May 9, 2008

CONSOLIDATED FINANCIAL RESULTS
Fiscal Year Ended March 31, 2008

Konica Minolta Holdings, Inc.

Listed Company Name: Konica Minolta Holdings, Inc.
URL: http://konicaminolta.com
Representative: Yoshikatu Ota, President and Representative Executive Officer
Inquiries: Masayuki Takahashi, General Manager, Corporate Communications & Branding Division
Tel: (81) 3-6250-2100
Stock Exchange Listings: Tokyo, Osaka (First Sections)
Local Securities Code Number: 4902
Scheduled date of Regular General Meeting of Shareholders: June 19, 2008
Scheduled date of dividend payment commencement: May 28, 2008
Scheduled date of Securities Report (Yuka Shoken Hokoku-sho) release: June 20, 2008

1. CONSOLIDATED FINANCIAL RESULTS FOR FISCAL YEAR ENDED MARCH 31, 2008
(From April 1, 2007 to March 31, 2008)

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

(1) Operating Results

[Millions of yen]

	Net sales		Operating income		Recurring profit	
Fiscal year ended March 31, 2008	1,071,568	4.3%	119,606	15.0%	104,227	6.2%
Fiscal year ended March 31, 2007	1,027,630	-3.8%	104,006	24.7%	98,099	27.7%

	Net income		Net income per share [yen]	Net income per share (after full dilution) [yen]
Fiscal year ended March 31, 2008	68,829	- 5.1%	129.71	122.44
Fiscal year ended March 31, 2007	72,542	- %	136.67	134.00

	Net income to shareholders' equity	Recurring profit to total assets	Operating profit to net sales
Fiscal year ended March 31, 2008	17.5%	10.8%	11.2%
Fiscal year ended March 31, 2007	21.9%	10.4%	10.1%

Note: Equity in profit (loss) of unconsolidated subsidiaries and affiliates:
Fiscal year ended March 31, 2008: ¥ 182 million
Fiscal year ended March 31, 2007: ¥ (160 million)

(2) Financial Position

[Millions of yen]

	Total assets	Net assets	Equity ratio	Net assets per share [yen]
Fiscal year ended March 31, 2008	970,538	418,310	43.0%	786.20
Fiscal year ended March 31, 2007	951,052	368,624	38.6 %	692.39

Notes: Shareholders equity
Fiscal year ended March 31, 2008: ¥417,166 million
Fiscal year ended March 31, 2007: ¥ 367,467 million

(3) Cash Flows

[Millions of yen]

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents year at end of period
Fiscal year ended March 31, 2008	123,014	-76,815	-10,545	122,187
Fiscal year ended March 31, 2007	66,712	-56,401	-5,170	86,587

2. DIVIDENDS

[yen]

	Dividends per share				
	1st Q	Interim	3rd Q	Year-end	Total annual
Fiscal year ended March 31, 2007	—	—	—	10.00	10.00
Fiscal year ended March 31, 2008	—	7.50	—	7.50	15.00
Fiscal year ending March 31, 2009 (forecast)	—	10.00	—	10.00	20.00

	Total dividends (annual)	Dividend pay-out ratio (consolidated)	Net asset-to-dividend ratio (consolidated)
	Millions of yen	%	%
Fiscal year ended March 31, 2007	5,307	7.3	1.6
Fiscal year ended March 31, 2008	7,959	11.6	2.0
Fiscal year ending March31, 2009 (forecast)		15.2	

3. CONSOLIDATED RESULTS FORECAST FOR FISCAL YEAR ENDING MARCH 31, 2009 (From April 1, 2008 to March 31, 2009)

Percentage figures for the full fiscal year represent the change from the previous fiscal year, while percentage figures for the six months period represent the change from the same period of the previous year.

[Millions of yen]

	Net sales		Operating income		Recurring profit		Net income		Net income per share [yen]
Six months	535,000	1.9%	56,500	-1.0%	55,000	0.6%	34,000	-9.7%	64.08
Full-year	1,110,000	3.6%	120,000	0.3%	115,000	10.3%	70,000	1.7%	131.92

4. OTHER

(1) Changes to principal subsidiaries during the period (status changes of specified subsidiaries due to changes in the scope of consolidation): Yes

Consolidated companies: (new): 6 (excluded): 18

Equity-method affiliates: (new): 1 (excluded): 3

(2) Changes to consolidated financial statement principles, preparation processes, disclosure methods, etc. (Description of changes to important items fundamental to financial statement preparation)

a. Changes accompanying amendment of accounting principles: Yes

b. Changes other than “a.”: Yes

(3) Number of outstanding shares（common stock）

a. Outstanding shares at period-end（including treasury stock）

Fiscal year ended March 31, 2008: 531,664,337 shares

Fiscal year ended March 31, 2007: 531,664,337 shares

b. Treasury stock at period-end

Fiscal year ended March 31, 2008: 1,055,317 shares

Fiscal year ended March 31, 2007: 939,214 shares

UNCONSOLIDATED FINANCIAL RESULTS (REFERENCE)

1. UNCONSOLIDATED FINANCIAL RESULTS (From April 1, 2007 to March 31, 2008)

(1) Operating Results

[Millions of yen]

	Net sales		Operating income		Recurring profit	
Fiscal year ended March 31, 2008	65,575	12.7%	34,488	16.1%	36,361	17.3%
Fiscal year ended March 31, 2007	58,201	4.2%	29,693	8.3%	30,999	9.6%

	Net income		Net income per share [yen]	Net income per share (after full dilution) [yen]
Fiscal year ended March 31, 2008	47,972	17.0%	90.40	85.30
Fiscal year ended March 31, 2007	40,984	—%	77.22	75.69

(2) Financial Position

[Millions of yen]

	Total assets	Net assets	Equity ratio	Net assets per share [yen]
Fiscal year ended March 31, 2008	473,301	263,983	55.7%	496.97
Fiscal year ended March 31, 2007	448,372	229,372	51.1%	431.98

Notes: Shareholders equity
Fiscal year ended March 31, 2008: ¥263,697 million
Fiscal year ended March 31, 2007: ¥229,264 million

2. UNCONSOLIDATED RESULTS FOECAST FOR FISCAL YEAR ENDING MARCH 31, 2009 (From April 1, 2008 to March 31, 2009)

Percentage figures for the full fiscal year represent the change from the previous fiscal year, while percentage figures for the six months period represent the change from the same period of the previous year.

[Millions of yen]

	Net sales		Operating income		Recurring profit		Net income		Net income per share [yen]
Six months	22,000	-45.4%	5,500	-77.7%	6,000	-76.6%	7,500	-74.9%	14.14
Full-year	49,000	-25.2%	15,000	-56.5%	16,000	-56.0%	16,500	-65.5%	31.10

** The above performance projections were made based on assumptions, forecasts, and plans that were current at the time of the business report and are subject to change due to various potential risks and uncertainties. Depending on economic conditions, market trends, exchange rate trends, and diverse other factors, actual performance may be considerably different from projected performance.*

For more information on the assumptions used as premises for performance forecasts and cautionary notes, etc., regarding the use of the forecasts, please see the "(1) Business Performance Analysis" portion of the "Operating Results" section on page 5 of this report.

1. OPERATING RESULTS

Overview

(1) Business Performance Analysis

[Millions of yen]

		April 1, 2007 – March 31, 2008	April 1, 2006 – March 31, 2007	Increase (Decrease)	
Net Sales		1,071,568	1,027,630	43,937	4.3%
Gross profit		531,343	494,916	36,426	7.4%
Operating Income		119,606	104,006	15,599	15.0%
Recurring profit		104,227	98,099	6,128	6.2%
Net income before income taxes and minority interests		98,996	104,890	(5,893)	(5.6)%
Net income		68,829	72,542	(3,712)	(5.1)%
Net income per share [yen]		129.71	136.67	(6.96)	(5.1)%
Capital expenditure		75,295	64,000	11,294	17.6%
Depreciation		60,443	52,692	7,750	14.7%
R&D expenses		81,272	71,961	9,311	12.9%
Exchange rates [yen]	US dollar	114.28	117.02	(2.74)	(2.3)%
	Euro	161.53	150.09	11.44	7.6%

Looking back at the world economy in the fiscal year ended March 31, 2008, the U.S. subprime loan crisis spurred a worldwide credit contraction that impacted the economies of Japan, the U.S., and Europe, which have maintained moderate recoveries, as well as the economies of other industrialized countries. This elicited fears of economic deceleration during the latter half of the fiscal year and increased the perceived difficulty of forecasting trends in the global economy. Economic conditions in the United States generally softened during the year due to factors that included the cooling down of the housing market along with the effect of that trend on hiring and personal consumption, and these trends led to a growing number of observers seeing signs of recession. In Europe, strong exports supported continued robust economic conditions in Germany and France, but indications of a regional economic deceleration were evident from fall 2007. On the other hand, Russia as well as China and other NICs continued to sustain rapid rates of economic growth against the backdrop of growth in external demand and abundant natural resources.

In the Japanese economy, although there were some concerns regarding prospective trends in the U.S. economy and the run-up in prices of crude oil and other raw materials, corporate performance improved during the first half of the year, reflecting the positive effects of the rise in the value of the euro and a weakening of the yen on the export manufacturing sector. As a result, gradual economic growth was sustained. In the latter half of the year, however, amid intensifying concerns regarding the possibility of a U.S. recession, progressive dollar depreciation and yen appreciation along with the further rise in prices of crude oil and other raw materials began rapidly putting pressure on Japanese companies' profitability, and a perception of economic deceleration was recognized.

Regarding exchange rate trends during the fiscal year under review, a trend of yen appreciation has rapidly proceeded since early 2008. Average exchange rates for the fiscal year as a whole were ¥114=US$1, corresponding to yen appreciation by ¥3 (2%) from the previous fiscal year, and ¥162=Euro1, corresponding to yen depreciation by ¥11 (8%) from the previous fiscal year.

Amid these conditions, Konica Minolta implemented the second year of measures based on its medium-term business plan "FORWARD 08," which was drafted in May 2006. These measures were designed to promote the Group's growth and maximize the Group's corporate value by concentrating management resources in such growth fields as the Business Technologies Business and the Optics Business and effectively implementing the "genre-top strategy," which calls for concentrating management resources in specified business fields and markets that are projected to grow to establish the top brand in those fields and markets.

Regarding the Konica Minolta Group's core Business Technologies Business, Konica Minolta responded to a continued trend of replacing monochrome models with color models in the general office-use color MFP (multifunctional peripheral) field by undertaking the concentrated launch of five new competitive color MFP products from low-to-medium speed to high speed, and endeavoring to increase its market share in Japan and overseas. Robust sales of the new models have enabled Konica Minolta to consolidate its position among the top companies in the MFP markets of Europe and North America, where the Company has a particularly strong marketing base. Demand for products suitable for production print applications by large companies or commercial digital printing firms is expected to grow, and we have also launched new high-speed MFP products that address this demand and taken measures to expand their sales. In addition, as part of a global strategy for further accelerating the growth of MFP business, in January 2008, we concluded a basic partnership agreement with Netherlands-based Oce N.V., a leading information equipment manufacturer in Europe, and a strategic business alliance agreement was formally signed on April 4, 2008. The agreements call for the partners to supply products to each other on an OEM basis as well as cooperate in developing new products.

In the strategic business field of the Optics Business, Konica Minolta worked to increase its sales of TAC film (protective film for polarizing plates used in LCDs), a key component of LCD panels. Aiming to address the expansion of demand centered on LCDs for large-scale televisions in a timely manner, the Company accelerated its plans to construct the No. 5 TAC film plant (in Kobe, Japan), which entered operation in November 2007 and has boosted the Group's annual TAC production capacity from 120 million m^2 to 170 million m^2. The correctness of our decision making regarding strategic investments in expanding production capacity was reflected during the fiscal year under review in a large rise in the sales volume of TAC film, and particularly strong sales were recorded of newly launched high-performance TAC film (viewing angle expansion films). Aiming to further increase production capacity, we have begun the construction of the No. 6 TAC film plant, which is scheduled to begin operating in fall 2008. In the memory device sector, we began full-scale shipments of optical pickup lenses for use with next-generation DVDs including Blueray Disks, regarding which we have an overwhelmingly strong market position. In view of growing demand from customers for the glass substrates that are essential components in hard disk drives (HDDs) used with personal computers and other equipment, a Malaysian subsidiary began operating an additional facility for manufacturing such substrates in February 2008. In these ways, we have strategically invested management resources in business fields that are expected to grow and striven to develop highly competitive new products and strengthen our production bases in Japan and overseas.

In the Medical and Graphic Imaging Business, Konica Minolta responded to changing needs in the medical and printing fields, where digitization is proceeding rapidly. The Company is working to expand its sales by offering digital inputting and outputting equipment that offers high levels of image quality and image precision.

In Sensing Business, Konica Minolta proactively launched new color measurement instruments and worked to strengthen the competitiveness of its products. Regarding Industrial Inkjet Printer Business, the Company endeavored to develop additional customers in overseas markets.

Reflecting the aforementioned measures, Konica Minolta's consolidated net sales for the fiscal year under review rose 4.3%, or ¥43.9 billion year on year, to ¥1,071.5 billion. The expansion of the Group's net sales was strongly promoted by the strong performance of Business Technologies Business, reflecting robust sales of color MFP products in principal markets in Japan and overseas, and of Optics Business, which has such growth products as high-performance TAC film and optical pickup lenses for next-generation DVD products. While the discontinuation of Photo Imaging Business in the previous fiscal year had the effect of reducing sales during the period under review by ¥47.7 billion, a comparison of sales after excluding sales of the Photo Imaging Business shows relatively high year-on-year growth of 9%.

Gross profit for the period rose 7.4%, or ¥36.4 billion year on year, to ¥531.3 billion. We were able to absorb the effects of rising raw material prices and declines in product prices stemming from price competition by expanding our sales volume primarily with respect to new products, working to augment our added value by improving our product mix, implementing Groupwide cost-cutting programs, and taking other initiatives. Although the appreciation of the yen vis-a-vis the U.S. dollar presented challenges, our efforts were assisted by the positive impact of the decline in the value of the yen vis-a-vis the euro. As a result of these various factors, the gross profit ratio rose 1.4 percentage points, from 48.2% to 49.6%.

Selling, general and administrative (SG&A) expenses rose ¥20.8 billion year on year, reflecting such factors as a ¥9.3 billion rise in R&D investments that reflected the proactive development of new products in strategically emphasized fields, with the goal of supporting future growth. However, the Company's efforts to thoroughly manage expenses based on the "selection and concentration" concept enabled it to restrain the ratio of SG&A expenses to net sales to 38.4%, approximately the same as during the same period of the previous fiscal year. As a consequence, operating income rose 15.0%, or ¥15.5 billion year on year, to ¥119.6

billion, and the ratio of operating income to net sales increased 1.1 percentage points, from 10.1% to 11.2%.

Among non-operating income and expense items, non-operating income declined ¥4.0 billion year on year, reflecting the impact of yen appreciation in the second half of the year, which led to the recording of foreign exchange losses, compared with foreign exchange gains in the previous year. Because of this and a ¥5.4 billion rise in non-operating expenses, net non-operating income deteriorated ¥9.4 billion. Consequently, recurring profit expanded 6.2%, or ¥6.1 billion, to ¥104.2 billion.

Among extraordinary income and expense items, extraordinary profit was ¥1.8 billion lower year on year. This decline reflected decreases in gains on sales of fixed assets and investment securities, which were at higher levels in the previous year, owing to the exit from the Photo Imaging Business. As factors including impairment losses caused extraordinary losses to grow ¥10.2 billion, net extraordinary profit deteriorated ¥12.0 billion. Consequently, income before income taxes and minority interests declined 5.6%, or ¥5.8 billion year on year, to ¥98.9 billion.

Regarding corporate income taxes, a number of special factors reduced tax payments to a lower level than usual, and the effective income tax rate for the period under review was 30.3%. One of the principal factors accounting for this was the confirmation that a portion of losses on the exit from the Photo Imaging Business, which were entered in the accounts for the year ended March 31, 2006, would be recognized for tax purposes as the Company approached the completion of its exit from this business. As a result of this and other factors, net income declined 5.1%, or ¥3.7 billion, to ¥68.8 billion.

Please note that operating income and recurring profit results have been at record high levels for three consecutive fiscal years and four consecutive fiscal years, respectively. The results for both items reached new record high levels during the fiscal year under review.

Performance in individual business segments is explained in the following section.

Segment Information

1. Business Technologies Business
[Multifunctional peripherals (MFPs), laser printers (LBPs), etc.]

[Millions of yen]

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Increase (Decrease)	Change
(1) Net sales to outside customers	700,969	658,693	42,276	6.4%
(2) Intersegment net sales	5,175	3,955	1,220	30.9%
Total net sales	706,145	662,648	43,497	6.6%
Operating income	90,093	79,982	10,111	12.6%

In Business Technologies Business, we are implementing a “genre-top strategy” that emphasizes measures to expand sales of general office-use color MFP products and high-speed MFP products for production print applications. Demand for these kinds of products is continuing to grow in Japan and overseas markets.

During the period under review, in the MFP field, we strengthened our general office-use color MFP product lineup in all market segments from low-speed segments to high-speed segments. During the first half of the period, we launched high-speed products with color printing output capabilities ranging from 45ppm to 50ppm (monochrome printing output capabilities ranging from 45ppm to 65ppm), including the “bizhub C451” and the “bizhub C650”. In the latter half of the period, we launched low- and medium-speed products with color printing output capabilities ranging from 20ppm to 35ppm, including the “bizhub C203”, the “bizhub C253”, and the “bizhub C353”. All of these units are highly competitive productwise as they use our strengths regarding tandem engines along with our advanced polymerized toner and imaging technology to realize high image quality and high productivity, and they also feature the latest network functions and leading-edge security capabilities, both of which are required for uses in office environments, which are becoming more sophisticated each day. During the period under review, we recorded strong sales of color MFPs for general office use, especially the newly introduced models. We have a particularly strong marketing base for medium-speed models in Europe and North America, and we were able to further reinforce our position among the top companies in the color MFP markets of those regions during the fiscal year under review.

In the production printing field, which is focused on such customers as large corporations’ internal printing departments and commercial digital printing companies, our sales of the “bizhub PRO C5500” high-speed color MFP have been strong since that product’s launch in September 2007. As a result, we now have expanded our lineup to include three color models—the “bizhub PRO C6500”, the “bizhub PRO C5500”, and the “bizhub PRO C500”—along with two monochrome models—the “bizhub PRO 1050e” and the “bizhub PRO 920”. We are endeavoring to expand the sales of these products through our own specialized direct marketing system as well as through business alliance with leading dealers and through other channels.

With respect to the LBP field, we are emphasizing efforts to strengthen our marketing of products to ordinary offices that anticipate considerable printing volumes. In accordance with this strategy, in our principal European and North American markets, we created new marketing systems by reorganizing and consolidating printer marketing companies within MFP marketing companies during summer 2007. We also expanded and strengthened our lineup of medium- to high-speed tandem color LBPs with color printing output capabilities ranging from 24ppm to 35ppm for the general-office market by launching such high-value-added products as the “magicolor 4650”, “magicolor 5570”, and the “magicolor 8650DN”, and we also launched the high-value-added and multifunctional “magicolor 2590MF” color laser printer, which features printing, copying, and scanning functions.

As a result of these various activities, sales of this business to outside customers during the period under review expanded 6%, to ¥700.9 billion, and operating income rose 13%, to ¥90.0 billion.

2. Optics Business
[Optical devices, electronic materials, etc.]

[Millions of yen]

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Increase (Decrease)	Change
(1) Net sales to outside customers	182,262	138,960	43,301	31.2%
(2) Intersegment net sales	1,083	1,396	(313)	(22.4)%
Total net sales	183,345	140,356	42,988	30.6%
Operating income	31,255	21,000	10,254	48.8%

In the Optics Business, Konica Minolta makes good use of industry-leading optics technologies, coating technologies, materials technologies, nanofabrication technologies, and its special technological strengths to provide diverse components, including the display materials required for the latest digital appliances and IT equipment as well as molded glass lenses and plastic lenses.

Regarding display materials, the Company has designated the field of viewing-angle-expansion film products for use with large LCD televisions as a strategic field and has emphasized the development of additional products in that field. A series of highly competitive new products of this kind have been launched in 2007 and 2008. These new high-function TAC film products were highly evaluated by customers, and our share of domestic and overseas markets for such products greatly increased. This trend and our efforts to augment production capacity supported a large rise in sales of TAC film products during the period under review.

In the memory-related product field, regarding our mainstay optical pickup lenses, we have established an overwhelmingly strong market position for products for next-generation DVDs. The fiscal year under review saw the full-scale start of business in such products, and strong sales were recorded of such products as optical pickup lenses for Blueray Disks. Business performance in the glass hard disk substrate field was adversely affected by a period of adjustment during the first half of 2007 but began recovering from summer 2007. This recovery and the high evaluation of our products for applications involving perpendicular magnetic recording formats supported strong sales.

In the image input/output component field, we greatly increased our sales to manufacturers based in Japan and overseas of microcamera modules for camera-equipped mobile phones as well as zoom lens units for digital cameras, and this supported growth in overall sales.

As a consequence of these developments, sales of this business to outside customers rose 31%, to ¥182.2 billion, and operating income surged 49%, to ¥31.2 billion.

3. Medical and Graphic Imaging Business
[Medical and graphic products, etc.]

[Millions of yen]

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Increase (Decrease)	Change
(1) Net sales to outside customers	161,105	158,705	2,399	1.5%
(2) Intersegment net sales	3,566	12,249	(8,683)	(70.9)%
Total net sales	164,671	170,955	(6,283)	(3.7)%
Operating income	7,775	8,880	(1,105)	(12.4)%

In the medical/healthcare field, we are focusing on expanding sales of digital input/output equipment—including the REGIUS series of digital radiography image inputting systems and the DRYPRO series of imaging output equipment. During the period under review, we developed the “REGIUS MODEL 110”, which is designed to offer a compact and simple operating environment, along with the associated “REGIUS Unitea” peripheral terminal system. These new products enabled us to endeavor to expand our domestic and overseas sales of digital image inputting and outputting equipment by supplementing our previous marketing efforts focused on large medical institutions with additional efforts directed at relatively small hospitals and clinics.

In the graphic (printing) segment, we are responding to printing facility needs arising from the shift to digital printing processes by strengthening our capabilities for marketing digital printing equipment. During the period, we succeeded in achieving a full-scale expansion in Japan and overseas of our sales of products centered on the “Pagemaster Pro 6500” high-quality, on-demand printing system, which effectively leverages our exclusive technologies.

Amid an operating environment in which digitization is reducing demand for film products in both segments of this business, we emphasized sales of digital equipment. As a result, sales of this business to outside customers during the period amounted to ¥161.1 billion, approximately unchanged from the previous fiscal year. On the other hand, operating income declined 12%, to ¥7.7 billion, as a consequence of the effect of increases in the price of silver, which is a raw material for film; higher R&D expenditures; and other factors.

4. Other Business

■ **Sensing Business [Colorimeters, 3-D digitizers, and other measurement devices]**

This segment draws on Konica Minolta’s exclusive light-measurement technologies to provide diverse measurement instruments for industrial and medical applications, including instruments for measuring colorimetric levels, gloss levels, blood oxygen levels, jaundice levels, and 3-D shapes.

During the period under review, the Company endeavored to create a solid platform for expanding its business scale by developing a new generation of mainstay products in three strategic fields—light source color, object color, and 3-D shapes. As a result, it was able to increase the competitiveness of its product lineup by commercializing such products as the “CS-2000” spectroradiometer, the “CM-700d/600d” spectrophotometers, and the “RANGE7” noncontact digitizer.

As a result of these measures, sales of this business to outside customers during the period amounted to ¥9.9 billion, approximately unchanged from the previous fiscal year. Operating income fell 26%, to ¥1.2 billion, reflecting a rise in marketing expenses.

■ **Industrial Inkjet Printer Business [Industrial inkjet printer heads, textile printers, etc.]**

Utilizing Konica Minolta’s proprietary inkjet technologies and unique chemical and ink technologies, this segment markets high-definition printer heads and inks to major printer manufacturers and large inkjet printers for textile use. During the period, ink product sales in Japan grew, and efforts were made to further improve performance by proactively developing additional customers overseas.

As a result of these measures, sales to outside customers during the period grew 15%, to ¥6.9 billion. On the other hand, operating income decreased 32%, to ¥0.8 billion, reflecting increases in R&D expenses and other kinds of expenses.

Outlook for the fiscal year ending March 31, 2009

There is concern regarding the possibility that the protraction of the sub-prime loan crisis may cause a recession in the U.S. economy, which has been a primary locomotive of the global economy to date, and this situation is making it increasingly difficult to project future economic trends in Japan and overseas. It is anticipated that a slowdown in the principal advanced economies of Japan, the United States, and Europe is inevitable during the first half of the current fiscal year, while a recovery due to the benefits of various economic countermeasures is expected to begin from the latter half of the year. Konica Minolta recognizes that conditions in its operating environment will continue to be harsh due to such factors as the surge of crude oil prices and similar rises in other raw materials prices; currency exchange rate trends with respect to the U.S. dollar, the Euro, and the yuan; the further intensification of price competition in markets; and the responses to increasingly severe global environmental issues.

Regarding the impact of such factors on the markets in which the Konica Minolta Group operates, the Group intends to carefully monitor the effect of economic deceleration on MFP markets but anticipates that demand for general office-use MFPs will continue to be robust in Japan and overseas due to moves to replace monochrome models with highly functional, high-performance color models as well as moves to purchase additional MFP units. In addition, demand for high-speed MFPs for production print applications is projected to increase. Furthermore, it is expected that the Beijing Olympic games will spur a rise in demand for large LCD televisions, Blueray Disk products, high-performance notebook computers, and other digital consumer products as well as communications-related products. In view of this, we are anticipating a general expansion in demand for such Konica Minolta's products as TAC film, optical pickup lenses, and glass hard disk substrates. Regarding medical/healthcare and graphic printing markets, we are projecting a continuation of the domestic and overseas trend toward film-free and the Group is responding to this trend by undertaking business restructuring measures and seeking to quickly strengthen its capabilities for marketing digital equipment.

Amid these conditions, the Group is emphasizing concerted Groupwide measures to ensure the comprehensive and expeditious completion of all action plans within the "FORWARD 08" medium-term business plan as the current fiscal year is the final year of time period covered by the plan. At the same time, the Group will do its utmost to prepare a solid foundation for additional growth initiatives in the future.

Outlook for the Fiscal Year Ending March 31, 2009

[Billions of yen]

	Fiscal year ending March 31, 2009		Fiscal year ended March 31, 2008		Increase (Decrease)	
	Six months	Full year	Six months	Full year	Six months	Full year
Net sales	535.0	1,110.0	524.9	1,071.5	10.0	38.4
Operating income	56.5	120.0	57.0	119.6	(0.5)	0.3
Recurring profit	55.0	115.0	54.6	104.2	0.3	10.7
Net income	34.0	70.0	37.6	68.8	(3.6)	1.1

The presumed currency exchange rates for fiscal year ending March 31, 2009, are US$1=¥100 and €1=¥155.

**The above operating performance forecasts are forecasts based on future-related suppositions, outlooks, and plans at the time this report was released, and they involve risks and uncertainties. It should be noted that actual results may differ significantly from these forecasts due to various important factors, such as changes in economic conditions, market trends, and currency exchange rates.*

(2) Financial Position

Overview

		As of March 31, 2008	As of March 31, 2007	Increase (Decrease)
Total assets	[millions of yen]	970,538	951,052	19,485
Net assets	[millions of yen]	418,310	368,624	49,686
Net assets per share	[yen]	786.20	692.39	93.81
Equity ratio	[%]	43.0	38.6	4.4

At fiscal year-end, total assets amounted to ¥970.5 billion, up ¥19.4 billion compared with the end of the previous fiscal year. The increase in assets centered on tangible assets, reflecting investment in the Group's core field of Business Technologies Business and the strategic Optics Business. Inventory assets stood at ¥132.9 billion, approximately unchanged from the end of the previous fiscal year, and sustained efforts to reduce the level of interest-bearing debt caused the balance of interest-bearing debt to decrease ¥3.3 billion, to ¥226.0 billion.

Regarding net assets, such factors as the posting of ¥68.8 billion in net income for the fiscal year under review boosted retained earnings, and, consequently, net assets amounted to ¥418.3 billion. Net assets per share came to ¥786.20, and the shareholders' equity ratio rose 4.4 percentage points from the end of the previous fiscal year, to 43.0%.

Cash Flows

[Millions of yen]

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Increase (Decrease)
Cash flows from operating activities	123,014	66,712	56,301
Cash flows from investing activities	-76,815	-56,401	(20,414)
Total (Free cash flow)	46,198	10,311	(35,887)
Cash flows from financing activities	-10,545	-5,170	(5,375)

Cash flows from operating activities

In addition to cash flow reflecting such factors as the generation of ¥98.9 billion in income before income taxes and the reduction of receivables, cash flows were affected by such non-cash item changes as an increase in depreciation and amortization that reflected a rise in fixed assets accompanying several years of proactive capital investments and also reflected a tax system reform that was accompanied by a change to the depreciation and amortization employed. Thus, net cash provided by operating activities totaled ¥123.0 billion, ¥56.3 billion less than in the previous fiscal year.

Cash flows from investing activities

Net cash used in investing activities totaled ¥76.8 billion, a cash outflow increase of ¥20.4 billion compared with the previous fiscal year. This was primarily due to cash used to acquire tangible fixed assets amounting to ¥62.9 billion—mainly in connection with investments in the Business Technologies Business and Optics Business. The investments focused primarily on dies for new products as well as projects to bolster production capacity for such products as TAC film and glass hard disk substrates.

As a result, free cash flows, calculated from the total of cash flows from operating activities and cash flows from investing activities, amounted to ¥46.1 billion, a level ¥35.8 billion higher than in the previous fiscal year.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥10.5 billion, a cash outflow increase of ¥5.3 billion compared with the previous fiscal year. This cash was mainly used to pay cash dividends and repay borrowings.

As a result of the above, cash and cash equivalents at fiscal year-end totaled ¥122.1 billion, up ¥35.6 billion from the end of the previous fiscal year.

<Cash flow indicators>

	FY ended March 31, 2004	FY ended March 31, 2005	FY ended March 31, 2006	FY ended March 31, 2007	FY ended March 31, 2008
Shareholders' equity ratio [%]	34.6	35.6	31.1	38.6	43.0
Market price-based shareholders' equity ratio [%]	81.5	60.2	84.5	86.4	74.0
Debt redemption period [years]	3.1	4.4	3.0	3.4	1.8
Interest coverage ratio	11.1	10.1	14.4	12.8	27.7

Notes:

Shareholders' equity ratio: Shareholders' equity / Total assets

Market price-based shareholders' equity ratio: Market capitalization / Total assets

Years of debt redemption: Interest-bearing debt / Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities / Interest payments

Market capitalization is calculated as the share price at period-end multiplied by the number of shares outstanding at period-end (excluding treasury stock). Net cash flow from operating activities figures are those stated in the consolidated statements of cash flows. Interest-bearing debt is all liabilities reflected on the consolidated balance sheets that are subject to interest payments. Interest payments are those stated in the consolidated statements of cash flows.

Cash Flow Outlook for the Fiscal Year Ending March 31, 2009

Konica Minolta projects that free cash flow, the net value of cash flows from operating and investing activities, will amount to an inflow of approximately ¥15.0 billion.

(3) Basic Policy Regarding Profit Distribution, Dividends for the Fiscal Year under Review, and Projected Dividends for the Current Fiscal Year

[1] Basic policy regarding profit distribution

In accordance with the FORWARD 08 medium-term management plan, the Group has been proactively working to promote strategic investments in growth fields and strengthen its financial position. Going forward, plans call for increasing the new added value by the Group's operations and pursuing the Group's growth as well as maximizing the Group's corporate value. At the same time, with an eye to increasing shareholder returns, the Group has from fiscal 2008 adopted the following new policy regarding the payment of dividends from retained earnings.

The new policy regarding the payment of dividends from retained earnings, etc., calls for the basic approach of making a comprehensive evaluation of consolidated performance and funding requirements for promoting strategic investments in growth fields while seeking to sustain shareholder returns.

Regarding the specific dividend target, the Group is aiming to sustain a dividend payout ratio of 25% or higher over the medium-to-long term.

With respect to the acquisition of treasury stock, the Company intends to make appropriate decisions regarding treasury stock acquisition as a means of profit distribution while giving due attention to such factors as the Company's financial condition and stock price trends.

[2] Dividends for the fiscal year under review

Regarding year-end dividends applicable to fiscal 2007, in view of the smooth development in performance in accordance with the medium-term management plan, the Company intends to distribute year-end dividends of ¥7.5 per share, the same level as determined for interim dividends. Thus, interim and year-end dividends applicable to fiscal 2007 are expected to amount to ¥15 per share, up ¥5 per share from the level in fiscal 2006. This increase in dividends is designed to serve as a means of rewarding shareholders for their support to date.

[3] Projected dividends for the current fiscal year

Regarding dividends applicable to the current fiscal year, in view of projections of continued robust performance in the fiscal year ending March 31, 2009, and based on the newly instituted basic policy regarding distribution of profits described above, the Company currently plans to distribute dividends applicable to the fiscal year amounting to ¥20 per share, up ¥5 per share from the level applicable to the fiscal year under review. (Plans call for distributing interim dividends and year-end dividends of ¥10, up ¥2.5 from the level applicable to the fiscal year under review.)

As a result, the consolidated dividend pay-out ratio is projected to be 15.2% for the fiscal year ending March 31, 2009, compared with 11.6% for the fiscal year ending March 31, 2008, and 7.3% for the fiscal year ending March 31, 2007.

**Figures given in the text as billions of yen have been rounded off to the nearest hundred million.*

2. GROUP OVERVIEW

The Group comprises the parent company, 108nsolidated subsidiaries, 23 non-consolidated subsidiaries, and 7 affiliates. A chart detailing the business structure follows.

Konica Minolta Holdings, Inc

Business Technologies Business: 81
(Consolidated Subsidiaries: 59 Unconsolidated Subsidiaries: 18 Affiliates: 4

Production: 10

Konica Minolta Supplies Manufacturing Co., Ltd.
Toyohashi Precision Products Co., Ltd.
Konica Minolta Business Technologies Manufacturing (H.K.) Ltd. (Hong Kong)
Konica Minolta Business Technologies (WUXI) Co., Ltd. (China)

Other Companies: 6

↓

Konica Minolta Business Technologies, Inc.

↓

Sales: 70

Konica Minolta Business Solutions Japan Co., Ltd.
Konica Minolta Business Solutions U.S.A., Inc. (U.S.A)
Konica Minolta Business Solutions Europe GmbH (Germany)
Konica Minolta Business Solutions Deutschland GmbH (Germany)
Konica Minolta Business Solutions (UK) Ltd. (U. K.)
Konica Minolta Business Solutions France S.A.S. (France)
Konica Minolta Business Solutions Australia Pty. Ltd. (Australia)
Other Companies: 63

Sensing Business: 4
(Consolidated Subsidiaries: 4)

Konica Minolta Sensing, Inc.

Sales: 3

Konica Minolta Sensing Europe B.V. (Netherlands)
Konica Minolta Sensing Americas, Inc. (U.S.A)
Konica Minolta Sensing Singapore, Pte.Ltd. (Singapore)

Optics Business: 9
(Consolidated Subsidiaries: 9)

Production: 7

Konica Minolta Opto Products Co., Ltd.
Konica Minolta Opto (DALIAN) Co., Ltd. (China)
Konica Minolta Optical Products (SHANGHAI) Co., Ltd. (China)
Konica Minolta Glass Tech Malaysia Sdn. Bhd. (Malaysia)
Other Companies: 3

↓

Konica Minolta Opto, Inc.

↓

Sales: 1

Konica Minolta Opto (SHANGHAI) Co., Ltd. (China)

Medical and Graphic Imaging Business: 18
(Consolidated Subsidiaries: 13, Unconsolidated Subsidiaries: 3, Affiliates: 2)

Production: 3

Konica Minolta Technoproducts Co., Ltd.
Konica Minolta Repro Co., Ltd.

Other Companies: 1

↓

Konica Minolta Medical & Graphic , Inc.

↓

Sales: 14

Konica Minolta Health Care Co., Ltd. *2
Konica Minolta Graphic Imaging Japan Co., Ltd
Konica Minolta ID System Co., Ltd. *3
Konica Minolta Medical Imaging U.S.A., Inc. (U.S.A.)
Konica Minolta Graphic Imaging U.S.A., Inc. (U.S.A.)
.
Other Companies: 9

Other Businesses: 26 *4
(Consolidated Subsidiaries: 23Unconsolidated Subsidiaries: 2 Affiliates: 1)

Konica Minolta Photo Imaging, Inc.
Konica Minolta IJ Technologies, Inc.
Konica Minolta Business Expert, Inc.
Konica Minolta Technology Center, Inc.
Konica Minolta Logistics Co., Ltd.
Konica Minolta Sogo Service Co., Ltd.
Konica Minolta Engineering Co., Ltd.
Konica Minolta Information System Co., Ltd.
Konica Minolta Technosearch Co., Ltd.
Konica Minolta Planetarium Co., Ltd.

Other Companies: 16

Notes:
*1: Organization chart is as March 31, 2008. Only major consolidated subsidiaries are shown.
*2 On April 1, 2007, Konica Minolta Medical Co., Ltd., and Konica Minolta MG Techno Support Co., Ltd., merged, and the medical product sales functions of Konica Minolta Medical & Graphic, Inc., were integrated into the newly merged company, which was then renamed Konica Heal Care Co., Ltd.
*3 On April 1, 2008, Konica Minolta ID Imaging Co., Ltd. was sold to the third party.
*4: As previously announced on January 19, 2006, as a result of the Company's decision to exit the Photo Imaging business, which was formerly reported as a separate business segment, the importance of this business for the Company's operations has declined, it has been omitted from the business segment classification.

3. MANAGEMENT POLICY

(1) Basic Management Policy

Management philosophy: “The creation of new value”
Management visions: “An innovative corporation that continues to create inspiring products and services in the field of imaging”
“A global corporation that leads the market by advanced technologies and reliability”
Corporate message: “The essentials of imaging”

(2) Medium-to Long-Term Management Strategies and Pending Issues

To serve as a strategic framework for further increasing the added value of the Konica Minolta Group’s operations and maximize the Group’s growth and corporate value, the Company has drafted “FORWARD 08,” a medium-term business plan that covers the three-year period from April 2006 through March 2009.

Basic Strategies of the Medium-Term Business Plan “FORWARD 08”

1. Promote growth by leveraging collective Group resources

To improve our growth potential, we will pursue inter-business synergies beyond the Group’s current framework and increase the added value of our businesses while seeking to achieve growth in both the equipment and services business group, which includes MFPs, LBPs and digital printing, and medical imaging businesses as well as in the component business group, which focuses on business related to optical components and display materials.

2. Build a new corporate image

We are intent on attaining a sophisticated integration of the Group’s core technologies—namely, optical, image processing, materials, and nanofabrication technologies—and providing innovative high-quality products and professional services that anticipate customers’ needs. To demonstrate that the Group is a business partner that “leads its customers to success in their business activities” and is worthy of absolute confidence, we are working to further strengthen our capabilities for employing technologies and drafting proposals in line with customers’ perspectives.

3. Promote world-class corporate social responsibility (CSR) management

To realize sustained corporate growth, it is important that Konica Minolta achieves strong corporate social responsibility (CSR) performance in line with global standards so that it can inspire widespread trust throughout society and be recognized as a corporate group that plays an indispensable role in society. In particular, amid society’s rising demands for companies to respond to environmental issues, the Konica Minolta Group is giving thorough attention as a manufacturer to fundamental environmental and quality issues through such measures as those to develop products that conserve energy and resources and those to promote green procurement. In addition, we are working to reduce waste emissions, promote recycling, decrease emissions of harmful substances, and take other initiatives that place it in the top class of companies regarding the environmental friendliness of all its operations—not just development and manufacturing activities. At the same time, the Group is progressively implementing a broad range of other CSR initiatives, including those aimed at augmenting its communications with all kinds of stakeholders—including shareholders as well as customers, business partners, residents of local communities, and employees—and stepping up its contribution to society at large as well as increasing the rigor of its compliance and internal control systems.

Progress and Prospects of “FORWARD 08” Medium-Term Business Plan

Regarding consolidated performance in the fiscal year ended March 31, 2008, which was the second year of FORWARD 08, as is explained elsewhere in this report, the implementation of strategic investments and business initiatives in accordance with the medium-term plan has generated benefits that were reflected in revenue growth in the Business Technologies Business and the Optics Business, and this growth boosted consolidated net sales and profit figures to considerably above the target levels. Particularly regarding profitability, the target level was attained a year ahead of schedule, reflecting the smoothness of the plan’s implementation. Regarding business operations, also, the strategy has been successfully implemented as planned—in the European and U.S. markets, for example, our color MFP genre top strategy has borne fruit and production print operations have been expanded; highly competitive new products in the field of viewing angle expansion films for use with large LCD televisions have been launched; and we have advanced ahead of other companies regarding the commercialization of pickup lenses for next-generation DVDs—and the achievements regarding strategic products are steadily contributing to the Group’s consolidated performance.

[Reference]
Consolidated Performance Targets and Actual Performance under the “FORWARD 08” Medium-Term Business Plan

[Billions of yen]

	Fiscal Year Ended March 31, 2007		Fiscal Year Ended March 31, 2008		Fiscal Year Ending March 31, 2009	
	Target	Performance	Target	Performance	Target	Projection
Net sales	980.0	1,027.6	1,020.0	1,071.5	1,100.0	1,110.0
Operating income	80.0	104.0	92.0	119.6	110.0	120.0
Operating income ratio	*8%*	*10%*	*9%*	*11%*	*10%*	*11%*
Net income	30.0	72.5	N.A.	68.8	57.0	70.0

Aiming to ensure the attainment of the plan’s goals and the sustainability of the Group’s growth, we made overall refinements to brush up the plan in April 2007. Having considered each business field from short-term and medium-to-long-term perspectives, we determined the most important strategic goals in each field and began implementing action plans to realize those goals in line with specific time schedules. In the current fiscal year, which is the final year of the medium-term business plan, we steadily moved forward with the implementation of each of these action plans.

The following sections explain the framework of the brushed-up plan, the main features of implementation efforts so far, and future measures.

1) Strengthen and Promote Core Businesses

To make sure we attain growth in the fiscal years ended March 2008 and ending 2009, we believe it will be important to strengthen and promote existing core businesses. Accordingly, in our Business Technologies Business, we are taking initiatives to further consolidate our genre-top position in color MFPs, and, in our Optics Business, we are working to expand our business position in the LCD market based on our high-performance TAC films. We are moving ahead with work on these and other strategic themes.

- **Progress during the period**

In our Business Technologies Business, we introduced five new color MFPs for general office use and renewed our lineup of products from low- and medium-speed units through high-speed units. In addition, in the production printing field, we worked to strengthen the competitiveness of our product lineup, including the introduction of high-speed color MFPs that can output 55 pages a minute. We have also moved to acquire leading dealers, including a Germany-based dealer in September 2007 and a U.S.-based dealer in November 2007. We are continuing to proactively work to strengthen our marketing systems and decided in April 2008 to acquire Danka Office Imaging Company (DOIC), a major U.S.-based dealer. (The acquisition of DOIC is expected to be completed in June 2008, after approval of the transaction at DOIC’s general shareholders’ meeting and the completion of U.S. legal procedures.)

In the Optics Business, we have been launching new high-function TAC film products (viewing angle expansion film products) and working to expand our share of the market for such films while we move forward with the construction of a new plant to increase manufacturing capacity for such films. Regarding glass hard disk substrates, we have constructed in Malaysia an additional facility for manufacturing such substrates in view of a sharp rise in demand for such products as well as to meet the need to expand our supply capabilities for applications involving perpendicular magnetic recording formats. We have also constructed a new development facility in Osakasayama City, Osaka, to consolidate glass hard disk substrate-related optical technology R&D functions in the Kansai region.

2) Expand the Scope of Core Businesses into Peripheral Domains

We think the next necessary step toward further growth will be to draw on the business base and technological resources of our core businesses to expand the scope of operations into peripheral domains. We are, therefore, making preparations to start up activities in the Business Technologies Business that will make further advances in the services business beyond solutions for equipment sales and, in the medical field, to enter the image diagnostic support business using computer analysis.

- **Progress during the period**

In our Business Technologies Business, as the production printing market expands, we want to work with our customers to help them address the issues they confront. To this end, on October 1, 2007, we opened the KONICA MINOLTA Digital Imaging Square, a presentation show space targeted at the production print market that provides an information dissemination base for proposing new business models to our customers. Through this base, we will be offering high-value-added solutions, information, and services broadly to our customers in Japan and overseas. To strengthen marketing capabilities by further increasing the sophistication of our capabilities for offering further advanced services beyond solutions for equipment sales, we cooperated with Computer Engineering & Consulting, Ltd., to establish a joint venture company, Konica Minolta Bizcom, Co., Ltd.

3) Nurture the Businesses of the Future

Looking to continue the growth of the Group from a medium- to long-term perspective, we are also taking initiatives to develop the businesses of the future.

- **Progress during the period**

As already announced, we are entering into the lighting business based on our original organic electroluminescence (EL) technology. We are looking to a start-up date in 2010 for this business, and we are working in partnership with General Electric Company, of the United States.

4) Strengthen Corporate Capabilities to Support Our Growth Strategy

To implement these plans, strengthening the corporate capabilities of the Group will be essential. We plan to focus on enhancing these capabilities from the following three perspectives.

1. Strengthen our business base through enhancement of development and production capabilities

- **Progress during the period**

In June 2007, we established a company to evaluate the quality of software installed on MFPs and printers in Dalian, China. In addition, in July, as a means for securing stable software development resources for these products, we concluded a partnership contract with HCL Technologies Ltd., a leading IT service provider in India (headquartered in Noida, India). We have begun initiatives to establish an offshore development center and take other steps toward the development of a global software development system. As part of a global strategy for further accelerating the growth of MFP and printer business, in January 2008, we entered into a basic partnership agreement with Netherlands-based Oce N.V., a leading information equipment manufacturer in Europe. The agreement call for the partners to supply products to each other on an OEM basis in fields ranging from general office products through production print products as well as to cooperate in developing new products. (A strategic business alliance agreement was formally signed on April 4, 2008.)

2. Rebuild our corporate culture, strengthen human resources and business base to support growth

- **Progress during the period**

We realigned and integrated our printer sales companies into MFP sales companies in the United States in July 2007 and then took similar measures in Europe in August 2007. By conducting sales development activities aimed at the general office market for MFPs and printers through a fully coordinated sales organization, we aim to realize substantially greater synergies in these activities.

3. Establish a strong financial position

- **Progress during the period**

To win out in the increasingly competitive corporate environment, we believe it is essential for us to establish a stronger financial position and are, therefore, working to reduce interest-bearing debt and increase our shareholders' equity. As mentioned, at the end of the fiscal year under review, we had lowered interest-bearing debt to ¥226.0 billion, down ¥3.3 billion from the end of the previous fiscal year. Moreover, we increased shareholders' equity ¥49.6 billion, to ¥417.1 billion. As a result, the Group's equity ratio at the end of the fiscal year rose to 43.0%, compared with 38.6% at the end of the previous fiscal year, and the debt/equity ratio improved to 0.54, compared with 0.62 as of March 31, 2007.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Statements of Income

[Millions of yen]

	April 1, 2006 – March 31, 2007		April 1, 2007 – March 31, 2008		Increase (Decrease)	
	Amount	% of net sales	Amount	% of net sales	Amount	Y/Y [%]
Net sales	1,027,630	100.0	1,071,568	100.0	43,937	4.3
Cost of sales	532,714	51.8	540,225	50.4	7,511	1.4
Gross profit	494,916	48.2	531,343	49.6	36,426	7.4
Selling, general and administrative expenses	390,909	38.1	411,736	38.4	20,826	5.3
Operating income	104,006	10.1	119,606	11.2	15,599	15.0
Non-operating income	[14,653]	1.4	[10,592]	1.0	[(4,061)]	(27.7)
Interest and dividend income	2,316		2,643		326	
Equity method profits of affiliated companies	-		182		182	
Gain on foreign exchange	3,432		-		(3,432)	
Other	8,904		7,766		(1,137)	
Non-operating expenses	[20,559]	2.0	[25,970]	2.5	[5,410]	26.3
Interest expense	5,088		4,465		(622)	
Disposal losses of inventories	7,054		7,065		10	
Equity method loss of affiliated companies	160		-		(160)	
Loss on foreign exchange	-		7,637		7,637	
Other	8,255		6,801		(1,454)	
Recurring profit	98,099	9.5	104,227	9.7	6,128	6.2
Extraordinary profit	[11,848]	1.2	[10,047]	0.9	[(1,801)]	(15.2)
Gain on sales of fixed assets	7,275		1,308		(5,966)	
Gain on sales of investment securities	2,788		20		(2,767)	
Gain on sales of investments in affiliated companies	1,200		47		(1,152)	
Patent-related income	-		8,080		8,080	
Gain on sale of investment	54		-		(54)	
Reversal of allowance for loss on withdrawal from operation	-		590		590	
Reversal of allowance for doubtful receivables	529		-		(529)	
Extraordinary losses	[5,058]	0.5	[15,278]	1.4	[10,220]	202.1
Loss on disposal and sale of fixed assets	2,791		4,533		1,742	
Loss on sale of investment in affiliates	619		-		(619)	
Loss on sale of investment securities	44		0		(43)	
Loss on valuation of investment securities in affiliates	-		54		54	
Write-down on investment securities	26		313		286	
Loss on impairment of fixed assets	640		5,702		5,062	
Payment for dissolution of business	935		-		(935)	
Legal-related expense	-		625		625	
Environmental expense	-		1,856		1,856	
Extra retirement payment	-		460		460	
Other extraordinary loss of overseas subsidiaries	-		1,731		1,731	

Income before income taxes and minority interests	104,890	10.2	98,996	9.2	(5,893)	(5.6)
Income taxes	27,307	2.6	29,496	2.7	2,188	8.0
Deferred income taxes	4,827	0.5	544	0.1	(4,283)	(88.7)
Minority interests in earnings of consolidated subsidiaries	213	0.0	126	0.0	(86)	(40.5)
Net Income	72,542	7.1	68,829	6.4	(3,712)	(5.1)

(2) Consolidated Balance Sheets

[Millions of yen]

	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)	
	Amount	% of total	Amount	% of total	Amount	Y/Y [%]
Current assets	[544,237]	[57.2]	[557,110]	[57.4]	[12,872]	[2.4]
Cash and deposits	85,677		89,218		3,540	
Trade notes and accounts receivable	257,380		234,862		(22,517)	
Marketable securities	909		33,000		32,090	
Inventories	133,550		132,936		(614)	
Deferred tax assets	41,336		37,086		(4,249)	
Other accounts receivable	10,999		14,284		3,285	
Other current assets	19,489		21,330		1,840	
Allowance for doubtful accounts	(5,106)		(5,608)		(502)	
Fixed assets	[406,814]	[42.8]	[413,427]	[42.6]	[6,613]	[1.6]
Tangible fixed assets	[230,094]	24.2	[245,989]	25.3	[15,894]	6.9
Buildings and structures	65,368		71,815		6,447	
Machinery and vehicles	69,264		86,088		16,823	
Tools and equipment	28,643		26,846		(1,796)	
Land	33,065		35,961		2,895	
Construction in progress	12,406		5,201		(7,204)	
Rental business-use assets	21,346		20,076		(1,270)	
Intangible fixed assets	[97,971]	10.3	[93,848]	9.7	[(4,123)]	(4.2)
Goodwill	82,074		75,809		(6,264)	
Other intangible fixed assets	15,897		18,038		2,140	
Investments and others	[78,748]	8.3	[73,589]	7.6	[(5,158)]	(6.6)
Investment securities	33,948		28,651		(5,296)	
Long-term loans	614		430		(184)	
Long-term prepaid expenses	4,393		3,589		(803)	
Deferred tax assets	27,306		28,604		1,298	
Other investments	13,037		12,743		(294)	
Allowance for doubtful accounts	(552)		(430)		122	
Total assets	951,052	100.0	970,538	100.0	19,485	2.0

[Millions of yen]

	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)	
	Amount	% of total	Amount	% of total	Amount	Y/Y [%]
Liabilities						
Current liabilities	[377,069]	39.6	[365,570]	37.7	[(11.498)]	(3.0)
Notes and account payable - trade	121,707		109,413		(12,294)	
Short-term loans	79,927		93,875		13,947	
Long-term loans due within one year	17,075		6,363		(10,712)	
Bonds due within one year	29		5,000		4,970	
Unpaid expenses	44,230		54,286		10,055	
Accrued expenses	36,799		33,355		(3,444)	
Accrued income taxes	14,171		16,449		2,278	
Allowance for bonus	13,485		15,121		1,636	
Allowance for director’s bonus	278		257		(20)	
Allowance for product warranty	4,994		4,342		(651)	
Allowance for loss on withdrawal from operation	28,097		11,727		(16,370)	
Note payable-equipment	5,082		2,070		(3,012)	
Other current liabilities	11,188		13,307		2,118	
Long-term liabilities	[205,358]	21.6	[186,656]	19.2	[(18,701)]	(9.1)
Bonds	75,266		70,166		(5,100)	
Long-term loans	57,065		50,620		(6,444)	
Deferred tax assets on land revaluation	4,028		4,010		(17)	
Reserve for retirement benefits and pension plans	57,947		53,367		(4,580)	
Reserve for directors’ retirement benefits	459		544		84	
Other long-term liabilities	10,590		7,946		(2,943)	
Total liabilities	582,427	[61.2]	552,227	[56.9]	(30,200)	[(5.2)]

[Millions of yen]

	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)	
	Amount	% of total	Amount	% of total	Amount	Y/Y [%]
Net assets						
Capital stock	37,519	3.9	37,519	3.9	-	-
Additional paid-in capital	204,143	21.5	204,140	21.0	(2)	(0.0)
Retained earnings	115,704	12.2	177,684	18.2	60,979	52.7
Treasury stock	(1,097)	(0.1)	(1,340)	(0.1)	(242)	(22.1)
Shareholders' equity	[356,269]	[37.5]	[417,003]	[43.0]	[60,734]	[17.0]
Unrealized gain on securities	7,454	0.8	2,913	0.3	(4,541)	(60.9)
Gain (loss) on deferred hedges	(90)	(0.0)	(319)	0.0	(228)	252.2
Translation adjustment	3,834	0.4	(2,431)	(0.3)	(6,266)	-
Revaluation and translation adjustments	[11,198]	[1.2]	[162]	[0.0]	[(11,036)]	[(98.6)]
Subscription warrant	108	0.0	286	0.0	177	164.5
Minority interests	1,048	0.1	858	0.1	(189)	(18.1)
Total net assets	368,624	[38.8]	418,310	[43.1]	49,686	[13.5]
Total liabilities and shareholder's equity	951,052	100.0	970,538	100.0	19,485	2.0

Notes:	As of March 31, 2007	As of March 31, 2008	Increase (Decrease)
1.Accumulated depreciation on tangible fixed assets (millions of yen)	411,965	413,324	1,358
2. Number of shares of treasury stock	939,214	1,055,317	116,103

(3) Consolidated Statements of Changes in Shareholder's Equity

Fiscal year ended March 31, 2007
(From April 1, 2006 to March 31, 2007)

[Millions of yen]

	Shareholder's' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Sub total shareholder's equity
Balance at March 31, 2006	37,519	226,069	20,088	(915)	282,761
Changes during the period					
Net income			72,542		72,542
Changes in the scope of consolidation			527		527
Deficit coverage transfer from capital surplus to retained earnings		(21,928)	21,928		-
Purchase of treasury stock				(190)	(190)
Disposal treasury stock		2		7	9
Provision for payment of retirement allowance debt of overseas subsidiaries			618		618
Changes, net, in items other than shareholder's equity					
Total changes during the period	-	(21,926)	95,616	(182)	73,508
Balance at March 31,2007	37,519	204,143	115,704	(1,097)	356,269

	Revaluation and Translation Adjustments				Subscription warrant	Minority interests	Total shareholder's equity
	Unrealized gains on securities	Gain (loss) on deferred hedges	Translation adjustments	Total evaluation and transition adjustment			
Balance at March 31, 2006	10,180	-	875	11,055	-	2,753	296,571
Changes during the period							
Net income for the period							72,542
Changes in the scope of consolidation							527
Deficit coverage transfer from capital surplus to retained earnings							-
Purchase of treasury stock							(190)
Disposal treasury stock							9
Provision for payment of retirement allowance debt of overseas subsidiaries							618
Changes, net, in items other than shareholders' equity	(2,725)	(90)	2,958	142	108	(1,705)	(1,455)
Total changes during the period	(2,725)	(90)	2,958	142	108	(1,705)	72,053
Balance at March 31, 2007	7,454	(90)	3,834	11,198	108	1,048	368,624

Note: The overseas subsidiaries retirement payment liability disposal value refers to liabilities that arose in connection with accounting treatment of retirement payments by a portion of consolidated subsidiaries in the United Kingdom and the United States.

Fiscal year ended March 31, 2008
(From April 1, 2007 to March 31, 2008)

[Millions of yen]

	Shareholder's' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Sub total shareholder's equity
Balance at March 31, 2007	37,519	204,143	115,704	(1,097)	356,269
Changes during the period					
Cash dividends			(9,287)		(9,287)
Net income			68,829		68,829
Changes in the scope of consolidation			405		405
Purchase of treasury stock				(289)	(289)
Disposal treasury stock		(2)	(28)	46	16
Provision for payment of retirement allowance debt of overseas subsidiaries			1,059		1,059
Changes, net, in items other than shareholder's equity					
Total changes during the period	-	(2)	60,979	(242)	60,734
Balance at March 31,2008	37,519	204,140	176,684	(1,340)	417,003

	Revaluation and Translation Adjustments				Subscription warrant	Minority interests	Total shareholder's equity
	Unrealized gains on securities	Gain (loss) on deferred hedges	Translation adjustments	Total evaluation and transition adjustment			
Balance at March 31, 2007	7,454	(90)	3,834	11,198	108	1,048	368,624
Changes during the period							
Cash dividends							(9,287)
Net income							68,829
Changes in the scope of consolidation							405
Purchase of treasury stock							(289)
Disposal treasury stock							16
Provision for payment of retirement allowance debt of overseas subsidiaries							1,059
Changes, net, in items other than shareholders' equity	(4,541)	(228)	(6,266)	(11,036)	177	(189)	(11,048)
Total changes during the period	(4,541)	(228)	(6,266)	(11,036)	177	(189)	49,686
Balance at March 31, 2008	2,913	(319)	(2,431)	162	286	858	418,310

Note: The overseas subsidiaries retirement payment liability disposal value refers to liabilities that arose in connection with accounting treatment of retirement payments by a portion of consolidated subsidiaries in the United Kingdom and the United States.

(4) Consolidated Statement of Cash Flow

[Millions of yen]

	April 1, 2006 - March 31, 2007	April 1, 2007 - March 31, 2008
I. Cash flows from operating activities		
Net income before income taxes and minority interests	104,89	98,996
Depreciation and amortization	52,692	60,443
Impairment losses	640	5,702
Amortization of goodwill	6,476	7,171
Increase (decrease) in allowance for doubtful accounts	(4,378)	780
Interest and dividend incomes	(2,316)	(2,643)
Interest expense	5,088	4,465
Loss (gain) on sale and disposals of tangible fixed assets	(4,484)	3,224
Loss (gain) on sale and write-down of investment securities	(2,717)	293
Loss (gain) on sale of affiliated companies for retirement benefits	(580)	6
Patent-related income	-	(8,080)
Reversal of allowance for loss on withdrawal from operation	-	(590)
Legal-related expense	-	625
Environmental expense	-	1,856
Additional extra retirement payment	-	460
Other extraordinary loss of overseas subsidiaries	-	1,731
Increase (decrease) in retirement and serverance benefits	(8,383)	(4,462)
Increase (decrease) in allowance for loss withdrawal from operations	(29,980	(16,370
Payment for dissolution of business	935	-
(Increase) decrease in trade notes and accounts receivable	(976)	11,157
(Increase) decrease in inventories	19,262	(6,422)
Increase (decrease) in trade notes and accounts payable	(5,064)	(2,027)
Increase (decrease) in accrued consumption tax payable	(1,969)	904
Reversal of reserve for impairment of lease Assets	(3,129)	(171)
Transfer of rental business-use assets	(10,168	(11,847
Other	(17,700	7,468
Subtotal	98,137	152,67
Interest and dividends received	2,473	2,681
Interest paid	(5,220)	(4,444)
Additional amount of special retirement allowance	(6,484)	(355)
Income taxes paid	(22,193	(27,543
Net cash provided by operating activities	66,712	123,01
II . Cash flows from investing activities		
Payment for acquisition of tangible fixed assets	(62,517)	(62,969)
Proceeds from sale of tangible fixed assets	12,064	2,907
Payment for acquisition of intangible fixed assets	(6,703)	(5,864)
Payment for acquisition of additional shares of consolidated subsidiaries	(2,744)	(855)
Proceeds from sales of investment in consolidated subsidiaries	1,744	-
Payment for acquisition of newly consolidated subsidiaries	-	(6,832)
Payment for loans receivable	(891)	(113)
Proceeds from collection of loan receivable	1,142	265
Payment for acquisition of investment securities	(1,411)	(1,718)
Proceeds from sale of investment securities	3,461	35
Payment for other investments	(2,129)	(2,609)
Other	1,585	939
Net cash used in investing activities	(56,401	(76,815

	April 1, 2006 - March 31, 2007	April 1, 2007 - March 31, 2008
III . Cash flows from financing activities		
Net (decrease) increase in short-term loans payable	(53,125	16,314
Repayment of long-term loans payable	(8,079)	(17,159
Proceeds from issuance of bonds	70,300	-
Redemption of bonds	(14,002	(30)
Proceeds from disposal of treasury stock	9	16
Payment for purchase of treasury stock	(190)	(289)
Dividend paid	(12)	(9,271)
Dividend payments to minority shareholders	(70)	(126)
Net cash used in financing activities	(5,170)	(10,545
IV. Effect of exchange rate changes on cash and cash equivalents	322	(347)
V. Increase in cash and cash equivalents	5,463	35,305
VI. Cash and cash equivalents at beginning of the year	80,878	86,587
VII. Increase in cash and cash equivalents due to newly consolidated subsidiaries and others	245	294
VIII. Cash and cash equivalents at end of the year	86,587	122,18

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

Number of consolidated subsidiaries: 108

Principal consolidated subsidiaries:

- Konica Minolta Business Technologies, Inc.
- Konica Minolta Opto, Inc.
- Konica Minolta Medical & Graphic , Inc.
- Konica Minolta Sensing, Inc.
- Konica Minolta Photo Imaging, Inc.
- Konica Minolta Techonology Center, Inc.
- Konica Minolta Business Expert, Inc.
- Konica Minolta IJ Technologies, Inc.
- Konica Minolta Business Solutions Japan Co., Ltd.
- Konica Minolta Health Care Co., Ltd.
- Konica Minolta Supplies Manufacturing Co., Ltd.
- Konica Minolta Business Solutions U.S.A., Inc.
- Konica Minolta Business Solutions Europe GmbH
- Konica Minolta Business Technologies Manufacturing (HK) Ltd.

Unconsolidated subsidiaries have not been included in consolidation because they are relatively small and their assets, sales, net income, and retained earnings (in proportion to scale of equity ownership) do not have no material influence on consolidated financial statement.

2. Scope of the Use of Equity Accounting

Number of unconsolidated subsidiaries accounted for by the equity method: 8

Principal unconsolidated subsidiaries: ECS Buero-und Datensysteme GmbH
Konica Minolta Business Solutions Russia LLC

Number of affiliates accounted for by the equity method: 3

The total net income and retained earnings of equity-method non-consolidated subsidiaries and affiliates were of small scale and had negligible effect on consolidated financial statements. Therefore they have been excluded from the scope of the equity method.

3. Changes Regarding Consolidated Subsidiaries during the Fiscal Year under Review

Some consolidated subsidiaries have fiscal years ending on December 31, and consolidated financial statements are prepared using the financial statements of those companies as of that fiscal year-end date. Adjustments are made to consolidated accounts to account for important transactions involving those companies that occur between the end of those companies' fiscal year-end date and the end of the consolidated fiscal year.

(Consolidated Subsidiaries with Fiscal Years Ending on December 31)

Konica Minolta Business Solutions (WUHAN) Co., Ltd.
Konica Minolta Business Solutions (Shenzhen) Co., Ltd.
Konica Minolta Medical & Graphic (SHANHAI) Co., Ltd.
Konica Minolta Business Solutions do Brazil Ltda.
Konica Minolta Business Solutions de Mexico SA de CV.
Konica Minolta Medical Systems Russia

(Change to Accounting Policy)

Among consolidated subsidiaries, Konica Minolta Business Solutions (CHINA) Co., Ltd. and Konica Minolta Business Solutions Finland Oy have fiscal years ending on December 31, and consolidated financial statements were previously prepared using the financial statements of those companies as of that fiscal year-end date. Adjustments were previously made to consolidated accounts to account for important transactions involving those companies that occur between the end of those companies' fiscal year-end date and the end of the consolidated fiscal year.

To increase the appropriateness of consolidated accounting information, however, the Company has from the fiscal year under review shifted to a new consolidated accounting method for these companies. From the fiscal year under review, these companies prepare provisional financial statements for hypothetical fiscal years ending March 31, and these provisional financial statements are used to prepare consolidated financial statements. Because of this change, during the fiscal year under review, which is the transitional fiscal year, the hypothetical fiscal years of these two companies cover the 15-month period from January 1, 2007, through March 31, 2008.

4. 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

Domestic consolidated subsidiaries’ inventories are, in the main, recorded at cost as determined by the periodic-average 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

1. Tangible fixed 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 Company and its domestic consolidated subsidiaries have used the straight-line method for their buildings (excluding annexed structures) acquired since April 1, 1998.

Changes in Accounting Policy

Accompanying revisions in Japan’s Corporate Tax Law (as contained in the Law Revising a Portion of the Income Tax Law, March 30, 2007, Law No. 6, and the Ordinance Revising a Portion of the Enforcement Regulations for the Income Tax Law, March 30, 2007, Ordinance No. 83), beginning with the fiscal year under review, the method of depreciation for tangible fixed assets purchased on or after April 1, 2007, has been changed to the method prescribed by the revised Income Tax Law. As a result of this change, compared with the previous method employed for the previous fiscal year, operating income and recurring profit were each ¥2,894 million lower than under the previous method of calculating depreciation, and income before income taxes and minority interests was ¥2,886 million lower than it would have been under the previous method. Please note that the impact of this accounting change by business segment is shown in the respective segment information sections.

Additional Information

Accompanying the change in Japan’s Corporate Tax Law, the Company and its consolidated subsidiaries have adopted the following method of depreciation for tangible assets acquired on or before March 31, 2007. For those assets that have been depreciated to 5% of their acquisition value using the previous method of calculating depreciation, the difference between the remaining 5% of the acquisition cost and a memorandum price will be written off in equal amounts over the five-year period beginning with the year following the year when the book value is depreciated to 5% of the acquisition cost. As a result of this change in accounting method, for the fiscal year under review, operating income was ¥1,240 million lower, recurring profit was ¥1,241 million lower, and income before income taxes and minority interests was ¥1,030 million lower than these indicators would have been under the previous method for calculating depreciation. Please note that the impact of this accounting change by business segment is shown in the respective segment information sections.

2. Intangible fixed assets

We have adopted the straight-line method based on an estimated in-house working life of five years for the software we use.

(3) Reserves

1. Allowance for doubtful accounts

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 estimated amount is recorded by investigating the possibility of collection for each individual account.

2. Allowance for bonuses

To prepare for the payment of employee bonuses, an amount corresponding to the current portion of estimated bonus payments to employees is recorded.

3. Allowance for director's bonus

To prepare for the payment of directors' bonuses, an amount corresponding to the projected value of bonus payments to directors for the fiscal year under review is recorded.

4. Allowance for product warranty

The provisioning of free after-sales service for products is recorded based on past after-sales service expenses as a percentage of net sales.

5. Allowance for loss on withdrawal from operation

To provide for losses when the Company exits a business, provisions to this reserve are made in the amount of the estimated losses.

6. Reserve for retirement benefits and pension plans

In order to provide employee retirement benefits, the amount recorded by the Company is based on projected benefit obligations and pension assets at the end of the fiscal year.

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.

7. *Rescrue for directors' retirement benefits*

Consolidated subsidiaries, to provide for the payment of directors' retirement benefits, record reserve for benefits for retired directors and auditors in an actual amount equal to the need at the end of the year period under review based on the Company's regulations.

(4) Lease transactions

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

(5) 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.

2. Hedge methods and hedge targets

The hedge methods are forward exchange contracts, and interest rate swaps that meet certain conditions..

The hedge targets are scheduled foreign currency denominated transactions, corporate bonds, and borrowings.

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.

In addition, the Company and consolidated subsidiaries enter into interest rate swaps to make interest rates on bonds and borrowings stable or reduce costs fluctuations for future capital procurement, 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 cash flows and hedging instruments.

(6) Other important items regarding the preparation of consolidated financial statements

1. Consumption tax

The tax-exclusion method is used to account for consumption taxes. In addition, asset-related consumption tax that cannot be excluded is accounted for as deferred consumption taxes, etc., in the long-term prepaid expenses item and amortized over a five-year period by the straight-line method.

2. Consolidated tax payment system

The consolidated tax payment system is applied.

5. Valuation of consolidated subsidiary's assets and liabilities

The market value method is used to value the assets and liabilities of consolidated subsidiaries.

6 Amortization of consolidation goodwill

Amortization of goodwill is carried out separately for each goodwill item over a rational time period of 20 years or less.

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 that are due for redemption in three months or less and that are easily converted into cash with little risk to a change in value.

CHANGES TO PRESENTATION METHODS

(Consolidated balance sheet items)

Because of the revision of consolidated financial reporting guidelines, negotiable deposits issued by domestic companies, which were included within the “cash and deposits” item in the previous fiscal year, are from the fiscal year under review included in the “marketable securities” item.

Negotiable deposits issued by domestic companies on March 31, 2007	¥15,000 million
Negotiable deposits issued by domestic companies on March 31, 2008	¥33,000 million

IMPORTANT NOTES

(Consolidated statements of income items)

1. Regarding patent-related revenue, figures for patents related to Photo Imaging business are aggregate figures that include both patent royalties and gains on patent transfers.
2. Reversal of allowance for loss on withdrawal from operations represents the net value of the portion of losses accompanying the decision to withdraw from Photo Imaging business that were covered by the drawing down of the allowance for the loss on withdrawal from operations during the previous fiscal year, less the value of such losses in the fiscal year under review. The value of these figures is as follows:

Drawing down of the allowance for loss on withdrawal from operations in the previous fiscal year	¥8,425 million
Loss on withdrawal from operations in the fiscal year under review	¥7,834 million

3. Impairment losses mainly represent the reduction of book values to recoverable values with respect to manufacturing facilities and goodwill in the Medical and Graphic business, and goodwill in the Business Technologies business, etc.
4. Extraordinary losses of overseas subsidiaries include; ¥581 million of additional summing up of allowance for doubtful accounts and correction of deferred income in the British subsidiary; ¥838 million of correction of inventory amounts in the British subsidiary; and ¥312 million of deferred income in the Danish subsidiary.

(Consolidated statements of changes in shareholder’s equity)

The figure for provision for payment of retirement allowance debt of overseas subsidiaries stems from provisions for the accounting treatment of retirement benefit payments that affected a portion of consolidated subsidiaries in the United Kingdom and the United States.

5. SEGMENT INFORMATION

(1) Information by Business Segment

Fiscal year ended March 31, 2007 (from April 1, 2006 to March 31, 2007)

[Millions of yen]

	Business Technologies	Optics	Photo Imaging	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales									
Outside customers	658,693	138,960	47,752	158,705	10,003	13,516	1,027,630	-	1,027,630
Intersegment sales/transfers	3,955	1,396	9,700	12,249	859	58,313	86,476	[86,476]	-
Total	662,648	140,356	57,453	170,955	10,863	71,830	1,114,106	[86,476]	1,027,630
Operating expenses	582,666	119,355	58,278	162,074	9,213	60,164	991,753	[68,129]	923,624
Operating income (loss)	79,982	21,000	(825)	8,880	1,649	11,665	122,353	[18,346]	104,006
Assets, depreciation, and capital expenditure									
Assets	479,938	155,413	47,704	124,727	10,046	486,872	1,304,702	[353,650]	951,052
Depreciation	30,050	10,806	-	5,138	210	6,487	52,692	-	52,692
Impairment losses	537	46	-	-	-	56	640	-	640
Capital expenditure	24,510	24,464	-	8,793	400	5,831	64,000	-	64,000

Notes:

1. Business classification is based on similarity of product type and market. Konica Minolta's operations are classified into 6 segments such as Business Technologies, Optics, Photo Imaging, Medical and Graphic, Sensing, and other businesses.
2. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the Company and expenses associated with head office functions. This amount was ¥ 19,391 million.

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales								
Outside customers	700,969	182,262	161,105	9,910	17,320	1,071,568	-	1,071,568
Intersegment sales/transfers	5,175	1,083	3,566	768	62,798	73,392	[73,392]	-
Total	706,145	183,345	164,671	10,678	80,119	1,144,961	[73,392]	1,071,568
Operating expenses	616,051	152,089	156,896	9,460	76,626	1,011,124	[59,162]	951,962
Operating income	90,093	31,255	7,775	1,218	3,493	133,836	[14,229]	119,606
Assets, depreciation, and capital expenditure								
Assets	445,939	181,938	113,141	9,505	73,869	824,394	146,143	970,538
Depreciation	31,286	15,968	6,048	293	1,996	55,593	4,850	60,443
Impairment losses	1,024	21	4,460	-	-	5,506	195	5,702
Capital expenditure	16,588	42,012	4,595	370	2,468	66,035	9,259	75,295

Notes:

1. Business classification is based on similarity of product type and market. Konica Minolta's operations are classified into 5 segments such as Business Technologies, Optics, Medical and Graphic, Sensing, and other businesses.
2. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the Company and expenses associated with head office functions. This amount was ¥ 30,792 million.
3. Included within the Elimination & corporate figure for assets are ¥183,225 million in corporate assets, which primarily include the holding company's surplus operating funds (cash and marketable securities) and long-term investment funds (investment securities) as well as other assets held by the holding company, etc.
4. Changes to business segments:
   (1) Regarding the Photo Imaging business, this business was previously listed as a business segment but the importance of that business has decreased owing to the discontinuation of that business in accordance with the decision publicly announced on January 19, 2006. Consequently, beginning from the fiscal year under review, the Photo Imaging business segment is no longer listed, and Photo Imaging business is included in the Other segment. As a result of this change, the

Other figure for operating expenses was increased ¥318 million and the Other figure for operating income was reduced by the same figure.

(2) Regarding a portion of the Company's functions and the Group's U.S.-based holding company, these units were previously included in the Other segment but following the reevaluation of the Company as a pure holding company on the occasion of reorganization measures based on a reevaluation of the functions of the Group's shared functions company and the parent company, from the fiscal year under review, these units are included in the Elimination and corporate segment.

5. Change in Method for Calculation of Depreciation of Tangible Fixed Assets: Beginning with the period under review, the Company and its domestic consolidated subsidiaries have changed their methods for the calculation of depreciation for tangible fixed assets purchased on or after April 1, 2007, in accordance with revisions in Japan's Corporation Tax Law. In addition, for assets purchased on or before March 31, 2007, which have been depreciated to the permissible limit, the remaining value of the assets on the Company's books will be depreciated in equal amounts over the five-year period beginning with the year following the completion of depreciation to the permissible limit. As a result of these accounting changes, operating expenses increased for each business segment as follows: for the Business Technologies business, ¥1,745 million; Optics business, ¥1,315 million; Medical and Graphic business, ¥628 million; Sensing business, ¥20 million; other businesses, ¥217 million, and Elimination & Corporate, ¥207million. Operating incomes for these businesses reduced by the respective amounts.

(2) Information by Geographical Area

Fiscal year ended March 31, 2007 (from April 1, 2006 to March 31, 2007)

[Millions of yen]

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	460,196	246,786	263,702	56,945	1,027,630	-	1,027,630
Intersegment sales/transfers	292,774	2,247	969	183,885	479,877	[479,877]	-
Total	752,970	249,033	264,672	240,830	1,507,507	[479,877]	1,027,630
Operating expenses	639,740	244,932	254,632	239,016	1,378,321	[454,697]	923,624
Operating income	113,230	4,100	10,040	1,814	129,186	[25,179]	104,006
Total assets	865,962	179,007	155,426	92,420	1,292,817	[341,765]	951,052

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal countries in the above areas, excluding Japan, are as follows:
   (1) North America: United States, Canada
   (2) Europe: Germany, France, and 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 Company and expenses associated with head office functions. This amount was ¥ 19,391 million.

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)

[Millions of yen]

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	469,989	233,834	305,687	62,056	1,071,568	-	1,071,568
Intersegment sales/transfers	353,597	2,848	868	204,822	562,136	[562,136]	-
Total	823,586	236,683	306,555	266,879	1,633,704	[562,136]	1,071,568
Operating expenses	702,701	235,561	296,079	261,940	1,496,282	[544,320]	951,962
Operating income	120,885	1,122	10,476	4,938	137,422	[17,815]	119,606
Total assets	722,432	108,208	162,036	91,278	1,083,956	[113,418]	970,538

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal countries in the above areas, excluding Japan, are as follows:
   (1) North America: United States, and Canada
   (2) Europe: Germany, France, and 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 Company and expenses associated with head office functions. This amount was ¥ 30,792 million.

4. Included within the Elimination & corporate figure for assets are ¥183,225 million in corporate assets, which primarily include the holding company's surplus operating funds (cash and marketable securities) and long-term investment funds (investment securities) as well as other assets held by the holding company, etc.
5. Changes to business segments: Regarding a portion of the Company's functions and the Group's U.S. based holding company, these units were previously included in the Japan and North America segments but, following the reevaluation of the Company as a pure holding company on the occasion of reorganization measures based on a reevaluation of the functions of the Group's shared functions company and the Company, from the fiscal year under review, these units are included in the Elimination and corporation segment

(3) Overseas Sales

Fiscal year ended March 31, 2007 (from April 1, 2006 to March 31, 2007)

[Millions of yen]

	North America	Europe	Asia excluding Japan and Others	Total
Overseas sales	257,160	279,324	204,623	741,109
Consolidated sales	-	-	-	1,027,630
Overseas sales as a percentage of consolidated sales	25.0%	27.2%	19.9%	72.1%

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)

[Millions of yen]

	North America	Europe	Asia excluding Japan and Others	Total
Overseas sales	245,486	312,115	225,182	782,785
Consolidated sales	-	-	-	1,071,568
Overseas sales as a percentage of consolidated sales	22.9%	29.1%	21.0%	73.1%

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal countries in the above areas, excluding Japan, are as follows:
   (1) North America: United States and Canada
   (2) Europe: Germany, France, and United Kingdom
   (3) Asia excluding Japan, Others: Australia, China, and Singapore
3. Overseas sales are the Company and consolidated subsidiary sales in countries or regions outside of Japan.

6. LEASE TRANSACTIONS

Notation has been omitted due to disclosure through EDINET (Yuka Shoken Houkoku-Sho).

7. TRANSACTIONS WITH RELATED PARTIES

No relevant transactions occurred during fiscal year ended March 31, 2008.

8. TAX-EFFECT ACCOUNTING

(1) Deferred tax assets and deferred tax liabilities

[Millions of yen]

	As of March 31, 2007	As of March 31, 2008
Deferred tax assets		
Net operating tax loss carried forward	25,244	27,061
Accrued retirement benefits over deductible limit	28,949	26,973
Elimination of unrealized intercompany profit	18,121	20,131
Provision for loss on discontinued operations	12,901	9,565
Accrued bonuses	5,181	5,768
Depreciation and amortization	4,298	5,710
Write-down of assets, other	7,658	4,151
Accrued enterprise taxes	2,148	2,059
Tax effects related to investments	8,720	1,721
Allowance for doubtful accounts	986	1,169
Other	16,194	8,657
Deferred tax assets subtotal	130,405	112,970
Valuation allowance	(49,902)	(34,639)
Total deferred tax assets	80,502	78,331
Deferred tax liabilities		
Retained earnings of overseas subsidiaries	(3,194)	(5,455)
Revaluation difference of marketable securities	(6,374)	(3,265)
Gain on establishment of employee pension trust	(3,124)	(3,042)
Reserve for advanced depreciation, other	(1,086)	(800)
Other	(291)	(377)
Total deferred tax liabilities	(14,072)	(12,941)
Net deferred tax assets	66,430	65,389

Deferred tax liabilities related to revaluation	[Millions of yen]	[Millions of yen]
Deferred tax liabilities related to revaluation of land	(4,028)	(4,010)

Net deferred tax assets are included in the following items in the consolidated balance sheets.

[Millions of yen]

	As of March 31, 2007	As of March 31, 2008
Current assets – deferred tax assets	41,336	37,086
Fixed assets – deferred tax assets	27,306	28,604
Current liabilities – other current liabilities	(21)	(248)
Long-term liabilities – other long-term liabilities	(2,191)	(53)

(2) Reconciliation between the statutory income tax rate and the effective income tax rate after the adoption of tax effect accounting.

[%]

	As of March 31, 2007	As of March 31, 2008
Statutory income tax rate	40.7	40.7
(Adjustments)		
Valuation allowance	(9.3)	(4.9)
Tax credits (R&D expenses, other)	(2.6)	(4.3)
Non-taxable income	(0.7)	(4.7)
Difference in statutory tax rates of foreign subsidiaries	(0.3)	(0.0)
Expenses not deductible for tax purpose	1.7	2.6
Amortization of goodwill	1.9	2.7
Other	(0.8)	(1.7)
Effective income tax rate per consolidated statements of income	30.6	30.3

9. SECURITIES

Fiscal year ended March 31, 2007

(1) Other securities with quoted market values (As of March 31, 2007)

[Millions of yen]

Type		Acquisition cost	Total amount on consolidated balance sheets	Difference
Total amount on consolidated balance sheets exceeds the acquisition cost	(1) Stocks	11,638	24,836	13,198
	(2) Bonds	24	24	-
	(3) Other	214	214	-
	Sub total	11,877	25,075	13,198
Total amount on consolidated balance sheets does not exceed the acquisition cost	(1) Stocks	5,697	5,057	(640)
	(2) Bonds	-	-	-
	(3) Other	-	-	-
	Sub total	5,697	5,057	(640)
Total		17,575	30,132	12,557

(2) Other securities sold in fiscal year ended March 31, 2007 (April 1, 2006 - March 31, 2007)

[Millions of yen]

	Sales amount	Total profit	Total loss
Other securities	5,629	2,788	44

(3) Composition and amounts on the consolidated balance sheets of other securities without market values

[Millions of yen]

	Total amount on consolidated balance sheets
Foreign investment fund	909
Unlisted stocks	378

Fiscal year ended March 31, 2008

(1) Other securities with quoted market values (As of March 31, 2008)

[Millions of yen]

Type		Acquisition cost	Total amount on consolidated balance	Difference
Total amount on consolidated balance sheets exceeds the acquisition cost	(1) Stocks	9,064	16,515	7,450
	(2) Bonds	3	5	1
	(3) Other	1	1	-
	Sub total	9,069	16,522	7,452
Total amount on consolidated balance sheets does not exceed the acquisition cost	(1) Stocks	9,686	6,862	(2,824)
	(2) Bonds	21	14	(6)
	(3) Other	-	-	-
	Sub total	9,707	6,876	(2,830)
Total		18,776	23,399	4,622

(2) Other securities sold in fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)

[Millions of yen]

	Sales amount	Total profit	Total loss
Other securities	23	20	0

(3) Composition and amounts on the consolidated balance sheets of other securities without market values

[Millions of yen]

	Total amount on consolidated balance sheets
Negotiable deposit	33,000
Unlisted stocks	863

10. DERIVATIVES

References have been omitted here and will be disclosed on EDINET (Yuka Shoken Houkoku-Sho).

11. RETIREMENT BENEFIT PLAN

(1) Outline of the retirement benefit system adopted

The Company and its domestic subsidiaries adopt the following defined benefit plans: a tax-qualified benefit plan, a defined benefit corporate pension plan, and a lump-sum retirement allowance. In addition, in some cases when employees retire, the Company and consolidated subsidiaries provides for additional retirement benefit that are not related to the retirement benefit liabilities computed according to actuarial methods in accordance with retirement benefit accounting. Some of the Company's overseas subsidiaries have instituted defined benefit plans and some have instituted defined contribution pension plan, while the parent company and a portion of its domestic subsidiaries have instituted retirement benefit trusts. As of the fiscal year-end, 13 Group companies have adopted tax-qualified benefit plans and 4 have adopted defined benefit corporate pension plans. In addition, one company has enrolled in the National Optical Industries welfare pension fund, which is a general establishment welfare pension fund, and 4 companies have enrolled in the Smaller Enterprise Retirement Allowance Mutual Aid.

(2) Items related to retirement benefit liabilities

[Millions of yen]

	As of March 31, 2007	As of March 31, 2008
a. Retirement benefit obligation	(149,936)	(144,011)
b. Plan assets	108,766	91,360
c. Unfunded retirement benefit obligation (a+b)	(41,170)	(52,651)
d. Unrecognized actuarial differences	(4,528)	10,276
e. Unrecognized prior service cost (reduction in liabilities)	(9,557)	(8,131)
f. Net amount on consolidated balance sheets (c+d+e)	(55,256)	(50,506)
g. Prepaid pension costs	2,690	2,861
h. Accrued for retirement benefits (f-g)	(57,947)	(53,367)

Note:

As of March 31, 2007	As of March 31, 2008
1. Certain subsidiaries use a simplified method for the calculation of benefit obligation	1. Certain subsidiaries use a simplified method for the calculation of benefit obligation

(3) Items related to retirement benefit costs

[Millions of yen]

	April 1, 2006 – March 31, 2007	April 1, 2007 – March 31, 2008
a. Service costs	6,383	5,662
b. Interest costs	4,244	4,410
c. Expected return on plan assets	(2,887)	(3,095)
d. Amortization of actuarial differences	338	1,248
e. Amortization of prior service costs	(1,529)	(1,426)
f. Retirement benefit costs (a+b+c+d+e)	6,549	6,799
g. Contribution defined contribution pension plans	2,745	3,199
Total (f+g)	9,295	9,998

Notes:

April 1, 2006 – March 31, 2007	April 1, 2007 – March 31, 2008
Retirement benefit costs for consolidated subsidiaries using a simplified method are included in "a Service costs".	1. Retirement benefit costs for consolidated subsidiaries using a simplified method are included in "a. Service costs". 2. In addition to the above retirement benefit costs, ¥460 million of special retirement bonus payments were recorded among extraordinary losses.

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

[Millions of yen]

	April 1, 2006 – March 31, 2007	April 1, 2007– March 31, 2008
a. Method of attributing the retirement benefits to periods of service	Periodic allocation method for projected benefit obligations	Periodic allocation method for projected benefit obligations
b. Discount rate	Mainly 2.5%	Mainly 2.5%
c. Expected rate of return on plan assets	Mainly 1.25%	Mainly 1.25%
d. Period for amortization of unrecognized 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 unrecognized actuarial differences	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.)

12. STOCK OPTION

Notation has been omitted due to disclosure through EDINET

13. PRODUCTION AND ORDERS

(1) Production Results

[Millions of yen]

Business Segments	April 1, 2006 – March 31, 2007	April 1, 2007 – March 31, 2008	Y of Y [%]
Business Technologies	341,443	384,653	12.7%
Optics	134,303	179,481	33.6%
Medical and Graphic	98,763	89,829	(9.0%)
Sensing	7,746	7,924	2.3%
Photo Imaging	20,894	-	-
Other	3,376	5,816	72.3%
Total	606,527	667,705	10.1%

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

(2) Orders

Konica Minolta does not conduct order production.

14. PER SHARE INFORMATION

[yen]

April 1, 2006 – March 31, 2007		April 1, 2007 – March 31, 2008	
Net assets per share	692.39	Net assets per share	786.20
Net income per share	136.67	Net income per share	129.71
Diluted net income per share	134.00	Diluted net income per share	122.44

Notes: Bases of calculations

1. Net assets per share

	As of March 31, 2007	As of March 31, 2008
Total net assets in consolidated balance sheets [millions of yen]	368,624	418,310
Total net assets attributable to common stock [millions of yen]	367,467	417,166
Principal factors underlying difference [millions of yen]		
Warrants	108	286
Minority interests	1,048	858
Common stock outstanding [thousands of shares]	531,664	531,664
Treasury stock [thousands of shares]	939	1,055
Common stock figure used for calculating shareholder's equity per share [thousands of shares]	530,725	530,609

2. Net income per share and diluted net income per share

	April 1, 2006 – March 31, 2007	April 1, 2007 – March 31, 2008
Total net income in consolidated statements of income [millions of yen]	72,542	68,829
Value not attributable to common stock [millions of yen]	-	-
Total net income attributable to common stock [millions of yen]	72,542	68,829
Average number of shares outstanding during the year [thousands of shares]	530,778	530,660
Main net income adjustment items used to calculate diluted net income figure [millions of yen]		
Interest receivable (after deducting tax)	(24)	(72)
Adjustment of net income [millions of yen]	(24)	(72)
Main common stock change items used to calculate diluted net income figure [thousands of shares]		
Convertible bonds with warrants	10,137	30,578
Warrants	253	341
Change in shares outstanding [thousands of shares]	10,390	30,919

15. IMPORTANT SUBSEQUENT EVENTS

The fiscal year under review (April 1, 2007, through March 31, 2008)

1. On April 8, 2008 (U.S. time), Konica Minolta Business Technologies, Inc., which is the business company of Business Technologies business segment reached agreement with U.K.-based Danka Business Systems PLC regarding the acquisition by Konica Minolta Business Technologies through U.S.-based subsidiary Konica Minolta Business Solutions U.S.A., Inc., of U.S.-based Danka Office Imaging Company (approximately $450 million in sales during fiscal 2006), which is a wholly owned subsidiary of Danka Business Systems. It is projected that the transaction procedures will be completed during June 2008 and that the acquisition price will be approximately $240 million.

2. On April 1, 2008, Konica Minolta Medical & Graphic, Inc., which is the business company of Medical and Graphic Imaging business segment transferred ownership of Konica Minolta ID System, Co., Ltd., and related business assets to an entity outside the Group. The gain from this transfer is estimated approximately ¥5.8 billion for the fiscal year ending march 31,2009.

16. NONCONSOLIDATED FINANCIAL STATEMENTS

(1) Statements of income

[Millions of yen]

	April 1, 2006 - March 31, 2007		April 1, 2007 - March 31, 2008		Increase (Decrease)	
	Amount	% of operating revenue	Amount	% of operating revenue	Amount	YoY (%)
Operating revenue	58,201	100.0	65,575	100.0	7,373	12.7
Operating expenses	28,507	49.0	31,087	47.4	2,579	9.0
Operating income	29,693	51.0	34,488	52.6	4,794	16.1
Non-operating income	[3,630]	6.3	[3,569]	5.4	[(61)]	(1.7)
Interest income	2,990		2,786		(204)	
Interest on securities	-		192		192	
Dividends income	247		299		52	
Other	392		291		(101)	
Non-operating expenses	[2,325]	4.0	[1,695]	2.5	[(629)]	(27.1)
Interest expense	1,378		1,266		(112)	
Interest paid on corporate bonds	233		141		(92)	
Other	713		288		(424)	
Recurring profit	30,999	53.3	36,361	55.5	5,362	17.3
Extraordinary profit	[8,908]	15.3	[8,334]	12.7	[(574)]	(6.4)
Gain on sales of fixed assets	4,096		135		(3,961)	
Gain on sales of investment securities	965		-		(965)	
Gain on reversal of allowance for doubtful receivables	2,477		8,199		5,721	
Gain on reversal of allowance for loss on withdrawal from operation	1,370		-		(1,370)	
Extraordinary losses	[1,257]	2.2	[1,373]	2.1	[116]	9.2
Loss on disposal and sale of fixed assets	997		752		(245)	
Loss on impairment of fixed assets	9		234		224	
Loss on revaluation of investment in securities	-		289		289	
Loss on abandonment of bonds of affiliates	250		97		(153)	
Income before income taxes	38,650	66.4	43,322	66.1	4,672	12.1
Income taxes	(3,317)		(4,530)		(1,213)	
Deferred income taxes	983		(119)		(1,102)	
Net income	40,984	70.4	47,972	73.2	6,987	17.0

Note: Depreciation and amortization execution figures (Millions of yen)

	Previous Fiscal Year	Fiscal Year under Review	Increase (Decrease)
Tangible fixed assets	3,660	3,895	235
Intangible fixed assets	1,381	1,056	(325)

(2) Balance Sheets

[Millions of yen]

	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current assets	[215,768]	[48.1]	[242,312]	[51.2]	[26,544]	[12.3]
Cash and deposits	32,186		49,276		17,090	
Accrued revenue	1,457		1,327		(130)	
Marketable securities	-		33,000		33,000	
Prepaid expenses	353		422		69	
Deferred tax assets	290		245		(44)	
Short-term loans	212,756		178,386		(34,369)	
Other accounts receivables	26,943		28,840		1,897	
Other current assets	538		1,370		831	
Allowance for doubtful accounts	(58,757)		(50,558)		8,198	
Fixed assets	[232,603]	[51.9]	[230,988]	[48.8]	[(1,615)]	[(0.7)]
Tangible fixed assets	[71,136]	15.9	[74,102]	15.7	[2,965]	4.2
Buildings	36,923		40,872		3,948	
Structures	2,770		2,870		100	
Machinery and equipments	1,180		1,055		(124)	
Vehicles	0		0		(0)	
Tools and equipment	487		484		(3)	
Land	28,926		28,722		(204)	
Construction in progress	847		97		(750)	
Intangible fixed assets	[2,404]	0.5	[2,614]	0.5	[210]	8.8
Software	2,229		2,126		(102)	
Other intangible fixed assets	175		488		313	
Investments and others	[159,063]	35.5	[154,271]	32.6	[(4,791)]	(3.0)
Investment securities	26,187		20,588		(5,598)	
Shares in affiliates	126,632		126,632		-	
Company concerned investment	3,794		3,794		-	
Employee concerned long-term loans	-		2		2	
Company concerned long-term loans	-		84		84	
Long-term prepaid expenses	785		569		(215)	
Deferred tax assets	-		1,127		1,127	
Other investments	1,750		1,548		(201)	
Allowance for doubtful accounts	(86)		(75)		11	
Total assets	448,372	100.0	473,301	100.0	24,928	5.6

[Millions of yen]

	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current liabilities	[71,896]	16.0	[74,149]	15.7	[2,252]	3.1
Trade notes payable	61		45		(16)	
Short-term loans	33,772		41,613		7,840	
Long-term loans due within one year	16,763		6,362		(10,400)	
Bonds due within one year	-		5,000		5,000	
Account payable - other	18,476		14,728		(3,747)	
Accrued expenses	967		694		(272)	
Accrued income taxes	1,468		5,157		3,689	
Advances received	2		0		(2)	
Allowance for bonuses	194		347		152	
Allowance for directors' bonuses	144		139		(4)	
Other current liabilities	44		58		13	
Long-term liabilities	[147,103]	32.8	[135,167]	28.5	[(11,935)]	(8.1)
Bonds	75,266		70,166		(5,100)	
Long-term loans	56,981		50,618		(6,362)	
Deferred tax liabilities	1,732		-		(1,732)	
Deferred tax liabilities related to revaluation	5,567		5,534		(33)	
Reserve for retirement benefits and pension plans	7,118		8,443		1,325	
Other long-term liabilities	436		403		(32)	
Total liabilities	218,999	[48.8]	209,317	[44.2]	(9,682)	[(4.4)]

[Millions of yen]

	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)	
	Amount	% of total	Amount	% of total	Amount	YOY[%]
Shareholders' equity	[213,036]	[47.5]	[251,497]	[53.1]	[38,461]	[18.1]
Capital stock	37,519	8.3	37,519	7.9	-	-
Additional paid-in capital	[135,594]	30.2	[135,592]	28.7	[(2)]	(0.0)
Capital surplus	135,592		135,592		-	
Other capital surplus	2		-		(2)	
Retained earnings	[41,019]	9.2	[79,725]	16.8	[38,705]	94.4
Other retained earnings	[41,019]		[79,725]		[38,705]	
Reserve for special depreciation	-		96		96	
Reserve for advanced depreciation	33		60		26	
Increase in retained earnings	40,985		79,568		38,582	
Treasury stock	(1,097)	(0.2)	(1,340)	(0.3)	(242)	22.1
Revaluation and translation adjustments	[16,228]	[3.7]	[12,200]	[2.6]	[(4,027)]	[(24.8)]
Unrealized gain on securities	8,366	1.9	4,388	0.9	(3,978)	(47.6)
Change in land value	7,861	1.8	7,812	1.7	(48)	(0.6)
Subscription warrant	108	0.0	286	0.1	177	164.5
Total net assets	229,372	[51.2]	263,983	[55.8]	34,611	[15.1]
Total liabilities and shareholder's equity	448,372	100.0	473,301	100.0	24,928	[5.6]

Note: [Millions of yen]

	As of March 31, 2007	As of March 31, 2008	Increase (Decrease)
1.Accumulated depreciation on tangible fixed assets (millions of yen)	69,362	69,745	383
2. Balance of guaranteed obligations	10,660	1,989	(8,670)

These figures include joint guarantees of the Company and its subsidiaries amounting to ¥253 million in the fiscal year under review and ¥566 million in the previous fiscal year, and, if the Company were to cover those liabilities, it would have the right to demand full payment from the relevant subsidiaries.

(3) Statements of Changes in Shareholder's Equity
From April 1, 2006 to March 31, 2007

[Millions of yen]

	Shareholder's equity			
	Capital stock	Additional paid-in capital		
		Capital surplus	Other capital surplus	Total additional paid-in capital
Balance at March 31, 2006	37,519	157,501	19	157,521
Changes during the period				
Reversal of other capital surplus (deficit coverage)			(19)	(19)
Reversal of earned reserve (deficit coverage)				
Reversal of legal capital surplus (deficit coverage)		(21,908)		(21,908)
Provision for reserve for advanced depreciation (period under review)				
Reversal of reserve for advanced depreciation (period under review)				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			2	2
Reversal of change in land value				
Changes, net, in items other than shareholders' equity				
Total changes during the period	—	(21,908)	(17)	(21,926)
Balance at March 31, 2007	37,519	135,592	2	135,594

	Shareholder's equity					
	Retained earnings				Treasury stock	Total shareholder's equity
	Legal earned reserve	Other retained earnings		Total retained earnings		
		Reserve for advanced depreciation	Increase in retained earnings			
Balance at March 31, 2006	7,760	—	(29,688)	(21,928)	(915)	172,196
Changes during the period						
Reversal of other capital surplus (deficit coverage)			19	19		—
Reversal of earned reserve (deficit coverage)	(7,760)		7,760	—		—
Reversal of legal capital surplus (deficit coverage)			21,908	21,908		—
Provision for reserve for advanced depreciation (period under review)		38	(38)	—		—
Reversal of reserve for advanced depreciation (period under review)		(4)	4	—		—
Net income			40,984	40,984		40,984
Purchase of treasury stock					(190)	(190)
Disposal of treasury stock					7	9
Reversal of change in land value			35	35		35
Changes, net, in items other than shareholders' equity						
Total changes during the period	(7,760)	33	70,674	62,948	(182)	40,839
Balance at March 31, 2007	—	33	40,985	41,019	(1,097)	213,036

	Revaluation and translation adjustments			Subscription warrant	Total net assets
	Unrealized gains on securities	Change in land value	Total evaluation and transition adjustment		
Balance at March 31, 2006	9,636	7,896	17,532	—	189,729
Changes during the period					
Reversal of other capital surplus (deficit coverage)					—
Reversal of earned reserve (deficit coverage)					—
Reversal of legal capital surplus (deficit coverage)					—
Provision for reserve for advanced depreciation (period under review)					—
Reversal of reserve for advanced depreciation (period under review)					—
Net income					40,984
Purchase of treasury stock					(190)
Disposal of treasury stock					9
Reversal of change in land value		(35)	(35)		—
Changes, net, in items other than shareholders’ equity	(1,269)		(1,269)	108	(1,161)
Total changes during the period	(1,269)	(35)	(1,304)	108	39,642
Balance at March 31, 2007	8,366	7,861	16,228	108	229,372

From April 1, 2007 to March 31, 2008 [Millions of yen]

	Shareholder's equity			
	Capital stock	Additional paid-in capital		
		Capital surplus	Other capital surplus	Total additional paid-in capital
Balance at March 31, 2007	37,519	135,592	2	135,594
Changes during the period				
Provision for reserve for special depreciation				
Provision for reserve for advanced depreciation				
Reversal of reserve for advanced depreciation				
Surplus dividend				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(2)	(2)
Reversal of change in land value				
Changes, net, in items other than shareholders' equity				
Total changes during the period	—	—	(2)	(2)
Balance at March 31, 2008	37,519	135,592	—	135,592

	Shareholder's equity					
	Retained earnings				Treasury stock	Total shareholder's equity
	Other retained earnings			Total retained earnings		
	Reserve for special depreciation	Reserve for advanced depreciation	Increase in retained earnings			
Balance at March 31, 2007	—	33	40,985	41,019	(1,097)	213,036
Changes during the period						
Provision for reserve for special depreciation	96		(96)	—		—
Provision for reserve for advanced depreciation		33	(33)	—		—
Reversal of reserve for advanced depreciation		(6)	6	—		—
Surplus dividend			(9,287)	(9,287)		(9,287)
Net income			47,972	47,972		47,972
Purchase of treasury stock					(289)	(289)
Disposal of treasury stock			(28)	(28)	46	16
Reversal of change in land value			48	48		48
Changes, net, in items other than shareholders' equity						
Total changes during the period	96	26	38,582	38,705	(242)	38,461
Balance at March 31, 2008	96	60	79,568	79,725	(1,340)	251,497

	Revaluation and translation adjustments			Subscription warrant	Total net assets
	Unrealized gains on securities	Change in land value	Total evaluation and transition adjustment		
Balance at March 31, 2007	8,366	7,861	16,228	108	229,372
Changes during the period					
Provision for reserve for special depreciation					—
Provision for reserve for advanced depreciation					—
Reversal of reserve for advanced depreciation					—
Surplus dividend					(9,287)
Net income					47,972
Purchase of treasury stock					(289)
Disposal of treasury stock					16
Reversal of change in land value		(48)	(48)		—
Changes, net, in items other than shareholders' equity	(3,978)		(3,978)	177	(3,800)
Total changes during the period	(3,978)	(48)	(4,027)	177	34,611
Balance at March 31, 2008	4,388	7,812	12,200	286	263,983

BASIS OF PRESENTING FINANCIAL STATEMENTS

1. Asset Valuation

(1) Shares of subsidiaries and affiliates

Shares of subsidiaries and affiliates are stated at cost using the moving-average method.

(2) 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 adjustment 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 value are primarily stated at cost using the moving-value average.

2. Criteria and methods for evaluating derivatives

Derivatives are stated using the mark-to-market method

3. Depreciation and amortization of major depreciable assets

(1) Tangible fixed assets

The declining-balance method is used. However, the straight-line method is used for buildings (excluding annexed structures) acquired since April 1, 1998.

Changes in Accounting Policy

Accompanying revisions in Japan’s Corporate Tax Law (as contained in the Law Revising a Portion of the Income Tax Law, March 30, 2007, Law No. 6, and the Ordinance Revising a Portion of the Enforcement Regulations for the Income Tax Law, March 30, 2007, Ordinance No. 83), beginning with the fiscal year under review, the method of depreciation for tangible fixed assets purchased on or after April 1, 2007, has been changed to the method prescribed by the revised Income Tax Law. As a result of this change, compared with the previous method employed for the previous fiscal year, operating income was ¥65 million lower, recurring profit and income before income taxes were each ¥66 million lower than under the previous method of calculating depreciation.

Additional Information

Accompanying the change in Japan’s Corporate Tax Law, the Company and its consolidated subsidiaries have adopted the following method of depreciation for tangible assets acquired on or before March 31, 2007. For those assets that have been depreciated to 5% of their acquisition value using the previous method of calculating depreciation, the difference between the remaining 5% of the acquisition cost and a memorandum price will be written off in equal amounts over the five-year period beginning with the year following the year when the book value is depreciated to 5% of the acquisition cost. As a result of this change in accounting method, for the fiscal year under review, operating income and recurring profit were each ¥141 million lower than under the previous method of calculating depreciation, income before income taxes was ¥140 million lower than these indicators would have been under the previous method for calculating depreciation.

(2) Intangible fixed assets

The straight-line method is used. For software for internal use, the straight-line method is adopted based on a licensing period of five years.

4. Reserves

(1) Allowance for doubtful accounts

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 estimated amount is recorded by investigating the possibility of collection for each individual account.

(2) Allowance for bonuses

To prepare for the payment of employee bonuses, an amount corresponding to the current portion of estimated bonus payments to employees is recorded.

(3) Allowance for directors' bonuses

To prepare for the payment of directors' bonuses, an amount corresponding to the projected value of bonus payments to directors for the fiscal year under review is recorded.

(4) Reserve for retirement benefits and pention plans

In order to provide employee retirement benefits, the amount recorded by the Company is based on projected benefit obligations and pension assets at the end of the fiscal year.

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

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) Hedging methods and hedging targets

Interest rate swaps are used as the hedge method.

The hedge targets are corporate bonds and borrowings

(3) Hedge policy

The Company enters into interest rate swaps to make interest rates on bonds and borrowings stable or reduce the risk of costs fluctuations for future capital procurement, 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, cash flows and hedge instruments.

7. Land revaluation

Land for industrial purposes that had been revaluated based on the Law Concerning Land Revaluation (Law No. 34 implemented on March 31, 1998) was received from Minolta on October 1, 2003, at the time of the merger. The amount corresponding to taxes on the amount of the land revaluation is included under the item deferred tax liabilities related to land revaluation. An amount equivalent to the amount of the revaluation less the deferred tax liability has been entered in shareholders' equity as the differential on revaluation of land.

(1) Method of revaluation

The value of the land has been evaluated according to the value appraisal method for land fronting major roads, as provided for in Article 2-4 of the Enforcement Orders for the Law Concerning Land Revaluation (Enforcement Orders No. 119, implemented on March 31, 1998) and the method for valuation of fixed assets provided for in Article 2-3 of the Enforcement Orders.

(2) Date of revaluation

March 31, 2002

(3) The difference between the market value of the revalued land at the end of the fiscal year under review and the book value following revaluation

¥ (7,575) million

8. Other important items regarding the preparation of financial statements

(1) Consumption tax

The tax-exclusion method is used to account for consumption taxes. In addition, asset-related consumption tax that cannot be excluded is accounted for as deferred consumption taxes, etc., in the long-term prepaid expenses item and amortized over a five-year period by the straight-line method.

(2) Consolidated tax payment system

Consolidated tax payment system is adopted.

CHANGES TO PRESENTATION METHODS

(Balance Sheet Items)

Because of the revision of financial reporting guidelines, negotiable deposits issued by domestic companies, which were included within the "cash and deposits" item in the previous fiscal year, are from the fiscal year under review included in the "marketable securities" item.

Negotiable deposits issued by domestic companies on March 31, 2007	¥15,000 million
Negotiable deposits issued by domestic companies on March 31, 2008	¥33,000 million

(Statements of Income Items)

Because of the revision of financial reporting guidelines, interest on negotiable deposits issued by domestic companies, which were included within the "Interest income" item in the previous fiscal year, are from the fiscal year under review included in the "Interest on securities" item.

Negotiable deposits issued by domestic companies on March 31, 2007	¥33 million
Negotiable deposits issued by domestic companies on March 31, 2008	¥192 million

17. LEASE TRANSACTIONS

Notation has been omitted due to disclosure through EDINET. (Yuka Shoken Houkoku-Sho)

18. SECURITIES

At both the end of the previous fiscal year and the end of the fiscal year under review, none of the Company's subsidiary or affiliates had listed shares.

19. TAX-EFFECT ACCOUNTING

1. Breakdown by cause of deferred tax assets and liabilities

[Millions of yen]

	As of March 31, 2007	As of March 31, 2008
Deferred tax assets		
Allowance for doubtful accounts	23,943	20,602
Losses on stock of affiliated companies	13,757	13,757
Reserve for retirement benefits and pension plans over deductible limit	5,760	6,022
Net operating tax loss carried forward	4,026	5,741
Excess of depreciation and amortization over deductible limit	826	796
Allowance for bonuses	79	141
Other	1,802	1,602
Deferred tax assets subtotal	50,197	48,664
Valuation allowance	(44,864)	(43,181)
Total deferred tax assets	5,332	5,483
Deferred tax liabilities		
Revaluation difference of marketable securities	(5,740)	(3,010)
Gain on establishment of employee pension trust	(1,010)	(991)
Reserve for special depreciation	-	(66)
Reserve for advanced depreciation	(23)	(41)
Total deferred tax liabilities	(6,774)	(4,109)
Net deferred tax assets	(1,442)	1,373

Deferred tax liabilities related to revaluation	[Millions of yen]	[Millions of yen]
Deferred tax liabilities related to revaluation of land	(5,567)	(5,534)

2. Reconciliation between the statutory income tax rate and the effective income tax rate after the adoption of tax effect accounting

[%]

	As of March 31, 2007	As of March 31, 2008
Statutory income tax rate	40.7	40.7
(Adjustments)		
Valuation allowance	0.4	(3.9)
Exclusion from gross revenue of dividends received	(43.9)	(46.5)
R&D tax credit	(0.7)	(1.0)
Refunds for past fiscal year income taxes, etc.	(0.4)	(0.7)
Other	(2.1)	0.7
Effective income tax rate after the adoption of tax effect accounting	(6.0)	(10.7)