CONSOLIDATED STATEMENTS OF INCOME

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries For the fiscal years ended March 31, 2005 and 2004

| Net Sales Cost of Sales (Note 8) Gross profit Selling, General and Administrative Expenses (Note 8) Operating income Other Income (Expenses): Interest and dividend income | Millions 2005 1,067,447 597,800 469,647 402,069 67,577 1,353 (5,549) 684 108 (4,010) (4,020) | 2004 ¥860,420 498,967 361,453 303,922 57,530 1,003 (5,190) (4,177) 61 (2,477) (5,022) | (note 3) 2005 \$9,939,911 5,566,626 4,373,284 3,744,008 629,267 12,599 (51,671) 6,369 1,006 (37,341) |
|--|---|--|---|
| Cost of Sales (Note 8) Gross profit Selling, General and Administrative Expenses (Note 8) Operating income Other Income (Expenses): | 1,067,447 597,800 469,647 402,069 67,577 1,353 (5,549) 684 108 (4,010) | ¥860,420 498,967 361,453 303,922 57,530 1,003 (5,190) (4,177) 61 (2,477) | \$9,939,911 5,566,626 4,373,284 3,744,008 629,267 12,599 (51,671) 6,369 1,006 (37,341) |
| Cost of Sales (Note 8) Gross profit Selling, General and Administrative Expenses (Note 8) Operating income Other Income (Expenses): | 597,800 469,647 402,069 67,577 1,353 (5,549) 684 108 (4,010) | 498,967 361,453 303,922 57,530 1,003 (5,190) (4,177) 61 (2,477) | 5,566,626 4,373,284 3,744,008 629,267 12,599 (51,671) 6,369 1,006 (37,341) |
| Selling, General and Administrative Expenses (Note 8) Operating income Other Income (Expenses): | 402,069 67,577 1,353 (5,549) 684 108 (4,010) | 303,922 57,530 1,003 (5,190) (4,177) 61 (2,477) | 3,744,008 629,267 12,599 (51,671) 6,369 1,006 (37,341) |
| Selling, General and Administrative Expenses (Note 8) Operating income Other Income (Expenses): | 402,069 67,577 1,353 (5,549) 684 108 (4,010) | 303,922 57,530 1,003 (5,190) (4,177) 61 (2,477) | 3,744,008 629,267 12,599 (51,671) 6,369 1,006 (37,341) |
| Operating income Other Income (Expenses): | 67,577 1,353 (5,549) 684 108 (4,010) | 57,530 1,003 (5,190) (4,177) 61 (2,477) | 629,267 12,599 (51,671) 6,369 1,006 (37,341) |
| Other Income (Expenses): | 1,353 (5,549) 684 108 (4,010) | 1,003 (5,190) (4,177) 61 (2,477) | 12,599 (51,671) 6,369 1,006 (37,341) |
| | (5,549) 684 108 (4,010) | (5,190) (4,177) 61 (2,477) | (51,671) 6,369 1,006 (37,341) |
| interest and dividend income | (5,549) 684 108 (4,010) | (5,190) (4,177) 61 (2,477) | (51,671) 6,369 1,006 (37,341) |
| Interest expense | 684 108 (4,010) | (4,177) 61 (2,477) | 6,369 1,006 (37,341) |
| Foreign exchange gains (losses), net | (4,010) | 61 (2,477) | 1,006 (37,341) |
| Equity in earnings of unconsolidated subsidiaries and affiliates, net | | | (37,341) |
| Losse on disposal of property, plant and equipment, net | | | |
| Management integration rationalization expenses* | _ | - / / | (37,434) |
| Additional contribution on withdrawals from the Welfare Pension | | | (0.7) |
| Fund plans (Note 12) | | (513) | _ |
| Loss on transition to defined contribution plans from defined | | | |
| benefit plans (Note 12) | _ | (180) | _ |
| Write-down of investment securities | (325) | (451) | (3,026) |
| Amortization of unrecognized transition benefit obligations (Note 12) | (521) | (1,540) | (4,851) |
| Prior periods' expenses of accrued retirement benefits for directors | | ()2 = 2 | (1)-1-1 |
| and corporate auditors | _ | (513) | _ |
| Loss on disposal of inventories | (8,698) | (5,687) | (80,995) |
| Restructuring expenses* | (4,851) | _ | (45,172) |
| Allowance for doubtful accounts | (1,627) | | (15,150) |
| Amortization of consolidation goodwill | (5,397) | | (50,256) |
| Gain (loss) on sales of investment securities, net | 2,455 | (123) | 22,861 |
| Other, net | (1,746) | (353) | (16,259) |
| Total | (32,147) | (25,167) | (299,348) |
| Income before income taxes | 35,430 | 32,363 | 329,919 |
| Income Taxes (Note 7): | 33,130 | 3=,5 03 | 3=>,>=> |
| Current | 27,947 | 22,466 | 260,238 |
| Deferred | (594) | (2,841) | (5,531) |
| Total | 27,352 | 19,624 | 254,698 |
| Minority Interests in Earnings of Consolidated Subsidiaries | (553) | (189) | (5,149) |
| Net Income ¥ | | ¥ 12,548 | \$ 70,062 |
| | * | , | U.S. dollars |
| _ | Millions of yen | | (note 3) |
| | 2005 | 2004 | 2005 |
| Per Share of Common Stock: | | | |
| Net income | ¥14.1 | ¥26.5 | \$0.13 |

Thousands of

0.09

Cash dividends 10.0 10.0

*Management integration rationalization expenses for the year ended March 31, 2005 mainly represent restructuring expenses for employes of European subsidiaries of ¥3,096 million (US\$28,829 thousand).

^{*} Management integration rationalization expenses for the year ended March 31, 2004 represent restructuring expenses for offices of ¥1,781 million (US\$16,851 thousand) and for employees of European subsidiaries of ¥3,241 million (US\$30,665 thousand).

^{*} Restructuring expenses

Expenses for structural reform related to the Photo Imaging Business of \$3,628 million (US\$33,783 thousand) and accelerated depreciation charges of \$1,223 million (US\$11,388 thousand) for the Digital Camera Bsiness.

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