

## CONSOLIDATED STATEMENTS OF INCOME

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries  
For the fiscal years ended March 31, 2006 and 2005

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 31		March 31
	2006	2005	2006
<b>Net Sales</b>	<b>¥1,068,390</b>	¥1,067,447	<b>\$ 9,095,003</b>
<b>Cost of Sales (Note 8)</b>	<b>575,163</b>	597,800	<b>4,896,254</b>
Gross profit	493,227	469,647	4,198,749
<b>Selling, General and Administrative Expenses (Note 8)</b>	<b>409,811</b>	402,069	<b>3,488,644</b>
Operating income	83,415	67,577	710,096
<b>Other Income (Expenses):</b>			
Interest and dividend income	1,756	1,353	14,948
Interest expenses	(5,427)	(5,549)	(46,199)
Foreign exchange gains, net	5,413	684	46,080
Equity in earnings (losses) under the equity method	(2,507)	108	(21,342)
Loss on sales and disposals of property, plant and equipment, net	(2,434)	(4,010)	(20,720)
Management integration rationalization expenses*	—	(4,020)	—
Write-down of investment securities	(8)	(325)	(68)
Amortization of unrecognized transition benefit obligations (Note 14)	—	(521)	—
Loss on disposal of inventories	(7,540)	(8,698)	(64,187)
Restructuring expenses*	—	(4,851)	—
Provision for doubtful accounts	—	(1,627)	—
Amortization of consolidation goodwill	(2,361)	(5,397)	(20,099)
Gain on sales of investment securities, net	1,107	2,455	9,424
Gain on sales of investment in affiliated companies, net	549	—	4,674
Loss on impairment of fixed assets (Note 11)	(4,143)	—	(35,269)
Loss on discontinued operations (Note 12)	(96,625)	—	(822,550)
Provision for special outplacement program	(6,484)	—	(55,197)
Other, net	(645)	(1,746)	(5,491)
Total	(119,350)	(32,147)	(1,016,004)
Income (loss) before income taxes and minority interest	(35,934)	35,430	(305,899)
<b>Income Taxes (Note 7):</b>			
Current	24,650	27,947	209,841
Deferred	(7,116)	(594)	(60,577)
Total	17,533	27,352	149,255
Income before minority interest	(53,468)	8,077	(455,163)
<b>Minority Interest in Subsidiaries</b>	<b>(837)</b>	(553)	<b>(7,125)</b>
<b>Net Income (loss)</b>	<b>¥ (54,305)</b>	¥ 7,524	<b>\$ (462,288)</b>

	Millions of yen		U.S. dollars (Note 3)
	March 31		2006
	2006	2005	2006
<b>Per Share (Notes 9, 17):</b>			
Net income (loss)—Basic	¥(102.2)	¥14.1	<b>\$ (0.87)</b>
Cash dividends	—	10.0	—

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

\* Restructuring expenses

Expenses for structural reform of ¥3,628 million (US\$ 33,783 thousand) related to the Photo Imaging business and accelerated depreciation charges of ¥1,223 million (US\$ 11,388 thousand) for the digital camera business.

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