May 12, 2005

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2005

Konica Minolta Holdings, Inc.
Listed Company Name: Konica Minolta Holdings, Inc.
URL: http://konicaminolta.com
Representative: Fumio Iwai, President and Representative Executive Officer
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Tel: (81) 3-6250-2100
Stock Exchange Listings: Tokyo, Osaka (First Sections)
Local Securities Code Number: 4902
Board of Directors Meeting for Approval of Consolidated Results: May 12,2005
U.S. accounting practices have not been adopted in this statement.

1. Consolidated financial results for fiscal year ended March 31,2005 (From April 1, 2004 to March 31, 2005)

(1) Operating Results

(Figures less than ¥1 million have been omitted.)
[Millions of yen]

	Net sales		Operating income		Recurring profit	
Fiscal year ended March 31,2005	1,067,447	24.1%	67,577	17.5%	53,617	24.2%
Fiscal year ended March 31,2004	860,420	53.9%	57,530	34.2%	43,186	33.1%

	Net income		Net income per share [yen]	Net income per share (after full dilution) [yen]
Fiscal year ended March 31,2005	7,524	(40.0%)	14.11	—
Fiscal year ended March 31, 2004	12,548	(23.4%)	26.48	—

	Net income to shareholders' equity	Recurring profit to total assets	Recurring profit to net sales
Fiscal year ended March 31,2005	2.2%	5.6%	5.0%
Fiscal year ended March 31,2004	4.9%	5.8%	5.0%

Notes: 1. Equity in profit (loss) of unconsolidated subsidiaries and affiliates:
Fiscal year ended March 31,2005: ¥ 108 million
Fiscal year ended March 31,2004: ¥ 61 million
2. Average number of shares outstanding during the period (consolidated):
Fiscal year ended March 31, 2005: 531,017,368
Fiscal year ended March 31, 2004: 473,118,848
3. Changes in accounting methods: No
4. Percentages in the net sales, operating income, recurring profit, and net income columns indicate changes from the previous fiscal year.
5. Although the Company (the former Konica Corporation) became a new holding company, Konica Minolta Holdings, Inc., on August 5, 2003, through an exchange of shares with Minolta Co., Ltd., for accounting purposes, this merger is deemed as occurring at the end of the interim term, and figures for Minolta Co., Ltd., have therefore not been included in consolidated earnings for the first half of the fiscal year ended March 31, 2004.

(2) Financial Position

[Millions of yen]

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share [Yen]
Fiscal year ended March 31,2005	955,542	339,729	35.6%	639.80
Fiscal year ended March 31,2004	969,589	335,427	34.6%	631.54

Notes: Number of shares outstanding at end of the period (consolidated):
March 31, 2005: 530,944,921
March 31, 2004: 531,095,460

(3) Cash Flows

[Millions of yen]

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents year-end
Fiscal year ended March 31,2005	55,680	(49,343)	(31,614)	59,485
Fiscal year ended March 31,2004	55,957	(28,784)	(33,149)	83,704

(4) Scope of Consolidation/Equity Method Accounting

Consolidated subsidiaries: 122
Unconsolidated subsidiaries accounted for by the equity method: 13
Affiliates accounted for by the equity method: 2

(5) Changes in Scope of Consolidation/Equity Method

Newly consolidated subsidiaries:10
Subsidiaries excluded from consolidation: 10
Companies included in equity method accounting: —
Companies excluded from equity method accounting: 1

2. Consolidated financial forecast for fiscal year ending March 31,2006 (From April 1, 2005 to March 31, 2006)

[Millions of yen]

	Net sales	Recurring profit	Net income
Interim	530,000	29,000	7,000
Full-year	1,130,000	80,000	23,000

(Estimated net income per share: ¥43.32)

* The above forecasts and those presented in appended material are based on future-oriented assumptions, projections, and targets, so they contain elements of risk and uncertainty. Actual results may differ from these forecasts due to various important elements. Please reference page 11 for items related to the above forecasts.

1. GROUP OVERVIEW

The Konica Minolta Group consists of Konica Minolta Holdings, Inc. (the Company), 122 consolidated subsidiaries, 33 unconsolidated subsidiaries and 9 affiliates.

A chart detailing the business structure follows:

Konica Minolta Holdings, Inc

Business Technologies Businesses: 87
(Consolidated Subsidiaries: 63, Unconsolidated Subsidiaries: 20, Affiliates: 4)

Production: 12
- Konica Minolta Supplies Manufacturing Co., Ltd.
- Konica Minolta Technoproducts Co., Ltd.
- Sankei Precision Products Co., Ltd.
- Konica Minolta Business Technologies Manufacturing (H.K.) Ltd. (H.K.)
- Other Companies: 8

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Konica Minolta Business Technologies, Inc.

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Sales: 74
- Konica Minolta Business Solutions Japan Co., Ltd. *3
- Konica Minolta Business Solutions U.S.A., Inc. (U.S.)
- Konica Minolta Business Solutions Europe 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) *4
- Other Companies: 68

Optics Businesses: 6
(Consolidated Subsidiaries: 6)

Production: 5
- Konica Minolta Opto Products Co., Ltd.
- Konica Minolta Opto (DALIAN) Co., Ltd. (China)
- Other Companies: 3

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Konica Minolta Opto, Inc.

Photo Imaging Businesses: 44
(Consolidated Subsidiaries: 32, Unconsolidated Subsidiaries: 9, Affiliates: 3)

Production: 14
- Konica Minolta Packaging Co.,Ltd.
- Konica Minolta Chemical Co.Ltd.
- Konica Minolta Manufacturing U.S.A., Inc.(U.S.)
- Konica Minolta Optical Products(SHANGHAI) Co.,Ltd. (China)
- Konica Minolta Precision Engineering Malaysia Sdn.Bhd. (Malaysia)
- Other Companies: 9

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Konica Minolta Photo Imaging, Inc. *5

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Sales: 29
- Konica Minolta Marketing Corporation
- Konica Minolta Photo Solutions Co.,Ltd.
- Konica Minolta ID System Co.,Ltd.
- Konica Minolta ID Imaging Co.,Ltd.
- Konica Minolta Planetarium Co.,Ltd.
- Konica Minolta Camera Service Co., Ltd.*8
- Konica Minolta Photo Imaging U.S.A.,Inc.(U.S.)
- Konica Minolta Photo Imaging Europe.GmbH(Germany)
- Konica Minolta Photo Imaging France S.A.S (France)
- Konica Minolta Photo Imaging Asia H.Q. Pte. Ltd.(Singapore)
- Konica Minolta Photo Imaging Australia Pty.Ltd.(Australia) *4
- Other companies:17

Medical and Graphic Imaging Businesses: 12
(Consolidated Subsidiaries: 9, Unconsolidated Subsidiaries: 2, Affiliates: 1)

Production: 2
- Konica Minolta Repro Co., Ltd.
- Other Company: 1

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Konica Minolta Medical & Graphic , Inc.

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Sales: 9
- Konica Minolta Medical Co.,Ltd.
- Konica Minolta Medical & Graphic Technosupport Co., Ltd.
- Konica Minolta Medical Imaging U.S.A., Inc. (U.S.)
- Konica Minolta Graphic Imaging Japan Co., Ltd.
- Konica Minolta Graphic Imaging U.S.A., Inc. (U.S.)
- Other Companies: 4

Other Businesses: 14
(Consolidated Subsidiaries: 11, Unconsolidated Subsidiaries: 2, Affiliates: 1)
- Konica Minolta IJ Technologies,Inc.*9
- 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 *7
- Konica Minolta Technosearch Co., Ltd.
- Other Companies: 6

Sensing Business: 1
(Consolidated Subsidiary: 1)
- Konica Minolta Sensing , Inc.

Notes: *1: Organization chart is as of March 31, 2005.
*2: Only major consolidated subsidiaries are shown.
*3: Konica Minolta Business Solutions Japan Co.,Ltd.,merged with Konica Minolta Techno System Co.,Ltd., on July 1,2004.
*4: Konica Minolta Photo Imaging Australia Pty.Ltd. split off from Konica Minolta Business Solutions Australia Pty.Ltd. on April 1,2004.
*5: Konica Minolta Photo Imaging, Inc. merged with Konica Minolta Camera, Inc. on April 1, 2004..
*6: On April 1, 2004, Konica Medical Inc. and Kyoritsu Medical Co., Ltd. merged, and Konica Minolta Medical Co., Ltd. was established.
*7: On April 1, 2004, Konica Information Systems Co., Ltd. and FAMOUS Co.,Ltd. merged, and Konica Minolta Information System Co., Ltd was established.
*8. On October 1, 2004, Konica Service Co., Ltd. And Minolta Camera Service merged, and Konica Minolta Camera Service Co., Ltd. was established. Konica Service Co., Ltd., and Minolta Camera Service Co., Ltd., merged October 1, 2004, and the new company was named Konica Minolta Camera Service Co., Ltd.
* 9. On January 4, 2005, Konica Minolta IJ Technologies, Inc. was established.

2. MANAGEMENT POLICY

(1) Basic Policy

The Group, headed by the holding company Konica Minolta Holdings, Inc., operates under the management philosophy “Creation of new value” in line with the aim of achieving “The essentials of imaging” and backed the dual management vision of being “an innovative corporation that continues to create impressions in the field of imaging” and “a global market leader that offers advanced technology and reliability,” a position it has earned by continually delivering fresh surprises and creating lasting impressions through original products and services in its core technologies of materials, optics, nano-processing, and image data processing.

Management philosophy:	“Creation of new value”
Management vision:	“An innovative corporation that continues to create impressions in the field of imaging” “A global market leader that offers advanced technology and reliability”
Corporate message:	“The essentials of imaging”

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

In accordance with this basic policy, the Company will seek to be an innovative corporate group that generates a new emotional impact with its products in the area of imaging input and output and will steer its operations on a global scale with the objective of expanding the value of the Group to the greatest possible extent.

The Group’s business domains span a wide range—with products and services targeting consumers as well as business and industry—in a myriad of fields, including office equipment, optical devices, photography, medical, printing, and industrial measuring. The current pace of technological change due to the advancement of digitization, networking, and colorization continue to be rapid, and the competitive environment is intensifying on a global level.

Responding to this environment, the Company formulated the Medium-Term Management 0Plan (hereafter referred to as the V-5 Plan). The V-5 Plan, which will run for the four business years from April 2005 through March 2009, aims to ensure quick and appropriate business management able to respond to these changes and strengthen the Group through the further selectivity and concentration of business operations.

Basic Policies of the V-5 Plan:

(1) Stricter management of its business portfolio
(2) Execution of a corporate governance system with high transparency
(3) Enhancement of technical and brand strategies in the imaging field
(4) Use of an achievement-driven personnel system
(5) Intensified focus on corporate social responsibilities

Under these basic policies, the Company will dedicate itself to business portfolio management and promote high-efficiency group management in all areas of business. In particular, the Business Technologies Business, which is a core enterprise, and the strategic Optics Business will receive at least 80% of capital investment, R&D spending, and other management resources and will drive business growth through increased business competitiveness. However, the Company also intends to complete structural reform measures that include downsizing the Photo Imaging and Camera Business, which is facing severe competition, to an appropriate level.

While fully implementing this strategic allocation of corporate resources, Konica Minolta will watch for opportunities to cultivate new businesses, create new business alliances, and conduct new M&A, with the aim of achieving net sales of ¥1,410 billion, operating income of ¥145 billion, and net income of ¥70 billion, on a consolidated basis, by fiscal year March 31, 2009, the final year of the V-5 Plan. To achieve our goals, we will work for complete success amid ever intensifying competition and endeavor to improve shareholder value.

Accordingly, we will carry out the following priority policies in each business as described below.

Business Technologies Business:	Concentrate on color products and strengthen its business structure
Optics Business:	Strengthen technological competitiveness and continue on an expansion track
Photo Imaging Business:	Downsize the business scale and return to profitability
Medical and Graphic Imaging Business:	Expand operations in the medical field
Sensing Business:	Maintain stable revenues and profits

In the Business Technologies Business, the Company will promote its genre top strategies and work to consolidate its steadfast position in the markets for multi-functional peripherals (MFPs), high-speed MFPs and color printers by concentrating management resources in these areas, for which the market is expected to grow particularly well. To this end, we will actively pursue capital investment aimed at strengthening R&D and marketing capabilities, set up a platform to increase the production of hardware and consumables, and strengthen cost-competitiveness.

In the Optics Business, we will expand liquid crystal film production capacity, move forward with technological development in the cutting edge areas of optics technologies and nano-processing, and seek to create new device business in which we enjoy an overwhelming technological advantage and market share like that enjoyed by our optical pickup lens business.

With the Photo Imaging Business, the Company will seek to break free from two consecutive periods of losses by scaling back photosensitive materials and camera operations to an appropriate business scale and to accelerating further business reforms.

In the Medical and Graphic Imaging Business, we will channel efforts to the medical field in anticipation of market growth as well as strive to expand sales of X-ray image processing units, network products, and other digital devices.

In the Sensing Business, the Company will work to expand sales of 3D digitizers, particularly for industrial applications.

(3) Basic Policy Regarding Distribution of Profits

With regard to profit sharing, the Company's medium-to-long-term basic policy is to provide stable dividends to its shareholders, giving thorough consideration to such issues as the state of consolidated earnings and the payout ratio and the enhancement of internal reserves for future business expansion.

From the perspective of upholding stable dividends, we have made an annual dividend of ¥10 per share a rough standard, which we have been able to maintain. Regarding the issue of increasing dividends, we have set a target payout ratio of 15% or better on a consolidated earnings basis. We intend to raise dividends as much as possible in light of the anticipated impact of growth on the Business Technologies Business and the Optics Business on Group earnings as the V-5 Plan takes effect, and we wish to reward our shareholders for their continued understanding and support.

(4) Views and Policies Regarding Lowering of Minimum Investment Unit

To bolster its stock liquidity and expand the shareholder base, the Company obtained approval at its general shareholders meeting in June 2003 to reduce the number of shares in its trading unit from 1,000 to 500. This took effect in August 5, 2003 on the occasion of the establishment of the current holding company structure**.** As a result of this move, in addition to such initiatives as the regular publication of quarterly business reports on our website from fiscal year ended March 31,2005, the number of shareholders rose approximately 6%, to 42,780 as of March 31, 2005, compared with 40,288 at the previous fiscal year-end.

(5) Views and Policies Regarding Corporate Governance

1. Views

Konica Minolta regards the strengthening of corporate governance as a crucial management issue, and the Company has endeavored to reform its various business structures accordingly. In addition, since the merger of Konica Corp. and Minolta Co., Ltd., we have moved forward with the separation of business oversight and execution via a board-with-committees system and have sought to enhance business transparency and efficiency.

1) Introduction of the Holding Company System

In April 2003, all operations conducted up to that point were spun off and the Company changed to a holding company system. This move was made for the purpose of strengthening the overall Group's competitiveness by drawing clear divisions between Group management decision-making and the administration of each business, as well as by transferring responsibility and authority for operations to each business company.

In August of the same year, Konica merged with Minolta, and in October, reformed its organization to create a system with five business companies and two common function companies under a pure holding company. In its capacity as the holding company, the Company formulates Group management plans and strategies, implements strategic alliances, cultivates new businesses, promotes business portfolio management, and carries out other activities. Together with determining the optimal distribution of human resources, finances, technology, and other Group management resources, and promoting Group management via activities related to compliance, brand management, environment preservation, product quality, IT capabilities, earnings assessments, and other issues, the Company will strive to maximize the corporate value of the entire group through the reinforcement of corporate governance. Furthermore, Group business companies and common function companies will conduct operations in their respective fields in close contact with their customers and fortify market competitiveness by clearly establishing business responsibility and demonstrating quick decision making.

2) Adoption of the Board-with-Committees System

In conjunction with the management integration of Konica and Minolta, the Company changed to a board-with-committees system including the Auditing Committee, the Nomination Committee, and the Compensation Committee. In addition to cleaving the roles of management oversight and administration and enhancing clarity and impartiality, substantial authority was granted to executive officers for the purpose of expediting decision-making.

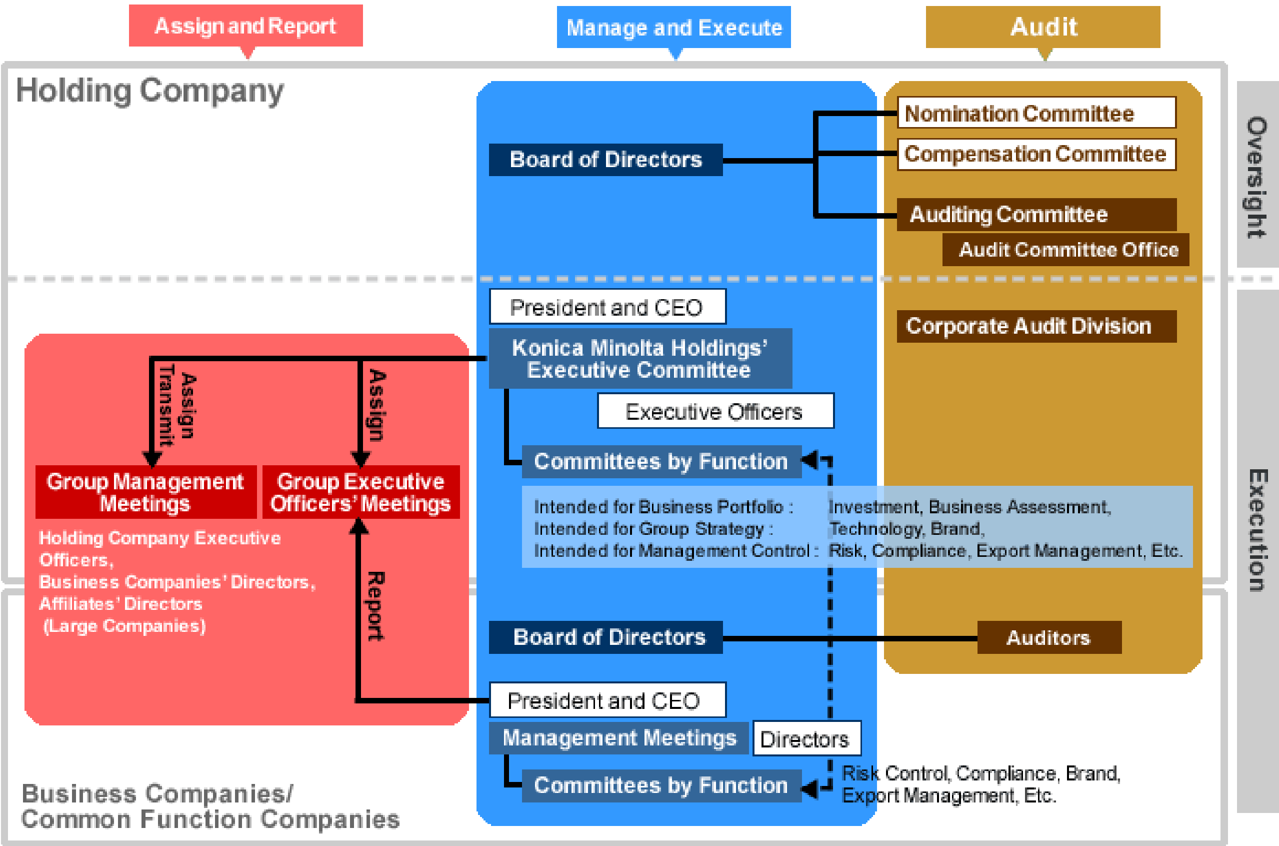
At the same time, in fiscal year ended 2003, the number of outside directors was increased from two to four. Committee chairpersons are all outside directors and these directors have no direct vested interests in Konica Minolta. The Company has constructed the most forward-looking and transparent corporate governance system in the industry, and representative executive officers are not permitted to be members.

In Japan, the number of companies that have simultaneously adopted a holding company structure and a board-with-committees system is still small, but see it as the most appropriate business structure to enhance our corporate value.

2. Description of Company Institutions and the Status of Internal Control Systems, Risk Management Systems

1) Basic Description of Company Institutions

The Company employs a board-with-committees system whereby the Board of Directors dedicates itself to management oversight functions and significant management policy decisions without engaging in the ordinary affairs of the Company in accordance with the Company's philosophy of separation of business oversight and business administration to ensure appropriate and efficient operational management.



a. Holding Company's Board of Directors

This is the Group's highest decision-making body and is responsible for the oversight of business execution. Of the twelve directors, one-third is outside board members with no vested interest in the Company. In addition, seven board members, including the board chairperson and the four outside directors, do not concurrently serve as executive officers, providing the Group with a clearer functional division between management oversight and execution.

b. Auditing Committee, Nomination Committee, and Compensation Committee

The Auditing Committee, Nomination Committee, and Compensation Committee exist as part of the Board of Directors. Each of the Company's three committees is composed of five directors, and the majority of committee members in each of the three are outside directors.

c. Holding Company Executive Committee

The president and representative executive officer of the holding company makes decisions related to the execution of business within the bounds of power granted by the Board of Directors. The Executive Committee deliberates on matters critical to Group management to support the president in making decisions. With the representative executive officers and the senior executive officers as standing members, it meets twice a month in principle.

d. Committees

With regard to the handling of matters affecting business throughout the Group, the Company maintains a system of committees that submits reports to the Executive Committee.

The Company constantly monitors the position of its operations to ensure optimal performance and promotes business portfolio management as its basic policy for Group management to achieve sustainable and stable growth for the entire Group. To ensure the effective execution of these initiatives and to strengthen them, the Company has established the Investment Assessment Committee and the Business Assessment Committee to monitor the efficient use of capital entrusted to the Company by its shareholders for the purpose of maximizing returns.

To strengthen Group competitiveness, Konica Minolta has established the Group Technology Strategy Council and the Brand Management Committee to provide a Companywide perspective on Group strategy. In addition, to enhance management auditing and supervisory functions, Konica Minolta has set up a fixed organization with a full-time staff to support the Auditing Committee. Furthermore, the Company has established the Risk Management Committee and the Compliance Committee and installed the Corporate Audit Division as an internal auditing body. Through these and other measures, the Company has augmented its Group internal control systems and configured its Auditing Committee into an organization fully capable of effective and appropriate auditing functions.

2) Internal Auditing, Audits by the Auditing Committee, and the Status of Account Auditing

a. Auditing Committee

The Company employs a board-with-committees system and, pursuant to this policy, it has established an Auditing Committee in lieu of an auditing officer. The Company has also established the Audit Committee Office to assist the Auditing Committee as an independent administrative bureau with two full time staff.

The Auditing Committee is responsible for overseeing the legality and appropriateness of the management decisions of directors and executive officers, reviews of internal control systems, reviews of accounting auditors, and decisions on the appointment and dismissal of accounting auditors.

b. Internal Auditing

The Company, under the direct jurisdiction of the president and representative director of the holding company, has established the Corprate Audit Division to support the internal auditing functions of the entire Group. The Corprate Audit Division consists of eight members, headed by the general manager who concurrently serves as a senior executive officer, and includes two certified internal auditors (CIA) and three qualified internal auditors(QIA).

The Corprate Audit Division drafts auditing plans and administers audits using a risk-based approach focusing on the reliability of financial reports, the efficiency and effectiveness of operations, and compliance with regulations in accordance with Internal Auditing Rules.

Previously, ordinary audits of business companies and common function companies (including their subsidiaries), as well as the parent company had all been carried out at the Corprate Audit Division, but now we are currently conducting follow up audits to confirm that matters raised in audits are addressed, as well as local visiting audits of principal overseas subsidiaries by personnel from the Corprate Audit Division.

After completing the audit at each company, the Corprate Audit Division then compiles its findings in an auditing report, which it submits to the president and CEO of the Company, as well as the Auditing Committee.

c. Mutual Cooperation in Audits by the Auditing Committee, Internal Audits, and Accounting Audits

The Company established the Auditing Committee in line with its board-with-committees organizational structure, and the business companies, common function companies, and their subsidiaries that operate under this system all have auditing officers. The Company and other major companies under its umbrella rely on external accounting auditors for accounting audits, and work together in mutual cooperation with the Accounting Committee (and its adjunct office), the Corprate Audit Division, accounting auditors, as well as the auditing officers of business companies, common function companies, and their subsidiaries, to enhance the efficiency and effectiveness of their auditing operations while maintaining their independence as individual auditing bodies.

To cite some specific examples, the Auditing Committee (and its adjunct office), the Corprate Audit Division, and auditing officers always attend accounting auditors' report briefings and receive copies of audit reports. Moreover, copies of auditing reports drafted by the Corporate Audit Division are distributed to accounting auditors and auditing officers as needed, in addition mandatory reports to the Auditing Committee.

Furthermore, the Auditing Committee, the Corprate Audit Division, and auditing officers hold a Konica Minolta Group Auditing Liaison Conference every three months to share information, expertise, and experience in an effort to improve the precision of auditing operations.

d. CPAs Executing Operations

The Company has entered into a contract with ChuoAoyama PricewaterhouseCoopers for auditing services related to commercial and securities trading laws. The names of CPAs that executed operations and their assistants for the period under review are listed below.

(CPAs that executed operations)

Designated Employee	Managing Partner	Koichi Suzuki
Designated Employee	Managing Partner	Kazuo Suzuki
Designated Employee	Managing Partner	Yoshitaka Odawara

Furthermore, Kazuo Suzuki has conducted auditing related operations (auditing related operations stipulated by Article 24, Paragraph 3 of the Certified Public Accountant Law) regarding the Company's financial documents for 11 consecutive accounting periods.

(Composition of auditing assistants)

There was a total of 30 people, 16 CPAs and 14 others.

3) Compliance

Konica Minolta does not limit its compliance activities to conformity to laws and regulations. In addition to adhering to applicable ordinances, the Company works to conduct business activities in compliance with corporate ethics, meaning directors' and employees' observance of moral and social codes imposed by society with regard to corporate activities, and internal rules, meaning rules formulated for the governance of Group activities. Specifically, the Company has formulated the Charter of Corporate Behavior and the Conduct Guideline for the Group and seeks to improve corporate value through strict observance to ensure the trust of shareholders and others with a stake in the Company. In addition, the Board of Directors has designated an executive officer to be in charge of compliance, selected a department to promote and support compliance, and established the Compliance Committee. Through these initiatives, directors and executive officers have taken the lead in constructing a system to strengthen Group compliance. Furthermore, the Company has also established a compliance help center to respond to inquiries related to the entire Group.

3. Personal Relations Between Outside Directors and the Company, as well as Capital, Dealings, and Other Vested Interests—Nothing to report

4. Activities Conducted by the Board and Committees in the Period Under Review

Directors (including outside directors) maintained a committee and Board meeting attendance rate exceeding 95% in the period under review, and efforts are underway to improve individual activities. In monthly board meetings, management oversight was conducted through reports on significant business operations throughout the year, numerous deliberations were held for decisions on important management policies (medium-term management plans, etc.), and it served as a forum for the CEO and outside directors

to exchange views.
The Auditing Committee met once a month with the mandate to: (1) audit the legality and appropriateness of decisions of directors and executive officers, (2) review internal control systems and recommend corrective action if needed, and (3) review accounting auditors' audits.

The Nomination Committee selected next term candidates for directorship based on director selection standards requiring independence in the selection of outside directors and received and checked reports on the process of selection of executive officers and the reasons for selection ahead of the vote by the Board.

The Compensation Committee reexamines and seeks to improve the compensation structure before determinations for the salaries of individual officers are made. In the period under review, the Compensation Committee confirmed the move toward eliminating severance compensation and considered the adoption of a stock option system to incorporate long-term incentives.

The aforementioned activities were intended to augment the transparency of the corporate governance system, and the Company will continue management efforts to use these activities to improve corporate value.

5. Executives' Compensation

1) Policies related to Determining Compensation, Etc. Received by Directors and Executive Officers

The companies executive compensation system is designed to motivate executives to work to improve sustainable, long-term business performance to respond to shareholders' expectations and to keep a level that enables it to secure and maintain human resources unsurpassed in the industry for the purpose of bolstering the value of the entire group in line with the Company's management policies. Pursuant to the intention of this policy, the Compensation Committee conducted a review of remuneration systems for directors and executive officers. The purpose of this review was to reexamine performance-based compensation as a short-term incentive, introduce stock options as a long-term incentive, eliminate severance bonuses, and abolish performance-dependent compensation for directors. By doing away with severance compensation and introducing stock options, the Company seeks to direct executives' attention to the stock price and medium and long-term consolidated performance, as well as to ensure that they share in the risks and benefits of stock price fluctuations and, in turn, to strengthen their resolve to improve its corporate value and boost the stock price. The Compensation Committee determined its policies related to deciding individual compensation for directors and executive officers as follows, pending acceptance of its proposal, "New Stock Warrants to Be Issued as Stock Options for Equity-Based Compensation" at the general meeting of shareholders.

The Compensation Committee determines the compensation directors and executive officers are to receive according to the policies described below.

a. Compensation System

For the purpose of redirecting the management priorities of directors, compensation will no longer include remuneration for short-term business performance. Compensation shall consist of fixed compensation and stock options for equity-based compensation, which can reflect medium and long-term business outlook. Outside directors shall only receive fixed compensation. With regard to executive officers, payment is to be composed of fixed compensation, as well as performance compensation that reflects short-term Group performance and the performance of business operations overseen and stock options for equity-based compensation to reflect medium and long-term business prospects.

b. Fixed compensation shall be set an appropriate level by executive grade utilizing objective, external data, assessment data, and other information.

c. Performance-based compensation shall be set according to the extent to which short-term (annual) performance targets are achieved. For the time being, profit shall be the principal factor for performance targets.

d. In addition to the elimination of conventional monetary severance compensation, stock options for equity-based compensation are designed to better reflect performance from a medium and long-term perspective and provide a compensation system that is based on the stock price to allow executives to view the Company from the perspective of shareholders. Only in house directors and executive officers are eligible to receive stock option rights, and the number of rights to be granted shall be determined individually in consideration of the extent to which targets related to Group performance and performance in the business relevant to each eligible executive.

e. The relationship among fixed compensation, performance-based compensation, and stock options for equity-based compensation for executive officers shall be approximately 60:20:20 as a general rule.

Furthermore, the Company shall revise compensation levels and composition in response to changes in the management environment in an appropriate and timely manner.

With regard to the severance compensation, which is slated to end, the Compensation Committee shall decide individual amounts within a reasonable range, according to fixed Company standards, and the Company plans to pay that amount when executives leave their posts.

*In chart "(2) Compensation for directors and executive officers," below, compensation recorded is based on the current system and do not reflect the above policies.

2) Compensation for directors and executive officers for fiscal year ended March 31, 2005 is as follows.

Category		Personnel Paid	Payment (millions of yen)			Summary
				Fixed Compensation	Variable payment	
Directors	Outside	5	31	28	3	The Compensation Committee determines compensation on an individual basis pursuant to "Policies Related to Determining Compensation and Other Disbursements to be Received by Directors and Executive Officers."
	Internal	3	131	122	9	
	Total	8	163	151	12	
Executive Officers	With title	17	450	396	54	
	Other	*17	206	170	35	
	Total	29	657	566	90	

Notes:

1. Of the above personnel, one director and nine executive officers (five with titles, four other) stepped down from their posts in the period under review. As of the last day of the fiscal year ended March 31, 2005, the Company employed seven directors (four internal, three outside) and 20 executive officers (12 with titles, eight other).
   *Of the 17 other executive officers, five were promoted to executive officer with title level during the period.
2. The Company employs five internal directors in addition to the three noted above (who all concurrently serve as executive officers with titles), but they do not receive compensation as directors.
3. In addition to the above disbursements, the following retirement allowances shall be paid in line with the resolution passed by the Compensation Committee.
   - Directors Severance Compensation (one director) ¥ 3 million
   - Executive Officers Severance Compensation (nine executive officers) ¥177 million

6. Auditors' Compensation

Compensation and other disbursements that the Company and its consolidated subsidiaries are to pay its accounting auditor, ChuoAoyama PricewaterhouseCoopers, are as follows.

[Millions of yen]

	Payment
(1) Total compensation and other disbursements the Company and its subsidiaries are to pay accounting auditors.	120
(2) Total compensation and other disbursements the Company and its subsidiaries are to pay accounting auditors for the administration of the Certified Public Accountant Law, Article 2, Paragraph 1 (Audit Certification Operations), as a part of (1) above	113
(3) Compensation and other disbursements that the Company is to pay accounting auditors, as a part of (2) above for accounting auditor services	42

Note: With regard to (3) in the above chart, the distinction between compensation for audits by accounting auditors according to the special law in the commercial code and compensation for audits according to securities trading laws is not clearly defined. Thus, the Company has recorded the total of the two.

3. OPERATING RESULTS AND FINANCIAL CONDITION

(1) Operating Results

(1) Summary

In fiscal year ended March 31, 2005, the global economy was supported by robust consumer spending thanks to strong demand for durable goods, vigorous private-sector capital investment centered on the IT industry, and other positive factors, while the U.S. economy continued to enjoy solid performance. Euro-zone economies, which had been on a recovery track driven by U.S. economic vitality, began to feel the effects of high crude oil prices and appreciation of the euro, and the pace of growth slowed in the second half of the year. The Chinese economy continued to perform well, but its export-led high growth rate showed some signs of flagging. The pace of growth in Asia's newly industrializing economies has also gradually slackened.

Turning to the Japanese economy, sentiment in the manufacturing sector clearly deteriorated, with the production of digital appliances—previously the market driver—scaling back production, among other negative factors. In addition, positive signs that would allay concerns regarding employment and salary stagnation were too few to spark a turnaround in personal consumption, and the outlook for the economy remained opaque.

Operating in this environment in its second year since the merger, the Company designated fiscal year ended March 31, 2005 as the year in which it would upgrade its management foundation and, in addition to the speedy resolution of business reorganization, Konica Minolta worked to integrate IT systems, consolidate human resources systems, and other measures to adjust and expand management infrastructure. At the same time, the Company aggressively invested in a advertising campaign in major cities in Japan and abroad to increase public awareness of the new "Konica Minolta" brand. The Company also upgraded its management foundation in line with its plans, implementing of various initiatives, including the virtual achievement of personnel rationalization targets primarily by indirect departments and other operations made redundant by the merger.

In terms of business, the Company strove to complete the implementation of its business portfolio management program with the aim of quickly realizing the benefits of the merger. In particular, Konica Minolta strengthened its operations through the strategic concentration of management resources on select business areas. As a part of this program, in the Business Technologies Business, the Company's core enterprise, Konica Minolta strengthened color product operations, while in the Optics Business; the Company dynamically expanded its liquid crystal materials operations. However, in the Photo Imaging Business, the Company responded to waning demand for color film, intensified price competition in the market for digital cameras, and other negative factors contributing to a general malaise in business environment with reform of the business structure, including measures to cut fixed expenses and paring the number of camera models to maximize its unique technologies. Regarding new business development, we established Konica Minolta IJ Technologies, Inc., in January 2005 to leverage our ink-jet technologies and other unique chemical- and ink-related technologies developed in the photosensitive materials field as it manufactures and markets printer heads for high-definition industrial inkjet printers.

Consequently, fiscal year ended March 31, 2005 net sales were ¥1,067.4 billion, operating income was ¥67.5 billion, and recurring profit was ¥53.6bllion on a consolidated basis.

As a result of extraordinary losses of ¥21.3 billion due to structural reform expenses related to the Photo Imaging Business, expenses connected to the comprehensive amortization of goodwill in the camera business incurred from the business integration, and rationalization and other expenses from business integration, net income was ¥7.5 billion.

Furthermore, the average U.S. dollar/yen exchange rate was ¥108, reflecting a 5% stronger yen compared with fiscal year ended March 31, 2004, and the euro/yen rate was ¥135, reflecting a 2% weaker yen.

[Millions of yen]

	Fiscal year ended March 31,2005	Fiscal year ended March 31,2004	Fiscal year ended March 31,2004 (Including 1st half Minolta figures)	Increase (Decrease)	% change
Sales	1,067,447	860,420	1,123,591	(56,143)	(5.0%)
Operating Income	67,577	57,530	73,213	(5,635)	(7.7%)
Recurring profit	53,617	43,186	52,538	1,079	2.1%
Net income	7,524	12,548	19,343	(11,819)	(61.1%)

Note: For purposes of comparison with the previous fiscal year, Minolta data for the first half of fiscal year ended March 31, 2004 is included in "Fiscal year ended March 31, 2004 (Including 1st half Minolta figures)." Combined totals of Konica and Minolta earnings are calculated on a gross basis and do not include consolidation adjustments.

(2)Segment Information

1. Business Technologies Business [multi-function peripherals (MFPs), laser printers, etc]

[Millions of yen]

	Fiscal year ended March 31,2005	Fiscal year ended March 31,2004	Fiscal year ended March 31,2004 (Including 1st half Minolta figures)	Increase (Decrease)	% change
Net sales to outside customers	564,837	431,118	625,753	(60,915)	(9.7%)
Operating income	55,832	46,408	62,856	(7,025)	(11.2%)

Note: For purposes of comparison with the previous fiscal year, Minolta data for the first half of fiscal year ended March 31, 2004 is included in "Fiscal year ended March 31, 2004 (Including 1st half Minolta figures)." Combined totals of Konica and Minolta earnings are calculated on a gross basis and do not include consolidation adjustments.

In the Business Technologies Business, the Company is pursuing "genre- top strategies," a policy of channeling management resources to promising markets and areas to establish Konica Minolta as the top brand for them. Accordingly, we have defined the scope of this plan to target color and high-speed MFPs, for which the market is forecast for sharp growth, as well as color printers. Focusing on its own polymerized toner, which is technologically most advanced in the industry and adopts to both color and black and white units, as well as with all output speeds, the Company endeavored to expand its market share for these products particularly in Europe and North America.

In the market for MFPs, which stands out for its ever-increasing pace of growth, the Company has customarily worked to cultivate customer demand for color document applications in the office equipment market. In March 2004, the worldwide introduction of our new bizhub line—the jewel of our MPF product group—and the newly launched the bizhub C350 color MFP (22 pages –per- minute (ppm) in color, 35 ppm in black and white) received plaudits from customers for their superiority in image quality, reliability, ease of operation, and other cost-performance factors, and sales were strong, particularly in Europe and North America. In addition, in February 2005 the Company launched the new bizhub C450 color MFP (35 ppm in color, 45 ppm in black and white) in Japan. With the dual aims of improving customer satisfaction and strengthening product competitiveness, this product is Konica Minolta's first MFP equipped with the newly constructed integrated firmware (control structure) and facsimile functions, which have received particular attention in the domestic market, and sales are booming. The market launch of these products has led to an impressive 84% jump in volume sales of color MFPs.

With regard to high-speed MFPs, in December 2004 we launched we introduced the bizhub PRO1050 black and white MFP capable of a printing speed of 105 ppm. The Company also tried to provide customers with services and products incorporating Konica Minolta's high standards of quality and reliability, targeting major corporations' in-house central reprographic departments, print-on-demand (POD) operations—for which we anticipate substantial growth—and light production printing.

In printer operations, new market entrants have aggravated price competition, especially for color units. The magicolor 2400 series, launched last summer with a color output of 5 ppm, has received broad public support for its exceptional cost performance and high image quality achieved through our polymerized toner, and sales have been strong in Europe, North America, and other regions. In the second half of fiscal year ended March 31, 2005, we added two products to the magicolor 5400 high-speed color printer series leveraging the Company's inherent strengths in tandem technology to achieve an output of 20 ppm or better. Konica Minolta is looking to defend its number two rank in the color printer market by expanding its lineup of high value-added products in the high-speed segment, as well as by growing sales in the low-speed segment, and the Company is also working to improve earnings in its consumables business.

Furthermore, in anticipation of future growth in mainstay color and high-speed black and white MFP and color printer operations, the Company started construction of an assembly plant financed with its own funds in Wuxi, China to bolster equipment production. At the same time, the Company is proceeding with arrangements to increase its production of polymerized toner in response to forecasts of substantial acceleration in demand for consumables resulting from increased sales of machines. All facilities are scheduled to be up and running by the end of March 2006.

As a result, external customer sales were ¥564.8 billion, and operating income was ¥55.8 billion in the Business Technologies Business.

2. Optics Business [optical devices, electronics materials, etc]

[Millions of yen]

	Fiscal year ended March 31,2005	Fiscal year ended March 31,2004	Fiscal year ended March 31,2004 (Including 1st half Minolta figures)	Increase (Decrease)	% change
Net sales to outside customers	91,705	76,711	85,825	5,879	6.9%
Operating income	16,001	16,168	15,281	720	4.7%

Note: For purposes of comparison with the previous fiscal year, Minolta data for the first half of fiscal year ended March 31, 2004 is included in "Fiscal year ended March 31, 2004 (Including 1st half Minolta figures)." Combined totals of Konica and Minolta earnings are calculated on a gross basis and do not include consolidation adjustments.

In the core optical pickup lenses segment, inventory adjustments of consumer digital products have dragged since last summer, leading to somewhat lackluster performance both in terms of volume and sales; however, the Company has completed the development of its next-generation DVD technologies including blue laser technologies, and preparations for mass production in fiscal year ending March 31, 2006 are under way. Furthermore, lens units for digital and video cameras and other products in the component business, based on the Company's unrivaled expertise in optical technologies, failed to significantly extend orders from domestic manufacturers, who are the principal customers, due to sluggish market growth, and actual results were virtually unchanged from fiscal year ended March 31, 2004.

However, sales of high-value-added products for high image quality microcameras for mobile phones grew steeply, and in the area of liquid crystal materials, customers have supported us with robust demand for TAC film, wide-view film, and other high function products. Thus, sales grew soundly. In addition to growth in the market for liquid crystal televisions and monitors, the trend for larger screen sizes and other factors point to continued strong demand growth for liquid crystal materials, and Konica Minolta is responding with the construction of a third production line scheduled to start operations in October 2005. Moreover, in glass hard disk substrate operations, sales of both conventional 2.5-inch units as well as 1.8-inch units for portable audio players and other mobile products have been brisk.

As a result, external customer sales in this business were ¥91.7 billion, and operating income was ¥16 billion.

3. Photo Imaging Business [photosensitive materials, digital cameras, inkjet media, etc]

[Millions of yen]

	Fiscal year ended March 31,2005	Fiscal year ended March 31,2004	Fiscal year ended March 31,2004 (Including 1st half Minolta figures)	Increase (Decrease)	% change
Net sales to outside customers	268,471	223,962	277,693	(9,221)	(3.3%)
Operating income	(8,651)	(5,372)	(6,644)	(2,007)	—

Note: For purposes of comparison with the previous fiscal year, Minolta data for the first half of fiscal year ended March 31, 2004 is included in “Fiscal year ended March 31, 2004 (Including 1st half Minolta figures).” Combined totals of Konica and Minolta earnings are calculated on a gross basis and do not include consolidation adjustments.

In the area of photosensitive materials, the earnings mainstay color film business continued its sharp decline in Japan, North America, Europe, and other areas amid the increase in the use of digital cameras. The Company responded by strengthening its market strategies in China, India, Russia, Middle East, Africa, and other regions where digital cameras have not yet taken hold. Consequently, declines in volume sales were pared to 10% compared with the previous fiscal year.

However, sales of the new R2 Super digital mini-lab launched in May 2004 are healthy in Japan. The Company is working to bolster the sales and earnings of the photographic paper business by actively encouraging retailers who have purchased Konica Minolta mini-labs to offer digital printing services. In addition, sales of inkjet paper, ID photograph systems, and other young operations are steadily improving, reflecting necessary structural reforms, but has not yet reached the point where these operations can significantly contribute to earnings in the Photo Imaging Business.

The digital camera business, in which earnings substantially deteriorated in fiscal year ended March 31, 2004, the Company revised its business objective to underscore earnings rather than scale of business. Accordingly, we pared the number of digital camera models offered and undertook a shift to high-value-added products. The high-end digital single lens reflex (SLR) α-7 Digital* released November 2004 incorporates our exclusive anti-shake system in the camera body, a design concept that enables this function to be used with any existing Konica Minolta α/Maxxam/Dynax-lens. This feature has won broad support from users, and sales were strong. However, the international decline in compact camera prices has been even more precipitous than expected, and year-end sales battles were vicious. Konica Minolta carried out a raft of structural reform initiatives to reduce fixed expenses, but we did not achieve notable improvements in operating losses.

As a result, sales to external customers were ¥268.4 billion and operating loss was ¥8.6 billion in the Photo Imaging Business.

*Marketed as Maxxum 7D in North America and Dynax in other regions.

4. Medical and Graphic Imaging Business [medical and graphic products]

[Millions of yen]

	Fiscal year ended March 31,2005	Fiscal year ended March 31,2004	Fiscal year ended March 31,2004 (Including 1st half Minolta figures)	Increase (Decrease)	% change
Net sales to outside customers	129,872	120,871	120,871	9,001	7.4%
Operating income	6,656	7,906	7,906	(1,249)	(15.8%)

Note: For purposes of comparison with the previous fiscal year, Minolta data for the first half of fiscal year ended March 31, 2004 is included in “Fiscal year ended March 31, 2004 (Including 1st half Minolta figures).” Combined totals of Konica and Minolta earnings are calculated on a gross basis and do not include consolidation adjustments.

In the medical field, the trend toward the increased use of digital technologies and networks is advancing at major hospitals and other healthcare facilities in Japan and abroad. To respond to the digitization of hospital operations, the Company has channeled its energies into the marketing of its REGIUS series of digital radiography units, the DRYPRO series of laser imagers, the NEOVISTA series of network products, and other digital equipment. In addition, in February 2005, the Company launched the Phase Contrast Mammography (PCM) system, a digital x-ray mammography system boasting the world's highest level of digital image quality due to Konica Minolta's own phase contrast method, which was created in answer increased demand for breast cancer examination equipment, as well as other measures to strengthen its operations in digital imaging.

However, in the area of graphics (printing), the digitization of the printing process in Japan and other countries has brought about diminished sales in our mainstay printing film business. To mold the operations structure to respond to market trends toward filmless photography and the increase in digital printing, the Company has directed its efforts to the domestic marketing of Digital Consensus Pro, a digital color proofing system; proof sheets for this system; domestic and overseas marketing of the Pagemaster Pro, a digital color printer that excels in small lot printing, and other digital equipment.

As a result, external sales in this business amounted to ¥129.8 billion, and operating income was ¥6.6 billion.

5. Sening Business [colorimeters, 3D digitizers, and others]

[Millions of yen]

	Fiscal year ended March 31,2005	Fiscal year ended March 31,2004	Fiscal year ended March 31,2004 (Including 1st half Minolta figures)	Increase (Decrease)	% change
Net sales to outside customers	5,293	2,657	8,030	(2,736)	(34.1%)
Operating income	1,593	801	1,774	(180)	(10.2%)

Note: For purposes of comparison with the previous fiscal year, Minolta data for the first half of fiscal year ended March 31,2004 is included in "Fiscal year ended March 31, 2004 (Including 1st half Minolta figures)." Combined totals of Konica and Minolta earnings are calculated on a gross basis and do not include consolidation adjustments.

In the principle colorimeter business, Konica Minolta concentrate its focus on the automotive and flat panel display industries, and the Company has expanded sales by leveraging the development of operating activities concentrated on leading manufacturers in these industries. Furthermore, in the 3D digitizer business, which the Company is fostering as an area of focus, we are accelerating business expansion by concentrating management resources on the development of products and applications and are working to develop new customers.

At the same time, we worked to reduce product development time, improve productivity, and other production cost cutting measures as a part of structural reforms, and thereby enhanced business profitability.

As a result of our efforts, sales to external customers in the Sensing Business totaled ¥5.2 billion, and operating income was ¥1.5 billion.

The classification of businesses in the preceding segment information is on a business unit basis. In contrast, pre-merger Minolta segment information was classified on an individual product basis. Combined Konica and Minolta figures for the previous fiscal year have simply been totaled without integrating the two approaches to business classification.

The Sensing Business was the most significantly affected by the differing classification approach, resulting in a substantial decline compared with the first half of the previous fiscal year. If reexamined using the fiscal year ended March 31, 2005 business classification, fiscal year ended March 31, 2004 sales to external customers would amount to ¥5.2 billion, and operating income would be ¥1.5 billion.

(3) Dividends

In fiscal year ended March 31,2005, integration expenses to fortify the management base and restructuring expenses for Photo Imaging Business had a one-time impact on Group earnings, and the Company expects the challenging management environment to linger; however, the Company has set fiscal year-end dividends at ¥5 per share, unchanged from fiscal year ended March 31,2004 and in line with "(3) Basic Policy Regarding Distribution of Profits" under "2. Management Policy" above.

. (In December 2004, the Company paid an interim dividend payment of ¥5 per share, for a full-year dividend payment of ¥10.)

(4)Outlook for the fiscal year ending March 31, 2006

A sense of a slowdown in the driver of the global economy, the United States, has emerged, and the skyrocketing price of crude oil, fluctuations in foreign exchange rates, and other factors are contributing to an uncertain outlook. In Japan, the economy is being squeezed by inventory adjustments in the area digital information appliances, the protracted slump in personal consumption, and other negative factors. Consequently, the overall management environment is expected to remain difficult in the coming period.

To respond to this environment, the Company has quickly moved to integrate its management and worked steadily to implement the various measures formulated as a part of its V-5 medium-term management plan. Konica Minolta will continue to seek to reap the benefits of its merger in the coming fiscal term.

Konica Minolta's outlook for consolidated earnings in the fiscal year ending March 31, 2006, is as follows.

[Millions of yen]

	Fiscal year ending March 31,2006		Fiscal year ended March 31,2005		Increase (Decrease)	
	Interim	Full year	Interim	Full year	Interim	Full year
Net sales	5,300	11,300	5,351	10,674	(51)	625
Operating income	340	900	325	675	14	224
Recurring profit	290	800	281	536	8	263
Net profit	70	230	82	75	(12)	154

These projections are premised on the following exchange rates in the fiscal year ending March 31,2006:

US$ ¥105

Euro ¥ 133

*The above forecasts are estimates and incorporate elements of risk and uncertainty. Actual results may differ due to various significant factors.

(5) Dividends for fiscal year ending March 31, 2006

In full consideration of the expenses projected to be incurred amid efforts to accelerate structural reform in photo operations as well as reserves needed to strengthen business areas of focus and future enterprise development for continued growth, the Company intends to maintain stable dividend payments, and plans to pay ¥5 per share for both the interim period and fiscal year as a whole for a full-year total of ¥10 per share.

(6) Financial Position

1. *Fiscal year ended March 31, 2005*
Overview

	As of March 31, 2005	As of March 31, 2004	Increase (Decrease)
Total assets (millions of yen)	955,542	969,589	(14,047)
Shareholders' equity (millions of yen)	339,729	335,427	4,301
Shareholders' equity per share (yen)	639.80	631.54	8.26
Equity ratio (%)	35.6	34.6	1.0

As a result of ongoing efforts to reduce interest-bearing debt in the period under review, the balance of interest-bearing debts at the end of the period fell ¥21.6 billion from the end of the previous fiscal year, to ¥246.3 billion. This led to total assets being ¥14 billion lower than the previous fiscal year end, at ¥955.5 billion on March 31, 2005.

Shareholders' equity increased ¥4.3 billion from the end of last period, to ¥339.7 billion thanks to net income totaling ¥7.5 billion. Shareholders' equity per share was ¥639.80 and the equity ratio was 35.6%.

Cash Flows

[Millions of yen]

	Fiscal year ended March 31,2005	Fiscal year ended March 31,2004	Fiscal year ended March 31,2004 (Including 1st half Minolta figures)	Increase (Decrease)
Cash flows from operating activities	55,680	55,957	86,137	(30,458)
Cash flows from investing activities	(49,343)	(28,784)	(31,924)	(17,419)
Total (Free cash flow)	6,336	27,173	54,213	(47,878)
Cash flows from financing activities	(31,614)	(33,149)	(55,317)	23,703

Note: For purposes of comparison with the previous fiscal year, Minolta data for the first half of fiscal year ended March 31, 2004 is included in "Fiscal year ended March 31, 2004 (Including 1st half Minolta figures)." Combined totals of Konica and Minolta cash flows are calculated on a gross basis and do not include consolidation adjustments.

Cash flows from operating Activities

Despite income before income taxes of ¥35.4 billion and depreciation and amortization amounting to ¥52.9 billion, net cash provided by operating activities totaled ¥55.6 billion, largely reflecting a ¥23.1 billion increase in working capital that resulted from increases in accounts receivable and decreases in accounts payable, in addition to income tax payments of ¥31.4 billion.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥49.3 billion. This was primarily due to ¥46.5, billion used in the acquisition of tangible fixed assets such as dies for new products, aspherical plastic lenses for optical disks, liquid crystal TAC film, polymerization toner, and other investments to bolster production capacity as well as the construction of materials research facilities to conduct state-of-the-art material technology development.

As a result, free cash flows, computed from the total of cash flows from operating activities and cash flows from investing activities, amounted to ¥6.3 billion.

Cash flows from financing activities

Net cash used in financing activities totaled ¥31.6 billion. This was mainly due to ¥24.8 billion for the redemption of bonds and other interest-bearing debt.

As a result of net cash used in financing activities far exceeding free cash flows, cash and cash equivalents at the end of fiscal year ended March 31, 2005 was ¥24.2 billion lower than the end of fiscal year ended March 31, 2004, at ¥59.4 billion.

Cash Flow Indicators

	Fiscal year ended March 31,2001	Fiscal year ended March 31,2002	Fiscal year ended March 31,2003	Fiscal year ended March 31,2004	Fiscal year ended March 31,2005
Shareholders' equity ratio (%)	30.9	32.5	35.1	34.6	35.6
Market price-based shareholders' equity ratio (%)	53.1	55.5	65.0	81.5	60.2
Debt redemption period (years)	3.6	3.7	2.3	3.1	4.4
Interest coverage ratio	5.5	7.1	14.3	11.1	10.1

Notes: Shareholders' equity ratio: Shareholders' equity to total assets

Market price-based shareholders' equity ratio: Market capitalization to total assets

Debt redemption period: Interest-bearing debt to net cash flows from operating activities (omitted in interim data)

Interest coverage ratio: cash flows from operating activities to interest payments

The above ratios are calculated based on the figures at the end of the previous interim period

1. Each of these indicators is calculated based on consolidated financial data.
   The above figures through the fiscal year ended March 31, 2003 are those of pre-merger Konica Corp. Fiscal 2004 data related to cash flows from operating activities and interest payments incorporate Minolta's share for the first half of the fiscal year.
2. Market capitalization is calculated as share price at period-end multiplied by the number of shares outstanding at period-end (excluding treasury stock).
3. Net cash flows from operating activities 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.

2. Outlook of Cash Flows for the fiscal year ending March 31,2006

Konica Minolta projects that free cash flow, the net of cash flows from operating and investing activities, will amount to an inflow of approximately ¥4 billion.

-- Recorded monetary values omit amounts less than one single unit.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Statements of Income

[Millions of yen]

	April 1, 2003 – March 31, 2004		April 1, 2004 – March 31, 2005		Change	
	Amount	% of net sales	Amount	% of net sales	Amount	YoY[%]
Net Sales	860,420	100.0	1,067,447	100.0	207,026	24.1
Cost of sales	498,967	58.0	597,800	56.0	98,832	19.8
Gross profit	361,453	42.0	469,647	44.0	108,194	29.9
Selling, general and administrative expenses	303,922	35.3	402,069	37.7	98,146	32.3
Operating income	57,530	6.7	67,577	6.3	10,047	17.5
Non-operating income	[8,762]	1.0	[8,971]	0.8	[208]	2.4
Interest and dividend income	1,003		1,353		350	
Equity Method Profits	61		108		46	
Other	7,697		7,509		(188)	
Non-operating expenses	[23,106]	2.7	[22,931]	2.1	[(174)]	(0.8)
Interest expense	5,190		5,549		358	
Disposal/valuation losses of inventories	5,687		8,698		3,011	
Other	12,228		8,683		(3,544)	
Recurring profit	43,186	5.0	53,617	5.0	10,430	24.2
Extraordinary profit	[897]	0.1	[3,177]	0.3	[2,280]	254.0
Gain on sales of fixed assets	690		559		(131)	
Gain on sales of investment securities	207		2,458		2,251	
Return of the proxy portion of the national employees' pension fund	—		160		160	
Extraordinary losses	[11,721]	1.3	[21,364]	2.0	[9,643]	82.3
Loss on disposal and sale of fixed assets	3,168		4,569		1,401	
Loss on sale of investment securities	330		3		(327)	
Write-down on investment securities	451		325		(125)	
Loss on revaluation of investment	—		47		47	
Transition obligations due to adoption of new accounting standards for retirement benefits	1,540		521		(1,018)	
Reserve for directors' retirement benefits	513		—		(513)	
Special premium withdrawal from national employees' pension fund	513		—		(513)	
Expenses related to switch to defined benefit pension plan	180		—		(180)	
Management integration rationalization expenses	5,022		4,020		(1,002)	
Restructuring expenses	—		4,851		4,851	
Transfers to allowance for doubtful accounts	—		1,627		1,627	
Amortization of consolidation goodwill	—		5,397		5,397	
Income before income taxes and minority interests	32,363	3.8	35,430	3.3	3,067	9.5
Income taxes	22,466	2.6	27,947	2.6	5,481	24.4
Deferred income taxes	(2,841)	(0.3)	(594)	(0.1)	2,246	—
Minority interest in earnings of consolidated subsidiaries	189	0.0	553	0.1	363	191.9
Net income	12,548	1.5	7,524	0.7	(5,024)	(40.0)

(2) Consolidated Balance Sheets

[Millions of yen]

	As of March 31, 2004		**As of March 31, 2005**		Change	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current assets	[535,769]	[55.3]	[542,728]	[56.8]	[6,959]	[1.3]
Cash and deposits	83,574		59,330		(24,243)	
Trade notes and accounts receivable	223,032		243,098		20,065	
Marketable securities	130		155		25	
Inventories	173,9		177,5		3,556	
Deferred tax assets	31,033		37,850		6,817	
Other accounts receivable	13,574		12,845		(729)	
Other current assets	18,889		20,045		1,156	
Allowance for doubtful accounts	(8,414)		(8,102)		312	
Fixed assets	[433,820]	[44.7]	[412,813]	[43.2]	[(21,006)]	[(4.8)]
Tangible fixed assets	[220,204]	22.7	[222,617]	23.3	[2,412]	1.1
Buildings and structures	71,760		73,978		2,218	
Machinery and vehicles	58,694		57,081		(1,613)	
Tools and equipment	24,520		25,857		1,336	
Land	38,514		36,374		(2,139)	
Construction in progress	5,785		7,672		1,886	
Rental business-use assets	20,928		21,652		723	
Intangible fixed assets	[120,204]	12.4	[109,625]	11.5	[(10,578)]	(8.8)
Consolidation goodwill	98,716		88,212		(10,503)	
Other intangible fixed assets	21,488		21,413		(75)	
Investments and others	[93,411]	9.6	[80,570]	8.4	[(12,840)]	(13.7)
Investment securities	37,424		33,194		(4,230)	
Long-term loans	2,672		1,442		(1,230)	
Long-term prepaid expenses	4,429		5,257		827	
Deferred tax assets	31,926		27,049		(4,876)	
Other investments	18,281		15,163		(3,117)	
Allowance for doubtful accounts	(1,323)		(1,536)		(212)	
Total assets	969,589	100.0	955,542	100.0	(14,047)	(1.4)

[Millions of yen]

	As of March 31, 2004		**As of March 31, 2005**		Change	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current liabilities	[484,842]	50.0	[460,047]	48.1	[(24,794)]	(5.1)
Trade notes and accounts payable	141,783		138,074		(3,709)	
Short-term loans	182,429		157,174		(25,254)	
Long-term loans due within one year	14,251		7,261		(6,989)	
Bonds due within one year	18,354		17,221		(1,132)	
Accrued expenses	71,480		75,9		4,478	
Accrued income taxes	16,736		18,838		2,102	
Allowance for product warranty	5,164		5,137		(27)	
Other current liabilities	34,641		40,380		5,738	
Long-term liabilities	[148,076]	15.3	[154,044]	16.1	[5.967]	4.0
Bonds	20,138		10,084		(10,054)	
Long-term loans	32,778		54,604		21,826	
Deferred tax assets on land revaluation	3,925		3,926		0	
Reserve for retirement benefits and pension plans	64,915		63,044		(1,870)	
Reserve for directors' retirement benefits	922		1,189		266	
Other long-term liabilities	25,397		21,196		(4,200)	
Total liabilities	632,919	[65.3]	614,092	[64.2]	(18,826)	[(3.0)]
Minority interests	1,242	[0.1]	1,720	[0.2]	477	[38.5]
Capital stock	37,519	3.9	37,519	3.9	—	
Additional paid-in capital	226,065	23.3	226,069	23.7	4	
Retained earnings	77,254	8.0	79,491	8.3	2,237	
Unrealized gain on securities	4,886	0.5	4,780	0.5	(105)	
Translation adjustment	(9,721)	(1.0)	(7,339)	(0.7)	2,381	
Treasury stock	(576)	(0.1)	(791)	(0.1)	(215)	
Total shareholders' equity	335,427	[34.6]	339,729	[35.6]	4,301	[1.3]
Total liabilities, minority interests, and shareholders' equity	969,589	100.0	955,542	100.0	(14,047)	(1.4)

Notes:	As of March 31, 2004	As of March 31, 2005	Increase(Decrease)
1. Accumulated depreciation on tangible fixed assets (million yen)	440,481	456,344	15,863
2. Discount on trade notes receivable (million yen)	190	39	(151)
3. Number of shares of treasury stock	568,877	719,416	150,539

(3) Consolidated Statement of Retained Earnings

[Millions of yen]

	April 1, 2003 March 31, 2004	April 1, 2004 March 31, 2005	Increase/(Decrease)
	Amount	Amount	Amount
(Additional paid-in capital portion)			
Additional paid-in capital at beginning of period	[79,342]	[226,065]	[146,722]
Increase in Additional paid-in capital	[146,722]	[4]	[(146,717)]
Issuance of new shares due to share exchange	146,706	—	(146,706)
Gain on disposal of treasury stock	15	4	(10)
Additional paid-in capital at end of period	226,065	226,069	4
(Retained earnings portion)			
Retained earnings at beginning of period	[69,052]	[77,254]	[8,201]
Increase in retained earnings	[12,688]	[7,579]	[(5,108)]
Net income	12,548	7,524	(5,024)
Increase resulting from newly consolidated subsidiaries	139	55	(84)
Decrease in retained earnings	[4,487]	[5,342]	[854]
Dividends	4,442	5,310	868
Bonuses to directors and corporate auditors	45	22	(22)
Decrease resulting from newly consolidated subsidiaries	—	9	9
Retained earnings at end of period	77,254	79,491	2,237

(4) Consolidated Statements of Cash Flows

[Millions of yen]

	April 1, 2003 – March 31, 2004	April 1, 2004 – March 31, 2005
	Amount	Amount
I. Cash flows from operating activities		
Net income before income taxes and minority interests	32,363	35,430
Depreciation and amortization	44,386	52,953
Amortization of consolidated goodwill	2,869	5,906
Increase(decrease) in allowance for doubtful accounts	(3,874)	1,728
Interest and dividend income	(1,003)	(1,353)
Interest expense	5,190	5,549
Loss (gain) on sales or disposals of tangible fixed assets	2,477	4,010
Loss (gain) on valuation loss (gain) on investment securities	574	(2,129)
Transition obligations due to adoption of new accounting standards for retirement benefits	1,540	521
Special premium for withdrawal from national employee’s pension fund	513	—
Transfers to reserve for deferred pension and past service recognition payments to directors	513	—
Management integration rationalization expenses	5,022	4,020
Gain(loss) related to switch of defined contribution benefit plan	180	(160)
Restructuring expenses	—	4,851
Transfers to allowanse for doubtful accounts	—	1,627
Amortization of consolidation goodwill	—	5,397
Decrease (increase) in trade notes and accounts receivable	(3,210)	(14,056)
Decrease (increase) in inventories	(2,914)	128
Increase (decrease) in trade notes and accounts payable	(1,060)	(9,239)
Increase (decrease) in accrued consumption tax payable	(738)	646
Other	(4,585)	(4,598)
Subtotal	78,243	91,235
Interest and dividends received	1,363	1,417
Interest paid	(5,263)	(5,524)
Income taxes paid	(18,385)	(31,447)
Net cash provided by operating activities	55,957	55,680
II. Cash flows from investing activities		
Payment for acquisition of tangible fixed assets	(24,935)	(46,585)
Proceeds from sale of tangible fixed assets	6,102	3,604
Payment for acquisition of intangible fixed assets	(6,383)	(9,088)
Payment for loans receivable	(1,451)	(1,670)
Proceeds fromreturn of loan receivable	460	1,431
Payment for acquisition of investment securities	(39)	(348)
Proceeds from sale of investment securities	225	4,976
Payment for other investments	(3,296)	(3,395)
Other	533	1,732
Net cash used in by investing activities	(28,784)	(49,343)
III. Cash flows from financing activities		
Net (decrease) increase in short-term loans payable	(11,090)	(29,640)
Proceeds from long-term loans payable	674	29,257
Repayment of long-term loans payable	(13,006)	(14,535)
Proceeds from issuing of bonds	—	13,694
Redemption of bonds	(5,054)	(24,870)
Proceeds from sale of Company's stock	44	24
Payment to execute buyback of Company's stock	(286)	(233)
Dividend payments	(4,430)	(5,310)
Net cash used in financing activities	(33,149)	(31,614)
IV. Effect of exchange rate changes on cash and cash equivalents	(1,317)	642
V. Increase in cash and cash equivalents	(7,292)	(24,635)
VI. Cash and cash equivalents at beginning of the period	51,876	83,704
VII. Increase in cash and cash equivalents due to newly consolidation subsidiaries	667	416
VIII. Increase in cash and cash equivalents due to exchange of shares	38,453	—
IX. Cash and cash equivalents at end of the period	83,704	59,485

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

Number of consolidated subsidiaries: 122

Principal consolidated subsidiaries:

Konica Minolta Business Technologies, Inc.
Konica Minolta Opto, Inc.
Konica Minolta Photo Imaging, Inc.
Konica Minolta Medical & Graphic , Inc.
Konica Minolta Sensing, Inc.
Konica Minolta Technology Center, Inc.
Konica Minolta Business Expert, Inc.
Konica Minolta Business Solutions Japan Co., Ltd.
Konica Minolta Medical Co., Ltd.
Konica Minolta Marketing Corporation
Konica Minolta Supplies Manufacturing Co., Ltd.
Konica Minolta Business Solutions U.S.A., Inc.
Konica Minolta Business Solutions Europe GmbH
Konica Minolta Photo Imaging U.S.A., Inc.
Konica Minolta Manufacturing U.S.A., Inc.
Konica Minolta Photo Imaging Europe GmbH

Number of unconsolidated subsidiaries: 33

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

2. Scope of the Use of Equity Accounting

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

Principal unconsolidated subsidiaries: Konica Minolta Photochem (Thailand)Co., Ltd.

Number of affiliates accounted for by the equity method: 2

The total net income (loss) and retained earnings of the 20 equity-method non-consolidated subsidiaries and 7 affiliates were of small value and had a negligible effect on consolidated financial statements.

3. Accounting Standards and Methods

(1) Asset valuation

1. Securities

Other securities

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

2. Derivatives

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

3. Inventories

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

(2) Depreciation and amortization of major depreciable assets

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

(3) Reserves

1. Allowance for doubtful receivables

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

2. Reserves for product warranty

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

3. Reserves for retirement benefits

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

The variance in accounting standards was primarily wholly written off in the case of consolidated subsidiaries.

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.

(Additional information)

Accounting treatment of the transition from a defined benefits pension plan to a defined contribution pension plan

With the enforcement of the Defined Contribution Pension Law, on April 1, 2004, the Company and a portion of its domestic subsidiaries changed certain portions of the former Minolta Co., Ltd.'s defined benefit pension plan to a defined contribution pension plan.

The Company and a portion of its domestic subsidiaries have applied "Accounting for Transfers among Retirement Benefit Plans"(issue No. 1 of Application Guidelines in Accounting Standards for Business Enterprises and "Handling of Practices Regarding Accounting for the Transfers among Retirement Benefit Plans" (issue No.2 of the Report on the Handling of Professional Practices).

The transfer of pension plan resulted in the recording of a ¥ 160 million extraordinary loss.

4. Allowance for Directors' Retirement Benefits

To provide for the payment of directors' retirement benefits, reserve for benefits for retired directors and auditors is recorded in an actual amount equal to the need at the current fiscal year-end based on Konica Minolta'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 that

2. Hedge methods and hedge targets

Derivatives are used as the hedge method (forward exchange contracts, interest rate swaps, and commodity swaps)

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

3. Hedge policy

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

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

4. *Methods for evaluating the effectiveness of hedges*

Verification is made to ascertain a high correlation between value fluctuations of hedged items and hedging instruments.

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

Consumption tax

National and local consumption taxes are accounted for by the tax excluded method.

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4. Evaluation of Assets and Liabilities of Consolidated Subsidiaries

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

5. Amortization of Consolidated Goodwill

The consolidation goodwill is amortized uniformly over 5-year, 10-year, or 20-year periods.

6. Treatment of Appropriation of Earnings Items

Statements of consolidated retained earnings for consolidated subsidiaries are prepared based on the profit distribution confirmed for the fiscal year.

7. Range of Cash within Consolidated Cash Flow Statements

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

Presentation Method for uniform basis for the levying of taxes as a Part of Corporate Enterprise Tax in the Consolidated Statements of Income

“The Law Amending One Part of the Regional Tax Law, Etc.” (enacted 2003, law #9), was officially announced on March 31, 2003, and together with the introduction of uniform basis for the levying of taxes that came into effect for corporate fiscal accounting years beginning on or after April 1, 2004, the Company calculated ¥1,472 million in the capital portion and the value-added portion of the corporate enterprise tax as a part of selling, general and administrative expenses, in accordance with “The Handling of Business Practices with Regard to Presentation of uniform basis for the levying of taxes as a Part of the Corporate Enterprise Tax on the Consolidated Statements of Income (February 13, 2004, Accounting Standards Board, Business Practice Response Report #12).

5. SEGMENT INFORMATION

(1) Information by Business Segment

Fiscal year ended March 31,2005 (From April 1, 2004 to March 31, 2005)

(Millions of yen)

	Business Technologies	Optics	Photo Imaging	Medical and Graphic Imaging	Sensing	Other	Total	Elimination & corporate	Consoli- dation
Sales									
Outside customers	564,837	91,705	268,471	129,872	5,293	7,266	1,067,447	—	1,067,447
Intersegment sales/transfers	29,886	4,079	12,782	19,918	2,425	60,757	129,849	[129,849]	—
Total	594,724	95,785	281,253	149,791	7,719	68,024	1,197,297	[129,849]	1,067,447
Operating expenses	538,892	79,783	289,905	143,134	6,125	56,490	1,114,332	[114,462]	999,869
Operating income (loss)	55,832	16,001	(8,651)	6,656	1,593	11,533	82,965	[15,387]	67,577
Assets, depreciation, and capital expenditure									
Assets	451,381	95,214	169,545	103,963	7,817	443,501	1,271,424	[315,881]	955,542
Depreciation	27,359	5,672	8,904	4,366	133	6,517	52,953	—	52,953
Capital expenditure	24,258	14,378	7,366	3,695	178	6,571	56,448	—	56,448

Notes:
1. Business classification is based on similarity of product type and market. Konica Minolta's operations are classified into the segments of Business Technologies, Optics, Photo Imaging and Camera, Medical and Graphic, Measurement Equipment, 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 parent company and expenses associated with head office functions. In fiscal year ended March 31,2005, this amount was ¥ 17,088 billion.

Fiscal year ended March 31,2004 (From April 1, 2003 to March 31, 2004)

(Millions of yen)

	Business Technologies	Optics	Photo Imaging	Medical and Graphic Imaging	Sensing	Other	Total	Elimination & corporate	Consoli- dation
Sales									
Outside customers	431,118	76,711	223,962	120,871	2,657	5,100	860,420	—	860,420
Intersegment sales/transfers	24,594	17,948	15,057	23,461	1,236	43,909	126,207	[126,207]	—
Total	455,712	94,660	239,019	144,332	3,893	49,009	986,628	[126,207]	860,420
Operating expenses	409,303	78,491	244,392	136,426	3,092	40,831	912,538	[109,647]	802,890
Operating income (loss)	46,408	16,168	(5,372)	7,906	801	8,177	74,090	[16,559]	57,530
Assets, depreciation, and capital expenditure									
Assets	431,374	86,726	196,027	106,930	7,703	479,901	1,308,664	[339,074]	969,589
Depreciation	22,151	4,846	7,229	4,698	72	5,390	44,386	—	44,386
Capital expenditure	11,660	4,976	7,815	4,529	70	6,257	35,307	—	35,307

Notes:
1. Business classification is based on similarity of product type and market. Konica Minolta's operations are classified into the segments of Business Technologies, Optics, Photo Imaging and Camera, Medical and Graphic, Measurement Equipment, 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 parent company and expenses associated with head office functions. In fiscal year ended March 31,2004, this amount was ¥ 17,545 million.

(2) Information by Geographical Area

Fiscal year ended March 31, 2005 (From April 1, 2004 to March 31, 2005)

(Millions of yen)

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	480,522	250,207	278,164	58,552	1,067,447	—	1,067,447
Intersegment sales/transfers	313,852	8,565	1,624	145,636	469,679	[469,679]	—
Total	794,375	258,773	279,789	204,188	1,537,127	[469,679]	1,067,447
Operating expenses	719,788	256,412	276,369	200,856	1,453,427	[453,557]	999,869
Operating income	74,587	2,360	3,419	3,332	83,699	[16,122]	67,577
Assets	819,494	154,093	158,021	75,106	1,206,715	[251,173]	955,542

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal country markets in the above areas, excluding Japan, are as follows:
   (1) North America: United States, Canada
   (2) Europe: Germany, France, United Kingdom
   (3) Asia excluding Japan, Others: Australia, China, and Singapore
3. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the parent company and expenses associated with head office functions. In fiscal year ended March 31, 2005, this amount was ¥ 17,088 million.

Fiscal year ended March 31,2004 (From April 1, 2003 to March 31, 2004)

(Millions of yen)

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	405,787	215,554	190,178	48,901	860,420	—	860,420
Intersegment sales/transfers	223,931	9,678	2,069	95,247	330,928	[330,928]	—
Total	629,719	225,233	192,247	144,148	1,191,348	[330,928]	860,420
Operating expenses	565,964	220,802	187,730	139,638	1,114,136	[311,245]	802,890
Operating income	63,754	4,430	4,517	4,510	77,212	[19,682]	57,530
Assets	835,472	148,317	146,841	66,459	1,197,091	[227,501]	969,589

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal country markets in the above areas, excluding Japan, are as follows:
   (1) North America: United States, Canada
   (2) Europe: Germany, France, United Kingdom
   (3) Asia excluding Japan, Others: Australia, China, and Singapore
3. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the parent company and expenses associated with head office functions. In fiscal year ended March 31,2004, this amount was ¥ 17,545 million.

(3) Overseas Sales

Fiscal year ended March 31, 2005 (From April 1, 2004 to March 31, 2005)

(Millions of yen)

	North America	Europe	Asia excluding Japan, Others	Total
Overseas sales	264,718	282,475	213,435	760,628
Consolidated sales	—	—	—	1,067,447
Overseas sales as a percentage of consolidated sales	24.8%	26.5%	20.0%	71.3%

Fiscal year ended March 31,2004 (From April 1, 2003 to March 31, 2004)

(Millions of yen)

	North America	Europe	Asia excluding Japan, Others	Total
Overseas sales	235,270	210,899	157,038	603,207
Consolidated sales	—	—	—	860,420
Overseas sales as a percentage of consolidated sales	27.3%	24.5%	18.3%	70.1%

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

6. LEASE TRANSACTIONS

Notation has been omitted due to disclosure through EDINET

7. TRANSACTIONS WITH A RELATED COMPANY

There were no such transactions for the term under review.

8. TAX EFFECT ACCOUNTING

1.Breakdown by cause of deferred tax assets and liabilities.

	As of March 31, 2004	As of March 31, 2005
Deferred tax assets	Millions of yen	Millions of yen
Excess of reserve for retirement benefits over deductible limit	33,194	31,309
Net loss carried forward	19,174	17,112
Excess of allowance for loss on restructuring or liquidation of businesses over deductible limit	14,185	14,651
Investment related tax effect	1,534	—
Write-down on assets	5,587	7,119
Excess of accrued bonuses over deductible limit	6,101	5,993
Excess of allowance for doubtful accounts over deductible limit	1,608	1,693
Accrued enterprise taxes	1,436	1,556
Excess of depreciation and amortization over deductible limit	3,712	1,497
Other	8,689	12,285
Deferred tax assets subtotal	95,225	93,220
Valuation allowance	(19,483)	(18,264)
Total deferred tax assets	75,742	74,955
Deferred tax liabilities		
Revaluation difference of other marketable securities	(4,991)	(4,299)
Gain on establishment of employee pension trust	(3,442)	(3,353)
Retained profit of overseas subsidiaries	(1,155)	(1,870)
Reserve for deferred fixed assets	(3,296)	(1,440)
Total deferred tax liabilities	(12,886)	(10,964)
Net deferred tax assets	62,855	63,991

Deferred tax liabilities related to revaluation	Millions of yen	Millions of yen
Deferred tax liabilities related to revaluation of land	(3,925)	(3,926)

The net sum of deferred tax assets is included in the following items in the consolidated balance sheets.

	As of March 31, 2004	As of March 31, 2005
	Millions of yen	Millions of yen
Current assets – deferred tax assets	31,033	37,850
Fixed assets – deferred tax assets	31,926	27,049
Current liabilities – other current liabilities	(5)	(249)
Long-term liabilities – other long-term liabilities	(98)	(659)

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, 2004	As of March 31, 2005
	%	%
Statutory income tax rate	42.1	40.7
(Adjustments)		
Valuation allowance	15.9	(3.5)
Tax credits	(6.1)	(8.6)
Reduction in period-end deferred tax assets due to tax rate changes	2.4	—
Amortization of consolidation goodwill	3.7	12.9
Effect of the introduction a consolidated tax return system	—	28.6
Other	2.6	7.1
Effective income tax rate after the adoption of tax effect accounting	60.6	77.2

9. SECURITIES

As of March 31, 2005

(1) Other Securities with Quoted Market Values [Millions of yen]

		Original purchase value	Market value in consolidated balance sheets	Unrealized gains or losses
Securities for which the amounts in the consolidated balance sheets exceed the original purchase value	(1) Shares	9,908	21,391	11,483
	(2) Bonds	—	—	—
	(3) Other	19	20	1
	Subtotal	9,927	21,412	11,484
Securities for which the amounts in the consolidated balance sheets do not exceed the original purchase value	(1) Shares	5,560	5,519	(40)
	(2) Bonds	116	116	—
	(3) Other	70	69	(0)
	Subtotal	5,747	5,706	(41)
Total		15,675	27,119	11,443

(2) Other securities sold during the fiscal year under review [Millions of yen]

	Sale value	Total profit	Total loss
Other securities	5,128	2,461	3

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

[Millions of yen]

	Book value in consolidated balance sheets
Unlisted securities	1,545
Other	155

As of March 31, 2003

(1) Other Securities with Quoted Market Values [Millions of yen]

		Original purchase value	Market value in consolidated balance sheets	Unrealized gains or losses
Securities for which the amounts in the consolidated balance sheets exceed the original purchase value	(1) Shares	15,679	25,165	9,485
	(2) Bonds	—	—	—
	(3)Other	22	26	4
	Subtotal	15,702	25,192	9,489
Securities for which the amounts in the consolidated balance sheets do not exceed the original purchase value	(1) Shares	5,685	5,007	(678)
	(2) Bonds	155	155	(0)
	(3)Other	30	26	(4)
	Subtotal	5,872	5,189	(683)
Total		21,574	30,381	8,806

(2) Other securities sold during the fiscal year under review [Millions of yen]

	Sale value	Total profit	Total loss
Other securities	501	228	461

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

[Millions of yen]

	Market value in consolidated balance sheets
Unlisted securities	1,443
Unlisted foreign bonds, etc.	5
Other	130

10. DERIVATIVES

Notation has been omitted due to disclosure through EDINET

11. RETIREMENT BENEFITS

(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 benefits 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 plans, while the parent company and a portion of its domestic subsidiaries have instituted retirement benefit trusts. As of the fiscal year-end, 11 Group companies have adopted tax-qualified benefit plans and 14 have adopted defined benefit corporate pension plans. In addition, 2 companies have enrolled in the National Optical Industries welfare pension fund, which is a general establishment welfare pension fund, and one company has enrolled in the mutual aid system for specific retirement allowances.

The Company and a portion of its domestic subsidiaries' transition and institution of retirement benefit plans is as follows:

On April 1, 2004, a portion of the former Minolta Co., Ltd., lump-sum retirement allowance was converted to a defined contribution pension plan.

(2) Items related to retirement benefit liabilities

[Millions of yen]

	As of March 31, 2004	**As of March 31, 2005**
a. Retirement benefit liabilities	(138,418)	(142,123)
b. Pension assets	72,427	76,808
c. Unfunded retirement benefit liabilities (a+b)	(65,991)	(65,315)
d. Amount of difference due to changes in accounting standards not yet amortized	521	—
e. Unrecognized difference under actuarial calculations	14,425	14,638
f. Unrecognized liabilities for employees' prior service (reduction in liabilities)	(11,808)	(10,345)
g. Net amount on consolidated balance sheets (c+d+e+f)	(62,853)	(61,022)
h. Prepaid pension costs	2,061	2,021
i. Allowance for retirement benefits (g-h)	(64,915)	(63,044)

Note:

<As of March 31, 2004>

1.
The Company and certain consolidated subsidiaries made amendments to their welfare pension fund plans with respect to the age of eligibility for annuity payments under the employees' pension fund system and the approved retirement annuity system. As a result, prior service cost was incurred.
2.
Certain subsidiaries use a simplified method of calculated pension liabilities.
3. The effects of the partial change from the lump-sum retirement pay system of Pre-merger Minolta Co., Ltd., to a defined contribution pension system are as follows.

Decrease in retirement benefit obligations	¥4,721 million
Difference in unrecognized actuarial difference	(¥ 769 million)
Unrecognized prior service cost	¥ 658 million
Decrease in retirement benefit reserve	¥4,610 million

In addition, ¥4,790 million in assets are scheduled to be transferred to the defined contribution system over a period of four years. The ¥4,790 million, which was not yet transferred as of the end of the consolidated accounting period ended March 31, 2004, was accounted as other long-term liabilities and accrued expenses on the Consolidated Balance Sheets.

Furthermore, the effects of the partial change from the lump-sum retirement pay system of pre-merger Konica Corp., to a defined contribution pension system was handled in the previous consolidated accounting year.

<As of March 31, 2005>

1.
The Company and certain consolidated subsidiaries made amendments to their welfare pension fund plans with respect to the age of eligibility for annuity payments under the employees' pension fund system and the approved retirement annuity system. As a result, prior service cost was incurred.
2.
Certain subsidiaries use a simplified method of calculated pension liabilities.
3. The effects of the partial change from the lump-sum retirement pay system of Pre-merger Minolta Co., Ltd., to a defined contribution pension system are as follows.

Decrease in retirement benefit obligations	¥1,667 million
Difference in unrecognized actuarial difference	¥ 243 million
Unrecognized prior service cost	(¥ 250 million)
Decrease in retirement benefit reserve	¥1,660 million

In addition, ¥1,500 million in assets are scheduled to be transferred to the defined contribution system over a period of four years. The ¥1,161 million, which was not yet transferred as of the end of the consolidated accounting period ended March 31, 2005, was accounted as other long-term liabilities on the Consolidated Balance Sheets.

(3) Items related to retirement benefit costs

[Millions of yen]

	For the period April 1, 2003 - March 31, 2004	For the period April 1, 2004 - March 31, 2005
a. Employment costs	5,645	7,426
b. Interest costs	2,670	2,947
c. Expected income from management of funds	(358)	(736)
d. Amount amortized of difference due to changes in accounting standards	1,540	521
e. Amount amortized of difference under actuarial calculations	1,968	2,042
f. Amount amortized of liabilities for employees' prior service	(519)	(1,233)
g. Retirement benefit costs (a+b+c+d+e+f)	10,946	10,968
h.Loss on conversion to defined contribution pension plan	180	(160)
i.Account on defined contribution pension plan	1,488	1,257
Total (g+h+i)	12,615	12,065

Notes:

As of March 31, 2004

Retirement benefit costs for consolidated subsidiaries using a simplified method are included in "a. Employment costs".

As of March 31, 2005

Retirement benefit costs for consolidated subsidiaries using a simplified method are included in "a. Employment costs".

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

	For the period April 1, 2003 - March 31, 2004	For the period April 1, 2004 - March 31, 2005
a. Method for intertemporal allocation of the expected amount of retirement benefits	Periodic allocation method for projected benefit obligations	Periodic allocation method for projected benefit obligations
b. Discount rate	Mainly 2.5%	Mainly 2.5%
c. Expected return on plan assets	Mainly 1.25%	Mainly 1.25 %
d. Period for amortization of prior service cost	Mainly 10 years (Amortization is made over a certain period, using the straight-line method within the average remaining years of service of employees when liabilities are accrued.)	Mainly 10 years (Amortization is made over a certain period, using the straight-line method within the average remaining years of service of employees when liabilities are accrued.)
e. Period for amortization of differences under actuarial calculations years	Mainly 10 years (Amortization is made over a certain period, using the straight-line method, within the average remaining service period starting the year after actuarial loss or gain are recognized.)	Mainly 10 years (Amortization is made over a certain period, using the straight-line method, within the average remaining service period starting the year after actuarial loss or gain are recognized.)
f. Period for amortization of differences arising due to changes in accounting standards	Five years, mostly for subsidiaries	Five years, mostly for subsidiaries

12. PRODUCTION AND ORDERS

(1) Production Results

[Millions of yen]

Business Segments	April 1, 2003 - March 31, 2004	April 1, 2004 - March 31, 2005	YoY (%)
Business Technologies	218,871	318,750	45.6%
Optics	76,277	101,105	32.6%
Photo Imaging and Camera	147,752	168,823	14.3%
Medical and Graphic	86,800	89,822	3.5%
Measurement Equipment	3,688	7,010	90.1%
Other	393	1,652	319.8%
Total	533,783	687,164	28.7%

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.

May 12, 2005

13. Nonconsolidated Financial Results for the Fiscal Year Ended March 31, 2005

Konica Minolta Holdings, Inc.

Listed Company Name: Konica Minolta Holdings, Inc.
URL: http://konicaminolta.com
Representative: Fumio Iwai, President and Representative Executive Officer
Inquiries: Yuki Kobayashi, General Manager, Corporate Communications & Advertising Division
Tel: (81) 3-6250-2100
Stock Exchange Listings: Tokyo, Osaka (First Sections)
Local Securities Code Number: 4902
Board of Directors Meeting for Approval of Consolidated Results: May 12, 2005
Ordinary General Meeting of Shareholders: June 25, 2005
Scheduled Dividend Payment Date: June 27, 2005
Provision for Interim Dividends: Yes
Stock unit system: Yes (number of shares per unit = 500 shares)

1. Nonconsolidated financial results for fiscal year ended March 31,2005 (From April 1, 2004 to March 31, 2005)

(1) Operating Results

(Figures less than ¥1 million have been omitted.)
[Millions of yen]

	Net sales (Operating revenue)		Operating income		Recurring profit	
Fiscal year ended March 31,2005	41,014	172.8%	14,162	—	15,050	—
Fiscal year ended March 31,2004	15,036	(95.8%)	(11,076)	—	(12,005)	—

	Net income		Net income per share [yen]	Net income per share (after full dilution) [yen]	Net income to shareholders' equity	Recurring profit to total assets	Recurring profit tonet sales
Fiscal year ended March 31,2005	(15,596)	—	(29.37)	—	(6.7%)	3.6%	36.7%
Fiscal year ended March 31,2004	(12,063)	—	(25.50)	—	(5.9%)	(3.0%)	(79.8%)

Notes: 1. Average number of shares outstanding during the period:
Fiscal year ended March 31, 2005: 531,017,368
Fiscal year ended March 31, 2004: 473,171,917
2. Changes in accounting methods: None
3. Percentages in net sales, operating income, and recurring profit columns indicate changes from the previous fiscal year.

(2) Dividends

	Annual dividend per share (Yen)			Total cash dividends paid for the entire fiscal year	Payout ratio	Dividends-to-shareholders' equity ratio
		Interim	Year-end			
	[Yen]	[Yen]	[Yen]	[Millions of yen]	%	%
Fiscal year ended March 31,2005	10.00	5.00	5.00	5,309	—	2.3
Fiscal year ended March 31,2004	10.00	5.00	5.00	5,311	—	2.2

(3) Financial Position

	Assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	[Millions of yen]	[Millions of yen]	%	[Yen]
Fiscal year ended March 31,2005	403,386	222,749	55.2	419.53
Fiscal year ended March 31,2004	435,266	243,829	56.0	459.11

Notes: 1. Number of shares outstanding at end of the period (nonconsolidated):
March 31, 2005: 530,944,921
March 31, 2004: 531,095,460
2. Number of treasury stock at end of the period (nonconsolidated):
March 31, 2005: 719,416
March 31, 2004: 568,877

2. Nonconsolidated results forecast for fiscal year ending March 31,2006 (From April 1, 2005 to March 31, 2006)

	Net sales	Recurring profit	Net income	Annual dividend per share		
				Interim	End of fiscal year	
	[Millions of yen]	[Millions of yen]	[Millions of yen]	[Yen]	[Yen]	[Yen]
Interim	21,000	7,000	6,000	5.00	―――	―――
Full-year	40,000	13,000	13,000	―――	5.00	10.00

(Estimated net income per share: ¥24.48)

* The above forecasts and those presented in appended material are based on future-oriented assumptions, projections, and targets, so they contain elements of risk and uncertainty. Actual results may differ from these forecasts due to various important elements.

14. NONCONSOLIDATED FINANCIAL STATEMENTS

(1) Statements of Income and Retained Earnings

[Millions of yen]

	April 1, 2003 – March 31, 2004		**April 1, 2004 – March 31, 2005**		Change	
	Amount	% of operating revenue	Amount	% of operating revenue	Amount	YoY (%)
Operating revenue	15,036	100.0	41,014	100.0	25,978	172.8
Operating expenses	26,113	173.7	26,852	65.5	739	2.8
Operating income (loss)	(11,076)	(73.7)	14,162	34.5	25,239	—
Non-operating income	[2,395]	16.0	[3,102]	7.6	[706]	29.5
Interest and dividend income	2,121		2,635		513	
Other	274		466		192	
Non-operating expenses	[3,324]	22.1	[2,214]	5.4	[(1,109)]	(33.4)
Interest expense	1,839		1,812		(27)	
Other	1,484		402		(1,082)	
Recurring profit (loss)	(12,005)	(79.8)	15,050	36.7	27,055	—
Extraordinary profit	[464]	3.0	[2,962]	7.2	[2,498]	538.1
Gain on sales of fixed assets	464		277		(186)	
Gain on sales of investment securities	—		2,684		2,684	
Extraordinary losses	[3,878]	25.8	[35,667]	86.9	[31,788]	819.6
Loss on disposal and sale of fixed assets	1,171		1,578		406	
Write-down on investment securities	—		278		278	
Valuation loss on stocks on associated companies	—		33,810		33,810	
Provision of reserve for past director retirement bonuses	513		—		(513)	
Variance in accounting standards for employee retirement benefits	2,169		—		(2,169)	
Expenses related to switch to defined benefit pension plan	23		—		(23)	
Income (loss) before income taxes and minority Interests	(15,419)	(102.6)	(17,654)	(43.0)	(2,234)	—
Income taxes	418		5		(412)	
Income tax refund	—		(76)		(76)	
Deferred income taxes	(3,774)		(1,987)		1,786	
Net income (loss)	(12,063)	(80.2)	(15,596)	(38.0)	(3,532)	—
Retained earnings (loss) at beginning of the period	5,435		5,466		30	
Increase in unappropriated profits received from the management integration	3,346		—		(3,346)	
Interim dividend payment	2,655		2,655		(0)	
Reversal of gain on revaluation of land	—		10		10	
Unappropriated earnings (loss) at the fiscal year-end	(5,937)		(12,774)		(6,836)	

(2) Balance Sheets

[Millions of yen]

	As of March 31, 2004		**As of March 31, 2005**		Change	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current assets	[165,445]	[38.0]	[157,113]	[38.9]	[(8,331)]	[(5.0)]
Cash and deposits	21,521		14,969		(6,551)	
Trade notes receivable	28		5		(23)	
Accrued revenue	1,613		1,528		(84)	
Prepaid expenses	301		288		(12)	
Deferred tax assets	102		4,294		4,192	
Short-term loans	138,394		129,263		(9,130)	
Accrued refunded corporation tax	—		4,674		4,674	
Other current assets	3,639		2,232		(1,407)	
Allowance for doubtful accounts	(156)		(144)		11	
Fixed assets	[269,820]	[62.0]	[246,272]	(61.1)	[(23,548)]	[(8.7)]
Tangible fixed assets	[76,333]	17.5	[76,919]	19.1	[586]	0.8
Buildings	37,445		40,013		2,568	
Structures	2,962		3,243		281	
Machinery and Equipments	335		1,427		1,092	
Vehicles	0		0		0	
Equipment	598		754		156	
Land	32,940		31,381		(1,558)	
Construction in progress	2,051		98		(1,952)	
Intangible fixed assets	[5,008]	1.2	[4,697]	1.2	[(310)]	(6.2)
Software	4,114		3,914		(199)	
Other intangible fixed assets	894		782		(111)	
Investments and others	[188,479]	43.3	[164,654]	40.8	[(23,824)]	(12.6)
Investment securities	23,078		20,650		(2,427)	
Shares in affiliates	161,388		127,587		(33,800)	
Investments to affiliates	—		105		105	
Long-term loans	8		14,101		14,092	
Long-term prepaid expenses	62		176		114	
Deferred tax assets	1,753		—		(1,753)	
Other investments	2,256		2,148		(108)	
Allowance for doubtful accounts	(69)		(117)		(48)	
Total assets	435,266	100.0	403,386	100.0	(31,880)	(7.3)

[Millions of yen]

	As of March 31, 2004		As of March 31, 2005		Change	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current liabilities	[127,916]	29.4	[102,513]	25.4	[(25,403)]	(19.9)
Trade notes payable	91		186		95	
Short-term loans	91,521		79,044		(12,477)	
Long-term loans due within one year	9,014		4,919		(4,095)	
Bonds due within one year	18,300		10,000		(8,300)	
Other payables	2,671		4,662		1,990	
Accrued expenses	5,800		3,500		(2,300)	
Accrued income taxes	5		102		97	
Advances received	137		49		(87)	
Other current liabilities	373		48		(325)	
Long-term liabilities	[63,520]	14.6	[78,123]	19.4	[14,603]	23.0
Bonds	20,000		10,000		(10,000)	
Long-term loans	30,274		54,342		24,067	
Deferred tax liabilities	—		485		485	
Deferred tax liabilities related to revaluation	5,967		5,960		(7)	
Reserve for retirement benefits and pension plans	5,985		6,240		254	
Reserve for directors' retirement benefits	801		822		20	
Other long-term liabilities	490		274		(216)	
Total liabilities	191,436	[44.0]	180,637	[44.8]	(10,799)	[(5.6)]
Capital stock	37,519	8.6	37,519	9.3	—	—
Additional paid-in capital	[157,516]	36.2	[157,521]	39.0	[4]	0.0
Capital reserve	157,501		157,501		—	
Other additional paid-in capital	[15]		[20]		[4]	
Gain on disposal of treasury stock	15		20		4	
Retained earnings	[35,197]	8.1	[14,301]	3.5	[(20,896)]	(59.4)
Legal reserves	7,760		7,760		—	
Voluntary reserves	[33,375]		[19,315]		[(14,059)]	
Special reserve for redemptions	120		—		(120)	
Deduction entry surplus reserve	4,790		2,350		(2,439)	
Other surplus reserve	28,464		16,964		(11,500)	
Unappropriated earnings (including net income for the period)	(5,937)		(12,774)		(6,836)	
Gain on revaluation of land	8,698	2.0	8,687	2.2	(10)	(0.1)
Revaluation difference of other marketable securities	5,473	1.2	5,511	1.4	37	0.7
Treasury stock	(576)	(0.1)	(791)	(0.2)	(215)	37.5
Total shareholders' equity	243,829	[56.0]	222,749	[55.2]	(21,080)	[(8.6)]
Total liabilities and shareholders' equity	435,266	100.0	403,386	100.0	(31,880)	(7.3)

Note:	Fiscal year ended March 31,2004	Fiscal year ended March 31,2005	Year-on-year change
1. Accumulated depreciation on tangible fixed assets (millions of yen)	70,278	71,579	1,301
2. Balance of guaranteed obligations <including guarantee> (millions of yen)	44,054 < 7,663>	30,416 <7,147>	(13,637) < (515) >

For the term under review, a joint guarantee of ¥8,652 million between Konica Minolta Holdings and its operating companies has been included, and Konica Minolta Holdings reserves to right, in the event of payment of the obligation for this guarantee, to claim compensation from its subsidiaries for the entire amount.

3. Number of shares of treasury stock	568,877	719,416	150,539

(3) Proposed appropriations of retained earnings

[Millions of yen]

	April 1, 2003 – March 31, 2004	April 1, 2004 – March 31, 2005	Change
Unappropriated earnings (loss) for the year	(5,937)	(12,774)	(6,836)
Unappropriated reserve			
Reversal of reserve for special depreciation	120	—	(120)
Reversal of reserve for advanced depreciation	2,439	2,350	(88)
Reversal of general reserve	11,500	16,964	5,464
Total	8,122	6,540	(1,581)
Appropriation earnings:			
Dividends to shareholders	2,655	2,654	(0)
(Per share)	[5 yen]	[5 yen]	
Unappropriated earnings carried forward	5,466	3,886	(1,580)

Note: Other than the above, interim dividends of ¥2,655million (¥5 per share) were paid during the year under review.

BASIS OF PRESENTING NONCONSOLIDATED FINANCIAL STATEMENTS

Accounting Standards and Methods

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 interim settlement 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-average method.

2. 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.

(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 receivables

For general receivables, an amount is provided according to the historical percentage of uncollectables. (The legal provision rate will be used when the legal provision rate specified by the transitional measure of the Corporation Tax Law exceeds the historical percentage.) For specific receivables for which there is some concern regarding collectability, an amount is recorded by investigating the possibility of collection for each individual account.

(2)Reserves for retirement benefits

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

The variance in accounting standards was wholly written off.

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.

(3) Allowance for Directors’ Retirement Benefits

To provide for the payment of directors’ retirement benefits, reserve for benefits for retired directors and auditors is recorded in an actual amount equal to the need at the current fiscal year-end based on the Company’s regulations.

5. Lease Transactions

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

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 instruments

Derivative trading is used as a hedging method (interest rate swaps).
Items being hedged are corporate bonds and borrowings.

(3)Hedge policy

The Company and consolidated subsidiaries enter into interest rate swaps to stabilize interest rates on bonds and borrowings and to avoid volatility risks expected for future capital procurement as hedging instruments only, not for speculation purpose, within the limit of actual financial or operating transactions.

(4)Methods for evaluating the effectiveness of hedges

Verification is made to ascertain a high correlation between value fluctuations of hedged items and hedging instruments.

7. Revaluation of Land

As a result of the merger with Minolta on October 1,2003, the Company has land that has been acquired land that has been re-evaluated in accordance with the Law Concerning Revaluation of Land (Law No. 34, October 31, 1998). The Company handled revaluation excess by recording the value of tax on corresponding revaluations as deferred tax assets related to revaluation and recording the sum minus these deferred tax assets as variation on land revaluation in shareholders' equity.

(1)Method of revaluation

Calculated by value of land facing a thoroughfare as stipulated in Item 4 of Article 2, or assessed value of fixed assets as stipulated in Item 3 of Article 2, of the Enforcement Order for the Land Revaluation Law (Cabinet Order No. 19, published on March 31, 1998).

(2)Revaluation date March 31, 2002

(3) Loss on the difference between the market value of revaluated land at fiscal year-end and book value:

(¥ 6,748) million

8. Other important items included in the basis for preparing financing statements

Accounting for consumption taxes

National and local consumption taxes are accounted for by the net-of-tax method.

Additional Information

Accounting Treatment of Dividend Income from Subsidiaries

On April 1, 2003, the Company spun off all businesses, making them subsidiaries and transforming to a holding company structure. Accordingly, during the period under review, the Company started receiving dividends from its subsidiaries that are accounted as operating income.

Presentation Method of Standard Operating Tax as a Part of the Corporate Enterprise Tax in the Consolidated Statements of Income

"The Law Amending One Part of the Regional Tax Law, Etc." (enacted 2003, law #9), was officially announced March 31, 2003, and, together with the introduction of the standard operating tax that came into effect for corporate fiscal accounting years beginning on or after April 1, 2004, the Company calculated ¥166 million in the capital portion and the value added portion of the corporate enterprise tax as a part of operating expenses, in accordance with "The Handling of Business Practices with Regard to Presentation of the Standard Operating Tax as a Part of the Corporate Enterprise Tax on the Consolidated Statements of Income (February 13, 2004, Accounting Standards Board, Business Practice Response Report #12).

15. LEASE TRANSACTIONS

Notation has been omitted due to disclosure through EDINET

16. TAX EFFECT ACCOUNTING

Breakdown by cause of deferred tax assets and liabilities.

	Fiscal year ended March 31, 2004	Fiscal year ended March 31, 2005
Deferred tax assets	Millions of yen	Millions of yen
Assessment losses on affiliates' stock	—	13,757
Net loss carried forward	5,001	5,847
Excess of reserve for retirement benefits over deductible limit	4,976	5,303
Excess of depreciation and amortization over deductible limit	374	481
Excess of accrued bonuses over deductible limit	92	64
Write-down on investment securities	354	—
Other	81	452
Deferred tax assets subtotal	10,881	25,907
Valuation allowance	(2,575)	(17,241)
Total deferred tax assets	8,305	8,665
Deferred tax liabilities		
Revaluation difference of other marketable securities	(3,755)	(3,781)
Gain on establishment of employee pension trust	(1,082)	(1,075)
Reserve for deferred fixed assets	(1,612)	—
Total deferred tax liabilities	(6,450)	(4,856)
Net deferred tax assets	1,855	3,809

Deferred tax liabilities related to revaluation	Millions of yen	Millions of yen
Deferred tax liabilities related to revaluation of land	(5,967)	(5,960)

2. The reconciliation between the statutory income tax rate and the effective income tax rate after the adoption of tax effect accounting is as follows.

	As of March 31, 2004	As of March 31, 2005
	%	%
Statutory income tax rate	42.1	40.7
(Adjustments)		
Temporary discrepancies due to scheduling problems	(17.8)	(83.1)
Exclusion of dividends received from gross revenue	0.6	53.6
Corrected returns from income taxes, etc., from past fiscal years	(2.7)	0.4
Other	(0.4)	0.1
Effective income tax rate after the adoption of tax effect accounting	21.8	11.7

17. Important Post-Balance Sheet Events

The Company established an investment company (umbrella company) in China on March 16, 2005 and completed equity financing on April 11, 2005.

1.Company name:	Konica Minolta (CHINA) Investment, Ltd.
2.Business Activities:	Investment and Information research activities within China, promotion of the Konica Minolta brand establishment, and common function assistant and support to the Konica Minolta Group companies within China
3.Paid-in capital:	US$35 million
4.Shareholders:	100% owned by Konica Minolta Holdings, Inc.
5.Other:	Konica Minolta (CHINA) Investment, Ltd., provided US$29,750,000 in equity financing to Konica Minolta Business Technologies (WUXI) Co., Ltd. The Company's subsidiary Konica Minolta Business Technologies, Inc., established this company to produce and develop digital printer/copiers, laser printers, and other information equipment products and components.

18. Personnel Changes

Pursuant to a decision by the Nomination Committee, nominees for the position of director to be presented at the general meeting of shareholders scheduled for June 24, 2005 were determined at the May 12, 2005 Board of Directors' meeting. Furthermore, nominees for executive officer positions (including representative executive officers and executive officers with titles) and their planned administrative duties to be officially selected at a June 24, 2005 board meeting were determined upon at the May 12 Board meeting as follows.

1. Candidates for Directorship

< Candidates for Reappointment >

Current post is in parentheses

Chairman of the Board	Tomiji Uematsu	(Chairman of the Board)
Director	Fumio Iwai	(President & CEO, Representative Executive Officer)
Director	Yoshikatsu Ota	(Vice President and Representative Executive Officer, President of Konica Minolta Business Technologies, Inc.)
Director	Kikuo Fujiwara	(Director, Senior Corporate Advisor of Shimadzu Corp.)
Director	Tetsuya Katada	(Director, Senior Advisor of Komatsu Manufacturing, Co., Ltd.)
Director	Noriyuki Inoue	(Director, Chairman & CEO of Daikin Industries, Ltd.)
Director	Hisashi Nakayama	(Director, Chairman of the Board of Directors of Meiji Dairies Corp.)
Director	Yoshihiko Higashiyama	(Director)
Director	Takeo Koitabashi	(Director)
Director	Masanori Hondo	(Director, Senior Executive Officer)
Director	Teruo Kawaura	(Director, Senior Executive Officer)
Director	Hiroshi Ishiko	(Director, Senior Executive Officer)

Note: Four of the directors—Kikuo Fujiwara, Tetsuya Katada, Noriyuki Inoue, and Hisashi Nakayama——shall serve as outside directors as defined in Article 188, paragraph 2, item (7) - 2, of the Commercial Code of Japan.

2. Directors Scheduled for Retirement

None

3. Candidates for Executive Officership

< Candidates for Reappointment >

President & CEO, Representative Executive Officer	Fumio Iwai	(President & CEO, Representative Executive Officer)
Vice President and Representative Executive Officer r	Yoshikatsu Ota	(Vice President and Representative Executive Officer, President of Konica Minolta Business Technologies, Inc.)
Senior Executive Officer	Masanori Hondo	(Director, Senior Executive Officer, Scope of Responsibility: Corporate Accounting Division, Corporate Finance Division, Information Technology Planning Division)
Senior Executive Officer	Teruo Kawaura	(Director, Senior Executive Officer, Scope of Responsibility: Corporate Strategy Division, Technology Strategy Division, Chairman of Risk Control Committee)

Senior Executive Officer	Hiroshi Ishiko	(Director, Senior Executive Officer, Genaral Manager of Legal Division, Scope of Responsibility: Compliance)
Senior Executive Officer	Tateomi Kono	(Senior Executive Officer, Executive Director of Konica Minolta Business Technologies, Inc.)
Senior Executive Officer	Yoshihiko Someya	(Senior Executive Officer, General Manager of Corporate Audit Division)
Senior Executive Officer	Hiroshi Fujii	(Senior Executive Officer, General Manager of General Affairs Division, General Manager of Kansai Headquarters, Scope of Responsibility: Corporate Communications and Advertising)
Senior Executive Officer	Toshifumi Hori	(Senior Executive Officer, Genaral Manager of Corporate Human Resources Division)
Senior Executive Officer	Takashi Matsumaru	(Senior Executive Officer, President of Konica Minolta Opto, Inc.)
Senior Executive Officer	Tsuyoshi Miyachi	(Senior Executive Officer, President of Konica Minolta Photo Imaging, Inc.)
Senior Executive Officer	Shoei Yamana	(Senior Executive Officer, Executive Director of Konica Minolta Business Technologies, Inc.)
Executive Officer	Mitsuharu Oura	(Executive Officer, President of Konica Minolta Business Expert, Inc.)
Executive Officer	Hideki Okamura	(Executive Officer, Director of Konica Minolta Business Technologies, Inc.)
Executive Officer	Kaoru Onodera	(Executive Officer, General Manager of Environment, Safety & Quality Management Division, General Manager of Technology Strategy Division)
Executive Officer	Akio Kitani	(Executive Officer, Executive Director of Konica Minolta Business Technologies, Inc.)
Executive Officer	Atsushi Kodama	(Executive Officer, Director of Konica Minolta Business Technologies, Inc.)
Executive Officer	Tomohisa Saito	(Executive Officer, Director of Konica Minolta Photo Imaging, Inc.)
Executive Officer	Takashi Sugiyama	(Executive Officer, Director of Konica Minolta Business Technologies, Inc.)
Executive Officer	Kiyofumi Tanida	(Executive Officer, President of Konica Minolta Medical&Graphic, Inc.)
Executive Officer	Hiroshi Furukawa	(Executive Officer, President of Konica Minolta Sensing, Inc.)
Executive Officer	Masatoshi Matsuzaki	(Executive Officer, President of Konica Minolta Technologies, Inc.)
Executive Officer	Yasuo Matsumoto	(Executive Officer, Genaral Manager of Corporate Strategy Division)

4. Executive Officers Scheduled for Retirement

Senior Executive Officer	Hideaki Iwama	(Senior Executive Officer, Scope of Responsibility: Environment, Safety & Quality Management Division)
Executive Officer	Tadashi Nakamura	(Special Assistant to the President)

5. Planned Executive Directors for June 24, 2005

Title	Name	Duties (or regular duties at business companies or "common function" companies)
President & CEO, Representative Executive Officer	Fumio Iwai	
Vice President and Representative Executive Officer	Yoshikatsu Ota	President of Konica Minolta Business Technologies, Inc.
Senior Executive Officer	Masanori Hondo	Corporate Accounting Division, Corporate Finance Division, Information Technology Planning Division
Senior Executive Officer	Teruo Kawaura	Corporate Strategy Division, Technology Strategy Division , Chairman of Risk Control Committee
Senior Executive Officer	Hiroshi Ishiko	Genaral Manager of Legal Division, Compliance
Senior Executive Officer	Tateomi Kono	Executive Director of Konica Minolta Business Technologies, Inc.
Senior Executive Officer	Yoshihiko Someya	Genaral Manager of Corporate Audit Division
Senior Executive Officer	Hiroshi Fujii	Genaral manager of General Affairs Division, Corporate Communications & Advertising Division, Genaral Manager of Kansai Headquarters
Senior Executive Officer	Toshifumi Hori	Genaral Manager of Corporate Human Resources Division
Senior Executive Officer	Takashi Matsumaru	President of Konica Minolta Opto, Inc.
Senior Executive Officer	Tsuyoshi Miyachi	President of Konica Minolta Photo Imaging, Inc.
Senior Executive Officer	Shoei Yamana	Executive Director of Konica Minolta Business Technologies, Inc.
Executive Officer	Mitsuharu Oura	President of Konica Minolta Business Expert, Inc.
Executive Officer	Hideki Okamura	Director of Konica Minolta Business Technologies, Inc.
Executive Officer	Kaoru Onodera	General Manager of Environment, Safety & Quality Management Division, Genaral Manager of Technology Strategy Division
Executive Officer	Akio Kitani	Executive Director of Konica Minolta Business Technologies, Inc.
Executive Officer	Atsushi Kodama	Director of Konica Minolta Business Technologies, Inc.
Executive Officer	Tomohisa Saito	Director of Konica Minolta Photo Imaging, Inc.
Executive Officer	Takashi Sugiyama	Executive Director of Konica Minolta Business Technologies, Inc.
Executive Officer	Kiyofumi Tanida	President of Konica Minolta Medical & Graphic, Inc.
Executive Officer	Hiroshi Furukawa	President of Konica Minolta Sensing, Inc.
Executive Officer	Masatoshi Matsuzaki	President of Konica Minolta Technology Center, Inc.
Executive Officer	Yasuo Matsumoto	Genaral Manager of Corporate Strategy Division