Flows] (Million yen)

	Fiscal 2002	Fiscal 2001	Increase/Decrease
Cash flows from operating activities	48,125	50,923	(2,797)
Cash flows from investing activities	(39,496)	(8,119)	(31,376)
Total (Free cash flow)	8,628	42,803	(34,174)
Cash flows from financing activities	(19,049)	(42,648)	23,598

Net Cash flows from operating activities

Net cash provided by operating activities decreased ¥2.7 billion, to ¥48.1 billion. This reflected the ¥14.9 billion level of income before income taxes and minority interests and the ¥26.2 billion level of depreciation and amortization expense. Although the balances of accounts receivable and inventories decreased, the effect of those decreases was offset by a drop in accounts payable.

Net Cash flows from investing activities

Net cash used in investing activities increased ¥31.3 billion, to ¥39.4 billion. This mainly reflected the expenditure of ¥41.6 billion for the acquisition of tangible fixed assets.

Net Cash flows from financing activities

Net cash used in financing activities decreased ¥23.5 billion, to ¥19.0 billion. This reflected net decreases of ¥13.1 billion in the Company's outstanding bonds and of ¥2.3 billion in the Company's short- and long-term loans payables.

As a result of the above changes and a ¥0.9 billion translation differences on cash and cash equivalents, cash and cash equivalents for the period under review decreased ¥9.5 billion. Including ¥0.6 billion of additional cash and cash equivalents due to the inclusion of (an) additional company/ies within the scope of consolidation, cash and cash equivalents at the end of the period totaled ¥47.6 billion

2. Fiscal Year Ending March 31, 2003

[Cash Flow Projection]

In the fiscal year ending march 31, 2003, the Group intends to further reduce its inventory levels. However, the Company plans to proactively make capital investments. It projects that the free cash flow, defined as equaling net cash flows from operating and investing activities, will amount to approximately ¥7.0 billion of net cash inflow.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Statements of Income and Retained Earnings

(Million yen)

	April 1, 2000—March 31, 2001		**April 1, 2001—March 31, 2002**		Increase/Decrease	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Net Sales	543,719	100.0	539,571	100.0	(4,147)	(0.8)
Cost of sales	319,163	58.7	309,633	57.4	(9,529)	(3.0)
Gross profit	224,555	41.3	229,937	42.6	5,382	2.4
Selling, general and administrative expenses	194,012	35.7	200,328	37.1	6,315	3.3
Operating income	30,543	5.6	29,609	5.5	(933)	(3.1)
Non-operating income	9,180	1.7	10,061	1.9	880	9.6
Interest and dividend income	1,198		720		(478)	
Other	7,982		9,340		1,358	
Non-operating expenses	19,561	3.6	14,849	2.8	(4,711)	(24.1)
Interest expense	9,267		6,668		(2,599)	
Equity in loss of nonconslidated subsidiaries and affiliated companies	248		1,020		771	
Other	10,044		7,161		(2,883)	
Recurring profit	20,162	3.7	24,820	4.6	4,658	23.1
Extraordinary profit	18,138	3.3	461	0.1	(17,677)	(97.5)
Gain on sales of fixed assets	8,587		410		(8,176)	
Gain on sales of investment securities	677		50		(627)	
Gains on securities contributed to employee retirement benefit trusts	8,873		—		(8,873)	
Extraordinary losses	27,241	5.0	10,287	1.9	(16,953)	(62.2)
Loss on disposal and sale of fixed assets	1,981		4,499		2,517	
Write-down on investment securities	2,603		1,688		(914)	
Transition obligations due to adoption of new accounting standards for retirement benefits	22,096		1,647		(20,448)	
Loss on liquidation of subsidiaries and affiliated			2,451		2,091	
companies	360		0		(200)	
Loss on sale of investment securities	200					
Income before income taxes and minority interests	11,059	2.0	14,994	2.8	3,934	35.6
Income taxes	4,593		8,441		3,848	
Deferred income taxes	(0)		(4,576)		(4,576)	
Minority interest in earnings of consolidated subsidiaries	8		69		61	
Net income	6,457	1.2	11,059	2.0	4,601	71.3
Retained earnings at beginning of the period	45,932		48,813		2,881	
Decrease in retained earnings	3,576		3,621		45	
Dividends	3,576		3,576		0	
Bonuses to directors and corporate auditors	—		45		45	
Retained earnings at end of the period	48,813		56,251		7,438	

(2) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2001		**As of March 31, 2002**		Increase/Decrease	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current assets	317,890	61.3	309,602	58.7	(8,287)	(2.6)
Cash and deposits	55,492		47,359		(8,132)	
Trade notes and accounts receivable	140,329		137,224		(3,105)	
Marketable securities	1,081		300		(780)	
Inventories	102,260		102,348		87	
Deferred tax assets	10,680		12,963		2,282	
Other accounts receivable	9,123		9,513		390	
Other current assets	7,980		7,713		(266)	
Allowance for doubtful accounts	(9,058)		(7,819)		1,239	
Fixed assets	200,291	38.7	217,757	41.3	17,466	8.7
Tangible fixed assets	141,870	27.4	156,061	29.6	14,191	10.0
Buildings and structures	49,868		51,174		1,306	
Machinery and vehicles	41,695		41,359		(335)	
Land	18,585		19,335		749	
Leased business-use assets	16,559		16,683		123	
Other property, plant and equipment	15,161		27,509		12,347	
Intangible fixed assets	8,881	1.7	10,884	2.1	2,002	22.6
Investments and others	49,539	9.6	50,811	9.6	1,271	2.6
Investment securities	17,200		13,469		(3,731)	
Long-term loans	4,352		2,291		(2,061)	
Long-term prepaid expenses	5,934		5,604		(330)	
Deferred tax assets	15,493		18,826		3,332	
Other investments	11,974		13,088		1,113	
Allowance for doubtful accounts	(5,417)		(2,469)		2,947	
Total assets	518,181	100.0	527,360	100.0%	9,178	1.8

(Million yen)

	As of March 31,2001		**As of March 31, 2001**		Increase/Decrease	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current liabilities	262,273	50.6	267,805	50.8	5,531	2.1
Trade notes and accounts payable	79,566		72,983		(6,583)	
Short-term loans	78,656		111,741		33,084	
Long-term loans due within one year	31,155		2,540		(28,614)	
Bonds due within one year	15,000		15,354		354	
Accrued expenses	34,771		34,945		173	
Accrued income taxes	3,194		6,539		3,345	
Allowance for product warranty	1,549		1,242		(306)	
Other current liabilities	18,379		22,457		4,078	
Long-term liabilities	94,961	18.3	87,587	16.6	(7,374)	(7.8)
Bonds	45,750		32,246		(13,504)	
Long-term loans	11,349		14,226		2,877	
Reserve for retirement benefits and pension plans	31,144		35,078		3,934	
Other long-term liabilities	6,718		6,036		(681)	
Total liabilities	357,234	68.9	355,392	67.4	(1,842)	(0.5)
Minority interests	687	0.1	741	0.1	54	(7.9)
Capital stock	37,519	7.2	37,519	7.1	—	
Capital reserve	79,342	15.3	79,342	15.1	—	
Retained earnings	48,813	9.4	56,251	10.7	7,438	
Net unrealized gain on securities	1,064	0.2	891	0.2	(172)	
Translation adjustment	(6,478)	(1.3)	(2,659)	(0.5)	3,818	
Treasury stock	(2)	(0.0)	(119)	(0.0)	(117)	
Total shareholders' equity	160,259	(30.9)	171,226	32.5	10,967	6.8
Total liabilities, minority interests, and shareholders' equity	518,181	100.0	527,360	100.0	9,178	1.8

Notes:

	Fiscal 2001	**Fiscal 2002**	Increase/Decrease
1. Accumulated depreciation on tangible fixed assets (million yen)	277,951	292,587	14,636
2. Discount on trade notes receivable (million yen)	63	100	37
3. Number of shares of treasury stock	2,593	159,947	157,354

(3) Consolidated Statements of Cash Flows

(Million yen)

	April 1, 2000— March 31, 2001	**April 2001— March 31, 2002**
	Amount	Amount
I. Cash flows from operating activities		
Net income before income taxes and minority interests	11,059	14,994
Depreciation and amortization	25,940	26,219
Increase in allowance for doubtful accounts	3,722	(2,055)
Interest and dividend income	(1,198)	(720)
Interest expense	9,267	6,668
Loss (gain) on sales or disposals of tangible fixed assets	(6,606)	4,088
Valuation loss (gain) on investment securities	2,603	1,688
Transition obligations due to adoption of new accounting standards for retirement benefits	13,223	1,647
Loss on liquidation of subsidiaries and affiliated companies	360	2,451
Decrease (increase) in trade notes and accounts receivable	3,067	9,164
Decrease (increase) in inventories	5,151	4,202
Increase (decrease) in trade notes and accounts payable	(7,560)	(13,349)
Increase (decrease) in accrued consumption tax payable	(740)	(1,405)
Other	5,383	5,609
Subtotal	63,673	59,205
Interest and dividends received	973	697
Interest paid	(9,244)	(6,773)
Income taxes paid	(4,479)	(5,003)
Net cash provided by operating activities	50,923	48,125
II. Cash flows from investing activities		
Proceeds from sale of marketable securities	120	—
Payment for acquisition of tangible fixed assets	(23,050)	(41,616)
Proceeds from sale of tangible fixed assets	12,112	5,483
Payment for acquisition of investment securities	(573)	(216)
Proceeds from sale of investment securities	6,768	697
Other	(3,497)	(3,845)
Net cash used in by investing activities	(8,119)	(39,496)
III. Cash flows from financing activities		
Net (decrease) increase in short-term loans payable	(23,200)	22,986
Proceeds from long-term loans payable	25,681	8,223
Repayment of long-term loans payable	(41,551)	(33,512)
Proceeds from the issuance of bonds	—	2,000
Redemption of bonds	—	(15,150)
(Increase) decrease in treasury stock	(1)	(19)
Dividend payments	(3,576)	(3,576)
Net cash used in financing activities	(42,648)	(19,049)
IV. Translation differences on cash and cash equivalents	966	904
V. Increase in cash and cash equivalents	1,121	(9,515)
VI. Cash and cash equivalents at beginning of the period	55,022	56,573
VII. Increase in cash and cash equivalents due to newly consolidation subsidiaries (y)	429	602
VIII. Cash and cash equivalents at end of the period	56,573	47,659

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

Number of consolidated subsidiaries: 71

Principal consolidated subsidiaries:
Konica Business Machines Japan Co., Ltd.
Konica Denshi Co., Ltd.
Konica Marketing Corporation
Konica System Equipment Co., Ltd.
Konica Medical Co., Ltd.
Konica Minolta Supplies Manufacturing Co., Ltd.
Konica Chemical Corporation
Kyoritsu Medical Electric Co., Ltd.
Konica Color Imaging Corporation
Konica Packaging Corporation
Konica Manufacturing U.S.A. Inc.
Konica Business Technologies, Inc.
Konica Graphic Imaging International, Inc.
Konica Photo Imaging, Inc.
Konica Business Machines (U.K.) Ltd.
Konica Business Machines Deutschland GmbH
Konica Business Machines Europe GmbH
Konica Australia Pty. Ltd.
Konica Europe GmbH
Konica Manufacturing (H.K.) Ltd.

Number of unconsolidated subsidiaries: 13

Unconsolidated subsidiaries have not been included in consolidation because they are relatively small companies and their assets, sales, net income, and retained earnings do not have a material influence on interim consolidated results.

2. Scope of the Use of Equity Accounting

Number of unconsolidated subsidiaries accounted for by the equity method: 13

Principal unconsolidated subsidiaries:
Konica Photochem (Thailand) Co., Ltd.
Konica Business Machines Belgium S.A.N.V.

Number of affiliates accounted for by the equity method: 3

Principal affiliates:
Seconic Co., Ltd.

The net income and retained earnings of five affiliates that are not accounted for by the equity method do not have a material influence on consolidated results.

3. Accounting Standards and Methods

(1) Asset valuation

1.Securities
Other securities
Securities with fair market value are stated using the mark-to-market method based on the market price at the balance sheet date. (Total net unrealized gains or losses after tax effect adjustments are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.) Other securities that do not have fair market values are primarily stated at cost using the moving value average.

2. Derivatives
Derivatives are stated using the mark-to-market method.

3.Inventories
Parent company inventories are, in the main, recorded at cost as determined by the periodic-average method. Domestic consolidated subsidiaries' inventories are, in the main, recorded at cost as determined by the last purchase price method. Overseas consolidated subsidiaries' inventories are recorded at the lower of cost or market value, with cost determined by the first-in, first-out method.

(2) Depreciation and amortization of major depreciable assets

The depreciable assets of the Company and its domestic consolidated subsidiaries are depreciated using the declining-balance method. Overseas consolidates subsidiaries adopt the straight-line method for depreciation. However, the parent and its domestic consolidated subsidiaries have used the straight-line method for their buildings (excluding annexed structures) acquired since April 1, 1998.

(3) Reserves

1. Allowance for doubtful receivables
To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectables. For specific receivables for which there is some concern regarding collectability, an amount is recorded by investigating the possibility of collection for each individual account.

2. Reserves for product warranty
Regarding the provision of after-sales service for cameras, facsimiles, and copiers, reserves for product warranties for cameras and facsimiles are calculated based on the estimated amount of service costs during the warranty period. For copiers, the amount is recorded based on past after-sales service expenses as a percentage of net sales.

3. Reserves for retirement benefits
Reserves for employees' retirement benefits are provided on an accrual basis based on the projected retirement benefit obligation and the pension fund assets calculated using various actuarial assumptions as of the end of the fiscal year.

In consolidated subsidiaries, the transition obligations due to the adoption of new accounting methods for retirement benefits are being amortized over five years and credited to expenses.

Prior service cost is being amortized as incurred by the straight-line method over periods (principally 10 years) which are shorter than the average remaining years of service of the employees.

Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized, primarily by the straight-line method over periods (principally 10 years) which are shorter than the average remaining years of service of the employees.

(4) Foreign Currency Translation

Among foreign currency denominated assets and liabilities of the parent company, monetary assets and liabilities are translated into yen at the exchange rates prevailing on the settlement date for the fiscal year, and the differential amount is treated as a loss or gain. Assets and liabilities of overseas subsidiaries are converted into yen at the prevailing exchange rates on the settlement date. Income and expenses are converted into yen based on average exchange rates during the relevant fiscal periods of each company. Conversion differential amounts are included in the currency translation adjustments within capital.

(5) Lease transactions

Finance leases are principally accounted for as operating leases that do not transfer ownership rights of the leased property to the lessee.

(6) Principal accounting methods for hedge transactions

1. Hedge accounting methods
The deferred hedge method is used. Special accounting methods are used for interest rate swaps that meet certain conditions.

2. Hedge methods and hedge targets
Derivatives are used as the hedge method (forward exchange contracts, interest rate swaps, and commodity swaps)
The hedge targets are scheduled foreign currency denominated transactions, corporate bonds, borrowings, and raw materials

3. Hedge policy
The Company and consolidated subsidiaries enter into forward foreign exchange contracts as hedging instruments only, not for trading purpose to make profits, within the limit of actual foreign transactions to reduce risk arising from future fluctuations of foreign exchange rates with respect to export and import.

In addition, the Company and consolidated subsidiaries enter into interest rate swaps to reduce interest rates on bonds and borrowings or costs for future capital procurement and enter into commodity swaps to make material costs stable, both as hedging instruments only, not for speculation purpose, within the limit of actual financial or operating transactions.

4.Methods for evaluating the effectiveness of hedges
Verification is made to ascertain a high correlation between value fluctuations of hedged items and hedging instruments.

(7) Consumption tax

Transactions subject to consumption tax are stated at the amount net of the related consumption tax

4. Evaluation of Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities of consolidated subsidiaries are all valued using based on the current market price method.

5. Amortization of Consolidated Good Will

Consolidated good will is amortized over five years on a straight line basis.

6. Treatment of Appropriation of Earnings Items

Items in the consolidated statement of income and retained earnings are calculated based on earnings of consolidated subsidiaries recognized during the consolidated fiscal year.

7. Range of Cash within Consolidated Cash Flow Statements

Cash (cash and cash equivalents) in the consolidated cash flow statements comprises cash on hand and short-term investments easily converted into cash with little risk to a change in value.

LEASE TRANSACTIONS

<table>
<tr><th>For the period April 1, 2000—
March 31, 2001</th><th>For the period April 1, 2001—
March 31, 2002</th></tr>
<tr><td>

(*As lessee*)
Finance lease transactions, other than those under which ownership rights to the leased asset are transferred to the lessee

1. Proforma information relating to acquisition cost, accumulated depreciation, and book value of leased assets as of March 31, 2001

(Million yen)

	Acquisition cost	Accumulated depreciation	Book value
Buildings and structures	122	62	59
Machinery and vehicles	11,505	4,154	7,350
Tools, Furniture and fixtures	6,001	2,838	3,162
Intangible and fixed assets	561	414	147
Total	18,191	7,471	10,720

2. Proforma information relating to future lease payments as of March 31, 2001

(Million yen)

Payable within one year	3,122
Payable after one year	7,598
Total	10,720

Note: Since the ratio of the amount of future payments under finance leases to the total balance of tangible fixed assets as of the end of the period is low, future lease payments include the imputed interest expense portion.

3. Proforma information relating to future lease payments and depreciation expense

(Million yen)

Lease payments	3,274
Depreciation expense	3,274

4. Calculation method for proforma depreciation expense: Proforma depreciation expense is computed using the straight-line method over the leased period with zero residual value.

5. Operating lease transactions:
Future lease payments

(Million yen)

Payable within one year	4,805
Payable after one year	12,133
Total	16,939

</td><td>

(*As lessee*)
Finance lease transactions, other than those under which ownership rights to the leased asset are transferred to the lessee

1. Proforma information relating to acquisition cost, accumulated depreciation, and book value of leased assets as of March 31, 2002

(Million yen)

	Acquisition cost	Accumulated depreciation	Book value
Buildings and structures	17	10	7
Machinery and vehicles	11,826	5,491	6,335
Tools, Furniture and fixtures	6,913	3,590	3,323
Intangible and fixed assets	434	300	133
Total	19,192	9,392	9,799

2. Proforma information relating to future lease payments as of March 31, 2002

(Million yen)

Payable within one year	3,343
Payable after one year	6,456
Total	9,799

Note: Since the ratio of the amount of future payments under finance leases to the total balance of tangible fixed assets as of the end of the period is low, future lease payments include the imputed interest expense portion.

3. Proforma information relating to future lease payments and depreciation expense

(Million yen)

Lease payments	3,463
Depreciation expense	3,463

4. Calculation method for proforma depreciation expense: Proforma depreciation expense is computed using the straight-line method over the leased period with zero residual value.

5. Operating lease transactions:
Future lease payments

(Million yen)

Payable within one year	4,036
Payable after one year	14,568
Total	18,604

</td></tr>
</table>

LEASE TRANSACTIONS

For the period April 1, 2000—March 31, 2001	**For the period April 1, 2001—March 31, 2002**
(*As lessor*) Finance lease transactions, other than those under which ownership rights to the leased asset are transferred to the lessee. 1. Acquisition cost, accumulated depreciation, and the book value of leased assets as of March 31, 2001 (Million yen)	(*As lessor*) Finance lease transactions, other than those under which ownership rights to the leased asset are transferred to the lessee. 1. Acquisition cost, accumulated depreciation, and the book value of leased assets as of March 31, 2001 (Million yen)

	Acquisition cost	Accumulated depreciation	Book value
Leased assets	972	896	76
Total	972	896	76

	Acquisition cost	Accumulated depreciation	Book value
Leased assets	766	689	77
Total	766	689	77

For the period April 1, 2000—March 31, 2001	**For the period April 1, 2001—March 31, 2002**
2. Proforma information relating to future lease payments as of March 31, 2001 (Million yen) Payable within one year 87 Payable after one year — Total 87 Note: Since the ratio of the amount of future payments under finance leases to the total balance of tangible fixed assets as of the end of the period is low, future lease payments include the imputed interest expense portion. 3. Proforma information relating to future lease payments and depreciation expense (Million yen) Lease payments 1,030 Depreciation expense 896	2. Proforma information relating to future lease payments as of March 31, 2002 (Million yen) Payable within one year 88 Payable after one year — Total 88 Note: Since the ratio of the amount of future payments under finance leases to the total balance of tangible fixed assets as of the end of the period is low, future lease payments include the imputed interest expense portion. 3. Proforma information relating to future lease payments and depreciation expense (Million yen) Lease payments 792 Depreciation expense 689

RETIREMENT BENEFITS

(1) Outline of the retirement benefit system adopted by the Company

Konica and its domestic subsidiaries adopt the following defined benefit plans: a welfare pension plan, a tax-qualified benefit plan, and a lump-sum retirement allowance. In addition, in some cases when employees retire, the Company provides for additional retirement benefits that are not related to the retirement benefit liabilities computed according to actuarial methods in accordance with retirement benefit accounting. Foreign consolidated subsidiaries primarily adopt defined contribution plans as the retirement benefit system. The Company established retirement benefit trusts. For the welfare pension plan, the Company established the Konica welfare pension fund as the Group pension fund. As of the year-end, the Company and 11 consolidated subsidiaries participated in this pension fund. Fourteen group companies adopt the tax-qualified benefit plans.

(2) Items related to retirement benefit liabilities (As of March 31, 2001)

(Million yen)

		As of March 31, 2001	**As of March 31, 2002**
a.	Retirement benefit liabilities	(107,039)	(112,933)
b.	Pension assets	65,795	59,511
c.	Unfunded retirement benefit liabilities (a+b)	(41,243)	(53,477)
d.	Amount of difference due to changes in accounting standards not yet amortized	5,833	4,227
e.	Uncrecognized difference under actuarial calaculations	5,106	15,620
f.	Unrecognized liabilities for employees' prior service (reduction in liabilities)	-	*2 (16)
g.	Net amount on consolidated balance sheets (c+d+e+f)	(30,303)	(33,645)
h.	Prepaid pension costs	840	1,432
i.	Allowance for retirement benefits (g-h)	(31,144)	(35,078)

Notes:

As of March 31, 2001	As of March 31, 2002
1. The amount of the National Welfare Pension Fund includes contributions by the employer.	1. The amount of the National Welfare Pension Fund includes contributions by the employer
2. Certain subsidiaries use a simplified method for computing retirement benefit liabilities.	*2 In certain consolidated subsidiaries, the retirement benefit obligations were reduced according to the revision to reduce the level of salaries under the tax-qualified benefit plans.
	3. Certain subsidiaries use a simplified method for computing retirement benefit liabilities.

(3) Items related to retirement benefit costs (From April 1, 2001 to March 31, 2002)

(Million yen)

	For the period April 1, 2000— March 31, 2001	**For the period April 1, 2001— March 31, 2002**
a. Employment costs	*1,3 5,597	*1,2 5,473
b. Interest costs	3,283	3,375
c. Expected income from management of funds	(1,179)	(1,096)
d. Amount amortized of difference due to changes in accounting standards	*2 22,096	1,647
e. Amount amortized of difference under actuarial calculations		574
f. Amount amortized of liabilities for employees' prior service	--	(4)
Retirement benefit costs (a+b+c+d+e+f)	29,797	9,970

Notes:

As of March 31, 2001	As of March 31, 2002
1. The amount of the National Welfare Pension Fund paid by employees has been deducted.	1.
2. Since the Company established a retirement benefit trust for the consolidated year under review, which is the year these accounting standard were introduced, ¥20,451 million in lump-sum costs for retirement benefit liabilities at the beginning of the fiscal year, which corresponds to the market value of the assets placed in the trust are included.	2. Retirement benefit costs for consolidated subsidiaries using a simplified method are included in a. Employment costs.
3. Retirement benefit costs for consolidated subsidiaries using a simplified method are included in a. Employment costs.	

(4) Items forming the basis for the calculation of retirement benefit liabilities

	For the period April 1, 2000— March 31, 2001	**For the period April 1, 2001— March 31, 2002**
a. Method for intertemporal allocation of the expected amount of retirement benefits	Periodic allocation method for projected benefit obligations	Periodic allocation method for projected benefit obligations
b. Discount rate	Mainly 3.5%	Mainly 3.5%
c. Expected return on plan assets	Mainly 2.5%	Mainly 2.5%
d. Period for amortization of prior service cost	Mainly 10 years (Amortization is made over a certain period, using the straight-line method within the average remaining years of service of employees when liabilities are accrued.)	Mainly 10 years (Amortization is made over a certain period, using the straight-line method within the average remaining years of service of employees when liabilities are accrued.)
e. Period for amortization of differences under actuarial calculations years	Mainly 10 years (Amortization is made over a certain period, using the straight-line method, within the average remaining service period starting the year after actuarial loss or gain are recognized.)	Mainly 10 years (Amortization is made over a certain period, using the straight-line method, within the average remaining service period starting the year after actuarial loss or gain are recognized.)
f. Period for amortization of differences arising due to changes in accounting standards	Since the Company established the retirement benefit trust to amortize in full its retirement benefit liabilities at the beginning of the fiscal year, no difference arose due to changes in accounting standards.	

5. SEGMENT INFORMATION

(1) Information by Business Segment

Fiscal 2002 (April 1, 2001, to March 31, 2002)

(Million yen)

	Photographic materials	Business machines	Total	Elimination & corporate	Consolidation
Sales					
Outside customers	300,401	239,170	539,571	—	539,571
Intersegment sales/transfers	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, depreciation, and capital expenditure					
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

Notes:

1. Business classification is based on similarity of product type and market. The Company's operations are classified into the segments of Photographic materials and Business machines.
2. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the parent company and expenses associated with head office functions. In fiscal 2002, this amount was ¥ 9,107 million.
3. The assets in the eliminations and Companywide column include ¥68,681 million in Companywide assets. These consisted mainly of excess Parent Company funds (cash and marketable securities) under management, long-term investments (investment securities), and various assets and other items of the administrative sections.

Fiscal 2001 (April 1, 2000, to March 31, 2001)

(Million yen)

	Photographic materials	Business machines	Total	Elimination & corporate	Consolidation
Sales					
Outside customers	305,200	238,518	543,719	—	543,719
Intersegment sales/transfers	1,666	865	2,531	(2,531)	—
Total	306,866	239,384	546,251	(2,531)	543,719
Operating expenses	287,843	219,209	507,053	6,122	513,175
Operating income	19,022	20,174	39,197	(8,654)	30,543
Assets, depreciation, and capital expenditure					
Assets	292,823	184,219	477,042	41,139	518,181
Depreciation	13,501	11,046	24,097	1,843	25,940
Capital expenditure	15,564	14,057	29,621	803	30,424

(2) Information by Geographical Area

Fiscal 2002 (April 1, 2001, to March 31, 2002)

(Million yen)

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporate	Consolidation
Sales							
Outside customers	317,306	126,361	73,009	22,894	539,571	—	539,571
Intersegment sales	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

Notes:

1. Countries and territories are classified based on geographical proximity.
2. Principal country markets in the above areas, excluding Japan, are as follows:
   (1) North America: United States, Canada
   (2) Europe: Germany, France, United Kingdom
   (3) Asia excluding Japan, Others: Australia, China, and Singapore
3. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the parent company and expenses associated with head office functions. In the interim term of fiscal 2002, this amount was ¥9,107 million.
4. The assets in the eliminations and companywide column include ¥68,681 million in companywide assets. These consisted mainly excess parent company funds (cash and marketable securities) under management, long-term investments (investment securities), and various assets and other items of the administrative sections.

Fiscal 2001 (April 1, 2000, to March 31, 2001)

(Million yen)

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporate	Consolidation
Sales							
Outside customers	336,294	120,016	66,549	20,858	543,719	—	543,719
Intersegment sales	100,679	7,725	642	25,464	134,511	(134,511)	—
Total	436,974	127,741	67,191	46,323	678,230	(134,511)	543,719
Operating expenses	400,687	125,587	68,062	45,581	639,919	(126,743)	513,175
Operating income	36,286	2,154	(871)	741	38,311	(7,767)	30,543
Assets	345,592	93,245	43,079	15,754	497,672	20,508	518,181

(3) Overseas Sales

Fiscal 2002 (April 1, 2001, to March 31, 2002)

(Million yen)

	North America	Europe	Asia excluding Japan, Others	Total
Overseas sales	137,723	79,352	88,668	305,744
Consolidated sales	—	—	—	539,571
Overseas sales as a percentage of consolidated sales	25.5%	14.7%	16.5%	56.7%

Notes: 1. Countries and territories are classified based on geographical proximity.
2. Principal country markets in the above areas, excluding Japan, are as follows:
(1) North America: United States, Canada
(2) Europe: Germany, France, United Kingdom
(3) Asia excluding Japan, Others: Australia, China, and Singapore

Fiscal 2001 (April 1, 2000, to March 31, 2001)

(Million yen)

	North America	Europe	Asia excluding Japan, Others	Total
Overseas sales	140,078	72,968	81,199	294,246
Consolidated sales	—	—	—	543,719
Overseas sales as a percentage of consolidated sales	25.8%	13.4%	14.9%	54.1%

6. PRODUCTION AND ORDERS

(1) Production Results

(Million yen)

	April 1, 2000— March 31, 2001	April 1, 2001— March 31, 2002	YoY (%)
Photographic materials	205,938	205,831	(0.1)
Business machines	148,356	137,923	(7.0)
Total	354,294	343,754	(3.0)

Notes:1. Amounts are based on manufacturers' sales prices.
2. The above amounts do not include consumption and other taxes.

(2) Orders

The Company does not conduct order production.

7. SECURITIES

As of March 31, 2002

(1) Other Securities with Quoted Market Values

(Million yen)

		Original purchase value	Market value in consolidated balance sheets	Unrealized gains or losses
Securities for which the amounts in the consolidated balance sheets exceed the original purchase value	(1) Shares	¥5,319	¥7,620	¥2,301
	(2) Other	—	—	—
	Subtotal	5,319	7,620	2,301
Securities for which the amounts in the consolidated balance sheets do not exceed the original purchase value	(1) Shares	3,697	2,876	(820)
	(2) Other	98	91	(6)
	Subtotal	3,796	2,968	(827)
Total		9,116	10,589	1,473

(2) Other securities sold during the fiscal year under review

(Million yen)

	Sale value	Total profit	Total loss
Other securities	1,182	278	6

(3) Securities without Quoted Market Values and Book Values in the Consolidated Balance Sheets

(Million yen)

	Fiscal year
	As of March 31, 2001
	Book value in consolidated balance sheets
Money management funds	300
Other securities	
Unlisted securities (excluding OTC shares)	615
Unlisted foreign bonds, etc.	586

(4) Future amorization schedule of other securities with maturity dates within one year and one year or more, up to five years

(Million yen)

	Within one year	One year or more, up to five years
Unlisted foreign bonds	293	293

As of March 31, 2001

(1) Other Securities with Quoted Market Values

(Million yen)

		Original purchase value	Market value in consolidated balance sheets	Unrealized gains or losses
Securities for which the amounts in the consolidated balance sheets exceed the original purchase value	(1) Shares	5,570	8,192	2,622
	(2) Other	—	—	—
	Subtotal	5,570	8,192	2,622
Securities for which the amounts in the consolidated balance sheets do not exceed the original purchase value	(1) Shares	4,928	4,091	(836)
	(2) Other	120	85	(34)
	Subtotal	5,049	4,177	(871)
Total		10,619	12,370	1,751

(2) Other securities sold during the fiscal year under review

(Million yen)

	Sale value	Total profit	Total loss
Other securities	5,616	23	470

(3) Securities without Quoted Market Values and Book Values in the Consolidated Balance Sheets

(Million yen)

	Fiscal year As of March 31, 2000 Book value in consolidated balance sheets
Money management funds	1,081
Other securities	
Unlisted securities (excluding OTC shares)	733
Unlisted foreign bonds, etc.	817

(4) Future amorization schedule of other securities with maturity dates within one year and one year or more, up to five years

(Million yen)

	Within one year	One year or more, up to five years
Unlisted foreign bonds	272	545

8. DERIVATIVES

(1) Foreign currency transactions other than those on financial markets

(Million yen)

	Previous fiscal year (ended March 31, 2001)				**Fiscal year under review (ended March 31, 2002)**			
	Contract value	Due in more than 1year	Market value	Unrealized gain/loss	Contract value	Due in more than 1year	Market value	Unrealized gain/loss
Forward foreign exchange transactions								
Buy								
US$	17,817	-	19,048	(1,231)	7,416	-	7,434	(17)
Euro	9,671	-	9,976	(305)	4,947	-	4,965	(17)
Other	1,383	-	1,384	(0)	896	-	909	(13)
Sell								
US$	284	-	375	91	81	-	75	(5)
Currency option transactions								
Buy								
Euro	8	-	7	0	8	-	2	6
Sell								
Euro	8	-	8	0	8	-	13	5
Total	29,172		30,801	(1,444)	13,359		13,401	(42)

Notes:

Previous fiscal year ended March 31, 2001	**Fiscal year under review ended March 31, 2002**
1. Market values of foreign currency forward transactions were calculated based on currency future market values on the date of settlement of the interim consolidated period. 2. Instruments subject to hedge accounting are excluded here.	1. Market values of foreign currency forward transactions were calculated based on currency future market values on the date of settlement of the consolidated period. 2. Instruments subject to hedge accounting are excluded here.

(2) Interest rate-related transactions

(Million yen)

	Previous fiscal year (ended March 31, 2001)				**Fiscal year under review (ended March 31, 2002)**			
	Contract value		Market value	Unrealized gain/loss	Contract value		Market value	Unrealized gain/loss
		Due in more than 1year				Due in more than 1year		
Non-market transactions Interest rate swaps Fixed receipt, variable payment Fixed payment, variable receipt Interest rate swap options Sell Buy	—	—	—	—	5,278	—	(282)	(282)
Total	—	—	—	—	5,278	—	(282)	(282)

Notes:

Previous fiscal year ended March 31, 2001	**Fiscal year under review ended March 31, 2002**
1. Computation of market value: At the price provided by financial institutions arranging the transactions 2. Derivatives for which hedge accounting is applicable have been excluded here.	1. Computation of market value: At the price provided by financial institutions arranging the transactions 2. Derivatives for which hedge accounting is applicable have been excluded here.

9. TRANSACTIONS WITH A RELATED COMPANY

Fiscal year under review (April 1, 2001 to March 31, 2002)
Subsidiaries and others

Characteristics	Name of company	Address	Capital or amount invested	Lines of business	Percentage ownership	Nature of relationship:		Content of transactions	Amount of transactions	Applicable item	Outstanding at fiscal year-end
						Directors seconded	Business relationship				
Related company	Seconic Co., Ltd.	Nerima Ward, Tokyo	¥1,503 million	Manufacturing and sales of copiers, etc.	38.0%	Two	Manufacturing Konica products	Business transactions	¥21,924 million	Accounts payable	¥6,054 million

Terms of transactions or the method for determining terms of transactions:
(1) For the Company's products, prices are computed from market prices and decided on the bases of negotiations each period after taking account of an estimate of the prices submitted by the Company.
(2) For purchases of materials, prices are determined by market prices and on the bases of negotiations each period after taking account of an estimate of the prices submitted by the Company.
(3) The value of transactions excludes consumption taxes, but the balance of assets and liabilities includes the amounts of consumption taxes.

Previous fiscal year (April 1, 2000 to March 31, 2001)
Subsidiaries and others

Characteristics	Name of company	Address	Capital or amount invested	Lines of business	Percentage ownership	Nature of relationship:		Content of transactions	Amount of transactions	Applicable item	Outstanding at fiscal year-end
						Directors seconded	Business relationship				
Related company	Seconic Co., Ltd.	Nerima Ward, Tokyo	¥1,503 million	Manufacturing and sales of copiers, etc.	38.0%	Two	Manufacturing Konica products	Business transactions	¥31,526 million	Accounts payable	¥10,707 million

Terms of transactions or the method for determining terms of transactions:
(1) For the Company's products, prices are computed from market prices and decided on the bases of negotiations each period after taking account of an estimate of the prices submitted by the Company.
(2) For purchases of materials, prices are determined by market prices and on the bases of negotiations each period after taking account of an estimate of the prices submitted by the Company.
(3) The value of transactions excludes consumption taxes, but the balance of assets and liabilities includes the amounts of consumption taxes.