

## 5. SEGMENT INFORMATION

### (1) Information by Business Segment

Interim period ended September 30, 2005 (from April 1, 2005 to September 30, 2005)

(Millions of yen)

	Business Technologies	Optics	Photo Imaging	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consolidation
Sales									
Outside customers	283,517	51,546	105,731	68,333	2,804	5,664	517,598	—	517,598
Intersegment sales/transfers	1,160	1,002	5,601	16,548	1,152	29,769	55,234	[55,234]	—
Total	284,678	52,548	111,332	82,882	3,956	35,434	572,832	[55,234]	517,598
Operating expenses	256,610	44,633	112,052	78,611	3,084	30,353	525,346	[47,156]	478,189
Operating income (loss)	28,067	7,914	(719)	6,271	872	5,080	47,486	[8,078]	39,408

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, Medical and Graphic, Sensing, and other businesses.
2. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the parent company and expenses associated with head office functions. This amount was ¥ 9,169 million.
3. We have adopted accounting standards for the impairment of fixed assets in the interim reporting period under review (consolidated). This has led to declines in depreciation expenses and other categories, and increases in operating income at the Photo Imaging business (up ¥394 million) and other businesses (up ¥10 million).

Interim period ended September 30, 2004 (from April 1, 2004 to September 30, 2004)

(Millions of yen)

	Business Technologies	Optics	Photo Imaging	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consolidation
Sales									
Outside customers	281,394	44,008	142,824	60,900	2,643	3,344	535,115	—	535,115
Intersegment sales/transfers	14,500	2,418	6,433	10,302	1,200	28,840	63,696	[63,696]	—
Total	295,894	46,427	149,257	71,202	3,843	32,184	598,811	[63,696]	535,115
Operating expenses	269,161	39,226	153,262	66,890	2,969	25,849	557,360	[54,769]	502,591
Operating income (loss)	26,733	7,200	(4,004)	4,311	873	6,335	41,450	[8,925]	32,524

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, Medical and Graphic, Sensing, and other businesses.
2. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the parent company and expenses associated with head office functions. This amount was ¥ 9,744 million.

**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	Sensing	Other	Total	Elimination & corporate	Consolidation
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

Notes:

- 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, Medical and Graphic, Sensing, and other businesses.
- 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. This amount was ¥ 17,088 million.

**(2) Information by Geographical Area**

**Interim period ended September 30, 2005 (from April 1, 2005, to September 30, 2005)**

(Millions of yen)

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	232,987	126,909	128,988	28,712	517,598	—	517,598
Intersegment sales/transfers	151,522	3,430	670	88,231	243,855	[243,855]	—
Total	384,509	130,340	129,659	116,943	761,453	[243,855]	517,598
Operating expenses	340,447	128,125	127,955	115,841	712,370	[234,180]	478,189
Operating income	44,062	2,214	1,703	1,102	49,082	[9,674]	39,408

Notes:

- Countries and territories are classified based on geographical proximity.
- Principal country markets in the above areas, excluding Japan, are as follows:
  - North America: United States, and Canada
  - Europe: Germany, France, and United Kingdom
  - Asia excluding Japan, Others: Australia, China, and Singapore
- 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 2005, this amount was ¥ 9,169 million.
- We have adopted accounting standards for the impairment of fixed assets in the interim reporting period under review (consolidated). This has led to declines in depreciation expenses and other categories, and an increase of ¥405 million in operating income in operations in Japan.

**Interim Period ended September 30, 2004 (from April 1, 2004 to September 30, 2004)**

(Millions of yen)

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	241,613	122,746	140,887	29,867	535,115	—	535,115
Intersegment sales/transfers	137,340	4,858	822	67,005	210,026	[210,026]	—
Total	378,954	127,605	141,710	96,873	745,142	[210,026]	535,115
Operating expenses	356,352	125,737	140,827	95,340	718,256	[215,666]	502,590
Operating income	22,602	1,867	882	1,533	26,885	5,641	32,524

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 and Canada
  - (2) Europe: Germany, France, and United Kingdom
  - (3) Asia excluding Japan, Others: Australia, China, and Singapore
3. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the parent company and expenses associated with head office functions. This amount was ¥ 9,744 million.

### 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

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, and United Kingdom
  - (3) Asia excluding Japan, Others: Australia, China, and Singapore
3. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the parent company and expenses associated with head office functions. This amount was ¥ 17,088 million.

### (3) Overseas Sales

#### Interim Period ended September 30, 2005 (from April 1, 2005 to September 30, 2005)

(Millions of yen)

	North America	Europe	Asia excluding Japan and Other Countries	Total
Overseas sales	131,292	133,223	99,596	364,112
Consolidated sales	—	—	—	517,598
Overseas sales as a percentage of consolidated sales	25.4%	25.7%	19.2%	70.3%

#### Interim Period ended September 30, 2004 (from April 1, 2004 to September 30, 2004)

(Millions of yen)

	North America	Europe	Asia excluding Japan and Other Countries	Total
Overseas sales	131,905	141,471	109,562	382,938
Consolidated sales	—	—	—	535,115
Overseas sales as a percentage of consolidated sales	24.6%	26.4%	20.5%	71.6%

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

(Millions of yen)

	North America	Europe	Asia excluding Japan and Other Countries	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%

## 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 and Canada
  - (2) Europe: Germany, France, and United Kingdom
  - (3) Asia excluding Japan, Others: Australia, China, and Singapore
3. Overseas sales are those sales that are made by the Company or its consolidated subsidiaries in a country or region outside of Japan.

## 6. LEASE TRANSACTIONS

Notation has been omitted due to disclosure through EDINET.

## 7. MARKETABLE SECURITIES

### (1) Other marketable securities with market values:

(Millions of yen)

	As of September 30, 2005			As of September 30, 2004			As of March 31, 2005		
	Acquisition cost	Total amount on interim consolidated balance sheets	Difference	Acquisition cost	Total amount on interim consolidated balance sheets	Difference	Acquisition cost	Total amount on interim consolidated balance sheets	Difference
Stocks	16,786	26,555	9,768	22,082	28,025	5,942	15,468	26,911	11,442
Bonds	28	30	1	165	165	-	116	116	-
Other	156	156	-	53	52	(1)	90	90	0
Total	16,971	26,741	9,769	22,302	28,243	5,941	15,675	27,119	11,443

### (2) Details of principal marketable securities that are not assessed at market value and interim and full year consolidated balance sheet total amounts:

(Millions of yen)

	As of September 30, 2005	As of September 30, 2004	As of March 31, 2005
	Interim consolidated balance sheet total amount	Interim consolidated balance sheet total amount	Consolidated balance sheet total amount
Other marketable securities			
Unlisted stocks (does not include shares traded over-the-counter)	1,542	1,399	1,545
Unlisted foreign bonds, etc.	-	5	-
Other	164	329	155

## 8. DERIVATIVES

Notation has been omitted due to disclosure through EDINET.

## 9. PRODUCTION AND ORDERS

### (1) Production Results

(Millions of yen)

Business Segments	Six months ended September 30, 2005	Six months ended September 30, 2004	Fiscal year ended March 31, 2005
Business Technologies	170,147	202,421	318,750
Optics	52,155	44,896	101,105
Photo Imaging	61,707	86,216	168,823
Medical and Graphic	46,294	43,420	89,822
Sensing	3,555	3,553	7,010
Other	887	730	1,652
Total	334,746	381,238	687,164

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.

## 10. MAJOR SUBSEQUENT EVENT

### *New Round of Structural Reform in the Photo Imaging business*

At the Board of Directors' meeting held on November 4, 2005, certain decisions were made regarding the direction for structural reforms in the Photo Imaging business. In view of the rapid shrinkage of this market and the intensification of price competition, conditions in the Photo Imaging business are expected to become significantly more challenging. Accordingly, the following decisions were made to implement structural reforms more rapidly than initially planned.

### *Outline of Structural Reforms*

- 1) To optimize the scale of the Photo Imaging business in keeping with the market, structural reforms will be implemented in production, sales, and development activities as follows:
  - Development activities: Portions of the development activities of the photo business will transferred and realigned with the Group companies in the optical device, medical/printing, and other businesses.
  - Production activities: To respond to the shrinkage in the market for the photo business, steps will be taken to reduce the scale of production according to an accelerated time schedule and improve efficiency with the aims of maintaining cost-competitiveness, focusing on a more limited range of products, and promoting cooperative efforts.
  - Sales activities: Measures will be taken to exit from unprofitable business areas and simplify the sales organization.
- 2) The management resources of the Photo Imaging business will be actively shifted to other companies in the Group. In addition, the Group will promote new businesses, including display films and life sciences, and strengthen its existing businesses.
- 3) As a result of these measures, the Group will reduce the size of its workforce by somewhat more than 10% from 33,000 at present.

### *Time Frame for Implementation*

After decisions are reached on individual measures, we will schedule steady implementation.

### *Impact on Profitability*

Depending on progress toward structural reforms, these measures may have a material effect on the consolidated net income of the Group and the net income of the parent company.